

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

UNAUDITED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2012

	Note	30.06.12	Group 31.03.12 (Restated)	01.04.11 (Restated)
		RM'000	RM'000	RM'000
ASSETS				
Cash and short-term funds		9,054,078	7,904,737	13,502,567
Securities purchased under resale agreements		378,010	384,570	289,731
Deposits and placements with banks and other financial institutions		4,693,370	1,782,935	3,613,482
Derivative financial assets	A28	563,820	380,129	398,797
Financial assets held-for-trading	A8	7,125,904	10,651,890	5,209,227
Financial investments available-for-sale	A9	6,277,805	5,432,091	8,048,495
Financial investments held-to-maturity	A10	1,122,514	938,477	165,431
Loans, advances and financing	A11	76,415,961	73,921,003	69,297,923
Other assets	A12	2,492,977	2,617,906	1,948,366
Statutory deposits with Bank Negara Malaysia	A13	2,633,343	2,582,411	145,842
Deferred tax assets		218,117	200,408	559,964
Investment in associate		1,101	1,101	1,101
Property and equipment		184,936	188,735	202,300
Life and family takaful fund assets		2,648,820	2,629,704	2,434,576
Intangible assets		1,914,347	1,911,781	1,879,000
TOTAL ASSETS		115,725,103	111,527,878	107,696,802
LIABILITIES AND EQUITY				
Deposits and placements of banks and other financial institution:	A14	3,778,031	4,028,944	4,271,656
Securities sold under repurchase agreements		20,892	41,195	30,465
Recourse obligation on loans sold to Cagamas Berhad		1,193,638	1,176,054	1,018,043
Derivative financial liabilities	A28	637,160	441,684	435,108
Deposits from customers	A15	80,575,758	77,142,052	74,566,962
Term funding		5,155,021	5,262,128	4,746,878
Bills and acceptances payable		1,434,823	871,948	1,867,911
Debt capital		4,040,337	4,021,231	3,598,394
Deferred tax liabilities		75,439	60,103	96,852
Other liabilities	A16	4,259,300	4,355,835	4,007,754
Life and family takaful fund liabilities		354,285	322,721	178,057
Life and family takaful policyholders' funds		2,294,535	2,306,983	2,256,519
Total Liabilities		103,819,219	100,030,878	97,074,599
Share capital		3,014,185	3,014,185	3,014,185
Reserves		8,508,629	8,100,436	7,302,587
Equity attributable to equity holders of the Company		11,522,814	11,114,621	10,316,772
Non-controlling interests		383,070	382,379	305,431
Total Equity		11,905,884	11,497,000	10,622,203
TOTAL LIABILITIES AND EQUITY		115,725,103	111,527,878	107,696,802
COMMITMENTS AND CONTINGENCIES	A27	102,310,959	101,260,206	100,195,255

AMMB HOLDINGS BERHAD
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UNAUDITED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2012 (CONT'D.)

	Note	30.06.12 RM'000	Group 31.03.12 RM'000	01.04.11 RM'000
CAPITAL ADEQUACY RATIO	A29			
Before deducting proposed dividends:				
Core capital ratio		10.8%	11.3%	10.2%
Risk-weighted capital ratio		15.1%	15.7%	14.4%
After deducting proposed dividends:				
Core capital ratio		10.1%	10.5%	9.8%
Risk-weighted capital ratio		14.3%	15.0%	14.0%
 NET ASSETS PER ORDINARY SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY (RM)		 3.82	 3.69	 3.42

The unaudited condensed financial statements should be read in conjunction with the Annual Financial Report for the year ended 31 March 2012

AMMB HOLDINGS BERHAD
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and its subsidiaries

UNAUDITED CONSOLIDATED INCOME STATEMENTS
FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2012

Group	Note	Individual Quarter		Cumulative Quarter	
		30.06.12	30.06.11 (Restated)	30.06.12	30.06.11 (Restated)
		RM'000	RM'000	RM'000	RM'000
Operating revenue	A23	2,001,747	1,934,376	2,001,747	1,934,376
Interest income	A17	1,059,694	1,049,429	1,059,694	1,049,429
Interest expense	A18	(544,306)	(541,399)	(544,306)	(541,399)
Net interest income		515,388	508,030	515,388	508,030
Net income from Islamic banking business		212,579	189,967	212,579	189,967
Net income from insurance business	A19	36,070	34,728	36,070	34,728
Other operating income	A20	301,266	355,913	301,266	355,913
Net income		1,065,303	1,088,638	1,065,303	1,088,638
Other operating expenses	A21	(437,608)	(426,458)	(437,608)	(426,458)
Operating profit		627,695	662,180	627,695	662,180
Allowances for impairment on loans and financing	A22	(15,178)	(61,447)	(15,178)	(61,447)
Impairment (loss)/writeback on:					
Financial investments		(96)	570	(96)	570
Doubtful sundry receivables - net		3,105	54	3,105	54
Foreclosed properties		(10,024)	(68)	(10,024)	(68)
(Provision)/Writeback of provision for commitments and contingencies		17,412	(18,128)	17,412	(18,128)
Transfer (to)/from profit equalisation reserve		(396)	4,758	(396)	4,758
Profit before taxation and zakat		622,518	587,919	622,518	587,919
Taxation and zakat	B5	(160,672)	(148,631)	(160,672)	(148,631)
Profit for the period		461,846	439,288	461,846	439,288
Attributable to:					
Equity holders of the Company		448,577	429,009	448,577	429,009
Non-controlling interests		13,269	10,279	13,269	10,279
Profit for the period		461,846	439,288	461,846	439,288
EARNINGS PER SHARE (SEN)	B11				
Basic		14.98	14.33	14.98	14.33
Fully diluted		14.96	14.31	14.96	14.31

The unaudited condensed financial statements should be read in conjunction with the Annual Financial Report for the year ended 31 March 2012

AMMB HOLDINGS BERHAD
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UNAUDITED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2012

Group	Note	Individual Quarter		Cumulative Quarter	
		30.06.12	30.06.11 (Restated)	30.06.12	30.06.11 (Restated)
		RM'000	RM'000	RM'000	RM'000
Profit for the period		461,846	439,288	461,846	439,288
Other comprehensive income/(loss):					
Exchange differences on translation of foreign operations		7,207	2,427	7,207	2,427
Net movement on cash flow hedges		(13,174)	(8,334)	(13,174)	(8,334)
Net movement on financial investments available-for-sale		(56,041)	19,366	(56,041)	19,366
Income tax relating to the components of other comprehensive income		11,958	(3,574)	11,958	(3,574)
Other comprehensive income/(loss) for the period, net of tax		(50,050)	9,885	(50,050)	9,885
Total comprehensive income for the period		411,796	449,173	411,796	449,173
Total comprehensive income for the period attributable to:					
Equity holders of the Company		407,732	437,606	407,732	437,606
Non-controlling interests		4,064	11,567	4,064	11,567
		411,796	449,173	411,796	449,173

The unaudited condensed financial statements should be read in conjunction with the Annual Financial Report for the year ended 31 March 2012

AMMB HOLDINGS BERHAD
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UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2012

Group	Attributable to Equity Holders of the Company							Total Equity RM'000
	Non-Distributable				Distributable		Non-controlling Interests RM'000	
	Ordinary Share Capital RM'000	Share Premium RM'000	Other Reserves RM'000	Shares Held In Trust for ESS RM'000	Retained Earnings RM'000	Total RM'000		
At 1 April 2011	3,014,185	2,537,372	1,577,712	(48,687)	3,228,342	10,308,924	258,122	10,567,046
Effect of change in accounting policy (Note A32)	-	-	125,571	-	(117,723)	7,848	47,309	55,157
At 1 April 2011, as restated	3,014,185	2,537,372	1,703,283	(48,687)	3,110,619	10,316,772	305,431	10,622,203
Profit for the period	-	-	-	-	429,009	429,009	10,279	439,288
Other comprehensive income, net	-	-	8,597	-	-	8,597	1,288	9,885
Total comprehensive income for the period	-	-	8,597	-	429,009	437,606	11,567	449,173
Purchase of shares pursuant to Executives' Share Scheme ("ESS")^	-	-	-	(99,995)	-	(99,995)	-	(99,995)
Share-based payment under ESS, net	-	-	816	-	-	816	-	816
ESS shares vested to employees of subsidiaries	-	-	(5,633)	12,023	-	6,390	-	6,390
Transfer of ESS shares recharged difference on purchase price for shares vested	-	-	-	-	(3,391)	(3,391)	(69)	(3,460)
Transfer to statutory reserve	-	-	-	-	-	-	-	-
Net provision for profit equalisation reserve	-	-	-	-	-	-	-	-
Unallocated surplus transfer	-	-	1,444	-	-	1,444	619	2,063
Dividend paid	-	-	-	-	-	-	-	-
At 30 June 2011	3,014,185	2,537,372	1,708,507	(136,659)	3,536,237	10,659,642	317,548	10,977,190

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UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2012

Group	Attributable to Equity Holders of the Company							Total Equity RM'000
	Non-Distributable				Distributable			
	Ordinary Share Capital RM'000	Share Premium RM'000	Other Reserves RM'000	Shares Held In Trust for ESS RM'000	Retained Earnings RM'000	Non-controlling Total Interests RM'000		
At 1 April 2012	3,014,185	2,537,372	1,947,100	(154,179)	3,816,173	11,160,651	353,867	11,514,518
Effect of change in accounting policy (Note A32)	-	-	105,857	-	(151,887)	(46,030)	28,512	(17,518)
At 1 April 2012, as restated	3,014,185	2,537,372	2,052,957	(154,179)	3,664,286	11,114,621	382,379	11,497,000
Profit for the period	-	-	-	-	448,577	448,577	13,269	461,846
Other comprehensive loss, net	-	-	(40,845)	-	-	(40,845)	(9,205)	(50,050)
Total comprehensive income/(loss) for the period	-	-	(40,845)	-	448,577	407,732	4,064	411,796
Purchase of shares pursuant to Executives' Share Scheme ("ESS")	-	-	-	-	-	-	-	-
Share-based payment under ESS, net	-	-	3,926	-	-	3,926	-	3,926
ESS shares vested to employees of subsidiaries	-	-	(39,492)	47,064	-	7,572	-	7,572
Transfer of ESS shares recharged difference on purchase price for shares vested	-	-	-	-	(7,116)	(7,116)	(182)	(7,298)
Transfer to statutory reserve	-	-	-	-	-	-	-	-
Transfer to profit equalisation reserve under previous guideline	-	-	1,495	-	-	1,495	-	1,495
Net transfer for profit equalisation reserve	-	-	(94)	-	94	-	-	-
Unallocated surplus transfer	-	-	(5,416)	-	-	(5,416)	(2,321)	(7,737)
Dividend paid	-	-	-	-	-	-	(870)	(870)
At 30 June 2012	3,014,185	2,537,372	1,972,531	(107,115)	4,105,841	11,522,814	383,070	11,905,884

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

The unaudited condensed financial statements should be read in conjunction with the Annual Financial Report for the year ended 31 March 2012

AMMB HOLDINGS BERHAD
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UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2012

Group	30.06.12	30.06.11
	RM'000	(Restated)
		RM'000
Profit before taxation	622,518	587,919
Add adjustments for non-operating and non-cash items	(143,881)	(76,169)
Operating profit before working capital changes	<u>478,637</u>	<u>511,750</u>
<i>Decrease/(Increase) in operating assets:</i>		
Securities purchased under resale agreements	6,560	(84,498)
Deposits and placements with banks and other financial institutions	(2,910,435)	1,040,729
Financial assets held-for-trading	3,560,417	(1,318,279)
Loans, advances and financing	(2,510,136)	(1,980,978)
Other assets	(8,200)	(124,152)
Statutory deposits with Bank Negara Malaysia	(50,932)	(998,441)
Deposits and monies held in trust with financial institutions	14,414	286,989
<i>Increase/(Decrease) in operating liabilities:</i>		
Deposits and placements of banks and other financial institutions	(250,913)	44,039
Securities sold under repurchase agreements	(20,303)	(30,465)
Recourse obligation on loans sold to Cagamas Berhad	17,584	2,565
Deposits from customers	3,433,457	2,222,563
Term funding	(107,106)	223,893
Bills and acceptances payable	562,875	698,442
Other liabilities	9,397	130,883
Cash generated from operations	<u>2,225,316</u>	<u>625,040</u>
Taxation paid	(102,999)	(176,167)
Net cash generated from operating activities	<u>2,122,317</u>	<u>448,873</u>
<i>Cash flows from investing activities</i>		
Purchase/(Disposal) of financial investments - net	(995,798)	3,774,016
Dividends received from other investments	15,329	13,991
Proceeds from disposal of property and equipment	50	245
Purchase of property and equipment	(13,209)	(15,867)
Purchase of computer software	(3,546)	(4,610)
Net cash (used in)/generated from investing activities	<u>(997,174)</u>	<u>3,767,775</u>
<i>Cash flows from financing activities</i>		
Arising from purchase of shares for ESS by the appointed trustee	-	(99,995)
ESS shares vested to eligible employees	47,064	12,023
Transfer of ESS shares recharged difference on purchase price for shares vested	(7,116)	(3,391)
Dividends paid to non-controlling interests by subsidiaries	(870)	-
Net cash generated from/(used in) financing activities	<u>39,078</u>	<u>(91,363)</u>
Net increase in cash and cash equivalents	<u>1,164,221</u>	<u>4,125,285</u>
Cash and cash equivalents at beginning of period	<u>7,638,715</u>	<u>13,234,797</u>
Cash and cash equivalents at end of period	<u>8,802,936</u>	<u>17,360,082</u>

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

Group	30.06.12	30.06.11
	RM'000	RM'000
Cash and short-term funds	9,054,078	17,630,320
Bank overdrafts	-	(2,141)
	<u>9,054,078</u>	<u>17,628,179</u>
Less: Cash and bank balances and deposits held in trust	<u>(251,608)</u>	<u>(268,764)</u>
	8,802,470	17,359,415
Effect of exchange rates changes	466	667
Cash and cash equivalents	<u>8,802,936</u>	<u>17,360,082</u>

The unaudited condensed financial statements should be read in conjunction with the Annual Financial Report for the year ended 31 March 2012

AMMB HOLDINGS BERHAD
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EXPLANATORY NOTES :

A1. BASIS OF PREPARATION

First-time adoption of Malaysian Financial Reporting Standards ("MFRS")

These condensed consolidated interim financial statements have been prepared in accordance with Malaysian Financial Reporting Standard ("MFRS") 134, Interim Financial Reporting issued by the Malaysian Accounting Standards Board ("MASB") and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad.

These condensed consolidated interim financial statements also comply with IAS 34, Interim Financial Statements issued by the International Accounting Standards Board ("IASB").

For the periods up to and including the year ended 31 March 2012, the Group prepared its financial statements in accordance with Financial Reporting Standards ("FRS").

These condensed consolidated interim financial statements are the Group's first MFRS condensed consolidated interim financial statements for part of the period covered by the Group's first MFRS annual financial statements for the year ending 31 March 2013. MFRS 1, First-time Adoption of Malaysian Financial Reporting Standards ("MFRS 1") has been applied.

The explanatory notes attached to these condensed consolidated interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 March 2012.

In preparing its opening MFRS Statement of Financial Position as at 1 April 2011 (which is also the date of transition), the Group has adjusted the amounts previously reported in the financial statements prepared in accordance with FRS. An explanation of how the transition from FRS to MFRS has affected the Group's financial position, financial performance and cash flows is set out in Note A32. These notes include reconciliations of equity and total comprehensive income for comparative periods and of equity at the date of transition reported under FRS to those reported for those periods and at the date of transition under MFRS. The transition from FRS to MFRS do not had material impact on the statement of cash flows.

Application of MFRS 1

The audited financial statements of the Group for the year ended 31 March 2012 were prepared in accordance with FRS. Except for certain differences, the requirements of FRS and MFRS are similar. The significant accounting policies adopted in preparing these condensed consolidated interim financial statements are consistent with those of the audited financial statements for the year ended 31 March 2012 except as discussed below:

Business combinations

MFRS 1 provides the option to apply MFRS 3, Business Combinations, prospectively from the date of transition or from a specific date prior to the date of transition. This provides relief from full retrospective application of MFRS 3 which would require restatements of all business combinations prior to the date of transition. The Group has elected to apply MFRS 3 prospectively from the date of transition. In respect of acquisitions prior to the date of transition,

- (a) The classification of former business combinations under FRS is maintained;
- (b) There is no re-measurement of original fair values determined at the time of business combination (date of acquisition), and
- (c) The carrying amount of goodwill recognised under FRS is not adjusted.

A1. BASIS OF PREPARATION (CONT'D.)

Accounting policy on collective assessment allowance for impaired loans, advances and financing

The Group's collective assessment allowance is currently based on the transitional arrangement prescribed in Bank Negara Malaysia's ("BNM") Guidelines on Classification and Impairment Provisions for Loans/Financing ("the Guidelines") and modified to reflect its historical loss experience.

In conjunction with the convergence of FRS in Malaysia with IFRS, the Guidelines were revised on 9 November 2011 to align the requirements on the determination of collective assessment allowance with that of MFRS 139, Financial Instruments: Recognition and Measurement. Based on the revised Guidelines, the transitional arrangement is removed with effect from 1 January 2012.

Under MFRS 139, loans, advances and financing which are not individually significant are collectively assessed using the incurred loss approach. If it is determined that no objective evidence of impairment exists for an individually assessed loan, the loan is also included in the group of loans with similar credit risk characteristics for collective impairment assessment. The future cash flows of each group of loans with similar credit risk characteristics are estimated on the basis of historical loss experience for such assets and discounted to present value. Collective assessment allowance is made on any shortfall in these discounted cash flows against the carrying value of the group of loans.

The change in accounting policy on the collective assessment allowance for impaired loans, advances and financing are accounted for retrospectively. The financial impact on the opening and comparative statements of financial position as well as the income statements of the Group is set out in Note A32.

There are no material differences expected between the statement of cash flows of the Group presented under MFRSs and the statements of cash flows presented under FRSs, arising from the transition to MFRS.

Guidelines on Profit Equalisation Reserve issued by BNM

In May 2011, Bank Negara Malaysia ("BNM") issued the revised guidelines on Profit Equalisation Reserve ("PER"), which is effective for annual periods beginning on or after 1 July 2011. PER refers to the amount appropriated out of the total gross income before distribution thus, allowing the Islamic Banking Institution ("IBI") to maintain an acceptable level of return for the Investment Account Holder(s) ("IAH"). Since its introduction in 2001, PER has been an important prudential tool to manage the Displaced Commercial Risk ("DCR") used by the IBIs to preserve financial stability in a dual banking system. PER serves as a mechanism to enable the IBIs to mitigate the downside risk of income reduction and to maintain competitive rates of returns or deposit rates.

With the issuance of revised guidelines, the creation of PER establishes an obligation to manage distribution to the IAH from a Shariah perspective. The PER of the IAH is to be classified as liability and recognised at cost. Subsequent apportionments will be recognised in the income statement. The eventual distribution of PER as profit distributable to IAH will be treated as an outflow of funds due to the settlement of obligation to the IAH. The PER of the IBI on the other hand, is to be classified as a separate reserve in equity. Subsequent apportionments to and from retained earnings will be treated as transfers between reserves. These changes to accounting treatment are accounted for prospectively.

Guidelines on Financial Reporting for Insurers ("FRG")

In February 2012, Bank Negara Malaysia issued a revised version of guideline aimed at aligning the requirements in the FRG with that of financial reporting standards. Under the revised FRG, only life insurance contract liabilities with discretionary participation features ("DPF") are required to be presented as a liability in the statement of financial position whilst the Non-DPF fund surplus and related Non-DPF reserves are classified as equity.

Other changes in accounting policies and disclosures

Other changes in accounting policies and disclosures involve the adoption of the following new and amended MFRS and Interpretation Committee ("IC") Interpretations effective on 1 April 2012. The adoption of these new and amended MFRSs and IC Interpretations did not have any significant impact on the financial position or performance of the Group.

- IC Interpretation 19, Extinguishing Financial Liabilities with Equity Instruments
- FRS 124, Related Party Disclosures
- Amendments to FRS 1, Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters
- Amendments to FRS 7, Disclosures – Transfers of Financial Assets
- Amendments to FRS 112, Deferred Tax: Recovery of Underlying Assets

A2. AUDIT QUALIFICATION

There were no audit qualification in the annual financial statements for the year ended 31 March 2012.

A3. SEASONALITY OR CYCLICALITY OF OPERATIONS

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

A4. UNUSUAL ITEMS

There were no unusual items during the current financial quarter.

A5. USE OF ESTIMATES

There was no material change in estimates of amounts reported in the prior financial years that have a material effect on the financial period ended 30 June 2012 other than as disclosed in Note A32 change in accounting policy and restatement of comparatives.

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

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

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

A7. DIVIDENDS PAID

No dividend has been paid during the current financial quarter.

A8. FINANCIAL ASSETS HELD-FOR-TRADING

	Group	
	30.06.12	31.03.12
	RM'000	(Restated) RM'000
At Fair Value		
Money Market Securities:		
Treasury bills	97,783	54,784
Islamic Treasury bills	4,746	4,716
Malaysian Government Securities	911,787	929,544
Malaysian Government Investment Certificates	736,616	511,787
Bank Negara Malaysia Monetary Notes	1,572,011	5,979,353
Sukuk Bank Negara Malaysia	-	-
	<u>3,322,943</u>	<u>7,480,184</u>
Quoted Securities:		
In Malaysia:		
Shares	217,607	276,777
Trust units	275,958	171,479
Warrants	3,095	2,864
Outside Malaysia:		
Shares	1,007	44
Trust units	-	1,804
	<u>497,667</u>	<u>452,968</u>
Unquoted Securities:		
In Malaysia:		
Private debt securities	3,236,239	2,718,738
Outside Malaysia:		
Private debt securities	69,055	-
	<u>3,305,294</u>	<u>2,718,738</u>
Total	<u>7,125,904</u>	<u>10,651,890</u>

A9. FINANCIAL INVESTMENTS AVAILABLE-FOR-SALE

	Group	
	30.06.12	31.03.12
	RM'000	(Restated) RM'000
At Fair Value		
Money Market Securities:		
Malaysian Government Securities	-	20,782
Malaysian Government Investment Certificates	15,228	45,425
Negotiable instruments of deposits	1,599,674	1,553,037
Negotiable Islamic debt certificates	868,983	17,046
	<u>2,483,885</u>	<u>1,636,290</u>
Quoted Securities:		
In Malaysia:		
Shares	239,997	170,731
Trust units	816,483	830,247
Private debt securities	8,801	27,050
Outside Malaysia:		
Shares	28,822	74,396
	<u>1,094,103</u>	<u>1,102,424</u>
Unquoted Securities:		
In Malaysia:		
Private debt securities	2,489,500	2,481,705
Outside Malaysia:		
Private debt securities	38,683	46,372
	<u>2,528,183</u>	<u>2,528,077</u>
At Cost		
Unquoted Securities:		
In Malaysia:		
Shares	146,304	146,323
Outside Malaysia:		
Shares	25,330	18,977
	<u>171,634</u>	<u>165,300</u>
Total	<u>6,277,805</u>	<u>5,432,091</u>

A10. FINANCIAL INVESTMENTS HELD-TO-MATURITY

	Group	
	30.06.12	31.03.12 (Restated)
	RM'000	RM'000
At Amortised Cost		
Unquoted Securities:		
In Malaysia:		
Private debt securities	1,317,633	1,140,533
	<u>1,317,633</u>	<u>1,140,533</u>
Accumulated impairment losses	(195,119)	(202,056)
Total	<u>1,122,514</u>	<u>938,477</u>

A11. LOANS, ADVANCES AND FINANCING

	Group	
	30.06.12	31.03.12 (Restated)
	RM'000	RM'000
At Amortised Cost:		
Loans and financing:		
Term loans	25,204,436	23,828,062
Revolving credit	5,951,943	5,779,612
Housing loans	12,601,996	12,467,192
Staff loans	156,716	158,789
Hire-purchase receivables	26,544,318	26,116,383
Credit card receivables	1,752,651	1,762,994
Overdrafts	2,934,933	2,819,809
Claims on customers under acceptance credits	3,514,099	3,502,878
Trust receipts	902,624	856,151
Bills receivable	497,303	326,656
Others	144,419	130,844
	<u>80,205,438</u>	<u>77,749,370</u>
Islamic financing sold to Cagamas Berhad	(1,574,340)	(1,645,251)
Gross loans, advances and financing	<u>78,631,098</u>	<u>76,104,119</u>
Allowance for impairment on loans and financing:		
Collective allowance	(2,071,560)	(2,048,758)
Individual allowance	(143,577)	(134,358)
	<u>(2,215,137)</u>	<u>(2,183,116)</u>
Net loans, advances and financing	<u>76,415,961</u>	<u>73,921,003</u>

A11. LOANS, ADVANCES AND FINANCING (CONT'D.)

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

	Group	
	30.06.12	31.03.12
	RM'000	RM'000
Domestic:		
Other non-bank financial institutions	2,416,738	2,463,280
Business enterprises:		
Small and medium enterprises	9,505,202	8,824,410
Others	23,387,689	22,451,870
Government and statutory bodies	1,073,403	1,062,749
Individuals	41,737,292	40,772,322
Other domestic entities	33,086	29,258
Foreign entities	477,688	500,230
	<u>78,631,098</u>	<u>76,104,119</u>

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

	Group	
	30.06.12	31.03.12
	RM'000	RM'000
In Malaysia	77,910,367	75,365,016
Outside Malaysia	720,731	739,103
	<u>78,631,098</u>	<u>76,104,119</u>

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

	Group	
	30.06.12	31.03.12
	RM'000	RM'000
Variable rate:		
Base lending rate plus	25,295,756	25,005,637
Cost plus	17,726,997	15,011,902
Other variable rates	1,491,869	2,216,005
	<u>44,514,622</u>	<u>42,233,544</u>
Fixed rate:		
Housing loans/financing	2,087,751	2,103,824
Hire purchase receivables	21,545,275	21,050,755
Other loans/financing	10,483,450	10,715,996
	<u>34,116,476</u>	<u>33,870,575</u>
	<u>78,631,098</u>	<u>76,104,119</u>

A11. LOANS, ADVANCES AND FINANCING (CONT'D.)

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

	Group	
	30.06.12 RM'000	31.03.12 RM'000
Agriculture	2,593,688	2,359,275
Mining and quarrying	1,946,344	1,509,532
Manufacturing	7,656,150	7,439,702
Electricity, gas and water	1,092,672	1,544,743
Construction	2,471,070	2,479,830
Wholesale, retail, restaurant and hotel	4,665,802	4,421,725
Transport, storage and communication	2,976,352	2,775,590
Finance and insurance	2,416,736	2,463,278
Real estate	6,261,436	5,686,222
Business activities	1,898,982	1,630,157
Education and health	1,743,237	1,881,299
Household	43,380,258	42,464,127
of which:		
Purchase of residential properties	12,657,515	12,874,996
Purchase of transport vehicles	24,422,925	23,556,146
Others	6,299,818	6,032,985
Others	1,102,711	1,093,890
	80,205,438	77,749,370
Islamic financing sold to Cagamas Berhad	(1,574,340)	(1,645,251)
	78,631,098	76,104,119

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

	Group	
	30.06.12 RM'000	31.03.12 RM'000
Maturing within one year	15,399,690	14,280,115
One to three years	11,416,480	10,745,751
Three to five years	11,230,174	10,708,079
Over five years	40,584,754	40,370,174
	78,631,098	76,104,119

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

	Group	
	30.06.12 RM'000	31.03.12 RM'000
Gross		
Balance at beginning of period/year	1,906,176	2,449,585
Impaired during the period/year	485,694	1,676,106
Reclassification to non-impaired loans and financing	(232,571)	(313,825)
Recoveries	(108,316)	(596,725)
Amount written off	(145,783)	(1,308,965)
Balance at end of period/year	1,905,200	1,906,176
Ratios of impaired loans, advances and financing to total loans, advances and financing (including Islamic financing sold to Cagamas Berhad)	2.4%	2.5%
Loan loss coverage excluding collateral values	116.3%	114.5%

A11. LOANS, ADVANCES AND FINANCING (CONT'D.)

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

	Group	
	30.06.12 RM'000	31.03.12 RM'000
Agriculture	25,076	24,406
Mining and quarrying	154,400	154,760
Manufacturing	200,220	208,863
Electricity, gas and water	133,007	132,208
Construction	88,781	96,582
Wholesale, retail, restaurant and hotel	44,090	46,138
Transport, storage and communication	4,725	4,600
Finance and insurance	36,460	37,628
Real estate	12,035	26,200
Business activities	2,806	12,631
Education and health	58,231	58,870
Household	1,133,851	1,089,007
of which:		
Purchase of residential properties	582,076	561,236
Purchase of transport vehicles	417,000	401,319
Others	134,775	126,452
Others	11,518	14,283
	<u>1,905,200</u>	<u>1,906,176</u>

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

	Group	
	30.06.12 RM'000	31.03.12 RM'000
In Malaysia	<u>1,905,200</u>	<u>1,906,176</u>

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

	Group	
	30.06.12 RM'000	31.03.12 RM'000
Collective allowance		
Balance at beginning of period/year		
- as previously stated	2,011,781	2,135,148
- effect of change in accounting policy	36,977	80,901
As restated	<u>2,048,758</u>	<u>2,216,049</u>
Allowance made during the period/year, net	161,586	569,872
Amount written off	(139,043)	(737,171)
Exchange fluctuation adjustments	259	8
Balance at end of period/year	<u>2,071,560</u>	<u>2,048,758</u>
% of total loans, advances and financing (including Islamic financing sold to Cagamas Berhad)	<u>2.6%</u>	<u>2.6%</u>
Individual allowance		
Balance at beginning of period/year	134,358	371,429
Allowance made during the period/year, net	17,261	323,666
Amount written off	(8,042)	(560,737)
Balance at end of period/year	<u>143,577</u>	<u>134,358</u>

A12. OTHER ASSETS

	Group	
	30.06.12	31.03.12
	RM'000	(Restated) RM'000
Trade receivables, net of allowance for doubtful debts	776,101	1,071,640
Other receivables, deposits and prepayments, net of allowance for doubtful debts	1,168,176	1,037,942
Interest receivables on treasury assets, net of allowance for doubtful debts	172,980	168,390
Fee receivables, net of allowance for doubtful debts	51,973	51,354
Amount due from Originators	184,218	166,238
Amount due from agents, brokers and reinsurers, net of allowance	67,322	39,584
Foreclosed properties, net of allowance for impairment in value	72,207	82,758
	<u>2,492,977</u>	<u>2,617,906</u>

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

A13. STATUTORY DEPOSIT WITH BANK NEGARA MALAYSIA

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

A14. DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

	Group	
	30.06.12	31.03.12
	RM'000	RM'000
Deposits from:		
Licensed banks	479,743	2,393,170
Licensed investment banks	462,431	462,580
Bank Negara Malaysia	179,264	195,954
Other financial institutions	2,656,593	977,240
	<u>3,778,031</u>	<u>4,028,944</u>

A15. DEPOSITS FROM CUSTOMERS

	Group	
	30.06.12	31.03.12
	RM'000	RM'000
Term/Investment deposits	66,028,030	63,560,134
Savings deposits	4,970,389	4,757,846
Demand deposits	9,339,608	8,281,449
Negotiable instruments of deposits	237,731	542,623
	<u>80,575,758</u>	<u>77,142,052</u>

The deposits are sourced from the following types of customers:

Business enterprises	39,737,010	35,414,136
Individuals	31,433,223	30,540,079
Government and statutory bodies	7,915,679	9,442,578
Others	1,489,846	1,745,259
	<u>80,575,758</u>	<u>77,142,052</u>

A16. OTHER LIABILITIES

	Group	
	30.06.12	31.03.12 (Restated)
	RM'000	RM'000
Trade payables	943,462	1,218,296
Other payables and accruals	1,588,789	1,455,424
Interest payable on deposits and borrowings	649,633	628,015
Lease deposits and advance rentals	39,329	43,141
General insurance funds	741,886	743,604
Provision for commitments and contingencies	232,060	249,472
Profit equalisation reserve	1,701	3,294
Tax payable	62,440	14,589
	4,259,300	4,355,835

A17. INTEREST INCOME

Group	Individual Quarter		Cumulative Quarter	
	30.06.12	30.06.11	30.06.12	30.06.11
	RM'000	RM'000	RM'000	RM'000
Short-term funds and deposits with financial institutions	43,343	82,706	43,343	82,706
Financial assets held-for-trading	59,071	28,023	59,071	28,023
Financial investments available-for-sale	45,463	56,905	45,463	56,905
Financial investments held-to-maturity	1,527	2,290	1,527	2,290
Loans, advances and financing	902,429	873,641	902,429	873,641
Interest income on impaired loans	2,368	3,370	2,368	3,370
Others	5,493	2,494	5,493	2,494
	1,059,694	1,049,429	1,059,694	1,049,429

A18. INTEREST EXPENSE

Group	Individual Quarter		Cumulative Quarter	
	30.06.12	30.06.11	30.06.12	30.06.11
	RM'000	RM'000	RM'000	RM'000
Deposits from customers	429,051	417,338	429,051	417,338
Deposit and placements of banks and other financial institutions	5,560	10,017	5,560	10,017
Senior notes	32,929	34,601	32,929	34,601
Credit-Linked Note	6,614	3,281	6,614	3,281
Recourse obligation on loans sold to Cagamas Berhad	10,168	10,579	10,168	10,579
Term loans	5,819	5,601	5,819	5,601
Subordinated deposits and term loans	5,796	11,219	5,796	11,219
Medium term notes	22,013	22,013	22,013	22,013
Hybrid and Innovative Tier 1 capital securities	20,115	19,800	20,115	19,800
Others	6,241	6,950	6,241	6,950
	544,306	541,399	544,306	541,399

A19. NET INCOME FROM INSURANCE BUSINESS

Group	Individual Quarter		Cumulative Quarter	
	30.06.12	30.06.11 (Restated)	30.06.12	30.06.11 (Restated)
	RM'000	RM'000	RM'000	RM'000
Income from Insurance Business:				
Premium income from general insurance business	139,344	143,898	139,344	143,898
Surplus transfer from the life insurance business	1,500	617	1,500	617
Deficit reserve for family takaful insurance business	(230)	-	(230)	-
	<u>140,614</u>	<u>144,515</u>	<u>140,614</u>	<u>144,515</u>
Insurance Claims and Commissions:				
Insurance commission	13,860	14,323	13,860	14,323
General insurance claims	90,684	95,464	90,684	95,464
	<u>104,544</u>	<u>109,787</u>	<u>104,544</u>	<u>109,787</u>
Total income from insurance business, net	<u>36,070</u>	<u>34,728</u>	<u>36,070</u>	<u>34,728</u>

A20. OTHER OPERATING INCOME

Group	Individual Quarter		Cumulative Quarter	
	30.06.12	30.06.11 (Restated)	30.06.12	30.06.11 (Restated)
	RM'000	RM'000	RM'000	RM'000
Fee income:				
Fees on loans, financing and securities	61,397	62,840	61,397	62,840
Corporate advisory	10,164	7,050	10,164	7,050
Guarantee fees	9,241	12,697	9,241	12,697
Underwriting commissions	5,342	5,547	5,342	5,547
Portfolio management fees	7,300	5,874	7,300	5,874
Unit trust management fees	23,521	19,883	23,521	19,883
Brokerage rebates	69	66	69	66
Property trust management fees	1,441	1,285	1,441	1,285
Brokerage fees and commissions	20,211	24,119	20,211	24,119
Bancassurance commission	8,484	6,694	8,484	6,694
Other fee income	19,570	26,380	19,570	26,380
	<u>166,740</u>	<u>172,435</u>	<u>166,740</u>	<u>172,435</u>
Investment and trading income:				
Gain from sale of financial assets held-for-trading	12,089	35,067	12,089	35,067
Gain from sale of financial investments available-for-sale	26,004	69,722	26,004	69,722
Gain on redemption of financial investments held-to-maturity	31,291	4,964	31,291	4,964
Gain/(Loss) on revaluation of financial assets held-for-trading	(5,678)	20,643	(5,678)	20,643
Foreign exchange ¹	17,201	23,849	17,201	23,849
(Loss)/Gain on redemption of structured products	(250)	62	(250)	62
Gain on derivatives	28,020	5,973	28,020	5,973
Gain on revaluation of fair value hedge ²	-	1,011	-	1,011
Gross dividend income from:				
Financial assets held-for-trading	4,600	2,677	4,600	2,677
Financial investments available-for-sale	15,838	15,978	15,838	15,978
	<u>129,115</u>	<u>179,946</u>	<u>129,115</u>	<u>179,946</u>

A20. OTHER OPERATING INCOME (CONT'D.)

Group	Individual Quarter		Cumulative Quarter	
	30.06.12	30.06.11	30.06.12	30.06.11
	RM'000	(Restated) RM'000	RM'000	(Restated) RM'000
Other income:				
Non-trading foreign exchange	(126)	469	(126)	469
Gain on disposal of property and equipment, net	26	129	26	129
Rental income	1,260	1,011	1,260	1,011
Other operating income	4,251	1,923	4,251	1,923
	<u>5,411</u>	<u>3,532</u>	<u>5,411</u>	<u>3,532</u>
	<u>301,266</u>	<u>355,913</u>	<u>301,266</u>	<u>355,913</u>

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

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

A21. OTHER OPERATING EXPENSES

Group	Individual Quarter		Cumulative Quarter	
	30.06.12	30.06.11	30.06.12	30.06.11
	RM'000	RM'000	RM'000	RM'000
Personnel costs:				
Salaries, allowances and bonuses	209,021	212,449	209,021	212,449
Shares/options granted under Group Executives' Share Scheme	3,942	1,233	3,942	1,233
Others	58,048	62,887	58,048	62,887
	<u>271,011</u>	<u>276,569</u>	<u>271,011</u>	<u>276,569</u>
Establishment costs:				
Depreciation	12,507	13,403	12,507	13,403
Amortisation of computer software	11,545	9,242	11,545	9,242
Computerisation costs	41,155	30,889	41,155	30,889
Rental	22,735	21,430	22,735	21,430
Cleaning and maintenance	6,928	6,442	6,928	6,442
Others	7,575	7,055	7,575	7,055
	<u>102,445</u>	<u>88,461</u>	<u>102,445</u>	<u>88,461</u>
Marketing and communication expenses:				
Sales commission	495	383	495	383
Advertising, promotional and other marketing activities	10,266	10,418	10,266	10,418
Telephone charges	4,312	4,245	4,312	4,245
Postage	3,948	2,309	3,948	2,309
Travel and entertainment	4,331	4,515	4,331	4,515
Others	5,622	5,379	5,622	5,379
	<u>28,974</u>	<u>27,249</u>	<u>28,974</u>	<u>27,249</u>
Administration and general expenses:				
Professional services	22,552	20,466	22,552	20,466
Donations	30	43	30	43
Administration and management expenses	251	317	251	317
Others	16,428	13,353	16,428	13,353
	<u>39,261</u>	<u>34,179</u>	<u>39,261</u>	<u>34,179</u>
Expenses capitalised	(4,083)	-	(4,083)	-
	<u>437,608</u>	<u>426,458</u>	<u>437,608</u>	<u>426,458</u>

A22. ALLOWANCE FOR IMPAIRMENT ON LOANS AND FINANCING

Group	Individual Quarter		Cumulative Quarter	
	30.06.12	30.06.11 (Restated)	30.06.12	30.06.11 (Restated)
	RM'000	RM'000	RM'000	RM'000
Allowance for bad and doubtful debts and financing:				
Individual allowance, net	17,261	(1,426)	17,261	(1,426)
Collective allowance, net	161,586	188,417	161,586	188,417
Recovery from loans sold to Danaharta	-	-	-	-
Bad debts and financing:				
Written off	-	-	-	-
Recovered	(163,669)	(125,544)	(163,669)	(125,544)
	<u>15,178</u>	<u>61,447</u>	<u>15,178</u>	<u>61,447</u>

A23. BUSINESS SEGMENT ANALYSIS

Group 30.06.12	Retail Banking RM'000	Business Banking RM'000	Investment Banking RM'000	Corporate and Institutional Banking RM'000	Insurance RM'000	Markets RM'000	Group Functions and Others RM'000	Total RM'000
Operating revenue	682,591	195,644	90,599	427,219	267,515	83,244	254,935	2,001,747
Income	455,261	149,910	89,737	134,622	57,291	73,294	105,188	1,065,303
Expenses	(198,674)	(26,610)	(57,492)	(20,363)	(24,442)	(21,789)	(88,238)	(437,608)
Profit/(loss) before provisions	256,587	123,300	32,245	114,259	32,849	51,505	16,950	627,695
(Provisions)/Writeback of provisions	(77,519)	25,074	1,093	(909)	(509)	619	46,974	(5,177)
Profit after provisions	179,068	148,374	33,338	113,350	32,340	52,124	63,924	622,518
Taxation and zakat	(44,767)	(36,901)	(8,947)	(23,458)	(8,953)	(12,971)	(24,675)	(160,672)
Net profit for the period	134,301	111,473	24,391	89,892	23,387	39,153	39,249	461,846

Other information:

Cost to income ratio	43.6%	17.8%	64.1%	15.1%	42.7%	29.7%	83.9%	41.1%
Gross loans/ financing	47,046,994	16,956,560	645,676	15,210,401	2,901	-	(1,231,434)	78,631,098
Net loans/ financing	46,005,195	16,616,150	638,577	15,048,941	2,901	-	(1,895,803)	76,415,961
Gross impaired loans, advances and financing	1,266,011	275,398	4,327	-	-	-	359,464	1,905,200
Total deposits	34,845,840	7,634,406	81,926	39,541,809	-	175,248	2,074,560	84,353,789

A23. BUSINESS SEGMENT ANALYSIS (CONT'D.)

Group	Retail Banking	Business Banking	Investment Banking	Corporate and Institutional Banking	Insurance	Markets	Group Functions and Others	Total (Restated)
30.06.11	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Operating revenue	686,758	177,718	121,458	363,174	207,570	137,892	239,806	1,934,376
Income	462,776	135,622	119,672	94,038	55,117	129,967	91,446	1,088,638
Expenses	(195,855)	(26,409)	(62,787)	(19,045)	(23,476)	(17,853)	(81,033)	(426,458)
Profit before provisions	266,921	109,213	56,885	74,993	31,641	112,114	10,413	662,180
(Provisions)/Writeback of provisions	(81,368)	4,797	769	13,882	(500)	200	(12,041)	(74,261)
Profit/(Loss) after provisions	185,553	114,010	57,654	88,875	31,141	112,314	(1,628)	587,919
Taxation and zakat	(46,388)	(28,355)	(14,720)	(20,366)	(6,402)	(28,014)	(4,386)	(148,631)
Net profit/(loss) for the period	139,165	85,655	42,934	68,509	24,739	84,300	(6,014)	439,288
Other information								
Cost to income ratio	42.3%	19.5%	52.5%	20.3%	42.6%	13.7%	88.6%	39.2%
Gross loans/ financing	45,437,887	14,340,213	550,068	14,220,212	3,150	-	(746,211)	73,805,319
Net loans/ financing	44,362,859	13,878,257	541,540	14,091,796	3,150	-	(1,660,147)	71,217,455
Gross impaired loans, advances and financing	1,294,850	231,906	5,835	-	-	-	700,758	2,233,349
Total deposits	34,375,302	6,836,318	214,962	36,508,880	-	289,073	2,880,622	81,105,157

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

Certain comparative figures have been restated to conform with current period's presentation.

A24. VALUATIONS OF PROPERTY AND EQUIPMENT

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

A25. EVENTS SUBSEQUENT TO BALANCE SHEET DATE

There has not arisen in the interval between the end of the reporting period and the date of this report any items, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect substantially the result of the operations of the Group for the current financial quarter other than as disclosed in Note B6.

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

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

A27. COMMITMENTS AND CONTINGENCIES

In the normal course of business, AmInvestment Bank Berhad, AmBank (M) Berhad, AmIslamic Bank Berhad and AmInternational (L) Ltd, make various commitments and incur certain contingent liabilities with legal recourse to its customers. No material losses are anticipated as a result of these transactions other than those where provision had been made in the financial statements. The commitments and contingencies are not secured against the Group's assets.

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

Group	30.06.12	31.03.12
	Principal Amount RM'000	Principal Amount RM'000
Commitments		
Other commitments, such as formal standby facilities and credit lines, with an original maturity of:		
within one year	18,339,119	16,627,120
more than one year	5,376,040	5,631,779
Unutilised credit card lines	3,271,784	3,435,769
Forward asset purchases	94,949	486,724
	<u>27,081,892</u>	<u>26,181,392</u>
Contingent Liabilities		
Direct credit substitutes	1,810,185	1,925,355
Transaction related contingent items	3,579,599	3,608,458
Obligations under underwriting agreements	545,300	513,100
Short term self liquidating trade related contingencies	718,457	694,687
Assets sold with recourse	1,574,340	1,645,251
Others	-	-
	<u>8,227,881</u>	<u>8,386,851</u>
Derivative Financial Instruments		
Interest/Profit rate related contracts:	39,719,688	41,340,192
One year or less	13,126,770	14,448,655
Over one to five years	18,646,836	18,849,399
Over five years	7,946,082	8,042,138
Foreign exchange related contracts:	24,814,779	23,425,174
One year or less	21,316,034	20,220,988
Over one to five years	2,621,677	3,145,654
Over five years	877,068	58,532
Credit related contracts:	872,987	903,496
One year or less	265,049	61,290
Over one to five years	304,506	549,473
Over five years	303,432	292,733
Equity related contracts:	1,144,600	877,098
One year or less	585,841	514,710
Over one to five years	558,738	362,368
Over five years	21	20
Commodity related contracts:	449,132	146,003
One year or less	186,712	78,630
Over one to five years	262,420	67,373
Over five years	-	-
	<u>67,001,186</u>	<u>66,691,963</u>
	<u>102,310,959</u>	<u>101,260,206</u>

A27. COMMITMENTS AND CONTINGENCIES (CONT.)

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

- (a) The Company has given unsecured guarantee amounting to RM225,000,000 (31 March 2012: RM225,000,000) on behalf of subsidiaries for the payment and discharge of all moneys due on trading accounts maintained by customers with the subsidiaries.
- (b) The Company has given a continuing undertaking totalling SGD40,000,000 (31 March 2012: SGD40,000,000) to the Monetary Authority of Singapore on behalf of AmFraser Securities Pte Ltd to meet its liabilities and financial obligations and requirements.
- (c) AmBank has given a continuing guarantee to Labuan Financial Services Authority ("LFSA") on behalf of AmInternational (L) Ltd ("AMIL"), AmBank's offshore bank subsidiary, to meet all its liabilities and financial obligations and requirements.
- (d) The Company has given a guarantee to HSI Services Limited ("HSI") and Hang Seng Data Services Limited ("HSDS") on behalf of its subsidiary, AmLife Insurance Berhad ("AmLife"), for the performance and discharge by AmLife of its obligations under the licence agreement with HSI and HSDS for use of the Hang Seng China Enterprise Index in respect of AmLife's investment-linked product called AmAsia Link-Capital Guaranteed Fund.
- (e) AmTrustee Berhad ("AmTrustee") was served with a Writ and Statement of Claim dated 12 December 2005 by solicitors acting for Meridian Asset Management Sdn Bhd ("Meridian") for alleged loss and damage amounting to RM27,606,169.65 together with interest and costs arising from the provision of custodian services by AmTrustee to Meridian ("Meridian Suit").

AmTrustee was served on 24 March 2006 with a Writ and Statement of Claim dated 25 January 2006 by solicitors acting for Malaysian Assurance Alliance Berhad ("MAA") for alleged loss and damages amounting to RM19,640,178 together with interest and costs ("MAA Suit"). MAA had appointed Meridian as an external fund manager for certain of its insurance funds, and part of the insurance funds were deposited by Meridian with AmTrustee. The claim by MAA in the MAA Suit is part of the portion of the claim as mentioned in the above Meridian Suit.

In the MAA Suit, AmTrustee filed a Third Party Notice against Meridian on 6 November 2006 seeking indemnification/contribution from Meridian. Meridian in turn filed a counter claim against AmTrustee over AmTrustee's Third Party Notice which in essence introduced the same argument and claim as in their Meridian Suit.

Parties have filed several interim applications in the Meridian Suit amongst which was an application by Meridian to add another subsidiary of the Banking Group, namely AmInvestment Bank Berhad as 2nd Defendant in the Meridian Suit and also to increase the alleged loss and damage from RM27,606,169.65 to RM36,967,166.84 to include alleged loss due to reputation damage and loss of future earnings (together with interest and costs) arising from the provision of custodian services by AmTrustee to Meridian. The High Court dismissed Meridian's application to add AmInvestment Bank Berhad as a party to the Meridian's Suit ("Decision") but allowed Meridian's application to increase its claim against AmTrustee from RM27,606,169.65 to RM36,967,166.84.

As Meridian did not file any appeal against the Decision, no litigation is pending today against AmInvestment Bank Berhad by Meridian.

On 16 September 2008, both the Meridian Suit and MAA Suit were ordered to be heard together in the same trial pursuant to Order 4 Rule 1 of the Rules of the High Court 1980.

Meanwhile, AmTrustee filed an application for a stay of proceedings of both the MAA Suit and Meridian Suit ("the Stay Application") pending the full and final disposal of a criminal proceeding involving an ex-employee of Meridian at the Sessions Court. The Stay Application was dismissed by the High Court on 1 December 2010. AmTrustee's appeal to the Court of Appeal against the dismissal of the Stay Application was allowed with costs on 24 May 2011 and with the granting of the stay order by the Court of Appeal, both the Meridian Suit and the MAA Suit are now stayed pending the disposal of the criminal proceeding ("Stay Order").

Am Trustee's solicitors informed that on 12 December 2011, the Sessions Court found the Meridian's ex-employee guilty and sentenced him to a total of six and a half years imprisonment. The Meridian's ex-employee has since filed an appeal against the Sessions Court's custodial sentence. The criminal appeal of the Meridian's ex-employee has been fixed for case management on 5 July 2012 and no hearing date for the appeal has been fixed as of to date ("Criminal Proceeding").

A27. COMMITMENTS AND CONTINGENCIES (CONT.)

- (e) When the Meridian Suit and the MAA Suit came up for case management in the High Court on 12 January 2012, AmTrustee's solicitors had sought clarification from the High Court Registrar on the Stay Order granted for both civil suits before taking any further steps in the civil proceedings given that if the Stay Order continues to apply until all appeals in the Criminal Proceeding have been disposed of, to proceed with the civil suits would tantamount to a contempt of court. The High Court Registrar directed parties to seek direction from the High Court managing Judge and adjourned the case management to 8 March 2012. The High Court managing Judge on 8 March 2012 directed AmTrustee's solicitors to seek clarification on the Stay Order from the Court of Appeal instead. AmTrustee's solicitors subsequently filed a formal application to the Court Of Appeal for clarification which was heard on 18 June 2012. At the said hearing, the Court of Appeal did not clarify the Stay Order and instead directed parties to seek an audience with the High Court Judge presiding over the civil suits for the parties to submit their respective views on the Stay Order. The Court of Appeal further ordered the said presiding High Court Judge to decide on the interpretation of the Stay Order and to proceed accordingly.

Meanwhile, at the case management of the civil suits on 25 June 2012, parties updated the High Court Registrar on the outcome of the Court of Appeal's directions on the Stay Order. The High Court Registrar informed parties that both the Meridian Suit and the MAA Suit will be presided by YA Hamid Sultan Abu Backer and the civil suits are now fixed for case management before the High Court Judge on 3 August 2012.

Am Trustee's solicitors are of the view that AmTrustee has a good defence in both the Meridian Suit and the MAA Suit based on documentary evidence and witnesses statements in their possession.

Neither material financial loss nor operational impact on the Group is expected as a result of the Writs and Statements of Claim filed by Meridian and MAA against Am Trustee.

A28. DERIVATIVE FINANCIAL ASSETS/LIABILITIES

Group	30.06.12			31.03.12		
	Contract/ Notional Amount RM'000	Positive Fair Value RM'000	Negative Fair Value RM'000	Contract/ Notional Amount RM'000	Positive Fair Value RM'000	Negative Fair Value RM'000
Trading derivative						
Interest rate related contracts:	32,074,688	328,531	343,961	33,150,192	198,693	208,082
- Less than 1 year	7,861,770	14,163	12,353	8,753,655	12,219	14,387
- 1 year to 3 years	6,064,836	36,345	39,384	6,434,399	34,513	30,482
- More than 3 years	18,148,082	278,023	292,224	17,962,138	151,961	163,213
Foreign exchange related contracts:	24,814,779	197,153	177,283	23,425,174	138,215	143,402
- Less than 1 year	21,316,034	132,012	100,047	20,220,988	112,213	88,547
- 1 year to 3 years	247,619	3,851	5,462	751,968	9,696	4,480
- More than 3 years	3,251,126	61,290	71,774	2,452,218	16,306	50,375
Credit derivative contracts:	872,987	25,252	17,734	903,496	21,299	5,232
- Less than 1 year	265,049	7,611	8,947	61,290	140	99
- 1 year to 3 years	-	-	-	255,704	10,966	2,848
- More than 3 years	607,938	17,641	8,787	586,502	10,193	2,285
Equity and commodity related contracts:	1,593,732	8,384	61,490	1,023,101	12,590	57,371
- Less than 1 year	772,553	2,250	52,545	593,340	2,132	43,107
- 1 year to 3 years	810,523	6,112	8,923	416,292	10,423	8,967
- More than 3 years	10,656	22	22	13,469	35	5,297
	<u>59,356,186</u>	<u>559,320</u>	<u>600,468</u>	<u>58,501,963</u>	<u>370,797</u>	<u>414,087</u>
Hedging derivative						
Interest rate related contracts,						
Interest rate swaps:						
Cash flow hedge	7,645,000	4,500	36,692	8,190,000	9,332	27,597
- Less than 1 year	5,265,000	4,436	772	5,695,000	7,712	605
- 1 year to 3 years	2,130,000	-	33,787	1,775,000	-	20,785
- More than 3 years	250,000	64	2,133	720,000	1,620	6,207
Fair value hedge	-	-	-	-	-	-
- Less than 1 year	-	-	-	-	-	-
- 1 year to 3 years	-	-	-	-	-	-
- More than 3 years	-	-	-	-	-	-
	<u>7,645,000</u>	<u>4,500</u>	<u>36,692</u>	<u>8,190,000</u>	<u>9,332</u>	<u>27,597</u>
Total	<u>67,001,186</u>	<u>563,820</u>	<u>637,160</u>	<u>66,691,963</u>	<u>380,129</u>	<u>441,684</u>

Purpose of engaging in financial derivatives

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

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

A28. DERIVATIVE FINANCIAL ASSETS/LIABILITIES (CONT'D.)

Purpose of engaging in financial derivatives (Cont'd.)

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

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

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

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

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

Risk associated with financial derivatives

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

Market risk of derivatives used for trading purposes

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

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

A28. DERIVATIVE FINANCIAL ASSETS/LIABILITIES (CONT'D.)

General disclosure for derivatives and counterparty credit risk

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

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

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

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

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

Liquidity risk of derivatives

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

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

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

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

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

A28. DERIVATIVE FINANCIAL ASSETS/LIABILITIES (CONT'D.)

Derivative Financial Instruments and Hedge Accounting

Derivative financial instruments are recognised at fair value upon inception in the statements 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 income statements. 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 income statements. 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 income statements 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 income statements. Amounts accumulated in equity are released to the income statements in the periods when the hedged forecast transactions affect the income statements. 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 income statements. On disposal of the foreign operation, the cumulative gains or losses recognised in equity will be transferred to the income statements.

A29. CAPITAL ADEQUACY RATIO

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

	30.06.12			
	AmBank	Amlslamic Bank	AmInvestment Bank	Group *
Before deducting proposed dividends:				
Core capital ratio	10.9%	8.4%	23.3%	10.8%
Risk weighted capital ratio	15.0%	14.1%	23.3%	15.1%
After deducting proposed dividends:				
Core capital ratio	9.7%	8.4%	21.9%	10.1%
Risk weighted capital ratio	14.0%	14.1%	21.9%	14.3%
	31.03.12			
	AmBank	Amlslamic Bank	AmInvestment Bank	Group *
Before deducting proposed dividends:				
Core capital ratio	11.3%	9.0%	21.0%	11.3%
Risk weighted capital ratio	15.6%	15.2%	21.0%	15.7%
After deducting proposed dividends:				
Core capital ratio	10.1%	9.0%	19.7%	10.5%
Risk weighted capital ratio	14.6%	15.2%	19.7%	15.0%

* Notes:

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

A29. CAPITAL ADEQUACY RATIO (CONT'D.)

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

	30.06.12			Group *
	AmBank	AmIslamic	AmInvestment	
	RM'000	Bank	Bank	RM'000
		RM'000	RM'000	
Tier 1 Capital				
Paid-up ordinary share capital	820,364	428,038	200,000	1,448,402
Share premium	942,844	609,068	-	1,551,912
Statutory reserve	980,969	359,716	200,000	1,540,685
Capital reserve	-	-	-	2,815
Merger reserve	48,516	-	-	56,172
Exchange fluctuation reserve	2,077	-	-	30,143
Innovative Tier 1 capital	1,105,762	-	-	1,235,100
Non-innovative Tier 1 capital	500,000	-	-	500,000
Retained earnings at end of year	3,133,023	327,970	102,299	3,585,300
Non-controlling interests	-	-	-	50
Total	<u>7,533,555</u>	<u>1,724,792</u>	<u>502,299</u>	<u>9,950,579</u>
Less: Goodwill	-	-	-	(11,243)
Deferred tax assets, net	(161,806)	(33,087)	(16,844)	(216,374)
Total Tier 1 Capital	<u>7,371,749</u>	<u>1,691,705</u>	<u>485,455</u>	<u>9,722,962</u>
Less: Deduction in excess of allowable				
Tier 2 capital	-	-	(108,213)	(19,982)
Maximum Allowable Tier 1 Capital	<u>7,371,749</u>	<u>1,691,705</u>	<u>377,242</u>	<u>9,702,980</u>
Tier 2 Capital				
Medium term notes	1,557,800	-	-	1,557,800
Subordinated bonds	-	800,000	-	800,000
Innovative Tier 1 capital	129,338	-	-	-
Collective allowance for loans and financing [#]	1,127,324	334,555	3,775	1,465,350
Total Tier 2 Capital	<u>2,814,462</u>	<u>1,134,555</u>	<u>3,775</u>	<u>3,823,150</u>
Maximum Allowable Tier 2 Capital	<u>2,814,462</u>	<u>1,134,555</u>	<u>3,775</u>	<u>3,823,150</u>
Total Capital Funds	10,186,211	2,826,260	381,017	13,526,130
Less: Investment in subsidiaries	(32,780)	-	(88,231)	(32,769)
Investment in capital of related financial institutions and other deduction	(6,359)	-	(23,757)	(30,116)
Add: Deduction in excess of allowable Tier 2 capital made against Tier 1 capital	-	-	108,213	19,982
Capital Base	<u>10,147,072</u>	<u>2,826,260</u>	<u>377,242</u>	<u>13,483,227</u>

Excludes collective allowance on impaired loans/financing restricted from Tier 2 capital of the Group of RM606,586,000.

The risk weighted assets of the Group are derived by aggregating the consolidated risk weighted assets of the banking subsidiaries. The aggregated Operational risk weighted assets of the Group has been adjusted to reflect the disposal of AmIslamic Bank by AmBank to the Company on 28 February 2011. The breakdown of risk weighted assets of the Group in the various risk categories is as follows:

Credit risk	58,911,662	18,370,210	852,062	78,553,143
Market risk	4,164,108	308,075	329,420	4,804,480
Operational risk	4,662,732	1,358,092	436,228	6,174,223
Large exposure risk requirements for equity holdings	1,649	-	-	1,649
Total risk weighted assets	<u>67,740,151</u>	<u>20,036,377</u>	<u>1,617,710</u>	<u>89,533,495</u>

A29. CAPITAL ADEQUACY RATIO (CONT'D.)

	31.03.12			
	AmBank RM'000	AmIslamic Bank RM'000	AmInvestment Bank RM'000	Group * RM'000
Tier 1 Capital				
Paid-up ordinary share capital	820,364	428,038	200,000	1,448,402
Share premium	942,844	609,068	-	1,551,912
Statutory reserve	980,969	359,716	200,000	1,540,685
Capital reserve	-	-	-	2,815
Merger reserve	48,516	-	-	56,172
Exchange fluctuation reserve	2,077	-	-	30,143
Innovative Tier 1 capital	1,124,271	-	-	1,235,100
Non-innovative Tier 1 capital	500,000	-	-	500,000
Retained earnings at end of year	3,235,856	328,654	102,299	3,685,929
Non-controlling interests	-	-	-	50
Total	<u>7,654,897</u>	<u>1,725,476</u>	<u>502,299</u>	<u>10,051,208</u>
Less: Goodwill	-	-	-	(11,243)
Deferred tax assets, net	(159,755)	(32,258)	(16,844)	(213,053)
Total Tier 1 Capital	<u>7,495,142</u>	<u>1,693,218</u>	<u>485,455</u>	<u>9,826,912</u>
Less: Deduction in excess of allowable				
Tier 2 capital	-	-	(102,091)	(13,860)
Maximum Allowable Tier 1 Capital	<u>7,495,142</u>	<u>1,693,218</u>	<u>383,364</u>	<u>9,813,052</u>
Tier 2 Capital				
Medium term notes	1,557,800	-	-	1,557,800
Subordinated bonds	-	800,000	-	800,000
Innovative Tier 1 capital	110,829	-	-	-
Collective allowance for loans and financing [#]	1,198,932	370,964	9,218	1,582,744
Total Tier 2 Capital	<u>2,867,561</u>	<u>1,170,964</u>	<u>9,218</u>	<u>3,940,544</u>
Maximum Allowable Tier 2 Capital	<u>2,867,561</u>	<u>1,170,964</u>	<u>9,218</u>	<u>3,940,544</u>
Total Capital Funds	10,362,703	2,864,182	392,582	13,753,596
Less: Investment in subsidiaries	(32,780)	-	(88,231)	(32,769)
Investment in capital of related financial institutions and other deduction	(9,446)	-	(23,078)	(32,524)
Add: Deduction in excess of allowable Tier 2 capital made against Tier 1 capital	-	-	102,091	13,860
Capital Base	<u>10,329,923</u>	<u>2,864,182</u>	<u>383,364</u>	<u>13,702,163</u>

^{##} Excludes collective allowance on impaired loans/financing restricted from Tier 2 capital of the Group of RM429,497,000.

The risk weighted assets of the Group are derived by aggregating the consolidated risk weighted assets of the banking subsidiaries. The aggregated Operational risk weighted assets of the Group has been adjusted to reflect the disposal of AmIslamic Bank by AmBank to the Company on 28 February 2011. The breakdown of risk weighted assets of the Group in the various risk categories is as follows:

Credit risk	57,235,055	17,095,915	1,103,164	75,842,272
Market risk	4,494,813	384,044	244,709	5,123,496
Operational risk	4,570,067	1,327,826	478,318	6,045,547
Large exposure risk requirements for equity holdings	3,298	-	-	3,298
Total risk weighted assets	<u>66,303,233</u>	<u>18,807,785</u>	<u>1,826,191</u>	<u>87,014,613</u>

A31. ISLAMIC BANKING BUSINESS

The state of affairs as at 30 June 2012 and the results for the period ended 30 June 2012 of the Islamic banking business of the Group and included in the financial statements after elimination of intercompany transactions and balances are summarised as follows:

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2012

	30.06.12	Group 31.03.12 (Restated)	01.04.11 (Restated)
	RM'000	RM'000	RM'000
ASSETS			
Cash and short-term funds	2,666,284	2,347,666	4,761,640
Deposit and placements with banks and other financial institutions	1,338,383	1,118,383	250,000
Derivative financial assets	6,656	10,925	3,258
Financial assets held-for-trading	1,193,377	1,522,183	991,136
Financial investments available-for-sale	1,169,060	320,117	715,937
Financial Investments held-to-maturity	822,186	822,222	-
Financing and advances	18,200,759	16,846,171	13,256,138
Other receivables, deposits and prepayments	164,179	338,501	150,874
Statutory deposits with Bank Negara Malaysia	641,000	559,000	-
Deferred tax assets	37,155	37,699	119,948
Property and equipment	609	641	732
Intangible assets	86	126	286
TOTAL ASSETS	26,239,734	23,923,634	20,249,949
LIABILITIES AND ISLAMIC BANKING FUNDS			
Deposits and placements of banks and other financial institutions	1,987,646	1,329,753	1,358,833
Derivative financial liabilities	6,634	10,896	3,254
Deposits from customers	19,456,202	18,262,995	15,242,321
Term funding	925,722	550,000	550,000
Bills and acceptances payable	638,166	518,422	879,522
Subordinated Sukuk Musyarakah	800,000	800,000	400,000
Other liabilities	493,478	289,550	298,540
TOTAL LIABILITIES	24,307,848	22,066,420	18,732,470
Share capital/Capital funds	460,877	460,877	435,877
Reserves	1,471,009	1,396,337	1,081,602
TOTAL ISLAMIC BANKING FUNDS	1,931,886	1,857,214	1,517,479
TOTAL LIABILITIES AND ISLAMIC BANKING FUNDS	26,239,734	23,923,634	20,249,949
COMMITMENTS AND CONTINGENCIES	8,035,809	7,897,610	7,736,063

A31. ISLAMIC BANKING BUSINESS (CONT'D.)

**UNAUDITED CONSOLIDATED INCOME STATEMENT
FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2012**

Group	Individual Quarter		Cumulative Quarter	
	30.06.12	30.06.11 (Restated)	30.06.12	30.06.11 (Restated)
	RM'000	RM'000	RM'000	RM'000
Income derived from investment of depositors' funds and others	347,476	301,816	347,476	301,816
Impairment writeback on financial investments	-	-	-	-
Allowance for impairment on financing and advances (Provision)/Writeback for commitments and contingencies	(26,121)	(43,391)	(26,121)	(43,391)
Impairment writeback/(loss) for sundry debtors	-	-	-	-
Transfer from profit equalisation reserve	(396)	4,758	(396)	4,758
Total attributable income	316,247	262,732	316,247	262,732
Income attributable to the depositors	(167,259)	(141,190)	(167,259)	(141,190)
Profit attributable to the Group	148,988	121,542	148,988	121,542
Income derived from Islamic Banking Funds	47,015	40,038	47,015	40,038
Total net income	196,003	161,580	196,003	161,580
Operating expenditure	(84,463)	(71,747)	(84,463)	(71,747)
Finance cost	(14,654)	(10,696)	(14,654)	(10,696)
Profit before taxation and zakat	96,886	79,137	96,886	79,137
Taxation and zakat	(25,386)	(21,061)	(25,386)	(21,061)
Profit for the period	71,500	58,076	71,500	58,076

**UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2012**

Group	Individual Quarter		Cumulative Quarter	
	30.06.12	30.06.11 (Restated)	30.06.12	30.06.11 (Restated)
	RM'000	RM'000	RM'000	RM'000
Profit for the period	71,500	58,076	71,500	58,076
Other comprehensive income/(loss):				
Net change in revaluation of financial investments available-for-sale	2,204	(698)	2,204	(698)
Exchange differences on translation of foreign operations	207	(9)	207	(9)
Income tax relating to the components of other comprehensive income	(551)	174	(551)	174
Other comprehensive income/(loss) for the period, net of tax	3,261	(533)	3,261	(533)
Total comprehensive income for the period	74,761	57,543	74,761	57,543

A31. ISLAMIC BANKING BUSINESS (CONT'D.)

(a) Financing and Advances

	Group	
	30.06.12	31.03.12
	RM'000	(Restated) RM'000
Islamic hire purchase, net of unearned income	9,410,649	8,734,905
Term financing	6,266,872	6,046,290
Revolving credit	1,334,543	1,095,887
Claims on customer under acceptance credits	1,100,406	1,060,425
Credit card receivables	316,969	316,677
Trust receipts	68,359	63,367
Other financing	1,759,213	1,650,606
	<u>20,257,011</u>	<u>18,968,157</u>
Islamic financing sold to Cagamas Berhad	(1,574,340)	(1,645,251)
Gross financing and advances	<u>18,682,671</u>	<u>17,322,906</u>
Allowance for impairment on financing and advances:		
Collective allowance	(461,148)	(460,411)
Individual allowance	(20,764)	(16,324)
	<u>(481,912)</u>	<u>(476,735)</u>
Net financing and advances	<u>18,200,759</u>	<u>16,846,171</u>

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

	Group	
	30.06.12	31.03.12
	RM'000	RM'000
Balance at beginning of period/year	237,724	320,418
Impaired during the period/year	122,190	245,594
Reclassification to non-impaired financing	(46,534)	(59,847)
Recoveries	(14,683)	(38,106)
Amount written off	(40,183)	(230,335)
Balance at end of period/year	<u>258,514</u>	<u>237,724</u>
Impaired financing and advances as % of total financing and advances (including Islamic financing sold to Cagamas Berhad)	<u>1.3%</u>	<u>1.3%</u>

A31. ISLAMIC BANKING BUSINESS (CONT'D.)

(a) Financing and Advances (Cont'd.)

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

	Group	
	30.06.12	31.03.12
	RM'000	RM'000
Collective allowance		
Balance at beginning of period/year		
- as previously stated	463,433	479,010
- effect of change in accounting policy	(3,022)	(9,063)
As restated	<u>460,411</u>	<u>469,947</u>
Allowance made during the period/year	40,881	205,859
Amount written off	(40,144)	(215,395)
Balance at end of period/year	<u>461,148</u>	<u>460,411</u>
% of total financing and advances (including Islamic financing sold to Cagamas Berhad)	<u>2.3%</u>	<u>2.4%</u>
Individual allowance		
Balance at beginning of period/year	16,324	25,447
Allowance made during the period/year	4,480	5,933
Amount written off	(40)	(15,056)
Balance at end of period/year	<u>20,764</u>	<u>16,324</u>

(b) DEPOSITS FROM CUSTOMERS

	Group	
	30.06.12	31.03.12
	RM'000	RM'000
Mudarabah Fund:		
Demand deposits	23,047	19,512
Saving deposits	6,126	5,945
General investment deposits	14,119,249	13,445,079
Structured deposits	181,903	183,954
	<u>14,330,325</u>	<u>13,654,490</u>
Non-Mudarabah Fund:		
Demand deposits	3,171,280	2,874,181
Saving deposits	1,673,575	1,541,959
Term deposits	255,643	167,181
Negotiable instruments of deposits	25,379	25,184
	<u>5,125,877</u>	<u>4,608,505</u>
	<u>19,456,202</u>	<u>18,262,995</u>

(c) OTHER LIABILITIES

	Group	
	30.06.12	31.03.12
	RM'000	RM'000
Other payables and accruals	401,511	196,771
Taxation and zakat payable	32,901	31,458
Provision for commitments and contingencies	30,051	25,339
Amount owing to head office	16,174	21,053
Lease deposits and advance rentals	11,140	11,635
Profit equalisation reserve	1,701	3,294
	<u>493,478</u>	<u>289,550</u>

A32. CHANGE IN ACCOUNTING POLICIES AND RESTATEMENT OF COMPARATIVES

(a) Transition to MFRSs

The reconciliations of equity and total comprehensive income for comparative periods and of equity at the date of transition reported under FRS to those reported for those periods and at the date of transition under MFRS are provided below.

(b) Restatement of comparatives

During the period, the Group had reviewed and changed the presentation of:

- interest receivable and payable for certain derivative product for the same counterparty for the year ended 31 March 2012. The interest receivable and payable which were presented on a gross basis is now set off and presented on a net basis in either other assets or other liabilities.
- work in progress ("WIP") for intangible assets for the year ended 31 March 2012. The WIP balance which was previously included under WIP Property and Equipment is now presented under Intangible Assets.

The above classifications are to conform with current period presentation which better reflects the nature of the items.

(i) Reconciliation of equity

	As previously reported RM'000	Effect of transition to MFRSs RM'000	Other restatement RM'000	As restated RM'000
As at 31 March 2012				
Assets				
Financial assets held-for-trading	10,570,642	81,248	-	10,651,890
Financial investments available-for-sale	5,503,261	(71,170)	-	5,432,091
Financial investments held-to-maturity	948,477	(10,000)	-	938,477
Loans, advances and financing	73,957,980	(36,977)	-	73,921,003
Other assets	2,752,148	120,752	(254,994)	2,617,906
Deferred tax assets	214,350	3,302	(17,244)	200,408
Property and equipment	252,119	-	(63,384)	188,735
Life fund assets	2,772,093	142,389	-	2,629,704
Intangible assets	1,848,397	-	63,384	1,911,781
Liabilities				
Life fund liabilities	317,397	(5,324)	-	322,721
Life policyholder funds	2,454,696	147,713	-	2,306,983
Deferred tax liabilities	25,089	52,258	(17,244)	60,103
Other liabilities	4,558,414	52,415	(254,994)	4,355,835
Equity				
Reserves	8,146,466	(46,030)	-	8,100,436
Non-controlling interests	353,867	28,512	-	382,379

A32. CHANGE IN ACCOUNTING POLICIES AND RESTATEMENT OF COMPARATIVES (CONT'D.)

(i) Reconciliation of equity (Cont'd.)

	As previously reported RM'000	Effect of transition to MFRSs RM'000	Other restatement RM'000	As restated RM'000
As at 1 April 2011				
Assets				
Financial assets held-for-trading	5,173,737	35,490	-	5,209,227
Financial investments available-for-sale	8,073,935	(25,440)	-	8,048,495
Financial investments held-to-maturity	175,431	(10,000)	-	165,431
Loans, advances and financing	69,378,824	(80,901)	-	69,297,923
Other assets	2,206,656	186,328	(222,309)	1,948,366
Deferred tax assets	559,964	-	-	559,964
Property and equipment	248,090	-	(45,790)	202,300
Life fund assets	2,634,838	(200,262)	-	2,434,576
Intangible assets	1,833,210	-	45,790	1,879,000
Liabilities				
Life fund liabilities	174,393	3,664	-	178,057
Life policyholder funds	2,460,445	(203,926)	-	2,256,519
Deferred tax liabilities	35,323	61,529	-	96,852
Other liabilities	4,463,581	(11,209)	(222,309)	4,007,754
Equity				
Reserves	7,294,739	7,848	-	7,302,587
Non-controlling interests	258,122	47,309	-	305,431

(ii) Reconciliation of consolidated income statements

	As previously reported RM'000	Effect of transition to MFRSs RM'000	Other restatement RM'000	As restated RM'000
First quarter ended 30 June 2011				
Net income from insurance business	53,911	(19,183)	-	34,728
Other operating income	355,672	241	-	355,913
Allowances for impairment on loans and financing	(72,385)	10,938	-	(61,447)
Provision for commitments and contingencies	(3,821)	(14,307)	-	(18,128)
Taxation and zakat	(154,202)	5,571	-	(148,631)

A32. CHANGE IN ACCOUNTING POLICIES AND RESTATEMENT OF COMPARATIVES (CONT'D.)

(iii) Reconciliation of consolidated statements of comprehensive income

	As previously reported RM'000	Effect of transition to MFRSs RM'000	Other restatement RM'000	As restated RM'000
First quarter ended 30 June 2011				
Net movement on financial investments available-for-sale	19,592	(226)	-	19,366
Income tax relating to the components of other comprehensive income	(3,630)	56	-	(3,574)

(iv) Reconciliation of operations of Islamic banking business

(i) Reconciliation of equity

	As previously reported RM'000	Effect of transition to MFRSs RM'000	Other restatement RM'000	As restated RM'000
As at 31 March 2012				
Financing and advances	16,843,149	3,022	-	16,846,171
Other receivables, deposits and prepayments	339,103	(602)	-	338,501
Deferred tax assets	36,870	829	-	37,699
Other liabilities	285,617	3,933	-	289,550
Reserves	1,397,021	(684)	-	1,396,337
As at 1 April 2011				
Financing and advances	13,247,076	9,062	-	13,256,138
Other liabilities	291,281	7,259	-	298,540
Reserves	1,079,799	1,803	-	1,081,602

(ii) Reconciliation of consolidated income statements

	As previously reported RM'000	Effect of transition to MFRSs RM'000	Other restatement RM'000	As restated RM'000
First quarter ended 30 June 2011				
Allowance for impairment on financing and advances	(41,881)	(1,510)	-	(43,391)
(Provision)/Writeback for commitments and contingencies	(1,133)	682	-	(451)
Taxation and zakat	(21,269)	208	-	(21,061)

B1. PERFORMANCE REVIEW ON THE RESULTS OF THE GROUP

Year-on-year, the Group's earnings grew 4.6% to RM448.6 million, supported by higher net interest income and lower allowances.

Divisional performance for Q1FY2013 compared to Q1FY2012:

Retail Banking : Stable performance in a highly competitive environment, focus on liabilities

Profit after tax (PAT) was stable at RM134.3 million. The division continued to focus on targeted and profitable segments with emphasis on risk based pricing. Greater emphasis was placed on wealth management and growing liabilities, in particular low cost deposits (CASA). CASA grew steadily at 16.3%.

Business Banking : Good income and lower impairments underpinned profit growth

PAT advanced 30.1% to RM111.5 million, on diversified growth in asset base and higher fee income. CASA growth remained strong at 19.9%.

Corporate and Institutional Banking : Strong income underpinned performance

PAT rose 31.2% to RM89.9 million. Income growth came from a diversified loans portfolio and continued focus on growing share of wallet by targeting high-profile and high-value clients and leverage on ANZ for cross-border businesses.

Investment Banking : Subdued performance compared to Q1FY12

PAT was 43.1% lower at RM24.4 million despite strong contributions from funds management and corporate finance. Debt capital market had lower income compared to last year while the decline in stock broking contribution reflects uncertainty in market sentiments.

Markets : Strong foreign exchange and derivatives contributions, offset by lower market-related income

PAT halved to RM39.2 million, partly impacted by securities revaluation and large trading income in Q1FY12. The division continued investments in enhancing foreign exchange and derivatives capabilities.

Life Assurance : Increasing support to Bancassurance and better performing agencies

PAT transferred to shareholders was RM3 million, up 27.0 %. Transfers from life business were impacted by the revisions in BNM Guidelines on Financial Reporting for Insurers, from change in classification of Non-Par fund and reserves from liability to equity.

General Insurance : Performance within expectations

PAT was 4.6% lower at RM21.4 million. The division had stable income growth from focus on motor and niche non-motor segments while enhancing claims management process and control. Capital adequacy ratio exceeds the benchmark supervisory target of 130%.

Gross loans and advances expanded to RM78.6 billion to register an annual growth of 13.3%. The growth was mainly attributed to the education and health, finance and insurance and mining and quarrying. Financing for purchase of household transport vehicles accounted for 30.5% of total loans, while loans for residential properties accounted for 15.8% of total loans.

As at 30 June 2012, the Group's total assets stood at RM116.0 billion. Meanwhile, the Group's banking subsidiaries aggregated risk weighted capital ratio ("RWCR") stood at 15.1% as at 30 June 2012, compared with 15.7% as at 31 March 2012.

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

B2. REVIEW OF MATERIAL CHANGES IN PROFIT BEFORE TAXATION

The Group reported a higher pre-tax profit of RM622.5 million for the first quarter ended 30 June 2012 as compared to RM478.6 million for the fourth quarter ended 31 March 2012. This was mainly attributed by lower allowance for impairment on loans and financing by RM107.6 million, lower impairment loss on financial investment by RM7.5 million and lower impairment on doubtful sundry receivables by RM3.3 million. In addition, higher income were reported from other operating income, net income from Islamic banking business and net interest income by RM16.1 million, 13.5 million and 10.5 million respectively. There was writeback of provision for commitments and contingencies of RM17.4 million reported for current quarter ended 30 June 2012 as compared to provision of RM9.1 million reported for previous quarter ended 31 March 2012.

This was offset by higher other operating expenses by RM20.8 million and higher impairment on foreclosed properties by RM10.0 million reported for the current quarter ended 30 June 2012. In addition, transfer to profit equalisation reserve of RM0.4 million was reported for the current quarter as opposed to transfer from profit equalisation reserve of RM8.3 million for the preceding quarter ended 31 March 2012.

B3. PROSPECTS FOR 31 MARCH 2012

Domestic economic growth in first quarter 2012 has held up well (gross domestic product expanded 4.7%), with continued growth in domestic investments and private consumption despite global market volatility. Policy rates remained accommodative in promoting growth while ensuring adequate levels of price stability.

Looking ahead, the domestic investment cycle is expected to be boosted by the continued rollout of projects under the Government's Economic Transformation Programme ("ETP"). The ETP aims to propel Malaysia towards a high-income developed nation by 2020 and is complemented by Bank Negara Malaysia's Financial Sector Blueprint 2011 – 2020.

The rollout of ETP will support lending and capital market activities in the Malaysian banking industry. Nevertheless, consumer loans growth will continue to moderate in selected segments with the introduction of new responsible lending guidelines. Margins continue to be impacted by ongoing competition for loans and deposits.

AmBank Group remains supportive and participative of governmental and regulatory initiatives in developing the domestic financial services industry. While the Group is optimistic about the domestic economic growth, we recognise that there are challenges in the global economy and we will remain vigilant.

Over the next three to five years, we aim to aggressively invest, optimise and leverage connectivity to deliver growth. Our strategic priorities for FY2013 – 2015 will be to accelerate growth and business mix changes, strengthen customer centricity and connectivity, increase productivity and efficiency, and acquire and integrate in-fill acquisitions and strategic tie-ups. This will propel us towards achieving our Vision – As Malaysia's preferred diversified, internationally connected financial solutions group, we take pride in growing your future with us.

B4. VARIANCE FROM PROFIT FORECAST AND SHORTFALL FROM PROFIT GUARANTEE

This is not applicable to the Group.

B5. TAXATION

Group	Individual Quarter		Cumulative Quarter	
	30.06.12 RM'000	30.06.11 RM'000	30.06.12 RM'000	30.06.11 RM'000
Estimated current tax payable	640,978	150,867	640,978	150,867
Transfer from/(to) deferred tax	3,358	(3,390)	3,358	(3,390)
	<u>644,336</u>	<u>147,477</u>	<u>644,336</u>	<u>147,477</u>
Under/(Over) provision of current taxation in respect of prior years	(483,879)	650	(483,879)	650
Taxation	<u>160,457</u>	<u>148,127</u>	<u>160,457</u>	<u>148,127</u>
Zakat	<u>215</u>	<u>504</u>	<u>215</u>	<u>504</u>
Taxation and zakat	<u><u>160,672</u></u>	<u><u>148,631</u></u>	<u><u>160,672</u></u>	<u><u>148,631</u></u>

The total tax charge of the Group for the financial quarter ended 30 June 2012 and 2011 reflect an effective tax rate which is higher than the statutory tax rate mainly due to disallowances of certain expenses.

B6. CORPORATE PROPOSALS

- As at 30 June 2012, the trustee of the ESS held 17,752,100 ordinary shares (net of ESS shares vested to employees) representing 0.59% of the issued and paid-up capital of the Company. These shares are held at a carrying amount of RM107,115,332.
- As announced on 19 December 2011, the Company's 51% owned general insurance subsidiary, AmG Insurance Berhad ("AmG"), submitted an application to Bank Negara Malaysia ("BNM") for the approval of the Minister of Finance ("MOF") for the possible acquisition by AmG of the 100% equity interest held by Kurnia Asia Berhad ("KAB") in Kurnia Insurans (Malaysia) Berhad ("Kurnia") (the "Proposed Acquisition").

Subsequently, the Company announced on 4 April 2012 that AmG has received notification from BNM of the MOF's approval for the Proposed Acquisition. Following the MOF approval, AmG entered into a conditional sale and purchase agreement on 12 April 2012 with KAB for the proposed acquisition of the 100% equity interest in Kurnia for a total cash consideration of RM1.55 billion.

The Proposed Acquisition is subject to the fulfillment of various conditions and is expected to be completed during the financial year ending 31 March 2013.

- On 10 July 2012, the Company announced that it has entered into a conditional share sale agreement ("SPA") with MBf Holdings Berhad ("MBf Holdings") and its wholly-owned subsidiaries Atox Cards Sdn Bhd and Jastura Sdn Bhd (collectively, the "Vendors"), for the proposed acquisition of an aggregate 100% equity interest held by the Vendors in MBF Cards (M'sia) Sdn Bhd ("MBF Cards") for a total cash purchase consideration of RM623.4 million (the "Proposed Acquisition"), subject to adjustments on completion. The businesses to be acquired under this transaction include cards issuing, merchant acquiring and bill payments business under Visa and MasterCard licences. The Proposed Acquisition also includes MBF Cards' ownership of 33.33% in Bonuskad Loyalty Sdn Bhd's ("Bonuskad") shares.

This transaction is pending the approvals of Bank Negara Malaysia and the Vendors' shareholders and expected to be completed during financial year ending 31 March 2013.

B7. BORROWINGS

	Group	
	30.06.12	31.03.12
	RM'000	RM'000
(i) Deposits from customers		
Due within six months	66,589,991	63,722,160
Six months to one year	10,217,606	9,601,339
One to three years	2,819,933	2,726,720
Three to five years	948,228	1,091,833
	<u>80,575,758</u>	<u>77,142,052</u>
(ii) Deposits and placements of banks and other financial institutions		
Due within six months	1,826,748	2,241,800
Six months to one year	229,467	24,896
One to three years	1,460,925	1,102,738
Three to five years	260,891	659,510
	<u>3,778,031</u>	<u>4,028,944</u>
(iii) Term funding		
(a) Unsecured senior notes		
Due within one year	60,250	235,250
More than one year	3,207,132	3,206,602
(b) Credit-Linked Note		
Due within one year	-	30,020
More than one year	408,574	413,760
(c) Term loans and revolving credits		
Due within one year		
Secured	233,217	225,381
Unsecured	206,000	206,000
More than one year		
Unsecured	664,126	640,311
(d) Amount due to Cagamas Berhad		
More than one year		
Unsecured	375,722	304,804
	<u>5,155,021</u>	<u>5,262,128</u>
(iv) Debt capital		
(a) Unsecured bonds		
More than one year	800,000	800,000
(b) Medium Term Notes		
More than one year	1,557,800	1,557,800
(c) Hybrid capital		
More than one year	697,537	678,431
The above hybrid capital includes amounts denominated in USD.		
Principal amount - USD200.0 million		
(d) Non-Innovative Tier 1 Capital Securities		
More than one year	500,000	500,000
(e) Innovative Tier 1 Capital Securities		
More than one year	485,000	485,000
	<u>4,040,337</u>	<u>4,021,231</u>

B8. REALISED AND UNREALISED PROFITS OR LOSSES

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

	Group	
	30.06.12	31.03.12
	RM'000	RM'000
Total retained earnings		
- Realised	6,534,528	6,253,964
- Unrealised	646,280	513,943
Total share of retained earnings from associate:		
- Realised	1,101	1,101
Less: consolidation adjustments	(3,076,068)	(3,104,721)
Total retained earnings as per consolidated financial statements	<u>4,105,841</u>	<u>3,664,287</u>

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

B9. MATERIAL LITIGATION

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

B10. DIVIDENDS

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

B11. EARNINGS PER SHARE (SEN)

a. Basic earnings per share

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

	Individual Quarter		Cumulative Quarter	
	30.06.12	30.06.11	30.06.12	30.06.11
	RM'000'000	RM'000'000	RM'000'000	RM'000'000
Net profit attributable to equity holders of the Company	448,577	429,009	448,577	429,009
Weighted average number of ordinary shares in issue	2,994,767	2,992,878	2,994,767	2,992,878
Basic earnings per share (Sen)	14.98	14.33	14.98	14.33

b. Fully diluted earnings per share

Fully diluted earnings per share is calculated by dividing the net profit attributable to equity holders of the Company by the adjusted weighted average number of ordinary shares in issue and dilutive effect of Share Options vested and not exercised by eligible executives under ESS as at the reporting date.

The Share Options are dilutive when they would result in the issue of ordinary shares for less than the average market price of ordinary shares during the period. The amount of the dilution is the average market price of ordinary shares during the period minus the issue price.

	Individual Quarter		Cumulative Quarter	
	30.06.12	30.06.11	30.06.12	30.06.11
	RM'000'000	RM'000'000	RM'000'000	RM'000'000
Net profit attributable to equity holders of the Company	448,577	429,009	448,577	429,009
Weighted average number of ordinary shares in issue (as in (a) above)	2,994,767	2,992,878	2,994,767	2,992,878
Effect of options vested under ESS	2,767	5,386	2,767	5,386
Adjusted weighted average number of ordinary shares in issue / issuable	2,997,534	2,998,264	2,997,534	2,998,264
Fully diluted earnings per share (Sen)	14.96	14.31	14.96	14.31