

Company No. 8515–D

AmBank (M) Berhad
(Company No. 8515–D)
(Incorporated in Malaysia)
And Its Subsidiaries

Interim Financial Statements
For the Financial Period
1 April 2009 to
31 December 2009
(In Ringgit Malaysia)

Company No. 8515–D

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

UNAUDITED BALANCE SHEETS AS AT 31 DECEMBER 2009

	Note	The Group		The Bank	
		31 December 2009 RM'000	31 March 2009 RM'000	31 December 2009 RM'000	31 March 2009 RM'000
ASSETS					
Cash and short-term funds		13,454,688	17,106,447	9,857,490	13,634,119
Deposits and placements with banks and other financial institutions		795,506	421,050	529,404	427,143
Securities held-for-trading	A8	2,034,056	1,387,411	1,533,718	1,183,549
Securities available-for-sale	A9	6,527,684	5,598,484	6,423,406	5,053,563
Securities held-to-maturity	A10	548,353	753,359	540,058	710,798
Derivative financial assets		350,617	477,132	346,295	475,247
Loans, advances and financing	A11	63,569,993	56,739,792	51,257,543	46,899,886
Other assets	A12	1,058,288	754,038	1,119,928	649,967
Statutory deposit with Bank Negara Malaysia	A13	130,215	517,578	107,136	431,499
Deferred tax asset		229,143	344,230	183,249	241,639
Investment in subsidiaries		-	-	849,870	849,870
Investment in associates		946	805	137	137
Prepaid land lease payments		3,839	4,051	2,800	2,860
Property and equipment		192,123	171,196	167,761	146,088
Intangible assets		75,481	66,407	75,042	65,846
TOTAL ASSETS		88,970,932	84,341,980	72,993,837	70,772,211

The Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 March 2009.

**AmBank (M) Berhad
(Incorporated in Malaysia)
And Its Subsidiaries**
UNAUDITED BALANCE SHEETS AS AT 31 DECEMBER 2009 (CONTD.)

	Note	The Group		The Bank	
		31 December 2009 RM'000	31 March 2009 RM'000	31 December 2009 RM'000	31 March 2009 RM'000
LIABILITIES AND EQUITY					
Deposits from customers	A14	67,327,125	63,947,135	54,042,420	53,199,845
Deposits and placements of banks and other financial institutions	A15	7,468,910	7,641,406	6,370,869	6,645,325
Derivative financial liabilities		410,074	565,483	405,755	563,600
Bills and acceptances payable		1,860,219	2,120,249	1,467,071	1,507,680
Recourse obligation on loans sold to Cagamas Berhad		140,408	155,037	140,408	155,037
Other liabilities	A16	1,877,648	1,384,242	1,678,130	1,186,739
Subordinated term loan		-	-	776,375	825,853
Hybrid securities		776,375	825,853	-	-
Medium term notes		1,557,800	1,460,000	1,557,800	1,460,000
Subordinated bonds		400,000	400,000	-	-
Exchangeable bonds		575,000	575,000	575,000	575,000
Term loans and Revolving credit		239,645	145,820	239,645	145,820
Capital Securities		985,000	500,000	985,000	500,000
Irredeemable Non-Cumulative Convertible Preference shares		150,000	150,000	150,000	150,000
TOTAL LIABILITIES		83,768,204	79,870,225	68,388,473	66,914,899
Share capital		670,364	670,364	670,364	670,364
Reserves		4,532,345	3,801,363	3,935,000	3,186,948
Equity attributable to equity holder of the Bank		5,202,709	4,471,727	4,605,364	3,857,312
Minority Interests		19	28	-	-
Total Equity		5,202,728	4,471,755	4,605,364	3,857,312
TOTAL LIABILITIES AND EQUITY		88,970,932	84,341,980	72,993,837	70,772,211
COMMITMENTS AND CONTINGENCIES	A31	59,657,914	49,211,943	55,434,936	45,031,062
NET ASSETS PER SHARE (RM)		7.76	6.67	6.87	5.75

The Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 March 2009.

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

UNAUDITED CONSOLIDATED INCOME STATEMENTS
FOR THE FINANCIAL QUARTER ENDED 31 DECEMBER 2009

The Group

	Note	Individual Quarter		Cumulative Quarter	
		31 December 2009 RM'000	31 December 2008 RM'000 (restated)	31 December 2009 RM'000	31 December 2008 RM'000 (restated)
Revenue		1,291,800	1,254,230	3,788,028	3,618,983
Interest income	A17	908,941	952,078	2,652,109	2,837,509
Interest expense	A18	(432,773)	(523,660)	(1,334,818)	(1,550,747)
Net interest income		476,168	428,418	1,317,291	1,286,762
Net income from Islamic Banking business	A19	182,538	134,092	508,771	408,664
Other operating income	A20	122,313	54,468	370,874	65,845
Share in results of associates		27	(4)	141	39
Net income		781,046	616,974	2,197,077	1,761,310
Other operating expenses	A21	(314,503)	(243,477)	(864,536)	(708,111)
Operating profit		466,543	373,497	1,332,541	1,053,199
Allowance for losses on loans, advances and financing	A22	(143,148)	(146,253)	(430,262)	(230,126)
Provision for commitments and contingencies		135	1,272	7,998	(13,570)
Impairment loss	A23	(17,297)	7,166	(89,605)	(28,142)
Profit before zakat and taxation		306,233	235,682	820,672	781,361
Zakat		(397)	(345)	(1,216)	(374)
Taxation	A24	(79,741)	(85,845)	(219,044)	(231,448)
Profit after zakat and taxation		226,095	149,492	600,412	549,539
Attributable to:					
Equity holder of the Bank		226,098	149,496	600,421	549,548
Minority interests		(3)	(4)	(9)	(9)
Profit after zakat and taxation		226,095	149,492	600,412	549,539
Earnings per share (sen)	A25				
Basic		33.73	22.30	89.57	82.09
Fully diluted		27.56	18.22	73.19	67.08

The Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 March 2009.

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

UNAUDITED CONSOLIDATED INCOME STATEMENTS (CONTD.)
FOR THE FINANCIAL QUARTER ENDED 31 DECEMBER 2009

The Bank

	Note	Individual Quarter		Cumulative Quarter	
		31 December 2009 RM'000	31 December 2008 RM'000 (restated)	31 December 2009 RM'000	31 December 2008 RM'000 (restated)
Revenue		1,200,954	1,053,689	3,433,418	3,041,801
Interest income	A17	906,064	949,517	2,646,775	2,831,192
Interest expense	A18	(433,543)	(522,966)	(1,337,128)	(1,548,182)
Net interest income		472,521	426,551	1,309,647	1,283,010
Other operating income	A20	294,890	104,172	786,643	210,609
Net income		767,411	530,723	2,096,290	1,493,619
Other operating expenses	A21	(307,093)	(237,254)	(847,755)	(690,274)
Operating profit		460,318	293,469	1,248,535	803,345
Allowance for losses on loans, advances and financing	A22	(116,236)	(38,705)	(353,574)	(73,101)
Provision for commitments and contingencies		5	(323)	(5,002)	(319)
Impairment loss	A23	(19,374)	(104,922)	(87,381)	(147,187)
Profit before taxation		324,713	149,519	802,578	582,738
Taxation	A24	(71,027)	(69,830)	(199,129)	(188,319)
Profit after taxation		253,686	79,689	603,449	394,419
Earnings per share (sen)	A25				
Basic		37.84	11.89	90.02	58.95
Fully diluted		30.92	9.71	73.56	48.17

The Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 March 2009.

Company No. 8515-D

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

CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL QUARTER ENDED 31 DECEMBER 2009

The Group	Attributable to Equity Holder of the Bank										Total Equity RM'000
	Non-distributable							Distributable			
	Share Capital RM'000	ICULS (equity component) RM'000	Share Premium RM'000	Statutory Reserve RM'000	Merger Reserve RM'000	Capital Reserve RM'000	Available For-Sale Reserve RM'000	Other Reserves RM'000	Unappro- priated Profits RM'000	Minority Interests RM'000	
Balance as at 1 April 2008	610,364	200,792	710,660	770,898	2,313,401	377,492	(2,090)	-	735,060	41	5,716,618
Effects arising from pooling of interest method	-	-	-	-	(1,992,768)	-	-	-	16,737	-	(1,976,031)
Conversion of Irredeemable Convertible Unsecured Loan Stocks	60,000	(200,792)	232,184	-	-	-	-	-	-	-	91,392
Net change in revaluation of securities available-for-sale	-	-	-	-	-	-	(92,647)	-	-	-	(92,647)
Net change in cash flow hedge	-	-	-	-	-	-	-	(121,312)	-	-	(121,312)
Exchange fluctuation adjustments	-	-	-	-	-	-	-	6,523	-	-	6,523
Profit/(loss) for the period	-	-	-	-	-	-	-	-	549,548	(9)	549,539
Balance as at 31 December 2008	670,364	-	942,844	770,898	320,633	377,492	(94,737)	(114,789)	1,301,345	32	4,174,082

Company No. 8515–D

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(Incorporated in Malaysia)
And Its Subsidiaries

CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL QUARTER ENDED 31 DECEMBER 2009

The Group	<----- Attributable to Equity Holder of the Bank ----->										
	Non-distributable							Distributable		Minority Interests RM'000	Total Equity RM'000
	Share Capital RM'000	Share Premium RM'000	Statutory Reserve RM'000	Merger Reserve RM'000	Capital Reserve RM'000	Available For-Sale Reserve RM'000	Other Reserves RM'000	Unappro- priated Profits RM'000			
Balance as at 1 April 2009	670,364	942,844	849,232	397,566	377,492	(44,099)	(79,581)	1,357,909	28		
Net change in revaluation of securities available- for-sale	-	-	-	-	-	89,632	-	-	-	89,632	
Exchange fluctuation adjustments	-	-	-	-	-	-	(6,474)	-	-	(6,474)	
Net change in cash flow hedge	-	-	-	-	-	-	47,403	-	-	47,403	
Profit/(loss) for the period	-	-	-	-	-	-	-	600,421	(9)	600,412	
Transfer to statutory reserve	-	-	78,385	-	-	-	-	(78,385)	-	-	
Balance as at 31 December 2009	670,364	942,844	927,617	397,566	377,492	45,533	(38,652)	1,879,945	19	5,202,728	

The Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 March 2009.

Company No. 8515–D

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

CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL QUARTER ENDED 31 DECEMBER 2009

The Bank	Attributable to Equity Holder of the Bank								Total Equity RM'000
	Non-distributable					Distributable			
	Share Capital RM'000	ICULS (equity component) RM'000	Share Premium RM'000	Statutory Reserve RM'000	Merger Reserve RM'000	Available For-Sale Reserve RM'000	Other Reserve RM'000	Unappro- priated Profits RM'000	
Balance as at 1 April 2008	610,364	200,792	710,660	680,459	1,597,933	(2,090)	-	1,202,508	5,000,626
Effects arising from the pooling of interest method	-	-	-	-	(1,674,866)	-	-	16,737	(1,658,129)
Conversion of Irredeemable Convertible Unsecured Loan Stocks	60,000	(200,792)	232,184	-	-	-	-	-	91,392
Net change in revaluation of securities available for sale	-	-	-	-	-	(98,810)	-	-	(98,810)
Net change in cash flow hedge	-	-	-	-	-	-	(121,312)	-	(121,312)
Exchange fluctuation adjustments	-	-	-	-	-	-	(46)	-	(46)
Profit for the period	-	-	-	-	-	-	-	394,419	394,419
Balance as at 31 December 2008	670,364	-	942,844	680,459	(76,933)	(100,900)	(121,358)	1,613,664	3,608,140

Company No. 8515–D

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(Incorporated in Malaysia)
And Its Subsidiaries

CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL QUARTER ENDED 31 DECEMBER 2009

	←----- Attributable to Equity Holder of the Bank ----->						Total Equity RM'000
	Non-distributable					Distributable	
	Share Capital RM'000	Share Premium RM'000	Statutory Reserve RM'000	Available For-Sale Reserve RM'000	Other Reserves RM'000	Unappro- priated Profits RM'000	
The Bank							
Balance as at 1 April 2009	670,364	942,844	680,459	(52,975)	(91,673)	1,708,293	3,857,312
Net change in revaluation of securities available-for-sale	-	-	-	96,848	-	-	96,848
Exchange fluctuation adjustments	-	-	-	-	352	-	352
Net change in cash flow hedge	-	-	-	-	47,403	-	47,403
Profit for the period	-	-	-	-	-	603,449	603,449
Balance as at 31 December 2009	670,364	942,844	680,459	43,873	(43,918)	2,311,742	4,605,364

The Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 March 2009.

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

**UNAUDITED CONDENSED CASH FLOW STATEMENTS
FOR THE FINANCIAL QUARTER ENDED 31 DECEMBER 2009**

	The Group		The Bank	
	31 December 2009 RM'000	31 December 2008 RM'000 (restated)	31 December 2009 RM'000	31 December 2008 RM'000 (restated)
Profit before zakat and taxation	820,672	781,361	802,578	582,738
Adjustments	657,066	733,541	324,829	748,256
Operating profit before working capital changes	1,477,738	1,514,902	1,127,407	1,330,994
Changes in working capital:				
Net change in operating assets	(9,772,131)	1,162,899	(6,758,078)	2,430,857
Net change in operating liabilities	3,462,457	4,000,109	1,052,187	1,945,877
Tax paid	(322)	(248)	-	(31)
Zakat paid	(404)	-	-	-
Net cash (used in)/generated from operating activities	(4,832,662)	6,677,662	(4,578,484)	5,707,697
Net cash generated from/(used in) investing activities	598,103	(4,571,602)	219,055	(4,117,372)
Net cash generated from/(used in) financing activities	582,800	(60,000)	582,800	(60,000)
Net (decrease)/increase in cash and cash equivalents	(3,651,759)	2,046,060	(3,776,629)	1,530,325
Cash and cash equivalents at beginning of the period	17,106,447	10,771,670	13,634,119	8,365,613
Cash and cash equivalents at end of the period	13,454,688	12,817,730	9,857,490	9,895,938

The Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 March 2009.

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

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 announced the

(a) issuance of revised Standards, amendments to Financial Reporting Standards ("FRSs"), together with the issuance of new Interpretations and Technical release as follows:

FRS 123	Borrowing costs
FRS 101	Presentation of Financial Statements
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 for Presentation of Financial Statements of Islamic Financial Institutions for application for financial statements with annual periods beginning on or after 1 January 2010.

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

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

Pursuant to the Business Transfer Agreement dated 11 March 2008 and the Vesting Order granted by the High Court of Malaya on 9 April 2008, the Group acquired the assets and assumed the liabilities relating to AmInvestment Bank Berhad's ("AmInvestment Bank") conventional/Islamic Fund-Based Activity (including AmInvestment Bank's 100% shareholding interest in AmInternational (L) Ltd, a licensed offshore bank). As the vesting of assets and assumption of liabilities were carried out by entities under common control, the transaction has been accounted for via the pooling of interest method ("Merger"). Under the pooling of interest method, the results of the business transferred from AmInvestment Bank, together with the assets and liabilities are included in the financial statements of the Group and the Bank as if the merger had been effected prior to and throughout the current financial year/period. As the transfer of the conventional Fund-Based Activity to the Bank was effected on 12 April 2008, 26 September 2008 and 1 March 2009, the comparative figures for this current financial period had been restated as per Note A36.

**AmBank (M) Berhad
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And Its Subsidiaries**

A1. Basis of Preparation (Contd.)

The specific and general allowances for loans, advances and financing of the Group and the Bank 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 and the Bank has adopted a more stringent classification policy on non-performing loans/financing, whereby loans/financing 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.

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

- (i) Values assigned to collateral held for non-performing loans/financing 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/financing 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/financing which are in arrears for more than seven (7) years.
- (ii) Specific allowance of 20% is provided on non-performing loans/financing which are four (4) to less than six (6) months-in-arrears.

A2. Audit Qualification

The auditors' report on the audited annual financial statements for the financial year ended 31 March 2009 was not qualified.

A3. Seasonality or Cyclicity of Operations

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

A4. Unusual Items

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

A5. Use of Estimates

There was no material change in estimates of amounts reported in prior financial years that have a material effect on the financial period ended 31 December 2009.

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

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

On 18 August 2009, the Bank issued up to RM300 million Innovative Tier I Capital Securities under its RM500 million Innovative Tier I Capital Securities ("ITICS") Programme. The ITICS bears a fixed interest (non-cumulative) rate at issuance date (interest rate is 8.25% per annum for the first tranche issued) and step up 100 basis points after the First Call Date (10 years after issuance date) and interest is payable semi annually in arrears. The maturity date of the first tranche is 30 years from the issue date. The ITICS facility is for a tenor of 60 years from the First Issue date and has a principal stock settlement mechanism to redeem the ITICS via cash through the issuance of the Bank's ordinary shares. Upon BNM's approval, the Bank may redeem in whole but not in part the relevant tranche of the ITICS at any time on the 10th anniversary of the issue date of that tranche or on any interest payment date thereafter. The proceeds from the ITICS is for the Bank's working capital purposes. The issuance has been approved by the Securities Commission and BNM via their approval letters dated 24 June 2009 and 8 July 2009 respectively. A long term rating of A3 has been assigned to the ITICS by Rating Agency Malaysia Berhad. The ITICS rank pari passu with other Tier I securities and the most junior class of preference shares but above ordinary shares.

On 30 September 2009, the Bank issued an additional RM185 million ITICS under the RM500 million ITICS Programme. The maturity date of the second tranche is 30 years from the issue date and bears interest at 8.25% per annum, payable semi-annually. The Bank may redeem the tranche at any time on the 10th anniversary of the issue date of that tranche or on any interest payment date thereafter.

On 10 December 2009, the Bank issued Tranche 7 amounting to RM97.8 million under its RM2.0 billion Medium Term Notes Programme. The said tranche is for a tenor of 10 years Non-Callable 5 years and bears interest at 5.75% per annum. The interest rate will step up by 0.5% per annum at the beginning of year 6 and every anniversary thereafter, preceding the maturity date.

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

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

A7. Dividends Paid

The directors do not recommend the payment of any dividend in respect of the financial period ended 31 December 2009 and no dividends were paid in the current financial quarter and period.

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

A8. Securities Held-for-trading

	The Group		The Bank	
	31 December 2009 RM'000	31 March 2009 RM'000	31 December 2009 RM'000	31 March 2009 RM'000
At fair value				
Money Market Securities:				
Treasury bills	104,062	-	104,062	-
Islamic Treasury bills	93,462	-	-	-
Malaysian Government Securities	232,908	999,652	232,908	999,652
Malaysian Government Investment Certificates	41,738	4,065	10,315	4,065
Islamic Khazanah bonds	710	991	-	-
Cagamas Mudharabah Bearer Bonds	14,988	-	14,988	-
Bank Negara Malaysia Monetary Notes	681,268	-	390,910	-
	<u>1,169,136</u>	<u>1,004,708</u>	<u>753,183</u>	<u>1,003,717</u>
<u>Quoted Securities</u>				
In Malaysia:				
Shares	92,311	-	92,311	-
Unit Trusts	11,448	20,294	11,448	20,294
Warrants	734	-	734	-
	<u>104,493</u>	<u>20,294</u>	<u>104,493</u>	<u>20,294</u>
<u>Unquoted Securities</u>				
In Malaysia:				
Private debt securities	754,112	347,004	669,727	144,133
	<u>754,112</u>	<u>347,004</u>	<u>669,727</u>	<u>144,133</u>
Outside Malaysia:				
Private debt securities	6,315	15,405	6,315	15,405
	<u>6,315</u>	<u>15,405</u>	<u>6,315</u>	<u>15,405</u>
Total securities held-for-trading	<u>2,034,056</u>	<u>1,387,411</u>	<u>1,533,718</u>	<u>1,183,549</u>

AmBank (M) Berhad
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And Its Subsidiaries

A9. Securities Available-for-sale

	The Group		The Bank	
	31 December 2009 RM'000	31 March 2009 RM'000	31 December 2009 RM'000	31 March 2009 RM'000
At fair value				
Money Market Securities:				
Malaysian Government Securities	350,875	-	350,875	-
Malaysian Government Investment Certificates	76,389	36,025	-	-
Negotiable Islamic Debt Certificate	568,598	29,190	594,777	-
Islamic Khazanah bonds	37,260	36,945	37,260	36,945
Negotiable instruments of deposit	-	70,990	-	96,427
	<u>1,033,122</u>	<u>173,150</u>	<u>982,912</u>	<u>133,372</u>
<u>Quoted Securities</u>				
In Malaysia:				
Shares	70,342	91,039	70,252	91,001
Unit Trusts	1,300,000	-	1,300,000	-
Corporate bonds with collateral	332	332	332	332
Loan stocks	2,223	3,096	2,223	3,096
	<u>1,372,897</u>	<u>94,467</u>	<u>1,372,807</u>	<u>94,429</u>
Outside Malaysia:				
Shares	13,484	12,090	13,405	12,090
	<u>13,484</u>	<u>12,090</u>	<u>13,405</u>	<u>12,090</u>
<u>Unquoted Securities</u>				
In Malaysia:				
Private debt securities	3,787,958	4,877,451	3,730,724	4,373,371
Guaranteed private debt securities	287,741	309,446	287,741	309,446
	<u>4,075,699</u>	<u>5,186,897</u>	<u>4,018,465</u>	<u>4,682,817</u>
Outside Malaysia:				
Shares	962	1,025	-	-
Private debt securities	82,006	130,855	82,006	130,855
	<u>82,968</u>	<u>131,880</u>	<u>82,006</u>	<u>130,855</u>
Total	6,578,170	5,598,484	6,469,595	5,053,563
Less: Accumulated impairment losses	(50,486)	-	(46,189)	-
Total securities available-for-sale	<u>6,527,684</u>	<u>5,598,484</u>	<u>6,423,406</u>	<u>5,053,563</u>

The Bank and its wholly owned subsidiary, AmIslamic Bank Berhad was appointed Principal Dealer ("PD") and Islamic Principal Dealer ("i-PD") respectively by Bank Negara Malaysia ("BNM") for Government /Islamic Government, BNM and BNM Sukuk Berhad issuances with effect from 1 July 2009 until 31 December 2012.

As PD and i-PD, the Group and the Bank are required to undertake certain obligations as well as accorded certain incentives in the appointment period. One of the incentives accorded is the eligibility to maintain 1% Statutory Reserve Requirement ("SRR") in the form of Malaysian Government Securities ("MGS") and/or Government Investment Issues ("GII") holdings instead of cash. As at 31 December 2009, the nominal values of MGS and GII holdings maintained for SRR purposes amount to RM425,260,000 and RM350,000,000 for the Group and the Bank respectively.

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

A10. Securities Held-to-maturity

	The Group		The Bank	
	31 December 2009 RM'000	31 March 2009 RM'000	31 December 2009 RM'000	31 March 2009 RM'000
At amortised cost				
<u>Quoted Securities</u>				
In Malaysia:				
Shares	40	40	40	40
Debt securities	-	1,825	-	1,825
Debt securities with options and/or collateral	76,058	160,847	75,087	159,876
	<u>76,098</u>	<u>162,712</u>	<u>75,127</u>	<u>161,741</u>
<u>Unquoted Securities</u>				
In Malaysia:				
Shares	92,246	92,445	90,470	90,470
Debt securities	283,672	379,849	266,592	324,337
Debt securities with options and/or collateral	463,429	493,119	463,429	493,119
	<u>839,347</u>	<u>965,413</u>	<u>820,491</u>	<u>907,926</u>
Outside Malaysia:				
Shares	17	17	17	17
Private debt securities	6,847	7,291	-	-
	<u>6,864</u>	<u>7,308</u>	<u>17</u>	<u>17</u>
Total	922,309	1,135,433	895,635	1,069,684
Less: Accumulated impairment losses	<u>(373,956)</u>	<u>(382,074)</u>	<u>(355,577)</u>	<u>(358,886)</u>
Total securities held-to-maturity	<u>548,353</u>	<u>753,359</u>	<u>540,058</u>	<u>710,798</u>

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

A11. Loans, Advances and Financing

	The Group		The Bank	
	31 December 2009 RM'000	31 March 2009 RM'000	31 December 2009 RM'000	31 March 2009 RM'000
Overdrafts	1,821,007	1,735,296	1,640,306	1,609,448
Term loan facilities				
– Housing loans/financing	11,574,436	11,485,193	10,819,757	10,754,364
– Hire-purchase receivables	30,698,459	30,409,126	22,947,003	22,800,520
– Other loans/financing*	19,139,493	14,295,465	13,261,879	9,921,489
Card receivables	1,831,128	1,867,505	1,531,473	1,556,912
Bills receivables	104,155	47,442	104,155	45,338
Trust receipts	389,237	373,871	355,451	341,486
Claims on customers under acceptance credit	2,587,662	2,368,892	1,724,625	1,605,237
Revolving credit	4,854,134	3,623,254	4,202,857	3,351,767
Staff loans	154,738	159,631	154,211	159,058
Factoring receivables	53,923	51,906	53,923	51,906
Total	<u>73,208,372</u>	<u>66,417,581</u>	<u>56,795,640</u>	<u>52,197,525</u>
Unearned interest and unearned income	<u>(7,211,227)</u>	<u>(6,961,346)</u>	<u>(3,764,323)</u>	<u>(3,753,006)</u>
	65,997,145	59,456,235	53,031,317	48,444,519
Less: Islamic financing sold to Cagamas Berhad	<u>(365,474)</u>	<u>(905,803)</u>	-	-
Gross loans, advances and financing	65,631,671	58,550,432	53,031,317	48,444,519
Allowance for bad and doubtful debts and financing:				
–General	(983,918)	(895,655)	(796,830)	(728,700)
–Specific	<u>(1,077,760)</u>	<u>(914,985)</u>	<u>(976,944)</u>	<u>(815,933)</u>
Net loans, advances and financing	<u>63,569,993</u>	<u>56,739,792</u>	<u>51,257,543</u>	<u>46,899,886</u>

* Included in other term financing of the Group as at 31 December 2009 is financing amounting to RM702,886,000 (31 March 2009: RM Nil) which is exempted from general allowance by Bank Negara Malaysia.

Company No. 8515–D

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

A11. Loans, Advances and Financing (Contd.)

A11a. By type of customer

	The Group		The Bank	
	31 December 2009 RM'000	31 March 2009 RM'000	31 December 2009 RM'000	31 March 2009 RM'000
Domestic non-bank financial institutions	338,560	292,678	333,518	288,572
Domestic business enterprises				
– Small medium enterprises	6,920,796	6,693,845	5,831,116	5,746,864
– Others	17,106,010	12,430,959	15,071,268	11,096,555
Government and statutory bodies	47,998	69,506	47,998	69,506
Individuals	40,690,206	38,515,929	31,251,870	30,713,995
Other domestic entities	3,419	20,037	1,270	20,037
Foreign entities	524,682	527,478	494,277	508,990
Gross loans, advances and financing	<u>65,631,671</u>	<u>58,550,432</u>	<u>53,031,317</u>	<u>48,444,519</u>

A11b. By interest/profit rate sensitivity

	The Group		The Bank	
	31 December 2009 RM'000	31 March 2009 RM'000	31 December 2009 RM'000	31 March 2009 RM'000
Fixed rate				
– Housing loans/financing	2,118,391	2,243,363	1,738,226	1,861,510
– Hire purchase receivables	25,269,870	24,486,192	19,183,569	19,055,198
– Other loans/financing	10,206,920	8,217,674	4,166,903	4,116,630
Variable rate				
– Base lending rate plus	17,275,078	15,183,038	17,275,078	15,181,025
– Cost plus	9,501,422	7,372,821	9,350,277	7,197,668
– Other variable rates	1,259,990	1,047,344	1,317,264	1,032,488
Gross loans, advances and financing	<u>65,631,671</u>	<u>58,550,432</u>	<u>53,031,317</u>	<u>48,444,519</u>

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

A11. Loans, Advances and Financing (Contd.)

A11c. By loan/financing purpose

	The Group		The Bank	
	31 December 2009 RM'000	31 March 2009 RM'000	31 December 2009 RM'000	31 March 2009 RM'000
Purchase of securities	2,137,280	1,662,075	2,133,079	1,655,756
Purchase of transport vehicles	25,248,782	24,347,678	18,868,383	18,092,123
Purchase of landed property				
– Residential	11,424,055	11,306,561	11,036,529	10,923,013
– Non-residential	3,619,611	2,878,021	3,446,586	2,664,837
Purchase of fixed assets other than land and building	1,356,934	1,815,104	1,205,653	1,653,719
Personal use	3,206,429	2,369,408	390,266	333,975
Credit card	1,786,075	1,844,448	1,495,849	1,535,069
Purchase of consumer durables	3,015	933	1,667	809
Construction	1,550,722	1,127,832	1,324,609	1,018,159
Mergers and acquisitions	1,301,293	346,203	1,301,293	346,203
Working capital	10,680,226	9,406,313	8,877,239	8,160,342
Other purpose	3,682,723	2,351,659	2,950,164	2,060,514
	65,997,145	59,456,235	53,031,317	48,444,519
Less: Islamic financing sold to Cagamas Berhad	(365,474)	(905,803)	-	-
Gross loans, advances and financing	65,631,671	58,550,432	53,031,317	48,444,519

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

A11. Loans, Advances and Financing (Contd.)

A11d. Non-performing loans/financing by purpose

	The Group		The Bank	
	31 December 2009 RM'000	31 March 2009 RM'000	31 December 2009 RM'000	31 March 2009 RM'000
Purchase of securities	49,160	60,085	48,738	59,459
Purchase of transport vehicles	461,534	453,501	339,153	332,680
Purchase of landed property				
– Residential	906,708	924,484	852,817	866,476
– Non-residential	191,380	220,630	183,208	206,353
Purchase of fixed assets other than land and building	19,032	27,393	18,983	25,081
Personal use	16,597	19,163	13,393	18,667
Credit card	65,589	70,209	54,721	59,114
Purchase of consumer durables	367	550	186	550
Construction	133,815	148,962	133,815	148,956
Working capital	342,730	450,016	317,577	419,269
Other purpose	40,552	44,733	38,683	43,484
	<u>2,227,464</u>	<u>2,419,726</u>	<u>2,001,274</u>	<u>2,180,089</u>

Company No. 8515–D

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

A11. Loans, Advances and Financing (Contd.)

A11e. Movements in non-performing loans, advances and financing ("NPL") are as follows:

	The Group		The Bank	
	31 December 2009 RM'000	31 March 2009 RM'000	31 December 2009 RM'000	31 March 2009 RM'000
Gross				
Balance at 1 April	2,419,726	3,292,684	2,180,089	2,987,363
Non-performing during the period/year	891,415	1,165,774	748,995	979,558
Reclassification to performing loans, advances and financing	(396,679)	(577,415)	(342,873)	(514,983)
Amount recovered	(181,874)	(383,387)	(164,235)	(355,769)
Debt equity conversion	-	(933)	-	(933)
Amount written off	(505,124)	(1,293,281)	(420,702)	(1,131,431)
Factored loan from related company	-	196,730	-	196,730
Repurchase of loan	-	19,554	-	19,554
Balance at end of period/year	<u>2,227,464</u>	<u>2,419,726</u>	<u>2,001,274</u>	<u>2,180,089</u>
Less: Specific allowance	(1,077,760)	(914,985)	(976,944)	(815,933)
Non-performing loans, advances and financing - net	<u>1,149,704</u>	<u>1,504,741</u>	<u>1,024,330</u>	<u>1,364,156</u>
Gross loans, advances and financing	65,631,671	58,550,432	53,031,317	48,444,519
Add: Islamic financing sold to Cagamas Berhad	<u>365,474</u>	<u>905,803</u>	-	-
Balance at end of period/year	65,997,145	59,456,235	53,031,317	48,444,519
Less: Specific allowance	(1,077,760)	(914,985)	(976,944)	(815,933)
Loans, advances and financing (including Islamic financing sold to Cagamas Berhad)	<u>64,919,385</u>	<u>58,541,250</u>	<u>52,054,373</u>	<u>47,628,586</u>
Ratio of non-performing loans, advances and financing to total loans, advances and financing (including Islamic financing sold to Cagamas Berhad) - net	<u>1.77%</u>	<u>2.57%</u>	<u>1.97%</u>	<u>2.86%</u>

Company No. 8515–D

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

A11. Loans, Advances and Financing (Contd.)

A11f. Movements in the allowance for bad and doubtful debts and financing accounts are as follows:

	The Group		The Bank	
	31 December 2009 RM'000	31 March 2009 RM'000	31 December 2009 RM'000	31 March 2009 RM'000
General Allowance				
Balance at 1 April	895,655	840,030	728,700	684,587
Allowance made during the period/year	88,785	51,102	68,618	39,651
Allowance vested over from related company not charged to Income Statement	-	4,462	-	4,462
Exchange fluctuation adjustments	(522)	61	(488)	-
Balance at end of period/year	<u>983,918</u>	<u>895,655</u>	<u>796,830</u>	<u>728,700</u>
As % of total loans, advances and financing including Islamic financing sold to Cagamas Berhad less financing exempted from general allowance by BNM and specific allowance	1.53%	1.53%	1.53%	1.53%
Specific Allowance				
Balance at 1 April	<u>914,985</u>	<u>1,348,859</u>	<u>815,933</u>	<u>1,195,407</u>
Allowance made during the period/year	912,856	1,042,014	792,108	885,471
Amount written back in respect of recoveries during the period/year	(252,840)	(377,380)	(217,949)	(329,236)
Net charge to income statements	660,016	664,634	574,159	556,235
Debt equity conversion	-	(933)	-	(933)
Factored loan from related company	-	118,730	-	118,730
Repurchase of loan	-	17,508	-	17,508
Amount written off/ Adjustment to Asset Deficiency Account	(497,241)	(1,233,813)	(413,148)	(1,071,014)
Balance at end of period/year	<u>1,077,760</u>	<u>914,985</u>	<u>976,944</u>	<u>815,933</u>

Company No. 8515–D

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

A12. Other Assets

	The Group		The Bank	
	31 December 2009 RM'000	31 March 2009 RM'000	31 December 2009 RM'000	31 March 2009 RM'000
Deferred assets	34,744	34,744	34,744	34,744
Interest receivable	208,625	108,536	198,407	102,272
Other receivables, deposits and prepayments (net)	389,602	192,676	513,216	146,996
Deferred charges	229,058	213,545	177,302	161,418
Amount due from originators	23,546	25,789	23,546	25,789
Foreclosed properties net of impairment loss of RM95,283,000 (2009: RM97,950,000)	172,713	178,748	172,713	178,748
	<u>1,058,288</u>	<u>754,038</u>	<u>1,119,928</u>	<u>649,967</u>

A13. Statutory deposit with Bank Negara Malaysia

The non-interest bearing statutory deposit is maintained with Bank Negara Malaysia in compliance with Section 37(1)(c) of the Central Bank of Malaysia Act, 1958 (revised 1994), the amounts of which are determined as a set percentage of total eligible liabilities. As at 31 December 2009, the nominal values of MGS and GII holdings classified as Securities available-for-sale, maintained for SRR purposes amount to RM425,260,000 and RM350,000,000 for the Group and the Bank respectively, as mentioned in Note A9.

A14. Deposits from Customers

	The Group		The Bank	
	31 December 2009 RM'000	31 March 2009 RM'000	31 December 2009 RM'000	31 March 2009 RM'000
Demand deposits	4,410,646	3,168,521	3,424,078	2,522,656
Savings deposits	3,811,283	3,581,219	2,719,501	2,635,269
Other deposits	13,666,470	12,500,747	13,580,258	12,455,897
Fixed/Investment deposits	44,530,579	43,870,934	33,564,866	35,027,294
Negotiable certificates of deposits	908,147	825,714	753,717	558,729
	<u>67,327,125</u>	<u>63,947,135</u>	<u>54,042,420</u>	<u>53,199,845</u>
<u>By type of customers</u>				
Individuals	25,520,675	25,510,224	23,408,497	23,551,245
Business enterprises	28,699,957	26,226,827	22,690,864	20,870,811
Government and other statutory bodies	11,417,738	10,815,814	6,616,358	7,900,901
Others	1,688,755	1,394,270	1,326,701	876,888
	<u>67,327,125</u>	<u>63,947,135</u>	<u>54,042,420</u>	<u>53,199,845</u>

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

A15. Deposits and Placements of Banks and Other Financial Institutions

	The Group		The Bank	
	31 December 2009 RM'000	31 March 2009 RM'000	31 December 2009 RM'000	31 March 2009 RM'000
Licensed banks	570,941	1,677,935	548,366	1,537,832
Licensed investment banks	1,639,627	1,433,340	1,518,488	1,231,309
Other financial institutions	4,360,022	3,621,465	3,408,677	2,970,947
Bank Negara Malaysia ("BNM")	898,320	908,666	895,338	905,237
	<u>7,468,910</u>	<u>7,641,406</u>	<u>6,370,869</u>	<u>6,645,325</u>

A16. Other Liabilities

	The Group		The Bank	
	31 December 2009 RM'000	31 March 2009 RM'000	31 December 2009 RM'000	31 March 2009 RM'000
Interest payable	516,500	442,153	484,577	382,436
Other creditors and accruals	1,092,617	816,498	1,006,675	748,891
Profit equalisation reserve	55,729	62,162	-	-
Lease deposits and advance rentals	64,116	62,259	54,149	55,392
Provision for commitment and contingencies	5,051	-	5,002	-
Provision for zakat	1,942	1,130	-	-
Provision for taxation	141,693	40	127,727	20
	<u>1,877,648</u>	<u>1,384,242</u>	<u>1,678,130</u>	<u>1,186,739</u>

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

A17. Interest Income

	Individual Quarter		Cumulative Quarter	
	31 December 2009 RM'000	31 December 2008 RM'000	31 December 2009 RM'000	31 December 2008 RM'000
The Group				
Loans and advances				
– Interest income other than recoveries from NPLs	756,767	765,273	2,201,482	2,235,418
– Recoveries from NPLs	45,124	43,368	129,698	167,068
Money at call, deposit and placements with financial institutions	51,229	82,356	161,474	241,487
Securities held-for-trading	9,088	6,846	24,132	44,403
Securities available-for-sale	59,663	69,681	182,594	182,825
Securities held-to-maturity	4,552	5,785	18,114	27,507
Others	2	693	23	953
	<u>926,425</u>	<u>974,002</u>	<u>2,717,517</u>	<u>2,899,661</u>
Interest suspended	(19,565)	(23,593)	(70,638)	(71,279)
Accretion of discount less amortisation of premium - net	2,081	1,669	5,230	9,127
	<u>908,941</u>	<u>952,078</u>	<u>2,652,109</u>	<u>2,837,509</u>
The Bank				
Loans and advances				
– Interest income other than recoveries from NPLs	750,185	764,834	2,188,416	2,234,213
– Recoveries from NPLs	45,124	43,368	129,698	167,068
Money at call, deposit and placements with financial institutions	51,100	81,494	161,214	237,681
Securities held-for-trading	9,178	6,845	24,694	44,413
Securities available-for-sale	63,589	69,681	190,686	182,825
Securities held-to-maturity	4,371	4,576	17,461	26,298
Others	-	643	13	846
	<u>923,547</u>	<u>971,441</u>	<u>2,712,182</u>	<u>2,893,344</u>
Interest suspended	(19,564)	(23,593)	(70,637)	(71,279)
Accretion of discount less amortisation of premium - net	2,081	1,669	5,230	9,127
	<u>906,064</u>	<u>949,517</u>	<u>2,646,775</u>	<u>2,831,192</u>

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

A18. Interest Expense

	Individual Quarter		Cumulative Quarter	
	31 December 2009 RM'000	31 December 2008 RM'000	31 December 2009 RM'000	31 December 2008 RM'000
The Group				
Deposits from customers	306,215	413,650	964,819	1,194,084
Deposits and placements of banks and other financial institutions	31,442	56,866	84,585	188,765
Recourse obligation of loans sold to Cagamas Berhad	1,080	1,226	3,339	4,146
Subordinated term loans	-	-	-	15,770
Subordinated bonds	-	-	-	1,263
Hybrid securities	11,515	12,208	40,844	34,220
Medium term notes	21,177	20,838	62,625	61,464
Exchangeable bonds	7,565	7,565	22,614	22,614
Term loans and Revolving credit	751	3,363	1,763	7,325
Irredeemable Convertible Unsecured Loan Stocks	-	-	-	995
Capital securities	21,428	-	52,370	-
Others	31,600	7,944	101,859	20,101
	<u>432,773</u>	<u>523,660</u>	<u>1,334,818</u>	<u>1,550,747</u>
The Bank				
Deposits from customers	305,993	396,756	964,236	1,151,605
Deposits and placements of banks and other financial institutions	32,598	72,724	87,706	228,177
Recourse obligation of loans sold to Cagamas Berhad	1,080	1,226	3,339	4,146
Subordinated term loans	11,583	11,963	40,976	49,745
Subordinated bonds	-	-	-	1,263
Medium term notes	21,177	20,838	62,625	61,464
Exchangeable bonds	7,565	7,565	22,614	22,614
Term loans and Revolving credit	751	3,363	1,763	7,325
Irredeemable Convertible Unsecured Loan Stocks	-	-	-	995
Capital securities	21,428	-	52,370	-
Others	31,368	8,531	101,499	20,848
	<u>433,543</u>	<u>522,966</u>	<u>1,337,128</u>	<u>1,548,182</u>

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

A19. Net Income from Islamic Banking Business

	Individual Quarter		Cumulative Quarter	
	31 December 2009 RM'000	31 December 2008 RM'000	31 December 2009 RM'000	31 December 2008 RM'000
The Group				
Income derived from investment of depositors' funds and others	223,522	218,562	659,873	589,616
Income derived from investment of shareholder's funds	37,024	29,122	105,172	126,013
Transfer from/(to) profit equalisation reserve	6,479	(8,292)	6,426	(1,487)
Income attributable to the depositors	(79,647)	(100,460)	(247,334)	(291,012)
Finance cost	(4,840)	(4,840)	(15,366)	(14,466)
	<u>182,538</u>	<u>134,092</u>	<u>508,771</u>	<u>408,664</u>

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

A20. Other Operating Income

	Individual Quarter		Cumulative Quarter	
	31 December 2009 RM'000	31 December 2008 RM'000	31 December 2009 RM'000	31 December 2008 RM'000
The Group				
(a) <u>Fee Income:</u>				
Commissions	15,521	12,930	46,698	43,067
Guarantee fees	8,880	6,991	28,115	20,242
Other fee income	38,763	34,995	116,940	112,416
	<u>63,164</u>	<u>54,916</u>	<u>191,753</u>	<u>175,725</u>
(b) <u>Investment income:</u>				
Net gain/(loss) on sale/redemption of:				
Securities held-for-trading	5,366	10,452	31,841	(53,223)
Securities available-for-sale	8,277	(12,539)	26,559	(2,507)
Securities held-to-maturity	11,824	12,216	29,395	34,560
Net gain/(loss) on revaluation of securities held-for-trading	546	(1,165)	6,996	(47,240)
Foreign exchange*	8,349	9,533	27,260	(1,505)
Net gain/(loss) on revaluation of derivatives	12,393	(26,710)	21,340	(60,640)
Gross dividend income from:				
Securities held-for-trading	89	(3,881)	1,877	1,932
Securities available-for-sale	1,629	5,955	4,303	6,758
Securities held-to-maturity	2,489	250	5,904	5,260
Others	2	(1)	(4)	5
	<u>50,964</u>	<u>(5,890)</u>	<u>155,471</u>	<u>(116,600)</u>
(c) <u>Other Income-net:</u>				
Rental income	1,750	1,322	3,514	3,120
Gain on disposal of property and equipment	-	3	210	514
Gain on disposal of foreclosed properties	56	103	1,974	136
Non trading foreign exchange	484	2,082	2,163	(1,854)
Other operating income	1,975	(708)	2,366	(321)
Service transfer pricing income	3,920	2,640	13,423	5,125
	<u>8,185</u>	<u>5,442</u>	<u>23,650</u>	<u>6,720</u>
	<u>122,313</u>	<u>54,468</u>	<u>370,874</u>	<u>65,845</u>

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

A20. Other Operating Income (Contd.)

	Individual Quarter		Cumulative Quarter	
	31 December 2009 RM'000	31 December 2008 RM'000	31 December 2009 RM'000	31 December 2008 RM'000
The Bank				
(a) <u>Fee Income:</u>				
Commissions	15,520	12,930	46,698	43,067
Guarantee fees	8,573	6,593	27,206	18,730
Other fee income	39,317	34,905	117,334	112,162
	<u>63,410</u>	<u>54,428</u>	<u>191,238</u>	<u>173,959</u>
(b) <u>Investment income:</u>				
Net gain/(loss) on sale/redemption of:				
Securities held-for-trading	5,366	10,925	31,841	(52,750)
Securities available-for-sale	8,277	(12,539)	26,559	(2,507)
Securities held-to-maturity	11,824	12,216	29,395	34,560
Net gain/(loss) on revaluation of securities held-for-trading	546	(1,165)	6,996	(47,240)
Foreign exchange*	8,350	9,818	27,261	(1,505)
Net gain/(loss) on revaluation of derivatives	12,393	(26,710)	21,340	(60,640)
Gross dividend income from:				
Securities held-for-trading	89	(3,881)	1,877	1,932
Securities available-for-sale	1,629	5,955	4,303	6,758
Securities held-to-maturity	2,489	250	5,904	5,260
Subsidiary	116,687	-	250,020	-
Others	2	(1)	(4)	5
	<u>167,652</u>	<u>(5,132)</u>	<u>405,492</u>	<u>(116,127)</u>
(c) <u>Other Income-net:</u>				
Rental income	628	628	2,014	1,988
Gain on disposal of property and equipment	-	3	210	456
Gain on disposal of foreclosed properties	56	103	1,974	136
Non trading foreign exchange	417	1,871	2,029	(1,567)
Other operating income	1,713	(726)	1,788	(665)
Service transfer pricing income	61,014	52,997	181,898	152,429
	<u>63,828</u>	<u>54,876</u>	<u>189,913</u>	<u>152,777</u>
	<u>294,890</u>	<u>104,172</u>	<u>786,643</u>	<u>210,609</u>

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

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

A21. Other Operating Expenses

	Individual Quarter		Cumulative Quarter	
	31 December 2009 RM'000	31 December 2008 RM'000	31 December 2009 RM'000	31 December 2008 RM'000
The Group				
Personnel costs				
– Salaries, allowances and bonuses	143,747	95,671	385,443	284,367
– Others	36,747	31,436	107,151	77,703
Establishment costs				
– Depreciation	11,471	9,902	35,011	28,942
– Rental	15,611	13,400	45,515	38,045
– Cleaning, maintenance and security	4,589	4,537	13,841	13,725
– Computerisation cost	21,309	12,551	61,364	42,259
– Amortisation of intangible assets	7,283	6,195	21,125	17,834
– Amortisation of prepaid land lease payments	24	25	73	75
– Others	7,114	5,367	19,803	15,113
Marketing and communication expenses				
– Commission	3,244	3,288	9,473	8,134
– Advertising and marketing	10,307	8,878	34,969	30,981
– Communication	10,471	11,840	29,575	32,735
– Others	1,916	1,708	5,246	5,257
Administration and general expenses				
– Professional services	23,343	18,348	51,579	49,946
– Others	7,897	6,494	19,277	15,907
Service transfer pricing expense	9,430	13,837	25,091	47,088
	314,503	243,477	864,536	708,111

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

A21. Other Operating Expenses (Contd.)

	Individual Quarter		Cumulative Quarter	
	31 December 2009 RM'000	31 December 2008 RM'000	31 December 2009 RM'000	31 December 2008 RM'000
The Bank				
Personnel costs				
– Salaries, allowances and bonuses	142,287	93,954	381,396	278,971
– Others	36,469	31,161	106,214	76,656
Establishment costs				
– Depreciation	11,310	9,743	34,528	28,466
– Rental	14,933	13,131	45,369	38,220
– Cleaning, maintenance and security	4,501	4,445	13,406	13,292
– Computerisation cost	21,299	12,357	61,334	42,043
– Amortisation of intangible assets	7,243	6,158	21,004	17,726
– Amortisation of prepaid land lease payments	20	20	60	60
– Others	6,898	5,088	19,126	14,382
Marketing and communication expenses				
– Commission	2,840	2,842	9,066	7,688
– Advertising and marketing	8,460	7,904	29,884	27,457
– Communication	9,876	11,486	29,179	31,606
– Others	1,892	1,675	5,183	5,138
Administration and general expenses				
– Professional services	22,854	(1,731)	49,142	36,270
– Others	7,683	5,983	18,714	14,690
Service transfer pricing expense	8,528	33,038	24,150	57,609
	<u>307,093</u>	<u>237,254</u>	<u>847,755</u>	<u>690,274</u>

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

A22. Allowance for Losses on Loans, Advances and Financing

	Individual Quarter		Cumulative Quarter	
	31 December 2009 RM'000	31 December 2008 RM'000	31 December 2009 RM'000	31 December 2008 RM'000
The Group				
Allowance for bad and doubtful debts and financing:				
Specific allowance				
– made in the financial period	308,900	280,572	912,856	750,530
– written back	(93,643)	(63,289)	(252,840)	(257,255)
General allowance	43,133	7,419	88,785	46,677
Bad debts and financing recovered - net	(110,812)	(78,449)	(314,109)	(309,826)
Gain on loans sold to Danaharta	(4,430)	-	(4,430)	-
	<u>143,148</u>	<u>146,253</u>	<u>430,262</u>	<u>230,126</u>
The Bank				
Allowance for bad and doubtful debts and financing:				
Specific allowance				
– made in the financial period	267,452	243,986	792,108	636,481
– written back	(81,161)	(52,072)	(217,949)	(220,117)
General allowance	34,021	6,730	68,618	34,971
Bad debts and financing recovered - net	(99,646)	(159,939)	(284,773)	(378,234)
Gain on loans sold to Danaharta	(4,430)	-	(4,430)	-
	<u>116,236</u>	<u>38,705</u>	<u>353,574</u>	<u>73,101</u>

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

A23. Impairment Loss

	Individual Quarter		Cumulative Quarter	
	31 December 2009 RM'000	31 December 2008 RM'000	31 December 2009 RM'000	31 December 2008 RM'000
Loss/(Writeback)				
The Group				
Securities	17,182	11,300	87,752	46,186
Amount recoverable under asset-backed securitisation transaction	-	(17,000)	-	(17,000)
Property and equipment	-	2,236	-	2,236
Prepaid land lease payments	-	254	-	254
Foreclosed properties	99	-	641	-
Sundry receivables	16	(3,956)	1,212	(3,534)
	<u>17,297</u>	<u>(7,166)</u>	<u>89,605</u>	<u>28,142</u>
The Bank				
Securities	19,257	11,300	85,528	46,186
Amount recoverable under asset-backed securitisation transaction	-	(17,000)	-	(17,000)
Property and equipment	-	2,236	-	2,236
Prepaid land lease payments	-	254	-	254
Subsidiaries	-	108,157	-	115,157
Foreclosed properties	99	-	641	-
Sundry receivables	18	(25)	1,212	354
	<u>19,374</u>	<u>104,922</u>	<u>87,381</u>	<u>147,187</u>

A24. Taxation

	Individual Quarter		Cumulative Quarter	
	31 December 2009 RM'000	31 December 2008 RM'000	31 December 2009 RM'000	31 December 2008 RM'000
The Group				
Estimated current tax payable	48,221	123	138,521	247
Deferred tax				
- Relating to origination and reversal of temporary differences	28,904	85,722	77,907	231,201
- Underprovision in prior year	2,616	-	2,616	-
	<u>79,741</u>	<u>85,845</u>	<u>219,044</u>	<u>231,448</u>

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

A24. Taxation (Contd.)

	Individual Quarter		Cumulative Quarter	
	31 December 2009 RM'000	31 December 2008 RM'000	31 December 2009 RM'000	31 December 2008 RM'000
The Bank				
Estimated current tax payable	71,027	20	177,727	30
Deferred tax				
- Relating to origination and reversal of temporary differences	-	69,810	21,402	188,289
	<u>71,027</u>	<u>69,830</u>	<u>199,129</u>	<u>188,319</u>

The total tax charge of the Group for the period ended 31 December 2009 and of the Group and the Bank for the period ended 31 December 2008 reflects an effective tax rate which is higher than the statutory tax rate due mainly to disallowances of certain expenses.

The total tax charge of the Bank for the period ended 31 December 2009 reflects an effective tax rate which is lower than statutory tax rate due mainly to certain income not subject to tax.

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

	Individual Quarter		Cumulative Quarter	
	31 December 2009 RM'000	31 December 2008 RM'000	31 December 2009 RM'000	31 December 2008 RM'000
The Group				
Net profit attributable to shareholder of the Bank	226,098	149,496	600,421	549,548
Effect of savings on interest on ICULS (net of tax)	-	-	-	746
	<u>226,098</u>	<u>149,496</u>	<u>600,421</u>	<u>550,294</u>
	'000	'000	'000	'000
Number of ordinary shares at beginning of period/year	670,364	610,364	670,364	610,364
Effect of the conversion of ICULS	-	60,000	-	60,000
Weighted average number of ordinary shares in issue	<u>670,364</u>	<u>670,364</u>	<u>670,364</u>	<u>670,364</u>
Basic earnings per share (sen)	<u>33.73</u>	<u>22.30</u>	<u>89.57</u>	<u>82.09</u>

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

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

(a) Basic

	Individual Quarter		Cumulative Quarter	
	31 December 2009 RM'000	31 December 2008 RM'000	31 December 2009 RM'000	31 December 2008 RM'000
The Bank				
Net profit attributable to shareholder of the Bank	253,686	79,689	603,449	394,419
Effect of savings on interest on ICULS (net of tax)	-	-	-	746
	<u>253,686</u>	<u>79,689</u>	<u>603,449</u>	<u>395,165</u>
	'000	'000	'000	'000
Number of ordinary shares at beginning of period/year	670,364	610,364	670,364	610,364
Effect of the conversion of ICULS	-	60,000	-	60,000
Weighted average number of ordinary shares in issue	<u>670,364</u>	<u>670,364</u>	<u>670,364</u>	<u>670,364</u>
Basic earnings per share (sen)	<u>37.84</u>	<u>11.89</u>	<u>90.02</u>	<u>58.95</u>

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

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

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

The Bank has one category of dilutive potential ordinary shares:

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

	Individual Quarter		Cumulative Quarter	
	31 December 2009 RM'000	31 December 2008 RM'000	31 December 2009 RM'000	31 December 2008 RM'000
The Group				
Net profit attributable to shareholder of the Bank (as in (a) above)	226,098	149,496	600,421	550,294
	'000	'000	'000	'000
Weighted average number of ordinary shares in issue (as in (a) above)	670,364	670,364	670,364	670,364
Adjusted for the effect of INCPS	150,000	150,000	150,000	150,000
Adjusted weighted average number of ordinary shares in issue	820,364	820,364	820,364	820,364
Fully diluted earnings per share (sen)	27.56	18.22	73.19	67.08
	RM'000	RM'000	RM'000	RM'000
The Bank				
Net profit attributable to shareholder of the Bank (as in (a) above)	253,686	79,689	603,449	395,165
	'000	'000	'000	'000
Weighted average number of ordinary shares in issue (as in (a) above)	670,364	670,364	670,364	670,364
Adjusted for the effect of INCPS	150,000	150,000	150,000	150,000
Adjusted weighted average number of ordinary shares in issue	820,364	820,364	820,364	820,364
Fully diluted earnings per share (sen)	30.92	9.71	73.56	48.17

A26a. Performance Review for the period ended 31 December 2009

The Group registered a profit before zakat and taxation ("pre-tax profit") of RM820.7 million representing a 5.0% increase compared to the pre-tax profit for the corresponding period last year.

The increase in pre-tax profit was attributable to higher investment income and write back of provision for commitments and contingencies arising from recovery of the capital markets and higher net income from Islamic Banking business. Net income from Islamic Banking business increased by RM100.1 million or 24.5% mainly driven by strong growth in financing and advances and lower income to the depositors despite the strong growth in deposits.

The increase was offset by higher loan losses due to loan growth, higher operating expenses due to higher personnel costs with the increase in head count and impairment loss on securities.

Net non-performing loans of the Group continue to improve to 1.77% from 2.57% in March 2009 and the risk weighted capital ratio of the Bank remains strong at 14.67% as at 31 December 2009.

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

A26b. Prospects for 31 March 2010

There is increasing global optimism for revival of the world economies but risks linger. AMMB Holdings Berhad and its subsidiaries ("AHB Group") remains cautiously optimistic on the rate of recovery and the possible lag effects on the banking sector. AHB Group forecasts the Malaysian gross domestic product ("GDP") for 2009 to end at circa -2.5%. For 2010, we are projecting a GDP expansion of circa +3.5%. 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 in the system. On the back of fiscal pump priming, improving consumption and higher corporate investment, loan growth will continue to strengthen. Corporate deal pipeline continues to improve, 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. AHB 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.

Executing to its MTA around profitable growth, diversification and portfolio rebalancing, has provided AHB Group with head-start advantage in the current year. AHB Group continues to leverage on the technical support and knowledge exchange from its strategic partners, namely the Australia and New Zealand Banking Group. Barring any major reversals on economic recovery and operating environment, AHB Group expects to record satisfactory performance for financial year ending 31 March 2010.

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

A27. Segment Information on Operating Revenue, Profit Before Tax Expense and Assets**By Business Segments**

	Conventional Banking RM'000	Islamic Banking RM'000	Others RM'000	Elimination RM'000	Consolidated RM'000
The Group					
31 December 2009					
Revenue					
<u>External revenue</u>					
Interest income	2,639,452	-	12,657	-	2,652,109
Fee income	191,611	-	142	-	191,753
Investment and other operating income	177,009	-	1,980	132	179,121
Income from Islamic Banking:					
Financing income	-	724,787	-	-	724,787
Fee income	-	34,420	-	-	34,420
Investment and other operating income	-	5,838	-	-	5,838
	<u>3,008,072</u>	<u>765,045</u>	<u>14,779</u>	<u>132</u>	<u>3,788,028</u>
<u>Inter-segment revenue</u>					
Interest Income	11,736	-	46,915	(58,651)	-
Fee income	686	-	-	(686)	-
Investment and other operating income	419,419	-	475	(419,894)	-
	<u>431,841</u>	<u>-</u>	<u>47,390</u>	<u>(479,231)</u>	<u>-</u>
Total revenue	<u>3,439,913</u>	<u>765,045</u>	<u>62,169</u>	<u>(479,099)</u>	<u>3,788,028</u>
Results					
Profit before zakat and taxation	810,324	260,497	(302)	(249,847)	820,672
Zakat	-	(1,216)	-	-	(1,216)
Taxation	(199,144)	(69,521)	(399)	50,020	(219,044)
Profit after zakat and taxation	<u>611,180</u>	<u>189,760</u>	<u>(701)</u>	<u>(199,827)</u>	<u>600,412</u>
Total Assets	<u>73,741,151</u>	<u>16,723,637</u>	<u>1,647,077</u>	<u>(3,140,933)</u>	<u>88,970,932</u>

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

A27. Segment Information on Operating Revenue, Profit Before Tax Expense and Assets (Contd.)**By Business Segments**

	Conventional Banking RM'000	Islamic Banking RM'000	Others RM'000	Elimination RM'000	Consolidated RM'000
The Group					
31 December 2008					
Revenue					
<u>External revenue</u>					
Interest income	2,837,509	-	-	-	2,837,509
Fee income	175,602	-	123	-	175,725
Investment and other operating income	(110,572)	-	1,409	(717)	(109,880)
Income from Islamic Banking :					
Financing income	-	681,067	-	-	681,067
Fee income	-	33,826	-	-	33,826
Investment and other operating income	-	736	-	-	736
	<u>2,902,539</u>	<u>715,629</u>	<u>1,532</u>	<u>(717)</u>	<u>3,618,983</u>
<u>Inter-segment revenue</u>					
Interest Income	344	-	34,638	(34,982)	-
Investment and other operating income	147,645	-	946	(148,591)	-
	<u>147,989</u>	<u>-</u>	<u>35,584</u>	<u>(183,573)</u>	<u>-</u>
Total revenue	<u>3,050,528</u>	<u>715,629</u>	<u>37,116</u>	<u>(184,290)</u>	<u>3,618,983</u>
Results					
Profit before zakat and taxation	596,815	164,207	14,358	5,981	781,361
Zakat	-	(374)	-	-	(374)
Taxation	(188,334)	(42,912)	(202)	-	(231,448)
Profit after zakat and taxation	<u>408,481</u>	<u>120,921</u>	<u>14,156</u>	<u>5,981</u>	<u>549,539</u>
Total Assets	<u>69,280,712</u>	<u>13,425,448</u>	<u>781,266</u>	<u>(1,664,266)</u>	<u>81,823,160</u>

A27. Segment Information on Operating Revenue, Profit Before Tax Expense and Assets (Contd.)

The directors are of the opinion that all inter-segment transactions have been entered into in the normal course of business and have been established under terms and conditions that are no less favourable than those arranged with independent parties.

The financial information by geographical segment is not presented as the Group's activities are principally conducted in Malaysia.

A28. Valuation of Property and Equipment

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

A29. Events Subsequent to Balance Sheet Date

There has not arisen in the interval between the end of the financial period and the date of this report any items, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect substantially the results of the operations of the Group for the current period.

A30. Changes in the composition of the Group

There were no significant changes in the composition of the Group for the financial quarter and period ended 31 December 2009.

**AmBank (M) Berhad
(Incorporated in Malaysia)
And Its Subsidiaries**
A31. Commitments and Contingencies

In the normal course of business, the Group and the Bank make various commitments and incur certain contingent liabilities with legal recourse to its customers. No material losses are anticipated as a result of these transactions. The commitments and contingencies are not secured against the Group's and the Bank's assets.

The risk-weighted exposure of the Group and the Bank is as follows:

The Group	As at 31 December 2009			As at 31 March 2009		
	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
Direct credit substitutes	2,207,183	2,152,492	1,940,660	2,260,512	2,260,512	1,928,815
Certain transaction-related contingent items	1,709,446	882,068	865,162	1,496,866	748,433	740,965
Short-term self-liquidating trade-related contingencies	551,005	110,201	110,444	493,284	98,657	98,716
Obligations under underwriting agreements	706,000	-	-	592,000	296,000	296,000
Unpaid portion of partly paid shares	150	150	150	250	250	250
Irrevocable commitments to extend credit:						
– maturing less than one year	13,330,800	-	-	10,390,145	-	-
– maturing more than one year	2,031,560	455,259	385,322	1,904,045	280,552	241,386
Unutilised credit card lines	4,515,406	903,081	675,541	4,383,472	876,694	655,346
Forward purchase commitments						
– less than one year	25,280	1,250	550	206,144	10,210	4,022
Foreign exchange related contracts:						
– less than one year	2,007,497	31,018	21,655	824,899	30,173	14,435
Cross currency swap						
– less than one year	321,610	11,791	8,144	298,931	10,068	5,034
– maturing more than one year to less than five years	630,391	23,698	13,767	311,282	26,721	13,360
Interest rate related contracts:						
– maturing within one year	4,360,000	21,787	10,373	4,215,000	21,022	9,005
– maturing more than one year to less than five years	22,992,082	680,318	261,893	17,641,853	765,528	351,903
– maturing more than five years	3,154,700	358,594	178,298	2,755,588	450,952	184,496
Interest rate futures:						
– maturing within one year	60,000	-	-	-	-	-
– maturing more than one year to less than five years	100,000	-	-	60,000	25,104	12,552
Sell and buy back agreements	196,162	3,310	3,310	155,560	212	206
Islamic financing sold to Cagamas Berhad with recourse	348,605	348,605	263,188	874,067	874,067	663,997
Options Equity	288,490	24,841	15,630	194,154	-	-
Options Commodity	79,508	10,683	2,137	-	-	-
Any commitments that are unconditionally cancelled at any time by the Group	42,039	-	-	153,891	-	-
Total	59,657,914	6,019,146	4,756,224	49,211,943	6,775,155	5,220,488

AmBank (M) Berhad
(Incorporated in Malaysia)
And Its Subsidiaries
A31. Commitments and Contingencies (Contd.)

The Bank	As at 31 December 2009			As at 31 March 2009		
	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
Direct credit substitutes	2,002,914	1,948,223	1,736,391	2,092,419	2,092,419	1,760,725
Certain transaction-related contingent items	1,607,801	831,245	812,818	1,314,548	657,274	649,306
Short-term self-liquidating trade-related contingencies	467,722	93,544	93,544	437,551	87,510	87,569
Obligations under underwriting agreements	315,000	-	-	193,000	96,500	96,500
Unpaid portion of partly paid shares	150	150	150	150	150	150
Irrevocable commitments to extend credit:						
– maturing less than one year	11,361,382	-	-	8,881,854	-	-
– maturing more than one year	1,718,652	357,333	289,534	1,644,241	270,119	217,303
Unutilised credit card lines	4,002,310	800,462	598,793	3,877,627	775,525	579,743
Forward purchase commitments						
– less than one year	25,280	1,250	550	211,145	10,224	4,028
Foreign exchange related contracts:						
– less than one year	2,007,497	31,018	21,655	824,899	30,173	14,435
Cross currency swap						
– less than one year	321,610	11,791	8,144	298,931	10,068	5,034
– maturing more than one year to less than five years	630,391	23,698	13,767	311,282	26,721	13,360
Interest rate related contracts:						
– maturing within one year	4,360,000	21,787	10,373	4,215,000	21,022	9,005
– maturing more than one year to less than five years	22,992,082	680,318	261,893	17,641,853	765,528	351,903
– maturing more than five years	3,154,700	358,594	178,298	2,755,588	450,952	184,496
Interest rate futures:						
– maturing within one year	60,000	-	-	-	-	-
– maturing more than one year to less than five years	100,000	-	-	60,000	25,104	12,552
Options related contracts	288,490	24,841	15,630	149,660	-	-
Any commitments that are unconditionally cancelled at any time by the Bank	18,955	-	-	121,314	-	-
Total	55,434,936	5,184,254	4,041,540	45,031,062	5,319,289	3,986,109

* The credit equivalent amount is arrived at using the credit conversion factors as specified by Bank Negara Malaysia.

The Bank has given a continuing guarantee to Bank Negara Malaysia to meet all the liabilities and financial obligations and requirements of its subsidiary, AmInternational (L) Ltd.

A32. Risk Management Policy on Financial Derivatives

Purpose of engaging in financial derivatives

Financial derivative instruments are contracts whose value is derived from one or more underlying financial instruments or indices. They include swaps, forward rate agreements, futures, options and combinations of these instruments. Derivatives are contracts that transfer risks, mainly market risks. Financial 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 focused on interest rate, equity 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 swaps, interest rate futures and forward rate agreements. Interest rate swap transactions generally involve the exchange of fixed and floating interest payment obligations without the exchange of the underlying principal amounts. 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. 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.

The principal equity contracts used are equity option. An equity option is a financial derivative that represents a contract sold by one party (option writer) to another party (option holder). The contract offers the buyer the right, but not the obligation to buy (call) or sell (put) an equity at an agreed-upon price (the strike price) during a certain period of time or on a specific date (exercise date).

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, equity and foreign exchange rate exposures. Derivative transactions generate income for the Group from the buy-sell spreads. The Group also takes conservative exposures, within acceptable limits, to carry an inventory of these instruments in order to provide market liquidity and to earn potential gains on fluctuations in the value of these instruments.

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

Risk associated with financial derivatives

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

A32. Risk Management Policy on Financial Derivatives (Contd.)

Market risk of derivatives used for trading purposes

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

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

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

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

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

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

A32. Risk Management Policy on Financial Derivatives (Contd.)

Derivative Financial Instruments and Hedge Accounting (Contd.)

(i) Fair value hedge

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

(ii) Cash flow hedge

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

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

A33. Capital Adequacy

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

	The Group		The Bank	
	31 December 2009	31 March 2009	31 December 2009	31 March 2009
Core capital ratio	9.37%	9.25%	10.25%	10.39%
Risk-weighted capital ratio	14.88%	14.62%	14.67%	14.20%

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

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

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

	AmIslamic (Note 1)		AMIL (Note 2)	
	31 December 2009	31 March 2009	31 December 2009	31 March 2009
Core capital ratio	10.15%	11.22%	33.89%	33.09%
Risk-weighted capital ratio	14.99%	16.65%	34.06%	33.22%

Note 1 The capital adequacy ratios of AmIslamic Bank Berhad ("AmIslamic") 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 has adopted the Standardised Approach for Credit Risk and Market Risk and the Basic Indicator Approach for Operational Risk. The minimum regulatory capital adequacy requirement is 8% for the risk-weighted capital ratio.

Note 2 The capital adequacy ratios of AMIL for capital compliance on a standalone basis are computed in accordance with the guidelines on Risk-weighted Capital Adequacy issued by Labuan Offshore Financial Services Authority ("LOFSA"), which is based on the Basel I capital accord.

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

A33. Capital Adequacy (Contd.)

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

	The Group		The Bank	
	31 December 2009 RM'000	31 March 2009 RM'000	31 December 2009 RM'000	31 March 2009 RM'000
<u>Tier I capital</u>				
Paid-up share capital	670,364	670,364	670,364	670,364
Irredeemable Non-Cumulative Convertible Preference Shares	150,000	150,000	150,000	150,000
Innovative Tier I capital	959,325	750,100	864,573	750,100
Non-innovative Tier I capital	500,000	500,000	500,000	500,000
Share premium	942,844	942,844	942,844	942,844
Statutory reserve	927,617	849,232	680,459	680,459
Capital reserve	377,492	377,492	-	-
Merger reserve	397,566	397,566	-	-
Exchange fluctuation reserve	12,121	11,904	21,584	21,367
Unappropriated profit	1,683,078	1,322,399	2,115,950	1,766,189
	6,620,407	5,971,901	5,945,774	5,481,323
Less: Deferred tax assets	(225,810)	(306,334)	(182,770)	(204,174)
Total Tier I capital	6,394,597	5,665,567	5,763,004	5,277,149
<u>Tier II capital</u>				
Innovative Tier I capital	275,775	-	370,527	-
Medium term notes	1,557,800	1,460,000	1,557,800	1,460,000
Subordinated bonds	400,000	400,000	-	-
Exchangeable bonds	575,000	575,000	575,000	575,000
General allowance for bad and doubtful debts and financing	983,920	895,655	797,366	729,148
Total Tier II capital	3,792,495	3,330,655	3,300,693	2,764,148
Total capital funds	10,187,092	8,996,222	9,063,697	8,041,297
Less:				
Investment in subsidiaries	(32,779)	(32,780)	(816,850)	(816,850)
Other deduction	(48)	(10,219)	(48)	(10,219)
Capital base	10,154,265	8,953,223	8,246,799	7,214,228

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

A33. Capital Adequacy (Contd.)

	The Group		The Bank	
	31 December 2009 RM'000	31 March 2009 RM'000	31 December 2009 RM'000	31 March 2009 RM'000
Credit risk	60,506,412	54,833,232	49,951,276	45,568,372
Market risk	2,926,085	1,892,502	2,545,480	1,654,717
Operational risk	4,778,593	4,487,810	3,719,210	3,560,356
Large exposure risk requirement for equity holdings	7,137	12,986	7,137	12,986
Total risk-weighted assets	68,218,227	61,226,530	56,223,103	50,796,431

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

A34. The following tables show the interest/profit rate sensitivity gap, by time bands, on which interest/profit rates of instruments are next repriced on a contractual basis or, if earlier, the dates on which the instruments mature.

31 December 2009

	←-----Non-Trading Book-----→						Non- interest/profit sensitive RM'000	Trading Book RM'000	Total RM'000	Effective interest/profit rate %
	Up to 1 month RM'000	>1 to 3 months RM'000	>3 to 6 months RM'000	>6 to 12 months RM'000	>1 to 5 years RM'000	Over 5 years RM'000				
The Group										
ASSETS										
Cash and short-term funds	12,948,377	-	-	-	-	-	506,311	-	13,454,688	1.92
Deposits and placements with banks and other financial institutions	-	593,470	150,000	52,036	-	-	-	-	795,506	2.00
Securities held-for-trading	-	-	-	-	-	-	-	2,034,056	2,034,056	3.43
Securities available-for-sale	545,271	44,924	79,260	125,044	1,903,184	3,742,657	87,344	-	6,527,684	4.86
Securities held-to-maturity	-	6,847	10,422	62,535	283,200	33,262	152,087	-	548,353	2.55
Derivative financial assets	-	-	-	-	-	-	350,617	-	350,617	-
Loans, advances and financing	-	-	-	-	-	-	-	-	-	-
- Performing	27,877,971	1,823,144	1,034,432	461,759	10,533,102	21,673,686	113	-	63,404,207	6.40
- Non-performing*	-	-	-	-	-	-	165,786	-	165,786	-
Amount due from originators	-	-	-	-	23,546	-	-	-	23,546	5.74
Other non-interest/profit sensitive balances	-	-	-	-	-	-	1,666,489	-	1,666,489	-
TOTAL ASSETS	41,371,619	2,468,385	1,274,114	701,374	12,743,032	25,449,605	2,928,747	2,034,056	88,970,932	
LIABILITIES AND EQUITY										
Deposits from customers	33,261,277	11,696,508	7,595,762	7,052,990	3,131,699	-	4,588,889	-	67,327,125	2.22
Deposits and placements of banks and other financial institutions	3,599,360	1,195,989	660,945	296,181	893,026	288,866	534,543	-	7,468,910	2.27
Derivative financial liabilities	-	-	-	-	-	-	410,074	-	410,074	-
Bills and acceptances payable	653,769	1,007,907	198,543	-	-	-	-	-	1,860,219	2.21
Recourse obligation on loans sold to Cagamas Berhad	-	-	116,862	-	23,546	-	-	-	140,408	3.98
Hybrid securities	-	-	-	-	-	776,375	-	-	776,375	6.12
Medium term notes	-	-	-	-	807,800	750,000	-	-	1,557,800	5.67
Subordinated bonds	-	-	-	-	400,000	-	-	-	400,000	4.80
Exchangeable bonds	-	-	-	-	575,000	-	-	-	575,000	5.22
Term loans and Revolving credit	239,645	-	-	-	-	-	-	-	239,645	1.26
Capital Securities	-	-	-	-	-	985,000	-	-	985,000	8.63
Irredeemable Non-Cumulative Convertible Preference shares	-	-	-	-	-	-	150,000	-	150,000	-
Other non-interest/profit sensitive balances	-	-	-	-	-	-	1,877,648	-	1,877,648	-
Total Liabilities	37,754,051	13,900,404	8,572,112	7,349,171	5,831,071	2,800,241	7,561,154	-	83,768,204	
Minority interests	-	-	-	-	-	-	19	-	19	
Equity attributable to equity holder of the Bank	-	-	-	-	-	-	5,202,709	-	5,202,709	
TOTAL LIABILITIES AND EQUITY	37,754,051	13,900,404	8,572,112	7,349,171	5,831,071	2,800,241	12,763,882	-	88,970,932	
On-balance sheet interest/profit sensitivity gap	3,617,568	(11,432,019)	(7,297,998)	(6,647,797)	6,911,961	22,649,364	(9,835,135)	2,034,056	-	
Off-balance sheet interest/profit sensitivity gap **	(149,618)	4,278,000	4,635,000	(220,000)	(8,628,082)	144,700	-	-	60,000	
Total interest/profit sensitivity gap	3,467,950	(7,154,019)	(2,662,998)	(6,867,797)	(1,716,121)	22,794,064	(9,835,135)	2,034,056	60,000	

* This is arrived at after deducting the general allowance, specific allowance and interest / income-in-suspense from gross non-performing loans/financing outstanding.

** This comprises interest rate swap and interest rate futures.

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

A34. The following tables show the interest/profit rate sensitivity gap, by time bands, on which interest/profit rates of instruments are next repriced on a contractual basis or, if earlier, the dates on which the instruments mature (Contd.).

31 March 2009

	-----Non-Trading Book-----						Non- interest/profit sensitive RM'000	Trading Book RM'000	Total RM'000	Effective interest/profit rate %
	Up to 1 month RM'000	>1 to 3 months RM'000	>3 to 6 months RM'000	>6 to 12 months RM'000	>1 to 5 years RM'000	Over 5 years RM'000				
The Group										
ASSETS										
Cash and short-term funds	16,623,661	-	-	-	-	-	482,786	-	17,106,447	1.98
Deposits and placements with banks and other financial institutions	-	220,000	150,000	-	51,050	-	-	-	421,050	2.10
Securities held-for-trading	-	-	-	-	-	-	-	1,387,411	1,387,411	3.16
Securities available-for-sale	11,807	147,751	82,386	161,577	1,992,644	3,098,461	103,858	-	5,598,484	4.93
Securities held-to-maturity	7,704	60,838	1,748	35,475	372,821	122,638	152,135	-	753,359	2.93
Derivative financial assets	-	-	-	-	-	-	477,132	-	477,132	-
Loans, advances and financing										
- Performing	21,999,508	2,626,835	532,507	534,854	8,394,076	22,042,897	29	-	56,130,706	6.45
- Non-performing*	-	-	-	-	-	-	609,086	-	609,086	-
Amount due from originators	-	-	-	-	25,789	-	-	-	25,789	5.74
Other non-interest/profit sensitive balances	-	-	-	-	-	-	1,832,516	-	1,832,516	-
TOTAL ASSETS	38,642,680	3,055,424	766,641	731,906	10,836,380	25,263,996	3,657,542	1,387,411	84,341,980	
LIABILITIES AND EQUITY										
Deposits from customers	27,946,583	12,102,009	7,432,938	10,312,788	2,850,481	-	3,302,336	-	63,947,135	2.74
Deposits and placements of banks and other financial institutions	3,158,101	845,637	1,042,486	818,109	955,057	781,369	40,647	-	7,641,406	2.62
Derivative financial liabilities	-	-	-	-	-	-	565,483	-	565,483	-
Bills and acceptances payable	703,907	1,053,556	355,597	7,189	-	-	-	-	2,120,249	2.07
Recourse obligation on loans sold to Cagamas Berhad	-	-	-	-	155,037	-	-	-	155,037	3.98
Hybrid securities	-	-	-	-	-	825,853	-	-	825,853	6.69
Medium term notes	-	-	-	-	710,000	750,000	-	-	1,460,000	5.66
Subordinated bonds	-	-	-	-	400,000	-	-	-	400,000	4.80
Exchangeable bonds	-	-	-	-	-	575,000	-	-	575,000	5.22
Term loans	145,820	-	-	-	-	-	-	-	145,820	1.80
Capital Securities	-	-	-	-	-	500,000	-	-	500,000	9.00
Irredeemable Non-Cumulative Convertible Preference shares	-	-	-	-	-	-	150,000	-	150,000	-
Other non-interest/profit sensitive balances	-	-	-	-	-	-	1,384,242	-	1,384,242	-
Total Liabilities	31,954,411	14,001,202	8,831,021	11,138,086	5,070,575	3,432,222	5,442,708	-	79,870,225	
Minority interests	-	-	-	-	-	-	28	-	28	
Equity attributable to equity holder of the Bank	-	-	-	-	-	-	4,471,727	-	4,471,727	
TOTAL LIABILITIES AND EQUITY	31,954,411	14,001,202	8,831,021	11,138,086	5,070,575	3,432,222	9,914,463	-	84,341,980	
On-balance sheet interest/profit sensitivity gap	6,688,269	(10,945,778)	(8,064,380)	(10,406,180)	5,765,805	21,831,774	(6,256,921)	1,387,411	-	
Off-balance sheet interest/profit sensitivity gap **	798,353	3,115,000	(1,757,088)	30,000	(2,881,853)	755,588	-	-	60,000	
Total interest/profit sensitivity gap	7,486,622	(7,830,778)	(9,821,468)	(10,376,180)	2,883,952	22,587,362	(6,256,921)	1,387,411	60,000	

* This is arrived at after deducting the general allowance, specific allowance and interest / income-in-suspense from gross non-performing loans/financing outstanding.

** This comprises interest rate swap and interest rate futures.

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

A34. The following tables show 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.

31 December 2009

	←-----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 to 3 months RM'000	>3 to 6 months RM'000	>6 to 12 months RM'000	>1 to 5 years RM'000	Over 5 years RM'000				
The Bank										
ASSETS										
Cash and short-term funds	9,384,138	-	-	-	-	-	473,352	-	9,857,490	1.91
Deposits and placements with banks and other financial institutions	-	324,632	150,000	54,772	-	-	-	-	529,404	2.00
Securities held-for-trading	-	-	-	-	-	-	-	1,533,718	1,533,718	3.58
Securities available-for-sale	540,256	39,941	58,999	111,447	1,714,466	3,872,085	86,212	-	6,423,406	4.93
Securities held-to-maturity	-	-	10,422	62,535	281,751	33,262	152,088	-	540,058	2.54
Derivative financial assets	-	-	-	-	-	-	346,295	-	346,295	-
Loans, advances and financing										
– Performing	27,088,013	1,317,284	698,162	266,273	7,786,831	13,873,480	-	-	51,030,043	6.11
– Non-performing*	-	-	-	-	-	-	227,500	-	227,500	-
Amount due from originators	-	-	-	-	23,546	-	-	-	23,546	5.74
Other non-interest sensitive balances	-	-	-	-	-	-	2,482,377	-	2,482,377	-
TOTAL ASSETS	37,012,407	1,681,857	917,583	495,027	9,806,594	17,778,827	3,767,824	1,533,718	72,993,837	
LIABILITIES AND EQUITY										
Deposits from customers	26,249,871	8,562,885	6,266,346	6,550,139	2,818,399	-	3,594,780	-	54,042,420	2.27
Deposits and placements of banks and other financial institutions	3,023,762	1,042,207	462,349	195,354	824,081	288,866	534,250	-	6,370,869	2.20
Derivative financial liabilities	-	-	-	-	-	-	405,755	-	405,755	-
Bills and acceptances payable	478,205	790,323	198,543	-	-	-	-	-	1,467,071	2.21
Recourse obligation on loans sold to Cagamas Berhad	-	-	116,862	-	23,546	-	-	-	140,408	3.98
Subordinated term loan	-	-	-	-	-	776,375	-	-	776,375	6.12
Medium term notes	-	-	-	-	807,800	750,000	-	-	1,557,800	5.67
Exchangeable bonds	-	-	-	-	575,000	-	-	-	575,000	5.22
Term loans and Revolving credit	239,645	-	-	-	-	-	-	-	239,645	1.26
Capital Securities	-	-	-	-	-	985,000	-	-	985,000	8.63
Irredeemable Non-Cumulative Convertible Preference shares	-	-	-	-	-	-	150,000	-	150,000	-
Other non-interest sensitive balances	-	-	-	-	-	-	1,678,130	-	1,678,130	-
Total Liabilities	29,991,483	10,395,415	7,044,100	6,745,493	5,048,826	2,800,241	6,362,915	-	68,388,473	-
Equity attributable to equity holder of the Bank	-	-	-	-	-	-	4,605,364	-	4,605,364	-
TOTAL LIABILITIES AND EQUITY	29,991,483	10,395,415	7,044,100	6,745,493	5,048,826	2,800,241	10,968,279	-	72,993,837	
On-balance sheet interest sensitivity gap	7,020,924	(8,713,558)	(6,126,517)	(6,250,466)	4,757,768	14,978,586	(7,200,455)	1,533,718	-	
Off-balance sheet interest sensitivity gap **	(149,618)	4,278,000	4,635,000	(220,000)	(8,628,082)	144,700	-	-	60,000	
Total interest sensitivity gap	6,871,306	(4,435,558)	(1,491,517)	(6,470,466)	(3,870,314)	15,123,286	(7,200,455)	1,533,718	60,000	

* This is arrived at after deducting the general allowance, specific allowance and interest / income-in-suspense from gross non-performing loans/financing outstanding.

** This comprises interest rate swap and interest rate futures.

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

A34. The following tables show 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 (Contd.).

31 March 2009

	-----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 to 3 months RM'000	>3 to 6 months RM'000	>6 to 12 months RM'000	>1 to 5 years RM'000	Over 5 years RM'000				
The Bank										
ASSETS										
Cash and short-term funds	13,162,747	-	-	-	-	-	471,372	-	13,634,119	2.04
Deposits and placements with banks and other financial institutions	-	220,000	155,471	622	51,050	-	-	-	427,143	2.10
Securities held-for-trading	-	-	-	-	-	-	-	1,183,549	1,183,549	3.16
Securities available-for-sale	11,807	140,367	73,100	129,817	1,681,146	2,914,531	102,795	-	5,053,563	4.93
Securities held-to-maturity	7,704	60,838	1,748	35,475	366,970	122,638	115,425	-	710,798	2.88
Derivative financial assets	-	-	-	-	-	-	475,247	-	475,247	-
Loans, advances and financing										
- Performing	21,218,114	2,186,412	767,650	448,261	6,374,143	15,269,850	-	-	46,264,430	6.45
- Non-performing*	-	-	-	-	-	-	635,456	-	635,456	-
Amount due from originators	-	-	-	-	25,789	-	-	-	25,789	5.74
Other non-interest sensitive balances	-	-	-	-	-	-	2,362,117	-	2,362,117	-
TOTAL ASSETS	34,400,372	2,607,617	997,969	614,175	8,499,098	18,307,019	4,162,412	1,183,549	70,772,211	
LIABILITIES AND EQUITY										
Deposits from customers	22,379,889	9,784,922	6,190,513	9,787,533	2,400,834	-	2,656,154	-	53,199,845	2.77
Deposits and placements of banks and other financial institutions	3,086,673	549,473	775,583	652,203	787,719	781,369	12,305	-	6,645,325	2.63
Derivative financial liabilities	-	-	-	-	-	-	563,600	-	563,600	-
Bills and acceptances payable	483,002	771,732	245,757	7,189	-	-	-	-	1,507,680	2.07
Recourse obligation on loans sold to Cagamas Berhad	-	-	-	-	155,037	-	-	-	155,037	3.98
Subordinated term loans	-	-	-	-	-	825,853	-	-	825,853	6.69
Medium term notes	-	-	-	-	710,000	750,000	-	-	1,460,000	5.66
Exchangeable bonds	-	-	-	-	-	575,000	-	-	575,000	5.22
Term loans	145,820	-	-	-	-	-	-	-	145,820	1.80
Capital Securities	-	-	-	-	-	500,000	-	-	500,000	9.00
Irredeemable Non-Cumulative Convertible Preference shares	-	-	-	-	-	-	150,000	-	150,000	-
Other non-interest sensitive balances	-	-	-	-	-	-	1,186,739	-	1,186,739	-
Total Liabilities	26,095,384	11,106,127	7,211,853	10,446,925	4,053,590	3,432,222	4,568,798	-	66,914,899	
Equity attributable to equity holder of the Bank	-	-	-	-	-	-	3,857,312	-	3,857,312	
TOTAL LIABILITIES AND EQUITY	26,095,384	11,106,127	7,211,853	10,446,925	4,053,590	3,432,222	8,426,110	-	70,772,211	
On-balance sheet interest sensitivity gap	8,304,988	(8,498,510)	(6,213,884)	(9,832,750)	4,445,508	14,874,797	(4,263,698)	1,183,549	-	
Off-balance sheet interest sensitivity gap **	798,353	3,115,000	(1,757,088)	30,000	(2,881,853)	755,588	-	-	60,000	
Total interest sensitivity gap	9,103,341	(5,383,510)	(7,970,972)	(9,802,750)	1,563,655	15,630,385	(4,263,698)	1,183,549	60,000	

* This is arrived at after deducting the general allowance, specific allowance and interest / income-in-suspense from gross non-performing loans/financing outstanding.

** This comprises interest rate swap and interest rate futures.

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

A35. Reclassification of securities

During the 2nd quarter of financial year 2009, the Bank had 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/GP 8). The provisions in this 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. The effects of the reclassification are as follows:

	Before reclassification	Increase/ (Decrease) reclassification	After reclassification
	RM'000	RM'000	RM'000
Effect on Balance Sheet as at 30 September 2008			
The Group and the Bank			
Securities held-for-trading	1,678,356	(500,787)	1,177,569
Securities available for sale	4,956,006	500,787	5,456,793
Available for sale reserve	(134,342)	(22,200)	(156,542)
Unappropriated profits	1,135,875	17,200	1,153,075
Effect on Income Statement for the period ended 30 September 2008			
The Group and the Bank			
Revenue	2,342,136	22,200	2,364,336
Other operating income	5,860	22,200	28,060
Taxation	(140,593)	(5,000)	(145,593)
Profit after zakat and taxation	400,808	17,200	418,008

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

A35. Reclassification of securities (Contd.)

There was no reclassification of securities after the second quarter of financial year 2009. The balances relating to securities reclassified in the previous financial year are:

	Carrying value RM'000	Fair value RM'000	Mark-to-market gain taken up in Available for sale reserve RM'000
The Group and the Bank as at 31 December 2009			
Securities reclassified	386,775	412,378	25,603

The carrying value and fair value as at 30 September 2008 for securities reclassified are RM581,453,000 and RM500,787,000 respectively.

A36. Restatement of Comparatives

Pursuant to the Business Transfer Agreement dated 11 March 2008 and the Vesting Order granted by the High Court of Malaya on 9 April 2008, the Group acquired the assets and assumed the liabilities relating to AmInvestment Bank Berhad's (AmInvestment Bank) conventional/Islamic Fund-Based Activity (including AmInvestment Bank's 100% shareholding interest in AmInternational (L) Ltd, a licensed offshore bank). As the vesting of assets and assumption of liabilities were carried out by entities under common control, the transaction has been accounted for via the pooling of interest method ("Merger"). Under the pooling of interest method, the results of the business transferred from AmInvestment Bank, together with the assets and liabilities are included in the financial statements of the Group and the Bank as if the merger had been effected prior to and throughout the current financial year/period. As the transfer of the conventional Fund-Based Activity to the Bank was effected on 12 April 2008, 26 September 2008 and 1 March 2009, the comparative figures for this current financial period had been restated.

The Group and the Bank had reviewed and changed the presentation of certain balances as follows:

- (a) Recoveries of expenses charged to subsidiary and other related companies which were previously taken up under Other Operating expenses were reclassified to Other operating income under service transfer pricing income. This classification is to conform with current period presentation which better reflects the nature of the item.

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

A36. Restatement of Comparatives (Contd.)

The comparative amounts which have been restated are as follows:

	As previously stated RM'000	Effect of change arising from pooling of interest method RM'000	Effect of other reclassification RM'000	As restated RM'000
The Group				
Income Statement for the financial period ended 31 December 2008				
Interest Income	2,807,857	29,652	-	2,837,509
Interest Expense	(1,529,766)	(20,981)	-	(1,550,747)
Other operating income	81,652	(20,932)	5,125	65,845
Other operating expenses	(701,940)	(1,046)	(5,125)	(708,111)
Allowance for losses on loans, advances and financing	(226,711)	(3,415)	-	(230,126)
Taxation	(231,433)	(15)	-	(231,448)
The Bank				
Income Statement for the financial period ended 31 December 2008				
Interest Income	2,801,540	29,652	-	2,831,192
Interest Expense	(1,527,201)	(20,981)	-	(1,548,182)
Other operating income	78,771	(20,591)	152,429	210,609
Other operating expenses	(536,458)	(1,387)	(152,429)	(690,274)
Allowance for losses on loans, advances and financing	(69,686)	(3,415)	-	(73,101)
Taxation	(188,304)	(15)	-	(188,319)