

AMMB HOLDINGS BERHAD
(223035-V) (Incorporated in Malaysia)
and its subsidiary companies
UNAUDITED CONSOLIDATED BALANCE SHEET
AS AT 30 SEPTEMBER 2009

	Note	The Group	
		30.9.09 RM'000	31.3.09 RM'000
ASSETS			
Cash and short-term funds		12,259,428	17,186,941
Securities purchased under resale agreements		60,302	16,807
Deposits and placements with banks and other financial institutions		2,532,627	46,026
Securities held-for-trading	A8	2,592,190	1,399,873
Securities available-for-sale	A9	6,738,757	6,626,054
Securities held-to-maturity	A10	676,747	780,209
Loans, advances and financing	A11	60,437,251	56,947,831
Derivative financial assets		371,543	482,933
Other assets	A12	2,005,751	1,490,006
Statutory deposits with Bank Negara Malaysia		129,551	517,578
Investments in jointly controlled company		120	380
Investments in associate		1,301	1,301
Prepaid land lease payments		6,429	6,646
Property and equipment		243,625	228,399
Life fund assets		2,343,500	2,006,799
Deferred tax assets		247,841	346,997
Intangible assets		1,807,917	1,808,101
TOTAL ASSETS		92,454,880	89,892,881
LIABILITIES AND EQUITY			
Deposits from customers	A13	65,302,087	64,131,506
Deposits and placements of banks and other financial institutions	A14	5,622,909	6,135,409
Obligations on securities sold under repurchase agreements		24,732	-
Bills and acceptances payable		1,738,476	2,120,247
Recourse obligations on loans sold to Cagamas Berhad		145,324	155,037
Derivative financial liabilities		445,780	587,763
Other liabilities	A15	3,374,724	2,645,892
Term loans		502,643	351,859
Unsecured bonds		515,000	1,090,000
Medium term notes		1,460,000	1,460,000
Hybrid capital		743,425	803,691
Capital securities		985,000	500,000
Life fund liabilities		258,379	222,160
Life policyholder funds		2,085,121	1,784,639
Total Liabilities		83,203,600	81,988,203
Share capital		3,014,185	2,722,970
Reserves		6,046,961	5,006,246
Equity attributable to equity holders of the Company		9,061,146	7,729,216
Minority interests		190,134	175,462
Total Equity		9,251,280	7,904,678
TOTAL LIABILITIES AND EQUITY		92,454,880	89,892,881

AMMB HOLDINGS BERHAD
(223035-V) (Incorporated in Malaysia)
and its subsidiary companies
UNAUDITED CONSOLIDATED BALANCE SHEET
AS AT 30 SEPTEMBER 2009 (CONTD.)

	Note	The Group	
		30.9.09 RM'000	31.3.09 RM'000
COMMITMENTS AND CONTINGENCIES	A26	59,247,196	49,911,642
CAPITAL ADEQUACY RATIO	A30		
Before deducting proposed dividends:			
Core capital ratio		10.11%	9.74%
Risk-weighted capital ratio		15.65%	15.16%
After deducting proposed dividends:			
Core capital ratio		10.11%	9.74%
Risk-weighted capital ratio		15.65%	15.16%
NET ASSETS PER ORDINARY SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY (RM)		3.01	2.84

The Consolidated Balance Sheet should be read in conjunction with the Annual Financial Report for the year ended 31 March 2009.

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

UNAUDITED CONSOLIDATED INCOME STATEMENTS
FOR THE FINANCIAL QUARTER ENDED 30 SEPTEMBER 2009

The Group	Note	Individual Quarter		Cumulative Quarter	
		30.9.09 RM'000	30.9.08 RM'000	30.9.09 RM'000	30.9.08 RM'000
Revenue		1,589,770	1,459,200	3,177,603	2,870,990
Interest income	A16	888,061	958,228	1,764,283	1,910,627
Interest expense	A17	(435,494)	(499,866)	(892,595)	(1,021,606)
Net interest income		452,567	458,362	871,688	889,021
Net income from Islamic banking business		168,635	147,345	402,961	272,059
Net income from insurance business	A18	30,091	35,966	53,845	53,518
Income from insurance business	A18a	127,984	129,532	254,036	255,816
Insurance claims and commissions	A18b	(97,893)	(93,566)	(200,191)	(202,298)
Other operating income	A19	194,736	31,883	405,688	138,379
Share in results of jointly controlled company		(170)	-	(260)	-
Net income		845,859	673,556	1,733,922	1,352,977
Other operating expenses	A20	(341,504)	(313,163)	(693,849)	(631,002)
Operating profit		504,355	360,393	1,040,073	721,975
Allowance for losses on loans and financing	A21	(142,052)	(25,880)	(278,916)	(78,694)
Impairment loss on securities		(36,543)	(8,639)	(78,154)	(35,081)
Transfer (to)/from profit equalisation reserve		1,879	740	(53)	6,805
Writeback/(allowance) for doubtful sundry receivables - net		1,870	501	841	(825)
Provision for foreclosed properties		(109)	-	(543)	-
Writeback/(provision) for commitments and contingencies		8,232	(1,410)	7,863	(14,842)
Profit before taxation and zakat		337,632	325,705	691,111	599,338
Taxation and zakat	B5	(90,143)	(90,624)	(178,131)	(160,111)
Profit for the period		247,489	235,081	512,980	439,227
Attributable to:					
Equity holders of the Company		240,158	230,129	498,395	433,043
Minority interests		7,331	4,952	14,585	6,184
Profit for the period		247,489	235,081	512,980	439,227
EARNINGS PER SHARE (SEN)	B13				
Basic		8.32	8.45	17.77	15.90

The Consolidated Income Statements should be read in conjunction with the Annual Financial Report for the year ended 31 March 2009

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

UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL QUARTER ENDED 30 SEPTEMBER 2009

	Attributable to Equity Holders of the Company						Total RM'000	Minority interests RM'000	Total equity RM'000
	Non- Distributable					Distributable			
	Ordinary share capital RM'000	Share premium RM'000	Statutory reserve RM'000	Available-for- sale reserve RM'000	Exchange fluctuation reserve RM'000	Unappropriated profits RM'000			
The Group									
At 1 April 2008	2,722,970	1,986,857	1,245,433	42,900	8,166	1,163,267	7,169,593	84,352	7,253,945
Net unrealised loss on revaluation of securities available-for-sale	-	-	-	(215,108)	-	-	(215,108)	-	(215,108)
Expenses relating to Rights Issue	-	(21)	-	-	-	-	(21)	-	(21)
Exchange fluctuation adjustments	-	-	-	-	13,687	-	13,687	-	13,687
Net (expense)/income recognised directly in equity	-	(21)	-	(215,108)	13,687	-	(201,442)	-	(201,442)
Profit for the period	-	-	-	-	-	433,043	433,043	6,184	439,227
Total recognised net (expense)/ income for the period	-	(21)	-	(215,108)	13,687	433,043	231,601	6,184	237,785
Arising from subscription for shares in AmPrivate Equity Sdn Bhd	-	-	-	-	-	-	-	200	200
Dividend paid	-	-	-	-	-	-	-	-	-
At 30 September 2008	2,722,970	1,986,836	1,245,433	(172,208)	21,853	1,596,310	7,401,194	90,736	7,491,930

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

UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL QUARTER ENDED 30 SEPTEMBER 2009

The Group	Attributable to Equity Holders of the Company											
	Non-Distributable							Distributable				
	Ordinary share capital RM'000	Share premium RM'000	Statutory reserve RM'000	Available-for-sale reserve RM'000	Cash flow hedging reserve RM'000	Employees' Share Scheme Reserve RM'000	Shares held in trust for ESS RM'000	Exchange fluctuation reserve RM'000	Unappropriated profits RM'000	Total RM'000	Minority interests RM'000	Total equity RM'000
At 1 April 2009												
As previously stated	2,722,970	1,986,836	1,323,767	(41,744)	(91,486)	-	(7,064)	19,591	1,823,223	7,736,093	175,462	7,911,555
Prior year adjustments	-	-	-	-	-	-	-	-	(6,877)	(6,877)	-	(6,877)
At 1 April 2009 (restated)	2,722,970	1,986,836	1,323,767	(41,744)	(91,486)	-	(7,064)	19,591	1,816,346	7,729,216	175,462	7,904,678
Net unrealised gain on revaluation of securities available-for-sale	-	-	-	116,639	-	-	-	-	-	116,639	-	116,639
Unrealised net gain on cashflow hedge	-	-	-	-	49,737	-	-	-	-	49,737	-	49,737
Transfer from unappropriated profits	-	-	62,118	-	-	-	-	-	(62,118)	-	-	-
Exchange fluctuation adjustments	-	-	-	-	-	-	-	3,349	-	3,349	-	3,349
Net income recognised directly in equity	-	-	62,118	116,639	49,737	-	-	3,349	(62,118)	169,725	-	169,725
Profit for the period	-	-	-	-	-	-	-	-	498,395	498,395	14,585	512,980
Total recognised net income for the period	-	-	62,118	116,639	49,737	-	-	3,349	436,277	668,120	14,585	682,705
Issue of ordinary share capital pursuant to:-												
conversion of unsecured exchangeable bonds	194,915	380,085	-	-	-	-	-	-	-	575,000	-	575,000
special issue shares to eligible Bumiputera	96,300	170,451	-	-	-	-	-	-	-	266,751	-	266,751
Purchased of shares pursuant to Executives' Share Scheme ("ESS")	-	-	-	-	-	-	(10,477)	-	-	(10,477)	-	(10,477)
Arising from acquisition and redemption of shares in AmPrivate Equity Sdn Bhd	-	-	-	-	-	-	-	-	-	-	87	87
Share-based payment under Employees' Share Scheme	-	-	-	-	-	7,609	-	-	-	7,609	-	7,609
Dividend paid	-	-	-	-	-	-	-	-	(175,073)	(175,073)	-	(175,073)
At 30 September 2009	3,014,185	2,537,372	1,385,885	74,895	(41,749)	7,609	(17,541)	22,940	2,077,550	9,061,146	190,134	9,251,280

The Consolidated Statements of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 31 March 2009.

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

AUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENTS
FOR THE FINANCIAL QUARTER ENDED 30 SEPTEMBER 2009

The Group	30.9.09	30.9.08
	RM'000	RM'000
Profit before taxation	691,111	599,338
Add adjustments for non-operating and non-cash items	322,222	306,003
Operating profit before working capital	1,013,333	905,341
(Increase)/decrease in operating assets	(7,496,482)	3,583,510
Increase/(decrease) in operating liabilities	1,017,522	(152,214)
Cash (used in)/generated from operations	(5,465,627)	4,336,637
Taxation paid	(29,624)	(27,833)
Net cash (used in)/generated from operating activities	(5,495,251)	4,308,804
Net cash generated from/(used in) investing activities	407,147	(4,519,662)
Net cash generated from/(used in) financing activities	130,559	(519,800)
Net decrease in cash and cash equivalents	(4,957,545)	(730,658)
Cash and cash equivalents at beginning of period	16,965,886	10,659,464
Cash and cash equivalents at end of period	12,008,341	9,928,806

For the purpose of the cash flow statements, cash and cash equivalents consist of cash and short-term funds, excluding deposits and monies held in trust, net of bank overdrafts. Cash and cash equivalents included in the cash flow statements comprise the following balance sheet amounts:

The Group	30.9.09	30.9.08
	RM'000	RM'000
Cash and short-term funds	12,259,428	10,141,205
Bank overdrafts	-	(491)
	12,259,428	10,140,714
Less: Cash and bank balances and deposits held in trust	(251,303)	(212,764)
	12,008,125	9,927,950
Effect of exchange rates changes	216	856
Cash and cash equivalents	12,008,341	9,928,806

The Condensed Consolidated Cash Flow Statements should be read in conjunction with the Annual Financial Report for the year ended 31 March 2009.

EXPLANATORY NOTES :

A1. BASIS OF PREPARATION

The interim financial statements have been prepared in accordance with Financial Reporting Standard ("FRS") 134 Interim Financial Reporting issued by Malaysian Accounting Standards Board ("MASB") and should be read in conjunction with the Annual Financial Statements for the year ended 31 March 2009.

The accounting policies and methods of computation applied in the unaudited condensed interim financial statements are consistent with those adopted in the previous audited annual financial statements.

During the financial period, MASB

- (a) announced the issuance of revised Standards, amendments to FRSs, together with the issuance of new Interpretations and Technical Release as follows:

FRS 123	Borrowing costs
Amendments to FRS 2	Share-based Payment: Vesting Conditions and Cancellation
Amendments to FRS 1	First-time adoption of Financial Reporting Standards and FRS 127 Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
Amendments to FRS 132	Financial Instruments: Presentation
Amendments to FRS 139	Financial Instruments: Recognition and Measurement, FRS 7 Financial Instruments: Disclosure and IC Interpretation 9 Reassessment of Embedded Derivatives
Amendments to FRSs contained in the document entitled "Improvements to FRSs (2009)"	
IC Interpretation 11 FRS 2	Group and Treasury Share Transactions
IC Interpretation 13	Customer Loyalty Programmes
IC Interpretation 14 FRS 119	The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

- (b) withdrawal of FRS *i-1* ²⁰⁰⁴ Presentation of Financial Statements of Islamic Financial Institutions (for application for financial statements with annual periods beginning on or after 1 January 2010)

- (c) announced the issuance of TR *i-3* Presentation of Financial Statements of Islamic Financial Institutions and SOP *i-1* Financial Reporting from an Islamic Perspective

The Group and the Company have not early adopted the above revised FRS, limited amendments and IC Interpretations which are effective from 1 January 2010.

The specific and general allowances for loans, advances and financing of the Group are computed based on BNM's guidelines on the "Classification of Non-Performing Loans and Provisions for Substandard, Bad and Doubtful Debts" ("BNM/GP3") requirements. However, the Group has adopted a more stringent classification policy on non-performing loans, whereby loans are classified as non-performing and sub-standard when repayments are in arrears for more than three (3) months from the first day of default or after maturity date.

A1. BASIS OF PREPARATION (CONTD.)

Consistent with previous year, the Group has adopted a more stringent basis for specific allowances on non-performing loans as follows:

- (i) Values assigned to collateral held for non-performing loans secured by properties is determined based on the realisable values of the properties on the following basis:
 - (a) assigning only fifty percent (50%) of the realisable value of the properties held as collateral for non-performing loans which are in arrears for more than five (5) years but less than seven (7) years; and
 - (b) no value assigned to the realisable value of the properties held as collateral for non-performing loans which are in arrears for more than seven (7) years.
- (ii) Specific allowance of 20% is provided on non-performing loans which are four (4) to less than six (6) months-in-arrears.

A2. AUDIT QUALIFICATION

There were no audit qualification in the annual financial statements for the year ended 31 March 2009.

A3. SEASONALITY OR CYCLICALITY OF OPERATIONS

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

A4. UNUSUAL ITEMS

There were no unusual items during the current financial quarter.

A5. USE OF ESTIMATES

There was no material change in estimates of amounts reported in the prior financial years that have a material effect on the financial period ended 30 September 2009.

A6. ISSUANCE, CANCELLATIONS, REPURCHASES, RESALE AND REPAYMENT OF DEBT AND EQUITY SECURITIES

The Company has not issued any new shares and debentures during the financial quarter except for the following:

- (i) issuance of 96,300,000 new ordinary shares of RM1.00 each pursuant to Bumiputera issue exercise; and
- (ii) issuance of 194,915,254 new ordinary shares of RM1.00 each pursuant to exchange of RM575.0 million nominal value of 10-year unsecured subordinated exchangeable bonds by ANZ Funds Pty Ltd.

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

A7. DIVIDENDS PAID

During the financial period ended 30 September 2009, a first and final dividend of 8.0%, less tax, amounting to RM175,073,091 for the financial year ended 31 March 2009 was paid on 4 September 2009 to shareholders whose names appear in the record of Depositors on 21 August 2009.

A8. SECURITIES HELD-FOR-TRADING

	The Group	
	30.9.09 RM'000	31.3.09 RM'000
At Fair Value		
Money Market Securities:		
Treasury bills	24,689	-
Islamic Treasury bills	706	-
Malaysian Government Securities	793,896	999,652
Malaysian Government Investment Certificates	306,847	4,065
Bank Negara Malaysia Monetary Notes	563,210	-
Negotiable Islamic Debt Certificates	49,984	-
Islamic Khazanah bonds	3,460	991
	1,742,792	1,004,708
Securities Quoted:		
In Malaysia:		
Shares	68,910	28,164
Warrants	5,705	-
Trust units	22,924	2,923
Outside Malaysia:		
Shares	169	1,668
	97,708	32,755
Unquoted Private Debt Securities Of Companies		
Incorporated:		
In Malaysia:		
Corporate notes	437,060	98,438
Islamic corporate bonds	45,438	-
Islamic corporate notes	256,872	248,567
Outside Malaysia:		
Corporate bonds	12,320	15,405
	751,690	362,410
Total	2,592,190	1,399,873

A9. SECURITIES AVAILABLE-FOR-SALE

	The Group	
	30.9.09	31.3.09
	RM'000	RM'000
At Fair Value		
Money Market Securities:		
Malaysian Government Securities	389,249	32,948
Malaysian Government investment certificates	76,442	36,025
Negotiable instruments of deposits	747,753	150,171
Negotiable Islamic debt certificates	-	29,190
Islamic khazanah bonds	37,150	36,945
	1,250,594	285,279
Securities Quoted:		
In Malaysia:		
Shares	219,901	163,175
Trust units	304,623	329,472
Outside Malaysia:		
Shares	39,395	25,857
Trust units	1,807	1,811
	565,726	520,315
Unquoted Securities:		
In Malaysia:		
Shares	24,264	22,871
Outside Malaysia:		
Shares	17,848	17,848
	42,112	40,719
Debt Equity Converted Securities Quoted:		
In Malaysia:		
Shares	20,473	25,751
Loan stocks	2,481	3,096
Collateralised corporate bonds	332	332
Outside Malaysia:		
Shares	82	40
	23,368	29,219

	The Group	
	30.9.09	31.3.09
	RM'000	RM'000
Unquoted Private Debt Securities Of Companies Incorporated		
In Malaysia:		
Corporate bonds	1,188,056	630,303
Islamic corporate bonds	745,732	1,064,297
Corporate notes	458,862	1,408,277
Islamic corporate notes	1,922,980	2,055,719
Outside Malaysia:		
Corporate bonds	75,306	95,578
Islamic corporate bonds	37,270	43,753
	<u>4,428,206</u>	<u>5,297,927</u>
Unquoted Guaranteed Private Debt Securities Of Companies Incorporated		
In Malaysia:		
Corporate bonds	390,146	367,780
Islamic corporate bonds	83,888	85,176
	<u>474,034</u>	<u>452,956</u>
Accumulated impairment losses	(45,283)	(361)
Total	<u><u>6,738,757</u></u>	<u><u>6,626,054</u></u>

A10. SECURITIES HELD-TO-MATURITY

Securities Quoted

In Malaysia:		
Shares	2	2
	<u>2</u>	<u>2</u>

Unquoted Securities Of Companies Incorporated

In Malaysia:		
Shares	102,759	102,958
Corporate bonds	959	959
Islamic Corporate bonds	27,684	29,164
Unit trust	1,000	1,000
Outside Malaysia:		
Shares	2,531	4,330
Islamic Corporate bonds	6,921	7,291
	<u>141,854</u>	<u>145,702</u>

Quoted Debt Equity Converted Securities

In Malaysia:		
Shares	40	40
Loan stocks - collateralised	97,952	127,675
Loan stocks - with options	-	1,825
Corporate bonds - collateralised	33,172	33,172
	<u>131,164</u>	<u>162,712</u>

	The Group	
	30.9.09	31.3.09
	RM'000	RM'000
Unquoted Debt Equity Converted Securities Of Companies Incorporated		
In Malaysia:		
Shares	3,027	3,027
Loan stocks	41,419	58,104
Loan stocks - collateralised	318,238	334,036
Corporate bonds - collateralised	154,433	159,083
Corporate bonds	77,895	81,926
	<u>595,012</u>	<u>636,176</u>
Unquoted Private Debt Securities Of Companies Incorporated		
In Malaysia:		
Corporate notes	32,065	32,700
Islamic corporate bonds	140,541	177,096
	<u>172,606</u>	<u>209,796</u>
Unquoted Guaranteed Private Debt Securities Of Companies Incorporated		
In Malaysia:		
Corporate bonds	10,000	10,000
	<u>1,050,638</u>	<u>1,164,388</u>
Accumulated impairment losses	(373,891)	(384,179)
Total	<u>676,747</u>	<u>780,209</u>

A11. LOANS, ADVANCES AND FINANCING

	The Group	
	30.9.09	31.3.09
	RM'000	RM'000
Loans and financing:		
Term loans and revolving credit	20,719,389	18,059,567
Housing loans	11,852,322	11,485,193
Staff loans	171,195	175,518
Hire-purchase receivables	30,346,668	29,503,323
Credit card receivables	1,843,776	1,867,505
Lease receivables	1,226	1,236
Overdrafts	1,715,384	1,735,296
Claims on customers under acceptance credits	2,410,934	2,368,892
Trust receipts	422,519	373,871
Block discount receivables	58,380	60,556
Factoring receivables	29,876	51,906
Bills receivable	62,356	47,442
	<u>69,634,025</u>	<u>65,730,305</u>
Less: Unearned interest and income	7,183,523	6,961,346
Total	<u>62,450,502</u>	<u>58,768,959</u>
Less:		
Allowance for bad and doubtful debts and financing:		
General	945,396	899,517
Specific	1,067,855	921,611
	<u>2,013,251</u>	<u>1,821,128</u>
Net loans, advances and financing	<u>60,437,251</u>	<u>56,947,831</u>

Loans, advances and financing analysed by their economic purposes are as follows:

	The Group				Annualised Loans Growth (%)
	30.9.09 RM'000	%	31.3.09 RM'000	%	
Purchase of transport vehicles	24,557,253	39.1	24,349,948	40.8	
Purchase of landed properties:					
- Residential	11,415,790	18.2	11,316,431	19.0	
- Non-residential	3,463,830	5.5	2,878,021	4.8	
Working capital	9,665,782	15.4	9,437,443	15.8	
Personal use	2,481,927	3.9	2,324,241	3.9	
Fixed assets	1,998,747	3.2	1,815,104	3.0	
Purchase of securities	2,411,332	3.8	1,882,498	3.2	
Credit cards	1,817,163	2.9	1,844,448	3.1	
Construction	1,503,091	2.4	1,127,824	1.9	
Merger and acquisition	401,220	0.6	346,203	0.6	
Consumer durables	533	0.0	933	0.0	
Other purpose	3,118,117	5.0	2,351,668	3.9	
Gross loans, advances and financing	62,834,785	100.0	59,674,762	100.0	
Less: Islamic financing sold to					
Cagamas Berhad	384,283		905,803		
	<u>62,450,502</u>		<u>58,768,959</u>		12.5

Loans, advances and financing analysed by type of customers are as follows:

	The Group	
	30.9.09 RM'000	31.3.09 RM'000
Domestic :		
Other non-bank financial institutions	229,453	292,678
Business enterprises:		
Small medium enterprises	6,695,493	6,693,845
Others	14,783,163	12,461,841
Government and statutory bodies	54,662	69,506
Individuals	40,197,392	38,701,457
Other domestic entities	3,526	20,037
Foreign entities	486,813	529,595
	<u>62,450,502</u>	<u>58,768,959</u>

Loans, advances and financing analysed by interest rate sensitivity are as follows:

	The Group	
	30.9.09	31.3.09
	RM'000	RM'000
Variable rate		
BLR-plus	16,550,950	15,164,753
Cost-plus	8,358,454	7,449,634
Other variable rates	1,091,462	1,047,344
	<u>26,000,866</u>	<u>23,661,731</u>
Fixed rate		
Housing loans	2,155,320	2,256,505
Hire purchase receivables	25,226,697	24,488,938
Other fixed rates	9,067,619	8,361,785
	<u>36,449,636</u>	<u>35,107,228</u>
	<u>62,450,502</u>	<u>58,768,959</u>

Movements in non-performing loans, advances and financing are as follows:-

	The Group	
	30.9.09	31.3.09
	RM'000	RM'000
Gross		
Balance at beginning of year	2,426,458	3,602,479
Non-performing during the period/year	773,619	1,165,774
Reclassification to performing loans and financing	(341,950)	(578,161)
Recoveries	(128,662)	(386,347)
Amount written-off	(306,076)	(1,395,908)
Repurchase of loans	-	19,554
Debt equity conversion	-	(933)
Balance at end of period/year	<u>2,423,389</u>	<u>2,426,458</u>
Less: Specific allowance	<u>(1,067,855)</u>	<u>(921,611)</u>
Non-performing loans, advances and financing - net	<u>1,355,534</u>	<u>1,504,847</u>
Ratios of non-performing loans, advances and financing to total loans, advances and financing (including Islamic financing sold to Cagamas Berhad) - net	<u>2.2%</u>	<u>2.6%</u>
Loan loss coverage excluding collateral values	<u>83.1%</u>	<u>75.1%</u>

Non-performing loans, advances and financing analysed by their economic purposes are as follows:

	The Group			
	30.9.09	%	31.3.09	%
	RM'000		RM'000	
Purchase of landed properties:				
Residential	972,082	40.1	924,484	38.1
Non-residential	248,232	10.2	220,630	9.1
Working capital	353,516	14.7	450,015	18.6
Purchase of transport vehicles	474,020	19.6	453,501	18.7
Construction	148,388	6.1	148,954	6.1
Purchase of securities	65,761	2.7	66,818	2.8
Credit cards	80,943	3.3	70,209	2.9
Fixed assets	25,203	1.0	27,393	1.1
Personal use	14,963	0.6	19,163	0.8
Purchase of consumer durables	181	-	550	-
Other purpose	40,100	1.7	44,741	1.8
	<u>2,423,389</u>	<u>100.0</u>	<u>2,426,458</u>	<u>100.0</u>

Movements in allowances for bad and doubtful debts and financing are as follows:

	The Group	
	30.9.09	31.3.09
	RM'000	RM'000
General allowance		
Balance at beginning of year	899,517	845,225
Allowance during the period/year	46,590	53,561
Exchange fluctuation adjustments	(711)	731
Balance at end of period/year	<u>945,396</u>	<u>899,517</u>
% of total loans, advances and financing (including Islamic financing sold to Cagamas) less specific allowances	<u>1.53%</u>	<u>1.53%</u>
Specific allowance		
Balance at beginning of year	921,611	1,579,255
Allowance during the period/year	603,956	1,043,753
Amount written back in respect of recoveries and reversals	(159,568)	(383,672)
Net charge to income statements	444,388	660,081
Reclassification from sundry receivables	-	78
Amount written off/adjustment to asset deficiency account	(298,144)	(1,334,380)
Repurchase of loan	-	17,508
Debt equity conversion	-	(933)
Exchange fluctuation adjustments	-	2
Balance at end of period/year	<u>1,067,855</u>	<u>921,611</u>

A12. OTHER ASSETS

	The Group	
	30.9.09	31.3.09
	RM'000	RM'000
Trade receivables, net of allowance for doubtful debts	792,467	399,788
Other receivables, deposits and prepayments, net of allowance for doubtful debts	767,987	653,170
Interest receivables on treasury assets, net of allowance for doubtful debts	137,404	117,778
Fee receivables, net of allowance for doubtful debts	41,133	39,832
Amount due from Originators	24,297	25,789
Amount due from agents, brokers and reinsurer, net of allowance	30,818	37,533
Foreclosed properties, net of allowance for impairment in value	176,901	181,372
Deferred assets	34,744	34,744
	<u>2,005,751</u>	<u>1,490,006</u>

Amount due from Originators represents housing loans, hire purchase and leasing receivables acquired from the Originators for onward sale to Cagamas Berhad with recourse.

A13. DEPOSITS FROM CUSTOMERS

	The Group	
	30.9.09	31.3.09
	RM'000	RM'000
Term/Investment deposits	43,829,677	43,869,688
Savings deposits	3,705,026	3,581,219
Current deposits	3,906,297	3,173,901
Negotiable instruments of deposits	1,384,849	940,023
Other deposits	12,476,238	12,566,675
	<u>65,302,087</u>	<u>64,131,506</u>

The deposits are sourced from the following types of customers:

Business enterprises	27,527,616	26,311,197
Individuals	24,890,065	25,510,224
Government	11,729,018	10,915,816
Others	1,155,388	1,394,269
	<u>65,302,087</u>	<u>64,131,506</u>

A14. DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

	The Group	
	30.9.09	31.3.09
	RM'000	RM'000
Deposits from:		
Licensed banks	688,607	1,606,628
Licensed investment banks	403,606	670,675
Bank Negara Malaysia	888,275	908,666
Other financial institutions	3,642,421	2,949,440
	<u>5,622,909</u>	<u>6,135,409</u>

A15. OTHER LIABILITIES

	The Group	
	30.9.09 RM'000	31.3.09 RM'000
Trade payables	935,173	508,293
Other payables and accruals	1,535,161	1,316,297
Interest payable on deposits and borrowings	436,657	444,455
Lease deposits and advance rentals	63,259	62,259
General insurance funds	244,715	223,503
Provision for commitments and contingencies	5,186	-
Bank overdrafts	-	786
Profit equalization reserve	62,208	62,162
Deferred tax liabilities	9,408	13,087
Tax payable	82,957	15,050
	3,374,724	2,645,892

A16. INTEREST INCOME

The Group	Individual Quarter		Cumulative Quarter	
	30.9.09 RM'000	30.9.08 RM'000	30.9.09 RM'000	30.9.08 RM'000
Short-term funds and deposits with financial institutions	51,002	69,495	105,377	141,196
Securities held-for-trading	9,306	14,984	15,518	46,776
Securities available for sale	68,817	66,142	135,284	125,091
Securities held-to-maturity	5,100	5,639	13,252	21,722
Loans and advances				
- Interest income other than recoveries from NPLs	725,045	758,754	1,446,408	1,486,810
- Recoveries from NPLs	46,451	59,135	91,061	124,672
Others	563	566	1,007	1,122
Gross interest income	906,284	974,715	1,807,907	1,947,389
Accretion of discounts less amortisation of premiums	3,881	7,318	7,449	11,743
Interest suspended	(22,104)	(23,805)	(51,073)	(48,505)
Total after net interest suspension	888,061	958,228	1,764,283	1,910,627

A17. INTEREST EXPENSE

The Group	Individual Quarter		Cumulative Quarter	
	30.9.09 RM'000	30.9.08 RM'000	30.9.09 RM'000	30.9.08 RM'000
Deposits from customers	322,983	384,338	657,763	767,097
Deposit of banks and other financial institutions	15,976	49,006	60,522	107,132
Amount due to Cagamas Berhad	1,114	1,261	2,258	2,920
Bank borrowings:				
Term loans	2,583	9,799	5,136	21,831
Overdrafts	-	38	-	75
Subordinated deposits and term loans	11,905	3,046	18,337	6,144
Unsecured bonds	8,897	21,432	22,766	44,062
Medium term notes	20,837	20,837	41,448	40,626
Net Interest rate swap expense / (income)	29,154	(4,328)	49,001	4,366
Hybrid and capital securities	21,195	11,312	33,209	22,189
Others	850	3,125	2,155	5,164
	<u>435,494</u>	<u>499,866</u>	<u>892,595</u>	<u>1,021,606</u>

A18. NET INCOME FROM INSURANCE BUSINESS

The Group	Individual Quarter		Cumulative Quarter	
	30.9.09 RM'000	30.9.08 RM'000	30.9.09 RM'000	30.9.08 RM'000
(a) INCOME FROM INSURANCE BUSINESS				
Premium income from general insurance business	121,984	125,532	242,036	247,816
Surplus transfer from life insurance business	6,000	4,000	12,000	8,000
	<u>127,984</u>	<u>129,532</u>	<u>254,036</u>	<u>255,816</u>
(b) INSURANCE CLAIMS AND COMMISSIONS				
Insurance commission	12,528	13,072	24,197	26,011
General insurance claims	85,365	80,494	175,994	176,287
	<u>97,893</u>	<u>93,566</u>	<u>200,191</u>	<u>202,298</u>

A19. OTHER OPERATING INCOME

The Group	Individual Quarter		Cumulative Quarter	
	30.9.09 RM'000	30.9.08 RM'000	30.9.09 RM'000	30.9.08 RM'000
Fee income:				
Fees on loans and advances	50,772	43,180	87,078	80,112
Corporate advisory	4,475	9,874	11,186	18,741
Guarantee fees	10,712	7,394	19,988	14,019
Underwriting commissions	612	2,293	1,449	6,753
Portfolio management fees	3,313	4,187	6,239	8,814
Unit trust management fees	13,105	14,722	25,430	31,108
Brokerage rebates	74	28	149	60
Property trust management fees	1,282	1,168	2,588	2,290
Brokerage fees and commissions	31,806	21,452	66,968	47,250
Banc assurance commission	10,062	7,977	18,501	15,913
Net income from asset securitisation	566	10	778	255
Other fee income	15,208	14,647	31,386	26,645
	<u>141,987</u>	<u>126,932</u>	<u>271,740</u>	<u>251,960</u>
Investment and trading income:				
Net gain/(loss) from sale of securities held-for-trading	5,203	(29,172)	30,999	(81,447)
Net gain from sale of securities available-for-sale	10,526	1,266	20,950	12,023
Net gain on redemption of securities held-to-maturity	2,745	7,684	17,571	22,594
Gain/(loss) on revaluation for securities held for trading	8,036	5,664	6,862	(35,791)
Foreign exchange*	11,311	(9,590)	17,111	(14,661)
Gain/(loss) on redemption of structured product	-	6	(5)	6
Gain/(loss) on revaluation of derivatives	(445)	(80,654)	12,015	(39,081)
Gross dividend income from:				
Securities held-for-trading	2,025	3,240	2,176	11,899
Securities available-for-sale	5,144	2,021	13,448	2,021
Securities held-to-maturity	4,033	3,648	4,102	5,470
	<u>48,578</u>	<u>(95,887)</u>	<u>125,229</u>	<u>(116,967)</u>
Other income:				
Non-trading foreign exchange	1,786	(1,005)	2,348	(1,080)
Gain on disposal of property and equipment - net	7	133	305	959
Rental income	693	1,364	2,102	2,360
Other operating income	1,685	346	3,964	1,147
	<u>4,171</u>	<u>838</u>	<u>8,719</u>	<u>3,386</u>
	<u>194,736</u>	<u>31,883</u>	<u>405,688</u>	<u>138,379</u>

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

A20. OTHER OPERATING EXPENSES

The Group	Individual Quarter		Cumulative Quarter	
	30.9.09 RM'000	30.9.08 RM'000	30.9.09 RM'000	30.9.08 RM'000
Personnel/Staff costs				
- Salaries, allowances and bonuses	159,847	128,643	315,102	285,589
- Others	51,344	42,579	99,271	84,181
	<u>211,191</u>	<u>171,222</u>	<u>414,373</u>	<u>369,770</u>
Establishment costs				
- Depreciation	13,295	12,516	28,026	24,791
- Amortisation of computer software	7,289	6,839	14,724	13,177
- Computerisation costs	22,488	19,685	48,668	38,376
- Rental	20,153	17,475	39,999	35,432
- Cleaning and maintenance	5,239	5,723	10,528	10,852
- Others	8,016	6,155	15,377	12,125
	<u>76,480</u>	<u>68,393</u>	<u>157,322</u>	<u>134,753</u>
Marketing and communication expenses				
- Sales commission	5,843	3,465	12,701	7,208
- Advertising, promotional and other marketing activities	15,009	17,851	30,336	33,178
- Telephone charges	4,310	4,571	9,361	9,364
- Postage	1,009	4,051	3,227	7,722
- Travel and entertainment	3,359	4,462	6,964	8,809
- Others	5,887	4,276	11,023	9,079
	<u>35,417</u>	<u>38,676</u>	<u>73,612</u>	<u>75,360</u>
Administration and general				
- Professional services	191	795	4,736	2,355
- Donations	23	34	33	77
- Administration and management expenses	371	307	434	539
- Others	17,831	33,736	43,339	48,148
	<u>18,416</u>	<u>34,872</u>	<u>48,542</u>	<u>51,119</u>
	<u>341,504</u>	<u>313,163</u>	<u>693,849</u>	<u>631,002</u>

A21. ALLOWANCE FOR LOSSES ON LOANS AND FINANCING

The Group	Individual Quarter		Cumulative Quarter	
	30.9.09	30.9.08	30.9.09	30.9.08
	RM'000	RM'000	RM'000	RM'000
Allowance for bad and doubtful debts and financing:				
Specific allowance - net	237,486	79,208	444,388	274,897
Allowance during the period	319,787	174,723	603,956	472,094
Amount written back in respect of recoveries and reversals	(82,301)	(95,515)	(159,568)	(197,197)
General allowance	31,230	30,265	46,590	38,777
Bad debts and financing recovered - net	(126,664)	(83,593)	(212,062)	(234,980)
Written off	-	-	-	-
Recovered	(126,664)	(83,593)	(212,062)	(234,980)
	142,052	25,880	278,916	78,694

A22. SEGMENTAL INFORMATION

BY BUSINESS SEGMENT

	Individual Quarter		Cumulative Quarter	
	30.9.09 RM'000	30.9.08 RM'000	30.9.09 RM'000	30.9.08 RM'000
Investment banking				
Revenue	90,028	63,663	257,529	177,857
Profit/(Loss) before taxation	26,465	(21,563)	121,673	(3,971)
Commercial and retail banking				
Revenue	1,159,368	1,076,913	2,309,321	2,162,536
Profit before taxation	280,381	301,731	526,333	557,651
Offshore banking				
Revenue	7,480	15,761	11,503	20,836
Profit/(Loss) before taxation	(3,009)	14,737	(350)	19,735
Insurance				
Revenue	350,503	328,162	627,023	562,938
Profit before taxation	21,675	23,403	37,024	27,342
Others				
Revenue	40,984	17,869	70,242	40,342
Profit/(Loss) before taxation	7,629	(4,120)	3,106	(6,604)
Total before consolidation adjustments				
Revenue	1,648,363	1,502,368	3,275,618	2,964,509
Profit before taxation	333,141	314,188	687,786	594,153
Consolidation adjustments				
Revenue	(58,593)	(43,168)	(98,015)	(93,519)
(Loss)/Profit before taxation	4,491	11,517	3,325	5,185
Total after consolidation adjustments				
Revenue	1,589,770	1,459,200	3,177,603	2,870,990
Profit before taxation	337,632	325,705	691,111	599,338

Included in the above is Islamic banking business profit before taxation of RM92.1 million for the quarter ended 30 September 2009 (RM71.6 million for the quarter ended 30 September 2008).

The financial information by geographical segment is not presented as the Group's activities are principally conducted in Malaysia except for Frasers International Pte. Ltd. and its subsidiary companies, PT AmCapital Indonesia, 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.

Effective from April 2008, the fund based activities of Investment Banking had been transferred to Commercial and Retail Banking under the Group Proposed Internal Restructuring.

A23. VALUATIONS OF PROPERTY AND EQUIPMENTS

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

A24. EVENTS SUBSEQUENT TO BALANCE SHEET DATE

There has not arisen in the interval between the end of the reporting period and the date of this report any items, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect substantially the result of the operations of the Group for the current financial quarter other than as disclosed in Note B8.

A25. CHANGES IN THE COMPOSITION OF THE GROUP AND THE COMPANY

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

A26. 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 30 September 2009, the commitments and contingencies on an aggregated basis are as follows

Group	30.9.09			31.3.09		
	Principal Amount RM'000	Credit Equivalent Amount RM'000	Risk Weighted Amount RM'000	Principal Amount RM'000	Credit Equivalent Amount RM'000	Risk Weighted Amount RM'000
Derivative Financial Instruments						
Interest rate related contracts:						
Interest rate futures	60,000	-	-	60,000	25,104	12,551
Interest rate swaps	29,990,746	1,270,125	556,832	24,612,441	1,237,502	545,404
Interest rate options	13,539	-	-	-	-	-
Foreign exchange related contracts:						
Forward exchange contracts	2,462,965	23,394	17,741	824,899	30,173	14,435
Cross currency swaps	618,558	32,572	15,632	610,213	36,789	18,394
Equity related contracts:						
Options	421,906	35,682	16,918	321,444	-	-
Equity futures	34,693	-	-	8,262	-	-
	<u>33,602,407</u>	<u>1,361,773</u>	<u>607,123</u>	<u>26,437,259</u>	<u>1,329,568</u>	<u>590,784</u>
Commitments						
Irrevocable commitments to extend credit maturing:						
within one year	12,268,458	-	-	10,490,292	-	-
more than one year	1,921,909	418,505	354,061	1,905,373	281,216	241,871
Unutilised credit card line	4,519,877	903,975	675,828	4,383,472	876,694	655,346
Sell and buy back agreements	178,863	2,304	1,926	155,560	212	206
Forward purchase commitments	472,386	17,022	6,875	206,144	10,210	4,022
	<u>19,361,493</u>	<u>1,341,806</u>	<u>1,038,690</u>	<u>17,140,841</u>	<u>1,168,332</u>	<u>901,445</u>
Contingent Liabilities						
Guarantees given on behalf of customers	2,754,098	2,754,099	2,510,302	2,723,184	2,723,184	2,391,488
Certain transaction-related contingent items	1,820,109	910,055	892,467	1,496,866	748,433	740,965
Underwriting liabilities	691,580	-	-	592,000	296,000	296,000
Short term self liquidating trade-related contingencies	583,826	116,765	116,765	493,284	98,657	98,716
Islamic financing sold to Cagamas	373,791	373,791	282,400	874,067	874,067	663,997
Others	59,892	150	150	154,141	250	250
	<u>6,283,296</u>	<u>4,154,860</u>	<u>3,802,084</u>	<u>6,333,542</u>	<u>4,740,591</u>	<u>4,191,416</u>
	<u>59,247,196</u>	<u>6,858,439</u>	<u>5,447,897</u>	<u>49,911,642</u>	<u>7,238,491</u>	<u>5,683,645</u>

The credit equivalent amount is arrived at using the credit conversion factor as per Bank Negara Malaysia guidelines.

As at 30 September 2009, other contingencies and commitments of the Group and of the Company are as follows:

- (a) The Company has given unsecured guarantees totalling RM309,600,000 (RM309,600,000 as at 31 March 2009) to various financial institutions in respect of credit facilities extended to certain subsidiary companies.
- (b) The Company has given a continuing undertaking totalling S\$40,000,000 (S\$40,000,000 in 2009) 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 BNM on behalf of AmInternational, AmBank's offshore bank subsidiary, to meet all its liabilities and financial obligations and requirements.
- (d) AmInvestment Bank has given guarantees in favour of Labuan International Financial Exchange ("LFX") in respect of USD5.0 million each for AmInternational to act as a Listing Sponsor and as a Trading Agent on the LFX.
- (e) 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 (formerly known as AmAssurance 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.
- (f) A suit dated 12 December 2005 was filed by Meridian Asset Management Sdn Bhd ("Meridian") against AmTrustee Berhad ("AmTrustee") ("Meridian Suit"), a subsidiary of the Company in respect of a claim amounting to RM27,606,169.65 for alleged loss and damage together with interests and costs arising from AmTrustee's provision of custodian services to Meridian.

Malaysian Assurance Alliance Bhd ("MAA") has claimed its portion of the abovementioned alleged loss, being general damages and special damages of RM19,640,178 together with interest and costs. AmTrustee was served on 24 March 2006 with a Writ and Statement of Claim dated 25 January 2006 by solicitors acting for MAA ("MAA Suit"). MAA had appointed Meridian as an external fund manager for certain of its insurance funds, and part of these funds were deposited by Meridian with AmTrustee.

AmTrustee had filed an application to dismiss Meridian's action on a point of law which was dismissed with costs on 17 January 2008. AmTrustee has since filed a Notice of Appeal to the Court of Appeal on 15 February 2008. No date has been fixed as yet.

AmTrustee has also filed a stay of proceedings application of the Meridian action due to Meridian's counter claim in the MAA action amounting to duplicity/abuse of process on 22 February 2008 which was dismissed with costs on 26 June 2008. AmTrustee has since filed a Notice of Appeal to the Court of Appeal on 25 July 2008. No date has been fixed as yet.

Parties have filed several interim applications in the Meridian suit which are pending hearing including as follows:

- (i) an application by Meridian for Further and Better particulars in respect of the statement of defence filed by AmTrustee; This application was withdrawn with cost by Meridian on the 17 October 2008;
- (ii) an application by Meridian to add another subsidiary of the Company, namely AmInvestment Bank as 2nd Defendant and also to increase the alleged loss and damage from RM27,606,169.65 to RM36,967,166.84 to include alleged loss due to reputation damage and loss of future earnings (together with interest and costs) arising from the provision of custodian services by AmTrustee to Meridian. This application was fixed for hearing on 17 October 2008, and the court dismissed the application with cost. Meridian filed an appeal to the judge in Chambers against this Order and the same was heard on the 8 January 2009 and was fixed for decision on the 23 January 2009. The Learned Judge dismissed Meridian's application to add AmInvestment Bank as a Party to the Meridian's suit and allowed Meridian's claim to increase its claim against AmTrustee from RM27,606,169.65 to RM36,967,166.84.

No Appeal was lodged to the Court of Appeal by Meridian against the High Court's decision in dismissing its application to add AmInvestment Bank as a Party to its Suit. With the High Court decision dated 23 March 2009, in dismissing Meridian's application to add AmInvestment Bank as a party to its suit, and with no appeal lodged at the Court of Appeal, there is no litigation pending today against AmInvestment Bank by Meridian.

- (iii) an application for leave for Meridian to serve Interrogatories on an officer of AmTrustee allegedly relating to matters in question between Meridian and AmTrustee and this was dismissed by the Registrar with cost on 17 October 2008 and Meridian's solicitors have filed an appeal against the Registrar's Order to the judge in Chambers on 24 December 2008 and the Appeal to the Judge came for hearing on 30 July 2009, and the Court allowed Meridian's appeal for the interrogatories.

In the MAA suit, AmTrustee has filed and served a Third Party Notice dated 6 November 2006 on Meridian seeking indemnification/contribution from Meridian for MAA's claim. Exchange of pleadings has also been completed with Meridian.

It is to be noted that both the Meridian and MAA suit were ordered on 16 September 2008 to be tried together at the same time pursuant to Order 4 Rule 1 of the Rules of the High Court 1980. Case Management of both the suits are now fixed for Mention on 15 December 2009.

AmTrustee has also been served on 3 August 2009 with a copy of a Third Party Notice dated 24 July 2009 by solicitors acting for Meridian.

The Third Party Notice is taken against AmTrustee by Meridian on a suit filed by Kumpulan Wang Persaraan (DiPerbadankan) ("KWAP") against Meridian in 2007, at the Kuala Lumpur High Court via suit number D5-22-1457-2007 ("KWAP Suit"). The facts of this case revolves around the same facts as that of the above Meridian Suit and MAA Suit. The High Court suit by KWAP is for an alleged breach by Meridian of an Investment Management Agreement executed between KWAP and Meridian in 2001 ("the Agreement") for a sum of RM7,254,050.42 general damages for breach of the Agreement and breach of trust together with interests and costs (KWAP's claim").

On the basis of KWAP's claim, Meridian is seeking against AmTrustee via the Third Party Notice for AmTrustee to indemnify Meridian in respect of KWAP's claim.

KWAP's Suit is fixed for Mention on 10 November 2009.

Based on documents and evidence in their possession, the solicitors for AmTrustee are of the view that AmTrustee has a good defence in respect of the claim by MAA and in any event, that AmTrustee will be entitled to an indemnity or contribution from Meridian in respect of the claim.

Neither material financial loss nor operational impact on the Group is expected as a result of the writs and statements of claim.

A27. DERIVATIVE FINANCIAL INSTRUMENTS

As at 30 September 2009, derivative financial instruments outstanding are as follows:

The Group

Items	Principal Amount RM'000	1 month or less RM'000	>1 - 3 months RM'000	>3 - 6 months RM'000	>6 - 12 months RM'000	>1 - 5 years RM'000	>5 years RM'000	Margin requirement
Interest rate related contracts :								
Interest rate futures	60,000	-	-	-	30,000	30,000	-	2,468
Interest rate swaps	29,990,746	10,000	315,000	955,000	2,880,000	22,212,158	3,618,588	23,521
Interest rate options	13,539	-	-	-	-	13,539	-	-
Foreign exchange related contracts :								
Forward exchange contracts	2,462,965	1,610,328	637,851	214,648	138	-	-	-
Cross currency swaps	618,558	69,210	110,736	69,210	52,361	317,041	-	543
Equity related contracts:								
Options	421,906	-	-	128,702	-	293,204	-	-
Equity futures	34,693	34,693	-	-	-	-	-	-
Total	33,602,407	1,724,231	1,063,587	1,367,560	2,962,499	22,865,942	3,618,588	26,532

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 derivatives is one of the financial instruments engaged by the Group both for revenue purposes as well as to manage the Group's own market risk exposure. The Group's involvement in financial derivatives is currently focussed on interest rate derivatives and foreign exchange rate derivatives.

The principal exchange rate contracts used are forward foreign exchange contracts and cross currency swaps. 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.

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

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

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

Risk associated with financial derivatives

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

Market risk of derivatives used for trading purposes

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

The contractual amounts of these contracts provide only a measure of involvement in these types of transactions and do not represent the amounts subject to market risk. Value at risk method is used to measure the market risk from these contracts. Value at risk, is a statistical measure that estimates the potential changes in portfolio value that may occur brought about by daily changes in market rates over a 90-day period at a 99% confidence level under normal market condition.

Credit risk of derivatives

Counterparty credit risk arises from the possibility that a counterparty may be unable to meet the terms of the derivatives contract. Unlike conventional asset instruments, the Group's financial loss is not the entire contracted principal value of the derivatives, but rather a fraction equivalent to the cost to replace the defaulted contract with another in the market. The cost of replacement is equivalent to the difference between the original value of the derivatives at time of contract with the defaulted counter party and the current fair value of a similar substitute at current market prices. The Group will only suffer a replacement cost if the contract carries a fair value gain at time of default.

The Group limit its credit risks within a conservative framework by dealing with creditworthy counterparties, setting credit limits on exposures to counterparties, and obtaining collateral where appropriate.

Derivative Financial Instruments And Hedge Accounting

Derivative financial instruments are measured at fair value and are carried as assets when the fair value is positive and as liabilities when the fair value is negative. Any gain or loss arising from the change in the fair value of the derivative instrument is recognised in the income statements unless they are part of a hedging relationship which qualifies for hedge accounting where the gain or loss is recognised as follows:

(i) Fair value hedge

Where a derivative financial instrument hedges the changes in fair value of a recognised asset or liability, any gain or loss on the hedging instruments is recognised in the income statement. The hedged item is also stated at fair value in respect of the risk being hedged, with any gain or loss being recognised in the income statement.

(ii) Cash flow hedge

Gains and losses on the hedging instruments, to the extent that the hedge is effective, are deferred in the separate component of equity. The ineffective part of any gain or loss is recognised in the income statement. The deferred gains and losses are then released to the income statement in the periods when the hedged item affects the income statement.

(iii) Derivatives that do not qualify for hedge accounting

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognised immediately in the income statement.

A28. INTEREST/PROFIT RATE RISK

The following table shows the interest rate sensitivity gap, by time bands, on which interest rates of instruments are next repriced on a contractual basis or, if earlier, the dates on which the instruments mature.

The Group 30.9.09	-----Non Trading Book----->						Non- interest sensitive RM'000	Trading Book RM'000	Total RM'000	Effective interest rate %
	Up to 1 month RM'000	>1 - 3 months RM'000	>3 - 6 months RM'000	>6 - 12 months RM'000	1 - 5 years RM'000	Over 5 years RM'000				
ASSETS										
Cash and short-term funds	11,628,326	-	-	-	-	-	631,102	-	12,259,428	1.89
Securities purchased under resale agreements	60,302	-	-	-	-	-	-	-	60,302	1.32
Deposits and placements with banks and other financial institutions	-	2,532,627	-	-	-	-	-	-	2,532,627	2.12
Securities held-for-trading	-	-	-	-	-	-	-	2,592,190	2,592,190	4.94
Securities available-for-sale	535,326	124,719	178,756	181,507	2,308,825	2,837,028	572,596	-	6,738,757	4.73
Securities held-to-maturity	-	-	-	42,267	330,314	98,568	205,598	-	676,747	3.55
Derivative financial assets	-	-	-	-	-	-	371,543	-	371,543	-
Loans, advances and financing:										
- performing	25,251,346	2,784,895	812,453	544,915	9,585,961	21,045,744	-	-	60,025,314	6.19
- non-performing *	-	-	-	-	-	-	411,937	-	411,937	-
Amount due from Originators	-	-	-	-	24,297	-	-	-	24,297	5.74
Other non-interest sensitive balances	-	-	-	-	-	-	6,761,738	-	6,761,738	-
TOTAL ASSETS	37,475,300	5,442,241	991,209	768,689	12,249,397	23,981,340	8,954,514	2,592,190	92,454,880	
LIABILITIES AND EQUITY										
Deposits from customers	30,072,530	11,975,051	8,553,596	8,056,119	2,572,262	-	4,072,529	-	65,302,087	2.36
Deposits and placements of banks and other financial institutions	2,169,256	452,454	790,915	495,133	932,986	289,165	493,000	-	5,622,909	2.11
Obligations on securities sold under repurchase agreements	24,732	-	-	-	-	-	-	-	24,732	1.50
Bills and acceptances payable	592,120	941,376	204,980	-	-	-	-	-	1,738,476	2.19
Recourse obligation on loans sold to to Cagamas Berhad	-	-	-	121,027	24,297	-	-	-	145,324	3.98

A28. INTEREST/PROFIT RATE RISK

The Group 30.9.09	←-----Non Trading Book-----→						Non- interest sensitive RM'000	Trading Book RM'000	Total RM'000	Effective interest rate %
	Up to 1 month RM'000	>1 - 3 months RM'000	>3 - 6 months RM'000	>6 - 12 months RM'000	1 - 5 years RM'000	Over 5 years RM'000				
Derivative financial liabilities	-	-	-	-	-	-	445,780	-	445,780	-
Term loans	296,643	206,000	-	-	-	-	-	-	502,643	2.24
Unsecured bonds	-	-	-	-	400,000	115,000	-	-	515,000	4.79
Medium Term Notes	-	-	-	-	710,000	750,000	-	-	1,460,000	5.66
Hybrid capital	-	-	-	-	-	743,425	-	-	743,425	6.36
Capital Securities	-	-	-	-	-	985,000	-	-	985,000	8.72
Other non-interest sensitive balances	-	-	-	-	-	-	5,718,224	-	5,718,224	-
Total Liabilities	33,155,281	13,574,881	9,549,491	8,672,279	4,639,545	2,882,590	10,729,533	-	83,203,600	
Share capital	-	-	-	-	-	-	3,014,185	-	3,014,185	
Reserves	-	-	-	-	-	-	6,046,961	-	6,046,961	
Equity attributable to equity holders of the Company	-	-	-	-	-	-	9,061,146	-	9,061,146	
Minority interests	-	-	-	-	-	-	190,134	-	190,134	
Total equity	-	-	-	-	-	-	9,251,280	-	9,251,280	
TOTAL LIABILITIES AND EQUITY	33,155,281	13,574,881	9,549,491	8,672,279	4,639,545	2,882,590	19,980,813	-	92,454,880	
On-balance sheet interest rate gap sensitivity	4,320,019	(8,132,640)	(8,558,282)	(7,903,590)	7,609,852	21,098,750	(11,026,299)	2,592,190	-	
Off-balance sheet interest rate gap sensitivity	630,158	8,483,000	(447,100)	(150,000)	(8,778,158)	322,100	-	-	60,000	
Total interest rate gap sensitivity	4,950,177	350,360	(9,005,382)	(8,053,590)	(1,168,306)	21,420,850	(11,026,299)	2,592,190	60,000	
Cumulative interest rate gap sensitivity	4,950,177	5,300,537	(3,704,845)	(11,758,435)	(12,926,741)	8,494,109	(2,532,190)	60,000		

* This is arrived at after deducting the general allowance and specific allowance from gross non-performing loans outstanding.

A28. INTEREST/PROFIT RATE RISK

The Group	←-----Non Trading Book-----→						Non-interest sensitive	Trading Book	Total	Effective interest rate	
	Up to 1 month	>1 - 3 months	>3 - 6 months	>6 - 12 months	1 - 5 years	Over 5 years					RM'000
31.3.09	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
ASSETS											
Cash and short-term funds	16,611,741	-	-	-	-	-	575,200	-	17,186,941		1.99
Securities purchased under resale agreements	16,807	-	-	-	-	-	-	-	16,807		1.15
Deposits and placements with banks and other financial institutions	22,659	-	873	-	22,494	-	-	-	46,026		2.81
Securities held-for-trading	-	-	-	-	-	-	-	1,399,873	1,399,873		3.35
Securities available-for-sale	16,805	152,774	82,386	237,088	2,336,672	3,286,415	513,914	-	6,626,054		4.83
Securities held-to-maturity	7,704	60,838	1,748	35,475	382,821	122,638	168,985	-	780,209		3.51
Derivative financial assets	-	-	-	-	-	-	482,933	-	482,933		-
Loans, advances and financing:											
- performing	22,047,386	2,781,357	539,239	540,082	8,396,915	22,051,969	-	-	56,356,948		6.70
- non-performing *	-	-	-	-	-	-	590,883	-	590,883		-
Amount due from Originators	-	-	-	-	25,789	-	-	-	25,789		5.74
Other non-interest sensitive balances	-	-	-	-	-	-	6,380,418	-	6,380,418		-
TOTAL ASSETS	38,723,102	2,994,969	624,246	812,645	11,164,691	25,461,022	8,712,333	1,399,873	89,892,881		
LIABILITIES AND EQUITY											
Deposits from customers	28,017,430	12,101,809	7,432,352	10,412,788	2,864,791	-	3,302,336	-	64,131,506		2.71
Deposits and placements of banks and other financial institutions	1,695,943	825,474	1,047,873	325,731	966,019	781,369	493,000	-	6,135,409		2.74
Bills and acceptances payable	703,905	1,053,556	355,597	7,189	-	-	-	-	2,120,247		2.05
Recourse obligation on loans sold to Cagamas Berhad	-	-	-	-	155,037	-	-	-	155,037		3.98

A28. INTEREST/PROFIT RATE RISK

The Group 31.3.09	←-----Non Trading Book-----→						Non- interest sensitive RM'000	Trading Book RM'000	Total RM'000	Effective interest rate %
	Up to 1 month RM'000	>1 - 3 months RM'000	>3 - 6 months RM'000	>6 - 12 months RM'000	1 - 5 years RM'000	Over 5 years RM'000				
Derivative financial liabilities	-	-	-	-	-	-	587,763	-	587,763	-
Term loans	145,859	206,000	-	-	-	-	-	-	351,859	3.11
Unsecured bonds	-	-	-	-	400,000	690,000	-	-	1,090,000	5.02
Medium Term Notes	-	-	-	-	710,000	750,000	-	-	1,460,000	5.66
Hybrid capital	-	-	-	-	-	803,691	-	-	803,691	6.77
Capital Securities	-	-	-	-	-	500,000	-	-	500,000	9.00
Other non-interest sensitive balances	-	-	-	-	-	-	4,652,691	-	4,652,691	-
Total Liabilities	30,563,137	14,186,839	8,835,822	10,745,708	5,095,847	3,525,060	9,035,790	-	81,988,203	
Share capital	-	-	-	-	-	-	2,722,970	-	2,722,970	
Reserves	-	-	-	-	-	-	5,006,246	-	5,006,246	
Equity attributable to equity holders of the Company	-	-	-	-	-	-	7,729,216	-	7,729,216	
Minority interests	-	-	-	-	-	-	175,462	-	175,462	
Total equity	-	-	-	-	-	-	7,904,678	-	7,904,678	
TOTAL LIABILITIES AND EQUITY	30,563,137	14,186,839	8,835,822	10,745,708	5,095,847	3,525,060	16,940,468	-	89,892,881	
On-balance sheet interest rate gap sensitivity	8,159,965	(11,191,870)	(8,211,576)	(9,933,063)	6,068,844	21,935,962	(8,228,135)	1,399,873	-	
Off-balance sheet interest rate gap sensitivity	798,353	3,115,000	(1,757,088)	30,000	(2,881,853)	755,588	-	-	60,000	
Total interest rate gap sensitivity	8,958,318	(8,076,870)	(9,968,664)	(9,903,063)	3,186,991	22,691,550	(8,228,135)	1,399,873	60,000	
Cumulative interest rate gap sensitivity	8,958,318	881,448	(9,087,216)	(18,990,279)	(15,803,288)	6,888,262	(1,339,873)	60,000		

* This is arrived at after deducting the general allowance and specific allowance from gross non-performing loans outstanding.

A29. CAPITAL ADEQUACY RATIO

(a) The capital adequacy ratios of the banking subsidiaries Group are as follows:

	30.9.09					
	AmBank	AmIslamic	AmBank Group	AmIB	AmIB Group	The Group*
Before deducting proposed dividends:						
Core capital ratio	10.70%	11.89%	9.66%	26.52%	21.89%	10.11%
Risk-weighted capital ratio	15.06%	16.97%	15.23%	28.07%	26.69%	15.65%
After deducting proposed dividends:						
Core capital ratio	10.70%	11.01%	9.66%	26.52%	21.89%	10.11%
Risk-weighted capital ratio	15.06%	16.10%	15.23%	28.07%	26.69%	15.65%
	31.3.09					
	AmBank	AmIslamic	AmBank Group	AmIB	AmIB Group	The Group*
Before deducting proposed dividends:						
Core capital ratio	10.39%	11.22%	9.25%	28.13%	27.14%	9.74%
Risk-weighted capital ratio	14.20%	16.65%	14.62%	28.13%	34.16%	15.16%
After deducting proposed dividends:						
Core capital ratio	10.39%	11.22%	9.25%	28.13%	27.14%	9.74%
Risk-weighted capital ratio	14.20%	16.65%	14.62%	28.13%	34.16%	15.16%

With effect from 1 January 2008, the capital adequacy ratios of the Group are computed in accordance with Bank Negara Malaysia's revised Risk-weighted Capital Adequacy Framework (RWCAF-Basel II). The Group have adopted the Standardised Approach for Credit Risk and Market Risk, and the Basic Indicator Approach for Operational Risk.

* The aggregated components of the Group Tier I and Tier II capital are that of the banking subsidiaries, namely AmBank(M) Berhad ("AmBank"), AmIslamic Bank Berhad ("AmIslamic"), AmInvestment Bank Berhad ("AmIB") and AmInternational (L) Ltd ("AmIL").

¹ The capital adequacy ratios are computed in accordance with Bank Negara Malaysia's revised Risk-weighted Capital Adequacy Framework, which are based on the Basel II capital accord. Both AmBank (M) Berhad and AmInvestment Bank Berhad have 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.

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

² The capital adequacy ratios of AmIslamic Bank Berhad are computed in accordance with Bank Negara Malaysia's Capital Adequacy Framework for Islamic Banks (CAFIB), which are based on the Basel II capital accord. AmIslamic Bank Berhad 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.

A29. CAPITAL ADEQUACY RATIO (CONTD.)

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

	30.9.09					
	AmBank	AmIslamic	AmBank Group	AmIB	AmIB Group	The Group*
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Tier 1 capital						
Paid-up ordinary share capital	670,364	403,038	670,364	200,000	200,000	870,364
Share premium	942,844	534,068	942,844	-	-	942,844
Statutory reserve	680,459	230,891	911,350	200,000	200,000	1,111,350
Capital reserve	-	-	377,492	-	2,815	380,307
Merger reserve	-	-	397,566	-	7,656	405,222
Exchange fluctuation reserve	21,583	-	12,120	7,824	25,883	38,003
Irredeemable non-cumulative convertible preference shares	150,000	-	150,000	-	-	150,000
Innovative tier 1 capital	864,573	-	945,216	-	-	945,216
Non-innovative tier 1 capital	500,000	-	500,000	-	-	500,000
Unappropriated profit at end of year	2,115,952	130,888	1,634,280	99,276	110,728	1,745,008
Total	<u>5,945,775</u>	<u>1,298,885</u>	<u>6,541,232</u>	<u>507,100</u>	<u>547,082</u>	<u>7,088,314</u>
Less: Goodwill	-	-	-	-	(11,243)	(11,243)
Deferred tax (assets)/liabilities - net	(182,770)	(57,917)	(240,687)	1,712	1,806	(238,881)
Total tier 1 capital	<u>5,763,005</u>	<u>1,240,968</u>	<u>6,300,545</u>	<u>508,812</u>	<u>537,645</u>	<u>6,838,190</u>
Tier 2 capital						
Medium term notes	1,460,000	-	1,460,000	-	-	1,460,000
Subordinated bonds	-	400,000	400,000	-	-	400,000
Exchangeable bonds	575,000	-	575,000	-	-	575,000
Redeemable unsecured bonds	-	-	-	135,000	135,000	135,000
Innovative Tier 1 capital	370,527	-	289,884	-	-	289,884
General allowance for bad and doubtful debts	763,446	172,784	940,864	5,275	5,452	946,316
Total tier 2 capital	<u>3,168,973</u>	<u>572,784</u>	<u>3,665,748</u>	<u>140,275</u>	<u>140,452</u>	<u>3,806,200</u>
Total capital funds	8,931,978	1,813,752	9,966,293	649,087	678,097	10,644,390
Less: Investment in subsidiary company	(816,850)	-	(32,779)	(88,231)	-	(32,779)
Investment in capital of related financial institutions	-	-	-	(22,383)	(22,383)	(22,383)
Other deduction	(45)	-	(45)	-	-	(45)
Capital base	<u>8,115,083</u>	<u>1,813,752</u>	<u>9,933,469</u>	<u>538,473</u>	<u>655,714</u>	<u>10,589,183</u>

A29. CAPITAL ADEQUACY RATIO

	31.3.09					
	AmBank RM'000	AmIslamic RM'000	AmBank Group RM'000	AmIB RM'000	AmIB Group RM'000	The Group* RM'000
Tier 1 capital						
Paid-up ordinary share capital	670,364	403,038	670,364	200,000	200,000	870,364
Share premium	942,844	534,068	942,844	-	-	942,844
Statutory reserve	680,459	168,773	849,232	200,000	200,000	1,049,232
Capital reserve	-	-	377,492	-	2,815	380,307
Merger reserve	-	-	397,566	-	-	397,566
Exchange fluctuation reserve	21,367	-	11,904	6,840	24,899	36,803
Irredeemable non-cumulative convertible preference shares	150,000	-	150,000	-	-	150,000
Innovative tier 1 capital	750,100	-	750,100	-	-	750,100
Non-innovative tier 1 capital	500,000	-	500,000	-	-	500,000
Unappropriated profit at end of year	1,766,189	168,770	1,322,399	31,391	80,240	1,402,639
Total	<u>5,481,323</u>	<u>1,274,649</u>	<u>5,971,901</u>	<u>438,231</u>	<u>507,954</u>	<u>6,479,855</u>
Less: Goodwill	-	-	-	-	(47,686)	(47,686)
Deferred tax (assets)/liabilities - net	(204,174)	(102,161)	(306,334)	8,507	8,601	(297,733)
Total tier 1 capital	<u>5,277,149</u>	<u>1,172,488</u>	<u>5,665,567</u>	<u>446,738</u>	<u>468,869</u>	<u>6,134,436</u>
Tier 2 capital						
Medium term notes	1,460,000	-	1,460,000	-	-	1,460,000
Subordinated bonds	-	400,000	400,000	-	-	400,000
Exchangeable bonds	575,000	-	575,000	-	-	575,000
Redeemable unsecured bonds	-	-	-	135,000	135,000	135,000
General allowance for bad and doubtful debts	729,148	166,507	895,655	4,330	4,330	899,985
Total tier 2 capital	<u>2,764,148</u>	<u>566,507</u>	<u>3,330,655</u>	<u>139,330</u>	<u>139,330</u>	<u>3,469,985</u>
Total capital funds	8,041,297	1,738,995	8,996,222	586,068	608,199	9,604,421
Less: Investment in subsidiary company	(816,850)	-	(32,780)	(122,671)	-	(32,780)
Investment in capital of related financial institutions	-	-	-	(18,105)	(18,105)	(18,105)
Other deduction	(10,219)	-	(10,219)	-	-	(10,219)
Capital base	<u>7,214,228</u>	<u>1,738,995</u>	<u>8,953,223</u>	<u>445,292</u>	<u>590,094</u>	<u>9,543,317</u>

A29 CAPITAL ADEQUACY RATIO (CONTD.)

(c) The aggregated breakdown of risk-weighted assets ("RWA") by exposures in each major risk category of the Group for the current financial period are as follows:

**30.9.09
Group***

Exposure Class

		Gross Exposures RM'000	Net Exposures RM'000	Risk Weighted Assets RM'000	Capital Requirements RM'000
1.	<u>Credit Risk</u>				
	<i>On-Balance Sheet Exposures</i>				
	Sovereigns/Central Banks	13,048,592	13,024,319	642	51
	Public Sector Entities ("PSEs")	59,656	59,656	11,931	955
	Banks, Development Financial Institutions ("DFI") & Multilateral Development Banks ("MDBs"), Insurance Companies, Securities Firms & Fund Managers	4,212,392	4,212,391	1,026,456	82,116
	Corporates	23,461,056	21,943,917	18,947,877	1,515,830
	Regulatory Retail	33,221,800	33,067,939	24,751,286	1,980,103
	Residential Mortgages	6,609,442	6,600,858	2,801,683	224,134
	Higher Risk Assets	230,072	230,072	345,109	27,609
	Other Assets	2,573,999	2,573,998	2,108,870	168,709
	Equity Exposure	200,641	200,641	200,641	16,052
	Securitisation Exposures	-	-	-	-
	Defaulted Exposures	2,925,389	2,859,500	3,856,095	308,488
	Total for On-Balance Sheet Exposures	86,543,039	84,773,291	54,050,590	4,324,047
	<i>Off-Balance Sheet Exposures</i>				
	Over the counter ("OTC") derivatives	1,361,773	1,361,773	607,123	48,570
	Off balance sheet exposures other than OTC derivatives or credit derivatives	5,496,666	5,149,718	4,840,774	387,262
	Total for Off-Balance Sheet Exposures [Note A29(e)]	6,858,439	6,511,491	5,447,897	435,832
	Total On and Off-Balance Sheet Exposures	93,401,478	91,284,782	59,498,487	4,759,879
2.	Large Exposures Risk Requirement	202	202	8,294	663
3.	<u>Market Risk</u>	Long Position	Short Position		
	Interest Rate Risk				
	- General interest rate risk	30,611,426	28,066,873	1,775,152	142,012
	- Specific interest rate risk	2,358,622	202,892	311,195	24,896
	Foreign Currency Risk	742,533	22,944	742,533	59,403
	Equity Risk				
	- General risk	86,144	-	86,144	6,891
	- Specific risk	184,846	-	154,012	12,321
	Option Risk	-	580	798	64
	Total	33,983,571	28,293,289	3,069,834	245,587
4.	<u>Operational Risk</u>			5,085,517	406,841
5.	Total RWA and Capital Requirements			67,662,132	5,412,970

The Group does not have any issuances of Profit-Sharing Investment Account ("PSIA") used as a risk absorbent.

A29. CAPITAL ADEQUACY RATIO (CONTD.)

(c) The aggregated breakdown of risk-weighted assets ("RWA") by exposures in each major risk category of the Group for the previous financial year are as follows:

**31.3.09
Group***

Exposure Class

		Gross Exposures RM'000	Net Exposures RM'000	Risk Weighted Assets RM'000	Capital Requirements RM'000
1.	<u>Credit Risk</u>				
	<i>On-Balance Sheet Exposures</i>				
	Sovereigns/Central Banks	16,196,838	16,196,838	-	-
	Public Sector Entities ("PSEs")	70,928	70,928	14,186	1,135
	Banks, Development Financial Institutions ("DFI") & Multilateral Development Banks ("MDBs"), Insurance Companies, Securities Firms & Fund Managers	2,821,137	2,821,137	900,727	72,058
	Corporates	21,220,171	19,859,870	16,501,287	1,320,103
	Regulatory Retail	32,200,659	32,036,417	23,996,353	1,919,708
	Residential Mortgages	6,402,124	6,394,984	2,721,869	217,750
	Higher Risk Assets	180,954	180,954	271,432	21,714
	Other Assets	2,546,519	2,546,519	1,841,162	147,293
	Equity Exposure	294,336	294,336	294,336	23,547
	Securitisation Exposures	215,864	215,864	73,955	5,916
	Defaulted Exposures	3,167,345	3,094,368	4,230,420	338,434
	Total for On-Balance Sheet Exposures	85,316,875	83,712,215	50,845,727	4,067,658
	<i>Off-Balance Sheet Exposures</i>				
	Over the counter ("OTC") derivatives	1,314,886	1,314,886	582,462	46,597
	Off balance sheet exposures other than OTC derivatives or credit derivatives	5,606,911	5,390,455	4,778,756	382,301
	Total for Off-Balance Sheet Exposures [Note A29(e)]	6,921,797	6,705,341	5,361,218	428,898
	Total On and Off-Balance Sheet Exposures	92,238,672	90,417,556	56,206,945	4,496,556
2.	Large Exposures Risk Requirement	202	202	13,391	1,071
3.	<u>Market Risk</u>	Long Position	Short Position		
	Interest Rate Risk				
	- General interest rate risk	30,636,665	28,307,712	1,379,902	110,392
	- Specific interest rate risk	1,717,431	6,099	40,076	3,206
	Foreign Currency Risk	221,009	379,640	380,934	30,475
	Equity Risk				
	- General risk	31,045	-	31,045	2,483
	- Specific risk	161,843	-	109,012	8,721
	Option Risk	592,000	-	79,000	6,320
	Total	33,359,993	28,693,451	2,019,969	161,597
4.	Operational Risk			4,713,862	377,109
5.	Total RWA and Capital Requirements			62,954,167	5,036,333

The Group does not have any issuances of Profit-Sharing Investment Account ("PSIA") used as a risk absorbent.

A29 CAPITAL ADEQUACY RATIO (CONTD.)

(d) The aggregated breakdown of credit risk exposures by risk weights of the Group for the current financial period are as follows:

**30.9.09
Group***

Risk Weights	Exposures after Netting and Credit Risk Mitigation												Total Exposures after Netting & Credit Risk Mitigation	Total Risk Weighted Assets
	Sovereigns & Central Banks	PSEs	Banks, MDBs and DFIs	Insurance Cos, Securities Firms & Fund Managers	Corporates	Regulatory Retail	Residential Mortgages	Higher Risk Assets	Other Assets	Specialised Financing /Investment	Securitisation	Equity		
0%	13,025,468	-	20,800	-	-	-	-	-	271,937	-	-	-	13,318,205	-
10%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20%	3,207	59,656	3,964,241	-	3,223,169	13,542	-	-	241,485	-	-	-	7,505,300	1,501,060
35%	-	-	-	-	-	-	3,325,743	-	-	-	-	-	3,325,743	1,164,010
50%	-	-	1,321,123	-	959,392	178,025	3,293,997	-	-	-	-	-	5,752,537	2,876,269
75%	-	-	-	-	-	34,469,596	464	-	-	-	-	-	34,470,060	25,852,544
100%	-	-	53,924	23,289	21,822,533	139,621	229,020	-	2,060,576	-	-	200,641	24,529,604	24,529,604
150%	-	-	52	-	1,237,724	908,825	-	236,732	0	-	-	-	2,383,333	3,575,000
Average Risk Weight														
Total	13,028,675	59,656	5,360,140	23,289	27,242,818	35,709,609	6,849,224	236,732	2,573,998	-	-	200,641	91,284,782	59,498,487
Deduction from Capital Base	-	-	-	-	-	-	-	-	-	-	45	-	45	

A29 CAPITAL ADEQUACY RATIO (CONTD.)

(d) The aggregated breakdown of credit risk exposures by risk weights of the Group for the previous financial year are as follows:

**31.3.09
Group***

Risk Weights	Exposures after Netting and Credit Risk Mitigation												Total Exposures after Netting & Credit Risk Mitigation	Total Risk Weighted Assets
	Sovereigns & Central Banks	PSEs	Banks, MDBs and DFIs	Insurance Cos, Securities Firms & Fund Managers	Corporates	Regulatory Retail	Residential Mortgages	Higher Risk Assets	Other Assets	Specialised Financing /Investment	Securitisation	Equity		
0%	16,198,999	-	-	-	-	-	-	-	292,252	-	-	-	16,491,251	-
10%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20%	-	70,959	2,382,175	-	3,771,700	10,378	-	-	502,400	-	168,088	-	6,905,700	1,381,140
35%	-	-	-	-	-	-	3,171,497	-	-	-	-	-	3,171,497	1,110,024
50%	-	-	1,462,578	-	990,114	157,585	3,244,358	-	-	-	14,876	-	5,869,511	2,934,756
75%	-	-	-	-	-	33,915,078	493	-	-	-	-	-	33,915,571	25,436,677
100%	-	-	258,039	4,486	18,802,051	118,975	218,361	-	1,774,238	-	32,900	294,336	21,503,386	21,503,385
150%	-	-	-	-	1,516,129	880,116	-	186,768	(22,372)	-	-	-	2,560,641	3,840,963
Average Risk Weight														
Total	16,198,999	70,959	4,102,792	4,486	25,079,994	35,082,132	6,634,709	186,768	2,546,518	-	215,864	294,336	90,417,557	56,206,945
Deduction from Capital Base	-	-	-	-	-	-	-	-	-	-	40	-	40	

A29. CAPITAL ADEQUACY RATIO (CONTD.)

(e) The aggregated Off-Balance Sheet exposures and their related counterparty credit risk of the Group are as follows:

**30.9.09
Group***

	Principal Amount	Positive Fair Value of Derivative Contracts	Credit Equivalent Amount	Risk Weighted Assets
Credit-Related Exposures				
Guarantees given on behalf of customers	2,754,098		2,754,099	2,510,302
Certain transaction-related contingent items	1,820,109		910,055	892,467
Underwriting liabilities	691,580		-	-
Short term self liquidating trade-related contingencies	583,826		116,765	116,765
Islamic financing sold to Cagamas	373,791		373,791	282,400
Irrevocable commitments to extend credit maturing:				
- within one year	12,114,528		-	-
- more than one year	1,921,022		418,505	354,061
Unutilised credit card line	4,519,877		903,975	675,828
Sell and buy back agreements	178,863		2,304	1,926
Others	214,709		150	150
	<u>25,172,403</u>		<u>5,479,644</u>	<u>4,833,899</u>
Derivative Financial Instruments				
Foreign exchange related contracts:				
Forward exchange contracts				
- One year or less	2,462,965	10,378	23,394	17,741
Cross currency swaps				
- One year or less	301,517	5,920	10,500	5,250
- Over one year to five years	317,041	472.00	22,072	10,382
Interest rate related contracts:				
Interest rate futures				
- One year or less	30,000	10,489	-	-
- Over one year to five years	30,000	800	-	-
Interest rate swaps				
- One year or less	4,160,000	19,368	27,726	10,092
- Over one year to five years	22,212,158	209,368	734,461	316,205
- Over five years	3,618,588	101,820	507,938	230,535
Interest rate options				
- Over one year to five years	13,539	-	-	-
Options related contracts:				
Equity				
- One year or less	128,702	3,592	5,008	1,702
- Over one year to five years	212,021	4,926	19,769	13,035
Commodity				
- Over one year to five years	81,183	4,410	10,905	2,181
Equity futures				
- One year or less	34,693	-	-	-
	<u>33,602,407</u>	<u>371,543</u>	<u>1,361,773</u>	<u>607,123</u>
Other Treasury-Related Exposures				
Forward purchase commitments	472,386		17,022	6,875
Total	<u>59,247,196</u>	<u>371,543</u>	<u>6,858,439</u>	<u>5,447,897</u>

A29. CAPITAL ADEQUACY RATIO (CONTD.)

(e) The aggregated Off-Balance Sheet exposures and their related counterparty credit risk of the Group are as follows:

31.3.09

Group*

	Principal Amount	Positive Fair Value of Derivative Contracts	Credit Equivalent Amount	Risk Weighted Assets
Credit-Related Exposures				
Guarantees given on behalf of customers	2,723,184		2,723,184	2,378,082
Certain transaction-related contingent items	1,496,866		748,433	740,965
Underwriting liabilities	-		-	-
Short term self liquidating trade-related contingencies	493,284		98,657	98,716
Islamic financing sold to Cagamas	879,088		879,088	663,997
Irrevocable commitments to extend credit maturing:				
- within one year	-		-	-
- more than one year	561,411		280,705	241,501
Unutilised credit card line	4,383,472		876,694	655,346
Sell and buy back agreements	153,300		212	206
Others	11,988,296		150	150
	22,678,901		5,607,123	4,778,963
Derivative Financial Instruments				
Foreign exchange related contracts:				
Forward exchange contracts				
- One year or less	824,899	29,552	30,173	14,435
Cross currency swaps				
- One year or less	298,931	607	10,068	5,034
- Over one year to five years	311,282	-	26,721	13,360
Interest rate related contracts:				
Interest rate futures				
- Over one year to five years	60,000	1,507	-	-
Interest rate swaps				
- One year or less	4,215,000	12,904	21,022	9,005
- Over one year to five years	17,641,853	291,170	765,528	351,903
- Over five years	2,755,588	137,697	450,952	184,496
Options related contracts:				
Equity				
- One year or less	30,000	390	-	-
- Over one year to five years	119,660	7,221	-	-
Commodity				
- Over one year to five years	44,494	1,885	-	-
	26,301,707	482,933	1,304,464	578,233
Other Treasury-Related Exposures				
Forward purchase commitments	265,000		10,210	4,022
Total	49,245,608	482,933	6,921,797	5,361,218

A30. CREDIT EXPOSURE ARISING FROM CREDIT TRANSACTIONS WITH CONNECTED PARTIES

	The Group	
	30.9.09	31.3.09
	RM'000	RM'000
Outstanding credit exposures with connected parties	1,165,597	762,691
Percentage of outstanding credit exposures to connected parties		
- as a proportion of total credit exposures	0.82	1.13
- which is non-performing or in default	3.01	0.26

The credit exposures above are derived based on Bank Negara Malaysia's revised Guidelines on Credit Transactions and Exposures with Connected Parties, which are effective on 1 January 2008.

A31. ISLAMIC BANKING BUSINESS

The state of affairs as at 30 September 2009 and the results for the period ended 30 September 2009 of the Islamic banking business of the Group and included in the financial statements after elimination of intercompany transactions and balances are summarised as follows:

AUDITED CONSOLIDATED BALANCE SHEET AS AT 30 SEPTEMBER 2009

	The Group	
	30.9.09 RM'000	31.3.09 RM'000
ASSETS		
Cash and short-term funds	3,693,461	3,218,641
Deposit and placements with banks and other financial institutions	450,000	-
Securities held-for-trading	392,242	203,863
Securities available-for-sale	471,958	569,295
Securities held-to-maturity	34,791	36,710
Derivative financial assets	4,410	1,885
Financing and advances	10,762,664	9,810,477
Statutory deposits with Bank Negara Malaysia	22,079	86,079
Other receivables, deposits and prepayments	73,756	109,803
Property and equipment	414	489
Deferred tax assets	57,689	99,191
Intangible assets	483	565
TOTAL ASSETS	15,963,947	14,136,998
LIABILITIES AND ISLAMIC BANKING FUNDS		
Deposits from customers	12,371,458	10,155,389
Deposits and placements of banks and other financial institutions	1,013,343	1,425,410
Derivative financial liabilities	4,404	1,884
Converted fund	-	7,240
Acceptances payable	463,332	612,567
Other liabilities	316,966	208,235
Subordinated Sukuk Musyarakah	400,000	400,000
Total Liabilities	14,569,503	12,810,725
ISLAMIC BANKING FUNDS		
Share capital/Capital funds	435,877	435,877
Reserves	958,567	890,396
Islamic Banking Funds	1,394,444	1,326,273
TOTAL LIABILITIES AND ISLAMIC BANKING FUNDS	15,963,947	14,136,998
COMMITMENTS AND CONTINGENCIES	4,145,857	4,301,299

**AUDITED CONSOLIDATED INCOME STATEMENT
FOR THE FINANCIAL QUARTER ENDED 30 SEPTEMBER 2009**

The Group	Individual Quarter		Cumulative Quarter	
	30.9.09 RM'000	30.9.08 RM'000	30.9.09 RM'000	30.9.08 RM'000
Income derived from investment of depositors' funds and others	223,289	189,781	436,603	371,346
Allowance for losses on financing	(24,323)	(21,848)	(45,304)	(47,724)
Provision for commitment and contingencies	13,042	(1,744)	12,871	(14,846)
Impairment loss for sundry debt	(4,298)	-	(4,298)	(18)
Transfer (to)/from profit equalization reserve	1,879	740	(53)	6,805
Total attributable income	209,589	166,929	399,819	315,563
Income attributable to the depositors	(87,958)	(98,857)	(168,577)	(191,198)
Profit attributable to the Group	121,631	68,072	231,242	124,365
Income derived from Islamic Banking Funds	39,043	61,260	145,461	101,537
Total net income	160,674	129,332	376,703	225,902
Operating expenditure	(62,819)	(52,874)	(127,062)	(108,739)
Finance cost	(5,739)	(4,839)	(10,526)	(9,626)
Profit before taxation	92,116	71,619	239,115	107,537
Taxation and zakat	(24,542)	(18,513)	(62,422)	(27,890)
Profit for the period	67,574	53,106	176,693	79,647

A31a. Financing and Advances

	The Group	
	30.9.09	31.3.09
	RM'000	RM'000
Term financing/Revolving credit facilities	3,337,364	3,029,943
Islamic hire purchase, net of unearned income	5,877,665	5,283,928
Credit card receivables	300,445	310,266
Trust receipts	24,299	31,828
Claims on customer under acceptance credits	812,528	763,656
Other financing	687,120	656,417
Gross financing and advances	<u>11,039,421</u>	<u>10,076,038</u>
Allowance for bad and doubtful debts and financing		
-general	(172,784)	(166,508)
-specific	(103,973)	(99,053)
	<u>(276,757)</u>	<u>(265,561)</u>
Net financing and advances	<u>10,762,664</u>	<u>9,810,477</u>

Movements in non-performing financing and advances ("NPF") are as follows:

	The Group	
	30.9.09	31.3.09
	RM'000	RM'000
Gross		
Balance at beginning of year	239,637	305,321
Non-performing during the period	118,615	186,216
Reclassification to performing financing	(51,320)	(62,432)
Recoveries	(14,691)	(27,618)
Amount written off	(52,193)	(161,850)
Balance at end of period	<u>240,048</u>	<u>239,637</u>
Specific allowance	(103,973)	(99,053)
Non-performing financing - net	<u>136,075</u>	<u>140,584</u>
Net NPF as % of gross financing and advances (including Islamic financing sold to Cagamas Berhad) less specific allowance	<u>1.20%</u>	<u>1.29%</u>

Movements in allowances for bad and doubtful debts and financing accounts are as follows:

	The Group	
	30.9.09	31.3.09
	RM'000	RM'000
General Allowance		
Balance at beginning of year	166,508	154,954
Allowance made during the period	6,276	11,554
Balance at end of period	<u>172,784</u>	<u>166,508</u>
% of total financing and advances (including Islamic financing sold to Cagamas Berhad) less specific allowance	 <u>1.53%</u>	 <u>1.53%</u>
Specific Allowance		
Balance at beginning of year	<u>99,053</u>	<u>153,436</u>
Allowance made during the period	79,300	156,574
Amount written back in respect of recoveries	<u>(22,410)</u>	<u>(48,145)</u>
Net charge to income statement	56,890	108,429
Amount written off/Adjustment to Asset Deficiency Account	<u>(51,970)</u>	<u>(162,812)</u>
Balance at end of period	<u>103,973</u>	<u>99,053</u>

A31b. DEPOSITS FROM CUSTOMERS

	The Group	
	30.9.09	31.3.09
	RM'000	RM'000
Mudarabah Fund		
Special Investment deposits	82,753	44,850
General Investment deposits	<u>10,034,387</u>	<u>8,251,739</u>
	<u>10,117,140</u>	<u>8,296,589</u>
Non-Mudarabah Fund		
Demand deposits	966,902	645,865
Saving deposits	1,038,482	945,950
Negotiable Islamic debt certificates	<u>248,934</u>	<u>266,985</u>
	<u>2,254,318</u>	<u>1,858,800</u>
	<u>12,371,458</u>	<u>10,155,389</u>

A31c. OTHER LIABILITIES

	The Group	
	30.9.09	31.3.09
	RM'000	RM'000
Other payables and accruals	210,784	130,875
Taxation and zakat payable	25,276	7,930
Amount owing to head office	10,056	401
Lease deposits and advance rentals	8,642	6,867
Profit equalisation reserve	<u>62,208</u>	<u>62,162</u>
	<u>316,966</u>	<u>208,235</u>

A32. RECLASSIFICATION

(1) BNM Circular on Reclassification of Securities under Specific Circumstances

The Group adopted Bank Negara Malaysia's Circular on the Reclassification of Securities under Specific Circumstances which allow banking institutions to reclassify securities in held-for-trading category under the Revised Guidelines of Financial Reporting for Licensed Institutions (BNM/GP8). The provisions in the Circular shall override the existing requirements of BNM/GP8 in relation to the reclassification of securities into or out of the held-for-trading category and are effective from 1 July 2008 until 31 December 2009.

(i) Effects on Balance Sheet as at 30 September 2008:

Description of change	Increase/(Decrease)		
	BNM		
	30.9.08	Guidelines on	30.9.08
	Before reclass	reclassification	After reclass
The Group	RM'000	RM'000	RM'000
Securities held-for-trading	1,966,677	(785,770)	1,180,907
Securities available-for-sale	5,622,487	785,770	6,408,257
Available-for-sale reserve	(134,321)	(37,887)	(172,208)
Unappropriated profits	1,564,536	31,774	1,596,310

(ii) Effects on Income Statements for the quarter ended 30 September 2008

	Increase/(Decrease)		
	BNM		
	30.9.08	Guidelines on	30.9.08
	Before reclass	reclassification	After reclass
The Group	RM'000	RM'000	RM'000
Revenue	1,406,584	39,664	1,446,248
Other operating income	108,799	39,664	148,463
Taxation	(84,427)	(6,197)	(90,624)
Profit after taxation attributable to equity holders of the Company	198,355	31,774	230,129

(iii) Effects on Income Statements for the 6 months period ended 30 September 2008

	Increase/(Decrease)		
	BNM		
	30.9.08	Guidelines on	30.9.08
	Before reclass	reclassification	After reclass
The Group	RM'000	RM'000	RM'000
Revenue	2,805,561	39,664	2,845,225
Other operating income	328,766	39,664	368,430
Taxation	(153,914)	(6,197)	(160,111)
Profit after taxation attributable to equity holders of the Company	401,269	31,774	433,043

(iv) The carrying amounts and fair values of all securities reclassified from securities held-for-trading to securities available-for-sale are as follows:

The Group	30.9.09		30.9.08	
	Carrying amount	Fair values	Carrying amount	Fair values
	RM'000	RM'000	RM'000	RM'000
Securities reclassified from securities held-for-trading to securities available-for-sale	499,321	518,572	822,964	785,770

A32. RECLASSIFICATION (CONTD.)

(2) (a) Adoption of Risk-Based Capital Framework for the insurance business

During the reporting period, the insurance business of the Group adopted the Risk-Based Capital Framework pursuant to Section 23 of the Insurance Act 1996. The framework requires the insurer to maintain a capital adequacy level that is commensurate with the risk profiles that has been developed based on certain principles. The framework also sets out the statutory valuation bases for insurers' assets and liabilities and Bank Negara Malaysia's expectations on the investments and risk management policies.

	As previously reported RM'000	Effect of reclassification RM'000	As restated RM'000
(i) Effects on Balance Sheets as at 31.3.09			
Other liabilities	2,639,015	6,877	2,645,892
Unappropriated profits	1,823,223	(6,877)	1,816,346
(ii) Effects on Income Statements for financial year ended 31.3.09			
Net income from insurance business	121,340	(9,169)	112,171
Taxation and zakat	(339,382)	2,292	(337,090)

(b) Restatement of comparatives

During the reporting period, the Group had reviewed and changed the presentation of income and expenses arising from insurance business. These income and expenses which were previously taken up under other operating income and expenses are now presented as net income from insurance business.

The comparative amounts which have been reclassified to conform with the current period's presentation are as follows:

	As previously reported RM'000	Effect of reclassification RM'000	As restated RM'000
Income Statement for second quarter ended 30 September 2008			
Operating revenue	1,446,248	12,952	1,459,200
Net income from insurance business	-	35,966	35,966
Other operating income	148,463	(116,580)	31,883
Other operating expenses	(393,778)	80,615	(313,163)
Income Statement for cumulative quarter ended 30 September 2008			
Operating revenue	2,845,225	25,765	2,870,990
Net income from insurance business	-	53,518	53,518
Other operating income	368,430	(230,051)	138,379
Other operating expenses	(807,536)	176,534	(631,002)

B1. PERFORMANCE REVIEW ON THE RESULTS OF THE GROUP FOR THE QUARTER AND YEAR

The Group recorded a net profit of RM240.2 million for the second quarter ended 30 September 2009, an improvement of RM10.0 million or 4.4% as compared to the previous corresponding period of RM230.1 million. The Group's pre-tax profit for the half year ended 30 September 2009 improved to RM691.1 million as compared to RM599.3 million reported for the corresponding period last year.

The improvement in earnings for the reporting quarter was mainly attributed by increase in other operating income and income from Islamic banking business of RM162.9 million and RM21.3 million respectively. In addition, there was a write-back for commitments and contingencies of RM8.2 million as compared to a provisions of RM1.4 million for the preceding year's corresponding quarter. The improvement was however offset by increase in allowance for losses on loans and financing of RM116.2 million, higher other operating expenses by RM28.3 million and higher impairment loss on securities of RM36.5 million as compared to previous corresponding period of RM8.6 million, while net income from insurance business and net interest income were reduced by RM5.9 million and RM5.8 million respectively.

The Group's commercial and retail banking operations were the largest contributors to the Group pre-tax profit, reporting a pre-tax profit of RM280.4 million for the reporting quarter, followed by investment banking operations of RM26.5 million, while insurance operations contributed RM21.7 million for the quarter ended 30 September 2009.

Gross loans and advances expanded to RM62.5 billion to register an annual growth of 12.5%. The growth was mainly attributed to financing of landed properties, construction and passenger vehicles. Financing for purchase of transport vehicles have expanded by RM207.3 million and account for 39.1% of total loans, followed by loans for residential mortgages which accounted for 18.2% of total loans.

The Group continued to see further improvement in asset quality, with net non-performing loans ("NPL") ratio on a 3-month classification basis, decreasing to 2.2%, from 2.6% as at 31 March 2009, due to continuous loan recovery efforts.

As at 30 September 2009, the Group's total assets stood at RM92.5 billion. Meanwhile, the Group's banking subsidiaries risk-weighted capital ratio ("RWCR") stood at 15.65% as at 30 September 2009, compared with 15.16% as at 31 March 2009.

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

B2. REVIEW OF MATERIAL CHANGES IN PROFIT BEFORE TAXATION

The Group reported a pre-tax profit of RM337.6 million for the second quarter ended 30 September 2009 as compared to RM353.5 million for the first quarter ended 30 June 2009. This was mainly due to lower net income from Islamic banking business of RM168.6 million as compared to RM234.3 million for the preceding quarter, while other operating income reduced by RM16.2 million and allowance for losses on loans and financing higher by RM5.2 million. These, however, was cushioned by higher net interest income of RM33.4 million and net income from insurance business of RM6.3 million, and lower other operating expenses and impairment loss on securities of RM10.8 million and RM5.1 million respectively.

B3. PROSPECTS FOR 31 MARCH 2010

There is increasing global optimism for revival of the world economies but risks linger. AHB Group remains vigilant on the rate of recovery and lag effects on the banking sector. The Group forecasts gross domestic product (GDP) to expand 1% in 4Q2009 (fourth quarter of 2009), after contracting -5% in the 1H2009 (first half of 2009) and an estimated -3% in 3Q2009 (third quarter of 2009). Forecast 2009 GDP is at -3%. For 2010, we are projecting a GDP expansion of circa 3%. Nonetheless, AHB Group will keep abreast with the progress of economic developments to refine our business priorities.

During the recent downturn, Malaysian banks have proven their resilience. The regulators have stated that the banking system's capital position is sturdy, which has enabled the industry to weather the financial crisis. No major spikes in non-performing loans were observed. On the back of fiscal pump priming, improving consumption and higher corporate investment, loan growth is expected to strengthen. Corporate deal pipeline is gaining momentum, thus boosting the investment banking business.

AHB Group will stay focused on its Medium Term Aspirations (MTA) by executing to its strategies built around de-risking, diversifying away from concentrations and differentiated growth via targeting profitable business segments and volume versus price trade-off. The Group continues to focus on income diversification, efficiency management, building its brand name, growing deposits in particular low-cost deposits and expanding distribution footprints. In addition, enhanced risk disciplines, and collections and recoveries management are key focus areas in the current financial year.

For financial year ending 31 March 2010, AHB Group now expects to deliver profits in excess of the top end of its market guidance provided earlier (circa RM800 million to RM900 million), barring any major reversals on economic turnaround. Executing to its MTA around profitable growth, diversification and portfolio rebalancing, has provided the Group with head-start advantage in the current year. AmBank Group continues to leverage the technical support and knowledge exchange from its strategic partners, namely the Australia and New Zealand Banking Group at the AHB Group level, and Insurance Australia Group and Friends Provident Fund plc for the insurance businesses.

B4. VARIANCE FROM PROFIT FORECAST AND SHORTFALL FROM PROFIT GUARANTEE

This is not applicable to the Group.

B5. TAXATION

The Group	Individual Quarter		Cumulative Quarter	
	30.9.09 RM'000	30.9.08 RM'000	30.9.09 RM'000	30.9.08 RM'000
Estimated current tax payable	93,742	12,973	122,724	17,786
Transfer (to) / from deferred tax	(3,419)	77,954	54,864	142,840
	90,323	90,927	177,588	160,626
Overprovision of current taxation in respect of prior years	(677)	(430)	(276)	(544)
Taxation	89,646	90,497	177,312	160,082
Zakat	497	127	819	29
Taxation and zakat	90,143	90,624	178,131	160,111

The total tax charge of the Group for the financial quarter ended 30 September 2009 and 2008 reflect an effective tax rate which is higher than the statutory tax rate due mainly to disallowances of certain expenses.

B6. SALE OF INVESTMENTS AND/OR FORECLOSED PROPERTIES

The Group	Individual Quarter		Cumulative Quarter	
	30.9.09 RM'000	30.9.08 RM'000	30.9.09 RM'000	30.9.08 RM'000
Net gain/(loss) from sale of securities held-for-trading	5,203	(29,172)	30,999	(81,447)
Net gain from sale of securities available-for-sale	10,526	1,266	20,950	12,023
Net gain from redemption of securities held-to-maturity	2,745	7,684	17,571	22,594

B7. QUOTED SECURITIES

This note is not applicable to financial institutions.

B8. CORPORATE PROPOSALS

1. AmG Insurance Berhad ("AmG") has on 10 November 2008 entered into a non-binding memorandum of understanding ("MOU") with MAA Holdings Berhad and Malaysian Assurance Alliance Berhad (MAA) in respect of the proposed acquisitions of:-
 - (i) the general insurance business of MAA at a headline price (subject to adjustments) of RM274.8 million (subsequently revised to RM254.8 million), and
 - (ii) a 4.9% equity stake in MAA Takaful Berhad at a consideration of RM16.2 million, equivalent to RM3.30 per share.
2. On 19 December 2007, the Company received BNM's approval for the internal shareholding restructuring of certain operating subsidiaries to constitute the Capital Market Group and Asset Management Group (the "Proposed Internal Transfer") involving the intra-group transfer of following subsidiaries, which was completed on 1 April 2009:-
 - (i) AmFutures Sdn Bhd, a licensed futures broker, from AmSecurities Holding Sdn Bhd ("AMSH") to AmInvestment Bank Berhad ("AmInvestment Bank") for a cash consideration based on book value;
 - (ii) AmResearch Sdn Bhd, a licensed investment adviser, from AMSH to AmInvestment Bank for a cash consideration based on book value;
 - (iii) AmInvestment Management Sdn Bhd, an asset management company, from AmInvestment Bank to AmInvestment Group Berhad ("AIGB") for a cash consideration based on book value; and
 - (iv) AmInvestment Services Berhad, a unit trust management company, from AmInvestment Bank to AIGB for a cash consideration based on book value.

The Proposed Internal Transfer involving PT. AmCapital Indonesia, the group's Indonesian subsidiary which is licensed to undertake stockbroking, underwriting and investment management activities, is targeted to complete in the second half of year 2009, subject to obtaining the approval of Badan Pengawas Pasar Modal dan Lembaga Keuangan, the Indonesian securities regulatory authority.

3. On 23 January 2009, the Company announced that it is proposing to undertake a Bumiputera issue of 96,300,000 new ordinary shares of RM1.00 each ("Special Issue Shares") to its eligible Bumiputera shareholders to be identified later ("Identified Bumiputera Shareholders") at an issue price to be determined after obtaining all relevant approvals ("Proposed Special Issue").

The Proposed Special Issue is being undertaken to enable the Company to comply with the Bumiputera equity condition imposed by the SC pursuant to its approval for the equity participation of Australia and New Zealand Banking Group Limited in the Company.

The price of the Special Issue Shares was fixed at RM2.77 per share (as announced on 26 May 2009) and was arrived at based on a discount of 15% to the volume weighted average market price of the Company's shares for the five market days up to and including 25 May 2009 of RM3.26, being the market day immediately preceding the date of price fixing.

Upon allotment and issuance, the Special Issue Shares shall rank pari passu in all respects with the then existing issued and paid-up shares of the Company except that they will not be entitled to any dividend declared in respect of the financial year ended 31 March 2009, irrespective of the date on which such dividend is declared, made or paid, nor will they be entitled to any rights, allotments and/or other distributions, if the Special Issue Shares are allotted and issued after the entitlement date for such rights, allotments or other distributions.

The total proceeds to be raised under the Proposed Special Issue (based on the issue price of RM2.77 per share) is estimated at RM266.7 million. The proceeds from the Proposed Special Issue are expected to be utilised for working capital requirements after defraying expenses in relation to the Proposed Special Issue.

On 25 August 2009, the Company announced that the Proposed Special Issue was completed. The shares were subsequently listed on the Main Market of Bursa Malaysia Securities Berhad on 26 August 2009.

B8. CORPORATE PROPOSALS (CONTD.)

4. During the financial period, the Company offered the following scheme shares and options to the eligible executive of the Group pursuant to an executives' share scheme ("ESS").
 - (i) 5,462,100 scheme shares under the long-term incentive award;
 - (ii) 9,689,800 options under the long-term incentive award at option price of RM2.20 per share; and
 - (ii) 9,128,500 options under the long-term incentive award at option price of RM3.05 per share

Scheme shares will only vest on or options are only exercisable by scheme participants subject to the satisfaction of stipulated conditions. Such conditions are stipulated and determined to be satisfied by the ESS Committee.

The Company operates an equity-settled, share-based compensation plan pursuant to the ESS.

5. On 3 August 2009, the Company announced that, the RM575.0 million nominal value of 10-year unsecured subordinated exchangeable bonds ("EBs") issued by AmBank, a wholly owned subsidiary of the Company, on 18 May 2007 to ANZ Funds Pty Ltd, a wholly owned subsidiary of Australia and New Zealand Banking Group Limited ("ANZ") in relation to the equity participation by ANZ in the Company in May 2007 were exchanged into new ordinary shares of RM1.00 each at the exchange price of RM2.95 nominal value of EBs for one new ordinary share in the Company. The Company's additional 194,915,254 new ordinary shares of RM1.00 each arising from the exercise were subsequently listed on the Main Market of Bursa Malaysai Malaysia Securities Berhad on 6 August 2009.
6. During the reporting quarter, the trustee of the executives' share scheme ("ESS") had purchased 2,574,800 of the Company's issued ordinary shares from the open market at an average price of RM4.05 per share. The total consideration paid for the purchase including transaction costs amounted to RM10,476,917.

As at 30 September 2009, the trustee of the ESS held 5,462,100 ordinary shares representing 0.18% of the issued and paid-up capital of the Company. These shares are held at a carrying amount of RM17,540,586.

B9. BORROWINGS

	The Group	
	30.9.09 RM'000	31.3.09 RM'000
(i) Deposits from customers		
Due within six months	54,773,456	50,872,152
Six months to one year	7,956,119	10,394,563
One year to three years	1,970,286	2,235,751
Three to five years	602,226	629,040
	<u>65,302,087</u>	<u>64,131,506</u>
(ii) Deposits and placements of banks and other financial institutions		
Due within six months	3,389,075	3,465,904
Six months to one year	503,908	1,364,334
One year to three years	238,549	402,859
Three to five years	1,491,377	902,312
	<u>5,622,909</u>	<u>6,135,409</u>
<i>Recap:</i>		
<i>Interbank lendings</i>	14,094,211	16,536,853
<i>Interbank borrowings</i>	(346,051)	(93,435)
<i>Net interbank lendings</i>	<u>13,748,160</u>	<u>16,443,418</u>
(iii) Term loans		
Due within one year		
Secured	502,643	351,859
(iv) Capital securities		
More than one year	985,000	500,000
(v) Unsecured bonds		
More than one year	515,000	1,090,000
(vi) Hybrid capital		
More than one year	743,425	803,691
The above hybrid capital includes amounts denominated in USD. Principal amount - USD200.0 million.		
(vii) Medium term notes		
More than one year	1,460,000	1,460,000

B10. DERIVATIVE FINANCIAL INSTRUMENTS

Please refer to note A27

B11. MATERIAL LITIGATION

The Group and the Company do not have any material litigation which would materially affect the financial position of the Group and the Company. For other litigations, please refer to Note A26(f).

B12. DIVIDENDS

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

B13. EARNINGS PER SHARE (SEN)

a. Basic earnings per share

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

	Individual Quarter		Cumulative Quarter	
	30.9.09 RM'000	30.9.08 RM'000	30.9.09 RM'000	30.9.08 RM'000
Net profit attributable to equity holders of the Company	240,158	230,129	498,395	433,043
Weighted average number of ordinary shares in issue ('000)	2,887,450	2,722,970	2,804,219	2,722,970
Basic earnings per share (Sen)	8.32	8.45	17.77	15.90

b. Fully diluted earnings per share

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

The Company has one category of dilutive potential ordinary shares:

(i) Unsecured exchangeable bonds

	Individual Quarter		Cumulative Quarter	
	30.9.09 RM'000	30.9.08 RM'000	30.9.09 RM'000	30.9.08 RM'000
Net profit attributable to equity holders of the Company	240,158	230,129	498,395	433,043
Weighted average number of ordinary shares in issue (as in (a) above)	2,887,450	2,722,970	2,804,219	2,722,970
Fully diluted earnings per share (Sen)	8.32	8.45	17.77	15.90

For the financial quarter and period ended 30 September 2009, the unsecured exchangeable bonds were exchanged into new ordinary shares of RM1.00 each at the exchange price of RM2.95 nominal value of the unsecured exchangeable bonds for one new ordinary share in the Company.

For the financial quarter and period ended 30 Septemebr2008, outstanding unsecured exchangeable bonds has been excluded in the computation of fully diluted earnings per RM1.00 ordinary share for the Group, as their exercise and conversion to ordinary shares would increase earnings per share.