

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

**UNAUDITED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**AS AT 30 SEPTEMBER 2012**

	Note	30.09.12	Group 31.03.12 (Restated)	01.04.11 (Restated)
		RM'000	RM'000	RM'000
<b>ASSETS</b>				
Cash and short-term funds		9,355,852	7,904,737	13,502,567
Securities purchased under resale agreements		99,321	384,570	289,731
Deposits and placements with banks and other financial institutions		2,429,860	1,782,935	3,613,482
Derivative financial assets	A28	496,513	380,129	398,797
Financial assets held-for-trading	A8	12,002,235	10,651,890	5,209,227
Financial investments available-for-sale	A9	6,976,902	5,432,091	8,048,495
Financial investments held-to-maturity	A10	2,209,581	938,477	165,431
Loans, advances and financing	A11	78,570,052	73,921,003	69,297,923
Other assets	A12	2,607,973	2,617,906	1,948,366
Statutory deposits with Bank Negara Malaysia	A13	2,788,750	2,582,411	145,842
Deferred tax assets		250,005	200,408	559,964
Investment in associate		61	1,101	1,101
Property and equipment		339,609	188,735	202,300
Life and family takaful fund assets		2,504,782	2,629,704	2,434,576
Intangible assets		2,683,928	1,911,781	1,879,000
<b>TOTAL ASSETS</b>		<b>123,315,424</b>	<b>111,527,878</b>	<b>107,696,802</b>
<b>LIABILITIES AND EQUITY</b>				
Deposits and placements of banks and other financial institution:	A14	5,569,990	4,028,944	4,271,656
Securities sold under repurchase agreements		-	41,195	30,465
Recourse obligation on loans sold to Cagamas Berhad		1,210,639	1,176,054	1,018,043
Derivative financial liabilities	A28	547,678	441,684	435,108
Deposits from customers	A15	82,989,952	77,142,052	74,566,962
Term funding		6,179,647	5,262,128	4,746,878
Bills and acceptances payable		1,849,864	871,948	1,867,911
Debt capital		4,008,689	4,021,231	3,598,394
Deferred tax liabilities		65,348	60,103	96,852
Other liabilities	A16	5,646,925	4,355,835	4,007,754
Life and family takaful fund liabilities		330,574	322,721	178,057
Life and family takaful policyholders' funds		2,174,208	2,306,983	2,256,519
<b>Total Liabilities</b>		<b>110,573,514</b>	<b>100,030,878</b>	<b>97,074,599</b>
Share capital		3,014,185	3,014,185	3,014,185
Reserves		8,542,419	8,100,436	7,302,587
Equity attributable to equity holders of the Company		11,556,604	11,114,621	10,316,772
Non-controlling interests		1,185,306	382,379	305,431
<b>Total Equity</b>		<b>12,741,910</b>	<b>11,497,000</b>	<b>10,622,203</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>123,315,424</b>	<b>111,527,878</b>	<b>107,696,802</b>
<b>COMMITMENTS AND CONTINGENCIES</b>	A27	104,452,039	101,260,206	100,195,255

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**UNAUDITED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**AS AT 30 SEPTEMBER 2012 (CONT'D.)**

	Note	30.09.12 RM'000	Group 31.03.12 RM'000	01.04.11 RM'000
<b>CAPITAL ADEQUACY RATIO</b>	A29			
<b>Before deducting proposed dividends:</b>				
Core capital ratio		10.5%	11.3%	10.2%
Risk-weighted capital ratio		14.7%	15.7%	14.4%
<b>After deducting proposed dividends:</b>				
Core capital ratio		10.3%	10.5%	9.8%
Risk-weighted capital ratio		14.4%	15.0%	14.0%
 <b>NET ASSETS PER ORDINARY SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY (RM)</b>		 <b>3.83</b>	 <b>3.69</b>	 <b>3.42</b>

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

**AMMB HOLDINGS BERHAD**  
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**UNAUDITED CONSOLIDATED INCOME STATEMENTS**  
**FOR THE FINANCIAL QUARTER ENDED 30 SEPTEMBER 2012**

Group	Note	Individual Quarter		Cumulative Quarter	
		30.09.12	30.09.11 (Restated)	30.09.12	30.09.11 (Restated)
		RM'000	RM'000	RM'000	RM'000
Operating revenue	A23	2,045,705	1,892,251	4,047,452	3,826,627
Interest income	A17	1,089,069	1,088,447	2,148,763	2,137,876
Interest expense	A18	(570,413)	(563,647)	(1,114,719)	(1,105,046)
Net interest income		518,656	524,800	1,034,044	1,032,830
Net income from Islamic banking business		208,382	212,386	420,961	402,353
Net income from insurance business	A19	53,534	35,285	89,604	70,013
Other operating income	A20	221,817	276,158	523,083	632,071
Net income		1,002,389	1,048,629	2,067,692	2,137,267
Other operating expenses	A21	(438,824)	(427,979)	(876,432)	(854,437)
Operating profit		563,565	620,650	1,191,260	1,282,830
Allowances for impairment on loans and financing	A22	(13,108)	(109,333)	(28,286)	(170,780)
Impairment (loss)/writeback on:					
Financial investments		(81)	17,729	(177)	18,299
Doubtful sundry receivables - net		(6,582)	(1,252)	(3,477)	(1,198)
Foreclosed properties		(44)	(28,206)	(10,068)	(28,274)
Fixed assets		1,350	-	1,350	-
(Provision)/Writeback of provision for commitments and contingencies		13,813	(11,816)	31,225	(29,944)
Transfer (to)/from profit equalisation reserve		(4,446)	(6,182)	(4,842)	(1,424)
Profit before taxation and zakat		554,467	481,590	1,176,985	1,069,509
Taxation and zakat	B5	(138,664)	(112,556)	(299,336)	(261,187)
<b>Profit for the period</b>		<b>415,803</b>	<b>369,034</b>	<b>877,649</b>	<b>808,322</b>
Attributable to:					
Equity holders of the Company		396,578	360,070	845,155	789,079
Non-controlling interests		19,225	8,964	32,494	19,243
<b>Profit for the period</b>		<b>415,803</b>	<b>369,034</b>	<b>877,649</b>	<b>808,322</b>
<b>EARNINGS PER SHARE (SEN)</b>	B11				
Basic		13.22	12.04	28.20	26.37
Fully diluted		13.22	12.04	28.13	26.34

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

Group	Note	Individual Quarter		Cumulative Quarter	
		30.09.12 RM'000	30.09.11 (Restated) RM'000	30.09.12 RM'000	30.09.11 (Restated) RM'000
Profit for the period		415,803	369,034	877,649	808,322
Other comprehensive income/(loss):					
Exchange differences on translation of foreign operations		(12,671)	9,516	(5,464)	11,943
Net movement on cash flow hedges		4,149	(46,929)	(9,025)	(55,263)
Net movement on financial investments available-for-sale		21,434	(18,021)	(34,607)	1,345
Income tax relating to the components of other comprehensive income		(6,229)	8,618	5,729	5,044
Other comprehensive income/(loss) for the period, net of tax		6,683	(46,816)	(43,367)	(36,931)
Total comprehensive income for the period		422,486	322,218	834,282	771,391
Total comprehensive income for the period attributable to:					
Equity holders of the Company		403,602	314,880	811,334	752,486
Non-controlling interests		18,884	7,338	22,948	18,905
		422,486	322,218	834,282	771,391

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**AMMB HOLDINGS BERHAD**  
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**UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE FINANCIAL QUARTER ENDED 30 SEPTEMBER 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 Non-participating Funds 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
Effect of change in accounting policy (Note A32)	-	-	(3,612)	-	129,183	(117,723)	7,848	47,309	55,157
At 1 April 2011, as restated	3,014,185	2,537,372	1,574,100	(48,687)	129,183	3,110,619	10,316,772	305,431	10,622,203
Profit for the period	-	-	-	-	-	789,079	789,079	19,243	808,322
Other comprehensive loss, net	-	-	(36,593)	-	-	-	(36,593)	(338)	(36,931)
Total comprehensive income for the period	-	-	(36,593)	-	-	789,079	752,486	18,905	771,391
Purchase of shares pursuant to Executives' Share Scheme ("ESS")^	-	-	-	(117,577)	-	-	(117,577)	-	(117,577)
Share-based payment under ESS, net	-	-	17,966	-	-	-	17,966	-	17,966
ESS shares vested to employees of subsidiaries	-	-	(8,608)	24,554	-	-	15,946	-	15,946
Transfer of ESS shares recharged difference on purchase price for shares vested	-	-	-	-	-	(5,964)	(5,964)	(264)	(6,228)
Transfer to statutory reserve	-	-	-	-	-	-	-	-	-
Net transfer for profit equalisation reserve	-	-	-	-	-	-	-	-	-
Unallocated surplus transfer	-	-	-	-	(5,531)	-	(5,531)	(2,370)	(7,901)
Subscription of shares in AmPrivate Equity Sdn Bhd	-	-	-	-	-	-	-	100	100
Dividend paid	-	-	-	-	-	(361,702)	(361,702)	-	(361,702)
<b>At 30 September 2011</b>	<b>3,014,185</b>	<b>2,537,372</b>	<b>1,546,865</b>	<b>(141,710)</b>	<b>123,652</b>	<b>3,532,032</b>	<b>10,612,396</b>	<b>321,802</b>	<b>10,934,198</b>

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**UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE FINANCIAL QUARTER ENDED 30 SEPTEMBER 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 Non-participating Funds RM'000	Retained Earnings RM'000	Total RM'000	Non- controlling Interests RM'000	
<b>At 1 April 2012</b>	3,014,185	2,537,372	1,947,100	(154,179)	-	3,816,173	11,160,651	353,867	11,514,518
Effect of change in accounting policy (Note A32)	-	-	(3,843)	-	109,700	(151,887)	(46,030)	28,512	(17,518)
At 1 April 2012, as restated	3,014,185	2,537,372	1,943,257	(154,179)	109,700	3,664,286	11,114,621	382,379	11,497,000
Profit for the period	-	-	-	-	-	845,155	845,155	32,494	877,649
Other comprehensive loss, net	-	-	(33,821)	-	-	-	(33,821)	(9,546)	(43,367)
Total comprehensive income/(loss) for the period	-	-	(33,821)	-	-	845,155	811,334	22,948	834,282
Share-based payment under ESS, net	-	-	24,500	-	-	-	24,500	-	24,500
ESS shares vested to employees of subsidiaries	-	-	(44,839)	68,750	-	-	23,911	-	23,911
Transfer of ESS shares recharged difference on purchase price for shares vested	-	-	-	-	-	(12,342)	(12,342)	(272)	(12,614)
Transfer to profit equalisation reserve under previous guideline	-	-	1,495	-	-	-	1,495	-	1,495
Net transfer for profit equalisation reserve	-	-	422	-	-	(422)	-	-	-
Redemption of shares in AmPrivate Equity Sdn Bhd	-	-	-	-	-	-	-	(2,879)	(2,879)
Subscription of shares in AmG Insurance Berhad	-	-	-	-	-	-	-	784,000	784,000
Dividend paid	-	-	-	-	-	(406,915)	(406,915)	(870)	(407,785)
<b>At 30 September 2012</b>	<b>3,014,185</b>	<b>2,537,372</b>	<b>1,891,014</b>	<b>(85,429)</b>	<b>109,700</b>	<b>4,089,762</b>	<b>11,556,604</b>	<b>1,185,306</b>	<b>12,741,910</b>

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

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

<b>Group</b>	<b>30.09.12</b>	<b>30.09.11</b>
	<b>RM'000</b>	<b>(Restated)</b> <b>RM'000</b>
Profit before taxation	1,176,985	1,069,509
Add adjustments for non-operating and non-cash items	<u>(133,512)</u>	<u>(17,061)</u>
Operating profit before working capital changes	1,043,473	1,052,448
<i>Decrease/(Increase) in operating assets:</i>		
Securities purchased under resale agreements	285,249	(508,787)
Deposits and placements with banks and other financial institutions	(207,762)	1,989,300
Financial assets held-for-trading	(1,110,470)	(3,118,630)
Loans, advances and financing	(4,646,583)	(1,877,112)
Other assets	222,336	(207,115)
Statutory deposits with Bank Negara Malaysia	(206,339)	(1,621,259)
Deposits and monies held in trust with financial institutions	(4,047)	297,928
<i>Increase/(Decrease) in operating liabilities:</i>		
Deposits and placements of banks and other financial institutions	1,541,046	(1,079,759)
Securities sold under repurchase agreements	(41,195)	(30,465)
Recourse obligation on loans sold to Cagamas Berhad	34,585	10,255
Deposits from customers	5,847,653	(331,477)
Term funding	917,519	481,012
Bills and acceptances payable	977,916	(843,889)
Other liabilities	<u>(247,892)</u>	<u>207,463</u>
Cash generated from operations	4,405,489	(5,580,087)
Taxation paid	<u>(248,452)</u>	<u>(290,485)</u>
Net cash generated from operating activities	<u>4,157,037</u>	<u>(5,870,572)</u>
<i>Cash flows from investing activities</i>		
Purchase/(Disposal) of financial investments - net	(1,726,593)	1,998,673
Dividends received from other investments	26,143	21,986
Acquisition of 100% equity interest in Kurnia Insurans (Malaysia) Berhad	(1,397,419)	-
Return of surplus funds from associate	1,040	-
Proceeds from disposal of property and equipment	576	64
Purchase of property and equipment	(36,546)	(26,775)
Purchase of computer software	<u>(20,628)</u>	<u>(9,595)</u>
Net cash (used in)/generated from investing activities	<u>(3,153,427)</u>	<u>1,984,353</u>
<i>Cash flows from financing activities</i>		
Proceeds from issue of shares by subsidiary to non-controlling interests	781,121	100
Proceeds from unsecured bonds	-	600,000
Dividends paid by Company to its shareholders	(406,915)	(361,702)
Arising from purchase of shares for ESS by the appointed trustee	-	(117,577)
ESS shares vested to eligible employees	68,750	24,554
Transfer of ESS shares recharged difference on purchase price for shares vested	(12,342)	(5,964)
Dividends paid to non-controlling interests by subsidiaries	<u>(870)</u>	<u>-</u>
Net cash generated from/(used in) financing activities	<u>429,744</u>	<u>139,411</u>
Net increase in cash and cash equivalents	1,433,354	(3,746,808)
Cash and cash equivalents at beginning of period	7,638,715	13,234,797
Cash and cash equivalents at end of period	<u>9,072,069</u>	<u>9,487,989</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>30.09.12</b>	<b>30.09.11</b>
	<b>RM'000</b>	<b>RM'000</b>
Cash and short-term funds	9,355,852	9,743,506
Bank overdrafts	<u>(11,978)</u>	<u>-</u>
	9,343,874	9,743,506
Less: Cash and bank balances and deposits held in trust	<u>(270,069)</u>	<u>(257,825)</u>
	9,073,805	9,485,681
Effect of exchange rates changes	<u>(1,736)</u>	<u>2,308</u>
Cash and cash equivalents	<u>9,072,069</u>	<u>9,487,989</u>

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**EXPLANATORY NOTES :**

**A1. BASIS OF PREPARATION**

Transition to Malaysian Financial Reporting Standards ("MFRS") Framework

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

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

The consolidated financial statements of the Group for the year ended 31 March 2012 which were prepared under Financial Reporting Standards ("FRS") are available upon request from the Company's registered office at Level 22, Bangunan AmBank Group, No. 55, Jalan Raja Chulan, 50200 Kuala Lumpur.

Since the previous annual audited financial statements for the year ended 31 March 2012 (which were prepared under Financial Reporting Standards ("FRS")) were issued, the Group has adopted the Malaysian Financial Reporting Standards ("MFRS") framework issued by the Malaysian Accounting Standards Board ("MASB") with effect from 1 April 2012.

The MFRS Framework is fully International Financial Reporting Standards ("IFRS") compliant and the key differences between FRSs and MFRSs are that in the former; (a) FRS 2012004 Property Development Activities will continue to be the extant standard for accounting for property development activities and not IC 15; and (b) there is no equivalent standard to MFRS 141.

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

As these condensed consolidated interim financial statements form part of the period covered by the Group's first annual financial statements prepared under the MFRS framework, the Group has applied MFRS 1, First-time Adoption of Malaysian Financial Reporting Standards in its transition to the MFRS framework.

In preparing its opening MFRS statements of financial position as at 1 April 2011, the Group has adjusted the amounts previously reported in the financial statements prepared in accordance with FRS to reflect the financial effects from adoption of the MFRS framework.

The adoption of the MFRS framework also resulted in a change in the accounting for collective assessment.

Up until the financial year ended 31 March 2012, the Group's collective assessment allowance for loans, advances and financing was determined based on the transitional provision prescribed in Bank Negara Malaysia's ("BNM") Guidelines on Classification and Impairment Provisions for Loans/ Financing ("the Guidelines"), modified to reflect the Group's historical loss experience.

This transitional provision has since been removed so as to align to the requirements of MFRS 139, Financial Instruments: Recognition and Measurement.

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

This change in accounting policy has been applied retrospectively in accordance with MFRS 108, Accounting Policies, Changes in Accounting Estimates and Errors.



## A1. BASIS OF PREPARATION (CONT'D.)

The financial effects on the Group's financial position, financial performance and cash flows on adoption of the MFRS framework are set out in Note A32.

### BNM Guidelines on Profit Equalisation Reserve

BNM issued the revised Guidelines on Profit Equalisation Reserve ("PER Guidelines"), which became effective for the Group from 1 April 2012.

On adoption of the PER Guidelines, the Group continues to set aside a portion of its profits into a Profit Equalisation Reserve ("PER"). The PER of the Investment Account Holder continues to be classified as a liability and is recognised at cost, with subsequent apportionments being recognised in the income statement.

The PER of the Islamic Banking Institution is now classified as a separate reserve in equity and subsequent apportionments to and distributions from retained earnings are treated as transfers between reserves.

This change in accounting policy has been applied prospectively in accordance with the transitional provisions in the PER Guidelines.

### BNM Guidelines on Financial Reporting for Insurers

In the previous financial statements, the life insurance subsidiary's non-participating unallocated surpluses and non-participating available-for-sale reserves were classified as liabilities in accordance with BNM Guidelines and this represented a modification to MFRS as approved by BNM under Section 90 of the Insurance Act 1996.

In accordance with MFRS 4, Insurance Contracts, and BNM's revised Guidelines on Financial Reporting for Insurers ("FRG Guidelines") which came into effect from 1 April 2012, the non-participating unallocated surplus does not meet the definition of a liability as it represents the residual interest in the assets of the non-participating fund after consideration of all liabilities. In addition, MFRS 139 requires the non-participating available-for-sale reserves to be accounted for as equity.

As a result, the non-participating unallocated surpluses and the non-participating available-for-sale reserves are reclassified from liability to equity.

This change in accounting policy has been applied retrospectively in accordance with MFRS 108, Accounting Policies, Changes in Accounting Estimates and Errors.

The financial impact of this change in accounting policy on the financial statements of the Group is disclosed in Note A32.

### Provisional accounting for acquisition of Kurnia Insurans (Malaysia) Berhad ("Kurnia")

As at 30 September 2012, the Group has accounted for the acquisition of Kurnia on a provisional basis as the purchase price allocation ("PPA") exercise and allocation of goodwill to specific cash generating units ("CGU") are still on-going. The fair values of the identifiable assets and liabilities of Kurnia, the intangible assets in the form of agency force and customer relationship, and the residual goodwill are applied on best estimates based on all relevant information available. The Group anticipates to be able to complete the PPA and allocation of goodwill exercises by 30 September 2013. Upon completion of these exercises, the carrying amount of the intangible assets and residual goodwill will be adjusted accordingly on a retrospective basis.

## **New and amended standards and interpretations**

### Standards effective for financial year ended 31 March 2013

The accounting policies adopted are consistent with those of the previous financial year, except as disclosed in notes above and the following new and amended MFRSs and Interpretation Committee ("IC") Interpretations which became effective for the Group from 1 April 2012:

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

The adoption of these new and amended MFRSs and IC Interpretations did not have any significant impact on the financial position or performance of the Group.

### Standards issued but not yet effective

The following are MFRSs and IC Interpretations issued by MASB that will be effective for the Group in future years. The Group intends to adopt those standards when they become effective.

#### **A1. BASIS OF PREPARATION (CONT'D.)**

*Standards effective for financial year ending 31 March 2014:*

- MFRS 3, Business Combinations (IFRS 3, Business Combinations issued by IASB in March 2004)
- MFRS 10, Consolidated Financial Statements
- MFRS 11, Joint Arrangements
- MFRS 12, Disclosure of Interests in Other Entities
- MFRS 13, Fair Value Measurement
- MFRS 119, Employee Benefits (as amended in November 2011)
- MFRS 127, Consolidated and Separate Financial Statements (IAS 27, Consolidated and Separate Financial Statements revised by IASB in December 2003)
- MFRS 127, Separate Financial Statements (as amended in November 2011)
- MFRS 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 MFRS 7, Disclosures: Offsetting Financial Assets and Financial Liabilities
- Amendments to MFRS 10, MFRS 11 and MFRS 12: Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance
- Amendments to MFRS 101, Presentation of Items of Other Comprehensive Income
- Amendments to MFRSs contained in the document entitled "Annual Improvements 2009–2011 Cycle"

*Standards effective for financial year ending 31 March 2015:*

- Amendments to MFRS 132, Offsetting Financial Assets and Financial Liabilities

*Standards effective for financial year ending 31 March 2016:*

- MFRS 9, Financial Instruments (IFRS 9 issued by IASB in November 2009)
- MFRS 9, Financial Instruments (IFRS 9 issued by IASB in October 2010)

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

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

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

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

#### **A4. UNUSUAL ITEMS**

There were no unusual items during the current financial quarter.

#### **A5. USE OF ESTIMATES**

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

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

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

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

#### **A7. DIVIDENDS PAID**

During the financial period ended 30 September 2012, a final single tier dividend of 13.5% for the financial year ended 31 March 2012 amounting to RM406,914,966 was paid on 10 September 2012 to shareholders whose names appear in the record of depositors on 24 August 2012.

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

	<b>Group</b>	
	<b>30.09.12</b>	<b>31.03.12</b>
	<b>RM'000</b>	<b>(Restated) RM'000</b>
<b>At Fair Value</b>		
<b>Money Market Securities:</b>		
Treasury bills	19,879	54,784
Islamic Treasury bills	-	4,716
Malaysian Government Securities	826,737	929,544
Malaysian Government Investment Certificates	1,057,316	511,787
Bank Negara Malaysia Monetary Notes	4,939,566	5,979,353
Sukuk Bank Negara Malaysia	-	-
	<u>6,843,498</u>	<u>7,480,184</u>
<b>Quoted Securities:</b>		
In Malaysia:		
Shares	199,829	276,777
Trust units	730,891	171,479
Warrants	3,499	2,864
Outside Malaysia:		
Shares	12,978	44
Trust units	-	1,804
	<u>947,197</u>	<u>452,968</u>
<b>Unquoted Securities:</b>		
In Malaysia:		
Private debt securities	4,100,503	2,718,738
Outside Malaysia:		
Private debt securities	111,037	-
	<u>4,211,540</u>	<u>2,718,738</u>
<b>Total</b>	<u>12,002,235</u>	<u>10,651,890</u>

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

	Group	
	30.09.12	31.03.12
	RM'000	(Restated) RM'000
<b>At Fair Value</b>		
<b>Money Market Securities:</b>		
Malaysian Government Securities	-	20,782
Malaysian Government Investment Certificates	30,188	45,425
Negotiable instruments of deposits	1,541,778	1,553,037
Negotiable Islamic debt certificates	766,460	17,046
	<u>2,338,426</u>	<u>1,636,290</u>
<b>Quoted Securities:</b>		
In Malaysia:		
Shares	568,866	170,731
Trust units	548,394	830,247
Private debt securities	8,964	27,050
Outside Malaysia:		
Shares	29,404	74,396
	<u>1,155,628</u>	<u>1,102,424</u>
<b>Unquoted Securities:</b>		
In Malaysia:		
Private debt securities	2,497,303	2,481,705
Outside Malaysia:		
Private debt securities	38,219	46,372
	<u>2,535,522</u>	<u>2,528,077</u>
<b>At Cost</b>		
<b>Unquoted Securities:</b>		
In Malaysia:		
Shares	147,734	146,323
Trust units	774,088	-
Outside Malaysia:		
Shares	25,504	18,977
	<u>947,326</u>	<u>165,300</u>
Total	<u>6,976,902</u>	<u>5,432,091</u>

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

	Group	
	30.09.12	31.03.12
	RM'000	(Restated) RM'000
<b>At Amortised Cost</b>		
<b>Unquoted Securities:</b>		
In Malaysia:		
Private debt securities	2,409,811	1,140,533
	<u>2,409,811</u>	<u>1,140,533</u>
Accumulated impairment losses	(200,230)	(202,056)
Total	<u>2,209,581</u>	<u>938,477</u>

**A11. LOANS, ADVANCES AND FINANCING**

	Group	
	30.09.12	31.03.12
	RM'000	(Restated) RM'000
<b>At Amortised Cost:</b>		
Loans and financing:		
Term loans	25,369,659	23,828,062
Revolving credit	6,722,920	5,779,612
Housing loans	12,758,674	12,467,192
Staff loans	156,657	158,789
Hire-purchase receivables	27,121,873	26,116,383
Credit card receivables	1,749,543	1,762,994
Overdrafts	3,123,194	2,819,809
Claims on customers under acceptance credits	3,587,852	3,502,878
Trust receipts	1,040,286	856,151
Bills receivable	512,009	326,656
Others	160,154	130,844
	<u>82,302,821</u>	<u>77,749,370</u>
Islamic financing sold to Cagamas Berhad	(1,512,516)	(1,645,251)
Gross loans, advances and financing	<u>80,790,305</u>	<u>76,104,119</u>
Allowance for impairment on loans and financing:		
Collective allowance	(2,040,724)	(2,048,758)
Individual allowance	(179,529)	(134,358)
	<u>(2,220,253)</u>	<u>(2,183,116)</u>
Net loans, advances and financing	<u>78,570,052</u>	<u>73,921,003</u>

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

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

	<b>Group</b>	
	<b>30.09.12</b>	<b>31.03.12</b>
	<b>RM'000</b>	<b>RM'000</b>
Domestic:		
Other non-bank financial institutions	2,407,966	2,463,280
Business enterprises:		
Small and medium enterprises	9,489,481	8,824,410
Others	25,116,344	22,451,870
Government and statutory bodies	657,740	1,062,749
Individuals	42,669,553	40,772,322
Other domestic entities	25,429	29,258
Foreign entities	423,792	500,230
	<u>80,790,305</u>	<u>76,104,119</u>

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

	<b>Group</b>	
	<b>30.09.12</b>	<b>31.03.12</b>
	<b>RM'000</b>	<b>RM'000</b>
In Malaysia	79,980,561	75,365,016
Outside Malaysia	809,744	739,103
	<u>80,790,305</u>	<u>76,104,119</u>

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

	<b>Group</b>	
	<b>30.09.12</b>	<b>31.03.12</b>
	<b>RM'000</b>	<b>RM'000</b>
Variable rate:		
Base lending rate plus	25,596,233	25,005,637
Cost plus	17,659,312	15,011,902
Other variable rates	2,573,570	2,216,005
	<u>45,829,115</u>	<u>42,233,544</u>
Fixed rate:		
Housing loans/financing	2,107,186	2,103,824
Hire purchase receivables	22,264,625	21,050,755
Other loans/financing	10,589,379	10,715,996
	<u>34,961,190</u>	<u>33,870,575</u>
	<u>80,790,305</u>	<u>76,104,119</u>

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

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

	Group	
	30.09.12 RM'000	31.03.12 RM'000
Agriculture	2,841,222	2,359,275
Mining and quarrying	1,909,371	1,509,532
Manufacturing	7,674,068	7,439,702
Electricity, gas and water	914,420	1,544,743
Construction	3,472,668	2,479,830
Wholesale, retail, restaurant and hotel	4,934,400	4,421,725
Transport, storage and communication	3,006,957	2,775,590
Finance and insurance	2,383,870	2,463,278
Real estate	6,469,735	5,686,222
Business activities	1,998,042	1,630,157
Education and health	1,711,400	1,881,299
Household	44,238,896	42,464,127
of which:		
Purchase of residential properties	12,825,893	12,874,996
Purchase of transport vehicles	25,022,874	23,556,146
Others	6,390,129	6,032,985
Others	747,772	1,093,890
	82,302,821	77,749,370
Islamic financing sold to Cagamas Berhad	(1,512,516)	(1,645,251)
	80,790,305	76,104,119

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

	Group	
	30.09.12 RM'000	31.03.12 RM'000
Maturing within one year	17,830,118	14,280,115
One to three years	10,051,344	10,745,751
Three to five years	11,580,199	10,708,079
Over five years	41,328,644	40,370,174
	80,790,305	76,104,119

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

	Group	
	30.09.12 RM'000	31.03.12 RM'000
<b>Gross</b>		
Balance at beginning of period/year	1,906,176	2,449,585
Impaired during the period/year	780,378	1,676,106
Reclassification to non-impaired loans and financing	(268,223)	(313,825)
Recoveries	(296,670)	(596,725)
Amount written off	(298,404)	(1,308,965)
Balance at end of period/year	1,823,257	1,906,176
Ratios of impaired loans, advances and financing to total loans, advances and financing (including Islamic financing sold to Cagamas Berhad)	2.2%	2.5%
Loan loss coverage excluding collateral values	121.8%	114.5%

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

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

	Group	
	30.09.12 RM'000	31.03.12 RM'000
Agriculture	23,180	24,406
Mining and quarrying	154,992	154,760
Manufacturing	200,317	208,863
Electricity, gas and water	25,965	132,208
Construction	88,068	96,582
Wholesale, retail, restaurant and hotel	53,370	46,138
Transport, storage and communication	4,836	4,600
Finance and insurance	36,305	37,628
Real estate	13,297	26,200
Business activities	14,133	12,631
Education and health	62,129	58,870
Household	1,135,133	1,089,007
of which:		
Purchase of residential properties	572,851	561,236
Purchase of transport vehicles	435,568	401,319
Others	126,714	126,452
Others	11,532	14,283
	<u>1,823,257</u>	<u>1,906,176</u>

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

	Group	
	30.09.12 RM'000	31.03.12 RM'000
In Malaysia	<u>1,823,257</u>	<u>1,906,176</u>

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

	Group	
	30.09.12 RM'000	31.03.12 RM'000
<b>Collective allowance</b>		
Balance at beginning of period/year		
- as previously stated	2,011,781	2,135,148
- effect of change in accounting policy	36,977	80,901
As restated	<u>2,048,758</u>	<u>2,216,049</u>
Allowance made during the period/year, net	268,235	569,872
Amount written off	(276,161)	(737,171)
Exchange fluctuation adjustments	(108)	8
Balance at end of period/year	<u>2,040,724</u>	<u>2,048,758</u>
% of total loans, advances and financing (including Islamic financing sold to Cagamas Berhad)	<u>2.5%</u>	<u>2.6%</u>
<b>Individual allowance</b>		
Balance at beginning of period/year	134,358	371,429
Allowance made during the period/year, net	66,687	323,666
Amount written off	(21,516)	(560,737)
Balance at end of period/year	<u>179,529</u>	<u>134,358</u>



#### A12. OTHER ASSETS

	Group	
	30.09.12	31.03.12
		(Restated)
	RM'000	RM'000
Trade receivables, net of allowance for doubtful debts	781,203	1,071,640
Other receivables, deposits and prepayments, net of allowance for doubtful debts	1,175,170	1,037,942
Interest receivables on treasury assets, net of allowance for doubtful debts	220,995	168,390
Fee receivables, net of allowance for doubtful debts	52,433	51,354
Amount due from Originators	201,621	166,238
Amount due from agents, brokers and reinsurers, net of allowance	104,365	39,584
Foreclosed properties, net of allowance for impairment in value	72,186	82,758
	<u>2,607,973</u>	<u>2,617,906</u>

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

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

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

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

	Group	
	30.09.12	31.03.12
	RM'000	RM'000
Deposits from:		
Licensed banks	2,060,584	2,393,170
Licensed investment banks	463,257	462,580
Bank Negara Malaysia	776,247	195,954
Other financial institutions	2,269,902	977,240
	<u>5,569,990</u>	<u>4,028,944</u>

#### A15. DEPOSITS FROM CUSTOMERS

	Group	
	30.09.12	31.03.12
	RM'000	RM'000
Term/Investment deposits	68,383,137	63,560,134
Savings deposits	4,838,277	4,757,846
Demand deposits	9,524,359	8,281,449
Negotiable instruments of deposits	244,179	542,623
	<u>82,989,952</u>	<u>77,142,052</u>

The deposits are sourced from the following types of customers:

Business enterprises	40,818,523	35,414,136
Individuals	31,310,523	30,540,079
Government and statutory bodies	9,073,831	9,442,578
Others	1,787,075	1,745,259
	<u>82,989,952</u>	<u>77,142,052</u>

#### A16. OTHER LIABILITIES

	Group	
	30.09.12	31.03.12 (Restated)
	RM'000	RM'000
Trade payables	912,657	1,218,296
Other payables and accruals	1,734,049	1,455,424
Interest payable on deposits and borrowings	670,552	628,015
Lease deposits and advance rentals	35,832	43,141
General insurance funds	1,936,311	743,604
Provision for commitments and contingencies	218,194	249,472
Bank overdrafts	11,978	-
Profit equalisation reserve	2,325	3,294
Tax payable	125,027	14,589
	<u>5,646,925</u>	<u>4,355,835</u>

#### A17. INTEREST INCOME

Group	Individual Quarter		Cumulative Quarter	
	30.09.12	30.09.11	30.09.12	30.09.11
	RM'000	RM'000	RM'000	RM'000
Short-term funds and deposits with financial institutions	58,884	69,230	102,227	151,936
Financial assets held-for-trading	57,918	65,762	116,989	93,785
Financial investments available-for-sale	40,970	43,387	86,433	100,292
Financial investments held-to-maturity	18,394	1,057	19,921	3,347
Loans, advances and financing	906,485	903,857	1,808,914	1,777,498
Interest income on impaired loans	1,087	2,329	3,455	5,699
Others	5,331	2,825	10,824	5,319
	<u>1,089,069</u>	<u>1,088,447</u>	<u>2,148,763</u>	<u>2,137,876</u>

#### A18. INTEREST EXPENSE

Group	Individual Quarter		Cumulative Quarter	
	30.09.12	30.09.11	30.09.12	30.09.11
	RM'000	RM'000	RM'000	RM'000
Deposits from customers	450,240	438,164	879,291	855,502
Deposit and placements of banks and other financial institutions	4,281	15,155	9,841	25,172
Senior notes	39,790	34,987	72,719	69,588
Credit-Linked Note	6,256	4,280	12,870	7,561
Recourse obligation on loans sold to Cagamas Berhad	10,281	10,683	20,449	21,262
Term loans	5,959	5,672	11,778	11,273
Subordinated deposits and term loans	5,919	10,431	11,715	21,650
Medium term notes	22,255	22,255	44,268	44,268
Hybrid and Innovative Tier 1 capital securities	20,245	19,919	40,360	39,719
Others	5,187	2,101	11,428	9,051
	<u>570,413</u>	<u>563,647</u>	<u>1,114,719</u>	<u>1,105,046</u>

#### A19. NET INCOME FROM INSURANCE BUSINESS

Group	Individual Quarter		Cumulative Quarter	
	30.09.12	30.09.11 (Restated)	30.09.12	30.09.11 (Restated)
	RM'000	RM'000	RM'000	RM'000
Income from Insurance Business:				
Premium income from general insurance business	144,365	143,397	283,709	287,295
Surplus transfer from the life insurance business	-	617	1,500	1,234
Deficit reserve for family takaful insurance business	(1,282)	-	(1,512)	-
	<u>143,083</u>	<u>144,014</u>	<u>283,697</u>	<u>288,529</u>
Insurance Claims and Commissions:				
Insurance commission	17,036	14,262	30,896	28,585
General insurance claims	72,513	94,467	163,197	189,931
	<u>89,549</u>	<u>108,729</u>	<u>194,093</u>	<u>218,516</u>
Total income from insurance business, net	<u>53,534</u>	<u>35,285</u>	<u>89,604</u>	<u>70,013</u>

#### A20. OTHER OPERATING INCOME

Group	Individual Quarter		Cumulative Quarter	
	30.09.12	30.09.11 (Restated)	30.09.12	30.09.11 (Restated)
	RM'000	RM'000	RM'000	RM'000
Fee income:				
Fees on loans, financing and securities	55,166	48,349	116,563	111,189
Corporate advisory	5,246	5,877	15,410	12,927
Guarantee fees	9,127	10,714	18,368	23,411
Underwriting commissions	6,207	(151)	11,549	5,396
Portfolio management fees	7,642	6,409	14,942	12,283
Unit trust management fees	24,862	19,098	48,383	38,981
Brokerage rebates	97	174	166	240
Property trust management fees	1,456	1,268	2,897	2,553
Brokerage fees and commissions	19,305	24,878	39,516	48,997
Bancassurance commission	8,868	7,553	17,352	14,247
Other fee income	21,529	23,985	41,099	50,365
	<u>159,505</u>	<u>148,154</u>	<u>326,245</u>	<u>320,589</u>
Investment and trading income:				
Gain from sale of financial assets held-for-trading	9,177	30,124	21,266	65,191
Gain from sale of financial investments available-for-sale	15,342	10,622	41,346	80,344
Gain on redemption of financial investments held-to-maturity	4,385	4,008	35,676	8,972
Loss on revaluation of financial assets held-for-trading	(29,326)	(35,853)	(35,004)	(15,210)
Foreign exchange <sup>1</sup>	31,374	25,258	48,575	49,107
(Loss)/Gain on redemption of structured products	3	(2,132)	(247)	(2,070)
Gain on derivatives	13,588	79,157	41,608	85,130
Gain on revaluation of fair value hedge <sup>2</sup>	-	(388)	-	623
Gross dividend income from:				
Financial assets held-for-trading	4,646	5,026	9,246	7,703
Financial investments available-for-sale	9,773	5,634	25,611	21,612
	<u>58,962</u>	<u>121,456</u>	<u>188,077</u>	<u>301,402</u>

**A20. OTHER OPERATING INCOME (CONT'D.)**

Group	Individual Quarter		Cumulative Quarter	
	30.09.12	30.09.11	30.09.12	30.09.11
	RM'000	(Restated) RM'000	RM'000	(Restated) RM'000
Other income:				
Non-trading foreign exchange	1	3,136	(125)	3,605
(Loss)/Gain on disposal of property and equipment	(1,644)	96	(1,618)	225
Rental income	1,438	997	2,698	2,008
Other operating income	3,555	2,319	7,806	4,242
	<u>3,350</u>	<u>6,548</u>	<u>8,761</u>	<u>10,080</u>
	<u>221,817</u>	<u>276,158</u>	<u>523,083</u>	<u>632,071</u>

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

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

**A21. OTHER OPERATING EXPENSES**

Group	Individual Quarter		Cumulative Quarter	
	30.09.12	30.09.11	30.09.12	30.09.11
	RM'000	RM'000	RM'000	RM'000
Personnel costs:				
Salaries, allowances and bonuses	202,566	196,943	411,587	409,392
Shares/options granted under Group Executives' Share Scheme	20,516	16,792	24,458	18,025
Others	63,161	58,355	121,209	121,242
	<u>286,243</u>	<u>272,090</u>	<u>557,254</u>	<u>548,659</u>
Establishment costs:				
Depreciation	12,700	13,430	25,207	26,833
Amortisation of computer software	11,696	10,080	23,241	19,322
Computerisation costs	39,787	31,952	80,942	62,841
Rental	23,130	22,108	45,865	43,538
Cleaning and maintenance	6,512	6,934	13,440	13,376
Others	7,748	6,289	15,323	13,344
	<u>101,573</u>	<u>90,793</u>	<u>204,018</u>	<u>179,254</u>
Marketing and communication expenses:				
Sales commission	70	2,057	565	2,440
Advertising, promotional and other marketing activities	7,555	10,944	17,821	21,362
Telephone charges	4,230	3,823	8,542	8,068
Postage	3,527	3,029	7,475	5,338
Travel and entertainment	4,932	4,862	9,263	9,377
Others	4,984	7,892	10,606	13,271
	<u>25,298</u>	<u>32,607</u>	<u>54,272</u>	<u>59,856</u>
Administration and general expenses:				
Professional services	20,100	20,454	42,652	40,920
Donations	532	92	562	135
Administration and management expenses	246	251	497	568
Others	9,544	11,692	25,972	25,045
	<u>30,422</u>	<u>32,489</u>	<u>69,683</u>	<u>66,668</u>
Expenses capitalised	(4,712)	-	(8,795)	-
	<u>438,824</u>	<u>427,979</u>	<u>876,432</u>	<u>854,437</u>

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

Group	Individual Quarter		Cumulative Quarter	
	30.09.12	30.09.11 (Restated)	30.09.12	30.09.11 (Restated)
	RM'000	RM'000	RM'000	RM'000
Allowance for bad and doubtful debts and financing:				
Individual allowance, net	49,426	156,424	66,687	154,999
Collective allowance, net	106,649	108,365	268,235	296,782
Bad debts and financing:				
Recovered	(142,967)	(155,456)	(306,636)	(281,001)
	<u>13,108</u>	<u>109,333</u>	<u>28,286</u>	<u>170,780</u>

**A23. BUSINESS SEGMENT ANALYSIS**

<b>Group</b>	<b>Retail</b>	<b>Business</b>	<b>Investment</b>	<b>Corporate and</b>	<b>Insurance</b>	<b>Markets</b>	<b>Group</b>	<b>Total</b>
<b>30.09.12</b>	<b>Banking</b>	<b>Banking</b>	<b>Banking</b>	<b>Institutional Banking</b>	<b>RM'000</b>	<b>RM'000</b>	<b>Functions</b>	<b>RM'000</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>and Others</b>	<b>RM'000</b>
							<b>RM'000</b>	<b>RM'000</b>
Operating revenue	1,366,069	397,289	176,338	883,028	617,534	158,356	448,838	4,047,452
Income	906,746	304,000	174,507	266,749	130,927	139,606	145,157	2,067,692
Expenses	(394,180)	(52,234)	(119,127)	(39,891)	(50,898)	(39,355)	(180,747)	(876,432)
Profit/(Loss) before provisions	512,566	251,766	55,380	226,858	80,029	100,251	(35,590)	1,191,260
(Provisions)/Writeback of provisions	(95,383)	40,939	(5,534)	26,814	(368)	9,040	10,217	(14,275)
Profit after provisions	417,183	292,705	49,846	253,672	79,661	109,291	(25,373)	1,176,985
Taxation and zakat	(103,286)	(72,860)	(17,738)	(56,682)	(17,049)	(27,208)	(4,513)	(299,336)
Net profit for the period	313,897	219,845	32,108	196,990	62,612	82,083	(29,886)	877,649

**Other information:**

Cost to income ratio	43.5%	17.2%	68.3%	15.0%	38.9%	28.2%	124.5%	42.4%
Gross loans/ financing	47,764,633	17,313,399	660,175	16,328,444	33,776	-	(1,310,122)	80,790,305
Net loans/ financing	46,750,320	16,997,890	653,229	16,184,056	33,776	-	(2,049,219)	78,570,052
Gross impaired loans, advances and financing	1,288,336	270,265	4,133	-	-	-	260,523	1,823,257
Total deposits	34,627,133	7,749,962	83,574	43,393,041	-	172,628	2,533,604	88,559,942

**A23. BUSINESS SEGMENT ANALYSIS (CONT'D.)**

<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 (Restated) RM'000</b>
<b>30.09.11</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	1,360,406	358,285	225,508	745,217	380,434	293,708	463,069	3,826,627
Income	903,469	272,178	221,462	192,368	103,986	276,190	167,614	2,137,267
Expenses	(392,009)	(51,754)	(122,262)	(37,455)	(48,522)	(35,462)	(166,973)	(854,437)
Profit before provisions	511,460	220,424	99,200	154,913	55,464	240,728	641	1,282,830
(Provisions)/Writeback of provisions	(189,482)	(108,689)	(3,690)	8,204	(14)	5,289	75,061	(213,321)
Profit/(Loss) after provisions	321,978	111,735	95,510	163,117	55,450	246,017	75,702	1,069,509
Taxation and zakat	(80,549)	(27,249)	(24,976)	(36,302)	(13,836)	(61,373)	(16,902)	(261,187)
Net profit/(loss) for the period	241,429	84,486	70,534	126,815	41,614	184,644	58,800	808,322

**Other information**

Cost to income ratio	43.4%	19.0%	55.2%	19.5%	46.7%	12.8%	99.6%	40.0%
Gross loans/ financing	45,620,929	15,074,482	533,446	12,897,472	3,053	-	(984,197)	73,145,185
Net loans/ financing	44,607,054	14,703,562	526,032	12,770,918	3,053	-	(1,606,364)	71,004,255
Gross impaired loans, advances and financing	1,224,113	382,050	5,218	-	-	-	443,864	2,055,245
Total deposits	33,958,563	7,032,320	156,042	34,755,317	-	400,855	1,126,355	77,429,452

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 are not significant in relation to the Group's activities in Malaysia.

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

**A24. VALUATIONS OF PROPERTY AND EQUIPMENT**

Property and equipment 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**

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 had 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, subject to adjustment on completion.

On 26 September 2012, the Company announced that the acquisition was completed on 26 September 2012 for a final purchase price of RM1,627 million.



## 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:

<b>Group</b>	<b>30.09.12</b>	<b>31.03.12</b>
	<b>Principal Amount RM'000</b>	<b>Principal Amount RM'000</b>
<b>Commitments</b>		
Other commitments, such as formal standby facilities and credit lines, with an original maturity of:		
within one year	19,630,755	16,627,120
more than one year	6,146,541	5,631,779
Unutilised credit card lines	3,271,358	3,435,769
Forward asset purchases	280,765	486,724
	<u>29,329,419</u>	<u>26,181,392</u>
<b>Contingent Liabilities</b>		
Direct credit substitutes	1,658,458	1,925,355
Transaction related contingent items	3,688,846	3,608,458
Obligations under underwriting agreements	505,919	513,100
Short term self liquidating trade related contingencies	800,165	694,687
Assets sold with recourse	1,512,516	1,645,251
	<u>8,165,904</u>	<u>8,386,851</u>
<b>Derivative Financial Instruments</b>		
Interest/Profit rate related contracts:	39,518,146	41,340,192
One year or less	11,668,042	14,448,655
Over one to five years	19,441,846	18,849,399
Over five years	8,408,258	8,042,138
Foreign exchange related contracts:	25,530,580	23,425,174
One year or less	21,935,579	20,220,988
Over one to five years	2,756,293	3,145,654
Over five years	838,708	58,532
Credit related contracts:	858,591	903,496
One year or less	266,008	61,290
Over one to five years	296,549	549,473
Over five years	296,034	292,733
Equity related contracts:	981,672	877,098
One year or less	431,147	514,710
Over one to five years	550,504	362,368
Over five years	21	20
Commodity related contracts:	67,727	146,003
One year or less	67,727	78,630
Over one to five years	-	67,373
Over five years	-	-
	<u>66,956,716</u>	<u>66,691,963</u>
	<u>104,452,039</u>	<u>101,260,206</u>

## A27. COMMITMENTS AND CONTINGENCIES (CONT.)

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

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

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

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

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

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

On 16 September 2008, both the Meridian Suit and MAA Suit were ordered to be heard together in the same trial.

AmTrustee filed an Application for a Stay of Proceedings of both the MAA Suit and Meridian Suit ("the Stay Application") pending the full and final disposal of a criminal proceeding involving an ex-employee of Meridian at the Sessions Court. The Stay Application was dismissed by the High Court on 1 December 2010. AmTrustee's appeal to the Court of Appeal against the dismissal of the Stay Application was allowed with costs on 24 May 2011 ("Stay Order"). Upon the disposal of the criminal trial against OKH on 12 December 2012, the Stay Order was clarified on 3 August 2012 before YA Hamid Sultan Abu Backer who confirmed and ordered that the Stay Order was only operative pending the disposal criminal trial and does not include any appeal filed by parties thereafter.

The High Court Judge proceeded to fix trial dates from 8 October 2012 to 12 October 2012 and his Lordship directed parties to exchange Witness Statements by 30 August 2012.

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

- (e) Parties attended subsequent case management on 17 August 2012. Upon Meridian's Application to the Managing Judge on the grounds that their client may be prejudged by YA who was the presiding judge in another matter involving KWAP and their client, Meridian, the Civil Suits were transferred from YA Hamid Sultan Abu Backer's Court to YA Lee Swee Seng's court and matter was fixed for Case Management on 10 September 2012.

On 10 September, YA Lee Swee Seng was updated of this matter and parties also indicated to YA that both MAA and AMTB intend to amend their pleadings. AMTB's reasoning was that there were more evidence that were made available to AMTB from the closure of the criminal trial and justify that amendments must be made to its pleading. The court allowed it and gave directions on this request.

MAA's Application to amend its pleadings to add a further prayer against AMTB is fixed for hearing on 30 October 2012, whilst AMTB's Application to amend its Statement of Defence in the Meridian's Suit and its third party claim against Meridian in the MAA Suit is fixed on 7 November 2012.

Trial dates fixed in October 2012 are vacated and the court has fixed fresh trial dates in December 2012 ie from 3rd to 5th December and 13th and 14th December.

Based on documents and evidence in their possession, the solicitors for AmTrustee are of the view that AmTrustee has a good defence in respect of both the Meridian Suit and the MAA Suit and further that the AmTrustee has filed a third party proceeding against Meridian for indemnity or contribution 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 filed by Meridian and MAA against Am Trustee.

**A28. DERIVATIVE FINANCIAL ASSETS/LIABILITIES**

Group	30.09.12			31.03.12		
	Contract/ Notional Amount RM'000	Positive Fair Value RM'000	Negative Fair Value RM'000	Contract/ Notional Amount RM'000	Positive Fair Value RM'000	Negative Fair Value RM'000
<b>Trading derivative</b>						
Interest rate related contracts:	32,163,146	282,991	299,883	33,150,192	198,693	208,082
- Less than 1 year	6,253,042	12,623	13,162	8,753,655	12,219	14,387
- 1 year to 3 years	6,063,846	26,418	30,284	6,434,399	34,513	30,482
- More than 3 years	19,846,258	243,950	256,437	17,962,138	151,961	163,213
Foreign exchange related contracts:	25,530,580	193,676	170,856	23,425,174	138,215	143,402
- Less than 1 year	21,935,579	147,595	119,176	20,220,988	112,213	88,547
- 1 year to 3 years	487,949	5,928	1,952	751,968	9,696	4,480
- More than 3 years	3,107,052	40,153	49,728	2,452,218	16,306	50,375
Credit derivative contracts:	858,591	9,832	6,179	903,496	21,299	5,232
- Less than 1 year	266,008	3,420	5,839	61,290	140	99
- 1 year to 3 years	-	-	-	255,704	10,966	2,848
- More than 3 years	592,583	6,412	340	586,502	10,193	2,285
Equity and commodity related contracts:	1,049,399	8,031	43,151	1,023,101	12,590	57,371
- Less than 1 year	597,447	4,186	34,778	593,340	2,132	43,107
- 1 year to 3 years	451,931	3,845	8,373	416,292	10,423	8,967
- More than 3 years	21	-	-	13,469	35	5,297
	<u>59,601,716</u>	<u>494,530</u>	<u>520,069</u>	<u>58,501,963</u>	<u>370,797</u>	<u>414,087</u>
<b>Hedging derivative</b>						
Interest rate related contracts,						
Interest rate swaps:						
Cash flow hedge	7,355,000	1,983	27,609	8,190,000	9,332	27,597
- Less than 1 year	5,415,000	1,714	2,681	5,695,000	7,712	605
- 1 year to 3 years	1,840,000	-	24,928	1,775,000	-	20,785
- More than 3 years	100,000	269	-	720,000	1,620	6,207
	<u>7,355,000</u>	<u>1,983</u>	<u>27,609</u>	<u>8,190,000</u>	<u>9,332</u>	<u>27,597</u>
Total	<u>66,956,716</u>	<u>496,513</u>	<u>547,678</u>	<u>66,691,963</u>	<u>380,129</u>	<u>441,684</u>

**Purpose of engaging in financial derivatives**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

### General disclosure for derivatives and counterparty credit risk

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

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

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

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

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

### Liquidity risk of derivatives

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

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

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

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

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

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

### Derivative Financial Instruments and Hedge Accounting

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

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

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

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

#### (i) Fair Value Hedge

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

#### (ii) Cash Flow Hedge

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

#### (iii) Net Investment Hedge

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

## A29. CAPITAL ADEQUACY RATIO

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

	30.09.12			
	AmBank	AmIslamic Bank	AmInvestment Bank	Group *
Before deducting proposed dividends:				
Core capital ratio	10.6%	8.1%	25.2%	10.5%
Risk weighted capital ratio	14.7%	13.4%	25.2%	14.7%
After deducting proposed dividends:				
Core capital ratio	10.3%	8.1%	25.2%	10.3%
Risk weighted capital ratio	14.4%	13.4%	25.2%	14.4%
	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%

\* 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 (CONT'D.)**

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

	30.09.12			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	(11,979)	-	-	16,087
Innovative Tier 1 capital	1,094,755	-	-	1,235,100
Non-innovative Tier 1 capital	500,000	-	-	500,000
Retained earnings at end of period	3,112,061	451,129	97,715	3,672,292
Non-controlling interests	-	-	-	50
Total	<u>7,487,530</u>	<u>1,847,951</u>	<u>497,715</u>	<u>10,023,515</u>
Less: Goodwill	-	-	-	(11,243)
Deferred tax assets, net	(189,165)	(59,885)	(11,745)	(265,431)
Total Tier 1 Capital	<u>7,298,365</u>	<u>1,788,066</u>	<u>485,970</u>	<u>9,746,841</u>
Less: Deduction in excess of allowable Tier 2 capital	-	-	(108,038)	(19,807)
Maximum Allowable Tier 1 Capital	<u>7,298,365</u>	<u>1,788,066</u>	<u>377,932</u>	<u>9,727,034</u>
Tier 2 Capital				
Medium term notes	1,557,800	-	-	1,557,800
Subordinated bonds	-	800,000	-	800,000
Innovative Tier 1 capital	140,345	-	-	-
Collective allowance for loans and financing <sup>#</sup>	1,147,339	361,700	3,858	1,512,989
Total Tier 2 Capital	<u>2,845,484</u>	<u>1,161,700</u>	<u>3,858</u>	<u>3,870,789</u>
Maximum Allowable Tier 2 Capital	<u>2,845,484</u>	<u>1,161,700</u>	<u>3,858</u>	<u>3,870,789</u>
Total Capital Funds	10,143,849	2,949,766	381,790	13,597,823
Less: Investment in subsidiaries	(32,780)	-	(88,231)	(32,769)
Investment in capital of related financial institutions and other deduction	(6,136)	-	(23,665)	(29,801)
Add: Deduction in excess of allowable Tier 2 capital made against Tier 1 capital	-	-	108,038	19,807
Capital Base	<u>10,104,933</u>	<u>2,949,766</u>	<u>377,932</u>	<u>13,555,060</u>

<sup>#</sup> Excludes collective allowance on impaired loans/financing restricted from Tier 2 capital of the Group of RM527,806,000.

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

Credit risk	58,843,743	19,848,944	835,894	79,969,944
Market risk	5,100,578	745,756	233,232	6,082,605
Operational risk	4,738,059	1,380,792	430,657	6,314,882
Large exposure risk requirements for equity holdings	2,698	-	-	2,698
Total risk weighted assets	<u>68,685,078</u>	<u>21,975,492</u>	<u>1,499,783</u>	<u>92,370,129</u>

**A29. CAPITAL ADEQUACY RATIO (CONT'D.)**

	31.03.12			
	AmBank RM'000	AmIslamic Bank RM'000	AmInvestment Bank RM'000	Group * RM'000
Tier 1 Capital				
Paid-up ordinary share capital	820,364	428,038	200,000	1,448,402
Share premium	942,844	609,068	-	1,551,912
Statutory reserve	980,969	359,716	200,000	1,540,685
Capital reserve	-	-	-	2,815
Merger reserve	48,516	-	-	56,172
Exchange fluctuation reserve	2,077	-	-	30,143
Innovative Tier 1 capital	1,124,271	-	-	1,235,100
Non-innovative Tier 1 capital	500,000	-	-	500,000
Retained earnings at end of year	3,235,856	328,654	102,299	3,685,929
Non-controlling interests	-	-	-	50
Total	<u>7,654,897</u>	<u>1,725,476</u>	<u>502,299</u>	<u>10,051,208</u>
Less: Goodwill	-	-	-	(11,243)
Deferred tax assets, net	(159,755)	(32,258)	(16,844)	(213,053)
Total Tier 1 Capital	<u>7,495,142</u>	<u>1,693,218</u>	<u>485,455</u>	<u>9,826,912</u>
Less: Deduction in excess of allowable Tier 2 capital	-	-	(102,091)	(13,860)
Maximum Allowable Tier 1 Capital	<u>7,495,142</u>	<u>1,693,218</u>	<u>383,364</u>	<u>9,813,052</u>
Tier 2 Capital				
Medium term notes	1,557,800	-	-	1,557,800
Subordinated bonds	-	800,000	-	800,000
Innovative Tier 1 capital	110,829	-	-	-
Collective allowance for loans and financing <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>10,329,923</u>	<u>2,864,182</u>	<u>383,364</u>	<u>13,702,163</u>

<sup>##</sup> 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>

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

	Group	
	30.09.12 RM'000	31.03.12 RM'000
Outstanding credit exposures with connected parties	2,522,428	1,622,720
Percentage of outstanding credit exposures to connected parties		
- as a proportion of total credit exposures	2.69	1.84
- which is non-performing or in default	0.02	0.03

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

### A31. ISLAMIC BANKING BUSINESS

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

#### UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2012

	30.09.12	Group 31.03.12 (Restated)	01.04.11 (Restated)
	RM'000	RM'000	RM'000
<b>ASSETS</b>			
Cash and short-term funds	2,382,834	2,347,666	4,761,640
Deposit and placements with banks and other financial institutions	288,383	1,118,383	250,000
Derivative financial assets	17,005	10,925	3,258
Financial assets held-for-trading	3,035,900	1,522,183	991,136
Financial investments available-for-sale	1,104,530	320,117	715,937
Financial Investments held-to-maturity	822,149	822,222	-
Financing and advances	19,639,511	16,846,171	13,256,138
Other receivables, deposits and prepayments	214,663	338,501	150,874
Statutory deposits with Bank Negara Malaysia	731,000	559,000	-
Deferred tax assets	63,822	37,699	119,948
Property and equipment	571	641	732
Intangible assets	71	126	286
<b>TOTAL ASSETS</b>	<b>28,300,439</b>	<b>23,923,634</b>	<b>20,249,949</b>
<b>LIABILITIES AND ISLAMIC BANKING FUNDS</b>			
Deposits and placements of banks and other financial institutions	2,562,140	1,329,753	1,358,833
Derivative financial liabilities	16,952	10,896	3,254
Deposits from customers	20,699,765	18,262,995	15,242,321
Term funding	987,553	550,000	550,000
Bills and acceptances payable	926,868	518,422	879,522
Subordinated Sukuk Musyarakah	800,000	800,000	400,000
Other liabilities	317,476	289,550	298,540
<b>TOTAL LIABILITIES</b>	<b>26,310,754</b>	<b>22,066,420</b>	<b>18,732,470</b>
Share capital/Capital funds	460,877	460,877	435,877
Reserves	1,528,808	1,396,337	1,081,602
<b>TOTAL ISLAMIC BANKING FUNDS</b>	<b>1,989,685</b>	<b>1,857,214</b>	<b>1,517,479</b>
<b>TOTAL LIABILITIES AND ISLAMIC BANKING FUNDS</b>	<b>28,300,439</b>	<b>23,923,634</b>	<b>20,249,949</b>
<b>COMMITMENTS AND CONTINGENCIES</b>	<b>9,812,623</b>	<b>7,897,610</b>	<b>7,736,063</b>

**A31. ISLAMIC BANKING BUSINESS (CONT'D.)**

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

Group	Individual Quarter		Cumulative Quarter	
	30.09.12	30.09.11 (Restated)	30.09.12	30.09.11 (Restated)
	RM'000	RM'000	RM'000	RM'000
Income derived from investment of depositors' funds and others	369,199	310,844	716,675	612,660
Allowance for impairment on financing and advances (Provision)/Writeback for commitments and contingencies	(44,230)	(52,003)	(70,351)	(95,394)
Impairment writeback/(loss) for sundry debtors	1,001	(253)	(3,711)	(704)
Transfer from profit equalisation reserve	-	18	-	18
	(4,446)	(6,182)	(4,842)	(1,424)
<b>Total attributable income</b>	<b>321,524</b>	<b>252,424</b>	<b>637,771</b>	<b>515,156</b>
Income attributable to the depositors	(181,741)	(145,146)	(349,000)	(286,336)
<b>Profit attributable to the Group</b>	<b>139,783</b>	<b>107,278</b>	<b>288,771</b>	<b>228,820</b>
Income derived from Islamic Banking Funds	35,706	57,522	82,721	97,560
<b>Total net income</b>	<b>175,489</b>	<b>164,800</b>	<b>371,492</b>	<b>326,380</b>
Operating expenditure	(90,745)	(75,654)	(175,208)	(147,401)
Finance cost	(14,782)	(10,835)	(29,436)	(21,531)
<b>Profit before taxation and zakat</b>	<b>69,962</b>	<b>78,311</b>	<b>166,848</b>	<b>157,448</b>
Taxation and zakat	(12,109)	(19,304)	(37,495)	(40,365)
<b>Profit for the period</b>	<b>57,853</b>	<b>59,007</b>	<b>129,353</b>	<b>117,083</b>

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

Group	Individual Quarter		Cumulative Quarter	
	30.09.12	30.09.11 (Restated)	30.09.12	30.09.11 (Restated)
	RM'000	RM'000	RM'000	RM'000
<b>Profit for the period</b>	<b>57,853</b>	<b>59,007</b>	<b>129,353</b>	<b>117,083</b>
Other comprehensive income/(loss):				
Net change in revaluation of financial investments available-for-sale	288	627	2,492	(71)
Exchange differences on translation of foreign operations	(220)	298	(13)	289
Income tax relating to the components of other comprehensive income	(72)	(156)	(623)	18
<b>Other comprehensive income/(loss) for the period, net of tax</b>	<b>(4)</b>	<b>769</b>	<b>1,856</b>	<b>236</b>
<b>Total comprehensive income for the period</b>	<b>57,849</b>	<b>59,776</b>	<b>131,209</b>	<b>117,319</b>

**A31. ISLAMIC BANKING BUSINESS (CONT'D.)**

**(a) Financing and Advances**

	<b>Group</b>	
	<b>30.09.12</b>	<b>31.03.12</b>
	<b>RM'000</b>	<b>(Restated) RM'000</b>
Islamic hire purchase, net of unearned income	10,159,406	8,734,905
Term financing	5,968,139	6,046,290
Revolving credit	2,063,409	1,095,887
Claims on customer under acceptance credits	1,073,259	1,060,425
Credit card receivables	319,578	316,677
Trust receipts	82,996	63,367
Other financing	1,980,529	1,650,606
	<u>21,647,316</u>	<u>18,968,157</u>
Islamic financing sold to Cagamas Berhad	(1,512,516)	(1,645,251)
Gross financing and advances	<u>20,134,800</u>	<u>17,322,906</u>
Allowance for impairment on financing and advances:		
Collective allowance	(481,455)	(460,411)
Individual allowance	(13,834)	(16,324)
	<u>(495,289)</u>	<u>(476,735)</u>
Net financing and advances	<u>19,639,511</u>	<u>16,846,171</u>

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

	<b>Group</b>	
	<b>30.09.12</b>	<b>31.03.12</b>
	<b>RM'000</b>	<b>RM'000</b>
Balance at beginning of period/year	237,724	320,418
Impaired during the period/year	186,597	245,594
Reclassification to non-impaired financing	(49,659)	(59,847)
Recoveries	(19,795)	(38,106)
Amount written off	(91,884)	(230,335)
Balance at end of period/year	<u>262,983</u>	<u>237,724</u>
Impaired financing and advances as % of total financing and advances (including Islamic financing sold to Cagamas Berhad)	<u>1.2%</u>	<u>1.3%</u>

**A31. ISLAMIC BANKING BUSINESS (CONT'D.)**

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

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

	Group	
	30.09.12	31.03.12
	RM'000	RM'000
<b>Collective allowance</b>		
Balance at beginning of period/year		
- as previously stated	463,433	479,010
- effect of change in accounting policy	(3,022)	(9,063)
As restated	460,411	469,947
Allowance made during the period/year	105,052	205,859
Amount written off	(84,008)	(215,395)
Balance at end of period/year	481,455	460,411
% of total financing and advances (including Islamic financing sold to Cagamas Berhad)	2.2%	2.4%
<b>Individual allowance</b>		
Balance at beginning of period/year	16,324	25,447
Allowance made during the period/year	4,634	5,933
Amount written off	(7,124)	(15,056)
Balance at end of period/year	13,834	16,324

**(b) DEPOSITS FROM CUSTOMERS**

	Group	
	30.09.12	31.03.12
	RM'000	RM'000
<b>Mudarabah Fund:</b>		
Demand deposits	27,440	19,512
Saving deposits	6,133	5,945
General investment deposits	14,996,248	13,445,079
Structured deposits	140,295	183,954
	15,170,116	13,654,490
<b>Non-Mudarabah Fund:</b>		
Demand deposits	3,320,630	2,874,181
Saving deposits	1,631,002	1,541,959
Term deposits	552,636	167,181
Negotiable instruments of deposits	25,381	25,184
	5,529,649	4,608,505
	20,699,765	18,262,995

**(c) OTHER LIABILITIES**

	Group	
	30.09.12	31.03.12
	RM'000	RM'000
Other payables and accruals	208,116	196,771
Taxation and zakat payable	38,788	31,458
Provision for commitments and contingencies	29,050	25,339
Amount owing to head office	28,283	21,053
Lease deposits and advance rentals	10,914	11,635
Profit equalisation reserve	2,325	3,294
	317,476	289,550

### A32. CHANGE IN ACCOUNTING POLICIES AND RESTATEMENT OF COMPARATIVES

#### (a) Transition to MFRSs

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

#### (b) Restatement of comparatives

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

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

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

#### (i) Reconciliation of equity

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

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

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

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

**(ii) Reconciliation of consolidated income statements**

	As previously reported RM'000	Effect of transition to MFRSs RM'000	Other restatement RM'000	As restated RM'000
<b>Second quarter ended 30 September 2011</b>				
Net income from insurance business	49,668	(14,383)	-	35,285
Other operating income	275,971	187	-	276,158
Allowances for impairment on loans and financing	(121,081)	11,748	-	(109,333)
Provision for commitments and contingencies	2,490	(14,306)	-	(11,816)
Taxation and zakat	(116,736)	4,180	-	(112,556)
<b>Cumulative quarter ended 30 September 2011</b>				
Net income from insurance business	103,579	(33,566)	-	70,013
Other operating income	631,643	428	-	632,071
Allowances for impairment on loans and financing	(193,466)	22,686	-	(170,780)
Provision for commitments and contingencies	(1,331)	(28,613)	-	(29,944)
Taxation and zakat	(270,938)	9,751	-	(261,187)



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

**(iii) Reconciliation of consolidated statements of comprehensive income**

	As previously reported RM'000	Effect of transition to MFRSs RM'000	Other restatement RM'000	As restated RM'000
<b>Second quarter ended 30 September 2011</b>				
Net movement on financial investments available-for-sale	(17,856)	(165)	-	(18,021)
Income tax relating to the components of other comprehensive income	8,577	41	-	8,618
<b>Cumulative quarter ended 30 September 2011</b>				
Net movement on financial investments available-for-sale	1,736	(391)	-	1,345
Income tax relating to the components of other comprehensive income	4,947	97	-	5,044

**(iv) Reconciliation of operations of Islamic banking business**

**(i) Reconciliation of equity**

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

**(ii) Reconciliation of consolidated income statements**

	As previously reported RM'000	Effect of transition to MFRSs RM'000	Other restatement RM'000	As restated RM'000
<b>Second quarter ended 30 September 2011</b>				
Allowance for impairment on financing and advances	(50,493)	(1,510)	-	(52,003)
(Provision)/Writeback for commitments and contingencies	(933)	680	-	(253)
Taxation and zakat	(19,510)	206	-	(19,304)
<b>Cumulative quarter ended 30 September 2011</b>				
Allowance for impairment on financing and advances	(92,374)	(3,020)	-	(95,394)
(Provision)/Writeback for commitments and contingencies	(2,066)	1,362	-	(704)
Taxation and zakat	(40,779)	414	-	(40,365)

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

Year-on-year (yoy), the Group's earnings grew 7.1% to RM845.2 million, supported by higher net interest income and lower allowances.

Divisional performance for H1FY2013 compared to H1FY2012:

*Retail Banking : Higher profits from improved asset quality*

Profit after tax (PAT) rose 30% to RM313.9 million as the division continued to target profitable segments. The division grew low cost deposits (current account savings account) by 13% yoy and remained focused in expanding fee income.

*Business Banking : Good income underpinned profit growth*

PAT more than doubled to RM219.8 million due to good assets growth and higher fee income. Low cost deposits grew strongly at 32.1% yoy.

*Corporate and Institutional Banking : Strong income performance*

PAT was RM197.0 million, up 55.4%, supported by good lending growth and stronger share of wallet penetration. Low cost deposits growth remained strong.

*Investment Banking : Subdued performance compared to H1FY2012*

PAT was 54.5% lower at RM32.1 million despite strong contributions from funds management and corporate finance. Debt capital market had lower income compared to last year whilst there was a decline in stock broking contribution.

*Markets : Strong foreign exchange and derivatives' growth and contributions, offset by lower fixed income-related activities*

PAT was lower at RM82.1 million due to challenging operating environment arising from global uncertainties, flattish yield curve and no significant origination/underwritten deal in the first half have impacted the fixed income-related contributions despite better performance from foreign exchange and derivatives business.

*General Insurance : Good income growth from improved underwriting profits*

PAT rose 40.5% to RM60.3 million from higher insurance profit mainly driven by lower claims experience.

*Life Assurance : Improved contribution with business reshaping underway*

PAT expanded 43.7% to RM4.7 million and reflects revisions in BNM Guidelines on Financial Reporting for Insurers, from change in classification of Non-Par fund and reserves from liability to equity.

The Group's PAT increased by RM46.8 million in the current quarter, compared to the previous corresponding quarter ended 30 September 2011. Earnings improvement was broad based across a few divisions.

Gross loans and advances expanded to RM80.8 billion to register an annual growth of 12.3%. The growth was mainly attributed to the household, construction, wholesale, retail, restaurant and hotel. Financing for purchase of household transport vehicles accounted for 30.4% of total loans, while loans for residential properties accounted for 15.6% of total loans.

As at 30 September 2012, the Group's total assets stood at RM123.3 billion. Meanwhile, the Group's banking subsidiaries aggregated risk weighted capital ratio ("RWCR") stood at 14.7% as at 30 September 2012, compared with 15.7% as at 31 March 2012.

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

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

The Group reported a lower pre-tax profit of RM554.5 million for the second quarter ended 30 September 2012 as compared to RM622.5 million reported for the first quarter ended 30 June 2012. This was mainly due to lower other operating income, net income from Islamic banking business and writeback of provision for commitments and contingencies by RM79.4 million, RM4.2 million and RM3.6 million respectively. In addition, higher transfer to profit equalisation reserve and other operating expenses by RM4.1 million and RM1.2 million was reported for the current reporting period. Impairment loss on doubtful sundry receivables of RM6.6 million was reported for current reporting period as compared to the writeback of RM3.1 million reported in the previous reporting period.

This was mitigated by higher net income from insurance business and net interest income by RM17.5 million and RM3.3 million respectively. Lower impairment were reported from foreclosed properties by RM10.0 million and loans and advances by RM2.1 million.

## **B3. PROSPECTS FOR 31 MARCH 2013**

In the first half of 2012, the Malaysian economy grew 5.1% predominantly driven by robust private and government consumption. Looking ahead, domestic economic growth is expected to moderate with lower household spending. However, business and government spending should provide support for economic activities, together with accommodative policy rates, continued rollout of Entry Point Projects (EPPs) under the Government's Economic Transformation Programme (ETP) and incentives under Budget 2013.

In the domestic banking front, the new Responsible Lending Guideline and consumer's wait-and-see approach, especially in response to developments in the Malaysian property and auto industry, have moderated consumer loans growth. In addition, ongoing competition for loans and deposits will continue to impact margins.

While the Group is optimistic about the domestic economic growth prospects, we recognise that there are downside risks in the global economy and will remain vigilant. Over the next three years, we intend to aggressively invest, optimise and leverage connectivity to deliver growth. Our strategic priorities for FY2013 – 2015 will be to accelerate growth and business mix changes, strengthen customer centricity and connectivity, increase productivity and efficiency, and acquire and integrate in-fill acquisitions and strategic tie-ups. This will propel us towards achieving our Vision – As Malaysia's preferred diversified, internationally connected financial solutions group, we take pride in growing your future with us.

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

This is not applicable to the Group.

## B5. TAXATION

Group	Individual Quarter		Cumulative Quarter	
	30.09.12 RM'000	30.09.11 RM'000	30.09.12 RM'000	30.09.11 RM'000
Estimated current tax payable	194,656	191,146	349,860	342,013
Transfer to deferred tax	(53,548)	(78,945)	(50,190)	(82,335)
	<u>141,108</u>	<u>112,201</u>	<u>299,670</u>	<u>259,678</u>
Under/(Over) provision of current taxation in respect of prior years	(2,781)	(11)	(886)	639
Taxation	<u>138,327</u>	<u>112,190</u>	<u>298,784</u>	<u>260,317</u>
Zakat	337	366	552	870
Taxation and zakat	<u>138,664</u>	<u>112,556</u>	<u>299,336</u>	<u>261,187</u>

The total tax charge of the Group for the financial quarters ended 30 September 2012 and 2011 reflect an effective tax rate which is lower than the statutory tax rate mainly due to income not subject to tax.

## B6. CORPORATE PROPOSALS

- As at 30 September 2012, the trustee of the ESS held 14,059,250 ordinary shares (net of ESS shares vested to employees) representing 0.47% of the issued and paid-up capital of the Company. These shares are held at a carrying amount of RM85,428,806.
- On 10 July 2012, the Company announced that it has entered into a conditional share sale agreement ("SPA") with MBF Holdings Berhad ("MBf Holdings") and its wholly-owned subsidiaries Atox Cards Sdn Bhd and Jastura Sdn Bhd (collectively, the "Vendors"), for the proposed acquisition of an aggregate 100% equity interest held by the Vendors in MBF Cards (M'sia) Sdn Bhd ("MBF Cards") for a total cash purchase consideration of RM623.4 million (the "Proposed Acquisition"), subject to adjustments on completion. The businesses to be acquired under this transaction include cards issuing, merchant acquiring and bill payments business under Visa and MasterCard licences. The Proposed Acquisition also includes MBF Cards' ownership of 33.33% in Bonuskad Loyalty Sdn Bhd's ("Bonuskad") shares.  
  
This transaction remains subject to the approvals of Bank Negara Malaysia and expected to be completed during financial year ending 31 March 2013.
- On 14 September 2012, the Company announced that following approval of the Minister of Finance and Bank Negara Malaysia, the Company entered into an agreement with its wholly-owned subsidiary, AMFB Holdings Berhad ("AMFB"), for the transfer of 100% equity interest held by AMFB in AmBank (M) Berhad to the Company ("Internal Transfer"). Subsequently, the Company announced that the Internal Transfer has been completed on 4 October 2012.
- The Company announced on 28 September 2012 that a wholly-owned subsidiary, AMMB Consultant Sdn Bhd ("AMC"), would be wound-up voluntarily pursuant to the provisions of the Companies Act, 1965. The members' voluntary winding-up of AMC will not have any significant operational and financial impact on the Group.
- The Company announced on 16 October 2012 that it has obtained the approval of Bank Negara Malaysia for the Company to commence negotiations with Friends Life FPL Limited ("Friends Life") for the proposed repurchase of the 30% equity interest held by Friends Life in the two joint ventures, namely, AmLife Insurance Berhad and AmFamily Takaful Berhad (the "Proposal").

Definitive agreement for the Proposal may only be signed with the prior approval of the Minister of Finance. Further announcement on the Proposal will be made at the appropriate time.

**B7. BORROWINGS**

	<b>Group</b>	
	<b>30.09.12</b>	<b>31.03.12</b>
	<b>RM'000</b>	<b>RM'000</b>
(i) Deposits from customers		
Due within six months	69,627,153	63,722,160
Six months to one year	9,672,324	9,601,339
One to three years	2,955,900	2,726,720
Three to five years	734,575	1,091,833
	<u>82,989,952</u>	<u>77,142,052</u>
(ii) Deposits and placements of banks and other financial institutions		
Due within six months	3,604,173	2,241,800
Six months to one year	691,366	24,896
One to three years	1,039,163	1,102,738
Three to five years	235,288	659,510
	<u>5,569,990</u>	<u>4,028,944</u>
(iii) Term funding		
(a) Unsecured senior notes		
Due within one year	160,250	235,250
More than one year	4,107,677	3,206,602
(b) Credit-Linked Note		
Due within one year	137,400	30,020
More than one year	272,613	413,760
(c) Term loans and revolving credits		
Due within one year		
Secured	218,504	225,381
Unsecured	206,000	206,000
More than one year		
Unsecured	639,650	640,311
(d) Amount due to Cagamas Berhad		
More than one year		
Unsecured	437,553	304,804
	<u>6,179,647</u>	<u>5,262,128</u>
(iv) Debt capital		
(a) Unsecured bonds		
More than one year	800,000	800,000
(b) Medium Term Notes		
More than one year	1,557,800	1,557,800
(c) Hybrid capital		
More than one year	665,889	678,431
The above hybrid capital includes amounts denominated in USD.		
Principal amount - USD200.0 million		
(d) Non-Innovative Tier 1 Capital Securities		
More than one year	500,000	500,000
(e) Innovative Tier 1 Capital Securities		
More than one year	485,000	485,000
	<u>4,008,689</u>	<u>4,021,231</u>

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

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

	<b>Group</b>	
	<b>30.09.12</b>	<b>31.03.12</b>
	<b>RM'000</b>	<b>RM'000</b>
Total retained earnings		
- Realised	6,184,389	6,253,964
- Unrealised	527,992	513,943
Total share of retained earnings from associate:		
- Realised	61	1,101
Less: consolidation adjustments	(2,622,680)	(3,104,721)
Total retained earnings as per consolidated financial statements	<u>4,089,762</u>	<u>3,664,287</u>

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

#### B9. MATERIAL LITIGATION

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

#### B10. DIVIDENDS

- (i) A proposed interim single tier ordinary dividend of 7.0% for the financial year ending 31 March 2013 has been recommended by the directors;
- (ii) Amount per share: 7.0 Sen;
- (iii) Previous corresponding period: 6.6 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	
	30.09.12	30.09.11	30.09.12	30.09.11
	RM'000'000	RM'000'000	RM'000'000	RM'000'000
Net profit attributable to equity holders of the Company	396,578	360,070	845,155	789,079
Weighted average number of ordinary shares in issue	2,999,289	2,990,989	2,997,040	2,991,928
Basic earnings per share (Sen)	13.22	12.04	28.20	26.37

b. Fully diluted earnings per share

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

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

	Individual Quarter		Cumulative Quarter	
	30.09.12	30.09.11	30.09.12	30.09.11
	RM'000'000	RM'000'000	RM'000'000	RM'000'000
Net profit attributable to equity holders of the Company	396,578	360,070	845,155	789,079
Weighted average number of ordinary shares in issue (as in (a) above)	2,999,289	2,990,989	2,997,040	2,991,928
Effect of options vested under ESS	18	49	7,230	3,822
Adjusted weighted average number of ordinary shares in issue / issuable	2,999,307	2,991,038	3,004,270	2,995,750
Fully diluted earnings per share (Sen)	13.22	12.04	28.13	26.34