

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

UNAUDITED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2010

	Note	The Group	
		30.06.10 RM'000	30.03.10 RM'000
ASSETS			
Cash and short-term funds		11,221,012	11,627,452
Securities purchased under resale agreements		137,828	16,992
Deposits and placements with banks and other financial institutions		3,389,447	1,831,505
Derivative financial assets	A28	354,078	343,643
Financial assets held-for-trading	A8	2,737,947	1,713,441
Financial investments available-for-sale	A9	7,593,693	9,093,856
Financial investments held-to-maturity	A10	199,528	562,743
Loans, advances and financing	A11	65,083,345	64,425,920
Other assets	A12	1,753,869	1,988,973
Statutory deposits with Bank Negara Malaysia	A13	164,417	167,623
Deferred tax assets		341,593	262,760
Investment in associate and jointly controlled entity		1,101	1,301
Property and equipment		235,778	235,899
Life fund assets		2,381,298	2,382,703
Intangible assets		1,826,463	1,825,492
TOTAL ASSETS		97,421,397	96,480,303
LIABILITIES AND EQUITY			
Deposits and placements of banks and other financial institutions	A14	3,908,201	4,315,276
Securities sold under resale agreements		75,785	-
Recourse obligation on loans sold to Cagamas Berhad		22,025	135,689
Derivative financial liabilities	A28	405,537	392,977
Deposits from customers	A15	68,191,850	68,874,112
Term funding		3,361,166	1,902,107
Bills and acceptances payable		1,868,589	1,399,572
Debt capital		3,769,910	3,747,347
Deferred tax liabilities		7,990	8,582
Other liabilities	A16	3,420,724	3,477,951
Life fund liabilities		174,367	200,357
Life policyholder funds		2,206,931	2,182,346
Total Liabilities		87,413,075	86,636,316
Share capital		3,014,185	3,014,185
Reserves		6,764,288	6,623,528
Equity attributable to equity holders of the Company		9,778,473	9,637,713
Minority interests		229,849	206,274
Total Equity		10,008,322	9,843,987
TOTAL LIABILITIES AND EQUITY		97,421,397	96,480,303
COMMITMENTS AND CONTINGENCIES	A27	69,168,405	62,260,673

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

UNAUDITED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2010 (CONTD.)

	Note	The Group	
		30.06.10 RM'000	30.03.10 RM'000
CAPITAL ADEQUACY RATIO	A29		
Before deducting proposed dividends:			
Core capital ratio		10.02%	10.32%
Risk-weighted capital ratio		16.69%	15.77%
After deducting proposed dividends:			
Core capital ratio		9.54%	9.78%
Risk-weighted capital ratio		16.22%	15.30%
NET ASSETS PER ORDINARY SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY (RM)		3.24	3.20

The unaudited condensed financial statements should be read in conjunction with the Annual Financial Report for the year ended 31 March 2010

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

UNAUDITED CONSOLIDATED INCOME STATEMENTS
FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2010

The Group	Note	Individual Quarter		Cumulative Quarter	
		30.06.10 RM'000	30.06.09 RM'000	30.06.10 RM'000	30.06.09 RM'000
Revenue	A23	1,704,041	1,570,629	1,704,041	1,570,629
Interest income	A17	990,618	877,315	990,618	877,315
Interest expense	A18	(467,262)	(457,101)	(467,262)	(457,101)
Net interest income		523,356	420,214	523,356	420,214
Net income from Islamic banking business		194,151	234,326	194,151	234,326
Net income from insurance business	A19	52,042	23,754	52,042	23,754
Other operating income	A20	220,498	209,859	220,498	209,859
Share in result of jointly controlled entity		-	(90)	-	(90)
Share in result of associate		(200)	-	(200)	-
Net income		989,847	888,063	989,847	888,063
Other operating expenses	A21	(381,220)	(352,345)	(381,220)	(352,345)
Operating profit		608,627	535,718	608,627	535,718
Allowances for impairment on loans and financing	A22	(91,634)	(136,864)	(91,634)	(136,864)
Impairment (loss)/writeback on:					
Financial investment		10,212	(41,611)	10,212	(41,611)
Doubtful sundry receivables - net		639	(1,029)	639	(1,029)
Foreclosed properties		(155)	(434)	(155)	(434)
Writeback/(provision) for commitments and contingencies		267	(369)	267	(369)
Transfer to profit equalisation reserve		(11,722)	(1,932)	(11,722)	(1,932)
Profit before taxation and zakat		516,234	353,479	516,234	353,479
Taxation and zakat	B5	(134,522)	(87,988)	(134,522)	(87,988)
Profit for the period		381,712	265,491	381,712	265,491
Attributable to:					
Equity holders of the Company		368,283	258,237	368,283	258,237
Minority interests		13,429	7,254	13,429	7,254
Profit for the period		381,712	265,491	381,712	265,491
EARNINGS PER SHARE (SEN)	B13				
Basic		12.24	9.48	12.24	9.48
Fully diluted		12.24	9.48	12.24	9.48

The unaudited condensed financial statements should be read in conjunction with the Annual Financial Report for the year ended 31 March 2010

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

UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2010

The Group	Note	Individual Quarter		Cumulative Quarter	
		30.06.10 RM'000	30.06.09 RM'000	30.06.10 RM'000	30.06.09 RM'000
Profit for the period		<u>381,712</u>	<u>265,491</u>	<u>381,712</u>	<u>265,491</u>
Other comprehensive (loss)/income:					
Exchange differences on translation of foreign operations		(1,841)	1,963	(1,841)	1,963
Net movement on cash flow hedges		(40,907)	61,976	(40,907)	61,976
Net gain on financial investments AFS		38,682	6,737	38,682	6,737
Income tax relating to the components of other comprehensive income		<u>2,675</u>	<u>(11,179)</u>	<u>2,675</u>	<u>(11,179)</u>
Other comprehensive (loss)/income for the period, net of tax		<u>(1,391)</u>	<u>59,497</u>	<u>(1,391)</u>	<u>59,497</u>
Total comprehensive income for the period		<u>380,321</u>	<u>324,988</u>	<u>380,321</u>	<u>324,988</u>
Total comprehensive income for the period attributable to:					
Equity holders of the Company		367,301	317,734	367,301	317,734
Minority interests		13,020	7,254	13,020	7,254
		<u>380,321</u>	<u>324,988</u>	<u>380,321</u>	<u>324,988</u>

The unaudited condensed financial statements should be read in conjunction with the Annual Financial Report for the year ended 31 March 2010

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

UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2010

	Attributable to Equity Holders of the Company								Total Equity RM'000
	Non- Distributable					Distributable			
	Ordinary Share Capital RM'000	Share Premium RM'000	Other Reserves RM'000	Executives' Share Scheme Reserve RM'000	Shares Held In Trust for ESS RM'000	Retained Earnings RM'000	Total RM'000	Minority Interests RM'000	
The Group									
At 1 April 2009	2,722,970	1,986,836	1,210,128	-	(7,064)	1,823,223	7,736,093	175,462	7,911,555
Effect of first time adoption of RBC framework	-	-	-	-	-	(3,502)	(3,502)	(3,365)	(6,867)
At 1 April 2009 (restated)	2,722,970	1,986,836	1,210,128	-	(7,064)	1,819,721	7,732,591	172,097	7,904,688
Profit for the period	-	-	-	-	-	258,237	258,237	7,254	265,491
Other comprehensive income, net	-	-	59,497	-	-	-	59,497	-	59,497
Total comprehensive income for the period	-	-	59,497	-	-	258,237	317,734	7,254	324,988
Share-based payment under ESS	-	-	-	604	-	-	604	-	604
Subscription of shares in AmPrivate Equity Sdn Bhd	-	-	-	-	-	-	-	100	100
At 30 June 2009	2,722,970	1,986,836	1,269,625	604	(7,064)	2,077,958	8,050,929	179,451	8,230,380

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

UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2010

The Group	Attributable to Equity Holders of the Company						Total RM'000	Minority Interests RM'000	Total Equity RM'000
	Non-Distributable			Distributable					
	Ordinary Share Capital RM'000	Share Premium RM'000	Other Reserves RM'000	Executives' Share Scheme Reserve RM'000	Shares Held In Trust for ESS RM'000	Retained Earnings RM'000			
At 1 April 2010	3,014,185	2,537,372	1,531,941	14,860	(17,515)	2,556,869	9,637,712	206,274	9,843,986
Effect of adoption of FRS139	-	-	(46,303)	-	-	(167,960)	(214,263)	5,875	(208,388)
At 1 April 2010 (restated)	3,014,185	2,537,372	1,485,638	14,860	(17,515)	2,388,909	9,423,449	212,149	9,635,598
Profit for the period	-	-	-	-	-	368,283	368,283	13,429	381,712
Other comprehensive loss, net	-	-	(982)	-	-	-	(982)	(409)	(1,391)
Total comprehensive income for the period	-	-	(982)	-	-	368,283	367,301	13,020	380,321
Purchased of shares pursuant to Executives' Share Scheme ("ESS")^	-	-	-	-	(15,989)	-	(15,989)	-	(15,989)
Share-based payment under ESS	-	-	-	3,712	-	-	3,712	-	3,712
Subscription of shares in AmPrivate Equity Sdn Bhd	-	-	-	-	-	-	-	4,680	4,680
At 30 June 2010	3,014,185	2,537,372	1,484,656	18,572	(33,504)	2,757,192	9,778,473	229,849	10,008,322

^ Represent the purchase of 3,199,000 of the Company's issued ordinary shares from the open market by a trustee appointed by the ESS committee at an average price of RM5.00 per share.

The unaudited condensed financial statements should be read in conjunction with the Annual Financial Report for the year ended 31 March 2010

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

UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENTS
FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2010

The Group	30.06.10	30.06.09
	RM'000	RM'000
Profit before taxation	516,234	353,479
Add adjustments for non-operating and non-cash items	34,152	158,613
Operating profit before working capital changes	550,386	512,092
Increase in operating assets	(3,390,383)	(2,502,650)
Increase in operating liabilities	489,936	896,914
Cash used in operations	(2,350,061)	(1,093,644)
Taxation paid	(54,118)	(15,091)
Net cash used in operating activities	(2,404,179)	(1,108,735)
Net cash generated from/(used in) investing activities	1,889,238	(532,171)
Net cash generated from financing activities	117,262	100
Net decrease in cash and cash equivalents	(397,679)	(1,640,806)
Cash and cash equivalents at beginning of period	11,400,435	16,965,886
Cash and cash equivalents at end of period	<u>11,002,756</u>	<u>15,325,080</u>

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

The Group	30.06.10	30.06.09
	RM'000	RM'000
Cash and short-term funds	11,221,012	15,591,286
Bank overdrafts	(1,249)	(7,622)
	11,219,763	15,583,664
Less: Cash and bank balances and deposits held in trust	(216,769)	(257,747)
	11,002,994	15,325,917
Effect of exchange rates changes	(238)	(837)
Cash and cash equivalents	<u>11,002,756</u>	<u>15,325,080</u>

The unaudited condensed financial statements should be read in conjunction with the Annual Financial Report for the year ended 31 March 2010

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

EXPLANATORY NOTES :

A1. BASIS OF PREPARATION

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

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

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

- FRS 4, Insurance Contracts
- FRS 7, Financial Instruments: Disclosures
- FRS 8, Operating Segments
- FRS 101, Presentation of Financial Statements (revised)
- FRS 123, Borrowing Costs (revised)
- FRS 139, Financial Instruments: Recognition and Measurement
- Amendments to FRS 1, First-time Adoption of Financial Reporting Standards and FRS 127, Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
- Amendments to FRS 2, Share-based Payment: Vesting Conditions and Cancellations
- Amendments to FRS 132, Financial Instruments: Presentation and FRS 101, Presentation of Financial Statements
 - Puttable Financial Instruments and Obligations Arising on Liquidation
 - Separation of Compound Instruments
- Amendments to FRS 132, Financial Instruments: Presentation – Classification of Rights Issues
- Amendments to FRS 139, Financial Instruments: Recognition and Measurement, FRS 7, Financial Instruments:
 - Disclosures and IC Interpretation 9, Reassessment of Embedded Derivatives
 - Reclassification of Financial Assets
 - Puttable Financial Instruments and Obligations Arising on Liquidation
- Amendments to FRS 139, Financial Instruments: Recognition and Measurement
 - Collective Assessment of Impairment for Banking Institutions
- Improvements to FRSs (2009)
- IC Interpretation 9, Reassessment of Embedded Derivatives
- IC Interpretation 10, Interim Financial Reporting and Impairment
- IC Interpretation 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
- TR i – 3, Presentation of Financial Statements of Islamic Financial Institutions

The effects of adopting FRS 4, FRS 7, FRS 8, FRS 101, Amendments to FRS 117 and IC Interpretation 13, which did not have any significant effect on the financial performance or position of the Group and did not impact earnings per ordinary share, are discussed below:

FRS 4, Insurance Contracts

FRS 4 specifies the financial reporting requirements for insurance contracts by any entity that issues such contracts (insurers). In particular, it requires disclosures that identify and explain the amounts in an insurer's financial statements arising from insurance contracts and helps users of those financial statements understand the amount, timing and uncertainty of future cash flows from insurance contracts. The adoption of FRS 4 did not have any significant impact on the financial statements of the Group other than expanded disclosure requirements. Certain disclosure and comparative figures have been restated to comply with FRS 4.

A1. BASIS OF PREPARATION (CONTD.)

FRS 7, Financial Instruments: Disclosures

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

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

FRS 8, Operating Segments

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

FRS 101, Presentation of Financial Statements

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

FRS 117, Leases

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

IC Interpretation 13, Customer Loyalty Programmes

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

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

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

A1. BASIS OF PREPARATION (CONTD.)

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

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

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

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

- TR 3, Guidance on Disclosures of Transition to IFRSs

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

- Amendments to FRS 1, First-time Adoption of Financial Reporting Standards
 - Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters
 - Additional Exemptions for First-time Adopters
- Amendments to FRS 2, Share-based Payment – Group Cash-settled Share-based Payment Transactions
- Amendments to FRS 7, Financial Instruments: Disclosures – Improving Disclosures about Financial Instruments
- IC Interpretation 4, Determining whether an Arrangement contains a Lease
- IC Interpretation 18, Transfers of Assets from Customers
- TR i – 4, Shariah Compliant Sale Contracts

A2. AUDIT QUALIFICATION

There were no audit qualification in the annual financial statements for the year ended 31 March 2010.

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 30 June 2010.

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

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

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

A7. DIVIDENDS PAID

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

A8. FINANCIAL ASSETS HELD-FOR-TRADING

	The Group	
	30.06.10 RM'000	31.03.10 RM'000
At Fair Value		
Money Market Securities:		
Treasury bills	19,649	19,551
Islamic Treasury bills	420	39,141
Malaysian Government Securities	582,946	154,746
Malaysian Government Investment Certificates	244,993	452,188
Bank Negara Malaysia Monetary Notes	978,607	306,008
Islamic Khazanah bonds	4,734	-
Sukuk Bank Negara Malaysia	14,975	14,990
	<u>1,846,324</u>	<u>986,624</u>
Quoted Securities:		
In Malaysia:		
Shares	148,388	86,852
Warrants	2,458	1,934
Trust units	29,471	5,303
Outside Malaysia:		
Shares	4,304	4,239
Trust units	1,780	-
	<u>186,401</u>	<u>98,328</u>
Unquoted Private Debt Securities:		
In Malaysia:		
Corporate bonds	61,585	-
Corporate notes	206,244	191,407
Islamic corporate bonds	215,865	100,441
Islamic corporate notes	221,528	322,009
Outside Malaysia:		
Corporate bonds	-	14,632
	<u>705,222</u>	<u>628,489</u>
Total	<u>2,737,947</u>	<u>1,713,441</u>

A9. FINANCIAL INVESTMENTS AVAILABLE-FOR-SALE

	The Group	
	30.06.10	31.03.10
	RM'000	RM'000
At Fair Value		
Money Market Securities:		
Malaysian Government Securities	387,878	427,258
Malaysian Government Investment Certificates	76,103	76,005
Negotiable instruments of deposits	1,985,753	2,579,057
Negotiable Islamic debt certificates	199,960	577,330
Islamic khazanah bonds	19,353	37,890
	<u>2,669,047</u>	<u>3,697,540</u>
Quoted Securities:		
In Malaysia:		
Shares	186,058	136,378
Trust units	675,563	1,149,180
Outside Malaysia:		
Shares	20,452	21,847
Trust units	-	1,754
	<u>882,073</u>	<u>1,309,159</u>
Unquoted Securities:		
In Malaysia:		
Shares	137,744	21,476
Outside Malaysia:		
Shares	21,873	17,848
	<u>159,617</u>	<u>39,324</u>
Quoted Debt Equity Converted Securities:		
In Malaysia:		
Shares	14,926	14,380
Loan stocks	3,053	2,326
Loan stocks - collateralised	55,700	-
Collateralised corporate bonds	-	332
Outside Malaysia:		
Shares	49	104
	<u>73,728</u>	<u>17,142</u>

A9. FINANCIAL INVESTMENTS AVAILABLE-FOR-SALE (CONTD.)

	The Group	
	30.06.10 RM'000	31.03.10 RM'000
Unquoted Debt Equity Converted Securities:		
In Malaysia:		
Shares	1,679	-
Loan stocks	71,185	-
	72,864	-
Unquoted Private Debt Securities:		
In Malaysia:		
Corporate bonds	955,150	1,045,019
Islamic corporate bonds	663,874	676,831
Corporate notes	466,762	338,435
Islamic corporate notes	1,451,751	1,557,236
Outside Malaysia:		
Corporate bonds	3,215	7,941
Islamic corporate bonds	17,153	39,333
	3,557,905	3,664,795
Unquoted Guaranteed Private Debt Securities:		
In Malaysia:		
Corporate bonds	148,755	342,452
Islamic corporate bonds	65,434	82,726
	214,189	425,178
Accumulated impairment losses	(35,730)	(59,282)
Total	7,593,693	9,093,856

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 30 June 2010, the nominal values of MGS and GII holdings maintained for SRR purpose amounting to RM425,260,000 for the Group.

A10. FINANCIAL INVESTMENTS HELD-TO-MATURITY

	The Group	
	30.06.10 RM'000	31.03.10 RM'000
Quoted Securities:		
In Malaysia:		
Shares	-	2
	-	2
Unquoted Securities:		
In Malaysia:		
Shares	-	103,118
Corporate bonds	959	100
Outside Malaysia:		
Shares	-	2,247
	959	105,465
Quoted Debt Equity Converted Securities:		
In Malaysia:		
Shares	-	40
Loan stocks - collateralised	4,913	41,915
Corporate bonds - collateralised	-	33,172
	4,913	75,127

A10. FINANCIAL INVESTMENTS HELD-TO-MATURITY (CONTD.)

	The Group	
	30.06.10 RM'000	31.03.10 RM'000
Unquoted Debt Equity Converted Securities:		
In Malaysia:		
Shares	-	3,027
Loan stocks	-	41,419
Loan stocks - collateralised	971	314,279
Corporate bonds - collateralised	279,776	149,200
Corporate bonds	79,460	45,300
	<u>360,207</u>	<u>553,225</u>
Unquoted Private Debt Securities:		
In Malaysia:		
Corporate bonds and notes denominated in USD	-	4,961
Corporate notes	-	30,370
Islamic corporate bonds	30,153	139,435
	<u>30,153</u>	<u>174,766</u>
Unquoted Guaranteed Private Debt Securities:		
In Malaysia:		
Corporate bonds	10,000	10,000
	<u>406,232</u>	<u>918,585</u>
Accumulated impairment losses	(206,704)	(355,842)
Total	<u>199,528</u>	<u>562,743</u>

A11. LOANS, ADVANCES AND FINANCING

	The Group	
	30.06.10 RM'000	31.03.10 RM'000
Loans and financing:		
Term loans and revolving credit	25,278,128	23,874,032
Housing loans	11,988,908	11,750,125
Staff loans	169,267	167,526
Hire-purchase receivables	31,034,330	30,875,449
Credit card receivables	1,779,946	1,782,020
Lease receivables	1,224	1,142
Overdrafts	1,879,142	1,934,446
Claims on customers under acceptance credits	2,889,692	2,788,014
Trust receipts	534,233	387,309
Block discount receivables	60,244	57,928
Factoring receivables	60,796	57,143
Bills receivable	155,609	115,140
	<u>75,831,519</u>	<u>73,790,274</u>
Unearned interest and income	(7,308,241)	(7,161,411)
	<u>68,523,278</u>	<u>66,628,863</u>
Islamic financing sold to Cagames Berhad	(1,125,238)	(345,738)
Gross loans, advances and financing	<u>67,398,040</u>	<u>66,283,125</u>
Allowance for impairment on loans and financing:		
Collective allowance	(1,846,330)	-
Individual allowance	(468,365)	-
General allowance	-	(1,003,472)
Specific allowance	-	(853,733)
	<u>(2,314,695)</u>	<u>(1,857,205)</u>
Net loans, advances and financing	<u>65,083,345</u>	<u>64,425,920</u>

* Included in term loans and revolving credit of the Group as at 30 June 2010 is loans amounting to RM1,454,217,000 (31 March 2010: RM210,618,521) which are exempted from collective provision by Bank Negara Malaysia.

A11. LOANS, ADVANCES AND FINANCING (CONTD.)

(a) The maturity structure of loans, advances and financing is as follows:

	The Group	
	30.06.10 RM'000	31.03.10 RM'000
Maturing within one year	11,839,630	11,784,629
One to three years	4,306,501	6,874,762
Three to five years	8,639,734	11,204,955
Over five years	42,612,175	36,418,779
	<u>67,398,040</u>	<u>66,283,125</u>

(b) Loans, advances and financing analysed by sectors are as follows:

	The Group	
	30.06.10 RM'000	31.03.10 RM'000
Agriculture	1,602,129	1,542,566
Mining and quarrying	425,550	330,803
Manufacturing	5,182,173	4,965,824
Electricity, gas and water	1,798,594	1,806,968
Construction	3,354,138	3,228,593
Wholesale, retail, restaurant and hotel	3,714,081	3,594,540
Transport, storage and communication	2,579,824	2,932,126
Finance, insurance, real estate and business activities	4,533,268	4,442,651
Education and health	2,074,441	820,596
Investment holdings	40,874	35,958
Household, of which:		
Purchase of residential properties	12,671,727	11,770,452
Purchase of transport vehicles	21,388,090	23,557,097
Others	6,670,257	5,676,327
Others	1,362,894	1,578,624
	<u>67,398,040</u>	<u>66,283,125</u>

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

	The Group	
	30.06.10 RM'000	31.03.10 RM'000
Domestic:		
Other non-bank financial institutions	316,590	313,228
Business enterprises:		
Small and medium enterprises	7,683,906	7,221,486
Others	16,350,332	17,547,805
Government and statutory bodies	1,421,224	253,528
Individuals	41,080,358	40,402,428
Other domestic entities	4,002	3,021
Foreign entities	541,628	541,629
	<u>67,398,040</u>	<u>66,283,125</u>

A11. LOANS, ADVANCES AND FINANCING (CONTD.)

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

	The Group	
	30.06.10	31.03.10
	RM'000	RM'000
Variable rate:		
Base lending rate plus	17,418,421	17,433,703
Cost plus	9,769,949	9,706,769
Other variable rates	1,382,727	1,323,736
	<u>28,571,097</u>	<u>28,464,208</u>
Fixed rate:		
Housing loans/financing	2,022,602	2,019,245
Hire purchase receivables	24,874,853	25,478,064
Other loans/financing	11,929,488	10,321,608
	<u>38,826,943</u>	<u>37,818,917</u>
	<u>67,398,040</u>	<u>66,283,125</u>

(e) Loans, advances and financing analysed by geographical distribution as follows:

	The Group	
	30.06.10	31.03.10
	RM'000	RM'000
Domestic	66,786,469	65,710,147
Offshore	611,571	572,978
	<u>67,398,040</u>	<u>66,283,125</u>

A11. LOANS, ADVANCES AND FINANCING (CONTD.)

(f) Movements in impaired loans, advances and financing are as follows:

	The Group	
	30.06.10 RM'000	31.03.10 RM'000
Gross		
Balance at beginning of year	1,865,758	2,426,458
Effect of adopting FRS139	673,015	-
Balance at beginning of period/year (restated)	<u>2,538,773</u>	<u>2,426,458</u>
Impaired during the period/year	539,113	1,030,338
Reclassification to non-impaired loans and financing	(254,063)	(452,389)
Recoveries	(213,543)	(198,611)
Amount written-off	<u>(140,859)</u>	<u>(940,038)</u>
Balance at end of period/year	<u>2,469,421</u>	<u>1,865,758</u>
Ratios of impaired loans, advances and financing to total loans, advances and financing (including Islamic financing sold to Cagamas Berhad)	<u>3.6%</u>	<u>2.8%</u>
Loan loss coverage excluding collateral values	<u>93.7%</u>	<u>99.5%</u>

(g) Impaired loans, advances and financing analysed by sectors are as follows:

	The Group	
	30.06.10 RM'000	31.03.10 RM'000
Agriculture	36,870	2,747
Mining and quarrying	335	1,028
Manufacturing	194,239	101,638
Electricity, gas and water	287,542	649
Construction	379,378	296,615
Wholesale, retail, restaurant and hotel	66,783	63,010
Transport, storage and communication	16,375	19,278
Fin, real estate, ins and bus activities	145,786	124,633
Education and health	46,436	46,244
Household, of which:		
Purchase of residential properties	689,818	633,995
Purchase of transport vehicles	408,914	399,828
Others	180,457	158,466
Others	<u>16,488</u>	<u>17,627</u>
	<u>2,469,421</u>	<u>1,865,758</u>

(h) Impaired loans, advances and financing analysed by geographical distribution

	The Group	
	30.06.10 RM'000	31.03.10 RM'000
Domestic	<u>2,469,421</u>	<u>1,865,758</u>

A11. LOANS, ADVANCES AND FINANCING (CONTD.)

(i) Movements in allowances for impaired loans, advances and financing are as follows:

	The Group	
	30.06.10	31.03.10
	RM'000	RM'000
Collective allowance		
Balance at beginning of year	-	-
Effect of adopting FRS 139	1,803,552	-
Balance at beginning of period/year (restated)	1,803,552	-
Allowance made during the period/year, net	166,369	-
Amount written-off	(123,474)	-
Exchange fluctuation adjustments	(117)	-
Balance at end of period/year	<u>1,846,330</u>	<u>-</u>
% of total loans, advances and financing (including Islamic financing sold to Cagamas Berhad) less individual allowance	<u>2.71%</u>	<u>-</u>
Individual allowance		
Balance at beginning of year	-	-
Effect of adopting FRS 139	458,225	-
Balance at beginning of period/year (restated)	458,225	-
Allowance made during the period/year, net	22,563	-
Amount written off	(12,423)	-
Balance at end of period/year	<u>468,365</u>	<u>-</u>
General allowance		
Balance at beginning of year	1,003,472	899,517
Effect of adopting FRS 139	(1,003,472)	-
Balance at beginning of period/year (restated)	-	899,517
Allowance made during the period/year	-	104,924
Exchange fluctuation adjustments	-	(969)
Balance at end of period/year	<u>-</u>	<u>1,003,472</u>
% of total loans, advances and financing (including Islamic financing sold to Cagamas Berhad) less specific allowances	<u>-</u>	<u>1.53%</u>
Specific allowance		
Balance at beginning of year	853,733	921,611
Effect of adopting FRS 139	(853,733)	-
Balance at beginning of period/year (restated)	-	921,611
Allowance made during the period/year	-	1,205,040
Amount written back in respect of recoveries and reversals	-	(336,980)
Adjustment to deferred asset account	-	588
Amount written off	-	(936,526)
Balance at end of period/year	<u>-</u>	<u>853,733</u>

A12. OTHER ASSETS

	The Group	
	30.06.10	31.03.10
	RM'000	RM'000
Trade receivables, net of allowance for doubtful debts	692,707	864,046
Other receivables, deposits and prepayments, net of allowance for doubtful debts	561,395	571,322
Assets held for sale	416	416
Interest receivables on treasury assets, net of allowance for doubtful debts	225,076	278,917
Fee receivables, net of allowance for doubtful debts	39,784	40,261
Amount due from Originators	22,025	22,793
Amount due from agents, brokers and reinsurers, net of allowance	26,371	24,552
Foreclosed properties, net of allowance for impairment in value	151,351	151,922
Deferred assets	34,744	34,744
	<u>1,753,869</u>	<u>1,988,973</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 deposits pertaining to investment banking , commercial and Islamic banking subsidiaries are 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.

A14. DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

	The Group	
	30.06.10	31.03.10
	RM'000	RM'000
Deposits from:		
Licensed banks	1,303,182	411,440
Licensed investment banks	502,205	512,060
Bank Negara Malaysia	924,700	902,577
Other financial institutions	1,178,114	2,489,199
	<u>3,908,201</u>	<u>4,315,276</u>

A15. DEPOSITS FROM CUSTOMERS

	The Group	
	30.06.10	31.03.10
	RM'000	RM'000
Term/Investment deposits	59,023,602	59,883,117
Savings deposits	3,960,767	3,985,055
Current deposits	4,462,846	4,386,833
Negotiable instruments of deposits	430,368	447,757
Other deposits	314,267	171,350
	<u>68,191,850</u>	<u>68,874,112</u>
Business enterprises	27,653,246	29,588,517
Individuals	27,297,131	26,828,735
Government and statutory bodies	11,972,991	11,240,282
Others	1,268,482	1,216,578
	<u>68,191,850</u>	<u>68,874,112</u>

A16. OTHER LIABILITIES

	The Group	
	30.06.10 RM'000	31.03.10 RM'000
Trade payables	602,688	809,820
Other payables and accruals	1,610,898	1,853,987
Interest payable on deposits and borrowings	527,288	443,314
Lease deposits and advance rentals	64,350	64,021
General insurance funds	255,353	226,378
Provision for commitments and contingencies	135,649	369
Bank overdrafts	1,249	7,622
Profit equalisation reserve	61,020	64,087
Tax payable	162,229	8,353
	3,420,724	3,477,951

A17. INTEREST INCOME

The Group	Individual Quarter		Cumulative Quarter	
	30.06.10 RM'000	30.06.09 RM'000	30.06.10 RM'000	30.06.09 RM'000
Short-term funds and deposits with financial institutions	53,448	54,375	53,448	54,375
Financial assets held-for-trading	18,553	9,002	18,553	9,002
Financial investments available-for-sale	80,295	66,997	80,295	66,997
Financial investments held-to-maturity	11,117	8,400	11,117	8,400
Loans, advances and financing	822,292	738,096	822,292	738,096
Interest income on impaired loans	3,532	-	3,532	-
Others	1,381	445	1,381	445
	990,618	877,315	990,618	877,315

A18. INTEREST EXPENSE

The Group	Individual Quarter		Cumulative Quarter	
	30.06.10 RM'000	30.06.09 RM'000	30.06.10 RM'000	30.06.09 RM'000
Deposits from customers	327,082	334,779	327,082	334,779
Deposit of banks and other financial institutions	26,168	44,545	26,168	44,545
Senior notes	29,817	-	29,817	-
Credit-Linked Note	683	-	683	-
Amount due to Cagamas Berhad	770	1,144	770	1,144
Term loans	3,098	2,553	3,098	2,553
Subordinated deposits and term loans	6,451	6,432	6,451	6,432
Interest on bonds	5,891	13,869	5,891	13,869
Medium term notes	22,013	20,611	22,013	20,611
Net Interest rate swap expense	23,648	19,847	23,648	19,847
Hybrid securities	20,526	12,014	20,526	12,014
Others	1,115	1,307	1,115	1,307
	467,262	457,101	467,262	457,101

A19. NET INCOME FROM INSURANCE BUSINESS

The Group	Individual Quarter		Cumulative Quarter	
	30.06.10 RM'000	30.06.09 RM'000	30.06.10 RM'000	30.06.09 RM'000
Income from Insurance Business:				
Premium income from general insurance business	131,679	120,052	131,679	120,052
Surplus transfer from the life insurance business	22,500	6,000	22,500	6,000
	<u>154,179</u>	<u>126,052</u>	<u>154,179</u>	<u>126,052</u>
Insurance Claims and Commissions:				
Insurance commission	13,210	11,669	13,210	11,669
General insurance claims	88,927	90,629	88,927	90,629
	<u>102,137</u>	<u>102,298</u>	<u>102,137</u>	<u>102,298</u>
Total income from insurance business, net	<u>52,042</u>	<u>23,754</u>	<u>52,042</u>	<u>23,754</u>

A20. OTHER OPERATING INCOME

The Group	Individual Quarter		Cumulative Quarter	
	30.06.10 RM'000	30.06.09 RM'000	30.06.10 RM'000	30.06.09 RM'000
Fee income:				
Fees on loans, financing and securities	45,615	34,888	45,615	34,888
Corporate advisory	9,361	6,711	9,361	6,711
Guarantee fees	7,934	9,276	7,934	9,276
Underwriting commissions	5,192	837	5,192	837
Portfolio management fees	4,383	3,052	4,383	3,052
Unit trust management fees	15,946	12,325	15,946	12,325
Brokerage rebates	68	75	68	75
Property trust management fees	1,241	1,306	1,241	1,306
Brokerage fees and commissions	25,404	35,162	25,404	35,162
Bancassurance commission	7,815	8,439	7,815	8,439
Net income from asset securitisation	230	212	230	212
Other fee income	18,579	16,378	18,579	16,378
	<u>141,768</u>	<u>128,661</u>	<u>141,768</u>	<u>128,661</u>
Investment and trading income:				
Net gain from sale of financial assets held-for-trading	13,264	25,796	13,264	25,796
Net gain from sale of financial investments available-for-sale	20,307	10,424	20,307	10,424
Net gain on redemption of financial investments held-to-maturity	4,929	14,826	4,929	14,826
Gain/(Loss) on revaluation for financial assets held-for-trading	568	(1,174)	568	(1,174)
Foreign exchange ¹	8,214	5,782	8,214	5,782
Loss on redemption of structured product	(22)	(5)	(22)	(5)
Gain on derivatives	12,905	12,413	12,905	12,413
Net gain on revaluation of fair value hedge ²	172	47	172	47
Gross dividend income from:				
Financial assets held-for-trading	1,203	151	1,203	151
Financial investments available-for-sale	8,943	8,304	8,943	8,304
Financial investments held-to-maturity	4,314	69	4,314	69
	<u>74,797</u>	<u>76,633</u>	<u>74,797</u>	<u>76,633</u>

A20. OTHER OPERATING INCOME (CONTD.)

The Group	Individual Quarter		Cumulative Quarter	
	30.06.10 RM'000	30.06.09 RM'000	30.06.10 RM'000	30.06.09 RM'000
Other income:				
Non-trading foreign exchange	415	580	415	580
Gain on disposal of property and equipment, n	314	298	314	298
Rental income	1,027	1,409	1,027	1,409
Other operating income	2,177	2,278	2,177	2,278
	<u>3,933</u>	<u>4,565</u>	<u>3,933</u>	<u>4,565</u>
	<u>220,498</u>	<u>209,859</u>	<u>220,498</u>	<u>209,859</u>

¹ Foreign exchange income includes gains and losses from spot and forward contracts and other currency derivatives.

² Arising from changes in fair value of interest rate swap (hedging instrument) and Hybrid Capital (hedged item) relating to the hedged risk.

A21. OTHER OPERATING EXPENSES

The Group	Individual Quarter		Cumulative Quarter	
	30.06.10 RM'000	30.06.09 RM'000	30.06.10 RM'000	30.06.09 RM'000
Personnel/Staff costs:				
Salaries, allowances and bonuses	178,585	155,255	178,585	155,255
Shares/options granted under Group Executives' Share Scheme	5,826	3,750	5,826	3,750
Others	47,291	44,177	47,291	44,177
	<u>231,702</u>	<u>203,182</u>	<u>231,702</u>	<u>203,182</u>
Establishment costs:				
Depreciation	13,107	14,770	13,107	14,770
Amortisation of computer software	8,499	7,435	8,499	7,435
Computerisation costs	32,848	26,180	32,848	26,180
Rental	20,540	19,846	20,540	19,846
Cleaning and maintenance	5,371	5,289	5,371	5,289
Others	6,850	7,322	6,850	7,322
	<u>87,215</u>	<u>80,842</u>	<u>87,215</u>	<u>80,842</u>
Marketing and communication expenses:				
Sales commission	3,202	6,858	3,202	6,858
Advertising, promotional and other marketing activities	13,170	15,327	13,170	15,327
Telephone charges	4,813	5,051	4,813	5,051
Postage	1,878	2,218	1,878	2,218
Travel and entertainment	3,800	3,605	3,800	3,605
Others	5,524	5,136	5,524	5,136
	<u>32,387</u>	<u>38,195</u>	<u>32,387</u>	<u>38,195</u>
Administration and general:				
Professional services	17,540	18,046	17,540	18,046
Donations	22	10	22	10
Administration and management expenses	264	63	264	63
Others	12,090	12,007	12,090	12,007
	<u>29,916</u>	<u>30,126</u>	<u>29,916</u>	<u>30,126</u>
	<u>381,220</u>	<u>352,345</u>	<u>381,220</u>	<u>352,345</u>

A22. ALLOWANCE FOR IMPAIRMENT ON LOANS AND FINANCING

The Group	Individual Quarter		Cumulative Quarter	
	30.06.10 RM'000	30.06.09 RM'000	30.06.10 RM'000	30.06.09 RM'000
Allowance for bad and doubtful debts and financing:				
Individual allowance, net	22,563	-	22,563	-
Collective allowance	166,369	-	166,369	-
Specific allowance:				
Allowance during the period	-	284,169	-	284,169
Amount written back in respect of recoveries and reversals	-	(77,267)	-	(77,267)
General allowance	-	15,360	-	15,360
Bad debts and financing:				
Written off	36	-	36	-
Recovered	(97,334)	(85,398)	(97,334)	(85,398)
	<u>91,634</u>	<u>136,864</u>	<u>91,634</u>	<u>136,864</u>

A23. BUSINESS SEGMENT ANALYSIS

The Group 30.06.2010	Retail Banking RM'000	Business Banking RM'000	Investment Banking RM'000	Corporate and Institutional Banking RM'000	Insurance RM'000	Treasury and Markets RM'000	Group Functions and Others RM'000	Total RM'000
Revenue	679,771	129,338	76,023	121,398	213,048	105,564	378,899	1,704,041
Income	470,937	114,540	75,366	85,916	66,365	86,094	90,629	989,847
Expenses	(179,981)	(24,764)	(39,659)	(24,608)	(20,940)	(13,125)	(78,143)	(381,220)
Profit before provisions	290,956	89,776	35,707	61,308	45,425	72,969	12,486	608,627
Provisions	(54,720)	(8,952)	(358)	10,791	25	7,275	(46,454)	(92,393)
Profit before taxation	236,236	80,824	35,349	72,099	45,450	80,244	(33,968)	516,234
Taxation and zakat	(59,061)	(20,206)	(9,094)	(17,175)	(8,875)	(19,871)	(240)	(134,522)
Net profit for the period	177,175	60,618	26,255	54,924	36,575	60,373	(34,208)	381,712

Other information:

Cost to income ratio	38.2%	21.6%	52.6%	28.6%	31.6%	15.2%	86.2%	38.5%
Gross loans/ financing	44,450,552	11,957,825	424,515	10,271,697	3,592	-	289,859	67,398,040
Net loans/ financing	43,230,097	11,822,372	412,262	10,200,192	3,461	-	(585,039)	65,083,345
Gross impaired loans, advances and financing (to be updated)	1,358,639	105,913	6,163	-	-	-	998,706	2,469,421
Total deposits	32,704,566	4,169,166	105,923	7,588,977	-	192,657	27,338,762	72,100,051

A23. BUSINESS SEGMENT ANALYSIS (CONTD.)

The Group 30.06.2009	Retail Banking RM'000	Business Banking RM'000	Investment Banking RM'000	Corporate and Institutional Banking RM'000	Insurance RM'000	Treasury and Markets RM'000	Group Functions and Others RM'000	Total RM'000
Revenue	699,098	94,465	120,650	68,460	174,221	98,892	314,843	1,570,629
Income	453,114	84,238	120,476	60,594	33,588	79,527	56,526	888,063
Expenses	(159,731)	(19,362)	(36,144)	(18,263)	(18,252)	(9,256)	(91,337)	(352,345)
Profit/(loss) before provisions	293,383	64,876	84,332	42,331	15,336	70,271	(34,811)	535,718
Provisions	(112,670)	(18,446)	(750)	(3,106)	12	(8,162)	(39,117)	(182,239)
Profit/(loss) before taxation	180,713	46,430	83,582	39,225	15,348	62,109	(73,928)	353,479
Taxation and zakat	(46,491)	(11,607)	(19,422)	(9,168)	878	(16,175)	13,997	(87,988)
Net profit/(loss) for the period	134,222	34,823	64,160	30,057	16,226	45,934	(59,931)	265,491

Other information

Cost to income ratio	35.3%	23.0%	30.0%	30.1%	54.3%	11.6%	161.6%	39.7%
Gross loans/ financing	43,694,285	9,520,647	265,842	6,153,525	3,553	-	324,922	59,962,774
Net loans/ financing	42,194,156	9,276,689	254,692	6,057,320	3,553	-	195,601	57,982,011
Gross impaired loans, advances and financing	2,156,607	138,672	7,382	-	-	-	649,095	2,951,756
Total deposits	30,352,567	2,941,668	40,463	8,164,708	-	2,186,541	27,701,472	71,387,419

The financial information by geographical segment is not presented as the Group's activities are principally conducted in Malaysia except for FIPL and its subsidiaries, AMCI, 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.

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 30 June 2010, the Off-Balance Sheet exposures on an aggregated basis are as follows:

The Group	30.06.10			30.03.10		
	Principal Amount RM'000	Credit Equivalent Amount RM'000	Weighted Amount RM'000	Principal Amount RM'000	Credit Equivalent Amount RM'000	Risk Weighted Amount RM'000
Commitments						
Irrevocable commitments to extend credit maturing:						
within one year	15,192,160	-	-	13,408,721	-	-
more than one year	2,215,627	423,052	343,718	1,954,602	422,678	346,698
Unutilised credit card line	4,068,622	813,724	608,500	4,192,748	838,550	627,089
Forward purchase commitments	842,294	12,333	6,647	912,542	28,996	14,880
	<u>22,318,703</u>	<u>1,249,109</u>	<u>958,865</u>	<u>20,468,613</u>	<u>1,290,224</u>	<u>988,667</u>
Contingent Liabilities						
Guarantees given on behalf of customers	2,611,516	2,473,691	2,270,924	2,455,921	2,396,791	2,181,702
Certain transaction-related contingent items	1,789,459	963,642	907,944	1,812,955	936,042	879,324
Obligations under underwriting agreements	497,800	-	-	696,115	-	-
Short term self liquidating trade-related contingencies	531,571	106,314	106,314	473,429	94,686	95,417
Islamic financing sold to Cagamas	1,100,729	1,100,746	830,539	335,852	335,852	253,809
Others	31,167	150	150	39,798	150	150
	<u>6,562,242</u>	<u>4,644,543</u>	<u>4,115,871</u>	<u>5,814,070</u>	<u>3,763,521</u>	<u>3,410,402</u>
Derivative Financial Instruments						
Interest rate related contracts:						
Interest rate futures	160,000	-	-	160,000	-	-
One year or less	60,000	-	-	60,000	-	-
Over one to five years	100,000	-	-	100,000	-	-
Over five years	-	-	-	-	-	-
Interest rate swaps	31,519,749	1,114,426	491,794	31,173,050	1,038,181	444,637
One year or less	4,595,000	27,448	13,724	4,240,000	15,660	7,722
Over one to five years	23,007,449	636,919	252,556	23,627,526	669,377	259,890
Over five years	3,917,300	450,059	225,514	3,305,524	353,144	177,025
Foreign exchange related contracts:						
Currency forward	5,681,453	57,820	37,253	3,227,699	50,758	29,579
One year or less	5,681,453	57,820	37,253	3,227,699	50,758	29,579
Over one to five years	-	-	-	-	-	-
Over five years	-	-	-	-	-	-
Currency options	1,179,734	6,116	2,316	514,758	5,122	1,122
One year or less	1,179,734	6,116	2,316	514,758	5,122	1,122
Over one to five years	-	-	-	-	-	-
Over five years	-	-	-	-	-	-
Credit related contracts:						
One year or less	135,028	1,288	644	-	-	-
Over one to five years	-	-	-	-	-	-
Over five years	135,028	1,288	644	-	-	-
Equity related contracts:						
Options	772,972	37,482	15,960	291,172	31,398	16,033
One year or less	88,400	-	-	-	-	-
Over one to five years	684,572	37,482	15,960	291,172	31,398	16,033
Over five years	-	-	-	-	-	-
Futures	21,582	-	-	28,173	-	-
One year or less	21,582	-	-	28,173	-	-
Over one to five years	-	-	-	-	-	-
Over five years	-	-	-	-	-	-
Cross currency swaps	627,931	46,864	32,830	531,127	50,684	32,255
One year or less	-	-	-	49,631	1,854	927
Over one to five years	385,193	46,864	32,830	481,496	48,830	31,328
Over five years	242,738	-	-	-	-	-
Warrant	189,011	-	-	52,011	-	-
One year or less	168,103	-	-	30,521	-	-
Over one to five years	20,908	-	-	21,490	-	-
Over five years	-	-	-	-	-	-
	<u>40,287,460</u>	<u>1,263,996</u>	<u>580,797</u>	<u>35,977,990</u>	<u>1,176,143</u>	<u>523,626</u>
	<u>69,168,405</u>	<u>7,157,648</u>	<u>5,655,533</u>	<u>62,260,673</u>	<u>6,229,888</u>	<u>4,922,695</u>

A27. COMMITMENTS AND CONTINGENCIES (CONTD.)

As at 30 June 2010, other commitments and contingencies of the Group and of the Company are as follows:

- (a) The Company has given unsecured guarantee amounting to RM75,000,000 (RM75,000,000 as at 31 March 2010) on behalf of a subsidiary company for the payment and discharge of all moneys due on a trading account maintained by a customer with that subsidiary company.
- (b) The Company has given a continuing undertaking totalling SGD40,000,000 (31 March 2010: SGD40,000,000) 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 LFSA on behalf of AMIL, AmBank's offshore bank subsidiary, to meet all its liabilities and financial obligations and requirements.
- (d) 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 ("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.
- (e) 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 and it was fixed for Hearing on 23 June 2010. The Appeal was dismissed with cost.

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 amongst which was 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.

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.

AmTrustee has also been served on 2 September 2009 with a copy of a Third Party Notice dated 12 August 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 revolve 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.

On 23rd March the Court directed all parties in all the three suits to consider the process of resolving these matters via Mediation rather than a trial and to revert back to court with an update on 23rd April 2010 on the outcome of parties consideration of the proposed Mediation. On 23rd April 2010, parties informed court they are not agreeable to resolving these matters via Mediation. Therefore matters have now reverted back to the court to be tried via trial.

That being the case, both Meridian and MAA Suits are fixed for Case Management on 24 September 2010, whilst the KWAP Suit is fixed for Case Management on 21st July 2010.

It is also to be noted that AmTrustee has filed an Application to strike out the Third Party Notice in the KWAP Suit and the Application is fixed for Mention on 21 July 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 Meridian and 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 ASSETS/LIABILITIES

The Group	30.06.10			30.03.10		
	Contract/ Notional Amount RM'000	Positive Fair Value RM'000	Negative Fair Value RM'000	Contract/ Notional Amount RM'000	Positive Fair Value RM'000	Negative Fair Value RM'000
Trading derivative						
Interest rate related contracts:						
Interest rate futures	160,000	1,696	-	160,000	2,587	-
Less than one year	60,000	1,667	-	60,000	1,325	-
One to three years	-	-	-	-	-	-
More than three years	100,000	29	-	100,000	1,262	-
Interest rate swaps	20,372,449	184,046	171,051	21,440,650	174,433	188,058
Less than one year	4,091,350	15,262	12,682	4,200,000	4,858	10,166
One to three years	9,996,449	84,882	79,910	16,142,526	128,210	78,033
More than three years	6,284,650	83,902	78,459	1,098,124	41,365	99,859
Foreign exchange related contracts:						
Currency forward	5,681,453	31,323	42,734	3,227,699	36,599	47,941
Less than one year	5,681,453	31,323	42,734	3,227,699	36,599	47,941
One to three years	-	-	-	-	-	-
More than three years	-	-	-	-	-	-
Currency options	1,179,734	266	9	514,758	2,752	-
Less than one year	1,179,734	266	9	514,758	2,752	-
One to three years	-	-	-	-	-	-
More than three years	-	-	-	-	-	-
Credit related contracts:						
First to default swap	135,028	-	5,401	-	-	-
Less than one year	-	-	-	-	-	-
One to three years	-	-	-	-	-	-
More than three years	135,028	-	5,401	-	-	-
Equity related contracts:						
Options	772,972	16,309	11,243	592,830	12,809	7,586
Less than one year	88,400	4,828	3,831	-	-	-
One to three years	490,250	2,488	2,489	492,478	10,159	4,939
More than three years	194,322	8,993	4,923	100,352	2,650	2,647
Futures	21,582	968	-	28,173	-	467
Less than one year	21,582	968	-	28,173	-	467
One to three years	-	-	-	-	-	-
More than three years	-	-	-	-	-	-
Cross currency swaps	627,931	7,048	36,445	531,127	7,757	39,370
Less than one year	-	-	-	49,631	1,031	-
One to three years	191,003	4,795	3,690	318,398	2,840	36,112
More than three years	436,928	2,253	32,755	163,098	3,886	3,258
Warrant	189,011	-	46,423	52,011	-	31,813
Less than one year	168,103	-	26,179	30,521	-	10,485
One to three years	-	-	-	-	-	-
More than three years	20,908	-	20,244	21,490	-	21,328
	29,140,160	241,656	313,306	26,547,248	236,937	315,235
Hedging derivative						
Interest rate related contracts:						
Interest rate swaps	11,147,300	112,422	92,231	9,732,400	106,706	77,742
Less than one year	503,650	44,884	360	40,000	-	279
One to three years	7,580,000	22,130	33,684	7,485,000	42,344	35,627
More than three years	3,063,650	45,408	58,187	2,207,400	64,362	41,836
Total	40,287,460	354,078	405,537	36,279,648	343,643	392,977

Purpose of engaging in financial derivatives

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

A28. DERIVATIVE FINANCIAL ASSETS/LIABILITIES (CONT.)

Purpose of engaging in financial derivatives (Contd.)

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

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

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

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

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

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

Risk associated with financial derivatives

As derivatives are contracts that transfer risks, they expose the holder to the same 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, foreign exchange-related and equity-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 specified holding period at a specific confidence level under normal market condition.

General disclosure for derivatives and counterparty credit risk

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

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

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

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

A28. DERIVATIVE FINANCIAL ASSETS/LIABILITIES (CONT.)

General disclosure for derivatives and counterparty credit risk (Contd.)

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

Liquidity risk of derivatives

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

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

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

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

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

Derivative Financial Instruments and Hedge Accounting

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

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

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

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

(i) Fair Value Hedge

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

(ii) Cash Flow Hedge

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

(iii) Net Investment Hedge

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

A29. CAPITAL ADEQUACY RATIO

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

	30.06.10					
	AmBank	AmIslamic	AmBank Group	AmIB	AmIB Group	AHB Banking Group *
Before deducting proposed dividends:						
Core capital ratio	10.73%	9.61%	9.55%	29.44%	25.40%	10.02%
Risk-weighted capital ratio	16.42%	15.05%	16.25%	31.24%	31.10%	16.69%
After deducting proposed dividends:						
Core capital ratio	10.13%	9.61%	9.06%	26.53%	23.01%	9.54%
Risk-weighted capital ratio	15.91%	15.05%	15.84%	28.33%	28.71%	16.22%
	30.03.10					
	AmBank	AmIslamic	AmBank Group	AmIB	AmIB Group	AHB Banking Group *
Before deducting proposed dividends:						
Core capital ratio	10.98%	10.53%	9.88%	28.29%	23.98%	10.32%
Risk-weighted capital ratio	15.34%	15.29%	15.33%	30.07%	29.37%	15.77%
After deducting proposed dividends:						
Core capital ratio	10.38%	10.53%	9.39%	25.51%	21.73%	9.78%
Risk-weighted capital ratio	14.83%	15.29%	14.91%	27.30%	27.13%	15.30%

The Bank Negara Malaysia's Risk Weighted Capital Adequacy Framework (Basel II) – Disclosure Requirements (Pillar 3) is applicable to the banking subsidiaries within the Group both at the entity level as well as at the consolidated basis. The banking subsidiaries of the Group are AmBank (M) Berhad ("AmBank"), AmIslamic Bank Berhad ("AmIslamic")-which offers Islamic banking services, AmInvestment Bank Berhad ("AmIB") and AmInternational (L) Ltd ("AMIL").

The capital adequacy ratios of the AHB Banking Group* are computed in accordance with Bank Negara Malaysia's 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 AHB Banking Group Tier I and Tier II capital are that of the banking subsidiaries, namely AmBank, AmIslamic, AmIB and AMIL.

The capital adequacy ratios of AmBank and AmIB are computed in accordance with Bank Negara Malaysia's Risk-weighted Capital Adequacy Framework, which are based on the Basel II capital accord. Both AmBank and AmIB had 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, AMIL.

The capital adequacy ratios of AmIslamic are computed in accordance with Bank Negara Malaysia's Capital Adequacy Framework for Islamic Banks (CAFIB), which are based on the Basel II capital accord. AmIslamic 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.

A29. CAPITAL ADEQUACY RATIO (CONTD.)

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

	30.06.10					
	AmBank RM'000	AmIslamic RM'000	AmBank Group RM'000	AmIB RM'000	AmIB Group RM'000	AHB Banking Group * 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	265,169	945,628	200,000	200,000	1,145,628
Capital reserve	-	-	377,492	-	2,815	380,307
Merger reserve	-	-	397,566	-	7,656	405,222
Exchange fluctuation reserve	9,470	-	60	-	24,172	24,232
Irredeemable non-cumulative convertible preference shares	150,000	-	150,000	-	-	150,000
Innovative tier 1 capital	900,106	-	981,517	-	-	981,517
Non-innovative tier 1 capital	500,000	-	500,000	-	-	500,000
Unappropriated profit at end of year	2,377,703	84,975	1,850,356	110,438	112,697	1,963,053
Total	<u>6,230,946</u>	<u>1,287,250</u>	<u>6,815,827</u>	<u>510,438</u>	<u>547,340</u>	<u>7,363,167</u>
Less: Goodwill	-	-	-	-	(11,243)	(11,243)
Deferred tax (assets)/liabilities, net	(231,088)	(42,218)	(273,306)	(4,556)	(4,870)	(278,176)
Total tier 1 capital	<u>5,999,858</u>	<u>1,245,032</u>	<u>6,542,521</u>	<u>505,882</u>	<u>531,227</u>	<u>7,073,748</u>
Tier 2 capital						
Medium term notes	1,557,800	-	1,557,800	-	-	1,557,800
Subordinated bonds	-	400,000	400,000	135,000	135,000	535,000
Exchangeable bonds	575,000	-	575,000	-	-	575,000
Redeemable unsecured bonds	-	-	-	-	-	-
Innovative Tier 1 capital	334,994	-	253,583	-	-	253,583
General allowance for bad and doubtful debts	1,528,010	304,918	1,839,309	7,265	7,265	1,846,574
Total tier 2 capital	<u>3,995,804</u>	<u>704,918</u>	<u>4,625,692</u>	<u>142,265</u>	<u>142,265</u>	<u>4,767,957</u>
Total capital funds	9,995,662	1,949,950	11,168,213	648,147	673,492	11,841,705
Less: Investment in subsidiary company	(816,850)	-	(32,779)	(88,231)	-	(32,779)
Investment in capital of related financial institutions	-	-	-	(23,156)	(23,156)	(23,156)
Other deduction	(53)	-	(53)	-	-	(53)
Capital base	<u>9,178,759</u>	<u>1,949,950</u>	<u>11,135,381</u>	<u>536,760</u>	<u>650,336</u>	<u>11,785,717</u>

A29. CAPITAL ADEQUACY RATIO (CONTD.)

	31.03.10					
	AmBank RM'000	AmIslamic RM'000	AmBank Group RM'000	AmIB RM'000	AmIB Group RM'000	AHB Banking Group * 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	265,169	945,628	200,000	200,000	1,145,628
Capital reserve	-	-	377,492	-	2,815	380,307
Merger reserve	-	-	397,566	-	7,656	405,222
Exchange fluctuation reserve	9,470	-	60	-	24,172	24,232
Irredeemable non-cumulative convertible preference shares	150,000	-	150,000	-	-	150,000
Innovative tier 1 capital	921,431	-	1,011,446	-	-	1,011,446
Non-innovative tier 1 capital	500,000	-	500,000	-	-	500,000
Unappropriated profit at end of year	2,498,526	133,719	2,019,923	113,874	116,133	2,136,056
Total	<u>6,373,094</u>	<u>1,335,994</u>	<u>7,015,323</u>	<u>513,874</u>	<u>550,776</u>	<u>7,566,099</u>
Less: Goodwill	-	-	-	-	(11,243)	(11,243)
Deferred tax (assets)/liabilities, net	(231,088)	(42,218)	(273,306)	(4,556)	(4,870)	(278,176)
Total tier 1 capital	<u>6,142,006</u>	<u>1,293,776</u>	<u>6,742,017</u>	<u>509,318</u>	<u>534,663</u>	<u>7,276,680</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	313,669	-	223,654	-	-	223,654
General allowance for bad and doubtful debts	808,631	184,803	997,741	9,768	9,768	1,007,509
Total tier 2 capital	<u>3,255,100</u>	<u>584,803</u>	<u>3,754,195</u>	<u>144,768</u>	<u>144,768</u>	<u>3,898,963</u>
Total capital funds	9,397,106	1,878,579	10,496,212	654,086	679,431	11,175,643
Less: Investment in subsidiary company	(816,850)	-	(32,779)	(88,231)	-	(32,779)
Investment in capital of related financial institutions	-	-	-	(24,448)	(24,448)	(24,448)
Other deduction	(50)	-	(50)	-	-	(50)
Capital base	<u>8,580,206</u>	<u>1,878,579</u>	<u>10,463,383</u>	<u>541,407</u>	<u>654,983</u>	<u>11,118,366</u>

A30. ISLAMIC BANKING BUSINESS

The state of affairs as at 30 June 2010 and the results for the period ended 30 June 2010 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:

**UNAUDITED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2010**

	The Group	
	30.06.10	30.03.10
	RM'000	RM'000
ASSETS		
Cash and short-term funds	3,607,760	3,926,360
Deposit and placements with banks and other financial institutions	550,000	150,000
Derivative financial assets	2,599	3,461
Financial assets held-for-trading	461,275	350,934
Financial investments available-for-sale	511,370	907,930
Financing and advances	12,785,723	11,758,678
Other receivables, deposits and prepayments	83,540	92,584
Statutory deposits with Bank Negara Malaysia	32,079	32,079
Deferred tax assets	59,532	41,500
Property and equipment	426	408
Intangible assets	408	452
TOTAL ASSETS	18,094,712	17,264,386
LIABILITIES AND ISLAMIC BANKING FUNDS		
Deposits and placements of banks and other financial institutions	1,756,866	1,398,521
Derivative financial liabilities	2,596	3,458
Deposits from customers	13,287,300	13,395,919
Bills and acceptances payable	884,570	394,986
Subordinated Sukuk Musyarakah	400,000	400,000
Deferred tax liabilities	8	8
Other liabilities	315,842	229,166
Total Liabilities	16,647,182	15,822,058
Share capital/Capital funds	435,877	435,877
Reserves	1,011,653	1,006,451
Total Islamic Banking Funds	1,447,530	1,442,328
TOTAL LIABILITIES AND ISLAMIC BANKING FUNDS	18,094,712	17,264,386
COMMITMENTS AND CONTINGENCIES	5,643,815	4,255,836

A30. ISLAMIC BANKING BUSINESS (CONTD.)

**UNAUDITED CONSOLIDATED INCOME STATEMENT
FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2010**

The Group	Individual Quarter		Cumulative Quarter	
	30.06.10 RM'000	30.06.09 RM'000	30.06.10 RM'000	30.06.09 RM'000
Income derived from investment of depositors' funds and others	256,662	213,314	256,662	213,314
Allowance for losses on financing	(29,869)	(20,981)	(29,869)	(20,981)
Impairment writeback on doubtful sundry receivables, net	55	-	55	-
Writeback/(provision) for commitments and contingencies	4,218	(171)	4,218	(171)
Transfer to profit equalisation reserve	(11,722)	(1,932)	(11,722)	(1,932)
Total attributable income	219,344	190,230	219,344	190,230
Income attributable to the depositors	(95,065)	(80,619)	(95,065)	(80,619)
Profit attributable to the Group	124,279	109,611	124,279	109,611
Income derived from Islamic Banking Funds	38,182	106,418	38,182	106,418
Total net income	162,461	216,029	162,461	216,029
Operating expenditure	(76,507)	(64,243)	(76,507)	(64,243)
Finance cost	(5,563)	(4,787)	(5,563)	(4,787)
Profit before taxation	80,391	146,999	80,391	146,999
Taxation	(21,050)	(37,880)	(21,050)	(37,880)
Profit for the period	59,341	109,119	59,341	109,119

**UNAUDITED CONSOLIDATION COMPREHENSIVE INCOME
FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2010**

The Group	Individual Quarter		Cumulative Quarter	
	30.06.10 RM'000	30.06.09 RM'000	30.06.10 RM'000	30.06.09 RM'000
Profit for the period	59,341	109,119	59,341	109,119
Other comprehensive income/(loss):				
Exchange differences on translation of foreign operations	(43)	(207)	(43)	(207)
Net gain/(loss) on financial investments available-for-sale	123	(1,040)	123	(1,040)
Income tax relating to the components of other comprehensive income	(31)	525	(31)	525
Other comprehensive income/(loss) for the period, net of tax	49	(722)	49	(722)
Total comprehensive income for the period	59,390	108,397	59,390	108,397

A30. ISLAMIC BANKING BUSINESS (CONTD.)

(a) Financing and Advances

	The Group	
	30.06.10	30.03.10
	RM'000	RM'000
Term financing and revolving credit facilities	5,391,993	3,839,443
Islamic hire purchase, net of unearned income	5,436,343	6,040,264
Credit card receivables	282,741	286,801
Trust receipts	50,452	69,009
Claims on customer under acceptance credits	983,133	917,819
Other financing	946,430	854,929
Gross financing and advances	13,091,092	12,008,265
Allowance for impairment on financing and advances:		
Collective allowance	(304,917)	-
Individual allowance	(452)	-
General allowance	-	(184,803)
Specific allowance	-	(64,784)
	(305,369)	(249,587)
Net financing and advances	12,785,723	11,758,678

* Included in term financing and revolving credit facilities of the Islamic banking business as at 30 June 2010 is loans amounting to RM1,454,217,000 (31 March 2010: RM210,618,521) which are exempted from collective provision by Bank Negara Malaysia.

(i) Movements in impaired financing and advances are as follows:

	The Group	
	30.06.10	30.03.10
	RM'000	RM'000
Gross		
Balance at beginning of period	182,232	239,637
Effect of adopting FRS139	9,662	-
Balance at beginning of period/year (restated)	191,894	239,637
Impaired during the period	73,487	155,135
Reclassification to non-impaired financing	(40,569)	(54,810)
Recoveries	(10,341)	(21,151)
Amount written off	(22,867)	(136,579)
Balance at end of period/year	191,604	182,232
Impaired financing and advances as % of total financing and advances (including Islamic financing sold to Cagamas Berhad)	1.35%	1.48%

A30. ISLAMIC BANKING BUSINESS (CONTD.)

(a) Financing and Advances (Contd.)

(ii) Movements in allowances for impaired financing and advances are as follows:

	The Group	
	30.06.10 RM'000	30.03.10 RM'000
Collective allowance		
Balance at beginning of period/year	-	-
Effect of adopting FRS 139	287,845	-
Balance at beginning of period/year (restated)	287,845	-
Allowance made during the period/year	39,939	-
Amount written back	(22,867)	-
Balance at end of period/year	<u>304,917</u>	<u>-</u>
Individual allowance		
Balance at beginning of period/year	-	-
Effect of adopting FRS 139	1,108	-
Balance at beginning of period/year (restated)	1,108	-
Allowance made during the period/year	(656)	-
Balance at end of period/year	<u>452</u>	<u>-</u>
General allowance		
Balance at beginning of period/year	184,803	166,508
Effect of adopting FRS 139	(184,803)	-
Balance at beginning of period/year (restated)	-	166,508
Allowance made during the period/year	-	18,295
Balance at end of period/year	<u>-</u>	<u>184,803</u>
% of total financing and advances (including Islamic financing sold to Cagamas Berhad) less specific allowance	<u>-</u>	<u>1.53%</u>
Specific allowance		
Balance at beginning of period/year	64,784	99,053
Effect of adopting FRS 139	(64,784)	-
Balance at beginning of period/year (restated)	-	99,053
Allowance made during the period/year	-	149,764
Amount written back in respect of recoverie	-	(44,898)
Net charge to income statement	-	104,866
Amount written off/Adjustment to Asset Deficiency Account	-	(139,135)
Balance at end of period/year	<u>-</u>	<u>64,784</u>

A30. ISLAMIC BANKING BUSINESS (CONTD.)

(b) DEPOSITS FROM CUSTOMERS

	The Group	
	30.06.10	30.03.10
	RM'000	RM'000
Mudarabah Fund:		
Special Investment deposits	85,978	88,114
General Investment deposits	11,039,911	11,086,851
	<u>11,125,889</u>	<u>11,174,965</u>
Non-Mudarabah Fund:		
Demand deposits	865,971	910,759
Saving deposits	1,181,117	1,154,413
Negotiable Islamic debt certificates	114,323	155,782
	<u>2,161,411</u>	<u>2,220,954</u>
	<u>13,287,300</u>	<u>13,395,919</u>

(c) OTHER LIABILITIES

	The Group	
	30.06.10	30.03.10
	RM'000	RM'000
Other payables and accruals	193,944	134,589
Taxation and zakat payable	50,657	35,537
Amount owing to head office	(1,779)	(613)
Lease deposits and advance rentals	12,000	10,355
Profit equalisation reserve	61,020	49,298
	<u>315,842</u>	<u>229,166</u>

A31. RECLASSIFICATION

(1) Change in Accounting Policies

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

- (i) FRS 4, Insurance Contracts
- (ii) FRS 139, Financial Instruments: Recognition and Measurement
- (iii) IC Interpretation 9, Reassessment of Embedded Derivatives
- (iv) Amendments to FRS 139, Financial Instruments: Recognition and Measurement, FRS 7, Financial Instruments: Disclosures and IC Interpretation 9, Reassessment of Embedded Derivatives
 - Reclassification of Financial Assets
 - Puttable Financial Instruments and Obligations Arising on Liquidation
- (v) Amendments to FRS 139, Financial Instruments: Recognition and Measurement
 - Collective Assessment of Impairment for Banking Institutions
- (vi) IC Interpretation 13, Customer Loyalty Programmes

FRS 139, Financial Instruments: Recognition and Measurement

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

(a) Impairment of Loans, Advances and Financing

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

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

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

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

The changes in accounting policies above have been accounted for prospectively, in line with the transitional arrangements in paragraph 103AA of FRS 139, with adjustments to the carrying values of financial assets affecting profit or loss as at the beginning of the current financial period being adjusted to opening retained earnings as tabulated in item 1(d) below.

A31. RECLASSIFICATION (CONTD.)

(1) Change in Accounting Policies (Contd.)

(b) Interest Income Recognition

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

This change in accounting policy has been accounted for prospectively in line with the transitional arrangements in paragraph 103AA of FRS 139 and the resulting opening retained earnings adjustment is tabulated in item 1(d) below.

Prior to the adoption of FRS 139, interest accrued and recognised as income prior to the date that a loan is classified as non-performing is reversed out of income and set-off against the interest receivable account in the statement of financial position. Thereafter, interest on the non-performing loan is recognised as income on a cash basis. On adoption of FRS 139, once a loan has been written down for impairment loss, subsequent interest income thereon is thereafter recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The opening retained earnings adjustment as a result of this change in accounting policy is presented in item 1(d) below.

(c) Recognition of Embedded Derivatives

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

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

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

(d) Opening reserves adjustments

The application of the above new accounting policies has the following effects:

	As previously reported RM'000	Effect of Adoption of FRS139 RM'000	As restated RM'000
Effects on retained earnings	2,556,869	(167,960)	2,388,909
Effects on other reserves	1,531,941	(46,303)	1,485,638
Effects on minority interests	206,274	5,875	212,149

(2) Restatement of comparatives

(i) FRS 101, Presentation of Financial

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

(ii) FRS 7, Financial Instruments: Disclosures

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

A31. RECLASSIFICATION (CONTD.)

(2) Restatement of comparatives (contd.)

(iii) FRS 117, Leases

The adoption of FRS 117 during the financial period resulted in the reclassification of all leasehold land of the Group which are in substance finance leases, to Property, Plant and Equipment.

(iv) IC Interpretation 13, Customer Loyalty

The adoption of IC13 had resulted in the set-off of customer loyalty programme expenses with fee income instead of interest income as previously presented.

The following comparative figures have been restated following the adoption of the above-mentioned FRSs:

	As previously reported RM'000	Effect of reclassification RM'000	As restated RM'000
Statement of Financial Position as at 31			
Prepaid land lease payments	6,350	(6,350)	-
Property and equipment	229,549	6,350	235,899
Income Statement for first quarter ended 30 June 2009			
Operating revenue	1,530,514	40,115	1,570,629
Interest income	876,222	1,093	877,315
Other operating income	210,952	(1,093)	209,859

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

The Group recorded a net profit of RM381.7 million for the first quarter ended 30 June 2010, an improvement of RM116.2 million or 43.8% as compared to the previous corresponding period of RM265.5 million. The Group's pre-tax profit for the first quarter ended 30 June 2010 improved to RM516.2 million as compared to RM353.5 million reported for the corresponding period last year.

The improvement in earnings for the reporting quarter was mainly attributed by increase in interest income by RM113.3 million, increase in net income from insurance business by RM28.3 million and a write back of RM10.2 million of impairment loss on financial investment as compared to a provision of RM41.6 million made in preceding year's corresponding quarter. In addition, there was a write-back of RM0.3 million for commitments and contingencies and RM0.6 million for sundry receivables as compared to a provisions of RM0.3 million and RM1.0 million respectively for the preceding year's corresponding quarter. The improvement was however offset by a lower net income from Islamic banking business by RM40.2 million, higher other operating expenses by RM28.9 million and higher transfer to profit equalisation reserve of RM11.8 million as compared to lower transfer of RM1.9 million in preceding year's corresponding quarter.

The Group's retail banking operations were the largest contributors to the Group pre-tax profit, reporting a pre-tax profit of RM236.2 million for the reporting quarter, followed by business banking operations of RM80.8 million, while treasury and markets contributed RM80.2 million for the quarter ended 30 June 2010.

Gross loans and advances expanded to RM67.4 billion to register an annual growth of 6.7%. The growth was mainly attributed to financing of education and health, residential properties, manufacturing and construction. Financing for purchase of transport vehicles accounted for 31.7% of total loans, followed by loans for residential properties was accounted for 18.8% of total loans.

As at 30 June 2010, the Group's total assets stood at RM97.4 billion. Meanwhile, the Group's banking subsidiaries aggregated risk-weighted capital ratio ("RWCR") stood at 16.7% as at 30 June 2010, compared with 15.8% as at 31 March 2010.

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 RM516.3 million for the first quarter ended 30 June 2010 as compared to RM308.8 million for the fourth quarter ended 31 March 2010. This was mainly attributed by increase in other operating income and net interest income by RM49.1 million and RM12.4 million respectively. In addition, there was lower allowance made for loans and financing by RM56.8 million and write back of RM10.2 million as compared to provision of RM6.4 million for impairment loss on financial investment. However, it was cushioned by higher transfer to profit equalisation of RM11.8 million as compared to RM6.4 million transferred from profit equalisation reserve in preceding quarter ended 31 March 2010.

B3. PROSPECTS FOR 31 MARCH 2011

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

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

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

B4. VARIANCE FROM PROFIT FORECAST AND SHORTFALL FROM PROFIT GUARANTEE

This is not applicable to the Group.

B5. TAXATION

The Group	Individual Quarter		Cumulative Quarter	
	30.06.10 RM'000	30.06.09 RM'000	30.06.10 RM'000	30.06.09 RM'000
Estimated current tax payable	136,884	28,982	136,884	28,982
Transfer from deferred tax	312	58,283	312	58,283
	<u>137,196</u>	<u>87,265</u>	<u>137,196</u>	<u>87,265</u>
(Over)/under provision of current taxation in respect of prior years	(2,867)	401	(2,867)	401
Taxation	<u>134,329</u>	<u>87,666</u>	<u>134,329</u>	<u>87,666</u>
Zakat	<u>193</u>	<u>322</u>	<u>193</u>	<u>322</u>
Taxation and zakat	<u>134,522</u>	<u>87,988</u>	<u>134,522</u>	<u>87,988</u>

The total tax charge of the Group for the financial quarter ended 30 June 2010 and 2009 reflect an effective tax rate which is higher and lower respectively than the statutory tax rate mainly due to disallowances of certain expenses and non-taxable income.

B6. SALE OF INVESTMENTS AND/OR FORECLOSED PROPERTIES

The Group	Individual Quarter		Cumulative Quarter	
	30.06.10 RM'000	30.06.09 RM'000	30.06.10 RM'000	30.06.09 RM'000
Net gain from sale of financial assets held-for-trading	13,264	25,796	13,264	25,796
Net gain from sale of financial investments available-for-sale	20,307	10,424	20,307	10,424
Net gain from redemption of financial investments held-to-maturity	<u>4,929</u>	<u>14,826</u>	<u>4,929</u>	<u>14,826</u>

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 In relation to the intra-group transfers of subsidiaries for the formation of Capital Market Group and Asset Management Group as proposed in previous financial years, the intra-group transfer of domestic subsidiaries has been completed during the preceding financial year. The intra-group transfer involving PT. AmCapital Indonesia, the Group's Indonesian subsidiary, which is licensed to undertake stockbroking, underwriting and investment management activities, is subject to obtaining the approval of Badan Pengawas Pasar Modal dan Lembaga Keuangan, the Indonesian securities regulatory authority.

Further to the intra-group transfers of domestic subsidiaries, AmInvestment Group Berhad (a wholly owned subsidiary of the Company) has on 1 April 2010 performed an internal transfer of 100% equity interest in AmInvestment Bank Berhad to the Company for a cash consideration based on book value.

3 During the financial period, the trustee of the executives' share scheme ("ESS") had purchased 3,199,000 of the Company's issued ordinary shares from the open market at an average price of RM5.00 per share. The total consideration paid for the purchase including transaction costs amounted to RM15,989,295.

As at 30 June 2010, the trustee of the ESS held 8,661,800 ordinary shares representing 0.29% of the issued and paid-up capital of the Company. These shares are held at a carrying amount of RM33,504,232.

4 During the reporting period, the Company announced the striking-off of non-operating subsidiary, Natprop Sdn Bhd (a wholly owned subsidiary of AmBank (M) 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 7 September 2010.

5 On 6 July 2010, the Company announced that its subsidiary AmIslamic Bank Berhad ("AmIslamic") has obtained approval of the Securities Commission vide its letter dated 2 July 2010, for the issuance of up to RM3.0 billion senior Islamic securities ("Senior Sukuk") under a senior sukuk issuance programme ("Senior Sukuk Musyarakah Programme").

The Senior Sukuk Musyarakah Programme has a tenor of up to thirty years from the date of first issuance of the Senior Sukuk. Each tranche of Senior Sukuk to be issued will have a tenor of one year and up to ten years.

B9. BORROWINGS

	The Group													
	30.06.10 RM'000	31.03.10 RM'000												
(i) Deposits from customers														
Due within six months	56,355,282	57,920,834												
Six months to one year	7,773,732	7,116,698												
One to three years	2,168,690	2,213,203												
Three to five years	1,894,146	1,623,377												
	<u>68,191,850</u>	<u>68,874,112</u>												
(ii) Deposits and placements of banks and other financial institutions														
Due within six months	1,515,250	2,219,425												
Six months to one year	686,067	831,015												
One to three years	368,642	194,996												
Three to five years	1,338,242	1,069,840												
	<u>3,908,201</u>	<u>4,315,276</u>												
<table style="width: 100%; border-collapse: collapse;"> <tr> <td colspan="3"><i>Recap:</i></td> </tr> <tr> <td style="width: 60%;"><i>Interbank lendings</i></td> <td style="text-align: right;">13,760,841</td> <td style="text-align: right;">12,644,562</td> </tr> <tr> <td><i>Interbank borrowings</i></td> <td style="text-align: right;">(595,763)</td> <td style="text-align: right;">(96,730)</td> </tr> <tr> <td><i>Net interbank lendings</i></td> <td style="text-align: right;"><u>13,165,078</u></td> <td style="text-align: right;"><u>12,547,832</u></td> </tr> </table>			<i>Recap:</i>			<i>Interbank lendings</i>	13,760,841	12,644,562	<i>Interbank borrowings</i>	(595,763)	(96,730)	<i>Net interbank lendings</i>	<u>13,165,078</u>	<u>12,547,832</u>
<i>Recap:</i>														
<i>Interbank lendings</i>	13,760,841	12,644,562												
<i>Interbank borrowings</i>	(595,763)	(96,730)												
<i>Net interbank lendings</i>	<u>13,165,078</u>	<u>12,547,832</u>												
(iii) Term funding														
(a) Unsecured senior notes														
More than one year	2,735,287	1,420,000												
(b) Credit-Linked Note														
More than one year	128,571	-												
(c) Term loans														
Due within one year														
Secured	291,285	276,106												
Unsecured	206,023	206,001												
	<u>497,308</u>	<u>482,107</u>												
	<u>3,361,166</u>	<u>1,902,107</u>												
(iv) Debt capital														
(a) Unsecured bonds														
More than one year	515,000	515,000												
(b) Medium Term Notes														
More than one year	1,557,800	1,557,800												
(c) Hybrid capital														
More than one year	712,110	689,547												
The above hybrid capital includes amounts denominated in USD. Principal amount - USD200.0 million														
(d) Non-Innovative Tier 1 Capital Securities														
More than one year	500,000	500,000												
(e) Innovative Tier 1 Capital Securities														
More than one year	485,000	485,000												
	<u>3,769,910</u>	<u>3,747,347</u>												

B10. DERIVATIVE FINANCIAL ASSETS/LIABILITIES

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(e).

B12. DIVIDENDS

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

B13. EARNINGS PER SHARE (SEN)

a. Basic earnings per share

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

	Individual Quarter		Cumulative Quarter	
	30.06.10	30.06.09	30.06.10	30.06.09
	RM'000'000	RM'000'000	RM'000'000	RM'000'000
Net profit attributable to equity holders of the Company	368,283	258,237	368,283	258,237
Weighted average number of ordinary shares in issue	3,008,317	2,722,970	3,008,317	2,722,970
Basic earnings per share (Sen)	12.24	9.48	12.24	9.48

b. Fully diluted earnings per share

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

The Company has one category of dilutive potential ordinary shares:

(i) Unsecured exchangeable bonds

	Individual Quarter		Cumulative Quarter	
	30.06.10	30.06.09	30.06.10	30.06.09
	RM'000'000	RM'000'000	RM'000'000	RM'000'000
Net profit attributable to equity holders of the Company	368,283	258,237	368,283	258,237
Weighted average number of ordinary shares in issue (as in (a) above)	3,008,317	2,722,970	3,008,317	2,722,970
Fully diluted earnings per share (Sen)	12.24	9.48	12.24	9.48

During the previous financial year ended 31 March 2010, 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 30 June 2009, outstanding unsecured exchangeable bonds has been excluded in the computation of fully diluted earnings per RM1.00 ordinary share for the Group, as their exercise and conversion to ordinary shares would be anti-dilutive in nature.