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

AUDITED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 31 MARCH 2011

	Note	Group 31.03.11 RM'000	Group 31.03.10 RM'000
ASSETS			
Cash and short-term funds		13,502,567	11,627,452
Securities purchased under resale agreements		289,731	16,992
Deposits and placements with banks and other financial institutions		3,613,482	1,831,505
Derivative financial assets	A28	398,797	343,643
Financial assets held-for-trading	A8	5,173,737	1,713,441
Financial investments available-for-sale	A9	8,073,935	9,093,856
Financial investments held-to-maturity	A10	175,431	562,743
Loans, advances and financing	A11	69,378,824	64,425,920
Other assets	A12	2,206,656	1,988,973
Statutory deposits with Bank Negara Malaysia	A13	145,842	167,623
Deferred tax assets		559,964	262,760
Investment in associate and jointly controlled entity		1,101	1,301
Property and equipment		248,090	235,899
Life fund assets		2,634,838	2,382,703
Intangible assets		1,833,210	1,825,492
TOTAL ASSETS		108,236,205	96,480,303
LIABILITIES AND EQUITY			
Deposits and placements of banks and other financial institutions	A14	4,271,656	4,315,276
Securities sold under repurchase agreements		30,465	-
Recourse obligation on loans sold to Cagamas Berhad		1,018,043	135,689
Derivative financial liabilities	A28	435,108	392,977
Deposits from customers	A15	74,566,962	68,874,112
Term funding		4,746,878	1,902,107
Bills and acceptances payable		1,867,911	1,399,572
Debt capital		3,598,394	3,747,347
Deferred tax liabilities		35,323	8,582
Other liabilities	A16	4,463,581	3,477,951
Life fund liabilities		174,393	200,357
Life policyholder funds		2,460,445	2,182,346
Total Liabilities		97,669,159	86,636,316
Share capital		3,014,185	3,014,185
Reserves		7,294,739	6,623,528
Equity attributable to equity holders of the Company		10,308,924	9,637,713
Minority interests		258,122	206,274
Total Equity		10,567,046	9,843,987
TOTAL LIABILITIES AND EQUITY		108,236,205	96,480,303
COMMITMENTS AND CONTINGENCIES	A27	100,176,794	62,260,673

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

AUDITED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 31 MARCH 2011 (CONTD.)

	Note	Group 31.03.11 RM'000	31.03.10 RM'000
CAPITAL ADEQUACY RATIO	A29		
Before deducting proposed dividends:			
Core capital ratio		10.2%	10.3%
Risk-weighted capital ratio		14.4%	15.8%
After deducting proposed dividends:			
Core capital ratio		9.8%	9.8%
Risk-weighted capital ratio		14.0%	15.3%
NET ASSETS PER ORDINARY SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY (RM)		3.42	3.20

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

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

AUDITED CONSOLIDATED INCOME STATEMENTS
FOR THE FINANCIAL QUARTER ENDED 31 MARCH 2011

		Individual Quarter		Cumulative Quarter	
Group	**Note**	**31.03.11 RM'000**	**31.03.10 RM'000**	**31.03.11 RM'000**	**31.03.10 RM'000**
Revenue	A23	1,808,559	1,660,243	7,110,740	6,828,945
Interest income	A17	1,063,031	932,134	4,070,370	3,624,019
Interest expense	A18	(512,186)	(419,507)	(1,955,778)	(1,730,467)
Net interest income		550,845	512,627	2,114,592	1,893,552
Net income from Islamic banking business		158,018	194,036	719,743	775,509
Net income from insurance business	A19	35,915	30,811	171,972	123,687
Other operating income	A20	216,820	169,748	906,871	785,034
Share in result of jointly controlled entity		-	(173)	-	(745)
Share in result of associate		-	-	(200)	-
Net income		961,598	907,049	3,912,978	3,577,037
Other operating expenses	A21	(396,038)	(411,415)	(1,561,927)	(1,501,356)
Operating profit		565,560	495,634	2,351,051	2,075,681
Allowances for impairment on loans and financing	A22	(114,185)	(148,463)	(475,445)	(568,893)
Impairment (loss)/writeback on:					
Financial investment		(6,425)	(6,421)	(2,921)	(103,770)
Doubtful sundry receivables - net		(1,149)	(4,694)	1,176	(7,894)
Foreclosed properties		(13,089)	(21,816)	(29,180)	(22,457)
Provision for commitments and contingencies		(16,725)	(11,865)	(22,001)	(8,866)
Transfer from profit equalisation reserve		11,547	6,432	42,444	12,858
Profit before taxation and zakat		425,534	308,807	1,865,124	1,376,659
Taxation and zakat	B5	(99,130)	(57,669)	(473,974)	(334,051)
Profit for the period/year		**326,404**	**251,138**	**1,391,150**	**1,042,608**
Attributable to:					
Equity holders of the Company		316,346	241,749	1,342,812	1,008,618
Minority interests		10,058	9,389	48,338	33,990
Profit for the period/year		326,404	251,138	1,391,150	1,042,608
EARNINGS PER SHARE (SEN)	B14				
Basic		10.54	8.03	44.70	34.71
Fully diluted		10.54	8.03	44.70	34.71

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

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

AUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL QUARTER ENDED 31 MARCH 2011

Group	Note	Individual Quarter 31.03.11 RM'000	Individual Quarter 31.03.10 RM'000	Cumulative Quarter 31.03.11 RM'000	Cumulative Quarter 31.03.10 RM'000
Profit for the period/year		326,404	251,138	1,391,150	1,042,608
Other comprehensive income/(loss):					
Exchange differences on translation of foreign operations		(2,133)	(10,882)	(11,764)	(8,783)
Net movement on cash flow hedges		28,234	63,978	39,319	127,182
Net movement on financial investments available-for-sale		(79)	14,968	(6,833)	164,086
Income tax relating to the components of other comprehensive income		(6,283)	(17,472)	(16,228)	(57,068)
Other comprehensive income for the period/year, net of tax		19,739	50,592	4,494	225,417
Total comprehensive income for the period/year		346,143	301,730	1,395,644	1,268,025
Total comprehensive income for the period/year attributable to:					
Equity holders of the Company		337,626	292,341	1,346,184	1,234,035
Minority interests		8,517	9,389	49,460	33,990
		346,143	301,730	1,395,644	1,268,025

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

AMMB HOLDINGS BERHAD
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AUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL QUARTER ENDED 31 MARCH 2011

	Attributable to Equity Holders of the Company							
		Non- Distributable			Distributable			
Group	**Ordinary Share Capital RM'000**	**Share Premium RM'000**	**Other Reserves RM'000**	**Shares Held In Trust for ESS RM'000**	**Retained Earnings RM'000**	**Total RM'000**	**Minority Interests RM'000**	**Total Equity RM'000**
At 1 April 2009	2,722,970	1,986,836	1,210,128	(7,064)	1,823,223	7,736,093	175,462	7,911,555
Effect of first time adoption of RBC framework	-	-	-	-	(3,502)	(3,502)	(3,365)	(6,867)
At 1 April 2009 (restated)	2,722,970	1,986,836	1,210,128	(7,064)	1,819,721	7,732,591	172,097	7,904,688
Profit for the year	-	-	-	-	1,008,618	1,008,618	33,990	1,042,608
Other comprehensive income, net	-	-	225,417	-	-	225,417	-	225,417
Total comprehensive income for the year	-	-	225,417	-	1,008,618	1,234,035	33,990	1,268,025
Issue of ordinary share capital pursuant to:-								
- conversion of unsecured exchangeable bonds	194,915	380,085	-	-	-	575,000	-	575,000
- special issue shares to eligible Bumiputera	96,300	170,451	-	-	-	266,751	-	266,751
Purchase of shares pursuant to Executives' Share Scheme ("ESS")^	-	-	-	(10,477)	-	(10,477)	-	(10,477)
Share-based payment under ESS	-	-	14,860	-	-	14,860	-	14,860
ESS shares vested to employee of subsidiary	-	-	-	26	-	26	-	26
Transfer from retained earnings	-	-	96,396	-	(96,396)	-	-	-
Subscription of shares in AmPrivate Equity Sdn Bhd	-	-	-	-	-	-	187	187
Dividend paid	-	-	-	-	(175,073)	(175,073)	-	(175,073)
At 31 March 2010	3,014,185	2,537,372	1,546,801	(17,515)	2,556,870	9,637,713	206,274	9,843,987

AMMB HOLDINGS BERHAD
(223035-V) (Incorporated in Malaysia)
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AUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL QUARTER ENDED 31 MARCH 2011

	Attributable to Equity Holders of the Company							
		Non-Distributable			Distributable			
Group	**Ordinary Share Capital RM'000**	**Share Premium RM'000**	**Other Reserves RM'000**	**Shares Held In Trust for ESS RM'000**	**Retained Earnings RM'000**	**Total RM'000**	**Minority Interests RM'000**	**Total Equity RM'000**
At 1 April 2010	3,014,185	2,537,372	1,546,801	(17,515)	2,556,870	9,637,713	206,274	9,843,987
Effect of adoption of FRS139	-	-	(46,303)	-	(167,961)	(214,264)	5,876	(208,388)
At 1 April 2010 (restated)	3,014,185	2,537,372	1,500,498	(17,515)	2,388,909	9,423,449	212,150	9,635,599
Profit for the year	-	-	-	-	1,342,812	1,342,812	48,338	1,391,150
Other comprehensive (loss)/income, net	-	-	3,372	-	-	3,372	1,122	4,494
Total comprehensive (loss)/income for the year	-	-	3,372	-	1,342,812	1,346,184	49,460	1,395,644
Purchase of shares pursuant to Executives' Share Scheme ("ESS")^^	-	-	-	(31,497)	-	(31,497)	-	(31,497)
Share-based payment under ESS	-	-	34,854	-	-	34,854	-	34,854
ESS shares vested to employees of subsidiary	-	-	(159)	325	-	166	-	166
Transfer of ESS shares recharged difference on purchase price for shares vested	-	-	-	-	(48)	(48)	-	(48)
Transfer from retained earnings	-	-	39,147	-	(39,147)	-	-	-
Subscription of shares in AmPrivate Equity Sdn Bhd	-	-	-	-	-	-	5,080	5,080
Dividend paid	-	-	-	-	(464,184)	(464,184)	(8,568)	(472,752)
At 31 March 2011	3,014,185	2,537,372	1,577,712	(48,687)	3,228,342	10,308,924	258,122	10,567,046

^ Represent the purchase of 2,574,800 of the Company's issued ordinary shares from the open market by a trustee appointed by the ESS committee at an avarage price of RM4.07 per share.

^^ Represent the purchase of 6,234,700 of the Company's issued ordinary shares from the open market by a trustee appointed by the ESS committee at an avarage price of RM5.05 per share.

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

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

AUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOW
FOR THE FINANCIAL QUARTER ENDED 31 MARCH 2011

Group	31.03.11 RM'000	31.03.10 RM'000
Profit before taxation	1,865,124	1,376,659
Add adjustments for non-operating and non-cash items	319,024	682,898
Operating profit before working capital changes	2,184,148	2,059,557
Increase in operating assets	(10,827,839)	(9,799,143)
Increase in operating liabilities	10,127,916	4,260,009
Cash generated from/(used in) operations	1,484,225	(3,479,577)
Taxation paid	(506,282)	(249,617)
Net cash generated from/(used in) operating activities	977,943	(3,729,194)
Net cash generated from/(used in)investing activities	1,470,311	(2,262,111)
Net cash (used in)/generated from financing activities	(613,892)	664,214
Net increase/(decrease) in cash and cash equivalents	1,834,362	(5,327,091)
Cash and cash equivalents at beginning of year	11,400,435	16,727,526
Cash and cash equivalents at end of year	13,234,797	11,400,435

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

Group	31.03.11 RM'000	31.03.10 RM'000
Cash and short-term funds	13,502,567	11,627,452
Less: Cash and bank balances and deposits held in trust	(266,022)	(226,920)
	13,236,545	11,400,532
Effect of exchange rates changes	(1,748)	(97)
Cash and cash equivalents	13,234,797	11,400,435

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

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

EXPLANATORY NOTES :

A1. BASIS OF PREPARATION

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

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

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

- FRS 4, Insurance Contracts
- FRS 7, Financial Instruments: Disclosures
- FRS 8, Operating Segments
- FRS 101, Presentation of Financial Statements (revised)
- FRS 123, Borrowing Costs (revised)
- FRS 139, Financial Instruments: Recognition and Measurement
- Amendments to FRS 1, First-time Adoption of Financial Reporting Standards and FRS 127, Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
- Amendments to FRS 2, Share-based Payment: Vesting Conditions and Cancellations
- Amendments to FRS 132, Financial Instruments: Presentation and FRS 101, Presentation of Financial Statements
  - Puttable Financial Instruments and Obligations Arising on Liquidation
  - Separation of Compound Instruments
- Amendments to FRS 132, Financial Instruments: Presentation – Classification of Rights Issues
- Amendments to FRS 139, Financial Instruments: Recognition and Measurement, FRS 7, Financial Instruments:
  - Disclosures and IC Interpretation 9, Reassessment of Embedded Derivatives
    - Reclassification of Financial Assets
    - Puttable Financial Instruments and Obligations Arising on Liquidation
- Amendments to FRS 139, Financial Instruments: Recognition and Measurement
  - Collective Assessment of Impairment for Banking Institutions
- Improvements to FRSs (2009)
- IC Interpretation 9, Reassessment of Embedded Derivatives
- IC Interpretation 10, Interim Financial Reporting and Impairment
- IC Interpretation 11, FRS 2 - Group and Treasury Share Transactions
- IC Interpretation 13, Customer Loyalty Programmes
- IC Interpretation 14, FRS 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and Their Interaction
- TR i – 3, Presentation of Financial Statements of Islamic Financial Institutions

The effects of adopting FRS 4, FRS 7, FRS 8, FRS 101, Amendments to FRS 117 and IC Interpretation 13, which did not have any significant effect on the financial performance or position of the Group and did not impact earnings per ordinary share, are discussed below:

FRS 4, Insurance Contracts

FRS 4 specifies the financial reporting requirements for insurance contracts by any entity that issues such contracts (insurers). In particular, it requires disclosures that identify and explain the amounts in an insurer's financial statements arising from insurance contracts and helps users of those financial statements understand the amount, timing and uncertainty of future cash flows from insurance contracts. The adoption of FRS 4 did not have any significant impact on the financial statements of the Group other than expanded disclosure requirements. Certain disclosure and comparative figures have been restated to comply with FRS 4.

A1. BASIS OF PREPARATION (CONTD.)

FRS 7, Financial Instruments: Disclosures

Prior to 1 January 2010, information about financial instruments was disclosed in accordance with the requirements of FRS 132, Financial instruments: Disclosure and Presentation. FRS 7 introduces new disclosures to improve the information about financial instruments. It requires the disclosure of qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk, market risk and sensitivity analysis to market risk.

The Group has applied FRS 7 prospectively in accordance with the transitional provisions. Hence, the new disclosures have not been applied to the comparatives. The adoption of FRS 7 did not impact the financial position or results of the Group.

FRS 8, Operating Segments

FRS 8 requires an entity to report financial and descriptive information about its reportable segments. Reportable segments are operating segments or aggregations of operating segments that meet specified criteria. Operating segments are components of an entity about which separate financial information is available that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. Generally, financial information is required to be reported on the same basis as is used internally for evaluating operating segment performance and deciding how to allocate resources to operating segments disclosure in the financial statements. The application of FRS 8 did not have any impact to the financial statements of the Group.

FRS 101, Presentation of Financial Statements

FRS 101 requires the Group to present all owner changes in equity and all non-owner changes to be presented in either a single statement of comprehensive income or in two separate statements of income and comprehensive income. FRS 101 also requires the income tax effect of each component of comprehensive income be disclosed. FRS 101 requires retrospective restatement of comparative statement of financial position as at the beginning of the earliest comparative period. The Group has opted for the two statements approach. The adoption of FRS 101 did not impact the financial position or results of the Group as the changes introduced are presentational in nature.

FRS 117, Leases

The amendments to FRS 117 require leasehold land which are in substance finance leases to be classified as Property and Equipment or Investment Property as appropriate. The Group has reassessed and determined that all leasehold land of the Group which in substance are finance leases and has reclassified the leasehold land to Property and Equipment. The change in accounting policy has been applied retrospectively in accordance with the transitional provisions of the amendment. The reclassification does not affect earnings per ordinary share for the current and prior periods.

IC Interpretation 13, Customer Loyalty Programmes

IC Interpretation 13 clarifies that where goods or services are sold together with a customer loyalty incentive (for example, loyalty points or free products), the arrangement is a multiple element arrangement. The consideration receivable from the customer is allocated between the components of the arrangement using fair values.

The Group's AmBonus Rewards Program, operated for the benefit of the Group's credit card customers, falls within the scope of IC Interpretation 13. Under the AmBonus Rewards Program, the credit card customers are entitled to bonus points that can be used to redeem gifts and vouchers. The accounting treatment adopted by the Group for customer loyalty programmes is consistent with IC Interpretation 13, except that the Group recorded the expense of the AmBonus points as a set off against interest income in the past. The Group has applied IC Interpretation 13 retrospectively in accordance with the transitional provisions of IC Interpretation 13 and has reclassified the expense of the AmBonus points from interest income to fee income to reflect the multiple element arrangement. The reclassification does not affect earnings per ordinary share for the current and prior periods.

The principal effects of the changes in accounting policies arising from the adoption of FRS 139 and its related amendments and IC Interpretations are disclosed in Note A32.

The adoption of the other FRSs, amendments to FRSs, IC Interpretations and Technical Release did not have any material financial impact on the financial statements of the Group.

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

A1. BASIS OF PREPARATION (CONTD.)

FRSs, IC Interpretations and amendments effective for annual periods beginning on or after 1 July 2010:
- FRS 1, First-time Adoption of Financial Reporting Standards (revised)
- FRS 3, Business Combinations (revised)
- FRS 127, Consolidated and Separate Financial Statements (revised)
- Amendments to FRS 2, Share-based Payment
- Amendments to FRS 5, Non-current Assets Held for Sale and Discontinued Operations
- Amendments to FRS 138, Intangible Assets
- Amendments to IC Interpretation 9, Reassessment of Embedded Derivatives
- IC Interpretation 12, Service Concession Arrangements
- IC Interpretation 15, Agreements for the Construction of Real Estate
- IC Interpretation 16, Hedges of a Net Investment in a Foreign Operation
- IC Interpretation 17, Distributions of Non-cash Assets to Owners

Technical Release effective for annual periods ending on or after 31 December 2010:
- TR 3, Guidance on Disclosures of Transition to IFRSs

FRSs, IC Interpretations and amendments effective for annual periods beginning on or after 1 January 2011:
- Amendments to FRS 1, First-time Adoption of Financial Reporting Standards
  - Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters
  - Additional Exemptions for First-time Adopters
- Amendments to FRS 2, Share-based Payment – Group Cash-settled Share-based Payment Transactions
- Amendments to FRS 7, Financial Instruments: Disclosures – Improving Disclosures about Financial Instruments
- IC Interpretation 4, Determining whether an Arrangement contains a Lease
- IC Interpretation 18, Transfers of Assets from Customers
- TR i – 4, Shariah Compliant Sale Contracts
- Improvements to FRSs (2010)

FRSs, IC Interpretations and amendments effective for annual periods beginning on or after 1 July 2011:
- IC Interpretation 19, Extinguishing Financial Liabilities with Equity Instruments
- Amendment to IC Interpretation 14, Prepayments of a Minimum Funding Requirement

FRSs, IC Interpretations and amendments effective for annual periods beginning on or after 1 January 2012
- Amendment to IC Interpretation 15, Agreements for the Construction of Real Estate
- FRS 124, Related Party Disclosures

A2. AUDIT QUALIFICATION

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

A3. SEASONALITY OR CYCLICALITY OF OPERATIONS

The operations of the Group are not materially affacted 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 year ended 31 March 2011.

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

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

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

A7. DIVIDENDS PAID

During the financial year ended 31 March 2011, a first and final dividend comprising gross dividend of 4.4% less tax and single tier tax exempt dividend of 6.1% for the financial year ended 31 March 2010 amounting to RM283,333,355 was paid on 24 September 2010 to shareholders whose names appear in the record of Depositors on 9 September 2010.

An interim single tier dividend of 6.0% for the financial year ended 31 March 2011 amounting to RM180,851,091 was paid on 15 December 2010 to shareholders whose names appear in the record of Depositors on 30 November 2010.

A8. FINANCIAL ASSETS HELD-FOR-TRADING

	Group	
	31.03.11	**31.03.10**
	RM'000	**RM'000**
At Fair Value		
Money Market Securities:		
Treasury bills	49,046	19,551
Islamic Treasury bills	23,661	39,141
Malaysian Government Securities	160,285	154,746
Malaysian Government Investment Certificates	771,473	452,188
Bank Negara Malaysia Monetary Notes	2,449,627	306,008
Sukuk Bank Negara Malaysia	1,469	14,990
	3,455,561	986,624
Quoted Securities:		
In Malaysia:		
Shares	292,024	86,852
Warrants	2,835	1,934
Trust units	81,773	5,303
Outside Malaysia:		
Shares	7,331	4,239
Trust units	1,688	-
	385,651	98,328
Unquoted Private Debt Securities:		
In Malaysia:		
Corporate bonds	264,590	-
Corporate notes	355,478	191,407
Islamic corporate bonds	236,221	100,441
Islamic corporate notes	476,236	322,009
Outside Malaysia:		
Corporate bonds	-	14,632
	1,332,525	628,489
Total	5,173,737	1,713,441

A9. FINANCIAL INVESTMENTS AVAILABLE-FOR-SALE

	Group	
	31.03.11	**31.03.10**
	RM'000	**RM'000**
At Fair Value, or cost less impairment losses for certain unquoted securities		
Money Market Securities:		
Malaysian Government Securities	266,267	427,258
Malaysian Government Investment Certificates	284,875	76,005
Negotiable instruments of deposits	1,748,816	2,579,057
Negotiable Islamic debt certificates	1,134,325	577,330
Islamic khazanah bonds	-	37,890
	3,434,283	3,697,540
Quoted Securities:		
In Malaysia:		
Shares	44,307	136,378
Trust units	900,571	1,149,180
Outside Malaysia:		
Shares	26,356	21,847
Trust units	-	1,754
	971,234	1,309,159
Unquoted Securities:		
In Malaysia:		
Shares	135,931	21,476
Outside Malaysia:		
Shares	23,960	17,848
	159,891	39,324
Quoted Debt Equity Converted Securities:		
In Malaysia:		
Shares	11,809	14,380
Loan stocks	-	2,326
Loan stocks - collateralised	22,270	-
Corporate bonds - collateralised	33,610	332
Outside Malaysia:		
Shares	93	104
	67,782	17,142

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

	Group	
	31.03.11	**31.03.10**
	RM'000	**RM'000**
Unquoted Debt Equity Converted Securities:		
In Malaysia:		
Loan stocks	58,563	-
Unquoted Private Debt Securities:		
In Malaysia:		
Corporate bonds	932,200	929,520
Islamic corporate bonds	596,725	785,785
Corporate notes	263,149	166,319
Islamic corporate notes	1,383,139	1,699,005
Outside Malaysia:		
Corporate bonds	1,458	7,941
Islamic corporate bonds	23,768	16,943
	3,200,439	3,605,513
Unquoted Guaranteed Private Debt Securities:		
In Malaysia:		
Corporate bonds	181,743	342,452
Islamic corporate bonds	-	82,726
	181,743	425,178
Total	8,073,935	9,093,856

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

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

A10. FINANCIAL INVESTMENTS HELD-TO-MATURITY

	Group	
	31.03.11	**31.03.10**
	RM'000	**RM'000**
Quoted Securities:		
In Malaysia:		
Shares	-	2
Unquoted Securities:		
In Malaysia:		
Shares	-	103,118
Corporate bonds	959	100
Outside Malaysia:		
Shares	-	2,247
	959	105,465
Quoted Debt Equity Converted Securities:		
In Malaysia:		
Shares	-	40
Loan stocks - collateralised	-	41,915
Corporate bonds - collateralised	-	33,172
	-	75,127

A10. FINANCIAL INVESTMENTS HELD-TO-MATURITY (CONTD.)

	Group	
	31.03.11 RM'000	**31.03.10 RM'000**
Unquoted Debt Equity Converted Securities:		
In Malaysia:		
Shares	-	3,027
Loan stocks	-	41,419
Loan stocks - collateralised	971	314,279
Corporate bonds - collateralised	265,881	149,200
Corporate bonds	75,723	45,300
	342,575	553,225
Unquoted Private Debt Securities:		
In Malaysia:		
Corporate bonds and notes denominated in USD	-	4,961
Corporate notes	-	30,370
Islamic corporate bonds	29,672	139,435
	29,672	174,766
Unquoted Guaranteed Private Debt Securities:		
In Malaysia:		
Corporate bonds	10,000	10,000
	383,206	918,585
Accumulated impairment losses	(207,775)	(355,842)
Total	175,431	562,743

A11. LOANS, ADVANCES AND FINANCING

	Group	
At amortised cost:	**31.03.11 RM'000**	**31.03.10 RM'000**
Loans and financing:		
Term loans and revolving credit	29,552,920	23,874,032
Housing loans	12,629,029	11,750,125
Staff loans	167,496	167,526
Hire-purchase receivables	30,252,309	30,875,449
Credit card receivables	1,805,185	1,782,020
Lease receivables	1,806	1,142
Overdrafts	2,365,167	1,934,446
Claims on customers under acceptance credits	3,175,549	2,788,014
Trust receipts	660,754	387,309
Block discount receivables	60,293	57,928
Factoring receivables	51,018	57,143
Bills receivable	390,546	115,140
	81,112,072	73,790,274
Unearned interest and income	(7,526,637)	(7,161,411)
	73,585,435	66,628,863
Islamic financing sold to Cagamas Berhad	(1,700,034)	(345,738)
Gross loans, advances and financing	71,885,401	66,283,125
Allowance for impairment on loans and financing:		
Collective allowance	(2,135,148)	-
Individual allowance	(371,429)	-
General allowance	-	(1,003,472)
Specific allowance	-	(853,733)
	(2,506,577)	(1,857,205)
Net loans, advances and financing	69,378,824	64,425,920

* Included in term loans and revolving credit of the Group as at 31 March 2011 are loans amounting to RM202,955,000 (31 March 2010: RM210,619,000) which are exempted from collective allowance by Bank Negara Malaysia.

A11. LOANS, ADVANCES AND FINANCING (CONTD.)

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

	Group	
	31.03.11	**31.03.10**
	RM'000	**RM'000**
Maturing within one year	15,661,854	11,785,670
One to three years	8,240,649	6,886,454
Three to five years	11,174,708	11,232,791
Over five years	36,808,190	36,378,210
	71,885,401	66,283,125

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

	Group	
	31.03.11	**31.03.10**
	RM'000	**RM'000**
Agriculture	2,176,666	1,542,566
Mining and quarrying	727,193	441,170
Manufacturing	6,072,622	4,966,074
Electricity, gas and water	2,403,849	2,292,627
Construction	3,442,555	3,759,983
Wholesale, retail, restaurant and hotel	3,694,982	3,594,540
Transport, storage and communication	3,039,423	3,012,306
Finance, insurance, real estate and business activities	7,914,588	5,417,211
Education and health	1,013,023	819,295
Household	41,839,781	39,877,984
of which:		
Purchase of residential properties	11,903,778	11,372,657
Purchase of transport vehicles	23,571,034	23,504,635
Others	6,364,969	5,000,692
Others	1,260,753	905,107
	73,585,435	66,628,863
Islamic financing sold to Cagamas Berhad	(1,700,034)	(345,738)
	71,885,401	66,283,125

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

	Group	
	31.03.11	**31.03.10**
	RM'000	**RM'000**
Domestic:		
Other non-bank financial institutions	2,594,135	1,315,435
Business enterprises:		
Small and medium enterprises	7,474,065	7,220,784
Others	20,775,251	17,484,714
Government and statutory bodies	333,174	253,528
Individuals	40,223,109	39,476,916
Other domestic entities	3,645	3,021
Foreign entities	482,022	528,727
	71,885,401	66,283,125

A11. LOANS, ADVANCES AND FINANCING (CONTD.)

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

	Group	
	31.03.11	**31.03.10**
	RM'000	**RM'000**
Variable rate:		
Base lending rate plus	20,904,588	17,433,703
Cost plus	13,792,343	10,548,022
Other variable rates	2,022,274	1,323,736
	36,719,205	29,305,461
Fixed rate:		
Housing loans/financing	2,241,900	2,356,514
Hire purchase receivables	22,566,305	25,475,862
Other loans/financing	10,357,991	9,145,288
	35,166,196	36,977,664
	71,885,401	66,283,125

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

	Group	
	31.03.11	**31.03.10**
	RM'000	**RM'000**
In Malaysia	71,015,830	65,854,288
Outside Malaysia	869,571	428,837
	71,885,401	66,283,125

A11. LOANS, ADVANCES AND FINANCING (CONTD.)

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

	Group	
	31.03.11 RM'000	**31.03.10 RM'000**
Gross		
Balance at beginning of year	1,865,758	2,426,458
Effect of adopting FRS139	673,015	-
Balance at beginning of year (restated)	2,538,773	2,426,458
Impaired during the year	1,311,149	1,030,338
Reclassification to non-impaired loans and financing	(384,996)	(452,389)
Recoveries	(337,124)	(198,611)
Amount written-off	(682,359)	(940,038)
Repurchase of loans	4,142	-
Balance at end of year	2,449,585	1,865,758
Ratios of impaired loans, advances and financing to total loans, advances and financing (including Islamic financing sold to Cagamas Berhad)	3.3%	2.8%
Loan loss coverage excluding collateral values	102.3%	99.5%

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

	Group	
	31.03.11 RM'000	**31.03.10 RM'000**
Agriculture	38,785	2,747
Mining and quarrying	461	1,028
Manufacturing	273,295	101,638
Electricity, gas and water	288,509	649
Construction	289,257	296,615
Wholesale, retail, restaurant and hotel	82,308	63,010
Transport, storage and communication	21,276	19,278
Fin, real estate, ins and bus activities	119,704	124,633
Education and health	43,171	46,244
Household	1,275,779	1,194,188
of which:		
Purchase of residential properties	649,725	634,064
Purchase of transport vehicles	380,876	399,828
Others	245,178	160,296
Others	17,040	15,728
	2,449,585	1,865,758

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

	Group	
	31.03.11 RM'000	**31.03.10 RM'000**
In Malaysia	2,449,585	1,865,758

A11. LOANS, ADVANCES AND FINANCING (CONTD.)

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

	Group	
	31.03.11	**31.03.10**
	RM'000	**RM'000**
Collective allowance		
Balance at beginning of year	-	-
Effect of adopting FRS 139	1,803,552	-
Balance at beginning of year (restated)	1,803,552	-
Allowance made during the year, net	808,818	-
Amount written off	(480,862)	-
Repurchase of loans	4,142	-
Exchange fluctuation adjustments	(502)	-
Balance at end of year	2,135,148	-
% of total loans, advances and financing (including Islamic financing sold to Cagamas Berhad) less individual allowance	2.9%	-
Individual allowance		
year		
Balance at beginning of year	-	-
Effect of adopting FRS 139	458,225	-
Balance at beginning of year (restated)	458,225	-
Allowance made during the year, net	103,855	-
Transfer from debt converted instrument	12,356	
Amount written off	(203,007)	-
Balance at end of year	371,429	-
General allowance		
Balance at beginning of year	1,003,472	899,517
Effect of adopting FRS 139	(1,003,472)	-
Balance at beginning of year (restated)	-	899,517
Allowance made during the year	-	104,924
Exchange fluctuation adjustments	-	(969)
Balance at end of year	-	1,003,472
% of total loans, advances and financing (including Islamic financing sold to Cagamas Berhad) less specific allowances	-	1.5%
Specific allowance		
Balance at beginning of year	853,733	921,611
Effect of adopting FRS 139	(853,733)	-
Balance at beginning of year (restated)	-	921,611
Allowance made during the year	-	1,205,040
Amount written back in respect of recoveries and reversals	-	(336,980)
Adjustment to deferred asset account	-	588
Amount written off	-	(936,526)
Balance at end of year	-	853,733

A12. OTHER ASSETS

	Group	
	31.03.11 RM'000	31.03.10 RM'000
Trade receivables, net of allowance for doubtful debts	1,034,909	864,046
Other receivables, deposits and prepayments, net of allowance for doubtful debts	525,122	571,737
Interest receivables on treasury assets, net of allowance for doubtful debts	362,023	278,917
Fee receivables, net of allowance for doubtful debts	41,496	40,261
Amount due from Originators	19,583	22,793
Amount due from agents, brokers and reinsurers, net of allowance	76,636	24,553
Foreclosed properties, net of allowance for impairment in value	112,143	151,922
Deferred assets	34,744	34,744
	2,206,656	1,988,973

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	
	31.03.11 RM'000	31.03.10 RM'000
Deposits from:		
Licensed banks	288,018	411,440
Licensed investment banks	442,342	512,060
Bank Negara Malaysia	2,247,277	902,577
Other financial institutions	1,294,019	2,489,199
	4,271,656	4,315,276

A15. DEPOSITS FROM CUSTOMERS

	Group	
	31.03.11 RM'000	31.03.10 RM'000
Term/Investment deposits	63,955,874	59,883,117
Savings deposits	4,263,507	3,985,055
Demand deposits	5,660,101	4,386,833
Negotiable instruments of deposits	250,280	447,757
Other deposits	437,200	171,350
	74,566,962	68,874,112
Business enterprises	27,358,336	29,588,517
Individuals	29,704,689	26,828,735
Government and statutory bodies	16,274,261	11,240,282
Others	1,229,676	1,216,578
	74,566,962	68,874,112

A16. OTHER LIABILITIES

	Group	
	31.03.11 RM'000	31.03.10 RM'000
Trade payables	1,019,344	766,418
Other payables and accruals	1,422,538	1,294,522
Interest payable on deposits and borrowings	750,939	539,841
Lease deposits and advance rentals	58,634	64,720
General insurance funds	746,120	665,032
Provision for commitments and contingencies	157,627	21,916
Profit equalisation reserve	6,854	49,298
Tax payable	301,525	76,204
	4,463,581	3,477,951

A17. INTEREST INCOME

	Individual Quarter		Cumulative Quarter	
Group	31.03.11 RM'000	31.03.10 RM'000	31.03.11 RM'000	31.03.10 RM'000
Short-term funds and deposits with financial institutions	58,648	50,674	232,628	205,865
Financial assets held-for-trading	30,774	9,049	98,393	42,839
Financial investments available-for-sale	68,249	70,581	276,060	274,628
Financial investments held-to-maturity	956	3,490	15,356	22,151
Loans, advances and financing	900,524	797,644	3,425,601	3,076,242
Interest income on impaired loans	829	-	13,157	-
Others	3,051	696	9,175	2,294
	1,063,031	932,134	4,070,370	3,624,019

A18. INTEREST EXPENSE

	Individual Quarter		Cumulative Quarter	
Group	31.03.11 RM'000	31.03.10 RM'000	31.03.11 RM'000	31.03.10 RM'000
Deposits from customers	397,596	293,603	1,452,104	1,256,819
Deposit of banks and other financial institutions	1,860	34,200	33,471	121,289
Senior notes	38,939	3,289	143,606	3,289
Credit-Linked Note	2,453	-	7,988	-
Amount due to Cagamas Berhad	10,507	1,041	19,801	4,379
Bank borrowings:				
Term loans	3,321	2,795	13,233	10,835
Subordinated deposits and term loans	6,296	6,362	25,832	31,201
Interest on bonds	211	6,947	18,133	36,249
Medium term notes	21,771	21,771	88,294	84,396
Net interest rate swaps expense	6,684	26,322	64,121	106,273
Hybrid securities	19,784	21,279	80,885	71,033
Others	2,764	1,898	8,310	4,704
	512,186	419,507	1,955,778	1,730,467

A19. NET INCOME FROM INSURANCE BUSINESS

Group	Individual Quarter 31.03.11 RM'000	Individual Quarter 31.03.10 RM'000	Cumulative Quarter 31.03.11 RM'000	Cumulative Quarter 31.03.10 RM'000
Income from Insurance Business:				
Premium income from general insurance business	138,443	126,775	544,017	494,231
Surplus transfer from the life insurance business	12,000	12,000	64,800	36,000
	150,443	138,775	608,817	530,231
Insurance Claims and Commissions:				
Insurance commission	15,687	10,857	57,239	47,782
General insurance claims	98,841	97,107	379,606	358,762
	114,528	107,964	436,845	406,544
Total income from insurance business, net	35,915	30,811	171,972	123,687

A20. OTHER OPERATING INCOME

Group	Individual Quarter 31.03.11 RM'000	Individual Quarter 31.03.10 RM'000	Cumulative Quarter 31.03.11 RM'000	Cumulative Quarter 31.03.10 RM'000
Fee income:				
Fees on loans, financing and securities	37,113	36,201	190,518	165,970
Corporate advisory	4,247	3,351	30,124	21,158
Guarantee fees	9,769	7,286	38,479	36,463
Underwriting commissions	126	207	16,591	8,598
Portfolio management fees	10,940	3,894	21,121	14,616
Unit trust management fees	18,878	15,638	72,286	57,490
Brokerage rebates	189	155	589	390
Property trust management fees	1,225	1,315	4,968	5,205
Brokerage fees and commissions	32,727	27,902	115,626	118,889
Bancassurance commission	7,173	8,102	31,580	34,404
Net income from asset securitisation	263	375	822	1,004
Other fee income	19,300	14,322	72,934	70,474
	141,950	118,748	595,638	534,661
Investment and trading income:				
Net gain from sale of financial assets held-for-trading	14,228	13,527	71,282	51,788
Net gain from sale of financial investments available-for-sale	10,394	16,539	64,919	47,215
Net gain on redemption of financial investments held-to-maturity	1,288	84	7,431	29,479
Gain/(Loss) on revaluation of financial assets held-for-trading	(3,685)	(2,428)	15,613	5,484
Foreign exchange [1]	14,895	16,558	64,875	42,973
Gain on redemption of structured product	9	7	144	3
Gain/(Loss) on derivatives	20,101	(3,916)	20,099	17,371
Gain/(Loss) on revaluation of fair value hedge [2]	(84)	(197)	696	1,035
Gross dividend income from:				
Financial assets held-for-trading	1,413	677	7,152	3,276
Financial investments available-for-sale	7,119	2,810	34,250	24,622
Financial investments held-to-maturity	-	359	2,902	7,171
	65,678	44,020	289,363	230,417

A20. OTHER OPERATING INCOME (CONTD.)

Group	Individual Quarter 31.03.11 RM'000	Individual Quarter 31.03.10 RM'000	Cumulative Quarter 31.03.11 RM'000	Cumulative Quarter 31.03.10 RM'000
Other income:				
Non-trading foreign exchange	1,612	728	4,618	3,685
Gain on disposal of property and equipment, net	906	6	1,568	527
Rental income	1,004	22	3,866	3,978
Other operating income	5,670	6,224	11,818	11,766
	9,192	6,980	21,870	19,956
	216,820	169,748	906,871	785,034

[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) and Hybrid Capital (hedged item) relating to the hedged risk.

A21. OTHER OPERATING EXPENSES

Group	Individual Quarter 31.03.11 RM'000	Individual Quarter 31.03.10 RM'000	Cumulative Quarter 31.03.11 RM'000	Cumulative Quarter 31.03.10 RM'000
Personnel/Staff costs:				
Salaries, allowances and bonuses	167,331	179,019	694,954	677,461
Shares/options granted under Group Executives' Share Scheme	8,343	2,933	34,854	14,860
Others	68,486	64,802	216,521	205,284
	244,160	246,754	946,329	897,605
Establishment costs:				
Depreciation	13,470	13,133	53,975	54,982
Amortisation of computer software	9,584	8,285	33,836	30,790
Computerisation costs	25,507	28,521	122,817	103,229
Rental	21,787	20,360	85,231	81,034
Cleaning and maintenance	7,627	6,621	24,691	22,351
Others	6,164	7,781	26,233	31,341
	84,139	84,701	346,783	323,727
Marketing and communication expenses:				
Sales commission	866	4,437	13,666	22,225
Advertising, promotional and other marketing activities	11,463	19,933	52,281	63,052
Telephone charges	4,666	4,746	17,580	18,506
Postage	4,379	2,667	12,228	8,525
Travel and entertainment	4,540	3,845	16,633	14,645
Others	5,636	5,912	22,268	22,595
	31,550	41,540	134,656	149,548
Administration and general:				
Professional services	22,582	24,296	85,087	86,335
Donations	310	24	587	151
Administration and management expenses	155	317	687	1,377
Others	13,142	13,783	47,798	42,613
	36,189	38,420	134,159	130,476
	396,038	411,415	1,561,927	1,501,356

A22. ALLOWANCE FOR IMPAIRMENT ON LOANS AND FINANCING

Group	**Individual Quarter**		**Cumulative Quarter**	
	31.03.11 RM'000	**31.03.10 RM'000**	**31.03.11 RM'000**	**31.03.10 RM'000**
Allowance for bad and doubtful debts and financing:				
Individual allowance, net	30,057	-	103,855	-
Collective allowance	190,676	-	808,818	-
Specific allowance:				
Allowance during the period/year	-	292,184	-	1,205,040
Amount written back in respect of recoveries and reversals	-	(83,571)	-	(336,980)
General allowance	-	14,715	-	104,924
Recovery on loans sold to Danaharta	-	-	(2,025)	(4,430)
Bad debts and financing:				
Written off	1	-	37	-
Recovered	(106,549)	(74,865)	(435,240)	(399,661)
	114,185	148,463	475,445	568,893

A23. BUSINESS SEGMENT ANALYSIS

Group 31.03.2011	**Retail Banking RM'000**	**Business Banking RM'000**	**Investment Banking RM'000**	**Corporate and Institutional Banking RM'000**	**Insurance RM'000**	**Treasury and Markets RM'000**	**Group Functions and Others RM'000**	**Total RM'000**
Revenue	2,688,479	638,455	361,802	1,230,291	1,008,095	356,984	826,634	7,110,740
Income	1,858,477	497,233	358,041	360,527	244,874	309,022	284,804	3,912,978
Expenses	(710,689)	(103,951)	(186,771)	(99,543)	(86,239)	(68,480)	(306,254)	(1,561,927)
Profit/(Loss) before provisions	1,147,788	393,282	171,270	260,984	158,635	240,542	(21,450)	2,351,051
Provisions	(343,259)	(122,227)	(3,247)	5,917	1,140	(5,064)	(19,187)	(485,927)
Profit/(Loss) after provisions	804,529	271,055	168,023	266,901	159,775	235,478	(40,637)	1,865,124
Taxation and zakat	(201,221)	(67,350)	(41,212)	(57,060)	(37,735)	(58,514)	(10,882)	(473,974)
Net profit/(Loss) for the year	603,308	203,705	126,811	209,841	122,040	176,964	(51,519)	1,391,150
Other information:								
Cost to income ratio	38.2%	20.9%	52.2%	27.6%	35.2%	22.2%	107.5%	39.9%
Gross loans/ financing	45,431,937	14,685,951	553,545	11,971,713	2,960	-	(760,705)	71,885,401
Net loans/ financing	44,155,454	14,448,024	539,592	11,879,556	2,960	-	(1,646,762)	69,378,824
Gross impaired loans, advances and financing	1,410,019	245,708	5,920	-	-	-	787,938	2,449,585
Total deposits	34,928,546	7,264,109	196,971	33,632,050	-	304,803	2,512,139	78,838,618

A23. BUSINESS SEGMENT ANALYSIS (CONTD.)

Group 31.03.2010	**Retail Banking RM'000**	**Business Banking RM'000**	**Investment Banking RM'000**	**Corporate and Institutional Banking RM'000**	**Insurance RM'000**	**Treasury and Markets RM'000**	**Group Functions and Others RM'000**	**Total RM'000**
Revenue	2,871,751	367,057	308,009	323,127	1,353,416	345,099	1,260,486	6,828,945
Income	1,832,400	373,581	315,445	341,519	177,815	308,833	227,444	3,577,037
Expenses	(722,574)	(89,285)	(164,251)	(89,214)	(80,018)	(42,907)	(313,107)	(1,501,356)
Profit/(Loss) before provisions	1,109,826	284,296	151,194	252,305	97,797	265,926	(85,663)	2,075,681
Provisions	(406,515)	(70,425)	(6,236)	(19,097)	(1,043)	(36,019)	(159,687)	(699,022)
Profit/(Loss) after provisions	703,311	213,871	144,958	233,208	96,754	229,907	(245,350)	1,376,659
Taxation and zakat	(175,829)	(53,426)	(37,122)	(54,208)	(15,973)	(60,115)	62,622	(334,051)
Net profit/(Loss) for the year	527,482	160,445	107,836	179,000	80,781	169,792	(182,728)	1,042,608
Other information								
Cost to income ratio	39.4%	23.9%	52.1%	26.1%	45.0%	13.9%	137.7%	42.0%
Gross loans/ financing	44,089,576	11,541,692	364,839	9,446,209	3,798	-	837,011	66,283,125
Net loans/ financing	42,991,841	11,306,537	352,828	9,299,519	3,776	-	471,419	64,425,920
Gross impaired loans, advances and financing	1,289,193	77,645	5,996	-	-	-	492,924	1,865,758
Total deposits	30,721,122	7,470,128	92,294	33,785,017	-	2,437,575	(1,316,748)	73,189,388

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

A24. VALUATIONS OF PROPERTY AND EQUIPMENTS

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

A25. EVENTS SUBSEQUENT TO BALANCE SHEET DATE

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

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

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

A27. COMMITMENTS AND CONTINGENCIES

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

As at 31 March 2011, the commitments and contingencies on an aggregated basis are as follows:

	31.03.11	31.03.10
Group	**Principal Amount RM'000**	**Principal Amount RM'000**
Commitments		
Irrevocable commitments to extend credit maturing:		
within one year	13,629,979	13,408,721
more than one year	6,026,269	1,954,602
Unutilised credit card line	3,786,573	4,192,748
Forward purchase commitments	569,428	912,542
	24,012,249	20,468,613
Contingent Liabilities		
Guarantees given on behalf of customers	2,717,125	2,455,921
Certain transaction-related contingent items	2,283,260	1,812,955
Obligations under underwriting agreements	452,500	696,115
Short term self liquidating trade-related contingencies	764,769	473,429
Islamic financing sold to Cagamas	1,589,790	335,852
Others	46,209	39,798
	7,853,653	5,814,070
Derivative Financial Instruments		
Interest rate related contracts:	37,027,741	31,333,050
One year or less	5,870,000	4,300,000
Over one to five years	27,256,982	23,727,526
Over five years	3,900,759	3,305,524
Foreign exchange related contracts:	29,667,757	4,273,584
One year or less	28,586,642	3,792,088
Over one to five years	929,850	481,496
Over five years	151,265	-
Credit related contracts:	328,907	-
One year or less	76,474	-
Over one to five years	252,433	-
Over five years	-	-
Equity related contracts:	1,138,784	220,356
One year or less	604,233	58,694
Over one to five years	521,071	161,662
Over five years	13,480	-
Commodity related contracts:	147,703	151,000
One year or less	-	-
Over one to five years	147,703	151,000
Over five years	-	-
	68,310,892	35,977,990
	100,176,794	62,260,673

A27. COMMITMENTS AND CONTINGENCIES (CONT.)

As at 31 March 2011, other commitments and contingencies of the Group and of the Company are as follows:

(a) The Company has given unsecured guarantee amounting to RM75,000,000 (RM75,000,000 as at 31 March 2010) on behalf of a subsidiary company for the payment and discharge of all moneys due on a trading account maintained by a customer with that subsidiary company.

(b) The Company has given a continuing undertaking totalling SGD40,000,000 (31 March 2010: 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 LFSA on behalf of AMIL, AmBank's offshore bank subsidiary, to meet all its liabilities and financial obligations and requirements.

(d) The Company has given a guarantee to HSI Services Limited ("HSI") and Hang Seng Data Services Limited ("HSDS") on behalf of its subsidiary, AmLife Insurance Berhad ("AmLife"), for the performance and discharge by AmLife of its obligations under the licence agreement with HSI and HSDS for use of the Hang Seng China Enterprise Index in respect of AmLife's investment-linked product called AmAsia Link-Capital Guaranteed Fund.

(e) A suit dated 12 December 2005 was filed by Meridian Asset Management Sdn Bhd ("Meridian") against AmTrustee Berhad ("AmTrustee") ("Meridian Suit"), a subsidiary of the Company in respect of a claim amounting to RM27,606,169.65 for alleged loss and damage together with interests and costs arising from AmTrustee's provision of custodian services to Meridian.

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

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

AmTrustee has also filed a stay of proceedings application of the Meridian's Suit due to Meridian's counter claim in the MAA action amounting to duplicity/abuse of process on 22 February 2008 which was dismissed with costs on 26 June 2008. AmTrustee has since filed a Notice of Appeal to the Court of Appeal on 25 July 2008. No hearing date has been fixed as yet.

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

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

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

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

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

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

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

AmTrustee has filed an Application to Strike Out the Third Party Notice.

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

Trial dates have been fixed for both Meridian and MAA Suits from 24 January to 26 January 2011.

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

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

A27. COMMITMENTS AND CONTINGENCIES (CONT.)

(e) The Stay Application came up for hearing on 27 December 2010, and the court allowed AmTrustee's Stay Application and further directed AmTrustee to expedite the AmTrustee's Appeal to the court of appeal prior to the hearing dates of this matter fixed on 24 January to 26 January 2011. AmTrustee's solicitors are working towards this.

Court had further fixed both Meridian and MAA Suits for Case Management on 21 January 2011.

In the meantime, AmTrustee's application to Strike Out the Third Party Notice by Meridian in the KWAP Suit was fixed for Hearing on 27 September 2010 and refixed for decision on 1 November 2010.

The court allowed AmTrustee's Application with cost on 1 November 2010. Meridian has on the 1 December 2010 filed a Notice of Appeal against this decision at the court of Appeal. No hearing date has been fixed as yet to hear the appeal.

With such a Court Order, AmTrustee will not be involved in the litigation of KWAP Suit pending the disposal of Meridian's appeal at the court of Appeal.

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

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

A28. DERIVATIVE FINANCIAL ASSETS/LIABILITIES

Group	31.03.11 Contract/ Notional Amount RM'000	31.03.11 Positive Fair Value RM'000	31.03.11 Negative Fair Value RM'000	31.03.10 Contract/ Notional Amount RM'000	31.03.10 Positive Fair Value RM'000	31.03.10 Negative Fair Value RM'000
Trading derivative						
Interest rate related contracts:	26,102,681	127,097	135,044	21,600,650	177,020	188,058
Less than one year	4,490,000	6,134	5,670	4,260,000	6,183	10,166
One to three years	11,050,922	55,698	46,516	16,142,526	128,210	78,033
More than three years	10,561,759	65,265	82,858	1,198,124	42,627	99,859
Foreign exchange related contracts:	29,667,757	107,067	145,052	4,273,584	47,108	87,311
Less than one year	28,586,642	83,235	89,974	3,792,088	40,382	47,941
One to three years	344,633	10,278	9,635	318,398	2,840	36,112
More than three years	736,482	13,554	45,443	163,098	3,886	3,258
Credit related contracts:	328,907	5,495	5,495	-	-	-
Less than one year	76,474	131	131	-	-	-
One to three years	252,433	5,364	5,364	-	-	-
More than three years	-	-	-	-	-	-
Equity related contracts:	1,138,784	35,164	124,311	522,014	9,348	36,408
Less than one year	604,233	26,136	111,123	58,694	-	10,952
One to three years	312,355	3,775	3,771	341,478	6,698	1,481
More than three years	222,196	5,253	9,417	121,842	2,650	23,975
Commodity related contracts:	147,703	1,812	1,810	151,000	3,461	3,458
Less than one year	-	-	-	-	-	-
One to three years	147,703	1,812	1,810	83,142	812	810
More than three years	-	-	-	67,858	2,649	2,648
	57,385,832	276,635	411,712	26,547,248	236,937	315,235
Hedging derivative						
Interest rate related contracts:	10,925,060	122,162	23,396	9,732,400	106,706	77,742
Less than one year	1,380,000	38	6,036	40,000	-	279
One to three years	7,120,000	45,109	13,376	7,485,000	42,344	35,627
More than three years	2,425,060	77,015	3,984	2,207,400	64,362	41,836
Total	68,310,892	398,797	435,108	36,279,648	343,643	392,977

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 options is a financial derivatives that provides the buyer of the option with the right, but not obligation, to buy/sell a specified amount of one currency for another currency at a nominated strike rate during a certain period of time or on a specific date.

A28. DERIVATIVE FINANCIAL ASSETS/LIABILITIES (CONTD.)

Purpose of engaging in financial derivatives (Contd.)

An Interest Rate Options ("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 and equity futures. 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. During the year, the Group offered Equity Swaps to expand its product range to generate income. 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 types of market and credit risk as other financial instruments, and the Group manages these risks in a consistent manner under the overall risk management framework.

Market risk 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.

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.

A28. DERIVATIVE FINANCIAL ASSETS/LIABILITIES (CONTD.)

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.

Derivative Financial Instruments and Hedge Accounting

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

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

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

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

(i) Fair Value Hedge

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

(ii) Cash Flow Hedge

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

(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 similarly to cash flow hedges. Gains or losses on the hedging instrument relating to the effective portion of the hedge are taken directly to the foreign currency translation reserve while those relating to the ineffective portion of the hedge are recognised in the statements of comprehensive income. On disposal of the foreign operation, the cumulative gains or losses recognised in equity will be transferred to the statements of comprehensive income.

A29. CAPITAL ADEQUACY RATIO

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

	31.03.11			
	AmBank	**AmIslamic**	**AmIB**	**AMMB Banking Group ***
Before deducting proposed dividends:				
Core capital ratio	10.0%	8.0%	24.7%	10.2%
Risk-weighted capital ratio	14.8%	12.5%	24.7%	14.4%
After deducting proposed dividends:				
Core capital ratio	9.5%	8.0%	21.7%	9.8%
Risk-weighted capital ratio	14.4%	12.5%	21.7%	14.0%

	31.03.10			
	AmBank	**AmIslamic**	**AmIB**	**AMMB Banking Group ***
Before deducting proposed dividends:				
Core capital ratio	11.0%	10.5%	28.3%	10.3%
Risk-weighted capital ratio	15.3%	15.3%	30.1%	15.8%
After deducting proposed dividends:				
Core capital ratio	10.4%	10.5%	25.5%	9.8%
Risk-weighted capital ratio	14.8%	15.3%	27.3%	15.3%

***** The banking subsidiaries of the Company to which the Risk-Weighted Capital Adequacy Framework ("RWCAF") apply are AmBank (M) Berhad ("AmBank"), AmInvestment Bank Berhad ("AmIB") and AmIslamic Bank Berhad ("AmIslamic") - which offers Islamic banking services. For the purpose of this report, these banking subsidiaries are collectively referred to as "AMMB Banking Group".

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.

Notes:
1) AMMB Banking 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

2) The capital position and RWA of AmBank refers to the combined capital base and RWA of AmBank (M) Bhd and its wholly-owned offshore banking subsidiary company, AmInternational (L) Ltd ("AMIL")

A29. CAPITAL ADEQUACY RATIO (CONTD.)

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

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

Excludes collective allowance on impaired loans/financing restricted from Tier 2 capital of the AMMB Banking Group of RM636,830,000.

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

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

A29. CAPITAL ADEQUACY RATIO (CONTD.)

	31.03.10			
	AmBank RM'000	**AmIslamic RM'000**	**AmIB RM'000**	**AMMB Banking Group * RM'000**
Tier 1 capital:				
Paid-up ordinary share capital	670,364	403,038	200,000	870,364
Share premium	942,844	534,068	-	942,844
Statutory reserve	680,459	265,169	200,000	1,145,628
Capital reserve	-	-	-	380,307
Merger reserve	-	-	-	405,222
Exchange fluctuation reserve	9,470	-	-	24,232
Irredeemable non-cumulative convertible preference shares	150,000	-	-	150,000
Innovative Tier 1 capital	921,431	-	-	1,011,446
Non-innovative Tier 1 capital	500,000	-	-	500,000
Retained earnings at end of year	2,498,526	133,719	113,874	2,136,056
Total	6,373,094	1,335,994	513,874	7,566,099
Less: Goodwill	-	-	-	(11,243)
Deferred tax (assets)/liabilities, net	(231,088)	(42,218)	(4,556)	(278,176)
Total Tier 1 capital	6,142,006	1,293,776	509,318	7,276,680
Tier 2 capital:				
Medium term notes	1,557,800	-	-	1,557,800
Subordinated bonds	-	400,000	135,000	535,000
Exchangeable bonds	575,000	-	-	575,000
Innovative Tier 1 capital	313,669	-	-	223,654
General allowance for bad and doubtful debts	808,631	184,803	9,768	1,007,509
Total Tier 2 capital	3,255,100	584,803	144,768	3,898,963
Total capital funds	9,397,106	1,878,579	654,086	11,175,643
Less: Investment in subsidiaries	(816,850)	-	(88,231)	(32,779)
Investment in capital of related financial institutions and other deduction	(50)	-	(24,448)	(24,498)
Capital base	8,580,206	1,878,579	541,407	11,118,366

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

Credit risk	50,564,550	10,740,202	1,287,199	62,993,068
Market risk	1,584,871	456,330	148,564	2,189,913
Operational risk	3,783,839	1,090,009	364,560	5,305,721
Large exposure risk requirements for equity holdings	5,203	-	-	5,203
Total risk-weighted assets	55,938,463	12,286,541	1,800,323	70,493,905

A30. CREDIT EXPOSURE ARISING FROM CREDIT TRANSACTIONS WITH CONNECTED PARTIES

	Group	
	31.03.11 RM'000	**31.03.10 RM'000**
Outstanding credit exposures with connected parties	921,814	800,143
Percentage of outstanding credit exposures to connected parties		
- as a proportion of total credit exposures	1.14	1.10
- which is non-performing or in default	0.14	0.02

The disclosure on Credit Transaction and Exposures with Connected Parties above is presented in accordance with para 9.1 of Bank Negara Malaysia's revised Guidelines on Credit Transactions and Exposures with Connected Parties.

A31. ISLAMIC BANKING BUSINESS

The state of affairs as at 31 March 2011 and the results for the year ended 31 March 2011 of the Islamic banking business of the Group and included in the financial statements after elimination of intercompany transactions and balances are summarised as follows:

AUDITED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 31 MARCH 2011

	Group	
	31.03.11	**31.03.10**
	RM'000	**RM'000**
ASSETS		
Cash and short-term funds	4,761,640	3,926,360
Deposit and placements with banks and other financial institutions	250,000	150,000
Derivative financial assets	3,258	3,461
Financial assets held-for-trading	991,136	350,934
Financial investments available-for-sale	715,937	907,930
Financing and advances	13,247,076	11,758,678
Other receivables, deposits and prepayments	150,874	92,584
Statutory deposits with Bank Negara Malaysia	-	32,079
Deferred tax assets	119,948	41,500
Property and equipment	732	408
Intangible assets	286	452
TOTAL ASSETS	20,240,887	17,264,386
LIABILITIES AND ISLAMIC BANKING FUNDS		
Deposits and placements of banks and other financial institutions	1,358,833	1,398,521
Derivative financial liabilities	3,254	3,458
Deposits from customers	15,242,321	13,395,919
Term funding	550,000	-
Bills and acceptances payable	879,522	394,986
Subordinated Sukuk Musyarakah	400,000	400,000
Deferred tax liabilities	-	8
Other liabilities	291,281	229,166
Total Liabilities	18,725,211	15,822,058
Share capital/Capital funds	435,877	435,877
Reserves	1,079,799	1,006,451
Total Islamic Banking Funds	1,515,676	1,442,328
TOTAL LIABILITIES AND ISLAMIC BANKING FUNDS	20,240,887	17,264,386
COMMITMENTS AND CONTINGENCIES	7,736,063	4,255,836

A31. ISLAMIC BANKING BUSINESS (CONTD.)

AUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL QUARTER ENDED 31 MARCH 2011

Group	Individual Quarter 31.03.11 RM'000	Individual Quarter 31.03.10 RM'000	Cumulative Quarter 31.03.11 RM'000	Cumulative Quarter 31.03.10 RM'000
Income derived from investment of depositors' funds and others	254,491	226,042	1,025,679	885,817
Allowance for impairment on financing and advances	(91,375)	(16,809)	(247,791)	(90,297)
Impairment writeback/(loss) on financial investments	-	80	4,218	(4,218)
Impairment loss on doubtful sundry receivables, net	(250)	-	(960)	-
(Provision)/Writeback for commitments and contingencies	(3,392)	(288)	(6,283)	12,713
Transfer from profit equalisation reserve	11,547	6,432	42,444	12,858
Total attributable income	171,021	215,457	817,307	816,873
Income attributable to the depositors	(125,013)	(84,610)	(445,769)	(330,631)
Profit attributable to the Group	46,008	130,847	371,538	486,242
Income derived from Islamic Banking Funds	39,170	57,337	173,206	240,423
Total net income	85,178	188,184	544,744	726,665
Operating expenditure	(70,392)	(76,004)	(283,256)	(267,291)
Finance cost	(10,631)	(4,734)	(33,373)	(20,100)
Profit before taxation and zakat	4,155	107,446	228,115	439,274
Taxation and zakat	1,576	(27,241)	(57,245)	(115,828)
Profit for the period/year	5,731	80,205	170,870	323,446

AUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL QUARTER ENDED 31 MARCH 2011

Group	Individual Quarter 31.03.11 RM'000	Individual Quarter 31.03.10 RM'000	Cumulative Quarter 31.03.11 RM'000	Cumulative Quarter 31.03.10 RM'000
Profit for the period/year	5,731	80,205	170,870	323,446
Other comprehensive income/(loss):				
Exchange differences on translation of foreign operations	(98)	(274)	(401)	(637)
Net (loss)/gain on financial investments available-for-sale	293	685	(4,043)	(9,006)
Income tax relating to the components of other comprehensive income	(72)	(172)	1,011	2,252
Other comprehensive income/(loss) for the period/year, net of tax	123	239	(3,433)	(7,391)
Total comprehensive income for the period/year	5,854	80,444	167,437	316,055

A31. ISLAMIC BANKING BUSINESS (CONTD.)

(a) Financing and Advances

	Group	
	31.03.11 RM'000	**31.03.10 RM'000**
Term financing and revolving credit facilities	5,937,581	3,839,443
Islamic hire purchase, net of unearned income	6,958,739	6,386,002
Credit card receivables	303,753	286,801
Trust receipts	89,747	69,009
Claims on customer under acceptance credits	957,590	917,819
Other financing	1,204,157	854,929
	15,451,567	12,354,003
Islamic financing sold to Cagamas Berhad	(1,700,034)	(345,738)
Gross financing and advances	13,751,533	12,008,265
Allowance for impairment on financing and advances:		
Collective allowance	(479,010)	-
Individual allowance	(25,447)	-
General allowance	-	(184,803)
Specific allowance	-	(64,784)
	(504,457)	(249,587)
Net financing and advances	13,247,076	11,758,678

* Included in term financing and revolving credit facilities of the Islamic banking business as at 31 March 2011 is loans amounting to RM202,955,000 (31 March 2010: RM210,619,000) which are exempted from collective provision by Bank Negara Malaysia.

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

	Group	
	31.03.11 RM'000	**31.03.10 RM'000**
Gross		
Balance at beginning of year	182,232	239,637
Effect of adopting FRS139	9,662	-
Balance at beginning of year (restated)	191,894	239,637
Impaired during the year	309,732	155,135
Reclassification to non-impaired financing	(56,861)	(54,810)
Recoveries	(34,476)	(21,151)
Amount written off	(89,871)	(136,579)
Balance at end of year	320,418	182,232
Impaired financing and advances as % of total financing and advances (including Islamic financing sold to Cagamas Berhad)	2.1%	1.5%

A31. ISLAMIC BANKING BUSINESS (CONTD.)

(a) Financing and Advances (Contd.)

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

	Group	
	31.03.11	**31.03.10**
	RM'000	**RM'000**
Collective allowance		
Balance at beginning of period/year	-	-
Effect of adopting FRS 139	287,844	-
Balance at beginning of period/year (restated)	287,844	-
Allowance made during the period/year	281,169	-
Amount written off	(90,003)	-
Balance at end of period/year	479,010	-
% of total financing and advances (including Islamic financing sold to Cagamas Berhad) less individual allowance	3.1%	-
Individual allowance		
Balance at beginning of period/year	-	-
Effect of adopting FRS 139	1,108	-
Balance at beginning of period/year (restated)	1,108	-
Allowance made during the period/year	24,339	-
Balance at end of period/year	25,447	-
General allowance		
Balance at beginning of period/year	184,803	166,508
Effect of adopting FRS 139	(184,803)	-
Balance at beginning of period/year (restated)	-	166,508
Allowance made during the period/year	-	18,295
Balance at end of period/year	-	184,803
% of total financing and advances (including Islamic financing sold to Cagamas Berhad) less specific allowance	-	1.5%
Specific allowance		
Balance at beginning of period/year	64,784	99,053
Effect of adopting FRS 139	(64,784)	-
Balance at beginning of period/year (restated)	-	99,053
Allowance made during the period/year	-	149,764
Amount written back in respect of recoveries	-	(44,898)
Net charge to statements of comprehensive income	-	104,866
Amount written off/Adjustment to Asset Deficiency Account	-	(139,135)
Balance at end of period/year	-	64,784

A31. ISLAMIC BANKING BUSINESS (CONTD.)

(b) DEPOSITS FROM CUSTOMERS

	Group	
	31.03.11	**31.03.10**
	RM'000	**RM'000**
Mudarabah Fund:		
Demand deposits	11,286	7,322
Saving deposits	4,617	8,239
General investment deposits	12,577,770	11,086,850
Structured deposits	111,162	78,570
	12,704,835	11,180,981
Non-Mudarabah Fund:		
Demand deposits	1,166,547	903,437
Saving deposits	1,335,281	1,146,175
Negotiable instruments of deposits	13,168	155,782
Other deposits	22,490	9,544
	2,537,486	2,214,938
	15,242,321	13,395,919

(c) OTHER LIABILITIES

	Group	
	31.03.11	**31.03.10**
	RM'000	**RM'000**
Other payables and accruals	187,700	133,325
Taxation and zakat payable	83,829	36,801
Amount owing to/(from) head office	-	(613)
Lease deposits and advance rentals	12,898	10,355
Profit equalisation reserve	6,854	49,298
	291,281	229,166

A32. CHANGE IN ACCOUNTING POLICIES AND COMPARATIVES

(1) Change in Accounting Policies

The adoption of new and revised FRSs during the financial year has resulted in changes to the following accounting policies:

(i) FRS 139, Financial Instruments: Recognition and Measurement
(ii) IC Interpretation 9, Reassessment of Embedded Derivatives
(iii) Amendments to FRS 139, Financial Instruments: Recognition and Measurement, FRS 7, Financial Instruments: Disclosures and IC Interpretation 9, Reassessment of Embedded Derivatives
- Reclassification of Financial Assets
- Puttable Financial Instruments and Obligations Arising on Liquidation

(iv) Amendments to FRS 139, Financial Instruments: Recognition and Measurement
- Collective Assessment of Impairment for Banking Institutions

(v) IC Interpretation 13, Customer Loyalty Programmes

(i) FRS 139, Financial Instruments: Recognition and Measurement

FRS 139 establishes the principles for the recognition, derecognition and measurement of an entity's financial instruments and for hedge accounting. However, since the adoption of BNM's revised BNM/GP8 - Guidelines on Financial Reporting for Licensed Institutions on 1 January 2005, certain principles in connection with the recognition, derecognition and measurement of financial instruments, including derivative instruments, and hedge accounting which are similar to those prescribed by FRS 139 have already been adopted by the Group. Therefore, the adoption of the full FRS 139 on 1 April 2010 resulted in changes in the following areas:

(a) Impairment of Loans, Advances and Financing

The adoption of FRS 139 changes the accounting policy relating to the assessment for impairment of financial assets, particularly loans, advances and financing. The existing accounting policies on the assessment of impairment of other financial assets of the Group are generally in line with those of FRS 139. Prior to the adoption of FRS 139, allowances for impaired loans, advances and financing (previously referred to as non-performing loans) were computed in conformity with the BNM/GP3 Guidelines on Classification of Non-Performing Loans and Provision for Substandard, Bad and Doubtful Debts. On adoption of FRS 139, the Group assesses, at the end of each reporting period, whether there is any objective evidence that a loan or group of loans is impaired. The loan or group of loans is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the loan (an incurred 'loss event') and that the loss event has an impact on the estimated future cash flows of the loan or group of loans that can be reliably estimated.

The Group first assesses individually whether objective evidence of impairment exists individually for loans which are individually significant, and collectively for loans which are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed loan, the loan is included in a group of loans with similar credit risk characteristics for purposes of calculating an estimated collective loss. Future cash flows on a group of financial assets that are collectively assessed for impairment are estimated on the basis of historical loss experience for assets with credit risk characteristics similar to those in the group.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the loan's carrying amount and the present value of the estimated future cash flows. The carrying amount of the loan is reduced through the use of an allowance account and the amount of the loss is recognised in profit or loss.

The Group is currently reporting under BNM's transitional arrangement as prescribed in its guidelines on Classification and Impairment Provisions for Loans/Financing issued on 8 January 2010 and as allowed by the MASB in its Amendments to FRS 139 issued on the same date. Pursuant to this transitional arrangement, banking institutions are required to maintain collective assessment impairment allowances of at least 1.5% of total outstanding loans/financing, net of individual impairment allowance.

The changes in accounting policies above have been accounted for prospectively, in line with the transitional arrangements in paragraph 103AA of FRS 139, with adjustments to the carrying values of financial assets affecting profit or loss as at the beginning of the current financial period being adjusted to opening retained earnings as tabulated in item 1(d) below.

A32. CHANGE IN ACCOUNTING POLICIES AND COMPARATIVES (CONTD.)

(1) Change in Accounting Policies (Contd.)

(b) Interest Income Recognition

FRS 139 prescribes that financial assets classified as held-to-maturity and loans and receivables are measured at amortised cost using the effective interest method. On adoption of FRS 139 on 1 April 2010, interest income on its loans, advances and financing is no longer recognised based on contractual interest rates but the effective interest rate ("EIR") is applied instead. EIR refers to the rate that exactly discounts estimated future cash receipts through the expected life of the loan or, when appropriate, a shorter period to the net carrying amount of the loan.

This change in accounting policy has been accounted for prospectively in line with the transitional arrangements in paragraph 103AA of FRS 139 and the resulting opening retained earnings adjustment is tabulated in item 1(d) below.

Prior to the adoption of FRS 139, interest accrued and recognised as income prior to the date that a loan is classified as non-performing is reversed out of income and set-off against the interest receivable account in the statement of financial position. Thereafter, interest on the non-performing loan is recognised as income on a cash basis. On adoption of FRS 139, once a loan has been written down for impairment loss, subsequent interest income thereon is thereafter recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The opening retained earnings adjustment as a result of this change in accounting policy is presented in item 1(d) below.

(c) Recognition of Embedded Derivatives

On adoption of FRS 139, embedded derivatives are to be separated from the host contract and accounted for as a derivative if the economic characteristics and risks of the embedded derivative are not closely related to that of the host contract and the fair value of the resulting derivative can be reliably measured.

The Group has assessed the impact of this requirement on adoption of FRS 139 on 1 April 2010 and concluded that there were no material embedded derivatives which were not closely related to the host contracts and which required bifurcation.

The adoption of FRS 139 and its related amendments did not impact earnings per ordinary share.

(d) Opening reserves adjustments

The application of the above new accounting policies has the following effects:

	As previously reported RM'000	Effect of adoption of FRS139 RM'000	As restated RM'000
Effects on retained earnings	2,556,870	(167,961)	2,388,909
Effects on other reserves	1,546,801	(46,303)	1,500,498
Effects on minority interests	206,274	5,876	212,150

(2) Restatement of comparatives

(i) FRS 101, Presentation of Financial Statements

Following the adoption of FRS 101 (revised), all non-owner changes in equity which were previously presented in the statement of changes in equity are now included in the statement of comprehensive income as other comprehensive income. Consequently, components of comprehensive income are no longer presented in the statement of changes in equity.

(ii) FRS 7, Financial Instruments: Disclosures

The adoption of FRS 7 during the financial period results in more extensive disclosures of financial instruments in the annual financial statements. The standard also requires disclosure of the statement of financial position, statements of comprehensive income and statement of comprehensive income to be made by categories of financial assets and liabilities, which has minimal impact on the comparative disclosures of the Group, as the current presentation is already made by categories of financial assets and liabilities.

A32. CHANGE IN ACCOUNTING POLICIES AND COMPARATIVES (CONTD.)

(2) Restatement of comparatives (contd.)

(iii) FRS 117, Leases

The adoption of FRS 117 during the financial year resulted in the reclassification of all leasehold land of the Group which are in substance finance leases, to Property and Equipment.

(iv) IC Interpretation 13, Customer Loyalty Programmes

The adoption of IC13 had resulted in the set-off of customer loyalty programme expenses with fee income instead of interest income as previously presented.

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

	As previously reported RM'000	Effect of reclassification RM'000	As restated RM'000
Statement of Financial Position as at 31 March 2010			
Prepaid land lease payments	6,350	(6,350)	-
Property and equipment	229,549	6,350	235,899
Statement of Comprehensive Income for fourth quarter ended 31 March 2010			
Interest income	929,801	2,333	932,134
Interest expense	(418,828)	(679)	(419,507)
Other operating income	171,402	(1,654)	169,748
Statement of Comprehensive Income for cumulative quarter ended 31 March 2010			
Interest income	3,614,842	9,177	3,624,019
Interest expense	(1,728,239)	(2,228)	(1,730,467)
Other operating income	791,983	(6,949)	785,034

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

The Group recorded a net profit of RM326.4 million for the fourth quarter ended 31 March 2011, an improvement of RM75.3 million or 30.0% as compared to the previous corresponding period of RM251.1 million. The Group's pre-tax profit for the year ended 31 March 2011 improved to RM1,865.1 million as compared to RM1,376.7 million reported for the corresponding period last year.

The improvement in earnings for the reporting quarter as compared to previous corresponding quarter was mainly attributed by increase in income reported from other operating income and net interest income of RM47.1 million and RM38.2 millions respectively. In addition, lower allowances for impairment on loans and financing of RM114.2 million and other operating expenses of RM396.0 million were reported for the current reporting quarter. Lower impairment on foreclosed properties and doubtful sundry receivables had contributed total improvement of RM12.3 million while higher transfer from profit equalisation reserve and net income from insurance business contributed RM10.2 million improvement. This was however off-set by lower net income from Islamic banking business of RM158.0 million and higher provision for commitments and contingencies for current quarter ended 31 March 2011 as compared to previous corresponding quarter.

The Group’s retail banking operations were the largest contributors to the Group pre-tax profit, reporting a pre-tax profit of RM804.5 million, followed by business banking operations of RM271.0 million, while corporate and institutional banking operations contributed RM266.9 million for the year ended 31 March 2011.

Gross loans and advances expanded to RM71.9 billion to register an annual growth of 8.5%. The growth was mainly attributed to financing of finance, insurance, real estate and business activities, manufacturing, education and health, mining and quarrying and agriculture. Financing for purchase of transport vehicles accounted for 34.7% of total loans, while loans for residential properties accounted for 16.6% of total loans.

As at 31 March 2011, the Group’s total assets stood at RM108.2 billion. Meanwhile, the Group’s banking subsidiaries aggregated risk-weighted capital ratio (“RWCR”) stood at 14.4% as at 31 March 2011, compared with 15.8% as at 31 March 2010.

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 lower pre-tax profit of RM425.5 million for the fourth quarter ended 31 March 2011 as compared to RM458.2 million for the third quarter ended 31 December 2010. This was mainly attributed to increase in impairments on financial investment, foreclosed properties and provision for commitments and contingencies of RM44.7 million, RM16.1 million and RM12.9 million respectively. Besides, net income from Islamic banking business and net income from insurance business were reduced by RM47.8 million and RM4.8 respectively. This was however cushioned by reduction in allowances for impairment on loans and financing and other operating expenses of RM51.1 million and RM4.1 million. Higher net interest income of RM550.8 million was reported as compared to preceding quarter ended 31 December 2010.

B3. PROSPECTS FOR 31 MARCH 2012

Regional trade is anticipated to continue to provide support to the domestic economic growth, as global economy shifts towards the Asian emerging markets. Nonetheless, recent developments have resulted in global volatilities, including the geo-political turmoils and natural disasters in various parts of the world. Risk of surging inflationary pressures loom in view of the high commodity prices resulting from scarcity and the frequent spate of unfortunate global events.

In Malaysia, the still robust domestic demand and the implementation of the ETP are expected to support gross domestic product (“GDP”) growth. For calendar year 2011, current consensus estimate projects the Malaysian GDP to grow, on average, at circa 5.0% to 6.0%.

Looking ahead, AmBank Group will continue leveraging ANZ’s (The Australia and New Zealand Banking Group) international connectivity to drive business growth. ANZ’s well-established geographical presence throughout Asia Pacific provides AmBank Group the immediate access to cross-border markets. Plans are in place for higher collaborations in regional structuring and advisory businesses, offshore fund management and Islamic banking, markets, and international trade financing transactions.

AmBank Group is well-positioned to weather economic uncertainties, whilst harnessing on growth opportunities in the market and industry. We are committed and focused on delivering increasing value to our shareholders as outlined in our Medium Term Aspirations.

B4. VARIANCE FROM PROFIT FORECAST AND SHORTFALL FROM PROFIT GUARANTEE

This is not applicable to the Group.

B5. TAXATION

Group	Individual Quarter 31.03.11 RM'000	Individual Quarter 31.03.10 RM'000	Cumulative Quarter 31.03.11 RM'000	Cumulative Quarter 31.03.10 RM'000
Estimated current tax payable	184,430	111,499	684,558	317,361
Transfer (to)/from deferred tax	(85,740)	(50,816)	(207,665)	18,764
	98,690	60,683	476,893	336,125
Under/(Over) provision of current taxation in respect of prior years	457	(3,068)	(3,479)	(3,344)
Taxation	99,147	57,615	473,414	332,781
Zakat	(17)	54	560	1,270
Taxation and zakat	99,130	57,669	473,974	334,051

The total tax charge of the Group for the financial year ended 31 March 2011 reflect an effective tax rate which is higher than the statutory tax rate mainly due to disallowances of certain expenses, while lower effective tax rate for the previous corresponding year was mainly due to income not subject to tax.

B6. SALE OF INVESTMENTS AND/OR FORECLOSED PROPERTIES

Group	Individual Quarter 31.03.11 RM'000	Individual Quarter 31.03.10 RM'000	Cumulative Quarter 31.03.11 RM'000	Cumulative Quarter 31.03.10 RM'000
Net gain from sale of financial assets held-for-trading	14,228	13,527	71,282	51,788
Net gain from sale of financial investments available-for-sale	10,394	16,539	64,919	47,215
Net gain from redemption of financial investments held-to-maturity	1,288	84	7,431	29,479

B7. QUOTED SECURITIES

This note is not applicable to financial institutions.

B8. CORPORATE PROPOSALS

1 In relation to the intra-group transfers of subsidiaries for the formation of Capital Market Group and Asset Management Group as proposed in previous financial years, the intra-group transfer of domestic subsidiaries has been completed during the preceding financial year. The intra-group transfer involving PT. AmCapital Indonesia, the Group’s Indonesian subsidiary, which is licensed to undertake stockbroking, underwriting and investment management activities, is subject to obtaining the approval of Badan Pengawas Pasar Modal dan Lembaga Keuangan, the Indonesian securities regulatory authority.

2 During the financial year, the trustee of the executives' share scheme ("ESS") had purchased 6,234,700 of the Company's issued ordinary shares from the open market at an average price of RM5.05 per share. The total consideration paid for the purchase including transaction costs amounted to RM31,496,599.

As at 31 March 2011, the trustee of the ESS held 11,620,000 ordinary shares (net of ESS shares vested to employees) representing 0.39% of the issued and paid-up capital of the Company. These shares are held at a carrying amount of RM48,686,818.

3 On 1 September 2010, the Company announced that it has received Bank Negara Malaysia’s approval for the joint application with Friends Provident Group plc (“FP Group”), the Company’s joint venture partner in the life insurance business of AmLife Insurance Berhad, for a new family takaful licence under the Takaful Act 1984.

On 27 January 2011, the Company announced incorporation of AmFamily Takaful Berhad that undertake family takaful business, which is similar to the joint venture in AmLife, be held by:

- the Company, through its wholly owned insurance holding company AMAB Holdings Sdn Bhd with a 70% equity interest; and

- FP Group, through its wholly owned subsidiary Friends Provident Ltd with a 30% equity interest.

4 The Company has on 21 February 2011 announced a proposed acquisition of entire equity interest in AmIslamic Bank Berhad from its wholly owned subsidiary, AmBank (M) Berhad, and the propose acquisition has been completed on 28 February 2011.

The acquisition was part of the Group's ongoing capital management strategy that enables the Group to address impact from introduction of Basel 3 capital regulation and streamline the Group shareholding structure for better capital deployment.

B9. BORROWINGS

	Group 31.03.11 RM'000	Group 31.03.10 RM'000
(i) Deposits from customers		
Due within six months	63,455,715	57,920,834
Six months to one year	7,191,919	7,116,698
One to three years	1,974,353	2,213,203
Three to five years	1,944,975	1,623,377
	74,566,962	68,874,112
(ii) Deposits and placements of banks and other financial institutions		
Due within six months	1,737,925	2,219,425
Six months to one year	775,772	831,015
One to three years	837,597	194,996
Three to five years	920,362	1,069,840
	4,271,656	4,315,276
Recap:		
Interbank lendings	16,135,431	12,644,562
Interbank borrowings	(1,624,775)	(96,730)
Net interbank lendings	14,510,656	12,547,832
(iii) Term funding		
(a) Unsecured senior notes		
Due within one year	20,750	-
More than one year	3,439,777	1,420,000
(b) Credit-Linked Note		
Due within one year	40,000	-
More than one year	135,119	-
(c) Term loans and revolving credits		
Due within one year		
Secured	274,680	276,107
Unsecured	206,000	206,000
More than one year		
Unsecured	630,552	-
	4,746,878	1,902,107
(iv) Debt capital		
(a) Unsecured bonds		
More than one year	400,000	515,000
(b) Medium Term Notes		
More than one year	1,557,800	1,557,800
(c) Hybrid capital		
More than one year	655,594	689,547
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
	3,598,394	3,747,347

B10. DERIVATIVE FINANCIAL ASSETS/LIABILITIES

Please refer to note A28

B11. REALISED AND UNREALISED RETAINED EARNINGS

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	
	31.03.11	**30.09.10***
	RM'000	**RM'000**
Total retained earnings of the Group and its subsidiaries:		
- Realised	5,274,685	4,348,763
- Unrealised	851,554	724,011
Total share of retained earnings from associate:		
- Realised	1,101	1,101
Less: consolidation adjustments	(2,898,998)	(2,298,915)
Total group retained earnings as per consolidated accounts	3,228,342	2,774,960

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

* The above disclosure is effective for the Group from financial period on and after 30 September 2010.

B12. MATERIAL LITIGATION

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

B13. DIVIDENDS

(i) A proposed final single tier ordinary dividend of 12.0% for the financial year ended 31 March 2011 has been recommended by the Directors;
(ii) Amount per share: 12 Sen;
(iii) Previous corresponding period: 4.4 Sen less 25.0% taxation
6.1 Sen single tier dividend
(iv) Payment date: To be determined and announced at a later date; and
(iv) In respect of deposited securities, entitlement to the proposed dividend will be determined on the basis of the Record of Depositors as at the close of business on the date to be determined and announced at a later date.

B14. EARNINGS PER SHARE (SEN)

a. Basic earnings per share

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

	Individual Quarter		Cumulative Quarter	
	31.03.11 RM'000/'000	31.03.10 RM'000/'000	31.03.11 RM'000/'000	31.03.10 RM'000/'000
Net profit attributable to equity holders of the Company	316,346	241,749	1,342,812	1,008,618
Weighted average number of ordinary shares in issue	3,002,519	3,008,714	3,004,117	2,906,168
Basic earnings per share (Sen)	10.54	8.03	44.70	34.71

b. Fully diluted earnings per share

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

During the previous reporting period, the Company has one category of potential dilutive ordinary shares:

(i) Unsecured exchangeable bonds

	Individual Quarter		Cumulative Quarter	
	31.03.11 RM'000/'000	31.03.10 RM'000/'000	31.03.11 RM'000/'000	31.03.10 RM'000/'000
Net profit attributable to equity holders of the Company	316,346	241,749	1,342,812	1,008,618
Weighted average number of ordinary shares in issue (as in (a) above)	3,002,519	3,008,714	3,004,117	2,906,168
Effect of option vested under ESS	10	-	10	-
Adjusted weighted average number of ordinary shares in issue and issuable	3,002,529	3,008,714	3,004,127	2,906,168
Fully diluted earnings per share (Sen)	10.54	8.03	44.70	34.71

During the previous financial year ended 31 March 2010, the unsecured exchangable bonds were exchanged into new ordinary shares of RM1.00 each at the exchange price of RM2.95 nominal value of the unsecured exchangable bonds for one new ordinary share in the Company.