

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

**AUDITED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**AS AT 31 MARCH 2013**

	Note	31.03.13 RM'000	Group 31.03.12 RM'000	01.04.11 RM'000
<b>ASSETS</b>				
Cash and short-term funds		11,233,573	7,813,159	13,456,218
Securities purchased under resale agreements		200,605	517,306	547,273
Deposits and placements with banks and other financial institutions		2,322,657	1,892,166	3,635,168
Derivative financial assets	A28	383,257	380,129	398,797
Financial assets held-for-trading	A8	7,021,986	10,942,373	5,215,183
Financial investments available-for-sale	A9	7,208,604	6,641,204	9,056,998
Financial investments held-to-maturity	A10	6,219,804	1,429,843	783,147
Loans, advances and financing	A11	82,586,332	75,683,401	71,113,940
Statutory deposits with Bank Negara Malaysia	A12	2,907,435	2,582,411	145,842
Deferred tax assets		136,244	205,908	565,464
Investment in associate		20,935	1,101	1,101
Other assets	A13	2,864,266	2,457,199	2,360,291
Reinsurance, retakaful assets and other insurance receivables		166,627	112,535	47,631
Investment properties		80,165	84,715	90,245
Property and equipment		395,147	224,531	238,547
Intangible assets		3,245,653	1,954,799	1,917,404
<b>TOTAL ASSETS</b>		<b>126,993,290</b>	<b>112,922,780</b>	<b>109,573,249</b>
<b>LIABILITIES AND EQUITY</b>				
Deposits and placements of banks and other financial institution:	A14	3,152,946	3,914,568	4,172,160
Securities sold under repurchase agreements		-	41,195	30,465
Recourse obligation on loans sold to Cagamas Berhad		3,337,941	3,126,109	2,718,077
Derivative financial liabilities	A28	422,655	441,684	435,108
Deposits from customers	A15	84,859,987	77,307,156	74,725,065
Term funding		6,255,969	4,957,323	4,746,878
Bills and acceptances payable		1,964,800	871,948	1,867,911
Debt capital		4,205,232	4,021,231	3,598,394
Deferred tax liabilities		32,043	12,886	96,852
Other liabilities	A16	5,046,439	3,374,186	3,339,848
Insurance, takaful contract liabilities and other insurance payables		4,582,048	3,362,540	3,236,788
<b>Total Liabilities</b>		<b>113,860,060</b>	<b>101,430,826</b>	<b>98,967,546</b>
Share capital		3,014,185	3,014,185	3,014,185
Reserves		9,018,995	8,096,904	7,291,037
Equity attributable to equity holders of the Company		12,033,180	11,111,089	10,305,222
Non-controlling interests		1,100,050	380,865	300,481
<b>Total Equity</b>		<b>13,133,230</b>	<b>11,491,954</b>	<b>10,605,703</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>126,993,290</b>	<b>112,922,780</b>	<b>109,573,249</b>
<b>COMMITMENTS AND CONTINGENCIES</b>	A27	<b>101,874,706</b>	<b>99,614,955</b>	<b>98,605,465</b>

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**AUDITED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**AS AT 31 MARCH 2013 (CONT'D.)**

	Note	31.03.13 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>				
Common Equity Tier 1 ("CET1") Capital		9.3%	-	-
Tier 1 capital Ratio		11.0%	-	-
Total capital Ratio		14.8%	-	-
Core capital ratio		-	11.3%	10.2%
Risk-weighted capital ratio		-	15.7%	14.4%
<b>After deducting proposed dividends:</b>				
Common Equity Tier 1 ("CET1") Capital		8.9%	-	-
Tier 1 capital Ratio		10.6%	-	-
Total capital Ratio		14.3%	-	-
Core capital ratio		-	10.5%	9.8%
Risk-weighted capital ratio		-	15.0%	14.0%
<b>NET ASSETS PER ORDINARY SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY (RM)</b>		<b>3.99</b>	<b>3.69</b>	<b>3.42</b>

The audited condensed financial statements should be read in conjunction with the Annual Financial Report for the year ended 31 March 2013

**AMMB HOLDINGS BERHAD**  
**(223035-V) (Incorporated in Malaysia)**  
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**AUDITED CONSOLIDATED INCOME STATEMENTS**  
**FOR THE FINANCIAL QUARTER ENDED 31 MARCH 2013**

Group	Note	Individual Quarter		Cumulative Quarter	
		31.03.13 RM'000	31.03.12 RM'000	31.03.13 RM'000	31.03.12 RM'000
Operating revenue	A23	1,942,773	1,757,716	7,441,206	7,139,086
Interest income	A17	1,151,046	1,097,000	4,487,833	4,382,302
Interest expense	A18	(577,411)	(562,446)	(2,265,312)	(2,202,109)
Net interest income		573,635	534,554	2,222,521	2,180,193
Net income from Islamic banking business		220,528	199,072	847,757	795,032
Income from insurance business		516,080	244,213	1,480,010	960,565
Insurance claims and commissions		(410,278)	(266,286)	(1,270,628)	(843,593)
Net income from insurance business	A19	105,802	(22,073)	209,382	116,972
Other operating income	A20	251,862	318,642	1,093,995	1,208,776
Share in result of associate		320	-	653	-
Net income		1,152,147	1,030,195	4,374,308	4,300,973
Other operating expenses	A21	(583,784)	(434,370)	(2,005,951)	(1,791,105)
Acquisition and business efficiency expenses		220	-	(45,426)	-
Operating profit		568,583	595,825	2,322,931	2,509,868
Allowances for impairment on loans and financing	A22	(75,760)	(123,320)	(173,287)	(381,942)
Impairment (loss)/writeback on:					
Financial investments		(2,373)	(7,620)	800	11,906
Doubtful sundry receivables - net		10,538	(14,062)	(5,234)	(22,167)
Foreclosed properties		1,038	(52)	(9,086)	(28,345)
Fixed assets		-	-	1,347	-
(Provision)/Writeback of provision for commitments and contingencies		(11,353)	(9,100)	51,568	(59,266)
Transfer (to)/from profit equalisation reserve		(3,795)	8,316	(9,429)	3,560
Profit before taxation and zakat		486,878	449,987	2,179,610	2,033,614
Taxation and zakat	B5	(50,361)	(117,588)	(486,410)	(500,743)
<b>Profit for the period</b>		<b>436,517</b>	<b>332,399</b>	<b>1,693,200</b>	<b>1,532,871</b>
Attributable to:					
Equity holders of the Company		406,366	325,275	1,635,146	1,484,416
Non-controlling interests		30,151	7,124	58,054	48,455
<b>Profit for the period</b>		<b>436,517</b>	<b>332,399</b>	<b>1,693,200</b>	<b>1,532,871</b>
<b>EARNINGS PER SHARE (SEN)</b>	B11				
Basic		13.54	10.88	54.52	49.64
Fully diluted		13.54	10.88	54.43	49.59

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**AMMB HOLDINGS BERHAD**  
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**AUDITED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**FOR THE FINANCIAL QUARTER ENDED 31 MARCH 2013**

Group	Note	Individual Quarter		Cumulative Quarter	
		31.03.13 RM'000	31.03.12 RM'000	31.03.13 RM'000	31.03.12 RM'000
Profit for the period		436,517	332,399	1,693,200	1,532,871
Other comprehensive income/(loss):					
Foreign exchange differences on translation of foreign operations		(2,380)	(6,332)	(7,882)	2,583
Net movement on cash flow hedges		3,789	21,524	(1,178)	(60,202)
Net movement on financial investments available-for-sale		(2,113)	22,666	(55,229)	26,654
Income tax relating to the components of other comprehensive income		(880)	(3,916)	14,763	24,679
Other comprehensive income/(loss) for the period, net of tax		(1,584)	33,942	(49,526)	(6,286)
Total comprehensive income for the period		434,933	366,341	1,643,674	1,526,585
Total comprehensive income for the period attributable to:					
Equity holders of the Company		404,775	354,795	1,595,582	1,469,465
Non-controlling interests		30,158	11,546	48,092	57,120
		434,933	366,341	1,643,674	1,526,585

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**AMMB HOLDINGS BERHAD**  
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**AUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE FINANCIAL QUARTER ENDED 31 MARCH 2013**

Group	Attributable to Equity Holders of the Company							Non-controlling Interests	Total Equity
	Non-Distributable				Distributable				
	Ordinary Share Capital	Share Premium	Other Reserves	Shares Held In Trust for ESS	Retained Earnings Non-participating Funds	Total			
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
<b>At 1 April 2011</b>	3,014,185	2,537,372	1,574,100	(48,687)	117,633	3,110,619	10,305,222	300,481	10,605,703
Profit for the period	-	-	-	-	-	1,484,416	1,484,416	48,455	1,532,871
Other comprehensive loss, net	-	-	(14,951)	-	-	-	(14,951)	8,665	(6,286)
Total comprehensive income for the period	-	-	(14,951)	-	-	1,484,416	1,469,465	57,120	1,526,585
Purchase of shares pursuant to Executives' Share Scheme ("ESS")^	-	-	-	(132,368)	-	-	(132,368)	-	(132,368)
Share-based payment under ESS, net	-	-	39,688	-	-	-	39,688	-	39,688
ESS shares vested to employees of subsidiaries	-	-	(9,156)	26,876	-	-	17,720	-	17,720
Transfer of ESS shares recharged difference on purchase price for shares vested	-	-	-	-	-	(6,434)	(6,434)	(274)	(6,708)
Transfer to statutory reserve	-	-	355,910	-	-	(355,910)	-	-	-
Net transfer for profit equalisation reserve	-	-	-	-	-	-	-	-	-
Unallocated surplus transfer	-	-	-	-	(13,577)	(7,989)	(21,566)	(9,242)	(30,808)
Subscription of shares in AmPrivate Equity Sdn Bhd	-	-	-	-	-	-	-	4,100	4,100
Subscription of shares in AmFamily Takaful Berhad	-	-	-	-	-	-	-	30,000	30,000
Dividend paid	-	-	-	-	-	(560,638)	(560,638)	(1,320)	(561,958)
<b>At 31 March 2012</b>	<b>3,014,185</b>	<b>2,537,372</b>	<b>1,945,591</b>	<b>(154,179)</b>	<b>104,056</b>	<b>3,664,064</b>	<b>11,111,089</b>	<b>380,865</b>	<b>11,491,954</b>

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**AUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE FINANCIAL QUARTER ENDED 31 MARCH 2013**

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	1,945,591	(154,179)	104,056	3,664,064	11,111,089	380,865	11,491,954
Profit for the period	-	-	-	-	-	1,635,146	1,635,146	58,054	1,693,200
Other comprehensive loss, net	-	-	(39,564)	-	-	-	(39,564)	(9,962)	(49,526)
Total comprehensive income/(loss) for the period	-	-	(39,564)	-	-	1,635,146	1,595,582	48,092	1,643,674
Share-based payment under ESS, net	-	-	51,377	-	-	-	51,377	-	51,377
ESS shares vested to employees of subsidiaries	-	-	(48,268)	79,242	-	-	30,974	-	30,974
Transfer of ESS shares recharged difference on purchase price for shares vested	-	-	-	-	-	(14,847)	(14,847)	(379)	(15,226)
Transfer to statutory reserve	-	-	64,550	-	-	(64,550)	-	-	-
Transfer to profit equalisation reserve under previous guideline	-	-	1,495	-	-	-	1,495	-	1,495
Net transfer for profit equalisation reserve	-	-	(182)	-	-	182	-	-	-
Unallocated surplus transfer	-	-	-	-	11,550	61,500	73,050	21,782	94,832
Redemption of shares in AmPrivate Equity Sdn Bhd	-	-	-	-	-	-	-	(8,318)	(8,318)
Subscription of shares in AmG Insurance Berhad	-	-	-	-	-	-	-	784,000	784,000
Acquisition of remaining interests in AmLife and AmFan	-	-	-	-	(5,242)	(192,390)	(197,632)	(124,732)	(322,364)
Dividend paid	-	-	-	-	-	(617,908)	(617,908)	(1,260)	(619,168)
<b>At 31 March 2013</b>	<b>3,014,185</b>	<b>2,537,372</b>	<b>1,974,999</b>	<b>(74,937)</b>	<b>110,364</b>	<b>4,471,197</b>	<b>12,033,180</b>	<b>1,100,050</b>	<b>13,133,230</b>

^ Represent the purchase of 20,855,900 of the Company's issued ordinary shares from the open market by a trustee appointed by the ESS committee at an average price of RM6.35 per share.

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**AMMB HOLDINGS BERHAD**  
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**AUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE FINANCIAL QUARTER ENDED 31 MARCH 2013**

<b>Group</b>	<b>31.03.13</b> <b>RM'000</b>	<b>31.03.12</b> <b>RM'000</b>
Profit before taxation	2,179,610	2,033,614
Add adjustments for non-operating and non-cash items	(92,706)	(24,336)
Operating profit before working capital changes	2,086,904	2,009,278
<i>Decrease/(Increase) in operating assets:</i>		
Securities purchased under resale agreements	316,701	29,967
Deposits and placements with banks and other financial institutions	8,672	1,743,002
Financial assets held-for-trading	4,263,290	(5,473,620)
Loans, advances and financing	(6,572,255)	(4,951,403)
Reinsurance, retakaful assets and other insurance receivables	(54,092)	(64,904)
Other assets	693,739	351,932
Statutory deposits with Bank Negara Malaysia	(325,024)	(2,436,569)
<i>Increase/(Decrease) in operating liabilities:</i>		
Deposits and placements of banks and other financial institutions	(761,622)	(257,593)
Securities sold under repurchase agreements	(41,195)	10,730
Recourse obligation on loans sold to Cagamas Berhad	211,832	408,032
Deposits from customers	7,552,527	2,583,975
Term funding	748,456	210,444
Bills and acceptances payable	1,092,852	(995,963)
Insurance, takaful contract liabilities and other insurance payables	1,219,508	125,752
Other liabilities	(265,877)	(214,250)
Cash generated from operations	10,174,416	(6,921,190)
Taxation paid	(674,068)	(466,899)
Net cash generated from operating activities	9,500,348	(7,388,089)
<i>Cash flows from investing activities</i>		
Purchase/(Disposal) of financial investments - net	(4,242,715)	2,049,222
Dividends received from other investments	71,246	50,291
Acquisition of Kurnia Insurans (Malaysia) Berhad	(1,397,419)	-
Acquisition of MBF Cards (M'sia) Sdn Bhd	(518,970)	-
Acquisition of remaining equity interests in AmLife Insurance Berhad and AmFamily Takaful Berhad	(245,000)	-
Return of surplus funds from associate	1,040	-
Proceeds from disposal of property and equipment	1,012	1,200
Purchase of property and equipment	(62,870)	(43,898)
Purchase of computer software	(108,971)	(82,263)
Proceeds from disposal of investment properties	-	8,500
Net cash (used in)/generated from investing activities	(6,502,647)	1,983,052
<i>Cash flows from financing activities</i>		
Proceeds from issue of shares by subsidiaries to non-controlling interests	775,682	34,100
Proceeds from unsecured bonds	200,000	400,000
Dividends paid by Company to its shareholders	(617,908)	(560,638)
Arising from purchase of shares for ESS by the appointed trustee	-	(132,368)
ESS shares vested to eligible employees	79,242	26,876
Transfer of ESS shares recharged difference on purchase price for shares vested	(14,847)	(6,434)
Dividends paid to non-controlling interests by subsidiaries	(1,260)	(1,320)
Net cash generated from/(used in) financing activities	420,909	(239,784)
Net increase in cash and cash equivalents	3,418,610	(5,644,821)
Cash and cash equivalents at beginning of period	7,813,159	13,456,218
Cash and cash equivalents at end of period	11,231,769	7,811,397

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

<b>Group</b>	<b>31.03.13</b> <b>RM'000</b>	<b>31.03.12</b> <b>RM'000</b>
Cash and short-term funds	11,233,573	7,813,159
Effect of exchange rates changes	(1,804)	(1,762)
Cash and cash equivalents	11,231,769	7,811,397

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

**A1. BASIS OF PREPARATION**

Transition to Malaysian Financial Reporting Standards 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 Group has adopted the Malaysian Financial Reporting Standards ("MFRS") framework issued by the MASB with effect from 1 April 2012. For all periods up to and including the year ended 31 March 2012, the Group prepared its financial statements in accordance with Financial Reporting Standards ("FRS") issued by the MASB as modified by Bank Negara Malaysia's ("BNM") Guidelines.

The consolidated financial statements of the Group for the year ended 31 March 2012 are available upon request from the Company's registered office at Level 22, Bangunan AmBank Group, No. 55, Jalan Raja Chulan, 50200 Kuala Lumpur.

The MFRS Framework has converged with the International Financial Reporting Standards ("IFRS") as issued by the IASB except that, in the former; (a) FRS 201<sub>2004</sub> Property Development Activities will continue to be the extant standard for accounting for property development activities and not IC 15, Agreements for the Construction of Real Estate; and (b) there is no equivalent standard to MFRS 141, Agriculture.

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 the adoption of MFRS.

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 BNM Guidelines on Classification and Impairment Provisions for Loans/ Financing, 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.

In accordance with MFRS 139, loans/ financing that have been assessed individually and found not to be impaired and all individually insignificant loans/ financing are assessed collectively, in groups of assets with similar risk characteristics, to determine whether allowance should be made due to incurred loss events for which there is objective evidence but whose effects are not yet evident. The collective assessment takes account of data from the loan portfolio (such as levels of arrears, credit utilisation, loan to collateral ratios, etc.), and judgements on cover model risks (e.g. errors for design/ development process, data quality, data extraction and transformation) and macro risks (e.g. covering economic, portfolio and procedural issues).

This change in accounting policy has been applied retrospectively and the effects on the Group's financial position, financial performance and cash flows are set out in Note A31.

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

##### BNM Guidelines on Profit Equalisation Reserve

Profit Equalisation Reserve ("PER") is the amount appropriated out of the total gross income in order to maintain a certain level of return to Investment Account Holders ("IAH") in conformity with BNM's Framework of the Rate of Return ("GP2i"). PER is apportioned from and written back to the total gross income in deriving the net distributable gross income. This amount appropriated is shared by IAH and Amlslamic Bank Berhad. The PER is deducted at a rate which does not exceed the maximum amount of the total of 15% of monthly gross income, monthly net trading income, other income and irregular income. PER is maintained up to the maximum of 30% of the total capital fund.

With the issuance of BNM's Revised Guidelines for PER in May 2011, the PER is accounted for as follows:

- The creation of PER establishes an obligation to manage distribution to the IAH from Shariah perspective. The PER of the IAH is classified as liability and recognised at cost. The subsequent apportionments of profit to the IAH are recognised in profit or loss. The eventual distribution of PER as profit distributable to IAH will be treated as an outflow of funds due to the settlement of obligation to the IAH; and
- The PER of Amlslamic Bank Berhad is allocated from retained earnings and classified as separate reserve in equity and is non-distributable. Subsequent apportionment from and distributions to retained earnings are treated as transfer between reserves.

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

##### 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.

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 surpluses 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 A31.

##### 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.

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

Financial Reporting Standards Implementation Committee ("FRSIC") Consensus 18, Monies Held in Trust by Participating Organisations of Bursa Malaysia Securities Berhad

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In the previous financial statements, clients' and remisiers' monies held in trust by [AmInvestment Bank Berhad] are accounted for as the Group's assets with corresponding liabilities recognised in the statement of financial position.

In accordance with FRSIC Consensus 18, Monies Held in Trust by Participating Organisations of Bursa Malaysia Securities Berhad issued by the Malaysian Institute of Accountants which came into effect from 1 April 2012, such trust monies do not meet the definition of an asset as rights over the trust monies do not exist. Moreover, the Group does not have any contractual or statutory obligation to its clients on the money deposited in the trust account that would result in an outflow of resources embodying economic benefits from the Group.

As a result, monies held in trust together with the corresponding liabilities are derecognised from the assets and liabilities of the Group.

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 A31.

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

#### 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 relevant standards when they become effective.

#### *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 127, Separate Financial Statements
- MFRS 128, Investments in Associates and Joint Ventures
- 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 10, MFRS 12 and MFRS 127: Investment Entities
- Amendments to MFRS 132: Offsetting Financial Assets and Financial Liabilities

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

- MFRS 9, Financial Instruments

**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 31 December 2012 other than as disclosed in Note A31 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 31 December 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.

An interim single tier dividend of 7.0% for the financial year ending 31 March 2013 amounting to RM210,992,939 was paid on 10 December 2012 to shareholders whose names appear in the record of Depositors on 27 November 2012.

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

	<b>Group</b>	
	<b>31.03.13</b>	<b>31.03.12</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>At Fair Value</b>		
<b>Money Market Instruments:</b>		
Malaysia Treasury Bills	-	54,784
Malaysia Islamic Treasury Bills	-	4,716
Malaysian Government Securities	240,252	929,544
Government Investment Issues	366,752	511,787
Bank Negara Monetary Notes	813,112	5,979,353
	<u>1,488,576</u>	<u>7,636,309</u>
<b>Quoted Securities:</b>		
In Malaysia:		
Shares	176,435	326,731
Units trust	89,906	68,428
Warrants	4,651	2,864
Private debt securities	23,179	-
Outside Malaysia:		
Shares	4,852	44
	<u>299,023</u>	<u>398,067</u>
<b>Unquoted Securities:</b>		
In Malaysia:		
Shares	-	3,052
Units trust	1,566,829	107,782
Private debt securities	3,179,357	2,169,410
Outside Malaysia:		
Trust units	1,940	1,804
Private debt securities	486,261	625,949
	<u>5,234,387</u>	<u>2,907,997</u>
<b>Total</b>	<u>7,021,986</u>	<u>10,942,373</u>

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

	<b>Group</b>	
	<b>31.03.13</b>	<b>31.03.12</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>At Fair Value</b>		
<b>Money Market Instruments:</b>		
Malaysian Government Securities	-	20,782
Government Investment Issues	31,975	45,425
Negotiable instruments of deposits	843,075	1,553,354
Islamic negotiable debt securities	745,696	17,046
	<u>1,620,746</u>	<u>1,636,607</u>
<b>Quoted Securities:</b>		
In Malaysia:		
Shares	343,658	163,093
Units trust	513,707	569,160
Private debt securities	5,455	27,050
Outside Malaysia:		
Shares	29,394	74,396
	<u>892,214</u>	<u>833,699</u>
<b>Unquoted Securities:</b>		
In Malaysia:		
Units trust	1,341,251	260,875
Private debt securities	2,910,447	3,530,903
Outside Malaysia:		
Private debt securities	274,766	203,520
	<u>4,526,464</u>	<u>3,995,298</u>
<b>At Cost</b>		
<b>Unquoted Securities:</b>		
In Malaysia:		
Shares	143,500	156,623
Outside Malaysia:		
Shares	25,680	18,977
	<u>169,180</u>	<u>175,600</u>
Total	<u>7,208,604</u>	<u>6,641,204</u>

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

	Group	
	31.03.13	31.03.12
	RM'000	RM'000
<b>At Amortised Cost</b>		
<b>Money Market Instruments:</b>		
Bank Negara Monetary Notes	2,980,844	-
<b>Unquoted Securities:</b>		
In Malaysia:		
Private debt securities	3,432,969	1,631,899
	6,413,813	1,631,899
Accumulated impairment losses	(194,009)	(202,056)
Total	<u>6,219,804</u>	<u>1,429,843</u>

**A11. LOANS, ADVANCES AND FINANCING**

	Group	
	31.03.13	31.03.12
	RM'000	RM'000
<b>At Amortised Cost:</b>		
Loans and financing:		
Term loans	26,106,610	23,943,258
Revolving credits	7,143,751	5,779,612
Housing loans/financing	13,198,316	12,467,192
Staff loans	148,965	161,173
Hire-purchase receivables	27,564,925	26,116,384
Credit card receivables	2,191,778	1,762,994
Overdrafts	3,139,452	2,819,809
Claims on customers under acceptance credits	3,624,811	3,502,878
Trust receipts	934,900	856,151
Bills receivables	534,726	326,656
Others	171,015	130,844
Gross loans, advances and financing	<u>84,759,249</u>	<u>77,866,951</u>
Allowance for impairment on loans and financing:		
Collective allowance	(1,986,361)	(2,048,758)
Individual allowance	(186,556)	(134,792)
	<u>(2,172,917)</u>	<u>(2,183,550)</u>
Net loans, advances and financing	<u>82,586,332</u>	<u>75,683,401</u>

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

(a) Gross loans, advances and financing analysed by type of customer are as follows:

	<b>Group</b>	
	<b>31.03.13</b>	<b>31.03.12</b>
	<b>RM'000</b>	<b>RM'000</b>
Domestic non-bank financial institutions	1,788,780	2,463,280
Domestic business enterprises:		
Small and medium enterprises	10,278,020	8,824,410
Others	25,791,379	22,451,870
Government and statutory bodies	417,382	1,062,749
Individuals	45,978,280	42,535,154
Other domestic entities	23,053	29,258
Foreign entities	482,355	500,230
	<u>84,759,249</u>	<u>77,866,951</u>

(b) Gross loans, advances and financing analysed by geographical distribution are as follows:

	<b>Group</b>	
	<b>31.03.13</b>	<b>31.03.12</b>
	<b>RM'000</b>	<b>RM'000</b>
In Malaysia	83,879,206	77,127,848
Outside Malaysia	880,043	739,103
	<u>84,759,249</u>	<u>77,866,951</u>

(c) Gross loans, advances and financing analysed by interest rate/rate of return sensitivity are as follows:

	<b>Group</b>	
	<b>31.03.13</b>	<b>31.03.12</b>
	<b>RM'000</b>	<b>RM'000</b>
Variable rate:		
Base lending rate plus	25,417,300	25,005,639
Cost plus	19,751,119	14,981,992
Other variable rates	1,426,700	1,233,901
	<u>46,595,119</u>	<u>41,221,532</u>
Fixed rate:		
Housing loans/financing	2,069,989	2,105,270
Hire purchase receivables	24,454,794	22,696,905
Other loans/financing	11,639,347	11,843,244
	<u>38,164,130</u>	<u>36,645,419</u>
	<u>84,759,249</u>	<u>77,866,951</u>

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

(d) Gross loans, advances and financing analysed by sector are as follows:

	Group	
	31.03.13 RM'000	31.03.12 RM'000
Agriculture	3,265,118	2,359,275
Mining and quarrying	1,785,481	1,509,532
Manufacturing	7,871,984	7,439,702
Electricity, gas and water	685,621	1,544,743
Construction	3,550,879	2,479,830
Wholesale and retail trade and hotels and restaurants	5,486,758	4,421,725
Transport, storage and communication	2,592,491	2,775,590
Finance and insurance	8,525,237	2,463,277
Real estate	1,907,045	5,530,629
Business activities	701,874	1,630,157
Education and health	1,793,139	2,036,892
Household of which:	45,938,603	42,466,474
Purchase of residential properties	13,353,097	12,591,064
Purchase of transport vehicles	25,495,820	23,557,047
Others	7,089,686	6,318,363
Others	655,021	1,209,125
	<u>84,759,251</u>	<u>77,866,951</u>

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

	Group	
	31.03.13 RM'000	31.03.12 RM'000
Maturing within one year	18,645,901	14,281,385
Over one year to three years	9,259,486	10,748,284
Over three years to five years	12,991,840	10,929,650
Over five years	43,862,022	41,907,632
	<u>84,759,249</u>	<u>77,866,951</u>

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

	Group	
	31.03.13 RM'000	31.03.12 RM'000
<b>Gross</b>		
Balance at beginning of financial period/year	1,906,176	2,449,585
Impaired during the period/year	1,253,501	1,676,106
Reclassified as non-impaired	(292,479)	(313,825)
Recoveries	(408,636)	(596,725)
Amount written-off	(793,677)	(1,308,965)
Repurchase of impaired loans	2,888	-
Arising from acquisition of subsidiary	12,698	-
Balance at end of financial period/year	<u>1,680,471</u>	<u>1,906,176</u>
Gross impaired loans, advances and financing as % of gross loans, advances and financing	<u>2.0%</u>	<u>2.4%</u>
Loan loss coverage excluding collateral values	<u>129.3%</u>	<u>114.6%</u>

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

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

	Group	
	31.03.13	31.03.12
	RM'000	RM'000
In Malaysia	1,680,471	1,906,176

(h) Impaired loans, advances and financing analysed by sector are as follows:

	Group	
	31.03.13	31.03.12
	RM'000	RM'000
Agriculture	20,598	24,406
Mining and quarrying	17,888	154,760
Manufacturing	254,786	208,863
Electricity, gas and water	25,906	132,208
Construction	51,111	96,582
Wholesale and retail trade and hotels and restaurants	49,908	46,138
Transport, storage and communication	18,593	4,600
Finance and insurance	48,430	37,628
Real estate	9,124	26,200
Business activities	7,875	16,501
Education and health	56,066	58,870
Household of which:	1,109,222	1,089,007
Purchase of residential properties	547,409	561,236
Purchase of transport vehicles	439,164	401,319
Others	122,649	126,452
Others	10,964	10,413
	1,680,471	1,906,176

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

	Group	
	31.03.13	31.03.12
	RM'000	RM'000
<b>Collective allowance</b>		
Balance at beginning of financial year	2,048,758	2,216,049
Allowance made during the financial year, net	455,228	569,872
Amount written-off	(563,368)	(737,171)
Arising from acquisition of subsidiary	40,536	-
Exchange fluctuation adjustments	5,207	8
Balance at end of financial year	1,986,361	2,048,758
Collective allowance as % of gross loans, advances and financing less individual allowance	2.3%	2.6%
<b>Individual allowance</b>		
Balance at beginning of financial year	134,792	371,829
Allowance made during the financial year, net	287,718	323,665
Amount written back in respect of recoveries	-	33
Amount written-off	(235,954)	(560,735)
Balance at end of financial year	186,556	134,792

#### A12. 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.

#### A13. OTHER ASSETS

	<b>Group</b>	
	<b>31.03.13</b>	<b>31.03.12</b>
	<b>RM'000</b>	<b>RM'000</b>
Trade receivables, net of allowance for doubtful debts	973,257	1,071,640
Other receivables, deposits and prepayments, net of allowance for doubtful debts	1,161,287	887,961
Interest receivables on treasury assets, net of allowance for doubtful debts	217,152	191,929
Fee receivables, net of allowance for doubtful debts	47,269	51,354
Amount due from Originators	379,657	166,238
Amount due from agents, brokers and reinsurers, net of allowance	12,812	5,319
Foreclosed properties, net of allowance for impairment in value	72,832	82,758
	<u>2,864,266</u>	<u>2,457,199</u>

Amount due from originators represents housing loans and hire purchase acquired from originators for onward sale to Cagamas Berhad with recourse.

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

	<b>Group</b>	
	<b>31.03.13</b>	<b>31.03.12</b>
	<b>RM'000</b>	<b>RM'000</b>
Deposits from:		
Licensed banks	233,412	2,393,170
Licensed investment banks	402,298	452,781
Bank Negara Malaysia	863,663	195,954
Other financial institutions	1,653,573	872,663
	<u>3,152,946</u>	<u>3,914,568</u>

#### A15. DEPOSITS FROM CUSTOMERS

	<b>Group</b>	
	<b>31.03.13</b>	<b>31.03.12</b>
	<b>RM'000</b>	<b>RM'000</b>
Demand deposits	11,776,089	8,427,414
Savings deposits	5,071,454	4,757,846
Term/Investment deposits	67,928,630	63,579,273
Negotiable instruments of deposits	83,814	542,623
	<u>84,859,987</u>	<u>77,307,156</u>

The deposits are sourced from the following types of customers:

Business enterprises	39,348,222	35,431,816
Individuals	33,952,401	30,644,661
Government and statutory bodies	9,852,981	9,442,578
Others	1,706,383	1,788,101
	<u>84,859,987</u>	<u>77,307,156</u>

**A16. OTHER LIABILITIES**

	<b>Group</b>	
	<b>31.03.13</b>	<b>31.03.12</b>
	<b>RM'000</b>	<b>RM'000</b>
Trade payables	930,052	941,109
Other payables and accruals	3,060,407	1,497,678
Interest payable	712,719	628,015
Lease deposits and advance rentals	29,401	43,575
Provision for commitments and contingencies	204,795	249,472
Profit equalisation reserve	1,659	3,294
Provision for taxation	107,405	11,042
	<b>5,046,438</b>	<b>3,374,185</b>

**A17. INTEREST INCOME**

<b>Group</b>	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	<b>31.03.13</b>	<b>31.03.12</b>	<b>31.03.13</b>	<b>31.03.12</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Short-term funds and deposits with financial institutions	73,697	58,140	231,577	263,322
Financial assets held-for-trading	50,160	64,219	270,941	204,651
Financial investments available-for-sale	60,792	57,134	218,871	256,852
Financial investments held-to-maturity	21,997	6,935	59,735	36,421
Loans, advances and financing	939,396	905,873	3,682,438	3,597,931
Impaired loans, advance and financing	811	2,334	4,803	10,040
Others	4,193	2,365	19,468	13,085
	<b>1,151,046</b>	<b>1,097,000</b>	<b>4,487,833</b>	<b>4,382,302</b>

**A18. INTEREST EXPENSE**

<b>Group</b>	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	<b>31.03.13</b>	<b>31.03.12</b>	<b>31.03.13</b>	<b>31.03.12</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Deposits from customers	440,084	441,463	1,763,552	1,723,589
Deposit and placements of banks and other financial institutions	6,123	4,755	24,999	34,721
Senior notes	46,146	34,600	164,290	139,532
Credit-Linked Note	6,280	5,634	25,410	18,891
Recourse obligation on loans sold to Cagamas Berhad	10,099	10,171	40,872	41,905
Term loans	8,295	6,358	27,478	23,759
Subordinated deposits and term loans	5,607	1,479	23,299	35,383
Medium term notes	23,639	22,012	94,973	88,535
Hybrid and Innovative Tier 1 capital securities	19,896	19,938	80,287	79,996
Others	11,242	16,036	20,152	15,798
	<b>577,411</b>	<b>562,446</b>	<b>2,265,312</b>	<b>2,202,109</b>

**A19. NET INCOME FROM INSURANCE BUSINESS**

Group	Individual Quarter		Cumulative Quarter	
	31.03.13 RM'000	31.03.12 RM'000	31.03.13 RM'000	31.03.12 RM'000
Income from Insurance Business:				
Premium income from general insurance business	374,077	139,928	1,022,659	568,113
Premium income from life and family takaful insurance business	142,003	104,285	457,351	392,452
	<u>516,080</u>	<u>244,213</u>	<u>1,480,010</u>	<u>960,565</u>
Insurance Claims and Commissions:				
Insurance commission	66,063	27,501	167,370	101,979
General insurance claims	215,775	86,631	618,998	364,579
Life and family takaful insurance claims	128,440	152,154	484,260	377,035
	<u>410,278</u>	<u>266,286</u>	<u>1,270,628</u>	<u>843,593</u>
Total income from insurance business, net	<u>105,802</u>	<u>(22,073)</u>	<u>209,382</u>	<u>116,972</u>

**A20. OTHER OPERATING INCOME**

Group	Individual Quarter		Cumulative Quarter	
	31.03.13 RM'000	31.03.12 RM'000	31.03.13 RM'000	31.03.12 RM'000
Fee and commission income:				
Fees on loans, financing and securities	88,761	41,968	284,473	203,053
Corporate advisory	5,719	5,697	28,299	30,733
Guarantee fees	11,850	8,445	42,201	38,457
Underwriting commissions	1	900	14,046	9,252
Portfolio management fees	12,126	6,994	32,828	25,763
Unit trust management fees	22,932	22,022	99,191	83,985
Brokerage rebates	97	128	408	518
Property trust management fees	832	1,667	6,091	5,580
Brokerage fees and commissions	20,405	24,407	77,207	93,048
Bancassurance commission	11,178	7,485	37,604	29,221
Other fee and commission income	(7,640)	23,502	44,656	92,979
	<u>166,261</u>	<u>143,215</u>	<u>667,004</u>	<u>612,589</u>
Investment and trading income:				
Net gain from sale of financial assets held-for-trading	(8,652)	77,100	29,736	175,989
Net gain from sale of financial investments available-for-sale	1,831	44,681	57,567	138,284
Net gain on redemption of financial investments held-to-maturity	571	19,596	41,602	26,617
Net gain/(loss) on revaluation of financial assets held-for-trading	22,682	(8,828)	1,738	(9,620)
Net foreign exchange gain <sup>1</sup>	16,088	28,681	91,755	106,806
Net gain on derivatives	18,859	2,106	57,078	74,507
Net gain on revaluation of fair value hedge <sup>2</sup>	-	-	-	460
Gross dividend income from:				
Financial assets held-for-trading	7,301	5,564	25,465	15,494
Financial investments available-for-sale	11,840	8,412	69,530	51,560
Others	5,967	1,772	20,531	1,868
	<u>76,487</u>	<u>179,084</u>	<u>395,002</u>	<u>581,965</u>

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

Group	Individual Quarter		Cumulative Quarter	
	31.03.13	31.03.12	31.03.13	31.03.12
	RM'000	RM'000	RM'000	RM'000
Other income:				
Net non-trading foreign exchange gain	692	241	1,380	4,199
Net (loss)/gain on disposal of property and equipment	40	(148)	(1,653)	676
Rental income	1,472	3,006	7,610	8,805
Others	6,910	(6,756)	24,652	542
	<u>9,114</u>	<u>(3,657)</u>	<u>31,989</u>	<u>14,222</u>
	<u>251,862</u>	<u>318,642</u>	<u>1,093,995</u>	<u>1,208,776</u>

<sup>1</sup> Foreign exchange gain 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 swaps (hedging instrument), Hybrid Capital and loans sold to Cagamas Berhad (hedged items) relating to the hedged risk. The fair value hedge for the above hedged items was terminated as at 31 March 2012.

**A21. OTHER OPERATING EXPENSES**

Group	Individual Quarter		Cumulative Quarter	
	31.03.13	31.03.12	31.03.13	31.03.12
	RM'000	RM'000	RM'000	RM'000
Personnel costs:				
Salaries, allowances and bonuses	250,402	180,390	911,867	794,948
Shares/options granted under Group Executives'				
Share Scheme	13,572	10,782	51,376	39,752
Others	71,340	73,030	255,049	259,878
	<u>335,314</u>	<u>264,202</u>	<u>1,218,292</u>	<u>1,094,578</u>
Establishment costs:				
Depreciation of property and equipment	17,496	13,973	62,286	57,350
Amortisation of intangible assets	18,013	11,782	57,753	43,866
Computerisation costs	48,524	31,174	184,376	134,365
Rental	26,259	23,814	98,545	92,417
Cleaning, maintenance and security	5,815	5,693	25,755	26,004
Others	9,665	9,701	34,054	29,181
	<u>125,772</u>	<u>96,137</u>	<u>462,769</u>	<u>383,183</u>
Marketing and communication expenses:				
Sales commission	3,053	770	4,560	3,796
Advertising, promotional and other marketing activities	29,992	14,145	67,180	59,833
Telephone charges	5,589	6,489	19,757	20,239
Postage	6,421	4,670	18,036	12,748
Travel and entertainment	7,669	5,744	25,335	20,625
Others	9,994	6,926	29,911	27,512
	<u>62,718</u>	<u>38,744</u>	<u>164,779</u>	<u>144,753</u>
Administration and general expenses:				
Professional services	29,813	27,506	95,992	96,844
Donations	2,280	213	2,994	529
Administration and management expenses	81	182	681	1,016
Others	39,893	12,118	87,006	74,934
	<u>72,067</u>	<u>40,019</u>	<u>186,673</u>	<u>173,323</u>
Expenses capitalised	(12,087)	(4,732)	(26,562)	(4,732)
	<u>583,784</u>	<u>434,370</u>	<u>2,005,951</u>	<u>1,791,105</u>

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

Group	Individual Quarter		Cumulative Quarter	
	31.03.13 RM'000	31.03.12 RM'000	31.03.13 RM'000	31.03.12 RM'000
Allowance for impaired loans, advances and financing:				
Individual allowance, net	83,918	136,592	287,718	323,665
Collective allowance, net	122,035	81,361	455,228	569,872
Recovery from loans sold to Danaharta	-	-	(3,880)	(3,731)
Impaired loans, advances and financing:				
Written off	102	-	140	-
Recovered	(130,295)	(94,633)	(565,919)	(507,864)
	<u>75,760</u>	<u>123,320</u>	<u>173,287</u>	<u>381,942</u>

**A23. BUSINESS SEGMENT ANALYSIS**

<b>Group</b> <b>31.03.13</b>	<b>Retail Banking RM'000</b>	<b>Business Banking RM'000</b>	<b>Investment Banking RM'000</b>	<b>Corporate and Institutional Banking RM'000</b>	<b>Insurance RM'000</b>	<b>Markets RM'000</b>	<b>Group Functions and Others RM'000</b>	<b>Total RM'000</b>
Operating revenue	2,821,777	812,225	350,550	1,793,517	453,931	327,321	881,885	7,441,206
Income	1,883,316	619,317	346,332	526,042	453,931	295,074	250,296	4,374,308
Expenses	(831,399)	(105,657)	(249,927)	(91,412)	(311,872)	(71,290)	(389,820)	(2,051,377)
Profit/(Loss) before provisions	1,051,917	513,660	96,405	434,630	142,059	223,784	(139,524)	2,322,931
(Provisions)/Writeback of provisions	(265,917)	(72,577)	(3,026)	47,777	(2,475)	9,058	143,839	(143,321)
Profit after provisions	786,000	441,083	93,379	482,407	139,584	232,842	4,315	2,179,610
Taxation and zakat	(194,879)	(108,750)	(24,842)	(107,092)	(35,576)	(57,987)	42,717	(486,410)
Net profit for the period	591,121	332,333	68,537	375,315	104,008	174,855	47,032	1,693,200

**Other information:**

Cost to income ratio	44.1%	17.1%	72.2%	17.4%	68.7%	24.2%	155.7%	46.9%
Gross loans/ financing	49,040,728	17,511,246	947,296	17,104,812	142,796	-	12,371	84,759,249
Net loans/ financing	47,943,976	17,222,642	940,898	16,995,457	142,363	-	(659,004)	82,586,332
Gross impaired loans, advances and financing	1,250,734	197,625	3,855	-	-	-	228,257	1,680,471
Total deposits	37,318,293	8,469,986	66,365	40,714,576	-	355,891	1,087,822	88,012,933

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

<b>Group</b>	<b>Retail Banking RM'000</b>	<b>Business Banking RM'000</b>	<b>Investment Banking RM'000</b>	<b>Corporate and Institutional Banking RM'000</b>	<b>Insurance RM'000</b>	<b>Markets RM'000</b>	<b>Group Functions and Others RM'000</b>	<b>Total RM'000</b>
Operating revenue	2,693,132	730,086	458,998	1,507,944	358,750	500,540	889,636	7,139,086
Income	1,787,841	555,744	450,747	384,919	358,750	463,261	299,711	4,300,973
Expenses	(759,187)	(100,416)	(243,603)	(77,575)	(193,773)	(75,013)	(341,538)	(1,791,105)
Profit before provisions	1,028,654	455,328	207,144	307,344	164,977	388,248	(41,827)	2,509,868
(Provisions)/Writeback of provisions	(349,218)	(134,566)	(2,855)	(12,704)	(21,703)	6,314	38,478	(476,254)
Profit/(Loss) after provisions	679,436	320,762	204,289	294,640	143,274	394,562	(3,349)	2,033,614
Taxation and zakat	(169,913)	(78,861)	(51,250)	(63,537)	(41,944)	(98,378)	3,140	(500,743)
Net profit/(loss) for the period	509,523	241,901	153,039	231,103	101,330	296,184	(209)	1,532,871

**Other information**

Cost to income ratio	42.5%	18.1%	54.0%	20.2%	54.0%	16.2%	114.0%	41.6%
Gross loans/ financing	46,319,734	15,758,848	610,550	14,625,520	120,704	-	431,595	77,866,951
Net loans/ financing	45,288,598	15,401,925	603,060	14,481,716	120,271	-	(212,169)	75,683,401
Gross impaired loans, advances and financing	1,221,629	275,347	4,554	-	-	-	404,646	1,906,176
Total deposits	33,953,290	7,070,091	131,026	37,352,996	-	(349,547)	3,063,868	81,221,724

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**

- 1 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.

- 2 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.

The acquisition was completed on 3 December 2012 and on 11 January 2013 the Company announced the final purchase price of RM641.4 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>31.03.13</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:		
up to one year	19,414,354	16,627,120
over one year	6,925,080	5,631,779
Unutilised credit card lines	3,196,835	3,435,769
Forward asset purchases	108,266	486,724
	<u>29,644,535</u>	<u>26,181,392</u>
<b>Contingent Liabilities</b>		
Direct credit substitutes	1,505,620	1,925,355
Transaction related contingent items	4,393,242	3,608,458
Obligations under underwriting agreements	330,000	513,100
Short term self liquidating trade related contingencies	676,655	694,687
Others	100	-
	<u>6,905,617</u>	<u>6,741,600</u>
<b>Derivative Financial Instruments</b>		
Interest/Profit rate related contracts:	36,341,198	41,340,192
One year or less	4,548,404	14,448,655
Over one to five years	22,110,387	18,849,399
Over five years	9,682,407	8,042,138
Foreign exchange related contracts:	27,176,687	23,425,174
One year or less	22,898,737	20,220,988
Over one to five years	3,440,503	3,145,654
Over five years	837,447	58,532
Credit related contracts:	863,536	903,496
One year or less	267,510	61,290
Over one to five years	298,275	549,473
Over five years	297,751	292,733
Equity related contracts:	876,622	877,098
One year or less	328,612	514,710
Over one to five years	547,989	362,368
Over five years	21	20
Commodity related contracts:	66,511	146,003
One year or less	66,511	78,630
Over one to five years	-	67,373
Over five years	-	-
	<u>65,324,554</u>	<u>66,691,963</u>
	<u>101,874,706</u>	<u>99,614,955</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. Just before the trial proceeded, MAA added Meridian as a Co-Defendant in the MAA 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 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 Co-Defendant and
- to increase the alleged loss and damage from RM27,606,169.65 to RM36,967,166.84.

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. No appeal was filed by Meridian against this Decision, hence no litigation is pending today against AmInvestment Bank Berhad by Meridian.

As facts of both the Meridian and MAA suit are similar in nature with the same parties involved, the court has ordered that these two suits are to be heard together.

Trial proceeded on 3rd to 5th of December 2012 and on 10th and 13th December 2012 and continued on 18th to 20th February 2013. Matter was fixed for decision and or clarification on 11 April 2013

After clarification of the matter on 11 April 2013 the court decided as follows:

In the MAA Suit:

- the court dismissed MAA's claim against AmTrustee with costs of RM100,000.00 and interest on the cost from the date of the decision to the date of settlement. Meridian on the other hand was found to be fully liable to MAA and was ordered to pay the sum of RM19,602,119.23 with interest from the date of filing of the writ to the date of realization.

In the Meridian Suit:

- the court found that AmTrustee is liable to contribute and indemnify Meridian for 40% of the amount that Meridian has been found liable to MAA and KWAP.

This essentially means that Meridian has to pay MAA and KWAP for all the damages claimed by MAA and KWAP and AmTrustee has to pay 40% of that amount that Meridian has paid to MAA and KWAP. Court further awarded Meridian to pay AmTrustee cost of RM20,000.00.

AmTrustee is currently taking solicitors' advice on the Decision.

**A28. DERIVATIVE FINANCIAL ASSETS/LIABILITIES**

Group	31.03.13			31.03.12		
	Contract/ Notional Amount RM'000	Fair Value		Contract/ Notional Amount RM'000	Fair Value	
		Assets RM'000	Liabilities RM'000		Assets RM'000	Liabilities RM'000
<b>Trading derivatives</b>						
Interest rate related contracts:	34,316,198	214,474	229,217	33,150,192	198,693	208,082
- One year or less	4,103,404	5,343	6,297	8,753,655	12,219	14,387
- Over one year to three year	8,643,427	36,959	55,507	6,434,399	34,513	30,482
- Over three years	21,569,367	172,172	167,413	17,962,138	151,961	163,213
Foreign exchange related contracts:	27,176,687	149,737	141,718	23,425,174	138,215	143,402
- One year or less	22,898,737	78,061	65,497	20,220,988	112,213	88,547
- Over one year to three year	1,615,738	18,008	20,965	751,968	9,696	4,480
- Over three years	2,662,212	53,668	55,256	2,452,218	16,306	50,375
Credit derivative contracts:	863,536	12,932	6,113	903,496	21,299	5,232
- One year or less	267,510	-	2,140	61,290	140	99
- Over one year to three year	-	-	-	255,704	10,966	2,848
- Over three years	596,026	12,932	3,973	586,502	10,193	2,285
Equity and commodity related contracts:	943,133	5,581	28,975	1,023,101	12,590	57,371
- One year or less	488,457	1,947	20,629	593,340	2,132	43,107
- Over one year to three year	454,655	3,632	8,346	416,292	10,423	8,967
- Over three years	21	2	-	13,469	35	5,297
	<b>63,299,554</b>	<b>382,724</b>	<b>406,023</b>	<b>58,501,963</b>	<b>370,797</b>	<b>414,087</b>
<b>Hedging derivatives</b>						
Interest rate related contracts,						
Interest rate swaps:						
Cash flow hedge	2,025,000	533	16,632	8,190,000	9,332	27,597
- One year or less	445,000	-	1,391	5,695,000	7,712	605
- Over one year to three year	1,480,000	-	15,241	1,775,000	-	20,785
- Over three years	100,000	533	-	720,000	1,620	6,207
	<b>2,025,000</b>	<b>533</b>	<b>16,632</b>	<b>8,190,000</b>	<b>9,332</b>	<b>27,597</b>
Total	<b>65,324,554</b>	<b>383,257</b>	<b>422,655</b>	<b>66,691,963</b>	<b>380,129</b>	<b>441,684</b>

**Purpose of engaging in financial derivatives**

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

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

## **A28. DERIVATIVE FINANCIAL ASSETS/LIABILITIES (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 streams 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.

## A29. CAPITAL ADEQUACY RATIO

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

	31.03.13			
	AmBank	AmIslamic Bank	AmInvestment Bank	Group *
Before deducting proposed dividends:				
Common Equity Tier 1 ("CET1") Capital	8.6%	9.5%	25.7%	9.3%
Tier 1 capital Ratio	10.9%	9.5%	25.7%	11.0%
Total capital Ratio	14.3%	14.6%	25.7%	14.8%
After deducting proposed dividends:				
Common Equity Tier 1 ("CET1") Capital	8.0%	9.5%	25.7%	8.9%
Tier 1 capital Ratio	10.3%	9.5%	25.7%	10.6%
Total capital Ratio	13.7%	14.6%	25.7%	14.3%

	31.03.12			
	AmBank	AmIslamic Bank	AmInvestment Bank	Group *
Before deducting proposed dividends:				
Core capital ratio	11.1%	9.0%	21.5%	11.2%
Risk weighted capital ratio	15.2%	15.0%	21.5%	15.4%
After deducting proposed dividends:				
Core capital ratio	10.0%	9.0%	20.1%	10.4%
Risk weighted capital ratio	14.2%	15.0%	20.1%	14.7%

\* 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 MANAGEMENT (CONTD.)**

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

	31.03.13			Group *
	AmBank RM'000	AmIslamic Bank RM'000	AmInvestment Bank RM'000	
<b><u>Common Equity Tier 1 ("CET1") Capital</u></b>				
Ordinary shares	820,364	462,922	200,000	1,483,286
Share premium	942,844	724,185	-	1,667,029
Retained earnings	3,501,590	521,327	118,308	4,155,650
Less: proposed dividend - final	(400,338)	-	-	(400,338)
Unrealised gains and losses on available-for-sale ("AFS") financial instruments	(8,402)	(7,256)	3,110	(13,268)
Foreign exchange translation reserve	(14,760)	-	-	15,228
Statutory reserve fund	980,969	424,266	200,000	1,605,235
Capital reserve	-	-	-	2,815
Merger reserve	48,516	-	-	56,172
Cash flow hedging reserve	(12,644)	-	-	(12,644)
Less: Regulatory adjustments applied on CET1 capital				
Goodwill	-	-	-	(11,243)
Intangible assets	(234,687)	(50)	(2,347)	(237,140)
Deferred tax assets	(120,523)	-	(11,512)	(135,531)
Cash flow hedging reserve	12,644	-	-	12,644
55% of cumulative gains of AFS financial instruments	-	-	(1,711)	-
Regulatory adjustments applied on CET1 due to insufficient Additional Tier 1 and Tier 2 Capital	-	-	(110,010)	(23,267)
<b>CET1 capital</b>	<b>5,515,573</b>	<b>2,125,394</b>	<b>395,837</b>	<b>8,162,889</b>
<b><u>Additional Tier 1 ("T1") capital</u></b>				
Additional Tier 1 capital instruments (subject to gradual phase-out treatment)	1,561,590	-	-	1,561,590
<b>T1 capital</b>	<b>7,077,163</b>	<b>2,125,394</b>	<b>395,837</b>	<b>9,724,479</b>
<b><u>Tier 2 ("T2") capital</u></b>				
Tier 2 capital instruments (subject to gradual phase-out treatment)	1,557,800	900,000	-	2,457,800
Collective impairment provisions and regulatory reserves	751,584	255,665	2,789	1,005,607
Less: Regulatory adjustments applied on Tier 2 capital	(133)	-	(2,789)	(3,681)
<b>Tier 2 capital</b>	<b>2,309,251</b>	<b>1,155,665</b>	<b>-</b>	<b>3,459,726</b>
<b>Total Capital</b>	<b>9,386,414</b>	<b>3,281,059</b>	<b>395,837</b>	<b>13,184,205</b>
Credit RWA	60,126,718	20,954,069	1,118,859	82,214,020
Less: Credit RWA absorbed by Profit Sharing Investment Account	-	(500,866)	-	(500,866)
Total Credit RWA	60,126,718	20,453,203	1,118,859	81,713,154
Market RWA	3,722,181	583,120	9,366	4,318,447
Operational RWA	4,816,169	1,406,226	409,052	5,927,979
Large exposure risk RWA for equity holdings	713	-	-	713
<b>Total Risk Weighted Assets</b>	<b>68,665,781</b>	<b>22,442,549</b>	<b>1,537,277</b>	<b>91,960,293</b>

**A29. CAPITAL MANAGEMENT (CONTD.)**

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

	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	1,105,762	-	-	1,235,100
Non-innovative Tier 1 capital	500,000	-	-	500,000
Retained earnings at end of year	3,133,023	327,970	107,003	3,590,004
Non-controlling interests	-	-	-	50
<b>Total</b>	<b>7,533,555</b>	<b>1,724,792</b>	<b>507,003</b>	<b>9,955,283</b>
Less: Goodwill	-	-	-	(11,243)
Deferred tax assets, net	(161,806)	(33,087)	(16,824)	(216,354)
<b>Total Tier 1 Capital</b>	<b>7,371,749</b>	<b>1,691,705</b>	<b>490,179</b>	<b>9,727,686</b>
Less: Deduction in excess of allowable Tier 2 capital	-	-	(107,395)	(19,164)
<b>Maximum Allowable Tier 1 Capital</b>	<b>7,371,749</b>	<b>1,691,705</b>	<b>382,784</b>	<b>9,708,522</b>
Tier 2 Capital				
Medium term notes	1,557,800	-	-	1,557,800
Subordinated bonds	-	800,000	-	800,000
Innovative Tier 1 capital	129,338	-	-	-
Collective allowance for loans and financing <sup>‡</sup>	1,074,356	328,333	3,914	1,406,322
<b>Total Tier 2 Capital</b>	<b>2,761,494</b>	<b>1,128,333</b>	<b>3,914</b>	<b>3,764,122</b>
<b>Maximum Allowable Tier 2 Capital</b>	<b>2,761,494</b>	<b>1,128,333</b>	<b>3,914</b>	<b>3,764,122</b>
<b>Total Capital Funds</b>	<b>10,133,243</b>	<b>2,820,038</b>	<b>386,698</b>	<b>13,472,644</b>
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	-	-	107,395	19,164
<b>Capital Base</b>	<b>10,091,017</b>	<b>2,820,038</b>	<b>382,784</b>	<b>13,426,515</b>

# 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	1,060,041	75,779,082
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
<b>Total risk weighted assets</b>	<b>66,303,233</b>	<b>18,807,785</b>	<b>1,783,068</b>	<b>86,951,423</b>

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

	<b>Group</b>	
	<b>31.03.13</b>	<b>31.03.12</b>
	<b>RM'000</b>	<b>RM'000</b>
Outstanding credit exposures with connected parties	3,647,974	1,622,720
Percentage of outstanding credit exposures to connected parties		
- as a proportion of total credit exposures	3.79	1.84
- which is non-performing or in default	0.25	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 31 March 2013 and the results for the year ended 31 March 2013 of the Islamic banking business of the Group and included in the financial statements after elimination of intercompany transactions and balances are summarised as follows:

**AUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 31 MARCH 2013**

	<b>31.03.13</b>	<b>Group 31.03.12</b>	<b>01.04.11</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>ASSETS</b>			
Cash and short-term funds	3,546,395	2,347,623	4,758,829
Deposit and placements with banks and other financial institutions	1,548,383	1,118,383	250,000
Derivative financial assets	7,924	10,925	3,258
Financial assets held-for-trading	1,216,381	1,522,183	991,136
Financial investments available-for-sale	1,197,335	320,117	715,937
Financial Investments held-to-maturity	1,920,361	822,222	-
Financing and advances	21,987,306	18,491,422	14,956,171
Statutory deposits with Bank Negara Malaysia	771,000	559,000	-
Deferred tax assets	212	37,699	119,948
Other assets	332,467	338,501	150,874
Property and equipment	519	641	732
Intangible assets	54	126	286
<b>TOTAL ASSETS</b>	<b>32,528,337</b>	<b>25,568,842</b>	<b>21,947,171</b>
<b>LIABILITIES AND ISLAMIC BANKING FUNDS</b>			
Deposits and placements of banks and other financial institutions	2,349,592	1,329,601	1,358,676
Recourse obligation on financing sold to Cagamas Berhad	2,073,690	1,950,055	1,700,034
Derivative financial liabilities	7,894	10,896	3,254
Deposits from customers	23,176,547	18,263,147	15,242,478
Term funding	550,000	550,000	550,000
Bills and acceptances payable	722,821	518,422	879,522
Subordinated Sukuk Musyarakah	1,000,000	800,000	400,000
Deferred tax liabilities	15,945	-	-
Other liabilities	351,098	289,507	295,728
<b>TOTAL LIABILITIES</b>	<b>30,247,587</b>	<b>23,711,628</b>	<b>20,429,692</b>
Share capital/Capital funds	495,761	460,877	435,877
Reserves	1,784,989	1,396,337	1,081,602
<b>TOTAL ISLAMIC BANKING FUNDS</b>	<b>2,280,750</b>	<b>1,857,214</b>	<b>1,517,479</b>
<b>TOTAL LIABILITIES AND ISLAMIC BANKING FUNDS</b>	<b>32,528,337</b>	<b>25,568,842</b>	<b>21,947,171</b>
<b>COMMITMENTS AND CONTINGENCIES</b>	<b>8,553,161</b>	<b>6,252,359</b>	<b>6,146,273</b>

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

**AUDITED CONSOLIDATED INCOME STATEMENT  
FOR THE FINANCIAL QUARTER ENDED 31 MARCH 2013**

Group	Individual Quarter		Cumulative Quarter	
	31.03.13 RM'000	31.03.12 RM'000	31.03.13 RM'000	31.03.12 RM'000
Income derived from investment of depositors' funds and others	393,757	301,519	1,487,689	1,230,636
Allowance for impairment on financing and advances (Provision)/Writeback for commitments and contingencies	(32,104)	(30,658)	(136,087)	(163,213)
Impairment writeback/(loss) for sundry debtors	(1,499)	1,011	(699)	(146)
Transfer from profit equalisation reserve	-	-	-	18
	(3,795)	8,316	(9,429)	3,560
<b>Total attributable income</b>	<b>356,359</b>	<b>280,188</b>	<b>1,341,474</b>	<b>1,070,855</b>
Income attributable to the depositors	(196,534)	(152,450)	(740,466)	(583,638)
Profit attributable to the Group	159,825	127,738	601,008	487,217
Income derived from Islamic Banking Funds	39,986	64,009	161,653	200,398
<b>Total net income</b>	<b>199,811</b>	<b>191,747</b>	<b>762,661</b>	<b>687,615</b>
Operating expenditure	(88,258)	(85,495)	(353,384)	(304,320)
Finance cost	(16,681)	(14,006)	(61,119)	(52,364)
<b>Profit before taxation and zakat</b>	<b>94,872</b>	<b>92,246</b>	<b>348,158</b>	<b>330,931</b>
Taxation and zakat	(20,700)	(29,177)	(77,847)	(88,350)
<b>Profit for the period</b>	<b>74,172</b>	<b>63,069</b>	<b>270,311</b>	<b>242,581</b>

**AUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE FINANCIAL QUARTER ENDED 31 MARCH 2013**

Group	Individual Quarter		Cumulative Quarter	
	31.03.13 RM'000	31.03.12 RM'000	31.03.13 RM'000	31.03.12 RM'000
Profit for the period	74,172	63,069	270,311	242,581
Other comprehensive income/(loss):				
Net change in revaluation of financial investments available-for-sale	(317)	(1,479)	2,609	(3,851)
Exchange differences on translation of foreign operations	64	(191)	53	69
Income tax relating to the components of other comprehensive income	80	370	(652)	963
<b>Other comprehensive income/(loss) for the period, net of tax</b>	<b>(173)</b>	<b>(1,300)</b>	<b>2,010</b>	<b>(2,819)</b>
<b>Total comprehensive income for the period</b>	<b>73,999</b>	<b>61,769</b>	<b>272,321</b>	<b>239,762</b>

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

**(a) Financing and Advances**

	<b>Group</b>	
	<b>31.03.13</b>	<b>31.03.12</b>
	<b>RM'000</b>	<b>RM'000</b>
Islamic hire purchase, net of unearned income	10,356,191	8,734,905
Term financing	6,557,430	6,046,290
Revolving credit	2,037,140	1,095,887
Claims on customer under acceptance credits	1,090,241	1,060,425
Credit card receivables	328,326	316,677
Trust receipts	49,329	63,367
Other financing	2,073,511	1,650,606
Gross financing and advances	<u>22,492,168</u>	<u>18,968,157</u>
Allowance for impairment on financing and advances:		
Collective allowance	(490,410)	(460,411)
Individual allowance	(14,452)	(16,324)
	<u>(504,862)</u>	<u>(476,735)</u>
Net financing and advances	<u>21,987,306</u>	<u>18,491,422</u>

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

	<b>Group</b>	
	<b>31.03.13</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	296,001	245,594
Reclassification to non-impaired financing	(51,999)	(59,847)
Recoveries	(32,716)	(38,106)
Amount written off	(180,567)	(230,335)
Balance at end of period/year	<u>268,443</u>	<u>237,724</u>
Impaired financing and advances as % of total financing and advances	<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	
	31.03.13	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	<u>460,411</u>	<u>469,947</u>
Allowance made during the period/year	195,964	205,859
Amount written off	(165,965)	(215,395)
Balance at end of period/year	<u>490,410</u>	<u>460,411</u>
% of total financing and advances (including Islamic)	<u>2.2%</u>	<u>2.4%</u>

**Individual allowance**

Balance at beginning of period/year	16,324	25,447
Allowance made during the period/year	13,171	5,933
Amount written off	(15,043)	(15,056)
Balance at end of period/year	<u>14,452</u>	<u>16,324</u>

**(b) Deposits From Customers**

	Group	
	31.03.13	31.03.12
	RM'000	RM'000
<b>Mudarabah Fund:</b>		
Demand deposits	30,621	19,512
Saving deposits	5,586	5,945
General investment deposits	15,361,369	13,445,079
Structured deposits	134,386	184,054
	<u>15,531,962</u>	<u>13,654,590</u>
<b>Non-Mudarabah Fund:</b>		
Demand deposits	4,865,375	2,874,233
Saving deposits	1,738,366	1,541,959
Term deposits	1,020,284	167,181
Negotiable instruments of deposits	20,560	25,184
	<u>7,644,585</u>	<u>4,608,557</u>
	<u>23,176,547</u>	<u>18,263,147</u>

**(c) Other Liabilities**

	Group	
	31.03.13	31.03.12
	RM'000	RM'000
Other payables and accruals	255,276	222,003
Taxation and zakat payable	23,136	31,458
Provision for commitments and contingencies	26,039	65
Amount owing to head office	35,425	21,053
Lease deposits and advance rentals	9,563	11,635
Profit equalisation reserve	1,659	3,294
	<u>351,098</u>	<u>289,508</u>

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

#### (a) Transition to MFRSs

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

#### (b) Restatement of comparatives

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

- interest receivable and payable for certain derivative 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>				
Cash and short-term funds	7,904,737	-	(91,578)	7,813,159
Securities purchased under resale agreements	384,570	-	132,736	517,306
Deposits and placements with banks and other financial institutions	1,782,935	-	109,231	1,892,166
Financial assets held-for-trading	10,570,642	81,248	290,483	10,942,373
Financial investments available-for-sale	5,503,261	(71,170)	1,209,113	6,641,204
Financial investments held-to-maturity	948,477	(10,000)	491,366	1,429,843
Loans, advances and financing	73,957,980	1,608,274	117,147	75,683,401
Deferred tax assets	214,350	3,302	(11,744)	205,908
Other assets	2,752,148	120,752	(415,721)	2,457,179
Reinsurance, retakaful assets and other insurance receivables	-	-	112,555	112,555
Investment properties	-	-	84,715	84,715
Property and equipment	252,119	-	(27,588)	224,531
Life fund assets	2,772,093	-	(2,772,093)	-
Intangible assets	1,848,397	-	106,402	1,954,799
<b>Liabilities</b>				
Deposits and placements of banks and other financial institutions	4,028,944	-	(114,376)	3,914,568
Recourse obligation on loans sold to Cagamas Berhad	1,176,054	1,950,055	-	3,126,109
Deposits from customers	77,142,052	-	165,104	77,307,156
Term funding	5,262,128	(304,805)	-	4,957,323
Life and family takaful fund liabilities	317,397	-	(185,733)	131,664
Life and family takaful policyholders' funds	2,454,696	-	32,575	2,487,271
Deferred tax liabilities	25,089	52,258	(64,461)	12,886
Other liabilities	4,558,414	52,417	(1,236,645)	3,374,186
Insurance, takaful contract liabilities and other insurance payables	-	-	3,362,540	3,362,540
Life and family takaful fund liabilities	317,397	-	(317,397)	-
Life and family takaful policyholders' funds	2,454,696	-	(2,454,696)	-
<b>Equity</b>				
Reserves	8,146,466	(46,030)	(3,532)	8,096,904
Non-controlling interests	353,867	28,512	(1,514)	380,865

**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>				
Cash and short-term funds	13,502,567	-	(46,349)	13,456,218
Securities purchased under resale agreements	289,731	-	257,542	547,273
Deposits and placements with banks and other financial institutions	3,613,482	-	21,686	3,635,168
Financial assets held-for-trading	5,173,737	35,490	5,956	5,215,183
Financial investments available-for-sale	8,073,935	(25,440)	1,008,503	9,056,998
Financial investments held-to-maturity	175,431	(10,000)	617,716	783,147
Loans, advances and financing	69,378,824	1,619,133	115,983	71,113,940
Deferred tax assets	559,964	-	5,500	565,464
Other assets	2,206,656	186,328	(32,693)	2,360,291
Reinsurance, retakaful assets and other insurance receivables	-	-	47,631	47,631
Investment properties	-	-	90,245	90,245
Property and equipment	248,090	-	(9,543)	238,547
Life fund assets	2,634,838	-	(2,634,838)	-
Intangible assets	1,833,210	-	84,194	1,917,404
<b>Liabilities</b>				
Deposits and placements of banks and other financial	4,271,656	-	(99,496)	4,172,160
Recourse obligation on loans sold to Cagamas Berhad	1,018,043	1,700,034	-	2,718,077
Deposits from customers	74,566,962	-	158,103	74,725,065
Deferred tax liabilities	35,323	61,529	-	96,852
Other liabilities	4,463,581	(11,209)	(1,112,524)	3,339,848
Insurance, takaful contract liabilities and other insurance payables	-	-	3,236,788	3,236,788
Life and family takaful fund liabilities	174,393	-	(174,393)	-
Life and family takaful policyholders' funds	2,460,445	-	(2,460,445)	-
<b>Equity</b>				
Reserves	7,294,739	7,848	(11,550)	7,291,037
Non-controlling interests	258,122	47,309	(4,950)	300,481

**(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>Fourth quarter ended 31 March 2012</b>				
Interest income	1,059,896	-	37,104	1,097,000
Interest expense	(554,975)	-	(7,471)	(562,446)
Net income from insurance business	34,121	-	(56,194)	(22,073)
Other operating income	285,037	(746)	34,351	318,642
Other operating expenses	(412,114)	9,890	(32,146)	(434,370)
Allowances for impairment on loans and financing	(133,480)	10,160	-	(123,320)
Impairment (loss)/writeback on doubtful sundry receivables - net	(163)	-	(13,899)	(14,062)
Provision for commitments and contingencies	5,221	(14,321)	-	(9,100)
Taxation and zakat	(127,433)	9,845	-	(117,588)

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

**(ii) Reconciliation of consolidated income statements (Cont'd.)**

**Cumulative quarter ended 31 March 2012**

Interest income	4,268,663	-	113,639	4,382,302
Interest expense	(2,202,811)	-	702	(2,202,109)
Net income from insurance business	192,950	-	(75,978)	116,972
Other operating income	1,163,625	(746)	45,897	1,208,776
Other operating expenses	(1,694,583)	746	(97,268)	(1,791,105)
Allowances for impairment on loans and financing	(425,854)	43,912	-	(381,942)
Impairment (loss)/writeback on:				
Doubtful sundry receivables - net	(361)	-	(21,806)	(22,167)
Provision for commitments and contingencies	(2,040)	(57,226)	-	(59,266)
Taxation and zakat	(515,587)	14,844		(500,743)

**(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>Fourth quarter ended 31 March 2012</b>				
Foreign exchange differences on translation of foreign operations	(6,057)	(275)	-	(6,332)
Net movement on financial investments available-for-sale	22,831	-	(165)	22,666
Income tax relating to the components of other comprehensive income	(7,295)	-	3,379	(3,916)
<b>Cumulative quarter ended 31 March 2012</b>				
Foreign exchange differences on translation of foreign operations	2,573	10	-	2,583
Net movement on financial investments available-for-sale	27,289	-	(635)	26,654
Income tax relating to the components of other comprehensive income	21,183	-	3,496	24,679

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

**(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>				
Cash and short-term funds	2,347,666	-	(43)	2,347,623
Financing and advances	16,843,149	1,648,273	-	18,491,422
Other receivables, deposits and prepayments	339,103	(601)	-	338,502
Deferred tax assets	36,870	829	-	37,699
Deposits and placements of banks and other finar	1,329,753	-	(152)	1,329,601
Deposits from customers	18,262,995	-	152	18,263,147
Other liabilities	285,617	3,933	(42)	289,508
Reserves	1,397,021	(684)	-	1,396,337
<b>As at 1 April 2011</b>				
Cash and short-term funds	4,761,640	-	(2,811)	4,758,829
Financing and advances	13,247,076	1,709,095	-	14,956,171
Deposits and placements of banks and other finar	1,358,833	-	(157)	1,358,676
Deposits from customers	15,242,321	-	157	15,242,478
Other liabilities	291,281	7,259	(2,811)	295,729
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>Fourth quarter ended 31 March 2012</b>				
Allowance for impairment on financing and advances	(29,147)	(1,511)	-	(30,658)
(Provision)/Writeback for commitments and contingencies	330	681	-	1,011
Taxation and zakat	(29,384)	207	-	(29,177)
<b>Cumulative quarter ended 31 March 2012</b>				
Allowance for impairment on financing and advances	(157,172)	(6,041)	-	(163,213)
(Provision)/Writeback for commitments and contingencies	(2,871)	2,725	-	(146)
Taxation and zakat	(89,178)	828	-	(88,350)

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

Year-on-year (yoy), the Group's earnings grew 10.2% to RM1,635.1 million, supported by higher net interest income, integration of acquisitions and lower allowances.

Divisional performance for FY2013 compared to FY2012 :

*Retail Banking : Higher profits from improved asset quality and stronger loans growth*

Profit after tax (PAT) rose 16.0% to RM591.1 million as loans grew faster than previous quarters while targeting profitable segments, higher fee income from bancassurance and wealth propositions and incorporating profits from MBF Cards integration since December 2012. Deposit mix improved with CASA growing faster than industry.

*Business Banking : Higher income and strong loans and deposits growth*

PAT grew 37.4% to RM332.3 million underpinned by improved fee income and asset growth via expanded customer base and value of business in preferred sectors capitalizing on opportunities provided by the Economic Transformation Programme (ETP). Low cost deposits grew strongly.

*Corporate and Institutional Banking :Strong income performance*

PAT was 62.4% higher at RM375.3 million from strong lending and deposits growth. Higher fee income was generated from securing new structured trade mandates and deposit mix diversified through penetration of cash management solutions.

*Investment Banking : Subdued performance with stable outlook*

PAT was lower at RM68.5 million despite strong recurring income growth from funds management and private banking. Debt capital markets and corporate finance registered lower income due to smaller deal sizes. Weaker market sentiments affected the performance of stockbroking and equity derivatives.

*Markets: Volatility in market reflected in income performance*

PAT was lower at RM174.9 million as continuous global uncertainties induced risk aversion for trading activities. Lack of significant primary issuances impacted fixed income results.

*General Insurance : Good income growth from improved underwriting profits and integration of Kurnia*

PAT rose 79.5% to RM167.9 million from enlarged scale, income growth, improved underwriting profits focusing on both motor and niche general insurance segments and integrating Kurnia Insurans' 6 months results. Claims experience was lower from enhanced claims management processes.

*Life Assurance : Performance reflected revisions in BNM Guidelines*

Operating performance reflects increased bancassurance productivity leveraging on Group's platforms and efficiencies from rationalized product portfolio and distribution cost structure. Loss After Tax of RM54.8 million reflects revisions in reporting requirements of BNM Guidelines on Financial Reporting for Insurers.

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

The Group reported a lower pre-tax profit of RM486.9 million for the fourth quarter ended 31 March 2013 as compared to RM542.3 million for the third quarter ended 31 December 2013. This was mainly due to higher other operating expenses, higher allowance for impairment on loans and financing and higher transfer to profit equalisation reserve by RM83.2 million, RM6.5 million and RM3.0 million respectively, while lower other operating income by RM62.4 million was reported for current quarter ended 31 March 2013. In addition, provision for commitments and contingencies and impairment loss on financial investments of RM11.4 million and RM2.4 million was reported for the current reporting quarter as compared to the writeback of RM31.7 million and RM3.4 million for previous quarter ended 31 December 2013.

This was mitigated by higher income from net income from insurance business, net interest income and net income from Islamic banking business by RM47.6 million, RM24.0 million and RM14.3 million respectively. Lower acquisition and business efficiency cost by RM45.9 million and net impairment writeback on sundry receivables and foreclosed properties by RM15.7 million and RM1.1 million was reported for current quarter ended 31 March 2013.

**B3. PROSPECTS FOR 31 MARCH 2014**

Malaysia's economic growth in 2013 is expected to be sustained by private consumption and expansion in investments. The external environment remains challenging as the economic recovery of major trading partners remain uncertain.

Domestic private investment is expected to play a significant role as the government consolidates its fiscal position. With a smooth transition post elections, the government is expected to maintain its focus on sustaining growth momentum and facilitating long-term economic transformation plans. Monetary policy is expected to be accommodative, ensuring sustainable economic growth in 2013.

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

This is not applicable to the Group.

## B5. TAXATION

Group	Individual Quarter		Cumulative Quarter	
	31.03.13 RM'000	31.03.12 RM'000	31.03.13 RM'000	31.03.12 RM'000
Estimated current tax payable	207,688	(355,376)	542,695	148,250
Transfer to deferred tax	(20,698)	475,593	80,655	353,583
	<u>186,990</u>	<u>120,217</u>	<u>623,350</u>	<u>501,833</u>
Under/(Over) provision of current taxation in respect of prior years	<u>(137,428)</u>	<u>(3,168)</u>	<u>(138,570)</u>	<u>(2,729)</u>
Taxation	49,562	117,049	484,780	499,104
Zakat	799	539	1,630	1,639
Taxation and zakat	<u>50,361</u>	<u>117,588</u>	<u>486,410</u>	<u>500,743</u>

The total tax charge of the Group for the financial year ended 31 March 2013 and 2012 reflect an effective tax rate which is lower than the statutory tax rate mainly due to income not subject to tax.

## B6. CORPORATE PROPOSALS

- 1 As at 31 March 2013, the trustee of the ESS held 12,323,150 ordinary shares (net of ESS shares vested to employees) representing 0.43% of the issued and paid-up capital of the Company. These shares are held at a carrying amount of RM74,937,490.
- 2 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").

Subsequently, on 31 December 2012 the Company announced that it has received the notification of Bank Negara Malaysia (via letter dated 28 December 2012) that the Minister of Finance has approved the Proposal. The approval for the repurchase is subject to the Company or AMAB Holdings Sdn Bhd completing the sale of part of its stake in AmLife Insurance Berhad and AmFamily Takaful Berhad to a new strategic partner within one year of the completion of the repurchase.

On 7 January 2013, the Company announced that the repurchase was completed on 4 January 2013 at an aggregate cash consideration of RM245 million.

- 3 On 17 December 2012, the Company announced that AmG Insurance Berhad ("AmG") has obtained the approval of Bank Negara Malaysia for a proposed scheme to transfer the general insurance business of AmG to Kurnia Insurans (Malaysia) Berhad, a wholly owned subsidiary on AmG (the "Scheme").

The Scheme is expected to be completed by the first quarter of 2013.

Subsequently, on 1 March 2013 the Company has obtained the confirmation of the High Court of Malaya and with the transfer of its general insurance business to Kurnia, AmG will become an investment holding company, holding 100% equity interest in Kurnia. Concurrently, Kurnia has changed its name to "AmGeneral Insurance Berhad".

- 4 On 15 April 2013, the Company announced that Bank Negara Malaysia had vide its letter dated 12 April 2013 granted approval for the Company to commence preliminary negotiations with Hwang-DBS (Malaysia) Berhad ("Hwang DBS") for the potential acquisition of HwangDBS Investment Bank Berhad and other financial services businesses of Hwang DBS. Further announcement on the development of the negotiation will be made at the appropriate time.

**B7. BORROWINGS**

	<b>Group</b>	
	<b>31.03.13</b>	<b>31.03.12</b>
	<b>RM'000</b>	<b>RM'000</b>
(i) Deposits from customers		
Due within six months	68,798,106	63,887,264
Six months to one year	13,119,691	9,601,339
One to three years	2,630,397	2,726,720
Three to five years	311,793	1,091,833
	<u>84,859,987</u>	<u>77,307,156</u>
(ii) Deposits and placements of banks and other financial institutions		
Due within six months	1,539,831	2,127,424
Six months to one year	351,503	24,896
One to three years	1,042,797	1,102,738
Three to five years	218,815	659,510
	<u>3,152,946</u>	<u>3,914,568</u>
(iii) Term funding		
(a) Unsecured senior notes		
Due within one year	495,000	235,250
More than one year	4,013,771	3,206,602
(b) Credit-Linked Note		
Due within one year	138,173	30,020
More than one year	274,469	413,760
(c) Term loans and revolving credits		
Due within one year		
Secured	480,563	225,380
Unsecured	206,000	206,000
More than one year		
Unsecured	647,993	640,311
	<u>6,255,969</u>	<u>4,957,323</u>
(iv) Debt capital		
(a) Unsecured bonds		
More than one year	1,000,000	800,000
(b) Medium Term Notes		
More than one year	1,557,800	1,557,800
(c) Hybrid capital		
More than one year	662,432	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>4,205,232</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>31.03.13</b>	<b>31.03.12</b>
	<b>RM'000</b>	<b>RM'000</b>
Total retained earnings		
- Realised	7,377,695	5,891,409
- Unrealised	391,392	550,480
Total share of retained earnings from associate:		
- Realised	1,646	1,101
- Unrealised	4	-
Less: consolidation adjustments	(3,299,540)	(2,778,925)
Total retained earnings as per consolidated financial statements	<u>4,471,197</u>	<u>3,664,065</u>

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

#### B9. MATERIAL LITIGATION

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

#### B10. DIVIDENDS

- (i) A proposed final single tier ordinary dividend of 15.0% for the financial year ending 31 March 2013 has been recommended by the directors;
- (ii) Amount per share: 15.0 Sen;
- (iii) Previous corresponding period: 13.5 Sen single tier;
- (iv) Payment date: To be determined and announced at a later date; and
- (iv) In respect of ordinary share capital, entitlement to the proposed dividend will be determined on the basis of the Record of Depositors as at the close of business on the date to be determined and announced at a later date.

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

a. Basic earnings per share

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

	Individual Quarter		Cumulative Quarter	
	31.03.13	31.03.12	31.03.13	31.03.12
	RM'000'000	RM'000'000	RM'000'000	RM'000'000
Net profit attributable to equity holders of the Company	406,366	325,275	1,635,146	1,484,416
Weighted average number of ordinary shares in issue	3,001,669	2,988,383	2,999,097	2,990,182
Basic earnings per share (Sen)	13.54	10.88	54.52	49.64

b. Diluted earnings per share

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

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

	Individual Quarter		Cumulative Quarter	
	31.03.13	31.03.12	31.03.13	31.03.12
	RM'000'000	RM'000'000	RM'000'000	RM'000'000
Net profit attributable to equity holders of the Company	406,366	325,275	1,635,146	1,484,416
Weighted average number of ordinary shares in issue (as in (a) above)	3,001,669	2,988,383	2,999,097	2,990,182
Effect of options vested under ESS	-	-	4,992	2,947
Adjusted weighted average number of ordinary shares in issue / issuable	3,001,669	2,988,383	3,004,089	2,993,129
Fully diluted earnings per share (Sen)	13.54	10.88	54.43	49.59