

**AMMB HOLDINGS BERHAD**  
**(223035-V) (Incorporated in Malaysia)**  
**and its subsidiary companies**  
**UNAUDITED CONSOLIDATED BALANCE SHEET**  
**AS AT 31 DECEMBER 2007**

	Note	The Group	
		31.12.07 RM'000	31.3.07 RM'000
<b>ASSETS</b>			
Cash and short-term funds		10,270,444	10,593,220
Securities purchased under resale agreements		653,876	501,431
Deposits and placements with banks and other financial institutions		240,260	1,639,857
Securities held-for-trading	A8	6,946,979	6,918,905
Securities available-for-sale	A9	2,218,675	1,855,529
Securities held-to-maturity	A10	1,325,694	2,312,570
Derivative financial assets		214,143	380,742
Loans, advances and financing	A11	50,582,239	47,610,755
Other assets	A12	1,665,236	2,152,286
Statutory deposits with Bank Negara Malaysia		1,823,173	1,807,058
Investments in associated companies		1,301	1,754
Prepaid land lease payment		7,099	7,156
Property and equipment		228,818	234,000
Life fund assets		1,652,760	1,458,908
Deferred tax assets		699,922	901,258
Intangible assets		600,710	588,442
<b>TOTAL ASSETS</b>		<b>79,131,329</b>	<b>78,963,871</b>
<b>LIABILITIES AND EQUITY</b>			
Deposits from customers	A13	46,289,830	42,381,662
Deposits and placements of banks and other financial institutions	A14	15,786,716	17,441,339
Derivative financial liabilities		259,559	451,755
Obligations on securities sold under repurchase agreements		-	3,140,243
Bills and acceptances payable		1,454,896	1,461,577
Recourse obligations on loans sold to Cagamas Berhad		264,366	755,061
Other liabilities	A15	3,137,694	3,125,060
Term loans		310,651	309,680
Subordinated term loans		460,000	460,000
Redeemable unsecured bonds		1,175,000	1,322,795
Converting preference shares		41,657	-
Unsecured exchangeable bonds		575,000	-
Hybrid capital		659,114	666,474
Life fund liabilities		188,537	172,281
Life policyholder funds		1,464,223	1,286,627
Total Liabilities		<b>72,067,243</b>	<b>72,974,554</b>
Share capital		2,662,192	2,130,565
Reserves		3,136,260	2,657,236
Equity attributable to equity holders of the Company		5,798,452	4,787,801
Minority interests		1,265,634	1,201,516
Total Equity		<b>7,064,086</b>	<b>5,989,317</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>79,131,329</b>	<b>78,963,871</b>

**AMMB HOLDINGS BERHAD**  
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**and its subsidiary companies**  
**UNAUDITED CONSOLIDATED BALANCE SHEET**  
**AS AT 31 DECEMBER 2007 (CONTD.)**

	Note	The Group	
		31.12.07 RM'000	31.3.07 RM'000
<b>COMMITMENTS AND CONTINGENCIES</b>	A25	55,737,809	48,568,133
<b>CAPITAL ADEQUACY RATIO</b>	A29		
Core capital ratio		9.75%	8.72%
Risk-weighted capital ratio		14.26%	12.61%
<b>NET ASSETS PER ORDINARY SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY (RM)</b>		2.63	2.25
<b>NET ASSETS PER ORDINARY SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY AFTER DEDUCTING THE NOMINAL AMOUNT AND EQUITY COMPONENT OF THE CONVERTING PREFERENCE SHARES (RM)</b>		2.42	2.25

The Consolidated Balance Sheet should be read in conjunction with the Annual Financial Report for the year ended 31 March 2007.

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

**UNAUDITED CONSOLIDATED INCOME STATEMENTS**  
**FOR THE FINANCIAL QUARTER ENDED 31 DECEMBER 2007**

The Group	Note	Individual Quarter		Cumulative Quarter	
		31.12.07 RM'000	31.12.06 RM'000	31.12.07 RM'000	31.12.06 RM'000
Revenue		1,728,839	1,595,678	4,852,383	4,344,522
Interest income	A16	1,103,981	961,220	3,093,675	2,783,075
Interest expense	A17	(631,307)	(611,106)	(1,895,254)	(1,737,309)
Net interest income		472,674	350,114	1,198,421	1,045,766
Net income from Islamic banking business		123,651	134,162	380,413	375,554
Other operating income	A18	327,834	371,155	998,681	847,038
Net income		924,159	855,431	2,577,515	2,268,358
Other operating expenses	A19	(414,550)	(334,220)	(1,163,475)	(999,591)
Operating profit		509,609	521,211	1,414,040	1,268,767
Allowance for losses on loans and financing	A20	(95,644)	(268,520)	(446,075)	(585,654)
Impairment loss on:					
Securities		(83,734)	(16,126)	(97,258)	(96,351)
Amount recoverable under asset-backed securitisation transaction		-	-	(7,000)	-
Assets acquired in exchange of debts		-	-	(72)	(936)
Transfer (to)/from profit equalisation reserve		(1,849)	14,012	26,287	34,452
Allowance for doubtful sundry receivables - net		(2,713)	(3,555)	(4,400)	(9,710)
Writeback of provision for commitments and contingencies		-	7	299	325
Profit before share in results of associated companies		325,669	247,029	885,821	610,893
Share in results of associated companies		-	-	-	1,043
Profit before taxation		325,669	247,029	885,821	611,936
Taxation	B5	(84,668)	(82,398)	(298,643)	(215,958)
<b>Profit for the period</b>		<b>241,001</b>	<b>164,631</b>	<b>587,178</b>	<b>395,978</b>
Attributable to:					
Equity holders of the Company		197,848	97,174	451,049	269,097
Minority interests		43,153	67,457	136,129	126,881
Profit for the period		241,001	164,631	587,178	395,978
<b>EARNINGS PER SHARE (SEN)</b>	B13				
Basic		8.50	4.56	19.81	12.63
Fully diluted		8.25	4.48	19.23	12.40

The Consolidated Income Statements should be read in conjunction with the Annual Financial Report for the year ended 31 March 2007

**AMMB HOLDINGS BERHAD**  
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**UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE FINANCIAL QUARTER ENDED 31 DECEMBER 2007**

The Group	Attributable to Equity Holders of the Company						Total RM'000	Minority interests RM'000	Total equity RM'000
	Ordinary share capital RM'000	Non- Distributable			Distributable				
		Share premium RM'000	Statutory reserve RM'000	Available-for- sale reserve RM'000	Exchange fluctuation reserve RM'000	Unappropriated profits RM'000			
<b>At 1 April 2006</b>									
As previously stated	2,130,534	791,550	1,000,417	9,713	15,736	1,199,136	5,147,086	1,108,820	6,255,906
Prior year adjustments	-	-	-	-	-	(7,558)	(7,558)	-	(7,558)
At 1 April 2006 (restated)	2,130,534	791,550	1,000,417	9,713	15,736	1,191,578	5,139,528	1,108,820	6,248,348
Net unrealised gain on revaluation of securities available-for-sale	-	-	-	25,450	-	-	25,450	-	25,450
Exchange fluctuation adjustments	-	-	-	-	(2,042)	-	(2,042)	-	(2,042)
Net income/(expense) recognised directly in equity	-	-	-	25,450	(2,042)	-	23,408	-	23,408
Profit for the period	-	-	-	-	-	269,097	269,097	126,881	395,978
Total recognised net income/(expense) for the period	-	-	-	25,450	(2,042)	269,097	292,505	126,881	419,386
Arising from restricted offer for sale of AmFirst REIT^^	-	-	-	-	-	(12,783)	(12,783)	-	(12,783)
Issue of shares pursuant to exercise of Warrants 2003/2008	31	38	-	-	-	-	69	-	69
Arising from subscription for shares in AmPrivate Equity Sdn Bhd	-	-	-	-	-	-	-	300	300
Arising from acquisition of AmARA REIT Holdings Sdn Bhd	-	-	-	-	-	-	-	300	300
Disposal of shares in P.T.AmCapital Indonesia	-	-	-	-	-	-	-	(822)	(822)
Dividends paid	-	-	-	-	-	(76,699)	(76,699)	(65,353)	(142,052)
<b>At 31 December 2006</b>	<b>2,130,565</b>	<b>791,588</b>	<b>1,000,417</b>	<b>35,163</b>	<b>13,694</b>	<b>1,371,193</b>	<b>5,342,620</b>	<b>1,170,126</b>	<b>6,512,746</b>

^^ This relates to the remaining RM0.15 per AmFirst Real Estate Investment Trust ("AmFirst REIT") paid for in cash by the Company pursuant to the Proposed Restricted Offer for Sale of AmFirst REIT.

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(223035-V) (Incorporated in Malaysia)  
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**UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
FOR THE FINANCIAL QUARTER ENDED 31 DECEMBER 2007**

The Group	Attributable to Equity Holders of the Company									
	Non-Distributable						Distributable			
	Ordinary 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	Unappropriated profits RM'000	Total RM'000	Minority interests RM'000	Total equity RM'000
<b>At 1 April 2007</b>										
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	-	-	-	-	27,466	-	-	27,466	-	27,466
Transfer from unappropriated profits	-	-	-	-	-	-	-	-	-	-
Exchange fluctuation adjustments	-	-	-	-	-	(7,868)	-	(7,868)	-	(7,868)
Net income recognised directly in equity	-	-	-	-	27,466	(7,868)	-	19,598	-	19,598
Profit for the period	-	-	-	-	-	-	451,049	451,049	136,129	587,178
Total recognised net income for the year	-	-	-	-	27,466	(7,868)	451,049	470,647	136,129	606,776
Issue of converting preference shares ^	-	458,343	-	-	-	-	-	458,343	-	458,343
Issue of shares pursuant to exercise of :										
- Warrants 1997/2007	-*	-	-*	-	-	-	-	-	-	-
- Warrants 2003/2008	73,284	-	87,208	-	-	-	-	160,492	-	160,492
Arising from subscription for shares in AmPrivate Equity Sdn Bhd	-	-	-	-	-	-	-	-	2,280	2,280
Arising from disposal of shares in Malaysian Ventures Management Incorporated Sdn Bhd	-	-	-	-	-	-	-	-	(277)	(277)
Proposed dividends	-	-	-	-	-	-	(78,831)	(78,831)	(74,014)	(152,845)
<b>At 31 December 2007</b>	<b>2,203,849</b>	<b>458,343</b>	<b>878,796</b>	<b>1,107,757</b>	<b>63,828</b>	<b>2,429</b>	<b>1,083,450</b>	<b>5,798,452</b>	<b>1,265,634</b>	<b>7,064,086</b>

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

^ Representing the equity component of the 163.9 million converting preference shares ("CPS") of RM1.00 each to ANZ Funds Pty Ltd, a wholly owned subsidiary of Australia and New Zealand Banking Group Limited ("ANZ") at an issue price of RM3.05 per CPS which will convert into 163.9 million ordinary shares of RM1.00 each in the Company.

The Consolidated Statements of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 31 March 2007.

**AMMB HOLDINGS BERHAD**  
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**UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENTS**  
**FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2007**

<b>The Group</b>	<b>31.12.07</b>	<b>31.12.06</b>
	<b>RM'000</b>	<b>RM'000</b>
Profit before taxation	885,821	611,936
Add adjustments for non-operating and non-cash items	420,400	229,460
Operating profit before working capital	1,306,221	841,396
Increase in operating assets	(1,573,841)	(3,428,539)
(Decrease)/Increase in operating liabilities	(1,546,445)	1,912,616
Cash used in operations	(1,814,065)	(674,527)
Taxation paid	(79,503)	(85,251)
Net cash used in operating activities	(1,893,568)	(759,778)
Net cash generated from investing activities	515,115	121,397
Net cash generated from financing activities	1,087,495	179,848
Net decrease in cash and cash equivalents	(290,958)	(458,533)
Cash and cash equivalents at beginning of period	10,490,422	9,429,118
Cash and cash equivalents at end of period	10,199,464	8,970,585

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

<b>The Group</b>	<b>31.12.07</b>	<b>31.12.06</b>
	<b>RM'000</b>	<b>RM'000</b>
Cash and short-term funds	10,270,444	9,000,625
Bank overdrafts	-	(10,022)
	10,270,444	8,990,603
Less: Cash and bank balances and deposits held in trust	(70,598)	(19,832)
	10,199,846	8,970,771
Effect of exchange rates changes	(382)	(186)
Cash and cash equivalents	10,199,464	8,970,585

The Condensed Consolidated Cash Flow Statements should be read in conjunction with the Annual Financial Report for the year ended 31 March 2007.

## **EXPLANATORY NOTES :**

### **A1. BASIS OF PREPARATION**

The interim financial statements have been prepared in accordance with Financial Reporting Standards ("FRS") 134, Interim Financial Reporting, issued by Malaysian Accounting Standards Board ("MASB") and paragraph 9.22 of the Listing Requirements of the Bursa Malaysia Securities Berhad ("Bursa Securities") and should be read in conjunction with the Annual Financial Statements for the year ended 31 March 2007.

The accounting policies and methods of computation applied in the unaudited condensed interim financial statements are consistent with those adopted in the previous audited annual financial statements except for the adoption of FRS 117 Leases issued by MASB and Bank Negara Malaysia's Revised Guidelines on Financial Reporting for Licensed Institutions ("BNM Revised Guidelines") dated 5 October 2004 on the accounting treatment of derivative financial instruments which are transacted for the purpose of hedging, both of which are effective for the Group's annual reporting date, 31 March 2008. The adoption of FRS 117 and BNM Revised Guidelines has resulted in changes in the accounting policies of the Group and are disclosed in Note A31.

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

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

- (i) Values assigned to collateral held for non-performing loans secured by properties is determined based on the realisable values of the properties on the following basis:
  - (a) assigning only fifty percent (50%) of the realisable value of the properties held as collateral for non-performing loans which are in arrears for more than five (5) years but less than seven (7) years; and
  - (b) no value assigned to the realisable value of the properties held as collateral for non-performing loans which are in arrears for more than seven (7) years.
- (ii) Specific allowance of 20.0% 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 of six (6) months and above.

The unaudited condensed interim financial statements incorporates those activities relating to the Islamic Banking business, which have 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.

**A2. AUDIT QUALIFICATION**

There were no audit qualification in the annual financial statements for the year ended 31 March 2007.

**A3. SEASONALITY OR CYCLICALITY OF OPERATIONS**

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

**A4. UNUSUAL ITEMS**

There were no unusual items during the current financial quarter and period.

**A5. USE OF ESTIMATES**

There was no material change in estimates of amounts reported in the prior financial years that have a material effect on the financial quarter and period ended 30 September 2007.

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

The Company has not issued any new debentures during the financial period.

During the financial period, the issued and fully paid-up share capital of the Company was increased from 2,130,565,415 ordinary share of RM1.00 each to 2,203,849,106 ordinary shares of RM1.00 each by the issue:

1. 73,283,621 new ordinary shares of RM1.00 each at RM2.19 per share by virtues of the exercise of share warrants 2003/2008 of the Company. The resulting share premium amounting to RM87,207,509 has been credited to share premium account.
2. 70 new ordinary shares of RM1.00 each at RM6.51 per share by virtues of the exercise of share warrants 2003/2008 of the Company. The resulting share premium amounting to RM386 has been credited to share premium account.

The 73,283,691 new ordinary shares issued rank pari passu in all respect with the then existing ordinary shares of the Company.

On 18 May 2007, the Company issued 163,934,426 converting preference shares ("CPS") of RM1.00 each to ANZ Funds Pty Ltd, a wholly owned subsidiary of ANZ at an issue price of RM3.05 per CPS which will converting into 163,934,426 ordinary shares of RM1.00 each in the Company. The Company has utilised a total of RM450,000,000 from the proceeds of CPS for the subscription of AMFB Holdings Berhad ("AMFB")'s rights issue of 30,000,000 new ordinary shares of RM1.00 each at an issue price of RM5.00 per share amounting to RM150,000,000 and RM300,000,000 nominal amount of Interest Bearing Irredeemable Convertible Unsecured Loan Stock issued by AMFB on rights entitlement basis. The issue price of RM5.00 per AMFB share is derived at based on 17.6% premium on the net tangible assets per share of AMFB of approximately RM4.25 as at 31 March 2007.



The salient features of the CPS are as follows:

- (i) The CPS confers upon its holder the right to receive the following cumulative dividends, the lesser of:
  - (a) (i) if a dividend is declared on the ordinary shares in respect of a financial year of the Company, a dividend on the same terms and conditions as the holder of an ordinary share in the Company plus RM0.02 per annum per CPS; or
  - (ii) if a dividend is not declared on the ordinary shares in respect of a financial year of the Company, RM0.02 per annum per CPS; and
- (b) RM0.15 per annum per CPS.
- (ii) The CPS is not, nor at the option of the Company is, liable to be redeemed.
- (iii) Each CPS shall entitle the holder to convert into one (1) new ordinary share of the Company at the conversion price of RM1.00 each for every one (1) CPS at any time up to the 5th anniversary from the date of issue at the option of the holder, or (if not previously converted), it will be converted automatically on the 5th anniversary.

The CPS is classified separately into its liability and equity component as required by FRS 132: Financial Instruments – Disclosures and Presentation. FRS 132 requires the issuer of a financial instrument to classify the instrument either as a liability or equity in accordance with the substance of the contractual arrangement on initial recognition. The fair value of the liability component, included in non-current liabilities, was calculated using a market interest rate for an equivalent financial instrument. The residual amount, representing the value of the equity conversion component is included in the statement of changes in equity.

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

## A7. DIVIDENDS PAID

During the financial period ended 31 December 2007, a final dividend of 5.0%, less tax, amounting to RM78,830,920 for the financial year ended 31 March 2007 was paid in 19 October 2007 to shareholders whose names appear in the record of Depositors on 4 October 2007.

## A8. SECURITIES HELD-FOR-TRADING

	<b>The Group</b>	
	<b>31.12.07</b>	<b>31.3.07</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>At Fair Value</b>		
<b>Money Market Securities:</b>		
Treasury bills	3,678	166,303
Islamic Treasury bills	122,273	48,442
Malaysian Government Securities	542,283	1,505,936
Malaysian Government Investment Certificates	213,893	575,313
Cagamas bonds	25,073	60,230
Khazanah bonds	102,935	11,741
Cagamas Mudharabah bearer bonds	35,075	16,217
Bank Negara Monetary Notes	8,299	580,986
Negotiable Islamic Debt Certificates	14,153	12,442
Negotiable instruments of deposits	15,623	-
Islamic Bank Negara Monetary Notes	49,396	-
	<u>1,132,681</u>	<u>2,977,610</u>
<b>Securities Quoted:</b>		
In Malaysia:		
Shares	279,492	294,296
Corporate bonds	-	33,922
Trust units	255,960	198,185
Outside Malaysia:		
Shares	93,530	43,072
Trust units	1,654	1,996
	<u>630,636</u>	<u>571,471</u>
<b>Unquoted Securities Of Companies Incorporated:</b>		
In Malaysia:		
Shares	6,975	2,200
Outside Malaysia:		
Shares	17,848	18,910
	<u>24,823</u>	<u>21,110</u>
<b>Unquoted Guaranteed Private Debt Securities Of Companies Incorporated In Malaysia:</b>		
Corporate bonds	206,391	244,739
Islamic corporate bonds	90,997	103,119
Corporate notes	-	39,749
Islamic corporate notes	30,729	30,425
	<u>328,117</u>	<u>418,032</u>

	<b>The Group</b>	
	<b>31.12.07</b>	<b>31.3.07</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Unquoted Private Debt Securities Of Companies</b>		
<b>Incorporated:</b>		
In Malaysia:		
Corporate bonds	1,396,473	846,306
Corporate notes	469,998	105,934
Islamic corporate bonds	1,885,127	1,697,762
Islamic corporate notes	904,293	161,495
Outside Malaysia:		
Corporate bonds	174,831	119,185
	<u>4,830,722</u>	<u>2,930,682</u>
Total	<u>6,946,979</u>	<u>6,918,905</u>

**A9. SECURITIES AVAILABLE-FOR-SALE**

	<b>The Group</b>	
	<b>31.12.07</b>	<b>31.3.07</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>At Fair Value</b>		
<b>Money Market Securities:</b>		
Malaysian Government Securities	31,403	44,474
Cagamas bonds	14,694	14,624
Khazanah bonds	9,873	9,604
Negotiable instruments of deposits	437,582	353,612
	<u>493,552</u>	<u>422,314</u>
<b>Securities Quoted:</b>		
In Malaysia:		
Corporate bonds	-	17,329
Trust units	77,465	76,334
Outside Malaysia:		
Shares	37,614	13,505
	<u>115,079</u>	<u>107,168</u>
<b>Unquoted Securities Incorporated In Malaysia:</b>		
Shares	4,378	2,400
<b>Debt Equity Converted Securities Quoted:</b>		
In Malaysia:		
Shares	29,622	46,043
Shares - with options	6,555	82,815
Loan stocks	9,437	-
Corporate bonds	4,461	50
Outside Malaysia:		
Shares	77	229
	<u>50,152</u>	<u>129,137</u>

	<b>The Group</b>	
	<b>31.12.07</b>	<b>31.3.07</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Unquoted Private Debt Securities Of Companies Incorporated</b>		
In Malaysia:		
Corporate bonds	324,681	323,592
Islamic corporate bonds	940,505	558,857
Outside Malaysia:		
Corporate bonds	114,709	-
	1,379,895	882,449
<b>Unquoted Guaranteed Private Debt Securities Of Companies Incorporated In Malaysia:</b>		
Corporate bonds	175,619	312,061
Total	2,218,675	1,855,529
<b>A10. SECURITIES HELD-TO-MATURITY</b>		
<b>At Amortised Cost</b>		
<b>Money Market Securities:</b>		
Negotiable instruments of deposits	-	89,589
<b>Securities Quoted In Malaysia:</b>		
In Malaysia:		
Shares	99	99
Islamic Corporate bonds	26,456	27,648
Trust units	2,007	1,001
Outside Malaysia:		
Islamic Corporate bonds	6,614	6,912
	35,176	35,660
<b>Unquoted Securities Of Companies Incorporated:</b>		
In Malaysia:		
Shares	102,636	102,636
Corporate bonds	959	959
Outside Malaysia:		
Shares	6,441	7,597
	110,036	111,192
<b>Quoted Debt Equity Converted Securities:</b>		
In Malaysia:		
Shares	5,314	13,193
Corporate bonds	52,754	-
Loan stocks - collateralised	140,824	419,542
Loan stocks - with options	158,295	424,490
Outside Malaysia:		
Warrants	15	15
	357,202	857,240

	<b>The Group</b>	
	<b>31.12.07</b>	<b>31.3.07</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Unquoted Debt Equity Converted Securities Of Companies</b>		
<b>Incorporated In Malaysia:</b>		
Shares	44,971	44,971
Loan stocks	74,857	91,576
Loan stocks - collateralised	524,797	691,933
Corporate bonds	428,101	523,444
	<u>1,072,726</u>	<u>1,351,924</u>
<b>Unquoted Private Debt Securities Of Companies Incorporated:</b>		
In Malaysia:		
Corporate bonds and notes denominated in USD	-	56,871
Corporate notes	34,434	-
Islamic corporate bonds	191,151	193,598
Outside Malaysia:		
Corporate bonds and notes denominated in USD	-	103,680
	<u>225,585</u>	<u>354,149</u>
<b>Unquoted Guaranteed Private Debt Securities Of Companies</b>		
<b>Incorporated In Malaysia:</b>		
Corporate bonds	-	79,216
	<u>1,800,725</u>	<u>2,878,970</u>
Accumulated impairment losses	(475,031)	(566,400)
<b>Total</b>	<u><u>1,325,694</u></u>	<u><u>2,312,570</u></u>

**A11. LOANS, ADVANCES AND FINANCING**

	<b>The Group</b>	
	<b>31.12.07</b>	<b>31.3.07</b>
	<b>RM'000</b>	<b>RM'000</b>
Loans and financing:		
Term loans and revolving credit	14,570,306	14,037,374
Housing loans	11,301,399	11,074,856
Staff loans	181,590	185,536
Hire-purchase receivables	26,578,800	24,474,377
Credit card receivables	1,925,328	2,218,724
Lease receivables	1,478,420	1,430,654
Overdrafts	1,462,819	1,343,383
Claims on customers under acceptance credits	1,983,579	1,656,939
Trust receipts	288,781	215,921
Block discount receivables	58,790	56,751
Factoring receivables	47,494	52,047
Bills receivable	32,999	17,765
	<u>59,910,305</u>	<u>56,764,327</u>
Less: Unearned interest and income	6,423,895	6,022,129
Total	<u>53,486,410</u>	<u>50,742,198</u>
Less:		
Allowance for bad and doubtful debts and financing:		
General	817,822	778,396
Specific	2,086,349	2,353,047
	<u>2,904,171</u>	<u>3,131,443</u>
Net loans, advances and financing	<u>50,582,239</u>	<u>47,610,755</u>

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

	The Group				Annualised Loans Growth (%)
	31.12.07		31.3.07		
	RM'000	%	RM'000	%	
Purchase of transport vehicles	24,152,611	43.5	22,739,226	42.5	
Purchase of landed properties:					
- Residential	10,998,038	19.8	10,777,779	20.2	
- Non-residential	2,274,955	4.1	2,491,641	4.7	
Working capital	8,599,272	15.5	7,921,566	14.8	
Credit cards	1,896,754	3.4	2,207,352	4.1	
Personnel use	1,996,401	3.6	1,651,691	3.1	
Fixed assets	1,548,846	2.8	1,561,570	2.9	
Purchase of securities	1,221,706	2.2	1,237,484	2.3	
Construction	1,027,976	1.8	1,160,173	2.2	
Merger and acquisition	97,511	0.2	207,044	0.4	
Consumer durables	4,156	0.0	4,648	0.0	
Other purpose	1,753,541	3.2	1,500,857	2.9	
Gross loans, advances and financing	55,571,767	100.0	53,461,031	100.0	
Less: Islamic financing sold to					
Cagamas Berhad	(2,085,357)		(2,718,833)		
	<u>53,486,410</u>		<u>50,742,198</u>		<u>7.2</u>

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

	The Group	
	31.12.07 RM'000	31.3.07 RM'000
Domestic :		
Other non-bank financial institutions	687,513	760,703
Business enterprises:		
Small medium enterprises	5,045,711	4,806,779
Others	10,684,815	9,932,336
Government and statutory bodies	121,439	140,282
Individuals	36,642,702	34,583,382
Other domestic entities	51,739	327,991
Foreign entities	252,491	190,725
	<u>53,486,410</u>	<u>50,742,198</u>

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

	<b>The Group</b>	
	<b>31.12.07</b>	<b>31.3.07</b>
	<b>RM'000</b>	<b>RM'000</b>
Variable rate		
BLR-plus	14,663,399	14,154,129
Cost-plus	5,056,936	4,919,740
Other variable rates	554,698	567,196
	<u>20,275,033</u>	<u>19,641,065</u>
Fixed rate		
Housing loans	2,516,609	3,129,736
Hire purchase receivables	23,074,207	21,100,285
Other fixed rates	7,620,561	6,871,112
	<u>33,211,377</u>	<u>31,101,133</u>
	<u>53,486,410</u>	<u>50,742,198</u>

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

	<b>The Group</b>	
	<b>31.12.07</b>	<b>31.3.07</b>
	<b>RM'000</b>	<b>RM'000</b>
Gross		
Balance at beginning of period/year	5,534,341	6,136,695
Non-performing during the period/year	1,118,307	1,604,797
Reclassification to performing loans and financing	(664,939)	(818,554)
Debt equity conversion	(106,274)	2,001
Amount written off	(711,531)	(457,448)
Sale of non-performing loans	(547,859)	-
Recoveries	(398,715)	(935,779)
Exchange fluctuation adjustments	(5,620)	(6,182)
Transfer from stock and share-broking activities	-	8,811
Balance at end of period/year	<u>4,217,710</u>	<u>5,534,341</u>
Less: Specific allowance	<u>(2,086,349)</u>	<u>(2,353,047)</u>
Non-performing loans, advances and financing - net	<u>2,131,361</u>	<u>3,181,294</u>
Ratios of non-performing loans, advances and financing to total loans, advances and financing (including Islamic financing sold to Cagamas Berhad) - net	<u>4.0%</u>	<u>6.2%</u>
Loan loss coverage excluding collateral values	<u>68.9%</u>	<u>56.6%</u>



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

	<b>The Group</b>			
	<b>31.12.07</b>		<b>31.3.07</b>	
	<b>RM'000</b>	<b>%</b>	<b>RM'000</b>	<b>%</b>
Working capital	1,136,595	26.9	1,205,711	21.8
Purchase of landed properties:				
Residential	1,108,719	26.3	1,372,850	24.8
Non-residential	499,056	11.8	781,598	14.1
Purchase of transport vehicles	504,079	12.0	806,824	14.6
Construction	319,120	7.6	364,953	6.6
Purchase of securities	233,598	5.5	273,202	4.9
Credit cards	78,635	1.9	216,850	3.9
Fixed assets	69,004	1.6	62,217	1.1
Personnel use	46,074	1.1	54,394	1.0
Merger and acquisition	-	-	15,020	0.3
Consumer durables	521	0.1	327	0.1
Other purpose	222,309	5.2	380,395	6.8
	<u>4,217,710</u>	<u>100.0</u>	<u>5,534,341</u>	<u>100.0</u>

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

	<b>The Group</b>	
	<b>31.12.07</b>	<b>31.3.07</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>General allowance</b>		
Balance at beginning of period/year	778,396	721,817
Allowance during the period/year	39,577	55,567
Transfer from stock and share-broking operations	-	1,321
Exchange fluctuation adjustments	(151)	(309)
Balance at end of period/year	<u>817,822</u>	<u>778,396</u>
% of total loans, advances and financing (including Islamic financing sold to Cagamas) less specific allowances	<u>1.53%</u>	<u>1.52%</u>
<b>Specific allowance</b>		
Balance at beginning of period/year	2,353,047	1,532,664
Allowance during the period/year	1,008,794	2,162,855
Amount written back in respect of recoveries and reversals	(322,666)	(426,953)
Net charge to income statements	686,128	1,735,902
Amount written off	(715,384)	(935,929)
Sale of non-performing loans	(219,832)	-
Debt equity conversion	(17,190)	(3,182)
Reclassification from sundry receivables	-	8,205
Exchange fluctuation adjustments	(1,067)	(1,146)
Adjustment to deferred asset account	-	7,792
Transfer from stock and share-broking operations	647	8,741
Balance at end of period/year	<u>2,086,349</u>	<u>2,353,047</u>

## A12. OTHER ASSETS

	<b>The Group</b>	
	<b>31.12.07</b>	<b>31.3.07</b>
	<b>RM'000</b>	<b>RM'000</b>
Trade receivables, net of allowance for doubtful debts	505,085	777,650
Other receivables, deposits and prepayments, net of allowance for doubtful debts	647,183	809,429
Interest receivables on treasury assets, net of allowance for doubtful debts	158,714	173,229
Fee receivables, net of allowance for doubtful debts	45,990	34,336
Amount due from Originators	36,952	52,421
Amount due from agents, brokers and reinsurer, net of allowance	60,041	85,334
Amount recoverable under asset-backed securitisation transactions, net of impairment loss	70,066	77,066
Foreclosed properties, net of allowance for impairment in value	102,974	98,882
Deferred assets	38,231	43,939
	<u>1,665,236</u>	<u>2,152,286</u>

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

## A13. DEPOSITS FROM CUSTOMERS

	<b>The Group</b>	
	<b>31.12.07</b>	<b>31.3.07</b>
	<b>RM'000</b>	<b>RM'000</b>
Term/Investment deposits	35,758,361	35,981,135
Savings deposits	3,260,995	3,160,423
Current deposits	2,874,587	2,162,453
Negotiable instruments of deposits	117,120	16,950
Other deposits	4,278,767	1,060,701
	<u>46,289,830</u>	<u>42,381,662</u>

The deposits are sourced from the following types of customers:

Business enterprises	15,374,620	12,535,438
Individuals	23,312,846	23,029,293
Government	5,809,797	4,877,907
Others	1,792,567	1,939,024
	<u>46,289,830</u>	<u>42,381,662</u>

## A14. DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

	<b>The Group</b>	
	<b>31.12.07</b>	<b>31.3.07</b>
	<b>RM'000</b>	<b>RM'000</b>
Deposits from:		
Licensed banks	3,383,476	4,807,110
Licensed merchant banks	686,561	499,284
Bank Negara Malaysia	1,076,278	1,278,320
Other financial institutions	10,640,401	10,856,625
	<u>15,786,716</u>	<u>17,441,339</u>

#### A15. OTHER LIABILITIES

	<b>The Group</b>	
	<b>31.12.07</b>	<b>31.3.07</b>
	<b>RM'000</b>	<b>RM'000</b>
Trade payables	688,530	962,845
Securities sold not yet re-purchased	409,705	98,209
Other payables and accruals	1,239,995	1,258,145
Interest payable on deposits and borrowings	465,935	473,091
Lease deposits and advance rentals	63,201	57,665
General insurance funds	219,615	194,637
Provision for commitments and contingencies	-	300
Bank overdrafts	-	9,515
Profit equalization reserve	29,540	55,837
Deferred tax liabilities	5,164	8,475
Tax payable	16,009	6,341
	<u>3,137,694</u>	<u>3,125,060</u>

#### A16. INTEREST INCOME

<b>The Group</b>	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	<b>31.12.07</b>	<b>31.12.06</b>	<b>31.12.07</b>	<b>31.12.06</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Short-term funds and deposits with financial institutions	72,144	66,616	203,825	188,904
Securities held-for-trading	68,390	52,828	186,847	167,720
Securities available for sale	25,623	22,330	72,376	64,021
Securities held-to-maturity	85,140	16,083	106,987	64,731
Loans and advances				
- Interest income other than recoveries from NPLs	705,761	627,660	2,091,071	1,861,753
- Recoveries from NPLs	65,061	78,973	202,224	227,327
Interest rate swap	92,979	109,558	295,416	271,926
Others	1,631	3,030	3,247	8,275
Gross interest income	<u>1,116,729</u>	<u>977,078</u>	<u>3,161,993</u>	<u>2,854,657</u>
Amortisation of premiums less accretion of discounts	3,052	2,227	10,753	12,767
Interest suspended	<u>(15,800)</u>	<u>(18,085)</u>	<u>(79,071)</u>	<u>(84,349)</u>
Total after net interest suspension	<u>1,103,981</u>	<u>961,220</u>	<u>3,093,675</u>	<u>2,783,075</u>

**A17. INTEREST EXPENSE**

<b>The Group</b>	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	<b>31.12.07</b>	<b>31.12.06</b>	<b>31.12.07</b>	<b>31.12.06</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Deposits from customers	381,606	321,037	1,074,230	938,729
Deposit of banks and other financial institutions	75,542	78,002	259,228	214,855
Securities sold under repurchase agreements	-	21,829	17,388	69,110
Amount due to Cagamas Berhad	2,542	10,812	13,142	38,815
Bank borrowings:				
Term loans	4,313	7,055	13,424	20,586
Overdrafts	38	195	177	687
Subordinated deposits and term loans	2,496	17,659	6,765	50,501
Interest on Bonds	27,724	15,090	80,511	45,107
Interest rate swap	113,219	124,497	356,124	303,462
Hybrid securities	11,354	12,362	34,727	37,387
Others	12,473	2,568	39,538	18,070
	<u>631,307</u>	<u>611,106</u>	<u>1,895,254</u>	<u>1,737,309</u>

**A18. OTHER OPERATING INCOME**

The Group	Individual Quarter		Cumulative Quarter	
	31.12.07 RM'000	31.12.06 RM'000	31.12.07 RM'000	31.12.06 RM'000
Fee income:				
Fees on loans and advances	30,651	31,844	88,134	91,468
Corporate advisory	11,554	4,389	30,115	11,759
Guarantee fees	5,299	4,003	14,757	17,124
Underwriting commissions	3,382	4,734	10,758	15,409
Portfolio management fees	3,690	3,176	12,587	8,515
Unit trust management fees	19,155	11,737	47,007	28,710
Brokerage rebates	90	269	503	738
Property trust management fees	827	518	2,200	1,565
Brokerage fees and commissions	36,257	26,108	131,435	59,347
Banc assurance commission	7,466	6,126	22,023	20,814
Expense from asset securitisation	(43)	(133)	(249)	(76)
Other fee income	14,984	9,973	44,817	26,986
	<u>133,312</u>	<u>102,744</u>	<u>404,087</u>	<u>282,359</u>
Investment and trading income:				
Net gain from sale of securities held-for-trading	352	115,312	113,737	124,844
Net gain from sale of securities available-for-sale	2,895	299	29,702	21,035
Net gain on redemption of securities held-to-maturity	56,918	1,683	102,796	44,873
(Loss)/gain on revaluation and valuation adjustments for securities held for trading	(18,303)	59,957	(89,626)	97,799
Gain/(Loss) on revaluation of derivatives	(2,676)	(38,486)	25,667	(106,084)
Unrealised gain/(loss) on hybrid capital	22,490	(830)	20,181	13,423
Gross dividend income from:				
Securities held-for-trading	10,191	3,565	26,490	11,759
Securities available-for-sale	80	931	894	5,825
Securities held-to-maturity	610	1,082	15,992	13,117
	<u>72,557</u>	<u>143,513</u>	<u>245,833</u>	<u>226,591</u>
Premium income from general insurance business	114,024	98,572	329,535	297,743
Other income:				
Foreign exchange gain	5,385	3,829	13,622	9,073
Gain on disposal of property and equipment - net	145	415	302	1,600
Rental income	1,058	2,283	3,343	6,975
Gain on disposal of assets held for sale	-	19,284	-	19,284
Other non-operating income	1,353	515	1,959	3,413
	<u>7,941</u>	<u>26,326</u>	<u>19,226</u>	<u>40,345</u>
	<u>327,834</u>	<u>371,155</u>	<u>998,681</u>	<u>847,038</u>

**A19. OTHER OPERATING EXPENSES**

<b>The Group</b>	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	<b>31.12.07</b>	<b>31.12.06</b>	<b>31.12.07</b>	<b>31.12.06</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Personnel/Staff costs				
- Salaries, allowances and bonuses	148,285	126,094	421,876	365,318
- Others	20,118	17,055	63,623	59,732
	<u>168,403</u>	<u>143,149</u>	<u>485,499</u>	<u>425,050</u>
Establishment costs				
- Depreciation and amortisation of computer software	18,077	17,389	53,333	55,255
- Computerisation costs	16,468	22,973	44,675	52,771
- Rental	15,312	13,677	44,815	33,611
- Cleaning and maintenance	5,422	3,389	15,860	12,645
- Others	5,949	1,275	17,620	11,558
	<u>61,228</u>	<u>58,703</u>	<u>176,303</u>	<u>165,840</u>
Marketing and communication expenses				
- Sales commission	3,782	1,907	12,017	8,607
- Advertising, promotional and other marketing activities	23,104	14,025	62,787	47,122
- Telephone charges	4,547	4,280	13,634	11,862
- Postage	2,421	1,856	9,316	8,655
- Travel and entertainment	4,486	3,513	13,170	10,171
- Others	6,928	4,557	20,685	17,087
	<u>45,268</u>	<u>30,138</u>	<u>131,609</u>	<u>103,504</u>
Administration and general				
- Professional services	32,562	7,843	63,444	34,639
- Donations	35	86	823	315
- Administration and management expenses	603	3,747	1,751	10,761
- Others	20,196	13,957	54,976	30,629
	<u>53,396</u>	<u>25,633</u>	<u>120,994</u>	<u>76,344</u>
Overheads	328,295	257,623	914,405	770,738
Insurance commission	14,178	10,511	40,515	32,346
General insurance claims	72,077	66,086	208,555	196,507
	<u>414,550</u>	<u>334,220</u>	<u>1,163,475</u>	<u>999,591</u>

**A20. ALLOWANCE FOR LOSSES ON LOANS AND FINANCING**

<b>The Group</b>	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	<b>31.12.07</b>	<b>31.12.06</b>	<b>31.12.07</b>	<b>31.12.06</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Allowance for bad and doubtful debts and financing:				
Specific allowance - net	177,173	325,544	686,128	762,651
Allowance during the period	268,650	431,871	1,008,794	1,081,990
Amount written back in respect of recoveries and reversal	(91,477)	(106,327)	(322,666)	(319,339)
General allowance	13,182	10,784	39,577	38,898
Recoveries of value impairment on amount recoverable from Danaharta	-	(5,662)	(609)	(17,282)
Bad debts and financing recovered - net	(94,711)	(62,146)	(279,021)	(198,613)
Written off	-	1	153	12
Recovered	(94,711)	(62,147)	(279,174)	(198,625)
	<b>95,644</b>	<b>268,520</b>	<b>446,075</b>	<b>585,654</b>

## A21. SEGMENTAL INFORMATION

### BY BUSINESS SEGMENT

	Individual Quarter		Cumulative Quarter	
	31.12.07	31.12.06	31.12.07	31.12.06
	RM'000	RM'000	RM'000	RM'000
Investment banking				
Revenue	345,829	426,139	981,783	1,008,759
Profit before taxation	105,926	147,526	307,272	310,657
Commercial and retail banking				
Revenue	1,144,822	1,003,519	3,306,334	2,839,245
Profit before taxation	205,699	71,282	501,676	247,348
Offshore banking				
Revenue	4,193	16,523	43,630	47,200
Profit/(Loss) before taxation	(3,124)	3,580	28,788	(544)
Insurance				
Revenue	302,897	240,034	746,482	665,153
Profit/(Loss) before taxation	21,475	17,174	56,506	46,932
Others				
Revenue	27,428	(6,201)	78,208	9,530
Profit/(Loss) before taxation	1,575	(15,022)	11,614	(16,929)
Total before consolidation adjustments				
Revenue	1,825,169	1,680,014	5,156,437	4,569,887
Profit before taxation	331,551	224,540	905,856	587,464
Consolidation adjustments				
Revenue	(96,330)	(84,336)	(304,054)	(225,365)
(Loss)/Profit before taxation	(5,882)	22,489	(20,035)	24,472
Total after consolidation adjustments				
Revenue	1,728,839	1,595,678	4,852,383	4,344,522
Profit before taxation	325,669	247,029	885,821	611,936

Included in the above is Islamic banking business profit before taxation of RM30.7 million for the quarter and RM145.4 million for the period ended 31 December 2007 (RM60.2 million for the quarter and RM141.1 million for the period ended 31 December 2006).

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



## **A22. VALUATIONS OF PROPERTY AND EQUIPMENTS**

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

## **A23. EVENTS SUBSEQUENT TO BALANCE SHEET DATE**

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

## **A24. CHANGES IN THE COMPOSITION OF THE GROUP AND THE COMPANY**

1. On 15 January 2008, the AIGB Privatisation was completed following the cash payment of RM3.70 to the minority shareholders of AIGB, and AIGB become a wholly-owned subsidiary of the Company.
2. On 7 December 2007, AmInvestment Group Berhad (“AIGB”), incorporated a subsidiary in Brunei under the name of AmCapital (B) Sdn Bhd (“AmCapital (B)”).

AmCapital (B) will commence business operation in investment banking related activities after it has been duly licensed by the relevant regulatory authority of Brunei.

3. On 18 January 2008, the Company incorporated a subsidiary under the name of AmG Insurance Berhad to facilitate the separation of the composite insurance business of AmAssurance Berhad into general insurance and life insurance business.

## A25. COMMITMENTS AND CONTINGENCIES

In the normal course of business, AmInvestment Bank Berhad ("AmInvestment Bank"), AmBank (M) Berhad ("AmBank"), AmIslamic Bank Berhad ("AmIslamic Bank") and AmInternational (L) Ltd ("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. The commitments and contingencies are not secured against the Group's assets.

As at 31 December 2007, the commitments and contingencies outstanding are as follows:

The Group	31.12.07			31.3.07		
	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
<b>Derivative Financial Instruments</b>						
Interest rate related contracts:						
Interest rate futures	540,000	33,331	16,666	290,000	7,438	3,719
Interest rate swaps	26,226,748	708,063	142,127	23,131,423	667,038	137,537
Foreign exchange related contracts:						
Forward exchange contracts	3,025,525	68,521	14,642	4,370,080	128,442	26,830
Cross currency swaps	643,194	69,834	13,966	811,310	92,886	18,577
Malaysian Government securities futures	-	-	-	5,000	6	3
Equity related contracts:						
Options	150,151	-	-	165,618	-	-
Equity futures	17,443	-	-	-	-	-
	<u>30,603,061</u>	<u>879,749</u>	<u>187,401</u>	<u>28,773,431</u>	<u>895,810</u>	<u>186,666</u>
<b>Commitments</b>						
Irrevocable commitments to extend credit maturing :						
within one year	14,893,135	-	-	9,565,515	-	-
more than one year	1,592,875	796,437	795,918	1,225,230	612,615	611,985
Sell and buy back agreements	1,273,385	1,273,385	889,470	1,923,143	1,923,143	1,221,740
Forward purchase commitments	2,835	2,835	2,514	834,911	834,911	218,958
	<u>17,762,230</u>	<u>2,072,657</u>	<u>1,687,902</u>	<u>13,548,799</u>	<u>3,370,669</u>	<u>2,052,683</u>
<b>Contingent Liabilities</b>						
Guarantees given on behalf of customers	1,962,468	1,962,468	1,809,586	1,404,043	1,404,043	1,210,877
Certain transaction-related contingent items	919,606	459,803	459,803	897,800	448,900	423,564
Underwriting liabilities	1,773,802	886,901	795,780	815,000	407,500	267,100
Short term self liquidating trade-related contingencies	543,367	108,673	108,673	283,789	56,758	56,758
Islamic financing sold to Cagamas	2,085,357	2,085,357	2,085,357	2,718,833	2,718,833	2,718,833
Others	87,918	250	250	126,438	250	250
	<u>7,372,518</u>	<u>5,503,452</u>	<u>5,259,449</u>	<u>6,245,903</u>	<u>5,036,284</u>	<u>4,677,382</u>
	<u>55,737,809</u>	<u>8,455,858</u>	<u>7,134,752</u>	<u>48,568,133</u>	<u>9,302,763</u>	<u>6,916,731</u>

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

As at 31 December 2007, other contingencies and commitments of the Group and of the Company are as follows:

- (a) The Company has given unsecured guarantees totalling RM329,600,000 (RM329,600,000 as at 31 March 2007) to various financial institutions in respect of credit facilities extended to certain subsidiary companies.
- (b) AmInvestment Group Berhad has given unsecured guarantees totalling RM10,000,000 (RM10,000,000 as at 31 March 2007) to a financial institution in respect of credit facilities extended to a subsidiary company.
- (c) AmInvestment Group Berhad has given a continuing undertaking totaling S\$50,000,000 (S\$50,000,000 as at 31 March 2007) to Monetary Authority of Singapore on behalf of FIPL to meet its liabilities and financial obligation and requirements.
- (d(i)) As required, AmInvestment Bank has given a continuing guarantee to Bank Negara Malaysia on behalf of AmInternational, to meet all its liabilities and financial obligations and requirements.
- (d(ii)) AmInvestment Bank has given guarantees in favour of Labuan International Financial Exchange ("LFX") in respect of USD 5 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 ("AMAB"), for the performance and discharge by AMAB of its obligations under the licence agreement with HSI and HSDS for use of the Hang Seng China Enterprise Index in respect of AMAB'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 RM27.6 million 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 RM19,640,178.83, 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.

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;
- (ii) an application by Meridian to add another subsidiary of the Company, namely AmInvestment Bank as 2nd Defendant;
- (iii) an application by Meridian to increase the alleged loss and damage from RM27,606,169.65 to RM36,967,166.84 to include alleged loss due to reputation damage and loss of future earnings (together with interest and costs) arising from the provision of custodian services by AmTrustee to Meridian;

- (iv) 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
- (v) an application by AmTrustee for Stay of Proceedings pending disposal of the application for disposal under (i) above.

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.

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.

- (g) On 17th January 2008 the Company announced that, with regard to earlier announcements on 12 June, 2007, 19 June 2007, 1 August 2007 and 20th August, 2007 relating to suit K22-81 of 2007 filed by Unitangkob (Malaysia) Berhad and four (4) others in the High Court of Sabah and Sarawak at Kota Kinabalu ("Unitangkob Action") against AmInvestment Bank, a subsidiary of AmInvestment Group Berhad which in turn is a subsidiary of the Company, the High Court has struck out the Unitangkob Action and awarded costs to AmInvestment Bank.

## A26. RELATED PARTY TRANSACTIONS

On 5 September 2007, Arab-Malaysian Credit Berhad, an indirect wholly owned subsidiary of the Company, had entered into a Sale and Purchase Agreement with Melawangi Sdn Bhd for the disposal of office premises situated on the Ground Floor and First Floor of the West Wing, Menara PJ, Amcorp Trade Centre measuring approximately 6,792 square feet, erected on the land held under master title Pajakan Negeri 21919, Lot No. 19, Section 16, Bandar Petaling Jaya, Daerah Petaling, Selangor for a total cash consideration of RM3,200,000. The said disposal was completed on 5 November 2007.

## A27. DERIVATIVE FINANCIAL INSTRUMENTS

As at 31 December 2007, derivative financial instruments outstanding are as follows:

### The Group

Items	Principal Amount RM'000	1 month or less RM'000	>1 - 3 months RM'000	>3 - 6 months RM'000	>6 - 12 months RM'000	>1 - 5 years RM'000	>5 years RM'000	Margin requirement
Interest rate related contracts :								
Interest rate futures	540,000	-	10,000	30,000	40,000	460,000	-	1,333
Interest rate swaps	26,226,748	160,000	364,000	5,055,000	4,240,000	14,729,861	1,677,887	9,218
Foreign exchange related contracts :								
Forward exchange contracts	3,025,525	1,076,862	951,519	516,338	480,806	-	-	743
Cross currency swaps	643,194	-	-	-	47,495	595,699	-	1,117
Equity related contracts:								
Options	150,151	7,550	-	-	16,035	126,566	-	-
Equity futures	17,443	-	-	-	17,443	-	-	-
<b>Total</b>	<b>30,603,061</b>	<b>1,244,412</b>	<b>1,325,519</b>	<b>5,601,338</b>	<b>4,841,779</b>	<b>15,912,126</b>	<b>1,677,887</b>	<b>12,411</b>

## 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 focussed on interest rate derivatives and foreign exchange rate derivatives.

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

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

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

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

#### **Risk associated with financial derivatives**

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

#### **Market risk of derivatives used for trading purposes**

Market risk arising from the above interest rate-related, foreign exchange-related derivatives and equity related 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 measures that estimates the potential changes in portfolio value that may occur brought about by potential changes in market rates over a defined period at a 99% confidence level under normal market condition.

As at 31 December 2007, value at risk of foreign exchange-related derivatives contracts used for trading purposes of the Group was RM6,145,541 (RM1,628,136 as at 31 March 2007).

The value at risk of the interest rate derivatives related contracts used for trading purposes of the Group was RM47,592,386 (RM25,885,784 as at 31 March 2007).

The value at risk of the options related contracts used for trading purposes was RM Nil (RM26,007,863 as at 31 March 2007) for the Group.

The use of these instruments to hedge underlying exposures arising from funding or for fixed income instruments acquired for investment purposes are not included in the market risk numbers above.

### **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.

As at 31 December 2007, the amount of counter party credit risk, measured in terms of the cost to replace the positive value contracts of the Group, was RM10,256,716 (RM27,277,893 as at 31 March 2007). This amount will increase or decrease over the life of the contracts, mainly as a function of movement in market rates and time.

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

### **Derivative Financial Instruments And Hedge Accounting**

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

(i) Fair value hedge

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

(ii) Cash flow hedge

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

(iii) Derivatives that do not qualify for hedge accounting

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

## A28 INTEREST/PROFIT RATE RISK

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

The Group 31.12.07	<-----Non Trading Book----->							Non- interest sensitive RM'000	Trading Book RM'000	Total RM'000	Effective interest rate %
	Up to 1 month RM'000	>1 - 3 months RM'000	>3 - 6 months RM'000	>6 - 12 months RM'000	1 - 5 years RM'000	Over 5 years RM'000					
<b>ASSETS</b>											
Cash and short-term funds	7,840,247	132,280	-	-	-	-	2,297,917	-	10,270,444	3.73	
Securities purchased under resale agreements	653,876	-	-	-	-	-	-	-	653,876	1.20	
Deposits and placements with banks and other financial institutions	8,572	123,159	107,539	457	266	-	267	-	240,260	4.84	
Securities held-for-trading	-	-	-	-	-	-	-	6,946,979	6,946,979	3.73	
Securities available-for-sale	310,550	-	45,142	73,401	923,657	739,921	126,004	-	2,218,675	5.16	
Securities held-to-maturity	27,269	6,614	62,124	45,814	532,682	415,752	235,439	-	1,325,694	7.57	
Loans, advances and financing:											
- performing	17,049,218	2,167,336	765,380	381,017	7,200,228	14,237,436	7,468,085	-	49,268,700	6.60	
- non-performing *	-	-	-	-	-	-	1,313,539	-	1,313,539	-	
Amount due from Originators	-	2,682	7,334	26,936	-	-	-	-	36,952	4.24	
Other non-interest sensitive balances	-	-	-	-	-	-	6,856,210	-	6,856,210	-	
<b>TOTAL ASSETS</b>	<b>25,889,732</b>	<b>2,432,071</b>	<b>987,519</b>	<b>527,625</b>	<b>8,656,833</b>	<b>15,393,109</b>	<b>18,297,461</b>	<b>6,946,979</b>	<b>79,131,329</b>		
<b>LIABILITIES AND EQUITY</b>											
Deposits from customers	16,247,972	6,680,732	4,930,057	7,457,319	2,975,237	-	7,998,513	-	46,289,830	3.27	
Deposits and placements of banks and other financial institutions	6,182,606	2,820,964	1,989,523	264,563	1,465,125	1,507,456	1,556,479	-	15,786,716	3.32	
Bills and acceptances payable	326,029	456,147	145,217	-	-	-	527,503	-	1,454,896	3.62	
Recourse obligation on loans sold to to Cagamas Berhad	-	2,682	85,647	26,936	149,101	-	-	-	264,366	3.63	



**A28 INTEREST/PROFIT RATE RISK**

The Group	<-----Non Trading Book----->							Trading Book	Total	Effective interest rate
	Up to 1 month	>1 - 3 months	>3 - 6 months	>6 - 12 months	1 - 5 years	Over 5 years	Non-interest sensitive			
<b>31.12.07</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	
Term loans	104	206,000	-	79,367	-	-	25,180	-	310,651	5.38
Subordinated term loans	-	-	-	460,000	-	-	-	-	460,000	6.87
Unsecured exchangeable bonds	-	-	-	-	-	575,000	-	-	575,000	5.22
Redeemable unsecured bonds	-	-	200,000	-	-	575,000	400,000	-	1,175,000	6.40
Hybrid capital	-	-	-	-	-	659,114	-	-	659,114	6.82
Other non-interest sensitive balances	-	-	-	-	-	-	5,091,670	-	5,091,670	-
<b>Total Liabilities</b>	<b>22,756,711</b>	<b>10,166,525</b>	<b>7,350,444</b>	<b>8,288,185</b>	<b>4,589,463</b>	<b>3,316,570</b>	<b>15,599,345</b>	<b>-</b>	<b>72,067,243</b>	
Share capital	-	-	-	-	-	-	2,662,192	-	2,662,192	
Reserves	-	-	-	-	-	-	3,136,260	-	3,136,260	
Equity attributable to equity holders of the Company	-	-	-	-	-	-	5,798,452	-	5,798,452	
Minority interests	-	-	-	-	-	-	1,265,634	-	1,265,634	
Total equity	-	-	-	-	-	-	7,064,086	-	7,064,086	
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>22,756,711</b>	<b>10,166,525</b>	<b>7,350,444</b>	<b>8,288,185</b>	<b>4,589,463</b>	<b>3,316,570</b>	<b>22,663,431</b>	<b>-</b>	<b>79,131,329</b>	
On-balance sheet interest rate gap sensitivity	3,133,021	(7,734,454)	(6,362,925)	(7,760,560)	4,067,370	12,076,539	(4,365,970)	6,946,979	-	
Off-balance sheet interest rate gap sensitivity	1,418,216	14,659,405	(6,227,222)	(5,252,816)	(5,270,899)	656,381	-	-	(16,935)	
<b>Total interest rate gap sensitivity</b>	<b>4,551,237</b>	<b>6,924,951</b>	<b>(12,590,147)</b>	<b>(13,013,376)</b>	<b>(1,203,529)</b>	<b>12,732,920</b>	<b>(4,365,970)</b>	<b>6,946,979</b>	<b>(16,935)</b>	
<b>Cumulative interest rate gap sensitivity</b>	<b>4,551,237</b>	<b>11,476,188</b>	<b>(1,113,959)</b>	<b>(14,127,335)</b>	<b>(15,330,864)</b>	<b>(2,597,944)</b>	<b>(6,963,914)</b>	<b>(16,935)</b>		

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

**A28 INTEREST/PROFIT RATE RISK**

The Group	<-----Non Trading Book----->							Trading Book	Total	Effective interest rate
	Up to 1 month	>1 - 3 months	>3 - 6 months	>6 - 12 months	1 - 5 years	Over 5 years	Non-interest sensitive			
31.3.07	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	%
<b>ASSETS</b>										
Cash and short-term funds	7,752,304	-	-	100	-	-	2,840,816	-	10,593,220	3.83
Securities purchased under resale agreements	501,431	-	-	-	-	-	-	-	501,431	2.92
Deposits and placements with banks and other financial institutions	16,705	1,083,744	20,227	103,981	-	-	415,200	-	1,639,857	4.91
Securities held-for-trading	-	-	-	-	-	-	-	6,918,905	6,918,905	3.75
Securities available-for-sale	5,002	5,007	359,712	106,793	336,437	818,465	224,113	-	1,855,529	4.01
Securities held-to-maturity	1,340	-	139,763	148,073	1,036,424	768,406	218,564	-	2,312,570	4.70
Loans, advances and financing:										
- performing	14,215,473	2,123,047	1,516,986	305,935	7,242,069	13,509,946	6,294,401	-	45,207,857	6.90
- non-performing *	-	-	-	-	-	-	2,402,898	-	2,402,898	-
Amount due from Originators	-	400	9,441	2,980	39,600	-	-	-	52,421	4.30
Other non-interest sensitive balances	-	-	-	-	-	-	7,479,183	-	7,479,183	-
<b>TOTAL ASSETS</b>	<b>22,492,255</b>	<b>3,212,198</b>	<b>2,046,129</b>	<b>667,862</b>	<b>8,654,530</b>	<b>15,096,817</b>	<b>19,875,175</b>	<b>6,918,905</b>	<b>78,963,871</b>	
<b>LIABILITIES AND EQUITY</b>										
Deposits from customers	15,915,899	6,089,788	4,493,895	6,886,263	3,899,893	-	5,095,924	-	42,381,662	3.36
Deposits and placements of banks and other financial institutions	5,672,228	2,846,742	1,922,095	717,885	1,762,364	1,507,384	3,012,641	-	17,441,339	3.89
Obligations on securities sold under repurchase agreements	3,087,896	49,275	3,072	-	-	-	-	-	3,140,243	3.36
Bills and acceptances payable	278,358	547,637	188,968	-	-	-	446,614	-	1,461,577	3.56
Recourse obligation on loans sold to to Cagamas Berhad	18,934	38,438	201,770	244,996	250,923	-	-	-	755,061	3.71

**A28 INTEREST/PROFIT RATE RISK**

The Group	<-----Non Trading Book----->							Trading Book	Total	Effective interest rate
	Up to 1 month	>1 - 3 months	>3 - 6 months	>6 - 12 months	1 - 5 years	Over 5 years	Non-interest sensitive			
31.3.07	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
Term loans	-	206,000	-	103,680	-	-	-	-	309,680	5.60
Subordinated certificates of deposits	-	-	-	-	460,000	-	-	-	460,000	6.87
Subordinated term loan	-	-	-	-	727,795	595,000	-	-	1,322,795	5.64
Redeemable unsecured bonds	-	-	-	-	-	666,474	-	-	666,474	6.80
Other non-interest sensitive balances	-	-	-	-	-	-	5,035,723	-	5,035,723	-
<b>Total Liabilities</b>	<b>24,973,315</b>	<b>9,777,880</b>	<b>6,809,800</b>	<b>7,952,824</b>	<b>7,100,975</b>	<b>2,768,858</b>	<b>13,590,902</b>	<b>-</b>	<b>72,974,554</b>	
Share capital	-	-	-	-	-	-	2,130,565	-	2,130,565	
Reserves	-	-	-	-	-	-	2,657,236	-	2,657,236	
Equity attributable to equity holders of the Company	-	-	-	-	-	-	4,787,801	-	4,787,801	
Minority interests	-	-	-	-	-	-	1,201,516	-	1,201,516	
Total equity	-	-	-	-	-	-	5,989,317	-	5,989,317	
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>24,973,315</b>	<b>9,777,880</b>	<b>6,809,800</b>	<b>7,952,824</b>	<b>7,100,975</b>	<b>2,768,858</b>	<b>19,580,219</b>	<b>-</b>	<b>78,963,871</b>	
On-balance sheet interest rate gap sensitivity	(2,481,060)	(6,565,682)	(4,763,671)	(7,284,962)	1,553,555	12,327,959	294,956	6,918,905	-	
Off-balance sheet interest rate gap sensitivity	2,145,559	14,893,960	(1,500,860)	(1,040,081)	(15,270,228)	856,740	-	-	85,091	
<b>Total interest rate gap sensitivity</b>	<b>(335,501)</b>	<b>8,328,278</b>	<b>(6,264,531)</b>	<b>(8,325,043)</b>	<b>(13,716,673)</b>	<b>13,184,699</b>	<b>294,956</b>	<b>6,918,905</b>	<b>85,091</b>	
<b>Cumulative interest rate gap sensitivity</b>	<b>(335,501)</b>	<b>7,992,777</b>	<b>1,728,246</b>	<b>(6,596,797)</b>	<b>(20,313,470)</b>	<b>(7,128,770)</b>	<b>(6,833,814)</b>	<b>85,091</b>		

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

## A29. CAPITAL ADEQUACY

BNM guideline on capital adequacy requires AmInvestment Bank, AmBank and AmIslamic Bank, to maintain an adequate level of capital to withstand any losses which may result from credit and other risks associated with financing operations. The capital adequacy ratio is computed based on the eligible capital in relation to the total risk-weighted assets as determined by BNM.

Currently, the Group is not required to maintain any capital adequacy ratio requirements for financial institutions. However, if the Group is required to comply with such ratios, the Group's capital adequacy ratios are as follows:

	<b>The Group</b>	
	<b>31.12.07</b>	<b>31.3.07</b>
	<b>RM'000</b>	<b>RM'000</b>
Tier 1 capital		
Paid-up ordinary share capital	2,203,849	2,130,565
Converting preference shares	500,000	-
Share premium	878,796	791,588
Statutory reserve	1,107,757	1,107,757
Hybrid capital	659,114	666,474
Exchange fluctuation reserve	2,429	10,297
Unappropriated profit at end of year	1,083,450	798,502
Minority interests	1,265,634	1,201,516
Total	<u>7,701,029</u>	<u>6,706,699</u>
Less : Goodwill	527,939	527,121
Deferred tax assets - net	694,758	861,968
Total tier 1 capital	<u>6,478,332</u>	<u>5,317,610</u>
Tier 2 capital		
Subordinated term loans	423,480	421,696
Redeemable unsecured bonds	1,175,000	1,175,000
Unsecured exchangeable bonds	575,000	-
General allowance for bad and doubtful debts	817,822	778,396
Total tier 2 capital	<u>2,991,302</u>	<u>2,375,092</u>
Capital base	<u>9,469,634</u>	<u>7,692,702</u>
Risk-weighted assets	<u>66,416,904</u>	<u>60,987,817</u>
Capital Ratios:		
Core capital ratio	9.75%	8.72%
Risk-weighted capital ratio	14.26%	12.61%
Core capital ratio (net of proposed final dividend)	9.75%	8.59%
Risk-weighted capital ratio (net of proposed final dividend)	<u>14.26%</u>	<u>12.48%</u>

(ii) Breakdown of gross risk-weighted assets in the various categories of risk-weights:

	<b>31.12.07</b>		<b>31.3.07</b>	
	<b>Principal Amount RM'000</b>	<b>Risk- Weighted Amount RM'000</b>	<b>Principal Amount RM'000</b>	<b>Risk- Weighted Amount RM'000</b>
0%	11,023,519	-	11,227,356	-
10%	2,912	291	3,418	342
20%	3,473,930	694,786	7,187,595	1,437,519
50%	9,844,318	4,922,159	9,572,932	4,786,466
100%	54,444,894	54,444,894	48,311,104	48,311,104
	<u>78,789,573</u>	<u>60,062,130</u>	<u>76,302,405</u>	<u>54,535,431</u>
Add: total risk weighted assets equivalent for market risk		6,350,768		6,451,937
Add: Large Exposure Risk requirements for single entity		449		449
Add: Counterparty risk requirement for unsettled trades		3,557		-
		<u>66,416,904</u>		<u>60,987,817</u>

### A30. ISLAMIC BANKING BUSINESS

The state of affairs as at 31 December 2007 and the results for the period ended 31 December 2007 of the Islamic banking business of the Group and included in the financial statements after elimination of intercompany transactions and balances are summarised as follows:

#### UNAUDITED CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2007

	Note	The Group	
		31.12.07 RM'000	31.3.07 RM'000
<b>ASSETS</b>			
Cash and short-term funds		1,914,057	2,523,494
Deposit and placements with banks and other financial institutions		-	415,200
Securities held-for-trading		287,462	552,260
Securities available-for-sale		-	17,596
Securities held-to-maturity		33,137	35,092
Financing, advances and other loans	A30a	7,605,967	6,403,619
Statutory deposits with Bank Negara Malaysia		295,000	263,500
Other receivables, deposits and prepayments		108,068	98,312
Property and equipment		548	946
Deferred tax assets		177,188	223,716
Intangible assets		499	65
<b>TOTAL ASSETS</b>		<b>10,421,926</b>	<b>10,533,800</b>
<b>LIABILITIES AND ISLAMIC BANKING FUNDS</b>			
Deposits from customers	A30b	5,605,919	5,095,924
Deposits and placements of banks and other financial institutions		2,333,192	3,012,641
Converted fund		711	14,197
Acceptances payable		527,503	446,614
Other liabilities	A30c	149,365	249,624
Subordinated Sukuk Musyarakah		400,000	400,000
Total Liabilities		<b>9,016,690</b>	<b>9,219,000</b>
<b>ISLAMIC BANKING FUNDS</b>			
Share capital/Capital funds		505,877	505,877
Reserves		899,359	808,923
Islamic Banking Funds		1,405,236	1,314,800
<b>TOTAL LIABILITIES AND ISLAMIC BANKING FUNDS</b>		<b>10,421,926</b>	<b>10,533,800</b>
<b>COMMITMENTS AND CONTINGENCIES</b>		<b>6,501,264</b>	<b>7,440,167</b>

**UNAUDITED CONSOLIDATED INCOME STATEMENT  
FOR THE FINANCIAL QUARTER ENDED 31 DECEMBER 2007**

<b>The Group</b>	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	<b>31.12.07</b>	<b>31.12.06</b>	<b>31.12.07</b>	<b>31.12.06</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Income derived from investment of depositors' funds and others	171,859	176,928	527,746	522,916
Allowance for losses on financing	(39,079)	(48,768)	(108,801)	(127,343)
Transfer from profit equalization reserve	(1,849)	14,012	26,287	34,452
Other expenses directly attributable to depositors and Islamic Banking Funds	-	1,512	-	(18,716)
Total attributable income	130,931	143,684	445,232	411,309
Income attributable to the depositors	(90,450)	(99,102)	(275,718)	(280,616)
Profit attributable to the Group	40,481	44,582	169,514	130,693
Income derived from Islamic Banking Funds	47,717	56,336	145,447	133,254
Total net income	88,198	100,918	314,961	263,947
Operating expenditure	(52,071)	(40,712)	(152,472)	(122,845)
Finance cost	(5,475)	-	(17,062)	-
Profit before taxation	30,652	60,206	145,427	141,102
Taxation	(16,244)	(16,298)	(54,752)	(50,171)
Profit for the period	14,408	43,908	90,675	90,931

**A30a. Financing, Advances and Other Loans**

	<b>The Group</b>	
	<b>31.12.07</b>	<b>31.3.07</b>
	<b>RM'000</b>	<b>RM'000</b>
Term financing/Revolving credit facilities	2,111,885	1,709,358
Islamic hire purchase, net of unearned income	4,228,665	3,631,079
Credit card receivables	276,325	318,470
Trust receipts	44,268	25,331
Claims on customer under acceptance credits	635,973	475,119
Other financing	625,167	637,472
Gross financing, advances and other loans	<u>7,922,283</u>	<u>6,796,829</u>
Allowance for bad and doubtful debts and financing		
-general	(149,830)	(139,511)
-specific	(166,486)	(253,699)
	<u>(316,316)</u>	<u>(393,210)</u>
Net financing, advances and other loans	<u>7,605,967</u>	<u>6,403,619</u>

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

	<b>The Group</b>	
	<b>31.12.07</b>	<b>31.3.07</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Gross</b>		
Balance at beginning of period/year	503,084	531,434
Non-performing during the period/year	180,247	305,982
Reclassification to performing financing	(90,868)	(96,163)
Recoveries	(61,282)	(89,082)
Amount written off	(193,334)	(149,087)
Balance at end of period/year	<u>337,847</u>	<u>503,084</u>
Specific allowance	(166,486)	(253,699)
Non-performing financing - net	<u>171,361</u>	<u>249,385</u>
Net NPL as % of gross financing, advances and other loans (including Islamic financing sold to Cagamas Berhad) less specific allowance	<u>1.74%</u>	<u>2.69%</u>



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

	<b>The Group</b>	
	<b>31.12.07</b>	<b>31.3.07</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>General Allowance</b>		
Balance at beginning of period/year	139,511	132,658
Allowance made during the period/year	10,319	6,853
Balance at end of period/year	<u>149,830</u>	<u>139,511</u>
% of total financing, advances and other loans (including Islamic financing sold to Cagamas Berhad) less specific allowance	   <u>1.52%</u>	   <u>1.63%</u>
<b>Specific Allowance</b>		
Balance at beginning of period/year	<u>253,699</u>	<u>173,181</u>
Allowance made during the period/year	179,595	310,522
Amount written back in respect of recoveries	<u>(63,912)</u>	<u>(88,788)</u>
Net charge to income statement	115,683	221,734
Amount written off/Adjustment to Asset Deficiency Account	<u>(202,896)</u>	<u>(141,216)</u>
Balance at end of period/year	<u>166,486</u>	<u>253,699</u>

#### **A30b. DEPOSITS FROM CUSTOMERS**

	<b>The Group</b>	
	<b>31.12.07</b>	<b>31.3.07</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Mudarabah Fund</b>		
Special Investment deposits	386,401	424,870
General Investment deposits	<u>3,965,160</u>	<u>3,642,756</u>
	<u>4,351,561</u>	<u>4,067,626</u>
<b>Non-Mudarabah Fund</b>		
Demand deposits	483,929	354,020
Saving deposits	763,936	667,730
Negotiable Islamic debt certificates	<u>6,493</u>	<u>6,548</u>
	<u>1,254,358</u>	<u>1,028,298</u>
	<u>5,605,919</u>	<u>5,095,924</u>

**A30c. OTHER LIABILITIES**

	<b>The Group</b>	
	<b>31.12.07</b>	<b>31.3.07</b>
	<b>RM'000</b>	<b>RM'000</b>
Other payables and accruals	107,380	86,158
Taxation and zakat payable	7,722	9,051
Amount owing to head office	-	91,327
Lease deposits and advance rentals	4,723	7,251
Profit equalisation reserve	29,540	55,837
	<u>149,365</u>	<u>249,624</u>

### **A31. CHANGE IN ACCOUNTING POLICIES AND RECLASSIFICATIONS**

#### **(a) Changes in accounting policy in current financial period**

During the financial period, the Group has adopted the revised FRS 117 Leases issued by MASB and BNM Revised Guidelines on derivative financial instruments that are transacted for the purposes of hedging, both of which are effective for the Group's annual reporting date, 31 March 2008 which have resulted in changes in accounting policies as follows:

##### **(i) FRS 117: Leases**

Prior to 1 April 2007, lease of land and buildings held for own use was classified as property and equipment and was stated at cost less accumulated depreciation and impairment loss. The adoption of the revised FRS 117 Leases in 2007 resulted in a change in the accounting policy relating to the classification of leases of land and buildings. Under FRS 117, lease of land and buildings are classified as operating or finance leases in the same way as leases of other assets. The land and building elements of a lease of land and buildings are considered separately for the purposes of lease classification. Leasehold land held for own use is now classified as operating lease. The up-front payments made are allocated between the land and the buildings elements in proportion to the relative fair values for leasehold interests in the land element and building element of the lease at the inception of the lease. The up-front payment represents prepaid land lease payment and is amortised on a straight-line basis over the remaining lease term.

The Group have applied the change in accounting policy in respect of leasehold land in accordance with the transitional provisions of FRS 117. At 1 April 2007, the unamortised carrying amount of leasehold land is classified as prepaid land lease payments. The reclassification of leasehold land as prepaid land lease payments has been accounted for retrospectively. Certain comparatives of the balance sheets of the Group as at 31 March 2007 have been restated. There were no effects on the income statements of the Group for the 3rd quarter ended 31 December 2007.

##### **(ii) BNM Revised Guidelines on Financial Reporting for Licensed Institutions**

The Group adopted Bank Negara Malaysia's Revised Guidelines on Financial Reporting for Licensed Institutions dated 5 October 2004 on the accounting treatment of derivative financial instruments which are transacted for the purpose of hedging with effect from the Group's annual reporting date 31 March 2008.

Prior to 1 April 2007, the Group disclosed derivative financial instruments transacted for the purpose of hedging as off-balance sheet items as allowed by the BNM Revised Guidelines as an alternative accounting treatment until 31 March 2007. Thereafter, as required by the BNM Revised Guidelines, derivative financial instruments are to be measured at fair value and carried as assets when the fair value is positive and as liabilities when the fair value is negative. Any gain or loss arising from the change in the fair value of the derivative financial instrument is recognised in the income statements. This change in accounting policy has been applied retrospectively for one financial year and certain comparative figures have been adjusted to conform with the requirements of the BNM Revised Guidelines.

**(b) Changes in accounting policy in the fourth quarter of the previous financial year**

During the 4th quarter of 2006, the Group adopted the BNM's Circular on Handling Fees dated 16 October 2006 which resulted in the Group capitalising handling fees paid for hire purchase loans in the Balance Sheet and amortising the amount in the Income Statement over the life of the loans with retrospective effect. Previously, such handling fees were expensed off in the Income Statement when incurred. The handling fees amount which was previously reported as operating expenses in the income statement has been reclassified and deducted from the interest income upon the change of this accounting policy. Certain comparative figures of the Group have been restated as set out below.

**(i) Summary of effects of adoption of FRS 117 Leases and BNM Guidelines on derivative financial instruments on current quarter 's financial statements:**

The following tables provide estimates of the extent to which each of the line items in the balance sheets and income statements for the period ended 31 December 2007 is higher or lower than it would have been had the previous policies been applied in the current year.

**(a) Effects on Balance Sheets as at 31 December 2007**

Description of change	Increase/(Decrease)		
	FRS 117 RM'000	BNM Guidelines on derivative financial instruments RM'000	Total RM'000
<b>The Group</b>			
Prepaid land lease payment	(7,099)	-	(7,099)
Property and equipment	7,099	-	7,099
Deferred tax assets	-	15,505	15,505
Derivative financial liabilities	-	38,879	38,879
Hybrid capital	-	20,320	20,320
Unappropriated profits	-	(43,694)	(43,694)

**(b) Effects on Income Statements for the quarter ended 31 December 2007 and 2006**

	Individual Quarter		Cumulative Quarter	
	31.12.07 RM'000	31.12.06 RM'000	31.12.07 RM'000	31.12.06 RM'000
Profit after taxation before changes in accounting policies	228,602	195,217	544,958	461,748
Effects of adopting Revised BNM Guidelines on derivative financial instruments	12,399	(28,854)	42,220	(74,556)
Effects of adopting BNM Circular on Handling Fees	-	(1,732)	-	8,786
Profit after taxation, after changes in accounting policies	241,001	164,631	587,178	395,978

**(ii) Restatement of comparatives**

The following comparative amounts have been restated as a result of adopting FRS 117 Leases, Revised BNM Guidelines on derivative instruments and BNM's Circular on Handling Fees

	As previously reported RM'000	Effect of change RM'000	As restated RM'000
<b>Balance Sheet as at 31 March 2007</b>			
<b>Assets</b>			
Derivative financial assets	-	380,742	380,742
Other assets	2,222,645	(70,359)	2,152,286
Prepaid land lease payment	-	7,156	7,156
Property and equipment	241,156	(7,156)	234,000
Deferred tax assets	870,443	30,815	901,258
Derivative financial liabilities	-	451,755	451,755
Other liabilities	3,148,347	(23,287)	3,125,060
Unappropriated profits	798,502	(87,270)	711,232
<b>Income Statement for the quarter ended 31 December 2006</b>			
Revenue	1,661,072	(65,394)	1,595,678
Interest income	981,725	(20,505)	961,220
Net income from Islamic banking business	139,526	(5,364)	134,162
Other operating income	410,680	(39,525)	371,155
Other operating expenses	(357,489)	23,269	(334,220)
Taxation	(93,937)	11,539	(82,398)
Profit after taxation attributable to equity holders of the Company	127,760	(30,586)	97,174
Basic earnings per share (sen)	6.00	(1.44)	4.56
Fully diluted earnings per share (sen)	5.89	(1.41)	4.48
<b>Income Statement for the period ended 31 December 2006</b>			
Revenue	4,530,319	(185,797)	4,344,522
Interest income	2,845,365	(62,290)	2,783,075
Net income from Islamic banking business	391,975	(16,421)	375,554
Other operating income	954,124	(107,086)	847,038
Other operating expenses	(1,095,066)	95,475	(999,591)
Taxation	(240,510)	24,552	(215,958)
Profit after taxation attributable to equity holders of the Company	334,867	(65,770)	269,097
Basic earnings per share (sen)	15.72	(3.09)	12.63
Fully diluted earnings per share (sen)	15.43	(3.03)	12.40

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

The Group recorded a jump of 44.8% in pre-tax profits to RM885.8 million, or an increase of RM273.9 million, for the nine month period ended 31 December 2007, reflecting the strong underlying momentum of the Malaysian economy. The Group's net profit attributable to equity holders rose by RM182.0 million or 68.1% to RM451.0 million, over the same period last year. Annualised net earnings per share improved to 26.4 sen, whilst post-tax return on equity holders registered a double digit of 11.4% for the nine month period ended 31 December 2007.

The Group's strong earnings performance was largely due to the higher growth in net interest income (+RM152.7 million or 14.6%), and net income from Islamic banking business (+RM4.9 million or 1.3%) due to the stronger loans growth, as well as other operating income. Other operating income improved to RM998.7 million (+RM151.6 million or 17.9%) driven primarily as the Group's investment banking, securities trading and funds management division, capitalized on strong capital markets in Malaysia and the region. Loan loss provisions was lower at RM446.1 million (-RM139.6 million or 23.8%) for the nine month period ended 31 December 2007 and the Group's loan loss coverage further improved to 68.9%, as compared with 56.6% as at end of 31 March 2007. However, this improvement was mitigated in part by the rise in other operating expenses by 16.4%, in tandem with the growing scale in business operations.

During the third quarter, net interest income increased to RM472.7 million (+35.0%) as compared to RM350.1 million in the corresponding quarter ended 31 December 2006 driven by growth in retail lending and securities and loan loss provisions was lower at RM95.6 million as compared to RM268.5 million in the corresponding quarter. However, the improvement was mitigated in part by lower net income from Islamic banking business (-RM10.5 million), other operating income (-RM43.3 million) mainly from loss on revaluation on securities held-for-trading, impairment loss on securities (-RM67.6 million), transfer to profit equalization reserve (-RM15.9 million) and higher other operating expenses (-RM81.4 million).

The Group's retail and commercial banking operations was the largest contributor to the Group pre-tax profits, reporting a pre-tax profit of RM205.7 million for the quarter and RM501.7 million for the period ended 31 December 2007, followed by the investment banking operations of RM106.0 million for the quarter and RM307.3 million for the period ended 31 December 2007 and insurance operations of RM21.5 million and RM56.5 million for the quarter and period ended 31 December 2007.

Total gross loans and advances outstanding registered an annualised growth of 7.2% rising by RM2.7 billion to RM53.5 billion. The Group continued to be focused on the financing of residential properties and passenger vehicles, as well as the small and medium sized industries. The major driver for the loans growth has been retail lending, with loans for purchase of transport vehicles growing by RM1.4 billion or 5.9% to account for 43.5% of total loans. This was followed by loans for purchase residential properties, which rose by RM220.2 million or 2.0%, despite the increased competition in the mortgage sector to account for 19.8% of the total loans portfolio.

The Group continued to see further improvement in asset quality, with net non-performing loans ("NPL") ratio on a 3-month classification basis, decreasing to 4.0%, from 6.2% as at 31 March 2007, due to the intensified loan recovery efforts as well as completion of the sale of a portfolio of non performing loans.

Total customer deposits mobilised registered a growth of RM3.9 billion or 9.2% to RM46.3 billion compared to 31 March 2007, with retail deposits accounting for nearly 50.4% of the Group's funding. In line with the expansion in SME lending, deposits mobilised from business enterprises to have registered a significant jump of RM2.8 billion or 22.6% to RM15.4 billion. The core customer deposits of the Group, comprising savings and current accounts, saw healthy growth rising by about 15.4% or RM0.8 billion to RM6.1 billion, with the implementation of the strategies and initiatives to further grow low cost deposits.

As at 31 December 2007, the Group's total assets stood at RM79.1 billion. Meanwhile, the Group's risk-weighted capital ratio ("RWCR") stood at 14.3% as at 31 December 2007, compared with 12.6% as at 31 March 2007.

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

## **B2. REVIEW OF MATERIAL CHANGES IN PROFIT BEFORE TAXATION**

The Group reported a pre-tax profit of RM325.7 million for the third quarter ended 31 December 2007 as compared to RM225.3 million for the second quarter ended 30 September 2007 mainly due to lower loan loss provisions and higher loans and securities interest income.

## **B3. PROSPECTS FOR 31 MARCH 2008**

In tandem with the thrusts of the Ninth Malaysian Plan (9MP), the Malaysian economy is projected to see sustained growth in 2007 with GDP growth projected at 5.9%. On the back of favorable macroeconomic conditions, the banking sector is expected to remain robust with strong capitalization and continuous improvement in asset quality.

For the current year, capital market activities are expected to be robust. The active promotion of Islamic financing by the Malaysian government and growing demand for Shariah compliant securities from local and international investors provide an impetus for more capital market issues.

The Group will continue to pursue its strategy of expanding its business operations regionally whilst maintaining its leadership position in the industry. The Group is confident that it has built an infrastructure, customer base and brand-awareness and leveraging on the ANZ partnership will enable the Group to take advantage of the growth opportunity and register an improvement in profit.

**B4. VARIANCE FROM PROFIT FORECAST AND SHORTFALL FROM PROFIT GUARANTEE**

This is not applicable to the Group.

**B5. TAXATION**

The Group	Individual Quarter		Cumulative Quarter	
	31.12.07 RM'000	31.12.06 RM'000	31.12.07 RM'000	31.12.06 RM'000
Estimated current tax payable	32,346	50,761	100,571	103,428
Transfer from deferred tax	52,267	20,404	198,025	99,520
	84,613	71,165	298,596	202,948
Overprovision of current taxation in respect of prior years	55	11,233	47	13,010
Taxation	84,668	82,398	298,643	215,958

The total tax charge of the Group for the financial quarter ended 31 December 2007 and period ended 31 December 2007 and 2006 reflects an effective tax rate which is higher than the statutory tax rate due mainly to the effect on deferred taxes resulting from reduction in statutory tax rate from 28.0% to 27.0% for year of assessment ("YA") 2007, 27.0% to 26.0% for YA2008, 26.0% to 25.0% for YA2009 and disallowances of certain expenses.

**B6. SALE OF INVESTMENTS AND/OR FORECLOSED PROPERTIES**

The Group	Individual Quarter		Cumulative Quarter	
	31.12.07 RM'000	31.12.06 RM'000	31.12.07 RM'000	31.12.06 RM'000
Net gain from sale of securities held-for-trading	352	115,312	113,737	124,844
Net gain from sale of securities available-for-sale	2,895	299	29,702	21,035
Net gain from redemption of securities held-to-maturity	56,918	1,683	102,796	44,873
Impairment loss on securities	(83,734)	(16,126)	(97,258)	(96,351)

**B7. QUOTED SECURITIES**

This note is not applicable to financial institutions.



## B8. CORPORATE PROPOSALS

1. The Company proposed and implemented the following:

- (i) The Privatisation of AIGB through a scheme of arrangement between AIGB and its shareholders pursuant to Sections 176 and 178 of the Companies Act, 1965 ("Act") whereby AIGB will reduce its capital pursuant to Section 64 of the Act by canceling 646,800,000 ordinary shares of RM1.00 each ("AIGB Cancelled Share"), representing 49.0% of its existing issued and paid-up share capital which are not held by the Company, in consideration for a cash payment of RM3.70 per AIGB Cancelled Share payable by the Company ("AIGB Privatisation"). The AIGB Privatisation was approved by the shareholders of AIGB at the Court Convened Meeting held pursuant to the order of the High Court of Malaya on 26 September 2007. Further, the order of the High Court of Malaya sanctioning the Scheme of arrangement was obtained on 21 November 2007.

On 15 January 2008, the AIGB Privatisation was completed following the cash payment of RM3.70 to the minority shareholders of AIGB, and AIGB become a wholly-owned subsidiary of the Company.

The entire issued and paid-up share capital of AIGB is expected to be delisted from the Official List of Bursa Malaysia Securities Berhad ("Bursa Securities") in the near future pursuant to paragraph 8.15(6) of the Listing Requirements of Bursa Securities.

- (ii) The Renounceable Rights Issue of 295,972,939 new ordinary shares of RM1.00 in the Company ("Rights Issue") at an issue price of RM3.40 per Rights Share, on the following basis:-

- (a) one (1) Rights Share for every eight (8) existing ordinary shares of RM1.00 each; and  
(b) one (1) Rights Share for every eight (8) existing converting preference shares of RM1.00 each ("CPS"), held in the Company on an entitlement date to be determined.

On 15 January 2008, the Rights Issue was completed following the listing of and quotation of the 295,972,939 Company new shares issued to the entitled shareholders of the Company. The Rights Issue proceeds have been used by the Company to part finance the cash payment to the minority shareholders of AIGB.

- (iii) Adjustments to the Warrants 2003/2008 exercise price from RM2.19 per share to RM2.15 per share and an increase of 1,281,618 additional Warrants 2003/2008 pursuant to the adjustments arising from the Rights Issue.  
(iv) Adjustments to the Unsecured Exchangeable Bonds conversion price from RM3.05 per share to RM2.95 per pursuant to the adjustments arising from the Rights Issue.

2. The Company has sought the approval of Bank Negara Malaysia ("BNM") for the commencement of discussions with MAA Holdings Berhad ("MAAH"), pursuant to section 67 of the Insurance Act, 1996, for the proposed acquisition of the general insurance business held by MAAH in Malaysian Assurance Alliance Berhad, a composite insurer.

3. The Company has obtained the approval of BNM for the shareholders of AmAssurance Berhad (“AmAssurance”) to commence preliminary negotiations with Friends Provident plc, pursuant to the Insurance Act 1996 (“Insurance Act”), for the proposed sale of a minority stake in the life insurance business of AmAssurance. A separate application has also been submitted to BNM to obtain the regulatory approvals under the Insurance Act to enable the Company to split the existing composite insurance licence of AmAssurance, to enable the Company to undertake the life and general insurance business through two separate companies.
4. On 29 November 2007, AmInvestment Bank Berhad had entered into an memorandum of understanding with Woori, a member of the Woori Financial Group of Korea for the purpose of promoting the cooperation in the investment banking business between the two parties, enabling both the financial groups to leverage on each other’s established business franchise and networks in both the domestic and regional capital markets.

## B9. BORROWINGS

	<b>The Group</b>	
	<b>31.12.07</b>	<b>31.3.07</b>
	<b>RM'000</b>	<b>RM'000</b>
(i) Deposits from customers		
Due within six months	35,185,122	31,056,154
Six months to one year	7,991,486	7,325,760
One year to three years	2,318,135	3,141,092
Three to five years	795,087	858,656
	<u>46,289,830</u>	<u>42,381,662</u>
(ii) Deposits and placements of banks and other financial institutions		
Due within six months	10,942,341	10,826,939
Six months to one year	583,721	1,684,584
One year to three years	1,986,808	2,456,875
Three to five years	2,273,846	2,472,941
	<u>15,786,716</u>	<u>17,441,339</u>
<i>Recap:</i>		
<i>Interbank lendings</i>	8,754,429	9,812,102
<i>Interbank borrowings</i>	(297,631)	(1,101,039)
<b><i>Net interbank lendings</i></b>	<u>8,456,798</u>	<u>8,711,063</u>
(iii) Term loans		
Due within one year		
Secured	310,651	309,680
(vi) Subordinated term loans		
More than one year	460,000	460,000
(v) Redeemable unsecured bonds		
More than one year	1,175,000	1,322,795
(vi) Hybrid capital		
More than one year	659,114	666,474
(vii) Unsecured exchangeable bonds		
More than one year	575,000	-

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.

Pursuant to the Rights Issue as mentioned in note B8(1), 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.

#### **B10. DERIVATIVE FINANCIAL INSTRUMENTS**

Please refer to note A27

#### **B11. MATERIAL LITIGATION**

The Group and the Company do not have any material litigation which would materially affect the financial position of the Group and the Company. For other litigations, please refer to Note A25(f) and (g).

#### **B12. DIVIDENDS**

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

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

a. Basic earnings per share

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

	Individual Quarter		Cumulative Quarter	
	31.12.07 RM'000	31.12.06 RM'000	31.12.07 RM'000	31.12.06 RM'000
Net profit attributable to equity holders of the Company	197,848	97,174	451,049	269,097
Number of ordinary shares at beginning of period	2,134,445	2,130,544	2,130,565	2,130,544
Effect of ordinary shares issued pursuant to:				
- exercise of Warrants 2003/2008	30,012	22	10,468	10
- conversion of CPS	163,934	-	135,320	-
Weighted average number of ordinary shares in issue	2,328,391	2,130,566	2,276,353	2,130,554
Basic earnings per share (Sen)	8.50	4.56	19.81	12.63

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

b. Fully diluted earnings per share

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

The Company has three categories of dilutive potential ordinary shares:

- (i) Warrants 1997/2007 (expired on 13 May 2007)
- (ii) Warrants 2003/2008
- (iv) Unsecured exchangeable bonds

	Individual Quarter		Cumulative Quarter	
	31.12.07 RM'000	31.12.06 RM'000	31.12.07 RM'000	31.12.06 RM'000
Net profit attributable to equity holders of the Company	197,848	97,174	451,049	269,097
Weighted average number of ordinary shares in issue (as in (a) above)	2,328,391	2,130,566	2,276,353	2,130,544
Adjusted for:				
Exercise of Warrants 2003/2008	26,084	39,958	26,084	39,958
Conversion of unsecured exchangeable bonds	43,599	-	43,599	-
Adjusted weighted average number of ordinary shares in issue and issuable	2,398,074	2,170,524	2,346,036	2,170,502
Fully diluted earnings per share (Sen)	8.25	4.48	19.23	12.40

For the financial period ended 31 December 2006, outstanding share warrants 1997/2007 have 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's adjusted weighted average number of ordinary shares in issue and issuable for the financial period ended 31 December 2007 and 2006 have been arrived at based on the assumption that dilutive share warrants 2003/2008 is exercised and the bonds is exchanged at beginning of period.

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

Date : 28 January 2008