

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

UNAUDITED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2013

	Note	Group	
		30.06.13 RM'000	31.03.13 RM'000
ASSETS			
Cash and short-term funds		10,711,530	11,233,573
Securities purchased under resale agreements		265,432	200,605
Deposits and placements with banks and other financial institutions		810,913	2,322,657
Derivative financial assets	A28	455,921	383,257
Financial assets held-for-trading	A8	7,532,969	7,021,986
Financial investments available-for-sale	A9	7,353,952	7,208,604
Financial investments held-to-maturity	A10	6,118,862	6,219,804
Loans, advances and financing	A11	84,182,979	82,586,332
Statutory deposits with Bank Negara Malaysia	A12	3,047,477	2,907,435
Deferred tax assets		76,958	136,244
Investment in associate		22,113	20,935
Other assets	A13	2,710,818	2,864,266
Reinsurance, retakaful assets and other insurance receivables		220,787	166,627
Investment properties		80,165	80,165
Property and equipment		386,683	395,147
Intangible assets		3,269,344	3,245,653
TOTAL ASSETS		127,246,903	126,993,290
LIABILITIES AND EQUITY			
Deposits and placements of banks and other financial institutions	A14	2,981,943	3,152,946
Securities sold under repurchase agreements		39,770	-
Recourse obligation on loans and financing sold to Cagamas Berhad		3,333,200	3,337,941
Derivative financial liabilities	A28	543,679	422,655
Deposits from customers	A15	87,284,053	84,859,987
Term funding		6,116,223	6,255,969
Bills and acceptances payable		698,471	1,964,800
Debt capital		4,213,738	4,205,232
Deferred tax liabilities		46,239	32,043
Other liabilities	A16	3,675,230	5,046,439
Insurance, takaful contract liabilities and other insurance payables		4,676,808	4,582,048
Total Liabilities		113,609,354	113,860,060
Share capital		3,014,185	3,014,185
Reserves		9,496,317	9,018,995
Equity attributable to equity holders of the Company		12,510,502	12,033,180
Non-controlling interests		1,127,047	1,100,050
Total Equity		13,637,549	13,133,230
TOTAL LIABILITIES AND EQUITY		127,246,903	126,993,290
COMMITMENTS AND CONTINGENCIES	A27	104,382,191	101,874,706

AMMB HOLDINGS BERHAD
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UNAUDITED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2013 (CONT'D.)

	Note	Group 30.06.13 RM'000	31.03.13 RM'000
CAPITAL ADEQUACY RATIO	A29		
Before deducting proposed dividends:			
Common Equity Tier 1 ("CET1") Capital		9.172%	9.312%
Tier 1 capital Ratio		10.826%	11.010%
Total capital Ratio		14.516%	14.772%
After deducting proposed dividends:			
Common Equity Tier 1 ("CET1") Capital		8.748%	8.877%
Tier 1 capital Ratio		10.402%	10.575%
Total capital Ratio		14.093%	14.337%
 NET ASSETS PER ORDINARY SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY (RM)		4.15	3.99

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

AMMB HOLDINGS BERHAD
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UNAUDITED CONSOLIDATED INCOME STATEMENTS
FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2013

Group	Note	Individual Quarter		Cumulative Quarter	
		30.06.13 RM'000	30.06.12 RM'000	30.06.13 RM'000	30.06.12 RM'000
Operating revenue	A23	1,992,313	1,811,139	1,992,313	1,811,139
Interest income	A17	1,147,388	1,080,262	1,147,388	1,080,262
Interest expense	A18	(591,565)	(552,559)	(591,565)	(552,559)
Net interest income		555,823	527,703	555,823	527,703
Net income from Islamic banking business		237,007	222,873	237,007	222,873
Income from insurance business		517,641	244,443	517,641	244,443
Insurance claims and commissions		(404,515)	(207,758)	(404,515)	(207,758)
Net income from insurance business	A19	113,126	36,685	113,126	36,685
Other operating income	A20	290,888	299,702	290,888	299,702
Share in result of associate		1,179	-	1,179	-
Net income		1,198,023	1,086,963	1,198,023	1,086,963
Other operating expenses	A21	(562,113)	(462,413)	(562,113)	(462,413)
Operating profit		635,910	624,550	635,910	624,550
Allowances for impairment on loans and financing	A22	20,397	(15,178)	20,397	(15,178)
Impairment (loss)/writeback on:					
Financial investments		(182)	(96)	(182)	(96)
Doubtful sundry receivables - net		8,222	58	8,222	58
Foreclosed properties		(259)	(10,024)	(259)	(10,024)
(Provision)/Writeback of provision for commitments and contingencies		(8,199)	17,412	(8,199)	17,412
Transfer (to)/from profit equalisation reserve		(7,209)	(396)	(7,209)	(396)
Profit before taxation and zakat		648,680	616,326	648,680	616,326
Taxation and zakat	B5	(156,621)	(162,626)	(156,621)	(162,626)
Profit for the period		492,059	453,700	492,059	453,700
Attributable to:					
Equity holders of the Company		467,862	442,875	467,862	442,875
Non-controlling interests		24,197	10,825	24,197	10,825
Profit for the period		492,059	453,700	492,059	453,700
EARNINGS PER SHARE (SEN)	B11				
Basic		15.57	14.79	15.57	14.79
Fully diluted		15.55	14.77	15.55	14.77

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AMMB HOLDINGS BERHAD
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UNAUDITED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2013

Group	Note	Individual Quarter		Cumulative Quarter	
		30.06.13 RM'000	30.06.12 RM'000	30.06.13 RM'000	30.06.12 RM'000
Profit for the period		492,059	453,700	492,059	453,700
Other comprehensive income/(loss):					
Foreign exchange differences on translation of foreign operations		6,206	7,207	6,206	7,207
Net movement on cash flow hedges		4,312	(13,174)	4,312	(13,174)
Net movement on financial investments available-for-sale		(818)	(55,952)	(818)	(55,952)
Income tax relating to the components of other comprehensive income		291	11,958	291	11,958
Other comprehensive income/(loss) for the period, net of tax		9,991	(49,961)	9,991	(49,961)
Total comprehensive income for the period		502,050	403,739	502,050	403,739
Total comprehensive income for the period attributable to:					
Equity holders of the Company		475,038	402,119	475,038	402,119
Non-controlling interests		27,012	1,620	27,012	1,620
		502,050	403,739	502,050	403,739

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

AMMB HOLDINGS BERHAD
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UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2013

Group	Attributable to Equity Holders of the Company								Total Equity RM'000
	Non-Distributable				Distributable				
	Ordinary Share Capital RM'000	Share Premium RM'000	Other Reserves RM'000	Shares Held In Trust for ESS RM'000	Retained Earnings Non-participating Funds RM'000	Retained Earnings RM'000	Total RM'000	Non- controlling Interests RM'000	
At 1 April 2012	3,014,185	2,537,372	1,945,591	(154,179)	104,056	3,664,064	11,111,089	380,865	11,491,954
Profit for the period	-	-	-	-	-	442,875	442,875	10,825	453,700
Other comprehensive loss, net	-	-	(40,757)	-	-	-	(40,757)	(9,205)	(49,962)
Total comprehensive income/(loss) for the period	-	-	(40,757)	-	-	442,875	402,118	1,620	403,738
Share-based payment under ESS, net	-	-	3,926	-	-	-	3,926	-	3,926
ESS shares vested to employees of subsidiaries	-	-	(39,492)	47,064	-	-	7,572	-	7,572
Transfer of ESS shares recharged difference on purchase price for shares vested	-	-	-	-	-	(7,116)	(7,116)	(182)	(7,298)
Transfer to profit equalisation reserve	-	-	1,495	-	-	-	1,495	-	1,495
Net utilisation of profit equalisation reserve	-	-	(94)	-	-	94	-	-	-
Unallocated surplus transfer	-	-	-	-	(5,415)	8,062	2,647	(2,321)	326
Dividend paid	-	-	-	-	-	-	-	(870)	(870)
At 30 June 2012	3,014,185	2,537,372	1,870,669	(107,115)	98,641	4,107,979	11,521,731	379,112	11,900,843

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UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2013

Group	Attributable to Equity Holders of the Company							Non-controlling Interests RM'000	Total Equity RM'000
	Non-Distributable				Distributable				
	Ordinary Share Capital RM'000	Share Premium RM'000	Other Reserves RM'000	Shares Held In Trust for ESS RM'000	Retained Earnings Non-participating Funds RM'000	Retained Earnings RM'000	Total RM'000		
At 1 April 2013	3,014,185	2,537,372	1,974,999	(74,937)	110,364	4,471,197	12,033,180	1,100,050	13,133,230
Profit for the period	-	-	-	-	-	467,862	467,862	24,197	492,059
Other comprehensive income, net	-	-	7,176	-	-	-	7,176	2,815	9,991
Total comprehensive income for the period	-	-	7,176	-	-	467,862	475,038	27,012	502,050
Share-based payment under ESS, net	-	-	(18,170)	-	-	-	(18,170)	-	(18,170)
ESS shares vested to employees of subsidiaries	-	-	(218)	23,807	-	-	23,589	-	23,589
Transfer of ESS shares recharged difference on purchase price for shares vested	-	-	-	-	-	863	863	(15)	848
Net utilisation of profit equalisation reserve	-	-	6,087	-	-	(6,087)	-	-	-
Unallocated surplus transfer	-	-	-	-	11,994	(15,992)	(3,998)	-	(3,998)
Dividend paid	-	-	-	-	-	-	-	-	-
At 30 June 2013	3,014,185	2,537,372	1,969,874	(51,130)	122,358	4,917,843	12,510,502	1,127,047	13,637,549

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

AMMB HOLDINGS BERHAD
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UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2013

Group	30.06.13 RM'000	30.06.12 RM'000
Profit before taxation	648,680	616,326
Add adjustments for non-operating and non-cash items	(101,843)	(108,519)
Operating profit before working capital changes	546,837	507,807
<i>Decrease/(Increase) in operating assets:</i>		
Securities purchased under resale agreements	(64,826)	1,002
Deposits and placements with banks and other financial institutions	1,511,744	(2,859,034)
Financial assets held-for-trading	(525,839)	2,583,043
Loans, advances and financing	(1,576,249)	(2,407,451)
Reinsurance, retakaful assets and other insurance receivables	(54,160)	(108,252)
Other assets	348,525	107,660
Statutory deposits with Bank Negara Malaysia	(140,042)	(50,932)
<i>Increase/(Decrease) in operating liabilities:</i>		
Deposits and placements of banks and other financial institutions	(171,002)	(240,857)
Securities sold under repurchase agreements	39,770	(20,303)
Recourse obligation on loans sold to Cagamas Berhad	(4,741)	17,590
Deposits from customers	2,424,059	3,439,662
Term funding	(139,746)	(178,024)
Bills and acceptances payable	(1,266,330)	562,875
Insurance, takaful contract liabilities and other insurance payables	94,760	(184,244)
Other liabilities	(1,400,475)	134,628
Cash (used in)/generated from operations	(377,715)	1,305,170
Taxation paid	(179,404)	(108,239)
Net cash (used in)/generated from operating activities	(557,119)	1,196,931
<i>Cash flows from investing activities</i>		
Purchase/(Disposal) of financial investments - net	27,872	(79,655)
Dividends received from other investments	30,646	16,361
Proceeds from disposal of property and equipment	539	50
Purchase of property and equipment	(17,168)	(9,414)
Purchase of computer software	(31,401)	58,793
Net cash used in investing activities	10,488	(13,865)
<i>Cash flows from financing activities</i>		
ESS shares vested to eligible employees	23,807	47,064
Transfer of ESS shares recharged difference on purchase price for shares vested	863	(7,116)
Dividends paid to non-controlling interests by subsidiaries	-	(870)
Net cash generated from financing activities	24,670	39,078
Net (decrease)/increase in cash and cash equivalents	(521,961)	1,222,144
Cash and cash equivalents at beginning of period	11,233,573	7,813,159
Cash and cash equivalents at end of period	10,711,612	9,035,303

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

Group	30.06.13 RM'000	30.06.12 RM'000
Cash and short-term funds	10,711,530	9,034,837
Effect of exchange rates changes	82	466
Cash and cash equivalents	10,711,612	9,035,303

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EXPLANATORY NOTES :

A1. BASIS OF PREPARATION

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

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 for the financial year ended 31 March 2013 which are available upon request from the Company’s registered office at Level 22, Bangunan AmBank Group, No. 55, Jalan Raja Chulan, 50200 Kuala Lumpur.

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

The accounting policies and methods of computation applied in these condensed consolidated interim financial statements are consistent with those adopted in the most recent audited annual financial statements for the financial year ended 31 March 2013 except for the adoption of the following financial reporting standards, which did not have any impact on the accounting policies, financial position or performance of the Group:

Standards effective for financial year ending 31 March 2014:

- MFRS 3, Business Combinations (IFRS 3, Business Combinations issued by IASB in March 2004)
- MFRS 10, Consolidated Financial Statements
- MFRS 11, Joint Arrangements
- MFRS 12, Disclosure of Interests in Other Entities
- MFRS 13, Fair Value Measurement
- MFRS 127, Separate Financial Statements
- MFRS 128, Investments in Associates and Joint Ventures
- Amendments to MFRS 7, Disclosures: Offsetting Financial Assets and Financial Liabilities
- Amendments to MFRS 10, MFRS 11 and MFRS 12: Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance
- Amendments to MFRS 101, Presentation of Items of Other Comprehensive Income
- Amendments to MFRSs contained in the document entitled “Annual Improvements 2009–2011 Cycle

Standards issued but not yet effective

The following are financial reporting standards issued by MASB that will be effective for the Group in future years. The Group intends to adopt the relevant standards when they become effective.

Standards effective for financial year ending 31 March 2015:

- Amendments to MFRS 10, MFRS 12 and MFRS 127: Investment Entities
- Amendments to MFRS 132: Offsetting Financial Assets and Financial Liabilities

Standards effective for financial year ending 31 March 2016:

- MFRS 9, Financial Instruments

A2. AUDIT QUALIFICATION

There was no audit qualification in the annual financial statements for the year ended 31 March 2013.

A3. SEASONALITY OR CYCLICALITY OF OPERATIONS

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

A4. UNUSUAL ITEMS DUE TO THEIR NATURE, SIZE OR INCIDENCE

There were no unusual items during the current financial quarter.

A5. CHANGES IN ESTIMATES

There was no material change in estimates of amounts reported in the prior financial years that have a material effect on the financial period ended 30 June 2013.

A6. ISSUANCE, REPURCHASE AND REPAYMENT OF DEBT AND EQUITY SECURITIES

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

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

A7. DIVIDENDS PAID

No dividend has been paid during the current financial quarter.

A8. FINANCIAL ASSETS HELD-FOR-TRADING

	Group	
	30.06.13	31.03.13
	RM'000	RM'000
At Fair Value		
Money Market Instruments:		
Malaysian Government Securities	399,176	240,252
Government Investment Issues	524,158	366,752
Bank Negara Monetary Notes	1,238,196	813,112
Negotiable instruments of deposits	-	68,460
	<u>2,161,530</u>	<u>1,488,576</u>
Quoted Securities:		
In Malaysia:		
Shares	211,334	176,435
Unit trusts	43,112	89,906
Warrants	5,200	4,651
Private debt securities	9,979	23,179
Outside Malaysia:		
Shares	579	4,852
	<u>270,204</u>	<u>299,023</u>
Unquoted Securities:		
In Malaysia:		
Unit trusts	2,118,225	1,566,829
Private debt securities	2,489,653	3,179,357
Outside Malaysia:		
Unit trusts	1,852	1,940
Private debt securities	491,505	486,261
	<u>5,101,235</u>	<u>5,234,387</u>
Total	<u><u>7,532,969</u></u>	<u><u>7,021,986</u></u>

A9. FINANCIAL INVESTMENTS AVAILABLE-FOR-SALE

	Group	
	30.06.13	31.03.13
	RM'000	RM'000
At Fair Value		
Money Market Instruments:		
Malaysian Government Securities	149,835	-
Government Investment Issues	114,115	31,975
Negotiable instruments of deposits	229,402	843,075
Islamic negotiable debt securities	1,028,904	745,696
	<u>1,522,256</u>	<u>1,620,746</u>
Quoted Securities:		
In Malaysia:		
Shares	141,633	343,658
Unit trusts	505,360	513,707
Private debt securities	-	5,455
Outside Malaysia:		
Shares	31,682	29,394
	<u>678,675</u>	<u>892,214</u>
Unquoted Securities:		
In Malaysia:		
Unit trusts	1,561,657	1,341,251
Private debt securities	3,170,040	2,910,447
Outside Malaysia:		
Unit trusts	7,951	-
Private debt securities	243,818	274,766
	<u>4,983,466</u>	<u>4,526,464</u>
At Cost		
Unquoted Securities:		
In Malaysia:		
Shares	143,494	143,500
Outside Malaysia:		
Shares	26,061	25,680
	<u>169,555</u>	<u>169,180</u>
Total	<u>7,353,952</u>	<u>7,208,604</u>

A10. FINANCIAL INVESTMENTS HELD-TO-MATURITY

	Group	
	30.06.13	31.03.13
	RM'000	RM'000
At Amortised Cost		
Money Market Instruments:		
Bank Negara Monetary Notes	2,794,980	2,980,844
Unquoted Securities:		
In Malaysia:		
Private debt securities	3,332,522	3,432,969
	6,127,502	6,413,813
Accumulated impairment losses	(8,640)	(194,009)
Total	6,118,862	6,219,804

A11. LOANS, ADVANCES AND FINANCING

	Group	
	30.06.13	31.03.13
	RM'000	RM'000
At Amortised Cost:		
Loans and financing:		
Term loans	26,544,926	26,106,610
Revolving credits	7,882,657	7,143,751
Housing loans/financing	13,453,965	13,198,316
Staff loans	145,571	148,965
Hire-purchase receivables	27,510,962	27,564,925
Credit card receivables	2,156,834	2,191,778
Overdraft	3,138,020	3,139,452
Claims on customers under acceptance credits	3,644,078	3,624,811
Trust receipts	980,127	934,900
Bills receivables	672,230	534,726
Others	194,272	171,015
Gross loans, advances and financing	86,323,642	84,759,249
Allowance for impairment on loans, advances and financing:		
Collective allowance	(2,005,801)	(1,986,361)
Individual allowance	(134,862)	(186,556)
	(2,140,663)	(2,172,917)
Net loans, advances and financing	84,182,979	82,586,332

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

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

	Group	
	30.06.13	31.03.13
	RM'000	RM'000
Domestic non-bank financial institutions	1,555,858	1,788,780
Domestic business enterprises:		
Small and medium enterprises	10,698,368	10,278,020
Others	26,798,527	25,791,379
Government and statutory bodies	439,334	417,382
Individuals	46,366,930	45,978,280
Other domestic entities	18,016	23,053
Foreign entities	446,609	482,355
	<u>86,323,642</u>	<u>84,759,249</u>

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

	Group	
	30.06.13	31.03.13
	RM'000	RM'000
In Malaysia	85,460,000	83,879,206
Outside Malaysia	863,642	880,043
	<u>86,323,642</u>	<u>84,759,249</u>

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

	Group	
	30.06.13	31.03.13
	RM'000	RM'000
Variable rate:		
Base lending rate plus	25,937,310	25,417,300
Cost plus	19,587,555	19,751,119
Other variable rates	2,652,795	1,426,700
	<u>48,177,660</u>	<u>46,595,119</u>
Fixed rate:		
Housing loans/financing	1,992,198	2,069,989
Hire purchase receivables	24,515,369	24,454,794
Other fixed rate loans/financing	11,638,415	11,639,347
	<u>38,145,982</u>	<u>38,164,130</u>
	<u>86,323,642</u>	<u>84,759,249</u>

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

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

	Group	
	30.06.13 RM'000	31.03.13 RM'000
Agriculture	3,458,773	3,265,118
Mining and quarrying	2,639,749	1,785,481
Manufacturing	8,204,600	7,871,984
Electricity, gas and water	927,837	685,621
Construction	3,042,789	3,463,982
Wholesale and retail trade and hotels and restaurants	5,648,097	5,486,758
Transport, storage and communication	2,445,335	2,592,491
Finance and insurance	1,539,121	1,788,776
Real estate	7,789,602	7,437,154
Business activities	1,890,909	1,995,123
Education and health	1,756,318	1,793,139
Household of which:	46,339,294	45,938,601
Purchase of residential properties	13,627,623	13,353,097
Purchase of transport vehicles	25,522,141	25,495,818
Others	7,189,530	7,089,686
Others	641,218	655,021
	86,323,642	84,759,249

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

	Group	
	30.06.13 RM'000	31.03.13 RM'000
Maturing within one year	19,587,751	18,645,901
Over one year to three years	8,738,616	9,259,486
Over three years to five years	13,331,091	12,991,840
Over five years	44,666,184	43,862,022
	86,323,642	84,759,249

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

	Group	
	30.06.13 RM'000	31.03.13 RM'000
Gross		
Balance at beginning of financial period/year	1,680,471	1,906,176
Impaired during the period/year	570,398	1,253,501
Reclassified as non-impaired	(233,035)	(292,479)
Recoveries	(125,039)	(408,636)
Amount written-off	(273,831)	(793,677)
Repurchase of impaired loans	102	2,888
Arising from acquisition of subsidiary	-	12,698
Balance at end of financial period/year	1,619,066	1,680,471
Gross impaired loans, advances and financing as % of gross loans, advances and financing	1.9%	2.0%
Loan loss coverage excluding collateral values	132.2%	129.3%

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

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

	Group	
	30.06.13	31.03.13
	RM'000	RM'000
In Malaysia	1,619,066	1,680,471

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

	Group	
	30.06.13	31.03.13
	RM'000	RM'000
Agriculture	21,022	20,598
Mining and quarrying	3,326	17,888
Manufacturing	246,621	254,786
Electricity, gas and water	23,770	25,906
Construction	44,821	51,111
Wholesale and retail trade and hotels and restaurants	45,844	49,908
Transport, storage and communication	28,990	18,593
Finance and insurance	-	28,287
Real estate	13,537	18,244
Business activities	19,212	18,898
Education and health	54,396	56,066
Household of which:	1,106,864	1,109,222
Purchase of residential properties	521,560	547,409
Purchase of transport vehicles	474,638	439,164
Others	110,666	122,649
Others	10,663	10,964
	<u>1,619,066</u>	<u>1,680,471</u>

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

	Group	
	30.06.13	31.03.13
	RM'000	RM'000
Collective allowance		
Balance at beginning of financial period/year	1,986,361	2,048,758
Allowance made during the financial period/year, net	182,675	455,228
Amount written-off	(163,753)	(563,368)
Arising from acquisition of subsidiary	-	40,536
Exchange fluctuation adjustments	518	5,207
Balance at end of financial period/year	<u>2,005,801</u>	<u>1,986,361</u>
Collective allowance as % of gross loans, advances and financing less individual allowance	<u>2.3%</u>	<u>2.3%</u>
Individual allowance		
Balance at beginning of financial period/year	186,556	134,792
Allowance made during the financial period/year, net	58,839	287,718
Amount written-off	(110,533)	(235,954)
Balance at end of financial period/year	<u>134,862</u>	<u>186,556</u>

A12. STATUTORY DEPOSIT WITH BANK NEGARA MALAYSIA

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

A13. OTHER ASSETS

	Group	
	30.06.13	31.03.13
	RM'000	RM'000
Trade receivables, net of allowance for doubtful debts	948,526	973,257
Other receivables, deposits and prepayments, net of allowance for impairment	1,032,442	1,161,287
Interest receivables, net of allowance for impairment	215,978	217,152
Fee receivable, net of allowance for impairment	47,274	47,269
Amount due from Originators	375,323	379,657
Amount due from agents, brokers and reinsurers, net of allowance	18,464	12,812
Foreclosed properties, net of allowance for impairment	72,811	72,832
	<u>2,710,818</u>	<u>2,864,266</u>

Amount due from Originators represents housing loans and personal financing acquired from originators for onward sale to Cagamas Berhad with recourse.

A14. DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

	Group	
	30.06.13	31.03.13
	RM'000	RM'000
Deposits from:		
Licensed banks	310,421	233,412
Licensed investment banks	191,969	402,298
Bank Negara Malaysia	927,859	863,663
Other financial institutions	1,551,694	1,653,573
	<u>2,981,943</u>	<u>3,152,946</u>

A15. DEPOSITS FROM CUSTOMERS

	Group	
	30.06.13	31.03.13
	RM'000	RM'000
Demand deposits	12,748,352	11,776,089
Savings deposits	5,254,438	5,071,454
Term/Investment deposits	69,209,227	67,928,630
Negotiable instruments of deposits	72,036	83,814
	<u>87,284,053</u>	<u>84,859,987</u>

The deposits are sourced from the following types of customers:

Business enterprises	41,375,639	39,348,222
Individuals	34,342,393	33,952,401
Government and statutory bodies	9,731,599	9,852,981
Others	1,834,422	1,706,383
	<u>87,284,053</u>	<u>84,859,987</u>

A16. OTHER LIABILITIES

	Group	
	30.06.13	31.03.13
	RM'000	RM'000
Trade payables	682,830	930,052
Other payables and accruals	1,949,568	3,060,408
Interest payable	748,809	712,719
Lease deposits and advance rentals	25,519	29,401
Provision for commitments and contingencies	213,063	204,795
Profit equalisation reserve	8,868	1,659
Provision for taxation	46,573	107,405
	3,675,230	5,046,439

A17. INTEREST INCOME

Group	Individual Quarter		Cumulative Quarter	
	30.06.13	30.06.12	30.06.13	30.06.12
	RM'000	RM'000	RM'000	RM'000
Short-term funds and deposits with financial institutions	48,370	44,828	48,370	44,828
Financial assets held-for-trading	34,092	64,536	34,092	64,536
Financial investments available-for-sale	46,493	56,044	46,493	56,044
Financial investments held-to-maturity	55,479	1,527	55,479	1,527
Loans and advances	957,251	905,465	957,251	905,465
Impaired loans, advance and financing	505	2,368	505	2,368
Others	5,198	5,494	5,198	5,494
	1,147,388	1,080,262	1,147,388	1,080,262

A18. INTEREST EXPENSE

Group	Individual Quarter		Cumulative Quarter	
	30.06.13	30.06.12	30.06.13	30.06.12
	RM'000	RM'000	RM'000	RM'000
Deposits from customers	457,690	429,390	457,690	429,390
Deposit and placements of banks and other financial institutions	11,077	15,515	11,077	15,515
Senior notes	46,112	32,929	46,112	32,929
Credit-Linked Note	6,322	6,614	6,322	6,614
Recourse obligation on loans sold to Cagamas Berhad	10,166	10,168	10,166	10,168
Term loans	6,974	5,819	6,974	5,819
Subordinated deposits and term loans	5,684	5,796	5,684	5,796
Medium term notes	20,648	22,013	20,648	22,013
Hybrid and Innovative Tier 1 capital securities	19,971	20,115	19,971	20,115
Others	6,921	4,200	6,921	4,200
	591,565	552,559	591,565	552,559

A19. NET INCOME FROM INSURANCE BUSINESS

Group	Individual Quarter		Cumulative Quarter	
	30.06.13 RM'000	30.06.12 RM'000	30.06.13 RM'000	30.06.12 RM'000
Income from Insurance Business:				
Premium income from general insurance business	382,116	139,344	382,116	139,344
Premium income from life and family takaful insurance business	135,525	105,099	135,525	105,099
	<u>517,641</u>	<u>244,443</u>	<u>517,641</u>	<u>244,443</u>
Insurance Claims and Commissions:				
Insurance commission	56,985	29,155	56,985	29,155
General insurance claims	239,917	90,684	239,917	90,684
Life and family takaful insurance claims	107,613	87,919	107,613	87,919
	<u>404,515</u>	<u>207,758</u>	<u>404,515</u>	<u>207,758</u>
Total income from insurance business, net	<u>113,126</u>	<u>36,685</u>	<u>113,126</u>	<u>36,685</u>

A20. OTHER OPERATING INCOME

Group	Individual Quarter		Cumulative Quarter	
	30.06.13 RM'000	30.06.12 RM'000	30.06.13 RM'000	30.06.12 RM'000
Fee and commission income:				
Fees on loans, financing and securities	67,275	53,465	67,275	53,465
Corporate advisory	4,777	10,164	4,777	10,164
Guarantee fees	12,188	9,241	12,188	9,241
Underwriting commissions	-	3,608	-	3,608
Portfolio management fees	8,166	7,300	8,166	7,300
Unit trust management fees	24,739	23,521	24,739	23,521
Brokerage rebates	158	69	158	69
Property trust management fees	1,583	1,441	1,583	1,441
Brokerage fees and commissions	25,011	20,211	25,011	20,211
Bancassurance commission	9,300	8,484	9,300	8,484
Wealth management fees	6,632	5,096	6,632	5,096
Other fee and commission income	23,051	22,901	23,051	22,901
	<u>182,880</u>	<u>165,501</u>	<u>182,880</u>	<u>165,501</u>
Investment and trading income:				
Net gain from sale of financial assets held-for-trading	5,829	15,426	5,829	15,426
Net gain from sale of financial investments available-for-sale	16,667	30,010	16,667	30,010
Net gain on redemption of financial investments held-to-maturity	785	31,393	785	31,393
Net gain/(loss) on revaluation of financial assets held-for-trading	(29,718)	(14,959)	(29,718)	(14,959)
Net foreign exchange gain ¹	28,915	17,201	28,915	17,201
Net gain on derivatives	29,176	28,020	29,176	28,020
Gross dividend income from:				
Financial assets held-for-trading	10,039	5,177	10,039	5,177
Financial investments available-for-sale	30,822	16,638	30,822	16,638
Others	(4)	(250)	(4)	(250)
	<u>92,511</u>	<u>128,656</u>	<u>92,511</u>	<u>128,656</u>

A20. OTHER OPERATING INCOME (CONT'D.)

Group	Individual Quarter		Cumulative Quarter	
	30.06.13 RM'000	30.06.12 RM'000	30.06.13 RM'000	30.06.12 RM'000
Other income:				
Net non-trading foreign exchange gain	(61)	(126)	(61)	(126)
Net gain on disposal of property and equipment	243	26	243	26
Rental income	1,964	49	1,964	49
Others	13,351	5,596	13,351	5,596
	<u>15,497</u>	<u>5,545</u>	<u>15,497</u>	<u>5,545</u>
	<u>290,888</u>	<u>299,702</u>	<u>290,888</u>	<u>299,702</u>

¹ Foreign exchange gain includes gains and losses from spot and forward contracts and other currency derivatives.

A21. OTHER OPERATING EXPENSES

Group	Individual Quarter		Cumulative Quarter	
	30.06.13 RM'000	30.06.12 RM'000	30.06.13 RM'000	30.06.12 RM'000
Personnel costs:				
Salaries, allowances and bonuses	263,789	219,917	263,789	219,917
Shares/options granted under Group Executives' Share Scheme	5,647	3,942	5,647	3,942
Others	71,502	59,669	71,502	59,669
	<u>340,938</u>	<u>283,528</u>	<u>340,938</u>	<u>283,528</u>
Establishment costs:				
Depreciation of property and equipment	16,733	13,864	16,733	13,864
Amortisation of intangible assets	16,445	12,691	16,445	12,691
Computerisation costs	48,016	43,593	48,016	43,593
Rental of premises	25,083	23,757	25,083	23,757
Cleaning, maintenance and security	6,927	6,951	6,927	6,951
Others	11,985	7,495	11,985	7,495
	<u>125,189</u>	<u>108,351</u>	<u>125,189</u>	<u>108,351</u>
Marketing and communication expenses:				
Sales commission	3,216	495	3,216	495
Advertising, promotional and other marketing activities	15,100	12,313	15,100	12,313
Telephone charges	5,054	4,636	5,054	4,636
Postage	4,888	4,224	4,888	4,224
Travel and entertainment	6,989	4,743	6,989	4,743
Others	9,161	5,887	9,161	5,887
	<u>44,408</u>	<u>32,298</u>	<u>44,408</u>	<u>32,298</u>
Administration and general expenses:				
Professional services	28,667	23,501	28,667	23,501
Donations	5,098	30	5,098	30
Administration and management expenses	176	257	176	257
Others	25,808	18,531	25,808	18,531
	<u>59,749</u>	<u>42,319</u>	<u>59,749</u>	<u>42,319</u>
Expenses capitalised	(8,171)	(4,083)	(8,171)	(4,083)
	<u>562,113</u>	<u>462,413</u>	<u>562,113</u>	<u>462,413</u>

A22. ALLOWANCE FOR IMPAIRMENT ON LOANS AND FINANCING

Group	Individual Quarter		Cumulative Quarter	
	30.06.13 RM'000	30.06.12 RM'000	30.06.13 RM'000	30.06.12 RM'000
Allowance for impaired loans, advances and financing:				
Individual allowance, net	58,839	17,260	58,839	17,260
Collective allowance, net	182,675	161,586	182,675	161,586
Impaired loans, advances and financing:				
Recovered, net	(261,911)	(163,668)	(261,911)	(163,668)
	<u>(20,397)</u>	<u>15,178</u>	<u>(20,397)</u>	<u>15,178</u>

A23. BUSINESS SEGMENT ANALYSIS

Group	Retail Banking	Business Banking	Investment Banking	Corporate and Institutional Banking	Insurance	Markets	Group Functions and Others	Total
30.06.13	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Operating revenue	748,027	212,890	98,771	452,543	189,543	59,687	230,852	1,992,313
Income	499,487	157,398	97,643	133,442	188,043	49,773	72,237	1,198,023
Expenses	(224,944)	(27,305)	(62,917)	(24,035)	(98,984)	(17,540)	(106,388)	(562,113)
Profit/(Loss) before provisions	274,543	130,093	34,726	109,407	89,059	32,233	(34,151)	635,910
(Provisions)/Writeback of provisions	(30,041)	(15,687)	8,751	6,783	(2,559)	(29)	45,552	12,770
Profit after provisions	244,502	114,406	43,477	116,190	86,500	32,204	11,401	648,680
Taxation and zakat	(60,442)	(28,446)	(9,405)	(25,519)	(23,058)	(7,994)	(1,757)	(156,621)
Net profit for the period	184,060	85,960	34,072	90,671	63,442	24,210	9,644	492,059

Other information:

Cost to income ratio	45.0%	17.3%	64.4%	18.0%	52.6%	35.2%	147.3%	46.9%
Gross loans/ financing	49,169,815	18,200,558	1,124,039	17,701,005	134,268	-	(6,043)	86,323,642
Net loans/ financing	48,117,163	18,001,600	1,117,126	17,597,327	133,115	-	(783,352)	84,182,979
Gross impaired loans, advances and financing	1,266,846	75,045	3,707	40,759	-	-	232,709	1,619,066
Total deposits	37,219,084	9,583,863	76,804	42,328,016	-	429,846	628,383	90,265,996

A23. BUSINESS SEGMENT ANALYSIS (CONT'D.)

Group	Retail Banking	Business Banking	Investment Banking	Corporate and Institutional Banking	Insurance	Markets	Group Functions and Others	Total
30.06.12	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Operating revenue	687,347	195,442	90,662	427,344	79,559	83,244	247,541	1,811,139
Income	460,017	149,872	89,800	134,583	79,559	73,294	99,838	1,086,963
Expenses	(197,089)	(26,164)	(57,765)	(20,091)	(49,854)	(21,789)	(89,661)	(462,413)
Profit before provisions	262,928	123,708	32,035	114,492	29,705	51,505	10,177	624,550
(Provisions)/Writeback of provisions	(77,293)	24,999	991	(1,278)	(3,556)	619	47,294	(8,224)
Profit/(Loss) after provisions	185,635	148,707	33,026	113,214	26,149	52,124	57,471	616,326
Taxation and zakat	(46,409)	(37,479)	(8,922)	(23,499)	(10,907)	(12,971)	(22,439)	(162,626)
Net profit/(loss) for the period	139,226	111,228	24,104	89,715	15,242	39,153	35,032	453,700

Other information

Cost to income ratio	42.8%	17.5%	64.3%	14.9%	62.7%	29.7%	89.8%	42.5%
Gross loans/ financing	47,046,994	16,956,560	645,676	15,210,401	88,708	-	342,905	80,291,244
Net loans/ financing	46,005,195	16,616,200	638,577	15,048,929	88,275	-	(321,502)	78,075,674
Gross impaired loans, advances and financing	1,266,011	275,398	4,327	-	-	-	359,464	1,905,200
Total deposits	34,845,840	7,634,406	81,926	39,541,809	-	175,248	2,141,556	84,420,785

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

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

A24. VALUATION OF PROPERTY AND EQUIPMENT

Property and equipment are stated at cost less accumulated depreciation and impairment losses.

A25. EVENTS SUBSEQUENT TO REPORTING DATE

There were no other significant events subsequent to reporting date other than as disclosed in Note B6.

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

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

A27. COMMITMENTS AND CONTINGENCIES

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

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

Group	30.06.13	31.03.13
	Principal Amount RM'000	Principal Amount RM'000
Commitments		
Other commitments, such as formal standby facilities and credit lines, with an original maturity of:		
up to one year	19,280,662	19,414,354
over one year	6,859,200	6,925,080
Unutilised credit card lines	3,130,230	3,196,835
Forward asset purchases	283,446	108,266
	<u>29,553,538</u>	<u>29,644,535</u>
Contingent Liabilities		
Direct credit substitutes	1,552,413	1,505,620
Transaction related contingent items	4,651,359	4,393,242
Obligations under underwriting agreements	300,000	330,000
Short term self liquidating trade related contingencies	722,543	676,655
Others	100	100
	<u>7,226,415</u>	<u>6,905,617</u>
Derivative Financial Instruments		
Interest/Profit rate related contracts:	38,313,703	36,341,198
One year or less	4,012,298	4,548,404
Over one year to five years	24,692,078	22,110,387
Over five years	9,609,327	9,682,407
Foreign exchange related contracts:	27,819,911	27,176,687
One year or less	23,442,145	22,898,737
Over one year to five years	3,492,600	3,440,503
Over five years	885,166	837,447
Credit related contracts:	602,438	863,536
One year or less	-	267,510
Over one year to five years	301,486	298,275
Over five years	300,952	297,751
Equity related contracts:	799,532	876,622
One year or less	361,513	328,612
Over one year to five years	437,998	547,989
Over five years	21	21
Commodity related contracts:	66,654	66,511
One year or less	66,654	66,511
Over one year to five years	-	-
Over five years	-	-
	<u>67,602,238</u>	<u>65,324,554</u>
	<u>104,382,191</u>	<u>101,874,706</u>

A27. COMMITMENTS AND CONTINGENCIES (CONTD.)

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

- (a) The Company has given unsecured guarantees amounting to RM150,000,000 (31 March 2013: RM225,000,000) on behalf of a subsidiary for the payment and discharge of all monies due on trading accounts maintained by customers with the said subsidiary.
- (b) The Company has given a continuing undertaking totalling SGD40,000,000 (31 March 2013: SGD40,000,000) to the Monetary Authority of Singapore on behalf of AmFraser Securities Pte Ltd to meet its liabilities and financial obligations and requirements.
- (c) AmBank (M) Berhad has given a continuing guarantee to Labuan Financial Services Authority ("LFSA") on behalf of AmInternational (L) Ltd ("AMIL"), AmBank's offshore banking subsidiary, to meet all its liabilities and financial obligations and requirements.
- (d) The Company has given a guarantee to HSI Services Limited ("HSI") and Hang Seng Data Services Limited ("HSDS") on behalf of its subsidiary, AmLife Insurance Berhad ("AmLife"), for the performance and discharge by AmLife of its obligations under the licence agreement with HSI and HSDS for use of the Hang Seng China Enterprise Index in respect of AmLife's investment-linked product called AmAsia Link-Capital Guaranteed Fund.
- (e) AmTrustee Berhad ("AmTrustee") was served with a Writ and Statement of Claim dated 12 December 2005 by solicitors acting for Meridian Asset Management Sdn Bhd ("Meridian") for alleged loss and damage amounting to RM27,606,169.65 together with interest and costs arising from the provision of custodian services by AmTrustee to Meridian ("Meridian Suit").

AmTrustee was served on 24 March 2006 with a Writ and Statement of Claim dated 25 January 2006 by solicitors acting for Malaysian Assurance Alliance Berhad ("MAA") for alleged loss and damages amounting to RM19,602,119.23 together with interest and costs ("MAA Suit"). MAA had appointed Meridian as an external fund manager for certain of its insurance funds, and part of the insurance funds were deposited by Meridian with AmTrustee. The claim by MAA in the MAA Suit is part of the portion of the claim as mentioned in the above Meridian Suit. Just before the trial proceeded, MAA added Meridian as a Co- Defendant in the MAA Suit.

AmTrustee was also served on 2 September 2009 with a copy of a Third Party Notice dated 12 August 2009 by solicitors acting for Meridian. The Third Party Notice was taken against AmTrustee by Meridian to indemnify Meridian on a suit filed by Kumpulan Wang Persaraan (DiPerbadankan) ("KWAP") against Meridian in 2007. AmTrustee filed an application to strike out the Third Party Notice. The court allowed AmTrustee's application. Meridian appealed against this decision to the Court of Appeal and the Court of Appeal dismissed the appeal on 1 November 2010 ("Order"). With this Order, AmTrustee is no longer involved in KWAP's claim against Meridian. Decision was handed down by the High Court against Meridian in KWAP's claim on 5 May 2012 for a sum of RM7,254,050.42 with interest on the said sum from the date of the misappropriation of the said sum to the date of judgment and a further interest of 8% on the said sum from the date of judgment to the date of settlement of the judgment sum.

In the MAA Suit, prior to the commencement of the trial, MAA amended its Statement of Claim to include Meridian as a second Defendant. Prior to this MAA's amendment, AmTrustee had already filed a Third Party Notice against Meridian on 6 November 2006 in the MAA Suit seeking indemnification/contribution from Meridian. Meridian in turn filed a counter claim against AmTrustee over AmTrustee's Third Party Notice which in essence introduced the same argument and claim as in their Meridian Suit.

Parties filed several interim applications in the Meridian Suit amongst which was an application by Meridian to:-
- add another subsidiary of the Banking Group, namely AmInvestment Bank Berhad as Co- Defendant; and
- to increase the alleged loss and damage from RM27,606,169.65 to RM36,967,166.84.

The High Court dismissed Meridian's application to add AmInvestment Bank Berhad as a party to the Meridian's Suit "Order" but allowed Meridian's application to increase its claim against AmTrustee from RM27,606,169.65 to RM36,967,166.84. No appeal was filed by Meridian against this "Order", hence no litigation is pending today against AmInvestment Bank Berhad by Meridian.

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

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

After clarification of the matter on 11 April 2013 the court decided as follows ("Decision") :

A27. COMMITMENTS AND CONTINGENCIES (CONTD.)

In the MAA Suit:

- the court dismissed MAA's claim against AmTrustee with costs of RM100,000.00 and interest at 5% on the cost from the date of the decision to the date of settlement. Meridian on the other hand was found to be fully liable to MAA and was ordered to pay the sum of RM19,602,119.23 with interest from the date of filing of the writ to the date of realization and costs of RM100,000.00 with interest at 5% on the cost from the date of the decision to the date of settlement.

In the Meridian Suit:

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

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

Both Meridian and MAA to date have filed their Appeal (against the Decision on 8 May 2013 and 9 May 2013 respectively). The appeals were called up for Case Management on 20 June 2013, wherein parties were directed to take steps prior to the actual hearing of the appeals and is now refixed for further Case Management on 6 August 2013.

AmTrustee is currently taking solicitors' advice on the above mentioned Decision.

A28. DERIVATIVE FINANCIAL ASSETS/LIABILITIES

Group	30.06.13			31.03.13		
	Contract/ Notional Amount RM'000	Fair Value		Contract/ Notional Amount RM'000	Fair Value	
		Assets RM'000	Liabilities RM'000		Assets RM'000	Liabilities RM'000
Trading derivatives						
Interest rate related contracts:	36,373,703	192,889	205,539	34,316,198	214,474	229,217
- One year or less	3,562,298	3,782	4,494	4,103,404	5,343	6,297
- Over one year to three years	10,504,875	42,890	61,099	8,643,427	36,959	55,507
- Over three years	22,306,530	146,217	139,946	21,569,367	172,172	167,413
Foreign exchange related contracts:	27,819,911	237,490	280,306	27,176,687	149,127	141,108
- One year or less	23,442,145	135,443	177,772	22,898,737	77,451	64,887
- Over one year to three years	1,874,882	26,656	45,386	1,615,738	18,008	20,965
- Over three years	2,502,884	75,391	57,148	2,662,212	53,668	55,256
Credit derivative contracts:	602,438	20,145	9,677	863,536	12,932	6,113
- One year or less	-	-	-	267,510	-	2,140
- Over one year to three years	-	-	-	-	-	-
- Over three years	602,438	20,145	9,677	596,026	12,932	3,973
Equity and commodity related contracts:	866,186	4,731	34,762	943,133	6,191	29,585
- One year or less	428,168	3,222	33,259	488,457	1,528	20,210
- Over one year to three years	437,997	1,503	1,503	454,655	4,661	9,375
- Over three years	21	6	-	21	2	-
	65,662,238	455,255	530,284	63,299,554	382,724	406,023
Hedging derivatives						
Interest rate related contracts,						
Interest rate swaps:						
Cash flow hedge	1,940,000	666	13,395	2,025,000	533	16,632
- One year or less	450,000	-	1,266	445,000	-	1,391
- Over one year to three years	1,390,000	-	12,129	1,480,000	-	15,241
- Over three years	100,000	666	-	100,000	533	-
	1,940,000	666	13,395	2,025,000	533	16,632
Total	67,602,238	455,921	543,679	65,324,554	383,257	422,655

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

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

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

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

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

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

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

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

Risk associated with financial derivatives

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

Market risk of derivatives used for trading purposes

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

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

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

General disclosure for derivatives and counterparty credit risk

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

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

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

Liquidity risk of derivatives

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

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

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

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

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

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

Derivative Financial Instruments and Hedge Accounting

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

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

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

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

(i) Fair value hedge

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

(ii) Cash flow hedge

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

A29. CAPITAL ADEQUACY RATIO

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

	30.06.13			
	AmBank	AmIslamic Bank	AmInvestment Bank	Group *
Before deducting proposed dividends:				
Common Equity Tier 1 ("CET1") Capital	8.393%	9.698%	22.274%	9.172%
Tier 1 capital ratio	10.592%	9.698%	22.274%	10.826%
Total capital ratio	13.871%	14.951%	22.274%	14.516%
After deducting proposed dividends:				
Common Equity Tier 1 ("CET1") Capital	7.829%	9.698%	22.274%	8.748%
Tier 1 capital ratio	10.028%	9.698%	22.274%	10.402%
Total capital ratio	13.307%	14.951%	22.274%	14.093%
	31.03.13			
	AmBank	AmIslamic Bank	AmInvestment Bank	Group *
Before deducting proposed dividends:				
Common Equity Tier 1 ("CET1") Capital	8.616%	9.470%	25.749%	9.312%
Tier 1 capital ratio	10.891%	9.470%	25.749%	11.010%
Total capital ratio	14.254%	14.620%	25.749%	14.772%
After deducting proposed dividends:				
Common Equity Tier 1 ("CET1") Capital	8.032%	9.470%	25.749%	8.877%
Tier 1 capital ratio	10.307%	9.470%	25.749%	10.575%
Total capital ratio	13.670%	14.620%	25.749%	14.337%

* Notes:

- The capital adequacy ratios on a consolidated basis of the banking institution include the financial related services within the Group. The Group have adopted the Standardised Approach for Credit Risk and Market Risk and the Basic Indicator Approach for Operational Risk. With effect from 1 January 2013, the capital adequacy ratios are computed in accordance with BNM's guidelines on Capital Adequacy Framework (Capital Components) issued on 28 November 2012, which is based on the Basel III capital accord. The minimum regulatory capital adequacy requirements are as follows:

	Calendar Year		
	2013	2014	2015
Common Equity Tier 1 ("CET 1")	3.5%	4.0%	4.5%
Tier 1 capital ratio	4.5%	5.5%	6.0%
Total capital ratio	8.0%	8.0%	8.0%

- Group* figures presented in this Report represent an **aggregation** of the consolidated capital positions and risk weighted assets ("RWA") of our regulated banking institutions. The consolidated positions of each entity are published at www.ambankgroup.com.
- The capital position and RWA of AmBank refers to the combined capital base and RWA of AmBank (M) Bhd and its wholly-owned offshore banking subsidiary, AmInternational (L) Ltd ("AMIL")

A29. CAPITAL MANAGEMENT (CONTD.)

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

	30.06.13			
	AmBank	AmIslamic Bank	AmInvestment Bank	Group *
	RM'000	RM'000	RM'000	RM'000
<u>Common Equity Tier 1 ("CET1") Capital</u>				
Ordinary shares	820,364	462,922	200,000	1,483,286
Share premium	942,844	724,185	-	1,667,029
Retained earnings	3,501,590	521,327	118,308	4,155,650
Less: proposed dividend - final	(400,338)	-	-	(400,338)
Unrealised gains/(losses) on available-for-sale ("AFS") financial instruments	(10,948)	(6,152)	1,910	(16,494)
Foreign exchange translation reserve	(9,547)	-	-	20,894
Statutory reserve	980,969	424,266	200,000	1,605,235
Capital reserve	-	-	-	2,815
Merger reserve	48,516	-	-	111,805
Cash flow hedging reserve	(9,411)	-	-	(9,411)
Less: Regulatory adjustments applied on CET1 capital				
Goodwill	-	-	-	(11,243)
Intangible assets	(262,170)	(44)	(2,295)	(264,580)
Deferred tax assets	(52,470)	-	(10,555)	(67,449)
Cash flow hedging reserve	9,411	-	-	9,411
55% of cumulative gains of AFS financial instruments	-	-	(1,051)	(1,079)
Regulatory adjustments applied on CET1 due to insufficient Additional Tier 1 and Tier 2 Capital	-	-	(146,329)	(22,319)
CET1 capital	5,558,810	2,126,504	359,987	8,263,212
<u>Additional Tier 1 ("T1") capital</u>				
Additional Tier 1 capital instruments (subject to gradual phase-out treatment)	1,561,590	-	-	1,561,590
T1 capital	7,120,400	2,126,504	359,987	9,824,802
<u>Tier 2 ("T2") capital</u>				
Tier 2 capital instruments (subject to gradual phase-out treatment)	1,557,800	900,000	-	2,457,800
Collective allowance and regulatory reserves	779,126	251,806	3,454	1,033,842
Less: Regulatory adjustments applied on Tier 2 capital	(8,609)	-	(3,454)	(5,534)
Tier 2 capital	2,328,317	1,151,806	-	3,486,108
Total Capital	9,448,717	3,278,310	359,987	13,310,910
Credit RWA	62,330,115	20,634,353	1,191,060	84,530,192
Less: Credit RWA absorbed by Restricted Profit Sharing Investment Account	-	(489,899)	-	(489,899)
Total Credit RWA	62,330,115	20,144,454	1,191,060	84,040,293
Market RWA	3,839,333	355,128	19,086	4,217,499
Operational RWA	4,833,929	1,426,943	406,051	6,195,124
Large exposure risk RWA for equity holdings	642	-	-	642
Total Risk Weighted Assets	71,004,019	21,926,525	1,616,197	94,453,558

A29. CAPITAL MANAGEMENT (CONTD.)

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

	31.03.13			
	AmBank	AmIslamic	AmInvestment	Group *
	RM'000	Bank RM'000	Bank RM'000	RM'000
<u>Common Equity Tier 1 ("CET1") Capital</u>				
Ordinary shares	820,364	462,922	200,000	1,483,286
Share premium	942,844	724,185	-	1,667,029
Retained earnings	3,501,590	521,327	118,308	4,155,650
Less: proposed dividend - final	(400,338)	-	-	(400,338)
Unrealised gains/(losses) on available-for-sale ("AFS") financial instruments	(8,402)	(7,256)	3,110	(13,268)
Foreign exchange translation reserve	(14,760)	-	-	15,228
Statutory reserve	980,969	424,266	200,000	1,605,235
Capital reserve	-	-	-	2,815
Merger reserve	48,516	-	-	56,172
Cash flow hedging reserve	(12,644)	-	-	(12,644)
Less: Regulatory adjustments applied on CET1 capital				
Goodwill	-	-	-	(11,243)
Intangible assets	(234,687)	(50)	(2,347)	(237,140)
Deferred tax assets	(120,523)	-	(11,512)	(135,531)
Cash flow hedging reserve	12,644	-	-	12,644
55% of cumulative gains of AFS financial instruments	-	-	(1,711)	(1,739)
Regulatory adjustments applied on CET1 due to insufficient Additional Tier 1 and Tier 2 Capital	-	-	(110,010)	(23,267)
CET1 capital	5,515,573	2,125,394	395,837	8,162,889
<u>Additional Tier 1 ("T1") capital</u>				
Additional Tier 1 capital instruments (subject to gradual phase-out treatment)	1,561,590	-	-	1,561,590
T1 capital	7,077,163	2,125,394	395,837	9,724,479
<u>Tier 2 ("T2") capital</u>				
Tier 2 capital instruments (subject to gradual phase-out treatment)	1,557,800	900,000	-	2,457,800
Collective allowance and regulatory reserves	751,584	255,665	2,789	1,005,607
Less: Regulatory adjustments applied on Tier 2 capital	(133)	-	(2,789)	(3,681)
Tier 2 capital	2,309,251	1,155,665	-	3,459,726
Total Capital	9,386,414	3,281,059	395,837	13,184,205
Credit RWA	60,126,718	20,954,069	1,118,859	82,214,020
Less: Credit RWA absorbed by Restricted Profit Sharing Investment Account	-	(500,866)	-	(500,866)
Total Credit RWA	60,126,718	20,453,203	1,118,859	81,713,154
Market RWA	3,722,181	583,120	9,366	4,318,447
Operational RWA	4,816,169	1,406,226	409,052	5,927,979
Large exposure risk RWA for equity holdings	713	-	-	713
Total Risk Weighted Assets	68,665,781	22,442,549	1,537,277	91,960,293

The risk weighted assets of the Group are derived by aggregating the consolidated risk weighted assets of the banking subsidiaries. The aggregated Operational risk weighted assets of the Group has been adjusted to reflect the disposal of AmIslamic Bank by AmBank to the Company on 28 February 2011.

A30. ISLAMIC BANKING BUSINESS

The state of affairs as at 30 June 2013 and the results for the period ended 30 June 2013 of the Islamic banking business of the Group and included in the financial statements after elimination of intercompany transactions and balances are summarised as follows:

**UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2013**

	Group	
	30.06.13	31.03.13
	RM'000	RM'000
ASSETS		
Cash and short-term funds	3,954,565	3,546,395
Deposit and placements with banks and other financial institutions	418,383	1,548,383
Derivative financial assets	9,386	7,924
Financial assets held-for-trading	673,722	1,216,381
Financial investments available-for-sale	1,550,096	1,197,335
Financial Investments held-to-maturity	2,001,926	1,920,361
Financing and advances	21,715,039	21,987,306
Statutory deposit with Bank Negara Malaysia	794,500	771,000
Deferred tax assets	312	212
Other assets	392,517	332,467
Property and equipment	495	519
Intangible assets	47	54
TOTAL ASSETS	31,510,988	32,528,337
LIABILITIES AND ISLAMIC BANKING FUNDS		
Deposits and placements of banks and other financial institutions	2,208,744	2,349,592
Recourse obligation on financing sold to Cagamas Berhad	2,072,479	2,073,690
Derivative financial liabilities	9,352	7,894
Deposits from customers	22,421,519	23,176,547
Term funding	550,000	550,000
Bills and acceptances payable	510,225	722,821
Subordinated Sukuk Musharakah	1,000,000	1,000,000
Deferred tax liabilities	15,078	15,945
Other liabilities	356,879	351,098
TOTAL LIABILITIES	29,144,276	30,247,587
Share capital/Capital funds	495,761	495,761
Reserves	1,870,951	1,784,989
TOTAL ISLAMIC BANKING FUNDS	2,366,712	2,280,750
TOTAL LIABILITIES AND ISLAMIC BANKING FUNDS	31,510,988	32,528,337
COMMITMENTS AND CONTINGENCIES	8,184,444	8,553,161

A30. ISLAMIC BANKING BUSINESS (CONT'D.)

**UNAUDITED CONSOLIDATED INCOME STATEMENT
FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2013**

Group	Individual Quarter		Cumulative Quarter	
	30.06.13 RM'000	30.06.12 RM'000	30.06.13 RM'000	30.06.12 RM'000
Income derived from investment of depositors' funds and others	399,875	347,473	399,875	347,473
Allowance for impairment on financing and advances (Provision)/Writeback for commitments and contingencies	(16,807)	(26,121)	(16,807)	(26,121)
Impairment writeback/(loss) for sundry debtors	(282)	(4,712)	(282)	(4,712)
Transfer from profit equalisation reserve	-	-	-	-
	(7,209)	(396)	(7,209)	(396)
Total attributable income	375,577	316,244	375,577	316,244
Income attributable to the depositors	(197,354)	(167,259)	(197,354)	(167,259)
Profit attributable to the Group	178,223	148,985	178,223	148,985
Income derived from Islamic Banking Funds	39,858	47,015	39,858	47,015
Total net income	218,081	196,000	218,081	196,000
Operating expenditure	(90,747)	(84,461)	(90,747)	(84,461)
Finance cost	(16,866)	(14,653)	(16,866)	(14,653)
Profit before taxation and zakat	110,468	96,886	110,468	96,886
Taxation and zakat	(25,709)	(25,386)	(25,709)	(25,386)
Profit for the period	84,759	71,500	84,759	71,500

**UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2013**

Group	Individual Quarter		Cumulative Quarter	
	30.06.13 RM'000	30.06.12 RM'000	30.06.13 RM'000	30.06.12 RM'000
Profit for the period	84,759	71,500	84,759	71,500
Other comprehensive income/(loss):				
Net change in revaluation of financial investments available-for-sale	1,472	2,204	1,472	2,204
Exchange differences on translation of foreign operations	124	207	124	207
Income tax relating to the components of other comprehensive income	(368)	(551)	(368)	(551)
Other comprehensive income/(loss) for the period, net of tax	1,228	1,860	1,228	1,860
Total comprehensive income for the period	85,987	73,360	85,987	73,360

A30. ISLAMIC BANKING BUSINESS (CONT'D.)

(a) Financing and Advances

	Group	
	30.06.13	31.03.13
	RM'000	RM'000
Hire purchase	10,766,334	10,884,005
Term financing	6,515,625	6,557,430
Revolving credit	1,978,113	2,037,140
Claims on customers under acceptance credit	998,959	1,090,241
Credit card receivables	322,963	328,326
Trust receipts	56,117	49,329
Other financing	1,561,950	1,545,697
Gross financing and advances	<u>22,200,061</u>	<u>22,492,168</u>
Allowance for impairment on financing and advances:		
Collective allowance	(479,260)	(490,410)
Individual allowance	(5,762)	(14,452)
	<u>(485,022)</u>	<u>(504,862)</u>
Net financing and advances	<u>21,715,039</u>	<u>21,987,306</u>

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

	Group	
	30.06.13	31.03.13
	RM'000	RM'000
Balance at beginning of period/year	268,443	237,724
Impaired during the period/year	173,021	296,001
Reclassification to non-impaired financing	(47,510)	(51,999)
Recoveries	(18,820)	(32,716)
Amount written off	(56,817)	(180,567)
Balance at end of period/year	<u>318,317</u>	<u>268,443</u>
Impaired financing and advances as % of total financing and advances	<u>1.4%</u>	<u>1.2%</u>

A30. ISLAMIC BANKING BUSINESS (CONT'D.)

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

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

	Group	
	30.06.13	31.03.13
	RM'000	RM'000
Collective allowance		
Balance at beginning of period/year	490,410	460,411
Allowance made during the period/year	39,127	195,964
Amount written off	(50,277)	(165,965)
Balance at end of period/year	<u>479,260</u>	<u>490,410</u>
% of total financing and advances (including Islamic	<u>2.2%</u>	<u>2.2%</u>
Individual allowance		
Balance at beginning of period/year	14,452	16,324
Allowance made during the period/year	(2,204)	13,171
Amount written off	(6,486)	(15,043)
Balance at end of period/year	<u>5,762</u>	<u>14,452</u>

(b) Deposits From Customers

	Group	
	30.06.13	31.03.13
	RM'000	RM'000
Mudharabah Fund:		
Demand deposits	29,435	30,621
Saving deposits	6,074	5,586
General investment deposits	14,161,744	15,361,368
Structured deposits	88,285	134,386
	<u>14,285,538</u>	<u>15,531,961</u>
Non-Mudharabah Fund:		
Demand deposits	5,097,345	4,865,376
Saving deposits	1,807,121	1,738,366
Term deposits	1,210,793	1,020,284
Negotiable instruments of deposits	20,722	20,560
	<u>8,135,981</u>	<u>7,644,586</u>
	<u>22,421,519</u>	<u>23,176,547</u>

(c) Other Liabilities

	Group	
	30.06.13	31.03.13
	RM'000	RM'000
Other payables and accruals	265,282	255,276
Taxation and zakat payable	24,775	23,136
Provision for commitments and contingencies	26,321	26,039
Amount owing to head office	23,145	35,425
Advance rentals	8,488	9,563
Profit equalisation reserve	8,868	1,659
	<u>356,879</u>	<u>351,098</u>

B1. PERFORMANCE REVIEW ON THE RESULTS OF THE GROUP

Year-on-year (yoy), the Group's earnings grew 5.6% to RM468 million, supported by good income growth, integration of acquisitions and lower allowances.

Divisional performance for Q1FY2014 compared to Q1FY2013 :

Retail Banking : Higher profits from improved asset quality and integrating MBF Cards

Profit after tax (PAT) rose 32.2% to RM184.1 million, benefiting from MBF Cards contribution, better quality assets and growing wealth propositions. Retail Banking continues to invest in brand refresh to improve customer experience. Deposit mix improved with CASA growing strongly.

Business Banking : Higher income and strong deposits growth

PAT was RM86.0 million, driven by higher income from improved loans and deposits growth but lower than last year's results which benefitted from writebacks of allowances. Low cost deposits registered strong growth.

Corporate and Institutional Banking : Stronger lending and deposit growth

PAT was marginally higher at RM90.7 million despite last year's results gaining from private equity divestment gains that was not repeated this year. Stronger lending and deposits growth drove income performance supported by collaboration with other Group's businesses to deliver comprehensive solutions to a diversified customer base.

Investment Banking : Diversified contribution across businesses led to higher profits

PAT rose 41.4% to RM34.1 million supported by stronger performances from equity markets, broking and futures and debt capital market activities, and lower allowances. Assets under management for funds management and private banking grew strongly supporting recurring non-interest income growth.

Markets : Income impacted by steepening regional yield curves

PAT was lower at RM24.2 million as mark-to-market losses from steepening regional yield curves offset gains from forex and derivatives trading activities. Pipeline of deals from clients remain intact but deferred pending improvement in market conditions.

General Insurance : Solid growth from acquisition of Kurnia and improved underwriting profits

PAT more than doubled to RM47.6 million from enlarged scale, income growth, improved underwriting profits focusing on both motor and niche general insurance segments and integrating Kurnia Insurans. Claims experience was lower from enhanced claims management processes.

Life Assurance : Strong gross written premiums growth and higher investment yields

PAT rose to RM16.9 million from higher gross written premiums driven by single premiums, ramping up of agency recruitment efforts with increased productivity results and stronger investment income.

B2. REVIEW OF MATERIAL CHANGES IN PROFIT BEFORE TAXATION

The Group reported a higher pre-tax profit of RM648.7 million for the first quarter ended 30 June 2013 as compared to RM486.9 million for the fourth quarter ended 31 March 2013. This was mainly attributed to impairment writeback on loans and financing of RM20.4 million as compared to the impairment of RM75.8 million in the preceding quarter. Higher income were reported from other operating income, net income from insurance business and net income from Islamic banking business by RM39.0 million, RM7.3 million and RM16.5 million respectively. Lower other operating expenses by RM21.7 million was reported for the current reporting quarter while provision for commitments and contingencies and impairment on financial investments reported lower amount by RM3.2 million and RM2.2 million respectively.

This was off-set by lower net interest income and lower impairment writeback on sundry receivables by RM17.8 million and RM2.3 million and higher transfer to profit equalisation by RM3.4 million for the current reporting quarter. In addition, impairment on foreclosed properties of RM0.3 million was reported for the current reporting quarter as compared to impairment writeback of RM1.0 million reported for preceding quarter ended 31 March 2013.

B3. PROSPECTS FOR 31 MARCH 2014

The domestic economy registered a slower growth of 4.1% year-on-year in first quarter 2013 (6.5% year-on-year growth in fourth quarter 2012) supported by domestic demand despite the weaker external demand environment. Consumption benefitted from a slew of targeted fiscal policy and people friendly measures implemented as a result of Budget 2013. Investments continued its strong growth as a result of progress of Economic Transformation Programme (“ETP”) projects.

Looking ahead, domestic demand is expected to be supported by the low inflationary environment and stable employment. In addition, expansion in private investments would be driven by a pickup in the pace of rollout of ETP projects. External environment, while remaining challenging is expected to gradually improve. Both resilient domestic demand and increased private investments are expected to drive economic growth for Malaysia to circa 5.0% for 2013. Capital markets activities and non-retail lending are expected to remain robust driven by funding requirements generated by ETP projects.

Government policies are expected to focus on sustaining growth momentum, reducing the fiscal deficit and driving progress of long-term economic transformation plans to achieve high-income developed nation status by 2020. Notwithstanding that, the regulatory authorities have recently introduced further measures to ensure responsible and sustainable lending practices, in addressing concerns regarding the nation’s high household debt levels. These measures could moderate retail loans growth as the industry adjusts to the new measures. Monetary policy is expected to remain accommodative while managing volatility from capital flows.

Our strategic agenda for FY2014 – 2016 will be to (1) Integrate acquisitions and deliver synergies; (2) Simplify business model and streamline processes; (3) Accelerate organic growth with focus on cross-sell, flow business, small business, and emerging affluent customers; (4) Build scale in specialist businesses with strategic partners; and (5) Optimise capital and holding company structures.

B4. VARIANCE FROM PROFIT FORECAST AND SHORTFALL FROM PROFIT GUARANTEE

This is not applicable to the Group.

B5. TAXATION

Group	Individual Quarter		Cumulative Quarter	
	30.06.13 RM'000	30.06.12 RM'000	30.06.13 RM'000	30.06.12 RM'000
Estimated current tax payable	79,416	157,168	79,416	157,168
Transfer to deferred tax	76,602	3,348	76,602	3,348
	<u>156,018</u>	<u>160,516</u>	<u>156,018</u>	<u>160,516</u>
Under provision of current taxation in respect of prior years	122	1,895	122	1,895
Taxation	<u>156,140</u>	<u>162,411</u>	<u>156,140</u>	<u>162,411</u>
Zakat	481	215	481	215
Taxation and zakat	<u>156,621</u>	<u>162,626</u>	<u>156,621</u>	<u>162,626</u>

The total tax charge of the Group for the financial period ended 30 June 2013 reflect an effective tax rate which is lower than the statutory tax rate mainly due to income not subject to tax, while higher effective tax rate for the previous corresponding period was mainly due to disallowances of certain expenses.

B6. CORPORATE PROPOSALS

- As at 30 June 2013, the trustee of the ESS held 8,408,150 ordinary shares (net of ESS shares vested to employees) representing 0.28% of the issued and paid-up capital of the Company. These shares are held at a carrying amount of RM51,130,375.
- The Company announced on 16 October 2012 that it has obtained the approval of Bank Negara Malaysia for the Company to commence negotiations with Friends Life FPL Limited ("Friends Life") for the proposed repurchase of the 30% equity interest held by Friends Life in the two joint ventures, namely, AmLife Insurance Berhad and AmFamily Takaful Berhad (the "Proposal").

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

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

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

B7. BORROWINGS

	Group	
	30.06.13	31.03.13
	RM'000	RM'000
(i) Deposits from customers		
Six months or less	73,036,210	68,798,106
Over six months to one year	11,389,243	13,119,691
Over one year to three years	2,553,519	2,630,397
Over three years to five years	305,081	311,793
	<u>87,284,053</u>	<u>84,859,987</u>
(ii) Deposits and placements of banks and other financial institutions		
Six months or less	1,769,756	1,539,831
Over six months to one year	703,268	351,503
Over one year to three years	305,673	1,042,797
Over three years to five years	203,246	218,815
	<u>2,981,943</u>	<u>3,152,946</u>
(iii) Term funding		
(a) Unsecured senior notes		
Due within one year	1,268,600	495,000
More than one year	3,240,729	4,013,771
(b) Credit-Linked Note		
Due within one year	-	138,173
More than one year	275,389	274,469
(c) Term loans and revolving credits		
Due within one year		
Secured	463,024	480,563
Unsecured	206,000	206,000
More than one year		
Unsecured	662,481	647,993
	<u>6,116,223</u>	<u>6,255,969</u>
(iv) Debt capital		
(a) Unsecured bonds		
More than one year	1,000,000	1,000,000
(b) Medium Term Notes		
More than one year	1,557,800	1,557,800
(c) Hybrid capital		
More than one year	670,938	662,432
The above hybrid capital includes amounts denominated in USD. Principal amount - USD200.0 million		
(d) Non-Innovative Tier 1 Capital Securities		
More than one year	500,000	500,000
(e) Innovative Tier 1 Capital Securities		
More than one year	485,000	485,000
	<u>4,213,738</u>	<u>4,205,232</u>

B8. REALISED AND UNREALISED PROFITS OR LOSSES

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

	Group	
	30.06.13	31.03.13
	RM'000	RM'000
Total retained earnings		
- Realised	7,784,388	7,377,695
- Unrealised	454,153	391,392
Total share of retained earnings from associate:		
- Realised	2,929	1,646
- Unrealised	4	4
Less: consolidation adjustments	(3,323,631)	(3,299,540)
Total retained earnings as per consolidated financial statements	<u>4,917,843</u>	<u>4,471,197</u>

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

B9. MATERIAL LITIGATION

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

B10. DIVIDENDS

There has been no dividend proposed for the current financial quarter.

B11. EARNINGS PER SHARE (SEN)

a. Basic earnings per share

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

	Individual Quarter		Cumulative Quarter	
	30.06.13	30.06.12	30.06.13	30.06.12
	RM'000'000	RM'000'000	RM'000'000	RM'000'000
Net profit attributable to equity holders of the Company	467,862	442,875	467,862	442,875
Weighted average number of ordinary shares in issue	3,004,077	2,994,767	3,004,077	2,994,767
Basic earnings per share (Sen)	15.57	14.79	15.57	14.79

b. Diluted earnings per share

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

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

	Individual Quarter		Cumulative Quarter	
	30.06.13	30.06.12	30.06.13	30.06.12
	RM'000'000	RM'000'000	RM'000'000	RM'000'000
Net profit attributable to equity holders of the Company	467,862	442,875	467,862	442,875
Weighted average number of ordinary shares in issue (as in (a) above)	3,004,077	2,994,767	3,004,077	2,994,767
Effect of options vested under ESS	4,745	2,767	4,745	2,767
Adjusted weighted average number of ordinary shares in issue / issuable	3,008,822	2,997,534	3,008,822	2,997,534
Fully diluted earnings per share (Sen)	15.55	14.77	15.55	14.77