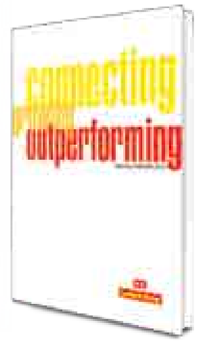
connecting growing outperforming

ANNUAL REPORT 2013

AmBank Group

Vision

As Malaysia's preferred diversified, internationally connected financial solutions group, we take pride in growing your future with us.



Cover Rationale

AMMB Holdings Berhad's mission of **connecting**, **growing** and **outperforming** is emblazoned across the cover, with a colour scheme that takes its cue from the Group's corporate hues. These three words form the cornerstone of our foundation, accentuating our core capabilities in *connecting* with our people, customers and stakeholders, as we continue *growing* to further cement our position as a prominent player. In the financial services landscape, we aspire to exceed expectations by consistently *outperforming* previous achievements to offer better and more innovative services as we uphold our role as Malaysia's preferred diversified, internationally connected financial solutions group.

AMMB HOLDINGS BERHAD
(223035-V)
(Incorporated in Malaysia)

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Notice of Twenty-Second Annual General Meeting

NOTICE IS HEREBY GIVEN that the Twenty-Second Annual General Meeting of AMMB Holdings Berhad (the "Company") will be held at Manhattan II, Level 14, Berjaya Times Square Hotel Kuala Lumpur, No. 1 Jalan Imbi, 55100 Kuala Lumpur on Thursday, 22 August 2013 at 10.00 a.m. for the following purposes:

Item	Agenda	Resolution
	As Ordinary Business	
1.	To receive the Audited Financial Statements for the financial year ended 31 March 2013 and the Reports of the Directors and Auditors thereon.	
2.	To approve a final single tier dividend of 15% for the financial year ended 31 March 2013.	Resolution No. 1
3.	To approve the payment of Directors' fees of RM980,343.00 for the financial year ended 31 March 2013.	Resolution No. 2
4.	To re-elect the following Directors who retire by rotation pursuant to Article 89 of the Company's Articles of Association:	
	i. Y Bhg Tan Sri Datuk Dr Aris Osman @ Othman	Resolution No. 3
	ii. Y Bhg Dato' Rohana Mahmood	Resolution No. 4
5.	To re-elect the following Directors who retire pursuant to Article 97 of the Company's Articles of Association:	
	i. Mr Gilles Planté	Resolution No. 5
	ii. Mr Shayne Cary Elliott	Resolution No. 6
6.	To consider and if thought fit, to pass the following resolutions pursuant to Section 129 of the Companies Act, 1965:	
	6.1 "THAT Y Bhg Tan Sri Azman Hashim, retiring pursuant to Section 129 of the Companies Act, 1965, be and is hereby re-appointed a Director of the Company to hold office until the next Annual General Meeting."	Resolution No. 7
	6.2 "THAT Y Bhg Dato' Azlan Hashim, retiring pursuant to Section 129 of the Companies Act, 1965, be and is hereby re-appointed a Director of the Company to hold office until the next Annual General Meeting."	Resolution No. 8
	6.3 "THAT Y A Bhg Tun Mohammed Hanif bin Omar, retiring pursuant to Section 129 of the Companies Act, 1965, be and is hereby re-appointed a Director of the Company to hold office until the next Annual General Meeting."	Resolution No. 9
	6.4 "THAT Y Bhg Tan Sri Datuk Clifford Francis Herbert, retiring pursuant to Section 129 of the Companies Act, 1965, be and is hereby re-appointed a Director of the Company to hold office until the next Annual General Meeting."	Resolution No. 10
7.	To re-appoint Messrs Ernst & Young, the retiring Auditors, and to authorise the Directors to determine their remuneration.	Resolution No. 11
	As Special Business To consider and if thought fit, to pass the following resolutions as Ordinary Resolutions:	
8.	**Proposed Renewal of the Authority to Allot and Issue New Ordinary Shares in the Company, Pursuant to the Company's Executives' Share Scheme** "THAT pursuant to the Company's Executives' Share Scheme ("ESS") as approved at the Extraordinary General Meeting of the Company held on 26 September 2008, the Directors of the Company be and are hereby authorised to allot and issue such number of new ordinary shares in the Company from time to time as may be required for the purpose of the ESS, provided that the total number of new and existing ordinary shares in the Company to be allotted and issued and/or transferred, as the case may be, under the ESS, shall not exceed ten percent (10%) in aggregate of the total issued and paid-up ordinary share capital of the Company at any point of time throughout the duration of the ESS."	Resolution No. 12
9.	**Proposed Renewal of the Authority to Allot and Issue New Ordinary Shares in the Company to Mr Ashok Ramamurthy, the Group Managing Director of the Company, Pursuant to the Company's Executives' Share Scheme** "THAT subject to the passing of the Ordinary Resolution No. 12 above, the Directors of the Company be and are hereby authorised to allot and issue such number of new ordinary shares in the Company to Mr Ashok Ramamurthy, the Group Managing Director of the Company, from time to time pursuant to the Executives' Share Scheme as approved at the Extraordinary General Meeting of the Company held on 26 September 2008 and in accordance with the By-Laws as set out in Appendix I to the Circular to Shareholders dated 4 September 2008 and as amended on 28 June 2011."	Resolution No. 13

Item	Agenda	Resolution
10.	**Proposed Renewal of the Authority to Allot and Issue New Ordinary Shares in the Company, for the Purpose of the Company's Dividend Reinvestment Plan** "THAT the Directors of the Company be and are hereby authorised to allot and issue such number of new ordinary shares in the Company from time to time as may be required for the purpose of the Company's Dividend Reinvestment Plan as approved at the Extraordinary General Meeting of the Company held on 2 September 2010, which gives the shareholders of the Company the option to elect to reinvest their cash dividend entitlements in new ordinary shares of the Company."	Resolution No. 14
11.	**Authority to Issue Shares Pursuant to Section 132D of the Companies Act, 1965** "THAT subject to the approvals from the relevant authorities, where such approval is necessary, full authority be and is hereby given to the Board of Directors pursuant to Section 132D of the Companies Act, 1965 to issue shares in the capital of the Company at any time upon such terms and conditions and for such purposes as the Directors, may, in their discretion, deem fit provided that the aggregate number of shares to be issued pursuant to this resolution does not exceed ten percent (10%) of the issued share capital of the Company for the time being."	Resolution No. 15
12.	To transact any other business of which due notice shall have been received.	

NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

NOTICE IS HEREBY GIVEN that the final single tier dividend of 15% for the financial year ended 31 March 2013, if approved by the shareholders at the Twenty-Second Annual General Meeting, will be paid on 12 September 2013 to shareholders whose names appear in the Record of Depositors on 30 August 2013.

A depositor shall qualify for entitlement only in respect of:

a. Shares transferred into the depositor's securities account before 4.00 p.m. on 30 August 2013 in respect of ordinary transfers; and

b. Shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

By Order of the Board

Koid Phaik Gunn (MAICSA 7007433)
Group Company Secretary

Kuala Lumpur
31 July 2013

Notes:

(1) A member of the Company entitled to attend and vote at the Annual General Meeting ("AGM") is entitled to appoint not more than two (2) proxies to attend and vote instead of him. Where a member appoints two (2) proxies, the appointments shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.

(2) A proxy need not be a member of the Company. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at the AGM shall have the same rights as the member to speak at the AGM.

(3) Where a member of the Company is an authorised nominee as defined in the Securities Industry (Central Depositories) Act, 1991 ("SICDA"), it may appoint not more than two (2) proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account. The appointments shall be invalid unless the proportion of shareholdings to be represented by each proxy are specified in the instrument appointing the proxies.

(4) Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under the SICDA which is exempted from compliance with the provisions of subsection 25A(1) of SICDA. The appointments shall be invalid unless the proportion of shareholdings to be represented by each proxy are specified in the instrument appointing the proxies.

(5) The instrument appointing a proxy in the case of an individual shall be signed by the appointor or of his attorney duly authorised in writing or, in the case of a corporation, the instrument appointing a proxy or proxies must be under seal or under the hand of an officer or attorney duly authorised.

(6) The instrument appointing a proxy must be deposited at the office of the Company's Share Registrar, Symphony Share Registrars Sdn Bhd at Level 6, Symphony House, Block D13, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan, Malaysia not less than forty-eight (48) hours before the time appointed for holding the AGM or any adjournment thereof.

(7) Only Members whose names appear on the general meeting Record of Depositors of the Company as at 15 August 2013 shall be eligible to attend the AGM.

(8) **Note to Resolutions No. 3, No. 4 and No. 10 - Assessment of Independence of Independent Directors**

The independence of Y Bhg Tan Sri Datuk Dr Aris Osman @ Othman, Y Bhg Dato' Rohana Mahmood and Y Bhg Tan Sri Datuk Clifford Francis Herbert who have served as Independent Non-Executive Directors of the Company has been assessed by the Group Nomination and Remuneration Committee and affirmed by the Board.

(9) **Note to Resolutions No. 12 and No. 13 – Proposed Renewal of the Authority to Allot and Issue New Ordinary Shares in the Company, Pursuant to the Company's Executives' Share Scheme and Proposed Renewal of the Authority to Allot and Issue New Ordinary Shares in the Company to Mr Ashok Ramamurthy, the Group Managing Director of the Company, Pursuant to the Company's Executives' Share Scheme**

Ordinary Resolutions No. 12 and No. 13, if passed, will empower the Directors of the Company to allot and issue new ordinary shares in the Company pursuant to the Company's Executives' Share Scheme and in accordance with the By-Laws as set out in Appendix I to the Circular to Shareholders dated 4 September 2008 and as amended on 28 June 2011.

The authority conferred by such renewed mandates/approvals will be effective from the date of the forthcoming AGM and unless revoked or varied at a general meeting, will expire at the next AGM.

(10) **Note to Resolution No. 14 - Proposed Renewal of the Authority to Allot and Issue New Ordinary Shares in the Company, for the Purpose of the Company's Dividend Reinvestment Plan**

Ordinary Resolution No. 14, if passed, will empower the Directors of the Company to issue new ordinary shares pursuant to the terms and conditions of the Company's Dividend Reinvestment Plan ("DRP") which are contained in the DRP Statement set out in Appendix I to the Circular to Shareholders dated 11 August 2010 (as may be amended in accordance with the provisions of the said DRP).

The authority conferred by such renewed mandate/authority will be effective from the date of the forthcoming AGM and unless revoked or varied at a general meeting, will expire at the next AGM.

The Directors of the Company did not allot, or issue ordinary shares pursuant to the authority given by the shareholders at the previous AGM.

(11) **Note to Resolution No. 15 - Authority to Issue Shares Pursuant to Section 132D of the Companies Act, 1965**

Ordinary Resolution No. 15, if passed, will give the Directors of the Company, from the date of the forthcoming AGM, authority to allot and issue ordinary shares from the unissued share capital of the Company up to an aggregate amount not exceeding ten percent (10%) of the issued share capital of the Company for the time being, as and when the need or business opportunities arise which the Directors consider would be in the interest of the Company and/or in connection with proposals previously approved by the shareholders for issuance of shares. This authority, unless revoked or varied at a general meeting, will expire at the next AGM.

The Directors of the Company did not allot, or issue ordinary shares pursuant to the authority given by the shareholders at the previous AGM.

Letter to Shareholders

Dear Valued Shareholders,

Our performance in FY2013 is a reflection of the collective strength of AmBank Group as we delivered on our strategic themes with focused execution. The Group has turned in six years of record profit performance since 2008. The investments we have made in the past few years have enabled us to improve our service offerings to our customers and generate positive returns to our shareholders. In FY2013, we achieved profit after tax and minority interests of over RM1,635 million (up 10.2%), return on equity of 14.0% (up 0.2%), and earnings per share of 54.5 sen (up 9.8%) whilst maintaining our aggregated banking entities' capital ratios above Basel III requirements.

The Board has proposed a final dividend of 15.0 sen bringing the total dividends for the year to 22.0 sen, which is 9.5% higher than last year's total dividends of 20.1 sen. This represents a 41% payout from this year's profits and is in line with our guidance to maintain a dividend payout ratio of between 40% – 50%. We continue to generate sufficient capital to reinvest prudently in order to grow the Group and position our businesses for long term sustainable profit performance.

As a testament to our strong governance and improved financial fundamentals, Moody's upgraded AmBank (M) Berhad's credit ratings to Baa1/P-2, with a stable outlook in December 2012. Subsequently in January 2013, RAM Ratings Services Berhad revised the outlook of AMMB Holdings Berhad, AmBank (M) Berhad, AmIslamic Bank Berhad and AmInvestment Bank Berhad to positive from stable and reaffirmed their ratings.

AmConnective – brand repositioning for the AmBank Group

In June 2012, we launched internally a new chapter for the Group's brand with the Vision - **As Malaysia's preferred diversified, internationally connected financial solutions group, we take pride in growing your future with us.** We will achieve this through our mission: Connecting, Growing and Outperforming. Concurrently we refined our brand values, personality and employee value proposition under the umbrella of "AmConnective".

Our AmConnective journey will help us to connect better internally, develop products and services that meet our customers' needs more effectively, and strengthen the Group's position to better compete with our peer banking groups. As we leverage on newer technologies to increase collaboration between divisions and across geographies, we will uncover opportunities to more effectively meet a greater share of our customers' needs. During our roadshows, it is heartening to see our staff committed to work even more closely together to serve our customers. As our change management and refreshed brand initiatives are progressively rolled out, our customers will be able to feel the increasing vibrancy of the Group.

Constantly evolving to meet customer needs

The needs of our customers are constantly evolving and getting more sophisticated. This includes clients' requirements for strategic advice and financing, investors seeking insightful research, better pricing and execution, and individuals looking for banks that can help them achieve their financial goals. Our universal banking platform provides us capabilities to serve our customers comprehensively.

During FY2013 we implemented a more customer centric model in Retail Banking from a traditional products focused approach as we strategise on designing and delivering innovative products and solutions that meet our customers' personalised financial needs linked to life priorities.

The replacement of our core banking system is in progress and will allow us new capabilities to provide customised solutions for targeted customer segments. The Group will progressively roll out initiatives to strengthen our customer centricity agenda and refine our brand positioning targeted at attracting emerging affluent and other preferred segment customers.

Customers have begun to experience our refreshed branch design rolled out at selected locations nationwide. It was pioneered in the Taman Tun Dr Ismail branch and features triage counters strategically located at the main entrance area to better interact with customers. Service Ambassadors will be the main customer touch point as they walk into the branches, delivering greater product knowledge, guiding customers through their transactions and playing a key role in cross-selling activities. Since the launch of AmSignature Priority Banking last year, we now have three full-fledged Priority Banking centres complemented by sky-lounge centres and selected

Letter to Shareholders (Cont'd.)

prime branches offering priority banking strategically located to provide our affluent retail customers preferential treatment and regional access.

We are constantly exploring tie-up opportunities with commercial partners to provide more value adding privileges to our customers. A recent example is our collaboration with estate planning specialist, Rockwills to launch a jointly branded free-for-life card, specially designed to provide savings to customers for Rockwills services, hospitalisation and insurance policies. Through our collaboration with Travelex, the world's leading foreign currency exchange specialist, our customers can now conveniently make exchanges in 42 different currencies. Specific requests for other non-listed currencies are also available in our selected branches nationwide.

For our corporate customers, we recently launched our new corporate internet banking solution, AmTrade. AmTrade enables online submission of trade applications and supporting documents and is designed for business customers to accelerate their international and local trade transactions, delivering greater efficiencies and enabling faster business growth.

Completed two strategic acquisitions

We acquired Kurnia Insurans (Malaysia) Berhad ("Kurnia") in general insurance and MBF Cards (M'sia) Sdn Bhd ("MBF Cards") in retail banking during the year.

With Kurnia, we created Malaysia's leading general insurer and number one motor insurer. Together, we insure around one in every five cars in Malaysia (21% share in motor insurance) and have 12% share for general insurance by gross written premium. Our extensive geographical coverage with combined bancassurance distribution and agency force of over 7,600 provides convenient access to customers. We are well positioned for ongoing market liberalisation and a fully de-tariff world from 2016.

The acquisition of MBF Cards fits well with our Retail Banking strategic priorities

Tan Sri Azman Hashim greeting the Kurnia Insurans (Malaysia) Berhad staff before the start of the Welcoming Kurnia to the AmBank Group event.

and aspirations: accelerating growth in deposits and non-interest incomes, building our wealth management and growing quality assets in targeted segments. With more than 45,000 merchants-in-force and a combined card receivables base of RM2.3 billion, we are now in the Top Three position in the merchant acquiring business and have also strengthened our position as the sixth largest player in cards receivables.

Tan Sri Azman Hashim shaking hands with staff of MBF Cards (M'sia) Sdn Bhd at a ceremony to welcome them to the AmBank Group.

Integrations of both companies are in progress and we are on track to deliver projected synergies. The combined customer pool from both acquisitions presents attractive marketing opportunities for a wide range of products and services from across the Group.

We started our Family Takaful operations last year and will continue to grow in scale via distributing these products to AmBank Group customers whilst expanding distribution by tying up with third party bancassurance partners and agencies. We are in the midst of seeking a strategic partner for both our Life Assurance and Family Takaful operations to grow the scale and sophistication of these businesses.

"AmInvest" – rebranding of Funds Management Division

This year, we unveiled a new brand name for our Funds Management Division (FMD) – "AmInvest". The AmInvest brand, with our corporate tagline – Helping you manage your investments in a changing world – presents a distinctive identity to market and communicate to our global clients in delivering investment solutions. Since inception, AmInvest's pioneering and innovative spirit has enabled the company to expand significantly. As at 31 March 2013, assets under its management are approximately RM33 billion, cementing its place as one of Malaysia's Top Three funds management houses.

Passion for excellence recognised

At AmBank Group, we believe that outstanding service is the key to growth and long-term success of our franchise. Throughout the years, we have focused our capabilities and resources to help our clients achieve their objectives. Our passion for excellence exhibited has been recognised through various awards across the business divisions.

Our Investment Banking division has consistently garnered awards across our debt capital markets, private banking and funds management businesses. At the Asset Triple A Islamic Finance Awards 2012, AmInvestment Bank was awarded Best Corporate Sukuk for the Projek Lebuhraya Usahasama RM30.6 billion sukuk in which AmInvestment Bank acted as Joint Lead Manager and Joint Bookrunner.

The Private Banking Division of AmInvestment Bank won the award for Best Private Banking Services – Family Office Services, Malaysia in the Euromoney Private Banking Survey 2012, validating our commitment to providing best in class wealth management services to our clients.

Through its comprehensive platform of different asset classes for the investing needs of institutional, corporate and retail clients, AmInvest has proven that it consistently achieves above-benchmark performance and sets the tone for innovation and industry practice. Key awards won by AmInvest reflecting more than 30 years' track record of excellence in both the conventional and shariah compliant asset management categories include:

- Best Overall Fund Group, Best Bond Fund Group for the sixth consecutive year, and Best Bond Malaysian Ringgit Fund (over five years) for the fifth consecutive year (the Edge-Lipper Malaysia Fund Awards 2013)
- Investment Management Company of the Year for Malaysia for the second year running (World Finance Management Awards 2013)
- Best Fund House Award for Malaysia under the Market Awards category (AsianInvestor Investment Performance Awards 2013)
- Islamic Asset Management House of Malaysia (Asset Triple A Islamic Finance Awards 2012)

In Markets, our foreign exchange and derivatives services was recognised at the sixth Annual Alpha Southeast Asia Best Financial Institution Awards 2012 where we were awarded Best FX Bank for Corporates and Financial Institutions in Malaysia. Winning the award validates our track record in providing the best service in our foreign exchange capabilities, both locally and regionally and is a testament of the trust placed in us by our clients, ranging from government-linked companies, multinationals and domestic corporates.

AmIslamic Bank won The Best Corporate Bank in Asia at the 2012 Islamic Business and Finance Awards.

The AmBank Contact Centre won six awards at the 13th Customer Relationship Management and Contact Centre Association of Malaysia ("CCAM") 2012 award presentation, reflecting the importance we place in ensuring our channels serve customers well.

Developing our people and growing our leaders

To be a dynamic company, we need to encourage a culture of excellence and institutionalise leadership capabilities. Training, talent retention, and the creation of an environment that fosters continuous learning and development are key areas that we invest in substantially to make AmBank Group a great place to work for our employees.

We actively seek feedback through Group Employee Surveys and engage employees to understand how we can improve their job performance and career satisfaction because we understand that the foundation of exceptional customer experience is built from highly motivated employees.

Our employee engagement index has been improving steadily over the past three years. Our efforts have also led to significant improvements across several employee satisfaction dimensions over a two year period including in communications, organisational image and competitive position, career development and training, and leadership.

Making a difference in our communities

We are deeply committed to helping our communities succeed by contributing our time, talent and funds to drive Corporate Social Responsibility activities throughout Malaysia and sponsoring various events in support of community projects. The AmBank MyKasih Community Programme is allocated RM1 million annually for such purposes.

The activities held under this banner include student adoption programmes to provide financial aid for schooling to primary and secondary level students from low income families up to Form Five and organising festive charity sessions for the less fortunate. In addition, employees, through the sports club of AmBank Group, are active participants in organising events and contributing to charitable activities.

Value adding strategic partnerships

Collaboration with the Australia and New Zealand Banking Group ("ANZ") continues to grow strongly. Sharing of best practices, joint account planning and two-way customer referrals enable

Tan Sri Azman Hashim distributing the Business Zakat for AmIslamic Bank to several homes and charity organisations across the country.

Letter to Shareholders (Cont'd.)

Tan Sri Azman Hashim at the Exchange Traded Bonds and Sukuk ("ETBS") signing and launch ceremony, with YAB Dato' Sri Mohd Najib Tun Abdul Razak, Prime Minister of Malaysia and YB Dato' Seri Ahmad Husni Hanadzlah, Minister of Finance II looking on.

us to grow new revenue streams while rolling out innovative products with speed to market. For our clients, the Business Principles Agreement ("BPA") with ANZ facilitates cross-border referrals and distribution capabilities across 32 countries as we help our customers in their growth ambitions. We are continuously exploring new areas of collaboration, leveraging the combined strengths of both Groups to expand in cash management, wealth management, capital markets both across conventional and Islamic, project finance and international trade transactions. In retail, AmSignature Priority Banking allows our affluent customers to access personalised service catering to their needs. Parents sending their children to Australia for education have found our AmBank-ANZ Get Set account helpful as evidenced by the growing number and balances in foreign currency accounts as well as utilisation of our Family First product suite to manage their funds.

In general insurance, Insurance Australia Group Ltd ("IAG") played a key role in sharing expertise that have led to consistent improvement in profitability and was crucial in supporting our acquisition and ongoing integration of Kurnia as we build scale in preparation for future challenges. Our strategic global partnerships with ANZ and IAG will be a key component in driving this Group forward and plans for greater collaborative efforts are in the pipeline.

Outlook and prospects for FY2014

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

Domestic private investment supported by the Economic Transformation Programme ("ETP") is expected to play a significant role as the government consolidates its fiscal position. With a smooth transition post elections, the Government is expected to maintain its focus on sustaining growth momentum and facilitating long-term economic transformation plans.

In the local banking industry, the moderating economy and price-based competition for loans and deposits are likely to pressure margins. The tougher economic environment may put some pressure on improving asset quality trends.

Against this backdrop, AmBank Group's strategic plans are positioned to continue to deliver sound growth over the next three years. Our Group Managing Director will cover these in greater detail in his statement.

Acknowledgment

I would also like to take this opportunity to thank Dr Robert John Edgar and Mr Alexander Vincent Thursby who have resigned from the Board of AMMB Holdings Berhad for their contribution to the Group. Dr Edgar as ANZ's Deputy Chief Executive Officer in 2007 was instrumental in establishing the partnership between ANZ and AmBank Group, and subsequently played a key role on the Board using his vast banking experience. Mr Thursby took over as the Senior ANZ representative on our Board in 2010 when Dr Edgar retired from ANZ, and was highly engaged on the Board in driving AmBank Group's growth agenda. We will miss their presence and wise counsel.

We are pleased to welcome Messrs Gilles Planté and Shayne Cary Elliott as Non-Independent Non-Executive Directors. Mr Elliott, currently ANZ's Chief Financial Officer and Mr Planté, ANZ's Chief Executive Officer for Asia Pacific region, have excellent credentials as international bankers. We look forward to their future contribution on our Board.

On behalf of AMMB Holdings Berhad's Board of Directors and all our employees, I would like to thank you for your continuing confidence in us and in the future of AmBank Group.

Moving ahead, I am confident that the talent and passion of our management and employees, close collaborative strategic partnerships and planned investments will position us well to drive future growth of the Group.

Yours sincerely,

Tan Sri Azman Hashim
Non-Independent
Non-Executive Chairman

Kuala Lumpur
27 June 2013

Message from Group Managing Director

Our strategies continue to be well executed to deliver another year of sound profit growth.

Dear Valued Shareholders,

It gives me great pleasure to write to you again. It is over a year ago that I assumed the position of Group Managing Director of AmBank Group and what an exciting journey it has been! We have unveiled the Group's new Vision, Mission, Values and Employee Value Proposition, appointed a few new members to my leadership team, acquired and welcomed Kurnia and MBF Cards into our AmBank Group, and delivered our sixth consecutive year of record profit performance.

We delivered 10.2% increase in profit after tax and minority interest ("PATMI") to RM1,635 million for FY2013 with positive momentum across most divisions. Stronger performances across recurring non-interest income, interest income and contributions from recent acquisitions were partly offset by lower trading volumes and capital market activities. Nevertheless, non-interest income sources contributed 32% of total income, the result of disciplined execution of our strategic priorities.

Strong growth in current account savings account ("CASA") from targeted segments, outpacing the industry over the last few years, resulted in lifting CASA composition to 20% when compared with 11% five years ago. We are in the early stages of integrating our recent acquisitions to extract synergies and have continued to invest in our businesses to deliver sustainable shareholder value.

In FY2013, we set out four strategic priorities to achieve our Vision - **As Malaysia's preferred diversified, internationally connected financial solutions group, we take pride in growing your future with us:** accelerate growth and business mix changes; strengthen customer centricity and connectivity; increase productivity and efficiency; and acquire and integrate. We have made progress in each of these areas and I will share these in more detail with you.

Accelerate growth and business mix changes

FY2013 result was underpinned by higher contributions from commercial banking activities and recent acquisitions. Retail, Business, and Corporate & Institutional Banking divisions delivered double-digit profit growth underpinned by increases in sound lending and deposits and fee-based income. Islamic Banking asset growth was strong while Transaction Banking CASA growth and trade utilisation were higher. New analytics and segment strategies are in progress to reach our target segments and serve our customers more effectively. We are working to move away from product focus to customer segment focus, and meeting more of our customer needs across the Group.

On improving asset quality, gross impaired loans fell 47 basis points to 1.98% while allowance coverage of impaired loans rose to 129.3%, the highest on record. Credit cost at 0.21% was lower when compared with FY2012 at 0.50%. This reflects better recoveries but also our disciplined asset writing strategies and better risk management amidst tougher competition.

Recurring non-interest income was supported by premium growth in general insurance, growth from bancassurance, retail wealth propositions, securing new structured trade mandates, funds management and private banking.

A particular highlight is our funds management business that has won numerous awards attesting to its investment management expertise and fund performance. This business, rebranded AmInvest, grew assets under management by an impressive 20% annually on average over the last three years to RM33 billion and we have also launched our new private retirement scheme which is a longer term growth opportunity.

The ongoing retail banking reshaping programme is on-track, as we brought all products under one line of business to offer customer driven solutions. We aim to increase the depth of main bank relationships by providing segmented offerings that are customised to customers' needs as we help them transact, save, borrow and invest more smartly. Small businesses, a key part of Malaysia's national agenda, will receive greater attention going forward as we support them to set up and expand their businesses.

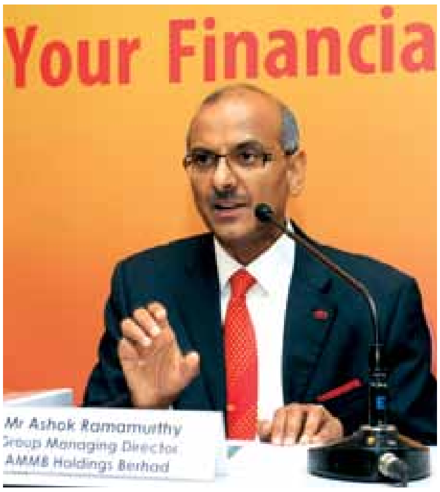
In non-retail, we continued outpacing the industry in loans growth at 13.2%, capitalising on opportunities provided by the Economic Transformation Programme ("ETP"). We expanded our customer base and value of business in preferred sectors and enhanced cross-selling of key products and solutions under the wholesale banking platform.

Strengthen Customer Centricity & Connectivity

Customers remain our number one focus. Our constant interactions with customers have enabled us to better understand their needs: a desire for convenience while having easier access to strategically located branches; obtaining consistent service quality across the various customer touch points; and receiving quality advice that helps them achieve their financial goals.

During the year, we have initiated various agenda centred on delivering superior customer experience. We are upgrading our channels and refining our value proposition for a refreshed customer experience. At the same time, to extend customers' control over their transactions and maintain tangible presence, we are expanding footprints physically and virtually in addition to placing more self-service machines at strategic locations. We have continued to invest in our people skills through

Message from Group Managing Director (Cont'd.)



Mr Ashok Ramamurthy addressing journalists at a media briefing.

structured training programmes and targeted recruitments.

We rolled out a new internal culture programme called "AmConnective", focusing on our core values of "P²ACE" – Principled, Proactive, Appreciative, Connected and Evolving. We are beginning to see our employees behave in more collaborative ways in order to serve our customers better. We have implemented new branch designs at selected locations with Service Ambassadors to deliver improved services to our customers. Customers will have experienced more varied approaches to our marketing practices being trialled in FY2013. There is more to come as we plan to launch our refined brand propositions externally in FY2014.

The AMMB-ANZ Joint International Connectivity Committee meets quarterly to monitor the progress of international connectivity initiatives as we leverage ANZ connectivity to progressively expand our regional platforms. Since our soft launch a year ago AmSignature Priority Banking's (a partnership with ANZ Signature Priority Banking) customer base has almost doubled. We are currently expanding our Priority Banking channels and product solutions to reach out to a wider customer pool.

Our foreign exchange and derivatives businesses within the Markets division were also success stories. You may recall that AmBank Group entered into a Technical Services Agreement with ANZ to establish foreign exchange, interest rate and commodities derivatives in 2008. For FY2013, these businesses have delivered a profit of over RM71 million. Similarly our transaction banking flows via ANZ has increased 46% from a year ago.

Additionally, our partnerships with Travelex and Western Union enable customers to manage their foreign exchange needs at targeted branches conveniently.

Increase Productivity & Efficiency

Our cost to income ("CTI") ratio at the Group level of 46.9% and 43.3% for the Banking entities reflect front loaded acquisition, investments and costs to deliver synergies, along with ongoing medium term investments in infrastructure for growth. We are making significant technology investments, the largest of which is replacing our core banking platform which will enable us to accelerate income growth by gaining a deeper understanding of our customers and serving them better. Phase 1 is targeted to go live towards end CY2013 and Phase 2 by end CY2014, with a total investment of circa RM400 million. We also expect our efficiency ratios to improve when we deliver on the planned acquisition cost and revenue synergies, and proactively executing our efficiency and productivity agenda. These initiatives are important for us to maintain our capability to reinvest and sustainably grow our business over the medium term.

We have also put stronger emphasis on more progressive reward systems for employees to recognise performance and encourage desired leadership qualities to drive a culture of outperformance aligned to our Mission. Existing leadership development programmes are being enhanced to provide more career options and fulfil the Group's leadership pipeline and succession needs.

Completed transformational acquisitions in General Insurance and Retail Banking

We completed two acquisitions in FY2013: Kurnia in General Insurance and MBF Cards in Retail Banking. The acquisitions are compelling both strategically and financially. The underlying operations of both acquisitions are solid and performing as expected, and the talent and passion of the teams continue to impress us. We remain on track to deliver the targeted financial benefits of these acquisitions.

With the Kurnia acquisition, we are now Malaysia's leading motor and general insurer. With combined gross written premiums in excess of RM1.7 billion, leading to a market share of about 12%, the acquisition clearly provides us scale benefits, extends the geographical coverage of our branch network and creates a larger combined dealers/agency force.

We have embarked on a dual branding strategy, maintaining two strong and well-known brands, "AmAssurance" and "Kurnia" to cater for different market segments. Four dual branded pilot branches have been launched and we remain on track to complete the remainder of branch consolidations and various other integration activities by Q2 CY2014. To-date, we have achieved run-rate cost synergies of approximately RM25 million and expect to realise additional synergies in FY2014.

The acquisition of MBF Cards captures a Top Three position (from 11th) in the merchant acquiring business and strengthens our market position in cards receivables (from 10th to sixth position). The acquisition enhances overall Group profitability by adding an attractive ROE business to our mix, generates scale benefits through an enlarged issuance business and merchant network, and provides growth opportunities for cross-selling opportunities to an enlarged customer and merchant pool.

The integration of MBF Cards business into Retail Banking is underway. We recently passed the 100th day integration milestone. Initiatives to realise projected synergies have kick started and IT system integration is expected to be completed by Q1 CY2014. Branding activities will be progressively realigned to AmBank Group's. We have added 3,000 new merchants since the acquisition was completed in December 2012 which clearly demonstrates the growth potential of this business.

We also acquired the minority stakes in our Life Assurance and Family Takaful businesses in January 2013 from Friends

Life. We are in discussions to bring in a new equity partner into these businesses in order to build scale, operational efficiencies and greater business momentum. We aim to complete this by end CY2013.

Efficient and well positioned capital levels

Our capital plan takes into account business as usual regulatory capital requirements and is stress tested under various scenarios. Considering the uncertain economic environment and evolving global regulatory debate on banking institutions' capital structures, our approach is to remain capitalised at the higher end of our internal target ranges. Following the adoption of Basel III in FY2013, the aggregated banking entities remain well capitalised and operated within internal target capital levels with total capital ratio at 14.3%, tier-1 capital adequacy at 10.6% and common equity tier-1 at 8.9%.

The Group's common equity ratio as above is well in excess of BNM's proposed minimum requirements under Basel III and we will manage our capital levels proactively in light of future regulatory developments.

Setting out strategic agenda for FY2014 – FY2016

Our strategies place continued emphasis on organic growth via building diversified and sustainable income streams, complemented by opportunistic acquisitions/partnerships where there is longer term value. Looking forward to FY2014, the Group will be guided by our Vision and five strategic themes.

Firstly, **integrate acquisitions and deliver synergies**. Our focus is on realising operational efficiencies from economies of scale from our recent acquisitions and capitalising the expanded customer base for cross-selling opportunities and strengthening our competitive positioning to grow income.

Secondly, **simplify business model and streamline processes**. With focus on customer centricity, we are simplifying business structures and processes to enhance customer experience, and provide financial solutions that match customers' lifestyle and lifecycle needs. In addition, various process improvement programmes in business and support functions are underway to improve efficiency and productivity across the Group. This will enable us to reinvest what we save into future growth initiatives.

Thirdly, **accelerate organic growth with focus on cross-sell, flow business, small business, and emerging affluent customers**. In retail, the Group's focus is on building main bank relationships in preferred customer segments including growing market share by attracting new customers and via supporting SMEs to invest and expand their businesses. In non-retail, we will focus on deepening our existing relationships with customers via new product rollouts in Markets, foreign currency service propositions, and delivering our enhanced trade and cash capabilities.

Fourthly, **build scale in specialist businesses with strategic partners**. Our strategic partnership with ANZ in banking will continue to support development of new customer solutions and provide greater cross-border linkages for our customers. In general insurance, our partner IAG continues to play a key role in the integration of Kurnia and building international best practices into our business.

We are in the midst of finding a new equity partner for Life Assurance and Family Takaful businesses. This will enable us to accelerate our planned build-out of scale by leveraging their international expertise and skilled resources, along with our Group's distribution and customer franchises.

Fifthly, **optimise capital and holding company structures**. The Group remains proactive in managing capital according to evolving regulatory requirements and evaluating business opportunities on a risk adjusted basis for optimum returns on capital.

Conclusion

As the banking landscape and customer requirements evolve, we will need to remain agile, adaptive and responsive. With the collective talents and determination of our people, and focused execution on our strategic agenda, we believe that we can deliver growth for all stakeholders in the years ahead.

Mr Ashok Ramamurthy, Tan Sri Azman Hashim, Madam Chong Yoke Har, Deputy Director General, Ministry of Tourism, Malaysia, Mr Peter Jackson, Chief Executive Officer, Travelex Global and Tan Sri A.P. Arumugam, Chairman, Travelex Malaysia launching the official AmBank-Travelex tie-up.

Yours sincerely,

RAshok

Ashok Ramamurthy
Group Managing Director

Kuala Lumpur
27 June 2013

Values

PRINCIPLED
PROACTIVE
APPRECIATIVE
CONNECTED
EVOLVING

The AmBank Group's Values are centred around the concept of "p²ace" - Principled, Proactive, Appreciative, Connected and Evolving.

Principled

Integrity and professionalism remain the thrust of all we do, and we take accountability for all our actions.

Proactive

We approach every challenge positively, initiate change responsibly and always anticipate the needs of all our colleagues, customers and our community.

Appreciative

We value and recognise everyone's role and contribution, and always provide support to our customers and colleagues.

Connected

We are connected in everything we do. We are part of an organisation that fosters teamwork and open communication.

Evolving

We strive to seek new and relevant ways of growing ourselves, our customers, our business and our community in a sustainable manner.

Our History

The AmBank Group has enjoyed considerable success over the last three decades. Together, we have built one of the largest and fastest-growing financial institutions in the country.

Tracing our early history, Arab-Malaysian Development Bank Berhad was incorporated on 5 August 1975 as a joint venture between Malaysian Industrial Development Finance Berhad, with a 55.0% shareholding, Arab Investments for Asia (Kuwait) with a 33.0% shareholding, and the National Commercial Bank (Saudi Arabia) holding 12.0%.

We commenced operations on 1 April 1976, and in December 1983 became known as Arab-Malaysian Merchant Bank Berhad, a name by which we were known for over three decades until our rebranding in June 2002. Today, we have grown into a Group with a staff strength of close to 10,000. With our extensive nationwide branch network, ATMs, and Internet banking services, we are proud to acknowledge that the AmBank Group, as one of the largest financial services group in the country, is only a brick and click away.

1976

- The Group commenced operations on 1 April 1976 as a joint venture comprising Arab and Malaysian shareholders.

1977

- The Group acquired a 70.0% shareholding in Malaysian Industrial Finance Company Limited ("MIFCL"), which was later renamed Arab-Malaysian Finance Berhad ("AMFB").

1980

- AMMB co-lead managed the USD200 million, 12-Year Syndicated Term Loan for the Government of Malaysia.

- AMMB initiated the formation of Malaysian Kuwaiti Investment Company Sdn Bhd, a joint venture between Perbadanan Nasional Berhad and Kuwait Real Estate Investment Consortium and Public Institution for Social Security, Kuwait.

- AMMB acted as Adviser to Kuwait Real Estate Investment Consortium, Singapore.

- AMFB became the first private sector institution in Malaysia to issue public bonds – RM20.0 million 8.5% Guaranteed Bonds 1987, listed on the Kuala Lumpur Stock Exchange ("KLSE"). The Bonds, guaranteed by the Bank, marked a new chapter in the history of private sector fund raising in the capital markets.

1982

- YBhg Tan Sri Azman Hashim acquired 100.0% shareholding in the Group.

- The Group acquired the remaining 30.0% shareholding of AMFB, making it a wholly owned finance company subsidiary.

1983

- The Group established a credit and leasing company, Arab-Malaysian Credit Berhad.

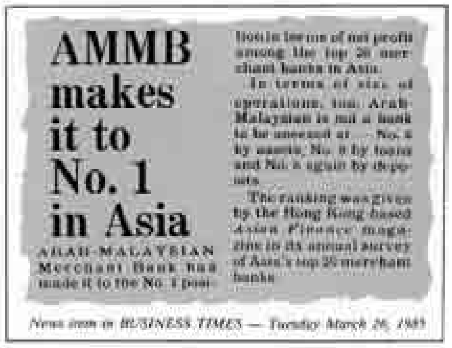
1984

- The Group launched the first venture capital company to undertake private equity investments – Malaysian Ventures Berhad.

- The Group arranged the first leveraged lease facility in the country for Sistem Televisyen Malaysia Berhad – TV3.

- AMMB completed its Government assigned study on the privatisation of Jabatan Telekom.

- The Group acquired Arab-Malaysian Insurance Berhad, a general insurance company formerly known as Teguh Insurance Company Sdn Bhd.



AMMB makes it to No. 1 in Asia

ARAB-MALAYSIAN Merchant Bank has made it to the No. 1 posi-

The ranking was given by the Hong Kong-based Asian Finance magazine in its annual survey of Asia's top 20 merchant banks.

News item in BUSINESS TIMES — Tuesday March 26, 1985

1985

- The Group acquired Perima Assurance Berhad, a life insurance company. Both the life and general insurance companies were later merged in 1987, holding composite insurance licences, and the entity's name changed to Arab-Malaysian Eagle Assurance Berhad (now known as AmLife Insurance Berhad and AmG Insurance Berhad).

1986

- The Group acquired a stockbroking firm, Kris Securities Sdn Bhd, later renamed as AmSecurities Sdn Bhd.

Our History (Cont'd.)

- The Group relocated to its corporate headquarters at Jalan Raja Chulan.
- In December 1986, Antah Holdings Berhad and the Tokai Bank Limited, Japan acquired 20.0% shareholding each in the Group.
- Launched Arab-Malaysian Unit Trusts Berhad, to manage unit trust funds.

1987
- On 22 January 1987, AMMB launched the first unit trust to invest 90.0% in Malaysian Government securities, called the Arab-Malaysian Gilts, to provide tax-exempt income to individual investors on their short term funds.
- In July 1987, AMMB launched the AMIGOS (Arab-Malaysian Individuals' Government Securities) programme to enable retail investors to invest in government securities.
- AMMB sponsored the establishment of The Malaysia Fund Inc, a close ended investment fund listed on the New York Stock Exchange, to invest in equities of Malaysian companies listed on the KLSE. The Malaysia Fund raised USD87.0 million.

1988
- AMMB became the first merchant bank to be listed on the KLSE.
- AMMB was appointed as Adviser to the Government to formulate the National Privatisation Masterplan.
- AMMB launched the first equity unit trust fund, called the Arab-Malaysian First Fund.

1989
- On 21 April 1989, AMMB together with the Nikko Securities Co. Ltd Tokyo and the International Finance Corporation, Washington launched a US Dollar denominated unit trust fund, The Malaysia Growth Fund, aimed primarily at Japanese investors.
- On 28 September 1989, the Arab-Malaysian Property Trust became the first property trust to be listed on the KLSE.

1990
- AMMB was appointed as Adviser and Managing Underwriter for the flotation of Telekom Malaysia Berhad.
- AMFB acquired First Malaysia Finance Berhad.

1991
- In July 1991, the Group acquired a 49.0% equity stake in Fraser International Pte Ltd, the holding company of Fraser Securities, Singapore.
- AMMB, in collaboration with The Nikko Securities Co. Ltd. In Japan, sponsored the establishment of Malaysia Fund (Labuan), the first offshore unit trust fund in the Federal Territory of Labuan.
- Incorporation of AMMB Holdings Berhad, as the vehicle for the implementation of a corporate restructuring scheme. Pursuant to the restructuring scheme, AMMB Holdings Berhad became the holding company of the Arab-Malaysian Banking Group, and assumed the listing status of AMMB.
- Arab-Malaysian Finance Berhad, the Group's finance company, was listed on the KLSE.
- Establishment of AMMB Labuan (L) Ltd to provide offshore funds management.

1992
- AMMB Holdings Berhad won the Asian Management Award for Financial Management from Asian Institute of Management.

1993
- AMMB launched Tabung Ittikal Arab-Malaysian, the first Islamic Unit Trust Fund on 12 January 1993.
- AMMB was Co-Manager of General Electric Corporation's USD300.0 million Dragon Bonds Issue.
- AMMB acted as Manager and Arranger for the RM240.0 million Syndicated Credit Facility for the construction of Menara Kuala Lumpur.

1994
- On 1 August 1994, the Group ventured into commercial banking with the acquisition of the Malaysian operations of Security Pacific Asian Bank Limited from Bank of America (Asia) Limited. Commencement of commercial banking operations under Arab-Malaysian Bank Berhad.

1995
- On 1 April 1995, AMMB International (L) Ltd commenced offshore banking operations in Labuan, the first merchant bank to offer offshore banking services.
- AMMB Futures Sdn Bhd commenced futures broking business.

1996
- AMMB Holdings Berhad's annual report won the 'Overall Award for the Most Outstanding Annual Report' for six consecutive years from 1991 to 1996 in the NACRA competition.
- Macquarie Bank Limited, Australia acquired 30.0% shareholding in AMMB Futures Sdn Bhd.

- Macquarie Bank Limited, Australia acquired 30.0% shareholding in AMMB Asset Management Sdn Bhd and Arab-Malaysian Unit Trusts Berhad.

- The 1996 Far Eastern Economic Review Survey of Asia's 200 Leading Companies ranked AMMB first in the overall category of "Innovative in Responding to Customer Needs" and third in terms of "Overall Leadership".

- Visa International awarded the AmBank Al-Taslif VISA Card the "1996 Member Excellence Award for the Most Creative Card Programme in Asia".

1997

- AMMB Securities (HK) Limited commenced stock broking operations in Hong Kong.

- The Group's website was awarded the'Internet Website of the Year' for 1997 by the Association of Computer Industry Malaysia ("PIKOM").

1998

- AMFB acquired the assets and liabilities of Abrar Finance Berhad, in line with the Government's plan to consolidate the industry.

- AMMB received 'Derivatives OTC National Award' from Malaysian Monetary Exchange Berhad.

2000

- CFO Asia selected AMMB Holdings Bhd's Annual Report FY2000 as one of the top three annual reports in Malaysia.

2001

- AMFB acquired MBf Finance Berhad.

- AmBank and AMFB together with the State Government of Selangor Darul Ehsan, launched Tabung Perumahan Ehsan, a special housing loan scheme for the lower income group in the State.

2002

- Merger of Arab-Malaysian Finance Berhad and MBf Finance Berhad, following the vesting of the assets and liabilities of AMFB into MBf Finance Berhad. MBf Finance Berhad changed its name to AmFinance Berhad. AMFB was converted into a holding company.

- Re-branding and changing of the name from "Arab-Malaysian Banking Group" to "AmBank Group" with new Group corporate colours of vibrant red, representing prosperity and good fortune and bright yellow symbolising commitment and unity – reflecting our new corporate identity and heralding the transformation towards a more customer-centric organisation.

2003

- Bangunan AmFinance, now known as Menara AmBank, was officially launched by the then Prime Minister, YABhg Tun Dr Mahathir Mohamad.

2005

- Completed privatisation of AMFB Holdings Berhad.

- Listed AmInvestment Group Berhad ("AIGB"), the Group's investment banking operations, on Bursa Malaysia on 18 May 2005.

- On 1 June 2005, the merger of AmBank and AmFinance took place to create AmBank (M) Berhad, the sixth largest domestic bank in the country.

2006

- In January 2006, AmPrivate Equity, a private equity fund, was launched.

- On 10 March 2006, Insurance Australia Group Limited ("IAG"), Australia acquired 30.0% shareholding in AmAssurance Berhad.

- On 20 April 2006, Am ARA REIT Managers Sdn Bhd was incorporated with AIGB holding 70.0% equity and ARA Asset Management (Malaysia) Limited 30.0%, to manage the AmFIRST REIT listing on Bursa Malaysia.

- On 1 June 2006, AmIslamic Bank commenced operations, with the vesting of the Islamic assets and liabilities of AmBank (M) Berhad into a separate subsidiary company.

- On 21 December 2006, AmFIRST REIT listed on Bursa Malaysia.

- The AmInvestment Group was awarded seven RAM League Awards by Rating Agency Malaysia for its outstanding achievements in the domestic bond market.

2007

- The AmBank Group completed the integration exercise of AmSecurities Sdn Bhd into AmInvestment Bank on 3 March 2007. The AmInvestment Bank began operating as a full fledged investment bank effective 5 March 2007, offering both merchant banking and stockbroking services.

- On 18 May 2007, AmBank Group commemorated the entry of Australia and New Zealand Banking Group Limited ("ANZ") as its strategic partner and major investor.

Our History (Cont'd.)

- On 19 June 2007, AMMB Holdings Berhad proposed the privatisation of AIGB and the proposed rights issue of up to 326,887,241 new shares, on the basis of one (1) new share for every eight (8) existing ordinary shares and every eight (8) Converting Preference Share in the company at an issue price of RM3.40 per share.

- A Memorandum of Understanding ("MOU") was signed between AmInvestment Bank Berhad and Woori Investment & Securities Co Ltd, on 29 November 2007 to promote the parties' mutual interests for cooperation in the investment banking business.

2008

- Completed the AMMB Holdings Berhad ("AMMB") rights issue and privatisation of AIGB on 15 January 2008, with AIGB effectively becoming a wholly-owned subsidiary of AMMB.

- Completed the transfer of the Fund Based Activities of AmInvestment Bank to AmBank (M) Berhad and AmIslamic Bank Berhad on 12 April 2008 as part of AMMB's internal corporate restructuring post the AIGB privatisation.

- Establishment of AmG Insurance Berhad to facilitate the separation of the composite insurance business of AmAssurance Berhad into general insurance and life insurance businesses.

- Malaysian Ventures Management Incorporated Sdn Bhd ("MVMI"), the private equity fund management subsidiary of AMMB, entered into a joint venture agreement with Konzen Capital Pte Ltd, a member of Konzen Group, to manage a USD320 million Pioneering Water Fund in Asia.

- AmBank and ANZ enter into a technical services agreement to establish the AmBank Group foreign exchange, interest rate and commodities derivatives business.

- Islamic Stockbroking (window service) was launched under the brand of AmIslamic, the universal brand of Islamic products and services across all subsidiaries of the AmBank Group.

- On 9 December 2008, Friends Provident plc (renamed Friends Life FPL Limited from 1 July 2011) acquired 30.0% stake in AmLife Insurance Berhad (formerly known as AmAssurance Berhad).

- IAG increased its stakeholding in AmG Insurance Berhad to 49.0% from 30.0%.

2009

- AmIslamic Funds Management Sdn Bhd obtains licence for Islamic funds management from the Securities Commission to carry out management of offshore and domestic Islamic financial instruments for institutional and retail investors.

- AmCapital (B) Sdn Bhd officially opened on 11 May 2009, bringing expertise in funds management, Islamic finance and investment advisory to Brunei Darussalam.

- YBhg Tan Sri Dato' Sri Dr Zeti Akhtar Aziz, Governor, Bank Negara Malaysia launches the Malaysia Corporate Bond Handbook by AmBank Group, a first-of-its-kind one-stop source of corporate bond information in Malaysia.

- ANZ exchanged its exchangeable bonds into 194,915,254 new ordinary shares, increasing its shareholding to 23.91%.

2010

- AmBank (M) Berhad on 25 March successfully issued RM1.42 billion senior notes under its newly established 30-year RM7.0 billion Senior Notes Issuance Programme, being the first financial institution to issue senior notes in Malaysia.

- AmBank Group continues its rollout of the RM1 million AmBank-MyKasih Community Programme in Kuching, Kota Bharu, Subang Jaya, Kota Kinabalu, Klang Valley (Cheras, Klang and Pandan Jaya) and the programme is renewed in Sentul and Pulau Pinang where hard core poor families are provided food allowance through the use of their MyKad.

- AmBank Group launched the Kechara Soup Kitchen ("KSK") building after sponsoring the renovation as well as the cost of furniture and fixtures of the premises with a total amount of RM350,000.

- AmIslamic Bank successfully issued RM550 million Senior Sukuk under its newly established 30-year RM3.0 billion Senior Sukuk Musyarakah Programme.

- On 15 December, Standard & Poor's Rating Services ("S&P") raised its foreign currency long-term counterparty credit rating on AmBank (M) Berhad to 'BBB' from 'BBB-' and the short term rating to 'A-2' from'A-3'. S&P also raised the long-term counterparty credit rating on AmInvestment Bank Berhad to 'BBB' from 'BBB-', and its short term rating to 'A-2' from 'A-3'.

- AmInvestment Bank receives two Best Equity House awards, from Finance Asia and Alpha South East Asia.

2011

- The Group continues to be recognised as an industry leader with awards including:
  - Best Domestic Bond House in Malaysia, from The Asset Triple A Country Awards 2010, for second consecutive year.
  - Best Bond Group at The Edge-Lipper Malaysia Fund Awards 2011.
  - Five awards at the RAM League Awards 2011 for excellence in the bond markets.
  - Best Chief Financial Officer for Investor Relations – Large Cap award at the MIRA Inaugural Malaysia Investor Relations Awards.
  - Best of Asia Award at the Corporate Governance Asia Recognition Awards 2011.
- On 8 December, Standard & Poor's Rating Services (S&P) raised its foreigner currency longterm counterparty Credit Rating on both AmBank (M) Berhad and AmInvestment Bank Berhad to BBB+ from BBB.

2012

- AmBank Group and ANZ sign Business Principles Agreement to collaborate in areas of banking businesses including Islamic banking, transaction banking and wealth management across 27 countries, including Australia, China, Indonesia, Singapore and Vietnam.

AmSIGNATURE
PRIORITY BANKING

- AmSignature Priority Banking is launched, delivering personalised banking to affluent segment.
- AmBank-ANZ Get Set solution offers students intending to study in Australia convenience of preopening an account in Malaysia to facilitate fund transfers.
- On 9 January 2012, AmFamily Takaful Berhad commences Family Takaful business.
- The Funds Management Division of AmInvestment Bank celebrates 30 years of milestones with its highest assets under management to date, in excess of RM30 billion.
- The Group's new corporate social responsibility platform, AmKasih is launched.
- AMMB Holdings Berhad changes its stock short name to AMBANK.
- Major awards won include:
  - Six top awards at Ninth RAM League Awards for excellence in bond and sukuk markets.
  - Best Islamic Asset Management House (The Asset Triple A Islamic Finance Awards 2012).
  - Investment Management Company of the Year, Malaysia (World Finance Investment Management Awards 2012).
  - Best Investor Relations Companies in Malaysia (Corporate Governance Asia Second Asian Excellence Recognition Awards 2012, second consecutive year).
  - Best Domestic Bond House, Malaysia from The Asset Triple A Country Awards 2012.

2013

- AmBank Group completes acquisition of Kurnia Insurans (Malaysia) Berhad, emerging as Malaysia's No. 1 motor insurer.
- Maiden issuance of Exchange Traded Bonds and Sukuk (ETBS) on Bursa Malaysia by DanaInfra Nasional Berhad, creating new asset class on the Exchange, with AmInvestment Bank as one of the Lead Arrangers.
- AmInvest unveiled its Private Retirement Scheme (PRS) with the AmPRS-Growth Fund, AmPRS-Moderate Fund and AmPRS-Conservative Fund on 2 April 2013.

- Major awards won include:
  - AmBank Group: Asia's Outstanding Cmpany on Corporate Governance, Malaysia (Corporate Governance Asia Awards 2013).
  - AmBank Group: Best FX Bank for Corporates and Financial Institutions in Malaysia (Second Consecutive Year) from Seventh Alpha Southeast Asia Best Financial Institution Awards.
  - AmInvest: Multiple awards including Best Overall Fund Group at The Edge-Lipper Malaysia Fund Awards 2013.

Corporate Structure

Subsidiaries and Associated Companies

The following are the Company's subsidiaries and associated companies grouped under the major business lines.

COMPANIES	EFFECTIVE SHAREHOLDINGS (%)
Commercial and Retail Banking	
AmBank (M) Berhad	100.00
AmIslamic Bank Berhad	100.00
AmInternational (L) Ltd	100.00
Capital Market	
AmInvestment Bank Berhad	100.00
AmFutures Sdn Bhd	100.00
PT AmCapital Indonesia	99.00
AmFraser Securities Pte Ltd	100.00
AmResearch Sdn Bhd	100.00
Life and General Insurance/Takaful Operator	
AmGeneral Insurance Berhad [formerly known as Kurnia Insurans (Malaysia) Berhad]	51.00
AmLife Insurance Berhad	100.00
AmGeneral Holdings Berhad [formerly known as AmG Insurance Berhad]	51.00
AmFamily Takaful Berhad	100.00
Asset Management	
AmInvestment Services Berhad	100.00
AmInvestment Management Sdn Bhd	100.00
AmIslamic Funds Management Sdn Bhd	100.00
AmPrivate Equity Sdn Bhd	80.00
Am ARA REIT Managers Sdn Bhd	70.00
Malaysian Ventures Management Incorporated Sdn Bhd	100.00
AmCapital (B) Sdn Bhd	100.00
AmWater Investments Management Pte Ltd	100.00
AmAsia Water Management (GP) Limited	100.00
PT AMCI Manajemen Investasi Indonesia	99.00
Trustee/Custodian/Investment Services	
AmTrustee Berhad	80.00
AMMB Nominees (Tempatan) Sdn Bhd	100.00
AMMB Nominees (Asing) Sdn Bhd	100.00
AMSEC Nominees (Tempatan) Sdn Bhd	100.00
AMSEC Nominees (Asing) Sdn Bhd	100.00
AM Nominees (Tempatan) Sdn Bhd	100.00
AM Nominees (Asing) Sdn Bhd	100.00
MBf Trustees Berhad	60.00
MBf Nominees (Tempatan) Sdn Bhd	100.00
AmFraser Nominees Pte Ltd*	100.00

*Under members' voluntary liquidation.

COMPANIES	EFFECTIVE SHAREHOLDINGS (%)
Investment Holding Companies/Others	
AMFB Holdings Berhad	100.00
AmInvestment Group Berhad	100.00
AmSecurities Holding Sdn Bhd	100.00
Am ARA REIT Holdings Sdn Bhd	70.00
AMAB Holdings Sdn Bhd	100.00
AMBB Capital (L) Ltd	100.00
AmFraser International Pte Ltd	100.00
AmEquities Sdn Bhd	100.00
AmProperty Holdings Sdn Bhd	100.00
Bougainvillaea Development Sdn Bhd	100.00
MBf Information Services Sdn Bhd	100.00
AmCard Services Berhad [formerly known as Arab-Malaysian Credit Berhad]	100.00
AmPremier Capital Berhad	100.00
AmTrade Services Limited	100.00
AmMortgage One Berhad	100.00
MBF Cards (M'sia) Sdn Bhd	100.00
Bonuskad Loyalty Sdn Bhd	33.33
Dormant	
AmProperty Trust Management Berhad	100.00
AMSEC Holdings Sdn Bhd	100.00
AMMB Factors Sdn Bhd	100.00
Everflow Credit & Leasing Corporation Sdn Bhd	100.00
AmCredit & Leasing Sdn Bhd	100.00
Komuda Credit & Leasing Sdn Bhd	100.00
Malco Properties Sdn Bhd	81.51
Teras Oak Pembangunan Sendirian Berhad	100.00
AmSecurities (HK) Limited	100.00
AmCapital (L) Inc.	100.00
AMMB Labuan (L) Ltd	100.00
Economical Enterprises Sendirian Berhad	100.00
AmGlobal Investments Pte Ltd	100.00
Fraser Financial Services Pte Ltd	100.00
Fraser-AMMB Research Pte Ltd	100.00
Malaysian Ventures (Two) Sdn Bhd*	34.67

Board of Directors

Y Bhg Tan Sri Azman Hashim
Non-Independent Non-Executive Chairman

Y Bhg Dato' Azlan Hashim
Non-Independent Non-Executive Deputy Chairman

Y A Bhg Tun Mohammed Hanif bin Omar
Non-Independent Non-Executive Director

Y Bhg Tan Sri Datuk Clifford Francis Herbert
Senior Independent Non-Executive Director

Y Bhg Tan Sri Datuk Dr Aris Othman
Independent Non-Executive Director

Y Bhg Dato' Rohana Tan Sri Mahmood
Independent Non-Executive Director

Y Bhg Dato' Larry Gan Nyap Liou @ Gan Nyap Liow
Independent Non-Executive Director

Mr Shayne Cary Elliott
Non-Independent Non-Executive Director

Mr Mark David Whelan
Non-Independent Non-Executive Director

Mr Gilles Planté
Non-Independent Non-Executive Director

Mr Soo Kim Wai
Non-Independent Non-Executive Director

Mr Ashok Ramamurthy
Group Managing Director

Mr Alistair Marshall Bulloch
(Alternate Director to Mr Shayne Cary Elliott, Mr Mark David Whelan and Mr Gilles Planté)

Corporate Information

GROUP COMPANY SECRETARY

Ms Koid Phaik Gunn
MAICSA 7007433
Chartered Secretary (ICSA)
Bachelor of Laws (Hons)
Fellow of The Malaysian Institute of Chartered Secretaries and Administrators

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REGISTRAR
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Level 6, Symphony House
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Jalan PJU 1A/46, 47301 Petaling Jaya
Selangor, Malaysia
Telephone No. : 603-7841 8000
Facsimile No. : 603-7841 8008

AUDITORS
Messrs Ernst & Young
Chartered Accountants

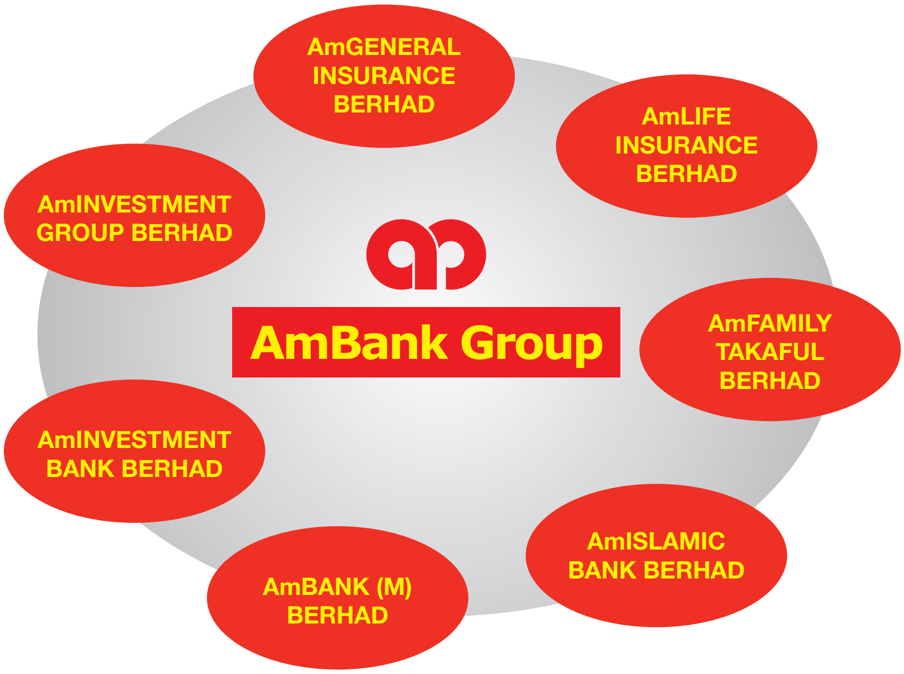
PRINCIPAL BANKER
AmBank (M) Berhad

STOCK EXCHANGE LISTING
Main Market of Bursa Malaysia Securities Berhad (13.02.92)

WEBSITE
www.ambankgroup.com

INVESTOR RELATIONS
ir@ambankgroup.com

Organisation Structure



RETAIL BANKING
- Auto Financing
- Mortgages & Other Consumer Loans
- Asset Financing & Small Business
- Credit Cards & Line of Credit
- Personal Financing
- Wealth Management (BancAssurance and Unit Trust)
- Deposits (Savings Accounts, Demand Deposits & Fixed Term Deposits)
- Share Margin Financing
- Retail Distribution (Branch distribution network, AmSignature Priority Banking, Internet Banking, Mobile Banking, Electronic Banking Centres, Contact Centre)

BUSINESS BANKING
- Commercial Banking
- SME Financing
- Factoring
- Deposits

TRANSACTION BANKING
- Trade Financing (Domestic Sales & Purchase Financing, Import/Export Financing, Structured Trade, Supply Chain Solutions, Trade Advisory)
- Cash Management Services (Payables, Receivables, Liquidity Management)
- Gross Payroll Solution & Statutory Submissions
- Web Based Transaction Channels (Trade Services, Cash Management Services, Payroll Solutions, e-Commerce Solutions)

CORPORATE & INSTITUTIONAL BANKING
- Corporate & Institutional Lending
- Corporate & Institutional Deposit
- Private Equity
- REITs Management
- Offshore Banking
- Trustee Services

INVESTMENT BANKING
- Debt Capital Markets
- Corporate Finance
- Equity Capital Markets
- Equity Derivatives
- Stock Broking
- Futures
- Funds Management
- Private Banking

MARKETS
- Foreign Exchange & Derivatives
- Fixed Income
- Commodities
- Research – Foreign Exchange and Fixed Income

ISLAMIC BANKING
Retail Banking
- Auto Financing
- Mortgages & Other Consumer Financings
- Credit Card
- Asset Financing & Small Business
- Personal Financing
- Wealth Management (Bancatakaful and Unit Trust)
- Deposits (Savings Accounts, Demand Deposits, Investments & Structured Products)
- Retail Distribution (Branch distribution network, AmSignature Priority Banking, Internet Banking, Mobile Banking, Electronic Banking Centres, Contact Centre)

Business Banking
- Commercial Banking
- SME Financing
- Deposits

Transaction Banking
- Trade Financing (Domestic Sales & Purchase Financing, Import/Export Financing, Structured Trade, Supply Chain Solutions, Trade Advisory)
- Cash Management Services (Payables, Receivables, Liquidity Management)
- Gross Payroll Solution & Statutory Submissions
- Web Based Transaction Channels (Trade Services, Cash Management Services, Payroll Solutions, e-Commerce Solutions)

Corporate & Institutional Banking
- Corporate & Institutional Financing
- Corporate & Institutional Deposit

Investment Banking
- Capital Markets (sukuk and equity/equity related products)
- Corporate Finance
- Stock Broking
- Funds Management

Markets
- Foreign Exchange & Derivatives
- Fixed Income
- Research – Foreign Exchange and Fixed Income

LIFE ASSURANCE
- Life Insurance
- Wealth Protection/Savings
- Health & Medical Protection
- Employee Benefit Schemes

GENERAL INSURANCE
- Automotive & Motoring Protection
- Personal Lifestyle Coverage
- SME & Corporate Solutions
- Dealership & Motor Trades Cover
- Worksite/Employee Protection Schemes
- Specialty Niche Products

FAMILY TAKAFUL
- Investment-Linked Takaful Plan – Single and Regular Contribution
- Reducing Term Takaful Plan
- Group Term Takaful and Group Hospital & Surgical Takaful
- Credit Card Protection Plan (Ismah)

Profile of Directors

Y BHG TAN SRI AZMAN HASHIM
Non-Independent Non-Executive Chairman

Y Bhg Tan Sri Azman Hashim, a Malaysian, aged 74, was appointed to the Board of AMMB Holdings Berhad on 15 August 1991 and has been the Chairman of the Company since 1991. He is the Non-Independent Non-Executive Chairman of the Company. He is the Chairman of the Company's Executives' Share Scheme Committee.

Tan Sri Azman is also the Chairman of the board of several subsidiaries of the Company, namely AmBank (M) Berhad, AmInvestment Bank Berhad, AmIslamic Bank Berhad, AmGeneral Insurance Berhad [formerly known as Kurnia Insurans (Malaysia) Berhad], AmLife Insurance Berhad, AmFamily Takaful Berhad, AmGeneral Holdings Berhad [formerly known as AmG Insurance Berhad], AmInvestment Group Berhad and AMFB Holdings Berhad.

Tan Sri Azman, a Chartered Accountant (FCPA), a Fellow of the Institute of Chartered Accountants and a Fellow of the Institute of Chartered Secretaries and Administrators, has been in the banking industry since 1960 when he joined Bank Negara Malaysia and served there until 1964. He practised as a Chartered Accountant in Azman Wong Salleh and Co. from 1964 to 1971. He then joined the board of Malayan Banking Berhad from 1966 until 1980 and was its Executive Director from 1971 until 1980. He was the Executive Chairman of Kwong Yik Bank Berhad, a subsidiary of Malayan Banking Berhad, from 1980 until April 1982 when he acquired AmInvestment Bank Berhad.

Tan Sri Azman is the Executive Chairman of Amcorp Group Berhad and RCE Capital Berhad, and Chairman of Malaysian South-South Corporation Berhad. He serves as a member on the board of Pembangunan MasMelayu Berhad and the Asian Institute of Finance Berhad. Tan Sri Azman is also involved in several charitable organisations as Chairman and Trustee of AmGroup Foundation and Perdana Leadership Foundation and Trustee for Yayasan Azman Hashim, Yayasan Perpaduan Nasional, Malaysian Liver Foundation, Yayasan Tuanku Najihah and Yayasan Canselor Open University Malaysia.

Tan Sri Azman is the Chairman of the Institute of Bankers Malaysia, Malaysian Investment Banking Association and the Malaysia Productivity Corporation, Chairman Emeritus of Pacific Basin Economic Council ("PBEC") International and Co-Chairman of Malaysia - Singapore Roundtable. He is the President of Malaysia South-South Association, Malaysia - Japan Economic Association, Malaysian Prison FRIENDS Club, Non-Aligned Movement's ("NAM") Business Council and Treasurer of Malaysia-Australia Foundation. He is a Member of the APEC Business Advisory Council, the Trilateral Commission (Asia-Pacific Group), the Malaysian-British and Malaysia-China Business Councils and East Asia Business Council. He is also the Leader of the ASEAN-Japanese Business Meeting (Malaysia Committee, Keizai Doyukai) and is on the Board of Advisors of AIM Centre for Corporate Social Responsibility. He is the Pro-Chancellor of Open University of Malaysia, a member of the Governing Body of Asian Productivity Organisation and the International Advisory Panel of Bank Negara Malaysia International Centre for Education in Islamic Finance ("INCEIF") and recently, the Asian Banking School Sdn Bhd.

Y Bhg Dato' Azlan Hashim, a Malaysian, aged 71, was appointed to the Board of AMMB Holdings Berhad on 12 February 1992 and has been the Deputy Chairman of the Company since 1992. He is a Member of the Company's Group Information Technology Committee and Audit and Examination Committee.

Dato' Azlan is currently the Non-Executive Chairman of AmFraser International Pte Ltd, AmFraser Securities Pte Ltd, AmInternational (L) Ltd, PT. AmCapital Indonesia and Am Ara REIT Managers Sdn Bhd. He also serves on the boards of Am Ara REIT Holdings Sdn Bhd, Metrod Holdings Berhad, Paramount Corporation Berhad, Sapura Industrial Berhad and Kesas Holdings Berhad. He is a Trustee of AmGroup Foundation.

Dato' Azlan served the Malayan Railways from 1966 to 1971, where he was the Chief Accountant for two years. In 1972, he became a Partner of a public accounting firm, Azman Wong Salleh & Co., and was a Senior Partner there prior to joining Amcorp Properties Berhad's board from 1982 to July 2007.

Dato' Azlan is a Fellow of the Institute of Chartered Accountants (Ireland), Economic Development Institute, World Bank, Washington D.C., U.S.A. and Institute of Bankers Malaysia. He is also a Certified Public Accountant.

Y BHG DATO' AZLAN HASHIM
Non-Independent Non-Executive Deputy Chairman

Y A Bhg Tun Mohammed Hanif bin Omar, a Malaysian, aged 74, was appointed to the Board of AMMB Holdings Berhad on 6 May 1994. He is a Member of the Company's Group Nomination and Remuneration Committee and Executives' Share Scheme Committee.

Tun Mohammed Hanif is also a Board member of the Company's subsidiaries, namely, AmBank (M) Berhad, AmIslamic Bank Berhad, AmInvestment Bank Berhad and AMFB Holdings Berhad. He is currently the Deputy Executive Chairman of Genting Berhad and Genting Malaysia Berhad and a board member of Genting Overseas Holdings Ltd. He was the Inspector-General of the Royal Malaysia Police for 20 years until his retirement in January 1994. He has received honorary awards from Malaysia, Indonesia, Thailand, Singapore, Brunei and the Philippines for his invaluable contribution towards the region's security.

He has been the President of the Malaysian Institute of Management since 2001. He is also the President of the Malaysian Branch of the Royal Asiatic Society. He is a member of the Malaysian Equine Council and a Council Member of the Malaysian Crime Prevention Foundation. In addition, he is the Chairman of the Yayasan Tun Razak, a member of the Board of Trustees of the Malaysian Liver Foundation, Yayasan DayaDiri, The MCKK Foundation and The Community Chest, Malaysia.

Tun Mohammed Hanif received his Bachelor of Arts from the then University of Malaya, Singapore in 1959, Bachelor of Laws (Honours) from Buckingham University, United Kingdom in 1986 and Certificate of Legal Practice (Honours) from the Legal Qualifying Board in 1987.

He was conferred the Honorary Doctorate of Law by Universiti Kebangsaan Malaysia in 1992, Honorary Doctorate of Philosophy (Internal Security) by Universiti Pertahanan Nasional Malaysia on 2 October 2011 and Honorary Doctorate of Law by the University of Buckingham on 16 March 2012.

Y A BHG TUN MOHAMMED HANIF BIN OMAR
Non-Independent Non-Executive Director

Profile of Directors (Cont'd.)

Y BHG TAN SRI DATUK CLIFFORD FRANCIS HERBERT
Senior Independent Non-Executive Director

Y Bhg Tan Sri Datuk Clifford Francis Herbert, a Malaysian, aged 71, was appointed to the Board of AMMB Holdings Berhad on 16 April 2004. He is the Chairman of the Company's Group Risk Management Committee and Group Nomination and Remuneration Committee and a Member of the Company's Audit and Examination Committee.

Tan Sri Datuk Herbert at present sits on the boards of AmInvestment Bank Berhad, AmBank (M) Berhad, AmIslamic Bank Berhad, Genting Malaysia Berhad, Shell Refining Company (Federation of Malaya) Berhad, Moet Hennessy Diageo Malaysia Sdn Bhd and FIDE Forum.

Tan Sri Datuk Herbert joined the Malaysian Civil Service in 1964 as Assistant Secretary in the Public Services Department from 1964 to 1968. Subsequently, he served in the Ministry of Finance from 1975 to 1997, culminating as Secretary General to the Treasury. He retired from the civil service in 1997.

As Secretary General in the Ministry of Finance, he was also appointed as alternate Governor of the World Bank. From 1994 to 2000, Tan Sri Datuk Herbert was the Chairman of KL International Airport Berhad which built the Kuala Lumpur International Airport. He had been a board member of numerous statutory bodies and government related public companies among them being Kumpulan Khazanah Nasional Berhad, Malaysian Airline System Berhad, Petroliam Nasional Berhad, Bank Negara Malaysia, the Securities Commission and Chairman of Percetakan Nasional Malaysia Berhad. Additionally, Tan Sri Datuk Herbert is also involved in several non-governmental organisations.

Tan Sri Datuk Herbert holds a Masters of Public Administration from University of Pittsburgh, U.S.A., and a Bachelor of Arts (Honours) from the University of Malaya.

Y Bhg Tan Sri Datuk Dr Aris Othman, a Malaysian, aged 68, was appointed to the Board of AMMB Holdings Berhad on 1 April 2004. He is the Chairman of the Company's Audit and Examination Committee and a Member of the Group Risk Management Committee and Group Nomination and Remuneration Committee.

Tan Sri Datuk Dr Aris is also a board member of the Company's subsidiary, AmInvestment Bank Berhad. He is currently a Director of YTL Power International Berhad.

Tan Sri Datuk Dr Aris had served in various positions in the Economic Planning Unit, Prime Minister's Department from 1966 to 1986. He was seconded to Bank Bumiputra Malaysia Berhad, Kuala Lumpur as Chief General Manager (Corporate Planning, Financial Subsidiaries, Treasury and Human Resources) from 1986 to 1989. From 1989 to 1999, Tan Sri Datuk Dr Aris was with the Ministry of Finance, during which he had served as Executive Director (South-East Asia Group) of the World Bank, Washington D.C., U.S.A. from 1991 to 1994 and Secretary General to the Treasury from 1998 to mid-1999. This was followed by a career in banking, where he had held the positions of Executive Chairman and Managing Director/Chief Executive Officer of Bank Pembangunan dan Infrastruktur Malaysia Berhad. He was also the Chairman of Malaysia Airports Holdings Berhad, and Malaysia Design and Innovation Centre, Cyberjaya.

Tan Sri Datuk Dr Aris holds a PhD in Development Economics and a Master of Arts in Political Economy both from Boston University, Massachusetts, a Master of Arts in Development Economics from Williams College, Massachusetts, and a Bachelor of Arts (Honours) in Analytical Economics from University of Malaya.

Y BHG TAN SRI DATUK DR ARIS OTHMAN
Independent Non-Executive Director

Y Bhg Dato' Rohana Tan Sri Mahmood, a Malaysian, aged 58, was appointed to the Board of AMMB Holdings Berhad on 8 July 2011. She is a Member of the Company's Group Nomination and Remuneration Committee and Group Information Technology Committee.

Dato' Rohana is also a board member of the Company's subsidiary, AmInvestment Bank Berhad.

Dato' Rohana is the Chairman and Founder of RM Capital Partners Sdn Bhd, a Malaysian private equity fund. She was the Chairman and co-founder of Ethos Capital, a Malaysian private equity fund since 2007. The fund successfully ended in November 2012.

Dato' Rohana is a Member of the Board of Trustees of the Asia Society, New York, member of Advisory Board of ACE Limited International, New York and a board member of Pacific Basin Economic Council (PBEC).

Dato' Rohana is the Chairman of Tropicana Corporation Berhad (formerly known as Dijaya Corporation Berhad) and a board member of various private and listed companies including Paramount Corporation Berhad, KDU University College Sdn Bhd, YIM Technology Resources Sdn Bhd and AmWater Investments Management Pte Ltd.

Dato' Rohana is the President Emeritus and founding member of the Kuala Lumpur Business Club, an exclusive (by invitation only) networking, and business development organisation limited to 100 members of Malaysia's leading corporate and business leaders. She is a Distinguished Fellow and board member of the Institute of Strategic and International Studies (ISIS) Malaysia. Prior to ISIS, Dato' Rohana was attached to the Ministry of Foreign Affairs Malaysia.

Dato' Rohana holds a Bachelor of Arts (Honours) in Politics, Essex University and Masters in International Relations, Sussex University, United Kingdom.

Y BHG DATO' ROHANA TAN SRI MAHMOOD
Independent Non-Executive Director

Y Bhg Dato' Larry Gan Nyap Liou, a Malaysian, aged 58, was appointed to the Board of AMMB Holdings Berhad on 15 March 2012. He is the Chairman of the Company's Group Information Technology Committee and a Member of the Audit and Examination Committee and Group Nomination and Remuneration Committee.

Dato' Larry Gan is currently the Chairman of Cuscapi Berhad, Catcha Media Berhad and Diversified Gateway Solutions Berhad. He sits on the boards of AmBank (M) Berhad, AmIslamic Bank Berhad, Tanjong Public Limited Company, Formis Resources Berhad, Saujana Resort (M) Berhad and other private limited companies. Dato' Larry Gan is also a director of the Minority Shareholders Watchdog Group and the Chairman of the British Malaysian Chamber of Commerce.

Dato' Larry Gan was with Accenture, a global management and technology consulting firm for 26 years until his retirement in December 2004. He held many global leadership positions including Managing Partner of Asia and Corporate Development Asia Pacific. He was the Chairman of the CEO Advisory Council and a member of the Global Management Council from 1997 to 2004.

He previously served as Chairman of the Association of Computer Industry Malaysia (PIKOM), and as a member of the Ministry of Science and Technology Think Tank, Copyright Tribunal and the Labuan International Financial Exchange Committee.

Dato' Larry Gan is a Certified Management Consultant and a Chartered Accountant.

Y BHG DATO' LARRY GAN NYAP LIOU @ GAN NYAP LIOW
Independent Non-Executive Director

Profile of Directors (Cont'd.)

MR SHAYNE CARY ELLIOTT
Non-Independent Non-Executive Director

Mr Shayne Cary Elliott, a New Zealander, aged 49, was appointed to the Board of AMMB Holdings Berhad on 18 June 2013.

Mr Elliott was appointed Chief Financial Officer of Australia and New Zealand Banking Group Limited ("ANZ") from June 2012.

Mr Elliott is responsible for all aspects of Finance as well as Legal, Treasury and Investor Relations. In this role, Mr Elliott also has responsibility for Group Strategy and Mergers and Acquisitions.

Prior to this role, Mr Elliott was Chief Executive Officer, Institutional, overseeing all businesses that deal with ANZ's large business, corporate and institutional customers.

Mr Elliott joined ANZ in June 2009. Previously, he was Chief Operating Officer, EFG Hermes, the largest investment bank in the Middle East. He was responsible for corporate strategy, risk, human resources, marketing and implementing governance and business management processes.

Mr Elliott was previously with Citigroup where he held various senior positions across geographies and business sectors over the course of 20 years. Some of the roles he held during his time at Citigroup include: Chief Executive Officer Global Transaction Services Asia Pacific, Chief Executive Officer Corporate Bank Australia/New Zealand and Country Corporate Officer, Vice President Strategic Planning New York, Head of Investor Derivative Sales London and Head of New Zealand Derivatives Sales and Trading.

Mr Elliott holds a Bachelor of Commerce, Management Studies and Finance from the University of Auckland, New Zealand.

Mr Mark David Whelan, an Australian, aged 53, was appointed to the Board of AMMB Holdings Berhad on 2 January 2009. He is a Member of the Company's Group Risk Management Committee.

He is currently the Managing Director, Corporate and Commercial Banking (Australia) of Australia and New Zealand Banking Group Limited ("ANZ").

Mr Whelan is a key member of the Australia Leadership Team. His team delivers customer solutions for the Corporate and Commercial market through dedicated managers focusing on Corporate Business, Small Business and Agri Business segments. It also includes Esanda Finance, one of Australia's leading asset finance companies.

Prior to this, Mr Whelan was the Managing Director of ANZ's Institutional, Commercial and Private Bank businesses in Asia Pacific, Europe & America ("APEA"), based in Hong Kong. Within this capacity, Mr Whelan's responsibilities included a full range of ANZ corporate, institutional and commercial financial products and services throughout APEA. His duties also included Relationship Banking, Specialised Lending, Markets and Transaction Banking across the region.

He has held roles across Australia, the United States of America, Singapore and Hong Kong. He joined ANZ in November 2004 as Head of Sales, Markets before taking on the role of Joint Managing Director, Markets in 2005 and then Managing Director, Institutional Asia in 2007. Prior to joining ANZ, Mr Whelan worked at Westpac Bank where he held several senior roles including General Manager, Global Investor Sales and General Manager, Institutional Banking, Victoria. Within this capacity, his responsibilities included distribution of Markets products into the Commercial segment. Before joining Westpac Bank, Mr Whelan worked for Citibank and Caterpillar.

Mr Whelan holds a Graduate Diploma in Taxation and a Diploma in Accounting from the Royal Melbourne Institute of Technology. He is a Fellow of the Certified Practicing Accountants, and a member of the Financial Treasury Association Limited, the Australian Financial Markets Association and the Australian Institute of Company Directors.

MR MARK DAVID WHELAN
Non-Independent Non-Executive Director

Mr Gilles Planté, an Australian/French, aged 49, was appointed to the Board of AMMB Holdings Berhad on 8 October 2012. He is a Member of the Company's Group Nomination and Remuneration Committee, Audit and Examination Committee and Executives' Share Scheme Committee.

Mr Planté is the Chief Executive Officer ("CEO") Asia Pacific, Australia and New Zealand Banking Group ("ANZ") and Chairman, Australia and New Zealand Bank (China) Company Limited ("ANZ China"). He is also responsible for Treasury for the Institutional and International Division of ANZ.

In this role, he has geographic responsibility for ANZ's businesses and partnerships in 26 countries, including Greater China (China, Hong Kong and Taiwan), Greater Mekong (Vietnam, Cambodia, Myanmar and Laos), Indonesia, Japan, Malaysia, Philippines, Singapore, South Korea and Thailand, Papua New Guinea and Fiji.

Mr Planté joined ANZ in 1997 after 10 years in Paris, Tokyo, New York and Singapore, predominantly with Credit Suisse.

During his time at ANZ, Mr Planté has held a number of roles including most recently CEO, North East Asia, Europe & America and CEO Asia. He was previously Managing Director, Global Markets, Head of Markets - Europe and America and Head of Currency and Commodity Derivatives.

Mr Planté sits on the Board of Esanda, one of Australia's largest vehicle finance providers, the Shanghai Rural Commercial Bank and Bank of Tianjin, in Mainland China.

Mr Planté holds a Master of Science from Ecole Spéciale de Méchanique et d'Electricité (ESME) in Paris.

MR GILLES PLANTÉ
Non-Independent Non-Executive Director

Mr Soo Kim Wai, a Malaysian, aged 52, was appointed to the Board of AMMB Holdings Berhad on 4 October 2002. He is a Member of the Company's Group Nomination and Remuneration Committee.

He is currently the Group Managing Director of Amcorp Group Berhad. Mr Soo joined Amcorp Group Berhad in 1989 as Senior Manager, Finance, and has since held various positions before he was promoted to his current appointment. Prior to that, he was with Plantation Agencies Sdn Bhd from 1985 to 1989, and in the accounting profession for five years with Deloitte KassimChan from 1980 to 1985.

He sits on the board of RCE Capital Berhad, Amcorp Properties Berhad, ECM Libra Financial Group Berhad and other private limited companies and foreign companies. He is also a board member of the British Malaysian Chamber of Commerce.

Mr Soo is a Chartered Accountant (Malaysian Institute of Accountants), a Certified Public Accountant (Malaysian Institute of Certified Public Accountants), Fellow of the Certified Practising Accountant (CPA), Australia and Fellow of the Association of Chartered Certified Accountants (ACCA), United Kingdom.

MR SOO KIM WAI
Non-Independent Non-Executive Director

Profile of Directors (Cont'd.)

MR ASHOK RAMAMURTHY
Group Managing Director

Mr Ashok Ramamurthy, an Australian, aged 51, was appointed to the Board of AMMB Holdings Berhad on 2 April 2012 and is currently the Group Managing Director ("Group MD") of the Company. He is also the Chief Executive Officer of AmBank (M) Berhad.

Mr Ramamurthy also sits on the boards of AmInvestment Bank Berhad, AmIslamic Bank Berhad and AmLife Insurance Berhad. He joined the Company as the Chief Financial Officer ("CFO") in July 2007 and was subsequently appointed the Deputy Group MD and CFO in October 2008.

Prior to his appointment as Group MD, Mr Ramamurthy has worked with the Australia and New Zealand Banking Group Limited ("ANZ") for circa 23 years, across multiple geographies including New Zealand, Australia, India and Malaysia. His functional expertise is built around finance at the core, and blended with risk management, operations and shared services and strategy and change management. He has direct experience as the CFO and/or Chief Operating Officer in a number of ANZ businesses including Commercial Banking, Markets and Treasury, Funds Management and Insurance, Wealth Management, Banking Products and Transaction Services and Personal/Retail Banking. He has been successful in developing and executing transformational agendas in his career.

Mr Ramamurthy has a Post Graduate Diploma in Business Administration XLRI, India (MBA equivalent) and Bachelor of Commerce (Accounting), University of Madras. He is a Fellow of the Financial Services Institute of Australasia – Fellowship from FINSIA.

Mr Alistair Marshall Bulloch, a British, aged 55, is the Alternate Director to Mr Shayne Cary Elliott, Mr Mark David Whelan and Mr Gilles Planté.

He is currently the Managing Director/Head of Asia Partnerships of Australia and New Zealand Banking Group Limited ("ANZ").

Mr Bulloch is responsible for developing critical government and other relationships, taking strategic leadership with key clients and has responsibility for all of ANZ partners in the region.

Prior to this role, Mr Bulloch was the Deputy Chief Executive Officer of Asia Pacific, Europe and America (APEA) and the Chief Executive Officer of North East Asia of ANZ. He was responsible for driving growth and innovation in ANZ's businesses and partnerships in China, Hong Kong, Taiwan, Japan and Korea.

He is the Chairman and Director of ANZ Bank (Vietnam) Limited, ANZ Insurance Broker Co. Ltd. (Taiwan), ANZ Royal Bank (Cambodia) Ltd, ANZ Bank (Taiwan) Limited and Chongqing Liangping ANZ Rural Bank Co. Ltd (China), a Director of ANZ Bank (China), ANZ Bank (Europe) Limited (United Kingdom), ANZ Bank (Lao), ANZ Capital (PVT) Limited (India), ANZ Pensions (UK) Limited, ANZ V-Trac International Leasing Company, Bank of Tianjin (China), Jikk Pty Ltd., Saigon Securities Inc. (Vietnam), Shanghai Rural Commercial Bank (China), Votraint No. 1103 Pty Ltd.

Mr Bulloch was the Head of Wholesale and Commercial Banking in Korea for Standard Chartered First Bank. He has more than 20 years' banking experience and was previously Head of Client Relationships in both China and Taiwan. Mr Bulloch spent his childhood and a considerable part of his earlier career in Hong Kong and has also worked in the Middle East and Ireland.

He holds a Bachelor of Arts (Honours) in Business Studies from Dundee College of Technology, Scotland.

MR ALISTAIR MARSHALL BULLOCH
(Alternate Director to Mr Shayne Cary Elliott, Mr Mark David Whelan and Mr Gilles Planté)

Additional Information:

None of the Directors has any family relationships with other Directors or major shareholders of the Company, except as disclosed herein.

Y Bhg Tan Sri Azman Hashim and Y Bhg Dato' Azlan Hashim are brothers.

Y Bhg Tan Sri Azman Hashim is the Executive Chairman and a substantial shareholder of Amcorp Group Berhad ("Amcorp"), which in turn is a substantial shareholder of AMMB Holdings Berhad.

Y Bhg Tan Sri Azman Hashim is a Director of Clear Goal Sdn Bhd, his family-owned company, which is deemed a substantial shareholder of AMMB Holdings Berhad by virtue of its interest in Amcorp.

Mr Soo Kim Wai is the Group Managing Director of Amcorp, which is a substantial shareholder of AMMB Holdings Berhad.

Mr Shayne Cary Elliott, Mr Mark David Whelan and Mr Gilles Planté are Board representatives of Australia and New Zealand Banking Group Limited, which is a substantial shareholder of AMMB Holdings Berhad.

None of the Directors has been convicted for offences within the past 10 years. None of the Directors has any conflict of interest with the Company other than as announced or set out in Note 43 to Financial Statements under "Significant Related Party Transactions and Balances".

Group Managing Director and Direct Reports

Ashok Ramamurthy
Group Managing Director
AmBank Group
Chief Executive Officer
AmBank (M) Berhad

Datuk Mohamed Azmi Mahmood
Deputy Group Managing Director
AmBank Group

From left to right:

Kok Tuck Cheong
Managing Director/
Chief Executive Officer
AmInvestment Bank Berhad

Dato' James Lim Cheng Poh
Managing Director,
Business Banking
AmBank (M) Berhad

Paul Lewis
Managing Director, Retail Banking
AmBank (M) Berhad

Pushpa Rajadurai
Managing Director, Corporate &
Intitutional Banking
AmInvestment Bank Berhad

Mandy Simpson
Chief Financial Officer
AmBank Group

Nigel Christopher William Denby
Chief Risk Officer
AmBank Group

From left to right:
Yvonne Phe Kheng Peng
Managing Director, Markets Division
AmBank Group

Travis Atkinson
Chief Executive Officer
AmGeneral Insurance Berhad

Paul Low Hong Ceong
Chief Executive Officer
AmLife Insurance Berhad

Ross Neil Foden
Chief Operations Officer
AmBank Group

Thein Kim Mon
Chief Internal Auditor
AmBank Group

Fauziah Yacob
Chief Human Resource Officer
AmBank Group

Charles Tan Keng Lock
Chief Information Officer
AmBank Group

Chief Executive Officers of Other Business Subsidiaries

From left to right:
Datuk Mahdi Murad
Chief Executive Officer
AmIslamic Bank Berhad

Wan Zamri Wan Zain
Chief Executive Officer
AmFamily Takaful Berhad

Datin Maznah Mahbob
Chief Executive Officer
AmInvest

Corporate Governance

In line with AmBank Group's vision: "As Malaysia's preferred diversified, internationally connected financial solutions group, we take pride in growing your future with us", the Board of Directors of the Company ("Board") is fully committed to ensuring that the Company continues to maintain the highest standards in corporate governance, with a view to continuously enhance the value of stakeholders.

The Board provides guidance and oversight of the Group's strategic agenda and its operations and acknowledges its overriding responsibility to act diligently and responsibly, in accordance with applicable legislations and regulations in serving the interests of shareholders, as well as its customers, employees and the community at large.

The Company subscribes to and conforms to the principles and recommendations of the Malaysian Code on Corporate Governance 2012 ("MCCG 2012"), save for the exception to the following recommendations, which are explained further under the caption on Board Composition and Tenure, respectively in this statement hereinbelow –

- the board must comprise a majority of independent directors where the chairman of the board is not an independent director.
- the tenure of an independent director should not exceed a cumulative term of nine (9) years.

BOARD OF DIRECTORS

Roles and Responsibilities of the Board

- Reviewing and approving the strategic business plans of the Group as a whole and that of the individual operating units. This encompasses the annual budget, medium term aspirations, new investments/divestments as well as mergers and acquisitions.

- Overseeing the conduct of the business to ascertain its proper management including setting clear objectives and policies within which senior executives are to operate.

- Identifying and approving policies pertaining to the management of all risk categories including but not limited to, credit, financial, market, liquidity, operational, legal and reputational risks.

- Reviewing the adequacy and the integrity of internal controls and management information systems, including systems for compliance with applicable laws, rules, regulations, directives and guidelines.

- Serving as the ultimate approving authority for all significant financial expenditure.

Chairman and Group Managing Director

The roles of the Chairman and Group Managing Director remain separate and are clearly distinct. The Chairman of the Board is non-independent and non-executive.

The Chairman plays an important leadership role within the Group and is involved in:

- Chairing the meetings of Shareholders and the Board;

- Monitoring the performance of the Board and the mix of skills and effectiveness of individual Board members' contribution; and

- Maintaining on-going dialogue with the Chief Executive Officers of the various major subsidiaries and providing appropriate mentoring and guidance.

The Board delegates the authority and responsibility for managing the everyday affairs of the Group to the Group Managing Director and through him and subject to his oversight, to other Senior Management. The Board monitors the management and performance of the Group Managing Director on behalf of the shareholders.

Board Composition

The Board is chaired by a Non-Independent Non-Executive Director and currently comprises twelve (12) Directors, four (4) of whom are Independent Non-Executive Directors. The Board continues to achieve a balance of skills, knowledge, experience and perspective among its Directors.

Recommendation 3.5 of the MCCG 2012 provides that the board should comprise a majority of Independent Directors if the Chairman is not an Independent Director.

Notwithstanding that the Board consists of majority of Non-Independent Non-Executive Directors, the Board strongly believes that all the Directors act in the best interest of all stakeholders.

Appointment and Resignation

- Mr Alexander Vincent Thursby, a Non-Independent Non-Executive Director resigned as a Member of the Board with effect from 18 April 2013 following his resignation from Australia and New Zealand Banking Group Limited ("ANZ"). Accordingly, Mr Alistair Marshall Bulloch, ceased to be his Alternate Director on 18 April 2013.

- The Group welcomes the addition of new board member, Mr Shayne Cary Elliott, a Non-Independent Non-Executive Director who replaces Mr Thursby as the representative of ANZ. Mr Elliott was appointed to the Board on 18 June 2013 with Mr Alistair Marshall Bulloch as his Alternate Director.

Selection of Directors:

Board Independence

The Independent Non-Executive Directors are from varied business backgrounds. Their experience enables them to exercise independent judgment and objective participation in the proceedings and decision-making processes of the Board.

Decision-making on key issues regarding the Company and its subsidiaries are fully deliberated by the Directors. Board decisions are made taking into account the views of the Independent Non-Executive Directors, which carry substantial weight.

They fulfill their roles in ensuring that strategies proposed by the Management are fully discussed and examined as well as ensuring that the interest of shareholders and stakeholders of the Company are safeguarded.

Independence

In accordance with the criteria as specified under the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Malaysia"), the Group Nomination and Remuneration Committee and the Board establish whether or not a Non-Executive Director may have a relationship with AmBank Group which could affect their decision-making.

Election at Next Annual General Meeting

The Company's Articles of Association permits the Board to appoint a person to be a Director of the Company at any time, but the person must seek election by shareholders at the next Annual General Meeting ("AGM").

Tenure

The Articles of Association provides that all Directors must retire at least once in three years and may be re-elected at the AGM.

Recommendation 3.2 of the MCCG 2012 states the tenure of an independent director should not exceed a cumulative term of 9 years. This is in line with the existing policy of the Company which states that an Independent Non-Executive Director shall serve up to a maximum of nine (9) years and any exception to the same will be subject to the recommendation of the Group Nomination Committee and the approval of the Board of Directors.

In this respect, the Board, with the recommendation of the Group Nomination Committee has approved the continuation of the tenure of Y Bhg Tan Sri Datuk Clifford Francis Herbert and Y Bhg Tan Sri Datuk Dr Aris Othman whose service on the Board reached nine (9) years on 15 April 2013 and 31 March 2013 respectively. Both Directors have demonstrated their independence and exercise of objective judgement. The Group Nomination Committee and the Board are confident that both Directors will continue to uphold their independent participation and judgement notwithstanding their length of service.

Formalisation of Rights, Duties and Obligations

There are several key elements relating to the formalisation of Rights, Duties and Obligations once a Director is appointed, including:

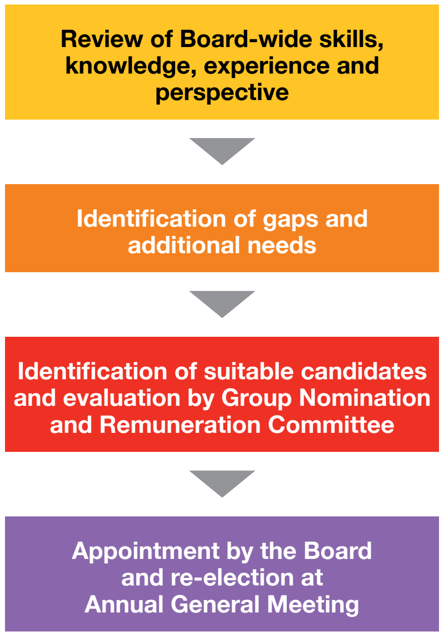
- **Directors' Code of Conduct**

  This code sets out that Directors will pursue the highest standards of ethical conduct.

- **Covenants to Directors**

  The covenants cover a number of issues including indemnity, Directors' and officers' liability insurance, the right to obtain independent advice and the requirements concerning confidential information.

Selection of Directors



Performance Evaluation

Performance evaluations are conducted annually and cover the Board, each Director and the Board Committees. The framework used to assess the Directors is based on the expectation that they are performing their duties in a manner which should create and continue to build sustainable value for shareholders and in accordance with duties and obligations imposed upon them under the law and guidelines issued by the regulatory authorities.

Directors' Training & Development Needs

The Board recognised the importance of training and development needs of the Directors which play a vital role in helping the Directors to update and enhance their skills and knowledge with the aim for the Directors to discharge their duties effectively and efficiently.

Corporate Governance (Cont'd.)

The Group's Learning and Development Centre undertakes the role as the training co-ordinator for training programmes for the Directors.

The Group has adopted the FIDE programme as a core training for its Directors. The FIDE programme is a governance programme which focus on roles, responsibilities and key issues faced by the boards of financial institutions to ensure effective corporate governance, constructive strategy review, robust risk management, strong internal controls and accurate financial reporting and proactive stakeholder engagement.

The new Directors participate in the induction programme which allows the Directors to meet with AmBank Group senior executives and other key staff members and be accustomed with the Group's governance framework, financial management and business operations.

Pursuant to the requirements of Bursa Malaysia, a newly appointed Director is required to attend the Mandatory Accreditation Programme ("MAP") within four (4) months of his/her appointment.

Mr Gilles Planté, who was appointed as Director of the Company on 8 October 2012 had attended and successfully completed the MAP.

Mr Shayne Cary Elliott who was recently appointed to the Board on 18 June 2013 has up to 17 October 2013 to complete the MAP.

Seminars, conferences and training courses attended by the Directors during the financial year included the following areas –

<u>Board Competency</u>
Roles & Responsibilities of a Bank Board following Global Financial Crisis
ICLIF: Human Capital Management in the Boardroom
Mandatory Accreditation Programme

<u>Corporate Governance</u>
FIDE: Core Programme Module A and Module B
Corporate Governance Blueprint & Malaysian Code of Corporate Governance 2012
Bursatra: Corporate Management & Malaysian Best Practices
MICG: Directors' Remuneration Seminar 2013
ICLIF: Nomination/Remuneration Committee

<u>Risk Management/Legal and Regulatory Framework</u>
AmBank's Advance Risk Recognition
FIDE: The Personal Data Protection Act (PDPA) 2010 - Issues and implications
Competition Act, 2010
Bursatra: Investor Relations & Financial Communications
ICLIF: Creating Cross-Border Champions

Level and Make-Up of Remuneration: Remuneration Framework

The remuneration framework is designed to ensure that the Group continues to attract and retain Directors and other Senior Management staff with appropriate skills and experience to manage the Group successfully. The Board determines the remuneration of Non-Executive Directors, Executive Directors, and other Senior Management staff of the Group, with the interested Directors abstaining from discussions with respect to their remuneration.

Access to Directors

The Management is able to consult the Directors as required on a regular basis. Employees and shareholders have access to Directors through the Chairman, the Senior Independent Non-Executive Director and the Group Company Secretary.

Access to Information

In the discharge of their duties, all Directors have complete and unrestricted access to information pertaining to the Group. The advice and services of the Group Company Secretary are readily available to the Board in matters of governance and in complying with statutory duties, including compliance with the Main Market Listing Requirements of Bursa Malaysia.

In order to assist Directors in fulfilling their responsibilities, each Director has the right to seek independent professional advice regarding his responsibilities at the expense of the Group. In addition, the Board and each Board Committee, at the expense of the Group, may obtain professional advice that they require to assist in their work.

Group Company Secretary

The Group Company Secretary reports directly to the Board and is the source of guidance and advice to the Directors on areas of corporate governance, relevant legislations, regulations and policies, besides ensuring compliance with the Main Market Listing Requirements of Bursa Malaysia and other regulatory requirements.

The Group Company Secretary attends Board and Board Committees meetings and is responsible for the accuracy and adequacy of records of the proceedings of Board and Board Committees meetings and resolutions.

Board Meetings

The Board meets a minimum of ten (10) times per year, wherein Board reports are circulated prior to the meetings, allowing the Directors to review further information that may be required. Additional Board meetings are convened whenever necessary. The Senior Management team of the subsidiaries are invited to attend Board meetings to provide presentations and detailed explanations on matters that have been tabled.

Ten (10) Board meetings were held during the financial year ended 2013 ("FY2013"). The attendance of every Board member at the meetings of the Board and the various Board Committees is as set out below:

Number of Meetings Attended in FY2013

	Board of Directors	Group Nomination Committee[a]	Group Remuneration Committee[a]	Audit and Examination Committee	Group Risk Management Committee	Group Information Technology Committee	Group Nomination and Remuneration Committee[a]
Tan Sri Azman Hashim	10 (Chairman)	5[b]	5[b]	N/A	N/A	N/A	N/A
Dato' Azlan Hashim	7	N/A	N/A	6	N/A	2[c]	N/A
Tun Mohammed Hanif bin Omar	9	5	N/A	N/A	N/A	N/A	1
Tan Sri Datuk Clifford Francis Herbert	8	5[d] (Chairman)	5	6	8 (Chairman)	N/A	0 (Chairman)
Tan Sri Datuk Dr Aris Osman @ Othman	10	5	5 (Chairman)	7 (Chairman)	9	N/A	1
Dato' Rohana binti Mahmood	9	N/A	N/A	N/A	N/A	3	-[f]
Dato' Gan Nyap Liou @ Gan Nyap Liow	9	N/A	N/A	6	N/A	4[d] (Chairman)	-[f]
Alexander Vincent Thursby (resigned on 18.4.2013)	10	N/A	N/A	N/A	N/A	N/A	N/A
Dr Robert John Edgar (resigned on 30.6.2012)	3	2	1	2	N/A	N/A	N/A
Mark David Whelan	10	N/A	N/A	N/A	9	N/A	N/A
Gilles Planté (appointed on 8.10.2012)	5	1[e]	1[e]	3[e]	N/A	N/A	1
Soo Kim Wai	10	N/A	5	N/A	N/A	N/A	1
Ashok Ramamurthy (appointed on 2.4.2012)	10	N/A	N/A	N/A	N/A	4	N/A
Number of meetings held in FY 2013	**10**	**5**	**5**	**7**	**9**	**4**	**1**

[a] Consolidation of Group Nomination Committee and Group Remuneration Committee into a single committee known as Group Nomination and Remuneration Committee on 4.3.2013

[b] Resigned as member on 4.3.2013

[c] Stepped down as Chairman on 11.9.2012 and remains as a member

[d] Appointed as Chairman on 11.9.2012

[e] Appointed as member on 8.10.2012

[f] Appointed as member on 19.3.2013

Notes:

1) All attendances reflect the number of meetings attended during the Directors' tenure of service.
2) N/A represents non-committee member.

Corporate Governance (Cont'd.)

Board Committees

The Board delegates certain responsibilities to the Board Committees. The Committees that assist the Board are as follows:

1. Group Nomination and Remuneration Committee
2. Audit and Examination Committee
3. Group Risk Management Committee
4. Group Information Technology Committee

The criteria for the membership are based on a Director's skills and experience, as well as his ability to add value to the Board Committee.

The Group Managing Director, the Chief Executive Officers and other Senior Management staff are invited to attend the relevant Board Committee meetings.

Group Nomination and Remuneration Committee

The Committee was established following the consolidation of the Group Nomination and Group Remuneration Committees. The Committee comprises seven (7) members, all of whom are Non-Executive Directors with a majority of Independent Directors and chaired by an Independent Non-Executive Director. The Committee continues with the roles of the previous Group Nomination and Group Remuneration Committees and is responsible for:

- Regularly reviewing the board structure, size and composition, as well as making recommendation to the Board of the Company with regard to any changes that are deemed necessary.

- Recommending the appointment of Directors to the Board and Committees of the Board as well as annually review the mix of skills, experience and competencies that Non-Executive and Executive Directors should bring to the Board.

- On an annual basis, assessing the effectiveness of the Board as a whole and the Committees as well as the contributions of the Chairman and each Director to the effectiveness of the Board.

- Recommending to the Board the framework/methodology for the remuneration of the Directors, Chief Executive Officers and other Senior Management staff with the relevant experience and expertise needed to assist in managing the Group effectively. The services of consultants are utilised to review the methodology for rewarding Executive Directors and Management staff according to the Key Performance Indicators required to be achieved.

Group Information Technology Committee

Group Information Technology Committee ("GITC") comprises four (4) members, three (3) of whom are Non-Executive Directors and two (2) out of the three (3) are Independent Directors. The Committee is responsible to provide governance for Information Technology and to ensure that the overall strategic IT direction is aligned with the Group's business objectives and strategy. GITC's key responsibilities include the following:

- To provide strategic direction for IT development within the Group and ensuring that IT strategic plans are aligned with the Group's business objectives and strategy.

- To ensure the establishment of Groupwide IT policies, procedures and frameworks including IT security and IT risk management.

- To provide oversight of the Group's long term IT strategic plans and budgets.

- To establish and monitor the overall performance, efficiency and effectiveness of IT services including performance metrics.

- To review the adequacy and utilisation of the Group's IT resources including computer hardware, software, personnel and other IT related investments.

- To advise the Board on IT related issues; and

- To review and approve allowed deviations under BNM guidelines.

There were four (4) meetings held during the FY2013.

RISK MANAGEMENT

Group Risk Management Committee of Directors

The Group Risk Management Committee oversees the adequacy of risk management within the Group.

The membership of the Committee comprises three (3) members, all of whom are Non-Executive Directors and is chaired by an Independent Non-Executive Director. The responsibilities of the Committee include the review and evaluation of:

- Senior Management's activities in managing risk;

- High-level risk exposures and portfolio composition;

- The Company/Group's major risk strategies, policies and risk tolerance standards; and

- The overall effectiveness of the risk management and control infrastructure.

There were nine (9) meetings held during the FY2013.

ACCOUNTABILITY AND AUDIT

Audit and Examination Committee

The Audit and Examination Committee ("AEC") is responsible for the oversight and monitoring of:

- The Group's financial reporting, accounting policies and controls;

- The Group's Internal Audit functions;

- Compliance with regulatory requirements;

- The appointment, performance evaluation, transfer and dismissal of the Chief Internal Auditor; and

- The appointment, scope of work and evaluation of the external auditor.

It is the Board's policy that at least one (1) member of the AEC shall have an accounting qualification or experience in the field of finance. The AEC meets regularly with the external auditor and Group Internal Audit.

The AEC met seven (7) times during the FY2013.

Financial Controls

Responsibility Statement

The Board of Directors is required by the Companies Act, 1965 to prepare financial statements for each financial year which give a true and fair view of the Group and its state of affairs, results and cash flows at the end of the financial year. Following discussions with the statutory external auditors, the Directors consider that the appropriate accounting policies are consistently applied and supported by reasonable as well as prudent judgments and estimates, and that all accounting standards which they consider applicable have been followed during the preparation of the financial statements.

The Board of Directors is responsible for ensuring that the Group keeps accounting records which are disclosed with reasonable accuracy, and for ensuring that the financial statements comply with the Companies Act, 1965.

The Board and Board Committees have the general responsibility for taking such steps to safeguard the assets of the Group.

The Group's Statement on Risk Management and Internal Control is set out on page 44 of this annual report.

Audit and Examination Committee ("AEC") Report

Terms of Reference

The functions of the AEC are as follows:

1) To provide independent oversight of the Company/Group's financial reporting and internal control system, and ensuring checks and balances within the Company/Group.
2) To serve as an independent and objective party in the review of the financial information of the Company/Group that is presented by the Management to the Board and Shareholders.
3) To review the quarterly results and year-end financial statements of the Company/Group to ensure compliance with accounting standards and legal requirements, and to ensure fair and transparent reporting and prompt publication of the financial accounts.
4) To determine that the Company/Group has adequate established policies, procedures and guidelines, operating and internal controls, and that they are being complied with and are operating effectively in promoting efficiency and proper conduct, and protecting the assets of the Company/Group.
5) To evaluate the adequacy and effectiveness of the Management control systems of the Company/Group through the review of the reports of both the external and internal auditors that highlight internal accounting, organisational and operating control weaknesses, and to determine that appropriate corrective actions are being taken by the Management.
6) To review and approve the scope of audits, audit plans and audit reports of both the external and internal auditors.
7) To ensure through discussions with the external and internal auditors that no restrictions are being placed by the Management and employees on the scope of their examinations.
8) To ensure that audit of specialised areas is adequate by directing the engagement of external experts to carry out the review, if required and ensure that the terms and scope of the engagement, the working arrangement with the internal auditors and reporting requirements are clearly established.
9) To ensure the adequacy and appropriateness of the scope, functions and resources of the internal audit and that they have the necessary authority to carry out their work.
10) To establish a mechanism to assess the performance and effectiveness of the internal audit function.
11) To direct and supervise any special project or investigation considered necessary.
12) To review any related party transaction and conflict of interest situation that may arise within the Company/Group including any transaction, procedure or course of conduct that raises questions of management integrity.
13) To review and approve the Internal Audit Charter of the Company.
14) To prepare when deemed necessary, periodic reports to the Board summarising the work performed in fulfilling the Committee's primary responsibilities.
15) To review the annual appointment of the external auditors, or resignation or removal of external auditors, to approve the provision of non-audit services by external auditors, to negotiate and approve the annual audit fees or special audit fees and/or non-audit service fees.
16) To review the appointment, performance evaluation, transfer and dismissal, and remuneration of the Chief Internal Auditor.

Summary of Key Activities

The following is a summary of the main activities carried out by the Committee during the year:

Internal Audit

- Reviewed and approved the Group Internal Audit's annual audit plan, including its resource and training needs.

Corporate Governance (Cont'd.)

- Reviewed Group Internal Audit's achievement of its key strategic initiatives undertaken to improve the efficacy, effectiveness and profile of Group Internal Audit.

- Reviewed the Group Internal Audit's methodology in assessing the risk levels of the various auditable areas and ensured that audit emphasis was given on critical risk areas.

- Reviewed the adequacy and effectiveness of the system of controls, reporting and risk management to ensure there is a systematic methodology in identifying, assessing and mitigating risk areas.

- Reviewed reports of Group Internal Audit (including internal investigations, follow up on resolution of issues raised in reports issued by Regulators, external auditors and other external parties) and considered Management's response and accordingly directed Management to take the necessary remedial action. The Committee also followed-up on resolution of major issues raised in the reports and requested for separate presentations by Management where necessary.

- Monitored the progress of Group Internal Audit in completing its audit plan and assessed the performance of Group Internal Audit.

External Audit

- Reviewed the appointment of the external auditor and their independence and effectiveness.

- Reviewed their audit plan, annual audit fees and scope of work for audit and non-audit assignments.

- Reviewed the external auditor's results and report as well as the Management's consequent responses to the findings of the external auditor.

Financial Results

- Reviewed the quarterly results and financial statements of the Group before recommending them to the Board of Directors for approval.

- Reviewed the annual audited financial statements of the Group with the external auditor prior to submission to the Board for approval.

- Compliance with the following regulatory requirements was ensured :

  – Provisions of the Companies Act, 1965 and the Banking and Financial Institutions Act, 1989

  – Capital Markets And Services Act, 2007

  – Securities Commission Act, 1993

  – Main Market Listing Requirements of Bursa Malaysia Securities Berhad

  – Applicable accounting standards in Malaysia

  – Other relevant regulatory requirements

Related Party Transactions

- Reviewed related party transactions and the adequacy of the Group's procedures in identifying, monitoring, reporting and reviewing related party transactions.

Internal Audit

Internal Audit Function

Group Internal Audit function operates under a charter from the AEC that gives it unrestricted access to review all activities of the Group. The Head of Group Internal Audit reports to the AEC. The internal auditing function is conducted on an AmBank Groupwide basis to ensure consistency in the control environment and the application of policies and procedures.

Group Internal Audit focuses its efforts on performing audits in accordance with the audit plan, which is prioritised based on a comprehensive risk assessment of all activities undertaken by the Group. The structured risk assessment approach ensures that all risk-rated areas are kept in view to ensure appropriate audit coverage and audit frequency. The risk-based audit plan is reviewed annually taking into account the changing financial significance of the business and risk environment. The AEC reviews and approves Group Internal Audit's annual audit plan.

Group Internal Audit also performs investigations and special review, and participates actively in major system development activities and project committees to advise on risk management and internal control measures.

The AEC approves the annual audit work plan, and a risk-based audit approach is used to ensure that the higher risk activities in each business unit are audited each year.

The audit activities can be summarised as follows:

i) Scheduled and mandatory audits
ii) Systems development life-cycle review of major IT infrastructure projects
iii) Unscheduled and special focus reviews

The main objective of the audit reviews is to assess the adequacy and effectiveness of risk management and systems of internal controls in the following areas:

- Retail Banking
- Islamic Banking
- Business Banking
- Corporate & Institutional Banking
- Investment Banking
- Transaction Banking
- Markets
- Life & General Insurance
- Takaful Business
- Funds & Asset Management
- Asset & Liabilities Management
- Group Shared Services

Group Internal Audit plays an active role in ensuring compliance with the requirements of Regulatory Authorities. Group Internal Audit also works collaboratively with the External Auditor, Risk Management Department and Group Regulatory Compliance to ensure maximum reliance and avoid duplication of effort.

There is an effective process for ensuring prompt resolution of audit issues. Group Internal Audit tables regular updates to the AEC on the progress of significant issues until such issues are satisfactorily resolved.

For the financial year, total costs incurred on the Group internal audit function amounted to RM15.3 million (FY2012: RM15.1 million)

Key Risk Areas and Internal Focus

External Audit

Messrs. Ernst & Young ("E & Y") is the Company's external statutory auditor and the auditor of the Company's consolidated accounts for the preparation of this annual report. The external auditor performs independent audits in accordance with the approved standards on auditing in Malaysia, and reports directly to the AEC. The AEC additionally:

- Pre-approves all audit and non-audit services;
- Regularly reviews the independence of the external auditor; and
- Evaluates the effectiveness of the external auditor.

The external auditor is re-appointed by the shareholders of the Company annually, after review of the services provided by the AEC and the recommendation of the Board.

Non-Audit Services

The external auditor may not provide services that are perceived to be in conflict with the role of the auditor. These include assisting in the preparation of the financial statements and sub-contracting of operational activities normally undertaken by Management, and engagements where the auditor may ultimately be required to express an opinion on its own work.

Specifically the policy:

- Limits the non-audit service that may be provided; and
- Requires that audit and permitted non-audit services must be pre-approved by the AEC.

The AEC has reviewed the summary of the non-audit services provided by the external auditor in FY2013 and has confirmed that the provision of services is compatible with the general standard of independence for auditors.

Audit Fees

The total statutory and non-statutory audit fees for the Group (excluding expenses and service tax) in FY2013 amounted to RM3.96 million (FY2012: RM2.27 million).

Assurance-related and Other Non-audit Fees

Assurance-related and other non-audit fees for FY2013 (excluding expenses and service tax) amounted to RM1.18 million (FY2012: RM0.83 million). These fees are primarily related to assurance services such as limited reviews, review of Financial Reporting Standards compliance, validation of Perbadanan Insurans Deposits Malaysia Returns and risk models validation work.

Group Investor Relations and Planning

Bursa stock short name: AMBANK Bloomberg ticker: AMM MK EQUITY

AMMB Holdings Berhad (or "the Group") investor relations activities promote timely, comprehensive and fair communication with shareholders as well as other financial market participants about matters that may influence the Group's share price. The Group is careful in structuring contacts between Senior Management with investors, and both buy and sell-side analysts to ensure equality, transparency and completeness of a two-way communication regarding the company's performance along with developments in the business and industry.

A dedicated Investor Relations & Planning team supports the Group Managing Director and Chief Financial Officer in maintaining a close and active dialogue with the investment community. Senior Management personnel responsible for investor relations activities are:

1. Mr Ashok Ramamurthy, Group Managing Director
   ashok-ramamurthy@ambankgroup.com

2. Ms Mandy Simpson, Chief Financial Officer
   mandy-simpson@ambankgroup.com

3. Mr Ganesh Kumar Nadarajah, Group General Manager,
   Investor Relations & Planning
   ganesh-kumar@ambankgroup.com

Quarterly result announcements

Before the publication of the Group's quarterly results, the Group observes a "closed-period", during which we do not participate in broker conferences or hold discussions/conference calls with investors and analysts. Briefing sessions for the media and analyst are conducted when quarterly results are released, with link to the live event and replay of analyst briefing made available on the Group's website (www.ambankgroup.com) for public viewing. All press statements and quarterly financial statements are published on Bursa Malaysia and the Group's website.

Annual General Meeting (AGM)

The Group's AGM is held as an open session allowing investors, in particular retail shareholders, to engage directly with the Board of Directors, Senior Management and the external auditor of the Group. During the AGM, the Group's Board of Directors report the results for the financial year just ended and explain prospects for the current financial year.

Analyst meetings

The AMBANK stock receives wide coverage/interest from the domestic and international investment community. Senior Management engages with domestic and international analysts as well as institutional investors through one-to-one meetings, conference calls, and participating in conferences/road shows to solicit their views on the Group.

Mr Ashok Ramamurthy,
Group Managing Director
ashok-ramamurthy@ambankgroup.com

Ms Mandy Simpson,
Chief Financial Officer
mandy-simpson@ambankgroup.com

Mr Ganesh Kumar Nadarajah,
Group General Manager,
Investor Relations & Planning
ganesh-kumar@ambankgroup.com

Analyst coverage

No	Research House
1	Affin Investment Bank
2	Alliance Research Sdn Bhd
3	Bank of America - Merrill Lynch Research
4	BNP Paribas Securities (Singapore) Pte Ltd
5	CIMB Investment Bank Berhad
6	Citi Investment Research
7	CLSA Securities Malaysia Sdn Bhd
8	Deutsche Bank Malaysia
9	Goldman Sachs (Singapore) Pte.
10	HLIB Research
11	HSBC Limited, Singapore branch
12	Hwang DBS Vickers Research Sdn Bhd
13	J.P. Morgan
14	KAF - Seagroatt & Campbell Securities Sdn Bhd
15	Kenanga Investment Bank Berhad
16	Macquarie Capital Securities (Singapore) Pte Ltd
17	Maybank Investment Bank Berhad
18	MIDF Research
19	Nomura Malaysia Sdn Bhd
20	Public Invest Research
21	RHB Research Institute Sdn Bhd
22	Standard Chartered Bank
23	TA Securities Holdings Berhad
24	UBS Securities Malaysia Sdn Bhd
25	UOB Kay Hian Research Pte Ltd

Senior Management's participation in conferences/road shows and investor meetings

FY2013

Countries / Cities

Asia Pacific

- Hong Kong
- Jakarta
- Kuala Lumpur
- Melbourne
- Singapore
- Sydney

Europe

- Amsterdam
- Copenhagen
- Edinburgh
- Frankfurt
- Glasgow
- London
- Paris

Canada and North America

- Boston
- Los Angeles
- Montreal
- New York
- San Francisco
- Toronto

Research Houses

- Affin Investment Bank
- Alliance Research Sdn Bhd
- Bank of America Merrill Lynch
- BNP Paribas
- CIMB Investment Research
- Citi Investment Research
- CLSA
- Credit Suisse
- DBS Vickers
- Deutsche Bank
- Goldman Sachs
- HLIB Research
- HSBC
- J.P. Morgan
- KAF
- Kenanga
- Macquarie
- Maybank Investment Bank
- MIDF Research
- Nomura
- Public Invest Research
- RHB Research
- TA Securities
- UBS

Investor and analyst feedback/enquiries

The Group recognises and values constructive feedback from the investment community. Feedback or enquiries relating to investor relations may be emailed to ir@ambankgroup.com.

Statement on Risk Management and Internal Control

RESPONSIBILITY

The Board of Directors ("Board") is responsible for the Group's risk management and internal control system and for reviewing its adequacy and integrity. The Board has instituted an ongoing process for identifying, evaluating and managing the significant risks faced by the Group throughout the financial year under review. This process is regularly reviewed by the Board and accords with the guidance on internal control, Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers.

In establishing and reviewing the risk management and internal control system, the Directors have considered the materiality of relevant risks, the likelihood of losses being incurred and the cost of control. Accordingly, the purpose of the risk management and internal control system is to manage and minimise rather than eliminate the risk of failure to achieve the policies and objectives of the Group and can only provide reasonable but not absolute assurance against risk of material misstatement or losses.

The management assists the Board in the implementation of the Board's policies on risk management and internal control by identifying and evaluating the risks faced by the Group for consideration by the Board and design, operate and monitor the system of risk management and internal control to mitigate and control the risks.

CONCLUSION

For the year under review, the Board has received the reports of the Audit and Examination Committee and Risk Management Committee of Directors. An annual assessment of the effectiveness of risk and internal control processes has been conducted and the Board has also received the assurance from the Chief Executive Officer and Chief Financial Officer that the Group's risk management and internal control system is operating adequately and effectively, in all material aspects, based on the risk management model adopted by the Group.

The Board is of the view that the risk management and internal control system in place for the year under review and up to the date of issuance of the financial statements is adequate and effective to safeguard the shareholders' investment, the interests of customers, regulators and employees, and the Group's assets.

KEY RISK MANAGEMENT AND INTERNAL CONTROL PROCESSES

The Group has adopted a coordinated and formalised approach to risk management and internal control, which includes the following:

- The Board has formed Risk Management Committee of Directors ("RMCD") to assist in oversight of overall risk management structure. The Board has also established various Management Committees at the Group level to assist it in managing the risks and businesses of the Group. These committees address all classes of risk within Board delegated mandate: balance sheet risk, credit risk, legal risk, operational risk, market risk, shariah risk, compliance risk, regulatory compliance risk, reputational risk, product risk and business and IT project risk. Effective April 2013, the Group has restructured and consolidated various Risk Management Committees into one single committee (named as Group CEOs Committee), to streamline and manage more holistically the various risks across AmBank Group.

- Risk management principles, policies, practices, methodologies and procedures are made available to appropriate staff in the Group. These are regularly updated to ensure they remain relevant and in compliance with regulatory requirements.

  The policies, methodologies and procedures are enhanced whenever required to meet the changes in operating environment and/ or for continuous improvement in risk management.

- Organisation structure is designed to clearly define the accountability, reporting lines and approving authorities to build an appropriate system of checks and balances, corresponding to the business and operations activities' needs. This includes the empowerment and setting of authority limits for proper segregation of duties.

- The Audit and Examination Committees ("AEC"s) of the Company and its major subsidiaries assist the Board to evaluate the adequacy and effectiveness of the Group's internal controls systems. The AECs review the Group's financial statements, and reports issued by Group Internal Audit, the external auditors and regulatory authorities and follow-up on corrective action taken to address issues raised in the reports.

- Group Internal Audit conducts independent risk-based audits and provides assurance that the design and operation of the risk and control framework across the Group is effective. The AECs review the work of the Group Internal Audit Department, including reviewing its audit plans, progress and reports issued.

- The Group focus is on achieving sustainable and profitable growth within its risk management framework.

  Annual business plans and budgets are prepared by the Group's business divisions and submitted to the Board for approval. Actual performances are reviewed against the budget with explanation of major variances on a monthly basis, allowing for timely responses and corrective actions to be taken to mitigate risks.

- The Group emphasises human resource development and training as it recognises the value of its staff in contributing to its growth. There are proper guidelines within the Group for staff recruitment, promotion and performance appraisals to promote a high performance culture by rewarding high performers and counseling poor performers. Structured talent management and training programmes are developed to ensure staff are adequately trained and competent in discharging their responsibilities and to identify future leaders for succession planning.

- A code of ethics has been formulated to protect and enhance the Group's reputation for honesty and integrity. The Code of Ethics is based on the following principles: observance of laws both in letter and in spirit; upholding the reputation of integrity throughout the organisation; avoiding possible conflicts of interest; ensuring completeness and accuracy of relevant records; ensuring fair and equitable treatment of all customers; avoiding misuse of position and information and ensuring confidentiality of information and transactions.

- The Group has established policies and procedures to ensure compliance with the relevant laws and regulations. Compliance systems have been implemented that enable regular self-assessment by staff and reporting that provides management and Board with assurance that staff are aware and comply with regulatory requirements. A process is in place to standardise this practice across AmBank Group. Compliance awareness training is conducted on a regular basis to ensure that staff keeps abreast of banking, insurance, securities and anti-money laundering laws as well as other regulatory developments. The training programmes assist staff to develop their skills to address compliance issues as well as cultivate good corporate ethics.

Compliance with Bursa Securities Listing Requirements

1. Share Buy-back
The Company has not purchased any of its own shares during the financial year ended 31 March 2013.

2. Material contracts
There were no material contracts (not being a contract entered into in the ordinary course of business) entered into by the Group which involved directors and shareholders, either still subsisting at the end of the financial year or entered into since the end of the previous financial year.

3. American Depository Receipt ("ADR") or Global Depository Receipt ("GDR")
The Company has not sponsored any ADR or GDR programme for the financial year ended 31 March 2013.

4. Sanctions and/or Penalties
There were no sanctions and/or penalties imposed on the Company, directors or management by the relevant regulatory bodies during the financial year.

5. Profit Guarantees
During the financial year, there were no profit guarantees given by the Company.

6. Utilisation of Proceeds Raised from Corporate Proposals

(a) AMMB obtained approval from Securities Commission on 10 May 2012 for the issuance of up to RM2.0 billion nominal value of senior medium term notes and/or subordinated medium term notes (the "**MTNs**") pursuant to Medium Term Note Programme (the "**MTN Programme**"). The MTN Programme has a tenor of up to thirty (30) years from the date of the first issuance of MTNs

During the financial year, AMMB has issued three (3) series of MTNs amounting to RM1.3 billion.

The proceeds were utilised by AMMB as follows:

Description	(RM'000)
Working Capital	1,299,103
Payment of issuance expenses	897
Total Proceeds	1,300,000

(b) On 16 October 2012, AmBank issued the eight (8) tranches of Medium Term Notes amounting to RM710 million under a RM2.0 billion subordinated Medium Term Notes programme. The proceeds were utilised by AmBank for rollover of working capital.

(c) On 24 December 2012, AmIslamic Bank issued the third tranche of subordinated sukuk amounting to RM200 million under a RM2.0 billion Subordinated Sukuk Musyarakah Programme. The proceeds were utilised by AmIslamic Bank as working capital.

7. Options, Warrants or Convertible Securities
As at 31 March 2013, there were no options, warrants or convertible securities outstanding.

8. Variation in Results
The Company has not made or published any profit forecast or projection in respect of the financial year ended 31 March 2013.

9. Recurrent Related Party Transactions of a Revenue or Trading Nature

Pursuant to paragraph 10.09(2)(b), Part E, Chapter 10 of the Listing Requirements of Bursa Malaysia, the details of the recurrent related party transactions conducted with the Related Parties and their subsidiaries and associated companies, where applicable during the financial year ended 31 March 2013 pursuant to the Shareholders' Mandate are set out in the table below.

The Transacting Parties for all the Related Parties comprise AMMB and its subsidiaries.

Details of Recurrent Related Party Transactions Conducted in Financial Year Ended 31 March 2013 Pursuant to Shareholders' Mandate

Related Parties	Nature of Transaction	Actual Value (RM'000)	Relationship with the Company
AmCorp Group Berhad	Provision of software and hardware equipment, and provision of IT consultancy related services and including provision of lighting hardware[1]	8,562	Companies in which a Director and major shareholder were deemed to have an interest
	Provision of travelling arrangement	5,378	
	Provision of restaurant and hospitality services	287	
Australia and New Zealand Banking Group Limited ("**ANZ**")	Provision of technical services and business collaboration, technical systems capability, sales capabilities and products on foreign exchange, interest rate and commodities derivatives business[2]	9,321	
Modular Corp (M) Sdn Bhd Group	Provision of electronic card technologies and services	254	
Cuscapi Berhad Group	Provision of technology systems integration solutions and services	453	
Yakimbi Sdn Bhd Group	Provision of secure private cloud collaboration, storage and mobility solutions	105	

Notes:

1. IT consultancy related services consist of, but are not limited to, the following services:
   (a) design, development and customisation of software;
   (b) integration, installation, implementation, testing and commissioning of software on the designated systems;
   (c) provision of maintenance services and upgrades to the existing mainframe related applications and systems;
   (d) development, optimisation and implementation of the website; and
   (e) provision of project management services.

2. The provision of technical services includes but are not limited to the following services:
   (a) strategic business leadership, experience and know how;
   (b) secondment of key ANZ resources to AMMB Group;
   (c) technology and systems capabilities;
   (d) foreign exchange, interest rate and commodities derivatives trading and sales solutions / products;
   (e) distribution platform and processes documentation;
   (f) market risk management tools, models, processes, procedures and policies;
   (g) credit and risk management process and tools;
   (h) international business transformation experience and skills; and
   (i) global research capacity.

Group Financial Review

Management Discussion and Analysis of Financial Statements. Sixth consecutive year of record performance for the Group.

Simplified Income Statement

RM Million	FY2013	FY2012	+/- RM Million	%
Net interest income	2,222.5	2,180.2	+ 42.3	+ 1.9
Net finance income from Islamic banking business*	759.3	673.8	+ 85.5	+ 12.7
Net fund income	**2,981.8**	**2,854.0**	**+ 127.8**	**+ 4.5**
Other income from Islamic banking business*	88.5	121.2	- 32.7	- 27.0
Net income from insurance business	209.4	117.0	+ 92.4	+ 79.0
Other income	1,094.6	1,208.8	- 114.2	- 9.4
Total income	**4,374.3**	**4,301.0**	**+ 73.3**	**+ 1.7**
Overheads	(2,006.0)	(1,791.1)	- 214.9	- 12.0
Acquisition and business efficiency expenses	(45.4)	-	- 45.4	-
Operating profit	**2,322.9**	**2,509.9**	**- 187.0**	**- 7.5**
Allowance for impairment on loans and financing	(173.2)	(382.0)	+ 208.8	+ 54.6
Other (provisions)/writeback	42.1	(55.7)	+ 97.8	+ 175.6
Impairment loss	(12.2)	(38.6)	+ 26.4	+ 68.5
Profit before taxation and zakat	**2,179.6**	**2,033.6**	**+ 146.0**	**+ 7.2**
Taxation and zakat	(486.4)	(500.7)	+ 14.3	+ 2.9
Profit after taxation	**1,693.2**	**1,532.9**	**+ 160.3**	**+ 10.5**
Non-controlling interests	(58.1)	(48.5)	- 9.6	- 19.8
Profit attributable to shareholders	**1,635.1**	**1,484.4**	**+ 150.7**	**+ 10.2**

Islamic Banking Business*

RM Million	FY2013	FY2012	+/- RM Million	%
Net finance income	759.3	673.8	+ 85.5	+ 12.7
Investment income	1.1	32.3	- 31.2	- 96.6
Fee Income	87.4	88.9	- 1.5	- 1.7
Net income from Islamic banking business	**847.8**	**795.0**	**+ 52.8**	**+ 6.6**

Income Statement

The Group registered another record performance for the year ending 31 March 2013 ("FY 2013") with robust growth in both pre-tax profit and profit attributable to shareholders. It achieved a pre-tax profit of RM2,179.6 million (+7.2%), whilst profit attributable to shareholders grew by 10.2% to RM1,635.1 million, inclusive of contributions from Kurnia Insurans (Malaysia) Berhad ("Kurnia") for six months and MBF Cards (M'sia) Sdn. Bhd. ("MBF Cards") for four months. Earnings per share (basic) improved from 49.6 sen in FY2012 to 54.5 sen.

The growth in profits is mainly attributable to growth in net fund income, higher contributions from insurance business coupled with lower allowances for impairment on loans and financing.

Total Income – Revenue Growth

The major components of revenue are net fund income (net interest income and net finance income from Islamic banking business), other income from Islamic banking business, net income from insurance business and other operating income.

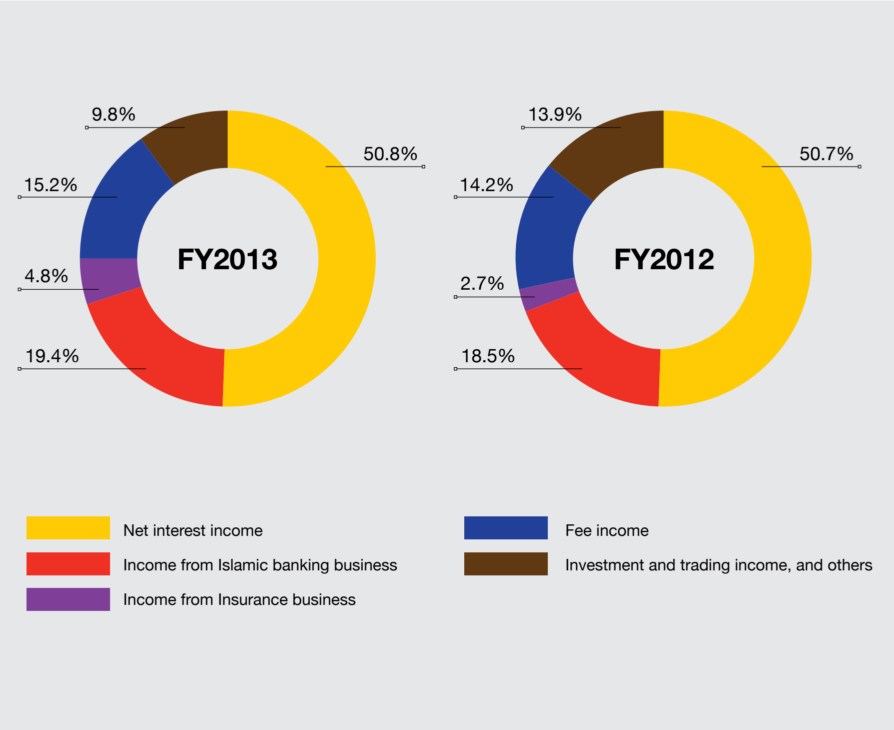
Revenue growth was underpinned by higher net fund income and contribution from insurance business offset by lower investment and trading income.

Total income for FY2013 was RM4,374.3 million, up 1.7%, driven by Retail Banking (up 5.3%), Business Banking (up 11.4%), Corporate & Institutional Banking (up 36.7%) and Insurance Business (up 26.5%). This reflects the Group's ability to execute its strategy in a disciplined manner, namely on increasing our share of wallet from existing customers, winning new clientele through product innovation and superior service delivery, and diversifying into new income streams.

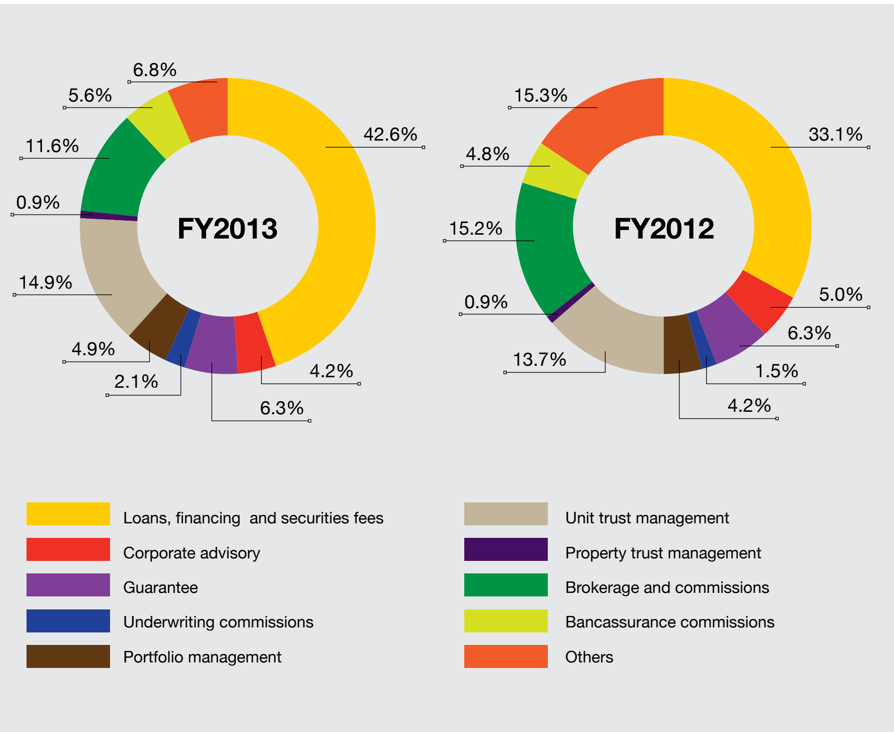
To support revenue generation, the Group continues to invest in operational efficiency, delivery of quality service experience and expansion of our distribution footprint.

The Group's distribution network comprises 188 commercial bank branches, 14 investment bank offices, 52 insurance offices, 26 MBF Cards branches, 888 automated teller machines and 163 electronic banking centres nationwide. Of these, 404 ATM's are placed at 7-Eleven stores to provide customers with 24-hour banking convenience.

Composition of Income



Fee Income



Net fund income: RM2,981.8 million (+4.5% or +RM127.8 million)

- Net Interest income grew by RM42.3 million (+1.9%) to RM2,222.5 million whilst net finance income from Islamic banking grew 12.7% or RM85.5 million to RM759.3 million, mainly attributable to stronger growth in funds assets, offset by compression in net interest/fund margin ("NIM").

- The compression in NIM reflects the soft interest rate environment.

- Growth in fund assets was driven by an increase in net loans and financing (+RM6.9 billion or 9.1%). Expansion in loans and financing was mainly driven by growth in lending to the household sector, real estate sector, construction sector and wholesale, retail trade, restaurant and hotel sector.

Other income from Islamic banking operations: RM88.5 million (-27.0% or –RM32.7 million)

- Decrease due to lower investment income of RM31.2 million as a result of adverse market conditions.

Net income from insurance business: RM209.4 million (+79.0% or +RM92.4 million)

- On 26 September 2012, the Group completed the acquisition of Kurnia and the general insurance business of AmG Insurance Berhad ('AmG") was transferred to Kurnia on 1 March 2013. With this acquisition, the Group is now Malaysia's leading motor and general insurer.

- Premium income from the combined general, life and takaful insurance businesses increased by RM667.2 million to RM1,736.0 million.

- This was offset by increases in premiums ceded to reinsurers of RM147.7million and insurance commissions and claims of RM427.0 million.

Group Financial Review (Cont'd)

Other Income: RM1,094.6 million (-9.4% or -RM114.2 million)

Other income, which comprises mainly income from investment and trading activities as well as ancillary services connected to the Group's lending activities, was dampened by slower equity market activities and lack of significant primary issuance in the bond market.

For FY2013:

- Fee income increased by RM54.4 million (+8.9%) mainly attributable to higher fees from financing and securities, unit trust management, portfolio management and bancassurance commissions but offset by lower brokerage and corporate advisory fees. The higher fee income is partly attributed to contributions from the recently acquired MBF Cards.

- Investment and trading activities recorded a lower contribution of RM395.0 million compared to income of RM582.0 million in the previous year. This was mainly due to lower gains from trading of securities, foreign exchange and derivatives contributions, due to tough trading environment arising from uncertainties in the local and global financial markets.

Operating Expenses

To stay competitive, the Group needs to focus on productivity and efficiency. The Group will continuously strengthen its capabilities and address strategic issues whilst prudently managing its costs, to sustainably grow our business over the medium term. The cost-to-income ratio expresses the Group's operating expenses as a percentage of income and is one of the most widely used measures of efficiency in the banking industry.

In FY2013, the cost-to-income ratio, including cost of acquisitions and business efficiency expenses, stood at 46.9% (FY2012: 41.6%). The increase reflects the impact of acquisitions of Kurnia and MBF Cards as well as increased investment in human capital and infrastructure to support growth plans and deliver synergies.

Operating expenses

RM Million	FY2013	FY2012	+ / - RM' million	+ / - %
Personnel/staff	1,218.3	1,094.6	+ 123.7	11.3%
Establishment	462.8	383.2	+ 79.6	20.8%
Marketing and communication	164.8	144.8	+ 20.0	13.8%
Administration and general	186.7	173.3	+ 13.4	7.7%
Expenses capitalised	(26.6)	(4.8)	- 21.8	> 100%
Total	**2,006.0**	**1,791.1**	**+ 214.9**	**12.0%**

Overheads: RM2,006.0 million (+12.0% or +RM214.9 million)

- Personnel expenses were 11.3% or RM123.7 million higher, partly attributable to the staff costs of recently acquired Kurnia and MBF Cards as well as recruitment of staff to support higher business volumes, annual salary adjustments and bonuses coupled with the cost of shares and options granted under the Group Executives' Share Scheme. As at 31 March 2013, the number of employees of the Group stood at 12,770 (FY2012:10,936).

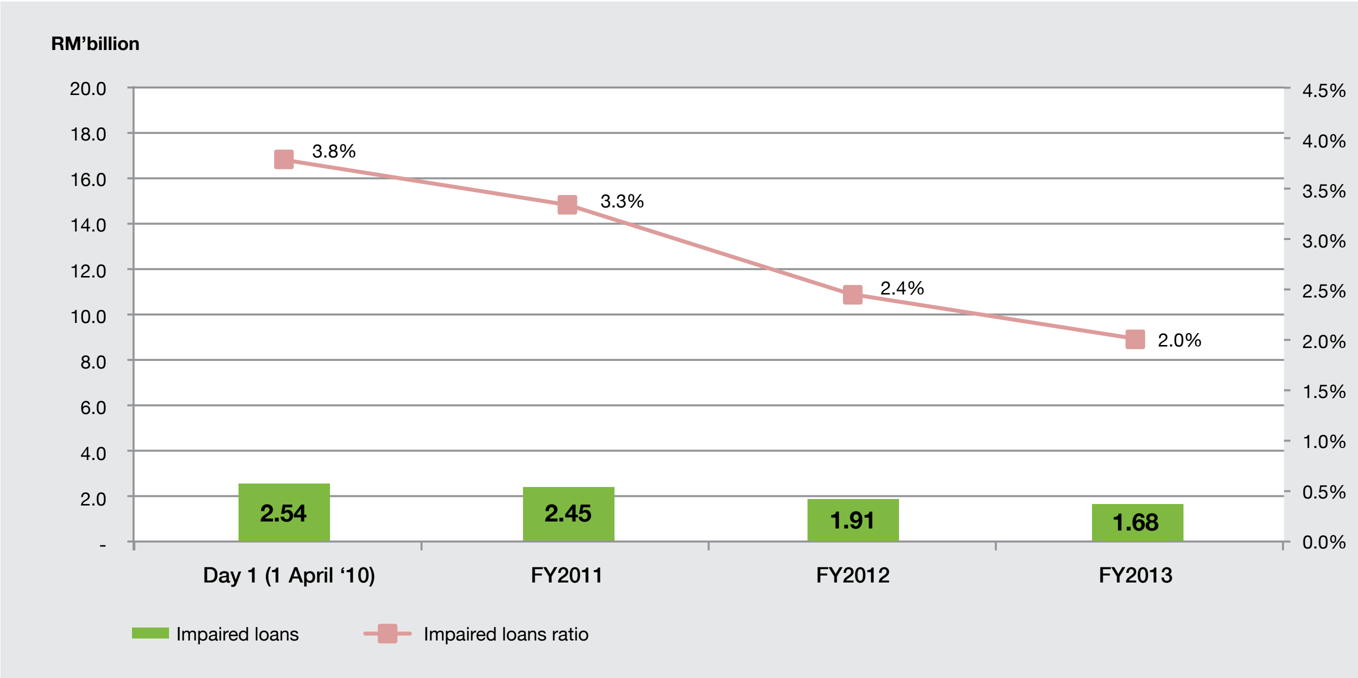
- Establishment expenses were RM79.6 million higher due to increase in amortisation of computer software and higher computerisation costs from maintenance of application systems rolled out during the year, full year impact of operating lease under the open infrastructure program and increased rentals and utilities of branch premises coupled with costs attributable to Kurnia and MBF Cards.

- Marketing and communication expenses increased by RM20.0 million largely due to higher advertising and promotional costs coupled with marketing and communication expenses attributable to Kurnia and MBF Cards.

- Administration expenses increased by RM13.4 million largely due to expenses attributable to Kurnia and MBF Cards coupled with higher donations from increased corporate social responsibility activities, mitigated by write back of provisions no longer required relating to professional services, insurance administration and management expenses.

- Expenses capitalised RM26.6 million relates to internal resources incurred in the development of core banking system in accordance with FRS 138, Intangible Assets. Phase 1 of core banking system is targeted to go live towards end of calendar year 2013.

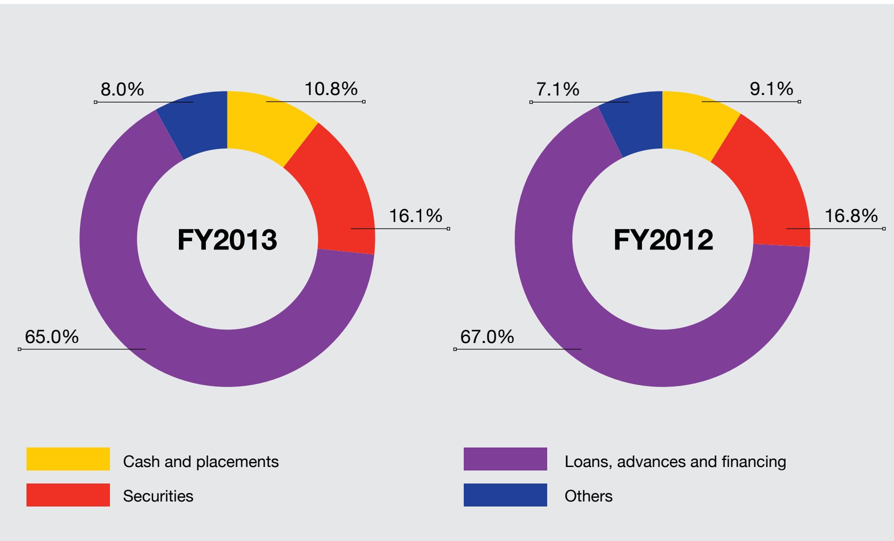
Asset Quality



Loan/Financing Impairment Allowance

RM Million	FY2013	FY2012	FY2013 vs FY2012
Individual allowance - net	287.7	323.7	- 36.0
Collective allowance - net	455.2	569.9	- 114.7
Bad debts recovered - net	(569.7)	(511.6)	- 58.1
Total	**173.2**	**382.0**	**- 208.8**

Assets Mix Analysis



Asset Quality and Loan/Financing Impairment Allowance

Since 1 April 2010 to financial year ended 31 March 2012, the loan/financing impairment assessment and allowance computation complies with the requirements of FRS139, subject to the transitional provision of BNM Guideline- Classification and Impairment Provisions for Loans/Financing issued in December 2010. Impaired loan/financing is classified based on evidence of impairment instead of the previous time based classification.

This transitional provision has since been removed so as to align to the requirements of MFRS139. In accordance with MFRS 139, a loan/financing is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more incurred loss event(s) that has occurred and the incurred loss event has an impact on the estimated future cash flows of the loan/financing that can be reliably measured. Collective impairment allowance is made based on estimated loan loss rates arising from the shortfall between the discounted value of the collateral and the exposure at default.

Group Financial Review (Cont'd)

Loan/financing quality continued to improve throughout the year with gross impaired loan/financing ratio trending down from 2.4% to 2.0%.

The net loan/financing impairment charge fell by RM208.8 million to RM173.2 million, with improvement in bad debt recoveries of RM58.1 million, lower collective allowance by RM114.7million and lower individual allowance by RM36.0 million due to repayments.

The Group continues to proactively manage its asset quality by enhancing its asset writing and collection strategies, investing in new and enhanced risk models and infrastructure supported by the Group's specialist risk management team.

Other provisions and Impairment Loss

Other provisions recorded a net write back of RM42.1 million arising from write back of provision for commitment and contingencies compared to a charge in previous year. The write back is attributable to reduction in exposures and improvement in borrowers' ratings.

Impairment loss decreased by RM26.4 million mainly due to lower impairment charge for foreclosed properties and sundry receivables offset by lower write back of impairment provision on financial investments compared to the year before.

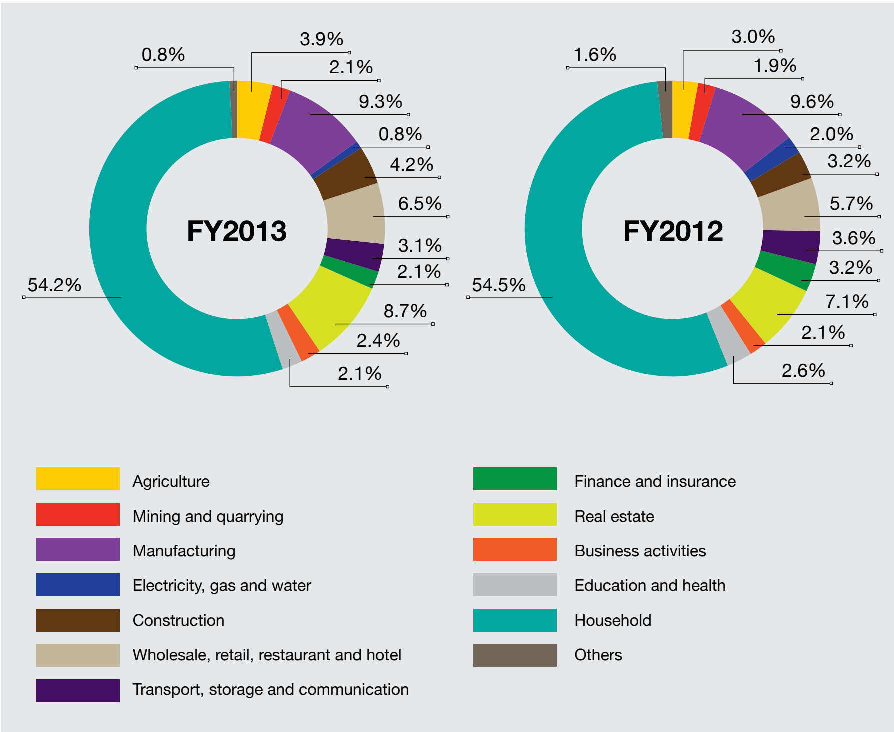
Balance Sheet

The Group's total assets rose by RM14.0 billion (+12.5%) to RM127.0 billion represented by healthy growth in net loans and financing, securities portfolio, cash and short term funds and increase in consolidated goodwill and assets attributable to acquisition of Kurnia and MBF Cards. The increase is funded mainly by growth in customer deposits, term funding, insurance liabilities from acquisition of Kurnia and growth in shareholders' funds.

Loans By Type Of Customers

	FY2013		FY2012	
	RM Million	%	RM Million	%
Individuals	45,978.3	54.3%	42,535.2	54.7%
SME	10,278.0	12.1%	8,824.4	11.3%
Corporate	25,791.4	30.4%	22,451.9	28.8%
Others	2,711.6	3.2%	4,055.5	5.2%
Total	**84,759.2**	**100.0%**	**77,867.0**	**100.0%**

Gross loans - Sectors



Loans and Financing

- The Group's net lending growth for FY2013 was 9.1%, up 6.9 billion to reach RM82.6 billion compared to RM75.7 billion for the preceding year. The Group continues its loans portfolio rebalancing strategy to focus on profitable segments and increasing the composition of corporate loans mix.
- Retail lending focuses on good quality and profitable segments. Business and small and medium enterprise ("SME") lending target stable and preferred growth sectors while corporate and institutional lending focuses on project financing with government support, government-linked corporations and large multi-national corporations particularly in prime sectors of the Government's Economic Transformation Programme ("ETP").

- The expansion in loans and advances was mainly attributed to strong loans demand in the corporate segment which grew RM3.3 billion or 14.9% followed by lending to the SME segment which grew RM1.5 billion or 16.5% through acquisition of new customers and capitalizing on opportunities provided by the ETP. Both these segments now make up 42.5% (FY2012 40.1%) of the total loan/financing portfolio.

- Loans to individuals grew 8.1% to reach RM46.0 billion, driven by lending for purchase of vehicles and residential properties. Acquisition of MBF Cards, boosted credit card receivables by RM0.4 billion to reach RM2.2 billion.

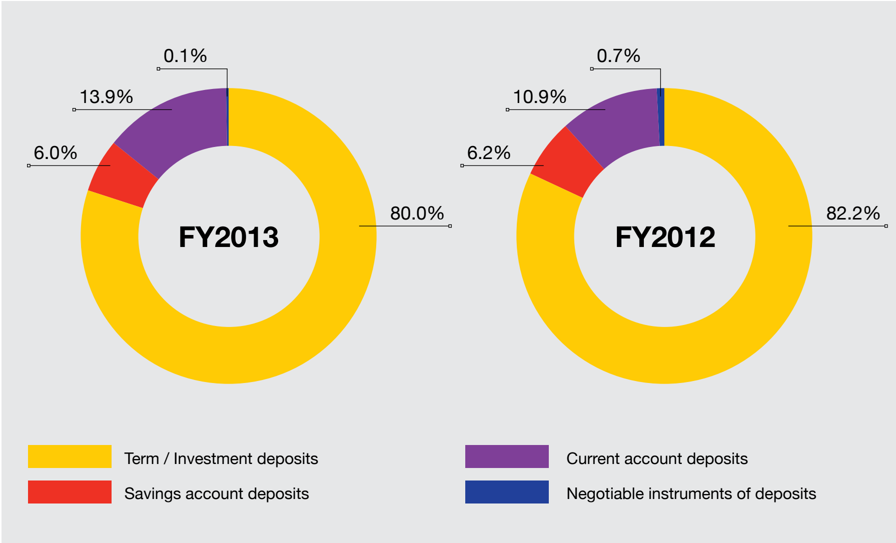
Securities

- Securities held for trading ("HFT") are acquired for purpose of benefitting from short term price movements or to lock in arbitrage profits. HFT contracted by RM3.9 billion to RM7.0 billion mainly due to decreased holdings of BNM Monetary Notes and Malaysian Government securities. The Group's banking subsidiaries as Principal Dealers for issuances of Malaysian Government and BNM securities will subscribe and sell down these securities in the secondary market. Movement in these securities is dependent on the timing of issuances by BNM.

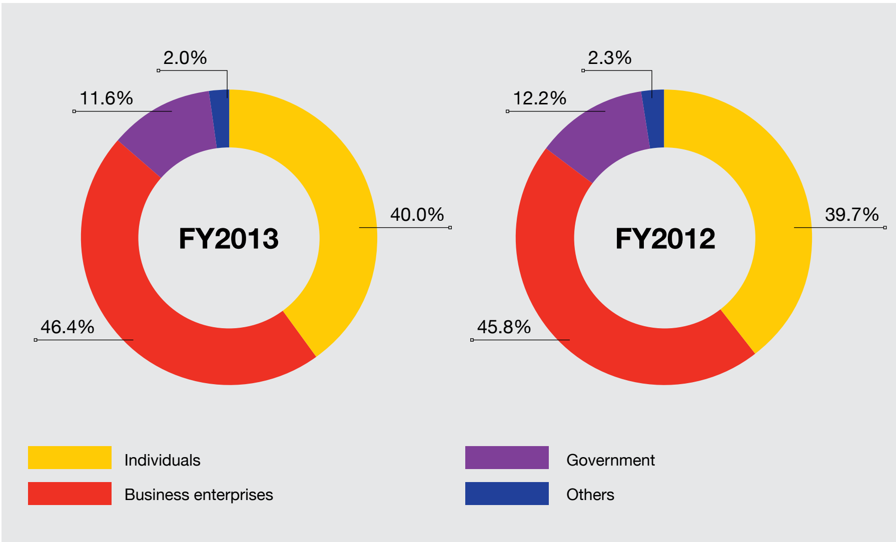
- Securities available for sale ("AFS") are acquired for yield and liquidity purposes. AFS increased by RM0.6 billion mainly in unquoted securities attributable to Kurnia's portfolio.

- Securities held to maturity ("HTM") are securities with fixed or determinable payments and fixed maturity that the Group has positive intent and ability to hold to maturity. HTM grew by RM4.8 billion to reach RM6.2 billion as at 31 March 2013, mainly from investments in BNM Monetary Notes and tax-exempt, government-guaranteed private debt securities, in line with the strategy to provide high quality liquidity buffer for contingency funding.

Deposits From Customers -Type



Deposits From Customers - Source



Deposits and Funding

- The Group's primary source of funding is from customer deposits, comprising term/investment deposits, savings account deposits, current account deposits, and negotiable instruments of deposits. Other major sources of funds include shareholders' funds, debt capital, term funding, interbank and other borrowings.

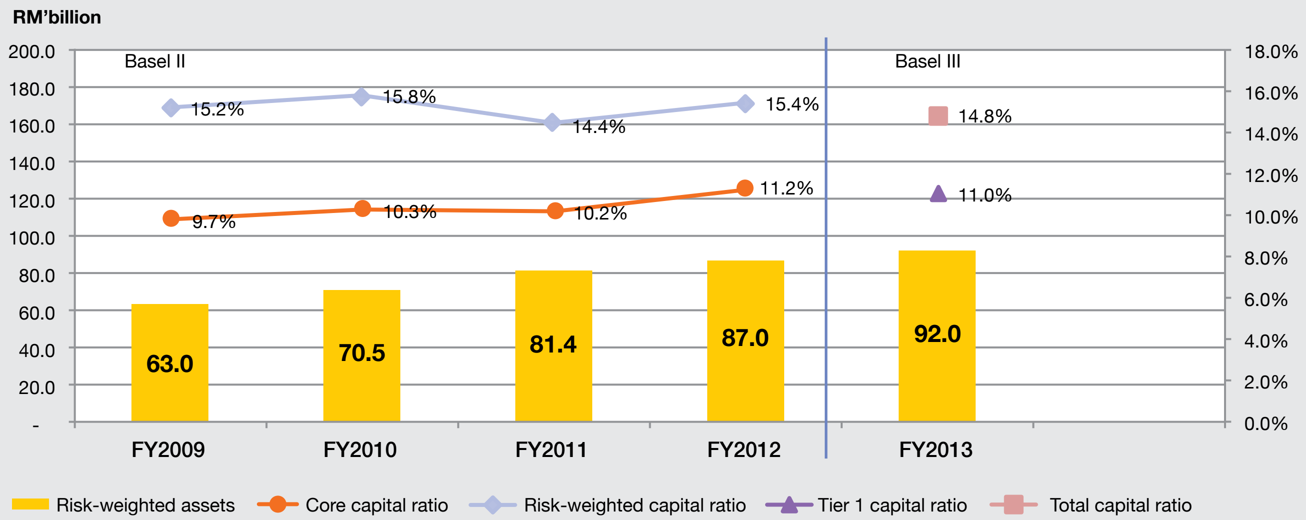
- Deposits from customers increased by RM7.6 billion (+9.8%) to RM84.9 billion, whilst low cost deposits comprising current accounts and savings accounts ("CASA") grew 28.0%. CASA as a proportion to total customer deposits is now at 20.0% compared to 17.0% a year ago. Term/Investment deposits continued to make up the majority of customer deposits by type constituting 80.0% (FY2012: 82.0%) of total customer deposits.

Group Financial Review (Cont'd)

- Term funding initiatives included senior notes, sukuk and credit-link notes issuances. As at 31 March 2013, term funding of the Group stood at RM6.3 billion, comprising term loans and revolving credit of RM1.3 billion, senior notes and sukuk of RM4.5 billion and credit-link notes of RM0.4 billion. Loans sold to Cagamas Berhad with recourse stood at RM3.4 billion, up from RM 3.1 billion a year ago.

- The Group stresses the importance of customer deposits as a source of funds to finance lending /financing to customers. They are monitored using adjusted loan/financing to deposit ratio ("LDR") which compares net loans/financing to customers as a percentage of adjusted customer deposits (inclusive of loans/financing sold to Cagamas Berhad and term funding with original maturity of 3 years and above). The Group aims for a LDR of approximately 90% with emphasis placed on supporting loans growth through stable funding sources. As at 31 March 2013, the LDR of the Group stood at 88.7% (FY2012 89.5%).

Capital Ratios*



*Based on aggregation of the consolidated capital positions (before proposed dividends) and risk-weighted assets of the regulated banking subsidiaries.

Efficient Capital Levels

The Group's Capital Management Plan is driven by its desire to maintain strong capital base to support the development of its businesses, to meet regulatory capital requirements at all times and to maintain good credit ratings. This encompasses optimising capital profile and buffer, enhancing scenario modelling, streamlining corporate structures, developing dynamic dividend policy and proactively managing Basel III requirements.

The Group's banking subsidiaries to which BNM's Risk Weighted Capital Adequacy Framework apply are AmBank (M) Berhad ("AmBank"), AmInvestment Bank Berhad ("AmInvestment Bank") and AmIslamic Bank Berhad ("AmIslamic Bank"). With effect from 1 January 2013, the capital adequacy ratios are computed in accordance with BNM's guideline on Capital Adequacy Framework (Capital Components), which is based on the Basel III capital accord, on a prospective basis. For FY2012, the capital adequacy ratios were computed based on the Basel II accord.

Our capital levels remain sound, with the Group's aggregated banking entities' total capital ratio, before proposed dividend, at 14.8% (FY2012: 15.4%) and Tier 1 capital ratio of 11.0% (FY2012: 11.2%).

Credit Ratings

Reflecting the improvement in financial performance, Moody's Investors Service upgraded the foreign currency deposit ratings of AmBank, whilst RAM Rating Services revised the outlook of the Company, AmBank, AmIslamic Bank and AmInvestment Bank to positive from stable. Fitch's Ratings and Standards and Poor's ratings were reaffirmed.

The credit ratings of the Company and its principal subsidiaries are as follows:

Credit Ratings

Rating Agency	Rating Classification	Ratings
AmBank (M) Berhad		
Standard & Poor's Ratings Services ("S&P")	Foreign long-term issuer credit rating	BBB+/Stable
	Foreign short-term issuer credit rating	A-2
Fitch Ratings ("Fitch")	Long-term foreign currency Issuer default rating	BBB/Stable
	Short-term foreign currency Issuer default rating	F3
Moody's Investor Service ("Moody's")	Long-term foreign currency bank deposit	Baa1/Stable
	Short-term foreign currency bank deposit	P-2/Stable
	Bank financial strength rating	D+
RAM Rating Services ("RAM")	Long-term financial institution rating	AA3/Positive
	Short-term financial institution rating	P1
AmInvestment Bank Berhad		
Standard & Poor's Ratings Services ("S&P")	Foreign long-term issuer credit rating	BBB+/Stable
	Foreign short-term issuer credit rating	A-2
Fitch Ratings ("Fitch")	Long-term foreign currency Issuer default rating	BBB/Stable
	Short-term foreign currency Issuer default rating	F3
RAM Rating Services ("RAM")	Long-term financial institution rating	AA3/Positive
	Short-term financial institution rating	P1
AmIslamic Bank Berhad		
RAM Rating Services ("RAM")	Long-term financial institution rating	AA3/Positive
	Short-term financial institution rating	P1
AMMB Holdings Berhad		
RAM Rating Services ("RAM")	Long-term corporate credit rating	A1/Positive
	Short-term corporate credit rating	P1

Dividend

Reflecting the robust financial performance in FY2013, the Directors are recommending a final single-tier dividend payment of 15.0%, which together with the interim dividend of 7.0% amounts to a cumulative total dividend of 22.0%, up 1.9% compared to FY2012.

Group Financial Highlights

	YEAR ENDED 31 MARCH RM Million		Growth Rate +/(-)%		HALF-YEAR ENDED 30 SEPTEMBER RM Million		Growth Rate +/(-)%	
	2013	2012 @	2012	2011	2012 @	2011 @	2012	2011
Operating revenue	7,441.2	7,139.1	4.2	12.5	4,047.5	3,826.6	5.8	10.0
Profit before tax and allowances for impairment on loans and financing	2,352.9	2,415.6	(2.6)	3.2	1,178.7	1,323.1	(10.9)	12.4
Allowances for impairment on loans and financing	(173.3)	(381.9)	54.6	19.7	(28.3)	(170.8)	83.4	12.8
Profit before tax and zakat	2,179.6	2,033.6	7.2	9.0	1,150.4	1,152.4	(0.2)	17.4
Profit attributable to shareholders	1,635.1	1,484.4	10.2	10.5	823.3	837.7	(1.7)	19.5
Total assets	126,993.3	112,922.8	12.5	4.3	124,625.4	108,647.4	14.7	8.2
Loans, advances and financing (net)	82,586.3	75,683.4	9.1	9.1	80,170.2	72,588.8	10.4	9.0
Customer deposits	84,860.0	77,307.2	9.8	3.7	83,174.2	74,407.4	11.8	7.2
Commitment and contingencies	101,874.7	99,615.0	2.3	(0.6)	104,452.0	100,036.2	4.4	30.6
Shareholders' equity	12,033.2	11,111.1	8.3	7.8	11,563.2	10,628.4	8.8	8.1
Post-tax return on average shareholders' equity (%)^	14.0	13.8	0.2	0.2	14.3 **	15.8 **	(1.5)	1.4
Post-tax return on average total assets (%)	1.4	1.4	0.0	0.0	1.4 **	1.6 **	(0.1)	0.1
Earnings per share (sen)								
Basic	54.5	49.6	9.8	11.1	54.9 **	56.0 **	(1.9)	20.0
Fully diluted	54.4	49.6	9.8	11.0	54.8 **	55.9 **	(2.0)	19.9
Gross dividend per share (sen)	22.0	20.1	9.5	11.7	7.0	6.6	6.1	10.0
Net assets per share (RM)	3.99	3.69	8.3	7.8	3.84	3.53	8.8	8.1
Cost to income (%)	46.9	41.6	5.3	1.7	44.0	39.5	4.5	0.9
Number of employees	12,770	10,936	16.8	3.6	10,966	10,959	0.1	5.9
Assets per employee (RM Million)	9.9	10.3	(3.7)	0.7	11.36	9.91	14.6	2.1
Pre-tax profit per employee (RM'000)	170.7	186.0	(8.2)	5.2	209.8 **	210.3 **	(0.2)	10.8

Refer to page 57 for explanation of legend

Five-Year Group Financial Highlights

	FINANCIAL YEAR ENDED 31 MARCH 2013	2012 @	2011#	2010#	2009#
1 REVENUE (RM MILLION)					
i Operating revenue	7,441.2	7,139.1	6,347.5	5,653.3	5,345.3
ii Profit before tax and allowances for impairment on loans and financing	2,352.9	2,415.6	2,340.6	1,945.6	1,561.8
iii Allowances for impairment on loans and financing	(173.3)	(381.9)	(475.4)	(568.9)	(344.2)
iv Profit before tax and zakat	2,179.6	2,033.6	1,865.1	1,376.7	1,217.6
v Profit attributable to shareholders	1,635.1	1,484.4	1,342.8	1,008.6	860.8
2 BALANCE SHEET (RM MILLION)					
Assets					
i Total assets	126,993.3	112,922.8	108,236.2	96,480.3	89,892.9
ii Loans, advances and financing (net)	82,586.3	75,683.4	69,378.8	64,425.9	56,947.8
iii Adjusted loans, advances and financing (net)[1]	82,586.3	75,683.4	71,078.9	64,771.7	57,853.6
Liabilities and Shareholders' Equity					
i Customer deposits	84,860.0	77,307.2	74,567.0	68,874.1	64,131.5
ii Adjusted customer deposits[2]	93,087.7	84,587.8	81,295.9	70,653.5	65,192.3
iii Paid-up share capital	3,014.2	3,014.2	3,014.2	3,014.2	2,723.0
iv Shareholders' equity	12,033.2	11,111.1	10,308.9	9,637.7	7,736.1
Commitment and Contingencies	101,874.7	99,615.0	100,195.3	62,260.7	49,911.6
3 PER SHARE (SEN)					
i Basic net earnings	54.5	49.6	44.7	34.7	31.6
ii Fully diluted net earnings	54.4	49.6	44.7	34.7	31.6
iii Net assets	399.2	368.6	342.0	319.7	284.1
iv Gross dividend	22.0	20.1	18.0	10.5	8.0
4 FINANCIAL RATIOS (%)					
i Post-tax return on average shareholders' equity ^	14.0	13.8	13.6	11.5	11.7
ii Post-tax return on average total assets	1.4	1.4	1.4	1.1	1.0
iii Net loans to customer deposits	97.3	97.9	93.0	93.5	88.8
iv Adjusted net loans to customer deposits	88.7	89.5	87.4	91.7	88.7
vi Cost to income	46.9	41.6	39.9	42.0	43.3
5 SHARE PRICE (RM)					
i High	6.80	6.71	7.15	5.36	3.96
ii Low	6.13	5.38	4.65	2.58	1.83
iii As at 31 March	6.55	6.31	6.49	5.00	2.61

1 Before deduction of Islamic financing sold to Cagamas
2 Inclusive of loans and financing sold to Cagamas and term funding with original maturity of 3 years and above
** Annualised
^ Adjusted for non-controlling interests
@ After adjusting for adoption of
- Malaysian Financial Reporting Standards
- BNM's revised guidelines on financial reporting for insurers
- FRSIC Consensus 18- money held in trust by participating organisations of Bursa Malaysia Securities Berhad

that have been applied retrospectively for one financial year.
Comparative figures were reclassified to conform with current year presentation

Financial Calendar

2012

14 August
Announcement of unaudited consolidated results for the financial first quarter ended 30 June 2012

15 August
21st Annual General Meeting

10 September
Payment of final single tier dividend of 13.5% for the financial year ended 31 March 2012

8 November
Announcement of unaudited consolidated results for the financial half year ended 30 September 2012

10 December
Payment of interim single tier divident of 7.0% for the financial year ending 31 March 2013

2013

19 February
Announcement of unaudited consolidated results for the financial third quarter ended 31 December 2012

16 May
Announcement of audited consolidated results for the financial year ended 31 March 2013

31 July
Notice of 22nd Annual General Meeting

22 August
22nd Annual General Meeting

Group Risk Management

Over the past year, Group Risk Management continued with the implementation of its strategic change agenda via the "Advanced Risk Recognition Programme" aimed at improving risk recognition skills. The programme incorporates a comprehensive range of initiatives that included:

- Enhancing governance
- Upgrading risk infrastructure
- Harnessing risk appetite setting approach
- Positioning the AmBank Group for IRB status under Basel II

The strategic initiatives under the "Advanced Risk Recognition Programme" has already delivered substantial enhancements to Group Risk Management and underlying profitability, evidenced by:

- Lower impaired assets, lower annual loan loss provisioning charges and improved loan loss coverage ratio.
- Enhanced diversification - with less dependence on Retail Banking via strong income and deposits growth in Business Banking and Corporate & Institutional Banking.
- Enhanced Internal Capital Adequacy Assessment Process ("ICAAP") framework to support the Group Risk Appetite and strategic business objectives.
- Upgraded external rating by Moody's (from Baa2 to Baa1) in the past 12 months while AmBank's other external ratings continued to remain at AA3 by RAM, BBB by Fitch and BBB+ by Standard & Poor's.

The "Advanced Risk Recognition Programme" also delivered enhanced risk models and risk infrastructure as follows:

i) Enhancing Governance:

- Restructured and consolidated various Risk Management Committees into one single committee (named as Group CEOs Committee), to streamline and manage more holistically the various risks across AmBank Group.
- Enhanced Credit and Commitments Committee's governance and structure by formalising membership and role of Chief Risk Officer.
- Enhanced the timeliness and oversight in the management of higher risk accounts.

ii) Upgrading Risk Infrastructure:

Credit Risk Management:

Key initiatives undertaken were as follows:

- Implemented 17 new Probability of Default ("PD") models for wholesale customers to enable more accurate measurement of customers' credit risk.
- Developed new Retail Behavioral Scoring models to provide real time assessment of retail customers' credit risk and enhanced strategies for cross-selling.
- Enhanced the methodology and infrastructure in making loan provisioning and undertaking stress testing.

For FY2013, the following have been planned to be developed with roll out scheduled for FY 2014:

- Revamp system and process to manage concentration risk to single counterparty group to be in line with Bank Negara Malaysia Guidelines on Single Counterparty Exposure Limit ("SCEL").
- Revise the Credit Approval Delegation Authorities ("CAD") structure by giving Group Risk Management and business units personnel greater accountability and joint responsibility to approve credits.

Market Risk Management:

Key initiatives undertaken were as follows:

- Commenced Risk Engine Replacement ("RER") Project to provide more timely and accurate measurement of market risk, and to support new products and increase in business volume. RER project to be implemented in phases, with Fixed Income module to be rolled out in May 2013.
- Enhanced Assets & Liabilities Management ("ALM") system and internal adoption of Basel III liquidity ratios and target.

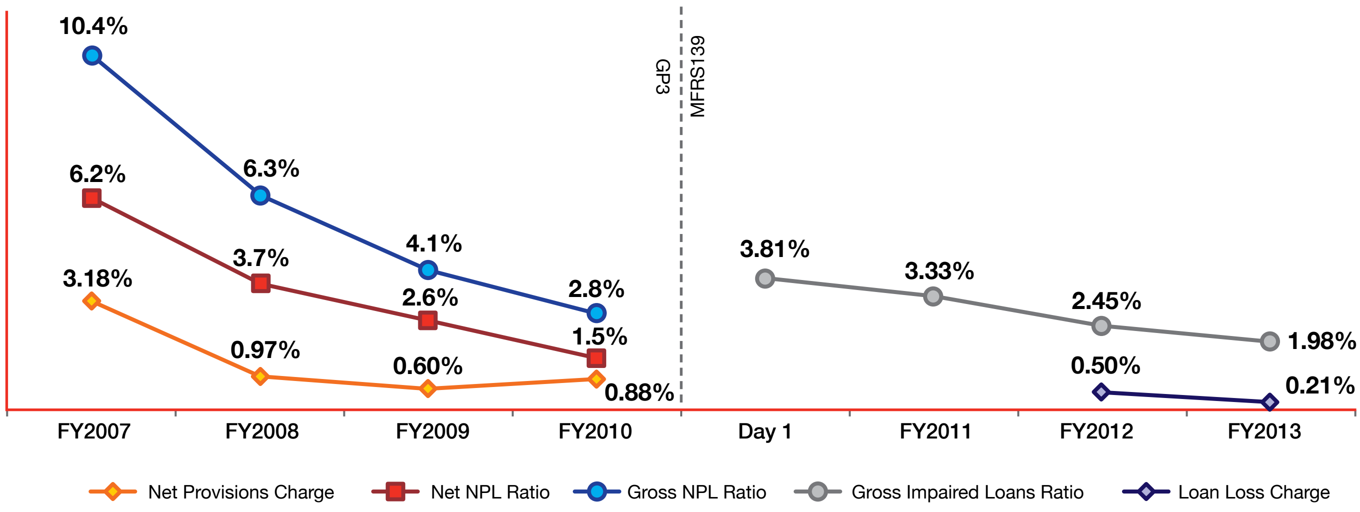
Operational Risk Management:

Key initiatives undertaken were as follows:

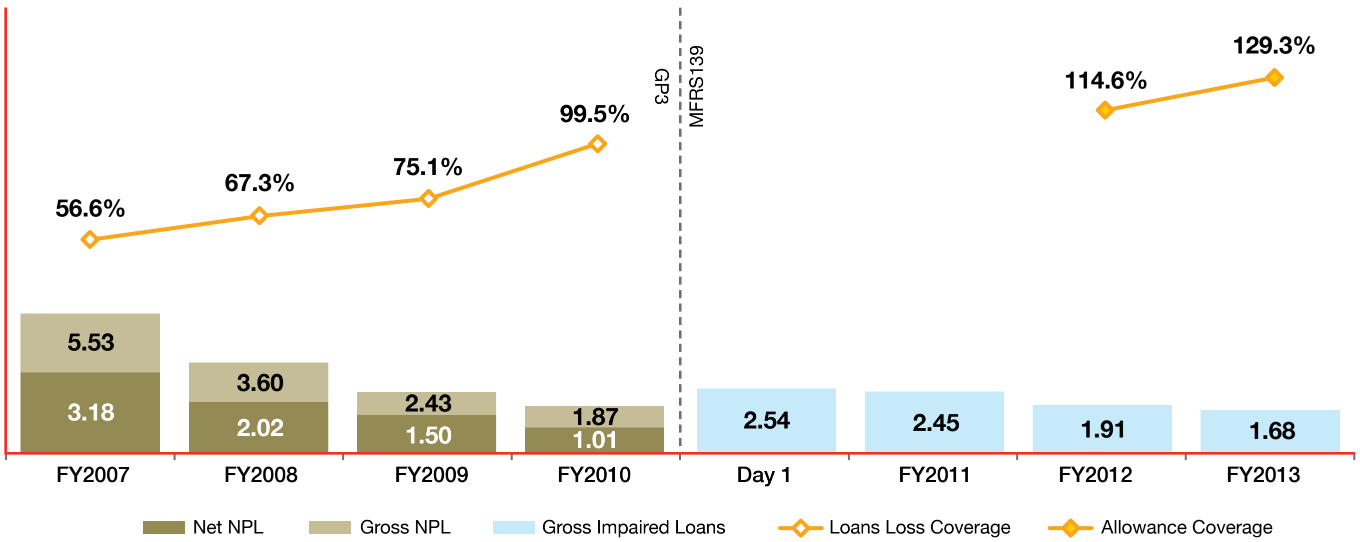
- Introduced Operational Risk Appetite across the Group, to complement the Credit Risk and Market Risk Appetite. This is supplemented by the enhanced governance in managing Key Risk Indicators.
- Continuous programmes to enhance awareness in Business Continuity Management among business and support units.

Gross NPL's/Net NPL's/ Net Provisions Charge

Gross Impaired Loans/ Loans Loss Charge



Loan Loss Coverage



- Enhanced Shariah Risk Management governance and processes with clarity in the roles and responsibilities of various stakeholders in the management of Shariah risk.

During FY2013, the Group will leverage on existing infrastructure using the Operational Risk Management System ("ORMS") to track, monitor, and report Shariah non-compliance incidents.

iii) Harnessing Risk Appetite Setting Approach

The Group continued to improve its approach in setting its Risk Appetite during the year. Key initiatives undertaken were as follows:

- Extended the coverage to include other major non-banking groups, i.e., the insurance companies.
- Incorporated the impact from stress testing in setting the risk appetite.
- Introduced Operational Risk Appetite (as highlighted above), to complement Credit Risk Appetite and Market Risk Appetite, which has been established for the last three years.

The Group will continue to refine its capital assessment by progressing towards Internal Rating Based Approach ("IRB") status for credit risk.

Business Operations Review

The sixth consecutive year of record performance for AmBank Group reflects the Group's consistent performance and disciplined execution of strategies. AMMB's profitability is further sustained with two strategic acquisitions made during the year: Kurnia in General Insurance and MBF Cards in Retail Banking, which is anticipated to enhance scale in both businesses and strengthen cross-selling opportunities across the Group.

Through our universal banking platform, the Group offers both conventional and Islamic financial services, and covers activities across retail banking, business banking, transaction banking, corporate and institutional banking, investment banking, markets, general insurance, life assurance and family takaful. Our diversified portfolio of businesses provides us capabilities to customise solutions to meet our customers' evolving and diverse financial needs while simultaneously increasing cross-selling opportunities across the Group.

Our strategic partnership with the Australia and New Zealand Banking Group Limited ("ANZ") continues to gain traction as we roll out innovative products and solutions, conduct joint account planning, increase customer referrals and leverage access to the regional network and connectivity to meet customer needs.

In General Insurance, the acquisition of Kurnia Insurans (Malaysia) Berhad ("Kurnia"), supported by the strategic partnership with Insurance Australia Group Limited ("IAG") cemented AmGeneral Insurance Berhad's ("AmGeneral") leadership in the Malaysian market. The Group is exploring strategic partnerships for life assurance and family takaful businesses to reposition our existing business and tap new opportunities for growth.

In Retail Banking, the acquisition of MBF Cards (M'sia) Sdn Bhd ("MBF Cards") has placed us Top Three in merchants acquiring business, strengthened cards receivables and provided us full control over the line of credit business.

Moving forward, we have clear strategies and are committed to achieving the Group's Vision – As Malaysia's preferred diversified, internationally connected financial solutions group, we take pride in growing your future with us.

Retail Banking

Retail Banking provides a comprehensive range of banking products and related financial services to our retail consumers. This encompass auto financing, mortgage, deposits, asset financing and small business, credit cards, personal financing, margin financing and other consumer loans. During the year, we strengthened our market presence through the acquisition of MBF Cards, placing us Top Three in merchants acquiring and top six in cards issuance nationwide. We aim to be the main bank for our customers and have reorganised ourselves to better focus on customers, invested in segment focus relationship programmes, expanded self service touch points and strengthened our wealth management offerings. To deliver a distinctive customer experience across all channels, we are rolling out new branch concepts supported by enhanced services.

Business Banking

Business Banking partners the small and medium enterprises ("SMEs") and corporate customers by tailoring financial packages to suit their domestic and international financial needs. Products offered leverage AmBank Group's universal banking platform and include working capital financing, trade financing, contract financing, factoring, deposits and cash management.

Transaction Banking

Transaction Banking offers a full suite of trade finance and cash management services, implementing customised and valued added end-to-end solutions to improve working capital cycles and process efficiency for our business/ corporate clients.

Trade services include domestic sales and purchase financing, import and export financing, structured trade, and trade advisory.

Our cash management service is specifically designed to relieve clients from the routine business of receivables and payables, freeing them to focus on growing their business. Solutions offered include payment solutions, liquidity management, collection solutions, as well as electronic invoice presentation and payment.

Both services are supported by an extensive suite of 24x7 web based business channels capable of both enquiry and transaction functions. These include e-AmBiz for cash management, e-AmPayDay for payroll solutions and the recently launched AmTrade platform for trade services.

We continuously leverage ANZ to adopt best practices and enhance technological platforms for better client experience and to increase cross-border transaction flows.

Corporate & Institutional Banking

Corporate & Institutional Banking focuses on strengthening relationships with a diversified base of client groups across the wholesale banking platform. Our client base consists of government-linked corporations ("GLCs"), government and state-owned public entities, foreign and local multinational companies, financial institutional groups, privately held conglomerates and public listed corporates. Our wholesale banking platform facilitates the integration of AmBank Group's suite of products and innovative solutions to meet clients' total financial needs, while we leverage ANZ connectivity for cross-border businesses.

Investment Banking

Investment Banking offers a full range of investment banking solutions and services, encompassing capital markets and asset management activities, equity derivatives, broking including futures, and private banking services.

Debt Capital Markets ("DCM") provides a wide spectrum of customised debt financing solutions ranging from private debt securities and sukuk issuances to loan syndications, structured financing solutions, and financing advisory services. The Islamic Markets unit complements DCM, offering clients Islamic financing solutions as well as customised products and services including sukuk origination, Islamic equity capital markets, Islamic private equity and Islamic syndication that uphold Shariah integrity.

Corporate Finance ("CF") provides a full spectrum of corporate advisory and fund raising services including mergers and acquisition, divestitures, initial public offerings, equity and equity-linked issues, corporate restructurings, strategic business reviews and valuations. Equity Capital Markets ("ECM") works closely with the CF team and deals mainly with the marketing, sales and distribution of equities in the primary and secondary equity and equity-linked markets.

Equity Derivatives develops and issues listed warrants, listed equity-linked bull structures, equity-linked structured products, exchange-traded funds ("ETFs") and over-the-counter ("OTC") solutions to provide investors a broader range of investment and hedging instruments to suit their risk profiles.

Equity Broking and Futures enable customers to trade equities in the local bourse and the Malaysian futures market, particularly in Bursa Malaysia Derivatives, FTSE Bursa Malaysia KLCI Futures ("FKLI") and Crude Palm Oil Futures ("FCPO"). We also provide securities trading services at our regional offices in Singapore and Jakarta. Clients can trade online through e-broking for securities trading and direct market access ("DMA") for futures trading.

Funds Management, recently rebranded as AmInvest, caters to both institutional and retail market segments. Our funds cover both conventional and Islamic mandates and specialises in Asian equities as well as global bonds, including sukuk.

Private Banking division offers high net worth individuals comprehensive wealth-management solutions and provides integrated access to expertise and resources of the entire AmBank Group. We offer customers a comprehensive and diversified range of products and services from a globally-linked platform that includes cash management solutions, asset allocation and selection, multi-asset advisory and discretionary mandates, wealth protection, and financing facilities.

Markets

Markets continues to gain sustainable traction and market share, after the strategic alignment in FY2010 to deepen the division's specialisation in foreign exchange, derivatives, commodities, fixed income and structured solutions.

The alignment enhanced customer focus and delivery capabilities in Markets' regional footprint. Leveraging on the exceptional regional presence of ANZ as a strategic partner, Markets has developed various risk management solutions to widen client-led innovative product offering capability. This is evidenced by the accolades received, which have placed AmBank Group in the forefront in our foreign exchange, derivatives and fixed income businesses.

Islamic Banking

Islamic Banking adopts a holistic approach to fulfil customer needs in line with the tenets and principles of Shariah Law. Our aim to be the main bank for our customers is supported by innovative solutions offered via our universal banking platform.

Customers can access our products and services through our 188 branches nationwide, including three dedicated AmIslamic Bank branches. Internet banking is provided through AmOnline Internet Banking, AmGenie Mobile Banking and e-banking centres nationwide, facilitating online transactions such as making payments for bills, financing, zakat and fund transfers. For customer convenience, selected applications for financing have been made available via our website at www.amIslamicbank.com.my.

General Insurance

AmGeneral Insurance Berhad ("AmGeneral") is the number one motor insurer and a leading general insurer in Malaysia. It is backed by a strong strategic partnership between AmBank Group and IAG - Australia's largest general insurance group.

AmGeneral was established following the acquisition of Kurnia by AmG on 26 September 2012 and comprises the combined business of two former entities, namely AmG Insurance Berhad ("AmG") and Kurnia.

Operating under its two well-known and trusted brands, Kurnia and AmAssurance, AmGeneral offers a comprehensive range of general insurance solutions distributed through a nationwide network of AmAssurance and Kurnia branches, approximately 7,600 agents and dealers, as well as through AmBank's channels.

Life Assurance

Life Assurance provides a variety of solutions in life insurance, wealth protection/savings, health and medical protection as well as employee benefit schemes. Our investment-linked protection solutions come with both regular and single premium options, with a choice to invest in several open-ended funds (domestic and international). The funds aim to meet different customers' risk tolerance, ranging from low to high, with investment horizons spanning medium to long term.

Family Takaful

AmFamily Takaful Berhad ("AmTakaful"), a licensed family takaful operator, commenced business in January 2012. It has an experienced management team and is well positioned to capitalise on the cross-selling opportunities across the Group.

Products launched during the year include a single contribution investment-linked takaful plan, group term takaful and group hospital and surgical, along with takaful credit card protection plan (Ismah).

Business Operations Review (Cont'd.)

RETAIL BANKING

The Retail Banking division continuously strives for excellence and has performed well in line with the Group's Vision and Mission. Our distinct brand, multi channel distribution network, wide range of banking products and committed employees become our foundation in providing our four million customers nationwide with a superior customer experience. By prioritising on customers' needs, and operating responsibly and sustainably, we believe we can continue to grow profitably and in size. Our aim is to become the main banking partner for our customers by understanding their financial needs and providing solutions to them. We deliver value through a focus on three strategic areas:

Business Transformation

Design, develop and incubate a sustainable customer-centric and segment-focused retail bank by driving greater collaboration and cross product development synergy.

Operational Transformation

Centralise common processes and aligning department structures into an optimised single platform to increase efficiency across the value chain, improve on economies of scale and effectively address customers' needs.

Technological Transformation

Enhance core systems to seamlessly connect all our operations to improve turnaround time and support long term sustainable business growth.

Overall Performance

In this financial year, Retail Banking reported a higher profit after tax of RM591.1 million with a revenue contribution of RM1.9 billion and remains as the top contributor to the Group. In spite of the intense market pressure, global economic events and changes in regulations, gross loans grew by RM2.7 billion to RM49.0 billion which was contributed mainly from auto financing and mortgages. With rigorous credit risk policies and prudent appetite for risk, our growth in loans portfolio was achieved without sacrificing our asset quality. Instead, with an implementation of risk based pricing and stringent policies in place, our gross impaired loan ratio has improved to 2.6%.

In line with our objective to become a liability led business and growing deposits, our total customer deposits grew by 10.1% to RM37.2 billion. This was achieved through extensive marketing campaigns, expansion of distribution networks and attrition prevention to reduce closure and activate dormant accounts.

Deposits and Customer Solutions

Retail Banking has been successfully growing deposits in line with our aspiration to be a liability led business. Our wide range of product suites are designed to suit our customers' needs and to enable them to effectively manage their financial requirements. Our aim of increasing CASA (current account and savings account) balances is well on its way through partnerships with ANZ and collaboration with our Business Banking and Corporate & Institutional Banking divisions. With our joint effort, we have introduced two banking solutions, AmBank-ANZ Get Set and AmBank@ Work.

AmBank-ANZ Get Set is primarily aimed at customers whose children are or will be studying in Australia. Customers are able to open an ANZ account in Australia by completing most of the formalities at a local AmBank branch in Malaysia. Leveraging on the Group's Foreign Currency Current Account, the product provides for funds to be available in Australia prior to leaving Malaysia. Customers are able to enjoy reduced remittance fees, preferential foreign exchange rates, e-remittance services and more bonus credit card points.

AmBank@Work is designed to offer comprehensive banking solutions to both employer and employee, including payroll and cash management services. Upon the opening of a salary crediting deposit account, the customer is offered special fee savings, bonus interest and rewards, plus full access to our extensive branch network and electronic banking services. In addition, the employees benefit from special rates for auto and home financing, investment in AmInvest equity funds and premiums for the Group's comprehensive personal accident policy.

Apart from this, we have also rolled out multiple campaigns throughout the financial year to attract more deposits such as Top Rate FD, the It's Gold campaign, Am50 Plus, Prosperity Bonanza, AmBank – Madagascar 3, to name a few. We have grown RM3.4 billion in total deposits despite strong market competition.

Auto Financing

AmBank continues to be the leading brand in auto financing ("AF") with a 17% market share and remains as the key contributor to Retail Banking's revenue, contributing more than 30%. We emphasise forming and sustaining business relationships with business partners to ensure continuous business growth and vehicle portfolio diversity. We have established relationships with over 3,000 vehicle dealers nationwide and have strategic alliances with major car manufacturers and dealers nationwide including Proton, Perodua, Naza Group of Companies, UMW Toyota, Honda Malaysia, the Sime Darby Automotive Group and Mercedes-Benz Malaysia.

In 2011, we were the first to form a strategic alliance with MyEG (the electronic Malaysian government services portal) to provide convenience to our customers in renewing their road tax at branches. We have increased the number of MyEG kiosks to 34 kiosks, placed strategically at selected branches for easy access and hassle free. In future, we plan to equip all the branches with a similar facility to ensure a more convenient banking experience. Alternatives are also provided for customers who are unable to visit the branches for road tax renewal. Our 24-hour Auto Express renewal service allows customers to renew, and have their road tax delivered to their doorstep, with just one phone call.

Moving forward, the Auto Finance division will continue to reinforce its presence in the vehicle financing market through marketing initiatives, participation in road shows and sales promotions with vehicle distributors and dealers nationwide. At the same time, we will improve on overall profitability and ensure continuous growth by improving the credit scoring model, streamlining processing operations throughout the 21 auto finance business centres nationwide and improving service and turn-around time in credit appraisals and disbursements.

Mortgage

The Mortgage division continues to focus on quality segments and becoming a major player in the mortgage industry. Despite fierce competition and regulatory impact, mortgage gross loans grew by 6.6% and remains as the second largest gross loans portfolio in Retail Banking. The implementation of stringent risk based pricing and adherence to the Asset Writing Strategy has resulted in an improvement in asset quality and better risk grade customers, whilst growing profitability and keeping risk at acceptable levels. This was demonstrated with a drop in the gross impaired loan ratio to 3.7% and a 15.7% growth in profit after tax.

The strategic priorities in the mortgage division are to focus on property development aligned to the second phase Mass Rapid Transit ("MRT") linked project, leveraging on government initiated schemes (i.e. My First Home Scheme and Perumahan Rakyat 1Malaysia ("PR1MA"), strategic alliances with government-linked/public-listed companies and expanding developer tie-ups in suburban and rural areas.

Credit Cards and Line of Credit

During the year, we concluded the acquisition of MBF Cards (M'sia) Sdn Bhd. We have become the third largest merchant acquirer in the market and the sixth largest credit card issuer in Malaysia. The prudential guidelines introduced by the regulators in the credit card industry, limiting the maximum of two cards for certain income thresholds and the service tax of RM50 per card has resulted in a drop of cards circulation in line with the drop registered within the credit card industry.

To accommodate for this, we offer various co-branded cards with a number of strategic partners (including Cosway, Rockwills, Royal Selangor Golf Club and non-profit organisations) and have entered into strategic tie-ups with merchants, such as Starbucks and Cosway. We have also introduced the Signature, World and Infinite credit cards to cater for the affluent and high net worth customer segments. In addition, we also offer credit cards packaged together with other lending products, such as residential property loans and auto financing. We have also launched multiple campaigns throughout the year aimed at encouraging spending and increasing receivables. Some of our campaigns launched during the year includes Spend and Get, Balance Transfer and Quick Cash, i-Phone 4S Acquisition Campaign, AmFlexi Promo, Caltex Rewards Programme, Ramadan Campaign and Yee Sang Campaign.

Besides this, we also offer various prepaid cards products, which provide flexibility to the cardholders with no conditions on age limit and income. Some of our new products launched include NexG Prepaid Mastercard, NexG-Cathay Cineplexes Prepaid MasterCard, Tropicana Prepaid Mastercard, Cosway Prepaid MasterCard and also SmartLink2u Prepaid MasterCard. We have become the largest prepaid cards issuer in Malaysia with 27,000 prepaid cards in circulation.

Asset Financing & Small Business ("AFSB")

Asset Financing & Small Business primarily provides financing products focusing on equipment, working capital financing and multi-trade facilities to SMEs. These products include industrial hire purchase products, loans funded by Bank Negara Malaysia ("BNM"), loans backed by Credit Guarantee Corporation Malaysia Berhad ("CGC"), block discounting, overdrafts, Bumiputra development loans and direct access guarantee schemes ("DAGS").

The AFSB division actively promotes BNM-funded loan schemes, such as the Fund for Small and Medium Industries, the New Entrepreneurs Fund, and CGC loan schemes, all of which are intended to assist SMEs in accessing cheaper loan financing. In line with Malaysian Government policy, we also offer Small Business Solution products which provide financing to small businesses by offering SME working capital loans/ financing at all our branches. Financing is available in amounts ranging from RM50,000 to RM500,000. Besides focusing on direct sales, the marketing team also focuses on strengthening their relationships with suppliers and vendors to secure strategic tie-ups and to obtain sales and business referrals.

Personal Financing

The principal personal financing products offered by the Personal Financing division are personal loans aimed at members of co-operatives who are government employees. The asset quality of such personal loans is significantly enhanced by the method of repayment, which is typically via a deduction from their monthly salary. In view of new measures introduced by BNM, including responsible lending guidelines, we have refined our business model and are focusing on strategic alliances and credit policies. For example, we have formed alliances with our business partners to offer personal financing products to, among others, employees of government departments and quasi-government companies. We have also intensified our marketing campaigns and sales promotional programmes to attract more customers and to build our loan growth.

Branch Network & eChannels

AmBank's large distribution network of 188 branches, supported by continuous staff training and process improvements, promises to provide a distintively superior customer experience.

AmBank continued to expand its wide network by adding new self service machines, bringing the total to 882 automated teller machines ("ATMs"), 278 cash deposit machines ("CDM"),

Business Operations Review (Cont'd.)

205 cheque scanning machines ("CQM") and 163 self-service Electronic Banking Centres ("EBC") in Malaysia.

Acknowledging the importance of customer service, our Contact Centre, which operates 24 hours a day, provides greater convenience for customers to access financial products and services over the telephone with both an automated system and live operators. With advanced facilities available at their service, customers can check their account balances and transaction history, transfer funds, obtain insurance services, make credit card and loan repayments, and subscribe to new services over the phone. We also provide internet banking facilities, namely AmOnline and AmGenie, which allow our customers to perform online banking from anywhere.

Priority Banking

The Priority Banking division is aimed at high-end customer segments, focusing on building relationships and understanding customers' financial goals in a more personal way. Our objective is to provide these customers with more than just banking products and facilities. We strive to provide a relationship that works and evolves with our customers, whilst focusing on their financial goals. Our teams of relationship managers are professionally trained to help our customers in investments and financial needs, giving them complete financial advice and assistance. During the year, we launched five Priority Banking Centres and five prime branches nationwide, and we are currently expanding further to provide our customers with easier accessibility.

International Solutions

In line with AmBank Group's vision of becoming Malaysia's preferred, diversified, internationally connected financial solutions provider that takes pride in growing our customers' future with us, strategic alliances with international partnerships are being built to enhance International Solutions' value proposition. This includes providing a unique and compelling suite of foreign currency and other related products and services, being a platform for cross-border opportunities, as well as widening our regional and global distribution reach and footprint. Among the key initiatives will be to forge strategic partnerships with international icons that can help us elevate our positioning in the foreign exchange space to deliver winning solutions and world class customer experience.

International Solutions' services are in partnerships with two of the world's leading international icons:

- Travelex is the world's largest foreign exchange specialist with a global presence boasting the largest network of airport branches worldwide, and over 1,300 retail stores in over 25 countries including 115 major airports
- Western Union is the world's leading international money transfer operator with 463,000 agents in over 200 countries, with its dominance in both local and international markets due to its strong branding, extensive marketing activities and network

AmBank, Travelex and Western Union believe that the partnership will deliver a compelling offer to the Malaysian community at large, as well as the trade and travel industries. Travelex's and Western Union's global expertise and experience combined with AmBank's stronghold in the country will enable the introduction of global financial solutions at international standards into the Malaysian landscape.

The AmBank "International Connectivity" agenda will see the group focusing on significantly expanding its foreign currency and cross-border products and service offerings.

BUSINESS BANKING

Business Banking reported another year of solid growth. Gross loans and advances grew by 11.1% year-on-year while deposits grew by 20%. Total income grew 11.4% year-on-year. Interest income grew 10.8% despite margin compression and portfolio shift. Fee income expanded by 13.9% with a good mix from the lending and trade businesses.

Small & Medium Enterprise ("SME") customers remain our main focus. This segment grew by 31.3% during the year and accounts for 46.4% of the Business Banking portfolio.

Regional Business Centres ("RBCs", including Commercial Business Centres) continue to play a key role in Business Banking's growth. The RBCs' total portfolio expanded by 30.8% and accounted for 25.8% of the total Business Banking portfolio, up from 22% a year ago.

For FY2014, the Business Banking unit's aim is to develop a well diversified, profitable and sustainable customer base while exercising prudence in risk management. The unit will continue to enhance the current collaboration with ANZ to achieve greater international connectivity for customers, and greater growth.

TRANSACTION BANKING

Transaction Banking closed FY2013 with a 22% revenue growth, where Trade Finance contributed 48% of Transaction Banking revenues whilst Cash Management saw a contribution of 52%.

Over the same period, Transaction Banking saw CASA (current account and savings account) Ringgit deposits grow by 60%. This is attributed to continued effort in working with Relationship Managers to offer customised solutions to facilitate new customer acquisition and gain greater wallet share from existing customers.

Furthermore, improvements in capabilities via the launch of AmBank's new Internet Trade portal ("AmTrade") last July and the recent restructuring of operational support units have been in line with Transaction Banking's overall strategy to enhance customers' Transaction Banking experience.

INVESTMENT BANKING

The global economy in recent years has become largely commodities-driven as China's economy remains its mainstay and 2012 continued to be plagued by an ever-widening sovereign debt crisis in the Eurozone, an uncertain US economic recovery and a still languishing Japanese economy. Malaysia moves into the second year of implementing its Economic Transformation Programme ("ETP") to insulate its export-oriented economy from these external headwinds. As the mature economies struggle to craft a meaningful monetary policy to boost economic activity, the low interest rates caused many of their equity markets to make impressive gains over the year.

However, due possibly to pre-election expectations fatigue, the Malaysian equity market had a lacklustre performance for much of the year under review.

Numerically, the major equity indices in US, Europe and Japan have registered double digit gains during the period under review but in contrast, the performance of the Malaysian equity market was less impressive with a gain of only 4.7% based on the FBMKLCI closing of 1671.03 as at March 31, 2013. Nevertheless, the sustained low interest regime, coupled with the strategic weakening of their respective currencies to boost exports in the affected countries have attracted significant amounts of short term investments from the West, greatly increasing liquidity in the local bond market.

For the year under review, the Funds Management and Private Banking lines of business ("LOB") were the clear outperformers in Investment Banking with both divisions far exceeding their targeted numbers. The performance excellence of the Funds Management Division (now known as AmInvest) has been again externally acclaimed by way of the 13 industry awards received in the first five months of 2013 alone, including the coveted Best Overall Fund Group Award and Investment Management Company of the Year for Malaysia. These were conferred by The Edge-Lipper Malaysia and World Finance for the year 2012 during the Edge-Lipper Malaysia Fund Awards in March 2013 and World Finance Management Awards in May 2013, respectively.

Debt Capital Markets has defended its market share and ranking but profits were lower due mostly to fee compression. Turnover and profits in our equity divisions were adversely impacted by the extended period of weakness in the local equity markets and performance was commensurately lower than the year before.

Outlook

Paraphrasing the Monetary Policy Statement released on 7 May 2013 by Bank Negara Malaysia, global growth momentum would remain modest in the medium term with economic recovery uneven because of the presence of downside risks. Growth in the major advanced economies would still be restrained by on-going fiscal consolidation, slow recovery in financial intermediation (banking process) and weak labour market conditions. The Reserve Bank of Australia in its May 2013 Monetary Policy Statement projected that world GDP would grow a bit over 3.25% in 2013, slightly below its long run average before picking up in 2014. In Asia, domestic demand continues to support growth in spite of these negative external developments. In our domestic economy, much uncertainty overhang was removed following the long-awaited 13th General Elections in May, and the equity market has responded with a strong recovery and improvement. The Monetary Policy Committee of the central bank is expected to keep the Overnight Policy Rate ("OPR") at the current level for the rest of the year. These are positive developments for the equity market and would encourage the re-emergence of IPOs and more fund-raising activities in 2013.

Debt Capital Markets

In line with its Aspiration Statement to be the dominant capital markets player in providing integrated debt and capital financing, the Debt Capital Markets ("DCM") LOB has continued to assert its leadership position in the domestic capital markets and duly accredited as the Best Domestic Bond House (Malaysia) by The Asset Asian Country Awards 2012 for the fourth consecutive year and the fifth time since 2006. The LOB has also extended its dominant "top three" position on the Bloomberg Underwriter Rankings for MYR-denominated Private Debt Securities ("PDS") for the tenth consecutive year in 2012.

The string of awards and accolades won by DCM over the years is the result of its strategic focus in building a sustainable high-growth business model that is supported by a diversified product base to provide optimum customised financing solutions for its clients. With products ranging from provision of debt capital and structured financing solutions to capital and project advisory services, DCM continually pursues new business initiatives in response to the evolving needs of the market.

In 2012, Malaysia achieved a strong GDP growth of 5.6% against a backdrop of continued global headwinds resulting from a persistent weakness in the US economy and a widening sovereign debt crisis in Europe. As these mature economies adopt easing monetary policies that ushered in an era of record-low interest rates, investors looked towards the emerging markets for better yields, as reflected in the significant increase in foreign holdings in the Malaysian Government Securities ("MGS"), which stood at 44% as at end December 2012.

Gross domestic PDS issuance in 2012 recorded a significant 75.6% increase (RM117.8 billion in 2012 vs RM67.1 billion in 2011) with total outstanding public and private debt securities reaching a record high of RM1.0 trillion as at 31 December 2012.

Business Operations Review (Cont'd.)

AmInvestment Bank's Awards and Accolades 2012

The Asset Asian Country Awards 2012
Best Domestic Bond House
*Winner for four consecutive years – 2009, 2010, 2011 & 2012
*Fifth time winner – 2006, 2009, 2010, 2011 & 2012

The Asset Triple A Awards 2012
Islamic Finance
Best Corporate Sukuk
Projek Lebuhraya Usahasama Berhad

Islamic Finance News Awards
Deals of the Year 2012
Malaysia Deal of the Year
Projek Lebuhraya Usahasama Berhad

Islamic Finance News Awards
Deals of the Year 2012
Project Finance Deal of the Year
Boustead Naval Shipyard Sdn Bhd

Alpha Southeast Asia Deal & Solution Awards 2012
Best Project Financing Deal of the Year in Southeast Asia
DanaInfra Nasional Berhad

Alpha Southeast Asia Deal & Solution Awards 2012
Best Islamic Finance Deal of the Year in Southeast Asia
Projek Lebuhraya Usahasama Berhad

Bloomberg Underwriter Rankings 2012

MYR-denominated PDS and Sukuk	– No. 3 with 16.9% market share
Malaysian Ringgit Islamic Bonds	– No. 3 with 18.0% market share
Malaysia Loans Mandated Arranger	– No. 4 with 10.5% market share

MARC Lead Manager's League Table 2012
Overall PDS – No. 2 by Number of Issues
Overall PDS – No. 3 by Issued Value

The Malaysian loan syndication market remains on a growth path, with volumes raised in 2012 hitting a new high of USD18.3 billion or a 19.1% increase from 2011. Loan syndication continues to complement the bond market as a financing option for projects under the Economic Transformation Programme ("ETP"). It also provides funding for large corporate exercises and acquisitions.

DCM continues to build its resources with a strong sectorial focus particularly in the oil & gas industry. It has also strengthened its Structured Finance unit and the Capital and Project Advisory team. This carving-out of a reputational niche for product innovation in the market provides a service differentiation that enables the Division to overcome fee pressure in a competitive landscape and deliver customised and optimal solutions for clients.

In FY2013, DCM completed 59 PDS/Sukuk and syndicated financing transactions amounting to over RM16.9 billion. This covers a diverse portfolio of financing instruments that caters to issuers over a broad spectrum of industry sectors including oil & gas, financial services, infrastructure and, utilities. DCM's long-standing market dominance was again demonstrated in the current financial year by its involvement in 11 of the total 14 Government-Guaranteed issuances.

No.	Issue Date	Issuer	Tenor (Years)	Amount (RM mil)	DCM Portion	
					(RM mil)	(%)
1	14 Jun 12	Johor Corporation	5 / 7 / 10	3,000	750	25%
2	15 Jun 12	PTPTN	10	2,500	-	-
3	20 Jul 12	DanaInfra Nasional Berhad	7 / 10 / 12 / 15	2,400	480	20%
4	13 Aug 12	SME Bank	7 / 10	500	167	33%
5	3 Sep 12	Khazanah Nasional Berhad	10 / 20	2,500	1,100	44%
6	6 Sep 12	Syarikat Prasarana Negara	10 / 15	2,000	-	-
7	12 Oct 12	Khazanah Nasional Berhad	5 / 15	1,538	908	59%
8	19 Nov 12	Turus Pesawat Sdn Bhd	10 / 12 / 15 / 20	3,400	425	13%
9	14 Dec 12	Senai Airport Terminal	11.5	80	-	-
10	5 Feb 13	Turus Pesawat Sdn Bhd	10 / 12 / 15	1,195	149	12%
11	8 Feb 13	DanaInfra Nasional Berhad	10 / 12 / 15 / 20	1,500	315	21%
12	28 Feb 13	PTPTN	10 / 15	1,200	600	50%
13	8 Mar 13	Khazanah Nasional Berhad	8	740	666	90%
14	11 Mar 13	Turus Pesawat Sdn Bhd	10 / 15 / 18	715	89	12%
			Total	**23,268**	**5,649**	**24%**

The Division continues to project its presence in product innovation in the market with its role as a Joint Lead Arranger and Participating Financial Institution for the first retail sukuk offering in Malaysia. The retail sukuk of RM300 million was issued by DanaInfra Nasional Berhad to retail investors via the Exchange Traded Bonds/Sukuk ("ETBS") to fund the Mass Rapid Transit ("MRT") project.

Moving forward, with GDP growth projected at 5.0% - 5.3% in 2013, gross PDS supply is estimated to reach RM80 - RM90 billion. This is supported by a strong domestic market liquidity that would be spearheaded by government projects from the ETP as well as an expected increase in corporate expansions and investment activities, particularly in the oil & gas sector.

Business Operations Review (Cont'd.)

Financial Year 2013 Transaction Highlights

Oil & Gas Sector

MISC Berhad
RM2.5 Billion Murabahah Medium Term Notes Programme
- Joint Principal Adviser/Joint Lead Arranger/Joint Lead Manager for issuance of RM500.0 million

Weststar Capital Sdn Bhd
RM900.0 Million Sukuk Mudharabah Programme
- Principal Adviser, Lead Arranger and Lead Manager of RM900.0 Million Sukuk Mudharabah under the Sukuk Programme
- Structuring enhancement by leveraging on the cash flows from contracts with major international oil companies

SapuraKencana Petroleum Berhad
RM700.0 Million Sukuk Mudharabah Programme
- Lead Manager for the second issuance of RM200.0 million Sukuk Mudharabah under the Sukuk Programme

Large Corporates

Cagamas Berhad
RM20.0 Billion Islamic Commercial Papers ("ICP") Programme and RM40.0 Billion Islamic Medium Term Notes ("IMTN") Programme
- Lead Manager for the issuance of RM125 million IMTN under the IMTN Programme in January 2013
- Joint Lead Manager for the issuance of RM500 million ICP and RM700 million IMTN under the ICP and IMTN Programmes in December 2012

Gulf Investment Corporation G.S.C.
RM3.5 Billion (USD1.1 Billion) Sukuk Programme
- Sole Lead Manager for issuance of RM325.0 million Sukuk Wakalah bi Istithmar under its 20-year Sukuk Programme
- AmBank Group played multiple roles in the transaction – from originating the Sukuk, being involved in the sales and distribution process to acting as the transaction agent for the commodity Murabahah contract under Bursa Malaysia's Suq Al-Sila' platform

Noble Group Limited
RM3.0 Billion Sukuk Murabahah Programme
- Joint Principal Adviser, Joint Lead Arranger and Joint Lead Manager for total issuances of RM900.0 million Sukuk Murabahah
- First Hong Kong-based company to tap the Ringgit Sukuk market in Malaysia

Government-Guaranteed

KHAZANAH NASIONAL

Khazanah Nasional Berhad
RM20.0 Billion Sukuk Programme
- Joint Lead Manager for the issuance of RM2.5 billion Government-Guaranteed Sukuk in September 2012
- Joint Lead Manager for the issuance of RM2.0 billion Government-Guaranteed Sukuk in October 2012
- Joint Lead Manager for the issuance of RM1.0 billion Government-Guaranteed Sukuk in March 2013

DanaInfra NASIONAL BERHAD

DanaInfra Nasional Berhad
RM8.0 Billion Sukuk Programme
- Joint Principal Adviser, Joint Lead Arranger and Joint Bookrunner for total issuances of RM3.9 billion Government-Guaranteed Sukuk
- First Exchange Traded Sukuk ("ETBS") in Malaysia to finance the MRT Project via the Sukuk capital markets

TURUS PESAWAT

Turus Pesawat Sdn Bhd
RM5.311 Billion Sukuk Programme
- Joint Lead Manager and Joint Bookrunner for the RM5.311 billion Sukuk Programme which was fully issued

JOHOR CORPORATION

Johor Corporation
RM3.0 Billion Sukuk Programme
- Joint Lead Manager for issuance of Government Guaranteed Sukuk Wakalah in a single tranche in June 2012

Financial Institutions

HSBC AMANAH

HSBC Amanah Malaysia Berhad
RM3.0 Billion Multi-Currency Sukuk Programme
- Joint Lead Manager for first issuance of RM500.0 million
- HSBC Amanah's maiden senior Sukuk issuance is the first to be issued globally by any HSBC group of companies globally

SME Bank

Bank Perusahaan Kecil & Sederhana (M) Berhad
RM3.0 Billion Sukuk Programme
- Joint Principal Adviser, Joint Lead Arranger and Joint Bookrunner for first issuance of RM500.0 million Government-Guaranteed Sukuk
- First PDS issuance by SME Bank in the Sukuk capital markets

AMMB Holdings Berhad
RM2.0 Billion Senior Medium Term Notes Programme
- Principal Adviser, Lead Arranger and Lead Manager for the first issuance of RM1.0 billion Senior Medium Term Notes

JSC Development Bank of Kazakhstan
RM1.5 Billion Sukuk Murabahah Programme
- Joint Lead Manager for first issuance of RM240.0 million
- First Kazakhstan entity to tap the Ringgit markets for funding

Sabah Credit Corporation
RM1.0 Billion Sukuk Musyarakah Programme
- Principal Adviser, Lead Arranger and Lead Manager for issuance of RM200.0 million to fund Sabah Credit Corporation's working capital and Shariah-compliant business activities.

Business Operations Review (Cont'd.)

Loan Syndication

Boustead Naval Shipyard Sdn. Bhd.

Boustead Naval Shipyard Sdn Bhd
RM2.84 Billion Syndicated Facilities

- Joint Mandated Lead Arranger for the Syndicated Facilities comprising Letter of Credit and Guarantee Facility for its general corporate purposes

SapuraKencana PETROLEUM

SapuraKencana Petroleum Berhad
RM2.05 Billion Syndicated Loan

- Joint Mandated Lead Arranger for the RM2.05 billion Syndicated Loan

DRB-HICOM

DRB-Hicom Berhad
RM800 Million Syndicated Bridging Loan

- Joint Mandated Lead Arranger for the RM800 million Syndicated Bridging Loan

1MDB 1Malaysia Development Berhad

1MDB Energy Langat Sdn Bhd
RM700.0 Million Syndicated Financing

- Joint Mandated Lead Arranger for the RM700.0 million Syndicated Financing

Islamic Markets

Islamic Markets LOB is the Islamic investment banking arm of the AmBank Group and a pioneer in the development of the sukuk market since its commencement in 1994. Through Islamic Markets, AmInvestment Bank continues to be at the forefront of the Malaysian Islamic capital markets by consistently maintaining its position amongst the top three market leaders for the past 17 years. Islamic Markets offers clients innovative Islamic financial solutions, both domestically or off-shore, by way of customised products and services including sukuk origination, Islamic equity or equity-related capital markets offerings, Islamic private equity, structured funds, and Islamic syndication that upholds Shariah integrity at the same time. We also provide Shariah advisory and other technical support to the other divisions within the Bank, particularly to DCM. As a leader in the local Islamic capital markets, we stay abreast with the latest global developments in both Islamic finance and the Islamic capital markets. We inculcate a culture of work excellence, strong teamwork and responsible practices to ensure that we consistently deliver to our clients solutions that are optimum in terms of cost efficiency, structure, appropriateness and flexibility.

Likewise, we put in place the best industry practices to ensure work transparency and strict compliance with Shariah requirements as guided by the parameters of Bank Negara Malaysia's Shariah Governance Framework.

Islamic Markets remains a strong promoter of the Islamic capital markets and, through selective sponsorship and industry training, supports the profiling efforts initiated by both the Securities Commission and Bank Negara Malaysia as well under the Malaysia International Islamic Financial Centre ("MIFC") initiatives. As a demonstration of this commitment, in 2012, we have sponsored some of the significant events in the Islamic capital markets fraternity including the Global Islamic Finance Forum, Islamic Finance News Forum and Kuala Lumpur Islamic Finance Forum ("KLIFF"). We have also conducted industry training for some of the reputable organisers such as KLIFF and Centre for Research and Training ("CERT").

Islamic Capital Markets Review

2012 has been another milestone year for the global Islamic capital markets with total global sukuk issuances exceeding USD56.0 billion (RM173.6 billion). This is more than double that of the previous 2011 record of USD27.0 billion (RM83.6 billion), as reported by Bloomberg. The extraordinary growth was contributed mainly by two large issuances coming from Malaysia and Saudi Arabia, that accounted for more than 24% of the total global sukuk issuance. Bloomberg reported that 55.9% or USD31.3 billion (RM97.0 billion) of these global sukuk issuances were issued in Malaysia, strengthening the country's dominance in the global sukuk market as the largest sukuk issuer and its goal to be the global hub for Islamic finance and Islamic capital markets. Domestic demand for new sukuk issuances had been buoyed by a local preference for sukuk over conventional avenues to raise funds, sufficient liquidity in a fast maturing capital markets and, a confidence-boosting comprehensive regulatory framework. In the global Islamic capital markets, sukuk origination was spearheaded by sovereign issuances, particularly from Malaysia, Qatar and Turkey in terms of issue value and milestones. Sovereign issues are seen as a valuable catalyst to the development of the global sukuk market and a viable alternative to raise public funding for economic growth. Gulf Cooperation Council ("GCC") issuers had also been active in the primary sukuk market on the back of favourable macroeconomic conditions, smooth debt-restructuring and a recovery of the real-estate market. In Malaysia, following the biggest ever sukuk issue (USD9.7 billion) by Projek Lebuhraya Utara-Selatan ("PLUS") in Q1 2012, there were several other government-guaranteed sukuk launched during the year. The local primary sukuk market also witnessed the rising trend of foreign issuers coming to issue in Malaysia that has sustained the momentum of a vibrant local sukuk market.

Islamic Markets Performance Review

For the year ended March 2013, Islamic Markets successfully completed 12 new Islamic deals, comprising nine sukuk deals and three Islamic syndications. Sukuk represents a significant 77% of the total new bond originations by AmInvestment Bank. From 1996 to date, Islamic Markets has completed a total of RM142.1 billion worth of sukuk deals. Amongst the current year's notable sukuk issuances lead-managed by the Bank were the RM3.0 billion Islamic MTNs Programme issued by Johor Corporation, RM8.0 billion Government Guaranteed Sukuk Murabahah issued by DanaInfra Nasional Berhad ('DanaInfra"), RM3.0 billion Government Guaranteed IMTN issued by SME Bank Berhad, RM5.3 billion Government Guaranteed Sukuk Murabahah Programme issued by Turus Pesawat Sdn Bhd and RM900.0 million Sukuk Mudharabah Programme issued by Weststar Capital Sdn Bhd for its refinancing exercise. The Division has also been actively involved in the completion of another three foreign issuer sukuk transactions, namely for Gulf Investment Corporation, Noble Group Limited and JSC Development Bank of Kazakhstan.

Apart from the above, the Bank was also involved in the maiden issuance by DanaInfra Berhad under the newly-launched Exchange Traded Bonds and Sukuk ("ETBS") on Bursa Malaysia Berhad. This ETBS provides a new avenue for retailers to diversify their investment into fixed-income instruments and invest in the nation's key transport infrastructure and receive a Shariah-compliant return, with the security of a government guarantee.

Awards and Accolades

AmInvestment Bank ranked third in MARC Lead Manager's League Table for Sukuk for 2012 in both categories, Programme Value and Number of Issues. AmInvestment Bank was also ranked No. 3 in Bloomberg's 2012 Sukuk Underwriter League Table, underwriting a total of RM17.3 billion worth of sukuk issues which is more than a 100% increase from last year. We garnered a significant 18% of the local market share in sukuk underwriting and have consistently remained in the top three positions in Bloomberg's Sukuk Underwriter League Tables for the past eight years.

In the global arena, AmInvestment Bank has qualified as one of the top five underwriters globally, securing 5.2% of the global market share. In addition, the Bank was awarded the "Best Domestic Bond House (Malaysia)" from The Asset Asian Country Awards in 2012, in which about 84.5% of the bond deals were structured based on Islamic principles (sukuk transactions). Other regional awards in 2012 include "Best Corporate Sukuk" from The Asset Triple A Islamic Finance Awards, "Best Project Financing Deal of the Year in Southeast Asia" and "Best Islamic Finance Deal of the Year in Southeast Asia" from the Alpha Southeast Asia Deal and Solution Awards 2012.

In the domestic market, Islamic Markets was awarded amongst others, "Malaysia Deal of the Year" and "Project Finance Deal of the Year" from Islamic Finance News Awards 2012. A list of the awards is tabled at the end of this report.

Going Forward

Sovereign sukuk issues from new and emerging markets are expected to continue the global momentum on sukuk development in 2013. African countries like Senegal, Nigeria and South Africa have expressed their intention to issue sovereign sukuk ranging in value from USD200 million to USD7 billion. Last year Egypt also announced its plans to issue a USD2 billion sovereign sukuk. These sovereign issuances shall be the leading drivers in the development of the Islamic finance industry, creating new opportunities and eventually encouraging corporates to follow suit in tapping the sukuk market as an alternative source of funding. In Q1 2013, Hong Kong had also announced their potential participation in the global sukuk market, in anticipation of the review on a bill which gives equal tax treatment for sukuk.

The economic revival in West Asian markets has seen the re-emergence of infrastructure projects that would in turn drive a demand for funds. Saudi Arabia, UAE and Qatar have laid out several large infrastructure, oil & gas and construction projects which will be seeking new Shariah-compliant funds. The substantial upswing in public spending is due to the high oil prices coupled with a more upbeat investor sentiment.

AmInvestment Bank has also been working on its "International Connectivity" agenda with ANZ to grow their mutual engagement footprint in the region. The aim is to boost organic growth and expansion activities throughout the region by leveraging on strategic ties with ANZ and other foreign financial institutions. This initiative is in line with the Government of Malaysia's policy of liberalisation and internationalisation (under MIFC initiatives) with the intention of bringing in more foreign issuers on-shore by leveraging on a multi-currency sukuk issuance platform, whilst investors would benefit from tax exemptions on investing in these non-Ringgit sukuk. Names like Electricity Supply Board, Ireland, and National Australia Bank have expressed their interests and plan to raise sukuk funding out of Malaysia, taking advantage of the abundant liquidity here. Australia's recent announcement on the first sukuk issuance via Labuan, by the Solar Guys International-Mitabu joint venture, will pave the way for other corporates looking to tap the sukuk market.

In spite of the explosive growth of the global sukuk market in 2012, demand for sukuk is expected to continue outstripping supply for at least in the short to medium term. Malaysia is expected to maintain its market share despite rising competition from the GCC

Business Operations Review (Cont'd.)

countries. In the local market, sukuk issuances for 2012 had been bolstered by the Ringgit's attractiveness and this is expected to continue in 2013. Although there might be a slowdown in the issuance for the first half of the year due to market uncertainties arising from the recently held General Election, this is expected to recover in the second half on the back of a better outlook for the country's overall economy. In addition, the influx of foreign issuers tapping the Ringgit liquidity bodes well for boosting the local sukuk market to greater heights. 2013 may well be another record year for sukuk in terms of issuance value, surpassing yet again the levels of previous years.

Islamic Markets Division - League Table Achievements in 2012

MARC	• MARC Lead Manager's League Table 2012 for Islamic: No. 3 - Programme Value • MARC Lead Manager's League Table 2012 for Islamic: No. 3 Number of Issues
Bloomberg	• No. 3 in Bloomberg's Sukuk Underwriter League Table 2012 (Value of Malaysian Ringgit Islamic Bonds)

Islamic Markets Division - Awards and Accolades in 2012

The Asset Triple A Asian Awards 2012	**The Asset Triple A Islamic Finance Awards 2012** Best Corporate Sukuk
The Asset Triple A Asian Awards 2012	**The Asset Triple A Country Awards 2012** Best Domestic Bond House, Malaysia
Alpha Southeast Asia	**6th Annual Alpha Southeast Asia Deal & Solution Awards 2012** Best Project Financing Deal of the Year in Southeast Asia
Alpha Southeast Asia	**6th Annual Alpha Southeast Asia Deal & Solution Awards 2012** Best Islamic Finance Deal of the Year in Southeast Asia
Islamic Finance news Awards Deals of the Year 2012	**The Islamic Finance News Awards 2012** Project Finance Deal of the Year
Islamic Finance news Awards Deals of the Year 2012	**The Islamic Finance News Awards 2012** Malaysia Deal of the Year

CORPORATE FINANCE

A major player in the local capital markets, our Corporate Finance ("CF") LOB provides an extensive range of corporate finance and advisory services including mergers and acquisitions ("M&A"), divestitures, take-overs, initial public offerings ("IPOs"), restructurings, privatisations, issuance of equity and equity linked instruments and valuations. CF facilitates the completion of equity capital market transactions in a seamless process from origination to execution, including the procurement of all the necessary regulatory approvals. We have a clientele base that is diversified in sector and profile, servicing clients that are institutional and large corporates, government-linked corporations, financial intermediaries and, small to medium enterprises engaged in oil and gas, banking, plantations, property development and construction.

Year-on-year, the overall equity market transactions in 2012 were higher than that of the previous year, particularly in IPO and fund-raising exercises, in both value size and number.

CF has advised and successfully listed two (2) of the total of fifteen (15) new IPO listings in 2012, raising more than RM73.6 million in funds. This represented a market share of approximately 13.3% of the IPOs listed in Malaysia during 2012, with an aggregate market capitalisation of approximately RM446.8 million.

The total value of M&A transactions in 2012 as reported by Bloomberg was approximately USD74.5 billion. Of this, CF was the main adviser for transactions valued at approximately USD2.6 billion, garnering a fourth position in market ranking by deal count. CF has also secured the role of Independent Adviser for the larger corporate exercise mandates including those from Bandar Raya Developments Berhad, QSR Brands Berhad and MISC Berhad.

CF continues to secure its market leadership for innovation in deal structure that offers the optimal solution to clients through an in-depth understanding of both client requirements and prevailing corporate climate. The following market acclaims are a testament of this capability:

- **Best IPO Deal of the Year in Southeast Asia and, Best Deal of the Year in Southeast Asia for Minority Shareholders** in Alpha Southeast Asia Deal & Solution Awards 2012 (Joint Underwriters for the IPO of Felda Global Ventures Holdings)
- **Best Dual-Listed IPO of the Year in Southeast Asia and, Best Equity Deal of the Year in Southeast Asia** in Alpha Southeast Asia Deal & Solution Awards 2012 (Joint Underwriters for the IPO of IHH Healthcare Berhad)
- **Best REIT Deal of the Year in Southeast Asia and, Most Innovative Deal of the Year in Southeast Asia in Alpha Southeast Asia** Deal & Solution Awards 2012 (Joint Underwriters for the IPO of IGB Real Estate Investment Trust)

We are fully engaged to meet the challenges of a market that is constantly evolving and highly competitive. Our vision is to establish and entrench our presence to be the preferred corporate finance partner to our clients. To do this, we ensure we work collaboratively with our clients to play a relevant and helpful role in their growth and success - by being always available and maintaining an open communication channel.

CF is also committed to widening its market footprint by expanding our distribution resources and further improving our products and services competitively to raise its growth trajectory.

Notable M&A Deals by Corporate Finance Division in Financial Year 2013

KENCANA PETROLEUM

Kencana Petroleum Berhad

RM5.98 billion

Merger of Businesses of Kencana Petroleum Berhad and SapuraCrest Petroleum Berhad

May 2012

Adviser to Kencana Petroleum Berhad ("Kencana Petroleum") for the merger of Kencana Petroleum and SapuraCrest Petroleum Berhad via the disposal of the entire business and undertakings of Kencana Petroleum including all its assets and liabilities to Integral Key Berhad for a total consideration of approximately RM5.98 billion.

STARHILL REIT

Starhill Real Estate Investment Trust

RM1.31 billion

Acquisition of Marriott Hotels Comprising Sydney Harbour Marriott, Melbourne Marriott and Brisbane Marriott

November 2012

Adviser to Starhill Real Estate Investment Trust ("Starhill REIT") for the acquisition of Sydney Harbour Marriott Hotel, Melbourne Marriott Hotel and Brisbane Marriott Hotel for a total cash consideration of AUD415 million ("Acquisition"). The Acquisition is in line with the investment objective of Starhill REIT to own and invest in a diversified portfolio of income-producing hospitality real estate and real estate related assets to provide unitholders with stable cash distributions with the potential for sustainable growth, principally from the ownership of properties and to enhance long-term unit value.

Builder of Distinction Setia S P SETIA BHD GROUP

S P Setia Berhad

RM1.97 billion

Acquisition of a Portfolio of Properties comprising the Battersea Power Station in London

September 2012

Adviser to S P Setia Berhad ("S P Setia") for the acquisition of a portfolio of properties comprising Battersea Power Station site in London, United Kingdom by Battersea Project Land Company Limited, a wholly-owned subsidiary of Battersea Project Holding Company Limited for a total cash consideration of RM1.97 billion.

DRB-HICOM

DRB-Hicom Berhad

RM575million

Disposal of Entire Business of HicomPower Sdn Bhd

December 2012

Joint Adviser to DRB-Hicom Berhad ("DRB-Hicom") for the disposal of the entire business, including all of the assets and liabilities of Hicom Power Sdn Bhd (save for certain excluded assets and liabilities) to Sterling Asia Sdn Bhd for a cash consideration of RM575 million.

Business Operations Review (Cont'd.)

Notable M&A Deals by Corporate Finance Division in Financial Year 2013

PacificMas Berhad

RM450million

Disposal of Subsidiaries, Realisation of Residual Assets and Distributions

September 2012

Adviser to PacificMas Berhad ("PacificMas") for the disposal of PacificMas' five (5) principal subsidiaries for total consideration of RM450 million, realisation of the remaining residual assets in PacificMas and distribution of the proceeds from the disposal of subsidiaries, and/or realisation of residual assets to all entitled shareholders of PacificMas.

Leader Universal Holdings Berhad

RM480million

Disposal of the Entire Business and Undertakings, and Distributions

June 2012

Adviser to Leader Universal Holdings Berhad ("Leader") for the disposal of the entire business and undertakings including all of its assets and liabilities to Hng Capital Sdn Bhd for a total consideration of approximately RM480 million equivalent to RM1.10 per ordinary share of RM1.00 each in Leader ("Share") to be satisfied via cash and deferred amount, and the distribution of the proceeds arising from the disposal to all entitled shareholders of Leader of RM1.10 per Share by way of special dividend and capital reduction and repayment.

Al-'Aqar Healthcare REIT

RM168million

Injection of Asset

June 2012

Adviser to Al-'Aqar Healthcare REIT ("Al-'Aqar") for the injection of four (4) properties into Al-'Aqar including two (2) Indonesian based properties, for a consideration of approximately RM168 million ("Acquisition"). The Acquisition provides Al-'Aqar the opportunity to diversify its sources of income and its tenant base as well as to enable Al-'Aqar to enjoy geographical diversification of its portfolio.

TH Heavy Engineering Berhad

RM84 million

Acquisition of the Pulau Indah Integrated Fabrication Yard

July 2012

Adviser to TH Heavy Engineering Berhad ("TH Heavy") for the acquisition of the Pulau Indah integrated fabrication yard and the moveable and immovable assets located thereon from Oilfab Sdn Bhd (in liquidation) for a purchase consideration of approximately RM83.80 million. The acquisition of Pulau Indah integrated fabrication yard will provide TH Heavy with better infrastructure and capabilities to secure oil and gas contracts being rolled out under Malaysia's Economic Transformation Programme.

Berjaya Food Berhad

RM72 million

Acquisition of 50% Equity Interest in Berjaya Starbucks Coffee Company Sdn Bhd

July 2012

Adviser to Berjaya Food Berhad ("BFood") for the acquisition of 50% equity interest in Berjaya Starbucks Coffee Company Sdn Bhd for a cash consideration of approximately RM72 million ("Acquisition"). The Acquisition provides opportunity for BFood to acquire the established and well-known "Starbucks Coffee" chain of cafes and retail stores in Malaysia as well as establishing its position as a premium operator in the food and beverage industry in Malaysia.

Notable M&A Deals by Corporate Finance Division in Financial Year 2013

TSM TSM Global Berhad (73170-V) **TSM Global Berhad** **RM115 million** **Conditional Take-Over Offer in TSM Global Berhad** **June 2012**	Adviser to West River Capital Sdn Bhd ("West River") for a conditional take-over offer in TSM Global Berhad ("TSM"). The voluntary take-over offer has enabled West River and other joint offerors full control in deciding the strategic direction of TSM.
BONIA CORPORATION BERHAD **BoniaCorporation Berhad** **RM204.91 million** **Unconditional Take-Over Offer in BoniaCorporation Berhad** **October 2012**	Adviser to Freeway Team Sdn Bhd, Chiang Sang Sem and Chiang Fong Yee (collectively, the "Joint Offerors") for an unconditional take-over offer in Bonia Corporation Berhad ("Bonia"). The unconditional take-over offer of Bonia will enable the Joint Offerors to have a controlling stake in Bonia and thereon, allows the Joint Offerors to have the power to set the business direction of Bonia and its subsidiaries.
HUAYANG **Hua Yang Berhad** **RM158 million** **Acquisition of Leasehold Lands** **March 2013**	Adviser to Hua Yang Berhad ("Hua Yang") for the acquisition by Bison Holdings Sdn Bhd, a wholly-owned subsidiary of Hua Yang, of five (5) plots of leasehold land measuring approximately 29.2058 acres located in Mukim and District of Petaling, from Mentari Hari Sdn Bhd for a cash consideration of RM158 million.
EMIVEST **Emivest Berhad** **RM108million** **Disposal of the Entire Business and Undertakings** **April 2012**	Adviser to Emivest Berhad ("Emivest") for the disposal of the entire business and undertakings including all its assets and liabilities to Emerging Glory Sdn Bhd for a total consideration of approximately RM108 million equivalent to RM0.90 per ordinary share of RM0.50 each in Emivest.
Leong Hup Holdings Berhad **RM318.65 million** **Disposal of the Entire Business and Undertakings** **April 2012**	Adviser to Leong Hup Holdings Berhad ("LHHB") for the disposal of the entire business and undertakings including all its assets and liabilities to Emerging Glory Sdn Bhd for a total consideration of approximately RM319 million equivalent to RM1.80 per ordinary share of RM1.00 each in LHHB.

Business Operations Review (Cont'd.)

Notable Corporate Finance Independent Adviser Roles in Financial Year 2013

BRDB	QSR	ADVENTA	LATEXX	MISC	MISC
Banda Raya Developments Berhad	QSR Brands Berhad	Adventa Berhad	Latex Partners Berhad	MISC Berhad	MISC Berhad
RM1.49 billion	RM2.05 billion	RM320.85 million	RM253.81 million	RM934.4 million	RM8.83 billion
Conditional Take-Over Offer	Disposal of Substantially All Business and Undertakings	Disposal of Part of the Business and Undertakings	Unconditional Take-Over Offer	Disposal of 50% Equity Interest in Gumusut-Kakap Semi-Floating Production System (L) Limited	Conditional Take-Over Offer
September 2012	October 2012	October 2012	November 2012	December 2012	March 2013

Notable Corporate Finance IPO Success Stories for Financial Year 2013

Eita Resources Berhad
Market Capitalisation: RM98.8 million
Principal Adviser, Sole Underwriter and Sole Placement Agent
April 2012

Principal Adviser, Sole Underwriter and Sole Placement Agent to EITA Resources Berhad ("EITA") for its IPO exercise on the Main Market of Bursa Malaysia Securities Berhad with a market capitalisation of RM98.8 million. EITA and its subsidiaries are principally involved in the marketing and distribution of electrical and electronics components and equipment, design and manufacture of elevator and busduct systems including maintenance of elevator systems and provision of electrical and security system solutions as well as manufacture of electrical and electronics components and equipment. Its public issue portion was oversubscribed by 19.47 times.

China Automobile Parts Holdings Limited
Market Capitalisation: RM408 million
Principal Adviser, Lead Placement Agent, Managing Underwriter, Joint Placement Agent and Joint Underwriter
January 2013

Principal Adviser, Lead Placement Agent, Managing Underwriter, Joint Placement Agent and Joint Underwriter for China Automobile Parts Holdings Limited's ("CAP") IPO exercise on the Main Market of Bursa Malaysia Securities Berhad. CAP is a manufacturer based in Fujian Province, China, specialising in fabricating chassis components used in automobiles for transporting goods. Its public issue portion was oversubscribed by 2.36 times.

Notable Corporate Finance Secondary Offerings in Financial Year 2013

MBM Resources Berhad	TH Heavy Engineering Berhad	AmFirst REIT	Oldtown Berhad	Protasco Berhad	Dijaya Corporation Berhad
RM104.59 Million	RM144.02 million	RM213.60 million	RM64.35 million	RM22.92 million	RM319.12 million
Rights Issue with Warrants	Right Issue	Rights Issue	Private Placement	Private Placement	Rights Issue
Adviser	Adviser, Managing Underwriter and Sole Underwriter	Adviser, Managing Underwriter and Sole Underwriter	Adviser and Placement Agent	Adviser and Placement Agent	Adviser
June 2012	August 2012	August 2012	December 2012	February 2013	March 2013

Equity Capital Markets

Equity Capital Markets ("ECM") deals mainly with the marketing, sales and distribution of equities in the primary and secondary equity and equity-linked markets. It leverages on its established distribution network and close relationships with fund managers, investors and research analysts to provide timely market intelligence in the origination of primary market transactions and in the structuring and managing of the marketing and distribution of both primary and secondary equity offerings. Through ECM's close collaboration with Corporate Finance, we strive to provide clients with value accretive propositions which generate premium returns to both shareholder and company. As successful equity offerings are a function of accurate pricing, effective distribution and market awareness of both the issuer's industry and investor demand, we place a strong priority on tracking closely the pulse of the market and market developments.

Equity Derivatives

The Equity Derivatives ("ED") Division is at the forefront of the equity derivatives market in Malaysia. ED develops and issues listed warrants, listed equity-linked bull structures, equity-linked structured products, exchange-traded funds ("ETFs") and over-the-counter ("OTC") solutions to provide investors with a broader range of investment and hedging instruments to suit their risk profile. These instruments are linked to both local and globally-traded equities to provide greater access and diversification. We customise equity-linked products that enable our sophisticated investors to capitalise on both global and local rallies or alternatively, hedge against market downturns.

Our clients and investors range from corporations to financial institutions, pension funds and, asset management firms. We are fully committed to safeguarding the interests of our investors and providing liquidity for both our OTC and warrant programmes via our active market and trading desk in the cash equities, listed and OTC derivatives space. For the more complex financing and capital management needs of corporates and institutional clients, we also provide equity-linked solutions through its equity structured solutions desk. In the capital markets space, ED is also responsible for the origination of hybrid capital market securities such as convertible/exchangeable bonds which are supported by our market-making and proprietary trading desk.

We continue to strive for excellence with innovative breakthrough solutions to cater to the needs of our clients in rapidly evolving markets.

Private Banking

AmPrivate Banking caters mainly to Malaysian individuals of high net worth, offering one-stop wealth-management solutions for our high net worth clients by positioning us as an integrated access point to the expertise and resources of the entire AmBank Group. Towards this end, we work closely with the rest of the banking group to offer a premier level of service to our high net worth clients.

AmPrivate Banking offers customers a comprehensive and diversified range of products and services from a globally linked platform that includes:

- Cash management solutions
- Asset allocation and selection
- Multi-asset advisory and discretionary mandates
- Wealth protection
- Financing facilities

We assist our clients to customise their investment portfolios according to their individual risk profiles through our dedicated team of private client managers. Clients may choose to self-manage their investment portfolio (with advisory support) or elect a discretionary mandate to leave the management of their portfolio to an appointed investment manager.

We adopt an open architecture product philosophy and work with multiple counterparties to secure the best of breed products for our clients. The banks and fund managers that we work with include the most highly regarded names in the global investment industry. AmPrivate Banking branches are currently located in Kuala Lumpur, Pulau Pinang, Johor Bahru, Kuching and Kota Kinabalu.

Funds Management (AmInvest)

Funds Management Division has been rebranded as AmInvest, the Group's global brand name for its assets management business. With over 31 years of funds management experience and an enviable performance track record highlighted by numerous awards and accolades, AmInvest is a leading funds management house in Malaysia with a growing global footprint.

The business spans across various financial asset classes, principally in equities, bonds and money market instruments. We cater to both institutional and retail clients, both directly to the end client and also as a manufacturer. Our vision is to be the investment solution provider of choice - in line with our corporate tagline 'Managing Investments in a Changing World'.

We cover both conventional and Shariah-compliant funds and mandates, specialising in Asian equities and global sukuk.

New Brand

AmInvest, the new brand was unveiled in Q4 FY2013 as the brand for our funds and assets management mandates. It encapsulates our current business strategy and direction, that is to maintain our leadership in the domestic market and become a new and emerging powerhouse in the global asset management industry.

Growth

Using the three-years annualised growth of the total assets under management ("AUM"), AmInvest had a much higher and consistent growth of 18%, outpacing the local industry average of 14% per annum. Even more outstanding, over the same period, the AUM of AmInvest's institutional business growth of 21% per annum far exceeded the industry average of only 7% per year.

Although ranked third by total AUM in the asset management industry with a fund size of RM33 billion, AmInvest is the largest bond manager with the biggest market share of 22% as at end of 2012. Albeit from a relatively smaller base, the 25% growth of the AUM in our Shariah-compliant funds over the year was much faster than the 19% recorded for our conventional funds.

In response to clients' investment objectives, the Division has been steadily investing more of its assets offshore, from 15% to 20% of its total AUM over the current financial period. More than half of the total AUM in offshore investments are from Shariah-compliant investment mandates. In tandem with this evolvement in clients' investment preference, AmInvest has successfully marketed overseas its funds management capabilities and services, specialising in global sukuk, Asian bonds and Asian equities.

Business Operations Review (Cont'd.)

Accolades and Fund Performance

From April 2012 to date, AmInvest has won a record total of 21 awards. 10 of these were company awards, given based on a combination of criteria such as growth in assets, profitability, innovation and new products, as well as development of new strategies and new markets. AmInvest has also won for the second time in a row, the Investment Management Company of the Year (Malaysia) award from World Finance based in London, Malaysia's Islamic Asset Management House from The Asset, as well as Malaysia's Best Fund House from AsianInvestor based in Hong Kong. And for the fourth consecutive year, it was named Malaysia's Asset Management Company for the Year by The Asset. Additionally, AmInvest was named Best Islamic Fund House and Best Sukuk House by Asia Asset Management.

AmInvest also won seven accolades for fund performance. Amongst these was Malaysia's Overall Fund Group for outstanding and consistent performance across different asset classes from The Edge-Lipper Malaysia Fund Awards. This is a market recognition of AmInvest's stellar performance and delivery of investment objectives in equities, mixed assets and bond type funds. For its group asset class category, the Division was awarded Best Bond Group for the sixth consecutive year.

In individual fund performance, AmDynamic Bond won the Best Bond in MYR (five year performance review) for the fifth consecutive year. Since its inception in 2003, AmDynamic Bond has achieved returns of 122.2% or 9.0% per annum (as at 31 December 2012). Amongst other notable funds are the AmGlobal Property Equities and AmMateen Asia Pacific Equity that provided a one-year return of 22% and 13% respectively. In its mixed asset funds, the AmBalanced Fund has generated a 14% return over its first year period.

Innovation and New Products

AmInvest has launched 16 new funds in the current financial year, the largest number of fund launches in a 12 months period within the industry. For the year ended 31 March 2013, the Division had launched four out of 19 Shariah-compliant funds and 12 out of 46 conventional funds introduced into the market.

The Division's AUM currently comprises 78 unit trust funds and 109 institutional mandates. The depth and breadth of its product offerings underscores the spirit of innovation that has consistently driven the business. For instance, AmInvest launched Malaysia's first USD-based global sukuk fund in 2012. Known as AmGlobal Sukuk, it is meant for global investors with an appetite for Ringgit exposure in a Shariah-compliant bond fund.

Going Forward

We are actively pursuing a strategy to grow our regional and global footprints. In the first quarter following the close of FY2013, we launched our first fund in Indonesia through our Indonesian subsidiary, and are working to launch more funds before the end of 2013.

Pursuant to its global business, the Division is working towards bringing its funds onto a global funds platform for distribution.

Award/Recognition	Logo
Best Islamic Fund Manager *London 2013 Sukuk Summit Awards*	LONDON 2013 SUKUK SUMMIT
Investment Management Company of the Year, Malaysia (2nd Consecutive Year) *World Finance Investment Management Awards 2013*	WORLD FINANCE INVESTMENT MANAGEMENT AWARDS 2013
Asset Management Company of the Year (4th Consecutive Year) *The Asset Triple A Investor and Fund Management Awards 2013*	ASSET ASIAN AWARDS 2013 The Asset TRIPLE A
Islamic Asset Management House, Malaysia (2nd Consecutive Year) *The Asset Triple A Islamic Finance Awards 2013*	ASSET ASIAN AWARDS 2013 The Asset TRIPLE A

Award/Recognition	Logo
Best Fund House, Malaysia *AsianInvestor Investment Performance Awards 2013*	AsianInvestor INVESTMENT PERFORMANCE AWARDS 2013
Best 3-Year ROI Domestic Fixed Income Portfolio Manager *Employees' Provident Fund (EPF) External Portfolio Managers Awards 2012*	KUMPULAN WANG SIMPANAN PEKERJA
Best Domestic Fixed Income Portfolio Manager *Employees' Provident Fund (EPF) External Portfolio Managers Awards 2012*	KUMPULAN WANG SIMPANAN PEKERJA
Best Overall Fund Group Award *The Edge-Lipper Malaysia Fund Awards 2013*	THE EDGE | LIPPER FUND AWARDS 2013

Award/Recognition	Logo
Best Bond Group Award (6th Consecutive Year) *The Edge-Lipper Malaysia Fund Awards 2013*	THE EDGE | LIPPER FUND AWARDS 2013
Best Bond MYR Fund Over 5 Years - AmDynamic Bond (5th Consecutive Year) *The Edge-Lipper Malaysia Fund Awards 2013*	THE EDGE | LIPPER FUND AWARDS 2013
Islamic Fund House of the Year, Malaysia *Asia Asset Management Best of the Best Awards 2012*	
Best Sukuk House, Malaysia *Asia Asset Management Best of the Best Awards 2012*	
Asian Bonds, Local Currency (3 Years) *Asia Asset Management Best of the Best Awards 2012*	
Asian Bonds, Local Currency (5 Years) *Asia Asset Management Best of the Best Awards 2012*	

Award/Recognition	Logo
The Most Outstanding Islamic Fund Product - Am Namaa' Asia Pacific Equity Growth *Kuala Lumpur Islamic Finance Forum (KLIFF) Islamic Finance Awards 2012*	KLIFF 2012
One of The Most Astute Investors in Asian Local Currency Bonds *The Asset Benchmark Research 2012*	
One of The Most Astute Investors in Asian Local Currency Bonds *The Asset Benchmark Research 2012*	
One of The Most Astute Asian G3 Denominated Bond Investors *The Asset Benchmark Research 2012*	
Asset Management Company of the Year (3rd Consecutive Year) *The Asset Triple A Investment Awards 2012*	

Stock Broking

In a year where the monetary policy actions of the European Central Bank and the Federal Reserve have driven their regional markets higher amidst the slower economic conditions across US, Europe, Japan and China, 2012 was a lacklustre year for the Malaysian equity market. Whilst the major equity indices in US, Europe and Japan have registered double digit gains in response to the widespread lowering of interest rates, by the year's end as at 31 March 2013 the local bourse, Bursa Malaysia had a gain of only 4.7% based on the FBMKLCI closing of 1671.03. This could be due to the market's anticipation of the long awaited announcement on the holding of the 13th General Elections.

The total turnover in Bursa Malaysia for the 12 months ending 31 March 2013 was RM783 billion or a decrease of 7.4% from the previous corresponding period. The listing of several large IPOs such as Gas Malaysia Bhd, Felda Global Ventures Holdings Bhd, IHH Healthcare Bhd and Astro Malaysia Holdings Bhd provided some highlights to an otherwise listless market.

The retail market share of Bursa Malaysia's turnover has also declined from 22% to 16% year-on-year as at 31 March 2013. However, the LOB has managed to increase its market share of turnover from 6.1% previously to 6.9% this year through a diversification of its client base.

Futures

AmFutures continues to be one of the top bank-backed derivatives brokers in the Malaysian futures market. Our core product offerings to our clients are trading facilities in Bursa Malaysia Derivatives ("BMD"), FTSE Bursa Malaysia KLCI Futures ("FKLI") and, Crude Palm Oil Futures ("FCPO").

Our business expansion strategy is anchored on building vertical and

Business Operations Review (Cont'd.)

horizontal business objectives. Vertical objectives are focused on improving customer service and introducing new products. In this respect, we have recently gained the mandate to offer Specified Foreign Exchange products to our clients. We will begin with trading facilities in Asian exchanges and if demand permits, we can offer Specified Foreign Exchange Traded derivatives.

Our horizontal objectives are basically to broaden our distribution capabilities to increase market share. We have accordingly raised our market profile at existing AmInvestment Bank branches through regular promotions of Futures as an investment option and also increase the number of futures brokers through BMD's Dual License Fast Track Programme to improve the distribution of our products. We aim to improve our customer service by providing better market access and more product diversity.

PT. AmCapital Indonesia

PT. AmCapital Indonesia ("AMCI") is one of the active brokers with fully integrated securities services in Indonesia. Its range of products and services include equity broking, fixed income trading, online trading and investment research. The equity broking division provides share trading and margin financing to retail and local institutional clients.

The Jakarta Composite Index (JCI) had gained 19.9% for the 12 months to March 2013, whilst turnover at the Indonesia Stock Exchange increased only about 3.5% to IDR1,214 billion. However, the subsidiary's trading volume on the equity broking business for the same period continues to be less than 1% of total market turnover.

As part of its streamlining measures, the Semarang branch was closed in the Q3 of FY2013; the branch was set up in 2011 to purely market e-broking business.

Fixed Income trades mainly in government bonds but also fulfills customer orders in corporate bonds. It continues to anchor AMCI's distribution capabilities and is one of the principal custodians for its asset management subsidiary, PT AMCI Manajemen Investasi Indonesia ("AmInvestasi").

AmFraser Securities Pte. Ltd., Singapore

AmFraser Securities Pte. Ltd., Singapore ("AmFraser") is a wholly owned subsidiary of AmFraser International Pte. Ltd., which is in turn also a 100% owned subsidiary of AmInvestment Bank Berhad. AmFraser offers stockbroking services for major stock exchanges around the world including Singapore, Malaysia, Hong Kong, USA, and the United Kingdom. Its range of services include conventional stockbroking, online and mobile trading, margin financing, equity research, custodial, as well as corporate finance and advisory services.

For the financial year ended 31 March 2013, operating conditions in Singapore's stock exchange, SGX, remained challenging as trading volumes shrank 16% year-on-year. This marked the third successive year of declining volumes on the SGX.

In spite of the unfavourable market conditions, AmFraser's market share of SGX contracts grew 27.6% over the last financial year to reach a high of 1.19% from 0.94% previously. Contract values reached SGD9.0 billion (up from SGD7.3 billion previously) with 22% contributed by online trading. In fact, post March 2013, its market share reached another high of 1.41% in April 2013.

AmFraser's margin financing business also recorded encouraging growth. Margin loans outstanding stood at SGD11.0 million from SGD9.4 million previously. This represents a 17% increase. In April 2013, margin loans outstanding reached an all-time high of SGD17.1 million.

AmFraser's growth was recognized by SGX when it was awarded Fastest Growing SGX-ST Member for the year 2012.

The Corporate Finance Unit acted as placement agents for various corporates' share placements, and was also the Joint Issue Manager, Underwriter and Placement Agent for JB Foods Limited listing on the Catalist Board of SGX-ST. JB Food's market capitalisation upon listing was SGD30 million; it is one of the major cocoa ingredient producers in Malaysia. The Unit will continue to actively pursue local and regional IPOs, RTOs and M&A deals.

CORPORATE & INSTITUTIONAL BANKING

The Corporate & Institutional Banking ("CIB") Division is involved in providing wholesale banking services for the large corporate client segment supported by a wide spectrum of commercial banking and investment banking products and services. This holistic platform services clients with end-to-end financial solutions from origination to execution.

This division focuses on building and developing strong relationships with government-linked corporations ("GLCs"), government and state-owned public entities, foreign and local multinational companies, financial institutional groups, privately held conglomerates and public listed corporates. CIB works closely with other divisions within the Group to structure value-added and high quality comprehensive financial solutions, which include but are not limited to lending, deposit taking, liability management solutions, transaction banking covering cash and trade, foreign exchange and derivatives, offshore banking, debt and equity capital markets, as well as advisory and investment products.

The Division is staffed with various teams with diversified experience, concentrating on niche client groups and specific industry sectors in the Klang Valley and Selangor. The division is further supported by four Regional Business Centres ("RBCs") in Pulau Pinang, Johor, Kota Kinabalu, Kuching and an offshore Branch in Labuan to ensure that the Group has a footprint across Malaysia as well as the Labuan International Business and Financial Centre.

The division continues to acquire new clients, diversify and differentiate itself in the market place, in line with the Group's strategic objectives. Our strategic partnership with ANZ has enabled CIB to capitalise on ANZ's network for international connectivity and cross border business.

CIB delivered a strong financial performance in FY2013. Total revenue increased by 36.7% to RM 526 million, underpinned by strong growth in lending, wholesale deposits and transaction banking. Profit before tax for the division was RM482.4 million, 63.7% higher than FY2012. Gross loans grew 17% to RM17.1 billion while wholesale deposit balances expanded by 9% to RM40.7 billion.

Financial Institutions Business

The Financial Institutions Group ("FIG"), a unit within CIB continues its industry-focused strategic coverage of banks and non-bank financial institutions including credit institutions, stockbrokers, insurers and asset managers. Its main objective is to continue enhancing existing and developing new financial institution ("FI") relationships for the AmBank Group.

The FIG coverage team works with the product teams across the AmBank Group to create a one stop centre in providing customised solutions to fit the FI clients' needs, including treasury/markets solutions, capital and liability management advisory, senior debt and capital fund raising, and merger and acquisition ("M&A") advisory.

The FIG division undertakes the origination and active management of domestic and foreign FI counterparty lines to broaden and diversify AmBank Group's connectivity with the global capital markets.

Offshore Banking

The Group's offshore banking operations in the Labuan International Business and Financial Centre is primarily undertaken by the Labuan Offshore Branch of AmBank (M) Berhad. During the year, we continued to increase our financing to core sectors in the oil & gas and manufacturing segments. We also launched our offshore trade finance platform, through which we aim to support our clients in their domestic and regional business. We have also closely managed our existing asset portfolio which continues to have no impaired assets.

For FY2013, the Offshore Banking unit registered a turnover of USD19.8 million on the back of USD453 million in loan assets. Our profit before tax moderated to USD11.3 million due to lower recoveries from our legacy written-off accounts. Nonetheless, we posted an 18% increase in profit before provisions, in line with the growth in our core business.

Trustee Services

AmTrustee Berhad ("AmTB") has been in operation for over 20 years and is 80% owned by AmBank Group. It provides comprehensive conventional and Islamic corporate trust services. The services offered include acting as trustee for unit trust funds, Real Estate Investment Trusts ("REITs"), bonds, stakeholders, custodial services and retirement funds.

For FY2013, AmTB registered a 23.5% growth in assets under trust to RM21 billion while turnover grew by 7% to RM7.8 million. Profit after tax ("PAT") was however, lower at RM0.8 million due to provision for legal expenses.

Private Equity Business

Malaysian Ventures Management Incorporated Sdn Bhd ("MVMI") is a wholly-owned subsidiary of AmInvestment Group Berhad. MVMI is the country's first venture capital/private equity fund and was setup in 1984. MVMI currently manages a RM100 million country fund called AmPrivate Equity ("AmPE") and a proposed USD69 million offshore infrastructure fund.

During the financial year under review, AmPE fully divested its investment in an offshore supply vessel company, Omni Petromaritime Sdn Bhd. The company also partly divested its investment in IEV Group Ltd, which is listed on the Catalist market of Singapore Stock Exchange. The remaining investee companies are involved in logistics services, energy services, water engineering, resource based manufacturing and OEM contract manufacturing.

Real Estate Investment Trusts ("REITs") Business

Am ARA REIT Managers Sdn Bhd ("AmARA"), the Manager of AmFIRST Real Estate Investment Trust ("AmFIRST") manages nine investment properties with assets under management of RM1.28 billion as at 31 March 2013. These properties, namely Bangunan AmBank Group, Menara AmBank, AmBank Group Leadership Centre, Menara AmFIRST, Wisma AmFIRST, The Summit Subang USJ, Prima 9 & 10, Cyberjaya and Kompleks Tun Sri Lanang (also known as Jaya 99) are strategically located in Klang Valley, CyberJaya and Melaka.

AmFIRST is currently one of the largest commercial space REITs in Malaysia managing approximately 2.78 million sq ft of net lettable area as well as 5,536 car park bays. The investment objective of AmFIRST is to invest in quality yield accretive real estate-related assets in order to deliver sustainable and regular income distribution to all its unit holders.

Am ARA through Am ARA REIT Holdings is effectively 70.0% owned by AmInvestment Group Berhad and 30.0% owned by ARA Asset Management (Malaysia) Limited, a wholly-owned subsidiary of Singapore-based ARA Asset Management Limited, an affiliate of Cheung Kong Group of Hong Kong.

For FY2013, Am ARA registered a turnover of RM6.0 million and profit after tax of RM1.3 million.

Brunei Operations

AmCapital (B) Sdn Bhd, incorporated locally in the Kingdom of Brunei Darussalam, is building its corporate and private banking client base, focusing on investment advisory and asset management solutions. It plans to undertake cross border capital market solutions and advisory services.

AmCapital (B) Sdn Bhd is also the only Malaysian company on the executive council of the Brunei Malaysia Business Council, which involves various heads of local industry and the Malaysian High Commissioner. This council works closely with various government ministries in developing the corporate relationships between businesses in Malaysia and Brunei.

As the Company is still in set up stage, it posted a lower loss after tax of BND0.3 million for FY2013 on the back of assets under management of BND79 million. It is expected to improve its performance as the business gains momentum.

Business Operations Review (Cont'd.)

Meanwhile, as we continue to pursue our application for an Islamic Banking license, which is still pending a decision by the Autoriti Monetari Brunei Darussalam ("AMBD"), AmCapital has been discussing with AMBD on other avenues of cooperation in the Brunei financial industry.

MARKETS

The Markets Division being the financial markets gateway for AmBank Group, AmInvestment Bank and AmIslamic Bank, continues to make inroads into the Malaysian financial markets with increased traction in delivery of client-led treasury solutions. The strategic partnership with ANZ has enabled Markets to continue to make groundbreaking progress in offering a diverse range of innovative and client-led financial products in currencies, rates, credits, commodities and derivatives, be it in the vanilla or structured products space. Additionally, Markets continues to develop innovative Islamic foreign exchange ("Islamic FX") and derivative products to support the Malaysian Government's initiative to become a leading Islamic financial hub.

The Markets' teams have been streamlined to increase efficiency, reduce operational risks and provide value-added services to both the organisation and our clients. Continued investments in technologies have been top priority to ensure success in this business.

Markets' strategic initiatives for sustainable growth include a paradigm shift to a client solution focus to meet the evolving needs and diversity in clients' investment and hedging requirements. This is further supported by our multi-product Sales team, a strong Structured Sales team and a Quantitative Analytics team, which uses financial engineering to model market uncertainties and thus allows Markets to deliver bespoke solutions, which is customised to the desired risk/reward appetite of various clients. The Research team provides clients the advantage of superior market research ranging from daily updates to various thematic research and strategies to aid clients in making informed risk management and investment decisions.

The Strategic Business and Product Management team is tasked to ensure timely launch of new products and implementation of various projects across the division.

The continuous transformation efforts undertaken by Markets to improve performance and operational efficiencies to deliver client-led and innovative solutions is evidenced from the accolades received which have placed AmBank Group in the frontline for forex ("FX"), derivatives and fixed income business.

Awards Won in Financial Year 2013

AmBank Group was awarded as Best FX Bank for Corporates & Financial Institutions in the Alpha Southeast Asia Deal Awards 2012, in recognition of our ability to deliver FX solutions and services which cater to the needs of differing customer segments.

AmBank Group has also been voted the following in the Asiamoney Fixed Income Polls 2012:

- #2 Best for Credit Research and Market Coverage in Malaysia
- #3 Best for Credit Sales in Malaysia
- #3 Best for Credit Derivatives in Malaysia
- #3 Overall Best for Credit in Malaysia

The Asset Triple A Transaction Banking Awards 2013 has awarded AmBank Group in the following two categories for London Biscuits' solution:

- Best Service Providers – Risk Management, Malaysia
- Best Risk Management Solution, Malaysia

This follows relaxation of FX administration by BNM, and the solution helps to manage the client's mismatches in US Dollar/Ringgit exposures.

Going forward, Markets will continue to build on its earlier momentum from the collaboration with ANZ to provide substantive, integrated and client-led solutions underpinned by a full suite of FX, rates, derivatives, commodities and fixed income offerings.

ISLAMIC BANKING

The Islamic finance industry continues to grow and diversify amidst the challenging global economic environment. Increasingly resilient, Islamic banking is gaining more ground in the overall Malaysian banking industry.

At AmIslamic Bank Berhad ("AmIslamic Bank"), we continue to live up to our aspiration in becoming the preferred Islamic Bank in the domestic Islamic banking industry with strong market share which will clearly reflect AmIslamic Bank's years of in-depth expertise in Islamic financial products and services.

AmIslamic Bank continues to show that it remains a core component of the Group's business by posting a strong growth of 17.9% in net profit to RM258.2 million with a pre tax profit of RM331.9 million. Our customer deposits increased by 27.0% from the previous year whilst total assets is RM32.5 billion as at 31 March 2013. Total net financing was reported at RM22.0 billion, which accounted for 67.6% of total assets, due to the pivotal demand for financing mainly from retail segments as well as other businesses. AmIslamic Bank's total deposits have increased by 30.2% and stood at RM25.7 billion for the year ended 31 March 2013.

AmIslamic Bank continues to gear itself up to be one of the leading local Islamic banks by competing in a challenging market place, with product and business development being the main focus of the bank. Amongst the new products and initiatives launched by AmIslamic Bank during the financial year were:

i. AmCommerce Financing-i Scheme – a convenient financing programme packaged with guarantee by Credit Guarantee Corporation Malaysia Berhad ("CGC") under the Enhancer-i Scheme. This programme is open to all Shariah compliant small and medium enterprises to boost their businesses by providing financing for working capital requirement/ business expansion

ii. Commodity Alpha NIDC – a three-year negotiable Islamic debt certificate based on the Shariah concept of Bai' Bithaman Ajil (BBA) that tracks an index performance with capital guaranteed upon maturity

iii. Term Financing-i in US Currency – a term financing in US currency based on the Shariah concept of Bai' Inah for working capital and business needs

iv. AmPetrol Advance – a convenient way for businesses to obtain working capital to purchase fuel or stock for convenience shops. The package is a collaboration between AmBank Group and Petrol Dealers Association of Malaysia

v. Appointment as the Transaction Agent to facilitate the commodity trading via the Suq Al-Sila' trading platform on Bursa Malaysia (Bursa Suq Al-Sila') for the Gulf Investment Corporation, by the Sole Lead Manager, AmInvestment Bank

vi. eGIA-i – an alternative channel for placement and redemption of General Investment Account-i through AmOnline internet banking without the need to visit a branch.

AmIslamic Bank has also embarked on ongoing comprehensive and integrated marketing initiatives to position itself in the market by playing a significant role in improving the awareness level of the public in an effort to promote Islamic banking products and services. We have conducted our annual campaigns as well as participated in various national and international forums and events which are listed as follows:

i. Conducted It's Gold! Let's Celebrate! Campaign with the objective of increasing the customer base for all retail products namely Deposits, Credit Cards and Personal Financing

ii. Participated in national events namely the Ninth Kuala Lumpur Islamic Finance Forum ("KLIFF") 2012, Small & Medium Industries Development Exhibition ("SMIDEX") 2012 and Minggu Perusahaan Kecil & Sederhana ("PKS", or Small and Medium Industries Week)

iii. Participated in international events i.e. Global Islamic Finance Forum ("GIFF") 2012 and Islamic Finance News ("IFN") Asia Issuers & Investors Forum 2012

Apart from all the marketing promotions conducted above, AmIslamic Bank has been the main player and actively participated in industry development through Association of Islamic Banking Institutions Malaysia ("AIBIM"). AmIslamic Bank has also further strengthened its governance structure to elevate the level of consumer acceptance, awareness and transparency of our products and services. This is in line with several guidelines and standards issued by Bank Negara Malaysia including the Islamic Financial Services Act ("IFSA") which is expected to take effect by mid-2013.

Due to the diverse business nature of the Group and its widespread operations, AmIslamic Bank continuously strives to inculcate and embed corporate social responsibility ("CSR") into its value chain and has continued to expand. We have also fulfilled our obligations as a business organisation through our business zakat distribution for FY2012. Total zakat funds of RM1,313,553, an increase of 50% from FY2011 were distributed to 14 Zakat Collection Centres ("PPZ") as well as 16 homes and charity organisations across the country. AmIslamic Bank also continues with its Student Adoption Programme under AmKasih, the AmBank Group's CSR umbrella programme, with Yayasan Pelajaran MARA.

The bank has always played its role in building upon the Malaysian Government's thrust to transform Malaysia into a global hub for Islamic financial services and is geared towards becoming a preferred Islamic Bank in Malaysia and also the region. Our efforts were recognised with the Best Corporate Bank in Asia Award at the 2012 Islamic Business & Financial Awards organised by CPI Financial, a major annual event for the global Islamic financial community.

Moving forward to FY2014, AmIslamic Bank will undertake major initiatives which include:

i. Strengthening our core capabilities and existing channels to improve our market share in Islamic banking

ii. Continuing efforts to enhance and offer tailored products to serve the needs of customers from key customer segments

iii. Strengthening Shariah governance and enhancing infrastructure to comply with changes in regulatory requirements

iv. Inculcating branding and awareness of Islamic products through continuous effort in promotions, sales support and investment in our people and capability.

LIFE INSURANCE

AmLife Insurance Berhad

Financial Performance Highlights

On the overall, AmLife Insurance Berhad's (AmLife) gross premium earned was RM462 million as opposed to RM423 million in the previous financial year, marking a 10% growth. The main contributor is the growth in single premium, which registered a

Business Operations Review (Cont'd.)

42% increase from RM87.2 million in the previous year to RM123.7 million in the current year. This is followed by improvement in group premium income, which registered an increase of 54% in the current financial year in which the premium posted was RM48.6 million as opposed to RM31.6 million last year. The improved premium earning is primarily due to higher sales generated from the Corporate and Bancassurance channels.

AmLife's Key Initiatives

Some of the notable initiatives for AmLife throughout the financial year include:

Introduction of new management team to better strengthen the company and prepare it for future challenges. Starting with the appointment of Mr Paul Low Hong Ceong as the Chief Executive Officer effective 11 June 2012, the company also welcomed several new key appointments including that of Mr David Wee Kim Peng as Chief Operating Officer and Chief Technology Officer, Mr Venkatasubramanian Achaiyer as the Appointed Actuary and Mr Alex Lee Foo Yeun as the General Manager of Agency Sales.

Each of the newly hired key personnel comes with extensive experience in their respective area of specialisation, specifically in the area of financial services within Malaysia and abroad.

With more than two decades of experience under his belt, Mr Paul is poised to steer AmLife to become a robust life insurer, focused on delivering sustainable, long-term value for shareholders.

Strategic direction for the company
Under the new leadership, the company has undergone a critical business process re-engineering initiative with the objective of ensuring the company is on a solid footing. All these efforts provide the required impetus for AmLife to realise its target of being a leading life insurance company in Malaysia in terms of product range, sales productivity and customer service.

New Products for both the agency and bancassurance channel were rolled out during the year with a prime focus of ensuring that AmLife continues to offer solutions which best meet evolving customer needs.

Specifically, two new products were launched for the agency channel whilst one new offering was unveiled for the Bancassurance channel, after a careful study of market trends and changing consumer needs.

Competitively priced and sold based on need-based financial analysis done for every customer, the new products complement the existing range of protection solutions underwritten by AmLife for the optimum financial safety of mass and affluent customers alike.

Commitment towards Treating Customers Fairly ("TCF") continued with the TCF department undertaking a special project to review all marketing materials for products sold under the agency and bancassurance channel.

The main objective was to ensure the content of all documents currently being used for marketing such as brochures, flyers, sales illustration, product disclosure sheet, contract provision etc. are up to date, compliant, consistent and easy to understand.

The review process specially emphasised the acceptability of these documents from the eyes of the customer – no jargons used, clear and easy explanations offered, standardised wordings and customised information. These elements play an important role in ensuring customers make informed decisions when buying an insurance plan.

Awards

The Bancassurance team did AmLife proud by winning the 3rd Runner Up Producer Recognition Award during the 4th Bijak Malaysia Convention from the National Insurance Association of Malaysia (NIAM) for their outstanding sales of the Bijak Malaysia product.

Moving Forward

For FY2014, AmLife will be focusing on a number of strategic initiatives, which will further enhance its organic growth in the coming years.

Key among these are proactive recruitment of agents from the next generation with a pulse for evolving customer needs, introduction of innovative pre- and post-sales support systems promoting ease of access to important information by the front line sales team as well as the introduction of a learning culture firmly based on a continued commitment to keep the sales and support team of AmLife at the industry's forefront in terms of all-rounded skills and capability.

GENERAL INSURANCE

AmGeneral Insurance Berhad

Financial Performance Highlights

AmGeneral Insurance continues to deliver strong financial results for the Group, with a net profit after tax of RM168 million for FY2013. This represents an increase of 79.5% over the prior year, with a combined operating ratio of 89.4%.

The strong performance in profit before tax was on the back of growth in gross premiums and strong underwriting results.

Moving Forward

The outlook for AmGeneral is positive as the company makes a solid footing with strategic initiatives.

The acquisition of Kurnia Insurans (M) Bhd has positioned AmGeneral as one of the largest general insurers in Malaysia, with a network of over 7,000 agents and a customer base of 4 million policyholders nationwide. To date it is also the largest motor insurer in the country.

Backed by the strong partnership between AmBank Group and Insurance Australia Group ("IAG"), AmGeneral continues to trade under its two well-known, trusted brands, AmAssurance and Kurnia. Together, AmAssurance and Kurnia insure around one in every five cars in Malaysia (about 21% market share) and command a market share of nearly 12% for general insurance by gross written premiums*.

The strategic agenda is also proceeding with a number of investments in technology and operations. These are intended to strengthen the company's back end operations and delivery processes, providing employees, agents and customers with a more efficient service experience.

As a leading market participant in the insurance industry, AmGeneral will continue to distribute a comprehensive range of motor, personal and commercial products through the AmBank network and agents.

Key Appointment – New CEO

In October 2012, AmBank Group appointed Travis Atkinson, as the Chief Executive Officer ("CEO") for AmGeneral. Atkinson took over the role from former CEO, Duncan Brain who now concentrates on his role as IAG Head of South East Asia.

Atkinson has over 30 years of experience in the insurance industry. Before moving to Malaysia, Atkinson was previously the Executive General Manager Business Partners of IAG's New Zealand business. In that role, he was responsible for financial institution, niche motor, travel and direct personal lines insurance portfolios. Atkinson brings with him a wealth of experience in the insurance industry and with his appointment, AmGeneral will continue to grow as one of the largest general insurers in the country.

* *Insurance Services Malaysia Berhad Report 2013*

FAMILY TAKAFUL

AmFamily Takaful Berhad

AmFamily Takaful ("AmTakaful") provides a wide range of Shariah compliant family takaful solutions, targeted at meeting the growing financial needs of all Malaysians.

Our products leverage on two key Shariah principles, namely Wakalah (agency) and Tabarru' (donation), incorporated as our core business model.

The company's business operations are guided by an experienced panel of Shariah Advisors consisting of renowned industry professionals and Shariah scholars who bring with them a wealth of experience and an extensive range of Islamic finance expertise.

The strength of the Shariah Committee complements the key management staff of the company, who together, aim to deliver a competitive edge whilst implementing best practices.

FY2013 highlights

The Company commenced operations in January 2012 with three Shariah-compliant credit related products i.e. Personal Financing Reducing Term Takaful, Hire Purchase Reducing Term Takaful and Mortgage Reducing Term Takaful.

In March 2012, the first investment-linked Takaful solution with three underlying funds namely AmTakaful Equity Fund, AmTakaful Balance Fund and AmTakaful Fixed Income Fund, was rolled out via the Bancatakaful channel.

For the financial year under review, a total contribution of RM40 million was recorded, predominantly contributed by Reducing Term Takaful ("RTT") products.

Human Capital

We continued to strengthen our work force during the financial year to meet rapid growth needs of the company.

Sales and Distribution

AAA programme

We received Bank Negara Malaysia's ("BNM") approval to commence business via the Agency channel in June 2012. As the Takaful and insurance industry are largely driven by agency force, we kick-started our first batch of AmTakaful Agency Apprentice ("AAA") Programme in March 2013 with the aim of increasing our base of qualified and productive agents.

Distribution Channels

During the financial year, we entered into third party product distribution partnership with Malaysian Building Society Berhad and Affin Bank to promote our RTT and investment-linked products.

The tele-marketing initiative was kicked-off towards the end of the financial year with the launch of a simple credit card protection plan, AmTakaful 'Ismah, for AmIslamic credit card customers.

New Products

Among the new products rolled out during the year include:

- Credit Card Cover (i.e. AmTakaful 'Ismah, a telemarketing product) - this product is designed to protect the participant's credit card balances
- Group Term Takaful and Group Hospitalisation and Surgical Takaful - a total Employee Benefits solution range for small, medium and large corporations
- Hospital Benefit Rider – supplementary protection for medical costs.

Risk Based Capital Framework

In October 2012, BNM issued 'The Risk-Based Capital Framework for Takaful Operators' ("RBCT") which takes effect from January 2014.

As per Guidelines, AmTakaful must ensure maintenance of capital adequacy commensurate with the risk profile of the takaful operations and act as a financial buffer for the takaful exposure.

Moving Forward

The outlook for FY2014 is significantly positive in-line with the anticipated overall growth rate for the Takaful industry.

Group Information Services

A key role of Group Information Services ("Group IS") is the provision of strategic business applications as well as a robust and reliable infrastructure in support of the Group's strategic objectives. Significant progress has been made in the development of a new core banking system. Simplification of our IT architecture to improve cost efficiency remains a key priority, including the consolidation of systems with our recently acquired entities.

AmHorizon, the project to replace AmBank's Core Engine, has been making significant progress. The build of the core system and its interfaces with upstream and downstream systems has been largely completed. The project entered into an intensive phase of testing in late 2012 and is scheduled to go live in late 2013.

This new core banking system will provide the Bank with a scalable and robust platform for growth as well as improved customer service and business transformation initiatives.

Group-wide Integration

Consolidation of systems with our recent acquired entities to enable better integration of processes and data has been a key priority and will increase in intensity. Our new employee enterprise portal, Connected, was successfully launched in June 2012.

Robust & Flexible Infrastructure

We are simplifying our architecture by reducing the number of physical machines in our data centres through the use of "server virtualisation" technology (the basis of the emerging "cloud computing" model in the IT industry). Over time, this will result in reduced cost, reduced delivery times and more efficient changes.

We plan to renew and relocate our data centres over the next few years to incorporate the integration of our recent acquisitions.

Effective Risk Management and Compliance

We achieved compliance with the Payment Card Industry Data Security Standard ("PCI-DSS"), a set of industry guidelines governing the security of credit card-related information. We continue to maintain our ISO/IEC 27001:2005 standard for Information Security Management Systems certification and will extend the scope of its coverage over time.

Increasing Productivity and Efficiency

To help the business further improve the efficiency of certain processes, Group IS will be deploying workflow and document management capabilities. Another area of emerging need is mobile applications. Our strategy to meet the needs of the business in this rapidly evolving technology is to ensure that the solutions are secure, easy-to-use and cost-effective in the long term.

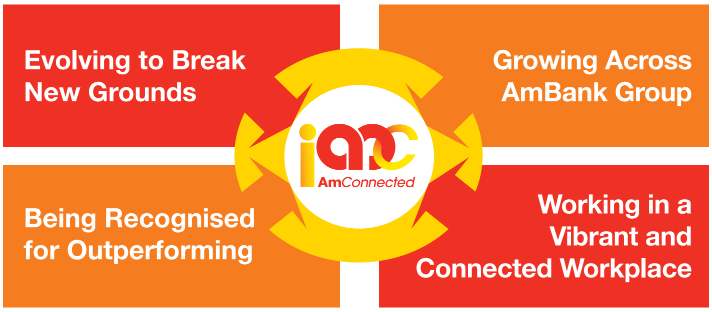
In parallel to the AmHorizon project, we have invested in developing an Enterprise Data Warehouse which will serve as a reliable source of data for management reporting, business intelligence and analytics across the Group.

Process-centric Collaborative IT Support Model

We are in the midst of changing the IT support model into one that is more process-centric, to encourage greater collaboration amongst staff from different technical backgrounds. This will result in faster problem diagnosis and change impact analysis, hence improved service to the business.

We rolled out the newly defined Technical Competency framework to identify training and development opportunities for Group IS personnel. Our personnel will be better able to determine the skills required to meet the increasingly technical demands of their jobs and progress in their career.

Human Capital Agenda



The articulation of AmBank Group's Employee Value Proposition ("EVP") in 2012 has provided direction, focus and a framework for our human capital agenda going forward. With the EVP communicated, we have focused on enhancing, developing and executing programmes and initiatives that allow employees to experience the promise embedded in the EVP's four pillars (see diagram on the left).

The programmes and initiatives are wide-ranging, and outcomes expected in the medium to longer-term. They have been prioritised and rolled-out in a phased approach in order to fully realise benefits from human capital investments and to drive the Group towards achieving its long-term goal of becoming a high performing organisation.

I Am Connected

"I Am Connected" stands for the employee promise for current and future employees of the Group who are committed to and contribute towards the success of the Group.

The programmes and initiatives for each of the four pillars of the EVP are detailed as follows:

Evolving to break new grounds

– *Continuously challenging employees to innovate and to find creative and smart ways of doing things*
– *Providing employees with opportunities to learn, grow and to be part of this exciting journey towards attaining greater success*

We provided this experience through:

- Provision of support to build technical expertise and upskilling local expertise by our strategic partners
- Replacement of the Group's Banking System – building in-house expertise and experience in large-scale system implementation, programme and change management
- Divisional Transformation Programmes – involving organisational restructuring, process re-engineering, new roles and skills
- Integrating best practices from merging companies from mergers and acquisitions
- Continued centralisation of business operations, involving a change in approach, mind-set, skills and processes to ensure continued positive customer experience

Growing across AmBank Group

– *Making employees proud to be part of AmBank Group*
– *Achieving professional and personal growth across the Group through structured and varied approaches to training and development programmes*

In 2012, we focused on emplacing building blocks that enable employee career development:

- Further e-enablement of Internal Course Offerings ("ICO") to enhance and fast-track development of employees
- Completing the Technical Competency Framework development for the third and final phase, and preparing for implementation
- Building profile management, career planning and succession management (all part of a Career Management framework) for roll-out via our Human Resource Information System ("HRIS")
- Managing talent and potential successor development through individual development planning ("IDP")
- Customised programme to fast track career/learning for performers and talent

Being recognised for outperforming

– *Recognition of employee contribution through the Group's Total Rewards Philosophy, benefits and Pay for Performance system*

To deliver on this pillar, we:

- Implemented medical outsourcing covering all employees, in order to enhance service efficiency for employees when seeking medical care
- Introduced programmes to recognise innovation to improve efficiency and productivity, unique to each Line of Business and Corporate Division
- Communicated the Group's Total Rewards Philosophy to managerial levels and above to ensure better understanding of the components of total remuneration and its impact on employee packages

We also reviewed the performance management system to increase ease and effectiveness in conducting the key processes.

Working in a vibrant and connected workplace

– *Connecting employees across the Group as we live and breathe our shared brand values*

PRINCIPLED
PROACTIVE
APPRECIATIVE
CONNECTED
EVOLVING

– *Leaders sustaining a workplace that is vibrant and exciting and where employees' views are encouraged and always appreciated*

Leaders play a key role in creating a conducive environment for employees to outperform; therefore our focus for this pillar was on developing, measuring and enhancing our leadership competencies through the following activities:

Human Capital Agenda (Cont'd.)

- Shared values and leadership behaviours from our new brand chapter were incorporated into a new set of behavioural competencies
- The new behavioural competencies were launched in leadership and employee selection, assessments for leadership and talent
- A 360-degree assessment of the senior management was launched using the new behavioural competencies
- We also ran a photography competition from October 2012 to February 2013 to engage the creativity of employees in best depicting each of the five values in photographs. The five winners and 10 runners-up won cash and certificates presented to them by the Group Managing Director

To measure how we were doing in making our employee promise come alive, we included the EVP as a category to be measured in the FY2013 Employee Engagement Survey.

"YOUR VOICE, SHAPING OUR FUTURE"

Our third Employee Engagement Survey results show a continued growth not only in the response rate and engagement index, but also major improvements in survey categories we have been focusing on in the past few years.

The results reflect the leadership of the business divisions and corporate departments **successfully executing employee engagement action plans.**

Some of the key results from the surveys to-date:

- The Group's employee engagement sustainability index, which measures our ability to sustain employee engagement at desired levels remains high at over 80% as we continue to:
  - provide a work environment that supports productivity and performance, as well as
  - enable employees' needs for individual physical, interpersonal and emotional well-being to be met
- The survey participation rate has remained high at over 85% in all three surveys
- The employee engagement index has improved steadily in a three year period with a focus on achieving the Malaysian Financial Services Norm
- We have improved significantly in satisfaction scores in the following categories:
  - Communications (↑25% in two years)
  - EVP Index (↑13% in two years)
  - Organisational Image & Competitive Position (↑11% in two years)
  - Career Development & Training (↑10% in two years)
  - Leadership (↑9% in two years)

We are committed towards continuing on this engagement journey as it is important to ascertain if we are focusing on the right investments in our human capital. The engagement index enables us to monitor the outcomes of our human capital initiatives through the voice of the employees themselves.

KEY PLANS FOR FY2014

The main thrust for the coming year will be to continue to embed and roll-out the Group's EVP through various Organisational and Human Resource functions.

Focus areas in each of the four pillars of the EVP will be:

Evolving to Break New Grounds:
- With the Group's transformation journey, there will be further opportunities for employees to be part of an aggressive agenda to increase efficiency and productivity, to generate more revenue, to manage investments effectively, to improve customer experience and to realise the benefits of significant investments made to infrastructure in the past few years

Growing Across AmBank Group:
- Career pathing to provide career options within AmBank Group
- Enhance Line Manager's ability in managing talent and employee development
- Resourcing internally as a priority, and enabling cross-divisional career mobility
- Preparing for roll-out of the Career Management Framework in the HRIS
- Roll-out of the new Technical Competency Framework across the Group, which will involve mapping of competencies to positions, employee assessment, building of learning road-maps and development planning
- A new and structured leadership development programme that meets the Group's leadership pipeline needs

Being Recognised for Outperforming:
- Upskilling Line Managers to better manage performance
- A simplified PMS form to reduce time spent in form-filling and instead focus on effective performance and development conversations that lead to actionable and measurable development plans that narrow competency gaps and enhance future performance
- Conducting a review of the Group's Job Grading Structure to enable more job and career options for employees
- A Group Rewards review to bring our salary and benefits practices at par with market

Working in a Vibrant and Connected Workplace:
- Leadership competencies to be further incorporated into human capital management functions
- Behavioural and technical development programmes based on new behavioural and technical competencies to be rolled-out through MyLMS
- Coaching programmes for Line Managers to develop people, talent and career management skills

As the journey of putting in place the building blocks in our human capital agenda nears completion, the next phase is to ensure effective implementation of these building blocks in making AmBank Group a "preferred employer" for current and future employees.

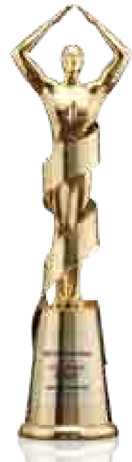
Notables and Awards

AmBANK GROUP

- Asia's Outstanding Company on Corporate Governance, Malaysia
- One of the Top 30 Companies
- The BrandLaureate
  - Tun Dr Mahathir Mohamad Man of the Year Award 2011-2012 (Awarded to Tan Sri Azman Hashim, Chairman, AmBank Group)

Corporate Governance Asia Recognition Award 2013

Malaysia's Most Valuable Brands 2012



The BrandLaureate Best Brands Awards 2011-2012

AmINVESTMENT BANK

- Highly Commended Most Innovative Deal (Cagamas RM500 million Multi-Tenor Sukuk Wakala Bil Istithmar)
- Best Local Currency Sukuk (DanaInfra Nasional RM2.4 billion Sukuk)
- Best Islamic Deal, Kazakhstan (Development Bank of Kazakhstan RM240 million Sukuk)
- Best Corporate Sukuk for Projek Lebuhraya Usahasama RM30.6 billion Sukuk (AmInvestment Bank acted as Joint Bookrunner and Lead Manager)

The Asset Triple A Islamic Finance Awards 2012

The Asset Triple A Islamic Finance Awards 2013

Notables and Awards (Cont'd.)

AmINVESTMENT BANK

- Best Domestic Bond House, Malaysia (Fourth Consecutive Year, Fifth Time in Last Seven Years)
- RAM Award of Distinction 2012 - First RAM-rated Foreign Entity from Hong Kong (Noble Group Limited)
- Malaysia Deal of the Year - PLUS RM23.35 billion IMTN Programme and RM11 billion Guaranteed Sukuk Programme
- Project Finance Deal of the Year - Boustead Naval Shipyard Syndicated Trade Facilities of up to RM2.06 billion

The Asset Triple A Country Awards 2012

The Tenth RAM League Awards (for year ending 31 December 2012)

Islamic Finance News Deals of the Year 2012 awards

- Best Islamic Finance Deal of the Year in Southeast Asia - USD11.1 billion (RM23.35 billion IMTN Programme & RM11 billion Government Guaranteed Sukuk) PLUS Sukuk
- Best IPO Deal of the Year in Southeast Asia & Best Deal of the Year in Southeast Asia for Minority Shareholders (USD3.1 billion Felda Global Ventures Holdings IPO)
- Best Dual-Listed IPO of the Year in Southeast Asia & Best Equity Deal of the Year in Southeast Asia (RM6.7 billion (SGD2.7 billion) IHH Healthcare Equity Offering)
- Best Project Financing Deal of the Year in Southeast Asia - USD780 million (RM2.4 billion) DanaInfra Nasional Islamic Commercial Papers & IMTN
- Best REIT Deal of the Year in Southeast Asia & Most Innovative Deal of the Year in Southeast Asia -USD275.3 million (RM837.5million) IGB REIT

Sixth Alpha Southeast Asia Deal & Solution Awards 2012

MARKETS DIVISION

- Best FX Bank for Corporates & Financial Institutions, Malaysia
- Best Service Providers – Risk Management, Malaysia
- Best Risk Management Solution, Malaysia – London Biscuits

Sixth Annual Alpha Southeast Asia Best Financial Institution Awards 2012

The Asset Triple A Transaction Banking Awards 2013

AmINVEST

- Islamic Asset Management House, Malaysia (Second Consecutive Year)
- Best Asset Management Company, Malaysia
- Best Islamic Fund Manager

The Asset Triple A Islamic Finance Awards 2013

The Asset Triple A Asset Servicing, Fund Management and Investor Awards 2013

2013 London Sukuk Summit Islamic Finance Awards

Notables and Awards (Cont'd.)

AmINVEST

- Best Bond Fund Group (Sixth Consecutive Year)
- Best Overall Fund Group (Across all Asset Classes)
- AmDynamic Bond – Best Bond Malaysian Ringgit Fund Over Five Years (Fifth Consecutive Year)
- Fund House of the Year Award for Malaysia
- Investment Management Company of the Year, Malaysia (Second Consecutive Year)

The Edge-Lipper Malaysia Fund Awards 2013

AsianInvestor Investment Performance Awards 2013

World Finance Investment Management Awards 2013

- Islamic Fund House of the Year Malaysia
- Best Sukuk House, Malaysia
- AmDynamic Bond Fund – Asian Bonds, Local Currency (Three and Five Years)

Asia Asset Management
Best of the Best Awards 2012

AmINVEST

- Most Outstanding Islamic Fund Product (Am Namaa' Asia Pacific Equity Growth)
- Asset Management Company of the Year, Malaysia (Third Consecutive Year)

KLIFF Islamic Finance Awards 2012

The Asset Triple A Investment Awards 2012

AmBANK

- Award for U.S. Dollar Clearing MT202 99.93%
- Best Contact Centre Team Leader (Under 100 seats) – No. 1
- Best Contact Centre Support Professional - Training/Human Resource (Under 100 seats) – No. 1
- Corporate Social Responsibility Award – No. 2
- Best Head of Contact Centre (Open) – No. 3
- Best Contact Centre Professional (Under 100 seats) – No. 3
- Best In-House Inbound Contact Centre (Under 100 seats) – No. 3

J.P.Morgan 2012 Elite Quality Recognition Award

13th CCAM Annual Contact Centre Awards 2012

Notables and Awards (Cont'd.)

AmBANK

- Highest Payment Volume Growth - Visa Gold

Visa Malaysia Bank Awards 2012

- Fastest Growing SGX-ST Member 2012

The Singapore Exchange Broker Appreciation Awards

AmISLAMIC BANK

- Best Corporate Bank (Asia)

CPI Financial Islamic Business and Finance Awards

AmBANK/AmASSURANCE

- Producer Recognition Award - AmLife Insurance Berhad (Second Runner-Up)

NIAM Bijak Malaysia Fourth Convention September 2012

Corporate Social Responsibility

As a responsible corporate citizen, The AmBank Group's Corporate Social Responsibility ("CSR") initiatives and programmes focus on the four main pillars of Marketplace, Community, Workplace and Environment. Our CSR activities and initiatives reaffirm our commitment to fulfil our social responsibility as we continue to contribute to a better society, concurrently contributing to the nation's growth, development and prosperity.

RESPONSIBILITY TO THE MARKETPLACE

Continuously adding value to the marketplace and contributing to the development of the industry are considerations that are given priority in AmBank Group's products, services and market initiatives.

The AmBank Group through its wide range of products, services and market initiatives continues to add value to the marketplace and contributes to the development of the industry with the belief that this will bring about both growth and prosperity.

Leading Innovation, Stimulating Market Participation

As a leader in the banking industry the Group continues to contribute to the marketplace, especially in terms of thought leadership and market innovation.

In January 2013, AmInvestment Bank was appointed as the Principal Adviser, Lead Placement Agent, Managing Underwriter, Joint Underwriter and Joint Placement Agent for China Automobile Parts Holdings Limited (CAP), a company based in Fujian Province, China.

AmBank Group was appointed as one of the Joint Leader Arrangers ("JLA") and Joint Lead Managers ("JLM") by DanaInfra Nasional Berhad (DanaInfra), for their fixed income securities i.e. Exchange Traded Bonds and Sukuk ("ETBS"), that was listed on Bursa Malaysia Berhad ("Bursa Malaysia") on 8 January 2013. The launch of the RM8 billion Government Guaranteed Sukuk Financing Programme by YAB Dato' Sri Mohd Najib Tun Abdul Razak, Prime Minister of Malaysia marked a historic milestone for the Malaysian capital market with the maiden issuance by DanaInfra, effectively creating a new asset class on the Exchange to cement Malaysia as the world's leading sukuk marketplace.

AmInvestment Bank was appointed as one of the Joint Principal Advisers/Joint Lead Arrangers/Joint Lead Managers for the 20-year Sukuk Musharakah Programme of up to RM2.0 billion in nominal value by Westports Malaysia Sdn Bhd on 2 June 2012. It was structured under the widely accepted principle of Musharakah to a wide investor base.

AmInvestment Bank was also the Sole Lead Manager for Gulf Investment Corporation GSC, Kuwait's RM750 million (USD253 million) issuance under its existing 20-year RM3.5 billion (USD1.18 billion) Sukuk Wakalah bi Istithmar Medium Term Notes programme, where AmIslamic Bank was Transaction Agent to facilitate the commodity trading via the Suq Al-Sila' trading platform on Bursa Malaysia.

To enable business customers to access both their international and local trade transactions in an accelerated way, AmBank Group launched its new corporate internet banking solution portal, AmTrade on 15 October 2012. The web-based service enables online submissions of trade applications and supporting documents, thus delivering greater efficiencies and enabling faster business growth.

The Funds Management Division ("FMD"), a member of AMMB Holdings Berhad unveiled a single brand name for its funds management business – 'AmInvest' on 25 February 2013, replacing three distinct brands under FMD namely AmMutual, AmIslamic Funds Management and Funds Management Division, AmInvestment Bank Group. The AmInvest brand will represent both FMD's conventional and Shariah compliant investment solutions for retail and institutional investors globally.

AmMutual or now known as AmInvest continued to bring to the market wide-ranging themes of funds to suit a variety of investor sector interests as well as risk appetites. Among the funds introduced are AmDynamic Allocator (aims to achieve capital growth over the Medium and Long-Term and at the same time, provide income), AmConsumer Select-Capital Protected (aimed at capital protection with potentially higher returns than fixed deposit rates), AmTactical Bond and AmAsia Pacific Leisure Dividend Fund (for investors seeking a medium to high-risk investment vehicle).

AmBank continued its structured warrant programme with 129 issuances that included call and put warrants over stocks primarily listed on Bursa Malaysia. The fourth edition of the Malaysia Corporate Bond Handbook was published in May 2012, once again providing an indispensable one-stop comprehensive reference to participants in Malaysia's bond market.

Thought Leadership and Knowledge Exchange

The Group leads in various sectors of the marketplace and continues to emphasise knowledge sharing and exchange via forums, briefings and conferences. It continued its media briefing sessions, which included a series of briefings in mandarin, for the benefit of mandarin speakers, on investing on stocks and futures, and also on the outlook for the bond market.

For the seventh consecutive time, the Group via the AmIslamic brand was the

Corporate Social Responsibility (Cont'd.)

Lead Partner in the IFN Asia Issuers & Investors Forum 2012. Held on 1 and 2 October the event addressed key issues pertinent to Asia's current economic climate and the latest developments within the region's Islamic financial market; including recent governmental efforts, issuer and investor interest, potential capital market issuances, as well as tax and regulatory updates.

AmIslamic came on board as Exclusive Partner at Global Islamic Finance Forum ("GIFF") 2012, themed "Internationalision of Islamic Finance: Bridging Economies" organised to position Malaysia as a hub for international Islamic finance. AmIslamic was the Gold Sponsor for 9th Kuala Lumpur Islamic Finance Forum (KLIFF) held from 15-17 October 2012, a prestigious event that gathers a pool of industry experts ranging from regulatory authorities, Shariah scholars, bankers, experts, Takaful operators and academicians to share their views and experiences in developing Islamic banking and finance around the globe.

On 6 September 2012, AmInvestment Bank was the lead sponsor for the IFR Asia Malaysian Capital Markets Conference 2012, a one-day conference that saw interesting debates, discussions and knowledge exchange amongst the speakers and focused on Malaysian bonds, loans and equity markets in 2012-13 together with new origination and syndication opportunities for domestic and international financial institutions.

The Group was Titanium Sponsor for International Energy Conference 2012 held in Sarawak from 16-18 October 2012, with the theme "Energising Sustainable Transformation & Opportunities in Sarawak". Tan Sri Azman Hashim, Chairman, AmBank Group chaired a panel discussion at the International Conference on Productivity and Sustainable Inclusive Development in Asia Pacific, held on 9 and 10 August 2012 in Taipei, Republic of China.

Improving Product and Service Benefits to Customers

The AmBank Group continuously strives to ensure better adoption of best-practices and understanding of customer needs when preparing its pipeline of customer offerings. To accelerate the enhancement of the Group's suite of foreign exchange products and services offerings, AmBank Group announced the establishment of a strategic business alliance with Travelex, the world's largest foreign exchange specialist on 4 July 2012. On 30 January 2013 AmBank (M) Berhad and Rakuten Online Shopping announced a long-term partnership agreement to implement a series of joint promotions on the e-commerce platform.

As part of AmBank Group's commitment as the Official Bank of The Royal Selangor Golf ("RSGC") a new AmBank Cash Deposit Machine ("CDM") was installed and AmBank RSGC World MasterCard was launched. The AmBank Rockwills Card, specially designed and packaged with great savings for consumers and giving them an avenue to contribute to charity was launched on 7 August 2012.

The various divisions of the Group were also recognised for their excellence in products and services by a number of awards. AmInvestment Bank on 26 April 2012 swept six of the top awards at the 9th RAM League Awards, recognising excellence in the Malaysian bond and sukuk markets. These included two Special Merit Awards "RAM Award of Distinction 2011" as Malaysian Top Lead Manager 2011 for the Corporate Bond Market as well as the Corporate Sukuk Market. The Asset magazine's annual Triple A Country Awards 2012 have named AmInvestment Bank Berhad ("AmInvestment Bank") as the Best Domestic Bond House, Malaysia for the fourth consecutive year and the fifth time since 2006.

At the Sixth Annual Alpha Southeast Asia Deal and Solution Awards 2012 on 31 January 2013, AmInvestment Bank won Best Initial Public Offering (IPO) Deal Of The Year In Southeast Asia & Best Deal Of The Year In Southeast Asia for Minority Shareholders (for the USD3.1 billion Felda Global Ventures Holdings IPO), Best Dual-Listed IPO Of The Year in Southeast Asia, Best Equity Deal Of The Year In Southeast Asia (for the RM6.7 billion IHH Healthcare Berhad (IHH) Equity Offering), Best REIT Deal Of The Year In Southeast Asia; Most Innovative Deal Of The Year In Southeast Asia (for the RM837.5 million IGB Corporation Berhad REIT, Best Project Financing Deal Of The Year In Southeast Asia (for the RM2.4 billion DanaInfra Nasional's Islamic Commercial Papers and Islamic Medium Term Notes) and Best Islamic Finance Deal Of The Year In Southeast Asia (for the RM23.35 Billion IMTN Programme + RM11 Billion PLUS Guaranteed Sukuk).

AmInvest, the new brand for the funds management business of AMMB Holdings Berhad which manages both conventional and Shariah-compliant funds, won Malaysia's Islamic Fund House of the Year, Best Sukuk House and Best Asian Bonds (three years and five years for local currency) awards (Asia Asset Management's Best of the Best Awards 2012), Investment Management Company of the Year, Malaysia (World Finance Management Awards 2012) while AmIslamic Bank was awarded the Best Corporate Bank in Asia (2012 Islamic Business & Financial Awards) on 5 December 2012, was named for the third consecutive year as "Asset Management Company of the Year, Malaysia" (The Asset Triple A Investment Awards 2012), "The Most Outstanding Islamic Fund Product" for Am-Namaa' Asia-Pacific Equity Growth (KLIFF Awards 2012), the most coveted accolade in the industry for Malaysia's Best Overall Fund Group and Best Bond Group and Best Bond MYR Fund (over 5 Years) for the sixth consecutive year and fifth consecutive year respectively (The Edge-Lipper Malaysia Fund Awards 2013).

AmBank Group won the awards for the Best Service Providers – Risk Management, Malaysia and also for Best Risk Management Solution, Malaysia from The Asset Triple A Transaction Banking Awards 2013 (Treasury, Trade and Risk Management) presentation held in Hong Kong on 21 March 2013.

At the 13th Customer Relationship Management and Contact Centre Association of Malaysia (CCAM) 2012 Awards, the AmBank Contact Centre won the Best Contact Centre Team Leader (open), Best Contact Centre Support Professional (under 100 seats), Corporate Social Responsibility Award (second place), Best In-House Outbound Contact Centre (third place, under 100 seats), Best Head of Contact Centre (third place, under 100 seats) and Best Contact Centre Professional (third place, under 100 seats).

RESPONSIBILITY TO THE COMMUNITY

The AmBank Group stays connected to the community by reaching out to society with compassion and remaining committed in addressing a wide range of issues linked to the development of sustainable communities. These include the less fortunate, those in distress situations, youth, sport, culture, and the media. At a parallel level, the Group also continues to contribute to healthy intellectual growth through various initiatives.

Caring for the Underprivileged and Needy

The AmKasih programme continued for the third year as the umbrella platform for AmBank Group's CSR sustainable development initiatives, where the Group has allocated RM1 million per year in sponsoring the programme. On 19 May 2012 a total of 100 families from Kuching, Sarawak received a total sum of RM104,000, where each recipient will be provided an allowance of RM20 per family per week or RM80 per month for one year to help offset the costs of essential daily food items such as rice, sugar, flour, milk and cooking oil.

Tan Sri Azman Hashim and Mr Jeff Pereira, Chief Executive Officer, MyKasih Foundation (centre, red shirt with red cap) taking a group photo with the AmBank-MyKasih Community Programme recipients in Sarawak.

Between 6 and 13 August 2012, AmBank Group through its sports club, Kelab AmBank Group ("KAG") held its annual shopping and Buka Puasa for the less fortunate from a total of six homes and 5 schools in Kuala Lumpur, Alor Setar, Kuching, Batu Pahat, and Kota Bharu. In this initiative under the CSR banner of AmKasih the homes were also presented RM5000 cash each.

On 13 September 2012, 50 less fortunate children and youth from Madrasah An Nuriah Ad Dinniah, Melaka were invited for a Hari Raya treat and distributed Duit Raya, school uniforms, shoes and stationery to them. A cash contribution of RM8000 was also presented to the home.

AmBank Group distributed 5,400 life jackets to fisherman and boat operators in Kelantan and Terengganu on 7 November 2012. A further 1,520 life jackets were distributed in Marang, Terengganu on 17/18 May 2013.

YBhg Datuk Dali Hussain, Chairman, Parliamentary Agriculture Development Council of Pengkalan Chepa (front row, fifth from left) and Tuan Syed Anuar Syed Ali, Senior General Manager, Group Corporate Communications and Marketing, AmBank Group (front row, sixth from left) with the fishermen and boat owners at the ceremony in Jetty Kuala Besar, Kota Bharu, Kelantan.

AmBank Group through KAG organised a Hari Gawai treat for 50 children from the Yayasan LaSallian Kuching in Kuching on 22 May 2013, where they were presented with cash contribution and then brought for Hari Gawai shopping. KAG also organised a similar Hari Kaamatan treat for 52 children from Rumah Anak Yatim Ar-Raudhoh and Taman Didikan Kanak-Kanak Kurang Upaya Sri Stella in Tawau, Sabah on 23 May 2013.

On 27 September 2012 AmBank Group donated new sets of chairs to the Tun Hussein Onn National Eye Hospital ("THONEH") as part of its efforts to provide comfort and convenience to the community. The Group's sports club, Kelab AmBank Group ("KAG") organised a Deepavali treat for 45 children and youths from the Arul Perum Jothi Children Home in Ipoh, Perak, where they were presented with gifts such as school uniforms, school bag, shoes and socks, and mattress, pillow, bed sheet and electrical appliances to the home.

KAG also held a Chinese New Year celebration for 90 children and youths from Kuching Boy's Home and Kuching Children Home in Sarawak on 23 February 2013. They received red packets, goodies, musical instruments, amplifier and computers, while the homes were presented with donation of RM5,000 cash each.

AmIslamic Bank signed a Memorandum of Understanding with Yayasan Pelajaran MARA (YPM) on 22 November 2012 to sponsor 282 needy students from all over Malaysia worth RM250,000 for year 2012. Part of this MOU is under the AmIslamic Bank Adoption Programme in collaboration, which provides financial aid for schooling to primary and secondary level students from low-income families.

Datuk Mahdi Murad, Chief Executive Officer, AmIslamic Bank Berhad, Tuan Syed Anuar Syed Ali, Senior General Manager, Group Corporate Communications and Marketing, AmBank Group, Haji Abd Rahim Abdul Ghani, Deputy Director General (Education), MARA, Tuan Haji Kamarul Ariffin, Board Member, Yayasan Pelajaran MARA and Dr Zubir Harun, Chief Executive Officer, Yayasan Pelajaran MARA.

Corporate Social Responsibility (Cont'd.)

AmIslamic Bank continued to provide assistance is a sustainable manner to the underprivileged and presented business zakat to 14 Zakat collection centres as well as 16 homes and charity organisations across the country amounting to RM1,313,553 for financial year ending March 2012.

Supporting Youth, Sports and a Healthier Lifestyle

AmBank Group continues to support and promote programmes that encourage the holistic development of the younger generation and stimulates competitiveness and teamwork, and this is reflected in the themes of the events and initiatives supported by the Group.

The Group was the one of the sponsors for the Mega Konvoi MyAlza Owners Club (MAOC) My Book of Records 2012, held in conjunction with the Himpunan Jutaan Belia held from 23-27 May 2012. It was also the title sponsor for the 7th AmBank Group Malaysia Chess Challenge 2011, part of the annual Malaysia Chess Festival 2011. The Group was the Gold sponsor for the Ipoh Starwalk 2012 held on 17 June 2012, which attracted approximately 15,500 walkers. For the PJ Half Marathon 2012, AmBank Group came on board as one of the sponsors.

AmBank Group was the Bronze Sponsor and the Official Bank of the prestigious Langkawi International Mountain Bike Challenge (LIMBC) 2012, held in Pulau Langkawi from 14-20 October 2012, saw. Former Prime Minister, YABhg Tun Dr Mahathir Mohamad flagged off and gave away prizes to the winners.

In Golf, AmBank Group, the Official Bank for the Royal Selangor Golf Club (RSGC) sponsored the second RSGC AmBank Junior Amateur Open Golf Championship held from 4-6 June 2013. Further in support of the development of golf amongst youth, AmBank Group once again came on board for the AmBank SportsExcel International Junior Golf Championship 2012 with a sponsorship of RM26,860. AmBank Group was also the Main Sponsor for the Perodua World Golfers Championship held from May-October 2012.

The Group was the Gold sponsor for the Ipoh Starwalk 2012.

Supporting Education, the Media and Intellectual Growth

Ever supportive of the media, the Group sponsored the AmBank Media Legend Award at the National Press Club ("NPC") Naza Awards Night 2012 on 12 September 2012 where the Prime Minister of Malaysia, YAB Dato' Sri Mohd Najib Bin Tun Haji Abdul Razak presented the award to former RTM Director-General Datuk Abdullah Mohammad. In support of the media, the Group had also sponsored RM5,000 towards the Malaysian Press Institute's Malam Wartawan Malaysia 2012 journalists' award ceremony on 12 June 2013.

AmBank Group was one of the sponsors for the Malaysian Press Institute (MPI) Fifth International Journalism Fellowship 2012 launch held on 18 September 2012. AmBank Group participated for the Thirteenth Consecutive Year in The Edge-Bursa Kuala Lumpur Rat Race 2012, held on 25 September 2012 by sending a team and sponsoring RM15,000 in the annual race which raises funds for charitable organisations.

The Group came on board as the title presenter for the Karnival Futsal dan Bola Jaring Harian Metro 2012 dibawa oleh Ambank. AmBank Group was one of the Major Sponsors at the National Press Club (NPC) Treasure Hunt 2012 held on 21 April 2012.

AmBank Group sponsored a Christmas cum back-to-school colouring contest on 15 December 2012 in Kuching. Through this sponsorship, AmBank as a financial institution encouraged the young to save, using the prize money as a 'start up' fund.

Tan Sri Azman Hashim, Chairman, AmBank Group presented the inaugural Azman-Hashim-IIUM Ummatic Scholarship to 10 selected students of the International Islamic University Malaysia ("IIUM") on 28 November 2012.

Supporting Social Causes and the Community

The AmBank Group was the platinum Sponsor for the Federation of Public Listed Companies Berhad ("FLPC") 25th Anniversary Charity Gala Night on 19 June 2012. A group of AmBank Group's Channels Department staff gave a helping hand at the SPCA Ampang by putting their energy, passion and funds together to volunteer at the animal shelter.

Promoting the Arts and Popular Interests

For the eight time, and for the first time in Putrajaya, AmBank Group successfully AMBANG 2013 PUTRAJAYA concert, staged its year-end celebration and concert extravaganza on 31 December 2012. Organised in collaboration with Perbadanan Putrajaya and NTV7, the highlights of the evening were the much anticipated stars including Dato' M. Nasir, Mizz Nina, Jamal Abdillah, Dato' Hattan, Ramli Sarip and Hujan. Wowing audiences also too were Kumpulan Wings, Stella Chung and Magen. A Gangnam Dance-AmBank Style performance by AmBank Group's own staff added to the energy of the exciting evening. Tan Sri Azman Hashim, Chairman, AmBank Group also took to the stage to sing a few favourite numbers, together with The Singing Shop and their medley of popular hits. A brilliant show of fireworks ushered in the New Year, to the delight of an estimated 500,000-strong live audience at Dataran Merdeka.

The 33rd Malaysian Investment Banking Association ("MIBA") Annual Dinner was held on 12 November 2012 and saw AmInvestment Bank take the title of Overall Champion for the MIBA Games 2012. AmInvestment's Dance team emerged third place in the dance competition held during the dinner.

AmBank Group dominated at the National Inter-Financial Institutions Table-Tennis and Bowling Tournament 2012, where they emerged Champions in the Inter-Financial Institutions Bowling League 2012, Ladies Masters category with Nurul Ain Hanzir from Risk Management, Piala Bank Rakyat-Inter-Financial Institutions Table-Tennis Tournament, Singles Table Tennis category with Ong Poi Seng and Doubles Table Tennis category withWong Jee Seng/Tan Ho Eng. AmFraser Securities was the Champion at the 14th Inter-Stockbroking Company Bowling Challenge 2012 held at Kallang Bowl Singapore on 12 July 2012.

RESPONSIBILITY TO THE WORKPLACE

The AmBank Group continues to provide the best possible support to foster its staff wellbeing, development and intellectual growth, realising the value which an engaged workforce will be able to add to the Group and to the community at large.

Balanced and Healthy Lifestyle

A wide range of sporting and competitive challenge events is hosted by the AmBank Group, through its sports club, Kelab AmBank Group to ensure that staff are fit, healthy and alert in body and spirit while having a sense of healthy competition, all valuable attributes at the workplace. These events also help staff take a break from their working lives and get to know their colleagues outside of their working environment. Staff had many opportunities to show their prowess in tournaments and championships for bowling, darts, go-kart, paintball, futsal, bowling and snooker.

The annual Kelab AmBank Group (KAG) Treasure Hunt, this year named as AmChill Out Hunt 2012 was held on 21-22 April and 30 June -1 July 2012. It was flagged off at Taman Metropolitan Kepong with Cameron Highland's Hotel Equatorial the destination and a total of 856 participants came from Kuala Lumpur, Kedah, Pulau Pinang, Pahang, Negeri Sembilan, Melaka and Johor.

Fadzlee Abbas from AmLife won the Tan Sri Dato' Azman Challenge Trophy at the KAG Golf Tournament on 3 November 2012 which saw a total of 104 KAG members participating. Leading the tournament held at Impian Golf & Country Club, Kajang was Tan Sri Azman Hashim himself, Chairman, AmBank Group.

The KAG Blood Donation 2012 held at Bangunan AmAssurance, Bangunan AmBank Group and Menara AmBank in October 2012 saw a total participation of 648 staff. AmBank Group through its sports club, KAG organised a breast cancer screening campaign for its staff/ spouses on 3 December 2012 at Menara AmBank, 10-11 December 2012 at Bangunan AmBank and 18-19 December 2012 at Bangunan AmAssurance.

AmBank Group Family Spirit

The Group places priority on fostering a sense of togetherness amongst its 10,000-strong staff and management, staff and staff family members get together in family days where greater interaction in a more informal setting that develops greater bonds and connectivity amongst all.

Staff and their children having fun at the AmBank Group Family Day held in Stadium Merdeka on 9 March 2013.

On 19 May 2012 more than 800 AmBank Group Sarawak Region staff celebrated the Sarawak Region Family Day at Damai Central, Kuching, held in recognition of their contribution towards the Group. On top of the Family Day, a Long Service Ceremony for Sarawak Region staff was also held on the same day to honour their ceaseless dedication to the Group. A total of 62 staff were honoured for their contribution ranging from 15-30 year categories for the year 2010-2011.

Work Skills and Personal Development

Please refer to the Human Capital Agenda section on page 87.

RESPONSIBILITY TO THE ENVIRONMENT

AmBank Group entered its 26th year of sponsoring Zoo Negara's Dromedary camels so that the wellbeing of the beautiful camels is extended in order for future generations to enjoy this unique animal. Additionally, in 2012 the Group also sponsored the cost of upgrading the stainless steel cable at the camels' exhibit. So far, more than RM620,000 has been contributed to this noble cause. In support of green technology, the Group continues to plays its part in support of the Malaysian Government's Green Technology Financing Scheme.

We at AmBank Group continue to environmentally responsible and reduce wastage by recycling paper, double-sided printing, minimising colour printing and using electronic communications instead of hard copy printouts where possible. Bangunan AmBank Group, Menara AmBank Group and the AmBank Group Leadership Centre are designated as 'no smoking' buildings aiming to provide cleaner air for employees and customers alike. Our buildings notably Bangunan AmBank Group and Menara AmBank Group in Kuala Lumpur have also pleasant greenery and landscaped planted areas created to provide pockets of soothing beauty that make for a more pleasant banking experience while at the same time help replenish the oxygen in the urban atmosphere.

Calendar of Events – Business Activities

APRIL 2012

- AmG Insurance Berhad acquired Kurnia Insurans (Malaysia) Berhad on 12 April for RM1.55 billion
- On 25 April, AmMutual launched their latest fund, AmDynamic Allocator, a fund that aims to achieve capital growth over the Medium and Long Term while providing income by investing primarily in collective investment schemes ("CIS")
- AmInvestment Bank swept top 6 awards at the Ninth RAM League Awards held in Kuala Lumpur on 26 April
- AmARA REIT Managers Sdn Bhd, the manager for AmFirst Real Estate Investment Trust, on 30 April, received unit holders' approvals for the proposed renounceable rights issue of 257,400,600 new units in AmFIRST REIT on the basis of three new units for every five existing units and proposed increase in fund size at the unit holders' meeting in Kuala Lumpur

MAY 2012

- On May 8, 2012, Tan Sri Azman won the BrandLaurete – Tun Dr Mahathir Mohamed Man of The Year Award 2011–2012

JUNE 2012

- AmMutual launches their latest fixed income, close ended fund, AmConsumer Select-Capital Protected on 7 June. The fund is a capital protected fund that seeks to capitalise on the potential of consumer related stocks
- AmInvestment Bank Berhad was appointed as the Sole Lead Manager for the Gulf Investment Corporation GSC, Kuwait's issuance of sukuk amounting to RM 3.5 billion Sukuk Wakalah bi Istithmar Medium Term Notes Programme on 18 June
- AmARA REIT Managers Sdn Bhd, the Manager of AmFIRST Real Estate Investment Trust announced on June 30, that for the first quarter, AmFIRST REIT achieved a realised net income of RM 9.8 million or 2.29 per unit gross

JULY 2012

- On July 3, AmInvestment Bank Berhad was appointed as one of the Joint Lead Arrangers and Joint Lead Managers by DanaInfra Nasional Berhad ("DINB") for the RM 8.0 billion Government Guaranteed Sukuk Financing Programme
- AmBank Group announced the establishment of a strategic business alliance with Travellex, the world's largest foreign exchange specialist on July 4
- On 10 July, AMMB Holdings Berhad announced that it has entered into a conditional share sales agreement with MBF Holdings Berhad and its wholly-owned subsidiaries Atox Cards Sdn Bhd and Jastura Sdn Bhd for the proposed acquisition of an aggregate 100% equity interest held by the vendors in MBF Cards (M'sia) Sdn Bhd for a total cash purchase consideration of RM 623.4 million, subjected to net asset value adjustments on completion
- Tan Sri Azman Hashim won The Edge Billion Ringgit Club Value Creator: Outstanding CEO of Malaysia Awards on 16 July
- AmInvestment Bank and AmIslamic Funds Management received awards on 17 July at The Asset Triple A Islamic Finance Awards
- AmInvestment Bank Berhad has been appointed as one of the Joint Lead Arrangers and one of the Joint Lead Managers, on 20 July, for the RM3 billion Government Guaranteed Islamic Medium Term Notes Programme ("IMTN Programme")
- AmMutual hosted a media briefing on 31 July, on Asia- Pacific REITS titled "A Concrete and Solid Investment Case for Asia-Pacific REITS"

AUGUST 2012

- AmBank Group launches the AmBank RSGC World Mastercard on August 3. The new co-brand card programme with The Royal Selangor Golf Club (RSGC) is for members who are captains of the industry, high ranking government officials and foreign diplomats
- Estate planning specialist, Rockwills, formed a strategic alliance with AmBank (M) Berhad, on August 7, to introduce a free-for-life AmBank Rockwills Card which entitles cardholders to discounts, cash rebates, as well as fee waivers on Rockwills estate planning services amongst others

SEPTEMBER 2012

- On 6 September, AmInvestment Bank was the lead sponsor for the IFR Asia Malaysian Capital Markets Conference 2012
- AmIslamic was the exclusive partner at GIFF 2012 which was held from 18-20 September: The Global Islamic Finance Forum ("GIFF") 2012, themed "Internationalisation of Islamic Finance: Bridging Economies" held at Sasana Kijang, Bank Negara Malaysia organised in support of the Malaysia international Islamic Financial Centre ("MIFC") and an initiative to position Malaysia as a hub for International Islamic Finance
- AmMutual launched its latest close-ended bond fund on 26 September, AmIncome Flexi, in response to the needs of investors seeking potential returns and an investment that aims to provide lower risk than equities

Datin Maznah Mahbob, CEO, AmInvest (seated second from right) speaking at IFN 2012 Issuers and Investors Asia Forum.

OCTOBER 2012

- AmIslamic, the brand for the Islamic products and services across AmBank Group, came on board for the seventh consecutive time as a lead partner at the IFN Asian Issuers and Investors Forum 2012 held on 1- 2 October in Kuala Lumpur

- AmBank Contact Centre won six awards at the 13th Customer Relationship Management and Contact Centre Association of Malaysia ("CCAM") 2012 award presentation ceremony held on the 11 October in Kuala Lumpur

- Funds Management Division ("FMD"), one of the leading award winning fund management houses in Malaysia was awarded Malaysia's Asset Management Company of the Year for the third time in a row at The Asset Triple A Investment Awards 2012 held on 11 October

- Welcoming Kurnia to the AmBank Group Family, on 11 October, AmBank Group held a special ceremony for Kurnia staff as the newest members of the AmBank Group family

- On 10 October, FMD hosted a media briefing with Mr. Manuel Tenekedshijew, Vice President, Portfolio Manager, DWS Investment GmBH in Kuala Lumpur entitled "Golden Investment Opportunities"

- AmIslamic was the Gold Sponsor for the Ninth Kuala Lumpur Islamic Finance Forum ("KLIFF") which was held from 15- 17 of October 2013

- AmBank Group launched its new corporate internet banking solution, AmTrade on 15 October. The launch will begin with a series of roadshows nationwide

- Am-Namaa' Asia-Pacific Equity Growth which is managed by award winning FMD was honoured as the "Most Outstanding Islamic Fund Product" on October 16

- FMD hosted a media briefing with Ms Henrietta Lance, Senior Portfolio Manager, Global Commodities Equities, Amundi Asset Management entitled "Commodities – The Exciting Oil and Gas Story"

- AmBank Group was the Titanium Sponsor (main sponsors) for the International Energy Conference 2012 held on 16-18 October at the Borneo Convention Centre, Sarawak. The theme of the conference was "Energising Sustainable Transformation and Opportunities in Sarawak"

NOVEMBER 2012

- AmARA REIT Managers SdnBhd, the Manager of AmFIRSTReal Estate Investment Trust announced on 6 November that for the first half year, ended September 2012, AmFIRST REIT achieved a net income of RM 21.9 million compared to RM 18.9 million in the preceding year

- AmMutual, the No. 1 fixed income manager, unveiled a new income and growth bond fund, AmTactical Bond on November 8. The Bond, which aims to provide income and to a lesser extent capital appreciation, is expected to outperform the fixed deposit rate with potential semi-annual income distribution

- FMD hosted a media briefing held on November 21 in Kuala Lumpur entitled "Asia Pacific Equities Markets and Its Income Values"

- AmIslamic Bank signed a Memorandum of Understanding ("MOU") with Yayasan Pelajaran MARA ("YPM") on 22 November to sponsor 282 needy students from all over Malaysia worth RM 250,000 for the year 2012

Calendar of Events – Business Activities (Cont'd.)

Tan Sri Azman Hashim, Chairman, AmBank Group (right) exchanging documents with YBhg Dato' Mat Noor Nawi, Chairman, DanaInfra Nasional Berhad. Witnessing the exchange of documents are (from right) YBhg Dato' Sri Dr Mohd Irwan Serigar Abdullah, Secretary General, Treasury, YB Dato' Seri Ahmad Husni Hanadzlah, Minister of Finance II and YAB Dato' Sri Mohd Najib Tun Abdul Razak, Prime Minister of Malaysia.

DECEMBER 2012

- AmIslamic Bank Berhad was awarded the Best Corporate Bank (Asia) category in the 2012 Islamic Business and Finance Awards organised by CPI Financial which was held on 5 December
- All In The Family, a welcoming event for MBF Cards employees was held on 12 December. The MBF Cards employees at the Jalan Sulatan Ismail head office were given warm welcomes by Tan Sri Azman Hashim and the Senior Management of AmBank Group at the ceremony to mark the merger of the businesses of the two entities

Datuk Mahdi Murad (centre), Chief Executive Officer, AmIslamic Bank receives the Best Corporate Bank (Asia) Award at the Islamic Business & Finance Awards 2012 from the Chairman of CPI Financial, Mr Saleh Al Akrabi (left) and COO, Mr Adam Broom (right).

JANUARY 2013

- The Singapore Exchange ("SCX") presented AmFraser Securities with the "Fastest Growing SGX-ST Member 2012" award on 8 January
- Prime Minister of Malaysia Launched the New Exchange Traded Bonds and Sukuk ("ETBS") on 8 January. AmBank Group is one of the four participating financial institutions appointed by DanaInfra for the Exchange Traded Bonds and Sukuk. The launch by the Prime Minister of Malaysia, YAB Dato' Sri Najib Tun Abdul Razak on the Bursa Malaysia Berhad marked a new milestone for the Malaysian Capital Market
- AmInvestment Bank was announced as the Principal Adviser, Lead Placement Agent, Managing Underwriter, Joint Underwriter and Joint Placement Agent for the China Automobile Parts Holdings Limited's Initial Public Offering ("IPO") on January 11
- The Asset magazine's annual Triple A Country Awards 2012 named AmInvestment Bank Berhad as the Best Domestic Bond House, Malaysia at its awards ceremony held on 24 January
- AmBank (M) Berhad and Rakuten Online Shopping announced on January 30, a long term partnership agreement to implement a series of joint promotions on the e-commerce platform
- AmInvestment Bank clinched five awards at the Sixth Annual Alpha Southeast Asia Deal and Solution Awards 2012 at a leading local hotel on 31 January in Kuala Lumpur

FEBRUARY 2013

- The Auto Finance conference FY14 which was held for three days from 1- 3 February in Sibu Island Resort, Johor Bahru

Tan Sri Azman Hashim, Chairman, AmBank Group together with Group Senior Management and the AmInvest team at the cake cutting ceremony unveiling the new single brand name for the Funds Management Division, AmInvest.

- AMMB Holdings Berhad announced record revenue of RM6,152.7 million and PAT growth of 9.0% to RM1,271.0 million for nine months ending 31st March 2013

- AmIslamic Bank organised AmBank Group Islamic Business Retreat Session on behalf of the Group Deputy Managing Director, Datuk Mohamed Azmi Mahmood held on 22-23 February at Shangri-La Putrajaya

- The Funds Management Division ("FMD"), unveiled a single brand name for its funds management business – 'AmInvest' on 25 February, replacing three distinct brands under FMD namely AmMutual, AmIslamic Funds Management and Funds Management Division, AmInvestment Bank Group

- AmInvest clinched the most coveted accolade in the industry for Malaysia's Best Overall Fund Group at the Edge-Lipper Malaysia Fund Awards 2012. The awards ceremony was held on the 25 February

- The Islamic Finance News ("IFN") Deals of the Year 2012 saw AmInvestment Bank winning two awards on 25 February – Malaysia Deal of the Year (PLUS RM23.35 billion IMTN Programme and RM11 billion Guaranteed Sukuk Programme) and Project Finance Deal of the Year (Boustead Naval Shipyard Syndicated Trade Facilities of up to RM2.06 billion)

MARCH 2013

- AmInvest launched its equity fund, AmAsia Pacific Leisure Dividend on March 4. The fund is an income and growth fund which aims to provide regular income and to a lesser extent capital appreciation over the medium to long term

- Customer Experience Conference was held at the Berjaya Times Square Hotel, Kuala Lumpur on 12 March

- AmInvest won Malaysia's Islamic Fund House of the Year Best Sukuk House and Best Asian Bonds (three years and five years for local currency) awards on 15 March at the Asia Asset Management Best of the Best Awards 2012 held in the Four Seasons Hotel, Hong Kong

- AmBank Group won the awards for the Best Service Providers – Risk Management, Malaysia and Best Risk Management Solution, Malaysia from the Asset Triple A Transaction Banking Awards 2013 on 21 March

Calendar of Events: Social and Sports Activities

APRIL 2012

- AmBank's Group's Ms Ng Sock Khim qualified for the second stage of the 2012 World Team Table Tennis Championship which was from 25 March–1 April
- The Darts Championship organised by Kelab AmBank Group ("KAG"), was held on 7 April where 156 members took part in the tournament
- The newly launched Proton Preve motorcade made its way to Menara AmBank for a preview by the senior management and staff of AmBank on 17 April
- AmBank Group was one of the sponsors for the National Press Club ("NPC") Treasure Hunt 2012 which was held on 21 April from Kuala Lumpur to Pulau Pangkor
- A total of 856 members of KAG took part in the annual Treasure Hunt which was held on 21-22 April and 30 June–1 July. The theme for hunt was 'AmChill Out Hunt 2012'
- The first leg for the *Karnival Futsal Harian Metro 2012 dibawa oleh AmBank Group* where AmBank Group is the title presenter, kicked off in Terengganu on 27 April

MAY 2012

- AmBank Group were the Main Sponsor for the Perodua World Golfers Championship which was held from May–November at various locations around the country
- A total of 26 AmBank Group staff completed various Institute of Bankers ("IBBM") qualifications in the year 2011 and were honoured at the 15th IBBM Graduation & Awards Ceremony held on 2 May in Kuala Lumpur
- AmBank Group organised the Sarawak Region Family Day gathering on 19 May in recognition of their contribution towards the growth of the Group. The Family Day was attended by more than 800 staff and their family members
- On 19 May, a total of 100 families from Kuching, Sarawak received a total sum of RM104,000 as part of the AmBank-MyKasih Community Programme
- AmBank was one of the sponsors for the Mega Konvoi MyAlza Owners Club ("MAOC") My Book Of Records ("MyBOR") 2012 where the MAOC broke the Malaysian Book of Records for the largest MPV Convoy and Largest MPV Gathering on the 25-26 May

JUNE 2012

- AmBank (M) Berhad on 19 June invited 249 customers which consisted of AmBank Savers' G.A.N.G and AmGenius account holders to a special Circus Carnival which culminated in the private screening of DreamWorks' *Madagascar 3: Europe Most Wanted* in 3D for the newly launched "AmBank-Madagascar 3" Deposit Campaign
- AmBank Group was the Gold Sponsor for the Ipoh Starwalk 2012 which was held on 17 June which attracted approximately 15,500 walkers
- AmBank Group was the Main Banker for Fête de la Musique ("FDLM") 2012 jointly organised by HELP University College, French Embassy and Alliance Francaise. The event was held on 23 June in Kuala Lumpur and Petaling Jaya

AmBank Group was the Main Banker for Fête de la Musique ("FDLM") 2012.

- The final leg for *Karnival Futsal Harian Metro 2012 dibawa oleh AmBank*, where AmBank Group is the title presenter, kicked off in Johor Bahru from 30 June-1 July

JULY 2012

- AmBank Group's sports club, KAG organised its annual talent time contest, AmBagooz 2012 in Kuala Lumpur on 7 July
- AmFraser Securities, Singapore won the Inter-Stockbroking Company Bowling Challenge 2012 held on 12 July in Singapore
- AmBank Group's Channels Department extended a helping hand at the SPCA Ampang where a group of the department's staff volunteered their energy, passion and funds together at the animal shelter on 15 July
- New Car Division, Auto Financing Division organised a Buka Puasa Open House on 27 July to strengthen the relationship between business partners and AmBank management during the month of Ramadan which was attended by more than 150 guests
- As the official Banker of The Royal Selangor Golf Club ("RSGC"), AmBank Group organised a series of *Buka Puasa* sessions with the committee members and ordinary members of RSGC during the fasting month of Ramadan to foster closer relationships with them. The *Buka Puasa* sessions were held every Wednesday throughout the fasting month

AUGUST 2012

- Tan Sri Azman Hashim, Chairman, AmBank Group and YM Tunku Arishah Tunku Maamor held a *Buka Puasa* event on 5 August at their residence
- KAG held its annual Hari Raya shopping and *Buka Puasa* for the less fortunate in various locations nationwide such as Kuala Lumpur and Kuching, among others. The homes in the programme were also presented with cash totalling RM5,000 per location and the events started from 6- 13 August

- Menard de Ocampo from the Philippines won the 7th AmBank Group Malaysia Chess Challenge 2012. The event was held from 20-22 August

- AmBank's Auto Finance Division recognised their top dealers' unwavering support by holding award presentations in conjunction with the Hari Raya festivities where the awards were based on the Dealer Rating Model which split into four tiers – platinum, gold, silver and bronze from 27 August-13 September

SEPTEMBER 2012

- In conjunction with Hari Raya, the Personal Finance department together with AmIslamic Bank, hosted a Hari Raya Open House in Menara AmBank on 6 September

- AmBank Group sponsored the National Press Club ("NPC") Awards Night 2012 which was held on 12 September

- AmBank Group through its sports club KAG, invited 50 children and youths from Melaka for a Hari Raya treat and also distributed *Duit Raya*, school uniforms, shoes and stationery to them on 13 September

- AmBank Group was one of the sponsors for the Malaysian Press Institute ("MPI") Fifth International Journalism Fellowship 2012 which was held on 18 September in Kuala Lumpur

- AmBank sponsored Zoo Negara's Dromedary camels at RM40,000 for year 2011 and a mock-cheque presentation ceremony was held on 20 September in Zoo Negara Malaysia

- AmBank Group made an almost clean sweep of the titles at the National Inter-Financial Institutions Table-Tennis and Bowling Tournament 2012 which was held from 21-23 September

- AmBank Group participated in The Edge-Bursa Malaysia Kuala Lumpur Rat Race 2012, which was organised by The Edge and co-organised by Bursa Malaysia on 25 September with the participation from over 148 teams with a total of 740 runners

- AmBank Group was one of the sponsors for the PJ Half Marathon 2012 which was held on 27 September in Kelana Jaya

- AmBank Group donated new sets of chairs to the Tun Hussien Onn National Eye Hospital ("THONEH") as part of its efforts to provide comfort and convenience to the community on 27 September

OCTOBER 2012

- Tan Sri Azman Hashim, Chairman, AmBank Group went on a walkabout tour of some departments in the AmBank Group at Menara AmBank and Bangunan AmBank Group on 5 October

- AmBank Group's sports club, KAG organised its annual blood donation drive for its members and tenants within its three main buildings, mainly Bangunan AmBank Group, Menara AmBank and Bangunan AmAssurance from 9-11 October

- AmBank Group was the Bronze Sponsor and also Official Bank of the prestigious Langkawi International Mountain Bike Challenge ("LIMBC") 2012 which was held in Pulau Langkawi, Kedah from 14-20 October

- The annual KAG Badminton Tournament 2012 was held from 20-21 October in Kuala Lumpur which saw 199 participants in the Men Singles, Men Open Doubles, Men Veteran Doubles, Ladies Doubles and Mixed Doubles category

- AmLife Insurance paid out RM175,000 in insurance payment to families in Melaka and Johor on 30 October

NOVEMBER 2012

- A total of 104 KAG members vied for the Tan Sri Dato' Azman Challenge Trophy at the KAG Golf Tournament on 3 November in Selangor

- The Official Opening of the KAG iAmFit Gymnasium by Mr Ashok Ramamurthy, Group Managing Director, AmBank Group on 6 November marked the third gymnasium provided by AmBank Group to its staff in the Klang Valley.

- Responding to a call by Ministry of Agriculture and Agro-Based Industry for all fishermen to wear life jackets when they are out to sea, the Group distributed 5,400 life jackets on 7 November in Kelantan

- AmInvestment Bank won the Malaysian Investment Banking Association ("MIBA") Games 2012 overall title and was presented with the award at the 33rd Malaysian Investment Banking Association ("MIBA") Annual Dinner which was held on 12 November in Kuala Lumpur

- Tan Sri Azman Hashim, Chairman, AmBank Group presented the inaugural Azman Hashim-IIUM Ummatic Scholarship to 10 selected students of International Islamic University Malaysia ("IIUM") on 28 November

DECEMBER 2012

- A total of 65 staff members participated in the KAG Table-Tennis Tournament 2012, which was held on 1 December in Kuala Lumpur

- A total of 48 teams participated in KAG Futsal Tournament 2012 which was held in Ampang on 5 December

- KAG organised a Deepavali treat for 45 children and youths from the Arut Perum Jothi Children Home in Ipoh, Perak on 13 December

Calendar of Events: Social and Sports Activities (Cont'd.)

- AmBank SportExcel International Junior Golf Championship 2012 and AmBank SportExcel Junior Golf Grand Finals 2012 were held on 14 December in Sungai Buloh

- AmBank Group sponsored prize money and two booths at a Christmas cum back-to-school colouring contest held in Kuching on 15 December

- KAG organised the KAG Paintball Challenge 2012 at the Malaysian Paintball Academy, Petaling Jaya on 15 December which saw 39 teams vie for the title

- A Breast Cancer Screening Campaign was held at Menara AmBank (3 December), Bangunan AmBank Group (10-11 December) and Bangunan AmAssurance (18-19 December) which saw a total of 314 screenings made

- KAG members were treated to a mountain bike clinic by professional trainers in Kepong on 22-23 December, 13-15 January 2013 and 17 February 2013

- AmBank Group successfully staged its year-end celebration and concert extravaganza to celebrate the New Year on 31 December. Called the AMBANG 2013 PUTRAJAYA, it was organised in collaboration with Perbadanan Putrajaya for the first time

KAG mountain bike clinic by professional trainers in Kepong.

JANUARY 2013

- To empower the women in KAG, a host of activities for women were arranged from the start of the year until March, such as fitness, cardio, yoga, zumba, dance classes; cooking classes; baking classes; health, beauty and grooming classes

- Touted as the biggest bowling tournament in the country, the KAG Bowling tournament saw a total of 868 participants taking part in the two-day tournament held on 19 and 20 January in Sunway

FEBRUARY 2013

- KAG organised the KAG Carrom tournament on 16 February which saw 128 participants take part in Kuala Lumpur

- AmBank Group distributed a total of 2,520 life jackets to fishermen and boat operators in Marang, Terengganu as part of its ongoing efforts to assist local communities on 19 February

- KAG celebrated Chinese New Year with 90 children and youths from Kuching Boy's Home and Kuching Children's Home in Sarawak on 23 February

- The Sarawak leg for *Karnival Futsal Harian Metro 2012 dibawa oleh AmBank*, where AmBank Group is the title presenter, kicked off in Kuching from 23-24 February

MARCH 2013

- KAG organised the fourth inter-regional games called AmGames 2013 which saw participants coming from all over Malaysia on 1 March in Bangi

Cheerleading champions at AmGames 2013.

- AmBank Group held AmFamily Fiesta 2013, the Central Region Family Day on 9 March in Stadium Merdeka. At the same event, Tan Sri Azman Hashim, Chairman, AmBank Group distributed zakat as part of AmIslamic Bank's total business zakat contribution for the financial year ending March 2012 amounting to RM1,313,553 to 10 charity homes and organisations

- The new office bearers for KAG for the 2013-2014 term were announced on 27 March with Syed Anuar Syed Ali, Senior General Manager, Group Corporate Communications and Marketing remaining as the President

The AMBANG 2013 PUTRAJAYA year-end celebration and concert extravaganza.

Review and Outlook for the Malaysian Economy

2012 witnessed the global economy facing significant headwinds

Global economic growth moderated to 3.2% from 3.9% in 2011 dragged by the Eurozone's on-going financial crisis and concerns on the fiscal policy reforms in the United States These headwinds affected global trade which grew at a slower pace by 2.8% from 5.9% in 2011 and weighed on the domestic economic growth of emerging market and developing economies.

The commodity markets were impacted. Aside from crude oil prices that remained elevated, the prices of other commodities softened following weaker global demand and more favourable supply conditions. Consequently, inflationary pressure eased to a more subdued level. Driven by external uncertainties, many countries embarked on monetary easing in a move to support growth.

Asia's economic growth that began moderating in 2011, continued in 2012. Growth was affected by the weakness in external demand. In particular, the economic growth moderated more intensely for the Newly Industrialised Economies ("NIEs") due to adverse spillover effects from the external sector on domestic demand.

Slowdown in China's economic growth was due to tighter policy measures implemented to cool down the property sector. At the same time, the Chinese authorities did not unveil any major pro-growth policies. Much of their efforts were focused on growth stabilisation and rebalancing of the economy. Nevertheless, China's economic performance improved towards the end of 2012, supported by infrastructure investments and some stabilisation in the property market.

Meanwhile, many of the ASEAN economies registered relatively robust growth. Government-led initiatives and resilient domestic demand turned out to be the main growth drivers. It was further supported by favourable labour market conditions, continued access to financing and rising incomes.

Malaysia remained resilient with growth supported by domestic demand

Amongst the ASEAN economy that registered credible growth is Malaysia. Despite being the second most open economy in ASEAN, the economy performed better than expected in 2012. The economy grew by 5.6% following a 5.1% growth in 2011. The strong growth came close to the average growth rate in 5 years before the global financial crisis erupted.

Strong expansion in domestic demand compensated for the weak exports that grew by 0.6% from 9.2% in 2011. The 10.7% growth registered by domestic demand from 8.2% in 2011 is the highest pace in the recent decade. Growth was primarily supported by the strong expansion in private consumption as well as fixed investment.

Meanwhile, domestic demand scenario did not mirror that of in 2009, when the weak external environment affected the domestic economy through lower private consumption and private investment. Domestic demand remained resillient due to strong macroeconomic fundamentals, more diversified and balanced economic structure, solid and more developed financial system, and greater macroeconomic policy flexibility.

Positive consumer sentiments drove private consumption

Private consumption grew at a faster pace by 7.7% (+7.1% in 2011) due to improved consumer sentiments. A more stable labour market reflected by low unemployment rate of 3.0% (3.1% in 2011); higher demand for labour resulting in higher nominal wage growth in the private sector; salary adjustments for the civil servants and pensioners under the improved Malaysian Remuneration Scheme ("SSM"); Government assistance to low- and middle-income households in 2012 via Bantuan Rakyat 1Malaysia ("BR1M"), Baucar Buku 1Malaysia ("BB1M") and schooling assistance for primary and secondary students were supportive of consumer spending. Also, the attractive financing conditions with the average lending rate ("ALR") on new loans to households easing to 4.6% (2011: 4.8%) saw total bank financing to households grow by 11.6% (2011: 12.9%).

Yet the upside to private consumption was negated by the downward pressure of rural area income following weak rubber and palm oil prices that fell by 29.3% (2011: +30.9%) and 13.0% (2011: +21.1%) respectively. Nonetheless, for the Federal Land Development Authority ("FELDA") settlers, the fall in rural income was addressed partly by the payment of RM15,000, which had been disbursed in three phases to each FELDA settler in line with the listing of FELDA Global Ventures Holdings, amounting to a total of RM1.7 billion.

Public consumption moderated in line with the fiscal consolidation

In line with the Government's continuous effort to consolidate its fiscal position, public consumption rose moderately by 5.0% (+16.1% in 2011). Sharp moderation in the expenditure on supplies and services more than offset the higher overall expenditure on emoluments due to higher salary increments and bonus payments to the civil servants.

Fixed investment surged to a 12 year record high

Fixed investment turned out to be the best performer in 12 years, surging by 19.9% from 6.5% in 2011. Strong growth was due to higher capital spending across the economic sectors. In particular, the services, manufacturing and mining sectors benefited from the strong domestic consumption activity, resilient regional demand and higher investment from the oil and gas sector boosted by firm crude oil prices. Fixed investment also gained from the on-going infrastructure projects under the ETP and regional growth corridors. Steady improvement in the investment climate following the introduction of measures to further enhance the conditions for doing business in Malaysia provided further encouragement.

Review and Outlook for the Malaysian Economy (Cont'd.)

Private investment climbed strongly

Private investment climbed strongly by 22.0% from 12.2% in 2011. Strong capital spending in the consumer related services sectors combined with domestic related manufacturing activities and the implementation of major infrastructure projects like the mass rapid transit rail system in Kuala Lumpur, expansion of oil and gas processing and other energy projects, and a high-speed broadband network boosted private investment. Hence, the ratio of fixed capital investment to GDP stood at 25.6%, the highest in 14 years, though still well below the 40% pace of the mid-1990s.

Public investment rose sharply

At the same time, public investment rose sharply by 17.1% after shrinking by 0.3% in 2011. Higher capital spending in the oil and gas sector especially in the area of exploration and development of new oil and gas fields, rejuvenation of existing oil fields, and the construction of the regasification terminal in Melaka boosted public investment. Further contributing to higher public investment are the construction of a new terminal for low-cost carriers (KLIA2), aircraft fleet modernisation, the extension of the Light Rail Transit and purchases of equipment to improve urban rail services in the transportation sub-sector. Other areas of investment are in the utilities and telecommunications sub-sectors that include the building of power plants and infrastructure to broaden the coverage of the High-Speed Broadband ("HSBB") network.

Services and construction were the major growth drivers

The services sector which accounts for 55% of the economic growth continued to expand at a healthy pace. It grew by 6.4% from 7.0% in 2011. Major contribution came from the wholesale and retail sector as well as the financial services sector. Construction soared by 18.5% (+4.6% in 2011) benefiting from the government-led infrastructure and industrial projects that gained momentum. Residential construction was also buoyant.

Manufacturing and agriculture output fell, but mining rebounded

Meanwhile, the manufacturing sector grew modestly by 4.8% (+4.7% in 2011) due to weakness in global demand for electronics. The agriculture sector suffered from depressed production of rubber following bad weather, while palm oil was hurt by declining yields. As a result, output from the agriculture sector grew by just 0.8%. Mining rebounded from a contraction of 5.7% in 2011 to grow by 1.4% in 2012 on the back of higher oil production.

Stable labour market

Driven by stronger economic growth, employment grew by 3.6% (+3.2% in 2011), with a net addition of 438,000 jobs. Gains in employment were contributed by the services and agriculture sectors. Meanwhile, total retrenchments increased to 11,494 persons from 9,450 persons following higher layoffs in the manufacturing sector. As a result, the overall unemployment rate improved marginally to 3.0% from 3.1% in 2011.

Inflation eased

Overall inflation averaged 1.6% (+3.2% in 2011). Due to slower rate of increase in the prices of food and transport costs. Food being the main driver of inflation in recent years grew at a moderate pace due to modest external price pressures and significant improvements in domestic food supplies. Also, the subsidies on fuel, staple foods and electricity helped alleviate inflationary pressures.

Exports took a hit

Exports registered a weak 0.6% from 9.2% in 2011 from lethargic demand from advanced economies and softer demand from the regional economies. The drag came from weaker crude commodities and electrical and electronics ("E&E") products, which more than offset the export gains from the non-E&E as well as exports of services.

Imports remained strong

In line with the stronger economic growth, imports rose by 5.9% from 8.5% in 2011. Strong import growth came from capital goods led by the imports for machinery, telecommunications equipment and passenger aircrafts. Imports of consumption goods grew following healthy consumer spending. Yet, the upside to imports was weighed down by the contraction in the imports of intermediate goods.

Narrowing of current account surplus

Weak exports combined with high investment-related imports and consumption narrowed the current account surplus to 6.6% of Gross National Income ("GNI") from 11.3% in 2011.

Fiscal deficit trimmed

Fiscal policy continued to focus on stimulating the economy in the near term while facilitating long-term economic transformation. As a result of the cash transfers and other benefits for consumers and incentives for business expansion, Government expenditure rose from the initial estimates by 9.4% to RM 252.4 billion. With revenue improving by 12.1% to RM207.9 billion, the overall fiscal deficit narrowed to 4.5% of GDP in 2012 from 4.8% of GDP in 2011.

More balanced monetary policy

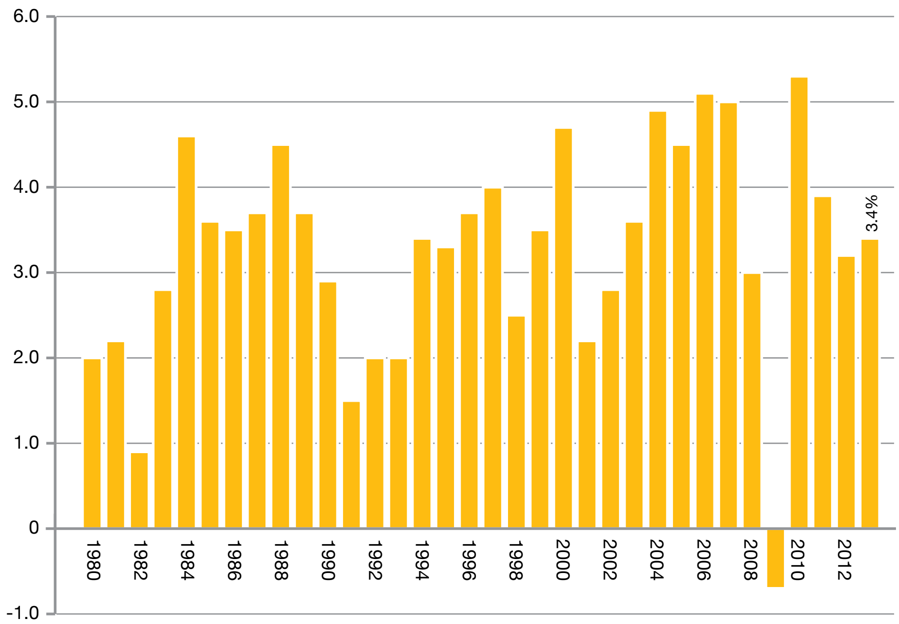
Although the domestic economy stayed on course for a steady growth path, the high degree of global economic and financial uncertainty posed risks to economic growth prospects. Amidst moderating inflation risk, the Monetary Policy Committee kept the overnight interest rate at 3.00%.

2013 ECONOMIC PROSPECTS

Recovery will remain bumpy

Although the global economic outlook for 2013 is expected to improve, yet the road to recovery remains challenging. Economic growth amongst the major advanced economies should improve at a gradual pace led by the United States. Growth from emerging markets and developing economies are expected to accelerate. Hence, the world growth outlook for 2013 is projected to grow by 3.4% from 3.2% in 2012.

Chart 1: Global Economic Growth (y-o-y %)



More importantly, the advanced economies resolved two major threats to global economic growth: a potential breakup of the euro area and a sharp fiscal contraction in the United States caused by the "fiscal cliff". In the near term, risks will be driven by developments in the euro area. Over the medium term, insufficient institutional reform, prolonged stagnation in the euro area, and the high fiscal deficits in the United States and Japan, remain key risks.

As a result, policymakers need to continue adopting appropriate macroeconomic policies and approaches. Here, both the United States and Japan will need to implement prudent and pragmatic medium-term fiscal consolidation plans. The euro area needs to strengthen the Economic and Monetary Union. It is necessary for the emerging market and developing economies to embark on some tightening policy measures. Such measures should begin with monetary policy and complemented with prudent measures with the aim to address potential excesses in the financial sectors. Policymakers need to steer fiscal balances to pre-2008 healthy levels.

Developing Asia's economic performance is expected to gain momentum in 2013 from continued robust domestic demand, particularly private demand that will be supported by accommodative monetary and in some cases fiscal policies as well as the resilient labor markets. External demand is also expected to improve and lend support to Asia's economic growth.

Key Asian regional economies are settling for a moderate and sustainable growth path. At the same time, the region's contribution to global imbalances arising from their persistent current account surpluses is gradually winding down.

Meanwhile, intraregional trade is gaining importance most evidently in Southeast Asia. ASEAN countries are expected to maintain their robust growth supported by improving trade ties within the region. It is reflected by the vision of having a regional comprehensive economic partnership through a broader free trade area. Realising this vision will further enhance Asia's dynamism.

It is important to note that one of the effects of regional economies returning to their production potential in the midst of rising global liquidity is inflation. It has started to creep upwards at a gradual pace. Though inflation is expected to remain in check, helped by stable global commodity prices policymakers need to remain vigilant for potential pressures on inflation.

Also, political squabbling could create tensions within the region and beyond. Fears of potential loss of confidence in regional economic policies could disrupt trade and investment. Hence, policymakers need to promote a more sustainable and inclusive growth. At the same time, they need to contain financial stability risks with adequate supervision.

Malaysia is expected to grow at a credible pace

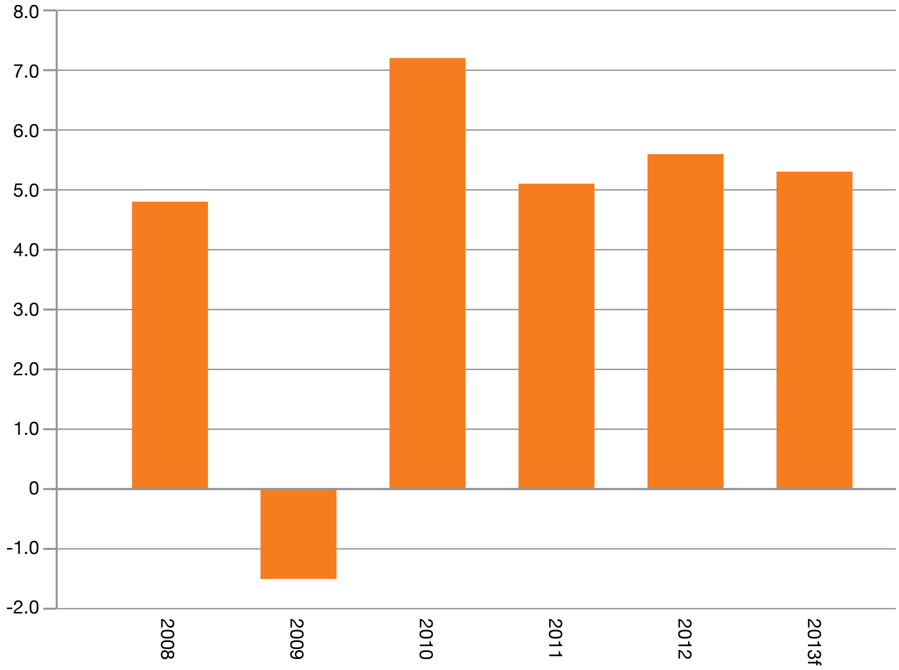
With national elections recently concluded, expectations are for policymakers to continue pursuing prudent economic and fiscal policies. The domestic economy is likely to grow by around 5.0%-5.3% in 2013. Growth will continue to be driven by resilient domestic demand.

In essence, private expenditure will provide the key growth catalyst for domestic demand. Strong macroeconomic fundamentals,

Review and Outlook for the Malaysian Economy (Cont'd.)

supported by pragmatic and flexible macroeconomic policies and a healthy financial system will continue to lend support in driving private expenditure. Meanwhile, public expenditure will remain supportive of growth although the focus is on fiscal consolidation. Capital expansion by public enterprises will provide support to public investment growth.

Chart 2: Economic Growth (y-o-y %)



Consumer sentiment is expected to stay positive

Private consumption is poised to stay healthy during the year. Sustained growth in income, stable labour market, benign inflation and the implementation of minimum wage that will benefit about 27% of the work force are the key catalysts. The tight labour market suggests that job losses from the new minimum wage will likely be temporary. Also, the Government's transfers to low- and middle-income households under Budget 2013 will lend support to household spending.

Weighing on the upside of private consumption is the softer commodity prices. In particular, the rural households' income will be affected from softer commodity prices. In addition, further rationalisation of subsidies on fuel and other items could weigh on private consumption in the near term.

Private investment will remain healthy

Private investment will continue to remain strong with double-digit growth although unlikely to reach record 2012 levels. Growth would be supported by domestic consumption, gradual recovery in exports, improving investment climate and favourable business conditions. Capital spending will remain broad-based across sectors and regions. The services sector is expected to continue focusing on retail trade and restaurants, telecommunication and aviation, high-end and mid-range residential properties, and high value-added business services like engineering, architecture and IT services. Manufacturing will benefit from domestic and primary related activities and also electrical & electronics ("E&E"). Mining will receive support from ongoing projects and activities related to exploration and survey of new fields and implementation of upstream development projects.

Public spending should moderate further

Public expenditure should moderate further in tandem with the Government's fiscal consolidation commitment. Nonetheless, both public consumption and investment will remain supportive of growth. Public consumption will be supported by spending on emoluments and supplies and services. Public investment will continue to focus on the Economic Transformation Program ("ETP"). Also, capital spending by public enterprises will remain large, focusing on key infrastructure projects, resulting in a steady growth in overall public investment.

Broad based growth from the economic output sectors

All the major economic sectors are likely to record continued expansion. In particular, the services sector will benefit from consumption-related activities namely retail trade, accommodation and restaurants. Higher tourist arrivals in response to the promotional campaigns for the upcoming Visit Malaysia Year 2014 and robust demand for financing particularly by businesses will provide positive catalysts to this sector.

Domestic-oriented industries namely consumer and construction related activities will drive growth in the manufacturing sector. Meanwhile, export-oriented manufacturing industries like E&E and primary-related clusters should improve in tandem with the gradual global economic recovery. In the commodities sector, agriculture is expected to improve from higher output of crude palm oil following better yields and newly matured trees. Also food commodities like livestock and vegetables are likely to improve. Mining sector will strengthen from higher output of natural gas, crude oil and condensates.

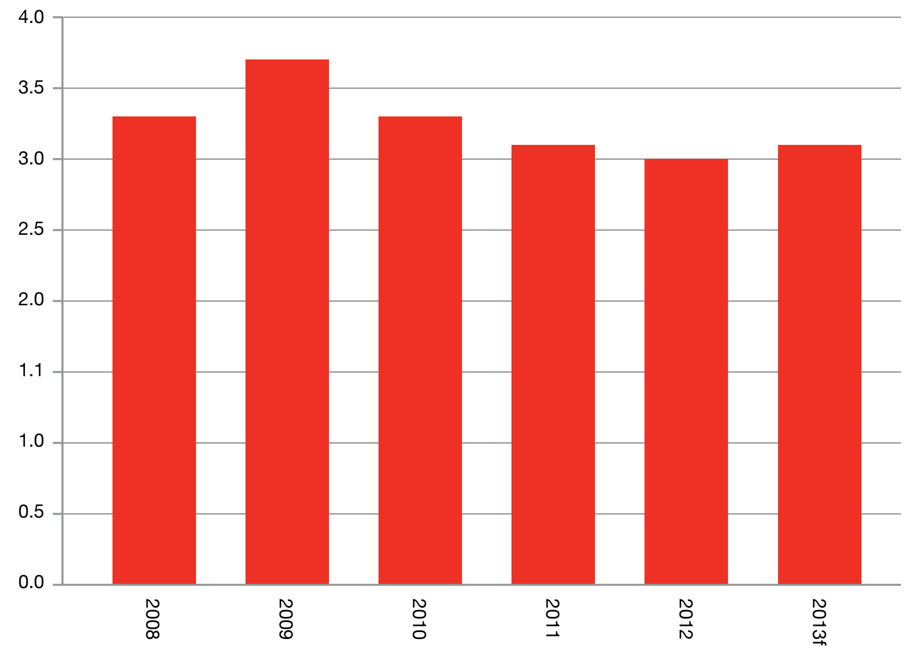
Labour market will remain firm

On the back of healthy underlying economic fundamentals, the domestic economy should continue registering credible economic growth in 2013. On that note, the labour market will remain favourable. The overall unemployment rate should remain low at 3.1% of the labour force in 2013.

Benign inflation

Robust domestic demand together with gradual rationalisation of subsidies for fuel and other items will add some upward pressure on inflation. Also, if global food prices increase, it could add pressure to domestic inflation. Meanwhile, the impact from the minimum wage on companies' total cost is projected to be modest. Inflation in 2013 could hover around 2.2%-2.5%.

Chart 3: Unemployment (%)



Gradual improvement in exports

Exports are expected to improve at a gradual pace in view of a more favourable regional economic outlook. In particular, China and India, two important export markets are projected to expand at healthy pace in 2013. These economies should lend support to Malaysia's commodity exports, though prices of commodities like palm oil could potentially remain soft. Meanwhile, the nascent recovery of manufactured exports will be supported by non-E&E manufactured products dependent on regional demand. As for E&E, it is expected to remain weak with slight improvement. Hence, export is poised to stay weak, projected to hover close to 0.2%.

Imports will moderate

Imports will likely moderate during the year but continue to outpace growth in exports given the strong domestic demand. Imports of capital goods as well consumption goods are expected to remain strong during the year. At the same time, expectations are for the imports of intermediate goods to turn around. Manufacturers are poised to increase their production in order to meet exports demand and replenish inventories.

Further narrowing of current account balance of payment

With investment-related imports remaining strong, and exports envisaged to register soft growth, the current account balance of payments could come under further downward pressure during the year. Also, lower current account surplus could be attributed to the deficits in the services and income account, though lower than 2012. Hence, the current account of the balance of payment is expected to hover around 4.3% of GDP.

Consolidation of fiscal policy

Although the government remains committed to fiscal consolidation, fiscal policy will continue to focus on sustaining growth in the near term and facilitating the long-term transformation of the economy. Also, the policy is expected to promote fiscal reforms through a comprehensive review of the tax system, subsidy rationalisation, and measures to increase spending efficiency. With the ongoing fiscal reforms, the target fiscal deficit by 2015 is 3.0% of GDP. Expectations are for the fiscal deficit to be around 4.0% of GDP in 2013.

Review and Outlook for the Malaysian Economy (Cont'd.)

Chart 4: Current Account Balance % of GDP

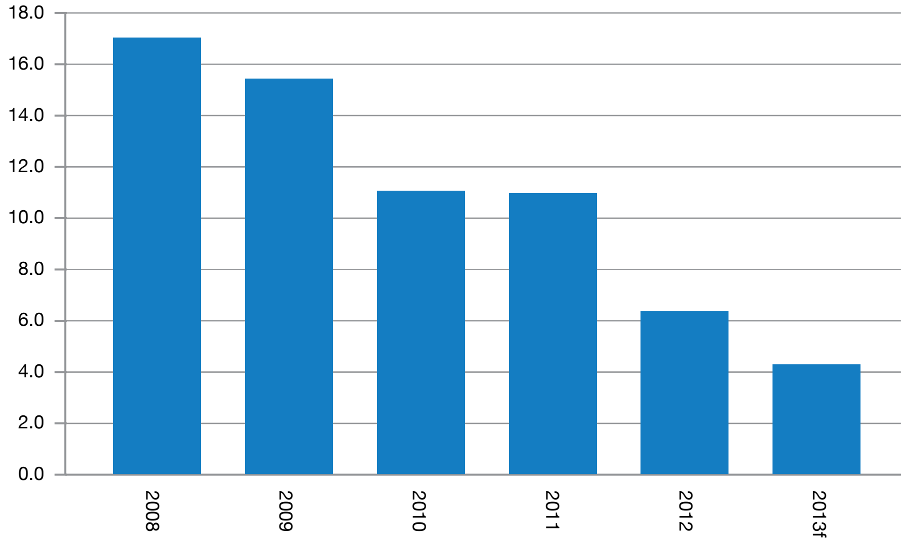


Chart 5: Fiscal Balance % GDP

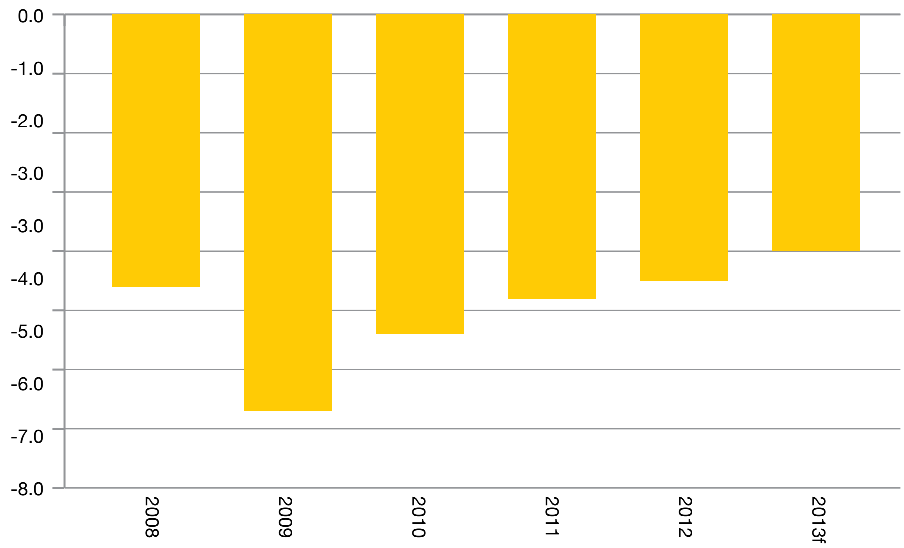
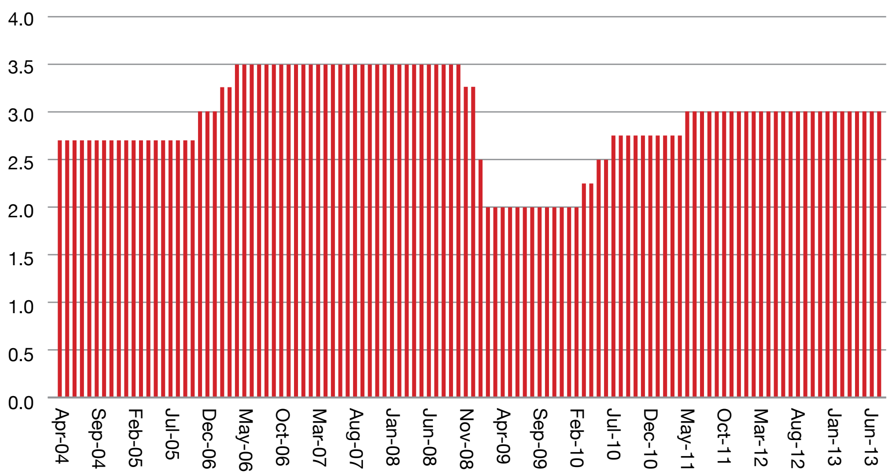


Chart 6: Overnight Policy rate (%)



Prudent monetary policy

Monetary management will continue to remain prudent underpinned by the uneven global economic recovery combined with risk of volatility in the financial and commodities markets as well as impact from the large capital inflows. Expectations are for Bank Negara to remain focused on the potential risks to inflation and economic growth. As economic growth is likely to remain positive in 2013 while inflation edges upwards at a gradual pace, there is strong likehood for the current accommodative monetary policy to remain intact.

AMMB HOLDINGS BERHAD
(223035-V)
(Incorporated in Malaysia)

Financial Statements 2013

Directors' Report and Audited Financial Statements as at 31 March 2013

Contents Page

Directors' Report

The directors have pleasure in presenting their report together with the audited financial statements of **AMMB HOLDINGS BERHAD** for the financial year ended 31 March 2013.

PRINCIPAL ACTIVITIES

The principal activity of the Company is that of an investment holding company.

The subsidiaries, as listed in Note 15 to the financial statements, provide a wide range of retail banking, business banking, investment banking, corporate and institutional banking, Islamic banking and related financial services which also include underwriting of general, life and family takaful insurance, stock and share-broking, futures broking, investment advisory and asset, real estate investment trust and unit trusts management.

There have been no significant changes in the nature of the activities of the Group and of the Company during the financial year.

SIGNIFICANT AND SUBSEQUENT EVENTS

The significant and subsequent events during the financial year are as disclosed in Note 56 and Note 57 to the financial statements respectively.

FINANCIAL RESULTS

	Group RM'000	Company RM'000
Profit for the year	1,693,200	960,984
Attributable to:		
Equity holders of the Company	1,635,146	960,984
Non-controlling interests	58,054	–
	1,693,200	**960,984**

OUTLOOK FOR NEXT FINANCIAL YEAR

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

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

Directors' Report (Cont'd.)

BUSINESS PLAN AND STRATEGY

For financial year 2014, the Group will be guided by five strategic themes to achieve our Vision – As Malaysia's preferred diversified, internationally connected financial solutions group, we take pride in growing your future with us.

Firstly, integrate acquisitions and deliver synergies. With the acquisitions of Kurnia in General Insurance and MBF Cards in Retail Banking, AMMB is now the leading general insurer in Malaysia and Top 3 in merchant acquiring business. Our focus will be on realising operational efficiencies from economies of scale and capitalising on the expanded customer base for cross-selling opportunities to grow non-interest income.

Secondly, simplify business model and streamline processes. The Group has reorganised its business model to be around customers, a move away from the traditional product silos. Plans are in place to simplify business structures and processes to enhance customer experience (e.g. consistent and seamless experience) as well as to better provide financial solutions that matches customer's lifestyle and lifecycle needs. To achieve this, the Group will continue to strategically invest in human capital and technology uplift while maintaining top tier cost-to-income ratio.

Thirdly, accelerate organic growth with focus on cross-sell, flow business, small business, and emerging affluent customers.

The Group plans to leverage closer partnerships with existing customers to increase share-of-wallet through cross-selling while increasing market share in targeted segments through attracting new customers.

In retail, a refreshed marketing approach will be supported by enhanced analytical capabilities to partner customers' in meeting their financial goals. The Group's focus is on building long lasting main bank relationships in preferred customer segments.

In non-retail, we will deepen existing relationships with our Corporate and Institutional, Business and Investment Banking customers by improving our coverage and providing comprehensive financial solutions leveraging opportunities in domestic private investments. We will support small businesses by providing them capital to invest and expand their businesses. In Transaction Banking, we will improve our foreign currency service proposition and encourage CASA stickiness by expanding business with high transaction value clients. In Markets, we will speed up product rollout, increase flow volumes and increase utilization of derivatives across clients.

Fourthly, build scale in specialist businesses with strategic partners. Our strategic partnership with Australia and New Zealand Banking Group Ltd (ANZ) in banking will continue to enhance development of new products as well as cross-border opportunities through expanded distribution capabilities. In general insurance, our partnership with Insurance Australia Group (IAG) will support in driving the integration of Kurnia and continue to support the implementation of international best practices. We are in the midst of finding a new strategic partner for the Life Assurance and Family Takaful businesses. The new partnership is expected to bring scale and technical expertise, while the Group provides a universal banking platform for the businesses to leverage.

Fifthly, optimise capital and holding company structures. The Group remains proactive in managing capital according to evolving regulatory requirements and evaluating business opportunities on a risk adjusted basis for optimum returns on capital.

ITEMS OF AN UNUSUAL NATURE

In the opinion of the directors, the results of operations of the Group and of the Company for the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature other than as disclosed under significant events in Note 56 to the financial statements.

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect substantially the results of the operations of the Group and of the Company for the succeeding twelve months.

DIVIDENDS

During the financial year, the Company paid a final single tier dividend of 13.5% amounting to RM406,914,966 in respect of the financial year ended 31 March 2012 on 10 September 2012 to shareholders whose names appeared in the Record of Depositors on 24 August 2012.

An interim single tier dividend of 7.0% for the current financial year amounting to RM210,992,939 was paid on 10 December 2012 to shareholders whose names appeared in the Record of Depositors on 27 November 2012.

The directors now propose the payment of a final single tier dividend of 15.0% amounting to RM452,127,727 to be paid to shareholders whose names appear in the Record of Depositors on a date to be determined by the directors. The financial statements for the current financial year do not reflect this proposed dividend by the Board. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the next financial year ending 31 March 2014.

RESERVES, PROVISIONS AND ALLOWANCES

There were no material transfers to or from reserves, provisions and allowances during the financial year other than as disclosed in the financial statements.

Directors' Report (Cont'd.)

BAD AND DOUBTFUL DEBTS AND FINANCING

Before the income statements, statements of comprehensive income and statements of financial position of the Group and of the Company were made out, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and financing and the making of allowances for doubtful debts and financing, and have satisfied themselves that all known bad debts and financing had been written off and adequate allowance had been made for doubtful debts and financing.

At the date of this report, the directors are not aware of any circumstances that would render the amount written off for bad debts and financing or the amount of the allowance for doubtful debts and financing in the financial statements of the Group and of the Company inadequate to any substantial extent.

CURRENT ASSETS

Before the income statements and statements of financial position of the Group and of the Company were made out, the directors took reasonable steps to ascertain that current assets, which were unlikely to realise in the ordinary course of business, their values as shown in the accounting records of the Group and of the Company, have been written down to their estimated realisable values.

At the date of this report, the directors are not aware of any circumstances that would render the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

VALUATION METHODS

At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing methods of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

CONTINGENT AND OTHER LIABILITIES

At the date of this report, there does not exist:

(a) any charge on the assets of the Group and of the Company that has arisen since the end of the financial year and which secures the liabilities of any other person; or

(b) any contingent liability in respect of the Group and of the Company that has arisen since the end of the financial year, other than those incurred in the normal course of business of the Group and of the Company.

No contingent or other liability of the Group and of the Company has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

CHANGE OF CIRCUMSTANCES

At the date of this report, the directors are not aware of any circumstances, not otherwise dealt with in this report or the financial statements of the Group and of the Company, that would render any amount stated in the financial statements misleading.

ISSUE OF SHARES AND DEBENTURES

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

SHARE OPTIONS

There are no options granted during the financial year by the Company to take up unissued shares of the Company, other than the options granted under the Executives' Share Scheme.

No shares have been issued during the financial year by virtue of the exercise of any option to take up unissued shares of the Company. As at the end of the financial year, there were no unissued shares of the Company under options, other than the options granted under the Executives' Share Scheme.

Directors' Report (Cont'd.)

EXECUTIVES' SHARE SCHEME

At the 22nd Extraordinary General Meeting held on 26 September 2008, the shareholders approved the proposal by the Company to establish an executives' share scheme ("ESS") of up to fifteen percent (15%) of the issued and paid-up ordinary share capital of the Company at any point in time for the duration of the ESS for eligible executives (including senior management) and executive directors of the Group (excluding subsidiaries which are dormant or such other subsidiaries which may be excluded under the terms of the By-Laws) who fulfil the criteria for eligibility stipulated in the By-Laws governing the ESS ("Eligible Executives"). The ESS is implemented and administered by an executives' share scheme committee ("ESS Committee"), in accordance with the By-Laws. The members of the ESS Committee are duly appointed and authorised by the Board. The ESS was established on 12 January 2009 and would be in force for a period of ten (10) years.

The awards granted to such Eligible Executives can comprise shares and/or options to subscribe for shares ("Options"). Shares to be made available under the ESS ("Scheme Shares") will only vest or Options are only exercisable by Eligible Executives who have duly accepted the offers of awards under the ESS ("Scheme Participants") subject to the satisfaction of stipulated conditions. Such conditions are stipulated and determined by the ESS Committee.

To facilitate the implementation of the ESS, the Company entered into a Trust via the signing of a Trust Deed on 24 February 2009 with AmTrustee Berhad ("Trustee"). The Trustee shall, at such times as the ESS Committee shall direct, subscribe for or acquire the necessary number of new or existing ordinary shares to accommodate any future transfer of Scheme Shares to Scheme Participants. For the aforementioned purpose and to enable the Trustee to meet payment of expenses in relation to the administration of the Trust, the Trustee will be entitled from time to time to accept funding and/or assistance, financial or otherwise from the Company and/or its subsidiaries.

The salient features of the ESS are disclosed in Note 29 to the financial statements.

There was no purchase of share by the Trustee during the financial year.

As at 31 March 2013, 13,281,850 shares have been vested and transferred from the Trustee to certain Eligible Employees of subsidiaries in accordance with the terms under the ESS. The Trustee held 12,323,150 ordinary shares representing 0.41% of the issued and paid-up capital of the Company. These shares are held at a carrying amount of RM74,937,490.

DIRECTORS

The directors who served on the Board since the date of the last report are:

Tan Sri Azman Hashim
Dato' Azlan Hashim
Tun Mohammed Hanif bin Omar
Tan Sri Datuk Clifford Francis Herbert
Tan Sri Datuk Dr Aris Osman @ Othman
Dato' Rohana binti Mahmood
Dato' Gan Nyap Liou @ Gan Nyap Liow
Alexander Vincent Thursby (resigned w.e.f. 18.4.2013)
Dr Robert John Edgar (resigned w.e.f. 30.6.2012)
Mark David Whelan
Gilles Plante' (appointed w.e.f. 8.10.2012)
Soo Kim Wai
Ashok Ramamurthy
Alistair Marshall Bulloch (Alternate Director to Mark David Whelan and Gilles Plante')
Mark Timothy Robinson (ceased w.e.f. 30.6.2012)

Directors' Report (Cont'd.)

DIRECTORS' INTERESTS

Under the Company's Articles of Association, the directors are not required to hold shares in the Company.

The interests in shares and options in the Company, of those who were directors at the end of the financial year as recorded in the Register of Directors' Shareholdings kept by the Company under Section 134 of the Companies Act, 1965, are as follows:

DIRECT INTERESTS

In the Company

	No. of Ordinary Shares of RM1.00 each ("shares")			
Shares	Balance at 1.4.2012	Bought/Vested/ Exercised	Sold	Balance at 31.3.2013
Dato' Azlan Hashim	218,000	–	–	218,000
Ashok Ramamurthy	100,000	198,250	–	298,250

	No. of shares pursuant to the Company's Executives' Share Scheme				
Scheme Shares *	Balance at 1.4.2012	Granted	Vested	Forfeited^	Balance at 31.3.2013
Ashok Ramamurthy	344,400	135,000	198,250	6,600	274,550

	No. of shares pursuant to the Company's Executives' Share Scheme				
Shares under Options *	Balance at 1.4.2012	Granted	Vested	Forfeited^	Balance at 31.3.2013
Ashok Ramamurthy	446,700	–	225,100	39,700	181,900

	No. of shares pursuant to the Company's Executives' Share Scheme			
Shares under Options * (In Vested Account)	Balance at 1.4.2012	Vested	Exercised	Balance at 31.3.2013
Ashok Ramamurthy	–	225,100	–	225,100

INDIRECT INTERESTS

In the Company

		No. of Ordinary Shares of RM1.00 each ("shares")			
Shares	Name of Company	Balance at 1.4.2012	Bought	Sold	Balance at 31.3.2013
Tan Sri Azman Hashim	Amcorp Group Berhad	505,780,554	1,839,701	13,500,000	494,120,255

Notes:

* The vesting of the Scheme Shares and/or the entitlement to exercise the Options are conditional upon the satisfaction of service condition and the performance targets of the Group and all other conditions as set out in the By-Laws of the Company's Executives' Share Scheme.

^ Forfeited due to non-vesting of Long Term Incentive award pursuant to the By-Laws of the Company's Executives' Share Scheme.

By virtue of Tan Sri Azman Hashim's shareholding in the Company, he is deemed to have interests in the shares of its subsidiaries to the extent the Company has an interest.

Other than as disclosed above, none of the other directors in office at the end of the financial year had any interest in shares, options and scheme shares in the Company or shares in its subsidiaries during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director of the Company has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by directors as shown in Note 35 to the financial statements) by reason of a contract made by the Company or a related corporation with the director or with a firm in which the director is a member, or with a company in which the director has a substantial financial interest, except for the related party transactions as shown in Note 43 to the financial statements.

Neither during nor at the end of the financial year was the Company a party to any arrangements whose object is to enable the directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Directors' Report (Cont'd.)

CORPORATE GOVERNANCE

(i) BOARD RESPONSIBILITY AND OVERSIGHT

The Board of Directors (the "Board") remains fully committed in ensuring that the principles and best practices in corporate governance are applied consistently in the Group. Since the Company is a holding company, its major business activities are conducted through its various subsidiaries. The Board complies with the recommendations in corporate governance as set out in the Malaysian Code on Corporate Governance 2012.

The Board supervises the management of the Group's businesses, policies and affairs with the goal of enhancing shareholders' value. The Board meets 10 times in a year to carry out its duties and responsibilities, with additional Board meetings being convened, whenever required.

The Board addresses key matters concerning strategy, finance, organisation structure, business developments, human resource (subject to matters reserved for shareholders' meetings by law), and establishes guidelines for overall business, risk and control policies, capital allocation and approves all key business developments.

The Board currently comprises twelve (12) directors with wide skills and experience, of which four (4) are Independent Non- Executive Directors. The Directors participate fully in decision making on key issues regarding the Company and its subsidiaries. The Independent Non-Executive Directors ensure strategies proposed by the Management are fully discussed and examined, as well as take into account the long term interests of various stakeholders.

There is a clear division between the roles of Chairman and the Group Managing Director.

The Senior Management team of the subsidiaries are invited to attend Board Meetings to provide presentations and detailed explanations on matters that have been tabled. The Group Company Secretary has been empowered by the Board to assist the Board in matters of governance and in complying with statutory duties.

(ii) COMMITTEES OF THE BOARD

The Board delegates certain responsibilities to Board Committees. These committees, which were created to assist the Board in certain areas of deliberation are:

1 Group Nomination Committee*
2 Group Remuneration Committee*
3 Group Nomination and Remuneration Committee
4 Audit and Examination Committee
5 Group Risk Management Committee
6 Group Information Technology Committee

* Consolidated into a single committee known as Group Nomination and Remuneration Committee on 4 March 2013.

The roles and responsibilities of each committee are set out under the respective terms of reference, which have been approved by the Board. The minutes of the Committee meetings are tabled at the subsequent Board meetings for comment and notation.

Directors' Report (Cont'd.)

CORPORATE GOVERNANCE (Cont'd.)

(ii) COMMITTEES OF THE BOARD (Cont'd.)

The attendance of Board members at the meetings of the Board and the various Board Committees is as set out below:

Number of Meetings attended in Financial Year ("FY") 2013

	Board of Directors	Group Nomination Committee[a]	Group Remuneration Committee[a]	Audit and Examination Committee	Group Risk Management Committee	Group Information Technology Committee	Group Nomination and Remuneration Committee[a]
Tan Sri Azman Hashim	10 (Chairman)	5[b]	5[b]	N/A	N/A	N/A	N/A
Dato' Azlan Hashim	7	N/A	N/A	6	N/A	2[c]	N/A
Tun Mohammed Hanif bin Omar	9	5	N/A	N/A	N/A	N/A	1
Tan Sri Datuk Clifford Francis Herbert	8	5[d] (Chairman)	5	6	8 (Chairman)	N/A	0 (Chairman)
Tan Sri Datuk Dr Aris Osman @ Othman	10	5	5 (Chairman)	7 (Chairman)	9	N/A	1
Dato' Rohana binti Mahmood	9	N/A	N/A	N/A	N/A	3	–[f]
Dato' Gan Nyap Liou @ Gan Nyap Liow	9	N/A	N/A	6	N/A	4[d] (Chairman)	–[f]
Alexander Vincent Thursby	10	N/A	N/A	N/A	N/A	N/A	N/A
Dr Robert John Edgar (resigned on 30.6.2012)	3	2	1	2	N/A	N/A	N/A
Mark David Whelan	10	N/A	N/A	N/A	9	N/A	N/A
Gilles Planté (appointed on 8.10.2012)	5	1[e]	1[e]	3[e]	N/A	N/A	1
Soo Kim Wai	10	N/A	5	N/A	N/A	N/A	1
Ashok Ramamurthy (appointed on 2.4.2012)	10	N/A	N/A	N/A	N/A	4	N/A
Number of meetings held in FY 2013	**10**	**5**	**5**	**7**	**9**	**4**	**1**

[a] Consolidation of Group Nomination Committee and Group Remuneration Committee into a single committee known as Group Nomination and Remuneration Committee on 4.3.2013
[b] Resigned as member on 4.3.2013
[c] Stepped down as Chairman on 11.9.2012 and remains as a member
[d] Appointed as Chairman on 11.9.2012
[e] Appointed as member on 8.10.2012
[f] Appointed as member on 19.3.2013

Notes:
1) All attendances reflect the number of meetings attended during the Directors' tenure of service.
2) N/A represents non-committee member.

Group Nomination and Remuneration Committee

The Committee was established following the consolidation of the Group Nomination and Group Remuneration Committees. The Committee comprises seven members, all of whom are Non-Executive Directors. The Committee continues with the roles of the previous Group Nomination and Group Remuneration Committees and is responsible for:

- regularly reviewing the board structure, size and composition, as well as making recommendation to the Board of the Company with regard to any changes that are deemed necessary.
- recommending the appointment of Directors to the Board and Committees of the Board as well as annually review the mix of skills, experience and competencies that Non-Executive and Executive Directors should bring to the Board.
- on an annual basis, assessing the effectiveness of the Board as a whole and the Committees as well as the contribution of the Chairman and each Director to the effectiveness of the Board.
- recommending to the Board the framework/methodology for the remuneration of the Directors, Chief Executive Officers and other Senior Management staff, benchmarked against the industry. Remuneration is determined at levels, which enable the Group to attract and retain the Directors, Chief Executive Officers and Senior Management staff with the relevant experience and expertise needed to assist in managing the Group effectively. The services of consultants are utilised to review the methodology for rewarding Executive Directors and Management staff according to the Key Performance Indicators required to be achieved.

Directors' Report (Cont'd.)

CORPORATE GOVERNANCE (Cont'd.)

(ii) COMMITTEES OF THE BOARD (Cont'd.)

Group Nomination and Remuneration Committee (Cont'd.)

Group Nomination and Group Remuneration Committees met 5 times respectively during the financial year 2013. The Committee met once since its establishment during the financial year 2013.

Audit And Examination Committee

The Committee comprises five (5) members, three (3) of whom are Independent Non-Executive Directors.

The Board has appointed the Audit and Examination Committee ("AEC") to assist in discharging its duties of maintaining a sound system of internal controls to safeguard the Group's assets and shareholders' investments.

The AEC met seven (7) times during the financial year 2013 to review the scope of work of both the internal audit function and the statutory auditors, the results arising thereafter as well as their evaluation of the system of internal controls. The AEC also followed up on the resolution of major issues raised by the internal auditors, statutory auditors as well as the regulatory authorities in the examination reports. The consolidated financial statements of the Group and its subsidiaries were reviewed by the AEC prior to their submission to the Board of the Company for adoption.

In addition, the AEC has reviewed the procedures set up by the Group to identify and report, and where necessary, seek approval for related party transactions and, with the assistance of the internal auditors, reviewed the related party transactions.

Group Risk Management Committee

Risk management is an integral part of the Group's strategic decision-making process which ensures that the corporate objectives are consistent with the appropriate risk-return trade-off. The Board approves the risk management strategy and sets the broad risk tolerance level; and approves activities after considering the risk bearing capacity and readiness.

The Risk Management Committees have also been established at AmInvestment Bank, AmBank and AmIslamic Bank Berhad ("AmIslamic Bank") to oversee the overall management of credit, market, liquidity, operational, legal and capital risks impacting the Group.

The Committee is independent from management and comprises three (3) members, all of whom are Non-Executive Directors. The Committee ensures that the Board's risk tolerance level is effectively enforced, the risk management process is in place and functioning; and reviews high-level risk exposures to ensure that they are within the overall interests of the Group. It also assesses the ability to accommodate risks under normal and stress scenarios.

The Risk Management Department is independent of the various business units and acts as the catalyst for the development and maintenance of comprehensive and sound risk management policies, strategies and procedures within the Group. The functions encompass research and analysis, portfolio risk exposure reporting, compliance monitoring, formulation of policies and risk assessment methodologies, and formulation of risk strategies.

There were nine (9) meetings held during the financial year 2013.

Group Information Technology Committee

The Group Information Technology Committee ("GITC") comprises four (4) members, two (2) of whom are Non-Executive Directors. The Committee is responsible to provide governance for Information Technology and to ensure that the overall strategic IT direction is aligned with the Group's business objectives and strategy. GITC key responsibilities include to provide strategic direction for IT development within the Group and ensuring that IT strategic plans are aligned with the Group's business objectives and strategy, to ensure the establishment of Group-wide IT policy, procedures and frameworks including IT security and IT risk management, to provide oversight of the Group's long term IT strategic plans and budget, to establish and monitor the overall performance, efficiency and effectiveness of IT services including performance metrics and to review the adequacy and utilisation of the Group's IT resources including computer hardware, software, personnel and other IT related investments.

There were four (4) meetings held during the financial year 2013.

Directors' Report (Cont'd.)

CORPORATE GOVERNANCE (Cont'd.)

(ii) COMMITTEES OF THE BOARD (Cont'd.)

Internal Audit And Internal Control Activities

The Head of the Group Internal Audit Department reports to the AEC. Group Internal Audit assists the AEC in assessing and reporting on business risks and internal controls, and operates within the framework defined in the Audit Charter.

The AEC approves the Group Internal Audit's annual audit plan, which covers the audit of all major business units and operations within the Group. The results of each audit are submitted to the AEC and significant findings are discussed during the AEC meeting. The minutes of the AEC meeting are formally tabled to the Board for notation and action, where necessary. The Chief Internal Auditor and the external auditors also attend the AEC meetings by invitation and the AEC holds separate meetings with the Chief Internal Auditor and external auditors whenever necessary.

The scope of internal audit covers review of the adequacy of the risk management processes, operational controls, financial controls, compliance with laws and regulations, lending practices and information technology, including the various application systems in production, data centres and network security.

Group Internal Audit focuses its efforts on performing audits in accordance with the audit plan, which is prioritised based on a comprehensive risk assessment of all significant areas of audit identified in the Group. The structured audit risk assessment approach ensures that all risk-rated areas are kept in view to ensure appropriate audit coverage and audit frequency. The risk based audit plan is reviewed annually taking into account the changing financial significance of the business and risk environment.

Group Internal Audit also performs investigations and special reviews, and participates actively in major system development activities and project committees to advise on risk management and internal control measures.

(iii) MANAGEMENT INFORMATION

All Directors review Board papers and reports prior to the Board meeting. Information and materials, relating to the operations of the Company and its subsidiaries that are important to the Directors' understanding of the items in the agenda and related topics, are distributed in advance of the meeting. The Board reports, include among others, minutes of meetings of all Committees of the Board, monthly performance of the Group, credit risk management, asset liability and market risk management and industry benchmarking as well as prevailing regulatory developments and the economic and business environment.

These reports are issued giving sufficient time before the meeting to enable the Directors to be prepared and to obtain further explanations, where necessary, and provides input on Group policies.

Directors' Report (Cont'd.)

RATINGS BY EXTERNAL AGENCIES

During the financial year, Moody's Investors Service upgraded the foreign currency deposit ratings of AmBank (M) Berhad to Baa1/P-2 from Baa2/P-3. More recently, RAM Rating Services revised the outlook of AMMB, AmBank, AmIslamic Bank and AmInvestment Bank to positive from stable whilst Fitch Ratings and Standard & Poor's ratings were all reaffirmed.

Details of the ratings are as follows:

Rating agency	Date accorded	Rating Classification	Ratings
AmBank (M) Berhad			
Moody's Investor Service	December 2012	Long-term foreign currency bank deposit	Baa1/Stable
		Short-term foreign currency bank deposit	P-2/Stable
		Bank financial strength rating	D+
Standard & Poor's Ratings Services	December 2012	Foreign long-term issuer credit rating	BBB+/Stable
		Foreign short-term issuer credit rating	A-2
Fitch Ratings	February 2013	Long-term foreign currency issuer default rating	BBB/Stable
		Short-term foreign currency issuer default rating	F3
RAM Rating Services	January 2013	Long-term financial institution rating	AA3/Positive
		Short-term financial institution rating	P1
AmInvestment Bank Berhad			
Standard & Poor's Ratings Services	December 2012	Foreign long-term issuer credit rating	BBB+/Stable
		Foreign short-term issuer credit rating	A-2
Fitch Ratings	February 2013	Long-term foreign currency issuer default rating	BBB/Stable
		Short-term foreign currency issuer default rating	F3
RAM Rating Services	January 2013	Long-term financial institution rating	AA3/Positive
		Short-term financial institution rating	P1
AmIslamic Bank Berhad			
RAM Rating Services	January 2013	Long-term financial institution rating	AA3/Positive
		Short-term financial institution rating	P1
AMMB Holdings Berhad			
RAM Rating Services	January 2013	Long-term corporate credit rating	A1/Positive
		Short-term corporate credit rating	P1

SHARIAH COMMITTEE

Shariah Committee comprises five (5) members and is responsible and accountable on matters related to Shariah. This includes:

(i) advising Board of Directors and Management of AmIslamic Bank and other entities within AmBank Group on Shariah matters;
(ii) endorsing and validating products and services, and the operations in relation to Islamic Banking; and providing advice and
(iii) guidance on management of zakat and charity funds.

Shariah Committee members also sit in Shariah Oversight Committee, a sub-committee to the Shariah Committee performing an oversight function to assess work carried out by Shariah review, Shariah audit, Shariah regulatory review and Shariah risk management. Shariah Oversight Committee is also responsible to provide guidance and advice on matters pertaining to Shariah non- compliance incidents.

AUDITORS

The auditors, Ernst & Young, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the directors.

TAN SRI AZMAN HASHIM

ASHOK RAMAMURTHY

Kuala Lumpur, Malaysia
Date: 15 May 2013

Statement by Directors

Pursuant to Section 169(15) of the Companies Act, 1965

We, **TAN SRI AZMAN HASHIM** and **ASHOK RAMAMURTHY**, being two of the directors of **AMMB HOLDINGS BERHAD**, do hereby state that, in the opinion of the Directors, the accompanying financial statements set out on pages 126 to 292 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 March 2013 and of their financial performance and cash flows for the financial year then ended.

The supplementary information set out in Note 60 on page 293 have been prepared 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 ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad.

Signed on behalf of the Board in accordance with a resolution of the directors.

TAN SRI AZMAN HASHIM

ASHOK RAMAMURTHY

Kuala Lumpur, Malaysia
Date: 15 May 2013

Statutory Declaration

Pursuant to Section 169(16) of the Companies Act, 1965

I, **MANDY JEAN SIMPSON**, being the Officer primarily responsible for the financial management of **AMMB HOLDINGS BERHAD**, do solemnly and sincerely declare that the accompanying financial statements set out on pages 126 to 292 are, in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act,1960.

Subscribed and solemnly declared by the abovenamed **MANDY JEAN SIMPSON** at Kuala Lumpur in the Wilayah Persekutuan on 15 May 2013

MANDY JEAN SIMPSON

Before me,

COMMISSIONER FOR OATHS

PESURUHJAYA SUMPAH
No. W 633
MURALITHERAN
ART PILLAI
MALAYSIA

Tkt. 20, AmBank Building
No. 55, Jalan Raja Chulan
50200 Kuala Lumpur

Independent Auditors' Report

to the members of AMMB Holdings Berhad (Incorporated in Malaysia)

Report on the financial statements

We have audited the financial statements of AMMB Holdings Berhad, which comprise statements of financial position as at 31 March 2013 of the Group and of the Company, and income statements, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 126 to 292.

Directors' responsibility for the financial statements

The directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 March 2013 and of their financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

Report on other legal and regulatory requirements

In accordance with the requirements of the Companies Act, 1965 ("the Act") in Malaysia, we also report the following:

(a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

(b) We have considered the financial statements and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 15 to the financial statements, being financial statements that have been included in the consolidated financial statements.

(c) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.

(d) The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification and did not include any comment required to be made under Section 174(3) of the Act.

Other reporting responsibilities

The supplementary information set out in Note 60 on page 293 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with 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 ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

Other matters

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

ERNST & YOUNG
AF: 0039
Chartered Accountants

Yap Seng Chong
No. 2190/12/13(J)
Chartered Accountant

Kuala Lumpur, Malaysia
Date: 15 May 2013

Statements of Financial Position
As at 31 March 2013

		Group			Company		
	Note	31 March 2013 RM'000	31 March 2012 RM'000	1 April 2011 RM'000	31 March 2013 RM'000	31 March 2012 RM'000	1 April 2011 RM'000
ASSETS							
Cash and short-term funds	5	11,233,573	7,813,159	13,456,218	42,350	50,462	98,249
Securities purchased under resale agreements	6	200,605	517,306	547,273	–	–	–
Deposits and placements with banks and other financial institutions	7	2,322,657	1,892,166	3,635,168	55,675	12,956	7,028
Derivative financial assets	8	383,257	380,129	398,797	–	–	–
Financial assets held-for-trading	9	7,021,986	10,942,373	5,215,183	–	–	–
Financial investments available-for-sale	10	7,208,604	6,641,204	9,056,998	17,259	203,503	447,947
Financial investments held-to-maturity	11	6,219,804	1,429,843	783,147	–	–	–
Loans, advances and financing	12	82,586,332	75,683,401	71,113,940	–	–	–
Statutory deposits with Bank Negara Malaysia	13	2,907,435	2,582,411	145,842	–	–	–
Deferred tax assets	14	136,244	205,908	565,464	–	–	–
Investments in subsidiaries	15	–	–	–	9,507,225	7,642,376	8,182,034
Investment in associates	16	20,935	1,101	1,101	–	–	–
Other assets	17	2,864,266	2,457,199	2,360,291	33,873	13,511	4,561
Reinsurance, retakaful assets and other insurance receivables	55	166,627	112,535	47,631	–	–	–
Investment properties	55	80,165	84,715	90,245	–	–	–
Property and equipment	18	395,147	224,531	238,547	377	1,597	1,324
Intangible assets	19	3,245,653	1,954,799	1,917,404	–	–	–
TOTAL ASSETS		**126,993,290**	**112,922,780**	**109,573,249**	**9,656,759**	**7,924,405**	**8,741,143**
LIABILITIES AND EQUITY							
Deposits and placements of banks and other financial institutions	20	3,152,946	3,914,568	4,172,160	–	–	–
Securities sold under repurchase agreements	6	–	41,195	30,465	–	–	–
Recourse obligation on loans sold to Cagamas Berhad	21	3,337,941	3,126,109	2,718,077	–	–	–
Derivative financial liabilities	8	422,655	441,684	435,108	–	–	–
Deposits from customers	22	84,859,987	77,307,156	74,725,065	–	–	–
Term funding	23	6,255,969	4,957,323	4,746,878	1,506,000	206,000	206,000
Bills and acceptances payable	24	1,964,800	871,948	1,867,911	–	–	–
Debt capital	25	4,205,232	4,021,231	3,598,394	–	–	–
Deferred tax liabilities	14	32,043	12,886	96,852	–	–	–
Other liabilities	26	5,046,439	3,374,186	3,339,848	47,877	41,692	679,178
Insurance, takaful contract liabilities and other insurance payables	55	4,582,048	3,362,540	3,236,788	–	–	–
Total Liabilities		**113,860,060**	**101,430,826**	**98,967,546**	**1,553,877**	**247,692**	**885,178**
Share capital	27	3,014,185	3,014,185	3,014,185	3,014,185	3,014,185	3,014,185
Reserves	28	9,018,995	8,096,904	7,291,037	5,088,697	4,662,528	4,841,780
Equity attributable to equity holders of the Company		**12,033,180**	**11,111,089**	**10,305,222**	**8,102,882**	**7,676,713**	**7,855,965**
Non-controlling interests	30	1,100,050	380,865	300,481	–	–	–
Total Equity		**13,133,230**	**11,491,954**	**10,605,703**	**8,102,882**	**7,676,713**	**7,855,965**
TOTAL LIABILITIES AND EQUITY		**126,993,290**	**112,922,780**	**109,573,249**	**9,656,759**	**7,924,405**	**8,741,143**
COMMITMENTS AND CONTINGENCIES	**48**	**101,874,706**	**99,614,955**	**98,605,465**	**–**	**–**	**–**
NET ASSETS PER SHARE (RM)	**53**	**3.99**	**3.69**	**3.42**	**2.69**	**2.55**	**2.61**

The accompanying notes form an integral part of the financial statements.

Income Statements
For the Financial Year Ended 31 March 2013

	Note	Group 31 March 2013 RM'000	Group 31 March 2012 RM'000	Company 31 March 2013 RM'000	Company 31 March 2012 RM'000
Operating revenue	54	7,441,206	7,139,086	1,011,976	584,853
Interest income	31	4,487,833	4,382,302	7,410	2,676
Interest expense	32	(2,265,312)	(2,202,109)	(43,136)	(10,733)
Net interest income/(expense)		2,222,521	2,180,193	(35,726)	(8,057)
Net income from Islamic banking business	59(xxii)	847,757	795,032	–	–
Income from insurance business		1,480,010	960,565	–	–
Insurance claims and commissions		(1,270,628)	(843,593)	–	–
Net income from insurance business	55(l)	209,382	116,972	–	–
Other operating income	33	1,093,995	1,208,776	1,004,566	582,177
Share in result of associate		653	–	–	–
Net income		4,374,308	4,300,973	968,840	574,120
Other operating expenses	34	(2,005,951)	(1,791,105)	(6,227)	(3,932)
Acquisition and business efficiency expenses	36	(45,426)	–	–	–
Operating profit		2,322,931	2,509,868	962,613	570,188
Allowances for impairment on loans, advances and financing	37	(173,287)	(381,942)	–	–
Impairment writeback/(loss) on:					
Financial investments	38	800	11,906	–	–
Doubtful sundry receivables - net		(5,234)	(22,167)	–	–
Foreclosed properties		(9,086)	(28,345)	–	–
Fixed assets		1,347	–	–	–
Writeback of/(Provision for) commitments and contingencies		51,568	(59,266)	–	–
Transfer (to)/from profit equalisation reserve	26	(9,429)	3,560	–	–
Profit before taxation and zakat		2,179,610	2,033,614	962,613	570,188
Taxation and zakat	39	(486,410)	(500,743)	(1,629)	(113,602)
Profit for the year		**1,693,200**	**1,532,871**	**960,984**	**456,586**
Attributable to:					
Equity holders of the Company		1,635,146	1,484,416	960,984	456,586
Non-controlling interests		58,054	48,455	–	–
Profit for the year		**1,693,200**	**1,532,871**	**960,984**	**456,586**
EARNINGS PER SHARE (SEN)	41				
Basic		54.52	49.64	32.04	15.27
Fully diluted		54.43	49.59	31.99	15.25

The accompanying notes form an integral part of the financial statements.

Statements of Comprehensive Income

For the Financial Year Ended 31 March 2013

	Note	Group 31 March 2013 RM'000	Group 31 March 2012 RM'000	Company 31 March 2013 RM'000	Company 31 March 2012 RM'000
Profit for the year		1,693,200	1,532,871	960,984	456,586
Other comprehensive (loss)/income:					
Foreign exchange differences on translation of foreign operations		(7,882)	2,583	–	–
Net movement on cash flow hedges		(1,178)	(60,202)	–	–
Net movement on financial investments available-for-sale		(55,229)	26,654	–	–
Income tax relating to the components of other comprehensive income	40	14,763	24,679	–	–
Other comprehensive loss for the year, net of tax		(49,526)	(6,286)	–	–
Total comprehensive income for the year		**1,643,674**	**1,526,585**	**960,984**	**456,586**
Total comprehensive income for the year attributable to:					
Equity holders of the Company		1,595,582	1,469,465	960,984	456,586
Non-controlling interests		48,092	57,120	–	–
		1,643,674	**1,526,585**	**960,984**	**456,586**

The accompanying notes form an integral part of the financial statements.

Statements of Changes in Equity

For the Financial Year Ended 31 March 2013

		Attributable to Equity Holders of the Company								
			Non-Distributable				Distributable			
	Note	Ordinary Share Capital RM'000	Share Premium RM'000	Other Reserves RM'000	Shares Held In Trust for ESS RM'000	Non-participating Funds RM'000	Retained Earnings RM'000	Total RM'000	Non-controlling Interests RM'000	Total Equity RM'000
Group										
At 1 April 2011		3,014,185	2,537,372	1,574,100	(48,687)	117,633	3,110,619	10,305,222	300,481	10,605,703
Profit for the year		–	–	–	–	–	1,484,416	1,484,416	48,455	1,532,871
Other comprehensive (loss)/income, net		–	–	(14,951)	–	–	–	(14,951)	8,665	(6,286)
Total comprehensive (loss)/income for the year		–	–	(14,951)	–	–	1,484,416	1,469,465	57,120	1,526,585
Purchase of shares pursuant to Executives' Share Scheme ("ESS")^		–	–	–	(132,368)	–	–	(132,368)	–	(132,368)
Share–based payment under ESS, net		–	–	39,688	–	–	–	39,688	–	39,688
ESS shares vested to employees of subsidiaries		–	–	(9,156)	26,876	–	–	17,720	–	17,720
Transfer of ESS shares recharged difference on purchase price for shares vested		–	–	–	–	–	(6,434)	(6,434)	(274)	(6,708)
Net transfer for profit equalisation reserve		–	–	–	–	–	–	–	–	–
Unallocated surplus transfer		–	–	–	–	(13,577)	(7,989)	(21,566)	(9,242)	(30,808)
Transfer to statutory reserve		–	–	355,910	–	–	(355,910)	–	–	–
Subscription of shares in AmPrivate Equity Sdn Bhd		–	–	–	–	–	–	–	4,100	4,100
Subscription of shares in AmFamily Takaful Berhad		–	–	–	–	–	–	–	30,000	30,000
Dividends paid	42	–	–	–	–	–	(560,638)	(560,638)	(1,320)	(561,958)
At 31 March 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**

Statements of Changes in Equity (Cont'd.)

For the Financial Year Ended 31 March 2013

		Attributable to Equity Holders of the Company								
			Non-Distributable				Distributable			
	Note	Ordinary Share Capital RM'000	Share Premium RM'000	Other Reserves RM'000	Shares Held In Trust for ESS RM'000	Non-participating Funds RM'000	Retained Earnings RM'000	Total RM'000	Non-controlling Interests RM'000	Total Equity RM'000
Group										
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 year		–	–	–	–	–	1,635,146	1,635,146	58,054	1,693,200
Other comprehensive loss, net		–	–	(39,564)	–	–	–	(39,564)	(9,962)	(49,526)
Total comprehensive (loss)/income for the year		–	–	(39,564)	–	–	1,635,146	1,595,582	48,092	1,643,674
Purchase of shares pursuant to Executives' Share Scheme ("ESS")		–	–	–	–	–	–	–	–	–
Share-based payment under ESS, net		–	–	51,377	–	–	–	51,377	–	51,377
ESS shares vested to employees of subsidiaries		–	–	(48,268)	79,242	–	–	30,974	–	30,974
Transfer of ESS shares recharged difference on purchase price for shares vested		–	–	–	–	–	(14,847)	(14,847)	(379)	(15,226)
Transfer to profit equalisation reserve under previous guideline		–	–	1,495	–	–	–	1,495	–	1,495
Net transfer for profit equalisation reserve		–	–	(182)	–	–	182	–	–	–
Unallocated surplus transfer		–	–	–	–	(43,238)	61,500	18,262	21,782	40,044
Transfer to statutory reserve		–	–	64,550	–	–	(64,550)	–	–	–
Redemption of shares in AmPrivate Equity Sdn Bhd		–	–	–	–	–	–	–	(8,318)	(8,318)
Subscription of shares in AmG Insurance Berhad		–	–	–	–	–	–	–	784,000	784,000
Acquisition of remaining interests in AmLife and AmFamily		–	–	–	–	49,546	(192,390)	(142,844)	(124,732)	(267,576)
Dividends paid	42	–	–	–	–	–	(617,908)	(617,908)	(1,260)	(619,168)
At 31 March 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**

Statements of Changes in Equity (Cont'd.)

For the Financial Year Ended 31 March 2013

	Note	Attributable to Equity Holders of the Company					
		Non-Distributable				Distributable	
	Note	Ordinary Share Capital RM'000	Share Premium RM'000	Other Reserves RM'000	Shares Held In Trust for ESS RM'000	Retained Earnings RM'000	Total Equity RM'000
Company							
At 1 April 2011		3,014,185	2,536,065	49,555	(48,687)	2,304,847	7,855,965
Profit for the year		–	–	–	–	456,586	456,586
Other comprehensive income, net		–	–	–	–	–	–
Total comprehensive income for the year		–	–	–	–	456,586	456,586
Purchase of shares pursuant to Executives' Share Scheme ("ESS")^		–	–	–	(132,368)	–	(132,368)
Share-based payment under ESS, net		–	–	39,688	–	–	39,688
ESS shares vested to employees of subsidiaries		–	–	(9,156)	26,876	(240)	17,480
Dividends paid	42	–	–	–	–	(560,638)	(560,638)
At 31 March 2012		**3,014,185**	**2,536,065**	**80,087**	**(154,179)**	**2,200,555**	**7,676,713**
At 1 April 2012		3,014,185	2,536,065	80,087	(154,179)	2,200,555	7,676,713
Profit for the year		–	–	–	–	960,984	960,984
Other comprehensive income, net		–	–	–	–	–	–
Total comprehensive income for the year		–	–	–	–	960,984	960,984
Purchase of shares pursuant to Executives' Share Scheme ("ESS")		–	–	–	–	–	–
Share-based payment under ESS, net		–	–	51,377	–	–	51,377
ESS shares vested to employees of subsidiaries		–	–	(48,268)	79,241	743	31,716
Dividends paid	42	–	–	–	–	(617,908)	(617,908)
At 31 March 2013		**3,014,185**	**2,536,065**	**83,196**	**(74,938)**	**2,544,374**	**8,102,882**

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

The accompanying notes form an integral part of the financial statements.

Statements of Cash Flows

For the Financial Year Ended 31 March 2013

	Group		Company	
	31 March 2013 RM'000	31 March 2012 RM'000	31 March 2013 RM'000	31 March 2012 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before taxation and zakat	2,179,610	2,033,614	962,613	570,188
Add/(Less) adjustments for:				
Amortisation of computer software	57,807	43,866	–	–
Accretion of discount less amortisation of premium	(124,777)	(135,356)	–	–
Depreciation of property and equipment	62,339	57,350	562	301
Loss/(Gain) on disposal of property and equipment	1,653	(676)	(11)	(59)
Gross dividend income from investments	(94,995)	(67,054)	(1,004,095)	(581,358)
Impairment loss on sundry receivables, net	5,234	22,167	–	–
Impairment writeback on financial investments	(800)	(11,906)	–	–
Impairment loss on foreclosed properties	9,086	28,345	–	–
Property and equipment written off	141	76	–	–
Sundry receivables written off	4,590	2,440	–	–
Allowance for losses on loans, advances and financing, net	173,287	381,942	–	–
Net gain on redemption of financial investment held-to-maturity	(41,602)	(26,617)	–	–
Net gain on revaluation of derivatives	(57,078)	(74,507)	–	–
Net (gain)/loss on revaluation of financial assets held-for-trading	(18,847)	7,010	–	–
Net gain on sale of financial assets held-for-trading	(15,409)	(196,754)	–	–
Net gain on sale of financial investments available-for-sale	(59,149)	(143,553)	–	–
Net gain on revaluation of investment property	(200)	(2,970)	–	–
Provision for commitments and contingencies	(51,568)	59,266	–	–
Scheme shares and options grants under Executives' Share Scheme ("ESS")	51,376	39,752	–	(103)
Share in results of associate	(653)	–	–	–
Transferred to/(from) profit equalisation reserve	9,429	(3,560)	–	–
Gain from assets securitisation	(2,875)	(2,698)	–	–
Computer software written off	–	983	–	–
Loss/(Gain) on redemption of structured product	305	(1,882)	–	–
Operating profit/(loss) before working capital changes	2,086,904	2,009,278	(40,931)	(11,031)
Decrease/(Increase) in operating assets:				
Securities purchased under resale agreements	316,701	29,967	–	–
Deposits and placements with banks and other financial institutions	8,672	1,743,002	(42,720)	(5,927)
Financial assets held-for-trading	4,263,290	(5,473,620)	–	–
Loans, advances and financing	(6,572,255)	(4,951,403)	–	–
Reinsurance, retakaful assets and other insurance receivables	(54,092)	(64,904)	–	–
Other assets	693,739	351,932	(12,183)	27,645
Statutory deposits with Bank Negara Malaysia	(325,024)	(2,436,569)	–	–
Increase/(Decrease) in operating liabilities:				
Deposits from customers	7,552,527	2,583,975	–	–
Deposits and placements of banks and other financial institutions	(761,622)	(257,593)	–	–
Obligations on securities sold under repurchase agreements	(41,195)	10,730	–	–
Bills and acceptances payable	1,092,852	(995,963)	–	–
Term funding	748,456	210,444	–	–
Recourse obligation on loans sold to Cagamas Berhad	211,832	408,032	–	–
Insurance, takaful contract liabilities and other insurance payables	1,219,508	125,752	–	–
Other liabilities	(265,877)	(214,250)	6,188	(637,487)
Cash generated from/(used in) operations	10,174,416	(6,921,190)	(89,646)	(626,800)
Taxation (paid)/refunded	(674,068)	(466,899)	1,167	(3,609)
Net cash generated from/(used in) operating activities	9,500,348	(7,388,089)	(88,479)	(630,409)

Statements of Cash Flows (Cont'd.)

For the Financial Year Ended 31 March 2013

	Group		Company	
	31 March 2013 RM'000	31 March 2012 RM'000	31 March 2013 RM'000	31 March 2012 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES				
(Purchase)/Disposal of financial investments - net	(4,242,715)	2,049,222	193,464	255,589
Dividends received from other investments	71,246	50,291	3,249	–
Proceeds from disposal of property and equipment	1,012	1,200	668	306
Purchase of property and equipment	(62,870)	(43,898)	–	(821)
Purchase of computer software	(108,971)	(82,263)	–	–
Proceeds from disposal of investment properties	–	8,500	–	–
Dividends received from subsidiaries	–	–	985,758	454,260
Arising from capital reduction of ordinary share capital of AmInvestment Group Berhad	–	–	2,921,202	639,658
Subscription of shares in AmIslamic Bank Berhad	–	–	(150,001)	(100,000)
Subscription of shares in AMAB Holdings Sdn Bhd	–	–	(1,070,000)	–
Acquisition of AmBank (M) Berhad from AMFB Holdings Berhad	–	–	(2,921,202)	–
Acquisition of remaining equity interests in AmLife Insurance Berhad and AmFamily Takaful Berhad	(245,000)	–	–	–
Acquisition of MBF Cards (M'sia) Sdn Bhd	(518,970)	–	(644,848)	–
Acquisition of Kurnia Insurans (Malaysia) Berhad	(1,397,419)	–	–	–
Return of surplus funds from associate	1,040	–	–	–
Net cash (used in)/generated from investing activities	(6,502,647)	1,983,052	(681,710)	1,248,992
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from issue of shares by subsidiaries to non-controlling interests	775,682	34,100	–	–
Proceeds from unsecured bonds and notes	200,000	400,000	1,300,000	–
Dividends paid by Company to its shareholders	(617,908)	(560,638)	(617,908)	(560,638)
Arising from purchase of shares for ESS by the appointed trustee	–	(132,368)	–	(132,368)
ESS shares vested to eligible employees	79,242	26,876	79,242	26,876
Transfer of ESS shares recharged difference on purchase price for shares vested	(14,847)	(6,434)	743	(240)
Dividends paid to non-controlling interests by subsidiaries	(1,260)	(1,320)	–	–
Net cash generated from/(used in) financing activities	420,909	(239,784)	762,077	(666,370)
Net increase/(decrease) in cash and cash equivalents	3,418,610	(5,644,821)	(8,112)	(47,787)
Cash and cash equivalents at beginning of year	7,813,159	13,456,218	50,462	98,249
Cash and cash equivalents at end of year (Note 1)	**11,231,769**	**7,811,397**	**42,350**	**50,462**

Note 1: Cash and Cash Equivalents

Cash and cash equivalents included in the statements of cash flows comprise the following amounts:

	Group		Company	
	31 March 2013 RM'000	31 March 2012 RM'000	31 March 2013 RM'000	31 March 2012 RM'000
Cash and short-term funds	11,233,573	7,813,159	42,350	50,462
Effect of exchange rates changes	(1,804)	(1,762)	–	–
Cash and cash equivalents	**11,231,769**	**7,811,397**	**42,350**	**50,462**

The accompanying notes form an integral part of the financial statements.

Notes to the Financial Statements

1. CORPORATE INFORMATION

AMMB Holdings Berhad ("the Company") is a public limited liability company incorporated and domiciled in Malaysia, and listed on Bursa Malaysia Securities Berhad ("Bursa Malaysia"). The registered office of the Company is located at Level 22, Bangunan AmBank Group, No. 55, Jalan Raja Chulan, 50200 Kuala Lumpur.

The principal activity of the Company is that of investment holding.

The subsidiaries, as listed in Note 15, provide a wide range of retail banking, business banking, investment banking, corporate and institutional banking and related financial services which also include Islamic banking business, underwriting of general and life insurance, stock and share-broking, futures broking, investment advisory and asset, real estate investment trust and unit trust management services.

There have been no significant changes in the nature of the activities of the Group and of the Company during the financial year.

The financial statements of the Group and of the Company have been approved and authorised for issue by the Board of Directors on 30 April 2013.

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

2.1 Transition to Malaysian Financial Reporting Standards Framework

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

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

The Group has applied MFRS 1, First-time Adoption of Malaysian Financial Reporting Standards in its transition to the MFRS Framework.

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

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

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

Computation of the collective impairment allowance for loans and advances based on MFRS 139 is as described in Note 3.5 (o)(i).

This change in accounting policy has been applied retrospectively and the effects on the Group's financial position, financial performance and cash flows are set out in Note 58.

2.2 BNM Guidelines on Profit Equalisation Reserve

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

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

- The creation of PER establishes an obligation to manage distribution to the IAH from Shariah perspective. The PER of the IAH is classified as liability and recognised at cost. The subsequent apportionments of profit to the IAH are recognised in profit or loss. The eventual distribution of PER as profit distributable to IAH will be treated as an outflow of funds due to the settlement of obligation to the IAH; and

- The PER of AmIslamic Bank Berhad is allocated from retained earnings and classified as separate reserve in equity and is non-distributable. Subsequent apportionment from and distributions to retained earnings are treated as transfer between reserves.

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

Notes to the Financial Statements (Cont'd.)

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (Cont'd.)

2.3 BNM Guidelines on Financial Reporting for Insurers

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

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

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

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

The financial impact of this change in accounting policy on the financial statements of the Group is disclosed in Note 58.

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

In the previous financial statements, monies held in the trust account are accounted for as the Group's assets with corresponding liabilities.

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

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

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

The financial impact of this change in accounting policy on the financial statements of the Group is disclosed in Note 58.

2.5 New and amended standards and interpretations

(a) Standards issued but not yet effective

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

(i) 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"

(ii) 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

(iii) Standards effective for financial year ending 31 March 2016:
- MFRS 9, Financial Instruments

Notes to the Financial Statements (Cont'd.)

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (Cont'd.)

2.5 New and amended standards and interpretations (Cont'd.)

(a) Standards issued but not yet effective (Cont'd.)

(iv) Effect of adoption of standards issued but not yet effective

A discussion of the significant MFRSs that have been issued but not yet effective is set out below. The Group is assessing the financial effects of their adoption.

(i) MFRS 3, Business Combinations – The standard was issued as a consequence to the amendments to MFRS 10, MFRS 11 and MFRS 12: Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance to allow eligible entities to apply the earlier version of MFRS 3.

(ii) MFRS 10, Consolidated Financial Statements – Upon adoption, MFRS 10 supersedes MFRS 127, Consolidated and Separate Financial Statements. MFRS 10 converges the financial reporting requirements in MFRS 127 and SIC-12, which interprets the requirements of MFRS 10 in relation to special purpose entities. A major feature of MFRS 10 is where it sets out the requirements on how the application of the control principle is applied in the preparation of consolidated financial statements, especially in circumstances where the investor holds less than the majority of voting power, or where the investee entity is designed in such a manner where voting rights are not the dominant factor in determining control, or in circumstances involving agency relationships, or where the investor has control over specific assets of the entity.

(iii) MFRS 11, Joint Arrangements – Upon adoption, MFRS 11 supersedes MFRS 131, Interests in Joint Ventures. Under MFRS 11, interest in a jointly controlled entity is accounted for based on the type of joint arrangement, as determined based on an assessment of its rights and obligations arising from the arrangement.

(iv) MFRS 12, Disclosure of Interests in Other Entities – MFRS 12 prescribes the disclosure requirements for interests in subsidiary companies, joint ventures, associated companies and unconsolidated structured entities. MFRS 12 aims at providing standardised and comparable information that enable users of financial statements to evaluate the nature of, and risks associated with, the entity's interests in other entities, and the effects of those interests on its financial position, financial performance and cash flows.

(v) MFRS 13, Fair Value Measurement – MFRS 13 sets out a framework for measuring fair value and the disclosure requirements about fair value to address the inconsistencies in the requirements for measuring fair value across different accounting standards. MFRS 13 defines fair value as a market- based measurement, not an entity specific measurement.

(vi) MFRS 127, Separate Financial Statements – As MFRS 10 prescribes the accounting requirements relating to the preparation of consolidated financial statements that were previously covered under MFRS 127, MFRS 127 has now been reissued to only cover the requirements relating to the accounting for investments in subsidiary companies, associated companies and joint ventures in the separate financial statements of the entity. In such cases, the entity should account for such investments either at cost, or in accordance with MFRS 9.

(vii) MFRS 128, Investments in Associates and Joint Ventures – MFRS 128 incorporates the requirements for accounting for joint ventures into the same accounting standard as that for accounting for investments in associated companies, as the IASB was of the view that the equity method was applicable for both investments in joint ventures and associated companies. However, the revised MFRS 128 exempts the investor from applying equity accounting where the investment in the associated company or joint venture is held indirectly via venture capital organisations or mutual funds and similar entities. In such cases, the entity shall measure the investment at fair value through profit or loss, in accordance with MFRS 9.

(viii) MFRS 132 and MFRS 7, Offsetting Financial Assets and Financial Liabilities – The amendments to MFRS 132 clarify the meaning of "currently has a legally enforceable right to set-off". The amendments to MFRS 7 require the disclosure of information about rights to set-off and related arrangements (e.g. collateral agreements). The disclosures would provide users with information that is useful in evaluating the effect of netting arrangements on an entity's financial position. The new disclosures are required for all recognised financial instruments that are set off in accordance with MFRS 132.42 and for financial assets that are subject to an enforceable master netting arrangement or similar arrangement regardless whether they are set off.

Notes to the Financial Statements (Cont'd.)

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (Cont'd.)

2.5 New and amended standards and interpretations (Cont'd.)

(a) Standards issued but not yet effective (Cont'd.)

(iv) Effect of adoption of standards issued but not yet effective (Cont'd.)

(ix) MFRS 10, MFRS 11 and MFRS 12, Transition Guidance – Entities are required to apply the amendments for annual periods beginning on or after 1 January 2013, which is aligned with the effective date of MFRS 10, Consolidated Financial Statements, MFRS 11, Joint Arrangements and MFRS 12, Disclosure of Interests in Other Entities. The amendment clarifies that the "date of initial application" in MFRS 10 means "the beginning of the annual reporting period in which MFRS 10 is applied for the first time".

Consequently, an entity is not required to adjust its previous accounting if:

(a) the consolidation conclusion reached upon the application of MFRS 10 is the same as previous accounting; or
(b) the entity had disposed of its interests in investees during a comparative period.

If an entity has to consolidate an investee that was not previously consolidated when applying MFRS 10 or concludes that it will no longer consolidate an investee that was previously consolidated, the amendments limit the requirement to present adjusted comparative information to the period immediately preceding the date of initial application. However, the entity is not prohibited from presenting adjusted comparative information for earlier periods.

A similar relief is also provided in MFRS 11 and MFRS 12. Additionally, entities would no longer be required to provide disclosures for unconsolidated structured entities in periods prior to the first annual period that MFRS 12 is applied.

If, upon applying MFRS 10, an entity concludes that it shall consolidate an investee that was not previously consolidated and that control was obtained before the effective date of MFRS 3, Business Combinations and MFRS 127, Consolidated and Separate Financial Statements issued by the MASB in November 2011, the amendments clarify that the entity can apply the earlier versions of MFRS 3 and MFRS 127. Therefore the MASB has issued MFRS 3 (IFRS 3 issued by IASB in 2004) and MFRS 127 (IAS 27 as revised by IASB in 2003) in this regard.

Similarly, the Amendments to FRS 10, FRS 11 and FRS 12 provide the choice to transitioning entities to apply either the earlier or the revised versions of FRS 3 and FRS 127 if control was obtained before the effective date of the revised versions of these Standards.

(x) MFRS 101, Presentation of Items of Other Comprehensive Income – The amendments change the grouping of items presented in Other Comprehensive Income, items that could be reclassified (or "recycled") to profit or loss at a future point in time (e.g. upon derecognition or settlement) would be presented separately from items that will never be reclassified. The amendment affects presentation only and has no impact on the Group's financial position or performance.

(xi) Annual Improvements 2009-2011 Cycle – These improvements will not have an impact on the Group, but include:

MFRS 1, First-time Adoption of International Financial Reporting Standards: This improvement clarifies that an entity that stopped applying MFRS in the past and chooses, or is required, to apply MFRS, has the option to re-apply MFRS 1. If MFRS 1 is not re-applied, an entity must retrospectively restate its financial statements as if it had never stopped applying MFRS.

MFRS 101, Presentation of Financial Statements: This improvement clarifies the difference between voluntary additional comparative information and the minimum required comparative information. Generally, the minimum required comparative information is the previous period.

MFRS 116, Property Plant and Equipment: This improvement clarifies that major spare parts and servicing equipment that meet the definition of property, plant and equipment are not inventory.

MFRS 132, Financial Instruments, Presentation: This improvement clarifies that income taxes arising from distributions to equity holders are accounted for in accordance with MFRS 112 Income Taxes.

MFRS 134 Interim Financial Reporting: The amendment aligns the disclosure requirements for total segment assets with total segment liabilities in interim financial statements. This clarification also ensures that interim disclosures are aligned with annual disclosures.

(xii) MFRS 9, Financial Instruments – MFRS 9 as issued reflects the first phase of the IASB's work on the replacement of IAS 39 (equivalent to MFRS 139) and applies to classification and measurement of financial assets and liabilities as defined in IAS 39. In subsequent phases, the IASB will address impairment and hedge accounting. The adoption of the first phase of MFRS 9 will primarily have an effect on the classification and measurement of the Group's financial assets.

Notes to the Financial Statements (Cont'd.)

3. ACCOUNTING POLICIES

3.1 Basis of preparation

The financial statements have been prepared on a historical cost basis, except for financial assets held-for-trading, financial investments available-for-sale, derivative financial instruments and investment properties that have been measured at fair value.

3.2 Statement of compliance

The financial statements of the Group and of the Company have been prepared in accordance with MFRS, IFRS and the requirements of the Companies Act, 1965 in Malaysia.

3.3 Statement of compliance

The financial statements are presented in Ringgit Malaysia ("RM") and all values are rounded to the nearest thousand ("RM'000") except when otherwise indicated.

The statements of financial position are presented in order of liquidity. An analysis regarding recovery or settlement within 12 months after the reporting date ("current") and more than 12 months after the reporting date ("non-current") is presented in Note 49.

3.4 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries ("Group entities") for the year ended 31 March 2013.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date when such control ceases. Control is achieved where the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. All intra-group balances, transactions, unrealised gains and losses arising from intra-group transactions and dividends are eliminated in full.

Total comprehensive income within a subsidiary is attributed to the non-controlling interest even if that results in a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:
- derecognises the assets (including goodwill) and liabilities of the subsidiary
- derecognises the carrying amount of any non-controlling interest
- derecognises the cumulative translation differences recorded in equity
- recognises the fair value of the consideration received
- recognises the fair value of any investment retained
- recognises any surplus or deficit in profit or loss
- reclassifies the parent's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

3.5 Summary of significant accounting policies

(a) Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non- controlling interest in the acquiree. For each business combination, the Group elects whether it measures the non- controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date; any gains or losses arising from such remeasurement are recognised in profit or loss.

Notes to the Financial Statements (Cont'd.)

3. ACCOUNTING POLICIES (Cont'd.)

3.5 Summary of significant accounting policies (Cont'd.)

(a) Business combinations and goodwill (Cont'd.)

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Subsequent changes in the fair value of the contingent consideration that is deemed to be an asset or liability will be recognised in accordance with MFRS 139 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity. In instances where the contingent consideration does not fall within the scope of MFRS 139, it is measured in accordance with the appropriate MFRS.

Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

(b) Investment in subsidiaries

Subsidiaries are entities over which the Group has the power to govern the financial and operating policies so as to obtain benefits from their activities.

In the Company's separate financial statements, investment in subsidiaries is accounted for at cost less accumulated impairment losses. On disposal of such investments, the difference between the net disposal proceeds and its carrying amount is included in profit or loss.

(c) Investment in an associate

An associate is an entity in which the Group has significant influence.

Investment in associate is accounted for using the equity method of accounting.

Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the Group's share of the profit or loss of the associate after the date of acquisition.

The Group's share of post-acquisition profit or loss is recognised in the income statement, and its share of post- acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

Profits and losses resulting from upstream and downstream transactions between the Group and its associate are recognised in the Group's financial statements only to the extent of unrelated investor's interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Goodwill relating to an associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment. Any excess of the Group's share of the net fair value of the associate's identifiable assets, liabilities and contingent liabilities over the cost of the investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of an associate's profit or loss in the period in which the investment is acquired.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in "Share of profit of an associate" in the income statement.

Notes to the Financial Statements (Cont'd.)

3. ACCOUNTING POLICIES (Cont'd.)

3.5 Summary of significant accounting policies (Cont'd.)

(c) Investment in an associate (Cont'd.)

Upon loss of significant influence over the associate, the Group measures and recognises any retaining investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

In the Company's separate financial statements, investment in associate is stated at cost less accumulated impairment losses. On disposal of such investment, the difference between net disposal proceeds and its carrying amount is included in profit or loss.

(d) Transactions with non-controlling interests

Non-controlling interests represent the portion of profit or loss and net assets in subsidiaries not held directly or indirectly by the Group.

Non-controlling interests are presented separately in the consolidated income statement and within equity in the consolidated statement of financial position, separately from the parent shareholders' equity. Any losses applicable to the non-controlling interests in excess of the non-controlling interests are allocated against the interests of the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(e) Foreign currency translation

(i) Functional and presentation currency

The Group's consolidated financial statements are presented in Ringgit Malaysia, which is also the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each Group entity are measured using that functional currency.

(ii) Transactions and balances

Transactions in foreign currencies are initially recorded by the Group entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate at the reporting date.

All differences arising on settlement or translation of monetary items are taken to the income statement with the exception of monetary items that are designated as part of the hedge of the Group's net investment of a foreign operation. These are recognised in other comprehensive income until the net investment is disposed, at which time, the cumulative amount is reclassified to the income statement. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in other comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on retranslation of non-monetary items is treated in line with the recognition of gain or loss on changes in fair value of the item (that is, translation differences on items whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

(iii) Group entities

On consolidation, the assets and liabilities of foreign operations are translated into Ringgit Malaysia at the rate of exchange prevailing at the reporting date and their income statements are translated at the average exchange rates for the year. The exchange differences arising on translation for consolidation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the income statement.

Notes to the Financial Statements (Cont'd.)

3. ACCOUNTING POLICIES (Cont'd.)

3.5 Summary of significant accounting policies (Cont'd.)

(f) Property and equipment

Property and equipment are stated at cost, net of accumulated depreciation and/or accumulated impairment losses, if any. Such cost includes the cost of replacing part of the property and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of property and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the income statement as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Purchased computer software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

Freehold land has an unlimited life and therefore, is not depreciated. Leasehold building is amortised on a straight-line basis over the shorter of the lease period or fifty years.

Depreciation of other property and equipment is calculated on a straight-line basis over the estimated useful lives of the assets. The annual depreciation rates for the various classes of property and equipment are as follows:

Freehold buildings	2%
Leasehold buildings	2% or over the term of short term lease
Leasehold improvements	20%
Motor vehicles	20%
Computer hardware	20%
Office and residential equipment, furniture and fittings	20% - 50%

An item of property and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognised.

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate.

(g) Investment properties

Investment properties are stated at cost less accumulated depreciation and accumulated impairment in value.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets. The annual depreciation rates for the various classes of investment properties are as follows:

Freehold and leasehold buildings	2% or over the term of short term lease

Investment properties belonging to the life insurance fund of the Group are stated at cost, including transaction costs. Subsequent to initial recognition, these investment properties are stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in the revenue account of the life insurance fund in the period in which they arise. Fair values are evaluated annually by accredited external valuers and are arrived at by reference to market evidence of transaction prices for similar properties.

In the absence of current prices in an active market, alternative valuation methods are used such as recent prices on less active markets or discounted cash flow valuations. Discounted cash flow valuations are prepared by considering the aggregate of the estimated cash flows expected to be received from renting out the property. A yield that reflects the specific risks inherent in the net cash flows is then applied to the net annual cash flows to arrive at the property valuation.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of derecognition.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If an owner-occupied property becomes an investment property, the Group accounts for the property in accordance with the policy under property and equipment up to the date of the change in use.

Notes to the Financial Statements (Cont'd.)

3. ACCOUNTING POLICIES (Cont'd.)

3.5 Summary of significant accounting policies (Cont'd.)

(h) Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date, whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

(i) Group as a lessee

Finance leases that transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in "Interest expense" in the income statement.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognised as an operating expense in the profit or loss on a straight-line basis over the lease term.

(ii) Group as a lessor

Leases in which the Group does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

(i) Intangible assets, other than goodwill arising from business combination

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible asset acquired in a business combination is their fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in the income statement in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the income statement in the expense category consistent with the function of the intangible assets.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the income statement when the asset is derecognised.

(i) Research and development costs

Research costs are expensed as incurred. Development expenditure on an individual software project are recognised as an intangible asset when the Group can demonstrate:
- The technical feasibility of completing the intangible asset so that it will be available for use or sale
- Its intention to complete and its ability to use or sell the asset
- How the asset will generate future economic benefits
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development

Following initial recognition of the software development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised on a straight-line basis over the period of expected benefit of 3 to 7 years. During the period of development, the asset is tested for impairment annually.

Notes to the Financial Statements (Cont'd.)

3. ACCOUNTING POLICIES (Cont'd.)

3.5 Summary of significant accounting policies (Cont'd.)

(j) Financial instruments – initial recognition and subsequent measurement

(i) Date of recognition

All financial assets and liabilities are initially recognised on the trade date, that is the date that the Group becomes a party to the contractual provisions of the instrument. This includes "regular way trades": purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place.

(ii) Initial measurement of financial instruments

The classification of financial instruments at initial recognition depends on the purpose and the management's intention for which the financial instruments were acquired and their characteristics. All financial instruments are measured initially at their fair value plus transaction costs, except in the case of financial assets and financial liabilities recorded at fair value through profit or loss.

(iii) Subsequent measurement

The subsequent measurement of financial instruments depends on their classification as described below:

(a) Financial assets and financial liabilities at fair value through profit or loss: held–for–trading

Financial assets or financial liabilities held–for–trading are recorded in the statement of financial position at fair value. Changes in fair value are recognised in "Investment and trading income". Interest and dividend income or expense is recorded in "Investment and trading income", "Interest income" or "Interest expense", as appropriate and based on effective yield.

Included in this classification are debt securities, equities and short positions.

(b) Financial assets and financial liabilities at fair value through profit or loss: fair value option

Financial assets and financial liabilities classified in this category are those that have been designated by management on initial recognition. Management may only designate an instrument at fair value through profit or loss upon initial recognition when the following criteria are met and designation is determined on an instrument by instrument basis:

- The designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets or liabilities or recognising gains or losses on them on a different basis.

- The assets and liabilities are part of a group of financial assets, financial liabilities or both which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management or investment strategy.

- The financial instrument contains one or more embedded derivatives which significantly modify the cash flows that otherwise would be required by the contract.

Financial assets and financial liabilities designated at fair value through profit or loss are recorded in the statement of financial position at fair value. Changes in fair value are recognised in "Investment and trading income". Interest is earned or accrued in "Interest income" or "Interest expense", respectively, using the effective interest rate ("EIR"), while dividend income is recorded in "Investment and trading income" when the right to the payment has been established.

(c) Financial investments available–for–sale

Financial investments available–for–sale include equity investments and debt securities. Equity investments classified as available–for–sale are those that are neither classified as held–for–trading nor designated at fair value through profit or loss. Debt securities in this category are those that are intended to be held for an indefinite period of time and that may be sold in response to needs for liquidity or in response to changes in the market conditions.

The Group has not designated any loans, advances and financing as available–for–sale.

Notes to the Financial Statements (Cont'd.)

3. ACCOUNTING POLICIES (Cont'd.)

3.5 Summary of significant accounting policies (Cont'd.)

(j) Financial instruments – initial recognition and subsequent measurement (Cont'd.)

(iii) Subsequent measurement (Cont'd.)

(c) Financial investments available–for–sale (Cont'd.)

After initial measurement, financial investments available–for–sale are subsequently measured at fair value with unrealised gains or losses recognised as other comprehensive income in the "Available–for–sale reserve" until the investment is derecognised, at which time the cumulative gain or loss is recognised in "Other operating income", or the investment is determined to be impaired, when the cumulative loss is reclassified from the "Available–for–sale reserve" to the income statement in "Impairment losses on financial investments". Interest earned whilst holding financial investments available–for–sale is reported as interest income using the EIR method. Dividends earned whilst holding available–for–sale financial investments are recognised in the income statement as "Other operating income" when the right to the payment has been established.

The Group evaluates whether the ability and intention to sell its available-for-sale financial assets in the near term is still appropriate. When, in rare circumstances, the Group is unable to trade these financial assets due to inactive markets and management's intention to do so significantly changes in the foreseeable future, the Group may elect to reclassify these financial assets. Reclassification to loans and receivables is permitted when the financial assets meet the definition of loans and receivables and the Group has the intent and ability to hold these assets for the foreseeable future or until maturity. Reclassification to the held-to-maturity category is permitted only when the entity has the ability and intention to hold the financial asset accordingly.

For a financial asset reclassified from the available-for-sale category, the fair value carrying amount at the date of reclassification becomes its new amortised cost and any previous gain or loss on the asset that has been recognised in equity is amortised to profit or loss over the remaining life of the investment using the EIR. Any difference between the new amortised cost and the maturity amount is also amortised over the remaining life of the asset using the EIR. If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to the income statement.

Unquoted shares in organisations which are set up for specific socio-economic reasons and equity instruments received as a result of loan restructuring or loan conversion which do not have a quoted market price in an active market and whose fair value cannot be reliably measured are also classified as financial investments available-for-sale.

(d) Financial investments held–to–maturity

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held–to–maturity financial investments when the Group has the positive intention and ability to hold them to maturity. After initial measurement, financial investments held–to–maturity are measured at amortised cost using the EIR method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in "Interest income" in the income statement. The losses arising from impairment are recognised in the income statement in "Impairment losses on financial investments".

If the Group were to sell or reclassify more than an insignificant amount of held–to–maturity financial investments before maturity (other than in certain specific circumstances), the entire category would be tainted and would have to be reclassified as available–for–sale. Furthermore, the Group would be prohibited from classifying any financial asset as held-to-maturity during the following two years.

(e) Loans and receivables

Loans and receivables are non–derivative financial assets with fixed or determinable payments that are not quoted in an active market.

After initial measurement, such financial assets are subsequently measured at amortised cost using the EIR method, less allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in "Interest income" in the income statement. The losses arising from impairment are recognised in the income statement in "Impairment losses on financial investments" for loans/financing or "Other operating expenses" for receivables.

Notes to the Financial Statements (Cont'd.)

3. ACCOUNTING POLICIES (Cont'd.)

3.5 Summary of significant accounting policies (Cont'd.)

(j) Financial instruments – initial recognition and subsequent measurement (Cont'd.)

(iii) Subsequent measurement (Cont'd.)

(f) Financial liabilities at amortised cost

Financial liabilities issued by the Group, that are not designated at fair value through profit or loss, are classified as financial liabilities at amortised cost, where the substance of the contractual arrangement results in the Group having an obligation either to deliver cash or another financial asset to the holder, or to satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares.

After initial measurement, term funding, debt capital and other borrowings are subsequently measured at amortised cost using the EIR. Amortised cost is calculated by taking into account any discount or premium on the issue and costs that are an integral part of the EIR.

A compound financial instrument which contains both a liability and an equity component is separated at the issue date. A portion of the net proceeds of the instrument is allocated to the debt component on the date of issue based on its fair value (which is generally determined based on the quoted market prices for similar debt instruments). The equity component is assigned the residual amount after deducting from the fair value of the instrument as a whole the amount separately determined for the debt component. The value of any derivative features (such as a call option) embedded in the compound financial instrument other than the equity component is included in the debt component.

(iv) "Day 1" profit or loss

When the transaction price differs from the fair value of other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable markets, the Group immediately recognises the difference between the transaction price and fair value (a "Day 1" profit or loss) in "Investment and trading income". In cases where fair value is determined using data which is not observable, the difference between the transaction price and model value is only recognised in the income statement when the inputs become observable, or when the instrument is derecognised.

(v) Reclassification of financial assets

The Group may reclassify a non–derivative trading asset out of the "Held–for–trading" category and "Available- for-sale" category under rare circumstances and into the "Loans, advances and financing" category if it meets the definition of loans and receivables and the Group has the intention and ability to hold the financial asset for the foreseeable future or until maturity. Reclassifications are recorded at fair value at the date of reclassification, which becomes the new amortised cost. If a financial asset is reclassified, and if the Group subsequently increases its estimates of future cash receipts as a result of increased recoverability of those cash receipts, the effect of that increase is recognised as an adjustment to the EIR from the date of the change in estimate.

For a financial asset reclassified out of the "Available–for–sale" category, any previous gain or loss on that asset that has been recognised in equity is amortised to profit or loss over the remaining life of the investment using the EIR. Any difference between the new amortised cost and the expected cash flows is also amortised over the remaining life of the asset using the EIR. If the asset is subsequently determined to be impaired then the amount recorded in equity is recycled to the income statement.

Reclassification, where permitted, is at the election of management, and is determined on an instrument by instrument basis. The Group does not reclassify any financial instrument into the fair value through profit or loss category after initial recognition.

(vi) Derecognition of financial assets and financial liabilities

(a) Financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- The rights to receive cash flows from the asset have expired.
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass–through" arrangement; and either:
  - the Group has transferred substantially all the risks and rewards of the asset, or
  - the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Notes to the Financial Statements (Cont'd.)

3. ACCOUNTING POLICIES (Cont'd.)

3.5 Summary of significant accounting policies (Cont'd.)

(j) Financial instruments – initial recognition and subsequent measurement (Cont'd.)

(vi) Derecognition of financial assets and financial liabilities (Cont'd.)

(a) Financial assets (Cont'd.)

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass–through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

(b) Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognised in profit or loss.

(k) Repurchase and reverse repurchase agreements

Securities sold under repurchase agreements at a specified future date are not derecognised from the statement of financial position as the Group retains substantially all the risks and rewards of ownership. The corresponding cash received is recognised in the statement of financial position as an asset with a corresponding obligation to return it, including accrued interest, as a liability within "Securities sold under repurchase agreements", reflecting the transaction's economic substance as a loan to the Group. The difference between the sale and repurchase prices is treated as interest expense and is accrued over the life of the agreement using the EIR. When the counterparty has the right to sell or re-pledge the securities, the Group reclassifies those securities in its statement of financial position to "Financial assets held–for–trading pledged as collateral" or to "Financial investments available–for–sale pledged as collateral", as appropriate.

Conversely, securities purchased under resale agreements at a specified future date are not recognised in the statement of financial position. The consideration paid is recorded in the statement of financial position, within "Securities purchased under reverse repurchase agreements", reflecting the transaction's economic substance as a loan by the Group. The difference between the purchase and resale prices is recorded in "Net interest income" and is accrued over the life of the agreement using the EIR.

If securities purchased under agreement to resell are subsequently sold to third parties, the obligation to return the securities is recorded as a short sale within "Financial liabilities held–for–trading" and measured at fair value with any gains or losses included in "Net trading income".

(l) Securities lending and borrowing

Securities lending and borrowing transactions are usually collateralised by securities or cash. The transfer of the securities to counterparties is only reflected on the statement of financial position if the risks and rewards of ownership are also transferred. Cash advanced or received as collateral is recorded as an asset or liability.

Securities borrowed are not recognised on the statement of financial position, unless they are then sold to third parties, in which case the obligation to return the securities is recorded as a trading liability and measured at fair value with any gains or losses included in "Investment and trading income".

(m) Sell and buy back agreements

These are obligations of the Group to perform its commitment to buy back specified Islamic securities at maturity. Gains and losses are recognised upon sale and shown as trading gain or loss from securities held-for-trading.

(n) Determination of fair value

The fair value for financial instruments traded in active markets at reporting date is based on their quoted market price or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

For financial instruments not traded in an active market, the fair value is determined by using appropriate valuation techniques. Valuation techniques include the discounted cash flow method, comparison to similar instruments for which market observable prices exist, option pricing models, credit models and other relevant valuation models.

An analysis of fair values of financial instruments and further details as to how they are measured are provided in Note 52.

Notes to the Financial Statements (Cont'd.)

3. ACCOUNTING POLICIES (Cont'd.)

3.5 Summary of significant accounting policies (Cont'd.)

(o) Impairment of financial assets

The Group assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the borrower or a group of borrowers is experiencing significant financial difficulty, the probability that they will enter bankruptcy or other financial reorganisation, default or delinquency in interest or principal payments and where observable data indicates that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

(i) Financial assets carried at amortised cost

For financial assets carried at amortised cost (such as amounts due from banks, loans and advances to customers as well as financial investments held–to–maturity), the Group first assesses individually whether objective evidence of impairment exists for financial assets that are individually significant or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the income statement. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of "Interest income". Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write–off is later recovered, the recovery is credited to the "Impairment losses on loans, advances and financing" to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date.

The present value of the estimated future cash flows is discounted at the financial asset's original EIR. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current EIR. If the Group has reclassified trading assets to loans, advances and financing, the discount rate for measuring any impairment loss is the new EIR determined at the reclassification date. The calculation of the present value of the estimated future cash flows of a collateralised financial asset reflects the cash flows that may result from foreclosure less costs for obtaining and selling the collateral, whether or not foreclosure is probable.

For the purpose of a collective evaluation of impairment, financial assets are grouped on the basis of the Group's internal credit grading system, that considers credit risk characteristics such as asset type, industry, geographical location, collateral type, past–due status and other relevant factors.

Future cash flows on a group of financial assets that are collectively evaluated for impairment are estimated on the basis of historical loss experience for assets with credit risk characteristics similar to those in the group. Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not exist currently. Estimates of changes in future cash flows reflect, and are directionally consistent with, changes in related observable data from year to year. The methodology and assumptions used for estimating future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

In accordance with the Rules of Bursa Malaysia Securities Berhad ("Business Rules"), clients' accounts relating to the stockbroking business are classified as impaired under the following circumstances:

Types of Accounts	Criteria for classification as impaired
Contra losses	When the account remains outstanding for 16 calendar days or more from the date of contra transactions.
Overdue purchase contracts	When the account remains outstanding from T+5 market days onwards.
Margin accounts	When the equity has fallen below 130% of the outstanding balance.

* T refers to the contract date

Notes to the Financial Statements (Cont'd.)

3. ACCOUNTING POLICIES (Cont'd.)

3.5 Summary of significant accounting policies (Cont'd.)

(o) Impairment of financial assets (Cont'd.)

(ii) Financial investments available–for–sale

For financial investments available–for–sale, the Group assesses at each reporting date whether there is objective evidence that an investment is impaired.

In the case of debt instruments classified as available–for–sale, the Group assesses individually whether there is objective evidence of impairment based on the same criteria as financial assets carried at amortised cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in the income statement. Future interest income is based on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of "Interest income". If, in a subsequent period, the fair value of a debt instrument increases and the increase can be objectively related to a credit event occurring after the impairment loss was recognised in the income statement, the impairment loss is reversed through the income statement.

In the case of equity investments classified as available–for–sale, objective evidence would also include a "significant" or "prolonged" decline in the fair value of the investment below its cost. The Group treats "significant" generally as 20% and "prolonged" generally as greater than six months. Where there is evidence of impairment, the cumulative loss measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the income statement – is removed from equity and recognised in the income statement. Impairment losses on equity investments are not reversed through the income statement; increases in the fair value after impairment are recognised in other comprehensive income.

(iii) Renegotiated loans

Where possible, the Group seeks to restructure loans rather than to take possession of collateral. This may involve extending the payment arrangements and the agreement of new loan conditions. Once the terms have been renegotiated, any impairment is measured using the original EIR as calculated before the modification of terms and the loan is no longer considered past due. Management continually reviews renegotiated loans to ensure that all criteria are met and that future payments are likely to occur. The loans continue to be subject to an individual or collective impairment assessment, calculated using the loan's original EIR.

(iv) Collateral valuation

The Group seeks to use collateral, where possible, to mitigate its risks on financial assets. The collateral comes in various forms such as cash, securities, letters of credit/guarantees, real estate, receivables, inventories, other non-financial assets and credit enhancements such as netting agreements. The fair value of collateral is generally assessed, at a minimum, at inception and based on the Group's quarterly reporting schedule, however, some collateral, for example, cash or securities relating to margining requirements, is valued daily.

To the extent possible, the Group uses active market data for valuing financial assets, held as collateral. Other financial assets which do not have a readily determinable market value are valued using models. Non-financial collateral, such as real estate, is valued based on data provided by third parties such as mortgage brokers, housing price indices, audited financial statements, and other independent sources. (See Note 51 for further analysis of collateral).

(v) Collateral repossessed

The Group's policy is to determine whether a repossessed asset is best used for its internal operations or should be sold. Assets determined to be useful for the internal operations are transferred to their relevant asset category at the lower of their repossessed value or the carrying value of the original secured asset. Assets that are determined better to be sold are immediately transferred to assets held for sale at their fair value at the repossession date in line with the Group's policy.

Notes to the Financial Statements (Cont'd.)

3. ACCOUNTING POLICIES (Cont'd.)

3.5 Summary of significant accounting policies (Cont'd.)

(p) Hedge accounting

The Group makes use of derivative instruments to manage exposures to interest rate, foreign currency and credit risks, including exposures arising from forecast transactions and firm commitments. In order to manage particular risks, the Group applies hedge accounting for transactions which meet specified criteria.

At inception of the hedge relationship, the Group formally documents the relationship between the hedged item and the hedging instrument, including the nature of the risk, the objective and strategy for undertaking the hedge and the method that will be used to assess the effectiveness of the hedging relationship.

Also at the inception of the hedge relationship, a formal assessment is undertaken to ensure the hedging instrument is expected to be highly effective in offsetting the designated risk in the hedged item. Hedges are formally assessed each quarter. A hedge is expected to be highly effective if the changes in fair value or cash flows attributable to the hedged risk during the period for which the hedge is designated are expected to offset in a range of 80% to 125%. For situations where that hedged item is a forecast transaction, the Group assesses whether the transaction is highly probable and presents an exposure to variations in cash flows that could ultimately affect the income statement.

(i) Fair value hedges

For designated and qualifying fair value hedges, the change in the fair value of a hedging derivative is recognised in "Investment and trading income" in the income statement. The change in the fair value of the hedged item is also recognised in "Investment and trading income" 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 EIR. If the hedged item is derecognised, the unamortised fair value adjustment is recognised immediately in the income statement.

(ii) Cash flow hedges

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 hedge" reserve. The ineffective portion of the gain or loss on the hedging instrument is recognised immediately in "Investment and trading income" 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) Hedge of a net investment

Hedges of net investments in a foreign operation, including a hedge of a monetary item that is accounted for as part of the net investment, are accounted for in a way similar to cash flow hedges. Gains or losses on the hedging instrument relating to the effective portion of the hedge are recognised in other comprehensive income while gains or losses relating to the ineffective portion are recognised in the income statement. On disposal of the foreign operation, the cumulative value of any such gains or losses recognised in other comprehensive income is transferred to the income statement.

(q) Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously. This is generally not the case with master netting agreements, therefore, the related assets and liabilities are presented gross in the statement of financial position.

Notes to the Financial Statements (Cont'd.)

3. ACCOUNTING POLICIES (Cont'd.)

3.5 Summary of significant accounting policies (Cont'd.)

(r) Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash–generating unit's ("CGU") fair value less costs to sell and its value in use. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre–tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded entities or other available fair value indicators.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceeds the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the income statement.

The following assets have specific characteristics for impairment testing:

(i) Goodwill

Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

(ii) Intangible assets

Intangible assets with finite useful lives are tested for impairment annually either individually or at the CGU level, as appropriate, and when circumstances indicate that the carrying value may be impaired.

(s) Foreclosed properties

Foreclosed properties are those acquired in full or partial satisfaction of debts and are stated at cost less impairment losses. The policy for the measurement of foreclosed properties is in accordance with Note 3.5(o)(v) on collateral repossessed.

(t) Cash and cash equivalents

Cash and short-term deposits in the statement of financial position comprise cash and bank balances with banks and other financial institutions, and short-term deposits maturing within one month.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term funds as defined above, excluding deposits and monies held in trust and net of outstanding bank overdrafts.

(u) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Notes to the Financial Statements (Cont'd.)

3. ACCOUNTING POLICIES (Cont'd.)

3.5 Summary of significant accounting policies (Cont'd.)

(v) Contingent liabilities and contingent assets

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future events not wholly within the control of the Group or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in the extremely rare case where there is a liability that cannot be recognised because it cannot be measured reliably. The Group does not recognise a contingent liability but discloses its existence in the financial statements.

A contingent asset is a possible asset that arises from past events whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future events not wholly within the control of the Group. The Group does not recognise contingent assets in the statements of financial position but discloses its existence where inflows of economic benefits are probable, but not virtually certain.

(w) Financial guarantees

In the ordinary course of business, the Group gives financial guarantees, consisting of letters of credit, guarantees and acceptances. Financial guarantees are initially recognised in the statement of financial position (within "Other liabilities") at fair value, being the premium received. Subsequent to initial recognition, the Group's liability under each guarantee is measured at the higher of the amount initially recognised less cumulative amortisation recognised in profit or loss and the best estimate of expenditure required to settle any financial obligation arising as a result of the guarantee.

Any increase in the liability relating to financial guarantees is recorded in the income statement. The premium received is recognised in the income statement in "Guarantee fees" on a straight-line basis over the life of the guarantee.

(x) Profit equalisation reserve

Profit equalisation reserve is the amount appropriated out of the total Islamic banking gross income in order to maintain a certain level of return to depositors which is as stipulated by BNM's Circular on "Framework of Rate of Return". Profit equalisation reserve is deducted from the total Islamic banking gross income in deriving the net distributable gross income at a rate which does not exceed the maximum amount of the total of 15% of monthly gross income, monthly net trading income, other income and irregular income. The amount appropriated is shared by the depositors and the Group. Profit equalisation reserve is maintained up to the maximum of 30% of total Islamic banking capital fund.

(y) Recognition of income and expenses

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised.

(i) Interest/financing income and similar income and expense

For all financial instruments measured at amortised cost, interest-bearing financial assets classified as available–for–sale and financial instruments designated at fair value through profit or loss, interest income or expense is recorded using the EIR, which is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or financial liability. The calculation takes into account all contractual terms of the financial instrument (for example, prepayment options) and includes any fees or incremental costs that are directly attributable to the instrument and are an integral part of the EIR, but not future credit losses.

The carrying amount of the financial asset or financial liability is adjusted if the Group revises its estimates of payments or receipts. The adjusted carrying amount is calculated based on the original EIR and the change in carrying amount is recorded in profit or loss. However, for a reclassified financial asset for which the Group subsequently increases its estimates of future cash receipts as a result of increased recoverability of those cash receipts, the effect of that increase is recognised as an adjustment to the EIR from the date of the change in estimate.

Once the recorded value of a financial asset or a group of similar financial assets has been reduced due to an impairment loss, interest income continues to be recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

Notes to the Financial Statements (Cont'd.)

3. ACCOUNTING POLICIES (Cont'd.)

3.5 Summary of significant accounting policies (Cont'd.)

(y) Recognition of income and expenses (Cont'd.)

(ii) Fee and commission income

The Group earns fee and commission income from a diverse range of services it provides to its customers. Fee income can be divided into the following two categories:

(a) Fee income earned from services that are provided over a certain period of time

Fees earned for the provision of services over a period of time are accrued over that period. These fees include commission income and asset management, custody and other management and advisory fees.

Loan commitment fees for loans that are likely to be drawn down and other credit related fees are deferred (together with any incremental costs) and recognised as an adjustment to the EIR on the loan. When it is unlikely that a loan will be drawn down, the loan commitment fees are recognised over the commitment period on a straight-line basis.

(b) Fee income from providing transaction services

Fees arising from negotiating or participating in the negotiation of a transaction for a third party, such as the arrangement of the acquisition of shares or other securities or the purchase or sale of businesses, are recognised on completion of the underlying transaction. Fees or components of fees that are linked to a certain performance are recognised after fulfilling the corresponding criteria, such as brokerage fees.

(iii) Dividend income

Dividend income is recognised when the Group's right to receive the payment is established.

(iv) Net trading income

Results arising from trading activities include all gains and losses from changes in fair value and dividends for financial assets and financial liabilities "held–for–trading". This includes any ineffectiveness recorded in hedging transactions.

(v) Rental income

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms.

(vi) Sale of unit trusts

Revenue from sale of unit trusts is recognised upon allotment of units, net of cost of units sold.

(vii) Customer loyalty programmes

Award credits under customer loyalty programmes are accounted for as a separately identifiable component of the transaction in which they are granted. The fair value of the consideration received in respect of the initial sale is allocated between the award credits and the other components of the sale. Income generated from customer loyalty programmes is recognised in profit or loss.

(z) Employee benefits

(i) Short-term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Group. Short-term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short-term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

Notes to the Financial Statements (Cont'd.)

3. ACCOUNTING POLICIES (Cont'd.)

3.5 Summary of significant accounting policies (Cont'd.)

(z) Employee benefits (Cont'd.)

(ii) Defined contribution pension plan

As required by law, companies within the Group make contributions to the Employee Provident Fund in Malaysia. Such contributions are recognised as an expense in profit or loss as incurred. Once the contributions have been paid, the Group has no further payment obligations.

(iii) Termination benefits

Termination benefits are payable whenever an employee's employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either terminate the employment of current employees according to a detailed formal plan without possibility of withdrawal or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the reporting date are discounted to present value.

(iv) Share-based payment transactions

The Company operates an equity-settled share-based compensation scheme wherein shares or options to subscribe for shares of the Company are granted to eligible directors and employees of the Group based on certain financial and performance criteria and such conditions as it may deem fit.

The cost of equity–settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ("the vesting date"). The cumulative expense recognised for equity–settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The income statement expense or credit for a period is recorded in "Personnel costs" and represents the movement in cumulative expense recognised as at the beginning and end of that period.

Where the terms of an equity–settled award are modified, the minimum expense recognised in "Personnel costs" is the expense as if the terms had not been modified. An additional expense is recognised for any modification which increases the total fair value of the share–based payment arrangement, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity–settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non–vesting conditions within the control of either the entity or the counterparty are not met. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share (Note 41).

(aa) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for its intended use or sale. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

(ab) Dividends on ordinary shares

Dividends on ordinary shares are recognised as a liability and deducted from equity when they are approved by the Group and the Company's shareholders. Interim dividends are deducted from equity when they are declared and no longer at the discretion of the Group/Company.

Dividends for the year that are approved after the reporting date are disclosed as an event after the reporting date.

Notes to the Financial Statements (Cont'd.)

3. ACCOUNTING POLICIES (Cont'd.)

3.5 Summary of significant accounting policies (Cont'd.)

(ac) Income taxes

(i) Current tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted, or substantively enacted, at the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity.

(ii) Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted, or substantively enacted, at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, would be recognised subsequently if new information about facts and circumstances changed. The adjustment would either be treated as a reduction to goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or in profit or loss.

Notes to the Financial Statements (Cont'd.)

3. ACCOUNTING POLICIES (Cont'd.)

3.5 Summary of significant accounting policies (Cont'd.)

(ad) Segment reporting

The Group's segmental reporting is based on the following operating segments: retail banking, business banking, investment banking, corporate and institutional banking, insurance, treasury and markets with minor segments aggregated under group functions and others.

(ae) Share capital and share issuance expenses

An equity instrument is any contract that evidences a residual interest in the assets of the Group and of the Company after deducting all the liabilities. Ordinary shares are equity instruments.

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs.

(af) Treasury shares and contracts on own shares

Own equity instruments of the Company which are acquired by it or by any of its subsidiaries (treasury shares) are deducted from equity and accounted for at weighted average cost. Consideration paid or received on the purchase, sale, issue or cancellation of the Group's and Company's own equity instruments is recognised directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of own equity instruments.

When the Group and the Company hold own equity instruments on behalf of their clients, those holdings are not included in the Company's statement of financial position.

Contracts on own shares that require physical settlement of a fixed number of own shares for a fixed consideration are classified as equity and added to or deducted from equity. Contracts on own shares that require net cash settlement or provide a choice of settlement are classified as trading instruments and changes in the fair value are reported in "Investment and trading income" in the income statement.

(ag) Fiduciary assets

The Group provides trust and other fiduciary services that result in the holding or investing of assets on behalf of their clients. Assets held in a fiduciary capacity are not recorded in the financial statements, as they are not the assets of the Group.

(ah) Product classification

The insurance subsidiaries issue contracts that transfer insurance risk or financial risk or both.

Financial risk is the risk of a possible future change in one or more of a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of price or rate, credit rating or credit index or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract. Insurance risk is the risk other than financial risk.

Insurance contracts are those contracts that transfer significant insurance risk. An insurance contract is a contract under which the insurance subsidiaries ("the insurer") have accepted significant insurance risk from another party ("the policyholders") by agreeing to compensate the policyholders if a specified uncertain future event ("the insured event") adversely affects the policyholders. As a general guideline, the insurance subsidiaries determine whether they have significant insurance risk, by comparing benefits paid with benefits payable if the insured event did not occur.

Investment contracts are those contracts that do not transfer significant insurance risk.

Once a contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its life-time, even if the insurance risk reduces significantly during this period, unless all rights and obligations are extinguished or expired. Investment contracts can, however, be reclassified as insurance contracts after inception if insurance risk becomes significant.

Insurance and investment contracts are further classified as being either with or without discretionary participation features ("DPF"). DPF is a contractual right to receive, as a supplement to guaranteed benefits, additional benefits that are:

- likely to be a significant portion of the total contractual benefits;
- whose amount or timing is contractually at the discretion of the issuer; and
- that are contractually based on the:
  - performance of a specified pool of contracts or a specified type of contract;
  - realised and/or unrealised investment returns on a specified pool of assets held by the issuer; or
  - the profit or loss of the insurer, fund or other entity that issues the contract.

Notes to the Financial Statements (Cont'd.)

3. ACCOUNTING POLICIES (Cont'd.)

3.5 Summary of significant accounting policies (Cont'd.)

(ah) Product classification (Cont'd.)

Under the terms of the contracts, surpluses in the DPF funds can be distributed to the policyholders and the shareholders respectively. The insurer has the discretion over the amount and timing of the distribution of these surpluses to policyholders. All DPF liabilities, including unallocated surpluses, both guaranteed and discretionary, at the end of the reporting period are held within insurance or investment contract liabilities, as appropriate.

For financial options and guarantees which are not closely related to the host insurance contract and/or investment contract with DPF, bifurcation is required to measure these embedded derivatives separately at fair value through profit or loss. However, bifurcation and unbundling is not required if the embedded derivative is itself an insurance contract and/or investment contract with DPF, or if the host insurance contract and/ or investment contract itself is measured at fair value through profit or loss.

For the purpose of product classification under MFRS 4, Insurance Contracts, the insurer adopts maximum policy benefits as the proxy for insurance risk and cash surrender value as the proxy for realisable value of the insurance contract on surrender. The insurer defines insurance risk to be significant when the ratio of the insurance risk over the deposit component is not less than 105% of the deposit component at any point of the insurance contract in force. Based on this definition, all policy contracts issued by the insurer are considered insurance contracts as at the reporting date.

(ai) Reinsurance

The insurer cedes insurance risk in the normal course of business for all its businesses. Reinsurance assets represent balances due from reinsurance companies. Amounts recoverable from reinsurers are estimated in a manner consistent with the outstanding claims provision or settled claims associated with the reinsurer's policies and are in accordance with the related reinsurance contracts.

Ceded reinsurance arrangements do not relieve the insurer from its obligations to policyholders. Premiums and claims are presented on a gross basis for both ceded and assumed reinsurance.

Reinsurance assets are reviewed for impairment at each reporting date or more frequently when an indication of impairment arises during the reporting period. Impairments occurs when there is objective evidence as a result of an event that occurred after initial recognition of the reinsurance asset that the insurer may not receive all outstanding amounts due under the terms of the contract and the event has a reliably measurable impact on the amounts that the insurer will receive from the reinsurer. The impairment loss is recorded in income statement.

Gain and loss on buying reinsurance, if any, will be recognised in profit or loss at the inception of the agreement.

The insurer also assumes reinsurance risk in the normal course of business for life insurance contracts when applicable.

Premiums and claims on assumed reinsurance are recognised as revenue or expense in the same manner as they would be if the reinsurance were considered direct business, taking into account the product classification of the reinsured business. Reinsurance liabilities represent balances due to reinsurance companies. Amounts payable are estimated in a manner consistent with the related reinsurance contract.

Reinsurance assets or liabilities are derecognised when the contractual rights are extinguished or expired or when the contract is transferred to another party.

Reinsurance contracts that do not transfer significant insurance risk are accounted for directly through the statement of financial position. These are deposit assets or financial liabilities that are recognised based on the consideration paid or received less any explicit identified premiums or fees to be retained by the reinsured. Investment income on these contracts is accounted for using the effective yield method when accrued.

(aj) General insurance underwriting results

The general insurance underwriting results are determined for each class of business after taking into account reinsurance, commissions, unearned premiums and claims incurred.

(i) General insurance gross premiums

Gross premiums are recognised in a financial period in respect of risks assumed during the particular financial period.

Notes to the Financial Statements (Cont'd.)

3. ACCOUNTING POLICIES (Cont'd.)

3.5 Summary of significant accounting policies (Cont'd.)

(aj) General insurance underwriting results (Cont'd.)

(ii) General insurance reinsurance premiums

Inwards facultative reinsurance premiums are recognised in the financial period in respect of the facultative risk assumed during the particular financial period, as the case of direct policies, following individual risks' inception dates.

Inwards proportional treaty reinsurance premium is recognised on the basis of periodic advices received from cedants given that the periodic advices reflect the individual underlying risks being incepted and reinsured at various inception dates of these risks and contractually accounted for, as such to reinsurers under the terms of the proportional treaties.

(iii) Unearned premium reserve

Unearned premium reserve ("UPR") represents the portion of the net premiums of insurance policies written that relate to the unexpired periods of the policies at the end of the financial period.

In determining UPR at reporting date, the method that must accurately reflects the actual unearned premium used is described in Note 55.

(iv) Claims and expenses

A liability for outstanding claims is recognised in respect of both direct insurance and inward reinsurance.

The amount of outstanding claims is the best estimate of the expenditure required together with related expenses less recoveries to settle the present obligation at the reporting date.

Provision is also made for the cost of claims, together with related expenses, incurred but not reported at the reporting date, using a mathematical method of estimation.

(v) Acquisition costs

The gross costs of acquiring and renewing insurance policies and income derived from ceding reinsurance premiums are recognised as incurred and properly allocated to the periods in which it is probable they give rise to income.

Those costs are deferred to the extent that these costs are recoverable out of future premiums. All other acquisition costs are recognised as an expense when incurred.

(ak) General insurance contract liabilities

General insurance contract liabilities are recognised when contracts are entered into and premiums are charged.

These liabilities comprise claims liabilities and premium liabilities.

(i) Claims liabilities

Claims liabilities are based on the estimated ultimate cost of all claims incurred but not settled at the reporting date, whether reported or not, together with related claims handling costs and reduction for the expected value of salvage and other recoveries. Delays can be experienced in the notification and settlement of certain types of claims, therefore, the ultimate cost of these claims cannot be known with certainty at the reporting date. The liability is calculated by a qualified actuary at the reporting date using a range of standard actuarial claim projection techniques based on empirical data and current assumptions that includes a Provision of Risk Margin for Adverse Deviation ("PRAD") at 75% confidence level on an overall entity level. The liability is discounted for the time value of money. No provision for equalisation or catastrophe reserves is recognised. The liabilities are derecognised when the contract expires, is discharged or is cancelled.

(ii) Premium liabilities

The premium liabilities represent premiums received for risks that have not yet expired. Generally, the reserve is released over the term of the contract and is recognised as premium income.

In accordance with the Risk Based Capital ("RBC") framework, premium liabilities are recorded at higher of the:

- Aggregate of the UPR for all lines of business
- Best estimate of the Unexpired Risk Reserve ("URR") and the PRAD at a 75% confidence level on an overall entity level.

Notes to the Financial Statements (Cont'd.)

3. ACCOUNTING POLICIES (Cont'd.)

3.5 Summary of significant accounting policies (Cont'd.)

(ak) General insurance contract liabilities (Cont'd.)

(ii) Premium liabilities (Cont'd.)

(a) Unearned premium reserve

UPR represents the unearned/unexpired portion of the premium.

In determining UPR at the reporting date, the method that most accurately reflects the actual unearned premium used is as follows:

(i) 25% method for marine cargo, aviation cargo and transit.
(ii) All other classes are daily time-apportioned over the period of the risks.
(iii) 1/24th method for inward treaty business.

The above computed amount reduced by corresponding percentage of accounted gross direct business commissions not exceeding the limits specified by BNM except for 25% method for marine cargo, aviation cargo and transit.

(b) Unexpired risk reserve

URR represents the expected future payments arising from future events expected to be incurred during the unexpired period from policies in force as at the valuation date.

In estimating URR, the "Proportional" approach is adopted by assuming the best estimate of URR is proportional to UPR by taking into account all potential future payments including but not limited to future claims payments, claims handling expenses and on-going policy administrations cost arising from the unearned portion of premium collected. In order to arrive at 75% confidence level of URR, the proportionate PRAD is added with adjustment depending on the tail of each line of business.

(al) Life insurance business

(i) Underwriting results

The surplus transferable from the life fund to the income statement is based on the surplus determined by an annual actuarial valuation of the long-term liabilities to policyholders, made in accordance with the provisions of the Insurance Act, 1996 by the insurer's appointed actuary.

(a) Gross premiums

Gross premiums are recognised as soon as the amount of the premiums can be reliably measured. First premium is recognised from inception date and subsequent premium is recognised when it is due. At the end of the financial period, all due premiums are accounted for to the extent that they can be reliably measured. Premiums not received on due dates are recognised as revenue in the income statement and reported as outstanding premiums in the statement of financial position.

(b) Reinsurance premiums

Gross reinsurance premiums on ceded reinsurance are recognised as an expense when payable or on the date on which the policy is effective.

(c) Creation of units

Net creation of units which represents premium paid by policyholders as payment for a new contract or subsequent payments to increase the amount of that contract are reflected in the income statement of investment linked funds. Net creation of units is recognised on a receipt basis.

(d) Benefits, claims and expenses

Benefits and claims that are incurred during the financial period are recognised when a claimable event occurs and/or the insurer is notified. Benefits and claims, including settlement costs, are accounted for using the case-by-case method and for this purpose, the amounts payable under a policy are recognised as follows:

- maturity and other policy benefit payments due on specified dates are treated as claims payable on the due dates;
- death, surrender and other benefits without due dates are treated as claims payable, on the date of receipt of intimation of death of the assured or occurrence of contingency covered; and
- bonus on participating policy upon its declaration.

Notes to the Financial Statements (Cont'd.)

3. ACCOUNTING POLICIES (Cont'd.)

3.5 Summary of significant accounting policies (Cont'd.)

(al) Life insurance business (Cont'd.)

(i) Underwriting results (Cont'd.)

(e) Commission and agency expenses

Gross commission and agency expenses, which are costs directly incurred in securing premium on insurance policies and income derived from reinsurers in the course of ceding of premiums to reinsurers, are charged to the income statement in the period in which they are incurred.

(ii) Life insurance contract liabilities

Life insurance liabilities are recognised when contracts are entered into and premiums are charged.

These liabilities are measured by using a prospective actuarial valuation method. The liability is determined as the sum of the present value of future guaranteed and, in the case of a participating life policy, appropriate level of non-guaranteed benefits, and the expected future management and distribution expenses, less the present value of future gross considerations arising from the policy discounted at the appropriate risk discount rate. The liability is based on best estimate assumptions and with due regard to significant recent experience. An appropriate allowance for provision of risk margin for adverse deviation from expected experience is made in the valuation of non-participating life policies, the guaranteed benefits liabilities of participating life policies and non-unit liabilities of investment-linked policies.

The liability in respect of policies of a participating insurance contract is taken as the higher of the guaranteed benefit liabilities or the total benefit liabilities at the contract level derived as stated above.

In the case of a life policy where a part of, or the whole of the premiums are accumulated in a fund, the accumulated amount, as declared to the policy owners, are set as the liabilities if the accumulated amount is higher than the figure as calculated using the prospective actuarial valuation method.

Where policies or extensions of a policy are collectively treated as an asset at the fund level under the valuation method adopted, the value of such asset is eliminated through zerorisation.

In the case of a life policy or a 1-year extension to a life policy covering contingencies other than death or survival, the liability for such life insurance contracts comprises the provision for unearned premiums and unexpired risks, as well as for claims outstanding, which includes an estimate of the incurred claims that have not yet been reported to the insurer.

Adjustments to the liabilities at each reporting date are recorded in the income statement. Profits originated from margins of adverse deviations on run-off contracts are recognised in the income statement over the life of the contract, whereas losses are fully recognised in the income statement during the first year of run-off. The liability is derecognised when the contract expires, is discharged or is cancelled. At each reporting date, an assessment is made of whether the recognised life insurance liabilities are adequate, net of present value of in-force business ("PVIF") by using an existing liability adequacy test. Any deficiency is charged to the income statement.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

In the process of applying the Group's accounting policies, management has exercised judgement and estimates in determining the amounts recognised in the financial statements. The most significant uses of judgement and estimates are as follows:

(i) Impairment losses on loans, advances and financing

The Group reviews its individually significant loans, advances and financing at each reporting date to assess whether an impairment loss should be recorded in the income statement. In particular, management's judgement is required in the estimation of the amount and timing of future cash flows when determining the impairment loss. These estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the allowance.

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

Notes to the Financial Statements (Cont'd.)

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (Cont'd.)

(ii) Impairment losses on financial investments available-for-sale

The Group reviews its debt securities classified as financial investments available–for–sale at each reporting date to assess whether they are impaired.

The Group also records impairment loss on available–for–sale equity investments when there has been a significant or prolonged decline in the fair value below their cost. The determination of what is "significant" or "prolonged" requires judgement. In making this judgement, the Group evaluates, among other factors, historical share price movements and duration and extent to which the fair value of an investment is less than its cost.

(iii) Deferred tax assets

Deferred tax assets are recognised in respect of tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits, together with future tax planning strategies.

(iv) Consolidation of SPV

The Group sponsors the formation of SPVs, which may or may not be directly or indirectly owned subsidiaries. The Group consolidates those SPVs that it controls. In assessing and determining if the Group has control over the SPVs, judgement is exercised to determine whether the activities of the SPVs are being conducted on behalf of the Group to obtain benefits from the SPVs' operations; whether the Group has the decision-making powers to control or to obtain control of the SPVs or their assets; whether the Group has rights to obtain the majority of the benefits of the SPVs' activities; and whether the Group retains the majority of the risks related to the SPVs or its assets in order to obtain benefits from its activities.

(v) Fair value of financial instruments

Where the fair values of financial assets and financial liabilities recorded on the statement of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of financial models. The inputs to these models are derived from observable market data where possible, but where observable market data are not available, judgement is required to establish fair values. The judgements include considerations of liquidity and model inputs such as volatility for longer-dated derivatives and discount rates, prepayment rates and default rate assumptions for asset-backed securities. The valuation of financial instruments is described in more detail in Note 52.

(vi) General insurance business

(a) Valuation of general insurance contract liabilities

For general insurance contracts, estimates have to be made for both the expected ultimate cost of claims reported at the reporting date and for the expected ultimate cost of claims incurred but not yet reported at the reporting date ("IBNR").

It can take a significant period of time before the ultimate claims costs can be established with certainty and for some type of policies, IBNR claims form the majority of the statement of financial position liability. The ultimate cost of outstanding claims is estimated by using a range of standard actuarial claims projection techniques.

The main assumption underlying these techniques is that an entity's past claims development experience can be used to project future claims development and hence, ultimate claims costs. As such, these methods extrapolate the development of paid and incurred losses, average costs per claim and claim numbers based on the observed development of earlier years and expected loss ratios. Historical claims development is mainly analysed by accident years, but can also be further analysed by geographical areas, as well as by significant business lines and claims type. Large claims are usually separately addressed, either by being reserved at the face value of loss adjustor estimates or separately projected in order to reflect their future development. In most cases, no explicit assumptions are made regarding future rates of claims inflation or loss ratios. Instead, the assumptions used are those implicit in the historic claims development data on which the projections are based. Additional qualitative judgement is used to assess the extent to which past trends may not apply in future, in order to arrive at the estimated ultimate cost of claims that present the likely outcome from the range of possible outcomes, taking account of all the uncertainties involved.

(b) Claim liabilities – case estimates

For claims, reserve is made upon notification of a new claim where the potential liability will be assessed based on information available. Where little or no information is available, a "blind" reserve will be used. The blind reserves are based on class of business and are reviewed annually in line with BNM guidelines. As and when more information becomes available regarding a claim, the reserve is updated accordingly.

Notes to the Financial Statements (Cont'd.)

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (Cont'd.)

(vii) Life insurance business

(a) Life insurance contract classifications

A contract is classified as insurance if at any point over the life of the contract the payout on the policy is likely to be more than 105% of the surrender benefit. A rate of 105% is used as many policies have a 101% life cover even though there is no significant insurance risk. Generally most insurance products have payouts of more than 105% on occurrence of an insured event (e.g. death payment).

(b) Valuation of life insurance contract liabilities

The liability for life insurance contracts is based on current assumptions, reflecting the best estimate at the time increased with a margin for risk and adverse deviation. All contracts are subject to a Liability Adequacy Test ("LAT"), which reflects management's best current estimate of future cash flows.

The main assumptions used relate to mortality, morbidity, longevity, investment returns, expenses, lapse and surrender rates and discount rates. The insurer bases mortality and morbidity on established industry and Malaysian tables which reflect historical experiences, adjusted when appropriate to reflect the insurer's unique risk exposure, product characteristics, target markets and own claims severity and frequency experiences. For those contracts that insure risk to longevity, prudent allowance is made for expected future mortality improvements.

The valuation of insurance contract liabilities is determined according to the Insurance Act and Regulations 1996 and BNM's RBC Framework for Insurers. This RBC Framework meets the requirements of LAT under MFRS 4.

According to the RBC Framework, valuation of non-participating life insurance liabilities, participating life insurance liabilities on guaranteed benefits only and the non-unit investment-linked liabilities with the prescribed valuation bases aimed to secure an overall level of sufficiency of policy reserves at the 75% confidence level. To secure this level of adequacy, the insurer is required to calculate the best estimate value of its insurance liabilities and apply a Provision of Risk Margin for Adverse Deviation ("PRAD").

Estimates are also made for future investment income arising from the assets backing life insurance contracts. These estimates are based on current market returns as well as expectations about future economic and financial developments.

Assumptions on future expenses are based on current expense levels, adjusted for expected expense inflation adjustments, if appropriate. Lapse and surrender rates are based on the insurer's historical experience of lapses and surrenders.

The discount rate for non-participating policies, guaranteed benefits of participating policies and the non-unit liabilities of investment-linked policies accord a level of guarantee which is no less certain than that accorded by Malaysian Government Securities ("MGS"). In the case of the total benefit liabilities of participating policies, the discount rate is based on the historical yield and future investment outlook of the participating fund, net of tax on investment income of the Life Fund.

Life insurance liabilities are recognised when contracts are entered into and premiums are charged.

These liabilities are measured using a prospective actuarial valuation method.

The liability is determined as the sum of the present value of future guarantees and in the case of a participating life policy, appropriate level of non-guaranteed benefits and the expected future management and distribution expenses, less the present value of future gross considerations arising from the policy discounted at the appropriate risk discount rates. The liability is based on the best estimate assumptions and with due regard to significant recent experiences. An appropriate allowance for PRAD from expected experience is made in the valuation of non- participating policies, the guaranteed benefits liabilities of participating policies and the non-unit liabilities of investment-linked policies.

The liability in respect of policies of a participating insurance contract is taken as the higher of the guaranteed benefits liabilities or the total benefit liabilities at the contract level derived as stated above.

In the case of a life policy where a part of, or the whole of the premiums are accumulated in a fund, the accumulated amount, as declared to the policy owners are set as the liabilities if the accumulated amount is higher than the figure as calculated using the prospective actuarial valuation method.

Where policies or extensions of a policy are collectively treated as an asset at the fund level under the valuation method adopted, the value of such asset is eliminated through zerorisation.

In the case of a 1-year life policy or a 1-year extension to a life policy covering contingencies other than death or survival, the liability for such life insurance contracts comprises the provision for unearned premiums and unexpired risks as well as for claims outstanding, which includes an estimate of the incurred claims that have not yet been reported to the insurer.

Notes to the Financial Statements (Cont'd.)

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (Cont'd.)

(vii) Life insurance business (Cont'd.)

(c) Provision for policy cancellation

The provision is based on a projection of future premium cancellation using recent premium data and allowing for best estimate actuarial assumptions on mortality and lapsation experience. The projected premium cancellation are discounted at MGS spot rates and fund based yield for non-participating and participating products respectively, in line with the rates used for discounting actuarial liabilities. Estimates are made for future premium cancellation, where the main assumptions used relate to the decreasing rate used for premium projections, which is assumed to follow current trends.

5. CASH AND SHORT-TERM FUNDS

	Group			Company		
	31 March 2013 RM'000	31 March 2012 RM'000	1 April 2011 RM'000	31 March 2013 RM'000	31 March 2012 RM'000	1 April 2011 RM'000
Cash and balances with banks and other financial institutions	985,020	734,525	647,762	5,470	2,415	383
Deposit placements maturing within one month:						
Licensed banks:						
Subsidiary	–	–	–	36,880	48,047	97,866
Others	2,037,430	2,086,572	2,514,416	–	–	–
Bank Negara Malaysia	8,211,000	4,992,000	10,294,040	–	–	–
Other financial institutions	123	62	–	–	–	–
	11,233,573	**7,813,159**	**13,456,218**	**42,350**	**50,462**	**98,249**

6. SECURITIES PURCHASED UNDER RESALE AGREEMENTS AND SOLD UNDER REPURCHASE AGREEMENTS

	Group		
	31 March 2013 RM'000	31 March 2012 RM'000	1 April 2011 RM'000
Assets			
Licensed banks:	200,605	517,306	547,273
Liabilities			
Licensed banks:	–	41,195	30,465

7. DEPOSITS AND PLACEMENTS WITH BANKS AND OTHER FINANCIAL INSTITUTIONS

	Group			Company		
	31 March 2013 RM'000	31 March 2012 RM'000	1 April 2011 RM'000	31 March 2013 RM'000	31 March 2012 RM'000	1 April 2011 RM'000
Licensed banks:						
Subsidiary	–	–	–	55,675	12,956	7,028
Others	924,174	1,523,683	1,635,068	–	–	–
Bank Negara	1,250,100	250,100	2,000,100	–	–	–
Other financial institutions	148,383	118,383	–	–	–	–
	2,322,657	**1,892,166**	**3,635,168**	**55,675**	**12,956**	**7,028**

Included in the above is an amount of RM200,000 (2012: RM200,000; 2011: RM200,000) made in favour of the Accountant General pursuant to Section 3(f) of the Trust Companies Act, 1949.

Notes to the Financial Statements (Cont'd.)

8. DERIVATIVE FINANCIAL ASSETS/LIABILITIES

Group	31 March 2013 Contract/ Notional Amount RM'000	31 March 2013 Fair Value Assets RM'000	31 March 2013 Fair Value Liabilities RM'000	31 March 2012 Contract/ Notional Amount RM'000	31 March 2012 Fair Value Assets RM'000	31 March 2012 Fair Value Liabilities RM'000	1 April 2011 Contract/ Notional Amount RM'000	1 April 2011 Fair Value Assets RM'000	1 April 2011 Fair Value Liabilities RM'000
Trading derivatives									
Interest rate related contracts:	34,316,198	214,474	229,217	33,150,192	198,693	208,082	26,102,681	127,097	135,044
- One year or less	4,103,404	5,343	6,297	8,753,655	12,219	14,387	4,490,000	6,134	5,670
- Over one year to three years	8,643,427	36,959	55,507	6,434,399	34,513	30,482	11,050,922	55,698	46,516
- Over three years	21,569,367	172,172	167,413	17,962,138	151,961	163,213	10,561,759	65,265	82,858
Foreign exchange related contracts:	27,176,687	149,737	141,718	23,425,174	138,215	143,402	29,667,757	107,067	145,052
- One year or less	22,898,737	78,061	65,497	20,220,988	112,213	88,547	28,586,642	83,235	89,974
- Over one year to three years	1,615,738	18,008	20,965	751,968	9,696	4,480	344,633	10,278	9,635
- Over three years	2,662,212	53,668	55,256	2,452,218	16,306	50,375	736,482	13,554	45,443
Credit derivative contracts:	863,536	12,932	6,113	903,496	21,299	5,232	328,907	5,495	5,495
- One year or less	267,510	–	2,140	61,290	140	99	76,474	131	131
- Over one year to three years	–	–	–	255,704	10,966	2,848	252,433	5,364	5,364
- Over three years	596,026	12,932	3,973	586,502	10,193	2,285	–	–	–
Equity and commodity related contracts:	943,133	5,581	28,975	1,023,101	12,590	57,371	1,286,487	36,976	126,121
- One year or less	488,457	1,947	20,629	593,340	2,132	43,107	604,233	26,136	111,123
- Over one year to three years	454,655	3,632	8,346	416,292	10,423	8,967	460,058	5,587	5,581
- Over three years	21	2	–	13,469	35	5,297	222,196	5,253	9,417
	63,299,554	382,724	406,023	58,501,963	370,797	414,087	57,385,832	276,635	411,712
Hedging derivatives									
Interest rate related contracts, interest rate swaps:									
Cash flow hedge	2,025,000	533	16,632	8,190,000	9,332	27,597	10,020,000	52,290	22,776
- One year or less	445,000	–	1,391	5,695,000	7,712	605	1,380,000	38	6,036
- Over one year to three years	1,480,000	–	15,241	1,775,000	–	20,785	7,120,000	45,109	13,376
- Over three years	100,000	533	–	720,000	1,620	6,207	1,520,000	7,143	3,364
Fair value hedge	–	–	–	–	–	–	905,060	69,872	620
- One year or less	–	–	–	–	–	–	–	–	–
- Over one year to three years	–	–	–	–	–	–	–	–	–
- Over three years	–	–	–	–	–	–	905,060	69,872	620
	2,025,000	533	16,632	8,190,000	9,332	27,597	10,925,060	122,162	23,396
Total	**65,324,554**	**383,257**	**422,655**	**66,691,963**	**380,129**	**441,684**	**68,310,892**	**398,797**	**435,108**

Notes to the Financial Statements (Cont'd.)

8. DERIVATIVE FINANCIAL ASSETS/LIABILITIES (Cont'd.)

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.

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 forward rate agreements, interest rate futures and interest rate swaps. 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 swap. 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 pre-determined 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.

The risks associated with the use of derivative financial instruments, as well as management's policy for controlling these risks are set out in Note 51.

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.

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%.

Notes to the Financial Statements (Cont'd.)

8. DERIVATIVE FINANCIAL ASSETS/LIABILITIES (Cont'd.)

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

The Group's fair value hedges principally consist of interest rate swaps that are used to protect against changes in the fair value of fixed-rate long-term financial instruments due to movements in market interest rates. The financial instruments hedged for interest rate risk consist of the Hybrid Securities and loans sold to Cagamas Berhad.

The gain/(loss) arising from fair value hedges is as follows:

		Group	
	31 March 2013 RM'000	31 March 2012 RM'000	1 April 2011 RM'000
Gain/(Loss) arising from fair value hedges:			
Hedged item (attributable to hedged risk only)	–	(35,785)	(9,185)
Hedging instruments	–	36,245	11,490
	–	**460**	**2,305**

During the financial year, the Group has terminated the fair value hedge on the interest rate risk of the subordinated term loan and loans sold to Cagamas Berhad. The unamortised fair values are amortised through profit or loss over the remaining term to maturity of the subordinated term loan and loans sold to Cagamas Berhad using effective interest rate method. As at 31 March 2013, amortisation of the fair value of the subordinated term loan and loans sold to Cagamas Berhad for the Group amounted to RM21,701,000 and RM1,616,000 respectively (2012: RM9,741,000 and RM607,000; 2011: Nil).

(ii) Cash flow hedge

The Group's cash flow hedges principally consist of interest rate swaps that are used to protect against exposures to variability in future interest cash flows on variable rate interest incurring liabilities. This hedging strategy is applied towards treasury fixed deposits and short term treasury deposits. The amounts and timing of future cash flows, representing both principal and interest flows, are projected for each portfolio on the basis of their contractual terms and other relevant factors, including estimates of early withdrawal. The aggregate principal balances and interest cash flows over time form the basis for identifying gains and losses on the effective portions of derivatives designated as cash flow hedges of forecast transactions. Gains and losses are initially recognised directly in equity, in the cash flow hedge reserve, and are transferred to profit or loss when the forecast cash flows affect the profit or loss.

All underlying hedged cash flows are expected to be recognised in profit or loss in the period in which they occur which is anticipated to take place over the next 4 years (2012: 5 years; 2011: 5 years).

All gains and losses associated with the ineffective portion of the hedging derivatives are recognised immediately in profit or loss. Ineffectiveness recognised in the profit or loss in respect of cash flow hedges amounted to a gain of RM1,403,000 (2012: gain of RM4,182,000; 2011: gain of RM22,253,000) for the Group. During the financial year ended 31 March 2011, the Group recognised a loss of RM20,244,000 arising from unwinding of hedges beyond 5 years' duration in order to align with the Group's macro cash flow hedging strategy.

Notes to the Financial Statements (Cont'd.)

9. FINANCIAL ASSETS HELD-FOR-TRADING

	Group			Company		
	31 March 2013 RM'000	31 March 2012 RM'000	1 April 2011 RM'000	31 March 2013 RM'000	31 March 2012 RM'000	1 April 2011 RM'000
At Fair Value						
Money Market Instruments:						
Malaysia Treasury Bills	–	54,784	49,046	–	–	–
Malaysia Islamic Treasury Bills	–	4,716	23,661	–	–	–
Malaysian Government Securities	240,252	929,544	160,285	–	–	–
Government Investment Issues	366,752	511,787	771,473	–	–	–
Bank Negara Monetary Notes	813,112	5,979,353	2,449,627	–	–	–
Negotiable instruments of deposits	68,460	156,125	–	–	–	–
Sukuk Bank Negara Malaysia	–	–	1,469	–	–	–
	1,488,576	7,636,309	3,455,561	–	–	–
Quoted Securities:						
In Malaysia:						
Shares	176,435	326,731	293,153	–	–	–
Warrants	4,651	2,864	2,835	–	–	–
Units trust	89,906	68,428	78,806	–	–	–
Private debt securities	23,179	–	–	–	–	–
Outside Malaysia:						
Shares	4,852	44	7,331	–	–	–
Units trust	–	–	–	–	–	–
	299,023	398,067	382,125	–	–	–
Unquoted Securities:						
In Malaysia:						
Shares	–	3,052	–	–	–	–
Units trust	1,566,829	107,782	7,553	–	–	–
Private debt securities	3,179,357	2,169,410	1,368,015	–	–	–
Outside Malaysia:						
Trust units	1,940	1,804	1,929	–	–	–
Private debt securities	486,261	625,949	–	–	–	–
	5,234,387	2,907,997	1,377,497	–	–	–
	7,021,986	**10,942,373**	**5,215,183**	**–**	**–**	**–**

Malaysian Government Securities with a carrying value of RM41,604,000 as at 31 March 2012 (2011: RM30,258,000) have been sold under repurchase agreements.

Notes to the Financial Statements (Cont'd.)

10. FINANCIAL INVESTMENTS AVAILABLE-FOR-SALE

	Group			Company		
	31 March 2013 RM'000	31 March 2012 RM'000	1 April 2011 RM'000	31 March 2013 RM'000	31 March 2012 RM'000	1 April 2011 RM'000
At Fair Value						
Money Market Instruments:						
Malaysian Government Securities	–	20,782	266,267	–	–	–
Government Investment Issues	31,975	45,425	284,875	–	–	–
Negotiable instruments of deposit	843,075	1,553,354	2,582,934	–	–	–
Islamic negotiable debt securities	745,696	17,046	350,207	–	–	–
	1,620,746	1,636,607	3,484,283	–	–	–
Quoted Securities:						
In Malaysia:						
Shares	343,658	163,093	100,594	–	–	–
Units trust	513,707	569,160	908,579	17,250	200,155	444,599
Private debt securities	5,455	27,050	55,880	–	–	–
Outside Malaysia:						
Shares	29,394	74,396	26,409	–	–	–
	892,214	833,699	1,091,462	17,250	200,155	444,599
Unquoted Securities:						
In Malaysia:						
Units trust	1,341,251	260,875	543	–	–	–
Private debt securities	2,910,447	3,530,903	4,192,682	–	–	–
Outside Malaysia:						
Private debt securities	274,766	203,520	124,034	–	–	–
	4,526,464	3,995,298	4,317,259	–	–	–
At Cost						
Unquoted Securities:						
In Malaysia:						
Shares	143,500	156,623	140,034	9	3,348	3,348
Outside Malaysia:						
Shares	25,680	18,977	23,960	–	–	–
	169,180	175,600	163,994	9	3,348	3,348
	7,208,604	**6,641,204**	**9,056,998**	**17,259**	**203,503**	**447,947**

AmBank (M) Berhad and AmIslamic Bank Berhad, the wholly owned subsidiaries of the Company, were appointed Principal Dealer ("PD") and Islamic Principal Dealer ("i-PD") respectively by Bank Negara Malaysia ("BNM") for Government/Islamic Government, BNM and BNM Sukuk Berhad issuances with effect from 1 July 2009 until 31 December 2012.

As PD and i-PD, the Group is required to undertake certain obligations and was accorded certain incentives during the appointment period. One of the incentives accorded is the eligibility to maintain Statutory Reserve Requirement ("SRR") in the form of Malaysian Government Securities ("MGS") and/or Government Investment Issues ("GII") holdings instead of cash. As at the reporting date, there were no MGS and GII holdings maintained for SRR purposes for the Group (2012: NIL; 2011: RM540,260,000).

Notes to the Financial Statements (Cont'd.)

11. FINANCIAL INVESTMENTS HELD-TO-MATURITY

	Group			Company		
	31 March 2013 RM'000	31 March 2012 RM'000	1 April 2011 RM'000	31 March 2013 RM'000	31 March 2012 RM'000	1 April 2011 RM'000
At Amortised Cost						
Money Market Instruments:						
Bank Negara Monetary Notes	2,980,844	–	–	–	–	–
Unquoted Securities:						
In Malaysia:						
Private debt securities	3,432,969	1,631,899	990,922	–	–	–
	6,413,813	1,631,899	990,922	–	–	–
Less: Accumulated impairment losses	(194,009)	(202,056)	(207,775)	–	–	–
	6,219,804	**1,429,843**	**783,147**	**–**	**–**	**–**

Impairment allowance

A reconciliation of the allowance for impairment losses is as follows:

	Group	
	31 March 2013 RM'000	31 March 2012 RM'000
Balance at beginning of financial year	202,056	207,775
Charge for the year	5,722	3,020
Recoveries and reversal	(13,787)	(8,762)
Foreign exchange differences	18	23
Balance at end of financial year	**194,009**	**202,056**

12. LOANS, ADVANCES AND FINANCING

	Group		
	31 March 2013 RM'000	31 March 2012 RM'000	1 April 2011 RM'000
At Amortised Cost:			
Loans, advances and financing:			
Term loans	26,106,610	23,943,258	20,500,975
Revolving credits	7,143,751	5,779,612	6,907,973
Housing loans/financing	13,198,316	12,467,192	12,013,166
Staff loans	148,965	161,173	167,269
Hire-purchase receivables	27,564,925	26,116,384	25,619,982
Credit card receivables	2,191,778	1,762,994	1,795,691
Overdrafts	3,139,452	2,819,809	2,365,167
Claims on customers under acceptance credits	3,624,811	3,502,878	3,175,549
Trust receipts	934,900	856,151	658,831
Bills receivables	534,726	326,656	389,482
Others	171,015	130,844	107,733
Gross loans, advances and financing	84,759,249	77,866,951	73,701,818
Allowance for impairment on loans, advances and financing:			
Collective allowance	(1,986,361)	(2,048,758)	(2,216,049)
Individual allowance	(186,556)	(134,792)	(371,829)
	(2,172,917)	(2,183,550)	(2,587,878)
Net loans, advances and financing	**82,586,332**	**75,683,401**	**71,113,940**

Notes to the Financial Statements (Cont'd.)

12. LOANS, ADVANCES AND FINANCING (Cont'd.)

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

	Group 31 March 2013 RM'000	31 March 2012 RM'000	1 April 2011 RM'000
Domestic non-bank financial institutions	1,788,780	2,463,280	2,518,059
Domestic business enterprises:			
Small and medium enterprises	10,278,020	8,824,410	7,474,065
Others	25,791,379	22,451,870	20,851,327
Government and statutory bodies	417,382	1,062,749	333,174
Individuals	45,978,280	42,535,154	42,039,527
Other domestic entities	23,053	29,258	3,645
Foreign entities	482,355	500,230	482,021
	84,759,249	**77,866,951**	**73,701,818**

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

	Group 31 March 2013 RM'000	31 March 2012 RM'000	1 April 2011 RM'000
In Malaysia	83,879,206	77,127,848	73,046,768
Outside Malaysia	880,043	739,103	655,050
	84,759,249	**77,866,951**	**73,701,818**

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

	Group 31 March 2013 RM'000	31 March 2012 RM'000	1 April 2011 RM'000
Variable rate:			
Base lending rate plus	25,417,300	25,005,639	20,980,664
Cost plus	19,751,119	14,981,992	14,405,092
Other variable rates	1,426,700	1,233,901	1,333,449
	46,595,119	41,221,532	36,719,205
Fixed rate:			
Housing loans/financing	2,069,989	2,105,270	2,244,587
Hire purchase receivables	24,454,794	22,696,905	24,267,103
Other loans/financing	11,639,347	11,843,244	10,470,923
	38,164,130	36,645,419	36,982,613
	84,759,249	**77,866,951**	**73,701,818**

Notes to the Financial Statements (Cont'd.)

12. LOANS, ADVANCES AND FINANCING (Cont'd.)

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

	Group 31 March 2013 RM'000	31 March 2012 RM'000	1 April 2011 RM'000
Agriculture	3,265,118	2,359,275	2,341,017
Mining and quarrying	1,785,481	1,509,532	1,681,149
Manufacturing	7,871,984	7,439,702	6,291,326
Electricity, gas and water	685,621	1,544,743	2,461,957
Construction	3,550,879	2,479,830	2,353,383
Wholesale and retail trade and hotels and restaurants	5,486,758	4,421,725	3,487,962
Transport, storage and communication	2,592,491	2,775,590	2,519,804
Finance and insurance	1,788,776	2,463,277	2,518,067
Real estate	7,350,257	5,530,629	4,438,429
Business activities	1,995,123	1,630,157	1,965,925
Education and health	1,793,139	2,036,892	1,061,230
Household of which:	45,938,601	42,466,474	41,919,308
Purchase of residential properties	13,353,097	12,591,064	11,982,541
Purchase of transport vehicles	25,495,818	23,557,047	23,571,798
Others	7,089,686	6,318,363	6,364,969
Others	655,021	1,209,125	662,261
	84,759,249	**77,866,951**	**73,701,818**

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

	Group 31 March 2013 RM'000	31 March 2012 RM'000	1 April 2011 RM'000
Maturing within one year	18,645,901	14,281,385	15,663,127
Over one year to three years	9,259,486	10,748,284	8,243,182
Over three years to five years	12,991,840	10,929,650	11,206,775
Over five years	43,862,022	41,907,632	38,588,734
	84,759,249	**77,866,951**	**73,701,818**

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

	Group 31 March 2013 RM'000	31 March 2012 RM'000
Gross		
Balance at beginning of financial year	1,906,176	2,449,585
Impaired during the year	1,253,501	1,676,106
Reclassified as non-impaired	(292,479)	(313,825)
Recoveries	(408,636)	(596,725)
Amount written-off	(793,677)	(1,308,965)
Repurchase of impaired loans	2,888	–
Arising from acquisition of subsidiary	12,698	–
Balance at end of financial year	**1,680,471**	**1,906,176**
Gross impaired loans, advances and financing as % of gross loans, advances and financing	2.0%	2.4%
Loan loss coverage (excluding collateral values)	129.3%	114.6%

Notes to the Financial Statements (Cont'd.)

12. LOANS, ADVANCES AND FINANCING (Cont'd.)

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

	Group 31 March 2013 RM'000	31 March 2012 RM'000	1 April 2011 RM'000
In Malaysia	1,680,471	1,906,176	2,449,585

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

	Group 31 March 2013 RM'000	31 March 2012 RM'000	1 April 2011 RM'000
Agriculture	20,598	24,406	38,785
Mining and quarrying	17,888	154,760	461
Manufacturing	254,786	208,863	273,295
Electricity, gas and water	25,906	132,208	288,509
Construction	51,111	96,582	289,257
Wholesale and retail trade and hotels and restaurants	49,908	46,138	82,308
Transport, storage and communication	18,593	4,600	21,276
Finance and insurance	28,287	37,628	46,865
Real estate	18,244	26,200	66,205
Business activities	18,898	16,501	11,329
Education and health	56,066	58,870	43,171
Household of which:	1,109,222	1,089,007	1,275,779
Purchase of residential properties	547,409	561,236	649,725
Purchase of transport vehicles	439,164	401,319	380,876
Others	122,649	126,452	245,178
Others	10,964	10,413	12,345
	1,680,471	**1,906,176**	**2,449,585**

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

	Group 31 March 2013 RM'000	31 March 2012 RM'000
Collective allowance		
Balance at beginning of financial year	2,048,758	2,216,049
Allowances made during the financial year, net	455,228	569,872
Amounts written-off	(563,368)	(737,171)
Arising from acquisition of subsidiary	40,536	–
Foreign exchange differences	5,207	8
Balance at end of financial year	**1,986,361**	**2,048,758**
Collective allowance as % of gross loans, advances and financing less individual allowance	2.3%	2.6%
Individual allowance		
Balance at beginning of financial year	134,792	371,829
Allowance made during the financial year, net	287,718	323,665
Amount written back in respect of recoveries	–	33
Amounts written-off	(235,954)	(560,735)
Balance at end of financial year	**186,556**	**134,792**

Notes to the Financial Statements (Cont'd.)

13. STATUTORY DEPOSITS WITH BANK NEGARA MALAYSIA

The non-interest bearing statutory deposits 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 set percentages of total eligible liabilities.

14. DEFERRED TAX ASSETS/LIABILITIES

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set-off current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority.

The movements and components of deferred tax assets and liabilities during the financial year prior to offsetting are as follows:

(a) Deferred tax assets

	Group		Company	
	31 March 2013 RM'000	31 March 2012 RM'000	31 March 2013 RM'000	31 March 2012 RM'000
Balance at beginning of financial year	205,908	565,464	–	–
Transfer to income statements	(64,653)	(355,059)	–	–
Recognised in other comprehensive income	11,196	19,401	–	–
Exchange differences	52	(35)	–	–
Others	(16,259)	(23,863)	–	–
Balance at end of financial year	**136,244**	**205,908**	**–**	**–**
Arising from:				
Deferred charges	(29,554)	(50,593)	–	–
Excess of capital allowance over depreciation	(45,919)	(41,996)	–	–
Unabsorbed capital allowances	1,596	552	–	–
Unutilised tax losses	1,938	3,286	–	–
Collective allowance for impaired loans, advances and financing	2,058	143,176	–	–
Allowance for impairment of foreclosed properties	43,220	41,286	–	–
Profit equalisation reserve	–	823	–	–
Allowance for impairment of investment	11,108	3,071	–	–
Other temporary differences	151,797	106,303	–	–
	136,244	**205,908**	**–**	**–**

(b) Deferred tax liabilities

	Group		Company	
	31 March 2013 RM'000	31 March 2012 RM'000	31 March 2013 RM'000	31 March 2012 RM'000
Balance at beginning of financial year	12,886	96,852	–	–
Transfer from/(to) income statements	16,002	(1,476)	–	–
Recognised in other comprehensive income	(3,567)	(5,278)	–	–
Exchange differences	–	59	–	–
Others	6,722	(77,271)	–	–
Balance at end of financial year	**32,043**	**12,886**	**–**	**–**
Arising from:				
Deferred charges	20,885	–	–	–
Excess of capital allowance over depreciation	49	408	–	–
Unutilised tax losses	–	(558)	–	–
Profit equalisation reserve	(415)	–	–	–
Allowance for impairment of investment	(2,074)	6,112	–	–
Other temporary differences	13,598	6,924	–	–
	32,043	**12,886**	**–**	**–**

As mentioned in Note 3, the effects of temporary differences and unutilised tax losses which would give rise to deferred tax assets are recognised only when it is probable that the respective subsidiaries will generate sufficient future taxable profit available against which the deductible temporary differences and unutilised tax losses can be utilised. As at 31 March 2013, the amount of estimated deferred tax assets of Group, pertaining to unutilised tax losses and unabsorbed capital allowances, calculated at applicable tax rate which is not recognised in the financial statements amounted to RM140,000,000 (2012: RM141,111,000; 2011: RM142,596,000).

Notes to the Financial Statements (Cont'd.)

15. INVESTMENTS IN SUBSIDIARIES

	Company		
	31 March 2013 RM'000	31 March 2012 RM'000	1 April 2011 RM'000
At cost			
In Malaysia			
Unquoted shares	9,507,225	7,642,376	8,182,034

The subsidiaries, all incorporated in Malaysia, except for PT. AmCapital Indonesia and PT. AMCI Manajemen Investasi Indonesia which are incorporated in Indonesia, AmSecurities (HK) Limited and AmTrade Services Limited which are incorporated in Hong Kong, AmCapital (B) Sdn Bhd which is incorporated in Brunei, AmWater Investments Management Pte. Ltd., AmFraser International Pte. Ltd. and its subsidiaries which are incorporated in Singapore and AmAsia Water Management (GP) Limited which is incorporated in Cayman Islands, are as follows:

		Issued and Paid-up Ordinary Capital			Effective Equity Interest		
	Principal Activities	31 March 2013 RM'000	31 March 2012 RM'000	1 April 2011 RM'000	31 March 2013 %	31 March 2012 %	1 April 2011 %
Direct Subsidiaries							
Unquoted							
AmInvestment Group Berhad ("AIGB")	Investment holding	180,342	180,342	820,000	100.00	100.00	100.00
AMFB Holdings Berhad ("AMFB")	Investment holding	1,000	821,516	821,516	100.00	100.00	100.00
AMAB Holdings Sdn Bhd ("AMAB Holdings")	Investment holding	371,000	264,000	264,000	100.00	100.00	100.00
AmBank (M) Berhad ("AmBank")	Commercial banking	820,364	820,364	670,364	100.00	100.00	100.00
AmInvestment Bank Berhad ("AmInvestment Bank")	Investment banking	200,000	200,000	200,000	100.00	100.00	100.00
AmIslamic Bank Berhad ("AmIslamic Bank")	Islamic banking	462,922	428,038	403,038	100.00	100.00	100.00
MBF Cards (M'sia) Sdn Bhd	Issuing of credit cards, acquiring merchants and other related services	5,265	–	–	100.00	–	–
Indirect Subsidiaries							
Unquoted							
AmSecurities Holding Sdn Bhd ("AMSH")	Investment holding	10,000	10,000	10,000	100.00	100.00	100.00
Arab-Malaysian Credit Berhad	Asset financing agency	288,500	288,500	288,500	100.00	100.00	100.00
AmLife Insurance Berhad	Life assurance	200,000	100,000	100,000	100.00	70.00	70.00
AmGeneral Insurance Berhad (formerly known as AmG Insurance Berhad)	Investment holding	330,000	230,000	230,000	51.00	51.00	51.00
AmGeneral Insurance Berhad (formerly known as Kurnia Insurans (Malaysia) Berhad)	General assurance	600,000	–	–	51.00	–	–
AmFamily Takaful Berhad ("AFTB")	Takaful operator	100,000	100,000	–*****	100.00	70.00	70.00
AMSEC Holdings Sdn Bhd	Dormant	100,000	100,000	100,000	100.00	100.00	100.00
AmInvestment Services Berhad ("AIS")	Managing unit trust funds	5,539	5,539	5,539	100.00	100.00	100.00
AmInvestment Management Sdn Bhd ("AIM")	Asset management services and distribution of wholesale fund	5,000	2,000	2,000	100.00	100.00	100.00
AmIslamic Funds Management Sdn Bhd ("AIFM")	Islamic funds management services and distribution of wholesale fund	3,000	3,000	3,000	100.00	100.00	100.00
AMMB Consultant Sdn Bhd##	Dormant	–	500	500	–	100.00	100.00
AMMB Nominees (Tempatan) Sdn Bhd##	Nominee services	10	10	10	100.00	100.00	100.00
AMMB Nominees (Asing) Sdn Bhd	Nominee services	10	10	10	100.00	100.00	100.00

Notes to the Financial Statements (Cont'd.)

15. INVESTMENTS IN SUBSIDIARIES (Cont'd.)

	Principal Activities	Issued and Paid-up Ordinary Capital 31 March 2013 RM'000	31 March 2012 RM'000	1 April 2011 RM'000	Effective Equity Interest 31 March 2013 %	31 March 2012 %	1 April 2011 %
Indirect Subsidiaries (Contd.)							
Unquoted							
AmProperty Trust Management Berhad ("AmPTMB")	Dormant	500	500	500	100.00	100.00	100.00
AmPrivate Equity Sdn Bhd ("AmPrivate Equity")	Investment holding	13	13	10	80.00	80.00	80.00
AMMB Factors Sdn Bhd	Dormant	1,000	1,000	1,000	100.00	100.00	100.00
AmTrustee Berhad ^ ("AmTrustee")	Trustee services	500	500	500	80.00	80.00	80.00
AmEquities Sdn Bhd	Collection of trade receivables	140,000	140,000	140,000	100.00	100.00	100.00
AMSEC Nominees (Tempatan) Sdn Bhd	Nominee services	1	1	1	100.00	100.00	100.00
AMSEC Nominees (Asing) Sdn Bhd	Nominee services	1	1	1	100.00	100.00	100.00
AmFutures Sdn Bhd ("AmFutures")	Futures broking	15,000	15,000	15,000	100.00	100.00	100.00
AmResearch Sdn Bhd ("AmResearch")	Investment research	500	500	500	100.00	100.00	100.00
AM Nominees (Tempatan) Sdn Bhd ^	Nominee services	–*	–*	–*	100.00	100.00	100.00
AM Nominees (Asing) Sdn Bhd	Nominee services	–*	–*	–*	100.00	100.00	100.00
Malaysian Ventures Management Incorporated Sdn Bhd ("MVMI")	Fund management and consultancy services	3,500	3,500	3,500	100.00	100.00	100.00
Am ARA REIT Holdings SdnBhd ("Am ARA Holdings")	Investment holding	1,000	1,000	1,000	70.00	70.00	70.00
Am ARA REIT Managers Sdn Bhd ("Am ARA REIT Managers")	Management of real estate investment trusts and properties	1,000	1,000	1,000	70.00	70.00	70.00
Everflow Credit & Leasing Corporation Sdn Bhd	Dormant	684	684	684	100.00	100.00	100.00
MBf Information Services Sdn Bhd	Property investment	27,500	27,500	27,500	100.00	100.00	100.00
MBf Nominees (Tempatan) Sdn Bhd	Nominee services	10	10	10	100.00	100.00	100.00
MBf Trustees Berhad	Trustee services	250	250	250	60.00	60.00	60.00
AmProperty Holdings Sdn Bhd	Property investment	500	500	500	100.00	100.00	100.00
Teras Oak Pembangunan Sendirian Berhad	Dormant	4,700	4,700	4,700	100.00	100.00	100.00
AmCredit & Leasing Sdn Bhd	Dormant	3,892	3,892	3,892	100.00	100.00	100.00
Bougainvillaea Development Sdn Bhd	Property investment	11,000	11,000	11,000	100.00	100.00	100.00
Malco Properties Sdn Bhd	Dormant	417	417	417	81.51	81.51	81.51
Komuda Credit & Leasing Sdn Bhd	Dormant	14,259	14,259	14,259	100.00	100.00	100.00
AmPremier Capital Berhad ("AmPremier")	Issue of subordinated securities	–*	–*	–*	100.00	100.00	100.00
Economical Enterprises Sendirian Berhad	Dormant	535	535	535	100.00	100.00	100.00
AmMortgage One Berhad ("AmMortgage")	Securitisation of mortgage loans	1	1	1	100.00	100.00	100.00
		BND'000	BND'000	BND'000	%	%	%
AmCapital (B) Sdn Bhd	Asset management and investment advisory services	1,800	1,500	1,500	100.00	100.00	100.00
		USD'000	USD'000	USD'000	%	%	%
AMMB Labuan (L) Ltd	Dormant	200	200	200	100.00	100.00	100.00
AmInternational (L) Ltd ("AMIL")	Labuan banking	10,000	10,000	10,000	100.00	100.00	100.00
AmCapital (L) Inc	Dormant	–**	–**	–**	100.00	100.00	100.00
AMBB Capital (L) Ltd	Issue of Hybrid capital securities	–**	–**	–**	100.00	100.00	100.00
AmAsia Water Management (GP) Limited^	Fund management	–****	–****	–****	100.00	100.00	100.00

Notes to the Financial Statements (Cont'd.)

15. INVESTMENTS IN SUBSIDIARIES (Cont'd.)

	Principal Activities	Issued and Paid-up Ordinary Capital 31 March 2013 IDR'mil	31 March 2012 IDR'mil	1 April 2011 IDR'mil	Effective Equity Interest 31 March 2013 %	31 March 2012 %	1 April 2011 %
Indirect Subsidiaries (Contd.)							
Unquoted							
PT. AmCapital Indonesia^ ("AMCI")	Stock-broking and underwriting	146,186	146,186	146,186	99.00	99.00	99.00
PT. AMCI Manajemen Investasi Indonesia^	Investment management	25	25	–	99.00	99.00	–
		HKD'000	HKD'000	HKD'000	%	%	%
AmSecurities (HK) Limited ^^	Dormant	33,000	33,000	33,000	100.00	100.00	100.00
AmTrade Services Limited ^^	Trade finance services	–***	–***	–***	100.00	100.00	100.00
		SGD'000	SGD'000	SGD'000	%	%	%
AmFraser International Pte. Ltd. ^^	Investment holding	18,910	18,910	18,910	100.00	100.00	100.00
AmFraser Securities Pte. Ltd. ^^	Stock, share broking and investment banking	32,528	32,528	32,528	100.00	100.00	100.00
AmGlobal Investments Pte. Ltd. ^^	Investment and advisory services	1,000	1,000	1,000	100.00	100.00	100.00
Fraser Financial Services Pte. Ltd. ^^	Dormant	200	200	200	100.00	100.00	100.00
Fraser-AMMB Research Pte. Ltd. ^^	Dormant	500	500	500	100.00	100.00	100.00
AmFraser Nominees Pte. Ltd. #	Dormant	1	1	1	100.00	100.00	100.00
AmWater Investments Management Pte. Ltd. ^	(i) Asset/Portfolio Management (ii) Business and management consultancy services	100	100	100	100.00	100.00	100.00

^ Subsidiaries not audited by Ernst & Young, Malaysia.
^^ Subsidiaries audited by a firm affiliated with Ernst & Young, Malaysia.
* Subsidiaries with an issued and paid-up ordinary capital of RM2.00.
** Subsidiaries with an issued and paid-up ordinary capital of USD3.00.
*** Subsidiary with an issued and paid-up ordinary capital of HKD2.00.
**** Subsidiary with an issued and paid-up ordinary capital of USD1.00.
***** Subsidiary with an issued and paid-up ordinary capital of RM10.00.
# Subsidiary placed under Members' Voluntary Liquidation on 30 April 2012.
Subsidiary had commenced Members' Voluntary Liquidation during the financial year and had disolved on 14 March 2013.

16. INVESTMENT IN ASSOCIATES

	Group 31 March 2013 RM'000	31 March 2012 RM'000	1 April 2011 RM'000
Unquoted shares, at cost	20,221	–	–
Share of post acquisition reserve	714	1,101	1,101
	20,935	1,101	1,101

The summarised financial information of associate are as follows:

	Group 31 December 2012 RM'000
Revenue	93,244
Profit after tax	11,412
Total assets	161,406
Total liabilities	(119,993)

Notes to the Financial Statements (Cont'd.)

16. INVESTMENT IN ASSOCIATES (Cont'd.)

The associates were incorporated in Malaysia and the details are as follows:-

	Principal activities	Issued and Paid-up Ordinary Capital 31 March 2013 RM	31 March 2012 RM	1 April 2011 RM	Effective Equity Interest 31 March 2013 %	31 March 2012 %	1 April 2011 %
Incorporated in Malaysia							
Bonuskad Loyalty Sdn Bhd	Managing customer loyalty schemes	402	–	–	33.33	–	–
Malaysian Ventures (Two) Sdn Bhd (under members' voluntary winding-up)	Ceased operations	18,750	18,750	18,750	34.67	34.67	34.67

During the financial year, the Company acquired MBF Cards (M'sia) Sdn Bhd ("MBF Cards") where MBF Cards owned 33% of equity interest in Bonuskad Loyalty Sdn Bhd ("Bonuskad"). The financial year end of Bonuskad is on 31 December 2012 and for the purpose of applying the equity method of acounting, appropriate adjustments have been made for the effects of significant transactions up to the Company's financial year ended 31 March 2013.

17. OTHER ASSETS

	Group 31 March 2013 RM'000	Group 31 March 2012 RM'000	Group 1 April 2011 RM'000	Company 31 March 2013 RM'000	Company 31 March 2012 RM'000	Company 1 April 2011 RM'000
Trade receivables, net of allowance for impairment of RM32,937,000 (2012: RM28,043,000; 2011: RM48,963,000) (Note a)	973,257	1,071,640	862,471	–	–	–
Other receivables, deposits and prepayments, net of allowance for impairment for the Group of RM33,948,000 (2012: RM14,108,000; 2011: RM16,673,000) (Note c)	1,161,287	887,961	1,098,324	33,873	13,511	4,561
Interest receivables on treasury assets, net of allowance for impairment for the Group of RM727,000 (2012: RM139,000; 2011: RM4,008,000) (Note c)	217,152	191,929	139,715	–	–	–
Fee receivables, net of allowance for impairment of RM1,146,000 (2012: RM1,355,000; 2011: RM1,335,000) (Note c)	47,269	51,354	41,496	–	–	–
Amount due from originators	379,657	166,238	19,583	–	–	–
Amount due from agents, brokers and reinsurers	12,812	5,319	51,815	–	–	–
Foreclosed properties, net of allowance for impairment of RM173,338,000 (2012: RM165,403,000; 2011: RM138,157,000) (Note b)	72,832	82,758	112,143	–	–	–
Deferred assets (Note d)	–	–	34,744	–	–	–
	2,864,266	**2,457,199**	**2,360,291**	**33,873**	**13,511**	**4,561**

Trade receivables mainly relate to the stock and share-broking operations of the Group and represent amount outstanding in purchase contracts net of allowances.

Amount due from originators represents housing loans and hire purchase acquired from originators for onward sale to Cagamas Berhad as mentioned in Note 21.

Notes to the Financial Statements (Cont'd.)

17. OTHER ASSETS (Cont'd.)

(a) Trade receivables

The movement in allowance for impairment is as follows:

	Group	
	31 March 2013 RM'000	31 March 2012 RM'000
Balance at beginning of financial year	28,043	48,963
Charge for the year	6,262	4,994
Amount written-off	(1,469)	(25,876)
Foreign exchange differences	101	(38)
Balance at end of financial year	**32,937**	**28,043**

Trade receivables that are individually assessed to be impaired at the reporting date relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

(b) Foreclosed properties

The movement in allowance for impairment is as follows:

	Group	
	31 March 2013 RM'000	31 March 2012 RM'000
Balance at beginning of financial year	165,403	138,157
Charge for the year	9,086	28,345
Amount written-off	(1,151)	(1,099)
Balance at end of financial year	**173,338**	**165,403**

(c) Other receivables, deposits and prepayments, interest and fee receivables

The movement in allowance for impairment is as follows:

	Group	
	31 March 2013 RM'000	31 March 2012 RM'000
Balance at beginning of financial year	15,602	22,016
Charge/(Writeback) for the year	4,472	(1,463)
Amount written-off	(1,399)	(4,951)
Transferred from financial assets held-for-trading	15,000	–
Arising from acquisition of subsidiary	2,146	–
Balance at end of financial year	**35,821**	**15,602**

(d) Deferred assets

		Group	
	31 March 2013 RM'000	31 March 2012 RM'000	1 April 2011 RM'000
Arising from takeover of Kewangan Usahasama Makmur Berhad	–	–	34,744

In 1988, AmBank took over the operations of Kewangan Usahasama Makmur Berhad ("KUMB"), a deposit taking co-operative in Malaysia. The Government of Malaysia granted KUMB a future tax benefit amounting to RM434.0 million, subsequently adjusted to RM426.7 million upon finalisation of KUMB's tax credit in consideration of the deficit in assets taken over from the deposit taking co-operatives. The tax benefit is a fixed monetary sum and is not dependant on any changes in tax rates.

The net tax benefit is shown as a deferred asset and the utilisation of the deferred tax benefit is based on the receipt of notices of assessment and subsequent remission of tax liabilities by the relevant authority net of the amount payable to the tax authorities for purpose of Section 108 tax credit.

During the financial year ended 31 March 2012, upon approval by the Ministry of Finance, the deferred assets were fully utilised for remission of AmBank's tax liabilities.

Notes to the Financial Statements (Cont'd.)

18. PROPERTY AND EQUIPMENT

Group 31 March 2013	Freehold land RM'000	Long term leasehold land RM'000	Short term leasehold land RM'000	Buildings RM'000	Motor vehicles RM'000	Leasehold improvements RM'000	Computer hardware RM'000	Office equipment, furniture and fittings RM'000	Work-in-progress RM'000	Total RM'000
Cost										
At beginning of financial year	14,099	7,975	534	91,013	16,074	130,575	365,139	157,282	8,795	791,486
Additions	–	–	–	–	2,223	10,123	18,257	9,835	22,432	62,870
Disposals	(3,492)	–	–	–	(1,498)	(130)	(5,905)	(1,130)	–	(12,155)
Written-off	–	–	–	–	(12)	–	(503)	(2,262)	–	(2,777)
Reclassification/Transfer	–	–	–	4,750	–	671	8,727	8	(9,311)	4,845
Arising from acquisition of subsidiaries	–	–	–	147,839	5,143	10,818	65,530	71,867	970	302,167
Exchange adjustments	4	–	–	–	(4)	(46)	104	88	–	146
At end of financial year	10,611	7,975	534	243,602	21,926	152,011	451,349	235,688	22,886	1,146,582
Accumulated Depreciation										
At beginning of financial year	315	2,160	268	25,098	8,252	105,344	293,541	129,487	–	564,465
Depreciation for the financial year	–	165	12	3,383	2,382	10,199	34,642	11,556	–	62,339
Disposals	–	–	–	–	(841)	(39)	(5,924)	(1,336)	–	(8,140)
Written-off	–	–	–	–	(11)	–	(420)	(2,205)	–	(2,636)
Reclassification/Transfer	–	–	–	–	–	(104)	–	2	–	(102)
Arising from acquisition of subsidiaries	–	–	–	5,082	4,193	7,995	57,665	59,305	–	134,240
Exchange adjustments	1	–	–	–	1	(33)	84	76	–	129
At end of financial year	316	2,325	280	33,563	13,976	123,362	379,588	196,885	–	750,295
Accumulated Impairment Loss										
At beginning and end of financial year	–	254	–	886	–	–	–	–	–	1,140
Net Book Value										
As at 31 March 2013	**10,295**	**5,396**	**254**	**209,153**	**7,950**	**28,649**	**71,761**	**38,803**	**22,886**	**395,147**

Notes to the Financial Statements (Cont'd.)

18 PROPERTY AND EQUIPMENT (Cont'd.)

Group 31 March 2012	Freehold land RM'000	Long term leasehold land RM'000	Short term leasehold land RM'000	Buildings RM'000	Motor vehicles RM'000	Leasehold improvements RM'000	Computer hardware RM'000	Office equipment, furniture and fittings RM'000	Work-in-progress RM'000	Total RM'000
Cost										
At beginning of financial year	14,094	7,975	534	91,183	16,590	123,911	386,093	147,049	5,033	792,462
Additions	–	–	–	–	1,933	7,589	12,477	11,905	9,994	43,898
Disposals	–	–	–	(170)	(2,451)	(1,186)	(15,838)	(1,007)	–	(20,652)
Written-off	–	–	–	–	–	(5)	(23,667)	(667)	–	(24,339)
Reclassification/Transfer	–	–	–	–	–	294	6,004	(55)	(6,232)	11
Exchange adjustments	5	–	–	–	2	(28)	70	57	–	106
At end of financial year	14,099	7,975	534	91,013	16,074	130,575	365,139	157,282	8,795	791,486
Accumulated Depreciation										
At beginning of financial year	314	2,009	260	23,336	8,714	95,211	300,293	121,288	–	551,425
Depreciation for the financial year	–	151	8	1,842	1,717	11,270	32,718	9,644	–	57,350
Disposals	–	–	–	(80)	(2,187)	(1,124)	(15,880)	(857)	–	(20,128)
Written-off	–	–	–	–	–	(3)	(23,644)	(616)	–	(24,263)
Reclassification/Transfer	–	–	–	–	–	15	–	(14)	–	1
Exchange adjustments	1	–	–	–	8	(25)	54	42	–	80
At end of financial year	315	2,160	268	25,098	8,252	105,344	293,541	129,487	–	564,465
Accumulated Impairment Loss										
At beginning and end of financial year	1,350	254	–	886	–	–	–	–	–	2,490
Net Book Value										
As at 31 March 2012	**12,434**	**5,561**	**266**	**65,029**	**7,822**	**25,231**	**71,598**	**27,795**	**8,795**	**224,531**

Notes to the Financial Statements (Cont'd.)

18 PROPERTY AND EQUIPMENT (Cont'd.)

Company 31 March 2013	Motor vehicles RM'000	Total RM'000
Cost		
Balance at beginning of financial year	2,124	2,124
Additions	–	–
Disposals	(822)	(822)
Balance at end of financial year	**1,302**	**1,302**
Accumulated Depreciation		
Balance at beginning of financial year	527	527
Depreciation for the financial year	562	562
Disposals	(164)	(164)
Balance at end of financial year	925	925
Net book value		
As at 31 March 2013	**377**	**377**
31 March 2012		
Cost		
Balance at beginning of financial year	2,099	2,099
Additions	821	821
Disposals	(796)	(796)
Balance at end of financial year	**2,124**	**2,124**
Accumulated Depreciation		
Balance at beginning of financial year	775	775
Depreciation for the financial year	301	301
Disposals	(549)	(549)
Balance at end of financial year	**527**	**527**
Net book value		
As at 31 March 2012	**1,597**	**1,597**

19. INTANGIBLE ASSETS

The net carrying amount of intangible assets are as follows:

			Group	
	Note	31 March 2013 RM'000	31 March 2012 RM'000	1 April 2011 RM'000
Goodwill	(a)	2,901,296	1,734,365	1,734,365
Merchants relationship	(b)	23,333	–	–
Credit cards relationship	(b)	36,733	–	–
Computer software	(b)	187,091	157,050	137,249
Work-in-progress	(b)	97,200	63,384	45,790
		3,245,653	**1,954,799**	**1,917,404**

Notes to the Financial Statements (Cont'd.)

19. INTANGIBLE ASSETS (Cont'd.)

The movements in intangible assets are as follows:

(a) Goodwill

	Group	
	31 March 2013 RM'000	31 March 2012 RM'000
Balance at beginning of financial year	1,734,365	1,734,365
Arising from acquisition of Kurnia Insurans (Malaysia) Berhad	777,520	–
Arising from acquisition of MBF Cards (M'sia) Sdn Bhd	389,411	–
Balance at end of financial year	**2,901,296**	**1,734,365**

Impairment tests for goodwill

Goodwill is reviewed for impairment annually or when there are indications of impairment. At the date of acquisition, goodwill is allocated to the Group's cash generating units ("CGU") for impairment testing purposes, identified according to business segments expected to benefit from the synergies as follows:

		Group	
	31 March 2013 RM'000	31 March 2012 RM'000	1 April 2011 RM'000
Investment banking	557,931	557,931	557,931
Commercial and retail	1,105,598	1,105,598	1,105,598
Islamic banking	53,482	53,482	53,482
Insurance	793,009	15,489	15,489
Cards business	389,411	–	–
Equity fund management	1,865	1,865	1,865
	2,901,296	**1,734,365**	**1,734,365**

The recoverable amount of the CGU, which are the reportable business segments, is based on their value in use, computed by discounting the expected future cash flows of the units. The key assumptions for the computation of value in use include the discount rates and growth rates applied. The discount rates applied to the cash flow projections are derived from the pre-tax weighted average cost of capital plus a reasonable risk premium at the date of assessment of the respective CGU. The discount rates applied for the financial year ranged from 4.6% to 11.3%. Cash flow projection is based on the most recent three-year financial budget approved by the Board, taking into account projected regulatory capital requirements. Cash flows for the fourth to tenth years are extrapolated using the growth rate of 4.9% to extrapolate cash flows beyond the projected years. Impairment is recognised in the income statements when the carrying amount of a cash-generating unit exceeds its recoverable amounts.

Management believes that any reasonably possible change in the key assumptions would not cause the carrying amount of the goodwill to exceed the recoverable amount of the cash generating units.

Notes to the Financial Statements (Cont'd.)

19. INTANGIBLE ASSETS (Cont'd.)

(b)

Group 31 March 2013	Merchants Relationship RM'000	Credit Cards Relationship RM'000	Computer Software RM'000	WIP for Computer Software RM'000	Total RM'000
Cost					
At beginning of financial year	–	–	560,970	63,384	624,354
Additions	–	–	25,396	83,575	108,971
Disposals	–	–	–	–	–
Written-off	–	–	–	–	–
Reclassification/Transfer	–	–	58,550	(49,759)	8,791
Arising from acquisition of subsidiaries	25,000	38,000	6,177	–	69,177
Exchange adjustments	–	–	(37)	–	(37)
At end of financial year	25,000	38,000	651,056	97,200	811,256
Accumulated Depreciation					
At beginning of financial year	–	–	403,920	–	403,920
Amortisation	1,667	1,267	54,873	–	57,807
Disposals	–	–	–	–	–
Written-off	–	–	–	–	–
Reclassification/Transfer	–	–	–	–	–
Arising from acquisition of subsidiaries	–	–	5,200	–	5,200
Exchange adjustments	–	–	(28)	–	(28)
At end of financial year	1,667	1,267	463,965	–	466,899
Net Book Value					
As at 31 March 2013	**23,333**	**36,733**	**187,091**	**97,200**	**344,357**

Group 31 March 2012	Merchants Relationship RM'000	Credit Cards Relationship RM'000	Computer Software RM'000	WIP for Computer Software RM'000	Total RM'000
Cost					
At beginning of financial year	–	–	498,905	45,790	544,695
Additions	–	–	26,740	55,523	82,263
Disposals	–	–	(204)	–	(204)
Written-off	–	–	(2,362)	–	(2,362)
Reclassification/Transfer	–	–	37,919	(37,929)	(10)
Arising from acquisition of subsidiaries	–	–	–	–	–
Exchange adjustments	–	–	(27)	–	(27)
At end of financial year	–	–	560,971	63,384	624,355
Accumulated Depreciation					
At beginning of financial year	–	–	361,656	–	361,656
Amortisation	–	–	43,866	–	43,866
Disposals	–	–	(204)	–	(204)
Written-off	–	–	(1,379)	–	(1,379)
Reclassification/Transfer	–	–	–	–	–
Arising from acquisition of subsidiaries	–	–	–	–	–
Exchange adjustments	–	–	(18)	–	(18)
At end of financial year	–	–	403,921	–	403,921
Net Book Value					
As at 31 March 2012	**–**	**–**	**157,050**	**63,384**	**220,434**

Notes to the Financial Statements (Cont'd.)

20. DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

	Group		
	31 March 2013 RM'000	31 March 2012 RM'000	1 April 2011 RM'000
Licensed banks	233,412	2,393,170	288,018
Licensed investment banks	402,298	452,781	442,342
Bank Negara Malaysia	863,663	195,954	2,247,278
Other financial institutions	1,653,573	872,663	1,194,522
	3,152,946	**3,914,568**	**4,172,160**

Included in deposits from BNM as at 1 April 2011 were deposits (RM135,000,000 with interest of 1% per annum) and non-interest bearing loans (RM493,000,000) placed with the commercial banking subsidiary in connection with the transfer of assets and liabilities of KUMB as mentioned in Note 17(d).

As at 31 March 2012, the deposit and non-interest bearing loans from BNM were repaid upon full utilisation of the deferred assets relating to KUMB as mentioned in Note 17(d).

21. RECOURSE OBLIGATION ON LOANS SOLD TO CAGAMAS BERHAD

Recourse obligation on loans sold to Cagamas Berhad represents the proceeds received from AmBank's ("the Bank") loans sold directly and indirectly or those acquired from the originators (as disclosed in Note 17) (excluding Islamic financing) to Cagamas Berhad with recourse. Under this arrangement for loans sold by the Bank, the Bank undertakes to administer the loans on behalf of Cagamas Berhad and to buy back any loans, which are regarded as defective based on prudential criteria with recourse to the Bank. Under the back to back arrangement with the originators, the Bank acts as the intermediary financial institution and undertakes to administer the receivables on behalf of Cagamas Berhad, and to buy back any receivables which are regarded as defective based on prudential criteria with recourse against the originators.

During the financial year ended 31 March 2012, the Group has terminated the fair value hedge on the interest rate risk of the loans sold directly to Cagamas Berhad. The unamortised fair value is amortised through profit or loss over the remaining term to maturity of the loans sold directly to Cagamas Berhad using the effective interest rate method. The amortisation of the fair value of the loans sold directly to Cagamas Berhad amounted to RM607,000 (2011: Nil).

22. DEPOSITS FROM CUSTOMERS

	Group		
	31 March 2013 RM'000	31 March 2012 RM'000	1 April 2011 RM'000
Demand deposits	11,776,089	8,427,414	6,236,477
Savings deposits	5,071,454	4,757,846	4,263,507
Term/Investment deposits	67,928,630	63,579,273	63,974,801
Negotiable instruments of deposits	83,814	542,623	250,280
	84,859,987	**77,307,156**	**74,725,065**

Included in deposits from customers of the Group are deposits of RM2,036.5 million (2012: RM1,826.1 million; 2011: RM1,488.4 million) held as collateral for loans, advances and financing.

The maturity structure of deposits from customers is as follows:

	Group		
	31 March 2013 RM'000	31 March 2012 RM'000	1 April 2011 RM'000
Due within six months	68,798,106	63,887,264	63,613,818
Over six months to one year	13,119,691	9,601,339	7,191,919
Over one year to three years	2,630,397	2,726,720	1,974,353
Over three years to five years	311,793	1,091,833	1,944,975
	84,859,987	**77,307,156**	**74,725,065**

Notes to the Financial Statements (Cont'd.)

22. DEPOSITS FROM CUSTOMERS (Cont'd.)

The deposits are sourced from the following types of customers:

	Group		
	31 March 2013 RM'000	31 March 2012 RM'000	1 April 2011 RM'000
Government and statutory bodies	9,852,981	9,442,578	16,274,261
Business enterprises	39,348,222	35,431,816	27,373,404
Individuals	33,952,401	30,644,660	29,847,724
Others	1,706,383	1,788,102	1,229,676
	84,859,987	**77,307,156**	**74,725,065**

23. TERM FUNDING

	Note	Group			Company		
		31 March 2013 RM'000	31 March 2012 RM'000	1 April 2011 RM'000	31 March 2013 RM'000	31 March 2012 RM'000	1 April 2011 RM'000
Term loans and revolving credit	(a)	1,334,556	1,071,691	1,111,232	206,000	206,000	206,000
Senior notes/sukuk	(b)	4,508,771	3,441,852	3,460,527	1,300,000	–	–
Credit-Linked Notes	(c)	412,642	443,780	175,119	–	–	–
		6,255,969	**4,957,323**	**4,746,878**	**1,506,000**	**206,000**	**206,000**

(a) The salient terms of the term loans and revolving credit are as follows:

(i) The Company's short term loans and revolving credit obtained from financial institutions bear interests at rates ranging from 4.50% to 5.46% per annum.

(ii) AmBank's USD30 million unsecured term loan which bears interest at 0.75% per annum above the lender's cost of funds was obtained for working capital purposes. This term loan was initially repayable in full on 26 March 2011 but was subsequently extended to and repaid on 26 March 2012.

(iii) AmBank's USD30 million unsecured term loan was obtained from the Singapore branch of Australia and New Zealand Banking Group ("ANZ") in the last financial year for working capital purposes. This term loan bears interest at 0.75% per annum above LIBOR. It was repaid in full on 15 April 2011 and a new revolving credit facility of USD 30 million was obtained from ANZ on 16 April 2011. This new revolving credit facility bears interest at 0.75% per annum above LIBOR and matured on 16 April 2012. On the maturity date, the Labuan branch of ANZ offered to extend the facility for another year, with the terms and conditions remaining unchanged.

(iv) AmBank's USD30 million term loan was drawn on 10 June 2010 for working capital purpose. This term loan bears interest at 1.10% per annum above LIBOR. This term loan shall be due and payable in full 2 years after the drawdown date. The term loan was repaid on maturity date. A new USD50 million term loan was drawn on 7 January 2013 for working capital purposes. This term loan bears interest at 1.10% per annum above LIBOR. The term loan shall be due and payable in full 2 years from the date of disbursement.

(v) AmBank's USD210 million syndicated transferable term loan was drawn on 31 March 2012 for working capital purpose. This term loan was obtained from five banking institutions out of which USD50 million was from ANZ. This term loan bears interest at 0.9% per annum above LIBOR, is transferable without the consent of AmBank and is due and payable in full 3 years after the drawdown date.

(vi) AmBank's USD35 million term loan was drawn on 13 June 2012 for working capital purposes. This term loan bears interest at 0.65% per annum above the lender's cost of funds. This term loan shall be due and payable in full 1 year after the drawdown date.

(vii) A wholly owned subsidiary, AmFraser Securities Pte Ltd obtained SGD30.1 million financing bearing interests at rates ranging from 2.30% to 2.70%, secured by a charge over all the assets of the subsidiary.

Notes to the Financial Statements (Cont'd.)

23. TERM FUNDING (Cont'd.)

(b) (i) In the financial year ended 31 March 2013, the Company implemented a RM2.0 billion nominal value Senior and/or Subordinated Medium Term Notes ("MTN") Programme whereby the proceeds raised from the MTN Programme shall be utilised for capital expenditures, investment, working capital, payment of fees and expenses in relation to the MTN Programme and other general funding requirements of the Company and its subsidiaries.

The MTN Programme has a tenor of up to 30 years from the date of the first issuance under the MTN Programme. The MTN shall be issued for a maturity of up to 30 years as the Issuer may select at the point of issuance provided that no MTN shall mature after expiration of the MTN Programme.

During the financial year, the Company issued RM1,300.0 million senior MTNs for tenor of 1 to 7 years and bear interest rate ranging from 3.75% to 4.50%. The Senior MTNs rank pari-passu with all other present and future unsecured and unsubordinated obligations of the Company.

(ii) The Senior Notes issued by AmBank is under a Senior Notes Programme ("SNP") of up to RM7.0 billion nominal value. The proceeds from the issuance of the Senior Notes is to be utilised for AmBank's general working capital requirements.

The SNP has a tenor of up to thirty years from the date of first issuance under the programme. Under the SNP, AmBank may issue Senior Notes with a tenor of more than one year and up to ten years provided that the Senior Notes mature prior to the expiry of the SNP. Unless previously redeemed or purchased and cancelled, the Senior Notes shall be fully redeemed on the respective maturity date(s) at 100% of their nominal value.

The Senior Notes rank pari-passu with all other present and future unsecured and unsubordinated obligations (excluding deposits) of AmBank. RAM Ratings has assigned a long-term rating of AA3/Stable to the SNP. The Senior Notes issued which remains outstanding as at reporting date of RM2,658.8 million has a fixed interest rate ranging from 3.80% to 5.25% (2012 and 2011: 3.50% to 5.25%) per annum and is payable semi annually. The Senior Notes issued are repayable between 2 to 7 years.

(iii) On 20 September 2010, AmIslamic Bank issued RM550.0 million senior sukuk under its programme of up to RM3 billion in nominal value. The senior sukuk bears profit rate at 4.3% per annum and has a tenor of seven years. The RM3 billion Senior Sukuk Musyarakah Programme was reaffirmed a rating of AA3/Stable by RAM.

(c) The credit-linked notes ("CLN") is a structured investment product issued by AmBank and subscribed at nominal value. The nominal value of CLN issued and outstanding at reporting date amounted to RM438.4 million (2012: RM468.6 million; 2011: RM178.4million). The CLN outstanding carry a fixed interest rate ranging from 4.0% to 6.0% per annum (2012: 4.0% to 6.0%; 2011: 4.1% to 6.0% per annum) and will mature between 3 months to 8 years (2012: 3 months to 9 years; 2011: 1 year to 3 years).

24. BILLS AND ACCEPTANCES PAYABLE

Bills and acceptances payable represent the commercial banking subsidiaries' own bills and acceptances rediscounted and outstanding in the market.

25. DEBT CAPITAL

	Note		Group	
		31 March 2013 RM'000	31 March 2012 RM'000	1 April 2011 RM'000
Non-Cumulative Non-Voting Guaranteed Preference Shares	(a)	662,432	678,431	655,594
Medium Term Notes	(b)	1,557,800	1,557,800	1,557,800
Subordinated Sukuk Musyarakah	(c)	1,000,000	800,000	400,000
Non-Innovative Tier 1 Capital Securities	(d)	500,000	500,000	500,000
Innovative Tier 1 Capital Securities	(e)	485,000	485,000	485,000
		4,205,232	**4,021,231**	**3,598,394**

(a) Non-Cumulative Non-Voting Guaranteed Preference Shares

On 27 January 2006, AMBB Capital (L) Ltd, a wholly-owned subsidiary of AmBank issued USD200,000,000 Hybrid Capital comprising 2,000 preference shares of USD100,000 each ("Hybrid Securities"). The Hybrid Securities are guaranteed by AmBank on a subordinated basis. The gross proceeds of USD200,000,000 from the issue of Hybrid Securities were on-lent to AmBank in the form of a subordinated term loan on 27 January 2006 for the purpose of supplementing AmBank's working capital requirements.

Notes to the Financial Statements (Cont'd.)

25. DEBT CAPITAL (Cont'd.)

(a) Non-Cumulative Non-Voting Guaranteed Preference Shares (Cont'd.)

The salient features of the Hybrid Securities are as follows:

(i) The Hybrid Securities bear non-cumulative dividends from the issue date to (but excluding) 27 January 2016 at 6.77% per annum and thereafter, at a floating rate equal to three (3) months US dollar LIBOR plus 2.90% if not redeemed on 27 January 2016. The non-cumulative dividends are payable on semi-annual basis.

(ii) The Hybrid Securities are perpetual securities and have no fixed final redemption date. The Hybrid Securities may be redeemed in whole but not in part at the option of the issuer (but not the holders) under certain circumstances.

The Hybrid Securities are listed on both the Labuan International Financial Exchange Inc. and the Singapore Exchange Securities Trading Limited and are offered to international institutional investors outside Malaysia. The Hybrid Securities qualify as Tier 1 capital under BNM's capital adequacy framework up to 31 December 2012. Effective 1 January 2013, the Hybrid Securities qualify as additional Tier 1 capital as a capital insturment eligible for gradual phase-out treatment under the transitional arrangements of the Basel III accords.

(b) Medium Term Notes

In the financial year 2008, AmBank implemented a RM2.0 billion nominal value Medium Term Notes ("MTN") Programme whereby the proceeds raised from the MTN Programme had been and will be utilised for the refinancing of existing subordinated debts and for general working capital requirements.

The MTN Programme has a tenor of up to 20 years from the date of the first issuance under the MTN programme. The MTN shall be issued for a maturity of up to 20 years as the Issuer may select at the point of issuance provided that no MTN shall mature after expiration of the MTN Programme.

The MTN issued under the MTN Programme was included as Tier 2 capital under BNM's capital adequacy framework. Effective 1 January 2013, the MTNs are recognised as a capital instrument under Tier 2 Capital and eligible for gradual phased-out treatment under the transitional arrangements of the Basel III accord.

The salient features of the MTN issued are as follows:

(i) Tranche 1 amounting to RM500 million was issued on 4 February 2008 and is for a tenor of 10 years Non-Callable 5 years and bears interest at 5.23% per annum. RM200 million was early redeemed on 8 October 2012. The remaining RM300 million of Tranche 1 was called and cancelled on its first call date of 4 February 2013.

(ii) Tranche 2 and 3 totalling RM240 million was issued on 14 March 2008 as follows:

- Tranche 2 amounting to RM165 million is for a tenor of 10 years Non-Callable 5 years and bears interest at 5.2% per annum. This tranche was fully called and cancelled on its first call date of 14 March 2013.

- Tranche 3 amounting to RM75 million is for a tenor of 12 years Non-Callable 7 years and bears interest at 5.4% per annum.

(iii) Tranches 4 and 5 totalling RM120 million were issued on 28 March 2008 as follows:

- Tranche 4 amounting to RM45 million is for a tenor of 10 years Non-Callable 5 years and bears interest at 5.2% per annum. This tranche was fully called and cancelled on its first call date of 28 March 2013.

- Tranche 5 amounting to RM75 million is for a tenor of 12 years Non-Callable 7 years and bears interest at 5.4% per per annum.

(iv) Tranche 6 amounting to RM600 million issued on 9 April 2008 is for a tenor of 15 years Non-Callable 10 years and bears interest at 6.25% per annum.

(v) Tranche 7 amounting to RM97.8 million issued on 10 December 2009 is for a tenor of 10 years Non-Callable 5 years and bears interest at 5.75% per annum.

(vi) Tranche 8 amounting to RM710.0 million issued on 16 October 2012 is for a tenor of 10 years Callable 5 years and bears interest at 4.45% per annum.

Notes to the Financial Statements (Cont'd.)

25. DEBT CAPITAL (Cont'd.)

(b) Medium Term Notes (Cont'd.)

The interest rate of the MTN will step up by 0.5% per annum as follows:

(i) at the beginning of the 6th year for Tranche 1
(ii) at the beginning of the 6th year for Tranche 2
(iii) at the beginning of the 8th year for Tranche 3
(iv) at the beginning of the 6th year for Tranche 4
(v) at the beginning of the 8th year for Tranche 5
(vi) at the beginning of the 11th year for Tranche 6
(vii) at the beginning of the 6th year for Tranche 7

and every anniversary thereafter, preceding the maturity date of the MTN. The step up features does not apply to Tranche 8.

(c) Subordinated Sukuk Musyarakah

(i) On 21 December 2006, AmIslamic Bank issued RM400 million Subordinated Sukuk Musharakah in one lump sum in the format of a 10 year Non-Call 5 year. Subject to the prior approval of BNM, AmIslamic Bank may exercise its call option and redeem in whole (but not in part) the Subordinated Sukuk Musharakah on the 5th anniversary of the issue date or on any anniversary date thereafter at 100% of the principal amount together with the expected profit payments.

The Subordinated Sukuk Musharakah bears an expected profit rate of 4.80% per annum for the first 5 years and commencing from the beginning of the 6th year from the issue date and at the beginning of every subsequent year thereafter, the expected profit rate shall be stepped up by 0.50% per annum to legal maturity date.

The Subordinated Sukuk Musharakah, which has been awarded a long term rating of A1 by RAM, is not listed on Bursa Malaysia or on any other stock exchange but is traded and prescribed under the Scripless Securities Trading System maintained by BNM.

The Subordinated Sukuk Musharakah qualifies as Tier 2 capital of AmIslamic Bank. On 21 December 2011, AmIslamic Bank early redeemed the RM400 million Subordinated Sukuk Musharakah.

(ii) On 30 September 2011, the AmIslamic Bank implemented a new Subordinated Sukuk Musharakah programme ("Sukuk Musharakah") of RM2.0 billion. The purpose of the programme is to increase the AmIslamic Bank's Tier 2 capital. The Sukuk Musharakah is for a period of ten (10) years. The AmIslamic Bank may exercise its call option and redeem in whole (but not in part) the Sukuk Musharakah on the 5th anniversary of the issue date or on any anniversary date thereafter at 100% of the principal amount together with the expected profit payments.

On the same date, RM600 million ("First Tranche") subordinated securities were issued under this programme. The Sukuk Musharakah carries a profit rate of 4.4% per annum payable on a semi-annual basis.

On 31 January 2012, RM200 million ("Second Tranche") of the Sukuk Musharakah was issued, which carries a profit rate of 4.35% per annum, and is payable on a semi-annual basis.

On 24 December 2012, RM200 million ("Tranche 3") of the Sukuk Musharakah was issued. Tranche 3 carries a profit rate of 4.45% per annum, and is payable on a semi-annual basis.

(d) Non-Innovative Tier 1 Capital Securities

In financial year 2009, AmBank issued up to RM500 million Non-Innovative Tier 1 Capital ("NIT1") under its programme of up to RM500 million in nominal value comprising :

(i) Non-Cumulative Perpetual Capital Securities ("NCPCS"), which are issued by AmBank and stapled to the Subordinated Notes described below; and

(ii) Subordinated Notes ("SubNotes"), which are issued by AmPremier Capital Berhad ("AmPremier"), a wholly-owned subsidiary of AmBank.

(collectively known as "Stapled Capital Securities")

The SubNotes has a fixed interest rate of 9.0% per annum. However, the NCPCS distribution will not begin to accrue until the SubNotes are re-assigned to AmBank.

Notes to the Financial Statements (Cont'd.)

25. DEBT CAPITAL (Cont'd.)

(d) Non-Innovative Tier 1 Capital Securities (Cont'd.)

The NCPCS are issued in perpetuity unless redeemed under the terms of the NCPCS. The NCPCS are redeemable at the option of AmBank on the 20th interest payment date or 10 years from the issuance date of the SubNotes, or any NCPCS distribution date thereafter, subject to redemption conditions being satisfied. The SubNotes have a tenure of 30 years unless redeemed earlier under the terms of the SubNotes. The SubNotes are redeemable at the option of AmPremier on any interest payment date, which cannot be earlier than the occurrence of assignment events as stipulated under the terms of the Stapled Capital Securities.

The Stapled Capital Securities comply with BNM's Guidelines on Non-Innovative Tier 1 capital instruments. Effective 1 January 2013, the Stapled Capital Securities qualify as additional Tier 1 capital as a capital instrument eligible for gradual phase-out treatment under the transitional arrangements of the Basel III accords.

(e) Innovative Tier 1 Capital Securities

On 18 August 2009, AmBank issued up to RM485 million Innovative Tier 1 Capital Securities under its RM500 million Innovative Tier 1 Capital Securities ("ITICS") Programme. The ITICS bears a fixed interest (non-cumulative) rate at issuance date (interest rate is 8.25% per annum) and step up 100 basis points after the First Call Date (10 years after issuance date) and interest is payable semi annually in arrears. The maturity date is 30 years from the issue date. The ITICS facility is for a tenor of 60 years from the First Issue date and has a principal stock settlement mechanism to redeem the ITICS via cash through the issuance of AmBank's ordinary shares. Upon BNM's approval, AmBank may redeem in whole but not in part the relevant tranche of the ITICS at any time on the 10th anniversary of the issue date of that tranche or on any interest payment date thereafter.

Effective 1 January 2013, the ITICS qualify as Additional Tier 1 capital as a capital instrument eligible for gradual phased-out treatment under the transitional arrangements of the Basel III accord.

26. OTHER LIABILITIES

	Group			Company		
	31 March 2013 RM'000	31 March 2012 RM'000	1 April 2011 RM'000	31 March 2013 RM'000	31 March 2012 RM'000	1 April 2011 RM'000
Trade payables	930,052	941,109	1,019,344	–	–	–
Other payables and accruals	3,060,408	1,497,679	1,275,060	34,241	39,580	36,503
Interest payable on deposits and borrowings	712,719	628,015	528,631	10,656	536	468
Lease deposits and advance rentals	29,401	43,575	60,679	–	–	–
Provision for commitments and contingencies	204,795	249,472	157,627	–	–	–
Amount due to subsidiaries	–	–	–	2,980	1,576	642,207
Profit equalisation reserve (i)	1,659	3,294	6,854	–	–	–
Tax payable	107,405	11,042	291,653	–	–	–
	5,046,439	**3,374,186**	**3,339,848**	**47,877**	**41,692**	**679,178**

Trade payables mainly relate to the stock and share-broking operations of the investment banking subsidiaries and represent contra gains owing to clients and amount payable in outstanding sales contracts.

(i) Profit equalisation reserve

The movements in profit equalisation reserve relating to the Islamic banking business are as follows:

	Group		
	31 March 2013 RM'000	31 March 2012 RM'000	1 April 2011 RM'000
Balance at beginning of financial year	3,294	6,854	49,298
Transfer to non distributable PER	(1,495)	–	–
Provision during the financial year	9,429	(3,560)	(42,444)
Written back during the financial year	(9,569)	–	–
Balance at end of financial year	**1,659**	**3,294**	**6,854**

Notes to the Financial Statements (Cont'd.)

27. SHARE CAPITAL

	Group and Company			
	Number of ordinary shares of RM1.00 each		Amount	
	31 March 2013 Units	31 March 2012 Units	31 March 2013 RM'000	31 March 2012 RM'000
Authorised:				
Ordinary shares of RM1.00 each	5,000,000	5,000,000	5,000,000	5,000,000
Converting preferences shares of RM1.00 each	200,000	200,000	200,000	200,000
Balance at beginning and end of financial year	**5,200,000**	**5,200,000**	**5,200,000**	**5,200,000**
Issued and fully paid:				
Ordinary shares of RM1.00 each				
Balance at beginning and end of financial year	3,014,185	3,014,185	3,014,185	3,014,185

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regards to the Company's residual assets.

The Company has an Executives' Share Scheme under which options to subscribe for the Company's ordinary shares have been granted to certain employees of the Group.

28. RESERVES

	Group			Company		
	31 March 2013 RM'000	31 March 2012 RM'000	1 April 2011 RM'000	31 March 2013 RM'000	31 March 2012 RM'000	1 April 2011 RM'000
Share premium	2,537,372	2,537,372	2,537,372	2,536,065	2,536,065	2,536,065
Other reserves (Note a)	1,974,999	1,945,591	1,574,100	83,196	80,087	49,555
Shares held in trust for ESS	(74,937)	(154,179)	(48,687)	(74,938)	(154,179)	(48,687)
Unallocated surplus	110,364	104,056	117,633	–	–	–
Retained earnings	4,471,197	3,664,064	3,110,619	2,544,374	2,200,555	2,304,847
	9,018,995	**8,096,904**	**7,291,037**	**5,088,697**	**4,662,528**	**4,841,780**

(a) The other reserves and their movements are analysed as follows:

Group	Statutory reserve RM'000	Profit equalisation reserve RM'000	Available-for- sale reserve RM'000	Cash flow hedging reserve RM'000	Foreign currency translation reserve RM'000	Executives' Share Scheme reserve RM'000	Total RM'000
At 1 April 2011	1,459,310	–	32,727	33,390	(882)	49,555	1,574,100
Other comprehensive income:							
Financial investments available-for-sale:							
Net gain on fair value changes	–	–	156,240	–	–	–	156,240
Transfer to profit or loss upon disposals	–	–	(138,284)	–	–	–	(138,284)
Net unrealised gains on cash flow hedges	–	–	–	(60,202)	–	–	(60,202)
Foreign exchange differences	–	–	–	–	2,616	–	2,616
Deferred tax	–	–	9,628	15,051	–	–	24,679
	–	–	27,584	(45,151)	2,616	–	(14,951)
Transactions with owners:							
Share-based payment under ESS	–	–	–	–	–	39,688	39,688
ESS shares vested to employees of subsidiaries	–	–	–	–	–	(9,156)	(9,156)
Transferred from retained earnings	355,910	–	–	–	–	–	355,910
	355,910	–	–	–	–	30,532	386,442
At 31 March 2012	**1,815,220**	**–**	**60,311**	**(11,761)**	**1,734**	**80,087**	**1,945,591**

Notes to the Financial Statements (Cont'd.)

28. RESERVES (Cont'd.)

(a) The other reserves and their movements are analysed as follows:(Cont'd.)

Group	Statutory reserve RM'000	Profit equalisation reserve RM'000	Available-for- sale reserve RM'000	Cash flow hedging reserve RM'000	Foreign currency translation reserve RM'000	Executives' Share Scheme reserve RM'000	Total RM'000
At 1 April 2012	1,815,220	–	60,311	(11,761)	1,734	80,087	1,945,591
Other comprehensive income:							
Financial investments available-for-sale:							
Net gain on fair value changes	–	–	12,275	–	–	–	12,275
Transfer to profit or loss upon disposals	–	–	(57,567)	–	–	–	(57,567)
Net unrealised losses on cash flow hedges	–	–	–	(1,178)	–	–	(1,178)
Foreign exchange differences	–	–	–	–	(7,857)	–	(7,857)
Deferred tax	–	–	14,468	295	–	–	14,763
	–	–	(30,824)	(883)	(7,857)	–	(39,564)
Transactions with owners:							
Share-based payment under ESS	–	–	–	–	–	51,377	51,377
ESS shares vested to employees of subsidiaries	–	–	–	–	–	(48,268)	(48,268)
Transfer in under previous guideline	–	1,495	–	–	–	–	1,495
Net utilisation for the financial year	–	(182)	–	–	–	–	(182)
Transferred from retained earnings	64,550	–	–	–	–	–	64,550
	64,550	1,313	–	–	–	3,109	68,972
At 31 March 2013	**1,879,770**	**1,313**	**29,487**	**(12,644)**	**(6,123)**	**83,196**	**1,974,999**
Company							
At 1 April 2011	–	–	–	–	–	49,555	49,555
Other comprehensive income	–	–	–	–	–	–	–
Transactions with owners:							
Share-based payment under ESS	–	–	–	–	–	39,688	39,688
ESS shares vested to employees of subsidiaries	–	–	–	–	–	(9,156)	(9,156)
	–	–	–	–	–	30,532	30,532
At 31 March 2012	**–**	**–**	**–**	**–**	**–**	**80,087**	**80,087**
At 1 April 2012	–	–	–	–	–	80,087	80,087
Other comprehensive income	–	–	–	–	–	–	–
Transactions with owners:							
Share-based payment under ESS	–	–	–	–	–	51,377	51,377
ESS shares vested to employees of subsidiaries	–	–	–	–	–	(48,268)	(48,268)
	–	–	–	–	–	3,109	3,109
At 31 March 2013	**–**	**–**	**–**	**–**	**–**	**83,196**	**83,196**

Note:

(i) Share premium is used to record premium arising from new shares issued in the Company.

(ii) The statutory reserves of the commercial banking, investment banking and Islamic banking subsidiaries are maintained in compliance with the provisions of the Banking and Financial Institutions Act, 1989 and Islamic Banking Act 1983 and are not distributable as cash dividends.

(iii) Available-for-sale reserve is in respect of unrealised fair value gains and losses on financial investments available-for-sale.

(iv) The cash flow hedging reserve is in respect of unrealised fair value gains and losses on cash flow hedging instruments.

(v) Foreign currency translation reserve represents foreign exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

(vi) Executives' Share Scheme reserve represents the equity-settled scheme shares and options granted to employees (Note 29). The reserve is made up of the cumulative value of services received from employees recorded over the vesting period commencing from the grant date of equity-settled share options, and is reduced by the expiry or exercise of the scheme shares and options.

(vii) Shares held in trust for ESS represent shares purchased under the Executives' Share Scheme as mentioned in Note 29.

Notes to the Financial Statements (Cont'd.)

29. EXECUTIVES' SHARE SCHEME

At the 22nd Extraordinary General Meeting held on 26 September 2008, the shareholders approved the proposal by the Company to establish an executives' share scheme ("ESS") of up to fifteen percent (15%) of the issued and paid-up ordinary share capital of the Company at any point in time for the duration of the ESS for eligible executives (including senior management) and executive directors of the Group (excluding subsidiaries which are dormant or such other subsidiaries which may be excluded under the terms of the By-Laws) who fulfil the criteria for eligibility stipulated in the By-Laws governing the ESS ("Eligible Executives"). The ESS is implemented and administered by an executives' share scheme committee ("ESS Committee"), in accordance with the By-Laws. The members of the ESS Committee are duly appointed and authorised by the Board. The ESS was established on 12 January 2009 and would be in force for a period of ten (10) years.

The awards granted to such Eligible Executives can comprise of shares and/or options to subscribe for shares ("Options"). Shares to be made available under the ESS ("Scheme Shares") will only vest or Options are only exercisable by Eligible Executives who have duly accepted the offers of awards under the ESS ("Scheme Participants") subject to the satisfaction of stipulated conditions. Such conditions are stipulated and determined by the ESS Committee.

The awards included in the "ESS" are :

(i) Short term Incentive ("STI") Award

The STI Award is a share incentive scheme for the selected executives in recognition of their services as an important contribution to the current on-going development, growth and success of the Group. Under the Award, a selected executive is granted a specified number of shares which will be vested in him upon the fulfilment of the service period and such other conditions (if any) imposed by the ESS Committee.

(ii) Long term Incentive ("LTI") Award

The LTI Award is a share incentive scheme for the selected executives in motivating attainment of higher performance goals and exceptional achievements by selected executives. Under the Award, a selected executive is granted a specified number of shares and share options which will be vested in him upon fulfilment of the service period as well as fulfilment of certain performance targets and such other conditions (if any) imposed by the ESS Committee.

To facilitate the implementation of the ESS, the Company entered into a Trust via the signing of a Trust Deed on 24 February 2009 with an appointed Trustee. The Trustee shall, at such times as the ESS Committee shall direct, subscribe for or acquire the necessary number of new or existing ordinary shares to accommodate any future transfer of Scheme Shares to Scheme Participants. For the aforementioned purpose and to enable the Trustee to meet payment of expenses in relation to the administration of the Trust, the Trustee will be entitled from time to time to accept funding and/or assistance, financial or otherwise from the Company and/or its subsidiaries.

ESS is implemented wherein shares ("Scheme Shares") and/or options to subscribe for shares ("Option") are granted to eligible directors and executives of the Company and its subsidiaries based on the financial and performance targets/criteria and such other conditions as it may deem fit.

The salient features of the ESS are as follows:

(i) Any executive director or executive of a corporation in the Group, subject to the discretion of the ESS Committee, shall be eligible to participate in the ESS, if the executive director or executive meets the following criteria ("Eligible Executives"):

(a) has attained the age of eighteen (18) years and is not an undischarged bankrupt;

(b) employed on a full time basis and is on the payroll of any corporation in the Group and has not served a notice of resignation or received a notice of termination;

(c) employment has been confirmed in writing;

(d) in the case of an executive director of the Company, the specific allocation of shares made available to him and options to subscribe for shares by the Company to him in his capacity as an executive director under the ESS has been approved by the shareholders at a general meeting;

(e) if he is serving in a specific designation under an employment contract for a fixed duration but not merely employed for a specific project;

(f) is not participating or entitled to participate in any other employee share or incentive scheme implemented by any other corporation which is in force for the time being provided that he may be eligible for consideration notwithstanding his participation or entitlement to participate if the ESS Committee shall so determine; and

(g) fulfils any other criteria and/or falls within such category as may be set by the ESS Committee from time to time.

Notes to the Financial Statements (Cont'd.)

29. EXECUTIVES' SHARE SCHEME (Cont'd.)

The salient features of the ESS are as follows: (Cont'd.)

(ii) The maximum number of shares which may be made available under the ESS shall not exceed in aggregate fifteen percent (15%) of the issued and paid-up ordinary share capital of the Company at any point of time during the tenure of the ESS and out of which not more than fifty percent (50%) of the shares shall be allocated, in aggregate, to executive directors and senior management. In addition, not more than ten percent (10%) of the shares available under the ESS shall be allocated to any Eligible Executive who, either individually or collectively through persons connected to him/her, holds twenty percent (20%) or more of the issued and paid-up ordinary share capital of the Company.

(iii) The Share Grant Price (being the reference price which is used to determine the number of Scheme Shares to be granted under the awards) and Option Price (being the share price to be paid for subscription or acquisition of each Scheme Share pursuant to the exercise of the option) may be at a discount (as determined by the ESS Committee) of not more than ten percent (10%) of the five (5) days weighted average market price of the Company's shares transacted on Bursa Malaysia Securities Berhad immediately preceding the date on which an offer is made or the par value of the shares at the material time, whichever is higher.

(iv) The Scheme Shares to be allotted and issued or transferred to Scheme Participant pursuant to the By-Laws are not subjected to any retention period unless otherwise stipulated by the ESS Committee in the offer.

(v) The ESS Committee may in its discretion decide that the Scheme Shares be satisfied either by way of issuance of new ordinary shares, acquisition of existing ordinary shares or a combination of both issuance of new ordinary shares and acquisition of existing ordinary shares.

(vi) The Company established a Trust administered by a Trustee for the purposes of subscribing for new ordinary shares of the Company and/or acquiring existing ordinary shares of the Company and transferring them to the Scheme Participants. For this purpose and to pay expenses in relation to the administration of the Trust, the Trustee is entitled from time to time to accept funding and/or assistance, financial or otherwise from the Company and/or its subsidiaries.

The following shares were granted under STI Award:

(a) Share Grants

	Number of Shares					
		Movements During the Year				
Group	Balance at 1 April 2012 '000	Granted '000	Transfer '000	Vested '000	Forfeited '000	Balance at 31 March 2013 '000
2010 ESS	3,807	–	–	(3,786)	(17)	4
2011 ESS	3,994	–	–	(2,042)	(127)	1,825
2012 ESS	–	3,850	–	(97)	(121)	3,633
	7,801	**3,850**	**–**	**(5,925)**	**(265)**	**5,462**
Company						
2010 ESS	306	–	–	(306)	–	–
2011 ESS	311	–	29	(185)	–	155
2012 ESS	–	243	55	(43)	–	255
	617	**243**	**84**	**(534)**	**–**	**410**

Notes to the Financial Statements (Cont'd.)

29. EXECUTIVES' SHARE SCHEME (Cont'd.)

The following shares and options were granted under LTI Award:

(a) Share Grants

Group	Balance at 1 April 2012 '000	Granted '000	Transfer '000	Vested '000	Forfeited '000	Balance at 31 March 2013 '000
	Number of Shares					
		Movements During the Year				
2009 ESS	2,319	–	–	(1,967)	(352)	–
2010 ESS	2,118	–	–	(17)	(131)	1,970
2011 ESS	4,141	48	–	(46)	(305)	3,838
2012 ESS	–	4,597	–	(11)	(222)	4,364
	8,578	**4,645**	**–**	**(2,041)**	**(1,010)**	**10,172**
Company						
2009 ESS	100	–	–	(85)	(15)	–
2010 ESS	57	–	19	–	–	76
2011 ESS	157	48	51	(21)	(27)	208
2012 ESS	–	176	55	(3)	(14)	214
	314	**224**	**125**	**(109)**	**(56)**	**498**

(b) Share Options

Group	Balance at 1 April 2012 '000	Granted '000	Transfer '000	Vested '000	Forfeited '000	Balance at 31 March 2013 '000
	Number of Options					
		Movements During the Year				
2008 ESS	1,748	–	–	(718)	–	1,030
2009 ESS	7,880	–	–	(4,508)	(1,214)	2,158
2010 ESS	8,367	–	–	(89)	(464)	7,814
	17,995	**–**	**–**	**(5,315)**	**(1,678)**	**11,002**
WAEP* (RM)	3.75	–	–	2.96	3.51	4.16
Company						
2009 ESS	596	–	149	(331)	(89)	325
2010 ESS	409	–	137	–	–	546
	1,005	**–**	**286**	**(331)**	**(89)**	**871**
WAEP* (RM)	3.73	–	–	3.05	3.05	–

* WAEP : Weighted average exercise price

Number of options exercisable at the end of the financial year for the Group and Company amounted to 3,191,200 (2012: 1,800,200; 2011: 10,000) and 325,400 (2012 and 2011: NIL) respectively.

Notes to the Financial Statements (Cont'd.)

29. EXECUTIVES' SHARE SCHEME (Cont'd.)

(c) Aggregate maximum and actual percentage granted in regard to Share Grants and Share Options to directors and key management personnel.

Group	Share Grants Maximum allocation %	Share Grants Actual allocation %
2008 ESS	9.8	9.8
2009 ESS	10.1	10.1
2010 ESS	16.1	16.1
2011 ESS	15.2	15.2
2012 ESS	16.0	16.0

Group	Share Options Maximum allocation %	Share Options Actual allocation %
2008 ESS	16.6	16.6
2009 ESS	17.6	17.6
2010 ESS	14.7	14.7

(vii) Details of share options and share grants at the end of the financial year:

(a) 2008 ESS
The exercise price of the 2008 share options is RM2.20. The exercise period is up to 3 years from the date of notification of entitlement ("vesting date"). The vesting date of the share options and share grants is determined by the ESS Committee after the end of the performance period, which is from 1 April 2008 to 31 March 2012, upon fulfilment of the conditions stipulated.

(b) 2009 ESS
The exercise price of the 2009 share options is RM3.05. The exercise period is up to 3 years from the date of notification of entitlement ("vesting date"). The vesting date of the share options and share grants is determined by the ESS Committee after the end of the performance period, which is from 1 April 2009 to 31 March 2013, upon fulfilment of the conditions stipulated.

(c) 2010 ESS
The exercise price of the 2010 share options is RM4.73. The exercise period is up to 3 years from the date of notification of entitlement ("vesting date"). The vesting date of the share options and share grants is determined by the ESS Committee after the end of the performance period, which is from 1 April 2010 to 31 March 2013, upon fulfilment of the conditions stipulated.

The weighted average remaining contractual life of the above options at end of financial year is 2.8 years (2012: 3.6 years).

(viii) Share options exercised during the year

For share options exercised during the financial year, the weighted average share price during the exercised period was RM6.37.

Notes to the Financial Statements (Cont'd.)

29. EXECUTIVES' SHARE SCHEME (Cont'd.)

(ix) Fair value of share options and share grants awarded at end of financial year:

The fair value of share options granted was estimated using the trinomial valuation model, taking into account the terms and conditions upon which the options/shares were granted. The fair value of share options measured at grant date based on the following assumptions:

	2012 ESS	2011 ESS	2010 ESS	2009 ESS	2008 ESS
Fair value of shares as at grant dates (RM)					
- 10 April 2009	–	–	–	–	2.76
- 21 July 2009	–	–	–	3.78	–
- 21 July 2010	–	–	5.12	–	–
- 21 July 2011	–	6.34	–	–	–
- 11 July 2012	6.49	–	–	–	–
Fair value of share options as at grant dates (RM)					
- 10 April 2009	–	–	–	–	1.06
- 21 July 2009	–	–	–	1.48	–
- 21 July 2010	–	–	1.81	–	–
Weighted average share price (RM)	6.39	6.40	4.98	3.39	2.44
Weighted average exercise price (RM)	–	–	4.73	3.05	2.20
Expected volatility (%)	–	–	40.00	40.00	38.00
First possible exercise date	–	–	31 Mar 2013	25 June 2012	11 Mar 2012
Option expiry date	–	–	31 Mar 2016	23 June 2015	11 Mar 2015
Average risk free rate (%)	–	–	4.23	4.50	3.30
Average expected dividend yield (%)	–	–	3.66	2.40	2.02

The expected life of the share options is based on the exercisable period of the option and is not necessarily indicative of exercise patterns that may occur. The expected volatility used was based on the historical volatility of the share price over a period equivalent to the expected life of the options prior to its date of grant, which assumed that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome. No other features of the option share option/share award were incorporated into the measurement of fair value.

The fair value of shares granted under the ESS is measured at acceptance date, using the closing price of AMMB's shares.

30. NON-CONTROLLING INTERESTS

	Group	
	31 March 2013 RM'000	31 March 2012 RM'000
Balance at beginning of financial year	380,865	300,481
Share in net results of subsidiaries	48,092	57,120
Transfer of ESS shares recharged difference on purchase price for shares vested	(379)	(274)
Unallocated surplus transfer	21,782	(9,242)
Subscription of shares in AmPrivate Equity	(8,318)	4,100
Subscription of shares in AmGeneral Holdings Berhad	784,000	–
Subscription of shares in AmFamily Takaful Berhad	–	30,000
Disposal of equity interest in AmLife Insurance Berhad and AmFamily Takaful Berhad	(124,732)	–
Dividends received by non-controlling interests	(1,260)	(1,320)
Balance at end of financial year	**1,100,050**	**380,865**

Notes to the Financial Statements (Cont'd.)

31. INTEREST INCOME

	Group		Company	
	31 March 2013 RM'000	31 March 2012 RM'000	31 March 2013 RM'000	31 March 2012 RM'000
Short-term funds and deposits with financial institutions	231,577	263,322	7,410	2,676
Financial assets held-for-trading	270,941	204,651	–	–
Financial investments available-for-sale	218,871	256,852	–	–
Financial investments held-to-maturity	59,735	36,421	–	–
Loans, advances and financing	3,682,438	3,597,931	–	–
Impaired loans, advances and financing	4,803	10,040	–	–
Others	19,468	13,085	–	–
	4,487,833	**4,382,302**	**7,410**	**2,676**

32. INTEREST EXPENSE

	Group		Company	
	31 March 2013 RM'000	31 March 2012 RM'000	31 March 2013 RM'000	31 March 2012 RM'000
Deposits from customers	1,763,552	1,723,589	–	–
Deposits and placements of banks and other financial institutions	24,999	34,721	–	–
Senior notes	164,290	139,532	32,271	–
Credit-Linked Notes	25,410	18,891	–	–
Recourse obligation on loans sold to Cagamas Berhad	40,872	41,905	–	–
Term loans	27,478	23,759	10,865	10,733
Subordinated deposits and term loans	23,299	35,383	–	–
Medium term notes	94,973	88,535	–	–
Hybrid and Innovative Tier 1 capital securities	80,287	79,996	–	–
Others	20,152	15,798	–	–
	2,265,312	**2,202,109**	**43,136**	**10,733**

Notes to the Financial Statements (Cont'd.)

33. OTHER OPERATING INCOME

	Group		Company	
	31 March 2013 RM'000	31 March 2012 RM'000	31 March 2013 RM'000	31 March 2012 RM'000
Fee income:				
Fees on loans, financing and securities	284,473	203,053	–	–
Corporate advisory	28,299	30,733	–	–
Guarantee fees	42,201	38,457	–	–
Underwriting commissions	14,046	9,252	–	–
Portfolio management fees	32,828	25,763	–	–
Unit trust management fees	99,191	83,985	–	–
Brokerage rebates	408	518	–	–
Property trust management fees	6,091	5,580	–	–
Brokerage fees and commissions	77,207	93,048	–	–
Bancassurance commission	37,604	29,221	–	–
Other fee income	44,656	92,979	460	760
	667,004	612,589	460	760
Investment and trading income:				
Net gain from sale of financial assets held-for-trading	29,736	175,989	–	–
Net gain from sale of financial investments available-for-sale	57,567	138,284	–	–
Net gain on redemption of financial investments held-to-maturity	41,602	26,617	–	–
Net gain/(loss) on revaluation of financial assets held-for-trading	1,738	(9,620)	–	–
Net foreign exchange gain[1]	91,755	106,806	–	–
Net gain on derivatives	57,078	74,507	–	–
Net gain on revaluation of fair value hedge[2]	–	460	–	–
Gross dividend income from:				
Subsidiaries	–	–	993,625	570,213
Financial assets held-for-trading	25,465	15,494	–	–
Financial investments available-for-sale	69,530	51,560	10,470	11,145
Others	20,531	1,868	–	–
	395,002	581,965	1,004,095	581,358
Other income:				
Net non-trading foreign exchange gain	1,380	4,199	–	–
(Loss)/Gain on disposal of property and equipment	(1,653)	676	11	59
Rental income	7,610	8,805	–	–
Others	24,652	542	–	–
	31,989	14,222	11	59
	1,093,995	**1,208,776**	**1,004,566**	**582,177**

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

2 Arising from changes in fair value of interest rate swaps (hedging instrument), Hybrid Capital and loans sold to Cagamas Berhad (hedged items) relating to the hedged risk. The fair value hedge for the above hedged items was terminated as at 31 March 2012.

Notes to the Financial Statements (Cont'd.)

34. OTHER OPERATING EXPENSES

	Group		Company	
	31 March 2013 RM'000	31 March 2012 RM'000	31 March 2013 RM'000	31 March 2012 RM'000
Personnel costs:				
Salaries, allowances and bonuses	911,867	794,948	–	–
Shares/options granted under Executives' Share Scheme ("ESS")	51,376	39,752	–	(103) *
Others	255,049	259,878	59	65
	1,218,292	1,094,578	59	(38)
Establishment costs:				
Depreciation of property and equipment (Note 18)	62,286	57,350	562	301
Amortisation of intangible assets (Note 19)	57,754	43,866	–	–
Computerisation costs	184,376	134,365	–	–
Rental	98,545	92,417	–	–
Cleaning, maintenance and security	25,755	26,004	1	1
Others	34,053	29,181	20	5
	462,769	383,183	583	307
Marketing and communication expenses:				
Sales commission	4,560	3,796	–	–
Advertising, promotional and other marketing activities	67,180	59,833	223	395
Telephone charges	19,757	20,239	14	6
Postage	18,036	12,748	5	9
Travel and entertainment	25,335	20,625	41	56
Others	29,911	27,512	152	109
	164,779	144,753	435	575
Administration and general expenses:				
Professional services	95,992	96,844	2,501	548
Donations	2,994	529	–	–
Administration and management expenses	681	1,016	–	–
Others	87,006	74,934	2,649	2,540
	186,673	173,323	5,150	3,088
Expenses capitalised	(26,562)	(4,732)	–	–
	2,005,951	**1,791,105**	**6,227**	**3,932**
The above expenditure includes the following statutory disclosure:				
Directors' remuneration (Note 35)	8,565	10,995	5,841	6,080
Computer software written off (Note 19)	–	983	–	–
Property and equipment written off (Note 18)	141	76	–	–
Hire of motor vehicles and office equipment	14,944	12,191	19	5
Auditors' remuneration:				
Parent auditor				
Audit	3,654	2,010	101	70
Assurance related	833	748	5	5
Other services	344	82	55	26
Firms affiliated with parent auditor				
Audit	214	217	–	–
Other services	–	–	–	–
Other auditors				
Audit	93	41	–	–
Rental of premises	98,545	92,417	–	–
Sundry receivables written off	4,590	2,440	–	–

Personnel cost include salaries, bonuses, contributions to defined contribution plan and all other staff related expenses. Contributions to defined contribution plan of the Group amounted to RM131,350,000 (2012: RM121,758,000) of which RM123,252,000 (2012: RM120,400,000) was contributed to the state pension scheme Employees' Provident Fund, a substantial shareholder of the Company.

* In the previous financial year, the cost of the shares/options granted under the Group ESS is charged out to the major subsidiaries of the Group.

Notes to the Financial Statements (Cont'd.)

35. DIRECTORS' REMUNERATION

The total remuneration (including benefits-in-kind) of the directors of the Company are as follows:

	Remuneration received from Group					
31 March 2013	Fees RM'000	Salaries RM'000	Other Emolument RM'000	Bonus RM'000	Benefits-in-kind RM'000	Group Total RM'000
Executive Directors:						
Cheah Tek Kuang	300 *	–	96	–	–	396
Ashok Ramamurthy	180 *	1,656	756	945	106	3,643
	480	1,656	852	945	106	4,039
Non-Executive Directors:						
Tan Sri Azman Hashim	289	–	2,305	–	35	2,629
Dato' Azlan Hashim	82	–	18	–	6	106
Tun Mohammed Hanif Omar	265	–	134	–	–	399
Tan Sri Datuk Dr Aris Osman @ Othman	176	–	68	–	–	244
Tan Sri Datuk Clifford Francis Herbert	296	–	182	–	–	478
Tan Sri Dato' Mohd Ibrahim Mohd Zain	–	–	–	–	–	–
Dato' Izham Mahmud	82	–	–	–	–	82
Alexander Vincent Thursby*	72	–	10	–	–	82
Dr Robert John Edgar*	10	–	–	–	–	10
Mark David Whelan*	82	–	25	–	–	107
Soo Kim Wai	72 *	–	18	–	–	90
Dato' Gan Nyap Liou @ Gan Nyap Liow	124	–	110	–	–	234
Datuk Rohana binti Mahmood	53	–	12	–	–	65
	1,603	–	2,882	–	41	4,526
Total Directors' remuneration	**2,083**	**1,656**	**3,734**	**945**	**147**	**8,565**
31 March 2012						
Executive Directors:						
Cheah Tek Kuang	280 *	1,740	2,340	1,917	151	6,428
	280	1,740	2,340	1,917	151	6,428
Non-Executive Directors:						
Tan Sri Azman Hashim	200	–	2,313	–	40	2,553
Dato' Azlan Hashim	128	–	22	–	17	167
Tun Mohammed Hanif Omar	252	–	136	–	–	388
Tan Sri Datuk Dr Aris Osman @ Othman	156	–	59	–	–	215
Tan Sri Datuk Clifford Francis Herbert	284	–	147	–	–	431
Tan Sri Dato' Mohd Ibrahim Mohd Zain	72	–	4	–	–	76
Dato' Izham Mahmud	152	–	40	–	–	192
Alexander Vincent Thursby*	72	–	8	–	–	80
Dr Robert John Edgar*	82	–	22	–	–	104
Mark David Whelan*	72	–	12	–	–	84
Soo Kim Wai	72 *	–	15	–	–	87
Dato' Gan Nyap Liou @ Gan Nyap Liow	120	–	67	–	–	187
Datuk Rohana binti Mahmood	–	–	3	–	–	3
	1,662	–	2,848	–	57	4,567
Total Directors' remuneration	**1,942**	**1,740**	**5,188**	**1,917**	**208**	**10,995**

* Paid to the respective companies to which they represent.

Notes to the Financial Statements (Cont'd.)

36. ACQUISITION AND BUSINESS EFFICIENCY EXPENSES

	Group	
	31 March 2013 RM'000	31 March 2012 RM'000
Acquisition costs:		
Professional fees	17,196	–
Others	6,781	–
	23,977	–
Business efficiency costs:		
Personal costs	2,439	–
Professional fees	12,127	–
Depreciation of property and equipment (Note 18)	53	–
Amortisation of intangible assets (Note 19)	53	–
Others	6,777	–
	21,449	–
	45,426	**–**

37. ALLOWANCE FOR IMPAIRMENT ON LOANS, ADVANCES AND FINANCING

	Group	
	31 March 2013 RM'000	31 March 2012 RM'000
Allowance for impaired loans, advances and financing:		
Individual allowance, net	287,718	323,665
Collective allowance, net	455,228	569,872
Recovery from loans sold to Danaharta	(3,880)	(3,731)
Impaired loans, advances and financing:		
Written off	140	–
Recovered	(565,919)	(507,864)
	173,287	**381,942**

38. IMPAIRMENT LOSSES/(WRITEBACK) ON FINANCIAL INVESTMENTS

	Group	
	31 March 2013 RM'000	31 March 2012 RM'000
Financial investments available-for-sale	(6,523)	(14,926)
Financial investments held-to-maturity	5,723	3,020
	(800)	**(11,906)**

Notes to the Financial Statements (Cont'd.)

39. TAXATION AND ZAKAT

	Group		Company	
	31 March 2013 RM'000	31 March 2012 RM'000	31 March 2013 RM'000	31 March 2012 RM'000
Current tax:				
Estimated current tax payable	542,695	633,747	1,629	113,602
Over provision in prior years	(138,570)	(488,226)	–	–
	404,125	145,521	1,629	113,602
Deferred tax:				
Origination and reversal of temporary differences	(27,207)	(140,071)	–	–
Under provision in prior years	107,862	493,654	–	–
	80,655	353,583	–	–
Taxation	484,780	499,104	1,629	113,602
Zakat	1,630	1,639	–	–
	486,410	**500,743**	**1,629**	**113,602**

Domestic income tax is calculated at the statutory tax rate of 25.0% (2012: 25.0%) on the estimated chargable profit for the financial year. Taxation in foreign jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

As at 31 March 2013, the Group and the Company have tax exempt income arising from tax waiver on the chargeable income earned in year 1999 amounting to approximately RM73,040,000 (2012 and 2011: RM73,040,000) and RM28,992,000 (2012 and 2011: RM28,992,000) respectively, which, if confirmed by the Inland Revenue Board, will enable the Group and the Company to distribute tax exempt dividend up to the same amount.

A reconciliation of the taxation applicable to profit before taxation and zakat at the statutory tax rate to taxation at the effective tax rate of the Group and of the Company is as follows:

	Group		Company	
	31 March 2013 RM'000	31 March 2012 RM'000	31 March 2013 RM'000	31 March 2012 RM'000
Profit before taxation and zakat	2,179,610	2,033,614	962,613	570,188
Taxation at Malaysian statutory tax rate of 25.0% (2012: 25.0%)	544,903	508,404	240,653	142,547
Effect of different tax rates in Labuan and certain subsidiaries	(8,309)	(6,048)	–	–
Over provision of income tax in prior years	(138,570)	(488,226)	–	–
Income not subject to tax	(40,243)	(23,058)	(251,026)	(29,401)
Expenses not deductible for tax purposes	45,528	17,914	12,002	456
Utilisation of previously unrecognised tax losses and unabsorbed capital allowances	(18,982)	(3,536)	–	–
Deferred tax asset recognised on income subject to tax remission	(7,409)	–	–	–
Over provision of deferred tax in prior years	107,862	493,654	–	–
Taxation for the year	**484,780**	**499,104**	**1,629**	**113,602**

Notes to the Financial Statements (Cont'd.)

40. OTHER COMPREHENSIVE INCOME

	Group		Company	
	31 March 2013 RM'000	31 March 2012 RM'000	31 March 2013 RM'000	31 March 2012 RM'000
Foreign exchange differences on translation of the financial statements of foreign operations	(7,882)	2,583	–	–
Cash flow hedges:				
Gains/(Losses) arising during the year	225	(56,020)	–	–
Less: Reclassification adjustments for gains included in the income statements	(1,403)	(4,182)	–	–
	(1,178)	(60,202)	–	–
Available-for-sale financial assets:				
Gains arising during the year	2,338	164,938		
Less: Reclassification adjustments for gains included in the income statements	(57,567)	(138,284)	–	–
	(55,229)	26,654	–	–
Total other comprehensive income	(64,289)	(30,965)	–	–
Income tax relating to other comprehensive income (Note a)	14,763	24,679	–	–
	(49,526)	**(6,286)**	**–**	**–**

(a) Income tax effects relating to other comprehensive income

Group	Before tax RM'000	Tax credit RM'000	Net of tax RM'000
31 March 2013			
Foreign exchange differences on translating foreign operations	(7,882)	–	(7,882)
Net movement on cash flow hedges	(1,178)	295	(883)
Available-for-sale financial assets	(55,229)	14,468	(40,761)
	(64,289)	**14,763**	**(49,526)**
31 March 2012			
Foreign exchange differences on translating foreign operations	2,583	–	2,583
Net movement on cash flow hedges	(60,202)	15,051	(45,151)
Available-for-sale financial assets	26,654	9,628	36,282
	(30,965)	**24,679**	**(6,286)**

41. EARNINGS PER SHARE

(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 year.

	Group		Company	
	31 March 2013 RM'000/'000	31 March 2012 RM'000/'000	31 March 2013 RM'000/'000	31 March 2012 RM'000/'000
Net profit attributable to equity holders of the Company	1,635,146	1,484,416	960,984	456,586
Weighted average number of ordinary shares in issue	3,014,185	3,014,185	3,014,185	3,014,185
Effect of ordinary shares purchased for the ESS, net of number vested to eligible executives	(15,088)	(24,003)	(15,088)	(24,003)
	2,999,097	**2,990,182**	**2,999,097**	**2,990,182**
Basic earnings per share (sen)	54.52	49.64	32.04	15.27

Notes to the Financial Statements (Cont'd.)

41. EARNINGS PER SHARE (Cont'd.)

(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 during the year plus dilutive effect of share options vested but not exercised by eligible executives under the ESS as at the reporting date.

	Group		Company	
	31 March 2013 RM'000/'000	31 March 2012 RM'000/'000	31 March 2013 RM'000/'000	31 March 2012 RM'000/'000
Net profit attributable to equity holders of the Company	1,635,146	1,484,416	960,984	456,586
Weighted average number of ordinary shares in issue (as in (a) above)	2,999,097	2,990,182	2,999,097	2,990,182
Effect of share options vested under the ESS	4,992	2,947	4,992	2,947
	3,004,089	**2,993,129**	**3,004,089**	**2,993,129**
Diluted earnings per share (sen)	54.43	49.59	31.99	15.25

42. DIVIDENDS

Dividends paid and proposed by the Company are as follows:

	RM'000
In respect of financial year ended 2013	
Interim single tier dividend of 7.0% on 3,014,184,844 ordinary shares of RM1.00 each	210,993
Proposed final single tier dividend of 15.0% on 3,014,184,844 ordinary shares of RM1.00 each	452,128
In respect of financial year ended 2012	
Interim single tier dividend of 6.6% on 3,014,184,844 ordinary shares of RM1.00 each	198,936
Proposed final single tier dividend of 13.5% on 3,014,184,844 ordinary shares of RM1.00 each	406,915

During the financial year, the Company paid a final dividend of 13.5% in respect of financial year ended 31 March 2012 amounting to RM406,914,966 which amount had been dealt with in the directors' report for that financial year and paid on 10 September 2012 to shareholders whose names appeared in the Record of Depositors on 24 August 2012.

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

The directors now propose the payment of final single tier dividend of 15.0% in respect of the current financial year, to be paid to shareholders whose names appear in the Record of Depositors on a date to be determined by the directors. The financial statements for the current financial year do not reflect this proposed dividend by the Board. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the next financial year ending 31 March 2014.

43. SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES

For the purpose of these financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial or operational decisions, vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

The related parties of the Group and the Company are:

(i) Subsidiaries

Transactions between the Company and its subsidiaries which are related parties of the Company, have been eliminated on consolidation. Details of subsidiaries are shown in Note 15.

Notes to the Financial Statements (Cont'd.)

43. SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (Cont'd.)

The related parties of the Group and the Company are: (Cont'd.)

(ii) Associates

An associate is a Company in which the Group exercises significant influence, but which it does not control. Significant influence is the power to participate in the financial and operating policy decisions of the associates but not in control over those policies. Details of associates are disclosed in Note 16.

(iii) Key management personnel

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group and the Company directly or indirectly. The key management personnel of the Group and the Company include Executive and Non-Executive Directors of the Company and certain members of senior management of the Group and heads of major subsidiaries (including close member of their families) of the Group.

(iv) Companies in which certain directors have substantial financial interest

These are entities in which significant voting power in such entities directly or indirectly resides with certain Directors of the Company.

(v) Companies which have significant influence over the Group

These are entities who are substantial shareholders of the Company.

(a) In addition to the transactions detailed elsewhere in the financial statements, the Group and the Company had the following transactions with related parties during the financial year:

	Subsidiaries		Associates		Key management personnel		Companies in which certain Directors have substantial interest		Substantial shareholders	
Group	31 March 2013 RM'000	31 March 2012 RM'000	31 March 2013 RM'000	31 March 2012 RM'000	31 March 2013 RM'000	31 March 2012 RM'000	31 March 2013 RM'000	31 March 2012 RM'000	31 March 2013 RM'000	31 March 2012 RM'000
Income										
Interest on loans, advances and financing	–	–	–	–	128	65	–	–	–	–
					128	**65**				
Expenses										
Interest on deposits	–	–	–	–	1,165	860	–	–	–	–
Rental of premises	–	–	–	–	–	–	51,804	52,383	–	–
Insurance premiums	–	–	–	–	–	–	19,674	9,139	–	–
Travelling expenses	–	–	–	–	–	–	5,376	5,137	–	–
Computer maintenance	–	–	–	–	–	–	18,335	14,931	–	–
Food and beverage	–	–	–	–	–	–	291	208	–	–
Information service provider	–	–	–	–	989	914	–	–	–	–
Training and consultancy	–	–	–	–	255	513	3,589	3,455	–	–
	–	**–**	**–**	**–**	**2,409**	**2,287**	**99,069**	**85,253**	**–**	**–**
Capital expenditure										
PMPC cards	–	–	–	–	–	–	404	677	–	–
Company										
Income										
Interest on deposits	7,410	2,676	–	–	–	–	–	–	–	–
Investments income	10,470	11,145	–	–	–	–	–	–	–	–
Dividend income – gross	993,625	570,213	–	–	–	–	–	–	–	–
	1,011,505	**584,034**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**

Notes to the Financial Statements (Cont'd.)

43. SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (CONTD.)

(b) The significant outstanding balances of the Group and the Company with its related parties are as follows:

Group	Subsidiaries 31 March 2013 RM'000	Subsidiaries 31 March 2012 RM'000	Associates 31 March 2013 RM'000	Associates 31 March 2012 RM'000	Key management personnel 31 March 2013 RM'000	Key management personnel 31 March 2012 RM'000	Companies in which certain Directors have substantial interest 31 March 2013 RM'000	Companies in which certain Directors have substantial interest 31 March 2012 RM'000	Substantial shareholders 31 March 2013 RM'000	Substantial shareholders 31 March 2012 RM'000
Amount due from:										
Loan (hire purchase, credit card, personal loan and housing loan)	–	–	–	–	8,557	2,134	–	–	–	–
Amount due to:										
Deposits and placements	–	–	–	–	54,630	46,752	–	–	–	–
	–	**–**	**–**	**–**	**63,187**	**48,886**	**–**	**–**	**–**	**–**
Company										
Amount due from:										
Cash and short-term funds	5,470	2,415	–	–	–	–	–	–	–	–
Money at call and deposits	36,880	48,047	–	–	–	–	–	–	–	–
Deposits and placements with banks and other financial institutions	55,675	12,956	–	–	–	–	–	–	–	–
Interest receivables	217	42	–	–	–	–	–	–	–	–
	98,242	**63,460**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Amount due to:										
Amount due to subsidiaries	2,980	1,576	–	–	–	–	–	–	–	–
	2,980	**1,576**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**

(c) There were no granting of loans to the Directors of the Company. Loans made to other key management personnel of the Group is on similar terms and conditions generally available to other employees within the Group. All related party transctions are conducted at arm's length basis and on normal commercial term which are not more favourable than those generally available to the public. No provisions have been recognised in respect of loans given to key management personnel (2012 and 2011: Nil).

(d) Key management personnel compensation

The remuneration of Directors and other key management personnel during the financial year are as follows:

	Group 31 March 2013 RM'000	Group 31 March 2012 RM'000	Company 31 March 2013 RM'000	Company 31 March 2012 RM'000
Directors:				
Fees	2,083	1,942	679	772
Salaries and other remuneration	6,335	8,845	1,663	1,617
Other short-term employee benefits (including estimated monetary value of benefits-in-kind)	147	208	36	33
Total short-term employee benefits	**8,565**	**10,995**	**2,378**	**2,422**
Other key management personnel:				
Salaries and other remuneration	30,930	33,220	–	–
Other short-term employee benefits (including estimated monetary value of benefits-in-kind)	3,523	1,026	–	–
Total short-term employee benefits	**34,453**	**34,246**	**–**	**–**

Notes to the Financial Statements (Cont'd.)

44. CREDIT TRANSACTIONS AND EXPOSURES WITH CONNECTED PARTIES

	Group	
	31 March 2013 RM'000	31 March 2012 RM'000
Outstanding credit exposures with connected parties	3,647,974	1,622,720
Percentage of outstanding credit exposures to connected parties:		
as a proportion of total credit exposures (%)	3.79	1.84
which is impaired or in default (%)	0.25	0.03

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

Based on these guidelines, a connected party refers to the following:

(i) Directors of the Banks and their close relatives;

(ii) Controlling shareholder and his close relatives;

(iii) Executive officer, being a member of management having authority and responsibility for planning, directing and/or controlling the activities of the Banks, and his close relatives;

(iv) Officers who are responsible for or have the authority to appraise and/or approve credit transactions or review the status of existing credit transactions, either as a member of a committee or individually, and their close relatives;

(v) Firms, partnerships, companies or any legal entities which control, or are controlled by any person listed in (i) to (iv) above, or in which they have an interest as a director, partner, executive officer, agent or guarantor, and their subsidiaries or entities controlled by them;

(vi) Any person for whom the persons listed in (i) to (iv) above is a guarantor; and

(vii) Subsidiary of or an entity controlled by the Bank and its connected parties.

Credit transactions and exposures to connected parties as disclosed above include the extension of credit facilities and/or off-balance sheet credit exposures such as guarantees, trade-related facilities and loan commitments. It also includes holdings of equities and private debt securities issued by the connected parties.

The credit transactions with connected parties above are all transacted on an arm's length basis and on terms and conditions not more favourable than those entered into with other counterparties with similar circumstances and credit worthiness. Due care has been taken to ensure that the credit worthiness of the connected party is not less than that normally required of other persons.

45. FIDUCIARY DUTY IN RESPECT OF INVESTMENT PORTFOLIO MANAGEMENT

Investment portfolio funds managed by the Group on behalf of customers as at 31 March 2013 amounted to RM38,005,793,000 (2012: RM36,750,942,000; 2011: RM28,508,756,000).

Notes to the Financial Statements (Cont'd.)

46. CAPITAL COMMITMENTS

	Group		
	31 March 2013 RM'000	31 March 2012 RM'000	1 April 2011 RM'000
Authorised and contracted but not provided for:			
Purchase of office equipment, information technology equipment and solutions	49,171	80,478	18,999
Purchase of other investments	100	100	36,404
Purchase of office equipments	23	–	–
Purchase of leasehold improvements	7,231	5,296	2,185
	56,525	85,874	57,588
Authorised but not contracted for:			
Purchase of office equipment, information technology equipment and solutions	129,423	147,122	85,025
Purchase of other investments	40,800	40,800	–
Purchase of IT equipments & solutions	1,014	–	–
	171,237	187,922	85,025
	227,762	**273,796**	**142,613**

47. OPERATING LEASE COMMITMENTS

The Group has lease commitments in respect of rented premises and equipment on hire, all of which are classified as operating leases. The future minimum lease payments under the non-cancellable operating lease, net of sub-leases are as follows:

	Group		
	31 March 2013 RM'000	31 March 2012 RM'000	1 April 2011 RM'000
Within one year	137,187	114,371	129,048
Between one and five years	172,606	101,400	150,853
More than five years	8,851	17,066	32,563
	318,644	**232,837**	**312,464**

The minimum lease rentals are not adjusted for operating expenses which the Group is obligated to pay. These amounts are insignificant in relation to the minimum lease obligations. In the normal course of business, leases that expire will be renewed or replaced by leases on other properties, thus it is anticipated that future annual minimum lease commitments will not be less than the rental expenses for the financial year.

Notes to the Financial Statements (Cont'd.)

48. COMMITMENTS AND CONTINGENCIES

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

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

	Group		
	31 March 2013 Principal Amount RM'000	31 March 2012 Principal Amount RM'000	1 April 2011 Principal Amount RM'000
Commitments			
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	19,414,354	16,627,120	13,655,793
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	6,925,080	5,631,779	6,018,916
Unutilised credit card lines	3,196,835	3,435,769	3,786,573
Forward asset purchases	108,266	486,724	569,428
	29,644,535	26,181,392	24,030,710
Contingent Liabilities			
Direct credit substitutes	1,505,620	1,925,355	2,717,125
Transaction related contingent items	4,393,242	3,608,458	2,283,260
Obligations under underwriting agreements	330,000	513,100	452,500
Short term self liquidating trade related contingencies	676,655	694,687	764,769
Others	100	–	46,209
	6,905,617	6,741,600	6,263,863
Derivative Financial Instruments			
Interest/Profit rate related contracts:	36,341,198	41,340,192	37,027,741
One year or less	4,548,404	14,448,655	5,870,000
Over one year to five years	22,110,387	18,849,399	27,256,982
Over five years	9,682,407	8,042,138	3,900,759
Foreign exchange related contracts:	27,176,687	23,425,174	29,667,757
One year or less	22,898,737	20,220,988	28,586,642
Over one year to five years	3,440,503	3,145,654	929,850
Over five years	837,447	58,532	151,265
Credit related contracts:	863,536	903,496	328,907
One year or less	267,510	61,290	76,474
Over one year to five years	298,275	549,473	252,433
Over five years	297,751	292,733	–
Equity related contracts:	876,622	877,098	1,138,784
One year or less	328,612	514,710	604,233
Over one year to five years	547,989	362,368	521,071
Over five years	21	20	13,480
Commodity related contracts:	66,511	146,003	147,703
One year or less	66,511	78,630	–
Over one year to five years	–	67,373	147,703
Over five years	–	–	–
	65,324,554	66,691,963	68,310,892
	101,874,706	**99,614,955**	**98,605,465**

Notes to the Financial Statements (Cont'd.)

48. COMMITMENTS AND CONTINGENCIES (Cont'd.)

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

(a) The Company has given unsecured guarantees amounting to RM225,000,000 (31 March 2012: RM225,000,000) on behalf of subsidiaries for the payment and discharge of all monies due on trading accounts maintained by customers with the subsidiaries.

(b) The Company has given a continuing undertaking totalling SGD40,000,000 (31 March 2012: SGD40,000,000) to the Monetary Authority of Singapore on behalf of AmFraser Securities Pte Ltd to meet its liabilities and financial obligations and requirements.

(c) AmBank has given a continuing guarantee to Labuan Financial Services Authority ("LFSA") on behalf of AmInternational (L) Ltd ("AMIL"), AmBank's offshore bank subsidiary, to meet all its liabilities and financial obligations and requirements.

(d) The Company has given a guarantee to HSI Services Limited ("HSI") and Hang Seng Data Services Limited ("HSDS") on behalf of its subsidiary, AmLife Insurance Berhad ("AmLife"), for the performance and discharge by AmLife of its obligations under the licence agreement with HSI and HSDS for use of the Hang Seng China Enterprise Index in respect of AmLife's investment-linked product called AmAsia Link-Capital Guaranteed Fund.

(e) AmTrustee Berhad ("AmTrustee") was served with a Writ and Statement of Claim dated 12 December 2005 by solicitors acting for Meridian Asset Management Sdn Bhd ("Meridian") for alleged loss and damage amounting to RM27,606,169.65 together with interest and costs arising from the provision of custodian services by AmTrustee to Meridian ("Meridian Suit").

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

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

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

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

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

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

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

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

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

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

AmTrustee is currently taking solicitors' advice on the Decision.

Notes to the Financial Statements (Cont'd.)

49. MATURITY ANALYSIS OF ASSETS AND LIABILITIES

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled.

Group 31 March 2013	Up to 12 months RM'000	Over 12 months RM'000	Total RM'000
Assets			
Cash and short-term funds	11,233,573	–	11,233,573
Securities purchased under resale agreements	200,605	–	200,605
Deposits and placements with banks and other financial institutions	2,004,825	317,832	2,322,657
Derivative financial assets	82,286	300,971	383,257
Financial assets held-for-trading	7,021,986	–	7,021,986
Financial investments available-for-sale	2,199,036	5,009,568	7,208,604
Financial investments held-to-maturity	2,984,969	3,234,835	6,219,804
Loans, advances and financing	18,177,559	64,408,773	82,586,332
Statutory deposits with Bank Negara Malaysia	–	2,907,435	2,907,435
Deferred tax assets	–	136,244	136,244
Investment in associate	–	20,935	20,935
Other assets	1,841,733	1,022,533	2,864,266
Reinsurance, retakaful assets and other insurance receivables	166,627	–	166,627
Investment properties	–	80,165	80,165
Property and equipment	–	395,147	395,147
Intangible assets	–	3,245,653	3,245,653
Total Assets	**45,913,199**	**81,080,091**	**126,993,290**
Liabilities			
Deposits and placements of banks and other financial institutions	2,629,973	522,973	3,152,946
Securities sold under repurchase agreements	–	–	–
Recourse obligation on loans sold to Cagamas Berhad	–	3,337,941	3,337,941
Derivative financial liabilities	92,890	329,765	422,655
Deposits from customers	81,917,797	2,942,190	84,859,987
Term funding	1,810,581	4,445,388	6,255,969
Bills and acceptances payable	1,964,800	–	1,964,800
Debt capital	–	4,205,232	4,205,232
Deferred tax liabilities	–	32,043	32,043
Other liabilities	4,389,519	656,920	5,046,439
Insurance, takaful contract liabilities and other insurance payables	1,557,318	3,024,730	4,582,048
Total Liabilities	**94,362,878**	**19,497,182**	**113,860,060**

Notes to the Financial Statements (Cont'd.)

49. MATURITY ANALYSIS OF ASSETS AND LIABILITIES (Cont'd.)

Group 31 March 2012	Up to 12 months RM'000	Over 12 months RM'000	Total RM'000
Assets			
Cash and short-term funds	7,813,159	–	7,813,159
Securities purchased under resale agreements	517,306	–	517,306
Deposits and placements with banks and other financial institutions	1,773,418	118,748	1,892,166
Derivative financial assets	128,381	251,748	380,129
Financial assets held-for-trading	10,942,373	–	10,942,373
Financial investments available-for-sale	2,067,039	4,574,165	6,641,204
Financial investments held-to-maturity	91,534	1,338,309	1,429,843
Loans, advances and financing	13,884,328	61,799,073	75,683,401
Statutory deposits with Bank Negara Malaysia	–	2,582,411	2,582,411
Deferred tax assets	–	205,908	205,908
Investment in associate	–	1,101	1,101
Other assets	2,027,506	429,693	2,457,199
Reinsurance, retakaful assets and other insurance receivables	112,535	–	112,535
Investment properties	–	84,715	84,715
Property and equipment	–	224,531	224,531
Intangible assets	–	1,954,799	1,954,799
Total Assets	**39,357,580**	**73,565,201**	**112,922,780**
Liabilities			
Deposits and placements of banks and other financial institutions	2,953,311	961,257	3,914,568
Securities sold under repurchase agreements	41,195	–	41,195
Recourse obligation on loans sold to Cagamas Berhad	–	3,126,109	3,126,109
Derivative financial liabilities	140,713	300,971	441,684
Deposits from customers	73,488,604	3,818,552	77,307,156
Term funding	696,875	4,260,448	4,957,323
Bills and acceptances payable	871,948	–	871,948
Debt capital	–	4,021,231	4,021,231
Deferred tax liabilities	–	12,886	12,886
Other liabilities	2,942,894	431,292	3,374,186
Insurance, takaful contract liabilities and other insurance payables	647,497	2,715,043	3,362,540
Total Liabilities	**81,783,037**	**19,647,789**	**101,430,826**

Notes to the Financial Statements (Cont'd.)

49. MATURITY ANALYSIS OF ASSETS AND LIABILITIES (Cont'd.)

Group 1 April 2011	Up to 12 months RM'000	Over 12 months RM'000	Total RM'000
Assets			
Cash and short-term funds	13,456,218	–	13,456,218
Securities purchased under resale agreements	547,273	–	547,273
Deposits and placements with banks and other financial institutions	3,635,168	–	3,635,168
Derivative financial assets	115,674	283,123	398,797
Financial assets held-for-trading	5,215,183	–	5,215,183
Financial investments available-for-sale	3,667,734	5,389,264	9,056,998
Financial investments held-to-maturity	76,633	706,514	783,147
Loans, advances and financing	15,207,740	55,906,200	71,113,940
Statutory deposits with Bank Negara Malaysia	–	145,842	145,842
Deferred tax assets	–	565,464	565,464
Investment in associate	–	1,101	1,101
Other assets	1,728,718	631,573	2,360,291
Reinsurance, retakaful assets and other insurance receivables	47,631	–	47,631
Investment properties	–	90,245	90,245
Property and equipment	–	238,547	238,547
Intangible assets	–	1,917,404	1,917,404
Total Assets	**43,697,972**	**65,875,277**	**109,573,249**
Liabilities			
Deposits and placements of banks and other financial institutions	3,184,070	988,090	4,172,160
Securities sold under repurchase agreements	30,465	–	30,465
Recourse obligation on loans sold to Cagamas Berhad	18,197	2,699,880	2,718,077
Derivative financial liabilities	212,809	222,299	435,108
Deposits from customers	70,805,638	3,919,427	74,725,065
Term funding	450,671	4,296,207	4,746,878
Bills and acceptances payable	1,867,911	–	1,867,911
Debt capital	–	3,598,394	3,598,394
Deferred tax liabilities	–	96,852	96,852
Other liabilities	2,955,627	384,221	3,339,848
Insurance, takaful contract liabilities and other insurance payables	498,315	2,738,473	3,236,788
Total Liabilities	**80,023,703**	**18,943,843**	**98,967,546**

Notes to the Financial Statements (Cont'd.)

49. MATURITY ANALYSIS OF ASSETS AND LIABILITIES (Cont'd.)

Company 31 March 2013	Up to 12 months RM'000	Over 12 months RM'000	Total RM'000
Assets			
Cash and short-term funds	42,350	–	42,350
Deposits and placements with banks and other financial institutions	55,675	–	55,675
Financial investments available-for-sale	–	17,259	17,259
Investments in subsidiaries	–	9,507,225	9,507,225
Other assets	33,873	–	33,873
Property and equipment	–	377	377
Total Assets	**131,898**	**9,524,861**	**9,656,759**
Liabilities			
Term funding	506,000	1,000,000	1,506,000
Other liabilities	47,877	–	47,877
Total Liabilities	**553,877**	**1,000,000**	**1,553,877**
Company 31 March 2012			
Assets			
Cash and short-term funds	50,462	–	50,462
Deposits and placements with banks and other financial institutions	12,956	–	12,956
Financial investments available-for-sale	–	203,503	203,503
Investments in subsidiaries	–	7,642,376	7,642,376
Other assets	13,511	–	13,511
Property and equipment	–	1,597	1,597
Total Assets	**76,929**	**7,847,476**	**7,924,405**
Liabilities			
Term funding	206,000	–	206,000
Other liabilities	32,942	8,750	41,692
Total Liabilities	**238,942**	**8,750**	**247,692**
Company 1 April 2011			
Assets			
Cash and short-term funds	98,249	–	98,249
Deposits and placements with banks and other financial institutions	7,028	–	7,028
Financial investments available-for-sale	–	447,947	447,947
Investments in subsidiaries	–	8,182,034	8,182,034
Other assets	4,561	–	4,561
Property and equipment	–	1,324	1,324
Total Assets	**109,838**	**8,631,305**	**8,741,143**
Liabilities			
Term funding	206,000	–	206,000
Other liabilities	669,930	9,248	679,178
Total Liabilities	**875,930**	**9,248**	**885,178**

Notes to the Financial Statements (Cont'd.)

50. CAPITAL MANAGEMENT

The capital and risk management of the banking subsidiaries of AMMB Holdings Berhad ("AMMB") are managed collectively at group level. The Group's capital management approach is driven by its desire to maintain a strong capital base to support the development of its businesses, to meet regulatory capital requirements at all times and to maintain good credit ratings.

Strategic, business and capital plans are drawn up annually covering a 3 year horizon and approved by the Board of Directors. The capital plan ensures that adequate levels of capital and an optimum mix of the different components of capital are maintained by the Group to support its strategy.

The capital plan takes the following into account:

(a) Regulatory capital requirements:
- forecast demand for capital to support the credit ratings; and
- increases in demand for capital due to business growth and market shocks.

(b) Or stresses:
- available supply of capital and capital raising options; and
- internal controls and governance for managing the Group's risk, performance and capital.

The Group uses internal models and other quantitative techniques in its internal risk and capital assessment. The models help to estimate potential future losses arising from credit, market and other risks, and using regulatory formulae to simulate the amount of capital required to support them. In addition, the models enable the Group to gain a deeper understanding of its risk profile, e.g., by identifying potential concentrations, assessing the impact of portfolio management actions and performing what-if analysis.

Stress testing and scenario analysis are used to ensure that the Group's internal capital assessment considers the impact of extreme but plausible scenarios on its risk profile and capital position. They provide an insight into the potential impact of significant adverse events on the Group and how these events could be mitigated. The Group's target capital levels are set taking into account its risk appetite and its risk profile under future expected and stressed economic scenarios.

The Group's assessment of risk appetite is closely integrated with the Group's strategy, business planning and capital assessment processes, and is used to inform senior management's views on the level of capital required to support the Group's business activities.

The Group uses a capital model to assess the capital demand for material risks, and support its internal capital adequacy assessment. Each material risk is assessed, relevant mitigants considered, and appropriate levels of capital determined. The capital modelling process is a key part of the Group's management disciplines.

The capital that the Group is required to hold is determined by its statement of financial position, commitment and contingencies, counterparty and other risk exposures after applying collateral and other mitigants, based on the Group's risk rating methodologies and systems. We discuss these outcomes with BNM on a regular basis as part of our normal regulatory liaison activities. BNM has the right to impose further capital requirements on Malaysian Financial Institutions via its Financial Market Supervision remit.

The Group operates processes and controls to monitor and manage capital adequacy across the organisation. Where we operate in other jurisdictions, capital is maintained on the basis of the local regulator's requirements. It is overseen by the Group Asset and Liability Committee ("GALCO"), which is responsible for managing the Group's statement of financial position, capital and liquidity.

A strong governance and process framework is embedded in the capital planning and assessment methodology. Overall responsibility for the effective management of risk rests with the Board of Directors. The Risk Management Committee of Directors ("RMCD") is specifically delegated the task of reviewing all risk management issues including oversight of the Group's capital position and any actions impacting the capital levels. The Audit and Examination Committee ("AEC") reviews specific risk areas and the issues discussed at the key capital management committees.

GALCO proposes internal triggers and target ranges for capital management and operationally oversees adherence with these. These ranges are 8.5 per cent to 11.5 per cent for the Tier 1 capital ratio and 12.0 per cent to 16.0 per cent for the total capital ratio. The Group has been (knowingly) operating in excess of these ranges for the last 3 years as the Group was conservatively positioned for any repercussions from the Global Financial Crisis.

A dedicated team, the Capital and Balance Sheet Management Department, is responsible for the ongoing assessment of the demand for capital and the updating of the Group's capital plan.

In light of the uncertain economic environment and evolving regulatory debate on banking institutions' capital structures, we believe it is appropriate to remain strongly capitalised above our target ranges.

Appropriate policies are also in place governing the transfer of capital within the Group. These ensure that capital is remitted as appropriate, subject to complying with regulatory requirements and statutory and contractual restrictions.

Notes to the Financial Statements (Cont'd.)

50. CAPITAL MANAGEMENT (Cont'd.)

There are no current material, practical or legal impediments to the prompt transfer of capital resources in excess of those required for regulatory purposes or repayment of liabilities between the Company and its subsidiaries when due.

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

	31 March 2013			
	AmBank	AmIslamic Bank	AmInvestment Bank	Group *
Before deducting proposed dividends:				
Common Equity Tier 1 ("CET1") Capital	8.6%	9.5%	25.7%	9.3%
Tier 1 capital ratio	10.9%	9.5%	25.7%	11.0%
Total capital ratio	14.3%	14.6%	25.7%	14.8%
After deducting proposed dividends:				
Common Equity Tier 1 ("CET1") Capital	8.0%	9.5%	25.7%	8.9%
Tier 1 capital ratio	10.3%	9.5%	25.7%	10.6%
Total capital ratio	13.7%	14.6%	25.7%	14.3%

	31 March 2012			
	AmBank	AmIslamic Bank	AmInvestment Bank	Group *
Before deducting proposed dividends:				
Core capital ratio	11.1%	9.0%	21.5%	11.2%
Risk weighted capital ratio	15.2%	15.0%	21.5%	15.4%
After deducting proposed dividends:				
Core capital ratio	10.0%	9.0%	20.1%	10.4%
Risk weighted capital ratio	14.2%	15.0%	20.1%	14.7%

* Notes:

- The banking subsidiaries of the Company to which the Risk Weighted Capital Adequacy Framework ("RWCAF") apply are AmBank (M) Berhad ("AmBank"), AmInvestment Bank Berhad ("AmInvestment Bank") and AmIslamic Bank Berhad ("AmIslamic Bank") - which offers Islamic banking services.

- The capital adequacy ratios are computed in accordance with BNM's Risk Weighted Capital Adequacy Framework or Risk Weighted Capital Adequacy Framework for Islamic Banks (as applicable), which are based on the Basel II capital accord. Each entity has adopted the Standardised Approach for Credit and Market Risk and the Basic Indicator Approach for Operational Risk.

- The minimum regulatory capital adequacy requirement is 8.0% for the risk weighted capital ratio.

- Group* figures presented in this Report represent an aggregation of the consolidated capital positions and risk weighted assets ("RWA") of our regulated banking institutions. The consolidated positions of each entity are published at www.ambankgroup.com.

- 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")

Notes to the Financial Statements (Cont'd.)

50. CAPITAL MANAGEMENT (Cont'd.)

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

	31 March 2013			
	AmBank RM'000	AmIslamic Bank RM'000	AmInvestment Bank RM'000	Group * RM'000
Common Equity Tier 1 ("CET1") Capital				
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	118,307	4,155,650
Less: proposed dividend - final	(400,338)	–	–	(400,338)
Unrealised losses or gains on available-for-sale ("AFS") financial instruments	(8,402)	(7,256)	3,110	(13,268)
Foreign exchange translation reserve	(14,760)	–	–	15,228
Statutory reserve fund	980,969	424,266	200,000	1,605,235
Capital reserve	–	–	–	2,815
Merger reserve	48,516	–	–	56,172
Cash flow hedging reserve	(12,644)	–	–	(12,644)
Less: Regulatory adjustments applied on CET1 capital				
Goodwill	–	–	–	(11,243)
Intangible assets	(234,687)	(50)	(2,347)	(237,140)
Deferred tax assets	(120,523)	–	(11,512)	(135,531)
Cash flow hedging reserve	12,644	–	–	12,644
55% of cumulative gains of AFS financial instruments	–	–	(1,711)	(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**
Additional Tier 1 ("T1") capital				
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**
Tier 2 ("T2") capital				
Tier 2 capital instruments (subject to gradual phase-out treatment)	1,557,800	900,000	–	2,457,800
Collective impairment provisions and regulatory reserves	751,584	255,665	2,789	1,005,607
Less: Regulatory adjustments applied on Tier 2 capital	(133)	–	(2,789)	(3,681)
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 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**

Notes to the Financial Statements (Cont'd.)

50. CAPITAL MANAGEMENT (Cont'd.)

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

	31 March 2012			
	AmBank RM'000	AmIslamic Bank RM'000	AmInvestment Bank RM'000	Group * RM'000
Tier 1 Capital				
Paid-up ordinary share capital	820,364	428,038	200,000	1,448,402
Share premium	942,844	609,068	–	1,551,912
Statutory reserve	980,969	359,716	200,000	1,540,685
Capital reserve	–	–	–	2,815
Merger reserve	48,516	–	–	56,172
Exchange fluctuation reserve	2,077	–	–	30,143
Innovative Tier 1 capital	1,105,762	–	–	1,235,100
Non-innovative Tier 1 capital	500,000	–	–	500,000
Retained earnings at end of year	3,133,023	327,970	107,003	3,590,004
Non-controlling interests	–	–	–	50
Total	7,533,555	1,724,792	507,003	9,955,283
Less: Goodwill	–	–	–	(11,243)
Deferred tax assets, net	(161,806)	(33,087)	(16,824)	(216,354)
Total Tier 1 Capital	7,371,749	1,691,705	490,179	9,727,686
Less: Deduction in excess of allowable Tier 2 capital	–	–	(107,395)	(19,164)
Maximum Allowable Tier 1 Capital	7,371,749	1,691,705	382,784	9,708,522
Tier 2 Capital				
Medium term notes	1,557,800	–	–	1,557,800
Subordinated bonds	–	800,000	–	800,000
Innovative Tier 1 capital	129,338	–	–	–
Collective allowance for loans and financing#	1,074,356	328,333	3,914	1,406,322
Total Tier 2 Capital	2,761,494	1,128,333	3,914	3,764,122
Less: Restriction on subordinated bonds/sukuks Maximum Allowable Tier 2 Capital	2,761,494	1,128,333	3,914	3,764,122
Total Capital Funds	10,133,243	2,820,038	386,698	13,472,644
Less: Investment in subsidiaries	(32,780)	–	(88,231)	(32,769)
Investment in capital of related financial institutions and other deduction	(9,446)	–	(23,078)	(32,524)
Add: Deduction in excess of allowable Tier 2 capital made against Tier 1 capital	–	–	107,395	19,164
Capital Base	**10,091,017**	**2,820,038**	**382,784**	**13,426,515**

Excludes collective allowance on impaired loans/financing restricted from Tier 2 capital of the Group of RM429,497,000.

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

Credit risk	57,235,055	17,095,915	1,060,041	75,779,082
Market risk	4,494,813	384,044	244,709	5,123,496
Operational risk	4,570,067	1,327,826	478,318	6,045,547
Large exposure risk requirements for equity holdings	3,298	–	–	3,298
Total risk weighted assets	**66,303,233**	**18,807,785**	**1,783,068**	**86,951,423**

Notes to the Financial Statements (Cont'd.)

51. RISK MANAGEMENT

51.1 General Risk Management

The Risk Management Framework takes its lead from the Board of Directors' ("Board") Approved Risk Appetite Framework which provides the catalyst to setting the risk/reward profile required by the Board, together with the related business strategies, limit framework and policies required to enable successful execution.

The Risk Appetite Framework is approved annually by the Board taking into account the Group's desired external rating and targeted profitability/return on equity ("ROE") and is reviewed periodically throughout the financial year by both the executive management and the Board to consider any fine tuning/amendments taking into account prevailing or expected changes to the operational environment.

The Risk Appetite Framework provides portfolio parameters for Credit Risk, Traded Market Risk, Non-Traded Market Risk and Operational Risk incorporating, inter alia, limit structures for countries, industries, single counterparty, value at risk, capital at risk, earnings at risk, stop loss, stable funding ratio and liquidity. Each Business Unit has asset writing strategies which tie into the overall Risk Appetite Framework providing detailed strategies of how the Business Units will execute their business plans in compliance with the Risk Appetite Framework.

Board Approved Risk Appetite Statement

The Group's strategic goals are for top quartile shareholder returns and target ROE which will be progressively improved over a three year period wherein the growth will come via further diversification of the loan portfolio into less volatile earnings streams.

AmBank Group targets to maintain credit rating of BBB+ (from international rating agencies) supported by continued improvement in overall asset quality and portfolio diversification, and through prudent management of our capital, funding, liquidity, and interest rate risk in the balance sheet.

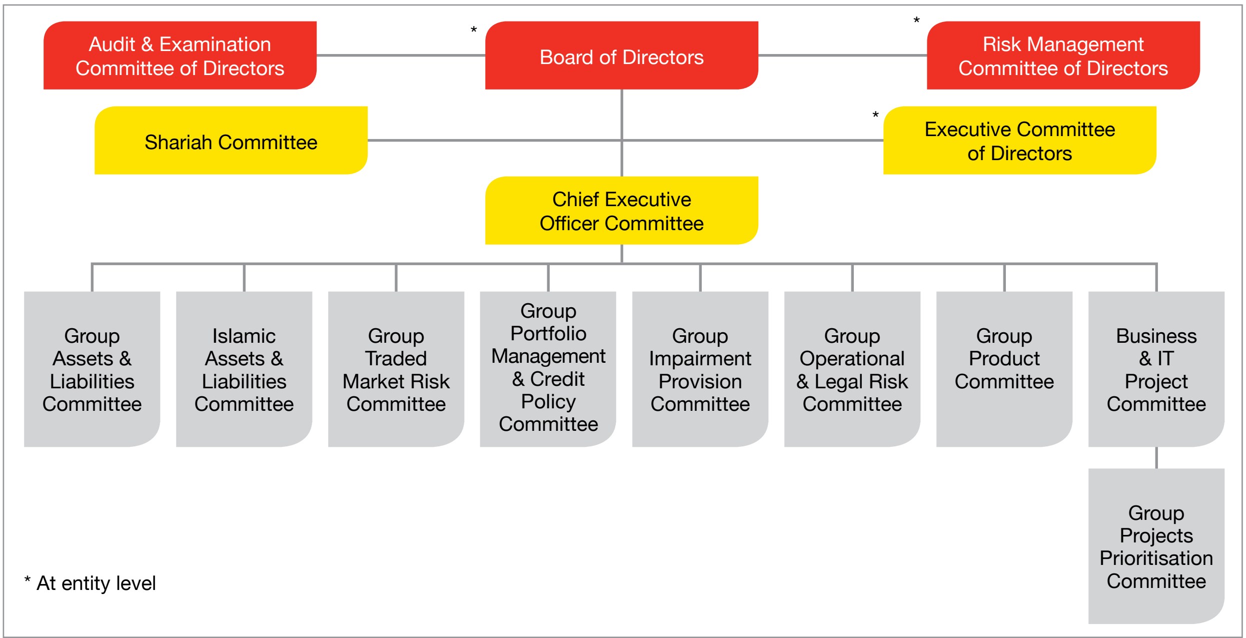
The Group intends to maintain sufficient quantity and quality of capital in excess of Basel 3 requirement for Common Equity Tier 1, Tier 1 Capital and Total Regulatory Capital. Our capital requirements are robustly tested over a three year period.

We enforce conservative approach to liquidity management, maintaining stable and diversified funding base consistent with Basel 3 liquidity matrix (Net Stable Funds Ratio and Liquidity Coverage Ratios). Our targeted Adjusted Loan Deposit Ratio is within 90% range with continually improving CASA deposit composition and market share.

Risk Management Governance

The Board is ultimately responsible for the management of risks within the Group. The Risk Management Committee of Directors is formed to assist the Board in discharging its duties in overseeing the overall management of all risks covering market risk management, liquidity risk management, credit risk management and operational risk management.

The Board has also established various Management Committees at the Group level to assist it in managing the risks and businesses of the Group. The following chart sets out the organisational structure of the risk management committees and an overview of the respective committee's roles and responsibilities up to end of March 2013 i.e. for FYE 2013:



Notes to the Financial Statements (Cont'd.)

51. RISK MANAGEMENT (Cont'd.)

51.1 Risk Management Governance (Cont'd.)

Committee	Roles & Responsibilities
Risk Management Committee of Directors ("RMCD")	- Oversee senior management activities in managing risk (covering credit, market, funding, operational, legal regulatory capital and strategic risk) and to ensure that the risk management process is in place and functioning. - Report and advise the Board on risk issues.
Audit & Examination Committee of Directors ("AEC")	- Provide assistance to the Board in relation to fulfilling fiduciary responsibilities and monitoring of the accounting and financial reporting practices of the Group. - Provide assistance to the Board in ensuring the Islamic banking operations of the Group are Shariah compliant.
Shariah Committee	- Responsible and accountable on matters related to Shariah, which includes advising the Board and management on Shariah matters and endorsing and validating products and services, and the relevant documentations in relation to Islamic banking operations of the Group. - The Shariah Oversight Committee, which is a sub-committee to the Shariah committee performs an oversight function for the key Shariah functions; Shariah review, Shariah audit, and Shariah Risk Management.
Executive Committee of Directors ("EXCO")	- Responsible to consider and approve credit facilities and commitment that are not in accordance with the policies approved by the Board for which EXCO has been granted powers to exempt. - Review credit facilities and commitment that exceeds certain thresholds.
Chief Executive Officer Committee ("CEO Committee")	- Responsible for overall day-to-day operations of the Group such as oversee management's activities in managing risk, review high level risk exposures, portfolio composition and risk strategies; and evaluate the existence and effectiveness of the control and risk management infrastructure. - Report and advise the Board on risk issues.
Group Assets and Liabilities Committee (Conventional and Islamic) ("GALCO")	- Responsible for the development of capital and balance sheet management policy, approve and oversee non-traded interest/profit rate risk exposures, liquidity and funding framework and hedging and management of structural foreign exposure. Ensure fund transfer pricing are effective and fair and capital is managed.
Islamic Assets and Liabilities Committee	- Responsible for the development of Islamic capital and balance sheet management policy, approve and oversee rate of return risk exposures, liquidity and funding framework and hedging and management of structural foreign exposure. Ensure fund transfer pricing are effective and fair and capital is managed.
Group Traded Market Risk Committee ("GTMRC")	- Responsible for development of traded market risk policy framework, oversee the trading book portfolio, approve new trading products and ensure then compliance with internal and regulatory requirements throughout the Group.
Group Portfolio Management and Credit Policy Committee ("GPMCP")	- Responsible for development for credit policy framework, oversee credit portfolio, endorse asset writing strategies, review credit provisioning policies and process and ensure the compliance with internal and regulatory requirements throughout the Group.
Group Impairment Provision Committee ("GIPC")	- Responsible for the development of key policies relating to impairment provisions, ensure provision are assessed and made in accordance with the Board's approved policies and FRS 139 and 137 standards and establish adequate management governance for the determination of provisions.
Group Operational and Legal Risk Committee ("GOLRC")	- Responsible for endorsing operational risk, legal risk and regulatory compliance framework, oversee operational risk and legal risk management and reviews regulatory actions or any incidences that may give rise to operational and legal risk along with the actions taken to mitigate such risks.
Group Product Committee ("GPC")	- Responsible for ensuring adequate infrastructure and resources are in place for product management, endorse proposal for new product and product launching strategies, approve proposal for product variation and reactivation of dormant product; and review post implementation activities and product performance.
Business and IT Project Committee ("BITPC")	- Responsible to review and approve (or where required recommend for approval) requests relating to the Group's major business and IT investments. - To ensure all projects are aligned to the business and IT plans, appropriate prioritisation of business and IT projects, and the allocation of resources. - Responsible to optimise the allocation of shared resources and change capacity to programmes, projects and initiatives across the Group.

Notes to the Financial Statements (Cont'd.)

51. RISK MANAGEMENT (Cont'd.)

51.1 Risk Management Governance (Cont'd.)

Effective April 2013, the Group has decided to consolidate the various management committees into one single committee namely, Group CEOs Committee in order to streamline and centralise the management of risk.
- to streamline the management process of the ERMCs as well as enabling senior management time to concentrate on business issues.
- to help in co-ordinating matters for each area of risk management and avoid issues/matters from flowing through too many committees for approval.

The current CEOs Committee will be renamed to CEOs' Forum where business updates and related strategies and HR issues would continue to be deliberated.

Strategic Risk

Strategic risk is the risk of not achieving the Group's corporate strategic goals. The Group's overall strategic planning reflects the Group's vision and mission, taking into consideration the Group's internal capabilities and external factors.

The Board is actively involved in setting of strategic goals, and is regularly updated on matters affecting corporate strategy implementation and corporate projects/initiatives.

Reputational Risk

The Group recognises that maintaining its reputation among clients, investors, regulators and the general public is an important aspect of minimising legal and operational risk. Maintaining our reputation depends on a large number of factors, including the selection of our clients and business partners and the conduct of our business activities.

The Group seeks to maintain its reputation by screening potential clients and business partners and by conducting our business activities in accordance with high ethical standards and regulatory requirements.

Regulatory Compliance Risk

A proactive regulatory risk monitoring and control process is essential for any financial group to provide assurance that its products and services are offered in a manner consistent with regulatory requirements and industry best practice. Regulatory Compliance undertakes the task by ensuring that appropriate measures are introduced and applied accordingly, whilst inculcating a compliance culture across all levels of staff. Amongst the measures introduced are monitoring and reporting, training, providing advice and disseminating information. A process is in place to standardise compliance practices across the Group.

The compliance monitoring and reporting system is essentially a mechanism through which businesses monitor their compliance to rules and regulations as well as provide monthly, quarterly and exception reporting that is carried out online. This reaffirms our commitment to a centralised compliance infrastructure that embraces regular self-assessment by staff, thus providing management the assurance that staff are aware and comply with internal and external requirements.

Compliance awareness is performed on a regular basis to ensure staff keeps abreast of banking, insurance, securities and anti-money laundering law as well as other regulatory developments. The awareness helps staff develop their skills to identify compliance issues as well as cultivate good corporate ethics. In addition to the training provided, the Compliance Repository, an online resource tool, continues to provide staff with easy access to rules and regulations to various search modes.

Regulatory Compliance also provides advice on regulatory matters and measures to be implemented by the Group to facilitate compliance with rules and regulations. To further promote understanding, the department facilitates briefings, disseminates information and leads coordination efforts.

Notes to the Financial Statements (Cont'd.)

51. RISK MANAGEMENT (Cont'd.)

51.2 Credit Risk Management

The credit risk management process is depicted in the table below:

Identification	• Identify/recognise credit risk on transactions and/or positions • Select asset and portfolio mix
Assessment/ Measurement	• Internal credit rating system • Probability of default ("PD") • Loss given default ("LGD") • Exposure at default ("EAD")
Control/ Mitigation	• Portfolio Limits, Counterparty Limits, Benchmark Returns • Collateral & tailored facility structures
Monitoring/ Review	• Monitor and report portfolio mix • Review customer under Watchlist • Undertake post mortem review

Credit risk is the risk of loss due to the inability or unwillingness of a counterparty to meet its payment obligations. Exposure to credit risk arises from lending/financing, securities and derivative exposures. The identification of credit risk is done by assessing the potential impact of internal and external factors on the Group's transactions and/or positions as well as Shariah compliance risk.

The primary objective of credit risk management is to maintain accurate risk recognition - identification and measurement, to ensure that credit risk exposure is in line with the Group's Risk Appetite Framework and related credit policies.

For non-retail credits, risk recognition begins with an assessment of the financial standing of the borrower or counterparty using credit rating model. The model consists of quantitative and qualitative scores that are then translated into rating grades. The assigned credit rating grade forms a crucial part of the credit analysis undertaken for each of the Group's credit exposures.

For retail credits, credit-scoring systems to better differentiate the quality of borrowers are being used to complement the credit assessment and approval processes.

To support credit risk management, our rating models for major portfolios have been upgraded to facilitate:

- improvement in the accuracy of individual obligor risk ratings;
- enhancement to pricing models;
- loan loss provision calculation;
- stress-testing; and
- enhancement to portfolio management.

Lending/financing activities are guided by internal credit policies and Risk Appetite Framework that are approved by the Board of Directors. The Group's Risk Appetite Framework is refreshed at least annually and with regard to credit risk, provides direction as to portfolio management strategies and objectives designed to deliver the Group's optimal portfolio mix. Credit Risk portfolio management strategies include, amongst others:

- Concentration threshold/review trigger:
  - single counterparty credit;
  - industry sector; and
  - country
- Asset writing strategies for industry sectors and portfolio composition (by Risk Grade and Security Indicator);
- Setting Loan/Financing to Value limits for asset backed loans/financing (i.e., property exposures and other collateral);
- Watch-list processes for identifying, monitoring and managing customers exhibiting signs of weakness and higher risk customers; and
- Setting Benchmark Returns which serve as a guide to the minimum returns the Group requires for the risk undertaken, taking into account operating expenses and cost of capital.

Individual credit risk exposure is reported to Credit and Commitments Committee ("CACC"). In the event such exposure exceeds CACC authority, it will be reported to EXCO. Portfolio credit risk is reported to the relevant management and board committees.

The GPMCP/Group CEOs Committee regularly meets to review the quality and diversification of the Group's loan/financing portfolio, approve new and amended credit risk policy, review watch list reports and post mortem review of loan/financing (to extract lessons learned for facilitating credit training and refinement of credit policies or guidelines, towards enhancing risk identification and control).

Notes to the Financial Statements (Cont'd.)

51. RISK MANAGEMENT (Cont'd.)

51.2 Credit Risk Management (Cont'd.)

Group Risk prepares monthly Risk Reports which detail important portfolio composition and trend analysis incorporating asset growth, asset quality, impairments, flow rates of loan/financing delinquency buckets and exposures by industry sectors are reported monthly by Group Risk to executive management and to all meetings of the Board.

The Group applies the Standardised Approach to determine the regulatory capital charge related to credit risk exposure.

Credit Risk Exposure and Concentration

The Group's concentrations of risk are managed by industry sector, risk grade asset quality and single customer limit. The Group applies single customer limits ("SCL") to monitor the large exposures to single counterparty risk.

For financial assets recognised on the statement of financial position, the maximum exposure to credit risk before taking account of any collateral held or other credit enhancements equals the carrying amount. For contingent exposures, the maximum exposure to credit risk is the maximum amount the Group would have to pay if the instrument is called upon. For committed facilities which are undrawn, the maximum exposure to credit risk is the full amount of the committed facilities.

The following tables show the maximum exposure to credit risk from financial instruments, including derivatives, by industry and by geography, before taking into account of any collateral held or other credit enhancements.

Notes to the Financial Statements (Cont'd.)

51. RISK MANAGEMENT (Cont'd.)

51.2 Credit Risk Management (Cont'd.)

51.2.1a Industry Analysis

Group 31 March 2013	Agriculture RM'000	Mining and Quarrying RM'000	Manufacturing RM'000	Electricity, Gas and Water RM'000	Construction RM'000	Wholesale, Retail Trade, Restaurant and Hotel RM'000	Transport, Storage and Communication RM'000	Finance and Insurance RM'000	Government and Central Banks RM'000	Real Estate RM'000	Business Activities RM'000	Education and Health RM'000	Household RM'000	Others RM'000	Total RM'000
Cash and short-term funds	–	–	–	–	–	–	–	2,993,048	8,240,525	–	–	–	–	–	11,233,573
Securities purchased under resale agreements	–	–	–	–	–	–	–	–	200,605	–	–	–	–	–	200,605
Deposits and placements with banks and other financial institutions	–	–	–	–	–	–	–	873,582	1,449,075	–	–	–	–	–	2,322,657
Derivative financial assets	760	1,934	10,702	–	642	11,605	14,387	326,118	–	111	5,116	1	–	11,881	383,257
Financial assets held-for-trading	110,430	49,300	90,026	392,530	706,369	–	279,888	1,454,725	1,420,116	171,865	166,107	5,025	–	330,992	5,177,373
Money Market Securities	–	–	–	–	–	–	–	68,460	1,420,116	–	–	–	–	–	1,488,576
Quoted Private Debt Securities	–	–	–	–	–	–	–	23,179	–	–	–	–	–	–	23,179
Unquoted Private Debt Securities	110,430	49,300	90,026	392,530	706,369	–	279,888	1,363,086	–	171,865	166,107	5,025	–	330,992	3,665,618
Financial investments available for sale	82,817	290,804	60,831	331,881	642,138	–	118,777	2,866,703	76,901	137,347	21,902	–	–	175,858	4,805,959
Money Market Securities	–	–	–	–	–	–	–	1,586,722	34,024	–	–	–	–	–	1,620,746
Unquoted Private Debt Securities	82,817	290,804	60,831	331,881	642,138	–	118,777	1,279,981	42,877	137,347	21,902	–	–	175,858	3,185,213
Financial investments held-to-maturity	–	–	371	–	1,359,927	–	45,000	8,147	4,195,464	–	–	–	–	610,895	6,219,804
Money Market Securities	–	–	–	–	–	–	–	–	2,980,844	–	–	–	–	–	2,980,844
Unquoted Private Debt Securities	–	–	371	–	1,359,927	–	45,000	8,147	1,214,620	–	–	–	–	610,895	3,238,960
Loans, advances and financing	3,259,946	1,770,796	7,773,458	661,132	3,536,587	5,485,060	2,586,406	2,041,793	111,954	7,344,927	1,990,907	1,789,795	45,648,324	571,609	82,586,333
Hire purchase	20,400	1,621	31,804	4,525	85,904	132,043	21,721	44	–	–	16,640	242,971	25,476,811	2,209	26,036,693
Housing loans	20,783	5,307	84,979	3,558	119,245	186,379	11,973	2,242	–	154,970	82,633	204,065	15,051,448	29,947	15,957,529
Card receivables	–	–	–	–	–	–	–	–	–	–	–	–	2,220,263	–	2,220,263
Other loans and financing	354,427	50,282	506,341	8,592	407,724	485,588	203,157	55,013	111,954	50,172	300,105	502,099	2,476,754	15,351	5,527,559
Term loans and bridging loans	1,767,567	1,175,782	2,754,515	552,859	1,403,659	2,089,389	1,566,770	1,618,432	–	5,604,877	885,618	590,760	217,421	450,503	20,678,152
Revolving credits	833,636	524,760	1,447,615	83,498	783,702	359,249	471,729	366,062	–	1,127,058	236,572	189,735	37,395	22,121	6,483,132
Overdrafts	97,606	5,967	398,077	3,187	460,633	629,662	99,423	–	–	355,175	426,720	50,744	87,392	23,868	2,638,454
Trade	165,527	7,077	2,546,086	4,913	184,386	1,592,567	211,511	–	–	50,095	40,391	9,240	80,840	27,610	4,920,243
Factoring receivables	–	–	4,041	–	91,334	10,183	122	–	–	2,580	2,228	181	–	–	110,669
Collective allowance	–	–	–	–	–	–	–	–	–	–	–	–	–	–	(1,986,361)
Statutory deposits with Bank Negara Malaysia	–	–	–	–	–	–	–	14,049	2,893,386	–	–	–	–	–	2,907,435
	3,453,953	**2,112,834**	**7,935,388**	**1,385,543**	**6,245,663**	**5,496,665**	**3,044,458**	**10,578,165**	**18,588,026**	**7,654,250**	**2,184,032**	**1,794,821**	**45,648,324**	**1,701,235**	**115,836,996**
Contingent liabilities	31,323	239,002	1,258,161	119,019	2,828,777	669,236	370,943	503,182	–	464,440	202,701	48,299	10,988	159,546	6,905,617
Commitments	1,295,610	398,152	7,713,448	671,037	3,096,553	2,909,448	558,945	1,268,085	75,983	3,099,836	781,887	550,493	7,136,403	88,657	29,644,537
Total	**1,326,933**	**637,154**	**8,971,609**	**790,056**	**5,925,330**	**3,578,684**	**929,888**	**1,771,267**	**75,983**	**3,564,276**	**984,588**	**598,792**	**7,147,391**	**248,203**	**36,550,154**

Notes to the Financial Statements (Cont'd.)

51. RISK MANAGEMENT (Cont'd.)

51.2 Credit Risk Management (Cont'd.)

51.2.1a Industry Analysis (Cont'd.)

Group 31 March 2012	Agriculture RM'000	Mining and Quarrying RM'000	Manufacturing RM'000	Electricity, Gas and Water RM'000	Construction RM'000	Wholesale, Retail Trade, Restaurant and Hotel RM'000	Transport, Storage and Communication RM'000	Finance and Insurance RM'000	Government and Central Banks RM'000	Real Estate RM'000	Business Activities RM'000	Education and Health RM'000	Household RM'000	Others RM'000	Total RM'000
Cash and short-term funds	–	–	–	–	–	–	–	6,615,318	1,197,841	–	–	–	–	–	7,813,159
Securities purchased under resale agreements	–	–	–	–	–	–	–	517,306	–	–	–	–	–	–	517,306
Deposits and placements with banks and other financial institutions	–	–	–	–	–	–	–	1,267,233	624,933	–	–	–	–	–	1,892,166
Derivative financial assets	1,658	2,647	10,759	1,376	622	23,020	7,442	315,775	–	–	52	–	–	16,777	380,129
Financial assets held-for-trading	44,920	–	66,596	395,312	402,447	–	55,801	1,693,405	7,480,184	72,615	–	–	–	220,388	10,431,668
Money Market Securities	–	–	–	–	–	–	–	156,125	7,480,184	–	–	–	–	–	7,636,309
Unquoted Private Debt Securities	44,920	–	66,596	395,312	402,447	–	55,801	1,537,280	–	72,615	–	–	–	220,388	2,795,359
Financial investments available for sale	60,776	359,150	94,989	730,366	504,537	–	96,006	2,493,325	452,723	124,382	42,378	–	–	439,448	5,398,080
Money Market Securities	–	–	–	–	–	–	–	1,559,920	76,687	–	–	–	–	–	1,636,607
Quoted Private Debt Securities	–	–	–	–	–	–	–	–	–	27,050	–	–	–	–	27,050
Unquoted Private Debt Securities	60,776	359,150	94,989	730,366	504,537	–	96,006	933,405	376,036	97,332	42,378	–	–	439,448	3,734,423
Financial investments held-to-maturity	–	–	–	–	827,238	–	9,209	54,625	491,366	44,652	2,753	–	–	–	1,429,843
Unquoted Private Debt Securities	–	–	–	–	827,238	–	9,209	54,625	491,366	44,652	2,753	–	–	–	1,429,843
Loans, advances and financing	2,347,748	1,509,531	7,413,605	1,515,312	2,447,933	4,418,790	2,774,496	2,580,378	–	5,517,452	1,625,548	2,033,066	42,456,258	1,092,042	75,683,401
Hire purchase	31,088	3,311	50,614	7,033	135,496	187,039	29,758	87	–	1	22,767	632,602	23,502,030	2,467	24,604,293
Housing loans	20,689	2,972	93,953	3,428	91,585	176,996	10,254	1,899	–	142,921	80,708	192,724	14,342,027	2,850	15,163,006
Card receivables	–	–	–	–	–	–	–	–	–	–	–	–	1,769,887	–	1,769,887
Other loans and financing	331,884	48,516	492,136	11,909	409,986	442,894	170,612	163,052	–	30,679	214,893	558,941	2,445,766	15,236	5,336,504
Term loans and bridging loans	1,348,340	833,846	2,353,096	943,135	846,571	1,299,388	2,110,865	2,212,155	–	4,121,141	626,283	493,721	282,602	1,015,888	18,487,031
Revolving credits	399,070	603,946	1,561,884	542,214	321,209	198,184	243,832	203,185	–	889,408	184,104	117,289	–	25,894	5,290,219
Overdrafts	48,258	3,744	411,008	2,614	363,753	627,027	85,660	–	–	275,340	374,712	37,789	77,632	28,875	2,336,412
Trade	168,419	13,196	2,449,320	4,979	218,135	1,479,134	117,800	–	–	57,962	122,081	–	36,314	832	4,668,172
Factoring receivables	–	–	1,594	–	61,198	8,128	5,715	–	–	–	–	–	–	–	76,635
Collective allowance	–	–	–	–	–	–	–	–	–	–	–	–	–	–	(2,048,758)
Statutory deposits with Bank Negara Malaysia	–	–	–	–	–	–	–	12,123	2,570,288	–	–	–	–	–	2,582,411
	2,455,102	**1,871,328**	**7,585,949**	**2,642,366**	**4,182,777**	**4,441,810**	**2,942,954**	**15,549,488**	**12,817,336**	**5,759,101**	**1,670,731**	**2,033,066**	**42,456,258**	**1,768,655**	**106,128,163**
Contingent liabilities	36,865	145,600	1,121,597	171,496	2,880,545	663,087	448,933	605,222	–	345,967	277,953	34,465	5,590	4,279	6,741,600
Commitments	773,607	296,049	5,593,769	257,650	3,278,268	2,733,045	771,013	1,162,784	125,825	2,422,720	1,683,256	296,368	3,944,617	2,842,420	26,181,392
Total	**810,472**	**441,649**	**6,715,366**	**429,146**	**6,158,813**	**3,396,132**	**1,219,946**	**1,768,006**	**125,825**	**2,768,687**	**1,961,209**	**330,833**	**3,950,207**	**2,846,700**	**32,922,992**

Notes to the Financial Statements (Cont'd.)

51. RISK MANAGEMENT (Cont'd.)

51.2 Credit Risk Management (Cont'd.)

51.2.1a Industry Analysis (Cont'd.)

Group 1 April 2011	Agriculture RM'000	Mining and Quarrying RM'000	Manufacturing RM'000	Electricity, Gas and Water RM'000	Construction RM'000	Wholesale, Retail Trade, Restaurant and Hotel RM'000	Transport, Storage and Communication RM'000	Finance and Insurance RM'000	Government and Central Banks RM'000	Real Estate RM'000	Business Activities RM'000	Education and Health RM'000	Household RM'000	Others RM'000	Total RM'000
Cash and short-term funds	–	–	–	–	–	–	–	3,146,203	10,310,015	–	–	–	–	–	13,456,218
Securities purchased under resale agreements	–	–	–	–	–	–	–	289,731	257,542	–	–	–	–	–	547,273
Deposits and placements with banks and other financial institutions	–	–	–	–	–	–	–	1,612,762	2,022,406	–	–	–	–	–	3,635,168
Derivative financial assets	24	667	2,818	231	31	3,120	6,507	341,619	–	–	308	–	–	43,472	398,797
Financial assets held-for-trading	95,437	5,183	29,994	126,942	222,520	30,096	31,665	525,900	3,455,561	58,770	5,347	10,132	–	226,029	4,823,576
Money Market Securities	–	–	–	–	–	–	–	–	3,455,561	–	–	–	–	–	3,455,561
Unquoted Private Debt Securities	95,437	5,183	29,994	126,942	222,520	30,096	31,665	525,900	–	58,770	5,347	10,132	–	226,029	1,368,015
Financial investments available-for-sale	82,810	443,190	137,064	796,567	436,696	5,150	359,903	4,262,606	600,666	256,792	37,255	–	–	438,182	7,856,879
Money Market Securities	–	–	–	–	–	–	–	2,893,620	590,663	–	–	–	–	–	3,484,283
Quoted Private Debt Securities	–	–	–	–	154	–	–	–	–	55,726	–	–	–	–	55,880
Unquoted Private Debt Securities	82,810	443,190	137,064	796,567	436,542	5,150	359,903	1,368,986	10,003	201,066	37,255	–	–	438,182	4,316,716
Financial investments held-to-maturity	–	–	–	39,981	9,411	–	63,861	576,083	–	92,952	859	–	–	–	783,147
Unquoted Private Debt Securities	–	–	–	39,981	9,411	–	63,861	576,083	–	92,952	859	–	–	–	783,147
Loans, advances and financing	2,315,778	1,681,149	6,230,517	2,291,767	2,282,462	3,476,413	2,510,934	2,515,726	115,983	4,429,700	1,964,017	1,058,549	41,913,967	543,027	71,113,940
Hire purchase	42,147	6,099	85,976	8,906	178,023	235,876	367,454	112	–	–	209,873	119,728	23,052,185	1,250	24,307,629
Housing loans	19,746	1,953	127,987	3,483	89,018	138,794	8,619	860	–	109,943	60,174	156,706	13,672,163	712	14,390,158
Card receivables	–	–	–	–	–	–	–	–	–	–	–	–	1,795,692	–	1,795,692
Other loans and financing	241,118	41,744	594,059	14,827	401,725	497,952	210,692	70,946	115,983	40,202	286,104	242,897	2,831,182	15,324	5,604,755
Term loans and bridging loans	1,144,711	851,926	1,734,394	991,113	344,176	832,464	1,553,624	2,224,262	–	3,151,559	779,965	438,203	471,477	40,642	14,558,516
Revolving credits	667,730	632,138	1,202,687	1,266,410	813,627	185,134	193,900	219,546	–	810,024	260,933	70,665	25,942	62,118	6,410,854
Overdrafts	47,511	2,569	437,714	1,321	250,995	528,239	59,791	–	–	310,801	289,301	18,193	65,326	7,095	2,018,856
Trade	152,815	144,720	2,039,686	5,707	172,096	1,051,589	116,854	–	–	3,733	77,415	12,032	–	415,886	4,192,533
Factoring receivables	–	–	8,014	–	32,802	6,365	–	–	–	3,438	252	125	–	–	50,996
Collective allowance	–	–	–	–	–	–	–	–	–	–	–	–	–	–	(2,216,049)
Statutory deposits with Bank Negara Malaysia	–	–	–	–	–	–	–	–	145,842	–	–	–	–	–	145,842
	2,494,049	**2,130,189**	**6,400,392**	**3,255,488**	**2,951,120**	**3,514,779**	**2,972,870**	**13,270,630**	**16,908,015**	**4,838,214**	**2,007,786**	**1,068,681**	**41,913,967**	**1,250,710**	**102,760,840**
Contingent liabilities	7,272	55,799	721,995	209,790	1,899,022	281,294	418,838	429,404	–	365,726	1,355,472	24,505	3,000	491,746	6,263,863
Commitments	775,540	339,912	2,870,573	519,557	3,809,560	1,976,029	648,079	1,105,146	–	758,983	3,769,272	135,601	4,066,273	3,256,185	24,030,710
Total	**782,812**	**395,711**	**3,592,568**	**729,347**	**5,708,582**	**2,257,323**	**1,066,917**	**1,534,550**	**–**	**1,124,709**	**5,124,744**	**160,106**	**4,069,273**	**3,747,931**	**30,294,573**

Notes to the Financial Statements (Cont'd.)

51. RISK MANAGEMENT (Cont'd.)

51.2 Credit Risk Management (Cont'd.)

51.2.1a Industry Analysis

Company 31 March 2013	Agriculture RM'000	Mining and Quarrying RM'000	Manufacturing RM'000	Electricity, Gas and Water RM'000	Construction RM'000	Wholesale, Retail Trade, Restaurant and Hotel RM'000	Transport, Storage and Communication RM'000	Finance and Insurance RM'000	Government and Central Banks RM'000	Real Estate RM'000	Business Activities RM'000	Education and Health RM'000	Household RM'000	Others RM'000	Total RM'000
Cash and short-term funds	–	–	–	–	–	–	–	42,350	–	–	–	–	–	–	42,350
Deposits and placements with banks and other financial institutions	–	–	–	–	–	–	–	55,675	–	–	–	–	–	–	55,675
	–	–	–	–	–	–	–	**98,025**	–	–	–	–	–	–	**98,025**

Company 31 March 2012	Agriculture RM'000	Mining and Quarrying RM'000	Manufacturing RM'000	Electricity, Gas and Water RM'000	Construction RM'000	Wholesale, Retail Trade, Restaurant and Hotel RM'000	Transport, Storage and Communication RM'000	Finance and Insurance RM'000	Government and Central Banks RM'000	Real Estate RM'000	Business Activities RM'000	Education and Health RM'000	Household RM'000	Others RM'000	Total RM'000
Cash and short-term funds	–	–	–	–	–	–	–	50,462	–	–	–	–	–	–	50,462
Deposits and placements with banks and other financial institutions	–	–	–	–	–	–	–	12,956	–	–	–	–	–	–	12,956
	–	–	–	–	–	–	–	**63,418**	–	–	–	–	–	–	**63,418**

Company 1 April 2011	Agriculture RM'000	Mining and Quarrying RM'000	Manufacturing RM'000	Electricity, Gas and Water RM'000	Construction RM'000	Wholesale, Retail Trade, Restaurant and Hotel RM'000	Transport, Storage and Communication RM'000	Finance and Insurance RM'000	Government and Central Banks RM'000	Real Estate RM'000	Business Activities RM'000	Education and Health RM'000	Household RM'000	Others RM'000	Total RM'000
Cash and short-term funds	–	–	–	–	–	–	–	98,249	–	–	–	–	–	–	98,249
Deposits and placements with banks and other financial institutions	–	–	–	–	–	–	–	7,028	–	–	–	–	–	–	7,028
	–	–	–	–	–	–	–	**105,277**	–	–	–	–	–	–	**105,277**

Notes to the Financial Statements (Cont'd.)

51. RISK MANAGEMENT (Cont'd.)

51.2 Credit Risk Management (Cont'd.)

51.2.1b Geographical Analysis

Group 31 March 2013	In Malaysia RM'000	Outside Malaysia RM'000	Total RM'000
Cash and short-term funds	10,874,609	358,964	11,233,573
Securities purchased under resale agreements	200,605	–	200,605
Deposits and placements with banks and other financial institutions	2,228,207	94,450	2,322,657
Derivative financial assets	297,264	85,993	383,257
Financial assets held-for-trading	4,691,112	486,261	5,177,373
Money Market Securities	1,488,576	–	1,488,576
Quoted Private Debt Securities	23,179	–	23,179
Unquoted Private Debt Securities	3,179,357	486,261	3,665,618
Financial investments available-for-sale	4,531,193	274,766	4,805,959
Money Market Securities	1,620,746	–	1,620,746
Unquoted Private Debt Securities	2,910,447	274,766	3,185,213
Financial investments held-to-maturity	6,219,804	–	6,219,804
Money Market Securities	2,980,844	–	2,980,844
Unquoted Private Debt Securities	3,238,960	–	3,238,960
Loans, advances and financing	83,668,291	904,403	82,586,333
Hire purchase	26,036,693	–	26,036,693
Housing loans	15,957,529	–	15,957,529
Card receivables	2,220,263	–	2,220,263
Other loans and financing	5,518,164	9,395	5,527,559
Term loans and bridging loans	19,943,767	734,385	20,678,152
Revolving credits	6,322,509	160,623	6,483,132
Overdrafts	2,638,454	–	2,638,454
Trade	4,920,243	–	4,920,243
Factoring receivables	110,669	–	110,669
Collective allowance	–	–	(1,986,361)
Statutory deposits with Bank Negara Malaysia	2,907,435	–	2,907,435
	115,618,520	**2,204,837**	**115,836,996**
Contingent liabilities	6,734,670	170,947	6,905,617
Commitments	29,452,195	192,342	29,644,537
Total	**36,186,865**	**363,289**	**36,550,154**

Notes to the Financial Statements (Cont'd.)

51. RISK MANAGEMENT (Cont'd.)

51.2 Credit Risk Management (Cont'd.)

51.2.1b Geographical Analysis (Cont'd.)

Group 31 March 2012	In Malaysia RM'000	Outside Malaysia RM'000	Total RM'000
Cash and short-term funds	7,056,455	756,704	7,813,159
Securities purchased under resale agreements	517,306	–	517,306
Deposits and placements with banks and other financial institutions	1,493,416	398,750	1,892,166
Derivative financial assets	312,663	67,466	380,129
Financial assets held-for-trading	9,820,836	610,832	10,431,668
Money Market Securities	7,636,309	–	7,636,309
Unquoted Private Debt Securities	2,184,527	610,832	2,795,359
Financial investments available-for-sale	5,188,478	209,602	5,398,080
Money Market Securities	1,636,607	–	1,636,607
Quoted Private Debt Securities	27,050	–	27,050
Unquoted Private Debt Securities	3,524,821	209,602	3,734,423
Financial investments held-to-maturity	1,427,090	2,753	1,429,843
Unquoted Private Debt Securities	1,427,090	2,753	1,429,843
Loans, advances and financing	76,993,055	739,104	75,683,401
Hire purchase	24,604,293	–	24,604,293
Housing loans	15,163,006	–	15,163,006
Card receivables	1,769,887	–	1,769,887
Other loans and financing	5,331,072	5,432	5,336,504
Term loans and bridging loans	17,864,152	622,879	18,487,031
Revolving credits	5,179,426	110,793	5,290,219
Overdrafts	2,336,412	–	2,336,412
Trade	4,668,172	–	4,668,172
Factoring receivables	76,635	–	76,635
Collective allowance	–	–	(2,048,758)
Statutory deposits with Bank Negara Malaysia	2,582,411	–	2,582,411
	105,391,710	**2,785,211**	**106,128,163**
Contingent liabilities	6,682,547	59,053	6,741,600
Commitments	26,004,650	176,742	26,181,392
Total	**32,687,197**	**235,795**	**32,922,992**

Notes to the Financial Statements (Cont'd.)

51. RISK MANAGEMENT (Cont'd.)

51.2 Credit Risk Management (Cont'd.)

51.2.1b Geographical Analysis (Cont'd.)

Group 1 April 2011	In Malaysia RM'000	Outside Malaysia RM'000	Total RM'000
Cash and short-term funds	12,403,785	1,052,433	13,456,218
Securities purchased under resale agreements	547,273	–	547,273
Deposits and placements with banks and other financial institutions	3,271,292	363,876	3,635,168
Derivative financial assets	297,431	101,366	398,797
Financial assets held-for-trading	4,823,576	–	4,823,576
Money Market Securities	3,455,561	–	3,455,561
Unquoted Private Debt Securities	1,368,015	–	1,368,015
Financial investments available-for-sale	7,813,014	43,865	7,856,879
Money Market Securities	3,484,283	–	3,484,283
Quoted Private Debt Securities	55,880	–	55,880
Unquoted Private Debt Securities	4,272,851	43,865	4,316,716
Financial investments held-to-maturity	777,405	5,742	783,147
Unquoted Private Debt Securities	777,405	5,742	783,147
Loans, advances and financing	72,674,939	655,050	71,113,940
Hire purchase	24,307,629	–	24,307,629
Housing loans	14,390,158	–	14,390,158
Card receivables	1,795,692	–	1,795,692
Other loans and financing	5,602,073	2,682	5,604,755
Term loans and bridging loans	13,995,112	563,404	14,558,516
Revolving credits	6,321,890	88,964	6,410,854
Overdrafts	2,018,856	–	2,018,856
Trade	4,192,533	–	4,192,533
Factoring receivables	50,996	–	50,996
Collective allowance	–	–	(2,216,049)
Statutory deposits with Bank Negara Malaysia	145,842	–	145,842
	102,754,557	**2,222,332**	**102,760,840**
Contingent liabilities	6,236,113	27,750	6,263,863
Commitments	23,842,769	187,941	24,030,710
Total	**30,078,882**	**215,691**	**30,294,573**

Notes to the Financial Statements (Cont'd.)

51. RISK MANAGEMENT (Cont'd.)

51.2 Credit Risk Management (Cont'd.)

51.2.1b Geographical Analysis (Cont'd.)

Company 31 March 2013	In Malaysia RM'000	Outside Malaysia RM'000	Total RM'000
Cash and short-term funds	42,350	–	42,350
Deposits and placements with banks and other financial institutions	55,675	–	55,675
	98,025	–	98,025

Company 31 March 2012	In Malaysia RM'000	Outside Malaysia RM'000	Total RM'000
Cash and short-term funds	50,462	–	50,462
Deposits and placements with banks and other financial institutions	12,956	–	12,956
	63,418	–	63,418

Company 1 April 2011	In Malaysia RM'000	Outside Malaysia RM'000	Total RM'000
Cash and short-term funds	98,249	–	98,249
Deposits and placements with banks and other financial institutions	7,028	–	7,028
	105,277	–	105,277

MAIN TYPES OF COLLATERAL

Main Types of Collateral Taken by the Group

Collateral is generally taken as security for credit exposures as a secondary source of repayment in case the counterparty cannot meet its contractual repayment obligations from cash flow generation. Types of collateral typically taken by the Group include:

- Cash and term deposits
- Exchange traded shares, bonds, sukuks, convertible bonds and marketable securities
- Non-exchange traded debt securities/sukuks
- Unit trusts (including Amanah Saham Nasional, Amanah Saham Bumiputera and mutual funds)
- Non-exchange traded shares
- Residential and non-residential property
- Plantation land, mining land, quarry land and vacant land
- Passenger vehicle, commercial vehicle, construction vehicle and vessel
- Plant and machineries

In the case of the Group's Islamic Banking operations, only Shariah approved assets can be accepted as permissible collateral.

Where the customer risk profile is considered very sound (or by nature of the product, for instance small limit products such as credit cards), a transaction may be provided on an "unsecured" basis, i.e., not be supported by collateral.

In addition to rating customer's probability of default via an internal risk rating system, the Group uses Security Indicators ("SIs") in its non-retail portfolio to assess the strength of collateral supporting its exposures.

Processes for Collateral Management

To support the development of processes around collateral valuation and management, the concept of legal enforceability and certainty are central to collateral management. In order to achieve legal enforceability and certainty, the Group has standard collateral instruments, and where applicable, security interests are registered.

Guarantee Support

Guarantee support for lending proposals are an integral component in transaction structuring for the Group. The guarantee of a financially strong party can help improve the risk grade of a transaction through its explicit support of the borrower, where borrower's risk grade will be enhanced with guarantor's risk grade.

Guarantees that are recognised for risk grading purposes may be provided by parties that include associated entities, banks or sovereigns. Credit policy provides threshold parameters to determine acceptable counterparties in achieving risk grade enhancement of the transaction. Guarantee by a counterparty with lower rating than the Borrower is not recognised as part of the risk grade enhancement.

Notes to the Financial Statements (Cont'd.)

51. RISK MANAGEMENT (Cont'd.)

51.2 Credit Risk Management (Contd.)

MAIN TYPES OF COLLATERAL (Contd.)

Use of Credit Derivatives and Netting for Risk Mitigation

Currently, the Group does not use credit derivatives and netting for risk mitigation.

Transaction Structuring to Mitigate Credit Risk

Besides tangible security and guarantee support described above, credit risk mitigation techniques are used in structuring transactions. These include duration limits managing the number of years the loan/financing is extended, amortisation schedules and loan/financing covenants. These assist in managing credit risk and in providing early warning signals, whereby should loan/financing covenants be breached, the Group and the customer can work together to address the underlying causes and as appropriate, restructure facilities.

The main types of collateral undertaken by the Group are properties, motor vehicles and exchange traded shares.

CREDIT QUALITY

Credit Quality

The credit quality of financial assets are analysed based on broad categories. Internal credit rating grades assigned to corporate and retail lending business are mapped to the following categories based on the descriptions appended below.

Description of the Categories

Credit Quality Classification	Definition
Very Strong	Counterparty's profile reflect very strong capacity to meet its financial commitments and exhibits a high degree of resilience to adverse domestic and external development. These companies/business entities have very strong business fundamentals such as: i. In good industries with stable revenues with long term growth potential; and, ii. Exhibits very strong financial position such as very low leverage ratio and superior cash flows position; and, iii. Very low risk business franchise with dominant market position; and, iv. Very strong management capability.
Strong	Counterparty has strong capacity to meet its financial commitments and is generally in a position to withstand adverse domestic and external developments. These companies/business entities have strong business fundamentals such as good business track records, strong financials, sustained market position, and strong management capability.
Satisfactory	Counterparty has adequate capacity to meet its financial commitments as the business entity is generally in a position to resolve any apparent shortcoming within an acceptable timeframe. While adverse domestic or external developments are likely to weaken its capacity to meet its financial commitments, these companies/business entities exhibits satisfactory business fundamentals such as acceptable business track records, satisfactory overall financials, reasonable market position, and satisfactory management capability.
Substandard	Counterparty exhibits some weaknesses in its business fundamentals, financials and management capacity. While currently able to meets its financial commitments, the counterparty's financial capacity over the medium and longer terms may be vulnerable to adverse domestic or external developments.
Impaired	Counterparty has been classified as "impaired" as per the Policy on Definition of Default/Impaired for Credit Facility.

The table below provides the External Credit Assessment Institutions (ECAIs) rating that broadly corresponds to the broad internal credit quality categories.

Credit Quality Classification	Moody's	S&P	Fitch IBCA	RAM	MARC
Very Strong	AAA to Baa3	AAA to BBB-	AAA to BBB-	AAA to AA3	AAA to AA
Strong	Ba1 to Ba3	BB+ to BB-	BB+ to BB-	A1 to BBB3	AA- to A+
Satisfactory	B1 to B3	B+ to B-	B+ to B-	BB1 to B1	A to BBB-
Substandard	Caa1 to C	CCC+ to C	CCC to C	B2 to C3	BB+ to C
Impaired	D	D	D	D	D

The above ECAIs used by the Group are:
- Standard & Poor's Rating services ("S&P")
- Moody's Investors Service ("Moody's")
- Fitch Rating ("Fitch")
- Malaysian Rating Corporation Berhad ("MARC")
- Rating Agency Malaysia ("RAM")

Notes to the Financial Statements (Cont'd.)

51. RISK MANAGEMENT (Cont'd.)

51.2 Credit Risk Management (Cont'd.)

IMPAIRMENT

Definition of Past Due and Impaired Loans

All loans, financing and advances are categorised as either:

- Neither past due nor impaired;
- Past due but not impaired; or
- Impaired

An asset is considered past due when any payment (whether principal and/or interest/rate of return) due under the contractual terms are received late or missed.

A loan/financing is classified as impaired under the following circumstances:

(a) where the principal or interest/profit or both is past due or the amount outstanding is in excess of approved limit (for revolving facilities), each for more than 90 days or 3 months; or

(b) the loan/financing exhibits weaknesses that render a classification appropriate to the Group's Credit Risk Rating Framework, which requires it to fall under the "unlikeliness to repay" category under the Group's Watchlist Policy.

(c) for loans/financing with repayment schedules on quarterly basis or longer intervals to be classified as impaired as soon as default occurs, unless it does not exhibit any weakness that would render it classified according to the Group's Credit Risk Rating Framework. Notwithstanding that, these loans/financing shall be classified as impaired when the principal or interest/profit or both is past due for more than 90 days or 3 months.

(d) for distressed rescheduled and restructured ("R/R") facilities, these loans/financing are categorised as"unlikeliness to repay" and classified as impaired. Non-performing R/R facilities remain impaired until re-aged.

Notes to the Financial Statements (Cont'd.)

51. RISK MANAGEMENT (Cont'd.)

51.2 Credit Risk Management (Cont'd.)

51.2.1c Credit Quality By Class of Financial Assets

Group	Neither past due nor impaired												
	Very Strong Credit Profile	Strong Credit Profile	Satisfactory Risk	Sub-standard	Unrated	Past due but not impaired	Impaired	Sub-total	Insurance Business*	Total	Gross amount individually impaired	Individual Provision	Fair value of collateral for financial assets
31 March 2013	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Securities purchased under resale agreements	–	–	–	–	–	–	–	–	200,605	200,605	–	–	–
Derivative financial assets	279,688	83,769	12,874	661	6,265	–	–	383,257	–	383,257	–	–	–
Financial assets held-for-trading	4,754,527	331,259	–	–	–	–	–	5,085,786	91,587	5,177,373	–	–	–
Money Market Securities	1,420,116	–	–	–	–	–	–	1,420,116	68,460	1,488,576	–	–	–
Quoted Private Debt Securities	23,179	–	–	–	–	–	–	23,179	–	23,179	–	–	–
Unquoted Private Debt Securities	3,311,232	331,259	–	–	–	–	–	3,642,491	23,127	3,665,618	–	–	–
Financial investments available-for-sale	3,010,729	641,001	167,866	–	–	–	435	3,820,031	985,928	4,805,959	3,146	(2,711)	–
Money Market Securities	1,211,806	379,990	–	–	–	–	–	1,591,796	28,950	1,620,746	–	–	–
Unquoted Private Debt Securities	1,798,923	261,011	167,866	–	–	–	435	2,228,235	956,978	3,185,213	3,146	(2,711)	–
Financial investments held-to-maturity	6,211,287	–	–	–	1,080	–	201,446	6,413,813	–	6,413,813	201,540	(194,008)	–
Money Market Securities	2,980,844	–	–	–	–	–	–	2,980,844	–	2,980,844	–	–	–
Unquoted Private Debt Securities	3,230,443	–	–	–	1,080	–	201,446	3,432,969	–	3,432,969	201,540	(194,008)	–
Gross loans, advances and financing	12,461,270	35,296,749	18,816,890	2,273,096	–	14,088,955	1,679,493	84,616,453	142,796	84,759,249	429,998	(186,555)	98,892,558
Hire purchase	1,827,590	8,162,344	5,052,197	274,585	–	10,257,136	461,805	26,035,657	1,035	26,036,692	–	–	33,884,840
Housing loans	2,092,708	8,680,116	1,856,242	194,559	–	2,513,565	590,964	15,928,154	29,374	15,957,528	–	–	30,138,374
Card receivables	–	1,149,438	608,888	50,909	–	354,462	56,567	2,220,264	–	2,220,264	–	–	16,284
Other loans and financing	345,145	3,079,820	1,028,578	183,859	–	644,159	142,826	5,424,387	112,387	5,536,774	22,678	(9,215)	5,149,928
Term loans and bridging loans	4,891,550	8,197,165	6,159,494	1,025,336	–	237,882	233,505	20,744,932	–	20,744,932	225,776	(66,779)	18,107,802
Revolving credits	1,866,980	2,835,393	1,539,797	179,039	–	14,236	88,806	6,524,251	–	6,524,251	86,606	(41,119)	4,110,450
Overdrafts	267,509	799,865	1,330,436	165,606	–	57,685	24,051	2,645,152	–	2,645,152	15,158	(6,698)	3,432,640
Trade	1,169,787	2,345,387	1,178,243	199,203	–	9,398	80,969	4,982,987	–	4,982,987	79,780	(62,744)	4,047,144
Factoring receivables	1	47,221	63,015	–	–	432	–	110,669	–	110,669	–	–	5,096
Statutory deposits with Bank Negara Malaysia	2,907,435	–	–	–	–	–	–	2,907,435	–	2,907,435	–	–	–
	29,624,936	**36,352,778**	**18,997,630**	**2,273,757**	**7,345**	**14,088,955**	**1,881,374**	**103,226,775**	**1,420,916**	**104,647,691**	**634,684**	**(383,274)**	**98,892,558**

* Refer to Note 54(IV)(a) for further details on insurance business. The amount presented for insurance business is after intercompany elimination.

Notes to the Financial Statements (Cont'd.)

51. RISK MANAGEMENT (Cont'd.)

51.2 Credit Risk Management (Cont'd.)

51.2.1c Credit Quality By Class of Financial Assets (Cont'd.)

Group	Neither past due nor impaired												
	Very Strong Credit Profile	Strong Credit Profile	Satisfactory Risk	Sub-standard	Unrated	Past due but not impaired	Impaired	Sub-total	Insurance Business*	Total	Gross amount individually impaired	Individual Provision	Fair value of collateral for financial assets
31 March 2012	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Securities purchased under resale agreements	384,570	–	–	–	–	–	–	384,570	132,736	517,306	–	–	–
Derivative financial assets	369,372	5,999	4,382	87	289	–	–	380,129	–	380,129	–	–	–
Financial assets held-for-trading	9,968,207	149,460	–	–	–	6	–	10,117,673	313,995	10,431,668	–	–	–
Money Market Securities	7,480,184	–	–	–	–	–	–	7,480,184	156,125	7,636,309	–	–	–
Unquoted Private Debt Securities	2,488,023	149,460	–	–	–	6	–	2,637,489	157,870	2,795,359	–	–	–
Financial investments available-for-sale	2,714,769	779,663	183,298	–	27,836	–	31,854	3,737,420	1,660,659	5,398,079	65,842	(33,988)	–
Money Market Securities	1,286,697	339,431	–	–	–	–	–	1,626,128	10,479	1,636,607	–	–	–
Quoted Private Debt Securities	–	–	–	–	25,249	–	1,801	27,050	–	27,050	2,245	(444)	–
Unquoted Private Debt Securities	1,428,073	440,232	183,298	–	2,587	–	30,053	2,084,243	1,650,180	3,734,423	63,597	(33,544)	–
Financial investments held-to-maturity	822,223	–	–	–	51,165	11,848	255,297	1,140,533	491,366	1,631,899	255,297	(202,055)	–
Unquoted Private Debt Securities	822,223	–	–	–	51,165	11,848	255,297	1,140,533	491,366	1,631,899	255,297	(202,055)	–
Gross loans, advances and financing	4,815,843	33,402,619	21,181,668	2,037,443	–	14,402,498	1,906,175	77,746,246	120,705	77,866,951	636,168	(134,359)	97,312,839
Hire purchase	1,336,959	8,645,456	3,854,139	254,729	–	10,084,651	427,447	24,603,381	913	24,604,294	–	–	30,851,032
Housing loans	1,678,298	8,236,120	1,743,493	225,347	–	2,669,402	608,135	15,160,795	2,212	15,163,007	–	–	29,231,372
Card receivables	–	1,356,343	89,725	15,732	–	262,924	45,163	1,769,887	–	1,769,887	–	–	26,128
Other loans and financing	39,990	2,255,784	1,695,293	122,741	–	1,040,834	144,343	5,298,985	117,580	5,416,565	26,526	(15,475)	7,303,904
Term loans and bridging loans	1,339,780	7,524,086	7,834,982	1,059,258	–	287,662	532,768	18,578,536	–	18,578,536	480,101	(91,505)	19,819,813
Revolving credits	418,952	3,079,866	1,647,052	54,112	–	–	93,407	5,293,389	–	5,293,389	89,989	(3,169)	3,272,186
Overdrafts	1	479,650	1,706,273	97,922	–	39,063	14,493	2,337,402	–	2,337,402	7,673	(991)	3,069,038
Trade	1,863	1,811,638	2,553,562	204,628	–	15,126	40,419	4,627,236	–	4,627,236	31,879	(23,219)	3,733,043
Factoring receivables	–	13,676	57,149	2,974	–	2,836	–	76,635	–	76,635	–	–	6,323
Statutory deposits with Bank Negara Malaysia	2,582,411	–	–	–	–	–	–	2,582,411	–	2,582,411	–	–	–
	21,657,395	**34,337,741**	**21,369,348**	**2,037,530**	**79,290**	**14,414,352**	**2,193,326**	**96,088,982**	**2,719,461**	**98,808,443**	**957,307**	**(370,402)**	**97,312,839**

* Refer to Note 54(IV)(a) for further details on insurance business. The amount presented for insurance business is after intercompany elimination.

Notes to the Financial Statements (Cont'd.)

51. RISK MANAGEMENT (Cont'd.)

51.2 Credit Risk Management (Cont'd.)

51.2.1c Credit Quality By Class of Financial Assets (Cont'd.)

Group	Neither past due nor impaired												
	Very Strong Credit Profile	Strong Credit Profile	Satisfactory Risk	Sub-standard	Unrated	Past due but not impaired	Impaired	Sub-total	Insurance Business*	Total	Gross amount individually impaired	Individual Provision	Fair value of collateral for financial assets
1 April 2011	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Securities purchased under resale agreements	289,731	–	–	–	–	–	–	289,731	257,542	547,273	–	–	–
Derivative financial assets	95,451	299,143	1,880	23	2,300	–	–	398,797	–	398,797	–	–	–
Financial assets held-for-trading	4,758,091	1	29,994	–	–	–	–	4,788,086	35,490	4,823,576	–	–	–
Money Market Securities	3,455,561	–	–	–	–	–	–	3,455,561	–	3,455,561	–	–	–
Unquoted Private Debt Securities	1,302,530	1	29,994	–	–	–	–	1,332,525	35,490	1,368,015	–	–	–
Financial investments available-for-sale	4,614,082	1,099,134	234,368	–	85,039	–	56,796	6,089,419	1,767,459	7,856,878	167,176	(110,380)	–
Money Market Securities	2,989,654	399,151	–	–	–	–	–	3,388,805	95,478	3,484,283	–	–	–
Quoted Private Debt Securities	–	–	–	–	47,430	–	8,450	55,880	–	55,880	9,583	(1,133)	–
Unquoted Private Debt Securities	1,624,428	699,983	234,368	–	37,609	–	48,346	2,644,735	1,671,981	4,316,716	157,593	(109,247)	–
Financial investments held-to-maturity	–	–	–	–	94,367	–	278,839	373,206	617,716	990,922	274,935	(207,775)	–
Unquoted Private Debt Securities	–	–	–	–	94,367	–	278,839	373,206	617,716	990,922	274,935	(207,775)	–
Gross loans, advances and financing	7,956,892	28,156,985	17,944,605	2,638,452	493	14,435,465	2,449,585	73,582,477	119,341	73,701,818	819,669	(371,429)	101,854,130
Hire purchase	960,416	9,849,071	2,757,600	230,880	113	10,096,490	412,306	24,306,876	753	24,307,629	–	–	36,603,232
Housing loans	5,537,918	3,748,447	997,914	566,721	380	2,832,419	704,153	14,387,952	2,205	14,390,157	–	–	27,453,987
Card receivables	–	1,447,382	20,061	3,135	–	263,290	61,824	1,795,692	–	1,795,692	–	–	19,904
Other loans and financing	42,790	2,479,962	1,577,033	147,368	–	1,019,519	237,744	5,504,416	116,383	5,620,799	19,368	(15,644)	6,980,963
Term loans and bridging loans	644,336	5,355,761	6,740,102	1,138,876	–	170,248	814,801	14,864,124	–	14,864,124	673,104	(305,607)	18,241,617
Revolving credits	771,432	3,173,195	2,143,107	182,653	–	26,437	129,714	6,426,538	–	6,426,538	85,737	(15,683)	4,519,603
Overdrafts	–	392,802	1,368,658	225,435	–	14,652	32,910	2,034,457	–	2,034,457	19,536	(15,602)	2,790,921
Trade	–	1,706,864	2,294,517	143,271	–	10,641	56,133	4,211,426	–	4,211,426	21,924	(18,893)	5,239,451
Factoring receivables	–	3,501	45,613	113	–	1,769	–	50,996	–	50,996	–	–	4,452
Statutory deposits with Bank Negara Malaysia	145,842	–	–	–	–	–	–	145,842	–	145,842	–	–	–
	17,860,089	**29,555,263**	**18,210,847**	**2,638,475**	**182,199**	**14,435,465**	**2,785,220**	**85,667,558**	**2,797,548**	**88,465,106**	**1,261,780**	**(689,584)**	**101,854,130**

* Refer to Note 54(IV)(a) for further details on insurance business. The amount presented for insurance business is after intercompany elimination.

Notes to the Financial Statements (Cont'd.)

51. RISK MANAGEMENT (Cont'd.)

51.2 Credit Risk Management (Contd.)

51.2.1d Aging Analysis of Past Due But Not Impaired By Class of Financial Assets

Group 31 March 2013	Up to 1 month RM'000	>1 to 3 months RM'000	Total RM'000
Financial assets held-for-trading	–	–	–
Unquoted Private Debt Securities	–	–	–
Financial investments held-to-maturity	–	–	–
Unquoted Private Debt Securities	–	–	–
Gross loans, advances and financing	7,984,342	6,104,613	14,088,955
Hire purchase	5,668,217	4,588,919	10,257,136
Housing loans	1,476,984	1,036,581	2,513,565
Card receivables	182,049	172,413	354,462
Other loans and financing	422,505	221,654	644,159
Term loans and bridging loans	209,466	28,416	237,882
Revolving credits	4,200	10,036	14,236
Overdrafts	15,708	41,977	57,685
Trade	4,781	4,617	9,398
Factoring receivables	432	–	432
Total gross loans and advances	**7,984,342**	**6,104,613**	**14,088,955**

Group 31 March 2012	Up to 1 month RM'000	>1 to 3 months RM'000	Total RM'000
Financial assets held-for-trading	–	6	6
Unquoted Private Debt Securities	–	6	6
Financial investments held-to-maturity	–	11,848	11,848
Unquoted Private Debt Securities	–	11,848	11,848
Gross loans, advances and financing	8,305,845	6,096,653	14,402,498
Hire purchase	5,669,808	4,414,842	10,084,650
Housing loans	1,506,508	1,162,894	2,669,402
Card receivables	168,205	94,719	262,924
Other loans and financing	663,721	377,112	1,040,833
Term loans and bridging loans	260,137	27,525	287,662
Overdrafts	33,494	5,569	39,063
Trade	3,895	11,233	15,128
Factoring receivables	77	2,759	2,836
Total gross loans and advances	**8,305,845**	**6,108,507**	**14,414,352**

Group 1 April 2011	Up to 1 month RM'000	>1 to 3 months RM'000	Total RM'000
Financial assets held-for-trading	–	–	–
Unquoted Private Debt Securities	–	–	–
Financial investments held-to-maturity	–	–	–
Unquoted Private Debt Securities	–	–	–
Gross loans, advances and financing	8,205,534	6,229,931	14,435,465
Hire purchase	5,692,905	4,403,585	10,096,490
Housing loans	1,528,066	1,304,353	2,832,419
Card receivables	167,453	95,837	263,290
Other loans and financing	668,108	351,411	1,019,519
Term loans and bridging loans	103,969	66,279	170,248
Revolving credits	24,083	2,354	26,437
Overdrafts	14,652	–	14,652
Trade	6,190	4,451	10,641
Factoring receivables	108	1,661	1,769
Total gross loans and advances	**8,205,534**	**6,229,931**	**14,435,465**

Notes to the Financial Statements (Cont'd.)

51. RISK MANAGEMENT (Cont'd.)

51.2 Credit Risk Management (Contd.)

51.2.1e Collateral repossessed

	Group	
	2013 RM'000	2012 RM'000
Residential properties	758	1,786
Non-residential properties	72,339	81,237
	73,097	**83,023**

Methodology for Determination of Individual and Collective Allowances

An assessment is performed to determine whether objective evidence of impairment exists individually for financial assets that are individually significant, and collectively for financial assets that are not individually significant or not individually impaired.

Individual Assessment

Individual assessment is divided into 2 main processes – detection of an event (s) and an assessment of impairment:

(a) Trigger management
In trigger management, financial assets which are above the pre-set individual assessment threshold are assessed using the relevant impairment triggers for objective evidence of impairment.

(b) Valuation of assets
Financial assets which are triggered by the impairment triggers will be measured for evidence of high likelihood of impairment i.e. estimated recoveries (based on the discounted cash flow projection method and taking into account economic conditions) is less than carrying value or fair value is less than the carrying value.

Collective Assessment

Loans and advances, and commitments and contingencies below the significant threshold and those not assessed to be individually impaired, will be subject to collective assessment and a collective allowance will be computed accordingly. The collective impairment assessment and provisioning methodology uses historical loss data to derive the level of provisions. The collective provisions is computed after making the necessary adjustments to reflect current economic conditions.

51.3 Liquidity Risk and Funding Management

Liquidity risk is the risk that the organisation either does not have sufficient financial resources available to meet all its obligations and commitments as they fall due, or can only access these financial resources at an unreasonable cost. Liquidity risk exposure arises mainly from the deposit taking and borrowing activities and market disruption, and to a lesser extent, significant drawdown of funds from previously contracted financing and purchase commitments. Funding management is the ongoing ability to raise sufficient funds to finance actual and proposed business activities at a reasonable cost. Improper funding management may lead to liquidity problem. On the other hand, insufficient liquidity risk management may also give rise to funding risk.

The liquidity risk management of the Group is aligned with the New Liquidity Framework issued by Bank Negara Malaysia. The primary objective of the Group's liquidity risk management is to ensure the availability of sufficient funds at a reasonable cost to honor all financial commitments when they fall due. This objective is partly managed through maintenance of a portfolio of high-quality liquid assets to protect against adverse funding conditions and support day-to- day operations. The secondary objective is to ensure an optimal funding structure and to balance the key liquidity risk management objectives, which includes diversification of funding sources, customer base and maturity period.

The GALCO is the responsible governing body that approves the Group's liquidity management and strategies policies, and is responsible for setting liquidity limits, proposing liquidity risk policies and contingency funding plan, and practices to be in compliance with local regulatory requirements, and monitor liquidity on an ongoing basis. The Capital and Balance Sheet Management division and Group Risk Management propose and oversee the implementation of policies and other controls relating to the above risks.

The Group has put in place a Contingency Funding Plan to identify early warning signals of possible liquidity problem. The Contingency Funding Plan also sets out the detailed responsibilities among the relevant departments in the event of actual liquidity crises occurring to ensure orderly execution of procedures to restore the liquidity position and confidence in the organisation.

Stress testing is undertaken to assess and plan for the impact for various scenarios which may put the Group's liquidity at risk. The stress testing output contributes to the development of the liquidity risk limits and the Group's Contingency Funding Plan.

The Group stresses the importance of customer deposit accounts as a source of funds to finance lending/financing to customers. They are monitored using the adjusted loan/financing to deposit ratio, which compares loan/financing and advances to customers as a percentage of customer deposit accounts, together with term funding with original term of maturity in excess of three years.

Notes to the Financial Statements (Cont'd.)

51. RISK MANAGEMENT (Cont'd.)

51.3 Liquidity Risk and Funding Management (Cont'd.)

As conservative liquidity management practice, part of the Group's medium term assets is funded by medium term liabilities. Medium term is defined by the Group as remaining term to maturity in excess of one year.

In preparation to the impending implementation of Basel III liquidity metrics, the Group is putting in place the measurement mechanism and strategizing for ensuring availability of cost effective liquidity. Subject to finalisation of the detailed regulations, the Group is confident of meeting Bank Negara Malaysia's requirements on Basel III liquidity metrics in accordance with its recently approved timetable for implementation.

51.3.1 Liquidity Metrics

The Group monitors key liquidity metrics on a regular basis. Liquidity is managed on an entity basis and in aggregate across the Group. The key metrics are:

Adjusted Customer Loans/Financing to Deposits Ratio ("LDR")
This is defined as the ratio of total outstanding loans, advances and financing to customers (before deduction of Islamic financing sold to Cagamas Berhad), net of allowance for impairment on loans, advances and financing, relative to total customer deposits (inclusive of loans and financing sold to Cagamas Berhad and term funding with original term of maturity of 3 years and above). This ratio reflects the percentage of customer loans, advances and financing that are funded by customer deposits. A ratio below 100% indicates that our loans/ financing portfolio is completely funded by customer deposits. A low LDR demonstrates that customer deposits exceed customer loans/financing resulting from emphasis placed on generating a high level of stable funding from customers.

	Group	
	2013	2012
	%	%
Year-end	88.7	89.5
Maximum	89.7	90.3
Minimum	85.8	87.0
Average	88.0	88.7

Medium Term Funding Ratio
This is defined as the extent of medium term assets with remaining term to maturity in excess of one year is funded by medium term liabilities with similar term to maturity. The Group balances the additional funding cost with the more stable nature of medium term liabilities to achieve its optimal funding structure.

51.3.2 Analysis of Financial Assets and Liabilities By Remaining Contractual Maturities

The table below summarises the maturity profile of the Group's financial assets and liabilities as at 31 March. All derivatives used for hedging purposes are shown by maturity, based on their contractual undiscounted repayment obligations.

Repayment which are subject to notice are treated as if notice were to be given immediately. However, the Group expects that many customers will not request repayment on the earliest date the Group could be required to pay and the table does not reflect the expected cash flows indicated by the Group's deposit retention history.

The table below shows the contractual expiry by maturity of the Group's contingent liabilities and commitments. Each undrawn loan commitment is included in the time band containing the earliest date it can be drawn down. It should be noted that this is not how the Group manages its liquidity risk for off-balance sheet exposures.

Notes to the Financial Statements (Cont'd.)

51. RISK MANAGEMENT (Cont'd.)

51.3 Liquidity Risk and Funding Management (Contd.)

51.3.1a Analysis of Financial Assets and Liabilities By Remaining Contractual Maturities (Contd.)

Group 31 March 2013	Up to 1 months RM'000	>1 to 3 months RM'000	>3 to 6months RM'000	>6 to 12 months RM'000	>1 to 5 years RM'000	Over 5 years RM'000	No maturity specified RM'000	Sub-total RM'000	Insurance Business* RM'000	Total RM'000
Financial Assets										
Cash and short-term funds	10,549,845	–	–	–	–	–	–	10,549,845	704,262	11,254,107
Securities purchased under resale agreements	–	–	–	–	–	–	–	–	200,605	200,605
Deposits and placements with banks and other financial institutions	–	1,845,047	5,818	6,043	159,532	–	–	2,016,440	371,645	2,388,085
Financial assets held-for-trading	206,715	631,335	223,154	171,327	2,477,834	2,568,362	235,364	6,514,091	1,699,842	8,213,933
Financial investments available-for-sale	885,895	693,934	29,571	72,221	1,149,559	2,369,445	464,489	5,665,114	2,863,215	8,528,329
Financial investments held-to-maturity	1,099,758	1,897,104	42,813	48,344	1,079,290	4,505,825	–	8,673,134	–	8,673,134
Gross loans, advances and financing	4,625,674	6,150,014	8,775,488	9,721,096	47,727,046	36,546,080	–	113,545,398	142,796	113,688,194
Amount due from originators	–	–	–	–	379,657	–	–	379,657	–	379,657
Statutory deposits with Bank Negara Malaysia	–	–	–	–	–	2,907,435	–	2,907,435	–	2,907,435
Total Undiscounted Financial Assets	**17,367,887**	**11,217,434**	**9,076,844**	**10,019,031**	**52,972,918**	**48,897,147**	**699,853**	**150,251,114**	**5,982,365**	**156,233,479**
Financial Liabilities										
Deposits and placements of banks and other financial institutions	1,221,435	1,120,414	396,045	47,141	438,882	–	–	3,223,917	–	3,223,917
Securities sold under repurchase agreements	–	–	–	–	–	–	–	–	–	–
Recourse obligation on loans sold to Cagamas Berhad	21,250	–	–	21,132	3,506,167	–	–	3,548,549	–	3,548,549
Deposits from customers	43,355,357	14,643,509	11,869,895	13,336,381	3,007,175	–	–	86,212,317	–	86,212,317
Term funding	390,435	1,125,737	180,370	496,078	4,142,178	685,170	–	7,019,968	–	7,019,968
Bills and acceptances payable	725,456	989,306	239,395	–	–	–	–	1,954,157	–	1,954,157
Debt issued and other borrowed funds	13,178	7,242	85,507	126,290	3,419,153	1,710,415	–	5,361,785	–	5,361,785
Total Undiscounted Financial Liabilities	**45,727,111**	**17,886,208**	**12,771,212**	**14,027,022**	**14,513,555**	**2,395,585**	**–**	**107,320,693**	**–**	**107,320,693**
Contingent liabilities	629,638	608,166	795,833	1,436,835	2,879,593	555,452	100	6,905,617	–	6,905,617
Commitments	7,509,455	2,263,746	3,765,684	5,901,649	3,035,091	7,168,912	–	29,644,537	–	29,644,537
Total commitments and guarantees	**8,139,093**	**2,871,912**	**4,561,517**	**7,338,484**	**5,914,684**	**7,724,364**	**100**	**36,550,154**	**–**	**36,550,154**

* Refer to Note 54(IV)(b) for further details on insurance business. The amount presented for insurance business is after intercompany elimination.

Notes to the Financial Statements (Cont'd.)

51. RISK MANAGEMENT (Cont'd.)

51.3 Liquidity Risk and Funding Management (Contd.)

51.3.1a Analysis of Financial Assets and Liabilities By Remaining Contractual Maturities (Contd.)

Group 31 March 2012	Up to 1 months RM'000	>1 to 3 months RM'000	>3 to 6months RM'000	>6 to 12 months RM'000	>1 to 5 years RM'000	Over 5 years RM'000	No maturity specified RM'000	Sub-total RM'000	Insurance Business* RM'000	Total RM'000
Financial Assets										
Cash and short-term funds	7,773,868	–	–	–	–	–	–	7,773,868	58,668	7,832,536
Securities purchased under resale agreements	384,962	–	–	–	–	–	–	384,962	132,736	517,698
Deposits and placements with banks and other financial institutions	–	1,410,740	5,465	100	130,803	–	–	1,547,108	374,933	1,922,041
Financial assets held-for-trading	295,429	1,379,718	4,381,877	1,075,082	1,964,614	2,040,131	346,273	11,483,124	476,585	11,959,709
Financial investments available-for-sale	672,074	992,867	42,364	85,948	1,184,880	2,371,852	628,718	5,978,703	2,080,299	8,059,002
Financial investments held-to-maturity	5,167	196	103,203	25,612	353,651	1,678,475	–	2,166,304	491,366	2,657,670
Gross loans, advances and financing	3,967,410	6,103,519	6,513,980	8,731,102	44,841,417	34,872,201	–	105,029,629	120,704	105,150,333
Amount due from originators	–	–	–	–	166,664	–	–	166,664	–	166,664
Statutory deposits with Bank Negara Malaysia	–	–	–	–	–	2,582,411	–	2,582,411	–	2,582,411
Total Undiscounted Financial Assets	**13,098,910**	**9,887,040**	**11,046,889**	**9,917,844**	**48,642,029**	**43,545,070**	**974,991**	**137,112,773**	**3,735,291**	**140,848,064**
Financial Liabilities										
Deposits and placements of banks and other financial institutions	2,386,471	502,187	124,169	19,430	1,085,540	–	–	4,117,797	–	4,117,797
Securities sold under repurchase agreements	40,000	–	–	–	–	–	–	40,000	–	40,000
Recourse obligation on loans sold to Cagamas Berhad	21,250	–	–	21,486	2,292,989	1,042,502	–	3,378,227	–	3,378,227
Deposits from customers	39,206,448	14,893,600	10,770,973	9,767,091	3,891,423	–	–	78,529,535	–	78,529,535
Term funding	349,056	985,400	56,190	140,488	3,150,793	972,746	–	5,654,673	–	5,654,673
Bills and acceptances payable	323,995	422,871	110,163	–	–	–	–	857,029	–	857,029
Debt issued and other borrowed funds	18,801	2,819	103,561	813,448	2,353,722	1,908,533	–	5,200,884	–	5,200,884
Total Undiscounted Financial Liabilities	**42,346,021**	**16,806,877**	**11,165,056**	**10,761,943**	**12,774,467**	**3,923,781**	**–**	**97,778,145**	**–**	**97,778,145**
Contingent liabilities	834,241	784,258	867,667	1,421,669	2,417,049	416,716	–	6,741,600	–	6,741,600
Commitments	5,446,904	1,436,524	2,718,913	6,057,409	1,988,185	8,533,457	–	26,181,392	–	26,181,392
Total commitments and guarantees	**6,281,145**	**2,220,782**	**3,586,580**	**7,479,078**	**4,405,234**	**8,950,173**	**–**	**32,922,992**	**–**	**32,922,992**

* Refer to Note 54(IV)(b) for further details on insurance business. The amount presented for insurance business is after intercompany elimination.

Notes to the Financial Statements (Cont'd.)

51. RISK MANAGEMENT (Cont'd.)

51.3 Liquidity Risk and Funding Management (Contd.)

51.3.1a Analysis of Financial Assets and Liabilities By Remaining Contractual Maturities (Contd.)

Group 1 April 2011	Up to 1 months RM'000	>1 to 3 months RM'000	>3 to 6months RM'000	>6 to 12 months RM'000	>1 to 5 years RM'000	Over 5 years RM'000	No maturity specified RM'000	Sub-total RM'000	Insurance Business* RM'000	Total RM'000
Financial Assets										
Cash and short-term funds	13,434,370	–	–	–	–	–	–	13,434,370	53,457	13,487,827
Securities purchased under resale agreements	290,235	–	–	–	–	–	–	290,235	107,827	398,062
Deposits and placements with banks and other financial institutions	327	3,453,697	3,686	100	–	–	–	3,457,810	199,927	3,657,737
Financial assets held-for-trading	102,422	1,464,056	931,879	505,780	1,543,840	618,025	380,996	5,546,998	46,101	5,593,099
Financial investments available-for-sale	1,502,654	1,639,274	104,121	209,962	2,066,099	2,179,244	1,098,532	8,799,886	2,014,686	10,814,572
Financial investments held-to-maturity	1,232	472	640	24,598	365,296	58,786	–	451,024	618,871	1,069,895
Gross loans, advances and financing	3,914,235	6,539,569	6,623,627	8,548,312	40,547,624	31,320,743	–	97,494,110	119,343	97,613,453
Amount due from originators	–	–	18,720	–	1,426	–	–	20,146	–	20,146
Statutory deposits with Bank Negara Malaysia	–	–	–	–	–	145,842	–	145,842	–	145,842
Total Undiscounted Financial Assets	**19,245,475**	**13,097,068**	**7,682,673**	**9,288,752**	**44,524,285**	**34,322,640**	**1,479,528**	**129,640,421**	**3,160,212**	**132,800,633**
Financial Liabilities										
Deposits and placements of banks and other financial institutions	1,869,502	445,018	99,699	790,194	1,121,039	34,902	–	4,360,354	–	4,360,354
Securities sold under repurchase agreements	30,000	–	–	–	–	–	–	30,000	–	30,000
Recourse obligation on loans sold to Cagamas Berhad	21,250	–	–	21,250	1,374,700	1,606,355	–	3,023,555	–	3,023,555
Deposits from customers	38,239,464	15,125,108	11,202,897	7,308,432	3,992,203	–	–	75,868,104	–	75,868,104
Term funding	124,693	208,600	93,248	287,248	3,612,966	1,161,552	–	5,488,307	–	5,488,307
Bills and acceptances payable	529,147	1,000,439	337,477	18	–	–	–	1,867,081	–	1,867,081
Debt issued and other borrowed funds	18,699	21,404	63,075	250,048	1,586,646	3,274,922	–	5,214,794	–	5,214,794
Total Undiscounted Financial Liabilities	**40,832,755**	**16,800,569**	**11,796,396**	**8,657,190**	**11,687,554**	**6,077,731**	**–**	**95,852,195**	**–**	**95,852,195**
Contingent liabilities	817,685	1,048,062	701,318	1,183,107	2,272,889	240,903	–	6,263,964	–	6,263,964
Commitments	7,973,596	2,030,763	1,974,189	6,142,791	2,096,139	3,813,232	–	24,030,710	–	24,030,710
Total commitments and guarantees	**8,791,281**	**3,078,825**	**2,675,507**	**7,325,898**	**4,369,028**	**4,054,135**	**–**	**30,294,674**	**–**	**30,294,674**

* Refer to Note 54(IV)(b) for further details on insurance business. The amount presented for insurance business is after intercompany elimination.

Notes to the Financial Statements (Cont'd.)

51. RISK MANAGEMENT (Cont'd.)

51.3 Liquidity Risk and Funding Management (Contd.)

51.3.1a Analysis of Financial Assets and Liabilities By Remaining Contractual Maturities (Contd.)

Company 31 March 2013	Up to 1 months RM'000	>1 to 3 months RM'000	>3 to 6months RM'000	>6 to 12 months RM'000	>1 to 5 years RM'000	Over 5 years RM'000	No maturity specified RM'000	Sub-total RM'000	Insurance Business* RM'000	Total RM'000
Financial Assets										
Cash and short-term funds	42,350	–	–	–	–	–	–	42,350	–	42,350
Deposits and placements with banks and other financial institutions	–	55,675	–	–	–	–	–	55,675	–	55,675
Financial investments available-for-sale	–	–	–	–	–	–	17,259	17,259	–	17,259
Total Undiscounted Financial Assets	**42,350**	**55,675**	**–**	**–**	**–**	**–**	**17,259**	**115,284**	**–**	**115,284**
Financial Liabilities										
Term funding	–	208,737	27,518	327,852	687,721	511,219	–	1,763,047	–	1,763,047
Total Undiscounted Financial Liabilities	**–**	**208,737**	**27,518**	**327,852**	**687,721**	**511,219**	**–**	**1,763,047**	**–**	**1,763,047**
Company 31 March 2012										
Financial Assets										
Cash and short-term funds	50,462	–	–	–	–	–	–	50,462	–	50,462
Deposits and placements with banks and other financial institutions	–	–	12,956	–	–	–	–	12,956	–	12,956
Financial investments available-for-sale	–	–	–	–	–	–	203,503	203,503	–	203,503
Total Undiscounted Financial Assets	**50,462**	**–**	**12,956**	**–**	**–**	**–**	**203,503**	**266,921**	**–**	**266,921**
Financial Liabilities										
Term funding	–	208,740	–	–	–	–	–	208,740	–	208,740
Total Undiscounted Financial Liabilities	**–**	**208,740**	**–**	**–**	**–**	**–**	**–**	**208,740**	**–**	**208,740**
Company 1 April 2011										
Financial Assets										
Cash and short-term funds	98,249	–	–	–	–	–	–	98,249	–	98,249
Deposits and placements with banks and other financial institutions	–	–	7,028	–	–	–	–	7,028	–	7,028
Financial investments available-for-sale	–	–	–	–	–	–	447,947	447,947	–	447,947
Total Undiscounted Financial Assets	**98,249**	**–**	**7,028**	**–**	**–**	**–**	**447,947**	**553,224**	**–**	**553,224**
Financial Liabilities										
Term funding	–	208,530	–	–	–	–	–	208,530	–	208,530
Total Undiscounted Financial Liabilities	**–**	**208,530**	**–**	**–**	**–**	**–**	**–**	**208,530**	**–**	**208,530**

Notes to the Financial Statements (Cont'd.)

51. RISK MANAGEMENT (Cont'd.)

51.4 Market Risk Management

Market risk is the risk of losses due to adverse changes in the level or volatility of market rates or prices, such as interest/profit rates, credit spreads, equity prices and foreign exchange rates. The Group differentiates between two types of market risk: Traded Market Risk ("TMR") and Interest Rate Risk/Rate of Return Risk in the Banking Book ("IRR/RORBB"). Assessment, control and monitoring of these risks are the responsibility of Group Market Risk ("GMR"). For Islamic products and activities, the Shariah compliance risk is also assessed and monitored.

Traded Market Risk ("TMR")

The traded market risk ("TMR") management process is depicted in the table below.

Identification	• Identify of market risks within existing and new products • Review market-related information review such as market trend and economic data
Assessment/ Measurement	• Value-at-Risk ("VaR") • Profit-at-Risk ("PaR") • Capital-at-Risk ("CaR") • Other Detailed Management Controls
Control/ Mitigation	• VaR Limits • PaR Limits • CaR Limits • Loss Limits (Annual/Monthly/Daily) • Concentration Limits • Greeks Limits (Delta/Gamma/Delta-Gamma/Vega/Theta) • Dollar/Present Value of One Basis Point ("DV01/PV01") • Stealth Limits • Position Size Limits • Maximum Tenure Limits • Maximum Holding Period • Permitted Instruments/Currencies/Countries
Monitoring/ Review	• Monitor limits • Periodical review and reporting

TMR arises from transactions in which the Group acts as principal with clients or the market. It involves taking positions in fixed income, equity, foreign exchange, commodities and/or derivatives. The objectives of TMR management are to understand, accurately measure and work with the business to ensure exposures are managed within the Board and Executive Management approved limit structures. This is done via robust traded market risk measurement, limit setting, limit monitoring, and collaboration and agreement with Business Units.

VaR, PaR, CaR and other detailed management controls are used to measure, monitor and control TMR exposures. VaR is a quantitative measure which applies recent historic market conditions to estimate potential losses in market value, at a certain confidence level and over a specified holding period. PaR comprises VaR and a loss limit threshold (i.e. Annual Loss Limit). Loss limit thresholds are intended to trigger management discussion on appropriate mitigation measures to be taken, once certain loss levels are reached.

To complement VaR, CaR is used as a measure of the potential impact on portfolio values due to more extreme, albeit plausible, market movements. In addition, CaR is used to gauge and ensure that the Group is able to absorb extreme, unanticipated market movements.

Apart from VaR, PaR and CaR, additional sensitivity controls (e.g. Greek Limits/PV01) and indicators are used to monitor changes in portfolio value due to changes in risk factors under different market conditions.

GMR monitors and reports risk exposures against limits on a daily basis. Portfolio market risk positions are also reported to GTMRC, RMCD and the Board. Furthermore, policies and procedures are in place to ensure prompt action is taken in the event of non-adherence to limits. Business Units exposed to traded market risk are required to maintain risk exposures within approved risk limits. Business Units are required to provide an action plan to address any non- adherence to limits. The action plan must be approved by Senior Management.

The Group adopts the Standardised Approach for market risk capital charge computation. The capital charge serves as a buffer against losses from potential adverse market movements.

GMR is committed to on-going improvements in market risk processes and systems, and allocates substantial resources to this endeavour.

Notes to the Financial Statements (Cont'd.)

51. RISK MANAGEMENT (Cont'd.)

51.4 Market Risk Management (Cont'd.)

Non-Traded Market Risk

Interest Rate Risk/Rate of Return Risk in the Banking Book

The interest rate risk/rate of return risk in the banking book ("IRR/RORBB") risk management process is depicted in the table below:

Identification	• Identify interest rate/rate of return risks within existing and new products • Reivew market-related information such as market trend and economic data
Assessment/ Measurement	• Non-Traded Value-at-Risk ("VaR") • Earnings-at-Risk ("EaR")
Control/ Mitigation	• Non-Traded VaR Limit • EaR Limit
Monitoring/ Review	• Monitor limits • Periodical review and reporting

IRR/RORBB arises from changes in market interest/profit rates that impact core net interest/profit income, future cash flows or fair values of financial instruments. This risk arises from mismatches between repricing dates of assets and liabilities, changes in yield curves, volatilities in interest/profit margins and implied volatilities on interest/profit rate options. The provision of retail and wholesale banking products and services (primarily lending/financing and deposit taking activities) creates interest/profit rate-sensitive positions in the Group's statement of financial position.

The principal objectives of balance sheet risk management are to manage interest/ profit income sensitivity while maintaining acceptable levels of IRR/RORBB and funding risk, and to manage the market value of Group's capital.

The Board's oversight of IRR/RORBB is supported by the GALCO. GALCO is responsible for the alignment of Group- wide risk appetite and funding needs, taking into consideration Group-wide business strategies. GALCO consistently oversees the Group's gapping positions, asset growth and liability mix against the interest/profit rate outlook. It also reviews strategies to ensure a comfortable level of IRR/RORBB is maintained. The Group has successfully engaged long-term borrowings and written interest/profit rate swaps to manage IRR/RORBB, and maintained an acceptable gapping profile as a result. In accordance with the Group's policy, positions are monitored on a daily basis and hedging strategies are employed to ensure risk exposures are maintained within Board-established limits.

The Group measures the risk of losses arising from potential adverse movements in market interest/profit rates and volatilities using VaR. VaR is a quantitative measure of IRR/RORBB which applies recent historic market conditions to estimate the potential loss in market value, at a certain confidence level and over a specified holding period.

The Group complements VaR by stress testing IRR/RORBB exposures to highlight potential risk that may arise from extreme market events that are rare but plausible.

Key assumptions in the gap and sensitivity analysis relate to the behaviour of interest/profit rates and spreads, changes in loan/financing and deposit product balances due to behavioural characteristics under different interest/profit rate environments. Material assumptions include the repricing characteristics and the stickiness of indeterminate or non- maturity deposits.

The rate scenarios may include rapid ramping of interest/profit rates, gradual ramping of interest/profit rates, and narrowing or widening of spreads. Usually each analysis incorporate what management deems the most appropriate assumptions about customer behaviour in an interest/profit rate scenario. However, in certain cases, assumptions are deliberately changed to test the Group's exposure to a specified event.

The Group's strategy seeks to optimise exposure to IRR/RORBB within Board-approved limits. This is achieved through the ability to reposition the interest/profit rate exposure of the statement of financial position using dynamic product and funding strategies, supported by FRS 139-compliant interest/profit rate hedging activities using interest/profit rate swaps and other derivatives. These approaches are governed by Group's policies in the areas of product and liquidity management as well as the banking book policy statements and hedging policies.

IRR/ RORBB is calculated daily and reported to GALCO.

Notes to the Financial Statements (Cont'd.)

51. RISK MANAGEMENT (Cont'd.)

51.4 Market Risk Management (Cont'd.)

Market Risk Sensitivity

(i) Interest Rate Risk/Rate of Return Risk

Interest rate risk/rate of return risk ("IRR/ROR") is the risk that the value of a financial instrument will fluctuate due to changes in market interest/profit rate and is managed through gap and sensitivity analysis. Interest/profit rate movements also affect the Group's income and expense from assets and liabilities as well as capital fund. The Group has adopted IRR/ROR hedging measures to cushion the interest/profit rate volatility.

The following table demonstrates the sensitivity of the Group's and the Company's profit before taxation and equity to a reasonable possible change in interest/profit rate with all other variables remaining constant.

	31 March 2013 Interest rate/rate of return		31 March 2012 Interest rate/rate of return	
	+100 bps RM'000	-100 bps RM'000	+100 bps RM'000	-100 bps RM'000
Traded market risk				
Group				
Impact on profit before taxation	(193,072)	212,996	(188,247)	216,354
Impact on equity	–	–	–	–
Company				
Impact on profit before taxation	–	–	–	–
Impact on equity	–	–	–	–
Non-traded market risk				
Group				
Impact on profit before taxation	447,107	(447,107)	437,242	(437,242)
Impact on equity	(115,170)	126,732	(105,952)	116,837
Company				
Impact on profit before taxation	(1,717)	1,717	(1,717)	1,717
Impact on equity	–	–	–	–

Note: The sensitivity analysis presented for non-traded market risk excluded non-interest bearing assets and liabilities. The disclosure presented conforms with the Group's method of managing IRR/ROR in the banking book by including all fixed and floating rate financial assets and liabilities.

Notes to the Financial Statements (Cont'd.)

51. RISK MANAGEMENT (Cont'd.)

51.4 Market Risk Management (Cont'd.)

Market Risk Sensitivity (Cont'd.)

(ii) Foreign Exchange Risk

Foreign exchange risk arises from changes in foreign exchange rates to exposure on the Group's financial instruments denominated in currencies other than the functional currency of the transacting entity. Position limits are imposed to prevent the Group from exposure to excessive foreign exchange risk.

The following table demonstrates the sensitivity of the Group's and the Company's profit before taxation and equity to a reasonable possible change in exchange rates with all other variables remaining constant.

	31 March 2013 Currency rate		31 March 2012 Currency rate	
	+10% RM'000	-10% RM'000	+10% RM'000	-10% RM'000
Impact on profit before taxation				
Group				
USD	10,479	(10,479)	11,680	(11,680)
SGD	(1,803)	1,803	18	(18)
EUR	332	(332)	25	(25)
JPY	(679)	679	(296)	296
GBP	28	(28)	64	(64)
Others	(1,815)	1,815	(2,656)	2,656
Company				
Others	–	–	–	–
Impact on equity				
Group				
USD	23,340	(23,340)	3,971	(3,971)
SGD	(416)	416	–	–
EUR	15	(15)	9	(9)
Company				
Others	–	–	–	–

(iii) Equity Price Risk

Equity price risk arises from the adverse movements in the price of equities. Equity price risk is controlled via position size, loss limits and VaR limits.

The following table demonstrates the sensitivity of the Group's and the Company's profit before taxation and equity to a reasonable possible change in equity prices with all other variables remaining constant.

	31 March 2013 Equity price		31 March 2012 Equity price	
	+10% RM'000	-10% RM'000	+10% RM'000	-10% RM'000
Group				
Impact on profit before taxation	1,131,532	(1,131,530)	28,996	(28,986)
Impact on equity	14,963,561	(14,963,561)	15,640	(15,640)
Company				
Impact on profit before taxation	–	–	–	–
Impact on equity	–	–	–	–

Notes to the Financial Statements (Cont'd.)

51. RISK MANAGEMENT (Cont'd.)

51.5 Operational Risk Management

Operational risk is defined as the risk of loss resulting from inadequate or failed internal processes, people and systems or from external incidents which includes but is not limited to legal risk and Shariah compliance risk. It excludes strategic, systemic and reputational risk.

It is increasingly recognised that operational risk is the most widespread risk facing financial institutions today.

Operational Risk Management ("ORM") is the discipline of continual and systematic process which includes risk identification, assessment, monitoring and reporting of risk for decision making and implementation of risk controls, which results in acceptance, mitigation, or avoidance of risk. ORM provides the oversight of operational risk, including the risk of loss resulting from inadequate or failed internal processes, people and systems or from external incidents.

The Group minimises operational risk by putting in place appropriate policies, internal controls and procedures as well as maintaining back-up procedures for key activities and undertaking business continuity planning. These are supported by independent reviews by the Group Internal Audit team.

51.5.1 Business Continuity Management

The Business Continuity Management (BCM) function forms an integral part of Operational Risk Management. It places the importance of maintaining a BCM framework and policies to identify events that could potentially threaten the Group's operations and establishment of critical functions recovery against downtimes. BCM builds the resilience and recovery capability to safeguard the interest of Group's stakeholders by protecting our brand and reputation.

The Group is continuously reviewing the level of business operations resiliency to enhance the BCM capability throughout all critical departments and branches across the region. Training is an on-going agenda to heighten the BCM awareness and inculcate a business resilience culture.

51.6 Legal And Regulatory Risk

The Group manages legal and regulatory risks to its business. Legal risk arises from the potential that breaches of applicable laws and regulatory requirements, unenforceability of contracts, lawsuits, or adverse judgement, may lead to the incurrence of losses, disrupt or otherwise resulting in financial and reputational risk.

Legal risk is overseen by the GOLRC, upon advice by internal legal counsel and, where necessary, in consultation with external legal counsel to ensure that such risk is minimised.

A proactive regulatory risk monitoring and control process is essential for any financial group to provide assurance that its products and services are offered in a manner consistent with regulatory requirements and industry best practice. Regulatory Compliance undertakes the task by ensuring that appropriate measures are introduced and applied accordingly, whilst inculcating a compliance culture across all levels of staff. Amongst the measures introduced are monitoring and reporting, training, providing advice and disseminating information. A process is in place to standardise compliance practices across the Group.

The compliance monitoring and reporting system is essentially a mechanism through which businesses monitor their compliance to rules and regulations as well as provide monthly, quarterly and exception reporting that is carried out online. This reaffirms our commitment to a centralised compliance infrastructure that embraces regular self-assessment by staff, thus providing management the assurance that staff are aware and comply with internal and external requirements.

Compliance awareness is performed on a regular basis to ensure staff keeps abreast of banking, insurance, securities and anti-money laundering law as well as other regulatory developments. The awareness helps staff develop their skills to identify compliance issues as well as cultivate good corporate ethics. In addition to the training provided, the Compliance Repository, an online resource tool, continues to provide staff with easy access to rules and regulations to various search modes.

Regulatory Compliance also provides advice on regulatory matters and measures to be implemented by the Group to facilitate compliance with rules and regulations. To further promote understanding, the department facilitates briefings, disseminates information and leads coordination efforts.

Notes to the Financial Statements (Cont'd.)

52. FAIR VALUES OF FINANCIAL INSTRUMENTS

Financial instruments are contracts that give rise to both a financial asset of one enterprise and a financial liability or equity instrument of another enterprise. The fair value of a financial instrument is the amount at which the instrument could be exchanged or settled between knowledgeable and willing parties in an arm's length transaction, other than a forced or liquidated sale. The information presented herein represents best estimates of fair values of financial instruments at the reporting date.

Where available, quoted and observable market prices are used as the measure of fair values. Where such quoted and observable market prices are not available, fair values are estimated based on a number of methodologies and assumptions regarding risk characteristics of various financial instruments, discount rates, estimates of future cash flows and other factors. Changes in the assumptions could materially affect these estimates and the corresponding fair values.

In addition, fair value information for non-financial assets and liabilities such as investments in subsidiaries and taxation are excluded, as they do not fall within the scope of FRS 7 Financial Instruments: Disclosure and Presentation, which requires the fair value information to be disclosed.

(a) Financial instruments not measured at fair value

	Group		Company	
31 March 2013	Carrying Amount RM'000	Fair Value RM'000	Carrying Amount RM'000	Fair Value RM'000
Financial Assets				
Cash and short-term funds	11,233,573	11,233,573	42,350	42,350
Securities purchased under resale agreements	200,605	200,605	–	–
Deposits and placements with banks and other financial institutions	2,322,657	2,325,466	55,675	55,675
Financial investments available-for-sale	169,180	169,180	9	9
Financial investments held-to-maturity	6,219,804	6,243,785	–	–
Loans, advances and financing	82,586,332	82,962,721	–	–
Statutory deposits with Bank Negara Malaysia	2,907,435	2,907,435	–	–
	105,639,586	**106,042,765**	**98,034**	**98,034**
Financial Liabilities				
Deposits and placements of banks and other financial institutions	3,152,946	3,186,130	–	–
Securities sold under repurchase agreements	–	–	–	–
Recourse obligation on loans sold to Cagamas Berhad	3,337,941	3,324,672	–	–
Deposits from customers	84,859,987	85,050,449	–	–
Term funding	6,255,969	6,330,642	1,506,000	1,506,000
Bills and acceptances payable	1,964,800	1,964,800	–	–
Debt capital	4,205,232	5,059,721	–	–
	103,776,875	**104,916,414**	**1,506,000**	**1,506,000**

	Group		Company	
31 March 2012	Carrying Amount RM'000	Fair Value RM'000	Carrying Amount RM'000	Fair Value RM'000
Financial Assets				
Cash and short-term funds	7,813,159	7,813,159	50,462	50,462
Securities purchased under resale agreements	517,306	517,306	–	–
Deposits and placements with banks and other financial institutions	1,892,166	1,896,611	12,956	12,956
Financial investments available-for-sale	175,600	175,600	3,348	3,348
Financial investments held-to-maturity	1,429,843	1,435,824	–	–
Loans, advances and financing	75,683,401	76,049,641	–	–
Statutory deposits with Bank Negara Malaysia	2,582,411	2,582,411	–	–
	90,093,886	**90,470,552**	**66,766**	**66,766**
Financial Liabilities				
Deposits and placements of banks and other financial institutions	3,914,568	3,888,816	–	–
Securities sold under repurchase agreements	41,195	41,195	–	–
Recourse obligation on loans sold to Cagamas Berhad	3,126,109	3,001,713	–	–
Deposits from customers	77,307,156	77,259,718	–	–
Term funding	4,957,323	5,035,291	206,000	206,000
Bills and acceptances payable	871,948	871,948	–	–
Debt capital	4,021,231	4,814,270	–	–
	94,239,530	**94,912,951**	**206,000**	**206,000**

Notes to the Financial Statements (Cont'd.)

52. FAIR VALUES OF FINANCIAL INSTRUMENTS (Cont'd.)

(a) Financial instruments not measured at fair value (Cont'd.)

1 April 2011	Group Carrying Amount RM'000	Group Fair Value RM'000	Company Carrying Amount RM'000	Company Fair Value RM'000
Financial Assets				
Cash and short-term funds	13,456,218	13,456,218	98,249	98,249
Securities purchased under resale agreements	547,273	547,273	–	–
Deposits and placements with banks and other financial institutions	3,635,168	3,635,168	7,028	7,028
Financial investments available-for-sale	163,994	163,994	3,348	3,348
Financial investments held-to-maturity	783,147	802,671	–	–
Loans, advances and financing	71,113,940	71,981,859	–	–
Statutory deposits with Bank Negara Malaysia	145,842	145,842	–	–
	89,845,582	**90,733,025**	**108,625**	**108,625**
Financial Liabilities				
Deposits and placements of banks and other financial institutions	4,172,160	4,001,988	–	–
Securities sold under repurchase agreements	30,465	30,465	–	–
Recourse obligation on loans sold to Cagamas Berhad	1,719,617	2,051,872	–	–
Deposits from customers	74,725,065	74,621,361	–	–
Term funding	4,746,878	4,834,751	206,000	206,000
Bills and acceptances payable	1,867,911	1,867,911	–	–
Debt capital	2,923,334	3,560,939	–	–
	90,185,430	**90,969,287**	**206,000**	**206,000**

(b) Financial instruments measured at fair value

Group 31 March 2013	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Financial Assets				
Derivative financial assets	170	383,087	–	383,257
Financial assets held-for-trading				
- Money market securities	–	1,488,576	–	1,488,576
- Equities	275,844	1,568,769	–	1,844,613
- Quoted private debt securities	23,179	–	–	23,179
- Unquoted private debt securities	–	3,665,618	–	3,665,618
Financial investments available-for-sale				
- Money market securities	–	1,620,746	–	1,620,746
- Equities	886,759	1,341,251	–	2,228,010
- Quoted private debt securities	–	5,455	–	5,455
- Unquoted private debt securities	–	3,184,778	435	3,185,213
	1,185,952	**13,258,280**	**435**	**14,444,667**
Financial Liabilities				
Recourse obligation on loans sold to Cagamas Berhad	–	–	–	–
Derivative financial liabilities	9,992	412,663	–	422,655
Debt capital	–	–	–	–
	9,992	**412,663**	**–**	**422,655**

Notes to the Financial Statements (Cont'd.)

52. FAIR VALUES OF FINANCIAL INSTRUMENTS (Cont'd.)

(b) Financial instruments measured at fair value (Cont'd.)

Group 31 March 2012	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Financial Assets				
Derivative financial assets	355	379,774	–	380,129
Financial assets held-for-trading				
- Money market securities	–	7,636,309	–	7,636,309
- Equities	398,067	112,638	–	510,705
- Unquoted private debt securities	–	2,795,359	–	2,795,359
Financial investments available-for-sale				
- Money market securities	–	1,636,607	–	1,636,607
- Equities	806,649	260,875	–	1,067,524
- Quoted private debt securities	–	8,202	18,848	27,050
- Unquoted private debt securities	–	3,729,431	4,992	3,734,423
	1,205,071	**16,559,195**	**23,840**	**17,788,106**
Financial Liabilities				
Recourse obligation on loans sold to Cagamas Berhad		–		–
Derivative financial liabilities	16,858	424,826	–	441,684
Debt capital	–	–	–	–
	16,858	**424,826**	**–**	**441,684**

Group 1 April 2011	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Financial Assets				
Derivative financial assets	11,293	387,504	–	398,797
Financial assets held-for-trading				
- Money market securities	–	3,455,561	–	3,455,561
- Equities	382,125	9,482	–	391,607
- Unquoted private debt securities	–	1,368,015	–	1,368,015
Financial investments available-for-sale				
- Money market securities	–	3,484,283	–	3,484,283
- Equities	1,035,582	543	–	1,036,125
- Quoted private debt securities	156	22,113	33,611	55,880
- Unquoted private debt securities	–	4,258,154	58,562	4,316,716
	1,429,156	**12,985,655**	**92,173**	**14,506,984**
Financial Liabilities				
Recourse obligation on loans sold toCagamas Berhad	–	998,460	–	998,460
Derivative financial liabilities	100,179	334,929	–	435,108
Debt capital	–	675,060	–	675,060
	100,179	**2,008,449**	**–**	**2,108,628**

Company 31 March 2013	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Financial Assets				
Financial investments available-for-sale				
- Equities	17,250	–	–	17,250

Company 31 March 2012	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Financial Assets				
Financial investments available-for-sale				
- Equities	200,155	–	–	200,155

Company 1 April 2011	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Financial Assets				
Financial investments available-for-sale				
- Equities	444,599	–	–	444,599

Notes to the Financial Statements (Cont'd.)

52. FAIR VALUES OF FINANCIAL INSTRUMENTS (Cont'd.)

Determination of fair value

The following describes the methodologies and assumptions used to determine fair values for those financial instruments which are not already recorded at fair value in the financial statements.

(a) Assets for which fair value approximates carrying value

For financial assets and financial liabilities that have a short-term maturity (less than six months), demand deposits and savings accounts without a specific maturity, the carrying amounts approximate to their fair value. For other variable rate instruments, an adjustment is also made to reflect the change in required credit spread since the instrument was initially recognised.

(b) Fixed rate financial instruments

The fair value of fixed rate financial assets and liabilities carried at amortised cost are estimated by comparing market interest rates when they were initially recognised with current market rates for similar financial instruments. The estimated fair value of fixed interest bearing deposits is based on discounted cash flows using prevailing money-market interest rates for debts with similar credit risk and maturity. For quoted debt issued, the fair values are determined based on quoted market prices. For those notes issued where quoted market prices are not available, a discounted cash flow model is used based on a current interest rate yield curve appropriate for the remaining term to maturity and credit spreads.

(c) Contingent liabilities and undrawn credit facilities

The fair value of contingent liabilities and undrawn credit facilities are not readily ascertainable. These financial instruments are presently not sold or traded. They generate fees that are in line with market prices for similar arrangements. The estimated fair value may be represented by the present value of the fees expected to be received, less associated costs and potential loss that may arise should these commitments crystallise. The Group and Company assess that their respective fair values are unlikely to be significant given that the overall level of fees involved is not significant and no provision is necessary to be made.

(d) Securities purchased under resale agreements

The fair values of securities purchased under resale agreements with remaining maturities of less than six months are estimated to approximate their carrying values. For securities purchased under resale agreements with maturities of more than six months, the fair values are estimated based on discounted cash flows using the prevailing KLIBOR rates and interest rate swap rates.

(e) Derivatives

Derivative products valued using a valuation technique with market observable inputs are mainly interest rate swaps and options, currency swaps and forward foreign exchange contracts. The most frequently applied valuation techniques include forward pricing and swap models, using present value calculations. The models incorporate various inputs including the credit quality of counterparties, foreign exchange spot and forward rates and interest rate curves.

Derivative products valued using a valuation technique with significant non–market observable inputs are long dated contracts (interest rate swaps, currency swaps, forwards foreign exchange contracts, option contracts and certain credit default swaps). These derivatives are valued using models that calculate the present value such as credit models (e.g., default rate models or credit spread models) and the binomial model for options. The models incorporate various non- observable assumptions that include the credit spread of the reference asset for credit default swaps, and market rate volatilities.

(f) Financial investments available-for-sale

Financial investments available-for-sale valued using valuation techniques or pricing models primarily consist of unquoted equities and debt securities.

(g) Other trading assets

Other trading assets valued using a valuation technique consists of certain debt securities and asset–backed securities. The Group and Company value the securities using discounted cash flow valuation models which incorporate observable and unobservable data. Observable inputs include assumptions regarding current rates of interest and broker statements. Unobservable inputs include assumptions regarding expected future default rates, prepayment rates and market liquidity discounts.

Notes to the Financial Statements (Cont'd.)

52. FAIR VALUES OF FINANCIAL INSTRUMENTS (Cont'd.)

Determination of fair value (Cont'd.)

(h) Recourse obligation on loans sold to Cagamas Berhad

The fair values for recourse obligation on loans sold to Cagamas Berhad are determined based on discounted cash flows of future instalments payments at prevailing rates quoted by Cagamas Berhad as at reporting date.

The Group and Company use the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly;
Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

Financial assets and liabilities measured using a valuation technique based on assumptions that are supported by prices from observable current market transactions are assets and liabilities for which pricing is obtained via pricing services, but where prices have not been determined in an active market, financial assets with fair values based on broker quotes, investments in private equity funds with fair values obtained via fund managers and assets that are valued using the Group's own models whereby the majority of assumptions are market observable.

Non market observable inputs means that fair values are determined, in whole or in part, using a valuation technique (model) based on assumptions that are neither supported by prices from observable current market transactions in the same instrument, nor are they based on available market data. The main asset classes in this category are unlisted equity investments and debt instruments. Valuation techniques are used to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date. However, the fair value measurement objective remains the same, that is, an exit price from the perspective of the Group or Company. Therefore, unobservable inputs reflect the Group's and the Company's own assumptions about the assumptions that market participants would use in pricing the asset or liability (including assumptions about risk). These inputs are developed based on the best information available, which might include the Group's and the Company's own data.

About 0.15% of the total financial assets recorded at fair value, are based on estimates and recorded as Level 3 investments. Where estimates are used, these are based on a combination of independent third-party evidence and internally developed models, calibrated to market observable data where possible. While such valuations are sensitive to estimates, it is believed that changing one or more of the assumptions to reasonably possible alternative assumptions would not change the fair value significantly.

There is no transfer between Level 1 and Level 2 during the current and previous financial year for the Group and the Company.

Movements in Level 3 financial instruments measured at fair value

The level of the fair value hierarchy of financial instruments is determined at the beginning of each reporting period. The following table shows a reconciliation of the opening and closing amounts of level 3 financial assets and liabilities which are recorded at fair value for the year ended 31 March 2013:

	Financial investments available-for-sale	Financial investments available-for-sale
	Group	
	31 March 2013 RM'000	31 March 2012 RM'000
Balance at beginning of financial year	23,840	92,174
Total gains/(losses) recognised in:		
- profit or loss:		
- other operating income	10,710	34,575
- impairment writeback/(loss)	83	(418)
Settlements	(34,198)	(102,491)
Balance at end of financial year	**435**	**23,840**

Notes to the Financial Statements (Cont'd.)

52. FAIR VALUES OF FINANCIAL INSTRUMENTS (Cont'd.)

Movements in Level 3 financial instruments measured at fair value (Cont'd.)

Total gains or losses included in profit or loss for financial instruments held at the end of the financial year:

	Group	
	Financial investments available-for-sale 31 March 2013 RM'000	Financial investments available-for-sale 31 March 2012 RM'000
Total gains/(losses) included in:		
- impairment writeback/(loss) on financial investments	14	(519)

There is no transfer between Level 2 and Level 3 during the current and previous financial year for the Group and the Company.

Impact on fair value of Level 3 financial instruments measured at fair value arising from changes to key assumptions

Changing one or more of the inputs to reasonable alternative assumptions would not change the value significantly for the financial assets in Level 3 of the fair value hierarchy.

53. NET ASSETS PER SHARE (RM)

Net assets per share represent the reporting date total assets less total liabilities and non-controlling interests expressed as an amount per ordinary share.

Net assets per share is calculated as follows:

	Group			Company		
	31 March 2013 RM'000	31 March 2012 RM'000	1 April 2011 RM'000	31 March 2013 RM'000	31 March 2012 RM'000	1 April 2011 RM'000
Total assets	**126,993,290**	**112,922,780**	**109,573,249**	**9,656,759**	**7,924,405**	**8,741,143**
Less:						
Total liabilities	113,860,060	101,430,826	98,967,546	1,553,877	247,692	885,178
Non-controlling interests	1,100,050	380,865	300,481	–	–	–
	114,960,110	101,811,691	99,268,027	1,553,877	247,692	885,178
Net assets	**12,033,180**	**11,111,089**	**10,305,222**	**8,102,882**	**7,676,713**	**7,855,965**
Issued and fully paid up ordinary shares of RM1.00 each ('000)	**3,014,185**	**3,014,185**	**3,014,185**	**3,014,185**	**3,014,185**	**3,014,185**
Net assets per share (RM)	**3.99**	**3.69**	**3.42**	**2.69**	**2.55**	**2.61**

54. BUSINESS SEGMENT ANALYSIS

Segment information is presented in respect of the Group's business segments. The business segment information is prepared based on internal management reports, which are regularly reviewed by the chief operating decision-maker in order to allocate resources to a segment and to assess its performance.

The Group comprises the following main business segments:

(a) Retail banking

Retail banking focuses on providing products and services to individual customers and small and medium enterprises. The products and services offered to the customers include credit facilities such as auto financing, mortgages and other consumer loans, financing, credit cards and line of credit, asset financing and small business, personal financing, retail distribution, transactional banking services and deposits.

Notes to the Financial Statements (Cont'd.)

54. BUSINESS SEGMENT ANALYSIS (Cont'd.)

The Group comprises the following main business segments: (Cont'd.)

(b) Business banking

Business banking operations consist of provision of trade services, cash management and transactional banking services.

(c) Investment banking

Investment banking caters to the business needs of large corporate customers and financial institutions and provides customers with extensive range of financial solutions. Investment banking encompasses debt capital markets and equity capital markets services, equity derivatives, corporate finance, structured finance, share-broking, futures broking, funds management and private banking where it provides wealth management services to high net worth individuals, family groups and companies.

(d) Corporate and institutional banking

Corporate and institutional banking focuses on deepening and expanding corporate and institutional banking relationships with the Group's corporate clients, as well as offering of a wider spectrum of the Group's commercial, investment and transactional banking products and services through the overseas business operations and providing real estate management services.

(e) Insurance

The insurance segment offers a broad range of life and general insurance products.

(f) Markets

The markets operations focus on activities and services which include foreign exchange, money market, derivatives and trading of capital market instruments.

(g) Group functions and others

Group functions and others comprise activities which complement and support the operations of the main business units and non-core operations of the Group.

Measurements of Segment Performance

The segment performance is measured on income, expenses and profit basis. These are shown after allocation of certain centralised cost, funding income and expenses and expenses directly associated with each segment. Transactions between segments are recorded within the segment as if they are third party transactions and are eliminated on consolidation.

Operating Revenue

Operating revenue of the Group comprises all types of revenue derived from the business segments but after elimination of all related companies' transactions.

Major Customers

No revenues from one single customer amounted to greater than 10% of the Group's revenues for the current and previous financial year.

Notes to the Financial Statements (Cont'd.)

54. BUSINESS SEGMENT ANALYSIS (Cont'd.)

Group 31 March 2013	Retail Banking RM'000	Business Banking RM'000	Investment Banking RM'000	Corporate and Institutional Banking RM'000	Insurance RM'000	Markets RM'000	Group Functions and Others RM'000	Total RM'000
Operating revenue	2,821,777	812,225	350,550	1,793,517	453,931	327,321	881,885	7,441,206
Income	1,883,316	619,317	346,332	526,042	453,931	295,074	250,296	4,374,308
Expenses	(831,399)	(105,657)	(249,927)	(91,412)	(311,872)	(71,290)	(389,820)	(2,051,377)
Profit/(loss) before provisions	1,051,917	513,660	96,405	434,630	142,059	223,784	(139,524)	2,322,931
(Provisions)/Writeback of provisions	(265,917)	(72,577)	(3,026)	47,777	(2,475)	9,058	143,839	(143,321)
Profit after provisions	786,000	441,083	93,379	482,407	139,584	232,842	4,315	2,179,610
Taxation and zakat	(194,879)	(108,750)	(24,842)	(107,092)	(35,576)	(57,987)	42,716	(486,410)
Net profit for the year	591,121	332,333	68,537	375,315	104,008	174,855	47,031	1,693,200
Other information:								
Cost to income ratio	44.1%	17.1%	72.2%	17.4%	68.7%	24.2%	155.7%	46.9%
Gross loans/financing	49,040,728	17,511,246	947,296	17,104,812	142,796	–	12,371	84,759,249
Net loans/financing	47,943,976	17,222,642	940,898	16,995,457	142,363	–	(659,004)	82,586,332
Gross impaired loans, advances and financing	1,250,734	197,625	3,855	–	–	–	228,257	1,680,471
Total deposits	37,318,293	8,469,986	66,365	40,714,576	–	355,891	1,087,822	88,012,933

Group 31 March 2012	Retail Banking RM'000	Business Banking RM'000	Investment Banking RM'000	Corporate and Institutional Banking RM'000	Insurance RM'000	Markets RM'000	Group Functions and Others RM'000	Total RM'000
Operating revenue	2,693,132	730,086	458,998	1,507,944	358,750	500,540	889,636	7,139,086
Income	1,787,841	555,744	450,747	384,919	358,750	463,261	299,711	4,300,973
Expenses	(759,187)	(100,416)	(243,603)	(77,575)	(193,773)	(75,013)	(341,538)	(1,791,105)
Profit/(loss) before provisions	1,028,654	455,328	207,144	307,344	164,977	388,248	(41,827)	2,509,868
(Provisions)/writeback of provisions	(349,218)	(134,566)	(2,855)	(12,704)	(21,703)	6,314	38,478	(476,254)
Profit/(Loss) after provisions	679,436	320,762	204,289	294,640	143,274	394,562	(3,349)	2,033,614
Taxation and zakat	(169,913)	(78,861)	(51,250)	(63,537)	(41,944)	(98,378)	3,140	(500,743)
Net profit/(loss) for the year	509,523	241,901	153,039	231,103	101,330	296,184	(209)	1,532,871
Other information								
Cost to income ratio	42.5%	18.1%	54.0%	20.2%	54.0%	16.2%	114.0%	41.6%
Gross loans/ financing	46,319,734	15,758,848	610,550	14,625,520	120,704	–	431,595	77,866,951
Net loans/ financing	45,288,598	15,401,925	603,060	14,481,716	120,271	–	(212,169)	75,683,401
Gross impaired loans, advances and financing	1,221,629	275,347	4,554	–	–	–	404,646	1,906,176
Total deposits	33,953,290	7,070,091	131,026	37,352,996	–	(349,547)	3,063,868	81,221,724

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

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

Notes to the Financial Statements (Cont'd.)

55. INSURANCE BUSINESS

(I) NET INCOME FROM INSURANCE BUSINESS

	Group	
	31 March 2013 RM'000	31 March 2012 RM'000
Income from insurance business (Note a)		
General insurance	1,022,659	568,113
Life insurance and Family Takaful	457,351	392,452
	1,480,010	960,565
Insurance claims and commissions (Note b)		
Insurance commission	167,370	101,979
General insurance claims	618,998	364,579
Life insurance and Family Takaful claims	484,260	377,035
	1,270,628	843,593
	209,382	**116,972**

(a) Income from insurance business		
Gross Premium		
- insurance contract	1,718,802	1,064,707
- change in unearned premium provision	17,195	4,098
	1,735,997	1,068,805
Premium ceded		
- insurance contract	(187,648)	(105,575)
- change in unearned premium provision	(68,339)	(2,665)
	(255,987)	(108,240)
	1,480,010	**960,565**

(b) Insurance claims		
- gross benefits and claims paid	1,078,528	832,092
- claims ceded to reinsurers	(163,176)	(58,741)
- change in contract liabilities - insurance contract	195,371	(19,528)
- change in contract liabilities ceded to reinsurers - insurance contract	(7,465)	(12,209)
	1,103,258	**741,614**

(II) INSURANCE RECEIVABLES

		Group	
	31 March 2013 RM'000	31 March 2012 RM'000	1 April 2011 RM'000
Amount owing by reinsurance and cedants	103,577	46,145	6,377
Due premiums including agents/brokers and co-insurers balances	82,303	75,113	50,074
Allowance for impairment	(19,253)	(8,723)	(8,820)
	166,627	**112,535**	**47,631**

The movement in allowance for impairment is as follows:

	Group	
	31 March 2013 RM'000	31 March 2012 RM'000
Balance at beginning of financial year	8,723	8,820
Arising from the acquisition of Kurnia	11,997	–
Charge for the year	(1,467)	(97)
Balance at end of financial year	**19,253**	**8,723**

(III) INSURANCE PAYABLES

		Group	
	31 March 2013 RM'000	31 March 2012 RM'000	1 April 2011 RM'000
Amount due to agents and intermediaries	23,029	13,601	14,073
Amounts due to reinsurers/retakaful operators and cedants	95,787	17,443	18,740
	118,816	**31,044**	**32,813**

Notes to the Financial Statements (Cont'd.)

55. INSURANCE BUSINESS (Cont'd.)

(IV) GENERAL INSURANCE BUSINESS

General insurance contract liabilities

Gross General Insurance Contract Liabilities for FY2013 - business transferred to AmGeneral Insurance Berhad

Accident year	Before 2006	2006	2007	2008	2009	2010	2011	2012	2013	Sub Total	Inward Treaty& MMIP	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At the end of accident year		263,766	306,188	305,250	365,793	374,672	413,903	420,102	445,149			
One year later		287,094	304,546	321,371	387,191	353,555	397,287	383,651				
Two year later		285,594	301,801	338,804	365,341	361,791	383,846					
Three year later		286,459	312,101	332,850	356,672	352,207						
Four year later		295,974	308,009	331,674	350,556							
Five year later		284,677	305,010	329,969								
Six year later		283,324	303,253									
Seven year later		283,517										
Current estimate of accumulative claims incurred		283,517	303,253	329,969	350,556	352,207	383,846	383,651	445,149			
At the end of accident year		(106,496)	(122,194)	(125,538)	(155,715)	(165,530)	(150,304)	(163,862)	(160,853)			
One year later		(205,183)	(222,174)	(249,176)	(286,105)	(269,798)	(288,999)	(288,216)				
Two year later		(228,848)	(258,574)	(283,516)	(310,083)	(312,015)	(333,078)					
Three year later		(253,400)	(282,069)	(301,880)	(328,789)	(332,926)						
Four year later		(267,459)	(292,486)	(313,626)	(339,469)							
Five year later		(275,727)	(296,304)	(320,130)								
Six year later		(278,120)	(300,169)									
Seven year later		(281,516)										
Cumulative payments to-date		(281,516)	(300,169)	(320,130)	(339,469)	(332,926)	(333,078)	(288,216)	(160,853)			
Gross general insurance contract liabilities	1,064	2,001	3,084	9,840	11,087	19,281	50,768	95,435	284,296	476,855	436	477,291
Current estimate of surplus/(deficiency)		(134)	(497)	(1,787)	(4,186)	(3,538)	(8,277)	(15,810)				
% surplus/(deficiency) of initial case reserve		-7.2%	-19.2%	-22.2%	-60.7%	-22.5%	-19.5%	-19.9%				

Net General Insurance Contract Liabilities for 2013 - business transferred to AmGeneral Insurance Berhad

Accident year	Before 2006	2006	2007	2008	2009	2010	2011	2012	2013	Sub Total	Inward Treaty & MMIP	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At the end of accident year		242,842	262,959	261,465	322,866	347,605	374,582	376,097	387,761			
One year later		249,008	264,314	293,286	341,821	332,336	363,616	353,642				
Two year later		258,309	263,664	309,197	330,196	336,909	352,397					
Three year later		249,074	271,696	309,065	323,492	329,135						
Four year later		256,040	272,149	304,667	317,621							
Five year later		256,501	270,954	302,417								
Six year later		255,335	269,698									
Seven year later		254,465										
Current estimate of accumulative claims incurred		254,465	269,698	302,417	317,621	329,135	352,397	353,642	387,761			
At the end of accident year		(98,616)	(113,276)	(116,697)	(146,557)	(157,275)	(141,356)	(150,932)	(150,805)			
One year later		(184,448)	(197,812)	(230,911)	(254,790)	(253,461)	(269,008)	(264,954)				
Two year later		(206,566)	(230,314)	(263,306)	(276,871)	(292,847)	(307,815)					
Three year later		(227,786)	(248,574)	(280,288)	(298,189)	(311,561)						
Four year later		(240,499)	(257,886)	(291,321)	(307,632)							
Five year later		(248,117)	(263,147)	(296,565)								
Six year later		(251,229)	(266,847)									
Seven year later		(253,090)										
Cumulative payments to-date		(253,090)	(266,847)	(296,565)	(307,632)	(311,561)	(307,815)	(264,954)	(150,805)			
Gross general insurance contract liabilities	335	1,375	2,851	5,852	9,989	17,575	44,583	88,688	236,956	408,204	239	408,443
Current estimate of surplus/(deficiency)		(120)	(446)	(1,464)	(3,741)	(3,150)	(8,834)	(14,685)				
% surplus/(deficiency) of initial case reserve		-9.6%	-18.5%	-33.4%	-59.9%	-21.8%	-24.7%	-19.8%				

Notes to the Financial Statements (Cont'd.)

55. INSURANCE BUSINESS (Cont'd.)

(IV) GENERAL INSURANCE BUSINESS (Cont'd.)

General insurance contract liabilities (Cont'd.)

Gross General Insurance Contract Liabilities for FY2013

Accident year	Before 2006 RM'000	2006 RM'000	2007 RM'000	2008 RM'000	2009 RM'000	2010 RM'000	2011 RM'000	2012 RM'000	2013 RM'000	Sub Total RM'000	Inward Treaty & MMIP RM'000	Total RM'000
At the end of accident year		732,007	756,216	734,527	613,855	603,717	686,160	708,370	197,802			
One year later		749,716	772,413	745,644	637,571	620,246	670,097	692,360				
Two year later		776,423	792,636	783,463	662,375	603,498	669,058					
Three year later		791,637	833,209	794,683	651,843	601,431						
Four year later		810,737	825,778	781,331	654,578							
Five year later		777,853	811,559	781,222								
Six year later		775,911	813,400									
Seven year later		812,965										
Current estimate of accumulative claims incurred		812,965	813,400	781,222	654,578	601,431	669,058	692,360	197,802			
At the end of accident year		(198,629)	(204,490)	(232,479)	(214,699)	(197,287)	(231,202)	(226,495)	(13,663)			
One year later		(405,633)	(477,415)	(507,214)	(407,737)	(415,751)	(440,794)	(308,326)				
Two year later		(555,957)	(599,995)	(626,401)	(522,919)	(494,662)	(461,280)					
Three year later		(642,597)	(698,485)	(703,687)	(557,766)	(503,211)						
Four year later		(708,157)	(750,619)	(731,825)	(562,292)							
Five year later		(735,919)	(766,323)	(734,341)								
Six year later		(746,443)	(768,561)									
Seven year later		(749,997)										
Cumulative payments to-date		(749,997)	(768,561)	(734,341)	(562,292)	(503,211)	(461,280)	(308,326)	(13,663)			
Gross general insurance claims liabilities (direct and facultative)	–	62,968	44,839	46,881	92,286	98,220	207,778	384,034	184,139	1,121,145	37,988	1,159,133
Current estimate of surplus/(deficiency)		(23,760)	(17,337)	(15,835)	(22,077)	(32,241)	(67,898)	(105,462)				
% surplus/(deficiency) of initial case reserve		-61.0%	-63.0%	-51.0%	-31.0%	-49.0%	-49.0%	-38.0%				

Net General Insurance Contract Liabilities for 2013

Accident year	Before 2006 RM'000	2006 RM'000	2007 RM'000	2008 RM'000	2009 RM'000	2010 RM'000	2011 RM'000	2012 RM'000	2013 RM'000	Sub Total RM'000	Inward Treaty & MMIP RM'000	Total RM'000
At the end of accident year		657,114	664,663	652,589	536,934	519,721	471,328	486,942	166,463			
One year later		673,011	678,900	662,466	557,679	525,710	467,721	498,912				
Two year later		696,985	696,675	696,066	573,952	521,546	474,273					
Three year later		710,643	732,335	699,770	573,126	523,737						
Four year later		727,789	718,126	696,975	574,937							
Five year later		706,925	717,376	697,432								
Six year later		703,120	718,409									
Seven year later		713,833										
Current estimate of accumulative claims incurred		713,833	718,409	697,432	574,937	523,737	474,273	498,912	166,463			
At the end of accident year		(188,335)	(192,907)	(217,938)	(201,741)	(180,785)	(178,304)	(171,108)	(12,493)			
One year later		(381,650)	(446,026)	(465,821)	(381,232)	(371,773)	(327,681)	(234,253)				
Two year later		(523,962)	(560,350)	(576,397)	(485,047)	(438,746)	(341,782)					
Three year later		(603,575)	(650,071)	(640,942)	(516,922)	(445,271)						
Four year later		(664,332)	(685,604)	(661,588)	(521,129)							
Five year later		(681,472)	(694,915)	(663,617)								
Six year later		(688,006)	(696,519)									
Seven year later		(690,304)										
Cumulative payments to-date		(690,304)	(696,519)	(663,617)	(521,129)	(445,271)	(341,782)	(234,253)	(12,493)			
Net general insurance claims liabilities (direct and facultative)	–	23,529	21,890	33,815	53,808	78,466	132,491	264,659	153,970	762,628	37,970	800,598
Current estimate of surplus/(deficiency)		(8,373)	(9,250)	(11,913)	(13,700)	(25,758)	(41,851)	(71,070)				
% surplus/(deficiency) of initial case reserve		-55.0%	-73.0%	-54.0%	-34.0%	-49.0%	-46.0%	-37.0%				

Notes to the Financial Statements (Cont'd.)

55. INSURANCE BUSINESS (Cont'd.)

(IV) GENERAL INSURANCE BUSINESS (Cont'd.)

General insurance contract liabilities (Cont'd.)

Gross General Insurance Contract Liabilities for FY2012

Accident year	Before 2005 RM'000	2005 RM'000	2006 RM'000	2007 RM'000	2008 RM'000	2009 RM'000	2010 RM'000	2011 RM'000	2012 RM'000	Sub Total RM'000	Inward Treaty & MMIP RM'000	Total RM'000
At the end of accident year		225,831	263,766	306,188	305,250	365,793	374,672	413,903	420,102			
One year later		230,691	287,094	304,546	321,371	387,191	353,555	397,287				
Two year later		236,992	285,594	301,801	338,804	365,341	361,791					
Three year later		239,424	286,459	312,101	332,850	356,672						
Four year later		243,010	295,974	308,009	331,674							
Five year later		243,573	284,677	305,010								
Six year later		244,829	283,324									
Seven year later		241,803										
Current estimate of accumulative claims incurred		241,803	283,324	305,010	331,674	356,672	361,791	397,287	420,102			
At the end of accident year		(83,144)	(106,496)	(122,194)	(125,538)	(155,715)	(165,530)	(150,304)	(163,862)			
One year later		(171,684)	(205,183)	(222,174)	(249,176)	(286,105)	(269,798)	(288,999)				
Two year later		(195,312)	(228,848)	(258,574)	(283,516)	(310,083)	(312,015)					
Three year later		(208,691)	(253,400)	(282,069)	(301,880)	(328,789)						
Four year later		(221,345)	(267,459)	(292,486)	(313,626)							
Five year later		(232,382)	(275,727)	(296,304)								
Six year later		(240,902)	(278,120)									
Seven year later		(241,176)										
Cumulative payments to-date		(241,176)	(278,120)	(296,304)	(313,626)	(328,789)	(312,015)	(288,999)	(163,862)			
Gross general insurance contract liabilities	2,102	626	5,204	8,706	18,048	27,882	49,777	108,288	256,239	476,873	22,938	499,811
Current estimate of surplus/(deficiency)		(70)	(538)	(1,119)	(3,186)	(6,937)	(9,654)	(18,520)				
% surplus/(deficiency) of initial case reserve		-12.5%	-11.5%	-14.8%	-21.4%	-33.1%	-24.1%	-20.6%				

Net General Insurance Contract Liabilities for 2012

Accident year	Before 2005 RM'000	2005 RM'000	2006 RM'000	2007 RM'000	2008 RM'000	2009 RM'000	2010 RM'000	2011 RM'000	2012 RM'000	Sub Total RM'000	Inward Treaty & MMIP RM'000	Total RM'000
At the end of accident year		199,020	242,842	262,959	261,465	322,866	347,605	374,582	376,097			
One year later		201,788	249,008	264,314	293,286	341,821	332,336	363,616				
Two year later		208,668	258,309	263,664	309,197	330,196	336,909					
Three year later		213,962	249,074	271,696	309,065	323,492						
Four year later		213,797	256,040	272,149	304,667							
Five year later		215,168	256,501	270,954								
Six year later		215,713	255,335									
Seven year later		214,336										
Current estimate of accumulative claims incurred		214,336	255,335	270,954	304,667	323,492	336,909	363,616	376,097			
At the end of accident year		(77,035)	(98,616)	(113,276)	(116,697)	(146,557)	(157,275)	(141,356)	(150,932)			
One year later		(156,978)	(184,448)	(197,812)	(230,911)	(254,790)	(253,461)	(269,008)				
Two year later		(177,554)	(206,566)	(230,314)	(263,306)	(276,871)	(292,847)					
Three year later		(189,097)	(227,786)	(248,574)	(280,288)	(298,189)						
Four year later		(199,950)	(240,499)	(257,886)	(291,321)							
Five year later		(208,624)	(248,117)	(263,147)								
Six year later		(212,180)	(251,229)									
Seven year later		(213,896)										
Cumulative payments to-date		(213,896)	(251,229)	(263,147)	(291,321)	(298,189)	(292,847)	(269,008)	(150,932)			
Gross general insurance contract liabilities	1,429	440	4,105	7,807	13,345	25,303	44,062	94,608	225,165	416,266	22,741	439,006
Current estimate of surplus/(deficiency)		(59)	(483)	(1,028)	(2,780)	(6,328)	(8,676)	(17,527)				
% surplus/(deficiency) of initial case reserve		-15.4%	-13.3%	-15.2%	-26.3%	-33.4%	-24.5%	-22.7%				

Notes to the Financial Statements (Cont'd.)

55. INSURANCE BUSINESS (Cont'd.)

(IV) GENERAL INSURANCE BUSINESS (Cont'd.)

General insurance contract liabilities (Cont'd.)

Gross General Insurance Contract Liabilities for FY2011

Accident year	Before 2004 RM'000	2004 RM'000	2005 RM'000	2006 RM'000	2007 RM'000	2008 RM'000	2009 RM'000	2010 RM'000	2011 RM'000	Sub Total RM'000	Inward Treaty & MMIP RM'000	Total RM'000
At the end of accident year		186,620	225,831	263,766	306,188	305,250	365,793	374,672	414,887			
One year later		180,150	230,691	287,094	304,546	321,371	387,191	354,538				
Two year later		185,253	236,992	285,594	301,801	338,804	366,325					
Three year later		190,062	239,424	286,459	312,101	333,835						
Four year later		180,248	243,010	295,974	308,993							
Five year later		182,067	243,573	285,661								
Six year later		181,760	245,813									
Seven year later		182,415										
Current estimate of accumulative claims incurred		182,415	245,813	285,661	308,993	333,835	366,325	354,538	414,887			
At the end of accident year		(48,873)	(83,144)	(106,496)	(122,194)	(125,538)	(155,715)	(165,530)	(150,304)			
One year later		(119,526)	(171,684)	(205,183)	(222,174)	(249,176)	(286,105)	(269,798)				
Two year later		(139,787)	(195,312)	(228,848)	(258,574)	(283,516)	(310,083)					
Three year later		(150,789)	(208,691)	(253,400)	(282,069)	(301,880)						
Four year later		(168,943)	(221,345)	(267,459)	(292,486)							
Five year later		(173,570)	(232,382)	(275,727)								
Six year later		(177,426)	(240,902)									
Seven year later		(178,998)										
Cumulative payments to-date		(178,998)	(240,902)	(275,727)	(292,486)	(301,880)	(310,083)	(269,798)	(150,304)			
Gross general insurance contract liabilities	7,116	3,417	4,911	9,934	16,507	31,955	56,242	84,740	264,583	479,405	7,510	486,915
Current estimate of surplus/(deficiency)		(181)	(430)	(1,819)	(2,428)	(5,397)	(13,337)	(2,868)				
% surplus/(deficiency) of initial case reserve		-8.0%	-12.3%	-25.5%	-18.5%	-21.1%	-31.8%	-3.5%				

Net General Insurance Contract Liabilities for 2011

Accident year	Before 2004 RM'000	2004 RM'000	2005 RM'000	2006 RM'000	2007 RM'000	2008 RM'000	2009 RM'000	2010 RM'000	2011 RM'000	Sub Total RM'000	Inward Treaty & MMIP RM'000	Total RM'000
At the end of accident year		143,841	199,020	242,842	262,959	261,465	322,866	347,605	375,469			
One year later		137,581	201,788	249,008	264,314	293,286	341,821	333,223				
Two year later		142,992	208,668	258,309	263,664	309,197	331,083					
Three year later		145,667	213,962	249,074	271,696	309,952						
Four year later		147,639	213,797	256,040	273,036							
Five year later		148,793	215,168	257,388								
Six year later		149,247	216,600									
Seven year later		150,366										
Current estimate of accumulative claims incurred		150,366	216,600	257,388	273,036	309,952	331,083	333,223	375,469			
At the end of accident year		(44,509)	(77,035)	(98,616)	(113,276)	(116,697)	(146,557)	(157,275)	(141,356)			
One year later		(105,765)	(156,978)	(184,448)	(197,812)	(230,911)	(254,790)	(253,461)				
Two year later		(123,232)	(177,554)	(206,566)	(230,314)	(263,306)	(276,871)					
Three year later		(131,813)	(189,097)	(227,786)	(248,574)	(280,288)						
Four year later		(138,264)	(199,950)	(240,499)	(257,886)							
Five year later		(142,453)	(208,624)	(248,117)								
Six year later		(145,828)	(212,180)									
Seven year later		(147,294)										
Cumulative payments to-date		(147,294)	(212,180)	(248,117)	(257,886)	(280,288)	(276,871)	(253,461)	(141,356)			
Gross general insurance contract liabilities	1,317	3,072	4,420	9,271	15,150	29,664	54,212	79,762	234,113	430,981	7,337	438,318
Current estimate of surplus/(deficiency)		(249)	(521)	(1,971)	(2,688)	(6,290)	(14,660)	(4,688)				
% surplus/(deficiency) of initial case reserve		-12.8%	-17.3%	-30.7%	-23.2%	-28.0%	-37.9%	-6.3%				

Notes to the Financial Statements (Cont'd.)

55. INSURANCE BUSINESS (Cont'd.)

(V) INSURANCE CONTRACT LIABILITIES - GENERAL INSURANCE

31 March 2013 Group	Gross RM'000	Reinsurance RM'000	Net RM'000
Provision for claims reported by policyholders	1,115,127	(284,397)	830,730
Provision for incurred but not reported claims ("IBNR")	382,170	(85,264)	296,906
Provision for risk margin for adverse deviations ("PRAD")	139,126	(57,721)	81,405
Provision for outstanding claims (I)	1,636,423	(427,382)	1,209,041
Provision for unearned premiums (II)	813,887	(96,919)	716,968
	2,450,310	**(524,301)**	**1,926,009**
(I) Provision for outstanding claims			
Balance at beginning of financial year	499,811	(60,804)	439,007
Arising from the acquisition of Kurnia	1,123,524	(357,991)	765,533
Claims incurred in the current accident year	819,635	(148,555)	671,080
Movements in claims incurred in prior accident years	(87,519)	35,436	(52,083)
Claims paid during the financial year	(719,028)	104,532	(614,496)
Balance at end of financial year	**1,636,423**	**(427,382)**	**1,209,041**
(II) Provision for unearned premiums			
Balance at beginning of financial year	356,128	(82,573)	273,555
Arising from the acquisition of Kurnia	474,954	(82,685)	392,269
Premiums written in the financial year	1,203,752	(129,949)	1,073,803
Premiums earned during the financial year	(1,220,947)	198,288	(1,022,659)
Balance at end of financial year	**813,887**	**(96,919)**	**716,968**

31 March 2012 Group	Gross RM'000	Reinsurance RM'000	Net RM'000
Provision for claims reported by policyholders	351,987	(40,770)	311,217
Provision for incurred but not reported claims ("IBNR")	102,513	(14,687)	87,826
Provision for risk margin for adverse deviations ("PRAD")	45,310	(5,347)	39,963
Provision for outstanding claims (I)	499,810	(60,804)	439,006
Provision for unearned premiums (II)	356,128	(82,573)	273,555
	855,938	**(143,377)**	**712,561**
(I) Provision for outstanding claims			
Balance at beginning of financial year	486,915	(48,597)	438,318
Claims incurred in the current accident year	420,102	(44,004)	376,098
Movements in claims incurred in prior accident years	(10,955)	(564)	(11,519)
Claims paid during the financial year	(396,251)	32,361	(363,890)
Balance at end of financial year	**499,811**	**(60,804)**	**439,007**
(II) Provision for unearned premiums			
Balance at beginning of financial year	360,227	(85,238)	274,989
Premiums written in the financial year	638,066	(71,386)	566,680
Premiums earned during the financial year	(642,165)	74,051	(568,114)
Balance at end of financial year	**356,128**	**(82,573)**	**273,555**

Notes to the Financial Statements (Cont'd.)

55. INSURANCE BUSINESS (Cont'd.)

(VI) INSURANCE CONTRACT LIABILITIES - LIFE INSURANCE AND FAMILY TAKAFUL

31 March 2013 Group	Gross RM'000	Reinsurance RM'000	Net RM'000
Life and family takaful insurance	**2,537,576**	**(30,022)**	**2,507,554**

The life and family takaful insurance contract liabilities and its movements are further analysed as follows:

Actuarial liabilities	2,228,857	(30,022)	2,198,835
Provision for outstanding claims	116,904	–	116,904
Unallocated surplus	19,615	–	19,615
Available-for-sale fair value reserves	23,927	–	23,927
Net assets value attributable to unitholders	148,273	–	148,273
	2,537,576	**(30,022)**	**2,507,554**

31 March 2012 Group	Gross RM'000	Reinsurance RM'000	Net RM'000
Life and family takaful insurance	**2,618,935**	**(32,117)**	**2,586,818**

The life and family takaful insurance contract liabilities and its movements are further analysed as follows:

Actuarial liabilities	1,904,465	(30,645)	1,873,820
Provision for outstanding claims	132,919	(1,472)	131,447
Unallocated surplus	342,168	–	342,168
Available-for-sale fair value reserves	12,894	–	12,894
Net assets value attributable to unitholders	226,489	–	226,489
	2,618,935	**(32,117)**	**2,586,818**

At 31 March 2012	2,618,935	(32,117)	2,586,818
Premiums received	452,571	(56,919)	395,652
Liabilities paid for death, maturities, surrenders, benefits and claims	(358,894)	58,240	(300,654)
Benefits and claims experience variation	(108,483)	(4,755)	(113,238)
Increase in actuarial reserve	26,462	(147)	26,315
Adjustments due to changes in assumptions:			
Mortality/morbidity	(9,163)	6,528	(2,635)
Expenses	58,467	–	58,467
Lapse and surrender rates	24,823	(500)	24,323
Discount rate	40,595	(352)	40,243
Net asset value attributable to unitholders	(78,216)	–	(78,216)
Available-for-sale fair value reserves	11,992	–	11,992
Unallocated surplus	(140,554)	–	(140,554)
Deferred tax effects:			
Available-for-sale fair value reserves	(959)	–	(959)
At 31 March 2013	**2,537,576**	**(30,022)**	**2,507,554**

(VII) INVESTMENT PROPERTIES

	31 March 2013 RM'000	31 March 2012 RM'000	1 April 2011 RM'000
At beginning of financial year	84,715	90,245	84,193
Additions	–	–	750
Disposals	–	(8,500)	–
Reclassification	(4,750)	–	–
Fair value adjustments	200	2,970	5,302
At end of financial year	**80,165**	**84,715**	**90,245**
Leasehold land and buildings	49,320	21,670	24,925
Freehold land and buildings	30,845	63,045	65,320
	80,165	**84,715**	**90,245**

Notes to the Financial Statements (Cont'd.)

55. INSURANCE BUSINESS (Cont'd.)

(VIII) Credit Risk Management

(a) Credit Quality By Class of Financial Assets

The Insurance Business	Neither past due nor impaired										
31 March 2013	Very Strong Credit Profile RM'000	Strong Credit Profile RM'000	Satisfactory Risk RM'000	Sub-standard RM'000	Unrated RM'000	Past due but not impaired RM'000	Impaired RM'000	Total RM'000	Gross amount individually impaired RM'000	Individual Provision RM'000	Fair value of collateral for financial assets RM'000
Securities purchased under resale agreements	–	200,605	–	–	–	–	–	200,605	–	–	–
Financial assets held-for-trading	2,206	89,381	–	–	–	–	–	91,587	–	–	–
Money Market Securities	–	68,460	–	–	–	–	–	68,460	–	–	–
Unquoted Private Debt Securities	2,206	20,921	–	–	–	–	–	23,127	–	–	–
Financial investments available-for-sale	50,937	952,929	–	–	62,020	–	–	1,065,886	–	–	–
Money Market Securities	16,802	30,086	–	–	62,020	–	–	108,908	–	–	–
Unquoted Private Debt Securities	34,135	922,843	–	–	–	–	–	956,978	–	–	–
Financial investments held-to-maturity	–	–	–	–	–	–	–	–	–	–	–
Unquoted Private Debt Securities	–	–	–	–	–	–	–	–	–	–	–
Gross loans, advances and financing	–	142,796	–	–	–	–	–	142,796	–	(433)	–
Hire purchase	–	1,035	–	–	–	–	–	1,035	–	–	–
Housing loans	–	29,374	–	–	–	–	–	29,374	–	–	–
Other loans and financing	–	112,387	–	–	–	–	–	112,387	–	(433)	–
	53,143	**1,385,711**	**–**	**–**	**62,020**	**–**	**–**	**1,500,874**	**–**	**(433)**	**–**

Notes to the Financial Statements (Cont'd.)

55. INSURANCE BUSINESS (Cont'd.)

(VIII) Credit Risk Management (Cont'd.)

(a) Credit Quality By Class of Financial Assets (Cont'd.)

The Insurance Business	Neither past due nor impaired										
31 March 2012	Very Strong Credit Profile RM'000	Strong Credit Profile RM'000	Satisfactory Risk RM'000	Sub-standard RM'000	Unrated RM'000	Past due but not impaired RM'000	Impaired RM'000	Total RM'000	Gross amount individually impaired RM'000	Individual Provision RM'000	Fair value of collateral for financial assets RM'000
Securities purchased under resale agreements	132,736	–	–	–	–	–	–	132,736	–	–	–
Financial assets held-for-trading	232,747	81,248	–	–	–	–	–	313,995	–	–	–
Money Market Securities	156,125	–	–	–	–	–	–	156,125	–	–	–
Unquoted Private Debt Securities	76,622	81,248	–	–	–	–	–	157,870	–	–	–
Financial investments available-for-sale	1,216,461	474,252	–	–	–	–	–	1,690,713	–	–	–
Money Market Securities	10,115	30,418	–	–	–	–	–	40,533	–	–	–
Unquoted Private Debt Securities	1,206,346	443,834	–	–	–	–	–	1,650,180	–	–	–
Financial investments held-to-maturity	491,366	–	–	–	–	–	–	491,366	–	–	–
Unquoted Private Debt Securities	491,366	–	–	–	–	–	–	491,366	–	–	–
Gross loans, advances and financing	117,580	3,124	–	–	–	–	–	120,704	–	433	–
Hire purchase	–	912	–	–	–	–	–	912	–	–	–
Housing loans	–	2,212	–	–	–	–	–	2,212	–	–	–
Other loans and financing	117,580	–	–	–	–	–	–	117,580	–	433	–
	2,190,890	**558,624**	**–**	**–**	**–**	**–**	**–**	**2,749,514**	**–**	**433**	**–**

Notes to the Financial Statements (Cont'd.)

55. INSURANCE BUSINESS (Cont'd.)

(VIII) Credit Risk Management (Cont'd.)

(a) Credit Quality By Class of Financial Assets (Cont'd.)

The Insurance Business 1 April 2011	Neither past due nor impaired: Very Strong Credit Profile RM'000	Neither past due nor impaired: Strong Credit Profile RM'000	Neither past due nor impaired: Satisfactory Risk RM'000	Neither past due nor impaired: Sub-standard RM'000	Neither past due nor impaired: Unrated RM'000	Past due but not impaired RM'000	Impaired RM'000	Total RM'000	Gross amount individually impaired RM'000	Individual Provision RM'000	Fair value of collateral for financial assets RM'000
Securities purchased under resale agreements	257,542	–	–	–	–	–	–	257,542	–	–	–
Financial assets held-for-trading	–	35,490	–	–	–	–	–	35,490	–	–	–
Money Market Securities	–	–	–	–	–	–	–	–	–	–	–
Unquoted Private Debt Securities	–	35,490	–	–	–	–	–	35,490	–	–	–
Financial investments available-for-sale	951,411	738,318	–	–	122,730	–	–	1,812,459	–	–	–
Money Market Securities	50,000	80,000	–	–	10,478	–	–	140,478	–	–	–
Unquoted Private Debt Securities	901,411	658,318	–	–	112,252	–	–	1,671,981	–	–	–
Financial investments held-to-maturity	617,716	–	–	–	–	–	–	617,716	–	–	–
Unquoted Private Debt Securities	617,716	–	–	–	–	–	–	617,716	–	–	–
Gross loans, advances and financing	116,383	–	2,958	–	–	–	–	119,341	–	–	–
Hire purchase	–	–	753	–	–	–	–	753	–	–	–
Housing loans	–	–	2,205	–	–	–	–	2,205	–	–	–
Other loans and financing	116,383	–	–	–	–	–	–	116,383	–	–	–
	1,943,052	**773,808**	**2,958**	**–**	**122,730**	**–**	**–**	**2,842,548**	**–**	**–**	**–**

Notes to the Financial Statements (Cont'd.)

55. INSURANCE BUSINESS (Cont'd.)

(VIII) Credit Risk Management (Cont'd.)

(b) Analysis of Financial Assets and Liabilities By Remaining Contractual Maturities

The Insurance Business 31 March 2013	1 year RM'000	1 -3 years RM'000	3 - 5 years RM'000	5 - 15 years RM'000	> 15 years RM'000	No maturity specified RM'000	Total RM'000
Financial Assets							
Cash and short-term funds	732,770	–	–	–	–	–	732,770
Securities purchased under resale agreements	–	200,605	–	–	–	–	200,605
Deposits and placements with banks and other financial institutions	218,674	299,075	–	–	–	–	517,749
Financial assets held-for-trading	577,865	386	345,354	577,304	2,468	196,465	1,699,842
Financial investments available-for-sale	2,087,527	358,936	414,224	22,430	34,135	25,920	2,943,172
Gross loans, advances and financing	30,409	112,387	–	–	–	–	142,796
Total Undiscounted Financial Assets	**3,647,245**	**971,389**	**759,578**	**599,734**	**36,603**	**222,385**	**6,236,934**

The Insurance Business 31 March 2012	1 year RM'000	1 –3 years RM'000	3 – 5 years RM'000	5 – 15 years RM'000	> 15 years RM'000	No maturity specified RM'000	Total RM'000
Financial Assets							
Cash and short-term funds	125,559	–	–	–	–	–	125,559
Securities purchased under resale agreements	–	132,736	–	–	–	–	132,736
Deposits and placements with banks and other financial institutions	474,933	–	–	–	–	–	474,933
Financial assets held-for-trading	46,270	209,736	24,186	511	2,541	193,341	476,585
Financial investments available-for-sale	134,544	188,527	318,651	518,537	596,672	353,421	2,110,352
Financial investments held-to-maturity	–	–	491,366	–	–	–	491,366
Gross loans, advances and financing	398	636	490	119,180	–	–	120,704
Total Undiscounted Financial Assets	**781,704**	**531,635**	**834,693**	**638,228**	**599,213**	**546,762**	**3,932,235**

The Insurance Business 1 April 2011	1 year RM'000	1 –3 years RM'000	3 – 5 years RM'000	5 – 15 years RM'000	> 15 years RM'000	No maturity specified RM'000	Total RM'000
Financial Assets							
Cash and short-term funds	89,425	–	–	–	–	–	89,425
Securities purchased under resale agreements	257,542	–	–	–	–	–	257,542
Deposits and placements with banks and other financial institutions	390,064	–	–	–	–	–	390,064
Financial assets held-for-trading	–	10,200	25,290	–	–	10,611	46,101
Financial investments available-for-sale	265,990	588,478	943,266	226,308	–	44,190	2,068,232
Financial investments held-to-maturity	49,090	569,781	–	–	–	–	618,871
Gross loans, advances and financing	1,734	629	100,482	16,164	333	–	119,342
Total Undiscounted Financial Assets	**1,053,845**	**1,169,088**	**1,069,038**	**242,472**	**333**	**54,801**	**3,589,577**

Notes to the Financial Statements (Cont'd.)

56. SIGNIFICANT EVENTS

1. As announced on 19 December 2011, the Company's 51% owned general insurance subsidiary, AmG Insurance Berhad ("AmG"), submitted an application to Bank Negara Malaysia ("BNM") for the approval of the Minister of Finance ("MOF") for the possible acquisition by AmG of the 100% equity interest held by Kurnia Asia Berhad ("KAB") in Kurnia Insurans (Malaysia) Berhad ("Kurnia") (the "Proposed Acquisition").

   Subsequently, the Company announced on 4 April 2012 that AmG had received notification from BNM of the MOF's approval for the Proposed Acquisition. Following the MOF's approval, AmG entered into a conditional sale and purchase agreement on 12 April 2012 with KAB for the proposed acquisition of the 100% equity interest in Kurnia for a total cash consideration of RM1.55 billion, subject to adjustment on completion.

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

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

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

   <u>Accounting for acquisition at the Group level</u>

   Acquisition related cost of RM20,527,000 was included in acquisition and business efficiency expenses in the consolidated income statement.

   Recognised amounts of identifiable assets acquired and liabilities assumed are as follows:

	Provisional fair value RM'000
Cash and short-term funds	229,787
Deposits and placements with banks and other financial institutions	439,163
Financial investments available-for-sale	1,219,634
Loans, advances and financing	30,752
Deferred tax assets	4,423
Other assets	59,078
Reinsurance, retakaful assets and other insurance receivables	14,261
Property and equipment	156,926
Other liabilities	(90,357)
Insurance, takaful contract liabilities and other insurance payables	(1,213,981)
Total identifiable net assets	849,686
Goodwill	777,520
Cash consideration	**1,627,206**
Cash outflow on acquisition	**1,397,419**

   The goodwill arising from the acquisition of the assets and liabilities of Kurnia is based on management's best estimates as at the financial year end. The fair value adjustments in respect of assets and liabilities are in progress and will be finalised in the coming financial year end.

   The amounts of revenue and profit of Kurnia since the acquisition date included in the consolidated income statement are RM195 million and RM109 million. Had Kurnia been consolidated from beginning of the financial year, the Company would report the amounts of revenue and profit of RM228 million and RM131 million.

Notes to the Financial Statements (Cont'd.)

56. SIGNIFICANT EVENTS (Cont'd.)

2. On 10 July 2012, the Company announced that it has entered into a conditional share sale agreement ("SPA") with MBf Holdings Berhad ("MBf Holdings") and its wholly-owned subsidiaries Atox Cards Sdn Bhd and Jastura Sdn Bhd (collectively, the "Vendors"), for the proposed acquisition of an aggregate 100% equity interest held by the Vendors in MBF Cards (M'sia) Sdn Bhd ("MBF Cards") for a total cash purchase consideration of RM623.4 million (the "Proposed Acquisition"), subject to adjustments on completion. The businesses to be acquired under this transaction include cards issuing, merchant acquiring and bill payments business under Visa and MasterCard licences. The Proposed Acquisition also includes MBF Cards' ownership of 33.33% in Bonuskad Loyalty Sdn Bhd's ("Bonuskad") shares.

   The acquisition was completed on 3 December 2012 and on 11 January 2013 the Company announced the final purchase price as RM641.4 million.

   Accounting for acquisition at the Company level

   At the Company level, the Company's acquisition of the assets and liabilities of MBF Cards are as follows:

	RM'000
Cash and short-term funds	122,428
Derivative financial assets	18,048
Financial assets held-for-trading	22,000
Loans, advances and financing	473,211
Investment in associate	5,381
Other assets	177,363
Property and equipment	11,003
Intangible assets	977
Term funding	(550,190)
Deferred tax liabilities	(910)
Other liabilities	(83,050)
Total net assets	196,261
Cash consideration	**641,398**
Cash consideration, net of cash acquired	**518,970**

   Accounting for acquisition at the Group level

   Acquisition related cost of RM3,450,000 was included in acquisition and business efficiency expenses in the consolidated income statement.

   Recognised amounts of identifiable assets acquired and liabilities assumed are as follows:

	Fair value RM'000
Cash and short-term funds	122,428
Derivative financial assets	18,048
Financial assets held-for-trading	22,000
Loans, advances and financing	473,211
Investment in associate	20,221
Other assets	177,363
Property and equipment	11,003
Intangible assets	63,977
Term funding	(550,190)
Deferred tax liabilities	(16,660)
Other liabilities	(89,414)
Total identifiable net assets	251,987
Goodwill	389,411
Cash consideration	**641,398**
Cash outflow on acquisition	**518,970**

   The amounts of revenue and profit of MBF Cards since the acquisition date included in the income statements are RM68 million and RM26 million. Had MBF Cards been consolidated from beginning of the financial year, the Company would report the amounts of revenue and profit of RM234 million and RM40 million.

Notes to the Financial Statements (Cont'd.)

56. SIGNIFICANT EVENTS (Cont'd.)

3. On 14 September 2012, the Company announced that following approval of the Minister of Finance and Bank Negara Malaysia, the Company entered into an agreement with its wholly-owned subsidiary, AMFB Holdings Berhad ("AMFB"), for the transfer of 100% equity interest held by AMFB in AmBank (M) Berhad to the Company ("Internal Transfer"). Subsequently, the Company announced that the Internal Transfer has been completed on 4 October 2012.

4. 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 annouced that the repurchase was completed on 4 January 2013 at an aggregate cash consideration of RM245 million.

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

57. SUBSEQUENT EVENTS

There were no material events subsequent to the reporting date that require disclosure or adjustments to the financial statements.

58. CHANGE IN ACCOUNTING POLICIES AND RESTATEMENT OF COMPARATIVES

(a) Transition to MFRSs

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

(b) Restatement of comparatives

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

- interest receivable and payable for certain derivative products for the same counterparty for the year ended 31 March 2012. The interest receivable and payable which were presented on a gross basis is now set off and presented on a net basis in either other assets or other liabilities.

- work in progress ("WIP") for intangible assets for the year ended 31 March 2012. The WIP balance which was previously included under WIP Property and Equipment is now presented under Intangible Assets.

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

Notes to the Financial Statements (Cont'd.)

58. CHANGE IN ACCOUNTING POLICIES AND RESTATEMENT OF COMPARATIVES (Cont'd.)

(i) Reconciliation of equity

	As previously reported RM'000	Effect of transition to MFRSs RM'000	Other restatement RM'000	As restated RM'000
As at 31 March 2012				
Assets				
Cash and short-term funds	7,904,737	–	(91,578)	7,813,159
Securities purchased under resale agreements	384,570	–	132,736	517,306
Deposits and placements with banks and other financial institutions	1,782,935	–	109,231	1,892,166
Financial assets held-for-trading	10,570,642	81,248	290,483	10,942,373
Financial investments available-for-sale	5,503,261	(71,170)	1,209,113	6,641,204
Financial investments held-to-maturity	948,477	(10,000)	491,366	1,429,843
Loans, advances and financing	73,957,980	(36,976)	1,762,397	75,683,401
Deferred tax assets	214,350	3,302	(11,744)	205,908
Other assets	2,752,148	(2,148)	(292,801)	2,457,199
Reinsurance, retakaful assets and other insurance receivables	–	–	112,535	112,535
Investment properties	–	–	84,715	84,715
Property and equipment	252,119	–	(27,588)	224,531
Life fund assets	2,772,093	–	(2,772,093)	–
Intangible assets	1,848,397	–	106,402	1,954,799
Liabilities				
Deposits and placements of banks and other financial institutions	4,028,944	–	(114,376)	3,914,568
Recourse obligation on loans sold to Cagamas Berhad	1,176,054	–	1,950,055	3,126,109
Deposits from customers	77,142,052	–	165,104	77,307,156
Term funding	5,262,128	–	(304,805)	4,957,323
Life and family takaful fund liabilities	317,397	–	(317,397)	–
Life and family takaful policyholders' funds	2,454,696	–	(2,454,696)	–
Deferred tax liabilities	25,089	20	(12,223)	12,886
Other liabilities	4,558,414	59,967	(1,244,195)	3,374,186
Insurance, takaful contract liabilities and other insurance payables	–	–	3,362,540	3,362,540
Life and family takaful fund liabilities	317,397	–	(317,397)	–
Life and family takaful policyholders' funds	2,454,696	–	(2,454,696)	–
Equity				
Reserves	8,146,466	(95,759)	46,197	8,096,904
Non-controlling interests	353,867	28	26,970	380,865

Notes to the Financial Statements (Cont'd.)

58. CHANGE IN ACCOUNTING POLICIES AND RESTATEMENT OF COMPARATIVES (Cont'd.)

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

	As previously reported RM'000	Effect of transition to MFRSs RM'000	Other restatement RM'000	As restated RM'000
As at 1 April 2011				
Assets				
Cash and short-term funds	13,502,567	–	(46,349)	13,456,218
Securities purchased under resale agreements	289,731	–	257,542	547,273
Deposits and placements with banks and other financial institutions	3,613,482	–	21,686	3,635,168
Financial assets held-for-trading	5,173,737	35,490	5,956	5,215,183
Financial investments available-for-sale	8,073,935	(25,440)	1,008,503	9,056,998
Financial investments held-to-maturity	175,431	(10,000)	617,716	783,147
Loans, advances and financing	69,378,824	(80,901)	1,816,017	71,113,940
Deferred tax assets	559,964	–	5,500	565,464
Other assets	2,206,656	(1,548)	155,183	2,360,291
Reinsurance, retakaful assets and other insurance receivables	–	–	47,631	47,631
Investment properties	–	–	90,245	90,245
Property and equipment	248,090	–	(9,543)	238,547
Life fund assets	2,634,838	–	(2,634,838)	–
Intangible assets	1,833,210	–	84,194	1,917,404
Liabilities				
Deposits and placements of banks and other financial institutions	4,271,656	–	(99,496)	4,172,160
Recourse obligation on loans sold to Cagamas Berhad	1,018,043	–	1,700,034	2,718,077
Deposits from customers	74,566,962	–	158,103	74,725,065
Deferred tax liabilities	35,323	13	61,516	96,852
Other liabilities	4,463,581	3,338	(1,127,071)	3,339,848
Insurance, takaful contract liabilities and other insurance payables	–	–	3,236,788	3,236,788
Life and family takaful fund liabilities	174,393	–	(174,393)	–
Life and family takaful policyholders' funds	2,460,445	–	(2,460,445)	–
Equity				
Reserves	7,294,739	(85,750)	82,048	7,291,037
Non-controlling interests	258,122	–	42,359	300,481

(ii) Reconciliation of consolidated income statements

	As previously reported RM'000	Effect of transition to MFRSs RM'000	Other restatement RM'000	As restated RM'000
31 March 2012				
Interest income	4,268,663	–	113,639	4,382,302
Interest expense	(2,202,811)	–	702	(2,202,109)
Net income from insurance business	192,950	–	(75,978)	116,972
Other operating income	1,163,625	658	44,493	1,208,776
Other operating expenses	(1,694,583)	–	(96,522)	(1,791,105)
Allowances for impairment on loans and financing	(425,854)	43,912	–	(381,942)
Impairment (loss)/writeback on:				
Doubtful sundry receivables - net	(361)	–	(21,806)	(22,167)
Provision for commitments and contingencies	(2,040)	(57,226)	–	(59,266)
Taxation and zakat	(515,587)	3,137	11,707	(500,743)

Notes to the Financial Statements (Cont'd.)

58. CHANGE IN ACCOUNTING POLICIES AND RESTATEMENT OF COMPARATIVES (Cont'd.)

(iii) Reconciliation of consolidated statements of comprehensive income

	As previously reported RM'000	Effect of transition to MFRSs RM'000	Other restatement RM'000	As restated RM'000
31 March 2012				
Foreign exchange differences on translation of foreign operations	2,573	10	–	2,583
Net movement on financial investments available-for-sale	27,289	–	(635)	26,654
Income tax relating to the components of other comprehensive income	21,183	–	3,496	24,679

(iv) Reconciliation of operations of Islamic banking business

(i) Reconciliation of equity

	As previously reported RM'000	Effect of transition to MFRSs RM'000	Other restatement RM'000	As restatement RM'000
As at 31 March 2012				
Cash and short-term funds	2,347,666	–	(43)	2,347,623
Financing and advances	16,843,149	1,648,273	–	18,491,422
Other receivables, deposits and prepayments	339,103	(602)	–	338,501
Deferred tax assets	36,870	829	–	37,699
Deposits and placements of banks and other financial institutions	1,329,753	–	(152)	1,329,601
Deposits from customers	18,262,995	–	152	18,263,147
Other liabilities	285,617	3,933	(43)	289,507
Reserves	1,397,021	(684)	–	1,396,337
As at 1 April 2011				
Cash and short-term funds	4,761,640	–	(2,811)	4,758,829
Financing and advances	13,247,076	1,709,095	–	14,956,171
Deposits and placements of banks and other financial institutions	1,358,833	–	(157)	1,358,676
Deposits from customers	15,242,321	–	157	15,242,478
Other liabilities	291,281	7,259	(2,811)	295,728
Reserves	1,079,799	1,803	–	1,081,602

(ii) Reconciliation of consolidated income statement

	As previously reported RM'000	Effect of transition to MFRSs RM'000	Other restatement RM'000	As restated RM'000
31 March 2012				
Allowance for impairment on financing and advances	(157,172)	(6,041)	–	(163,213)
(Provision)/Writeback for commitments and contingencies	(2,871)	2,725	–	(146)
Taxation and zakat	(89,178)	828	–	(88,350)

Notes to the Financial Statements (Cont'd.)

59. ISLAMIC BANKING BUSINESS

The state of affairs as at 31 March 2013 and the results for the financial year ended 31 March 2013 of the Islamic banking business of the Group and included in the financial statements, after elimination of intercompany transactions and balances, are summarised as follows:

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2013

	Note	Group 31 March 2013 RM'000	31 March 2012 RM'000	1 April 2011 RM'000
ASSETS				
Cash and short-term funds	ii	3,546,395	2,347,623	4,758,829
Deposits and placements with banks and other financial institutions	iii	1,548,383	1,118,383	250,000
Derivative financial assets		7,924	10,925	3,258
Financial assets held-for-trading	iv	1,216,381	1,522,183	991,136
Financial investments available-for-sale	v	1,197,335	320,117	715,937
Financial investments held-to-maturity	vi	1,920,361	822,222	–
Financing and advances	vii	21,987,306	18,491,422	14,956,171
Statutory deposits with Bank Negara Malaysia		771,000	559,000	–
Deferred tax assets	xxi	212	37,699	119,948
Other assets		332,467	338,501	150,874
Property and equipment	viii	519	641	732
Intangible assets	ix	54	126	286
TOTAL ASSETS		**32,528,337**	**25,568,842**	**21,947,171**
LIABILITIES AND ISLAMIC BANKING FUNDS				
Deposits and placements of banks and other financial institutions	x	2,349,592	1,329,601	1,358,676
Recourse obligation on financing sold to Cagamas Berhad		2,073,690	1,950,055	1,700,034
Derivative financial liabilities		7,894	10,896	3,254
Deposits from customers	xi	23,176,547	18,263,147	15,242,478
Term funding	xii	550,000	550,000	550,000
Bills and acceptances payable		722,821	518,422	879,522
Subordinated Sukuk Musyarakah	25(c)	1,000,000	800,000	400,000
Deferred tax liabilities		15,945	–	–
Other liabilities	xiii	351,098	289,507	295,728
TOTAL LIABILITIES		**30,247,587**	**23,711,628**	**20,429,692**
Share capital/Capital funds	xiv	495,761	460,877	435,877
Reserves		1,784,989	1,396,337	1,081,602
TOTAL ISLAMIC BANKING FUNDS		**2,280,750**	**1,857,214**	**1,517,479**
TOTAL LIABILITIES AND ISLAMIC BANKING FUNDS		**32,528,337**	**25,568,842**	**21,947,171**
COMMITMENTS AND CONTINGENCIES	**xxiv**	**8,553,161**	**6,252,359**	**6,146,273**

The accompanying notes form an integral part of the Islamic banking business financial statements.

Notes to the Financial Statements (Cont'd.)

59. ISLAMIC BANKING BUSINESS (Cont'd.)

INCOME STATEMENT
FOR THE YEAR ENDED 31 MARCH 2013

	Note	Group 31 March 2013 RM'000	Group 31 March 2012 RM'000
Income derived from investment of depositors' funds and others	xv	1,487,690	1,230,636
Allowance for impairment on financing and advances	xvi	(136,087)	(163,213)
Provision for commitment and contingencies		(699)	(146)
Impairment writeback for sundry debtors		–	18
Transferred (to)/from profit equalization reserve		(9,429)	3,560
Total attributable income		1,341,475	1,070,855
Income attributable to the depositors	xvii	(740,466)	(583,638)
Profit attributable to the Group		601,009	487,217
Income derived from Islamic Banking Funds	xviii	161,653	200,398
Total net income		762,662	687,615
Operating expenditure	xix	(353,382)	(304,323)
Finance cost		(61,120)	(52,364)
Profit before taxation and zakat		348,160	330,928
Taxation and zakat	xx	(77,847)	(88,350)
Profit after taxation and zakat		**270,313**	**242,578**

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2013

	Group 31 March 2013 RM'000	Group 31 March 2012 RM'000
Profit after taxation and zakat	270,313	242,578
Other comprehensive income/(loss):		
Net change in revaluation of financial investments available-for-sale	2,609	(3,851)
Exchange differences on translation of foreign operations	52	70
Income tax relating to the components of other comprehensive income	(652)	963
Other comprehensive loss for the year, net of tax	2,009	(2,818)
Total comprehensive income for the year	**272,322**	**239,760**

The accompanying notes form an integral part of the Islamic banking business financial statements.

Notes to the Financial Statements (Cont'd.)

59. ISLAMIC BANKING BUSINESS (Cont'd.)

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2012

		Non-Distributable					Distributable	
Group	Capital funds RM'000	Share premium RM'000	Statutory reserve RM'000	Profit equilisation reserve RM'000	Available-for-sale reserve RM'000	Exchange fluctuation reserve RM'000	Retained earnings RM'000	Total RM'000
At 1 April 2011	435,877	534,068	304,316	–	(6,272)	(1,101)	250,592	1,517,480
Profit for the year	–	–	–	–	–	–	242,578	242,578
Other comprehensive (loss)/income	–	–	–	–	(2,887)	70	–	(2,817)
Total comprehensive (loss)/income	–	–	–	–	(2,887)	70	242,578	239,761
Issuance of Shares of RM1.00 each	25,000	75,000	–	–	–	–	–	100,000
Transfer from retained earnings	–	–	55,400	–	–	–	(55,400)	–
Transfer to ESS shares recharged difference on purchase price of shares vested	–	–	–	–	–	–	(27)	(27)
At 31 March 2012	**460,877**	**609,068**	**359,716**	**–**	**(9,159)**	**(1,031)**	**437,743**	**1,857,214**
At 1 April 2012	460,877	609,068	359,716	–	(9,159)	(1,031)	437,743	1,857,214
Profit for the year	–	–	–	–	–	–	270,313	270,313
Other comprehensive income	–	–	–	–	1,957	52	–	2,009
Total comprehensive income	–	–	–	–	1,957	52	270,313	272,322
Issuance of Shares of RM1.00 each	34,884	115,117	–	–	–	–	–	150,001
Transfer from retained earnings	–	–	64,550	–	–	–	(64,550)	–
Transfer in under previous guideline	–	–	–	1,495	–	–	–	1,495
Net utilisation of profit equalisation reserve for the financial year	–	–	–	(182)	–	–	182	–
Transfer to ESS shares recharged difference on purchase price of shares vested	–	–	–	–	–	–	(282)	(282)
At 31 March 2013	**495,761**	**724,185**	**424,266**	**1,313**	**(7,202)**	**(979)**	**643,406**	**2,280,750**

The accompanying notes form an integral part of the Islamic banking business financial statements.

Notes to the Financial Statements (Cont'd.)

59. ISLAMIC BANKING BUSINESS (Cont'd.)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2013

	Group	
	31 March 2013 RM'000	31 March 2012 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	348,160	330,928
Add/(less) adjustments for:		
Accretion of discount less amortisation of premium	(51,076)	(20,101)
Allowance for impairment on financing and advances	209,135	211,792
Depreciation of property and equipment	171	211
Amortisation of computer software	83	167
Impairment writeback on sundry receivables	–	(18)
Transfer from profit equalization reserve	9,429	(3,560)
Net loss/(gain) on disposal of financial assets held-for-trading	14,327	(20,765)
Net gain on revaluation of financial assets held-for-trading	(17,086)	(2,610)
Net gain on disposal of financial investments available-for-sale	(1,582)	(5,269)
Net gain on revaluation of derivatives	2	1
Provision for commitments and contingencies	699	146
Shares/options granted under Executives' Share Scheme	1,300	926
Operating profit before working capital changes	513,562	491,848
(Increase)/decrease in operating assets		
Deposit and placements with banks and other financial institutions	(430,000)	(868,383)
Financial assets held-for-trading	308,562	(507,672)
Financing and advances	(3,705,018)	(3,747,043)
Other assets	(7,843)	(197,129)
Statutory deposits with Bank Negara Malaysia	(212,000)	(559,000)
Increase/(decrease) in operating liabilities		
Deposits from customers	4,913,400	3,020,669
Deposits and placements of banks and other financial institutions	1,019,991	(29,075)
Bills and acceptances payable	204,399	(361,100)
Recourse obligation on financing sold to Cagamas Bhd	123,635	250,021
Other liabilities	78,266	61,249
Cash generated from operating activites	2,806,954	(2,445,615)
Zakat paid	(1,314)	(875)
Tax paid	(36,068)	(60,610)
Net cash generated from/(used in) operating activites	2,769,572	(2,507,100)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial investments	(1,920,742)	(403,919)
Purchase of property and equipment	(48)	(183)
Purchase of computer software	(11)	(4)
Net cash used in from investing activities	(1,920,801)	(404,106)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of shares	150,001	100,000
Proceeds received from Subordinated Sukuk Musharakah	200,000	800,000
Repayment of Subordinated Sukuk Musharakah	–	(400,000)
Net cash generated from financing activities	350,001	500,000
Net increase/(decrease) in cash and cash equivalents	1,198,772	(2,411,206)
Cash and cash equivalents at beginning of year	2,347,623	4,758,829
Cash and cash equivalents at end of year	**3,546,395**	**2,347,623**

The accompanying notes form an integral part of the Islamic banking financial statements.

Notes to the Financial Statements (Cont'd.)

59. ISLAMIC BANKING BUSINESS (Cont'd.)

NOTES TO THE ISLAMIC BANKING BUSINESS FINANCIAL STATEMENTS

(i) ISLAMIC BANKING BUSINESS

Disclosure of Shariah Advisors

The Group's Islamic banking activities are subject to conformity with Shariah requirements and confirmation by the Shariah Advisor, Assoc. Prof. Dr Amir Husin bin Mohd Nor, Assoc. Prof. Datin Dr. Noor Naemah binti Abdul Rahman, Encik Adnan bin Yusoff, Asst. Professor Dr. Tajul Aris bin Ahmad Bustami and Dr. Asmak binti Ab Rahman. The role and authority of the Shariah Advisor are as follows:

(a) Advise and provide guidance on all matters pertaining to Shariah principles including product development, marketing and implementation activities.

(b) Assist in the setting up of business and operational procedures with respect to compliance with Shariah principles.

Zakat Obligations

This represents business zakat. It is an obligatory amount payable by the Group to comply with the principles of Shariah. The Group does not pay zakat on behalf of the shareholders or depositors.

(ii) CASH AND SHORT-TERM FUNDS

		Group	
	31 March 2013 RM'000	31 March 2012 RM'000	1 April 2011 RM'000
Cash and bank balances	8,340	12,109	9,609
Money on call and deposits maturing within one month:			
Other financial institutions	3,538,055	2,335,514	4,749,220
	3,546,395	**2,347,623**	**4,758,829**

(iii) DEPOSITS AND PLACEMENTS WITH BANKS AND OTHER FINANCIAL INSTITUTIONS

		Group	
	31 March 2013 RM'000	31 March 2012 RM'000	1 April 2011 RM'000
Licensed banks	150,000	750,000	250,000
Bank Negara Malaysia	1,250,000	250,000	–
Other financial institutions	148,383	118,383	–
	1,548,383	**1,118,383**	**250,000**

(iv) FINANCIAL ASSETS HELD-FOR-TRADING

		Group	
	31 March 2013 RM'000	31 March 2012 RM'000	1 April 2011 RM'000
At Fair Value			
Money Market Securities:			
Treasury bills	–	4,716	18,303
Malaysian Government Investment Certificates	278,127	288,274	549,821
Sukuk Bank Negara Malaysia	–	–	1,469
Bank Negara Malaysia Monetary Notes	374,810	929,449	179,241
	652,937	1,222,439	748,834
Unquoted Securities:			
In Malaysia:			
Private debt securities	502,660	279,440	232,328
Outside Malaysia:			
Private debt securities	60,784	20,304	9,974
	563,444	299,744	242,302
Total	**1,216,381**	**1,522,183**	**991,136**

Notes to the Financial Statements (Cont'd.)

59. ISLAMIC BANKING BUSINESS (Cont'd.)

NOTES TO THE ISLAMIC BANKING BUSINESS FINANCIAL STATEMENTS (Cont'd.)

(v) FINANCIAL INVESTMENTS AVAILABLE-FOR-SALE

		Group	
	31 March 2013 RM'000	31 March 2012 RM'000	1 April 2011 RM'000
At Fair Value			
Money Market Securities:			
Malaysian Government investment certificates	–	–	190,141
Negotiable instruments of deposit	746,570	–	348,470
	746,570	–	538,611
Quoted Securities:			
In Malaysia:			
Unit trusts	–	30,000	10,000
Unquoted Securities:			
In Malaysia:			
Private debt securities	425,210	279,965	167,326
Outside Malaysia:			
Private debt securities	25,555	10,152	–
	450,765	290,117	167,326
	1,197,335	320,117	715,937

(vi) FINANCIAL INVESTMENTS HELD-TO-MATURITY

		Group	
	31 March 2013 RM'000	31 March 2012 RM'000	1 April 2011 RM'000
At amortised cost			
Money Market Securities:			
Bank Negara Monetary Notes	697,390	–	–
Unquoted Securities:			
In Malaysia:			
Private debt securities	1,222,971	822,222	–
	1,920,361	**822,222**	**–**

(vii) FINANCING AND ADVANCES

		Group	
	31 March 2013 RM'000	31 March 2012 RM'000	1 April 2011 RM'000
Islamic hire purchase, net of unearned income	10,356,191	8,734,905	6,958,739
Term financing	6,505,205	6,046,290	4,348,016
Revolving credit	2,089,365	1,095,887	1,589,565
Claims on customer under acceptance credits	1,090,241	1,060,425	957,590
Credit card receivables	328,326	316,677	303,753
Trust receipts	49,329	63,367	89,747
Other financing	2,073,511	1,650,606	1,204,157
Gross financing and advances	22,492,168	18,968,157	15,451,567
Allowance for impairment on financing and advances:			
Collective allowance	(490,410)	(460,411)	(469,949)
Individual allowance	(14,452)	(16,324)	(25,447)
Net financing and advances	**21,987,306**	**18,491,422**	**14,956,171**

Notes to the Financial Statements (Cont'd.)

59. ISLAMIC BANKING BUSINESS (Cont'd.)

NOTES TO THE ISLAMIC BANKING BUSINESS FINANCIAL STATEMENTS (Cont'd.)

(vii) FINANCING AND ADVANCES (Cont'd.)

Financing and advances analysed by concepts are as follows:

	Group 31 March 2013 RM'000	31 March 2012 RM'000	1 April 2011 RM'000
Al-Ijarah	10,969,715	9,264,469	7,323,963
Al-Bai' Bithaman Ajil	4,931,567	4,371,717	2,364,361
Al-Murabahah	1,254,362	1,207,148	1,271,257
Al-Musyarakah	7,934	663	–
Others	5,328,590	4,124,160	4,491,986
	22,492,168	**18,968,157**	**15,451,567**

The maturity structure of financing and advances are as follows:

	Group 31 March 2013 RM'000	31 March 2012 RM'000	1 April 2011 RM'000
Maturing within one year	4,138,935	2,830,306	3,090,124
Over one year to three years	2,639,831	1,806,838	1,374,951
Over three years to five years	3,108,537	2,810,192	2,434,710
Over five years	12,604,865	11,520,821	8,551,782
	22,492,168	**18,968,157**	**15,451,567**

Gross financing and advances analysed by type of customers are as follows:

	Group 31 March 2013 RM'000	31 March 2012 RM'000	1 April 2011 RM'000
Individuals	13,154,413	11,358,577	9,793,585
Business enterprises	6,125,067	4,365,672	3,824,101
Small and medium industries	2,799,718	2,089,792	1,431,397
Government	381,005	1,059,717	260,385
Foreign entities	8,324	6,714	5,449
Other domestic entities	10,044	9,016	1,783
Non-bank financial institutions	13,597	78,669	134,867
	22,492,168	**18,968,157**	**15,451,567**

Financing and advances analysed by profit rate sensitivity are as follows:

	Group 31 March 2013 RM'000	31 March 2012 RM'000	1 April 2011 RM'000
Fixed rate:			
Housing finance	235,394	263,341	292,844
Hire purchase receivables	9,497,105	7,733,494	6,895,721
Others	5,108,570	6,103,734	5,010,842
Variable rate:			
Cost-plus	4,281,951	1,893,198	2,317,808
BLR-plus	3,369,148	2,974,390	934,352
	22,492,168	**18,968,157**	**15,451,567**

Notes to the Financial Statements (Cont'd.)

59. ISLAMIC BANKING BUSINESS (Cont'd.)

NOTES TO THE ISLAMIC BANKING BUSINESS FINANCIAL STATEMENTS (Cont'd.)

(vii) FINANCING AND ADVANCES (Cont'd.)

Gross financing and advances analysed by their sectors are as follows:

	Group 31 March 2013 RM'000	 31 March 2012 RM'000	 1 April 2011 RM'000
Agriculture	539,450	254,252	186,591
Mining and quarrying	38,274	43,316	45,928
Manufacturing	2,339,470	2,075,445	1,525,128
Electricity, gas and water	129,920	130,884	253,706
Construction	1,377,520	464,438	806,341
Wholesale, retail trade, restaurant and hotel	782,493	622,716	496,811
Transport, storage and communication	610,273	836,582	738,309
Finance and insurance	13,597	78,669	134,867
Real estate	1,884,837	1,254,628	697,827
Business activities	564,052	333,451	361,187
Education and health	746,870	505,421	378,093
Household	13,161,741	11,365,288	9,765,682
of which:			
- purchase of residential properties	823,587	594,931	453,697
- purchase of transport vehicles	10,214,396	8,537,897	6,882,486
- others	2,123,758	2,232,460	2,429,499
Others	303,671	1,003,067	61,097
Gross financing and advances	**22,492,168**	**18,968,157**	**15,451,567**

Movements in impaired financing and advances are as follows:

	Group 31 March 2013 RM'000	 31 March 2012 RM'000	 1 April 2011 RM'000
Balance at beginning of financial year	237,724	320,418	191,894
Impaired during the financial year	296,001	245,594	309,732
Reclassification to non-impaired financing	(51,999)	(59,847)	(56,861)
Recoveries	(32,716)	(38,106)	(34,476)
Amount written off	(180,567)	(230,335)	(89,871)
Balance at end of financial year	**268,443**	**237,724**	**320,418**
Impaired financing and advances as % of total financing and advances (including Islamic financing sold to Cagamas Berhad)	1.2%	1.3%	2.1%

Notes to the Financial Statements (Cont'd.)

59. ISLAMIC BANKING BUSINESS (Cont'd.)

NOTES TO THE ISLAMIC BANKING BUSINESS FINANCIAL STATEMENTS (Cont'd.)

(vii) FINANCING AND ADVANCES (Cont'd.)

Impaired financing and advances analysed by sectors are as follows:

	Group		
	31 March 2013 RM'000	31 March 2012 RM'000	1 April 2011 RM'000
Agriculture	359	471	429
Mining and quarrying	22	83	106
Manufacturing	16,725	23,994	28,397
Electricity, gas and water	106	78	1
Construction	1,997	1,743	5,201
Wholesale, retail trade, restaurant and hotel	7,599	3,708	23,584
Transport, storage and communication	211	511	1,714
Real estate	9,124	–	1,567
Business activities	4,375	262	1,381
Education and health	13,017	14,065	1,834
Household	214,908	192,809	256,119
of which:			
- purchase of residential properties	31,339	23,142	20,923
- purchase of transport vehicles	149,502	123,484	98,508
- others	34,067	46,183	136,688
Others	–	–	85
Impaired financing and advances	**268,443**	**237,724**	**320,418**

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

	Group	
	31 March 2013 RM'000	31 March 2012 RM'000
Collective allowance		
Balance at beginning of financial year	460,411	469,947
Allowance made during the financial year	195,964	205,859
Amount written off	(165,965)	(215,395)
Balance at end of financial year	**490,410**	**460,411**
% of total financing and advances less individual allowance and financing exempted from collective allowance by Bank Negara Malaysia	**2.2%**	**2.4%**
Individual allowance		
Balance at beginning of financial year	16,324	25,447
Allowance made during the financial year	13,171	5,933
Amount written off	(15,043)	(15,056)
Balance at end of financial year	**14,452**	**16,324**

Notes to the Financial Statements (Cont'd.)

59. ISLAMIC BANKING BUSINESS (Cont'd.)

NOTES TO THE ISLAMIC BANKING BUSINESS FINANCIAL STATEMENTS (Cont'd.)

(viii) PROPERTY AND EQUIPMENT

Group	Motor vehicles RM'000	Leasehold Improvements RM'000	Computer hardware RM'000	Office equipment, furniture and fittings RM'000	Total RM'000
31 March 2013					
COST					
At beginning of financial year	600	412	495	180	1,687
Additions	–	14	30	5	49
At end of financial year	600	426	525	185	1,736
ACCUMULATED DEPRECIATION					
At beginning of financial year	174	332	401	139	1,046
Depreciation for the financial year	84	32	44	11	171
At end of financial year	258	364	445	150	1,217
NET BOOK VALUE					
As at 31 March 2013	**342**	**62**	**80**	**35**	**519**
31 March 2012					
COST					
At beginning of financial year	455	412	465	174	1,506
Addition	145	–	35	6	186
Reclassification/Transfers	–	–	(5)	–	(5)
At end of financial year	600	412	495	180	1,687
ACCUMULATED DEPRECIATION					
At beginning of financial year	42	275	330	127	774
Depreciation for the financial year	66	57	76	12	211
Reclassification/Transfers	66	–	(5)	–	61
At end of financial year	174	332	401	139	1,046
NET BOOK VALUE					
As at 31 March 2012	**426**	**80**	**94**	**41**	**641**

Notes to the Financial Statements (Cont'd.)

59. ISLAMIC BANKING BUSINESS (Cont'd.)

NOTES TO THE ISLAMIC BANKING BUSINESS FINANCIAL STATEMENTS (Cont'd.)

(ix) INTANGIBLE ASSETS

Computer Software

	Group 31 March 2013 RM'000	31 March 2012 RM'000	1 April 2011 RM'000
COST			
At beginning of financial year	881	874	866
Additions	11	7	8
At end of financial year	892	881	874
ACCUMULATED AMORTISATION			
At beginning of financial year	755	588	414
Amortisation for the financial year	83	167	174
At end of financial year	838	755	588
NET CARRYING AMOUNT	**54**	**126**	**286**

(x) DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

	Group 31 March 2013 RM'000	31 March 2012 RM'000	1 April 2011 RM'000
Mudharabah Fund:			
Other financial institutions	1,113,771	372,986	381,376
Licensed banks	500,397	–	–
Non-Mudharabah Fund:			
Licensed investment/merchant banks	36,628	9,045	8,039
Other financial institutions	272,429	123,490	142,647
Licensed banks	341,234	806,331	811,398
Licensed islamic banks	50,000	–	–
Bank Negara Malaysia	35,133	17,749	15,216
	2,349,592	**1,329,601**	**1,358,676**

Notes to the Financial Statements (Cont'd.)

59. ISLAMIC BANKING BUSINESS (Cont'd.)

NOTES TO THE ISLAMIC BANKING BUSINESS FINANCIAL STATEMENTS (Cont'd.)

(xi) DEPOSITS FROM CUSTOMERS

	Group		
	31 March 2013 RM'000	31 March 2012 RM'000	1 April 2011 RM'000
Mudharabah Fund:			
Demand deposits	30,621	19,512	11,286
Saving deposits	5,586	5,945	4,617
General Investment deposits	15,361,368	13,445,079	12,577,770
Structured deposits	134,386	184,054	111,319
	15,531,961	13,654,590	12,704,992
Non-Mudharabah Fund:			
Demand deposits	4,865,376	2,874,233	1,189,037
Saving deposits	1,738,366	1,541,959	1,335,281
Term deposits	1,020,284	167,181	–
Negotiable Islamic debt certificates	20,560	25,184	13,168
	7,644,586	4,608,557	2,537,486
	23,176,547	**18,263,147**	**15,242,478**

The maturity structure of deposits from customers is as follows:

	Group		
	31 March 2013 RM'000	31 March 2012 RM'000	1 April 2011 RM'000
Due within six months	21,198,334	16,999,413	14,118,008
Over six months to one year	1,659,410	806,224	720,251
Over one year to three years	306,670	404,005	190,703
Over three years to five years	12,133	53,505	213,516
	23,176,547	**18,263,147**	**15,242,478**

The deposits are sourced from the following types of customers:

	Group		
	31 March 2013 RM'000	31 March 2012 RM'000	1 April 2011 RM'000
Business enterprises	12,369,569	9,636,461	6,520,937
Government and statutory bodies	4,410,331	4,128,279	5,881,071
Individuals	5,771,131	3,835,521	2,532,936
Others	625,516	662,886	307,534
	23,176,547	**18,263,147**	**15,242,478**

(xii) TERM FUNDING

On 20 September 2010, AmIslamic Bank issued RM550 million Senior Sukuk under its programme of up to RM3 billion in nominal value. The Senior Sukuk bears profit rate at 4.3% per annum and has a tenure of seven years. The RM3 billion Senior Sukuk Musyarakah Programme was reaffirmed to have a rating of AA3/Stable by Rating Agency Malaysia ("RAM").

Notes to the Financial Statements (Cont'd.)

59. ISLAMIC BANKING BUSINESS (Cont'd.)

NOTES TO THE ISLAMIC BANKING BUSINESS FINANCIAL STATEMENTS (Cont'd.)

(xiii) OTHER LIABILITIES

	Group		
	31 March 2013 RM'000	31 March 2012 RM'000	1 April 2011 RM'000
Other payables and accruals	255,276	222,002	174,124
Taxation and zakat payable	23,136	31,458	83,232
Provision for commitments and contingencies	26,039	65	18,620
Amount due from head office	35,425	21,053	–
Lease deposits and advance rentals	9,563	11,635	12,898
Profit equalisation reserve	1,659	3,294	6,854
	351,098	**289,507**	**295,728**

The movements in profit equalisation reserve are as follows:

	Group		
	31 March 2013 RM'000	31 March 2012 RM'000	1 April 2011 RM'000
Balance at beginning of financial year	3,294	6,854	49,298
Provision/(write-back) during the financial year	9,429	(3,560)	(42,444)
Transfer to non-distributable PER	(1,495)	–	–
Utilisation during the financial year	(9,569)	–	–
Balance at end of financial year	**1,659**	**3,294**	**6,854**

(xiv) CAPITAL FUNDS

	Group		
	31 March 2013 RM'000	31 March 2012 RM'000	1 April 2011 RM'000
Allocated:			
Balance at beginning and end of financial year	**563,381**	**563,381**	**563,381**
Utilised:			
Balance at beginning of financial year	460,877	435,877	435,877
Issued during the financial year	34,884	25,000	–
Balance at end of financial year	**495,761**	**460,877**	**435,877**

(xv) INCOME DERIVED FROM INVESTMENT OF DEPOSITORS' FUNDS AND OTHERS

	Group	
	31 March 2013 RM'000	31 March 2012 RM'000
Income derived from investment of:		
(i) General investment deposits	1,017,352	781,340
(ii) Other deposits	462,940	449,296
(iii) Special Investment deposits	7,398	–
	1,487,690	**1,230,636**

Notes to the Financial Statements (Cont'd.)

59. ISLAMIC BANKING BUSINESS (Cont'd.)

NOTES TO THE ISLAMIC BANKING BUSINESS FINANCIAL STATEMENTS (Cont'd.)

(xv) INCOME DERIVED FROM INVESTMENT OF DEPOSITORS' FUNDS AND OTHERS

(i) Income derived from investment of general investment deposits:

	Group	
	31 March 2013 RM'000	31 March 2012 RM'000
Finance income and hibah:		
Financing and advances	914,620	618,009
Financial assets held-for-trading	42,411	30,297
Financial investments held-to-maturity	9,651	5,492
Financing income on impaired financing	187	142
Money at call and deposits with financial institutions	–	81,598
	966,869	735,538
Net (loss)/gain from sale of financial assets held-for-trading	(11,412)	13,184
Gain on revaluation of financial assets held-for-trading	13,088	1,657
Foreign exchange	7,686	2,322
Others	(10,216)	9
	(854)	17,172
Fee and commission income:		
Commission	9,415	5,744
Other fee income	41,922	22,886
	51,337	28,630
Total	**1,017,352**	**781,340**

(ii) Income derived from investment of other deposits:

	Group	
	31 March 2013 RM'000	31 March 2012 RM'000
Finance income and hibah:		
Financing and advances	261,616	355,363
Financial assets held-for-trading	19,156	17,420
Financial investments held-to-maturity	33,995	3,158
Financing income on impaired financing	53	82
Money at call and deposits with financial institutions	133,075	46,937
	447,895	422,960
Net (loss)/gain from sale of financial assets held-for-trading	(2,915)	7,581
Gain on revaluation of financial assets held-for-trading	3,998	953
Foreign exchange	2,199	1,335
Others	(2,922)	6
	360	9,875
Fee and commission income:		
Commission	2,693	3,303
Other fee income	11,992	13,158
	14,685	16,461
Total	**462,940**	**449,296**

Notes to the Financial Statements (Cont'd.)

59. ISLAMIC BANKING BUSINESS (Cont'd.)

NOTES TO THE ISLAMIC BANKING BUSINESS FINANCIAL STATEMENTS (Cont'd.)

(xv) INCOME DERIVED FROM INVESTMENT OF DEPOSITORS' FUNDS AND OTHERS (Cont'd.)

(iii) Income derived from investment of specific investment deposits

	Group	
	31 March 2013 RM'000	31 March 2012 RM'000
Finance income and hibah:		
Financing and advances		
- Financing income	7,398	–
Total finance income and hibah	**7,398**	**–**

(xvi) ALLOWANCE FOR IMPAIRMENT ON FINANCING AND ADVANCES

	Group	
	31 March 2013 RM'000	31 March 2012 RM'000
Allowance for impairment on financing and advances:		
Individual allowance, net	13,171	5,933
Collective allowance	195,964	205,859
	209,135	211,792
Bad financing recovered	(73,048)	(48,579)
	136,087	**163,213**

(xvii) INCOME ATTRIBUTABLE TO THE DEPOSITORS

	Group	
	31 March 2013 RM'000	31 March 2012 RM'000
Deposits from customers:		
Mudharabah Fund	495,226	414,161
Non-Mudharabah Fund	69,222	42,133
Deposits and placements of banks and other financial institutions:		
Mudharabah Fund	41,791	10,979
Non-Mudharabah Fund	48,626	39,703
Others	85,601	76,662
	740,466	**583,638**

Notes to the Financial Statements (Cont'd.)

59. ISLAMIC BANKING BUSINESS (Cont'd.)

NOTES TO THE ISLAMIC BANKING BUSINESS FINANCIAL STATEMENTS (Cont'd.)

(xviii) INCOME DERIVED FROM ISLAMIC BANKING FUNDS

	Group	
	31 March 2013 RM'000	31 March 2012 RM'000
Finance income and hibah:		
Financing and advances	106,143	128,282
Syndication financing	–	37
Financial assets held-for-trading	–	–
Financial investments available-for-sale	31,754	21,699
Money at call and deposits with financial institutions	783	1,291
	138,680	151,309
Net gain from sale of financial investments available-for-sale	1,582	5,269
	1,582	5,269
Fee and commission income:		
Guarantee fees	–	–
Commission	5,785	3,463
Other fee income	15,606	40,357
	21,391	43,820
Total	**161,653**	**200,398**

(xix) OPERATING EXPENDITURE

	Group	
	31 March 2013 RM'000	31 March 2012 RM'000
Personnel costs	10,013	12,540
Establishment costs	1,458	1,409
Marketing and communication expenses	5,341	5,570
Administration and general expenses	336,570	284,804
	353,382	**304,323**

(xx) TAXATION AND ZAKAT

	Group	
	31 March 2013 RM'000	31 March 2012 RM'000
Taxation	76,217	86,711
Zakat	1,630	1,639
Taxation and zakat	**77,847**	**88,350**

Notes to the Financial Statements (Cont'd.)

59. ISLAMIC BANKING BUSINESS (Cont'd.)

NOTES TO THE ISLAMIC BANKING BUSINESS FINANCIAL STATEMENTS (Cont'd.)

(xxi) DEFERRED TAX ASSETS

	Group	
	31 March 2013 RM'000	31 March 2012 RM'000
Balance at beginning of year	37,699	119,948
Net transfer to income statement	(52,780)	(83,212)
Recognised in equity	15,293	963
Balance at end of year	**212**	**37,699**

The deferred taxation is in respect of the following:		
Collective allowance for financing activites	–	49,955
Profit equalisation reserve	–	823
Temporary difference between depreciation and tax allowance	–	(78)
Temporary difference recognised in equity	–	3,071
Others	212	(16,072)
	212	**37,699**

(xxii) NET INCOME FROM ISLAMIC BANKING BUSINESS

For consolidation with the conventional business, net income from Islamic banking business comprises the following

	Group	
	31 March 2013 RM'000	31 March 2012 RM'000
Income derived from investment of depositors' funds and others	1,487,690	1,230,636
Less: Income attributable to depositors	(740,466)	(583,638)
Income attributable to the Group	747,224	646,998
Income derived from Islamic Banking Funds	161,653	200,398
Less: Finance cost	(61,120)	(52,364)
	847,757	**795,032**

(xxiii) CAPITAL ADEQUACY RATIO

(a) The aggregated capital adequacy ratios under the Islamic banking business of the Group as at 31 March are as follows:

	Group 31 March 2013
Before deducting proposed dividends:	
Common Equity tier 1 ("CET 1")	10.1%
Tier 1 Capital Ratio	10.1%
Total Capital Ratio	15.2%
After deducting proposed dividend:	
Common Equity tier 1 ("CET 1")	10.1%
Tier 1 Capital Ratio	10.1%
Total Capital Ratio	15.2%

The capital adequacy ratios of the Islamic banking business of the Group are computed in accordance with Bank Negara Malaysia's revised Risk-Weighted Capital Adequacy Framework (RWCAF-Basel II) and the Capital Adequacy Framework for Islamic Banks (CAFIB). The Group's Islamic banking business has adopted the Standardised Approach for Credit Risk and Market Risk and the Basic Indicator Approach for Operational Risk.

Notes to the Financial Statements (Cont'd.)

59. ISLAMIC BANKING BUSINESS (Cont'd.)

NOTES TO THE ISLAMIC BANKING BUSINESS FINANCIAL STATEMENTS (Cont'd.)

(xxiii) CAPITAL ADEQUACY RATIO (Cont'd.)

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

	Group 31 March 2013 RM'000
Common Equity Tier 1 ("CET1") Capital	
Ordinary shares	495,242
Share premium	724,185
Retained earnings	642,818
Unrealised gains and losses on available-for-sale financial instruments	(7,256)
Statutory reserve	424,266
Less : Regulatory adjustments applied on CET1 capital	
Other intangibles	(54)
Deferred tax assets	(212)
CET1 capital	**2,278,989**
Additional Tier 1 ("T1") capital	
Additional Tier 1 capital instruments (subject to gradual phase-out treatment)	–
Less : Regulatory adjustments applied on T1 capital	–
T1 capital	**2,278,989**
Tier 2 ("T2") capital	
Tier 2 capital instruments (subject to gradual phase-out treatment)	900,000
Collective impairment provisions and regulatory	255,665
Less : Regulatory adjustments applied on Tier 2 capital	–
Tier 2 capital	**1,155,665**
Total Capital	**3,434,654**
Credit RWA	21,067,101
Less : Credit RWA absorbed by Profit Sharing Investment Account	(455,945)
Total Credit RWA	20,611,156
Market RWA	583,120
Operational RWA	1,406,226
Large exposure risk RWA for equity holdings	–
Total Risk Weighted Assets	**22,600,502**

Notes to the Financial Statements (Cont'd.)

59. ISLAMIC BANKING BUSINESS (Cont'd.)

NOTES TO THE ISLAMIC BANKING BUSINESS FINANCIAL STATEMENTS (Cont'd.)

(xxiii) CAPITAL ADEQUACY RATIO (Cont'd.)

(a) The aggregated capital adequacy ratios under the Islamic banking business of the Group as at 31 March 2012 are as follows:

	Group 31 March 2012
Before deducting proposed dividend:	
Core capital ratio	9.6%
Risk-weighted capital ratio	15.5%
After deducting proposed dividend:	
Core capital ratio	9.6%
Risk-weighted capital ratio	15.5%

The capital adequacy ratios of the Islamic banking business of the Group are computed in accordance with Bank Negara Malaysia's revised Risk-Weighted Capital Adequacy Framework (RWCAF-Basel II) and the Capital Adequacy Framework for Islamic Banks (CAFIB). The Group's Islamic banking business has adopted the Standardised Approach for Credit Risk and Market Risk and the Basic Indicator Approach for Operational Risk.

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

	Group 31 March 2012 RM'000
Tier 1 capital	
Paid-up ordinary share capital	460,336
Share premium	609,068
Statutory reserve	359,716
Retained earnings at end of year	437,307
Total Tier 1 capital	1,866,427
Less: Deferred tax assets - net	(34,628)
Total	1,831,799
Tier 2 capital	
Subordinated Sukuk Musyarakah	800,000
Collective allowance for financing and advances	328,333
Total Tier 2 capital	1,128,333
Capital base	**2,960,132**

The breakdown of risk-weighted assets of the Islamic banking business of the Group in the various risk categories are as follows:

	Group 31 March 2012 RM'000
Credit risk	17,268,506
Market risk	384,044
Operational risk	1,421,080
	19,073,630

Notes to the Financial Statements (Cont'd.)

59. ISLAMIC BANKING BUSINESS (Cont'd.)

NOTES TO THE ISLAMIC BANKING BUSINESS FINANCIAL STATEMENTS (Cont'd.)

(xxiv) COMMITMENTS AND CONTINGENCIES

In the normal course of business, the Islamic banking business of the Group makes 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 assets.

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

Group	31 March 2013 RM'000	31 March 2012 RM'000	1 April 2011 RM'000
Commitments			
Irrevocable commitments to extend credit maturing:			
within one year	4,896,985	3,085,277	2,636,090
more than one year	1,066,005	957,923	1,520,857
Unutilised credit card line	467,164	482,204	464,251
Forward asset purchase	–	125,825	145,137
Guarantees	199,388	–	–
	6,629,542	4,651,229	4,766,335
Contingent Liabilities			
Obligations under underwriting agreements	80,000	100,000	192,500
Certain transaction-related contingent items	580,655	487,700	413,461
Short-term self liquidating trade-related contingencies	58,850	79,446	148,770
Al-Kafalah guarantees	–	248,790	387,877
Options contracts			
one year to two years	64,640	–	–
Others	–	–	14,804
	784,145	915,936	1,157,412
Derivative Financial Instruments			
Foreign exchange related contracts:			
- less than one year	623,738	310,584	–
Equity and commodity related contracts:			
Options			
one year or less	159,844	78,630	–
one year to two years	52,657	242,703	222,526
two to three years	303,235	53,277	–
	8,553,161	**6,252,359**	**6,146,273**

Notes to the Financial Statements (Cont'd.)

60. 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	
	31 March 2013 RM'000	31 March 2012 RM'000
Total retained earnings of the Group and its subsidiaries:		
- Realised	7,377,695	5,891,409
- Unrealised	391,392	550,480
Total share of retained earnings from associate:		
- Realised	1,646	1,101
- Unrealised	4	–
Less: consolidation adjustments	(3,299,540)	(2,778,926)
Total group retained earnings as per consolidated accounts	**4,471,197**	**3,664,064**

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

AMMB Banking Group

Pillar 3 Disclosures

as at 31 March 2013

Contents

1.0 Scope of Application

The Bank Negara Malaysia's ("BNM") Risk Weighted Capital Adequacy Framework-Basel II and Capital Adequacy Framework for Islamic Banks ("RWCAF") – Disclosure Requirements ("Pillar 3") is applicable to all banking institutions licensed under the Banking and Financial Institutions Act 1989 ("BAFIA") and all Islamic banks licensed under section 3(4) of the Islamic Banking Act 1983 ("IBA"). The Pillar 3 disclosure requirements aim to enhance transparency on the risk management practices and capital adequacy of banking institutions.

The banking subsidiaries of AMMB Holdings Berhad ("AMMB") to which the RWCAF framework apply are AmBank (M) Berhad ("AmBank"), AmInvestment Bank Berhad ("AmInvestment Bank") and AmIslamic Bank Berhad ("AmIslamic Bank") – which offers Islamic banking services.

AmBank has provided explicit guarantee against the liabilities of its wholly owned Labuan offshore banking subsidiary, AmInternational (L) Ltd. ("AMIL"), a Labuan company licensed under the Labuan Financial Services and Securities Act to carry out Labuan banking business. In accordance with the RWCAF, the capital position and risk weighted assets ("RWA") of AmBank refers to the combined capital base and RWA of AmBank and AMIL.

The following information has been provided in order to highlight the capital adequacy of our regulated banking subsidiaries and a pro-forma view of the Group position on an **aggregated** basis. The information provided has been verified by the Group internal auditors and certified by the Group Managing Director.

BNM guidelines on capital adequacy require regulated banking subsidiaries to maintain an adequate level of capital to withstand any losses which may result from credit and other risks associated with financing operations. Each of these entities is independently held by AMMB as a regulated banking institution – there are no cross-shareholdings within or between these entities. Each entity's standalone and consolidated capital adequacy position and more detailed quantitative disclosures are provided within their respective published financial statements that are available via our website at www.ambankgroup.com.

With effect from 1 January 2013, the capital adequacy ratios are computed in accordance to BNM's guidelines on Capital Adequacy Framework (Capital Components) issued by the Prudential Financial Policy Department on 28 November 2012, which is based on the Basel III capital accord. Prior to that, the capital adequacy ratios of the banking subsidiaries of AMMB were computed in accordance to BNM's Risk-Weighted Capital Adequacy Framework and Capital Adequacy Framework for Islamic Banks (General Requirements and Capital Components) (as applicable), which are based on the Basel II capital accord. Each entity has adopted the Standardised Approach for Credit and Market Risks and the Basic Indicator Approach for Operational Risk, based on BNM's Guidelines on Risk-Weighted Capital Adequacy Framework (Basel II – Risk-Weighted Assets).

The minimum regulatory capital adequacy requirements for the risk weighted capital ratios are as follows:

Calendar year	Common Equity Tier 1 ("CET1") Capital Ratio	Tier 1 Capital Ratio	Total Capital Ratio
2013	3.5%	4.5%	8.0%
2014	4.0%	5.5%	8.0%
2015	4.5%	6.0%	8.0%

The minimum regulatory capital adequacy requirements as stipulated in the above table have not factored in capital buffers that will be introduced in calendar year 2016 onwards.

1.1 Basis of Consolidation

For statutory accounting purposes, the consolidated financial statements of AMMB comprise the financial statements of the Company and the financial statements of all its controlled entities (individually referred to as "group entities") where it is determined that there is a capacity to control. Control means the power to govern directly or indirectly the financial and operating policies of an entity so as to obtain benefits from its activities.

For purposes of this Pillar 3 Report, the consolidation basis used is the same as that used for regulatory capital adequacy purposes. The following table shows the differences between the scope of statutory and regulatory consolidation.

Type of entity	Accounting Treatment: Statutory reporting	Accounting Treatment: Basel III regulatory reporting
Subsidiaries licensed under BAFIA[1] or IBA[2] or engaged in financial activities	Fully consolidated	Deducted from capital at the banking subsidiary entity level; Fully consolidated in the calculation of capital adequacy at the banking subsidiary consolidated level
Subsidiaries engaged in non-financial activities	Fully consolidated	Risk-weighted at the banking subsidiary entity level; Consolidated in calculation of capital adequacy at the banking subsidiary consolidated level
Associates and jointly controlled entities which are licensed under BAFIA or IBA or engaged in financial activities	Equity accounted	Deducted in calculation of capital
Associates and jointly controlled entities which are not licensed under BAFIA or IBA and not engaged in financial activities	Equity accounted	Reported as investment and risk weighted

Apart from regulatory requirements and statutory constraints, there is no current or foreseen material, practical or legal impediments to the transfer of funds or regulatory capital within the Group.

Any such transfers would require the approvals of the respective Boards of Directors, as well as the concurrence of BNM.

[1] BAFIA denotes the Banking and Financial Institutions Act 1989.
[2] IBA denotes the Islamic Banking Act 1983.

2.0 Capital Management

The capital and risk management of the banking subsidiaries of AMMB are managed collectively at Group level. The Group's capital management approach is driven by its desire to maintain a strong capital base to support the development of its businesses, to meet regulatory capital requirements at all times and to maintain good credit ratings.

Strategic, business and capital plans are drawn up annually covering a 3 year horizon and approved by the Board of Directors. The capital plan ensures that adequate levels of capital and an optimum mix of the different components of capital are maintained by the Group to support its strategy.

The capital plan takes the following into account:

(a) Regulatory capital requirements:
  - forecast demand for capital to support the credit ratings; and
  - increases in demand for capital due to business growth and market shocks.

(b) Or stresses:
  - available supply of capital and capital raising options; and
  - internal controls and governance for managing the Group's risk, performance and capital.

The Group uses internal models and other quantitative techniques in its internal risk and capital assessment. The models help to estimate potential future losses arising from credit, market and other risks, and using regulatory formulae to simulate the amount of capital required to support them. In addition, the models enable the Group to gain a deeper understanding of its risk profile, e.g., by identifying potential concentrations, assessing the impact of portfolio management actions and performing what-if analysis.

Stress testing and scenario analysis are used to ensure that the Group's internal capital assessment considers the impact of extreme but plausible scenarios on its risk profile and capital position. They provide an insight into the potential impact of significant adverse events on the Group and how these events could be mitigated. The Group's target capital levels are set taking into account its risk appetite and its risk profile under future expected and stressed economic scenarios.

The Group's assessment of risk appetite is closely integrated with the Group's strategy, business planning and capital assessment processes, and is used to inform senior management's views on the level of capital required to support the Group's business activities.

The Group uses a capital model to assess the capital demand for material risks, and support its internal capital adequacy assessment. Each material risk is assessed, relevant mitigants considered, and appropriate levels of capital determined. The capital modelling process is a key part of the Group's management disciplines.

The capital that the Group is required to hold is determined by its balance sheet, off balance sheet, counterparty and other risk exposures after applying collateral and other mitigants, based on the Group's risk rating methodologies and systems. We discuss these outcomes with BNM on a regular basis as part of our normal regulatory liaison activities. BNM has the right to impose further capital requirements on Malaysian Financial Institutions via its Financial Market Supervision remit.

The Group operates processes and controls to monitor and manage capital adequacy across the organisation. Where we operate in other jurisdictions, capital is maintained on the basis of the local regulator's requirements. It is overseen by the Group Asset and Liability Committee ("GALCO"), which is responsible for managing the Group's statement of financial position, capital and liquidity.

A strong governance and process framework is embedded in the capital planning and assessment methodology. Overall responsibility for the effective management of risk rests with the Board of Directors. The Risk Management Committee of Directors ("RMCD") is specifically delegated the task of reviewing all risk management issues including oversight of the Group's capital position and any actions impacting the capital levels. The Audit and Examination Committee ("AEC") reviews specific risk areas and the issues discussed at the key capital management committees.

GALCO proposes internal triggers and target ranges for capital management and operationally oversees adherence with these. For the current financial year ending 31 March 2013 ("FY 2013"), these ranges are 7.33 per cent to 9.33 per cent for the Common Equity Tier 1 capital ratio, 9.33 per cent to 11.33 per cent for the Tier 1 capital ratio, and 13.33 per cent to 15.33 per cent for the Total Capital ratio.The Group has been operating within these ranges.

A dedicated team, the Capital and Balance Sheet Management Department, is responsible for the ongoing assessment of the demand for capital and the updating of the Group's capital plan.

Appropriate policies are also in place governing the transfer of capital within the Group. These ensure that capital is remitted as appropriate, subject to complying with regulatory requirements and statutory and contractual restrictions.

There are no current material, practical or legal impediments to the prompt transfer of capital resources in excess of those required for regulatory purposes or repayment of liabilities between the parent company, AMMB and its group entities when due.

2.0 Capital Management (Cont'd.)

Table 2.1: Capital Adequacy Ratio

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

MARCH 2013	AmBank	AmIslamic Bank	AmInvestment Bank	Group
Before deducting proposed dividends:				
Common Equity Tier 1 ("CET1") Capital	8.6%	9.5%	25.7%	9.3%
Tier 1 capital ratio	10.9%	9.5%	25.7%	11.0%
Total capital ratio	14.3%	14.6%	25.7%	14.8%
After deducting proposed dividends:				
Common Equity Tier 1 ("CET1") Capital	8.0%	9.5%	25.7%	8.9%
Tier 1 capital ratio	10.3%	9.5%	25.7%	10.6%
Total capital ratio	13.7%	14.6%	25.7%	14.3%

The comparative capital adequacy ratios of our regulated banking subsidiaries and a pro-forma Group view are as follows. The comparative is based on the Basel II accord and has not been restated based on Basel III accord as the Basel III is implemented on a prospective basis with effect from 1 January 2013.

MARCH 2012	AmBank	AmIslamic Bank	AmInvestment Bank	Group
Before deducting proposed dividends:				
Core capital ratio	11.1%	9.0%	21.5%	11.2%
Risk weighted capital ratio	15.2%	15.0%	21.5%	15.4%
After deducting proposed dividends:				
Core capital ratio	10.0%	9.0%	20.1%	10.4%
Risk weighted capital ratio	14.2%	15.0%	20.1%	14.7%

Notes:

1. Group figures presented in this Report represent an aggregation of the consolidated capital positions and RWA of our regulated banking institutions – as noted above, the consolidated positions of each entity are published at www.ambankgroup.com

2. 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")

3. The comparatives have been restated for the effects of the change in accounting policy on collective assessment allowance for loans, advances and financing during the financial year. Details of the restatement are as set out in Note 58 to the financial statements.

2.0 Capital Management (Cont'd.)

Table 2.2: Risk Weighted Assets and Capital Requirements

The aggregated breakdown of RWA by exposures in major risk category of the Group is as follows:

	MARCH 2013						
Exposure class		Gross exposures/ Exposure at default ("EAD") before credit risk mitigation ("CRM")	Net exposures/ EAD after CRM	Risk weighted assets	Risk Weighted Assets Absorbed by PSIA	Total Risk Weighted Assets after effects of PSIA	Minimum capital requirement at 8%
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
1. Credit risk							
On balance sheet exposures							
Sovereigns/central banks		16,761,345	16,761,345	–	–	–	–
Banks, development financial institutions ("DFI") & multilateral development banks ("MDB")		6,414,034	6,414,034	1,394,806	–	1,394,806	111,584
Insurance companies, securities firms & fund managers		24,380	24,380	24,380	–	24,380	1,950
Corporates		41,934,786	39,378,319	35,168,301	500,866	34,667,435	2,773,395
Regulatory retail		35,207,273	35,003,491	26,450,858	–	26,450,858	2,116,069
Residential mortgages		9,683,796	9,667,984	3,537,080	–	3,537,080	282,966
Higher risk assets		124,934	124,934	187,401	–	187,401	14,992
Other assets		2,982,362	2,982,362	2,434,597	–	2,434,597	194,768
Securitisation		84,001	84,001	64,746	–	64,746	5,180
Equity		208,239	208,239	208,239	–	208,239	16,659
Defaulted exposures		1,389,312	1,243,382	1,427,557	–	1,427,557	114,205
Total for on balance sheet exposures		114,814,462	111,892,471	70,897,965	500,866	70,397,099	5,631,768
Off balance sheet exposures:							
Over the counter ("OTC") derivatives		2,289,966	2,289,966	1,245,518	–	1,245,518	99,641
Credit derivatives		68	68	20	–	20	2
Off balance sheet exposures other than OTC derivatives or credit derivatives		187,895	139,363	9,934,799	–	9,934,799	794,784
Defaulted exposures		94,437	90,479	135,718	–	135,718	10,857
Total for off balance sheet exposures		**2,572,366**	**2,519,876**	**11,316,055**	**–**	**11,316,055**	**905,284**
Total on and off balance sheet exposures		**117,386,828**	**114,412,347**	**82,214,020**	**500,866**	**81,713,154**	**6,537,052**
2. Large exposures risk requirement		**–**	**–**	**713**	**–**	**–**	**57**
3. Market risk	**Long Position**	**Short Position**					
Interest rate risk/Rate of return risk							
- General interest rate risk/Rate of return risk	60,092,692	54,648,113		2,591,305	–	2,591,305	207,304
- Specific interest rate risk/Rate of return risk	5,565,859	79,756		964,789	–	964,789	77,183
Foreign currency risk	243,427	61,055		243,427	–	243,427	19,474
Equity risk							
- General risk	242,949	34,574		212,393	–	212,393	16,991
- Specific risk	242,949	34,574		235,462	–	235,462	18,837
Option risk	1,038,718	2,398,407		71,071	–	71,071	5,686
Total	**67,426,594**	**57,256,479**		**4,318,447**	**–**	**4,318,447**	**345,476**
4. Operational risk				**5,927,979**	**–**	**5,927,979**	**474,238**
5. Total RWA and capital requirements				**93,635,041**	**500,866**	**93,134,175**	**7,450,734**

On 28 December 2012, as part of an arrangement between AmBank and AmIslamic Bank in relation to a Restricted Profit Sharing Investment Account ("RPSIA") agreement, AmBank records as 'deposits and placements with banks and other financial institutions' its exposure in the arrangement, whereas AmIslamic Bank records its exposure as 'financing and advances'. The RPSIA is a contract based on Shariah concept of Mudharabah between AmBank and AmIslamic to finance a specific business venture where AmBank solely provides capital and the business ventures are managed solely by AmIslamic as the entrepreneur. The RPSIA exposes AmBank to the risks and rewards of the financing, and accordingly AmBank accounts for all impairment allowances and risk-weighted assets arising from the RPSIA financing.

As at 31 March 2013, the gross exposure and collective allowance relating to the RPSIA financing were RM500.9 million and RM2.1 million respectively. There was no individual allowance provided for the RPSIA financing. RPSIA assets excluded from the risk-weighted capital adequacy computation of AmIslamic amounted to RM500.9 million and the risk-weight on these RPSIA assets are accounted for in the computation of capital adequacy of AmBank.

2.0 Capital Management (Cont'd.)

Table 2.2: Risk Weighted Assets and Capital Requirements (Cont'd.)

	MARCH 2012				
Exposure class	RM'000	Gross exposures/ EAD before CRM RM'000	Net exposures/ EAD after CRM RM'000	Risk weighted assets RM'000	Minimum capital requirement at 8% RM'000
1. Credit risk					
On balance sheet exposures					
Sovereigns/central banks		9,291,109	8,909,046	–	–
Banks, DFIs and MDBs		7,349,631	7,349,631	1,730,365	138,429
Insurance companies, securities firms & fund managers		30,666	30,666	30,666	2,453
Corporates		34,214,395	32,028,000	29,666,426	2,373,313
Regulatory retail		33,523,816	33,350,597	25,069,920	2,005,594
Residential mortgages		9,092,629	9,077,791	3,425,584	274,047
Higher risk assets		145,559	145,559	218,338	17,467
Other assets		3,333,752	3,333,753	2,625,182	210,015
Securitisation		97,462	97,462	20,692	1,655
Equity		60,656	60,656	60,656	4,853
Defaulted exposures		2,399,070	2,089,916	2,792,511	223,401
Total for on balance sheet exposures		**99,538,745**	**96,473,077**	**65,640,340**	**5,251,227**
Off balance sheet exposures:					
Over the counter ("OTC") derivatives		2,009,106	2,009,106	1,020,210	81,617
Credit derivatives		69	69	28	2
Off balance sheet exposures other than OTC derivatives or credit derivatives		10,489,824	9,660,636	8,845,958	707,676
Defaulted exposures		242,369	223,825	335,736	26,859
Total for off balance sheet exposures		**12,741,368**	**11,893,636**	**10,201,932**	**816,154**
Total on and off balance sheet exposures		**112,280,113**	**108,366,713**	**75,842,272**	**6,067,381**
2. Large exposures risk requirement		**–**	**–**	**3,298**	**264**
3. Market risk	**Long Position**	**Short Position**			
Interest rate risk/Rate of return risk					
- General interest rate risk/Rate of return risk	65,424,971	54,752,927		3,186,347	254,908
- Specific interest rate risk/Rate of return risk	11,007,468	55,154		737,122	58,970
Foreign currency risk	149,865	55,040		149,865	11,989
Equity risk					
- General risk	379,886	71,230		308,657	24,692
- Specific risk	379,886	71,230		514,097	41,128
Option risk	1,286,590	1,853,397		227,408	18,193
Total	**78,628,666**	**56,858,978**		**5,123,496**	**409,880**
4. Operational risk				**6,045,547**	**581,686**
5. Total RWA and capital requirements				**87,014,613**	**7,059,211**

The Group did not have Profit-Sharing Investment Account ("PSIA") that qualifies as a risk absorbent during the comparative period.

3.0 Capital Structure

Table 3.3 Capital Structure summarises the aggregated capital position of the Group. The capital structure includes capital under the following headings:

- Common Equity Tier 1 capital;
- Additional Tier 1 capital; and
- Tier 2 capital

All capital instruments included in the capital base have been issued in accordance with the BNM rules and guidelines. The existing Additional Tier 1 and Tier 2 Capital instruments of the Group do not meet all qualifying criteria for full recognition of capital instruments under the Basel III accord, on the requirements for loss absorbency at the point of non-viability, and write-off or conversion mechanisms for achieving principal loss absorption and/or loss absorbency at the point of non-viability. All the Group's Additional Tier 1 and Tier 2 Capital instruments qualify for the gradual phase-out treatment under the transitional arrangements of the Basel III accord. Under this treatment, the amount of capital instruments that can be recognised for each banking entity (and its consolidated group level) shall be capped at 90% of the base in 2013 (as counted separately for Additional Tier 1 Capital and Tier 2 Capital respectively), with the cap reducing by 10% in each subsequent year. To the extent that an instrument is redeemed or derecognised after 1 January 2013, the amount serving as the base is not reduced.

3.1 Common Equity Tier 1 Capital

Common Equity Tier 1 Capital consists of the following:

Paid-up Ordinary Share Capital
Paid-up ordinary share capital is an item of capital issued by an entity to an investor, which is fully paid-up and where the proceeds of issue are immediately and fully available. There is no obligation to pay a coupon or dividend to the equity holder of ordinary shares. The capital is available for unrestricted and immediate use to cover risks and losses, and enable the entity to continue trading. It can only be redeemed on the winding up of the entity.

On 27 December 2012, AmIslamic implemented a rights issue of shares on the following basis:

(a) issue of 34,884,000 new ordinary shares of RM1.00 each by AmIslamic allotted to AMMB Holdings Berhad on the basis of 1,000,000 new ordinary shares for every 12,270,325 existing ordinary shares held; and
(b) the issue price of the new ordinary shares was RM4.30 per share, determined with reference to the net asset value per share of AmIslamic as at 30 September 2012 of RM4.30 (with a 3.3% premium thereon).

The Rights Issue has raised RM150.0 million ordinary capital for AmIslamic and AMMB Holdings Berhad fully subscribed for its entitlement to the Rights Issue with its own cash resources.

Share Premium
Share premium is used to record premium arising from new shares issued in the group entity.

Retained Earnings
Retained earnings at the end of the financial year and eligible reserves are accumulated resources included in the shareholders' funds in an entity's statement of financial position, with certain regulatory adjustments applied. The retained earnings is included in Common Equity Tier 1 net of any interim and/or final dividend declared, and net of any interim losses. Quarterly interim profits have been included in Common Equity Tier 1 subject to review/audit by the external auditors.

Other Disclosed Reserves
Other disclosed reserves comprise the following:

- **Statutory Reserve**
  Statutory reserve is maintained in compliance with the provisions of BAFIA and IBA and is not distributable as cash dividends.

- **Capital Reserve and Merger Reserve**
  The capital reserve and merger reserve represent reserves arising from the transfer of subsidiaries pursuant to schemes of arrangement under group restructuring which involved capital reduction and was accounted for using the merger accounting method.

- **Foreign Exchange Translation Reserve**
  Exchange fluctuation reserve is used to record exchange differences arising from the translation of the net investment in foreign operations, net of the effects of hedging.

- **Unrealised Gains on Available-for-Sale Financial Instruments**
  This comprises the unrealised gains arising from changes in fair value of financial instruments (other than loans/financing and receivables) classified as 'available-for-sale'. Where the available-for-sale reserve is a net gain outstanding balance, the banking subsidiary can recognise 45 per cent of the total outstanding balance as part of Common Equity Tier 1. Where the available-for-sale reserve is a net loss outstanding balance, the entire outstanding balance is deducted in Common Equity Tier 1.

3.0 Capital Structure (Cont'd.)

3.2 Additional Tier 1 Capital

The amount of Additional Tier 1 Capital that can be recognised in the computation of the capital adequacy ratios of the banking subsidiaries, at both the entity and consolidated level for 2013, has been capped at 90% of the total qualifying Additional Tier 1 balance outstanding as at 1 January 2013. This is in accordance to the transitional gradual phase-out treatment under the Basel III regime. As at 1 January 2013 and at present, only AmBank has Additional Tier 1 capital instrument in issuance, Table 3.1 outlines the application of the grandfathering provisions in respect of the Additional Tier 1 capital instruments of AmBank. Details of the Additional Tier 1 capital instruments are outlined below.

Table 3.1 Additional Tier 1 Capital Instruments of AmBank and the Basel III Gradual Phase-Out Treatment

Base for Additional Tier 1 capital instruments outstanding on 1 January 2013	
Instruments	**RM'000**
Non-cumulative Non-voting Guaranteed Preference Shares	750,100
Innovative Tier 1 Capital- Tranche 1	300,000
Innovative Tier 1 Capital - Tranche 2	185,000
Non-Innovative Tier 1 Capital - Tranche 1	200,000
Non-Innovative Tier 1 Capital - Tranche 2	300,000
Total qualifying base	**1,735,100**

Calendar year	Cap on Additional Tier 1 capital instruments that can be recognised in capital adequacy computation each year	
	Cap %	**Cap, RM'000**
2013	90%	1,561,590
2014	80%	1,388,080
2015	70%	1,214,570
2016	60%	1,041,060
2017	50%	867,550
2018	40%	694,040
2019	30%	520,530
2020	20%	347,020
2021	10%	173,510
2022	0%	0

Innovative Tier 1 Capital

Innovative Tier 1 capital comprises deeply subordinated debt instruments which despite their legal form, have loss absorbency qualities and can therefore be included as Tier 1 capital. The Innovative Tier 1 securities in issue and their primary terms are as follows:

(a) Non-cumulative Non-voting Guaranteed Preference Shares

On 27 January 2006, AMBB Capital (L) Ltd, a wholly-owned subsidiary of AmBank issued United States Dollar ("USD") 200,000,000 Innovative Hybrid Tier 1 Capital comprising 2,000 preference shares of USD100,000 each ("Hybrid Securities"). The Hybrid Securities are subordinated and guaranteed by AmBank. The gross proceeds from the issuance was on-lent to AmBank in the form of a subordinated term loan on 27 January 2006 for the purpose of supplementing AmBank's working capital requirements.

The salient features of the Hybrid Securities are as follows:

(i) The Hybrid Securities bear non-cumulative dividends from the issue date to (but excluding) 27 January 2016 at 6.77% per annum and thereafter, a floating rate per annum equal to three (3) month USD LIBOR plus 2.90 percent if not redeemed on 27 January 2016. The non-cumulative dividends are payable on a semi-annual basis.

(ii) The Hybrid Securities are perpetual securities and have no fixed final redemption date. The Hybrid Securities may be redeemed in whole but not in part at the option of the issuer (but not the holders) in certain circumstances. In each case, not less than 30 or more than 60 days' notice (which notice shall be irrevocable) must be given.

The Hybrid Securities are listed on both the Labuan International Financial Exchange Inc. and the Singapore Exchange Securities Trading Limited and are offered to international institutional investors outside Malaysia.

(b) Innovative Tier 1 Capital Securities

On 18 August 2009, AmBank issued up to RM485 million Innovative Tier I Capital Securities under its RM500 million Innovative Tier I Capital Securities ("ITICS") Programme. The ITICS bears a fixed interest (non-cumulative) rate at issuance date (interest rate is 8.25% per annum) and step up 100 basis points after the First Call Date (10 years after issuance date) and interest is payable semi annually in arrears. The maturity date is 30 years from the issue date. The ITICS facility is for a tenor of 60 years from the First Issue date and has a principal stock settlement mechanism to redeem the ITICS via cash through the issuance of AmBank's ordinary shares. Upon BNM's approval, AmBank may redeem in whole but not in part the relevant tranche of the ITICS at any time on the 10th anniversary of the issue date of that tranche or on any interest payment date thereafter.

3.0 Capital Structure (Cont'd.)

Non-innovative Tier 1 Capital

In the financial year 2009, AmBank issued RM500 million Non-Innovative Tier 1 Capital ("NIT1") in nominal value comprising:

- Non-Cumulative Perpetual Capital Securities ("NCPCS"), which are issued by AmBank and stapled to the Subordinated Notes described below; and
- Subordinated Notes ("SubNotes"), which are issued by AmPremier Capital Berhad ("AmPremier"), a wholly-owned subsidiary of AmBank (collectively known as "Stapled Capital Securities").

The proceeds from the NIT1 programme were used as working capital. The Stapled Capital Securities cannot be traded separately until the occurrence of certain assignment events. Upon occurrence of an assignment event, the Stapled Capital Securities will "unstaple", leaving the investors to hold only the NCPCS while ownership of the SubNotes will be assigned to AmBank pursuant to the forward purchase contract entered into by AmBank unless there is an earlier occurrence of any other events stated under the terms of the Stapled Capital Securities. If none of the assignment events as stipulated under the terms of the Stapled Capital Securities occur, the Stapled Capital Securities will unstaple on the 20th interest payment date or 10 years from the issuance date of the SubNotes.

The SubNotes have a fixed interest rate of 9.0% per annum. However, the NCPCS distribution will not begin to accrue until the SubNotes are re-assigned to AmBank as referred to above.

The NCPCS are issued in perpetuity unless redeemed under the terms of the NCPCS. The NCPCS are redeemable at the option of AmBank on the 20th interest payment date or 10 years from the issuance date of the SubNotes, or any NCPCS distribution date thereafter, subject to redemption conditions being satisfied. The SubNotes have a tenure of 30 years unless redeemed earlier under the terms of the SubNotes. The SubNotes are redeemable at the option of AmPremier on any interest payment date, which cannot be earlier than the occurrence of assignment events as stipulated under the terms of the Stapled Capital Securities.

The Stapled Capital Securities comply with BNM's Guidelines on Non-Innovative Tier 1 capital instruments. They constitute unsecured and subordinated obligations of AmBank. Claims in respect of the NCPCS rank paripassu and without preference among themselves and with the most junior class of preference shares of AmBank but in priority to the rights and claims of the ordinary shareholders of AmBank. The SubNotes rank paripassu and without preference among themselves and with the most junior class of notes or preference shares of AmPremier.

3.3 Tier 2 Capital

The main components of Tier 2 capital are collective impairment provisions and regulatory reserves (subject to a maximum of 1.25% of total credit risk-weighted assets determined under the Standardised Approach) and subordinated debt instruments.

The amount of Tier 2 Capital that can be recognised in the computation of the capital adequacy ratios of the banking subsidiaries, at both the entity and consolidated level for 2013, has been capped at 90% of the total qualifying Tier 2 balance outstanding as at 1 January 2013. This is in accordance to the transitional gradual phase-out treatment under the Basel III regime. Tables 3.2(a) and 3.2(b) outline the application of the grandfathering provisions in respect of the Tier 2 capital instruments for AmBank and AmIslamic respectively. AmInvestment does not have any Tier 2 capital instruments in issuance as at 1 January 2013 and at present, details of the Tier 2 capital instruments are outlined below.

Table 3.2(a) Tier 2 Capital Instruments of AmBank and the Basel III Gradual Phase-Out Treatment

Base for Tier 2 capital instruments outstanding on 1 January 2013	
Instruments	**RM'000**
Medium Term Notes ("MTN") - Tranche 1	200,000
MTN – Tranche 2	165,000
MTN – Tranche 3	75,000
MTN – Tranche 4	45,000
MTN – Tranche 5	75,000
MTN – Tranche 6	600,000
MTN – Tranche 7	97,800
MTN – Tranche 8	710,000
Total qualifying base	**1,967,800**

Calendar year	Cap on Tier 2 capital instruments that can be recognised in capital adequacy computation each year	
	Cap %	Cap, RM'000
2013	90%	1,771,020
2014	80%	1,574,240
2015	70%	1,377,460
2016	60%	1,180,680
2017	50%	983,900
2018	40%	787,120
2019	30%	590,340
2020	20%	393,560
2021	10%	196,780
2022	0%	0

3.0 Capital Structure (Cont'd.)

Table 3.2(b) Tier 2 Capital Instruments of AmIslamic and the Basel III Gradual Phase-Out Treatment

Base for Tier 2 capital instruments outstanding on 1 January 2013	
Instruments	**RM'000**
Subordinated Sukuk Musyarakah – Tranche 1	600,000
Subordinated Sukuk Musyarakah – Tranche 2	200,000
Subordinated Sukuk Musyarakah – Tranche 3	200,000
Total qualifying base	**1,000,000**

Calendar year	Cap on Tier 2 capital instruments that can be recognised in capital adequacy computation each year	
	Cap %	Cap, RM'000
2013	90%	900,000
2014	80%	800,000
2015	70%	700,000
2016	60%	600,000
2017	50%	500,000
2018	40%	400,000
2019	30%	300,000
2020	20%	200,000
2021	10%	100,000
2022	0%	0

Medium Term Notes

In the financial year 2008, AmBank implemented a RM2.0 billion nominal value Medium Term Notes ("MTN") Programme. The proceeds raised from the MTN Programme had been utilised for the refinancing of existing subordinated debts and for general working capital requirements.

The MTN Programme has a tenor of up to 20 years from the date of the first issuance under the MTN Programme. The MTN shall be issued for a maturity of up to 20 years as the Issuer may select at the point of issuance provided that no MTN shall mature after expiration of the MTN Programme.

The MTNs issued under the MTN Programme was included as Tier 2 capital in compliance with the RWCAF issued by BNM.

The salient features of the MTNs issued are as follows:

(i) Tranche 1 amounting to RM500 million was issued on 4 February 2008 and is for a tenor of 10 years Non-Callable 5 years and bears interest at 5.23% per annum.
RM300 million of Tranche 1 was early redeemed on 8 October 2012. The remaining RM200 million of Tranche 1 was called and cancelled on its first call date of 4 February 2013.

(ii) Tranche 2 and 3 totaling RM240 million was issued on 14 March 2008 as follows:
- Tranche 2 amounting to RM165 million is for a tenor of 10 years Non-Callable 5 years and bears interest at 5.2% per annum.
- Tranche 3 amounting to RM75 million is for a tenor of 12 years Non-Callable 7 years and bears interest at 5.4% per annum.

Tranche 2 of RM165 million was fully called and cancelled on its first call date of 14 March 2013.

(iii) Tranche 4 and 5 totaling RM120 million was issued on 28 March 2008 as follows:
- Tranche 4 amounting to RM45 million is for a tenor of 10 years Non-Callable 5 years and bears interest at 5.2% per annum.
- Tranche 5 amounting to RM75 million is for a tenor of 12 years Non-Callable 7 years and bears interest at 5.4% per annum.

Tranche 4 of RM45 million was fully called and cancelled on its first call date of 28 March 2013.

(iv) Tranche 6 amounting to RM600 million issued on 9 April 2008 is for a tenor of 15 years Non-Callable 10 years and bears interest at 6.25%per annum.

(v) Tranche 7 amounting to RM97.8 million issued on 10 December 2009 is for a tenor of 10 years Non-Callable 5 years and bears interest at 5.75% per annum.

(vi) Tranche 8 amounting to RM710.0 million issued on 16 October 2012 is for a tenor of 10 years Non-Callable 5 years and bears interest at 4.45% per annum.

3.0 Capital Structure (Cont'd.)

The interest rate of the MTN will step up by 0.5% per annum as follows:

(i) Tranche 1 – at the beginning of the 6th year
(ii) Tranche 2 – at the beginning of the 6th year
(iii) Tranche 3 – at the beginning of the 8th year
(iv) Tranche 4 – at the beginning of the 6th year
(v) Tranche 5 – at the beginning of the 8th year
(vi) Tranche 6 – at the beginning of the 11th year
(vii) Tranche 7 – at the beginning of the 6th year

and every anniversary thereafter, preceding the maturity date of the MTN. The step-up feature does not apply to Tranche 8.

Total MTN in issuance post the completion of these transactions has amounted to RM1,557.8 million.

Subordinated Sukuk Musyarakah

On 30 September 2011, AmIslamic Bank implemented a new Subordinated Sukuk Musharakah programme ("Sukuk Musharakah") of up to RM2.0 billion. The purpose of the programme is to increase AmIslamic Bank's Tier 2 capital.

On the same date, RM600.0 million subordinated securities were issued under this programme.The first tranche of the Sukuk Musharakah carries a profit rate of 4.40% per annum and is payable on a semi-annual basis.

On 31 January 2012, AmIslamic issued the second tranche of the Sukuk Musharakah of RM200.0 million. The second tranche carries a profit rate of 4.35% per annum, and is payable on a semi-annual basis.

On 24 December 2012, AmIslamic issued the third tranche of the Sukuk Musharakah of RM200.0 million. The third tranche carries a profit rate of 4.45% per annum, and is payable on a semi-annual basis.

The Subordinated Sukuk Musharakah is for a period of ten (10) years. AmIslamic may exercise its call option and redeem in whole (but not in part) the Sukuk Musharakah on the 5th anniversary of the issue date or on any anniversary date thereafter at 100% of the principal amount together with the expected profit payments.

3.0 Capital Structure (Cont'd.)

Table 3.3 Capital Structure

The aggregated components of Common Equity Tier 1, Additional Tier 1, Tier 2, and Total Capital of the Group are as follows

	MARCH 2013			
	AmBank RM'000	AmIslamic Bank RM'000	AmInvestment Bank RM'000	Group * RM'000
Common Equity Tier 1 ("CET1") Capital				
Ordinary shares	820,364	462,922	200,000	1,483,286
Share premium	942,844	724,185	–	1,667,029
Retained earnings	3,501,590	521,327	118,308	4,155,650
Less: proposed dividend - final	(400,338)	–	–	(400,338)
Unrealised gains and losses on available-for-sale ("AFS") financial instruments	(8,402)	(7,256)	3,110	(13,268)
Foreign exchange translation reserve	(14,760)	–	–	15,228
Statutory reserve fund	980,969	424,266	200,000	1,605,235
Capital reserve	–	–	–	2,815
Merger reserve	48,516	–	–	56,172
Cash flow hedging reserve	(12,644)	–	–	(12,644)
Less: Regulatory adjustments applied on CET1 capital				
Goodwill	–	–	–	(11,243)
Intangible assets	(234,687)	(50)	(2,347)	(237,140)
Deferred tax assets	(120,523)	–	(11,512)	(135,531)
Cash flow hedging reserve	12,644	–	–	12,644
55% of cumulative gains of AFS financial instruments	–	–	(1,711)	(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**
Additional Tier 1 ("T1") capital				
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**
Tier 2 ("T2") capital				
Tier 2 capital instruments (subject to gradual phase-out treatment)	1,557,800	900,000	–	2,457,800
Collective impairment provisions and regulatory reserves	751,584	255,665	2,789	1,005,607
Less: Regulatory adjustments applied on Tier 2 capital	(133)	–	(2,789)	(3,681)
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 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**

3.0 Capital Structure (Cont'd.)

Table 3.3 Capital Structure (Cont'd.)

	MARCH 2012			
	AmBank RM'000	AmIslamic Bank RM'000	AmInvestment Bank RM'000	Group * RM'000
Tier 1 Capital				
Paid-up ordinary share capital	820,364	428,038	200,000	1,448,402
Share premium	942,844	609,068	–	1,551,912
Statutory reserve	980,969	359,716	200,000	1,540,685
Capital reserve	–	–	–	2,815
Merger reserve	48,516	–	–	56,172
Exchange fluctuation reserve	2,077	–	–	30,143
Innovative Tier 1 capital	1,105,762	–	–	1,235,100
Non-innovative Tier 1 capital	500,000	–	–	500,000
Retained earnings at end of year	3,133,023	327,970	107,003	3,590,004
Non-controlling interests	–	–	–	50
Total	7,533,555	1,724,792	507,003	9,955,283
Less: Goodwill	–	–	–	(11,243)
Deferred tax assets, net	(161,806)	(33,087)	(16,824)	(216,354)
Total Tier 1 Capital	7,371,749	1,691,705	490,179	9,727,686
Less: Deduction in excess of allowable Tier 2 capital	–	–	(107,395)	(19,164)
Maximum Allowable Tier 1 Capital	7,371,749	1,691,705	382,784	9,708,522
Tier 2 Capital				
Medium term notes	1,557,800	–	–	1,557,800
Subordinated bonds	–	800,000	–	800,000
Innovative Tier 1 capital	129,338	–	–	–
Collective allowance for loans and financing[#]	1,074,356	328,333	3,914	1,406,322
Total Tier 2 Capital	2,761,494	1,128,333	3,914	3,764,122
Maximum Allowable Tier 2 Capital	2,761,494	1,128,333	3,914	3,764,122
Total Capital Funds	10,133,243	2,820,038	386,698	13,472,644
Less: Investment in subsidiaries	(32,780)	–	(88,231)	(32,769)
Investment in capital of related financial institutions and other deduction	(9,446)	–	(23,078)	(32,524)
Add: Deduction in excess of allowable Tier 2 capital made against Tier 1 capital	–	–	107,395	19,164
Capital Base	**10,091,017**	**2,820,038**	**382,784**	**13,426,515**

[#] Excludes collective allowance on impaired loans/financing restricted from Tier 2 capital of the Group of RM429,497,000.

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

Credit risk	57,235,055	17,095,915	1,060,041	75,779,082
Market risk	4,494,813	384,044	244,709	5,123,496
Operational risk	4,570,067	1,327,826	478,318	6,045,547
Large exposure risk requirements for equity holdings	3,298	–	–	3,298
Total risk weighted assets	**66,303,233**	**18,807,785**	**1,783,068**	**86,951,423**

The comparatives for the components of capital base have been restated for the effects of the change in accounting policy on collective assessment allowance for loans, advances and financing during the financial year. Details of the restatement are as set out in Note 58 to the financial statements.

3.0 Capital Structure (Cont'd.)

Table 3.2 (a): Capital Instruments of AmBank and the Basel III Gradual Phase-Out Treatment

Base for Additional Tier 1 capital instruments outstanding on 1 January 2013		Base for Tier 2 capital instruments outstanding on 1 January 2013	
Instruments	**RM'000**	**Instruments**	**RM'000**
Non-cumulative Non-voting Guaranteed Preference Shares	750,100	Medium Term Notes ("MTN") - Tranche 1	200,000
Innovative Tier 1 Capital- Tranche 1	200,000	MTN – Tranche 2	165,000
Innovative Tier 1 Capital - Tranche 2	300,000	MTN – Tranche 3	75,000
Non-Innovative Tier 1 Capital - Tranche 1	300,000	MTN – Tranche 4	45,000
Non-Innovative Tier 1 Capital - Tranche 2	185,000	MTN – Tranche 5	75,000
		MTN – Tranche 6	600,000
		MTN – Tranche 7	97,800
		MTN – Tranche 8	710,000
Total qualifying base	**1,735,100**	**Total qualifying base**	**1,967,800**

Calendar year	Additional Tier 1 capital instruments		Tier 2 capital instruments	
	Cap %	Cap, RM'000	Cap %	Cap, RM'000
2013	90%	1,561,590	90%	1,771,020
2014	80%	1,388,080	80%	1,574,240
2015	70%	1,214,570	70%	1,377,460
2016	60%	1,041,060	60%	1,180,680
2017	50%	867,550	50%	983,900
2018	40%	694,040	40%	787,120
2019	30%	520,530	30%	590,340
2020	20%	347,020	20%	393,560
2021	10%	173,510	10%	196,780
2022	0%	0	0%	0

Capital Instruments of AmIslamic and the Basel III Gradual Phase-Out Treatment

Base for Tier 2 capital instruments outstanding on 1 January 2013	
Instruments	**RM'000**
Subordinated Sukuk Musyarakah – Tranche 1	600,000
Subordinated Sukuk Musyarakah – Tranche 2	200,000
Subordinated Sukuk Musyarakah – Tranche 3	200,000
Total qualifying base	**1,000,000**

Calendar year	Tier 2 capital instruments	
	Cap %	Cap, RM'000
2013	90%	900,000
2014	80%	800,000
2015	70%	700,000
2016	60%	600,000
2017	50%	500,000
2018	40%	400,000
2019	30%	300,000
2020	20%	200,000
2021	10%	100,000
2022	0%	0

4.0 General Risk Management

The Risk Management Framework takes its lead from the Board of Directors' Approved Risk Appetite Framework which provides the catalyst to setting the risk/reward profile required by the Board of Directors, together with the related business strategies, limit framework and policies required to enable successful execution.

The Risk Appetite Framework is approved annually by the Board of Directors taking into account the Group's desired external rating and targeted profitability/return on equity ("ROE") and is reviewed periodically throughout the financial year by both the executive management and the Board of Directors to consider any fine tuning/amendments taking into account prevailing or expected changes to the operational environment.

The Risk Appetite Framework provides portfolio parameters for Credit Risk, Traded Market Risk, Non-Traded Market Risk and Operational Risk incorporating, inter alia, limit structures for countries, industries, single counterparty, value at risk, capital at risk, earnings at risk, stop loss, stable funding ratio and liquidity. Each Business Unit has asset writing strategies which tie into the overall Risk Appetite Framework providing detailed strategies of how the Business Units will execute their business plans in compliance with the Risk Appetite Framework.

Board Approved Risk Appetite Statement

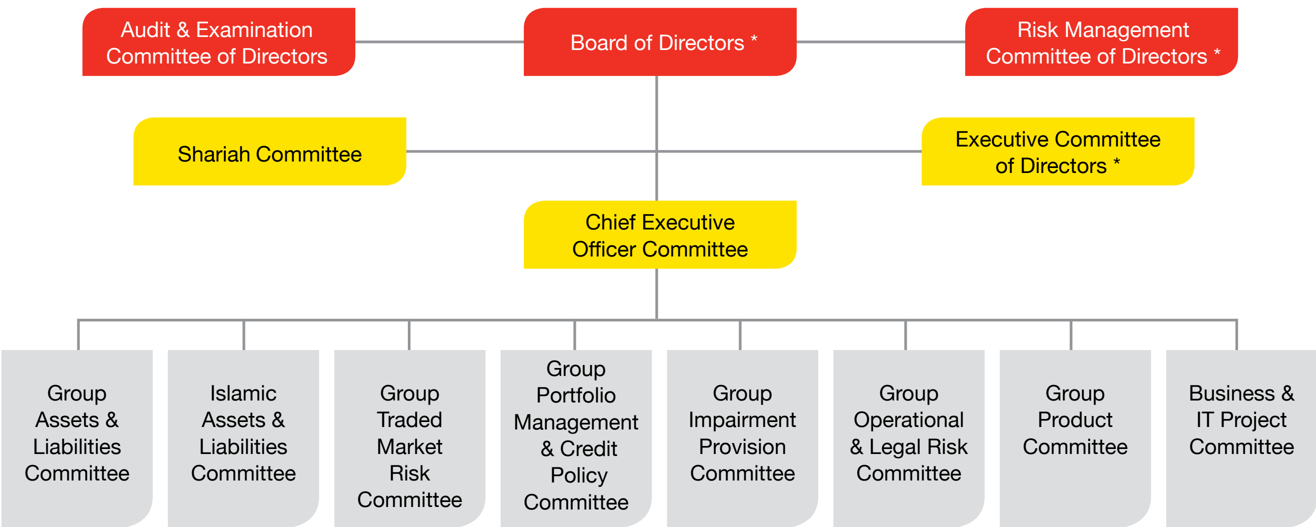
The Group's strategic goals are for top quartile shareholder returns and target ROE which will be progressively developed over a three year period wherein the Group will DeRisk, further diversify and have a differentiated growth strategy within its various business lines.

The Group targets an improved credit rating of BBB+ (from international rating agencies) to be achieved within one to two years, supported by continued improvement in overall asset quality and portfolio diversification, continued growth and diversification of its Funding and Treasury & Markets businesses and strong management of liquidity and interest rate risk/rate of return risk in the balance sheet.

Risk Management Governance

The Board of Directors is ultimately responsible for the management of risks within the Group. The Risk Management Committee of Directors is formed to assist the Board of Directors in discharging its duties in overseeing the overall management of all risks covering market risk management, liquidity risk management, credit risk management and operational risk management.

The Board has also established various Management Committees at the Group level to assist it in managing the risks and businesses of the Group. The following chart sets out the organisational structure of the risk management committees and an overview of the respective committee's roles and responsibilities up to end of March 2013 i.e. for FYE 2013:



* At entity level

4.0 General Risk Management

Committee	Roles and Responsibilities
Risk Management Committee of Directors **("RMCD")**	• Oversee senior management activities in managing risk (covering credit, market, funding, operational, legal, regulatory capital and strategic risk) and to ensure that the risk management process is in place and functioning. • Report and advise the Board of Directors ("Board") on risk issues.
Audit & Examination Committee of Directors **("AEC")**	• Provide assistance to the Board in relation to fulfilling fiduciary responsibilities and monitoring of the accounting and financial reporting practices of the Group. • Provide assistance to the Board in ensuring the Islamic banking operations of the Group are Shariah compliant.
Shariah Committee	• Responsible and accountable on matters related to Shariah, which includes advising the Board and management on Shariah matters and endorsing and validating products and services, and the relevant documentations in relation to Islamic banking operations of the Group. • The Shariah Oversight Committee, which is a sub-committee to the Shariah committee performs an oversight function for the key Shariah functions; Shariah review, Shariah audit, and Shariah Risk Management.
Executive Committee of Directors **("EXCO")**	• Responsible to consider and approve credit facilities and commitment that are not in accordance with the policies approved by the Board for which EXCO has been granted powers to exempt. • Review credit facilities and commitment that exceeds certain thresholds.
Chief Executive Officer Committee **("CEO Committee")**	• Responsible for overall day-to-day operations of the Group such as oversee management's activities in managing risk, review high level risk exposures, portfolio composition and risk strategies; and evaluate the existence and effectiveness of the control and risk management infrastructure. • Report and advice the Board on risk issues.
Group Assets and Liabilities Committee (Conventional and Islamic) **("GALCO")**	• Responsible for the development of capital and balance sheet management policy, approve and oversee non-traded interest/ profit rate risk exposures, liquidity and funding framework and hedging and management of structural foreign exposure. Ensure fund transfer pricing are effective and fair and capital is managed.
Islamic Assets and Liabilities Committee	• Responsible for the development of Islamic capital and balance sheet management policy, approve and oversee rate of return risk exposures, liquidity and funding framework and hedging and management of structural foreign exposure. Ensure fund transfer pricing are effective and fair and capital is managed.
Group Traded Market Risk Committee **("GTMRC")**	• Responsible for development of traded market risk policy framework, oversee the trading book portfolio, approve new trading products and ensure the compliance with internal and regulatory requirements throughout the Group.
Group Portfolio Management and Credit Policy Committee **("GPMCP")**	• Responsible for development for credit policy framework, oversee credit portfolio, endorse asset writing strategies, review credit provisioning policies and process and ensure the compliance with internal and regulatory requirements throughout the Group.
Group Impairment Provision Committee **("GIPC')**	• Responsible for the development of key policies relating to impairment provisions, ensure provision are assessed and made in accordance with the Board's approved policies and MFRS 139 and 137 standards and establish adequate management governance for the determination of provisions.
Group Operational and Legal Risk Committee **("GOLRC")**	• Responsible for endorsing operational risk, legal risk and regulatory compliance framework, oversee operational risk and legal risk management and reviews regulatory actions or any incidences that may give rise to operational and legal risk along with the actions taken to mitigate such risks.
Group Product Committee **("GPC")**	• Responsible for ensuring adequate infrastructure and resources are in place for product management, endorse proposal for new product and product launching strategies, approve proposal for product variation and reactivation of dormant product; and review post implementation activities and product performance.
Business and IT Project Committee **("BITPC")**	• Responsible to review and approve (or where required recommend for approval) requests relating to the Group's major business and IT investments. • To ensure all projects are aligned to the business and IT plans, appropriate prioritisation of business and IT projects, and the allocation of resources. • Responsible to optimise the allocation of shared resources and change capacity to programmes, projects and initiatives across the Group.

Effective April 2013, the Bank has decided to consolidate the various management committees into one single committee namely, Group CEOs Committee in order to streamline and centralise the management of risk.

4.0 General Risk Management (Cont'd.)

Strategic Risk
Strategic risk is the risk of not achieving the Group's corporate strategic goals. The Group's overall strategic planning reflects the Group's vision and mission, taking into consideration the Group's internal capabilities and external factors.

The Board is actively involved in setting of strategic goals, and is regularly updated on matters affecting corporate strategy implementation and corporate projects/initiatives.

Reputational Risk
The Group recognises that maintaining its reputation among clients, investors, regulators and the general public is an important aspect of minimising legal and operational risk. Maintaining our reputation depends on a large number of factors, including the selection of our clients and business partners and the conduct of our business activities.

The Group seeks to maintain its reputation by screening potential clients and business partners and by conducting our business activities in accordance with high ethical standards and regulatory requirements.

Regulatory Compliance Risk
A proactive regulatory risk monitoring and control process is essential for any financial group to provide assurance that its products and services are offered in a manner consistent with regulatory requirements and industry best practice. Group Regulatory Compliance undertakes the task by ensuring that appropriate measures are introduced and applied accordingly, whilst inculcating a compliance culture across all levels of staff. Amongst the measures introduced are monitoring and reporting, training, providing advice and disseminating information. A process is in place to standardise compliance practices across the Group.

The compliance monitoring and reporting system is essentially a mechanism through which businesses monitor their compliance to rules and regulations as well as provide monthly, quarterly and exception reporting that is carried out online. This reaffirms our commitment to a centralised compliance infrastructure that embraces regular self-assessment by staff, thus providing management the assurance that staff are aware and comply with internal and external requirements.

Compliance awareness is performed on a regular basis to ensure staff keeps abreast of banking, insurance, securities and anti-money laundering law as well as other regulatory developments. The awareness helps staff develop their skills to identify compliance issues as well as cultivate good corporate ethics. In addition to the training provided, the Compliance Repository, an online resource tool, continues to provide staff with easy access to rules and regulations to various search modes.

Group Compliance also provides advice on regulatory matters and measures to be implemented by the Group to facilitate compliance with rules and regulations. To further promote understanding, the department facilitates briefings, disseminates information and leads coordination efforts.

4.1 Internal Capital Adequacy Assessment Process

The core objectives of the Group's Internal Capital Adequacy Assessment Process ("ICAAP") Policy are to:

- Protect the interests of depositors, creditors and shareholders;
- Ensure the safety and soundness of the Group's capital position; and
- Ensure that the capital base supports the Group's Risk Appetite, and strategic business objectives, in an efficient and effective manner.

The requirements of the ICAAP Policy are consistent and calibrated with the Group's Risk Appetite as set and approved by the Board.

The following key principles underpin the ICAAP.

4.1.1 The Group must maintain an approved, documented, risk based and auditable ICAAP. The aim is to ensure the Group maintains, on a continuous basis, an adequate level of capitalisation which is sized following the identification, measurement, monitoring, and effective management and oversight of material risks across the Group, consistent with:
- Group Risk Appetite, including the Group's target credit rating category;
- Regulatory Capital requirements;
- The Board and Management's targeted financial performance, and
- The Group's planned asset growth and strategic business objectives.

4.1.2 Management Oversight
The ICAAP must be subject to Board and senior management oversight, form an integral part of the Group's capital management and decision making processes, and will:
- Undergo regular, effective and comprehensive review;
- Satisfy regulatory requirements;
- Be capable of independent assessment and validation;
- Be incorporated into the Group's overall risk management strategy and governance frameworks.

4.0 General Risk Management (Cont'd.)

4.1 Internal Capital Adequacy Assessment Process (Cont'd.)

4.1.3 Capital Management Plan and Framework

The ICAAP must include an approved Capital Management Framework and Plan including:

- A strategy for maintaining capital resources over time;
- Measures that would be taken in the event capital falls below a targeted level;
- Measures to ensure that the Group is in compliance with minimum regulatory standards; and
- Stressed capital plans with clearly documented assumptions consistent with the Group's strategic planning cycles.

4.1.4 The Group's quality and level of capital must be commensurate with the level of risks in the business. Sufficient capital should be maintained to:

- Meet minimum prudential requirements in all jurisdictions in which the Group operates, also any ratings agency requirements, including maintaining appropriate buffers over minimum capital levels;
- Be consistent with the Group's overall risk profile and financial positions, taking into account its strategic focus and business plan; and
- Ensure there is sufficient capital to support the regulatory capital requirements of the business, including those resulting from the outcomes of stress testing.

The Group will have appropriately established capital targets for each major capital type including:

- Minimums;
- Triggers; and
- Target operating ranges.

4.1.5 Capital allocation:

- The Group's capital, excluding any amount held centrally for strategic contingencies (e.g. acquisitions) should be allocated to individual business units using regulatory capital allocation principles;
- Capital allocation should be consistent with the Group's Regulatory Capital measurement framework and risk adjusted performance requirements; and
- The Group should only retain capital that is required to meet its economic, operational, prudential and strategic requirements. Consideration should be given to returning capital in excess of that required to shareholders.

4.1.6 Material Risks

- The Group must have clearly articulated definitions of each material risk type to be included in the ICAAP; and
- Processes to identify and determine the materiality of current risk types, change to existing risk types and new risk types must be established.

4.1.7 The Board must be notified and the regulator advised as soon as practicable of any:

- Significant departure from its ICAAP;
- Concerns that the Board has about its capital adequacy along with proposed measures to address those concerns; and
- Significant changes in its capital.

4.1.8 The cost of capital should be reviewed annually. The cost of capital should be set with reference to the Group's long term ROE objectives.

4.0 General Risk Management (Cont'd.)

4.1 Internal Capital Adequacy Assessment Process (Cont'd.)

ICAAP Framework

Requirement of the Banks

Principal 1:

- Banks have an ICAAP in relation to their risk profile and a strategy for maintaining capital levels

Principal 3:

- Banks are expected to operate above the minimum regulatory capital ratios and should have the ability to hold capital in excess of the minimum

Requirements of the Regulator

Principal 2:

- Regulators to review and evaluate the Bank's ICAAP strategies
- Regulators to monitor and ensure Bank's compliance with regulatory capital ratios
- Regulators undertake appropriate supervisory action if unsatisfactory results

Principal 4:

- Early intervention by the Regulator to prevent capital from falling below the required minimum levels

Internal Capital Adequacy Assessment Process

Board and Management Oversight

- Material Risks identified
- Material thresholds
- Group Risk Appetite
- Sufficient Capital Adequacy
- Targeted Financial Performance
- Planned Asset Growth & Strategic business objectives
- Policy/Frameworks

Sound Capital Assessment

- Identification, Measurement and Reporting of Material Risks
- Stressed Plans
- Compliance with minimum regulatory standards
- Clear linkage between risks and capital
- Capital Plan

Comprehensive Risk Assessment and Management Processes

- Credit Risk
- Market Risk
- Operational Risk
- Credit Residual Risk
- Rate Risk in the Banking Book
- Credit Concentration Risk
- Goodwill Risk
- Liquidity & Funding Risk
- Contagion Risk
- Business/Strategic Risk
- Reputation Risk

Monitoring and Reporting

- Level and Trend of Material Risks
- Sensitivity Analysis of key assumptions
- Regulatory Reporting to Board and Senior Management

Internal Control and Review

- Independent reviews of ICAAP (internal and external audit)
- Ongoing compliance monitoring
- Stress Testing
- Documented processes/ frameworks

Overview of ICAAP process and setting Internal Capital Targets

5.0 Credit Risk Management

The credit risk management process is depicted in the table below:

Identification	• Identify/recognise credit risk on transactions and/or positions • Select asset and portfolio mix
Assessment/ Measurement	• Internal credit rating system • Probability of default ("PD") • Loss given default ("LGD") • Exposure at default ("EAD")
Control/Mitigation	• Portfolio Limits, Counterparty Limits, Benchmark Returns • Collateral & tailored facility structures
Monitoring/Review	• Monitor and report portfolio mix • Review customer under Watchlist • Undertake post mortem review

Credit risk is the risk of loss due to the inability or unwillingness of a counterparty to meet its payment obligations. Exposure to credit risk arises from lending, securities and derivative exposures. The identification of credit risk is done by assessing the potential impact of internal and external factors on the Group's transactions and/or positions as well as Shariah compliance risk (please refer to Section 14 for discussion on Shariah Governance).

The primary objective of credit risk management is to maintain accurate risk recognition - identification and measurement, to ensure that credit risk exposure is in line with the Group's Risk Appetite Framework and related credit policies.

For non-retail credits, risk recognition begins with an assessment of the financial standing of the borrower or counterparty using credit rating model. The model consists of quantitative and qualitative scores that are then translated into rating grades. The assigned credit rating grade forms a crucial part of the credit analysis undertaken for each of the Group's credit exposures.

For retail credits, credit-scoring systems to better differentiate the quality of borrowers are being used to complement the credit assessment and approval processes.

To support credit risk management, our rating models for major portfolios have been upgraded to facilitate:

- improvement in the accuracy of individual obligor risk ratings;
- enhancement to pricing models;
- loan loss provision calculation;
- stress-testing; and
- enhancement to portfolio management.

Lending/financing activities are guided by internal credit policies and Risk Appetite Framework that are approved by the Board of Directors. The Group's Risk Appetite Framework is refreshed at least annually and with regard to credit risk, provides direction as to portfolio management strategies and objectives designed to deliver the Group's optimal portfolio mix. Credit Risk portfolio management strategies include, amongst others:

- Concentration threshold/review trigger:
  - single counterparty credit;
  - industry sector; and
  - country.
- Asset writing strategies for industry sectors and portfolio composition (by Risk Grade and Security Indicator);
- Setting Loan/Financing to Value limits for asset backed loans/financing (i.e., property exposures and other collateral);
- Watchlist processes for identifying, monitoring and managing customers exhibiting signs of weakness and higher risk customers; and
- Setting Benchmark Returns which serve as a guide to the minimum returns the Group requires for the risk undertaken, taking into account operating expenses and cost of capital.

Individual credit risk exposure is reported to Credit and Commitment Committee ("CACC"). In the event such exposure exceeds CACC authority it will be reported to EXCO. Portfolio credit risk is reported to the relevant management and board committees.

The GPMCP/Group CEOs Committee regularly meets to review the quality and diversification of the Group's loan/financing portfolio, approve new and amended credit risk policy, review watchlist reports and post mortem review of loan/financing (to extract lessons learned for facilitating credit training and refinement of credit policies or guidelines, towards enhancing risk identification and control).

Group Risk prepares monthly Risk Reports which detail important portfolio composition and trend analysis incorporating asset growth, asset quality, impairments, flow rates of loan/financing delinquency buckets and exposures by industry sectors are reported monthly by Group Risk to executive management and to all meetings of the Board.

The Group applies the Standardised Approach to determine the regulatory capital charge related to credit risk exposure.

5.0 Credit Risk Management (Cont'd.)

5.1 Impairment

5.1.1 Definition of Past Due and Impaired Loans and Financing

All loans, financing and advances are categorised as either:
- Neither past due nor impaired;
- Past due but not impaired; or
- Impaired

An asset is considered past due when any payment (whether principal and/or interest/rate of return) due under the contractual terms are received late or missed.

A loan/financing is classified as impaired under the following circumstances:
(a) where the principal or interest/profit or both[3] is past due or the amount outstanding is in excess of approved limit (for revolving facilities), each for more than 90 days or 3 months; or
(b) the loan/financing exhibits weaknesses that render a classification appropriate to the Group's Credit Risk Rating Framework, which requires it to fall under the "unlikeliness to repay" category under the Group's Watchlist Policy.
(c) for loans/financing with repayment schedules on quarterly basis or longer intervals to be classified as impaired as soon as default occurs, unless it does not exhibit any weakness that would render it classified according to the Group's Credit Risk Rating Framework. Notwithstanding that, these loans/financing shall be classified as impaired when the principal or interest/profit or both is past due for more than 90 days or 3 months.
(d) for distressed rescheduled and restructured ("R/R") facilities, these loans/financing are categorised as "unlikeliness to repay" and classified as impaired. Non-performing R/R facilities remain impaired until re-aged.

5.2.2 Methodology for Determination of Individual and Collective Allowances

An assessment is performed to determine whether objective evidence of impairment exists individually for financial assets that are individually significant, and collectively for financial assets that are not individually significant or not individually impaired.

Individual Assessment
Individual assessment is divided into 2 main processes – detection of an event(s) and an assessment of impairment:
(a) Trigger management
In trigger management, financial assets which are above the pre-set individual assessment threshold are assessed using the relevant impairment triggers for objective evidence of impairment.
(b) Valuation of assets
Financial assets which are triggered by the impairment triggers will be measured for evidence of high likelihood of impairment i.e. estimated recoveries (based on the discounted cash flow projection method and taking into account economic conditions) is less than carrying value or fair value is less than the carrying value.

Collective Assessment
Loans and advances, and commitments and contingencies below the significant threshold and those not assessed to be individually impaired, will be subject to collective assessment and a collective allowance will be computed accordingly. The collective impairment assessment and provisioning methodology uses historical loss data to derive the level of provisions. The collective provisions is computed after making the necessary adjustments to reflect current economic conditions.

[3] For credit card facilities, an account is "past due" when the card member fails to settle the minimum monthly repayment due before the next billing date.

5.0 Credit Risk Management (Cont'd.)

Table 5.3: Distribution of Gross Credit Exposures by Sector

The aggregated distribution of credit exposures by sector of the Group is as follows:

	MARCH 2013													
	Agriculture RM'000	Mining and Quarrying RM'000	Manufacturing RM'000	Electricity, Gas and Water RM'000	Construction RM'000	Wholesale, Retail Trade, Restaurant and Hotel RM'000	Transport, Storage and Communication RM'000	Finance and Insurance RM'000	Real Estate RM'000	Business Activities RM'000	Education and Health RM'000	Household RM'000	Others RM'000	Total RM'000
On balance sheet exposures														
Sovereigns/central banks	–	–	–	–	–	–	–	15,117,194	–	–	1,095,199	–	548,952	16,761,345
Banks, DFIs and MDBs	–	–	–	–	–	28	–	6,389,528	–	22,153	–	–	2,325	6,414,034
Insurance companies, securities firms & fund managers	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Corporates	3,174,861	2,044,789	7,270,234	1,003,781	4,996,655	5,025,676	2,490,064	4,569,978	6,968,632	1,223,747	1,326,450	1,402,198	437,721	41,934,786
Regulatory retail	119,843	30,533	318,774	7,547	320,652	469,516	187,984	274,231	39,936	183,704	116,841	33,132,010	5,702	35,207,273
Residential mortgages	–	–	–	–	–	–	–	–	–	–	–	9,683,796	–	9,683,796
Higher risk assets	–	–	27	–	–	–	–	869	1,331	–	–	20,150	102,557	124,934
Other assets	185	82	213	31	382	309	56	208,616	312	339,036	–	492,727	1,940,413	2,982,362
Securitisation	53,958	–	–	–	–	–	–	24,176	–	–	5,867	–	–	84,001
Equity	–	–	42	–	124	240	1,550	4,060	3,903	38	–	–	198,282	208,239
Defaulted exposures	9,721	9,218	235,035	311	71,173	50,284	155,852	23,394	60,457	11,521	31,726	728,373	2,247	1,389,312
Total for on balance sheet exposures	**3,358,568**	**2,084,622**	**7,824,325**	**1,011,670**	**5,388,986**	**5,546,053**	**2,835,506**	**26,612,046**	**7,074,571**	**1,780,199**	**2,576,083**	**45,459,254**	**3,238,199**	**114,790,082**
Off balance sheet exposures														
OTC derivatives	2,966	6,780	46,990	–	9,169	12,843	61,998	2,079,624	485	18,688	–	–	50,423	2,289,966
Credit derivatives	–	–	–	–	–	–	–	–	–	–	–	–	68	68
Off balance sheet exposures other than OTC derivatives or credit derivatives	371,598	225,716	2,366,528	209,327	2,547,355	953,400	356,368	524,600	1,280,865	302,996	171,310	2,455,807	26,047	11,791,917
Defaulted exposures	30	4,000	31,987	–	41,672	12,188	815	1,088	2,300	44	–	287	26	94,437
Total for off balance sheet exposures	**374,594**	**236,496**	**2,445,505**	**209,327**	**2,598,196**	**978,431**	**419,181**	**2,605,312**	**1,283,650**	**321,728**	**171,310**	**2,456,094**	**76,564**	**14,176,388**
Total on and off balance sheet exposures	**3,733,162**	**2,321,118**	**10,269,830**	**1,220,997**	**7,987,182**	**6,524,484**	**3,254,687**	**29,217,358**	**8,358,221**	**2,101,927**	**2,747,393**	**47,915,348**	**3,314,763**	**128,966,470**

5.0 Credit Risk Management (Cont'd.)

Table 5.3: Distribution of Gross Credit Exposures by Sector (Cont'd.)

The aggregated distribution of credit exposures by sector of AMMB Banking Group are as follows: (Cont'd.)

	MARCH 2012													
	Agriculture RM'000	Mining and Quarrying RM'000	Manufacturing RM'000	Electricity, Gas and Water RM'000	Construction RM'000	Wholesale, Retail Trade, Restaurant and Hotel RM'000	Transport, Storage and Communication RM'000	Finance and Insurance RM'000	Real Estate RM'000	Business Activities RM'000	Education and Health RM'000	Household RM'000	Others RM'000	Total RM'000
On balance sheet exposures														
Sovereigns/central banks	–	–	–	–	–	–	–	8,224,182	–	50	66,435	–	1,000,442	9,291,109
Banks, DFIs and MDBs	–	–	–	–	–	36	–	7,349,564	–	–	31	–	–	7,349,631
Insurance companies, securities firms & fund managers	–	–	–	–	–	–	–	30,666	–	–	–	–	–	30,666
Corporates	2,296,837	1,751,350	6,947,237	2,196,850	3,029,357	3,884,471	2,563,976	3,324,065	5,305,883	963,448	756,388	1,004,326	190,207	34,214,395
Regulatory retail	121,594	30,514	348,950	9,385	343,192	522,105	207,912	19,183	33,072	229,408	136,328	31,514,092	8,081	33,523,817
Residential mortgages	–	–	–	–	–	–	–	–	–	–	–	9,092,629	–	9,092,629
Higher risk assets	–	–	4,817	–	–	–	9,209	861	4,853	–	–	23,239	102,580	145,559
Other assets	284	–	2,350	103	170	864	–	705,888	–	295,037	46	213,380	2,115,630	3,333,752
Securitisation	61,741	–	–	–	–	–	–	35,721	–	–	–	–	–	97,462
Equity	–	–	41	–	9	480	6,982	7,224	4,249	42	–	–	41,629	60,656
Defaulted exposures	9,749	154,459	193,126	100,038	364,521	256,372	271,769	36,011	123,502	29,694	36,395	817,032	6,402	2,399,069
Total for on balance sheet exposures	**2,490,205**	**1,936,323**	**7,496,521**	**2,306,376**	**3,737,249**	**4,664,328**	**3,059,848**	**19,733,365**	**5,471,559**	**1,517,679**	**995,623**	**42,664,698**	**3,464,971**	**99,538,745**
Off balance sheet exposures														
OTC derivatives	5,608	9,878	44,928	–	15,006	26,552	57,349	1,812,560	–	332	–	–	36,893	2,009,106
Credit derivatives	–	–	–	–	–	–	–	69	–	–	–	–	–	69
Off balance sheet exposures other than OTC derivatives or credit derivatives	260,347	159,178	1,704,507	126,099	2,722,084	1,016,466	473,324	504,673	896,392	321,877	142,379	2,118,108	44,390	10,489,823
Defaulted exposures	30	–	182,535	–	41,808	4,037	100	954	3,426	111	461	8,907	–	242,369
Total for off balance sheet exposures	**265,985**	**169,056**	**1,931,970**	**126,099**	**2,778,898**	**1,047,055**	**530,773**	**2,318,256**	**899,818**	**322,320**	**142,840**	**2,127,015**	**81,283**	**12,741,367**
Total on and off balance sheet exposures	**2,756,190**	**2,105,379**	**9,428,491**	**2,432,475**	**6,516,147**	**5,711,383**	**3,590,621**	**22,051,621**	**6,371,377**	**1,839,999**	**1,138,463**	**44,791,713**	**3,546,254**	**112,280,112**

5.0 Credit Risk Management (Cont'd.)

Table 5.2: Impaired and Past Due Loans, Advances and Financing, Individual and Collective Allowances by Sector

The aggregated amounts of impaired and past due loans, advances and financing, individual and collective allowances, charges for individual impairment allowances and write offs during the year by sector of the Group are as follows:

MARCH 2013	Agriculture RM'000	Mining and Quarrying RM'000	Manufacturing RM'000	Electricity, Gas and Water RM'000	Construction RM'000	Wholesale, Retail Trade, Restaurant and Hotel RM'000	Transport, Storage and Communication RM'000	Finance and Insurance RM'000	Real Estate RM'000	Business Activities RM'000	Education and Health RM'000	Household RM'000	Others RM'000	Not allocated RM'000	Total RM'000
Impaired loans, advances and financing	20,598	17,888	254,786	25,906	51,111	49,908	18,593	28,287	18,244	18,898	56,066	1,097,427	10,963	–	1,668,675
Past due loans/ financing	95,204	24,238	362,739	26,315	177,364	163,568	127,191	28,900	146,782	79,861	278,567	14,232,674	11,706	–	15,755,109
Individual allowances	5,172	14,686	98,525	24,489	14,292	1,698	6,086	–	5,478	4,215	3,345	2,368	5,768	–	186,122
Collective allowances	–	–	–	–	–	–	–	–	–	–	–	–	–	1,948,313	1,948,313
Charges for individual allowances	(6,356)	162,567	102,835	(4,775)	17,297	3,986	7,262	855	1,792	344	1,952	(895)	2,313	–	289,177
Write-offs against individual allowances	–	147,881	30,859	168	34,903	5,222	2,270	898	9,737	–	2,431	68	1,517	–	235,954

MARCH 2012	Agriculture RM'000	Mining and Quarrying RM'000	Manufacturing RM'000	Electricity, Gas and Water RM'000	Construction RM'000	Wholesale, Retail Trade, Restaurant and Hotel RM'000	Transport, Storage and Communication RM'000	Finance and Insurance RM'000	Real Estate RM'000	Business Activities RM'000	Education and Health RM'000	Household RM'000	Others RM'000	Not allocated RM'000	Total RM'000
Impaired loans, advances and financing	24,406	154,760	208,863	132,208	96,582	46,138	4,600	37,628	26,200	16,501	58,870	1,089,006	10,413	–	1,906,175
Past due loans/ financing	61,625	169,639	291,125	135,230	303,917	203,402	60,910	40,260	194,792	63,279	351,267	14,417,250	11,423	–	16,304,119
Individual allowances	11,528	–	26,549	29,432	31,898	2,934	1,094	43	13,423	4,611	3,824	4,051	4,972	–	134,359
Collective allowances	–	–	–	–	–	–	–	–	–	–	–	–	–	2,049,217	2,049,217
Charges for individual allowances	(6,502)	227,490	46,217	13,113	13,096	1,322	1,020	977	16,454	2,354	6,255	4,297	(2)	–	326,091
Write-offs against individual allowances	7,209	227,490	80,476	153,871	52,118	9,938	8,796	3,275	9,760	–	5,112	1,362	1,329	–	560,736

The comparatives for collective assessment allowance have been restated for the effects of the change in accounting policy on collective assessment allowance for loans, advances and financing during the financial year. Details of the restatement are as set out in Note 58 to the financial statements.

5.0 Credit Risk Management (Cont'd.)

Table 5.3: Geographical Distribution of Credit Exposures

The aggregated geographic distribution of credit exposures of the Group is as follows:

	MARCH 2013		
	In Malaysia RM'000	Outside Malaysia RM'000	Total RM'000
On balance sheet exposures			
Sovereigns/ central banks	16,761,345	–	16,761,345
Banks, DFIs and MDBs	6,391,795	22,239	6,414,034
Insurance companies, securities firms & fund managers	4	24,376	24,380
Corporates	41,909,043	25,743	41,934,786
Regulatory retail	35,207,273	–	35,207,273
Residential mortgages	9,683,796	–	9,683,796
Higher risk assets	123,942	992	124,934
Other assets	2,631,562	350,800	2,982,362
Securitisation	84,001	–	84,001
Equity	208,201	38	208,239
Defaulted exposures	1,389,312	–	1,389,312
Total for on balance sheet exposures	**114,390,274**	**424,188**	**114,814,462**
Off balance sheet exposures			
OTC derivatives	2,289,966	–	2,289,966
Credit derivatives	68	–	68
Off balance sheet exposures other than OTC derivatives or credit derivatives	11,790,599	1,318	11,791,917
Defaulted exposures	94,437	–	94,437
Total for off balance sheet exposures	**14,175,070**	**1,318**	**14,176,388**
Total on and off balance sheet exposures	**128,565,344**	**425,506**	**128,990,850**

	MARCH 2012		
	In Malaysia RM'000	Outside Malaysia RM'000	Total RM'000
On balance sheet exposures			
Sovereigns/ central banks	9,291,109	–	9,291,109
Banks, DFIs and MDBs	6,189,758	1,159,873	7,349,631
Insurance companies, securities firms & fund managers	–	30,666	30,666
Corporates	33,043,953	1,170,442	34,214,395
Regulatory retail	33,523,816	–	33,523,816
Residential mortgages	9,092,479	150	9,092,629
Higher risk assets	141,881	3,678	145,559
Other assets	3,320,929	12,823	3,333,752
Securitisation	97,462	–	97,462
Equity	60,656	–	60,656
Defaulted exposures	2,399,070	–	2,399,070
Total for on balance sheet exposures	**97,161,113**	**2,377,632**	**99,538,745**
Off balance sheet exposures			
OTC derivatives	2,009,106	–	2,009,106
Credit derivatives	69	–	69
Off balance sheet exposures other than OTC derivatives or credit derivatives	10,402,601	87,223	10,489,824
Defaulted exposures	242,369	–	242,369
Total for off balance sheet exposures	**12,654,145**	**87,223**	**12,741,368**
Total on and off balance sheet exposures	**109,815,258**	**2,464,855**	**112,280,113**

5.0 Credit Risk Management (Cont'd.)

Table 5.4: Geographical Distribution of Impaired and Past Due Loans, Advances and Financing, Individual and Collective Allowances

The aggregated amounts of impaired and past due loans, advances and financing, individual and collective allowances by geographic distribution of the Group are as follows:

	MARCH 2013		
	In Malaysia RM'000	Outside Malaysia RM'000	Total RM'000
Impaired loans, advances & financing	1,668,675	–	1,668,675
Past due loans/financing	15,755,109	–	15,755,109
Individual allowances	186,122	–	186,122
Collective allowances	1,934,455	13,858	1,948,313

	MARCH 2012		
	In Malaysia RM'000	Outside Malaysia RM'000	Total RM'000
Impaired loans, advances & financing	1,906,175	–	1,906,175
Past due loans/financing	16,304,119	–	16,304,119
Individual allowances	134,359	–	134,359
Collective allowances	2,047,281	4,936	2,052,217

The comparatives for collective assessment allowance have been restated for the effects of the change in accounting policy on collective assessment allowance for loans, advances and financing during the financial year. Details of the restatement are as set out in Note 58 to the financial statements.

Table 5.5: Residual Contractual Maturity by Major Types of Credit Exposure

The aggregated residual contractual maturity by major types of gross credit exposures of the Group is as follows:

	MARCH 2013								
	Up to 1 month RM'000	>1 to 3 months RM'000	>3 to 6 months RM'000	>6 to 12 months RM'000	>1 to 3 years RM'000	>3 to 5 years RM'000	> 5 years RM'000	No maturity specified RM'000	Total RM'000
On balance sheet exposures									
Sovereigns/central banks	9,621,137	3,137,478	–	–	15,272	426,115	2,776,200	785,143	16,761,345
Banks, development financial institutions & multilateral development banks	3,396,765	1,516,201	518,316	300,261	380,798	20,467	273,356	7,870	6,414,034
Insurance companies, securities firms & fund managers	5	–	24,375	–	–	–	–	–	24,380
Corporates	10,832,789	3,204,293	3,814,582	1,514,419	4,733,823	5,329,753	12,418,938	86,189	41,934,786
Regulatory retail	1,900,825	46,001	98,378	252,862	3,322,940	5,837,492	23,493,517	255,258	35,207,273
Residential mortgages	16,420	995	1,114	4,244	46,530	122,851	9,491,642	–	9,683,796
Higher risk assets	462	16	16	58	421	688	22,916	100,357	124,934
Other assets	1,373,540	–	–	–	–	–	28,123	1,580,699	2,982,362
Securitisation	65	–	–	–	–	–	71,905	12,031	84,001
Equity	38,224	–	–	–	–	–	4,502	165,513	208,239
Defaulted exposures	260,878	105,042	72,259	91,567	124,320	127,156	608,090	–	1,389,312
Total for on balance sheet exposures	**27,441,110**	**8,010,026**	**4,529,040**	**2,163,411**	**8,624,104**	**11,864,522**	**49,189,189**	**2,993,060**	**114,814,462**
Off balance sheet exposures									
OTC derivatives	101,393	86,477	38,267	84,880	351,884	688,270	938,795	–	2,289,966
Credit derivatives	68	–	–	–	–	–	–	–	68
Off balance sheet exposures other than OTC derivatives or credit derivatives	1,839,367	836,707	1,460,088	1,989,462	1,856,390	671,691	3,137,768	444	11,791,917
Defaulted exposures	21,807	11,934	3,382	30,297	23,988	945	2,084	–	94,437
Total for off balance sheet exposures	**1,962,635**	**935,118**	**1,501,737**	**2,104,639**	**2,232,262**	**1,360,906**	**4,078,647**	**444**	**14,176,388**
Total on and off balance sheet exposures	**29,403,745**	**8,945,144**	**6,030,777**	**4,268,050**	**10,856,366**	**13,225,428**	**53,267,836**	**2,993,504**	**128,990,850**

5.0 Credit Risk Management (Cont'd.)

Table 5.5: Residual Contractual Maturity by Major Types of Credit Exposure (Cont'd.)

	MARCH 2012								
	Up to 1 month RM'000	>1 to 3 months RM'000	>3 to 6 months RM'000	>6 to 12 months RM'000	>1 to 3 years RM'000	>3 to 5 years RM'000	> 5 years RM'000	No maturity specified RM'000	Total RM'000
On balance sheet exposures									
Sovereigns/ central banks	5,391,611	250,043	–	–	45,528	–	3,591,688	12,239	9,291,110
Banks, development financial institutions & multilateral development banks	3,510,111	2,464,885	363,649	822	676,957	279,412	23,737	30,058	7,349,632
Insurance companies, securities firms & fund managers	–	–	30,666	–	–	–	–	–	30,666
Corporates	6,793,107	2,929,988	1,884,272	1,607,104	6,369,983	3,588,413	11,008,646	32,882	34,214,395
Regulatory retail	1,888,344	55,531	81,129	203,130	3,389,757	6,224,884	21,681,041	–	33,523,817
Residential mortgages	10,689	862	876	6,164	48,963	114,495	8,910,580	–	9,092,628
Higher risk assets	3,766	81	30	269	9,776	5,064	27,053	99,520	145,559
Other assets	1,352,108	–	–	8,230	–	166,664	21,166	1,785,584	3,333,752
Securitisation	3,601	–	–	–	–	–	93,861	–	97,462
Equity	–	–	–	–	8,202	–	10,957	41,497	60,656
Defaulted exposures	588,497	55,581	295,247	16,669	401,628	199,870	841,578	–	2,399,069
Total for on balance sheet exposures	**19,541,834**	**5,756,971**	**2,655,869**	**1,842,388**	**10,950,794**	**10,578,802**	**46,210,307**	**2,001,780**	**99,538,746**
Off balance sheet exposures									
OTC derivatives	102,580	95,126	68,437	93,670	240,180	722,535	686,578	–	2,009,106
Credit derivatives	–	1	–	–	39	19	10	–	69
Off balance sheet exposures other than OTC derivatives or credit derivatives	1,907,047	603,352	1,156,941	2,218,000	1,358,425	623,983	2,622,076	–	10,489,824
Defaulted exposures	29,229	10,443	4,593	113,786	64,433	5,371	14,514	–	242,369
Total for off balance sheet exposures	**2,038,856**	**708,922**	**1,229,971**	**2,425,456**	**1,663,077**	**1,351,908**	**3,323,178**	**–**	**12,741,368**
Total on and off balance sheet exposures	**21,580,690**	**6,465,893**	**3,885,840**	**4,267,844**	**12,613,871**	**11,930,710**	**49,533,485**	**2,001,780**	**112,280,114**

5.0 Credit Risk Management (Cont'd.)

Table 5.6: Reconciliation of Changes to Loans/Financing Impairment Allowances

The reconciliation of changes to aggregated loan/financing impairment allowances of the Group is as follows:

	MARCH 2013	
	Individual impairment allowances RM'000	Collective impairment allowances RM'000
Balance at 1 April	134,359	2,049,217
Charge for the year – net	287,717	441,992
Amount written-off	(235,954)	(548,105)
Amount transferred from AmIslamic Bank	–	1,871
Amount transferred to AmBank	–	(1,871)
Exchange differences	–	5,209
Balance at 31 March	**186,122**	**1,948,313**

	(Charge off)/ recoveries RM'000
Bad debts written off during the year	(81,613)
Bad debt recoveries during the year	631,562

	MARCH 2012	
	Individual impairment allowances RM'000	Collective impairment allowances RM'000
Balance at 1 April	371,430	2,216,502
Charge for the year – net	323,665	569,875
Amount written-off	(560,736)	(737,177)
Exchange differences	–	17
Balance at 31 March	**134,359**	**2,049,217**

	(Charge off)/ recoveries RM'000
Bad debts written off during the year	(111,810)
Bad debt recoveries during the year	615,931

* as at 31 March 2013, the gross exposure and collective allowance relating to the RPSIA financing are RM500.9 million and there was no individual allowance provided for the RPSIA financing.

6.0 Credit Risk Exposure under the Standardised Approach

The Group adopts the list of eligible External Credit Assessment Institutions ("ECAIs") that is allowed by BNM for the following exposure classes:

- Sovereigns and Central Banks
- Banking Institutions
- Corporate
- Securitisations

Depending on the exposure class, the following ratings by the following ECAIs are allowed:

- Standard & Poor's Rating Services ("S&P")
- Moody's Investors Service ("Moody's")
- Fitch Rating ("Fitch")
- Rating and Investment Information, Inc
- RAM Rating Services Berhad ("RAM")
- Malaysian Rating Corporation Berhad ("MARC")

Table 6.1: Credit Exposures by Risk Weights under the Standardised Approach

The aggregated credit risk exposures by risk weights of the Group are as follows:

MARCH 2013												
	Exposures after netting and credit risk mitigation											
Risk Weights	Sovereigns & Central Banks RM'000	Banks, MDBs and FDIs RM'000	Insurance Cos, Securities Firms & Fund Managers RM'000	Corporates RM'000	Regulatory Retail RM'000	Residental Mortgages RM'000	Higher Risk Assets RM'000	Other Assets RM'000	Securitisation RM'000	Equity RM'000	Total Exposures after Netting & Credit Risk Mitigation RM'000	Total Risk Weighted Assets RM'000
0%	16,761,345	34,782	–	2,793,494	–	–	–	527,677	–	–	20,117,298	–
20%	40,448	6,505,926	–	1,900,834	88,775	–	–	25,111	69,963	–	8,631,057	1,726,211
35%	–	–	–	–	–	8,658,936	–	–	–	–	8,658,936	3,030,628
50%	–	1,881,671	–	413,604	45,382	1,129,526	–	–	10,394	–	3,480,577	1,740,287
75%	–	–	–	–	36,352,054	–	–	–	–	–	36,352,054	27,264,040
100%	313	9,063	65,062	43,088,639	1,271,275	119,603	–	2,429,575	–	208,239	47,191,769	47,191,769
150%	–	–	–	496,485	170,814	–	143,053	–	–	–	810,352	1,215,529
1250%	–	–	–	–	–	–	–	–	3,644	–	3,644	45,556
Total	**16,802,106**	**8,431,442**	**65,062**	**48,693,056**	**37,928,300**	**9,908,065**	**143,053**	**2,982,363**	**84,001**	**208,239**	**125,245,687**	**82,214,020**
Deduction from Capital Base	–	–	–	–	–	–	–	–	–	–	–	–

MARCH 2012												
	Exposures after netting and credit risk mitigation											
Risk Weights	Sovereigns & Central Banks RM'000	Banks, MDBs and FDIs RM'000	Insurance Cos, Securities Firms & Fund Managers RM'000	Corporates RM'000	Regulatory Retail RM'000	Residental Mortgages RM'000	Higher Risk Assets RM'000	Other Assets RM'000	Securitisation RM'000	Equity RM'000	Total Exposures after Netting & Credit Risk Mitigation RM'000	Total Risk Weighted Assets RM'000
0%	8,909,046	–	–	985,852	–	–	–	458,241	–	–	10,353,139	–
20%	63,530	7,037,288	–	1,559,023	159,004	–	–	312,913	77,720	–	9,209,478	1,841,896
35%	–	–	–	–	–	7,432,161	–	–	–	–	7,432,161	2,601,256
50%	–	2,025,756	–	688,542	80,329	1,670,163	–	–	10,296	–	4,475,086	2,237,544
75%	–	–	–	–	34,768,301	–	–	–	–	–	34,768,301	26,076,226
100%	–	14	107,325	36,646,382	596,076	213,554	–	2,562,598	–	60,656	40,186,605	40,186,605
150%	–	–	–	1,321,136	453,211	–	158,150	–	–	–	1,932,497	2,898,746
1250%	–	–	–	–	–	–	–	–	9,446	–	9,446	–
Total	**8,972,576**	**9,063,058**	**107,325**	**41,200,935**	**36,056,921**	**9,315,878**	**158,150**	**3,333,752**	**97,462**	**60,656**	**108,366,713**	**75,842,272**
Deduction from Capital Base	–	–	–	–	–	–	–	–	9,446	–	9,446	–

6.0 Credit Risk Exposure under the Standardised Approach (Cont'd.)

Table 6.2: Rated Exposures According to Ratings by ECAIs

	MARCH 2013					
		Ratings of Corporate by Approved ECAIs				
	Moodys	Aaa to Aa3	A1 to A3	Baa1 to Ba3	B1 to C	Unrated
	S&P	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
	Fitch	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
	RAM	AAA to AA3	A to A3	BBB1 to BB3	B1 to D	Unrated
	MARC	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
Exposure class	Rating & Investment Information Inc.	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
On and off balance sheet exposures						
Credit exposures (using corporate risk weights)						
Insurance cos., securities firms & fund managers	65,062	–	–	–	–	65,062
Corporates	52,100,273	1,218,565	300,208	107,971	–	50,473,529
Total	**52,165,335**	**1,218,565**	**300,208**	**107,971**	**–**	**50,538,591**

	MARCH 2012					
		Ratings of Corporate by Approved ECAIs				
	Moodys	Aaa to Aa3	A1 to A3	Baa1 to Ba3	B1 to C	Unrated
	S&P	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
	Fitch	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
	RAM	AAA to AA3	A to A3	BBB1 to BB3	B1 to D	Unrated
	MARC	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
Exposure class	Rating & Investment Information Inc.	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
On and off balance sheet exposures						
Credit exposures (using corporate risk weights)						
Insurance cos., securities firms & fund managers	107,325	–	–	–	–	107,325
Corporates	41,200,934	1,077,887	504,568	109,022	3,617	39,505,841
Total	**41,308,259**	**1,077,887**	**504,568**	**109,022**	**3,617**	**39,613,166**

6.0 Credit Risk Exposure under the Standardised Approach (Cont'd.)

Table 6.2: Rated Exposures According to Ratings by ECAIs (Cont'd.)

		MARCH 2013				
		Short term Ratings of Banking Institutions and Corporate by Approved ECAIs				
	Moodys	P-1	P-2	P-3	Others	Unrated
	S&P	A-1	A-2	A-3	Others	Unrated
	Fitch	F1+ F1	F2	F3	B to D	Unrated
	RAM	P-1	P-2	P-3	NP	Unrated
	MARC	MARC-1	MARC-2	MARC-3	MARC-4	Unrated
Exposure class	Rating & Investment Inc.	a-1+,a-1	a-2	a-3	b,c	Unrated
		RM'000	RM'000	RM'000	RM'000	RM'000
On and off balance sheet exposures						
Banks, MDBs and FDIs	133,446	133,446	–	–	–	–

		MARCH 2012				
		Short term Ratings of Banking Institutions and Corporate by Approved ECAIs				
	Moodys	P-1	P-2	P-3	Others	Unrated
	S&P	A-1	A-2	A-3	Others	Unrated
	Fitch	F1+ F1	F2	F3	B to D	Unrated
	RAM	P-1	P-2	P-3	NP	Unrated
	MARC	MARC-1	MARC-2	MARC-3	MARC-4	Unrated
Exposure class	Rating & Investment Inc.	a-1+,a-1	a-2	a-3	b,c	Unrated
		RM'000	RM'000	RM'000	RM'000	RM'000
On and off balance sheet exposures						
Banks, MDBs and FDIs	135,459	135,459	–	–	–	–

		MARCH 2013				
		Ratings of Sovereigns and Central Banks by Approved ECAIs				
	Moodys	Aaa to Aa3	A1 to A3	Baa1 to Baa3	Ba1 to B3	Unrated
	S&P	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	Unrated
	Fitch	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	Unrated
Exposure Class	Rating & Investment Information Inc.	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	Unrated
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
On and Off-Balance Sheet Exposures						
Sovereigns and Central Banks	16,802,106	–	16,552,975	–	–	249,131
Total	**16,802,106**	**–**	**16,552,975**	**–**	**–**	**249,131**

		MARCH 2012				
		Ratings of Sovereigns and Central Banks by Approved ECAIs				
	Moodys	Aaa to Aa3	A1 to A3	Baa1 to Baa3	Ba1 to B3	Unrated
	S&P	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	Unrated
	Fitch	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	Unrated
Exposure Class	Rating & Investment Information Inc.	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	Unrated
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
On and Off-Balance Sheet Exposures						
Sovereigns and Central Banks	8,972,576	–	8,972,576	–	–	–
Total	**8,972,576**	**–**	**8,972,576**	**–**	**–**	**–**

6.0 Credit Risk Exposure under the Standardised Approach (Cont'd.)

Table 6.2: Rated Exposures According to Ratings by ECAIs (Cont'd.)

		MARCH 2013				
		Ratings of Banking Institutions by Approved ECAIs				
	Moodys	Aaa to Aa3	A1 to A3	Baa1 to Baa3	Ba1 to B3	Unrated
	S&P	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	Unrated
	Fitch	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	Unrated
	RAM	AAA to AA3	A1 to A3	BBB1 to BBB3	BB1 to B3	Unrated
	MARC	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	Unrated
Exposure class	Rating & Investment Information Inc.	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	Unrated
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
On and off balance sheet exposures						
Banks, MDBs and FDIs	8,297,996	2,116,024	1,090,982	2,455,735	61	2,635,194
Total	**8,297,996**	**2,116,024**	**1,090,982**	**2,455,735**	**61**	**2,635,194**

		MARCH 2012				
		Ratings of Banking Institutions by Approved ECAIs				
	Moodys	Aaa to Aa3	A1 to A3	Baa1 to Baa3	Ba1 to B3	Unrated
	S&P	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	Unrated
	Fitch	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	Unrated
	RAM	AAA to AA3	A1 to A3	BBB1 to BBB3	BB1 to B3	Unrated
	MARC	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	Unrated
Exposure class	Rating & Investment Information Inc.	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	Unrated
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
On and off balance sheet exposures						
Banks, MDBs and FDIs	8,927,598	2,894,132	444,000	1,766,958	14	3,822,494
Total	**8,927,598**	**2,894,132**	**444,000**	**1,766,958**	**14**	**3,822,494**

Table 6.3: Securitisation According to Ratings by ECAIs

		MARCH 2013		
		Ratings of Securitisation by Approved ECAIs		
	Moodys	Aaa to Aa3	A1 to A3	Unrated
	S&P	AAA to AA-	A+ to A-	Unrated
	Fitch	AAA to AA-	A+ to A-	Unrated
	RAM	AAA to AA3	A1 to A3	Unrated
	MARC	AAA to AA-	A+ to A-	Unrated
Exposure class	Rating & Investment Information Inc.	AAA to AA-	A+ to A-	Unrated
	RM'000	RM'000	RM'000	RM'000
On and off balance sheet exposures				
Securitisation	84,001	69,963	10,394	3,644
Total	**84,001**	**69,963**	**10,394**	**3,644**

		MARCH 2012		
		Ratings of Securitisation by Approved ECAIs		
	Moodys	Aaa to Aa3	A1 to A3	Unrated
	S&P	AAA to AA-	A+ to A-	Unrated
	Fitch	AAA to AA-	A+ to A-	Unrated
	RAM	AAA to AA3	A1 to A3	Unrated
	MARC	AAA to AA-	A+ to A-	Unrated
Exposure class	Rating & Investment Information Inc.	AAA to AA-	A+ to A-	Unrated
	RM'000	RM'000	RM'000	RM'000
On and off balance sheet exposures				
Securitisation	97,462	77,720	10,296	9,446
Total	**97,462**	**77,720**	**10,296**	**9,446**

Note: All securitisations are for periods exceeding 12 months.

7.0 Credit Risk Mitigation

Main types of collateral taken by the Group
Collateral is generally taken as security for credit exposures as a secondary source of repayment in case the counterparty cannot meet its contractual repayment obligations from cash flow generation. Types of collateral typically taken by the Group include:

- Cash and term deposits
- Exchange traded shares, bonds, sukuk, convertible bonds and marketable securities
- Non-exchange traded debt securities/sukuk
- Unit trusts (including Amanah Saham Nasional, Amanah Saham Bumiputera and mutual funds)
- Non-exchange traded shares
- Residential and non-residential property
- Plantation land, mining land, quarry land and vacant land
- Passenger vehicle, commercial vehicle, construction vehicle and vessel
- Plant and machineries

In the case of the Group's Islamic Banking operations, only Shariah approved assets can be accepted as permissible collateral.

Where the customer risk profile is considered very sound (or by nature of the product, for instance small limit products such as credit cards), a transaction may be provided on an "unsecured" basis, i.e., not be supported by collateral.

In addition to rating customer's probability of default via an internal risk rating system, the Group uses Security Indicators ("SIs") in its non-retail portfolio to assess the strength of collateral supporting its exposures.

Processes for collateral management
To support the development of processes around collateral valuation and management, the concept of legal enforceability and certainty are central to collateral management. In order to achieve legal enforceability and certainty, the Group has standard collateral instruments, and where applicable, security interests are registered.

Guarantee Support
Guarantee support for lending/ financing proposals are an integral component in transaction structuring for the Group. The guarantee of a financially strong party can help improve the risk grade of a transaction through its explicit support of the borrower/ customer, where borrower's/ customer's risk grade will be enhanced with guarantor's risk grade.

Guarantees that are recognised for risk grading purposes may be provided by parties that include associated entities, banks or sovereigns. Credit policy provides threshold parameters to determine acceptable counterparties in achieving risk grade enhancement of the transaction. Guarantee by a counterparty with lower rating than the borrower/customer is not recognised as part of the risk grade enhancement.

Use of credit derivatives and netting for risk mitigation
Currently, the Group does not use credit derivatives and netting for risk mitigation.

Transaction structuring to mitigate credit risk
Besides tangible security and guarantee support described above, credit risk mitigation techniques are used in structuring transactions. These include duration limits managing the number of years the loan/ financing is extended, amortisation schedules and loan/financing covenants. These assist in managing credit risk and in providing early warning signals, whereby should loan/financing covenants be breached, the Group and the customer can work together to address the underlying causes and as appropriate, restructure facilities.

Concentrations of credit risk mitigation
The Group carefully monitors collateral concentrations via portfolio management reporting and amendments as necessary to its Risk Appetite Framework and related policies governing Loan/ Financing to Value metrics.

The main types of collateral undertaken by the Group are properties, motor vehicles and exchange traded shares.

7.0 Credit Risk Mitigation (Cont'd.)

Table 7.1: Credit Risk Mitigation

The aggregated exposures and eligible guarantees, credit derivatives and collateral of the Group are as follows:

Exposures	MARCH 2013 Exposures before CRM RM'000	Exposures covered by Guarantees RM'000	Exposures covered by Eligible Financial Collateral RM'000
Credit risk			
On balance sheet exposures			
Sovereigns/central banks	16,761,345	–	–
Banks, development financial institutions & MDBs	6,414,034	–	–
Insurance cos, securities firms & fund managers	–	–	–
Corporates	10,949,627	515,950	1,866,951
Regulatory retail	44,197,697	33,675	5,660,519
Residential mortgages	22,166,333	76,484	335,558
Higher risk assets	9,550,789	–	60,432
Other assets	351,055	–	–
Specialised Financing/Investment	1,715,922	–	–
Securitisation	84,001	–	–
Equity	1,234,347	–	–
Defaulted exposures	1,389,312	13,219	161,403
Total for on balance sheet exposures	**114,814,462**	**639,328**	**8,084,863**
Off balance sheet exposures			
OTC derivatives	2,289,966	–	–
Credit derivatives	68	–	–
Off balance sheet exposures other than OTC derivatives or credit derivatives	11,791,917	9,492	1,768,930
Defaulted exposures	94,437	1	8,571
Total for off balance sheet exposures	**14,176,388**	**9,493**	**1,777,501**
Total on and off balance sheet exposures	**128,990,850**	**648,821**	**9,862,364**

Exposures	MARCH 2012 Exposures before CRM RM'000	Exposures covered by Guarantees RM'000	Exposures covered by Eligible Financial Collateral RM'000
Credit risk			
On balance sheet exposures			
Sovereigns/central banks	9,291,109	–	384,570
Banks, development financial institutions & MDBs	7,349,631	–	–
Insurance cos, securities firms & fund managers	30,666	–	–
Corporates	34,214,395	138,738	6,723,344
Regulatory retail	33,523,816	132,160	324,733
Residential mortgages	9,092,629	–	51,298
Higher risk assets	145,559	–	–
Other assets	3,333,752	–	–
Securitisation	97,462	–	–
Equity	60,656	–	–
Defaulted exposures	2,399,070	28,415	626,196
Total for on balance sheet exposures	**99,538,745**	**299,313**	**8,110,141**
Off balance sheet exposures			
OTC derivatives	2,009,106	–	–
Credit derivatives	69	–	–
Off balance sheet exposures other than OTC derivatives or credit derivatives	10,489,824	4,563	1,519,297
Defaulted exposures	242,369	–	98,064
Total for off balance sheet exposures	**12,741,368**	**4,563**	**1,617,361**
Total on and off balance sheet exposures	**112,280,113**	**303,876**	**9,727,502**

8.0 Off-Balance Sheet Exposures and Counterparty Credit Risk

8.1 Off-Balance Sheet Exposures

The Group off-balance sheet exposures consist of 3 main categories as follows:

(1) Credit related exposures, e.g. guarantees given on behalf of customers, certain transaction-related contingent items, obligation under underwriting agreement, short term self liquidating trade-related contingencies, Islamic financing sold to Cagamas, irrevocable commitment to extend credit and unutilised credit card line.

(2) Derivatives Financial Instruments, e.g. forward exchange contracts (forward exchange contracts and cross currency swaps) interest/ profit rate related contracts (interest/ profit rates futures and interest/ profit rates swap), equity related contracts (option and futures) and commodity related contract (option).

(3) Other treasury-related exposures, e.g. forward purchase commitment.

Off-balance sheet exposure is mitigated by setting of credit limit for the respective counterparty and exposure limit for industry sectors which are governed under the Group Risk Appetite Framework.

8.2 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/ profit rates, foreign exchange and equities.

For each individual contract, the pre-settlement risk exposure is normally calculated based on the sum of the mark-to-market ("MTM") value of the exposure, plus the notional principal multiplied by the potential credit risk exposure ("PCRE") factor; if the sum of each individual contract is negative, the pre-settlement risk exposure for this contract is deemed to be zero.

Pre-settlement risk exposure = MTM + PCRE factor (or known as add-on factor) x Notional Principal

- The MTM is essentially the current replacement cost of the contract, and can be positive or negative. Where it is positive, i.e. in the money, the Group has credit exposure against the counterparty; if it is negative, i.e. out of the money, the negative value will be used.
- The PCRE factors recognise that prices change over the remaining period to maturity, and that risk increases with time. The PCRE factors are mandated for regulatory capital purposes.
- Variation to the above generic methodology is allowed for specific product.

Maximum pay out method is used for back to back and structured products where the underlying instrument structures are dynamic i.e. not confine to a standardised underlying instruments. Where the maximum payout is known, it is taken as the pre-settlement risk amount. However, in situations where the maximum payout is not observable, a Monte Carlo simulation method is used.

Exposure to the counterparty is governed by the counterparty credit limit under the Group Risk Appetite Framework.

Other than credit limit setting and related duration setting of such limits, the Group's primary tool to mitigate counterparty credit risk is by taking collateral.

For derivative exposures, collateral is generally managed via standard market documentation which governs the amount of collateral required and the re-margining frequency between counterparties, including the impact on collateral requirements should either the banking subsidiary's or the counterparty's credit risk rating be upgraded or downgraded.

8.0 Off-Balance Sheet Exposures and Counterparty Credit Risk

Table 8.1: Off Balance Sheet Exposures

The aggregated off-balance sheet exposures and counterparty credit risk of the Group are as follows:

	MARCH 2013			
Description	Principal Amount RM'000	Positive Fair Value of Derivative Contracts RM'000	Credit Equivalent Amount RM'000	Risk Weighted Assets RM'000
Direct credit substitutes	1,505,669		1,393,584	1,194,032
Transaction related contingent items	4,393,242		2,252,662	1,645,676
Short term self liquidating trade related contingencies	676,656		135,308	100,384
Assets sold with recourse	100		100	100
Forward asset purchases	108,266		10,072	7,114
Obligations under underwriting agreements	330,000		–	–
Foreign exchange related contracts				
One year or less	23,212,269	82,917	241,875	133,707
Over one year to five years	3,440,503	39,238	328,167	246,358
Over five years	837,446	32,439	212,963	164,560
Interest/Profit rate related contracts				
One year or less	4,548,404	5,343	13,907	4,760
Over one year to five years	22,110,386	96,743	694,104	271,428
Over five years	9,682,407	112,921	725,832	383,716
Equity related contracts				
One year or less	328,613	1,528	5,732	2,686
Over one year to five years	612,629	5,268	36,936	16,703
Over five years	21	2	–	–
Other commodity contracts				
One year or less	159,844	419	8,411	4,206
Over one year to five years	355,892	1,428	22,781	11,390
Credit derivative contracts				
One year or less	267,510	–	39	8
Over one year to five years	298,274	1,978	18	7
Over five years	297,752	10,952	11	5
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	6,925,080		3,478,927	3,039,849
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	19,859,798		3,975,392	3,612,292
Any commitments that are unconditionally cancelled at any time by the bank without prior notice or that effectively provide for automatic cancellation due to deterioration in a borrower's creditworthiness and others	100		200	200
Unutilised credit card lines	3,196,835		639,367	476,873
Total	**103,147,696**	**391,176**	**14,176,388**	**11,316,054**

8.0 Off-Balance Sheet Exposures and Counterparty Credit Risk (Cont'd.)

Table 8.1: Off Balance Sheet Exposures (Cont'd.)

	MARCH 2012			
Description	Principal Amount RM'000	Positive Fair Value of Derivative Contracts RM'000	Credit Equivalent Amount RM'000	Risk Weighted Assets RM'000
Direct credit substitutes	1,925,356		1,925,355	1,707,892
Transaction related contingent Items	3,608,457		1,804,229	1,311,315
Short term self liquidating trade related contingencies	694,687		138,654	126,369
Assets sold with recourse	–		–	–
Forward asset purchases	486,724		18,373	6,792
Obligations under underwriting agreements	513,100		–	–
Foreign exchange related contracts				
One year or less	20,376,729	117,097	290,030	149,459
Over one year to five years	3,145,654	26,001	325,855	240,346
Over five years	58,532	–	11,706	5,854
Interest/Profit rate related contracts				
One year or less	14,448,655	19,931	55,617	33,130
Over one year to five years	18,849,399	94,269	587,236	217,854
Over five years	8,042,138	93,824	674,872	338,101
Equity related contracts				
One year or less	514,710	2,132	10,251	10,216
Over one year to five years	433,732	12,763	32,414	15,885
Over five years	20	–	–	–
Other commodity contracts				
One year or less	78,630	–	3,932	786
Over one year to five years	224,619	3,731	17,208	8,604
Credit derivative contracts				
One year or less	61,290	140	1	–
Over one year to five years	549,473	14,974	58	25
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	5,640,166		2,820,087	2,405,709
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	16,690,364		3,338,126	3,110,261
Any commitments that are unconditionally cancelled at any time by the bank without prior notice or that effectively provide for automatic cancellation due to deterioration in a borrower's creditworthiness and others	100		200	200
Unutilised credit card lines	3,435,769		687,154	513,133
Total	100,071,037	391,047	12,741,368	10,201,933

Table 8.2: Credit Derivatives Counterparty Credit Risk ("CCR")

Credit derivatives that create exposures to counterparty credit risk are as follows:

		MARCH 2013		MARCH 2012	
Usage	Product	Sell Leg Notional Exposure for Protection Sold RM'000	Buy Leg Notional Exposure for Protection Bought RM'000	Sell Leg Notional Exposure for Protection Sold RM'000	Buy Leg Notional Exposure for Protection Bought RM'000
Intermediation	Credit default swap	425,088	438,448	451,749	468,693

* Out of the total notional exposure for protection bought as at 31 March 2013, RM421,948,000 (31 March 2012: RM452,193,000) has no counterpart credit risk exposure because it is on a fully funded basis.

9.0 Securitisation

9.1 Definition of Securitisation

Securitisation is a financial technique where the cash flow from an asset or a pool of assets is used to service obligations to, typically, at least 2 different classes or tranches of creditors, who are holders of debt securities with each class or tranche reflecting a different degree of credit risk.

Securitisation takes many forms and may be categorised as traditional or synthetic, depending on legal ownership of the pool of assets.
- Traditional securitisations involve the transfer of ownership via equitable assignment of the underlying asset pool into a Special Purpose Vehicle ("SPV") which finances the purchase by issuing debt instruments to investors. The debt securities are commonly referred to as Asset-Backed Securities ("ABS").
- Synthetic securitisations also transfer the credit risk of an underlying pool of assets to third parties. However, legal ownership of the assets remains with the originator.

9.2 Objectives, roles and involvement

The Group's objectives in relation to securitisation activity include the following:
- increase the availability of different sources of funding;
- facilitate prudential balance sheet management;
- transfer of credit risk;
- obtain regulatory relief;
- earn management fees on assets under management;
- earn other fees for products and services provided, e.g., liquidity, funding and credit support, structuring, arranging and underwriting services.

The Group is involved in the following types of securitisation activities:
- Securitisation of assets originated by the Group. Such transactions provide diversity in the funding base for the Group entities and may be traditional or synthetic. Such securitisations may or may not involve the transfer of credit risk and as such, may or may not provide regulatory capital relief.
- Securitisation of third party-originated assets.
- Facilities and services provided to securitisations – the Group provides various facilities to securitisations which include liquidity, funding and credit support as well as services such as structuring and arranging.
- Investment in securities – the Group underwrites bonds issued from securitisation programmes and also purchases such bonds in the secondary markets.

9.2.1 Regulatory capital approaches used in the Group's securitisation activities

Securitisation exposures held in the trading books of the Group are subject to market risk capital charge using the Standardised Approach.

For securitisation exposures held in the banking books, the Group applies the Standardised Approach related to banking book exposures to determine the credit risk capital charge.

9.2.2 Governance

The Group's Debt Capital Markets team is tasked with the structuring of securitisation transactions whilst the governance of these securitisation activities is overseen by the Board and Executive Committees, and managed in accordance with the credit risk and market risk frameworks.

Securitisation exposures held in banking books and trading books are governed under the limits set for the banking book and trading book respectively.

9.2.3 Risk measurement and reporting of securitisation exposures

The Group relies on the external ratings assigned by recognised external credit assessment institutions in determining the capital charge requirement for rated securitisation exposures. The Group also assesses the performance information of the underlying pool on an ongoing basis e.g. 30/60/90 day past due, default rates, prepayment rates & etc to gauge the stability of the model parameters to determine sufficiency of the buffers. The reporting for such exposures is dependent on the Group's ultimate position, whether acting as a third party investor to both on or off-balance sheet exposures.

9.2.4 SPV used in securitisation exercises

For all traditional securitisation transactions where the Group entity acts as the sponsor[4], such transactions will be structured to comply with the Securities Commission's Guidelines on the Offering of Asset-Backed Securities ("ABS Guidelines") and, where applicable, the BNM's Prudential Standards on Securitisation Transactions. The SPVs used and to be used by the Group entity complies with the requirements of the ABS Guidelines.

Third party exposures that have been securitised via SPVs include civil servant and government-linked companies' staff housing loans and unsecured personal loan/financing granted to members of co-operatives.

4 per BNM's clarification, a banking institution is considered a sponsor if it in fact or in substance manages or advises the programme, places securities into the market or provides liquidity and/or credit enhancements. This is applicable if the Group entity acts as a sponsor to an ABCP (CP with maturity of one year or less) conduit or similar programmes.

9.0 Securitisation (Cont'd.)

9.2 Objectives, roles and involvement (Cont'd.)

9.2.5 Accounting Policies for Securitisation

Securitisation of the Group originated assets - For accounting purposes, the Group consolidates SPVs when the substance of the relationship indicates that the Group controls them. In assessing control, all relevant factors are considered, including qualitative and quantitative aspects. For example:

Qualitative factors – in substance:
- the activities of the SPV are being conducted on behalf of the Group according to the Group's specific business needs so that it obtains benefit from the SPV's operation. This might be evidenced, for example, by the Group providing a significant level of support to the SPV; and
- the Group has the decision-making powers to obtain the majority of the benefits of the activities of the SPV.

Quantitative factors – hereinafter referred to as 'the majority of risks and rewards of ownership'. In substance:
- the Group has rights to obtain the majority of the benefits of the SPV and therefore may be exposed to risks incidental to the activities of the SPV; and
- the Group retains the majority of the residual or ownership risks related to the SPV or its assets in order to obtain benefits from its activities.

The Group reassesses the required consolidation accounting tests whenever there is a change in the substance of the relationship between the Group entity and an SPV, for example, when the nature of the Group entity's involvement or the governing rules, contractual arrangements or capital structure of the SPV change.

The transfer of assets to an SPV may give rise to the full or partial derecognition of the financial assets concerned. Only in the event that derecognition is achieved are sales and any resultant gains on sales recognised in the financial statements. In a traditional securitisation, assets are sold to an SPV and no gain or loss on sale is recognised at inception.

Full derecognition occurs when the Group transfers its contractual right to receive cash flows from the financial assets, or retains the right but assumes an obligation to pass on the cash flows from the assets, and transfers substantially all the risks and rewards of ownership. The risks include credit, interest rate, currency, prepayment and other price risks.

Partial derecognition occurs when the Group sells or otherwise transfers financial assets in such a way that some but not substantially all of the risks and rewards of ownership are transferred but control is retained. These financial assets are recognised on the balance sheet to the extent of the Group's continuing involvement.

Loans/Financing, credit cards, debt securities and trade receivables that have been securitised under arrangements by which the Group retains a continuing involvement in such transferred assets do not generally qualify for derecognition. Continuing involvement may entail retaining the rights to future cash flows arising from the assets after investors have received their contractual terms (for example, interest rate strips); providing subordinated interest; liquidity support; continuing to service the underlying asset; or entering into derivative transactions with the securitisation vehicles. As such, the Group continues to be exposed to risks associated with these transactions.

Where assets have been derecognised in whole or in part, the rights and obligations that the Group retains from its continuing involvement in securitisations are initially recorded as an allocation of the fair value of the financial asset between the part that is derecognised and the part that continues to be recognised on the date of transfer.

Securitisation in the management of the Group's credit portfolio – For risk mitigation using synthetic securitisation, the underlying assets remain on the Group's balance sheet for accounting purposes. The accounting treatment of the assets will depend on their nature. They could include loans/financing and receivables, available for sale securities or derivatives. The most common form of synthetic securitisation is via a credit default swap, which is treated as a derivative and recognised in the profit and loss statement at fair value.

For investment in securitisation exposures, if the instrument includes a credit default swap, the exposure will be fair valued through the profit and loss statement. Other securitisation exposures will be fair valued through the balance sheet unless the Group makes an election at the time of purchase to fair value through profit or loss.

Provision of securitisation services including funding and management of conduit vehicles – In general, facilities provided to securitisations are treated the same way as facilities to any other borrower or counterparty. Fee income from these services is recognised on an accrual basis. Liquidity and funding facilities are treated as commitments to provide finance, with fee and margin income recognised on an accrual basis. Warehouse and term funding facilities are treated as loans/financing.

9.2.6 Use of external rating agencies

The Group uses the services of both RAM Rating Services Berhad and Malaysian Rating Corporation Berhad and where applicable, international rating agency for securitisation transactions purposes.

9.0 Securitisation (Cont'd.)

Table 9.1: Securitisation (Trading and Banking Book)

The aggregated securitised exposures of the Group are as follows:

	MARCH 2013			
Underlying Asset (Banking Book)	**Total Exposures Securitised RM'000**	**Past Due RM'000**	**Impaired RM'000**	**Gains/losses recognised during the year RM'000**
Traditional Securitisation				
Originated by the Group				
Banking Book				
Corporate loans	235,946	–	144,021	–
Mortgage loans	701,729	–	693,572	–
Total Traditional Securitisation	**937,675**	**–**	**837,593**	**–**
Total Synthetic Securitisation	**–**	**–**	**–**	**–**
Total Traditional & Synthetic Securitisation	**937,675**	**–**	**837,593**	**–**

	MARCH 2012			
Underlying Asset (Banking Book)	**Total Exposures Securitised RM'000**	**Past Due RM'000**	**Impaired RM'000**	**Gains/ losses recognised during the year RM'000**
Traditional Securitisation				
Originated by the Group				
Banking Book				
Corporate loans	2,000,836	–	1,837,878	–
Mortgage loans	993,780	–	397,334	–
Total Traditional Securitisation	**2,994,616**	**–**	**2,235,212**	**–**
Total Synthetic Securitisation	**–**	**–**	**–**	**–**
Total Traditional & Synthetic Securitisation	**2,994,616**	**–**	**2,235,212**	**–**

9.0 Securitisation (Cont'd.)

Table 9.2: Securitisation under the Standardised Approach for Banking Book Exposures

	MARCH 2013					
Securitisation Exposures by Exposure Type	Exposure Value of Positions Purchased or Retained RM'000	Exposure after CRM RM'000	Exposures subject to deduction RM'000	Distribution of Exposures after CRM according to Applicable Risk Weights Rate Securitisation Exposures or Risk weights of Guarantees/ Credit Derivatives 20% RM'000	50% RM'000	Risk Weighted Assets RM'000
Traditional Securitisation						
Originated by Third Party						
On-Balance Sheet Exposures	80,357	80,357	–	69,963	10,394	19,190
Originated by the Group						
On-Balance Sheet Exposures	3,644	3,644	–	–	–	45,556
Total Traditional Securitisation	84,001	84,001	–	69,963	10,394	64,746
Total Synthetic	–	–	–	–	–	–
Total Traditional & Synthetic Securitisation	**84,001**	**84,001**	**–**	**69,963**	**10,394**	**64,746**

	MARCH 2012					
Securitisation Exposures by Exposure Type	Exposure Value of Positions Purchased or Retained RM'000	Exposure after CRM RM'000	Exposures subject to deduction RM'000	Distribution of Exposures after CRM according to Applicable Risk Weights Rate Securitisation Exposures or Risk weights of Guarantees/ Credit Derivatives 20% RM'000	50% RM'000	Risk Weighted Assets RM'000
Traditional Securitisation						
Originated by Third Party						
On-Balance Sheet Exposures	176,032	176,032	–	155,438	20,592	41,384
Originated by the Group						
On-Balance Sheet Exposures	97,462	97,462	9,446	77,719	10,296	20,692
Total Traditional Securitisation	273,494	273,494	9,446	233,157	30,888	62,076
Total Synthetic Securitisation	–	–	–	–	–	–
Total Traditional & Synthetic Securitisation	**273,494**	**273,494**	**9,446**	**233,157**	**30,888**	**62,076**

9.0 Securitisation (Cont'd.)

Table 9.3: Securitisation under the Standardised Approach for Banking Book Exposures

	MARCH 2013				
Securitisation Exposures by Exposure Type	Exposures Value of Positions Purchased or Retained RM'000	Exposures subject to deduction RM'000	General Risk Charge RM'000	Specific Risk Charge RM'000	Risk Weighted Assets RM'000
Traditional Securitisation					
Originated by Third Party					
On-Balance Sheet by Exposure Type-others	111,335	–	2,966	2,227	64,913
Total Traditional Securitisation	111,335	–	2,966	2,227	64,913
Total Synthetic Securitisation	–	–	–	–	–
Total Traditional & Synthetic Securitisation	**111,335**	**–**	**2,966**	**2,227**	**64,913**

	MARCH 2012				
Securitisation Exposures by Exposure Type	Exposures Value of Positions Purchased or Retained RM'000	Exposures subject to deduction RM'000	General Risk Charge RM'000	Specific Risk Charge RM'000	Risk Weighted Assets RM'000
Traditional Securitisation					
Originated by Third Party					
On-Balance Sheet by Exposure Type-others	20,922	–	168	210	4,726
Total Traditional Securitisation	20,922	–	168	210	4,726
Total Synthetic Securitisation	–	–	–	–	–
Total Traditional & Synthetic Securitisation	**20,922**	**–**	**168**	**210**	**4,726**

10.0 Operational Risk

The operational risk management process is depicted in the table below:

Identification	• Identify and analyse risks in key processes/activities within Line of Business (including new products)
Assessment/ Measurement	• Incident Management and Data Collection • Risk and Control Self Assessment • Key Risk Indicators
Control/ Mitigation	• Policies addressing control & governance requirements to mitigate specific operational risk • Advisory on the establishment of internal controls • Contingency planning
Monitoring/Review	• Monitoring and reporting of loss incidents by Event Type, Portfolio and Line of Business • Periodical review of risk profile within Line of Business

Operational risk is defined as the risk of loss resulting from inadequate or failed internal processes, people and systems or from external incidents which includes but is not limited to legal risk and Shariah compliance risk (Please refer to Section 14 for discussion on Shariah Governance). It excludes strategic, systemic and reputational risk.

The strategy for managing operational risk in the Group is anchored on the three lines of defence concept which are as follows:

- The first line of defence is accountable for implementing the operational risk framework and policies, embedding appropriate internal controls into processes and maintaining business resilience for key activities. The responsibility for managing day-to-day operational risk rests with each Line of Business.
- In the second line, Group Operational Risk is responsible for exercising governance over operational risk through the management of the operational risk framework, policy development, quality assurance of internal controls, operational risk measurement and capital allocation, fraud strategy and reporting of operational risk issues to Group Operational and Legal Risk Management Committee ("GOLRC")/ Group CEOs Committee, Chief Executive Officer Committee ("CEO Committee") and Risk Management Committee of Directors ("RMCD").
- Group Internal Audit acts as the third and final line of defence by providing independent assurance on the internal control effectiveness through periodic audit programme.

Group Operational Risk maintains close working relationships with all Line of Business, continually assisting in the identification of operational risks inherent in their respective business activities, assessing the impact and significance of these risks and ensuring that satisfactory risk mitigation measures and controls are in place. Various tools and methods are employed to identify, measure, control and monitor/report operational risk issues within the Group. The Operational Risk Management System ("ORMS") contains the following modules:

- The Incident Management and Data Collection ("IMDC") module provides a common platform for reporting operational risk incidents that falls within one of the seven Event Types as stated in Basel II. IMDC also serves as a centralised database of operational risk incidents to model the potential operational risks exposure in future and estimate the amount of economic capital charge.
- The Risk and Control Self Assessment ("RCSA") is a process of continual assessment of risks and controls effectiveness. By using structured questionnaires to assess and measure key risk and its corresponding controls effectiveness, RCSA provides risk profiling across the Group.
- The Key Risk Indicators ("KRI") module provides early warning of increasing risk and/or control failures by monitoring the changes of the underlying risk measurements.

As part of the risk transfer strategy, the Group obtains third party insurance to cover major operational risks where cost-effective premiums can be obtained. In addition, a comprehensive Business Continuity Management is established to ensure critical business functions can be maintained or restored in a timely manner, in the event of material disruptions from internal or external events.

The ultimate authority for all operational risk management matters is delegated by the Board of Directors to the CEO Committee. It is in turn, supported by the GOLRC/ Group CEOs Committee an executive committee which comprises senior management members of various business divisions and support units, Group Chief Risk Officer and Head of Operational Risk. The RMCD, CEO Committee and the GOLRC/ Group CEOs Committee are the main reporting and escalation committees for operational risk matters. These matters include significant operational risk incidences or findings, deliberations on regulatory and supervisory changes and their impact on operational risk and deliberation and endorsement of operational risk mitigation measures and risk management strategies.

The Group adopts the Basic Indicator Approach for the operational risk capital charge computation.

10.0 Operational Risk (Cont'd.)

10.1 Business Continuity Management

The Business Continuity Management ("BCM") process is depicted in the table below:

Identification	• Identify events that potentially threaten the business operations and areas of criticality
Assessment/ Measurement	• Business Impact Analysis • Threat Assessment
Control/ Mitigation	• Policies governing the BCM implementation • BCM methodologies controlling the process flow • Implementing the Business Continuity Plan
Monitoring/Review	• BCM Plan testing and exercise • Review of BCM Plan • Plan maintenance

The BCM function forms an integral part of Operational Risk Management. It places the importance of maintaining a BCM framework and policies to identify events that could potentially threaten the Group's operations and establishment of critical functions recovery against downtimes. BCM builds the resilience and recovery capability to safeguard the interest of Group's stakeholders by protecting our brand and reputation.

The BCM process complements the effort of the recovery team and specialist units to ensure the Group has the required critical capabilities and resources, such as IT system disaster recovery, alternate workspace and effective communication during interruptions.

The Group is continuously reviewing the level of business operations resiliency to enhance the BCM capability throughout all critical departments and branches across the region. Training is an on-going agenda to heighten the BCM awareness and inculcate a business resilience culture.

10.2 Legal Risk

In all the jurisdictions that the Group conducts its business, it is subject to legal risks arising from potential breaches of applicable laws, unenforceability of contracts, lawsuits, or adverse judgment, which may lead to incurrence of losses, disrupt or otherwise impact on the Group's financials or reputation.

Legal risk is overseen by GOLRC/ Group CEOs Committee, upon advice by internal legal counsel and, where necessary, in consultation with external legal counsel to ensure that such risk is minimised.

11.0 Market Risk Management

Market risk is the risk of losses due to adverse changes in the level or volatility of market rates or prices, such as interest/ profit rates, credit spreads, equity prices and foreign exchange rates. The Group differentiates between two types of market risk: Traded Market Risk ("TMR") and Interest Rate Risk/ Rate of Return Risk in the Banking Book ("IRR/ RORBB"). Assessment, control and monitoring of these risks are the responsibility of Group Market Risk ("GMR"). For Islamic products and activities, the Shariah compliance risk is also assessed and monitored (please refer to Section 14 for discussion on Shariah Governance).

11.1 Traded Market Risk

The traded market risk ("TMR") management process is depicted in the table below. Please refer to Section 8 for off-balance sheet exposures and counterparty credit risk arising from market risk.

Identification	• Identify market risks within existing and new products • Review market-related information review such as market trends and economic data
Assessment/ Measurement	• Value-at-Risk ("VaR") • Profit-at-Risk ("PaR") • Capital-at-Risk ("CaR") • Other Detailed Management Controls
Control/ Mitigation	• VaR Limits • PaR Limits • CaR Limits • Loss Limits (Annual/Monthly) • Concentration Limits • Greeks Limits (Delta/Gamma/Delta-Gamma/Vega/Theta) • Present Value of One Basis Point Limits ("PV01") • Stealth Limits • Position Size Limits • Maximum Tenure Limits • Maximum Holding Period • Permitted Instruments/ Currencies/ Countries
Monitoring/Review	• Monitoring of limits • Periodical review and reporting

TMR arises from transactions in which the Group acts as principal with clients or the market. It involves taking positions in fixed income, equity, foreign exchange, commodities and/ or derivatives. The objectives of TMR management are to understand, accurately measure and work with the business to ensure exposures are managed within the Board and Executive Management approved limit structures. This is done via robust traded market risk measurement, limit setting, limit monitoring, and collaboration and agreement with Business Units.

VaR, PaR, CaR and other detailed management controls are used to measure, monitor and control TMR exposures. VaR is a quantitative measure which applies recent historic market conditions to estimate potential losses in market value, at a certain confidence level and over a specified holding period. PaR comprises VaR and a loss limit threshold (i.e. Annual Loss Limit). Loss limit thresholds are intended to trigger management discussion on appropriate mitigation measures to be taken, once certain loss levels are reached.

To complement VaR, CaR is used as a measure of the potential impact on portfolio values due to more extreme, albeit plausible, market movements. In addition, CaR is used to gauge and ensure that the Group is able to absorb extreme, unanticipated market movements.

Apart from VaR, PaR and CaR, additional sensitivity controls (e.g. Greek Limits/ PV01) and indicators are used to monitor changes in portfolio value due to changes in risk factors under different market conditions.

GMR monitors and reports risk exposures against limits on a daily basis. Portfolio market risk positions are also reported to GTMRC/ Group CEOs Committee, RMCD and the Board. Furthermore, policies and procedures are in place to ensure prompt action is taken in the event of non-adherence to limits. Business Units exposed to traded market risk are required to maintain risk exposures within approved risk limits. Business Units are required to provide an action plan to address any non-adherence to limits. The action plan must be approved by Senior Management.

The Group adopts the Standardised Approach for market risk capital charge computation. The capital charge serves as a buffer against losses from potential adverse market movements.

GMR is committed to on-going improvements in market risk processes and systems, and allocates substantial resources to this endeavour.

12.0 Equities (Banking Book Positions)

Equity risk is the potential loss that may be incurred on equity investments in the banking book. The Group's equity exposures in the banking book are primarily categorised as follows:

- Equity investments that are taken for strategic and other objectives – Where an equity investment is undertaken for a strategic purpose, such investment will be made only after extensive analysis and due diligence. Equity investments undertaken for other business objectives are principally in conjunction with initiatives or measures promoted by the relevant regulatory authorities or trade bodies in which the Group will jointly with other financial institutions invest in such entities to attain various objectives, such as socio- economic development, promoting the further development of the financial market, the provision of facilities to improve customer service, and support for human capital development for the betterment of the Malaysian banking industry. The Board of Directors' approvals are required prior to committing to all forms of equity investment under this category and, where relevant, the necessary regulatory approval or notification will be obtained or met.

- Equity investments on which capital gains are expected – These transactions are for proprietary trading.

- Equity investments made as the result of a work out of a problem exposure – From time to time, the Group will take an equity stake in a customer as part of a work out arrangement for problem exposures. These investments are made only where there is no other viable option available and form an immaterial part of the Group's equity exposures.

12.1 Valuation for and accounting of equity investments in the banking book

Measurement of equity securities – Equity securities that have a quoted market price are carried at their fair value. Fair value is determined based upon current bid prices. Investments in unlisted securities are measured at cost less impairment loss (if any).

Where the investment is held for long term strategic purposes, these investments are accounted for as available for sale, with changes in fair value being recognised in equity.

Table 12.1: Equity Investments and Capital Requirement

An analysis of aggregated equity investments by appropriate equity groupings and risk weighted assets of the Group are as follows:

	MARCH 2013 RM'000	MARCH 2012 RM'000
Non traded equity investments		
Value of quoted (publicly traded) equities	233,680	113,344
Value of unquoted (privately held) equities	102,467	102,381
Total	**336,147**	**215,725**
Net realised and unrealised gains/ (losses)		
Cumulative realised gains/ (losses) from sales and liquidations	259	4,113
Total unrealised gains/ (losses)	(3,573)	(403)
Total	**(3,314)**	**3,710**
Risk Weighted Assets		
Equity investments subject to a 100% risk weight	232,784	112,228
Equity investments subject to a 150% risk weight	155,045	155,246
Total	**387,829**	**267,474**
Total minimum capital requirement (8%)	**31,026**	**21,398**

13.0 Non-Traded Market Risk

13.1 Interest Rate Risk/ Rate of Return Risk in the Banking Book

The interest rate risk/ rate of return risk in the banking book ("IRR/ RORBB") risk management process is depicted in the table below:

Identification	• Identify IRR/ RORBB within existing and new products. • Review market-related information review such as market trend and economic data.
Assessment/ Measurement	• Value-at-Risk ("VaR") • Earnings-at-Risk ("EaR")
Control/Mitigation	• VaR Limits • EaR Limits
Monitoring/Review	• Monitoring of limits • Periodical review and reporting

IRR/ RORBB arises from changes in market interest/ profit rates that impact core net interest/ profit income, future cash flows or fair values of financial instruments. This risk arises from mismatches between repricing dates of assets and liabilities, changes in yield curves, volatilities in interest/ profit margins and implied volatilities on interest/ profit rate options. The provision of retail and wholesale banking products and services (primarily lending/ financing and deposit taking activities) creates interest/ profit rate-sensitive positions in the Group's statement of financial position.

The principal objectives of balance sheet risk management are to manage interest/ profit income sensitivity while maintaining acceptable levels of IRR/ RORBB and funding risk, and to manage the market value of Group's capital.

The Board's oversight of IRR/ RORBB is supported by the GALCO/ Group CEOs Committee. GALCO/ Group CEOs Committee is responsible for the alignment of Group-wide risk appetite and funding needs, taking into consideration Group-wide business strategies. GALCO/ Group CEOs Committee consistently oversees the Group's gapping positions, asset growth and liability mix against the interest/profit rate outlook. It also reviews strategies to ensure a comfortable level of IRR/ RORBB is maintained. The Group has successfully engaged long-term borrowings and written interest/ profit rate swaps to manage IRR/ RORBB, and maintained an acceptable gapping profile as a result. In accordance with the Group's policy, positions are monitored on a daily basis and hedging strategies are employed to ensure risk exposures are maintained within Board-established limits.

The Group measures the risk of losses arising from potential adverse movements in market interest/ profit rates and volatilities using VaR. VaR is a quantitative measure of IRR/ RORBB which applies recent historic market conditions to estimate the potential loss in market value, at a certain confidence level and over a specified holding period.

The Group complements VaR by stress testing IRR/ RORBB exposures to highlight potential risk that may arise from extreme market events that are rare but plausible.

Key assumptions in the gap and sensitivity analysis relate to the behaviour of interest/ profit rates and spreads, changes in loan/ financing and deposit product balances due to behavioural characteristics under different interest/ profit rate environments. Material assumptions include the repricing characteristics and the stickiness of indeterminate or non-maturity deposits.

The rate scenarios may include rapid ramping of interest/ profit rates, gradual ramping of interest/ profit rates, and narrowing or widening of spreads. Usually each analysis incorporate what management deems the most appropriate assumptions about customer behaviour in an interest/ profit rate scenario. However, in certain cases, assumptions are deliberately changed to test the Group's exposure to a specified event.

The Group's strategy seeks to optimise exposure to IRR/ RORBB within Board-approved limits. This is achieved through the ability to reposition the interest/profit rate exposure of the statement of financial position using dynamic product and funding strategies, supported by FRS 139-compliant interest/ profit rate hedging activities using interest/ profit rate swaps and other derivatives. These approaches are governed by Group's policies in the areas of product and liquidity management as well as the banking book policy statements and hedging policies.

IRR/ RORBB is calculated daily and reported to GALCO/ Group CEOs Committee.

13.0 Non-Traded Market Risk (Cont'd.)

13.2 Liquidity and Funding Risk

Liquidity risk is the risk that the organisation either does not have sufficient financial resources available to meet all its obligations and commitments as they fall due, or can only access these financial resources at an unreasonable cost. Liquidity risk exposure arises mainly from the deposit taking and borrowing activities and market disruption, and to a lesser extent, significant drawdown of funds from previously contracted financing and purchase commitments. Funding risk is the risk of ongoing ability to raise sufficient funds to finance actual and proposed business activities at a reasonable cost. Funding and liquidity risk are interrelated as improper funding risk management may lead to liquidity problem while insufficient liquidity risk management may also give rise to funding risk.

The liquidity risk management of the Group is aligned with the New Liquidity Framework issued by Bank Negara Malaysia. The primary objective of the Group's liquidity risk management is to ensure the availability of sufficient funds at a reasonable cost to honour all financial commitments when they fall due. This objective is partly managed through maintenance of a portfolio of high-quality liquid assets to protect against adverse funding conditions and support day-to-day operations. The secondary objective is to ensure an optimal funding structure and to balance the key liquidity risk management objectives, which includes diversification of funding sources, customer base and maturity period.

The GALCO/ Group CEOs Committee is the responsible governing body that approves the Group's liquidity management and strategies policies, and is responsible for setting liquidity limits, proposing liquidity risk policies and contingency funding plan, and practices to be in compliance with local regulatory requirements, and monitor liquidity on an ongoing basis. The Capital and Balance Sheet Management division and Group Risk Management propose and oversee the implementation of policies and other controls relating to the above risks.

The Group has put in place a Contingency Funding Plan to identify early warning signals of possible liquidity problem. The Contingency Funding Plan also sets out the detailed responsibilities among the relevant departments in the event of actual liquidity crises occurring to ensure orderly execution of procedures to restore the liquidity position and confidence in the organisation.

Stress testing is undertaken to assess and plan for the impact for various scenarios which may put the Group's liquidity at risk. The stress testing output contributes to the development of the liquidity risk limits and the Group's Contingency Funding Plan.

The Group stresses the importance of customer deposit accounts as a source of funds to finance lending/ financing to customers. They are monitored using the adjusted loans/ financing to deposit ratio, which compares loans/ financing and advances to customers as a percentage of customer deposit accounts, together with term funding with original term of maturity in excess of three years.

As conservative liquidity management practice, part of the Group's medium term assets is funded by medium term liabilities. Medium term is defined by the Group as remaining term to maturity in excess of one year.

In preparation to the impending implementation of Basel III liquidity metrics, the Group is putting in place the measurement mechanism and strategizing for ensuring availability of cost effective liquidity. Subject to finalisation of the detailed regulations, the Group is confident of meeting Bank Negara Malaysia's requirements on Basel III liquidity metrics in accordance with its recently approved timetable for implementation.

Table 13.1: Market Risk Sensitivity – Interest Rate Risk/ Rate of Return Risk in the Banking Book

The aggregated IRR/ RORBB sensitivity for the Group is as follows:

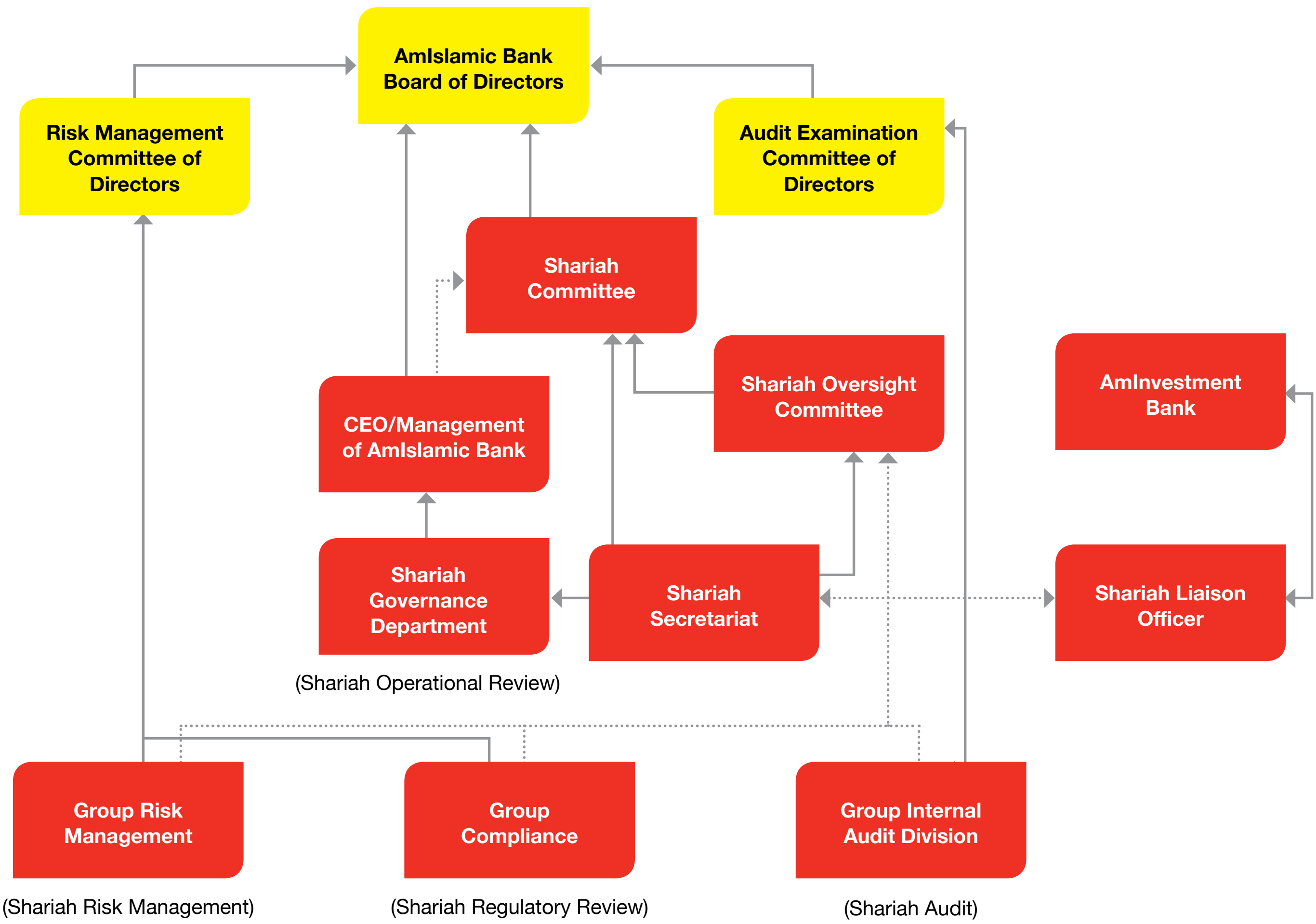
Impact On Profit Before Taxation	MARCH 2013	
	Interest Rate / Rate of Return	Interest Rate / Rate of Return
	+ 100 bps	- 100 bps
Currency	RM'000	RM'000
MYR	97,968	(97,968)

Impact on Equity		
	Interest Rate / Rate of Return	Interest Rate / Rate of Return
	+ 100 bps	- 100 bps
Currency	RM'000	RM'000
MYR	(551,226)	612,058

Impact On Profit Before Taxation	MARCH 2012	
	Interest Rate / Rate of Return	Interest Rate / Rate of Return
	+ 100 bps	- 100 bps
Currency	RM'000	RM'000
MYR	73,348	(73,348)

Impact on Equity		
	Interest Rate / Rate of Return	Interest Rate / Rate of Return
	+ 100 bps	- 100 bps
Currency	RM'000	RM'000
MYR	(229,846)	258,155

14.0 Shariah Governance Structure



A Shariah governance framework is put in place in the organisational structure of the Group for its Islamic banking operations, which includes establishment of the Shariah Committee for AmIslamic Bank ("The Bank") in line with the requirement of Bank Negara Malaysia's "Shariah Governance Framework for Islamic Financial Institutions". The Bank has continued to enhance its overall Shariah governance in line with the regulatory policies as a prudential measure.

AmInvestment Bank Berhad leverages on the Bank's infrastructure on Shariah governance, including the Shariah Committee / Shariah Oversight Committee and the Shariah Secretariat.

Board of Directors

The Board of Directors is accountable and responsible for the overall oversight on Shariah governance structure, including the appointment of Shariah Committee members. The Board performs its oversight through various committees such as Audit Examination Committee of Directors (AEC), Risk Management Committee of Directors (RMCD) and Shariah Committee.

Audit Examination Committee

AEC is a Board committee responsible for assisting the Board in ensuring Islamic Banking operations of the Group is Shariah compliant through oversight of the Shariah Audit function.

Risk Management Committee of Directors

RMCD is a Board committee responsible for assisting the Board in ensuring risk management and control processes are in place and functioning, including Shariah risk management and Shariah regulatory review.

Shariah Committee

The Shariah Committee is responsible and accountable on matters related to Shariah. This includes advising the Board and Management on Shariah matters and endorsing and validating products and services, and the operations in relation to Islamic Banking. The Shariah Committee reports functionally to AmIslamic Bank's Board of Directors and this provides for the independence of the Shariah Committee in exercising their duties.

14.0 Shariah Governance Structure (Cont'd.)

Shariah Oversight Committee

The Shariah Oversight Committee, which is a sub-committee to the Shariah Committee performs an oversight function for the key Shariah functions of Shariah review, Shariah audit, and Shariah risk management. Shariah Oversight Committee shall provide guidance and advice on matters pertaining to Shariah non-compliant incidents as well as treatment of Shariah non-compliant income (if any).

Chief Executive Officer / Management

The Chief Executive Officer (CEO) / Management is responsible to make reference to the Shariah Committee / Shariah Oversight Committee on Shariah issues and to take necessary measures for implementation of Shariah Committee/ Shariah Oversight Committee's advice and decisions. The CEO / Management is also responsible in setting the infrastructure and providing the environment and adequate resources to support the Shariah governance framework. This includes putting in place adequate systems and controls in order to ensure compliance with Shariah and to mitigate Shariah risk.

Shariah Governance Department

The Shariah Governance Department operates as a one-stop centre for all Shariah related operational issues of Islamic businesses. This includes providing day-to-day Shariah advisory and support function, Shariah operational review, Shariah research, and as Secretariat to the Shariah Committee and Shariah Oversight Committee. In addition, the Shariah Governance Department also performs the zakat and charity management.

Group Internal Audit Division

A designated team within the Group Internal Audit Division is responsible to conduct independent assessment on the level of Shariah compliance of Islamic banking operations through Shariah audit function. Areas of audit include documentation, adequacy of internal controls, systems and computation, and staff competency.

Group Compliance Department

Group Compliance Department undertakes the Shariah compliance review from a regulatory perspective. This will be executed based on the Shariah Regulatory Review Framework, which consists of the Compliance Monitoring & Reporting (CMR) and Shariah Compliance Review. CMR is a periodical self-assessment by the Departments via a structured process and Compliance Review is performed to review on department's compliance with Shariah requirements and effectiveness of the self-assessment performed.

Group Risk Management Department

Group Risk Management Department provides the infrastructure and platform to facilitate Shariah risk management function within the Group. This includes identification, measurement, monitoring, and control of Shariah risk to mitigate any occurrence of Shariah non-compliance incidences.

14.1 Shariah non-compliant income

All business activities, products and services offered, and legal documentations are implemented and executed based on legal provisions and Shariah requirements to ensure no occurrence of Shariah non-compliant incidents. In the event of any Shariah non-compliant incident, the Shariah Oversight Committee will deliberate and make recommendation for the Shariah Committee's approval. The Shariah Committee is responsible to oversee the management and distribution of the charity fund.

OUR KEY TO GLOBAL ISLAMIC BANKING

AmIslamic Bank Chief Executive Officer Datuk Mahdi Murad (centre) receiving the award and plaque from Chairman of CPI Financial, Mr. Saleh Al Akrabi (left) and Chief Executive Officer of CPI Financial, Mr. Adam Broom (right) at the CPI Financial Islamic Business & Finance Awards Gala Dinner in Dubai on 5 December 2012.

ISLAMIC BUSINESS & FINANCE AWARDS 2012

AmIslamic Bank: Best Corporate Bank (Asia)

As a leading Islamic financial banking group, AmIslamic Bank strives to keep you connected with the latest Islamic financial solutions. Winning the Best Corporate Bank (Asia) at the Islamic Business & Finance Awards 2012 is testament to our continued commitment to innovating and creating new opportunities within the global Islamic finance network.

amislamicbank.com.my

AmIslamic Bank

List of Landed Properties

AS AT 31 MARCH 2013

The properties owned by the subsidiary companies are as follows:

Location	Description	Age of Property	Tenure	Net Book Value (RM)	Built-up Area (sq.ft)	Date of Acquisition
Perak Darul Ridzuan						
5, Main Road 32300 Pulau Pangkor	One unit of two-storey shophouse for branch premises	40 years	Freehold	49,711	2,720	31 Dec 1990
27, Jalan Trump Kuala Sepetang 34650 Taiping	One unit of double storey shoplot for branch premises	30 years	Freehold	41,215	2,702	4 Nov 1991
107, Jalan Tokong Datoh 33300 Grik	One unit of two-storey shoplots for branch premises	28 years	Leasehold Term: 99 years Expiry: 30 Oct 2084	135,081	5,695	29 Dec 1990
2 & 4, Jalan Temenggong Pusat Bandar 34200 Parit Buntar	Two units of two-storey shoplots for branch premises	24 years	Leasehold Term: 99 years Expiry: Oct 2088	242,568	6,722	23 Dec 1993
Pulau Pinang						
1 & 3, Lorong Murni 6 Taman Desa Murni Sungai Dua 13800 Butterworth	Two units of double storey shoplots for branch premises	21 years	Freehold	498,941	7,200	28 Nov 1996
35 & 36 – Phase 1 Prai Business Point	Two units of vacant three-storey shop office	13 years	Freehold	1,332,744	10,307	28 Nov 1998
322 Prai Perdana 12000 Seberang Prai						
1311, Jalan Besar 14200 Sungai Bakap Province Wellesley	One unit of two-storey shoplot for branch premises	23 years	Freehold	181,984	3,894	7 Dec 1992
4194, Jalan Bagan Luar 12000 Butterworth	Two units of two-storey shoplots for branch premises	28 years	Freehold	209,100	7,200	16 Sep 1992
Wilayah Persekutuan – Kuala Lumpur						
Wisma AmBank 113, Jalan Pudu 55100 Kuala Lumpur	One unit 12-storey office building for operations and branch premises	27 years	Freehold	13,983,916	55,700	4 Nov 1991
2 & 4, Jalan 12/5 Taman Melati, Setapak 53100 Kuala Lumpur	Two units of two-storey shoplots for storage purposes	22 years	Freehold	316,639	5,600	17 July 1992
2 & 4, Jalan 23/70A Desa Sri Hartamas 55048 Kuala Lumpur	Two units of four-storey shoplots for rental purposes	14 years	Freehold	2,957,309	13,504	23 Apr 1998
85, 87, 89, 107, 109 & 111 Jalan 3/93, Taman Miharja 55200 Kuala Lumpur	Six units of three-storey shoplots for rental purposes	23 years	Leasehold Term: 99 years Expiry: 11 Aug 2086	2,004,497	30,528	9 Mar 1992
8th & 9th Floors Bangunan AMDB 1, Jalan Lumut 50400 Kuala Lumpur	Two floors of office space for operations	20 years	Freehold	6,187,594	25,488	18 May 1994
Wilayah Persekutuan – Labuan						
A (03-6) & E (03-1) Kerupang II 87000 Labuan	Two units of three-room walk-up apartment for residential purposes	18 years	Leasehold Term: 99 years Expiry: 25 Apr 2058	263,417	1,016	30 June 1996
Alpha Park Tower Condo Labuan, 10th Floor Financial Park Complex 87000 Labuan	Condominium for residential purposes	17 years	Leasehold Term: 99 years Expiry: 31 Dec 2090	372,934	1,679	1 July 1996

List of Landed Properties (Cont'd.)

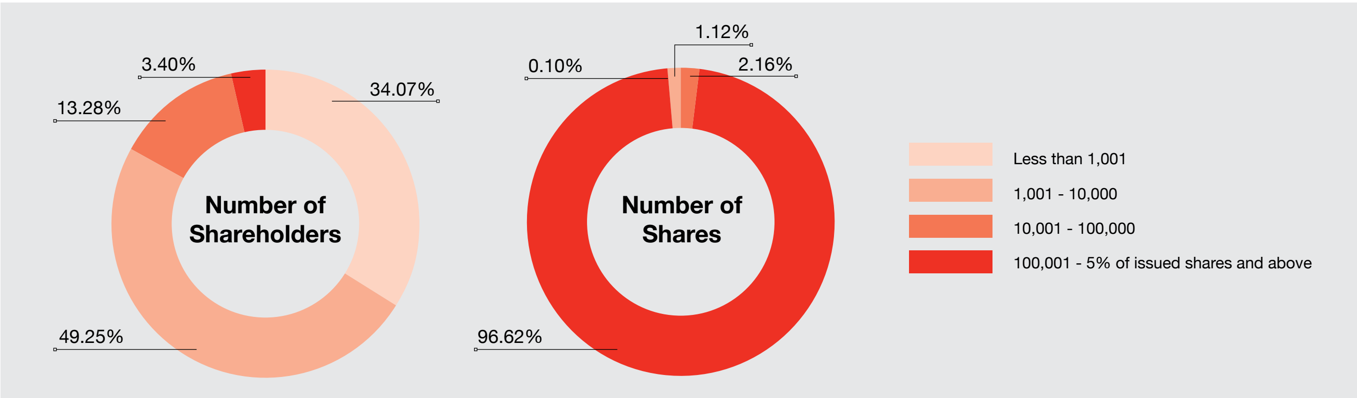
Location	Description	Age of Property	Tenure	Net Book Value (RM)	Built-up Area (sq.ft)	Date of Acquisition
Selangor Darul Ehsan						
11, Jalan Taman Off Jalan Melayu 41300 Klang	One unit of four-storey shoplot under joint venture for rental	28 years	Leasehold Term: 99 years Expiry: June 2077	217,894	6,200	4 Nov 1991
7 & 9, Jalan Perusahaan 2 Off Jalan Kolej 43300 Seri Kembangan	Two units of two-storey commercial complex for branch premises	27 years	Leasehold Term: 40 years Expiry: May 2017	414,821	8,000	25 Nov 1995
Damansara Fairway 3 6C, Persiaran Tropicana Tropicana Golf & Country Resort 47410 Petaling Jaya	One unit of 13-storey office building	22 years	Leasehold Term: 99 years Expiry: 25 Oct 2090	15,366,190	76,120	13 Oct 2000
Pahang Darul Makmur						
Lot 4, Sec 1, Pekan Mengkuang Mukim of Triang District of Temerloh	One piece of vacant land	N/A	Freehold	61,000	410,009	4 Nov 1991
533, Tanah Rata 39000 Cameron Highlands	One unit of apartment	29 years	Leasehold Term: 85 years Expiry: Aug 2067	121,336	980	30 Nov 1985
Negeri Sembilan Darul Khusus						
22 & 23, Jalan Dato' Lee Fong Yee 70000 Seremban	Two units of four-storey shoplots for branch premises	28 years	Freehold	997,218	22,000	15 Mar 1990
Lot 4261 GM395 Mukim Jimah, Port Dickson	One unit of two-storey shophouse	16 years	Freehold	27,055	1,765	25 Apr 1997
Johor Darul Takzim						
S142, Bt 22, Jalan Mersing Kahang New Village 86700 Kahang	One unit of double storey shoplot for branch premises	30 years	Freehold	62,228	2,300	4 Nov 1991
31-7, Jalan Raya Kulai Besar, 81000 Kulai	One unit of shoplot for branch premises	25 years	Freehold	355,627	6,930	19 May 1992
14 & 15, Jalan Abdullah 85000 Segamat	Two units of four-storey shoplots for branch premises	73 years	Freehold	342,915	5,832	12 June 1985
100, Jalan Besar 83700 Yong Peng	One unit of shoplot for branch premises	75 years	Freehold	201,778	3,120	12 June 1985
Kelantan Darul Naim						
707, Jalan Masjid Lama 17000 Pasir Mas	One unit of two-storey shoplot for branch premises	35 years	Leasehold Term: 66 years Expiry: Jan 2061	274,483	3024	25 June 1993
Terengganu Darul Iman						
50, Jalan Lim Teck Wan 23000 Dungun	One unit of double storey shoplot for branch premises	30 years	Freehold	140,787	3,600	4 Nov 1991
Sabah and Sarawak						
257, Jalan Haji Taha 93400 Kuching	Seven-storey office building for branch premises and rental	14 years	Leasehold Term: 855 years Expiry: July 2792	10,839,107	51,906	31 Dec 1994

Shareholding Structure

AS AT 30 JUNE 2013

ANALYSIS OF SHAREHOLDINGS

Authorised Share Capital	:	RM5,200,000,000 divided into 5,000,000,000 Ordinary Shares of RM1.00 each and 200,000,000 Converting Preference Shares of RM1.00 each
Issued and Paid-up Ordinary Share Capital	:	RM3,014,184,844
Class of Share	:	Ordinary Share of RM1.00 each
Voting Rights	:	1 vote per ordinary shareholder on a show of hands 1 vote per ordinary share on a poll



Number of Shareholders	Number of Shares No. of Shareholders	% of Shareholders	Direct Shareholding No. of Shares	% of Shares
Size of Shareholdings				
Less than 100	1,554	8.78	50,921	0.00
100 – 1,000	4,478	25.29	3,119,484	0.10
1,001 – 10,000	8,720	49.25	33,740,471	1.12
10,001 – 100,000	2,351	13.28	65,052,529	2.16
100,001 to less than 5% of the issued shares	600	3.39	1,616,552,015	53.63
5% and above of issued shares	3	0.01	1,295,669,424	42.99
Total	**17,706**	**100.00**	**3,014,184,844**	**100.00**
Location of Shareholders				
Malaysia	16,484	93.10	1,325,770,922	43.98
Singapore	265	1.50	3,050,402	0.10
Hong Kong	2	0.02	18,900	0.00
Australia	29	0.17	717,679,352	23.81
United Kingdom	19	0.11	441,270	0.01
United States of America	4	0.02	61,900	0.00
Other Countries	903	5.08	967,162,098	32.10
Total	**17,706**	**100.00**	**3,014,184,844**	**100.00**
Types of Shareholders (By Nationality)				
Malaysian				
- Individual	14,528	82.05	84,107,480	2.79
- Nominee companies	1,651	9.33	817,246,797	27.11
- Other companies	305	1.72	424,416,645	14.08
Singaporean	265	1.50	3,050,402	0.10
Hong Kong National	2	0.02	18,900	0.00
Australian	29	0.17	717,679,352	23.81
United Kingdom National	19	0.11	441,270	0.01
American	4	0.02	61,900	0.00
Other foreigners	903	5.08	967,162,098	32.10
Total	**17,706**	**100.00**	**3,014,184,844**	**100.00**

Shareholding Structure (Cont'd.)

AS AT 30 JUNE 2013

30 LARGEST SHAREHOLDERS

(Without aggregating the securities from different securities accounts belonging to the same Depositor)

		No. of Shares	%
1.	ANZ Funds Pty Ltd	716,841,483	23.78
2.	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board	344,913,637	11.44
3.	Amcorp Group Berhad	233,914,304	7.76
4.	DB (Malaysia) Nominee (Asing) Sdn Bhd State Street London Fund GMBM for M&G Investment Funds (1) - M&G Global Basics Fund	140,000,000	4.64
5.	CIMB Group Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Amcorp Group Berhad (CB4-AMCORPCAPLL)	115,000,000	3.82
6.	Kumpulaan Wang Persaraan (Diperbadankan)	87,093,200	2.89
7.	Scotia Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Amcorp Group Berhad	65,500,000	2.17
8.	CIMB Group Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Amcorp Group Berhad (49234JTRK-RC2)	58,839,701	1.95
9.	HSBC Nominees (Asing) Sdn Bhd BBH and CO Boston for Matthews Asia Pacific Equity Income Fund	57,950,000	1.92
10.	Cartaban Nominees (Asing) Sdn Bhd Exempt AN for State Street Bank & Trust Company (West CLTOD67)	57,436,519	1.91
11.	HSBC Nominees (Asing) Sdn Bhd BBH and CO Boston for Matthews Asian Growth and Income Fund	56,073,200	1.86
12.	CIMB Group Nominees (Tempatan) Sdn Bhd CIMB Bank Berhad (LBNOFFSHORE-EDG)	53,407,100	1.77
13.	Cartaban Nominees (Asing) Sdn Bhd Government of Singapore Investment Corporation Pte Ltd for Government of Singapore (C)	40,193,357	1.33
14.	HSBC Nominees (Asing) Sdn Bhd BBH and Co Boston for Vanguard Emerging Markets Stock Index Fund	37,361,158	1.24
15.	Amanahraya Trustees Berhad Amanah Saham Wawasan 2020	32,936,790	1.09
16.	HSBC Nominees (Asing) Sdn Bhd Exempt AN for the Bank of New York Mellon (Mellon ACCT)	28,018,140	0.93
17.	Cartaban Nominees (Tempatan) Sdn Bhd Exempt AN for Eastspring Investments Berhad	26,917,100	0.89
18.	HSBC Nominees (Asing) Sdn Bhd HSBC BK PLC for Prudential Assurance Company Ltd	26,255,400	0.87
19.	Citigroup Nominees (Asing) Sdn Bhd CBNY for Dimensional Emerging Markets Value Fund	23,929,662	0.79
20.	HSBC Nominees (Asing) Sdn Bhd Exempt AN for JP Morgan Chase Bank, National Association (U.S.A.)	20,491,400	0.68
21.	HSBC Nominees (Asing) Sdn Bhd Exempt AN for JP Morgan Chase Bank, National Association (U.A.E.)	17,492,747	0.58
22.	Pertubuhan Keselamatan Sosial	16,527,075	0.55
23.	HSBC Nominees (Asing) Sdn Bhd BNY Brussels for City of New York Group Trust	15,438,562	0.51
24.	Maybank Nominees (Tempatan) Sdn Bhd Maybank Trustees Berhad for Public Regular Savings Fund (N14011940100)	14,875,200	0.49
25.	HSBC Nominees (Asing) Sdn Bhd Exempt AN for JP Morgan Chase Bank, National Association (Norges Bk Lend)	14,521,200	0.48
26.	Citigroup Nominees (Tempatan) Sdn Bhd Exempt AN for AIA Bhd	12,909,434	0.43
27.	Cartaban Nominees (Asing) Sdn Bhd BBH (Lux) SCA for Fidelity Funds Asean	12,352,100	0.41
28.	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board (Nomura)	11,302,000	0.37
29.	Cartaban Nominees (Asing) Sdn Bhd Government of Singapore Investment Corporation Pte Ltd for Monetary Authority of Singapore (H)	10,447,386	0.35
30.	HSBC Nominees (Asing) Sdn Bhd Exempt AN for JP Morgan Chase Bank, National Association (Saudi Arabia)	9,813,200	0.33
	Total	**2,358,721,055**	**78.25**

AS AT 30 JUNE 2013

SUBSTANTIAL SHAREHOLDING ACCORDING TO THE REGISTER OF SUBSTANTIAL SHAREHOLDERS

	No. of Shares			
	Direct Interest	%	Indirect Interest	%
Y Bhg Tan Sri Azman Hashim	–	–	480,620,255[1]	15.95
ANZ Funds Pty Ltd	716,841,483	23.78	–	–
Australia and New Zealand Banking Group Limited	–	–	716,841,483[2]	23.78
Amcorp Group Berhad	480,620,255	15.95	–	–
Clear Goal Sdn Bhd	–	–	480,620,255[1]	15.95
Citigroup Nominees (Tempatan) Sdn Bhd - Employees Provident Funds Board	373,996,157	12.41		
Prudential Plc			234,975,400	7.80

Notes:
[1] Deemed interested by virtue of Section 6A (4) of the Companies Act, 1965 held through Amcorp Group Berhad.
[2] Deemed interested by virtue of Section 6A (4) of the Companies Act, 1965 held through ANZ Funds Pty Ltd.

DIRECTORS' INTEREST IN THE COMPANY AND ITS SUBSIDIARIES

THE COMPANY– AMMB HOLDINGS BERHAD

Ordinary Shares

	No. of Shares			
	Direct Interest	%	Indirect Interest	%
Y Bhg Tan Sri Azman Hashim	–	–	480,620,255	15.95
Y Bhg Dato' Azlan Hashim	218,000	0.01	–	–
Mr Ashok Ramamurthy	405,450	0.01	–	–

Scheme Shares Pursuant to the Company's Executives' Share Scheme

	No. of Shares Granted*
Mr Ashok Ramamurthy	167,350

Shares Under Options Pursuant to the Company's Executives' Share Scheme

	No. of Shares Granted*
Mr Ashok Ramamurthy	45,400

Shares Under Options Pursuant to the Company's Executives' Share Scheme (Vested Account)

	No. of Shares*
Mr Ashok Ramamurthy	361,600

Note:
* The vesting of the Scheme Shares and/or the entitlement to exercise the Options are conditional upon the satisfaction of service condition and the performance targets of the Group, and all other conditions as set out in the By-Laws of the Company's Executives' Share Scheme.

Y Bhg Tan Sri Azman Hashim, by virtue of his interest in the shares of AMMB Holdings Berhad ("AMMB"), is also deemed to have an interest in the shares of the subsidiaries of AMMB to the extent that AMMB has an interest.

Other than stated above, none of the other directors of the Company had any direct and indirect interest in the Company or its subsidiaries.

Group Directory

AMMB HOLDINGS BERHAD

22nd Floor, Bangunan AmBank Group
No. 55, Jalan Raja Chulan
50200 Kuala Lumpur

Correspondence Address:
P. O. Box 10233, 50708 Kuala Lumpur
Tel: 03-2036 2633
Fax: 03-2078 2842 (General), 03-2032 1914 (Group Company Secretary)
Website: www.ambankgroup.com

AmINVESTMENT BANK BERHAD

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50708 Kuala Lumpur
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Fax: 03-2078 2842

BRANCH OFFICES

Selangor Darul Ehsan

Damansara Utama
Tel: 03-7710 6613
Fax: 03-7710 7708

Pulau Pinang

Menara Liang Court
Tel: 04-226 1818
Fax: 04-229 7634

Lebuh Pantai
Tel: 04-261 8688
Fax: 04-261 9288

Johor Darul Takzim

Johor Bahru
Tel: 07-334 8766
Fax: 07-332 3843

Batu Pahat
Tel: 07-434 2282
Fax: 07-432 7982

Sabah

Kota Kinabalu
Tel: 088-213 488/498, 221 728
Fax: 088-221 050

Sarawak

Kuching
Tel: 082-244 791
Fax: 082-414 944

CORPORATE & INSTITUTIONAL BANKING

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50708 Kuala Lumpur
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Fax: 03-2078 2842

BRANCH OFFICES

Pulau Pinang

Tel: 04-226 1818
Fax: 04-229 7634

Johor Darul Takzim

Johor Bahru
Tel: 07-434 2282
Fax: 07-432 7982

Sabah

Kota Kinabalu
Tel: 088-213 488
Fax: 088-221 050

Sarawak

Tel: 082-244 791
Fax: 082-414 944

Wilayah Persekutuan

Labuan
Tel: 087-413 133, 439 399
Fax: 087-425 211, 439 395

AmBANK (M) BERHAD

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Telex: MA 030424
Website: www.ambankgroup.com
Cable Address: AMBANK MAL
Contact Centre:
1300 80 8888 (Domestic)
or 603-2178 8888 (Overseas)

BRANCH OFFICES

Selangor Darul Ehsan

Petaling Jaya
Tel: 03-79400999, 79400959
Fax: 03-79400960

Kajang
Tel: 03-8733 2176
Fax: 03-8733 3280

Shah Alam
Laman Seri Business Park
Tel: 03-5510 9914
Fax: 03-5510 9920

Perak Darul Ridzuan

Ipoh
Tel: 05-546 8766
Fax: 05-545 7682

Pulau Pinang

Jalan Sultan Ahmad Shah
Tel: 04-226 1818
Fax: (BBU: 04-229 7488)
(CAD: 04-228 3518) &
(Trade: 04-229 9366)

Bukit Mertajam
Tel: 04-540 3187/188/189
Fax: 04-530 6151

Melaka

Taman Melaka Raya
Tel: 06-282 9701/9706
Fax: 06-288 1732

Pahang Darul Makmur

Kuantan
Tel: 09-513 5066
Fax: 09-513 4516

Negeri Sembilan Darul Khusus

Seremban
Seremban City Centre
Tel: 06-763 1310/767 9594
Fax: 06-767 8197

Johor Darul Takzim

Batu Pahat
Jalan Rahmat
Tel: 07-432 6201/8851
Fax: 07-432 7000

Johor Bahru
Metropolis Tower
Tel: 07-333 2309/4245
Fax: 07-334 3899

Muar
Jalan Abdullah
Tel: 06-953 7276, 955 6178
Fax: 06-955 5057

Kluang
Jalan Dato' Teoh Siew Khor
Tel: 07-771 3271
Fax: 07-772 1843

Segamat
Jalan Abdullah
Tel: 07-931 9052
Fax: 07-931 9057

Sabah

Kota Kinabalu
Tel: 088-213 488/498
Fax: 088-262 096

Sandakan
Tel: 089-222 835
Fax: 089-217 037

Sarawak

Kuching
Tel: 082-244 791
Fax: 082-259 771

Sibu
Tel: 084-312 528
Fax: 084-327 669

Miri
Tel: 085-411 588
Fax: 085-439 788

Bintulu
Tel: 086-313 478
Fax: 086-311 400

TRANSACTION BANKING

HEAD OFFICE
Level 16, Menara Dion
Jalan Sultan Ismail
50250 Kuala Lumpur
Website: www.ambankgroup.com/transactionbanking
Client Services Group Tel: 603-2381 8800
Fax: 603-2026 1716

Transaction Banking Centres available at (please contact Head Office for more information)

- Kuala Lumpur, Wilayah Persekutuan
- Penang, Pulau Pinang
- Ipoh, Perak Darul Ridzuan
- Bukit Mertajam, Pulau Pinang
- Shah Alam, Selangor Darul Ehsan
- Seremban, Negeri Sembilan Darul Khusus
- Melaka, Melaka
- Johor Bahru, Johor Darul Takzim
- Batu Pahat, Johor Darul Takzim
- Muar, Johor Darul Takzim
- Kota Kinabalu, Sabah
- Kuching, Sarawak
- Sibu, Sarawak
- Miri, Sarawak

AmBANK (M) BERHAD

RETAIL BANKING

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Level 48, Menara AmBank
No. 8, Jalan Yap Kwan Seng
50450 Kuala Lumpur
Tel: 03-2167 3000/3200
Fax: 03-2166 5593
Telex: MA 032355
Cable Address: AMBANK MAL
Website: www.ambankgroup.com
Contact Centre:
1300 80 8888 (Domestic)
or 603-2178 8888 (Overseas)

Branch Offices and Regional Offices are shared with AmIslamic Bank Berhad except the three AmIslamic Bank full fledged branches at Bandar Baru Bangi, Alamanda Shopping Complex and UIA – Gombak

REGIONAL OFFICES

NORTHERN REGION

Pulau Pinang
Menara Liang Court
Tel: 04-226 3939
Fax: 04-227 3305

CENTRAL REGION

Taman Tun Dr. Ismail (TTDI)
Tel: 03-7940 0900
Fax: 03-7910 0902

SOUTHERN REGION

Johor Bahru – Metropolis Tower
Tel: 07-334 9000
Fax: 07 – 335 3319

EAST COAST REGION

Kuantan – Jalan Berserah
Tel: 09 – 560 1267/1265
Fax: 09 – 567 1641

SABAH

Kota Kinabalu – Jalan Sagunting
Tel: 088 – 280 112/115
Fax: 088 – 242 739

SARAWAK

Kuching – Jalan Haji Taha
Tel: 082 – 238 171/963
Fax: 082 – 230 342

BRANCH OFFICES

Wilayah Persekutuan

Bandar Manjalara
Tel: 03-6274 1315
Fax: 03-6274 1232

Bangsar Baru
Tel: 03-2282 8739/8740
Fax: 03-2282 8741

Berjaya Times Square
Tel: 03-2141 8003
Fax: 03-2141 2413

Cheras
Taman Connaught
Tel: 03-9101 4855/7562
Fax: 03-9101 4977

Taman Maluri
Tel: 03-9282 2917, 9285 5266
Fax: 03-9282 6261

Damansara Heights
Tel: 03-2095 7060/7061
Fax: 03-2094 1937

Jalan Ipoh – Batu 3
Tel: 03-4042 7192/3577
Fax: 03-4042 0237

Jalan Ipoh – Batu 4 1/2
Tel: 03-6259 3252/3253
Fax: 03-6250 9574

Jalan Raja Chulan
Tel: 03-2078 2100/2166
Fax: 03-2032 3935

Jalan Yap Kwan Seng
Tel: 03-2167 3000
Fax: 03-2162 1606

Solaris Mont Kiara
Tel: 03-6203 7920/7930
Fax: 03-6203 7930

Pandan Indah
Tel: 04-4297 0526/1107
Fax: 03-4297 1162

Kepong Baru
Tel: 03-6251 3322/3355
Fax: 03-6259 2870

KL Sentral
Tel: 03-2272 1964/1967
Fax: 03-2272 1970

Overseas Union Garden
Tel: 03-7784 7035/7036
Fax: 03-7784 7041

Pudu – Jalan Pasar
Tel: 03-2141 3617/3635
Fax: 03-2144 0313

Jalan Klang Lama
Tel: 03-7980 8069/8079
Fax: 03-7980 7908

Bandar Sri Permaisuri
Tel: 03-9172 4934
Fax: 03-9172 4803

Selayang
Tel: 03-6136 8560/8561
Fax: 03-6136 8559

Sentul
Tel: 03-4041 5190, 4042 5666
Fax: 03-4042 5777

Setapak
Tel: 03-4023 6381
Fax: 03-4023 6551

Sri Petaling
Tel: 03-9059 4152/4168
Fax: 03-9056 2512

Wangsa Maju
Tel: 03-4149 5207/5213
Fax: 03-4149 5242

Medan Pasar
Tel: 03-2026 4870/4886
Fax: 03-2072 9148

Menara Dion
Tel: 03-2026 3939, 2381 1550
Fax: 03-2026 6048

Taman Tun Dr. Ismail (TTDI)
Tel: 03-7940 0996, 7940 0997
Fax: 03-7940 0993

Desa Sri Hartamas
Tel: 03-6201 0550
Fax: 03-6201 0524

Kenanga Wholesale City
Tel: 03-9221 3343
Fax: 03-9221 3341

Selangor Darul Ehsan

AMCORP Mall
Tel: 03-7954 1327/4401
Fax: 03-7955 2575

Ampang Point
Tel: 03-4252 2630/2636
Fax: 03-4252 4160

Bandar Mahkota Cheras
Tel: 03-9010 5901
Fax: 03-9010 5896

Klang
Bandar Bukit Tinggi
Tel: 03-3324 6275/4059
Fax: 03-3324 4043

Bandar Puteri
Tel: 03-5161 2653/2969
Fax: 03-5161 3364

Persiaran Sultan Ibrahim
Tel: 03-3342 6010/0690
Fax: 03-3344 3744

Kota Damansara
Tel: 03-6141 7470/7469
Fax: 03-6141 7466

Balakong
Tel: 03-9074 4013/4078
Fax: 03-9074 4148

Bandar Baru Ampang
Tel: 03-4296 4521/4520
Fax: 03-4296 4533

Bandar Baru Sungai Buloh
Tel: 03-6157 7500/2242
Fax: 03-6156 6000

Banting
Tel: 03-3187 7462/1330
Fax: 03-3187 0190

Dataran Mentari
Tel: 03-5622 2451/52
Fax: 03-5622 2450

Bestari Jaya
Tel: 03-3271 0378/0379
Fax: 03-3271 0376

Damansara Utama
Tel: 03-7726 3660/3662
Fax: 03-7726 3658

Kajang
Tel: 03-8736 0468, 8737 6272
Fax: 03-8736 7333

Kelana Jaya
Tel: 03-7803 4574, 7804 3508/3509
Fax: 03-7803 4781

PJ New Town
Tel : 03-7956 9077/9103
Fax : 03-7956 3146

PJ SS2
Tel: 03-7874 0042/0477
Fax: 03-7874 2517

Port Klang
Persiaran Raja Muda Musa
Tel: 03-3167 5442/0131
Fax: 03-3168 4664

Wisma Palmbase
Tel: 03-3371 7672/7698
Fax: 03-3371 8749

Puchong
Bandar Puteri
Tel: 03-8060 5944/6964
Fax: 03-8060 6532

Group Directory (Cont'd.)

Taman Kinrara
Tel: 03-8075 4461/4680/2478
Fax: 03-8070 3336

Setia Alam
Tel: 03-3343 7740/7758
Fax: 03-3343 7862

Rawang Country Homes
Tel: 03-6092 5732/5731
Fax: 03-6092 5735

Bandar Baru Rawang
Tel: 03-6091 6835/6837
Fax: 03-6091 8612

Semenyih
Tel: 03-8723 9609/9897
Fax: 03-8723 9571

Sepang
Tel: 03-3142 2171/2250
Fax: 03-3142 2170

Shah Alam
Section 13
Tel: 03-5519 5645/5691
Fax: 03-5510 2416

Section 15
Tel: 03-5512 2778/2860
Fax: 03-5510 6968

Seri Kembangan
Tel: 03-8942 5364/2093
Fax: 03-8942 5373

Subang Jaya
Tel: 03-5635 0093, 5636 4434
Fax: 03-5634 5088

Subang New Village
Tel: 03-7846 7052/7053
Fax: 03-7846 7364

Sungai Besar
Tel: 03-3224 1203/2128
Fax: 03-3224 2177

Tanjung Karang
Tel: 03-3269 5429/5727
Fax: 03-3269 8997

USJ Sentral
Tel: 03-8025 9390
Fax: 03-8025 9378

USJ Taipan
Tel: 03-5631 0878, 5636 8699
Fax: 03-5637 2899

Perak Darul Ridzuan

Ayer Tawar
Tel: 05-672 2201/3126
Fax: 05-672 2205

Bagan Serai
Tel: 05-721 1808/5805
Fax: 05-721 1392

Batu Gajah
Tel: 05-366 1372/1442
Fax: 05-366 5009

Bercham
Tel: 05-545 9695/9697
Fax: 05-545 9702

Ipoh Garden
Tel: 05-542 5100/5102
Fax: 05-546 1833

Ipoh
Jalan Yang Kalsom
Tel: 05-249 8546/8532
Fax: 05-255 7539

Kampar
Tel: 05-465 1964, 466 1067
Fax: 05-465 1534

Kuala Kangsar
Tel: 05-776 1186/1955
Fax: 05-776 4008

Kuala Sepetang
Tel: 05-858 1773
Fax: 05-858 1996

Langkap
Tel: 05-659 1227/2735
Fax: 05-659 2888

Menglembu
Tel: 05-281 0402/0403
Fax: 05-281 0408

Pangkor
Tel: 05-685 1051/2776
Fax: 05-685 2161

Parit Buntar
Tel: 05-716 2366/1732
Fax: 05-716 4287

Silibin
Tel: 05-527 7715/7716
Fax: 05-527 7719

Sitiawan
Tel: 05-691 2476/2496
Fax: 05-691 6935

Sungai Siput
Tel: 05-597 2357/2388
Fax: 05-597 2359

Taiping
Tel: 05-808 3108, 806 0613
Fax: 05-807 2108

Tanjung Malim
Tel: 05-459 0825/6649
Fax: 05-459 6371

Teluk Intan
Tel: 05-621 1008/7175
Fax: 05-621 2120

Pulau Pinang

Ayer Itam
Tel: 04-826 3015, 828 8566
Fax: 04-829 1414

Balik Pulau
Tel: 04-866 0863/8633
Fax: 04-866 8430

Bagan Ajam
Tel: 04-331 9020
Fax: 04-331 9024

Bandar Baru Ayer Itam
Tel: 04-828 1745/2850
Fax: 04-828 1985

Bayan Baru
Tel: 04-644 8142/8149
Fax: 04-644 8163

Bukit Mertajam
Tel: 04-530 2392/2393
Fax: 04-530 2395

Butterworth
Tel: 04-332 2901/2902
Fax: 04-332 4619

Gelugor
Tel: 04-657 1284/2148
Fax: 04-657 2004

Jelutong
Tel: 04-657 2339, 659 2410
Fax: 04-657 1644

Leboh Pantai
Tel: 04-263 2520/2523
Fax: 04-263 1468

Pulau Tikus
Tel: 04-229 8942/8943
Fax: 04-229 8945

Sungai Bakap
Tel: 04-582 2368/4579
Fax: 04-582 5827

Sungai Dua
Tel: 04-356 7691/1328
Fax: 04-356 1159

Tanjung Bungah
Tel: 04-890 4502/4628
Fax: 04-890 4690

Menara Liang Court
Tel: 04-226 3939
Fax: 04-226 1313

Seberang Jaya
Tel: 04-397 9569/9570
Fax: 04-397 9572

Kedah Darul Aman

Alor Setar
Tel: 04-730 1905, 731 1984
Fax: 04-731 3901

Jitra
Tel: 04-917 2910/5555
Fax: 04-917 2911

Kulim
Tel: 04-491 3666/3667
Fax: 04-490 0162

Langkawi
Tel: 04-966 3130/3133
Fax: 04-966 3129

Sungai Petani
Tel: 04-422 7980/7987
Fax: 04-422 8191

Perlis Indera Kayangan

Kangar
Tel: 04-976 9177/9190
Fax: 04-976 4217

Kelantan Darul Naim

Kota Bharu
Tel: 09-741 9508/9506
Fax: 09-747 9340

Pasir Mas
Tel: 09-790 0701/0702
Fax: 09-790 0703

Terengganu Darul Iman

Dungun
Tel: 09-848 5220/5221
Fax: 09-845 6220

Jerteh
Tel: 09-697 2511/2512
Fax: 09-697 2513

Kemaman
Tel: 09-859 2534
Fax: 09-859 4433

Kuala Terengganu
Tel: 09-624 9957/9958/
9959/9960
Fax: 09-624 9916

Pahang Darul Makmur

Bentong
Tel: 09-222 6850/3888
Fax: 09-222 4622

Jerantut
Tel: 09-266 3005/5005
Fax: 09-266 5046

Kuantan
Jalan Beserah
Tel: 09-560 1818/1830
Fax: 09-567 0695

Jalan Haji Abdul Aziz
Tel: 09-516 4389/2607
Fax: 09-555 3782

Mentakab
Tel: 09-277 1196/3028
Fax: 09-277 5427

Raub
Tel: 09-356 1850, 355 3166
Fax: 09-356 1852

Tanah Rata
Tel: 05-491 1088/1089
Fax: 05-491 1087

Temerloh
Tel: 09-290 1113/1128
Fax: 09-296 5889

Triang
Tel: 09-255 3124/3304
Fax: 09-255 3198

Negeri Sembilan Darul Khusus

Bahau
Tel: 06-455 3001/3002
Fax: 06-454 3998

Mantin
Tel: 06-758 3630/3631
Fax: 06-758 2251

Nilai
Tel: 06-794 0412, 06-794 0413, 06-794 0414
Fax: 06-794 0415

Port Dickson
Tel: 06-646 1013/1016
Fax: 06-647 4033

Rasah Jaya
Tel: 06-632 8462/8420
Fax: 06-632 8382

Seremban
Jalan Dato' Lee Fong Yee
Tel: 06-762 4463, 763 6988
Fax: 06-763 5905

Jalan Pasar
Tel: 06-764 7735/7734
Fax: 06-764 1537

Melaka

Ayer Keroh
Tel: 06-232 3146/3866
Fax: 06-232 3466

Jasin
Tel: 06-529 4361/4362
Fax: 06-529 4363

Jalan Munshi Abdullah
Tel: 06-282 8114, 286 6530/2870/2871
Fax: 06-283 6926

Tampin
Tel: 06-441 1330/3301
Fax: 06-441 4735

Taman Melaka Raya
Tel: 06-282 5785/5897
Fax: 06-282 5979

Bandar Utama Cheng
Tel: 06-335 6066
Fax: 06-335 1086

Johor Darul Takzim

Batu Pahat
Jalan Rugayah
Tel: 07-433 8431, 434 8550
Fax: 07-431 6214

Jalan Rahmat
Tel: 07-432 4208, 431 8218
Fax: 07-431 8961

Johor Bahru
Jalan Wong Ah Fook
Tel: 07-228 2200, 276 3355
Fax: 07-221 0663

Melodies Garden
Tel: 07-334 1061/1054
Fax: 07-334 1063

Metropolis Tower
Tel: 07-335 8905/0600
Fax: 07-335 0469

Bukit Indah
Tel: 07-235 4708/4722
Fax: 07-235 4834

Johor Jaya
Tel: 07-354 7033, 355 7759
Fax: 07-356 2624

Kluang
Tel: 07-776 2801
Fax: 07-771 9408

Kota Tinggi
Tel: 07-883 4978
Fax: 07-883 4507

Kulai
Tel: 07-663 4830/1567
Fax: 07-663 1155

Mersing
Tel: 07-799 4394/4397
Fax: 07-799 1336

Pasir Gudang
Tel: 07-251 0861/2916
Fax: 07-251 8908

Permas Jaya
Tel: 07-387 8977, 386 9842
Fax: 07-387 7748

Pontian
Tel: 07-687 3171/6388
Fax: 07-687 3067

Segamat
Tel: 07-931 9515/9941
Fax: 07-931 6159

Simpang Renggam
Tel: 07-755 6416/0733
Fax: 07-755 6417

Skudai
Tel: 07-556 8031/7259
Fax: 07-558 1927

Sungai Rengit
Tel: 07-826 3011/3013
Fax: 07-826 3359

Tampoi
Tel: 07-234 1216/1217
Fax: 07-234 1131

Tangkak
Tel: 07-978 1331/9519
Fax: 07-978 2144

Ulu Tiram
Tel: 07-867 1004, 867 1002
Fax: 07-867 1006

Yong Peng
Tel: 07-467 2499/3546
Fax: 07-467 2668

Muar
Tel: 06-954 0070/0071
Fax: 06-954 0076

Sabah

Bandar Pasaraya
Tel: 089-218 240, 213 419
Fax: 089-218 226

Inanam
Tel: 088-421 534
Fax: 088-428 830

Keningau
Tel: 087-333 745, 331 088
Fax: 087-331 818

Kota Kinabalu
Jalan Sagunting
Tel: 088-243 725, 246 112
Fax: 088-248 967

Luyang Commercial Centre
Tel: 088-280 164/160
Fax: 088-241 242

Kudat
Tel: 088-612 301, 613 255
Fax: 088-612 253

Lahad Datu
Tel: 089-881 561, 884 992
Fax: 089-881 778

Sandakan
Tel: 089-212 627, 215 322
Fax: 089-273 666

Tawau
Tel: 089-764 932/905, 770 430
Fax: 089-764 971

Sarawak

Bau
Tel: 082-762 319/325
Fax: 082-762 320

Bintulu
Tel: 086-337 164/290
Fax: 086-332 400

Kuching
Boulevard Shopping Mall
Tel: 082-460 354
Fax: 082-460 479

Jalan Abell
Tel: 082-244 608/604
Fax: 082-232 023

Jalan Haji Taha
Tel: 082-207 298, 236 610
Fax: 082-256 600

Jalan Penrissen
Tel: 082-455 560
Fax: 082-455 596

Tabuan Jaya
Tel: 082-360 644/740
Fax: 082-360 942

Marudi
Tel: 085-755 297/721
Fax: 085-755 788

Miri
Beautiful Jade Centre
Tel: 085-414 676
Fax: 085-419 676

Boulevard Centre
Tel: 085-437 908/909
Fax: 085-437 915

Sarikei
Tel: 084-655 776/777
Fax: 084-655 775

Serian
Tel: 082-875 157/158
Fax: 082-875 155

Sibu
Tanahmas
Tel: 084-322 766, 313 639
Fax: 084-318 786

Jalan Pedada
Tel: 084-337 791, 339 105
Fax: 084-337 736

Jalan Tuanku Osman
Tel: 084-348 746
Fax: 084-348 745

Sibu Jaya
Tel: 084-237 849, 236 978, 237 030
Fax: 084-237 927

Kuching Premier 101
Tel: 082-466 116
Fax: 082-466 106

Wilayah Persekutuan

Labuan
Tel: 087-417 891/898
Fax: 087-418 090

Group Directory (Cont'd.)

AmISLAMIC BANK BERHAD

HEAD OFFICE

Level 45, Menara AmBank
No. 8, Jalan Yap Kwan Seng
50400 Kuala Lumpur
Tel: 03-2167 3000
Fax: 03-2166 5664
Telex: MA 032355
Cable Address: AMBANK MAL
Website: www.amislamicbank.com.my
Contact Centre:
1300 80 8888 (Domestic)
or 603-2178 8888 (Overseas)

Branch Offices and Regional Offices are shared with AmBank (M) Berhad except the three AmIslamic Bank full fledged branches at Bandar Baru Bangi, Alamanda Shopping Complex and UIA – Gombak

BRANCH OFFICES

Selangor Darul Ehsan

Bandar Baru Bangi
Tel: 03-8925 1124/3313
Fax: 03-8925 2005

UIA - Gombak
Tel: 03-6185 6577
Fax: 03-6185 6584

Wilayah Persekutuan

Putrajaya
Alamanda Shopping Complex
Tel: 03-8888 3898
Fax: 03-8888 9352

ARAB-MALAYSIAN CREDIT BERHAD

HEAD OFFICE

Mezzanine Floor
No. 34, Jalan SS2/61
47300 Petaling Jaya, Selangor
Tel: 03-7874 1251/9459/9037
Fax: 03-7875 2381

AmLIFE INSURANCE BERHAD/ AmFAMILY TAKAFUL BERHAD

AmLIFE INSURANCE

HEAD OFFICE

9th Floor, Bangunan
AmAssurance
No. 1, Jalan Lumut
50400 Kuala Lumpur
Tel: 03-4047 8000
Fax: 03-4043 8680
Contact Centre: 1300 88 8800

AmFAMILY TAKAFUL

HEAD OFFICE

12th Floor, Bangunan
AmAssurance
No. 1, Jalan Lumut
50400 Kuala Lumpur
Tel: 03-4047 8000
Fax: 03-4043 2007
Contact Centre: 1300 22 9777

DIVISION BRANCH OFFICES

Wilayah Persekutuan

Kuala Lumpur
KL Main Branch
Tel: 03-4041 6959
Fax: 03-4045 4682

Selangor Darul Ehsan

Klang
Tel: 03-3344 8100
Fax: 03-3344 7524

Perak Darul Ridzuan

Ipoh
Tel: 05-254 0589, 255 8193
Fax: 05-241 3570

Pulau Pinang

Georgetown
Tel: 04-229 3611, 228 7270/7268
Fax: 04-228 4412

Kedah Darul Aman

Sungai Petani
Tel: 04-422 8819
Fax: 04-421 3528

Alor Setar
Tel: 04-734 6731, 735 4809
Fax: 04-735 4335

Kelantan Darul Naim

Kota Bharu
Tel: 09-747 0571/0569
Fax: 09-744 2342

Terengganu Darul Iman

Kuala Terengganu
Tel: 09-626 1605/4945
Fax: 09-631 7285

Pahang Darul Makmur

Kuantan
Tel: 09-566 2011
Fax: 09-567 9792

Negeri Sembilan Darul Khusus

Seremban
Tel: 06-767 2280
Fax: 06-767 2282

Melaka

Taman Melaka Raya
Tel: 06-281 3590
Fax: 06-281 3580

Johor Darul Takzim

Batu Pahat
Tel: 07-434 2985/2986
Fax: 07-434 3102

Johor Bahru
Tel: 07-333 2688
Fax: 07-334 4776

Sabah

Kota Kinabalu
Tel: 088-234 488
Fax: 088-241 686

Tawau
Tel: 089-760 151
Fax: 089-760 153

Sarawak

Kuching
Tel: 082-415 067
Fax: 082-236 418

Sibu
Tel: 084-313 901
Fax: 084-344 875

Miri
Tel: 085-415 526
Fax: 085-416 995

AmGENERAL INSURANCE BERHAD

(Formerly known as Kurnia Insurans (M) Berhad)

HEAD OFFICE

AmGeneral Insurance Berhad
Menara Kurnia
N0.9, Jalan PJS 8/9,
46150 Petaling Jaya,
P.O. Box 8607,
46792 Petaling Jaya,
Selangor Darul Ehsan,
Malaysia

Kurnia Insurans
Tel: 03-7875 3333
Fax: 03-7875 9933

AmAssurance
Tel: 1300 80 3030

BRANCH OFFICES

Wilayah Persekutuan

Kuala Lumpur
AmAssurance
Tel: 03-4047 8000
Fax: 03-4045 3520
Contact Centre: 1300 80 3030

Kurnia Insurans
Tel: 03-2693 2937
Fax: 03-2693 8431

Selangor Darul Ehsan

Kurnia Insurans
Tel: 03-2693 2937
Fax: 03-2693 8431

Klang
AmAssurance
Tel: 03-3344 7489
Fax: 03-3343 6331

Kurnia Insurans
Tel: 03-3341 0559
Fax: 03-3342 6890

Selangor Branch
Tel: 03-2148 1528
Fax: 03-2145 9949

Central Branch
Tel: 03-7875 3333
Fax: 03-7875 9933

Kepong Branch
Tel: 03-6257 7623
Fax: 03-6257 8249

Kajang Branch
Tel: 03-8737 9236
Fax: 03-8734 1467

Perak Darul Ridzuan

Ipoh
AmAssurance
Tel: 05-253 3493
Fax: 05-253 1650

Kurnia Insurans
Tel: 05-255 4097
Fax: 05-255 6020

Sitiawan
Tel: 05-691 0515
Fax: 05-691 2341

Taiping
Tel: 05-807 2254
Fax: 05-808 8922

Pulau Pinang

Butterworth
Tel: 04-397 5085
Fax: 04-397 8226

Penang Branch
AmAssurance
Tel: 04-226 3618
Fax: 04-221 3886

Kurnia Insurans
Tel: 04-229 7181
Fax: 04-228 9191

Kedah Darul Aman

Alor Setar
AmAssurance
Tel: 04-733 7898
Fax: 04-732 4606

Kurnia Insurans
Tel: 04-731 1320
Fax: 04-731 0888

Sungai Petani
AmAssurance
Tel: 04-421 7177
Fax: 04-423 8528

Kurnia Insurans
Tel: 04-442 8218
Fax: 04-442 8217

Perlis Indera Kayangan

Kangar
Tel: 04-976 8905
Fax : 04-977 3636

Kelantan Darul Naim

Kota Bharu
AmAssurance
Tel: 09-747 0042
Fax: 09-747 0046

Kurnia Insurans
Tel: 09-744 3312
Fax: 09-744 9633

Terengganu Darul Iman

Kuala Terengganu
AmAssurance
Tel: 09-624 2388
Fax: 09-624 2364

Kurnia Insurans
Tel: 09-624 6561
Fax: 09-624 6531

Pahang Darul Makmur

Kuantan
AmAssurance
Tel: 09-566 3012
Fax: 09-566 5785

Kurnia Insurans
Tel: 09-566 4527
Fax: 09-566 1164

Temerloh
Tel: 09-296 0933
Fax: 09-296 6933

Negeri Sembilan Darul Khusus

Seremban
AmAssurance
Tel: 06-767 1181
Fax: 06-767 1171

Kurnia Insurans
Tel: 06-767 2158
Fax: 06-763 8462

Melaka
AmAssurance
Tel: 06-283 4324
Fax: 06-282 2122

Kurnia Insurans
Tel: 06-281 3707
Fax: 06-288 3090

Johor Darul Takzim

Batu Pahat
AmAssurance
Tel: 07-432 7219
Fax: 07-432 7224

Kurnia Insurans
Tel: 07-432 6199
Fax: 07-432 5396

Johor Bahru
AmAssurance
Tel: 07-334 2616
Fax: 07-334 7620

Kurnia Insurans
Tel: 07-238 9872
Fax: 07-238 7625

Johor Jaya
Tel: 07-355 2970
Fax: 07-358 4754

Kluang
AmAssurance
Tel: 07-776 6717
Fax: 07-776 5814

Kurnia Insurans
Tel: 07-772 2182
Fax: 07-773 3993

Sabah

Kota Kinabalu
AmAssurance
Tel: 088-240 480
Fax : 088-240 489

Kurnia Insurans
Tel: 088-232 200
Fax: 088-232 204

Tawau
AmAssurance
Tel: 089-762 151
Fax: 089-762 153

Kurnia Insurans
Tel: 089-762 633
Fax: 089-762 533

Sarawak

Kuching
AmAssurance
Tel: 082-415 296
Fax: 082-428 537

Kurnia Insurans
Tel: 082-247 288
Fax: 082-422 914

Miri
AmAssurance
Tel: 085-422 275
Fax: 085-416 995

Kurnia Insurans
Tel: 085-420 102
Fax: 085-420 924

Sibu
AmAssurance
Tel: 084-310 930
Fax: 084-317 302

Kurnia Insurans
Tel: 084-348 333
Fax: 084-317 766

AmINVESTMENT SERVICES BERHAD

9th Floor
Bangunan AmBank Group
No. 55, Jalan Raja Chulan
50200 Kuala Lumpur
Tel: 03-2032 2888
Fax: 03-2031 5210

AmINVESTMENT MANAGEMENT SDN BHD

9th & 10th Floor
Bangunan AmBank Group
No. 55, Jalan Raja Chulan
50200 Kuala Lumpur
Tel: 03-2032 2888
Fax: 03-2031 5210

AmISLAMIC FUNDS MANAGEMENT SDN BHD

9th & 10th Floor
Bangunan AmBank Group
No. 55, Jalan Raja Chulan
50200 Kuala Lumpur
Tel: 03-2032 2888
Fax: 03-2031 5210

AmFUTURES SDN BHD

15th Floor
Bangunan AmBank Group
No. 55, Jalan Raja Chulan
50200 Kuala Lumpur
Tel: 03-9235 3235/3223
Fax: 03-2032 3221

AmINTERNATIONAL (L) LTD/ AmBANK (M) BERHAD, LABUAN OFFSHORE BRANCH

HEAD OFFICE
Level 12(B)
Block 4 Office Tower
Financial Park Labuan Complex
Jalan Merdeka
87000 Federal Territory of Labuan
Tel: 087-413 133, 439 399
Fax: 087-425 211, 439 395

MARKETING OFFICE

Wilayah Persekutuan

Kuala Lumpur
24th Floor
Bangunan AmBank Group
No. 55, Jalan Raja Chulan
50200 Kuala Lumpur
Tel: 03-2031 7899
Fax: 03-2031 7909

Am ARA REIT MANAGERS SDN BHD

Penthouse
Menara AmFIRST
No.1, Jalan 19/3
46300 Petaling Jaya
Selangor Darul Ehsan
Tel: 03-7955 8780/82
Fax: 03-7955 8380
Website: www.amfirstreit.com.my

AmTRUSTEE BERHAD

15th Floor
Menara AmFIRST
No. 1, Jalan 19/3
46300 Petaling Jaya, Selangor
Tel: 03-7954 6862
Fax: 03-7954 6595
Email: amtrustee@ambankgroup.com

AmRESEARCH SDN BHD

15th Floor
Bangunan AmBank Group
No. 55, Jalan Raja Chulan
50200 Kuala Lumpur
Tel: 03-2036 2633
Fax: 03-2078 3162

PT. AmCAPITAL INDONESIA

Wisma GKBI, 5th Floor,
Suite 501, Jl. Jendral Sudirman,
No. 28, Jakarta 10210, Indonesia
Tel: 62-21-574 2310
Fax: 62-21-571 3706

AmFRASER SECURITIES PTE LTD

4 Shenton Way
#13-01 SGX Centre 2
Singapore 068807
Tel: 02-6535 9455
Fax: 02-6534 4826

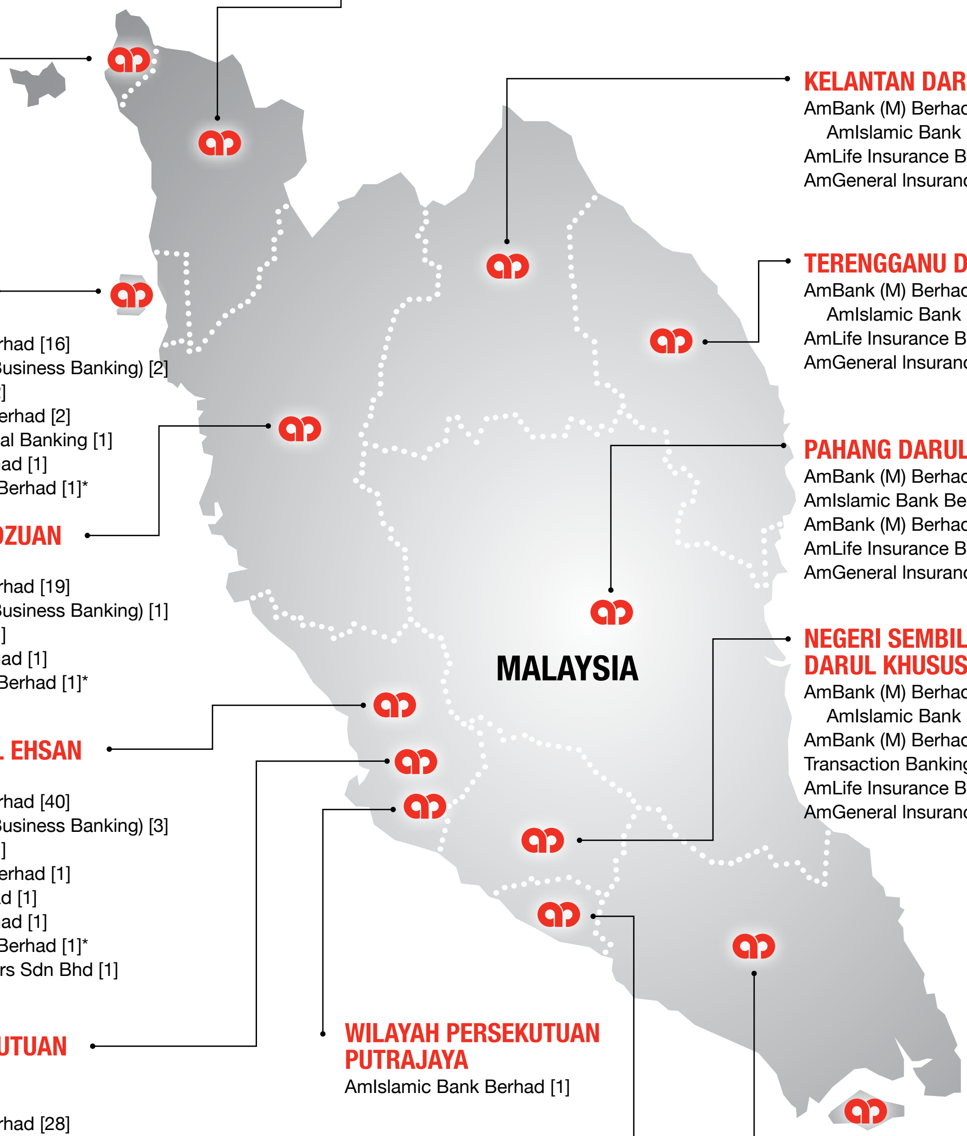
AmCAPITAL (B) SDN BHD

Ground Floor
Dar Takaful IBB Utama
Jalan Pemancha
Bandar Seri Begawan BS8711
Brunei Darussalam
Tel: +673 2232 860
Fax: +673 2232 865

Group Branch Network

PERLIS INDERA KAYANGAN
AmBank (M) Berhad/
AmIslamic Bank Berhad [1]
AmGeneral Insurance Berhad [1]*

KEDAH DARUL AMAN
AmBank (M) Berhad/
AmIslamic Bank Berhad [5]
AmLife Insurance Berhad [2]
AmGeneral Insurance Berhad [2]*



KELANTAN DARUL NAIM
AmBank (M) Berhad/
AmIslamic Bank Berhad [2]
AmLife Insurance Berhad [1]
AmGeneral Insurance Berhad [1]*

PULAU PINANG
AmBank (M) Berhad/
AmIslamic Bank Berhad [16]
AmBank (M) Berhad (Business Banking) [2]
Transaction Banking [2]
AmInvestment Bank Berhad [2]
Corporate & Institutional Banking [1]
AmLife Insurance Berhad [1]
AmGeneral Insurance Berhad [1]*

TERENGGANU DARUL IMAN
AmBank (M) Berhad/
AmIslamic Bank Berhad [4]
AmLife Insurance Berhad [1]
AmGeneral Insurance Berhad [1]*

PERAK DARUL RIDZUAN
AmBank (M) Berhad/
AmIslamic Bank Berhad [19]
AmBank (M) Berhad (Business Banking) [1]
Transaction Banking [1]
AmLife Insurance Berhad [1]
AmGeneral Insurance Berhad [1]*

PAHANG DARUL MAKMUR
AmBank (M) Berhad/
AmIslamic Bank Berhad [9]
AmBank (M) Berhad (Business Banking) [1]
AmLife Insurance Berhad [1]
AmGeneral Insurance Berhad [1]*

SELANGOR DARUL EHSAN
AmBank (M) Berhad/
AmIslamic Bank Berhad [40]
AmBank (M) Berhad (Business Banking) [3]
Transaction Banking [1]
AmInvestment Bank Berhad [1]
AmIslamic Bank Berhad [1]
AmLife Insurance Berhad [1]
AmGeneral Insurance Berhad [1]*
Am ARA REIT Managers Sdn Bhd [1]
AmTrustee Berhad [1]

NEGERI SEMBILAN DARUL KHUSUS
AmBank (M) Berhad/
AmIslamic Bank Berhad [7]
AmBank (M) Berhad (Business Banking) [1]
Transaction Banking [1]
AmLife Insurance Berhad [1]
AmGeneral Insurance Berhad [1]*

WILAYAH PERSEKUTUAN KUALA LUMPUR
AmBank (M) Berhad/
AmIslamic Bank Berhad [28]
AmBank (M) Berhad (Business Banking) [1]
Transaction Banking [2]
AmInvestment Bank Berhad [1]
Corporate & Institutional Banking [1]
AmFutures Sdn Bhd [1]
AmLife Insurance Berhad [2]
AmGeneral Insurance Berhad [1]*
AmFamily Takaful Berhad [1]
AmInvestment Services Berhad [1]
AmInvestment Management Sdn Bhd [1]
AmIslamic Funds Management Sdn Bhd [1]
Arab-Malaysian Credit Berhad [1]
AmInternational (L) Ltd [1]
AmResearch Sdn Bhd [1]

WILAYAH PERSEKUTUAN PUTRAJAYA
AmIslamic Bank Berhad [1]

SINGAPORE
AmFraser Securities Pte Ltd

MELAKA
AmBank (M) Berhad/
AmIslamic Bank Berhad [6]
AmBank (M) Berhad (Business Banking) [1]
Transaction Banking [1]
AmLife Insurance Berhad [1]
AmGeneral Insurance Berhad [1]*

JOHOR DARUL TAKZIM
AmBank (M) Berhad/
AmIslamic Bank Berhad [23]
AmBank (M) Berhad (Business Banking) [5]
Transaction Banking [3]
AmInvestment Bank Berhad [2]
Corporate & Institutional Banking [1]
AmLife Insurance Berhad [2]
AmGeneral Insurance Berhad [3]*

*AmGeneral Insurance Berhad branches operate under the brand names of AmAssurance/Kurnia Insurans

SABAH
AmBank (M) Berhad/
AmIslamic Bank Berhad [9]
AmBank (M) Berhad (Business Banking) [2]
Transaction Banking [1]
AmInvestment Bank Berhad [1]
Corporate & Institutional Banking [1]
AmLife Insurance Berhad [2]
AmGeneral Insurance Berhad [2]*

WILAYAH PERSEKUTUAN LABUAN
AmBank (M) Berhad/
AmIslamic Bank Berhad [1]
Corporate & Institutional Banking [1]
AmInternational (L) Ltd [1]
AmBank (M) Berhad, Labuan Offshore Branch [1]

BRUNEI DARUSSALAM
AmCapital (B) Sdn Bhd

SARAWAK
AmBank (M) Berhad/
AmIslamic Bank Berhad [17]
AmBank (M) Berhad (Business Banking) [4]
Transaction Banking [3]
AmInvestment Bank Berhad [1]
Corporate & Institutional Banking [1]
AmLife Insurance Berhad [3]
AmGeneral Insurance Berhad [3]*

INDONESIA
PT. AmCapital Indonesia
PT. AMCI Manajemen Investasi Indonesia

AmGeneral Insurance Berhad branches operate under the brand names of AmAssurance/Kurnia Insurans

Leading the Way in Risk Management Solutions.

- **Best Risk Management Solution, Malaysia** The Asset Triple A Transaction Banking Awards 2013
- **Best Service Provider – Risk Management, Malaysia** The Asset Triple A Transaction Banking Awards 2013

After our inaugural win of the Best FX (Foreign Exchange) Bank for Corporations & Financial Institutions Award at the Annual Alpha Southeast Asia Best Financial Institution Awards 2012, AmBank Group, Markets Division has once again demonstrated its ability to be a leading provider in the risk management solutions industry.

Thank you to all our clients and partners for your continued trust in us. We will strive further to create innovative and competitive solutions to meet your financial goals.

ambankgroup.com

AmBank Group

Form of Proxy

AmBank Group
AMMB Holdings Berhad
(223035-V) (Incorporated in Malaysia)

CDS ACCOUNT NO. OF AUTHORISED NOMINEE * ______________________

I/We ______________________ FULL NAME IN CAPITAL LETTERS
Company No./NRIC No. ______________ NEW ______________ OLD
of ______________________ FULL ADDRESS
being a member of the above Company, hereby appoint ______________________
NRIC No. ______________ NEW ______________ OLD
or failing him/her ______________________
NRIC No. ______________ NEW ______________ OLD or failing him/her, THE CHAIRMAN OF THE MEETING, as my/our proxy to vote for me/us and on my/our behalf at the Twenty-Second Annual General Meeting of the Company to be held at Manhattan II, Level 14, Berjaya Times Square Hotel Kuala Lumpur, No. 1 Jalan Imbi, 55100 Kuala Lumpur on Thursday, 22 August 2013 at 10.00 a.m. or at any adjournment thereof, as indicated below:

No.	Resolution	For	Against
	Ordinary Business		
1.	Approve a final single tier dividend of 15% for the financial year ended 31 March 2013.		
2.	Approve the payment of Directors' fees of RM980,343.00 for the financial year ended 31 March 2013.		
3.	Re-elect Y Bhg Tan Sri Datuk Dr Aris Osman @ Othman as Director under Article 89.		
4.	Re-elect Y Bhg Dato' Rohana Mahmood as Director under Article 89.		
5.	Re-elect Mr Gilles Planté as Director under Article 97.		
6.	Re-elect Mr Shayne Cary Elliott as Director under Article 97.		
7.	Re-appoint Y Bhg Tan Sri Azman Hashim pursuant to Section 129 of the Companies Act, 1965.		
8.	Re-appoint Y Bhg Dato' Azlan Hashim pursuant to Section 129 of the Companies Act, 1965.		
9.	Re-appoint Y A Bhg Tun Mohammed Hanif bin Omar pursuant to Section 129 of the Companies Act, 1965.		
10.	Re-appoint Y Bhg Tan Sri Datuk Clifford Francis Herbert pursuant to Section 129 of the Companies Act, 1965.		
11.	Re-appoint Messrs Ernst & Young, the retiring Auditors, and to authorise the Directors to determine their remuneration.		
	Special Business		
12.	Proposed Renewal of the Authority to Allot and Issue New Ordinary Shares in the Company, Pursuant to the Company's Executives' Share Scheme.		
13.	Proposed Renewal of the Authority to Allot and Issue New Ordinary Shares in the Company to Mr Ashok Ramamurthy, the Group Managing Director of the Company, Pursuant to the Company's Executives' Share Scheme.		
14.	Proposed Renewal of the Authority to Allot and Issue New Ordinary Shares in the Company, for the Purpose of the Company's Dividend Reinvestment Plan.		
15.	Authorise the Directors to issue shares pursuant to Section 132D of the Companies Act, 1965.		

Please indicate with an "X" in the spaces above how you wish your vote to be cast. In the absence of specific directions, your proxy will vote or abstain as he/she thinks fit.

Dated this ________ day of ______________ 2013.

____
Signature of Member/Common Seal

No. of Shares Held ______________________

Tel: ______________ (O/H) ______________ (H/P)

For appointment of two proxies, percentage of shareholdings to be represented by the proxies:

	NO. OF SHARES	PERCENTAGE
PROXY 1		
PROXY 2		
TOTAL		100%

Notes:

(1) A member of the Company entitled to attend and vote at the Annual General Meeting ("AGM") is entitled to appoint not more than two (2) proxies to attend and vote instead of him. Where a member appoints two (2) proxies, the appointments shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.

(2) A proxy need not be a member of the Company. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at the AGM shall have the same rights as the member to speak at the AGM.

(3) Where a member of the Company is an authorised nominee as defined in the Securities Industry (Central Depositories) Act, 1991 ("SICDA"), it may appoint not more than two (2) proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account. The appointments shall be invalid unless the proportion of shareholdings to be represented by each proxy are specified in the instrument appointing the proxies.

(4) Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under the SICDA which is exempted from compliance with the provisions of subsection 25A(1) of SICDA. The appointments shall be invalid unless the proportion of shareholdings to be represented by each proxy are specified in the instrument appointing the proxies.

(5) The instrument appointing a proxy in the case of an individual shall be signed by the appointor or of his attorney duly authorised in writing or, in the case of a corporation, the instrument appointing a proxy or proxies must be under seal or under the hand of an officer or attorney duly authorised.

(6) The instrument appointing a proxy must be deposited at the office of the Company's Share Registrar, Symphony Share Registrars Sdn Bhd at Level 6, Symphony House, Block D13, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan, Malaysia not less than forty-eight (48) hours before the time appointed for holding the AGM or any adjournment thereof.

(7) Only Members whose names appear on the general meeting Record of Depositors of the Company as at 15 August 2013 shall be eligible to attend the AGM.

* Applicable to shares held through a nominee account.

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AFFIX
STAMP

The Share Registrar
Symphony Share Registrars Sdn Bhd
Level 6, Symphony House
Block D13, Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor Darul Ehsan
Malaysia

Please fold here to seal

AMMB Holdings Berhad
(223035-V) (Incorporated in Malaysia)

22nd Floor, Bangunan AmBank Group
No. 55, Jalan Raja Chulan
50200 Kuala Lumpur, Malaysia
Tel: 603-2036 2633
Fax: 603-2032 1914

ambankgroup.com