

Company No. 8515-D

AmBank (M) Berhad
(Company No. 8515-D)
(Incorporated in Malaysia)
And Its Subsidiary Companies

Interim Financial Statements
For the Financial Period
1 April 2008 to
30 September 2008
(In Ringgit Malaysia)

CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED BALANCE SHEETS AS AT 30 SEPTEMBER 2008

	Note	The Group		The Bank	
		30 Sept 2008 RM'000	31 March 2008 RM'000	30 Sept 2008 RM'000	31 March 2008 RM'000
ASSETS					
Cash and short-term funds		10,215,466	10,837,946	7,191,170	8,275,239
Securities purchased under resale agreements		791,502	–	791,502	–
Deposits and placements with banks and other financial institutions		1,129,125	1,329,700	1,137,718	1,338,293
Securities held-for-trading	A8	1,177,569	6,540,970	828,430	5,981,489
Securities available-for-sale	A9	5,456,793	1,252,533	5,013,363	1,251,636
Securities held-to-maturity	A10	894,455	1,156,536	850,119	1,115,364
Derivative financial assets		245,034	307,651	245,034	307,651
Loans, advances and financing	A11	54,754,925	52,090,100	45,571,722	44,002,993
Other assets		719,786	920,983	659,833	840,159
Statutory deposit with Bank Negara Malaysia		1,978,597	1,660,197	1,684,418	1,388,497
Deferred tax assets		467,406	645,067	333,212	483,873
Investment in subsidiary companies		–	–	839,869	846,869
Investment in associated companies		782	740	137	137
Prepaid land lease payments		4,354	4,404	3,153	3,193
Property and equipment		156,034	169,274	130,694	143,292
Intangible assets		69,020	61,486	68,478	60,876
TOTAL ASSETS		78,060,848	76,977,587	65,348,852	66,039,561

The Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 March 2008.

CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED BALANCE SHEETS AS AT 30 SEPTEMBER 2008

	Note	The Group		The Bank	
		30 Sept 2008 RM'000	31 March 2008 RM'000	30 Sept 2008 RM'000	31 March 2008 RM'000
LIABILITIES AND EQUITY					
Deposits from customers	A12	48,931,783	47,618,331	41,652,908	41,261,431
Deposits and placements of banks and other financial institutions	A13	17,090,639	16,335,926	13,524,810	13,557,812
Derivative financial liabilities		241,424	352,007	241,424	352,007
Obligations on securities sold under repurchase agreements		68,846	–	68,846	–
Bills and acceptances payable		2,370,933	1,909,243	1,581,206	1,361,896
Recourse obligation on loans sold to Cagamas Berhad		163,991	243,979	163,991	243,979
Other liabilities		1,432,954	1,497,186	1,245,178	1,357,513
Subordinated term loans		–	460,000	720,692	1,149,469
Hybrid securities		720,692	689,469	–	–
Medium term notes		1,460,000	860,000	1,460,000	860,000
Subordinated bonds		400,000	600,000	–	200,000
Exchangeable bonds		575,000	575,000	575,000	575,000
Irredeemable Convertible Unsecured Loan Stocks		–	131,604	–	131,604
Irredeemable Non-Cumulative Convertible Preference shares		150,000	150,000	150,000	150,000
Term loan		292,463	271,490	292,463	271,490
Total Liabilities		73,898,725	71,694,235	61,676,518	61,472,201
Share capital		670,364	610,364	670,364	610,364
Reserves		3,491,723	4,672,947	3,001,970	3,956,996
Shareholder's Equity		4,162,087	5,283,311	3,672,334	4,567,360
Minority interests		36	41	–	–
Total Equity		4,162,123	5,283,352	3,672,334	4,567,360
TOTAL LIABILITIES AND EQUITY		78,060,848	76,977,587	65,348,852	66,039,561
COMMITMENTS AND CONTINGENCIES	A29	53,696,873	75,008,692	49,162,722	69,091,380
NET ASSETS PER SHARE (RM)		6.21	8.66	5.48	7.48

The Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 March 2008.

CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED INCOME STATEMENTS
FOR THE FINANCIAL HALF-YEAR ENDED 30 SEPTEMBER 2008

The Group	Note	Individual Quarter		Cumulative Quarter	
		30 Sept 2008 RM'000	30 Sept 2007 RM'000	30 Sept 2008 RM'000	30 Sept 2007 RM'000
Revenue		<u>1,177,427</u>	<u>1,194,514</u>	<u>2,364,336</u>	<u>2,425,027</u>
Interest income	A14	933,299	865,809	1,868,331	1,759,644
Interest expense	A15	<u>(502,194)</u>	<u>(516,499)</u>	<u>(1,014,002)</u>	<u>(1,047,378)</u>
Net interest income		431,105	349,310	854,329	712,266
Net income from Islamic Banking business	A16	148,445	127,858	274,572	282,208
Other operating income	A17	<u>(15,579)</u>	<u>95,578</u>	<u>28,060</u>	<u>214,456</u>
Net income		563,971	572,746	1,156,961	1,208,930
Other operating expenses	A18	<u>(216,609)</u>	<u>(212,144)</u>	<u>(461,344)</u>	<u>(415,216)</u>
Operating profit		347,362	360,602	695,617	793,714
Allowance for losses on loans and financing	A19	(37,422)	(208,739)	(81,880)	(368,651)
Provision for commitments and contingencies		(1,410)	2	(14,842)	299
Impairment loss	A20	<u>(8,085)</u>	<u>(8,922)</u>	<u>(35,308)</u>	<u>(17,447)</u>
Profit before share in results of associated company and taxation		300,445	142,943	563,587	407,915
Share in results of associated company		<u>(9)</u>	<u>50</u>	<u>43</u>	<u>35</u>
Profit before zakat and taxation		300,436	142,993	563,630	407,950
Zakat		(127)	(304)	(29)	(304)
Taxation	A21	<u>(77,752)</u>	<u>(89,090)</u>	<u>(145,593)</u>	<u>(172,783)</u>
Profit after zakat and taxation		<u>222,557</u>	<u>53,599</u>	<u>418,008</u>	<u>234,863</u>
Attributable to:					
Equity holder of the Bank		222,566	53,605	418,014	234,869
Minority interests		<u>(9)</u>	<u>(6)</u>	<u>(6)</u>	<u>(6)</u>
Profit after zakat and taxation		<u>222,557</u>	<u>53,599</u>	<u>418,008</u>	<u>234,863</u>
Earnings per share (sen)	A22				
Basic		33.20	8.21	62.47	36.18
Fully diluted		<u>27.13</u>	<u>6.71</u>	<u>51.05</u>	<u>30.92</u>

The Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 March 2008.

CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED INCOME STATEMENTS
FOR THE FINANCIAL HALF-YEAR ENDED 30 SEPTEMBER 2008

The Bank Legal Entity	Note	Individual Quarter		Cumulative Quarter	
		30 Sept 2008 RM'000	30 Sept 2007 RM'000	30 Sept 2008 RM'000	30 Sept 2007 RM'000
Revenue		915,055	966,827	1,890,504	1,975,088
Interest income	A14	931,319	862,882	1,864,575	1,752,302
Interest expense	A15	(501,252)	(515,026)	(1,012,131)	(1,042,724)
Net interest income		430,067	347,856	852,444	709,578
Other operating income	A17	(16,264)	93,870	25,929	212,666
Net income		413,803	441,726	878,373	922,244
Other operating expenses	A18	(163,736)	(162,431)	(352,539)	(317,267)
Operating profit		250,067	279,295	525,834	604,977
Allowance for losses on loans and financing	A19	(15,621)	(175,505)	(32,403)	(295,831)
Provision for commitments and contingencies		334	2	4	299
Impairment loss	A20	(8,084)	(8,922)	(42,265)	(17,447)
Profit before taxation		226,696	94,870	451,170	291,998
Taxation	A21	(58,660)	(64,940)	(118,479)	(127,128)
Profit after taxation		168,036	29,930	332,691	164,870
Earnings per share (sen)	A22				
Basic		25.07	4.68	49.74	25.50
Fully diluted		20.48	3.82	40.65	21.79

The Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 March 2008.

Company No. 8515-D
AmBank (M) Berhad
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CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL HALF-YEAR ENDED 30 SEPTEMBER 2008

The Group	← Attributable to Equity Holder of the Bank →								Distributable		Total Equity RM'000
	Share Capital RM'000	ICULS (equity component) RM'000	Share Premium RM'000	Statutory Reserve RM'000	Merger Reserve RM'000	Capital Reserve RM'000	Available For-Sale Reserve RM'000	Exchange Fluctuation Reserve RM'000	Unappropriated Profits RM'000	Minority Interest RM'000	
Balance as at 1 April 2007	610,364	–	710,660	633,222	1,727,830	377,492	6,007	–	406,591	57	4,472,223
Issue of Irredeemable Convertible Unsecured Loan Stocks	–	200,792	–	–	–	–	–	–	–	–	200,792
Unrealised net loss on revaluation of securities available-for-sale	–	–	–	–	–	–	(8,097)	–	–	–	(8,097)
Profit/(loss) for the year	–	–	–	–	–	–	–	–	618,450	(16)	618,434
Effects arising from the pooling of interests	–	–	–	–	152,305	–	–	–	(152,305)	–	–
Transfer to statutory reserve	–	–	–	137,676	–	–	–	–	(137,676)	–	–
Balance as at 31 March 2008	610,364	200,792	710,660	770,898	1,880,135	377,492	(2,090)	–	735,060	41	5,283,352
Balance as at 1 April 2008	610,364	200,792	710,660	770,898	1,880,135	377,492	(2,090)	–	735,060	41	5,283,352
Conversion of Irredeemable Convertible Unsecured Loan Stocks	60,000	(200,792)	232,184	–	–	–	–	–	–	–	91,392
Unrealised net loss on revaluation of securities available-for-sale	–	–	–	–	–	–	(154,452)	–	–	–	(154,452)
Exchange fluctuation adjustments	–	–	–	–	–	–	–	6,390	–	–	6,390
Effects arising from the pooling of interests	–	–	–	–	(1,482,569)	–	–	–	–	–	(1,482,569)
Profit for the period	–	–	–	–	–	–	–	–	418,015	(5)	418,010
Balance as at 30 September 2008	670,364	–	942,844	770,898	397,566	377,492	(156,542)	6,390	1,153,075	36	4,162,123

The Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 March 2008.

**CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL HALF-YEAR ENDED 30 SEPTEMBER 2008**

The Bank	← Attributable to Equity Holder of the Bank →								Total RM'000
	ICULS		Non-distributable					Distributable	
	Share Capital RM'000	(equity component) RM'000	Share Premium RM'000	Statutory Reserve RM'000	Merger Reserve RM'000	Available For-Sale Reserve RM'000	Exchange Fluctuati on Reserve RM'000	Unappro- priated Profits RM'000	
Balance as at 1 April 2007	610,364		710,660	585,832	1,044,820	6,007	–	918,628	3,876,311
Issue of Irredeemable Convertible Unsecured Loan Stocks	–	200,792	–	–	–	–	–	–	200,792
Unrealised net loss on revaluation of securities available-for-sale	–	–	–	–	–	(8,097)	–	–	(8,097)
Profit for the year	–	–	–	–	–	–	–	498,354	498,354
Effects arising from the pooling of interests	–	–	–	–	119,847	–	–	(119,847)	–
Transfer to statutory reserve	–	–	–	94,627	–	–	–	(94,627)	–
Balance as at 31 March 2008	610,364	200,792	710,660	680,459	1,164,667	(2,090)	–	1,202,508	4,567,360
Balance as at 1 April 2008	610,364	200,792	710,660	680,459	1,164,667	(2,090)	–	1,202,508	4,567,360
Effects arising from the pooling of interests	–	–	–	–	(1,164,667)	–	–	–	(1,164,667)
Conversion of Irredeemable Convertible Unsecured Loan Stocks	60,000	(200,792)	232,184	–	–	–	–	–	91,392
Unrealised net loss on revaluation of securities available-for-sale	–	–	–	–	–	(154,437)	–	–	(154,437)
Exchange fluctuation adjustments	–	–	–	–	–	–	(5)	–	(5)
Profit for the period	–	–	–	–	–	–	–	332,691	332,691
Balance as at 30 September 2008	670,364	–	942,844	680,459	–	(156,527)	(5)	1,535,199	3,672,334

The Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 March 2008.

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CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED CONDENSED CASH FLOW STATEMENTS
FOR THE FINANCIAL HALF-YEAR ENDED 30 SEPTEMBER 2008

	The Group		The Bank	
	30 Sept 2008 RM'000	30 Sept 2007 RM'000	30 Sept 2008 RM'000	30 Sept 2007 RM'000
Profit before zakat and taxation	612,145	407,949	451,170	291,998
Adjustments for non-cash items	<u>(876,657)</u>	<u>524,270</u>	<u>(573,461)</u>	<u>507,257</u>
Operating Profit / (Loss) Before Working Capital Changes	(264,512)	932,219	(122,291)	799,255
Changes in working capital:				
Net changes in operating assets	1,503,013	(2,061,156)	2,459,014	(2,778,233)
Net changes in operating liabilities	2,317,920	(2,970,301)	319,419	(3,027,166)
Tax (paid)/refund	<u>(114)</u>	<u>(41,757)</u>	<u>-</u>	<u>200,558</u>
Net Cash Generated From/(Used in) Operating Activities	3,556,307	(4,140,995)	2,656,142	(4,805,586)
Net Cash Generated From/(Used in) Investing Activities	(4,118,787)	258,565	(3,680,211)	243,711
Net Cash Generated From/(Used in) Financing Activities	<u>(60,000)</u>	<u>1,023,590</u>	<u>(60,000)</u>	<u>1,023,590</u>
Net Increase/(Decrease) In Cash And Cash Equivalents	(622,480)	(2,858,840)	(1,084,069)	(3,538,285)
Cash And Cash Equivalents At Beginning Of The Period	<u>10,837,946</u>	<u>9,810,285</u>	<u>8,275,239</u>	<u>7,957,447</u>
Cash And Cash Equivalents At End Of The Period	<u>10,215,466</u>	<u>6,951,445</u>	<u>7,191,170</u>	<u>4,419,162</u>

The Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 March 2008.

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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 should be read in conjunction with the Annual Financial Statements for the year ended 31 March 2008.

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 the following which are effective for the Group and the Bank’s annual reporting date, 31 March 2009:

FRS 107: Cash Flow Statements

FRS 112: Income Taxes

FRS 118: Revenue

FRS 119: Employee Benefits

FRS 134: Interim Financial Reporting

FRS 137: Provisions, Contingent Liabilities and Contingent Assets

Amendments to FRS 121: The Effects of Changes in Foreign Exchange Rates- Net Investment in a Foreign Operation

IC Interpretation 8: Scope of FRS 2 Share-based Payments

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

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

FRS 111: Construction Contract

FRS 120: Accounting for Government Grants and Disclosure of Government Assistance

IC Interpretation 1: Changes in Existing Decommissioning, Restoration and Similar Liabilities

IC Interpretation 2: Members’ Shares in Co-operative Entities and Similar Instruments

IC Interpretation 5: Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds

IC Interpretation 6: Liabilities arising from Participating In a Specific Market-Waste Electrical and Electronic Equipment

IC Interpretation 7: Applying the Restatement Approach to FRS 129 Financial Accounting in Hyperinflationary Economies

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Explanatory Notes

A1. Basis of Preparation (cont'd)

During the 2nd quarter of financial year ending 31 March 2009, the Group implemented the following changes in accounting policy on treatment of:

- (i) certain incidental expenses incurred as part of the "Zero Entry cost" package offered for housing loans and commercial property loans. These expenses which were previously expensed off to the Income Statement upon incurrence are now capitalized and amortised over the average lock-in period of the loans. The rationale for this change is to match the expenses against the returns earned over the period of the loans. The impact of this change to the preceding years' financial results was not material. Arising from this change, certain comparative figures have been restated as mentioned in Note A35.
- (ii) employee costs in respect of software development. The change in accounting policy involves the capitalization of directly attributable employee costs for employees involved in the application development stage of a project and such costs will be amortised over the estimated useful life of the computer software which is classified as intangible assets. Previously, costs of employees directly involved in the development of software were expensed off to the Income Statement upon incurrence. This change in accounting policy will be effective for new projects launched from the financial year ending 31 March 2009 and does not have any impact to the financial results ended 30 September 2008.

Pursuant to the Business Transfer Agreement dated 11 March 2008 and the Vesting Order granted by the High Court of Malaya on 9 April 2008, the Bank acquired the assets and assumed the liabilities relating to AmInvestment Bank Berhad's (AmInvestment Bank) conventional/Islamic Fund-Based Activity (including AmInvestment Bank's 100% shareholding interest in AmInternational (L) Ltd, a licensed offshore bank). As the vesting of assets and assumption of liabilities were carried by entities under common control, the transaction has been accounted for via the pooling of interest method ("Merger"). Under the pooling of interest method, the results of the business transferred from AmInvestment Bank, together with the assets and liabilities are included into the financial statements of the Bank as if the merger had been effected prior to and throughout the current financial year/period. Pursuant to the Business Transfer, certain Held-for-Trading securities were reclassified to Securities Available for Sale and arising from the Merger, comparative figures of the Bank and the Group have been restated.

During the financial period, the Bank adopted the guidelines issued by Bank Negara Malaysia (BNM) "Reclassification of Securities under Specific Circumstances". The provisions in the above Guideline shall override the existing requirements of BNM/GP8 in relation to the reclassification of securities into or out of the Held-For-Trading category and are effective from 1 July 2008 to 31 December 2009. As permitted by the above guideline, the Bank had reclassified securities from the Held for Trading category to Available for Sale effective 1 July 2008. The effects of this reclassification are as disclosed in note A34.

The specific and general allowances for loans, advances and financing of the Bank 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 Bank 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.

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

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

A2. Audit Qualification

The auditors' report on the audited annual financial statements for the financial year ended 31 March 2008 was not qualified.

A3. Seasonality or Cyclicity of Operations

The operations of the Group are not subject to 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 prior financial years that have a material effect on the financial period ended 30 September 2008.

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A6. Issuance, Cancellation, Repurchase, Resale and Repayment of Debt and Equity Securities

a) Issuance of Sixth Tranche of RM600 million Medium Term Notes (MTN)

On 9 April 2008, the Bank issued the Sixth Tranche of MTN amounting to RM600 million which is for a tenor of 15 years Non-callable 10 years and bear interest at 6.25% per annum. The proceeds raised was utilized for the refinancing of existing subordinated debts and general working capital requirements. To date, the Bank had issued a total of RM1,460 million MTN under the RM2.0 billion nominal value MTN Programme.

b) Repayment of RM200 million Subordinated Bonds

Pursuant to a Trust Deed dated 24 April 2003, the Bank had issued RM200 million Subordinated Bonds for a period of ten years maturing on 30 April 2013. On 30 April 2008, the Bank had early redeemed the RM200 million Subordinated Bonds with the approval of Bank Negara Malaysia.

c) Conversion of RM300 million Irredeemable Convertible Unsecured Loan Stocks ("ICULS")

On 20 May 2008 the holding company, AMFB Holdings Berhad, exercised its conversion right to convert the entire RM300 million ICULS into 60,000,000 fully paid ordinary shares of RM1.00 each. The ICULS was converted to new shares in the Bank and credited as fully paid on the basis of one new share for every Ringgit Malaysia Five (RM5.00) nominal amount of ICULS tendered.

With the conversion of ICULS, the issued and fully paid-up ordinary share capital of the Bank increased to 670,363,762 ordinary shares of RM1.00 each. The resultant share premium arising from the conversion of ICULS amounting to RM232,183,993 was credited to the Share Premium account.

d) Repayment of RM460 million Subordinated Term Loan

On 30 September 2008, the Bank repaid the RM460 million Subordinated term loan which was drawdown on 30 September 2003. This loan which was obtained from a related company was novated to Quanto Assets Berhad, a special purpose vehicle on 19 May 2006.

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

A7. Dividends Paid

The directors do not recommend the payment of any dividend in respect of the financial period ended 30 September 2008 and no dividends were paid in the current financial period.

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A8. Securities Held-for-trading

	The Group		The Bank	
	30 Sept 2008 RM'000	31 March 2008 RM'000	30 Sept 2008 RM'000	31 March 2008 RM'000
At fair value				
Money Market Securities:				
Treasury bills	44,441	26,566	44,441	26,566
Islamic Treasury bills	–	78,224	–	–
Malaysian Government Securities	263,267	160,705	263,267	160,705
Malaysian Government Investment Certificates	12,486	323,014	12,486	287,793
Cagamas bonds	–	25,057	–	25,057
Cagamas Mudharabah Bearer Bonds	7,522	37,167	–	35,076
Khazanah bonds	–	59,359	–	45,857
I-Khazanah bonds	965	–	–	–
Negotiable Islamic debt certificate	23,471	313,742	–	–
Negotiable instruments of deposit	–	15,368	–	15,368
Islamic Bank Negara Malaysia monetary notes	–	134,107	–	134,107
Bank Negara Malaysia Monetary Notes	344,027	274,645	344,027	274,645
	<u>696,179</u>	<u>1,447,954</u>	<u>664,221</u>	<u>1,005,174</u>
Quoted Securities in Malaysia:				
Shares and Unit Trusts	45,008	82,534	45,008	82,464
Quoted Securities Outside Malaysia:				
Shares	–	69,236	–	69,236
Unquoted Securities Outside Malaysia:				
Private debt securities	14,884	–	14,884	–
Unquoted Securities in Malaysia:				
Private debt securities	421,498	4,763,484	104,317	4,646,853
Guaranteed private debt securities	–	177,762	–	177,762
	<u>421,498</u>	<u>4,941,246</u>	<u>104,317</u>	<u>4,824,615</u>
Total securities held-for-trading	<u>1,177,569</u>	<u>6,540,970</u>	<u>828,430</u>	<u>5,981,489</u>

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A9. Securities Available-for-sale

	The Group		The Bank	
	30 Sept 2008 RM'000	31 March 2008 RM'000	30 Sept 2008 RM'000	31 March 2008 RM'000
At fair value				
Money Market Securities:				
Malaysian Government				
Investment Certificates	34,625	–	–	–
Negotiable Islamic Debt Certificate	69,339	–	–	–
Islamic Khazanah bonds	58,391	–	44,109	–
Negotiable instruments of deposit	68,307	69,762	93,281	69,762
	<u>230,662</u>	<u>69,762</u>	<u>137,390</u>	<u>69,762</u>
Quoted Securities In Malaysia:				
Shares	139,959	22,817	139,905	22,817
Shares with options and/or collateral	13,069	19,570	13,069	19,570
	<u>153,028</u>	<u>42,387</u>	<u>152,974</u>	<u>42,387</u>
Quoted Securities Outside Malaysia:				
Shares	49,870	78	49,870	78
Unquoted Securities Outside Malaysia:				
Shares	967	–	–	–
Unquoted Securities In Malaysia:				
Private debt securities	4,685,081	1,043,777	4,335,944	1,043,777
Guaranteed private debt securities	337,185	96,529	337,185	95,632
	<u>5,022,266</u>	<u>1,140,306</u>	<u>4,673,129</u>	<u>1,139,409</u>
Total securities available-for-sale	<u><u>5,456,793</u></u>	<u><u>1,252,533</u></u>	<u><u>5,013,363</u></u>	<u><u>1,251,636</u></u>

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A10. Securities Held-to-maturity

	The Group		The Bank	
	30 Sept 2008 RM'000	31 March 2008 RM'000	30 Sept 2008 RM'000	31 March 2008 RM'000
At amortised cost				
Quoted Securities In Malaysia:				
Shares	40	218	40	121
Debt securities	36,288	–	1,881	–
Debt securities with options and/or collateral	178,262	251,113	177,291	218,202
Warrants	–	15	–	15
	<u>214,590</u>	<u>251,346</u>	<u>179,212</u>	<u>218,338</u>
Unquoted Securities In Malaysia:				
Shares	92,445	126,920	90,252	126,503
Debt securities	347,368	427,592	325,982	406,061
Debt securities with options and/or collateral	645,169	631,444	645,169	631,444
	<u>1,084,982</u>	<u>1,185,956</u>	<u>1,061,403</u>	<u>1,164,008</u>
Unquoted Securities Outside Malaysia:				
Private debt securities	–	190,331	–	190,331
Shares	17	6,441	17	6,441
	<u>17</u>	<u>196,772</u>	<u>17</u>	<u>196,772</u>
Total	1,299,589	1,634,074	1,240,632	1,579,118
Less: Accumulated impairment losses	(405,134)	(477,538)	(390,513)	(463,754)
Total securities held-to-maturity	<u>894,455</u>	<u>1,156,536</u>	<u>850,119</u>	<u>1,115,364</u>

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A11. Loans, Advances and Financing

	The Group		The Bank	
	30 Sept 2008 RM'000	31 March 2008 RM'000	30 Sept 2008 RM'000	31 March 2008 RM'000
Overdrafts	1,596,507	1,632,538	1,486,641	1,491,602
Term loan facilities				
– Housing loans/financing	11,450,535	11,314,355	10,670,809	10,502,152
– Hire-purchase receivables	30,424,049	29,984,270	22,735,138	22,283,759
– Other loans/financing	13,338,944	12,080,012	9,335,191	8,757,092
Credit card receivables	1,872,734	1,901,162	1,559,189	1,597,794
Bills receivables	58,173	33,524	49,671	29,762
Trust receipts	537,302	325,968	485,226	279,895
Claims on customers under acceptance credits	2,700,625	2,301,379	1,828,376	1,615,003
Revolving credits	3,174,424	2,984,973	2,961,315	2,825,260
Staff loans	155,202	156,451	154,646	155,954
Total	65,308,495	62,714,632	51,266,202	49,538,273
Unearned interest and unearned income	(6,764,273)	(6,482,805)	(3,753,443)	(3,658,470)
	58,544,222	56,231,827	47,512,759	45,879,803
Less: Islamic financing sold to Cagamas Berhad	(1,532,705)	(1,956,022)	–	–
Gross loans, advances and financing	57,011,517	54,275,805	47,512,759	45,879,803
Allowance for bad and doubtful debts and financing:				
–General	(874,144)	(836,845)	(707,651)	(681,403)
–Specific	(1,382,448)	(1,348,860)	(1,233,386)	(1,195,407)
Net loans, advances and financing	54,754,925	52,090,100	45,571,722	44,002,993

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A11. Loans, Advances and Financing (continued)**A11a. By type of customer**

	The Group		The Bank	
	30 Sept 2008 RM'000	31 March 2008 RM'000	30 Sept 2008 RM'000	31 March 2008 RM'000
Domestic banking institutions	8,259	131	8,259	131
Domestic non-bank financial institutions	847,366	832,795	840,583	832,134
Domestic business enterprises				
– Small medium enterprises	6,409,768	5,447,766	5,460,747	4,698,418
– Others	12,041,647	11,269,932	10,638,496	10,281,199
Government and statutory bodies	80,956	111,581	80,956	90,270
Individuals	37,526,454	36,496,661	30,408,750	29,900,143
Other domestic entities	28,281	32,566	25,217	29,384
Foreign entities	68,786	84,373	49,751	48,124
	<u>57,011,517</u>	<u>54,275,805</u>	<u>47,512,759</u>	<u>45,879,803</u>
Gross loans, advances and financing				

A11b. By interest/profit rate sensitivity

	The Group		The Bank	
	30 Sept 2008 RM'000	31 March 2008 RM'000	30 Sept 2008 RM'000	31 March 2008 RM'000
Fixed rate				
– Housing loans/financing	2,371,132	2,342,552	1,961,847	1,923,634
– Hire purchase receivables	23,875,706	23,104,400	19,009,679	18,648,791
– Other fixed rate loan/financing	8,246,965	8,136,290	4,201,995	4,713,358
Variable rate				
– Base lending rate plus	14,891,392	14,688,695	14,891,392	14,687,528
– Cost plus	7,151,536	5,636,487	6,989,490	5,539,111
– Other variable rates	474,786	367,381	458,356	367,381
	<u>57,011,517</u>	<u>54,275,805</u>	<u>47,512,759</u>	<u>45,879,803</u>
Gross loans, advances and financing				

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A11. Loans, Advances and Financing (continued)**A11c. By loan purpose**

	The Group		The Bank	
	30 Sept 2008 RM'000	31 March 2008 RM'000	30 Sept 2008 RM'000	31 March 2008 RM'000
Purchase of securities	1,777,762	1,147,252	1,770,021	1,137,836
Purchase of transport vehicles	24,398,582	24,124,934	18,058,500	17,756,772
Purchase of landed property				
– Residential	11,150,828	10,980,122	10,740,657	10,560,017
– Non-residential	2,673,643	2,312,866	2,427,591	2,167,498
Purchase of fixed assets other than land and building	1,837,762	1,751,237	1,697,658	1,624,960
Personal use	2,209,023	2,079,883	367,905	377,780
Credit card	1,846,426	1,872,322	1,533,618	1,569,270
Purchase of consumer durables	3,746	3,892	2,558	2,708
Construction	1,088,496	838,616	994,435	811,149
Mergers and acquisitions	386,214	278,877	386,214	278,877
Working capital	9,497,688	9,260,766	8,128,221	8,135,256
Other purpose	1,674,052	1,581,060	1,405,381	1,457,680
	58,544,222	56,231,827	47,512,759	45,879,803
Less: Islamic financing sold to Cagamas Berhad	(1,532,705)	(1,956,022)	–	–
Gross loans, advances and financing	<u>57,011,517</u>	<u>54,275,805</u>	<u>47,512,759</u>	<u>45,879,803</u>

A11d. Non-performing loans by purpose

	The Group		The Bank	
	30 Sept 2008 RM'000	31 March 2008 RM'000	30 Sept 2008 RM'000	31 March 2008 RM'000
Purchase of securities	91,083	97,862	90,393	96,949
Purchase of transport vehicles	398,309	428,615	289,242	303,707
Purchase of landed property				
– Residential	962,860	962,785	885,051	881,418
– Non-residential	277,546	334,169	252,445	305,131
Purchase of fixed assets other than land and building	33,437	44,119	30,962	36,916
Personal use	27,588	35,246	26,810	34,794
Credit card	57,119	66,011	48,121	55,432
Purchase of consumer durables	632	485	632	485
Construction	210,169	201,276	188,914	179,398
Working capital	836,144	941,624	810,510	916,777
Other purpose	144,422	180,492	141,314	176,356
	<u>3,039,309</u>	<u>3,292,684</u>	<u>2,764,394</u>	<u>2,987,363</u>

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A11. Loans, Advances and Financing (continued)

A11e. Movements in non-performing loans, advances and financing (“NPL”) are as follows:

	The Group		The Bank	
	30 Sept 2008 RM'000	31 March 2008 RM'000	30 Sept 2008 RM'000	31 March 2008 RM'000
Gross				
Balance at 1 April	3,292,684	5,152,411	2,987,363	4,649,327
Non-performing during the period/year	660,242	1,319,462	560,166	1,113,394
Reclassification to performing loans, advances and financing	(514,690)	(757,158)	(456,295)	(653,641)
Amount recovered	(166,159)	(513,158)	(149,036)	(442,281)
Debt equity conversion	–	(86,725)	–	(86,725)
Amount written off	(232,768)	(1,274,107)	(177,804)	(1,044,670)
Sale of non-performing loans	–	(547,859)	–	(547,859)
Exchange fluctuation adjustment	–	(215)	–	(215)
Reclassification from trade receivable	–	33	–	33
Balance at end of period/year	3,039,309	3,292,684	2,764,394	2,987,363
Less: Specific allowance	(1,382,448)	(1,348,860)	(1,233,386)	(1,195,407)
Non-performing loans, advances and financing - net	<u>1,656,861</u>	<u>1,943,824</u>	<u>1,531,008</u>	<u>1,791,956</u>
Gross loans, advances and financing	57,011,517	54,275,805	47,512,759	45,879,803
Add: Islamic financing sold to Cagamas Berhad	<u>1,532,705</u>	<u>1,956,022</u>	–	–
Balance as the end of period/year	58,544,222	56,231,827	47,512,759	45,879,803
Less: Specific allowance	(1,382,448)	(1,348,860)	(1,233,386)	(1,195,407)
Loans, advances and financing (including Islamic financing sold to Cagamas Berhad)	<u>57,161,774</u>	<u>54,882,967</u>	<u>46,279,373</u>	<u>44,684,396</u>
Ratio of net non-performing loans, advances and financing to total loans, advances and financing (including Islamic financing sold to Cagamas Berhad) - net	<u>2.90%</u>	<u>3.54%</u>	<u>3.31%</u>	<u>4.01%</u>

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A11. Loans, Advances and Financing (continued)

A11f. Movements in the allowance for bad and doubtful debts (and financing) accounts are as follows:

	The Group		The Bank	
	30 Sept 2008 RM'000	31 March 2008 RM'000	30 Sept 2008 RM'000	31 March 2008 RM'000
General Allowance				
Balance at 1 April	836,845	769,828	681,403	629,071
Allowance made during the period/year	37,265	67,251	26,248	52,566
Exchange fluctuation adjustments	34	(234)	–	(234)
	<u>874,144</u>	<u>836,845</u>	<u>707,651</u>	<u>681,403</u>
Balance at end of period/year	874,144	836,845	707,651	681,403
% of total loans less specific allowance	<u>1.53%</u>	<u>1.53%</u>	<u>1.53%</u>	<u>1.53%</u>
Specific Allowance				
Balance at 1 April	1,348,860	2,083,017	1,195,407	1,829,318
Allowance made during the period/year	469,958	1,181,796	392,495	964,114
Amount written back in respect of recoveries during the period/year	(193,966)	(413,905)	(168,045)	(335,003)
	<u>275,992</u>	<u>767,891</u>	<u>224,450</u>	<u>629,111</u>
Net charge to income statements	275,992	767,891	224,450	629,111
Debt equity conversion	–	(17,190)	–	(17,190)
Amount written off/ Adjustment to Asset Deficiency Account	(242,404)	(1,265,864)	(186,471)	(1,026,838)
Reclassification from sundry receivables	–	838	–	838
Sale of non-performing loans	–	(219,832)	–	(219,832)
	<u>1,382,448</u>	<u>1,348,860</u>	<u>1,233,386</u>	<u>1,195,407</u>
Balance at end of period/year	1,382,448	1,348,860	1,233,386	1,195,407

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A12. Deposits from Customers

	The Group		The Bank	
	30 Sept 2008 RM'000	31 March 2008 RM'000	30 Sept 2008 RM'000	31 March 2008 RM'000
Demand deposits	3,077,458	2,908,460	2,454,158	2,387,896
Savings deposits	3,416,162	3,340,718	2,554,502	2,539,686
Other deposits	6,086,683	4,047,540	6,050,583	4,047,540
Fixed/Investment deposits	36,334,753	37,304,961	30,583,378	32,276,206
Negotiable certificates of deposits	16,727	16,652	10,287	10,103
	<u>48,931,783</u>	<u>47,618,331</u>	<u>41,652,908</u>	<u>41,261,431</u>
<u>By type of customers</u>				
Individuals	24,491,186	23,634,465	22,714,797	22,010,689
Business enterprises	17,201,773	15,576,434	13,864,015	12,641,127
Government and other statutory bodies	6,395,026	6,358,023	4,471,788	4,968,233
Others	843,798	2,049,409	602,308	1,641,382
	<u>48,931,783</u>	<u>47,618,331</u>	<u>41,652,908</u>	<u>41,261,431</u>

A13. Deposits and Placements of Banks and Other Financial Institutions

	The Group		The Bank	
	30 Sept 2008 RM'000	31 March 2008 RM'000	30 Sept 2008 RM'000	31 March 2008 RM'000
Licensed banks	3,627,162	1,723,106	2,752,250	1,158,483
Licensed merchant banks	2,182,288	1,409,898	1,713,608	716,019
Licensed finance companies	–	803,632	–	803,632
Non-banking institutions	9,964,343	11,012,892	7,744,240	9,495,703
Bank Negara Malaysia (“BNM”)	1,316,846	1,386,398	1,314,712	1,383,975
	<u>17,090,639</u>	<u>16,335,926</u>	<u>13,524,810</u>	<u>13,557,812</u>

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A14. Interest Income

	Individual Quarter		Cumulative Quarter	
	30 Sept 2008 RM'000	30 Sept 2007 RM'000	30 Sept 2008 RM'000	30 Sept 2007 RM'000
<u>The Group</u>				
Loans and advances				
– Interest income other than recoveries from NPLs	737,134	682,499	1,461,811	1,360,701
– Recoveries from NPLs	61,084	64,608	123,700	136,408
Money at call, deposit and placements with financial institutions	77,414	46,777	154,894	128,346
Securities held-for-trading	12,701	69,064	35,413	124,790
Securities available-for-sale	59,805	19,238	110,836	39,319
Securities held-to-maturity	5,639	12,940	21,722	22,417
Others	167	79	183	448
	<u>953,944</u>	<u>895,205</u>	<u>1,908,559</u>	<u>1,812,429</u>
Interest suspended	(25,883)	(32,783)	(47,686)	(57,315)
Amortisation of premium less accretion of discount - net	<u>5,238</u>	<u>3,387</u>	<u>7,458</u>	<u>4,530</u>
	<u>933,299</u>	<u>865,809</u>	<u>1,868,331</u>	<u>1,759,644</u>
<u>The Bank</u>				
Loans and advances				
– Interest income other than recoveries from NPLs	736,774	680,734	1,461,045	1,357,034
– Recoveries from NPLs	61,084	64,608	123,700	136,408
Money at call, deposits and placements with financial institutions	75,833	44,843	151,950	123,585
Securities held-for-trading	12,701	68,795	35,424	124,790
Securities available-for-sale	59,805	19,238	110,836	39,227
Securities held-to-maturity	5,639	12,940	21,722	21,807
Others	128	78	126	188
	<u>951,964</u>	<u>891,236</u>	<u>1,904,803</u>	<u>1,803,039</u>
Interest suspended	(25,883)	(31,741)	(47,686)	(55,267)
Amortisation of premium less accretion of discount - net	<u>5,238</u>	<u>3,387</u>	<u>7,458</u>	<u>4,530</u>
	<u>931,319</u>	<u>862,882</u>	<u>1,864,575</u>	<u>1,752,302</u>

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A15. Interest Expense

	Individual Quarter		Cumulative Quarter	
	30 Sept 2008 RM'000	30 Sept 2007 RM'000	30 Sept 2008 RM'000	30 Sept 2007 RM'000
<u>The Group</u>				
Deposits from customers	345,698	349,222	674,792	696,844
Deposits and placements of banks and other financial institutions	109,214	89,321	224,693	183,603
Recourse obligation of loans sold to Cagamas Berhad	1,261	4,600	2,920	10,600
Subordinated term loans	7,885	7,971	15,770	15,856
Subordinated bonds	(44)	4,007	1,263	7,971
Hybrid securities	11,135	11,747	22,012	23,342
Medium term notes	20,837	–	40,626	–
Exchangeable bonds	7,566	7,566	15,049	11,184
Irredeemable Convertible Unsecured Loan Stocks	–	1,943	995	2,872
Others	(1,358)	40,122	15,882	95,106
	<u>502,194</u>	<u>516,499</u>	<u>1,014,002</u>	<u>1,047,378</u>
<u>The Bank</u>				
Deposits from customers	344,645	348,646	672,525	693,093
Deposits and placements of banks and other financial institutions	109,196	88,625	224,929	180,910
Recourse obligation of loans sold to Cagamas Berhad	1,261	4,600	2,920	10,600
Subordinated term loans	19,073	19,719	37,782	39,199
Subordinated bonds	(44)	4,007	1,263	7,971
Medium term notes	20,837	–	40,626	–
Exchangeable bonds	7,566	7,566	15,049	11,184
Irredeemable Convertible Unsecured Loan Stocks	–	1,943	995	2,872
Others	(1,282)	39,920	16,042	96,895
	<u>501,252</u>	<u>515,026</u>	<u>1,012,131</u>	<u>1,042,724</u>

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A16. Net Income from Islamic Banking Business

	Individual Quarter		Cumulative Quarter	
	30 Sept 2008 RM'000	30 Sept 2007 RM'000	30 Sept 2008 RM'000	30 Sept 2007 RM'000
<u>The Group</u>				
Income derived from investment of depositors' funds and others	189,726	178,076	371,054	355,827
Income derived from investment of shareholders' funds	61,684	43,924	96,891	95,100
Transfer from profit equalisation reserve	740	2,285	6,805	28,136
Income attributable to depositors	(98,866)	(90,952)	(190,552)	(185,268)
Finance cost	(4,839)	(5,475)	(9,626)	(11,587)
	<u>148,445</u>	<u>127,858</u>	<u>274,572</u>	<u>282,208</u>

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A17. Other Operating Income

	Individual Quarter		Cumulative Quarter	
	30 Sept 2008 RM'000	30 Sept 2007 RM'000	30 Sept 2008 RM'000	30 Sept 2007 RM'000
The Group				
(a) Fee Income:				
Commissions	16,143	11,549	30,137	21,625
Guarantee fees	6,990	5,206	13,186	9,342
Other fee income	39,821	30,069	75,141	60,371
	<u>62,954</u>	<u>46,824</u>	<u>118,464</u>	<u>91,338</u>
(b) Investment income:				
Net gain/(loss) on sale of:				
Securities held-for-trading	(24,659)	5,655	(64,590)	74,966
Securities available-for-sale	(444)	2,576	10,032	23,945
Securities held-to-maturity	7,684	26,827	22,344	30,464
Net loss on revaluation of securities held-for-trading	17,729	(22,900)	(26,078)	(69,948)
Net gain/(loss) on revaluation of derivatives	(78,599)	24,727	(33,930)	42,231
Gross dividend income from:				
Securities held-for-trading	2,533	3,502	4,551	6,948
Securities available-for-sale	803	774	803	774
Securities held-to-maturity	3,213	2,336	5,010	4,657
Others	6	–	6	–
	<u>(71,734)</u>	<u>43,497</u>	<u>(81,852)</u>	<u>114,037</u>
(c) Other Income:				
Rental income	869	1,060	1,798	1,881
Gain on disposal of property and equipment	103	5	511	12
Gain on disposal of foreclosed property	33	–	33	–
Foreign exchange gain/(loss)	(8,000)	4,006	(11,525)	6,877
Other operating income	196	186	631	311
	<u>(6,799)</u>	<u>5,257</u>	<u>(8,552)</u>	<u>9,081</u>
	<u>(15,579)</u>	<u>95,578</u>	<u>28,060</u>	<u>214,456</u>

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A17. Other Operating Income (continued)

	Individual Quarter		Cumulative Quarter	
	30 Sept 2008 RM'000	30 Sept 2007 RM'000	30 Sept 2008 RM'000	30 Sept 2007 RM'000
The Bank				
(a) Fee Income:				
Commissions	16,143	11,549	30,137	21,625
Guarantee fees	6,631	4,414	12,072	8,274
Other fee income	39,757	29,884	74,977	59,927
	<u>62,531</u>	<u>45,847</u>	<u>117,186</u>	<u>89,826</u>
(b) Investment income:				
Net gain/(loss) on sale of:				
Securities held-for-trading	(24,659)	5,696	(64,590)	74,687
Securities available-for-sale	(444)	2,575	10,032	46,937
Securities held-to-maturity	7,684	26,827	22,344	7,473
Net gain/(loss) on revaluation of securities held-for-trading	17,729	(23,544)	(26,078)	(69,722)
Net gain/(loss) on revaluation of derivatives	(78,599)	25,121	(33,930)	42,813
Gross dividend income from:				
Securities held-for-trading	2,533	3,502	4,551	6,948
Securities available-for-sale	803	775	803	775
Securities held-to-maturity	3,213	2,336	5,010	4,655
Others	6	–	6	–
	<u>(71,734)</u>	<u>43,288</u>	<u>(81,852)</u>	<u>114,566</u>
(c) Other Income:				
Rental income	650	827	1,360	1,506
Gain on disposal of property and equipment	45	(1)	453	1
Gain on disposal of foreclosed property	33	–	33	–
Foreign exchange gain/(loss)	(7,850)	3,909	(11,312)	6,767
Other operating income	61	–	61	–
	<u>(7,061)</u>	<u>4,735</u>	<u>(9,405)</u>	<u>8,274</u>
	<u>(16,264)</u>	<u>93,870</u>	<u>25,929</u>	<u>212,666</u>

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A18. Other Operating Expenses

	Individual Quarter		Cumulative Quarter	
	30 Sept 2008 RM'000	30 Sept 2007 RM'000	30 Sept 2008 RM'000	30 Sept 2007 RM'000
<u>The Group</u>				
Personnel costs				
– Salaries, allowances and bonuses	106,474	95,314	221,618	192,391
– Others	7,716	5,631	13,345	11,278
Establishment costs				
– Depreciation	9,584	9,149	19,040	19,158
– Rental	12,346	11,677	24,645	23,059
– Cleaning, maintenance and security	4,795	5,527	9,188	9,743
– Computerisation cost	14,290	12,860	28,217	20,044
– Amortisation of intangible assets	5,983	5,231	11,639	9,872
– Amortisation of prepaid land lease payments	25	54	50	54
– Others	5,041	4,831	9,746	9,483
Marketing and communication expenses				
– Commission	2,470	1,873	4,846	3,423
– Advertising and marketing	797	12,801	22,103	22,551
– Communication	10,192	12,192	20,895	24,378
– Others	1,899	1,999	3,549	3,824
Administration and general expenses				
– Professional services	17,071	11,070	37,662	25,362
– Shared service cost charged	13,213	18,840	25,388	33,343
– Others	4,713	3,095	9,413	7,253
	<u>216,609</u>	<u>212,144</u>	<u>461,344</u>	<u>415,216</u>
<u>The Bank</u>				
Personnel costs				
– Salaries, allowances and bonuses	104,410	93,538	217,488	206,711
– Others	7,597	5,397	13,024	11,876
Establishment costs				
– Depreciation	9,424	8,997	18,723	19,110
– Rental	12,568	11,949	25,089	24,355
– Cleaning, maintenance and security	4,578	5,303	8,847	9,492
– Computerisation cost	14,172	12,780	27,201	21,313
– Amortisation of intangible assets	5,948	5,205	11,568	9,842
– Amortisation of prepaid land lease payments	20	44	40	44
– Others	4,836	4,574	9,294	9,199
Marketing and communication expenses				
– Commission	2,470	1,872	4,846	3,418
– Advertising and marketing	(604)	11,232	19,553	21,756
– Communication	10,039	11,834	20,120	23,520
– Others	1,854	1,988	3,463	3,775
Administration and general expenses				
– Professional services	17,031	10,196	37,172	26,161
– Shared service cost charged	12,700	17,614	24,351	6,312
– Shared service cost recoveries (Subsidiary)	(47,461)	(43,023)	(96,947)	(85,314)
– Others	4,154	2,931	8,707	5,697
	<u>163,736</u>	<u>162,431</u>	<u>352,539</u>	<u>317,267</u>

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A19. Allowance for Losses on Loans, Advances and Financing

	Individual Quarter		Cumulative Quarter	
	30 Sept 2008 RM'000	30 Sept 2007 RM'000	30 Sept 2008 RM'000	30 Sept 2007 RM'000
<u>The Group</u>				
Allowance for bad and doubtful debts and financing:				
Specific allowance				
– made in the financial period	183,763	387,020	469,958	735,840
– written back	(93,373)	(129,788)	(193,966)	(225,518)
General allowance	30,093	20,173	37,265	25,061
Bad debts and financing recovered - net	(83,061)	(68,666)	(231,377)	(166,123)
Amount recovered from Danaharta	–	–	–	(609)
	<u>37,422</u>	<u>208,739</u>	<u>81,880</u>	<u>368,651</u>
<u>The Bank</u>				
Allowance for bad and doubtful debts and financing:				
Specific allowance				
– made in the financial period	147,209	331,790	392,495	614,852
– written back	(80,459)	(104,376)	(168,045)	(178,399)
General allowance	24,733	13,571	26,248	20,159
Bad debts and financing recovered - net	(75,862)	(65,480)	(218,295)	(160,172)
Amount recovered from Danaharta	–	–	–	(609)
	<u>15,621</u>	<u>175,505</u>	<u>32,403</u>	<u>295,831</u>

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A20. Impairment loss

	Individual Quarter		Cumulative Quarter	
	30 Sept 2008 RM'000	30 Sept 2007 RM'000	30 Sept 2008 RM'000	30 Sept 2007 RM'000
<u>The Group</u>				
Securities	(8,489)	(6,911)	(34,886)	(8,295)
Impairment on amount recoverable under asset-backed securitisation transaction	–	–	–	(7,000)
Sundry receivables	404	(2,011)	(422)	(2,152)
	<u>(8,085)</u>	<u>(8,922)</u>	<u>(35,308)</u>	<u>(17,447)</u>
<u>The Bank</u>				
Securities	(8,489)	(6,911)	(34,886)	(8,295)
Impairment on subsidiary company Impairment on amount recoverable under asset-backed securitisation transaction	–	–	(7,000)	–
Sundry receivables	405	(2,011)	(379)	(2,152)
	<u>(8,084)</u>	<u>(8,922)</u>	<u>(42,265)</u>	<u>(17,447)</u>

A21. Taxation

	Individual Quarter		Cumulative Quarter	
	30 Sept 2008 RM'000	30 Sept 2007 RM'000	30 Sept 2008 RM'000	30 Sept 2007 RM'000
<u>The Group</u>				
Estimated current tax payable	92	7,706	114	27,093
Net transfer from deferred taxation	77,660	81,384	145,479	145,964
	<u>77,752</u>	<u>89,090</u>	<u>145,593</u>	<u>173,057</u>
Tax recovered in respect of prior year	–	–	–	(266)
Prior year tax expense in respect of business vested over	–	–	–	(8)
	<u>77,752</u>	<u>89,090</u>	<u>145,593</u>	<u>172,783</u>
<u>The Bank</u>				
Estimated current tax payable	–	5,587	–	21,729
Net transfer from deferred taxation	58,660	59,353	118,479	105,665
Tax recovered in respect of prior year	–	–	–	(266)
	<u>58,660</u>	<u>64,940</u>	<u>118,479</u>	<u>127,128</u>

The total tax charge for the Group and the Bank for the period ended 30 September 2007 reflects an effective tax rate which is higher than the statutory tax rate due mainly to the effect on deferred taxes as a result of reduction in statutory tax rate from 27.0% to 26.0% for year of assessment 2008 and disallowances of certain expenses.

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A22. Earnings Per Share (EPS)**(a) Basic**

	Individual Quarter		Cumulative Quarter	
	30 Sept 2008 RM'000	30 Sept 2007 RM'000	30 Sept 2008 RM'000	30 Sept 2007 RM'000
<u>The Group</u>				
Net profit attributable to shareholder of the Bank	222,566	53,605	418,014	234,869
Effect of savings on interest on ICULS (net of tax)	—	1,438	746	2,125
	<u>222,566</u>	<u>55,043</u>	<u>418,760</u>	<u>236,994</u>
Number of ordinary shares at beginning of year	610,364	610,364	610,364	610,364
Effect of the conversion of ICULS	60,000	60,000	60,000	44,590
Weighted average number of ordinary shares in issue	<u>670,364</u>	<u>670,364</u>	<u>670,364</u>	<u>654,954</u>
Basic earnings per share (sen)	<u>33.20</u>	<u>8.21</u>	<u>62.47</u>	<u>36.18</u>
	RM'000	RM'000	RM'000	RM'000
<u>The Bank</u>				
Net profit attributable to shareholders of the Bank	168,036	29,930	332,691	164,870
Effect of savings on interest on ICULS (net of tax)	—	1,438	746	2,125
	<u>168,036</u>	<u>31,368</u>	<u>333,437</u>	<u>166,995</u>
	'000	'000	'000	'000
Number of ordinary shares at beginning of year	610,364	610,364	610,364	610,364
Effect of the conversion of ICULS	60,000	60,000	60,000	44,590
Weighted average number of ordinary shares in issue	<u>670,364</u>	<u>670,364</u>	<u>670,364</u>	<u>654,954</u>
Basic earnings per share (sen)	<u>25.07</u>	<u>4.68</u>	<u>49.74</u>	<u>25.50</u>

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(b) Fully diluted

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

The Bank has one category of dilutive potential ordinary shares:

i) Irredeemable Non-Cumulative Convertible Preference shares ("INCPS")

	Individual Quarter		Cumulative Quarter	
	30 Sept 2008 RM'000	30 Sept 2007 RM'000	30 Sept 2008 RM'000	30 Sept 2007 RM'000
<u>The Group</u>				
Net profit attributable to shareholder of the Bank (as in (a) above)	222,566	55,043	418,760	236,994
	'000	'000	'000	'000
Weighted average number of ordinary shares in issue (as in (a) above)	670,364	670,364	670,364	654,954
Adjusted for the effect of the INCPS	150,000	150,000	150,000	111,475
Adjusted weighted average number of ordinary shares in issue	820,364	820,364	820,364	766,429
Fully diluted earnings per share (sen)	27.13	6.71	51.05	30.92
	RM'000	RM'000	RM'000	RM'000
<u>The Bank</u>				
Net profit attributable to shareholder of the Bank (as in (a) above)	168,036	31,368	333,437	166,995
	'000	'000	'000	'000
Weighted average number of ordinary shares in issue (as in (a) above)	670,364	670,364	670,364	654,954
Adjusted for the effect of the INCPS	150,000	150,000	150,000	111,475
Weighted average number of ordinary shares in issue	820,364	820,364	820,364	766,429
Fully diluted earnings per share (sen)	20.48	3.82	40.65	21.79

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A23a. Performance Review for the period ended 30 September 2008

The Group registered a profit before zakat and taxation ("pre-tax profit") of RM563.6 million representing a 38% increase compared to the pre-tax profit for the corresponding period last year.

The significant increase in pre-tax profit was attributable to increase in net interest income arising from loan growth and a 79% reduction in loan loss provision due to intensive recovery efforts.

The performance for the quarter was however impacted by rising interest rates. Accordingly, the Group incurred loss on disposal and revaluation loss on securities held for trading amounting to RM90.7 million. Operating expenses increased by 11% principally due to the growing scale of business operations.

Net non-performing loans of the Group continue to improve to 2.9% from 3.54% in March 2008 and the risk weighted capital ratio of the Bank remains strong at 12.17% as at 30 September 2008.

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

A23b. Prospects for 31 March 2009

Economic development has been impacted by the hike in petrol price of 40.6% in June 2008. Current inflation rate is at high of 7.7%. This has impacted original national GDP growth target for this year from 6.5% in early January 2008 to the current consensus of 5.7% growth. Full impact of the current economic and financial meltdown in the USA is yet to fully precipitate in the region and nationally.

Given the backdrop of the general economic outlook, business and growth opportunities are generally currently locked on niche and profitable markets. Retail and Business Banking are expected to be the growth engines. The Bank is well positioned today to weather global, regional and domestic volatilities. Over the past year, the AMMB Holdings Berhad Group has taken steps to strengthen its position, including sealing the strategic partnership collaboration with ANZ and internal restructuring of business activities to facilitate business growth. As we forge ahead, the Bank will continue to build on its brand recognition to grow customer base and assets portfolio. Added emphasis will be given to harnessing low-cost deposits and improving the cost of funding framework. Despite a slower start to the first quarter of financial year ending 31 March 2009 ("FY2009"), we are comfortable with the market consensus profit estimates for FY2009, barring major negative economic impacts lasting deeper and longer.

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A24. Segment Information on Operating Revenue, Profit Before Tax Expense and Assets**By Business Segments**

The Group 30 September 2008	Conventional Banking RM'000	Islamic Banking RM'000	Others RM'000	Elimination RM'000	Consolidated RM'000
Revenue					
<u>External revenue</u>					
Interest income	1,868,759	–	–	(428)	1,868,331
Fee income	118,387	–	77	–	118,464
Investment and other operating income	(90,970)	–	368	(177)	(90,779)
Income from Islamic Banking Financing income	–	446,198	–	–	446,198
Investment and Fees on financing	–	21,747	–	–	21,747
Others (Subsidiaries) – Rental	–	–	375	–	375
	<u>1,896,176</u>	<u>467,945</u>	<u>820</u>	<u>(605)</u>	<u>2,364,336</u>
<u>Inter-segment revenue</u>					
Interest Income	–	–	22,460	(22,460)	–
Others (Subsidiaries) – Rental	–	–	947	(947)	–
	<u>–</u>	<u>–</u>	<u>23,407</u>	<u>(23,407)</u>	<u>–</u>
Total revenue	<u>1,896,176</u>	<u>467,945</u>	<u>24,227</u>	<u>(24,012)</u>	<u>2,364,336</u>
Results					
Profit before share in results of associated company and taxation	430,289	103,115	989	29,194	563,587
Share of profits of associated company	–	–	–	43	43
Profit before zakat and taxation	430,289	103,115	989	29,237	563,630
Zakat	–	(29)	–	–	(29)
Taxation	(118,489)	(27,000)	(104)	–	(145,593)
Profit after zakat and taxation	311,800	76,086	885	29,237	418,008
Total Assets	65,665,013	13,348,599	753,953	(1,706,717)	78,060,848

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A24. Segment Information on Operating Revenue, Profit Before Tax Expense and Assets (continued)

The Group 30 September 2007	Conventional Banking RM'000	Islamic Banking RM'000	Others RM'000	Elimination RM'000	Consolidated RM'000
Revenue					
<u>External revenue</u>					
Interest income	1,759,644	–	–	–	1,759,644
Fee income	91,210	–	128	–	91,338
Investment and other operating income	122,723	–	222	–	122,945
Income from Islamic Banking					
Financing income	–	354,521	–	–	354,521
Investment and Fees on financing	–	96,406	–	–	96,406
Others (Subsidiaries) – Rental	–	–	173	–	173
	<u>1,973,577</u>	<u>450,927</u>	<u>523</u>	<u>–</u>	<u>2,425,027</u>
<u>Inter-segment revenue</u>					
Interest income	–	–	23,811	(23,811)	–
Others (Subsidiaries) – Rental	–	–	947	(947)	–
	<u>–</u>	<u>–</u>	<u>24,758</u>	<u>(24,758)</u>	<u>–</u>
Total revenue	<u>1,973,577</u>	<u>450,927</u>	<u>25,281</u>	<u>(24,758)</u>	<u>2,425,027</u>
Results					
Profit before share in results of associated company and taxation	294,625	112,145	1,160	(15)	407,915
Share of profits of associated company	–	–	–	35	35
	<u>–</u>	<u>–</u>	<u>–</u>	<u>35</u>	<u>35</u>
Profit before zakat and taxation	294,625	112,145	1,160	20	407,950
Zakat	–	(304)	–	–	(304)
Taxation	(127,138)	(45,495)	(150)	–	(172,783)
	<u>(127,138)</u>	<u>(45,495)</u>	<u>(150)</u>	<u>–</u>	<u>(172,783)</u>
Profit after zakat and taxation	167,487	66,346	1,010	20	234,863
	<u>167,487</u>	<u>66,346</u>	<u>1,010</u>	<u>20</u>	<u>234,863</u>
Total Assets	62,434,747	10,748,670	771,727	(1,580,542)	72,374,602
	<u>62,434,747</u>	<u>10,748,670</u>	<u>771,727</u>	<u>(1,580,542)</u>	<u>72,374,602</u>

The directors are of the opinion that all inter-segment transactions have been entered into in the normal course of business and have been established under terms and conditions that are no less favourable than those arranged with independent parties.

The financial information by geographical segment is not presented as the Group's activities are principally conducted in Malaysia.

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A25. Valuation of Property and Equipment

The Group's and the Bank's property and equipment are stated at cost or valuation less accumulated depreciation and accumulated impairment losses.

A26. 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 results of the operations of the Group for the current period.

A27. Significant Events

- A) The Bank and AmInvestment Bank Berhad ("AmInvestment") had on 11 March 2008 entered into a business transfer agreement for the transfer of the assets and liabilities relating to the investment, treasury and credit/lending activities or businesses (the "Fund-Based Activity") of AmInvestment to the Bank. The assets vested includes AmInvestment's 100% shareholding in AmInternational (L) Ltd, a licensed off-shore bank.

The transfer of the Fund-Based Activity was in relation to a group restructuring exercise approved by the Minister of Finance as announced by AMMB Holdings Berhad, the Bank's ultimate holding company, on 11 March 2008 to Bursa Malaysia Securities Berhad. The transfer of the Fund-Based Activity was effected pursuant to section 50 of the Banking and Financial Institutions Act, 1989 by way of vesting orders obtained from High Courts. The vesting of the Fund-Based Activity, came into effect on 12 April 2008 and the net assets vested amounted to RM1,370 million.

The amounts of assets and liabilities vested by AmInvestment Bank Berhad are as follows:

	The Group* RM'000	The Bank RM'000
Assets		
Cash and short-term funds	2,105,829	1,659,609
Deposit and placements with banks and other financial institutions	521,540	521,540
Securities held-for-trading	4,349,470	4,006,728
Securities available-for-sale	1,132,260	1,132,260
Securities held-for-maturity	458,799	458,799
Derivative financial assets	278,964	278,964
Loans, advances and financing	4,092,282	4,020,873
Other assets	202,550	199,747
Statutory deposit with Bank Negara Malaysia	130,090	115,590
Deferred tax assets	15,439	15,344
Investment in subsidiary company	33,020	33,020
Total assets	13,320,243	12,442,474

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A27. Significant Events (continued)

	The Group* RM'000	The Bank RM'000
Liabilities		
Deposits from customers	6,760,077	6,285,951
Deposits and placements of banks and other financial institutions	4,473,165	4,388,240
Derivative financial liabilities	317,266	317,266
Recourse obligation on loans sold to Cagamas Berhad	34,837	34,837
Other liabilities	72,277	68,413
Term loans	267,920	267,920
Total liabilities	<u>11,925,542</u>	<u>11,362,627</u>
Reserves	24,153	24,153
Total liabilities and reserves	<u>11,949,695</u>	<u>11,386,780</u>
Cash paid for net assets vested	<u>1,370,548</u>	<u>1,055,694</u>
Commitments and contingencies vested	46,950,718	45,302,157

*The Group comprise the Bank and AmIslamic Bank Berhad.

The amounts of assets and liabilities relating to AMIL vested over to the Bank are as follows:

	RM'000
Assets	
Cash and short-term funds	535,393
Securities available-for-sale	897
Securities held-to-maturity	40,954
Loans, advances and financing	32,146
Other assets	1,294
Property and Equipment	510
Intangible assets	2
Total assets	<u>611,196</u>
Liabilities	
Deposits from customers	503,510
Deposits and placements of banks and other financial institutions	24,115
Other liabilities	2,036
Total liabilities	<u>529,661</u>
Net assets vested	81,535
Cash paid	(33,020)
Excess of net assets vested over amount paid	<u><u>48,515</u></u>

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- B) During the financial period, the Bank set-up an offshore branch in Labuan upon obtaining a licence to carry on offshore banking business in Labuan. The Bank also entered into a Business Transfer agreement with AmInvestment Bank Berhad (AmInvestment) which involves the transfer of assets and liabilities in relation to the business carried on by the Labuan Offshore Branch of AmInvestment to the Bank's newly set-up offshore branch in Labuan. On 26 September 2008, AmInvestment transferred assets and liabilities relating to its Asian Equity Fund to the Bank as follows :

	RM'000
Assets	
Cash and short-term funds	30,358
Securities held-for-trading	52,666
Total assets	<u>83,024</u>
Liability	
Other liability	<u>(1,374)</u>
Net assets vested	<u>81,650</u>

A28. Changes in the composition of the Group

There were no significant changes in the composition of the Group for the financial period ended 30 September 2008.

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A29. Commitments and Contingencies

In the normal course of business, the Group and the Bank make various commitments and incur certain contingent liabilities with legal recourse to its customers. No material losses are anticipated as a result of these transactions. The commitments and contingencies are not secured against the Group's and the Bank's assets.

The risk-weighted exposure of the Group and the Bank is as follows:

<u>The Group</u>	As at 30 September 2008			As at 31 March 2008		
	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
Direct credit substitutes	2,143,426	2,143,426	1,942,405	1,826,396	1,602,082	1,483,023
Certain transaction- related contingent items	1,266,971	633,486	592,564	595,159	297,580	296,855
Short-term self-liquidating trade-related contingencies	671,587	134,317	134,632	584,432	116,886	113,419
Obligations under underwriting agreements	1,374,000	687,000	839,000	2,057,000	1,028,500	945,300
Unpaid portion of partly paid shares	250	250	250	150	150	150
Irrevocable commitments to extend credit:						
– maturing less than one year	8,928,022	1,785,604	1,843,648	8,639,981	1,558,976	1,422,930
– maturing more than one year	3,360,175	1,680,088	1,076,839	2,526,822	1,263,411	1,138,013
– unutilised credit card lines	4,089,653	817,931	611,279	4,006,449	801,290	598,888
Forward purchase commitments						
– less than one year	303,715	884	177	338,081	338,081	30,108
Foreign exchange related contracts:						
– less than one year	4,011,943	151,597	73,008	5,762,191	102,655	34,932
Cross currency swap						
– less than one year	246,414	15,507	3,363	145,123	13,628	2,725
– maturing more than one year to less than five years	545,499	47,902	9,580	479,524	62,515	12,503
Interest rate swap contracts:						
– maturing within one year	6,371,736	14,054	2,795	24,396,063	58,439	18,936
– maturing more than one year to less than five years	16,251,935	493,063	98,613	18,257,202	547,171	132,707
– maturing more than five years	2,164,638	214,932	46,586	2,005,988	302,666	116,500

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	As at 30 September 2008			As at 31 March 2008		
	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
Interest rate futures:						
– maturing within one year	40,000	27,923	13,961	120,000	163,256	81,628
– maturing more than one year to less than five years	60,000	28,865	14,432	150,000	31,554	15,776
Sell and buy back agreement	333,448	2,102	1,570	1,216,782	1,216,782	879,744
Islamic financing sold to Cagamas Berhad with recourse	1,484,024	1,484,024	1,119,234	1,863,857	1,863,857	1,404,403
Equity options	–	–	–	13,867	–	–
Any commitments that are unconditionally cancelled at any time by the Group	49,437	–	–	23,625	–	–
Total	53,696,873	10,362,955	8,423,936	75,008,692	11,369,479	8,728,540

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A29. Commitments and Contingencies (continued)

<u>The Bank</u>	As at 30 September 2008			As at 31 March 2008		
	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
Direct credit substitutes	1,751,405	1,751,405	1,552,625	1,630,287	1,405,973	1,310,289
Certain transaction- related contingent items	1,091,943	545,971	505,050	519,315	259,658	258,933
Short-term self-liquidating trade-related contingencies	598,275	119,655	119,970	511,855	102,371	98,922
Obligations under underwriting agreements	1,374,000	687,000	839,000	1,720,000	860,000	776,800
Unpaid portion of partly paid shares	150	150	150	150	150	150
Irrevocable commitments to extend credit:						
– maturing less than one year	7,653,382	1,530,676	1,594,715	7,372,281	1,320,436	1,187,891
– maturing more than one year	3,075,919	1,537,960	958,181	2,195,808	1,097,904	1,001,434
– unutilised credit card lines	3,585,219	717,044	535,915	3,454,995	690,999	516,523
Forward purchase commitments						
– less than one year	303,715	884	177	338,081	338,081	30,108
Foreign exchange related contracts:						
– less than one year	4,011,943	151,597	73,008	5,762,191	102,655	34,932
Cross currency swap						
– less than one year	246,414	15,507	3,363	145,123	13,628	2,725
– maturing more than one year to less than five years	545,499	47,902	9,580	479,524	62,515	12,503
Interest rate swap contracts:						
– maturing within one year	6,371,736	14,054	2,795	24,396,063	58,439	18,936
– maturing more than one year to less than five years	16,251,935	493,063	98,613	18,257,202	547,171	132,707
– maturing more than five years	2,164,638	214,932	46,586	2,005,988	302,666	116,500

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A29. Commitments and Contingencies (continued)

	As at 30 September 2008			As at 31 March 2008		
	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
Interest rate futures:						
– maturing within one year	40,000	27,923	13,961	120,000	163,256	81,628
– maturing more than one year to less than five years	60,000	28,865	14,432	150,000	31,554	15,776
Equity options	–	–	–	13,867	–	–
Any commitments that are unconditionally cancelled at any time by the Bank	36,549	–	–	18,650	–	–
Total	49,162,722	7,884,588	6,368,121	69,091,380	7,357,456	5,596,757

* The credit equivalent amount is arrived at using the credit conversion factors as specified by Bank Negara Malaysia.

The Bank has given a continuing guarantee to Bank Negara Malaysia to meet all the liabilities and financial obligations and requirements of its new subsidiary company, AmInternational (L) Ltd.

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A30. Risk Management Policy on Financial Derivatives

Purpose of engaging in financial derivatives

Financial derivative instruments are contracts whose value is derived from one or more underlying financial instruments or indices. They include swaps, forward rate agreements, futures, options and combinations of these instruments. Derivatives are contracts that transfer risks, mainly market risks. Financial derivatives is one of the financial instruments engaged by the Group both for revenue purposes as well as to manage the Group's own market risk exposure. The Group's involvement in financial derivatives is currently focused on interest rate 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 swaps, interest rate futures and forward rate agreements. Interest rate swap transactions generally involve the exchange of fixed and floating interest payment obligations without the exchange of the underlying principal amounts. 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. 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.

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

Risk associated with financial derivatives

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

Market risk of derivatives used for trading purposes

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

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Market risk of derivatives used for trading purposes (continued)

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

As at 30 September 2008, value at risk of foreign exchange-related derivative contracts used for trading purposes of the Group and the Bank was RM 10,835,000 (RM 5,824,000 as at 31 March 2008).

The value at risk of the interest rate derivative related contracts used for trading purposes of the Group and the Bank was RM72,852,000 (RM 22,382,000 as at 31 March 2008).

The value at risk of the equity derivative related contracts used for trading purposes of the Group and the Bank was RM337,000 (RM Nil as at 31 March 2008).

The value at risk of the options related contracts used for trading purposes was RM Nil (RM Nil as at 31 March 2008) for the Group and the Bank.

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.

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 counterparty 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 30 September 2008, the Group and the Bank has a counterparty credit risk of RM75,199,000 (RM102,867,000 as at 31 March 2008) being the cost to replace the positive value contracts. This may vary 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.

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Derivative Financial Instruments and Hedge Accounting(continued)

(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.

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A31. Capital Adequacy

Bank Negara Malaysia (“BNM”) guideline on capital adequacy requires the 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.

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

The risk weighted capital adequacy ratio of the Bank of 12.17% (31 March 2008: 12.96%) exceeds the minimum requirements of BNM.

	The Bank	
	30 Sept 2008 RM'000	31 March 2008* RM'000
<u>Tier 1 capital</u>		
Paid-up share capital	670,364	610,364
Irredeemable Non-Cumulative Convertible Preference Shares	150,000	150,000
Innovative Tier 1 capital	653,452	515,197
Share premium	942,844	710,660
Statutory reserve	680,459	680,459
Exchange fluctuation reserve	15,854	–
Unappropriated profit	<u>1,575,970</u>	<u>1,202,508</u>
	4,688,943	3,869,188
Less: Deferred tax asset	<u>(333,212)</u>	<u>(435,028)</u>
Total Tier 1 capital	<u>4,355,731</u>	<u>3,434,160</u>
<u>Tier 2 capital</u>		
Irredeemable Convertible Unsecured Loan Stocks	–	291,586
Innovative Tier 1 capital	96,648	234,903
Subordinated term loans	–	460,000
Medium term notes	1,460,000	860,000
Subordinated bonds	–	200,000
Exchangeable bonds	575,000	575,000
General allowance for bad and doubtful debts and financing	<u>708,126</u>	<u>620,566</u>
Total Tier 2 capital	2,839,774	3,242,055
Less: Excess Tier 2 Capital	<u>–</u>	<u>(377,920)</u>
Maximum allowable Tier 2 Capital	<u>2,839,774</u>	<u>2,864,135</u>
	7,195,505	6,298,295
Less: Investment in subsidiary companies	(806,849)	(813,849)
Less: Other deduction	(36)	(11)
Capital base	<u>6,388,620</u>	<u>5,484,435</u>
Risk weighted assets	<u>52,505,947</u>	<u>42,302,146</u>

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A31. Capital Adequacy (continued)**Capital Ratios**

Core capital ratio	8.30%	8.12%
Risk-weighted capital ratio	<u>12.17%</u>	<u>12.96%</u>

	30 Sept 2008		31 March 2008	
	Principal RM'000	Risk - Weighted RM'000	Principal RM'000	Risk - Weighted RM'000
Breakdown of gross risk weighted assets in the various categories of risk weights:				
Categories				
0%	8,441,374	–	8,728,568	
10%	–	–	–	
20%	4,964,117	992,823	1,496,469	299,294
35%	2,885,963	1,010,087	2,786,942	975,430
50%	5,419,504	2,709,752	3,552,309	1,776,154
75%	25,809,856	19,357,392	25,533,893	19,150,419
100%	19,815,735	19,815,735	13,004,428	13,004,428
150%	<u>1,617,033</u>	<u>2,425,550</u>	<u>1,967,650</u>	<u>2,951,478</u>
	<u>68,953,582</u>	46,311,339	<u>57,070,259</u>	38,157,203
Add: Total Risk Weighted Assets Equivalent for market risks		2,679,721		1,346,789
Add: Total Risk Weighted Assets Equivalent for operational risks		3,500,786		2,783,680
Add: Large Exposure Risk Requirements for equity holdings		<u>14,101</u>		<u>14,474</u>
		<u>52,505,947</u>		<u>42,302,146</u>

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The risk weighted capital adequacy ratio of the Group are as follows:

	The Group	
	30 Sept 2008 RM'000	31 March 2008* RM'000
<u>Tier 1 capital</u>		
Paid-up share capital	670,364	610,364
Irredeemable Non-Cumulative Convertible Preference Shares	150,000	150,000
Innovative Tier 1 capital	750,100	548,463
Share premium	942,844	710,660
Statutory reserve	770,898	770,898
Capital reserve	377,492	377,492
Merger reserve	397,566	349,050
Exchange fluctuation reserve	6,390	–
Unappropriated profit	1,702,975	735,060
Minority interests	–	41
	<hr/>	<hr/>
	5,768,629	4,252,028
Less: Deferred tax asset	(464,006)	(596,127)
	<hr/>	<hr/>
Total Tier 1 capital	5,304,623	3,655,901
<u>Tier 2 capital</u>		
Irredeemable Convertible Unsecured Loan Stocks	–	291,586
Innovative Tier 1 capital	–	201,637
Subordinated term loans	–	460,000
Medium term notes	1,460,000	860,000
Subordinated bonds	400,000	600,000
Exchangeable bonds	575,000	575,000
General allowance for bad and doubtful debts and financing	874,144	775,232
	<hr/>	<hr/>
Total Tier 2 capital	3,309,144	3,763,455
Less: Excess Tier 2 Capital	–	(667,050)
	<hr/>	<hr/>
	3,309,144	3,096,405
Less: Investment in subsidiary companies	(22,779)	–
Less: Other deduction	(36)	(11)
	<hr/>	<hr/>
Capital base	8,590,952	6,752,295
	<hr/>	<hr/>
Risk weighted assets	63,305,495	51,602,922
	<hr/>	<hr/>
Capital Ratios		
Core capital ratio	8.38%	7.08%
Risk-weighted capital ratio	13.57%	13.09%
	<hr/>	<hr/>

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	30 Sept 2008		31 March 2008	
	Principal RM'000	Risk - Weighted RM'000	Principal RM'000	Risk - Weighted RM'000
Breakdown of gross risk-weighted assets in the various categories of risk weights:				
Categories				
0%	11,668,289	–	10,458,252	–
10%	–	–	–	–
20%	5,246,542	1,049,308	1,554,816	310,963
35%	3,051,275	1,067,946	2,954,558	1,034,095
50%	5,590,376	2,795,188	3,654,044	1,827,022
75%	34,199,125	25,649,344	33,860,931	25,395,698
100%	22,589,873	22,589,873	14,973,469	14,973,469
150%	1,888,355	2,832,532	2,059,953	3,089,929
	<u>84,233,835</u>	<u>55,984,191</u>	<u>69,516,023</u>	<u>46,631,176</u>
Add: Total Risk Weighted Assets Equivalent for market risks		3,059,029		1,384,350
Add: Total Risk Weighted Assets Equivalent for operational risks		4,248,174		3,572,922
Add: Large Exposure Risk Requirements for equity holdings		14,101		14,474
		<u>63,305,495</u>		<u>51,602,922</u>

* The capital ratios are compliance ratios, as such the comparative are not adjusted for prior year adjustments and restatement of comparatives.

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A32. The following tables show 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.

30 September 2008

The Group	Non-Trading Book						Non-interest sensitive	Trading Book	Total	Effective interest rate
	Up to 1 month	>1 to 3 months	>3 to 6 months	>6 to 12 months	>1 to 5 years	Over 5 years				
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	%
ASSETS										
Cash and short-term funds	6,893,522	–	–	–	–	–	3,321,944	–	10,215,466	3.38
Securities purchase under resale agreement	791,502	–	–	–	–	–	–	–	791,502	2.00
Deposits and placements with banks and other financial institutions	–	240,000	665,686	34,408	189,031	–	–	–	1,129,125	3.54
Securities held-for-trading	–	–	–	–	–	–	349,139	828,430	1,177,569	4.30
Securities available-for-sale	–	80,539	113,084	188,663	1,361,888	3,054,494	658,125	–	5,456,793	3.03
Securities held-to-maturity	9,710	2,484	5,000	139,487	369,416	222,671	145,687	–	894,455	4.97
Derivative financial assets	–	–	–	–	–	–	245,034	–	245,034	–
Loans, advances and financing										
– Performing	21,275,469	1,171,647	694,384	366,085	6,746,092	14,526,312	9,192,218	–	53,972,207	6.99
– Non-performing*	–	–	–	–	–	–	782,718	–	782,718	–
Amount due from originators	–	–	–	–	27,227	–	–	–	27,227	5.74
Other non-interest sensitive balances	–	–	–	–	–	–	3,368,752	–	3,368,752	–
TOTAL ASSETS	28,970,203	1,494,670	1,478,154	728,643	8,693,654	17,803,477	18,063,617	828,430	78,060,848	–
LIABILITIES AND EQUITY										
Deposits from customers	17,336,204	6,471,881	4,963,946	8,461,368	2,004,497	–	9,693,887	–	48,931,783	3.27
Deposits and placements of banks and other financial institutions	7,343,581	1,788,336	1,184,227	1,139,328	1,364,910	728,000	3,542,257	–	17,090,639	3.44
Derivative financial liabilities	–	–	–	–	–	–	241,424	–	241,424	–
Securities sold under repurchase agreements	68,846	–	–	–	–	–	–	–	68,846	–
Bills and acceptances payables	464,633	826,559	290,014	–	–	–	789,727	–	2,370,933	3.66
Recourse obligation of loan sold to Cagamas Berhad	–	–	–	–	163,991	–	–	–	163,991	4.69
Term loan	–	–	292,463	–	–	–	–	–	292,463	2.91
Medium term notes	–	–	–	–	–	1,460,000	–	–	1,460,000	5.66
Hybrid securities	–	–	–	–	–	720,692	–	–	720,692	6.13
Subordinated bonds	–	–	–	–	–	–	400,000	–	400,000	4.81
Exchangeable bonds	–	–	–	–	575,000	–	–	–	575,000	5.22
Irredeemable Non-Cumulative Convertible Preference shares	–	–	–	–	–	–	150,000	–	150,000	–
Other non-interest sensitive balances	–	–	–	–	–	–	1,432,954	–	1,432,954	–
Total Liabilities	25,213,264	9,086,776	6,730,650	9,600,696	4,108,398	2,908,692	16,250,249	–	73,898,725	

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The Group	Non-Trading Book							Trading Book RM'000	Total RM'000	Effective interest rate %
	Up to 1 month RM'000	>1 to 3 months RM'000	>3 to 6 months RM'000	>6 to 12 months RM'000	>1 to 5 years RM'000	Over 5 years RM'000	Non- interest sensitive RM'000			
Total Liabilities	25,213,264	9,086,776	6,730,650	9,600,696	4,108,398	2,908,692	16,250,249	–	73,898,725	
Minority interests	–	–	–	–	–	–	36	–	36	
Shareholder's Equity	–	–	–	–	–	–	4,162,087	–	4,162,087	
TOTAL LIABILITIES AND EQUITY	<u>25,213,264</u>	<u>9,086,776</u>	<u>6,730,650</u>	<u>9,600,696</u>	<u>4,108,398</u>	<u>2,908,692</u>	<u>20,412,372</u>	<u>–</u>	<u>78,060,848</u>	
On-balance sheet interest sensitivity gap	3,756,939	(7,592,106)	(5,252,496)	(8,872,053)	4,585,256	14,894,785	(2,348,755)	828,430	–	
Off-balance sheet interest sensitivity gap	414,764	3,700,000	(902,466)	(1,355,000)	(2,571,935)	754,637	–	–	40,000	
Total interest sensitivity gap	<u>4,171,703</u>	<u>(3,892,106)</u>	<u>(6,154,962)</u>	<u>(10,227,053)</u>	<u>2,013,321</u>	<u>15,649,422</u>	<u>(2,348,755)</u>	<u>828,430</u>	<u>40,000</u>	

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Non-Trading Book

The Group	Up to	>1 to 3	>3 to 6	>6 to 12	>1 to 5	Over	Non-	Trading	Total	Effective
	1 month	months	months	months	years	5 years	interest	Book		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	sensitive	RM'000	RM'000	interest
							RM'000			rate
										%
ASSETS										
Cash and short-term funds	8,417,816	–	–	–	–	–	2,420,130	–	10,837,946	3.36
Deposits and placements with banks and other financial institutions	–	1,265,820	63,880	–	–	–	–	–	1,329,700	5.57
Securities held-for-trading	–	–	–	–	–	–	559,481	5,981,489	6,540,970	3.54
Securities available-for-sale	–	–	–	85,726	524,807	598,639	43,361	–	1,252,533	4.88
Securities held-to-maturity	49,341	–	43,201	7,540	522,241	357,727	176,486	–	1,156,536	3.95
Derivative financial assets	–	–	–	–	–	–	307,651	–	307,651	–
Loans, advances and financing										
– Performing	18,320,688	2,271,525	560,661	514,773	6,979,694	14,311,130	8,023,714	–	50,982,185	6.62
– Non-performing*	–	–	–	–	–	–	1,107,915	–	1,107,915	–
Amount due from originators	–	6,430	26,042	–	2,668	–	–	–	35,140	4.33
Other non-interest sensitive balances	–	–	–	–	–	–	3,427,011	–	3,427,011	–
TOTAL ASSETS	26,787,845	3,543,775	693,784	608,039	8,029,410	15,267,496	16,065,749	5,981,489	76,977,587	
LIABILITIES AND EQUITY										
Deposits from customers	17,418,365	6,326,123	5,784,561	7,272,321	2,549,721	–	8,267,240	–	47,618,331	3.33
Deposits and placements of banks and other financial institutions	7,047,591	2,110,803	1,818,092	1,024,623	935,144	589,200	2,810,473	–	16,335,926	3.36
Derivative financial liabilities	–	–	–	–	–	–	352,007	–	352,007	–
Bills and acceptances payables	415,618	676,830	269,448	–	–	–	547,347	–	1,909,243	3.59
Recourse obligation of loans sold to Cagamas Berhad	–	70,070	26,042	–	147,867	–	–	–	243,979	3.93
Term loan	–	–	–	271,490	–	–	–	–	271,490	5.45
Subordinated term loans	–	–	460,000	–	–	–	–	–	460,000	6.87
Medium term notes	–	–	–	–	–	860,000	–	–	860,000	5.27
Hybrid securities	–	–	–	–	–	689,469	–	–	689,469	6.79
Subordinated bonds	200,000	–	–	–	–	–	400,000	–	600,000	5.85
Exchangeable bonds	–	–	–	–	–	575,000	–	–	575,000	5.22
Irredeemable Convertible Unsecured Loan Stocks	–	–	2,755	–	–	128,849	–	–	131,604	5.75
Irredeemable Non-Cumulative Convertible Preference Shares	–	–	–	–	–	–	150,000	–	150,000	–
Other non-interest sensitive balances	–	–	–	–	–	–	1,497,186	–	1,497,186	–
Total Liabilities	25,081,574	9,183,826	8,360,898	8,568,434	3,632,732	2,842,518	14,024,253	–	71,694,235	
Minority interests	–	–	–	–	–	–	41	–	41	–
Shareholder's Equity	–	–	–	–	–	200,792	5,082,519	–	5,283,311	–
TOTAL LIABILITIES AND EQUITY	25,081,574	9,183,826	8,360,898	8,568,434	3,632,732	3,043,310	19,106,813	–	76,977,587	
On-balance sheet interest sensitivity gap	1,706,271	(5,640,051)	(7,667,114)	(7,960,395)	4,396,678	12,224,186	(3,041,064)	5,981,489	–	
Off-balance sheet interest sensitivity gap	906,936	5,470,310	(2,559,534)	(1,654,658)	(2,811,656)	628,176	–	–	(20,426)	
Total interest sensitivity gap	2,613,207	(169,741)	(10,226,648)	(9,615,053)	1,585,022	12,852,362	(3,041,064)	5,981,489	(20,426)	

Company No. 8515-D
AmBank (M) Berhad
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And Its Subsidiary Companies

30 September 2008

Non-Trading Book

The Bank	Non-Trading Book							Trading Book RM'000	Total RM'000	Effective interest rate %
	Up to 1 month RM'000	>1 to 3 months RM'000	>3 to 6 months RM'000	>6 to 12 months RM'000	>1 to 5 years RM'000	Over 5 years RM'000	Non-interest sensitive RM'000			
ASSETS										
Cash and short-term funds	6,733,892	–	–	–	–	–	457,278	–	7,191,170	3.38
Securities purchase under resale agreement	791,502	–	–	–	–	–	–	–	791,502	2.00
Deposits and placements with banks and other financial institutions	–	242,500	665,686	39,879	189,653	–	–	–	1,137,718	3.54
Securities held-for-trading	–	–	–	–	–	–	–	828,430	828,430	3.04
Securities available-for-sale	–	80,539	113,084	188,663	1,386,862	3,054,440	189,775	–	5,013,363	3.55
Securities held-to-maturity	–	2,484	5,000	139,487	369,416	222,671	111,061	–	850,119	5.08
Derivative financial assets	–	–	–	–	–	–	245,034	–	245,034	–
Loans, advances and financing										
– Performing	21,260,800	1,165,798	683,834	366,085	6,746,068	14,525,780	–	–	44,748,365	6.99
– Non-performing*	–	–	–	–	–	–	823,357	–	823,357	–
Amount due from originators	–	–	–	–	27,227	–	–	–	27,227	5.74
Other non-interest sensitive balances	–	–	–	–	–	–	3,692,567	–	3,692,567	–
TOTAL ASSETS	28,786,194	1,491,321	1,467,604	734,114	8,719,226	17,802,891	5,519,072	828,430	65,348,852	
LIABILITIES AND EQUITY										
Deposits from customers	17,253,271	6,467,551	4,963,402	8,461,368	2,004,497	–	2,502,819	–	41,652,908	3.27
Deposits and placements of banks and other financial institutions	7,242,549	1,848,209	1,184,227	1,139,328	1,364,910	728,000	17,587	–	13,524,810	3.44
Obligations on securities sold under repurchase agreements	68,846	–	–	–	–	–	–	–	68,846	–
Derivative financial liabilities	–	–	–	–	–	–	241,424	–	241,424	–
Bills and acceptances payables	464,633	826,559	290,014	–	–	–	–	–	1,581,206	3.66
Recourse obligation of loan sold to Cagamas Berhad	–	–	–	–	163,991	–	–	–	163,991	4.69
Term loan	–	–	292,463	–	–	–	–	–	292,463	2.91
Subordinated term loans	–	–	–	–	–	720,692	–	–	720,692	6.13
Medium term notes	–	–	–	–	–	1,460,000	–	–	1,460,000	5.66
Exchangable bonds	–	–	–	–	575,000	–	–	–	575,000	5.22
Irredeemable Non-Cumulative Convertible Preference shares	–	–	–	–	–	–	150,000	–	150,000	–
Other non-interest sensitive balances	–	–	–	–	–	–	1,245,178	–	1,245,178	–
Total Liabilities	25,029,299	9,142,319	6,730,106	9,600,696	4,108,398	2,908,692	4,157,008	–	61,676,518	

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The Bank	Non-Trading Book						Non-interest sensitive	Trading Book	Total	Effective interest rate
	Up to 1 month	>1 to 3 months	>3 to 6 months	>6 to 12 months	>1 to 5 years	Over 5 years				
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	%
Total Liabilities	25,029,299	9,142,319	6,730,106	9,600,696	4,108,398	2,908,692	4,157,008	–	61,676,518	–
Minority interests	–	–	–	–	–	–	–	–	–	–
Shareholder's Equity	–	–	–	–	–	–	3,672,334	–	3,672,334	–
TOTAL LIABILITIES AND EQUITY	<u>25,029,299</u>	<u>9,142,319</u>	<u>6,730,106</u>	<u>9,600,696</u>	<u>4,108,398</u>	<u>2,908,692</u>	<u>7,829,342</u>	<u>–</u>	<u>65,348,852</u>	
On-balance sheet interest sensitivity gap	3,756,895	(7,650,998)	(5,262,502)	(8,866,582)	4,610,828	14,894,199	(2,310,270)	828,430	–	
Off-balance sheet interest sensitivity gap	414,764	3,700,000	(902,466)	(1,355,000)	(2,571,935)	754,637	–	–	40,000	
Total interest sensitivity gap	<u>4,171,659</u>	<u>(3,950,998)</u>	<u>(6,164,968)</u>	<u>(10,221,582)</u>	<u>2,038,893</u>	<u>15,648,836</u>	<u>(2,310,270)</u>	<u>828,430</u>	<u>40,000</u>	

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31 March 2008

Non-Trading Book

The Bank	Non-Trading Book							Trading Book RM'000	Total RM'000	Effective interest rate %
	Up to 1 month RM'000	>1 to 3 months RM'000	>3 to 6 months RM'000	>6 to 12 months RM'000	>1 to 5 years RM'000	Over 5 years RM'000	Non-interest sensitive RM'000			
ASSETS										
Cash and short-term funds	7,884,412	–	–	–	–	–	390,827	–	8,275,239	3.41
Deposits and placements with banks and other financial institutions	–	1,265,820	69,351	2,500	622	–	–	–	1,338,293	5.58
Securities held-for-trading	–	–	–	–	–	–	–	5,981,489	5,981,489	3.55
Securities available-for-sale	–	–	–	85,726	524,807	598,639	42,464	–	1,251,636	4.89
Securities held-to-maturity	40,760	–	43,201	7,540	522,241	357,727	143,895	–	1,115,364	3.91
Derivative financial assets	–	–	–	–	–	–	307,651	–	307,651	–
Loans, advances and financing										
– Performing	18,286,591	2,267,111	554,040	501,530	6,973,167	14,309,066	–	–	42,891,505	6.63
– Non-performing*	–	–	–	–	–	–	1,111,488	–	1,111,488	–
Amount due from originators	–	6,430	26,042	–	2,668	–	–	–	35,140	4.33
Other non-interest sensitive balances	–	–	–	–	–	–	3,731,756	–	3,731,756	–
TOTAL ASSETS	26,211,763	3,539,361	692,634	597,296	8,023,505	15,265,432	5,728,081	5,981,489	66,039,561	
LIABILITIES AND EQUITY										
Deposits from customers	16,935,996	6,324,091	5,784,561	7,272,421	2,549,721	–	2,394,641	–	41,261,431	3.37
Deposits and placements of banks and other financial institutions	7,048,939	2,110,803	1,818,092	1,024,623	935,144	589,200	31,011	–	13,557,812	3.36
Derivative financial liabilities	–	–	–	–	–	–	352,007	–	352,007	–
Bills and acceptances payables	415,618	676,830	269,448	–	–	–	–	–	1,361,896	3.59
Recourse obligation of loans sold to Cagamas Berhad	–	70,070	26,042	–	147,867	–	–	–	243,979	3.94
Term loan	–	–	–	271,490	–	–	–	–	271,490	5.45
Subordinated term loans	–	–	460,000	–	–	689,469	–	–	1,149,469	6.82
Medium term notes	–	–	–	–	–	860,000	–	–	860,000	5.27
Subordinated bonds	200,000	–	–	–	–	–	–	–	200,000	7.95
Exchangeable bonds	–	–	–	–	–	575,000	–	–	575,000	5.22
Irredeemable Convertible Unsecured Loan Stocks	–	–	2,755	–	–	128,849	–	–	131,604	5.75
Irredeemable Non-Cumulative Convertible Preference shares	–	–	–	–	–	–	150,000	–	150,000	–
Other non-interest sensitive balances	–	–	–	–	–	–	1,357,513	–	1,357,513	–
Total Liabilities	24,600,553	9,181,794	8,360,898	8,568,534	3,632,732	2,842,518	4,285,172	–	61,472,201	
Shareholder's Equity	–	–	–	–	–	200,792	4,366,568	–	4,567,360	
TOTAL LIABILITIES AND EQUITY	24,600,553	9,181,794	8,360,898	8,568,534	3,632,732	3,043,310	8,651,740	–	66,039,561	
On-balance sheet interest sensitivity gap	1,611,210	(5,642,433)	(7,668,264)	(7,971,238)	4,390,773	12,222,122	(2,923,659)	5,981,489	–	
Off-balance sheet interest sensitivity gap	906,936	5,470,310	(2,559,534)	(1,654,658)	(2,811,656)	628,176	–	–	(20,426)	
Total interest sensitivity gap	<u>2,518,146</u>	<u>(172,123)</u>	<u>(10,227,798)</u>	<u>(9,625,896)</u>	<u>1,579,117</u>	<u>12,850,298</u>	<u>(2,923,659)</u>	<u>5,981,489</u>	<u>(20,426)</u>	

*This is arrived at after deducting the general allowance, specific allowance and interest/income-in-suspense from gross non-performing loans outstanding.

A33. Credit Exposures Arising From Credit Transactions With Connected Parties

	30 Sept 2008
Outstanding credit exposures with connected parties (RM'000)	521,979
Percentage of outstanding credit exposures to connected parties as proportion of total credit exposures	0.93%
Percentage of outstanding credit exposures with connected parties which is non-performing or in default	0.58%

The credit exposures above are derived based on Bank Negara Malaysia's revised Guidelines on Credit Transactions and Exposures with Connected Parties, which are effective on 1 January 2008.

A34. Reclassification of securities

The Bank adopted Bank Negara Malaysia's Circular on the Reclassification of Securities under Specific Circumstances which allow banking institutions to reclassify securities in held-for-trading category under the Revised Guidelines of Financial reporting for Licensed Institutions (BNM/GP 8). The provisions in this Circular shall override the existing requirements of BNM/GP8 in relation to the reclassification of securities into or out of the held-for-trading category and are effective from 1 July 2008 until 31 December 2009. The effects of the reclassification is as follows:

The Group	Before reclassification	Increase/(Decrease) BNM Guidelines on reclassification of securities	After reclassification
	RM'000	RM'000	RM'000
Effect on Balance Sheet			
Securities held-for-trading	1,678,356	(500,787)	1,177,569
Securities available for sale	4,956,006	500,787	5,456,793
Available for sale reserve	(134,342)	(22,200)	(156,542)
Unappropriated profits	1,135,875	17,200	1,153,075
Effect on Income Statement for the period ended 30 September 2008			
Revenue	2,342,136	22,200	2,364,336
Other operating income	5,860	22,200	28,060
Taxation	(140,593)	(5,000)	(145,593)
Profit after taxation	400,808	17,200	418,008

A34. Reclassification of securities (cont'd)

The Bank	Before reclassification	Increase/(Decrease) BNM Guidelines on reclassification of securities	After reclassification
	RM'000	RM'000	RM'000
Effect on Balance Sheet			
Securities held-for-trading	1,329,217	(500,787)	828,430
Securities available for sale	4,512,576	500,787	5,013,363
Available for sale reserve	(134,327)	(22,200)	(156,527)
Unappropriated profits	1,517,999	17,200	1,535,199
Effect on Income Statement for the period ended 30 September 2008			
Revenue	1,868,304	22,200	1,890,504
Other operating income	3,729	22,200	25,929
Taxation	(113,479)	(5,000)	(118,479)
Profit after taxation	315,491	17,200	332,691

A35. Restatement of Comparatives

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

During the 4th quarter of financial year 2008

- i) non-recoverable expenses for financing accounts. The non-recoverable expenses comprise expenses incurred for financing accounts written off and incentive and fees payable on recovery of financing accounts. These expenditure items which were previously included in other operating expenses are now presented with Allowances for losses on loans, advances and financing.
- ii) interest income and interest expense for interest rate swap for the same counterparty. This income and expenditure items which were previously presented on a gross basis is now set off and presented on a net basis in either interest income(net gain) or interest expense (net loss).

During the 2nd quarter of financial year 2009

- i) certain balances which represent cash held by outsourcers and were previously included in Other assets are now reclassified and presented as part of cash and short term funds
- ii) credit card receivables under instalment payment scheme which were previously classified under Other Assets have been reclassified as part of Loans, advances and financing
- iii) certain incidental expenses which were incurred in the acquisition of housing loans and commercial property loans and were previously taken up under Other operating expenses are now deducted against interest income earned from the said loans.

On 12 April 2008, the Group had completed the Business Transfer based on the book value of the assets and liabilities as at 11 April 2008 pursuant to the Business Transfer Agreement dated 11 March 2008 entered into with AmlInvestment Bank Berhad.

As the vesting of assets and assumption of liabilities were carried by entities under common control, the transaction has been accounted for via the pooling of interest method. Under the pooling of interest method, the results and financial position of the business transferred from AmlInvestment Bank, together with the assets and liabilities arising thereto, are included into the financial statements of the Group and the Bank as if the merger had been effected prior to and throughout the current financial year/period. Accordingly comparative figures of the Group and the Bank have been restated.

The comparative amounts which have been restated are as follows:

	As previously stated	Effect of change arising from pooling of interest method	Effect of other reclassification	As restated
	RM'000	RM'000	RM'000	RM'000
The Group				
Balance Sheet as at 31 March 2008				
ASSETS				
Cash and short-term funds	8,933,353	1,817,531	87,062	10,837,946
Deposits and placements with banks and other financial institutions	1,968,500	(638,800)	-	1,329,700
Securities held for trading	1,771,247	4,769,723	-	6,540,970
Securities available-for-sale	119,413	1,133,120	-	1,252,533
Securities held-to-maturity	656,680	499,856	-	1,156,536
Derivative financial assets	71,663	235,988	-	307,651
Loans, advances and financing	47,949,516	4,045,948	94,636	52,090,100
Other assets	863,115	239,566	(181,698)	920,983
Statutory deposit with Bank Negara Malaysia	1,526,507	133,690	-	1,660,197
Deferred tax asset	629,628	15,439	-	645,067
Property and equipment	168,764	510	-	169,274
Intangible assets	61,484	2	-	61,486
LIABILITIES				
Deposits from customers	41,535,545	6,082,786	-	47,618,331
Deposits and placements of banks and other financial institutions	12,316,385	4,019,541	-	16,335,926
Derivative financial liabilities	85,659	266,348	-	352,007
Recourse obligation on loans sold to Cagamas Berhad	208,839	35,140	-	243,979
Other liabilities	1,451,003	46,183	-	1,497,186
Term loan	-	271,490	-	271,490
Reserves	3,141,862	1,531,085	-	4,672,947
Income Statement for the financial period ended 30 September 2007				
Interest Income	1,742,515	225,860	(208,731)	1,759,644
Interest Expense	(1,085,810)	(164,005)	202,437	(1,047,378)
Net income from Islamic Banking	260,028	22,240	(60)	282,208
Other operating income	181,647	32,809	-	214,456
Other operating expenses	(403,750)	(34,807)	23,341	(415,216)
Allowance for losses on loans, advances and financing	(373,177)	21,513	(16,987)	(368,651)
Impairment loss	(28,149)	10,702	-	(17,447)
Provision for commitments and contingencies	-	299	-	299
Taxation	(145,848)	(26,935)	-	(172,783)

The comparative amounts which have been restated are as follows (cont'd)

	As previously stated	Effect of change arising from pooling of interest method	Effect of other reclassification	As restated
	RM'000	RM'000	RM'000	RM'000
The Bank				
Balance Sheet as at 31 March 2008				
Cash and short-term	7,411,342	776,835	87,062	8,275,239
Deposits and placements with banks and other financial institutions	1,977,093	(638,800)	-	1,338,293
Securities held for trading	1,671,478	4,310,011	-	5,981,489
Securities available-for-sale	119,413	1,132,223	-	1,251,636
Securities held-to-maturity	656,462	458,902	-	1,115,364
Derivative financial assets	71,663	235,988	-	307,651
Loans, advances and financing	39,948,718	3,994,954	59,321	44,002,993
Other assets	751,059	235,483	(146,383)	840,159
Statutory deposit with Bank Negara Malaysia	1,269,307	119,190	-	1,388,497
Deferred tax asset	468,529	15,344	-	483,873
Investment in subsidiary companies	813,849	33,020	-	846,869
LIABILITIES				
Deposits from customers	36,106,940	5,154,491	-	41,261,431
Deposits and placements of banks and other financial institutions	9,816,197	3,741,615	-	13,557,812
Derivative financial liabilities	85,659	266,348	-	352,007
Recourse obligation on loans sold to Cagamas Berhad	208,839	35,140	-	243,979
Other liabilities	1,318,114	39,399	-	1,357,513
Term loans	-	271,490	-	271,490
Reserves	2,792,329	1,164,667	-	3,956,996
Income Statement for the financial period ended 30 September 2007				
Interest Income	1,742,349	218,684	(208,731)	1,752,302
Interest Expense	(1,086,111)	(159,050)	202,437	(1,042,724)
Other operating income	181,111	31,555	-	212,666
Other operating expenses	(305,721)	(31,112)	19,566	(317,267)
Allowance for losses on loans, advances and financing	(303,069)	20,510	(13,272)	(295,831)
Impairment loss	(28,149)	10,702	-	(17,447)
Provision for commitments and contingencies	-	299	-	299
Taxation	(105,399)	(21,729)	-	(127,128)