

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

**AUDITED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**AS AT 31 MARCH 2012**

	Note	Group	
		31.03.12 RM'000	31.03.11 RM'000
<b>ASSETS</b>			
Cash and short-term funds		7,904,737	13,502,567
Securities purchased under resale agreements		384,570	289,731
Deposits and placements with banks and other financial institutions		1,782,935	3,613,482
Derivative financial assets	A28	380,129	398,797
Financial assets held-for-trading	A8	10,570,642	5,173,737
Financial investments available-for-sale	A9	5,503,261	8,073,935
Financial investments held-to-maturity	A10	948,477	175,431
Loans, advances and financing	A11	73,957,980	69,378,824
Other assets	A12	2,752,148	2,206,656
Statutory deposits with Bank Negara Malaysia	A13	2,582,411	145,842
Deferred tax assets		214,350	559,964
Investment in associate		1,101	1,101
Property and equipment		252,119	248,090
Life and family takaful fund assets		2,772,093	2,634,838
Intangible assets		1,848,397	1,833,210
<b>TOTAL ASSETS</b>		<b>111,855,350</b>	<b>108,236,205</b>
<b>LIABILITIES AND EQUITY</b>			
Deposits and placements of banks and other financial institutions	A14	4,028,944	4,271,656
Securities sold under repurchase agreements		41,195	30,465
Recourse obligation on loans sold to Cagamas Berhad		1,176,054	1,018,043
Derivative financial liabilities	A28	441,684	435,108
Deposits from customers	A15	77,142,052	74,566,962
Term funding		5,262,128	4,746,878
Bills and acceptances payable		871,948	1,867,911
Debt capital		4,021,231	3,598,394
Deferred tax liabilities		25,089	35,323
Other liabilities	A16	4,558,414	4,463,581
Life and family takaful fund liabilities		317,397	174,393
Life and family takaful policyholders' funds		2,454,696	2,460,445
<b>Total Liabilities</b>		<b>100,340,832</b>	<b>97,669,159</b>
Share capital		3,014,185	3,014,185
Reserves		8,146,466	7,294,739
Equity attributable to equity holders of the Company		11,160,651	10,308,924
Non-controlling interests		353,867	258,122
<b>Total Equity</b>		<b>11,514,518</b>	<b>10,567,046</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>111,855,350</b>	<b>108,236,205</b>
<b>COMMITMENTS AND CONTINGENCIES</b>	A27	<b>101,260,206</b>	<b>100,195,255</b>

**AMMB HOLDINGS BERHAD**  
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**and its subsidiaries**

**AUDITED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**AS AT 31 MARCH 2012 (CONTD.)**

	Note	Group	
		31.03.12 RM'000	31.03.11 RM'000
<b>CAPITAL ADEQUACY RATIO</b>	A29		
<b>Before deducting proposed dividends:</b>			
Core capital ratio		11.3%	10.2%
Risk-weighted capital ratio		15.7%	14.4%
<b>After deducting proposed dividends:</b>			
Core capital ratio		10.5%	9.8%
Risk-weighted capital ratio		15.0%	14.0%
 <b>NET ASSETS PER ORDINARY SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY (RM)</b>		 3.70	 3.42

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

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

**AUDITED CONSOLIDATED INCOME STATEMENTS**  
**FOR THE FINANCIAL QUARTER ENDED 31 MARCH 2012**

Group	Note	Individual Quarter		Cumulative Quarter	
		31.03.12 RM'000	31.03.11 RM'000	31.03.12 RM'000	31.03.11 RM'000
Operating revenue	A23	1,950,819	1,808,559	7,998,560	7,110,740
Interest income	A17	1,059,896	1,063,031	4,268,663	4,070,370
Interest expense	A18	(554,975)	(512,186)	(2,202,811)	(1,955,778)
Net interest income		504,921	550,845	2,065,852	2,114,592
Net income from Islamic banking business		199,072	158,018	795,032	719,743
Net income from insurance business	A19	34,121	35,915	192,950	171,972
Other operating income	A20	285,037	216,820	1,163,625	906,871
Share in result of associate		-	-	-	(200)
Net income		1,023,151	961,598	4,217,459	3,912,978
Other operating expenses	A21	(412,114)	(396,038)	(1,694,583)	(1,561,927)
Operating profit		611,037	565,560	2,522,876	2,351,051
Allowances for impairment on loans and financing	A22	(133,480)	(114,185)	(425,854)	(475,445)
Impairment (loss)/writeback on:					
Financial investment		(7,620)	(6,425)	11,906	(2,921)
Doubtful sundry receivables - net		(163)	(1,149)	(361)	1,176
Foreclosed properties		(52)	(13,089)	(28,345)	(29,180)
(Provision)/Writeback of provision for commitments and contingencies		5,221	(16,725)	(2,040)	(22,001)
Transfer from profit equalisation reserve		8,316	11,547	3,560	42,444
Profit before taxation and zakat		483,259	425,534	2,081,742	1,865,124
Taxation and zakat	B5	(127,433)	(99,130)	(515,587)	(473,974)
<b>Profit for the period</b>		<b>355,826</b>	<b>326,404</b>	<b>1,566,155</b>	<b>1,391,150</b>
Attributable to:					
Equity holders of the Company		342,634	316,346	1,510,813	1,342,812
Non-controlling interests		13,192	10,058	55,342	48,338
<b>Profit for the period</b>		<b>355,826</b>	<b>326,404</b>	<b>1,566,155</b>	<b>1,391,150</b>
<b>EARNINGS PER SHARE (SEN)</b>	B11				
Basic		11.47	10.54	50.53	44.70
Fully diluted		11.47	10.54	50.48	44.70

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

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

**AUDITED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**FOR THE FINANCIAL QUARTER ENDED 31 MARCH 2012**

Group	Note	Individual Quarter		Cumulative Quarter	
		31.03.12 RM'000	31.03.11 RM'000	31.03.12 RM'000	31.03.11 RM'000
Profit for the period		355,826	326,404	1,566,155	1,391,150
Other comprehensive income/(loss):					
Exchange differences on translation of foreign operations		(6,057)	(2,133)	2,573	(11,764)
Net movement on cash flow hedges		21,524	28,234	(60,202)	39,319
Net movement on financial investments available-for-sale		22,831	(79)	27,289	(6,833)
Income tax relating to the components of other comprehensive income		(7,295)	(6,283)	21,183	(16,228)
Other comprehensive income/(loss) for the period, net of tax		31,003	19,739	(9,157)	4,494
Total comprehensive income for the period		386,829	346,143	1,556,998	1,395,644
Total comprehensive income for the period attributable to:					
Equity holders of the Company		370,157	337,626	1,493,759	1,346,184
Non-controlling interests		16,672	8,517	63,239	49,460
		386,829	346,143	1,556,998	1,395,644

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

**AMMB HOLDINGS BERHAD**  
**(223035-V) (Incorporated in Malaysia)**  
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**AUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE FINANCIAL QUARTER ENDED 31 MARCH 2012**

Group	Attributable to Equity Holders of the Company							Total Equity RM'000
	Non-Distributable				Distributable			
	Ordinary Share Capital RM'000	Share Premium RM'000	Other Reserves RM'000	Shares Held In Trust for ESS RM'000	Retained Earnings RM'000	Total RM'000	Non-controlling Interests 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	-	-	-	-	1,342,812	1,342,812	48,338	1,391,150
Other comprehensive income, net	-	-	3,372	-	-	3,372	1,122	4,494
Total comprehensive income for the period	-	-	3,372	-	1,342,812	1,346,184	49,460	1,395,644
Purchase of shares pursuant to Executives' Share Scheme ("ESS")^	-	-	-	(31,497)	-	(31,497)	-	(31,497)
Share-based payment under ESS, net	-	-	34,854	-	-	34,854	-	34,854
ESS shares vested to employee of subsidiary	-	-	(159)	325	-	166	-	166
Transfer of ESS shares recharge difference on purchase price for shares vested	-	-	-	-	(48)	(48)	-	(48)
Transfer from retained earnings	-	-	39,147	-	(39,147)	-	-	-
Subscription of shares in AmPrivate Equity Sdn Bhd	-	-	-	-	-	-	5,080	5,080
Dividend paid	-	-	-	-	(464,184)	(464,184)	(8,568)	(472,752)
<b>At 31 March 2011</b>	<b>3,014,185</b>	<b>2,537,372</b>	<b>1,577,712</b>	<b>(48,687)</b>	<b>3,228,342</b>	<b>10,308,924</b>	<b>258,122</b>	<b>10,567,046</b>

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**AUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE FINANCIAL QUARTER ENDED 31 MARCH 2012**

Group	Attributable to Equity Holders of the Company							Total Equity RM'000
	Non-Distributable				Distributable			
	Ordinary Share Capital RM'000	Share Premium RM'000	Other Reserves RM'000	Shares Held In Trust for ESS RM'000	Retained Earnings RM'000	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	-	-	-	-	1,510,813	1,510,813	55,342	1,566,155
Other comprehensive income/(loss), net	-	-	(17,054)	-	-	(17,054)	7,897	(9,157)
Total comprehensive income/(loss) for the period	-	-	(17,054)	-	1,510,813	1,493,759	63,239	1,556,998
Purchase of shares pursuant to Executives' Share Scheme ("ESS") <sup>^</sup>	-	-	-	(132,368)	-	(132,368)	-	(132,368)
Share-based payment under ESS, net	-	-	39,688	-	-	39,688	-	39,688
ESS shares vested to employees of subsidiaries	-	-	(9,156)	26,876	-	17,720	-	17,720
Transfer of ESS shares recharge difference on purchase price for shares vested	-	-	-	-	(6,434)	(6,434)	(274)	(6,708)
Transfer from retained earnings	-	-	355,910	-	(355,910)	-	-	-
Subscription of shares in AmPrivate Equity Sdn Bhd	-	-	-	-	-	-	4,100	4,100
Subscription of shares in AmFamily Takaful Berhad	-	-	-	-	-	-	30,000	30,000
Dividend paid	-	-	-	-	(560,638)	(560,638)	(1,320)	(561,958)
<b>At 31 March 2012</b>	<b>3,014,185</b>	<b>2,537,372</b>	<b>1,947,100</b>	<b>(154,179)</b>	<b>3,816,173</b>	<b>11,160,651</b>	<b>353,867</b>	<b>11,514,518</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 20,855,900 of the Company's issued ordinary shares from the open market by a trustee appointed by the ESS committee at an average price of RM6.35 per share.

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

**AMMB HOLDINGS BERHAD**  
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**AUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE FINANCIAL QUARTER ENDED 31 MARCH 2012**

<b>Group</b>	<b>31.03.12</b> <b>RM'000</b>	<b>31.03.11</b> <b>RM'000</b>
Profit before taxation	2,081,742	1,865,124
Add adjustments for non-operating and non-cash items	69,333	319,024
Operating profit before working capital changes	<u>2,151,075</u>	<u>2,184,148</u>
<i>Decrease/(Increase) in operating assets:</i>		
Securities purchased under resale agreements	(94,839)	(289,731)
Deposits and placements with banks and other financial institutions	1,830,547	(1,781,977)
Financial assets held-for-trading	(5,164,239)	(3,360,033)
Loans, advances and financing	(5,005,010)	(5,594,165)
Other assets	(163,186)	198,396
Statutory deposits with Bank Negara Malaysia	(2,436,569)	21,781
Deposits and monies held in trust with financial institutions	(98,029)	(22,110)
<i>Increase/(Decrease) in operating liabilities:</i>		
Deposits and placements of banks and other financial institutions	(242,712)	(43,620)
Securities sold under repurchase agreements	10,730	-
Recourse obligation on loans sold to Cagamas Berhad	158,010	882,355
Deposits from customers	2,576,957	5,692,994
Term funding	515,250	2,844,771
Bills and acceptances payable	(995,963)	468,339
Other liabilities	<u>(34,531)</u>	<u>283,077</u>
Cash (used in)/generated from operations	<u>(6,992,509)</u>	<u>1,484,225</u>
Taxation paid	<u>(439,099)</u>	<u>(506,282)</u>
Net cash (used in)/generated from operating activities	<u>(7,431,608)</u>	<u>977,943</u>
<i>Cash flows from investing activities</i>		
Disposal of financial investments - net	2,041,497	1,543,978
Dividends received from other investments	46,657	33,228
Proceeds from disposal of property and equipment	1,292	1,859
Purchase of property and equipment	(94,834)	(80,659)
Purchase of computer software	<u>(19,093)</u>	<u>(28,095)</u>
Net cash generated from investing activities	<u>1,975,519</u>	<u>1,470,311</u>
<i>Cash flows from financing activities</i>		
Proceeds from issue of shares by subsidiaries to non-controlling interests	34,100	5,080
Proceeds from /(Redemption of) unsecured bonds	400,000	(115,000)
Dividends paid by Company to its shareholders	(560,638)	(464,184)
Arising from purchase/vesting of shares for ESS by the appointed trustee	(132,368)	(31,497)
ESS shares vested to eligible employees	26,876	325
Transfer of ESS shares recharged difference on purchase price for shares vested	(6,434)	(48)
Dividends paid to non-controlling interests by subsidiaries	<u>(1,320)</u>	<u>(8,568)</u>
Net cash used in financing activities	<u>(239,784)</u>	<u>(613,892)</u>
Net increase/(decrease) in cash and cash equivalents	<u>(5,695,873)</u>	<u>1,834,362</u>
Cash and cash equivalents at beginning of period	<u>13,234,797</u>	<u>11,400,435</u>
Cash and cash equivalents at end of period	<u><u>7,538,924</u></u>	<u><u>13,234,797</u></u>

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

<b>Group</b>	<b>31.03.12</b> <b>RM'000</b>	<b>31.03.11</b> <b>RM'000</b>
Cash and short-term funds	7,904,737	13,502,567
Less: Cash and bank balances and deposits held in trust	<u>(364,051)</u>	<u>(266,022)</u>
	7,540,686	13,236,545
Effect of exchange rates changes	<u>(1,762)</u>	<u>(1,748)</u>
Cash and cash equivalents	<u><u>7,538,924</u></u>	<u><u>13,234,797</u></u>

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

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

**A1. BASIS OF PREPARATION**

These audited condensed consolidated interim financial statements have been prepared in accordance with the applicable disclosure provisions of the Listing Requirements of the Bursa Malaysia Securities Berhad and Financial Reporting Standard ("FRS") 134, Interim Financial Reporting issued by the Malaysian Accounting Standards Board ("MASB"). The financial statements do not include all of the information required for full annual financial statements, and should be read in conjunction with the annual financial statements of the Group as at and for the year ended 31 March 2012.

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 2012 except for the adoption of the following FRSs and Technical Release, which did not have any impact on the accounting policies, financial position or performance of the Group:

- 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 following are FRSs issued by MASB that will be effective for the Group in future years. The Group intends to adopt those standards when they become effective and is assessing the financial effects of their adoption.

Standards effective for financial year ending 31 March 2013:

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



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

Standards effective for financial year ending 31 March 2014:

- Amendments to FRS 101, Presentation of Items of Other Comprehensive Income
- FRS 10, Consolidated Financial Statements
- FRS 11, Joint Arrangements
- FRS 12, Disclosure of Interests in Other Entities
- FRS 13, Fair Value Measurement
- FRS 119, Employee Benefits (as amended in November 2011)
- FRS 127, Separate Financial Statements (as amended in November 2011)
- FRS 128, Investments in Associates and Joint Ventures (as amended in November 2011)
- IC Interpretation 20, Stripping Costs in the Production Phase of a Surface Mine
- Amendments to FRS 7, Disclosures-Offsetting Financial Assets and Financial Liabilities

Standards effective for financial year ending 31 March 2016:

- FRS 9, Financial Instruments (IFRS 9 issued by International Accounting Standards Board ("IASB") in November 2009)
- FRS 9, Financial Instruments (IFRS 9 issued by IASB in October 2010)

On 19 November 2011, the MASB issued the Malaysian Financial Reporting Standards ("MFRS Framework") for application in annual periods beginning on or after 1 January 2012. Financial statements that are drawn up in accordance with the MFRS framework will be equivalent to financial statements prepared by other jurisdictions which adopt International Financial Reporting Standards ("IFRSs").

As at 31 March 2012, all the FRSs issued under the extant FRS framework are equivalent to those under the MFRS framework except for differences pertaining to transitional provisions and effective dates in some of the extant FRSs.

The Group expects to be in a position to fully comply with the requirements of the MFRS Framework for the financial year ending 31 March 2013.

**A2. AUDIT QUALIFICATION**

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

**A3. SEASONALITY OR CYCLICALITY OF OPERATIONS**

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

**A4. UNUSUAL ITEMS**

There were no unusual items during the current financial quarter.

**A5. USE OF ESTIMATES**

There was no material change in estimates of amounts reported in the prior financial years that have a material effect on the financial period ended 31 March 2012.

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

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

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

**A7. DIVIDENDS PAID**

During the financial year ended 31 March 2012, 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.

An interim single tier dividend of 6.6% for the financial year ended 31 March 2012 amounting to RM198,936,199 was paid on 15 December 2011 to shareholders whose names appear in the record of Depositors on 2 December 2011.

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

	<b>Group</b>	
	<b>31.03.12</b>	<b>31.03.11</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>At Fair Value</b>		
<b>Money Market Securities:</b>		
Treasury bills	54,784	49,046
Islamic Treasury bills	4,716	23,661
Malaysian Government Securities	929,544	160,285
Malaysian Government Investment Certificates	511,787	771,473
Bank Negara Malaysia Monetary Notes	5,979,353	2,449,627
Sukuk Bank Negara Malaysia	-	1,469
	<u>7,480,184</u>	<u>3,455,561</u>
<b>Quoted Securities:</b>		
In Malaysia:		
Shares	276,777	292,024
Trust units	171,479	81,773
Warrants	2,864	2,835
Outside Malaysia:		
Shares	44	7,331
Trust units	1,804	1,688
	<u>452,968</u>	<u>385,651</u>
<b>Unquoted Securities:</b>		
In Malaysia:		
Private debt securities	2,637,490	1,332,525
	<u>2,637,490</u>	<u>1,332,525</u>
<b>Total</b>	<u>10,570,642</u>	<u>5,173,737</u>

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

	<b>Group</b>	
	<b>31.03.12</b>	<b>31.03.11</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>At Fair Value</b>		
<b>Money Market Securities:</b>		
Malaysian Government Securities	20,782	266,267
Malaysian Government Investment Certificates	45,425	284,875
Negotiable instruments of deposits	1,553,037	1,748,816
Negotiable Islamic debt certificates	17,046	1,134,325
	<u>1,636,290</u>	<u>3,434,283</u>
<b>Quoted Securities:</b>		
In Malaysia:		
Shares	435,051	56,156
Trust units	565,927	900,571
Private debt securities	27,050	55,880
Outside Malaysia:		
Shares	74,396	26,409
	<u>1,102,424</u>	<u>1,039,016</u>
<b>Unquoted Securities:</b>		
In Malaysia:		
Private debt securities	2,552,875	3,391,681
Outside Malaysia:		
Private debt securities	46,372	49,064
	<u>2,599,247</u>	<u>3,440,745</u>
<b>At Cost</b>		
<b>Unquoted Securities:</b>		
In Malaysia:		
Shares	146,323	135,931
Outside Malaysia:		
Shares	18,977	23,960
	<u>165,300</u>	<u>159,891</u>
Total	<u>5,503,261</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 Statutory Reserve Requirement ("SRR") in the form of Malaysian Government Securities ("MGS") and/or Government Investment Certificate ("GIC") holdings instead of cash. As at the reporting date, there were no MGS and GIC holdings maintained for SRR purpose for the Group (31 March 2011: RM540,260,000).

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

	<b>Group</b>	
	<b>31.03.12</b>	<b>31.03.11</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>At Amortised cost</b>		
<b>Unquoted Securities:</b>		
In Malaysia:		
Private debt securities	1,150,533	383,206
	<u>1,150,533</u>	<u>383,206</u>
Accumulated impairment losses	(202,056)	(207,775)
Total	<u>948,477</u>	<u>175,431</u>

**A11. LOANS, ADVANCES AND FINANCING**

	<b>Group</b>	
	<b>31.03.12</b>	<b>31.03.11</b>
	<b>RM'000</b>	<b>RM'000</b>
<i>At amortised cost:</i>		
Loans and financing:		
Term loans	23,828,062	20,388,085
Revolving credit	5,779,612	6,907,973
Housing loans	12,467,192	12,013,166
Staff loans	158,789	163,776
Hire-purchase receivables	26,116,383	25,619,982
Credit card receivables	1,762,994	1,795,691
Overdrafts	2,819,809	2,365,167
Claims on customers under acceptance credits	3,502,878	3,175,549
Trust receipts	856,151	658,831
Bills receivable	326,656	389,482
Others	130,844	107,733
	<u>77,749,370</u>	<u>73,585,435</u>
Islamic financing sold to Cagamas Berhad	(1,645,251)	(1,700,034)
Gross loans, advances and financing	<u>76,104,119</u>	<u>71,885,401</u>
Allowance for impairment on loans and financing:		
Collective allowance	(2,011,781)	(2,135,148)
Individual allowance	(134,358)	(371,429)
	<u>(2,146,139)</u>	<u>(2,506,577)</u>
Net loans, advances and financing	<u>73,957,980</u>	<u>69,378,824</u>

\* Included in term loans of the Group as at the reporting period are loans amounting to RM1,097,787,000 (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:

	<b>Group</b>	
	<b>31.03.12</b>	<b>31.03.11</b>
	<b>RM'000</b>	<b>RM'000</b>
Maturing within one year	14,280,115	15,661,854
One to three years	10,745,751	8,240,649
Three to five years	10,708,079	11,174,708
Over five years	40,370,174	36,808,190
	<u>76,104,119</u>	<u>71,885,401</u>

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

	<b>Group</b>	
	<b>31.03.12</b>	<b>31.03.11</b>
	<b>RM'000</b>	<b>RM'000</b>
Agriculture	2,359,275	2,341,017
Mining and quarrying	1,509,532	1,681,149
Manufacturing	7,439,702	6,291,326
Electricity, gas and water	1,544,743	2,461,957
Construction	2,479,830	2,353,383
Wholesale, retail, restaurant and hotel	4,421,725	3,487,962
Transport, storage and communication	2,775,590	2,519,804
Finance and insurance	2,462,769	2,518,067
Real estate	5,686,222	4,522,277
Business activities	1,630,666	1,967,925
Education and health	1,881,299	975,382
Household	42,464,127	41,915,859
of which:		
Purchase of residential properties	12,874,996	11,979,856
Purchase of transport vehicles	23,556,146	23,571,034
Others	6,032,985	6,364,969
Others	1,093,890	549,327
	<u>77,749,370</u>	<u>73,585,435</u>
Islamic financing sold to Cagamas Berhad	(1,645,251)	(1,700,034)
	<u>76,104,119</u>	<u>71,885,401</u>

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

	<b>Group</b>	
	<b>31.03.12</b>	<b>31.03.11</b>
	<b>RM'000</b>	<b>RM'000</b>
Domestic:		
Other non-bank financial institutions	2,463,280	2,518,059
Business enterprises:		
Small and medium enterprises	8,824,410	7,474,065
Others	22,451,870	20,851,327
Government and statutory bodies	1,062,749	333,174
Individuals	40,772,322	40,223,110
Other domestic entities	29,258	3,645
Foreign entities	500,230	482,021
	<u>76,104,119</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>31.03.12</b>	<b>31.03.11</b>
	<b>RM'000</b>	<b>RM'000</b>
Variable rate:		
Base lending rate plus	25,005,638	20,980,664
Cost plus	14,011,410	13,716,267
Other variable rates	2,216,005	2,022,274
	<u>41,233,053</u>	<u>36,719,205</u>
Fixed rate:		
Housing loans/financing	2,103,824	2,241,900
Hire purchase receivables	21,050,755	22,566,305
Other loans/financing	11,716,487	10,357,991
	<u>34,871,066</u>	<u>35,166,196</u>
	<u>76,104,119</u>	<u>71,885,401</u>

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

	<b>Group</b>	
	<b>31.03.12</b>	<b>31.03.11</b>
	<b>RM'000</b>	<b>RM'000</b>
In Malaysia	75,365,016	71,230,351
Outside Malaysia	739,103	655,050
	<u>76,104,119</u>	<u>71,885,401</u>

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

	<b>Group</b>	
	<b>31.03.12</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	1,676,106	1,311,149
Reclassification to non-impaired loans and financing	(313,825)	(384,996)
Recoveries	(596,725)	(337,124)
Amount written-off	(1,308,965)	(682,359)
Repurchase of loans	-	4,142
Balance at end of period/year	<u>1,906,176</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>2.5%</u>	<u>3.3%</u>
Loan loss coverage excluding collateral values	<u>112.6%</u>	<u>102.3%</u>

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

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

	<b>Group</b>	
	<b>31.03.12</b>	<b>31.03.11</b>
	<b>RM'000</b>	<b>RM'000</b>
Agriculture	24,406	38,785
Mining and quarrying	154,760	461
Manufacturing	208,863	273,295
Electricity, gas and water	132,208	288,509
Construction	96,582	289,257
Wholesale, retail, restaurant and hotel	46,138	82,308
Transport, storage and communication	4,600	21,276
Finance and insurance	37,628	46,865
Real estate	26,200	66,205
Business activities	12,631	6,634
Education and health	58,870	43,171
Household	1,089,007	1,275,779
of which:		
Purchase of residential properties	561,236	649,725
Purchase of transport vehicles	401,319	380,876
Others	126,452	245,178
Others	14,283	17,040
	<u>1,906,176</u>	<u>2,449,585</u>

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

	<b>Group</b>	
	<b>31.03.12</b>	<b>31.03.11</b>
	<b>RM'000</b>	<b>RM'000</b>
In Malaysia	<u>1,906,176</u>	<u>2,449,585</u>

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

	<b>Group</b>	
	<b>31.03.12</b>	<b>31.03.11</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Collective allowance</b>		
Balance at beginning of period/year	2,135,148	1,803,552
Allowance made during the period/year, net	613,785	808,818
Amount written off	(737,171)	(480,862)
Repurchase of loans	-	4,142
Exchange fluctuation adjustments	19	(502)
Balance at end of period/year	<u>2,011,781</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>2.6%</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	323,666	103,855
Transfer from debt converted instrument	-	12,356
Amount written off	(560,737)	(203,007)
Balance at end of period/year	<u>134,358</u>	<u>371,429</u>



**A12. OTHER ASSETS**

	<b>Group</b>	
	<b>31.03.12</b>	<b>31.03.11</b>
	<b>RM'000</b>	<b>RM'000</b>
Trade receivables, net of allowance for doubtful debts	1,071,640	1,034,909
Other receivables, deposits and prepayments, net of allowance for doubtful debts	917,189	525,122
Interest receivables on treasury assets, net of allowance for doubtful debts	423,385	362,023
Fee receivables, net of allowance for doubtful debts	51,354	41,496
Amount due from Originators	166,238	19,583
Amount due from agents, brokers and reinsurers, net of allowance	39,584	76,636
Foreclosed properties, net of allowance for impairment in value	82,758	112,143
Deferred assets	-	34,744
	<u>2,752,148</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**

	<b>Group</b>	
	<b>31.03.12</b>	<b>31.03.11</b>
	<b>RM'000</b>	<b>RM'000</b>
Deposits from:		
Licensed banks	2,393,170	288,018
Licensed investment banks	462,580	442,342
Bank Negara Malaysia	195,954	2,247,278
Other financial institutions	977,240	1,294,018
	<u>4,028,944</u>	<u>4,271,656</u>

**A15. DEPOSITS FROM CUSTOMERS**

	<b>Group</b>	
	<b>31.03.12</b>	<b>31.03.11</b>
	<b>RM'000</b>	<b>RM'000</b>
Term/Investment deposits	63,560,134	63,955,874
Savings deposits	4,757,846	4,263,507
Demand deposits	8,281,449	6,097,301
Negotiable instruments of deposits	542,623	250,280
	<u>77,142,052</u>	<u>74,566,962</u>

The deposits are sourced from the following types of customers:

Business enterprises	35,414,136	27,358,336
Individuals	30,540,079	29,704,689
Government and statutory bodies	9,442,578	16,274,261
Others	1,745,259	1,229,676
	<u>77,142,052</u>	<u>74,566,962</u>

#### A16. OTHER LIABILITIES

	Group	
	31.03.12 RM'000	31.03.11 RM'000
Trade payables	1,218,296	1,019,344
Other payables and accruals	1,455,424	1,422,538
Interest payable on deposits and borrowings	883,010	750,939
Lease deposits and advance rentals	43,141	58,634
General insurance funds	743,604	746,120
Provision for commitments and contingencies	158,584	157,627
Profit equalisation reserve	3,294	6,854
Tax payable	53,061	301,525
	<u>4,558,414</u>	<u>4,463,581</u>

#### A17. INTEREST INCOME

Group	Individual Quarter		Cumulative Quarter	
	31.03.12 RM'000	31.03.11 RM'000	31.03.12 RM'000	31.03.11 RM'000
Short-term funds and deposits with financial institutions	47,402	58,648	249,599	232,628
Financial assets held-for-trading	63,321	30,774	201,891	98,393
Financial investments available-for-sale	41,214	68,249	204,830	276,060
Financial investments held-to-maturity	609	956	4,793	15,356
Loans, advances and financing	902,650	900,524	3,584,421	3,425,601
Interest income on impaired loans	2,334	829	10,040	13,157
Others	2,366	3,051	13,089	9,175
	<u>1,059,896</u>	<u>1,063,031</u>	<u>4,268,663</u>	<u>4,070,370</u>

#### A18. INTEREST EXPENSE

Group	Individual Quarter		Cumulative Quarter	
	31.03.12 RM'000	31.03.11 RM'000	31.03.12 RM'000	31.03.11 RM'000
Deposits from customers	441,466	397,596	1,723,599	1,452,104
Deposit and placements of banks and other financial institutions	4,752	7,691	34,709	47,676
Senior notes	34,600	33,108	139,532	129,401
Credit-Linked Note	5,634	2,453	18,891	7,988
Amount due to Cagamas Berhad	10,171	10,507	41,905	19,801
Term loans	6,358	3,321	23,759	13,233
Subordinated deposits and term loans	1,479	11,096	35,383	45,000
Interest on bonds	-	-	-	2,600
Medium term notes	22,012	21,771	88,535	88,294
Hybrid and Innovative Tier 1 capital securities	19,938	19,784	79,996	80,885
Others	8,565	4,859	16,502	68,796
	<u>554,975</u>	<u>512,186</u>	<u>2,202,811</u>	<u>1,955,778</u>

#### A19. NET INCOME FROM INSURANCE BUSINESS

Group	Individual Quarter		Cumulative Quarter	
	31.03.12 RM'000	31.03.11 RM'000	31.03.12 RM'000	31.03.11 RM'000
Income from Insurance Business:				
Premium income from general insurance business	139,927	138,443	568,114	544,017
Surplus transfer from the life insurance business	(2,850)	12,000	48,950	64,800
Deficit reserve for family takaful insurance business	(675)	-	(675)	-
	<u>136,402</u>	<u>150,443</u>	<u>616,389</u>	<u>608,817</u>
Insurance Claims and Commissions:				
Insurance commission	15,650	15,687	58,860	57,239
General insurance claims	86,631	98,841	364,579	379,606
	<u>102,281</u>	<u>114,528</u>	<u>423,439</u>	<u>436,845</u>
Total income from insurance business, net	<u>34,121</u>	<u>35,915</u>	<u>192,950</u>	<u>171,972</u>

#### A20. OTHER OPERATING INCOME

Group	Individual Quarter		Cumulative Quarter	
	31.03.12 RM'000	31.03.11 RM'000	31.03.12 RM'000	31.03.11 RM'000
Fee income:				
Fees on loans, financing and securities	41,968	37,281	203,053	191,314
Corporate advisory	5,697	4,247	30,733	30,124
Guarantee fees	8,445	9,769	38,457	38,479
Underwriting commissions	987	126	9,339	16,591
Portfolio management fees	6,994	10,940	25,763	21,121
Unit trust management fees	22,022	18,878	83,985	72,286
Brokerage rebates	128	189	518	589
Property trust management fees	1,667	1,225	5,580	4,968
Brokerage fees and commissions	24,407	32,727	93,048	115,626
Bancassurance commission	7,485	7,173	29,221	31,580
Other fee income	23,502	19,396	92,979	72,960
	<u>143,302</u>	<u>141,951</u>	<u>612,676</u>	<u>595,638</u>
Investment and trading income:				
Net gain from sale of financial assets held-for-trading	78,232	14,223	170,981	71,282
Net gain from sale of financial investments available-for-sale	22,154	10,394	111,939	64,919
Net gain on redemption of financial investments held-to-maturity	4,616	1,288	13,714	7,431
Gain/(Loss) on revaluation of financial assets held-for-trading	(15,781)	(3,685)	(13,281)	15,613
Foreign exchange <sup>1</sup>	28,741	14,895	106,788	64,875
Gain on redemption of structured products	1,772	14	1,868	144
Gain on derivatives	2,106	18,492	74,507	18,490
Gain on revaluation of fair value hedge <sup>2</sup>	-	1,525	460	2,305
Gross dividend income from:				
Financial assets held-for-trading	5,276	1,413	14,482	7,152
Financial investments available-for-sale	8,208	7,119	47,727	37,152
	<u>135,324</u>	<u>65,678</u>	<u>529,185</u>	<u>289,363</u>

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

Group	Individual Quarter		Cumulative Quarter	
	31.03.12 RM'000	31.03.11 RM'000	31.03.12 RM'000	31.03.11 RM'000
Other income:				
Non-trading foreign exchange	241	1,612	4,199	4,618
Gain on disposal of property and equipment, net	(148)	906	676	1,568
Rental income	1,194	1,004	4,194	3,866
Other operating income	5,124	5,669	12,695	11,818
	<u>6,411</u>	<u>9,191</u>	<u>21,764</u>	<u>21,870</u>
	<u>285,037</u>	<u>216,820</u>	<u>1,163,625</u>	<u>906,871</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	
	31.03.12 RM'000	31.03.11 RM'000	31.03.12 RM'000	31.03.11 RM'000
Personnel costs:				
Salaries, allowances and bonuses	169,348	167,331	755,022	694,954
Shares/options granted under Group Executives' Share Scheme	10,782	8,343	39,752	34,854
Others	72,447	68,486	254,986	216,521
	<u>252,577</u>	<u>244,160</u>	<u>1,049,760</u>	<u>946,329</u>
Establishment costs:				
Depreciation	12,581	13,470	52,220	53,975
Amortisation of computer software	11,011	9,584	40,833	33,836
Computerisation costs	28,097	25,507	125,738	122,817
Rental	22,347	21,787	87,993	85,231
Cleaning and maintenance	5,641	7,627	25,828	24,691
Others	8,728	6,164	29,950	26,233
	<u>88,405</u>	<u>84,139</u>	<u>362,562</u>	<u>346,783</u>
Marketing and communication expenses:				
Sales commission	770	866	3,796	13,666
Advertising, promotional and other marketing activities	9,978	11,463	48,765	52,281
Telephone charges	6,216	4,666	18,914	17,580
Postage	4,510	4,379	12,132	12,228
Travel and entertainment	5,290	4,540	18,852	16,633
Others	6,403	5,636	25,275	22,268
	<u>33,167</u>	<u>31,550</u>	<u>127,734</u>	<u>134,656</u>
Administration and general expenses:				
Professional services	26,415	22,582	91,514	85,087
Donations	209	310	517	587
Administration and management expenses	182	155	1,016	687
Others	15,891	13,142	66,212	47,798
	<u>42,697</u>	<u>36,189</u>	<u>159,259</u>	<u>134,159</u>
Expenses capitalised	(4,732)	-	(4,732)	-
	<u>412,114</u>	<u>396,038</u>	<u>1,694,583</u>	<u>1,561,927</u>

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

Group	Individual Quarter		Cumulative Quarter	
	31.03.12 RM'000	31.03.11 RM'000	31.03.12 RM'000	31.03.11 RM'000
Allowance for bad and doubtful debts and financing:				
Individual allowance, net	136,593	30,057	323,666	103,855
Collective allowance, net	91,521	190,676	613,785	808,818
Recovery from loans sold to Danaharta	-	-	(3,731)	(2,025)
Bad debts and financing:				
Written off	-	1	-	37
Recovered	(94,634)	(106,549)	(507,866)	(435,240)
	<u>133,480</u>	<u>114,185</u>	<u>425,854</u>	<u>475,445</u>

**A23. BUSINESS SEGMENT ANALYSIS**

<b>Group</b> <b>31.03.12</b>	<b>Retail Banking RM'000</b>	<b>Business Banking RM'000</b>	<b>Investment Banking RM'000</b>	<b>Corporate and Institutional Banking RM'000</b>	<b>Insurance RM'000</b>	<b>Markets RM'000</b>	<b>Group Functions and Others RM'000</b>	<b>Total RM'000</b>
Operating revenue	2,718,999	730,664	418,600	1,499,729	1,208,905	500,540	921,123	7,998,560
Income	1,789,733	557,805	413,178	398,393	266,616	463,261	328,473	4,217,459
Expenses	(753,870)	(100,416)	(195,777)	(98,626)	(100,224)	(75,013)	(370,657)	(1,694,583)
Profit/(loss) before provisions	1,035,863	457,389	217,401	299,767	166,392	388,248	(42,184)	2,522,876
(Provisions)/Writeback of provisions	(255,969)	(173,068)	668	25,999	104	6,314	(45,182)	(441,134)
Profit after provisions	779,894	284,321	218,069	325,766	166,496	394,562	(87,366)	2,081,742
Taxation and zakat	(195,028)	(70,300)	(53,522)	(73,756)	(41,894)	(98,378)	17,291	(515,587)
Net profit for the period	584,866	214,021	164,547	252,010	124,602	296,184	(70,075)	1,566,155

**Other information:**

Cost to income ratio	42.1%	18.0%	47.4%	24.8%	37.6%	16.2%	112.8%	40.2%
Gross loans/ financing	46,319,734	15,776,798	610,550	14,570,944	3,124	-	(1,177,031)	76,104,119
Net loans/ financing	45,106,725	15,549,948	597,096	14,490,363	3,124	-	(1,789,276)	73,957,980
Gross impaired loans, advances and financing	1,221,629	275,347	4,554	-	-	-	404,646	1,906,176
Total deposits	34,713,844	7,061,364	131,026	36,601,169	-	(349,547)	3,013,140	81,170,996

**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>31.03.11</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	2,620,435	578,490	361,261	1,254,225	1,008,095	361,146	927,088	7,110,740
Income	1,826,744	448,855	357,500	358,306	244,874	313,184	363,515	3,912,978
Expenses	(700,993)	(98,506)	(186,771)	(103,159)	(86,239)	(69,496)	(316,763)	(1,561,927)
Profit before provisions	1,125,751	350,349	170,729	255,147	158,635	243,688	46,752	2,351,051
Provisions of provisions	(370,565)	(126,520)	(3,247)	(3,030)	1,140	(5,064)	21,359	(485,927)
Profit/(Loss) after provisions	755,186	223,829	167,482	252,117	159,775	238,624	68,111	1,865,124
Taxation and zakat	(188,797)	(55,542)	(41,076)	(53,373)	(37,735)	(59,300)	(38,151)	(473,974)
Net profit/(loss) for the period	566,389	168,287	126,406	198,744	122,040	179,324	29,960	1,391,150

**Other information**

Cost to income ratio	38.4%	21.9%	52.2%	28.8%	35.2%	22.2%	87.1%	39.9%
Gross loans/ financing	45,527,332	13,729,719	553,545	12,841,626	2,960	-	(769,781)	71,885,401
Net loans/ financing	44,159,939	13,465,422	539,592	12,733,956	2,960	-	(1,523,045)	69,378,824
Gross impaired loans, advances and financing	1,410,019	245,708	5,920	-	-	-	787,938	2,449,585
Total deposits	34,278,393	6,605,014	196,971	34,941,299	-	304,803	2,512,138	78,838,618

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

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

**A24. VALUATIONS OF PROPERTY AND 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 B6.

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

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



## A27. COMMITMENTS AND CONTINGENCIES

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

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

Group	31.03.12	31.03.11
	Principal Amount RM'000	Principal Amount RM'000
<b>Commitments</b>		
Other commitments, such as formal standby facilities and credit lines, with an original maturity of:		
within one year	16,627,120	13,655,793
more than one year	5,631,779	6,018,916
Unutilised credit card lines	3,435,769	3,786,573
Forward asset purchases	486,724	569,428
	<u>26,181,392</u>	<u>24,030,710</u>
<b>Contingent Liabilities</b>		
Direct credit substitutes	1,925,355	2,717,125
Transaction related contingent items	3,608,458	2,283,260
Obligations under underwriting agreements	513,100	452,500
Short term self liquidating trade related contingencies	694,687	764,769
Assets sold with recourse	1,645,251	1,589,790
Others	-	46,209
	<u>8,386,851</u>	<u>7,853,653</u>
<b>Derivative Financial Instruments</b>		
Interest/Profit rate related contracts:	41,340,192	37,027,741
One year or less	14,448,655	5,870,000
Over one to five years	18,849,399	27,256,982
Over five years	8,042,138	3,900,759
Foreign exchange related contracts:	23,425,174	29,667,757
One year or less	20,220,988	28,586,642
Over one to five years	3,145,654	929,850
Over five years	58,532	151,265
Credit related contracts:	903,496	328,907
One year or less	61,290	76,474
Over one to five years	549,473	252,433
Over five years	292,733	-
Equity related contracts:	877,098	1,138,784
One year or less	514,710	604,233
Over one to five years	362,368	521,071
Over five years	20	13,480
Commodity related contracts:	146,003	147,703
One year or less	78,630	-
Over one to five years	67,373	147,703
Over five years	-	-
	<u>66,691,963</u>	<u>68,310,892</u>
	<u>101,260,206</u>	<u>100,195,255</u>

## A27. COMMITMENTS AND CONTINGENCIES (CONT.)

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

- (a) The Company has given unsecured guarantee amounting to RM225,000,000 (RM75,000,000 as at 31 March 2011) on behalf of subsidiaries for the payment and discharge of all moneys due on trading accounts maintained by customers with the subsidiaries.
- (b) The Company has given a continuing undertaking totalling SGD40,000,000 (31 March 2011: SGD40,000,000) to the Monetary Authority of Singapore on behalf of AmFraser Securities Pte Ltd to meet its liabilities and financial obligations and requirements.
- (c) AmBank has given a continuing guarantee to Labuan Financial Services Authority ("LFSA") on behalf of AmInternational (L) Ltd ("AMIL"), AmBank's offshore bank subsidiary, to meet all its liabilities and financial obligations and requirements.
- (d) The Company has given a guarantee to HSI Services Limited ("HSI") and Hang Seng Data Services Limited ("HSDS") on behalf of its subsidiary, AmLife Insurance Berhad ("AmLife"), for the performance and discharge by AmLife of its obligations under the licence agreement with HSI and HSDS for use of the Hang Seng China Enterprise Index in respect of AmLife's investment-linked product called AmAsia Link-Capital Guaranteed Fund.
- (e) AmTrustee Berhad ("AmTrustee") was served with a Writ and Statement of Claim dated 12 December 2005 by solicitors acting for Meridian Asset Management Sdn Bhd ("Meridian") for alleged loss and damage amounting to RM27,606,169.65 together with interest and costs arising from the provision of custodian services by AmTrustee to Meridian ("Meridian Suit").

AmTrustee was served on 24 March 2006 with a Writ and Statement of Claim dated 25 January 2006 by solicitors acting for Malaysian Assurance Alliance Berhad ("MAA") for alleged loss and damages amounting to RM19,640,178 together with interest and costs. ("MAA Suit"). MAA had appointed Meridian as an external fund manager for certain of its insurance funds, and part of 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 in turn filed a counter claim against AmTrustee over AmTrustee's Third Party Notice which in essence introduced the same argument and claim as in their Meridian Suit.

Parties have filed several interim applications in the Meridian Suit amongst which was an Application by Meridian to add to the Meridian Suit another subsidiary of the Banking Group, 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 ("Decision") and allowed Meridian's Application to increase its claim against AmTrustee from RM27,606,169.65 to RM36,967,166.84.

No Appeal was lodged by Meridian to the Court of Appeal against the Decision. With no appeal filed against the Decision, there is no litigation pending today against AmInvestment Bank Berhad by Meridian.

AmTrustee was also 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 was taken against AmTrustee by Meridian to indemnify Meridian on a suit filed by Kumpulan Wang Persaraan (DiPerbadankan) ("KWAP") against Meridian in 2007. AmTrustee filed an Application to Strike out the Third Party Notice. The court allowed AmTrustee's Application. Meridian appealed against this decision to the Court of Appeal and the Court of Appeal dismissed the appeal on 1 November 2010. With this Order, AmTrustee is no longer involved in KWAP's claim against Meridian.

AmTrustee had 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 involving a key witness/ex-employee of Meridian. This Application was dismissed by the High Court. On Appeal to the Court of Appeal the appeal was allowed. With that both the Meridian and the MAA Suits are now stayed pending the disposal of the criminal proceeding.

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

- (e) Decision on the criminal proceeding was delivered against the key witness/ex-employee of Meridian on 12 December 2011 and the key witness has filed an Appeal against the decision. No date has been fixed on this appeal as of date.

On the basis of an appeal filed by the key witness, solicitors have sought clarification from the High Court on the Stay Order granted in the civil matter, before taking any further steps in the civil proceedings. The clarification is for court's direction on whether the interpretation of the Stay Order of the civil proceeding pending the disposal of the criminal trial should also include any appeal thereon, as parties have differing views on the same. Solicitors are of the view that given the Stay Order specifies the stay is until final disposal of the criminal trial, the finality should also include any appeal thereon. The clarification from the Court is very important and necessary before parties could proceed to take any further action as if the Stay Order still subsists, any action taken by the parties will amount to a contempt of court.

The Managing Judge had directed AmTrustee's Solicitors to seek formal clarification on the Stay Order from the Court of Appeal that upheld the Stay Order. AMTB's Application was filed at the Court of Appeal and is fixed for hearing on 18 June 2012. The High Court's civil matters are fixed for Case Management on 31 May 2012. Based on documents and evidence in their possession, solicitors for AmTrustee are of the view that AmTrustee has a good defence in respect of the claim by Meridian and MAA and further that AmTrustee has filed a third party proceeding against Meridian for indemnity or contribution from Meridian in respect of the claim initiated by MAA.

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

**A28. DERIVATIVE FINANCIAL ASSETS/LIABILITIES**

Group	31.03.12			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:	33,150,192	198,693	208,082	26,102,681	127,097	135,044
- Less than 1 year	8,753,655	12,219	14,387	4,490,000	6,134	5,670
- 1 year to 3 years	6,434,399	34,513	30,482	11,050,922	55,698	46,516
- More than 3 years	17,962,138	151,961	163,213	10,561,759	65,265	82,858
Foreign exchange related contracts:	23,425,174	138,215	143,402	29,667,757	107,067	145,052
- Less than 1 year	20,220,988	112,213	88,547	28,586,642	83,235	89,974
- 1 year to 3 years	751,968	9,696	4,480	344,633	10,278	9,635
- More than 3 years	2,452,218	16,306	50,375	736,482	13,554	45,443
Credit derivative contracts:	903,496	21,299	5,232	328,907	5,495	5,495
- Less than 1 year	61,290	140	99	76,474	131	131
- 1 year to 3 years	255,704	10,966	2,848	252,433	5,364	5,364
- More than 3 years	586,502	10,193	2,285	-	-	-
Equity and commodity related contracts:	1,023,101	12,590	57,371	1,286,487	36,976	126,121
- Less than 1 year	593,340	2,132	43,107	604,233	26,136	111,123
- 1 year to 3 years	416,292	10,423	8,967	460,058	5,587	5,581
- More than 3 years	13,469	35	5,297	222,196	5,253	9,417
	<b>58,501,963</b>	<b>370,797</b>	<b>414,087</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	8,190,000	9,332	27,597	10,020,000	52,290	22,776
- Less than 1 year	5,695,000	7,712	605	1,380,000	38	6,036
- 1 year to 3 years	1,775,000	-	20,785	7,120,000	45,109	13,376
- More than 3 years	720,000	1,620	6,207	1,520,000	7,143	3,364
Fair value hedge	-	-	-	905,060	69,872	620
- Less than 1 year	-	-	-	-	-	-
- 1 year to 3 years	-	-	-	-	-	-
- More than 3 years	-	-	-	905,060	69,872	620
	<b>8,190,000</b>	<b>9,332</b>	<b>27,597</b>	<b>10,925,060</b>	<b>122,162</b>	<b>23,396</b>
Total	<b>66,691,963</b>	<b>380,129</b>	<b>441,684</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 statements of financial position, and are subsequently remeasured at fair value. Fair values of exchange-traded derivatives are obtained from quoted market prices. Fair values of over-the-counter derivatives are obtained using valuation techniques, including the discounted cash flows method and option pricing models. Financial derivatives are classified as assets when their fair values are positive and as liabilities when their fair values are negative.

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

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

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

#### (i) Fair Value Hedge

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

#### (ii) Cash Flow Hedge

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

#### (iii) Net Investment Hedge

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

## A29. CAPITAL ADEQUACY RATIO

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

	31.03.12			
	AmBank	AmIslamic Bank	AmInvestment Bank	Group *
Before deducting proposed dividends:				
Core capital ratio	11.3%	9.0%	21.0%	11.3%
Risk weighted capital ratio	15.6%	15.2%	21.0%	15.7%
After deducting proposed dividends:				
Core capital ratio	10.1%	9.0%	19.7%	10.5%
Risk weighted capital ratio	14.6%	15.2%	19.7%	15.0%
	31.03.11			
	AmBank	AmIslamic Bank	AmInvestment Bank	Group *
Before deducting proposed dividends:				
Core capital ratio	10.0%	8.0%	24.7%	10.2%
Risk weighted capital ratio	14.8%	12.5%	24.7%	14.4%
After deducting proposed dividends:				
Core capital ratio	9.5%	8.0%	21.7%	9.8%
Risk weighted capital ratio	14.4%	12.5%	21.7%	14.0%

\* Notes:

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

	31.03.12			Group *
	AmBank RM'000	AmIslamic Bank RM'000	AmInvestment Bank RM'000	
Tier 1 Capital				
Paid-up ordinary share capital	820,364	428,038	200,000	1,448,402
Share premium	942,844	609,068	-	1,551,912
Statutory reserve	980,969	359,716	200,000	1,540,685
Capital reserve	-	-	-	2,815
Merger reserve	48,516	-	-	56,172
Exchange fluctuation reserve	2,077	-	-	30,143
Innovative Tier 1 capital	1,124,271	-	-	1,235,100
Non-innovative Tier 1 capital	500,000	-	-	500,000
Retained earnings at end of year	3,235,856	328,654	102,299	3,685,929
Non-controlling interests	-	-	-	50
Total	<u>7,654,897</u>	<u>1,725,476</u>	<u>502,299</u>	<u>10,051,208</u>
Less: Goodwill	-	-	-	(11,243)
Deferred tax assets, net	(159,755)	(32,258)	(16,844)	(213,053)
Total Tier 1 Capital	<u>7,495,142</u>	<u>1,693,218</u>	<u>485,455</u>	<u>9,826,912</u>
Less: Deduction in excess of allowable Tier 2 capital	-	-	(102,091)	(13,860)
Maximum Allowable Tier 1 Capital	<u>7,495,142</u>	<u>1,693,218</u>	<u>383,364</u>	<u>9,813,052</u>
Tier 2 Capital				
Medium term notes	1,557,800	-	-	1,557,800
Subordinated bonds	-	800,000	-	800,000
Innovative Tier 1 capital	110,829	-	-	-
Collective allowance for loans and financing <sup>#</sup>	1,198,932	370,964	9,218	1,582,744
Total Tier 2 Capital	<u>2,867,561</u>	<u>1,170,964</u>	<u>9,218</u>	<u>3,940,544</u>
Maximum Allowable Tier 2 Capital	<u>2,867,561</u>	<u>1,170,964</u>	<u>9,218</u>	<u>3,940,544</u>
Total Capital Funds	10,362,703	2,864,182	392,582	13,753,596
Less: Investment in subsidiaries	(32,780)	-	(88,231)	(32,769)
Investment in capital of related financial institutions and other deduction	(9,446)	-	(23,078)	(32,524)
Add: Deduction in excess of allowable Tier 2 capital made against Tier 1 capital	-	-	102,091	13,860
Capital Base	<u>10,320,477</u>	<u>2,864,182</u>	<u>383,364</u>	<u>13,702,163</u>

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

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

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

**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 loans and financing <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	2,711,904
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	
	31.03.12 RM'000	31.03.11 RM'000
Outstanding credit exposures with connected parties	1,622,720	921,814
Percentage of outstanding credit exposures to connected parties - as a proportion of total credit exposures	<u>1.84</u>	<u>1.14</u>
- which is non-performing or in default	<u>0.03</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 31 March 2012 and the results for the period ended 31 March 2012 of the Islamic banking business of the Group and included in the financial statements after elimination of intercompany transactions and balances are summarised as follows:

**AUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 31 MARCH 2012**

	<b>Group</b>	
	<b>31.03.12</b>	<b>31.03.11</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>ASSETS</b>		
Cash and short-term funds	2,347,666	4,761,640
Deposit and placements with banks and other financial institutions	1,118,383	250,000
Derivative financial assets	10,925	3,258
Financial assets held-for-trading	1,522,183	991,136
Financial investments available-for-sale	320,117	715,937
Financial Investments held-to-maturity	822,222	-
Financing and advances	16,843,149	13,247,076
Other receivables, deposits and prepayments	339,103	150,874
Statutory deposits with Bank Negara Malaysia	559,000	-
Deferred tax assets	36,870	119,948
Property and equipment	641	732
Intangible assets	126	286
<b>TOTAL ASSETS</b>	<b>23,920,385</b>	<b>20,240,887</b>
<b>LIABILITIES AND ISLAMIC BANKING FUNDS</b>		
Deposits and placements of banks and other financial institutions	1,329,753	1,358,833
Derivative financial liabilities	10,896	3,254
Deposits from customers	18,262,995	15,242,321
Term funding	854,804	550,000
Bills and acceptances payable	518,422	879,522
Subordinated Sukuk Musyarakah	800,000	400,000
Other liabilities	285,617	291,281
<b>TOTAL LIABILITIES</b>	<b>22,062,487</b>	<b>18,725,211</b>
Share capital/Capital funds	460,877	435,877
Reserves	1,397,021	1,079,799
<b>TOTAL ISLAMIC BANKING FUNDS</b>	<b>1,857,898</b>	<b>1,515,676</b>
<b>TOTAL LIABILITIES AND ISLAMIC BANKING FUNDS</b>	<b>23,920,385</b>	<b>20,240,887</b>
<b>COMMITMENTS AND CONTINGENCIES</b>	<b>7,897,610</b>	<b>7,736,063</b>

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

**AUDITED CONSOLIDATED INCOME STATEMENT  
FOR THE FINANCIAL QUARTER ENDED 31 MARCH 2012**

Group	Individual Quarter		Cumulative Quarter	
	31.03.12 RM'000	31.03.11 RM'000	31.03.12 RM'000	31.03.11 RM'000
Income derived from investment of depositors' funds and others	301,164	254,491	1,230,193	1,025,679
Impairment writeback on financial investments	-	-	-	4,218
Allowance for impairment on financing and advances	(29,147)	(91,375)	(157,172)	(247,791)
(Provision)/Writeback for commitments and contingencies	330	(3,392)	(2,871)	(6,283)
Impairment writeback/(loss) for sundry debtors	-	(250)	18	(960)
Transfer from profit equalisation reserve	8,316	11,547	3,560	42,444
Total attributable income	280,663	171,021	1,073,728	817,307
Income attributable to the depositors	(152,450)	(125,013)	(583,638)	(445,769)
Profit attributable to the Group	128,213	46,008	490,090	371,538
Income derived from Islamic Banking Funds	64,365	39,170	200,842	173,206
Total net income	192,578	85,178	690,932	544,744
Operating expenditure	(85,497)	(70,392)	(304,322)	(283,256)
Finance cost	(14,007)	(10,631)	(52,365)	(33,373)
Profit before taxation and zakat	93,074	4,155	334,245	228,115
Taxation and zakat	(29,384)	1,576	(89,178)	(57,245)
Profit for the period	63,690	5,731	245,067	170,870

**AUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE FINANCIAL QUARTER ENDED 31 MARCH 2012**

Group	Individual Quarter		Cumulative Quarter	
	31.03.12 RM'000	31.03.11 RM'000	31.03.12 RM'000	31.03.11 RM'000
Profit for the period	63,690	5,731	245,067	170,870
Other comprehensive income/(loss):				
Net change in revaluation of financial investments available-for-sale	(1,479)	293	(3,851)	(4,043)
Exchange differences on translation of foreign operations	(190)	(98)	70	(401)
Income tax relating to the components of other comprehensive income	370	(72)	963	1,011
Other comprehensive income/(loss) for the period, net of tax	(1,299)	123	(2,818)	(3,433)
Total comprehensive income for the period	62,391	5,854	242,249	167,437

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

**(a) Financing and Advances**

	<b>Group</b>	
	<b>31.03.12</b>	<b>31.03.11</b>
	<b>RM'000</b>	<b>RM'000</b>
Islamic hire purchase, net of unearned income	8,734,905	6,958,739
Term financing	6,046,290	4,348,016
Revolving credit	1,095,887	1,589,565
Claims on customer under acceptance credits	1,060,425	957,590
Credit card receivables	316,677	303,753
Trust receipts	63,367	89,747
Other financing	1,650,606	1,204,157
	<u>18,968,157</u>	<u>15,451,567</u>
Islamic financing sold to Cagamas Berhad	(1,645,251)	(1,700,034)
Gross financing and advances	<u>17,322,906</u>	<u>13,751,533</u>
Allowance for impairment on financing and advances:		
Collective allowance	(463,433)	(479,010)
Individual allowance	(16,324)	(25,447)
	<u>(479,757)</u>	<u>(504,457)</u>
Net financing and advances	<u>16,843,149</u>	<u>13,247,076</u>

\* Included in term financing of the Islamic banking business as at the reporting period are financing amounting to RM1,097,787,000 (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>31.03.12</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	245,594	309,732
Reclassification to non-impaired financing	(59,847)	(56,861)
Recoveries	(38,106)	(34,476)
Amount written off	(230,335)	(89,871)
Balance at end of period/year	<u>237,724</u>	<u>320,418</u>
Impaired financing and advances as % of total financing and advances (including Islamic financing sold to Cagamas Berhad)	<u>1.3%</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:

	Group	
	31.03.12	31.03.11
	RM'000	RM'000
<b>Collective allowance</b>		
Balance at beginning of period/year	479,010	287,844
Allowance made during the period/year	199,818	281,169
Amount written off	(215,395)	(90,003)
Balance at end of period/year	<u>463,433</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>2.6%</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	5,933	24,339
Amount written off	(15,056)	-
Balance at end of period/year	<u>16,324</u>	<u>25,447</u>

**(b) DEPOSITS FROM CUSTOMERS**

	Group	
	31.03.12	31.03.11
	RM'000	RM'000
<b>Mudarabah Fund:</b>		
Demand deposits	19,512	11,286
Saving deposits	5,945	4,617
General investment deposits	13,445,079	12,577,770
Structured deposits	183,954	111,162
	<u>13,654,490</u>	<u>12,704,835</u>
<b>Non-Mudarabah Fund:</b>		
Demand deposits	2,874,181	1,189,037
Saving deposits	1,541,959	1,335,281
Term deposits	167,181	-
Negotiable instruments of deposits	25,184	13,168
	<u>4,608,505</u>	<u>2,537,486</u>
	<u>18,262,995</u>	<u>15,242,321</u>

**(c) OTHER LIABILITIES**

	Group	
	31.03.12	31.03.11
	RM'000	RM'000
Other payables and accruals	196,771	169,677
Taxation and zakat payable	31,458	83,232
Provision for commitments and contingencies	21,406	18,620
Amount owing to head office	21,053	-
Lease deposits and advance rentals	11,635	12,898
Profit equalisation reserve	3,294	6,854
	<u>285,617</u>	<u>291,281</u>

## B1. PERFORMANCE REVIEW ON THE RESULTS OF THE GROUP

Year-on-year, the Group's profit attributable to shareholders grew 12.5% to RM 1,510.8 million, supported by strong non-interest income growth, lower provisions and well diversified divisional contributions.

Full year divisional performance compared to FY2011 :

*Retail Banking : Improved asset quality main contributor to higher profits*

Profit after taxation ("PAT") increased 3.3% to RM 584.9 million from lower impairments, as the division's growth plan focused on good quality and profitable segments. Impairments were lower and asset quality continues to improve in response to risk-based pricing. Low cost deposits (current account and savings account) continued to grow faster than industry at 16.4%.

*Business Banking : Strong income and profit growth*

PAT rose 27.2% to RM 214.0 million, supported by diversified growth in assets and increased fee income. Impairments came higher due to a previously restructured loan.

*Corporate and Institutional Banking : PAT up from income growth and lower impairments*

PAT grew 26.8% to RM 252.0 million, from expanding share-of-wallet in key segments. Impairments benefited from higher write-back in previous corresponding period and better loans profile.

*Investment Banking : PAT up from strong capital and equity market activities*

PAT expanded 30.1% to RM 164.5 million from higher income in debt capital market (DCM), equity derivatives, funds management and private banking.

*Markets : Profits up from fixed income trading, improved foreign exchange and derivatives contributions*

PAT surged 65.2% to RM 296.2 million. Significant contributions came from fixed income trading, riding on favourable market conditions. Continued investments were made in enhancing human capital, foreign exchange and derivatives capabilities.

*General Insurance : Strong profit growth underpinned by enhanced claims management*

PAT rose 54.5% to RM 93.1 million, underpinned by better underwriting profits and higher investment gains. Enhanced claims management process, restructuring and centralisation of claims operations resulted in improved claims ratio.

*Life Assurance : Increasing support to Bancassurance and better performing agencies*

PAT transferred to shareholders was RM 42.5 million, down 31.2%, as new business model refinements are in progress to focus on Bancassurance and better performing agency force, and improve compliance and infrastructure platforms.

The Group's PAT increased by RM29.4 million in the current quarter, compared to the previous corresponding quarter ended 31 March 2011. Earnings improvement was broad based across most divisions, partially offset by start-up expenses for AmFamily Takaful.

Gross loans and advances expanded to RM76.1 billion to register an annual growth of 5.9%. The growth was mainly attributed to the manufacturing, wholesale, retail, restaurant and hotel, education and health, household, transport, storage and communication, construction and agriculture sectors. Financing for purchase of household transport vehicles accounted for 30.3% of total loans, while loans for residential properties accounted for 16.6% of total loans.

As at 31 March 2012, the Group's total assets stood at RM111.9 billion. Meanwhile, the Group's banking subsidiaries aggregated risk-weighted capital ratio ("RWCR") stood at 15.7% as at 31 March 2012, 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 RM483.3 million for the fourth quarter ended 31 March 2012 as compared to RM489.9 million for the third quarter ended 31 December 2011. This was mainly attributed by higher allowance for impairment on loans and financing by RM34.6 million and net impairment loss on financial investment, doubtful sundry receivables and foreclosed properties by RM10.0 million collectively. In addition, lower net interest income and net income from Islamic banking business by RM23.2 million and RM21.1 million were reported for the current quarter ended 31 March 2012.

The lower pre-tax profit was mitigated by higher other operating income by RM38.1 million and lower other operating expenses by RM15.9 million reported for the current quarter ended 31 March 2012. In addition, transfer from profit equalisation reserve of RM8.3 million was reported for the current quarter as opposed to transfer to profit equalisation reserve of RM5.9 million for the preceding quarter. This was further cushioned by writeback of provision for commitments and contingencies of RM5.2 million as opposed to provision of RM5.9 million reported.

**B3. PROSPECTS FOR 31 MARCH 2012**

In 2012, Malaysia's economic growth is expected to be driven by domestic demand and private investment expansion. Global economic growth is anticipated to moderate alongside continued uncertainty and volatility in the financial markets. Measures announced under the 2012 Budget are likely to encourage private consumption while investments by domestic-oriented industries and on-going implementation of projects under the Economic Transformation Programme (ETP) are anticipated to spur private investment.

Monetary policy will focus on ensuring economic growth sustainability with emphasis on avoiding build-up of financial imbalances, and fiscal policy is geared towards stimulating domestic economic activity.

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

This is not applicable to the Group.



## B5. TAXATION

Group	Individual Quarter		Cumulative Quarter	
	31.03.12 RM'000	31.03.11 RM'000	31.03.12 RM'000	31.03.11 RM'000
Estimated current tax payable	139,429	184,338	645,611	684,466
Transfer from/(to) deferred tax	476,129	(85,648)	356,563	(207,573)
	<u>615,558</u>	<u>98,690</u>	<u>1,002,174</u>	<u>476,893</u>
Under/(Over) provision of current taxation in respect of prior years	(488,664)	457	(488,226)	(3,479)
Taxation	<u>126,894</u>	<u>99,147</u>	<u>513,948</u>	<u>473,414</u>
Zakat	539	(17)	1,639	560
Taxation and zakat	<u>127,433</u>	<u>99,130</u>	<u>515,587</u>	<u>473,974</u>

The total tax charge of the Group for the financial year ended 31 March 2012 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. CORPORATE PROPOSALS

- 1 During the financial period, the trustee of the executives' share scheme ("ESS") had purchased 20,855,900 of the Company's issued ordinary shares from the open market at an average price of RM6.35 per share. The total consideration paid for the purchase including transaction costs amounted to RM132,368,188.

As at 31 March 2012, the trustee of the ESS held 25,605,000 ordinary shares (net of ESS shares vested to employees) representing 0.85% of the issued and paid-up capital of the Company. These shares are held at a carrying amount of RM154,178,540.

- 2 As announced on 19 December 2011, the Company's 51% owned general insurance subsidiary, AmG Insurance Berhad ("AmG"), submitted an application to Bank Negara Malaysia ("BNM") for the approval of the Minister of Finance ("MOF") for the possible acquisition by AmG of the 100% equity interest held by Kurnia Asia Berhad ("KAB") in Kurnia Insurans (Malaysia) Berhad ("Kurnia") (the "Proposed Acquisition").

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

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

**B7. BORROWINGS**

	<b>Group</b>	
	<b>31.03.12</b>	<b>31.03.11</b>
	<b>RM'000</b>	<b>RM'000</b>
(i) Deposits from customers		
Due within six months	63,722,160	63,455,715
Six months to one year	9,601,339	7,191,919
One to three years	2,726,720	1,974,353
Three to five years	1,091,833	1,944,975
	<u>77,142,052</u>	<u>74,566,962</u>
(ii) Deposits and placements of banks and other financial institutions		
Due within six months	2,241,800	1,737,925
Six months to one year	24,896	775,772
One to three years	1,102,738	837,597
Three to five years	659,510	920,362
	<u>4,028,944</u>	<u>4,271,656</u>
(iii) Term funding		
(a) Unsecured senior notes		
Due within one year	235,250	20,750
More than one year	3,206,602	3,439,777
(b) Credit-Linked Note		
Due within one year	30,020	40,000
More than one year	413,760	135,119
(c) Term loans and revolving credits		
Due within one year		
Secured	225,381	274,680
Unsecured	206,000	206,000
More than one year		
Unsecured	640,311	630,552
(d) Amount due to Cagamas Berhad		
More than one year		
Unsecured	304,804	-
	<u>5,262,128</u>	<u>4,746,878</u>
(iv) Debt capital		
(a) Unsecured bonds		
More than one year	800,000	400,000
(b) Medium Term Notes		
More than one year	1,557,800	1,557,800
(c) Hybrid capital		
More than one year	678,431	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>4,021,231</u>	<u>3,598,394</u>

#### B8. REALISED AND UNREALISED PROFITS OR LOSSES

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

	<b>Group</b>	
	<b>31.03.12</b>	<b>31.03.11</b>
	<b>RM'000</b>	<b>RM'000</b>
Total retained earnings		
- Realised	6,253,964	5,274,685
- Unrealised	513,943	851,554
Total share of retained earnings from associate:		
- Realised	1,101	1,101
Less: consolidation adjustments	(2,952,835)	(2,898,998)
Total retained earnings as per consolidated financial statements	<u>3,816,173</u>	<u>3,228,342</u>

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

#### B9. MATERIAL LITIGATION

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

#### B10. DIVIDENDS

- (i) A proposed final single tier ordinary dividend of 13.5% for the financial year ending 31 March 2012 has been recommended by the Directors;
- (ii) Amount per share: 13.5 Sen;
- (iii) Previous corresponding period: 12.0 Sen single tier;
- (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.

**B11. EARNINGS PER SHARE (SEN)**

a. Basic earnings per share

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

	Individual Quarter		Cumulative Quarter	
	31.03.12	31.03.11	31.03.12	31.03.11
	RM'000/000	RM'000/000	RM'000/000	RM'000/000
Net profit attributable to equity holders of the Company	342,634	316,346	1,510,813	1,342,812
Weighted average number of ordinary shares in issue	2,988,383	3,002,519	2,990,182	3,004,117
Basic earnings per share (Sen)	11.47	10.54	50.53	44.70

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	
	31.03.12	31.03.11	31.03.12	31.03.11
	RM'000/000	RM'000/000	RM'000/000	RM'000/000
Net profit attributable to equity holders of the Company	342,634	316,346	1,510,813	1,342,812
Weighted average number of ordinary shares in issue (as in (a) above)	2,988,383	3,002,519	2,990,182	3,004,117
Effect of options vested under ESS	-	10	2,947	10
Adjusted weighted average number of ordinary shares in issue / issuable	2,988,383	3,002,529	2,993,129	3,004,127
Fully diluted earnings per share (Sen)	11.47	10.54	50.48	44.70