

AmBank (M) Berhad

(Company No. 8515–D)

(Incorporated in Malaysia)

And Its Subsidiaries

Interim Financial Statements

For the Financial Period

1 April 2011 to

31 December 2011

(In Ringgit Malaysia)

AmBank (M) Berhad
(Incorporated in Malaysia)
And Its Subsidiaries

UNAUDITED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2011

Note	The Group		The Bank	
	31 December 2011 RM'000	31 March 2011 RM'000	31 December 2011 RM'000	31 March 2011 RM'000
ASSETS				
Cash and short-term funds	5,707,175	8,740,986	5,617,653	8,375,879
Securities purchased under resale agreements	-	289,731	-	289,731
Deposits and placements with banks and other financial institutions	816,964	3,792,922	816,964	3,702,163
Derivative financial assets	530,375	396,673	530,375	396,673
Financial assets held-for -trading	A8 6,972,988	4,167,002	6,972,988	4,167,002
Financial investments available -for-sale	A9 3,668,541	6,331,969	3,868,299	6,557,696
Financial investments held -to-maturity	A10 130,220	165,331	128,211	159,589
Loans and advances	A11 56,838,043	55,610,208	56,598,724	55,336,273
Other assets	A12 1,282,083	1,034,503	1,275,894	1,029,891
Statutory deposit with Bank Negara Malaysia	A13 1,943,726	143,811	1,943,726	143,811
Deferred tax asset	537,637	416,439	537,270	417,364
Investment in subsidiaries	-	-	65,800	65,800
Investment in associates	1,479	1,243	127	142
Property and equipment	178,229	201,112	154,299	176,868
Intangible assets	107,129	91,664	107,113	91,646
TOTAL ASSETS	78,714,589	81,383,594	78,617,443	80,910,528

AmBank (M) Berhad
(Incorporated in Malaysia)
And Its Subsidiaries

UNAUDITED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2011 (CONTD.)

		The Group		The Bank	
	Note	31 December 2011 RM'000	31 March 2011 RM'000	31 December 2011 RM'000	31 March 2011 RM'000
LIABILITIES AND EQUITY					
Deposits and placements of banks and other financial institutions	A14	2,698,467	4,625,853	3,040,746	4,950,589
Securities sold under repurchase agreements		9,925	30,465	9,925	30,465
Recourse obligation on loans sold to Cagamas Berhad		1,178,474	1,018,043	1,178,474	1,018,043
Derivative financial liabilities		654,958	432,932	654,958	432,932
Deposits from customers	A15	58,362,969	59,506,659	57,982,421	58,878,167
Term funding		4,238,587	3,988,475	4,238,587	3,988,475
Bills and acceptances payable		62,072	988,389	62,072	988,389
Debt capital		3,270,763	3,367,860	3,270,763	3,367,860
Other liabilities	A16	2,412,118	2,308,014	2,403,387	2,298,767
TOTAL LIABILITIES		72,888,333	76,266,690	72,841,333	75,953,687
Share capital		820,364	670,364	820,364	670,364
Reserves		5,005,845	4,446,494	4,955,746	4,286,477
Equity attributable to equity holder of the Bank		5,826,209	5,116,858	5,776,110	4,956,841
Non-controlling interests		47	46	-	-
Total Equity		5,826,256	5,116,904	5,776,110	4,956,841
TOTAL LIABILITIES AND EQUITY		78,714,589	81,383,594	78,617,443	80,910,528
COMMITMENTS AND CONTINGENCIES		95,701,090	92,223,251	95,710,871	92,220,904
NET ASSETS PER SHARE (RM)		7.10	7.63	7.04	7.39

The Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 March 2011.

AmBank (M) Berhad
(Incorporated in Malaysia)
And Its Subsidiaries

UNAUDITED CONSOLIDATED INCOME STATEMENT
FOR THE FINANCIAL QUARTER ENDED 31 DECEMBER 2011

The Group

	Note	Individual Quarter		Cumulative Quarter	
		31 December 2011 RM'000	31 December 2010 RM'000	31 December 2011 RM'000	31 December 2010 RM'000
Operating revenue		1,206,598	1,425,900	3,783,667	4,255,124
Interest income	A17	1,064,445	1,003,506	3,188,448	2,964,434
Interest expense	A18	(554,908)	(524,629)	(1,684,907)	(1,501,213)
Net interest income		509,537	478,877	1,503,541	1,463,221
Net income from Islamic Banking business	A19	64	5	196	(6)
Other operating income	A20	142,081	121,529	594,999	401,829
Share in results of associates		69	93	236	169
Net income		651,751	600,504	2,098,972	1,865,213
Other operating expenses	A21	(257,003)	(312,090)	(777,558)	(900,889)
Operating profit		394,748	288,414	1,321,414	964,324
Allowance for impairment on loans and advances	A22	(64,066)	(77,853)	(168,316)	(207,902)
Provision for commitments and contingencies		(4,639)	(2,052)	(4,109)	(4,562)
Impairment writeback/(loss) on other assets	A23	1,358	38,149	(14,481)	(16,126)
Profit before taxation		327,401	246,658	1,134,508	735,734
Taxation from continuing operations		(77,451)	(60,459)	(275,110)	(228,332)
Profit for the period from continuing operations		249,950	186,199	859,398	507,402
Profit for the period from discontinued operations	A24	-	109,925	-	372,664
Profit for the period		249,950	296,124	859,398	880,066
Attributable to:					
For continuing operations:					
Equity holder of the Bank		249,950	186,199	859,397	507,373
Non-controlling interests		-	-	1	29
Profit for the period		249,950	186,199	859,398	507,402
For discontinued operations:					
Equity holder of the Bank		-	109,925	-	372,664
Non-controlling interests		-	-	-	-
Profit for the period		-	109,925	-	372,664
Earnings per share (sen)	A25				
<i>Basic</i>					
From continuing operations		30.47	27.78	104.76	75.69
From discontinued operations		-	16.40	-	55.59
Total		30.47	44.17	104.76	131.28
<i>Fully diluted</i>					
From continuing operations		30.47	22.97	104.76	62.67
From discontinued operations		-	13.40	-	45.43
Total		30.47	36.37	104.76	108.10

AmBank (M) Berhad
(Incorporated in Malaysia)
And Its Subsidiaries

UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL QUARTER ENDED 31 DECEMBER 2011

The Group

	Note	Individual Quarter		Cumulative Quarter	
		31 December 2011 RM'000	31 December 2010 RM'000	31 December 2011 RM'000	31 December 2010 RM'000
Profit for the period from continuing operations		249,950	186,199	859,398	507,402
Profit for the period from discontinued operations		-	109,925	-	372,664
Other comprehensive income/(loss) from continuing operations					
Exchange differences on translation of foreign operations		(360)	(372)	5,697	(7,314)
Net movement on cash flow hedge		(15,721)	28,429	(81,726)	11,085
Net (loss)/gain on financial investments available-for-sale		(13,288)	(48,407)	9,825	(17,357)
Income tax relating to the components of other comprehensive income/(loss)		7,270	4,967	17,369	1,843
Other comprehensive loss, net of tax from continuing operations		(22,099)	(15,383)	(48,835)	(11,743)
Other comprehensive loss, net of tax from discontinued operations	A24	-	(5,927)	-	(3,252)
Total comprehensive income, net of tax from continuing operations		227,851	170,816	810,563	495,659
Total comprehensive income, net of tax from discontinued operations	A24	-	103,998	-	369,412
Total comprehensive income, for the period, net of tax		227,851	274,814	810,563	865,071
Attributable to:					
Equity holder of the Bank		227,851	274,814	810,562	865,042
Non-controlling interests		-	-	1	29
		227,851	274,814	810,563	865,071

The Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 March 2011.

AmBank (M) Berhad
(Incorporated in Malaysia)
And Its Subsidiaries

UNAUDITED INCOME STATEMENT
FOR THE FINANCIAL QUARTER ENDED 31 DECEMBER 2011

The Bank

	Note	Individual Quarter		Cumulative Quarter	
		31 December 2011 RM'000	31 December 2010 RM'000	31 December 2011 RM'000	31 December 2010 RM'000
Operating revenue		1,204,177	1,185,201	3,903,932	3,418,976
Interest income	A17	1,062,253	1,023,868	3,182,443	2,977,622
Interest expense	A18	(554,868)	(524,864)	(1,685,813)	(1,502,730)
Net interest income		507,385	499,004	1,496,630	1,474,892
Other operating income	A20	141,924	161,333	721,489	441,354
Net income		649,309	660,337	2,218,119	1,916,246
Other operating expenses	A21	(257,027)	(251,529)	(777,051)	(703,624)
Operating profit		392,282	408,808	1,441,068	1,212,622
Allowance for impairment on loans and advances	A22	(67,278)	(80,188)	(175,613)	(213,558)
Provision for commitments and contingencies		(4,639)	(2,052)	(4,109)	(4,562)
Impairment writeback/(loss) on other assets	A23	1,089	38,005	(14,810)	(16,253)
Profit before taxation		321,454	364,573	1,246,536	978,249
Taxation		(76,831)	(59,751)	(278,201)	(226,385)
Profit for the period		244,623	304,822	968,335	751,864
Earnings per share (sen)	A25				
Basic		29.82	45.47	118.04	112.16
Fully diluted		29.82	37.43	118.04	92.47

**UNAUDITED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL QUARTER ENDED 31 DECEMBER 2011 (CONTD.)**

The Bank

Note	Individual Quarter		Cumulative Quarter	
	31 December 2011 RM'000	31 December 2010 RM'000	31 December 2011 RM'000	31 December 2010 RM'000
Profit for the period	244,623	304,822	968,335	751,864
Other comprehensive income/(loss)				
Exchange differences on translation of foreign operations	(147)	(81)	1,730	(351)
Net movement on cash flow hedge	(15,721)	28,429	(81,726)	11,085
Net (loss)/gain on financial investments available-for-sale	(12,412)	(58,354)	16,379	10,607
Income tax relating to the components of other comprehensive income/(loss)	7,046	7,452	15,741	(5,148)
Other comprehensive income/(loss), net of tax	(21,234)	(22,554)	(47,876)	16,193
Total comprehensive income for the period, net of tax	223,389	282,268	920,459	768,057

The Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 March 2011.

AmBank (M) Berhad
(Incorporated in Malaysia)
And Its Subsidiaries

CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL QUARTER ENDED 31 DECEMBER 2011

<div><----- Attributable to Equity Holder of the Bank -----></div>										
The Group	Note	Non-distributable						Distributable	Non-controlling Interests RM'000	Total Equity RM'000
		Share Capital RM'000	Share Premium RM'000	Statutory Reserve RM'000	Merger Reserve RM'000	Capital Reserve RM'000	Other Reserves RM'000	Retained Earnings RM'000		
Balance as at 1 April 2010		670,364	942,844	945,628	397,566	377,492	9,660	1,886,562	17	5,230,133
Total comprehensive income/ (loss)		-	-	-	-	-	(14,995)	880,037	29	865,071
Dividends on ordinary shares:										
- final, financial year ended 31 March 2010		-	-	-	-	-	-	(283,325)	-	(283,325)
- interim, financial year ending 31 March 2011		-	-	-	-	-	-	(380,834)	-	(380,834)
Transfer of ESS shares recharged - difference on purchase price for shares vested		-	-	-	-	-	-	(36)	-	(36)
Transfer to statutory reserve		-	-	31,770	-	-	-	(31,770)	-	-
Balance as at 31 December 2010		670,364	942,844	977,398	397,566	377,492	(5,335)	2,070,634	46	5,431,009
Balance as at 1 April 2011		670,364	942,844	680,459	48,516	-	44,828	2,729,847	46	5,116,904
Conversion of INCPS	A6	150,000	-	-	-	-	-	-	-	150,000
Total comprehensive income/(loss)		-	-	-	-	-	(48,835)	859,397	1	810,563
Transfer of ESS shares recharged - difference on purchase price for shares vested		-	-	-	-	-	-	(3,177)	-	(3,177)
Dividend on ordinary shares:										
- final, financial year ended 31 March 2011		-	-	-	-	-	-	(248,034)	-	(248,034)
Balance as at 31 December 2011		820,364	942,844	680,459	48,516	-	(4,007)	3,338,033	47	5,826,256

The Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 March 2011.

AmBank (M) Berhad
(Incorporated in Malaysia)
And Its Subsidiaries

CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL QUARTER ENDED 31 DECEMBER 2011

		<----- Attributable to Equity Holder of the Bank ----->					
		Non-distributable			Distributable		
The Bank	Note	Share Capital RM'000	Share Premium RM'000	Statutory Reserve RM'000	Other Reserves RM'000	Retained Earnings RM'000	Total Equity RM'000
Balance as at 1 April 2010		670,364	942,844	680,459	13,196	2,296,065	4,602,928
Total comprehensive income		-	-	-	16,193	751,864	768,057
Dividends on ordinary shares:							
- final, financial year ended 31 March 2010		-	-	-	-	(283,325)	(283,325)
- interim, financial year ending 31 March 2011		-	-	-	-	(380,834)	(380,834)
Transfer of ESS shares recharged - difference on purchase price for shares vested		-	-	-	-	(36)	(36)
Balance as at 31 December 2010		670,364	942,844	680,459	29,389	2,383,734	4,706,790
 Balance as at 1 April 2011		 670,364	 942,844	 680,459	 47,586	 2,615,588	 4,956,841
Conversion of INCPS	A6	150,000	-	-	-	-	150,000
Total comprehensive income/(loss)		-	-	-	(47,876)	968,335	920,459
Transfer of ESS shares recharged - difference on purchase price for shares vested		-	-	-	-	(3,156)	(3,156)
Dividend on ordinary shares:							
- final, financial year ended 31 March 2011		-	-	-	-	(248,034)	(248,034)
Balance as at 31 December 2011		820,364	942,844	680,459	(290)	3,332,733	5,776,110

The Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 March 2011.

AmBank (M) Berhad
(Incorporated in Malaysia)
And Its Subsidiaries

UNAUDITED CONDENSED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL QUARTER ENDED 31 DECEMBER 2011

	The Group		The Bank	
	31 December 2011 RM'000	31 December 2010 RM'000	31 December 2011 RM'000	31 December 2010 RM'000
Profit before zakat and taxation:				
from continuing operations	1,134,508	735,734	1,246,536	978,249
from discontinued operations	-	427,566	-	-
Profit before zakat and taxation - total	1,134,508	1,163,300	1,246,536	978,249
Adjustments for non-operating and non-cash items	458,395	617,550	329,816	246,973
Operating profit before working capital changes	1,592,903	1,780,850	1,576,352	1,225,222
Changes in working capital:				
Net change in operating assets	(3,290,914)	(9,992,289)	(3,412,740)	(8,147,680)
Net change in operating liabilities	(3,607,233)	7,431,794	(3,348,815)	7,431,126
Tax paid	(305,629)	(113,144)	(303,900)	(89,364)
Zakat paid	-	(401)	-	-
Net cash (used in)/generated from operating activities	(5,610,873)	(893,190)	(5,489,103)	419,304
Net cash generated from investing activities	2,825,096	3,151,086	2,978,911	2,026,969
Net cash used in financing activities	(248,034)	(664,159)	(248,034)	(664,159)
Net (decrease)/increase in cash and cash equivalents	(3,033,811)	1,593,737	(2,758,226)	1,782,114
Cash and cash equivalents at beginning of the period	8,740,986	11,632,433	8,375,879	7,447,516
Cash and cash equivalents at end of the period	5,707,175	13,226,170	5,617,653	9,229,630

For purposes of Statement of Cash Flows, Cash and cash equivalents comprise cash and bank balances and money at call and deposit placements maturing within one month ("Cash and short-term funds")

The Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 March 2011.

**AmBank (M) Berhad
(Incorporated in Malaysia)
And Its Subsidiaries**

Notes to the condensed interim financial statements for the quarter ended 31 December 2011

A1. Basis of Preparation

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

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

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

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

- FRS 3 (revised) allows a choice on a transaction-by-transaction basis for the measurement of non-controlling interests (previously referred to as "minority" interests) either at fair value or at the non-controlling interests' share of the fair value of the identifiable net assets of the acquiree. Consequently, the goodwill arising from the acquisition reflects the impact of the difference between the fair value of the non-controlling interests and their share of the fair value of the identifiable net assets of the acquiree;
- FRS 3 (revised) changes the recognition and subsequent accounting requirements for contingent consideration. Under the previous version of the Standard, contingent consideration was recognised at the acquisition date only if payment of the contingent consideration was probable and it could be measured reliably; any subsequent adjustments to the contingent consideration were recognised against goodwill. Under the revised Standard, contingent consideration is measured at fair value at the acquisition date; subsequent adjustments to the consideration are recognised against goodwill only to the extent that they arise from better information about the fair value at the acquisition date, and they occur within the "measurement period" (a maximum of 12 months from the acquisition date). All other subsequent adjustments are recognised in profit or loss;

**AmBank (M) Berhad
(Incorporated in Malaysia)
And Its Subsidiaries**

A1. Basis of Preparation (Contd.)

- FRS 3 (revised) requires that a settlement gain or loss be recognised where a business combination in effect settles a pre-existing relationship between the Group and the acquiree; and
- FRS 3 (revised) requires that acquisition-related costs be accounted for separately from the business combination, generally leading to those costs being recognised as an expense in profit or loss as incurred, whereas previously they were accounted for as part of the cost of the acquisition.

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

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

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

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

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

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

On 19 November 2011, the MASB issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards ("MFRS Framework").

The MFRS Framework is to be applied by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141, Agriculture ("MFRS 141") and IC Interpretation 15, Agreements for Construction of Real Estate ("IC 15"), including its parent, significant investor and venturer.

The Group will be required to prepare financial statements using the MFRS Framework in its first MFRS financial statements for the year ending 31 March 2013. In presenting its first MFRS financial statements, the Group will be required to restate the comparative financial statements to amounts reflecting the application of MFRS Framework. The majority of the adjustments required on transition will be made, retrospectively, against opening retained profits.

The Group has established a project team to plan and manage the adoption of the MFRS Framework.

The Group has not completed its assessment of the financial effects of the differences between Financial Reporting Standards and accounting standards under the MFRS Framework. Accordingly, the consolidated financial performance and financial position as disclosed in these interim financial statements could be different if prepared under the MFRS Framework.

The Group considers that it is achieving its scheduled milestones and expects to be in a position to fully comply with the requirements of the MFRS Framework for the financial year ending 31 March 2013.

**AmBank (M) Berhad
(Incorporated in Malaysia)
And Its Subsidiaries**

A2. Audit Qualification

The auditors' report on the audited annual financial statements for the financial year ended 31 March 2011 was not qualified.

A3. Seasonality or Cyclical of Operations

The operations of the Group are not subject to seasonal or cyclical fluctuation in the current financial quarter and period.

A4. Unusual Items

There were no unusual items during the current financial quarter and period.

A5. Use of Estimates

There was no material change in estimates of amounts reported in prior financial years that have a material effect on the financial quarter and period ended 31 December 2011.

A6. Issuance, Cancellation, Repurchase, Resale and Repayment of Debt and Equity Securities

On 30 September 2011, the immediate holding company, AMFB Holdings Berhad, exercised its conversion right to convert the entire RM150 million Irredeemable Non- Cumulative Convertible Preference Share (" INCPs") into fully paid ordinary shares of RM1.00 each.

With the conversion of the INCPs, the issued and fully paid-up ordinary share capital of the Bank increased to 820,363,762 ordinary shares of RM1.00 each.

There were no other issuance, cancellation, repurchase, resale and repayment of debt securities during the financial quarter and period.

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

AmBank (M) Berhad
(Incorporated in Malaysia)
And Its Subsidiaries

A7. Dividends Paid

In the previous financial quarter, the final single tier cash dividend of approximately 37.00 sen per ordinary share on 670,363,762 ordinary shares amounting to RM248,034,592 in respect of the financial year ended 31 March 2011 was paid on 24 August 2011.

The directors do not recommend the payment of any dividend in respect of the financial quarter and period ended 31 December 2011.

A8. Financial Assets Held-For-Trading

	The Group		The Bank	
	31 December 2011 RM'000	31 March 2011 RM'000	31 December 2011 RM'000	31 March 2011 RM'000
At fair value				
<u>Money Market Securities</u>				
In Malaysia:				
Treasury bills	34,136	49,046	34,136	49,046
Islamic Treasury bills	29,241	5,358	29,241	5,358
Malaysian Government Securities	811,341	160,285	811,341	160,285
Malaysian Government Investment Certificates	886,642	221,650	886,642	221,650
Sukuk Bank Negara Malaysia	11,476	-	11,476	-
Bank Negara Malaysia Monetary Notes	2,554,452	2,270,387	2,554,452	2,270,387
	<u>4,327,288</u>	<u>2,706,726</u>	<u>4,327,288</u>	<u>2,706,726</u>
<u>Quoted Securities</u>				
In Malaysia:				
Shares	305,803	288,337	305,803	288,337
Unit Trusts	65,745	74,137	65,745	74,137
Warrants	2,749	2,835	2,749	2,835
Outside Malaysia:				
Shares	15,335	4,744	15,335	4,744
	<u>389,632</u>	<u>370,053</u>	<u>389,632</u>	<u>370,053</u>
<u>Unquoted Securities</u>				
In Malaysia:				
Private debt securities	2,254,536	1,090,223	2,254,536	1,090,223
Outside Malaysia:				
Private debt securities	1,532	-	1,532	-
	<u>2,256,068</u>	<u>1,090,223</u>	<u>2,256,068</u>	<u>1,090,223</u>
Total financial assets held-for-trading	<u>6,972,988</u>	<u>4,167,002</u>	<u>6,972,988</u>	<u>4,167,002</u>

AmBank (M) Berhad
(Incorporated in Malaysia)
And Its Subsidiaries

A9. Financial Investments Available-For-Sale

	The Group		The Bank	
	31 December	31 March	31 December	31 March
	2011	2011	2011	2011
	RM'000	RM'000	RM'000	RM'000
At fair value, or cost less impairment losses				
for certain unquoted instruments				
<u>Money Market Securities:</u>				
In Malaysia:				
Negotiable instruments				
of deposit	1,080,804	2,523,145	1,080,804	2,523,145
Malaysian Government Securities	20,874	255,789	20,874	255,789
Islamic negotiable instruments				
of deposit	814,340	785,855	814,340	785,855
Malaysian Government Investment				
Certificates	121,629	94,734	121,629	94,734
	<u>2,037,647</u>	<u>3,659,523</u>	<u>2,037,647</u>	<u>3,659,523</u>
<u>Quoted Securities</u>				
In Malaysia:				
Shares	12,329	11,926	12,208	11,809
Unit Trusts	59,400	39,400	59,400	39,400
Private debt securities	8,856	15,624	8,856	15,624
Private debt securities with				
options and/or collateral	18,845	40,257	18,845	40,257
	<u>99,430</u>	<u>107,207</u>	<u>99,309</u>	<u>107,090</u>
Outside Malaysia:				
Shares	60	93	16	40
	<u>60</u>	<u>93</u>	<u>16</u>	<u>40</u>
<u>Unquoted Securities</u>				
In Malaysia:				
Shares	86,804	86,804	86,804	86,804
Private debt securities	1,411,777	2,393,618	1,612,590	2,620,711
Private debt securities with				
options and/or collateral	5,030	58,563	5,030	58,218
	<u>1,503,611</u>	<u>2,538,985</u>	<u>1,704,424</u>	<u>2,765,733</u>
Outside Malaysia:				
Shares	970	84	80	84
Private debt securities	26,823	26,077	26,823	25,226
	<u>27,793</u>	<u>26,161</u>	<u>26,903</u>	<u>25,310</u>
Total financial investments				
available-for-sale	<u>3,668,541</u>	<u>6,331,969</u>	<u>3,868,299</u>	<u>6,557,696</u>

The Bank was appointed Principal Dealer ("PD") by Bank Negara Malaysia ("BNM") for Government and BNM issuances with effect from 1 July 2009 until 31 December 2012.

As PD, the Bank is required to undertake certain obligations as well as accorded certain incentives in the appointment period. One of the incentives accorded is the eligibility to maintain Statutory Reserve Requirement ("SRR") in the form of Malaysian Government Securities ("MGS") and/or Government Investment Certificates ("GIC") holdings instead of cash. As at 31 December 2011, there were no MGS and GIC holdings maintained for SRR purposes for the Group and the Bank (31 March 2011: RM350,000,000 for the Group and the Bank).

**AmBank (M) Berhad
(Incorporated in Malaysia)
And Its Subsidiaries**

A10. Financial Investments Held-To-Maturity

	The Group		The Bank	
	31 December 2011 RM'000	31 March 2011 RM'000	31 December 2011 RM'000	31 March 2011 RM'000
At amortised cost				
<u>Unquoted Securities</u>				
In Malaysia:				
Private debt securities	81,662	106,254	78,013	98,726
Private debt securities with options and/or collateral	247,561	266,852	246,592	265,882
Total	329,223	373,106	324,605	364,608
Less: Accumulated impairment losses	(199,003)	(207,775)	(196,394)	(205,019)
Total financial investments held-to-maturity	130,220	165,331	128,211	159,589

AmBank (M) Berhad
(Incorporated in Malaysia)
And Its Subsidiaries

A11. Loans and Advances

	The Group		The Bank	
	31 December 2011 RM'000	31 March 2011 RM'000	31 December 2011 RM'000	31 March 2011 RM'000
(i) By type of loans				
At amortised cost:				
Overdraft	2,202,487	1,988,963	2,202,487	1,988,963
Term loans	17,800,414	15,806,820	17,796,883	15,801,712
Revolving credit	4,359,221	5,028,403	4,413,897	5,074,217
Housing loan receivables	11,798,175	11,551,536	11,503,944	11,231,830
Hire-purchase receivables	17,168,563	18,296,017	17,168,563	18,296,017
Lease receivables	481	497	481	497
Card receivables	1,496,854	1,491,939	1,496,854	1,491,939
Bills receivables	332,421	389,482	332,421	389,482
Trust receipts	870,259	569,084	870,259	569,084
Claims on customers under acceptance credit	2,207,903	2,217,959	2,207,903	2,217,959
Staff loans	149,996	151,830	149,538	151,337
Block discount receivables	53,224	55,121	53,224	55,121
Factoring receivables	76,283	51,018	76,283	51,018
Gross loans and advances	58,516,281	57,598,669	58,272,737	57,319,176
Allowance for impaired loans and advances:				
– Collective allowance	(1,590,079)	(1,647,390)	(1,585,854)	(1,641,832)
– Individual allowance	(88,159)	(341,071)	(88,159)	(341,071)
Net loans and advances	56,838,043	55,610,208	56,598,724	55,336,273

(ii) By type of customer

	The Group		The Bank	
	31 December 2011 RM'000	31 March 2011 RM'000	31 December 2011 RM'000	31 March 2011 RM'000
Domestic non-bank financial institutions	2,630,670	2,383,193	2,710,301	2,459,268
Domestic business enterprises				
– Small medium enterprises	6,538,887	6,038,799	6,538,887	6,038,799
– Others	17,693,394	16,977,426	17,689,864	16,972,319
Government and statutory bodies	6,876	72,789	6,876	72,789
Individuals	31,031,462	31,623,468	30,736,774	31,303,271
Other domestic entities	7,462	1,862	7,462	1,862
Foreign entities	607,530	501,132	582,573	470,868
Gross loans and advances	58,516,281	57,598,669	58,272,737	57,319,176

AmBank (M) Berhad
(Incorporated in Malaysia)
And Its Subsidiaries

A11. Loans and Advances (Contd.)**(iii) By geographical distribution**

	The Group		The Bank	
	31 December	31 March	31 December	31 March
	2011	2011	2011	2011
	RM'000	RM'000	RM'000	RM'000
In Malaysia	57,715,698	56,916,037	57,497,110	56,666,808
Outside Malaysia	800,583	682,632	775,627	652,368
Gross loans and advances	<u>58,516,281</u>	<u>57,598,669</u>	<u>58,272,737</u>	<u>57,319,176</u>

(iv) By interest rate sensitivity

	The Group		The Bank	
	31 December	31 March	31 December	31 March
	2011	2011	2011	2011
	RM'000	RM'000	RM'000	RM'000
Fixed rate				
– Housing loans	1,829,163	1,946,773	1,534,567	1,626,688
– Hire purchase receivables	15,335,720	17,370,545	15,335,628	17,370,433
– Other fixed rate loan	5,379,188	5,104,309	5,379,188	5,104,309
Variable rate				
– Base lending rate plus	21,884,274	20,076,576	21,884,274	20,076,576
– Cost plus	11,755,430	11,078,192	11,810,104	11,124,003
– Other variable rates	2,332,506	2,022,274	2,328,976	2,017,167
Gross loans and advances	<u>58,516,281</u>	<u>57,598,669</u>	<u>58,272,737</u>	<u>57,319,176</u>

(v) By sector

	The Group		The Bank	
	31 December	31 March	31 December	31 March
	2011	2011	2011	2011
	RM'000	RM'000	RM'000	RM'000
Agriculture	1,979,581	2,152,426	1,979,581	2,152,426
Mining and quarrying	1,440,321	1,877,750	1,440,321	1,877,750
Manufacturing	5,584,390	4,764,496	5,580,860	4,759,389
Electricity, gas and water	1,429,803	2,208,251	1,429,803	2,208,251
Construction	1,958,454	1,547,042	1,958,454	1,547,042
Wholesale, retail trade, restaurant and hotel	3,738,594	2,987,022	3,738,594	2,987,022
Transport, storage and communication	1,923,830	1,538,966	1,923,830	1,538,966
Finance, insurance, real estate and business activities	8,141,649	7,801,563	8,196,322	7,848,004
Education and health	1,126,822	597,289	1,126,822	597,289
Household	31,066,000	31,639,008	30,771,313	31,318,181
of which:				
- purchase of residential properties	11,843,617	11,518,433	11,549,021	11,197,718
- purchase of transport vehicles	15,635,269	16,684,955	15,635,178	16,684,843
- others	3,587,114	3,435,620	3,587,114	3,435,620
Others	126,837	484,856	126,837	484,856
	<u>58,516,281</u>	<u>57,598,669</u>	<u>58,272,737</u>	<u>57,319,176</u>

AmBank (M) Berhad
(Incorporated in Malaysia)
And Its Subsidiaries

A11. Loans and Advances (Contd.)**(vi) By residual contractual maturity**

	The Group		The Bank	
	31 December 2011 RM'000	31 March 2011 RM'000	31 December 2011 RM'000	31 March 2011 RM'000
Maturing within one year	10,895,885	12,048,701	10,945,594	12,093,193
One year to three years	9,385,017	6,864,279	9,371,741	6,846,265
Three years to five years	8,253,867	8,767,663	8,233,402	8,743,674
Over five years	29,981,512	29,918,026	29,722,000	29,636,044
Gross loans and advances	<u>58,516,281</u>	<u>57,598,669</u>	<u>58,272,737</u>	<u>57,319,176</u>

(vii) Impaired loans by geographical distribution

	The Group		The Bank	
	31 December 2011 RM'000	31 March 2011 RM'000	31 December 2011 RM'000	31 March 2011 RM'000
In Malaysia	<u>1,781,138</u>	<u>2,123,247</u>	<u>1,780,614</u>	<u>2,122,976</u>

(viii) Impaired loans by sector

	The Group		The Bank	
	31 December 2011 RM'000	31 March 2011 RM'000	31 December 2011 RM'000	31 March 2011 RM'000
Agriculture	26,123	38,356	26,123	38,356
Mining and quarrying	257,325	355	257,325	355
Manufacturing	182,428	244,898	182,428	244,898
Electricity, gas and water	131,219	288,508	131,219	288,508
Construction	109,923	284,056	109,923	284,056
Wholesale, retail trade, restaurant and hotel	44,878	58,724	44,878	58,724
Transport, storage and communication	4,011	19,562	4,011	19,562
Finance, insurance, real estate and business activities	49,451	116,756	49,451	116,756
Education and health	42,769	41,337	42,769	41,337
Household	922,915	1,018,435	922,391	1,018,164
of which:				
- purchase of residential properties	557,038	628,715	556,514	628,444
- purchase of transport vehicles	268,316	282,368	268,316	282,368
- others	97,561	107,352	97,561	107,352
Others	10,096	12,260	10,096	12,260
	<u>1,781,138</u>	<u>2,123,247</u>	<u>1,780,614</u>	<u>2,122,976</u>

AmBank (M) Berhad
(Incorporated in Malaysia)
And Its Subsidiaries

A11. Loans and Advances (Contd.)**(ix) Movements in impaired loans and advances are as follows:**

	The Group		The Bank	
	31 December 2011 RM'000	31 March 2011 RM'000	31 December 2011 RM'000	31 March 2011 RM'000
Gross				
At beginning of period/year	2,123,247	2,531,933	2,122,976	2,339,427
Classified as impaired	1,274,464	1,324,479	1,274,090	1,001,196
Reclassification as non-impaired	(236,067)	(382,239)	(235,956)	(327,582)
Amount recovered	(516,507)	(335,855)	(516,497)	(302,239)
Amount written off	(863,999)	(673,685)	(863,999)	(591,968)
Repurchase of loan	-	4,142	-	4,142
Arising from disposal of subsidiary	-	(345,528)	-	-
At end of period/year	<u>1,781,138</u>	<u>2,123,247</u>	<u>1,780,614</u>	<u>2,122,976</u>
Ratio of gross impaired loans and advances to gross loans and advances	<u>3.0%</u>	<u>3.7%</u>	<u>3.1%</u>	<u>3.7%</u>

(x) Movements in allowance for impaired accounts are as follows:

	The Group		The Bank	
	31 December 2011 RM'000	31 March 2011 RM'000	31 December 2011 RM'000	31 March 2011 RM'000
Collective allowance				
At beginning of period/year	1,647,390	1,797,171	1,641,832	1,502,269
Charged to the income statement	362,583	784,839	363,935	526,591
Amount written-off	(420,178)	(472,658)	(420,178)	(390,699)
Repurchase of loan	-	4,142	-	4,142
Arising from disposal of subsidiary	-	(465,603)	-	-
Exchange differences	284	(501)	265	(471)
At end of period/year	<u>1,590,079</u>	<u>1,647,390</u>	<u>1,585,854</u>	<u>1,641,832</u>
As % of gross loans and advances less individual allowance	<u>2.7%</u>	<u>2.9%</u>	<u>2.7%</u>	<u>2.9%</u>

Individual allowance

At beginning of period/year	341,071	452,386	341,071	451,278
Charged to the income statement	183,849	92,381	183,849	79,936
Transfer from debt converted instrument	11,642	12,356	11,642	12,356
Amount written-off	(448,403)	(202,499)	(448,403)	(202,499)
Arising from disposal of subsidiary	-	(13,553)	-	-
At end of period/year	<u>88,159</u>	<u>341,071</u>	<u>88,159</u>	<u>341,071</u>

AmBank (M) Berhad
(Incorporated in Malaysia)
And Its Subsidiaries

A12. Other Assets

	The Group		The Bank	
	31 December	31 March	31 December	31 March
	2011	2011	2011	2011
	RM'000	RM'000	RM'000	RM'000
Deferred assets	-	34,744	-	34,744
Interest/Profit receivable	288,279	345,049	288,334	345,055
Other receivables, deposits and prepayments (net)	588,873	352,537	582,629	347,919
Deferred charges	153,924	171,597	153,924	171,597
Amount due from originators	168,264	19,583	168,264	19,583
Foreclosed properties net of impairment loss	82,743	110,993	82,743	110,993
	<u>1,282,083</u>	<u>1,034,503</u>	<u>1,275,894</u>	<u>1,029,891</u>

A13. Statutory deposit with Bank Negara Malaysia

The non-interest bearing statutory deposit is 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. As at 31 December 2011, there were no MGS and GIC holdings maintained for SRR purposes for the Group and the Bank, (31 March 2011: RM350,000,000 for the Group and the Bank) as mentioned in Note A9.

A14. Deposits and Placements of Banks and Other Financial Institutions

	The Group		The Bank	
	31 December	31 March	31 December	31 March
	2011	2011	2011	2011
	RM'000	RM'000	RM'000	RM'000
Licensed banks	85,693	263,639	436,716	596,413
Licensed investment banks	1,046,905	1,171,960	1,046,905	1,171,960
Other financial institutions	1,050,616	958,193	1,041,872	950,155
Bank Negara Malaysia ("BNM")	515,253	2,232,061	515,253	2,232,061
	<u>2,698,467</u>	<u>4,625,853</u>	<u>3,040,746</u>	<u>4,950,589</u>

A15. Deposits from Customers

	The Group		The Bank	
	31 December	31 March	31 December	31 March
	2011	2011	2011	2011
	RM'000	RM'000	RM'000	RM'000
Demand deposits	5,308,088	4,916,823	5,309,268	4,917,133
Savings deposits	3,045,977	2,923,609	3,045,977	2,923,609
Fixed/Investment/Term deposits	49,485,693	51,442,097	49,103,965	50,813,295
Negotiable instruments of deposits	523,211	224,130	523,211	224,130
	<u>58,362,969</u>	<u>59,506,659</u>	<u>57,982,421</u>	<u>58,878,167</u>

AmBank (M) Berhad
(Incorporated in Malaysia)
And Its Subsidiaries

A15. Deposits from Customers (Contd.)

	The Group		The Bank	
	31 December	31 March	31 December	31 March
	2011	2011	2011	2011
	RM'000	RM'000	RM'000	RM'000
<u>By type of customers</u>				
Individuals	26,505,882	27,171,911	26,505,882	27,171,175
Business enterprises	24,059,034	21,019,180	23,678,515	20,391,660
Government and other statutory bodies	5,538,398	10,393,190	5,538,398	10,393,191
Others	2,259,655	922,378	2,259,626	922,141
	<u>58,362,969</u>	<u>59,506,659</u>	<u>57,982,421</u>	<u>58,878,167</u>

The maturity structure of fixed/investment/term deposits and negotiable instruments of deposits is as follows:

	The Group		The Bank	
	31 December	31 March	31 December	31 March
	2011	2011	2011	2011
	RM'000	RM'000	RM'000	RM'000
Due within six months	40,483,737	41,679,293	40,102,009	41,050,491
Six months to one year	6,182,285	6,471,725	6,182,285	6,471,725
One year to three years	1,686,222	1,783,750	1,686,222	1,783,750
Three years to five years	1,656,660	1,731,459	1,656,660	1,731,459
	<u>50,008,904</u>	<u>51,666,227</u>	<u>49,627,176</u>	<u>51,037,425</u>

A16. Other Liabilities

	The Group		The Bank	
	31 December	31 March	31 December	31 March
	2011	2011	2011	2011
	RM'000	RM'000	RM'000	RM'000
Interest/Profit payable	647,132	657,874	647,151	657,201
Other creditors and accruals	1,310,551	1,256,717	1,301,853	1,248,203
Lease deposits and advance rentals	34,819	45,736	34,819	45,736
Provision for commitments and contingencies	135,025	131,051	135,025	131,051
Provision for taxation	284,591	216,636	284,539	216,576
	<u>2,412,118</u>	<u>2,308,014</u>	<u>2,403,387</u>	<u>2,298,767</u>

AmBank (M) Berhad
(Incorporated in Malaysia)
And Its Subsidiaries

A17. Interest Income

	Individual Quarter		Cumulative Quarter	
	31 December 2011 RM'000	31 December 2010 RM'000	31 December 2011 RM'000	31 December 2010 RM'000
The Group				
Short-term funds and deposits with financial institutions	54,455	63,846	214,997	183,431
Financial assets held-for-trading	45,789	28,551	138,570	67,619
Financial investments available-for-sale	60,469	37,014	156,506	177,130
Financial investments held-to-maturity	547	856	3,894	14,111
Loans and advances	896,471	868,462	2,657,894	2,505,108
Impaired loans and advances	2,007	2,922	7,706	12,328
Others	4,707	1,855	8,881	4,707
	<u>1,064,445</u>	<u>1,003,506</u>	<u>3,188,448</u>	<u>2,964,434</u>
The Bank				
Short-term funds and deposits with financial institutions	54,368	63,520	214,294	182,535
Financial assets held-for-trading	45,789	28,552	138,570	67,620
Financial investments available-for-sale	63,170	63,425	164,983	210,404
Financial investments held-to-maturity	444	752	3,591	12,658
Loans and advances	891,768	862,843	2,644,418	2,487,371
Impaired loans and advances	2,007	2,922	7,706	12,328
Others	4,707	1,854	8,881	4,706
	<u>1,062,253</u>	<u>1,023,868</u>	<u>3,182,443</u>	<u>2,977,622</u>

AmBank (M) Berhad
(Incorporated in Malaysia)
And Its Subsidiaries

A18. Interest Expense

	Individual Quarter		Cumulative Quarter	
	31 December	31 December	31 December	31 December
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
The Group				
Deposits from customers	427,877	374,675	1,285,589	1,059,642
Deposits and placements of banks and other financial institutions	18,213	24,523	71,277	62,860
Recourse obligation of loans sold to Cagamas Berhad	10,472	8,523	31,734	9,293
Term funding	44,413	37,698	127,550	104,608
Debt capital:				
Hybrid securities	10,664	10,544	31,109	32,195
Medium term notes	22,255	22,255	66,523	66,523
Exchangeable bonds	-	7,565	-	22,614
Non-Innovative Tier 1 capital securities	11,342	11,342	33,904	33,904
Innovative Tier 1 capital securities	10,085	10,085	30,146	30,146
Irredeemable Non-Cumulative Convertible Preference Shares	-	2,250	-	6,750
Others	(413)	15,169	7,075	72,678
	<u>554,908</u>	<u>524,629</u>	<u>1,684,907</u>	<u>1,501,213</u>
The Bank				
Deposits from customers	427,382	374,090	1,283,921	1,058,099
Deposits and placements of banks and other financial institutions	18,666	25,390	73,830	66,038
Recourse obligation of loans sold to Cagamas Berhad	10,472	8,523	31,734	9,293
Term funding	44,413	37,698	127,550	104,608
Debt capital:				
Subordinated term loan	10,665	10,543	31,099	32,194
Medium term notes	22,255	22,255	66,523	66,523
Exchangeable bonds	-	7,565	-	22,614
Non-Innovative Tier 1 capital securities	11,342	11,342	33,904	33,904
Innovative Tier 1 capital securities	10,085	10,085	30,146	30,146
Irredeemable Non-Cumulative Convertible Preference Shares	-	2,250	-	6,750
Others	(412)	15,123	7,106	72,561
	<u>554,868</u>	<u>524,864</u>	<u>1,685,813</u>	<u>1,502,730</u>

A19. Net Income from Islamic Banking Business

	Individual Quarter		Cumulative Quarter	
	31 December	31 December	31 December	31 December
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
The Group				
Income derived from investment of depositors' funds and others	9	11	31	61
Income derived from investment of shareholder's fund	63	-	189	-
Income attributable to the depositors	(8)	(6)	(24)	(67)
	<u>64</u>	<u>5</u>	<u>196</u>	<u>(6)</u>

AmBank (M) Berhad
(Incorporated in Malaysia)
And Its Subsidiaries

A20. Other operating income

	Individual Quarter		Cumulative Quarter	
	31 December 2011 RM'000	31 December 2010 RM'000	31 December 2011 RM'000	31 December 2010 RM'000
The Group				
(a) <u>Fee Income:</u>				
Commission	18,266	15,460	49,268	45,978
Guarantee fees	6,429	10,564	29,485	28,128
Other fee income	46,200	36,651	161,533	137,237
	<u>70,895</u>	<u>62,675</u>	<u>240,286</u>	<u>211,343</u>
(b) <u>Investment income:</u>				
Net gain on sale/redemption of:				
Financial assets held-for-trading	18,861	18,410	96,996	53,409
Financial investments available-for-sale	7,956	5,938	84,885	37,185
Financial investments held-to-maturity	126	1,064	9,098	6,143
Net gain/(loss) on revaluation of financial assets held-for-trading	19,539	(8,320)	(1,079)	21,564
Foreign exchange*	29,006	13,912	78,206	50,667
Net (loss)/gain on derivatives:				
- fair value hedge	(163)	860	460	780
- others	(11,369)	20,726	73,561	(292)
Gross dividend income from:				
Financial assets held-for-trading	1,447	1,280	8,995	3,718
Financial investments available-for-sale	7,287	1,471	12,290	8,912
Others	(5,321)	159	(23,259)	132
	<u>67,369</u>	<u>55,500</u>	<u>340,153</u>	<u>182,218</u>
(c) <u>Other Income</u>				
Rental income	759	745	2,508	2,412
Gain on disposal of property and equipment	398	101	611	413
Gain/(Loss) on disposal of foreclosed properties	12	-	4	(443)
Non trading foreign exchange	392	1,041	4,070	2,104
Other operating income	2,256	1,467	7,367	3,782
	<u>3,817</u>	<u>3,354</u>	<u>14,560</u>	<u>8,268</u>
Total	<u>142,081</u>	<u>121,529</u>	<u>594,999</u>	<u>401,829</u>

AmBank (M) Berhad
(Incorporated in Malaysia)
And Its Subsidiaries

A20. Other Operating Income (Contd.)

	Individual Quarter		Cumulative Quarter	
	31 December 2011 RM'000	31 December 2010 RM'000	31 December 2011 RM'000	31 December 2010 RM'000
The Bank				
(a) <u>Fee Income:</u>				
Commission	18,266	15,459	49,268	45,977
Guarantee fees	6,295	10,336	28,994	27,419
Other fee income	46,495	36,952	162,408	138,076
	<u>71,056</u>	<u>62,747</u>	<u>240,670</u>	<u>211,472</u>
(b) <u>Investment income:</u>				
Net gain on sale/redemption of:				
Financial assets held-for-trading	18,861	18,410	96,996	53,409
Financial investments available-for-sale	7,956	5,939	84,885	37,186
Financial investments held-to-maturity	126	1,064	9,098	6,143
Net gain/(loss) on revaluation of financial assets held-for-trading	19,539	(8,319)	(1,079)	21,565
Foreign exchange*	29,006	13,912	78,206	50,667
Net (loss)/gain on derivatives:				
- fair value hedge	(163)	860	460	780
- others	(11,369)	20,726	73,561	(292)
Gross dividend income from:				
Financial assets held-for-trading	1,447	1,280	8,995	3,718
Financial investments available-for-sale	7,287	1,471	12,290	8,912
Subsidiaries	-	39,901	130,407	39,901
Others	(5,321)	159	(23,259)	132
	<u>67,369</u>	<u>95,403</u>	<u>470,560</u>	<u>222,121</u>
(c) <u>Other Income</u>				
Rental income	633	618	1,995	1,911
Gain on disposal of property and equipment	398	101	541	413
Gain/(Loss) on disposal of foreclosed properties	12	-	4	(443)
Non trading foreign exchange	392	1,038	694	2,093
Other operating income	2,064	1,426	7,025	3,787
	<u>3,499</u>	<u>3,183</u>	<u>10,259</u>	<u>7,761</u>
Total	<u>141,924</u>	<u>161,333</u>	<u>721,489</u>	<u>441,354</u>

* Foreign exchange income includes gains and losses from spot and forward contracts and other currency derivatives.

AmBank (M) Berhad
(Incorporated in Malaysia)
And Its Subsidiaries

A21. Other Operating Expenses

	Individual Quarter		Cumulative Quarter	
	31 December 2011 RM'000	31 December 2010 RM'000	31 December 2011 RM'000	31 December 2010 RM'000
The Group				
Personnel costs				
– Salaries, allowances and bonuses	139,040	132,646	455,778	399,788
– Shares and options granted under Executive Share Scheme ("ESS")	7,241	4,784	19,969	14,654
– Others	40,343	36,619	126,577	99,606
	<u>186,624</u>	<u>174,049</u>	<u>602,324</u>	<u>514,048</u>
Establishment costs				
– Depreciation	10,569	11,620	32,922	33,983
– Rental	16,815	16,190	50,058	48,238
– Cleaning, maintenance and security	6,105	5,455	18,091	14,930
– Computerisation cost	33,022	28,989	91,083	83,355
– Amortisation of intangible assets	9,830	8,993	27,885	22,583
– Others	7,270	6,202	19,279	17,789
	<u>83,611</u>	<u>77,449</u>	<u>239,318</u>	<u>220,878</u>
Marketing and communication expenses				
– Commission	542	2,609	1,383	9,770
– Advertising and marketing	13,034	11,997	26,321	28,945
– Communication	10,228	10,193	30,948	30,943
– Others	2,030	2,103	6,993	6,067
	<u>25,834</u>	<u>26,902</u>	<u>65,645</u>	<u>75,725</u>
Administration and general expenses				
– Professional services	16,655	20,633	46,807	54,163
– Others	7,515	6,472	19,827	19,079
	<u>24,170</u>	<u>27,105</u>	<u>66,634</u>	<u>73,242</u>
Service transfer pricing (recovery)/ expense - net	(63,236)	6,585	(196,363)	16,996
Total	<u>257,003</u>	<u>312,090</u>	<u>777,558</u>	<u>900,889</u>

AmBank (M) Berhad
(Incorporated in Malaysia)
And Its Subsidiaries

A21. Other Operating Expenses (Contd.)

	Individual Quarter		Cumulative Quarter	
	31 December 2011 RM'000	31 December 2010 RM'000	31 December 2011 RM'000	31 December 2010 RM'000
The Bank				
Personnel costs				
– Salaries, allowances and bonuses	138,697	132,304	454,656	398,719
– Shares and options granted under Executive Share Scheme ("ESS")	7,212	4,750	19,894	14,553
– Others	40,271	36,555	126,312	99,382
	<u>186,180</u>	<u>173,609</u>	<u>600,862</u>	<u>512,654</u>
Establishment costs				
– Depreciation	10,441	11,489	32,537	33,571
– Rental	17,313	16,640	51,406	49,588
– Cleaning, maintenance and security	6,028	5,351	17,665	14,433
– Computerisation cost	33,020	28,983	91,116	83,333
– Amortisation of intangible assets	9,828	8,993	27,882	22,583
– Others	7,079	6,012	18,714	17,035
	<u>83,709</u>	<u>77,468</u>	<u>239,320</u>	<u>220,543</u>
Marketing and communication expenses				
– Commission	542	2,609	1,383	9,769
– Advertising and marketing	13,034	11,998	26,321	28,946
– Communication	10,218	10,176	30,913	30,904
– Others	2,029	2,096	6,986	6,036
	<u>25,823</u>	<u>26,879</u>	<u>65,603</u>	<u>75,655</u>
Administration and general expenses				
– Professional services	16,641	20,620	46,755	54,041
– Others	7,417	6,356	19,507	18,821
	<u>24,058</u>	<u>26,976</u>	<u>66,262</u>	<u>72,862</u>
Service transfer pricing recovery - net	(62,743)	(53,403)	(194,996)	(178,090)
Total	<u>257,027</u>	<u>251,529</u>	<u>777,051</u>	<u>703,624</u>

AmBank (M) Berhad
(Incorporated in Malaysia)
And Its Subsidiaries

A22. Allowance for impairment on Loans and Advances

	Individual Quarter		Cumulative Quarter	
	31 December 2011 RM'000	31 December 2010 RM'000	31 December 2011 RM'000	31 December 2010 RM'000
The Group				
Allowance for impairment of loans and advances:				
Individual allowance	30,514	34,859	183,849	61,907
Collective allowance	155,319	120,310	362,583	426,073
Bad debts recovered - net	(118,036)	(75,292)	(374,385)	(278,054)
Recovery on loans sold to Danaharta	(3,731)	(2,024)	(3,731)	(2,024)
	<u>64,066</u>	<u>77,853</u>	<u>168,316</u>	<u>207,902</u>
The Bank				
Allowance for impairment of loans and advances:				
Individual allowance	30,514	34,859	183,849	61,907
Collective allowance	155,414	120,488	363,935	426,476
Bad debts recovered - net	(114,919)	(73,135)	(368,440)	(272,801)
Recovery on loans sold to Danaharta	(3,731)	(2,024)	(3,731)	(2,024)
	<u>67,278</u>	<u>80,188</u>	<u>175,613</u>	<u>213,558</u>

A23. Impairment (Writeback)/Loss On Other Assets

	Individual Quarter		Cumulative Quarter	
	31 December 2011 RM'000	31 December 2010 RM'000	31 December 2011 RM'000	31 December 2010 RM'000
(Writeback)/Loss				
The Group				
Financial investments	(1,039)	(35,472)	(9,738)	(232)
Foreclosed properties	19	(2,977)	28,293	16,091
Sundry receivables	(338)	300	(4,074)	267
	<u>(1,358)</u>	<u>(38,149)</u>	<u>14,481</u>	<u>16,126</u>
The Bank				
Financial investments	(770)	(35,313)	(9,424)	(90)
Associate	-	(15)	15	(15)
Foreclosed properties	19	(2,977)	28,293	16,091
Sundry receivables	(338)	300	(4,074)	267
	<u>(1,089)</u>	<u>(38,005)</u>	<u>14,810</u>	<u>16,253</u>

AmBank (M) Berhad
(Incorporated in Malaysia)
And Its Subsidiaries

A24. Discontinued Operations

On 21 February 2011, following the approval from the Minister of Finance and Bank Negara Malaysia ("BNM"), the Bank entered into a sale and purchase agreement with AMMB Holdings Berhad ("AMMB") to dispose its entire shareholding in its wholly-owned Islamic banking subsidiary, Amlslamic Bank to AMMB for a sale consideration of RM1,337,698,000 ("The Disposal"). The Disposal was completed on 28 February 2011. Arising from this, the 9 months comparative results for the operations of Amlslamic Bank are presented separately in the Income Statement and Statement of Comprehensive Income of the Group as discontinued operations.

(a) Income Statement

	The Group	
	Individual Quarter 31 December 2010 RM'000	Cumulative Quarter 31 December 2010 RM'000
Revenue	300,854	888,800
Net income from Islamic Banking Business	176,675	543,046
Other operating expenses	(65,678)	(210,525)
Operating profit	110,997	332,521
Allowances for impairment on financing and advances:		
Individual allowance	(2,530)	(12,271)
Collective allowance	(99,230)	(190,270)
Bad financing recovered (net)	13,609	46,126
Provision for commitments and contingencies	(1,676)	(2,891)
Impairment writeback	2,727	4,218
Transfer from profit equalisation reserve	13,078	30,897
Profit before zakat and taxation	36,975	208,330
Zakat	(177)	(577)
Taxation	(10,451)	(54,325)
Profit for the period	26,347	153,428
Intercompany transactions eliminated on consolidation:		
Other operating expenses	60,276	195,934
Income attributable to the depositors	23,302	23,302
Profit for the period as reported in the Income Statement	109,925	372,664

**AmBank (M) Berhad
(Incorporated in Malaysia)
And Its Subsidiaries**

A24. Discontinued Operations (Contd.)

(b) Statement of Comprehensive Income

	The Group	
	Individual Quarter 31 December 2010 RM'000	Cumulative Quarter 31 December 2010 RM'000
Profit for the period	109,925	372,664
Other comprehensive income/(loss)		
Net loss on financial investments available-for-sale	(7,907)	(4,336)
Income tax relating to the components of other comprehensive loss	1,980	1,084
Other comprehensive loss for the period, net of tax	<u>(5,927)</u>	<u>(3,252)</u>
Total comprehensive income for the period as reported in the Income Statement	<u>103,998</u>	<u>369,412</u>

(c) Cash Flows

	9 months ended 31 December 2010 RM'000
Cash Flows from Operating activities	(875,024)
Cash Flows from Investing activities	665,723
Cash Flow from Financing activities	(39,901)
Net cash outflow	<u>(249,202)</u>

AmBank (M) Berhad
(Incorporated in Malaysia)
And Its Subsidiaries

A25. Earnings Per Share (EPS)**(a) Basic**Continuing operations

Basic earnings per share amounts are calculated by dividing profit for the period from continuing operations, net of tax attributable to equity holder of the Bank by the weighted average number of ordinary shares outstanding during the financial quarter and period.

Discontinued operations

Basic earnings per share amounts are calculated by dividing profit for the period from discontinued operations, net of tax attributable to equity holder of the Bank by the weighted average number of ordinary shares outstanding during the financial quarter and period.

	Individual Quarter		Cumulative Quarter	
	31 December 2011	31 December 2010	31 December 2011	31 December 2010
The Group				
Continuing operations				
Net profit attributable to equity holder of the Bank (RM'000)	249,950	186,199	859,397	507,373
Number of ordinary shares at beginning of period/year ('000)	670,364	670,364	670,364	670,364
Effect of the conversion of INCPS ('000)	150,000	-	150,000	-
Weighted average number of ordinary shares in issue ('000)	<u>820,364</u>	<u>670,364</u>	<u>820,364</u>	<u>670,364</u>
Basic earnings per share (sen)	<u>30.47</u>	<u>27.78</u>	<u>104.76</u>	<u>75.69</u>
Discontinued operations				
Net profit attributable to equity holder of the Bank (RM'000)	-	109,925	-	372,664
Number of ordinary shares at beginning of period/year ('000)	-	670,364	-	670,364
Effect of the conversion of INCPS ('000)	-	-	-	-
Weighted average number of ordinary shares in issue ('000)	<u>-</u>	<u>670,364</u>	<u>-</u>	<u>670,364</u>
Basic earnings per share (sen)	<u>-</u>	<u>16.40</u>	<u>-</u>	<u>55.59</u>

**AmBank (M) Berhad
(Incorporated in Malaysia)
And Its Subsidiaries**

A25. Earnings Per Share (EPS) (Contd.)

(a) Basic (Contd.)

	Individual Quarter		Cumulative Quarter	
	31 December 2011	31 December 2010	31 December 2011	31 December 2010
The Bank				
Net profit attributable to equity holder of the Bank	244,623	304,822	968,335	751,864
Number of ordinary shares at beginning of period/year ('000)	670,364	670,364	670,364	670,364
Effect of the conversion of INCPS ('000)	150,000	-	150,000	-
Weighted average number of ordinary shares in issue ('000)	<u>820,364</u>	<u>670,364</u>	<u>820,364</u>	<u>670,364</u>
Basic earnings per share (sen)	<u>29.82</u>	<u>45.47</u>	<u>118.04</u>	<u>112.16</u>

AmBank (M) Berhad
(Incorporated in Malaysia)
And Its Subsidiaries

A25. Earnings Per Share (EPS) (Contd.)**(b) Fully diluted**Continuing operations

Fully diluted earnings per share amounts are calculated by dividing profit for the period from continuing operations, net of tax (after adjusting for dividend on convertible preference shares) attributable to equity holder of the Bank by the weighted average number of ordinary shares outstanding and issuable during the financial quarter and period.

Discontinued operations

Fully diluted earnings per share amounts are calculated by dividing profit for the period from discontinued operations, net of tax (after adjusting for dividend on convertible preference shares) attributable to equity holder of the Bank by the weighted average number of ordinary shares outstanding and issuable during the financial quarter and period.

The Bank has one category of dilutive potential ordinary shares:

(i) Irredeemable Non-Cumulative Convertible Preference shares ("INCPS")

On 30 September 2011, the immediate holding company, AMFB Holdings Berhad, exercised its conversion right to convert the entire RM150 million INCPS into 150,000,000 fully paid ordinary shares of RM1.00 each. The INCPS was converted into new shares of the Bank and credited as fully paid on the basis of one (1) new ordinary share for every one (1) INCPS held. With the conversion, the Bank does not have any category of dilutive potential ordinary shares as at 31 December 2011.

	Individual Quarter		Cumulative Quarter	
	31 December 2011	31 December 2010	31 December 2011	31 December 2010
The Group				
Continuing operations				
Net profit attributable to equity holder of the Bank (as in (a) above) (RM'000)	249,950	186,199	859,397	507,373
Effect of savings on dividend on INCPS (RM'000)	-	2,250	-	6,750
	<u>249,950</u>	<u>188,449</u>	<u>859,397</u>	<u>514,123</u>
Weighted average number of ordinary shares in issue (as in (a) above) ('000)	820,364	670,364	820,364	670,364
Adjusted for the effect of INCPS ('000)	-	150,000	-	150,000
Adjusted weighted average number of ordinary shares in issue ('000)	<u>820,364</u>	<u>820,364</u>	<u>820,364</u>	<u>820,364</u>
Fully diluted earnings per share (sen)	<u>30.47</u>	<u>22.97</u>	<u>104.76</u>	<u>62.67</u>

AmBank (M) Berhad
(Incorporated in Malaysia)
And Its Subsidiaries

A25. Earnings Per Share (EPS) (Contd.)**(b) Fully diluted (Contd.)**

	Individual Quarter		Cumulative Quarter	
	31 December 2011	31 December 2010	31 December 2011	31 December 2010
The Group				
Discontinued operations				
Net profit attributable to equity holder of the Bank (as in (a) above) (RM'000)	-	109,925	-	372,664
Weighted average number of ordinary shares in issue (as in (a) above) ('000)	-	670,364	-	670,364
Adjusted for the effect of INCPS ('000)	-	150,000	-	150,000
Adjusted weighted average number of ordinary shares in issue ('000)	-	820,364	-	820,364
Fully diluted earnings per share (sen)	-	13.40	-	45.43
The Bank				
Net profit attributable to equity holder of the Bank (as in (a) above) (RM'000)	244,623	304,822	968,335	751,864
Effect of savings on dividend on INCPS (RM'000)	-	2,250	-	6,750
	244,623	307,072	968,335	758,614
Weighted average number of ordinary shares in issue (as in (a) above) ('000)	820,364	670,364	820,364	670,364
Adjusted for the effect of INCPS ('000)	-	150,000	-	150,000
Adjusted weighted average number of ordinary shares in issue ('000)	820,364	820,364	820,364	820,364
Fully diluted earnings per share (sen)	29.82	37.43	118.04	92.47

Company No. 8515–D

**AmBank (M) Berhad
(Incorporated in Malaysia)
And Its Subsidiaries**

A26. BUSINESS SEGMENT ANALYSIS

**Group
Financial quarter ended 31 December 2011**

	Retail Banking RM'000	Business Banking RM'000	Corporate and Institutional Banking RM'000	Markets RM'000	Group Functions and Others RM'000	Total RM'000
Total operating revenue	1,629,917	437,569	811,322	333,772	571,087	3,783,667
Income	1,005,798	343,137	226,578	311,366	212,093	2,098,972
Other operating expenses	(415,393)	(67,175)	(33,139)	(50,200)	(211,651)	(777,558)
Profit before provision	590,405	275,962	193,439	261,166	442	1,321,414
Provision	(99,977)	(133,209)	17,389	8,789	20,102	(186,906)
Profit before taxation	490,428	142,753	210,828	269,955	20,544	1,134,508
Taxation	(122,606)	(35,116)	(45,888)	(67,292)	(4,208)	(275,110)
Profit for the period	367,822	107,637	164,940	202,663	16,336	859,398

Other information

Cost to income ratio	41.3%	19.6%	14.6%	16.1%	99.8%	37.0%
Gross loans and advances	34,167,729	11,643,565	12,189,267	-	515,720	58,516,281
Net loans and advances	33,247,063	11,492,670	12,115,870	-	(17,560)	56,838,043
Impaired loans and advances	1,018,451	15,804	-	-	746,883	1,781,138
Deposits	29,326,187	5,515,552	24,155,346	173,648	1,890,703	61,061,436

AmBank (M) Berhad
(Incorporated in Malaysia)
And Its Subsidiaries

A26. BUSINESS SEGMENT ANALYSIS (CONTD.)

Group Financial quarter ended 31 December 2010	Retail Banking RM'000	Business Banking RM'000	Corporate and Institutional Banking RM'000	Markets RM'000	Group Functions and Others RM'000	Total RM'000
Total operating revenue						
Continuing operations	1,523,060	376,175	678,647	268,640	519,802	3,366,324
Discontinued operations	416,306	72,536	165,213	22,529	212,216	888,800
	1,939,366	448,711	843,860	291,169	732,018	4,255,124
Income	1,358,180	353,983	202,147	250,252	266,999	2,431,561
Continuing operations	1,012,893	306,667	183,843	229,864	131,946	1,865,213
Discontinued operations	345,287	47,316	18,304	20,388	135,053	566,348
Expenses	(527,684)	(76,430)	(29,894)	(49,347)	(232,125)	(915,480)
Continuing operations	(384,004)	(57,574)	(29,240)	(46,669)	(383,402)	(900,889)
Discontinued operations	(143,680)	(18,856)	(654)	(2,678)	151,277	(14,591)
Profit/(Loss) before provisions	830,496	277,553	172,253	200,905	34,874	1,516,081
Continuing operations	628,889	249,093	154,603	183,195	(251,456)	964,324
Discontinued operations	201,607	28,460	17,650	17,710	286,330	551,757
Provisions	(272,390)	(97,975)	(13,480)	(4,922)	35,986	(352,781)
Continuing operations	(164,441)	(76,798)	(4,288)	(9,239)	26,176	(228,590)
Discontinued operations	(107,949)	(21,177)	(9,192)	4,317	9,810	(124,191)
Profit/(Loss) before zakat and taxation	558,106	179,578	158,773	195,983	70,860	1,163,300
Continuing operations	464,448	172,295	150,315	173,956	(225,280)	735,734
Discontinued operations	93,658	7,283	8,458	22,027	296,140	427,566
Zakat and Taxation	(139,526)	(44,650)	(34,799)	(48,657)	(15,602)	(283,234)
Continuing operations	(116,112)	(42,829)	(32,684)	(43,150)	6,443	(228,332)
Discontinued operations	(23,414)	(1,821)	(2,115)	(5,507)	(22,045)	(54,902)
Profit/(Loss) for the period from continuing operations	348,336	129,466	117,631	130,806	(218,837)	507,402
Profit for the period from discontinued operations	70,244	5,462	6,343	16,520	274,095	372,664
Profit for the period	418,580	134,928	123,974	147,326	55,258	880,066
Other information						
Cost to income ratio	38.9%	21.6%	14.8%	19.7%	86.9%	37.6%
Gross loans, financing and advances	45,054,802	13,537,775	11,874,242	-	(665,276)	69,801,543
Net loans, financing and advances	43,799,025	13,309,547	11,771,301	-	(1,390,994)	67,488,879
Impaired loans, financing and advances	1,384,104	222,631	-	-	796,763	2,403,498
Deposits	32,684,752	6,295,283	32,586,684	295,994	6,012,404	77,875,117

Note:

- The financial information by geographical segment is not presented as the Group's activities are principally conducted in Malaysia.
- Certain comparative figures have been restated to conform with current period's presentation.

**AmBank (M) Berhad
(Incorporated in Malaysia)
And Its Subsidiaries**

A27. Performance Review for the period ended 31 December 2011

The Group registered a profit before taxation ("pre-tax profit") on continuing operations of RM1,134.5 million representing an increased of 54.2% compared to the pre-tax profit for the corresponding period last year.

For the current period, other operating income increased by RM193.2 million or 48.1% and decrease in operating expenses and loans impairment allowances by RM123.3 million or 13.7% and RM39.6 million or 19.0% respectively had contributed to the increase in pre-tax profit. The increase in other operating income was mainly contributed by higher gain on disposal of securities, higher gain on derivatives, higher fee income and foreign exchange income. Lower operating expenses was contributed by higher net service transfer pricing recovery and decrease in impairment allowances due to higher bad debts recoveries compared to loan loss allowances charged.

The Islamic banking subsidiary which was classified as discontinued operations in the current period contributed RM427.6 million to the Group's pre-tax profit in the corresponding period last year.

The Group and the Bank remained well capitalised with Risk Weighted capital adequacy ratios of 14.6% and 14.7% respectively.

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

A28. Prospects for 31 March 2012

Malaysia's economy grew at a faster pace in third quarter of 2011 to 5.8% (compared to second quarter) on the back of robust domestic demand driven by household and business spending, as well as high public sector expenditure and sustained export growth. The global economy, however, continues to face challenges from stalling major advanced economies, lack of resolution to the Euro sovereign debt crises and volatile financial markets.

Whilst not fully immune from the global headwinds, initiatives under the ETP (Economic Transformation Programme) as well as stable employment should provide support for private investment and consumption to drive forecasted domestic GDP (Gross Domestic Product) growth of circa 5% for 2011 and moderating to circa 4-5% for 2012.

On the Malaysian banking system, liquidity remains strong, and the implementation of government development projects under ETP and 10th Malaysia Plan should help lending and financing activities, especially to the Corporate and SME (Small and Medium Sized Enterprises). However, loans growth in particular to the retail sector is expected to moderate as consumer spending ease on uncertain global economic sentiments and prudential measures by BNM (Bank Negara Malaysia) to rein in household debt levels.

Whilst the Group is cautious in its outlook given the uncertain global economic backdrop, we will maintain our disciplined approach in executing to our strategic themes to meet our Medium Term Aspirations of becoming "Malaysia's preferred banking group with international connectivity". We remain focused on loans growth targeting profitable and viable segments, accelerating deposits growth especially low cost deposits and expanding non-interest income.

A29. Valuation of Property and Equipment

The Group's and the Bank's property and equipment are stated at cost or valuation less accumulated depreciation and accumulated impairment losses.

A30. Events Subsequent to Reporting Date

There has not arisen in the interval between the end of the financial 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 results of the operations of the Group for the current period.

A31. Changes in the composition of the Group

There were no significant changes in the composition of the Group for the financial period ended 31 December 2011.

AmBank (M) Berhad
(Incorporated in Malaysia)
And Its Subsidiaries

A32. Commitments and Contingencies

In the normal course of business, the Group and the Bank 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. The commitments and contingencies are not secured against the Group's and the Bank's assets.

	31 December 2011 RM'000	31 March 2011 RM'000
The Group		
Contingent Liabilities		
Direct credit substitutes	1,839,994	2,259,750
Transaction related contingent items	2,817,209	1,869,799
Short term self liquidating trade related contingencies	1,378,840	615,999
Obligations under on-going underwriting agreements	265,000	260,000
Others	46,887	31,506
	<u>6,347,930</u>	<u>5,037,054</u>
Commitments		
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	12,333,461	10,796,440
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	5,843,874	4,498,060
Unutilised credit card lines	3,021,354	3,322,322
Forward asset purchase	611,813	424,290
	<u>21,810,502</u>	<u>19,041,112</u>
Derivative Financial Instruments		
Foreign exchange related contracts		
- One year or less	21,395,867	28,584,266
- Over one year to five years	3,077,043	929,849
- Over five years	60,519	151,265
Interest rate related contracts		
- One year or less	13,937,056	5,870,000
- Over one year to five years	20,006,774	27,256,982
- Over five years	6,814,045	3,900,759
Credit Derivative Contracts		
- One year or less	63,370	76,473
- Over one year to five years	568,120	252,433
- Over five years	302,668	-
Equity and commodity related contracts		
- One year or less	942,386	601,986
- Over one year to five years	374,810	521,072
	<u>67,542,658</u>	<u>68,145,085</u>
Total	<u>95,701,090</u>	<u>92,223,251</u>

AmBank (M) Berhad
(Incorporated in Malaysia)
And Its Subsidiaries

A32. Commitments and Contingencies (Contd.)

	31 December 2011 RM'000	31 March 2011 RM'000
The Bank		
Contingent Liabilities		
Direct credit substitutes	1,839,994	2,259,750
Transaction related contingent items	2,817,209	1,869,799
Short term self liquidating trade related contingencies	1,378,582	615,999
Obligations under on-going underwriting agreements	265,000	260,000
Others	46,787	31,406
	<u>6,347,572</u>	<u>5,036,954</u>
Commitments		
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	12,374,199	10,840,686
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	5,843,874	4,498,060
Unutilised credit card lines	3,021,354	3,322,322
Forward asset purchase	611,813	424,290
	<u>21,851,240</u>	<u>19,085,358</u>
Derivative Financial Instruments		
Foreign exchange related contracts		
- One year or less	21,395,867	28,584,266
- Over one year to five years	3,077,043	929,849
- Over five years	60,519	151,265
Interest rate related contracts		
- One year or less	13,937,056	5,870,000
- Over one year to five years	20,006,774	27,256,982
- Over five years	6,814,045	3,900,759
Credit Derivative Contracts		
- One year or less	63,370	76,473
- Over one year to five years	568,120	252,433
- Over five years	302,668	-
Equity and commodity related contracts		
- One year or less	942,386	601,986
- Over one year to five years	374,810	521,072
	<u>67,542,658</u>	<u>68,145,085</u>
Total	<u>95,741,470</u>	<u>92,267,397</u>

The breakdown of the commitment and contingencies of the Bank is as follows:

	31 December 2011 RM'000	31 March 2011 RM'000
Relating to AmBank (M) Berhad	95,710,871	92,220,904
Relating to AMIL with external parties	30,599	46,493
	<u>95,741,470</u>	<u>92,267,397</u>

As at 31 December 2011, the Bank has given a continuing guarantee to Labuan Financial Services Authority ("LFSA") to meet all the liabilities and financial obligations of its subsidiary, AMIL.

A33. Risk Management Policy on Financial Derivatives

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.

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, for example, the KLIBOR index at a nominated strike rate during a certain period of time or on a specific date. Basic IRO includes interest rate cap and interest rate floor.

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

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

A33. Risk Management Policy on Financial Derivatives (Contd.)

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

General disclosure for derivatives and counterparty credit risk

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

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

- The mark-to-market is essentially the current replacement cost of the contract, and can be positive or negative. Where it is positive, that is in the money, the Group has credit exposure against the counterparty; if it is negative, that is 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 was downgraded, the Group or the counterparty would likely 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.

A33. Risk Management Policy on Financial Derivatives (Contd.)

Liquidity risk of derivatives

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

Market liquidity risk arises when a position cannot be sold or closed out quickly or risk be eliminated by entering into an offsetting position. In general, an over-the counter ("OTC") market tends to offer less liquidity than an exchange market due to the customized nature of some OTC contracts. OTC contracts include foreign exchange contracts, cross currency swaps, interest rate swaps and foreign exchange 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 (that is like a margin call due to mark-to-market valuations) to compensate for an existing out of the money position (Note: if collateral is not posted, the counterparty can close out their position and claim such mark-to-market loss from the Group. This would also result in the Group no longer being hedged).

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

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

Derivative Financial Instruments and Hedge Accounting

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

The Group enters into derivative transactions for trading and for hedging purposes. For derivatives held-for-trading, fair value changes are recognised in the income statement. 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%.

A33. Risk Management Policy on Financial Derivatives (Contd.)

Derivative Financial Instruments and Hedge Accounting (Contd.)

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 statement. 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 statement 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 hedge reserve. The gain or loss relating to the ineffective portion is recognized immediately in the income statement. Amounts accumulated in equity are released to the income statement in the periods when the hedged forecast transactions affect the income statement. If the hedged forecast transactions result in the recognition of a non-financial asset or a non-financial liability, the gain and loss previously deferred in equity is transferred from equity and included in the initial measurement of the cost of the asset or liability.

(iii) Net investment hedge

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

**AmBank (M) Berhad
(Incorporated in Malaysia)
And Its Subsidiaries**

A34. Capital Adequacy

(a) The capital adequacy ratios of the Group and the Bank are as follows:

	The Group		The Bank	
	31 December 2011	31 March 2011	31 December 2011	31 March 2011
Before deducting proposed dividends				
Core capital ratio	10.0%	9.8%	10.1%	10.0%
Risk-weighted capital ratio	14.6%	14.5%	14.7%	14.8%
After deducting proposed dividends				
Core capital ratio	10.0%	9.3%	10.1%	9.5%
Risk-weighted capital ratio	14.6%	14.1%	14.7%	14.4%

The capital adequacy ratios on a consolidated basis of the banking institutions including the financial related services subsidiaries within the Group and the Bank are computed in accordance with Bank Negara Malaysia's revised Risk-weighted Capital Adequacy Framework ("RWCAF - Basel II"). The Group and the Bank have adopted the Standardised Approach for Credit Risk and Market Risk and the Basic Indicator Approach for Operational Risk. The minimum regulatory capital adequacy requirement is 8% for the risk weighted capital ratio.

The capital adequacy ratios of the Bank refers to the combined capital base as a ratio of the combined risk-weighted assets of the Bank and its wholly-owned offshore banking subsidiary, AmInternational (L) Ltd ("AMIL").

(b) The capital adequacy ratios of AMIL are as follows:

	AMIL	
	31 December 2011	31 March 2011
Before deducting proposed dividends		
Core capital ratio	12.8%	47.3%
Risk-weighted capital ratio	12.9%	47.5%
After deducting proposed dividends		
Core capital ratio	12.8%	47.3%
Risk-weighted capital ratio	12.9%	47.5%

The capital adequacy ratios of AMIL for capital compliance on a standalone basis are computed in accordance with the BNM guidelines on RWCAF based on the Basel II capital accord.

AmBank (M) Berhad
(Incorporated in Malaysia)
And Its Subsidiaries

A34. Capital Adequacy (Contd.)

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

	The Group		The Bank	
	31 December 2011 RM'000	31 March 2011 RM'000	31 December 2011 RM'000	31 March 2011 RM'000
<u>Tier 1 capital</u>				
Paid-up share capital	820,364	670,364	820,364	670,364
Irredeemable Non-Cumulative Convertible Preference Shares	-	150,000	-	150,000
Innovative Tier 1 capital	982,278	926,409	978,264	925,373
Non-innovative Tier 1 capital	500,000	500,000	500,000	500,000
Share premium	942,844	942,844	942,844	942,844
Statutory reserve	680,459	680,459	680,459	680,459
Merger reserve	48,516	48,516	48,516	48,516
Exchange fluctuation reserve	1,168	(709)	1,168	(709)
Retained earnings	3,073,322	2,690,387	3,049,228	2,684,567
Non-controlling Interests	50	50	-	-
	<u>7,049,001</u>	<u>6,608,320</u>	<u>7,020,843</u>	<u>6,601,414</u>
Less: Deferred tax asset	(500,484)	(432,260)	(499,081)	(432,260)
Total Tier 1 capital	<u>6,548,517</u>	<u>6,176,060</u>	<u>6,521,762</u>	<u>6,169,154</u>
<u>Tier 2 capital</u>				
Innovative Tier 1 capital	252,822	308,691	256,836	309,727
Medium term notes	1,557,800	1,557,800	1,557,800	1,557,800
Collective allowance for impaired loans and advances	1,246,755	1,166,407	1,242,996	1,161,406
Total Tier 2 capital	<u>3,057,377</u>	<u>3,032,898</u>	<u>3,057,632</u>	<u>3,028,933</u>
Maximum allowable Tier 2 Capital	<u>3,057,377</u>	<u>3,032,898</u>	<u>3,057,632</u>	<u>3,028,933</u>
Total capital funds	9,605,894	9,208,958	9,579,394	9,198,087
Less:				
Investment in subsidiaries	(32,769)	(32,769)	(32,780)	(32,780)
Other deduction	(10,263)	(18,672)	(10,263)	(18,672)
Capital base	<u>9,562,862</u>	<u>9,157,517</u>	<u>9,536,351</u>	<u>9,146,635</u>

Excludes collective allowance on impaired loans and advances restricted from Tier 2 capital of the Group and the Bank as at 31 December 2011 of RM343,324,000 (31 March 2011: RM480,983,000) and RM343,292,000 (31 March 2011: RM480,964,000) respectively.

**AmBank (M) Berhad
(Incorporated in Malaysia)
And Its Subsidiaries**

A34. Capital Adequacy (Contd.)

The breakdown of the risk-weighted assets in various categories of risks are as follows:

	The Group		The Bank	
	31 December	31 March	31 December	31 March
	2011	2011	2011	2011
	RM'000	RM'000	RM'000	RM'000
Credit risk	55,900,105	55,812,960	55,815,795	55,732,987
Market risk	4,463,424	2,242,197	4,463,424	2,242,197
Operational risk	5,374,766	5,176,229	4,451,284	3,997,167
Large exposure risk requirement for equity holdings	3,373	-	3,373	-
Total risk-weighted assets	<u>65,741,668</u>	<u>63,231,386</u>	<u>64,733,876</u>	<u>61,972,351</u>

A35. Change in accounting policies and Comparatives

Restatement of comparatives:

- During the previous financial year, the Bank disposed its entire shareholding in its wholly-owned Islamic banking subsidiary, Amlslamic Bank to its ultimate holding company, AMMB. Arising from this, the 9 months comparative results for the operations of Amlslamic Bank are presented separately in the Income Statement and Statement of Comprehensive Income of the Group as discontinued operations.
- During the quarter, recoveries of expenses charged to subsidiaries and other related companies which were previously taken up under Other Operating Income were reclassified to Other operating Expenses under Service Transfer Pricing Expenses/(Recovery). The classification is to conform with current year presentation which better reflects the nature of the items.

AmBank (M) Berhad
(Incorporated in Malaysia)
And Its Subsidiaries

A35. Change in accounting policies and Comparatives (Contd.)**Restatement of comparatives (Contd.):**

The following comparative figures which have been restated arising from the above are as follows:

The Group	As previously reported RM'000	Other Reclassification RM'000	Reclassified as Discontinued operations RM'000	As restated RM'000
<u>Consolidated Income Statement for the period ended 31 December 2010</u>				
Net income from Islamic banking business	566,342	-	(566,348)	(6)
Other operating income	417,977	(16,148)	-	401,829
Other operating expenses	(931,628)	16,148	14,591	(900,889)
Allowance for impairment on loans and advances	(364,317)	-	156,415	(207,902)
(Provision)/writeback for commitment and contingencies	(7,453)	-	2,891	(4,562)
Impairment (loss)/writeback on other assets	(11,908)	-	(4,218)	(16,126)
Transfer to profit equalisation reserve	30,897	-	(30,897)	-
Zakat	(577)	-	577	-
Taxation	(282,657)	-	54,325	(228,332)
<u>Consolidated Statement of Comprehensive Income for the period ended 31 December 2010</u>				
Net gain / (loss) on financial investments available-for-sale	(21,693)	-	4,336	(17,357)
Income tax relating to the components of other comprehensive income/(loss)	2,927	-	(1,084)	1,843
The Bank				
<u>Income Statement for the period ended 31 December 2010</u>				
Other operating income	653,850	(212,496)	-	441,354
Other operating expenses	(916,120)	212,496	-	(703,624)