

AmBank (M) Berhad

(Company No. 8515–D)

(Incorporated in Malaysia)

And Its Subsidiaries

Interim Financial Statements

For the Financial Period

1 April 2010 to

30 June 2010

(In Ringgit Malaysia)

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

UNAUDITED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2010

	Note	The Group		The Bank	
		30 June	31 March	30 June	31 March
		2010	2010	2010	2010
		RM'000	RM'000	RM'000	RM'000
ASSETS					
Cash and short-term funds		11,466,760	11,632,433	7,670,246	7,447,516
Securities purchased under resale agreements		123,810	-	123,810	-
Deposits and placements with banks and other financial institutions		3,483,943	2,118,135	2,904,313	1,902,368
Derivative financial assets		353,110	343,643	350,512	340,182
Financial assets held-for trading	A8	2,683,759	1,679,658	2,222,484	1,328,725
Financial investments available for-sale	A9	5,882,375	7,814,492	6,705,158	7,405,684
Financial investments held to-maturity	A10	187,652	532,685	180,933	532,685
Loans, advances and financing	A11	64,674,186	64,076,357	51,593,999	52,010,508
Other assets	A12	1,020,447	1,042,969	1,005,040	964,567
Statutory deposit with Bank Negara Malaysia	A13	164,417	167,623	132,338	135,544
Deferred tax asset		337,071	259,307	272,408	213,089
Investment in subsidiaries		-	-	849,870	849,870
Investment in associates		1,005	986	111	111
Property and equipment		188,584	187,738	163,423	162,464
Intangible assets		87,675	86,407	87,268	85,957
TOTAL ASSETS		90,654,794	89,942,433	74,261,913	73,379,270

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 2010.

AmBank (M) Berhad
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UNAUDITED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2010 (CONTD.)

		The Group		The Bank	
	Note	30 June 2010 RM'000	31 March 2010 RM'000	30 June 2010 RM'000	31 March 2010 RM'000
LIABILITIES AND EQUITY					
Deposits and placements of banks and other financial institutions	A14	4,811,288	5,253,129	4,366,699	4,384,868
Obligation on securities sold under repurchase agreements		75,785	-	75,785	-
Recourse obligation on loans sold to Cagamas Berhad		22,025	135,689	22,025	135,689
Derivative financial liabilities		405,537	392,510	402,941	389,052
Deposits from customers	A15	68,365,993	69,371,802	54,622,219	55,347,520
Term funding		3,155,143	1,680,960	3,155,143	1,680,960
Bills and acceptances payable		1,868,593	1,399,573	984,020	1,004,586
Debt capital		4,405,770	4,385,779	4,005,770	3,985,779
Other liabilities	A16	2,006,629	1,875,897	1,777,442	1,678,276
TOTAL LIABILITIES		85,116,763	84,495,339	69,412,044	68,606,730
Share capital		670,364	670,364	670,364	670,364
Reserves		4,867,651	4,776,713	4,179,505	4,102,176
Equity attributable to equity holder of the Bank		5,538,015	5,447,077	4,849,869	4,772,540
Minority interests		16	17	-	-
Total Equity		5,538,031	5,447,094	4,849,869	4,772,540
TOTAL LIABILITIES AND EQUITY		90,654,794	89,942,433	74,261,913	73,379,270
COMMITMENTS AND CONTINGENCIES	A30	68,543,046	61,638,618	62,986,237	57,477,383
NET ASSETS PER SHARE (RM)		8.26	8.13	7.23	7.12

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 2010.

AmBank (M) Berhad
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UNAUDITED CONSOLIDATED INCOME STATEMENT
FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2010

The Group

	Note	Individual Quarter		Cumulative Quarter	
		30 June 2010 RM'000	30 June 2009 RM'000	30 June 2010 RM'000	30 June 2009 RM'000
Revenue		1,406,166	1,238,595	1,406,166	1,238,595
Interest income	A17	976,639	866,988	976,639	866,988
Interest expense	A18	(477,397)	(457,585)	(477,397)	(457,585)
Net interest income		499,242	409,403	499,242	409,403
Net income from Islamic Banking business	A19	188,750	160,887	188,750	160,887
Other operating income	A20	138,640	125,588	138,640	125,588
Share in results of associates		19	77	19	77
Total operating income		826,651	695,955	826,651	695,955
Other operating expenses	A21	(308,873)	(277,732)	(308,873)	(277,732)
Operating profit		517,778	418,223	517,778	418,223
Allowance for losses on loans, advances and financing	A22	(92,682)	(140,952)	(92,682)	(140,952)
Provision for commitments and contingencies		266	(368)	266	(368)
Impairment loss	A23	11,544	(39,665)	11,544	(39,665)
Transfer to profit equalisation reserve		(11,722)	(1,932)	(11,722)	(1,932)
Profit before zakat and taxation		425,184	235,306	425,184	235,306
Zakat		(193)	(322)	(193)	(322)
Taxation		(115,402)	(62,172)	(115,402)	(62,172)
Profit for the period		309,589	172,812	309,589	172,812
Profit attributable to:					
Equity holder of the Bank		309,590	172,815	309,590	172,815
Minority interests		(1)	(3)	(1)	(3)
		309,589	172,812	309,589	172,812
Earnings per share (sen)	A24				
Basic		46.18	25.78	46.18	25.78
Fully diluted		38.01	21.07	38.01	21.07

AmBank (M) Berhad
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UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2010

The Group

	Note	Individual Quarter		Cumulative Quarter	
		30 June 2010 RM'000	30 June 2009 RM'000	30 June 2010 RM'000	30 June 2009 RM'000
Profit for the period		309,589	172,812	309,589	172,812
Other comprehensive income/(loss):					
Exchange differences on translation of foreign operations		(781)	(3,680)	(781)	(3,680)
Net movement on cash flow hedges		(40,906)	61,976	(40,906)	61,976
Net gain/(loss) on financial investments available-for-sale		41,583	(2,124)	41,583	(2,124)
Income tax relating to the components of other comprehensive income		(1,587)	(11,179)	(1,587)	(11,179)
Other comprehensive income for the year, net of tax		<u>(1,691)</u>	<u>44,993</u>	<u>(1,691)</u>	<u>44,993</u>
Total comprehensive income for the year, net of tax		<u>307,898</u>	<u>217,805</u>	<u>307,898</u>	<u>217,805</u>
Total comprehensive income attributable to:					
Equity holder of the Bank		307,899	217,808	307,899	217,808
Minority interests		(1)	(3)	(1)	(3)
		<u>307,898</u>	<u>217,805</u>	<u>307,898</u>	<u>217,805</u>

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 2010.

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UNAUDITED INCOME STATEMENT
FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2010 (CONTD.)

The Bank

	Note	Individual Quarter		Cumulative Quarter	
		30 June 2010 RM'000	30 June 2009 RM'000	30 June 2010 RM'000	30 June 2009 RM'000
Revenue		1,183,342	1,044,490	1,183,342	1,044,490
Interest income	A17	973,600	866,682	973,600	866,682
Interest expense	A18	(478,170)	(458,395)	(478,170)	(458,395)
Net interest income		495,430	408,287	495,430	408,287
Other operating income		209,742	177,808	209,742	177,808
Net income		705,172	586,095	705,172	586,095
Other operating expenses	A21	(303,848)	(272,705)	(303,848)	(272,705)
Operating profit		401,324	313,390	401,324	313,390
Allowance for losses on loans, advances and financing	A22	(65,993)	(114,746)	(65,993)	(114,746)
Provision for commitments and contingencies		212	(197)	212	(197)
Impairment loss	A23	7,433	(39,664)	7,433	(39,664)
Profit before taxation		342,976	158,783	342,976	158,783
Taxation		(95,128)	(41,289)	(95,128)	(41,289)
Profit for the period		247,848	117,494	247,848	117,494
Earnings per share (sen)	A24				
Basic		36.97	17.53	36.97	17.53
Fully diluted		30.49	14.32	30.49	14.32

**AmBank (M) Berhad
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**UNAUDITED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2010 (CONTD.)**

The Bank

	Note	Individual Quarter		Cumulative Quarter	
		30 June 2010 RM'000	30 June 2009 RM'000	30 June 2010 RM'000	30 June 2009 RM'000
Profit for the period		247,848	117,494	247,848	117,494
Other comprehensive income					
Exchange differences on translation of foreign operations		85	221	85	221
Net movement on cash flow hedges		(40,906)	61,976	(40,906)	61,976
Net gain/(loss) on financial investments available-for-sale		39,656	(1,107)	39,656	(1,107)
Income tax relating to the components of other comprehensive income		258	(11,704)	258	(11,704)
Other comprehensive income for the year, net of tax		(907)	49,386	(907)	49,386
Total comprehensive income for the year, net of tax		246,941	166,880	246,941	166,880

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 2010.

Company No. 8515–D

AmBank (M) Berhad
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CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2010

The Group	<----- 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	Merger Reserve RM'000	Capital Reserve RM'000	Other Reserves RM'000	Retained Earnings RM'000	Minority Interests RM'000	
Balance as at 1 April 2009	670,364	942,844	849,232	397,566	377,492	(123,680)	1,357,909	28	4,471,755
Profit/(loss) for the period	-	-	-	-	-	-	172,815	(3)	172,812
Other comprehensive income	-	-	-	-	-	44,993	-	-	44,993
Balance as at 30 June 2009	670,364	942,844	849,232	397,566	377,492	(78,687)	1,530,724	25	4,689,560
Balance as at 1 April 2010									
As previously reported	670,364	942,844	945,628	397,566	377,492	55,363	2,057,820	17	5,447,094
Effect of adopting FRS 139						(45,703)	(171,258)		(216,961)
As restated	670,364	942,844	945,628	397,566	377,492	9,660	1,886,562	17	5,230,133
Profit/(loss) for the period	-	-	-	-	-	-	309,590	(1)	309,589
Other comprehensive income	-	-	-	-	-	(1,691)	-	-	(1,691)
Balance as at 30 June 2010	670,364	942,844	945,628	397,566	377,492	7,969	2,196,152	16	5,538,031

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.

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**CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2010**

The Bank	<----- 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	Other Reserves RM'000	Retained Earnings RM'000	
Balance as at 1 April 2009	670,364	942,844	680,459	(144,648)	1,708,293	3,857,312
Profit for the period	-	-	-		117,494	117,494
Other comprehensive income	-	-	-	49,386	-	49,386
Balance as at 30 June 2009	670,364	942,844	680,459	(95,262)	1,825,787	4,024,192
Balance as at 1 April 2010						
As previously reported	670,364	942,844	680,459	53,454	2,425,419	4,772,540
Effects of adopting FRS 139	-	-	-	(40,258)	(129,354)	(169,612)
As restated	670,364	942,844	680,459	13,196	2,296,065	4,602,928
Profit for the period	-	-	-	-	247,848	247,848
Other comprehensive income	-	-	-	(907)	-	(907)
Balance as at 30 June 2010	670,364	942,844	680,459	12,289	2,543,913	4,849,869

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 2010.

**AmBank (M) Berhad
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**UNAUDITED CONDENSED CASH FLOW STATEMENTS
FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2010**

	The Group		The Bank	
	30 June 2010 RM'000	30 June 2009 RM'000	30 June 2010 RM'000	30 June 2009 RM'000
Profit before zakat and taxation	425,184	235,306	342,976	158,783
Adjustments	26,539	205,517	35,674	168,296
Operating profit before working capital changes	451,723	440,823	378,650	327,079
Changes in working capital:				
Net change in operating assets	(2,641,727)	(1,997,719)	(1,165,753)	(1,499,812)
Net change in operating liabilities	578,396	860,441	788,766	(1,927,483)
Tax paid	(39,516)	(117)	(33,512)	-
Net cash used in operating activities	(1,651,124)	(696,572)	(31,849)	(3,100,216)
Net cash generated from/(used in) investing activities	1,485,451	(500,663)	254,579	(873,416)
Net (decrease)/increase in cash and cash equivalents	(165,673)	(1,197,235)	222,730	(3,973,632)
Cash and cash equivalents at beginning of the period	11,632,433	16,868,087	7,447,516	13,395,759
Cash and cash equivalents at end of the period	11,466,760	15,670,852	7,670,246	9,422,127

For purposes of Cash Flow Statement, Cash and cash equivalents comprise cash and bank balances and money at call and deposit placements maturing within one month ("Cash and short-term funds").

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 2010.

**AmBank (M) Berhad
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Explanatory Notes

A1. Basis of Preparation

These unaudited condensed consolidated interim financial statements have been prepared in accordance with Financial Reporting Standard ("FRS") 134, Interim Financial Reporting issued by the Malaysian Accounting Standards Board ("MASB"). The financial statements do not include all of the information required for full annual financial statements, and should be read in conjunction with the annual financial statements of the Group as at and for the year ended 31 March 2010.

The condensed consolidated interim financial statements incorporate those activities relating to Islamic banking which have been undertaken by the Group. Islamic banking refers generally to the acceptance of deposits, granting of financing and dealing in Islamic securities under Shariah principles.

The accounting policies and methods of computation applied in these condensed consolidated interim financial statements are consistent with those adopted in the most recent audited annual financial statements for the year ended 31 March 2010 except for the adoption of the following FRSs, amendments to FRSs, IC Interpretations and Technical Release:

FRS 4, Insurance Contracts
FRS 7, Financial Instruments: Disclosures
FRS 8 Operating Segments
FRS 101, Presentation of Financial Statements (revised)
FRS 123, Borrowing Costs (revised)
FRS 139, Financial Instruments: Recognition and Measurement
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 2, Share-based Payment: Vesting Conditions and Cancellations
Amendments to FRS 132, Financial Instruments: Presentation and FRS 101, Presentation of Financial Statements
- Puttable Financial Instruments and Obligations Arising on Liquidation
- Separation of Compound Instruments
Amendments to FRS 132, Financial Instruments: Presentation – Classification of Rights Issues
Amendments to FRS 139, Financial Instruments: Recognition and Measurement, FRS 7, Financial Instruments: Disclosures and IC Interpretation 9, Reassessment of Embedded Derivatives
- Reclassification of Financial Assets
- Puttable Financial Instruments and Obligations Arising on Liquidation
Amendments to FRS 139, Financial Instruments: Recognition and Measurement - Collective Assessment of Impairment for Banking Institutions
Improvements to FRSs (2009)
IC Interpretation 9, Reassessment of Embedded Derivatives
IC Interpretation 10, Interim Financial Reporting and Impairment
IC Interpretation 13, Customer Loyalty Programmes
IC Interpretation 14, FRS 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and Their Interaction
TR i – 3, Presentation of Financial Statements of Islamic Financial Institutions

FRS 4 is not relevant to the Group and the Bank. The effects of adopting FRS 7, FRS 8, FRS 101 and the Amendments to FRS 117, which did not have any significant effect on the financial performance or position of the Group and the Bank and did not impact earnings per ordinary share, are discussed below:

FRS 7, Financial Instruments: Disclosures

Prior to 1 January 2010, information about financial instruments was disclosed in accordance with the requirements of FRS 132, Financial Instruments: Disclosure and Presentation. FRS 7 introduces new disclosures to improve the information about financial instruments. It requires the disclosure of qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk, market risk and sensitivity analysis to market risk.

The Group and the Bank has applied FRS 7 prospectively in accordance with the transitional provisions. Hence, the new disclosures have not been applied to the comparatives. The adoption of FRS 7 did not impact the financial position or results of the Group and the Bank.

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A1. Basis of Preparation (Contd.)

FRS 8, Operating Segments

FRS 8 requires an entity to report financial and descriptive information about its reportable segments. Reportable segments are operating segments or aggregations of operating segments that meet specified criteria. Operating segments are components of an entity about which separate financial information is available that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. Generally, financial information is required to be reported on the same basis as is used internally for evaluating operating segment performance and deciding how to allocate resources to operating segments disclosure in the financial statements. The application of FRS 8 did not have any impact to the financial statements of the Group.

FRS 101, Presentation of Financial Statements

FRS 101 requires the Group and the Bank to present all owner changes in equity and all non-owner changes to be presented in either a single statement of comprehensive income or in two separate statements of income and comprehensive income. FRS 101 also requires the income tax effect of each component of comprehensive income be disclosed. FRS 101 requires retrospective restatement of comparative statement of financial position as at the beginning of the earliest comparative period. The Group and the Bank has opted for the two statements approach. The adoption of FRS 101 did not impact the financial position or results of the Group and the Bank as the changes introduced are presentational in nature.

FRS 117, Leases

The amendments to FRS 117 require leasehold land which is in substance finance lease to be classified as Property and Equipment or Investment Property as appropriate. The Group and the Bank has reassessed and determined that all leasehold land of the Group and the Bank which in substance are finance leases and has reclassified the leasehold land to Property and Equipment and Investment Property accordingly. The change in accounting policy has been applied retrospectively in accordance with the transitional provisions of the amendment. The reclassification does not affect earnings per ordinary share for the current and prior periods.

The adoption of the other FRSs, amendments to FRSs, IC Interpretations and Technical Release did not have any material financial impact on the financial statements of the Group and the Bank.

At the date of authorisation of these condensed consolidated interim financial statements, the following revised FRSs, new IC Interpretations and Amendments to certain FRSs and IC Interpretations have been issued by the MASB but are not yet effective for, and have not been applied by, the Group and the Bank:

FRSs, IC Interpretations and amendments effective for annual periods beginning on or after 1 July 2010

FRS 1, First-time Adoption of Financial Reporting Standards (revised)
FRS 3, Business Combinations (revised)
FRS 127, Consolidated and Separate Financial Statements (revised)
Amendments to FRS 2, Share-based Payment
Amendments to FRS 5, Non-current Assets Held for Sale and Discontinued Operations
Amendments to FRS138, Intangible Assets
Amendments to IC Interpretation 9, Reassessment of Embedded Derivatives
IC Interpretation 12, Service Concession Arrangements
IC Interpretation 15, Agreements for the Construction of Real Estate
IC Interpretation 16, Hedges of a Net Investment in a Foreign Operation
IC Interpretation 17, Distributions of Non-cash Assets to Owners

A1. Basis of Preparation (Contd.)

Technical Release effective for annual periods ending on or after 31 December 2010

TR 3, Guidance on Disclosures of Transition to IFRSs

FRSs, IC Interpretations and amendments effective for annual periods beginning on or after 1 January 2011

Amendments to FRS 1, First-time Adoption of Financial Reporting Standards

- Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters

- Additional Exemptions for First-time Adopters

Amendments to FRS 2, Share-based Payment – Group Cash-settled Share-based Payment Transactions

Amendments to FRS 7, Financial Instruments: Disclosures – Improving Disclosures about Financial Instruments

IC Interpretation 4, Determining whether an Arrangement contains a Lease

IC Interpretation 18, Transfers of Assets from Customers

TR i – 4, Shariah Compliant Sale Contracts

Change in accounting policies

The adoption of new and revised FRSs during the financial period have resulted in changes to the following accounting policies:

- (i) FRS 139, Financial Instruments: Recognition and Measurement
- (ii) IC Interpretation 9, Reassessment of Embedded Derivatives
- (iii) Amendments to FRS 139, Financial Instruments: Recognition and Measurement, FRS 7, Financial Instruments: Disclosures and IC Interpretation 9, Reassessment of Embedded Derivatives
 - Reclassification of Financial Assets
 - Puttable Financial Instruments and Obligations Arising on Liquidation
- (iv) Amendments to FRS 139, Financial Instruments: Recognition and Measurement - Collective Assessment of Impairment for Banking Institutions
- (v) IC Interpretation 13, Customer Loyalty Programmes

FRS 139, Financial Instruments: Recognition and Measurement

FRS 139 establishes the principles for the recognition, derecognition and measurement of an entity's financial instruments and for hedge accounting. However, since the adoption of BNM's revised BNM/GP8 – Guidelines on Financial Reporting for Licensed Institutions on 1 January 2005, certain principles in connection with the recognition, derecognition and measurement of financial instruments, including derivative instruments, and hedge accounting which are similar to those prescribed by FRS 139 have already been adopted by the Group and the Bank. Therefore, the adoption of the full FRS 139 on 1 April 2010 resulted in changes in the following areas:

- (i) Impairment of Loans, Advances and Financing

The adoption of FRS 139 changes the accounting policy relating to the assessment for impairment of financial assets, particularly loans, advances and financing. The existing accounting policies on the assessment of impairment of other financial assets of the Group are generally in line with those of FRS 139. Prior to the adoption of FRS 139, allowances for impaired loans, advances and financing (previously referred to as non-performing loans) were computed in conformity with the BNM/GP3 Guidelines on Classification of Non-Performing Loans and Provision for Substandard, Bad and Doubtful Debts. On adoption of FRS 139, the Group and the Bank assesses, at the end of each reporting period, whether there is any objective evidence that a loan or group of loans is impaired. The loan or group of loans is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the loan (an incurred 'loss event') and that the loss event has an impact on the estimated future cash flows of the loan or group of loans that can be reliably estimated.

A1. Basis of Preparation (Contd.)

Change in accounting policies (Contd.)

FRS 139, Financial Instruments: Recognition and Measurement (Contd.)

(i) Impairment of Loans, Advances and Financing (contd.)

The Group and the Bank first assesses individually whether objective evidence of impairment exists individually for loans which are individually significant, and collectively for loans which are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed loan, the loan is included in a group of loans with similar credit risk characteristics for purposes of calculating an estimated collective loss. Future cash flows on a group of financial assets that are collectively assessed for impairment are estimated on the basis of historical loss experience for assets with credit risk characteristics similar to those in the group.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the loan's carrying amount and the present value of the estimated future cash flows. The carrying amount of the loan is reduced through the use of an allowance account and the amount of the loss is recognised in profit or loss.

The Group and the Bank is currently reporting under BNM's transitional arrangement as prescribed in its guidelines on Classification and Impairment Provisions for Loans/Financing issued on 8 January 2010 and as allowed by the MASB in its Amendments to FRS 139 issued on the same date. Pursuant to this transitional arrangement, banking institutions are required to maintain collective assessment impairment allowances of at least 1.5% of total outstanding loans/financing, net of individual impairment allowance.

The changes in accounting policies above have been accounted for prospectively, in line with the transitional arrangements in paragraph 103AA of FRS 139, with adjustments to the carrying values of financial assets affecting profit or loss as at the beginning of the current financial period being adjusted to opening retained earnings.

(ii) Interest Income Recognition

FRS 139 prescribes that financial assets classified as held-to-maturity and loans and receivables are measured at amortised cost using the effective interest method. On adoption of FRS 139 on 1 April 2010, interest income on its loans, advances and financing is no longer recognised based on contractual interest rates but the effective interest rate ("EIR") is applied instead. EIR refers to the rate that exactly discounts estimated future cash receipts through the expected life of the loan or, when appropriate, a shorter period to the net carrying amount of the loan.

This change in accounting policy has been accounted for prospectively in line with the transitional arrangements in paragraph 103AA of FRS 139 with resulting adjustments being adjusted to opening retained earnings.

Prior to the adoption of FRS 139, interest accrued and recognised as income prior to the date that a loan is classified as non-performing is reversed out of income and set-off against the interest receivable account in the statement of financial position. Thereafter, interest on the non-performing loan is recognised as income on a cash basis. On adoption of FRS 139, once a loan has been written down for impairment loss, subsequent interest income thereon is thereafter recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss, resulting adjustments have been adjusted to the opening retained earnings.

(iii) Recognition of Embedded Derivatives

On adoption of FRS 139, embedded derivatives are to be separated from the host contract and accounted for as a derivative if the economic characteristics and risks of the embedded derivatives are not closely related to that of the host contract and the fair value of the resulting derivative can be reliably measured.

The Group and the Bank has assessed the impact of this requirement on adoption of FRS 139 on 1 April 2010 and concluded that there were no material embedded derivatives which were not closely related to the host contracts and which required bifurcation.

The adoption of FRS 139 and its related amendments did not impact earnings per ordinary share.

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A1. Basis of Preparation (Contd.)

Change in accounting policies (Contd.)

IC Interpretation 13, Customer Loyalty Programmes

IC 13 clarifies that where goods or services are sold together with a customer loyalty incentive (for example, loyalty points or free products), the arrangement is a multiple element arrangement. The consideration receivable from the customer is allocated between the components of the arrangement using fair values.

The Group's AmBonus Rewards Programme, operated for the benefit of the Group's credit card customers, falls within the scope of IC Interpretation 13. Under the AmBonus Rewards Programme, the credit card customers are entitled to bonus points that can be used to redeem gifts and vouchers. The accounting treatment adopted by the Group for customer loyalty programmes is consistent with IC Interpretation 13, except that the Group recorded the expense of the AmBonus points as a set off against interest income in the past. The Group has applied IC Interpretation 13 retrospectively in accordance with the transitional provisions of IC Interpretation 13 and has reclassified the expense of the AmBonus points from interest income to fee income to reflect the multiple element arrangement. The reclassification does not affect earnings per ordinary share for the current and prior periods.

A2. Audit Qualification

The auditors' report on the audited annual financial statements for the financial year ended 31 March 2010 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.

A4. Unusual Items

There were no unusual items during the current financial quarter.

A5. Use of Estimates

There was no material change in estimates of amounts reported in prior financial years that have a material effect on the financial quarter ended 30 June 2010.

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.

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.

A7. Dividends Paid

The directors do not recommend the payment of any dividend in respect of the financial quarter ended 30 June 2010 and no dividends were paid in the current financial quarter.

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A8. Financial assets held-for-trading

	The Group		The Bank	
	30 June	31 March	30 June	31 March
	2010	2010	2010	2010
	RM'000	RM'000	RM'000	RM'000
At fair value				
Money Market Securities:				
Treasury bills	19,650	19,551	19,650	19,551
Islamic Treasury bills	420	39,141	420	-
Malaysian Government Securities	582,946	154,746	582,946	154,746
Malaysian Government Investment Certificates	244,993	452,188	158,996	262,278
Sukuk Bank Negara Malaysia	14,975	14,990	-	-
Islamic Khazanah bonds	4,734	-	-	-
Bank Negara Malaysia Monetary Notes	978,607	306,008	695,159	257,292
	<u>1,846,325</u>	<u>986,624</u>	<u>1,457,171</u>	<u>693,867</u>
<u>Quoted Securities</u>				
In Malaysia:				
Shares	125,514	55,770	125,514	55,770
Unit Trusts	2,433	2,655	2,433	2,655
Warrants	2,458	1,935	2,458	1,935
Outside Malaysia				
Shares	1,808	4,186	1,808	4,186
	<u>132,213</u>	<u>64,546</u>	<u>132,213</u>	<u>64,546</u>
<u>Unquoted Securities</u>				
In Malaysia:				
Private debt securities	705,221	613,857	633,100	555,681
	<u>705,221</u>	<u>613,857</u>	<u>633,100</u>	<u>555,681</u>
Outside Malaysia:				
Private debt securities	-	14,631	-	14,631
	<u>-</u>	<u>14,631</u>	<u>-</u>	<u>14,631</u>
Total Financial assets held-for-trading	<u>2,683,759</u>	<u>1,679,658</u>	<u>2,222,484</u>	<u>1,328,725</u>

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A9. Financial investments available-for-sale

	The Group		The Bank	
	30 June 2010 RM'000	31 March 2010 RM'000	30 June 2010 RM'000	31 March 2010 RM'000
At fair value				
Money Market Securities:				
Islamic Khazanah Bonds	19,352	37,890	19,352	37,890
Negotiable instruments of deposit	1,919,615	2,511,332	2,990,060	2,733,280
Malaysian Government Securities	349,140	348,635	349,140	348,635
Islamic negotiable instruments of deposit	199,960	577,330	-	-
Malaysian Government Investment Certificate	76,103	76,005	-	-
	<u>2,564,170</u>	<u>3,551,192</u>	<u>3,358,552</u>	<u>3,119,805</u>
<u>Quoted Securities</u>				
In Malaysia:				
Shares	15,035	42,379	14,925	42,259
Unit Trusts	29,653	800,000	29,653	800,000
Debt securities	3,053	2,658	3,053	2,658
Debt securities with options and/or collateral	55,700	-	55,700	-
	<u>103,441</u>	<u>845,037</u>	<u>103,331</u>	<u>844,917</u>
Outside Malaysia:				
Shares	49	104	-	39
	<u>49</u>	<u>104</u>	<u>-</u>	<u>39</u>
<u>Unquoted Securities</u>				
In Malaysia:				
Shares	90,898	-	89,122	-
Debt securities	2,998,227	3,140,047	3,029,472	3,159,510
Debt securities with options and/or collateral	136,619	288,546	136,619	288,546
	<u>3,225,744</u>	<u>3,428,593</u>	<u>3,255,213</u>	<u>3,448,056</u>
Outside Malaysia:				
Shares	987	917	78	-
Debt securities	20,369	37,713	20,369	37,713
	<u>21,356</u>	<u>38,630</u>	<u>20,447</u>	<u>37,713</u>
Total	5,914,760	7,863,556	6,737,543	7,450,530
Less: Accumulated impairment losses	<u>(32,385)</u>	<u>(49,064)</u>	<u>(32,385)</u>	<u>(44,846)</u>
Total securities available-for-sale	<u>5,882,375</u>	<u>7,814,492</u>	<u>6,705,158</u>	<u>7,405,684</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 Certificates ("GIC") holdings instead of cash. As at 30 June 2010, the nominal values of MGS and GIC holdings maintained for SRR purposes amount to RM425,260,000 and RM350,000,000 for the Group and the Bank respectively.

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A10. Financial investments held-to-maturity

	The Group		The Bank	
	30 June	31 March	30 June	31 March
	2010	2010	2010	2010
	RM'000	RM'000	RM'000	RM'000
At amortised cost				
<u>Quoted Securities</u>				
In Malaysia:				
Shares	-	40	-	40
Debt securities with options and/or collateral	4,913	75,087	4,913	75,087
	<u>4,913</u>	<u>75,127</u>	<u>4,913</u>	<u>75,127</u>
<u>Unquoted Securities</u>				
In Malaysia:				
Shares	-	93,105	-	91,329
Debt securities	110,473	256,524	99,208	245,172
Debt securities with options and/or collateral	280,746	463,479	279,775	462,507
	<u>391,219</u>	<u>813,108</u>	<u>378,983</u>	<u>799,008</u>
Outside Malaysia:				
Shares	-	86	-	86
	<u>-</u>	<u>86</u>	<u>-</u>	<u>86</u>
Total	396,132	888,321	383,896	874,221
Less: Accumulated impairment losses	<u>(208,480)</u>	<u>(355,636)</u>	<u>(202,963)</u>	<u>(341,536)</u>
Total securities held-to-maturity	<u>187,652</u>	<u>532,685</u>	<u>180,933</u>	<u>532,685</u>

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A11. Loans, Advances and Financing

	The Group		The Bank	
	30 June	31 March	30 June	31 March
	2010	2010	2010	2010
	RM'000	RM'000	RM'000	RM'000
(i) By type of loans/financing				
<i>At amortised cost:</i>				
Overdrafts	1,879,142	1,934,446	1,628,482	1,681,940
Term loan facilities				
– Housing loans/financing	11,645,418	11,405,564	10,802,762	10,632,740
– Hire-purchase receivables	31,034,330	30,875,449	22,849,439	22,927,857
– Other loans/financing*	20,256,783	18,861,467	13,548,693	13,758,591
Card receivables	1,779,946	1,782,020	1,490,051	1,489,177
Bills receivables	155,609	115,140	152,285	115,140
Trust receipts	534,233	387,310	483,132	317,070
Claims on customers under acceptance credit	2,889,692	2,788,013	1,906,559	1,870,194
Revolving credit	4,957,767	5,010,638	4,159,971	4,279,548
Staff loans	155,871	153,816	155,401	153,317
Block discount receivables	60,244	57,928	60,244	57,928
Factoring receivables	60,796	57,143	60,796	57,143
Total	75,409,831	73,428,934	57,297,815	57,340,645
Unearned interest and unearned income	(7,308,015)	(7,161,205)	(3,713,604)	(3,738,869)
	68,101,816	66,267,729	53,584,211	53,601,776
Less: Islamic financing sold to Cagamas Berhad	(1,125,238)	(345,738)	-	-
Gross loans, advances and financing	66,976,578	65,921,991	53,584,211	53,601,776
Allowance for bad and doubtful debts and financing:				
– Collective allowance	(1,839,309)	-	(1,527,581)	-
– Individual allowance	(463,083)	-	(462,631)	-
– General	-	(997,741)	-	(808,165)
– Specific	-	(847,893)	-	(783,103)
Net loans, advances and financing	64,674,186	64,076,357	51,593,999	52,010,508

* Included in other term financing of the Group is financing amounting to RM1,454,217,000 (31 March 2010: RM210,619,000) which is exempted from collective/general allowance by Bank Negara Malaysia.

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A11. Loans, Advances and Financing (Contd.)**(ii) By type of customer**

	The Group		The Bank	
	30 June 2010 RM'000	31 March 2010 RM'000	30 June 2010 RM'000	31 March 2010 RM'000
Domestic non-bank financial institutions	316,590	313,228	259,334	255,216
Domestic business enterprises				
– Small medium enterprises	7,681,951	7,219,082	6,396,889	6,068,885
– Others	16,298,159	17,511,501	13,902,539	15,441,147
Government and statutory bodies	1,492,021	253,528	37,804	42,909
Individuals	40,628,399	40,082,356	32,455,711	31,280,843
Other domestic entities	4,002	3,021	1,996	943
Foreign entities	555,456	539,275	529,938	511,833
Gross loans, advances and financing	<u>66,976,578</u>	<u>65,921,991</u>	<u>53,584,211</u>	<u>53,601,776</u>

(iii) By geographical distribution

	The Group		The Bank	
	30 June 2010 RM'000	31 March 2010 RM'000	30 June 2010 RM'000	31 March 2010 RM'000
Domestic	66,364,999	65,332,703	53,001,211	53,042,502
Offshore	611,579	589,288	583,000	559,274
Gross loans, advances and financing	<u>66,976,578</u>	<u>65,921,991</u>	<u>53,584,211</u>	<u>53,601,776</u>

(iv) By interest/profit rate sensitivity

	The Group		The Bank	
	30 June 2010 RM'000	31 March 2010 RM'000	30 June 2010 RM'000	31 March 2010 RM'000
Fixed rate				
– Housing loans/financing	2,012,538	2,008,656	1,693,605	1,682,433
– Hire purchase receivables	24,872,467	25,475,809	19,138,555	19,204,007
– Other loans/financing	11,716,347	10,138,465	4,562,641	4,592,199
Variable rate				
– Base lending rate plus	17,505,408	17,513,147	17,389,853	17,430,068
– Cost plus	9,557,887	9,525,269	9,423,901	9,376,443
– Other variable rates	1,311,931	1,260,645	1,375,656	1,316,626
Gross loans, advances and financing	<u>66,976,578</u>	<u>65,921,991</u>	<u>53,584,211</u>	<u>53,601,776</u>

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A11. Loans, Advances and Financing (Contd.)**(v) By sector**

	The Group		The Bank	
	30 June 2010 RM'000	31 March 2010 RM'000	30 June 2010 RM'000	31 March 2010 RM'000
Primary agriculture	1,600,129	1,542,566	1,485,882	1,430,213
Mining and Quarrying	425,550	330,803	409,861	318,057
Manufacturing	5,181,820	4,965,474	3,914,234	4,010,107
Electricity, gas and water	1,798,594	1,806,968	1,594,783	1,603,706
Construction	3,354,138	3,228,593	2,953,077	2,917,242
Wholesale, Retail trade, Restaurants and Hotels	3,714,081	3,594,540	3,215,850	3,116,020
Transport, Storage and Communication	2,577,539	2,932,126	2,246,023	2,632,138
Finance, Insurance, Real Estate and Business activity	4,517,434	4,398,064	4,016,064	3,878,892
Education and Health	2,073,090	819,295	503,334	501,265
Household	41,855,312	40,539,614	32,552,908	31,387,792
of which:				
- purchase of residential properties	12,671,727	11,770,452	10,804,166	10,703,064
- purchase of transport vehicles	22,513,328	23,092,835	17,346,915	17,358,531
- others	6,670,257	5,676,327	4,401,827	3,326,197
Others	1,004,129	2,109,686	692,195	1,806,344
	68,101,816	66,267,729	53,584,211	53,601,776
Less: Islamic financing sold to Cagamas Berhad	(1,125,238)	(345,738)	-	-
Gross loans, advances and financing	66,976,578	65,921,991	53,584,211	53,601,776

(vi) By residual contractual maturity

	The Group		The Bank	
	30 June 2010 RM'000	31 March 2010 RM'000	30 June 2010 RM'000	31 March 2010 RM'000
Maturing within one year	11,430,977	11,436,948	9,379,228	9,494,938
One year to three years	4,305,036	6,873,234	3,405,691	6,061,422
Three years to five years	8,637,788	11,202,770	6,453,475	9,128,099
Over five years	42,602,777	36,409,039	34,345,817	28,917,317
Gross loans, advances and financing	66,976,578	65,921,991	53,584,211	53,601,776

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A11. Loans, Advances and Financing (Contd.)**(vii) Impaired loans/financing by geographical distribution**

	The Group		The Bank	
	30 June	31 March	30 June	31 March
	2010	2010	2010	2010
	RM'000	RM'000	RM'000	RM'000
Domestic	2,463,259	1,859,762	2,271,175	1,676,942

(viii) Impaired loans/financing by sector

	The Group		The Bank	
	30 June	31 March	30 June	31 March
	2010	2010	2010	2010
	RM'000	RM'000	RM'000	RM'000
Primary agriculture	36,870	2,747	36,327	2,250
Mining and Quarrying	335	1,028	314	1,008
Manufacturing	194,239	101,638	179,812	92,280
Electricity, gas and water	287,542	649	287,445	581
Construction	379,378	296,615	371,536	292,123
Wholesale, Retail trade, Restaurants and Hotels	66,783	63,010	58,445	54,333
Transport, Storage and Communication	16,375	19,278	15,518	18,439
Finance, Insurance, Real Estate and Business activity	145,786	124,633	143,730	123,383
Education and Health	46,436	46,244	45,810	45,705
Household	1,279,189	1,192,289	1,122,067	1,035,209
of which:				
- purchase of residential properties	689,818	633,995	655,434	595,535
- purchase of transport vehicles	408,914	399,828	300,098	295,354
- others	180,457	158,466	166,535	144,319
Others	10,326	11,631	10,171	11,631
	2,463,259	1,859,762	2,271,175	1,676,942

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A11. Loans, Advances and Financing (Contd.)(ix) **Movements in impaired loans, advances and financing are as follows:**

	The Group		The Bank	
	30 June	31 March	30 June	31 March
	2010	2010	2010	2010
	RM'000	RM'000	RM'000	RM'000
Gross				
Balance at 1 April				
- as previously stated	1,859,762	2,419,726	1,676,942	2,180,089
- effect of adopting FRS 139	672,171	-	662,485	-
- as restated	2,531,933	2,419,726	2,339,427	2,180,089
Impaired during the period/year	539,108	1,030,266	465,452	874,543
Reclassification as non-impaired	(254,061)	(452,389)	(213,205)	(397,579)
Amount recovered	(213,382)	(197,803)	(203,027)	(176,652)
Amount written off	(140,339)	(940,038)	(117,472)	(803,459)
Balance at end of period/year	2,463,259	1,859,762	2,271,175	1,676,942
Gross loans, advances and financing	66,976,578	65,921,991	53,584,211	53,601,776
Add: Islamic financing sold to Cagamas Berhad	1,125,238	345,738	-	-
Loans, advances and financing (including Islamic financing sold to Cagamas Berhad)	68,101,816	66,267,729	53,584,211	53,601,776
Ratio of gross impaired loans advances and financing to gross loans, advances and financing (including Islamic financing sold to Cagamas Berhad)	3.62%	2.81%	4.24%	3.13%

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A11. Loans, Advances and Financing (Contd.)(x) **Movements in the allowance for impaired accounts are as follows:**

	The Group		The Bank	
	30 June	31 March	30 June	31 March
	2010	2010	2010	2010
	RM'000	RM'000	RM'000	RM'000
Collective allowance				
At 1 April				
As previously stated	-	-	-	-
Effect of adopting FRS 139	1,797,171	-	1,502,269	-
Restated at 1 April	1,797,171	-	1,502,269	-
Charge for the period/year - net	165,718	-	125,860	-
Amount written-off	(123,463)	-	(100,435)	-
Exchange differences	(117)	-	(113)	-
	<u>1,839,309</u>	<u>-</u>	<u>1,527,581</u>	<u>-</u>
 As % of gross financing and advances (including) Islamic financing sold to Cagamas Berhad) less individual allowance and financing exempted from collective allowance by Bank Negara Malaysia	 <u>2.78%</u>	 <u>-</u>	 <u>2.88%</u>	 <u>-</u>
 Individual allowance				
At 1 April				
As previously stated	-	-	-	-
Effect of adopting FRS 139	452,386	-	451,278	-
Restated at 1 April	452,386	-	451,278	-
Charge for the period/year - net	22,612	-	23,268	-
Amount written-off	(11,915)	-	(11,915)	-
	<u>463,083</u>	<u>-</u>	<u>462,631</u>	<u>-</u>

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A11. Loans, Advances and Financing (Contd.)

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

	The Group		The Bank	
	30 June	31 March	30 June	31 March
	2010	2010	2010	2010
	RM'000	RM'000	RM'000	RM'000
General Allowance				
At 1 April				
As previously stated	997,741	895,655	808,165	728,700
Effect of adopting FRS 139	(997,741)	-	(808,165)	-
Restated at 1 April	-	895,655	-	728,700
Allowance made during the period/year	-	103,054	-	80,376
Exchange fluctuation adjustments	-	(968)	-	(911)
	<u>-</u>	<u>997,741</u>	<u>-</u>	<u>808,165</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	<u>-</u>	<u>1.53%</u>	<u>-</u>	<u>1.53%</u>
Specific Allowance				
At 1 April				
As previously stated	847,893	914,985	783,103	815,933
Effect of adopting FRS 139	(847,893)	-	(783,103)	-
Restated at 1 April	-	914,985	-	815,933
Allowance made during the period/year	-	1,205,018	-	1,055,246
Amount written back in respect of recoveries during the period/year	-	(336,172)	-	(291,273)
Net charge to income statements	-	868,846	-	763,973
Debt equity conversion	-	-	-	-
Amount written off	-	(936,525)	-	(796,867)
Adjustment to Asset Deficiency Account	-	587	-	64
	<u>-</u>	<u>847,893</u>	<u>-</u>	<u>783,103</u>

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A12. Other Assets

	The Group		The Bank	
	30 June 2010 RM'000	31 March 2010 RM'000	30 June 2010 RM'000	31 March 2010 RM'000
Deferred assets	34,744	34,744	34,744	34,744
Interest/Profit receivable	219,264	271,679	209,799	262,196
Other receivables, deposits and prepayments (net)	354,942	323,692	404,675	308,287
Deferred charges	239,511	239,529	183,836	186,015
Amount due from originators	22,025	22,793	22,025	22,793
Foreclosed properties net of impairment loss of RM149,961,000; 31 March 2010: RM97,950,000)	149,961	150,532	149,961	150,532
	<u>1,020,447</u>	<u>1,042,969</u>	<u>1,005,040</u>	<u>964,567</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 30 June 2010, the nominal values of MGS and GIC holdings classified as Financial investments 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 and Placements of Banks and Other Financial Institutions

	The Group		The Bank	
	30 June 2010 RM'000	31 March 2010 RM'000	30 June 2010 RM'000	31 March 2010 RM'000
Licensed banks	1,307,158	416,941	1,347,691	327,385
Licensed investment banks	1,344,349	1,250,381	1,215,976	1,127,005
Other financial institutions	1,235,081	2,683,230	885,899	2,030,724
Bank Negara Malaysia ("BNM")	924,700	902,577	917,133	899,754
	<u>4,811,288</u>	<u>5,253,129</u>	<u>4,366,699</u>	<u>4,384,868</u>

A15. Deposits from Customers

	The Group		The Bank	
	30 June 2010 RM'000	31 March 2010 RM'000	30 June 2010 RM'000	31 March 2010 RM'000
Demand deposits	4,462,846	4,386,833	3,596,875	3,476,074
Savings deposits	3,960,767	3,985,055	2,779,650	2,830,642
Fixed/Investment/Term deposits	59,174,255	60,394,724	47,599,401	48,600,941
Negotiable instruments of deposits	416,318	433,840	301,996	278,058
Other deposits	351,807	171,350	344,297	161,805
	<u>68,365,993</u>	<u>69,371,802</u>	<u>54,622,219</u>	<u>55,347,520</u>

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A15. Deposits from Customers (Contd.)By type of customers

Individuals	27,297,131	26,828,735	25,096,412	24,655,440
Business enterprises	27,827,389	30,086,207	21,609,314	23,297,798
Government and other statutory bodies	11,972,991	11,240,282	6,959,402	6,494,652
Others	1,268,482	1,216,578	957,091	899,630
	<u>68,365,993</u>	<u>69,371,802</u>	<u>54,622,219</u>	<u>55,347,520</u>

The maturity structure of fixed/investment/term deposits and negotiable instruments of deposits is as follows:

	The Group		The Bank	
	30 June 2010	31 March 2010	30 June 2010	31 March 2010
	RM'000	RM'000	RM'000	RM'000
Due within six months	47,768,055	49,889,203	36,962,984	38,646,590
Six months to one year	7,773,732	7,116,697	7,271,600	6,705,044
One year to three years	2,154,640	2,199,287	1,891,961	1,966,319
Three years to five years	1,894,146	1,623,377	1,774,852	1,561,046
	<u>59,590,573</u>	<u>60,828,564</u>	<u>47,901,397</u>	<u>48,878,999</u>

A16. Other Liabilities

	The Group		The Bank	
	30 June 2010	31 March 2010	30 June 2010	31 March 2010
	RM'000	RM'000	RM'000	RM'000
Interest/Profit payable	527,203	538,745	482,949	489,546
Other creditors and accruals	1,084,406	1,138,320	1,012,386	1,063,014
Profit equalisation reserve	61,020	49,298	-	-
Lease deposits and advance rentals	64,350	64,720	52,351	54,365
Provision for commitment and contingencies	125,649	16,915	113,367	16,578
Provision for zakat	1,419	1,226	-	-
Provision for taxation	142,582	66,673	116,389	54,773
	<u>2,006,629</u>	<u>1,875,897</u>	<u>1,777,442</u>	<u>1,678,276</u>

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A17. Interest Income

	Individual Quarter		Cumulative Quarter	
	30 June 2010 RM'000	30 June 2009 RM'000	30 June 2010 RM'000	30 June 2009 RM'000
The Group				
Short-term funds and deposits with financial institutions	55,174	57,191	55,174	57,191
Financial assets held-for-trading	18,553	8,501	18,553	8,501
Financial investments available-for-sale	70,971	59,821	70,971	59,821
Financial investments held-to-maturity	11,022	7,555	11,022	7,555
Loans and advances	816,456	733,898	816,456	733,898
Interest accrued on impaired loans and advances	3,466	-	3,466	-
Others	997	22	997	22
	<u>976,639</u>	<u>866,988</u>	<u>976,639</u>	<u>866,988</u>
The Bank				
Short-term funds and deposits with financial institutions	54,886	57,159	54,886	57,159
Financial assets held-for-trading	18,553	8,766	18,553	8,766
Financial investments available-for-sale	74,456	59,868	74,456	59,868
Financial investments held-to-maturity	11,022	7,291	11,022	7,291
Loans and advances	810,220	733,585	810,220	733,585
Interest accrued on impaired loans and advances	3,466	-	3,466	-
Others	997	13	997	13
	<u>973,600</u>	<u>866,682</u>	<u>973,600</u>	<u>866,682</u>

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A18. Interest Expense

	Individual Quarter		Cumulative Quarter	
	30 June 2010 RM'000	30 June 2009 RM'000	30 June 2010 RM'000	30 June 2009 RM'000
The Group				
Deposits from customers	328,026	334,008	328,026	334,008
Deposits and placements of banks and other financial institutions	19,372	30,201	19,372	30,201
Recourse obligation of loans sold to Cagamas Berhad	770	1,144	770	1,144
Term funding	29,661	476	29,661	476
Debt capital:				
Hybrid securities	10,972	12,014	10,972	12,014
Medium term notes	22,013	20,611	22,013	20,611
Exchangeable bonds	7,483	7,483	7,483	7,483
Non-Innovative Tier I capital securities	11,219	11,219	11,219	11,219
Innovative Tier I capital securities	9,976	-	9,976	-
Irredeemable Non-Cumulative Convertible Preference Shares	2,250	-	2,250	-
Others	35,655	40,429	35,655	40,429
	<u>477,397</u>	<u>457,585</u>	<u>477,397</u>	<u>457,585</u>
The Bank				
Deposits from customers	327,653	333,833	327,653	333,833
Deposits and placements of banks and other financial institutions	20,553	31,274	20,553	31,274
Recourse obligation of loans sold to Cagamas Berhad	770	1,144	770	1,144
Term funding	29,661	476	29,661	476
Debt capital:				
Subordinated term loan	10,972	12,076	10,972	12,076
Medium term notes	22,013	20,611	22,013	20,611
Exchangeable bonds	7,483	7,483	7,483	7,483
Non-Innovative Tier I capital securities	11,219	11,219	11,219	11,219
Innovative Tier I capital securities	9,976	-	9,976	-
Irredeemable Non-Cumulative Convertible Preference Shares	2,250	-	2,250	-
Others	35,620	40,279	35,620	40,279
	<u>478,170</u>	<u>458,395</u>	<u>478,170</u>	<u>458,395</u>

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A19. Net Income from Islamic Banking Business

	Individual Quarter		Cumulative Quarter	
	30 June 2010 RM'000	30 June 2009 RM'000	30 June 2010 RM'000	30 June 2009 RM'000
The Group				
Income derived from investment of depositors' funds and others	256,647	213,246	256,647	213,246
Income derived from investment of shareholder's funds	34,240	32,773	34,240	32,773
Income attributable to the depositors	(95,669)	(80,345)	(95,669)	(80,345)
Finance cost	(6,468)	(4,787)	(6,468)	(4,787)
	<u>188,750</u>	<u>160,887</u>	<u>188,750</u>	<u>160,887</u>

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A20. Other operating income

	Individual Quarter		Cumulative Quarter	
	30 June 2010 RM'000	30 June 2009 RM'000	30 June 2010 RM'000	30 June 2009 RM'000
The Group				
(a) <u>Fee Income:</u>				
Commission	14,930	14,248	14,930	14,248
Guarantee fees	7,671	8,860	7,671	8,860
Other fee income	45,385	33,576	45,385	33,576
	<u>67,986</u>	<u>56,684</u>	<u>67,986</u>	<u>56,684</u>
(b) <u>Investment income:</u>				
Net gain on sale/redemption of:				
Financial assets held-for-trading	13,992	23,202	13,992	23,202
Financial investments available-for-sale	16,700	7,897	16,700	7,897
Financial investments held-to-maturity	4,929	14,826	4,929	14,826
Net gain/(loss) on revaluation of financial assets held-for-trading	862	(1,664)	862	(1,664)
Foreign exchange*	9,112	6,355	9,112	6,355
Net gain on revaluation of derivatives:				
- fair value hedge	172	47	172	47
- others	11,700	6,622	11,700	6,622
Gross dividend income from:				
Financial assets held-for-trading	264	-	264	-
Financial investments available-for-sale	1,639	1,969	1,639	1,969
Financial investments held-to-maturity	3,624	45	3,624	45
Others	(25)	(5)	(25)	(5)
	<u>62,969</u>	<u>59,294</u>	<u>62,969</u>	<u>59,294</u>
(c) <u>Other Income-net:</u>				
Rental income	895	1,367	895	1,367
Gain on disposal of property and equipment	314	198	314	198
Gain/(Loss) on disposal of foreclosed properties	(7)	1,827	(7)	1,827
Non trading foreign exchange	292	839	292	839
Other operating income	1,031	40	1,031	40
Service transfer pricing income	5,160	5,339	5,160	5,339
	<u>7,685</u>	<u>9,610</u>	<u>7,685</u>	<u>9,610</u>
Total	<u>138,640</u>	<u>125,588</u>	<u>138,640</u>	<u>125,588</u>

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A20. Other Operating Income (Contd.)

	Individual Quarter		Cumulative Quarter	
	30 June 2010 RM'000	30 June 2009 RM'000	30 June 2010 RM'000	30 June 2009 RM'000
The Bank				
(a) <u>Fee Income:</u>				
Commission	14,930	17,809	14,930	17,809
Guarantee fees	7,425	8,556	7,425	8,556
Other fee income	45,645	29,957	45,645	29,957
	<u>68,000</u>	<u>56,322</u>	<u>68,000</u>	<u>56,322</u>
(b) <u>Investment income:</u>				
Net gain on sale/redemption of:				
Financial assets held-for-trading	13,992	23,202	13,992	23,202
Financial investments available-for-sale	16,700	7,897	16,700	7,897
Financial investments held-to-maturity	4,929	14,826	4,929	14,826
Net gain/(loss) on revaluation of financial assets held-for-trading	863	(1,664)	863	(1,664)
Foreign exchange*	9,112	6,335	9,112	6,335
Net gain on revaluation of derivatives :				
- fair value hedge	172	47	172	47
- others	11,700	6,622	11,700	6,622
Gross dividend income from:				
Financial assets held-for-trading	264	-	264	-
Financial investments available-for-sale	1,639	1,969	1,639	1,969
Financial investments held-to-maturity	3,624	45	3,624	45
Others	(25)	(5)	(25)	(5)
	<u>62,970</u>	<u>59,274</u>	<u>62,970</u>	<u>59,274</u>
(c) <u>Other Income-net:</u>				
Rental income	690	699	690	699
Gain on disposal of property and equipment	314	198	314	198
Gain/(loss) on disposal of foreclosed properties	(7)	1,827	(7)	1,827
Non trading foreign exchange	289	799	289	799
Other operating income	1,170	14	1,170	14
Service transfer pricing income	76,316	58,675	76,316	58,675
	<u>78,772</u>	<u>62,212</u>	<u>78,772</u>	<u>62,212</u>
Total	<u>209,742</u>	<u>177,808</u>	<u>209,742</u>	<u>177,808</u>

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

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A21. Other Operating Expenses

	Individual Quarter		Cumulative Quarter	
	30 June 2010 RM'000	30 June 2009 RM'000	30 June 2010 RM'000	30 June 2009 RM'000
The Group				
Personnel costs				
– Salaries, allowances and bonuses	134,868	119,227	134,868	119,227
– Shares and options granted under Executive Share Scheme	4,131	2,885	4,131	2,885
– Others	34,651	30,934	34,651	30,934
Establishment costs				
– Depreciation	11,003	12,648	11,003	12,648
– Rental	15,738	15,054	15,738	15,054
– Cleaning, maintenance and security	4,760	4,669	4,760	4,669
– Computerisation cost	28,674	22,414	28,674	22,414
– Amortisation of intangible assets	7,998	7,043	7,998	7,043
– Others	5,861	6,388	5,861	6,388
Marketing and communication expenses				
– Commission	2,422	3,084	2,422	3,084
– Advertising and marketing	10,530	12,529	10,530	12,529
– Communication	10,456	10,141	10,456	10,141
– Others	1,913	1,652	1,913	1,652
Administration and general expenses				
– Professional services	17,002	13,387	17,002	13,387
– Others	7,607	6,695	7,607	6,695
Service transfer pricing expense	11,259	8,982	11,259	8,982
	<u>308,873</u>	<u>277,732</u>	<u>308,873</u>	<u>277,732</u>

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A21. Other Operating Expenses (Contd.)

	Individual Quarter		Cumulative Quarter	
	30 June 2010 RM'000	30 June 2009 RM'000	30 June 2010 RM'000	30 June 2009 RM'000
The Bank				
Personnel costs				
– Salaries, allowances and bonuses	132,824	117,874	132,824	117,874
– Shares and options granted under Executive Share Scheme	4,075	2,880	4,075	2,880
– Others	34,190	30,580	34,190	30,580
Establishment costs				
– Depreciation	10,835	12,483	10,835	12,483
– Rental	16,004	14,844	16,004	14,844
– Cleaning, maintenance and security	4,604	4,532	4,604	4,532
– Computerisation cost	28,663	22,406	28,663	22,406
– Amortisation of intangible assets	7,955	7,003	7,955	7,003
– Others	5,522	6,159	5,522	6,159
Marketing and communication expenses				
– Commission	2,422	3,081	2,422	3,081
– Advertising and marketing	9,089	11,316	9,089	11,316
– Communication	10,593	9,832	10,593	9,832
– Others	1,888	1,633	1,888	1,633
Administration and general expenses				
– Professional services	16,300	13,522	16,300	13,522
– Others	7,565	6,531	7,565	6,531
Service transfer pricing expense	11,319	8,029	11,319	8,029
	<u>303,848</u>	<u>272,705</u>	<u>303,848</u>	<u>272,705</u>

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A22. Allowance for Losses on Loans, Advances and Financing

	Individual Quarter		Cumulative Quarter	
	30 June 2010 RM'000	30 June 2009 RM'000	30 June 2010 RM'000	30 June 2009 RM'000
The Group				
Allowance for bad and doubtful debts and financing:				
Specific allowance				
– made in the financial period	-	284,169	-	284,169
– written back	-	(77,091)	-	(77,091)
General allowance	-	14,744	-	14,744
Individual allowance	22,612	-	22,612	-
Collective allowance	165,718	-	165,718	-
Bad debts and financing recovered - net	(95,648)	(80,870)	(95,648)	(80,870)
	<u>92,682</u>	<u>140,952</u>	<u>92,682</u>	<u>140,952</u>
The Bank				
Allowance for bad and doubtful debts and financing:				
Specific allowance				
– made in the financial period	-	241,661	-	241,661
– written back	-	(65,375)	-	(65,375)
General allowance	-	9,524	-	9,524
Individual allowance	23,268	-	23,268	-
Collective allowance	125,860	-	125,860	-
Bad debts and financing recovered - net	(83,135)	(71,064)	(83,135)	(71,064)
	<u>65,993</u>	<u>114,746</u>	<u>65,993</u>	<u>114,746</u>

A23. Impairment Loss

	Individual Quarter		Cumulative Quarter	
	30 June 2010 RM'000	30 June 2009 RM'000	30 June 2010 RM'000	30 June 2009 RM'000
Loss/(Writeback)				
The Group				
Financial investments	(11,785)	37,893	(11,785)	37,893
Foreclosed properties	155	434	155	434
Sundry receivables	86	1,338	86	1,338
	<u>(11,544)</u>	<u>39,665</u>	<u>(11,544)</u>	<u>39,665</u>
The Bank				
Financial investments	(7,674)	37,893	(7,674)	37,893
Foreclosed properties	155	434	155	434
Sundry receivables	86	1,337	86	1,337
	<u>(7,433)</u>	<u>39,664</u>	<u>(7,433)</u>	<u>39,664</u>

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A24. Earnings Per Share (EPS)**(a) Basic**

	Individual Quarter		Cumulative Quarter	
	30 June 2010 RM'000	30 June 2009 RM'000	30 June 2010 RM'000	30 June 2009 RM'000
The Group				
Net profit attributable to shareholder of the Bank	309,590	172,815	309,590	172,815
	'000	'000	'000	'000
Number of ordinary shares at beginning and end of period/year representing weighted average number of ordinary shares in issue	670,364	670,364	670,364	670,364
Basic earnings per share (sen)	46.18	25.78	46.18	25.78
	RM'000	RM'000	RM'000	RM'000
The Bank				
Net profit attributable to shareholder of the Bank	247,848	117,494	247,848	117,494
	'000	'000	'000	'000
Number of ordinary shares at beginning and end of period/year representing weighted average number of ordinary shares in issue	670,364	670,364	670,364	670,364
Basic earnings per share (sen)	36.97	17.53	36.97	17.53

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A24. 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	
	30 June 2010 RM'000	30 June 2009 RM'000	30 June 2010 RM'000	30 June 2009 RM'000
The Group				
Net profit attributable to shareholder of the Bank (as in (a) above)	309,590	172,815	309,590	172,815
Effect of savings on dividend on INCPS	2,250	-	2,250	-
	<u>311,840</u>	<u>172,815</u>	<u>311,840</u>	<u>172,815</u>
	'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	<u>820,364</u>	<u>820,364</u>	<u>820,364</u>	<u>820,364</u>
Fully diluted earnings per share (sen)	<u>38.01</u>	<u>21.07</u>	<u>38.01</u>	<u>21.07</u>
	RM'000	RM'000	RM'000	RM'000
The Bank				
Net profit attributable to shareholder of the Bank (as in (a) above)	247,848	117,494	247,848	117,494
Effect of savings on dividend on INCPS	2,250	-	2,250	-
	<u>250,098</u>	<u>117,494</u>	<u>250,098</u>	<u>117,494</u>
	'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	<u>820,364</u>	<u>820,364</u>	<u>820,364</u>	<u>820,364</u>
Fully diluted earnings per share (sen)	<u>30.49</u>	<u>14.32</u>	<u>30.49</u>	<u>14.32</u>

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A25. BUSINESS SEGMENT ANALYSIS

Group 2010	Retail Banking	Business Banking	Corporate and Institutional Banking	Treasury and Markets	Group Functions and Others	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Total operating revenue	726,647	135,504	101,634	102,023	340,358	1,406,166
Income	522,077	120,706	65,478	82,553	35,837	826,651
Other operating expenses	(207,193)	(27,523)	(8,796)	(11,886)	(53,475)	(308,873)
Profit/(Loss) before provision	314,884	93,183	56,682	70,667	(17,638)	517,778
Provision	(54,716)	(8,952)	10,515	7,095	(46,536)	(92,594)
Profit/(Loss) before zakat and taxation	260,168	84,231	67,197	77,762	(64,174)	425,184
Zakat and taxation	(59,881)	(20,621)	(13,916)	(18,814)	(2,363)	(115,595)
Profit after zakat and taxation	200,287	63,610	53,281	58,948	(66,537)	309,589

Other information

Cost to income ratio	39.3%	22.9%	14.5%	14.4%	>100%	37.9%
Net loans/financing	42,893,562	11,822,372	10,215,941	-	(257,689)	64,674,186
Impaired loans/financing	1,358,159	126,770	-	-	978,330	2,463,259
Deposits	32,704,567	4,169,166	7,588,977	192,657	28,521,914	73,177,281

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

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A25. BUSINESS SEGMENT ANALYSIS (CONTD.)

Group 2009	Retail Banking	Business Banking	Corporate and Institutional Banking	Treasury and Markets	Group Functions and Others	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Total operating revenue	689,548	94,465	51,151	65,457	337,974	1,238,595
Income	443,611	84,238	42,392	47,861	77,853	695,955
Other operating expenses	(137,528)	(16,527)	(5,062)	(7,545)	(111,070)	(277,732)
Profit/(Loss) before provision	306,083	67,711	37,330	40,316	(33,217)	418,223
Provision	(104,069)	(19,649)	(5,092)	(8,161)	(45,946)	(182,917)
Profit/(Loss) before zakat and taxation	202,014	48,062	32,238	32,155	(79,163)	235,306
Zakat and taxation	(45,218)	(12,162)	(6,370)	(8,396)	9,652	(62,494)
Profit after zakat and taxation	156,796	35,900	25,868	23,759	(69,511)	172,812
Other information						
Cost to income ratio	30.9%	18.9%	13.2%	15.8%	>100%	40.0%
Net loans/financing	41,870,856	9,276,689	6,027,599	-	556,538	57,731,682
Impaired loans/financing	1,760,091	130,118	-	-	625,265	2,515,474
Deposits	30,352,567	2,941,669	8,164,708	2,086,541	29,327,779	72,873,264

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

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A26a. Performance Review for the period ended 30 June 2010

The Group registered a profit before zakat and taxation ("pre-tax profit") of RM425.2 million representing a 80.7% increase compared to the pre-tax profit for the corresponding period last year.

The impressive improved earnings was due to increase in interest income, other operating income, significant reduction in loans impairment allowances and impairment losses. Net income from Islamic Banking business increased by RM27.9 million or 17.3% mainly driven by strong growth in financing and advances.

The increase was offset by higher operating expenses due to higher personnel costs with the increase in head count.

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 2011

Recent positive indicators around the region point to greater optimism and an emerging recovery on the economic front, but potential volatility continues to linger. The 10th Malaysia Plan (2011 – 2015) recently announced by the government should provide opportunity for accelerating domestic economic growth. For 2010, current consensus view projects a GDP expansion of circa +8.0%. The Group will keep abreast with the progress of economic developments and continue to position its business for economic recovery domestically and regionally via leveraging on its strategic partner in banking, Australia and New Zealand Banking Group ("ANZ").

The Malaysian banking operating environment is likely to benefit from the economic recovery, with higher lending growth and increase capital market activity. However, Malaysian banks are expected to face greater competitive pressures as the financial sector progressively liberalises and with new entrants to the industry.

The Group remains focused on executing to its Medium Term Aspirations ("MTA") to position itself as Malaysia's Preferred Banking Group with International Connectivity. The Group's strategic aspirations centre on developing a well diversified business portfolio to deliver sustainable growth via its universal banking group platform and best-in-class key enablers, implementing customer centric business models and expanding regional connectivity in collaboration with ANZ. The Group will continue to accelerate growth in non-interest income and low-cost deposits, maintain high vigilance on asset quality, risk disciplines and cost management, as well as explore potential tactical in-fill acquisitions.

A27. Valuation of Property and Equipment

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

A28. 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.

A29. Changes in the composition of the Group

There were no significant changes in the composition of the Group for the financial quarter ended 30 June 2010.

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A30. COMMITMENTS AND CONTINGENCIES

In the normal course of business, the Group and 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 Group's and the Bank's assets.

The commitments and contingencies of the Group and the Bank is as follows:

Group	Principal	Credit	Risk
30 June 2010	Amount	Equivalent	Weighted
	RM'000	Amount	Assets
		RM'000	RM'000
Contingent Liabilities			
Guarantees given on behalf of customers	2,173,868	2,036,043	1,846,681
Certain transaction-related contingent items	1,789,459	963,642	907,944
Short term self liquidating trade-related contingencies	531,571	106,314	106,314
Islamic financing sold to Cagamas Berhad	1,100,729	1,100,746	830,539
Obligations under underwriting agreements	487,500	-	-
Others	31,167	150	150
	<u>6,114,294</u>	<u>4,206,895</u>	<u>3,691,628</u>
Commitments			
Irrevocable commitments to extend credit maturing :			
- within one year	15,046,665	-	-
- more than one year	2,205,294	417,885	338,614
Unutilised credit card lines	4,068,622	813,724	608,499
Forward purchase commitments	842,294	12,333	6,647
	<u>22,162,875</u>	<u>1,243,942</u>	<u>953,760</u>
Derivative Financial Instruments			
Foreign exchange related contracts:			
Forward exchange contracts/currency			
options contracts			
- One year or less	6,861,187	63,936	39,569
Cross currency swaps			
- Over one year to five years	385,193	46,864	32,830
- Over five years	242,737	-	-
Interest rate related contracts			
Interest rate futures			
- One year or less	60,000	-	-
- Over one year to five years	100,000	-	-
Interest rate swaps			
- One year or less	4,595,000	27,448	13,724
- Over one year to five years	23,007,449	636,919	252,556
- Over five years	3,917,300	450,059	225,514
Credit related contracts			
First to default swap			
- Over one year to five years	135,028	1,288	644
Equity related contracts:			
- One year or less	256,503	-	-
- Over one year to five years	555,654	28,891	14,242
Commodity related contracts:			
- Over one year to five years	149,826	8,591	1,718
	<u>40,265,877</u>	<u>1,263,996</u>	<u>580,797</u>
Total	<u>68,543,046</u>	<u>6,714,833</u>	<u>5,226,185</u>

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A30. COMMITMENTS AND CONTINGENCIES (CONTD).

Group	Principal	Credit	Risk
31 March 2010	Amount	Equivalent	Weighted
	RM'000	Amount	Assets
		RM'000	RM'000
Contingent Liabilities			
Guarantees given on behalf of customers	2,018,273	1,959,143	1,757,459
Certain transaction-related contingent items	1,812,955	936,042	879,324
Short term self liquidating trade-related contingencies	473,429	94,686	95,417
Islamic financing sold to Cagamas Berhad	335,852	335,852	253,809
Obligations under underwriting agreements	689,500	-	-
Others	39,798	150	150
	<u>5,369,807</u>	<u>3,325,873</u>	<u>2,986,159</u>
Commitments			
Irrevocable commitments to extend credit maturing :			
- within one year	13,242,262	-	-
- more than one year	1,950,158	422,590	346,632
Unutilised credit card lines	4,192,748	838,550	627,089
Forward purchase commitments	912,336	28,996	14,880
	<u>20,297,504</u>	<u>1,290,136</u>	<u>988,601</u>
Derivative Financial Instruments			
Foreign exchange related contracts:			
Forward exchange contracts/currency options contracts			
- One year or less	3,742,457	55,880	30,701
Cross currency swaps			
- One year or less	49,631	1,854	927
- Over one year to five years	481,496	48,830	31,328
Interest rate related contracts			
Interest rate futures			
- One year or less	60,000	-	-
- Over one year to five years	100,000	-	-
Interest rate swaps			
- One year or less	4,240,000	15,660	7,722
- Over one year to five years	23,627,526	669,377	259,890
- Over five years	3,305,524	353,144	177,025
Equity related contracts:			
- One year or less	30,521	-	-
- Over one year to five years	258,652	21,897	14,133
Commodity related contracts:			
- Over one year to five years	75,500	9,501	1,900
	<u>35,971,307</u>	<u>1,176,143</u>	<u>523,626</u>
Total	<u>61,638,618</u>	<u>5,792,152</u>	<u>4,498,386</u>

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A30. COMMITMENTS AND CONTINGENCIES (CONTD.)

Bank	Principal	Credit	Risk
30 June 2010	Amount	Equivalent	Weighted
	RM'000	Amount	Assets
		RM'000	RM'000
Contingent Liabilities			
Guarantees given on behalf of customers	1,966,046	1,828,221	1,638,859
Certain transaction-related contingent items	1,645,985	891,905	836,207
Obligations under underwriting agreements	260,000	-	-
Short term self liquidating trade-related contingencies	394,935	78,987	78,987
Others	24,857	150	150
	<u>4,291,823</u>	<u>2,799,263</u>	<u>2,554,203</u>
Commitments			
Irrevocable commitments to extend credit maturing :			
- within one year	12,460,006	9,896	7,422
- more than one year	2,003,882	371,171	294,519
Unutilised credit card lines	3,640,493	728,098	544,451
Forward purchase commitments	574,299	8,719	4,382
	<u>18,678,680</u>	<u>1,117,884</u>	<u>850,774</u>
Derivative Financial Instruments			
Foreign exchange related contracts:			
Forward exchange contracts/currency options contracts			
- One year or less	6,861,187	63,936	39,569
Cross currency swaps			
- Over one year to five years	385,193	46,864	32,830
- Over five years	242,737	-	-
Interest rate related contracts			
Interest rate futures			
- One year or less	60,000	-	-
- Over one year to five years	100,000	-	-
Interest rate swaps			
- One year or less	4,595,000	27,448	13,724
- Over one year to five years	23,007,449	636,919	252,556
- Over five years	3,917,300	450,059	225,514
Credit related contracts			
First to default swap			
- Over one year to five years	135,028	1,288	644
Equity related contracts:			
Options			
- One year or less	256,503	-	-
- Over one year to five years	555,654	28,891	14,242
	<u>40,116,051</u>	<u>1,255,405</u>	<u>579,079</u>
Total	<u><u>63,086,554</u></u>	<u><u>5,172,552</u></u>	<u><u>3,984,056</u></u>

The breakdown of the total principal amount for commitment and contingencies is as follows:

Relating to AmBank (M) Berhad	62,986,237
Relating to AMIL :	
- with external counterparties	100,317
- with AmBank (M) Berhad	35,400
Less : Elimination	(35,400)
	<u><u>63,086,554</u></u>

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A30. COMMITMENTS AND CONTINGENCIES (CONTD.)

Bank	Principal	Credit	Risk
31 March 2010	Amount	Equivalent	Weighted
	RM'000	Amount	Assets
		RM'000	RM'000
Contingent Liabilities			
Guarantees given on behalf of customers	1,833,479	1,774,349	1,572,664
Certain transaction-related contingent items	1,682,727	870,928	813,552
Short term self liquidating trade-related contingencies	383,072	76,614	77,045
Obligations under underwriting agreements	298,500	-	-
Others	31,373	150	150
	<u>4,229,151</u>	<u>2,722,041</u>	<u>2,463,411</u>
Commitments			
Irrevocable commitments to extend credit maturing :			
- within one year	11,262,296	-	-
- more than one year	1,789,651	386,602	313,879
Unutilised credit card lines	3,745,109	749,022	560,136
Forward purchase commitments	620,798	23,112	9,295
	<u>17,417,854</u>	<u>1,158,736</u>	<u>883,310</u>
Derivative Financial Instruments			
Foreign exchange related contracts:			
Forward exchange contracts/currency options contracts			
- One year or less	3,742,457	55,880	30,701
Cross currency swaps			
- One year or less	49,631	1,854	927
- Over one year to five years	481,496	48,830	31,328
Interest rate related contracts			
Interest rate futures			
- One year or less	60,000	-	-
- Over one year to five years	100,000	-	-
Interest rate swaps			
- One year or less	4,240,000	15,660	7,722
- Over one year to five years	23,627,526	669,377	259,890
- Over five years	3,305,524	353,144	177,025
Equity related contracts:			
Options			
- One year or less	30,521	-	-
- Over one year to five years	258,652	21,897	14,133
	<u>35,895,807</u>	<u>1,166,642</u>	<u>521,726</u>
Total	<u><u>57,542,812</u></u>	<u><u>5,047,419</u></u>	<u><u>3,868,447</u></u>

The breakdown of the total principal amount for commitment and contingencies is as follows:

	RM'000
Relating to AmBank (M) Berhad	57,477,383
Relating to AMIL	65,429
	<u><u>57,542,812</u></u>

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

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A31. Capital Adequacy

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

	The Group		The Bank	
	30 June 2010	31 March 2010	30 June 2010	31 March 2010
Before deducting proposed dividends				
Core capital ratio	9.55%	9.88%	10.73%	10.98%
Risk-weighted capital ratio	16.25%	15.33%	16.42%	15.34%
After deducting proposed dividends				
Core capital ratio	9.06%	9.39%	10.13%	10.38%
Risk-weighted capital ratio	15.84%	14.91%	15.91%	14.83%

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)	
	30 June 2010	31 March 2010	30 June 2010	31 March 2010
Core capital ratio	9.61%	10.53%	51.54%	38.32%
Risk-weighted capital ratio	15.05%	15.29%	51.73%	38.50%

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 Financial Services Authority ("LFSA"), which is based on the Basel I capital accord

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A31. 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	
	30 June 2010 RM'000	31 March 2010 RM'000	30 June 2010 RM'000	31 March 2010 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	981,517	1,011,446	900,106	921,431
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	945,628	945,628	680,459	680,459
Capital reserve	377,492	377,492	-	-
Merger reserve	397,566	397,566	-	-
Exchange fluctuation reserve	60	60	9,470	9,470
Retained earnings	1,850,356	2,019,923	2,377,703	2,498,526
	<u>6,815,827</u>	<u>7,015,323</u>	<u>6,230,946</u>	<u>6,373,094</u>
Less: Deferred tax assets	(273,306)	(273,306)	(231,088)	(231,088)
Total Tier I capital	<u>6,542,521</u>	<u>6,742,017</u>	<u>5,999,858</u>	<u>6,142,006</u>
<u>Tier II capital</u>				
Innovative Tier I capital	253,583	223,654	334,994	313,669
Medium term notes	1,557,800	1,557,800	1,557,800	1,557,800
Subordinated bonds	400,000	400,000	-	-
Exchangeable bonds	575,000	575,000	575,000	575,000
Collective allowance / General allowance for bad and doubtful debts and financing	1,839,309	997,741	1,528,010	808,631
Total Tier II capital	<u>4,625,692</u>	<u>3,754,195</u>	<u>3,995,804</u>	<u>3,255,100</u>
Maximum allowable Tier II Capital	4,625,692	3,754,195	3,995,804	3,255,100
	<u>11,168,213</u>	<u>10,496,212</u>	<u>9,995,662</u>	<u>9,397,106</u>
Less:				
Investment in subsidiaries	(32,779)	(32,779)	(816,850)	(816,850)
Other deduction	(53)	(50)	(53)	(50)
Capital base	<u>11,135,381</u>	<u>10,463,383</u>	<u>9,178,759</u>	<u>8,580,206</u>

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A31. Capital Adequacy (Contd.)

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

	The Group		The Bank	
	30 June 2010 RM'000	31 March 2010 RM'000	30 June 2010 RM'000	31 March 2010 RM'000
Credit risk	61,495,322	61,340,190	50,288,036	50,564,551
Market risk	2,060,331	2,041,201	1,790,166	1,584,871
Operational risk	4,970,437	4,877,266	3,836,488	3,783,839
Large exposure risk requirement for equity holdings	-	5,203	-	5,203
Total risk-weighted assets	<u>68,526,090</u>	<u>68,263,860</u>	<u>55,914,690</u>	<u>55,938,464</u>

A32. Risk Management Policy on Financial Derivatives

Purpose of engaging in financial derivatives

Financial derivative instruments are contracts whose value is derived from one or more underlying financial instruments or indices. They include swaps, forward rate agreements, futures, options and combinations of these instruments. Derivatives are contracts that transfer risks, mainly market risks. Financial derivative is one of the financial instruments engaged by the Group both for client solutions generating revenue for future as well as to manage the Group's own market risk exposure. The Group's involvement in financial derivatives is currently focused on interest rate, equity and foreign exchange rate derivatives.

The principal foreign exchange rate contracts used are forward foreign exchange contracts, cross currency swaps and foreign exchange options. Forward foreign exchange contracts are agreements to buy or sell a specified quantity of foreign currency on a specified future date at an agreed rate. A cross currency swap generally involves the exchange, or notional exchange, of equivalent amounts of two currencies and a commitment to exchange interest periodically until the principal amounts are re-exchanged on a future date. A foreign exchange option is a financial derivative that provides the buyer of the option with the right, but not obligation, to buy/sell a specified amount of one currency for another currency at a nominated strike rate during a certain period of time or on a specific date.

An Interest Rate Option ("IRO") is a financial derivative that provides the buyer of the option with the right, but not obligation, to buy/sell a specified underlying interest rate related asset, for example the KLIBOR index at a nominated strike rate during a certain period of time or on a specific date. Basic IRO includes interest rate cap and interest rate floor.

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

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

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

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

Risk associated with financial derivatives

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

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, foreign exchange-related and equity-related derivative contracts measures the potential losses to the value of these contracts due to changes in market rates/prices. Exposure to market risk may be reduced through offsetting on and off-balance sheet positions.

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

General disclosure for derivatives and counterparty credit risk

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

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

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

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

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

Liquidity risk of derivatives

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

Market liquidity risk arises when a position cannot be sold or closed out quickly or risk be eliminated by entering into an offsetting position. In general, an over-the-counter ("OTC") market tends to offer less liquidity than an exchange market due to the customized nature of some OTC contracts. OTC contracts include foreign exchange contracts, cross currency swaps, interest rate swaps and forex options while interest rate futures, equity futures and equity options are examples of exchange traded derivatives. The liquidity risk of a position can be estimated by the notional amount of contracts held and the market value of the contract position. Both the OTC and exchange markets have liquid and illiquid contracts.

Funding risk is the risk of derivative activities placing an adverse funding and cash flow pressure on the Group, arising from the need to post collateral (for example, a margin call due to mark-to-market valuations) to compensate for an existing out of the money position (Note: If collateral isn't posted, the counterparty can close out their position and claim such mark-to-market loss from the Group. This would also result in the Group no longer being hedged).

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

Liquidity risk of derivatives (Contd.)

Generally, the Group measures and monitors funding risk through the cash flow gap analysis according to specified time interval. The Group's access to deposits and funding markets is dependent on its credit rating. A downgrading in the credit rating could adversely affect its access to liquidity, as well as the competitive position, and could increase the cost of funding.

The primary objective of funding risk management is to ensure the availability of sufficient funds at a reasonable cost to honour all financial commitments as they fall due under normal market condition and on contingency basis.

Derivative Financial Instruments and Hedge Accounting

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

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

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

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

(i) Fair value hedge

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.

(iii) Net investment hedge

Net investment hedges are hedges against the exposure to exchange rate fluctuations on the net assets of its foreign operations. The hedge is accounted for similarly to cash flow hedges. Gains or losses on the hedging instrument relating to the effective portion of the hedge are taken directly to the foreign currency translation reserve while those relating to the ineffective portion of the hedge are recognised in the income statement. On disposal of the foreign operation, the cumulative gains or losses recognised in equity will be transferred to the income statement.

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A33. Comparatives

FRS 101, Presentation of Financial Statements

Following the adoption of FRS 101 (revised), all non-owner changes in equity which were previously presented in the statement of changes in equity are now included in the statement of comprehensive income as other comprehensive income. Consequently, components of comprehensive income are no longer presented in the statement of changes in equity.

FRS 7, Financial Instruments: Disclosures

The adoption of FRS 7 during the financial period results in more extensive disclosures of financial instruments in the annual financial statements. The standard also requires disclosure of the statement of financial position, income statement and statement of comprehensive income to be made by categories of financial assets and liabilities, which has minimal impact on the comparative disclosures of the Group, as the current presentation is already made by categories of financial assets and liabilities.

Reclassification of comparatives:

(a) FRS 117 Leases

The adoption of FRS 117 had resulted in the reclassification of leasehold land which are in substance financial leases to Property and equipment.

(b) IC Interpretation 13, Customer Loyalty Programmes

The adoption of IC 13 had resulted in the set-off of customer loyalty programme expenses with fee income instead of interest income as previously presented.

(c) Net Income from Islamic Banking Business

During the current financial quarter, the Group changed the presentation of Net Income from Islamic Banking Business. Previously, amount relating to transfer from/(to) profit equalisation reserve was included as part of Net Income from Islamic Banking Business. In line with the Ultimate holding company's presentation, the above item has been separately disclosed in the Consolidated Income Statement.

The following comparative figures have been restated arising from the above:

	As previously reported RM'000	Reclassification RM'000	As restated RM'000
The Group			
<u>Statement of Financial position as at 31 March 2010</u>			
Prepaid land lease payments	3,815	(3,815)	-
Property and equipment	183,923	3,815	187,738
<u>Consolidated Income Statement for the period ended 30 June 2009</u>			
Net income from Islamic Banking business	158,955	1,932	160,887
Interest income	866,240	748	866,988
Other operating income	126,336	(748)	125,588
Transfer from/(to) profit equalisation reserve	-	(1,932)	(1,932)

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A33. Comparatives (Contd.)

	As previously reported RM'000	Restatement RM'000	As restated RM'000
Reclassification of comparatives (Contd.):			
The Bank			
<u>Statement of Financial position as at 31 March 2010</u>			
Prepaid land lease payments	2,781	(2,781)	-
Property and equipment	159,683	2,781	162,464
<u>Income Statement for the period ended 30 June 2009</u>			
Interest income	865,934	748	866,682
Other operating income	178,556	(748)	177,808
Restatement of opening reserves:			
The adoption of FRS 139 had resulted in restatement of reserves as follows:			
The Group			
Effects on opening retained earnings	2,057,820	(171,258)	1,886,562
Effects on Financial Investments Available -for-sale reserve	55,363	(45,703)	9,660
The Bank			
Effects on opening retained earnings	2,425,419	(129,354)	2,296,065
Effects on Financial Investments Available -for-sale reserve	53,454	(40,258)	13,196