

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

**UNAUDITED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**AS AT 30 SEPTEMBER 2011**

	Note	Group	
		30.09.11 RM'000	31.03.11 RM'000
<b>ASSETS</b>			
Cash and short-term funds		9,743,506	13,502,567
Securities purchased under resale agreements		508,787	289,731
Deposits and placements with banks and other financial institutions		1,624,182	3,613,482
Derivative financial assets	A28	691,599	398,797
Financial assets held-for-trading	A8	8,417,647	5,173,737
Financial investments available-for-sale	A9	6,252,843	8,073,935
Financial investments held-to-maturity	A10	148,709	175,431
Loans, advances and financing	A11	71,062,317	69,378,824
Other assets	A12	2,182,227	2,206,656
Statutory deposits with Bank Negara Malaysia	A13	1,767,101	145,842
Deferred tax assets		638,371	559,964
Investment in associate		1,101	1,101
Property and equipment		225,762	248,090
Life fund assets		2,628,052	2,634,838
Intangible assets		1,845,785	1,833,210
<b>TOTAL ASSETS</b>		<b>107,737,989</b>	<b>108,236,205</b>
<b>LIABILITIES AND EQUITY</b>			
Deposits and placements of banks and other financial institutions	A14	3,191,897	4,271,656
Securities sold under repurchase agreements		82,637	30,465
Recourse obligation on loans sold to Cagamas Berhad		1,028,298	1,018,043
Derivative financial liabilities	A28	780,897	435,108
Deposits from customers	A15	74,237,555	74,566,962
Term funding		5,227,891	4,746,878
Bills and acceptances payable		1,024,022	1,867,911
Debt capital		4,260,319	3,598,394
Deferred tax liabilities		7,448	35,323
Other liabilities	A16	4,352,749	4,463,581
Life fund liabilities		230,143	174,393
Life policyholder funds		2,397,909	2,460,445
<b>Total Liabilities</b>		<b>96,821,765</b>	<b>97,669,159</b>
Share capital		3,014,185	3,014,185
Reserves		7,617,636	7,294,739
Equity attributable to equity holders of the Company		10,631,821	10,308,924
Non-controlling interests		284,403	258,122
<b>Total Equity</b>		<b>10,916,224</b>	<b>10,567,046</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>107,737,989</b>	<b>108,236,205</b>
<b>COMMITMENTS AND CONTINGENCIES</b>	A27	<b>100,036,153</b>	<b>100,176,794</b>

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

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

	Note	Group	
		30.09.11 RM'000	31.03.11 RM'000
<b>CAPITAL ADEQUACY RATIO</b>	A29		
<b>Before deducting proposed dividends:</b>			
Core capital ratio		10.4%	10.2%
Risk-weighted capital ratio		14.9%	14.4%
<b>After deducting proposed dividends:</b>			
Core capital ratio		10.4%	9.8%
Risk-weighted capital ratio		14.9%	14.0%
<b>NET ASSETS PER ORDINARY SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY (RM)</b>		3.53	3.42

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

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

**UNAUDITED CONSOLIDATED INCOME STATEMENTS**  
**FOR THE FINANCIAL QUARTER ENDED 30 SEPTEMBER 2011**

Group	Note	Individual Quarter		Cumulative Quarter	
		30.09.11 RM'000	30.09.10 RM'000	30.09.11 RM'000	30.09.10 RM'000
Operating revenue	A23	2,138,656	1,773,809	4,091,974	3,477,850
Interest income	A17	1,088,447	999,048	2,137,876	1,988,695
Interest expense	A18	(563,647)	(478,876)	(1,105,046)	(954,620)
Net interest income		524,800	520,172	1,032,830	1,034,075
Net income from Islamic banking business		212,386	184,885	402,353	379,102
Net income from insurance business	A19	49,668	43,314	103,579	95,356
Other operating income	A20	275,971	242,332	631,643	472,216
Share in result of associate		-	-	-	(200)
Net income		1,062,825	990,703	2,170,405	1,980,549
Other operating expenses	A21	(427,979)	(384,527)	(854,437)	(765,747)
Operating profit		634,846	606,176	1,315,968	1,214,802
Allowances for impairment on loans and financing	A22	(121,081)	(104,297)	(193,466)	(195,931)
Impairment (loss)/writeback on:					
Financial investment		17,729	(44,958)	18,299	(34,746)
Doubtful sundry receivables - net		(1,252)	(599)	(1,198)	40
Foreclosed properties		(28,206)	(18,913)	(28,274)	(19,068)
(Provision)/Writeback of provision for commitments and contingencies		2,490	(1,758)	(1,331)	(1,491)
Transfer (to)/from profit equalisation reserve		(6,182)	29,541	(1,424)	17,819
Profit before taxation and zakat		498,344	465,192	1,108,574	981,425
Taxation and zakat	B5	(116,736)	(120,574)	(270,938)	(255,096)
<b>Profit for the period</b>		<b>381,608</b>	<b>344,618</b>	<b>837,636</b>	<b>726,329</b>
Attributable to:					
Equity holders of the Company		369,476	332,872	810,998	701,155
Non-controlling interests		12,132	11,746	26,638	25,174
<b>Profit for the period</b>		<b>381,608</b>	<b>344,618</b>	<b>837,636</b>	<b>726,329</b>
<b>EARNINGS PER SHARE (SEN)</b>	B14				
Basic		12.35	11.08	27.11	23.33
Fully diluted		12.35	11.08	27.07	23.33

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

**AMMB HOLDINGS BERHAD**  
**(223035-V) (Incorporated in Malaysia)**  
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**UNAUDITED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**FOR THE FINANCIAL QUARTER ENDED 30 SEPTEMBER 2011**

Group	Note	Individual Quarter		Cumulative Quarter	
		30.09.11 RM'000	30.09.10 RM'000	30.09.11 RM'000	30.09.10 RM'000
Profit for the period		381,608	344,618	837,636	726,329
Other comprehensive income/(loss):					
Exchange differences on translation of foreign operations		9,193	(8,019)	11,617	(9,860)
Net movement on cash flow hedges		(46,929)	23,563	(55,263)	(17,344)
Net movement on financial investments available-for-sale		(17,856)	14,048	1,736	52,730
Income tax relating to the components of other comprehensive income		8,577	(18,094)	4,947	(15,419)
Other comprehensive (loss)/income for the period, net of tax		(47,015)	11,498	(36,963)	10,107
Total comprehensive income for the period		334,593	356,116	800,673	736,436
Total comprehensive income for the period attributable to:					
Equity holders of the Company		324,025	341,548	774,228	708,848
Non-controlling interests		10,568	14,568	26,445	27,588
		334,593	356,116	800,673	736,436

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

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

Group	Attributable to Equity Holders of the Company							
	Non-Distributable				Distributable			
	Ordinary Share Capital RM'000	Share Premium RM'000	Other Reserves RM'000	Shares Held In Trust for ESS RM'000	Retained Earnings RM'000	Total RM'000	Non-controlling Interests RM'000	Total Equity RM'000
<b>At 1 April 2010</b>	3,014,185	2,537,372	1,500,498	(17,515)	2,388,909	9,423,449	212,150	9,635,599
Profit for the period	-	-	-	-	701,155	701,155	25,174	726,329
Other comprehensive income, net	-	-	7,693	-	-	7,693	2,414	10,107
Total comprehensive income for the period	-	-	7,693	-	701,155	708,848	27,588	736,436
Purchase of shares pursuant to Executives' Share Scheme ("ESS")^	-	-	-	(31,497)	-	(31,497)	-	(31,497)
Share-based payment under ESS	-	-	17,777	-	-	17,777	-	17,777
Transfer from retained earnings	-	-	31,770	-	(31,770)	-	-	-
Subscription of shares in AmPrivate Equity Sdn Bhd	-	-	-	-	-	-	4,780	4,780
Dividend paid	-	-	-	-	(283,333)	(283,333)	(8,100)	(291,433)
<b>At 30 SEPTEMBER 2010</b>	<b>3,014,185</b>	<b>2,537,372</b>	<b>1,557,738</b>	<b>(49,012)</b>	<b>2,774,961</b>	<b>9,835,244</b>	<b>236,418</b>	<b>10,071,662</b>

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**UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE FINANCIAL QUARTER ENDED 30 SEPTEMBER 2011**

Group	Attributable to Equity Holders of the Company							Total Equity RM'000
	Non-Distributable				Distributable			
	Ordinary Share Capital RM'000	Share Premium RM'000	Other Reserves RM'000	Shares Held In Trust for ESS RM'000	Retained Earnings RM'000	Total RM'000	Non-controlling Interests RM'000	
<b>At 1 April 2011</b>	3,014,185	2,537,372	1,577,712	(48,687)	3,228,342	10,308,924	258,122	10,567,046
Profit for the period	-	-	-	-	810,998	810,998	26,638	837,636
Other comprehensive loss, net	-	-	(36,770)	-	-	(36,770)	(193)	(36,963)
Total comprehensive income/(loss) for the period	-	-	(36,770)	-	810,998	774,228	26,445	800,673
Purchase of shares pursuant to Executives' Share Scheme ("ESS") <sup>^</sup>	-	-	-	(117,577)	-	(117,577)	-	(117,577)
Share-based payment under ESS, net	-	-	17,966	-	-	17,966	-	17,966
ESS shares vested to employees of subsidiaries	-	-	(8,608)	24,554	-	15,946	-	15,946
Transfer of ESS shares recharged difference on purchase price for shares vested	-	-	-	-	(5,964)	(5,964)	(264)	(6,228)
Subscription of shares in AmPrivate Equity Sdn Bhd	-	-	-	-	-	-	100	100
Dividend paid	-	-	-	-	(361,702)	(361,702)	-	(361,702)
<b>At 30 SEPTEMBER 2011</b>	<b>3,014,185</b>	<b>2,537,372</b>	<b>1,550,300</b>	<b>(141,710)</b>	<b>3,671,674</b>	<b>10,631,821</b>	<b>284,403</b>	<b>10,916,224</b>

<sup>^</sup> 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 average price of RM5.05 per share.

<sup>^^</sup> Represent the purchase of 18,339,800 of the Company's issued ordinary shares from the open market by a trustee appointed by the ESS committee at an average price of RM6.41 per share.

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**AMMB HOLDINGS BERHAD**  
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**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE FINANCIAL QUARTER ENDED 30 SEPTEMBER 2011**

<b>Group</b>	<b>30.09.11</b>	<b>30.09.10</b>
	<b>RM'000</b>	<b>RM'000</b>
Profit before taxation	1,108,574	981,425
Add adjustments for non-operating and non-cash items	(22,560)	122,354
Operating profit before working capital changes	1,086,014	1,103,779
Increase in operating assets	(4,876,319)	(8,674,930)
(Decrease)/Increase in operating liabilities	(1,779,704)	996,843
Cash used in operations	(5,570,009)	(6,574,308)
Taxation paid	(290,485)	(99,058)
Net cash used in operating activities	(5,860,494)	(6,673,366)
Net cash generated from investing activities	1,974,275	2,264,566
Net cash generated from financing activities	139,411	1,887,584
Net decrease in cash and cash equivalents	(3,746,808)	(2,521,216)
Cash and cash equivalents at beginning of period	13,234,797	11,400,435
Cash and cash equivalents at end of period	9,487,989	8,879,219

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

<b>Group</b>	<b>30.09.11</b>	<b>30.09.10</b>
	<b>RM'000</b>	<b>RM'000</b>
Cash and short-term funds	9,743,506	9,107,266
Less: Cash and bank balances and deposits held in trust	(257,825)	(226,286)
	9,485,681	8,880,980
Effect of exchange rates changes	2,308	(1,761)
Cash and cash equivalents	9,487,989	8,879,219

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

**AMMB HOLDINGS BERHAD**  
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**EXPLANATORY NOTES :**

**A1. BASIS OF PREPARATION**

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

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

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

- FRS 1, First-time Adoption of Financial Reporting Standards
- Amendments to FRS 1, Limited Exemption from Comparative FRS 7, Disclosures for First-time Adopters and Additional Exemptions for First-time Adopters
- Amendments to FRS 2, Share-based Payment and Group Cash-settled Share-based Payment Transactions
- FRS 3, Business Combinations
- Amendments to FRS 5, Non-current Assets Held for Sale and Discontinued Operations
- Amendments to FRS 7, Improving Disclosures about Financial Instruments
- FRS 127, Consolidated and Separate Financial Statements
- Amendments to FRS 138, Intangible Assets
- IC Interpretation 4, Determining Whether an Arrangement contains a Lease
- Amendments to IC Interpretation 9, Reassessment of Embedded Derivatives
- IC Interpretation 12, Service Concession Arrangements
- IC Interpretation 16, Hedges of a Net Investment in a Foreign Operation
- IC Interpretation 17, Distributions of Non-cash Assets to Owners
- IC Interpretation 18, Transfers of Assets from Customers
- Amendments to FRSs contained in Improvements to FRSs (2010)
- TR i-4, Shariah Compliant Sale Contract

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

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



#### **A1. BASIS OF PREPARATION (CONTD.)**

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

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

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

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

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

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

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

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

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

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

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

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

#### **A2. AUDIT QUALIFICATION**

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

#### **A3. SEASONALITY OR CYCLICALITY OF OPERATIONS**

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

**A4. UNUSUAL ITEMS**

There were no unusual items during the current financial quarter.

**A5. USE OF ESTIMATES**

There was no material change in estimates of amounts reported in the prior financial years that have a material effect on the financial period ended 30 September 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 period ended 30 September 2011, a final single tier dividend of 12.0% for the financial year ended 31 March 2011 amounting to RM361,702,181 was paid on 8 September 2011 to shareholders whose names appear in the record of Depositors on 25 August 2011.

**A8. FINANCIAL ASSETS HELD-FOR-TRADING**

	Group	
	30.09.11	31.03.11
	RM'000	RM'000
<b>At Fair Value</b>		
<b>Money Market Securities:</b>		
Treasury bills	34,897	49,046
Islamic Treasury bills	18,564	23,661
Malaysian Government Securities	256,342	160,285
Malaysian Government Investment Certificates	747,762	771,473
Bank Negara Malaysia Monetary Notes	3,720,712	2,449,627
Sukuk Bank Negara Malaysia	11,475	1,469
	<u>4,789,752</u>	<u>3,455,561</u>
<b>Quoted Securities:</b>		
In Malaysia:		
Shares	260,909	292,024
Warrants	2,602	2,835
Trust units	71,937	81,773
Outside Malaysia:		
Shares	6,095	7,331
Trust units	1,800	1,688
	<u>343,343</u>	<u>385,651</u>
<b>Unquoted Private Debt Securities:</b>		
In Malaysia:		
Corporate bonds	463,252	264,590
Corporate notes	655,704	355,478
Islamic corporate bonds	748,356	236,221
Islamic corporate notes	1,416,356	476,236
Outside Malaysia:		
Corporate bonds	884	-
	<u>3,284,552</u>	<u>1,332,525</u>
Total	<u>8,417,647</u>	<u>5,173,737</u>

**A9. FINANCIAL INVESTMENTS AVAILABLE-FOR-SALE**

	Group	
	30.09.11	31.03.11
	RM'000	RM'000
<b>At Fair Value, or cost less impairment losses for certain unquoted securities</b>		
<b>Money Market Securities:</b>		
Malaysian Government Securities	72,149	266,267
Malaysian Government Investment Certificates	634,767	284,875
Negotiable instruments of deposits	1,913,290	1,748,816
Negotiable Islamic debt certificates	16,777	1,134,325
	<u>2,636,983</u>	<u>3,434,283</u>

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

	<b>Group</b>	
	<b>30.09.11</b>	<b>31.03.11</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Quoted Securities:</b>		
In Malaysia:		
Shares	50,744	44,307
Trust units	829,099	900,571
Outside Malaysia:		
Shares	18,825	26,356
	<u>898,668</u>	<u>971,234</u>
<b>Unquoted Securities:</b>		
In Malaysia:		
Shares	135,932	135,931
Outside Malaysia:		
Shares	17,855	23,960
	<u>153,787</u>	<u>159,891</u>
<b>Quoted Debt Equity Converted Securities:</b>		
In Malaysia:		
Shares	13,837	11,849
Loan stocks	8,372	15,469
Loan stocks - collateralised	-	6,801
Corporate bonds - collateralised	18,777	33,610
Outside Malaysia:		
Shares	60	53
	<u>41,046</u>	<u>67,782</u>
<b>Unquoted Debt Equity Converted Securities:</b>		
In Malaysia:		
Loan stocks - collateralised	40,154	58,218
Loan stocks	-	345
	<u>40,154</u>	<u>58,563</u>
<b>Unquoted Private Debt Securities:</b>		
In Malaysia:		
Corporate bonds	858,207	908,362
Islamic corporate bonds	419,754	596,725
Corporate notes	27,142	263,149
Islamic corporate notes	954,884	1,383,139
Outside Malaysia:		
Corporate bonds	24,305	25,296
Islamic corporate bonds	25,356	23,768
	<u>2,309,648</u>	<u>3,200,439</u>
<b>Unquoted Guaranteed Private Debt Securities:</b>		
In Malaysia:		
Corporate bonds	172,557	181,743
	<u>172,557</u>	<u>181,743</u>
<b>Total</b>	<u>6,252,843</u>	<u>8,073,935</u>

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

As PD and i-PD, the Group is required to undertake certain obligations as well as accorded certain incentives in the appointment period. One of the incentives accorded is the eligibility to maintain 1% Statutory Reserve Requirement ("SRR") in the form of Malaysian Government Securities ("MGS") and/or Government Investment Issues ("GII") holdings instead of cash. As at the reporting date, the nominal values of MGS and GII holdings maintained for SRR purpose amounting to RM700,300,000 (31 March 2011: RM540,260,000) for the Group.

#### A10. FINANCIAL INVESTMENTS HELD-TO-MATURITY

	Group	
	30.09.11	31.03.11
	RM'000	RM'000
<b>Unquoted Securities:</b>		
In Malaysia:		
Corporate bonds	959	959
<b>Unquoted Debt Equity Converted Securities:</b>		
In Malaysia:		
Corporate notes - collateralised	3,904	3,904
Loan stocks	18,557	26,761
Loan stocks - collateralised	127,336	131,743
Corporate bonds - collateralised	117,769	131,206
Corporate bonds	48,568	48,961
	<u>316,134</u>	<u>342,575</u>
<b>Unquoted Private Debt Securities:</b>		
In Malaysia:		
Corporate bonds	20,809	29,672
<b>Unquoted Guaranteed Private Debt Securities:</b>		
In Malaysia:		
Corporate bonds	10,000	10,000
	<u>347,902</u>	<u>383,206</u>
Accumulated impairment losses	(199,193)	(207,775)
<b>Total</b>	<u>148,709</u>	<u>175,431</u>

#### A11. LOANS, ADVANCES AND FINANCING

	Group	
	30.09.11	31.03.11
	RM'000	RM'000
<i>At amortised cost:</i>		
Loans and financing:		
Term loans and revolving credit	29,566,038	29,552,918
Housing loans	13,036,381	12,629,029
Staff loans	166,724	167,496
Hire-purchase receivables	29,769,928	30,252,311
Credit card receivables	1,806,168	1,805,185
Lease receivables	532	1,806
Overdrafts	2,684,368	2,365,167
Claims on customers under acceptance credits	3,187,669	3,175,549
Trust receipts	1,105,073	660,754
Block discount receivables	56,763	60,293
Factoring receivables	75,070	51,018
Bills receivable	340,294	390,546
	<u>81,795,008</u>	<u>81,112,072</u>
Unearned interest and income	(7,157,086)	(7,526,637)
	<u>74,637,922</u>	<u>73,585,435</u>
Islamic financing sold to Cagamas Berhad	(1,492,737)	(1,700,034)
<b>Gross loans, advances and financing</b>	<u>73,145,185</u>	<u>71,885,401</u>
Allowance for impairment on loans and financing:		
Collective allowance	(2,002,090)	(2,135,148)
Individual allowance	(80,778)	(371,429)
	<u>(2,082,868)</u>	<u>(2,506,577)</u>
<b>Net loans, advances and financing</b>	<u>71,062,317</u>	<u>69,378,824</u>

\* Included in term loans and revolving credit of the Group as at the reporting period are loans amounting to RM54,301,000 (31 March 2011: RM202,955,000) which are exempted from collective allowance by Bank Negara Malaysia.

**A11. LOANS, ADVANCES AND FINANCING (CONTD.)**

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

	Group	
	30.09.11 RM'000	31.03.11 RM'000
Maturing within one year	14,101,559	15,661,854
One to three years	9,844,248	8,240,649
Three to five years	10,637,446	11,174,708
Over five years	38,561,932	36,808,190
	<u>73,145,185</u>	<u>71,885,401</u>

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

	Group	
	30.09.11 RM'000	31.03.11 RM'000
Agriculture	2,171,819	2,211,245
Mining and quarrying	1,119,514	866,058
Manufacturing	7,330,126	6,130,037
Electricity, gas and water	1,525,815	2,435,770
Construction	2,779,968	3,769,346
Wholesale, retail, restaurant and hotel	4,087,562	3,792,472
Transport, storage and communication	2,686,427	3,002,659
Finance, insurance, real estate and business activities	9,483,518	7,861,507
Education and health	1,040,150	1,013,023
Household	42,233,989	41,915,859
of which:		
Purchase of residential properties	12,232,628	11,979,856
Purchase of transport vehicles	23,647,378	23,571,034
Others	6,353,983	6,364,969
Others	179,034	587,459
	<u>74,637,922</u>	<u>73,585,435</u>
Islamic financing sold to Cagamas Berhad	(1,492,737)	(1,700,034)
	<u>73,145,185</u>	<u>71,885,401</u>

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

	Group	
	30.09.11 RM'000	31.03.11 RM'000
Domestic:		
Other non-bank financial institutions	3,124,099	2,594,135
Business enterprises:		
Small and medium enterprises	8,175,019	7,474,065
Others	20,274,885	20,775,251
Government and statutory bodies	199,227	333,174
Individuals	40,694,705	40,223,110
Other domestic entities	4,082	3,645
Foreign entities	673,168	482,021
	<u>73,145,185</u>	<u>71,885,401</u>

**A11. LOANS, ADVANCES AND FINANCING (CONTD.)**

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

	<b>Group</b>	
	<b>30.09.11</b>	<b>31.03.11</b>
	<b>RM'000</b>	<b>RM'000</b>
Variable rate:		
Base lending rate plus	23,587,879	20,904,588
Cost plus	13,421,338	13,792,343
Other variable rates	1,574,771	2,022,274
	<u>38,583,988</u>	<u>36,719,205</u>
Fixed rate:		
Housing loans/financing	2,135,783	2,241,900
Hire purchase receivables	21,221,069	22,566,305
Other loans/financing	11,204,345	10,357,991
	<u>34,561,197</u>	<u>35,166,196</u>
	<u>73,145,185</u>	<u>71,885,401</u>

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

	<b>Group</b>	
	<b>30.09.11</b>	<b>31.03.11</b>
	<b>RM'000</b>	<b>RM'000</b>
In Malaysia	72,637,756	71,015,830
Outside Malaysia	507,429	869,571
	<u>73,145,185</u>	<u>71,885,401</u>

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

	<b>Group</b>	
	<b>30.09.11</b>	<b>31.03.11</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Gross</b>		
Balance at beginning of period/year	2,449,585	2,538,773
Impaired during the period/year	1,281,566	1,311,149
Reclassification to non-impaired loans and financing	(287,199)	(384,996)
Recoveries	(478,041)	(337,124)
Amount written-off	(910,667)	(682,359)
Repurchase of loans	-	4,142
Balance at end of period/year	<u>2,055,244</u>	<u>2,449,585</u>
Ratios of impaired loans, advances and financing to total loans, advances and financing (including Islamic financing sold to Cagamas Berhad)	<u>2.8%</u>	<u>3.3%</u>
Loan loss coverage excluding collateral values	<u>101.3%</u>	<u>102.3%</u>

**A11. LOANS, ADVANCES AND FINANCING (CONTD.)**

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

	Group	
	30.09.11 RM'000	31.03.11 RM'000
Agriculture	27,270	38,785
Mining and quarrying	3,730	461
Manufacturing	230,873	273,295
Electricity, gas and water	132,851	288,509
Construction	124,753	289,257
Wholesale, retail, restaurant and hotel	306,106	82,308
Transport, storage and communication	7,695	21,276
Finance, insurance, real estate and business activities	66,448	119,704
Education and health	38,958	43,171
Household	1,103,355	1,275,779
of which:		
Purchase of residential properties	577,407	649,725
Purchase of transport vehicles	357,353	380,876
Others	168,595	245,178
Others	13,205	17,040
	<u>2,055,244</u>	<u>2,449,585</u>

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

	Group	
	30.09.11 RM'000	31.03.11 RM'000
In Malaysia	<u>2,055,244</u>	<u>2,449,585</u>

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

	Group	
	30.09.11 RM'000	31.03.11 RM'000
<b>Collective allowance</b>		
Balance at beginning of period/year	2,135,148	1,803,552
Allowance made during the period/year, net	319,468	808,818
Amount written off	(452,823)	(480,862)
Repurchase of loans	-	4,142
Exchange fluctuation adjustments	297	(502)
Balance at end of period/year	<u>2,002,090</u>	<u>2,135,148</u>
% of total loans, advances and financing (including Islamic financing sold to Cagamas Berhad) less individual allowance and financing exempted from collective allowance by Bank Negara Malaysia	<u>2.7%</u>	<u>2.9%</u>
<b>Individual allowance</b>		
Balance at beginning of period/year	371,429	458,225
Allowance made during the period/year, net	155,000	103,855
Transfer from debt converted instrument	11,642	12,356
Amount written off	(457,293)	(203,007)
Balance at end of period/year	<u>80,778</u>	<u>371,429</u>



#### A12. OTHER ASSETS

	Group	
	30.09.11	31.03.11
	RM'000	RM'000
Trade receivables, net of allowance for doubtful debts	610,509	1,034,909
Other receivables, deposits and prepayments, net of allowance for doubtful debts	903,632	525,122
Interest receivables on treasury assets, net of allowance for doubtful debts	430,914	362,023
Fee receivables, net of allowance for doubtful debts	46,342	41,496
Amount due from Originators	18,623	19,583
Amount due from agents, brokers and reinsurers, net of allowance	88,293	76,636
Foreclosed properties, net of allowance for impairment in value	83,914	112,143
Deferred assets	-	34,744
	<u>2,182,227</u>	<u>2,206,656</u>

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

#### A13. STATUTORY DEPOSIT WITH BANK NEGARA MALAYSIA

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

#### A14. DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

	Group	
	30.09.11	31.03.11
	RM'000	RM'000
Deposits from:		
Licensed banks	388,600	288,018
Licensed investment banks	466,353	442,342
Bank Negara Malaysia	1,184,941	2,247,277
Other financial institutions	1,152,003	1,294,019
	<u>3,191,897</u>	<u>4,271,656</u>

#### A15. DEPOSITS FROM CUSTOMERS

	Group	
	30.09.11	31.03.11
	RM'000	RM'000
Term/Investment deposits	62,737,933	63,955,874
Savings deposits	4,415,881	4,263,507
Demand deposits	6,163,493	5,660,101
Negotiable instruments of deposits	235,371	250,280
Other deposits	684,877	437,200
	<u>74,237,555</u>	<u>74,566,962</u>

The deposits are sourced from the following types of customers:

Business enterprises	27,517,775	27,358,336
Individuals	30,085,863	29,704,689
Government and statutory bodies	14,627,972	16,274,261
Others	2,005,945	1,229,676
	<u>74,237,555</u>	<u>74,566,962</u>

#### A16. OTHER LIABILITIES

	Group	
	30.09.11 RM'000	31.03.11 RM'000
Trade payables	761,003	1,019,344
Other payables and accruals	1,535,977	1,422,538
Interest payable on deposits and borrowings	773,676	750,939
Lease deposits and advance rentals	50,493	58,634
General insurance funds	744,952	746,120
Provision for commitments and contingencies	158,839	157,627
Profit equalisation reserve	8,277	6,854
Tax payable	319,532	301,525
	<u>4,352,749</u>	<u>4,463,581</u>

#### A17. INTEREST INCOME

Group	Individual Quarter		Cumulative Quarter	
	30.09.11 RM'000	30.09.10 RM'000	30.09.11 RM'000	30.09.10 RM'000
Short-term funds and deposits with financial institutions	69,230	61,161	151,936	113,704
Financial assets held-for-trading	65,187	20,515	92,782	39,068
Financial investments available-for-sale	43,865	79,781	101,103	160,076
Financial investments held-to-maturity	1,153	2,329	3,538	13,446
Loans, advances and financing	903,858	826,928	1,777,499	1,649,220
Interest income on impaired loans	2,329	5,939	5,699	9,405
Others	2,825	2,395	5,319	3,776
	<u>1,088,447</u>	<u>999,048</u>	<u>2,137,876</u>	<u>1,988,695</u>

#### A18. INTEREST EXPENSE

Group	Individual Quarter		Cumulative Quarter	
	30.09.11 RM'000	30.09.10 RM'000	30.09.11 RM'000	30.09.10 RM'000
Deposits from customers	438,163	355,320	855,501	682,402
Deposit and placements of banks and other financial institutions	15,155	15,301	25,172	42,264
Senior notes	34,987	33,934	69,588	62,051
Credit-Linked Note	4,280	2,345	7,561	3,028
Amount due to Cagamas Berhad	10,683	-	21,262	770
Term loans	5,672	3,376	11,273	6,474
Subordinated deposits and term loans	11,343	11,343	22,562	22,562
Interest on bonds	-	1,695	-	2,818
Medium term notes	22,255	22,255	44,268	44,268
Net interest rate swaps expense/(income)	(1,832)	11,104	2,529	44,138
Hybrid and Innovative Tier 1 capital securities	19,919	20,352	39,719	40,878
Others	3,022	1,851	5,611	2,967
	<u>563,647</u>	<u>478,876</u>	<u>1,105,046</u>	<u>954,620</u>

**A19. NET INCOME FROM INSURANCE BUSINESS**

Group	Individual Quarter		Cumulative Quarter	
	30.09.11 RM'000	30.09.10 RM'000	30.09.11 RM'000	30.09.10 RM'000
Income from Insurance Business:				
Premium income from general insurance business	143,397	135,571	287,295	267,250
Surplus transfer from the life insurance business	15,000	18,300	34,800	40,800
	<u>158,397</u>	<u>153,871</u>	<u>322,095</u>	<u>308,050</u>
Insurance Claims and Commissions:				
Insurance commission	14,262	14,143	28,585	27,353
General insurance claims	94,467	96,414	189,931	185,341
	<u>108,729</u>	<u>110,557</u>	<u>218,516</u>	<u>212,694</u>
Total income from insurance business, net	<u>49,668</u>	<u>43,314</u>	<u>103,579</u>	<u>95,356</u>

**A20. OTHER OPERATING INCOME**

Group	Individual Quarter		Cumulative Quarter	
	30.09.11 RM'000	30.09.10 RM'000	30.09.11 RM'000	30.09.10 RM'000
Fee income:				
Fees on loans, financing and securities	41,321	69,695	103,944	115,309
Corporate advisory	5,877	8,087	12,927	17,448
Guarantee fees	10,714	10,020	23,411	17,954
Underwriting commissions	(151)	5,669	5,396	10,861
Portfolio management fees	6,409	3,004	12,283	6,968
Unit trust management fees	19,098	19,077	38,981	35,569
Brokerage rebates	174	164	240	232
Property trust management fees	1,268	1,333	2,553	2,574
Brokerage fees and commissions	24,878	27,338	48,997	52,742
Bancassurance commission	7,553	8,857	14,247	16,672
Net income from asset securitisation	172	240	347	470
Other fee income	30,845	18,088	57,267	36,540
	<u>148,158</u>	<u>171,572</u>	<u>320,593</u>	<u>313,339</u>
Investment and trading income:				
Net gain from sale of financial assets held-for-trading	30,124	22,216	65,191	35,480
Net gain from sale of financial investments available-for-sale	10,622	20,605	80,344	40,912
Net gain on redemption of financial investments held-to-maturity	4,008	150	8,972	5,079
(Loss)/Gain on revaluation of financial assets held-for-trading	(36,038)	29,227	(15,637)	29,795
Foreign exchange <sup>1</sup>	25,263	27,813	49,112	36,027
Loss on redemption of structured product	(2,132)	(2)	(2,070)	(24)
Gain/(Loss) on derivatives	79,157	(42,656)	85,130	(20,363)
Gain/(Loss) on revaluation of fair value hedge <sup>2</sup>	(388)	(252)	623	(80)
Gross dividend income from:				
Financial assets held-for-trading	5,026	2,622	7,703	3,825
Financial investments available-for-sale	5,634	7,151	21,612	20,407
	<u>121,276</u>	<u>66,874</u>	<u>300,980</u>	<u>151,058</u>

**A20. OTHER OPERATING INCOME (CONTD.)**

Group	Individual Quarter		Cumulative Quarter	
	30.09.11 RM'000	30.09.10 RM'000	30.09.11 RM'000	30.09.10 RM'000
Other income:				
Non-trading foreign exchange	3,130	1,151	3,599	1,566
Gain on disposal of property and equipment, net	96	77	225	391
Rental income	997	895	2,008	1,922
Other operating income	2,314	1,763	4,238	3,940
	<u>6,537</u>	<u>3,886</u>	<u>10,070</u>	<u>7,819</u>
	<u>275,971</u>	<u>242,332</u>	<u>631,643</u>	<u>472,216</u>

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

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

**A21. OTHER OPERATING EXPENSES**

Group	Individual Quarter		Cumulative Quarter	
	30.09.11 RM'000	30.09.10 RM'000	30.09.11 RM'000	30.09.10 RM'000
Personnel costs:				
Salaries, allowances and bonuses	196,943	176,273	409,392	354,858
Shares/options granted under Group Executives' Share Scheme	16,792	11,911	18,025	17,737
Others	58,355	50,131	121,242	97,422
	<u>272,090</u>	<u>238,315</u>	<u>548,659</u>	<u>470,017</u>
Establishment costs:				
Depreciation	13,430	13,603	26,833	26,710
Amortisation of computer software	10,080	6,186	19,322	14,685
Computerisation costs	31,952	30,582	62,841	63,430
Rental	22,108	21,711	43,538	42,251
Cleaning and maintenance	6,934	5,517	13,376	10,888
Others	6,289	6,522	13,344	13,372
	<u>90,793</u>	<u>84,121</u>	<u>179,254</u>	<u>171,336</u>
Marketing and communication expenses:				
Sales commission	2,057	5,569	2,440	8,771
Advertising, promotional and other marketing activities	10,944	11,205	21,362	24,375
Telephone charges	3,823	4,295	8,068	9,108
Postage	3,029	2,856	5,338	4,734
Travel and entertainment	4,862	4,069	9,377	7,869
Others	7,892	5,390	13,271	10,914
	<u>32,607</u>	<u>33,384</u>	<u>59,856</u>	<u>65,771</u>
Administration and general:				
Professional services	20,454	17,853	40,920	35,393
Donations	92	16	135	38
Administration and management expenses	251	141	568	405
Others	11,692	10,697	25,045	22,787
	<u>32,489</u>	<u>28,707</u>	<u>66,668</u>	<u>58,623</u>
	<u>427,979</u>	<u>384,527</u>	<u>854,437</u>	<u>765,747</u>

**A22. ALLOWANCE FOR IMPAIRMENT ON LOANS AND FINANCING**

<b>Group</b>	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	<b>30.09.11</b>	<b>30.09.10</b>	<b>30.09.11</b>	<b>30.09.10</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Allowance for bad and doubtful debts and financing:				
Individual allowance, net	156,425	13,927	155,000	36,490
Collective allowance	120,114	231,497	319,468	397,866
Bad debts and financing:				
Written off	-	-	-	36
Recovered	(155,458)	(141,127)	(281,002)	(238,461)
	<u>121,081</u>	<u>104,297</u>	<u>193,466</u>	<u>195,931</u>

**A23. BUSINESS SEGMENT ANALYSIS**

<b>Group</b>	<b>Retail</b>	<b>Business</b>	<b>Investment</b>	<b>Corporate and</b>	<b>Insurance</b>	<b>Markets</b>	<b>Group</b>	<b>Total</b>
<b>30.09.2011</b>	<b>Banking</b>	<b>Banking</b>	<b>Banking</b>	<b>Institutional Banking</b>	<b>RM'000</b>	<b>RM'000</b>	<b>Functions</b>	<b>RM'000</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>and Others</b>	<b>RM'000</b>
							<b>RM'000</b>	<b>RM'000</b>
Operating revenue	1,365,863	367,291	209,527	748,162	645,781	293,708	461,642	4,091,974
Income	898,168	283,564	206,881	202,578	137,125	276,190	165,899	2,170,405
Expenses	(388,898)	(55,292)	(98,913)	(57,263)	(48,522)	(35,462)	(170,087)	(854,437)
Profit/(loss) before provisions	509,270	228,272	107,968	145,315	88,603	240,728	(4,188)	1,315,968
(Provisions)/Writeback of provisions	(141,332)	(119,381)	1,260	20,271	(14)	5,289	26,513	(207,394)
Profit after provisions	367,938	108,891	109,228	165,586	88,589	246,017	22,325	1,108,574
Taxation and zakat	(91,985)	(26,869)	(27,523)	(38,572)	(22,120)	(61,373)	(2,497)	(270,938)
Net profit for the period	275,953	82,022	81,705	127,014	66,469	184,644	19,828	837,636

**Other information:**

Cost to income ratio	43.3%	19.5%	47.8%	28.3%	35.4%	12.8%	102.5%	39.4%
Gross loans/ financing	45,542,599	15,155,560	533,446	12,869,643	3,053	-	(959,116)	73,145,185
Net loans/ financing	44,301,486	14,956,646	520,491	12,792,595	3,053	-	(1,511,954)	71,062,317
Gross impaired loans, advances and financing	1,222,557	383,605	5,218	-	-	-	443,864	2,055,244
Total deposits	34,691,721	6,853,721	156,042	34,200,758	-	400,855	1,126,355	77,429,452

**A23. BUSINESS SEGMENT ANALYSIS (CONTD.)**

<b>Group</b>	<b>Retail Banking</b>	<b>Business Banking</b>	<b>Investment Banking</b>	<b>Corporate and Institutional Banking</b>	<b>Insurance</b>	<b>Markets</b>	<b>Group Functions and Others</b>	<b>Total</b>
<b>30.09.2010</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Operating revenue	1,279,437	287,334	174,053	604,116	451,511	230,745	450,654	3,477,850
Income	903,767	225,607	172,649	184,492	128,623	198,072	167,339	1,980,549
Expenses	(350,230)	(46,399)	(91,410)	(47,863)	(41,907)	(32,578)	(155,360)	(765,747)
Profit before provisions	553,537	179,208	81,239	136,629	86,716	165,494	11,979	1,214,802
Provisions of provisions	(166,756)	(33,193)	(904)	(7,968)	(738)	(5,016)	(18,802)	(233,377)
Profit/(Loss) after provisions	386,781	146,015	80,335	128,661	85,978	160,478	(6,823)	981,425
Taxation and zakat	(96,695)	(36,374)	(20,216)	(30,004)	(19,357)	(39,839)	(12,611)	(255,096)
Net profit/(loss) for the period	290,086	109,641	60,119	98,657	66,621	120,639	(19,434)	726,329

**Other information**

Cost to income ratio	38.8%	20.6%	52.9%	25.9%	32.6%	16.4%	92.8%	38.7%
Gross loans/ financing	44,635,693	12,589,707	452,167	11,338,546	3,411	-	13,049	69,032,573
Net loans/ financing	43,358,798	12,397,769	439,617	11,242,538	3,411	-	(852,372)	66,589,761
Gross impaired loans, advances and financing	1,386,335	156,645	6,047	-	-	-	1,010,089	2,559,116
Total deposits	31,999,208	6,132,729	187,307	32,845,868	-	288,896	562,765	72,016,773

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

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

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

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

<b>Group</b>	<b>30.09.11</b>	<b>31.03.11</b>
	<b>Principal Amount RM'000</b>	<b>Principal Amount RM'000</b>
<b>Commitments</b>		
Other commitments, such as formal standby facilities and credit lines, with an original maturity of:		
within one year	13,672,739	13,629,979
more than one year	6,407,357	6,026,269
Unutilised credit card lines	3,571,623	3,786,573
Forward asset purchases	573,041	569,428
	<u>24,224,760</u>	<u>24,012,249</u>
<b>Contingent Liabilities</b>		
Direct credit substitutes	1,947,076	2,717,125
Transaction related contingent items	3,230,551	2,283,260
Obligations under an on-going underwriting agreement	402,500	452,500
Short term self liquidating trade related contingencies	1,221,284	764,769
Assets sold with recourse	1,492,737	1,589,790
Others	60,286	46,209
	<u>8,354,434</u>	<u>7,853,653</u>
<b>Derivative Financial Instruments</b>		
Interest/Profit rate related contracts:	40,537,961	37,027,741
One year or less	8,717,782	5,870,000
Over one to five years	26,172,480	27,256,982
Over five years	5,647,699	3,900,759
Foreign exchange related contracts:	24,434,236	29,667,757
One year or less	20,390,996	28,586,642
Over one to five years	3,982,398	929,850
Over five years	60,842	151,265
Credit derivative contracts:	939,155	328,907
One year or less	63,709	76,474
Over one to five years	571,159	252,433
Over five years	304,287	-
Equity related contracts:	1,396,697	1,138,784
One year or less	917,348	604,233
Over one to five years	469,301	521,071
Over five years	10,048	13,480
Other commodity contracts:	148,910	147,703
One year or less	80,185	-
Over one to five years	68,725	147,703
Over five years	-	-
	<u>67,456,959</u>	<u>68,310,892</u>
	<u>100,036,153</u>	<u>100,176,794</u>

## A27. COMMITMENTS AND CONTINGENCIES (CONT.)

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

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

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

In the MAA Suit, AmTrustee filed a Third Party Notice against Meridian on 6 November 2006 seeking indemnification/contribution from Meridian. Meridian filed a counter claim against AmTrustee.

On 22 February 2008, AmTrustee filed an Application for a stay of proceedings of the Meridian's Suit on the grounds that Meridian's counter claim in the MAA Suit amounts to duplicity/abuse of process which was dismissed with costs on 26 June 2008. AmTrustee filed a Notice of Appeal to the Court of Appeal on 25 July 2008. The Appeal came up for hearing on 11 August 2011 and the Court of Appeal ordered that this appeal be heard with another of AmTrustee's appeal. Both the Appeals were fixed for Case Management on 7 October 2011 and refixed for Hearing on 17 November 2011.

Parties have filed several interim applications in the Meridian Suit amongst which was application by Meridian to add another subsidiary of the Company, namely AmInvestment Bank Berhad as 2nd Defendant and also to increase the alleged loss and damage from RM27,606,169.65 to RM36,967,166.84 to include alleged loss due to reputation damage and loss of future earnings (together with interest and costs) arising from the provision of custodian services by AmTrustee to Meridian. 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 ("Decision").

No Appeal was lodged by Meridian to the Court of Appeal against the Decision in dismissing its application to add AmInvestment Bank Berhad as a Party to its Suit. With no appeal against the Decision, there is no litigation pending today against AmInvestment Bank Berhad by 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 as general damages for breach of the Agreement and breach of trust together with interests and costs (KWAP's claim).

**A27. COMMITMENTS AND CONTINGENCIES (CONT.)**

- (e) 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 filed an Application to Strike out the Third Party Notice. This Application was fixed for Hearing on 27 September 2010 and the court allowed AmTrustee's Application with cost on 1 November 2010. Meridian filed an appeal to the Court of Appeal against this decision and the appeal was dismissed with costs ("Order"). With this court Order, AmTrustee is no longer involved in KWAP's claim against Meridian.

Court directed parties to consider resolving this matter via mediation but Parties informed court that they are not agreeable to resolve this matter via mediation. Trial dates for both Meridian and MAA Suits were initially fixed from 24 January to 26 January 2011 and are refixed now on 29 and 30 June and 1 July 2011. Both matters were then fixed for Case Management on 25 May 2011.

In the meantime, AmTrustee filed an Application for Stay of Proceeding of both the MAA Suit and Meridian Suit pending the full and final disposal of a criminal proceeding (which is still ongoing) involving a key witness of Meridian.

This Application came up for hearing on 1 December 2010 and was dismissed. AmTrustee filed an appeal to the court of appeal against this decision. The Appeal came up for hearing on 24 May 2011 and the Appeal was allowed with costs and both the Suits are stayed pending the disposal of the criminal proceedings.

When the matter came up for Case Management on 25 May 2011, Solicitors informed the High Court of the Court of Appeal's decision to stay the civil trial pending the disposal of the criminal trial. Court then vacated the initial trial dates and both the Suits are fixed for Case Management on 20 October 2011.

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

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

**A28. DERIVATIVE FINANCIAL ASSETS/LIABILITIES**

Group	30.09.11			31.03.11		
	Contract/ Notional Amount RM'000	Positive Fair Value RM'000	Negative Fair Value RM'000	Contract/ Notional Amount RM'000	Positive Fair Value RM'000	Negative Fair Value RM'000
<b>Trading derivative</b>						
Interest rate related contracts:	31,029,416	258,726	281,439	26,102,681	127,097	135,044
- Less than 1 year	7,677,782	11,888	12,531	4,490,000	6,134	5,670
- 1 year to 3 years	7,423,381	44,943	38,716	11,050,922	55,698	46,516
- More than 3 years	15,928,253	201,895	230,192	10,561,759	65,265	82,858
Foreign exchange related contracts:	24,434,237	291,368	361,584	29,667,757	107,067	145,052
- Less than 1 year	20,390,997	232,484	272,671	28,586,642	83,235	89,974
- 1 year to 3 years	1,522,688	24,126	16,895	344,633	10,278	9,635
- More than 3 years	2,520,552	34,758	72,018	736,482	13,554	45,443
Credit derivative contracts:	939,156	53,945	39,264	328,907	5,495	5,495
- Less than 1 year	63,709	1,258	1,110	76,474	131	131
- 1 year to 3 years	265,796	25,915	27,375	252,433	5,364	5,364
- More than 3 years	609,651	26,772	10,779	-	-	-
Equity and commodity related contracts:	1,545,605	11,773	52,717	1,286,487	36,976	126,121
- Less than 1 year	997,533	2,500	39,721	604,233	26,136	111,123
- 1 year to 3 years	524,423	8,342	7,204	460,058	5,587	5,581
- More than 3 years	23,649	931	5,792	222,196	5,253	9,417
	<b>57,948,414</b>	<b>615,812</b>	<b>735,004</b>	<b>57,385,832</b>	<b>276,635</b>	<b>411,712</b>
<b>Hedging derivative</b>						
Interest rate related contracts,						
Interest rate swaps:						
Cash flow hedge	8,890,000	13,581	45,893	10,020,000	52,290	22,776
- Less than 1 year	1,040,000	804	3,092	1,380,000	38	6,036
- 1 year to 3 years	6,380,000	11,356	22,008	7,120,000	45,109	13,376
- More than 3 years	1,470,000	1,421	20,793	1,520,000	7,143	3,364
Fair value hedge	618,545	62,206	-	905,060	69,872	620
- Less than 1 year	-	-	-	-	-	-
- 1 year to 3 years	-	-	-	-	-	-
- More than 3 years	618,545	62,206	-	905,060	69,872	620
	<b>9,508,545</b>	<b>75,787</b>	<b>45,893</b>	<b>10,925,060</b>	<b>122,162</b>	<b>23,396</b>
Total	<b>67,456,959</b>	<b>691,599</b>	<b>780,897</b>	<b>68,310,892</b>	<b>398,797</b>	<b>435,108</b>

**Purpose of engaging in financial derivatives**

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

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

## **A28. DERIVATIVE FINANCIAL ASSETS/LIABILITIES (CONTD.)**

### **Purpose of engaging in financial derivatives (Contd.)**

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

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

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

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

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

### **Risk associated with financial derivatives**

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

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

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

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

## A28. DERIVATIVE FINANCIAL ASSETS/LIABILITIES (CONTD.)

### General disclosure for derivatives and counterparty credit risk

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

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

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

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

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

### Liquidity risk of derivatives

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

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

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

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

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

## A28. DERIVATIVE FINANCIAL ASSETS/LIABILITIES (CONTD.)

### Derivative Financial Instruments and Hedge Accounting

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

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

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

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

#### (i) Fair Value Hedge

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

#### (ii) Cash Flow Hedge

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

#### (iii) Net Investment Hedge

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

## A29. CAPITAL ADEQUACY RATIO

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

	30.09.11			Group *
	AmBank	AmIslamic Bank	AmInvestment Bank	
Before deducting proposed dividends:				
Core capital ratio	10.2%	8.2%	33.4%	10.4%
Risk weighted capital ratio	14.9%	14.3%	33.4%	14.9%
After deducting proposed dividends:				
Core capital ratio	10.2%	8.2%	30.4%	10.4%
Risk weighted capital ratio	14.9%	14.3%	30.4%	14.9%
	31.03.11			Group *
	AmBank	AmIslamic Bank	AmInvestment Bank	
Before deducting proposed dividends:				
Core capital ratio	10.0%	8.0%	24.7%	10.2%
Risk weighted capital ratio	14.8%	12.5%	24.7%	14.4%
After deducting proposed dividends:				
Core capital ratio	9.5%	8.0%	21.7%	9.8%
Risk weighted capital ratio	14.4%	12.5%	21.7%	14.0%

\* Notes:

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



**A29. CAPITAL ADEQUACY RATIO (CONTD.)**

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

	30.09.11			Group *
	AmBank RM'000	AmIslamic Bank RM'000	AmInvestment Bank RM'000	
Tier 1 Capital				
Paid-up ordinary share capital	820,364	403,038	200,000	1,423,402
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	1,168	-	-	27,875
Irredeemable non-cumulative convertible preference shares	-	-	-	-
Innovative Tier 1 capital	978,264	-	-	1,235,100
Non-innovative Tier 1 capital	500,000	-	-	500,000
Retained earnings at end of year	3,049,228	260,739	114,666	3,443,153
Non-controlling interests	-	-	-	50
Total	<u>7,020,843</u>	<u>1,502,161</u>	<u>514,666</u>	<u>9,350,254</u>
Less: Goodwill	-	-	-	(11,243)
Deferred tax assets, net	(499,081)	(140,896)	(15,804)	(657,376)
Total Tier 1 Capital	<u>6,521,762</u>	<u>1,361,265</u>	<u>498,862</u>	<u>8,681,635</u>
Less: Deduction in excess of allowable Tier 2 capital	-	-	(102,982)	(14,751)
Maximum Allowable Tier 1 Capital	<u>6,521,762</u>	<u>1,361,265</u>	<u>395,880</u>	<u>8,666,884</u>
Tier 2 Capital				
Medium term notes	1,557,800	-	-	1,557,800
Subordinated bonds	-	1,000,000	-	1,000,000
Innovative Tier 1 capital	256,836	-	-	-
Collective allowance for bad and doubtful debts <sup>#</sup>	1,180,772	346,196	8,060	1,538,891
Total Tier 2 Capital	<u>2,995,408</u>	<u>1,346,196</u>	<u>8,060</u>	<u>4,096,691</u>
Less: Restriction on subordinated bonds/sukuks	-	(319,367)	-	(319,367)
Maximum Allowable Tier 2 Capital	<u>2,995,408</u>	<u>1,026,829</u>	<u>8,060</u>	<u>3,777,324</u>
Total Capital Funds	9,517,170	2,388,094	403,940	12,444,208
Less: Investment in subsidiaries	(32,780)	-	(88,231)	(32,769)
Investment in capital of related financial institutions and other deduction	(13,909)	-	(22,811)	(36,720)
Add: Deduction in excess of allowable Tier 2 capital made against Tier 1 capital	-	-	102,982	14,751
Capital Base	<u>9,470,481</u>	<u>2,388,094</u>	<u>395,880</u>	<u>12,389,470</u>

<sup>#</sup> Excludes collective allowance on impaired loans/financing restricted from Tier 2 capital of the Group of RM463,576,000.

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

Credit risk	55,317,234	14,899,282	713,275	71,323,561
Market risk	3,973,988	499,453	19,633	4,502,327
Operational risk	4,339,231	1,268,665	451,409	7,139,309
Large exposure risk requirements for equity holdings	3,897	-	-	3,897
Total risk-weighted assets	<u>63,634,350</u>	<u>16,667,400</u>	<u>1,184,317</u>	<u>82,969,094</u>

**A29. CAPITAL ADEQUACY RATIO (CONTD.)**

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

<sup>##</sup> Excludes collective allowance on impaired loans/financing restricted from Tier 2 capital of the Group of RM636,830,000.

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

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

**A30. CREDIT EXPOSURE ARISING FROM CREDIT TRANSACTIONS WITH CONNECTED PARTIES**

	Group	
	30.09.11 RM'000	31.03.11 RM'000
Outstanding credit exposures with connected parties	1,096,639	921,814
Percentage of outstanding credit exposures to connected parties		
- as a proportion of total credit exposures	<u>1.32</u>	<u>1.14</u>
- which is non-performing or in default	<u>0.07</u>	<u>0.14</u>

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

**UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 30 SEPTEMBER 2011**

	<b>Group</b>	
	<b>30.09.11</b>	<b>31.03.11</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>ASSETS</b>		
Cash and short-term funds	3,227,422	4,761,640
Deposit and placements with banks and other financial institutions	600,000	250,000
Derivative financial assets	4,370	3,258
Financial assets held-for-trading	1,551,992	991,136
Financial investments available-for-sale	677,321	715,937
Financing and advances	14,043,042	13,247,076
Other receivables, deposits and prepayments	210,413	150,874
Statutory deposits with Bank Negara Malaysia	149,000	-
Deferred tax assets	144,527	119,948
Property and equipment	629	732
Intangible assets	205	286
<b>TOTAL ASSETS</b>	<b>20,608,921</b>	<b>20,240,887</b>
<b>LIABILITIES AND ISLAMIC BANKING FUNDS</b>		
Deposits and placements of banks and other financial institutions	1,461,429	1,358,833
Derivative financial liabilities	4,368	3,254
Deposits from customers	14,960,395	15,242,321
Term funding	757,309	550,000
Bills and acceptances payable	465,025	879,522
Subordinated Sukuk Musyarakah	1,000,000	400,000
Other liabilities	326,182	291,281
<b>Total Liabilities</b>	<b>18,974,708</b>	<b>18,725,211</b>
Share capital/Capital funds	435,877	435,877
Reserves	1,198,336	1,079,799
<b>Total Islamic Banking Funds</b>	<b>1,634,213</b>	<b>1,515,676</b>
<b>TOTAL LIABILITIES AND ISLAMIC BANKING FUNDS</b>	<b>20,608,921</b>	<b>20,240,887</b>
<b>COMMITMENTS AND CONTINGENCIES</b>	<b>6,627,117</b>	<b>7,736,063</b>

**A31. ISLAMIC BANKING BUSINESS (CONTD.)**

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

Group	Individual Quarter		Cumulative Quarter	
	30.09.11 RM'000	30.09.10 RM'000	30.09.11 RM'000	30.09.10 RM'000
Income derived from investment of depositors' funds and others	310,833	252,170	612,643	508,832
Impairment writeback/(loss) on financial investments	-	(2,727)	-	1,491
Allowance for impairment on financing and advances	(50,493)	(38,395)	(92,374)	(68,264)
Provision for commitments and contingencies	(933)	(1,270)	(2,066)	(1,215)
Impairment writeback/(loss) for sundry debtors	18	(710)	18	(710)
Transfer (to)/from profit equalisation reserve	(6,182)	29,541	(1,424)	17,819
Total attributable income	253,243	238,609	516,797	457,953
Income attributable to the depositors	(145,146)	(113,123)	(286,336)	(208,188)
Profit attributable to the Group	108,097	125,486	230,461	249,765
Income derived from Islamic Banking Funds	57,534	51,352	97,577	90,439
Total net income	165,631	176,838	328,038	340,204
Operating expenditure	(75,656)	(70,012)	(147,401)	(146,519)
Finance cost	(10,835)	(5,513)	(21,531)	(11,981)
Profit before taxation and zakat	79,140	101,313	159,106	181,704
Taxation and zakat	(19,510)	(25,828)	(40,779)	(46,878)
Profit for the period	59,630	75,485	118,327	134,826

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

Group	Individual Quarter		Cumulative Quarter	
	30.09.11 RM'000	30.09.10 RM'000	30.09.11 RM'000	30.09.10 RM'000
Profit for the period	59,630	75,485	118,327	134,826
Other comprehensive income/(loss):				
Net change in revaluation of financial investments available-for-sale	555	7,019	(71)	3,571
Exchange differences on translation of foreign operations	587	(543)	289	(293)
Income tax relating to the components of other comprehensive income	(138)	(1,761)	18	(896)
Other comprehensive income for the period, net of tax	1,004	4,715	236	2,382
Total comprehensive income for the period	60,634	80,200	118,563	137,208

**A31. ISLAMIC BANKING BUSINESS (CONTD.)**

**(a) Financing and Advances**

	<b>Group</b>	
	<b>30.09.11</b>	<b>31.03.11</b>
	<b>RM'000</b>	<b>RM'000</b>
Islamic hire purchase, net of unearned income	7,655,463	6,958,739
Term financing and revolving credit facilities	5,349,652	5,937,581
Claims on customer under acceptance credits	1,064,258	957,590
Credit card receivables	310,796	303,753
Trust receipts	92,600	89,747
Other financing	1,540,491	1,204,157
	<u>16,013,260</u>	<u>15,451,567</u>
Islamic financing sold to Cagamas Berhad	(1,492,737)	(1,700,034)
Gross financing and advances	<u>14,520,523</u>	<u>13,751,533</u>
Allowance for impairment on financing and advances:		
Collective allowance	(464,516)	(479,010)
Individual allowance	(12,965)	(25,447)
	<u>(477,481)</u>	<u>(504,457)</u>
Net financing and advances	<u>14,043,042</u>	<u>13,247,076</u>

\* Included in term financing and revolving credit facilities of the Islamic banking business as at the reporting period are financing amounting to RM54,301,000 (31 March 2011: RM202,955,000) which are exempted from collective allowance by Bank Negara Malaysia.

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

	<b>Group</b>	
	<b>30.09.11</b>	<b>31.03.11</b>
	<b>RM'000</b>	<b>RM'000</b>
Balance at beginning of period/year	320,418	191,894
Impaired during the period/year	131,643	309,732
Reclassification to non-impaired financing	(55,683)	(56,861)
Recoveries	(24,879)	(34,476)
Amount written off	(141,746)	(89,871)
Balance at end of period/year	<u>229,753</u>	<u>320,418</u>
Impaired financing and advances as % of total financing and advances (including Islamic financing sold to Cagamas Berhad)	<u>1.4%</u>	<u>2.1%</u>

**A31. ISLAMIC BANKING BUSINESS (CONTD.)**

**(a) Financing and Advances (Contd.)**

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

	<b>Group</b>	
	<b>30.09.11</b>	<b>31.03.11</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Collective allowance</b>		
Balance at beginning of period/year	479,010	287,844
Allowance made during the period/year	112,405	281,169
Amount written off	(126,899)	(90,003)
Balance at end of period/year	<u>464,516</u>	<u>479,010</u>
% of total financing and advances (including Islamic financing sold to Cagamas Berhad) less individual allowance and financing exempted from collective allowance by Bank Negara Malaysia	<u>2.9%</u>	<u>3.1%</u>
<b>Individual allowance</b>		
Balance at beginning of period/year	25,447	1,108
Allowance made during the period/year	2,371	24,339
Amount written off	(14,853)	-
Balance at end of period/year	<u>12,965</u>	<u>25,447</u>

**(b) DEPOSITS FROM CUSTOMERS**

	<b>Group</b>	
	<b>30.09.11</b>	<b>31.03.11</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Mudarabah Fund:</b>		
Demand deposits	14,743	11,286
Saving deposits	5,359	4,617
General investment deposits	11,502,127	12,577,770
Structured deposits	187,400	111,162
	<u>11,709,629</u>	<u>12,704,835</u>
<b>Non-Mudarabah Fund:</b>		
Demand deposits	1,619,736	1,166,547
Saving deposits	1,405,634	1,335,281
Term deposits	75,091	-
Negotiable instruments of deposits	56,015	13,168
Other deposits	94,290	22,490
	<u>3,250,766</u>	<u>2,537,486</u>
	<u>14,960,395</u>	<u>15,242,321</u>

**(c) OTHER LIABILITIES**

	<b>Group</b>	
	<b>30.09.11</b>	<b>31.03.11</b>
	<b>RM'000</b>	<b>RM'000</b>
Other payables and accruals	180,111	169,677
Taxation and zakat payable	105,022	83,232
Provision for commitments and contingencies	20,686	18,620
Lease deposits and advance rentals	12,086	12,898
Profit equalisation reserve	8,277	6,854
	<u>326,182</u>	<u>291,281</u>

**A32. RESTATEMENT OF COMPARATIVES**

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

	<b>As previously reported RM'000</b>	<b>Effect of reclassification RM'000</b>	<b>As restated RM'000</b>
<b>Income Statement for first quarter ended 30 September 2010</b>			
Interest income	999,146	(98)	999,048
Net income from Islamic banking business	184,787	98	184,885
<b>Income Statement for cumulative quarter ended 30 September 2010</b>			
Interest income	1,988,859	(164)	1,988,695
Net income from Islamic banking business	378,938	164	379,102

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

The Group recorded a net profit of RM381.6 million for the second quarter ended 30 September 2011, an improvement of RM37.0 million or 10.7% as compared to the previous corresponding period ended 30 September 2010 of RM344.6 million. The Group's pre-tax profit for the financial period ended 30 September 2011 improved to RM1,108.6 million as compared to RM981.4 million reported for the corresponding period last financial year.

Improvement in earnings for current reporting quarter ended 30 September 2011 as compared to preceding financial year corresponding quarter was mainly attributed to net impairment writeback on financial investment of RM17.7 million as opposed to net impairment loss of RM45.0 million, higher other operating income and net income from Islamic banking business by RM33.6 million and RM27.5 million respectively. Higher earnings from net income from insurance business of RM49.7 million and net interest income of RM524.8 million had also contributed to the improvement in earnings for the current reporting quarter ended 30 September 2011. In addition, there was writeback of provision for commitments and contingencies of RM2.5 million as compared to the provision of RM1.8 million reported for previous corresponding quarter ended 30 September 2011.

The improvement in earnings for current reporting quarter as compared to preceding financial year corresponding quarter however was partially off-set by higher other operating expenses, higher allowances for impairment on loans and financing, higher impairment loss on foreclosed properties and doubtful sundry receivables of RM428.0 million, RM121.1 million, RM28.2 million and RM1.3 million respectively. In addition, there was transfer to profit equalisation reserve of RM6.2 million for current reporting quarter as compared to transfer from profit equalisation reserve of RM29.5 million for previous corresponding quarter ended 30 September 2010.

The Group's Retail Banking operation was the largest contributor to the Group pre-tax profit, reporting a pre-tax profit of RM367.9 million, followed by Markets of RM246.0 million, while Corporate and Institutional Banking operations and Investment Banking operations contributed RM165.6 million and RM109.2 million respectively for the financial period ended 30 September 2011.

Gross loans and advances expanded to RM73.1 billion to register an annual growth of 3.5%. The growth was mainly attributed to the finance, insurance, real estate and business activities sectors, manufacturing sector, wholesale, retail, restaurant and hotel sectors and mining and quarrying sectors. Financing for purchase of household transport vehicles accounted for 31.7% of total loans, while loans for residential properties accounted for 16.4% of total loans.

As at 30 September 2011, the Group's total assets stood at RM107.7 billion. Meanwhile, the Group's banking subsidiaries aggregated risk-weighted capital ratio ("RWCR") stood at 14.9% as at 30 September 2011, compared with 14.4% as at 31 March 2011.

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

## **B2. REVIEW OF MATERIAL CHANGES IN PROFIT BEFORE TAXATION**

The Group reported a lower pre-tax profit of RM498.3 million for the second quarter ended 30 September 2011 as compared to RM610.2 million for the first quarter ended 30 June 2011. This was partially attributed by lower other operating income and net income from insurance business by RM79.7 million and RM4.2 million respectively. This was further reduced by higher allowances for impairment on loans and financing by RM48.7 million and higher impairment loss on foreclosed properties by RM28.1 million. In addition, there was transfer to profit equalisation reserve of RM6.2 million for current reporting quarter as opposed to transfer from profit equalisation reserve of RM4.8 million for the preceding quarter ended 30 June 2011.

The lower pre-tax profit was mitigated by higher net income from Islamic banking business and net interest income by RM22.4 million and RM16.8 million respectively. This was further improved by higher impairment writeback on financial investment by RM17.2 million and writeback of provision for commitments and contingencies of RM2.5 million as compared to provision of RM3.8 million for the preceding quarter ended 30 June 2011.



### B3. PROSPECTS FOR 31 MARCH 2012

The Group projects Malaysia's economy to grow at around 5% in 2011 supported by private investments and domestic consumption. Domestic demand is expected to remain robust backed by stable employment outlook coupled with higher household income; whilst the sustained inflows in foreign direct investment and implementation of Economic Transformation Programme ("ETP") projects should support private investment. Nevertheless, headwinds from slower global growth will mean potentially slower growth in the next few years. As such, monetary policy is expected to remain accommodative to provide the basis for economic and financial stability.

The Malaysian banking sector is expected to remain vigilant against potential risks, supported with healthy asset quality, strong capital levels and improved risk management practices. Initiatives announced in Budget 2012 are expected to spur the development of capital markets and further strengthen Malaysia's leadership in Islamic banking. Implementation of high impact projects in addition to the existing initiatives announced under the ETP as well as special funds being setup to assist SMEs in recognition of their contribution to the economy provide potential growth opportunities for the banking sector.

The Group whilst cautious in its outlook given the weaker global economic backdrop will maintain its discipline approach in executing to our strategic themes to meet the FY2012 – 2014 Medium Term Aspirations of becoming "Malaysia's preferred banking group with international connectivity". Our international connectivity agenda continues to gain momentum with several initiatives being rolled out this year such as AmBank-ANZ Get Set solutions and signature priority banking in Malaysia. Within the insurance space, we will continue to leverage on our strategic partners namely Insurance Australia Group (general insurance) and Friends Life (life assurance).

### B4. VARIANCE FROM PROFIT FORECAST AND SHORTFALL FROM PROFIT GUARANTEE

This is not applicable to the Group.

### B5. TAXATION

Group	Individual Quarter		Cumulative Quarter	
	30.09.11 RM'000	30.09.10 RM'000	30.09.11 RM'000	30.09.10 RM'000
Estimated current tax payable	194,482	200,525	350,145	337,409
Transfer to deferred tax	(78,100)	(80,151)	(80,715)	(79,839)
	<u>116,382</u>	<u>120,374</u>	<u>269,430</u>	<u>257,570</u>
Under/(Over) provision of current taxation in respect of prior years	(11)	(7)	639	(2,874)
Taxation	<u>116,371</u>	<u>120,367</u>	<u>270,069</u>	<u>254,696</u>
Zakat	365	207	869	400
Taxation and zakat	<u>116,736</u>	<u>120,574</u>	<u>270,938</u>	<u>255,096</u>

The total tax charge of the Group for the financial period ended 30 September 2011 reflect an effective tax rate which is lower than the statutory tax rate mainly due to income not subject to tax, while higher effective tax rate for the previous corresponding year was mainly due to disallowances of certain expenses.

**B6. SALE OF INVESTMENTS AND/OR FORECLOSED PROPERTIES**

Group	Individual Quarter		Cumulative Quarter	
	30.09.11 RM'000	30.09.10 RM'000	30.09.11 RM'000	30.09.10 RM'000
Net gain from sale of financial assets held-for-trading	30,124	22,216	65,191	35,480
Net gain from sale of financial investments available-for-sale	10,622	20,605	80,344	40,912
Net gain from redemption of financial investments held-to-maturity	4,008	150	8,972	5,079

**B7. QUOTED SECURITIES**

This note is not applicable to financial institutions.

**B8. CORPORATE PROPOSALS**

- 1 In relation to the intra-group transfers of subsidiaries for the formation of Capital Market Group and Asset Management Group as proposed in previous financial years, the intra-group transfer of domestic subsidiaries has been completed. The intra-group transfer involving PT. AmCapital Indonesia, the Group's Indonesian subsidiary, which is licensed to undertake stockbroking business is subject to obtaining the approval of Badan Pengawas Pasar Modal dan Lembaga Keuangan, the Indonesian securities regulatory authority.
- 2 During the financial period, the trustee of the executives' share scheme ("ESS") had purchased 18,339,800 of the Company's issued ordinary shares from the open market at an average price of RM6.41 per share. The total consideration paid for the purchase including transaction costs amounted to RM117,576,658.

As at 30 September 2011, the trustee of the ESS held 23,667,000 ordinary shares (net of ESS shares vested to employees) representing 0.79% of the issued and paid-up capital of the Company. These shares are held at a carrying amount of RM141,709,780.

**B9. BORROWINGS**

	<b>Group</b>	
	<b>30.09.11</b>	<b>31.03.11</b>
	<b>RM'000</b>	<b>RM'000</b>
(i) Deposits from customers		
Due within six months	61,597,979	63,455,715
Six months to one year	8,539,614	7,191,919
One to three years	2,262,442	1,974,353
Three to five years	1,837,520	1,944,975
	<u>74,237,555</u>	<u>74,566,962</u>
(ii) Deposits and placements of banks and other financial institutions		
Due within six months	802,766	1,737,925
Six months to one year	740,543	775,772
One to three years	871,430	837,597
Three to five years	777,158	920,362
	<u>3,191,897</u>	<u>4,271,656</u>
(iii) Term funding		
(a) Unsecured senior notes		
Due within one year	195,750	20,750
More than one year	3,265,802	3,439,777
(b) Credit-Linked Note		
Due within one year	30,245	40,000
More than one year	412,148	135,119
(c) Term loans and revolving credits		
Due within one year		
Secured	245,883	274,680
Unsecured	206,000	206,000
More than one year		
Unsecured	664,754	630,552
(d) Amount due to Cagamas Berhad		
More than one year		
Unsecured	207,309	-
	<u>5,227,891</u>	<u>4,746,878</u>
(iv) Debt capital		
(a) Unsecured bonds		
More than one year	1,000,000	400,000
(b) Medium Term Notes		
More than one year	1,557,800	1,557,800
(c) Hybrid capital		
More than one year	717,519	655,594
The above hybrid capital includes amounts denominated in USD. Principal amount - USD200.0 million		
(d) Non-Innovative Tier 1 Capital Securities		
More than one year	500,000	500,000
(e) Innovative Tier 1 Capital Securities		
More than one year	485,000	485,000
	<u>4,260,319</u>	<u>3,598,394</u>

**B10. DERIVATIVE FINANCIAL ASSETS/LIABILITIES**

Please refer to note A28

**B11. REALISED AND UNREALISED PROFITS OR LOSSES**

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

	<b>Group</b>	
	<b>30.09.11</b>	<b>31.03.11</b>
	<b>RM'000</b>	<b>RM'000</b>
Total retained earnings		
- Realised	5,339,627	5,274,685
- Unrealised	1,260,126	851,554
Total share of retained earnings from associate:		
- Realised	1,101	1,101
Less: consolidation adjustments	(2,929,180)	(2,898,998)
Total retained earnings as per consolidated financial statements	3,671,674	3,228,342

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

**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 interim single tier ordinary dividend of 6.6% for the financial year ending 31 March 2012 has been recommended by the Directors;
- (ii) Amount per share: 6.6 Sen;
- (iii) Previous corresponding period: 6.0 Sen single tier dividend;
- (iv) Payment date: To be determined and announced at a later date; and
- (iv) In respect of ordinary share capital, 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	
	30.09.11	30.09.10	30.09.11	30.09.10
	RM'000/000	RM'000/000	RM'000/000	RM'000/000
Net profit attributable to equity holders of the Company	369,476	332,872	810,998	701,155
Weighted average number of ordinary shares in issue	2,990,989	3,003,130	2,991,928	3,005,709
Basic earnings per share (Sen)	12.35	11.08	27.11	23.33

b. Fully diluted earnings per share

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

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

	Individual Quarter		Cumulative Quarter	
	30.09.11	30.09.10	30.09.11	30.09.10
	RM'000/000	RM'000/000	RM'000/000	RM'000/000
Net profit attributable to equity holders of the Company	369,476	332,872	810,998	701,155
Weighted average number of ordinary shares in issue (as in (a) above)	2,990,989	3,003,130	2,991,928	3,005,709
Effect of options vested under ESS	49	-	3,822	-
Adjusted weighted average number of ordinary shares in issue / issuable	2,991,038	3,003,130	2,995,750	3,005,709
Fully diluted earnings per share (Sen)	12.35	11.08	27.07	23.33