

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

	Note	The Group	
		30.6.09 RM'000	31.3.09 RM'000
ASSETS			
Cash and short-term funds		15,755,139	17,186,941
Securities purchased under resale agreements		32,234	16,807
Deposits and placements with banks and other financial institutions		165,307	46,026
Securities held-for-trading	A8	2,255,586	1,399,873
Securities available-for-sale	A9	7,122,253	6,626,054
Securities held-to-maturity	A10	766,945	780,209
Loans, advances and financing	A11	57,982,011	56,947,831
Derivative financial assets		497,450	482,933
Other assets	A12	1,648,900	1,490,006
Statutory deposits with Bank Negara Malaysia		547,618	517,578
Investments in jointly controlled companies		290	380
Investments in associated companies		1,301	1,301
Prepaid land lease payments		6,468	6,646
Property and equipment		236,210	228,399
Life fund assets		2,145,250	2,006,799
Deferred tax assets		276,429	346,997
Intangible assets		1,809,943	1,808,101
TOTAL ASSETS		91,249,334	89,892,881
LIABILITIES AND EQUITY			
Deposits from customers	A13	65,414,064	64,131,506
Deposits and placements of banks and other financial institutions	A14	5,973,355	6,135,409
Bills and acceptances payable		1,607,166	2,120,247
Recourse obligations on loans sold to Cagamas Berhad		149,931	155,037
Derivative financial liabilities		587,530	587,763
Other liabilities	A15	2,991,509	2,645,892
Term loans		358,865	351,859
Unsecured bonds		1,090,000	1,090,000
Medium term notes		1,460,000	1,460,000
Hybrid capital		741,294	803,691
Stapled capital securities		500,000	500,000
Life fund liabilities		315,756	222,160
Life policyholder funds		1,829,494	1,784,639
Total Liabilities		83,018,964	81,988,203
Share capital		2,722,970	2,722,970
Reserves		5,324,584	5,006,246
Equity attributable to equity holders of the Company		8,047,554	7,729,216
Minority interests		182,816	175,462
Total Equity		8,230,370	7,904,678
TOTAL LIABILITIES AND EQUITY		91,249,334	89,892,881

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

	Note	The Group	
		30.6.09 RM'000	31.3.09 RM'000
COMMITMENTS AND CONTINGENCIES	A26	52,739,547	49,911,642
CAPITAL ADEQUACY RATIO	A30		
Before deducting proposed dividends:			
Core capital ratio		9.40%	9.74%
Risk-weighted capital ratio		14.66%	15.16%
After deducting proposed dividends:			
Core capital ratio		9.40%	9.74%
Risk-weighted capital ratio		14.66%	15.16%
NET ASSETS PER ORDINARY SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY (RM)		2.96	2.84

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

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

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

The Group	Note	Individual Quarter		Cumulative Quarter	
		30.6.09 RM'000	30.6.08 RM'000	30.6.09 RM'000	30.6.08 RM'000
Revenue		1,530,514	1,411,790	1,530,514	1,411,790
Interest income	A16	876,222	952,399	876,222	952,399
Interest expense	A17	(457,101)	(521,740)	(457,101)	(521,740)
Net interest income		419,121	430,659	419,121	430,659
Net income from Islamic banking business		234,326	124,714	234,326	124,714
Net income from insurance business		23,754	17,552	23,754	17,552
Income from insurance business	A18a	126,052	126,284	126,052	126,284
Insurance claims and commissions	A18b	(102,298)	(108,732)	(102,298)	(108,732)
Other operating income	A19	210,952	106,496	210,952	106,496
Share in results of jointly controlled company		(90)	-	(90)	-
Net income		888,063	679,421	888,063	679,421
Other operating expenses	A20	(352,345)	(317,839)	(352,345)	(317,839)
Operating profit		535,718	361,582	535,718	361,582
Allowance for losses on loans and financing	A21	(136,864)	(52,814)	(136,864)	(52,814)
Impairment loss on securities		(41,611)	(26,442)	(41,611)	(26,442)
Transfer (to)/from profit equalisation reserve		(1,932)	6,065	(1,932)	6,065
Allowance for doubtful sundry receivables - net		(1,029)	(1,326)	(1,029)	(1,326)
Provision for foreclosed properties		(434)	-	(434)	-
Provision for commitments and contingencies		(369)	(13,432)	(369)	(13,432)
Profit before taxation and zakat		353,479	273,633	353,479	273,633
Taxation and zakat	B5	(87,988)	(69,487)	(87,988)	(69,487)
Profit for the period		265,491	204,146	265,491	204,146
Attributable to:					
Equity holders of the Company		258,237	202,914	258,237	202,914
Minority interests		7,254	1,232	7,254	1,232
Profit for the period		265,491	204,146	265,491	204,146
EARNINGS PER SHARE (SEN)	B13				
Basic		9.48	7.45	9.48	7.45

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

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

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

	Attributable to Equity Holders of the Company						Total RM'000	Minority interests RM'000	Total equity RM'000
	Non- Distributable			Distributable					
	Ordinary share capital RM'000	Share premium RM'000	Statutory reserve RM'000	Available-for- sale reserve RM'000	Exchange fluctuation reserve RM'000	Unappropriated profits RM'000			
The Group									
At 1 April 2008	2,722,970	1,986,857	1,245,433	42,900	8,166	1,163,267	7,169,593	84,352	7,253,945
Net unrealised loss on revaluation of securities available-for-sale	-	-	-	(235,976)	-	-	(235,976)	-	(235,976)
Expenses relating to Rights Issue	-	(16)	-	-	-	-	(16)	-	(16)
Exchange fluctuation adjustments	-	-	-	-	3,412	-	3,412	-	3,412
Net (expense)/income recognised directly in equity	-	(16)	-	(235,976)	3,412	-	(232,580)	-	(232,580)
Profit for the period	-	-	-	-	-	202,914	202,914	1,232	204,146
Total recognised net (expense)/ income for the period	-	(16)	-	(235,976)	3,412	202,914	(29,666)	1,232	(28,434)
Arising from subscription for shares in AmPrivate Equity Sdn Bhd	-	-	-	-	-	-	-	100	100
Dividend paid	-	-	-	-	-	-	-	-	-
At 30 June 2008	2,722,970	1,986,841	1,245,433	(193,076)	11,578	1,366,181	7,139,927	85,684	7,225,611

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

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

The Group	Attributable to Equity Holders of the Company											
	Non-Distributable						Distributable					
	Ordinary share capital RM'000	Share premium RM'000	Statutory reserve RM'000	Available-for-sale reserve RM'000	Cashflow hedging reserve RM'000	Employees' Share Scheme Reserve RM'000	Shares held in trust for ESS RM'000	Exchange fluctuation reserve RM'000	Unappropriated profits RM'000	Total RM'000	Minority interests RM'000	Total equity RM'000
At 1 April 2009												
As previously stated	2,722,970	1,986,836	1,323,767	(41,744)	(91,486)	-	(7,064)	19,591	1,823,223	7,736,093	175,462	7,911,555
Prior year adjustments	-	-	-	-	-	-	-	-	(6,877)	(6,877)	-	(6,877)
At 1 April 2009 (restated)	2,722,970	1,986,836	1,323,767	(41,744)	(91,486)	-	(7,064)	19,591	1,816,346	7,729,216	175,462	7,904,678
Net unrealised gain on revaluation of securities available-for-sale	-	-	-	11,052	-	-	-	-	-	11,052	-	11,052
Unrealised net gain on cashflow hedge	-	-	-	-	46,482	-	-	-	-	46,482	-	46,482
Exchange fluctuation adjustments	-	-	-	-	-	-	-	1,963	-	1,963	-	1,963
Net income recognised directly in equity	-	-	-	11,052	46,482	-	-	1,963	-	59,497	-	59,497
Profit for the period	-	-	-	-	-	-	-	-	258,237	258,237	7,254	265,491
Total recognised net income for the period	-	-	-	11,052	46,482	-	-	1,963	258,237	317,734	7,254	324,988
Arising from acquisition of AmPrivate Equity Sdn Bhd	-	-	-	-	-	-	-	-	-	-	100	100
Share-based payment under Employees' Share Scheme	-	-	-	-	-	604	-	-	-	604	-	604
Dividend paid	-	-	-	-	-	-	-	-	-	-	-	-
At 30 June 2009	2,722,970	1,986,836	1,323,767	(30,692)	(45,004)	604	(7,064)	21,554	2,074,583	8,047,554	182,816	8,230,370

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

AMMB HOLDINGS BERHAD
(223035-V) (Incorporated in Malaysia)
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AUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENTS
FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2009

The Group	30.6.09 RM'000	30.6.08 RM'000
Profit before taxation	353,479	273,633
Add adjustments for non-operating and non-cash items	158,613	141,917
Operating profit before working capital	512,092	415,550
(Increase)/decrease in operating assets	(2,338,797)	4,979,865
Increase/(decrease) in operating liabilities	896,914	(575,819)
Cash (used in)/generated from operations	(929,791)	4,819,596
Taxation paid	(15,091)	(13,394)
Net cash (used in)/generated from operating activities	(944,882)	4,806,202
Net cash used in investing activities	(532,171)	(3,934,651)
Net cash generated from financing activities	100	400,100
Net (decrease)/increase in cash and cash equivalents	(1,476,953)	1,271,651
Cash and cash equivalents at beginning of period	16,965,886	10,659,464
Cash and cash equivalents at end of period	15,488,933	11,931,115

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

The Group	30.6.09 RM'000	30.6.08 RM'000
Cash and short-term funds	15,755,139	12,120,880
Bank overdrafts	(7,622)	-
	15,747,517	12,120,880
Less: Cash and bank balances and deposits held in trust	(257,747)	(190,107)
	15,489,770	11,930,773
Effect of exchange rates changes	(837)	342
Cash and cash equivalents	15,488,933	11,931,115

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

EXPLANATORY NOTES :

A1. BASIS OF PREPARATION

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

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

During the financial period, MASB announced the issuance of a revised Standard and two limited amendments to Financial Reporting Standards ("FRSs"), together with the issuance of three new Interpretations as follows:

FRS 123	Borrowing costs
Amendments to FRS 2	Share-based Payment: Vesting Conditions and Cancellation
Amendments to FRS 1	First-time adoption of Financial Reporting Standards and FRS 127 Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
IC Interpretation 11 FRS 2	Group and Treasury Share Transactions
IC Interpretation 13	Customer Loyalty Programmes
IC Interpretation 14 FRS 119	The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

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

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

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

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

A2. AUDIT QUALIFICATION

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

A3. SEASONALITY OR CYCLICALITY OF OPERATIONS

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

A4. UNUSUAL ITEMS

There were no unusual items during the current financial quarter.

A5. USE OF ESTIMATES

There was no material change in estimates of amounts reported in the prior financial years that have a material effect on the financial quarter and year ended 31 March 2009.

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

The Company has not issued any new shares and debentures during the financial quarter.

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

A7. DIVIDENDS PAID

The directors do not recommend the payment of any dividend in respect of the current financial quarter.

A8. SECURITIES HELD-FOR-TRADING

	The Group	
	30.6.09	31.3.09
	RM'000	RM'000
At Fair Value		
Money Market Securities:		
Treasury bills	99,075	-
Islamic Treasury bills	29,423	-
Malaysian Government Securities	154,245	999,652
Malaysian Government Investment Certificates	114,242	4,065
Bank Negara Malaysia Monetary Notes	1,052,379	-
Negotiable Islamic Debt Certificates	149,793	-
Islamic Khazanah bonds	996	991
	<u>1,600,153</u>	<u>1,004,708</u>
Securities Quoted:		
In Malaysia:		
Shares	31,781	28,164
Warrants	4,161	-
Trust units	23,665	2,923
Outside Malaysia:		
Shares	124	1,668
	<u>59,731</u>	<u>32,755</u>
Unquoted Private Debt Securities Of Companies		
Incorporated:		
In Malaysia:		
Corporate notes	245,888	98,438
Islamic corporate bonds	67,983	-
Islamic corporate notes	271,816	248,567
Outside Malaysia:		
Corporate bonds	10,015	15,405
	<u>595,702</u>	<u>362,410</u>
Total	<u>2,255,586</u>	<u>1,399,873</u>

A9. SECURITIES AVAILABLE-FOR-SALE

	The Group	
	30.6.09	31.3.09
	RM'000	RM'000
At Fair Value		
Money Market Securities:		
Malaysian Government Securities	53,983	32,948
Malaysian Government investment certificates	440,432	36,025
Negotiable instruments of deposits	848,575	150,171
Negotiable Islamic debt certificates	-	29,190
Islamic khazanah bonds	35,985	36,945
	<u>1,378,975</u>	<u>285,279</u>
Securities Quoted:		
In Malaysia:		
Shares	197,066	163,175
Trust units	287,580	329,472
Outside Malaysia:		
Shares	36,298	25,857
Trust units	1,584	1,811
	<u>522,528</u>	<u>520,315</u>
Unquoted Securities:		
In Malaysia:		
Shares	26,909	22,871
Outside Malaysia:		
Shares	17,848	17,848
	<u>44,757</u>	<u>40,719</u>
Debt Equity Converted Securities Quoted:		
In Malaysia:		
Shares	19,315	25,751
Loan stocks	3,959	3,096
Collateralised corporate bonds	332	332
Outside Malaysia:		
Shares	81	40
	<u>23,687</u>	<u>29,219</u>

	The Group	
	30.6.09	31.3.09
	RM'000	RM'000
Unquoted Private Debt Securities Of Companies Incorporated		
In Malaysia:		
Corporate bonds	1,414,958	630,303
Islamic corporate bonds	843,238	1,064,297
Corporate notes	441,614	1,408,277
Islamic corporate notes	1,922,201	2,055,719
Outside Malaysia:		
Corporate bonds	65,997	95,578
Islamic corporate bonds	29,551	43,753
	<u>4,717,559</u>	<u>5,297,927</u>
Unquoted Guaranteed Private Debt Securities Of Companies Incorporated		
In Malaysia:		
Corporate bonds	378,005	367,780
Islamic corporate bonds	83,139	85,176
	<u>461,144</u>	<u>452,956</u>
Accumulated impairment losses	(26,397)	(361)
Total	<u><u>7,122,253</u></u>	<u><u>6,626,054</u></u>
A10. SECURITIES HELD-TO-MATURITY		
Securities Quoted		
In Malaysia:		
Shares	6,555	2
Trust units	1,000	1,000
	<u>7,555</u>	<u>1,002</u>
Unquoted Securities Of Companies Incorporated		
In Malaysia:		
Shares	102,958	102,958
Corporate bonds	959	959
Islamic Corporate bonds	28,136	29,164
Outside Malaysia:		
Shares	4,330	4,330
Islamic Corporate bonds	7,034	7,291
	<u>143,417</u>	<u>144,702</u>
Quoted Debt Equity Converted Securities		
In Malaysia:		
Shares	40	40
Loan stocks - collateralised	97,952	127,675
Loan stocks - with options	-	1,825
Corporate bonds - collateralised	33,172	33,172
	<u>131,164</u>	<u>162,712</u>

	The Group	
	30.6.09	31.3.09
	RM'000	RM'000
Unquoted Debt Equity Converted Securities Of Companies Incorporated		
In Malaysia:		
Shares	3,027	3,027
Loan stocks	41,419	58,104
Loan stocks - collateralised	321,943	334,036
Corporate bonds - collateralised	158,458	159,083
Corporate bonds	82,907	81,926
	<u>607,754</u>	<u>636,176</u>
Unquoted Private Debt Securities Of Companies Incorporated		
In Malaysia:		
Corporate notes	41,143	32,700
Islamic corporate bonds	176,296	177,096
	<u>217,439</u>	<u>209,796</u>
Unquoted Guaranteed Private Debt Securities Of Companies Incorporated		
In Malaysia:		
Corporate bonds	29,961	10,000
	<u>1,137,290</u>	<u>1,164,388</u>
Accumulated impairment losses	(370,345)	(384,179)
Total	<u><u>766,945</u></u>	<u><u>780,209</u></u>

A11. LOANS, ADVANCES AND FINANCING

	The Group	
	30.6.09	31.3.09
	RM'000	RM'000
Loans and financing:		
Term loans and revolving credit	19,085,144	18,059,567
Housing loans	11,817,233	11,485,193
Staff loans	171,545	175,518
Hire-purchase receivables	29,631,581	29,503,323
Credit card receivables	1,863,212	1,867,505
Lease receivables	1,312	1,236
Overdrafts	1,641,935	1,735,296
Claims on customers under acceptance credits	2,240,977	2,368,892
Trust receipts	381,269	373,871
Block discount receivables	60,938	60,556
Factoring receivables	50,782	51,906
Bills receivable	65,383	47,442
	<u>67,011,311</u>	<u>65,730,305</u>
Less: Unearned interest and income	7,047,839	6,961,346
Total	<u>59,963,472</u>	<u>58,768,959</u>
Less:		
Allowance for bad and doubtful debts and financing:		
General	914,559	899,517
Specific	1,066,902	921,611
	<u>1,981,461</u>	<u>1,821,128</u>
Net loans, advances and financing	<u>57,982,011</u>	<u>56,947,831</u>

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

	The Group				Annualised Loans Growth (%)
	30.6.09		31.3.09		
	RM'000	%	RM'000	%	
Purchase of transport vehicles	24,430,840	40.2	24,349,948	40.8	
Purchase of landed properties:					
- Residential	11,336,378	18.6	11,316,431	19.0	
- Non-residential	3,376,842	5.6	2,878,021	4.8	
Working capital	9,088,257	14.9	9,437,443	15.8	
Personal use	2,378,837	3.9	2,324,241	3.9	
Fixed assets	1,826,245	3.0	1,815,104	3.0	
Purchase of securities	1,785,586	2.9	1,882,498	3.2	
Credit cards	1,828,943	3.0	1,844,448	3.1	
Construction	1,252,863	2.1	1,127,824	1.9	
Merger and acquisition	410,766	0.7	346,203	0.6	
Consumer durables	635	0.0	933	0.0	
Other purpose	3,077,711	5.1	2,351,668	3.9	
Gross loans, advances and financing	60,793,903	100.0	59,674,762	100.0	
Less: Islamic financing sold to					
Cagamas Berhad	830,431		905,803		
	<u>59,963,472</u>		<u>58,768,959</u>		<u>8.1</u>

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

	The Group	
	30.6.09	31.3.09
	RM'000	RM'000
Domestic :		
Other non-bank financial institutions	318,227	757,550
Business enterprises:		
Small medium enterprises	6,485,065	6,228,973
Others	13,666,615	12,461,841
Government and statutory bodies	58,173	69,506
Individuals	39,368,249	38,728,575
Other domestic entities	2,382	20,037
Foreign entities	64,761	502,477
	<u>59,963,472</u>	<u>58,768,959</u>

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

	The Group	
	30.6.09	31.3.09
	RM'000	RM'000
Variable rate		
BLR-plus	15,490,926	15,164,753
Cost-plus	7,849,205	7,449,634
Other variable rates	1,046,157	1,047,344
	<u>24,386,288</u>	<u>23,661,731</u>
Fixed rate		
Housing loans	2,280,733	2,256,505
Hire purchase receivables	24,631,287	24,488,938
Other fixed rates	8,665,164	8,361,785
	<u>35,577,184</u>	<u>35,107,228</u>
	<u>59,963,472</u>	<u>58,768,959</u>

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

	The Group	
	30.6.09	31.3.09
	RM'000	RM'000
Gross		
Balance at beginning of year	2,426,458	3,602,479
Non-performing during the period/year	529,542	1,165,774
Reclassification to performing loans and financing	(284,099)	(578,161)
Recoveries	(76,456)	(386,347)
Amount written-off	(73,415)	(1,395,908)
Repurchase of loans	-	19,554
Debt equity conversion	-	(933)
Balance at end of period/year	<u>2,522,030</u>	<u>2,426,458</u>
Less: Specific allowance	<u>(1,066,902)</u>	<u>(921,611)</u>
Non-performing loans, advances and financing - net	<u>1,455,128</u>	<u>1,504,847</u>
Ratios of non-performing loans, advances and financing to total loans, advances and financing (including Islamic financing sold to Cagamas Berhad) - net	<u>2.4%</u>	<u>2.6%</u>
Loan loss coverage excluding collateral values	<u>78.6%</u>	<u>75.1%</u>

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

	The Group			
	30.6.09		31.3.09	
	RM'000	%	RM'000	%
Purchase of landed properties:				
Residential	963,951	38.2	924,484	38.1
Non-residential	261,443	10.4	220,630	9.1
Working capital	439,517	17.5	450,015	18.6
Purchase of transport vehicles	464,980	18.4	453,501	18.7
Construction	151,461	6.0	148,954	6.1
Purchase of securities	67,189	2.7	66,818	2.8
Credit cards	86,124	3.4	70,209	2.9
Fixed assets	25,158	1.0	27,393	1.1
Personal use	17,828	0.7	19,163	0.8
Purchase of consumer durables	247	-	550	-
Other purpose	44,132	1.7	44,741	1.8
	<u>2,522,030</u>	<u>100.0</u>	<u>2,426,458</u>	<u>100.0</u>

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

	The Group	
	30.6.09	31.3.09
	RM'000	RM'000
General allowance		
Balance at beginning of year	899,517	845,225
Allowance during the period/year	15,360	53,561
Exchange fluctuation adjustments	(142)	731
Balance at end of period/year	<u>914,559</u>	<u>899,517</u>
% of total loans, advances and financing (including Islamic financing sold to Cagamas) less specific allowances	<u>1.53%</u>	<u>1.53%</u>
Specific allowance		
Balance at beginning of year	921,611	1,579,255
Allowance during the period/year	284,169	1,043,753
Amount written back in respect of recoveries and reversals	(77,267)	(383,672)
Net charge to income statements	206,902	660,081
Reclassification from sundry receivables	-	78
Adjustment to deferred asset account	158	(956)
Amount written off	(61,769)	(1,333,424)
Repurchase of loan	-	17,508
Debt equity conversion	-	(933)
Exchange fluctuation adjustments	-	2
Balance at end of period/year	<u>1,066,902</u>	<u>921,611</u>

A12. OTHER ASSETS

	The Group	
	30.6.09	31.3.09
	RM'000	RM'000
Trade receivables, net of allowance for doubtful debts	661,495	399,788
Other receivables, deposits and prepayments, net of allowance for doubtful debts	605,215	653,170
Interest receivables on treasury assets, net of allowance for doubtful debts	81,244	117,778
Fee receivables, net of allowance for doubtful debts	35,202	39,832
Amount due from Originators	25,051	25,789
Amount due from agents, brokers and reinsurer, net of allowance	29,261	37,533
Foreclosed properties, net of allowance for impairment in value	179,158	181,372
Deferred assets	31,858	34,744
	<u>1,648,900</u>	<u>1,490,006</u>

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

A13. DEPOSITS FROM CUSTOMERS

	The Group	
	30.6.09	31.3.09
	RM'000	RM'000
Term/Investment deposits	45,454,966	43,869,688
Savings deposits	3,648,132	3,581,219
Current deposits	3,788,610	3,173,901
Negotiable instruments of deposits	1,443,150	940,023
Other deposits	11,079,206	12,566,675
	<u>65,414,064</u>	<u>64,131,506</u>

The deposits are sourced from the following types of customers:

Business enterprises	26,664,944	26,311,197
Individuals	24,862,959	25,510,224
Government	12,691,146	10,915,816
Others	1,195,015	1,394,269
	<u>65,414,064</u>	<u>64,131,506</u>

A14. DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

	The Group	
	30.6.09	31.3.09
	RM'000	RM'000
Deposits from:		
Licensed banks	1,321,808	1,606,628
Licensed investment banks	521,464	670,675
Bank Negara Malaysia	892,729	908,666
Other financial institutions	3,237,354	2,949,440
	<u>5,973,355</u>	<u>6,135,409</u>

A15. OTHER LIABILITIES

	The Group	
	30.6.09	31.3.09
	RM'000	RM'000
Trade payables	809,820	508,293
Other payables and accruals	1,354,326	1,316,297
Interest payable on deposits and borrowings	443,314	444,455
Lease deposits and advance rentals	64,021	62,259
General insurance funds	226,378	223,503
Provision for commitments and contingencies	369	-
Bank overdrafts	7,622	786
Profit equalization reserve	64,087	62,162
Deferred tax liabilities	13,219	13,087
Tax payable	8,353	15,050
	<u>2,991,509</u>	<u>2,645,892</u>

A16. INTEREST INCOME

The Group	Individual Quarter		Cumulative Quarter	
	30.6.09	30.6.08	30.6.09	30.6.08
	RM'000	RM'000	RM'000	RM'000
Short-term funds and deposits with financial institutions	54,375	71,701	54,375	71,701
Securities held-for-trading	6,212	31,792	6,212	31,792
Securities available for sale	66,467	58,949	66,467	58,949
Securities held-to-maturity	8,152	16,083	8,152	16,083
Loans and advances				
- Interest income other than recoveries from NPLs	721,363	728,056	721,363	728,056
- Recoveries from NPLs	44,610	65,537	44,610	65,537
Others	444	556	444	556
Gross interest income	<u>901,623</u>	<u>972,674</u>	<u>901,623</u>	<u>972,674</u>
Amortisation of premiums less accretion of discounts	3,568	4,425	3,568	4,425
Interest suspended	<u>(28,969)</u>	<u>(24,700)</u>	<u>(28,969)</u>	<u>(24,700)</u>
Total after net interest suspension	<u>876,222</u>	<u>952,399</u>	<u>876,222</u>	<u>952,399</u>

A17. INTEREST EXPENSE

The Group	Individual Quarter		Cumulative Quarter	
	30.6.09 RM'000	30.6.08 RM'000	30.6.09 RM'000	30.6.08 RM'000
Deposits from customers	334,780	382,759	334,780	382,759
Deposit of banks and other financial institutions	44,546	58,126	44,546	58,126
Amount due to Cagamas Berhad	1,144	1,659	1,144	1,659
Bank borrowings:				
Term loans	2,553	12,032	2,553	12,032
Overdrafts	-	37	-	37
Subordinated deposits and term loans	6,432	3,098	6,432	3,098
Interest on bonds	13,869	22,630	13,869	22,630
Medium term notes	20,611	19,789	20,611	19,789
Net Interest rate swap expense	19,847	8,694	19,847	8,694
Hybrid securities	12,014	10,877	12,014	10,877
Others	1,305	2,039	1,305	2,039
	<u>457,101</u>	<u>521,740</u>	<u>457,101</u>	<u>521,740</u>

A18. (a) INCOME FROM INSURANCE BUSINESS

The Group	Individual Quarter		Cumulative Quarter	
	30.6.09 RM'000	30.6.08 RM'000	30.6.09 RM'000	30.6.08 RM'000
Premium income from general insurance business	120,052	122,284	120,052	122,284
Surplus transfer from life insurance business	6,000	4,000	6,000	4,000
	<u>126,052</u>	<u>126,284</u>	<u>126,052</u>	<u>126,284</u>

(b) INSURANCE CLAIMS AND COMMISSIONS

Insurance commission	11,669	12,939	11,669	12,939
General insurance claims	90,629	95,793	90,629	95,793
	<u>102,298</u>	<u>108,732</u>	<u>102,298</u>	<u>108,732</u>

A19. OTHER OPERATING INCOME

The Group	Individual Quarter		Cumulative Quarter	
	30.6.09 RM'000	30.6.08 RM'000	30.6.09 RM'000	30.6.08 RM'000
Fee income:				
Fees on loans and advances	36,306	36,932	36,306	36,932
Corporate advisory	6,711	8,867	6,711	8,867
Guarantee fees	9,276	6,625	9,276	6,625
Underwriting commissions	837	4,460	837	4,460
Portfolio management fees	2,926	4,627	2,926	4,627
Unit trust management fees	12,325	16,386	12,325	16,386
Brokerage rebates	75	32	75	32
Property trust management fees	1,306	1,122	1,306	1,122
Brokerage fees and commissions	35,162	25,798	35,162	25,798
Banc assurance commission	8,439	7,936	8,439	7,936
Net income from asset securitisation	212	245	212	245
Other fee income	16,178	11,998	16,178	11,998
	<u>129,753</u>	<u>125,028</u>	<u>129,753</u>	<u>125,028</u>
Investment and trading income:				
Net gain/(loss) from sale of securities held-for-trading	25,796	(52,275)	25,796	(52,275)
Net gain from sale of securities available-for-sale	10,424	10,757	10,424	10,757
Net gain on redemption of securities held-to-maturity	14,826	14,910	14,826	14,910
Loss on revaluation for securities held for trading	(1,174)	(41,455)	(1,174)	(41,455)
Loss on redemption of structured product	(5)	-	(5)	-
Gain on revaluation of derivatives	12,460	41,573	12,460	41,573
Gross dividend income from:				
Securities held-for-trading	151	8,659	151	8,659
Securities available-for-sale	8,304	-	8,304	-
Securities held-to-maturity	69	1,822	69	1,822
	<u>70,851</u>	<u>(16,009)</u>	<u>70,851</u>	<u>(16,009)</u>
Other income:				
Foreign exchange gain/(loss)	6,362	(5,146)	6,362	(5,146)
Gain on disposal of property and equipment - net	298	826	298	826
Rental income	1,409	996	1,409	996
Other operating income	2,279	801	2,279	801
	<u>10,348</u>	<u>(2,523)</u>	<u>10,348</u>	<u>(2,523)</u>
	<u>210,952</u>	<u>106,496</u>	<u>210,952</u>	<u>106,496</u>

A20. OTHER OPERATING EXPENSES

The Group	Individual Quarter		Cumulative Quarter	
	30.6.09	30.6.08	30.6.09	30.6.08
	RM'000	RM'000	RM'000	RM'000
Personnel/Staff costs				
- Salaries, allowances and bonuses	155,255	156,946	155,255	156,946
- Others	47,927	41,602	47,927	41,602
	<u>203,182</u>	<u>198,548</u>	<u>203,182</u>	<u>198,548</u>
Establishment costs				
- Depreciation	14,731	12,275	14,731	12,275
- Amortisation of computer software	7,435	6,338	7,435	6,338
- Computerisation costs	26,180	18,691	26,180	18,691
- Rental	19,846	17,957	19,846	17,957
- Cleaning and maintenance	5,289	5,129	5,289	5,129
- Others	7,361	5,970	7,361	5,970
	<u>80,842</u>	<u>66,360</u>	<u>80,842</u>	<u>66,360</u>
Marketing and communication expenses				
- Sales commission	6,858	3,743	6,858	3,743
- Advertising, promotional and other marketing activities	15,327	15,327	15,327	15,327
- Telephone charges	5,051	4,793	5,051	4,793
- Postage	2,218	3,671	2,218	3,671
- Travel and entertainment	3,605	4,347	3,605	4,347
- Others	5,136	4,803	5,136	4,803
	<u>38,195</u>	<u>36,684</u>	<u>38,195</u>	<u>36,684</u>
Administration and general				
- Professional services	4,545	1,560	4,545	1,560
- Donations	10	43	10	43
- Administration and management expenses	63	232	63	232
- Others	25,508	14,412	25,508	14,412
	<u>30,126</u>	<u>16,247</u>	<u>30,126</u>	<u>16,247</u>
	<u>352,345</u>	<u>317,839</u>	<u>352,345</u>	<u>317,839</u>

A21. ALLOWANCE FOR LOSSES ON LOANS AND FINANCING

The Group	Individual Quarter		Cumulative Quarter	
	30.6.09	30.6.08	30.6.09	30.6.08
	RM'000	RM'000	RM'000	RM'000
Allowance for bad and doubtful debts and financing:				
Specific allowance - net	206,902	195,689	206,902	195,689
Allowance during the period	284,169	297,371	284,169	297,371
Amount written back in respect of recoveries and reversals	(77,267)	(101,682)	(77,267)	(101,682)
General allowance	15,360	8,512	15,360	8,512
Bad debts and financing recovered - net	(85,398)	(151,387)	(85,398)	(151,387)
Written off	-	-	-	-
Recovered	(85,398)	(151,387)	(85,398)	(151,387)
	136,864	52,814	136,864	52,814

A22. SEGMENTAL INFORMATION

BY BUSINESS SEGMENT

	Individual Quarter		Cumulative Quarter	
	30.6.09 RM'000	30.6.08 RM'000	30.6.09 RM'000	30.6.08 RM'000
Investment banking				
Revenue	167,525	112,560	167,525	112,560
Profit before taxation	95,232	17,004	95,232	17,004
Commercial and retail banking				
Revenue	1,152,025	1,192,664	1,152,025	1,192,664
Profit before taxation	247,213	255,920	247,213	255,920
Offshore banking				
Revenue	4,023	1,208	4,023	1,208
Profit/(Loss) before taxation	2,659	(2,896)	2,659	(2,896)
Insurance				
Revenue	619,800	230,776	619,800	230,776
Profit before taxation	15,349	3,939	15,349	3,939
Others				
Revenue	29,258	24,107	29,258	24,107
Loss before taxation	(4,523)	(1,356)	(4,523)	(1,356)
Total before consolidation adjustments				
Revenue	1,972,631	1,561,315	1,972,631	1,561,315
Profit before taxation	355,930	272,611	355,930	272,611
Consolidation adjustments				
Revenue	(442,117)	(149,525)	(442,117)	(149,525)
(Loss)/Profit before taxation	(2,451)	1,022	(2,451)	1,022
Total after consolidation adjustments				
Revenue	1,530,514	1,411,790	1,530,514	1,411,790
Profit before taxation	353,479	273,633	353,479	273,633

Included in the above is Islamic banking business profit before taxation of RM79.9 million for the quarter ended 30 June 2009 (RM35.9 million for the quarter ended 30 June 2008).

The financial information by geographical segment is not presented as the Group's activities are principally conducted in Malaysia except for Frasers International Pte. Ltd. and its subsidiary companies, PT AmCapital Indonesia, AmCapital (B) Sdn Bhd, AmSecurities (H.K) Limited and AmTrade Services Limited, activities of which are principally conducted in Singapore, Indonesia, Brunei and Hong Kong, respectively. These activities in Singapore, Indonesia, Brunei and Hong Kong are not significant in relation to the Group's activities in Malaysia.

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

A23. VALUATIONS OF PROPERTY AND EQUIPMENTS

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

A24. EVENTS SUBSEQUENT TO BALANCE SHEET DATE

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

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

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

A26. COMMITMENTS AND CONTINGENCIES

In the normal course of business, AmInvestment Bank Berhad, AmBank (M) Berhad, AmIslamic Bank Berhad and AmInternational (L) Ltd, make various commitments and incur certain contingent liabilities with legal recourse to its customers. No material losses are anticipated as a result of these transactions other than those where provision had been made in the financial statements. The commitments and contingencies are not secured against the Group's assets.

As at 30 June 2009, the commitments and contingencies on an aggregated basis are as follows

Group	30.6.09			31.3.09		
	Principal Amount RM'000	Credit Equivalent Amount RM'000	Risk Weighted Amount RM'000	Principal Amount RM'000	Credit Equivalent Amount RM'000	Risk Weighted Amount RM'000
Derivative Financial Instruments						
Interest rate related contracts:						
Interest rate futures	60,000	-	-	60,000	25,104	12,551
Interest rate swaps	25,726,915	1,031,860	244,938	24,612,441	1,237,502	545,404
Foreign exchange related contracts:						
Forward exchange contracts	2,051,435	31,178	20,195	824,899	30,173	14,435
Cross currency swaps	612,842	31,312	15,656	610,213	36,789	18,394
Equity related contracts:						
Options	319,176	-	-	321,444	-	-
Equity futures	17,282	-	-	8,262	-	-
	<u>28,787,650</u>	<u>1,094,350</u>	<u>280,789</u>	<u>26,437,259</u>	<u>1,329,568</u>	<u>590,784</u>
Commitments						
Irrevocable commitments to extend credit maturing:						
within one year	10,971,688	-	-	10,490,292	-	-
more than one year	1,877,783	323,529	257,159	1,905,373	281,216	241,871
Unutilised credit card line	4,426,612	885,322	661,744	4,383,472	876,694	655,346
Sell and buy back agreements	113,967	513	513	155,560	212	206
Forward purchase commitments	106,830	5,138	2,569	206,144	10,210	4,022
	<u>17,496,880</u>	<u>1,214,502</u>	<u>921,985</u>	<u>17,140,841</u>	<u>1,168,332</u>	<u>901,445</u>
Contingent Liabilities						
Guarantees given on behalf of customers	2,814,809	2,814,809	2,587,255	2,723,184	2,723,184	2,391,488
Certain transaction-related contingent items	1,553,834	776,917	761,262	1,496,866	748,433	740,965
Underwriting liabilities	769,000	-	-	592,000	296,000	296,000
Short term self liquidating trade-related contingencies	510,411	102,082	102,082	493,284	98,657	98,716
Islamic financing sold to Cagamas	782,297	782,297	591,319	874,067	874,067	663,997
Others	24,666	250	250	154,141	250	250
	<u>6,455,017</u>	<u>4,476,355</u>	<u>4,042,168</u>	<u>6,333,542</u>	<u>4,740,591</u>	<u>4,191,416</u>
	<u>52,739,547</u>	<u>6,785,207</u>	<u>5,244,942</u>	<u>49,911,642</u>	<u>7,238,491</u>	<u>5,683,645</u>

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

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

- (a) The Company has given unsecured guarantees totalling RM309,600,000 (RM309,600,000 as at 31 March 2009) to various financial institutions in respect of credit facilities extended to certain subsidiary companies.
- (b) The Company has given a continuing undertaking totalling S\$40,000,000 (S\$40,000,000 in 2009) to the Monetary Authority of Singapore on behalf of AmFraser Securities Pte Ltd to meet its liabilities and financial obligations and requirements.
- (c) AmBank has given a continuing guarantee to BNM on behalf of AmInternational, AmBank's offshore bank subsidiary, to meet all its liabilities and financial obligations and requirements.
- (d) AmInvestment Bank has given guarantees in favour of Labuan International Financial Exchange ("LFX") in respect of USD5.0 million each for AmInternational to act as a Listing Sponsor and as a Trading Agent on the LFX.
- (e) The Company has given a guarantee to HSI Services Limited ("HSI") and Hang Seng Data Services Limited ("HSDS") on behalf of its subsidiary, AmAssurance Berhad (now known as AmLife Insurance Berhad) ("AmLife"), for the performance and discharge by AmLife of its obligations under the licence agreement with HSI and HSDS for use of the Hang Seng China Enterprise Index in respect of AmLife's investment-linked product called AmAsia Link-Capital Guaranteed Fund.
- (f) A suit dated 12 December 2005 was filed by Meridian Asset Management Sdn Bhd ("Meridian") against AmTrustee Berhad ("AmTrustee"), a subsidiary of the Company in respect of a claim amounting to RM27,606,169 for alleged loss and damage together with interests and costs arising from AmTrustee's provision of custodian services to Meridian.

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

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

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

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

- (i) an application by Meridian for Further and Better particulars in respect of the statement of defence filed by AmTrustee; This application was withdrawn with cost by Meridian on the 17 October 2008;
- (ii) an application by Meridian to add another subsidiary of the Company, namely AmInvestment Bank as 2nd Defendant and also to increase the alleged loss and damage from RM27,606,169 to RM36,967,166 to include alleged loss due to reputation damage and loss of future earnings (together with interest and costs) arising from the provision of custodian services by AmTrustee to Meridian. This application was fixed for hearing on 17 October 2008, and the court dismissed the application with cost. Meridian filed an appeal to the judge in Chambers against this Order and the same was heard on the 8 January 2009 and was fixed for decision on the 23 January 2009. The Learned Judge dismissed Meridian's application to add AmInvestment Bank as a Party to the Meridian's suit and allowed Meridian's claim to increase its claim against AmTrustee from RM27,606,169 to RM36,967,166.

No Appeal was lodged to the Court of Appeal by Meridian against the High Court's decision in dismissing its application to add AmInvestment Bank as a Party to its Suit. The time frame to lodge the Appeal by Meridian has expired on the 23 February 2009.

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

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

It is to be noted that both the Meridian and MAA suit were ordered on 16 September 2008 to be tried together at the same time pursuant to Order 4 Rule 1 of the Rules of the High Court 1980. Case Management of both the suits are now fixed for Mention on 13 August 2009.

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

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

A27. RELATED PARTY TRANSACTIONS

There were no related party transaction announced during the current financial quarter.

A28. DERIVATIVE FINANCIAL INSTRUMENTS

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

The Group

Items	Principial Amount RM'000	1 month or less RM'000	>1 - 3 months RM'000	>3 - 6 months RM'000	>6 - 12 months RM'000	>1 - 5 years RM'000	>5 years RM'000	Margin requirement
Interest rate related contracts :								
Interest rate futures	60,000	-	-	-	-	60,000	-	818
Interest rate swaps	25,726,915	600,000	850,000	325,000	2,770,000	18,292,027	2,889,888	16,862
Foreign exchange related contracts :								
Forward exchange contracts	2,051,435	-	1,888,870	131,017	31,548	-	-	-
Cross currency swaps	612,842	-	35,170	182,884	70,340	324,448	-	184
Equity related contracts:								
Options	319,176	23,354	-	-	130,314	165,508	-	-
Equity futures	17,282	17,282	-	-	-	-	-	-
Total	28,787,650	640,636	2,774,040	638,901	3,002,202	18,841,983	2,889,888	17,864

Purpose of engaging in financial derivatives

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

The principal exchange rate contracts used are forward foreign exchange contracts and cross currency swaps. Forward foreign exchange contracts are agreements to buy or sell a specified quantity of foreign currency on a specified future date at an agreed rate. A cross currency swap generally involves the exchange, or notional exchange, of equivalent amounts of two currencies and a commitment to exchange interest periodically until the principal amounts are re-exchanged on a future date.

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

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

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

Risk associated with financial derivatives

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

Market risk of derivatives used for trading purposes

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

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

Credit risk of derivatives

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

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

Derivative Financial Instruments And Hedge Accounting

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

(i) Fair value hedge

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

(ii) Cash flow hedge

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

(iii) Derivatives that do not qualify for hedge accounting

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

A29. INTEREST/PROFIT RATE RISK

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

The Group 30.6.09	-----Non Trading Book----->						Non- interest sensitive RM'000	Trading Book RM'000	Total RM'000	Effective interest rate %
	Up to 1 month RM'000	>1 - 3 months RM'000	>3 - 6 months RM'000	>6 - 12 months RM'000	1 - 5 years RM'000	Over 5 years RM'000				
ASSETS										
Cash and short-term funds	8,978,046	-	-	-	-	-	6,777,093	-	15,755,139	1.84
Securities purchased under resale agreements	32,234	-	-	-	-	-	-	-	32,234	1.15
Deposits and placements with banks and other financial institutions	65,307	50,000	50,000	-	-	-	-	-	165,307	2.28
Securities held-for-trading	-	-	-	-	-	-	-	2,255,586	2,255,586	2.50
Securities available-for-sale	728,062	64,517	101,967	156,742	1,886,630	3,154,145	1,030,190	-	7,122,253	4.88
Securities held-to-maturity	28,261	35,211	-	6,296	280,681	199,110	217,386	-	766,945	3.15
Derivative financial assets	-	-	-	-	-	-	497,450	-	497,450	-
Loans, advances and financing:										
- performing	23,695,025	1,500,192	751,722	299,643	7,137,148	14,133,139	9,914,824	-	57,431,693	6.24
- non-performing *	-	-	-	-	-	-	550,318	-	550,318	-
Amount due from Originators	-	-	-	-	25,051	-	-	-	25,051	5.74
Other non-interest sensitive balances	-	-	-	-	-	-	6,647,358	-	6,647,358	-
TOTAL ASSETS	33,526,935	1,649,920	903,689	462,681	9,329,510	17,486,394	25,634,619	2,255,586	91,249,334	
LIABILITIES AND EQUITY										
Deposits from customers	22,381,220	8,398,995	6,994,214	8,976,235	2,196,941	100	16,466,359	-	65,414,064	2.50
Deposits and placements of banks and other financial institutions	1,604,426	776,529	189,151	728,982	757,416	781,894	1,134,957	-	5,973,355	2.40
Bills and acceptances payable	448,103	592,438	90,907	6,412	-	-	469,306	-	1,607,166	2.07
Recourse obligation on loans sold to to Cagamas Berhad	-	-	-	124,880	25,051	-	-	-	149,931	3.98

A28. INTEREST/PROFIT RATE RISK

The Group 30.6.09	←-----Non Trading Book-----→						Non- interest sensitive RM'000	Trading Book RM'000	Total RM'000	Effective interest rate %
	Up to 1 month RM'000	>1 - 3 months RM'000	>3 - 6 months RM'000	>6 - 12 months RM'000	1 - 5 years RM'000	Over 5 years RM'000				
Derivative financial liabilities	-	-	-	-	-	-	587,530	-	587,530	-
Term loans	152,865	206,000	-	-	-	-	-	-	358,865	3.36
Unsecured bonds	-	-	-	-	-	1,090,000	-	-	1,090,000	5.02
Medium Term Notes	-	-	-	-	-	1,460,000	-	-	1,460,000	5.66
Hybrid capital	-	-	-	-	-	741,294	-	-	741,294	6.77
Stapled Capital Securities	-	-	-	-	-	500,000	-	-	500,000	9.00
Other non-interest sensitive balances	-	-	-	-	-	-	5,136,759	-	5,136,759	-
Total Liabilities	24,586,614	9,973,962	7,274,272	9,836,509	2,979,408	4,573,288	23,794,911	-	83,018,964	
Share capital	-	-	-	-	-	-	2,722,970	-	2,722,970	
Reserves	-	-	-	-	-	-	5,324,584	-	5,324,584	
Equity attributable to equity holders of the Company	-	-	-	-	-	-	8,047,554	-	8,047,554	
Minority interests	-	-	-	-	-	-	182,816	-	182,816	
Total equity	-	-	-	-	-	-	8,230,370	-	8,230,370	
TOTAL LIABILITIES AND EQUITY	24,586,614	9,973,962	7,274,272	9,836,509	2,979,408	4,573,288	32,025,281	-	91,249,334	
On-balance sheet interest rate gap sensitivity	8,940,321	(8,324,042)	(6,370,583)	(9,373,828)	6,350,102	12,913,106	(6,390,662)	2,255,586	-	
Off-balance sheet interest rate gap sensitivity	(798,353)	(3,120,000)	1,662,088	70,000	2,881,853	(755,588)	-	-	(60,000)	
Total interest rate gap sensitivity	8,141,968	(11,444,042)	(4,708,495)	(9,303,828)	9,231,955	12,157,518	(6,390,662)	2,255,586	(60,000)	
Cumulative interest rate gap sensitivity	8,141,968	(3,302,074)	(8,010,569)	(17,314,397)	(8,082,442)	4,075,076	(2,315,586)	(60,000)		

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

A28. INTEREST/PROFIT RATE RISK

The Group	←-----Non Trading Book-----→							Trading Book	Total	Effective interest rate
	Up to 1 month	>1 - 3 months	>3 - 6 months	>6 - 12 months	1 - 5 years	Over 5 years	Non-interest sensitive			
31.3.09	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	%
ASSETS										
Cash and short-term funds	13,401,641	-	-	-	-	-	3,785,300	-	17,186,941	1.99
Securities purchased under resale agreements	16,807	-	-	-	-	-	-	-	16,807	1.15
Deposits and placements with banks and other financial institutions	22,659	-	873	-	22,494	-	-	-	46,026	2.81
Securities held-for-trading	-	-	-	-	-	-	-	1,399,873	1,399,873	3.35
Securities available-for-sale	16,805	145,390	73,100	205,328	1,999,737	3,102,485	1,083,209	-	6,626,054	4.83
Securities held-to-maturity	7,704	60,838	1,748	35,475	382,821	122,638	168,985	-	780,209	3.51
Derivative financial assets	-	-	-	-	-	-	482,933	-	482,933	-
Loans, advances and financing:										
- performing	21,284,795	2,340,934	784,859	453,489	6,377,049	15,279,422	9,821,953	-	56,342,501	6.70
- non-performing *	-	-	-	-	-	-	605,330	-	605,330	-
Amount due from Originators	-	-	-	-	25,789	-	-	-	25,789	5.74
Other non-interest sensitive balances	-	-	-	-	-	-	6,380,418	-	6,380,418	-
TOTAL ASSETS	34,750,411	2,547,162	860,580	694,292	8,807,890	18,504,545	22,328,128	1,399,873	89,892,881	
LIABILITIES AND EQUITY										
Deposits from customers	23,017,332	9,807,594	6,192,362	9,887,533	2,415,144	-	12,811,541	-	64,131,506	2.71
Deposits and placements of banks and other financial institutions	1,502,877	529,310	775,499	652,203	773,241	781,369	1,120,910	-	6,135,409	2.74
Bills and acceptances payable	483,002	771,732	245,757	7,189	-	-	612,567	-	2,120,247	2.05
Recourse obligation on loans sold to Cagamas Berhad	-	-	-	-	155,037	-	-	-	155,037	3.98

A28. INTEREST/PROFIT RATE RISK

The Group 31.3.09	←-----Non Trading Book-----→						Non- interest sensitive RM'000	Trading Book RM'000	Total RM'000	Effective interest rate %
	Up to 1 month RM'000	>1 - 3 months RM'000	>3 - 6 months RM'000	>6 - 12 months RM'000	1 - 5 years RM'000	Over 5 years RM'000				
Derivative financial liabilities	-	-	-	-	-	-	587,763	-	587,763	-
Term loans	145,859	206,000	-	-	-	-	-	-	351,859	3.11
Unsecured bonds	-	-	-	-	-	1,090,000	-	-	1,090,000	5.02
Medium Term Notes	-	-	-	-	-	1,460,000	-	-	1,460,000	5.66
Hybrid capital	-	-	-	-	-	803,691	-	-	803,691	6.77
Stapled Capital Securities	-	-	-	-	-	500,000	-	-	500,000	9.00
Other non-interest sensitive balances	-	-	-	-	-	-	4,645,814	-	4,645,814	-
Total Liabilities	25,149,070	11,314,636	7,213,618	10,546,925	3,343,422	4,635,060	19,778,595	-	81,981,326	
Share capital	-	-	-	-	-	-	2,722,970	-	2,722,970	
Reserves	-	-	-	-	-	-	5,013,123	-	5,013,123	
Equity attributable to equity holders of the Company	-	-	-	-	-	-	7,736,093	-	7,736,093	
Minority interests	-	-	-	-	-	-	175,462	-	175,462	
Total equity	-	-	-	-	-	-	7,911,555	-	7,911,555	
TOTAL LIABILITIES AND EQUITY	25,149,070	11,314,636	7,213,618	10,546,925	3,343,422	4,635,060	27,690,150	-	89,892,881	
On-balance sheet interest rate gap sensitivity	9,601,341	(8,767,474)	(6,353,038)	(9,852,633)	5,464,468	13,869,485	(5,362,022)	1,399,873	-	
Off-balance sheet interest rate gap sensitivity	(798,353)	(3,120,000)	1,662,088	70,000	2,881,853	(755,588)	-	-	(60,000)	
Total interest rate gap sensitivity	8,802,988	(11,887,474)	(4,690,950)	(9,782,633)	8,346,321	13,113,897	(5,362,022)	1,399,873	(60,000)	
Cumulative interest rate gap sensitivity	8,802,988	(3,084,486)	(7,775,436)	(17,558,069)	(9,211,748)	3,902,149	(1,459,873)	(60,000)		

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

A30. CAPITAL ADEQUACY RATIO

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

	The Group*			
	30.6.09	31.3.09		
Before deducting proposed dividends:				
Core capital ratio	9.40%	9.74%		
Risk-weighted capital ratio	14.66%	15.16%		
After deducting proposed dividend:				
Core capital ratio	9.40%	9.74%		
Risk-weighted capital ratio	14.66%	15.16%		
30.6.09	AmBank (M)₁	AmIB₁	Amlslamic₂	AmlL₃
Before deducting proposed dividends:				
Core capital ratio	10.16%	21.46%	11.01%	36.37%
Risk-weighted capital ratio	13.91%	23.12%	16.32%	36.50%
After deducting proposed dividends:				
Core capital ratio	10.16%	21.46%	11.01%	36.37%
Risk-weighted capital ratio	13.91%	23.12%	16.32%	36.50%
31.3.09	AmBank (M)₁	AmIB₁	Amlslamic₂	AmlL₃
Before deducting proposed dividends:				
Core capital ratio	10.39%	28.13%	11.22%	33.09%
Risk-weighted capital ratio	14.20%	28.13%	16.65%	33.22%
After deducting proposed dividends:				
Core capital ratio	10.39%	28.13%	11.22%	33.09%
Risk-weighted capital ratio	14.20%	28.13%	16.65%	33.22%

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

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

- 1 The capital adequacy ratios are computed in accordance with Bank Negara Malaysia's revised Risk weighted Capital Adequacy Framework, which are based on the Basel II capital accord. Both AmBank (M) Berhad and AmlInvestment Bank Berhad have adopted the Standardised Approach for Credit and Market Risk and the Basic Indicator Approach for Operational risk. The minimum regulatory capital adequacy requirement is 8.0% for the risk-weighted capital ratio.

The capital adequacy ratio of the AmBank refers to the combined capital base as a ratio of the combined risk-weighted assets of AmBank and its wholly-owned offshore banking subsidiary company, AmlInternational (L) Ltd ("AmIL"). Effective April 2008, AmIL became a wholly-owned subsidiary of AmBank. Prior to April 2008, AMIL was a wholly-owned subsidiary of AmlInvestment Bank.

- 2 The capital adequacy ratios of Amlslamic Bank Berhad are computed in accordance with Bank Negara Malaysia's Capital Adequacy Framework for Islamic Banks (CAFIB), which are based on the Basel II capital accord. Amlslamic Bank Berhad has adopted the Standardised Approach for Credit and Market Risk and the Basic Indicator Approach for Operational risk. The minimum regulatory capital adequacy requirement is 8.0% for the risk-weighted capital ratio.

A30. CAPITAL ADEQUACY RATIO (CONTD.)

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

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

	The Group*	
	30.6.09	31.3.09
	RM'000	RM'000
Tier 1 capital		
Paid-up ordinary share capital	870,364	870,364
Share premium	942,844	942,844
Statutory reserve	1,049,232	1,049,232
Capital reserve	380,307	380,307
Merger reserve	397,566	397,566
Exchange fluctuation reserve	36,803	36,803
Irredeemable non-cumulative convertible preference shares	150,000	150,000
Innovative tier 1 capital	750,100	750,100
Non-innovative tier 1 capital	500,000	500,000
Unappropriated profit at end of year	1,402,639	1,402,639
Total	<u>6,479,855</u>	<u>6,479,855</u>
Less : Goodwill	(47,685)	(47,685)
Deferred tax assets - net	(297,733)	(297,734)
Total tier 1 capital	<u>6,134,437</u>	<u>6,134,436</u>
Tier 2 capital		
Medium term notes	1,460,000	1,460,000
Subordinated bonds	400,000	400,000
Exchangeable bonds	575,000	575,000
Redeemable unsecured bonds	135,000	135,000
General allowance for bad and doubtful debts	915,219	899,985
Total tier 2 capital	<u>3,485,219</u>	<u>3,469,985</u>
Total capital funds	9,619,656	9,604,421
Less: Investment in subsidiary company	(32,779)	(32,780)
Investment in capital of related financial institutions	(17,332)	(18,105)
Less: Other deduction	(10,058)	(10,219)
Capital base	<u>9,559,487</u>	<u>9,543,317</u>

The risk-weighted assets of the Group are derived by aggregating the risk-weighted assets of the banking subsidiaries. The breakdown of risk-weighted assets of the Group in the various risk categories are as follows:

	The Group*	
	30.6.09	31.3.09
	RM'000	RM'000
Credit risk	57,583,661	56,206,945
Market risk	2,702,975	2,019,969
Operational risk	4,930,456	4,713,862
Large exposure risk requirements for equity holdings	11,716	13,391
Total risk-weighted assets	<u>65,228,808</u>	<u>62,954,167</u>

A31. ISLAMIC BANKING BUSINESS

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

AUDITED CONSOLIDATED BALANCE SHEET AS AT 30 JUNE 2009

	The Group	
	30.6.09 RM'000	31.3.09 RM'000
ASSETS		
Cash and short-term funds	6,134,791	3,218,641
Securities held-for-trading	274,543	203,863
Securities available-for-sale	537,785	569,295
Securities held-to-maturity	35,198	36,710
Financing and advances	9,885,609	9,810,477
Statutory deposits with Bank Negara Malaysia	92,079	86,079
Other receivables, deposits and prepayments	296,012	109,804
Property and equipment	452	489
Deferred tax assets	78,931	99,191
Intangible assets	524	565
TOTAL ASSETS	<u>17,335,924</u>	<u>14,135,114</u>
LIABILITIES AND ISLAMIC BANKING FUNDS		
Deposits from customers	13,678,287	10,155,389
Deposits and placements of banks and other financial institutions	1,127,943	1,425,410
Converted fund	-	7,240
Acceptances payable	469,306	612,567
Other liabilities	225,718	208,235
Subordinated Sukuk Musyarakah	400,000	400,000
Total Liabilities	<u>15,901,254</u>	<u>12,808,841</u>
ISLAMIC BANKING FUNDS		
Share capital/Capital funds	435,877	435,877
Reserves	998,793	890,396
Islamic Banking Funds	1,434,670	1,326,273
TOTAL LIABILITIES AND ISLAMIC BANKING FUNDS	<u>17,335,924</u>	<u>14,135,114</u>
COMMITMENTS AND CONTINGENCIES	<u>4,436,287</u>	<u>4,301,299</u>

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

The Group	Individual Quarter		Cumulative Quarter	
	30.6.09 RM'000	30.6.08 RM'000	30.6.09 RM'000	30.6.08 RM'000
Income derived from investment of depositors' funds and others	213,314	181,565	213,314	181,565
Allowance for losses on financing	(20,981)	(25,876)	(20,981)	(25,876)
Provision for commitment and contingencies	(171)	(13,102)	(171)	(13,102)
Impairment loss for sundry debt	-	(18)	-	(18)
Transfer (to)/from profit equalization reserve	(1,932)	6,065	(1,932)	6,065
Total attributable income	190,230	148,634	190,230	148,634
Income attributable to the depositors	(80,619)	(92,341)	(80,619)	(92,341)
Profit attributable to the Group	109,611	56,293	109,611	56,293
Income derived from Islamic Banking Funds	106,418	40,277	106,418	40,277
Total net income	216,029	96,570	216,029	96,570
Operating expenditure	(64,243)	(55,865)	(64,243)	(55,865)
Finance cost	(4,787)	(4,787)	(4,787)	(4,787)
Profit before taxation	146,999	35,918	146,999	35,918
Taxation	(37,880)	(9,377)	(37,880)	(9,377)
Profit for the period	109,119	26,541	109,119	26,541

A31a. Financing and Advances

	The Group	
	30.6.09	31.3.09
	RM'000	RM'000
Term financing/Revolving credit facilities	3,122,482	3,029,943
Islamic hire purchase, net of unearned income	5,345,909	5,283,928
Credit card receivables	307,026	310,266
Trust receipts	19,869	31,828
Claims on customer under acceptance credits	703,288	763,656
Other financing	667,541	656,417
Gross financing and advances	<u>10,166,115</u>	<u>10,076,038</u>
Allowance for bad and doubtful debts and financing		
-general	(166,504)	(166,508)
-specific	(114,002)	(99,053)
	<u>(280,506)</u>	<u>(265,561)</u>
Net financing and advances	<u>9,885,609</u>	<u>9,810,477</u>

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

	The Group	
	30.6.09	31.3.09
	RM'000	RM'000
Gross		
Balance at beginning of year	239,637	305,321
Non-performing during the year	79,252	186,216
Reclassification to performing financing	(45,644)	(62,366)
Recoveries	(9,847)	(27,684)
Amount written off	(15,998)	(161,850)
Balance at end of year	<u>247,400</u>	<u>239,637</u>
Specific allowance	(114,002)	(99,053)
Non-performing financing - net	<u>133,398</u>	<u>140,584</u>
Net NPL as % of gross financing and advances (including Islamic financing sold to Cagamas Berhad) less specific allowance	<u>1.23%</u>	<u>1.29%</u>

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

	The Group	
	30.6.09	31.3.09
	RM'000	RM'000
General Allowance		
Balance at beginning of year	166,508	154,954
Allowance made during the period/year	(4)	11,554
Balance at end of period/year	<u>166,504</u>	<u>166,508</u>
% of total financing and advances (including Islamic financing sold to Cagamas Berhad) less specific allowance	 <u>1.53%</u>	 <u>1.53%</u>
Specific Allowance		
Balance at beginning of year	<u>99,053</u>	<u>153,436</u>
Allowance made during the period/year	42,508	156,574
Amount written back in respect of recoveries	(11,717)	(48,145)
Net charge to income statement	<u>30,791</u>	<u>108,429</u>
Amount written off/Adjustment to Asset Deficiency Account	(15,842)	(162,812)
Balance at end of period/year	<u>114,002</u>	<u>99,053</u>

A31b. DEPOSITS FROM CUSTOMERS

	The Group	
	30.6.09	31.3.09
	RM'000	RM'000
Mudarabah Fund		
Special Investment deposits	44,200	44,850
General Investment deposits	11,175,111	8,251,739
	<u>11,219,311</u>	<u>8,296,589</u>
Non-Mudarabah Fund		
Demand deposits	1,169,089	645,865
Saving deposits	987,695	945,950
Negotiable Islamic debt certificates	302,192	266,985
	<u>2,458,976</u>	<u>1,858,800</u>
	<u>13,678,287</u>	<u>10,155,389</u>

A31c. OTHER LIABILITIES

	The Group	
	30.6.09	31.3.09
	RM'000	RM'000
Other payables and accruals	124,901	130,875
Taxation and zakat payable	24,690	7,930
Amount owing to head office	3,196	401
Lease deposits and advance rentals	8,844	6,867
Profit equalisation reserve	64,087	62,162
	<u>225,718</u>	<u>208,235</u>

A31d. RESTATEMENT OF COMPARATIVES

During the second quarter of financial year 2009, the Group had reviewed and changed the presentation of certain incidental expenses which were incurred in the acquisition of housing loans offered under the "Zero Entry cost" package. These expenses which were previously taken up under other operating expenses are now deducted against interest income earned from the said loans.

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

	As previously reported RM'000	Effect of reclassification RM'000	As restated RM'000
Income Statement for 30 June 2008			
Income derived from investment of depositors' funds and others	181,582	(17)	181,565
Operating expenditure	(55,882)	17	(55,865)

A32. RECLASSIFICATION

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

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

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

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

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

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

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

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

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

The Group	30.6.09		30.9.08	
	Carrying amount	Fair values	Carrying amount	Fair values
	RM'000	RM'000	RM'000	RM'000
Securities reclassified from securities held-for-trading to securities available-for-sale	510,998	507,950	822,964	785,770

A32. RECLASSIFICATION (CONTD.)

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

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

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

(b) Restatement of comparatives

During the second quarter of financial year 2009, the Group had reviewed and changed the presentation of certain incidental expenses which were incurred in the acquisition of housing loans offered under the "Zero Entry cost" package. These expenses which were previously taken up under other operating expenses are now deducted against interest income earned from the said loans.

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

	As previously reported RM'000	Effect of reclassification RM'000	As restated RM'000
Income Statement for 30 June 2008			
Operating revenue	1,402,807	8,983	1,411,790
Interest income	956,212	(3,813)	952,399
Net income from Islamic banking business	124,731	(17)	124,714
Net income from insurance business	-	17,552	17,552
Other operating income	219,967	(113,471)	106,496
Other operating expenses	(417,588)	99,749	(317,839)

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

The Group recorded a net profit of RM258.2 million for the first quarter ended 30 June 2009, an improvement of RM55.3 million or 27.3% as compared to the previous corresponding period of RM202.9 million. The Group's pre-tax profit increased by 29.2% to RM353.5 million for the first quarter ended 30 June 2009, as compared with RM273.6 million in the corresponding quarter.

The improvement in earnings was mainly attributed by increase in income from Islamic banking business and other operating income of RM109.6 million and RM104.3 million respectively. This was however offset by increase in allowance for losses on loans and financing of RM84.1 million, higher other operating expenses which increase from RM317.8 million to RM352.3 million as compared to previous corresponding period and higher impairment loss on securities of RM41.6 million during the reporting period, while the net interest income was reduced by RM11.5 million.

The Group's commercial and retail banking operations were the largest contributors to the Group pre-tax profit, reporting a pre-tax profit of RM247.2 million for the reporting quarter, followed by investment banking operations of RM95.2 million, while insurance operations contributed RM15.3 million for the period ended 30 June 2009.

Gross loans and advances expanded to RM59.9 billion to register an annual growth of 2.0%. The growth was mainly attributed to financing of landed properties, construction and passenger vehicles. Financing for purchase of transport vehicles have expanded by RM80.9 million and account for 40.2% of total loans, followed by loans for residential mortgages which accounted for 18.6% of total loans.

The Group continued to see further improvement in asset quality, with net non-performing loans ("NPL") ratio on a 3-month classification basis, decreasing to 2.4%, from 2.6% as at 31 March 2009, due to continuous loan recovery efforts.

As at 30 June 2009, the Group's total assets stood at RM91.2 billion. Meanwhile, the Group's risk-weighted capital ratio ("RWCR") stood at 14.66% as at 30 June 2009, compared with 15.16% as at 31 March 2009.

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

B2. REVIEW OF MATERIAL CHANGES IN PROFIT BEFORE TAXATION

The Group reported a pre-tax profit of RM353.5 million for the first quarter ended 30 June 2009 as compared to RM273.4 million for the fourth quarter ended 31 March 2009 mainly due to improvement in net income from Islamic banking business of RM77.6 million and reduction in other operating expenses of RM66.5 million. These, however, was offset by lower other operating income and net interest income of RM52.3 million and RM26.3 million respectively, while allowance for losses on loans and financing increased by RM14.0 million.

B3. PROSPECTS FOR 31 MARCH 2010

The impacts of the global financial crisis on the Malaysian economy since end 2008 are potentially at their trough presently. In May 2009, the government has revised downwards the GDP forecast for 2009 to a contraction of between -4% and -5% for Malaysia. Unemployment rate is forecasted to rise to circa 4.5%. The contraction in external sector is partly offset by moderate growth in domestic demand. Monetary and fiscal policies will be key to restoring economic stability and nurture confidence back into the economy and the financial market. Some analysts have projected a gradual recovery for Malaysia with real GDP quarter-on-quarter percentage back in the green with effect from the fourth quarter of 2009.

For 2009, the banking system will face slower credit demand in most segments and deteriorating asset quality as compared to 2008 although at present, system NPL's is at its lowest since the Asian financial crisis period in 1998-2000. The Second Stimulus Package (of RM60 billion announced by the Federal Government on 10 March 2009) and its accelerated implementation programme is expected to shield the economy from the worst impacts of the global downturn. This is expected to provide some cushion against increasing NPL's, as it is focused on reducing unemployment, and providing working capital schemes and financial guarantees for credit enhancement. Further easing of monetary policies may materialize to boost economic activity.

AMMB Group will stay focused on its executing to its strategies built around de-risking, diversifying away from concentrations and differentiated growth via targeting viable business segments. The Group will continue investing for the medium term and focus on building its brand name, growing deposits including low-cost deposits, progressively expanding distribution footprints, and targeting operating costs efficiencies whilst increasing emphasis on risk and financial governance and infrastructure. Enhanced credit control, new credit scorecards and methodologies, and collections and recoveries management will receive heightened focus. In the past two years, the Group has also taken steps to strengthen its capital and balance sheet positions. In light of potential economic recovery within the next twelve months, the Group will monitor market developments to invest for the eventual upturn.

AMMB Group is well positioned to weather short term global, regional and national volatilities with its diversified business portfolio across retail and business banking, investment banking and markets, and insurance. The Group's strategic partnership with ANZ and business reorganisations will continue to underpin its ability to deliver profitable growth over the medium term.

B4. VARIANCE FROM PROFIT FORECAST AND SHORTFALL FROM PROFIT GUARANTEE

This is not applicable to the Group.

B5. TAXATION

The Group	Individual Quarter		Cumulative Quarter	
	30.6.09 RM'000	30.6.08 RM'000	30.6.09 RM'000	30.6.08 RM'000
Estimated current tax payable	28,982	4,813	28,982	4,813
Transfer from deferred tax	58,283	64,886	58,283	64,886
	87,265	69,699	87,265	69,699
Overprovision of current taxation in respect of prior years	401	(114)	401	(114)
Taxation	87,666	69,585	87,666	69,585
Zakat	322	(98)	322	(98)
Taxation and zakat	87,988	69,487	87,988	69,487

The total tax charge of the Group for the financial quarter ended 30 June 2009 and 2008 reflect an effective tax rate which is lower than the statutory tax rate due mainly to income not subject to tax.

B6. SALE OF INVESTMENTS AND/OR FORECLOSED PROPERTIES

The Group	Individual Quarter		Cumulative Quarter	
	30.6.09 RM'000	30.6.08 RM'000	30.6.09 RM'000	30.6.08 RM'000
Net gain/(loss) from sale of securities held-for-trading	25,796	(52,275)	25,796	(52,275)
Net gain from sale of securities available-for-sale	10,424	10,757	10,424	10,757
Net gain from redemption of securities held-to-maturity	14,826	14,910	14,826	14,910

B7. QUOTED SECURITIES

This note is not applicable to financial institutions.

B8. CORPORATE PROPOSALS

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

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

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

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

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

B8. CORPORATE PROPOSALS (CONTD.)

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

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

The Proposed Special Issue is subject to the following approvals:-

- (i) The SC, which was obtained on 13 April 2009;
 - (ii) Equity Compliance Unit of SC under the Foreign Investment Committee guidelines, which was obtained on 13 April 2009;
 - (iii) Bursa Securities for the listing and quotation of the Special Issue Shares, which was obtained on 22 May 2009;
 - (iv) Bank Negara Malaysia, which was obtained on 14 January 2009 together with approval of the Minister of Finance for AmcorpGroup Berhad ("Amcorp") to increase its shareholding up to 20% of the enlarged issued and paid-up share capital of the Company through the acquisition of the Special Issue Shares that Amcorp may be allocated pursuant to the Proposed Special Issue;
 - (v) Ministry of Finance for the recognition of the Bumiputera status of the Identified Bumiputera Shareholders, which was obtained on 27 July 2009;
 - (vi) The shareholders of the Company at an Extraordinary General Meeting, which was obtained on 25 May 2009; and
 - (vii) Any other relevant authorities (where applicable).
4. On 10 April 2009, the Company had granted in the offer letters the following Scheme Shares and Options to Eligible Executives of the Group pursuant to the ESS:-
- (i) 2,729,200 scheme shares under the Long-term Incentive Award; and
 - (ii) 9,736,800 options under the Long-term Incentive Award at an option price of RM2.20 per share

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

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

B9. BORROWINGS

	The Group	
	30.6.09	31.3.09
	RM'000	RM'000
(i) Deposits from customers		
Due within six months	53,286,075	50,872,152
Six months to one year	9,561,593	10,394,563
One year to three years	2,012,735	2,235,751
Three to five years	553,661	629,040
	<u>65,414,064</u>	<u>64,131,506</u>
(ii) Deposits and placements of banks and other financial institutions		
Due within six months	3,270,780	3,465,904
Six months to one year	907,363	1,364,334
One year to three years	299,052	402,859
Three to five years	1,496,160	902,312
	<u>5,973,355</u>	<u>6,135,409</u>
<i>Recap:</i>		
<i>Interbank lendings</i>	15,165,162	16,536,853
<i>Interbank borrowings</i>	(315,066)	(93,435)
<i>Net interbank lendings</i>	<u>14,850,096</u>	<u>16,443,418</u>
(iii) Term loans		
Due within one year		
Secured	<u>358,865</u>	<u>351,859</u>
(iv) Unsecured bonds		
More than one year	<u>1,090,000</u>	<u>1,090,000</u>
(v) Hybrid capital		
More than one year	<u>741,294</u>	<u>803,691</u>
The above hybrid capital includes amounts denominated in USD. Principal amount - USD200.0 million.		
(vi) Medium term notes		
More than one year	<u>1,460,000</u>	<u>1,460,000</u>

On 18 May 2007, AmBank issued RM575,000,000 nominal value ten (10) year unsecured exchangeable bonds to ANZ which are exchangeable into 188,524,590 new ordinary shares of RM1.00 each in the Company at an exchange price of RM3.05 per share. The purpose of the issuance of the exchangeable bonds is to facilitate the involvement of ANZ as an investor and strategic partner of the Group and increasing AmBank's capital funds.

The salient features of the exchangeable bonds are as follows:

- (i) The exchangeable bonds bear interest at 5.00% per annum for the first five (5) years and subsequently at 5.50% for the next five (5) years. The interest is payable on a quarterly basis.
- (ii) The exchangeable bonds is redeemable at the nominal amount ten (10) years from issue date.
- (iii) The exchangeable bonds is for a period of ten (10) years. ANZ has the right to exchange all or any of the exchangeable bonds for ordinary listed shares of the Company, at any time/times up to Year 10, at RM3.05 per share.

The exchange price of the exchangeable bonds was adjusted from RM3.05 per share to RM2.95 per share pursuant to the adjustment arising from the Rights Issue on 15 January 2008.

B10. DERIVATIVE FINANCIAL INSTRUMENTS

Please refer to note A28

B11. MATERIAL LITIGATION

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

B12. DIVIDENDS

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

B13. EARNINGS PER SHARE (SEN)

a. Basic earnings per share

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

	Individual Quarter		Cumulative Quarter	
	30.6.09 RM'000	30.6.08 RM'000	30.6.09 RM'000	30.6.08 RM'000
Net profit attributable to equity holders of the Company	258,237	202,914	258,237	202,914
Number of ordinary shares at beginning of period	2,722,970	2,722,970	2,722,970	2,722,970
Effect of ordinary shares issued pursuant to:				
- exercise of Warrants 2003/2008	-	-	-	-
Weighted average number of ordinary shares in issue	2,722,970	2,722,970	2,722,970	2,722,970
Basic earnings per share (Sen)	9.48	7.45	9.48	7.45

B13. EARNINGS PER SHARE (SEN)(CONTD.)

b. Fully diluted earnings per share

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

The Company has one category of dilutive potential ordinary shares:

(i) Unsecured exchangeable bonds

	Individual Quarter		Cumulative Quarter	
	30.6.09 RM'000	30.6.08 RM'000	30.6.09 RM'000	30.6.08 RM'000
Net profit attributable to equity holders of the Company	258,237	202,914	258,237	202,914
Weighted average number of ordinary shares in issue (as in (a) above)	2,722,970	2,722,970	2,722,970	2,722,970
Adjusted for:				
Conversion of unsecured exchangeable bonds	-	14,098	-	14,098
Adjusted weighted average number of ordinary shares in issue and issuable	2,722,970	2,737,068	2,722,970	2,737,068
Fully diluted earnings per share (Sen)	9.48	7.41	9.48	7.41

For the financial quarter and period ended 30 June 2009, outstanding unsecured exchangeable bonds has been excluded in the computation of fully diluted earnings per RM1.00 ordinary share for the Group, as their exercise and conversion to ordinary shares would increase earnings per share.

BY ORDER OF THE BOARD
RAVINDRA KUMAR THAMBIMUTHU
GROUP COMPANY SECRETARY
Kuala Lumpur

Date : 28 July 2009