

AMMB HOLDINGS BERHAD
(223035-V) (Incorporated in Malaysia)
and its subsidiary companies
UNAUDITED CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2009

	Note	The Group	
		31.12.09 RM'000	31.3.09 RM'000
ASSETS			
Cash and short-term funds		13,252,481	17,186,941
Securities purchased under resale agreements		23,259	16,807
Deposits and placements with banks and other financial institutions		376,500	46,026
Securities held-for-trading	A8	2,048,808	1,399,873
Securities available-for-sale	A9	7,792,606	6,626,054
Securities held-to-maturity	A10	574,801	780,209
Loans, advances and financing	A11	63,873,445	56,947,831
Derivative financial assets		350,617	482,933
Other assets	A12	1,866,150	1,490,006
Statutory deposits with Bank Negara Malaysia	A13	130,215	517,578
Investments in jointly controlled company		1	380
Investments in associate		1,301	1,301
Prepaid land lease payments		6,389	6,646
Property and equipment		238,469	228,399
Life fund assets		2,321,843	2,006,799
Deferred tax assets		230,826	346,997
Intangible assets		1,814,558	1,808,101
TOTAL ASSETS		94,902,269	89,892,881
LIABILITIES AND EQUITY			
Deposits from customers	A14	66,786,687	64,131,506
Deposits and placements of banks and other financial institutions	A15	6,109,908	6,135,409
Bills and acceptances payable		1,860,218	2,120,247
Recourse obligations on loans sold to Cagamas Berhad		140,408	155,037
Derivative financial liabilities		411,410	587,763
Other liabilities	A16	3,471,023	2,645,892
Term loans		450,814	351,859
Unsecured bonds		515,000	1,090,000
Medium term notes		1,557,800	1,460,000
Hybrid capital		753,484	803,691
Capital securities		985,000	500,000
Life fund liabilities		184,306	222,160
Life policyholder funds		2,137,537	1,784,639
Total Liabilities		85,363,595	81,988,203
Share capital		3,014,185	2,722,970
Reserves		6,324,339	5,006,246
Equity attributable to equity holders of the Company		9,338,524	7,729,216
Minority interests		200,150	175,462
Total Equity		9,538,674	7,904,678
TOTAL LIABILITIES AND EQUITY		94,902,269	89,892,881

AMMB HOLDINGS BERHAD
(223035-V) (Incorporated in Malaysia)
and its subsidiary companies
UNAUDITED CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2009 (CONTD.)

	Note	The Group	
		31.12.09 RM'000	31.3.09 RM'000
COMMITMENTS AND CONTINGENCIES	A27	60,442,176	49,911,642
CAPITAL ADEQUACY RATIO	A30		
Before deducting proposed dividends:			
Core capital ratio		9.82%	9.74%
Risk-weighted capital ratio		15.32%	15.16%
After deducting proposed dividends:			
Core capital ratio		9.82%	9.74%
Risk-weighted capital ratio		15.32%	15.16%
NET ASSETS PER ORDINARY SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY (RM)		3.10	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 31 DECEMBER 2009

The Group	Note	Individual Quarter		Cumulative Quarter	
		31.12.09 RM'000	31.12.08 RM'000	31.12.09 RM'000	31.12.08 RM'000
Revenue		1,728,163	1,552,059	4,905,766	4,423,049
Interest income	A17	920,758	952,978	2,685,041	2,863,605
Interest expense	A18	(416,816)	(511,116)	(1,309,411)	(1,532,722)
Net interest income		503,942	441,862	1,375,630	1,330,883
Net income from Islamic banking business		178,512	143,793	581,473	415,852
Net income from insurance business	A19	39,031	31,150	92,876	84,668
Income from insurance business	A19a	137,420	126,249	391,456	382,065
Insurance claims and commissions	A19b	(98,389)	(95,099)	(298,580)	(297,397)
Other operating income	A20	215,220	186,367	620,581	324,746
Share in results of jointly controlled company		(312)	-	(572)	-
Net income		936,393	803,172	2,669,988	2,156,149
Other operating expenses	A21	(396,419)	(312,937)	(1,089,941)	(943,939)
Operating profit		539,974	490,235	1,580,047	1,212,210
Allowance for losses on loans and financing	A22	(141,514)	(142,647)	(420,430)	(221,341)
Impairment loss on:					
Securities		(19,195)	(12,453)	(97,349)	(47,534)
Amount recoverable under asset-backed securitisation transaction		-	17,000	-	17,000
Fixed assets		-	(2,488)	-	(2,488)
Transfer (to)/from profit equalisation reserve		6,479	(8,292)	6,426	(1,487)
Writeback/(allowance) for doubtful sundry receivables - net		(4,041)	2,315	(3,200)	1,490
Provision for foreclosed properties		(98)	-	(641)	-
Writeback/(provision) for commitments and contingencies		(4,864)	1,272	2,999	(13,570)
Profit before taxation and zakat		376,741	344,942	1,067,852	944,280
Taxation and zakat	B5	(98,251)	(91,645)	(276,382)	(251,756)
Profit for the period		278,490	253,297	791,470	692,524
Attributable to:					
Equity holders of the Company		268,474	247,963	766,869	681,006
Minority interests		10,016	5,334	24,601	11,518
Profit for the period		278,490	253,297	791,470	692,524
EARNINGS PER SHARE (SEN)	B13				
Basic		8.92	9.11	26.70	25.01

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 31 DECEMBER 2009

	Attributable to Equity Holders of the Company									
	Non-Distributable					Distributable				
	Ordinary share capital RM'000	Share premium RM'000	Statutory reserve RM'000	Available-for- sale reserve RM'000	Cash flow hedge reserve RM'000	Exchange fluctuation reserve RM'000	Unappropriated profits RM'000	Total RM'000	Minority interests RM'000	Total equity 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	-	-	-	(173,342)	-	-	-	(173,342)	-	(173,342)
Unrealised loss on revaluation	-	-	-	-	(121,312)	-	-	(121,312)	-	(121,312)
Expenses relating to Rights Issue	-	(21)	-	-	-	-	-	(21)	-	(21)
Exchange fluctuation adjustments	-	-	-	-	-	6,703	-	6,703	-	6,703
Net (expense)/income recognised directly in equity	-	(21)	-	(173,342)	(121,312)	6,703	-	(287,972)	-	(287,972)
Profit for the period	-	-	-	-	-	-	681,006	681,006	11,518	692,524
Total recognised net (expense)/ income for the period	-	(21)	-	(173,342)	(121,312)	6,703	681,006	393,034	11,518	404,552
Arising from subscription for shares in AmPrivate Equity Sdn Bhd	-	-	-	-	-	-	-	-	300	300
Arising from subscription for shares in AmG Insurance Berhad	-	-	-	-	-	-	-	-	112,700	112,700
Dividend paid	-	-	-	-	-	-	(122,534)	(122,534)	(39,000)	(161,534)
At 31 December 2008	2,722,970	1,986,836	1,245,433	(130,442)	(121,312)	14,869	1,721,739	7,440,093	169,870	7,609,963

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

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

The Group	Attributable to Equity Holders of the Company											
	Non-Distributable								Distributable			
	Ordinary share capital RM'000	Share premium RM'000	Statutory reserve RM'000	Available-for-sale reserve RM'000	Cash flow hedging reserve RM'000	Employees' Share Scheme Reserve RM'000	Shares held in trust for ESS RM'000	Exchange fluctuation reserve RM'000	Unappropriated profits RM'000	Total RM'000	Minority interests RM'000	Total equity RM'000
At 1 April 2009												
As previously stated	2,722,970	1,986,836	1,323,767	(41,744)	(91,486)	-	(7,064)	19,591	1,823,223	7,736,093	175,462	7,911,555
Prior year adjustments	-	-	-	-	-	-	-	-	(6,877)	(6,877)	-	(6,877)
At 1 April 2009 (restated)	2,722,970	1,986,836	1,323,767	(41,744)	(91,486)	-	(7,064)	19,591	1,816,346	7,729,216	175,462	7,904,678
Net unrealised gain on revaluation of securities available-for-sale	-	-	-	125,326	-	-	-	-	-	125,326	-	125,326
Unrealised net gain on cashflow hedge	-	-	-	-	47,403	-	-	-	-	47,403	-	47,403
Transfer from unappropriated profits	-	-	78,385	-	-	-	-	-	(78,385)	-	-	-
Exchange fluctuation adjustments	-	-	-	-	-	-	-	2,096	-	2,096	-	2,096
Net income recognised directly in equity	-	-	78,385	125,326	47,403	-	-	2,096	(78,385)	174,825	-	174,825
Profit for the period	-	-	-	-	-	-	-	-	766,869	766,869	24,601	791,470
Total recognised net income for the period	-	-	78,385	125,326	47,403	-	-	2,096	688,484	941,694	24,601	966,295
Issue of ordinary share capital pursuant to-conversion of unsecured exchangeable bonds	194,915	380,085	-	-	-	-	-	-	-	575,000	-	575,000
special issue shares to eligible Bumiputera	96,300	170,451	-	-	-	-	-	-	-	266,751	-	266,751
Purchased of shares pursuant to Executives' Share Scheme ("ESS")	-	-	-	-	-	-	(10,477)	-	-	(10,477)	-	(10,477)
Arising from acquisition and redemption of shares in AmPrivate Equity Sdn Bhd	-	-	-	-	-	-	-	-	-	-	87	87
Share-based payment under Employees' Share Scheme	-	-	-	-	-	11,413	-	-	-	11,413	-	11,413
Dividend paid	-	-	-	-	-	-	-	-	(175,073)	(175,073)	-	(175,073)
At 31 December 2009	3,014,185	2,537,372	1,402,152	83,582	(44,083)	11,413	(17,541)	21,687	2,329,757	9,338,524	200,150	9,538,674

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

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

AUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENTS
FOR THE FINANCIAL QUARTER ENDED 31 DECEMBER 2009

The Group	31.12.09	31.12.08
	RM'000	RM'000
Profit before taxation	1,067,852	944,280
Add adjustments for non-operating and non-cash items	469,987	504,243
Operating profit before working capital	1,537,839	1,448,523
(Increase)/decrease in operating assets	(8,237,533)	2,564,145
Increase in operating liabilities	3,134,620	3,273,862
Cash (used in)/generated from operations	(3,565,074)	7,286,530
Taxation paid	(44,095)	(48,337)
Net cash (used in)/generated from operating activities	(3,609,169)	7,238,193
Net cash used in investing activities	(550,853)	(5,210,419)
Net cash generated from/(used in) financing activities	249,831	(407,000)
Net (decrease)/increase in cash and cash equivalents	(3,910,191)	1,620,774
Cash and cash equivalents at beginning of period	16,965,886	10,659,464
Cash and cash equivalents at end of period	13,055,695	12,280,238

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	31.12.09	31.12.08
	RM'000	RM'000
Cash and short-term funds	13,252,481	12,545,336
Bank overdrafts	-	(9,991)
	13,252,481	12,535,345
Less: Cash and bank balances and deposits held in trust	(196,993)	(253,740)
	13,055,488	12,281,605
Effect of exchange rates changes	207	(1,367)
Cash and cash equivalents	13,055,695	12,280,238

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

EXPLANATORY NOTES :

A1. BASIS OF PREPARATION

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

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

During the financial period, MASB

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

FRS 123	Borrowing costs
FRS 101	Presentation of Financial Statements
Amendments to FRS 2	Share-based Payment: Vesting Conditions and Cancellation
Amendments to FRS 1	First-time adoption of Financial Reporting Standards and FRS 127 Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
Amendments to FRS 132	Financial Instruments: Presentation
Amendments to FRS 139	Financial Instruments: Recognition and Measurement, FRS 7 Financial Instruments: Disclosure and IC Interpretation 9 Reassessment of Embedded Derivatives
Amendments to FRSs contained in the document entitled "Improvements to FRSs (2009)"	
IC Interpretation 11 FRS 2	Group and Treasury Share Transactions
IC Interpretation 13	Customer Loyalty Programmes
IC Interpretation 14 FRS 119	The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

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

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

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

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

A1. BASIS OF PREPARATION (CONTD.)

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

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

A2. AUDIT QUALIFICATION

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

A3. SEASONALITY OR CYCLICALITY OF OPERATIONS

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

A4. UNUSUAL ITEMS

There were no unusual items during the current financial quarter.

A5. USE OF ESTIMATES

There was no material change in estimates of amounts reported in the prior financial years that have a material effect on the financial period ended 31 December 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 period except for the following:

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

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

A7. DIVIDENDS PAID

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

A8. SECURITIES HELD-FOR-TRADING

	The Group	
	31.12.09	31.3.09
	RM'000	RM'000
At Fair Value		
Money Market Securities:		
Treasury bills	104,062	-
Islamic Treasury bills	93,462	-
Malaysian Government Securities	232,908	999,652
Malaysian Government Investment Certificates	41,738	4,065
Cagamas Mudharabah bearer bonds	14,988	-
Bank Negara Malaysia Monetary Notes	681,268	-
Islamic Khazanah bonds	710	991
	1,169,136	1,004,708
Securities Quoted:		
In Malaysia:		
Shares	104,617	28,164
Warrants	734	-
Trust units	13,826	2,923
Outside Malaysia:		
Shares	70	1,668
	119,247	32,755
Unquoted Private Debt Securities Of Companies		
Incorporated:		
In Malaysia:		
Corporate notes	489,779	98,438
Islamic corporate bonds	53,238	-
Islamic corporate notes	211,093	248,567
Outside Malaysia:		
Corporate bonds	6,315	15,405
	760,425	362,410
Total	2,048,808	1,399,873

A9. SECURITIES AVAILABLE-FOR-SALE

	The Group	
	31.12.09	31.3.09
	RM'000	RM'000
At Fair Value		
Money Market Securities:		
Malaysian Government Securities	429,382	32,948
Malaysian Government investment certificates	76,389	36,025
Negotiable instruments of deposits	636,723	150,171
Negotiable Islamic debt certificates	-	29,190
Islamic khazanah bonds	37,260	36,945
	<u>1,179,754</u>	<u>285,279</u>
Securities Quoted:		
In Malaysia:		
Shares	211,049	163,175
Trust units	1,596,309	329,472
Outside Malaysia:		
Shares	38,051	25,857
Trust units	1,802	1,811
	<u>1,847,211</u>	<u>520,315</u>
Unquoted Securities:		
In Malaysia:		
Shares	24,264	22,871
Outside Malaysia:		
Shares	17,848	17,848
	<u>42,112</u>	<u>40,719</u>
Debt Equity Converted Securities Quoted:		
In Malaysia:		
Shares	18,540	25,751
Loan stocks	2,223	3,096
Collateralised corporate bonds	332	332
Outside Malaysia:		
Shares	120	40
	<u>21,215</u>	<u>29,219</u>

	The Group	
	31.12.09	31.3.09
	RM'000	RM'000
Unquoted Private Debt Securities Of Companies Incorporated		
In Malaysia:		
Corporate bonds	1,237,206	630,303
Islamic corporate bonds	700,245	1,064,297
Corporate notes	410,744	1,408,277
Islamic corporate notes	1,878,347	2,055,719
Outside Malaysia:		
Corporate bonds	51,460	95,578
Islamic corporate bonds	40,176	43,753
	<u>4,318,178</u>	<u>5,297,927</u>
Unquoted Guaranteed Private Debt Securities Of Companies Incorporated		
In Malaysia:		
Corporate bonds	360,870	367,780
Islamic corporate bonds	83,356	85,176
	<u>444,226</u>	<u>452,956</u>
Accumulated impairment losses	(60,090)	(361)
Total	<u><u>7,792,606</u></u>	<u><u>6,626,054</u></u>

AmBank (M) Berhad and AmIslamic Bank Berhad, the wholly owned subsidiaries of the Company, were 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 are required to undertake certain obligations as well as accorded certain incentives in the appointment period. One of the incentives accorded is the eligibility to maintain 1% Statutory Reserve Requirement ("SRR") in the form of Malaysian Government Securities ("MGS") and/or Government Investment Issues ("GII") holdings instead of cash. As at 31 December 2009, the nominal values of MGS and GII holdings maintained for SRR purpose amounting to RM425,260,000 for the Group.

A10. SECURITIES HELD-TO-MATURITY

Securities Quoted

In Malaysia:		
Shares	2	2
Trust units	1,000	1,000
	<u>1,002</u>	<u>1,002</u>

Unquoted Securities Of Companies Incorporated

In Malaysia:		
Shares	102,759	102,958
Corporate bonds	959	959
Islamic Corporate bonds	-	29,164
Outside Malaysia:		
Shares	2,531	4,330
Islamic Corporate bonds	6,847	7,291
	<u>113,096</u>	<u>144,702</u>

Quoted Debt Equity Converted Securities

In Malaysia:

Shares	40	40
Loan stocks - collateralised	42,886	127,675
Loan stocks - with options	-	1,825
Corporate bonds - collateralised	33,172	33,172
	<u>76,098</u>	<u>162,712</u>

The Group

31.12.09	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	314,228	334,036
Corporate bonds - collateralised	149,200	159,083
Corporate bonds	67,574	81,926
	<u>575,448</u>	<u>636,176</u>

Unquoted Private Debt Securities Of Companies Incorporated

In Malaysia:

Corporate notes	31,718	32,700
Islamic corporate bonds	139,988	177,096
	<u>171,706</u>	<u>209,796</u>

Unquoted Guaranteed Private Debt Securities Of Companies

Incorporated

In Malaysia:

Corporate bonds	10,000	10,000
	<u>947,350</u>	<u>1,164,388</u>

Accumulated impairment losses

(372,549)	(384,179)
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Total

<u>574,801</u>	<u>780,209</u>
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A11. LOANS, ADVANCES AND FINANCING

	The Group	
	31.12.09	31.3.09
	RM'000	RM'000
Loans and financing:		
Term loans and revolving credit *	23,878,818	18,059,567
Housing loans	11,932,185	11,485,193
Staff loans	168,644	175,518
Hire-purchase receivables	30,332,985	29,503,323
Credit card receivables	1,831,128	1,867,505
Lease receivables	1,159	1,236
Overdrafts	1,821,007	1,735,296
Claims on customers under acceptance credits	2,587,662	2,368,892
Trust receipts	389,237	373,871
Block discount receivables	56,526	60,556
Factoring receivables	53,923	51,906
Bills receivable	104,155	47,442
	<u>73,157,429</u>	<u>65,730,305</u>
Less: Unearned interest and income	7,211,227	6,961,346
Total	<u>65,946,202</u>	<u>58,768,959</u>
Less:		
Allowance for bad and doubtful debts and financing:		
General	988,941	899,517
Specific	1,083,816	921,611
	<u>2,072,757</u>	<u>1,821,128</u>
Net loans, advances and financing	<u>63,873,445</u>	<u>56,947,831</u>

* Included in term loans and revolving credit of the Group as at 31 December 2009 is loans amounting to RM702,886,000 (31 March 2009: RM nil) which are exempted from general allowance by Bank Negara Malaysia.

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

	The Group				Annualised Loans Growth (%)
	31.12.09		31.3.09		
	RM'000	%	RM'000	%	
Purchase of transport vehicles	25,250,996	38.1	24,349,948	40.8	
Purchase of landed properties:					
- Residential	11,431,780	17.2	11,316,431	19.0	
- Non-residential	3,619,611	5.5	2,878,021	4.8	
Working capital	10,711,039	16.2	9,437,443	15.8	
Personal use	3,097,037	4.7	2,324,241	3.9	
Fixed assets	1,356,934	2.0	1,815,104	3.0	
Purchase of securities	2,452,095	3.7	1,882,498	3.2	
Credit cards	1,786,075	2.7	1,844,448	3.1	
Construction	1,550,722	2.3	1,127,824	1.9	
Merger and acquisition	1,301,293	2.0	346,203	0.6	
Consumer durables	3,015	0.0	933	0.0	
Other purpose	3,751,079	5.7	2,351,668	3.9	
Gross loans, advances and financing	66,311,676	100.0	59,674,762	100.0	
Less: Islamic financing sold to					
Cagamas Berhad	365,474		905,803		
	65,946,202		58,768,959		16.3

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

	The Group	
	31.12.09 RM'000	31.3.09 RM'000
Domestic :		
Other non-bank financial institutions	338,560	292,678
Business enterprises:		
Small medium enterprises	6,922,949	6,693,845
Others	17,133,292	12,461,841
Government and statutory bodies	47,998	69,506
Individuals	40,972,946	38,701,457
Other domestic entities	3,419	20,037
Foreign entities	527,038	529,595
	65,946,202	58,768,959

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

	The Group	
	31.12.09	31.3.09
	RM'000	RM'000
Variable rate		
BLR-plus	17,192,042	15,164,753
Cost-plus	9,669,060	7,449,634
Other variable rates	1,325,833	1,047,344
	<u>28,186,935</u>	<u>23,661,731</u>
Fixed rate		
Housing loans	2,129,486	2,256,505
Hire purchase receivables	25,272,106	24,488,938
Other fixed rates	10,357,675	8,361,785
	<u>37,759,267</u>	<u>35,107,228</u>
	<u>65,946,202</u>	<u>58,768,959</u>

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

	The Group	
	31.12.09	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	891,414	1,165,774
Reclassification to performing loans and financing	(396,679)	(578,161)
Recoveries	(182,441)	(386,347)
Amount written-off	(505,124)	(1,395,908)
Repurchase of loans	-	19,554
Debt equity conversion	-	(933)
Balance at end of period/year	<u>2,233,628</u>	<u>2,426,458</u>
Less: Specific allowance	<u>(1,083,816)</u>	<u>(921,611)</u>
Non-performing loans, advances and financing - net	<u>1,149,812</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>1.8%</u>	<u>2.6%</u>
Loan loss coverage excluding collateral values	<u>92.8%</u>	<u>75.1%</u>

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

	The Group			
	31.12.09	%	31.3.09	%
	RM'000		RM'000	
Purchase of landed properties:				
Residential	906,708	40.6	924,484	38.1
Non-residential	191,380	8.6	220,630	9.1
Working capital	342,730	15.4	450,015	18.6
Purchase of transport vehicles	461,534	20.7	453,501	18.7
Construction	133,815	6.0	148,954	6.1
Purchase of securities	55,325	2.5	66,818	2.8
Credit cards	65,589	2.9	70,209	2.9
Fixed assets	19,032	0.9	27,393	1.1
Personal use	16,597	0.7	19,163	0.8
Purchase of consumer durables	367	-	550	-
Other purpose	40,551	1.8	44,741	1.8
	<u>2,233,628</u>	<u>100.1</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	
	31.12.09	31.3.09
	RM'000	RM'000
General allowance		
Balance at beginning of year	899,517	845,225
Allowance during the period/year	90,209	53,561
Exchange fluctuation adjustments	(785)	731
Balance at end of period/year	<u>988,941</u>	<u>899,517</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>1.53%</u>	<u>1.53%</u>
Specific allowance		
Balance at beginning of year	921,611	1,579,255
Allowance during the period/year	912,856	1,043,753
Amount written back in respect of recoveries and reversals	(253,409)	(383,672)
Net charge to income statements	659,447	660,081
Reclassification from sundry receivables	-	78
Amount written off/adjustment to asset deficiency account	(497,242)	(1,334,380)
Repurchase of loan	-	17,508
Debt equity conversion	-	(933)
Exchange fluctuation adjustments	-	2
Balance at end of period/year	<u>1,083,816</u>	<u>921,611</u>

A12. OTHER ASSETS

	The Group	
	31.12.09 RM'000	31.3.09 RM'000
Trade receivables, net of allowance for doubtful debts	672,411	399,788
Other receivables, deposits and prepayments, net of allowance for doubtful debts	673,353	653,170
Interest receivables on treasury assets, net of allowance for doubtful debts	215,881	117,778
Fee receivables, net of allowance for doubtful debts	37,330	39,832
Amount due from Originators	23,546	25,789
Amount due from agents, brokers and reinsurer, net of allowance	33,426	37,533
Foreclosed properties, net of allowance for impairment in value	175,177	181,372
Deferred assets	34,833	34,744
	<u>1,866,150</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. STATUTORY DEPOSIT WITH BANK NEGARA MALAYSIA

The non-interest bearing statutory deposit is maintained with Bank Negara Malaysia in compliance with Section 37(1)(c) of the Central Bank of Malaysia Act, 1958 (revised 1994), the amounts of which are determined as a set percentage of total eligible liabilities. As at 31 December 2009, the nominal values of Malaysia Government Securities and Government Investment Issues holdings classified as securities available-for-sale, maintained for Statutory Reserve Requirement purpose amounting to RM425,260,000 for the Group as mentioned in Note A9.

A14. DEPOSITS FROM CUSTOMERS

	The Group	
	31.12.09 RM'000	31.3.09 RM'000
Term/Investment deposits	44,494,937	43,869,688
Savings deposits	3,811,283	3,581,219
Current deposits	4,416,533	3,173,901
Negotiable instruments of deposits	922,540	940,023
Other deposits	13,141,394	12,566,675
	<u>66,786,687</u>	<u>64,131,506</u>
The deposits are sourced from the following types of customers:		
Business enterprises	28,059,519	26,311,197
Individuals	25,520,675	25,510,224
Government	11,517,738	10,915,816
Others	1,688,755	1,394,269
	<u>66,786,687</u>	<u>64,131,506</u>

A15. DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

	The Group	
	31.12.09 RM'000	31.3.09 RM'000
Deposits from:		
Licensed banks	565,451	1,606,628
Licensed investment banks	502,941	670,675
Bank Negara Malaysia	898,320	908,666
Other financial institutions	4,143,196	2,949,440
	<u>6,109,908</u>	<u>6,135,409</u>

A16. OTHER LIABILITIES

	The Group	
	31.12.09 RM'000	31.3.09 RM'000
Trade payables	798,135	508,293
Other payables and accruals	1,610,024	1,316,297
Interest payable on deposits and borrowings	518,849	444,455
Lease deposits and advance rentals	64,116	62,259
General insurance funds	244,529	223,503
Provision for commitments and contingencies	10,051	-
Bank overdrafts	-	786
Profit equalization reserve	55,729	62,162
Deferred tax liabilities	9,985	13,087
Tax payable	159,605	15,050
	<u>3,471,023</u>	<u>2,645,892</u>

A17. INTEREST INCOME

The Group	Individual Quarter		Cumulative Quarter	
	31.12.09 RM'000	31.12.08 RM'000	31.12.09 RM'000	31.12.08 RM'000
Short-term funds and deposits with financial institutions	48,265	71,174	153,642	212,370
Securities held-for-trading	9,178	7,154	24,696	53,930
Securities available for sale	67,316	74,413	202,600	199,504
Securities held-to-maturity	4,469	4,576	17,721	26,298
Loans and advances				
- Interest income other than recoveries from NPLs	767,835	770,229	2,214,243	2,257,039
- Recoveries from NPLs	38,637	43,770	129,698	168,442
Others	591	295	1,598	1,417
Gross interest income	<u>936,291</u>	<u>971,611</u>	<u>2,744,198</u>	<u>2,919,000</u>
Accretion of discounts less amortisation of premiums	4,032	4,960	11,481	16,703
Interest suspended	<u>(19,565)</u>	<u>(23,593)</u>	<u>(70,638)</u>	<u>(72,098)</u>
Total after net interest suspension	<u>920,758</u>	<u>952,978</u>	<u>2,685,041</u>	<u>2,863,605</u>

A18. INTEREST EXPENSE

The Group	Individual Quarter		Cumulative Quarter	
	31.12.09 RM'000	31.12.08 RM'000	31.12.09 RM'000	31.12.08 RM'000
Deposits from customers	305,453	401,478	963,216	1,168,575
Deposit of banks and other financial institutions	25,018	51,329	85,540	158,461
Amount due to Cagamas Berhad	1,080	1,226	3,338	4,146
Bank borrowings:				
Term loans	2,904	6,295	8,040	28,126
Overdrafts	-	40	-	115
Subordinated deposits and term loans	6,502	-	24,839	15,770
Unsecured bonds	6,536	9,181	29,302	43,617
Medium term notes	21,177	20,838	62,625	61,464
Net Interest rate swap expense/(income)	30,950	6,196	79,951	10,562
Hybrid and capital securities	16,545	12,031	49,754	34,220
Others	651	2,502	2,806	7,666
	<u>416,816</u>	<u>511,116</u>	<u>1,309,411</u>	<u>1,532,722</u>

A19. NET INCOME FROM INSURANCE BUSINESS

The Group	Individual Quarter		Cumulative Quarter	
	31.12.09 RM'000	31.12.08 RM'000	31.12.09 RM'000	31.12.08 RM'000
(a) INCOME FROM INSURANCE BUSINESS				
Premium income from general insurance business	125,420	122,249	367,456	370,065
Surplus transfer from life insurance business	12,000	4,000	24,000	12,000
	<u>137,420</u>	<u>126,249</u>	<u>391,456</u>	<u>382,065</u>
(b) INSURANCE CLAIMS AND COMMISSIONS				
Insurance commission	12,728	10,502	36,925	36,513
General insurance claims	85,661	84,597	261,655	260,884
	<u>98,389</u>	<u>95,099</u>	<u>298,580</u>	<u>297,397</u>

A20. OTHER OPERATING INCOME

The Group	Individual Quarter		Cumulative Quarter	
	31.12.09 RM'000	31.12.08 RM'000	31.12.09 RM'000	31.12.08 RM'000
Fee income:				
Fees on loans and advances	49,962	36,074	137,040	116,186
Corporate advisory	6,621	4,516	17,807	23,257
Guarantee fees	9,189	7,364	29,177	21,383
Underwriting commissions	6,942	935	8,391	7,688
Portfolio management fees	4,072	929	10,311	9,743
Unit trust management fees	16,422	15,943	41,852	47,051
Brokerage rebates	45	15	194	75
Property trust management fees	1,302	1,114	3,890	3,404
Brokerage fees and commissions	24,019	18,221	90,987	65,471
Banc assurance commission	7,801	6,518	26,302	22,431
Net income from asset securitisation	178	152	629	407
Other fee income	23,243	11,260	54,629	37,905
	<u>149,796</u>	<u>103,041</u>	<u>421,209</u>	<u>355,001</u>
Investment and trading income:				
Net gain/(loss) from sale of securities held-for-trading	7,262	5,603	38,261	(75,844)
Net gain from sale of securities available-for-sale	9,726	(11,793)	30,676	230
Net gain on redemption of securities held-to-maturity	11,824	12,216	29,395	34,810
Gain/(loss) on revaluation for securities held for trading	1,050	(3,459)	7,912	(39,250)
Foreign exchange*	9,304	12,095	26,415	(2,566)
Gain/(loss) on redemption of structured product	1	(1)	(4)	5
Gain/(loss) on revaluation of derivatives	10,504	(35,557)	22,519	(74,638)
Gain on disposal of equity interest in subsidiary	-	95,462	-	95,462
Gross dividend income from:				
Securities held-for-trading	423	1,588	2,599	6,666
Securities available-for-sale	8,364	6,444	21,812	15,286
Securities held-to-maturity	2,710	470	6,812	5,940
	<u>61,168</u>	<u>83,068</u>	<u>186,397</u>	<u>(33,899)</u>
Other income:				
Non-trading foreign exchange	609	(933)	2,957	(2,013)
Gain on disposal of property and equipment - net	216	103	521	1,062
Rental income	1,854	1,494	3,956	3,854
Other operating income/(charge)	1,577	(406)	5,541	741
	<u>4,256</u>	<u>258</u>	<u>12,975</u>	<u>3,644</u>
	<u>215,220</u>	<u>186,367</u>	<u>620,581</u>	<u>324,746</u>

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

A21. OTHER OPERATING EXPENSES

The Group	Individual Quarter		Cumulative Quarter	
	31.12.09 RM'000	31.12.08 RM'000	31.12.09 RM'000	31.12.08 RM'000
Personnel/Staff costs				
- Salaries, allowances and bonuses	183,340	142,705	498,442	428,294
- Others	53,138	44,887	152,409	129,068
	<u>236,478</u>	<u>187,592</u>	<u>650,851</u>	<u>557,362</u>
Establishment costs				
- Depreciation	13,705	12,896	41,731	37,687
- Amortisation of computer software	7,781	6,811	22,505	19,988
- Computerisation costs	26,040	17,630	74,708	56,006
- Rental	20,675	18,975	60,674	54,407
- Cleaning and maintenance	5,202	5,344	15,730	16,196
- Others	8,301	6,637	23,678	18,762
	<u>81,704</u>	<u>68,293</u>	<u>239,026</u>	<u>203,046</u>
Marketing and communication expenses				
- Sales commission	5,087	4,299	17,788	11,507
- Advertising, promotional and other marketing activities	12,783	11,926	43,119	45,104
- Telephone charges	4,399	4,237	13,760	13,601
- Postage	2,631	2,661	5,858	10,383
- Travel and entertainment	3,836	4,344	10,800	13,153
- Others	5,660	7,997	16,683	17,076
	<u>34,396</u>	<u>35,464</u>	<u>108,008</u>	<u>110,824</u>
Administration and general				
- Professional services	32,108	9,967	62,039	36,660
- Donations	94	27	127	104
- Administration and management expenses	626	348	1,060	887
- Others	11,013	11,246	28,830	35,056
	<u>43,841</u>	<u>21,588</u>	<u>92,056</u>	<u>72,707</u>
	<u>396,419</u>	<u>312,937</u>	<u>1,089,941</u>	<u>943,939</u>

A22. ALLOWANCE FOR LOSSES ON LOANS AND FINANCING

The Group	Individual Quarter		Cumulative Quarter	
	31.12.09 RM'000	31.12.08 RM'000	31.12.09 RM'000	31.12.08 RM'000
Allowance for bad and doubtful debts and financing:				
Specific allowance - net	215,059	213,738	659,447	488,635
Allowance during the period	308,900	279,927	912,856	752,021
Amount written back in respect of recoveries and reversals	(93,841)	(66,189)	(253,409)	(263,386)
General allowance	43,619	6,292	90,209	45,069
Recoveries of value impairment on amount recoverable from Danaharta	(4,430)	-	(4,430)	-
Bad debts and financing recovered - net	(112,734)	(77,383)	(324,796)	(312,363)
Written off	-	1,504	-	1,504
Recovered	(112,734)	(78,887)	(324,796)	(313,867)
	141,514	142,647	420,430	221,341

A23. SEGMENTAL INFORMATION

BY BUSINESS SEGMENT

	Individual Quarter		Cumulative Quarter	
	31.12.09 RM'000	31.12.08 RM'000	31.12.09 RM'000	31.12.08 RM'000
Investment banking				
Revenue	106,603	68,567	364,132	246,424
Profit/(Loss) before taxation	27,870	(5,855)	149,543	(9,826)
Commercial and retail banking				
Revenue	1,199,822	1,134,407	3,509,143	3,296,943
Profit before taxation	301,960	211,887	828,293	769,538
Offshore banking				
Revenue	5,264	2,991	16,767	23,827
Profit/(Loss) before taxation	7,032	12,814	6,682	32,549
Insurance				
Revenue	428,849	277,633	1,055,872	840,571
Profit before taxation	32,992	20,944	70,016	48,286
Others				
Revenue	43,277	115,829	113,519	156,171
Profit/(Loss) before taxation	8,825	110,719	11,931	104,115
Total before consolidation adjustments				
Revenue	1,783,815	1,599,427	5,059,433	4,563,936
Profit before taxation	378,679	350,509	1,066,465	944,662
Consolidation adjustments				
Revenue	(55,652)	(47,368)	(153,667)	(140,887)
(Loss)/Profit before taxation	(1,938)	(5,567)	1,387	(382)
Total after consolidation adjustments				
Revenue	1,728,163	1,552,059	4,905,766	4,423,049
Profit before taxation	376,741	344,942	1,067,852	944,280

Included in the above is Islamic banking business profit before taxation of RM92.7 million for the quarter ended 31 December 2009 (RM61.7 million for the quarter ended 31 December 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.

A24. VALUATIONS OF PROPERTY AND EQUIPMENTS

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

A25. 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.

A26. 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.

A27. 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 31 December 2009, the commitments and contingencies on an aggregated basis are as follows

Group	31.12.09			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	160,000	-	-	60,000	25,104	12,551
Interest rate swaps	30,506,782	1,060,699	450,564	24,612,441	1,237,502	545,404
Foreign exchange related contracts:						
Forward exchange contracts	2,007,497	31,018	21,655	824,899	30,173	14,435
Cross currency swaps	952,001	35,489	21,911	610,213	36,789	18,394
Equity related contracts:						
Options	465,645	37,086	17,923	321,444	-	-
Equity futures	1,777	-	-	8,262	-	-
	<u>34,093,702</u>	<u>1,164,292</u>	<u>512,053</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	13,483,875	-	-	10,490,292	-	-
more than one year	2,032,441	455,700	385,694	1,905,373	281,216	241,871
Unutilised credit card line	4,515,406	903,081	675,541	4,383,472	876,694	655,346
Sell and buy back agreements	-	3,310	3,310	155,560	212	206
Forward purchase commitments	221,442	1,250	550	206,144	10,210	4,022
	<u>20,253,164</u>	<u>1,363,341</u>	<u>1,065,095</u>	<u>17,140,841</u>	<u>1,168,332</u>	<u>901,445</u>
Contingent Liabilities						
Guarantees given on behalf of customers	2,646,780	2,592,089	2,366,852	2,723,184	2,723,184	2,391,488
Certain transaction-related contingent items	1,709,446	882,068	865,162	1,496,866	748,433	740,965
Underwriting liabilities	797,285	-	91,285	592,000	296,000	296,000
Short term self liquidating trade-related contingencies	551,005	110,201	110,444	493,284	98,657	98,716
Islamic financing sold to Cagamas	348,605	348,605	263,188	874,067	874,067	663,997
Others	42,189	150	150	154,141	250	250
	<u>6,095,310</u>	<u>3,933,113</u>	<u>3,697,081</u>	<u>6,333,542</u>	<u>4,740,591</u>	<u>4,191,416</u>
	<u>60,442,176</u>	<u>6,460,746</u>	<u>5,274,229</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 31 December 2009, other contingencies and commitments of the Group and of the Company are as follows:

- (a) The Company has given unsecured guarantees totalling RM75,000,000 (RM309,600,000 as at 31 March 2009) to various financial institutions in respect of credit facilities extended to certain subsidiaries.
- (b) The Company has given a continuing undertaking totalling S\$40,000,000 (S\$40,000,000 in 2009) to the Monetary Authority of Singapore on behalf of AmFraser Securities Pte Ltd to meet its liabilities and financial obligations and requirements.
- (c) AmBank has given a continuing guarantee to BNM on behalf of AmInternational, AmBank's offshore bank subsidiary, to meet all its liabilities and financial obligations and requirements.
- (d) AmInvestment Bank has given guarantees in favour of Labuan International Financial Exchange ("LFX") in respect of USD5.0 million each for AmInternational to act as a Listing Sponsor and as a Trading Agent on the LFX.
- (e) The Company has given a guarantee to HSI Services Limited ("HSI") and Hang Seng Data Services Limited ("HSDS") on behalf of its subsidiary, AmLife Insurance Berhad (formerly known as AmAssurance Berhad) ("AmLife"), for the performance and discharge by AmLife of its obligations under the licence agreement with HSI and HSDS for use of the Hang Seng China Enterprise Index in respect of AmLife's investment-linked product called AmAsia Link-Capital Guaranteed Fund.
- (f) A suit dated 12 December 2005 was filed by Meridian Asset Management Sdn Bhd ("Meridian") against AmTrustee Berhad ("AmTrustee") ("Meridian Suit"), a subsidiary of the Company in respect of a claim amounting to RM27,606,169.65 for alleged loss and damage together with interests and costs arising from AmTrustee's provision of custodian services to Meridian.

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

AmTrustee had filed an application to dismiss Meridian's Suit 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 hearing date has been fixed as yet.

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

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

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

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

It is to be noted that both the Meridian's Suit 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 re-fixed for Mention on 8 February 2010.

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

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

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

KWAP's Suit is re-fixed for Mention on 8 February 2010.

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.

A28. DERIVATIVE FINANCIAL INSTRUMENTS

As at 31 December 2009, derivative financial instruments outstanding are as follows:

The Group

Items	Principal Amount RM'000	1 month or less RM'000	>1 - 3 months RM'000	>3 - 6 months RM'000	>6 - 12 months RM'000	>1 - 5 years RM'000	>5 years RM'000	Margin requirement RM'000
Interest rate related contracts :								
Interest rate futures	160,000	-	-	-	60,000	100,000	-	1,800
Interest rate swaps	30,506,782	430,000	595,000	1,745,000	1,590,000	23,042,082	3,104,700	35,429
Foreign exchange related contracts :								
Forward exchange contracts	2,007,497	536,821	690,390	233,738	9,060	537,488	-	-
Cross currency swaps	952,001	-	270,320	-	51,290	353,903	276,488	2,369
Equity/Commodity related contracts :								
Options	465,645	-	30,000	97,647	-	337,998	-	-
Futures	1,777	1,777	-	-	-	-	-	-
Total	34,093,702	968,598	1,585,710	2,076,385	1,710,350	24,371,471	3,381,188	39,598

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 31.12.09	-----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	12,664,017	-	-	-	-	-	588,464	-	13,252,481	1.98
Securities purchased under resale agreements	23,259	-	-	-	-	-	-	-	23,259	1.20
Deposits and placements with banks and other financial institutions	-	376,500	-	-	-	-	-	-	376,500	1.76
Securities held-for-trading	-	-	-	-	-	-	-	2,048,808	2,048,808	3.42
Securities available-for-sale	545,271	66,849	84,177	157,254	2,389,910	3,980,483	568,662	-	7,792,606	4.61
Securities held-to-maturity	-	6,847	10,422	62,535	293,200	33,262	168,535	-	574,801	3.60
Derivative financial assets	-	-	-	-	-	-	350,617	-	350,617	-
Loans, advances and financing:										
- performing	27,923,451	2,016,959	1,069,706	476,682	10,537,609	21,687,758	-	-	63,712,165	6.40
- non-performing *	-	-	-	-	-	-	161,280	-	161,280	-
Amount due from Originators	-	-	-	-	23,546	-	-	-	23,546	5.74
Other non-interest sensitive balances	-	-	-	-	-	-	6,586,206	-	6,586,206	-
TOTAL ASSETS	41,155,998	2,467,155	1,164,305	696,471	13,244,265	25,701,503	8,423,764	2,048,808	94,902,269	
LIABILITIES AND EQUITY										
Deposits from customers	32,639,793	11,763,941	7,595,588	7,052,990	3,145,486	-	4,588,889	-	66,786,687	2.22
Deposits and placements of banks and other financial institutions	2,255,389	1,195,989	660,945	296,181	877,995	288,866	534,543	-	6,109,908	2.25
Obligations on securities sold under repurchase agreements	-	-	-	-	-	-	-	-	-	-
Bills and acceptances payable	653,768	1,007,907	198,543	-	-	-	-	-	1,860,218	2.21
Recourse obligation on loans sold to to Cagamas Berhad	-	-	116,862	-	23,546	-	-	-	140,408	3.98

A29. INTEREST/PROFIT RATE RISK

The Group 31.12.09	-----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	-	-	-	-	-	-	411,410	-	411,410	-
Term loans	244,814	206,000	-	-	-	-	-	-	450,814	2.43
Unsecured bonds	-	-	-	-	400,000	115,000	-	-	515,000	4.79
Medium Term Notes	-	-	-	-	807,800	750,000	-	-	1,557,800	5.67
Hybrid capital	-	-	-	-	-	753,483	-	-	753,483	6.12
Capital Securities	-	-	-	-	-	985,000	-	-	985,000	8.63
Other non-interest sensitive balances	-	-	-	-	-	-	5,792,867	-	5,792,867	-
Total Liabilities	35,793,764	14,173,837	8,571,938	7,349,171	5,254,827	2,892,349	11,327,709	-	85,363,595	
Share capital	-	-	-	-	-	-	3,014,185	-	3,014,185	
Reserves	-	-	-	-	-	-	6,324,339	-	6,324,339	
Equity attributable to equity holders of the Company	-	-	-	-	-	-	9,338,524	-	9,338,524	
Minority interests	-	-	-	-	-	-	200,150	-	200,150	
Total equity	-	-	-	-	-	-	9,538,674	-	9,538,674	
TOTAL LIABILITIES AND EQUITY	35,793,764	14,173,837	8,571,938	7,349,171	5,254,827	2,892,349	20,866,383	-	94,902,269	
On-balance sheet interest rate gap sensitivity	5,362,234	(11,706,682)	(7,407,633)	(6,652,700)	7,989,438	22,809,154	(12,442,619)	2,048,808	-	
Off-balance sheet interest rate gap sensitivity	(149,618)	4,278,000	4,635,000	(220,000)	(8,628,082)	144,700	-	-	60,000	
Total interest rate gap sensitivity	5,212,616	(7,428,682)	(2,772,633)	(6,872,700)	(638,644)	22,953,854	(12,442,619)	2,048,808	60,000	
Cumulative interest rate gap sensitivity	5,212,616	(2,216,066)	(4,988,699)	(11,861,399)	(12,500,043)	10,453,811	(1,988,808)	60,000		

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

A29. INTEREST/PROFIT RATE RISK

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

A29. INTEREST/PROFIT RATE RISK

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

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

A30. CAPITAL ADEQUACY RATIO

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

	AmBank	Amlslamic	31.12.09			The Group*
			AmBank Group	AmlB	AmlB Group	
Before deducting proposed dividends:						
Core capital ratio	10.25%	10.99%	9.37%	26.78%	22.68%	9.82%
Risk-weighted capital ratio	14.67%	15.82%	14.88%	28.46%	27.75%	15.32%
After deducting proposed dividends:						
Core capital ratio	10.25%	10.15%	9.37%	26.78%	22.68%	9.82%
Risk-weighted capital ratio	14.67%	14.99%	14.88%	28.46%	27.75%	15.32%
			31.3.09			
	AmBank	Amlslamic	AmBank Group	AmlB	AmlB Group	The Group*
Before deducting proposed dividends:						
Core capital ratio	10.39%	11.22%	9.25%	28.13%	27.14%	9.74%
Risk-weighted capital ratio	14.20%	16.65%	14.62%	28.13%	34.16%	15.16%
After deducting proposed dividends:						
Core capital ratio	10.39%	11.22%	9.25%	28.13%	27.14%	9.74%
Risk-weighted capital ratio	14.20%	16.65%	14.62%	28.13%	34.16%	15.16%

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

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

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

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

² The capital adequacy ratios of 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.)

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

	31.12.09					
	AmBank	AmIslamic	AmBank Group	AmIB	AmIB Group	The Group*
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Tier 1 capital						
Paid-up ordinary share capital	670,364	403,038	670,364	200,000	200,000	870,364
Share premium	942,844	534,068	942,844	-	-	942,844
Statutory reserve	680,459	247,158	927,617	200,000	200,000	1,127,617
Capital reserve	-	-	377,492	-	2,815	380,307
Merger reserve	-	-	397,566	-	7,656	405,222
Exchange fluctuation reserve	21,584	-	12,121	7,824	25,883	38,004
Irredeemable non-cumulative convertible preference shares	150,000	-	150,000	-	-	150,000
Innovative tier 1 capital	864,573	-	959,325	-	-	959,325
Non-innovative tier 1 capital	500,000	-	500,000	-	-	500,000
Unappropriated profit at end of year	2,115,950	79,687	1,683,078	99,276	110,728	1,793,806
Total	<u>5,945,774</u>	<u>1,263,951</u>	<u>6,620,407</u>	<u>507,100</u>	<u>547,082</u>	<u>7,167,489</u>
Less: Goodwill	-	-	-	-	(11,243)	(11,243)
Deferred tax (assets)/liabilities - net	(182,770)	(43,040)	(225,810)	1,712	1,806	(224,004)
Total tier 1 capital	<u>5,763,004</u>	<u>1,220,911</u>	<u>6,394,597</u>	<u>508,812</u>	<u>537,645</u>	<u>6,932,242</u>
Tier 2 capital						
Medium term notes	1,557,800	-	1,557,800	-	-	1,557,800
Subordinated bonds	-	400,000	400,000	-	-	400,000
Exchangeable bonds	575,000	-	575,000	-	-	575,000
Redeemable unsecured bonds	-	-	-	135,000	135,000	135,000
Innovative Tier 1 capital	370,527	-	275,775	-	-	275,775
General allowance for bad and doubtful debts	797,366	181,081	983,920	7,378	7,378	991,298
Total tier 2 capital	<u>3,300,693</u>	<u>581,081</u>	<u>3,792,495</u>	<u>142,378</u>	<u>142,378</u>	<u>3,934,873</u>
Total capital funds	9,063,697	1,801,992	10,187,092	651,190	680,023	10,867,115
Less: Investment in subsidiary company	(816,850)	-	(32,779)	(88,231)	-	(32,779)
Investment in capital of related financial institutions	-	-	-	(22,108)	(22,108)	(22,108)
Other deduction	(48)	-	(48)	-	-	(48)
Capital base	<u>8,246,799</u>	<u>1,801,992</u>	<u>10,154,265</u>	<u>540,851</u>	<u>657,915</u>	<u>10,812,180</u>

A30. CAPITAL ADEQUACY RATIO

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

A31. ISLAMIC BANKING BUSINESS

The state of affairs as at 31 December 2009 and the results for the period ended 31 December 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 31 DECEMBER 2009

	The Group	
	31.12.09 RM'000	31.3.09 RM'000
ASSETS		
Cash and short-term funds	3,354,499	3,218,641
Deposit and placements with banks and other financial institutions	275,000	-
Securities held-for-trading	500,338	203,863
Securities available-for-sale	420,426	569,295
Securities held-to-maturity	6,858	36,710
Derivative financial assets	4,322	1,885
Financing and advances	11,991,675	9,810,477
Statutory deposits with Bank Negara Malaysia	23,079	86,079
Other receivables, deposits and prepayments	122,322	109,803
Property and equipment	391	489
Deferred tax assets	42,494	99,191
Intangible assets	442	565
TOTAL ASSETS	16,741,846	14,136,998
LIABILITIES AND ISLAMIC BANKING FUNDS		
Deposits from customers	12,715,566	10,155,389
Deposits and placements of banks and other financial institutions	1,449,378	1,425,410
Derivative financial liabilities	4,318	1,884
Converted fund	-	7,240
Acceptances payable	393,147	612,567
Other liabilities	417,553	208,235
Subordinated Sukuk Musyarakah	400,000	400,000
Total Liabilities	15,379,962	12,810,725
ISLAMIC BANKING FUNDS		
Share capital/Capital funds	435,877	435,877
Reserves	926,007	890,396
Islamic Banking Funds	1,361,884	1,326,273
TOTAL LIABILITIES AND ISLAMIC BANKING FUNDS	16,741,846	14,136,998
COMMITMENTS AND CONTINGENCIES	4,343,525	4,301,299

**AUDITED CONSOLIDATED INCOME STATEMENT
FOR THE FINANCIAL QUARTER ENDED 31 DECEMBER 2009**

The Group	Individual Quarter		Cumulative Quarter	
	31.12.09 RM'000	31.12.08 RM'000	31.12.09 RM'000	31.12.08 RM'000
Income derived from investment of depositors' funds and others	223,635	217,753	660,238	589,099
Allowance for losses on financing	(28,184)	(19,129)	(73,488)	(66,853)
Provision for commitment and contingencies	130	1,595	13,001	(13,251)
Impairment loss for sundry debt	-	-	(4,298)	(18)
Transfer (to)/from profit equalization reserve	6,479	(8,292)	6,426	(1,487)
Total attributable income	202,060	191,927	601,879	507,490
Income attributable to the depositors	(80,307)	(100,460)	(248,884)	(291,658)
Profit attributable to the Group	121,753	91,467	352,995	215,832
Income derived from Islamic Banking Funds	40,024	31,340	185,485	132,877
Total net income	161,777	122,807	538,480	348,709
Operating expenditure	(64,224)	(56,280)	(191,286)	(165,019)
Finance cost	(4,840)	(4,840)	(15,366)	(14,466)
Profit before taxation	92,713	61,687	331,828	169,224
Taxation and zakat	(26,165)	(16,653)	(88,587)	(44,543)
Profit for the period	66,548	45,034	243,241	124,681

A31a. Financing and Advances

	The Group	
	31.12.09	31.3.09
	RM'000	RM'000
Term financing/Revolving credit facilities*	4,433,142	3,029,943
Islamic hire purchase, net of unearned income	5,880,798	5,283,928
Credit card receivables	295,146	310,266
Trust receipts	33,340	31,828
Claims on customer under acceptance credits	863,037	763,656
Other financing	768,109	656,417
Gross financing and advances	<u>12,273,572</u>	<u>10,076,038</u>
Allowance for bad and doubtful debts and financing		
-general	(181,081)	(166,508)
-specific	<u>(100,816)</u>	<u>(99,053)</u>
	<u>(281,897)</u>	<u>(265,561)</u>
Net financing and advances	<u>11,991,675</u>	<u>9,810,477</u>

* Included in term financing and revolving credit facilities of the Islamic banking business as at 31 December 2009 is loans amounting to RM702,886,000 (31 March 2001: RM nil) which are exempted from general allowance by Bank Negara Malaysia.

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

	The Group	
	31.12.09	31.3.09
	RM'000	RM'000
Gross		
Balance at beginning of year	239,637	305,321
Non-performing during the period	142,106	186,216
Reclassification to performing financing	(53,806)	(62,432)
Recoveries	(17,640)	(27,618)
Amount written off	<u>(84,422)</u>	<u>(161,850)</u>
Balance at end of period	225,875	239,637
Specific allowance	<u>(100,816)</u>	<u>(99,053)</u>
Non-performing financing - net	<u>125,059</u>	<u>140,584</u>
Net NPF as % of gross financing and advances (including Islamic financing sold to Cagamas Berhad) less specific allowance	<u>1.00%</u>	<u>1.29%</u>

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

	The Group	
	31.12.09	31.3.09
	RM'000	RM'000
General Allowance		
Balance at beginning of year	166,508	154,954
Allowance made during the period	14,573	11,554
Balance at end of period	<u>181,081</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	120,747	156,574
Amount written back in respect of recoveries	<u>(34,890)</u>	<u>(48,145)</u>
Net charge to income statement	85,857	108,429
Amount written off/Adjustment to Asset Deficiency Account	<u>(84,094)</u>	<u>(162,812)</u>
Balance at end of period	<u>100,816</u>	<u>99,053</u>

A31b. DEPOSITS FROM CUSTOMERS

	The Group	
	31.12.09	31.3.09
	RM'000	RM'000
Mudarabah Fund		
Special Investment deposits	86,462	44,850
General Investment deposits	<u>10,396,325</u>	<u>8,251,739</u>
	<u>10,482,787</u>	<u>8,296,589</u>
Non-Mudarabah Fund		
Demand deposits	986,568	645,865
Saving deposits	1,091,781	945,950
Negotiable Islamic debt certificates	<u>154,430</u>	<u>266,985</u>
	<u>2,232,779</u>	<u>1,858,800</u>
	<u>12,715,566</u>	<u>10,155,389</u>

A31c. OTHER LIABILITIES

	The Group	
	31.12.09	31.3.09
	RM'000	RM'000
Other payables and accruals	301,349	130,875
Taxation and zakat payable	36,167	7,930
Amount owing to head office	14,341	401
Lease deposits and advance rentals	9,967	6,867
Profit equalisation reserve	<u>55,729</u>	<u>62,162</u>
	<u>417,553</u>	<u>208,235</u>

A32. RECLASSIFICATION

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

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

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

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

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

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

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

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

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

The Group	31.12.09		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	437,365	466,940	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 reclassification RM'000	Effect of reclassification RM'000	As restated RM'000
(i) Effects on Balance Sheets as at 31.3.09			
Other liabilities	2,639,015	6,877	2,645,892
Unappropriated profits	1,823,223	(6,877)	1,816,346
(ii) Effects on Income Statements for financial year ended 31.3.09			
Net income from insurance business	121,340	(9,169)	112,171
Taxation and zakat	(339,382)	2,292	(337,090)

(b) Restatement of comparatives

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

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

	As previously reported reclassification RM'000	Effect of reclassification RM'000	As restated RM'000
Income Statement for third quarter ended 31 December 2008			
Operating revenue	1,542,460	9,599	1,552,059
Net income from insurance business	-	31,150	31,150
Other operating income	302,217	(115,850)	186,367
Other operating expenses	(400,924)	87,987	(312,937)
Income Statement for cumulative quarter ended 31 December 2008			
Operating revenue	4,387,685	35,364	4,423,049
Net income from insurance business	-	84,668	84,668
Other operating income	670,647	(345,901)	324,746
Other operating expenses	(1,208,460)	264,521	(943,939)

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

The Group recorded a net profit of RM268.5 million for the third quarter ended 31 December 2009, an improvement of RM20.5 million or 8.3% as compared to the previous corresponding period of RM248.0 million. The Group's pre-tax profit for the nine months ended 31 December 2009 improved to RM1,067.9 million as compared to RM944.3 million reported for the corresponding period last year.

The improvement in earnings for the reporting quarter was mainly attributed by increase in both net interest income and net income from Islamic banking business of RM62.1 million and RM34.7 million respectively. In addition, the other operating income has increased to RM214.9 million for the current reporting quarter as compared to preceding corresponding quarter of RM186.4 million, while net income from insurance business show an improvement of RM7.9 million for the current reporting quarter. There was a transfer from profit equalisation reserve of RMRM6.5 million in current reporting quarter as compared to a transfer to profit equalisation reserve of RM8.3 million for the preceding corresponding quarter and this has contributed RM14.8 million to the improvement in earnings. However, this was offset by higher other operating expenses of RM396.4 million and impairment loss on securities of RM19.2 million for the current reporting quarter. Besides, there was an allowance for doubtful sundry receivables and provision for commitments and contingencies of RM4.0 million and RM4.9 million reported for the current quarter as compared to the writeback of RM2.3 million and RM1.3 million respectively for the previous corresponding quarter. Further to that, it has reported RM17.0 million for amount recoverable under asset-backed securitisation transaction in the preceding corresponding quarter as compared to nil for the current reporting quarter.

The Group's commercial and retail banking operations were the largest contributors to the Group pre-tax profit, reporting a pre-tax profit of RM302.0 million for the reporting quarter, followed by insurance operations of RM33.0 million, while investment banking operations contributed RM27.9 million for the quarter ended 31 December 2009.

Gross loans and advances expanded to RM66.0 billion to register an annual growth of 16.3%. The growth was mainly attributed to financing of landed properties, working capital and passenger vehicles. Financing for purchase of transport vehicles have expanded by RM901.0 million and account for 38.1% of total loans, followed by loans for residential mortgages which accounted for 17.2% of total loans.

The Group continued to see further improvement in asset quality, with net non-performing loans ("NPL") ratio on a 3-month classification basis, decreasing to 1.8%, from 2.6% as at 31 March 2009, due to continuous loan recovery efforts.

As at 31 December 2009, the Group's total assets stood at RM94.9 billion. Meanwhile, the Group's banking subsidiaries risk-weighted capital ratio ("RWCR") stood at 15.32% as at 31 December 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 RM376.7 million for the third quarter ended 31 December 2009 as compared to RM337.6 million for the second quarter ended 30 September 2009. This was mainly due to improvement in net interest income of RM51.4 million and other operating income of RM20.2 million for the current reporting quarter. In addition, the current quarter has reported a lower impairment loss on securities of RM19.2 million while net income from Islamic banking business and insurance business was increase by RM9.9 million and RM8.9 million respectively. This was offset by higher other operating expenses of RM396.1 million as compared to RM341.5 million for the preceding quarter ended 30 September 2009. There was a provision for commitments and contingencies of RM4.9 million during the current reporting quarter as compared to a writeback of RM8.2 million for the preceding quarter.

B3. PROSPECTS FOR 31 MARCH 2010

There is increasing global optimism for revival of the world economies but risks linger. AHB Group remains cautiously optimistic on the rate of recovery and the possible lag effects on the banking sector. The Group forecasts the Malaysian gross domestic product (GDP) for 2009 to end at circa -2.5%. For 2010, we are projecting a GDP expansion of circa +3.5%. AHB Group will keep abreast with the progress of economic developments to refine our business priorities.

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

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

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

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	
	31.12.09 RM'000	31.12.08 RM'000	31.12.09 RM'000	31.12.08 RM'000
Estimated current tax payable	83,138	4,693	205,862	22,479
Transfer (to) / from deferred tax	14,716	86,569	69,580	229,409
	97,854	91,262	275,442	251,888
Overprovision of current taxation in respect of prior years	-	38	(276)	(506)
Taxation	97,854	91,300	275,166	251,382
Zakat	397	345	1,216	374
Taxation and zakat	98,251	91,645	276,382	251,756

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

B6. SALE OF INVESTMENTS AND/OR FORECLOSED PROPERTIES

The Group	Individual Quarter		Cumulative Quarter	
	31.12.09 RM'000	31.12.08 RM'000	31.12.09 RM'000	31.12.08 RM'000
Net gain/(loss) from sale of securities held-for-trading	7,262	5,603	38,261	(75,844)
Net gain from sale of securities available-for-sale	9,726	(11,793)	30,676	230
Net gain from redemption of securities held-to-maturity	11,824	12,216	29,395	34,810

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.

On 17 November 2009, the Company announced the following in relation to the above proposed acquisitions:-

- (i) to proceed with the proposed acquisition of general insurance business of MAA on a standalone basis and the proposed acquisition of 4.9% equity stake in MAA Takaful Berhad will no longer pursued, and
- (ii) revision of headline price for the proposed acquisition of general insurance business of MAA to RM180.0 million (subject to adjustments).

The Bank Negara Malaysia has vide its letter of 5 January 2010 approved the acquisition of general insurance business of MAA.

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.)

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

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

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

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

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

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

5. On 3 August 2009, the Company announced that, the RM575.0 million nominal value of 10-year unsecured subordinated exchangeable bonds ("EBs") issued by AmBank, a wholly owned subsidiary of the Company, on 18 May 2007 to ANZ Funds Pty Ltd, a wholly owned subsidiary of Australia and New Zealand Banking Group Limited ("ANZ") in relation to the equity participation by ANZ in the Company in May 2007 were exchanged into new ordinary shares of RM1.00 each at the exchange price of RM2.95 nominal value of EBs for one new ordinary share in the Company. The Company's additional 194,915,254 new ordinary shares of RM1.00 each arising from the exercise were subsequently listed on the Main Market of Bursa Malaysia Securities Berhad on 6 August 2009.
6. During the financial period, the trustee of the executives' share scheme ("ESS") had purchased 2,574,800 of the Company's issued ordinary shares from the open market at an average price of RM4.07 per share. The total consideration paid for the purchase including transaction costs amounted to RM10,476,907.

As at 31 December 2009, the trustee of the ESS held 5,470,800 ordinary shares representing 0.18% of the issued and paid-up capital of the Company. These shares are held at a carrying amount of RM17,540,586.

B8. CORPORATE PROPOSALS (CONTD.)

7. During the financial period, AmBank (M) Bhd ("AmBank"), a wholly owned subsidiary of the Company, implemented a Ringgit Malaysia Innovative Tier 1 Capital Securities Programme ("RMIT1 Programme") of up to RM500 million.

A first tranche amounting to RM300 million was issued on 18 August 2009 and a second tranche amounting to RM185 million was issued on 30 September 2009. Arising from the above issuance, AmBank has issued a total of RM485 million RMIT1 under the RMIT1 Programme.

The RMIT1 is structured in accordance with the Risk-Weighted Capital Adequacy Framework issued by Bank Negara Malaysia ("BNM"). The RMIT1 is rated A3 by RAM Rating Services Berhad. The 2-notch differential between the rating of the RMIT1 Programme and AmBank's long term financial institutional rating of A1 reflects the deeply subordinated nature and embedded interest-deferral option of the RMIT1.

Under the RMIT1 Programme, AmBank is given the flexibility to issue the RMIT1 during the availability of the RMIT1 Programme based on the funding requirements of AmBank. Each tranche of RMIT1 issue shall have a permanent tenure of 30 years from the issue date with AmBank having an option to call back on the 10th anniversary of the issue date or on any interest payment date thereafter. The proceeds raised from the RMIT1 Programme will be utilised for the general working capital of AmBank and to defray expenses in relation to the programme.

The RMIT1 Programme is not expected to have any material impact on the consolidated net assets and earnings of the Company and will not have any effect on its dividend policy, share capital and its substantial shareholders' shareholding.

8. AmBank (M) Bhd ("AmBank") has on 10 December 2009 issued the seventh tranche of the RM2.0 billion Subordinated Medium Term Notes for RM97.8 million for 10 years tenure. The proceeds from the issuance will be utilised for general working capital and refinancing Tier 2 subordinated bonds/loans of AmBank.
9. During the reporting period, the Company announced the winding-up and striking-off of following subsidiaries:-
- (i) members' voluntary winding-up of Arab-Malaysian Services Berhad ("AMSB"), a subsidiary of AmLife Insurance Berhad which in turn is a 70%-owned subsidiary of the Group. AMSB was incorporated on 13 December 1973 to carry out general insurance business and had ceased business operations in 1986.
 - (ii) striking-off of non-operating subsidiaries, AmManagement Services Sdn Bhd (a wholly owned subsidiary of the Company) and AMMB Properties Sdn Bhd (a wholly owned subsidiaries of AmInvestment Bank Berhad which in turn is a wholly owned subsidiary of the Group) from the Registrar of Companies Commission of Malaysia and be dissolved pursuant to Section 308 of the Companies Act, 1965 with effect from 29 March 2010.

B9. BORROWINGS

	The Group	
	31.12.09 RM'000	31.3.09 RM'000
(i) Deposits from customers		
Due within six months	56,587,963	50,872,152
Six months to one year	7,052,989	10,394,563
One year to three years	2,138,112	2,235,751
Three to five years	1,007,623	629,040
	<u>66,786,687</u>	<u>64,131,506</u>
(ii) Deposits and placements of banks and other financial institutions		
Due within six months	4,112,654	3,465,904
Six months to one year	296,181	1,364,334
One year to three years	200,197	402,859
Three to five years	1,500,876	902,312
	<u>6,109,908</u>	<u>6,135,409</u>
<i>Recap:</i>		
<i>Interbank lendings</i>	12,890,919	16,536,853
<i>Interbank borrowings</i>	(57,330)	(93,435)
<i>Net interbank lendings</i>	<u>12,833,589</u>	<u>16,443,418</u>
(iii) Term loans		
Due within one year		
Secured	244,531	-
Unsecured	206,283	351,859
	<u>450,814</u>	<u>351,859</u>
(iv) Capital securities		
More than one year	<u>985,000</u>	<u>500,000</u>
(v) Unsecured bonds		
More than one year	<u>515,000</u>	<u>1,090,000</u>
(vi) Hybrid capital		
More than one year	<u>753,484</u>	<u>803,691</u>
The above hybrid capital includes amounts denominated in USD. Principal amount - USD200.0 million.		
(vii) Medium term notes		
More than one year	<u>1,557,800</u>	<u>1,460,000</u>

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 A27(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	
	31.12.09 RM'000	31.12.08 RM'000	31.12.09 RM'000	31.12.08 RM'000
Net profit attributable to equity holders of the Company	268,474	247,963	766,869	681,006
Weighted average number of ordinary shares in issue ('000)	3,008,714	2,722,970	2,872,607	2,722,970
Basic earnings per share (Sen)	8.92	9.11	26.70	25.01

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	
	31.12.09 RM'000	31.12.08 RM'000	31.12.09 RM'000	31.12.08 RM'000
Net profit attributable to equity holders of the Company	268,474	247,963	766,869	681,006
Weighted average number of ordinary shares in issue (as in (a) above)	3,008,714	2,722,970	2,872,607	2,722,970
Fully diluted earnings per share (Sen)	8.92	9.11	26.70	25.01

For the financial period ended 31 December 2009, the unsecured exchangeable bonds were exchanged into new ordinary shares of RM1.00 each at the exchange price of RM2.95 nominal value of the unsecured exchangeable bonds for one new ordinary share in the Company.

For the financial period ended 31 December 2008, 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.