

**AmInvestment Bank Berhad
and its subsidiary companies
(23742-V)(Incorporated in Malaysia. Licensed Investment Bank)**

**UNAUDITED BALANCE SHEETS
AS AT 30 SEPTEMBER 2008**

| | Note | Group | | Bank | |
|--|------|--------------------|--------------------|--------------------|--------------------|
| | | 30.09.08 RM'000 | 31.03.08 RM'000 | 30.09.08 RM'000 | 31.03.08 RM'000 |
| ASSETS | | | | | |
| Cash and short-term funds | | 1,142,657 | 3,172,633 | 1,034,479 | 2,551,326 |
| Deposits and placements with banks and other financial institutions | | 1,220 | 750,461 | - | 749,500 |
| Securities held-for-trading | 8 | 14,410 | 4,971,446 | 13,620 | 4,970,666 |
| Securities available-for-sale | 9 | 232,339 | 1,211,755 | 232,339 | 1,210,858 |
| Securities held-to-maturity | 10 | 163,139 | 661,426 | 163,137 | 620,470 |
| Derivative financial assets | | 5,991 | 299,018 | 5,991 | 299,018 |
| Loans, advances and financing | 11 | 621,719 | 4,543,095 | 621,719 | 4,510,839 |
| Other assets | 12 | 455,521 | 1,027,814 | 268,747 | 769,013 |
| Statutory deposit with Bank Negara Malaysia | | - | 133,690 | - | 133,690 |
| Investments in subsidiary companies | | - | - | 122,671 | 155,691 |
| Investments in associated companies | | 2,268 | 2,225 | 100 | 100 |
| Prepaid land lease payments | | 2,625 | 2,656 | 2,625 | 2,656 |
| Property and equipment | | 40,519 | 40,125 | 35,957 | 35,024 |
| Deferred tax assets | | - | 14,175 | - | 12,965 |
| Intangible assets | | 55,055 | 52,721 | 7,056 | 4,826 |
| TOTAL ASSETS | | 2,737,463 | 16,883,240 | 2,508,441 | 16,026,642 |
| LIABILITIES AND EQUITY | | | | | |
| Deposits from customers | 13 | - | 6,232,188 | - | 5,729,276 |
| Deposits and placements of banks and other financial institutions | 14 | 1,629,545 | 6,418,326 | 1,629,545 | 6,399,711 |
| Derivative financial liabilities | | 6,617 | 325,270 | 6,617 | 325,270 |
| Recourse obligations on loans sold to Cagamas Berhad | | - | 35,140 | - | 35,140 |
| Other liabilities | 15 | 476,646 | 952,573 | 324,022 | 733,987 |
| Term loans | | - | 271,490 | - | 271,490 |
| Redeemable unsecured subordinated bonds | | 135,000 | 595,000 | 135,000 | 595,000 |
| Total Liabilities | | 2,247,808 | 14,829,987 | 2,095,184 | 14,089,874 |
| Share capital | | 200,000 | 340,000 | 200,000 | 340,000 |
| Reserves | | 289,655 | 1,713,253 | 213,257 | 1,596,768 |
| Equity attributable to equity holder of the Bank | | 489,655 | 2,053,253 | 413,257 | 1,936,768 |
| TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY | | 2,737,463 | 16,883,240 | 2,508,441 | 16,026,642 |

AmInvestment Bank Berhad
and its subsidiary companies
(23742-V)(Incorporated in Malaysia. Licensed Investment Bank)

UNAUDITED BALANCE SHEETS
AS AT 30 SEPTEMBER 2008 (CONTD.)

| | Note | Group | | Bank | |
|---|------|--------------------|--------------------|--------------------|--------------------|
| | | 30.09.08 RM'000 | 31.03.08 RM'000 | 30.09.08 RM'000 | 31.03.08 RM'000 |
| COMMITMENTS AND CONTINGENCIES | 26 | 932,759 | 43,926,520 | 932,759 | 43,926,520 |
| NET ASSETS PER ORDINARY SHARE (RM) | | 2.45 | 8.56 | 2.07 | 8.07 |
| NET ASSETS PER ORDINARY SHARE, AFTER DEDUCTING THE NOMINAL AMOUNT OF PREFERENCE SHARE CAPITAL (RM) | | 2.45 | 8.14 | 2.07 | 7.65 |
| CAPITAL ADEQUACY | 30 | | | | |
| Before deducting proposed dividends | | | | | |
| Core Capital Ratio | | 17.49% | 13.79% | 19.46% | 13.98% |
| Risk-Weighted Capital Ratio | | 22.47% | 17.94% | 19.81% | 17.35% |
| After deducting proposed dividends | | | | | |
| Core Capital Ratio | | 17.49% | 13.16% | 19.46% | 13.33% |
| Risk-Weighted Capital Ratio | | 22.47% | 17.31% | 19.81% | 16.70% |

The Balance Sheets should be read in conjunction with the audited financial statements for the year ended 31 March 2008.

AmInvestment Bank Berhad
and its subsidiary companies
(23742-V)(Incorporated in Malaysia. Licensed Investment Bank)

UNAUDITED CONSOLIDATED INCOME STATEMENTS
FOR THE FINANCIAL QUARTER ENDED 30 SEPTEMBER 2008

| Group | Note | Individual Quarter | | Cumulative Quarter | |
|--|------|--------------------|--------------------|--------------------|--------------------|
| | | 30.09.08 RM'000 | 30.09.07 RM'000 | 30.09.08 RM'000 | 30.09.07 RM'000 |
| Revenue | | 64,226 | 322,039 | 117,197 | 646,824 |
| Interest income | 16 | 29,077 | 181,233 | 76,162 | 378,497 |
| Interest expense | 17 | (17,437) | (158,150) | (46,764) | (320,956) |
| Net interest income | | 11,640 | 23,083 | 29,398 | 57,541 |
| Net (expense)/income from Islamic banking business | | (360) | 10,186 | 4,291 | 24,943 |
| Other operating income | 18 | 35,509 | 130,620 | 36,744 | 243,384 |
| Net income | | 46,789 | 163,889 | 70,433 | 325,868 |
| Other operating expenses | 19 | (59,173) | (66,096) | (118,815) | (135,708) |
| Operating (Loss)/Profit | | (12,384) | 97,793 | (48,382) | 190,160 |
| (Allowance)/Writeback of allowance for losses on loans and financing | 20 | (70) | (1,354) | 1,025 | 20,736 |
| Impairment (loss)/writeback on: | | | | | |
| Securities | | (43) | 4,475 | (43) | 10,875 |
| Assets acquired in exchange of debts | | - | - | - | 72 |
| Transfer to profit equalisation reserve | | - | (41) | - | (73) |
| (Allowance)/Writeback of allowance for doubtful sundry receivables- net | | (285) | 316 | 171 | 612 |
| Writeback of provision for commitments | | - | 2 | - | 299 |
| (Loss)/Profit before share in results of associated companies | | (12,782) | 101,191 | (47,229) | 222,681 |
| Share in results of associated companies | | (9) | 50 | 43 | 35 |
| (Loss)/Profit before taxation | | (12,791) | 101,241 | (47,186) | 222,716 |
| Taxation | | (2,277) | (20,102) | (8,472) | (50,616) |
| Net (loss)/profit attributable to equity holder of the Bank | | (15,068) | 81,139 | (55,658) | 172,100 |
| Attributable to : | | | | | |
| Equity holder of the Bank | | (15,068) | 81,139 | (55,658) | 172,100 |
| Minority interests | | - | - | - | - |
| (Loss)/Profit for the period | | (15,068) | 81,139 | (55,658) | 172,100 |
| EARNINGS PER SHARE (SEN) | | | | | |
| Basic | | (3.51) | 33.81 | (12.96) | 71.71 |
| Fully diluted | | (2.85) | 23.86 | (10.51) | 50.62 |

The Income Statements should be read in conjunction with the audited financial statements for the year ended 31 March 2008.

AmInvestment Bank Berhad
and its subsidiary companies
(23742-V)(Incorporated in Malaysia. Licensed Investment Bank)

UNAUDITED CONSOLIDATED INCOME STATEMENTS (CONTD.)
FOR THE FINANCIAL QUARTER ENDED 30 SEPTEMBER 2008

| Bank | Note | Individual Quarter | | Cumulative Quarter | |
|--|------|--------------------|--------------------|--------------------|--------------------|
| | | 30.09.08 RM'000 | 30.09.07 RM'000 | 30.09.08 RM'000 | 30.09.07 RM'000 |
| Revenue | | 41,940 | 290,796 | 120,458 | 586,608 |
| Interest income | 16 | 28,209 | 178,901 | 74,439 | 375,104 |
| Interest expense | 17 | (17,437) | (157,548) | (46,764) | (320,923) |
| Net interest income | | 10,772 | 21,353 | 27,675 | 54,181 |
| Net (expense)/income from Islamic banking business | | (360) | 10,014 | 4,291 | 24,577 |
| Other operating income | 18 | 14,091 | 101,881 | 41,728 | 186,927 |
| Net income | | 24,503 | 133,248 | 73,694 | 265,685 |
| Other operating expenses | 19 | (41,750) | (49,692) | (83,465) | (103,994) |
| Operating (Loss)/Profit | | (17,247) | 83,556 | (9,771) | 161,691 |
| (Allowance)/Writeback of allowance for losses on loans and financing | 20 | (70) | (1,398) | 1,025 | 20,119 |
| Impairment (loss)/writeback on: | | | | | |
| Securities | | (43) | 4,475 | (43) | 10,875 |
| Assets acquired in exchange of debts | | - | - | - | 72 |
| (Allowance)/Writeback of allowance for doubtful sundry receivables- net | | (9) | 513 | 315 | 557 |
| Writeback of provision for commitments | | - | 2 | - | 299 |
| (Loss)/Profit before taxation | | (17,369) | 87,148 | (8,474) | 193,613 |
| Taxation | | (260) | (16,891) | (3,479) | (44,052) |
| Net (loss)/profit attributable to equity holder of the Bank | | (17,629) | 70,257 | (11,953) | 149,561 |
| EARNINGS PER SHARE (SEN) | | | | | |
| Basic | | (8.81) | 29.27 | (5.98) | 62.32 |
| Fully diluted | | (8.81) | 20.66 | (5.98) | 43.99 |

The Income Statements should be read in conjunction with the audited financial statements for the year ended 31 March 2008.

AmInvestment Bank Berhad
and its subsidiary companies
(23742-V)(Incorporated in Malaysia. Licensed Investment Bank)

UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL QUARTER ENDED 30 SEPTEMBER 2008

| Group | -----Attributable to equity holder of the Bank-----> | | | | | | | | |
|--|--|-----------------|------------------------------|----------------------------|--------------------------------|--|--|-------------------------------------|----------------------------------|
| | Non-distributable | | | | | | Distributable | | Total shareholder's equity |
| | Share capital RM'000 | ICULS RM'000 | Capital reserve RM'000 | Share premium RM'000 | Statutory reserve RM'000 | Available-for- sale reserve RM'000 | Exchange fluctuation reserve RM'000 | Unappropriated profits RM'000 | |
| At 1 April 2007 | 340,000 | - | 2,815 | 190,284 | 389,500 | 12,880 | 28,477 | 928,752 | 1,892,708 |
| Net unrealised gain on revaluation of securities available-for-sale | - | - | - | - | - | (3,311) | - | - | (3,311) |
| Exchange fluctuation adjustments | - | - | - | - | - | - | 557 | - | 557 |
| Net (expense)/income recognised directly in equity | - | - | - | - | - | (3,311) | 557 | - | (2,754) |
| Profit for the period | - | - | - | - | - | - | - | 172,100 | 172,100 |
| Total recognised (expense)/income for the period | - | - | - | - | - | (3,311) | 557 | 172,100 | 169,346 |
| Proposed ordinary dividends | - | - | - | - | - | - | - | (79,920) | (79,920) |
| At 30 September 2007 | 340,000 | - | 2,815 | 190,284 | 389,500 | 9,569 | 29,034 | 1,020,932 | 1,982,134 |
| At 1 April 2008 | 340,000 | - | 2,815 | 190,284 | 389,500 | 23,516 | 23,853 | 1,083,285 | 2,053,253 |
| Net unrealised gain on revaluation of securities available-for-sale | - | - | - | - | - | (36,788) | - | - | (36,788) |
| Exchange fluctuation adjustments | - | - | - | - | - | - | 2,632 | - | 2,632 |
| Net (expense)/income recognised directly in equity | - | - | - | - | - | (36,788) | 2,632 | - | (34,156) |
| Loss for the period | - | - | - | - | - | - | - | (55,658) | (55,658) |
| Total recognised (expense)/income for the period | - | - | - | - | - | (36,788) | 2,632 | (55,658) | (89,814) |
| Capitalised for Bonus Issue | 189,500 | - | - | - | (189,500) | - | - | - | - |
| Capital reduction | (329,500) | - | - | (190,284) | - | - | - | - | (519,784) |
| Special dividends paid | - | - | - | - | - | - | - | (864,000) | (864,000) |
| Ordinary dividends paid | - | - | - | - | - | - | - | (90,000) | (90,000) |
| At 30 September 2008 | 200,000 | - | 2,815 | - | 200,000 | (13,272) | 26,485 | 73,627 | 489,655 |

The Statement of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 31 March 2008.

AmInvestment Bank Berhad
and its subsidiary companies
(23742-V)(Incorporated in Malaysia. Licensed Investment Bank)

UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (CONTD.)
FOR THE FINANCIAL QUARTER ENDED 30 SEPTEMBER 2008

| Bank | -----Attributable to equity holder of the Bank-----> | | | | | | | |
|--|--|-----------------|----------------------------|--------------------------------|--|--|-------------------------------------|--|
| | Non-distributable | | | | | Distributable | | Total shareholder's equity RM'000 |
| | Share capital RM'000 | ICULS RM'000 | Share premium RM'000 | Statutory reserve RM'000 | Available-for- sale reserve RM'000 | Exchange fluctuation reserve RM'000 | Unappropriated profits RM'000 | |
| At 1 April 2007 | 340,000 | - | 190,284 | 389,500 | 12,828 | 8,291 | 858,457 | |
| Net unrealised loss on revaluation of securities available-for-sale | - | - | - | - | (3,311) | - | - | (3,311) |
| Exchange fluctuation adjustments | - | - | - | - | - | 1,191 | - | 1,191 |
| Net (expense)/income recognised directly in equity | - | - | - | - | (3,311) | 1,191 | - | (2,120) |
| Profit for the period | - | - | - | - | - | - | 149,561 | 149,561 |
| Total recognised (expense)/income for the period | - | - | - | - | (3,311) | 1,191 | 149,561 | 147,441 |
| At 30 September 2007 | 340,000 | - | 190,284 | 389,500 | 9,517 | 9,482 | 1,008,018 | 1,946,801 |
| At 1 April 2008 | 340,000 | - | 190,284 | 389,500 | 23,464 | 8,878 | 984,642 | 1,936,768 |
| Net unrealised loss on revaluation of securities available-for-sale | - | - | - | - | (36,788) | - | - | (36,788) |
| Exchange fluctuation adjustments | - | - | - | - | - | (986) | - | (986) |
| Net expense recognised directly in equity | - | - | - | - | (36,788) | (986) | - | (37,774) |
| Loss for the period | - | - | - | - | - | - | (11,953) | (11,953) |
| Total recognised expense for the period | - | - | - | - | (36,788) | (986) | (11,953) | (49,727) |
| Capitalised for Bonus Issue | 189,500 | - | - | (189,500) | - | - | - | - |
| Capital reduction | (329,500) | - | (190,284) | - | - | - | - | (519,784) |
| Special dividends paid | - | - | - | - | - | - | (864,000) | (864,000) |
| Ordinary dividends paid | - | - | - | - | - | - | (90,000) | (90,000) |
| At 30 September 2008 | 200,000 | - | - | 200,000 | (13,324) | 7,892 | 18,689 | 413,257 |

The Statement of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 31 March 2008.

AmInvestment Bank Berhad
and its subsidiary companies
(23742-V)(Incorporated in Malaysia. Licensed Investment Bank)

UNAUDITED CONDENSED CASH FLOW STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2008

| | Group | | Bank | |
|--|--------------------|--------------------|--------------------|--------------------|
| | 30.09.08 RM'000 | 30.09.07 RM'000 | 30.09.08 RM'000 | 30.09.07 RM'000 |
| (Loss)/Profit before taxation | (47,186) | 222,716 | (8,474) | 193,613 |
| Adjustments for non-operating and non cash items | 78,377 | (50,033) | 28,448 | (50,017) |
| Operating profit before working capital changes | 31,191 | 172,683 | 19,974 | 143,596 |
| Decrease in operating assets | 1,080,473 | 554,625 | 1,023,554 | 928,925 |
| Decrease in operating liabilities | (124,046) | (2,649,041) | (72,530) | (2,853,253) |
| Cash generated from/(used in) operations | 987,618 | (1,921,733) | 970,998 | (1,780,732) |
| Taxation paid | (19,574) | (22,117) | (12,446) | (19,737) |
| Net cash generated from/(used in) operating activities | 968,044 | (1,943,850) | 958,552 | (1,800,469) |
| Net cash (used in)/generated from investing activities | (1,428,177) | 1,242,685 | (905,128) | 1,229,335 |
| Net cash (used in)/generated from financing activities | (1,473,784) | 31,712 | (1,473,784) | - |
| | (2,901,961) | 1,274,397 | (2,378,912) | 1,229,335 |
| Net decrease in cash and cash equivalents | (1,933,917) | (770,694) | (1,420,360) | (571,134) |
| Cash and cash equivalents at beginning of period | 2,931,865 | 3,457,791 | 2,310,779 | 3,256,086 |
| Cash and cash equivalents at end of period | 997,948 | 2,687,097 | 890,419 | 2,684,952 |

Note 1: Disposal of subsidiary companies

The assets and liabilities disposed arising on the transfer of Labuan offshore banking of subsidiary of AmInternational (L) Ltd, AMIL, during the financial period ended 30 September 2008 were as follows:

| | Unaudited As at 12 April 2008 RM'000 |
|---|---|
| Net assets disposed: | |
| 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 |
| Deposits from customers | (503,510) |
| Deposits and placements of banks and other financial institutions | (24,115) |
| Other liabilities | (2,036) |
| Net assets disposed as at date of disposal | 81,535 |
| Loss on transfer of offshore banking subsidiaries | (48,515) |
| Net value on disposals | 33,020 |
| Less : Cash and short-term funds | (535,393) |
| Cash flow on disposal, net of cash disposed | (502,373) |

The Cash Flow Statements should be read in conjunction with the audited financial statements for the year ended 31 March 2008.

Note 2: Transfer of fund based business in treasury, investment and credit lending operations to AmBank and AmIslamic Bank

The fair values of assets and liabilities assumed arising on the transfer of fund based business in treasury, investment and credit lending operations to AmBank and AmIslamic Bank, during the financial period ended 30 September 2008 were as follows:

| | Unaudited As at 12 April 2008 RM'000 |
|---|---|
| Net assets transferred: | |
| Cash and short-term funds | 2,105,829 |
| Deposits and placements of banks and other financial institutions | 521,540 |
| Securities held-for-trading | 4,349,470 |
| Securities available-for-sale | 1,132,260 |
| Securities held-to-maturity | 458,799 |
| Derivative financial assets | 278,964 |
| Loans, advances and financing | 4,092,282 |
| Other assets | 202,550 |
| Statutory deposit with Bank Negara Malaysia | 130,090 |
| Investments in subsidiary companies | 33,020 |
| Deferred tax assets | 15,439 |
| Deposits from customers | (6,760,077) |
| Deposits and placements of banks and other financial institutions | (4,473,165) |
| Derivative financial liabilities | (317,266) |
| Other liabilities | (72,278) |
| Recourse obligation on loans sold to Cagamas Berhad | (34,837) |
| Term loans | (267,920) |
| Reserves | (24,153) |
| | <u>1,370,547</u> |
| Less : Cash and short-term funds | <u>(2,105,829)</u> |
| Net assets transferred | <u>(735,282)</u> |

Note 3 : Cash and cash equivalents

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

| | Group | | Bank | |
|--|----------------------------|----------------------------|----------------------------|----------------------------|
| | 30.09.08 RM'000 | 30.09.07 RM'000 | 30.09.08 RM'000 | 30.09.07 RM'000 |
| Cash and short-term funds | 1,142,657 | 2,761,831 | 1,034,479 | 2,758,997 |
| Less: Cash and bank balances and deposit held in trust | <u>(144,709)</u> | <u>(74,734)</u> | <u>(144,060)</u> | <u>(74,045)</u> |
| | <u>997,948</u> | <u>2,687,097</u> | <u>890,419</u> | <u>2,684,952</u> |

The Cash Flow Statements should be read in conjunction with the audited financial statements for the year ended 31 March 2008.

EXPLANATORY NOTES :

1. ACCOUNTING POLICIES AND METHOD OF COMPUTATION

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
Amendment 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 the Bank's operations:

FRS 111 : Construction Contracts
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

The specific and general allowances for loans, advances and financing of the Group and 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 Group and the Bank have adopted a more stringent classification policy on non-performing loans, whereby loans are classified as non-performing and sub-standard when repayments are in arrears for more than three (3) months from the first day of default or after maturity date.

Consistent with the 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 three (3) to less than six (6) months-in-arrears. Previously, specific allowance was only made when a non-performing loan was in arrears of 6 months and above.

The unaudited condensed interim financial statements incorporates those activities relating to the Islamic Banking business, which have been undertaken by the Group and the Bank. Islamic Banking business refers generally to the acceptance of deposits, dealing in Islamic securities, granting of financing, capital market and treasury activities under the Shariah principles.

2. AUDIT QUALIFICATION

There were no audit qualification in the audited annual financial statements for the year ended 31 March 2008.

3. SEASONALITY OR CYCLICALITY OF OPERATIONS

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

4. UNUSUAL ITEMS

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

5. USE OF ESTIMATES

There was no material change in estimates of amounts reported in the prior financial years that have a material effect on the financial quarter and period ended 30 September 2008.

6. ISSUANCE AND REPAYMENT OF DEBT AND EQUITY SECURITIES

The Bank has not issued any new debentures during the financial quarter and period.

On 22 May 2008, the issued and fully paid-up share capital of the Bank was increased from RM340,000,000 comprising 240,000,000 ordinary shares of RM1.00 each and 100,000,000 preference shares of RM1.00 each to RM529,500,000 comprising 429,500,000 ordinary shares of RM1.00 each and 100,000,000 preference shares of RM1.00 each. The increase in the issued and paid-up share capital was made pursuant to a bonus issue of 189,500,000 ordinary shares to the parent company, AmInvestment Group Berhad.

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

On 26 September 2008, the issued and fully paid-up capital of the Bank was reduced from RM 529,500,000 comprising 429,500,000 ordinary shares of RM1.00 each and 100,000,000 preference shares of RM1.00 each to RM200,000,000 comprising 200,000,000 ordinary shares of RM1.00 each. The reduction in the share capital was made pursuant to a capital reduction exercise by the Bank.

7. DIVIDENDS

On 25 April 2008, the Bank paid a special dividend of 480.0%, less 25% taxation in respect of previous financial year amounting to RM864,000,000.

During the current financial quarter, the Bank paid a final ordinary dividend of 50.0%, less 25% taxation, and a preference dividend of 7.5%, in respect of previous financial year amounting to RM90,000,000 and RM7,500,000 for the ordinary and preference shares, respectively, which amount have been dealt with in the directors' report for that financial year.

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

8. SECURITIES HELD-FOR-TRADING

| | Group | | Bank | |
|---|--------------------|--------------------|--------------------|--------------------|
| | 30.09.08 RM'000 | 31.03.08 RM'000 | 30.09.08 RM'000 | 31.03.08 RM'000 |
| At Fair Value | | | | |
| Money Market Securities: | | | | |
| Treasury bills | - | 26,566 | - | 26,566 |
| Islamic Treasury bills | - | 43,680 | - | 43,680 |
| Malaysian Government Securities | - | 140,489 | - | 140,489 |
| Malaysian Government Investment Certificates | - | 279,402 | - | 279,402 |
| Cagamas bonds | - | - | - | - |
| Cagamas Mudharabah bearer bonds | - | 2,091 | - | 2,091 |
| Khazanah bonds | - | 59,359 | - | 59,359 |
| Negotiable instruments of deposits | - | 14,389 | - | 14,389 |
| Negotiable Islamic Debt Certificates | - | 313,742 | - | 313,742 |
| Bank Negara Monetary Notes | - | 274,645 | - | 274,645 |
| Islamic Bank Negara Monetary Notes | - | 134,107 | - | 134,107 |
| | - | 1,288,470 | - | 1,288,470 |
| Securities Quoted: | | | | |
| In Malaysia: | | | | |
| Shares | 11,894 | 5,302 | 11,894 | 5,302 |
| Trust units | 1,726 | 63,803 | 1,726 | 63,803 |
| Outside Malaysia: | | | | |
| Shares | 790 | 70,016 | - | 69,236 |
| | 14,410 | 139,121 | 13,620 | 138,341 |
| Unquoted Private Debt Securities Of Companies Incorporated: | | | | |
| In Malaysia: | | | | |
| Corporate bonds | - | 1,235,163 | - | 1,235,163 |
| Corporate notes | - | 76,672 | - | 76,672 |
| Islamic corporate bonds | - | 1,790,218 | - | 1,790,218 |
| Islamic corporate notes | - | 151,737 | - | 151,737 |
| Outside Malaysia: | | | | |
| Corporate bonds | - | 142,769 | - | 142,769 |
| | - | 3,396,559 | - | 3,396,559 |
| Unquoted Guaranteed Private Debt Securities Of Companies Incorporated In Malaysia: | | | | |
| Corporate bonds | - | 116,571 | - | 116,571 |
| Islamic corporate notes | - | 30,725 | - | 30,725 |
| | - | 147,296 | - | 147,296 |
| Total securities held-for-trading | 14,410 | 4,971,446 | 13,620 | 4,970,666 |

9. SECURITIES AVAILABLE-FOR-SALE

| | Group | | Bank | |
|--|-----------------|-----------------|-----------------|-----------------|
| | 30.09.08 | 31.03.08 | 30.09.08 | 31.03.08 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| At Fair Value | | | | |
| Money Market Securities: | | | | |
| Negotiable instruments of deposits | 14,245 | 69,762 | 14,245 | 69,762 |
| Securities Quoted in Malaysia: | | | | |
| Shares | 13,499 | - | 13,499 | - |
| Debt Equity Converted Securities: | | | | |
| Quoted in Malaysia: | | | | |
| Shares | - | 5,128 | - | 5,128 |
| Corporate bonds | - | 4,411 | - | 4,411 |
| Loan stocks | - | 9,145 | - | 9,145 |
| Unquoted securities outside Malaysia: | | | | |
| Shares | - | 897 | - | - |
| | - | 19,581 | - | 18,684 |
| Unquoted Private Debt Securities | | | | |
| Of Companies Incorporated | | | | |
| In Malaysia: | | | | |
| Corporate bonds | - | 116,610 | - | 116,610 |
| Islamic corporate bonds | - | 927,167 | - | 927,167 |
| Outside Malaysia: | | | | |
| Corporate bonds | 204,595 | 78,635 | 204,595 | 78,635 |
| | 204,595 | 1,122,412 | 204,595 | 1,122,412 |
| Total securities available-for-sale | 232,339 | 1,211,755 | 232,339 | 1,210,858 |

10. SECURITIES HELD-TO-MATURITY

| | Group | | Bank | |
|--|-----------------|-----------------|-----------------|-----------------|
| | 30.09.08 | 31.03.08 | 30.09.08 | 31.03.08 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| At Amortised Cost: | | | | |
| Money Market Securities: | | | | |
| Negotiable Instrument of Deposit | 144,247 | 141,601 | 144,247 | 141,601 |
| Quoted Securities: | | | | |
| In Malaysia: | | | | |
| Shares | 2 | 2 | - | - |
| Trust Units | 2,000 | 2,010 | 2,000 | 2,010 |
| Islamic Corporate bonds | - | 25,552 | - | - |
| Outside Malaysia: | | | | |
| Islamic Corporate bonds | - | 6,388 | - | - |
| | <u>2,002</u> | <u>33,952</u> | <u>2,000</u> | <u>2,010</u> |
| Unquoted Securities Of Companies | | | | |
| Incorporated: | | | | |
| In Malaysia: | | | | |
| Shares | 12,788 | 60,289 | 12,788 | 60,289 |
| Corporate bonds | 100 | 100 | 100 | 100 |
| Outside Malaysia: | | | | |
| Shares | 5,400 | 6,423 | 5,400 | 6,423 |
| | <u>18,288</u> | <u>66,812</u> | <u>18,288</u> | <u>66,812</u> |
| Debt Equity Converted Securities: | | | | |
| Quoted in Malaysia: | | | | |
| Loan stocks - collateralised | - | 971 | - | - |
| Loan stocks | - | 80,595 | - | 80,595 |
| Unquoted securities of companies incorporated in Malaysia: | | | | |
| Shares | - | 1,679 | - | - |
| Corporate bonds | - | 277,869 | - | 258,016 |
| | <u>-</u> | <u>361,114</u> | <u>-</u> | <u>338,611</u> |
| Unquoted Private Debt Securities Of Companies Incorporated: | | | | |
| In Malaysia: | | | | |
| Islamic corporate bonds | - | 190,331 | - | 190,331 |
| Total | 164,537 | 793,810 | 164,535 | 739,365 |
| Accumulated impairment losses | (1,398) | (132,384) | (1,398) | (118,895) |
| Total securities held-to-maturity | <u>163,139</u> | <u>661,426</u> | <u>163,137</u> | <u>620,470</u> |

11. LOANS, ADVANCES AND FINANCING

| | Group | | Bank | |
|--|-----------------|------------------|-----------------|------------------|
| | 30.09.08 | 31.03.08 | 30.09.08 | 31.03.08 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Term loans and revolving credits | | | | |
| Customers | 569,948 | 4,714,081 | 569,948 | 4,681,926 |
| Related companies | 47,631 | 35,943 | 47,631 | 35,943 |
| Staff loans | 20,452 | 22,516 | 20,452 | 21,909 |
| Gross loans, advances and financing | <u>638,031</u> | <u>4,772,540</u> | <u>638,031</u> | <u>4,739,778</u> |
| Less: | | | | |
| Allowance for bad and doubtful debts and financing: | | | | |
| General | 9,465 | 69,179 | 9,465 | 68,689 |
| Specific | 6,847 | 160,266 | 6,847 | 160,250 |
| | <u>16,312</u> | <u>229,445</u> | <u>16,312</u> | <u>228,939</u> |
| Net loans, advances and financing | <u>621,719</u> | <u>4,543,095</u> | <u>621,719</u> | <u>4,510,839</u> |

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

| | Group | | Bank | |
|-------------------------------------|-----------------|------------------|-----------------|------------------|
| | 30.09.08 | 31.03.08 | 30.09.08 | 31.03.08 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Working capital | 199,262 | 1,903,161 | 199,262 | 1,871,607 |
| Purchase of securities | 310,728 | 811,799 | 310,728 | 811,799 |
| Construction | - | 542,489 | - | 542,489 |
| Fixed assets | 72,601 | 487,834 | 72,601 | 487,834 |
| Other purpose | 6,672 | 481,272 | 6,672 | 480,672 |
| Merger and acquisition | 27,817 | 278,877 | 27,817 | 278,877 |
| Residential landed properties | 16,942 | 49,128 | 16,942 | 48,565 |
| Non-residential landed properties | - | 165,746 | - | 165,746 |
| Personal use | 499 | 48,671 | 499 | 48,671 |
| Purchase of transport vehicles | 3,510 | 3,563 | 3,510 | 3,518 |
| Gross loans, advances and financing | <u>638,031</u> | <u>4,772,540</u> | <u>638,031</u> | <u>4,739,778</u> |

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

| | Group | | Bank | |
|---------------------------------------|-----------------|------------------|-----------------|------------------|
| | 30.09.08 | 31.03.08 | 30.09.08 | 31.03.08 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Domestic : | | | | |
| Other non-bank financial institutions | 30,382 | 79,535 | 30,382 | 79,535 |
| Business enterprises: | | | | |
| Small medium enterprises | - | 195,769 | - | 195,768 |
| Others | 131,346 | 3,894,442 | 131,346 | 3,875,988 |
| Government and statutory bodies | - | 45,399 | - | 45,399 |
| Individuals | 208,882 | 369,877 | 208,882 | 369,270 |
| Foreign entities | 267,421 | 187,518 | 267,421 | 173,818 |
| | 638,031 | 4,772,540 | 638,031 | 4,739,778 |

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

| | Group | | Bank | |
|---------------------------|-----------------|------------------|-----------------|------------------|
| | 30.09.08 | 31.03.08 | 30.09.08 | 31.03.08 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Variable rate | | | | |
| Cost-plus | 250,238 | 3,927,499 | 250,238 | 3,913,802 |
| Other variable rates | 197,552 | 132,494 | 197,552 | 114,640 |
| | 447,790 | 4,059,993 | 447,790 | 4,028,442 |
| Fixed rate | | | | |
| Housing loans | 16,942 | 18,954 | 16,942 | 18,391 |
| Hire purchase receivables | 3,510 | 3,562 | 3,510 | 3,518 |
| Other fixed rates | 169,789 | 690,031 | 169,789 | 689,427 |
| | 190,241 | 712,547 | 190,241 | 711,336 |
| | 638,031 | 4,772,540 | 638,031 | 4,739,778 |

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

| | Group | | Bank | |
|---|-----------------|-----------------|-----------------|-----------------|
| | 30.09.08 | 31.03.08 | 30.09.08 | 31.03.08 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Balance at beginning of period/year | 293,172 | 364,131 | 293,172 | 329,423 |
| Non-performing during the period/year | - | 86,324 | - | 86,324 |
| Reclassification to performing loans, advances and financing | - | (21,272) | - | (21,272) |
| Debt equity conversion | - | (32,807) | - | (32,807) |
| Recoveries | (307) | (73,025) | (307) | (66,959) |
| Amount written off | - | (25,126) | - | (1,980) |
| Amount vested to AmBank/AmIslamic Bank | (285,844) | - | (285,844) | - |
| Exchange fluctuation adjustment | - | (5,711) | - | (215) |
| Reclassification from trade receivable | - | 658 | - | 658 |
| Balance at end of period/year | 7,021 | 293,172 | 7,021 | 293,172 |
| Specific allowance | (6,847) | (160,266) | (6,847) | (160,250) |
| Non-performing loans, advances and financing - net | 174 | 132,906 | 174 | 132,922 |
| Ratios of non-performing loans, advances and financing to total loans, advances and financing - net | 0.03% | 2.88% | 0.03% | 2.90% |

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

| | Group | | Bank | |
|-----------------------------------|-----------------|-----------------|-----------------|-----------------|
| | 30.09.08 | 31.03.08 | 30.09.08 | 31.03.08 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Working capital | - | 138,541 | - | 138,541 |
| Construction | - | 107,723 | - | 107,723 |
| Non-residential landed properties | - | 4,801 | - | 4,801 |
| Purchase of securities | 7,021 | 7,350 | 7,021 | 7,350 |
| Personal use | - | 4,390 | - | 4,390 |
| Other purpose | - | 30,367 | - | 30,367 |
| | 7,021 | 293,172 | 7,021 | 293,172 |

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

| | Group | | Bank | |
|---|----------------------------------|----------------------------------|----------------------------------|----------------------------------|
| | 30.09.08 RM'000 | 31.03.08 RM'000 | 30.09.08 RM'000 | 31.03.08 RM'000 |
| General allowance | | | | |
| Balance at beginning of period/year | 69,179 | 63,677 | 68,689 | 62,386 |
| Reversal of allowance during the period/year | 1,525 | 5,780 | 1,526 | 6,537 |
| Amount vested to AmBank/AmIslamic Bank | (61,124) | - | (61,124) | - |
| Exchange fluctuation adjustments | (115) | (278) | 374 | (234) |
| Balance at end of period/year | <u>9,465</u> | <u>69,179</u> | <u>9,465</u> | <u>68,689</u> |
| | | | | |
| % of total loans, advances and financing less specific allowances | <u>1.50%</u> | <u>1.50%</u> | <u>1.50%</u> | <u>1.50%</u> |
| Specific allowance | | | | |
| Balance at beginning of period/year | 160,266 | 175,651 | 160,250 | 150,912 |
| Allowance during the period/year | 59 | 39,865 | 59 | 39,848 |
| Amount written back in respect of recoveries and reversals | (329) | (20,469) | (329) | (20,469) |
| Net charge to income statements | (270) | 19,396 | (270) | 19,379 |
| Reclassification from sundry receivables | 78 | 1,485 | 78 | 1,485 |
| Debt equity conversion | - | (9,046) | - | (9,046) |
| Amount written off | - | (25,344) | - | (2,480) |
| Amount vested to AmBank/AmIslamic Bank | (153,211) | - | (153,211) | - |
| Exchange fluctuation adjustments | (16) | (1,876) | - | - |
| Balance at end of period/year | <u>6,847</u> | <u>160,266</u> | <u>6,847</u> | <u>160,250</u> |

12. OTHER ASSETS

| | Group | | Bank | |
|--|--------------------|--------------------|--------------------|--------------------|
| | 30.09.08 RM'000 | 31.03.08 RM'000 | 30.09.08 RM'000 | 31.03.08 RM'000 |
| Trade receivables, net of allowance for doubtful debts | 291,286 | 634,621 | 121,604 | 390,256 |
| Other receivables, deposits and prepayments, net of allowance for doubtful debts | 134,701 | 219,865 | 116,209 | 194,034 |
| Interest/Dividends receivable | 3,290 | 71,937 | 3,211 | 82,472 |
| Amount due from Originators | - | 35,140 | - | 35,140 |
| Amount due (to)/from brokers | (6,703) | 57,076 | (6,703) | 57,076 |
| Amount due from: | | | | |
| Ultimate holding company | 337 | 143 | 337 | 143 |
| Subsidiary companies | 12,704 | - | 14,253 | 1,030 |
| Related companies | 19,222 | 8,127 | 19,152 | 7,957 |
| Assets acquired in exchange of debts, net of impairment loss | 684 | 905 | 684 | 905 |
| | <u>455,521</u> | <u>1,027,814</u> | <u>268,747</u> | <u>769,013</u> |

Trade receivables mainly relate to the stock and share-broking operations of subsidiary companies and the Bank, and represent amount outstanding in purchase contracts net of allowance.

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

Amounts due from ultimate holding company, subsidiary companies and other related companies are unsecured, interest-free and represent expenses paid on behalf and interest receivable.

13. DEPOSITS FROM CUSTOMERS

| | Group | | Bank | |
|--------------------------|--------------------|--------------------|--------------------|--------------------|
| | 30.09.08 RM'000 | 31.03.08 RM'000 | 30.09.08 RM'000 | 31.03.08 RM'000 |
| Term/Investment deposits | - | 5,036,237 | - | 4,533,325 |
| Other deposits | - | 1,195,951 | - | 1,195,951 |
| | - | 6,232,188 | - | 5,729,276 |

The deposits are sourced from the following types of customers:

| | Group | | Bank | |
|----------------------|--------------------|--------------------|--------------------|--------------------|
| | 30.09.08 RM'000 | 31.03.08 RM'000 | 30.09.08 RM'000 | 31.03.08 RM'000 |
| Business enterprises | - | 3,582,319 | - | 3,081,326 |
| Individuals | - | 26,846 | - | 25,446 |
| Government | - | 1,351,198 | - | 1,351,198 |
| Others | - | 1,271,825 | - | 1,271,306 |
| | - | 6,232,188 | - | 5,729,276 |

14. DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

| | Group | | Bank | |
|------------------------------|--------------------|--------------------|--------------------|--------------------|
| | 30.09.08 RM'000 | 31.03.08 RM'000 | 30.09.08 RM'000 | 31.03.08 RM'000 |
| Licensed banks: | | | | |
| Subsidiary | - | - | - | 5,500 |
| Related | 1,465,364 | 1,094,618 | 1,465,364 | 1,094,618 |
| Others | - | 803,632 | - | 803,632 |
| Licensed investment banks | - | 17,174 | - | 17,174 |
| Other financial institutions | 164,181 | 4,502,902 | 164,181 | 4,478,787 |
| | 1,629,545 | 6,418,326 | 1,629,545 | 6,399,711 |

15. OTHER LIABILITIES

| | Group | | Bank | |
|---------------------------------|-----------------|-----------------|-----------------|-----------------|
| | 30.09.08 | 31.03.08 | 30.09.08 | 31.03.08 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Trade payables | 341,650 | 742,461 | 215,556 | 562,141 |
| Other payables and accruals | 116,927 | 180,655 | 91,476 | 147,718 |
| Provision for commitments | - | 1,940 | - | 1,940 |
| Amount due to related companies | 14,556 | 14,571 | 14,555 | 14,555 |
| Taxation payable | 647 | 4,209 | - | - |
| Zakat payable | 38 | 38 | 38 | 38 |
| Profit equalisation reserve | - | 335 | - | 95 |
| Proposed preference dividends | - | 7,500 | - | 7,500 |
| Bank Overdraft | - | 541 | - | - |
| Deferred tax liabilities | 2,828 | 323 | 2,397 | - |
| | 476,646 | 952,573 | 324,022 | 733,987 |

Trade payables mainly relate to the stock and share-broking operations of subsidiary companies and the Bank, and represent amount payable in outstanding sales contracts.

Amount due to related companies represent interest payable on deposit placements.

The movements in profit equalisation reserve are as follows:

| | Group | | Bank | |
|--|-----------------|-----------------|-----------------|-----------------|
| | 30.09.08 | 31.03.08 | 30.09.08 | 31.03.08 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Balance at beginning of period/year | 335 | 245 | 95 | 95 |
| Provision during the period/year/ | - | 109 | - | - |
| Amount vested to AmBank/AmIslamic Bank | (335) | - | (95) | - |
| Exchange fluctuation adjustments | - | (19) | - | - |
| Balance at end of period/year | - | 335 | - | 95 |

16. INTEREST INCOME

| Group | Individual Quarter | | Cumulative Quarter | |
|---|--------------------|--------------------|--------------------|--------------------|
| | 30.09.08 RM'000 | 30.09.07 RM'000 | 30.09.08 RM'000 | 30.09.07 RM'000 |
| Short-term funds and deposits with financial institutions | 13,436 | 38,478 | 30,126 | 87,875 |
| Securities held-for-trading | 2,324 | 50,476 | 11,436 | 90,866 |
| Securities available-for-sale | 1,234 | 20,172 | 4,277 | 52,935 |
| Securities held-to-maturity | - | 1,671 | - | 2,755 |
| Loans and advances | | | | |
| - Interest income other than recoveries from NPLs | 10,460 | 63,716 | 27,179 | 129,189 |
| - Recoveries from NPLs | - | 1,240 | 218 | 8,077 |
| Others | 307 | 924 | 750 | 1,559 |
| Gross interest income | 27,761 | 176,677 | 73,986 | 373,256 |
| Amortisation of premiums less accretion of discounts | 1,316 | 4,556 | 2,995 | 5,284 |
| Interest suspended | - | - | (819) | (43) |
| Total after net interest suspension | 29,077 | 181,233 | 76,162 | 378,497 |
| Bank | | | | |
| | Individual Quarter | | Cumulative Quarter | |
| | 30.09.08 RM'000 | 30.09.07 RM'000 | 30.09.08 RM'000 | 30.09.07 RM'000 |
| Short-term funds and deposits with financial institutions | 12,842 | 37,535 | 29,019 | 87,374 |
| Securities held-for-trading | 2,324 | 50,207 | 11,436 | 90,221 |
| Securities available-for-sale | 1,234 | 20,172 | 4,277 | 52,935 |
| Securities held-to-maturity | - | 1,672 | - | 2,697 |
| Loans and advances | | | | |
| - Interest income other than recoveries from NPLs | 10,459 | 63,149 | 27,179 | 127,769 |
| - Recoveries from NPLs | - | 1,240 | 218 | 8,077 |
| Others | 34 | 370 | 134 | 790 |
| Gross interest income | 26,893 | 174,345 | 72,263 | 369,863 |
| Amortisation of premiums less accretion of discounts | 1,316 | 4,556 | 2,995 | 5,284 |
| Interest suspended | - | - | (819) | (43) |
| Total after net interest suspension | 28,209 | 178,901 | 74,439 | 375,104 |

17. INTEREST EXPENSE

| Group | Individual Quarter | | Cumulative Quarter | |
|---|--------------------|--------------------|--------------------|--------------------|
| | 30.09.08 RM'000 | 30.09.07 RM'000 | 30.09.08 RM'000 | 30.09.07 RM'000 |
| Deposits from customers | - | 83,196 | 6,958 | 156,465 |
| Deposit of banks and other financial institutions | 8,147 | 49,693 | 20,438 | 106,116 |
| Securities sold under repurchase agreements | - | 47 | - | 16,765 |
| Subordinated deposits and term loans | - | 1,491 | 244 | 2,946 |
| Securities sold not yet repurchased | - | 1,747 | - | 2,877 |
| Redeemable unsecured bonds | 9,071 | 9,153 | 18,124 | 18,206 |
| Others | 219 | 12,823 | 1,000 | 17,581 |
| | <u>17,437</u> | <u>158,150</u> | <u>46,764</u> | <u>320,956</u> |

| Bank | Individual Quarter | | Cumulative Quarter | |
|---|--------------------|--------------------|--------------------|--------------------|
| | 30.09.08 RM'000 | 30.09.07 RM'000 | 30.09.08 RM'000 | 30.09.07 RM'000 |
| Deposits from customers | - | 82,139 | 6,958 | 154,145 |
| Deposit of banks and other financial institutions | 8,147 | 50,143 | 20,438 | 108,398 |
| Securities sold under repurchase agreements | - | 47 | - | 16,765 |
| Subordinated deposits and term loans | - | 1,491 | 244 | 2,946 |
| Securities sold not yet repurchased | - | 1,747 | - | 2,877 |
| Redeemable unsecured bonds | 9,071 | 9,153 | 18,124 | 18,206 |
| Others | 219 | 12,828 | 1,000 | 17,586 |
| | <u>17,437</u> | <u>157,548</u> | <u>46,764</u> | <u>320,923</u> |

18. OTHER OPERATING INCOME

| Group | Individual Quarter | | Cumulative Quarter | |
|--|--------------------|--------------------|--------------------|--------------------|
| | 30.09.08 RM'000 | 30.09.07 RM'000 | 30.09.08 RM'000 | 30.09.07 RM'000 |
| Fee income: | | | | |
| Fees on loans and advances | 3,100 | 3,598 | 6,054 | 5,734 |
| Corporate advisory fees | 9,842 | 7,227 | 18,703 | 18,466 |
| Guarantee fees | 404 | 1,736 | 833 | 3,500 |
| Underwriting commissions | 2,195 | 6,573 | 5,643 | 7,492 |
| Portfolio management fees | 4,187 | 4,339 | 8,814 | 8,897 |
| Unit trust management fees | 14,722 | 14,533 | 31,108 | 27,852 |
| Brokerage fees and commissions | 14,163 | 40,653 | 33,682 | 83,454 |
| Other fee income | 4,736 | 4,178 | 8,392 | 14,512 |
| | <u>53,349</u> | <u>82,837</u> | <u>113,229</u> | <u>169,907</u> |
| Investment and trading income: | | | | |
| Net (loss)/gain from sale of securities held-for-trading | (1,266) | 11,175 | (13,664) | 90,408 |
| Net gain/(loss) from sale of securities available-for-sale | 4 | 1,363 | (46) | 2,032 |
| Net gain on redemption of securities held-to-maturity | - | 35,366 | 250 | 38,405 |
| Loss on transfer of offshore banking subsidiary | - | - | (48,515) | - |
| Loss on revaluation of derivatives | (2,051) | (3,331) | (5,147) | (14,249) |
| Gross dividend income from: | | | | |
| Securities held-for-trading | 427 | 3,199 | 1,323 | 6,358 |
| Securities held-to-maturity | 435 | 10,112 | 460 | 10,725 |
| Loss on revaluation of securities held-for-trading | (13,952) | (12,015) | (8,937) | (62,923) |
| | <u>(16,403)</u> | <u>45,869</u> | <u>(74,276)</u> | <u>70,756</u> |
| Other income: | | | | |
| Foreign exchange (loss)/gain | (2,148) | 1,178 | (3,598) | 1,500 |
| Gain on disposal of property and equipment - net | 30 | 128 | 453 | 134 |
| Rental income | 678 | 413 | 929 | 756 |
| Other non-operating income | 3 | 195 | 7 | 331 |
| | <u>(1,437)</u> | <u>1,914</u> | <u>(2,209)</u> | <u>2,721</u> |
| | <u>35,509</u> | <u>130,620</u> | <u>36,744</u> | <u>243,384</u> |

18. OTHER OPERATING INCOME (CONTD.)

| Bank | Individual Quarter | | Cumulative Quarter | |
|--|--------------------|--------------------|--------------------|--------------------|
| | 30.09.08 RM'000 | 30.09.07 RM'000 | 30.09.08 RM'000 | 30.09.07 RM'000 |
| Fee income: | | | | |
| Fees on loans and advances | 3,100 | 3,598 | 6,054 | 5,719 |
| Corporate advisory fees | 9,435 | 6,973 | 18,190 | 18,037 |
| Guarantee fees | 404 | 944 | 833 | 2,432 |
| Underwriting commissions | 2,156 | 6,273 | 5,604 | 7,058 |
| Brokerage fees and commissions | 11,097 | 31,346 | 26,313 | 64,742 |
| Other fee income | 5,794 | 5,186 | 12,197 | 15,433 |
| | <u>31,986</u> | <u>54,320</u> | <u>69,191</u> | <u>113,421</u> |
| Investment and trading income: | | | | |
| Net (loss)/gain from sale of securities held-for-trading | (1,264) | 11,196 | (13,654) | 90,113 |
| Net gain/(loss) from sale of securities available-for-sale | 4 | 1,363 | (46) | 2,032 |
| Net gain on redemption of securities held-to-maturity | - | 35,780 | 250 | 38,820 |
| Loss on revaluation of derivatives | (2,051) | (2,937) | (5,147) | (13,667) |
| Gross dividend income from: | | | | |
| Unquoted subsidiary companies | - | - | 540 | - |
| Securities held-for-trading | 427 | 3,199 | 1,323 | 6,358 |
| Securities held-to-maturity | 435 | 10,112 | 460 | 10,725 |
| Loss on revaluation of securities held-for-trading | (13,963) | (12,600) | (8,948) | (62,635) |
| | <u>(16,412)</u> | <u>46,113</u> | <u>(25,222)</u> | <u>71,746</u> |
| Other income: | | | | |
| Foreign exchange (loss)/gain | (2,191) | 928 | (3,623) | 920 |
| Gain on disposal of property and equipment - net | 30 | 130 | 453 | 135 |
| Rental income | 678 | 390 | 929 | 705 |
| | <u>(1,483)</u> | <u>1,448</u> | <u>(2,241)</u> | <u>1,760</u> |
| | <u>14,091</u> | <u>101,881</u> | <u>41,728</u> | <u>186,927</u> |

19. OTHER OPERATING EXPENSES

| Group | Individual Quarter | | Cumulative Quarter | |
|--|--------------------|--------------------|--------------------|--------------------|
| | 30.09.08 RM'000 | 30.09.07 RM'000 | 30.09.08 RM'000 | 30.09.07 RM'000 |
| Personnel/Staff costs | | | | |
| - Salaries, allowances and bonuses | 25,536 | 33,629 | 49,705 | 67,872 |
| - Others | 13,028 | 10,220 | 25,858 | 20,767 |
| | <u>38,564</u> | <u>43,849</u> | <u>75,563</u> | <u>88,639</u> |
| Establishment costs | | | | |
| - Depreciation of property and equipment | 2,079 | 1,750 | 4,085 | 3,434 |
| - Amortisation of computer software | 515 | 397 | 880 | 776 |
| - Computerisation costs | 3,938 | 2,784 | 8,515 | 6,174 |
| - Rental | 1,795 | 2,584 | 4,138 | 5,089 |
| - Others | 1,249 | 1,451 | 2,396 | 2,357 |
| | <u>9,576</u> | <u>8,966</u> | <u>20,014</u> | <u>17,830</u> |
| Marketing and communication expenses | | | | |
| - Sales commission | 225 | 2,118 | 975 | 2,626 |
| - Advertising | 1,578 | 1,878 | 3,317 | 3,110 |
| - Travel and entertainment | 1,612 | 1,603 | 3,472 | 3,366 |
| - Others | 1,861 | 1,865 | 3,823 | 3,815 |
| | <u>5,276</u> | <u>7,464</u> | <u>11,587</u> | <u>12,917</u> |
| Administration and general expenses | | | | |
| - Professional fees | 3,308 | 2,408 | 6,492 | 9,821 |
| - Others | 2,449 | 3,409 | 5,159 | 6,501 |
| | <u>5,757</u> | <u>5,817</u> | <u>11,651</u> | <u>16,322</u> |
| | <u>59,173</u> | <u>66,096</u> | <u>118,815</u> | <u>135,708</u> |
| | | | | |
| Bank | Individual Quarter | | Cumulative Quarter | |
| | 30.09.08 RM'000 | 30.09.07 RM'000 | 30.09.08 RM'000 | 30.09.07 RM'000 |
| Personnel/Staff costs | | | | |
| - Salaries, allowances and bonuses | 17,013 | 25,000 | 32,454 | 51,844 |
| - Others | 10,515 | 7,920 | 20,231 | 15,944 |
| | <u>27,528</u> | <u>32,920</u> | <u>52,685</u> | <u>67,788</u> |
| Establishment costs | | | | |
| - Depreciation of property and equipment | 1,700 | 1,405 | 3,335 | 2,759 |
| - Amortisation of computer software | 488 | 379 | 832 | 741 |
| - Computerisation costs | 1,899 | 719 | 4,598 | 2,921 |
| - Rental | 605 | 1,557 | 1,803 | 2,982 |
| - Others | 786 | 972 | 1,245 | 1,361 |
| | <u>5,478</u> | <u>5,032</u> | <u>11,813</u> | <u>10,764</u> |
| Marketing and communication expenses | | | | |
| - Sales commission | 225 | 2,117 | 975 | 2,621 |
| - Advertising | 1,019 | 1,074 | 2,615 | 2,201 |
| - Travel and entertainment | 1,239 | 1,186 | 2,567 | 2,612 |
| - Others | 1,209 | 968 | 2,393 | 2,150 |
| | <u>3,692</u> | <u>5,345</u> | <u>8,550</u> | <u>9,584</u> |
| Administration and general expenses | | | | |
| - Professional fees | 2,799 | 1,940 | 5,422 | 8,690 |
| - Others | 2,253 | 4,455 | 4,995 | 7,168 |
| | <u>5,052</u> | <u>6,395</u> | <u>10,417</u> | <u>15,858</u> |
| | <u>41,750</u> | <u>49,692</u> | <u>83,465</u> | <u>103,994</u> |

20. ALLOWANCE/(WRITEBACK OF ALLOWANCE) FOR LOSSES ON LOANS AND FINANCING

| Group | Individual Quarter | | Cumulative Quarter | |
|---|---------------------------|-----------------|---------------------------|-----------------|
| | 30.09.08 | 30.09.07 | 30.09.08 | 30.09.07 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Allowance for bad and doubtful debts and financing: | | | | |
| Specific allowance - net | (101) | 9,426 | (270) | 13,710 |
| <i>Allowance during the period</i> | 59 | 12,994 | 59 | 21,382 |
| <i>Amount written back in respect of recoveries and reversals</i> | (160) | (3,568) | (329) | (7,672) |
| General allowance | 172 | (2,802) | 1,526 | (2,168) |
| Bad debts and financing | | | | |
| Written off | - | 98 | - | 153 |
| Recovered | (1) | (5,368) | (2,281) | (32,431) |
| | 70 | 1,354 | (1,025) | (20,736) |

| Bank | Individual Quarter | | Cumulative Quarter | |
|---|---------------------------|-----------------|---------------------------|-----------------|
| | 30.09.08 | 30.09.07 | 30.09.08 | 30.09.07 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Allowance for bad and doubtful debts and financing: | | | | |
| Specific allowance- net | (101) | 9,409 | (270) | 13,693 |
| <i>Allowance during the period</i> | 59 | 12,977 | 59 | 21,365 |
| <i>Amount written back in respect of recoveries and reversals</i> | (160) | (3,568) | (329) | (7,672) |
| General allowance | 172 | (2,740) | 1,526 | (1,533) |
| Bad debts and financing | | | | |
| Written off | - | 98 | - | 153 |
| Recovered | (1) | (5,369) | (2,281) | (32,432) |
| | 70 | 1,398 | (1,025) | (20,119) |

21. SEGMENTAL INFORMATION

BY BUSINESS SEGMENT

| | Individual Quarter | | Cumulative Quarter | |
|--|--------------------|--------------------|--------------------|--------------------|
| | 30.09.08 RM'000 | 30.09.07 RM'000 | 30.09.08 RM'000 | 30.09.07 RM'000 |
| Investment banking | | | | |
| Revenue | 38,168 | 237,646 | 97,801 | 485,337 |
| (Loss)/profit before taxation | (6,765) | 33,334 | (2,259) | 110,221 |
| Offshore banking | | | | |
| Revenue | (12,564) | 26,702 | (14,561) | 39,437 |
| (Loss)/profit before taxation | (13,656) | 28,913 | (17,603) | 31,912 |
| Unit trust management | | | | |
| Revenue | 10,494 | 10,369 | 20,707 | 20,952 |
| Profit before taxation | 7,133 | 5,355 | 14,252 | 11,630 |
| Asset management | | | | |
| Revenue | 7,434 | 8,960 | 16,014 | 16,570 |
| Profit before taxation | 818 | 4,402 | 3,217 | 8,065 |
| Real estate management | | | | |
| Revenue | 11 | 35 | 22 | 52 |
| Profit before taxation | 10 | 34 | 15 | 51 |
| Investment consultant | | | | |
| Revenue | 4 | 176 | 9 | 332 |
| Profit before taxation | 3 | 106 | 7 | 176 |
| Stockbroking | | | | |
| Revenue | 20,987 | 41,731 | 47,281 | 92,091 |
| (Loss)/profit before taxation | (424) | 29,347 | 4,039 | 60,869 |
| Others | | | | |
| Revenue | 620 | 636 | 1,199 | 1,216 |
| Profit before taxation | 176 | 288 | 112 | 442 |
| Total before consolidation adjustments | | | | |
| Revenue | 65,154 | 326,255 | 168,472 | 655,987 |
| (Loss)/profit before taxation | (12,705) | 101,779 | 1,780 | 223,366 |
| Consolidation adjustments | | | | |
| Revenue | (928) | (4,216) | (51,275) | (9,163) |
| Profit before taxation | (86) | (538) | (48,966) | (650) |
| Total after consolidation adjustments | | | | |
| Revenue | 64,226 | 322,039 | 117,197 | 646,824 |
| (Loss)/profit before taxation | (12,791) | 101,241 | (47,186) | 222,716 |

21. SEGMENTAL INFORMATION (CONTD.)

Included in the above is Islamic banking business profit before taxation of RM4.4 million for the Group and the Bank for the period ended 30 September 2008 (RM23.0 million and RM22.7 million for the Group and the Bank respectively, for the period ended 30 September 2007).

The Group's activities are principally conducted in Malaysia except for AmFrasers International Pte. Ltd. and its subsidiary companies, activities of which are principally conducted in Singapore, which contributed to a loss before tax of RM7.3 million for the period ended 30 September 2008.

22. VALUATIONS OF PROPERTY AND EQUIPMENT

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

23. 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 item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect substantially the results of the operations of the Group and the Bank for the current financial quarter.

24. CHANGES IN THE COMPOSITION OF THE GROUP AND THE BANK

On 12 April, the Bank completed the business transfer of assets and liabilities relating to the Bank's 100% shareholding interest in Labuan offshore banking subsidiary of AmInternational (L) Ltd (AMIL) at book value to AmBank. The balance sheets are as follows:

| | |
|---|-----------------------|
| ASSETS | RM'000 |
| 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 AND SHAREHOLDER'S EQUITY | |
| 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> |
| Share capital | 33,020 |
| Reserves | 48,515 |
| Shareholder's equity | <u>81,535</u> |
| TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY | <u>611,196</u> |
| COMMITMENTS AND CONTINGENCIES | <u>-</u> |

25. BORROWINGS

The maturity structure of deposits and placements of customers and financial institutions and debt securities are as follows:

| | Group | | Bank | |
|--|--------------------|--------------------|--------------------|--------------------|
| | 30.09.08 RM'000 | 31.03.08 RM'000 | 30.09.08 RM'000 | 31.03.08 RM'000 |
| (i) Deposits from customers | | | | |
| Due within six months | - | 5,982,121 | - | 5,479,800 |
| Six months to one year | - | 49,476 | - | 49,476 |
| One year to three years | - | 200,591 | - | 200,000 |
| Total | - | 6,232,188 | - | 5,729,276 |
| (ii) Deposits and placements of banks and other financial institutions | | | | |
| Due within six months | 1,291,921 | 4,354,383 | 1,291,921 | 4,335,768 |
| Six months to one year | 34,408 | 233,998 | 34,408 | 233,998 |
| One year to three years | 303,216 | 552,713 | 303,216 | 552,713 |
| Three years to five years | - | 1,277,232 | - | 1,277,232 |
| Total | 1,629,545 | 6,418,326 | 1,629,545 | 6,399,711 |
| <i>Recap :</i> | | | | |
| <i>Interbank lendings</i> | 1,091,869 | 3,780,176 | 1,007,995 | 3,250,923 |
| <i>Interbank borrowings</i> | (1,465,364) | (1,094,618) | (1,465,364) | (1,100,118) |
| <i>Net interbank (borrowings)/ lendings</i> | (373,495) | 2,685,558 | (457,369) | 2,150,805 |
| (iii) Term loans | | | | |
| Due within one year | | | | |
| Secured | - | 271,490 | - | 271,490 |
| (iv) Redeemable unsecured subordinated bonds | | | | |
| More than one year | 135,000 | 595,000 | 135,000 | 595,000 |

26. COMMITMENTS AND CONTINGENCIES

In the normal course of business, the Group and 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 asset.

As at 30 September 2008, the commitments and contingencies outstanding are as follows:

| Group | 30.09.08 | | | 31.03.08 | | |
|---|-------------------------------|--|--------------------------------------|-------------------------------|--|--------------------------------------|
| | Principal Amount RM'000 | Credit Equivalent Amount RM'000 | Risk Weighted Amount RM'000 | Principal Amount RM'000 | Credit Equivalent Amount RM'000 | Risk Weighted Amount RM'000 |
| Derivative Financial Instruments | | | | | | |
| Interest rate related contracts: | | | | | | |
| Interest rate futures | - | - | - | 270,000 | 194,810 | 97,404 |
| Interest rate swaps: | | | | | | |
| Related companies | - | - | - | 8,625,073 | 101,966 | 17,993 |
| Others | - | - | - | 26,770,307 | 601,940 | 126,949 |
| Foreign exchange related contracts: | | | | | | |
| Forward exchange contracts | - | - | - | 2,681,436 | 62,447 | 12,489 |
| Cross currency swaps | - | - | - | 624,647 | 76,143 | 15,228 |
| Equity related contracts: | | | | | | |
| Options | 148,369 | - | - | 151,596 | - | - |
| Futures | 12,343 | - | - | 363 | - | - |
| | <u>160,712</u> | <u>-</u> | <u>-</u> | <u>39,123,422</u> | <u>1,037,306</u> | <u>270,063</u> |
| Commitments | | | | | | |
| Irrevocable commitments to extend credit maturing : | | | | | | |
| within one year | 74,427 | - | - | 770,099 | - | - |
| more than one year | 158,692 | 79,346 | 79,346 | 591,789 | 295,895 | 294,970 |
| Sell and buy back agreements | - | - | - | 1,216,782 | 1,216,782 | 879,744 |
| Forward purchase commitments | 10,549 | - | - | 338,081 | 338,081 | 30,108 |
| | <u>243,668</u> | <u>79,346</u> | <u>79,346</u> | <u>2,916,751</u> | <u>1,850,758</u> | <u>1,204,822</u> |
| Contingent Liabilities | | | | | | |
| Guarantees given on behalf of customers | 494,225 | 494,225 | 494,225 | 783,221 | 783,221 | 782,700 |
| Underwriting liabilities | 34,154 | - | - | 650,000 | 325,000 | 241,800 |
| Certain transaction-related contingent items | - | - | - | 453,126 | 226,563 | 214,301 |
| | <u>528,379</u> | <u>494,225</u> | <u>494,225</u> | <u>1,886,347</u> | <u>1,334,784</u> | <u>1,238,801</u> |
| | <u>932,759</u> | <u>573,571</u> | <u>573,571</u> | <u>43,926,520</u> | <u>4,222,848</u> | <u>2,713,686</u> |

| Bank | 30.09.08 | | | 31.03.08 | | |
|--|-------------------------------|--|--------------------------------------|-------------------------------|--|--------------------------------------|
| | Principal Amount RM'000 | Credit Equivalent Amount RM'000 | Risk Weighted Amount RM'000 | Principal Amount RM'000 | Credit Equivalent Amount RM'000 | Risk Weighted Amount RM'000 |
| Derivative Financial Instruments | | | | | | |
| Interest rate related contracts: | | | | | | |
| Interest rate futures | - | - | - | 270,000 | 194,810 | 97,404 |
| Interest rate swaps: | | | | | | |
| Related companies | - | - | - | 8,625,073 | 101,966 | 17,993 |
| Others | - | - | - | 26,770,307 | 601,940 | 126,949 |
| Foreign exchange related contracts: | | | | | | |
| Forward exchange contracts | - | - | - | 2,681,436 | 62,447 | 12,489 |
| Cross currency swaps | - | - | - | 624,647 | 76,143 | 15,228 |
| Equity related contracts: | | | | | | |
| Options | 148,369 | - | - | 151,596 | - | - |
| Futures | 12,343 | - | - | 363 | - | - |
| | <u>160,712</u> | <u>-</u> | <u>-</u> | <u>39,123,422</u> | <u>1,037,306</u> | <u>270,063</u> |
| Commitments | | | | | | |
| Irrevocable commitments to extend credit maturing: | | | | | | |
| within one year | 74,427 | - | - | 770,099 | - | - |
| more than one year | 158,692 | 79,346 | 79,346 | 591,789 | 295,895 | 294,970 |
| Sell and buy back agreements | - | - | - | 1,216,782 | 1,216,782 | 879,744 |
| Forward purchase commitments | 10,549 | - | - | 338,081 | 338,081 | 30,108 |
| | <u>243,668</u> | <u>79,346</u> | <u>79,346</u> | <u>2,916,751</u> | <u>1,850,758</u> | <u>1,204,822</u> |
| Contingent Liabilities | | | | | | |
| Guarantees given on behalf of customers | 494,225 | 494,225 | 494,225 | 783,221 | 783,221 | 782,700 |
| Underwriting liabilities | 34,154 | - | - | 650,000 | 325,000 | 241,800 |
| Certain transaction-related contingent items | - | - | - | 453,126 | 226,563 | 214,301 |
| | <u>528,379</u> | <u>494,225</u> | <u>494,225</u> | <u>1,886,347</u> | <u>1,334,784</u> | <u>1,238,801</u> |
| | <u>932,759</u> | <u>573,571</u> | <u>573,571</u> | <u>43,926,520</u> | <u>4,222,848</u> | <u>2,713,686</u> |

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

- (a) The Bank has given guarantees in favour of Labuan International Financial Exchange ("LFX") in respect of USD 5 million each for AmInternational to act as a Listing Sponsor and as a Trading Agent of the LFX.
- (b) A suit dated 12 December 2005 was filed by Meridian Asset Management Sdn Bhd ("Meridian") against AmTrustee Berhad ("AmTrustee"), an associated company of the Bank in respect of a claim amounting to RM27.6 million for alleged loss and damage together with interests and costs arising from AmTrustee's provision of custodian services to Meridian.

Malaysian Assurance Alliance Bhd ("MAA") has claimed its portion of the abovementioned alleged loss, being general damages and special damages of RM19,640,178.83, together with interest and costs. AmTrustee was served on 24 March 2006 with a Writ and Statement of Claim dated 25 January 2006 by solicitors acting for MAA. MAA had appointed Meridian as an external fund manager for certain of its insurance funds, and part of these funds were deposited by Meridian with AmTrustee.

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

AmTrustee has been served on 5 October 2006 with an application to add the Bank as 2nd Defendant to the Writ and Statement of Claim dated 12 December 2005 filed against AmTrustee by solicitors acting for Meridian Asset Management Sdn Bhd (Meridian). The claim by Meridian against the Bank is for alleged loss and damage amounting to RM36,967,166.84 together with interest and costs arising from the provision of custodian services by AmTrustee to Meridian. The application is pending disposal.

It is to be noted that both the Meridian and MAA suit were ordered on 16.9.2008 to be tried together at the same time pursuant to Order 4 Rule 1 of the Rules of the High Court 1980.

Neither material financial nor operational impact is expected on the Group as a result of the addition of the 2nd defendant.

27. RELATED PARTY TRANSACTIONS

There were no related party transactions announced during the current financial quarter.

28. DERIVATIVE FINANCIAL INSTRUMENTS

As at 30 September 2008, derivative financial instruments outstanding are as follows:

The Group and The Bank

| Items | Principal Amount RM'000 | 1 month or less RM'000 | >1 - 3 months RM'000 | >3 - 6 months RM'000 | >6 - 12 months RM'000 | >1 - 5 years RM'000 | >5 years RM'000 | Margin requirement |
|---------------------------|----------------------------|---------------------------|-------------------------|-------------------------|--------------------------|------------------------|--------------------|--------------------|
| Equity related contracts: | | | | | | | | |
| Options | 148,369 | - | - | 50,230 | - | 98,139 | - | - |
| Futures | 12,343 | 12,343 | | | | | | |
| Total | 160,712 | 12,343 | - | 50,230 | - | 98,139 | - | - |

RISK MANAGEMENT POLICY ON FINANCIAL DERIVATIVES

Purpose of engaging in financial derivatives

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

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

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

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

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

Risk associated with financial derivatives

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

Market risk of derivatives used for trading purposes

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

The contractual amounts of these contracts provide only a measure of involvement in these types of transactions and do not represent the amounts subject to market risk. Value at risk method is used to measure the market risk from these contracts. Value at risk, is a statistical 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 condition.

As at 30 September 2008, value at risk of foreign exchange-related derivatives contracts used for trading purposes of the Group and the Bank was RM Nil (RM5,824,499 as at 31 March 2008).

The value at risk of the interest rate derivatives related contracts used for trading purposes of the Group and the Bank was RM Nil (RM22,381,970 as at 31 March 2008).

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

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

Credit risk

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

As at 30 September 2008, the amounts of counterparty credit risk, measured in term of the cost to replace the profitable contracts of the Group and the Bank was RM Nil (RM55,506,579 as at 31 March 2008). This amount will increase or decrease over the life of the contracts, mainly as a function of movement in market rates and time.

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

Derivative Financial Instruments And Hedge Accounting

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

(i) Fair value hedge

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

(ii) Cash flow hedge

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

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

| Group | ←-----Non-trading book-----→ | | | | | | Non- interest sensitive RM'000 | Trading Book RM'000 | Total RM'000 | Effective interest rate % |
|--|------------------------------|----------------------------|----------------------------|-----------------------------|--------------------------|---------------------------|---|---------------------------|------------------|------------------------------------|
| | Up to 1 month RM'000 | >1 - 3 months RM'000 | >3 - 6 months RM'000 | >6 - 12 months RM'000 | 1 - 5 years RM'000 | Over 5 years RM'000 | | | | |
| 30.09.08 | | | | | | | | | | |
| ASSETS | | | | | | | | | | |
| Cash and short-term funds | 1,065,845 | - | - | - | - | - | 76,812 | - | 1,142,657 | 3.51 |
| Deposits and placements with banks and other financial institutions | 460 | - | 760 | - | - | - | - | - | 1,220 | 3.00 |
| Securities held-for-trading | - | - | - | - | - | - | - | 14,410 | 14,410 | - |
| Securities available-for-sale | - | - | 3,435 | 10,337 | 145,394 | 59,674 | 13,499 | - | 232,339 | 4.84 |
| Securities held-to-maturity | - | - | 49,440 | - | 94,807 | - | 18,892 | - | 163,139 | 3.72 |
| Loans, advances and financing: | | | | | | | | | | |
| - performing | 244,993 | 310,814 | 17,402 | 37,429 | 4,783 | 15,281 | 308 | - | 631,010 | 7.31 |
| - non-performing * | - | - | - | - | - | - | (9,291) | - | (9,291) | - |
| Other non-interest sensitive balances | - | - | - | - | - | - | 561,979 | - | 561,979 | - |
| TOTAL ASSETS | 1,311,298 | 310,814 | 71,037 | 47,766 | 244,984 | 74,955 | 662,199 | 14,410 | 2,737,463 | |
| LIABILITIES AND EQUITY | | | | | | | | | | |
| Deposits and placements of banks and other financial institutions | 336,239 | 150,000 | 805,686 | 34,408 | 303,212 | - | - | - | 1,629,545 | 3.03 |
| Redeemable unsecured subordinated bonds | - | - | - | - | - | 135,000 | - | - | 135,000 | 4.75 |
| Other non-interest sensitive balances | - | - | - | - | - | - | 483,263 | - | 483,263 | - |
| Total Liabilities | 336,239 | 150,000 | 805,686 | 34,408 | 303,212 | 135,000 | 483,263 | - | 2,247,808 | |
| Share capital | - | - | - | - | - | - | 200,000 | - | 200,000 | |
| Reserves | - | - | - | - | - | - | 289,655 | - | 289,655 | - |
| TOTAL LIABILITIES AND EQUITY | 336,239 | 150,000 | 805,686 | 34,408 | 303,212 | 135,000 | 972,918 | - | 2,737,463 | |

| Group | -----Non-trading book----- | | | | | | Non- interest sensitive RM'000 | Trading Book RM'000 | Total RM'000 | Effective interest rate % |
|---|----------------------------|----------------------------|----------------------------|-----------------------------|--------------------------|---------------------------|---|---------------------------|-----------------|------------------------------------|
| | Up to 1 month RM'000 | >1 - 3 months RM'000 | >3 - 6 months RM'000 | >6 - 12 months RM'000 | 1 - 5 years RM'000 | Over 5 years RM'000 | | | | |
| 30.09.08 | | | | | | | | | | |
| On-balance sheet interest rate gap sensitivity | 975,059 | 160,814 | (734,649) | 13,358 | (58,228) | (60,045) | (310,719) | 14,410 | - | |
| Off-balance sheet interest rate gap sensitivity | (10,549) | - | - | - | - | 10,549 | - | - | - | |
| Total interest rate gap sensitivity | 964,510 | 160,814 | (734,649) | 13,358 | (58,228) | (49,496) | (310,719) | 14,410 | - | |
| Cumulative interest rate gap sensitivity | 964,510 | 1,125,324 | 390,675 | 404,033 | 345,805 | 296,309 | (14,410) | - | | |

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

| Group | -----Non-trading book----- | | | | | | Non- interest sensitive RM'000 | Trading Book RM'000 | Total RM'000 | Effective interest rate % |
|---|----------------------------|----------------------------|----------------------------|-----------------------------|--------------------------|---------------------------|---|---------------------------|-------------------|------------------------------------|
| | Up to 1 month RM'000 | >1 - 3 months RM'000 | >3 - 6 months RM'000 | >6 - 12 months RM'000 | 1 - 5 years RM'000 | Over 5 years RM'000 | | | | |
| ASSETS | | | | | | | | | | |
| Cash and short-term funds | 2,596,804 | - | - | - | - | - | 575,829 | - | 3,172,633 | 3.33 |
| Deposits and placements with banks and other financial institutions | 860 | - | 101 | - | - | 749,500 | - | - | 750,461 | 7.65 |
| Securities held-for-trading | - | - | - | - | - | - | - | 4,971,446 | 4,971,446 | 3.59 |
| Securities available-for-sale | - | - | - | 65,740 | 518,050 | 608,384 | 19,581 | - | 1,211,755 | 6.03 |
| Securities held-to-maturity | 9,532 | 6,388 | 35,685 | 1,060 | 330,806 | 98,920 | 179,035 | - | 661,426 | 4.46 |
| Loans, advances and financing: | | | | | | | | | | |
| - performing | 2,536,467 | 1,452,763 | 75,253 | 81,791 | 300,359 | 30,556 | 2,179 | - | 4,479,368 | 6.07 |
| - non-performing * | - | - | - | - | - | - | 63,727 | - | 63,727 | - |
| Derivative financial assets | - | - | - | - | - | - | 299,018 | - | 299,018 | - |
| Amount due from Originators | - | 6,430 | 26,042 | - | 2,668 | - | - | - | 35,140 | 4.33 |
| Other non-interest sensitive balances | - | - | - | - | - | - | 1,238,266 | - | 1,238,266 | - |
| TOTAL ASSETS | 5,143,663 | 1,465,581 | 137,081 | 148,591 | 1,151,883 | 1,487,360 | 2,377,635 | 4,971,446 | 16,883,240 | |
| LIABILITIES AND EQUITY | | | | | | | | | | |
| Deposits from customers | 4,453,427 | 775,486 | 322,661 | 55,829 | 200,000 | - | 424,785 | - | 6,232,188 | 3.43 |
| Deposits and placements of banks and other financial institutions | 3,564,168 | 517,486 | 116,916 | 220,352 | 605,444 | 1,138,801 | 255,159 | - | 6,418,326 | 3.14 |
| Derivative financial liabilities | - | - | - | - | - | - | 325,270 | - | 325,270 | - |
| Recourse obligations on loans sold to Cagamas Berhad | - | 6,430 | 26,042 | - | 2,668 | - | - | - | 35,140 | 4.33 |
| Term loans | - | - | - | 271,490 | - | - | - | - | 271,490 | 5.45 |
| Redeemable unsecured subordinated bonds | - | - | - | - | - | 595,000 | - | - | 595,000 | 6.10 |

| Group | <-----Non-trading book-----> | | | | | | Non- interest sensitive RM'000 | Trading Book RM'000 | Total RM'000 | Effective interest rate % |
|---|------------------------------|----------------------------|----------------------------|-----------------------------|--------------------------|---------------------------|---|---------------------------|-------------------|------------------------------------|
| | Up to 1 month RM'000 | >1 - 3 months RM'000 | >3 - 6 months RM'000 | >6 - 12 months RM'000 | 1 - 5 years RM'000 | Over 5 years RM'000 | | | | |
| Other non-interest sensitive balances | - | - | - | - | - | - | 952,573 | - | 952,573 | - |
| Total Liabilities | 8,017,595 | 1,299,402 | 465,619 | 547,671 | 808,112 | 1,733,801 | 1,957,787 | - | 14,829,987 | - |
| Share capital | - | - | - | - | - | - | 340,000 | - | 340,000 | - |
| Reserves | - | - | - | - | - | - | 1,713,253 | - | 1,713,253 | - |
| TOTAL LIABILITIES AND EQUITY | 8,017,595 | 1,299,402 | 465,619 | 547,671 | 808,112 | 1,733,801 | 4,011,040 | - | 16,883,240 | |
| On-balance sheet interest rate gap sensitivity | (2,873,932) | 166,179 | (328,538) | (399,080) | 343,771 | (246,441) | (1,633,405) | 4,971,446 | - | |
| Off-balance sheet interest rate gap sensitivity | (1,951,885) | 2,446,598 | (460,571) | (31,237) | (338,838) | 315,508 | - | - | (20,425) | |
| Total interest rate gap sensitivity | (4,825,817) | 2,612,777 | (789,109) | (430,317) | 4,933 | 69,067 | (1,633,405) | 4,971,446 | (20,425) | |
| Cumulative interest rate gap sensitivity | (4,825,817) | (2,213,040) | (3,002,149) | (3,432,466) | (3,427,533) | (3,358,466) | (4,991,871) | (20,425) | | |

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

| Bank 30.09.08 | ←-----Non-trading book-----→ | | | | | | Non- interest sensitive RM'000 | Trading Book RM'000 | Total RM'000 | Effective interest rate % |
|--|------------------------------|----------------------------|----------------------------|-----------------------------|--------------------------|---------------------------|---|---------------------------|------------------|------------------------------------|
| | Up to 1 month RM'000 | >1 - 3 months RM'000 | >3 - 6 months RM'000 | >6 - 12 months RM'000 | 1 - 5 years RM'000 | Over 5 years RM'000 | | | | |
| ASSETS | | | | | | | | | | |
| Cash and short-term funds | 965,481 | - | - | - | - | - | 68,998 | - | 1,034,479 | 3.51 |
| Securities held-for-trading | - | - | - | - | - | - | - | 13,620 | 13,620 | - |
| Securities available-for-sale | - | - | 3,435 | 10,337 | 145,394 | 59,674 | 13,499 | - | 232,339 | 4.84 |
| Securities held-to-maturity | - | - | 49,440 | - | 94,808 | - | 18,889 | - | 163,137 | 3.72 |
| Loans, advances and financing: | | | | | | | | | | |
| - performing | 244,993 | 310,814 | 17,402 | 37,429 | 4,783 | 15,281 | 308 | - | 631,010 | 7.31 |
| - non-performing * | - | - | - | - | - | - | (9,291) | - | (9,291) | - |
| Other non-interest sensitive balances | - | - | - | - | - | - | 443,147 | - | 443,147 | - |
| TOTAL ASSETS | 1,210,474 | 310,814 | 70,277 | 47,766 | 244,985 | 74,955 | 535,550 | 13,620 | 2,508,441 | |
| LIABILITIES AND EQUITY | | | | | | | | | | |
| Deposits and placements of banks and other financial institutions | 336,239 | 150,000 | 805,686 | 34,408 | 303,212 | - | - | - | 1,629,545 | 3.03 |
| Redeemable unsecured subordinated bonds | - | - | - | - | - | 135,000 | - | - | 135,000 | 4.75 |
| Other non-interest sensitive balances | - | - | - | - | - | - | 330,639 | - | 330,639 | - |
| Total Liabilities | 336,239 | 150,000 | 805,686 | 34,408 | 303,212 | 135,000 | 330,639 | - | 2,095,184 | |
| Share capital | - | - | - | - | - | - | 200,000 | - | 200,000 | - |
| Reserves | - | - | - | - | - | - | 213,257 | - | 213,257 | - |
| TOTAL LIABILITIES AND EQUITY | 336,239 | 150,000 | 805,686 | 34,408 | 303,212 | 135,000 | 743,896 | - | 2,508,441 | |

| Bank | -----Non-trading book-----> | | | | | | Non- interest sensitive RM'000 | Trading Book RM'000 | Total RM'000 | Effective interest rate % |
|---|-----------------------------|----------------------------|----------------------------|-----------------------------|--------------------------|---------------------------|---|---------------------------|-----------------|------------------------------------|
| | Up to 1 month RM'000 | >1 - 3 months RM'000 | >3 - 6 months RM'000 | >6 - 12 months RM'000 | 1 - 5 years RM'000 | Over 5 years RM'000 | | | | |
| 30.09.08 | | | | | | | | | | |
| On-balance sheet interest rate gap sensitivity | 874,235 | 160,814 | (735,409) | 13,358 | (58,227) | (60,045) | (208,346) | 13,620 | - | |
| Off-balance sheet interest rate gap sensitivity | (10,549) | - | - | - | - | 10,549 | - | - | - | |
| Total interest rate gap sensitivity | 863,686 | 160,814 | (735,409) | 13,358 | (58,227) | (49,496) | (208,346) | 13,620 | - | |
| Cumulative interest rate gap sensitivity | 863,686 | 1,024,500 | 289,091 | 302,449 | 244,222 | 194,726 | (13,620) | - | | |

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

| Bank | -----Non-trading book----- | | | | | | Non- interest sensitive RM'000 | Trading Book RM'000 | Total RM'000 | Effective interest rate % |
|---|----------------------------|----------------------------|----------------------------|-----------------------------|--------------------------|---------------------------|---|---------------------------|-------------------|------------------------------------|
| | Up to 1 month RM'000 | >1 - 3 months RM'000 | >3 - 6 months RM'000 | >6 - 12 months RM'000 | 1 - 5 years RM'000 | Over 5 years RM'000 | | | | |
| 31.3.08 | | | | | | | | | | |
| ASSETS | | | | | | | | | | |
| Cash and short-term funds | 1,994,772 | - | - | - | - | - | 556,554 | - | 2,551,326 | 3.41 |
| Deposits and placements with banks and other financial institutions | - | - | - | - | - | 749,500 | - | - | 749,500 | 7.65 |
| Securities held-for-trading | - | - | - | - | - | - | - | 4,970,666 | 4,970,666 | 3.59 |
| Securities available-for-sale | - | - | - | 65,740 | 518,050 | 608,384 | 18,684 | - | 1,210,858 | 6.03 |
| Securities held-to-maturity | 518 | - | 10,133 | 1,060 | 330,803 | 98,920 | 179,036 | - | 620,470 | 4.37 |
| Loans, advances and financing: | | | | | | | | | | |
| - performing | 2,505,314 | 1,452,763 | 75,253 | 81,791 | 300,085 | 30,110 | 1,290 | - | 4,446,606 | 6.08 |
| - non-performing * | - | - | - | - | - | - | 64,233 | - | 64,233 | - |
| Derivative financial assets | - | - | - | - | - | - | 299,018 | - | 299,018 | - |
| Amount due from Originators | - | 6,430 | 26,042 | - | 2,668 | - | - | - | 35,140 | 4.33 |
| Other non-interest sensitive balances | - | - | - | - | - | - | 1,078,825 | - | 1,078,825 | - |
| TOTAL ASSETS | 4,500,604 | 1,459,193 | 111,428 | 148,591 | 1,151,606 | 1,486,914 | 2,197,640 | 4,970,666 | 16,026,642 | |
| LIABILITIES AND EQUITY | | | | | | | | | | |
| Deposits from customers | 3,952,439 | 773,563 | 322,661 | 55,829 | 200,000 | - | 424,784 | - | 5,729,276 | 3.49 |
| Deposits and placements of banks and other financial institutions | 3,569,668 | 493,371 | 116,916 | 220,352 | 605,444 | 1,138,800 | 255,160 | - | 6,399,711 | 3.14 |
| Derivative financial liabilities | - | - | - | - | - | - | 325,270 | - | 325,270 | - |
| Recourse obligation on loans sold to Cagamas Berhad | - | 6,430 | 26,042 | - | 2,668 | - | - | - | 35,140 | 4.33 |
| Term loan | - | - | - | 271,490 | - | - | - | - | 271,490 | 5.45 |

| Bank | -----Non-trading book-----> | | | | | | Non- interest sensitive RM'000 | Trading Book RM'000 | Total RM'000 | Effective interest rate % |
|---|-----------------------------|----------------------------|----------------------------|-----------------------------|--------------------------|---------------------------|---|---------------------------|-------------------|------------------------------------|
| | Up to 1 month RM'000 | >1 - 3 months RM'000 | >3 - 6 months RM'000 | >6 - 12 months RM'000 | 1 - 5 years RM'000 | Over 5 years RM'000 | | | | |
| Redeemable unsecured subordinated bonds | - | - | - | - | - | 595,000 | - | - | 595,000 | 6.10 |
| Other non-interest sensitive balances | - | - | - | - | - | - | 733,987 | - | 733,987 | - |
| Total Liabilities | 7,522,107 | 1,273,364 | 465,619 | 547,671 | 808,112 | 1,733,800 | 1,739,201 | - | 14,089,874 | |
| Share capital | - | - | - | - | - | - | 340,000 | - | 340,000 | - |
| Reserves | - | - | - | - | - | - | 1,596,768 | - | 1,596,768 | - |
| TOTAL LIABILITIES AND EQUITY | 7,522,107 | 1,273,364 | 465,619 | 547,671 | 808,112 | 1,733,800 | 3,675,969 | - | 16,026,642 | |
| On-balance sheet interest rate gap sensitivity | (3,021,503) | 185,829 | (354,191) | (399,080) | 343,494 | (246,886) | (1,478,329) | 4,970,666 | - | |
| Off-balance sheet interest rate gap sensitivity | (1,951,885) | 2,446,598 | (460,571) | (31,237) | (338,838) | 315,508 | - | - | (20,425) | |
| Total interest rate gap sensitivity | (4,973,388) | 2,632,427 | (814,762) | (430,317) | 4,656 | 68,622 | (1,478,329) | 4,970,666 | (20,425) | |
| Cumulative interest rate gap sensitivity | (4,973,388) | (2,340,961) | (3,155,723) | (3,586,040) | (3,581,384) | (3,512,762) | (4,991,091) | (20,425) | | |

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

30. CAPITAL ADEQUACY

The capital adequacy ratios of the Group and the Bank as at 30 September 2008 are analysed as follows:

| | Group | | Bank | |
|---|--------------------|--------------------|--------------------|--------------------|
| | 30.09.08 RM'000 | 31.03.08 RM'000 | 30.09.08 RM'000 | 31.03.08 RM'000 |
| Tier 1 capital | | | | |
| Paid-up ordinary share capital | 200,000 | 240,000 | 200,000 | 240,000 |
| Paid-up non-cumulative preference share capital | - | 100,000 | - | 100,000 |
| Share premium | - | 190,284 | - | 190,284 |
| Capital reserve | 2,815 | 2,815 | - | - |
| Statutory reserve | 200,000 | 389,500 | 200,000 | 389,500 |
| Exchange fluctuation reserve | 26,485 | 23,853 | 7,892 | 18,290 |
| Unappropriated profit at end of period/year | 73,627 | 1,083,285 | 18,689 | 1,023,693 |
| | 502,927 | 2,029,737 | 426,581 | 1,961,767 |
| Less: Deferred tax liability/(asset), net | 2,828 | (14,175) | 2,397 | (12,965) |
| Goodwill | (47,685) | (47,685) | - | - |
| Total Tier 1 capital | 458,070 | 1,967,877 | 428,978 | 1,948,802 |
| Tier 2 capital | | | | |
| Redeemable unsecured subordinated bonds | 135,000 | 595,000 | 135,000 | 595,000 |
| General allowance for bad and doubtful debts | 10,068 | 69,316 | 10,068 | 69,316 |
| Total | 145,068 | 664,316 | 145,068 | 664,316 |
| Total capital funds | 603,138 | 2,632,193 | 574,046 | 2,613,118 |
| Less: Investment in capital of related financial institutions | 14,613 | 72,439 | 14,613 | 72,439 |
| Investment in subsidiary companies | - | - | 122,671 | 122,671 |
| Capital base | 588,525 | 2,559,754 | 436,762 | 2,418,008 |
| Capital Ratios: | | | | |
| Core capital ratio | 17.49% | 13.79% | 19.46% | 13.98% |
| Risk-weighted capital ratio | 22.47% | 17.94% | 19.81% | 17.35% |
| Core capital ratio (net of proposed ordinary dividend) | 17.49% | 13.16% | 19.46% | 13.33% |
| Risk-weighted capital ratio (net of proposed ordinary dividend) | 22.47% | 17.31% | 19.81% | 16.70% |

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

| Group | 30.09.08 | | 31.03.08 | |
|---|------------------|------------------|-------------------|-------------------|
| | Principal | Risk- | Principal | Risk- |
| | Amount | Weighted | Amount | Weighted |
| | RM'000 | Amount | RM'000 | Amount |
| | | RM'000 | | RM'000 |
| 0% | 103 | - | 1,426,801 | - |
| 10% | - | - | - | - |
| 20% | 1,001,982 | 200,396 | 3,929,771 | 785,954 |
| 35% | 12,553 | 4,394 | 12,942 | 4,530 |
| 50% | 221,284 | 110,642 | 2,096,554 | 1,048,277 |
| 75% | 5,706 | 4,280 | 49,099 | 36,824 |
| 100% | 1,765,208 | 1,765,208 | 7,465,043 | 7,465,043 |
| 150% | 17,134 | 25,701 | 192,386 | 288,579 |
| | <u>3,023,970</u> | <u>2,110,621</u> | <u>15,172,596</u> | <u>9,629,208</u> |
| Add: Counterparty Risk Requirements for unsettled trades | | - | | - |
| Add: Total risk weighted assets equivalent for market risk | | 231,337 | | 3,825,956 |
| Operational risk weighted assets | | 276,639 | | 814,555 |
| Add: Large exposure risk requirement for single equity | | 907 | | 449 |
| | | <u>2,619,504</u> | | <u>14,270,167</u> |

| Bank | 30.09.08 | | 31.03.08 | |
|---|------------------|------------------|-------------------|-------------------|
| | Principal | Risk- | Principal | Risk- |
| | Amount | Weighted | Amount | Weighted |
| | RM'000 | Amount | RM'000 | Amount |
| | | RM'000 | | RM'000 |
| 0% | 90 | - | 1,426,788 | - |
| 10% | - | - | - | - |
| 20% | 891,377 | 178,275 | 3,842,908 | 768,582 |
| 35% | 12,553 | 4,394 | 12,942 | 4,530 |
| 50% | 221,284 | 110,642 | 2,096,554 | 1,048,277 |
| 75% | 5,706 | 4,280 | 49,099 | 36,824 |
| 100% | 1,524,135 | 1,524,135 | 7,154,941 | 7,154,941 |
| 150% | 17,134 | 25,701 | 192,386 | 288,579 |
| | <u>2,672,279</u> | <u>1,847,427</u> | <u>14,775,618</u> | <u>9,301,733</u> |
| Add: Counterparty Risk Requirements for unsettled trades | | - | | - |
| Add: Total risk weighted assets equivalent for market risk | | 231,337 | | 3,825,956 |
| Operational risk weighted assets | | 125,703 | | 811,742 |
| Add: Large exposure risk requirement for single equity | | 449 | | 449 |
| | | <u>2,204,916</u> | | <u>13,939,879</u> |

31. OPERATIONS OF ISLAMIC BANKING

BALANCE SHEETS AS AT 30 SEPTEMBER 2008

The state of affairs as at 30 September 2008 and the results for the period ended 30 September 2008 of the Islamic banking business of the Group and the Bank and included in the financial statements after elimination of intercompany transactions and balances are summarised as follows:

| | Group | | Bank | |
|---|-----------------|------------------|-----------------|------------------|
| | 30.09.08 | 31.03.08 | 30.09.08 | 31.03.08 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| ASSETS | | | | |
| Cash and short-term funds | 43,053 | 506,871 | 43,053 | 506,870 |
| Securities held-for-trading | - | 459,712 | - | 459,712 |
| Securities available-for-sale | - | - | - | - |
| Securities held-to-maturity | - | 32,373 | - | - |
| Financing, advances and other loans | - | 18,848 | - | 18,848 |
| Statutory deposit with | | | | |
| Bank Negara Malaysia | - | 14,500 | - | 14,500 |
| Other receivables, deposits and prepayments | 4 | 2,789 | 4 | 2,789 |
| Property and equipment | 94 | 93 | 94 | 93 |
| Deferred tax assets | - | 82 | - | 82 |
| Intangible assets | 4 | 3 | 4 | 3 |
| TOTAL ASSETS | 43,155 | 1,035,271 | 43,155 | 1,002,897 |
| LIABILITIES AND ISLAMIC BANKING FUNDS | | | | |
| Deposits from customers | - | 426,268 | - | 424,785 |
| Deposits and placements of banks and other financial institutions | - | 279,281 | - | 255,159 |
| Converted fund | - | 2,160 | - | - |
| Other liabilities | 9,591 | 12,074 | 9,591 | 11,834 |
| Total Liabilities | 9,591 | 719,783 | 9,591 | 691,778 |
| ISLAMIC BANKING FUNDS | | | | |
| Capital funds | 30,000 | 102,839 | 30,000 | 100,000 |
| Reserves | 3,564 | 212,649 | 3,564 | 211,119 |
| Islamic Banking Funds | 33,564 | 315,488 | 33,564 | 311,119 |
| TOTAL LIABILITIES AND ISLAMIC BANKING FUNDS | 43,155 | 1,035,271 | 43,155 | 1,002,897 |
| COMMITMENTS AND CONTINGENCIES | | | | |
| | 166,412 | 1,846,587 | 166,412 | 1,846,587 |

**UNAUDITED INCOME STATEMENTS
FOR THE FINANCIAL QUARTER ENDED 30 SEPTEMBER 2008**

| Group | Individual Quarter | | Cumulative Quarter | |
|---|---------------------------|-----------------|---------------------------|-----------------|
| | 30.09.08 | 30.09.07 | 30.09.08 | 30.09.07 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Income derived from investment of depositors' funds and others | 56 | 8,894 | 292 | 14,992 |
| (Allowance)/Writeback of allowance for losses on financing | (30) | 3 | 1,802 | 386 |
| Transfer to profit equalisation reserve | - | (41) | - | (73) |
| Total attributable income | 26 | 8,856 | 2,094 | 15,305 |
| Income/(Loss) attributable to depositors | 9 | (7,128) | (646) | (13,914) |
| Income attributable to the Group | 35 | 1,728 | 1,448 | 1,391 |
| (Loss)/Income derived from investment of Islamic Banking Funds | (425) | 8,420 | 4,645 | 23,865 |
| Total net (loss)/income | (390) | 10,148 | 6,093 | 25,256 |
| Other operating expenses | (852) | (1,228) | (1,668) | (2,232) |
| (Loss)/Profit before taxation | (1,242) | 8,920 | 4,425 | 23,024 |
| Taxation | 614 | (2,141) | (861) | (5,905) |
| (Loss)/Profit after taxation | (628) | 6,779 | 3,564 | 17,119 |

**UNAUDITED INCOME STATEMENTS
 FOR THE FINANCIAL QUARTER ENDED 30 SEPTEMBER 2008**

| Bank | Individual Quarter | | Cumulative Quarter | |
|---|---------------------------|-----------------|---------------------------|-----------------|
| | 30.09.08 | 30.09.07 | 30.09.08 | 30.09.07 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Income derived from investment of depositors' funds and others | 56 | 8,369 | 292 | 13,686 |
| (Allowance)/Writeback of allowance for losses on financing | (30) | 3 | 1,802 | 386 |
| Transfer from profit equalisation reserve | - | - | - | - |
| Total attributable income | <u>26</u> | <u>8,372</u> | <u>2,094</u> | <u>14,072</u> |
| Income/(Loss) attributable to depositors | <u>9</u> | <u>(6,702)</u> | <u>(646)</u> | <u>(12,832)</u> |
| Income attributable to the Bank | 35 | 1,670 | 1,448 | 1,240 |
| (Loss)/Income derived from investment of Islamic Banking Funds | <u>(425)</u> | <u>8,347</u> | <u>4,645</u> | <u>23,723</u> |
| Total net (loss)/income | <u>(390)</u> | <u>10,017</u> | <u>6,093</u> | <u>24,963</u> |
| Other operating expenses | <u>(852)</u> | <u>(1,228)</u> | <u>(1,668)</u> | <u>(2,232)</u> |
| (Loss)/Profit before taxation | <u>(1,242)</u> | <u>8,789</u> | <u>4,425</u> | <u>22,731</u> |
| Taxation | 614 | (2,141) | (861) | (5,905) |
| (Loss)/Profit after taxation | <u>(628)</u> | <u>6,648</u> | <u>3,564</u> | <u>16,826</u> |

31a. FINANCING ACTIVITIES

| | Group | | Bank | |
|---|--------------------|--------------------|--------------------|--------------------|
| | 30.09.08 RM'000 | 31.03.08 RM'000 | 30.09.08 RM'000 | 31.03.08 RM'000 |
| Term financing | | | | |
| Syndicated financing | - | 19,374 | - | 19,374 |
| Other term financing | - | 4 | - | 4 |
| Revolving credit | - | 22,946 | - | 22,946 |
| Gross financing | - | 42,324 | - | 42,324 |
| Allowance for bad and doubtful debts and financing : | | | | |
| - general | - | (287) | - | (287) |
| - specific | - | (23,189) | - | (23,189) |
| | - | (23,476) | - | (23,476) |
| Net financing | - | 18,848 | - | 18,848 |

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

| | Group | | Bank | |
|---|--------------------|--------------------|--------------------|--------------------|
| | 30.09.08 RM'000 | 31.03.08 RM'000 | 30.09.08 RM'000 | 31.03.08 RM'000 |
| Gross | | | | |
| Balance at beginning of period/year | 23,189 | 23,537 | 23,189 | 23,537 |
| Non-performing during the period/year | - | 37 | - | 37 |
| Recoveries | - | (385) | - | (385) |
| Amount written-off | - | - | - | - |
| Amount vested to AmIslamic Bank | (23,189) | - | (23,189) | - |
| Balance at end of period/year | - | 23,189 | - | 23,189 |
| Specific allowance | - | (23,189) | - | (23,189) |
| Net non-performing financing | - | - | - | - |
| Ratio of net non-performing financing to total financing - net | - | - | - | - |

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

| | Group | | Bank | |
|--|--------------------|--------------------|--------------------|--------------------|
| | 30.09.08 RM'000 | 31.03.08 RM'000 | 30.09.08 RM'000 | 31.03.08 RM'000 |
| General Allowance | | | | |
| Balance at beginning of period/year | 287 | 513 | 287 | 513 |
| Reversal of allowance during the period/year | - | (226) | - | (226) |
| Amount vested to AmIslamic Bank | (287) | - | (287) | - |
| Balance at end of period/year | - | 287 | - | 287 |
| % of total financing less specific allowance | - | 1.50% | - | 1.50% |
| Specific Allowance | | | | |
| Balance at beginning of period/year | 23,189 | 23,537 | 23,189 | 23,537 |
| Reversal of allowance during the period/year | - | (348) | - | (348) |
| Amount vested to AmIslamic Bank | (23,189) | - | (23,189) | - |
| Balance at end of period/year | - | 23,189 | - | 23,189 |

31b. DEPOSITS FROM CUSTOMERS

| | Group | | Bank | |
|-----------------------------|-----------------|-----------------|-----------------|-----------------|
| | 30.09.08 | 31.03.08 | 30.09.08 | 31.03.08 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Mudarabah | | | | |
| Special Investment deposits | - | 426,268 | - | 424,785 |

31c. OTHER LIABILITIES

| | Group | | Bank | |
|-----------------------------|-----------------|-----------------|-----------------|-----------------|
| | 30.09.08 | 31.03.08 | 30.09.08 | 31.03.08 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Other payables and accruals | 1,511 | 5,053 | 1,511 | 5,053 |
| Amount owing to head office | 587 | 68 | 587 | 68 |
| Taxation and zakat payable | 7,493 | 6,618 | 7,493 | 6,618 |
| Profit equalisation reserve | - | 335 | - | 95 |
| | 9,591 | 12,074 | 9,591 | 11,834 |

32. Credit Exposures Arising From Credit Transactions With Connected Parties

| | |
|--|-----------------|
| | 30.09.08 |
| Outstanding credit exposure with connected parties (RM'000) | 9,240 |
| Percentage of outstanding credit exposure to connected parties as proportion of total credit exposures | 1.45% |
| Percentage of outstanding credit exposures with connected parties which is non-performing or in default | - |

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.

33. RECLASSIFICATION

BNM Circular on Reclassification of Securities under Specific Circumstances

The Group and 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/GP8). The provisions in the Circular shall override the existing requirements of BNM/GP8 in relation to the reclassification of securities into or out of the held-for-trading category and are effective from 1 July 2008 until 31 December 2009

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

| Description of change | (Decrease)/Increase BNM Guidelines on reclassification | | |
|-------------------------------|---|-----------|-------------------------|
| | Before reclass RM'000 | RM'000 | After reclass RM'000 |
| The Group | | | |
| Securities held-for-trading | 135,605 | (121,195) | 14,410 |
| Securities available-for-sale | 111,144 | 121,195 | 232,339 |
| Available-for-sale reserve | (3,275) | (9,997) | (13,272) |
| Unappropriated profits | 64,727 | 8,900 | 73,627 |
| The Bank | | | |
| Securities held-for-trading | 134,815 | (121,195) | 13,620 |
| Securities available-for-sale | 111,144 | 121,195 | 232,339 |
| Available-for-sale reserve | (3,327) | (9,997) | (13,324) |
| Unappropriated profits | 9,789 | 8,900 | 18,689 |

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

| Description of change | Increase/(Decrease) BNM Guidelines on reclassification | | |
|---|---|---------|---------------|
| | Before reclass | | After reclass |
| | RM'000 | RM'000 | RM'000 |
| The Group | | | |
| Revenue | 54,301 | 9,925 | 64,226 |
| Other operating income | 25,584 | 9,925 | 35,509 |
| Taxation | (1,252) | (1,025) | (2,277) |
| Loss after taxation attributable to equity holders of the Company | (23,968) | 8,900 | (15,068) |
| The Bank | | | |
| Revenue | 32,015 | 9,925 | 41,940 |
| Other operating income | 4,166 | 9,925 | 14,091 |
| Taxation | 765 | (1,025) | (260) |
| Loss after taxation attributable to equity holders of the Company | (26,529) | 8,900 | (17,629) |

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

| Description of change | Increase/(Decrease) BNM Guidelines on reclassification | | |
|---|---|---------|---------------|
| | Before reclass | | After reclass |
| | RM'000 | RM'000 | RM'000 |
| The Group | | | |
| Revenue | 107,272 | 9,925 | 117,197 |
| Other operating income | 26,819 | 9,925 | 36,744 |
| Taxation | (7,447) | (1,025) | (8,472) |
| Loss after taxation attributable to equity holders of the Company | (64,558) | 8,900 | (55,658) |
| The Bank | | | |
| Revenue | 110,533 | 9,925 | 120,458 |
| Other operating income | 31,803 | 9,925 | 41,728 |
| Taxation | (2,454) | (1,025) | (3,479) |
| Profit after taxation attributable to equity holders of the Company | (20,853) | 8,900 | (11,953) |

34. BUSINESS AND INTERNAL TRANSFERS

Pursuant to the Business Transfers of the Bank's fund based activity to AmBank and AmIslamic Bank, the unaudited balance sheets as at 12 April 2008 for the Bank are as follows:

| | Unaudited As at 12 April 2008 RM'000 |
|---|---|
| ASSETS | |
| Cash and short-term funds | 2,105,829 |
| Deposits and placements with banks and other financial institutions | 521,540 |
| Securities held-for-trading | 4,349,470 |
| Securities available-for-sale | 1,132,260 |
| Securities held-to-maturity | 458,799 |
| Derivative financial assets | 278,964 |
| Loans, advances and financing | 4,092,282 |
| Other assets | 202,551 |
| Statutory deposit with Bank Negara Malaysia | 130,090 |
| Investments in subsidiary companies | 33,020 |
| Deferred tax assets | 15,439 |
| TOTAL ASSETS | <u>13,320,244</u> |
| LIABILITIES AND SHAREHOLDER'S EQUITY | |
| Deposits from customers | 6,760,077 |
| Deposits and placements with banks and other financial institutions | 4,473,165 |
| Derivative financial liabilities | 317,266 |
| Other liabilities | 72,278 |
| Recourse obligation on loans sold to Cagamas Berhad | 34,837 |
| Term loans | 267,920 |
| Total liabilities | <u>11,925,543</u> |
| Reserves | 24,153 |
| Shareholder's equity | <u>24,153</u> |
| TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY | <u>11,949,696</u> |
| COMMITMENTS AND CONTINGENCIES | <u>46,950,719</u> |
| Net Assets Vested | <u>1,370,548</u> |

35. PERFORMANCE REVIEW ON THE RESULTS OF THE BANK FOR THE QUARTER

After the transfer of fund based business in treasury, investment and credit lending operations to AmBank and AmIslamic Bank on 12 April 2008, the Bank posted a pretax loss of RM17.4 million for the quarter as compared to a pretax profit of RM87.1 million for the quarter ended 30 September 2007, mainly due to net loss for Islamic Banking operation of RM0.4 million as compared to net income of RM10 million for the quarter ended 30 September 2007, lower net interest income of RM10.8 million as compared to RM21.4 million in the quarter ended 30 September 2007, lower other operating income of RM14.1 million as compared to RM101.9 million in the quarter ended 30 September 2007 as a result of investment and trading loss of RM16.4 million as compared to trading profit of RM46.1 million in the quarter ended 30 September 2007 and impairment loss on securities of RM0.04 million as compared to impairment writeback of RM4.5 million for the quarter ended 30 September 2007.

36. PERFORMANCE REVIEW ON THE RESULTS OF THE GROUP AND THE BANK FOR THE PERIOD

Similarly after the business transfer, including the Labuan offshore banking subsidiary of AmInternational (L) Ltd (AMIL) at cost, for the period ended 30 September 2008, the Group reported pretax loss of RM47.2 million (pretax profit of RM222.7 million for the period ended 30 September 2007) and the Bank reported pretax loss of RM8.5 million (pretax profit of RM193.6 million for the period ended 30 September 2007), and are attributed to:

- (i) Lower writeback of allowance for losses on loan and financing of RM1 million (RM20.7 million and RM20.1 million for the period ended 30 September 2007) for the Group and the Bank, respectively.
- (ii) Lower fee income of RM113.2 million and RM69.2 million as a result of lower underwriting commissions, guarantee and brokerage fees (RM169.9 million and RM113.4 million incurred for the period ended 30 September 2007) for the Group and the Bank, respectively.
- (iii) Lower net interest income of RM29.4 million and RM27.7 million (RM57.5 million and RM54.2 million for the period ended 30 September 2007) for the Group and the Bank, respectively.
- (iv) Investment and trading loss of RM74.3 million and RM25.2 million (gain of RM70.8 million and RM71.7 million for the period ended 30 September 2007), for the Group and the Bank, respectively, as a result of loss on sale of securities held-for-trading and RM48.5 million loss on transfer of Labuan offshore banking subsidiary (AMIL) at cost to AmBank .
- (v) Lower income from Islamic banking business of RM4.3 million (RM24.9 million and RM24.4 million for the period ended 30 September 2007) for the Group and the Bank, respectively.

Shareholder's equity stood at RM0.5 billion (RM2.1 billion as at 31 March 2008) for the Group and RM0.4 billion (RM1.9 billion as at 31 March 2008) for the Bank.

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.

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

37. CURRENT PERIOD PROSPECTS

Against a backdrop of high inflation and lower than expected GDP growth of 5.7%, sluggishness in the economy is likely to persist as the credit crisis deepens, curbing business expansion and lower household spending. Despite the current weakening economy, the Bank will continue to provide a diversified product range of conventional and Islamic investment banking services to the large corporate and institutional clients, following the transfer of the fund-based business activities into AmBank in the first quarter ended 30 June 2008. The Bank will also leverage on regional business expansion opportunities in various capital market activities through the AmBank group's partnership with Australia and New Zealand Banking Group Limited (ANZ). Together with the operational efficiency and steady leadership positions in various market segments and products, will enhance its position as a leading investment bank globally.