

**AmBank (M) Berhad**

(Company No. 8515-D)

(Incorporated in Malaysia)

**And Its Subsidiaries**

**Interim Financial Statements**

**For the Financial Period**

**1 April 2011 to**

**30 June 2011**

(In Ringgit Malaysia)

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

**UNAUDITED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2011**

|   | Note | The Group         |                   | The Bank          |                   |
|---|------|-------------------|-------------------|-------------------|-------------------|
|   |      | 30 June           | 31 March          | 30 June           | 31 March          |
|   |      | 2011              | 2011              | 2011              | 2011              |
|   |      | RM'000            | RM'000            | RM'000            | RM'000            |
| <b>ASSETS</b>   |      |                   |                   |                   |                   |
| Cash and short-term funds   |      | 12,794,219        | 8,740,986         | 12,377,713        | 8,375,879         |
| Securities purchased under resale agreements                        |      | 84,498            | 289,731           | 84,498            | 289,731           |
| Deposits and placements with banks and other financial institutions |      | 2,688,907         | 3,792,922         | 2,688,907         | 3,702,163         |
| Derivative financial assets   |      | 415,668           | 396,673           | 415,668           | 396,673           |
| Financial assets held-for-trading                                   | A8   | 5,365,503         | 4,167,002         | 5,365,503         | 4,167,002         |
| Financial investments available-for-sale                            | A9   | 3,039,442         | 6,331,969         | 3,255,167         | 6,557,696         |
| Financial investments held-to-maturity                              | A10  | 143,277           | 165,331           | 138,002           | 159,589           |
| Loans and advances  | A11  | 56,790,860        | 55,610,208        | 56,532,606        | 55,336,273        |
| Other assets  | A12  | 1,113,624         | 1,034,503         | 1,106,382         | 1,029,891         |
| Statutory deposit with Bank Negara Malaysia                         | A13  | 1,089,072         | 143,811           | 1,089,072         | 143,811           |
| Deferred tax asset  |      | 421,297           | 416,439           | 421,794           | 417,364           |
| Investment in subsidiaries  |      | -                 | -                 | 65,800            | 65,800            |
| Investment in associates  |      | 1,355             | 1,243             | 127               | 142               |
| Property and equipment  |      | 201,924           | 201,112           | 177,808           | 176,868           |
| Intangible assets   |      | 88,707            | 91,664            | 88,690            | 91,646            |
| <b>TOTAL ASSETS</b>   |      | <b>84,238,353</b> | <b>81,383,594</b> | <b>83,807,737</b> | <b>80,910,528</b> |

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

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

|   | Note | The Group         |                   | The Bank          |                   |
|---|------|-------------------|-------------------|-------------------|-------------------|
|   |      | 30 June           | 31 March          | 30 June           | 31 March          |
|   |      | 2011              | 2011              | 2011              | 2011              |
|   |      | RM'000            | RM'000            | RM'000            | RM'000            |
| <b>LIABILITIES AND EQUITY</b>                                     |      |                   |                   |                   |                   |
| Deposits and placements of banks and other financial institutions | A14  | 4,722,809         | 4,625,853         | 5,077,104         | 4,950,589         |
| Securities sold under repurchase agreements                       |      | -                 | 30,465            | -                 | 30,465            |
| Recourse obligation on loans sold to Cagamas Berhad               |      | 1,020,608         | 1,018,043         | 1,020,608         | 1,018,043         |
| Derivative financial liabilities                                  |      | 467,330           | 432,932           | 467,330           | 432,932           |
| Deposits from customers   | A15  | 61,235,444        | 59,506,659        | 60,623,299        | 58,878,167        |
| Term funding  |      | 4,052,061         | 3,988,475         | 4,052,061         | 3,988,475         |
| Bills and acceptances payable                                     |      | 1,673,059         | 988,389           | 1,673,059         | 988,389           |
| Debt capital  |      | 3,378,670         | 3,367,860         | 3,378,670         | 3,367,860         |
| Other liabilities   | A16  | 2,241,077         | 2,308,014         | 2,230,411         | 2,298,767         |
| <b>TOTAL LIABILITIES</b>  |      | <b>78,791,058</b> | <b>76,266,690</b> | <b>78,522,542</b> | <b>75,953,687</b> |
| Share capital   |      | 670,364           | 670,364           | 670,364           | 670,364           |
| Reserves  |      | 4,776,885         | 4,446,494         | 4,614,831         | 4,286,477         |
| <b>Equity attributable to equity holder of the Bank</b>           |      | <b>5,447,249</b>  | <b>5,116,858</b>  | <b>5,285,195</b>  | <b>4,956,841</b>  |
| Minority interests  |      | 46                | 46                | -                 | -                 |
| <b>Total Equity</b>   |      | <b>5,447,295</b>  | <b>5,116,904</b>  | <b>5,285,195</b>  | <b>4,956,841</b>  |
| <b>TOTAL LIABILITIES AND EQUITY</b>                               |      | <b>84,238,353</b> | <b>81,383,594</b> | <b>83,807,737</b> | <b>80,910,528</b> |
| <b>COMMITMENTS AND CONTINGENCIES</b>                              | A32  | <b>87,666,612</b> | <b>92,223,251</b> | <b>87,657,064</b> | <b>92,220,904</b> |
| <b>NET ASSETS PER SHARE (RM)</b>                                  |      | <b>8.13</b>       | <b>7.63</b>       | <b>7.88</b>       | <b>7.39</b>       |

The Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 March 2011.

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

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

**The Group**

|  |      | Individual Quarter        |                           | Cumulative Quarter        |                           |
|--|------|---------------------------|---------------------------|---------------------------|---------------------------|
|  | Note | 30 June<br>2011<br>RM'000 | 30 June<br>2010<br>RM'000 | 30 June<br>2011<br>RM'000 | 30 June<br>2010<br>RM'000 |
| Operating revenue                                  |      | 1,363,978                 | 1,406,166                 | 1,363,978                 | 1,406,166                 |
| Interest income                                    | A17  | 1,042,262                 | 976,639                   | 1,042,262                 | 976,639                   |
| Interest expense                                   | A18  | (555,559)                 | (477,397)                 | (555,559)                 | (477,397)                 |
| Net interest income                                |      | 486,703                   | 499,242                   | 486,703                   | 499,242                   |
| Net income from Islamic banking business           | A19  | 50                        | (6)                       | 50                        | (6)                       |
| Other operating income                             | A20  | 321,661                   | 138,640                   | 321,661                   | 138,640                   |
| Share in results of associates                     |      | 112                       | 19                        | 112                       | 19                        |
| Net income   |      | 808,526                   | 637,895                   | 808,526                   | 637,895                   |
| Other operating expenses                           | A21  | (334,392)                 | (304,159)                 | (334,392)                 | (304,159)                 |
| Operating profit                                   |      | 474,134                   | 333,736                   | 474,134                   | 333,736                   |
| Allowance for impairment on loans and advances     | A22  | (31,761)                  | (62,813)                  | (31,761)                  | (62,813)                  |
| Provision for commitments and contingencies        |      | (2,779)                   | 212                       | (2,779)                   | 212                       |
| Impairment writeback on other assets               | A23  | 513                       | 7,326                     | 513                       | 7,326                     |
| <b>Profit before taxation</b>                      |      | <b>440,107</b>            | <b>278,461</b>            | <b>440,107</b>            | <b>278,461</b>            |
| Taxation from continuing operations                |      | (112,477)                 | (95,761)                  | (112,477)                 | (95,761)                  |
| Profit for the period from continuing operations   |      | 327,630                   | 182,700                   | 327,630                   | 182,700                   |
| Profit for the period from discontinued operations | A24  | -                         | 126,889                   | -                         | 126,889                   |
| <b>Profit for the period</b>                       |      | <b>327,630</b>            | <b>309,589</b>            | <b>327,630</b>            | <b>309,589</b>            |
| Attributable to:                                   |      |                           |                           |                           |                           |
| For continuing operations:                         |      |                           |                           |                           |                           |
| Equity holder of the Bank                          |      | 327,630                   | 182,701                   | 327,630                   | 182,701                   |
| Minority interests                                 |      | -                         | (1)                       | -                         | (1)                       |
| Profit for the period                              |      | <b>327,630</b>            | <b>182,700</b>            | <b>327,630</b>            | <b>182,700</b>            |
| For discontinued operations:                       |      |                           |                           |                           |                           |
| Equity holder of the Bank                          |      | -                         | 126,889                   | -                         | 126,889                   |
| Minority interests                                 |      | -                         | -                         | -                         | -                         |
| Profit for the period                              |      | <b>-</b>                  | <b>126,889</b>            | <b>-</b>                  | <b>126,889</b>            |
| <b>Earnings per share (sen)</b>                    | A25  |                           |                           |                           |                           |
| <i>Basic</i>                                       |      |                           |                           |                           |                           |
| From continuing operations                         |      | 48.87                     | 27.25                     | 48.87                     | 27.25                     |
| From discontinued operations                       |      | -                         | 18.93                     | -                         | 18.93                     |
| Total  |      | <b>48.87</b>              | <b>46.18</b>              | <b>48.87</b>              | <b>46.18</b>              |
| <i>Fully diluted</i>                               |      |                           |                           |                           |                           |
| From continuing operations                         |      | 40.21                     | 22.54                     | 40.21                     | 22.54                     |
| From discontinued operations                       |      | -                         | 15.47                     | -                         | 15.47                     |
| Total  |      | <b>40.21</b>              | <b>38.01</b>              | <b>40.21</b>              | <b>38.01</b>              |

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

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

**The Group**

|  |             | <b>Individual Quarter</b>          |                                    | <b>Cumulative Quarter</b>          |                                    |
|--|-------------|------------------------------------|------------------------------------|------------------------------------|------------------------------------|
|  | <b>Note</b> | <b>30 June<br/>2011<br/>RM'000</b> | <b>30 June<br/>2010<br/>RM'000</b> | <b>30 June<br/>2011<br/>RM'000</b> | <b>30 June<br/>2010<br/>RM'000</b> |
| Profit for the period from continuing operations                           |             | 327,630                            | 182,700                            | 327,630                            | 182,700                            |
| Profit for the period from discontinued operations                         |             | -                                  | 126,889                            | -                                  | 126,889                            |
| <b>Other comprehensive income/(loss) from continuing operations</b>        |             |                                    |                                    |                                    |                                    |
| Exchange differences on translation of foreign operations                  |             | (268)                              | (781)                              | (268)                              | (781)                              |
| Net movement on cash flow hedge  |             | (8,333)                            | (40,906)                           | (8,333)                            | (40,906)                           |
| Net gain on financial investments available-for-sale                       |             | 15,457                             | 39,646                             | 15,457                             | 39,646                             |
| Income tax relating to the components of other comprehensive income        |             | (2,300)                            | 258                                | (2,300)                            | 258                                |
| Other comprehensive income/(loss), net of tax from continuing operations   |             | 4,556                              | (1,783)                            | 4,556                              | (1,783)                            |
| Other comprehensive income, net of tax from discontinued operations        | A24         | -                                  | 92                                 | -                                  | 92                                 |
| <b>Total comprehensive income, net of tax from continuing operations</b>   |             | 332,186                            | 180,917                            | 332,186                            | 180,917                            |
| <b>Total comprehensive income, net of tax from discontinued operations</b> |             | -                                  | 126,981                            | -                                  | 126,981                            |
| <b>Total comprehensive income, for the period, net of tax</b>              |             | 332,186                            | 307,898                            | 332,186                            | 307,898                            |
| Attributable to:   |             |                                    |                                    |                                    |                                    |
| Equity holder of the Bank  |             | 332,186                            | 307,899                            | 332,186                            | 307,899                            |
| Minority interests   |             | -                                  | (1)                                | -                                  | (1)                                |
|  |             | 332,186                            | 307,898                            | 332,186                            | 307,898                            |

The Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 March 2011.

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

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

**The Bank**

|   | Note | Individual Quarter        |                           | Cumulative Quarter        |                           |
|---|------|---------------------------|---------------------------|---------------------------|---------------------------|
|   |      | 30 June<br>2011<br>RM'000 | 30 June<br>2010<br>RM'000 | 30 June<br>2011<br>RM'000 | 30 June<br>2010<br>RM'000 |
| Operating revenue                                 |      | 1,361,107                 | 1,183,342                 | 1,361,107                 | 1,183,342                 |
| Interest income                                   | A17  | 1,039,529                 | 973,600                   | 1,039,529                 | 973,600                   |
| Interest expense                                  | A18  | (555,892)                 | (478,170)                 | (555,892)                 | (478,170)                 |
| Net interest income                               |      | 483,637                   | 495,430                   | 483,637                   | 495,430                   |
| Other operating income                            | A20  | 321,578                   | 209,742                   | 321,578                   | 209,742                   |
| Net income  |      | 805,215                   | 705,172                   | 805,215                   | 705,172                   |
| Other operating expenses                          | A21  | (334,427)                 | (303,848)                 | (334,427)                 | (303,848)                 |
| Operating profit                                  |      | 470,788                   | 401,324                   | 470,788                   | 401,324                   |
| Allowance for impairment<br>on loans and advances | A22  | (32,849)                  | (65,993)                  | (32,849)                  | (65,993)                  |
| Provision for commitments<br>and contingencies    |      | (2,779)                   | 212                       | (2,779)                   | 212                       |
| Impairment writeback on other assets              | A23  | 473                       | 7,433                     | 473                       | 7,433                     |
| Profit before taxation                            |      | 435,633                   | 342,976                   | 435,633                   | 342,976                   |
| Taxation  |      | (111,572)                 | (95,128)                  | (111,572)                 | (95,128)                  |
| <b>Profit for the period</b>                      |      | <b>324,061</b>            | <b>247,848</b>            | <b>324,061</b>            | <b>247,848</b>            |
| <b>Earnings per share (sen)</b>                   | A25  |                           |                           |                           |                           |
| Basic   |      | 48.34                     | 36.97                     | 48.34                     | 36.97                     |
| Fully diluted                                     |      | 39.78                     | 30.49                     | 39.78                     | 30.49                     |

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

**UNAUDITED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2011 (CONTD.)**

**The Bank**

|   | <b>Individual Quarter</b> |                | <b>Cumulative Quarter</b> |                |
|---|---------------------------|----------------|---------------------------|----------------|
|   | <b>30 June</b>            | <b>30 June</b> | <b>30 June</b>            | <b>30 June</b> |
|   | <b>2011</b>               | <b>2010</b>    | <b>2011</b>               | <b>2010</b>    |
|   | <b>RM'000</b>             | <b>RM'000</b>  | <b>RM'000</b>             | <b>RM'000</b>  |
| Profit for the period   | 324,061                   | 247,848        | 324,061                   | 247,848        |
| <b>Other comprehensive income/(loss)</b>                            |                           |                |                           |                |
| Exchange differences on translation of foreign operations           | (29)                      | 85             | (29)                      | 85             |
| Net movement on cash flow hedge                                     | (8,333)                   | (40,906)       | (8,333)                   | (40,906)       |
| Net gain on financial investments available-for-sale                | 17,168                    | 39,656         | 17,168                    | 39,656         |
| Income tax relating to the components of other comprehensive income | (2,728)                   | 258            | (2,728)                   | 258            |
| Other comprehensive income/(loss) for the period, net of tax        | 6,078                     | (907)          | 6,078                     | (907)          |
| <b>Total comprehensive income for the period</b>                    | <b>330,139</b>            | <b>246,941</b> | <b>330,139</b>            | <b>246,941</b> |

The Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 March 2011.

Company No. 8515-D

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

**CONDENSED INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2011**

|  | <----- Attributable to Equity Holder of the Bank -----> |                            |                                |                             |                              |                             | >-----</th>                    |                                 |                           |
|--|---|----------------------------|--------------------------------|-----------------------------|------------------------------|-----------------------------|--------------------------------|---------------------------------|---------------------------|
|  | Non-distributable                                       |                            |                                |                             |                              |                             | Distributable                  |                                 |                           |
| The Group  | Share<br>Capital<br>RM'000                              | Share<br>Premium<br>RM'000 | Statutory<br>Reserve<br>RM'000 | Merger<br>Reserve<br>RM'000 | Capital<br>Reserve<br>RM'000 | Other<br>Reserves<br>RM'000 | Retained<br>Earnings<br>RM'000 | Minority<br>Interests<br>RM'000 | Total<br>Equity<br>RM'000 |
| Balance as at <b>1 April 2010</b>  | 670,364   | 942,844                    | 945,628                        | 397,566                     | 377,492                      | 9,660                       | 1,886,562                      | 17                              | 5,230,133                 |
| Total comprehensive income   | -   | -                          | -                              | -                           | -                            | (1,691)                     | 309,589                        | (1)                             | 307,897                   |
| Balance as at <b>30 June 2010</b>  | 670,364   | 942,844                    | 945,628                        | 397,566                     | 377,492                      | 7,969                       | 2,196,151                      | 16                              | 5,538,030                 |
| Balance as at <b>1 April 2011</b>  | 670,364   | 942,844                    | 680,459                        | 48,516                      | -                            | 44,828                      | 2,729,847                      | 46                              | 5,116,904                 |
| Total comprehensive income   | -   | -                          | -                              | -                           | -                            | 4,556                       | 327,630                        | -                               | 332,186                   |
| Transfer of ESS shares recharged -<br>difference on purchase price for shares vested | -   | -                          | -                              | -                           | -                            | -                           | (1,795)                        | -                               | (1,795)                   |
| Balance as at <b>30 June 2011</b>  | 670,364   | 942,844                    | 680,459                        | 48,516                      | -                            | 49,384                      | 3,055,682                      | 46                              | 5,447,295                 |

The Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 March 2011.



Company No. 8515–D

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

**CONDENSED INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2011**

|  | Attributable to Equity Holder of the Bank |                            |                                |                             |                                |                           |
|--|---|----------------------------|--------------------------------|-----------------------------|--------------------------------|---------------------------|
|  | Non-distributable                         |                            |                                |                             | Distributable                  |                           |
| The Bank   | Share<br>Capital<br>RM'000                | Share<br>Premium<br>RM'000 | Statutory<br>Reserve<br>RM'000 | Other<br>Reserves<br>RM'000 | Retained<br>Earnings<br>RM'000 | Total<br>Equity<br>RM'000 |
| Balance as at <b>1 April 2010</b>  | 670,364                                   | 942,844                    | 680,459                        | 13,196                      | 2,296,065                      | 4,602,928                 |
| Total comprehensive income   | -   | -                          | -                              | (907)                       | 247,848                        | 246,941                   |
| Balance as at <b>30 June 2010</b>  | 670,364                                   | 942,844                    | 680,459                        | 12,289                      | 2,543,913                      | 4,849,869                 |
| Balance as at <b>1 April 2011</b>  | 670,364                                   | 942,844                    | 680,459                        | 47,586                      | 2,615,588                      | 4,956,841                 |
| Total comprehensive income   | -   | -                          | -                              | 6,078                       | 324,061                        | 330,139                   |
| Transfer of ESS shares recharged -<br>difference on purchase price for shares vested | -   | -                          | -                              | -                           | (1,785)                        | (1,785)                   |
| Balance as at <b>30 June 2011</b>  | 670,364                                   | 942,844                    | 680,459                        | 53,664                      | 2,937,864                      | 5,285,195                 |

The Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 March 2011.

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

**UNAUDITED CONDENSED STATEMENT OF CASH FLOWS**  
**FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2011**

|  | The Group                 |                           | The Bank                  |                           |
|--|---------------------------|---------------------------|---------------------------|---------------------------|
|  | 30 June<br>2011<br>RM'000 | 30 June<br>2010<br>RM'000 | 30 June<br>2011<br>RM'000 | 30 June<br>2010<br>RM'000 |
| Profit for the period from continuing operations       | 440,107                   | 278,461                   | 435,633                   | 342,976                   |
| Profit for the period from discontinued operations     | -                         | 146,723                   | -                         | -                         |
| Profit before zakat and taxation                       | 440,107                   | 425,184                   | 435,633                   | 342,976                   |
| Adjustments for non-operating and non-cash items       | 23,303                    | 26,539                    | 24,527                    | 35,674                    |
| Operating profit before working capital changes        | 463,410                   | 451,723                   | 460,160                   | 378,650                   |
| Changes in working capital:                            |                           |                           |                           |                           |
| Net change in operating assets                         | (2,219,574)               | (2,641,727)               | (2,324,246)               | (1,165,753)               |
| Net change in operating liabilities                    | 2,534,140                 | 578,396                   | 2,578,966                 | 788,766                   |
| Tax paid   | (134,715)                 | (39,516)                  | (134,107)                 | (33,512)                  |
| Net cash generated from/(used in) operating activities | 643,261                   | (1,651,124)               | 580,773                   | (31,849)                  |
| Net cash generated from investing activities           | 3,407,237                 | 1,485,451                 | 3,418,326                 | 254,579                   |
| Net increase/(decrease) in cash and cash equivalents   | 4,050,498                 | (165,673)                 | 3,999,099                 | 222,730                   |
| Cash and cash equivalents at beginning of the period   | 8,740,986                 | 11,632,433                | 8,375,879                 | 7,447,516                 |
| Cash and cash equivalents at end of the period         | 12,791,484                | 11,466,760                | 12,374,978                | 7,670,246                 |

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

The Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 March 2011.

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

**Explanatory Notes**

**A1. Basis of Preparation**

These unaudited condensed consolidated interim financial statements have been prepared in accordance with 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 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 minority interests either at fair value or at the minority 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 minority 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;

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**A1. Basis of Preparation (Contd.)**

- 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.

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 minority 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.

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**A2. Audit Qualification**

The auditors' report on the audited annual financial statements for the financial year ended 31 March 2011 was not qualified.

**A3. Seasonality or Cyclical of Operations**

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

**A4. Unusual Items**

There were no unusual items during the current financial quarter.

**A5. Use of Estimates**

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

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

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

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

**A7. Dividends Paid**

The directors do not recommend the payment of any dividend in respect of the financial quarter ended 30 June 2011 and no dividends were paid in the current financial quarter.

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**A8. Financial Assets Held-For-Trading**

|   | <b>The Group</b>                   |                                     | <b>The Bank</b>                    |                                     |
|---|------------------------------------|-------------------------------------|------------------------------------|-------------------------------------|
|   | <b>30 June<br/>2011<br/>RM'000</b> | <b>31 March<br/>2011<br/>RM'000</b> | <b>30 June<br/>2011<br/>RM'000</b> | <b>31 March<br/>2011<br/>RM'000</b> |
| <b>At fair value</b>                            |                                    |                                     |                                    |                                     |
| Money Market Securities:                        |                                    |                                     |                                    |                                     |
| <i>In Malaysia:</i>                             |                                    |                                     |                                    |                                     |
| Treasury Bills                                  | 29,619                             | 49,046                              | 29,619                             | 49,046                              |
| Islamic Treasury Bills                          | -                                  | 5,358                               | -                                  | 5,358                               |
| Malaysian Government Securities                 | 582,685                            | 160,285                             | 582,685                            | 160,285                             |
| Malaysian Government<br>Investment Certificates | 554,507                            | 221,650                             | 554,507                            | 221,650                             |
| Sukuk Bank Negara Malaysia                      | 6,917                              | -                                   | 6,917                              | -                                   |
| Bank Negara Malaysia<br>Monetary Notes          | 747,307                            | 2,270,387                           | 747,307                            | 2,270,387                           |
|   | <u>1,921,035</u>                   | <u>2,706,726</u>                    | <u>1,921,035</u>                   | <u>2,706,726</u>                    |
| <u>Quoted Securities:</u>                       |                                    |                                     |                                    |                                     |
| <i>In Malaysia:</i>                             |                                    |                                     |                                    |                                     |
| Shares  | 349,306                            | 288,337                             | 349,306                            | 288,337                             |
| Unit Trusts                                     | 65,422                             | 74,137                              | 65,422                             | 74,137                              |
| Warrants  | 2,682                              | 2,835                               | 2,682                              | 2,835                               |
| <i>Outside Malaysia</i>                         |                                    |                                     |                                    |                                     |
| Shares  | 19,766                             | 4,744                               | 19,766                             | 4,744                               |
|   | <u>437,176</u>                     | <u>370,053</u>                      | <u>437,176</u>                     | <u>370,053</u>                      |
| <u>Unquoted Securities:</u>                     |                                    |                                     |                                    |                                     |
| <i>In Malaysia:</i>                             |                                    |                                     |                                    |                                     |
| Debt securities                                 | 3,006,401                          | 1,090,223                           | 3,006,401                          | 1,090,223                           |
| <i>Outside Malaysia:</i>                        |                                    |                                     |                                    |                                     |
| Debt securities                                 | 891                                | -                                   | 891                                | -                                   |
|   | <u>3,007,292</u>                   | <u>1,090,223</u>                    | <u>3,007,292</u>                   | <u>1,090,223</u>                    |
| <b>Total financial assets held-for-trading</b>  | <u>5,365,503</u>                   | <u>4,167,002</u>                    | <u>5,365,503</u>                   | <u>4,167,002</u>                    |

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**A9. Financial Investments Available-For-Sale**

|   | <b>The Group</b>                   |                                     | <b>The Bank</b>                    |                                     |
|---|------------------------------------|-------------------------------------|------------------------------------|-------------------------------------|
|   | <b>30 June<br/>2011<br/>RM'000</b> | <b>31 March<br/>2011<br/>RM'000</b> | <b>30 June<br/>2011<br/>RM'000</b> | <b>31 March<br/>2011<br/>RM'000</b> |
| <b>At fair value, or cost less impairment losses<br/>for certain unquoted instruments</b> |                                    |                                     |                                    |                                     |
| Money Market Securities:  |                                    |                                     |                                    |                                     |
| <i>In Malaysia:</i>   |                                    |                                     |                                    |                                     |
| Negotiable instruments of deposit   | 310,595                            | 2,523,145                           | 310,595                            | 2,523,145                           |
| Malaysian Government Securities   | 20,476                             | 255,789                             | 20,476                             | 255,789                             |
| Islamic negotiable instruments<br>of deposit  | 795,050                            | 785,855                             | 795,050                            | 785,855                             |
| Malaysian Government Investment<br>Certificates   | 330,299                            | 94,734                              | 330,299                            | 94,734                              |
|   | <u>1,456,420</u>                   | <u>3,659,523</u>                    | <u>1,456,420</u>                   | <u>3,659,523</u>                    |
| <u>Quoted Securities</u>  |                                    |                                     |                                    |                                     |
| <i>In Malaysia:</i>   |                                    |                                     |                                    |                                     |
| Shares  | 17,105                             | 11,926                              | 16,987                             | 11,809                              |
| Unit Trusts   | 59,907                             | 39,400                              | 59,907                             | 39,400                              |
| Debt securities   | 12,924                             | -                                   | 12,924                             | -                                   |
| Debt securities with<br>options and/or collateral   | 33,499                             | 55,881                              | 33,499                             | 55,881                              |
|   | <u>123,435</u>                     | <u>107,207</u>                      | <u>123,317</u>                     | <u>107,090</u>                      |
| <i>Outside Malaysia:</i>  |                                    |                                     |                                    |                                     |
| Shares  | 100                                | 93                                  | 41                                 | 40                                  |
|   | <u>100</u>                         | <u>93</u>                           | <u>41</u>                          | <u>40</u>                           |
| <u>Unquoted Securities</u>  |                                    |                                     |                                    |                                     |
| <i>In Malaysia:</i>   |                                    |                                     |                                    |                                     |
| Shares  | 86,804                             | 86,804                              | 86,804                             | 86,804                              |
| Debt securities   | 1,346,093                          | 2,452,181                           | 1,562,844                          | 2,678,929                           |
|   | <u>1,432,897</u>                   | <u>2,538,985</u>                    | <u>1,649,648</u>                   | <u>2,765,733</u>                    |
| <i>Outside Malaysia:</i>  |                                    |                                     |                                    |                                     |
| Shares  | 935                                | 84                                  | 86                                 | 84                                  |
| Debt securities   | 25,655                             | 26,077                              | 25,655                             | 25,226                              |
|   | <u>26,590</u>                      | <u>26,161</u>                       | <u>25,741</u>                      | <u>25,310</u>                       |
| Total financial investments<br>available-for-sale   | <u>3,039,442</u>                   | <u>6,331,969</u>                    | <u>3,255,167</u>                   | <u>6,557,696</u>                    |

The Bank was appointed Principal Dealer ("PD") by Bank Negara Malaysia ("BNM") for Government and BNM issuances with effect from 1 July 2009 until 31 December 2012.

As PD, the Bank 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 Statutory Reserve Requirement ("SRR") in the form of Malaysian Government Securities ("MGS") and/or Government Investment Certificates ("GIC") holdings instead of cash. As at 30 June 2011 and 31 March 2011, the nominal values of MGS and GIC holdings maintained for SRR purposes amount to RM350,000,000 for the Group and the Bank.

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**A10. Financial Investments Held-To-Maturity**

|   | <b>The Group</b> |                 | <b>The Bank</b> |                 |
|---|------------------|-----------------|-----------------|-----------------|
|   | <b>30 June</b>   | <b>31 March</b> | <b>30 June</b>  | <b>31 March</b> |
|   | <b>2011</b>      | <b>2011</b>     | <b>2011</b>     | <b>2011</b>     |
|   | <b>RM'000</b>    | <b>RM'000</b>   | <b>RM'000</b>   | <b>RM'000</b>   |
| <b>At amortised cost</b>                          |                  |                 |                 |                 |
| <u>Unquoted Securities</u>                        |                  |                 |                 |                 |
| <i>In Malaysia:</i>                               |                  |                 |                 |                 |
| Debt securities                                   | 97,582           | 106,254         | 90,526          | 98,726          |
| Debt securities with<br>options and/or collateral | 250,458          | 266,852         | 249,486         | 265,882         |
| Total   | 348,040          | 373,106         | 340,012         | 364,608         |
| Less: Accumulated impairment<br>losses            | (204,763)        | (207,775)       | (202,010)       | (205,019)       |
| Total financial investments<br>held-to-maturity   | 143,277          | 165,331         | 138,002         | 159,589         |



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**A11. Loans and Advances**

|   | <b>The Group</b>                   |                                     | <b>The Bank</b>                    |                                     |
|---|------------------------------------|-------------------------------------|------------------------------------|-------------------------------------|
|   | <b>30 June<br/>2011<br/>RM'000</b> | <b>31 March<br/>2011<br/>RM'000</b> | <b>30 June<br/>2011<br/>RM'000</b> | <b>31 March<br/>2011<br/>RM'000</b> |
| <b>(i) By type of loans/advances</b>        |                                    |                                     |                                    |                                     |
| <i>At amortised cost:</i>                   |                                    |                                     |                                    |                                     |
| Overdraft                                   | 2,069,359                          | 1,988,963                           | 2,069,359                          | 1,988,963                           |
| Term loan facilities                        |                                    |                                     |                                    |                                     |
| – Housing loans                             | 11,591,215                         | 11,551,536                          | 11,280,923                         | 11,231,830                          |
| – Hire-purchase receivables                 | 20,865,514                         | 21,521,483                          | 20,865,514                         | 21,521,483                          |
| – Other loans                               | 17,292,403                         | 15,807,340                          | 17,287,293                         | 15,802,232                          |
| Card receivables                            | 1,482,519                          | 1,491,939                           | 1,482,519                          | 1,491,939                           |
| Bills receivables                           | 366,087                            | 390,546                             | 366,087                            | 390,546                             |
| Trust receipts                              | 655,051                            | 569,084                             | 655,051                            | 569,084                             |
| Claims on customers under acceptance credit | 2,130,896                          | 2,217,959                           | 2,130,896                          | 2,217,959                           |
| Revolving credit                            | 5,040,360                          | 5,028,403                           | 5,093,522                          | 5,074,217                           |
| Staff loans                                 | 153,854                            | 155,263                             | 153,372                            | 154,770                             |
| Block discount receivables                  | 59,321                             | 60,293                              | 59,321                             | 60,293                              |
| Factoring receivables                       | 65,191                             | 51,018                              | 65,191                             | 51,018                              |
| Total                                       | 61,771,770                         | 60,833,827                          | 61,509,048                         | 60,554,334                          |
| Unearned interest                           | (2,993,771)                        | (3,235,158)                         | (2,993,771)                        | (3,235,158)                         |
| Gross loans and advances                    | 58,777,999                         | 57,598,669                          | 58,515,277                         | 57,319,176                          |
| Allowance for impaired loans and advances:  |                                    |                                     |                                    |                                     |
| – Collective allowance                      | (1,638,762)                        | (1,647,390)                         | (1,634,294)                        | (1,641,832)                         |
| – Individual allowance                      | (348,377)                          | (341,071)                           | (348,377)                          | (341,071)                           |
| Net loans and advances                      | 56,790,860                         | 55,610,208                          | 56,532,606                         | 55,336,273                          |

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**A11. Loans and Advances (Contd.)****(ii) By type of customer**

|  | <b>The Group</b>                   |                                     | <b>The Bank</b>                    |                                     |
|--|------------------------------------|-------------------------------------|------------------------------------|-------------------------------------|
|  | <b>30 June<br/>2011<br/>RM'000</b> | <b>31 March<br/>2011<br/>RM'000</b> | <b>30 June<br/>2011<br/>RM'000</b> | <b>31 March<br/>2011<br/>RM'000</b> |
| Domestic non-bank financial institutions | 3,029,238                          | 2,383,193                           | 3,106,183                          | 2,459,268                           |
| Domestic business enterprises            |                                    |                                     |                                    |                                     |
| – Small medium enterprises               | 6,790,732                          | 6,038,799                           | 6,790,732                          | 6,038,799                           |
| – Others                                 | 16,761,571                         | 16,977,426                          | 16,756,461                         | 16,972,319                          |
| Government and statutory bodies          | 67,534                             | 72,789                              | 67,534                             | 72,789                              |
| Individuals                              | 31,539,461                         | 31,623,468                          | 31,228,687                         | 31,303,271                          |
| Other domestic entities                  | 1,588                              | 1,862                               | 1,588                              | 1,862                               |
| Foreign entities                         | 587,875                            | 501,132                             | 564,092                            | 470,868                             |
| Gross loans and advances                 | <u>58,777,999</u>                  | <u>57,598,669</u>                   | <u>58,515,277</u>                  | <u>57,319,176</u>                   |

**(iii) By geographical distribution**

|                          | <b>The Group</b>                   |                                     | <b>The Bank</b>                    |                                     |
|--------------------------|------------------------------------|-------------------------------------|------------------------------------|-------------------------------------|
|                          | <b>30 June<br/>2011<br/>RM'000</b> | <b>31 March<br/>2011<br/>RM'000</b> | <b>30 June<br/>2011<br/>RM'000</b> | <b>31 March<br/>2011<br/>RM'000</b> |
| In Malaysia              | 57,787,672                         | 57,178,942                          | 57,553,844                         | 56,929,714                          |
| Outside Malaysia         | 990,327                            | 419,727                             | 961,433                            | 389,462                             |
| Gross loans and advances | <u>58,777,999</u>                  | <u>57,598,669</u>                   | <u>58,515,277</u>                  | <u>57,319,176</u>                   |

**(iv) By interest rate sensitivity**

|                             | <b>The Group</b>                   |                                     | <b>The Bank</b>                    |                                     |
|-----------------------------|------------------------------------|-------------------------------------|------------------------------------|-------------------------------------|
|                             | <b>30 June<br/>2011<br/>RM'000</b> | <b>31 March<br/>2011<br/>RM'000</b> | <b>30 June<br/>2011<br/>RM'000</b> | <b>31 March<br/>2011<br/>RM'000</b> |
| Fixed rate                  |                                    |                                     |                                    |                                     |
| – Housing loans             | 1,880,933                          | 1,946,773                           | 1,570,266                          | 1,626,688                           |
| – Hire purchase receivables | 16,514,793                         | 17,370,545                          | 16,514,686                         | 17,370,433                          |
| – Other fixed rate loan     | 5,056,643                          | 5,104,309                           | 5,056,643                          | 5,104,309                           |
| Variable rate               |                                    |                                     |                                    |                                     |
| – Base lending rate plus    | 20,841,242                         | 20,076,576                          | 20,841,242                         | 20,076,576                          |
| – Cost plus                 | 12,325,890                         | 11,078,192                          | 12,379,052                         | 11,124,003                          |
| – Other variable rates      | 2,158,498                          | 2,022,274                           | 2,153,388                          | 2,017,167                           |
| Gross loans and advances    | <u>58,777,999</u>                  | <u>57,598,669</u>                   | <u>58,515,277</u>                  | <u>57,319,176</u>                   |

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**A11. Loans and Advances (Contd.)****(v) By sector**

|  | <b>The Group</b>                   |                                     | <b>The Bank</b>                    |                                     |
|--|------------------------------------|-------------------------------------|------------------------------------|-------------------------------------|
|  | <b>30 June<br/>2011<br/>RM'000</b> | <b>31 March<br/>2011<br/>RM'000</b> | <b>30 June<br/>2011<br/>RM'000</b> | <b>31 March<br/>2011<br/>RM'000</b> |
| Primary agriculture  | 2,021,321                          | 2,038,342                           | 2,021,321                          | 2,038,342                           |
| Mining and quarrying                                       | 774,407                            | 707,170                             | 774,407                            | 707,170                             |
| Manufacturing  | 4,931,094                          | 4,613,983                           | 4,925,984                          | 4,608,876                           |
| Electricity, gas and water                                 | 2,023,789                          | 2,187,525                           | 2,023,789                          | 2,187,525                           |
| Construction   | 2,558,496                          | 2,519,714                           | 2,558,496                          | 2,519,714                           |
| Wholesale, retail, restaurant<br>and hotel                 | 3,207,222                          | 3,193,202                           | 3,207,222                          | 3,193,202                           |
| Transport, storage and<br>communication                    | 2,232,846                          | 2,275,303                           | 2,232,846                          | 2,275,303                           |
| Finance, insurance, real estate<br>and business activities | 7,646,184                          | 6,657,042                           | 7,699,346                          | 6,703,483                           |
| Education and health                                       | 719,284                            | 597,548                             | 719,284                            | 597,548                             |
| Household  | 31,576,811                         | 31,639,008                          | 31,266,037                         | 31,318,181                          |
| of which:  |                                    |                                     |                                    |                                     |
| - purchase of residential properties                       | 11,578,734                         | 11,518,433                          | 11,268,067                         | 11,197,718                          |
| - purchase of transport vehicles                           | 16,455,698                         | 16,684,955                          | 16,455,591                         | 16,684,843                          |
| - others   | 3,542,379                          | 3,435,620                           | 3,542,379                          | 3,435,620                           |
| Others   | 1,086,545                          | 1,169,832                           | 1,086,545                          | 1,169,832                           |
|  | <b>58,777,999</b>                  | <b>57,598,669</b>                   | <b>58,515,277</b>                  | <b>57,319,176</b>                   |

**(vi) By residual contractual maturity**

|                           | <b>The Group</b>                   |                                     | <b>The Bank</b>                    |                                     |
|---------------------------|------------------------------------|-------------------------------------|------------------------------------|-------------------------------------|
|                           | <b>30 June<br/>2011<br/>RM'000</b> | <b>31 March<br/>2011<br/>RM'000</b> | <b>30 June<br/>2011<br/>RM'000</b> | <b>31 March<br/>2011<br/>RM'000</b> |
| Maturing within one year  | 11,602,002                         | 12,048,701                          | 11,653,834                         | 12,093,193                          |
| One year to three years   | 7,943,650                          | 6,864,279                           | 7,925,418                          | 6,846,265                           |
| Three years to five years | 8,360,307                          | 8,767,663                           | 8,337,406                          | 8,743,674                           |
| Over five years           | 30,872,040                         | 29,918,026                          | 30,598,619                         | 29,636,044                          |
| Gross loans and advances  | <b>58,777,999</b>                  | <b>57,598,669</b>                   | <b>58,515,277</b>                  | <b>57,319,176</b>                   |

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**A11. Loans and Advances (Contd.)****(vii) Impaired loans by geographical distribution**

|             | <b>The Group</b>                   |                                     | <b>The Bank</b>                    |                                     |
|-------------|------------------------------------|-------------------------------------|------------------------------------|-------------------------------------|
|             | <b>30 June<br/>2011<br/>RM'000</b> | <b>31 March<br/>2011<br/>RM'000</b> | <b>30 June<br/>2011<br/>RM'000</b> | <b>31 March<br/>2011<br/>RM'000</b> |
| In Malaysia | 1,938,082                          | 2,123,247                           | 1,937,627                          | 2,122,976                           |

**(viii) Impaired loans by sector**

|  | <b>The Group</b>                   |                                     | <b>The Bank</b>                    |                                     |
|--|------------------------------------|-------------------------------------|------------------------------------|-------------------------------------|
|  | <b>30 June<br/>2011<br/>RM'000</b> | <b>31 March<br/>2011<br/>RM'000</b> | <b>30 June<br/>2011<br/>RM'000</b> | <b>31 March<br/>2011<br/>RM'000</b> |
| Primary agriculture  | 36,349                             | 38,356                              | 36,349                             | 38,356                              |
| Mining and quarrying                                       | 3,570                              | 355                                 | 3,570                              | 355                                 |
| Manufacturing  | 247,989                            | 244,898                             | 247,989                            | 244,898                             |
| Electricity, gas and water                                 | 292,025                            | 288,508                             | 292,025                            | 288,508                             |
| Construction   | 171,546                            | 284,056                             | 171,546                            | 284,056                             |
| Wholesale, retail, restaurant<br>and hotel                 | 65,592                             | 58,724                              | 65,592                             | 58,724                              |
| Transport, storage and<br>communication                    | 17,106                             | 19,562                              | 17,106                             | 19,562                              |
| Finance, insurance, real estate<br>and business activities | 125,541                            | 116,756                             | 125,541                            | 116,756                             |
| Education and health                                       | 38,975                             | 41,337                              | 38,975                             | 41,337                              |
| Household  | 928,983                            | 1,018,435                           | 928,528                            | 1,018,164                           |
| of which:  |                                    |                                     |                                    |                                     |
| - purchase of residential properties                       | 554,057                            | 628,715                             | 553,602                            | 628,444                             |
| - purchase of transport vehicles                           | 270,200                            | 282,368                             | 270,200                            | 282,368                             |
| - others   | 104,726                            | 107,352                             | 104,726                            | 107,352                             |
| Others   | 10,406                             | 12,260                              | 10,406                             | 12,260                              |
|  | 1,938,082                          | 2,123,247                           | 1,937,627                          | 2,122,976                           |

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**A11. Loans and Advances (Contd.)**

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

|  | The Group                 |                            | The Bank                  |                            |
|--|---------------------------|----------------------------|---------------------------|----------------------------|
|  | 30 June<br>2011<br>RM'000 | 31 March<br>2011<br>RM'000 | 30 June<br>2011<br>RM'000 | 31 March<br>2011<br>RM'000 |
| Gross  |                           |                            |                           |                            |
| At beginning of period/year  | 2,123,247                 | 2,531,933                  | 2,122,976                 | 2,339,427                  |
| Classified as impaired during<br>the period/year                             | 357,318                   | 1,324,479                  | 357,054                   | 1,001,196                  |
| Reclassification as non-impaired<br>during the period/year                   | (188,501)                 | (382,239)                  | (188,425)                 | (327,582)                  |
| Amount recovered   | (196,890)                 | (335,855)                  | (196,886)                 | (302,239)                  |
| Amount written off   | (157,092)                 | (673,685)                  | (157,092)                 | (591,968)                  |
| Repurchase of loan   | -                         | 4,142                      | -                         | 4,142                      |
| Arising from disposal of subsidiary  | -                         | (345,528)                  | -                         | -                          |
| At end of period/year  | <u>1,938,082</u>          | <u>2,123,247</u>           | <u>1,937,627</u>          | <u>2,122,976</u>           |
| Gross loans and advances   | 58,777,999                | 57,598,669                 | 58,515,277                | 57,319,176                 |
| Ratio of gross impaired<br>loans and advances to gross<br>loans and advances | <u>3.3%</u>               | <u>3.7%</u>                | <u>3.3%</u>               | <u>3.7%</u>                |

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**A11. Loans and Advances (Contd.)**(x) **Movements in the allowance for impaired accounts are as follows:**

|  | <b>The Group</b>                   |                                     | <b>The Bank</b>                    |                                     |
|--|------------------------------------|-------------------------------------|------------------------------------|-------------------------------------|
|  | <b>30 June<br/>2011<br/>RM'000</b> | <b>31 March<br/>2011<br/>RM'000</b> | <b>30 June<br/>2011<br/>RM'000</b> | <b>31 March<br/>2011<br/>RM'000</b> |
| <b>Collective allowance</b>                                      |                                    |                                     |                                    |                                     |
| At beginning of period/year                                      | 1,647,390                          | 1,797,171                           | 1,641,832                          | 1,502,269                           |
| Charge for the period/year - net                                 | 148,500                            | 784,839                             | 149,588                            | 526,591                             |
| Amount written-off   | (157,092)                          | (472,658)                           | (157,092)                          | (390,699)                           |
| Repurchase of loan   | -                                  | 4,142                               | -                                  | 4,142                               |
| Arising from disposal of subsidiary                              | -                                  | (465,603)                           | -                                  | -                                   |
| Exchange differences   | (36)                               | (501)                               | (34)                               | (471)                               |
| At end of period/year  | <u>1,638,762</u>                   | <u>1,647,390</u>                    | <u>1,634,294</u>                   | <u>1,641,832</u>                    |
| As % of gross loans and<br>advances less individual<br>allowance | <u>2.8%</u>                        | <u>2.9%</u>                         | <u>2.8%</u>                        | <u>2.9%</u>                         |
| <b>Individual allowance</b>                                      |                                    |                                     |                                    |                                     |
| At beginning of period/year                                      | 341,071                            | 452,386                             | 341,071                            | 451,278                             |
| Charge for the period/year - net                                 | (4,336)                            | 92,381                              | (4,336)                            | 79,936                              |
| Transfer from debt converted<br>instrument                       | 11,642                             | 12,356                              | 11,642                             | 12,356                              |
| Amount written-off   | -                                  | (202,499)                           | -                                  | (202,499)                           |
| Arising from disposal of subsidiary                              | -                                  | (13,553)                            | -                                  | -                                   |
| At end of period/year  | <u>348,377</u>                     | <u>341,071</u>                      | <u>348,377</u>                     | <u>341,071</u>                      |

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**A12. Other Assets**

|  | <b>The Group</b>                   |                                     | <b>The Bank</b>                    |                                     |
|--|------------------------------------|-------------------------------------|------------------------------------|-------------------------------------|
|  | <b>30 June<br/>2011<br/>RM'000</b> | <b>31 March<br/>2011<br/>RM'000</b> | <b>30 June<br/>2011<br/>RM'000</b> | <b>31 March<br/>2011<br/>RM'000</b> |
| Deferred assets                                      | -                                  | 34,744                              | -                                  | 34,744                              |
| Interest receivable (net)                            | 255,669                            | 345,049                             | 255,607                            | 345,055                             |
| Other receivables, deposits<br>and prepayments (net) | 564,270                            | 352,537                             | 557,090                            | 347,919                             |
| Deferred charges                                     | 163,851                            | 171,597                             | 163,851                            | 171,597                             |
| Amount due from originators                          | 18,862                             | 19,583                              | 18,862                             | 19,583                              |
| Foreclosed properties net<br>of impairment loss      | 110,972                            | 110,993                             | 110,972                            | 110,993                             |
|  | <u>1,113,624</u>                   | <u>1,034,503</u>                    | <u>1,106,382</u>                   | <u>1,029,891</u>                    |

**A13. Statutory Deposit with Bank Negara Malaysia**

The non-interest bearing statutory deposit is maintained with Bank Negara Malaysia in compliance with Section 37(1)(c) of the Central Bank of Malaysia Act, 1958 (revised 1994), the amounts of which are determined as a set percentage of total eligible liabilities. As at 30 June 2011 and 31 March 2011, the nominal values of MGS and GIC holdings classified as Financial investments available-for-sale, maintained for SRR purposes amount to RM350,000,000 for the Group and the Bank, as mentioned in Note A9.

**A14. Deposits and Placements of Banks and Other Financial Institutions**

|                              | <b>The Group</b>                   |                                     | <b>The Bank</b>                    |                                     |
|------------------------------|------------------------------------|-------------------------------------|------------------------------------|-------------------------------------|
|                              | <b>30 June<br/>2011<br/>RM'000</b> | <b>31 March<br/>2011<br/>RM'000</b> | <b>30 June<br/>2011<br/>RM'000</b> | <b>31 March<br/>2011<br/>RM'000</b> |
| Licensed banks               | 300,653                            | 263,639                             | 663,136                            | 596,413                             |
| Licensed investment banks    | 1,322,157                          | 1,171,960                           | 1,322,157                          | 1,171,960                           |
| Other financial institutions | 881,756                            | 958,193                             | 873,568                            | 950,155                             |
| Bank Negara Malaysia ("BNM") | 2,218,243                          | 2,232,061                           | 2,218,243                          | 2,232,061                           |
|                              | <u>4,722,809</u>                   | <u>4,625,853</u>                    | <u>5,077,104</u>                   | <u>4,950,589</u>                    |

**A15. Deposits from Customers**

|                                    | <b>The Group</b>                   |                                     | <b>The Bank</b>                    |                                     |
|------------------------------------|------------------------------------|-------------------------------------|------------------------------------|-------------------------------------|
|                                    | <b>30 June<br/>2011<br/>RM'000</b> | <b>31 March<br/>2011<br/>RM'000</b> | <b>30 June<br/>2011<br/>RM'000</b> | <b>31 March<br/>2011<br/>RM'000</b> |
| Demand deposits                    | 4,473,542                          | 4,494,670                           | 4,474,017                          | 4,494,980                           |
| Savings deposits                   | 2,999,324                          | 2,923,609                           | 2,999,324                          | 2,923,609                           |
| Fixed/Investment/Term deposits     | 53,133,831                         | 51,442,097                          | 52,521,211                         | 50,813,295                          |
| Negotiable instruments of deposits | 186,293                            | 224,130                             | 186,293                            | 224,130                             |
| Other deposits                     | 442,454                            | 422,153                             | 442,454                            | 422,153                             |
|                                    | <u>61,235,444</u>                  | <u>59,506,659</u>                   | <u>60,623,299</u>                  | <u>58,878,167</u>                   |

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**A15. Deposits from Customers (Contd.)**

|  | The Group                 |                            | The Bank                  |                            |
|--|---------------------------|----------------------------|---------------------------|----------------------------|
|  | 30 June<br>2011<br>RM'000 | 31 March<br>2011<br>RM'000 | 30 June<br>2011<br>RM'000 | 31 March<br>2011<br>RM'000 |
| <u>By type of customers</u>              |                           |                            |                           |                            |
| Individuals                              | 27,528,383                | 27,171,911                 | 27,528,383                | 27,171,175                 |
| Business enterprises                     | 21,873,044                | 21,019,180                 | 21,261,045                | 20,391,660                 |
| Government and other<br>statutory bodies | 10,755,243                | 10,393,190                 | 10,755,243                | 10,393,191                 |
| Others                                   | 1,078,774                 | 922,378                    | 1,078,628                 | 922,141                    |
|  | <u>61,235,444</u>         | <u>59,506,659</u>          | <u>60,623,299</u>         | <u>58,878,167</u>          |

The maturity structure of fixed/investment/term deposits and negotiable instruments of deposits is as follows:

|                           | The Group                 |                            | The Bank                  |                            |
|---------------------------|---------------------------|----------------------------|---------------------------|----------------------------|
|                           | 30 June<br>2011<br>RM'000 | 31 March<br>2011<br>RM'000 | 30 June<br>2011<br>RM'000 | 31 March<br>2011<br>RM'000 |
| Due within six months     | 41,625,809                | 41,679,293                 | 41,013,189                | 41,050,491                 |
| Six months to one year    | 8,038,928                 | 6,471,725                  | 8,038,928                 | 6,471,725                  |
| One year to three years   | 1,941,260                 | 1,783,750                  | 1,941,260                 | 1,783,750                  |
| Three years to five years | 1,714,127                 | 1,731,459                  | 1,714,127                 | 1,731,459                  |
|                           | <u>53,320,124</u>         | <u>51,666,227</u>          | <u>52,707,504</u>         | <u>51,037,425</u>          |

**A16. Other Liabilities**

|   | The Group                 |                            | The Bank                  |                            |
|---|---------------------------|----------------------------|---------------------------|----------------------------|
|   | 30 June<br>2011<br>RM'000 | 31 March<br>2011<br>RM'000 | 30 June<br>2011<br>RM'000 | 31 March<br>2011<br>RM'000 |
| Interest payable                              | 613,822                   | 657,874                    | 613,082                   | 657,201                    |
| Other creditors and accruals                  | 1,284,857                 | 1,256,717                  | 1,275,089                 | 1,248,203                  |
| Lease deposits and<br>advance rentals         | 42,015                    | 45,736                     | 42,015                    | 45,736                     |
| Provision for commitment and<br>contingencies | 133,783                   | 131,051                    | 133,783                   | 131,051                    |
| Provision for taxation                        | 166,600                   | 216,636                    | 166,442                   | 216,576                    |
|   | <u>2,241,077</u>          | <u>2,308,014</u>           | <u>2,230,411</u>          | <u>2,298,767</u>           |



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**A17. Interest Income**

|   | Individual Quarter        |                           | Cumulative Quarter        |                           |
|---|---------------------------|---------------------------|---------------------------|---------------------------|
|   | 30 June<br>2011<br>RM'000 | 30 June<br>2010<br>RM'000 | 30 June<br>2011<br>RM'000 | 30 June<br>2010<br>RM'000 |
| <b>The Group</b>  |                           |                           |                           |                           |
| Short-term funds and deposits with financial institutions | 87,306                    | 55,174                    | 87,306                    | 55,174                    |
| Financial assets held-for-trading                         | 27,594                    | 18,553                    | 27,594                    | 18,553                    |
| Financial investments available-for-sale                  | 54,233                    | 70,971                    | 54,233                    | 70,971                    |
| Financial investments held-to-maturity                    | 2,290                     | 11,022                    | 2,290                     | 11,022                    |
| Loans and advances  | 865,661                   | 816,456                   | 865,661                   | 816,456                   |
| Interest accrued on impaired loans and advances           | 3,370                     | 3,466                     | 3,370                     | 3,466                     |
| Others  | 1,808                     | 997                       | 1,808                     | 997                       |
|   | <u>1,042,262</u>          | <u>976,639</u>            | <u>1,042,262</u>          | <u>976,639</u>            |
| <b>The Bank</b>   |                           |                           |                           |                           |
| Short-term funds and deposits with financial institutions | 86,959                    | 54,886                    | 86,959                    | 54,886                    |
| Financial assets held-for-trading                         | 27,594                    | 18,553                    | 27,594                    | 18,553                    |
| Financial investments available-for-sale                  | 57,176                    | 74,456                    | 57,176                    | 74,456                    |
| Financial investments held-to-maturity                    | 2,170                     | 11,022                    | 2,170                     | 11,022                    |
| Loans and advances  | 860,452                   | 810,220                   | 860,452                   | 810,220                   |
| Interest accrued on impaired loans and advances           | 3,370                     | 3,466                     | 3,370                     | 3,466                     |
| Others  | 1,808                     | 997                       | 1,808                     | 997                       |
|   | <u>1,039,529</u>          | <u>973,600</u>            | <u>1,039,529</u>          | <u>973,600</u>            |

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**A18. Interest Expense**

|  | <b>Individual Quarter</b>          |                                    | <b>Cumulative Quarter</b>          |                                    |
|--|------------------------------------|------------------------------------|------------------------------------|------------------------------------|
|  | <b>30 June<br/>2011<br/>RM'000</b> | <b>30 June<br/>2010<br/>RM'000</b> | <b>30 June<br/>2011<br/>RM'000</b> | <b>30 June<br/>2010<br/>RM'000</b> |
| <b>The Group</b>   |                                    |                                    |                                    |                                    |
| Deposits from customers  | 418,171                            | 328,026                            | 418,171                            | 328,026                            |
| Deposits and placements of banks<br>and other financial institutions | 23,526                             | 19,372                             | 23,526                             | 19,372                             |
| Recourse obligation of loans<br>sold to Cagamas Berhad               | 10,579                             | 770                                | 10,579                             | 770                                |
| Term funding   | 40,941                             | 29,661                             | 40,941                             | 29,661                             |
| Debt capital:  |                                    |                                    |                                    |                                    |
| Hybrid securities  | 10,217                             | 10,972                             | 10,217                             | 10,972                             |
| Medium term notes  | 22,013                             | 22,013                             | 22,013                             | 22,013                             |
| Exchangeable bonds   | -                                  | 7,483                              | -                                  | 7,483                              |
| Non-Innovative Tier I<br>capital securities                          | 11,219                             | 11,219                             | 11,219                             | 11,219                             |
| Innovative Tier I<br>capital securities                              | 9,976                              | 9,976                              | 9,976                              | 9,976                              |
| Irredeemable Non-Cumulative<br>Convertible Preference Shares         | 2,250                              | 2,250                              | 2,250                              | 2,250                              |
| Others   | 6,667                              | 35,655                             | 6,667                              | 35,655                             |
|  | <u>555,559</u>                     | <u>477,397</u>                     | <u>555,559</u>                     | <u>477,397</u>                     |
| <b>The Bank</b>  |                                    |                                    |                                    |                                    |
| Deposits from customers  | 417,488                            | 327,653                            | 417,488                            | 327,653                            |
| Deposits and placements of banks<br>and other financial institutions | 24,546                             | 20,553                             | 24,546                             | 20,553                             |
| Recourse obligation of loans<br>sold to Cagamas Berhad               | 10,579                             | 770                                | 10,579                             | 770                                |
| Term funding   | 40,941                             | 29,661                             | 40,941                             | 29,661                             |
| Debt capital:  |                                    |                                    |                                    |                                    |
| Subordinated term loan   | 10,217                             | 10,972                             | 10,217                             | 10,972                             |
| Medium term notes  | 22,013                             | 22,013                             | 22,013                             | 22,013                             |
| Exchangeable bonds   | -                                  | 7,483                              | -                                  | 7,483                              |
| Non-Innovative Tier I<br>capital securities                          | 11,219                             | 11,219                             | 11,219                             | 11,219                             |
| Innovative Tier I<br>capital securities                              | 9,976                              | 9,976                              | 9,976                              | 9,976                              |
| Irredeemable Non-Cumulative<br>Convertible Preference Shares         | 2,250                              | 2,250                              | 2,250                              | 2,250                              |
| Others   | 6,663                              | 35,620                             | 6,663                              | 35,620                             |
|  | <u>555,892</u>                     | <u>478,170</u>                     | <u>555,892</u>                     | <u>478,170</u>                     |

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**A19. Net Income from Islamic Banking Business**

|   | Individual Quarter        |                           | Cumulative Quarter        |                           |
|---|---------------------------|---------------------------|---------------------------|---------------------------|
|   | 30 June<br>2011<br>RM'000 | 30 June<br>2010<br>RM'000 | 30 June<br>2011<br>RM'000 | 30 June<br>2010<br>RM'000 |
| <b>The Group</b>  |                           |                           |                           |                           |
| Income derived from investment<br>of depositors' funds and others | 7                         | 8                         | 7                         | 8                         |
| Income derived from investment<br>of shareholder's funds          | 48                        | -                         | 48                        | -                         |
| Income attributable to the depositors                             | (5)                       | (14)                      | (5)                       | (14)                      |
|   | <u>50</u>                 | <u>(6)</u>                | <u>50</u>                 | <u>(6)</u>                |

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**A20. Other Operating Income**

|  | Individual Quarter        |                           | Cumulative Quarter        |                           |
|--|---------------------------|---------------------------|---------------------------|---------------------------|
|  | 30 June<br>2011<br>RM'000 | 30 June<br>2010<br>RM'000 | 30 June<br>2011<br>RM'000 | 30 June<br>2010<br>RM'000 |
| <b>The Group</b>   |                           |                           |                           |                           |
| (a) <u>Fee income:</u>                                       |                           |                           |                           |                           |
| Commission   | 14,614                    | 14,930                    | 14,614                    | 14,930                    |
| Guarantee fees   | 12,517                    | 7,671                     | 12,517                    | 7,671                     |
| Other fee income   | 62,692                    | 45,385                    | 62,692                    | 45,385                    |
|  | <u>89,823</u>             | <u>67,986</u>             | <u>89,823</u>             | <u>67,986</u>             |
| (b) <u>Investment income:</u>                                |                           |                           |                           |                           |
| Net gain on sale/redemption of:                              |                           |                           |                           |                           |
| Financial assets held-for-trading                            | 34,756                    | 13,992                    | 34,756                    | 13,992                    |
| Financial investments available-for-sale                     | 67,386                    | 16,700                    | 67,386                    | 16,700                    |
| Financial investments held-to-maturity                       | 4,964                     | 4,929                     | 4,964                     | 4,929                     |
| Net gain on revaluation of financial assets held-for-trading | 20,597                    | 862                       | 20,597                    | 862                       |
| Foreign exchange*  | 23,824                    | 9,112                     | 23,824                    | 9,112                     |
| Net gain on derivatives:                                     |                           |                           |                           |                           |
| - fair value hedge   | 1,011                     | 172                       | 1,011                     | 172                       |
| - others   | 6,080                     | 11,700                    | 6,080                     | 11,700                    |
| Gross dividend income from:                                  |                           |                           |                           |                           |
| Financial assets held-for-trading                            | 2,580                     | 264                       | 2,580                     | 264                       |
| Financial investments available-for-sale                     | 4,987                     | 1,639                     | 4,987                     | 1,639                     |
| Others   | (11,401)                  | 3,599                     | (11,401)                  | 3,599                     |
|  | <u>154,784</u>            | <u>62,969</u>             | <u>154,784</u>            | <u>62,969</u>             |
| (c) <u>Other income-net:</u>                                 |                           |                           |                           |                           |
| Rental income  | 865                       | 895                       | 865                       | 895                       |
| Gain on disposal of property and equipment                   | -                         | 314                       | 127                       | 314                       |
| Loss on disposal of foreclosed properties                    | -                         | (7)                       | -                         | (7)                       |
| Non trading foreign exchange                                 | 210                       | 292                       | 210                       | 292                       |
| Other operating income                                       | 2,195                     | 1,031                     | 2,195                     | 1,031                     |
| Service transfer pricing income                              | 73,657                    | 5,160                     | 73,657                    | 5,160                     |
|  | <u>77,054</u>             | <u>7,685</u>              | <u>77,054</u>             | <u>7,685</u>              |
| Total  | <u>321,661</u>            | <u>138,640</u>            | <u>321,661</u>            | <u>138,640</u>            |

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**A20. Other Operating Income (Contd.)**

|  | Individual Quarter        |                           | Cumulative Quarter        |                           |
|--|---------------------------|---------------------------|---------------------------|---------------------------|
|  | 30 June<br>2011<br>RM'000 | 30 June<br>2010<br>RM'000 | 30 June<br>2011<br>RM'000 | 30 June<br>2010<br>RM'000 |
| <b>The Bank</b>  |                           |                           |                           |                           |
| (a) <u>Fee income:</u>                                       |                           |                           |                           |                           |
| Commission   | 14,614                    | 14,930                    | 14,614                    | 14,930                    |
| Guarantee fees   | 12,328                    | 7,425                     | 12,328                    | 7,425                     |
| Other fee income   | 62,984                    | 45,645                    | 62,984                    | 45,645                    |
|  | <u>89,926</u>             | <u>68,000</u>             | <u>89,926</u>             | <u>68,000</u>             |
| (b) <u>Investment income:</u>                                |                           |                           |                           |                           |
| Net gain on sale/redemption of:                              |                           |                           |                           |                           |
| Financial assets held-for-trading                            | 34,756                    | 13,992                    | 34,756                    | 13,992                    |
| Financial investments available-for-sale                     | 67,386                    | 16,700                    | 67,386                    | 16,700                    |
| Financial investments held-to-maturity                       | 4,964                     | 4,929                     | 4,964                     | 4,929                     |
| Net gain on revaluation of financial assets held-for-trading | 20,597                    | 863                       | 20,597                    | 863                       |
| Foreign exchange*  | 23,824                    | 9,112                     | 23,824                    | 9,112                     |
| Net gain on derivatives:                                     |                           |                           |                           |                           |
| - fair value hedge   | 1,011                     | 172                       | 1,011                     | 172                       |
| - others   | 6,080                     | 11,700                    | 6,080                     | 11,700                    |
| Gross dividend income from:                                  |                           |                           |                           |                           |
| Financial assets held-for-trading                            | 2,580                     | 264                       | 2,580                     | 264                       |
| Financial investments available-for-sale                     | 4,987                     | 1,639                     | 4,987                     | 1,639                     |
| Others   | (11,401)                  | 3,599                     | (11,401)                  | 3,599                     |
|  | <u>154,784</u>            | <u>62,970</u>             | <u>154,784</u>            | <u>62,970</u>             |
| (c) <u>Other income-net:</u>                                 |                           |                           |                           |                           |
| Rental income  | 693                       | 690                       | 693                       | 690                       |
| Gain on disposal of property and equipment                   | 127                       | 314                       | 127                       | 314                       |
| Loss on disposal of foreclosed properties                    | -                         | (7)                       | -                         | (7)                       |
| Non trading foreign exchange                                 | 199                       | 289                       | 199                       | 289                       |
| Other operating income                                       | 1,994                     | 1,170                     | 1,994                     | 1,170                     |
| Service transfer pricing income                              | 73,855                    | 76,316                    | 73,855                    | 76,316                    |
|  | <u>76,868</u>             | <u>78,772</u>             | <u>76,868</u>             | <u>78,772</u>             |
| Total  | <u>321,578</u>            | <u>209,742</u>            | <u>321,578</u>            | <u>209,742</u>            |

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

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**A21. Other Operating Expenses**

|  | Individual Quarter        |                           | Cumulative Quarter        |                           |
|--|---------------------------|---------------------------|---------------------------|---------------------------|
|  | 30 June<br>2011<br>RM'000 | 30 June<br>2010<br>RM'000 | 30 June<br>2011<br>RM'000 | 30 June<br>2010<br>RM'000 |
| <b>The Group</b>   |                           |                           |                           |                           |
| Personnel costs  |                           |                           |                           |                           |
| – Salaries, allowances and bonuses                           | 160,278                   | 133,200                   | 160,278                   | 133,200                   |
| – Shares and options granted<br>under Executive Share Scheme | 1,187                     | 4,083                     | 1,187                     | 4,083                     |
| – Others   | 42,521                    | 34,277                    | 42,521                    | 34,277                    |
| Establishment costs  |                           |                           |                           |                           |
| – Depreciation   | 11,198                    | 10,964                    | 11,198                    | 10,964                    |
| – Rental   | 16,345                    | 15,554                    | 16,345                    | 15,554                    |
| – Cleaning, maintenance and security                         | 5,745                     | 4,750                     | 5,745                     | 4,750                     |
| – Computerisation cost                                       | 28,572                    | 28,672                    | 28,572                    | 28,672                    |
| – Amortisation of intangible assets                          | 8,614                     | 7,955                     | 8,614                     | 7,955                     |
| – Others   | 6,557                     | 5,850                     | 6,557                     | 5,850                     |
| Marketing and communication<br>expenses                      |                           |                           |                           |                           |
| – Commission   | 274                       | 2,422                     | 274                       | 2,422                     |
| – Advertising and marketing                                  | 6,511                     | 9,089                     | 6,511                     | 9,089                     |
| – Communication  | 9,228                     | 10,601                    | 9,228                     | 10,601                    |
| – Others   | 2,352                     | 1,896                     | 2,352                     | 1,896                     |
| Administration and general expenses                          |                           |                           |                           |                           |
| – Professional services                                      | 15,674                    | 16,303                    | 15,674                    | 16,303                    |
| – Others   | 6,858                     | 7,679                     | 6,858                     | 7,679                     |
| Service transfer pricing expense                             | 12,478                    | 10,864                    | 12,478                    | 10,864                    |
|  | <u>334,392</u>            | <u>304,159</u>            | <u>334,392</u>            | <u>304,159</u>            |

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**A21. Other Operating Expenses (Contd.)**

|  | Individual Quarter        |                           | Cumulative Quarter        |                           |
|--|---------------------------|---------------------------|---------------------------|---------------------------|
|  | 30 June<br>2011<br>RM'000 | 30 June<br>2010<br>RM'000 | 30 June<br>2011<br>RM'000 | 30 June<br>2010<br>RM'000 |
| <b>The Bank</b>  |                           |                           |                           |                           |
| Personnel costs  |                           |                           |                           |                           |
| – Salaries, allowances and bonuses                           | 159,879                   | 132,824                   | 159,879                   | 132,824                   |
| – Shares and options granted<br>under Executive Share Scheme | 1,169                     | 4,075                     | 1,169                     | 4,075                     |
| – Others   | 42,438                    | 34,190                    | 42,438                    | 34,190                    |
| Establishment costs  |                           |                           |                           |                           |
| – Depreciation   | 11,067                    | 10,835                    | 11,067                    | 10,835                    |
| – Rental   | 16,809                    | 16,004                    | 16,809                    | 16,004                    |
| – Cleaning, maintenance and security                         | 5,625                     | 4,604                     | 5,625                     | 4,604                     |
| – Computerisation cost                                       | 28,610                    | 28,663                    | 28,610                    | 28,663                    |
| – Amortisation of intangible assets                          | 8,612                     | 7,955                     | 8,612                     | 7,955                     |
| – Others   | 6,363                     | 5,522                     | 6,363                     | 5,522                     |
| Marketing and communication<br>expenses                      |                           |                           |                           |                           |
| – Commission   | 274                       | 2,422                     | 274                       | 2,422                     |
| – Advertising and marketing                                  | 6,511                     | 9,089                     | 6,511                     | 9,089                     |
| – Communication  | 9,216                     | 10,593                    | 9,216                     | 10,593                    |
| – Others   | 2,347                     | 1,888                     | 2,347                     | 1,888                     |
| Administration and general expenses                          |                           |                           |                           |                           |
| – Professional services                                      | 15,650                    | 16,300                    | 15,650                    | 16,300                    |
| – Others   | 6,751                     | 7,565                     | 6,751                     | 7,565                     |
| Service transfer pricing expense                             | 13,106                    | 11,319                    | 13,106                    | 11,319                    |
|  | <u>334,427</u>            | <u>303,848</u>            | <u>334,427</u>            | <u>303,848</u>            |

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**A22. Allowance for impairment on Loans and Advances**

|   | Individual Quarter        |                           | Cumulative Quarter        |                           |
|---|---------------------------|---------------------------|---------------------------|---------------------------|
|   | 30 June<br>2011<br>RM'000 | 30 June<br>2010<br>RM'000 | 30 June<br>2011<br>RM'000 | 30 June<br>2010<br>RM'000 |
| <b>The Group</b>                                |                           |                           |                           |                           |
| Allowance for impairment of loans and advances: |                           |                           |                           |                           |
| Individual allowance                            | (4,336)                   | 23,268                    | (4,336)                   | 23,268                    |
| Collective allowance                            | 148,500                   | 125,779                   | 148,500                   | 125,779                   |
| Bad debts recovered - net                       | (112,403)                 | (86,234)                  | (112,403)                 | (86,234)                  |
|   | -                         |                           |                           |                           |
|   | <u>31,761</u>             | <u>62,813</u>             | <u>31,761</u>             | <u>62,813</u>             |

**The Bank**

|   |               |               |               |               |
|---|---------------|---------------|---------------|---------------|
| Allowance for impairment of loans and advances: |               |               |               |               |
| Individual allowance                            | (4,336)       | 23,268        | (4,336)       | 23,268        |
| Collective allowance                            | 149,588       | 125,860       | 149,588       | 125,860       |
| Bad debts recovered - net                       | (112,403)     | (83,135)      | (112,403)     | (83,135)      |
|   | -             |               |               |               |
|   | <u>32,849</u> | <u>65,993</u> | <u>32,849</u> | <u>65,993</u> |

**A23. Impairment Writeback On Other Assets**

|                       | Individual Quarter        |                           | Cumulative Quarter        |                           |
|-----------------------|---------------------------|---------------------------|---------------------------|---------------------------|
|                       | 30 June<br>2011<br>RM'000 | 30 June<br>2010<br>RM'000 | 30 June<br>2011<br>RM'000 | 30 June<br>2010<br>RM'000 |
| <b>The Group</b>      |                           |                           |                           |                           |
| Loss/(writeback)      |                           |                           |                           |                           |
| Financial investments | (570)                     | (7,567)                   | (570)                     | (7,567)                   |
| Foreclosed properties | 68                        | 155                       | 68                        | 155                       |
| Sundry receivables    | (11)                      | 86                        | (11)                      | 86                        |
|                       | <u>(513)</u>              | <u>(7,326)</u>            | <u>(513)</u>              | <u>(7,326)</u>            |

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|                       |              |                |              |                |
|-----------------------|--------------|----------------|--------------|----------------|
| Financial investments | (545)        | (7,674)        | (545)        | (7,674)        |
| Associate             | 15           | -              | 15           | -              |
| Foreclosed properties | 68           | 155            | 68           | 155            |
| Sundry receivables    | (11)         | 86             | (11)         | 86             |
|                       | <u>(473)</u> | <u>(7,433)</u> | <u>(473)</u> | <u>(7,433)</u> |



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**A24. Discontinued Operations**

On 21 February 2011, following the approval from the Minister of Finance and Bank Negara Malaysia ("BNM"), the Bank entered into a sale and purchase agreement with AMMB Holdings Berhad ("AMMB") to dispose its entire shareholding in its wholly-owned Islamic banking subsidiary, Amlslamic Bank to AMMB for a sale consideration of RM1,337,698,000 ("The Disposal"). The Disposal was completed on 28 February 2011. Arising from this, the 3 months comparative results for the operations of Amlslamic Bank are presented separately in the Income Statement and Statement of Comprehensive Income of the Group as discontinued operations.

## (a) Income Statement

|  | <b>The Group<br/>3 months<br/>ended<br/>30 June<br/>2010<br/>RM'000</b> |
|--|---|
| Revenue  | 290,879   |
| Net income from Islamic Banking Business                         | 188,756   |
| Other operating expenses   | (75,701)  |
| Operating profit   | 113,055   |
| Allowances for impairment on financing and advances:             |   |
| Individual allowance   | 656   |
| Collective allowance   | (39,939)  |
| Bad financing recovered (net)                                    | 9,414   |
| Writeback for commitments and contingencies                      | 54  |
| Impairment writeback   | 4,218   |
| Transfer to profit equalisation reserve                          | (11,722)  |
| <b>Profit before zakat and taxation</b>                          | <b>75,736</b>   |
| Zakat  | (193)   |
| Taxation   | (19,641)  |
| <b>Profit for the period</b>                                     | <b>55,902</b>   |
| Intercompany transactions eliminated on consolidation:           |   |
| Other operating expenses   | 70,987  |
| <b>Profit for the period as reported in the Income Statement</b> | <b>126,889</b>  |

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**A24. Discontinued Operations (Contd.)**

(b) Statement of Comprehensive Income

|  | <b>The Group<br/>3 months<br/>ended<br/>30 June<br/>2010<br/>RM'000</b> |
|--|---|
| Profit for the period  | 126,889   |
| <b>Other comprehensive income</b>  |   |
| Net gain on financial investments<br>available-for-sale                                  | 123   |
| Income tax relating to the<br>components of other<br>comprehensive income                | (31)  |
| <b>Other comprehensive income<br/>for the period, net of tax</b>                         | <u>92</u>   |
| <b>Total comprehensive income<br/>for the period as reported in the Income Statement</b> | <u><u>126,981</u></u>   |

(c) Cash Flows

|                                      | <b>3 months<br/>ended<br/>30 June<br/>2010<br/>RM'000</b> |
|--------------------------------------|---|
| Cash Flows from Operating activities | (720,746)   |
| Cash Flows from Investing activities | 405,602   |
| Net cash inflow /(outflow)           | <u><u>(315,144)</u></u>                                   |

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**A25. Earnings Per Share (EPS)****(a) Basic**

## Continuing operations

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

## Discontinued operations

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

|   | <b>Individual Quarter</b> |                         | <b>Cumulative Quarter</b> |                         |
|---|---------------------------|-------------------------|---------------------------|-------------------------|
|   | <b>30 June<br/>2011</b>   | <b>30 June<br/>2010</b> | <b>30 June<br/>2011</b>   | <b>30 June<br/>2010</b> |
| <b>The Group</b>  |                           |                         |                           |                         |
| <b>Continuing operations</b>  |                           |                         |                           |                         |
| Net profit attributable to shareholder of the Bank (RM'000)   | 327,630                   | 182,701                 | 327,630                   | 182,701                 |
| Number of ordinary shares at beginning and end of period/year representing weighted average number of ordinary shares in issue ('000) | 670,364                   | 670,364                 | 670,364                   | 670,364                 |
| Basic earnings per share (sen)  | <u>48.87</u>              | <u>27.25</u>            | <u>48.87</u>              | <u>27.25</u>            |
| <b>Discontinued operations</b>  |                           |                         |                           |                         |
| Net profit attributable to shareholder of the Bank (RM'000)   | -                         | 126,889                 | -                         | 126,889                 |
| Number of ordinary shares at beginning and end of period/year representing weighted average number of ordinary shares in issue ('000) | -                         | 670,364                 | -                         | 670,364                 |
| Basic earnings per share (sen)  | <u>-</u>                  | <u>18.93</u>            | <u>-</u>                  | <u>18.93</u>            |
| <b>The Bank</b>   |                           |                         |                           |                         |
| Net profit attributable to shareholder of the Bank (RM'000)   | 324,061                   | 247,848                 | 324,061                   | 247,848                 |
| Number of ordinary shares at beginning and end of period/year representing weighted average number of ordinary shares in issue ('000) | 670,364                   | 670,364                 | 670,364                   | 670,364                 |
| Basic earnings per share (sen)  | <u>48.34</u>              | <u>36.97</u>            | <u>48.34</u>              | <u>36.97</u>            |

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**A25. Earnings Per Share (EPS) (Contd.)****(b) Fully diluted**

## Continuing operations

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

## Discontinued operations

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

The Bank has one category of dilutive potential ordinary shares:

- (i) Irredeemable Non-Cumulative Convertible Preference shares ("INCPS")

|   | Individual Quarter        |                           | Cumulative Quarter        |                           |
|---|---------------------------|---------------------------|---------------------------|---------------------------|
|   | 30 June<br>2011<br>RM'000 | 30 June<br>2010<br>RM'000 | 30 June<br>2011<br>RM'000 | 30 June<br>2010<br>RM'000 |
| <b>The Group</b>  |                           |                           |                           |                           |
| <b>Continuing operations</b>  |                           |                           |                           |                           |
| Net profit attributable to shareholder of the Bank (as in (a) above) (RM'000) | 327,630                   | 182,701                   | 327,630                   | 182,701                   |
| Effect of savings on dividend on INCPS (RM'000)                               | 2,250                     | 2,250                     | 2,250                     | 2,250                     |
|   | <u>329,880</u>            | <u>184,951</u>            | <u>329,880</u>            | <u>184,951</u>            |
| Weighted average number of ordinary shares in issue (as in (a) above) ('000)  | 670,364                   | 670,364                   | 670,364                   | 670,364                   |
| Adjusted for the effect of INCPS ('000)                                       | <u>150,000</u>            | <u>150,000</u>            | <u>150,000</u>            | <u>150,000</u>            |
| Adjusted weighted average number of ordinary shares in issue ('000)           | <u>820,364</u>            | <u>820,364</u>            | <u>820,364</u>            | <u>820,364</u>            |
| Fully diluted earnings per share (sen)  | <u>40.21</u>              | <u>22.54</u>              | <u>40.21</u>              | <u>22.54</u>              |

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**A25. Earnings Per Share (EPS) (Contd.)**

(i) Irredeemable Non-Cumulative Convertible Preference shares ("INCPS") (contd.)

|   | Individual Quarter        |                           | Cumulative Quarter        |                           |
|---|---------------------------|---------------------------|---------------------------|---------------------------|
|   | 30 June<br>2011<br>RM'000 | 30 June<br>2010<br>RM'000 | 30 June<br>2011<br>RM'000 | 30 June<br>2010<br>RM'000 |
| <b>The Group</b>  |                           |                           |                           |                           |
| <b>Discontinued operations</b>  |                           |                           |                           |                           |
| Net profit attributable to shareholder of the Bank (as in (a) above) (RM'000) | -                         | 126,889                   | -                         | 126,889                   |
| Weighted average number of ordinary shares in issue (as in (a) above) ('000)  | -                         | 670,364                   | -                         | 670,364                   |
| Adjusted for the effect of INCPS ('000)                                       |                           | 150,000                   | -                         | 150,000                   |
| Adjusted weighted average number of ordinary shares in issue ('000)           | -                         | 820,364                   | -                         | 820,364                   |
| Fully diluted earnings per share (sen)  | -                         | 15.47                     | -                         | 15.47                     |

|   | Individual Quarter        |                           | Cumulative Quarter        |                           |
|---|---------------------------|---------------------------|---------------------------|---------------------------|
|   | 30 June<br>2011<br>RM'000 | 30 June<br>2010<br>RM'000 | 30 June<br>2011<br>RM'000 | 30 June<br>2010<br>RM'000 |
| <b>The Bank</b>   |                           |                           |                           |                           |
| Net profit attributable to shareholder of the Bank (as in (a) above) (RM'000) | 324,061                   | 247,848                   | 324,061                   | 247,848                   |
| Effect of savings on dividend on INCPS (RM'000)                               | 2,250                     | 2,250                     | 2,250                     | 2,250                     |
|   | 326,311                   | 250,098                   | 326,311                   | 250,098                   |
| Weighted average number of ordinary shares in issue (as in (a) above) ('000)  | 670,364                   | 670,364                   | 670,364                   | 670,364                   |
| Adjusted for the effect of INCPS ('000)                                       | 150,000                   | 150,000                   | 150,000                   | 150,000                   |
| Adjusted weighted average number of ordinary shares in issue ('000)           | 820,364                   | 820,364                   | 820,364                   | 820,364                   |
| Fully diluted earnings per share (sen)  | 39.78                     | 30.49                     | 39.78                     | 30.49                     |

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**A26. BUSINESS SEGMENT ANALYSIS**

| <b>Group</b><br><b>Financial quarter ended 30 June 2011</b> | <b>Retail<br/>Banking<br/>RM'000</b> | <b>Business<br/>Banking<br/>RM'000</b> | <b>Corporate<br/>and Institutional<br/>Banking<br/>RM'000</b> | <b>Markets<br/>RM'000</b> | <b>Group Functions<br/>and Others<br/>RM'000</b> | <b>Total<br/>RM'000</b> |
|---|--------------------------------------|--|---|---------------------------|--|-------------------------|
| Total operating revenue                                     | 584,559                              | 154,122                                | 266,629   | 124,904                   | 233,764  | 1,363,978               |
| Income  | 379,650                              | 123,857                                | 75,970  | 118,167                   | 110,882  | 808,526                 |
| Other operating expenses                                    | (193,232)                            | (28,057)                               | (11,897)  | (17,072)                  | (84,134)   | (334,392)               |
| Profit before provision                                     | 186,418                              | 95,800                                 | 64,073  | 101,095                   | 26,748   | 474,134                 |
| Provision   | (22,136)                             | (7,237)                                | 12,574  | (81)                      | (17,147)   | (34,027)                |
| Profit before taxation                                      | 164,282                              | 88,563                                 | 76,647  | 101,014                   | 9,601  | 440,107                 |
| Taxation  | (41,070)                             | (22,001)                               | (17,168)  | (25,189)                  | (7,049)  | (112,477)               |
| Profit for the period                                       | 123,212                              | 66,562                                 | 59,479  | 75,825                    | 2,552  | 327,630                 |
| <b>Other information</b>                                    |                                      |  |   |                           |  |                         |
| Cost to income ratio  | 50.9%                                | 22.7%                                  | 15.7%   | 14.4%                     | 75.9%  | 41.4%                   |
| Net loans/financing   | 33,548,066                           | 11,240,530                             | 11,889,240  | -                         | 113,024  | 56,790,860              |
| Impaired loans/financing                                    | 1,039,191                            | 200,896                                | -   | -                         | 697,995  | 1,938,082               |
| Deposits  | 30,494,200                           | 5,218,608                              | 26,308,391  | 126,455                   | 3,810,599  | 65,958,253              |

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**A26. BUSINESS SEGMENT ANALYSIS (CONTD.)**

| <b>Group<br/>Financial quarter ended 30 June 2010</b>   | <b>Retail<br/>Banking<br/>RM'000</b> | <b>Business<br/>Banking<br/>RM'000</b> | <b>Corporate<br/>and Institutional<br/>Banking<br/>RM'000</b> | <b>Markets<br/>RM'000</b> | <b>Group Functions<br/>and Others<br/>RM'000</b> | <b>Total<br/>RM'000</b> |
|---|--------------------------------------|--|---|---------------------------|--|-------------------------|
| Total operating revenue                                 |                                      |  |   |                           |  |                         |
| Continuing operations                                   | 536,515                              | 123,916                                | 210,820   | 98,444                    | 145,592  | 1,115,287               |
| Discontinued operations                                 | 145,302                              | 21,671                                 | 49,300  | 7,444                     | 67,162   | 290,879                 |
|   | 681,817                              | 145,587                                | 260,120   | 105,888                   | 212,754  | 1,406,166               |
| <b>Income</b>   | 501,376                              | 116,075                                | 62,267  | 86,418                    | 60,515   | 826,651                 |
| Continuing operations                                   | 379,796                              | 101,856                                | 55,643  | 79,564                    | 21,036   | 637,895                 |
| Discontinued operations                                 | 121,580                              | 14,219                                 | 6,624   | 6,854                     | 39,479   | 188,756                 |
| <b>Expenses</b>   | (227,185)                            | (30,991)                               | (9,174)   | (13,633)                  | (27,890)   | (308,873)               |
| Continuing operations                                   | (173,429)                            | (24,808)                               | (8,998)   | (12,953)                  | (83,971)   | (304,159)               |
| Discontinued operations                                 | (53,756)                             | (6,183)                                | (176)   | (680)                     | 56,081   | (4,714)                 |
| <b>Profit/(Loss) before provision</b>                   | 274,191                              | 85,084                                 | 53,093  | 72,785                    | 32,625   | 517,778                 |
| Continuing operations                                   | 206,367                              | 77,048                                 | 46,645  | 66,611                    | (62,935)   | 333,736                 |
| Discontinued operations                                 | 67,824                               | 8,036                                  | 6,448   | 6,174                     | 95,560   | 184,042                 |
| <b>Provision</b>  | (97,979)                             | (8,717)                                | 8,915   | 7,096                     | (1,909)  | (92,594)                |
| Continuing operations                                   | (69,718)                             | (7,685)                                | 11,363  | 2,823                     | 7,942  | (55,275)                |
| Discontinued operations                                 | (28,261)                             | (1,032)                                | (2,448)   | 4,273                     | (9,851)  | (37,319)                |
| <b>Profit/(Loss) before zakat and taxation</b>          |                                      |  |   |                           |  |                         |
| Continuing operations                                   | 136,649                              | 69,363                                 | 58,008  | 69,434                    | (54,993)   | 278,461                 |
| Discontinued operations                                 | 39,563                               | 7,004                                  | 4,000   | 10,447                    | 85,709   | 146,723                 |
| <b>Zakat and Taxation</b>                               | (44,053)                             | (19,040)                               | (14,299)  | (19,780)                  | (18,423)   | (115,595)               |
| Continuing operations                                   | (34,162)                             | (17,289)                               | (13,299)  | (17,168)                  | (13,843)   | (95,761)                |
| Discontinued operations                                 | (9,891)                              | (1,751)                                | (1,000)   | (2,612)                   | (4,580)  | (19,834)                |
| Profit/(Loss) for the period from continuing operations | 102,487                              | 52,074                                 | 44,709  | 52,266                    | (68,836)   | 182,700                 |
| Profit for the period from discontinued operations      | 29,672                               | 5,253                                  | 3,000   | 7,835                     | 81,129   | 126,889                 |
| <b>Profit for the period</b>                            | 132,159                              | 57,327                                 | 47,709  | 60,101                    | 12,293   | 309,589                 |
| <b>Other information</b>                                |                                      |  |   |                           |  |                         |
| Cost to income ratio                                    | 45.3%                                | 26.7%                                  | 14.7%   | 15.8%                     | 46.1%  | 37.4%                   |
| Net loans/financing                                     | 43,151,420                           | 11,547,809                             | 10,472,061  | -                         | (497,104)  | 64,674,186              |
| Impaired loans/financing                                | 1,358,639                            | 123,569                                | -   | -                         | 981,051  | 2,463,259               |
| Deposits  | 31,749,842                           | 6,042,838                              | 31,727,432  | 192,657                   | 3,464,512  | 73,177,281              |

Note:

- The financial information by geographical segment is not presented as the Group's activities are principally conducted in Malaysia.
- Certain comparative figures have been reclassified to conform with current period's presentation.

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**A27. Performance Review for the period ended 30 June 2011**

The Group registered a profit before taxation ("pre-tax profit") of RM440.1 million representing a 3.5% increase compared to the pre-tax profit for the corresponding period last year.

For the current quarter, other operating income increased by RM183.0 million or 132.0% and loans impairment allowances decreased by RM31.1 million or 49.4% but these were mitigated by lower net interest income and higher operating expenses. The increase in other operating income was mainly contributed by gain on disposal of securities, higher foreign exchange gain and service transfer pricing income. Loans impairment allowances decreased due to writeback of individual allowance and higher bad debt recoveries. Net interest income reduced despite the growth in loans and advances mainly due to higher interest expense from strong growth in deposits. Operating expenses increased mainly due to higher personnel costs.

The discontinued operations for the corresponding period last year was in respect of the results from its Islamic banking subsidiary which was disposed to AMMB as at 28 February 2011.

The Group and the Bank remained well capitalised with Risk Weighted capital adequacy ratios of 13.6% and 13.8% respectively.

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

**A28. 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, the 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 Aspirations ("MTA") towards delivering greater value to our shareholders.

The 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 to drive business growth and achieve our MTA. ANZ's established geographical presence throughout Asia Pacific provides the Group the access to cross-border markets, and is a key part of our international connectivity agenda.



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**A29. Valuation of Property and Equipment**

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

**A30. Events Subsequent to Reporting Date**

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

**A31. Changes in the composition of the Group**

There were no significant changes in the composition of the Group for the financial quarter ended 30 June 2011.

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**A32. Commitments and Contingencies**

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

|   | <b>30 June<br/>2011<br/>RM'000</b> | <b>31 March<br/>2011<br/>RM'000</b> |
|---|------------------------------------|-------------------------------------|
| <b>The Group</b>  |                                    |                                     |
| <b>Contingent Liabilities</b>                           |                                    |                                     |
| Direct credit substitutes                               | 2,479,253                          | 2,259,750                           |
| Transaction-related contingent items                    | 1,903,958                          | 1,869,799                           |
| Short term self liquidating trade-related contingencies | 666,422                            | 615,999                             |
| Obligations under underwriting agreements               | 265,000                            | 260,000                             |
| Others  | 40,012                             | 31,506                              |
|   | <u>5,354,645</u>                   | <u>5,037,054</u>                    |
| <b>Commitments</b>                                      |                                    |                                     |
| Irrevocable commitments to extend credit maturing:      |                                    |                                     |
| - within one year                                       | 12,195,297                         | 10,796,440                          |
| - more than one year                                    | 4,596,303                          | 4,498,060                           |
| Unutilised credit card lines                            | 3,293,053                          | 3,322,322                           |
| Forward asset purchase                                  | 455,063                            | 424,290                             |
|   | <u>20,539,716</u>                  | <u>19,041,112</u>                   |
| <b>Derivative Financial Instruments</b>                 |                                    |                                     |
| <b>Foreign exchange related contracts</b>               |                                    |                                     |
| - One year or less                                      | 19,605,864                         | 28,584,266                          |
| - Over one year to five years                           | 1,044,063                          | 929,849                             |
| - Over five years                                       | -                                  | 151,265                             |
| <b>Interest rate related contracts</b>                  |                                    |                                     |
| - One year or less                                      | 7,003,866                          | 5,870,000                           |
| - Over one year to five years                           | 27,533,088                         | 27,256,982                          |
| - Over five years                                       | 4,775,811                          | 3,900,759                           |
| <b>Credit related contracts</b>                         |                                    |                                     |
| - One year or less                                      | 136,740                            | 76,473                              |
| - Over one year to five years                           | 445,270                            | 252,433                             |
| <b>Equity and Commodity related contracts</b>           |                                    |                                     |
| - One year or less                                      | 595,415                            | 601,986                             |
| - Over one year to five years                           | 632,134                            | 521,072                             |
|   | <u>61,772,251</u>                  | <u>68,145,085</u>                   |
| <b>Total</b>  | <u>87,666,612</u>                  | <u>92,223,251</u>                   |

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**A32. Commitments and Contingencies (Contd.)**

|   | <b>30 June<br/>2011<br/>RM'000</b> | <b>31 March<br/>2011<br/>RM'000</b> |
|---|------------------------------------|-------------------------------------|
| <b>The Bank</b>   |                                    |                                     |
| <b>Contingent Liabilities</b>                           |                                    |                                     |
| Direct credit substitutes                               | 2,479,253                          | 2,259,750                           |
| Transaction-related contingent items                    | 1,903,958                          | 1,869,799                           |
| Short term self liquidating trade-related contingencies | 666,422                            | 615,999                             |
| Obligations under underwriting agreements               | 265,000                            | 260,000                             |
| Others  | 39,912                             | 31,406                              |
|   | <b>5,354,545</b>                   | <b>5,036,954</b>                    |
| <b>Commitments</b>                                      |                                    |                                     |
| Irrevocable commitments to extend credit maturing:      |                                    |                                     |
| - within one year                                       | 12,238,688                         | 10,840,686                          |
| - more than one year                                    | 4,596,303                          | 4,498,060                           |
| Unutilised credit card lines                            | 3,293,053                          | 3,322,322                           |
| Forward asset purchase                                  | 455,063                            | 424,290                             |
|   | <b>20,583,107</b>                  | <b>19,085,358</b>                   |
| <b>Derivative Financial Instruments</b>                 |                                    |                                     |
| <b>Foreign exchange related contracts</b>               |                                    |                                     |
| - One year or less                                      | 19,605,864                         | 28,584,266                          |
| - Over one year to five years                           | 1,044,063                          | 929,849                             |
| - Over five years                                       | -                                  | 151,265                             |
| <b>Interest rate related contracts</b>                  |                                    |                                     |
| - One year or less                                      | 7,003,866                          | 5,870,000                           |
| - Over one year to five years                           | 27,533,088                         | 27,256,982                          |
| - Over five years                                       | 4,775,811                          | 3,900,759                           |
| <b>Credit related contracts</b>                         |                                    |                                     |
| - One year or less                                      | 136,740                            | 76,473                              |
| - Over one year to five years                           | 445,270                            | 252,433                             |
| <b>Equity and Commodity related contracts</b>           |                                    |                                     |
| - One year or less                                      | 595,415                            | 601,986                             |
| - Over one year to five years                           | 632,134                            | 521,072                             |
|   | <b>61,772,251</b>                  | <b>68,145,085</b>                   |
| <b>Total</b>  | <b>87,709,903</b>                  | <b>92,267,397</b>                   |

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

|   | <b>30 June<br/>2011<br/>RM'000</b> | <b>31 March<br/>2011<br/>RM'000</b> |
|---|------------------------------------|-------------------------------------|
| Relating to AmBank (M) Berhad           | 87,657,064                         | 92,220,904                          |
| Relating to AMIL with external parties* | 52,839                             | 46,493                              |
|   | <b>87,709,903</b>                  | <b>92,267,397</b>                   |

\* The Bank has given a continuing guarantee to LFSA to meet all the liabilities and financial obligations of its subsidiary, AMIL.

### **A33. Risk Management Policy on Financial Derivatives**

#### **Purpose of engaging in financial derivatives**

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

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

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

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

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

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

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.

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**A33. Risk Management Policy on Financial Derivatives (Contd.)**

**Market risk of derivatives used for trading purposes**

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

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

**General disclosure for derivatives and counterparty credit risk**

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

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

- The mark-to-market is essentially the current replacement cost of the contract, and can be positive or negative. Where it is positive, that is in the money, the Group has credit exposure against the counterparty; if it is negative, that 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 (that is like a margin call due to mark-to-market valuations) to compensate for an existing out of the money position (Note: if collateral 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).

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**A33. Risk Management Policy on Financial Derivatives (Contd.)**

**Liquidity risk of derivatives (Contd.)**

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

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

**Derivative Financial Instruments and Hedge Accounting**

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

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

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

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

(i) Fair value hedge

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

(ii) Cash flow hedge

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

(iii) Net investment hedge

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

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**A34. Capital Adequacy**

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

|  | <b>The Group</b>        |                          | <b>The Bank</b>         |                          |
|--|-------------------------|--------------------------|-------------------------|--------------------------|
|  | <b>30 June<br/>2011</b> | <b>31 March<br/>2011</b> | <b>30 June<br/>2011</b> | <b>31 March<br/>2011</b> |
| <b>Before deducting proposed dividends</b> |                         |                          |                         |                          |
| Core capital ratio                         | 9.1%                    | 9.8%                     | 9.3%                    | 10.0%                    |
| Risk-weighted capital ratio                | 13.6%                   | 14.5%                    | 13.8%                   | 14.8%                    |
| <b>After deducting proposed dividends</b>  |                         |                          |                         |                          |
| Core capital ratio                         | 8.7%                    | 9.3%                     | 8.8%                    | 9.5%                     |
| Risk-weighted capital ratio                | 13.2%                   | 14.1%                    | 13.4%                   | 14.4%                    |

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

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

(b) The capital adequacy ratios of the banking subsidiary of the Group is as follows:

|  | <b>AMIL</b>             |                          |
|--|-------------------------|--------------------------|
|  | <b>30 June<br/>2011</b> | <b>31 March<br/>2011</b> |
| <b>Before deducting proposed dividends</b> |                         |                          |
| Core capital ratio                         | 50.9%                   | 47.3%                    |
| Risk-weighted capital ratio                | 51.0%                   | 47.5%                    |
| <b>After deducting proposed dividends</b>  |                         |                          |
| Core capital ratio                         | 50.9%                   | 47.3%                    |
| Risk-weighted capital ratio                | 51.0%                   | 47.5%                    |

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

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**A34. Capital Adequacy (Contd.)**

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

|  | <b>The Group</b>                   |                                     | <b>The Bank</b>                    |                                     |
|--|------------------------------------|-------------------------------------|------------------------------------|-------------------------------------|
|  | <b>30 June<br/>2011<br/>RM'000</b> | <b>31 March<br/>2011<br/>RM'000</b> | <b>30 June<br/>2011<br/>RM'000</b> | <b>31 March<br/>2011<br/>RM'000</b> |
| <u>Tier 1 capital</u>  |                                    |                                     |                                    |                                     |
| Paid-up share capital  | 670,364                            | 670,364                             | 670,364                            | 670,364                             |
| Irredeemable Non-Cumulative<br>Convertible Preference Shares | 150,000                            | 150,000                             | 150,000                            | 150,000                             |
| Innovative Tier 1 capital                                    | 926,409                            | 926,409                             | 925,373                            | 925,373                             |
| Non-innovative Tier 1 capital                                | 500,000                            | 500,000                             | 500,000                            | 500,000                             |
| Share premium  | 942,844                            | 942,844                             | 942,844                            | 942,844                             |
| Statutory reserve  | 680,459                            | 680,459                             | 680,459                            | 680,459                             |
| Merger reserve   | 48,516                             | 48,516                              | 48,516                             | 48,516                              |
| Exchange fluctuation reserve                                 | (709)                              | (709)                               | (709)                              | (709)                               |
| Retained earnings  | 2,690,387                          | 2,690,387                           | 2,684,567                          | 2,684,567                           |
| Minority Interests   | 50                                 | 50                                  | -                                  | -                                   |
|  | <u>6,608,320</u>                   | <u>6,608,320</u>                    | <u>6,601,414</u>                   | <u>6,601,414</u>                    |
| Less: Deferred tax asset                                     | <u>(432,260)</u>                   | <u>(432,260)</u>                    | <u>(432,260)</u>                   | <u>(432,260)</u>                    |
| Total Tier 1 capital   | <u>6,176,060</u>                   | <u>6,176,060</u>                    | <u>6,169,154</u>                   | <u>6,169,154</u>                    |
| <u>Tier 2 capital</u>  |                                    |                                     |                                    |                                     |
| Innovative Tier 1 capital                                    | 308,691                            | 308,691                             | 309,727                            | 309,727                             |
| Medium term notes  | 1,557,800                          | 1,557,800                           | 1,557,800                          | 1,557,800                           |
| Collective allowance<br>for impaired loans and advances      | 1,207,263                          | 1,166,407                           | 1,203,257                          | 1,161,406                           |
| Total Tier 2 capital   | <u>3,073,754</u>                   | <u>3,032,898</u>                    | <u>3,070,784</u>                   | <u>3,028,933</u>                    |
| Maximum allowable Tier 2 Capital                             | <u>3,073,754</u>                   | <u>3,032,898</u>                    | <u>3,070,784</u>                   | <u>3,028,933</u>                    |
| Total capital funds  | 9,249,814                          | 9,208,958                           | 9,239,938                          | 9,198,087                           |
| Less:  |                                    |                                     |                                    |                                     |
| Investment in subsidiaries                                   | (32,769)                           | (32,769)                            | (32,780)                           | (32,780)                            |
| Other deduction  | (18,675)                           | (18,672)                            | (18,675)                           | (18,672)                            |
| Capital base   | <u>9,198,370</u>                   | <u>9,157,517</u>                    | <u>9,188,483</u>                   | <u>9,146,635</u>                    |

# Excludes collective allowance on impaired loans restricted from Tier 2 capital of the Group and the Bank as at 30 June 2011 of RM431,499,000 (Mar'11: RM480,983,000) and RM431,478,000 (Mar'11: RM480,964,000) respectively.



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**A34. Capital Adequacy (Contd.)**

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

|  | <b>The Group</b>                   |                                     | <b>The Bank</b>                    |                                     |
|--|------------------------------------|-------------------------------------|------------------------------------|-------------------------------------|
|  | <b>30 June<br/>2011<br/>RM'000</b> | <b>31 March<br/>2011<br/>RM'000</b> | <b>30 June<br/>2011<br/>RM'000</b> | <b>31 March<br/>2011<br/>RM'000</b> |
| Credit risk  | 57,420,140                         | 55,812,960                          | 57,323,436                         | 55,732,987                          |
| Market risk  | 5,130,992                          | 2,242,197                           | 5,130,992                          | 2,242,197                           |
| Operational risk                                       | 5,221,760                          | 5,176,229                           | 4,124,706                          | 3,997,167                           |
| Large exposure risk requirement for<br>equity holdings |                                    | -                                   | -                                  | -                                   |
| Total risk-weighted assets                             | <u>67,772,892</u>                  | <u>63,231,386</u>                   | <u>66,579,134</u>                  | <u>61,972,351</u>                   |

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**A35. Change in accounting policies and Comparatives**

**Restatement of comparatives:**

During the previous financial year, the Bank disposed its entire shareholding in its wholly-owned Islamic banking subsidiary, AmIslamic Bank to its ultimate holding company, AMMB. Arising from this, the 3 months comparative results for the operations of AmIslamic Bank are presented separately in the Income Statement and Statement of Comprehensive Income of the Group as discontinued operations.

The following comparative figures which have been restated arising from the above are as follows:

| <b>The Group</b>  | <b>As previously<br/>reported<br/>RM'000</b> | <b>Other<br/>Reclassification<br/>RM'000</b> | <b>Reclassified as<br/>Discontinued<br/>operations<br/>RM'000</b> | <b>As restated<br/>RM'000</b> |
|---|--|--|---|-------------------------------|
| <u>Consolidated Income Statement for the<br/>period ended 30 June 2010</u>                  |  |  |   |                               |
| Net income from Islamic<br>banking business   | 188,750                                      | -  | (188,756)   | (6)                           |
| Other operating expenses  | (308,873)                                    | -  | 4,714   | (304,159)                     |
| Allowance for impairment on loans<br>and advances   | (92,682)                                     | -  | 29,869  | (62,813)                      |
| (Provision)/writeback for<br>commitment and contingencies                                   | 266  | -  | (54)  | 212                           |
| Impairment (loss)/writeback<br>on other assets  | 11,544                                       | -  | (4,218)   | 7,326                         |
| Transfer to<br>profit equalisation reserve  | (11,722)                                     | -  | 11,722  | -                             |
| Zakat   | (193)  | -  | 193   | -                             |
| Taxation  | (115,402)                                    | -  | 19,641  | (95,761)                      |
| <u>Consolidated Statement of Comprehensive<br/>Income for the period ended 30 June 2010</u> |  |  |   |                               |
| Net gain on financial investments<br>available-for-sale                                     | 41,583                                       | (1,814)                                      | (123)   | 39,646                        |
| Income tax relating to the components<br>of other comprehensive income                      | (1,587)                                      | 1,814  | 31  | 258                           |