

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

Interim Financial Statements
For the Financial Period
1 April 2013 to
30 June 2013
(In Ringgit Malaysia)

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

UNAUDITED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2013

	Note	30 June 2013 RM'000	Group 31 March 2013 (Restated) RM'000	1 April 2012 (Restated) RM'000	30 June 2013 RM'000	Bank 31 March 2013 RM'000	1 April 2012 RM'000
ASSETS							
Cash and short-term funds		7,107,342	7,336,759	5,468,406	6,932,080	7,255,748	5,133,039
Securities purchased under resale agreements		58,542	-	384,570	58,542	-	384,570
Deposits and placements with banks and other financial institutions		1,665,731	1,958,022	1,155,094	1,660,231	1,913,422	1,091,549
Derivative financial assets		455,902	383,243	380,035	455,902	383,243	380,035
Financial assets held-for-trading	A8	4,671,784	4,100,623	8,910,943	4,671,784	4,100,623	8,910,943
Financial investments available-for-sale	A9	3,168,582	3,348,686	4,440,787	3,319,328	3,507,031	4,631,972
Financial investments held-to-maturity	A10	3,842,292	4,033,535	116,155	3,841,901	4,033,164	113,501
Loans and advances	A11	61,030,946	59,231,752	56,491,272	60,837,966	59,032,684	56,252,935
Statutory deposit with Bank Negara Malaysia		2,230,768	2,122,386	2,011,288	2,230,768	2,122,386	2,011,288
Deferred tax assets		52,921	120,781	159,570	52,470	120,523	158,391
Investment in subsidiaries		-	-	-	74,277	65,800	65,800
Investment in associates		2,080	1,955	3,393	122	122	127
Other assets	A12	1,161,353	1,176,523	1,081,351	1,154,784	1,169,340	1,073,126
Property and equipment		139,747	149,150	141,678	116,570	125,859	117,888
Intangible assets		262,170	234,687	170,213	262,159	234,676	170,198
TOTAL ASSETS		85,850,160	84,198,102	80,914,755	85,668,884	84,064,621	80,495,362
LIABILITIES AND EQUITY							
Deposits and placements of banks and other financial institutions	A13	2,553,050	2,327,597	3,963,338	2,495,985	2,338,370	4,528,215
Securities sold under repurchase agreements		39,770	-	41,195	39,770	-	41,195
Recourse obligation on loans sold to Cagamas Berhad		1,260,720	1,264,251	1,176,054	1,260,720	1,264,251	1,176,054
Derivative financial liabilities		543,606	422,675	441,704	543,606	422,675	441,704
Deposits from customers	A14	65,252,648	62,147,776	59,359,849	65,242,527	62,120,335	58,496,288
Term funding		3,960,619	4,075,158	4,159,813	3,960,619	4,075,158	4,159,813
Bills and acceptances payable		188,246	1,241,980	353,526	188,246	1,241,980	353,526
Debt capital		3,235,671	3,226,507	3,241,592	3,235,671	3,226,507	3,241,592
Other liabilities	A15	2,145,761	3,128,724	2,149,903	2,134,966	3,118,784	2,138,688
TOTAL LIABILITIES		79,180,091	77,834,668	74,886,974	79,102,110	77,808,060	74,577,075
Share capital		820,364	820,364	820,364	820,364	820,364	820,364
Reserves		5,849,646	5,543,011	5,207,371	5,746,410	5,436,197	5,097,923
Equity attributable to equity holder of the Bank		6,670,010	6,363,375	6,027,735	6,566,774	6,256,561	5,918,287
Non-controlling interests		59	59	46	-	-	-
TOTAL EQUITY		6,670,069	6,363,434	6,027,781	6,566,774	6,256,561	5,918,287
TOTAL LIABILITIES AND EQUITY		85,850,160	84,198,102	80,914,755	85,668,884	84,064,621	80,495,362
COMMITMENTS AND CONTINGENCIES	A31	96,942,304	94,244,139	93,217,715	96,950,091	94,261,611	93,233,992
NET ASSETS PER SHARE (RM)		8.13	7.76	7.35	8.00	7.63	7.21

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 2013.

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

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

	Note	Individual Quarter		Cumulative Quarter	
		30 June 2013 RM'000	30 June 2012 (Restated) RM'000	30 June 2013 RM'000	30 June 2012 (Restated) RM'000
Group					
Operating revenue		1,236,136	1,248,874	1,236,136	1,248,874
Interest income	A16	1,098,279	1,056,375	1,098,279	1,056,375
Interest expense	A17	(582,052)	(555,617)	(582,052)	(555,617)
Net interest income		516,227	500,758	516,227	500,758
Net income from Islamic banking business	A18	10	44	10	44
Other operating income	A19	137,847	192,447	137,847	192,447
Share in results of associates		125	226	125	226
Net income		654,209	693,475	654,209	693,475
Other operating expenses	A20	(280,620)	(264,475)	(280,620)	(264,475)
Operating profit		373,589	429,000	373,589	429,000
Writeback of allowance for impairment on loans and advances	A21	37,048	10,515	37,048	10,515
(Provision for)/Writeback of provision for commitments and contingencies		(7,743)	22,291	(7,743)	22,291
Impairment (loss)/writeback on:					
Doubtful sundry receivables, net		(168)	(79)	(168)	(79)
Financial investments	A22	891	(96)	891	(96)
Foreclosed properties		(359)	(10,024)	(359)	(10,024)
Other recoveries		457	2,722	457	2,722
Profit before taxation		403,715	454,329	403,715	454,329
Taxation		(93,730)	(114,705)	(93,730)	(114,705)
Profit for the period		309,985	339,624	309,985	339,624
Attributable to:					
Equity holder of the Bank		309,985	339,601	309,985	339,601
Non-controlling interests		-	23	-	23
Profit for the period		309,985	339,624	309,985	339,624
Earnings per share (sen)	A23				
Basic/Diluted		37.79	41.40	37.79	41.40

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

	Individual Quarter		Cumulative Quarter	
	30 June 2013	30 June 2012 (Restated)	30 June 2013	30 June 2012 (Restated)
	RM'000	RM'000	RM'000	RM'000
Group				
Profit for the period	309,985	339,624	309,985	339,624
Other comprehensive income/(loss)				
Exchange differences on translation of foreign operations	5,213	3,691	5,213	3,691
Net loss on financial investments available-for-sale	(4,029)	(1,082)	(4,029)	(1,082)
Net movement on cash flow hedge	4,312	(13,174)	4,312	(13,174)
Income tax relating to the components of other comprehensive income/(loss)	(179)	3,644	(179)	3,644
Other comprehensive income/(loss) for the period, net of tax	5,317	(6,921)	5,317	(6,921)
Total comprehensive income for the period	315,302	332,703	315,302	332,703
Attributable to:				
Equity holder of the Bank	315,302	332,680	315,302	332,680
Non-controlling interests	-	23	-	23
	315,302	332,703	315,302	332,703

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 2013.

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

UNAUDITED INCOME STATEMENT
FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2013

	Note	Individual Quarter		Cumulative Quarter	
		30 June 2013 RM'000	30 June 2012 RM'000	30 June 2013 RM'000	30 June 2012 RM'000
Bank					
Operating revenue		1,233,064	1,246,390	1,233,064	1,246,390
Interest income	A16	1,096,000	1,053,885	1,096,000	1,053,885
Interest expense	A17	(582,169)	(555,619)	(582,169)	(555,619)
Net interest income		513,831	498,266	513,831	498,266
Other operating income	A19	137,064	192,505	137,064	192,505
Net income		650,895	690,771	650,895	690,771
Other operating expenses	A20	(280,508)	(263,941)	(280,508)	(263,941)
Operating profit		370,387	426,830	370,387	426,830
Writeback of allowance for impairment on loans and advances	A21	35,242	9,401	35,242	9,401
(Provision for)/Writeback of provision for commitments and contingencies		(7,743)	22,291	(7,743)	22,291
Impairment (loss)/writeback on:					
Doubtful sundry receivables, net		(168)	(79)	(168)	(79)
Financial investments	A22	714	(680)	714	(680)
Foreclosed properties		(359)	(10,024)	(359)	(10,024)
Other recoveries		457	2,722	457	2,722
Profit before taxation		398,530	450,461	398,530	450,461
Taxation		(93,172)	(114,705)	(93,172)	(114,705)
Profit for the period		305,358	335,756	305,358	335,756
Earnings per share (sen)	A23				
Basic/Diluted		37.22	40.93	37.22	40.93

Company No. 8515-D

AmBank (M) Berhad
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And Its Subsidiaries

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

	Individual Quarter		Cumulative Quarter	
	30 June 2013 RM'000	30 June 2012 RM'000	30 June 2013 RM'000	30 June 2012 RM'000
Bank				
Profit for the period	305,358	335,756	305,358	335,756
Other comprehensive income/(loss)				
Exchange differences on translation of foreign operations	4,356	2,039	4,356	2,039
Net loss on financial investments available-for-sale	(3,250)	(1,029)	(3,250)	(1,029)
Net movement on cash flow hedge	4,312	(13,174)	4,312	(13,174)
Income tax relating to the components of other comprehensive income/(loss)	(373)	3,636	(373)	3,636
Other comprehensive income/(loss) for the period, net of tax	5,045	(8,528)	5,045	(8,528)
Total comprehensive income for the period	310,403	327,228	310,403	327,228

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 2013.

AmBank (M) Berhad
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And Its Subsidiaries

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

Group	Attributable to equity holder of the Bank				Total RM'000	Non-controlling interests RM'000	Total equity RM'000
	Non-distributable		Distributable				
	Share capital RM'000	Share premium RM'000	Other reserves RM'000	Retained earnings RM'000			
At 1 April 2012	820,364	942,844	1,034,629	3,173,558	5,971,395	46	5,971,441
Effect arising from the pooling of interests (Note A34)	-	-	56,340	-	56,340	-	56,340
As restated	820,364	942,844	1,090,969	3,173,558	6,027,735	46	6,027,781
Effect arising from the pooling of interests	-	-	1,771	(1,771)	-	-	-
Profit for the period	-	-	-	339,601	339,601	23	339,624
Other comprehensive loss	-	-	(6,921)	-	(6,921)	-	(6,921)
Total comprehensive income/(loss)	-	-	(5,150)	337,830	332,680	23	332,703
Transfer of AMMB Holdings Berhad ("AMMB") Executives' Share Scheme ("ESS") shares recharged - difference on purchase price for shares vested	-	-	-	(4,933)	(4,933)	-	(4,933)
At 30 June 2012	820,364	942,844	1,085,819	3,506,455	6,355,482	69	6,355,551
At 1 April 2013	820,364	942,844	992,907	3,543,804	6,299,919	59	6,299,978
Effect arising from the pooling of interests (Note A34)	-	-	63,456	-	63,456	-	63,456
As restated	820,364	942,844	1,056,363	3,543,804	6,363,375	59	6,363,434
Effect arising from the pooling of interests	-	-	(7,823)	(654)	(8,477)	-	(8,477)
Profit for the period	-	-	-	309,985	309,985	-	309,985
Other comprehensive income	-	-	5,317	-	5,317	-	5,317
Total comprehensive income/(loss)	-	-	(2,506)	309,331	306,825	-	306,825
Transfer of AMMB ESS shares recharged - difference on purchase price for shares vested	-	-	-	(190)	(190)	-	(190)
At 30 June 2013	820,364	942,844	1,053,857	3,852,945	6,670,010	59	6,670,069

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 2013.

Company No. 8515-D

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

**CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2013**

	Attributable to equity holder of the Bank				Total equity RM'000
	Non-distributable		Distributable		
Bank	Share capital RM'000	Share premium RM'000	Other reserves RM'000	Retained earnings RM'000	
At 1 April 2012	820,364	942,844	992,471	3,162,608	5,918,287
Profit for the period	-	-	-	335,756	335,756
Other comprehensive loss	-	-	(8,528)	-	(8,528)
Total comprehensive income/(loss)	-	-	(8,528)	335,756	327,228
Transfer of AMMB ESS shares recharged - difference on purchase price for shares vested	-	-	-	(4,917)	(4,917)
At 30 June 2012	820,364	942,844	983,943	3,493,447	6,240,598
At 1 April 2013	820,364	942,844	952,231	3,541,122	6,256,561
Profit for the period	-	-	-	305,358	305,358
Other comprehensive income	-	-	5,045	-	5,045
Total comprehensive income	-	-	5,045	305,358	310,403
Transfer of AMMB ESS shares recharged - difference on purchase price for shares vested	-	-	-	(190)	(190)
At 30 June 2013	820,364	942,844	957,276	3,846,290	6,566,774

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 2013.

**UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2013**

	Group		Bank	
	30 June 2013	30 June 2012 (Restated)	30 June 2013	30 June 2012
	RM'000	RM'000	RM'000	RM'000
Profit before taxation	403,715	454,329	398,530	450,461
Adjustments for non-operating and non-cash items	289,978	135,863	290,109	135,847
Operating profit before working capital changes	<u>693,693</u>	<u>590,192</u>	<u>688,639</u>	<u>586,308</u>
Changes in working capital:				
Net change in operating assets	(2,460,975)	(713,097)	(2,506,747)	(738,063)
Net change in operating liabilities	1,256,707	1,648,966	1,204,580	1,759,468
Tax paid	(93,894)	(69,604)	(93,425)	(69,204)
Net cash generated from/(used in) operating activities	<u>(604,469)</u>	<u>1,456,457</u>	<u>(706,953)</u>	<u>1,538,509</u>
Net cash generated from/(used in) investing activities	<u>375,052</u>	<u>(237,585)</u>	<u>383,285</u>	<u>(231,486)</u>
Net increase/(decrease) in cash and cash equivalents	<u>(229,417)</u>	<u>1,218,872</u>	<u>(323,668)</u>	<u>1,307,023</u>
Cash and cash equivalents at beginning of financial year	<u>7,336,759</u>	<u>5,468,406</u>	<u>7,255,748</u>	<u>5,133,039</u>
Cash and cash equivalents at end of financial period	<u><u>7,107,342</u></u>	<u><u>6,687,278</u></u>	<u><u>6,932,080</u></u>	<u><u>6,440,062</u></u>

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

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").

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:

1.1 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 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"

1.2 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.

1.2a 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

1.2b Standards effective for financial year ending 31 March 2016:

- MFRS 9, Financial Instruments

A2. AUDIT QUALIFICATION

The auditors' report on the audited annual financial statements for the financial year ended 31 March 2013 was not qualified.

A3. SEASONALITY OR CYCLICALITY OF OPERATIONS

The operations of the Group and the Bank are not subject to 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 prior financial years that have a material effect on the financial quarter ended 30 June 2013.

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

There were no share buy-backs, share cancellations, shares held as treasury shares resale of treasury shares and repayment of debt and equity securities by the Bank during the financial quarter.

A7. DIVIDENDS

The directors do not recommend the payment of any dividend in respect of the financial quarter ended 30 June 2013 and no dividends were paid in the current financial quarter.

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And Its Subsidiaries

A8. FINANCIAL ASSETS HELD-FOR-TRADING

	Group and Bank		
	30 June 2013 RM'000	31 March 2013 RM'000	1 April 2012 RM'000
At fair value			
Money Market Instruments:			
Malaysian Treasury Bills	-	-	54,784
Malaysian Government Securities	399,176	240,252	929,544
Government Investment Issues	385,923	88,625	223,512
Bank Negara Monetary Notes	1,023,084	438,302	5,049,904
	<u>1,808,183</u>	<u>767,179</u>	<u>6,257,744</u>
Quoted Securities:			
<i>In Malaysia:</i>			
Shares	149,393	133,740	247,555
Unit trusts	41,141	88,238	65,033
Warrants	5,200	4,651	2,864
Private debt securities	9,979	23,178	-
	<u>205,713</u>	<u>249,807</u>	<u>315,452</u>
<i>Outside Malaysia:</i>			
Shares	449	4,590	-
	<u>449</u>	<u>4,590</u>	<u>-</u>
Unquoted Securities:			
<i>In Malaysia:</i>			
Private debt securities	2,226,737	2,653,570	1,732,100
	<u>2,226,737</u>	<u>2,653,570</u>	<u>1,732,100</u>
<i>Outside Malaysia:</i>			
Private debt securities	430,702	425,477	605,647
	<u>430,702</u>	<u>425,477</u>	<u>605,647</u>
	<u>4,671,784</u>	<u>4,100,623</u>	<u>8,910,943</u>

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A9. FINANCIAL INVESTMENTS AVAILABLE-FOR-SALE

	30 June 2013	Group 31 March 2013 (Restated)	1 April 2012 (Restated)	30 June 2013	Bank 31 March 2013	1 April 2012
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At fair value						
Money Market Instruments:						
Negotiable instruments of deposit	200,000	834,227	1,569,355	200,000	834,227	1,569,355
Malaysian Government Securities	149,835	-	20,782	149,835	-	20,782
Islamic negotiable instruments of deposit	343,245	340,360	823,480	343,245	340,360	823,480
Government Investment Issues	15,117	15,173	45,425	15,117	15,173	45,425
	<u>708,197</u>	<u>1,189,760</u>	<u>2,459,042</u>	<u>708,197</u>	<u>1,189,760</u>	<u>2,459,042</u>
Quoted Securities:						
<i>In Malaysia:</i>						
Shares	7,683	5,430	11,990	7,683	5,430	11,858
Unit trusts	205,293	212,035	60,160	205,293	212,035	60,160
Private debt securities	-	5,455	27,050	-	5,455	27,050
	<u>212,976</u>	<u>222,920</u>	<u>99,200</u>	<u>212,976</u>	<u>222,920</u>	<u>99,068</u>
<i>Outside Malaysia:</i>						
Shares	73	80	83	34	42	41
	<u>73</u>	<u>80</u>	<u>83</u>	<u>34</u>	<u>42</u>	<u>41</u>
Unquoted securities:						
<i>In Malaysia:</i>						
Private debt securities	1,939,464	1,623,034	1,623,836	2,091,182	1,782,331	1,816,122
	<u>1,939,464</u>	<u>1,623,034</u>	<u>1,623,836</u>	<u>2,091,182</u>	<u>1,782,331</u>	<u>1,816,122</u>
<i>Outside Malaysia:</i>						
Private debt securities	219,446	224,492	170,289	219,446	224,492	170,289
	<u>219,446</u>	<u>224,492</u>	<u>170,289</u>	<u>219,446</u>	<u>224,492</u>	<u>170,289</u>
At cost						
Unquoted securities:						
<i>In Malaysia:</i>						
Shares	87,375	87,375	87,396	87,330	87,330	87,330
	<u>87,375</u>	<u>87,375</u>	<u>87,396</u>	<u>87,330</u>	<u>87,330</u>	<u>87,330</u>
<i>Outside Malaysia:</i>						
Shares	1,051	1,025	941	163	156	80
	<u>1,051</u>	<u>1,025</u>	<u>941</u>	<u>163</u>	<u>156</u>	<u>80</u>
	<u>3,168,582</u>	<u>3,348,686</u>	<u>4,440,787</u>	<u>3,319,328</u>	<u>3,507,031</u>	<u>4,631,972</u>

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And Its Subsidiaries

A10. FINANCIAL INVESTMENTS HELD-TO-MATURITY

	30 June 2013 RM'000	Group 31 March 2013 RM'000	1 April 2012 RM'000	30 June 2013 RM'000	Bank 31 March 2013 RM'000	1 April 2012 RM'000
At amortised cost						
Money Market Instruments:						
Bank Negara Monetary Notes	1,894,699	2,092,645	-	1,894,699	2,092,645	-
Unquoted:						
<i>In Malaysia:</i>						
Private debt securities	1,956,233	2,134,898	318,210	1,955,802	2,133,336	313,768
Less: Accumulated impairment losses	(8,640)	(194,008)	(202,055)	(8,600)	(192,817)	(200,267)
	<u>3,842,292</u>	<u>4,033,535</u>	<u>116,155</u>	<u>3,841,901</u>	<u>4,033,164</u>	<u>113,501</u>

A11. LOANS AND ADVANCES

	30 June 2013 RM'000	Group 31 March 2013 RM'000	1 April 2012 RM'000	30 June 2013 RM'000	Bank 31 March 2013 RM'000	1 April 2012 RM'000
At amortised cost:						
Overdraft	2,468,203	2,420,734	2,297,029	2,468,203	2,420,734	2,297,029
Term loans	19,759,072	19,224,764	17,558,672	19,759,072	19,224,764	17,557,035
Housing loan receivables	12,562,443	12,371,805	11,868,932	12,312,045	12,116,379	11,583,554
Hire purchase receivables	16,744,629	16,680,923	16,851,911	16,744,629	16,680,923	16,851,911
Bills receivables	671,619	534,258	326,656	671,619	534,258	326,656
Trust receipts	924,009	885,571	792,784	924,009	885,571	792,784
Claims on customers under acceptance credits	2,645,119	2,534,569	2,442,453	2,645,119	2,534,569	2,442,453
Staff loans	131,566	134,260	147,894	131,480	134,173	147,446
Card receivables	1,381,283	1,400,140	1,446,318	1,381,283	1,400,140	1,446,318
Revolving credits	5,168,178	4,496,793	4,326,943	5,225,324	4,552,923	4,376,193
Others	194,272	171,014	130,844	194,272	171,014	130,844
Gross loans and advances	62,650,393	60,854,831	58,190,436	62,457,055	60,655,448	57,952,223
Allowance for impairment on loans and advances:						
- Collective allowance	(1,494,181)	(1,454,239)	(1,584,690)	(1,493,823)	(1,453,924)	(1,584,814)
- Individual allowance	(125,266)	(168,840)	(114,474)	(125,266)	(168,840)	(114,474)
Net loans and advances	<u>61,030,946</u>	<u>59,231,752</u>	<u>56,491,272</u>	<u>60,837,966</u>	<u>59,032,684</u>	<u>56,252,935</u>

As part of Restricted Profit Sharing Investment Accounts ("RPSIA") arrangement with AmIslamic Bank Berhad ("AmIslamic"), the Bank records the amount it provides as financing under the arrangement as deposits and placements with banks and other financial institutions. The financing to external parties made by AmIslamic is recorded by AmIslamic as financing and advances. As losses from the business venture is borne solely by the Bank, the related collective allowance is recorded by the Bank.

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

A11. LOANS AND ADVANCES (CONTD.)

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

	Group			Bank		
	30 June 2013 RM'000	31 March 2013 RM'000	1 April 2012 RM'000	30 June 2013 RM'000	31 March 2013 RM'000	1 April 2012 RM'000
Domestic non-bank financial institutions	1,768,117	1,925,829	2,384,610	1,850,167	2,006,335	2,464,527
Domestic business enterprises						
- Small medium enterprises	7,719,687	7,448,088	6,721,159	7,719,687	7,448,088	6,721,159
- Others	20,836,145	19,511,811	18,030,268	20,836,145	19,511,811	18,028,631
Government and statutory bodies	56,177	36,377	3,032	56,177	36,377	3,032
Individuals	31,784,720	31,421,060	30,514,820	31,534,236	31,165,547	30,228,993
Other domestic entities	8,307	13,009	12,715	8,307	13,009	12,715
Foreign entities	477,240	498,657	523,832	452,336	474,281	493,166
	<u>62,650,393</u>	<u>60,854,831</u>	<u>58,190,436</u>	<u>62,457,055</u>	<u>60,655,448</u>	<u>57,952,223</u>

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

	Group			Bank		
	30 June 2013 RM'000	31 March 2013 RM'000	1 April 2012 RM'000	30 June 2013 RM'000	31 March 2013 RM'000	1 April 2012 RM'000
In Malaysia	61,754,633	59,957,307	57,426,097	61,586,199	59,782,299	57,218,550
Outside Malaysia	895,760	897,524	764,339	870,856	873,149	733,673
	<u>62,650,393</u>	<u>60,854,831</u>	<u>58,190,436</u>	<u>62,457,055</u>	<u>60,655,448</u>	<u>57,952,223</u>

(c) Gross loans and advances analysed by interest rate sensitivity are as follows:

	Group			Bank		
	30 June 2013 RM'000	31 March 2013 RM'000	1 April 2012 RM'000	30 June 2013 RM'000	31 March 2013 RM'000	1 April 2012 RM'000
Fixed rate						
- Housing loans	1,737,217	1,800,358	1,833,433	1,486,754	1,544,866	1,547,694
- Hire purchase receivables	15,091,033	14,954,294	14,959,579	15,091,012	14,954,273	14,959,491
- Other fixed rate loans	5,434,059	5,612,833	5,400,261	5,434,059	5,612,833	5,400,261
Variable rate						
- Base lending rate plus	22,446,041	22,072,533	22,061,917	22,446,041	22,072,533	22,061,917
- Cost plus	15,286,744	14,985,617	12,701,345	15,343,890	15,041,747	12,750,596
- Other variable rates	2,655,299	1,429,196	1,233,901	2,655,299	1,429,196	1,232,264
	<u>62,650,393</u>	<u>60,854,831</u>	<u>58,190,436</u>	<u>62,457,055</u>	<u>60,655,448</u>	<u>57,952,223</u>

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

A11. LOANS AND ADVANCES (CONTD.)

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

	Group			Bank		
	30 June 2013 RM'000	31 March 2013 RM'000	1 April 2012 RM'000	30 June 2013 RM'000	31 March 2013 RM'000	1 April 2012 RM'000
Agriculture	2,746,209	2,719,051	2,100,167	2,746,209	2,719,051	2,100,167
Mining and quarrying	2,592,960	1,747,207	1,466,216	2,592,960	1,747,207	1,466,216
Manufacturing	5,886,590	5,527,439	5,363,907	5,886,590	5,527,439	5,362,270
Electricity, gas and water	791,001	555,701	1,413,859	791,001	555,701	1,413,859
Construction	2,129,634	2,086,462	2,015,392	2,129,634	2,086,462	2,015,392
Wholesale and retail trade and hotel and restaurants	4,807,921	4,703,894	3,795,913	4,807,921	4,703,894	3,795,913
Transport, storage and communication	1,833,238	1,982,218	1,939,008	1,833,238	1,982,218	1,939,008
Finance and insurance	1,793,021	1,950,205	2,415,276	1,850,167	2,006,335	2,464,527
Real estate	5,766,570	5,530,109	4,425,647	5,766,570	5,530,109	4,425,647
Business activities	1,193,887	1,293,249	1,251,729	1,193,887	1,293,249	1,251,729
Education and health	1,035,602	1,044,614	1,374,018	1,035,602	1,044,614	1,374,018
Household of which:	31,860,612	31,478,778	30,546,783	31,610,128	31,223,265	30,260,956
- purchase of residential properties	12,730,172	12,519,273	11,987,637	12,479,709	12,263,781	11,701,898
- purchase of transport vehicles	15,412,822	15,276,980	15,014,404	15,412,801	15,276,959	15,014,316
- others	3,717,618	3,682,525	3,544,742	3,717,618	3,682,525	3,544,742
Others	213,148	235,904	82,521	213,148	235,904	82,521
	<u>62,650,393</u>	<u>60,854,831</u>	<u>58,190,436</u>	<u>62,457,055</u>	<u>60,655,448</u>	<u>57,952,223</u>

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

	Group			Bank		
	30 June 2013 RM'000	31 March 2013 RM'000	1 April 2012 RM'000	30 June 2013 RM'000	31 March 2013 RM'000	1 April 2012 RM'000
Maturing within one year	14,312,508	13,301,411	10,869,709	14,369,654	13,357,541	10,915,860
Over one year to three years	6,360,085	6,579,129	8,937,606	6,347,712	6,566,200	8,924,201
Over three years to five years	10,103,194	9,846,130	8,115,921	10,087,883	9,830,189	8,096,586
Over five years	31,874,606	31,128,161	30,267,200	31,651,806	30,901,518	30,015,576
	<u>62,650,393</u>	<u>60,854,831</u>	<u>58,190,436</u>	<u>62,457,055</u>	<u>60,655,448</u>	<u>57,952,223</u>

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

	Group		Bank	
	30 June 2013 RM'000	31 March 2013 RM'000	30 June 2013 RM'000	31 March 2013 RM'000
Balance at beginning of financial year	1,396,378	1,663,897	1,395,401	1,663,202
Impaired during the year/period	385,815	953,387	385,449	952,735
Reclassification as non-impaired	(185,525)	(240,481)	(185,338)	(240,146)
Recoveries	(104,719)	(374,505)	(104,703)	(374,470)
Amount written off	(206,200)	(608,808)	(206,200)	(608,808)
Repurchase of impaired loans	102	2,888	102	2,888
Balance at end of financial year/period	<u>1,285,851</u>	<u>1,396,378</u>	<u>1,284,711</u>	<u>1,395,401</u>
Gross impaired loans and advances as % of gross loans and advances	<u>2.1%</u>	<u>2.3%</u>	<u>2.1%</u>	<u>2.3%</u>
Loan loss coverage (excluding collateral values)	<u>125.9%</u>	<u>116.2%</u>	<u>126.0%</u>	<u>116.3%</u>

(g) All impaired loans and advances reside in Malaysia.

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

A11. LOANS AND ADVANCES (CONTD.)

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

	Group			Bank		
	30 June 2013 RM'000	31 March 2013 RM'000	1 April 2012 RM'000	30 June 2013 RM'000	31 March 2013 RM'000	1 April 2012 RM'000
Agriculture	20,652	20,239	23,935	20,652	20,239	23,935
Mining and quarrying	3,326	17,866	154,677	3,326	17,866	154,677
Manufacturing	195,710	238,061	184,869	195,710	238,061	184,869
Electricity, gas and water	23,729	25,800	132,130	23,729	25,800	132,130
Construction	42,781	49,114	94,839	42,781	49,114	94,839
Wholesale and retail trade and hotel and restaurants	37,171	42,309	42,430	37,171	42,309	42,430
Transport, storage and communication	27,481	18,382	4,089	27,481	18,382	4,089
Finance and insurance	-	28,287	37,628	-	28,287	37,628
Real estate	7,637	9,120	26,200	7,637	9,120	26,200
Business activities	11,644	11,023	12,369	11,644	11,023	12,369
Education and health	37,346	43,049	44,805	37,346	43,049	44,805
Household of which:	867,711	882,165	895,513	866,571	881,188	894,818
- purchase of residential properties	488,951	515,943	537,997	487,811	514,966	537,302
- purchase of transport vehicles	309,773	289,662	277,835	309,773	289,662	277,835
- others	68,987	76,560	79,681	68,987	76,560	79,681
Others	10,663	10,963	10,413	10,663	10,963	10,413
	<u>1,285,851</u>	<u>1,396,378</u>	<u>1,663,897</u>	<u>1,284,711</u>	<u>1,395,401</u>	<u>1,663,202</u>

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

	Group		Bank	
	30 June 2013 RM'000	31 March 2013 RM'000	30 June 2013 RM'000	31 March 2013 RM'000
Collective allowance				
Balance at beginning of financial year	1,454,239	1,584,690	1,453,924	1,584,814
Charge to income statement, net	139,927	246,478	139,886	246,038
Amount transferred from AmIslamic *	-	1,871	-	1,871
Amount written-off	(100,502)	(384,011)	(100,502)	(384,011)
Exchange differences	517	5,211	515	5,212
Balance at end of financial year/period	<u>1,494,181</u>	<u>1,454,239</u>	<u>1,493,823</u>	<u>1,453,924</u>
Collective allowance as % of gross loans and advances less individual allowance	<u>2.4%</u>	<u>2.4%</u>	<u>2.4%</u>	<u>2.4%</u>
Individual allowance				
Balance at beginning of financial year	168,840	114,474	168,840	114,474
Charge to income statement, net	61,193	275,276	61,193	275,276
Amount written-off	(104,767)	(220,910)	(104,767)	(220,910)
Balance at end of financial year/period	<u>125,266</u>	<u>168,840</u>	<u>125,266</u>	<u>168,840</u>

* The gross exposure and collective allowance relating to the RPSIA financing as at 30 June 2013 are RM489.9 million and RM2.6 million respectively (31 March 2013: RM500.9 million and RM2.1 million respectively).

The was no individual allowance provided for the RPSIA financing.

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

A12. OTHER ASSETS

	30 June 2013	Group 31 March 2013 (Restated)	1 April 2012 (Restated)	30 June 2013	Bank 31 March 2013	1 April 2012
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Other receivables, deposits and prepayments, net of allowance for impairment	545,282	551,291	542,028	539,537	545,541	534,562
Interest receivable, net of allowance for impairment	151,613	154,662	142,185	150,939	153,379	141,577
Amount due from originators	252,929	256,047	166,238	252,929	256,047	166,238
Foreclosed properties, net of allowance for impairment	72,811	72,832	82,758	72,661	72,682	82,607
Deferred charges	138,718	141,691	148,142	138,718	141,691	148,142
	<u>1,161,353</u>	<u>1,176,523</u>	<u>1,081,351</u>	<u>1,154,784</u>	<u>1,169,340</u>	<u>1,073,126</u>

A13. DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

	30 June 2013	Group 31 March 2013 (Restated)	1 April 2012 (Restated)	30 June 2013	Bank 31 March 2013	1 April 2012
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Licensed banks	260,421	183,403	2,274,788	197,732	185,624	2,842,893
Licensed investment banks	796,541	830,143	844,829	796,541	830,143	844,829
Other financial Institutions	605,120	485,521	665,517	610,744	494,073	662,289
Bank Negara Malaysia ("BNM")	890,968	828,530	178,204	890,968	828,530	178,204
	<u>2,553,050</u>	<u>2,327,597</u>	<u>3,963,338</u>	<u>2,495,985</u>	<u>2,338,370</u>	<u>4,528,215</u>

A14. DEPOSIT FROM CUSTOMERS

	30 June 2013	Group 31 March 2013	1 April 2012	30 June 2013	Bank 31 March 2013	1 April 2012
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Demand deposits	7,765,694	7,098,444	5,655,715	7,767,390	7,099,779	5,656,951
Savings deposits	3,441,243	3,327,501	3,209,941	3,441,243	3,327,501	3,209,941
Term/Investment deposits	53,994,396	51,658,578	49,976,753	53,982,579	51,629,802	49,111,956
Negotiable instruments of deposits	51,315	63,253	517,440	51,315	63,253	517,440
	<u>65,252,648</u>	<u>62,147,776</u>	<u>59,359,849</u>	<u>65,242,527</u>	<u>62,120,335</u>	<u>58,496,288</u>

(i) The deposits are sourced from the following type of customers:

	30 June 2013	Group 31 March 2013	1 April 2012	30 June 2013	Bank 31 March 2013	1 April 2012
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Government and other statutory bodies	5,853,789	5,442,649	5,314,300	5,853,789	5,442,649	5,314,300
Business enterprises	29,981,298	27,442,980	26,111,157	29,971,502	27,416,240	25,247,634
Individuals	28,203,483	28,181,271	26,809,139	28,203,168	28,180,581	26,809,139
Others	1,214,078	1,080,876	1,125,253	1,214,068	1,080,865	1,125,215
	<u>65,252,648</u>	<u>62,147,776</u>	<u>59,359,849</u>	<u>65,242,527</u>	<u>62,120,335</u>	<u>58,496,288</u>

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

A14. DEPOSIT FROM CUSTOMERS (CONTD.)

(ii) The maturity structure of term/investment deposits and negotiable instruments of deposits is as follows:

	Group			Bank		
	30 June 2013 RM'000	31 March 2013 RM'000	1 April 2012 RM'000	30 June 2013 RM'000	31 March 2013 RM'000	1 April 2012 RM'000
Due within six months	41,728,751	37,638,162	38,338,036	41,716,934	37,609,386	37,473,239
Over six months to one year	9,745,391	11,460,281	8,795,115	9,745,391	11,460,281	8,795,115
Over one year to three years	2,284,234	2,323,727	2,322,715	2,284,234	2,323,727	2,322,715
Over three years to five years	287,335	299,661	1,038,327	287,335	299,661	1,038,327
	<u>54,045,711</u>	<u>51,721,831</u>	<u>50,494,193</u>	<u>54,033,894</u>	<u>51,693,055</u>	<u>49,629,396</u>

A15. OTHER LIABILITIES

	Group			Bank		
	30 June 2013 RM'000	31 March 2013 (Restated) RM'000	1 April 2012 (Restated) RM'000	30 June 2013 RM'000	31 March 2013 RM'000	1 April 2012 RM'000
Other payables and accruals	1,351,716	2,297,649	1,385,145	1,342,586	2,289,247	1,375,836
Interest payable	587,726	561,931	513,655	587,699	561,926	513,594
Advance rentals	16,916	19,724	31,506	16,916	19,724	31,506
Provision for commitments and contingencies	156,120	148,307	216,837	156,129	148,317	216,835
Provision for taxation	33,283	101,113	2,760	31,636	99,570	917
	<u>2,145,761</u>	<u>3,128,724</u>	<u>2,149,903</u>	<u>2,134,966</u>	<u>3,118,784</u>	<u>2,138,688</u>

A16. INTEREST INCOME

	Individual Quarter		Cumulative Quarter	
	30 June 2013 RM'000	30 June 2012 (Restated) RM'000	30 June 2013 RM'000	30 June 2012 (Restated) RM'000
Group				
Short-term funds and deposits with financial institutions	56,524	46,880	56,524	46,880
Financial assets held-for-trading	42,440	58,150	42,440	58,150
Financial investments available-for-sale	38,853	49,258	38,853	49,258
Financial investments held-to-maturity	32,193	1,563	32,193	1,563
Loans and advances	924,991	894,789	924,991	894,789
Impaired loans and advances	505	2,368	505	2,368
Others	2,773	3,367	2,773	3,367
	<u>1,098,279</u>	<u>1,056,375</u>	<u>1,098,279</u>	<u>1,056,375</u>
Bank				
Short-term funds and deposits with financial institutions	56,036	46,345	56,036	46,345
Financial assets held-for-trading	42,440	58,150	42,440	58,150
Financial investments available-for-sale	40,825	51,666	40,825	51,666
Financial investments held-to-maturity	32,176	1,522	32,176	1,522
Loans and advances	921,245	890,467	921,245	890,467
Impaired loans and advances	505	2,368	505	2,368
Others	2,773	3,367	2,773	3,367
	<u>1,096,000</u>	<u>1,053,885</u>	<u>1,096,000</u>	<u>1,053,885</u>

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

A17. INTEREST EXPENSE

	Individual Quarter		Cumulative Quarter	
	30 June 2013 RM'000	30 June 2012 RM'000	30 June 2013 RM'000	30 June 2012 RM'000
Group				
Deposits from customers	459,240	429,982	459,240	429,982
Deposits and placements of banks and other financial institutions	15,996	16,736	15,996	16,736
Recourse obligation of loans sold to Cagamas Berhad	10,166	10,168	10,166	10,168
Term funding	42,037	42,657	42,037	42,657
Debt capital	46,696	48,325	46,696	48,325
Others	7,917	7,749	7,917	7,749
	<u>582,052</u>	<u>555,617</u>	<u>582,052</u>	<u>555,617</u>
Bank				
Deposits from customers	459,362	429,452	459,362	429,452
Deposits and placements of banks and other financial institutions	15,998	17,273	15,998	17,273
Recourse obligation of loans sold to Cagamas Berhad	10,166	10,168	10,166	10,168
Term funding	42,037	42,657	42,037	42,657
Debt capital	46,696	48,325	46,696	48,325
Others	7,910	7,744	7,910	7,744
	<u>582,169</u>	<u>555,619</u>	<u>582,169</u>	<u>555,619</u>

A18. NET INCOME FROM ISLAMIC BANKING BUSINESS

	Individual Quarter		Cumulative Quarter	
	30 June 2013 RM'000	30 June 2012 RM'000	30 June 2013 RM'000	30 June 2012 RM'000
Group				
Income derived from investment of depositors' funds and others	-	11	-	11
Income derived from investment of shareholder's funds	10	41	10	41
Income attributable to the depositors	-	(8)	-	(8)
	<u>10</u>	<u>44</u>	<u>10</u>	<u>44</u>

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

A19. OTHER OPERATING INCOME

Group	Individual Quarter		Cumulative Quarter	
	30 June 2013 RM'000	30 June 2012 (Restated) RM'000	30 June 2013 RM'000	30 June 2012 (Restated) RM'000
Fee and commission income:				
Bancassurance commission	8,379	8,484	8,379	8,484
Brokerage fees, commission and rebates	430	442	430	442
Fees on loans, advances and securities	39,468	49,609	39,468	49,609
Guarantee fees	12,070	9,089	12,070	9,089
Remittances	5,192	5,877	5,192	5,877
Service charges and fees	4,804	5,864	4,804	5,864
Other fee and commission	9,917	9,642	9,917	9,642
	<u>80,260</u>	<u>89,007</u>	<u>80,260</u>	<u>89,007</u>
Investment and trading income:				
Foreign exchange *	28,855	17,185	28,855	17,185
Gross dividend income from:				
Financial assets held-for-trading	1,704	3,368	1,704	3,368
Financial investments available-for-sale	10,105	3,906	10,105	3,906
Net gain on sale/redemption of:				
Financial assets held-for-trading	5,581	11,169	5,581	11,169
Financial investments available-for-sale	14,828	11,065	14,828	11,065
Financial investments held-to-maturity	626	31,271	626	31,271
Net loss on revaluation of financial assets held-for-trading	(35,876)	(5,431)	(35,876)	(5,431)
Net gain on derivatives	29,469	28,248	29,469	28,248
Others	(1,746)	(1,375)	(1,746)	(1,375)
	<u>53,546</u>	<u>99,406</u>	<u>53,546</u>	<u>99,406</u>
Other income:				
Net gain on disposal of property and equipment	6	19	6	19
Net non trading foreign exchange gain	211	38	211	38
Rental income	1,236	952	1,236	952
Others	2,588	3,025	2,588	3,025
	<u>4,041</u>	<u>4,034</u>	<u>4,041</u>	<u>4,034</u>
	<u>137,847</u>	<u>192,447</u>	<u>137,847</u>	<u>192,447</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

A19. OTHER OPERATING INCOME (CONTD.)

	Individual Quarter		Cumulative Quarter	
	30 June 2013 RM'000	30 June 2012 RM'000	30 June 2013 RM'000	30 June 2012 RM'000
Bank				
Fee and commission income:				
Bancassurance commission	8,366	8,476	8,366	8,476
Brokerage fees, commission and rebates	430	442	430	442
Fees on loans, advances and securities	38,921	48,958	38,921	48,958
Guarantee fees	12,011	8,967	12,011	8,967
Remittances	5,192	5,877	5,192	5,877
Service charges and fees	5,064	6,155	5,064	6,155
Other fee and commission	9,894	9,619	9,894	9,619
	<u>79,878</u>	<u>88,494</u>	<u>79,878</u>	<u>88,494</u>
Investment and trading income:				
Foreign exchange *	28,855	17,185	28,855	17,185
Gross dividend income from:				
Associate	-	1,160	-	1,160
Financial assets held-for-trading	1,704	3,368	1,704	3,368
Financial investments available-for-sale	10,105	3,906	10,105	3,906
Net gain on sale/redemption of:				
Financial assets held-for-trading	5,581	11,169	5,581	11,169
Financial investments available-for-sale	14,828	11,065	14,828	11,065
Financial investments held-to-maturity	626	31,271	626	31,271
Net loss on revaluation of financial assets held-for-trading	(35,876)	(5,431)	(35,876)	(5,431)
Net gain on derivatives	29,469	28,248	29,469	28,248
Others	(1,746)	(1,375)	(1,746)	(1,375)
	<u>53,546</u>	<u>100,566</u>	<u>53,546</u>	<u>100,566</u>
Other income:				
Net gain on disposal of property and equipment	6	19	6	19
Net non trading foreign exchange gain	193	39	193	39
Rental income	968	873	968	873
Others	2,473	2,514	2,473	2,514
	<u>3,640</u>	<u>3,445</u>	<u>3,640</u>	<u>3,445</u>
	<u>137,064</u>	<u>192,505</u>	<u>137,064</u>	<u>192,505</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

A20. OTHER OPERATING EXPENSES

Group	Individual Quarter		Cumulative Quarter	
	30 June 2013 RM'000	30 June 2012 (Restated) RM'000	30 June 2013 RM'000	30 June 2012 (Restated) RM'000
Personnel costs:				
Pension costs - defined contribution plan	26,515	25,149	26,515	25,149
Salaries, allowances and bonuses	177,249	163,248	177,249	163,248
Shares and options granted under AMMB ESS	3,521	2,759	3,521	2,759
Social security costs	1,221	1,205	1,221	1,205
Others	18,690	15,380	18,690	15,380
	<u>227,196</u>	<u>207,741</u>	<u>227,196</u>	<u>207,741</u>
Establishment costs:				
Amortisation of intangible assets	11,450	10,860	11,450	10,860
Cleaning, maintenance and security	5,499	6,215	5,499	6,215
Computerisation expenses	40,427	39,885	40,427	39,885
Depreciation of property and equipment	10,006	10,306	10,006	10,306
Rental	17,176	17,492	17,176	17,492
Others	8,593	6,838	8,593	6,838
	<u>93,151</u>	<u>91,596</u>	<u>93,151</u>	<u>91,596</u>
Marketing and communication expenses:				
Advertising and marketing	7,670	8,058	7,670	8,058
Commission	280	334	280	334
Communication	11,915	11,120	11,915	11,120
Others	2,277	2,258	2,277	2,258
	<u>22,142</u>	<u>21,770</u>	<u>22,142</u>	<u>21,770</u>
Administration and general expenses:				
Professional services	18,569	17,303	18,569	17,303
Others	10,849	9,553	10,849	9,553
	<u>29,418</u>	<u>26,856</u>	<u>29,418</u>	<u>26,856</u>
Service transfer pricing recovery - net	(83,875)	(79,405)	(83,875)	(79,405)
Expenses capitalised	(8,171)	(4,083)	(8,171)	(4,083)
Acquisition and business efficiency costs	759	-	759	-
	<u>280,620</u>	<u>264,475</u>	<u>280,620</u>	<u>264,475</u>

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

A20. OTHER OPERATING EXPENSES (CONTD.)

	Individual Quarter		Cumulative Quarter	
	30 June 2013 RM'000	30 June 2012 RM'000	30 June 2013 RM'000	30 June 2012 RM'000
Bank				
Personnel costs:				
Pension costs - defined contribution plan	26,458	25,059	26,458	25,059
Salaries, allowances and bonuses	176,893	162,686	176,893	162,686
Shares and options granted under AMMB ESS	3,517	2,750	3,517	2,750
Social security costs	1,218	1,201	1,218	1,201
Others	18,663	15,352	18,663	15,352
	<u>226,749</u>	<u>207,048</u>	<u>226,749</u>	<u>207,048</u>
Establishment costs:				
Amortisation of intangible assets	11,449	10,859	11,449	10,859
Cleaning, maintenance and security	5,367	6,071	5,367	6,071
Computerisation expenses	40,423	39,883	40,423	39,883
Depreciation of property and equipment	9,879	10,178	9,879	10,178
Rental	17,547	17,929	17,547	17,929
Others	8,386	6,640	8,386	6,640
	<u>93,051</u>	<u>91,560</u>	<u>93,051</u>	<u>91,560</u>
Marketing and communication expenses:				
Advertising and marketing	7,670	8,058	7,670	8,058
Commission	272	318	272	318
Communication	11,899	11,104	11,899	11,104
Others	2,275	2,254	2,275	2,254
	<u>22,116</u>	<u>21,734</u>	<u>22,116</u>	<u>21,734</u>
Administration and general expenses:				
Professional services	18,497	17,267	18,497	17,267
Others	10,773	9,436	10,773	9,436
	<u>29,270</u>	<u>26,703</u>	<u>29,270</u>	<u>26,703</u>
Service transfer pricing recovery - net	(83,266)	(79,021)	(83,266)	(79,021)
Expenses capitalised	(8,171)	(4,083)	(8,171)	(4,083)
Acquisition and business efficiency costs	759	-	759	-
	<u>280,508</u>	<u>263,941</u>	<u>280,508</u>	<u>263,941</u>

A21. ALLOWANCE/(WRITEBACK OF ALLOWANCE) FOR IMPAIRMENT ON LOANS AND ADVANCES

	Individual Quarter		Cumulative Quarter	
	30 June 2013	30 June 2012 (Restated)	30 June 2013	30 June 2012 (Restated)
	RM'000	RM'000	RM'000	RM'000
Group				
Allowance for impaired loans and advances:				
Individual allowance	61,193	13,010	61,193	13,010
Collective allowance	139,927	120,892	139,927	120,892
Impaired loans and advances recovered, net	(238,168)	(144,417)	(238,168)	(144,417)
	<u>(37,048)</u>	<u>(10,515)</u>	<u>(37,048)</u>	<u>(10,515)</u>
Bank				
Allowance for impaired loans and advances:				
Individual allowance	61,193	13,010	61,193	13,010
Collective allowance	139,886	120,938	139,886	120,938
Impaired loans and advances recovered, net	(236,321)	(143,349)	(236,321)	(143,349)
	<u>(35,242)</u>	<u>(9,401)</u>	<u>(35,242)</u>	<u>(9,401)</u>

A22. IMPAIRMENT LOSS/(WRITEBACK) ON FINANCIAL INVESTMENTS

	Individual Quarter		Cumulative Quarter	
	30 June 2013	30 June 2012	30 June 2013	30 June 2012
	RM'000	RM'000	RM'000	RM'000
Group				
Financial investments available-for-sale	174	1,254	174	1,254
Financial investments held-to-maturity	(1,065)	(1,158)	(1,065)	(1,158)
	<u>(891)</u>	<u>96</u>	<u>(891)</u>	<u>96</u>
Bank				
Financial investments available-for-sale	174	1,254	174	1,254
Financial investments held-to-maturity	(888)	(574)	(888)	(574)
	<u>(714)</u>	<u>680</u>	<u>(714)</u>	<u>680</u>

A23. EARNINGS PER SHARE ("EPS")

(a) Basic/Diluted

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

Diluted earnings per share is calculated by dividing the net profit attributable to the equity holder of the Bank by the adjusted weighted average number of ordinary shares in issue and issuable during the financial period. The Bank does not have any dilutive potential ordinary shares.

	Individual Quarter		Cumulative Quarter	
	30 June 2013	30 June 2012 (Restated)	30 June 2013	30 June 2012 (Restated)
Group				
Net profit attributable to shareholder of the Bank (RM'000)	309,985	339,601	309,985	339,601
Number of ordinary shares at beginning of financial year and end of period representing weighted average number of ordinary shares in issue ('000)	820,364	820,364	820,364	820,364
Basic/Diluted earnings per share (sen)	<u>37.79</u>	<u>41.40</u>	<u>37.79</u>	<u>41.40</u>
	30 June 2013	30 June 2012	30 June 2013	30 June 2012
Bank				
Net profit attributable to shareholder of the Bank (RM'000)	305,358	335,756	305,358	335,756
Number of ordinary shares at beginning of financial year and end of period representing weighted average number of ordinary shares in issue ('000)	820,364	820,364	820,364	820,364
Basic/Diluted earnings per share (sen)	<u>37.22</u>	<u>40.93</u>	<u>37.22</u>	<u>40.93</u>

Company No. 8515-D

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

A24. BUSINESS SEGMENT ANALYSIS

Group	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
Financial quarter ended 30 June 2013						
Operating revenue	534,681	160,108	306,364	49,516	185,467	1,236,136
Income	323,913	119,475	97,332	41,903	71,586	654,209
Other operating expenses	(144,998)	(18,819)	(16,852)	(16,258)	(83,693)	(280,620)
Profit/(Loss) before provisions	178,915	100,656	80,480	25,645	(12,107)	373,589
Provisions	(19,261)	(20,117)	6,755	(32)	62,781	30,126
Profit before taxation	159,654	80,539	87,235	25,613	50,674	403,715
Taxation	(39,835)	(19,980)	(18,160)	(6,347)	(9,408)	(93,730)
Profit for the period	119,819	60,559	69,075	19,266	41,266	309,985

Other information

Cost to income ratio	44.8%	15.8%	17.3%	38.8%	116.9%	42.9%
Gross loans and advances	34,600,398	13,089,306	14,642,356	-	318,333	62,650,393
Net loans and advances	33,852,393	12,940,068	14,550,447	-	(311,962)	61,030,946
Impaired loans and advances	989,604	63,537	-	-	232,710	1,285,851
Deposits	30,775,424	7,323,703	27,716,861	191,561	1,798,149	67,805,698

Company No. 8515-D

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

A24. BUSINESS SEGMENT ANALYSIS (CONTD.)

Group	Retail banking RM'000	Business banking RM'000	Corporate and institutional banking RM'000	Markets RM'000	Group functions and others RM'000	Total (restated) RM'000
Financial quarter ended 30 June 2012						
Operating revenue	535,791	146,145	301,383	72,743	192,812	1,248,874
Income	335,639	114,105	100,650	65,593	77,488	693,475
Other operating expenses	(141,034)	(19,649)	(14,386)	(20,720)	(68,686)	(264,475)
Profit before provisions	194,605	94,456	86,264	44,873	8,802	429,000
Provisions	(34,176)	13,726	(1,084)	554	46,309	25,329
Profit before taxation	160,429	108,182	85,180	45,427	55,111	454,329
Taxation	(40,108)	(27,348)	(19,141)	(11,297)	(16,811)	(114,705)
Profit for the period	120,321	80,834	66,039	34,130	38,300	339,624

Other information

Cost to income ratio	42.0%	17.2%	14.3%	31.6%	88.6%	38.1%
Gross loans and advances	33,780,646	12,366,900	12,762,261	-	407,651	59,317,458
Net loans and advances	33,017,623	12,093,511	12,612,138	-	(132,250)	57,591,022
Impaired loans and advances	1,020,898	264,140	-	-	357,321	1,642,359
Deposits	29,669,184	5,696,565	26,517,906	(156,755)	3,064,068	64,790,968

Note:

1. The financial information by geographical segment is not presented as the Group's activities are principally conducted in Malaysia.
2. Certain comparative figures have been restated due to effect of pooling of interest (Note A34) and to conform with current period's presentation.

A25. PERFORMANCE REVIEW FOR THE PERIOD ENDED 30 JUNE 2013

The Group registered a profit before taxation ("pre-tax profit") of RM403.7 million representing a 11.1% decrease compared to the pre-tax profit for the corresponding period last year.

For current quarter, the decrease in pre-tax profit was attributable to lower other operating income by RM54.6 million or 28.4%, provision made for commitments and contingencies of RM7.7 million compared to write-back of RM22.3 million in the corresponding period last year and higher operating expenses by RM16.1 million or 6.1%.

Other operating income decreased mainly due to lower gain on sale/redemption of securities and higher loss on revaluation of financial assets held-for-trading. Operating expenses increased mainly due to higher personnel cost.

The decrease was mitigated by higher write-back on allowance for impairment on loans and advances, increase in net interest income and lower impairment loss for foreclosed properties. Higher write-back on allowance for impairment on loans and advances was mainly due to higher bad debt recoveries. The growth in loans and advances had contributed to the increase in net interest income.

The Group and the Bank remained well capitalised with Risk Weighted capital adequacy ratios of 13.4% and 13.3% respectively.

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

A26. PROSPECTS FOR FINANCIAL YEAR ENDING 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.

A27. 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.

A28. SIGNIFICANT EVENTS

On 26 April 2013, the holding company, AMMB Holdings Berhad ("AMMB") had received approval from Bank Negara Malaysia ("BNM") for the proposed reorganisation of the AMMB Group's card business comprising:

- a) the consolidation of card business of a related company, MBF Cards (M'sia) Sdn Bhd ("MBF Card") under the Bank;
- b) outsourcing of card operations of the Bank and AmIslamic Bank Berhad to AmCard Services Berhad, (formerly known as Arab-Malaysian Credit Berhad ("AmCard")); and
- c) acquisition of 100% equity interest in AmCard by the Bank from a related company, AMFB Holdings Berhad ("AMFB").

On 7 May 2013, the Bank entered into a Business Transfer Agreement with MBF Card for the transfer of the latter's assets, liabilities, activities, business and undertakings of the credit card business to the Bank ("Business Transfer"). The Business Transfer was completed on 1 July 2013 and the acquisition price was payable by cash amounting to approximately of RM449.4 million based on the book value of the net assets transferred.

On 13 June 2013, the Bank entered into a sale and purchase agreement with AMFB to acquire 100% equity interest held by AMFB in AmCard at purchase consideration of approximately RM8.5 million. The acquisition includes AmCard's 100% equity interest in its subsidiary, AMMB Factors Sdn Bhd.

Both the Bank and AmCard are under common control, accordingly, the acquisition of AmCard has been accounted for by the Group via the pooling of interest method. Under the pooling of interest method, the results and financial position of AmCard are included in the financial statements of the Group as if the merger had been effected prior to and throughout the current financial year.

A29. EVENTS SUBSEQUENT TO REPORTING DATE

- 1) Establishment of a Euro Medium Term Notes Programme of up to USD2.0 billion in nominal value (or its equivalent in other currencies).

AMMB, on 5 July 2013 announced that, the Bank, has obtained the approval of the Securities Commission ("SC") via the SC's letter dated 4 July 2013 for the establishment of a Euro Medium Term Notes Programme of up to USD2.0 billion ("Proposed Programme") in nominal value (or its equivalent in other currencies). The Proposed Programme is approved by the SC under its deemed approval process.

The net proceeds from the Proposed Programme will be utilised by the Bank for its working capital, general funding requirement and other corporate purposes.

AmInvestment Bank Berhad (the Principal Adviser) and Australia New Zealand Banking Group Limited are the arrangers for the Proposed Programme.

There were no other significant events subsequent to the reporting date, other than as disclosed above and in Note A28.

- 2) Member's voluntary winding up of wholly owned subsidiaries.

The following wholly owned subsidiaries of the Bank had commenced member's voluntary winding up process pursuant to Section 254(1) of the Companies Act, 1965:

Subsidiaries

- a) Everflow Credit & Leasing Corporation Sdn. Bhd.
- b) Komuda Credit & Leasing Sdn. Bhd.
- c) AmCredit & Leasing Sdn. Bhd.
- d) AmCapital (L) Inc (incorporated under the Labuan Companies Act, 1990)
- e) AMMB Factors Sdn Bhd

These subsidiaries are dormant companies and there is no plan for them to resume business.

The winding up of the above subsidiaries will not have any material effect on the Group's performance for the financial year 2014.

A30. CHANGES IN THE COMPOSITION OF THE GROUP

There were no significant changes in the composition of the Group for the financial period ended 30 June 2013 other than as disclosed in Note A28.

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

A31. 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.

The notional amounts of the commitments and contingencies of the Group and the Bank are as follows:

Group	Group			Bank		
	30 June 2013 RM'000	31 March 2013 RM'000	1 April 2012 RM'000	30 June 2013 RM'000	31 March 2013 RM'000	1 April 2012 RM'000
Contingent Liabilities						
Direct credit substitutes	1,277,970	1,253,726	1,608,754	1,277,970	1,253,726	1,608,754
Transaction related contingent items	4,035,032	3,812,587	3,120,757	4,035,032	3,812,587	3,120,757
Short term self liquidating trade related contingencies	618,615	617,806	615,243	618,587	617,689	613,825
Obligations under on-going underwriting agreements	250,000	250,000	265,000	250,000	250,000	265,000
Others	100	100	100	150	150	150
	<u>6,181,717</u>	<u>5,934,219</u>	<u>5,609,854</u>	<u>6,181,739</u>	<u>5,934,152</u>	<u>5,608,486</u>
Commitments						
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	14,906,431	14,674,911	13,251,953	14,944,718	14,715,741	13,292,670
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	5,784,974	5,859,056	4,682,068	5,784,974	5,859,056	4,682,068
Unutilised credit card lines	2,667,892	2,729,671	2,953,565	2,667,892	2,729,671	2,953,565
Forward asset purchase	223,769	108,266	360,899	223,769	108,266	360,899
	<u>23,583,066</u>	<u>23,371,904</u>	<u>21,248,485</u>	<u>23,621,353</u>	<u>23,412,734</u>	<u>21,289,202</u>
Derivative Financial Instruments						
Foreign exchange related contracts						
- One year or less	23,097,531	22,584,554	20,064,852	23,097,531	22,584,554	20,064,852
- Over one year to five years	3,492,599	3,440,503	3,145,654	3,492,599	3,440,503	3,145,654
- Over five years	885,166	837,446	58,532	885,166	837,446	58,532
Interest rate related contracts						
- One year or less	4,012,298	4,548,404	14,448,655	4,012,298	4,548,404	14,448,655
- Over one year to five years	24,692,078	22,110,386	18,849,399	24,692,078	22,110,386	18,849,399
- Over five years	9,609,328	9,682,407	8,042,138	9,609,328	9,682,407	8,042,138
Credit related contracts						
- One year or less	-	267,510	61,290	-	267,510	61,290
- Over one year to five years	301,486	298,274	549,473	301,486	298,274	549,473
- Over five years	300,952	297,752	292,733	300,952	297,752	292,733
Equity related contracts						
- One year or less	348,086	322,791	484,281	348,086	322,791	484,281
- Over one year to five years	437,997	547,989	362,369	437,997	547,989	362,369
	<u>67,177,521</u>	<u>64,938,016</u>	<u>66,359,376</u>	<u>67,177,521</u>	<u>64,938,016</u>	<u>66,359,376</u>
Total	<u>96,942,304</u>	<u>94,244,139</u>	<u>93,217,715</u>	<u>96,980,613</u>	<u>94,284,902</u>	<u>93,257,064</u>

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

	30 June 2013 RM'000	31 March 2013 RM'000	1 April 2012 RM'000
Relating to AmBank (M) Berhad	96,950,091	94,261,611	93,233,992
Relating to AMIL with external parties*	30,522	23,291	23,072
	<u>96,980,613</u>	<u>94,284,902</u>	<u>93,257,064</u>

* The Bank has given a continuing guarantee to Labuan Financial Services Authority ("LFSA") to meet all the liabilities and financial obligations of its subsidiary, AmInternational (L) Ltd ("AMIL").

A32. 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 derivative 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.

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 derivative 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 statement of financial position and commitment and contingencies 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.

A32. RISK MANAGEMENT POLICY ON FINANCIAL DERIVATIVES (CONTD.)

General disclosure for derivatives and counterparty credit risk

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

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

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

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

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

Liquidity risk of derivatives

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

Market liquidity risk arises when a position cannot be sold or closed out quickly or risk be eliminated by entering into an offsetting position. In general, an over-the counter ("OTC") market tends to offer less liquidity than an exchange market due to the customized nature of some OTC contracts. OTC contracts include foreign exchange contracts, cross currency swaps, interest rate swaps and 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.

A32. RISK MANAGEMENT POLICY ON FINANCIAL DERIVATIVES (CONTD.)

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%.

(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.

If the hedging instrument expires or is sold, terminated or exercised or where the hedge no longer meets the criteria for hedge accounting, the hedge relationship is terminated. For hedged items recorded at amortised cost, the difference between the carrying value of the hedged item on termination and the face value is amortised over the remaining term of the original hedge using the effective interest rate ("EIR"). If the hedged item is derecognised, the unamortised fair value adjustment is recognised immediately in the income statement.

(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 designated and qualifying cash flow hedges, the effective portion of the gain or loss on the hedging instrument is initially recognised directly in equity in the "Cash flow hedging reserve". The ineffective portion of the gain or loss on the hedging instrument is recognised immediately in the income statement.

When the hedged cash flow affects the income statement, the gain or loss on the hedging instrument is recorded in the corresponding income or expense line of the income statement. When a hedging instrument expires or is sold, terminated, exercised or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in other comprehensive income at that time remains in other comprehensive income and is recognised when the hedged forecast transaction is ultimately recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in other comprehensive income is immediately transferred to the income statement.

(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.

A33. CAPITAL ADEQUACY

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

	Group		Bank	
	30 June 2013	31 March 2013	30 June 2013	31 March 2013
Before deducting proposed dividends				
Common Equity Tier 1	8.498%	8.670%	8.393%	8.616%
Tier 1 Capital Ratio	10.690%	10.942%	10.592%	10.891%
Total Capital Ratio	13.966%	14.295%	13.871%	14.254%
After deducting proposed dividends				
Common Equity Tier 1	7.936%	8.086%	7.829%	8.032%
Tier 1 Capital Ratio	10.128%	10.358%	10.028%	10.307%
Total Capital Ratio	13.404%	13.711%	13.307%	13.670%

The capital adequacy ratios on a consolidated basis include the financial related services within the Group. The Group and the Bank 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 are set out as follows:

	Calender year 2013	Calender year 2014	Calender year 2015 onwards
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%

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

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

	AMIL	
	30 June 2013	31 March 2013
Common Equity Tier 1	30.237%	51.113%
Tier 1 Capital Ratio	30.237%	51.113%
Total Capital Ratio	30.299%	51.220%

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

A33. CAPITAL ADEQUACY (CONTD.)

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

	Group		Bank	
	30 June 2013 RM'000	31 March 2013 RM'000	30 June 2013 RM'000	31 March 2013 RM'000
CET 1 Capital				
Ordinary shares	820,364	820,364	820,364	820,364
Share premium	942,844	942,844	942,844	942,844
Retained earnings	3,543,804	3,543,804	3,501,590	3,501,590
Less: Proposed dividend - final	(400,338)	(400,338)	(400,338)	(400,338)
Unrealised losses on financial investments available-for-sale	(12,304)	(9,174)	(10,948)	(8,402)
Foreign exchange translation reserve	(9,547)	(14,760)	(9,547)	(14,760)
Statutory reserve	980,969	980,969	980,969	980,969
Merger reserve	104,149	48,516	48,516	48,516
Cash flow hedging reserve	(9,411)	(12,644)	(9,411)	(12,644)
Less: Regulatory adjustments applied on CET1 Capital				
Intangible assets	(262,170)	(234,687)	(262,170)	(234,687)
Deferred tax assets	(52,921)	(120,781)	(52,470)	(120,523)
Cash flow hedging reserve	9,411	12,644	9,411	12,644
Total CET1 Capital	5,654,850	5,556,757	5,558,810	5,515,573
Additional Tier 1 Capital				
Additional Tier 1 Capital instruments (subject to gradual phase-out treatment)	1,561,590	1,561,590	1,561,590	1,561,590
Total Tier 1 Capital	7,216,440	7,118,347	7,120,400	7,077,163
Tier 2 Capital				
Tier 2 Capital instruments (subject to gradual phase-out treatment)	1,557,800	1,557,800	1,557,800	1,557,800
Collective allowance and regulatory reserves	778,582	747,153	779,126	751,584
Less : Regulatory adjustments applied on Tier 2 Capital	(2,080)	(892)	(8,609)	(133)
Total Tier 2 capital	2,334,302	2,304,061	2,328,317	2,309,251
Total Capital	9,550,742	9,422,408	9,448,717	9,386,414

The breakdown of the risk weighted assets ("RWA") in various categories of risk is as follows:

	Group		Bank	
	30 June 2013 RM'000	31 March 2013 RM'000	30 June 2013 RM'000	31 March 2013 RM'000
Credit RWA	62,286,570	59,772,241	62,330,115	60,126,718
Market RWA	3,839,333	3,722,181	3,839,333	3,722,181
Operational RWA	5,126,576	5,225,079	4,833,929	4,816,169
Large exposure risk RWA for equity holdings	642	713	642	713
Total risk weighted assets	71,253,121	68,720,214	71,004,019	68,665,781

A34. CHANGES IN ACCOUNTING POLICIES AND RESTATEMENT OF COMPARATIVES**a) Acquisition of 100% equity interest in AmCard**

On 13 June 2013, the Bank entered into a sale and purchase agreement with AMFB to acquire 100% equity interest held by AMFB in AmCard at purchase consideration of approximately RM8.5 million. The acquisition includes AmCard's 100% equity interest in its subsidiary, AMMB Factors Sdn Bhd.

As the acquisition of the equity interest of AmCard were carried by entities under common control, the transaction has been accounted for via the pooling of interest method. Under the pooling of interest method, the results and financial position of AmCard, are included in the financial statements of the Group as if the merger had been effected prior to and throughout the current financial year. Accordingly comparative figures of the Group have been restated as follows.

(i) Reconciliations of statement of financial position

	As previously reported RM'000	Effect of change arising from pooling of interest method RM'000	As restated RM'000
Group			
As at 31 March 2013			
Cash and short-term funds	7,324,650	12,109	7,336,759
Deposits and placements with banks and other financial institutions	1,913,422	44,600	1,958,022
Financial investments available-for-sale	3,348,641	45	3,348,686
Investment in associates	892	1,063	1,955
Other assets	1,174,721	1,802	1,176,523
Deposits and placements of banks and other financial institutions	2,330,512	(2,915)	2,327,597
Other liabilities	3,129,646	(922)	3,128,724
Reserves	5,479,555	63,456	5,543,011
As at 1 April 2012			
Cash and short-term funds	5,453,638	14,768	5,468,406
Deposits and placements with banks and other financial institutions	1,122,194	32,900	1,155,094
Financial investments available-for-sale	4,440,721	66	4,440,787
Investment in associates	1,611	1,782	3,393
Other assets	1,078,760	2,591	1,081,351
Deposits and placements of banks and other financial institutions	3,968,264	(4,926)	3,963,338
Other liabilities	2,149,210	693	2,149,903
Reserves	5,151,031	56,340	5,207,371

A34. CHANGES IN ACCOUNTING POLICIES AND RESTATEMENT OF COMPARATIVES (CONTD.)

(ii) Reconciliation of income statement and statement of comprehensive income

	As previously reported RM'000	Effect of change arising from pooling of interest method RM'000	As restated RM'000
Group			
Income statement for the quarter ended 30 June 2012			
Operating revenue	1,248,976	(102)	1,248,874
Interest income	1,055,969	406	1,056,375
Other operating income	191,795	652	192,447
Share in results of associates	113	113	226
Other operating expenses	(264,161)	(314)	(264,475)
Writeback of allowance for impairment on loans and advances	9,601	914	10,515
Statement of comprehensive income for the quarter ended 30 June 2012			
Net loss on financial investments available-for-sale	(1,062)	(20)	(1,082)

(iii) Reconciliation of condensed statements of cash flows

Group			
30 June 2012			
Profit before taxation	453,718	611	454,329
Adjustments for non-operating and non-cash items	134,816	1,047	135,863
Net change in operating assets	(693,076)	(20,021)	(713,097)
Net change in operating liabilities	1,646,037	2,929	1,648,966
Net cash generated from/(used in) investing activities	(238,455)	870	(237,585)
Cash and cash equivalents at beginning of financial year	5,453,638	14,768	5,468,406