

AMMB HOLDINGS BERHAD
(223035-V) (Incorporated in Malaysia)
and its subsidiary companies
UNAUDITED CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2008

	Note	The Group	
		31.12.08 RM'000	31.3.08 RM'000
ASSETS			
Cash and short-term funds		12,545,336	10,958,364
Securities purchased under resale agreements		16,582	52,468
Deposits and placements with banks and other financial institutions		19,295	1,387,810
Securities held-for-trading	A8	1,430,996	6,699,010
Securities available-for-sale	A9	7,067,558	1,850,935
Securities held-to-maturity	A10	812,035	1,179,878
Loans, advances and financing	A11	55,997,253	52,453,593
Derivative financial assets		503,607	370,681
Other assets	A12	1,969,743	2,231,758
Statutory deposits with Bank Negara Malaysia		1,873,684	1,660,197
Investments in associated companies		1,893	1,301
Prepaid land lease payments		6,939	7,059
Property and equipment		206,192	225,616
Life fund assets		1,926,852	1,702,469
Deferred tax assets		349,669	608,583
Intangible assets		1,812,650	1,801,985
TOTAL ASSETS		86,540,284	83,191,707
LIABILITIES AND EQUITY			
Deposits from customers	A13	50,668,148	47,767,451
Deposits and placements of banks and other financial institutions	A14	17,165,983	15,118,689
Bills and acceptances payable		1,685,678	1,909,243
Recourse obligations on loans sold to Cagamas Berhad		159,434	243,979
Derivative financial liabilities		562,534	410,929
Other liabilities	A15	2,908,818	3,250,328
Term loans		503,927	1,790,844
Subordinated term loan		-	460,000
Unsecured bonds		1,090,000	1,750,000
Medium Term Notes		1,460,000	860,000
Hybrid capital		798,947	673,830
Life fund liabilities		195,680	189,819
Life policyholder funds		1,731,172	1,512,650
Total Liabilities		78,930,321	75,937,762
Share capital		2,722,970	2,722,970
Reserves		4,717,123	4,446,623
Equity attributable to equity holders of the Company		7,440,093	7,169,593
Minority interests		169,870	84,352
Total Equity		7,609,963	7,253,945
TOTAL LIABILITIES AND EQUITY		86,540,284	83,191,707

AMMB HOLDINGS BERHAD
(223035-V) (Incorporated in Malaysia)
and its subsidiary companies
UNAUDITED CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2008 (CONTD.)

	Note	The Group	
		31.12.08 RM'000	31.3.08 RM'000
COMMITMENTS AND CONTINGENCIES	A25	52,316,018	57,539,798
CAPITAL ADEQUACY RATIO	A29		
Core capital ratio		9.42%	8.17%
Risk-weighted capital ratio		14.33%	13.50%
NET ASSETS PER ORDINARY SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY (RM)		2.73	2.63

The Consolidated Balance Sheet should be read in conjunction with the Annual Financial Report for the year ended 31 March 2008.

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

UNAUDITED CONSOLIDATED INCOME STATEMENTS
FOR THE FINANCIAL QUARTER ENDED 31 DECEMBER 2008

The Group	Note	Individual Quarter		Cumulative Quarter	
		31.12.08 RM'000	31.12.07 RM'000	31.12.08 RM'000	31.12.07 RM'000
Revenue		1,542,460	1,616,459	4,387,685	4,504,875
Interest income	A16	953,775	1,005,719	2,864,402	2,786,682
Interest expense	A17	(511,117)	(538,328)	(1,532,722)	(1,599,838)
Net interest income		442,658	467,391	1,331,680	1,186,844
Net income from Islamic banking business		143,796	123,711	415,855	380,413
Other operating income	A18	302,217	313,656	670,647	958,166
Net income		888,671	904,758	2,418,182	2,525,423
Other operating expenses	A19	(400,924)	(383,850)	(1,208,460)	(1,083,097)
Operating profit		487,747	520,908	1,209,722	1,442,326
Allowance for losses on loans and financing	A20	(142,647)	(106,943)	(221,341)	(474,361)
Impairment loss on:					
Securities		(12,453)	(83,734)	(47,534)	(97,258)
Amount recoverable under asset-backed securitisation transaction		17,000	-	17,000	(7,000)
Assets acquired in exchange of debts		-	-	-	(72)
Transfer from profit equalisation reserve (Allowance)/Writeback of allowance for doubtful sundry receivables - net		(8,292)	(1,849)	(1,487)	26,287
(Provision)/Writeback of provision for commitments and contingencies		2,315	(2,713)	1,490	(4,400)
		1,272	-	(13,570)	299
Profit before taxation		344,942	325,669	944,280	885,821
Taxation	B5	(91,645)	(84,668)	(251,756)	(298,643)
Profit for the period		253,297	241,001	692,524	587,178
Attributable to:					
Equity holders of the Company		247,963	197,848	681,006	451,049
Minority interests		5,334	43,153	11,518	136,129
Profit for the period		253,297	241,001	692,524	587,178
EARNINGS PER SHARE (SEN)	B13				
Basic		9.11	8.62	25.01	20.03
Fully diluted		9.11	8.19	25.01	19.02

The Consolidated Income Statements should be read in conjunction with the Annual Financial Report for the year ended 31 March 2008

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

**UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL QUARTER ENDED 31 DECEMBER 2008**

The Group	Attributable to Equity Holders of the Company										
	Ordinary share capital RM'000	Converting preference shares^ RM'000	Non- Distributable				Distributable		Total RM'000	Minority interests RM'000	Total equity 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	2,130,565	-	791,588	1,107,757	36,362	10,297	711,232	4,787,801	1,201,516	5,989,317	
Net unrealised gain on revaluation of securities available-for-sale	-	-	-	-	27,466	-	-	27,466	-	27,466	
Exchange fluctuation adjustments	-	-	-	-	-	(7,868)	-	(7,868)	-	(7,868)	
Net income recognised directly in equity	-	-	-	-	27,466	(7,868)	-	19,598	-	19,598	
Profit for the period	-	-	-	-	-	-	451,049	451,049	136,129	587,178	
Total recognised net income for the year	-	-	-	-	27,466	(7,868)	451,049	470,647	136,129	606,776	
Issue of converting preference shares ^	-	458,343	-	-	-	-	-	458,343	-	458,343	
Issue of shares pursuant to exercise of: - Warrants 2003/2008	73,284	-	87,208	-	-	-	-	160,492	-	160,492	
Arising from subscription for shares in AmPrivate Equity Sdn Bhd	-	-	-	-	-	-	-	-	2,280	2,280	
Arising from disposal of shares in Malaysian Ventures Management Incorporated Sdn	-	-	-	-	-	-	-	-	(277)	(277)	
Proposed dividends	-	-	-	-	-	-	(78,831)	(78,831)	(74,014)	(152,845)	
At 31December 2007	2,203,849	458,343	878,796	1,107,757	63,828	2,429	1,083,450	5,798,452	1,265,634	7,064,086	

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

AMMB HOLDINGS BERHAD
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UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL QUARTER ENDED 31 DECEMBER 2008

The Group	Attributable to Equity Holders of the Company										
	Non- Distributable						Distributable				Total equity RM'000
	Ordinary share capital RM'000	Share premium RM'000	Statutory reserve RM'000	Available-for- sale reserve RM'000	Cashflow hedging reserve RM'000	Exchange fluctuation reserve RM'000	Unappropriated profits RM'000	Total RM'000	Minority interests RM'000		
At 1 April 2008	2,722,970	1,986,857	1,245,433	42,900	-	8,166	1,163,267	7,169,593	84,352	7,253,945	
Net unrealised loss on revaluation of securities available-for-sale	-	-	-	(173,342)	-	-	-	(173,342)	-	(173,342)	
Unrealised net loss on cashflow hedge	-	-	-	-	(121,312)	-	-	(121,312)	-	(121,312)	
Expenses relating to rights issue	-	(21)	-	-	-	-	-	(21)	-	(21)	
Exchange fluctuation adjustments	-	-	-	-	-	6,703	-	6,703	-	6,703	
Net (expense)/income recognised directly in equity	-	(21)	-	(173,342)	(121,312)	6,703	-	(287,972)	-	(287,972)	
Profit for the period	-	-	-	-	-	-	681,006	681,006	11,518	692,524	
Total recognised net (expense)/income for the year	-	(21)	-	(173,342)	(121,312)	6,703	681,006	393,034	11,518	404,552	
Arising from acquisition of AmPrivate Equity Sdn Bhd	-	-	-	-	-	-	-	-	300	300	
Arising from acquisition of AmG Insurance Berhad	-	-	-	-	-	-	-	-	112,700	112,700	
Dividend paid	-	-	-	-	-	-	(122,534)	(122,534)	(39,000)	(161,534)	
At 31December 2008	2,722,970	1,986,836	1,245,433	(130,442)	(121,312)	14,869	1,721,739	7,440,093	169,870	7,609,963	

The Consolidated Statements of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 31 March 2008.

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

UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENTS
FOR THE FINANCIAL QUARTER ENDED 31 DECEMBER 2008

The Group	31.12.08	31.12.07
	RM'000	RM'000
Profit before taxation	944,280	885,821
Add adjustments for non-operating and non-cash items	504,243	420,400
Operating profit before working capital	1,448,523	1,306,221
Increase/(Decrease) in operating assets	2,564,145	(1,573,841)
Increase/(Decrease) in operating liabilities	3,273,862	(1,546,445)
Cash generated from/(used in) operations	7,286,530	(1,814,065)
Taxation paid	(48,337)	(79,503)
Net cash used in operating activities	7,238,193	(1,893,568)
Net cash (used in)/generated from investing activities	(5,210,419)	515,115
Net cash (used in)/generated from financing activities	(407,000)	1,087,495
Net decrease in cash and cash equivalents	1,620,774	(290,958)
Cash and cash equivalents at beginning of period	10,659,464	10,490,422
Cash and cash equivalents at end of period	12,280,238	10,199,464

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

The Group	31.12.08	31.12.07
	RM'000	RM'000
Cash and short-term funds	12,545,336	10,270,444
Bank overdrafts	(9,991)	-
	12,535,345	10,270,444
Less: Cash and bank balances and deposits held in trust	(253,740)	(70,598)
	12,281,605	10,199,846
Effect of exchange rates changes	(1,367)	(382)
Cash and cash equivalents	12,280,238	10,199,464

The Condensed Consolidated Cash Flow Statements should be read in conjunction with the Annual Financial Report for the year ended 31 March 2008.

EXPLANATORY NOTES :

A1. BASIS OF PREPARATION

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

Standards and IC Interpretations to existing standards that are not relevant or material to the Group'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 Interest 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 are computed based on BNM's guidelines on the "Classification of Non-Performing Loans and Provisions for Substandard, Bad and Doubtful Debts" ("BNM/GP3") requirements. However, the Group has adopted a more stringent classification policy on non-performing loans, whereby loans are classified as non-performing and sub-standard when repayments are in arrears for more than three (3) months from the first day of default or after maturity date.

A1. BASIS OF PREPARATION (CONTD.)

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

- (i) Values assigned to collateral held for non-performing loans secured by properties is determined based on the realisable values of the properties on the following basis:
 - (a) assigning only fifty percent (50%) of the realisable value of the properties held as collateral for non-performing loans which are in arrears for more than five (5) years but less than seven (7) years; and
 - (b) no value assigned to the realisable value of the properties held as collateral for non-performing loans which are in arrears for more than seven (7) years.
- (ii) Specific allowance of 20.0% is provided on non-performing loans which are three (3) to less than six (6) months-in-arrears. Previously, specific allowance was only made when a non-performing loan was in arrears of six (6) months and above.

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

A2. AUDIT QUALIFICATION

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

A3. SEASONALITY OR CYCLICALITY OF OPERATIONS

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

A4. UNUSUAL ITEMS

There were no unusual items during the current financial quarter.

A5. USE OF ESTIMATES

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

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

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

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

A7. DIVIDENDS PAID

Subsequent to the financial period ended 30 September 2008, a final dividend of 6.0%, less tax, amounting to RM122,533,632 for the financial year ended 31 March 2008 was paid on 21 October 2008 to shareholders whose names appear in the record of Depositors on 7 October 2008.

A8. SECURITIES HELD-FOR-TRADING

	The Group	
	31.12.08	31.3.08
	RM'000	RM'000
At Fair Value		
Money Market Securities:		
Treasury bills	16,749	26,566
Islamic Treasury bills	-	78,224
Malaysian Government Securities	70,038	160,705
Malaysian Government Investment Certificates	4,071	323,014
Cagamas bonds	-	25,058
Khazanah bonds	-	59,359
Cagamas Mudharabah bearer bonds	7,511	37,167
Bank Negara Malaysia Monetary Notes	880,359	274,645
Islamic acceptance bills	-	-
Negotiable Islamic Debt Certificates	49,399	39,674
Negotiable instruments of deposits	-	15,368
Islamic Bank Negara Monetary Notes	-	134,107
Islamic Khazanah bonds	980	-
	<u>1,029,107</u>	<u>1,173,887</u>
Securities Quoted:		
In Malaysia:		
Shares	54,617	39,735
Trust units	2,808	252,202
Outside Malaysia:		
Shares	34	70,026
Trust units	-	1,728
	<u>57,459</u>	<u>363,691</u>
Unquoted Securities Of Companies Incorporated:		
In Malaysia:		
Shares	-	18,493
Outside Malaysia:		
Shares	-	17,848
	<u>-</u>	<u>36,341</u>
Unquoted Guaranteed Private Debt Securities Of Companies Incorporated In Malaysia:		
Corporate bonds	-	207,743
Islamic corporate bonds	-	86,590
Islamic corporate notes	-	30,725
	<u>-</u>	<u>325,058</u>

	The Group	
	31.12.08	31.3.08
	RM'000	RM'000
Unquoted Private Debt Securities Of Companies		
Incorporated:		
In Malaysia:		
Corporate bonds	-	1,219,481
Corporate notes	113,860	456,554
Islamic corporate bonds	-	2,036,736
Islamic corporate notes	218,333	944,493
Outside Malaysia:		
Corporate bonds	12,237	142,769
	<u>344,430</u>	<u>4,800,033</u>
Total	<u>1,430,996</u>	<u>6,699,010</u>

A9. SECURITIES AVAILABLE-FOR-SALE

	The Group	
	31.12.08	31.3.08
	RM'000	RM'000
At Fair Value		
Money Market Securities:		
Malaysian Government Securities	37,781	12,081
Malaysian Government investment certificates	35,799	-
Cagamas bonds	-	4,996
Khazanah bonds	-	9,841
Negotiable instruments of deposits	509,162	135,987
Negotiable Islamic debt certificates	105,612	-
Islamic khazanah bonds	60,006	-
	<u>748,360</u>	<u>162,905</u>
Securities Quoted:		
In Malaysia:		
Shares	183,243	-
Trust units	252,533	74,714
Outside Malaysia:		
Shares	29,561	21,981
Trust units	1,727	-
	<u>467,064</u>	<u>96,695</u>
Unquoted Securities:		
In Malaysia:		
Shares	22,871	4,378
Outside Malaysia:		
Shares	17,848	-
	<u>40,719</u>	<u>4,378</u>
Debt Equity Converted Securities Quoted:		
In Malaysia:		
Shares	19,189	26,139
Shares - with options	-	6,014
Loan stocks	8,049	9,145
Collateralised corporate bonds	4,411	4,411
Outside Malaysia:		
Shares	40	77
	<u>31,689</u>	<u>45,786</u>

	The Group	
	31.12.08	31.3.08
	RM'000	RM'000
Unquoted Private Debt Securities Of Companies Incorporated		
In Malaysia:		
Corporate bonds	591,637	345,536
Islamic corporate bonds	1,055,020	927,167
Corporate notes	1,444,791	-
Islamic corporate notes	2,102,297	-
Outside Malaysia:		
Corporate bonds	160,939	78,635
	<u>5,354,684</u>	<u>1,351,338</u>
Unquoted Guaranteed Private Debt Securities Of Companies Incorporated In Malaysia:		
Corporate bonds	425,042	189,833
Total	<u>7,067,558</u>	<u>1,850,935</u>
A10. SECURITIES HELD-TO-MATURITY		
Securities Quoted In Malaysia:		
In Malaysia:		
Shares	2	-
Islamic Corporate bonds	27,680	25,552
Trust units	2,000	2,012
Outside Malaysia:		
Islamic Corporate bonds	6,920	6,388
	<u>36,602</u>	<u>33,952</u>
Unquoted Securities Of Companies Incorporated:		
In Malaysia:		
Shares	102,958	102,433
Corporate bonds	959	959
Unit trust	-	-
Outside Malaysia:		
Shares	5,418	6,441
	<u>109,335</u>	<u>109,833</u>
Quoted Debt Equity Converted Securities:		
In Malaysia:		
Shares	40	5,314
Loan stocks - collateralised	127,675	85,824
Loan stocks - with options	1,825	80,595
Corporate bonds - collateralised	49,927	52,754
Outside Malaysia:		
Warrants	-	15
	<u>179,467</u>	<u>224,502</u>

	The Group	
	31.12.08	31.3.08
	RM'000	RM'000
Unquoted Debt Equity Converted Securities Of Companies		
Incorporated In Malaysia:		
Shares	3,027	44,971
Loan stocks	58,104	74,857
Loan stocks - collateralised	326,562	524,876
Corporate bonds - collateralised	173,760	106,568
Corporate bonds	76,842	316,378
	<u>638,295</u>	<u>1,067,650</u>
Unquoted Private Debt Securities Of Companies Incorporated:		
In Malaysia:		
Corporate notes	210,647	33,720
Islamic corporate bonds	-	190,331
	<u>210,647</u>	<u>224,051</u>
	1,174,346	1,659,988
Accumulated impairment losses	<u>(362,311)</u>	<u>(480,110)</u>
Total	<u>812,035</u>	<u>1,179,878</u>

A11. LOANS, ADVANCES AND FINANCING

	The Group	
	31.12.08	31.3.08
	RM'000	RM'000
Loans and financing:		
Term loans and revolving credit	17,517,467	15,562,586
Housing loans	11,476,084	11,314,355
Staff loans	178,880	179,052
Hire-purchase receivables	29,389,117	28,072,157
Credit card receivables	1,896,669	1,806,526
Lease receivables	12,846	13,178
Overdrafts	1,690,811	1,632,538
Claims on customers under acceptance credits	2,496,453	2,301,379
Trust receipts	526,979	325,968
Block discount receivables	58,272	59,572
Factoring receivables	42,765	60,094
Bills receivable	38,675	33,524
	<u>65,325,018</u>	<u>61,360,929</u>
Less: Unearned interest and income	6,904,711	6,482,856
Total	<u>58,420,307</u>	<u>54,878,073</u>
Less:		
Allowance for bad and doubtful debts and financing:		
General	890,697	845,225
Specific	1,532,357	1,579,255
	<u>2,423,054</u>	<u>2,424,480</u>
Net loans, advances and financing	<u>55,997,253</u>	<u>52,453,593</u>

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

	The Group				Annualised Loans Growth (%)
	31.12.08		31.3.08		
	RM'000	%	RM'000	%	
Purchase of transport vehicles	24,526,771	41.3	24,036,314	42.4	
Purchase of landed properties:					
- Residential	11,157,297	18.7	10,998,983	19.4	
- Non-residential	2,836,796	4.8	2,312,866	4.1	
Working capital	9,572,286	16.0	9,326,716	16.4	
Personal use	2,286,731	3.8	2,080,383	3.7	
Fixed assets	1,812,519	3.0	1,798,568	3.2	
Purchase of securities	2,041,172	3.4	1,545,274	2.7	
Credit cards	1,873,417	3.1	1,777,686	3.1	
Construction	1,098,833	1.8	919,301	1.6	
Merger and acquisition	372,388	0.6	278,877	0.5	
Consumer durables	3,465	0.0	3,892	0.0	
Other purpose	2,094,457	3.5	1,663,070	2.9	
Gross loans, advances and financing	59,676,132	100.0	56,741,930	100.0	
Less: Islamic financing sold to					
Cagamas Berhad	(1,255,825)		(1,863,857)		
	58,420,307		54,878,073		8.6

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

	The Group	
	31.12.08 RM'000	31.3.08 RM'000
Domestic :		
Other non-bank financial institutions	818,130	834,365
Business enterprises:		
Small medium enterprises	6,481,583	5,452,391
Others	12,244,487	11,579,642
Government and statutory bodies	75,242	115,410
Individuals	38,313,657	36,612,489
Other domestic entities	52,623	44,537
Foreign entities	434,585	239,239
	58,420,307	54,878,073

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

	The Group	
	31.12.08	31.3.08
	RM'000	RM'000
Variable rate		
BLR-plus	13,575,772	14,704,097
Cost-plus	7,263,413	5,865,602
Other variable rates	645,149	544,617
	<u>21,484,334</u>	<u>21,114,316</u>
Fixed rate		
Housing loans	3,932,246	2,361,505
Hire purchase receivables	24,330,483	23,152,454
Other fixed rates	8,673,244	8,249,798
	<u>36,935,973</u>	<u>33,763,757</u>
	<u>58,420,307</u>	<u>54,878,073</u>

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

	The Group	
	31.12.08	31.3.08
	RM'000	RM'000
Gross		
Balance at beginning of period/year	3,602,479	5,534,341
Non-performing during the period/year	979,055	1,319,500
Reclassification to performing loans and financing	(541,652)	(758,019)
Recoveries	(318,156)	(535,600)
Amount written-off	(616,464)	(1,298,557)
Repurchase of loan	19,554	-
Sale of non-performing loan	-	(547,859)
Debt equity conversion	-	(106,274)
Exchange fluctuation adjustments	-	(5,711)
Reclassification from trading to margin	-	658
Balance at end of period/year	<u>3,124,816</u>	<u>3,602,479</u>
Less: Specific allowance	<u>(1,532,357)</u>	<u>(1,579,255)</u>
Non-performing loans, advances and financing - net	<u>1,592,459</u>	<u>2,023,224</u>
Ratios of non-performing loans, advances and financing to total loans, advances and financing (including Islamic financing sold to Cagamas Berhad) - net	<u>2.7%</u>	<u>3.7%</u>
Loan loss coverage excluding collateral values	<u>77.5%</u>	<u>67.3%</u>

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

	The Group			
	31.12.08		31.3.08	
	RM'000	%	RM'000	%
Purchase of landed properties:				
Residential	968,032	31.0	962,785	26.7
Non-residential	331,595	10.6	334,169	9.3
Working capital	723,790	23.2	1,014,761	28.2
Purchase of transport vehicles	448,699	14.4	428,615	11.9
Construction	210,848	6.7	281,961	7.8
Purchase of securities	133,214	4.3	198,320	5.5
Credit cards	65,809	2.1	66,011	1.8
Fixed assets	23,003	0.7	44,119	1.2
Personal use	23,334	0.7	35,246	1.0
Purchase of consumer durables	550	0.0	485	0.0
Other purpose	195,942	6.3	236,007	6.6
	<u>3,124,816</u>	<u>100.0</u>	<u>3,602,479</u>	<u>100.0</u>

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

	The Group	
	31.12.08	31.3.08
	RM'000	RM'000
General allowance		
Balance at beginning of period/year	845,225	778,396
Allowance during the period/year	45,069	67,107
Exchange fluctuation adjustments	403	(278)
Balance at end of period/year	<u>890,697</u>	<u>845,225</u>
% of total loans, advances and financing (including Islamic financing sold to Cagamas) less specific allowances	<u>1.53%</u>	<u>1.53%</u>
Specific allowance		
Balance at beginning of period/year	1,579,255	2,353,047
Allowance during the period/year	752,021	1,192,451
Amount written back in respect of recoveries and reversals	(263,386)	(427,341)
Net charge to income statements	488,635	765,110
Reclassification from sundry receivables	118,698	(8,103)
Adjustment to deferred asset account	(619)	(102)
Amount written off	(653,612)	(1,291,798)
Sale of non-performing loan	-	(219,832)
Debt equity conversion	-	(17,190)
Exchange fluctuation adjustments	-	(1,877)
Balance at end of period/year	<u>1,532,357</u>	<u>1,579,255</u>

A12. OTHER ASSETS

	The Group	
	31.12.08	31.3.08
	RM'000	RM'000
Trade receivables, net of allowance for doubtful debts	345,433	756,706
Other receivables, deposits and prepayments, net of allowance for doubtful debts	1,202,588	910,914
Interest receivables on treasury assets, net of allowance for doubtful debts	92,098	112,194
Fee receivables, net of allowance for doubtful debts	40,352	44,056
Amount due from Originators	-	35,140
Amount due from agents, brokers and reinsurer, net of allowance	28,590	161,405
Amount recoverable under asset-backed securitisation transactions, net of impairment loss	46,047	67,066
Foreclosed properties, net of allowance for impairment in value	180,259	102,396
Tax recoverable	-	2,180
Deferred assets	34,376	39,701
	<u>1,969,743</u>	<u>2,231,758</u>

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

A13. DEPOSITS FROM CUSTOMERS

	The Group	
	31.12.08	31.3.08
	RM'000	RM'000
Term/Investment deposits	37,137,803	37,304,081
Savings deposits	3,370,191	3,340,718
Current deposits	3,356,133	2,913,137
Negotiable instruments of deposits	6,493	16,652
Other deposits	6,797,528	4,192,863
	<u>50,668,148</u>	<u>47,767,451</u>
The deposits are sourced from the following types of customers:		
Business enterprises	18,055,614	15,575,034
Individuals	24,811,560	23,634,465
Government	6,963,167	6,508,023
Others	837,807	2,049,929
	<u>50,668,148</u>	<u>47,767,451</u>

A14. DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

	The Group	
	31.12.08	31.3.08
	RM'000	RM'000
Deposits from:		
Licensed banks	3,443,129	2,527,071
Licensed merchant banks	941,698	791,584
Bank Negara Malaysia	904,790	1,386,398
Other financial institutions	11,876,366	10,413,636
	<u>17,165,983</u>	<u>15,118,689</u>

A15. OTHER LIABILITIES

	The Group	
	31.12.08	31.3.08
	RM'000	RM'000
Trade payables	485,990	969,301
Securities sold not yet re-purchased	-	-
Other payables and accruals	1,635,096	1,558,005
Interest payable on deposits and borrowings	438,643	393,882
Lease deposits and advance rentals	61,385	55,696
General insurance funds	226,957	227,430
Provision for commitments and contingencies	1,596	1,941
Bank overdrafts	9,991	541
Profit equalization reserve	39,116	37,607
Deferred tax liabilities	9,810	5,925
Tax payable	234	-
	<u>2,908,818</u>	<u>3,250,328</u>

A16. INTEREST INCOME

The Group	Individual Quarter		Cumulative Quarter	
	31.12.08	31.12.07	31.12.08	31.12.07
	RM'000	RM'000	RM'000	RM'000
Short-term funds and deposits with financial institutions	71,174	72,144	212,370	203,825
Securities held-for-trading	7,154	68,390	53,930	186,847
Securities available for sale	74,413	25,623	199,504	72,376
Securities held-to-maturity	4,576	86,340	26,298	106,987
Loans and advances				
- Interest income other than recoveries from NPLs	770,919	700,478	2,257,729	2,079,494
- Recoveries from NPLs	43,770	65,061	168,442	202,224
ICULS Investment	-	(1,200)	-	-
Others	402	1,631	1,524	3,247
Gross interest income	<u>972,408</u>	<u>1,018,467</u>	<u>2,919,797</u>	<u>2,855,000</u>
Amortisation of premiums less accretion of discounts	4,960	3,052	16,703	10,753
Interest suspended	<u>(23,593)</u>	<u>(15,800)</u>	<u>(72,098)</u>	<u>(79,071)</u>
Total after net interest suspension	<u>953,775</u>	<u>1,005,719</u>	<u>2,864,402</u>	<u>2,786,682</u>

A17. INTEREST EXPENSE

The Group	Individual Quarter		Cumulative Quarter	
	31.12.08	31.12.07	31.12.08	31.12.07
	RM'000	RM'000	RM'000	RM'000
Deposits from customers	360,067	380,258	1,040,906	1,074,230
Deposit of banks and other financial institutions	92,740	75,542	281,420	259,228
Securities sold under repurchase agreements	-	431	10	17,388
Amount due to Cagamas Berhad	1,226	2,542	4,146	13,142
Bank borrowings:				
Term loans	6,295	4,313	28,126	13,424
Overdrafts	40	38	115	177
Subordinated deposits and term loans	(4,840)	2,496	1,304	6,765
Interest on Bonds	14,021	27,724	58,083	80,511
Medium term notes	20,838	-	61,464	-
Net Interest rate swap expense/(income)	6,196	20,240	10,562	60,708
Hybrid securities	12,031	11,354	34,220	34,727
Others	2,503	13,390	12,366	39,538
	<u>511,117</u>	<u>538,328</u>	<u>1,532,722</u>	<u>1,599,838</u>

A18. OTHER OPERATING INCOME

The Group	Individual Quarter		Cumulative Quarter	
	31.12.08	31.12.07	31.12.08	31.12.07
	RM'000	RM'000	RM'000	RM'000
Fee income:				
Fees on loans and advances	36,073	30,651	116,185	88,134
Corporate advisory	4,516	11,554	23,257	30,115
Guarantee fees	7,364	5,299	21,383	14,757
Underwriting commissions	936	3,382	7,689	10,758
Portfolio management fees	929	3,690	9,743	12,587
Unit trust management fees	15,943	19,155	47,051	47,007
Brokerage rebates	15	90	75	503
Property trust management fees	1,114	827	3,404	2,200
Brokerage fees and commissions	18,220	36,257	65,470	131,435
Banc assurance commission	6,518	7,466	22,431	22,023
Net income/(expense) from asset securitisation	152	(43)	407	(249)
Other fee income	11,260	14,984	37,905	44,817
	<u>103,040</u>	<u>133,312</u>	<u>355,000</u>	<u>404,087</u>
Investment and trading income:				
Net gain/(loss) from sale of securities held-for-trading	5,602	352	(75,845)	113,737
Net (loss)/gain from sale of securities available-for-sale	(11,799)	2,895	224	29,702
Net gain on redemption of securities held-to-maturity	12,214	56,918	34,808	102,796
Loss on revaluation for securities held for trading	(3,460)	(18,303)	(39,252)	(89,626)
Gain on redemption of structured product	7	-	13	-
(Loss)/Gain on revaluation of derivatives	(35,557)	19,814	(74,638)	45,848
Gain on disposal of equity interest	95,462	-	95,462	-
Gross dividend income from:				
Securities held-for-trading	1,588	10,191	6,666	26,490
Securities available-for-sale	6,444	80	15,286	894
Securities held-to-maturity	470	610	5,940	15,992
	<u>70,971</u>	<u>72,557</u>	<u>(31,336)</u>	<u>245,833</u>
Premium income from general insurance business	122,249	114,024	370,065	329,535
Insurance commission	(10,502)	(14,178)	(36,513)	(40,515)
	<u>111,747</u>	<u>99,846</u>	<u>333,552</u>	<u>289,020</u>
Surplus transfer from life insurance business	4,000	-	12,000	-
	<u>115,747</u>	<u>99,846</u>	<u>345,552</u>	<u>289,020</u>
Other income:				
Foreign exchange (loss)/gain	11,163	5,385	(4,578)	13,622
Gain on disposal of property and equipment - net	103	145	1,062	302
Rental income	1,494	1,058	3,854	3,343
Other operating income/(charge)	(301)	1,353	1,093	1,959
	<u>12,459</u>	<u>7,941</u>	<u>1,431</u>	<u>19,226</u>
	<u>302,217</u>	<u>313,656</u>	<u>670,647</u>	<u>958,166</u>

A19. OTHER OPERATING EXPENSES

The Group	Individual Quarter		Cumulative Quarter	
	31.12.08	31.12.07	31.12.08	31.12.07
	RM'000	RM'000	RM'000	RM'000
Personnel/Staff costs				
- Salaries, allowances and bonuses	136,208	134,354	416,125	382,736
- Others	47,187	34,049	128,945	102,763
	<u>183,395</u>	<u>168,403</u>	<u>545,070</u>	<u>485,499</u>
Establishment costs				
- Depreciation	12,896	12,001	37,687	36,065
- Amortisation of computer software	6,811	6,076	19,988	17,268
- Computerisation costs	16,309	16,468	55,224	44,675
- Rental	16,540	15,312	48,003	44,815
- Cleaning and maintenance	4,844	5,422	14,586	15,860
- Others	9,125	5,949	21,250	17,620
	<u>66,525</u>	<u>61,228</u>	<u>196,738</u>	<u>176,303</u>
Marketing and communication expenses				
- Sales commission	4,298	3,782	11,507	12,017
- Advertising, promotional and other marketing activities	12,762	17,881	45,993	51,210
- Telephone charges	4,237	4,547	13,601	13,634
- Postage	2,661	2,421	10,383	9,316
- Travel and entertainment	4,344	4,486	13,153	13,170
- Others	7,996	6,928	17,075	20,685
	<u>36,298</u>	<u>40,045</u>	<u>111,712</u>	<u>120,032</u>
Administration and general				
- Professional services	18,109	34,731	61,832	63,273
- Donations	27	35	104	823
- Administration and management expenses	593	603	1,550	1,751
- Others	11,380	6,728	30,570	26,861
	<u>30,109</u>	<u>42,097</u>	<u>94,056</u>	<u>92,708</u>
Overheads	316,327	311,773	947,576	874,542
General insurance claims	84,597	72,077	260,884	208,555
	<u>400,924</u>	<u>383,850</u>	<u>1,208,460</u>	<u>1,083,097</u>

A20. ALLOWANCE FOR LOSSES ON LOANS AND FINANCING

The Group	Individual Quarter		Cumulative Quarter	
	31.12.08	31.12.07	31.12.08	31.12.07
	RM'000	RM'000	RM'000	RM'000
Allowance for bad and doubtful debts and financing:				
Specific allowance - net	213,738	177,173	488,635	686,128
Allowance during the period	279,927	268,650	752,021	1,008,794
Amount written back in respect of recoveries and reversal	(66,189)	(91,477)	(263,386)	(322,666)
General allowance	6,292	13,182	45,069	39,577
Recoveries of value impairment on amount recoverable from Danaharta	-	-	-	(609)
Bad debts and financing recovered - net	(77,383)	(83,412)	(312,363)	(250,735)
Written off	1,504	-	1,504	153
Recovered	(78,887)	(83,412)	(313,867)	(250,888)
	<u>142,647</u>	<u>106,943</u>	<u>221,341</u>	<u>474,361</u>

A21. SEGMENTAL INFORMATION

BY BUSINESS SEGMENT

	Individual Quarter		Cumulative Quarter	
	31.12.08 RM'000	31.12.07 RM'000	31.12.08 RM'000	31.12.07 RM'000
Investment banking				
Revenue	70,173	345,829	244,985	981,783
(Loss)/Profit before taxation	(3,680)	105,926	(8,917)	307,272
Commercial and retail banking				
Revenue	1,262,302	1,046,620	3,424,838	2,999,341
Profit before taxation	338,702	205,699	896,353	501,676
Offshore banking				
Revenue*	1,128	4,193	(7,718)	43,630
(Loss)/Profit before taxation	9,931	(3,124)	(6,348)	28,788
Insurance				
Revenue	275,131	288,719	804,058	705,967
Profit before taxation	20,944	21,475	48,286	56,506
Others				
Revenue	100,516	27,428	160,334	78,208
Profit before taxation	94,805	1,575	106,437	11,614
Total before consolidation adjustments				
Revenue	1,709,250	1,712,789	4,626,497	4,808,929
Profit before taxation	460,702	331,551	1,035,811	905,856
Consolidation adjustments				
Revenue	(166,790)	(96,330)	(238,812)	(304,054)
Profit before taxation	(115,760)	(5,882)	(91,531)	(20,035)
Total after consolidation adjustments				
Revenue	1,542,460	1,616,459	4,387,685	4,504,875
Profit before taxation	344,942	325,669	944,280	885,821

Included in the above is Islamic banking business profit before taxation of RM61.7 million for the quarter and RM169.2 million for the period ended 31 December 2008 (RM30.7 million for the quarter and RM145.4 million for the period ended 31 December 2007).

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

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

* Trading loss on available for sale securities

A22. VALUATIONS OF PROPERTY AND EQUIPMENTS

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

A23. EVENTS SUBSEQUENT TO BALANCE SHEET DATE

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

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

There were no material changes in the composition of the Group and the Company for the current financial quarter.

A25. COMMITMENTS AND CONTINGENCIES

In the normal course of business, AmInvestment Bank Berhad ("AmInvestment Bank"), AmBank (M) Berhad ("AmBank"), AmIslamic Bank Berhad ("AmIslamic Bank") and AmInternational (L) Ltd ("AmInternational"), make various commitments and incur certain contingent liabilities with legal recourse to its customers. No material losses are anticipated as a result of these transactions other than those where provision had been made in the financial statements. The commitments and contingencies are not secured against the Group's assets.

As at 31 December 2008, the commitments and contingencies outstanding are as follows:

The Group	31.12.08			31.3.08		
	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	70,000	29,280	14,640	270,000	194,810	97,404
Interest rate swaps	24,361,093	1,100,993	452,648	26,770,307	601,940	126,949
Foreign exchange related contracts:						
Forward exchange contracts	2,319,869	97,999	53,012	5,747,856	102,651	34,932
Cross currency swaps	814,756	40,442	20,734	624,647	76,143	15,228
Equity related contracts:						
Options	172,553	-	-	151,596	-	-
Equity futures	23,770	-	-	363	-	-
	<u>27,762,041</u>	<u>1,268,714</u>	<u>541,034</u>	<u>33,564,769</u>	<u>975,544</u>	<u>274,513</u>
Commitments						
Irrevocable commitments to extend credit maturing :						
within one year	11,008,436	2,157,487	2,020,705	8,564,981	1,558,976	1,422,930
more than one year	2,475,644	1,237,822	1,139,686	2,742,901	1,371,450	1,257,912
Unutilised credit card line	4,152,199	830,439	620,666	4,006,449	801,290	598,888
Sell and buy back agreements	226,647	5,108	3,189	1,216,782	1,216,782	879,744
Forward purchase commitments	44,482	92	33	338,081	338,081	30,108
	<u>17,907,408</u>	<u>4,230,948</u>	<u>3,784,279</u>	<u>16,869,194</u>	<u>5,286,579</u>	<u>4,189,582</u>
Contingent Liabilities						
Guarantees given on behalf of customers	2,780,745	2,780,745	2,733,880	1,865,387	1,865,387	1,769,182
Certain transaction-related contingent items	1,453,150	726,575	707,802	1,048,285	524,143	511,156
Underwriting liabilities	632,000	316,000	316,000	1,720,000	860,000	776,800
Short term self liquidating trade-related contingencies	517,067	103,346	103,361	584,432	116,886	113,419
Islamic financing sold to Cagamas	1,233,443	1,233,443	934,583	1,863,857	1,863,857	1,404,403
Others	30,164	250	250	23,874	250	250
	<u>6,646,569</u>	<u>5,160,359</u>	<u>4,795,876</u>	<u>7,105,835</u>	<u>5,230,523</u>	<u>4,575,210</u>
	<u>52,316,018</u>	<u>10,660,021</u>	<u>9,121,189</u>	<u>57,539,798</u>	<u>11,492,646</u>	<u>9,039,305</u>

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

As at 31 December 2008, other contingencies and commitments of the Group and of the Company are as follows:

- (a) The Company has given unsecured guarantees totalling RM323,600,000 (RM273,600,000 as at 31 March 2008) to various financial institutions in respect of credit facilities extended to certain subsidiary companies.
- (b) The Company has given a continuing undertaking totalling S\$40,000,000 (S\$40,000,000 as at 31 March 2008) to Monetary Authority of Singapore on behalf of FIPL to meet its liabilities and financial obligation and requirements.
- (c) As required, AmBank (M) Berhad has given a continuing guarantee to Bank Negara Malaysia on behalf of AmInternational, to meet all its liabilities and financial obligations and requirements.
- (d) AmInvestment Bank has given guarantees in favour of Labuan International Financial Exchange ("LFX") USD 5 million each for AmInternational to act as a Listing Sponsor and as a Trading Agent on the LFX.
- (e) The Company has given a guarantee to HSI Services Limited ("HSI") and Hang Seng Data Services Limited ("HSDS") on behalf of its subsidiary, AmAssurance Berhad ("AMAB"), for the performance and discharge by AMAB of its obligations under the licence agreement with HSI and HSDS for use of the Hang Seng China Enterprise Index in respect of AMAB's investment-linked product called AmAsia Link-Capital Guaranteed Fund.
- (f) A suit dated 12 December 2005 was filed by Meridian Asset Management Sdn Bhd ("Meridian") against AmTrustee Berhad ("AmTrustee"), a subsidiary of the Company in respect of a claim amounting to RM27,606,169 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, together with interest and costs. AmTrustee was served on 24 March 2006 with a Writ and Statement of Claim dated 25 January 2006 by solicitors acting for MAA. MAA had appointed Meridian as an external fund manager for certain of its insurance funds, and part of these funds were deposited by Meridian with AmTrustee.

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

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

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

- (i) an application by Meridian for Further and Better particulars in respect of the statement of defence filed by AmTrustee; This application was withdrawn with cost by Meridian on the 17 October 2008;
- (ii) an application by Meridian to add another subsidiary of the Company, namely AmInvestment Bank as 2nd Defendant and also to increase the alleged loss and damage from RM27,606,169 to RM36,967,166 to include alleged loss due to reputation damage and loss of future earnings (together with interest and costs) arising from the provision of custodian services by AmTrustee to Meridian. This application was fixed for hearing on 17 October 2008, and the court dismissed the application with cost. Meridian filed an appeal to the judge in Chambers against this Order and the same was heard on the 8 January 2009 and is now fixed for decision on the 23 January 2009.
- (iii) an application for leave for Meridian to serve Interrogatories on an officer of AmTrustee allegedly relating to matters in question between Meridian and AmTrustee and this was dismissed with cost on 17 October 2008 and solicitors have filed an appeal against this Order to the judge in Chambers on 24 December 2008 and a hearing date is yet to be fixed.

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

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

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

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

A26. RELATED PARTY TRANSACTIONS

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

A27. DERIVATIVE FINANCIAL INSTRUMENTS

As at 31 December 2008, derivative financial instruments outstanding are as follows:

The Group

Items	Principal Amount RM'000	1 month or less RM'000	>1 - 3 months RM'000	>3 - 6 months RM'000	>6 - 12 months RM'000	>1 - 5 years RM'000	>5 years RM'000	Margin requirement
Interest rate related contracts :								
Interest rate futures	70,000	-	-	10,000	-	60,000	-	1,171
Interest rate swaps	24,361,093	785,000	870,694	1,395,000	1,795,000	16,916,911	2,598,488	18,146
Foreign exchange related contracts :								
Forward exchange contracts	2,319,869	1,071,774	1,069,063	48,472	130,560	-	-	-
Cross currency swaps	814,756	128,287	103,800	-	214,520	368,149	-	790
Equity related contracts:								
Options	172,553	73,866	-	-	-	98,687	-	-
Equity futures	23,770	23,770	-	-	-	-	-	-
Total	27,762,041	2,082,697	2,043,557	1,453,472	2,140,080	17,443,747	2,598,488	20,107

RISK MANAGEMENT POLICY ON FINANCIAL DERIVATIVES

Purpose of engaging in financial derivatives

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

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

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

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

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

Risk associated with financial derivatives

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

Market risk of derivatives used for trading purposes

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

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

As at 31 December 2008, value at risk of foreign exchange-related derivatives contracts used for trading purposes of the Group was RM17,031,121 (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 was RM46,329,319 (RM26,191,724 as at 31 March 2008).

The value at risk of equity derivatives arising from convertible bonds was RM230,243 (RM Nil as at 31 March 2008) for the Group.

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

Credit risk of derivatives

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

As at 31 December 2008, the amount of counter party credit risk, measured in terms of the cost to replace the positive value contracts of the Group, was RM258,118,493 (RM8,018,674 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.

(iii) Derivatives that do not qualify for hedge accounting

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

A28. INTEREST/PROFIT RATE RISK

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

The Group	<-----Non Trading Book----->						Non- interest sensitive	Trading Book	Total	Effective interest rate	
	Up to 1 month	>1 - 3 months	>3 - 6 months	>6 - 12 months	1 - 5 years	Over 5 years					RM'000
31.12.08	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	%
ASSETS											
Cash and short-term funds	9,409,247	-	-	-	-	-	3,136,089	-	12,545,336	3.11	
Securities purchased under resale agreements	16,582	-	-	-	-	-	-	-	16,582	-	
Deposits and placements with banks and other financial institutions	18,939	-	-	100	256	-	-	-	19,295	3.52	
Securities held-for-trading	-	-	-	-	-	-	-	1,430,996	1,430,996	3.31	
Securities available-for-sale	81,551	429,002	120,557	227,855	2,045,368	3,276,320	886,905	-	7,067,558	4.65	
Securities held-to-maturity	38,728	6,920	118,972	37,481	401,901	102,275	105,758	-	812,035	3.17	
Derivative financial assets	-	-	-	-	-	-	503,607	-	503,607	-	
Loans, advances and financing:											
- performing	21,174,288	1,816,631	632,898	403,726	6,770,806	15,006,583	9,490,559	-	55,295,491	7.16	
- non-performing *	-	-	-	-	-	-	701,762	-	701,762	-	
Other non-interest sensitive balances	-	-	-	-	-	-	8,147,622	-	8,147,622	-	
TOTAL ASSETS	30,739,335	2,252,553	872,427	669,162	9,218,331	18,385,178	22,972,302	1,430,996	86,540,284		
LIABILITIES AND EQUITY											
Deposits from customers	17,110,056	6,679,119	5,900,237	8,902,721	2,153,345	-	9,922,670	-	50,668,148	3.18	
Deposits and placements of banks and other financial institutions	6,714,604	2,688,895	1,012,657	1,007,825	1,418,362	728,000	3,595,640	-	17,165,983	3.39	
Bills and acceptances payable	469,287	570,271	14,740	-	-	-	631,380	-	1,685,678	3.38	
Recourse obligation on loans sold to Cagamas Berhad	-	-	-	-	159,434	-	-	-	159,434	3.98	

A28. INTEREST/PROFIT RATE RISK

The Group 31.12.08	<-----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				
Derivative financial liabilities	-	-	-	-	-	-	562,534	-	562,534	-
Term loans	297,927	206,000	-	-	-	-	-	-	503,927	4.77
Unsecured bonds	-	-	-	-	-	690,000	400,000	-	1,090,000	5.02
Medium Term Notes	-	-	-	-	-	1,460,000	-	-	1,460,000	5.66
Hybrid capital	-	-	-	-	-	798,947	-	-	798,947	6.52
Other non-interest sensitive balances	-	-	-	-	-	-	4,835,670	-	4,835,670	-
Total Liabilities	24,591,874	10,144,285	6,927,634	9,910,546	3,731,141	3,676,947	19,947,894	-	78,930,321	
Share capital	-	-	-	-	-	-	2,722,970	-	2,722,970	
Reserves	-	-	-	-	-	-	4,717,123	-	4,717,123	
Equity attributable to equity holders of the Company	-	-	-	-	-	-	7,440,093	-	7,440,093	
Minority interests	-	-	-	-	-	-	169,870	-	169,870	
Total equity	-	-	-	-	-	-	7,609,963	-	7,609,963	
TOTAL LIABILITIES AND EQUITY	24,591,874	10,144,285	6,927,634	9,910,546	3,731,141	3,676,947	27,557,857	-	86,540,284	
On-balance sheet interest rate gap sensitivity	6,147,461	(7,891,732)	(6,055,207)	(9,241,384)	5,487,190	14,708,231	(4,585,555)	1,430,996	-	
Off-balance sheet interest rate gap sensitivity	(234,217)	(3,707,707)	798,500	855,000	2,936,911	(718,487)	-	-	(70,000)	
Total interest rate gap sensitivity	5,913,244	(11,599,439)	(5,256,707)	(8,386,384)	8,424,101	13,989,744	(4,585,555)	1,430,996	(70,000)	
Cumulative interest rate gap sensitivity	5,913,244	(5,686,195)	(10,942,902)	(19,329,286)	(10,905,185)	3,084,559	(1,500,996)	(70,000)		

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

A28. INTEREST/PROFIT RATE RISK

The Group	-----Non Trading Book----->							Trading Book	Total	Effective interest rate
	Up to 1 month	>1 - 3 months	>3 - 6 months	>6 - 12 months	1 - 5 years	Over 5 years	Non-interest sensitive			
31.3.08	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	%
ASSETS										
Cash and short-term funds	8,708,883	-	-	-	-	-	2,249,481	-	10,958,364	3.38
Securities purchased under resale agreements	52,468	-	-	-	-	-	-	-	52,468	3.33
Deposits and placements with banks and other financial institutions	1,281	1,273,519	65,100	278	-	47,632	-	-	1,387,810	4.64
Securities held-for-trading	-	-	-	-	-	-	-	6,699,010	6,699,010	3.57
Securities available-for-sale	-	-	19,961	135,866	897,502	676,145	121,461	-	1,850,935	5.82
Securities held-to-maturity	49,774	6,388	68,753	8,544	523,249	357,727	165,443	-	1,179,878	3.96
Derivative financial assets	-	-	-	-	-	-	370,681	-	370,681	-
Loans, advances and financing:										
- performing	18,515,362	2,488,978	567,545	482,484	6,973,778	14,414,503	7,832,944	-	51,275,594	7.08
- non-performing *	-	-	-	-	-	-	1,177,999	-	1,177,999	-
Amount due from Originators	-	6,430	26,042	-	2,668	-	-	-	35,140	3.65
Other non-interest sensitive balances	-	-	-	-	-	-	8,203,828	-	8,203,828	-
TOTAL ASSETS	27,327,768	3,775,315	747,401	627,172	8,397,197	15,496,007	20,121,837	6,699,010	83,191,707	
LIABILITIES AND EQUITY										
Deposits from customers	17,458,191	6,294,579	5,784,561	7,264,641	2,699,721	-	8,265,758	-	47,767,451	3.27
Deposits and placements of banks and other financial institutions	6,472,394	2,068,654	1,180,675	1,024,523	991,330	1,228,000	2,153,113	-	15,118,689	3.43
Bills and acceptances payable	415,618	676,830	269,448	-	-	-	547,347	-	1,909,243	3.59
Recourse obligation on loans sold to Cagamas Berhad	-	70,070	26,042	-	147,867	-	-	-	243,979	3.65

A28. INTEREST/PROFIT RATE RISK

The Group	-----Non Trading Book----->							Trading Book	Total	Effective interest rate
	Up to 1 month	>1 - 3 months	>3 - 6 months	>6 - 12 months	1 - 5 years	Over 5 years	Non-interest sensitive			
31.3.08	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
Derivative financial liabilities	-	-	-	-	-	-	410,929	-	410,929	-
Term loans	-	1,506,000	-	183,413	-	-	101,431	-	1,790,844	5.08
Subordinated term loan	-	-	460,000	-	-	-	-	-	460,000	6.87
Unsecured bonds	200,000	-	-	-	-	1,170,000	380,000	-	1,750,000	5.73
Medium Term Notes	-	-	-	-	-	860,000	-	-	860,000	5.27
Hybrid capital	-	-	-	-	-	673,830	-	-	673,830	6.79
Other non-interest sensitive balances	-	-	-	-	-	-	4,952,797	-	4,952,797	-
Total Liabilities	24,546,203	10,616,133	7,720,726	8,472,577	3,838,918	3,931,830	16,811,375	-	75,937,762	
Share capital	-	-	-	-	-	-	2,722,970	-	2,722,970	
Reserves	-	-	-	-	-	-	4,446,623	-	4,446,623	
Equity attributable to equity holders of the Company	-	-	-	-	-	-	7,169,593	-	7,169,593	
Minority interests	-	-	-	-	-	-	84,352	-	84,352	
Total equity	-	-	-	-	-	-	7,253,945	-	7,253,945	
TOTAL LIABILITIES AND EQUITY	24,546,203	10,616,133	7,720,726	8,472,577	3,838,918	3,931,830	24,065,320	-	83,191,707	
On-balance sheet interest rate gap sensitivity	2,781,565	(6,840,818)	(6,973,325)	(7,845,405)	4,558,279	11,564,177	(3,943,483)	6,699,010	-	
Off-balance sheet interest rate gap sensitivity	2,576,862	7,718,038	(3,531,661)	(3,581,237)	(4,006,040)	803,608	-	-	(20,430)	
Total interest rate gap sensitivity	5,358,427	877,220	(10,504,986)	(11,426,642)	552,239	12,367,785	(3,943,483)	6,699,010	(20,430)	
Cumulative interest rate gap sensitivity	5,358,427	6,235,647	(4,269,339)	(15,695,981)	(15,143,742)	(2,775,957)	(6,719,440)	(20,430)		

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

A29. CAPITAL ADEQUACY

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

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

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

	The Group	
	31.12.08	31.3.08
	RM'000	RM'000
Tier 1 capital		
Paid-up ordinary share capital	2,722,970	2,722,970
Share premium	1,986,836	1,986,857
Statutory reserve	1,245,433	1,245,433
Hybrid capital	798,947	673,830
Exchange fluctuation reserve	14,869	8,166
Unappropriated profit at end of period/year	1,721,739	1,163,267
Minority interests	169,870	84,352
Total	<u>8,660,664</u>	<u>7,884,875</u>
Less : Goodwill	1,730,935	1,732,872
Deferred tax assets - net	339,859	602,658
Total tier 1 capital	<u>6,589,870</u>	<u>5,549,345</u>
Tier 2 capital		
Subordinated term loan	-	403,243
Medium Term Notes	1,460,000	860,000
Unsecured bonds	1,090,000	1,750,000
General allowance for bad and doubtful debts	890,697	845,225
Total tier 2 capital	<u>3,440,697</u>	<u>3,858,468</u>
Capital base	10,030,567	9,407,813
Less: Restriction on borrowing	-	238,571
Capital base	<u>10,030,567</u>	<u>9,169,243</u>
Risk-weighted assets	<u>69,973,275</u>	<u>67,898,253</u>
Capital Ratios:		
Core capital ratio	9.42%	8.17%
Risk-weighted capital ratio	14.33%	13.50%
Core capital ratio (net of proposed dividend)	9.42%	7.99%
Risk-weighted capital ratio (net of proposed dividend)	<u>14.33%</u>	<u>13.32%</u>

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

	31.12.08		31.3.08	
	Principal Amount RM'000	Risk- Weighted Amount RM'000	Principal Amount RM'000	Risk- Weighted Amount RM'000
0%	12,712,813	-	11,911,523	-
20%	5,813,847	1,162,769	2,982,733	596,547
35%	3,066,193	1,073,168	2,967,500	1,038,625
50%	6,488,890	3,244,445	5,750,598	2,875,299
75%	34,457,244	25,842,933	33,910,030	25,432,523
100%	26,656,091	26,656,091	24,796,708	24,796,708
150%	2,923,158	4,384,737	2,373,580	3,560,370
	<u>92,118,236</u>	<u>62,364,143</u>	<u>84,692,672</u>	<u>58,300,071</u>
Add: Total risk weighted assets equivalent for market risks		3,011,269		5,198,595
Add: Total risk weighted assets equivalent for operational risks		4,588,995		4,384,664
Add: Large Exposure Risk requirements for equity holdings		8,868		14,923
		<u>69,973,275</u>		<u>67,898,253</u>

A31. ISLAMIC BANKING BUSINESS

The state of affairs as at 31 December 2008 and the results for the period ended 31 December 2008 of the Islamic banking business of the Group and included in the financial statements after elimination of intercompany transactions and balances are summarised as follows:

UNAUDITED CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2008

	The Group	
	31.12.08	31.3.08
	RM'000	RM'000
ASSETS		
Cash and short-term funds	2,536,180	1,921,662
Deposit and placements with banks and other financial institutions	-	-
Securities held-for-trading	276,347	559,411
Securities available-for-sale	602,406	-
Securities held-to-maturity	34,642	32,373
Financing, advances and other loans	9,476,074	8,019,646
Statutory deposits with Bank Negara Malaysia	302,179	271,700
Other receivables, deposits and prepayments	80,877	127,469
Property and equipment	474	536
Deferred tax assets	114,882	157,781
Intangible assets	605	611
TOTAL ASSETS	13,424,666	11,091,189
LIABILITIES AND ISLAMIC BANKING FUNDS		
Deposits from customers	7,164,534	5,872,599
Deposits and placements of banks and other financial institutions	3,749,822	2,681,413
Converted fund	6,367	2,160
Acceptances payable	631,380	547,347
Other liabilities	188,950	154,200
Subordinated Sukuk Musyarakah	400,000	400,000
Total Liabilities	12,141,053	9,657,719
ISLAMIC BANKING FUNDS		
Share capital/Capital funds	435,877	505,877
Reserves	847,736	927,593
Islamic Banking Funds	1,283,613	1,433,470
TOTAL LIABILITIES AND ISLAMIC BANKING FUNDS	13,424,666	11,091,189
COMMITMENTS AND CONTINGENCIES	4,947,743	6,111,742

**UNAUDITED CONSOLIDATED INCOME STATEMENT
FOR THE FINANCIAL QUARTER ENDED 31 DECEMBER 2008**

The Group	Individual Quarter		Cumulative Quarter	
	31.12.08	31.12.07	31.12.08	31.12.07
	RM'000	RM'000	RM'000	RM'000
Income derived from investment of depositors' funds and others	217,756	171,919	589,102	527,746
Allowance for losses on financing	(19,129)	(39,079)	(66,853)	(108,801)
Provision for commitment and contingencies	1,595	-	(13,251)	-
Impairment loss for sundry debt	-	-	(18)	-
Transfer from profit equalization reserve	(8,292)	(1,849)	(1,487)	26,287
Total attributable income	191,930	130,991	507,493	445,232
Income attributable to the depositors	(100,460)	(90,450)	(291,658)	(275,718)
Profit attributable to the Group	91,470	40,541	215,835	169,514
Income derived from Islamic Banking Funds	31,340	47,717	132,877	145,447
Total net income	122,810	88,258	348,712	314,961
Operating expenditure	(56,280)	(52,131)	(165,019)	(152,472)
Finance cost	(4,840)	(5,475)	(14,466)	(17,062)
Profit before taxation	61,690	30,652	169,227	145,427
Taxation	(16,653)	(16,244)	(44,543)	(54,752)
Profit for the period	45,037	14,408	124,684	90,675

A31a. Financing, Advances and Other Loans

	The Group	
	31.12.08	31.3.08
	RM'000	RM'000
Term financing/Revolving credit facilities	2,958,336	2,309,469
Islamic hire purchase, net of unearned income	4,987,795	4,327,138
Credit card receivables	319,243	267,965
Trust receipts	47,597	44,996
Claims on customer under acceptance credits	809,438	686,376
Other financing	655,285	692,092
Gross financing, advances and other loans	9,777,694	8,328,036
Allowance for bad and doubtful debts and financing		
-general	(166,749)	(154,954)
-specific	(134,871)	(153,436)
	(301,620)	(308,390)
Net financing, advances and other loans	9,476,074	8,019,646

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

	The Group	
	31.12.08	31.3.08
	RM'000	RM'000
Gross		
Balance at beginning of period/year	305,321	503,084
Non-performing during the period/year	150,883	206,068
Reclassification to performing financing	(60,289)	(103,518)
Recoveries	(24,494)	(70,877)
Amount written off	(93,810)	(229,436)
Balance at end of period/year	277,611	305,321
Specific allowance	(134,871)	(153,436)
Non-performing financing - net	142,740	151,885
Net NPL as % of gross financing, advances and other loans (including Islamic financing sold to Cagamas Berhad) less specific allowance	1.31%	1.51%

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

	The Group	
	31.12.08	31.3.08
	RM'000	RM'000
General Allowance		
Balance at beginning of period/year	154,954	139,511
Allowance made during the period/year	11,795	15,443
Balance at end of period/year	<u>166,749</u>	<u>154,954</u>
% of total financing, advances and other loans (including Islamic financing sold to Cagamas Berhad) less specific allowance	<u>1.53%</u>	<u>1.54%</u>
Specific Allowance		
Balance at beginning of period/year	<u>153,436</u>	<u>253,699</u>
Allowance made during the period/year	114,049	217,276
Amount written back in respect of recoveries	<u>(37,107)</u>	<u>(78,514)</u>
Net charge to income statement	76,942	138,762
Amount written off/Adjustment to Asset Deficiency Account	<u>(95,507)</u>	<u>(239,025)</u>
Balance at end of period/year	<u>134,871</u>	<u>153,436</u>

A31b. DEPOSITS FROM CUSTOMERS

	The Group	
	31.12.08	31.3.08
	RM'000	RM'000
Mudarabah Fund		
Special Investment deposits	37,550	424,785
General Investment deposits	<u>5,597,620</u>	<u>4,119,669</u>
	<u>5,635,170</u>	<u>4,544,454</u>
Non-Mudarabah Fund		
Demand deposits	658,577	520,564
Saving deposits	864,294	801,032
Negotiable Islamic debt certificates	<u>6,493</u>	<u>6,549</u>
	<u>1,529,364</u>	<u>1,328,145</u>
	<u>7,164,534</u>	<u>5,872,599</u>

A31c. OTHER LIABILITIES

	The Group	
	31.12.08	31.3.08
	RM'000	RM'000
Other payables and accruals	134,178	105,075
Taxation and zakat payable	7,851	6,581
Amount owing to head office	976	68
Lease deposits and advance rentals	6,829	4,869
Profit equalisation reserve	39,116	37,607
	<u>188,950</u>	<u>154,200</u>

A32. RECLASSIFICATION

BNM Circular on Reclassification of Securities under Specific Circumstances

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

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

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

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

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

- (iii) Effects on Income Statements for the 6 months period ended 30 September 2008

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

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

The Group	31.12.08		30.9.08	
	Carrying amount	Fair values	Carrying amount	Fair values
	RM'000	RM'000	RM'000	RM'000
Securities reclassified from securities held-for-trading to securities available for sale	702,535	683,668	822,964	785,770

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

The Group registered a net profit of RM681.0 million for the nine months ended 31 December 2008, an improvement of RM230.0 million compared to the previous corresponding period of RM451.0 million. The higher earnings was mainly attributed to improved net interest income and income from Islamic banking business, lower loan loss provisions, lower minority interest and impairment losses offset by a reduction in other operating income.

The Group's net profit for the third quarter was RM248.0 million or 25.3% higher than the previous corresponding quarter of RM197.8 million. The higher earnings was mainly due to higher net income from Islamic banking business which recorded an increase of RM20.1 million or 16.2%, higher interest income on loans and advances which rose to RM814.7 million from RM765.6 million in the previous corresponding quarter and a lower impairment losses on securities which dropped by RM71.3 million.

The Group's commercial and retail banking operations were the largest contributors to the Group pre-tax profit, reporting a pre-tax profit of RM896.4 million followed by insurance operations which contributed RM48.3 million for the period ended 31 December 2008.

Gross loans and advances continued to expand to RM58.4 billion to register an annualised growth of 8.6%. The growth was mainly attributed to financing of residential mortgages, passenger vehicles and small and medium sized industries. Financing for purchase of transport vehicles have expanded by RM490.5 million and account for 41.3% of total loans, followed by loans for residential mortgages which accounted for 18.7% of total loans.

The Group continued to see further improvement in asset quality, with net non-performing loans ("NPL") ratio on a 3-month classification basis, decreasing to 2.7%, from 3.7% as at 31 March 2008, due to the intensified loan recovery efforts.

As at 31 December 2008, the Group's total assets stood at RM86.5 billion. Meanwhile, the Group's risk-weighted capital ratio ("RWCR") stood at 14.33% as at 31 December 2008, compared with 13.50% as at 31 March 2008.

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

B2. REVIEW OF MATERIAL CHANGES IN PROFIT BEFORE TAXATION

The Group reported a pre-tax profit of RM344.9 million for the third quarter ended 31 December 2008 as compared to RM325.7 million for the second quarter ended 30 September 2008 mainly due to AmAB Holdings Sdn Bhd gain on disposal of 19% equity interest in AmG Insurance to IAG of RM95.5 million and lower marked to market losses on derivatives. These, however, was partially offset by a higher loan loss allowances.

B3. PROSPECTS FOR 31 MARCH 2009

The impact of the financial meltdown that began in the USA since 2007 has spiralled worldwide. The effects of the global economic downturn are expected to fully precipitate nationally in the calendar year 2009. Given the scale of the global economy downturn at unprecedented momentum, the national Real GDP forecast for 2009 is projected at circa 3%, with downward bias. Industry lending growth is forecasted to taper off to circa 6% in 2009. The economy is anticipated to begin rebound towards mid 2010.

Under tougher market conditions, the Group's business opportunities will be focused on higher profitability segments. Business/SME and Retail banking will be the main growth drivers. The Group is poised to weather global, regional and domestic volatilities. In the past year, the Group has taken steps to strengthen its position; it will continue to leverage its strategic partnership with the Australia and New Zealand Banking Group (ANZ) to enlarge business presence and improve operating infrastructure. In addition, the Group has undertaken the internal restructuring of business activities to facilitate growth.

Moving ahead, the Group will pursue greater brand recognition to grow customer base, assets and deposits portfolio. Added emphasis will be placed on garnering low-cost transactional deposits and improving the cost of funding framework. The Group is confident of achieving the market consensus estimates on its profits for the financial year ending 31 March 2009, barring major negative economic impacts lasting longer and deeper.

B4. VARIANCE FROM PROFIT FORECAST AND SHORTFALL FROM PROFIT GUARANTEE

This is not applicable to the Group.

B5. TAXATION

The Group	Individual Quarter		Cumulative Quarter	
	30.9.08 RM'000	30.9.07 RM'000	30.9.08 RM'000	30.9.07 RM'000
Estimated current tax payable	4,693	1,531	22,479	100,571
Transfer from deferred tax	86,569	83,082	229,409	198,025
	<u>91,262</u>	<u>84,613</u>	<u>251,888</u>	<u>298,596</u>
Overprovision of current taxation in respect of prior years	38	55	(506)	47
Taxation	<u>91,300</u>	<u>84,668</u>	<u>251,382</u>	<u>298,643</u>
Zakat	345	-	374	-
Taxation and zakat	<u>91,645</u>	<u>84,668</u>	<u>251,756</u>	<u>298,643</u>

The total tax charge of the Group for the financial quarter ended 31 December 2008 and 2007 reflect an effective tax rate which is higher than the statutory tax rate due mainly to disallowances of certain expenses.

B6. SALE OF INVESTMENTS AND/OR FORECLOSED PROPERTIES

The Group	Individual Quarter		Cumulative Quarter	
	30.9.08 RM'000	30.9.07 RM'000	30.9.08 RM'000	30.9.07 RM'000
Net (loss)/gain from sale of securities held-for-trading	5,602	352	(75,845)	113,737
Net (loss)/gain from sale of securities available-for-sale	(11,799)	2,895	224	29,702
Net gain from redemption of securities held-to-maturity	12,214	56,918	34,808	102,796
Impairment loss on securities	<u>(12,453)</u>	<u>(83,734)</u>	<u>(47,534)</u>	<u>(97,258)</u>

B7. QUOTED SECURITIES

This note is not applicable to financial institutions.

B8. CORPORATE PROPOSALS

1. With reference to our announcements dated 24 October 2007 and 18 March 2008 in respect of the approvals by Bank Negara Malaysia ("BNM") for AmAssurance Berhad (now known as AmLife Insurance Berhad), a subsidiary of AMMB Holdings Berhad ("AHB"), to commence negotiations with MAA Holdings Berhad ("MAA Holdings") for the proposed acquisition of:-

(a) the general insurance business of Malaysian Assurance Alliance Berhad ("MAA Assurance"), a composite insurance subsidiary of MAA Holdings; and

(b) an equity stake in MAA Takaful Berhad ("MAA Takaful"), the Takaful insurance subsidiary of MAA Holdings.

Collectively, the "Proposed Acquisitions").

Further thereto, AmG Insurance Berhad ("AmG") a subsidiary of AHB, has on 10 November 2008 entered into a non-binding memorandum of understanding ("MOU") with MAA Holdings and MAA Assurance in respect of the Proposed Acquisitions. The Proposed Acquisitions will involve AmG acquiring:-

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

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

Further details on the Proposed Acquisitions will be announced after the approvals of Bank Negara Malaysia ("BNM") and the Minister of Finance ("MOF") are obtained.

2. Upon obtaining the necessary approvals from the relevant authorities, on 11 March 2008, AmBank proposed an issuance of up to Singapore Dollar ("SGD") 425 million Non-Innovative Tier 1 Capital ("NIT1"), comprising of Non-Cumulative Perpetual Capital Securities ("NCPCS") issued by AmBank, which are stapled to Subordinated Notes ("SubNotes") issued by AmCapital (L) Inc ("AmCapital"), a wholly-owned subsidiary of AmBank ("together constitute the Stapled Securities").

The Stapled Securities will be issued and offered to certain non-United States of America resident persons as defined in Section 902(k) of Regulations S in offshore transactions under the United States Securities Act of 1933 ("US Securities Act"), as amended from time to time. In addition, the Stapled Securities may only be issued to or offered for sale or subscription by persons outside Malaysia. The NCPCS and SubNotes cannot be traded separately until the occurrence of certain Assignment Events.

The proposed issuance of NIT1 is being undertaken by AmBank to fund the growth of AmBank's business operations.

The Securities Commission had approved an extension of time of up to 21 February 2009 to implement and complete the proposed issuance of the Stapled Securities.

The Stapled Securities are rated BB by both Fitch Ratings Ltd. and Standard & Poor's.

B8. CORPORATE PROPOSALS (CONTD.)

3. On 19 December 2007, the Company received BNM approval involving the re-alignment of the shareholding structure of certain operating subsidiaries to fully constitute the Capital Market Group and Asset Management Group (the “Proposed Internal Transfer”).

The Proposed Internal Transfer, will involve the intra-group transfer of the following AmBank Group companies:-

- (a) AmInvestment Bank will acquire from AmSecurities Holding Sdn Bhd (“AMSH”) the following companies:-
- (i) AmFutures Sdn Bhd, a licenced futures broker for a cash consideration based on book value;
 - (ii) AmResearch Sdn Bhd, a licenced investment adviser, for a cash consideration based on book value; and
 - (iii) PT. AmCapital Indonesia (“AMCI”), the Group’s Indonesian Subsidiary which is licenced to undertake stockbroking, underwriting and investment management activities, for a cash consideration based on cost of investment.
- (b) AIGB will acquire from AmInvestment Bank the following companies:-
- (i) AmInvestment Management Sdn Bhd, an asset management company, for a cash consideration based on book value; and
 - (ii) AmInvestment Services Berhad, a unit trust management company for a cash consideration based on book value.

In addition to the approval of BNM, the Proposed Internal Transfer is subject to the approvals of Securities Commission (other than for the transfer of AMCI), Badan Pengawas Pasar Modal dan Lembaga Kewangan, the Indonesian securities regulatory authority, for the transfer of AMCI, and any other relevant authorities, if necessary.

4. AmBank (M) Berhad (“AmBank”), a wholly-owned subsidiary of AMMB Holdings Berhad, has obtained Bank Negara Malaysia’s approval via its letter dated 23 December 2008 for the proposed issuance of up to RM500 million non-innovative Tier 1 capital under a programme (“Proposed Issuance”) and the establishment of a wholly owned subsidiary (in connection with the Proposed Issuance) pursuant to section 29 of the Banking and Financial Institutions Act 1989.

To facilitate the Proposed Issuance, AmBank has, on 30 December 2008, acquired two (2) ordinary shares of RM1.00 each representing the entire issued and paid up capital of AmPremier Capital Berhad (“AmPremier”), for a cash consideration of RM2.00, thereby making AmPremier a wholly owned subsidiary of AmBank.

B8. CORPORATE PROPOSALS (CONTD.)

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

Further details of the Proposed Issuance will be announced in due course once all relevant approvals have been obtained.

5. AmInvestment Bank Berhad (“AmInvestment Bank”) is proposing to undertake a Bumiputera issue of 96,300,000 new ordinary shares of RM1.00 each in the Company (“Shares”) (“Special Issue Shares”) to Bumiputera shareholders of AHB who qualify under the Capital Markets and Services Act, 2007 (“CMSA”) to be identified later (“Identified Bumiputera Shareholders”) at an issue price to be determined after obtaining all relevant approvals (“Proposed Special Issue”).

The Proposed Special Issue is being undertaken to enable AHB to comply with the Bumiputera equity condition imposed by the Securities Commission (“SC”) pursuant to its approval for the equity participation of Australia and New Zealand Banking Group Limited (“ANZ”) in AHB (“ANZ Equity Participation”).

Bank Negara Malaysia (“BNM”) has vide its letter dated 14 January 2009 informed AHB that:

- (i) BNM has approved the Proposed Special Issue; and
- (ii) the Minister of Finance has approved AmcorpGroup Berhad (“Amcorp”) increasing its interests in AHB Shares up to 20% of the enlarged issued and paid-up share capital of AHB through the acquisition of the Special Issue Shares that Amcorp may be allocated pursuant to the Proposed Special Issue.

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

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

The total proceeds to be raised under the Proposed Special Issue cannot be determined at this juncture as it will depend on the issue price of the Special Issue Share.

The proceeds from the Proposed Special Issue are expected to be utilised for working capital requirements after defraying expenses in relation to the Proposed Special Issue.

The Proposed Special Issue is subject to the following approvals:

- (i) The SC;
- (ii) Equity Compliance Unit of SC under the Foreign Investment Committee guidelines;
- (iii) Bursa Securities for the listing and quotation of the Special Issue Shares;
- (iv) BNM which was received on 14 January 2009;
- (v) Ministry of Finance for the recognition of the Bumiputera status of the Identified Bumiputera Shareholders;
- (vi) The shareholders of AHB at an Extraordinary General Meeting (“EGM”) to be convened
- (vii) Any other relevant authorities (where applicable).

B9. BORROWINGS

	The Group	
	31.12.08	31.3.08
	RM'000	RM'000
(i) Deposits from customers		
Due within six months	38,755,699	37,253,676
Six months to one year	9,539,571	7,680,899
One year to three years	1,825,866	2,025,505
Three to five years	547,012	807,371
	<u>50,668,148</u>	<u>47,767,451</u>
(ii) Deposits and placements of banks and other financial institutions		
Due within six months	12,651,797	9,985,559
Six months to one year	1,794,318	1,772,255
One year to three years	1,374,024	1,288,415
Three to five years	1,345,844	2,072,460
	<u>17,165,983</u>	<u>15,118,689</u>
<i>Recap:</i>		
<i>Interbank lendings</i>	9,262,332	11,832,476
<i>Interbank borrowings</i>	(789,201)	(37,001)
<i>Net interbank lendings</i>	<u>8,473,131</u>	<u>11,795,475</u>
(iii) Term loans		
Due within one year		
Secured	<u>503,927</u>	<u>1,790,844</u>
(vi) Subordinated term loan		
More than one year	<u>-</u>	<u>460,000</u>
(v) Unsecured bonds		
More than one year	<u>1,090,000</u>	<u>1,750,000</u>
(vi) Hybrid capital		
More than one year	<u>798,947</u>	<u>673,830</u>
<p>The above hybrid capital is denominated in USD. Principal amount - USD200.0 million.</p>		
(vii) Medium Term Notes		
More than one year	<u>1,460,000</u>	<u>860,000</u>

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

The salient features of the exchangeable bonds are as follows:

- (i) The exchangeable bonds bear interest at 5.00% per annum for the first five (5) years and subsequently at 5.50% for the next five (5) years. The interest is payable on a quarterly basis.
- (ii) The exchangeable bonds is redeemable at the nominal amount ten (10) years from issue date.
- (iii) The exchangeable bonds is for a period of ten (10) years. ANZ has the right to exchange all or any of the exchangeable bonds for ordinary listed shares of the Company, at any time/times up to Year 10, at RM3.05 per share.

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

B10. DERIVATIVE FINANCIAL INSTRUMENTS

Please refer to note A27

B11. MATERIAL LITIGATION

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

B12. DIVIDENDS

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

B13. EARNINGS PER SHARE (SEN)

a. Basic earnings per share

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

	Individual Quarter		Cumulative Quarter	
	31.12.08	31.12.07	31.12.08	31.12.07
	RM'000	RM'000	RM'000	RM'000
Net profit attributable to equity holders of the Company	247,963	197,848	681,006	451,049
Number of ordinary shares at beginning of period	2,722,970	2,130,584	2,722,970	2,130,565
Effect of ordinary shares issued pursuant to:				
- exercise of Warrants 2003/2008	-	1,272	-	642
- conversion of CPS	-	163,934	-	120,935
Weighted average number of ordinary shares in issue	2,722,970	2,295,790	2,722,970	2,252,142
Basic earnings per share (Sen)	9.11	8.62	25.01	20.03

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

b. Fully diluted earnings per share

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

The Company has two categories of dilutive potential ordinary shares:

- (i) Warrants 2003/2008 (expired on 20 March 2008)
- (ii) Unsecured exchangeable bonds

	Individual Quarter		Cumulative Quarter	
	31.12.08 RM'000	31.12.07 RM'000	31.12.08 RM'000	31.12.07 RM'000
Net profit attributable to equity holders of the Company	247,963	197,848	681,006	451,049
Weighted average number of ordinary shares in issue (as in (a) above)	2,722,970	2,295,790	2,722,970	2,252,142
Adjusted for:				
Exercise of Warrants 2003/2008	-	63,506	-	63,506
Conversion of unsecured exchangeable bonds	-	56,036	-	56,036
Adjusted weighted average number of ordinary shares in issue and issuable	2,722,970	2,415,332	2,722,970	2,371,684
Fully diluted earnings per share (Sen)	9.11	8.19	25.01	19.02

For the financial quarter and period ended 31 December 2008, outstanding unsecured exchangeable bonds has been excluded in the computation of fully diluted earnings per RM1.00 ordinary share for the Group, as their exercise and conversion to ordinary shares would increase earnings per share.

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

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

Date : 13 February 2009