AMMB Holdings Berhad

Company Number 223035-V
Incorporated In Malaysia

Financial Statements 2009

Expressed In Ringgit Malaysia
For The Year Ended 31 March 2009

DIRECTORS' Report

The directors have pleasure in presenting their report together with the audited financial statements of AMMB HOLDINGS BERHAD for the financial year ended 31 March 2009.

PRINCIPAL ACTIVITIES

The principal activity of the Company is that of an investment holding company.

The subsidiaries, as listed in Note 15 to the financial statements, provide a wide range of investment banking, commercial banking, retail financing and related financial services which also include the Islamic banking business, underwriting of general and life insurance, stock and share-broking, futures broking, investment advisory and asset, real estate investment and unit trusts management.

There have been no significant changes in the nature of the activities of the Group and of the Company during the financial year.

SIGNIFICANT AND SUBSEQUENT EVENTS

The significant and subsequent events during the financial year are as disclosed in Note 57 and Note 58 to the financial statements respectively.

FINANCIAL RESULTS

	Group RM'000	Company RM'000
Profit before taxation and zakat	1,217,636	1,083,872
Taxation and zakat	(339,382)	(22,947)
Profit before minority interests	878,254	1,060,925
Minority interests	(17,430)	-
Net profit attributable to the equity holders of the Company	860,824	1,060,925
Unappropriated profit at beginning of year	1,163,267	707,073
Profit available for appropriation	2,024,091	1,767,998
Transfer to statutory reserve	(78,334)	-
Dividends paid	(122,534)	(122,534)
Unappropriated profit at end of year	1,823,223	1,645,464

BUSINESS PLAN AND STRATEGY

The global economic and financial downturn underway has, to date, impacted different countries to varying degrees. The Malaysian economy is expected to feel the full impacts of the downturn in 2009, with slow recovery commencing sometime next year. Lending growth is expected to slow down, with non-performing loans increasing, albeit from its current historical lows. Nonetheless, the Malaysian banking system has learnt valuable lessons from the previous financial crisis in 1998 – 2000. The domestic banking industry has remained substantially intact with no major stresses on capital positions. The easing of monetary policies by Bank Negara Malaysia ("BNM") and countercyclical fiscal measures introduced by the government are expected to both minimise contraction and build longer-term capacity of the domestic economy.

Despite the tougher operating landscape, AMMB will continue to target for profitable growth and dynamic rebalancing via execution on its key strategic agenda. Focus will include volume versus price trade offs and re-positioning the business for growth in viable segments. In addition, other priorities for AMMB Group for the coming financial year will be to preserve its strong capital position, enhance risk management and asset quality, focusing on restructuring, rescheduling and collections activities. Other plans include streamlining operations for improved productivity and cost efficiency whilst investing for the medium term. The Group remains committed in delivering value to our shareholders, customers and employees. We will stay disciplined in executing to our strategic agenda. This will enable AMMB to stay resilient and build on the headstart advantage that we have had since early 2008.

Growing customer deposits and increasing the mix of low cost deposits are key planks for retail and business banking arms. Initiatives to harness savings and current accounts centre on three key pillars:

- Acquisition focus on transact and save needs of mass market, small businesses, and emerging and mass affluent segments;
- Activation focus on payroll crediting, cash management and transactional services; and
- Anti attrition focus to prevent dormancy.

In order to support deposits and fee growth, and new products and services, distribution footprints will continue to be expanded, albeit at a moderated pace.

In the retail banking segment, AMMB Group continues to consolidate its position as the fourth largest by retail assets size. In view of the less optimistic market outlook, retail banking aims to sustain growth via focusing on higher return businesses and superior customer service. Lending growth will be modest, geared towards diversification of assets, and supported by enhanced risk management disciplines and operating efficiency.

Business banking segment has achieved good growth in its credit facilities over the previous three years. Action plans are in place to conserve existing customer relationships and cautiously acquire new businesses. Sustaining portfolio profitability will require realigning lending to more stable economic segments including agriculture, oil and gas, medical, fast moving consumer goods, broad property sector and contract financing. Navigating through the more difficult environment will also require closely monitoring customer positions and restructuring of accounts.

Investment banking activities are being repositioned towards customer based activities in the local and regional markets, including cross-selling of institutional products, corporate and institutional lending, Islamic finance and Islamic funds management opportunities. Higher emphasis will be accorded to private banking, wealth management and funds under management. In the debt capital market, focus will be on higher grade credit bond origination activities, utilities and infrastructure programs. More advisory type assignments will continue to be undertaken, in mergers & acquisitions and restructuring activities.

In the markets and trading domain, product range has been expanded to include foreign exchange and derivatives, with technical and resource assistance from Australia and New Zealand Banking Group Ltd. ("ANZ") Proprietary trading will continue to occur, but within smaller limits in line with its de-risking strategy.

During the financial year, for greater specialization, AMMB Group completed the separation of the composite business of AmLife Insurance Berhad (formerly AmAssurance Berhad), with the transfer of its general insurance business to AmG Insurance Berhad. This has paved the way for the entry of new strategic partner, Friends Provident Fund plc, in the life insurance business, and increased shareholding and strategic involvement by our general insurance partner, Insurance Australia Group.

Further to that, the Group is conducting a due diligence exercise to acquire the general insurance business of another domestic insurance company. Internally, the insurance business is revamping its sales and distribution capabilities, operating models, work processes and customer analytics for enhanced productivity.

OUTLOOK FOR NEXT FINANCIAL YEAR

Global financial turmoil continues to worsen with economic contraction in developed nations and the knock-on effects on the Malaysian economy have begun to precipitate since end 2008. Most analysts and economists have projected a broad economic downturn for 2009 and negative GDP growth of at least -2% for Malaysia. Whilst the pace of economic contraction may slow down later this year, our current view is that any rebound can be expected only towards late 2010. Unemployment rate is forecasted to rise to circa 5%. The contraction in external sector can only be partly offset by moderate growth in domestic demand.

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

AMMB Group will stay focused through its execution of its medium term strategic themes, and building around rebalancing of portfolios and profitable growth (de-risking, diversifying and differentiated growth). This also provides for greater resilience for the Group to meet current challenges. Enhanced credit control, new risk scorecards and methodologies, and collections and recoveries management will receive heightened focus areas in the coming year. The Group will also continue to focus on building its brand name, growing deposits including low-cost deposits, progressively expanding distribution footprints, and introducing superior products and services. Over the past two years, the Group has also taken steps to strengthen its capital and balance sheet positions.

AMMB Group is well positioned to weather short term global, regional and national volatilities with its diversified business portfolio across retail and business banking, investment banking and markets, and insurance. The Group's strategic partnership with Australia and New Zealand Banking Group Ltd ("ANZ"), privatization of AmInvestment Group Berhad, and internal business restructuring will continue to underpin its ability to deliver profitable growth over the medium term.

ITEMS OF AN UNUSUAL NATURE

In the opinion of the directors, the results of operations of the Group and of the Company for the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature other than as disclosed under significant events in Note 57 to the financial statements.

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect substantially the results of the operations of the Group and of the Company for the succeeding twelve months.

DIVIDENDS

During the financial year, the Company paid a first and final dividend of 6.0% less 25.0% taxation, in respect of the previous financial year totalling RM122,533,632 which amount had been dealt with in the directors' report for that financial year and paid on 21 October 2008 to shareholders whose names appeared in the Record of Depositors on 7 October 2008.

In respect of the current financial year, the directors now recommend the payment of a first and final dividend of 8.0%, less 25.0% taxation, amounting to RM163,378,175 to be paid to shareholders whose names appear in the Record of Depositors on a date to be determined by the directors. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of unappropriated profits in the next financial year ending 31 March 2010.

RESERVES, PROVISIONS AND ALLOWANCES

The following material transfers to or from reserves, provisions and allowances were made during the financial year:

		Note to the Financial Statements	Group RM'000	Company RM'000
a.	Statutory Reserve			
	Transfer from unappropriated profits	32	78,334	-
b.	Available-For-Sale Reserve			
	Arising from net unrealised loss on revaluation of securities available-for-sale	32	(84,644)	-
c.	Exchange Fluctuation Reserve			
	Arising from translation of subsidiaries and associate expressed in foreign currency	32	11,425	-
d.	Cash Flow Hedging Reserve			
	Arising from unrealised loss on cash flow hedge	32	(91,486)	-
e.	Shares Held-In-Trust for Executives' Share Scheme			
	Arising from purchase of shares pursuant to Executives' Share Scheme	32	(7,064)	(7,064)
f.	Allowances/(Reversal of Allowances):			
	Interest suspended	35	95,486	-
	Allowance for losses on loans and financing:			
	Specific allowance - net	39	660,081	-
	General allowance	39	53,561	-
	Transfer to profit equalisation reserve	25	24,518	-
	Impairment loss / (writeback) on:			
	Securities		76,524	-
	Amount recoverable under asset-backed securitisation transactions		(17,000)	-

BAD AND DOUBTFUL DEBTS AND FINANCING

Before the income statements and balance sheets of the Group and of the Company were made out, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and financing and the making of allowances for doubtful debts and financing and have satisfied themselves that all known bad debts and financing had been written off and adequate allowance had been made for doubtful debts and financing.

At the date of this report, the directors are not aware of any circumstances that would render the amount written off for bad debts and financing or the amount of the allowance for doubtful debts and financing in the Group and the Company inadequate to any substantial extent.

CURRENT ASSETS

Before the income statements and balance sheets of the Group and of the Company were made out, the directors took reasonable steps to ascertain that current assets, other than debts and financing, which were unlikely to realise in the ordinary course of business, their values as shown in the accounting records of the Group and of the Company, have been written down to their estimated realisable values.

At the date of this report, the directors are not aware of any circumstances that would render the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

VALUATION METHODS

At the date of this report, the directors are not aware of any circumstances which have arisen which render adherence to the existing methods of valuation of assets or liabilities in the Group's and the Company's financial statements misleading or inappropriate.

CONTINGENT AND OTHER LIABILITIES

At the date of this report, there does not exist:

a. any charge on the assets of the Group and of the Company that has arisen since the end of the financial year and which secures the liabilities of any other person; or

b. any contingent liability in respect of the Group and of the Company that has arisen since the end of the financial year, other than those incurred in the normal course of business.

No contingent or other liability of the Group and of the Company has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

CHANGE OF CIRCUMSTANCES

At the date of this report, the directors are not aware of any circumstances, not otherwise dealt with in this report or the financial statements of the Group and of the Company, that would render any amount stated in the financial statements misleading.

ISSUE OF SHARES AND DEBENTURES

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

SHARES OPTIONS

There are no options granted during the financial year by the Company to take up unissued shares of the Company.

No shares have been issued during the financial year by virtue of the exercise of any option to take up unissued shares of the Company. As at the end of the financial year, there were no unissued shares of the Company under options.

EXECUTIVES' SHARE SCHEME

At the 22nd Extraordinary General Meeting held on 26 September 2008, the shareholders approved the proposal by the Company to establish an executives' share scheme ("ESS") of up to fifteen percent (15%) of the issued and paid-up ordinary share capital of the Company at any point in time for the duration of the ESS for eligible executives (including senior management) and executive directors of the Group (excluding subsidiaries which are dormant or such other subsidiaries which may be excluded under the terms of the By Laws) who fulfil the criteria for eligibility stipulated in the By-Laws governing the ESS ("Eligible Executives"). The ESS is implemented and administered by an executives' share scheme committee ("ESS Committee"), in accordance with the By-Laws. The members of the ESS Committee are duly appointed and authorised by the Board. The ESS was established on 12 January 2009 and would be in force for a period of ten (10) years.

The awards granted to such Eligible Executives can comprise of shares and/or options to subscribe for shares ("Options"). Shares to be made available under the ESS ("Scheme Shares") will only vest or Options are only exercisable by Eligible Executives who have duly accepted the offers of awards under the ESS ("Scheme Participants") subject to the satisfaction of stipulated conditions. Such conditions are stipulated and determined by the ESS Committee.

To facilitate the implementation of the ESS, the Company entered into a Trust via the signing of a Trust Deed on 24 February 2009 with an appointed Trustee. The Trustee shall, at such times as the ESS Committee shall direct, subscribe for or acquire the necessary number of new or existing ordinary shares to accommodate any future transfer of Scheme Shares to Scheme Participants. For the aforementioned purpose and to enable the Trustee to meet payment of expenses in relation to the administration of the Trust, the Trustee will be entitled from time to time to accept funding and/or assistance, financial or otherwise from the Company and/or its subsidiaries.

The salient features of the ESS are disclosed in Note 33 to the financial statements.

During the financial year, the Trustee of the ESS had purchased 2,896,000 of the Company's issued ordinary shares from the open market at an average price of RM2.44 per share. The total consideration paid for the purchase including transaction costs amounted to RM7,063,679.

As at 31 March 2009, the Trustee of the ESS held 2,896,000 ordinary shares representing 0.11% of the issued and paid-up capital of the Company. There were no Scheme Shares or Options granted during the financial year.

DIRECTORS

The directors who served on the Board since the date of the last report are:
- Tan Sri Dato' Azman Hashim
- Dato' Azlan Hashim
- Tun Mohammed Hanif Omar
- Tan Sri Datuk Dr Aris Osman @ Othman
- Tan Sri Datuk Clifford Francis Herbert
- Tan Sri Dato' Mohd Ibrahim Mohd Zain
- Dato' Izham Mahmud
- Alexander Vincent Thursby
- Dr Robert John Edgar
- Mark David Whelan (appointed on 2.1.2009)
- Cheah Tek Kuang
- Soo Kim Wai
- Wayne Hugh Stevenson (Alternate Director to Alexander Vincent Thursby, Dr Robert John Edgar and Mark David Whelan, appointed on 2.1.2009)
- Peter John Hodgson (resigned on 29.8.2008)
- Owen James Wilson (ceased to be Alternate Director to Alexander Vincent Thursby, Dr Robert John Edgar and Peter John Hodgson on 15.8.2008)

In accordance with Article 89 of the Company's Articles of Association, Tan Sri Dato' Mohd Ibrahim Mohd Zain, Dr Robert John Edgar and Mr Cheah Tek Kuang retire, and being eligible, offer themselves for re-election.

In accordance with Article 97 of the Company's Articles of Association, Mr Mark David Whelan retire, and being eligible, offer himself for re-election.

Pursuant to Section 129 of the Companies Act, 1965, Tan Sri Dato' Azman Hashim and Tun Mohammed Hanif Omar retire at the forthcoming Annual General Meeting ("AGM") and offer themselves for re-appointment to hold office until the conclusion of the next AGM.

DIRECTORS' INTERESTS

Under the Company's Articles of Association, the directors are not required to hold shares in the Company.

The interests in shares in the Company and subsidiaries, of those who were directors at the end of the financial year as recorded in the Register of Directors' Shareholdings kept by the Company under Section 134 of the Companies Act, 1965, are as follows:

DIRECT INTERESTS

In the Company

	No. of Ordinary Shares of RM1.00 each			
Shares	**Balance at 1.4.2008**	**Bought**	**Sold**	**Balance at 31.3.2009**
Dato' Azlan Hashim	180,000	35,684	-	215,684
Dato' Izham Mahmud	7,000	-	-	7,000
Cheah Tek Kuang	78,800	-	-	78,800

INDIRECT INTERESTS

In the Company

		No. of Ordinary Shares of RM1.00 each			
Shares	**Name of Company**	**Balance at 1.4.2008**	**Bought**	**Sold**	**Balance at 31.3.2009**
Tan Sri Dato' Azman Hashim	AmcorpGroup Berhad	480,151,333	1,850,000	-	482,001,333

By virtue of Tan Sri Dato' Azman Hashim's shareholding in the Company, he is deemed to have interests in the shares of its subsidiaries to the extent the Company has an interest.

Other than as disclosed above, none of the other directors in office at the end of the financial year had any interest in shares in the Company or its subsidiaries during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director of the Company has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by directors as shown in Note 41 to the financial statements) by reason of a contract made by the Company or a related corporation with the director or with a firm in which the director is a member, or with a company in which the director has a substantial financial interest, except for the related party transactions as shown in Note 40 to the financial statements.

Neither during nor at the end of the financial year was the Company a party to any arrangements whose object is to enable the directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

CORPORATE GOVERNANCE

i. BOARD RESPONSIBILITY AND OVERSIGHT

The Board of Directors (the "Board") remains fully committed in ensuring that the principles and best practices in corporate governance are applied consistently in the Group. Since the Company is a holding company, its major business activities are conducted through its various subsidiaries. The Board complies with the best practices in corporate governance as set out in the Malaysian Code on Corporate Governance.

The Board supervises the management of the Group's businesses, policies and affairs with the goal of enhancing shareholders' value. The Board meets monthly to carry out its duties and responsibilities, with additional Board meetings being convened, whenever required.

The Board addresses key matters concerning strategy, finance, organisation structure, business developments, human resource (subject to matters reserved for shareholders' meetings by law), and establishes guidelines for overall business, risk and control policies, capital allocation and approves all key business developments.

The Board currently comprises twelve (12) directors with wide skills and experience, of which five (5) are Independent Non-Executive Directors. The Directors participate fully in decision making on key issues regarding the Company and its subsidiaries. The Independent Non-Executive Directors ensure strategies proposed by the management are fully discussed and examined, as well as take into account the long term interests of various stakeholders.

There is a clear division between the roles of Chairman and the Group Managing Director.

The Senior Management team of the subsidiaries are invited to attend Board Meetings to provide presentations and detailed explanations on matters that have been tabled. The Group Company Secretary has been empowered by the Board to assist the Board in matters of governance and in complying with statutory duties.

ii. COMMITTEES OF THE BOARD

The Board delegates certain responsibilities to Board Committees. These committees, which were created to assist the Board in certain areas of deliberation are:

1. Group Nomination Committee
2. Group Remuneration Committee
3. Audit and Examination Committee
4. Group Risk Management Committee
5. Group Information Technology Committee

The roles and responsibilities of each committee is set out under the respective terms of reference, which have been approved by the Board. The minutes of the Committee meetings are tabled at the subsequent Board meetings for comment and notation.

The attendance of Board members at the meetings of the Board and the various Board Committees is as set out below:

Number of Meetings attended in Financial Year 2009

	Board of Directors	Group Nomination Committee(1)	Group Remuneration Committee (2)	Audit and Examination Committee	Group Risk Management Committee	Group Information Technology Committee
Tan Sri Dato' Azman Hashim	11	5	2 (Appointed wef 23.7.08)	N/A	N/A	N/A
Dato' Azlan Hashim	11	N/A	2 (Resigned wef 23.7.08)	5	N/A	7
Tun Mohammed Hanif Omar	11	4 (Chairman wef 23.7.08)	N/A	N/A	N/A	N/A
Tan Sri Datuk Dr Aris Osman @ Othman	11	6	2	6 (Chairman)	6	N/A
Tan Sri Datuk Clifford Francis Herbert	11	6	N/A	6	6 (Chairman)	N/A
Tan Sri Dato' Mohd Ibrahim Mohd Zain	9	N/A	N/A	N/A	N/A	N/A
Dato' Izham Mahmud	11	2 (Resigned wef 23.7.08)	4 (Chairman)	5	N/A	N/A
Dr Robert John Edgar	10	5	- (Appointed wef 22.12.08)	4	N/A	N/A
Alexander Vincent Thursby	10	N/A	N/A	N/A	N/A	N/A
Mark David Whelan	3 (Appointed wef 2.1.09)	N/A	N/A	N/A	2 (Appointed wef 2.1.09)	N/A
Cheah Tek Kuang	11	N/A	N/A	N/A	N/A	4
Soo Kim Wai	10	N/A	3	N/A	N/A	N/A
Peter John Hodgson	4 (Resigned wef 29.8.08)	N/A	2 (Resigned wef 29.8.08)	N/A	3 (Resigned wef 29.8.08)	N/A
Number of meetings held in FY 2009	11	6	4	6	6	7

wef: with effect from

Notes:
1. There was no Group Remuneration Committee meeting held from the date of Dr Robert John Edgar's appointment.
2. All attendances reflect the number of meetings attended during the Directors' duration of service.
3. N/A represents non-committee member.

Group Nomination Committee

The Nomination Committee of the Company, AmInvestment Bank Berhad ("AmInvestment Bank") and AmBank (M) Berhad ("AmBank") collapsed into a single Committee at the Company (Group) level, with effect from 23 July 2008.

The Committee comprises five (5) members, three (3) of whom are Independent Non-Executive Directors. It is responsible for regularly reviewing the board structure, size and composition, as well as making recommendation to the Board of the Company and the Board of AmInvestment Bank and AmBank with regard to any changes that are deemed necessary. It also recommends the appointment of Directors to the Board and Committees of the Board as well as annually reviews the performance of the Board, Committees of the Board and the Chairman and individual Directors, the mix of skills and experience and other qualities and competencies that Non-Executives and Executive Directors should bring to the Board.

The Board, on the recommendation of the Nomination Committee had also approved the mechanism for the formal assessment on the effectiveness of the Board as a whole and the committee and the contribution of the Chairman and each Director to the effectiveness of the Board.

Group Remuneration Committee

The Remuneration Committee of the Company, AmInvestment Bank and AmBank collapsed into a single Committee at the Company (Group) level, with effect from 23 July 2008.

The Committee comprises five (5) members, all of whom are Non-Executive Directors. The Committee is responsible for determining and recommending to the Board of the Company, AmInvestment Bank and AmBank the framework or broad policy for the remuneration of the Directors, Chief Executive Officers and other Senior Management staff.

Remuneration is determined at levels, which enable the Group to attract and retain the Directors, Chief Executive Officers and Senior Management staff with the relevant experience and expertise needed to assist in managing the Group effectively. The services of consultants are utilised to review the methodology for rewarding Executive Directors and Management staff according to the Key Performance Indicators required to be achieved.

Audit And Examination Committee

The Committee comprises five (5) members, three (3) of whom are Independent Non-Executive Directors.

The Board has appointed the Audit and Examination Committee (the "AEC") to assist in discharging its duties of maintaining a sound system of internal control to safeguard the Group's assets and shareholders' investments.

The AEC met during the year to review the scope of work of both the internal audit function and the statutory auditors, the results arising thereafter as well as their evaluation of the system of internal controls. The AEC also followed up on the resolution of major issues raised by the internal auditors, statutory auditors as well as the regulatory authorities in the examination reports. The consolidated financial statements of the Group and of its subsidiaries were reviewed by the AEC prior to their submission to the Board of the Company for adoption.

In addition, the AEC has reviewed the procedures set up by the Group to identify and report, and where necessary, seek approval for related party transactions and, with the assistance of the internal auditors, reviewed the related party transactions.

Group Risk Management Committee

Risk management is an integral part of the Group's strategic decision-making process which ensures that the corporate objectives are consistent with the appropriate risk-return trade-off. The Board approves the risk management strategy and set the broad risk tolerance level; and approves activities after considering the risk bearing capacity and readiness.

The Risk Management Committees have also been established at AmInvestment Bank, AmBank and AmIslamic Bank Berhad ("AmIslamic Bank") to oversee the overall management of credit, market, liquidity, operational, legal and capital risks impacting the Group.

The Committee is independent from management and comprises three (3) members, all of whom are Non-Executive Directors. The Committee ensures that the Board's risk tolerance level is effectively enforced, the risk management process is in place and functioning; and reviews high-level risk exposures to ensure that they are within the overall interests of the Group. It also assesses the ability to accommodate risks under normal and stress scenarios.

The Risk Management Department is independent of the various business units and acts as the catalyst for the development and maintenance of comprehensive and sound risk management policies, strategies and procedures within the Group. The functions encompass research and analysis, portfolio risk exposure reporting, compliance monitoring, formulation of policies and risk assessment methodologies, and formulation of risk strategies.

Group Information Technology Committee

The Group Information Technology Committee ("GITC") comprises two (2) members. The Committee is responsible for determining and recommending to the Board, to ensure that the IT development within the Group is in line with its business objectives and strategies and to serve as an independent and objective party in the review of the Group's utilisation of its IT resources including computer hardware, software, manpower and other IT related investments.

In addition, the GITC will review and recommend for approval major IT acquisitions by the various companies of the Group and ensure conformance of the acquisition with the overall Group IT plan.

Internal Audit And Internal Control Activities

The Head of the Group Internal Audit Department reports to AEC. Group Internal Audit assists the AEC in assessing and reporting on business risks and internal controls, and operates within the framework defined in the Audit Charter.

The AEC approves the Group Internal Audit's annual audit plan, which covers the audit of all major business units and operations within the Group. The results of each audit are submitted to the AEC and significant findings are discussed during the AEC meeting. The minutes of the AEC meeting are formally tabled to the Board for noting and action, where necessary. The Group Chief Internal Auditor and the external auditors also attend the AEC meetings by invitation and the AEC holds separate meetings with the Chief Internal Auditor and external auditors whenever necessary.

The scope of internal audit covers review of adequacy of the risk management processes, operational controls, financial controls, compliance with laws and regulations, lending practices and information technology, including the various application systems in production, data centres and network security.

Group Internal Audit focuses its efforts on performing audits in accordance with the audit plan, which is prioritised based on a comprehensive risk assessment of all significant areas of audit identified in the Group. The structured audit risk assessment approach ensures that all risk-rated areas are kept in view to ensure appropriate audit coverage and audit frequency. The risk based audit plan is reviewed annually taking into account the changing financial significance of the business and risk environment.

Group Internal Audit also participates actively in major system development activities and project committees to advise on risk management and internal control measures.

iii. MANAGEMENT INFORMATION

All Directors review Board papers and reports prior to the Board meeting. Information and materials, relating to the operations of the Company and its subsidiaries that are important to the Directors' understanding of the items in the agenda and related topics, are distributed in advance of the meeting. The Board reports, include among others, minutes of meetings of all Committees of the Board, monthly performance of the Group, credit risk management, asset liability and market risk management and industry benchmarking as well as prevailing regulatory developments and the economic and business environment.

These reports are issued giving sufficient time before the meeting to enable the Directors to be prepared and to obtain further explanations, where necessary, and provides input on Group policies.

RATINGS BY EXTERNAL AGENCIES

AmInvestment Bank's long-term and short-term rating of AA3/P1 was re-affirmed by Rating Agency Malaysia Berhad ("RAM") and AA-/MARC-1 from Malaysian Rating Corporation Berhad. This was complemented by international ratings of BB+/B from Standard and Poor's Rating Services and BBB-/F3 from Fitch Ratings Ltd ("Fitch"). The RM200.0 million Subordinated Tier 2 Bonds were also reaffirmed with a long-term rating of A1 by RAM.

AmBank's long-term rating of A1 and short-term rating of P1, with stable outlook, was re-affirmed by RAM. Additionally, AmBank's rating was complemented by international ratings of Baa2/P3/Stable by Moody's Investors Services, BBB-/Stable/A3 by Standard and Poor's Ratings Services, BBB-(Stable)/F3 by Fitch Ratings Ltd and BBB-/A3/Stable from Capital Intelligence Ltd.

AmBank's RM575.0 million Exchangeable Bonds and RM2.0 billion Medium Term Notes Programme were reaffirmed at A2 (Stable) by RAM. The Non-Cumulative Perpetual Capital Securities ("NCPCS") issued during the current financial year was rated A3 by RAM. The long-term rating of AmBank's RM1.0 billion Negotiable Instruments of Deposits vested over from AmInvestment Bank Berhad was rationalised at A1.

AmBank's issuance of NCPCS was stapled to Subordinated Notes ("Sub-Notes") issued by its wholly-owned subsidiary, AmPremier Capital Berhad ("AmPremier"). As at 31 March 2009, AmPremier had issued RM500.0 million Sub-Notes which have been assigned a long-term rating of A3 (Stable).

The Hybrid Securities of USD200.0 million issued by AmBank has been reaffirmed a rating of Ba2 by Moody's Investor Services, BB by Standard and Poor's Ratings Services and BB by Fitch.

RAM had re-affirmed the long term and short term financial institution ratings of AmIslamic Bank at A1 and P1 respectively, with Stable outlook.

The long term rating of the AmIslamic Bank's RM400.0 million Subordinated Sukuk Musyarakah also had been re-affirmed at A2 (Stable) by RAM.

SHARIAH COMMITTEE

The Shariah Committee, comprising three (3) advisers, was established under BNM "Guidelines on the Governance of Shariah Committee for the Islamic Financial Institutions" (BNM/GPS1) to advise and provide guidance to the Board on all matters pertaining to Shariah in order to ensure the business operations comply with Shariah principles. The Shariah Committee also provides Shariah opinions and validation on relevant documentations to be used.

AUDITORS

The auditors, Ernst & Young, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the directors.

TAN SRI DATO' AZMAN HASHIM

CHEAH TEK KUANG

Kuala Lumpur, Malaysia
Date: 15 May 2009

STATEMENT BY Directors

PURSUANT TO SECTION 169(15) OF THE COMPANIES ACT, 1965

We, **TAN SRI DATO' AZMAN HASHIM** and **CHEAH TEK KUANG**, being two of the directors of **AMMB HOLDINGS BERHAD**, do hereby state that, in the opinion of the directors, the accompanying financial statements are drawn up in accordance with the provisions of the Companies Act, 1965 and applicable Financial Reporting Standards in Malaysia as modified by Bank Negara Malaysia Guidelines so as to give a true and fair view of the financial position of the Group and of the Company as at 31 March 2009 and of the results and the cash flows of the Group and of the Company for the financial year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors.

TAN SRI DATO' AZMAN HASHIM

CHEAH TEK KUANG

Kuala Lumpur, Malaysia
Date: 15 May 2009

STATUTORY Declaration

PURSUANT TO SECTION 169(16) OF THE COMPANIES ACT, 1965

I, **ARUNASALAM MUTHUSAMY**, being the officer primarily responsible for the financial management of **AMMB HOLDINGS BERHAD**, do solemnly and sincerely declare that the accompanying financial statements are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act,1960.

Subscribed and solemnly declared by the abovenamed **ARUNASALAM MUTHUSAMY** at Kuala Lumpur in the Wilayah Persekutuan on 15 May 2009

ARUNASALAM MUTHUSAMY

Before me,

COMMISSIONER FOR OATHS

PESURUHJAYA SUMPAH
No. W023
Dato Ng
Mann Cheong
MALAYSIA

18th Floor, Bangunan AmBank Group
Letter Box No: 18D,
55, Jalan Raja Chulan,
50200 Kuala Lumpur.

Lodged on behalf by:
Address: 22nd Floor, Bangunan AmBank Group,
No. 55 Jalan Raja Chulan,
50200 Kuala Lumpur.
Telephone number: 03-2036 2633/44/55

REPORT OF THE Auditors

Report on the financial statements

We have audited the accompanying financial statements of AMMB HOLDINGS BERHAD, which comprise the balance sheets as at 31 March 2009 of the Group and of the Company, and the income statements, statements of changes in equity and cash flow statements of the Group and of the Company for the financial year ended, and a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the financial statements

The directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with applicable Financial Reporting Standards and the Companies Act 1965 in Malaysia. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with applicable Financial Reporting Standards and the Companies Act 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 March 2009 and of their financial performance and cash flows for the financial year then ended.

Report on other legal and regulatory requirements

In accordance with the requirements of the Companies Act 1965 in Malaysia, we also report the following:

a. In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

b. We have considered the accounts and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 15 to the financial statements.

c. We are satisfied that the accounts of the subsidiaries that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.

d. The auditors' reports on the accounts of the subsidiaries were not subject to any qualification and did not include any comment required to be made under Section 174(3) of the Act.

Other matters

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Ernst & Young

ERNST & YOUNG
AF :0039
Chartered Accountants

LIM SAW KENG
No.2215/10/09(J)
Partner

Kuala Lumpur, Malaysia
Date: 15 May 2009

BALANCE
Sheets

AS AT 31 MARCH 2009

	Note	2009 Group RM'000	2009 Company RM'000	2008 Group RM'000	2008 Company RM'000
ASSETS					
Cash and short-term funds	5	**17,186,941**	**284,037**	11,045,426	315,078
Securities purchased under resale agreements	6	**16,807**	**-**	52,468	-
Deposits and placements with banks and other financial institutions	7	**46,026**	**16,986**	1,387,810	15,034
Securities held-for-trading	8	**1,399,873**	**20,000**	6,699,010	20,000
Securities available-for-sale	9	**6,626,054**	**3,978**	1,850,935	3,978
Securities held-to-maturity	10	**780,209**	**-**	1,179,878	-
Loans, advances and financing	11	**56,947,831**	**-**	52,574,320	-
Derivative financial assets	12	**482,933**	**-**	370,681	-
Other assets	13	**1,490,006**	**30,331**	2,023,969	26,973
Statutory deposits with Bank Negara Malaysia	14	**517,578**	**-**	1,660,197	-
Investments in subsidiaries	15	**-**	**6,204,678**	-	6,543,314
Investment in jointly controlled company	16	**380**	**-**	-	-
Investment in associate	17	**1,301**	**-**	1,301	-
Prepaid land lease payments	18	**6,646**	**-**	7,059	-
Property and equipment	19	**228,399**	**2,044**	225,616	900
Life fund assets	55	**2,006,799**	**-**	1,702,469	-
Deferred tax assets	44	**346,997**	**-**	608,583	-
Intangible assets	20	**1,808,101**	**-**	1,801,985	-
TOTAL ASSETS		**89,892,881**	**6,562,054**	83,191,707	6,925,277
LIABILITIES AND EQUITY					
Deposits from customers	21	**64,131,506**	**-**	55,768,861	-
Deposits and placements of banks and other financial institutions	22	**6,135,409**	**-**	7,117,279	-
Bills and acceptances payable	23	**2,120,247**	**-**	1,909,243	-
Recourse obligation on loans sold to Cagamas Berhad	24	**155,037**	**-**	243,979	-
Derivative financial liabilities	12	**587,763**	**-**	410,929	-
Other liabilities	25	**2,639,015**	**9,155**	3,250,328	3,684
Term loans	26	**351,859**	**206,000**	1,790,844	1,506,000
Subordinated term loan	27	**-**	**-**	460,000	-
Unsecured bonds	28	**1,090,000**	**-**	1,750,000	-
Medium term notes	29	**1,460,000**	**-**	860,000	-
Hybrid capital	30	**1,303,691**	**-**	673,830	-
Life fund liabilities	55	**222,160**	**-**	189,819	-
Life policyholder funds	55	**1,784,639**	**-**	1,512,650	-
Total liabilities		**81,981,326**	**215,155**	75,937,762	1,509,684
Share capital	31	**2,722,970**	**2,722,970**	2,722,970	2,722,970
Reserves	32	**5,013,123**	**3,623,929**	4,446,623	2,692,623
Equity attributable to equity holders of the Company		**7,736,093**	**6,346,899**	7,169,593	5,415,593
Minority interests	34	**175,462**	**-**	84,352	-
Total equity		**7,911,555**	**6,346,899**	7,253,945	5,415,593
TOTAL LIABILITIES AND EQUITY		**89,892,881**	**6,562,054**	83,191,707	6,925,277
COMMITMENTS AND CONTINGENCIES	50	**49,911,642**	**-**	57,539,798	-
NET ASSETS PER SHARE (RM)	53	**2.84**	**2.33**	2.63	1.99

The accompanying notes form an integral part of the financial statements.

INCOME Statements

FOR THE YEAR ENDED 31 MARCH 2009

	Note	2009		2008	
		Group RM'000	Company RM'000	Group RM'000	Company RM'000
Operating revenue	54	**5,860,729**	**1,111,127**	5,992,682	134,766
Interest income	35	**3,793,368**	**14,043**	3,768,943	26,688
Interest expense	36	**(2,017,054)**	**(23,865)**	(2,153,121)	(30,717)
Net interest income/(expense)		**1,776,314**	**(9,822)**	1,615,822	(4,029)
Net income from Islamic banking business	60(xxiv)	**572,619**	**-**	517,071	-
Other operating income	37	**922,043**	**1,097,084**	1,218,824	108,078
Net Income		**3,270,976**	**1,087,262**	3,351,717	104,049
Other operating expenses	38	**(1,612,146)**	**(3,390)**	(1,536,899)	(3,522)
Operating profit		**1,658,830**	**1,083,872**	1,814,818	100,527
Allowances for losses on loans and financing	39	**(344,187)**	**-**	(512,183)	-
Transfer (to)/from profit equalisation reserve	25	**(24,518)**	**-**	18,211	-
Impairment (loss)/writeback on:					
Securities		**(76,524)**	**-**	(111,958)	-
Amount recoverable under asset-backed securitisation transactions		**17,000**	**-**	(10,000)	-
Assets acquired in exchange of debts		**-**	**-**	(45)	-
Fixed assets		**(2,490)**	**-**	-	-
Writeback/(Allowance) for doubtful sundry receivables - net		**3,653**	**-**	(2,292)	-
Provision for foreclosed properties		**(1,942)**	**-**	(473)	-
Provision for commitments and contingencies		**(11,974)**	**-**	(1,641)	-
Profit before share in results of jointly controlled company, taxation and zakat		**1,217,848**	**1,083,872**	1,194,437	100,527
Share in results of jointly controlled company		**(212)**	**-**	-	-
Profit before taxation and zakat		**1,217,636**	**1,083,872**	1,194,437	100,527
Taxation and zakat	43	**(339,382)**	**(22,947)**	(383,618)	(26,563)
Profit for the year		**878,254**	**1,060,925**	810,819	73,964
Attributable to:					
Equity holders of the Company		**860,824**	**1,060,925**	668,542	73,964
Minority interests		**17,430**	**-**	142,277	-
Profit for the year		**878,254**	**1,060,925**	810,819	73,964
Earnings per share (sen)	46				
Basic		**31.61**	**38.96**	28.24	3.12
Fully diluted		**31.61**	**38.96**	27.91	3.09
First and final dividend per ordinary share (sen)					
Gross		**8.0**	**8.0**	6.0	6.0
Net		**6.0**	**6.0**	4.4	4.4

The accompanying notes form an integral part of the financial statements.

STATEMENT OF
Changes In Equity

FOR THE YEAR ENDED 31 MARCH 2009

	Attributable to Equity Holders of the Company									
			Non-Distributable				Distributable			
	Share capital RM'000	Converting preference shares^ RM'000	Share premium RM'000	Statutory reserve RM'000	Available-for-sale reserve RM'000	Exchange fluctuation reserve RM'000	Unappro-priated profits RM'000	Total RM'000	Minority interests RM'000	Total equity RM'000
Group										
At 1 April 2007										
As previously stated	2,130,565	-	791,588	1,107,757	36,362	10,297	798,502	4,875,071	1,201,516	6,076,587
Prior year adjustments	-	-	-	-	-	-	(87,270)	(87,270)	-	(87,270)
At 1 April 2007 (restated)	2,130,565	-	791,588	1,107,757	36,362	10,297	711,232	4,787,801	1,201,516	5,989,317
Net unrealised gain on revaluation of securities available-for-sale	-	-	-	-	6,538	-	-	6,538	-	6,538
Expenses relating to Rights Issue	-	-	(6,434)	-	-	-	-	(6,434)	-	(6,434)
Transfer from unappropriated profits	-	-	-	137,676	-	-	(137,676)	-	-	-
Exchange fluctuation adjustments	-	-	-	-	-	(2,131)	-	(2,131)	-	(2,131)
Net Income/(expense) recognised directly in equity	-		(6,434)	137,676	6,538	(2,131)	(137,676)	(2,027)	-	(2,027)
Profit for the year	-	-	-	-	-	-	668,542	668,542	142,277	810,819
Total recognised net income/(expense) for the year	-		(6,434)	137,676	6,538	(2,131)	530,866	666,515	142,277	808,792
Issue of CPS ^	-	458,343	-	-	-	-	-	458,343	-	458,343
Issue of shares pursuant to:										
Exercise of Warrants 2003/2008	132,497	-	155,303	-	-	-	-	287,800	-	287,800
Rights Issue	295,973	-	710,335	-	-	-	-	1,006,308	-	1,006,308
Converting of CPS	163,935	(458,343)	336,065	-	-	-	-	41,657	-	41,657
Subscription of shares in AmPrivate Equity	-	-	-	-	-	-	-	-	3,180	3,180
Arising from privatisation of AIGB	-	-	-	-	-	-	-	-	(1,188,227)	(1,188,227)
Arising from disposal of shares in MVMI	-	-	-	-	-	-	-	-	(380)	(380)
Dividends paid	-	-	-	-	-	-	(78,831)	(78,831)	(74,014)	(152,845)
At 31 March 2008	2,722,970	-	1,986,857	1,245,433	42,900	8,166	1,163,267	7,169,593	84,352	7,253,945

		Attributable to Equity Holders of the Company										
		Non-Distributable							Distributable			
	Note	Share capital RM'000	Share premium RM'000	Statutory reserve RM'000	Available-for-sale reserve RM'000	Exchange fluctuation reserve RM'000	Cash Flow Hedging reserve RM'000	Shares held in trust for ESS RM'000	Unappro-priated profits RM'000	Total RM'000	Minority interests RM'000	Total equity RM'000
Group												
At 1 April 2008		2,722,970	1,986,857	1,245,433	42,900	8,166	-	-	1,163,267	7,169,593	84,352	7,253,945
Net unrealised loss on revaluation of securities available-for-sale		-	-	-	(84,644)	-	-	-	-	(84,644)	-	(84,644)
Net unrealised loss on cash flow hedge		-	-	-	-	-	(91,486)	-	-	(91,486)	-	(91,486)
Expenses relating to Rights Issue		-	(21)	-	-	-	-	-	-	(21)	-	(21)
Transfer from unappropriated profit		-	-	78,334	-	-	-	-	(78,334)	-	-	-
Exchange fluctuation adjustments		-	-	-	-	11,425	-	-	-	11,425	-	11,425
Net income/(expense) recognised directly in equity		-	(21)	78,334	(84,644)	11,425	(91,486)	-	(78,334)	(164,726)	-	(164,726)
Profit for the year		-	-	-	-	-	-	-	860,824	860,824	17,430	878,254
Total recognised net income/(expense) for the year		-	(21)	78,334	(84,644)	11,425	(91,486)	-	782,490	696,098	17,430	713,528
Purchase of shares pursuant to Executives' Share Scheme ("ESS")^^		-	-	-	-	-	-	(7,064)	-	(7,064)	-	(7,064)
Subscription of shares in AmPrivate Equity		-	-	-	-	-	-	-	-	-	400	400
Arising from acquisition of AmG Insurance Berhad		-	-	-	-	-	-	-	-	-	112,700	112,700
Dividends paid	45	-	-	-	-	-	-	-	(122,534)	(122,534)	(39,420)	(161,954)
At 31 March 2009		2,722,970	1,986,836	1,323,767	(41,744)	19,591	(91,486)	(7,064)	1,823,223	7,736,093	175,462	7,911,555

STATEMENT OF CHANGES IN EQUITY (CONTD.)

FOR THE YEAR ENDED 31 MARCH 2009

	Note	Share capital RM'000	Converting preference shares^ RM'000	Non-Distributable Share premium RM'000	Non-Distributable Shares held in trust for ESS RM'000	Distributable Unappro-priated profits RM'000	Total equity RM'000
Company							
At 1 April 2007		2,130,565	-	792,381	-	711,940	3,634,886
Profit for the year		-	-	-	-	73,964	73,964
Expenses relating to Rights Issue		-	-	(8,534)	-	-	(8,534)
Total recognised net income for the year		-	-	(8,534)	-	73,964	65,430
Issue of CPS ^		-	458,343	-	-	-	458,343
Issue of shares pursuant to:					-		
Exercise of Warrants 1997/2007		- *	-	- *	-	-	-
Exercise of Warrants 2003/2008		132,497	-	155,303	-	-	287,800
Rights Issue		295,973	-	710,335	-	-	1,006,308
Converting of CPS		163,935	(458,343)	336,065	-	-	41,657
Dividends paid		-	-	-	-	(78,831)	(78,831)
As at 31 March 2008		2,722,970	-	1,985,550	-	707,073	5,415,593
At 1 April 2008		**2,722,970**	**-**	**1,985,550**	**-**	**707,073**	**5,415,593**
Profit for the year		**-**	**-**	**-**	**-**	**1,060,925**	**1,060,925**
Expenses relating to Rights Issue		**-**	**-**	**(21)**	**-**	**-**	**(21)**
Total recognised net income for the year		**-**	**-**	**(21)**	**-**	**1,060,925**	**1,060,904**
Purchase of shares pursuant to Executives' Share Scheme ("ESS")^^		**-**	**-**	**-**	**(7,064)**	**-**	**(7,064)**
Dividends paid	45	**-**	**-**	**-**	**-**	**(122,534)**	**(122,534)**
As at 31 March 2009		**2,722,970**	**-**	**1,985,529**	**(7,064)**	**1,645,464**	**6,346,899**

^ Representing the equity component of the 163.9 million converting preference shares ("CPS") of RM1.00 each to ANZ Funds Pte Ltd, a wholly-owned subsidiary of Australia and New Zealand Banking Group Limited at an issue price of RM3.05 per CPS and was converted to 163.9 million ordinary shares of RM1.00 each during the financial year.

^^ Represent the purchase of 2,896,000 of the Company's issued ordinary shares from the open market by a trustee appointed by the ESS committee at an average price of RM2.44 per share.

* Represent 70 new ordinary shares issued pursuant to the exercise of the Warrant 1997/2007 of the Company. The resulting share premium amounting to RM386 has been credited to the share premium account.

The accompanying notes form an integral part of the financial statements.

CASH FLOW
Statements

FOR THE YEAR ENDED 31 MARCH 2009

	2009		2008	
	Group RM'000	Company RM'000	Group RM'000	Company RM'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before taxation and zakat	**1,217,636**	**1,083,872**	1,194,437	100,527
Add/(Less) adjustments for:				
Allowance for losses on loans and financing - net	**344,187**	**-**	512,183	-
Loss on revaluation of securities held-for-trading	**32,978**	**-**	128,923	-
Impairment loss on securities	**76,524**	**-**	111,958	-
Interest suspended	**95,486**	**-**	98,355	-
Depreciation of property and equipment	**50,486**	**245**	48,425	229
Amortisation of computer software	**27,411**	**-**	23,494	-
(Writeback)/Impairment loss on amount recoverable under asset-backed securitisation transactions	**(17,000)**	**-**	10,000	-
(Writeback)/Allowance for doubtful sundry receivables - net	**(3,653)**	**-**	2,292	-
Provision for commitments and contingencies	**11,974**	**-**	1,641	-
Sundry receivables written off	**692**	**-**	1,616	-
Provision for foreclosed properties	**1,942**	**-**	473	-
(Gain)/Loss from asset securitisation	**(893)**	**-**	183	-
Amortisation of prepaid land lease payments	**159**	**-**	165	-
Impairment loss on assets acquired in exchange of debts	**-**	**-**	45	-
Property and equipment written off	**40**	**-**	37	-
Net loss/(gain) from sale of securities held-for-trading	**77,092**	**-**	(131,616)	-
Net gain on redemption of securities held-to-maturity	**(46,625)**	**-**	(106,235)	-
Gain on redemption of structured product	**(4)**	**-**	-	-
Gross dividend income from investments	**(31,718)**	**(1,097,074)**	(58,540)	(107,980)
Loss/(Gain) on revaluation of derivatives	**55,790**	**-**	(46,770)	-
Net gain from sale of securities available-for-sale	**(3,944)**	**-**	(31,735)	-
Transfer to/(from) profit equalisation reserve	**24,518**	**-**	(18,211)	-
Amortisation of premium less accretion of discounts on money market securities-net	**(23,422)**	**-**	(14,640)	-
Gain on disposal of property and equipment – net	**(1,100)**	**-**	(686)	(21)
Share in results of jointly controlled company	**212**	**-**	-	-
Operating profit/(loss) before working capital changes	**1,888,768**	**(12,957)**	1,725,794	(7,245)
Decrease/(Increase) in operating assets:				
Securities purchased under resale agreements	**6,649**	**-**	178,382	43,450
Deposits and placements with banks and other financial institutions	**1,341,784**	**(1,952)**	252,046	131,297
Securities held-for-trading	**4,347,507**	**-**	269,358	-
Loans, advances and financing	**(4,813,184)**	**-**	(5,574,103)	-
Other assets	**521,977**	**31,084**	97,150	30,800
Statutory deposits with Bank Negara Malaysia	**1,142,619**	**-**	146,861	-
Deposits and monies held in trust with financial institutions	**107,405**	**-**	65,656	-
Increase/(Decrease) in operating liabilities:				
Deposits from customers	**8,362,649**	**-**	13,387,199	-
Deposits and placements of banks and other financial institutions	**(981,870)**	**-**	(10,329,063)	-
Obligations on securities sold under repurchase agreements	**-**	**-**	(3,140,243)	-
Bills and acceptances payable	**211,004**	**-**	452,669	-
Term loans	**(1,438,985)**	**(1,300,000)**	1,481,164	1,300,000
Recourse obligation on loans sold to Cagamas Berhad	**(88,942)**	**-**	(511,082)	-
Other liabilities	**(27,180)**	**(17,476)**	168,713	(27,719)
Cash (used in)/generated from operations	**10,580,201**	**(1,301,301)**	(1,329,499)	1,470,583
Taxation paid	**(40,383)**	**-**	(93,509)	-
Net cash generated from/(used in) operating activities	**10,539,818**	**(1,301,301)**	(1,423,008)	1,470,583

CASH FLOW STATEMENTS (CONTD.)

FOR THE YEAR ENDED 31 MARCH 2009

	2009		2008	
	Group RM'000	Company RM'000	Group RM'000	Company RM'000
CASH FLOWS FROM INVESTING ACTIVITIES				
(Purchase)/Proceeds from disposal of securities – net	**(3,676,857)**	**-**	1,184,502	(1,978)
Dividends received from other investments	**23,471**	**-**	43,320	-
Proceeds from disposal of property and equipment	**2,346**	**-**	900	21
Final returns received for Malaysian Ventures Sdn Bhd ("MVSB")	**-**	**-**	453	-
Acquisition of remaining 49.0% equity interest in AmInvestment Group Bhd ("AIGB")	**-**	**-**	(2,399,594)	(2,401,694)
Expenses relating to rights issue arising from AIGB privatisation	**-**	**(21)**	-	-
Purchase of property and equipment	**(81,880)**	**(1,389)**	(63,445)	-
Purchase of computer software	**(11,028)**	**-**	(15,269)	-
Expenses capitalised on acquisition of equity interest in AmFraser International Pte. Ltd.("FIPL")	**-**	**-**	(818)	-
Dividends received from subsidiaries	**-**	**1,062,633**	-	79,905
Arising from subscription of AMFB Holdings Berhad ("AMFB") rights issue	**-**	**-**	-	(150,000)
Arising from subscription of AMFB Interest Bearing Irredeemable Convertible Unsecured Loan Stock	**-**	**-**	-	(300,000)
Arising from subscription of shares in AmKonzen Water Investments Management Pte Ltd	**(592)**	**-**	-	-
Arising from subscription of shares in AMAB Holdings Sdn Bhd ("AMAB Holdings")	**-**	**(264,000)**	-	-
Arising from disposal of shares in AmAssurance to AMAB Holdings	**-**	**102,635**	-	-
Net cash (used in)/generated from investing activities	**(3,744,540)**	**899,858**	(1,249,951)	(2,773,746)

	2009		2008	
	Group RM'000	Company RM'000	Group RM'000	Company RM'000
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from capital reduction in AIGB	**-**	**500,000**	-	-
Proceeds from issuance of shares pursuant to rights issue	**-**	**-**	1,006,308	1,006,308
Proceeds from medium term notes	**600,000**	**-**	860,000	-
Proceeds from redeemable unsecured bonds	**-**	**-**	575,000	-
Proceeds from issuance of converting Preference Shares	**-**	**-**	500,000	500,000
Proceeds from exercise of warrants 2003/2008 in the Company	**-**	**-**	287,800	287,800
Proceeds from issue of shares by subsidiaries to minority shareholders	**113,100**	**-**	2,800	-
Redemption of unsecured bonds	**(660,000)**	**-**	(150,000)	(150,000)
Dividends paid by the Company to its shareholders	**(122,534)**	**(122,534)**	(78,831)	(78,831)
Arising from purchase of shares for Executives' Share Scheme ("ESS") by the appointed trustee	**(7,064)**	**(7,064)**	-	-
Dividends paid to minority interests by subsidiaries	**(39,420)**	**-**	(74,014)	-
Net repayment of subordinated term loans	**(460,000)**	**-**	-	-
Net cash (used in)/generated from financing activities	**(575,918)**	**370,402**	2,929,063	1,565,277
Net increase in cash and cash equivalents	**6,219,360**	**(31,041)**	256,104	262,114
Cash and cash equivalents at beginning of year	**10,746,526**	**315,078**	10,490,422	52,964
Cash and cash equivalents at end of year (Note 1)	**16,965,886**	**284,037**	10,746,526	315,078

Note 1 : Cash and Cash Equivalents

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 overdraft. Cash and cash equivalents included in the cash flow statements comprise the following balance sheet amounts:

	2009		2008	
	Group RM'000	Company RM'000	Group RM'000	Company RM'000
Cash and short-term funds	**17,186,941**	**284,037**	11,045,426	315,078
Bank overdrafts (Note 25)	**(786)**	**-**	(541)	-
	17,186,155	**284,037**	11,044,885	315,078
Less: Cash and bank balances and deposits held in trust (Note 5)	**(219,432)**	**-**	(297,825)	-
	16,966,723	**284,037**	10,747,060	315,078
Effect of exchange rates changes	**(837)**	**-**	(534)	-
Cash and cash equivalents	**16,965,886**	**284,037**	10,746,526	315,078

The accompanying notes form an integral part of the financial statements.

NOTES TO THE
Financial Statements

31 MARCH 2009

1. PRINCIPAL ACTIVITIES

The principal activity of the Company is that of an investment holding company.

The subsidiaries, as listed in Note 15 to the financial statements, provide a wide range of investment banking, commercial banking, retail financing and related financial services which also include the Islamic banking business, underwriting of general and life insurance, stock and share-broking, futures broking, investment advisory and asset, real estate investment trust and unit trust management.

There have been no significant changes in the nature of the activities of the Group and of the Company during the financial year.

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and listed on the Main Board of the Bursa Malaysia Securities Berhad ("Bursa Malaysia"). The registered office and the principal place of business of the Company is located at 22nd Floor, Bangunan AmBank Group, No. 55, Jalan Raja Chulan, 50200 Kuala Lumpur.

The financial statements of the Group and of the Company have been approved and authorised for issue by the Board of Directors on 28 April 2009.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The financial statements of the Group and of the Company have been prepared under the historical cost convention unless otherwise indicated and in accordance with the provisions of the Companies Act, 1965, the Banking and Financial Institutions Act, 1989, the Insurance Act, 1996 and the applicable Financial Reporting Standards ("FRS") in Malaysia as modified by Bank Negara Malaysia ("BNM") Guidelines.

The financial statements incorporate those activities relating to the Islamic banking business, which has been undertaken by the Group. Islamic banking business refers generally to the acceptance of deposits, dealing in Islamic securities, granting of financing, capital market and treasury activities under the Shariah Principles.

The financial statements are presented in Ringgit Malaysia ("RM") and rounded to the nearest thousand (RM'000), unless otherwise stated.

The preparation of financial statements in conformity with FRS requires management to exercise judgement, use of estimates and make assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. Although these estimates are based on management's best knowledge of current events and actions, actual results may differ from those estimates. Critical accounting estimates and assumptions used that are significant to the financial statements, and areas involving higher degree of judgement and complexity, are disclosed in Note 4.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies are consistent with those adopted in the previous audited annual financial statements except for the adoption of the following:

i. The new and revised Financial Reporting Standards ("FRS") that are applicable to the Group and the Company with effect from the financial period beginning on or after 1 April 2008:

FRS 107	Cash Flow Statements
FRS 112	Income Taxes
FRS 118	Revenue
FRS 119	Employee Benefits
FRS 134	Interim Financial Reporting
FRS 137	Provisions, Contigent Liabilities and Contigent Assets
Amendments to FRS 121	The Effects of Changes in Foreign Exchange Rates - Net Investment in a Foreign Operation
IC Interpretation 8	Scope of FRS 2 Share-based Payments

The adoption of the above did not result in significant changes in accounting policies of the Group and the Company.

Standards and IC Interpretations to existing standards that are not relevant or material for the Group and the Company operations:

FRS 111	Construction Contract
FRS 120	Accounting for Government Grants and Disclosure of Government Assistance
IC Interpretation 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities
IC Interpretation 2	Members' Shares in Co-operative Entities and Similar Instruments
IC Interpretation 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
IC Interpretation 6	Liabilities arising from Participating In a Specific Market-Waste Electrical and Electronic Equipment
IC Interpretation 7	Applying the Restatement Approach to FRS 129 Financial Accounting in Hyperinflationary Economies

ii. The following are the Financial Reporting Standards ("FRS") and IC Interpretations which have been issued by the Malaysian Accounting Standards Board ("MASB") as of the balance sheet date but are not yet effective:

FRS 139	Financial Instruments: Recognition and Measurement
FRS 4	Insurance Contracts
FRS 7	Financial Instruments: Disclosures
FRS 8	Operating Segments
IC Interpretation 9	Reassessment of Embedded Derivatives
IC Interpretation 10	Interim Financial Reporting and Impairment

All the new FRSs and IC Interpretations above are effective from 1 January 2010, except for FRS 8, which is effective from 1 July 2009. The new FRSs and IC Interpretations above are expected to have no significant impact on the financial statements of the Group and the Company upon their initial application except for changes on disclosure arising from the adoption of FRS 7 and FRS 8. The Group and the Company are exempted from disclosing the possible impact, if any, in the financial statements upon the initial application of FRS 139.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

iii. The effects of adopting these standards are discussed below:

a. FRS 139 Financial Instruments: Recognition and Measurement – This standard establishes the principles for the recognition, derecognition and measurement of an entity's financial instruments and for hedge accounting. The impact of applying FRS 139 on the financial statements upon first adoption of this standard as required by paragraph 30(b) of FRS 108 Accounting Policies, Changes in Accounting Estimates and Errors is not required to be disclosed by virtue of exemptions provided under paragraph 103AB of FRS 139.

   Since 1 January 2005, upon the Group's adoption of Bank Negara Malaysia's ("BNM") revised BNM/GP8 – Guidelines on Financial Reporting for Licensed Institutions, certain principles in connection with the recognition, derecognition and measurement of financial instruments and hedge accounting which are similar to those prescribed by FRS 139 have been adopted by the Group. These accounting policies are set out in the notes on securities and derivative instruments below.

b. FRS 4 Insurance Contracts – This new standard 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 financial impact and effects of applying this standard are still being assessed but is not expected to be material. The impact of applying FRS 4 on the financial statements upon first adoption of this standard as required by paragraph 30(b) of FRS 108 Accounting Policies, Changes in Accounting Estimates and Errors is not required to be disclosed by virtue of exemptions provided under paragraph 41AA of FRS 4.

c. FRS 7 Financial Instruments: Disclosures – This new standard requires disclosures in financial statements that enable users to evaluate the significance of financial instruments for the entity's financial position and performance, and the nature and extent of risks arising from financial instruments to which an entity is exposed and how these risks are managed. This standard requires both qualitative disclosures describing management's objectives, policies and processes for managing those risks, and quantitative disclosures providing information about the extent to which an entity is exposed to risk, based on information provided internally to the entity's key management personnel. An entity shall not apply this standard for annual periods beginning prior to 1 January 2010 unless it also applies FRS 139. The application of this standard is not expected to have a material impact on the financial results of the Group as this standard deals only with disclosures in the financial statements.

d. FRS 8 Operating Segments – This new standard 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 this standard would not have any impact to the financial statements of the Group.

e. IC Interpretation 9 Reassessment of Embedded Derivatives – This interpretation clarifies that the reassessment of an embedded derivative after its initial recognition is forbidden unless the instrument's terms have changed and this has affected its cash flows significantly. This IC Interpretation is not expected to have any material impact on the financial statements of the Group.

f. IC Interpretation 10 Interim Financial Reporting and Impairment – This interpretation clarifies that an entity shall not reverse impairment losses on goodwill and investments in equity instruments and financial assets carried at cost recognised in an interim period. This interpretation is not applicable to the annual financial statements of the Group.

In August 2008, the MASB announced its plan to bring Malaysia to full convergence with International Financial Reporting Standards ("IFRS") by 1 January 2012. The financial impact and effects on disclosures and measurement ensuing from such convergence are currently still being assessed pending the issuance of such revised FRSs incorporating the full convergence.

On 20 October 2008, BNM had issued a circular setting out the limited circumstances in which banking institutions are allowed to reclassify financial instruments currently held in the securities held-for-trading portfolio into the securities available-for-sale and securities held-to-maturity portfolios. This concession is only effective for the period from 1 July 2008 to 31 December 2009.

Details of the reclassifications are disclosed in Note 59 to the financial statements.

Basis of Consolidation

The Group's financial statements comprise the financial statements of the Company and its subsidiaries as at the balance sheet date. The financial statements of the subsidiaries are prepared for the same reporting period as the Company.

Subsidiaries are consolidated from the date of acquisition being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. In preparing the consolidated financial statements, intergroup balances and unrealised gains or losses are eliminated in full. Uniform accounting policies are adopted in the consolidated financial statements for like transactions and events in similar circumstances.

The Company adopts both the purchase method and merger method (or "pooling of interests" method) in preparing the consolidated financial statements. The merger method was adopted in respect of the transfer of subsidiaries pursuant to a scheme of arrangement under the group restructuring exercise completed in 1992. The purchase method is adopted for all other business combinations.

The purchase method of accounting involves allocating the cost of the acquisition to the fair value of the assets acquired and liabilities and contingent liabilities assumed at the date of acquisition. The cost of an acquisition is measured as the aggregate of the fair values, at the date of exchange, of the assets given, liabilities incurred or assumed and equity instruments issued, plus any costs directly attributable to the business combination.

Any excess of the cost of acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities represents goodwill. Any excess of the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in income statements.

Under the merger method, the results of subsidiaries are presented as if the merger had been effected throughout the current and previous years. The assets and liabilities combined are accounted for based on the carrying amounts from the perspective of the common control shareholder at the date of transfer. On consolidation, the cost of the merger is cancelled with the values of the shares received. Any resulting credit difference is classified as equity and regarded as a non-distributable reserve. Any resulting debit difference is adjusted against any suitable reserve. Any share premium, capital redemption reserve and any other reserves which are attributable to share capital of the merged enterprises, to the extent that they have not been capitalised by a debit difference, are reclassified and presented as movement in other capital reserves.

The gain or loss on disposal of a subsidiary is the difference between the net disposal proceeds and the Group's share of its net assets as of the date of disposal including the cumulative amount of any exchange differences that relate to the subsidiary being disposed. All gains or losses on disposal of subsidiaries are recognised in the consolidated income statement.

Minority interest represents that part of the net results of operations and net assets of a subsidiary attributable to equity interests and debentures that are not owned, directly or indirectly through subsidiaries, by the Company or subsidiaries. It is measured at the minorities' share of the fair value of the subsidiaries' identifiable assets and liabilities at the acquisition date and the minorities' share of changes in the subsidiaries' equity since that date, except when the losses applicable to the minority interest exceed the minority interest in the equity of that subsidiary. In such cases, the excess and further losses applicable to the minority interest are attributable to the equity holders of the Company or subsidiaries, unless the minority interest has a binding obligation to, and is able to, make good the losses. When that subsidiary subsequently reports profits, the profits applicable to the minority interest are attributed to the equity holders of the Company or subsidiaries until the minority interest's share of losses previously absorbed by the equity holders of the Company or subsidiaries has been recovered.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Potential voting rights that are exercisable or convertible are considered when assessing control.

For business combinations where the Group's equity interest in a subsidiary is increased by virtue of a subscription to a higher proportion of the subsidiary's new issue of shares as compared to its existing equity interest and where the share issue price is above or below the subsidiary's net asset value, the resultant dilution or accretion of its share of net assets in the subsidiary is recognised in equity.

The gain or loss on disposal of a subsidiary is the difference between the net disposal proceeds and the Group's share of its net assets as of the date of disposal including the cumulative amount of any exchange differences that relate to the subsidiary being disposed. All gains or losses on disposal of subsidiaries are recognised in the consolidated income statement. In the Company's separate financial statements, investments in subsidiaries are stated at cost less impairment losses. On disposal of such investments, the difference between the net disposal proceeds and their carrying amount is included in profit or loss.

Associates

Associates are entities in which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but not in control or joint control over those policies.

Investments in associates are accounted for in the consolidated financial statements using the equity method of accounting. Under the equity method, the investment in associate is carried in the consolidated balance sheet at cost adjusted for post-acquisition changes in the Group's share of net assets of the associate. The Group's share of the net profit or loss of the associate is recognised in the consolidated income statements. Where there has been a change recognised directly in the equity of the associate, the Group recognises its share of such changes.

In applying the equity method, unrealised gains and losses on transactions between the Group and the associates are eliminated to the extent of the Group's interest in the associate. After application of the equity method, the Group determines whether it is necessary to recognise any additional impairment loss with respect to the Group's net investment in the associate. The associate is equity accounted for from the date the Group obtains significant influence until the date the Group ceases to have significant influence over the associate.

Goodwill relating to an associate is included in the carrying amount of the investment and is not amortised. Any excess of the Group's share of the net fair value of the associate's identifiable assets, liabilities and contingent liabilities over the cost of the investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of the associate's profit or loss in the period in which the investment is acquired.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

The most recent available audited financial statements of the associate are used by the Group in applying the equity method. Where the dates of the audited financial statements used are not coterminous with those of the Group, the share of results is arrived at from the last audited financial statements available and management financial statements to the end of the accounting period. Uniform accounting policies are adopted for like transactions and events in similar circumstances.

In the Company's separate financial statements, investments in associates are stated at cost less accumulated impairment losses. On disposal of such investments, the difference between the net disposal proceeds and their carrying amount is included in income statements.

Jointly Controlled Entities

Jointly controlled entities are entities in which the Group has contractually agreed to the sharing of control with one or more parties where the decisions over the financial and operating policies relating to the jointly controlled entity require the unanimous consent of the parties sharing control.

Interests in jointly controlled entities are accounted for in the consolidated financial statements using the equity method of accounting. Under the equity method, the interest in a jointly controlled entity is carried in the consolidated balance sheet at cost adjusted for post-acquisition changes in the Group's share of net assets of the jointly controlled entity.

In the Company's separate financial statements, investments in jointly controlled entities are stated at cost less accumulated impairment losses.

Intangible Assets

i. Goodwill on Consolidation

   Goodwill on consolidation of subsidiaries is included in intangible assets on the balance sheet. Premium on consolidation of associates is included in investments in associates.

   Goodwill on consolidation for acquisitions prior to 1 January 2006 represents the excess of the purchase consideration over the Group's share in the fair values of the identifiable net assets of the subsidiary or associate recognised at the date of acquisition. Goodwill on consolidation for acquisitions on or after 1 January 2006 represents the excess of the purchase consideration over the Group's share in the net fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiary or associate recognised at the date of acquisition.

   Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less accumulated impairment losses, if any. Goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. On disposal of a subsidiary or an associate, the attributable amount of goodwill on consolidation is included in the determination of the gain or loss on disposal.

ii. Computer Software

   Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software application. Costs associated with maintaining computer software applications are recognised as expense when incurred. Costs that are directly associated with the software application development stage are recognised as intangible assets. Costs directly associated with software application development include employee payroll and payroll related costs. Computer software applications recognised as intangible assets are amortised using the straight-line method over their useful lives which range from three (3) to seven (7) years.

iii. Other Intangible Assets

   Intangible assets acquired are measured at cost on initial recognition. Subsequent to initial recognition, intangible assets are carried at costs less accumulated amortisation and accumulated impairment losses, if any. The useful lives of intangible assets are assessed to be either finite or indefinite.

   Intangible assets with finite useful lives are amortised on a straight-line basis over the estimated economic useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite life are also reviewed at least at each balance sheet date.

   Intangible assets with indefinite useful lives are not amortised but reviewed and tested for impairment annually or more frequently if the events or changes in circumstances indicate that the carrying amount may be impaired either individually or at the cash-generating unit level. The useful life of an intangible asset with an indefinite life is also reviewed annually to determine whether the useful life assessment continues to be supportable.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

Repurchase Agreements

Securities purchased under resale agreements as collateralized borrowing repo, are securities which the Group and the Company purchases without the transfer of ownership, with commitments to resell at future dates and cannot be further transacted during the period of the repo. The commitments to resell the securities are reflected as an asset on the balance sheet.

Securities purchased under resale agreements as sell buy-back repo are securities which the Group and the Company purchases with the transfer of ownership, with commitments to resell at future dates and can be further transacted during the period of the repo. The commitments to resell these securities, which are further transacted and recognised as securities sold not-yet repurchased under other liabilities, are reflected as an asset on the balance sheet.

Conversely, obligations on securities sold under repurchase agreements are securities, which the Group and the Company had sold from its portfolio, with commitments to repurchase at future dates for funding purposes. The carrying values of the securities underlying these repurchase agreements remain as assets on the balance sheet of the Group and of the Company while the obligations to repurchase such securities at agreed prices on specified future dates are accounted for as liabilities on the balance sheet.

Securities

The holdings of the securities portfolio of the Group and of the Company are recognised based on the following categories and valuation methods.

i. Securities Held-for-Trading

   Securities are classified as held-for-trading if they are acquired principally for the purpose of benefiting from actual or expected short-term price movements or to lock in arbitrage profits. The securities held-for-trading is stated at fair value and any gain or loss arising from a change in their fair values or the derecognition of these securities are recognised in the income statement.

ii. Securities Held-to-Maturity

   Securities held-to-maturity are financial assets with fixed or determinable payments and fixed maturity that the Group have the positive intent and ability to hold to maturity. Unquoted shares in organisations set up for socio-economic purposes and equity instruments received as a result of loan restructuring or loan conversion which do not have a quoted market price in an active market and whose fair value cannot be reliably measured are also classified as securities held-to-maturity and are measured at cost.

   Securities held-to-maturity are measured at accreted/amortised cost based on the effective yield method less impairment losses, if any. Amortisation of premium, accretion of discount and impairment as well as gain or loss arising from the derecognition of securities held-to-maturity are recognised in the income statement.

iii. Securities Available-for-Sale

   Securities available-for-sale are financial assets that are not classified as held-for-trading or held-to-maturity. The securities available-for-sale are measured at fair value or at amortised costs (less impairment losses) if the fair value cannot be reliably measured. Any gain or loss arising from a change in fair value are recognised directly in equity through the statement of changes in equity, until the financial asset is sold, collected, disposed off or impaired, at which time the cumulative gain or loss previously recognised in equity will be transferred to the income statement.

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 recognised immediately in the income statement. Amounts accumulated in equity are released to the income statement in the periods when the hedged forecast transactions affect the income statement. If the hedged forecast transactions result in the recognition of a non-financial asset or a non-financial liability, the gain and loss previously deferred in equity is transferred from equity and included in the initial measurement of the cost of the asset or liability.

iii. Net Investment Hedge

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

Allowance for Doubtful Debts And Financing

Loans, advances and financing are stated at cost less any allowance for bad and doubtful debts and financing. Allowance for bad and doubtful debts and financing are made based on management's evaluation of the portfolio of loans, advances and financing, when the collectibility of receivables becomes uncertain. In evaluating collectibility, management considers several factors such as the borrower's financial position, cash flow projections, management, quality of collateral or guarantee supporting the receivables as well as prevailing and anticipated economic conditions.

A general allowance based on a percentage of total outstanding loans (including accrued interest), net of specific allowance for bad and doubtful debts, is maintained by the Group against risks which are not specifically identified. In addition, a general allowance based on set percentages of the net increase in other receivables is also made. These percentages are reviewed annually in the light of past experiences and prevailing circumstances and an adjustment is made to the general allowance for other receivables, if necessary.

An uncollectible loan and financing or portion of a loan and financing classified as bad is written off after taking into consideration the realisable value of collateral, if any, when in the judgement of management, there is no prospect of recovery.

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

Accordingly, the Group adopted a more stringent basis for specific allowances on non-performing loans as follows:

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

ii. Specific allowance of 20% is provided on non-performing loans which are three (3) to less than six (6) months-in-arrears. Previously, specific allowance was only made when a non-performing loan was in arrears for six (6) months and above.

The Directors are of the view that such treatment will reflect a more prudent provisioning policy for loans, advances and financing.

Trade and Other Receivables

Trade and other receivables are stated at nominal value as reduced by the appropriate allowances for estimated irrecoverable amounts. Allowance for doubtful debts is made based on estimates of possible losses which may arise from non-collection of certain receivable accounts.

The investment banking subsidiary's stock and share-broking operations' policies for the suspension of interest in respect of bad and doubtful accounts and the making of specific and general allowances are in accordance with Schedule 7 of the Rules of Bursa Malaysia and are as follows:

i. Specific allowance is made against bad and doubtful receivables at rates of 50% and 100%, respectively, subject to deduction of interest-in-suspense and the value of collateral held. In addition, a general allowance is maintained based on 1.5% of total trade receivables after deducting the amount of interest-in-suspense and specific allowance.

ii. Interest income accrued on these accounts is suspended when they are considered non-performing in accordance with Schedule 7 of the Rules of Bursa Malaysia.

In accordance with the Rules of Bursa Malaysia, clients' accounts are classified as non-performing (doubtful and bad) under the following circumstances:

	Criteria for classification as non-performing	
Types	**Doubtful**	**Bad**
Contra losses	When the account remains outstanding for 16 to 30 calendar days from the date of contra transactions.	When the account remains outstanding for more than 30 calendar days from the date of contra transactions.
Overdue purchase contracts	When the account remains outstanding from T+3 market days to 30 calendar days.	When the account remains outstanding for more than 30 calendar days.

Foreclosed Properties

Foreclosed properties are those acquired in full or partial satisfaction of debts and are stated at cost less impairment loss, if any.

Amounts Recoverable Under Asset-Backed Securitisation ("ABS") Transactions

This relates to the balance of purchase consideration recoverable under ABS transactions with Special Purpose Vehicle ("SPV"), of which the amount will be recovered upon maturity of the underlying bonds. Under such ABS transactions, portfolios of receivables are sold to SPVs, which are funded through the issuance of bonds secured by the receivables.

When an indication of impairment exists, the carrying value of the amount recoverable under the ABS transactions is assessed and written down to its recoverable amount.

The difference between the purchase consideration and the carrying value of the receivables sold is recognised in the income statement.

Property, Plant and Equipment and Depreciation

All items of property, plant and equipment are initially recorded at cost. Subsequent costs are included in the asset's carrying amount or are recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced parts is derecognised. All other repairs and maintenance are charged to the income statement during the financial year in which they are incurred.

Subsequent to initial recognition, property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment loss.

Freehold land has an unlimited life and therefore, is not depreciated. Leasehold land is amortised over the shorter of the lease period or fifty years. Depreciation of other property and equipment is calculated using the straight-line method at rates based on the estimated useful lives of the various assets.

The annual depreciation rates for the various classes of property, plant and equipment are as follows:

Freehold buildings	2%
Leasehold buildings	2% or over the term of short term lease
Motor vehicles	20%
Leasehold improvements	10% - 33 1/3%
Computer hardware	20% - 33 1/3%
Office and residential equipment, furniture and fittings	10% - 33 1/3%

3. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

The residual values, useful lives and depreciation methods of assets are reviewed, and adjusted if appropriate, at each balance sheet date, to ensure that they reflect the expected economic benefits derived from these assets.

An asset is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gain or loss arising from derecognition of an asset is determined as the difference between the estimated net disposal proceeds and the carrying amount of the asset, and is charged or credited to the income statement.

Investment Properties

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Properties that are occupied by the companies in the Group are accounted for as owner-occupied rather than as investment properties.

Investment properties of the Group are stated at cost less any accumulated depreciation and impairment losses. Investment properties are depreciated on a straight line basis to write off the cost of the assets to their residual value over their estimated useful lives.

Investment properties belonging to the life insurance fund of the Group are stated at cost and include related and incidental expenditure incurred. Subsequent to initial recognition, these investment properties are stated at fair value. Fair value is arrived at by reference to market evidence of transaction prices for similar properties and is performed by registered independent valuers having an appropriate recognised professional qualification and recent experience in the location and category of the properties being valued.

In the absence of current prices in an active market, alternative valuation methods are used such as recent prices on less active markets or discounted cash flow valuations. Discounted cash flow valuations are prepared by considering the aggregate of the estimated cash flow expected to be received from renting out the property. A yield that reflects the specific risks inherent in the net cash flow then is applied to the net annual cash flows to arrive at the property valuation.

Gains or losses arising from changes in the fair values of investment properties are recognised in the revenue account of the life insurance fund in the year in which they arise.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in the income statement in the year in which they arise.

Non-current Assets (or Disposal Groups) Held-for-Sale and Discontinued Operations

Non-current assets (or disposal groups) are classified as assets held for sale and stated at the lower of carrying amount and fair value less costs to sell if their carrying amount is recovered principally through a sale transaction rather than through continued use.

A component of the Group is classified as a discontinued operation when the criteria to be classified as held for sale have been met or it has been disposed of and such a component represents a separate major line of business or geographical area of operations, is part of a single co-ordinated major line of business or geographical area of operations, or is a subsidiary acquired exclusively with a view to resale.

Assets Purchased Under Lease

Assets purchased under finance leases which in substance transfer the risks and benefits of ownership of the assets to the Group are capitalised under property, plant and equipment. The assets and the corresponding lease obligations are recorded at the lower of the present value of the minimum lease payments and the fair value of the leased assets at the beginning of the lease terms, less accumulated depreciation and impairment losses.

In calculating the present value of the minimum lease payments, the discount factor used is the interest rate implicit in the lease, when it is practicable to determine, otherwise the Group's incremental borrowing rate is used.

Leases which do not meet such criteria are classified as operating leases and the related rentals are charged to the income statement as incurred.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

Impairment of Assets

i. Securities Available-for-Sale

   Impairment of securities available-for-sale is calculated as the difference between the asset's carrying amount and the estimated recoverable amount.

   For securities available-for-sale in which there is objective evidence of impairment which is other than temporary, the cumulative impairment loss that had been recognised directly in equity shall be transferred from equity to the income statement, even though the securities have not been derecognised. The cumulative impairment loss is measured as the difference between the acquisition cost (net of any principal repayment and amortisation) and the current fair value, less any impairment loss previously recognised in the income statement.

   Impairment losses on investments in equity instruments classified as available-for-sale recognised are not reversed subsequent to its recognition. Reversals of impairment losses on debt instruments classified as available-for-sale are recognised in the income statement if the increase in fair value can be objectively related to an event occurring after the recognition of the impairment loss in the income statement.

ii. Securities Held-to-Maturity

   For securities held-to-maturity which are carried at amortised cost, the amount of the impairment loss is measured as the difference between the assets's carrying amount and the present value of the estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The amount of the impairment loss is recognised in the income statement.

   Subsequent reversals in the impairment loss is recognised when the decrease can be objectively related to an event occurring after the impairment was recognised, to the extent that the securities' carrying amount does not exceed its amortised cost if no impairment had been recognised. The reversal is recognised in the income statement.

   For securities held-to-maturity which are carried at cost, the amount of the impairment loss is measured as the difference between the carrying amount of the asset and present value of its estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

iii. Goodwill

   For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units ("CGU") expected to benefit from the synergies of the combination. Each CGU represents the lowest level at which the goodwill is monitored and is not larger than a segment based on either the Group's primary reporting format. CGU to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the CGU is less than the carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the CGU and then to the other assets of the CGU pro-rata on the basis of the carrying amount of each asset in the CGU. An impairment loss recognised for goodwill is not reversed in a subsequent period.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

Impairment of Assets (contd.)

iv. Other Non-financial Assets

The carrying values of the Group's other non-financial assets, other than deferred tax assets and non-current assets (or disposal groups) held for sale, are reviewed for impairment when there is an indication that the asset might be impaired. If such an indication exists, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value in use) of the asset is estimated to determine the amount of impairment loss.

For the purpose of impairment testing of these assets, recoverable amount is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the CGU to which the asset belongs.

An impairment loss is recognised in the income statement when the carrying amount of the asset (or CGU) exceeds the recoverable amount of the asset (or CGU). An impairment loss for an asset other than goodwill is reversed if, and only if, there has been a change in the estimates used to determine the assets's recoverable amount since the last impairment loss was recognised. The carrying amount of an asset other than goodwill is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

Bills and Acceptances Payable

The Group's bills and acceptances payable represent the investment banking and commercial banking subsidiaries' own bills and acceptances rediscounted and outstanding in the market.

Liabilities

Trade and other payables are stated at cost which is the fair value of the consideration to be paid in the future for services received.

Trade payables in respect of the stock and share-broking operations of the Group represent contra gains owing to non-margin clients and outstanding sale contracts which were entered into on behalf of clients where settlement has yet to be made. The credit term for trade settlement is three (3) market days according to rules of the Stock Exchanges. Clients and trust monies relate to monies owing to clients maintained in aggregated accounts.

Deposits from customers and deposits and placement of banks and other financial institutions are stated at placement values.

General Insurance Fund

The general insurance underwriting results, other than those arising from inward treaty business, are determined for each class of business, after taking into account reinsurances, unearned premium reserves, net commissions, net claims incurred and any other additional reserves.

The Unearned Premium Reserves represent the unexpired risks at the end of the financial year. In determining the unexpired risks at the balance sheet date, the methods that most accurately reflect the actual unexpired risks used are as follows:

i. 25% method for marine cargo, aviation cargo and transit business;

ii. 1/24th method for all other classes of Malaysian policies reduced by the corresponding percentage of accounted gross direct business commissions and agency-related expenses not exceeding the limits specified by BNM as follows:

Motor	10%
Fire, engineering, aviation and marine hull	15%
Medical and health	
- Standalone individuals	15%
- Group of three (3) or more	10%
Workmen's compensation and employer's liability	
- Foreign workers	10%
- Others	25%
Other classes	10% - 25%

iii. 1/8th method for all other classes of overseas inward treaty business with a deduction of 20% for commission; and

iv. Non-annual policies are time apportioned over the period of the risks.

Life Insurance Fund

The surplus of life insurance underwriting results transferable from the life insurance fund to the income statement is based on the surplus determined by annual actuarial valuation of the long-term liabilities to policyholders, made in accordance with the provisions of the Insurance Act, 1996 by the Group's appointed actuary. Any deficit arising from the actuarial valuation is recoverable from the shareholders' fund. The latest valuations were made up to 31 March 2009 and the results have been reflected accordingly.

Provision for Claims

For general insurance claims, provision is made for the estimated costs of all claims together with related expenses less reinsurance recoveries, in respect of claims notified but not settled at balance sheet date using the case-basis method. Provision is also made for the cost of claims together with related expenses incurred but not reported at balance sheet date based on an actuarial estimation by the qualified independent actuary using a mathematical method of estimation.

For life insurance claims, provision is made for the estimated costs of all claims together with related expenses less reinsurance recoveries, in respect of claims notified and/or when a claimable event occurs but not settled at balance sheet date, using the case-basis method.

Profit Equalisation Reserve ("PER")

PER is the amount appropriated out of the total Islamic banking gross income in order to maintain a certain level of return to depositors which is as stipulated by Bank Negara Malaysia's Circular on "Framework of Rate of Return". PER is deducted from the total Islamic banking gross income in deriving the net distributable gross income at a rate which does not exceed the maximum amount of the total of 15% of monthly gross income, monthly net trading income, other income and irregular income. The amount appropriated is shared by the depositors and the Group/Bank. PER is maintained up to the maximum of 30% of total Islamic banking capital fund.

Provisions

A provision is recognised when it is probable that an outflow of resources embodying economic benefits will be required to settle a present legal or constructive obligation as a result of a past event and a reliable estimate can be made of the amount.

Interest Bearing Borrowings

All borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, interest bearing borrowings are subsequently measured at amortised cost using the effective interest method.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

Hybrid Capital

Hybrid capital is classified as liabilities in the balance sheet as there is a contractual obligation by the Group to make cash payments of either principal or interest or both to holders of the instruments and the Group is contractually obliged to settle the financial instrument in cash or another financial instrument.

Equity Instruments

Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in statements of changes in equity in the period in which they are declared. The transaction costs net of tax of equities are accounted for as a deduction from equity. Equity transaction costs comprise only those incremental external costs directly attributable to the equity transaction, which would have otherwise been avoided.

Provisions for Commitments and Contingencies

Based on management's evaluation, specific provisions for commitments and contingencies are made in the event of a call or potential liability and there is a shortfall in the security value supporting these instruments.

Sell and Buy Back Agreements

These are obligations of the Group to perform its commitment to buy back specified Islamic securities at maturity. Gains and losses are recognised upon sale and shown as trading gain or loss from securities held-for-trading.

Contingent Liabilities and Contingent Assets

The Group does not recognise a contingent liability but discloses its existence in the financial statements. A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in the extremely rare case where there is a liability that cannot be recognized because it cannot be measured reliably.

A contingent asset is a possible asset that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group. The Group does not recognize contingent assets but discloses its existence where inflows of economic benefits are probable, but not virtually certain.

Operating Revenue

Operating revenue of the Group comprises of all types of revenue derived from investment banking, commercial banking, retail financing, insurance and related financial services but after elimination of all related companies transactions.

Operating revenue of the Company comprises of dividend, interest income and other operating income.

Interest and Financing Income and Expense Recognition

Interest income is recognised on an accrual basis on effective interest method. Interest income includes the amortisation of premiums or accretion of discounts. Interest and financing income on securities are recognised on an effective yield basis.

Interest and financing income on overdrafts, term loans and housing loans is accounted for on an accrual basis by reference to the rest periods as stipulated in the loan agreements, which are either daily or monthly. Interest and financing income from hire purchase financing and block discounting of the Group is recognised using the 'sum-of-digits' method.

The Group follows the financing method of accounting for income from leasing activities. Under the financing method, the excess of aggregate rentals over the cost (reduced by estimated residual value at the end of the lease) of the leased property is taken as income over the term of the lease in decreasing amounts proportionate to the declining balance of the unrecovered sum using the 'sum-of-digits' method.

Income from Islamic Banking financing is recognised on an accrual basis in compliance with Bank Negara Malaysia Guidelines.

Handling fees paid to motor vehicle dealers for hire purchase loans are amortised in the income statement over the tenor of the loan in accordance with BNM Circular on Handling Fees dated 16 October 2006 and is set off against interest income recognised on the hire purchase loans.

Where a loan becomes non-performing, interest accrued and recognised as income prior to the date the loans are classified as non-performing is reversed out of income and set-off against the accrued interest receivable account in the balance sheet. Thereafter, the interest accrued on the non-performing loans is recognised as income on a cash basis. An account is classified as non-performing where repayment is in arrears for more than three months and after maturity dates for trade bills, bankers' acceptances and trust receipts.

The policy on recognition of interest income on loans and advances is in conformity with BNM's revised Guidelines on Financial Reporting for Licensed Institutions (BNM/GP8).

Interest expense and attributable income on deposits and borrowings (pertaining to activities relating to Islamic banking business) of the Group are expensed as incurred while block discounting finance charges are accrued using the 'sum-of-digits' method.

Fee and Other Income Recognition

Loan arrangement, management and participation fees, net brokerage income, acceptance and factoring commissions and underwriting commissions, are recognised as income based on contractual arrangements. Guarantee fees are recognised as income over the duration of the guarantee period.

Fees from advisory and corporate finance activities are recognised net of service taxes and discounts on completion of each stage of the engagement.

Asset, real estate investment trust and unit trusts management fees, margin rollover fees, agency and commitment fees are recognised as income based on time apportionment. Revenue from sale of trust units is recognised upon allotment of units, net of cost of units sold.

All gains or losses on disposal of non-performing loans are recognised in the income statement based on contractual arrangements. The gain or loss on disposal of non-performing loans is the difference between the net disposal proceeds and the carrying value of the non-performing loans being disposed.

Dividends are recognised when the right to receive payment is established.

Premium income from general insurance is recognised in a financial period in respect of risks assumed during the particular financial year. Inward treaty reinsurance premium are recognised on the basis of periodic advices received from ceding insurers.

Premium income from life insurance is recognised as income on assumption of risks and subsequent premiums are recognised on due dates. Premiums outstanding at balance sheet date are recognised as income for the period, provided it is still within the grace period allowed for payment.

Rental income and equipment and property rental are recognised on an accrual basis.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

Employee Benefits

i. Short-term Employee Benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Group. Short-term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short-term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

ii. Defined Contribution Plan

As required by law, companies within the Group make contributions to the state pension scheme. Such contributions are recognised as an expense in the income statement as incurred. Once the contribution has been paid, the Group has no further payment obligations.

iii. Termination Benefits

Termination benefits are payable whenever an employee's employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either terminate the employment of current employees according to a detailed formal plan without possibility of withdrawal or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after balance sheet date are discounted to present value.

Income Taxes

Tax expense comprises current and deferred tax. Income tax is recognised in the income statement except to the extent it relates to items recognised directly in equity, in which case the income tax is also recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of prior years.

Deferred tax is provided, using the balance sheet method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences and unutilised tax losses to the extent it is probable that taxable profit will be available against which the deductible temporary differences and unutilised tax losses can be utilised. Deferred tax is not provided for goodwill not deductible for tax purposes and the initial recognition of assets and liabilities that at the time of transaction, affects neither accounting nor taxable profit. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantially enacted at the balance sheet date.

Foreign Currencies

i. Functional and Presentation Currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency.

ii. Foreign Currency Transactions

In preparing the financial statements of the Company, subsidiaries and associates, transactions in currencies other than the entity's functional currency are recorded at the rates of exchange prevailing on the dates of the transactions or, if covered by foreign exchange contracts, at contracted rates. At each balance sheet date, monetary items denominated in foreign currencies are translated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated at the exchange rate prevailing at the date of the initial transaction.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are included in the income statement for the year. Exchange differences arising on the translation of non-monetary items carried at fair value are included in the income statement for the year except for differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity.

iii. Foreign Operations

For the purpose of presenting consolidated financial statements, the assets and liabilities of subsidiaries and associates expressed in foreign currencies are translated into RM at the rates of exchange ruling at the balance sheet date while the income statement is translated into RM at the average exchange rate for the year, which approximates the exchange rates at the dates of the transactions. The resulting exchange differences are taken to the foreign currency translation reserve within equity.

Goodwill and fair value adjustments arising on the acquisition of foreign operations on or after 1 January 2006 are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the balance sheet date. Goodwill and fair value adjustments which arose on the acquisition of foreign subsidiaries before 1 January 2006 are deemed to be assets and liabilities of the parent entity and are recorded in RM at the rates prevailing at the date of acquisition.

The principal exchange rates for every unit of foreign currency ruling at balance sheet date used for translation of foreign operations are as follows:

	31.3.2009	**31.3.2008**
Singapore Dollar (SGD)	**2.39**	2.31
United States Dollar (USD)	**3.64**	3.19
Indonesia Rupiah (IDR)	**0.0003**	0.0003
Hong Kong Dollar (HKD)	**0.47**	0.41
Brunei Dollar (BND)	**2.39**	2.31

Cash Flow Statements

The Group and the Company adopt the indirect method in the preparation of the cash flow statements.

Cash and Cash Equivalents

For the purpose of the cash flow statements, cash and cash equivalents consist of cash and short-term funds net of bank overdrafts.

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. Although these estimates are based on management's best knowledge of current events and actions, actual results may differ from those estimates. Critical accounting estimates and assumptions used that are significant to the financial statements, and areas involving higher degree of judgement and complexity are as follows:

a. Liabilities of Insurance Business

There are several sources of uncertainty that need to be considered in the estimation of the liabilities under life and general insurance businesses that the Group will ultimately be required to pay as claims.

For life insurance business, estimates are made for future deaths, disabilities, maturities, voluntary terminations, investment returns and administration expenses in accordance with regulatory requirements. The Group bases the estimate of expected number of deaths on statutory mortality tables, adjusted where appropriate to reflect the Group's unique risk exposure. The estimated number of deaths determines the value of possible future benefits to be paid out, which will be factored into ensuring sufficient cover by reserves, which in return is monitored against current and future premiums. For those contracts that insure risk to disability, estimates are made based on recent past experience and emerging trends.

However, epidemic as well as wide ranging changes to life style, could result in significant changes to the expected future exposure. All of this will give rise to estimation uncertainty of projected ultimate liability of the life insurance fund.

For general insurance business, the principal uncertainty arises from the technical provisions which include the provisions of premium and claims liabilities. The premium liabilities comprise unearned premium reserves while claim liabilities comprise provision for outstanding claims. Generally, claims liabilities are determined based upon previous claims experience, existing knowledge of events, the terms and conditions of the relevant policies and interpretation of circumstances. Particularly relevant is past experience with similar cases, historical claims development trends, legislative changes, judicial decisions and economic conditions. It is certain that actual future premiums and claims liabilities will not exactly develop as projected and may vary from the Group's projections. The estimates of premiums and claims liabilities are therefore sensitive to various factors and uncertainties.

The establishment of technical provisions is an inherently uncertain process and, as a consequence of this uncertainty, the eventual settlement of premiums and claims liabilities may vary from the initial estimates. There may be significant reporting lags between the occurrence of the insured event and the time it is actually reported to the Group. Following the identification and notification of an insured loss, there may still be uncertainty as to the magnitude of the claim. There are many factors that will determine the level of uncertainty such as inflation, inconsistent judicial interpretations, legislative changes and claims handling procedures.

b. Impairment of Goodwill

The Group tests goodwill for impairment periodically in accordance with its accounting policy. More regular reviews are performed if events indicate that this is necessary. The recoverable amounts of CGU are determined based on the value-in-use method, which requires the use of estimates of cash flow projections, growth rates and discount rates. Changes to the assumptions used by management, particularly the discount rate and growth rate, may significantly affect the results of the impairment test.

c. Impairment of Other Intangible Assets

The Group's intangible assets that can be separated and sold and have a finite useful life are amortised over their estimated useful lives.

The determination of the estimated useful life of these intangible assets requires the management to analyse the circumstances, the industry ad market practice and also to use judgement. At each balance sheet date, or more frequently when events or changes in circumstances dictate, intangible assets are assessed for indications of impairment. If indications are present, these assets are subject to an impairment review. The impairment review comprises a comparison of the carrying value of the asset with its recoverable amount.

d. Fair Value Estimation

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques based on assumptions of market conditions existing at the balance sheet date, including reference to quoted market prices or independent dealer quotes for similar instruments and discounted cash flow method.

e. Classification between Investment Properties and Property and Equipment

The Group has developed certain criteria based on FRS 140 in making judgement whether a property qualifies as an investment property. An investment property is held to earn rentals or for capital appreciation or both.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately, the Group would account for the portion separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgement is made on each individual property to determine whether ancillary services are so significant that the property does not qualify as an investment property.

f. Deferred Tax and Income Taxes

The Group and Company are subject to income taxes in different jurisdictions and significant judgement is required in estimating the provision for income taxes. There are many transactions and interpretations of tax laws for which the final outcome will not be established until some time later. Liabilities for taxation are recognised based on estimates of whether additional taxes will be payable. The estimation process includes seeking expert advice where appropriate. Where the final liability for taxation is different from the amounts that were initially recorded, the difference will affect the income tax and deferred tax provisions in the period in which the estimate is revised or the final liability is established.

Deferred tax assets are recognised for all unutilised tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

g. Allowances for Bad and Doubtful Loans and Financing

Doubtful loans, advances and financing are reviewed at each reporting date to assess whether allowances for impairment should be recorded in the financial statements. In particular, judgement is required in the identification of doubtful loans and the estimation of realisable amount from the doubtful loans when determining the level of allowance required.

The Group has adopted certain criteria in the identification of doubtful loans, which include classifying loans as non-performing when repayments are in arrears for more than three (3) months (one (1) month after maturity date for trade bills, bankers' acceptances and trust receipts). Specific allowances for doubtful loans are provided after taking into consideration of the values assigned to collateral. The values assigned to collateral are estimated based on market value and/or forced sales value, as appropriate in conformity with BNM guidelines.

In addition to the specific allowances made, the Group also make general allowance against exposure not specifically identified based on a percentage of total outstanding loans (including accrued interest), net of specific allowance for bad and doubtful debts. Such estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the allowance.

5. CASH AND SHORT-TERM FUNDS

	2009		2008	
	Group RM'000	Company RM'000	Group RM'000	Company RM'000
Cash and bank balances	**548,955**	**1,251**	471,920	1,206
Money at call and deposits maturing within one month:				
Licensed banks:				
Subsidiary	**-**	**282,786**	-	313,872
Others	**726,391**	**-**	1,582,925	-
Licensed investment banks:				
Others	**80,000**	**-**	-	-
Bank Negara Malaysia	**15,589,750**	**-**	8,887,060	-
Other financial institutions	**241,845**	**-**	103,521	-
	17,186,941	**284,037**	11,045,426	315,078

Included in the above are interbank lendings of RM16,536,853,000 (RM10,502,776,000 in 2008) for the Group and short-term deposits and money held on behalf of remisiers and clients amounting to approximately RM219,432,000 (RM297,825,000 in 2008) for the Group.

As at 31 March 2009, the net interbank borrowing and lending position of the Group is as follows:

	Group	
	2009 RM'000	2008 RM'000
Interbank lendings		
Cash and short-term funds	**16,536,853**	10,502,776
Deposits with financial institutions (Note 7)	**-**	1,329,700
	16,536,853	11,832,476
Interbank borrowings (Note 22)	**(93,435)**	(37,001)
Net interbank lendings	**16,443,418**	11,795,475

6. SECURITIES PURCHASED UNDER RESALE AGREEMENTS

	Group	
	2009 RM'000	2008 RM'000
Licensed banks:		
Others	**16,807**	52,468
	16,807	52,468

Included in the above are money held on behalf of remisiers and clients amounting to approximately RM16,807,000 (RM45,819,000 in 2008) for the Group.

7. DEPOSITS AND PLACEMENTS WITH BANKS AND OTHER FINANCIAL INSTITUTIONS

	2009		2008	
	Group RM'000	Company RM'000	Group RM'000	Company RM'000
Licensed banks:				
Subsidiary	**-**	**16,986**	-	15,034
Others	**45,687**	**-**	337,466	-
Licensed investment banks:				
Others	**-**	**-**	50,000	-
Bank Negara Malaysia	**100**	**-**	1,000,100	-
Other financial institutions	**239**	**-**	244	-
	46,026	**16,986**	1,387,810	15,034

The deposits and placements with banks and other financial institutions mature within one year.

Included in the above is an amount of RM200,000 (RM200,000 in 2008) made in favour of the Accountant General pursuant to Section 3(f) of the Trust Companies Act, 1949.

Included in the above are interbank lendings of RM Nil (RM1,329,700,000 in 2008) for the Group.

8. SECURITIES HELD-FOR-TRADING

	2009		2008	
	Group RM'000	Company RM'000	Group RM'000	Company RM'000
At Fair Value				
Money Market Securities:				
Treasury Bills	**-**	**-**	26,566	-
Islamic Treasury Bills	**-**	**-**	78,224	-
Malaysian Government Securities	**999,652**	**-**	160,705	-
Malaysian Government Investment Certificates	**4,065**	**-**	323,014	-
Cagamas bonds	**-**	**-**	25,058	-
Cagamas Mudharabah bearer bonds	**-**	**-**	37,167	-
Khazanah bonds	**-**	**-**	59,359	-
Islamic Bank Negara Monetary Notes	**-**	**-**	134,107	-
Bank Negara Monetary Notes	**-**	**-**	274,645	-
Negotiable instruments of deposits	**-**	**-**	15,368	-
Negotiable Islamic Debt Certificates	**-**	**-**	39,674	-
Islamic Khazanah bonds	**991**	**-**	-	-
	1,004,708	**-**	1,173,887	-
Securities Quoted:				
In Malaysia:				
Shares	**28,164**	**-**	39,735	-
Trust units	**2,923**	**-**	252,202	-
Outside Malaysia:				
Shares	**1,668**	**-**	70,026	-
Trust units	**-**	**-**	1,728	-
	32,755	**-**	363,691	-
Unquoted Securities Of Companies Incorporated:				
In Malaysia:				
Shares	**-**	**-**	18,493	-
Outside Malaysia:				
Shares	**-**	**-**	17,848	-
	-	**-**	36,341	-
Unquoted Guaranteed Private Debt Securities Of Companies Incorporated In Malaysia:				
Corporate bonds	**-**	**-**	207,743	-
Islamic corporate bonds	**-**	**-**	86,590	-
Islamic corporate notes	**-**	**-**	30,725	-
	-	**-**	325,058	-
Unquoted Private Debt Securities Of Companies Incorporated:				
In Malaysia:				
Corporate bonds	**-**	**20,000**	1,219,481	20,000
Corporate notes	**98,438**	**-**	456,554	-
Islamic corporate bonds	**-**	**-**	2,036,736	-
Islamic corporate notes	**248,567**	**-**	944,493	-
Outside Malaysia:				
Corporate bonds	**15,405**	**-**	142,769	-
	362,410	**20,000**	4,800,033	20,000
Total	**1,399,873**	**20,000**	6,699,010	20,000

9. SECURITIES AVAILABLE-FOR-SALE

	2009		2008	
	Group RM'000	Company RM'000	Group RM'000	Company RM'000
At Fair Value				
Money Market Securities:				
Malaysian Government Securities	**32,948**	**-**	12,081	-
Malaysian Government investment certificates	**36,025**	**-**	-	-
Cagamas bonds	**-**	**-**	4,996	-
Khazanah bonds	**-**	**-**	9,841	-
Negotiable instruments of deposits	**150,171**	**-**	135,987	-
Negotiable Islamic debt certificates	**29,190**	**-**	-	-
Islamic khazanah bonds	**36,945**	**-**	-	-
	285,279	**-**	162,905	-
Securities Quoted:				
In Malaysia:				
Shares	**162,814**	**-**	-	-
Trust units	**329,472**	**-**	74,714	-
Outside Malaysia:				
Shares	**25,857**	**-**	21,981	-
Trust units	**1,811**	**-**	-	-
	519,954	**-**	96,695	-
Unquoted Securities:				
In Malaysia:				
Shares	**22,871**	**3,978**	4,378	3,978
Outside Malaysia:				
Shares	**17,848**	**-**	-	-
	40,719	**3,978**	4,378	3,978
Debt Equity Converted Securities Quoted:				
In Malaysia:				
Shares	**25,751**	**-**	26,139	-
Shares - with options	**-**	**-**	6,014	-
Loan stocks	**3,096**	**-**	9,145	-
Corporate bonds	**332**	**-**	4,411	-
Outside Malaysia:				
Shares	**40**	**-**	77	-
	29,219	**-**	45,786	-
Unquoted Private Debt Securities Of Companies Incorporated				
In Malaysia:				
Corporate bonds	**630,303**	**-**	345,536	-
Islamic corporate bonds	**1,064,297**	**-**	927,167	-
Corporate notes	**1,408,277**	**-**	-	-
Islamic corporate notes	**2,055,719**	**-**	-	-
Outside Malaysia:				
Corporate bonds	**95,578**	**-**	78,635	-
Islamic corporate bonds	**43,753**	**-**	-	-
	5,297,927	**-**	1,351,338	-
Unquoted Guaranteed Private Debt Securities Of Companies Incorporated In Malaysia:				
Islamic Corporate bonds	**85,176**	**-**	-	-
Corporate bonds	**367,780**	**-**	189,833	-
	452,956	**-**	189,833	-
Total	**6,626,054**	**3,978**	1,850,935	3,978

10. SECURITIES HELD-TO-MATURITY

	Group	
	2009 RM'000	2008 RM'000
Securities Quoted:		
In Malaysia:		
Shares	**2**	-
Trust units	**1,000**	2,012
Islamic Corporate bonds	**29,164**	25,552
Outside Malaysia:		
Islamic Corporate bonds	**7,291**	6,388
	37,457	33,952
Unquoted Securities Of Companies Incorporated:		
In Malaysia:		
Shares	**102,958**	102,433
Corporate bonds	**959**	959
Outside Malaysia:		
Shares	**4,330**	6,441
	108,247	109,833
Debt Equity Converted Securities Quoted:		
In Malaysia:		
Shares	**40**	5,314
Loan stocks - collateralised	**127,675**	85,824
Loan stocks - with options	**1,825**	80,595
Corporate bonds - collateralised	**33,172**	52,754
Outside Malaysia:		
Warrants	**-**	15
	162,712	224,502
Unquoted Debt Equity Converted Securities Of Companies Incorporated in Malaysia:		
Shares	**3,027**	44,971
Loan stocks	**58,104**	74,857
Loan stocks - collateralised	**334,036**	524,876
Corporate bonds - collateralised	**159,083**	106,568
Corporate bonds	**81,926**	316,378
	636,176	1,067,650
Unquoted Private Debt Securities Of Companies Incorporated In Malaysia:		
Corporate notes	**32,700**	33,720
Islamic corporate bonds	**177,096**	190,331
	209,796	224,051
Unquoted Guaranteed Private Debt Securities Of Companies Incorporated In Malaysia:		
Corporate bonds	**10,000**	-
	1,164,388	1,659,988
Accumulated impairment losses	**(384,179)**	(480,110)
Total	**780,209**	1,179,878
Market/Indicative value		
Securities Quoted:		
In Malaysia:		
Shares	**1**	-
Trust units	**1,010**	2,010
Islamic Corporate bonds	**28,525**	25,486
Outside Malaysia:		
Islamic Corporate bonds	**6,934**	6,278
Unquoted Securities Of Companies Incorporated:		
In Malaysia:		
Shares	**101,910**	101,167
Corporate bonds	**859**	859
Outside Malaysia:		
Shares	**2,931**	5,086
Debt Equity Converted Securities Quoted In Malaysia:		
Shares	**16**	4,141
Loan stocks - collateralised	**68,071**	105,548
Loan stocks - with options	**21,346**	66,985
Unquoted Private Debt Securities Of Companies Incorporated In Malaysia:		
Islamic Corporate bonds	**179,796**	192,812
Unquoted Guaranteed Private Debt Securities Of Companies Incorporated In Malaysia:		
Corporate bonds	**10,049**	-

11. LOANS, ADVANCES AND FINANCING

	Group	
	2009 RM'000	2008 RM'000
Loans and financing:		
Term loans and revolving credit	**18,059,567**	15,562,586
Housing loans	**11,485,193**	11,314,355
Staff loans	**175,518**	179,052
Hire-purchase receivables	**29,503,323**	28,072,157
Credit card receivables	**1,867,505**	1,927,253
Lease receivables	**1,236**	13,178
Overdrafts	**1,735,296**	1,632,538
Claims on customers under acceptance credits	**2,368,892**	2,301,379
Trust receipts	**373,871**	325,968
Block discount receivables	**60,556**	59,572
Factoring receivables	**51,906**	60,094
Bills receivable	**47,442**	33,524
	65,730,305	61,481,656
Less: Unearned interest and income	**6,961,346**	6,482,856
Total	**58,768,959**	54,998,800
Less:		
Allowance for bad and doubtful debts and financing:		
General	**899,517**	845,225
Specific	**921,611**	1,579,255
	1,821,128	2,424,480
Net loans, advances and financing	**56,947,831**	52,574,320

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

	Group	
	2009 RM'000	2008 RM'000
Maturing within one year	**10,019,751**	12,806,956
One year to three years	**5,746,939**	5,623,323
Three to five years	**8,334,289**	6,075,386
Over five years	**34,667,980**	30,493,135
	58,768,959	54,998,800

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

	Group				
	2009		2008		
	RM'000	%	RM'000	%	Loans Growth
Purchase of transport vehicles	**24,349,948**	**40.8**	24,036,314	42.3	
Purchase of landed properties:					
a. Residential	**11,316,431**	**19.0**	10,998,983	19.3	
b. Non-Residential	**2,878,021**	**4.8**	2,312,866	4.1	
Working capital	**9,437,443**	**15.8**	9,326,716	16.4	
Personal use	**2,324,241**	**3.9**	2,080,383	3.7	
Fixed assets	**1,815,104**	**3.0**	1,798,568	3.2	
Credit cards	**1,844,448**	**3.1**	1,898,413	3.3	
Purchase of securities	**1,882,498**	**3.2**	1,545,274	2.7	
Construction	**1,127,824**	**1.9**	919,301	1.6	
Mergers and acquisitions	**346,203**	**0.6**	278,877	0.5	
Consumer durables	**933**	**0.0**	3,892	0.0	
Other purposes	**2,351,668**	**3.9**	1,663,070	2.9	
Gross loans, advances and financing	**59,674,762**	**100.0**	56,862,657	100.0	
Less: Islamic financing sold to Cagamas Berhad	**905,803**		1,863,857		
	58,768,959		54,998,800		**6.9%**

11. LOANS, ADVANCES AND FINANCING (CONTD.)

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

	Group	
	2009 RM'000	**2008 RM'000**
Domestic:		
Other non-bank financial institutions	**757,550**	834,365
Business enterprises:		
Small medium enterprises	**6,228,973**	5,452,391
Others	**12,461,841**	11,579,642
Government and statutory bodies	**69,506**	115,410
Individuals	**38,728,575**	36,733,216
Other domestic entities	**20,037**	44,537
Foreign entities	**502,477**	239,239
	58,768,959	54,998,800

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

	Group	
	2009 RM'000	**2008 RM'000**
Variable rate:		
BLR-plus	**15,164,753**	14,704,097
Cost-plus	**7,449,634**	5,865,602
Other variable rates	**1,047,344**	544,617
	23,661,731	21,114,316
Fixed rate:		
Housing loans	**2,256,505**	2,361,505
Hire purchase receivables	**24,488,938**	23,152,454
Other fixed rates	**8,361,785**	8,370,525
	35,107,228	33,884,484
	58,768,959	54,998,800

Movements in non-performing loans, advances and financing ("NPLs") are as follows:

	Group	
	2009 RM'000	**2008 RM'000**
Gross		
Balance at beginning of year	**3,602,479**	5,534,341
Non-performing during the year	**1,165,774**	1,319,500
Reclassification to performing loans and financing	**(578,161)**	(758,019)
Recoveries	**(386,347)**	(535,600)
Amount written-off	**(1,395,908)**	(1,298,557)
Repurchase of loans	**19,554**	-
Sale of non-performing loans	**-**	(547,859)
Debt equity conversion	**(933)**	(106,274)
Exchange fluctuation adjustments	**-**	(5,711)
Reclassification from trading to margin	**-**	658
Balance at end of year	**2,426,458**	3,602,479
Less: Specific allowance	**(921,611)**	(1,579,255)
Non-performing loans and financing - net	**1,504,847**	2,023,224
Ratios of non-performing loans, advances and financing to total loans, advances and financing (including Islamic financing sold to Cagamas Berhad) - net	**2.6%**	3.7%
Loan loss coverage excluding collateral values	**75.1%**	67.3%

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

	Group			
	2009		**2008**	
	RM'000	**%**	**RM'000**	**%**
Working capital	**450,015**	**18.6**	1,014,761	28.2
Purchase of landed properties:				
Residential	**924,484**	**38.1**	962,785	26.7
Non-residential	**220,630**	**9.1**	334,169	9.3
Purchase of transport vehicles	**453,501**	**18.7**	428,615	11.9
Construction	**148,954**	**6.1**	281,961	7.8
Purchase of securities	**66,818**	**2.8**	198,320	5.5
Credit cards	**70,209**	**2.9**	66,011	1.8
Fixed assets	**27,393**	**1.1**	44,119	1.2
Personal use	**19,163**	**0.8**	35,246	1.0
Consumer durables	**550**	**0.0**	485	0.0
Other purpose	**44,741**	**1.8**	236,007	6.6
	2,426,458	**100.0**	3,602,479	100.0

11. LOANS, ADVANCES AND FINANCING (CONTD.)

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

	Group	
	2009 RM'000	2008 RM'000
General allowance		
Balance at beginning of year	**845,225**	778,396
Allowance during the year	**53,561**	67,107
Exchange fluctuation adjustments	**731**	(278)
Balance at end of year	**899,517**	845,225
% of total loans, advances and financing (including Islamic financing sold to Cagamas Berhad) less specific allowances	**1.53%**	1.53%
Specific allowance		
Balance at beginning of year	**1,579,255**	2,353,047
Allowance during the year	**1,043,753**	1,192,451
Amount written back in respect of recoveries and reversals	**(383,672)**	(427,341)
Net charge to income statements	**660,081**	765,110
Amount written off	**(1,333,350)**	(1,291,798)
Repurchase of loans	**17,508**	-
Sale of non-performing loans	**-**	(219,832)
Debt equity conversion	**(933)**	(17,190)
Reclassification to/(from) sundry receivables	**4**	(8,103)
Exchange fluctuation adjustments	**2**	(1,877)
Adjustment to deferred asset account	**(956)**	(102)
Balance at end of year	**921,611**	1,579,255

12. DERIVATIVE FINANCIAL ASSETS/LIABILITIES

Derivative financial instruments are off-balance sheet financial instruments whose values change in response to changes in prices or rates (such as foreign exchange rates and interest rates) of the underlying instruments. These instruments allow the Group and its customer to transfer, modify or reduce their foreign exchange and interest rate risks via hedge relationships. The Group also transacts in these instruments for proprietary trading purposes. The default classification for derivative financial instruments is trading, unless designated in a hedge relationship and are in compliance with the hedge effectiveness criteria. The risks associated with the use of derivative financial instruments, as well as management's policy for controlling these risks are set out in Note 51.

The table below shows the Group's derivative financial intruments as at the balance sheet date. The contractual or underlying principal amounts of these derivative financial instruments and their corresponding gross positive (derivative financial asset) and gross negative (derivative financial liability) fair values at balance sheet are analysed below.

	2009			2008		
	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
Group						
Trading derivative						
Interest rate related contracts:						
Interest rate futures	**60,000**	**1,507**	**-**	270,000	6,574	6,907
Interest rate swaps	**19,988,341**	**341,673**	**329,538**	26,131,307	162,603	199,278
Foreign exchange related contracts:						
Forward exchange contracts	**824,899**	**29,552**	**11,861**	5,747,856	44,231	76,894
Equity related contracts:						
Options	**515,598**	**9,496**	**26,036**	151,596	5,200	1,192
Equity futures	**8,262**	**-**	**-**	363	-	-
Cross currency swaps	**610,213**	**607**	**49,650**	624,647	106,939	126,658
	22,007,313	**382,835**	**417,085**	32,925,769	325,547	410,929
Hedging derivative						
Interest rate related contracts:						
Interest rate swaps	**4,624,100**	**100,098**	**170,678**	639,000	45,134	-
	26,631,413	**482,933**	**587,763**	33,564,769	370,681	410,929
		Note 56 (e)				

Fair values of derivative financial instruments are normally zero or negligible at inception and the subsequent change in value is favourable (assets) or unfavourable (liabilities) as a result of fluctuations in market interest rates or foreign exchange rates relative to their terms.

13. OTHER ASSETS

	2009		2008	
	Group RM'000	Company RM'000	Group RM'000	Company RM'000
Trade receivables, net of allowance for doubtful debts for the Group of RM55,878,000 (RM56,372,000 in 2008)	**399,788**	**-**	756,706	-
Other receivables, deposits and prepayments, net of allowance for doubtful debts for the Group of RM10,591,000 (RM18,114,000 in 2008)	**653,170**	**29,837**	703,125	19,601
Interest receivables on treasury assets, net of allowance for doubtful debts for the Group of RMNil (RM3,253,000 in 2008)	**117,778**	**494**	112,194	7,372
Fee receivables, net of allowance for doubtful debts for the Group of RM5,950,000 (RM5,509,000 in 2008)	**39,832**	**-**	44,056	-
Amount due from agents, brokers and reinsurers, net of allowance for the Group of RM9,130,000 (RM9,806,000 in 2008)	**37,533**	**-**	161,405	-
Amount due from originators	**25,789**	**-**	35,140	-
Amount recoverable under asset- backed securitisation transactions, net of impairment loss of RMNil (RM30,500,000 in 2008)	**-**	**-**	67,066	-
Foreclosed properties net of allowance for impairment in value of RM97,950,000 (RM92,390,000 in 2008)	**181,372**	**-**	102,396	-
Tax recoverable	**-**	**-**	2,180	-
Deferred assets	**34,744**	**-**	39,701	-
	1,490,006	**30,331**	2,023,969	26,973

Trade receivables mainly relate to the stock and share-broking operations of the Group and represent amount outstanding in purchase contracts net of allowances.

Amount due from originators represents housing loans, hire purchase and leasing receivables acquired from the originators for onward sale to Cagamas Berhad as mentioned in Note 24.

In 1998, the subsidiary, AMFB Holdings Berhad ("AMFB"), participated in a scheme approved by the Minister of Finance and sanctioned by the High Court of Malaya, whereby certain assets and liabilities of Abrar Finance Berhad ("AFB"), a licensed finance company incorporated in Malaysia, were transferred with effect from 18 December 1998 to AMFB with financial assistance from BNM.

The net asset deficiency representing the excess of liabilities over the assets transferred from AFB arising from the scheme, is shown as deferred asset, and is reduced progressively by net income derived from the utilisation of the deposit placed by BNM, as mentioned in Note 22, and net recoveries of defaulted loans of AFB computed based on a formula determined by BNM.

Subsequent to the vesting order of assets and liabilities from AMFB to AmBank, the deferred asset arising from the takeover of AFB was vested over to AmBank.

In 1988, AmBank took over the operations of Kewangan Usahasama Makmur Berhad ("KUMB"), a deposit taking co-operative in Malaysia. The Government of Malaysia granted to KUMB a future tax benefit amounting to RM434.0 million, subsequently adjusted to RM426.7 million upon finalisation of KUMB's tax credit in consideration of the deficit in assets taken over from the deposit taking cooperatives. The tax benefit is a fixed monetary sum and is not dependant on any changes in tax rates.

The net tax benefit is also shown as a deferred asset and the utilisation of the deferred tax benefit is based on the receipt of notices of assessment and subsequent remission of the tax liabilities by the relevant authority net of the amount payable to the tax authorities for purposes of Section 108 tax credit.

	Group	
	2009 RM'000	2008 RM'000
Deferred assets are as follows:		
Arising from takeover of Kewangan Usahasama Makmur Berhad	**34,744**	39,891

14. STATUTORY DEPOSITS WITH BANK NEGARA MALAYSIA (CENTRAL BANK OF MALAYSIA)

The non-interest bearing statutory deposits pertaining to the 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 set percentages of total eligible liabilities.

15. INVESTMENTS IN SUBSIDIARIES

	Company	
	2009 RM'000	2008 RM'000
At cost		
In Malaysia		
Shares		
Unquoted	**6,204,678**	6,243,314
	6,204,678	6,243,314
Unquoted Interest Bearing Irredeemable Convertible Unsecured Loan Stock	**-**	300,000
	6,204,678	6,543,314

On 20 May 2008, the RM300.0 million Interest Bearing Irredeemable Convertible Unsecured Loan Stock ("ICULS") was converted into 60,000,000 new ordinary shares of RM1.00 each of AmBank.

The subsidiaries, all incorporated in Malaysia, except for P.T. AmCapital Indonesia, which is incorporated in Indonesia, AmSecurities (H.K.) Limited and AmTrade Services Limited which are incorporated in Hong Kong, AmCapital (B) Sdn Bhd which is incorporated in Brunei and AmFrasers International Pte. Ltd. and its subsidiaries which are incorporated in Singapore, are as follows:

		Issued and Paid-up Ordinary Capital			
	Principal Activities	2009 RM'000	2008 RM'000	2009 %	2008 %
Direct Subsidiaries					
Unquoted					
AmInvestment Group Berhad ("AIGB")	Investment holding	**173,200**	673,200	**100.00**	100.00
AMFB Holdings Berhad ("AMFB")	Investment holding	**821,516**	761,516	**100.00**	100.00
AMAB Holdings Sdn Bhd ("AMAB Holdings")	Investment holding	**264,000**	-	**100.00**	-
AmAssurance Berhad ("AmAssurance")	Life assurance and general insurance	**-**	100,000	**-**	70.00
AmManagement Services Sdn Bhd	Dormant	**- ****	- **	**100.00**	100.00
Indirect Subsidiaries					
Unquoted					
AmInvestment Bank Berhad ("AmInvestment Bank")	Investment banking	**200,000**	240,000	**100.00**	100.00
AmSecurities Holding Sdn Bhd ("AMSH")	Investment holding	**10,000**	10,000	**100.00**	100.00
AmIslamic Bank Berhad ("AmIslamic Bank")	Islamic banking	**403,038**	403,038	**100.00**	100.00
AmBank (M) Berhad ("AmBank")	Commercial banking	**670,364**	610,364	**100.00**	100.00
Arab-Malaysian Credit Berhad	Hire-purchase financing and leasing	**288,500**	288,500	**100.00**	100.00
AmLife Insurance Berhad (Formerly known as AmAssurance Berhad) ("AmLife")	Life assurance	**100,000**	-	**70.00**	-
AmG Insurance Berhad("AmG")	General assurance	**230,000**	- @@	**51.00**	70.00
AMSEC Holdings Sdn Bhd	Dormant	**100,000**	100,000	**100.00**	100.00
AmInvestment Services Berhad ("AIS")	Managing unit trust funds	**5,539**	5,539	**100.00**	100.00
AmInvestment Management Sdn Bhd ("AIM")	Asset management	**2,000**	2,000	**100.00**	100.00
AmIslamic Funds Management Sdn Bhd ("AmFM")	Islamic funds management	**2,000**	-	**100.00**	-
AMMB Consultant Sdn Bhd	Dormant	**500**	500	**100.00**	100.00
AMMB Nominees (Tempatan) Sdn Bhd	Nominee services	**10**	10	**100.00**	100.00
AMMB Nominees (Asing) Sdn Bhd	Nominee services	**10**	10	**100.00**	100.00
AmProperty Trust Management Berhad ("AmPTMB")	Dormant	**500**	500	**100.00**	100.00
AmPrivate Equity Sdn Bhd ("AmPrivate Equity")	Investment holding	**6**	6	**80.00**	80.00
AMMB Factors Sdn Bhd	Dormant	**1,000**	1,000	**100.00**	100.00
AMCB Mezzanine Sdn Bhd	Dormant	**400**	400	**100.00**	100.00
AmTrustee Berhad ("AmTrustee")	Trustee services	**500**	500	**80.00**	80.00
Arab-Malaysian Services Berhad	Dormant	**6,000**	6,000	**70.00**	70.00
AmEquities Sdn Bhd	Collection of trade receivables	**140,000**	140,000	**100.00**	100.00
South Johor Securities Nominees (Tempatan) Sdn Bhd	Dormant	**- ****	- **	**100.00**	100.00
South Johor Securities Nominees (Asing) Sdn Bhd	Dormant	**- ****	- **	**100.00**	100.00
AMSEC Nominees (Tempatan) Sdn Bhd	Nominee services	**1**	1	**100.00**	100.00
AMSEC Nominees (Asing) Sdn Bhd	Nominee services	**1**	1	**100.00**	100.00
AmFutures Sdn Bhd ("AmFutures")	Futures and options broking	**15,000**	15,000	**100.00**	100.00
AmResearch Sdn Bhd ("AmResearch")	Publishing and selling research materials and reports	**500**	500	**100.00**	100.00
AM Nominees (Tempatan) Sdn Bhd	Nominee services	**- ****	- **	**100.00**	100.00
AM Nominees (Asing) Sdn Bhd	Nominee services	**- ****	- **	**100.00**	100.00
AMMB Properties Sdn Bhd	Dormant	**- ****	- **	**100.00**	100.00
Malaysian Ventures Management Incorporated Sdn Bhd ("MVMI")	Management of private equity fund	**500**	500	**100.00**	100.00

15. INVESTMENTS IN SUBSIDIARIES (CONTD.)

	Principal Activities	Issued and Paid-up Ordinary Capital 2009 RM'000	2008 RM'000	2009 %	2008 %
Indirect Subsidiaries					
Unquoted					
Am ARA REIT Holdings Sdn Bhd ("Am ARA Holdings")	Investment holding	**1,000**	1,000	**70.00**	70.00
Am ARA REIT Managers Sdn Bhd ("Am ARA REIT Managers")	Management of real estate investment trusts	**1,000**	1,000	**70.00**	70.00
Annling Sdn Bhd	Dormant	**3,347**	250	**100.00**	100.00
Everflow Credit & Leasing Corp Sdn Bhd	Dormant	**684**	684	**100.00**	100.00
MBf Information Services Sdn Bhd	Renting of computer equipment and the provision of related support services	**27,500**	27,500	**100.00**	100.00
MBf Nominees (Tempatan) Sdn Bhd	Nominee services	**10**	10	**100.00**	100.00
MBf Trustees Berhad	Trustee services	**250**	250	**60.00**	60.00
AmProperty Holdings Sdn Bhd	Property investment	**500**	500	**100.00**	100.00
MBf Equity Partners Sdn Bhd	Dormant	**11,284**	10,000	**100.00**	100.00
MBf Nominees (Asing) Sdn Bhd	Dormant	**138**	-**	**100.00**	100.00
Lekir Development Sdn Bhd	Dormant	**4,249**	450	**100.00**	100.00
Li & Ho Sdn Bhd	Dormant	**4,908**	850	**100.00**	100.00
Teras Oak Pembangunan Sdn Bhd	Dormant	**4,700**	1,200	**100.00**	100.00
AmCredit & Leasing Sdn Bhd	Dormant	**3,892**	500	**100.00**	100.00
Crystal Land Sdn Bhd	Dormant	**3,763**	400	**97.87**	80.00
Bougainvillaea Development Sdn Bhd	Property investment and provision of services	**11,000**	1,000	**100.00**	100.00
Malco Properties Sdn Bhd	Dormant	**417**	157	**81.51**	51.00
Komuda Credit & Leasing Sdn Bhd	Dormant	**14,259**	500	**100.00**	100.00
Natprop Sdn Bhd	Dormant	**72,010**	500	**100.00**	100.00
AmPremier Capital Bhd ("AmPremier")	Special purpose vehicle	**-****	-	**100.00**	-
Economical Enterprises Sdn Bhd	Dormant	**535**	535	**100.00**	100.00
AmMortgage One Bhd ("AmMortgage")	Special purpose vehicle	**1**	-	**100.00**	-
		BND'000	**BND'000**	**%**	**%**
AmCapital (B) Sdn Bhd	Asset management and investment advisory services	**1,000**	-@@@	**100.00**	100.00
		USD'000	**USD'000**	**%**	**%**
AMMB Labuan (L) Ltd	Dormant	**200**	200	**100.00**	100.00
AmInternational (L) Ltd ("AMIL")	Offshore banking	**10,000**	10,000	**100.00**	100.00
AmCapital (L) Inc.	Dormant	**-*****	-***	**100.00**	100.00
AMBB Capital (L) Ltd	Special purpose vehicle	**-*****	-***	**100.00**	100.00
		RP'000	**RP'000**	**%**	**%**
P.T. AmCapital Indonesia* ("AMCI")	Stock-broking, underwriting and investment management	**146,186,000**	146,186,000	**99.00**	99.00
		HK$000	**HK$000**	**%**	**%**
AmSecurities (H.K.) Limited^	Dormant	**33,000**	33,000	**100.00**	100.00
AmTrade Services Limited^	Trade finance services	**-*******	-****	**100.00**	100.00
AmFraser International Pte. Ltd.*	Investment holding	**18,910**	18,910	**100.00**	100.00
AmFraser Securities Pte. Ltd.*	Stock and share broking	**32,528**	32,528	**100.00**	100.00
Fraser Financial Planners Pte. Ltd.*	Dormant	**1,000**	1,000	**100.00**	100.00
Fraser Financial Services Pte. Ltd.*	Dormant	**200**	200	**100.00**	100.00
Fraser-AMMB Research Pte. Ltd.*	Dormant	**500**	500	**100.00**	100.00
AmFraser Nominees Pte. Ltd.*	Nominee services	**1**	1	**100.00**	100.00

* Subsidiary not audited by Ernst & Young.
** Subsidiaries with an issued and paid-up ordinary capital of RM2.00.
*** Subsidiary with an issued and paid-up ordinary capital of USD3.00.
**** Subsidiary with an issued and paid-up ordinary capital of HK$2.00.
@@ Subsidiary with an issued and paid-up ordinary capital of RM10.00.
@@@ Subsidiary with an issued and paid-up ordinary capital of BND2.00.
^ Subsidiaries audited by a firm affiliated with Ernst & Young.

15. INVESTMENTS IN SUBSIDIARIES (CONTD.)

1. AmInvestment Group Berhad ("AIGB") had after obtaining the approval of BNM established a 100%-owned subsidiary under the name of AmIslamic Funds Management Sdn Bhd ("AmFM") to provide Islamic funds management services. On 12 January 2009, AmFM has been licensed by the Securities Commission ("SC") pursuant to the Capital Markets and Services Act, 2007 and will commence operations during the financial year ending 31 March 2010.

2. The transfer of the fund-based activities of AmInvestment Bank to AmBank and AmIslamic Bank ("Business Transfer") was completed on 12 April 2008. Subsequent to the completion of the Business Transfer and with the confirmation of the High Court of Malaya, AmInvestment Bank had on 26 September 2008 implemented a capital restructuring exercise, comprising the cancellation of part of AmInvestment Bank's ordinary share capital, its entire preference share capital and share premium account balance for an aggregate amount of RM519.8 million, to return the excess capital funds arising from the Business Transfer in cash to its sole shareholder, AIGB which have been paid ultimately to the Company to fund its working capital requirements.

3. AmG had on 10 November 2008, entered into a non-binding memorandum of understanding ("MOU") with MAA Holdings Berhad ("MAAH") and Malaysian Assurance Alliance Berhad ("MAA Assurance") in respect of the Proposed Acquisitions which involves AmG acquiring:

   i. the general insurance business of MAA Assurance for a headline price of RM274.8 million (subject to adjustments), and

   ii. a 4.9% equity stake in MAA Takaful Berhad for a consideration of RM16.2 million, equivalent to RM3.30 per share.

4. The Company had on 14 November 2008 established a wholly-owned subsidiary under the name of AMAB Holdings, to hold the Company's investments in AmG and AmLife.

   The Company restructured its shareholding in each of AmG and AmAssurance, as follows:

   i. The transfer of the Company's existing 70% shareholding in AmG to AMAB Holdings prior to the completion of the Proposed Business Transfer.

   ii. The 70% equity interest held by the Company in AmAssurance will be transferred to AMAB Holdings subsequent to the Proposed Business Transfer and the Proposed Sale to Friends Provident Plc ("FP").

   On 1 December 2008, the Company completed the Proposed Business Transfer of the insurance business which involved:

   i. the splitting of the composite insurance business of AmAssurance, whereby the general insurance business of AmAssurance will be transferred to, and be carried on by AmG, while the life insurance business will be carried out by AmAssurance (now known as AmLife Insurance Berhad).

   ii. Pursuant to the Proposed Business Transfer, the issued and paid-up share capital of AmG amounted to RM230,000,000, comprising 230,000,000 ordinary shares of RM1.00 each. The share capital of AmG is held in the proportion of 70% by AMAB Holdings and the balance of 30% by IAG International Pty Limited ("IAG").

   On 9 December 2008, following the completion of the business transfer, the Company completed the Proposed Restructuring which involved:

   i. the proposed acquisition by IAG of an additional 19% equity interest in AmG (the Company's general insurance subsidiary after the Proposed Business Transfer) for a cash consideration of RM141.1 million;

   ii. the proposed acquisition by the Company from IAG of the 30% equity interest held by IAG in AmLife (which will conduct only life insurance business after the Proposed Business Transfer), for a cash consideration of RM170.0 million; and

   iii. the proposed sale by the Company to FP of 30% equity interest in AmLife for a cash consideration of RM170.0 million.

   Accordingly, with the completion of the Proposed Restructuring, the strategic partners in the Group's insurance business comprise:-

   i. IAG holding 49% equity interest in AmG with the remaining 51% equity interest held by AMAB Holdings; and

   ii. FP holding 30% equity interest in AmLife with the remaining 70% equity interest held by AMAB Holdings.

5. To facilitate the issuance of RM500.0 mil RMNIT1, AmBank had, on 30 December 2008, acquired two (2) ordinary shares of RM1.00 each representing the entire issued and paid up capital of AmPremier, for a cash consideration of RM2.00, thereby making AmPremier a wholly owned subsidiary of AmBank.

   AmPremier was incorporated on 26 December 2008 and has an authorized share capital of RM100,000 divided into 100,000 ordinary shares of RM1.00 each of which two (2) ordinary shares of RM1.00 each have been issued and are fully paid-up.

6. AmBank, had obtained Bank Negara Malaysia's approval via its letter dated 19 February 2009, pursuant to Section 29 of the Banking and Financial Institutions Act 1989, for the establishment of a wholly-owned subsidiary to undertake the business of securitization of mortgage loans.

   Subsequent to the afore-mentioned approval, AmBank had, on 20 February 2009, acquired two (2) ordinary shares of RM1.00 each representing the entire issued and paid up capital of AmMortgage, for a cash consideration of RM2.00, thereby making AmMortgage a wholly owned subsidiary of AmBank.

   AmMortgage was incorporated on 12 February 2009 and has an authorized share capital of RM100,000 divided into 100,000 ordinary shares of RM1.00 each of which two (2) ordinary shares of RM1.00 each have been issued and are fully paid-up.

16. INVESTMENT IN JOINTLY CONTROLLED COMPANY

	Group	
	2009 RM'000	2008 RM'000
Unquoted shares, at cost	**592**	-
Share in net post acquisition (loss) of jointly controlled company	**(212)**	-
	380	-

As at 31 March 2009, the carrying value of the investment in the jointly controlled company is represented by:

	Group	
	2009 RM'000	2008 RM'000
Group's share of aggregate net tangible assets	**380**	-

The jointly controlled company, unquoted and held through Malaysian Ventures Incorporated Sdn Bhd ("MVMI") is as follow:

		Issued and Paid-up Ordinary Capital		Effective Equity Interest	
	Principal Activities	2009 S$'000	2008 S$'000	2009 %	2008 %
Incorporated in Singapore					
AmKonzen Water Investments Management Pte Ltd	Private equity fund management	**100**	-	**50.00**	-

17. INVESTMENT IN ASSOCIATE

	Group	
	2009 RM'000	2008 RM'000
Share in net post acquisition profit of associate	**1,301**	1,301

As at 31 March 2009, the carrying values of the investments in associate is represented by:

	Group	
	2009 RM'000	2008 RM'000
Group's share of aggregate net tangible assets	**1,301**	1,301

The associate, unquoted and held through AmInvestment Bank Berhad and Malaysian Ventures Incorporated Sdn Bhd ("MVMI") are as follows:

		Issued and Paid-up Ordinary Capital		Effective Equity Interest	
	Principal Activities	2009 RM'000	2008 RM'000	2009 %	2008 %
Incorporated in Malaysia					
Malaysian Ventures (Two) Sdn Bhd*	Ceased operations	**19**	19	**34.67**	34.67

* Associate under members' voluntary liquidation.

18. PREPAID LAND LEASE PAYMENTS

2009 Group

	Long term leasehold land RM'000	Short term leasehold land RM'000	Total RM'000
Cost			
At beginning of year	**8,065**	**534**	**8,599**
At end of year	**8,065**	**534**	**8,599**
Accumulated Depreciation			
At beginning of year	**1,312**	**228**	**1,540**
Amortisation charge for the year	**148**	**11**	**159**
At end of year	**1,460**	**239**	**1,699**
Accumulated impairment loss			
At beginning of year	**-**	**-**	**-**
Impairment loss for the year	**254**	**-**	**254**
At end of year	**254**	**-**	**254**
Carrying Amount			
As at 31 March 2009	**6,351**	**295**	**6,646**

The long-term leasehold land for the Group are for lease periods of 66-999 years and 85-855 years respectively and with unexpired lease periods of 52-873 years and 61-786 years respectively.

The short-term leasehold properties for the Group are for lease periods of 20-49 years and 20 years respectively with unexpired lease periods of 0-32 years.

2008 Group

	Long term leasehold land RM'000	Short term leasehold land RM'000	Total RM'000
Cost			
At beginning of year	7,997	534	8,531
Adjustments	68	-	68
At end of year	8,065	534	8,599
Accumulated Depreciation			
Balance at beginning of year	1,161	214	1,375
Amortisation charge for the year	151	14	165
At end of year	1,312	228	1,540
Carrying Amount			
As at 31 March 2008	6,753	306	7,059

19. PROPERTY AND EQUIPMENT

	Freehold land RM'000	Buildings RM'000	Motor vehicles RM'000	Leasehold improvements RM'000	Computer hardware RM'000	Office equipment, furniture and fittings RM'000	Total RM'000
2009 Group							
Cost							
At beginning of year	13,090	67,275	16,933	205,842	496,505	179,144	978,789
Additions	-	-	3,779	9,355	60,602	8,144	81,880
Disposals	(696)	(82)	(3,361)	(321)	(4,107)	(711)	(9,278)
Written off	-	-	-	(87)	(1,462)	(491)	(2,040)
Reclassification/Transfer	-	-	-	4,456	(25,585)	(4,121)	(25,250)
Exchange adjustments	-	58	41	(57)	242	265	549
At end of year	12,394	67,251	17,392	219,188	526,195	182,230	1,024,650
Accumulated Depreciation							
At beginning of year	-	15,526	11,573	160,757	419,291	146,026	753,173
Additions	-	1,272	1,865	14,984	20,385	11,980	50,486
Disposals	(103)	(82)	(2,705)	(319)	(4,123)	(700)	(8,032)
Written off	-	-	-	(71)	(1,457)	(472)	(2,000)
Reclassification/Transfer	-	-	1	3,166	(29)	(3,214)	(76)
Exchange adjustments	-	14	19	(38)	222	247	464
At end of year	(103)	16,730	10,753	178,479	434,289	153,867	794,015
Accumulated impairment loss							
At beginning of year	-	-	-	-	-	-	-
Impairment loss for the year	1,350	886	-	-	-	-	2,236
At end of year	1,350	886	-	-	-	-	2,236
Carrying Amount							
As at 31 March 2009	11,147	49,635	6,639	40,709	91,906	28,363	228,399
Property and equipment that have been fully depreciated which are still in use are as follows:							
At Cost	-	-	6,845	135,139	390,646	131,963	664,593
2008 Group							
Cost							
At beginning of year	13,090	67,256	17,307	194,797	477,994	170,975	941,419
Additions	-	-	1,377	10,892	42,129	9,047	63,445
Disposals	-	-	(1,713)	(70)	-	(282)	(2,065)
Written off	-	-	-	-	(495)	(296)	(791)
Reclassification/Transfer	-	19	-	279	(23,141)	(185)	(23,028)
Exchange adjustments	-	-	(38)	(56)	18	(115)	(191)
At end of year	13,090	67,275	16,933	205,842	496,505	179,144	978,789
Accumulated Depreciation							
At beginning of year	-	14,116	11,233	145,372	403,986	132,712	707,419
Additions	-	1,321	1,872	15,475	15,811	13,946	48,425
Disposals	-	-	(1,502)	(69)	-	(273)	(1,844)
Written off	-	-	-	-	(483)	(271)	(754)
Reclassification/Transfer	-	89	(1)	8	(56)	(1)	39
Exchange adjustments	-	-	(29)	(29)	33	(87)	(112)
At end of year	-	15,526	11,573	160,757	419,291	146,026	753,173
Accumulated impairment loss							
At beginning/end of year	-	-	-	-	-	-	-
Carrying Amount							
As at 31 March 2008	13,090	51,749	5,360	45,085	77,214	33,118	225,616
Property and equipment that have been fully depreciated which are still in use are as follows:							
At Cost	-	177	7,687	118,972	367,264	97,435	591,535

19. PROPERTY AND EQUIPMENT (CONTD.)

	Motor vehicles RM'000	Total RM'000
2009 Company		
Cost		
At beginning of year	**1,383**	**1,383**
Additions	**1,389**	**1,389**
At end of year	**2,772**	**2,772**
Accumulated Depreciation		
At beginning of year	**483**	**483**
Additions	**245**	**245**
At end of year	**728**	**728**
Carrying Amount		
As at 31 March 2009	**2,044**	**2,044**
2008 Company		
Cost		
At beginning of year	1,469	1,469
Disposals	(86)	(86)
At end of year	1,383	1,383
Accumulated Depreciation		
At beginning of year	340	340
Additions	229	229
Disposals	(86)	(86)
At end of year	483	483
Carrying Amount		
As at 31 March 2008	900	900

20. INTANGIBLE ASSETS

The net carrying amount of intangible assets are as follows:

	Group	
	2009 RM'000	2008 RM'000
Goodwill	**1,730,935**	1,732,872
Computer software	**77,166**	69,113
	1,808,101	1,801,985

The movements in intangible assets are as follows:

	Group	
	2009 RM'000	2008 RM'000
a. Goodwill		
At beginning of year	**1,732,872**	527,121
Arising from acquisition of remaining 49.0% equity interest in AIGB	**-**	1,204,933
Expenses capitalised on acquisition of equity interest in FIPL	**-**	818
Arising from disposal of 19% equity interest in AMG	**(1,937)**	-
At end of year	**1,730,935**	1,732,872

Impairment tests for goodwill

Goodwill is reviewed for impairment annually or when there are indications of impairment. At the date of acquisition, goodwill is allocated to the Group's cash generating units ("CGU") for impairment testing purposes, identified according to business segments expected to benefit from the synergies are as follows:

	Group RM'000
Investment Banking	**557,931**
Commercial and retail	**1,105,598**
Islamic banking	**53,482**
Insurance	**13,924**
	1,730,935

The recoverable amount of the CGU, which are the reportable business segments, is based on their value in use, computed by discounting the expected future cash flows of the units. The key assumptions for the computation of value in use include the discount rates and growth rates applied. The discount rates applied to the cash flow projections are derived from the pre-tax weighted average cost of capital plus a reasonable risk premium at the date of assessment of the respective CGU. The discount rates applied for the financial year ranged from 7.0% to 10.5%. Cash flow projection is based on the most recent three-year financial budget approved by the Board, taking into account projected regulatory capital requirements. Cash flows for the fourth to tenth years are extrapolated using the growth rate of 5.0% to extrapolate cash flows beyond the projected years. The growth rate does not exceed the long term average growth rate for the market in which the businesses operate. Impairment is recognised in the income statement when the carrying amount of a cash-generating unit exceeds its recoverable amount.

Management believes that any reasonably possible change in the key assumptions would not cause the carrying amount of the goodwill to exceed the recoverable amount of the cash generating units.

20. INTANGIBLE ASSETS (CONTD.)

	Group	
	2009 RM'000	2008 RM'000
b. Computer software		
Cost		
At beginning of year	**220,968**	189,771
Additions	**11,028**	15,269
Disposals	**(22)**	(20)
Reclassification/Transfer	**24,460**	16,064
Written off	**(1,003)**	(94)
Exchange adjustments	**(16)**	(22)
At end of year	**255,415**	220,968
Accumulated Depreciation		
At beginning of year	**151,855**	128,450
Additions	**27,411**	23,494
Disposals	**(22)**	(20)
Reclassification/Transfer	**20**	41
Written off	**(1,003)**	(101)
Exchange adjustments	**(12)**	(9)
At end of year	**178,249**	151,855
Carrying Amount	**77,166**	69,113

21. DEPOSITS FROM CUSTOMERS

The type of deposits from customers is as follows:

	Group	
	2009 RM'000	2008 RM'000
Term/Investment deposits	**43,869,688**	42,481,667
Savings deposits	**3,581,219**	3,341,067
Current deposits	**3,173,901**	2,913,137
Negotiable instruments of deposits	**940,023**	1,696,303
Other deposits	**12,566,675**	5,336,687
	64,131,506	55,768,861

The maturity structure of deposits from customers is as follows:

	Group	
	2009 RM'000	2008 RM'000
Due within six months	**50,872,152**	43,748,513
Six months to one year	**10,394,563**	8,360,592
One year to three years	**2,235,751**	2,774,817
Three to five years	**629,040**	884,939
	64,131,506	55,768,861

The deposits are sourced from the following types of customers:

	Group	
	2009 RM'000	2008 RM'000
Individuals	**25,510,224**	23,634,806
Business enterprises	**26,311,197**	20,161,116
Government	**10,915,816**	8,989,532
Others	**1,394,269**	2,983,407
	64,131,506	55,768,861

22. DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

Deposits and placements by type of banks and financial institutions are as follows:

	Group	
	2009 RM'000	2008 RM'000
Deposits from:		
Licensed banks	**1,606,628**	2,148,820
Licensed investment banks	**670,675**	1,443,723
Bank Negara Malaysia	**908,666**	1,386,398
Other financial institutions	**2,949,440**	2,138,338
	6,135,409	7,117,279

Included under deposits and placement of banks and other financial institutions of the Group are the following:

	Group	
	2009 RM'000	2008 RM'000
Negotiable instruments of deposits	**2,725,248**	2,323,228
Interbank borrowings	**93,435**	37,001

Included in deposits from BNM of the Group are long-term deposits placed amounting to RM135,000,000 (RM135,000,000 in 2008) bearing interest at 1.0% (1.0% in 2008) per annum and interest free loans amounting to RM493,000,000 (RM493,000,000 in 2008) with the commercial banking subsidiary in connection with the transfer of assets and liabilities of AFB and KUMB as mentioned in Note 13.

23. BILLS AND ACCEPTANCES PAYABLE

Bills and acceptances payable represent the investment banking and commercial banking subsidiaries' own bills and acceptances rediscounted and outstanding in the market.

24. RECOURSE OBLIGATION ON LOANS SOLD TO CAGAMAS BERHAD

These represents proceeds received from housing loans, hire purchase and leasing receivables (excluding Islamic financing) sold directly or indirectly to Cagamas Berhad with recourse to AmInvestment Bank, AmBank and AmIslamic Bank. Under this arrangement, the subsidiaries undertake to administer the loans on behalf of Cagamas Berhad and to buy back any loans which are regarded as defective based on prudential criteria. For loans sold indirectly, AmInvestment Bank acts as the intermediary financial institution with recourse against the originators.

25. OTHER LIABILITIES

	2009		2008	
	Group RM'000	Company RM'000	Group RM'000	Company RM'000
Trade payables	**508,293**	**-**	969,301	-
Other payables and accruals	**1,316,297**	**753**	1,558,005	573
Interest payable on deposits and borrowings	**444,455**	**319**	393,882	2,968
Lease deposits and advance rentals	**62,259**	**-**	55,696	-
General insurance funds	**223,503**	**-**	227,430	-
Provision for commitments and contingencies	**-**	**-**	1,941	-
Bank overdrafts	**786**	**-**	541	-
Amount due to subsidiaries	**-**	**8,083**	-	143
Profit equalization reserve	**62,162**	**-**	37,607	-
Deferred tax liabilities (Note 44)	**13,087**	**-**	5,925	-
Tax payable	**8,173**	**-**	-	-
	2,639,015	**9,155**	3,250,328	3,684

Trade payables mainly relate to the stock and share-broking operations of the investment banking subsidiaries and represent contra gains owing to clients and amount payable in outstanding sales contracts.

Included in other payables and accruals of the Group are the following:

	Group	
	2009 RM'000	2008 RM'000
Amount due to reassurers, reinsurers and agents	**35,263**	29,473
Treaty premium reserve withheld	**1**	1
Outstanding insurance claims	**357,806**	348,506

The movements in provision for commitments and contingencies are as follows:

	Group	
	2009 RM'000	2008 RM'000
Balance at beginning of year	**1,941**	300
Provision during the year	**11,974**	1,641
Payment during the year	**(13,915)**	-
Balance at end of year	**-**	1,941

The bank overdrafts pertaining to subsidiaries are unsecured and bear interest at rates ranging from 6.25% to 6.50% (7.50% to 7.75% in 2008) per annum.
Amount due to subsidiaries is interest-free and represents expenses paid on behalf.

25. OTHER LIABILITIES (CONTD.)

The movements in profit equalisation reserve relating to the Islamic banking business is as follows:

	Group	
	2009 RM'000	2008 RM'000
Balance at beginning of year	**37,607**	55,837
Transfer from/(to) income statement	**24,518**	(18,211)
Exchange fluctuation adjustments	**37**	(19)
Balance at end of year	**62,162**	37,607

26. TERM LOANS

	2009		2008	
	Group RM'000	Company RM'000	Group RM'000	Company RM'000
Unsecured:				
Local financial institutions	**351,859**	**206,000**	1,790,844	1,506,000

During the financial year, the Company's short-term loans of RM1,300.0 million obtained from local financial institutions to finance the cash consideration of AIGB Privatisation was fully settled.

The term loans obtained from local financial institutions bear interests at rates ranging from 3.30% to 4.37%, 0.70% per annum above LIBOR and 0.75% per annum above the lender's cost of fund (3.91% to 5.76% and 0.125% per annum above LIBOR in 2008).

27. SUBORDINATED TERM LOAN

The subordinated term loan pertaining to AmBank represents an unsecured loan obtained from Quanto Assets Berhad for the purpose of supplementing the AmBank capital adequacy position and it is subordinated to all other liabilities. The term loan is repayable in a lump sum at the end of ten (10) years from the date of drawdown and interest is charged at a rate of 6.88% for the first five (5) years and subsequently at 7.00% to 9.00% per annum. On 30 September 2008, AmBank repaid in full the subordinated term loan.

28. UNSECURED BONDS

Unsecured Bonds of the Group are as follows:

	Group	
	2009 RM'000	2008 RM'000
a. Redeemable Unsecured Subordinated Bonds	**115,000**	775,000
b. Unsecured Exchangeable Bonds	**575,000**	575,000
c. Subordinated Sukuk Musyarakah	**400,000**	400,000
	1,090,000	1,750,000

a. REDEEMABLE UNSECURED SUBORDINATED BONDS

	Group	
	2009 RM'000	2008 RM'000
Balance at beginning of year	**775,000**	775,000
Redeemed	**(660,000)**	-
Balance at end of year	**115,000**	775,000

1. Pursuant to a Trust Deed dated 24 April 2003, AmBank issued RM200,000,000 nominal amount of Negotiable Interest-bearing Redeemable Unsecured Subordinated Bonds ("SubBonds I") for the purpose of increasing AmBank's capital funds.

   The salient features of the SubBonds I are as follows:

   i. The SubBonds I bear interest at 7.95% per annum for the first five years and subsequently at 8.45% to 10.45% per annum. The interest is payable on a semi-annual basis.

   ii. The SubBonds I are for a period of ten (10) years maturing on 30 April 2013. However, subject to the prior approval of BNM, AmBank may redeem the SubBonds I on 30 April 2008 or on each anniversary date thereafter.

   The RM200 million SubBonds 1 was fully redeemed on 30 April 2008.

2. Pursuant to a Trust Deed dated 23 September 2003, AmInvestment Bank issued RM460,000,000 nominal amount of Redeemable Unsecured Subordinated Bonds ("SubBonds II") to be used to grant a RM460,000,000 10-year unsecured subordinated term loan ("SubLoan") to AmBank, its related licensed commercial bank for the purpose of refinancing its RM460,000,000 exchangeable subordinated capital loan to Danamodal Nasional Berhad. On 19 May 2006, AmInvestment Bank entered into a Novation Agreement with Quanto Assets and AmBank, whereby the RM460,000,000 SubLoan was novated to Quanto Assets.

   The salient features of the SubBonds II are as follows:

   i. The SubBonds II bear interest at 6.5% per annum for the first five years and at 7.0% to 9.0% per annum or 3% above the yield of 5-year Malaysian Government Securities, whichever is higher. The interest is payable on a semi-annual basis.

   ii. The SubBonds II are for a period of ten (10) years maturing on 30 September 2013. However, subject to the prior approval of BNM, AmInvestment Bank may redeem the SubBonds on 30 September 2008 or on each anniversary date thereafter.

   The RM460 million SubBonds II was fully repaid on 30 September 2008.

28. UNSECURED BONDS (CONTD.)

3. Pursuant to a Trust Deed dated 27 October 2005 , AmInvestment Bank issued RM200,000,000 nominal amount of Redeemable Unsecured Subordinated Bonds ("SubBonds III") for the purpose of redemption of RM200,000,000 nominal amount of unsecured subordinated certificates of deposits. The unsecured subordinated certificates of deposits was redeemed on 1 March 2006.

   The salient features of the SubBonds III are as follows:

   i. The SubBonds III bear interest at 4.75% per annum for the first five years and at 5.25% to 7.25% per annum between years 6 to 10. The interest is payable on a semi-annual basis.

   ii. The SubBonds III are redeemable on 31 October 2010 or on each anniversary date thereafter at nominal value together with interest accrued to the date of redemption.

   iii. The SubBonds III are for a period of ten (10) years maturing on 31 October 2015. However, subject to the prior approval of BNM, AmInvestment Bank may redeem the SubBonds III on 31 October 2010 or on each anniversary date thereafter.

   As at 31 March 2007, AmInvestment Bank had purchased and cancelled RM65,000,000 of the SubBonds III.

b. UNSECURED EXCHANGEABLE BONDS

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

The salient features of the exchangeable bonds are as follows:

i. The exchangeable bonds bear interest at 5.00% per annum for the first five (5) years and subsequently at 5.50% for the next five (5) years. The interest is payable on a quarterly basis.

ii. The exchangeable bonds is redeemable at the nominal amount ten (10) years from issue date.

iii. The exchangeable bonds is for a period of ten (10) years. ANZ has the right to exchange all or any of the exchangeable bonds for ordinary listed shares of the Company, at any time/times up to Year 10, at RM3.05 per share.

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

c. SUBORDINATED SUKUK MUSYARAKAH

On 21 December 2006, AmIslamic Bank issued RM400,000,000 Subordinated Sukuk Musyarakah ("Sukuk Musyarakah") for the purpose of increasing AmIslamic Bank's capital funds.

The salient features of the Sukuk Musyarakah are as follows:

i. The Sukuk Musyarakah carries a profit rate of 4.80% per annum for the first five (5) years and shall be stepped up by 0.05% per annum for every subsequent year to maturity date. The profit is payable on a semi-annual basis.

ii. The Sukuk Musyarakah is for a period of ten (10) years. AmIslamic Bank may exercise its call option and redeem in whole (but not in part) the Sukuk Musyarakah on the 5th anniversary of the issue date or on any anniversary date thereafter at 100% of the principal amount together with the expected profit payments.

29. MEDIUM TERM NOTES

During the previous financial year, AmBank implemented a RM2.0 billion nominal value MTN Programme. The proceeds raised from the MTN Programme had been utilised for the refinancing of existing subordinated debts and for general working capital requirements.

The MTN Programme has a tenor of up to 20 years from the date of the first issuance under the MTN Programme. The MTN shall be issued for a maturity of up to 20 years as the Issuer may select at the point of issuance provided that no MTN shall mature after expiration of the MTN Programme.

The MTN issued under the MTN Programme was included as Tier 2 capital under the capital adequacy framework for financial institutions in compliance with the Risk Weighted Capital Adequacy Framework issued by Bank Negara Malaysia ("BNM").

The salient features of the MTNs issued are as follows:

a. Tranche 1 amounting to RM500 million was issued on 4 February 2008 and is for a tenor of 10 years Non-Callable 5 years and bears interest at 5.23% per annum.

b. Tranche 2 and 3 totalling RM240 million was issued on 14 March 2008 as follows:

   i. Tranche 2 amounting to RM165 million is for a tenor of 10 years Non-Callable 5 years and bears interest at 5.2% per annum.

   ii. Tranche 3 amounting to RM75 million is for a tenor of 12 years Non-Callable 7 years and bears interest at 5.4% per annum.

c. Tranche 4 and 5 totalling RM120 million was issued on 28 March 2008 as follows:

   i. Tranche 4 amounting to RM45 million is for a tenor of 10 years Non-Callable 5 years and bears interest at 5.2% per annum.

   ii. Tranche 5 amounting to RM75 million is for a tenor of 12 years Non-Callable 7 years and bears interest at 5.4% per annum.

d. Tranche 6 amounting to RM600 million issued on 9 April 2008 is for a tenor of 15 years Non- Callable 10 years and bears interest at 6.25% per annum.

The interest rate of the MTN will step up by 0.5% per annum as follows:

a. Tranche 1 - at the beginning of the 5th year
b. Tranche 2 - at the beginning of the 6th year
c. Tranche 3 - at the beginning of the 8th year
d. Tranche 4 - at the beginning of the 6th year
e. Tranche 5 - at the beginning of the 8th year
f. Tranche 6 - at the beginning of the 11th year

and every anniversary thereafter, preceding the maturity date of the MTN.

30. HYBRID CAPITAL

		Group	
		2009 RM'000	2008 RM'000
Non-Cumulative Non-Voting Guaranteed Preference Shares - USD200.0 million [net of capitalised issuance expense of RM5,401,000 (RM6,217,000 in 2008)]	a	**803,691**	673,830
Non-Innovative Tier 1 Capital (NIT 1):			
Stapled Capital Securities	b	**500,000**	-
		1,303,691	673,830

a. Non-Cumulative Non-Voting Guaranteed Preference Shares

On 27 January 2006, AMBB Capital, an indirect wholly-owned subsidiary of the Company issued United States Dollar ("USD") 200,000,000 Innovative Hybrid Tier 1 Capital comprising 2,000 preference shares of USD100,000 each. ("Hybrid Capital") The Hybrid Capital is subordinated and guaranteed by AmBank. The gross proceeds from the issuance was on-lent to AmBank in the form of a subordinated term loan on 27 January 2006 for the purpose of supplementing AmBank 's working capital requirements.

The salient features of the Hybrid Capital are as follows:

i. The Hybrid Capital bear non-cumulative dividends from the issue date to (but excluding) 27 January 2016 at 6.77% per annum and thereafter, a floating rate per annum equal to three (3) month US dollar LIBOR plus 2.90 per cent. If not redeemed on 27 January 2016, the noncumulative dividends is payable on a semi-annual basis.

ii. The Hybrid Capital are perpetual securities and have no fixed final redemption date. The Hybrid Capital may be redeemed in whole but not in part at the option of the issuer (but not the holders) in certain circumstances. In each case, not less than 30 nor more than 60 days' notice (which notice shall be irrevocable) must be given.

The Hybrid Capital is listed on both the Labuan International Financial Exchange Inc. and the Singapore Exchange Securities Trading Limited and is offered to international institutional investors outside Malaysia.

b. Non-Innovative Tier 1 Capital (NIT 1) programme

During the financial year, upon approval from Bank Negara Malaysia ("BNM") and Securities Commission, the AmBank (M) Berhad ("AmBank") undertook the issuance of Non-Innovative Tier 1 Capital (NIT1) programme of up to RM500 million in nominal value comprising:

i. Non-Cumulative Perpetual Capital Securities ("NCPCS"), which are issued by AmBank and stapled to the Subordinated Notes described below; and

ii. Subordinated Notes ("SubNotes"), which are issued by AmPremier Capital Berhad ("AmPremier"), a wholly-owned subsidiary of AmBank.
(collectively known as "Stapled Capital Securities")

The proceeds from the NIT1 program shall be used as working capital. The Stapled Capital Securities cannot be traded separately until the occurrence of certain assignment events. Upon occurrence of an assignment event, the Stapled Capital Securities will "unstaple", leaving the investors to hold only the NCPCS while ownership of the Sub-Notes will be assigned to AmBank pursuant to the forward purchase contract entered into by AmBank unless there is an earlier occurrence of any other events stated under the terms of the Stapled Capital Securities. If none of the assignment events as stipulated under the terms of the Stapled Capital Securities occur, the Stapled Capital Securities will unstaple on the 20th interest payment date of 10 years from the issuance date of the SubNotes.

The SubNotes has a fixed interest rate of 9.0% per annum. However, the NCPCS distribution will not begin to accrue until the SubNotes are re-assigned to AmBank as referred to above.

The NCPCS are issued in perpetuity unless redeemed under the terms of the NCPCS. The NCPCS are redeemable at the option of AmBank on the 20th interest payment date or 10 years from the issuance date of the SubNotes, or any NCPCS distribution date thereafter, subject to redemption conditions being satisfied. The SubNotes have a tenure of 30 years unless redeemed earlier under the terms of the SubNotes. The SubNotes are redeemable at the option of AmPremier on any interest payment date, which cannot be earlier than the occurrence of assignment events as stipulated under the terms of the Stapled Capital Securities.

The Stapled Capital Securities comply with BNM's Guidelines on Non-Innovative Tier 1 capital instruments. They constitute unsecured and subordinated obligations of AmBank. Claims in respect of the NCPCS rank pari passu and without preference among themselves and with the most junior class of preference shares of AmBank but in priority to the rights and claims of the ordinary shareholders of AmBank. The SubNotes rank pari passu and without preference among themselves and with the most junior class of notes or preference shares of AmPremier.

As at 31 March 2009, AmBank had issued up to RM500 million Stapled Capital Securities in two tranches.

31. SHARE CAPITAL

	Group and Company	
	2009 RM'000	2008 RM'000
Authorised:		
Shares of RM1.00 each	**5,000,000**	5,000,000
Converting preferences shares of RM1.00 each:	**200,000**	200,000
Balance at the end of year	**5,200,000**	5,200,000
Issued and fully paid:		
Ordinary shares of RM1.00 each		
Balance at beginning of year	**2,722,970**	2,130,565
Effect of ordinary shares issued pursuant to:		
- Exercise of Warrants 2003/2008	**-**	132,497
- Rights issue	**-**	295,973
- Conversion of CPS	**-**	163,935
Balance at end of year	**2,722,970**	2,722,970
Converting preferences shares of RM1.00 each:		
- Issued during the year	**-**	163,935
- Converted during the year	**-**	(163,935)
	-	-
Balance at end of year	**2,722,970**	2,722,970

The issued and fully paid-up ordinary share capital of the Company amounted to 2,722,969,590 of RM1.00 each.

32. RESERVES

Reserves as at 31 March are analysed as follows:

	2009		2008	
	Group RM'000	**Company RM'000**	**Group RM'000**	**Company RM'000**
Non-distributable reserves:				
a. Share premium	**1,986,836**	**1,985,529**	1,986,857	1,985,550
b. Statutory reserve	**1,323,767**	**-**	1,245,433	-
c. Available-for-sale reserve	**(41,744)**	**-**	42,900	-
d. Cash flow hedging reserve	**(91,486)**	**-**	-	-
e. Exchange fluctuation reserve	**19,591**	**-**	8,166	-
f. Shares held in trust for ESS	**(7,064)**	**(7,064)**	-	-
Total non-distributable reserves	**3,189,900**	**1,978,465**	3,283,356	1,985,550
Distributable reserve:				
Unappropriated profit	**1,823,223**	**1,645,464**	1,163,267	707,073
Total reserves	**5,013,123**	**3,623,929**	4,446,623	2,692,623

Movements in reserves are shown in the statements of changes in equity.

a. Share premium is used to record premium arising from new shares issued in the Company.

b. The statutory reserves of the investment banking and commercial banking subsidiaries are maintained in compliance with the provisions of the Banking and Financial Institutions Act, 1989 and Islamic Banking Act 1983 and are not distributable as cash dividends.

c. Available-for-sale reserve is in respect of unrealised fair value gains and losses on securities available-for-sale.

d. The hedging reserve is in respect of unrealised fair value gains and losses on cash flow hedging instruments.

e. Exchange differences arising on translation of foreign subsidiaries and associates are taken to exchange fluctuation reserve, as described in the accounting policies.

f. Shares held in trust for ESS represent shares purchased under the Executives' Share Scheme as mentioned in Note 33.
During the financial year, the Trustee of the ESS had purchased 2,896,000 of the Company's issued ordinary shares from the open market at an average price of RM2.44 per share representing 0.11% of the issued and paid-up capital of the Company, totalling RM7,063,679.

Distributable reserves are those available for distribution by way of dividends.

As at 31 March 2009, the Company has sufficient tax credit under Section 108 of the Income Tax Act, 1967 and the balance in the tax-exempt income account to frank the payment of dividends amounting to approximately RM418,846,000 out of its distributable reserves. If the balance of the distributable reserve of RM1,226,618,000 were to be distributed as dividends prior to there being sufficient tax credit, the Company would automatically move to the single tier tax system and the balance of the dividends would be single tier dividends.

33. EXECUTIVES' SHARE SCHEME

During the financial year, the Company implemented a new Executives' Share Scheme ("ESS") wherein shares ("Scheme Shares") and/or options to subscribe for shares ("Option") and granted to eligible directors and executives of the Company and its subsidiaries based on the financial and performance targets/criteria and such other conditions as it may deem fit.

The salient features of the ESS are as follows:

a. Any executive director or executive of a corporation in the Group, subject to the discretion of the ESS Committee, shall be eligible to participate in the ESS, if the executive director or executive meets the following criteria ("Eligible Executives"):-

   i. has attained the age of eighteen (18) years and is not an undischarged bankrupt;

   ii. employed on a full time basis and is on the payroll of any corporation in the Group and has not served a notice of resignation or received a notice of termination;

   iii. employment has been confirmed in writing;

   iv. in the case of an executive director of the Company, the specific allocation of shares made available to him and options to subscribe for shares by the Company to him in his capacity as an executive director under the ESS has been approved by the shareholders at a general meeting;

   v. if he is serving in a specific designation under an employment contract for a fixed duration but not merely employed for a specific project;

   vi. is not participating or entitled to participate in any other employee share or incentive scheme implemented by any other corporation which is in force for the time being provided that he may be eligible for consideration notwithstanding his participation or entitlement to participate if the ESS Committee shall so determine; and

   vii. fulfils any other criteria and and/or falls within such category as may be set by the ESS Committee from time to time.

b. The maximum number of shares which may be made available under the ESS shall not exceed in aggregate fifteen percent (15%) of the issued and paid-up ordinary share capital of the Company at any point of time during the tenure of the ESS and out of which not more than fifty percent (50%) of the shares shall be allocated, in aggregate, to executive directors and senior management. In addition, not more than ten percent (10%) of the shares available under the ESS shall be allocated to any Eligible Executive who, either singly or collectively through persons connected to him/her, holds twenty percent (20%) or more of the issued and paid-up ordinary share capital of the Company.

c. The Share Grant Price (being the reference price which is used to determine the number of Scheme Shares to be granted under the awards) and Option Price (being the share price to be paid for subscription or acquisition of each Scheme Share pursuant to the exercise of the option) may be at a discount (as determined by the ESS Committee) of not more than ten percent (10%) of the five (5) days weighted average market price of the Company's shares transacted on Bursa Malaysia Securities Berhad immediately preceding the date on which an offer is made or the par value of the shares at the material time, whichever is higher.

33. EXECUTIVES' SHARE SCHEME (CONTD.)

d. The Scheme Shares to be allotted and issued or transferred to Scheme Participant pursuant to the By-Laws are not subjected to any retention period unless otherwise stipulated by the ESS Committee in the offer.

e. The ESS Committee may in its discretion decide that the Scheme Shares be satisfied either by way of issuance of new ordinary shares, acquisition of existing ordinary shares or a combination of both issuance of new ordinary shares and acquisition of existing ordinary shares.

f. The Company established a Trust administered by a Trustee for the purposes of subscribing for new ordinary shares of the Company and/or acquiring existing ordinary shares of the Company and transferring them to the Scheme Participants. For this purpose and to pay expenses in relation to the administration of the Trust, the Trustee is entitled from time to time to accept funding and/or assistance, financial or otherwise from the Company and/or its subsidiaries.

There were no Scheme Shares or Options granted during the financial year. The Scheme Shares and Options were granted on 10 April 2009 as mentioned in Note 58 Subsequent Events.

34. MINORITY INTERESTS

Minority interests in the Group represent that part of the net results of operations, or of net assets, of subsidiaries attributable to shares and debentures owned, directly or indirectly other than by the Company or subsidiaries.

The movements in minority interests in subsidiaries are as follows:

	Group	
	2009 RM'000	2008 RM'000
Balance at beginning of year	**84,352**	1,201,516
Acquisition of shares in AMG Insurance Berhad	**112,700**	-
Share in net results of subsidiaries	**17,430**	142,277
Subscription of shares in AmPrivate Equity	**400**	3,180
Dividends received	**(39,420)**	(74,014)
Disposal of shares pursuant to AIGB Privatisation	**-**	(1,188,227)
Disposal of shares in MVMI	**-**	(380)
Balance at end of year	**175,462**	84,352

35. INTEREST INCOME

	2009		2008	
	Group RM'000	Company RM'000	Group RM'000	Company RM'000
Short-term funds and deposits with financial institutions	**278,779**	**10,677**	290,400	10,004
Securities held-for-trading	**61,434**	**950**	255,625	952
Securities available-for-sale	**276,496**	**-**	96,021	-
Securities held-to-maturity	**31,538**	**-**	110,181	-
Loans and advances				
- Interest income other than recoveries from NPLs	**3,000,288**	**-**	2,822,021	-
- Recoveries from NPLs	**215,111**	**-**	274,600	-
ICULS	**-**	**2,416**	-	15,732
Others	**1,786**	**-**	3,810	-
Gross interest income	**3,865,432**	**14,043**	3,852,658	26,688
Accretion of discounts less amortisation of premium	**23,422**	**-**	14,640	-
Interest suspended	**(95,486)**	**-**	(98,355)	-
Total after interest suspension	**3,793,368**	**14,043**	3,768,943	26,688

36. INTEREST EXPENSE

	2009		2008	
	Group RM'000	Company RM'000	Group RM'000	Company RM'000
Deposits from customers	**1,554,032**	**-**	1,645,539	-
Deposits of banks and other financial institutions	**191,217**	**-**	135,005	-
Securities sold under repurchase agreements	**-**	**-**	17,388	-
Amount due to Cagamas Berhad	**5,334**	**-**	15,056	-
Bank borrowings:				
Term loans	**31,564**	**23,428**	30,082	22,393
Overdrafts	**148**	**-**	214	-
Subordinated deposits and term loan	**121**	**-**	12,459	-
Interest on Bonds	**71,800**	**-**	103,202	5,361
Medium term notes	**81,848**	**-**	4,777	-
Interest rate swaps - net	**18,586**	**-**	79,051	-
Hybrid securities	**46,495**	**-**	45,643	-
Others	**15,909**	**437**	64,705	2,963
	2,017,054	**23,865**	2,153,121	30,717

37. OTHER OPERATING INCOME

	2009		2008	
	Group RM'000	Company RM'000	Group RM'000	Company RM'000
Fee income:				
Fees on loans and advances	**150,954**	**-**	130,340	-
Corporate advisory	**27,017**	**-**	35,153	-
Guarantee fees	**29,445**	**10**	19,624	77
Underwriting commissions	**8,311**	**-**	13,566	-
Portfolio management fees	**13,043**	**-**	21,792	-
Unit trust management fees	**59,783**	**-**	62,584	-
Real estate investment trust management fees	**4,531**	**-**	3,126	-
Brokerage fees and commissions	**80,642**	**-**	162,682	-
Bancassurance commission	**26,879**	**-**	27,804	-
Profit/(Loss) from asset securitisation	**893**	**-**	(183)	-
Brokerage rebates	**87**	**-**	546	-
Other fee income	**55,384**	**-**	57,224	-
	456,969	**10**	534,258	77
Investment and trading income:				
Net (loss)/gain from sale of securities held-for-trading	**(77,092)**	**-**	131,616	-
Net gain from sale of securities available-for-sale	**3,944**	**-**	31,735	-
Net gain on redemption of securities held-to-maturity	**46,625**	**-**	106,235	-
(Loss) on revaluation of securities held-for-trading	**(32,978)**	**-**	(128,923)	-
Gain on redemption of structured product	**4**	**-**	-	-
(Loss)/Gain on revaluation of derivatives	**(55,790)**	**-**	46,770	-
Gain on disposal of equity interest in subsidiary	**95,462**	**-**	-	-
Gross dividend income from:				
Subsidiaries:				
Quoted in Malaysia	**-**	**-**	-	100,980
Unquoted	**-**	**1,097,074**	-	7,000
Securities held-for-trading	**7,320**	**-**	30,477	-
Securities available-for-sale	**18,422**	**-**	894	-
Securities held-to-maturity	**5,976**	**-**	27,169	-
	11,893	**1,097,074**	245,973	107,980
Premium income general insurance business	**492,604**	**-**	447,903	-
Insurance commission	**(48,335)**	**-**	(55,237)	-
	444,269	**-**	392,666	-
Surplus transfer from life insurance business	**20,000**	**-**	17,000	-
	464,269	**-**	409,666	-
Other income:				
Foreign exchange (loss)/gain	**(17,830)**	**-**	21,810	-
Gain on disposal of property and equipment - net	**1,100**	**-**	686	21
Rental income	**4,339**	**-**	4,351	-
Other non-operating income	**1,303**	**-**	2,080	-
	(11,088)	**-**	28,927	21
	922,043	**1,097,084**	1,218,824	108,078

38. OTHER OPERATING EXPENSES

	2009		2008	
	Group RM'000	Company RM'000	Group RM'000	Company RM'000
Personnel/Staff costs:				
Salaries, allowances and bonuses	**556,005**	**1,440**	544,056	1,440
Others	**176,998**	**617**	151,260	383
	733,003	**2,057**	695,316	1,823
Establishment costs:				
Depreciation (Note 19)	**50,486**	**245**	48,425	229
Amortisation of computer software (Note 20)	**27,411**	**-**	23,494	-
Computerisation costs	**72,760**	**-**	65,541	-
Amortisation of prepaid land lease payments (Note 18)	**159**	**-**	165	-
Rental	**65,286**	**-**	59,696	-
Cleaning & maintenance	**18,754**	**-**	21,899	-
Others	**24,422**	**-**	23,062	-
	259,278	**245**	242,282	229
Marketing and communication expenses:				
Sales commission	**17,134**	**-**	18,523	-
Advertising, promotional and other marketing activities	**51,880**	**236**	64,157	287
Telephone charges	**18,913**	**-**	18,527	-
Postage	**12,263**	**-**	11,924	-
Travel and entertainment	**17,015**	**-**	17,850	-
Others	**20,464**	**285**	26,950	13
	137,669	**521**	157,931	300
Administration and general:				
Professional services	**92,417**	**513**	77,727	1,120
Donations	**157**	**-**	2,986	-
Administration and management expenses	**2,256**	**-**	2,025	-
Others	**44,437**	**54**	43,033	50
	139,267	**567**	125,771	1,170
Overheads	**1,269,217**	**3,390**	1,221,300	3,522
General insurance claims	**342,929**	**-**	315,599	-
	1,612,146	**3,390**	1,536,899	3,522

Staff costs include salaries, bonuses, contributions to Employees' Provident Fund and all other staff related expenses. Contributions to Employees' Provident Fund of the Group amounted to RM96,643,115 (RM91,499,308 in 2008).

Included in the above expenditure are the following statutory disclosures:

	2009		2008	
	Group RM'000	Company RM'000	Group RM'000	Company RM'000
Directors' remuneration (Note 41)	**7,354**	**2,285**	7,120	1,889
Computer software written off	**-**	**-**	(7)	-
Property and equipment written off	**40**	**-**	37	-
Hire of motor vehicles and office equipment	**13,290**	**-**	11,652	-
Auditors' remuneration:				
Group auditor:				
Statutory audit	**1,474**	**60**	1,097	50
Half year limited review/audit	**279**	**-**	264	-
Other services	**615**	**5**	665	40
Other auditors:				
Statutory audit	**205**	**-**	199	-
Sundry receivables written off	**692**	**-**	1,616	-

39. ALLOWANCE FOR LOSSES ON LOANS AND FINANCING

	Group	
	2009 RM'000	2008 RM'000
Allowance/(Reversal of allowance) for bad and doubtful debts and financing:		
Specific allowance – net	**660,081**	765,110
Allowance during the year	**1,043,753**	1,192,451
Amount written back in respect of recoveries and reversal	**(383,672)**	(427,341)
General allowance	**53,561**	67,107
Recoveries of value impairment on loans sold to Danaharta	**-**	(609)
Bad debts and financing recovered - net	**(369,455)**	(319,425)
Written off	**1,504**	2,653
Recovered	**(370,959)**	(322,078)
	344,187	512,183

40. SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES

For the purpose of these financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial or operational decisions, vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

The related parties of the Group and the Company are:

i. Subsidiaries

Details of the subsidiaries are shown in Note 15.

Transactions between the Company and its subsidiaries which are related parties of the Company, have been eliminated on consolidation.

ii. Associates

An associate is a company in which the Group exercises significant influence, but which it does not control. Significant influence is the power to participate in the financial and operating policy decisions of the associates but not in control over those policies. Details of associates are disclosed in Note 17.

iii. Key management personnel

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group and the Company directly or indirectly. The key management personnel of the Group and the Company include Executive Directors and Non-Executive Directors of the Company and certain members of senior management of the Group and heads of major subsidiaries (including close members of their families) of the Group.

iv. Companies in which certain directors have substantial financial interest

These are entities in which significant voting power in such entities directly or indirectly resides with certain Directors of the Company.

v. Companies which have significant influence over the Group

These are entities who are substantial shareholders of the Company.

a. The significant transactions of the Group and the Company with its related parties are as follows:

	Subsidiaries		Associates		Key management personnel		Companies in which certain Directors have substantial interest		Substantial shareholders	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Group										
Income										
Interest on loans, advances and financing	-	-	-	-	39	90	-	-	-	-
	-	-	-	-	39	90	-	-	-	-
Expenses										
Interest on deposits	-	-	-	-	205	630	-	-	-	-
Rental of premises	-	-	-	-	-	-	26,592	32,151	-	-
Insurance premiums	-	-	-	-	-	-	6,992	3,078	-	-
Empoyees Provident Fund Board	-	-	-	-	-	-	-	-	102,553	103,298
Cleaning and maintenance	-	-	-	-	-	-	374	186	-	-
Travelling expenses	-	-	-	-	-	-	2,488	2,627	-	-
Computer maintenance	-	-	-	-	-	-	8,625	7,579	-	-
Food and beverage	-	-	-	-	-	-	100	182	-	-
Information service provider	-	-	-	-	541	-	-	-	-	-
Training	-	-	-	-	1,649	-	37	-	-	-
Provision of Security Services	-	-	-	-	-	-	149	219	-	-
Gift and flower arrangement	-	-	-	-	-	-	24	-	-	-
	-	-	-	-	2,395	630	45,381	46,022	102,553	103,298
Capital expenditure										
Purchase of computer hardware, software and related consultancy services	-	-	-	-	-	-	14	11,019	-	-
PMPC cards	-	-	-	-	-	-	1,964	1,691	-	-
	-	-	-	-	-	-	1,978	12,710	-	-
Company										
Income										
Interest on deposits	10,677	9,991	-	-	-	-	-	-	-	-
ICULS investments	2,416	15,732	-	-	-	-	-	-	-	-
Guarantee fees	10	77	-	-	-	-	-	-	-	-
Dividend income – gross	1,097,074	107,980	-	-	-	-	-	-	-	-
	1,110,177	133,780	-	-	-	-	-	-	-	-

40. SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (CONTD.)

b. The significant outstanding balances of the Group and the Company with its related parties are as follows:

	Subsidiaries		Associates		Key management personnel		Companies in which certain Directors have substantial interest		Substantial shareholders	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Group										
Amount due from:										
Loan (hire purchase, credit card, personal loan and housing loan)	**-**	-	**-**	-	**939**	2,201	**-**	-	**-**	-
Amount due to:										
Deposits and placements	**-**	-	**-**	-	**17,902**	11,973	**-**	-	**-**	-
	-	-	**-**	-	**18,841**	14,174	**-**	-	**-**	-
Company										
Amount due from:										
Cash and short-term funds	**1,251**	1,206	**-**	-	**-**	-	**-**	-	**-**	-
Money at call and deposits	**282,787**	313,872	**-**	-	**-**	-	**-**	-	**-**	-
Deposits and placements with banks and other financial institutions	**16,986**	15,034	**-**	-	**-**	-	**-**	-	**-**	-
Interest receivables	**494**	764	**-**	-	**-**	-	**-**	-	**-**	-
ICULS	**-**	6,608	**-**	-	**-**	-	**-**	-	**-**	-
	301,518	337,484	**-**	-	**-**	-	**-**	-	**-**	-
Amount due to:										
Amount due to subsidiaries	**8,083**	143	**-**	-	**-**	-	**-**	-	**-**	-
	8,083	143	**-**	-	**-**	-	**-**	-	**-**	-

c. There were no granting of loans to the Directors of the Company. Loans made to other key management personnel of the Group and the Company is on similar terms and conditions generally available to other employees within the Group. All related party transactions are conducted at arm's length basis and on normal commercial terms which are not more favourable than those generally available to the public. No provisions have been recognised in respect of loans given to key management personnel (2008 - RM Nil).

d. Key management personnel compensation

The remuneration of Directors and other key management personnel during the year are as follows:

	2009		2008	
	Group RM'000	Company RM'000	Group RM'000	Company RM'000
Directors:				
Fees	**1,480**	**665**	962	300
Salaries and other remuneration	**5,393**	**1,620**	4,630	1,589
Other short-term employee benefits (including estimated monetary value of benefits-in-kind)	**481**	**-**	1,528	-
Total short-term employee benefits	**7,354**	**2,285**	7,120	1,889
Other key management personnel:				
Salaries and other remuneration	**12,338**	**-**	12,215	-
Other short-term employee benefits (including estimated monetary value of benefits-in-kind)	**402**	**-**	441	-
Total short-term employee benefits	**12,740**	**-**	12,656	-

41. DIRECTORS' REMUNERATION

Forms of remuneration in aggregate for all directors charged to the income statement for the financial year are as follows:

	2009		2008	
	Group RM'000	Company RM'000	Group RM'000	Company RM'000
Executive directors				
Fees	**220**	**-**	150	-
Salaries	**1,275**	**-**	1,260	-
Other remuneration	**68**	**-**	613	-
Gratuity payment	**400**	**-**	-	-
Bonuses	**1,300**	**-**	1,421	-
Benefits-in-kind	**81**	**-**	100	-
	3,344	**-**	3,544	-
Non-executive directors				
Fees	**1,260**	**665**	812	300
Other remuneration	**2,750**	**1,620**	2,757	1,589
Benefits-in-kind	**-**	**-**	7	-
	4,010	**2,285**	3,576	1,889
Total directors' remuneration	**7,354**	**2,285**	7,120	1,889
Total directors' remuneration excluding benefits-in-kind	**7,273**	**2,285**	7,013	1,889

* Directors' fees for directors who are executives of companies of the Group are paid to their respective companies.

The number of directors of the Company whose total remuneration for the financial year which fall within the required disclosure bands is as follows:

	Number of Directors	
Group	2009	2008
Executive director		
RM3,300,001 – RM3,350,000	**1**	-
RM3,500,001 – RM3,550,000	**-**	1
Non-executive director		
Below RM50,000	**2**	6
RM50,001 – RM100,000	**4**	1
RM100,001 – RM150,000	**1**	-
RM150,001 – RM200,000	**2**	3
RM300,001 – RM350,000	**1**	1
RM400,001 – RM450,000	**1**	-
RM2,350,001 – RM2,400,000	**1**	-
RM2,450,001 – RM2,500,000	**-**	1

42. CREDIT TRANSACTIONS AND EXPOSURES WITH CONNECTED PARTIES

	Group	
	2009 RM'000	2008 RM'000
Outstanding credit exposures with connected parties	**762,691**	456,523
Percentage of outstanding credit exposures to connected parties		
- as a proportion of total credit exposures	**1.13**	0.63
- which is non-performing or in default	**0.26**	0.21

The disclosure on Credit Transaction and Exposures with Connected Parties above is presented in accordance with para 9.1 of Bank Negara Malaysia's revised Guidelines on Credit Transactions and Exposures with Connected Parties, which became effective on 1 January 2008.

Based on these guidelines, a connected party refers to the following:

i. Directors of the Bank and their close relatives;
ii. Controlling shareholder and his close relatives;
iii. Executive officer, being a member of management having authority and responsibility for planning, directing and/or controlling the activities of the Bank, and his close relatives;
iv. Officers who are responsible for or have the authority to appraise and/or approve credit transactions or review the status of existing credit trasactions, either as a member of a committee or individually, and their close relatives;
v. Firms, partnerships, companies or any legal entities which control, or are controlled by any person listed in (i) to (iv) above, or in which they have an interest, as a director, partner, executive officer, agent or guarantor, and their subsidiaries or entities controlled by them;
vi. Any person for whom the persons listed in (i) to (iv) above is a guarantor; and
vii. Subsidiary of, or an entity controlled by the Bank and its connected parties.

Credit transactions and exposures to connected parties as disclosed above includes the extension of credit facilities and/or off-balance sheet credit exposure such as guarantees, trade-related facilities and loan commitments that give credit/counterparty risk. It also includes holdings of equities and private debt securities issued by the connected parties.

The credit transactions with connected parties above are all transacted on an arm's lenght basis and on terms and conditions not more favourable than those entered into with other counterparties with similar circumstances and credit worthiness. Due care has been taken to ensure that the credit worthiness of the connected party is not less than that normally required of other persons.

43. TAXATION AND ZAKAT

	2009		2008	
	Group RM'000	Company RM'000	Group RM'000	Company RM'000
Estimated current tax payable	**46,156**	**36,880**	122,091	26,563
Transfer from deferred tax assets (Note 44)	**296,877**	**-**	292,675	-
Transfer from/(to) deferred tax liabilities (Note 44)	**9,031**	**-**	(2,550)	-
	352,064	**36,880**	412,216	26,563
Over provision of current taxation in respect of prior years	**(13,714)**	**(13,933)**	(29,199)	-
Taxation	**338,350**	**22,947**	383,017	26,563
Zakat	**1,032**	**-**	601	-
Taxation and zakat	**339,382**	**22,947**	383,618	26,563

Domestic current income tax is calculated at the statutory tax rate of 25.0% (2008: 26.0%) of the estimated assessable profit for the financial year.

As at 31 March 2009, the Group and the Company have tax exempt income arising from tax waiver on the chargeable income earned in year 1999 amounting to approximately RM100,109,366 (RM98,259,698 in 2008) and RM29,000,000 (RM29,000,000 in 2008) respectively, which, if confirmed by the Inland Revenue Board, will enable the Group and the Company to distribute tax exempt dividend up to the same amount.

A reconciliation of income tax expense applicable to profit before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company is as follows:

	2009		2008	
	Group RM'000	Company RM'000	Group RM'000	Company RM'000
Profit before taxation	**1,217,636**	**1,083,872**	1,194,437	100,527
Taxation at Malaysian statutory tax rate of 25.0% (2008 : 26.0%)	**304,409**	**270,968**	310,554	26,137
Effect of different tax rates in Labuan and certain subsidiaries	**800**	**-**	(4,725)	-
Deferred tax relating to changes in tax rates	**93**	**-**	63,457	-
Over provision of current taxation in respect of prior years	**(13,714)**	**(13,933)**	(29,199)	-
Income not subject to tax	**(14,674)**	**(239,828)**	(15,014)	-
Expenses not deductible for tax purposes	**39,758**	**5,740**	59,394	426
Deferred tax assets charged out/ (not recognised in prior years)	**21,678**	**-**	(1,450)	-
Tax expense for the year	**338,350**	**22,947**	383,017	26,563

44. DEFERRED TAXATION

Deferred taxation pertains to subsidiaries and is as follows:

a. Deferred tax assets

	Group	
	2009 RM'000	2008 RM'000
Balance at beginning of year		
- As previously reported	**(608,583)**	(870,443)
- Prior year's adjustments	**-**	(30,815)
As restated	**(608,583)**	(901,258)
Recognised in equity	**(35,291)**	-
Transfer to income statement (Note 43)	**296,877**	292,675
Balance at end of year	**(346,997)**	(608,583)
The deferred tax credits/(debits) are in respect of the following:		
Temporary differences arising from deferred charges	**47,391**	44,412
Temporary differences between depreciation and tax allowances on property and equipment	**36,557**	25,741
Unutilised tax losses	**(90,508)**	(430,088)
Temporary differences arising from general allowance for loans, advances and financing	**(224,885)**	(210,186)
Temporary differences arising from impairment loss on foreclosed properties	**(24,487)**	(22,905)
Temporary differences arising from profit equalization reserve	**(15,483)**	(9,342)
Allowance for investment	**1,518**	-
Others	**(77,100)**	(6,215)
	(346,997)	(608,583)

44. DEFERRED TAXATION (CONTD.)

b. Deferred tax liabilities

	Group	
	2009 RM'000	2008 RM'000
Balance at beginning of year	**5,925**	8,475
Recognised in equity	**(1,869)**	-
Transfer from/(to) income statement (Note 43)	**9,031**	(2,550)
Balance at end of year	**13,087**	5,925

Deferred tax liabilities of the Group is in respect of temporary differences between capital allowances and book depreciation of property and equipment.

As mentioned in Note 3, the effects of temporary differences and unutilised tax losses which would give rise to deferred tax assets are recognised only when it is probable that the respective subsidiaries will generate sufficient future taxable profit available against which the deductible temporary differences and unutilised tax losses can be utilised. As at 31 March 2009, the amount of estimated deferred tax assets of the Group, pertaining to unutilised tax losses and unabsorbed capital allowances, calculated at applicable tax rate which is not recognised in the financial statements amounted to RM149,000,000 (RM156,000,000 in 2008).

45. DIVIDENDS

Dividends paid and proposed by the Company are as follows:

	RM'000
In respect of financial year ended 2009	
Proposed dividend – 8.0% less 25.0% taxation, on 2,722,969,590 ordinary shares of RM1.00 each	**163,378**
In respect of financial year ended 2008	
Proposed dividend – 6.0% less 25.0% taxation, on 2,722,969,590 ordinary shares of RM1.00 each	122,534

During the financial year, the Company paid a first and final dividend of 6.0% less 25.0% taxation, in respect of the previous financial year totalling RM122,533,632 which amount had been dealt with in the directors' report for that financial year and paid on 21 October 2008 to shareholders whose names appeared in the Record of Depositors on 7 October 2008.

The directors now recommend the payment of a first and final ordinary dividend of 8.0%, less 25.0% taxation, in respect of the current financial year amounting to RM163,378,170 based on the issued and paid-up share capital as at 31 March 2009, to be paid to shareholders whose names appear in the Record of Depositors on a date to be determined by the directors. The financial statements for the current financial year do not reflect this proposed dividend by the Board. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of unappropriated profit in the next financial year ending 31 March 2010.

46. EARNINGS PER SHARE

a. Basic earning per share

Basic earning 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 year.

	2009		2008	
	Group RM'000/'000	Company RM'000/'000	Group RM'000/'000	Company RM'000/'000
Net profit attributable to equity holders of the Company	**860,824**	**1,060,925**	668,542	73,964
Number of ordinary shares at beginning of year	**2,722,970**	**2,722,970**	2,130,565	2,130,565
Effect of ordinary shares issued pursuant to:				
- Exercise Warrants 2003/2008	**-**	**-**	27,984	27,984
- Conversion of CPS	**-**	**-**	142,435	142,435
- Rights Issue	**-**	**-**	66,311	66,311
Weighted average number of ordinary shares in issue	**2,722,970**	**2,722,970**	2,367,295	2,367,295
Basic earnings per share (sen)	**31.61**	**38.96**	28.24	3.12

46. EARNINGS PER SHARE (CONTD.)

b. Fully diluted earnings per share

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

The Company has two categories of dilutive potential ordinary shares:
i. Warrants 2003/2008 (expired on 20 March 2008)
ii. Unsecured exchangeable bonds

	2009		2008	
	Group RM'000/'000	Company RM'000/'000	Group RM'000/'000	Company RM'000/'000
Net profit attributable to equity holders of the Company	**860,824**	**1,060,925**	668,542	73,964
Weighted average number of ordinary shares in issue (as in (a) above)	**2,722,970**	**2,722,970**	2,367,295	2,367,295
Adjusted for - Conversion of unsecured exchangeable bonds	**-**	**-**	27,764	27,764
Adjusted weighted average number of ordinary shares in issue and issuable	**2,722,970**	**2,722,970**	2,395,059	2,395,059
Fully diluted earnings per share (sen)	**31.61**	**38.96**	27.91	3.09

For the financial year ended 31 March 2009, outstanding unsecured exchangeable bonds has been excluded in the computation of fully diluted earnings per RM1.00 ordinary share for the Group, as their exercise and conversion to ordinary shares would increase earnings per share.

The Group and the Company's adjusted weighted average number of ordinary shares in issue and issuable for the financial year ended 31 March 2008 has been arrived at based on the assumption that dilutive unsecured exchangeable bonds is converted at the beginning of year.

47. FIDUCIARY DUTY IN RESPECT OF INVESTMENT PORTFOLIO MANAGEMENT

Investment portfolio funds managed by the Group on behalf of customers as at 31 March 2009 amounted to RM16,399,295,000 (RM18,515,948,000 in 2008).

48. CAPITAL COMMITMENTS

As at 31 March 2009, capital commitments pertaining to subsidiaries are as follows:

	Group	
	2009 RM'000	2008 RM'000
Authorised and contracted but not provided for:		
Purchase of office equipment, information technology equipment and solutions	**31,723**	17,498
Purchase of other investments	**100**	292
Purchase of leasehold improvements	**2,140**	5,736
	33,963	23,526
Authorised but not contracted for:		
Purchase of office equipment, information technology equipment and solutions	**54,884**	15,056
Purchase of other investments	**-**	130
	54,884	15,186
	88,847	38,712

49. LEASE COMMITMENTS

The Group has lease commitments in respect of rented premises and equipment on hire, all of which are classified as operating leases. A summary of the non-cancellable long-term commitments, net of sub-leases is as follows:

	RM'000
12 months ending 31 March	
2010	**20,251**
2011	**42,510**
2012 and thereafter	**175,104**
	237,865

The lease commitments represent minimum rentals not adjusted for operating expenses which the Group is obligated to pay. These amounts are insignificant in relation to the minimum lease obligations. In the normal course of business, leases that expire will be renewed or replaced by leases on other properties, thus it is anticipated that future annual minimum lease commitments will not be less than the rental expenses for the financial year.

50. COMMITMENTS AND CONTINGENCIES

In the normal course of business, AmInvestment Bank, AmBank, AmIslamic Bank and AmInternational, 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 as mentioned in Note 25. The commitments and contingencies are not secured against the Group's assets.

As at 31 March 2009, the commitments and contingencies on an aggregated basis are as follows:

	2009			2008		
Group	Principal Amount RM'000	Credit Equivalent Amount RM'000	Risk Weighted Amount RM'000	Principal Amount RM'000	Credit Equivalent Amount RM'000	Risk Weighted Amount RM'000
Derivative Financial Instruments						
Interest rate related contracts:						
Interest rate futures	**60,000**	**25,104**	**12,551**	270,000	194,810	97,404
Interest rate swaps	**24,612,441**	**1,237,502**	**545,404**	26,770,307	601,940	126,949
Foreign exchange related contracts:						
Forward exchange contracts	**824,899**	**30,173**	**14,435**	5,747,856	102,651	34,932
Cross currency swaps	**610,213**	**36,789**	**18,394**	624,647	76,143	15,228
Equity related contracts:						
Options	**321,444**	**-**	**-**	151,596	-	-
Equity futures	**8,262**	**-**	**-**	363	-	-
	26,437,259	**1,329,568**	**590,784**	33,564,769	975,544	274,513
Commitments						
Irrevocable commitments to extend credit maturing :						
within one year	**10,490,292**	**-**	**-**	8,564,981	1,558,976	1,422,930
more than one year	**1,905,373**	**281,216**	**241,871**	2,742,901	1,371,450	1,257,912
Unutilised credit card line	**4,383,472**	**876,694**	**655,346**	4,006,449	801,290	598,888
Sell and buy back agreements	**155,560**	**212**	**206**	1,216,782	1,216,782	879,744
Forward purchase commitments	**206,144**	**10,210**	**4,022**	338,081	338,081	30,108
	17,140,841	**1,168,332**	**901,445**	16,869,194	5,286,579	4,189,582
Contingent Liabilities						
Guarantees given on behalf of customers	**2,723,184**	**2,723,184**	**2,391,488**	1,865,387	1,865,387	1,769,182
Certain transaction-related contingent items	**1,496,866**	**748,433**	**740,965**	1,048,285	524,143	511,156
Underwriting liabilities	**592,000**	**296,000**	**296,000**	1,720,000	860,000	776,800
Short term self liquidating trade-related contingencies	**493,284**	**98,657**	**98,716**	584,432	116,886	113,419
Islamic financing sold to Cagamas	**874,067**	**874,067**	**663,997**	1,863,857	1,863,857	1,404,403
Others	**154,141**	**250**	**250**	23,874	250	250
	6,333,542	**4,740,591**	**4,191,416**	7,105,835	5,230,523	4,575,210
	49,911,642	**7,238,491**	**5,683,645**	57,539,798	11,492,646	9,039,305

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

As at 31 March 2009, other contingencies and commitments of the Group and of the Company are as follows:

a. The Company has given unsecured guarantees totalling RM309,600,000 (RM273,600,000 as at 31 March 2008) to various financial institutions in respect of credit facilities extended to certain subsidiaries.

b. The Company has given a continuing undertaking totalling S$40,000,000 (S$40,000,000 in 2008) to the Monetary Authority of Singapore on behalf of AmFraser Securities Pte Ltd to meet its liabilities and financial obligations and requirements.

c. AmBank has given a continuing guarantee to BNM on behalf of AmInternational, AmBank's offshore bank subsidiary, to meet all its liabilities and financial obligations and requirements.

d. AmInvestment Bank has given guarantees in favour of Labuan International Financial Exchange ("LFX") in respect of USD5.0 million each for AmInternational to act as a Listing Sponsor and as a Trading Agent on the LFX.

e. The Company has given a guarantee to HSI Services Limited ("HSI") and Hang Seng Data Services Limited ("HSDS") on behalf of its subsidiary, AmAssurance Berhad (now known as AmLife Insurance Berhad) ("AmLife"), for the performance and discharge by AmLife of its obligations under the licence agreement with HSI and HSDS for use of the Hang Seng China Enterprise Index in respect of AmLife's investment-linked product called AmAsia Link-Capital Guaranteed Fund.

f. A suit dated 12 December 2005 was filed by Meridian Asset Management Sdn Bhd ("Meridian") against AmTrustee Berhad ("AmTrustee"), a subsidiary of the Company, in respect of a claim amounting to RM27,606,169 for alleged loss and damage together with interests and costs arising from AmTrustee's provision of custodian services to Meridian.

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

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

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

50. COMMITMENTS AND CONTINGENCIES (CONTD.)

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

i. an application by Meridian for Further and Better particulars in respect of the statement of defence filed by AmTrustee; This application was withdrawn with cost by Meridian on 17 October 2008.

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

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

iii. an application for leave for Meridian to serve Interrogatories on an officer of AmTrustee allegedly relating to matters in question between Meridian and AmTrustee and this was dismissed by the Registrar with cost on 17 October 2008 and Meridian's solicitors have filed an appeal against the Registrar's Order to the judge in Chambers on 24 December 2008 and the Appeal to the Judge is re-fixed for hearing on 19 June 2009.

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

It is to be noted that both the Meridian and MAA suit were ordered on 16 September 2008 to be tried together at the same time pursuant to Order 4 Rule 1 of the Rules of the High Court 1980. Case Management of both the suits are now fixed for Mention on 9 June 2009.

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

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

51. RISK MANAGEMENT POLICY

Risk management is about managing uncertainties such that deviations from the Group's intended objectives are kept within acceptable levels. Sustainable profitability forms the core objectives of the Group's risk management strategy. The Group's current strategic goals are for top quartile shareholder returns and target return on equity wherein the Group will de-risk, further diversify and have a differentiated growth strategy within its various business lines.

Every risk assumed by the Group carries with it potential for gains as well as potential to erode shareholders' value. The Group's risk management policy is to identify, capture and analyse these risks at an early stage, continuously measure and monitor these risks and to set limits, policies and procedures to control them to ensure sustainable risk-taking and sufficient returns.

The management approach towards the significant risks of the Group are enumerated below:

MARKET RISK MANAGEMENT

Market risk is the risk of loss from changes in the value of portfolios and financial instruments caused by movements in market variables, such as interest rates and foreign exchange rates and equity prices.

The primary objective of market risk management is to ensure that losses from market risk can be promptly arrested and risk positions are sufficiently liquid so as to enable the Group to reduce its position without incurring potential loss that is beyond the sustainability of the Group.

The market risk of the Group's trading and non-trading portfolio is managed separately using value-at-risk approach to compute the market risk exposure of non-trading portfolio and trading portfolio. 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 specified confidence level under normal market condition.

To complement value at risk measurement, the Group also institute a set of scenario analysis under various potential market conditions such as shifts in currency rates, general equity prices and interest rate movements to assess the changes in portfolio value.

The Group controls the market risk exposure of its trading and non-trading activities primarily through a series of risk thresholds. Risk thresholds are approved by the Board of Directors. These risk thresholds structure aligns specific risk-taking activities with the overall risk appetite of the Group.

51. RISK MANAGEMENT POLICY (CONTD.)

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

	Non Trading Book									
Group 2009	**Up to 1 month RM'000**	**>1 - 3 months RM'000**	**>3 - 6 months RM'000**	**>6 - 12 months RM'000**	**1 - 5 years RM'000**	**Over 5 years RM'000**	**Non-interest sensitive RM'000**	**Trading Book RM'000**	**Total RM'000**	**Effective interest rate %**
ASSETS										
Cash and short-term funds	13,401,641	-	-	-	-	-	3,785,300	-	17,186,941	1.99
Securities purchased under resale agreements	16,807	-	-	-	-	-	-	-	16,807	1.15
Deposits and placements with banks and other financial institutions	22,659	-	873	-	22,494	-	-	-	46,026	2.81
Securities held-for-trading	-	-	-	-	-	-	-	1,399,873	1,399,873	3.35
Securities available-for-sale	16,805	145,390	73,100	205,328	1,999,737	3,102,485	1,083,209	-	6,626,054	4.83
Securities held-to-maturity	7,704	60,838	1,748	35,475	382,821	122,638	168,985	-	780,209	3.51
Loans, advances and financing:										
- performing	21,284,795	2,340,934	784,859	453,489	6,377,049	15,279,422	9,821,953	-	56,342,501	6.70
- non-performing *	-	-	-	-	-	-	605,330	-	605,330	-
Derivative financial assets	-	-	-	-	-	-	482,933	-	482,933	-
Amount due from Originators	-	-	-	-	25,789	-	-	-	25,789	5.74
Other non-interest sensitive balances	-	-	-	-	-	-	6,380,418	-	6,380,418	-
TOTAL ASSETS	34,750,411	2,547,162	860,580	694,292	8,807,890	18,504,545	22,328,128	1,399,873	89,892,881	
LIABILITIES AND EQUITY										
Deposits from customers	23,017,332	9,807,594	6,192,362	9,887,533	2,415,144	-	12,811,541	-	64,131,506	2.71
Deposits and placements of banks and other financial institutions	1,502,877	529,310	775,499	652,203	773,241	781,369	1,120,910	-	6,135,409	2.74
Bills and acceptances payable	483,002	771,732	245,757	7,189	-	-	612,567	-	2,120,247	2.05
Recourse obligation on loans sold to Cagamas Berhad	-	-	-	-	155,037	-	-	-	155,037	3.98
Derivative financial liabilities	-	-	-	-	-	-	587,763	-	587,763	-
Term loans	145,859	206,000	-	-	-	-	-	-	351,859	3.11
Unsecured bonds	-	-	-	-	-	1,090,000	-	-	1,090,000	5.02
Medium term notes	-	-	-	-	-	1,460,000	-	-	1,460,000	5.66
Hybrid capital	-	-	-	-	-	1,303,691	-	-	1,303,691	6.69
Other non-interest sensitive balances	-	-	-	-	-	-	4,645,814	-	4,645,814	-
Total Liabilities	25,149,070	11,314,636	7,213,618	10,546,925	3,343,422	4,635,060	19,778,595	-	81,981,326	
Share capital	-	-	-	-	-	-	2,722,970	-	2,722,970	
Reserves	-	-	-	-	-	-	5,013,123	-	5,013,123	
Equity attributable to equity holders of the Company	-	-	-	-	-	-	7,736,093	-	7,736,093	
Minority interests	-	-	-	-	-	-	175,462	-	175,462	
Total equity	-	-	-	-	-	-	7,911,555	-	7,911,555	
TOTAL LIABILITIES AND EQUITY	25,149,070	11,314,636	7,213,618	10,546,925	3,343,422	4,635,060	27,690,150	-	89,892,881	
On-balance sheet interest rate gap sensitivity	9,601,341	(8,767,474)	(6,353,038)	(9,852,633)	5,464,468	13,869,485	(5,362,022)	1,399,873	-	
Off-balance sheet interest rate gap sensitivity	(798,353)	(3,120,000)	1,662,088	70,000	2,881,853	(755,588)	-	-	(60,000)	
Total interest rate gap sensitivity	8,802,988	(11,887,474)	(4,690,950)	(9,782,633)	8,346,321	13,113,897	(5,362,022)	1,399,873	(60,000)	
Cumulative interest rate gap sensitivity	8,802,988	(3,084,486)	(7,775,436)	(17,558,069)	(9,211,748)	3,902,149	(1,459,873)	(60,000)		

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

Group 2008	Non Trading Book									
	Up to 1 month RM'000	>1 - 3 months RM'000	>3 - 6 months RM'000	>6 - 12 months RM'000	1 - 5 years RM'000	Over 5 years RM'000	Non-interest sensitive RM'000	Trading Book RM'000	Total RM'000	Effective interest rate %
ASSETS										
Cash and short-term funds	8,708,883	-	-	-	-	-	2,336,543	-	11,045,426	3.38
Securities purchased under resale agreements	52,468	-	-	-	-	-	-	-	52,468	3.33
Deposits and placements with banks and other financial institutions	1,281	1,273,519	65,100	278	-	47,632	-	-	1,387,810	4.64
Securities held-for-trading	-	-	-	-	-	-	-	6,699,010	6,699,010	3.57
Securities available-for-sale	-	-	19,961	135,866	897,502	676,145	121,461	-	1,850,935	5.82
Securities held-to-maturity	49,774	6,388	68,753	8,544	523,249	357,727	165,443	-	1,179,878	3.96
Loans, advances and financing:										
- performing	18,526,653	2,506,731	591,972	524,651	6,994,528	14,418,842	7,832,944	-	51,396,321	7.08
- non-performing *	-	-	-	-	-	-	1,177,999	-	1,177,999	-
Derivative financial assets	-	-	-	-	-	-	370,681	-	370,681	-
Amount due from Originators	-	6,430	26,042	-	2,668	-	-	-	35,140	3.65
Other non-interest sensitive balances	-	-	-	-	-	-	7,996,039	-	7,996,039	-
TOTAL ASSETS	27,339,059	3,793,068	771,828	669,339	8,417,947	15,500,346	20,001,110	6,699,010	83,191,707	
LIABILITIES AND EQUITY										
Deposits from customers	22,299,907	6,957,752	6,042,591	8,055,973	3,101,906	-	9,310,732	-	55,768,861	3.27
Deposits and placements of banks and other financial institutions	1,630,678	1,405,481	922,645	233,191	661,750	1,155,395	1,108,139	-	7,117,279	3.43
Bills and acceptances payable	415,618	676,830	269,448	-	-	-	547,347	-	1,909,243	3.59
Recourse obligation on loans sold to Cagamas Berhad	-	70,070	26,042	-	147,867	-	-	-	243,979	3.65
Derivative financial liabilities	-	-	-	-	-	-	410,929	-	410,929	-
Term loans	-	1,506,000	-	183,413	-	-	101,431	-	1,790,844	5.08
Subordinated term loan	-	-	460,000	-	-	-	-	-	460,000	6.87
Unsecured bonds	200,000	-	-	-	-	1,170,000	380,000	-	1,750,000	5.73
Medium term notes	-	-	-	-	-	860,000	-	-	860,000	5.27
Hybrid capital	-	-	-	-	-	673,830	-	-	673,830	6.79
Other non-interest sensitive balances	-	-	-	-	-	-	4,952,797	-	4,952,797	-
Total Liabilities	24,546,203	10,616,133	7,720,726	8,472,577	3,911,523	3,859,225	16,811,375	-	75,937,762	
Share capital	-	-	-	-	-	-	2,722,970	-	2,722,970	
Reserves	-	-	-	-	-	-	4,446,623	-	4,446,623	
Equity attributable to equity holders of the Company	-	-	-	-	-	-	7,169,593	-	7,169,593	
Minority interests	-	-	-	-	-	-	84,352	-	84,352	
Total equity	-	-	-	-	-	-	7,253,945	-	7,253,945	
TOTAL LIABILITIES AND EQUITY	24,546,203	10,616,133	7,720,726	8,472,577	3,911,523	3,859,225	24,065,320	-	83,191,707	
On-balance sheet interest rate gap sensitivity	2,792,856	(6,823,065)	(6,948,898)	(7,803,238)	4,506,424	11,641,121	(4,064,210)	6,699,010	-	
Off-balance sheet interest rate gap sensitivity	2,576,862	7,718,038	(3,531,661)	(3,581,237)	(4,006,040)	803,608	-	-	(20,430)	
Total interest rate gap sensitivity	5,369,718	894,973	(10,480,559)	(11,384,475)	500,384	12,444,729	(4,064,210)	6,699,010	(20,430)	
Cumulative interest rate gap sensitivity	5,369,718	6,264,691	(4,215,868)	(15,600,343)	(15,099,959)	(2,655,230)	(6,719,440)	(20,430)		

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

51. RISK MANAGEMENT POLICY (CONTD.)

2009 Company	Non Trading Book Up to 1 month RM'000	>1 - 3 months RM'000	Non- interest sensitive RM'000	Trading Book RM'000	Total RM'000	Effective interest rate %
ASSETS						
Cash and short-term funds	**282,786**	**-**	**1,251**	**-**	**284,037**	**2.50**
Deposits and placements with banks and other financial institutions	**-**	**16,986**	**-**	**-**	**16,986**	**2.46**
Securities held-for-trading	**-**	**-**	**-**	**20,000**	**20,000**	**4.75**
Securities available-for-sale	**-**	**-**	**3,978**	**-**	**3,978**	**-**
Other non-interest sensitive balances	**-**	**-**	**6,237,053**	**-**	**6,237,053**	**-**
TOTAL ASSETS	**282,786**	**16,986**	**6,242,282**	**20,000**	**6,562,054**	
LIABILITIES AND EQUITY						
Term loans	**-**	**206,000**	**-**	**-**	**206,000**	**4.05**
Other non-interest sensitive balances	**-**	**-**	**9,155**	**-**	**9,155**	**-**
Total Liabilities	**-**	**206,000**	**9,155**	**-**	**215,155**	
Share capital	**-**	**-**	**2,722,970**	**-**	**2,722,970**	
Reserves	**-**	**-**	**3,623,929**	**-**	**3,623,929**	
Equity attributable to equity holders of the Company	**-**	**-**	**6,346,899**	**-**	**6,346,899**	
TOTAL LIABILITIES AND EQUITY	**-**	**206,000**	**6,356,054**	**-**	**6,562,054**	
On-balance sheet interest rate gap sensitivity	**282,786**	**(189,014)**	**(113,772)**	**20,000**	**-**	
Off-balance sheet interest rate gap sensitivity	**-**	**-**	**-**	**-**	**-**	
Total interest rate gap sensitivity	**282,786**	**(189,014)**	**(113,772)**	**20,000**	**-**	
Cumulative interest rate gap sensitivity	**282,786**	**93,772**	**(20,000)**	**-**		

2008 Company	Non Trading Book Up to 1 month RM'000	>1 - 3 months RM'000	Non- interest sensitive RM'000	Trading Book RM'000	Total RM'000	Effective interest rate %
ASSETS						
Cash and short-term funds	313,872	-	1,206	-	315,078	2.94
Deposits and placements with banks and other financial institutions	-	15,034	-	-	15,034	3.25
Securities held-for-trading	-	-	-	20,000	20,000	4.75
Securities available-for-sale	-	-	3,978	-	3,978	-
Other non-interest sensitive balances	-	-	6,571,187	-	6,571,187	-
TOTAL ASSETS	313,872	15,034	6,576,371	20,000	6,925,277	
LIABILITIES AND EQUITY						
Term loans	-	1,506,000	-	-	1,506,000	5.01
Other non-interest sensitive balances	-	-	3,684	-	3,684	-
Total Liabilities	-	1,506,000	3,684	-	1,509,684	
Share capital	-	-	2,722,970	-	2,722,970	
Reserves	-	-	2,692,623	-	2,692,623	
Equity attributable to equity holders of the Company	-	-	5,415,593	-	5,415,593	
TOTAL LIABILITIES AND EQUITY	-	1,506,000	5,419,277	-	6,925,277	
On-balance sheet interest rate gap sensitivity	313,872	(1,490,966)	1,157,094	20,000	-	
Off-balance sheet interest rate gap sensitivity	-	-	-	-	-	
Total interest rate gap sensitivity	313,872	(1,490,966)	1,157,094	20,000	-	
Cumulative interest rate gap sensitivity	313,872	(1,177,094)	(20,000)	-		

51. RISK MANAGEMENT POLICY (CONTD.)

LIQUIDITY RISK

Liquidity risk is the risk that the organization will not be able to fund its day-to-day operations at a reasonable cost. Liquidity risk exposure arises mainly from the deposit taking and borrowing activities, and to a lesser extent, significant drawdown of funds from previously contracted financing and purchase commitments.

The primary objective of liquidity risk management is to ensure the availability of sufficient funds at a reasonable cost to honour all financial commitments as they fall due.

The secondary objective is to ensure an optimal funding structure and to balance the key liquidity risk management objectives, which includes diversification of funding sources, customer base, and maturity period.

The ongoing liquidity risk management at the Group is based on the following key strategies:
- Management of cash-flow; an assessment of potential cash flow mismatches that may arise over a period of one-year ahead and the maintenance of adequate cash and liquefiable assets over and above the standard requirements of BNM.
- Scenario analysis; a simulation on liquidity demands of new business, changes in portfolio as well as stress scenarios based on historical experience of large withdrawals.
- Diversification and stabilisation of liabilities through management of funding sources, diversification of customer depositor base and inter-bank exposures.

In the event of actual liquidity crisis occurring, a Contingency Funding Plan provides a formal process to identify a liquidity crisis and detailing responsibilities among the relevant departments to ensure orderly execution of procedures to restore the liquidity position and confidence in the Group.

The following table shows the maturity analysis of the Group's assets and liabilities based on contractual terms:

2009 Group	Up to 1 month RM'000	>1 - 3 months RM'000	>3 - 6 months RM'000	>6 - 12 months RM'000	1 - 5 years RM'000	Over 5 years RM'000	Non specific maturity RM'000	Total RM'000
ASSETS								
Cash and short-term funds	17,097,773	-	-	-	-	-	89,168	17,186,941
Securities purchased under resale agreements	16,807	-	-	-	-	-	-	16,807
Deposits and placements with banks and other financial institutions	21,873	24,052	-	101	-		-	46,026
Securities held-for-trading	56,948	118,357	119,486	48,111	276,080	768,431	12,460	1,399,873
Securities available-for-sale	4,998	88,698	83,336	218,630	2,407,874	3,272,905	549,613	6,626,054
Securities held-to-maturity	7,704	60,838	1,747	133,089	326,246	122,638	127,947	780,209
Loans, advances and financing	5,951,626	1,806,645	832,415	989,848	13,745,550	33,629,312	(7,565)	56,947,831
Derivative financial assets	-	-	-	-	-	-	482,933	482,933
Other assets	22,107	2,543	4,468	-	25,930	729,438	705,520	1,490,006
Statutory deposits with Bank Negara Malaysia	-	-	-	-	-	-	517,578	517,578
Investment in jointly controlled company	-	-	-	-	-	-	380	380
Investments in associates	-	-	-	-	-	-	1,301	1,301
Prepaid land lease payment	-	-	-	-	-	-	6,646	6,646
Property and equipment	-	-	-	-	-	-	228,399	228,399
Life fund assets	-	-	-	-	-	-	2,006,799	2,006,799
Deferred tax assets	-	-	-	-	-	-	346,997	346,997
Intangible assets	-	-	-	-	-	-	1,808,101	1,808,101
TOTAL ASSETS	23,179,836	2,101,133	1,041,452	1,389,779	16,781,680	38,522,724	6,876,277	89,892,881
LIABILITIES AND EQUITY								
Deposits from customers	31,323,809	12,178,478	7,351,640	10,412,788	2,864,791	-	-	64,131,506
Deposits and placements of banks and other financial institutions	1,730,517	725,963	1,138,174	818,109	923,787	153,369	645,490	6,135,409
Bills and acceptances payable	703,905	1,053,556	355,597	7,189	-	-	-	2,120,247
Recourse obligation on loans sold to Cagamas Berhad	-	-	-	-	155,037	-	-	155,037
Derivative financial liabilities	-	-	-	-	-	-	587,763	587,763
Other liabilities	12,366	41,614	1,191	24	-	729,100	1,854,720	2,639,015
Term loans	-	206,000	-	145,859	-	-	-	351,859
Subordinated term loan	-	-	-	-	-	-	-	-
Unsecured bonds	-	-	-	-	-	1,090,000	-	1,090,000
Medium term notes	-	-	-	-	-	1,460,000	-	1,460,000
Hybrid capital	-	-	-	-	-	1,303,691	-	1,303,691
Life fund liabilities	-	-	-	-	-	-	222,160	222,160
Life policyholder funds	-	-	-	-	-	-	1,784,639	1,784,639
Total Liabilities	33,770,597	14,205,611	8,846,602	11,383,969	3,943,615	4,736,160	5,094,772	81,981,326
Share capital	-	-	-	-	-	-	2,722,970	2,722,970
Reserves	-	-	-	-	-	-	5,013,123	5,013,123
Equity attributable to equity holders of the Company	-	-	-	-	-	-	7,736,093	7,736,093
Minority interests	-	-	-	-	-	-	175,462	175,462
Total equity	-	-	-	-	-	-	7,911,555	7,911,555
TOTAL LIABILITIES AND EQUITY	33,770,597	14,205,611	8,846,602	11,383,969	3,943,615	4,736,160	13,006,327	89,892,881
Net maturity mismatch	(10,590,761)	(12,104,478)	(7,805,150)	(9,994,190)	12,838,065	33,786,564	(6,130,050)	-

51. RISK MANAGEMENT POLICY (CONTD.)

LIQUIDITY RISK (CONTD.)

2008 Group	Up to 1 month RM'000	>1 - 3 months RM'000	>3 - 6 months RM'000	>6 - 12 months RM'000	1 - 5 years RM'000	Over 5 years RM'000	Non specific maturity RM'000	Total RM'000
ASSETS								
Cash and short-term funds	10,876,355	-	-	-	-	-	169,071	11,045,426
Securities purchased under resale agreements	52,468	-	-	-	-	-	-	52,468
Deposits and placements with banks and other financial institutions	49,067	1,273,364	65,100	279	-		-	1,387,810
Securities held-for-trading	387,344	334,864	213,380	285,503	1,910,547	3,165,929	401,443	6,699,010
Securities available-for-sale	-	950	20,911	137,288	870,274	750,098	71,414	1,850,935
Securities held-to-maturity	49,257	-	53,767	57,064	523,473	357,062	139,255	1,179,878
Loans, advances and financing	6,671,149	1,949,715	1,554,940	1,326,516	11,471,651	29,402,001	198,348	52,574,320
Derivative financial assets	-	-	-	-	-	-	370,681	370,681
Other assets	112,478	11,107	40,765	3,062	24,036	757,895	1,074,626	2,023,969
Statutory deposits with Bank Negara Malaysia	-	-	-	-	-	-	1,660,197	1,660,197
Investments in associates	-	-	-	-	-	-	1,301	1,301
Prepaid land lease payment	-	-	-	-	-	-	7,059	7,059
Property and equipment	-	-	-	-	-	-	225,616	225,616
Life fund assets	-	-	-	-	-	-	1,702,469	1,702,469
Deferred tax assets	-	-	-	-	-	-	608,583	608,583
Intangible assets	-	-	-	-	-	-	1,801,985	1,801,985
TOTAL ASSETS	18,198,118	3,570,000	1,948,863	1,809,712	14,799,981	34,432,985	8,432,048	83,191,707
LIABILITIES AND EQUITY								
Deposits from customers	28,668,395	8,183,259	7,024,440	8,374,657	3,518,110	-	-	55,768,861
Deposits and placements of banks and other financial institutions	1,808,849	1,519,891	1,113,498	998,242	521,404	1,155,395	-	7,117,279
Bills and acceptances payable	594,174	935,818	379,251	-	-	-	-	1,909,243
Recourse obligation on loans sold to Cagamas Berhad	-	70,070	26,042	-	147,867	-	-	243,979
Derivative financial liabilities	-	-	-	-	-	-	410,929	410,929
Other liabilities	310,238	35,633	11,208	4,641	589	645,852	2,242,167	3,250,328
Term loans	-	1,506,000	-	13,186	-	170,227	101,431	1,790,844
Subordinated term loan	-	-	-	-	-	460,000	-	460,000
Unsecured bonds	-	-	-	-	595,000	1,155,000	-	1,750,000
Medium term notes	-	-	-	-	-	860,000	-	860,000
Hybrid capital	-	-	-	-	-	673,830	-	673,830
Life fund liabilities	-	-	-	-	-	-	189,819	189,819
Life policyholder funds	-	-	-	-	-	-	1,512,650	1,512,650
Total Liabilities	31,381,656	12,250,671	8,554,439	9,390,726	4,782,970	5,120,304	4,456,996	75,937,762
Share capital	-	-	-	-	-	-	2,722,970	2,722,970
Reserves	-	-	-	-	-	-	4,446,623	4,446,623
Equity attributable to equity holders of the Company	-	-	-	-	-	-	7,169,593	7,169,593
Minority interests	-	-	-	-	-	-	84,352	84,352
Total equity	-	-	-	-	-	-	7,253,945	7,253,945
TOTAL LIABILITIES AND EQUITY	31,381,656	12,250,671	8,554,439	9,390,726	4,782,970	5,120,304	11,710,941	83,191,707
Net maturity mismatch	(13,183,538)	(8,680,671)	(6,605,576)	(7,581,014)	10,017,011	29,312,681	(3,278,893)	-

51. RISK MANAGEMENT POLICY (CONTD.)

LIQUIDITY RISK (CONTD.)

2009 Company	Up to 1 month RM'000	>1 - 3 months RM'000	Non specific maturity RM'000	Total RM'000
ASSETS				
Cash and short-term funds	**282,787**	**-**	**1,250**	**284,037**
Deposits and placements with banks and other financial institutions	**-**	**16,986**	**-**	**16,986**
Securities held-for-trading	**-**	**-**	**20,000**	**20,000**
Securities available-for-sale	**-**	**-**	**3,978**	**3,978**
Other assets	**-**	**-**	**30,331**	**30,331**
Investments in subsidiaries	**-**	**-**	**6,204,678**	**6,204,678**
Property and equipment	**-**	**-**	**2,044**	**2,044**
TOTAL ASSETS	**282,787**	**16,986**	**6,262,281**	**6,562,054**
LIABILITIES AND EQUITY				
Other liabilities	**-**	**-**	**9,155**	**9,155**
Term loans	**-**	**206,000**	**-**	**206,000**
Total Liabilities	**-**	**206,000**	**9,155**	**215,155**
Share capital	**-**	**-**	**2,722,970**	**2,722,970**
Reserves	**-**	**-**	**3,623,929**	**3,623,929**
Equity attributable to equity holders of the Company	**-**	**-**	**6,346,899**	**6,346,899**
TOTAL LIABILITIES AND EQUITY	**-**	**206,000**	**6,356,054**	**6,562,054**
Net maturity mismatch	**282,787**	**(189,014)**	**(93,773)**	**-**

2008 Company	Up to 1 month RM'000	>1 - 3 months RM'000	Non specific maturity RM'000	Total RM'000
ASSETS				
Cash and short-term funds	313,872	-	1,206	315,078
Deposits and placements with banks and other financial institutions	-	15,034	-	15,034
Securities held-for-trading	-	-	20,000	20,000
Securities available-for-sale	-	-	3,978	3,978
Other assets	-	-	26,973	26,973
Investments in subsidiaries	-	-	6,543,314	6,543,314
Property and equipment	-	-	900	900
TOTAL ASSETS	313,872	15,034	6,596,371	6,925,277
LIABILITIES AND EQUITY				
Other liabilities	-	-	3,684	3,684
Term loans	-	1,506,000	-	1,506,000
Total Liabilities	-	1,506,000	3,684	1,509,684
Share capital	-	-	2,722,970	2,722,970
Reserves	-	-	2,692,623	2,692,623
Equity attributable to equity holders of the Company	-	-	5,415,593	5,415,593
TOTAL LIABILITIES AND EQUITY	-	1,506,000	5,419,277	6,925,277
Net maturity mismatch	313,872	(1,490,966)	1,177,094	-

CREDIT RISK MANAGEMENT

Credit risk is the risk of loss due to the inability or unwillingness of a counterparty to meet its payment obligations. Exposure to credit risk arises primarily from lending and guarantee activities and, to a lesser extent, pre-settlement and settlement exposures of sales and trading activities.

The primary objective of credit risk management is to ensure that exposure to credit risk is always kept within its capability and financial capacity to withstand potential future losses.

Lending activities are guided by internal group credit policies and guidelines, including a group risk appetite framework, that are approved by the Board or risk committee. Specific procedures for managing credit risks are determined at business levels in specific policies and procedures based on risk environment and business goals.

For non-retail credits, credit portfolio management strategies and significant exposures are reviewed and/or approved by the Board. These portfolio management strategies are designed to achieve a desired and ideal portfolio risk tolerance level and sector distribution over the next few years. These portfolio management strategies include minimum credit rating targets from new facilities, a more aggressive approach towards reducing existing high-risk exposures and exposures to certain sectors.

Risk measurement begins with an assessment and rating of the financial standing of the borrower or counterparty using a credit rating model. The model consists of quantitative and qualitative scores which are translated into nine rating grades. Credit risk is quantified based on Expected Default Frequencies and Expected Losses on default from its portfolio of loans and off-balance sheet commitments. Expected Default Frequencies are calibrated to the internal rating model.

For retail credits, a credit-scoring system to support the housing, hire purchase and credit card applications is being used to complement the credit assessment process.

51. RISK MANAGEMENT POLICY (CONTD.)

OPERATIONAL RISK MANAGEMENT

Operational risk is the potential loss from a breakdown in internal process, systems, deficiencies in people and management or operational failure arising from external events. It is increasingly recognised that operational risk is the single most widespread risk facing financial institutions today. Operational risk management is the discipline of systematically identifying the critical potential risk points and causes of failure, assess the relevant controls to minimise the impact of such risk through the initiation of risk mitigating measures and policies.

The Group minimises operational risk by putting in place appropriate policies, internal controls and procedures as well as maintaining back-up procedures for key activities and undertaking business continuity planning. These are supported by independent reviews by the Group's Internal Audit team.

LEGAL AND REGULATORY RISK

The Group manages legal and regulatory risks to its business. Legal risk arises from the potential that breaches of applicable laws and regulatory requirements, unenforceability of contracts, lawsuits, or adverse judgement, may lead to the incurrence of losses, disrupt or otherwise resulting in financial and reputational risk. Legal risk is managed by internal legal counsel and where necessary, in consultation with external legal counsel to ensure that legal risk is minimised.

Regulatory risk is managed through the implementation of measures and procedures within the organization to facilitate compliance with regulations. These include a compliance monitoring and reporting process that requires identification of risk areas, prescription of controls to minimize these risks, staff training and assessments, provision of advise and disseminating of information.

RISK MANAGEMENT POLICY ON FINANCIAL DERIVATIVES

Purpose of engaging in financial derivatives

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

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

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

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.

For revenue purposes the Group maintains trading positions in these instruments and engages in transactions with customers to satisfy their needs in managing their respective interest rate, 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 and foreign exchange-related derivatives contracts measures the potential losses to the value of these contracts due to changes in market rates/prices. Exposure to market risk may be reduced through offsetting on and off-balance sheet positions.

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

Credit risk of derivatives

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

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

52. FAIR VALUES OF FINANCIAL INSTRUMENTS

Financial instruments are contracts that gives rise to both a financial asset of one enterprise and a financial liability or equity instrument of another enterprise. The fair value of a financial instrument is the amount at which the instrument could be exchanged or settled between knowledgeable and willing parties in an arm's length transaction, other than a forced or liquidated sale. The information presented herein represents best estimates of fair values of financial instruments at the balance sheet date.

Where available, quoted and observable market prices are used as the measure of fair values. Where such quoted and observable market prices are not available, fair values are estimated based on a number of methodologies and assumptions regarding risk characteristics of various financial instruments, discount rates, estimates of future cash flows and other factors. Changes in the assumptions could materially affect these estimates and the corresponding fair values.

52. FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTD.)

In addition, fair value information for non-financial assets and liabilities such as investments in subsidiaries and taxation are excluded, as they do not fall within the scope of FRS 132 Financial Instruments: Disclosure and Presentation which requires the fair value information to be disclosed.

The estimated fair values of the Group's and the Company's financial instruments are as follows:

	Group		Company	
	Carrying Amount RM'000	Fair Value RM'000	Carrying Amount RM'000	Fair Value RM'000
2009				
Financial Assets				
Cash and short-term funds	**17,186,941**	**17,186,941**	**284,037**	**284,037**
Securities purchased under resale agreements	**16,807**	**16,807**	**-**	**-**
Deposits and placements with banks and other financial institutions	**46,026**	**47,790**	**16,986**	**16,986**
Securities held-for-trading	**1,399,873**	**1,399,873**	**20,000**	**20,000**
Securities available-for-sale	**6,626,054**	**6,626,054**	**3,978**	**3,978**
Securities held-to-maturity	**780,209**	**870,499**	**-**	**-**
Loans, advances and financing *	**57,847,348**	**58,628,753**	**-**	**-**
Derivative financial assets	**482,933**	**482,933**	**-**	**-**
Amount due from Originators	**25,789**	**25,789**	**-**	**-**
Other financial assets	**3,436,272**	**3,436,272**	**30,331**	**30,331**
	87,848,252	**88,721,711**	**355,332**	**355,332**
Non-financial assets	**2,044,629**		**6,206,722**	
TOTAL ASSETS	**89,892,881**		**6,562,054**	
Financial Liabilities				
Deposits from customers	**64,131,506**	**63,757,549**	**-**	**-**
Deposits and placements of banks and other financial institutions	**6,135,409**	**6,170,419**	**-**	**-**
Bills and acceptances payable	**2,120,247**	**2,120,247**	**-**	**-**
Recourse obligation on loans sold to Cagamas Berhad	**155,037**	**129,106**	**-**	**-**
Derivative financial liabilities	**587,763**	**587,763**	**-**	**-**
Term loans	**351,859**	**351,859**	**206,000**	**206,000**
Subordinated term loans	**-**	**-**	**-**	**-**
Medium term notes	**1,460,000**	**1,745,424**	**-**	**-**
Unsecured bonds	**1,090,000**	**1,208,847**	**-**	**-**
Hybrid capital	**1,303,691**	**1,182,664**	**-**	**-**
Other financial liabilities	**4,562,392**	**4,562,392**	**9,155**	**9,155**
	81,897,904	**81,816,270**	**215,155**	**215,155**
Non-Financial Liabilities				
Other non-financial liabilities	**83,422**		**-**	
Minority interests	**175,462**		**-**	
Equity attributable to equity holders of the Company	**7,736,093**		**6,346,899**	
	7,994,977		**6,346,899**	
TOTAL LIABILITIES AND EQUITY	**89,892,881**		**6,562,054**	
2008				
Financial Assets				
Cash and short-term funds	11,045,426	11,045,426	315,078	315,078
Securities purchased under resale agreements	52,468	52,468	-	-
Deposits and placements with banks and other financial institutions	1,387,810	1,501,566	15,034	15,034
Securities held-for-trading	6,699,010	6,699,010	20,000	20,000
Securities available-for-sale	1,850,935	1,869,226	3,978	3,978
Securities held-to-maturity	1,179,878	1,318,885	-	-
Loans, advances and financing *	53,419,545	54,089,708	-	-
Derivative financial assets	370,681	370,681	-	-
Amount due from Originators	35,140	35,156	-	-
Other financial assets	3,651,597	3,651,597	26,973	26,973
	79,692,490	80,633,723	381,063	381,063
Non-financial assets	3,499,217		6,544,214	
TOTAL ASSETS	83,191,707		6,925,277	
Financial Liabilities				
Deposits from customers	55,768,861	55,421,351	-	-
Deposits and placements of banks and other financial institutions	7,117,279	7,085,941	-	-
Bills and acceptances payable	1,909,243	1,909,243	-	-
Recourse obligation on loans sold to Cagamas Berhad	243,979	239,716	-	-
Derivative financial liabilities	410,929	410,929	-	-
Term loans	1,790,844	1,790,844	1,506,000	1,506,000
Subordinated term loans	460,000	494,110	-	-
Medium term notes	860,000	962,237	-	-
Unsecured bonds	1,750,000	1,895,533	-	-
Hybrid capital	673,830	615,056	-	-
Other financial liabilities	4,907,324	4,907,324	3,684	3,684
	75,892,289	75,732,284	1,509,684	1,509,684
Non-Financial Liabilities				
Other non-financial liabilities	45,473		-	
Equity attributable to equity holders of the Company	7,169,593		5,415,593	
Minority interests	84,352		-	
	7,299,418		5,415,593	
TOTAL LIABILITIES AND EQUITY	83,191,707		6,925,277	

* The general allowance for the Group amounting to RM899,517,000 (RM845,225,000 in 2008) has been included under non-financial assets.

52. FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTD.)

The fair value of contingent liabilities and undrawn credit facilities are not readily ascertainable. These financial instruments are presently not sold or traded. They generate fees that are in line with market prices for similar arrangements. The estimated fair value may be represented by the present value of the fees expected to be received, less associated costs and potential loss that may arise should these commitments crystallize. The Group assesses that their respective fair values are unlikely to be significant given that the overall level of fees involved is not significant and no provisions is necessary to be made.

The following methods and assumptions were used to estimate the fair value of assets and liabilities as at 31 March 2009 and 2008:

a. Cash And Short-Term Funds

The carrying values are a reasonable estimate of the fair values because of negligible credit risk and short-term in nature or frequent repricing.

b. Securities Purchased Under Resale Agreements And Deposits And Placements With Banks And Other Financial Institutions

The fair values of securities purchased under resale agreements and deposits and placements with banks and other financial institutions with remaining maturities less than six months are estimated to approximate their carrying values. For securities purchased under resale agreements and deposits and placements with banks and other financial institutions with maturities of more than six months, the fair values are estimated based on discounted cash flows using the prevailing KLIBOR rates and interest rate swap rates.

c. Securities Held-For-Trading, Securities Available-For-Sale And Securities Held-To-Maturity

The estimated fair value is based on quoted or observable market prices at the balance sheet date. Where such quoted or observable market prices are not available, the fair value is estimated using discounted cash flow or net tangible assets techniques. The fair values of unquoted debt equity conversion securities which are not actively traded, are estimated to be at par value, taking into consideration of the underlying collateral values.Where discounted cash flow techniques are used, the estimated future cash flows are discounted using market indicative rates of similar instruments at the balance sheet date.

d. Loans, Advances And Financing And Subordinated Term Loans (“Loans And Financing”)

The fair value of variable rate loans and financing are estimated to approximate their carrying values. For fixed rate loans and financing, the fair values are estimated based on expected future cash flows of contractual instalment payments and discounted at prevailing indicative rates adjusted for credit risk. In respect of non-performing loans and financing, the fair values are deemed to approximate the carrying values, net of interest in suspense and specific allowance for bad and doubtful debts and financing.

e. Derivative Financial Instruments

The fair values of the derivative financial instruments are obtained from quoted market prices in active markets, including recent market transactions and valuation techniques, including discounted cash flow models and option pricing models, as appropriate.

f. Other Assets

The estimated fair value of other assets are estimated to approximate their carrying value because the realisable value of the final consideration as at balance sheet date is similar to that of the carrying value.

g. Deposits From Customers, Deposits And Placements Of Banks And Other Financial Institutions And Obligations On Securities Sold Under Repurchase Agreements

The fair value of deposits liabilities payable on demand (“current and savings deposits”) or with remaining maturities of less than six months are estimated to approximate their carrying values at balance sheet date.

The fair value of term deposits, negotiable instrument of deposits and obligations on securities sold under repurchase agreements with remaining maturities of more than six months are estimated based on discounted cash flows using KLIBOR rates and interest rate swap rates.

h. Bills And Acceptances Payables

The carrying values are a reasonable estimate of their fair values because of their short-term nature.

i. Other Liabilities

The fair values of other liabilities approximates their carrying value at the balance sheet date.

j. Recourse Obligations On Loans Sold To Cagamas Berhad

The fair values for recourse obligations on loans to Cagamas Berhad are determined based on discounted cash flows of future instalments payments at prevailing rates quoted by Cagamas Berhad as at balance sheet date.

k. Term Loans, Subordinated Term Loans, Redeemable Unsecured Bonds, Medium Term Notes And Hybrid Capital (“Borrowings”)

The fair values of borrowings with remaining maturities of less than six (6) months are estimated to approximate their carrying values at balance sheet date. The fair values of borrowings with remaining maturities of more than six (6) months are estimated based on discounted cash flows using market indicative rates of instruments with similar risk profiles at the balance sheet date.

l. Interest Rate Swaps, Futures And Forward Rate Agreements

The estimated fair value is based on the market price to enter into an offsetting contract at balance sheet date.

m.Short Term Financial Assets And Financial Liabilities

The fair value of the other financial assets and other financial liabilities, which are considered short term in nature, are estimated to approximate their carrying value.

As assumptions were made regarding risk characteristics of the various financial instruments, discount rates, future expected loss experience and other factors, changes in the uncertainties and assumptions could materially affect these estimates and the resulting value estimates.

53. NET ASSETS PER SHARE (RM)

Net assets per share represent the balance sheet total assets value less total liabilities and minority interests expressed as an amount per ordinary share.

Net assets per share are calculated as follows:

	2009		2008	
	Group RM'000	Company RM'000	Group RM'000	Company RM'000
Total assets	**89,892,881**	**6,562,054**	83,191,707	6,925,277
Less :				
Total liabilities	**81,981,326**	**215,155**	75,937,762	1,509,684
Minority interests	**175,462**	**-**	84,352	-
	82,156,788	**215,155**	76,022,114	1,509,684
Net assets	**7,736,093**	**6,346,899**	7,169,593	5,415,593
Issued and fully paid up ordinary shares of RM1.00 each	**2,722,970**	**2,722,970**	2,722,970	2,722,970
Net assets per share (RM)	**2.84**	**2.33**	2.63	1.99

54. BUSINESS SEGMENT ANALYSIS

The Group's businesses are organized into six main segments, based on the products and services that it provides. These segments are investment banking, commercial and retail banking, offshore banking, Islamic banking, insurance with the minor segments aggregate under others.

Investment banking

Investment banking encompasses investment banking, stockbroking, futures broking, fund and real estate investment trust management and trustee services. The investment banking caters to the business needs of large corporate customers and financial institutions and provides customers with, among other things, a broad range of financing options, treasury and derivative services, corporate finance services, debt capital market and private banking. Through AIGB's subsidiaries, investment banking also offers stock and futures broking products and services through AmInvestment Bank and AmFutures, investment management, management of unit trusts and customized investment solutions and real estate management services through AIM, AIS, AmPTMB and AmARA REIT Managers and trustee services through AmTrustee.

Commercial and retail banking

Commercial and retail banking focuses on providing products and services to individual customers and small and medium enterprises. The products and services offered to the customers include credit facilities such as term financing, mortgage, trade, hire purchase financing, personal loans and share financing, credit cards, remittance services, deposits collection and bancassurance.

Offshore banking

Through AMIL and AmBank Labuan branch, the Group has established a presence in the international arena at the Labuan International Offshore Financial Centre. The products and services offered include corporate finance, advisory and trust services, credit facilities and acting as Listing Sponsor for corporations seeking listing on the Labuan International Financial Exchange.

Islamic banking

Islamic banking segment relates to Islamic banking business activities undertaken by the Group.

Insurance

The insurance segment offers a broad range of life and general insurance products.

Others

Others comprises a variety of activities, which complements and supports the operations of the main business units. It includes the Company's corporate income and expense items that are not allocated to individual business segments. In addition, the income and the Company's funding cost of the Group's associate and subsidiaries are included in this category.

54. BUSINESS SEGMENT ANALYSIS (CONTD.)

Group 2009	Investment Banking RM'000	Commercial and Retail RM'000	Offshore Banking RM'000	Islamic Banking RM'000	Insurance RM'000	Others RM'000	Elimination/ Consolidation Adjustments RM'000	Total RM'000
External revenue	**298,994**	**2,986,025**	**13,067**	**1,070,648**	**1,082,887**	**162,022**	**(110,891)**	**5,502,752**
Revenue from other segments	**40,370**	**38,672**	**3,328**	**-**	**6,796**	**12,352**	**256,459**	**357,977**
Operating revenue	**339,364**	**3,024,697**	**16,395**	**1,070,648**	**1,089,683**	**174,374**	**145,568**	**5,860,729**
Segment results	**61,307**	**767,378**	**(1,338)**	**222,346**	**73,618**	**104,945**	**(10,408)**	**1,217,848**
Share in results of jointly controlled company	**(212)**	**-**	**-**	**-**	**-**	**-**	**-**	**(212)**
Profit before taxation	**61,095**	**767,378**	**(1,338)**	**222,346**	**73,618**	**104,945**	**(10,408)**	**1,217,636**
Taxation	**(21,942)**	**(253,449)**	**(20)**	**(56,969)**	**(28,545)**	**9,954**	**11,589**	**(339,382)**
Minority interests	**-**	**-**	**-**	**-**	**-**	**-**	**(17,430)**	**(17,430)**
Net profit for the year	**39,153**	**513,929**	**(1,358)**	**165,377**	**45,073**	**114,899**	**(16,249)**	**860,824**
Other information								
Segment assets	**2,213,952**	**69,946,479**	**1,481,569**	**14,136,998**	**3,272,942**	**2,016,391**	**(4,908,066)**	**88,160,265**
Investments in subsidiaries	**231,668**	**850,371**	**-**	**-**	**-**	**10,375,946**	**(11,457,985)**	**-**
Investment in jointly controlled Company	**380**	**-**	**-**	**-**	**-**	**-**	**-**	**380**
Investment in associate	**693**	**237**	**-**	**-**	**-**	**100**	**271**	**1,301**
Goodwill/(reserve) on consolidation	**-**	**-**	**-**	**-**	**(1,565)**	**-**	**1,732,500**	**1,730,935**
Total assets	**2,446,693**	**70,797,087**	**1,481,569**	**14,136,998**	**3,271,377**	**12,392,437**	**(14,633,280)**	**89,892,881**
Segment liabilities	**1,439,671**	**67,034,320**	**1,542,652**	**12,810,725**	**2,875,685**	**1,463,208**	**(5,184,935)**	**81,981,326**
Property and equipment purchases	**9,775**	**68,420**	**8**	**98**	**2,159**	**1,420**	**-**	**81,880**
Depreciation of property and equipment	**8,951**	**38,098**	**68**	**148**	**2,419**	**766**	**36**	**50,486**

Group 2008	Investment Banking RM'000	Commercial and Retail RM'000	Offshore Banking RM'000	Islamic Banking RM'000	Insurance RM'000	Others RM'000	Elimination/ Consolidation Adjustments RM'000	Total RM'000
External revenue	1,136,036	2,585,463	62,485	1,012,253	971,400	109,013	(260,390)	5,616,260
Revenue from other segments	131,707	120,946	6,652	-	4,345	10,974	101,798	376,422
Operating revenue	1,267,743	2,706,409	69,137	1,012,253	975,745	119,987	(158,592)	5,992,682
Profit/(Loss) before taxation	359,552	590,020	16,731	192,176	56,530	12,381	(32,953)	1,194,437
Taxation	(90,216)	(204,854)	(20)	(72,515)	(18,271)	(1,271)	3,529	(383,618)
Minority interests	-	-	-	-	-	-	(142,277)	(142,277)
Net profit/(loss) for the year	269,336	385,166	16,711	119,661	38,259	11,110	(171,701)	668,542
Other information								
Segment assets	15,146,792	54,581,226	1,108,673	11,091,189	2,613,182	1,370,554	(4,454,082)	81,457,534
Investments in subsidiaries	264,688	814,350	-	-	-	11,007,442	(12,086,480)	-
Investment in associate	100	238	-	-	-	100	863	1,301
Goodwill/(reserve) on consolidation	-	-	-	-	(1,566)	-	1,734,438	1,732,872
Total assets	15,411,580	55,395,814	1,108,673	11,091,189	2,611,616	12,378,096	(14,805,261)	83,191,707
Segment liabilities	13,155,170	52,235,560	1,250,281	9,657,718	2,356,468	2,434,937	(5,152,372)	75,937,762
Property and equipment purchases	12,034	47,255	76	(295)	4,099	276	-	63,445
Depreciation of property and equipment	8,054	37,208	65	122	2,115	825	36	48,425

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 (HK) Limited and AmTrade Services Limited, activities of which are principally conducted in Singapore, Indonesia, Brunei and Hong Kong, respectively. These activities in Singapore, Indonesia, Brunei and Hong Kong are not significant in relation to the Group's activities in Malaysia.

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

55. LIFE BUSINESS LIABILITIES AND LIFE POLICYHOLDERS' FUND

The state of affairs as at 31 March 2009 and the results for the financial year ended 31 March 2009 under the life business liabilities and life policyholders' fund of AmLife Insurance Berhad (formerly known as AmAssurance Berhad), are summarised as follows:

BALANCE SHEET
AS AT 31 MARCH 2009

	2009 RM'000	2008 RM'000
ASSETS		
Cash and short-term funds	**16,502**	204
Securities purchased under resale agreements	**165,325**	207,313
Deposits and placements with banks and other financial institutions	**109,729**	112,741
Securities held-for-trading	**73,015**	62,026
Securities available-for-sale	**940,644**	1,002,244
Securities held to maturity	**265,292**	-
Loans, advances and financing	**100,003**	91,342
Other assets	**201,106**	104,008
Investment properties	**84,193**	82,278
Property and equipment	**30,438**	29,699
Intangible assets	**20,552**	10,614
TOTAL ASSETS	**2,006,799**	1,702,469
LIABILITIES AND POLICYHOLDERS' FUND		
Other liabilities	**222,160**	189,819
Life policyholders' fund	**1,784,639**	1,512,650
TOTAL LIABILITIES AND POLICYHOLDERS' FUND	**2,006,799**	1,702,469

INCOME STATEMENT
FOR THE YEAR ENDED 31 MARCH 2009

	2009 RM'000	2008 RM'000
Revenue	**572,699**	487,844
Interest income	**79,023**	66,484
Writeback of/(Allowance) for losses on loans and financing	**1**	11
Impairment loss on securities	**-**	(5,774)
	79,024	60,721
Net premium investment and other income	**493,676**	421,360
Net income	**572,700**	482,081
Other operating expenses and transfer to policyholders's funds	**(552,700)**	(465,081)
Transfer to shareholders' funds	**20,000**	17,000

56. CAPITAL ADEQUACY RATIO

a. The capital adequacy ratios of the banking subsidiaries Group as at 31 March are as follows:

	Group*	
	2009	2008
Before deducting proposed dividends:		
Core capital ratio	**9.74%**	8.54%
Risk-weighted capital ratio	**15.16%**	14.14%
After deducting proposed dividends:		
Core capital ratio	**9.74%**	8.40%
Risk-weighted capital ratio	**15.16%**	14.00%

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

2009	AmBank (M) 1	AmIB 1	AmIslamic 2	AmIL 3
Before deducting proposed dividends:				
Core capital ratio	**10.39%**	**28.13%**	**11.22%**	**33.09%**
Risk-weighted capital ratio	**14.20%**	**28.13%**	**16.65%**	**33.22%**
After deducting proposed dividends:				
Core capital ratio	**10.39%**	**28.13%**	**11.22%**	**33.09%**
Risk-weighted capital ratio	**14.20%**	**28.13%**	**16.65%**	**33.22%**

2008	AmBank (M) 1	AmIB 1	AmIslamic 2	AmIL 3
Before deducting proposed dividends:				
Core capital ratio	8.12%	13.98%	10.32%	15.88%
Risk-weighted capital ratio	12.96%	17.35%	16.28%	15.98%
After deducting proposed dividends:				
Core capital ratio	8.12%	13.33%	10.32%	15.88%
Risk-weighted capital ratio	12.96%	16.70%	16.28%	15.98%

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

The detailed disclosures on the risk-weighted assets, as set out in Notes 56 (c), (d) and (e) are presented in accordance with para 4.3 of Bank Negara Malaysia's Concept Paper Risk Weighted Capital Adequacy Framework (Basel II) and Capital Adequacy Framework of Islamic Banks (CAFIB) Disclosure Requirements (Pillar 3), whereby such disclosures are effective for financial reports for periods beginning on or after 1 January 2008.

* The aggregated components of the Group Tier I and Tier II capital are that of the banking subsidiaries, namely AmBank(M) Berhad ("AmBank"), AmIslamic Bank Berhad, AmInvestment Bank Berhad ("AmIB") and AmInternational (L) Ltd ("AMIL"). The Group comparative for Financial Year 31 March 2008 has been restated accordingly.

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

   The capital adequacy ratio of 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, AmInternational (L) Ltd ("AmIL"). Effective April 2008, AmIL became a wholly-owned subsidiary of AmBank. Prior to April 2008, AMIL was a wholly-owned subsidiary of AmInvestment Bank.

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

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

56. CAPITAL ADEQUACY RATIO (CONTD.)

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

	Group*	
	2009 RM'000	2008 RM'000
Tier 1 capital		
Paid-up ordinary share capital	**870,364**	850,364
Paid-up non-cumulative preference shares	**-**	100,000
Share premium	**942,844**	900,944
Statutory reserve	**1,049,232**	1,160,398
Capital reserve	**380,307**	380,307
Merger reserve	**397,566**	349,050
Exchange fluctuation reserve	**36,803**	23,853
Irredeemable non-cumulative convertible preference shares	**150,000**	150,000
Innovative tier 1 capital	**750,100**	548,463
Non-innovative tier 1 capital	**500,000**	-
Unappropriated profit at end of year	**1,402,639**	1,818,345
Minority interests	**-**	41
Total	**6,479,855**	6,281,765
Less : Goodwill	**(47,686)**	(47,685)
Deferred tax assets - net	**(297,733)**	(610,302)
Total tier 1 capital	**6,134,436**	5,623,778
Tier 2 capital		
Irredeemable convertible unsecured loan stock	**-**	291,586
Innovative tier 1 capital	**-**	201,637
Subordinated term loans	**-**	460,000
Medium term notes	**1,460,000**	860,000
Subordinated bonds	**400,000**	600,000
Exchangeable bonds	**575,000**	575,000
Redeemable unsecured bonds	**135,000**	595,000
General allowance for bad and doubtful debts	**899,985**	844,548
Total tier 2 capital	**3,469,985**	4,427,771
Less: Excess tier 2 capital	**-**	(667,050)
Maximum allowable tier 2 capital	**3,469,985**	3,760,721
Total capital funds	**9,604,421**	9,384,499
Less: Investment in subsidiaries	**(32,780)**	-
Investment in capital of related financial institutions	**(18,105)**	(72,439)
Less: Other deduction	**(10,219)**	(11)
Capital base	**9,543,317**	9,312,049

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

	Group*	
	2009 RM'000	2008 RM'000
Credit risk	**56,206,945**	56,260,383
Market risk	**2,019,969**	5,210,306
Operational risk	**4,713,862**	4,387,477
Large exposure risk requirements for equity holdings	**13,391**	14,923
Total risk-weighted assets	**62,954,167**	65,873,089

56. CAPITAL ADEQUACY RATIO (CONTD.)

c. The aggregated breakdown of risk-weighted assets ("RWA") by exposures in each major risk category of the Group for the current financial year are as follows:

2009
Group*

Exposure Class

		Gross Exposures RM'000		Net Exposures RM'000	Risk Weighted Assets RM'000	Capital Requirements RM'000
1.	**Credit Risk**					
	On-Balance Sheet Exposures					
	Sovereigns/Central Banks	**16,196,838**		**16,196,838**	**-**	**-**
	Public Sector Entities ("PSEs")	**70,928**		**70,928**	**14,186**	**1,135**
	Banks, Development Financial Institutions ("DFI") & Multilateral Development Banks ("MDBs"), Insurance Companies, Securities Firms & Fund Managers	**2,821,137**		**2,821,137**	**900,727**	**72,058**
	Corporates	**21,220,171**		**19,859,870**	**16,501,287**	**1,320,103**
	Regulatory Retail	**32,200,659**		**32,036,417**	**23,996,353**	**1,919,708**
	Residential Mortgages	**6,402,124**		**6,394,984**	**2,721,869**	**217,750**
	Higher Risk Assets	**180,954**		**180,954**	**271,432**	**21,714**
	Other Assets	**2,546,519**		**2,546,519**	**1,841,162**	**147,293**
	Equity Exposure	**294,336**		**294,336**	**294,336**	**23,547**
	Securitisation Exposures	**215,864**		**215,864**	**73,955**	**5,916**
	Defaulted Exposures	**3,167,345**		**3,094,368**	**4,230,420**	**338,434**
	Total for On- Balance Sheet Exposures	**85,316,875**		**83,712,215**	**50,845,727**	**4,067,658**
	Off-Balance Sheet Exposures					
	Over the counter ("OTC") derivatives	**1,304,464**		**1,304,464**	**578,234**	**46,259**
	Credit Derivatives	**10,422**		**10,422**	**4,228**	**338**
	Off balance sheet exposures other than OTC derivatives or credit derivatives	**5,606,911**		**5,390,455**	**4,778,756**	**382,301**
	Total for Off- Balance Sheet Exposures [Note 56 (e)]	**6,921,797**		**6,705,341**	**5,361,218**	**428,898**
	Total On and Off- Balance Sheet Exposures	**92,238,672**		**90,417,556**	**56,206,945**	**4,496,556**
2.	**Large Exposures Risk Requirement**	**202**		**202**	**13,391**	**1,071**
3.	**Market Risk**	**Long Position**	**Short Position**			
	Interest Rate Risk					
	- General interest rate risk	**30,636,665**	**28,307,712**		**1,379,902**	**110,392**
	- Specific interest rate risk	**1,717,431**	**6,099**		**40,076**	**3,206**
	Foreign Currency Risk	**221,009**	**379,640**		**380,934**	**30,475**
	Equity Risk					
	- General risk	**31,045**	**-**		**31,045**	**2,483**
	- Specific risk	**161,843**	**-**		**109,012**	**8,721**
	Option Risk	**592,000**	**-**		**79,000**	**6,320**
	Total	**33,359,993**	**28,693,451**		**2,019,969**	**161,597**
4.	**Operational Risk**				**4,713,862**	**377,109**
5.	**Total RWA and Capital Requirements**				**62,954,167**	**5,036,333**

The Group does not have any issuances of Profit-Sharing Investment Account ("PSIA") used as a risk absorbent.

d. The aggregated breakdown of credit risk exposures by risk weights of the Group for the current financial year are as follows:

2009
Group*

	Exposures after Netting and Credit Risk Mitigation													
Risk Weights	**Sovereigns & Central Banks**	**PSEs**	**Banks, MDBs and DFIs**	**Insurance Cos, Securities Firms & Fund Managers**	**Corporates**	**Regulatory Retail**	**Residental Mortgages**	**Higher Risk Assets**	**Other Assets**	**Specialised Financing / Investment**	**Securitisation**	**Equity**	**Total Exposures after Netting & Credit Risk Mitigation**	**Total Risk Weighted Assets**
0%	16,198,999	-	-	-	-	-	-	-	292,252	-	-	-	16,491,251	-
10%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20%	-	70,959	2,382,175	-	3,771,700	10,378	-	-	502,400	-	168,088	-	6,905,700	1,381,140
35%	-	-	-	-	-	-	3,171,497	-	-	-	-	-	3,171,497	1,110,024
50%	-	-	1,462,578	-	990,114	157,585	3,244,358	-	-	-	14,876	-	5,869,511	2,934,756
75%	-	-	-	-	-	33,915,078	493	-	-	-	-	-	33,915,571	25,436,677
100%	-	-	258,039	4,486	18,802,051	118,975	218,361	-	1,774,238	-	32,900	294,336	21,503,386	21,503,385
150%	-	-	-	-	1,516,129	880,116	-	186,768	(22,372)	-	-	-	2,560,641	3,840,963
Average Risk Weight														
Total	16,198,999	70,959	4,102,792	4,486	25,079,994	35,082,132	6,634,709	186,768	2,546,518	-	215,864	294,336	90,417,557	56,206,945
Deduction from Capital Base	-	-	-	-	-	-	-	-	-	-	40	-	40	

56. CAPITAL ADEQUACY RATIO (CONTD.)

e. The aggregated Off-Balance Sheet exposures and their related counterparty credit risk of the Group are as follows:

2009
Group*

	Principal Amount	Positive Fair Value of Derivative Contracts	Credit Equivalent Amount	Risk Weighted Assets
Credit-Related Exposures				
Guarantees given on behalf of customers	2,723,184		2,723,184	2,378,082
Certain transaction-related contingent items	1,496,866		748,433	740,965
Underwriting liabilities	-		-	-
Short term self liquidating trade-related contingencies	493,284		98,657	98,716
Islamic financing sold to Cagamas	879,088		879,088	663,997
Irrevocable commitments to extend credit maturing :				
- within one year	-		-	-
- more than one year	561,411		280,705	241,501
Unutilised credit card line	4,383,472		876,694	655,346
Sell and buy back agreements	153,300		212	206
Others	11,988,296		150	150
	22,678,901		5,607,123	4,778,963
Derivative Financial Instruments **Foreign exchange related contracts:**				
Forward exchange contracts				
- One year or less	824,899	29,552	30,173	14,435
- Over one year to five years	-	-	-	-
- Over five years	-	-	-	-
Cross currency swaps				
- One year or less	298,931	607	10,068	5,034
- Over one year to five years	311,282	-	26,721	13,360
- Over five years	-	-	-	-
Interest rate related contracts:				
Interest rate futures				
- One year or less	-	-	-	-
- Over one year to five years	60,000	1,507	-	-
- Over five years	-	-	-	-
Interest rate swaps				
- One year or less	4,215,000	12,904	21,022	9,005
- Over one year to five years	17,641,853	291,170	765,528	351,903
- Over five years	2,755,588	137,697	450,952	184,496
Equity related contracts:				
Options				
- One year or less	30,000	390	-	-
- Over one year to five years	164,154	9,106	-	-
- Over five years	-	-	-	-
Equity futures				
- One year or less	-	-	-	-
- Over one year to five years	-	-	-	-
- Over five years	-	-	-	-
	26,301,707	482,933	1,304,464	578,233
Other Treasury-related Exposures				
Forward purchase commitments	265,000		10,210	4,022
Total	49,245,608	482,933	6,921,797	5,361,218
		Note 12	<---------------Note 56(c)----------------->	

57. SIGNIFICANT EVENTS

1. The transfer of the fund-based activities of AmInvestment Bank to AmBank and AmIslamic Bank ("Business Transfer") was completed on 12 April 2008. Subsequent to the completion of the Business Transfer and with the confirmation of the High Court of Malaya, AmInvestment Bank had on 26 September 2008 implemented a capital restructuring exercise, comprising the cancellation of part of AmInvestment Bank's ordinary share capital, its entire preference share capital and share premium account balance for an aggregate amount of RM519.8 million, to return the excess capital funds arising from the Business Transfer in cash to its sole shareholder, AmInvestment Group Berhad which have been paid ultimately to the Company to fund its working capital requirements.

2. On 19 December 2007, the Company received Bank Negara Malaysia's ("BNM") approval for the internal shareholding restructuring of certain operating subsidiaries to constitute the Capital Market Group and Asset Management Group (the "Proposed Internal Transfer") involving the intra-group transfer of following subsidiaries, which was completed on 1 April 2009:-

   i. AmFutures Sdn Bhd ("AmFutures"), a licensed futures broker, from AmSecurities Holding Sdn Bhd ("AMSH") to AmInvestment Bank for a cash consideration based on book value;

   ii. AmResearch Sdn Bhd ("AmResearch"), a licensed investment adviser, from AMSH to AmInvestment Bank for a cash consideration based on book value;

   iii. AmInvestment Management Sdn Bhd ("AIM"), an asset management company, from AmInvestment Bank to AmInvestment Group Berhad ("AIGB") for a cash consideration based on book value; and

   iv. AmInvestment Services Berhad ("AIS"), a unit trust management company, from AmInvestment Bank to AIGB for a cash consideration based on book value.

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

3. On 11 April 2008, AmAssurance Berhad ("AmAssurance") received the approvals of BNM and the Minister of Finance ("MOF") for the proposed separation of the composite insurance business of AmAssurance involving the transfer of the general insurance business to a related corporation of AmAssurance which was incorporated under the name of AmG Insurance Berhad ("AmG") (the "Scheme of Business Transfer"). The Scheme of Business Transfer was implemented in accordance with the provisions of Part XI of the Insurance Act 1996 and was completed on 1 December 2008 pursuant to the vesting orders of the High Court of Malaya and High Court of Sabah and Sarawak.

   In line with the completion of the Scheme of Business Transfer, AmAssurance has changed its name to AmLife Insurance Berhad ("AmLife") to better reflect its status as a life insurance company.

4. On 20 November 2008, the Company received the approval of MOF for the shareholding restructuring of AmLife (the "Shareholding Restructuring"), which, inter alia, involved:-

   i. the acquisition by the Company from IAG International Pty Limited ("IAG") of the 30% equity interest held by IAG in AmLife, for a cash consideration of RM170 million (completed on 9 December 2008);

   ii. the sale by the Company to Friends Provident Public Limited Company ("FP") of 30% equity interest in AmLife for a cash consideration of RM170 million (completed on 9 December 2008);

   iii. the acquisition by IAG of an additional 19% equity interest in AmG for a cash consideration of RM141.1 million (completed on 9 December 2008); and

   iv. the transfer of the Company's investments in the AmLife and AmG to AMAB Holdings Sdn Bhd ("AMAB Holdings"), the wholly-owned subsidiary of the Company established to hold its investments in AmLife and AmG.

   Accordingly, with the completion of the Shareholding Restructuring, the strategic partners in the Group's insurance business comprise:-

   i. IAG holding a 49% equity interest in AmG (general insurance) with the remaining 51% equity interest held by AMAB Holdings; and

   ii. FP, with a 30% equity interest in AmLife (life insurance) while the remaining 70% equity interest is held by AMAB Holdings.

5. Malaysian Ventures Management Incorporated Sdn Bhd ("MVMI") had on 25 June 2008 entered into a joint venture agreement with Konzen Capital Pte Ltd, a member of Konzen Group, to establish a private equity fund management company in Singapore. The joint venture will manage a proposed US$320 million (RM1 billion) special purpose vehicle called AmKonzen Asia Water Fund.

6. AmInvestment Group Berhad had after obtaining the approval of BNM established a 100%-owned subsidiary under the name of AmIslamic Funds Management Sdn Bhd ("AFM") to provide Islamic funds management services. On 12 January 2009, AFM has been licensed by the Securities Commission ("SC") pursuant to the Capital Markets and Services Act, 2007 and will commence operations during the financial year ending 31 March 2010.

7. AmG had on 10 November 2008 entered into a non-binding memorandum of understanding 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 of RM274.8 million (subject to adjustments), and

   ii. a 4.9% equity stake in MAA Takaful Berhad for a consideration of RM16.2 million, equivalent to RM3.30 per share.

8. On 28 August 2008, AmBank entered into a technical services agreement ("TSA") with Australia and New Zealand Banking Group Limited ("ANZ") to accelerate the expansion and development of the foreign exchange, interest rate and commodities derivatives business of the Group.

   The TSA is intended to formally set out the arrangement between AmBank and ANZ to build an infrastructure to develop a sustainable and profitable business in the provision, dealing and offering of products and services in foreign exchange, interest rate and commodities derivatives to foreign and local customers of the Group through leveraging on ANZ's technical skills, processes and know-how in areas relating to sales and trading, risks, product development and systems.

   The TSA shall be for a period of 7 years from the date of the TSA and may be extended as agreed by ANZ and AmBank.

9. Pursuant to the approvals by BNM and SC dated 23 December 2008 and 6 January 2009, the Company had on 6 March 2009 announced that AmBank had successfully completed the issuance of RM500 million non-innovative Tier 1 capital ("NIT1").

   The NIT1 issuance is structured in accordance with BNM's guidelines on the risk-weighted capital adequacy framework. The NIT1 capital issue comprises non-cumulative perpetual capital securities ("NCPCS") issued by AmBank and subordinated notes issued by AmPremier Capital Berhad, a wholly owned subsidiary of AmBank, which are stapled together with the NCPCS, which together constitute the "Stapled Securities". The Stapled Securities are rated A3 by RAM Rating Services Berhad.

57. SIGNIFICANT EVENTS (CONTD.)

10. On 9 April 2008, AmBank issued the sixth tranche of medium term notes ("MTN") amounting to RM600.0 million under a RM2.0 billion nominal value MTN Programme ("the Programme"). The proceeds raised from the Programme have been utilised for the refinancing of existing subordinated debts and increasing Tier 2 capital of AmBank. To date, AmBank has issued a total of RM1,460.0 million MTN under the Programme.

11. At the 22nd Extraordinary General Meeting on 26 September 2008, the shareholders approved the proposal by the Company to establish an executives' share scheme ("ESS") of up to fifteen percent (15%) of the issued and paid-up ordinary share capital of the Company at any point in time for the duration of the ESS for eligible executives (including senior management) and executive directors of the Group (excluding subsidiaries which are dormant or such other subsidiaries which may be excluded under the terms of the by laws) who fulfil the criteria for eligibility stipulated in the By-Laws governing the ESS ("Eligible Executives"). The ESS is implemented and administered by an executives' share scheme committee ("ESS Committee"), in accordance with the By-Laws. The members of the ESS Committee are duly appointed and authorised by the Board.

    The salient features of the ESS are disclosed in Note 33 to the financial statements.

    To facilitate the implementation of the ESS, the Company entered into a Trust via the signing of a Trust Deed on 24 February 2009 with an appointed Trustee. The Trustee shall, at such times as the ESS Committee shall direct, subscribe for or acquire the necessary number of new or existing ordinary shares to accommodate any future transfer of shares to be made available to the Scheme Participants. For the aforementioned purpose and to enable the Trustee to meet payment of expenses in relation to the administration of the Trust, the Trustee will be entitled from time to time to accept funding and/or assistance, financial or otherwise from the Company and/or its subsidiaries.

    During the financial year, the Trustee of the ESS had purchased 2,896,000 of the Company's issued ordinary shares from the open market at an average price of RM2.44 per share. The total consideration paid for the purchase including transaction costs amounted to RM7,063,679.

    As at 31 March 2009, the Trustee of the ESS held 2,896,000 ordinary shares representing 0.11% of the issued and paid-up capital of the Company.

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

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

    The price of the Special Issue Shares will be fixed at a later date at the discretion of the Board in accordance with the SC guidelines, after all the relevant approvals for the Proposed Special Issue have been obtained.

    Upon allotment and issuance, the Special Issue Shares shall rank pari passu in all respects with the then existing issued and paid-up shares of the Company. The Special Issue Shares will not be entitled to any dividend, rights, allotment and/or any other distribution declared, made or paid to the shareholders of the Company, where the entitlement date is prior to the allotment date of the Special Issue Shares.

    The total proceeds to be raised under the Proposed Special Issue cannot be determined at this juncture as it will depend on the issue price of the Special Issue Share. The proceeds from the Proposed Special Issue are expected to be utilised for working capital requirements after defraying expenses in relation to the Proposed Special Issue.

    The Proposed Special Issue is subject to the following approvals:

    i. The SC, which was obtained on 13 April 2009;

    ii. Equity Compliance Unit of SC under the Foreign Investment Committee guidelines, which was obtained on 13 April 2009;

    iii. Bursa Securities for the listing and quotation of the Special Issue Shares;

    iv. BNM, which was obtained on 14 January 2009 together with approval of the MOF for AmcorpGroup Berhad ("Amcorp") to increase its shareholding up to 20% of the enlarged issued and paid-up share capital of the Company through the acquisition of the Special Issue Shares that Amcorp may be allocated pursuant to the Proposed Special Issue;

    v. MOF for the recognition of the Bumiputera status of the Identified Bumiputera Shareholders;

    vi. The shareholders of the Company at an Extraordinary General Meeting to be convened; and

    vii. Any other relevant authorities (where applicable).

13. Upon BNM's approval dated 19 February 2009, AmBank had established a wholly-owned subsidiary under the name of AmMortgage One Berhad ("AmMortgage"), to undertake the business of securitization of mortgage loans. AmMortgage has an authorised share capital of RM100,000 and an issued and paid-up share capital of RM1,000.

58. SUBSEQUENT EVENTS

1. The Proposed Internal Transfer to constitute the Capital Market Group and Asset Management Group involving the Intra-group transfers of:-

    i. AmFutures and AmResearch from AMSH to AmInvestment Bank; and

    ii. AIM and AIS from AmInvestment Bank to AIGB,

    was completed on 1 April 2009.

2. On 10 April 2009, the Company had granted in the offer letters the following Scheme Shares and Options to Eligible Executives of the Group pursuant to the ESS:-

    i. 2,729,200 scheme shares under the Long-term Incentive Award; and

    ii. 9,736,800 options under the Long-term Incentive Award at an option price of RM2.20 per share,

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

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

59. RECLASSIFICATION AND RESTATEMENT OF COMPARATIVES

1. BNM Circular on Reclassification of Securities under Specific Circumstances

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

i. Effects on Balance Sheet as at 30 September 2008:

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

ii. Effects on Income Statement for the quarter ended 30 September 2008:

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

iii. Effects on Income Statement for the 6 months period ended 30 September 2008:

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

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

	31.3.09		30.9.08	
Group	Carrying amount RM'000	Fair values RM'000	Carrying amount RM'000	Fair values RM'000
Securities reclassified from securities held-for-trading to securities available-for-sale	678,723	623,735	822,964	785,770

59. RECLASSIFICATION AND RESTATEMENT OF COMPARATIVES (CONTD.)

2. Restatement of comparatives

The Group had reviewed and changed the presentation of certain balances as follows:

a. certain balances which represent cash held by outsourcers and were previously included in Other assets are now reclassified and presented as part of Cash and short term funds.

b. credit card receivables under instalment payment scheme which were previously classified under Other Assets have been reclassified as part of Loans, advances and financing.

c. certain incidental expenses which were incurred in the acquisition of housing loans and commercial property loans and were previously taken up under Other operating expenses are now deducted against interest income earned from the said loans.

d. deposits for certain depositors which were previously classified under Deposits and placements of banks and other financial institutions have been reclassified as part of Deposit from customers.

The above classifications are to conform with current year presentation which better reflects the nature of the items.

Balance Sheet as at 31 March 2008 Group	As previously reported RM'000	Effect of re-classification RM'000	As restated RM'000
Assets			
Cash and short-term funds	10,958,364	87,062	11,045,426
Loans, advances and financing	52,453,593	120,727	52,574,320
Other assets	2,231,758	(207,789)	2,023,969
Liabilities			
Deposits from customers	47,767,451	8,001,410	55,768,861
Deposits and placements of banks and other financial institutions	15,118,689	(8,001,410)	7,117,279
Income Statement for 31 March 2008			
Operating revenue	6,007,582	(14,900)	5,992,682
Interest income	3,783,729	(14,786)	3,768,943
Net income from Islamic banking business	517,185	(114)	517,071
Other operating expenses	(1,552,272)	15,373	(1,536,899)
Provision for foreclosed property	-	(473)	(473)

60. ISLAMIC BANKING BUSINESS

The state of affairs as at 31 March 2009 and the results for the year ended 31 March 2009 of the Islamic banking business of the Group and included in the financial statements, after elimination of intercompany transactions and balances, are summarised as follows:

BALANCE SHEET
AS AT 31 MARCH 2009

		Group	
	Note	2009 RM'000	2008 RM'000
ASSETS			
Cash and short-term funds	(ii)	**3,218,641**	1,921,662
Securities held-for-trading	(iii)	**203,863**	559,411
Securities available-for-sale	(iv)	**569,295**	-
Securities held-to-maturity	(v)	**36,710**	32,373
Financing and advances	(vi)	**9,810,477**	8,054,961
Statutory deposits with Bank Negara Malaysia		**86,079**	271,700
Other receivables, deposits and prepayments		**109,804**	92,154
Property and equipment	(vii)	**489**	536
Deferred tax assets		**99,191**	157,781
Computer software	(viii)	**565**	611
TOTAL ASSETS		**14,135,114**	11,091,189
LIABILITIES AND ISLAMIC BANKING FUNDS			
Deposits from customers	(ix)	**10,155,389**	6,917,573
Deposits and placements of banks and other financial institutions	(x)	**1,425,410**	1,636,439
Converted fund	(xi)	**7,240**	2,160
Acceptances payable		**612,567**	547,347
Other liabilities	(xii)	**208,235**	154,200
Subordinated Sukuk Musyarakah	28	**400,000**	400,000
Total Liabilities		**12,808,841**	9,657,719
ISLAMIC BANKING FUNDS			
Share capital/Capital funds	(xiii)	**435,877**	505,877
Reserves		**890,396**	927,593
Islamic Banking Funds		**1,326,273**	1,433,470
TOTAL LIABILITIES AND ISLAMIC BANKING FUNDS		**14,135,114**	11,091,189
COMMITMENTS AND CONTINGENCIES	(xxi)	**4,301,299**	6,111,742

60. ISLAMIC BANKING BUSINESS (CONTD.)

INCOME STATEMENT
FOR THE YEAR ENDED 31 MARCH 2009

	Note	Group 2009 RM'000	Group 2008 RM'000
Income derived from investment of depositors' funds and others	(xiv)	**809,625**	704,643
Allowance for losses on financing	(xv)	**(91,951)**	(138,061)
Provision for commitment and contingencies		**(11,978)**	-
Impairment loss for sundry debt		**(18)**	-
Transfer (to)/from profit equalization reserve		**(24,518)**	18,211
Total attributable income		**681,160**	584,793
Income attributable to the depositors	(xvi)	**(383,685)**	(364,313)
Profit attributable to the Group		**297,475**	220,480
Income derived from Islamic Banking Funds	(xvii)	**165,879**	195,994
Total net income		**463,354**	416,474
Operating expenditure	(xviii)	**(221,808)**	(205,045)
Finance cost		**(19,200)**	(19,253)
Profit before taxation and zakat		**222,346**	192,176
Taxation and zakat	(xix)	**(58,001)**	(73,116)
Profit after taxation and zakat		**164,345**	119,060

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2009

Group	Capital funds RM'000	Non-Distributable: Share premium RM'000	Non-Distributable: Statutory reserve RM'000	Non-Distributable: Available-for-sale reserve RM'000	Non-Distributable: Exchange fluctuation reserve RM'000	Distributable: Unappropriated profits RM'000	Total RM'000
At 1 April 2007	505,877	534,068	47,390	52	(343)	227,756	1,314,800
Transfer from unappropriated profits	-	-	43,049	-	-	(43,049)	-
Translation adjustments	-	-	-	-	(390)	-	(390)
Profit for the year	-	-	-	-	-	119,060	119,060
At 31 March 2008	505,877	534,068	90,439	52	(733)	303,767	1,433,470
At 1 April 2008	**505,877**	**534,068**	**90,439**	**52**	**(733)**	**303,767**	**1,433,470**
Transfer from unappropriated profits	**-**	**-**	**78,334**	**-**	**-**	**(78,334)**	**-**
Amount retained by AmInvestment Bank's conventional business	**(70,000)**	**-**	**-**	**-**	**-**	**(211,118)**	**(281,118)**
Unrealised net gain on revaluation of securities available-for-sale				**8,906**	**-**	**-**	**8,906**
Translation adjustments	**-**	**-**	**-**	**-**	**670**	**-**	**670**
Profit for the year	**-**	**-**	**-**	**-**	**-**	**164,345**	**164,345**
At 31 March 2009	**435,877**	**534,068**	**168,773**	**8,958**	**(63)**	**178,660**	**1,326,273**

The accompanying notes form an integral part of the Islamic banking business financial statements.

60. ISLAMIC BANKING BUSINESS (CONTD.)

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2009

	Group	
	2009 RM'000	2008 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	**222,346**	192,176
Add/(Less) adjustments for:		
Specific allowance for bad and doubtful financing	**108,429**	138,762
General allowance for bad and doubtful financing	**11,554**	15,443
Depreciation of property and equipment	**145**	120
Amortisation of computer software	**150**	90
Transfer to/(from) profit equalization reserve	**24,518**	(18,211)
Net gain from sale of securities held-for-trading	**(7,489)**	(22,141)
Loss on revaluation of securities held-for-trading	**3,958**	661
Net gain on disposal of securities held-to-maturity	**-**	(673)
Operating profit before working capital changes	**363,611**	306,227
(Increase)/Decrease in operating assets		
Deposit and placements with banks and other financial institutions	**-**	415,200
Securities held-for-trading	**359,080**	14,329
Financing and advances	**(1,875,499)**	(1,805,547)
Other receivables, deposits and prepayments	**(14,692)**	6,641
Statutory deposits with Bank Negara Malaysia	**185,621**	(8,200)
Increase/(Decrease) in operating liabilities		
Deposits from customers	**3,237,816**	1,821,648
Deposits and placements of banks and other financial institutions	**(211,029)**	(1,376,202)
Converted funds	**5,080**	(12,037)
Acceptances payable	**65,220**	100,733
Other liabilities	**28,320**	(75,733)
Cash generated from/(used in) operating activites	**2,143,528**	(612,941)
Taxation and zakat paid	**(503)**	(9,051)
Net cash generated from/(used in) operating activites	**2,143,025**	(621,992)
CASH FLOWS FROM INVESTING ACTIVITIES		
(Purchase)/Proceeds from disposal of securities - net	**(564,726)**	20,988
Purchase of property and equipment	**(98)**	(192)
Purchase of computer software	**(104)**	(636)
Net cash (used in)/generated from investing activities	**(564,928)**	20,160
CASH FLOWS FROM FINANCING ACTIVITIES		
Net capital funds transferred to conventional business	**(281,118)**	-
Net cash used in financing activities	**(281,118)**	-
Net increase/(decrease) in cash and cash equivalents	**1,296,979**	(601,832)
Cash and cash equivalents at beginning of year	**1,921,662**	2,523,494
Cash and cash equivalents at end of year	**3,218,641**	1,921,662

The accompanying notes form an integral part of the Islamic banking business financial statements.

NOTES TO THE ISLAMIC BANKING BUSINESS FINANCIAL STATEMENTS

i. ISLAMIC BANKING BUSINESS

Disclosure of Shariah Advisors

The Group's Islamic banking activities are subject to conformity with Shariah requirements and confirmation by the Shariah Advisors, Dr Amir Husin Mohd Nor, En. Adnan Bin Yusoff and Associate Professor Dr. Noor Naemah Abd. Rahman. The role and authority of the Shariah Advisors are as follows:

a. Advise and provide guidance on all matters pertaining to Shariah principles including product development, marketing and implementation activities.

b. Assist in the setting up of business and operational procedures with respect to compliance with Shariah principles.

Zakat Obligations

This represents business zakat. It is an obligatory amount payable by the Group to comply with the principles of Shariah. The Group does not pay zakat on behalf of the shareholders or depositors.

ii. CASH AND SHORT-TERM FUNDS

	Group	
	2009 RM'000	2008 RM'000
Cash and bank balances	**8,541**	2,802
Money on call and deposits maturing within one month:		
Other financial institutions	**3,210,100**	1,918,860
	3,218,641	1,921,662

iii. SECURITIES HELD-FOR-TRADING

	Group	
	2009 RM'000	2008 RM'000
At Fair Value		
Money Market Securities:		
Treasury bills	**-**	78,225
Malaysian Government Investment Certificates	**-**	35,221
Cagamas Bonds	**-**	2,091
Islamic Khazanah Bonds	**991**	-
Khazanah Bonds	**-**	13,502
Negotiable Islamic debt certificates	**-**	313,741
	991	442,780
Unquoted Private Debt Securities of Companies Incorporated In Malaysia:		
Islamic corporate bonds	**135,714**	86,697
Islamic corporate notes	**67,158**	29,934
	202,872	116,631
Total	**203,863**	559,411

iv. SECURITIES AVAILABLE-FOR-SALE

	Group	
	2009 RM'000	2008 RM'000
At Fair Value		
Securities Quoted In Malaysia:		
Corporate bonds	**569,295**	-

v. SECURITIES HELD-TO-MATURITY

	Group	
	2009 RM'000	2008 RM'000
At Amortised Cost		
Unquoted Private Debt Securities Of Companies Incorporated In Malaysia:		
Corporate bonds	**36,710**	32,373
Market/Indicative Value		
Unquoted Private Debt Securities Of Companies Incorporated In Malaysia:		
Corporate bonds	**35,458**	31,764

vi. FINANCING AND ADVANCES

	Group	
	2009 RM'000	**2008 RM'000**
Islamic hire purchase, net of unearned income	**5,283,928**	4,327,138
Term financing/Revolving credit facilities	**3,029,943**	2,309,469
Claims on customer under acceptance credits	**763,656**	686,376
Credit card receivables	**310,266**	303,280
Trust receipts	**31,828**	44,996
Other financing	**656,417**	692,092
Gross financing and advances	**10,076,038**	8,363,351
Allowance for bad and doubtful debts and financing		
-general	**(166,508)**	(154,954)
-specific	**(99,053)**	(153,436)
	(265,561)	(308,390)
Net financing and advances	**9,810,477**	8,054,961

Financing and advances analysed by concepts are as follows:

	Group	
	2009 RM'000	**2008 RM'000**
Al-Ijarah	**5,430,924**	4,326,730
Al-Bai' Bithaman Ajil	**1,177,304**	1,187,106
Al-Murabahah	**861,692**	834,492
Al-Musyarakah	**6**	17,418
Al-Wujuh	**-**	3,814
Al-Istina	**625**	1,398
Others	**2,605,487**	1,992,393
	10,076,038	8,363,351

The maturity structure of financing and advances are as follows:

	Group	
	2009 RM'000	**2008 RM'000**
Maturing within one year	**1,263,333**	1,327,084
One year to three years	**754,872**	1,086,567
Three to five years	**1,466,156**	883,627
Over five years	**6,591,677**	5,066,073
	10,076,038	8,363,351

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

	Group	
	2009 RM'000	**2008 RM'000**
Individuals	**7,801,363**	6,596,519
Business enterprises	**1,319,548**	1,031,057
Small medium industries	**946,981**	707,024
Government	**-**	21,311
Foreign entities	**4,040**	3,597
Other domestic entities	**-**	3,182
Non-bank financial institutions	**4,106**	661
	10,076,038	8,363,351

Financing and advances analysed by profit rate sensitivity are as follows:

	Group	
	2009 RM'000	**2008 RM'000**
Fixed rate:		
Housing finance	**381,353**	418,918
HP receivables	**5,430,921**	4,455,609
Others	**4,101,031**	3,422,933
Variable rate:		
Cost-plus	**160,720**	64,724
BLR-plus	**2,013**	1,167
	10,076,038	8,363,351

VI. FINANCING AND ADVANCES (CONTD.)

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

	Group	
	2009 RM'000	**2008 RM'000**
Purchase of transport vehicles	**5,349,678**	4,412,141
Purchase of landed properties:		
a. Residential	**383,048**	420,105
b. Non-residential	**213,184**	145,369
Personal use	**2,035,433**	1,702,103
Working capital	**1,216,669**	1,092,858
Credit cards	**309,379**	303,053
Fixed assets	**161,385**	126,277
Construction	**109,673**	27,467
Purchase of securities	**6,319**	9,416
Consumer durables	**124**	1,184
Other purpose	**291,146**	123,378
	10,076,038	8,363,351

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

	Group	
Gross	**2009 RM'000**	**2008 RM'000**
Balance at beginning of year	**305,321**	503,084
Non-performing during the year	**186,216**	206,068
Reclassification to performing financing	**(62,432)**	(103,518)
Recoveries	**(27,618)**	(70,877)
Amount written off	**(161,850)**	(229,436)
Balance at end of year	**239,637**	305,321
Specific allowance	**(99,053)**	(153,436)
Non-performing financing - net	**140,584**	151,885
Net NPL as % of gross financing and advances (including Islamic financing sold to Cagamas Berhad) less specific allowance	**1.29%**	1.51%

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

	Group	
	2009 RM'000	**2008 RM'000**
Purchase of transport vehicles	**120,820**	124,907
Purchase of landed properties:		
a. Residential	**58,008**	81,367
b. Non-residential	**14,277**	29,038
Working capital	**30,747**	24,847
Credit cards	**11,095**	10,580
Personal use	**496**	452
Fixed assets	**2,312**	7,203
Construction	**6**	21,878
Purchase of securities	**626**	913
Other purpose	**1,250**	4,136
	239,637	305,321

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

	Group	
	2009 RM'000	**2008 RM'000**
General Allowance		
Balance at beginning of year	**154,954**	139,511
Allowance made during the year	**11,554**	15,443
Balance at end of year	**166,508**	154,954
% of total financing and advances less specific allowance	**1.53%**	1.54%
Specific Allowance		
Balance at beginning of year	**153,436**	253,699
Allowance made during the year	**156,574**	217,276
Amount written back in respect of recoveries	**(48,145)**	(78,514)
Net charge to income statement	**108,429**	138,762
Amount written off/Adjustment to Asset Deficiency Account	**(162,812)**	(239,025)
Balance at end of year	**99,053**	153,436

vii. **PROPERTY AND EQUIPMENT**

Group	Leasehold Improvements RM'000	Computer hardware RM'000	Office equipment, furniture and fittings RM'000	Total RM'000
2009				
COST				
At beginning of year	**275**	**207**	**391**	**873**
Addition	**11**	**79**	**8**	**98**
Reclassification/Transfers	**-**	**127**	**(127)**	**-**
At end of year	**286**	**413**	**272**	**971**
ACCUMULATED DEPRECIATION				
At beginning of year	**99**	**74**	**164**	**337**
Addition	**49**	**72**	**24**	**145**
Reclassification/Transfers	**-**	**33**	**(33)**	**-**
At end of year	**148**	**179**	**155**	**482**
NET BOOK VALUE				
As at 31 March 2009	**138**	**234**	**117**	**489**
2008				
COST				
At beginning of year	245	631	287	1,163
Addition	30	58	104	192
Reclassification/Transfers	-	(482)	-	(482)
At end of year	275	207	391	873
ACCUMULATED DEPRECIATION				
At beginning of year	55	41	121	217
Addition	44	33	43	120
Reclassification/Transfers	-	-	-	-
At end of year	99	74	164	337
NET BOOK VALUE				
As at 31 March 2008	176	133	227	536

viii. **COMPUTER SOFTWARE**

	Group	
	2009 RM'000	2008 RM'000
COST		
At beginning of year	**709**	73
Additions	**104**	636
At end of year	**813**	709
ACCUMULATED AMORTISATION		
At beginning of year	**98**	8
Additions	**150**	90
At end of year	**248**	98
NET CARRYING AMOUNT	**565**	611

ix. DEPOSITS FROM CUSTOMERS

	Group	
	2009 RM'000	2008 RM'000
Mudarabah Fund		
Special Investment deposits	**44,850**	512,022
General Investment deposits	**8,251,739**	4,675,498
	8,296,589	5,187,520
Non-Mudarabah Fund		
Demand deposits	**645,865**	520,564
Saving deposits	**945,950**	801,381
Negotiable Islamic debt certificates	**266,985**	408,108
	1,858,800	1,730,053
	10,155,389	6,917,573

The maturity structure of deposits from customers is as follows:

	Group	
	2009 RM'000	2008 RM'000
Due within six months	**9,180,487**	6,035,112
Six months to one year	**525,255**	591,156
One year to three years	**379,264**	203,909
Three years to five years	**70,383**	87,396
	10,155,389	6,917,573

The deposits are sourced from the following types of customers:

	Group	
	2009 RM'000	2008 RM'000
Business enterprises	**4,765,935**	2,796,767
Government and statutory bodies	**2,914,913**	1,937,844
Individuals	**1,957,159**	1,622,719
Others	**517,382**	560,243
	10,155,389	6,917,573

x. DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

	Group	
	2009 RM'000	2008 RM'000
Mudarabah Fund		
Other financial institutions	**588,790**	356,492
Licensed investment/merchant banks	**-**	31,413
Non-Mudarabah Fund		
Licensed investment/merchant banks	**158,978**	662,466
Other financial institutions	**61,731**	33,195
Licensed banks	**198,258**	107,466
Licensed islamic banks	**414,224**	442,984
Bank Negara Malaysia	**3,429**	2,423
	1,425,410	1,636,439

xi. CONVERTED FUND

This represent funds transferred from non-Islamic banking business to Islamic banking business for funding purposes at commercial terms.

xii. OTHER LIABILITIES

	Group	
	2009 RM'000	2008 RM'000
Other payables and accruals	**130,875**	105,075
Taxation and zakat payable	**7,930**	6,581
Amount owing to head office	**401**	68
Lease deposits and advance rentals	**6,867**	4,869
Profit equalisation reserve	**62,162**	37,607
	208,235	154,200

xii. OTHER LIABILITIES (CONTD.)

The movements in profit equalisation reserve are as follows:

	Group	
	2009 RM'000	**2008 RM'000**
Balance at beginning of year	**37,607**	55,837
Transfer from/(to) income statements	**24,518**	(18,211)
Exchange fluctuation adjustments	**37**	(19)
Balance at end of year	**62,162**	37,607

xiii. CAPITAL FUNDS

	Group	
	2009 RM'000	**2008 RM'000**
Allocated:		
Balance at beginning and end of year	**563,381**	563,381
Utilised:		
Balance at beginning of year	**505,877**	505,877
Amount retained by AmInvestment Bank conventional business	**(70,000)**	-
Balance at end of year	**435,877**	505,877

xiv. INCOME DERIVED FROM INVESTMENT OF DEPOSITORS' FUNDS AND OTHERS

	Group	
	2009 RM'000	**2008 RM'000**
Income derived from investment of:		
i. General investment deposits	**477,791**	348,623
ii. Specific investment deposits	**211**	360
iii. Other deposits	**331,623**	355,660
	809,625	704,643

i. Income derived from investment of general investment deposits:

	Group	
	2009 RM'000	**2008 RM'000**
Finance income and hibah:		
Financing and advances	**403,011**	279,414
Securities held-for-trading	**7,603**	7,772
Securities available-for-sale	**-**	162
Securities held-to-maturity	**1,063**	2,275
Money at call and deposits with financial institutions	**39,554**	42,797
	451,231	332,420
Accretion of discount	**2,004**	269
	453,235	332,689
Net gain/(loss) from sale of securities held-for-trading	**3,347**	(136)
Net gain from disposal of securities held-to-maturity	**-**	260
Loss on revaluation of securities-held-for-trading	**(1,989)**	(172)
Others	**258**	(50)
	1,616	(98)
Fee and commission income:		
Commission	**4,184**	2,379
Other fee income	**18,756**	13,653
	22,940	16,032
Total	**477,791**	348,623

ii. Income derived from investment of specific investment deposits:

	Group	
	2009 RM'000	**2008 RM'000**
Finance income and hibah:		
Securities available-for-sale	**-**	95
Securities held-to-maturity	**211**	265
	211	360

XIV. INCOME DERIVED FROM INVESTMENT OF DEPOSITORS' FUNDS AND OTHERS (CONTD.)

iii. Income derived from investment of other deposits:

	Group	
	2009 RM'000	2008 RM'000
Finance income and hibah:		
Financing and advances	**280,024**	307,179
Securities held-for-trading	**5,379**	2,775
Securities held-to-maturity	**-**	630
Money at call and deposits with financial institutions	**27,766**	27,387
	313,169	337,971
Accretion of discount	**1,392**	297
	314,561	338,268
Net gain/(loss) from sale of securities held-for-trading	**2,325**	(150)
Loss on revaluation of securities-held-for-trading	**(1,382)**	(400)
Net gain from disposal of securities held-to-maturity	**-**	287
Others	**180**	(55)
	1,123	(318)
Fee and commission income:		
Commission	**2,907**	2,628
Other fee income	**13,032**	15,082
	15,939	17,710
Total	**331,623**	355,660

xv. ALLOWANCE FOR LOSSES ON FINANCING

	Group	
	2009 RM'000	2008 RM'000
Allowance for bad and doubtful financing:		
- general allowance	**11,554**	15,443
- specific allowance (net)	**108,429**	138,762
	119,983	154,205
Bad debts recovered	**(28,032)**	(16,144)
	91,951	138,061

xvi. INCOME ATTRIBUTABLE TO THE DEPOSITORS

	Group	
	2009 RM'000	2008 RM'000
Deposits from customers		
- Mudarabah Fund	**230,017**	162,561
- Non-Mudarabah Fund	**29,469**	27,198
Deposits and placements of banks and other financial institutions		
- Mudarabah Fund	**14,321**	30,968
- Non-Mudarabah Fund	**43,267**	40,658
Converted fund	**118**	303
Others	**66,493**	102,625
	383,685	364,313

xvii. INCOME DERIVED FROM ISLAMIC BANKING FUNDS

	Group	
	2009 RM'000	2008 RM'000
Finance income and hibah:		
Financing and advances	**119,063**	134,940
Securities held-for-trading	**2,574**	3,619
Securities available-for-sale	**12,685**	23
Securities held-to-maturity	**220**	533
Money at call and deposits with financial institutions	**12,738**	20,214
	147,280	159,329
Accretion of discount	**472**	130
	147,752	159,459
Net gain from sale of securities held-for-trading	**1,817**	22,427
Net gain from disposal of securities available-for-sale	**2,307**	
Net gain from disposal of securities held-to-maturity	**-**	126
Loss on revaluation of securities-held-for-trading	**(587)**	(89)
Others	**76**	(24)
	3,613	22,440
Fee and commission income:		
Guarantee fees	**1,716**	1,437
Commission	**1,236**	1,150
Other fee income	**11,562**	11,508
	14,514	14,095
Total	**165,879**	195,994

xviii. OPERATING EXPENDITURE

	Group	
	2009 RM'000	2008 RM'000
Personnel costs	**9,448**	8,882
Establishment costs	**2,279**	1,694
Marketing and communication expenses	**6,660**	7,000
Administration and general expenses	**203,421**	187,469
	221,808	205,045

xix. TAXATION AND ZAKAT

	Group	
	2009 RM'000	2008 RM'000
Estimated current tax payable	**1,336**	6,580
Transfer from deferred tax assets (Note xx)	**55,633**	65,935
Taxation	**56,969**	72,515
Zakat	**1,032**	601
Taxation and zakat	**58,001**	73,116

xx. DEFERRED TAX ASSETS

	Group	
	2009 RM'000	2008 RM'000
Balance at beginning of year	**157,781**	223,716
Net transfer to income statement	**(55,633)**	(65,935)
Recognised in equity	**(2,957)**	-
Balance at end of year	**99,191**	157,781
The deferred taxation is in respect of the following:		
Unabsorbed tax losses	**59,570**	123,082
General allowance for financing activites	**41,627**	38,739
Profit equalisation reserve	**15,483**	9,342
Temporary difference between depreciation and tax allowence	**(187)**	(142)
Temporary difference arising from unrealised loss on securities available-for-sale	**(2,957)**	-
Others	**(14,345)**	(13,240)
	99,191	157,781

xxi. COMMITMENTS AND CONTINGENCIES

In the normal course of business, the Islamic banking business of the Group 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. The commitments and contingencies are not secured against the Group's assets.

As at 31 March 2009, the commitments and contingencies outstanding are as follows:

	2009			2008		
Group	Principal Amount RM'000	Credit Equivalent Amount RM'000	Risk Weighted Amount RM'000	Principal Amount RM'000	Credit Equivalent Amount RM'000	Risk Weighted Amount RM'000
Commitments						
Irrevocable commitments to extend credit maturing:						
within one year	**1,508,291**	**-**	**-**	1,267,700	238,540	235,039
more than one year	**259,804**	**10,433**	**24,083**	331,014	165,507	136,579
Unutilised credit card line	**505,845**	**101,169**	**75,602**	551,454	110,291	82,365
Sale and buy back agreements	**155,560**	**212**	**206**	1,216,782	1,216,782	879,744
	2,429,500	**111,814**	**99,891**	3,366,950	1,731,120	1,333,727
Contingent Liabilities						
Islamic revolving underwriting facilities	**399,000**	**199,500**	**199,500**	337,000	168,500	168,500
Certain transaction-related contingent items	**182,317**	**91,159**	**91,659**	80,340	40,170	40,170
Financing sold to Cagamas Bhd	**874,067**	**874,067**	**663,997**	1,863,857	1,863,857	1,404,403
Short-term self liquidating trade-related contingencies	**55,734**	**11,147**	**11,147**	72,577	14,515	14,497
Al-Kafalah guarantees	**328,104**	**328,104**	**328,104**	386,043	386,043	361,879
Others	**32,577**	**-**	**-**	4,975	-	-
	1,871,799	**1,503,977**	**1,294,407**	2,744,792	2,473,085	1,989,449
	4,301,299	**1,615,791**	**1,394,298**	6,111,742	4,204,205	3,323,176

With effect from 1 January 2008, the credit equivalent and risk-weighted amount are in accordance with Bank Negara Malaysia's revised Risk-Weighted Capital Adequacy Framework: Standardised Approach (Basel II).

xxii. YIELD/PROFIT RATE RISK

The following table shows the effective profit rates at the balance sheet date and the periods in which the financial instruments reprice or mature, whichever is earlier.

	Non Trading Book									
Group	Up to 1 month RM'000	>1 - 3 months RM'000	>3 - 6 months RM'000	>6 - 12 months RM'000	1 - 5 years RM'000	Over 5 years RM'000	Non-yield/ profit sensitive RM'000	Trading Book RM'000	Total RM'000	Effective profit rate %
2009										
ASSETS										
Cash and short-term funds	3,210,100	-	-	-	-	-	8,541	-	3,218,641	2.10
Securities held-for-trading	-	-	-	-	-	-	-	203,863	203,863	4.62
Securities available-for-sale	-	7,384	9,286	31,760	336,935	183,930	-	-	569,295	2.22
Securities held-to-maturity	-	36,455	-	-	-	-	255	-	36,710	3.03
Financing and advances										
- performing	762,591	440,423	(245,620)	86,593	2,019,866	6,772,547	-	-	9,836,400	7.88
- non-performing*	-	-	-	-	-		(25,923)	-	(25,923)	-
Other non-profit sensitive balances	-	-	-	-	-	-	296,128	-	296,128	-
TOTAL ASSETS	3,972,691	484,262	(236,334)	118,353	2,356,801	6,956,477	279,001	203,863	14,135,114	
LIABILITIES AND ISLAMIC BANKING FUNDS										
Deposits from customers	5,000,417	2,294,215	1,239,990	525,255	449,647	-	645,865	-	10,155,389	2.46
Deposits and placements of banks and other financial institutions	469,588	297,622	293,707	166,528	192,778	-	5,187	-	1,425,410	3.03
Converted fund	7,240	-	-	-	-	-	-	-	7,240	1.02
Acceptances payable	220,903	281,824	109,840	-	-	-	-	-	612,567	2.00
Subordinated Sukuk Musyarakah	-	-	-	-	400,000	-	-	-	400,000	4.80
Other non-profit sensitive balances	-	-	-	-	-	-	208,235	-	208,235	-
Total liabilities	5,698,148	2,873,661	1,643,537	691,783	1,042,425	-	859,287	-	12,808,841	
Islamic Banking Funds	-	-	-	-	-	-	1,326,273	-	1,326,273	
TOTAL LIABILITIES AND ISLAMIC BANKING FUNDS	5,698,148	2,873,661	1,643,537	691,783	1,042,425	-	2,185,560	-	14,135,114	
On-balance sheet yield/ profit rate gap sensitivity	(1,725,457)	(2,389,399)	(1,879,871)	(573,430)	1,314,376	6,956,477	(1,906,559)	203,863	-	
Off-balance sheet yiled/ profit rate gap sensitivity	-	-	-	-	-	-	-	-	-	
Total yield/profit rate sensitivity gap	(1,725,457)	(2,389,399)	(1,879,871)	(573,430)	1,314,376	6,956,477	(1,906,559)	203,863	-	
Cumulative yield/profit rate gap sensitivity	(1,725,457)	(4,114,856)	(5,994,727)	(6,568,157)	(5,253,781)	1,702,696	(203,863)	-	-	

xxii. YIELD/PROFIT RATE RISK (contd.)

Group	Non Trading Book Up to 1 month RM'000	>1 - 3 months RM'000	>3 - 6 months RM'000	>6 - 12 months RM'000	1 - 5 years RM'000	Over 5 years RM'000	Non-yield/ profit sensitive RM'000	Trading Book RM'000	Total RM'000	Effective profit rate %
2008										
ASSETS										
Cash and short-term funds	1,918,862	-	-	-	-	-	2,800	-	1,921,662	3.57
Securities held-for-trading	-	-	-	-	-	-	-	559,411	559,411	4.19
Securities held-to-maturity	-	32,373	-	-	-	-	-		32,373	5.68
Financing and advances										
- performing	487,922	335,401	45,374	(361,227)	1,568,823	5,981,737	-	-	8,058,030	7.85
- non-performing*	-	-	-	-	-		(3,069)	-	(3,069)	-
Other non-profit sensitive balances	-	-	-	-	-	-	522,782	-	522,782	-
TOTAL ASSETS	2,406,784	367,774	45,374	(361,227)	1,568,823	5,981,737	522,513	559,411	11,091,189	
LIABILITIES AND ISLAMIC BANKING FUNDS										
Deposits from customers	3,485,078	1,200,561	828,909	591,156	291,305	-	520,564	-	6,917,573	2.96
Deposits and placements of banks and other financial institutions	240,081	216,014	236,676	595,816	343,749	-	4,103	-	1,636,439	3.63
Converted fund	2,160	-	-	-	-	-	-	-	2,160	3.34
Acceptances payable	178,556	258,988	109,803						547,347	3.58
Subordinated Sukuk Musyarakah	-	-	-	-	400,000	-	-	-	400,000	4.80
Other non-profit sensitive balances	-	-	-	-	-	-	154,200	-	154,200	-
Total liabilities	3,905,875	1,675,563	1,175,388	1,186,972	1,035,054		678,867	-	9,657,719	
Islamic Banking Funds	-	-	-	-	-	-	1,433,470	-	1,433,470	
TOTAL LIABILITIES AND ISLAMIC BANKING FUNDS	3,905,875	1,675,563	1,175,388	1,186,972	1,035,054	-	2,112,337	-	11,091,189	
On-balance sheet yield/ profit rate gap sensitivity	(1,499,091)	(1,307,789)	(1,130,014)	(1,548,199)	533,769	5,981,737	(1,589,824)	559,411	-	
Off-balance sheet yiled/ profit rate gap sensitivity	(940,401)	(217,662)	51,098	3,421	845,385	258,159	-	-	-	
Total yield/profit rate sensitivity gap	(2,439,492)	(1,525,451)	(1,078,916)	(1,544,778)	1,379,154	6,239,896	(1,589,824)	559,411	-	
Cumulative yield/profit rate gap sensitivity	(2,439,492)	(3,964,943)	(5,043,859)	(6,588,637)	(5,209,483)	1,030,413	(559,411)	-	-	

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

xxiii. FAIR VALUE OF ISLAMIC BANKING BUSINESS FINANCIAL INSTRUMENTS

The estimated fair values of the Group Islamic banking business financial instruments are as follows:

Group	2009 Carrying Value RM'000	2009 Fair Value RM'000	2008 Carrying Value RM'000	2008 Fair Value RM'000
Financial Assets				
Cash and short-term funds	**3,218,641**	**3,218,641**	1,921,662	1,921,662
Securities held-for-trading	**203,863**	**203,863**	559,411	559,411
Securities available-for-sale	**569,295**	**569,295**	-	-
Securities held-to-maturity	**36,710**	**35,458**	32,373	31,764
Financing and advances	**9,976,985**	**10,357,357**	8,209,915	8,572,058
Other financial assets	**109,804**	**109,804**	92,154	92,154
	14,115,298	**14,494,418**	10,815,515	11,177,049
Non-financial assets	**19,816**		275,674	
TOTAL ASSETS	**14,135,114**		11,091,189	
Financial Liabilities				
Deposits from customers	**10,155,389**	**10,181,045**	6,917,573	6,929,155
Deposits and placements of banks and other financial insitutions	**1,425,410**	**1,402,044**	1,636,439	1,640,484
Converted fund	**7,240**	**7,240**	2,160	2,160
Acceptances payable	**612,567**	**612,567**	547,347	547,347
Subordinated Sukuk Musyarakah	**400,000**	**456,142**	400,000	432,061
Other financial liabilities	**138,143**	**145,439**	110,012	110,012
	12,738,749	**12,804,477**	9,613,531	9,661,219
Non-financial liabilities				
Other non-financial liabilities	**70,092**		44,188	
Islamic Banking Funds	**1,326,273**		1,433,470	
	1,396,365		1,477,658	
TOTAL LIABILITIES AND ISLAMIC BANKING FUNDS	**14,135,114**		11,091,189	

* The general allowance for the Group amounting to RM166,508,000 (RM154,954,000 as at 31 March 2008) has been included under non-financial assets.

xxiv. NET INCOME FROM ISLAMIC BANKING BUSINESS

For consolidation with the conventional business, net income from Islamic banking business comprises the following items:

	Group	
	2009 RM'000	2008 RM'000
Income derived from investment of depositors' funds and others	**809,625**	704,643
Less : Income attributable to depositors	**(383,685)**	(364,313)
Income attributable to the Group	**425,940**	340,330
Income derived from Islamic Banking Funds	**165,879**	195,994
Less : Finance cost	**(19,200)**	(19,253)
	572,619	517,071

xxv. CAPITAL ADEQUACY RATIO

a. The aggregated capital adequacy ratios under the Islamic banking business of the Group as at 31 March are as follows:

	Group	
	2009 RM'000	2008 RM'000
Before deducting proposed dividend:		
Core capital ratio	**11.39%**	12.08%
Risk-weighted capital ratio	**16.70%**	17.34%
After deducting proposed dividend:		
Core capital ratio	**11.39%**	12.08%
Risk-weighted capital ratio	**16.70%**	17.34%

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

b. The aggregated components of Tier I and Tier II Capital of the Islamic banking business of the Group are as follows:

	Group	
	2009 RM'000	2008 RM'000
Tier 1 capital		
Paid-up ordinary share capital	**435,877**	505,877
Share premium	**534,068**	534,068
Statutory reserve	**168,773**	90,439
Exchange fluctuation reserve	**-**	(733)
Unappropriated profit at end of year	**178,032**	303,767
Total tier 1 capital	**1,316,750**	1,433,418
Less: Deferred tax assets - net	**(102,161)**	(157,781)
Total	**1,214,589**	1,275,637
Tier 2 capital		
Subordinated Sukuk Musyarakah	**400,000**	400,000
General allowance for bad and doubtful financing	**166,508**	154,954
Total tier 2 capital	**566,508**	554,954
Capital base	**1,781,097**	1,830,591

The breakdown of risk-weighted assets of the Islamic banking business of the Group in the various risk categories are as follows:

	Group	
	2009 RM'000	2008 RM'000
Credit risk	**9,476,490**	8,774,188
Market risk	**237,786**	901,704
Operational risk	**949,499**	880,132
	10,663,775	10,556,024

XXV. CAPITAL ADEQUACY RATIO (CONTD.)

c. The aggeregated breakdown of risk-weighted assets ("RWA") by exposures in each major risk category of the Islamic banking business of the Group for the current financial year are as follows:

2009
Group

Exposure Class

		Gross Exposures RM'000		Net Exposures RM'000	Risk Weighted Assets RM'000	Capital Requirements RM'000
1.	**Credit Risk**					
	On-Balance Sheet Exposures					
	Sovereigns/Central Banks	3,087,200		3,087,200	-	-
	Public Sector Entities ("PSEs")	25,561		25,561	5,112	409
	Banks, Development Financial Institutions ("DFI") & Multilateral Development Banks ("MDBs") Insurance Companies, Securities Firms & Fund Managers	349,504		349,504	87,356	6,988
	Corporates	2,534,177		2,501,759	2,128,768	170,302
	Regulatory Retail	7,679,664		7,674,713	5,749,139	459,931
	Residential Mortgages	154,919		154,872	63,758	5,101
	Other Assets	44,689		44,689	33,119	2,650
	Defaulted Exposures	176,861		176,680	227,844	18,227
	Total for On- Balance Sheet Exposures	14,052,575		14,014,978	8,295,096	663,608
	Off-Balance Sheet Exposures					
	Credit Derivatives	212		212	206	17
	Off balance sheet exposures other than over the counter derivatives or credit derivatives	1,421,100		1,398,577	1,181,188	94,495
	Total for Off- Balance Sheet Exposures [Note xxv (e)]	1,421,312		1,398,789	1,181,394	94,512
	Total On and Off- Balance Sheet Exposures	15,473,887		15,413,767	9,476,490	758,120
2.	**Large Exposures Risk Requirement**					
3.	**Market Risk**	**Long Position**	**Short Position**			
	Profit rate risk					
	- General interest rate risk	770,071	53,563		160,198	12,816
	- Specific interest rate risk	304,537	-		21,419	1,714
	Foreign exchange risk	1,294	-		1,294	104
	Options	399,000	-		54,875	4,390
	Total	1,474,902	53,563		237,786	19,024
4.	Operational Risk				949,499	75,959
5.	Total RWA and Capital Requirements				10,663,775	853,103

The Group does not have any issuances of Profit-Sharing Investment Account ("PSIA") used as a risk absorbent.

d. The aggregated breakdown of credit risk exposures by risk weights of the Islamic banking business of the Group for the current financial year are as follows:

2009
Group

Risk Weights	Exposures after Netting and Credit Risk Mitigation												Total Exposures after Netting & Credit Risk Mitigation	Total Risk Weighted Assets
	Sovereigns & Central Banks	PSEs	Banks, MDBs and DFIs	Insurance Cos, Securities Firms & Fund Managers	Corporates	Regulatory Retail	Residential Mortgages	Higher Risk Assets	Other Assets	Specialised Financing / Investment	Securitisation	Equity		
0%	3,087,200	-	-	-	-	-	-	-	4,703	-	-	-	3,091,903	-
20%	-	25,593	291,322	-	409,685	-	-	-	3,818	-	-	-	730,418	146,083
35%	-	-	-	-	-	-	91,042	-	-	-	-	-	91,042	31,865
50%	-	-	58,194	-	53,283	15,901	65,516	-	-	-	-	-	192,894	96,446
75%	-	-	-	-	-	8,650,287	-	-	-	-	-	-	8,650,287	6,487,716
100%	-	-	-	129	2,468,804	16,490	13,695	-	43,787	-	-	-	2,542,905	2,542,905
150%	-	-	-	-	23,780	94,181	-	3,977	(7,621)	-	-	-	114,317	171,475
Average Risk Weight											-		-	-
Total	3,087,200	25,593	349,516	129	2,955,552	8,776,859	170,253	3,977	44,687	-	-	-	15,413,766	9,476,490
Deduction from Capital Base	-	-	-	-	-	-	-	-	-	-	-	-	-	

XXV. CAPITAL ADEQUACY RATIO (CONTD.)

e. The Off-Balance Sheet exposures and their related counterparty credit risk of the Islamic banking business of the Group are as follows:

Group	2009 Principal Amount RM'000	Credit Equivalent Amount RM'000	Risk Weighted Assets RM'000
Credit -Related Exposures			
Al-Kafalah guarantees	328,104	328,104	314,700
Certain transaction-related contingent items	182,317	91,159	91,659
Islamic revolving underwriting facilities	-	-	-
Short term self liquidating trade-related contingencies	55,734	11,147	11,147
Financing sold to Cagamas Bhd	879,088	879,088	663,997
Irrevocable commitments to extend credit maturing:			
- within one year	1,508,291	-	-
- more than one year	259,804	10,433	24,083
Unutilised credit card line	505,845	101,169	75,602
Sale and buy back agreements	153,300	212	206
Others	32,577	-	-
Total	3,905,060	1,421,312	1,181,394

<-----------Note xxv (c)------------>

xxvi. RESTATEMENT OF COMPARATIVES

The Group had reviewed and changed the presentation of certain balances as follows:

a. credit card receivables under instalment payment scheme which were previously classified under Other Assets have been reclassified as part of financing and advances.

b. deposits for certain depositors which were previously classified under Deposits and placements of banks and other financial institutions have been reclassified as part of Deposits from customers.

c. certain incidental expenses which were incurred in the acquisition of house financing and commercial property financing and were previously taken up under Operating expenditure are now deducted against income earned from the said financing.

The above classifications are to conform with current year presentation which better reflects the nature of the items.

Group	As previously reported RM'000	Effect of reclassification RM'000	As restated RM'000
Balance Sheet as at 31 March 2008			
Assets			
Financing and advances	8,019,646	35,315	8,054,961
Other assets	127,469	(35,315)	92,154
Liabilities			
Deposits from customers	5,872,599	1,044,974	6,917,573
Deposits and placements of banks and other financial institutions	2,681,413	(1,044,974)	1,636,439
Income Statement for 31 March 2008			
Income derived from investment ofdepositors' funds and others	704,757	(114)	704,643
Operating expenditure	(205,159)	114	(205,045)

Sara and Danial's education
Our new home
Our new MPV
My parents' massage chair
Our Gold Coast holiday
My golf club membership
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