

Company No. 295576-U

Amlslamic Bank Berhad

(Company No. 295576-U)
(Incorporated in Malaysia)

Interim Financial Statements

For the Financial Period

**1 April 2009 to
31 December 2009**

(In Ringgit Malaysia)

Amlslamic Bank Berhad
(Incorporated in Malaysia)

UNAUDITED BALANCE SHEET AS AT 31 DECEMBER 2009

	Note	31 December 2009 RM'000	31 March 2009 RM'000
ASSETS			
Cash and short-term funds		3,308,626	3,217,910
Deposits and placements with banks and other financial institutions		275,000	-
Securities held-for-trading	A8	500,338	203,863
Securities available-for-sale	A9	420,426	569,295
Derivative financial assets		4,322	1,885
Financing and advances	A10	11,991,675	9,810,477
Other assets	A11	115,327	106,438
Statutory deposit with Bank Negara Malaysia	A12	23,079	86,079
Deferred tax asset		42,494	99,191
Property and equipment		296	393
Intangible assets		438	560
TOTAL ASSETS		16,682,021	14,096,091
LIABILITIES AND EQUITY			
Deposits from customers	A13	12,716,338	10,155,070
Deposits and placements of banks and other financial institutions	A14	1,533,570	1,445,052
Derivative financial liabilities		4,318	1,884
Bills and acceptances payable		393,147	612,567
Other liabilities	A15	267,117	196,833
Dividend Payable		100,000	-
Provision for zakat		1,941	1,130
Subordinated Sukuk Musyarakah		400,000	400,000
Total Liabilities		15,416,431	12,812,536
Share capital		403,038	403,038
Reserves		862,552	880,517
Equity attributable to equity holder of the Bank		1,265,590	1,283,555
TOTAL LIABILITIES AND EQUITY		16,682,021	14,096,091
COMMITMENTS AND CONTINGENCIES	A26	4,205,862	4,185,781
NET ASSETS PER ORDINARY SHARE (RM)		3.14	3.18

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

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UNAUDITED INCOME STATEMENT
FOR THE FINANCIAL QUARTER ENDED 31 DECEMBER 2009

	Note	Individual Quarter		Cumulative Quarter	
		31 December 2009 RM'000	31 December 2008 RM'000	31 December 2009 RM'000	31 December 2008 RM'000
Income derived from investment of depositors' funds and others	A16	223,268	217,778	659,207	588,127
Income derived from investment of shareholder's funds	A17	37,090	29,520	105,172	126,276
Allowances for losses on financing and advances	A18	(28,184)	(19,129)	(73,488)	(68,654)
Provision for commitments and contingencies		130	1,595	13,001	(13,251)
Impairment loss		-	-	(4,298)	(18)
Transfer from/(to) profit equalisation reserve		6,479	(8,302)	6,204	(1,463)
Total distributable income		238,783	221,462	705,798	631,017
Income attributable to the depositors	A19	(79,542)	(100,120)	(246,905)	(290,275)
Total net income		159,241	121,342	458,893	340,742
Other operating expenses	A20	(63,662)	(55,463)	(183,488)	(162,534)
Finance cost		(4,840)	(4,840)	(15,366)	(14,466)
Profit before zakat and taxation		90,739	61,039	260,039	163,742
Zakat		(397)	(345)	(1,216)	(374)
Taxation	A21	(25,276)	(15,912)	(69,521)	(42,912)
Profit after zakat and taxation		65,066	44,782	189,302	120,456
Earnings per share (sen)	A22	16.14	11.11	46.97	29.89

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

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**UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL QUARTER ENDED 31 DECEMBER 2009**

	←-----Attributable to Equity Holder of the Bank-----→						Distributable
	←-----Non-distributable-----→				Available	Unappropriated	
	Share Capital RM'000	Share Premium RM'000	Statutory Reserve RM'000	Merger Reserve RM'000	For-Sale Reserve RM'000	Profits RM'000	RM'000
At 1 April 2008	403,038	534,068	90,439	317,903	-	90,436	1,435,884
Net change in revaluation of securities available-for-sale	-	-	-	-	6,189	-	6,189
Effects arising from the pooling of interest	-	-	-	(317,903)	-	-	(317,903)
Profit for the period	-	-	-	-	-	120,456	120,456
At 31 December 2008	403,038	534,068	90,439	-	6,189	210,892	1,244,626
At 1 April 2009	403,038	534,068	168,773	-	8,906	168,770	1,283,555
Net change in revaluation of securities available-for-sale	-	-	-	-	(7,267)	-	(7,267)
Profit for the period	-	-	-	-	-	189,302	189,302
Transfer to statutory reserve	-	-	78,385	-	-	(78,385)	-
Dividends	-	-	-	-	-	(200,000)	(200,000)
At 31 December 2009	403,038	534,068	247,158	-	1,639	79,687	1,265,590

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

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

	31 December 2009 RM'000	31 December 2008 RM'000
Profit before zakat and taxation	260,039	163,742
Adjustments for non-cash items	78,775	80,984
Operating profit before working capital changes	<u>338,814</u>	<u>244,726</u>
Changes in working capital:		
Net changes in operating assets	(2,794,991)	(1,818,618)
Net changes in operating liabilities	2,496,404	2,553,019
Zakat paid	(404)	(126)
Net cash generated from operating activities	<u>39,823</u>	<u>979,001</u>
Net cash generated from/(used in) investing activities	150,893	(314,980)
Net cash used in financing activities	<u>(100,000)</u>	<u>-</u>
Net increase in cash and cash equivalents	90,716	664,021
Cash and cash equivalents at beginning of the period	3,217,910	1,871,442
Cash and cash equivalents at end of the period	<u>3,308,626</u>	<u>2,535,463</u>

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

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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

- (a) the 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

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A1. Basis of Preparation (continued)

- (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) the Issuance of TR *i- 3* Presentation of Financial statements of Islamic Financial Institution and SOP *i- 1* Financial Reporting from an Islamic Perspective.

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

The specific and general allowances for financing and advances of 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 Bank has adopted a more stringent classification policy on non-performing financing and advances, whereby financing and advances 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 Bank has adopted a more stringent basis for specific allowances on non-performing financing and advances as follows:

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

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A2. Audit Qualification

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

A3. Seasonality or Cyclicity of Operations

The operations of the Bank are not materially affected by any 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 the prior financial years that have a material effect on the financial quarter and period ended 31 December 2009.

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

There were no issuance, 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

In the previous financial quarter, a first interim dividend of 33.08% less 25% tax on 403,038,000 ordinary shares amounting to RM100,000,000 was approved by the Board of Directors on 15 September 2009 and paid on 17 November 2009.

During the current financial quarter, a second interim dividend of RM100,000,000 was approved by the Board of Directors on 7 December 2009 as follows:

- Gross dividend of RM66,746,666 less 25% tax
- Single tier dividend of RM RM49,940,000

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A8. Securities Held-for-trading

	31 December 2009 RM'000	31 March 2009 RM'000
At fair value		
Money Market Securities:		
Malaysian Government Investment Certificates	31,424	-
Islamic Khazanah bonds	710	991
Islamic Treasury Bills	93,462	-
Bank Negara Malaysia Monetary Notes	290,359	-
	<u>415,955</u>	<u>991</u>
Unquoted securities:		
Private Debt Securities	84,383	202,872
Total securities held-for-trading	<u>500,338</u>	<u>203,863</u>

A9. Securities Available-for-sale

	31 December 2009 RM'000	31 March 2009 RM'000
At fair value		
Money Market Securities:		
Malaysian Government Investment Certificates	76,389	36,025
Negotiable Instruments of Deposit	-	29,190
	<u>76,389</u>	<u>65,215</u>
Unquoted securities:		
Private Debt Securities	348,335	504,080
Total	<u>424,724</u>	<u>569,295</u>
Less: Accumulated impairment losses	(4,298)	-
Total securities available-for-sale	<u>420,426</u>	<u>569,295</u>

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A9. Securities Available-for-sale (continued)

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

As i-PD, the Bank is 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 Government Investment Issues ('GII') holdings instead of cash. As at 31 December 2009, the nominal values of GII holdings maintained for SRR purposes amount to RM 75.26 million.

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A10. Financing and Advances

	31 December 2009 RM'000	31 March 2009 RM'000
Cash lines	180,700	125,849
Term financing		
- House financing	754,678	730,830
- Hire-purchase receivables	7,751,456	7,608,606
- Other financing *	5,511,283	4,359,119
Cards receivables	299,655	310,594
Bills receivables	-	2,103
Trust receipts	33,786	32,385
Claims on customers under acceptance credit	863,037	763,656
Revolving credit	691,355	257,038
Total	<u>16,085,950</u>	<u>14,190,180</u>
Unearned income	<u>(3,446,904)</u>	<u>(3,208,340)</u>
	12,639,046	10,981,840
Less: Islamic financing sold to Cagamas Berhad	<u>(365,474)</u>	<u>(905,803)</u>
Gross financing and advances	12,273,572	10,076,037
Allowances for bad and doubtful financing		
- General	(181,081)	(166,507)
- Specific	(100,816)	(99,053)
Net financing and advances	<u>11,991,675</u>	<u>9,810,477</u>

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

A10a. By contract

	31 December 2009 RM'000	31 March 2009 RM'000
Bai' Bithaman Ajil	1,374,807	1,177,304
Istisna	-	625
Ijarah/Al-Ijarah Thumma Al-Bai'	6,086,237	5,430,924
Musarakah	-	6
Murabahah	956,529	861,692
Other Islamic contracts	3,855,999	2,605,486
Gross financing and advances	<u>12,273,572</u>	<u>10,076,037</u>

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A10. Financing and Advances (continued)

A10b. By type of customer

	31 December 2009 RM'000	31 March 2009 RM'000
Domestic non-bank financial institutions	5,042	4,106
Domestic business enterprises		
- Small medium enterprises	1,089,680	946,981
- Others	2,026,158	1,319,548
Individuals	9,145,902	7,801,361
Other domestic entities	2,149	-
Foreign entities	4,641	4,041
Gross financing and advances	<u>12,273,572</u>	<u>10,076,037</u>

A10c. By profit rate sensitivity

	31 December 2009 RM'000	31 March 2009 RM'000
Fixed rate		
- House financing	379,701	381,353
- Hire purchase receivables	6,086,237	5,430,921
- Other financing	5,682,235	4,101,030
Variable rate		
- Base financing rate plus	-	2,013
- Cost plus	125,399	160,720
Gross financing and advances	<u>12,273,572</u>	<u>10,076,037</u>

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A10. Financing and Advances (continued)

A10d. By financing purpose

	31 December 2009 RM'000	31 March 2009 RM'000
Purchase of securities	4,201	6,319
Purchase of transport vehicles	6,380,335	6,255,482
Purchase of landed property		
- Residential	387,062	383,048
- Non-residential	173,025	213,184
Purchase of fixed assets other than land and building	151,281	161,385
Personal use	2,816,163	2,035,433
Credit card	290,226	309,379
Purchase of consumer durables	1,348	124
Construction	226,113	109,673
Working capital	1,768,639	1,216,667
Other purposes	440,653	291,146
	<u>12,639,046</u>	<u>10,981,840</u>
Less: Islamic financing sold to Cagamas Berhad	(365,474)	(905,803)
Gross financing and advances	<u>12,273,572</u>	<u>10,076,037</u>

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A10e(i). Movements in non-performing financing and advances (“NPF”) are as follows:

	31 December 2009 RM'000	31 March 2009 RM'000
Balance at beginning of period/year	239,637	305,321
Non-performing during the period/year	142,106	186,216
Reclassified as performing	(53,806)	(62,432)
Amount recovered	(17,640)	(27,618)
Amount written off	(84,422)	(161,850)
Balance at end of period/year	<u>225,875</u>	<u>239,637</u>
Less: Specific allowance	<u>(100,816)</u>	<u>(99,053)</u>
Non-performing financing and advances - net	<u>125,059</u>	<u>140,584</u>
Gross financing and advances	12,273,572	10,076,037
Add: Islamic financing sold to Cagamas Berhad	<u>365,474</u>	<u>905,803</u>
	12,639,046	10,981,840
Less: Specific allowance	<u>(100,816)</u>	<u>(99,053)</u>
Net Financing and advances (including Islamic financing sold to Cagamas Berhad)	<u>12,538,230</u>	<u>10,882,787</u>
Ratio of non-performing financing and advances to total financing and advances (including Islamic financing sold to Cagamas Berhad) - net	<u>1.00%</u>	<u>1.29%</u>

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A10e(ii). Movements in the allowance for bad and doubtful financing accounts are as follows:

	31 December 2009 RM'000	31 March 2009 RM'000
General Allowance		
Balance at beginning of period/year	166,507	154,953
Allowance made during the period/year	14,574	11,554
Balance at end of period/year	<u>181,081</u>	<u>166,507</u>
As % of net financing and advances (including Islamic financing sold to Cagamas Berhad) less financing exempted from general allowance by Bank Negara Malaysia	<u>1.53%</u>	<u>1.53%</u>
Specific Allowance		
Balance at beginning of period/year	<u>99,053</u>	<u>153,436</u>
Allowance made during the period/year	120,748	156,544
Amount written back in respect of recoveries during the period/year	<u>(34,890)</u>	<u>(48,145)</u>
Net charge to income statement	85,858	108,399
Amount written off	<u>(84,095)</u>	<u>(162,782)</u>
Balance at end of period/year	<u>100,816</u>	<u>99,053</u>

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A10f. Non-performing financing and advances by purpose

	31 December 2009 RM'000	31 March 2009 RM'000
Purchase of securities	422	626
Purchase of transport vehicles	122,381	120,821
Purchase of landed property		
- Residential	53,891	58,008
- Non-residential	8,172	14,277
Purchase of fixed assets other than land and building	49	2,312
Purchase of Consumer Durables	181	-
Personal use	3,204	496
Credit card	10,868	11,095
Construction	-	6
Working capital	25,153	30,747
Other purposes	1,554	1,249
	<u>225,875</u>	<u>239,637</u>

A11. Other Assets

	31 December 2009 RM'000	31 March 2009 RM'000
Other receivables and prepayments	53,123	43,469
Profit receivable	10,232	10,834
Deferred charges	51,758	52,135
Amount due from related company	214	-
	<u>115,327</u>	<u>106,438</u>

A12. Statutory Deposit with Bank Negara Malaysia

The non-profit 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, a total of RM75.26 million nominal value of Government Investment Issues, classified as securities available-for-sale, was used for Statutory Reserve Requirement purposes, as mentioned in Note A9.

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A13. Deposits from Customers

	31 December 2009 RM'000	31 March 2009 RM'000
(i) <u>By type of deposit:</u>		
<u>Non-Mudharabah</u>		
Demand deposits	986,568	645,865
Savings deposits	1,091,782	945,950
Negotiable instruments of deposits	154,430	266,985
Other deposits	7,542	-
	<u>2,240,322</u>	<u>1,858,800</u>
<u>Mudharabah</u>		
General/Special investment deposits	10,397,096	8,251,420
Others	78,920	44,850
	<u>10,476,016</u>	<u>8,296,270</u>
	<u>12,716,338</u>	<u>10,155,070</u>
(ii) <u>By type of customers:</u>		
Government and other statutory bodies	4,801,380	2,914,914
Business enterprises	5,442,801	4,765,935
Individuals	2,110,263	1,957,159
Others	361,894	517,062
	<u>12,716,338</u>	<u>10,155,070</u>

A14. Deposits and Placements of Banks and Other Financial Institutions

	31 December 2009 RM'000	31 March 2009 RM'000
<u>Non-Mudharabah</u>		
Licensed Islamic banks	333,550	413,974
Licensed banks	159,934	198,259
Licensed investment banks	121,016	202,031
Other financial institutions	47,652	61,731
Bank Negara Malaysia	2,982	3,429
	<u>665,134</u>	<u>879,424</u>

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A14. Deposits and Placements of Banks and Other Financial Institutions (continued)

	31 December 2009 RM'000	31 March 2009 RM'000
<u>Mudharabah</u>		
Licensed investment banks	123	-
Other financial institutions	868,313	565,628
	<u>868,436</u>	<u>565,628</u>
	<u>1,533,570</u>	<u>1,445,052</u>

A15. Other Liabilities

	31 December 2009 RM'000	31 March 2009 RM'000
Profit payable	31,764	60,055
Other creditors and accruals	82,131	66,799
Lease deposits and advance rentals	9,967	6,867
Profit equalisation reserve	55,729	61,933
Amount due to related companies	76,817	1,172
Provision for commitments and contingencies	49	-
Deferred income	261	7
Provision for taxation	10,399	-
	<u>267,117</u>	<u>196,833</u>

A16. Income Derived From Investment of Depositors' Funds and Others

	Individual Quarter		Cumulative Quarter	
	31 December 2009 RM'000	31 December 2008 RM'000	31 December 2009 RM'000	31 December 2008 RM'000
Income derived from investment of:				
- General investment deposits	168,067	130,247	478,311	334,029
- Other deposits	55,201	87,531	180,896	254,098
	<u>223,268</u>	<u>217,778</u>	<u>659,207</u>	<u>588,127</u>

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A16. Income Derived From Investment of Depositors' Funds and Others (continued)

	Individual Quarter		Cumulative Quarter	
	31 December 2009 RM'000	31 December 2008 RM'000	31 December 2009 RM'000	31 December 2008 RM'000
Income derived from investment of general investment deposits				
<u>Finance income and hibah:</u>				
Financing and advances	143,540	110,597	406,619	281,658
Securities held-for-trading	469	1,785	2,536	5,966
Money at call and deposits with financial institutions	14,947	11,352	44,331	28,669
	<u>158,956</u>	<u>123,734</u>	<u>453,486</u>	<u>316,293</u>
Accretion of discount less amortisation of premium - net	390	502	1,607	1,448
Total finance income and hibah	<u>159,346</u>	<u>124,236</u>	<u>455,093</u>	<u>317,741</u>
<u>Other operating income:</u>				
Fee and commission income:				
- Commission	1,599	1,132	4,368	2,923
- Other fee income	6,712	5,007	17,731	13,018
Net gain from sale of securities held-for-trading	392	630	1,536	1,939
Gain/(loss) on revaluation of securities held-for-trading	29	(801)	(388)	(1,781)
Foreign exchange	(3)	39	(16)	185
Others	(8)	4	(13)	4
Total other operating income	<u>8,721</u>	<u>6,011</u>	<u>23,218</u>	<u>16,288</u>
Total	<u>168,067</u>	<u>130,247</u>	<u>478,311</u>	<u>334,029</u>

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A16. Income Derived From Investment of Depositors' Funds and Others (continued)

	Individual Quarter		Cumulative Quarter	
	31 December 2009 RM'000	31 December 2008 RM'000	31 December 2009 RM'000	31 December 2008 RM'000
Income derived from investment of other deposits				
<u>Finance income and hibah:</u>				
Financing and advances	47,196	74,437	153,782	214,259
Securities held-for-trading	122	1,122	959	4,539
Money at call and deposits with financial institutions	4,861	7,654	16,766	21,809
	<u>52,179</u>	<u>83,213</u>	<u>171,507</u>	<u>240,607</u>
Accretion of discount less amortisation of premium - net	115	328	608	1,101
Total finance income and hibah	<u>52,294</u>	<u>83,541</u>	<u>172,115</u>	<u>241,708</u>
<u>Other operating income:</u>				
Fee and commission income:				
- Commission	530	761	1,652	2,224
- Other fee income	2,242	3,353	6,706	9,902
Net gain from sale of securities held-for-trading	117	405	581	1,475
Gain/(loss) on revaluation of securities held-for-trading	22	(554)	(147)	(1,355)
Foreign exchange	(1)	22	(6)	141
Others	(3)	3	(5)	3
Total other operating income	<u>2,907</u>	<u>3,990</u>	<u>8,781</u>	<u>12,390</u>
Total	<u>55,201</u>	<u>87,531</u>	<u>180,896</u>	<u>254,098</u>

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A17. Income Derived From Investment of Shareholder’s Funds

	Individual Quarter		Cumulative Quarter	
	31 December 2009 RM'000	31 December 2008 RM'000	31 December 2009 RM'000	31 December 2008 RM'000
<u>Finance income and hibah:</u>				
Financing and advances	27,021	19,097	72,938	101,457
Securities held-for- trading	94	356	455	2,149
Securities available-for- sale	5,161	5,221	16,695	6,766
Money at call and deposits with financial institutions	2,823	2,332	7,952	10,327
	<u>35,099</u>	<u>27,006</u>	<u>98,040</u>	<u>120,699</u>
Amortisation of premium less accretion of discount - net	(664)	(294)	(1,128)	(290)
Total finance income and hibah	<u>34,435</u>	<u>26,712</u>	<u>96,912</u>	<u>120,409</u>
<u>Other operating income:</u>				
Fee and commission income:				
- Commission	300	195	783	1,053
- Other fee income	1,257	851	3,180	4,689
Net gain from sale of securities held-for- trading	76	55	276	698
Net gain from sale of securities available- for-sale	1,020	-	4,095	-
Gain/(loss) on revaluation of securities held-for- trading	4	1,658	(69)	(641)
Foreign exchange	(1)	48	(3)	67
Others	(1)	1	(2)	1
Total other operating income	<u>2,655</u>	<u>2,808</u>	<u>8,260</u>	<u>5,867</u>
Total	<u>37,090</u>	<u>29,520</u>	<u>105,172</u>	<u>126,276</u>

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A18. Allowances for Losses on Financing and Advances

	Individual Quarter		Cumulative Quarter	
	31 December 2009 RM'000	31 December 2008 RM'000	31 December 2009 RM'000	31 December 2008 RM'000
Allowance for bad and doubtful financing:				
Specific allowance				
- made in the financial period	41,448	36,586	120,748	114,049
- written back	(12,480)	(11,217)	(34,890)	(37,138)
General allowance	8,297	731	14,574	11,796
Bad debts and financing recovered - net	(9,081)	(6,971)	(26,944)	(20,053)
	<u>28,184</u>	<u>19,129</u>	<u>73,488</u>	<u>68,654</u>

A19. Income Attributable to The Depositors

	Individual Quarter		Cumulative Quarter	
	31 December 2009 RM'000	31 December 2008 RM'000	31 December 2009 RM'000	31 December 2008 RM'000
Deposit from customers				
- Mudharabah fund	29,087	62,833	136,994	169,478
- Non-Mudharabah fund	4,042	7,683	19,599	22,290
	<u>33,129</u>	<u>70,516</u>	<u>156,593</u>	<u>191,768</u>
Deposits and placements of banks and other financial institutions				
- Mudharabah fund	35,555	3,466	52,361	9,513
- Non-Mudharabah fund	6,568	11,502	17,144	34,036
	<u>42,123</u>	<u>14,968</u>	<u>69,505</u>	<u>43,549</u>
Others	<u>4,290</u>	<u>14,636</u>	<u>20,807</u>	<u>54,958</u>
	<u>79,542</u>	<u>100,120</u>	<u>246,905</u>	<u>290,275</u>

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A20. 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
Personnel costs				
– Salaries, allowances and bonuses	1,234	1,255	3,262	3,919
– Others	224	233	777	760
Establishment costs				
– Depreciation	34	32	101	93
– Amortisation of intangible assets	40	37	121	108
– Rental	159	246	480	718
– Cleaning, maintenance and security	11	4	22	17
– Computerisation cost	3	3	9	8
– Others	6	31	19	86
Marketing and communication expenses				
– Communication, advertising and marketing	2,833	1,754	5,854	5,059
– Others	15	24	46	81
Administration and general expenses				
– Professional services	737	717	2,223	1,472
– Others	99	386	225	844
Service transfer pricing expense	58,267	50,741	170,349	149,369
	<u>63,662</u>	<u>55,463</u>	<u>183,488</u>	<u>162,534</u>

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A21. 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
Estimated current tax payable	10,399	-	10,399	-
Deferred tax				
- Relating to origination and reversal of temporary differences	12,261	15,912	56,506	42,912
- Under provision in prior years	2,616	-	2,616	-
	<u>25,276</u>	<u>15,912</u>	<u>69,521</u>	<u>42,912</u>

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

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A22. Earnings Per Share (EPS)

Basic/Diluted

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

Diluted earnings per share is calculated by dividing the 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 period.

	Individual Quarter		Cumulative Quarter	
	31 December 2009	31 December 2008	31 December 2009	31 December 2008
Net profit attributable to equity holder of the Bank (RM'000)	<u>65,066</u>	<u>44,782</u>	<u>189,302</u>	<u>120,456</u>
Number of ordinary shares at beginning/end of period representing weighted average number of ordinary shares in issue ('000)	403,038	403,038	403,038	403,038
Basic/Diluted earnings per share (sen)	<u>16.14</u>	<u>11.11</u>	<u>46.97</u>	<u>29.89</u>

A23a. Performance Review for the Period ended 31 December 2009

The Bank recorded a Profit before zakat and taxation ("Pre-tax profit") of RM260.0 million for the period ended 31 December 2009 compared to RM163.7 million for the corresponding period in the previous year.

The increase in Pre-tax profit is mainly attributable to higher profit/dividend income, lower income attributable to the depositors, writeback of provision for commitments and contingencies as well as writeback of profit equalisation reserve. These were partially mitigated by higher operating expenses in tandem with the expanding business operations and higher financing loss allowance.

A23a. Performance Review for the Period ended 31 December 2009 (continued)

Increase in profit/dividend income was driven by strong growth in financing and advances. The Bank's core business of providing fixed rate financing and advances under the Islamic principle had to a certain extent cushioned the negative impact of the 3 recent cuts in overnight policy rate by BNM from 3.5% to 2.0%. Lower income attributable to the depositors was consistent with the reduction in overnight policy rate despite the strong deposit growth.

In the opinion of the Directors, the results of 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.

A23b. 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.

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 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.

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A24. Valuation of Property and Equipment

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

A25. 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 item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect substantially the results of the operations of the Bank for the current period.

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A26. Commitments and Contingencies

In the normal course of business, the Bank makes various commitments and incurs 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 Bank's assets.

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

	31 December 2009			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	204,269	204,269	204,269	168,092	168,092	168,092
Certain transaction-related contingent items	101,645	50,823	52,344	182,317	91,159	91,659
Irrevocable commitments to extend credit:						
- maturing less than one year	1,969,418	-	-	1,508,291	-	-
- maturing more than one year	312,908	97,927	95,788	259,804	10,433	24,083
Unutilised credit card lines	513,096	102,619	76,748	505,845	101,169	75,602
Short-term self-liquidating trade-related contingencies	83,283	16,657	16,900	55,734	11,147	11,147
Sell and buy back agreements	196,162	3,310	3,310	155,560	212	206
Obligations under underwriting agreements	391,000	-	-	399,000	199,500	199,500
Islamic financing sold to Cagamas Berhad with recourse	348,605	348,605	263,188	874,067	874,067	663,997
Option related contracts	79,508	10,683	2,137	44,494	-	-
Others	5,968	-	-	32,577	-	-
	4,205,862	834,892	714,684	4,185,781	1,455,779	1,234,286

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

A27. 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. The Bank's involvement in financial derivatives is limited to options.

As part of the asset and liability exposure management, the Bank uses derivatives to manage the Bank's market risk exposure. As the value of these financial derivatives are principally driven by interest rate and foreign exchange rate factors, the Bank uses them to reduce the overall interest rate and foreign exchange rate exposures of the Bank. 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 Bank. The Bank 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 Bank.

Risk associated with financial derivatives

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

Derivative Financial Instruments and Hedge Accounting

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

(i) Fair value hedge

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

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A27. Risk Management Policy on Financial Derivatives (continued)

(ii) Cash flow hedge

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

(iii) Derivatives that do not qualify for hedge accounting

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

A28. Capital Adequacy

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

	31 December 2009	31 March 2009
<u>Before deducting dividend payable:</u>		
Core capital ratio	10.99%	11.22%
Risk-weighted capital ratio	15.82%	16.65%
<u>After deducting dividend payable:</u>		
Core capital ratio	10.15%	11.22%
Risk-weighted capital ratio	14.99%	16.65%

With effect from 1 January 2008, the capital adequacy ratios of the Bank 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. The Bank 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 8.0% for the risk-weighted capital ratio.

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A28. Capital Adequacy (continued)

(b) The components of Tier I and Tier II capital of the Bank are as follows:

	31 December 2009 RM'000	31 March 2009 RM'000
<u>Tier I capital</u>		
Paid-up ordinary share capital	403,038	403,038
Share premium	534,068	534,068
Statutory reserve	247,158	168,773
Unappropriated profits	79,687	168,770
	<u>1,263,951</u>	<u>1,274,649</u>
Less: Deferred tax asset	(43,040)	(102,161)
Total Tier I capital	<u>1,220,911</u>	<u>1,172,488</u>
<u>Tier II capital</u>		
Subordinated Sukuk Musyarakah	400,000	400,000
General allowances for bad and doubtful financing	181,081	166,507
Total Tier II capital	<u>581,081</u>	<u>566,507</u>
Capital base	<u>1,801,992</u>	<u>1,738,995</u>

The breakdown of the risk-weighted assets in various categories of risk are as follows:

	31 December 2009 RM'000	31 March 2009 RM'000
Credit risk	10,584,935	9,279,536
Market risk	380,605	237,786
Operational risk	1,057,480	929,719
Total risk-weighted assets	<u>12,023,020</u>	<u>10,447,041</u>

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A29. The following table shows the profit rate sensitivity gap, by time bands, on which 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----->									Effective profit rate
	Up to 1 month	>1 to 3 months	>3 to 6 months	>6 to 12 months	1 to 5 years	Over 5 years	Non- profit sensitive	Trading Book	Total	%
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	%
ASSETS										
Cash and short-term funds	3,305,860	-	-	-	-	-	2,766	-	3,308,626	2.07
Deposits and placements with banks and other financial institutions	-	275,000	-	-	-	-	-	-	275,000	2.07
Securities held-for-trading	-	-	-	-	-	-	-	500,338	500,338	2.58
Securities available-for-sale	5,015	4,983	20,261	13,597	214,898	161,672	-	-	420,426	4.03
Derivative financial assets	-	-	-	-	-	-	4,322	-	4,322	-
Financing and advances										
– Performing	824,965	497,301	336,270	195,486	2,746,252	7,447,423	-	-	12,047,697	7.66
– Non-performing *	-	-	-	-	-	-	(56,022)	-	(56,022)	-
Other non-profit sensitive balances	-	-	-	-	-	-	181,634	-	181,634	-
TOTAL ASSETS	4,135,840	777,284	356,531	209,083	2,961,150	7,609,095	132,700	500,338	16,682,021	
LIABILITIES AND EQUITY										
Deposits from customers	6,506,146	3,068,318	1,331,364	502,851	313,550	-	994,109	-	12,716,338	2.09
Deposits and placements of banks and other financial institutions	956,956	193,125	184,507	103,563	95,126	-	293	-	1,533,570	2.56
Derivative financial liabilities	-	-	-	-	-	-	4,318	-	4,318	-
Bills and acceptances payable	175,563	217,584	-	-	-	-	-	-	393,147	2.19
Subordinated Sukuk Musyarakah	-	-	-	-	400,000	-	-	-	400,000	4.80
Other non-profit sensitive balances	-	-	-	-	-	-	369,058	-	369,058	-
Total Liabilities	7,638,665	3,479,027	1,515,871	606,414	808,676	-	1,367,778	-	15,416,431	
Equity attributable to equity holder of the Bank	-	-	-	-	-	-	1,265,590	-	1,265,590	
TOTAL LIABILITIES AND EQUITY	7,638,665	3,479,027	1,515,871	606,414	808,676	-	2,633,368	-	16,682,021	
On-balance sheet profit sensitivity gap	(3,502,825)	(2,701,743)	(1,159,340)	(397,331)	2,152,474	7,609,095	(2,500,668)	500,338	-	
Off-balance sheet profit sensitivity gap	-	-	-	-	-	-	-	-	-	
Total profit sensitivity gap	(3,502,825)	(2,701,743)	(1,159,340)	(397,331)	2,152,474	7,609,095	(2,500,668)	500,338	-	

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A29. The following table shows the profit rate sensitivity gap, by time bands, on which profit rates of instruments are next repriced on a contractual basis or, if earlier, the dates on which the instruments mature (continued).

31 March 2009

	←-----Non-Trading Book----->									Effective profit rate
	Up to 1 month	>1 to 3 months	>3 to 6 months	>6 to 12 months	1 to 5 years	Over 5 years	Non- profit sensitive	Trading Book	Total	%
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
ASSETS										
Cash and short-term funds	3,210,100	-	-	-	-	-	7,810	-	3,217,910	2.08
Securities held-for-trading	-	-	-	-	-	-	-	203,863	203,863	4.62
Securities available-for-sale	-	7,384	9,286	31,760	336,935	183,930	-	-	569,295	4.23
Derivative financial assets	-	-	-	-	-	-	1,885	-	1,885	-
Financing and advances										
– Performing	762,591	440,423	(245,620)	86,593	2,019,866	6,772,547	-	-	9,836,400	7.88
– Non-performing *	-	-	-	-	-	-	(25,923)	-	(25,923)	-
Other non-profit sensitive balances	-	-	-	-	-	-	292,661	-	292,661	-
TOTAL ASSETS	3,972,691	447,807	(236,334)	118,353	2,356,801	6,956,477	276,433	203,863	14,096,091	
LIABILITIES AND EQUITY										
Deposits from customers	5,000,098	2,294,215	1,239,990	525,255	449,647	-	645,865	-	10,155,070	2.58
Deposits and placements of banks and other financial institutions	512,025	296,164	272,374	166,528	192,778	-	5,183	-	1,445,052	3.25
Derivative financial liabilities	-	-	-	-	-	-	1,884	-	1,884	-
Bills and acceptances payable	220,903	281,824	109,840	-	-	-	-	-	612,567	2.00
Subordinated Sukuk Musyarakah	-	-	-	-	400,000	-	-	-	400,000	4.80
Other non-profit sensitive balances	-	-	-	-	-	-	197,963	-	197,963	-
Total Liabilities	5,733,026	2,872,203	1,622,204	691,783	1,042,425	-	850,895	-	12,812,536	
Equity attributable to equity holder of the Bank	-	-	-	-	-	-	1,283,555	-	1,283,555	
TOTAL LIABILITIES AND EQUITY	5,733,026	2,872,203	1,622,204	691,783	1,042,425	-	2,134,450	-	14,096,091	
On-balance sheet profit sensitivity gap	(1,760,335)	(2,424,396)	(1,858,538)	(573,430)	1,314,376	6,956,477	(1,858,017)	203,863	-	
Off-balance sheet profit sensitivity gap	-	-	-	-	-	-	-	-	-	
Total profit sensitivity gap	(1,760,335)	(2,424,396)	(1,858,538)	(573,430)	1,314,376	6,956,477	(1,858,017)	203,863	-	

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