

Company No. 8515–D

AmBank (M) Berhad

(Company No. 8515–D)
(Incorporated in Malaysia)

**Financial Statements
For the Financial Year Ended
31 March 2009**

(In Ringgit Malaysia)

AmBank (M) Berhad
(Incorporated in Malaysia)
And Its Subsidiary Companies

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AmBank (M) Berhad
And Its Subsidiary Companies
(Incorporated in Malaysia)

DIRECTORS' REPORT

The directors have pleasure in presenting their report and the audited financial statements of the Group and of the Bank for the financial year ended 31 March 2009.

PRINCIPAL ACTIVITIES

The principal activity of the Bank is to carry on the business of a licensed commercial bank which also includes the provision of Islamic banking services via its wholly owned subsidiary AmIslamic Bank Berhad ("AmIslamic Bank").

The principal activities of its subsidiaries are disclosed in Note 14 to the financial statements.

There have been no significant changes in the nature of the activities of the Bank and its subsidiaries during the financial year.

SIGNIFICANT EVENTS

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

The transfer of the Fund-Based Activities was in relation to a group restructuring exercise approved by the Minister of Finance as announced by AMMB Holdings Berhad ("AHB"), the Group's ultimate holding company, on 11 March 2008 to Bursa Malaysia Securities Berhad. The transfer of the Fund-Based Activities was effected pursuant to Section 50 of the Banking and Financial Institutions Act, 1989 by way of vesting orders obtained from High Courts. The transfer of the Fund-Based Activities was effected on 12 April 2008, 26 September 2008 and 1 March 2009. The total purchase consideration for all the net assets transferred amounted to RM1.117 billion and RM1.432 billion for the Bank and the Group respectively.

- (2) On 9 April 2008, the Bank issued the Sixth Tranche of Medium Term Notes ("MTN") amounting to RM600 million. The proceeds raised was utilised for the refinancing of existing subordinated debts and general working capital requirements. To date, the Bank has issued a total of RM1.46 billion MTN under the RM2.0 billion nominal value MTN Programme.

SIGNIFICANT EVENTS (CONTD.)

- (3) The Bank has successfully completed the RM500 million RM NIT1 Programme, as part of its capital management initiatives to support and strengthen its capital position whereby the first tranche of RM200 million was issued on 27 February 2009 whilst the remaining RM300 million was issued on 6 March 2009.

The RM NIT1 issuance is structured in accordance with the Risk-Weighted Capital Adequacy Framework (General Requirements and Capital Components) issued by Bank Negara Malaysia (“BNM”). The RM NIT1 comprises the Non Cumulative Perpetual Capital Securities (“NCPCS”) issued by the Bank, and Subordinated Notes (“SubNotes”) issued by AmPremier Capital Berhad (“AmPremier”), a newly incorporated wholly-owned subsidiary company of the Bank which are stapled together with the NCPCS. The stapled NCPCS and the SubNotes together constitute the “Stapled Capital Securities”. The NCPCS and SubNotes cannot be traded separately until the occurrence of certain Assignment Events. The Stapled Capital Securities are rated A3 by RAM Rating Services Berhad.

BNM and Securities Commission had, via their letters dated 23 December 2008 and 6 January 2009 respectively, approved the RM NIT1 Programme.

The gross proceeds raised from the RM NIT1 Programme will be applied towards funding the growth of the Bank’s business operations.

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

FINANCIAL RESULTS

	The Group RM'000	The Bank RM'000
Profit before zakat and taxation	1,011,659	759,194
Zakat	(1,032)	-
Taxation	<u>(309,457)</u>	<u>(253,409)</u>
Profit for the year	<u>701,170</u>	<u>505,785</u>
Attributable to:		
Equity holders of the Bank	701,183	505,785
Minority interests	<u>(13)</u>	<u>-</u>
Profit for the year	<u>701,170</u>	<u>505,785</u>

BUSINESS PLAN AND STRATEGY

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

Despite the tougher operating landscape, AHB and its subsidiaries ("AHB Group") will continue to target for profitable growth and dynamic rebalancing. In addition, key priorities for the AHB Group for the coming financial year will be to preserve its strong capital position, enhance risk management and streamlining operations for improved productivity and cost efficiency. AHB Group remains committed in delivering value to its shareholders, customers and employees. AHB Group will stay disciplined in executing to its strategic agenda around de-risking, and diversifying away from concentrations and re-positioning the business for differentiated growth. This will enable the AHB Group to stay resilient and build on the headstart advantage that it has had since early 2008.

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

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

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

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

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

Since its inception, AmIslamic Bank, the Bank's wholly owned Islamic banking subsidiary has shown remarkable growth by capitalising on the robust demand for Islamic financial services. AmIslamic Bank had forged tie-ups and alliances with companies whereby its Al-Tasliif card members were introduced with easy payment plans and Takaful Investment-linked plans for its customers to invest in specific Islamic deposits. In the retail and business banking areas, new products were launched which include Islamic Floor Stocking-i, Islamic Repos, Revolving Credit-i and Islamic structured deposits called Active Commodities Islamic Negotiable Instrument of Deposit.

OUTLOOK FOR NEXT FINANCIAL YEAR

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

The banking system will face slower credit demand in most segments and deteriorating asset quality as compared to 2008. At present, the financial system's NPL's is at its lowest since the Asian financial crisis period in 1998-1999. The Second Stimulus Package (of RM60 billion announced by the Federal Government on 10 March 2009) will provide some cushion against increasing NPL's, as it is focused on reducing unemployment, and providing working capital schemes and financial guarantees for credit enhancement. Further easing of monetary policies may materialize to boost economic activity.

The AHB Group will stay focused on executing its strategies built around de-risking, diversifying away from concentrations and differentiated growth via targeting profitable business segments. Enhanced credit control, new risk scorecards and methodologies, and collections and recoveries management will receive heightened focus areas in the coming year. The AHB Group will also continue to focus on building its brand name, growing deposits including low-cost deposits, progressively expanding distribution footprints, and introducing superior products and services. Over the past two years, the AHB Group has also taken steps to strengthen its capital and balance sheet positions.

The AHB Group is well positioned to weather short term global, regional and national volatilities with its diversified business portfolio across retail and business banking, investment banking and markets, and insurance. The AHB Group's strategic partnership with ANZ and internal business restructuring will continue to underpin its ability to deliver profitable growth over the medium term.

ITEMS OF AN UNUSUAL NATURE

In the opinion of the directors, the results of the operations of the Group and of the Bank during the financial year 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 year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect substantially the results of the operations of the Group and of the Bank for the current financial year in which this report is made.

DIVIDENDS

No dividend on ordinary shares has been paid or declared by the Bank since the end of the previous financial year. The directors do not recommend the payment of any dividend on ordinary shares in respect of the current financial year.

RESERVES AND ALLOWANCES

There were no material transfers to or from reserves, allowances or provisions during the financial year other than those disclosed in the financial statements.

ISSUANCE OF SHARES AND DEBENTURES

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

With the conversion of ICULS, the issued and fully paid-up ordinary share capital of the Bank increased to 670,363,762 ordinary shares of RM1.00 each. The resultant share premium arising from conversion amounting to RM232,183,993 was credited to the Share Premium account. The new ordinary shares issued during the financial year rank pari passu in all respects with the existing shares of the Bank.

There were no issuance of debentures during the financial year.

SHARE OPTIONS

No options have been granted by the Bank to any parties during the financial year to take up unissued shares of the Bank.

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

BAD AND DOUBTFUL DEBTS AND FINANCING

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

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

VALUATION METHODS

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

CONTINGENT AND OTHER LIABILITIES

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

- (a) any charge on the assets of the Group and of the Bank which has arisen since the end of the financial year which secures the liability of any other person; or
- (b) any contingent liability in respect of the Group and of the Bank that has arisen since the end of the financial year, other than those incurred in the normal course of business.

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

CHANGE OF CIRCUMSTANCES

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

CURRENT ASSETS

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

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

DIRECTORS

The directors of the Bank who served on the Board since the date of the last report and at the date of this report are:

Tan Sri Dato' Azman Hashim
Tun Mohammed Hanif Omar
Tan Sri Datuk Clifford Francis Herbert
Dato' Gan Nyap Liou @ Gan Nyap Liow
Tan Kheng Soon
Cheah Tek Kuang
Ashok Ramamurthy (appointed on 18.11.2008)
Anthony John Healy (resigned on 31.10.2008)

In accordance with Article 95 of the Bank's Articles of Association, Mr Ashok Ramamurthy, retires at the forthcoming Annual General Meeting and, being eligible, offers himself for re-election.

Pursuant to Section 129 of the Companies Act, 1965, Tan Sri Dato' Azman Hashim, Tun Mohammed Hanif Omar and Mr Tan Kheng Soon, retire at the forthcoming Annual General Meeting and offer themselves for reappointment to hold office until the conclusion of the next Annual General Meeting.

DIRECTORS' INTERESTS

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

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

DIRECT INTERESTS

**In the ultimate holding company,
AMMB Holdings Berhad**

No. of ordinary shares of RM1.00 each

Shares	Balance at	No. of ordinary shares of RM1.00 each		Balance at
	1.4.2008/Date of Appointment	Bought	Sold	31.3.2009
Tan Kheng Soon	25,000	-	-	25,000
Cheah Tek Kuang	78,800	-	-	78,800
Ashok Ramamurthy	100,000	-	-	100,000

DEEMED INTEREST

**In the ultimate holding company,
AMMB Holdings Berhad**

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

By virtue of Tan Sri Dato Azman Hashim's shareholding in the ultimate holding company, AMMB Holdings Berhad, he is deemed to have interests in the shares of the Bank and its related corporations, to the extent the ultimate holding company has an interest.

None of the other directors in office at the end of the financial year had any interest in shares in the Bank or its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director of the Bank has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by directors as shown in Note 43 to the financial statements) by reason of a contract made by the Bank or a related corporation with the director or with a firm in which the director is a member, or with a company in which the director has a substantial financial interest, other than for the related party transactions as shown in Note 42 to the financial statements.

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

CORPORATE GOVERNANCE

(a) Board Responsibility and Oversight

The Board of Directors (the "Board") remains fully committed in ensuring that the principles and best practices in corporate governance are applied consistently in the Bank and its subsidiaries. The Board complies with the best practices in corporate governance as set out in the Malaysian Code on Corporate Governance.

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

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

The Board currently comprises seven (7) directors with wide skills and experience, four (4) of whom are Independent Non-Executive Directors. The Directors participate fully in decision making on key issues regarding the Bank and its subsidiaries. The Independent Non-Executive Directors ensure strategies proposed by the management are fully discussed and examined, as well as taking into account the long term interests of various stakeholders.

There is a clear division between the roles of Chairman and the Chief Executive Officer of the Bank. The Senior Management team of the Bank are invited to attend Board Meetings to provide presentations and detailed explanations on matters that have been tabled. The Company Secretary has been empowered by the Board to assist the Board in matters of governance and in complying with statutory duties.

CORPORATE GOVERNANCE (CONTD.)**(b) Committees of the Board**

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

1. Nomination Committee *
2. Remuneration Committee *
3. Audit and Examination Committee
4. Risk Management Committee

*Dissolved on 23 July 2008 with the establishment of Group Nomination Committee and Group Remuneration Committee at Group level (AMMB Holdings Berhad).

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

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

Number of meetings attended in Financial Year 2009 ("FY2009")					
	Board of Directors	Nomination Committee	Remuneration Committee	Audit and Examination Committee	Risk Management Committee
Tan Sri Dato' Azman Hashim	12 (Chairman)	1	3	N/A	N/A
Tun Mohammed Hanif Omar	12	1 (Chairman)	3 (Chairman)	10	N/A
Tan Sri Datuk Clifford Francis Herbert	12	1	3	10 (Chairman)	7 (Chairman)
Dato' Gan Nyap Liou @ Gan Nyap Liow	10	N/A	N/A	8	6
Tan Kheng Soon	12	1	N/A	N/A	7
Cheah Tek Kuang	12	1	N/A	N/A	N/A
Ashok Ramamurthy*	5	N/A	N/A	N/A	N/A
Anthony John Healy**	6	1	2	5	N/A
Number of meetings held in FY2009	12	1	3	10	7

Notes:

1. All attendances reflect the number of meetings attended during Directors' duration of service.
2. N/A represents non-committee member
3. * Appointed on 18.11.2008
** Resigned on 31.10.2008

CORPORATE GOVERNANCE (CONTD.)

Nomination Committee

The Committee comprised six (6) members, three (3) of whom are Independent Non-Executive Directors. It was responsible for regularly reviewing the board structure, size and composition, as well as making recommendation to the Board with regard to any changes that are deemed necessary. It also recommended the appointment of Directors to the Board and Committees of the Board as well as the annual review of the performance of the Board, Committees of the Board and of individual Directors, the mix of skills and experience and other qualities and competencies that Non-Executive Directors should bring to the Board.

The Committee was dissolved on 23 July 2008 following the establishment of Group Nomination Committee ("GNC") on even date at AMMB Holdings Berhad, the Bank's ultimate holding company, and the functions of the Committee were taken over by the GNC.

Remuneration Committee

The Committee comprised four (4) members, all of whom are Non-Executive Directors. The Committee was responsible for determining and recommending to the Board the framework or broad policy for the remuneration of the Directors, the Chief Executive Officer and other Senior Management staff.

The Committee was dissolved on 23 July 2008 following the establishment of Group Remuneration Committee ("GRC") on even date at AMMB Holdings Berhad, the Bank's ultimate holding company, and the functions of the Committee were taken over by the GRC.

Audit and Examination Committee

The Committee comprises three (3) members, all of whom are Independent Non-Executive Directors. The Board has appointed the Audit and Examination Committee ("AEC") to assist in discharging its duties of maintaining a sound system of internal control to safeguard the Bank's assets and shareholder's investments.

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

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

CORPORATE GOVERNANCE (CONTD.)

Risk Management Committee

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

The Risk Management Committee exercises oversight on behalf of the Board to ensure adequate overall management of credit, market, liquidity, operational, legal and capital risks impacting the Bank.

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

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

Internal Audit and Internal Control Activities

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

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

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

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

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

CORPORATE GOVERNANCE (CONTD.)

MANAGEMENT INFORMATION

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

These reports are issued in sufficient time to enable the Directors to obtain further explanations, where necessary, in order to be briefed properly before the meeting. The Board provides input on Group policies.

HOLDING AND ULTIMATE HOLDING COMPANY

The directors regard AMFB Holdings Berhad and AMMB Holdings Berhad, both of which are incorporated in Malaysia, as the holding company and the ultimate holding company respectively.

RATING BY EXTERNAL AGENCIES

The Bank's long term financial institution rating of A1 and short-term rating of P1 with Stable outlook was reaffirmed by Rating Agency Malaysia Berhad ("RAM"). Additionally, the Bank's rating was complemented by international ratings of Baa2/P3 (Stable) by Moody's Investors Services, BBB- (Stable) /A3 by Standard and Poor's Ratings Services, BBB- (Stable)/ F3 by Fitch Ratings Ltd and BBB-/A3/Stable from Capital Intelligence Ltd.

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

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

The Hybrid Securities of USD200 million rating was reaffirmed Ba2 by Moody's Investor Services, BB by Standard and Poor's Rating Services and BB by Fitch Ratings Ltd.

RAM reaffirmed the long-term and short-term financial institution ratings for AmIslamic Bank, the Bank's wholly owned Islamic subsidiary at A1 (Stable) and P1 respectively. Concurrently, a long term rating of AmIslamic Bank's Subordinated Sukuk Musyarakah was also reaffirmed at A2 (Stable).

SHARIAH COMMITTEE

The Shariah Committee was established under Bank Negara Malaysia's "Guidelines on the Governance of Shariah Committee for Islamic Financial Institutions" (BNM/GPS1) to advise and provide guidance to the Board of Directors on all matters pertaining to Shariah principles including product development, marketing and implementation activities. The Shariah Committee also assist in the setting up of business and operational procedures in respect of compliance with Shariah principles.

Company No. 8515–D

AUDITORS

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

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

TAN SRI DATO' AZMAN HASHIM

Chairman

CHEAH TEK KUANG

Chief Executive Officer

Kuala Lumpur, Malaysia

Date : 15 May 2009

AmBank (M) Berhad
(Incorporated in Malaysia)
And Its Subsidiary Companies

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

We, **TAN SRI DATO' AZMAN HASHIM** and **CHEAH TEK KUANG**, being two of the directors of **AmBank (M) Berhad**, do hereby state that, in the opinion of the directors, the accompanying financial statements as set on pages 17 to 133 are drawn up in accordance with the provisions of the Companies Act, 1965 and applicable Financial Reporting Standards in Malaysia as modified by Bank Negara Malaysia guidelines so as to give a true and fair view of the financial position of the Bank as at 31 March 2009 and of the results and the cash flows of the Bank for the financial year then ended.

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

TAN SRI DATO' AZMAN HASHIM
Chairman

CHEAH TEK KUANG
Chief Executive Officer

Kuala Lumpur, Malaysia
Date : 15 May 2009

AmBank (M) Berhad
(Incorporated in Malaysia)
And Its Subsidiary Companies

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

I, **LIM HOCK AUN**, being the Officer primarily responsible for the financial management of **AmBank (M) Berhad**, do solemnly and sincerely declare that the accompanying financial statements as set out on pages 17 to 133 are, in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed
LIM HOCK AUN at Kuala Lumpur
this 15 May 2009

LIM HOCK AUN

Before me,

COMMISSIONER FOR OATHS

Lodged on behalf by:

Address: 22nd Floor, Bangunan AmBank Group,

No. 55 Jalan Raja Chulan,

50200 Kuala Lumpur

Telephone Number: 03-20362633

Company No. 8515–D

**Report of the auditors to the member of
AmBank (M) Berhad
(Incorporated in Malaysia)
And Its Subsidiary Companies**

Report on the financial statements

We have audited the financial statements of AmBank (M) Berhad , which comprise the balance sheets as at 31 March 2009 of the Group and of the Bank, and the income statements, statements of changes in equity and cash flow statements of the Group and of the Bank for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 17 to 133.

Directors' responsibility for the financial statements

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

Auditors' responsibility

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

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

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

Opinion

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

**Independent auditors' report to the member of
AmBank (M) Berhad**

Report on other legal and regulatory requirements

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

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries have been properly kept in accordance with the provisions of the Act.
- (b) We are satisfied that the accounts of the subsidiaries that have been consolidated with the financial statements of the Bank are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.
- (c) The auditors' reports on the accounts of the subsidiaries were not subject to any qualification and did not include any comment required to be made under Section 174(3) of the Act.

Other matters

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

Ernst & Young
AF: 0039
Chartered Accountants

Gladys Leong
No.1902/04/10(J)
Partner

Kuala Lumpur, Malaysia
Date : 15 May 2009

AmBank (M) Berhad
(Incorporated in Malaysia)
And Its Subsidiary Companies

BALANCE SHEET AS AT 31 MARCH 2009

	Note	The Group		The Bank	
		2009 RM'000	2008 RM'000 (Restated)	2009 RM'000	2008 RM'000 (Restated)
ASSETS					
Cash and short-term funds	5	17,106,447	10,771,670	13,634,119	8,365,613
Deposits and placements with banks and other financial institutions	6	421,050	1,329,700	427,143	1,338,293
Securities held-for-trading	7	1,387,411	6,683,739	1,183,549	6,124,258
Securities available-for-sale	8	5,598,484	1,331,168	5,053,563	1,330,271
Securities held-to-maturity	9	753,359	1,156,536	710,798	1,115,364
Derivative financial assets	10	477,132	307,651	475,247	307,651
Loans, advances and financing	11	56,739,792	52,325,250	46,899,886	44,238,143
Other assets	12	754,038	807,537	649,967	726,713
Statutory deposit with Bank Negara Malaysia	13	517,578	1,660,197	431,499	1,388,497
Deferred tax asset	45	344,230	645,067	241,639	483,873
Investment in subsidiary companies	14	-	-	849,870	846,869
Investment in associated companies	15	805	740	137	137
Prepaid land lease payments	16	4,051	4,404	2,860	3,193
Property and equipment	17	171,196	169,274	146,088	143,292
Intangible assets	18	66,407	61,486	65,846	60,876
TOTAL ASSETS		84,341,980	77,254,419	70,772,211	66,473,043

AmBank (M) Berhad
(Incorporated in Malaysia)
And Its Subsidiary Companies

BALANCE SHEET AS AT 31 MARCH 2009 (CONTD.)

	Note	The Group		The Bank	
		2009 RM'000	2008 RM'000 (Restated)	2009 RM'000	2008 RM'000 (Restated)
LIABILITIES AND EQUITY					
Deposits from customers	19	63,947,135	55,619,741	53,199,845	48,217,867
Deposits and placements of banks and other financial institutions	20	7,641,406	8,177,866	6,645,325	6,601,376
Derivative financial liabilities	10	565,483	352,007	563,600	352,007
Bills and acceptances payable	21	2,120,249	1,909,243	1,507,680	1,361,896
Recourse obligation on loans sold to Cagamas Berhad	22	155,037	243,979	155,037	243,979
Other liabilities	23	1,384,242	1,497,402	1,186,739	1,357,729
Subordinated term loans	24(a)	-	460,000	825,853	1,149,469
Hybrid securities	24(b)	825,853	689,469	-	-
Medium term notes	25	1,460,000	860,000	1,460,000	860,000
Subordinated bonds	26	400,000	600,000	-	200,000
Exchangeable bonds	27	575,000	575,000	575,000	575,000
Term loans	28	145,820	271,490	145,820	271,490
Stapled Capital Securities	29	500,000	-	500,000	-
Irredeemable Convertible Unsecured Loan Stocks	30	-	131,604	-	131,604
Irredeemable Non-Cumulative Convertible Preference shares	31	150,000	150,000	150,000	150,000
Total Liabilities		79,870,225	71,537,801	66,914,899	61,472,417
Share capital	32	670,364	610,364	670,364	610,364
Reserves	33	3,801,363	5,106,213	3,186,948	4,390,262
Equity attributable to equity holder of the Bank		4,471,727	5,716,577	3,857,312	5,000,626
Minority Interests	34	28	41	-	-
Total Equity		4,471,755	5,716,618	3,857,312	5,000,626
TOTAL LIABILITIES AND EQUITY		84,341,980	77,254,419	70,772,211	66,473,043
COMMITMENTS AND CONTINGENCIES	52	49,211,943	57,119,846	45,031,062	51,202,434
NET ASSETS PER SHARE (RM)	47	6.67	9.37	5.75	8.19

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

AmBank (M) Berhad
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INCOME STATEMENT
FOR THE YEAR ENDED 31 MARCH 2009

	Note	The Group		The Bank	
		2009 RM'000	2008 RM'000 (Restated)	2009 RM'000	2008 RM'000 (Restated)
Revenue		4,866,487	5,075,248	3,892,374	4,158,587
Interest income	35	3,724,165	3,804,908	3,718,264	3,787,016
Interest expense	36	(2,025,663)	(2,192,865)	(2,024,176)	(2,180,272)
Net interest income		1,698,502	1,612,043	1,694,088	1,606,744
Net income from Islamic Banking business	37	538,314	533,220	-	-
Other operating income	38	177,252	376,141	174,110	371,571
Net income		2,414,068	2,521,404	1,868,198	1,978,315
Other operating expenses	39	(982,428)	(902,442)	(760,448)	(694,904)
Operating profit		1,431,640	1,618,962	1,107,750	1,283,411
Allowance for losses on loans and financing	40	(349,210)	(517,014)	(170,652)	(379,692)
Provision for commitment and contingencies		(11,974)	(1,641)	4	296
Impairment loss	41	(58,862)	(119,628)	(177,908)	(119,725)
Profit before share in results of associated company and taxation		1,011,594	980,679	759,194	784,290
Share in results of associated company		65	88	-	-
Profit before zakat and taxation		1,011,659	980,767	759,194	784,290
Zakat		(1,032)	(601)	-	-
Taxation	44	(309,457)	(329,830)	(253,409)	(254,394)
Profit after zakat and taxation		701,170	650,336	505,785	529,896
Attributable to:					
Equity holder of the Bank		701,183	650,352	505,785	529,896
Minority interests		(13)	(16)	-	-
Profit after zakat and taxation		701,170	650,336	505,785	529,896
Earnings per share (sen)	46				
Basic		104.71	98.89	75.56	80.71
Fully diluted		86.66	83.44	62.84	68.26

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

AmBank (M) Berhad
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**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2009**

	-----> Attributable to Equity Holder of the Bank <----->									
	Share Capital RM'000	Non-distributable					Distributable		Minority Interests RM'000	Total Equity RM'000
ICULS (equity component) RM'000		Share Premium RM'000	Statutory Reserve RM'000	Merger Reserve RM'000	Capital Reserve RM'000	Available For-Sale Reserve RM'000	Unappro- priated Profits RM'000			
The Group										
At 1 April 2007										
As previously stated	610,364	-	710,660	633,222	349,050	377,492	6,007	406,591	57	3,093,443
Effect arising from the pooling of interests	-	-	-	-	1,780,144	-	-	-	-	1,780,144
At 1 April 2007 (restated)	610,364	-	710,660	633,222	2,129,194	377,492	6,007	406,591	57	4,873,587
Issue of Irredeemable Convertible Unsecured Loan Stocks	-	200,792	-	-	-	-	-	-	-	200,792
Unrealised net loss on revaluation of securities available- for-sale	-	-	-	-	-	-	(8,097)	-	-	(8,097)
Effect arising from the pooling of interests	-	-	-	-	184,207	-	-	(184,207)	-	-
Transfer to statutory reserve	-	-	-	137,676	-	-	-	(137,676)	-	-
Profit/(loss) for the year	-	-	-	-	-	-	-	650,352	(16)	650,336
At 31 March 2008	610,364	200,792	710,660	770,898	2,313,401	377,492	(2,090)	735,060	41	5,716,618

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

AmBank (M) Berhad
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**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2009**

The Group	←----- Attributable to Equity Holder of the Bank ----->										
	Non-distributable							Distributable		Minority Interests RM'000	Total Equity RM'000
	Share Capital RM'000	ICULS (equity component) RM'000	Share Premium RM'000	Statutory Reserve RM'000	Merger Reserve RM'000	Capital Reserve RM'000	Available For-Sale Reserve RM'000	Other reserves RM'000	Unappro- priated Profits RM'000		
At 1 April 2008	610,364	200,792	710,660	770,898	2,313,401	377,492	(2,090)	-	735,060	41	5,716,618
Conversion of Irredeemable Convertible Unsecured Loan Stocks	60,000	(200,792)	232,184	-	-	-	-	-	-	-	91,392
Unrealised net loss on revaluation of securities available- for-sale	-	-	-	-	-	-	(42,009)	-	-	-	(42,009)
Exchange fluctuation adjustments	-	-	-	-	-	-	-	11,904	-	-	11,904
Unrealised net loss on cash flow hedge	-	-	-	-	-	-	-	(91,485)	-	-	(91,485)
Effect arising from the pooling of interests	-	-	-	-	(1,915,835)	-	-	-	-	-	(1,915,835)
Profit/(loss) for the year	-	-	-	-	-	-	-	-	701,183	(13)	701,170
Transfer to statutory reserve	-	-	-	78,334	-	-	-	-	(78,334)	-	-
At 31 March 2009	670,364	-	942,844	849,232	397,566	377,492	(44,099)	(79,581)	1,357,909	28	4,471,755

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

AmBank (M) Berhad
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**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2009**

	←----- Attributable to Equity Holder of the Bank ----->							Total Equity RM'000
	Non-distributable					Distributable		
The Bank	Share Capital RM'000	ICULS (equity component) RM'000	Share Premium RM'000	Statutory Reserve RM'000	Merger Reserve RM'000	Available For-Sale Reserve RM'000	Unappro- priated Profits RM'000	
At 1 April 2007								
As previously stated	610,364	-	710,660	585,832	-	6,007	918,628	2,831,491
Effect arising from the pooling of interests	-	-	-	-	1,446,544	-	-	1,446,544
At 1 April 2007 (restated)	610,364	-	710,660	585,832	1,446,544	6,007	918,628	4,278,035
Issue of Irredeemable Convertible Unsecured Loan Stocks	-	200,792	-	-	-	-	-	200,792
Unrealised net loss on revaluation of securities available-for-sale	-	-	-	-	-	(8,097)	-	(8,097)
Effect arising from the pooling of interests	-	-	-	-	151,389	-	(151,389)	-
Transfer to statutory reserve	-	-	-	94,627	-	-	(94,627)	-
Profit for the year	-	-	-	-	-	-	529,896	529,896
At 31 March 2008	610,364	200,792	710,660	680,459	1,597,933	(2,090)	1,202,508	5,000,626

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

AmBank (M) Berhad
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**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2009**

The Bank	Attributable to Equity Holder of the Bank							Distributable Unappropriated Profits RM'000	Total Equity RM'000
	Share Capital RM'000	ICULS (equity component) RM'000	Share Premium RM'000	Statutory Reserve RM'000	Merger Reserve RM'000	Available For-Sale Reserve RM'000	Other reserves RM'000		
At 1 April 2008	610,364	200,792	710,660	680,459	1,597,933	(2,090)	-	1,202,508	5,000,626
Conversion of Irredeemable Convertible Unsecured Loan Stocks	60,000	(200,792)	232,184	-	-	-	-	-	91,392
Unrealised net loss on revaluation of securities available-for-sale	-	-	-	-	-	(50,885)	-	-	(50,885)
Exchange fluctuation adjustments	-	-	-	-	-	-	(188)	-	(188)
Unrealised net loss on cash flow hedge	-	-	-	-	-	-	(91,485)	-	(91,485)
Effects arising from pooling of interests	-	-	-	-	(1,597,933)	-	-	-	(1,597,933)
Profit for the year	-	-	-	-	-	-	-	505,785	505,785
At 31 March 2009	670,364	-	942,844	680,459	-	(52,975)	(91,673)	1,708,293	3,857,312

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

AmBank (M) Berhad
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CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2009

	The Group		The Bank	
	2009 RM'000	2008 RM'000 (Restated)	2009 RM'000	2008 RM'000 (Restated)
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before zakat and taxation	1,011,659	980,767	759,194	784,290
Adjustments for:				
Loan and financing loss and allowances, net of writeback	715,736	833,953	595,886	680,487
Interest in suspense - net	108,698	107,339	94,670	98,355
Depreciation of property and equipment	38,706	37,806	38,073	37,180
Amortisation of intangible assets	24,161	20,682	24,012	20,589
Amortisation of prepaid land lease payments	99	105	79	85
Transfer (from)/to profit equalisation reserve	24,518	(18,211)	-	-
Amortisation of premium less accretion of discount	(17,317)	(7,764)	(13,450)	(7,068)
Property and equipment written off	828	1,328	821	1,325
Share of profits of associated company	(65)	(88)	-	-
Gross dividend income from securities held-for-trading	(1,214)	(11,907)	(1,214)	(11,907)
Gross dividend income from securities available-for-sale	(7,572)	(774)	(7,572)	(774)
Gross dividend income from securities held-to-maturity	(5,296)	(5,031)	(5,268)	(5,003)
Net (gain)/loss on sale of securities held-for-trading	48,315	(70,149)	54,976	(69,256)
Net gain on sale of securities available-for-sale	(17,900)	(26,629)	(15,593)	(26,629)
Net gain on sale/redemption of securities held-to-maturity	(46,085)	(101,300)	(46,085)	(101,300)
Net loss on revaluation of securities held-for-trading	24,584	123,680	20,626	122,404
Net (gain)/loss on revaluation of derivatives	37,598	(64,783)	37,598	(66,134)
Impairment loss on securities	75,176	106,586	75,176	106,586
Impairment loss on foreclosed property	1,942	-	1,942	-
Gain on disposal of property and equipment	(532)	(429)	(477)	(429)
Gain on disposal of foreclosed properties	(343)	(975)	(343)	(975)

AmBank (M) Berhad
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CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2009 (CONTD.)

	The Group		The Bank	
	2009 RM'000	2008 RM'000 (Restated)	2009 RM'000	2008 RM'000 (Restated)
CASH FLOWS FROM OPERATING ACTIVITIES (CONT'D)				
(Write-back)/Impairment loss on amount recoverable under asset-backed securitisation transaction	(17,000)	10,000	(17,000)	10,000
(Write-back)/Impairment loss on sundry receivables	(3,746)	3,042	144	3,139
Provision for/(write-back of) commitments and contingencies	11,974	1,641	(4)	(296)
Amortisation of cost capitalised for issuance of Hybrid securities	816	816	816	816
Interest paid on ICULS (equity portion)	(5,274)	(5,216)	(5,274)	(5,216)
Unrealised loss on foreign exchange contracts	92,524	107,550	92,524	107,550
Impairment loss on prepaid land lease payments	254	-	254	-
Impairment loss on property and equipment	2,236	-	2,236	-
Impairment of subsidiary companies	-	-	115,156	-
Operating Profit Before Working Capital Changes	2,097,480	2,022,039	1,801,903	1,677,819
(Increase)/Decrease In Operating Assets:				
Deposits and placements with banks and financial institutions	908,650	448,350	911,150	(74,333)
Securities held-for-trading	4,746,648	(13,263)	4,384,931	7,338
Loans, advances and financing	(5,238,976)	(5,729,068)	(3,352,299)	(3,985,851)
Other assets	(32,976)	(90,216)	(11,737)	24,730
Securities purchased under resale agreement	-	161,167	-	161,167
Statutory deposit with Bank Negara Malaysia	1,142,619	146,861	956,998	155,061

AmBank (M) Berhad
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CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2009 (CONTD.)

	The Group		The Bank	
	2009 RM'000	2008 RM'000 (Restated)	2009 RM'000	2008 RM'000 (Restated)
CASH FLOWS FROM OPERATING ACTIVITIES (CONT'D)				
Increase/(Decrease) In Operating Liabilities:				
Deposits from customers	8,327,394	4,953,419	4,981,978	3,842,162
Deposits and placements of banks and other financial institutions	(536,460)	(1,384,130)	43,949	(1,410,012)
Obligation on securities sold under repurchase agreements	-	(3,233,698)	-	(3,233,698)
Bills and acceptance payable	211,006	447,666	145,784	346,933
Recourse obligation of loans sold to Cagamas Berhad	(88,942)	(458,661)	(88,942)	(458,661)
Term loans	(160,113)	167,810	(160,113)	167,810
Other liabilities	(560,678)	134,020	(592,367)	114,499
Cash Generated From/(Used In) Operations	10,815,652	(2,427,704)	9,021,235	(2,665,036)
Zakat paid	(503)	(786)	-	-
Net taxation refunded/(paid)	8,568	(47,681)	9,011	(38,180)
Net Cash Generated From/ (used in) Operating Activities	10,823,717	(2,476,171)	9,030,246	(2,703,216)

AmBank (M) Berhad
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CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2009 (CONTD.)

	The Group		The Bank	
	2009 RM'000	2008 RM'000 (Restated)	2009 RM'000	2008 RM'000 (Restated)
CASH FLOWS FROM INVESTING ACTIVITIES				
Net purchase of securities available-for-sale	(3,803,726)	(35,437)	(3,274,326)	(52,840)
Net sale of securities held-to maturity	376,485	1,067,549	377,874	1,063,876
Net dividend received from securities held-for-trading	1,201	11,065	1,201	11,065
Net dividend received from securities available-for-sale	6,699	774	6,699	774
Net dividend received from securities held-to-maturity	4,579	4,127	4,559	4,106
Proceeds from disposal of property and equipment	1,033	432	583	432
Purchase of intangible assets	(4,639)	(10,721)	(4,539)	(10,564)
Purchase of property and equipment	(68,559)	(47,439)	(68,475)	(47,245)
Proceeds from disposal of foreclosed properties	10,185	8,945	10,185	8,945
Capital injection to subsidiaries	-	-	(118,156)	-
Subscription to ordinary shares of new subsidiary company	-	-	(1)	-
Cash paid for net assets vested	(1,452,198)	-	(1,137,344)	-
Net Cash (Used In)/Generated from Investing Activities	(4,928,940)	999,295	(4,201,740)	978,549

AmBank (M) Berhad
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CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2009 (CONTD.)

	The Group		The Bank	
	2009 RM'000	2008 RM'000 (Restated)	2009 RM'000	2008 RM'000 (Restated)
CASH FLOW FROM FINANCING ACTIVITIES				
Repayment of subordinated term loan	(460,000)	-	(460,000)	-
Proceeds from Medium term notes	600,000	860,000	600,000	860,000
Proceeds from Exchangeable bonds	-	575,000	-	575,000
Proceeds from ICULS	-	300,000	-	300,000
Proceeds from INCPS	-	150,000	-	150,000
Proceeds from issuance of Stapled Capital securities	500,000	-	500,000	-
Repayment of subordinated bonds	(200,000)	-	(200,000)	-
Net Cash Generated From Financing Activities	440,000	1,885,000	440,000	1,885,000
Net Increase In Cash And Cash Equivalents	6,334,777	408,124	5,268,506	160,333
Cash And Cash Equivalents At Beginning Of Year	10,771,670	10,363,546	8,365,613	8,205,280
Cash And Cash Equivalents At End Of Year (Note 5)	17,106,447	10,771,670	13,634,119	8,365,613

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

AmBank (M) Berhad
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2009

1. PRINCIPAL ACTIVITIES AND GENERAL INFORMATION

The principal activity of the Bank is to carry on the business of a licensed commercial bank which also includes the provision of Islamic banking services via its 100% owned subsidiary, AmIslamic Bank Berhad.

The principal activities of its subsidiary companies are disclosed in Note 14.

There have been no significant changes in the nature of the activities of the Bank and its subsidiary companies during the financial year.

The Bank is a public limited liability company, incorporated and domiciled in Malaysia. The registered office of the Bank is located at 22nd Floor, Bangunan AmBank Group, Jalan Raja Chulan, 50200 Kuala Lumpur. The principal place of business for the Retail and Business Banking Divisions are located at Menara AmBank, Jalan Yap Kwan Seng, 50450 Kuala Lumpur and Menara Dion, Jalan Sultan Ismail, 50250 Kuala Lumpur respectively.

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

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

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

The financial statements incorporate those activities relating to the Islamic banking business, which 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.

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

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

3. SIGNIFICANT ACCOUNTING POLICIES

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

- (i) The new and revised FRSs that are applicable to the Group and the Bank with effect from the financial period beginning on or after 1 April 2008:

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

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

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

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

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

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

All the new FRSs and IC Interpretations are effective from 1 January 2010 with the exception of FRS 8, which is effective from 1 July 2009.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

The effects of adopting these standards are discussed below:

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

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

- (b) FRS 4 Insurance Contracts – This new standard specifies the financial reporting requirements for insurance contracts by any entity that issues such contracts ("insurers"). In particular, it requires disclosures that identify and explain the amounts in an insurer's financial statements arising from insurance contracts and helps users of those financial statements understand the amount, timing and uncertainty of future cash flows from insurance contracts. This standard is not applicable to the annual financial statements of the Group and the Bank.
- (c) FRS 7 Financial Instruments: Disclosures – This new standard requires disclosures in financial statements that enable users to evaluate the significance of financial instruments for the entity's financial position and performance, and the nature and extent of risks arising from financial instruments to which an entity is exposed and how these risks are managed. This standard requires both qualitative disclosures describing management's objectives, policies and processes for managing those risks, and quantitative disclosures providing information about the extent to which an entity is exposed to risk, based on information provided internally to the entity's key management personnel. An entity shall not apply this standard for annual periods beginning prior to 1 January 2010 unless it also applies FRS 139. The application of this standard is not expected to have a material impact on the financial results of the Group and the Bank as this standard deals only with disclosures in the financial statements.
- (d) FRS 8: Operating Segments – This new standard requires an entity to report financial and descriptive information about its reportable segments. Reportable segments are operating segments or aggregations of operating segments that meet specified criteria. Operating segments are components of an entity about which separate financial information is available that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. Generally, financial information is required to be reported on the same basis as is used internally for evaluating operating segment performance and deciding how to allocate resources to operating segments. disclosure in the financial statements. The application of this standard would not have any impact to the financial statements of the Group.
- (e) IC Interpretation 9 Reassessment of Embedded Derivatives – This interpretation clarifies that the reassessment of an embedded derivative after its initial recognition is forbidden unless the instrument's terms have changed and this has affected its cash flows significantly. This IC Interpretation is not expected to have any material impact on the financial statements of the Group and the Bank.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

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

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

- (iii) Guidelines issued on 20 October 2008 by Bank Negara Malaysia (BNM) “Reclassification of Securities under Specific Circumstances”

During the financial year, the Bank adopted the above guidelines issued by BNM. The above Guideline sets out the limited circumstances in which banking institutions are allowed to reclassify financial instruments held as securities held-for-trading portfolio into the securities available-for-sale and securities held-to-maturity portfolios. This concession is only effective from 1 July 2008 to 31 December 2009. The effects of this reclassification are as disclosed in note 56.

(a) Basis Of Accounting

The financial statements of the Group and of the Bank have been prepared under the historical cost convention unless otherwise indicated in the accounting policies below.

(b) Basis of Consolidation

The financial statements of the Group include the financial statements of the Bank and all its subsidiary companies listed under Note 14 made up to the end of the financial year.

The Bank adopts the purchase method in preparing the consolidated financial statements except where the criteria for the merger accounting method as permitted under FRS 122: Business Combinations are met.

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

(b) Basis of Consolidation (contd)

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

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

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

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

(c) Operating Revenue

Operating revenue of the Group and the Bank comprise interest income and other operating income.

(d) Interest and Financing Income and Expense Recognition

Interest and financing income is recognised in the income statement for all interest bearing assets on an accrual basis. Interest and financing income includes the amortisation of premium or accretion of discount. Interest and financing income on investments are recognised on an effective yield basis.

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

(d) Interest and Financing Income and Expense Recognition

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

During the financial year, incidental expenses incurred as part of the "Zero Entry cost" package offered for housing loans and commercial property loans are capitalized and amortised over the average lock-in period of the loans. The effect of this change is disclosed in Note 58.

When a loan becomes non-performing, interest accrued and recognised as income prior to the date the loan is classified as non-performing is reversed out of income and set-off against the accrued interest receivable account in the balance sheet. Thereafter, interest on the non-performing loan shall be recognised as income on a cash basis. Customers' accounts are deemed to be non-performing where repayments are in arrears for more than three (3) months from first day of default or after maturity date for trade bills, bankers' acceptances and trust receipts.

The Group's policy on recognition of interest income on loans, advances and financing is in conformity with BNM's "Guideline on Classification of Non-Performing Loans and Provisions for Substandard, Bad and Doubtful Debts" ("BNM/GP3") and revised Guidelines on Financial Reporting for Licensed Institutions (BNM/GP8).

Interest expense and attributable income (pertaining to activities relating to Islamic Banking Business) on deposits and borrowings of the Bank are recognised on an accrual basis.

(e) Recognition of Fees and Other Income

Loan arrangement fees, participation fees and commissions are recognised as income when all conditions precedent are fulfilled.

Guarantee fees are recognised as income upon issuance and where the guarantee period is longer than one year, over the duration of the guarantee period.

Other fees on a variety of services and facilities extended to customers are recognised on inception of such transactions.

Property rental are recognised on an accrual basis.

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

(f) Employee Benefits

(i) Short-Term Benefits

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

(ii) Defined Contribution Plan

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

(f) Employee Benefits (contd)

(iii) Termination Benefits

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

(g) Allowance for Doubtful Debts and Financing

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

A general allowance based on a percentage of total outstanding loans (including accrued interest), net of specific allowance for bad and doubtful debts, is maintained by the Group and the Bank against risks which are not specifically identified.

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

The specific and general allowances for loans, advances and financing of the Group are computed in conformity with the revised BNM'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.

The Group adopted a more stringent basis for specific allowances on non-performing loans and are as follows:

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

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

(h) Provisions

Provisions are recognised when the Group or the Bank has a present legal obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and when a reliable estimate of the amount can be made.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

(i) Profit Equalisation Reserve ("PER")

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

(j) Impairment of Assets

(i) Securities available-for-sale

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

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

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

(ii) Securities held-to-maturity

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

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

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

(iii) Other assets

The carrying values of assets are reviewed for impairment when there is an indication that the asset might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. The recoverable amount is the higher of net realisable value and value in use, which is measured by reference to discounted future cash flows. An impairment loss is charged to the income statements immediately.

Subsequent increase in the recoverable amount of an asset is treated as reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in the income statement immediately.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

(k) Income Tax

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

Current tax expense is determined according to the tax laws of each jurisdiction in which the Group operates and includes all taxes based on the taxable profits.

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

(l) Securities

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

(i) Securities held-for-trading

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

(ii) Securities available-for-sale

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

(iii) Securities held-to-maturity

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

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

Any sale or reclassification of a significant amount of securities held-to-maturity not close to their maturity would result in the reclassification of all securities held-to-maturity to securities available-for-sale, and prevent the Group from classifying the similar class of securities as securities held-to-maturity for the current and following two financial years.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

(m) Trade and Other Receivables

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

(n) Other Assets

(i) Amount Recoverable Under Asset-Backed Securitisation ("ABS") Transaction

This relates to the balance of sale consideration under ABS transaction due from the Special Purpose Vehicle ("SPV"), whereby the amount will be recovered upon maturity of the underlying bonds. Under the ABS, portfolios of receivables are sold to a SPV which are funded through the issuance of bonds secured by the receivables.

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

The difference between the sale consideration and the receivables sold is recognised to the income statement.

(ii) Foreclosed Properties

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

(o) Investment in Subsidiary Companies

A subsidiary company is a company in which the Group has power to directly or indirectly govern the financial and operating policies of an entity so as to obtain benefits from their activities. Potential voting rights that are exercisable or convertible are considered when assessing control.

(p) Investment in Associated Companies

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

Investment in associated companies are accounted for using the equity method of accounting and are initially recognised at cost. The Group's investment in associated company includes premium on consolidation identified on acquisition, net of accumulated impairment losses, if any.

The Group's share of its associated company's post-acquisition profits or losses is recognised in the income statement, and its share of post-acquisition movements in reserves is recognised in reserves from the date that significant influence commences and until the date that significant influence ceases. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associated company equals or exceeds its interest in the associated company, including any other unsecured receivables, the Group does not recognise further losses, except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associated company.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

(p) Investment in Associated Companies (Contd.)

The results of the associated company is taken from the latest audited accounts or unaudited management accounts of the associated company, prepared at a date not more than three months prior to the end of the financial year of the Group.

Investment in associated company are stated at cost less accumulated impairment losses, if any, in the Bank's balance sheet.

On disposal of such investments, the differences between the net disposal proceeds and their carrying amounts are recognised in the income statements.

(q) Property and Equipment and Depreciation

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

Subsequent to initial recognition, property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any. The policy for the recognition and measurement of impairment losses is in accordance with the policy on impairment of assets.

Freehold land and capital work in progress are not depreciated. Depreciation of other property and equipment is calculated using the straight-line method at rates based on the estimated useful lives of the various assets.

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

Freehold buildings	2%
Leasehold buildings	2% or over the term of short term lease
Leasehold improvements	10% - 20%
Office equipment	10% - 20%
Furniture and fittings	10% - 25%
Computer hardware	20% - 33 1/3%
Motor vehicles	20% - 25%

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

(r) Intangible Assets

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised using the straight line method over their expected useful lives of three to five years.

Costs associated with maintaining computer software programmes are recognised as an expense when incurred. Costs that are directly associated with software application development stage are recognised as intangible assets. Costs directly associated with software application development include employee payroll and payroll related costs.

Computer software development costs recognised as assets are amortised using the straight-line method over their useful lives of three to seven years.

(s) Assets Purchased under lease

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

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

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

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

Leasehold land held for own use is classified as operating lease. The up-front payments made on acquiring leasehold land is accounted for as prepaid land lease payments. For lease of land and buildings, the up-front payments made are allocated between the land and building elements in proportion to the relative fair values for the leasehold interests in the land element and building element of the lease at the inception of the lease. The prepaid land lease payments are amortised on a straight line basis over the remaining lease term.

(t) Investment Properties

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

(u) Repurchase Agreements

Securities purchased under resale agreements are securities which the Group and the Bank had purchased with a commitment to resell at future dates. The commitments to resell the securities are reflected as an asset on the balance sheet.

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

(v) Bills and Acceptances Payable

Bills and acceptances payable represent the Group's and the Bank's own bills and acceptances rediscounted and outstanding in the market.

(w) Trade and Other Payables

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

(x) Provision for Commitments and Contingencies

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

(y) Interest-Bearing Instruments

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

(z) Hybrid Capital

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

(aa) Equity Instruments

Ordinary shares are classified as equity. Dividends on ordinary shares are recognised as an appropriation of unappropriated profits in the year in which they are approved.

The transaction costs of equity, net of tax are accounted for as deduction from equity. Equity transaction costs comprise only those incremental external costs directly attributable to the equity transaction which would otherwise have been avoided.

(ab) Foreign Currencies

(i) Functional and Presentation Currency

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

(ii) Foreign Currency Transactions

In preparing the financial statements of the Bank, the Bank's Labuan offshore branch, subsidiary and associated companies, transactions in currencies other than the entity's functional currency are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are translated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated at the exchange rate prevailing at the date of the initial transaction.

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

(iii) Foreign Operations

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Bank's Labuan offshore branch, subsidiary and associated companies expressed in foreign currencies are translated into RM at the rates of exchange ruling at the balance sheet date while income statement is translated into RM at the average exchange rate for the year. Gains or losses arising on translation into RM are classified as equity and transferred to exchange fluctuation reserve.

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

	31.03.2009	31.03.2008
United States Dollar (USD)	3.64	3.19
Hong Kong Dollar (HKD)	0.47	0.41

3. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

(ac) Derivative Financial Instruments and Hedge Accounting

Derivative financial instruments are recognised at fair value upon inception in the balance sheet, and are subsequently remeasured at fair value. Fair values of exchange-traded derivatives are obtained from quoted market prices. Fair values of over-the-counter derivatives are obtained using valuation techniques, including the discounted cash flows method and option pricing models. Financial derivatives are classified as assets when their fair values are positive and as liabilities when their fair values are negative.

The Bank enters into derivative transactions for trading and for hedging purposes. For derivatives held-for-trading, fair value changes are recognised in the income statement. For derivative transactions that meet the specific criteria for hedge accounting, the Group applies either fair value or cash flow accounting.

At the time a financial instrument is designated as a hedge, the Bank formally documents the relationship between the hedging instrument and the hedged item, including the nature of the risk to be hedged, the risk management objective and strategy for undertaking the hedge and the method used to assess hedge effectiveness. Hedges are expected to be highly effective and are assessed on an ongoing basis to ensure that they remain highly effective throughout the hedge period. For actual effectiveness to be achieved, the changes in fair value or cash flows of the hedging instrument and the hedged item must offset each other in the range of 80% to 125%.

The Bank discontinues hedge accounting if the hedging instrument expires, is sold, terminated or exercised or if the hedge no longer meets the criteria for hedge accounting or is revoked.

(i) Fair value hedge

Fair value hedges are hedges against exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment that is attributable to a particular risk and could affect profit or loss. For qualifying fair value hedges, the changes in fair value of the hedging instrument and the hedged item relating to the hedged risk are recognised in the income statement. In the event the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of the hedged item is amortised to the income statement over the expected life of the hedged item.

(ii) Cash flow hedge

Cash flow hedges are hedges of the exposure to variability in future cash flows that is attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction and could affect profit or loss. For qualifying cash flow hedges, the effective portion of the change in fair value of the hedging instrument is taken to equity as a cash flow hedge reserve. The gain or loss relating to the ineffective portion is recognised immediately in the income statement. Amounts accumulated in equity are released to the income statement in the periods when the hedged forecast transactions affect the income statement. If the hedged forecast transactions result in the recognition of a non-financial asset or a non-financial liability, the gain and loss previously deferred in equity is transferred from equity and included in the initial measurement of the cost of the asset or liability.

(ad) Sell and Buy Back Agreements

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

(ae) Contingent Assets and Contingent Liabilities

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

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

(af) Cash Flow Statements

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

(ag) Cash and Cash Equivalents

For the purpose of the cash flow statements, cash and cash equivalents consist of cash and short term funds, net of outstanding overdrafts (if any).

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

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

a) Fair value estimation

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at the balance sheet date. Quoted market prices or dealer quotes for similar instruments and discounted cash flows are some of the common techniques used to calculate the fair value of these instruments.

b) Classification between investment properties and property and equipment

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

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

c) Deferred tax assets

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

d) Allowance for Bad and Doubtful Debts

Whilst the assessment of allowance for losses on financing and advances is made in accordance with the requirements of "BNM/GP3" guidelines, judgement is required in the estimation of realisation amount from the doubtful debts when determining the level of allowance required.

5. CASH AND SHORT-TERM FUNDS

	The Group		The Bank	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Cash and balances with banks and other financial institutions	482,786	928,022	471,372	390,826
Money at call and deposits placements maturing within one month	16,623,661	9,843,648	13,162,747	7,974,787
	<u>17,106,447</u>	<u>10,771,670</u>	<u>13,634,119</u>	<u>8,365,613</u>

Included in the above are interbank lending by the Group and the Bank of RM16,385,301,000 (2008: RM9,349,440,000) and RM12,924,387,000 (2008: RM7,880,580,000) respectively. Included in money at call and deposit placement maturing within one month is an amount of RM238,359,500 (2008:RM 94,206,800) representing collateral pledged with counterparties pursuant to interest rate swap agreements.

As at 31 March 2009, the net interbank lending of the Group and of the Bank are as follows:

	The Group		The Bank	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Interbank lending				
Cash and short term funds	16,385,301	9,349,440	12,924,387	7,880,580
Deposits with banks and other financial institutions (Note 6)	421,050	1,329,700	421,050	1,329,700
	<u>16,806,351</u>	<u>10,679,140</u>	<u>13,345,437</u>	<u>9,210,280</u>
Interbank borrowing (Note 20)	(793,759)	(1,430,325)	(1,191,302)	(1,422,173)
Net interbank lending/(borrowing)	<u>16,012,592</u>	<u>9,248,815</u>	<u>12,154,135</u>	<u>7,788,107</u>

6. DEPOSITS AND PLACEMENTS WITH BANKS AND OTHER FINANCIAL INSTITUTIONS

	The Group		The Bank	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Licensed banks	-	279,700	6,093	288,293
Licensed merchant bank	421,050	50,000	421,050	50,000
Bank Negara Malaysia	-	1,000,000	-	1,000,000
	<u>421,050</u>	<u>1,329,700</u>	<u>427,143</u>	<u>1,338,293</u>

Included in the above are interbank lending by the Group and the Bank of RM421,050,000 (2008: RM1,329,700,000).

7. SECURITIES HELD-FOR-TRADING

	The Group		The Bank	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
At fair value				
Money Market Securities:				
Treasury bills	-	26,566	-	26,566
Islamic Treasury bills	-	78,224	-	-
Malaysian Government Securities	999,652	160,705	999,652	160,705
Malaysian Government Investment Certificates	4,065	323,014	4,065	287,793
Cagamas bonds	-	25,057	-	25,057
Cagamas Mudharabah Bearer Bonds	-	37,167	-	35,076
Khazanah bonds	991	59,359	-	45,857
Negotiable Islamic debt certificate	-	313,742	-	-
Negotiable instruments of deposit	-	15,368	-	15,368
Islamic Bank Negara Monetary Notes	-	134,107	-	134,107
Bank Negara Monetary Notes	-	274,645	-	274,645
	<u>1,004,708</u>	<u>1,447,954</u>	<u>1,003,717</u>	<u>1,005,174</u>
Quoted Securities:				
Shares and unit trust in Malaysia	20,294	82,534	20,294	82,464
	<u>20,294</u>	<u>82,534</u>	<u>20,294</u>	<u>82,464</u>
Quoted Securities:				
Shares outside Malaysia	-	69,236	-	69,236
	<u>-</u>	<u>69,236</u>	<u>-</u>	<u>69,236</u>
Unquoted Securities:				
<i>In Malaysia</i>				
Private debt securities	347,004	4,635,070	144,133	4,518,439
Guaranteed private debt securities	-	325,058	-	325,058
<i>Outside Malaysia</i>				
Private debt securities	15,405	123,887	15,405	123,887
	<u>362,409</u>	<u>5,084,015</u>	<u>159,538</u>	<u>4,967,384</u>
Total securities held-for-trading	<u>1,387,411</u>	<u>6,683,739</u>	<u>1,183,549</u>	<u>6,124,258</u>

8. SECURITIES AVAILABLE-FOR-SALE

	The Group		The Bank	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
At fair value:				
Money Market Securities:				
Islamic Khazanah Bonds	36,945	-	36,945	-
Negotiable instruments of deposit	70,990	69,762	96,427	69,762
Negotiable Islamic debt certificate	29,190	-	-	-
Malaysian Government Investment Certificates	36,025	-	-	-
	<u>173,150</u>	<u>69,762</u>	<u>133,372</u>	<u>69,762</u>
Quoted Securities In Malaysia:				
Shares	91,039	22,817	91,001	22,817
Shares/Bonds with options and/or collateral	332	6,014	332	6,014
Corporate bonds	-	4,411	-	4,411
Loan stocks	3,096	9,145	3,096	9,145
	<u>94,467</u>	<u>42,387</u>	<u>94,429</u>	<u>42,387</u>
Quoted Securities Outside Malaysia:				
Shares	12,090	78	12,090	78
	<u>12,090</u>	<u>78</u>	<u>12,090</u>	<u>78</u>
Unquoted Securities In Malaysia:				
Private debt securities	4,877,451	1,056,534	4,373,371	1,056,534
Guaranteed private debt securities	309,446	96,529	309,446	95,632
	<u>5,186,897</u>	<u>1,153,063</u>	<u>4,682,817</u>	<u>1,152,166</u>
Unquoted Outside Malaysia:				
Shares	1,025	-	-	-
Private Debts Securities	130,855	65,878	130,855	65,878
	<u>131,880</u>	<u>65,878</u>	<u>130,855</u>	<u>65,878</u>
Total securities available-for-sale	<u>5,598,484</u>	<u>1,331,168</u>	<u>5,053,563</u>	<u>1,330,271</u>

9. SECURITIES HELD-TO-MATURITY

	The Group		The Bank	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
At amortised cost				
Quoted Securities In Malaysia:				
Shares	40	218	40	121
Debt securities with options and/or collateral	160,847	251,113	159,876	218,202
Warrants	-	15	-	15
Debt securities	30,989	-	1,825	-
	<u>191,876</u>	<u>251,346</u>	<u>161,741</u>	<u>218,338</u>
Quoted Securities outside Malaysia:				
Debt securities	7,291	-	-	-
Unquoted Securities In Malaysia:				
Shares	92,445	126,920	90,470	126,503
Debt securities	350,685	427,592	324,337	406,061
Debt securities with options and/or collateral	493,119	631,444	493,119	631,444
	<u>936,249</u>	<u>1,185,956</u>	<u>907,926</u>	<u>1,164,008</u>
Unquoted Securities Outside Malaysia:				
Private debt securities	-	190,331	-	190,331
Shares	17	6,441	17	6,441
	<u>17</u>	<u>196,772</u>	<u>17</u>	<u>196,772</u>
Total	<u>1,135,433</u>	<u>1,634,074</u>	<u>1,069,684</u>	<u>1,579,118</u>
Less: Accumulated impairment losses	<u>(382,074)</u>	<u>(477,538)</u>	<u>(358,886)</u>	<u>(463,754)</u>
Total securities held-to-maturity	<u>753,359</u>	<u>1,156,536</u>	<u>710,798</u>	<u>1,115,364</u>

	The Group		The Bank	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Market value				
Quoted Securities:				
Shares	16	813	16	813
Debt securities with options and/or collateral	87,151	203,407	86,180	203,407
Debt securities	56,804	-	21,346	-
	<u>143,971</u>	<u>204,220</u>	<u>107,542</u>	<u>204,220</u>

10. DERIVATIVE FINANCIAL ASSETS/LIABILITIES

Derivative financial instruments are off-balance sheet financial instruments whose values change in response to changes in prices or rates (such as foreign exchange rates, interest rates and security prices) of the underlying instruments. These instruments allow the Bank and its customers to transfer, modify or reduce their foreign exchange and interest rate risks via hedge relationships. The Bank also transacts in these instruments for proprietary trading purposes. The default classification for derivative financial instruments is trading, unless designated in a hedge relationship and are in compliance with the hedge effectiveness criteria. The risks associated with the use of derivative financial instruments, as well as management's policy for controlling these risks are set out in Note 54.

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

The Group	Contract/ Notional Amount RM'000	2009		2008		
		Positive Fair Value RM'000	Negative Fair Value RM'000	Contract/ Notional Amount RM'000	Positive Fair Value RM'000	Negative Fair Value RM'000
Trading Derivatives						
Foreign exchange contracts						
- Currency forward	824,899	29,552	11,861	5,762,191	44,231	76,894
Equity related contracts						
- Purchased options	194,154	3,695	-	-	-	-
- Written options	194,154	-	3,756	13,867	-	100
Interest rate related contracts						
- Interest rate swaps	19,988,341	341,673	329,538	26,131,307	104,772	141,448
- Interest rate futures	60,000	1,507	-	270,000	6,574	6,907
Cross currency swaps	610,213	607	49,650	624,647	106,940	126,658
Hedging Derivatives						
Interest rate related contracts						
- Interest rate swaps	4,624,100	100,098	170,678	639,000	45,134	-
Total	26,495,861	477,132	565,483	33,441,012	307,651	352,007

10. DERIVATIVE FINANCIAL ASSETS/LIABILITIES (CONTD.)

The Bank	Contract/ Notional Amount RM'000	2009		2008		
		Positive Fair Value RM'000	Negative Fair Value RM'000	Contract/ Notional Amount RM'000	Positive Fair Value RM'000	Negative Fair Value RM'000
Trading Derivatives						
Foreign exchange contracts						
- Currency forward	824,899	29,552	11,861	5,762,191	44,231	76,894
Equity related contracts						
- Purchased options	149,660	1,810	-	-	-	-
- Written options	149,660	-	1,873	13,867	-	100
Interest rate related contracts						
- Interest rate swaps	19,988,341	341,673	329,538	26,131,307	104,772	141,448
- Interest rate futures	60,000	1,507	-	270,000	6,574	6,907
Cross currency swaps	610,213	607	49,650	624,647	106,940	126,658
Hedging Derivatives						
Interest rate related contracts						
- Interest rate swaps	4,624,100	100,098	170,678	639,000	45,134	-
Total	26,406,873	475,247	563,600	33,441,012	307,651	352,007

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

11. LOANS, ADVANCES AND FINANCING

	The Group		The Bank	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Overdrafts	1,735,296	1,632,538	1,609,448	1,491,602
Term loans facilities:				
Housing loans/financing	11,485,193	11,314,355	10,754,364	10,502,152
Hire-purchase receivables	30,409,126	29,984,270	22,800,520	22,283,759
Other loans/financing	14,347,371	12,261,997	9,973,395	8,939,077
Card receivables	1,867,505	1,927,253	1,556,912	1,623,885
Bills receivables	47,442	33,524	45,338	29,762
Trust receipts	373,871	325,968	341,486	279,895
Claims on customers under acceptance credits	2,368,892	2,301,379	1,605,237	1,615,003
Revolving credits	3,623,254	3,015,231	3,351,767	2,855,518
Staff loans	159,631	156,451	159,058	155,954
Total	66,417,581	62,952,966	52,197,525	49,776,607
Unearned interest and unearned income	(6,961,346)	(6,482,805)	(3,753,006)	(3,658,470)
	59,456,235	56,470,161	48,444,519	46,118,137
Less: Islamic financing sold to Cagamas Berhad	(905,803)	(1,956,022)	-	-
Gross loans, advances and financing	58,550,432	54,514,139	48,444,519	46,118,137
Allowance for bad and doubtful debts and financing:				
- General (Note 11(vii))	(895,655)	(840,030)	(728,700)	(684,587)
- Specific (Note 11(vii))	(914,985)	(1,348,859)	(815,933)	(1,195,407)
Net loans, advances and financing	56,739,792	52,325,250	46,899,886	44,238,143
(i) The maturity structure of loans, advances and financing is as follows:				
Maturing within one year	9,757,626	12,322,435	8,529,810	10,994,350
One year to three years	5,435,231	5,606,929	4,985,791	4,499,694
Three years to five years	8,336,169	6,093,302	6,785,756	5,199,138
Over five years	35,021,406	30,491,473	28,143,162	25,424,955
Gross loans, advances and financing	58,550,432	54,514,139	48,444,519	46,118,137

11. LOANS, ADVANCES AND FINANCING (CONTD.)

(ii) Loans, advances and financing analysed by type of customer are as follows:

	The Group		The Bank	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Domestic banking institutions	-	131	-	131
Domestic non-bank financial institutions	757,550	832,795	753,444	832,134
Domestic business enterprises				
- Small medium enterprises	6,228,973	5,447,766	5,281,992	4,698,418
- Others	12,430,959	11,344,881	11,096,555	10,337,693
Government and statutory bodies	69,506	111,581	69,506	90,270
Individuals	38,543,047	36,528,046	30,741,113	29,931,031
Other domestic entities	20,037	32,566	20,037	29,384
Foreign entities	500,360	216,373	481,872	199,076
Gross loans, advances and financing	<u>58,550,432</u>	<u>54,514,139</u>	<u>48,444,519</u>	<u>46,118,137</u>

(iii) Loans, advances and financing analysed by interest/profit rate sensitivity are as follows:

	The Group		The Bank	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Fixed rate				
- Housing loans/financing	2,243,363	2,343,023	1,861,510	1,923,634
- Hire purchase receivables	24,486,192	23,104,427	19,055,198	18,648,791
- Other fixed rate loan/financing	8,217,674	8,162,985	4,116,630	4,739,449
Variable rate				
- Base lending rate plus	15,183,038	14,688,695	15,181,025	14,687,528
- Cost plus	7,372,821	5,746,273	7,197,668	5,667,852
- Other variable rates	1,047,344	468,736	1,032,488	450,883
Gross loans, advances and financing	<u>58,550,432</u>	<u>54,514,139</u>	<u>48,444,519</u>	<u>46,118,137</u>

11. LOANS, ADVANCES AND FINANCING (CONTD.)

(iv) Loans, advances and financing analysed by loan purpose are as follows:

	The Group		The Bank	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Purchase of securities	1,662,075	1,206,291	1,655,756	1,196,875
Purchase of transport vehicles	24,347,678	24,124,961	18,092,123	17,756,772
Purchase of landed property				
- Residential	11,306,561	10,980,593	10,923,013	10,560,017
- Non-Residential	2,878,021	2,312,866	2,664,837	2,167,498
Purchase of fixed assets other than land and building	1,815,104	1,798,568	1,653,719	1,672,291
Personal use	2,369,408	2,079,883	333,975	377,780
Credit card	1,844,448	1,898,413	1,535,069	1,595,361
Purchase of consumer durables	933	3,892	809	2,708
Construction	1,127,832	838,616	1,018,159	811,149
Merger and acquisition	346,203	304,661	346,203	304,661
Working capital	9,406,313	9,339,756	8,160,342	8,215,345
Other purpose	2,351,659	1,581,661	2,060,514	1,457,680
	<u>59,456,235</u>	<u>56,470,161</u>	<u>48,444,519</u>	<u>46,118,137</u>
Less:				
Islamic financing sold to Cagamas Berhad	(905,803)	(1,956,022)	-	-
Gross loans, advances and financing	<u>58,550,432</u>	<u>54,514,139</u>	<u>48,444,519</u>	<u>46,118,137</u>

(v) Non-performing loans analysed by loan purpose are as follows:

	The Group		The Bank	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Purchase of securities	60,085	97,862	59,459	96,949
Purchase of transport vehicles	453,501	428,615	332,680	303,707
Purchase of landed property				
- Residential	924,484	962,785	866,476	881,418
- Non-Residential	220,630	334,169	206,353	305,131
Purchase of fixed assets other than land and building	27,393	44,119	25,081	36,916
Personal use	19,163	35,246	18,667	34,794
Credit card	70,209	66,011	59,114	55,432
Purchase of consumer durables	550	485	550	485
Construction	148,962	201,276	148,956	179,398
Working capital	450,016	941,624	419,269	916,777
Other purpose	44,733	180,492	43,484	176,356
	<u>2,419,726</u>	<u>3,292,684</u>	<u>2,180,089</u>	<u>2,987,363</u>

11. LOANS, ADVANCES AND FINANCING (CONTD.)

(vi) Movements in the non-performing loans, advances and financing ("NPL") (including interest and income receivable) are as follows:

	The Group		The Bank	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Gross				
Balance at beginning of year	3,292,684	5,152,411	2,987,363	4,649,327
Non-performing during the year	1,165,774	1,319,462	979,558	1,113,394
Reclassification to performing loans, advances and financing	(577,415)	(757,158)	(514,983)	(653,641)
Amount recovered	(383,387)	(513,158)	(355,769)	(442,281)
Debt equity conversion	(933)	(86,725)	(933)	(86,725)
Amount written off	(1,293,281)	(1,274,107)	(1,131,431)	(1,044,670)
Sale of non-performing loans	-	(547,859)	-	(547,859)
Factored loan from related company	196,730	-	196,730	-
Repurchase of loan	19,554	-	19,554	-
Reclassification from trade receivables	-	33	-	33
Exchange fluctuation adjustment	-	(215)	-	(215)
Balance at end of year	2,419,726	3,292,684	2,180,089	2,987,363
Less:				
Specific allowance	(914,985)	(1,348,859)	(815,933)	(1,195,407)
Non-performing loans, advances and financing - net	1,504,741	1,943,825	1,364,156	1,791,956
Gross loans, advances and financing	58,550,432	54,514,139	48,444,519	46,118,137
Add:				
Islamic financing sold to Cagamas Berhad	905,803	1,956,022	-	-
Balance at end of year	59,456,235	56,470,161	48,444,519	46,118,137
Less:				
Specific allowance	(914,985)	(1,348,859)	(815,933)	(1,195,407)
Net loans, advances and financing (including Islamic financing sold to Cagamas Berhad)	58,541,250	55,121,302	47,628,586	44,922,730
Ratio of non-performing loans, advances and financing to total loans, advances and financing (including Islamic financing sold to Cagamas Berhad) - net	2.57%	3.53%	2.86%	3.99%

11. LOANS, ADVANCES AND FINANCING (CONTD.)

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

	The Group		The Bank	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
General Allowance				
Balance at beginning of year	840,030	774,202	684,587	633,446
Allowance made during the year (Note 40)	51,102	66,062	39,651	51,375
Allowance vested from related company not charged to Income Statement	4,462	-	4,462	-
Exchange fluctuation adjustments	61	(234)	-	(234)
Balance at end of year	<u>895,655</u>	<u>840,030</u>	<u>728,700</u>	<u>684,587</u>
% of net loans, advances and financing (including Islamic financing sold to Cagamas Berhad)	<u>1.53%</u>	<u>1.52%</u>	<u>1.53%</u>	<u>1.52%</u>
Specific Allowance				
Balance at beginning of year	<u>1,348,859</u>	<u>2,083,016</u>	<u>1,195,407</u>	<u>1,829,318</u>
Allowance made during the year (Note 40)	1,042,014	1,181,796	885,471	964,117
Amount written back in respect of recoveries (Note 40)	<u>(377,380)</u>	<u>(413,905)</u>	<u>(329,236)</u>	<u>(335,005)</u>
Net charge to income statements	664,634	767,891	556,235	629,112
Debt equity conversion	(933)	(17,190)	(933)	(17,190)
Amount written off/ Adjustment to Asset Deficiency Account	(1,233,739)	(1,265,864)	(1,071,077)	(1,026,839)
Factored loan from related company	118,730	-	118,730	-
Repurchase of loan	17,508	-	17,508	-
Reclassification from / (to) trade receivables	(74)	838	63	838
Sale of non-performing loans	-	(219,832)	-	(219,832)
Balance at end of year	<u>914,985</u>	<u>1,348,859</u>	<u>815,933</u>	<u>1,195,407</u>

12. OTHER ASSETS

	The Group		The Bank	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Deferred assets	34,744	39,891	34,744	39,891
Other receivables, deposits and prepayments (net)	514,757	565,668	410,686	484,844
Amount due from originators	25,789	35,140	25,789	35,140
Amount recoverable under asset-backed securitisation transaction net of impairment loss of RM Nil (2008: RM30,500,000)	-	67,066	-	67,066
Foreclosed properties net of impairment loss of RM97,950,000 (2008: RM91,724,000)	178,748	99,772	178,748	99,772
	<u>754,038</u>	<u>807,537</u>	<u>649,967</u>	<u>726,713</u>
	The Group and The Bank			
	2009		2008	
	RM'000		RM'000	

(i) Deferred Assets

Arising from takeover of Kewangan Usahasama
Makmur Berhad

34,744 39,891

In 1988, the Bank took over the operations of Kewangan Usahasama Makmur Berhad ("KUMB"), a deposit taking co-operative in Malaysia. The Government of Malaysia granted to KUMB a future tax benefit amounting to RM434 million; subsequently adjusted to RM426.69 million upon finalisation of KUMB's tax credit in consideration of the deficit in assets taken over from deposit taking co-operatives. The tax benefit is a fixed monetary sum and is not dependent on any changes in tax rates.

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

- (ii) Included under the gross amount of other receivables, deposits and prepayments of the Group and Bank are outstanding balances totalling RM10,869,000 (2008: RM552,000) and RM15,382,000 (2008: RM18,835,000) respectively owing by other related companies. These amounts are interest-free and represent amounts paid on behalf.
- (iii) Other receivables, deposits and prepayments are net of allowance for doubtful debts of the Group and Bank which amounted to RM22,607,000 (2008: RM18,969,000) and RM8,284,000 (2008: RM16,658,000) respectively.
- (iv) Amount due from originators represent loans, hire purchase and leasing receivables acquired from Originators for onward sale to Cagamas Berhad as mentioned in Note 22.

13. STATUTORY DEPOSIT WITH BANK NEGARA MALAYSIA

The non-interest bearing statutory deposit is maintained with Bank Negara Malaysia in compliance with Section 37(1)(c) of the Central Bank of Malaysia Act, 1958 (Revised 1994), the amounts of which are determined as a set percentage of total eligible liabilities.

14. INVESTMENT IN SUBSIDIARY COMPANIES

	The Bank	
	2009 RM'000	2008 RM'000
Unquoted shares at cost	975,026	856,869
Accumulated Impairment losses	(125,156)	(10,000)
Net	849,870	846,869

(a) Incorporation of new subsidiaries

During the financial year, the Bank had incorporated two new wholly-owned subsidiaries, as follows:

- (i) AmPremier Capital Berhad - incorporated on 26 December 2008 as a special purpose vehicle to facilitate the issuance of the Non-Innovative Tier 1 capital. As at 31 March 2009, 2 ordinary shares of RM1.00 each were issued for cash at par, amounting to RM2.
- (ii) AmMortgage One Berhad - incorporated on 12 February 2009 as a special purpose vehicle to undertake the proposed acquisition of a third party's employee mortgage loans. As at 31 March 2009, 1,000 ordinary shares of RM1.00 each were issued for cash at par, amounting to RM1,000.

(b) Subscription of additional shares in subsidiary companies

During the financial year, the Bank had subscribed to the following ordinary shares issued by its subsidiary companies for cash at par:

	Number of shares '000	Par Value RM	Cost of Investment RM'000
Bougainvillaea Development Sdn. Bhd.	10,000	1.00	10,000
MBf Equity Partners Sdn. Bhd.	1,284	1.00	1,284
Natprop Sdn. Bhd.	71,509	1.00	71,509
Teras Oak Pembangunan Sdn. Bhd.	3,500	1.00	3,500
Komuda Credit & Leasing Sdn. Bhd.	13,759	1.00	13,759
AmCredit & Leasing Sdn Bhd	3,392	1.00	3,392
Li & Ho Sdn. Bhd.	4,058	1.00	4,058
Annling Sdn. Bhd.	3,096	1.00	3,096
MBf Nominees (Asing) Sdn. Bhd.	138	1.00	138
Malco Properties Sdn. Bhd.	259	1.00	259
Lekir Development Sdn. Bhd.	3,799	1.00	3,799
Crystal Land Sdn. Bhd.	3,362	1.00	3,362
	118,156		118,156

14. INVESTMENT IN SUBSIDIARY COMPANIES (CONTD.)

Details of the subsidiary companies are as follows:

Name of Company	Country of Incorporation	Principal Activities	Effective Equity Interest	
			2009 %	2008 %
AmIslamic Bank Berhad	Malaysia	Islamic Banking	100.0	100.0
AmTrade Services Ltd *	Hong Kong	Trade finance services	100.0	100.0
AmInternational (L) Ltd	Labuan, Malaysia	Offshore banking	100.0	100.0
AMBB Capital (L) Ltd	Labuan, Malaysia	Special purpose vehicle	100.0	100.0
AmCapital (L) Inc	Labuan, Malaysia	Special purpose vehicle	100.0	100.0
AmPremier Capital Berhad	Malaysia	Special purpose vehicle	100.0	-
AmMortgage One Berhad	Malaysia	Special purpose vehicle	100.0	-
AmProperty Holdings Sdn. Bhd.	Malaysia	Property investment	100.0	100.0
Bougainvillea Development Sdn. Bhd.	Malaysia	Property investment	100.0	100.0
MBf Information Services Sdn. Bhd.	Malaysia	Renting of computer equipment and provision of related support services	100.0	100.0
MBf Trustees Berhad	Malaysia	Trustee services	60.0	60.0
MBf Nominees (Tempatan) Sdn. Bhd.	Malaysia	Nominee services	100.0	100.0
MBf Equity Partners Sdn. Bhd.	Malaysia	Dormant	100.0	100.0
Natprop Sdn. Bhd.	Malaysia	Dormant	100.0	100.0
Teras Oak Pembangunan Sdn. Bhd.	Malaysia	Dormant	100.0	100.0
Komuda Credit & Leasing Sdn. Bhd.	Malaysia	Dormant	100.0	100.0
Everflow Credit & Leasing Corporation Sdn. Bhd.	Malaysia	Dormant	100.0	100.0
AmCredit & Leasing Sdn Bhd	Malaysia	Dormant	100.0	100.0
Li & Ho Sdn. Bhd.	Malaysia	Dormant	100.0	100.0
Annling Sdn. Bhd.	Malaysia	Dormant	100.0	100.0
MBf Nominees (Asing) Sdn. Bhd.	Malaysia	Dormant	100.0	100.0
Malco Properties Sdn. Bhd.	Malaysia	Dormant	81.5	51.0
Lekir Development Sdn. Bhd.	Malaysia	Dormant	100.0	100.0
Crystal Land Sdn. Bhd.	Malaysia	Dormant	97.9	80.0
Economical Enterprises Sdn. Bhd.	Malaysia	Dormant	100.0	100.0

* Audited by an affiliate of Ernst & Young

15. INVESTMENT IN ASSOCIATED COMPANIES

	The Group		The Bank	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Unquoted shares, at cost	100	100	150	150
Less: Impairment loss	-	-	(13)	(13)
	<u>100</u>	<u>100</u>	<u>137</u>	<u>137</u>
Share of post-acquisition results, net of tax	705	640	-	-
	<u>805</u>	<u>740</u>	<u>137</u>	<u>137</u>

The associated companies, which are incorporated in Malaysia are as follows:

	Principal Activity
AmTrustee Berhad	Trustee Services
MBf Trustees Berhad	Trustee Services

The effective equity interests are as follows:

	The Group		The Bank	
	Effective Equity Interest 2009	Effective Equity Interest 2008	Effective Equity Interest 2009	Effective Equity Interest 2008
AmTrustee Berhad	20%	20%	20%	20%
MBf Trustees Berhad	60%	60%	20%	20%

The investment in MBf Trustees Berhad is classified as investment in subsidiary company at Group level through additional equity interests held by two subsidiary companies.

The summarised financial information of the associate are as follows:

	The Group	
	2009 RM'000	2008 RM'000
Assets and liabilities		
Current assets	7,891	6,560
Non-current assets	610	823
Total assets	<u>8,501</u>	<u>7,383</u>
Total liabilities	<u>2,648</u>	<u>1,837</u>
Results		
Revenue	4,190	4,189
Profit for the year	<u>327</u>	<u>348</u>

16. PREPAID LAND LEASE PAYMENTS

	←-----The Group-----→			←-----The Bank-----→		
	Long term leasehold land RM'000	Short term leasehold land RM'000	Total RM'000	Long term leasehold land RM'000	Short term leasehold land RM'000	Total RM'000
COST						
As at 1 April 2008	5,068	534	5,602	3,806	303	4,109
ACCUMULATED AMORTISATION/ IMPAIRMENT LOSS						
As at 1 April 2008	970	228	1,198	758	158	916
Impairment loss	254	-	254	254	-	254
Amortisation charge for the year	88	11	99	73	6	79
As at 31 March 2009	1,312	239	1,551	1,085	164	1,249
Analysed as:						
Accumulated amortisation	1,058	239	1,297	831	164	995
Accumulated Impairment loss	254	-	254	254	-	254
	1,312	239	1,551	1,085	164	1,249
NET BOOK VALUE						
As at 31 March 2009	3,756	295	4,051	2,721	139	2,860

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

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

16. PREPAID LAND LEASE PAYMENTS (CONTD.)

	←-----The Group-----→			←-----The Bank-----→		
	Long term leasehold land RM'000	Short term leasehold land RM'000	Total RM'000	Long term leasehold land RM'000	Short term leasehold land RM'000	Total RM'000
COST						
As at 1 April 2007	5,068	534	5,602	3,806	303	4,109
ACCUMULATED AMORTISATION						
As at 1 April 2007	879	214	1,093	682	149	831
Amortisation charge for the year	91	14	105	76	9	85
As at 31 March 2008	970	228	1,198	758	158	916
NET BOOK VALUE						
As at 31 March 2008	4,098	306	4,404	3,048	145	3,193

17. PROPERTY AND EQUIPMENT

The Group	Freehold land RM'000	Freehold buildings RM'000	Leasehold buildings RM'000	Leasehold improve- ments RM'000	Office equipment, furniture and fittings RM'000	Computer equipment RM'000	Motor vehicles RM'000	Total RM'000
COST								
As at 1 April 2008	12,892	23,127	17,016	179,879	131,868	408,904	8,441	782,127
Additions	-	-	-	7,147	4,517	55,659	1,236	68,559
Reclassified to intangible assets (Note 18)	-	-	-	-	-	(24,443)	-	(24,443)
Disposals	(166)	(332)	-	-	(611)	(1,364)	(1,491)	(3,964)
Reclassification	-	-	-	(106)	466	(360)	-	-
Exchange differences	-	58	-	-	190	45	38	331
Written-off	-	-	-	(64)	(8)	(756)	-	(828)
As at 31 March 2009	12,726	22,853	17,016	186,856	136,422	437,685	8,224	821,782
ACCUMULATED DEPRECIATION AND IMPAIRMENT LOSSES								
As at 1 April 2008	-	7,059	3,628	143,704	110,620	340,897	6,945	612,853
Depreciation for the year	-	455	314	12,514	9,179	15,756	488	38,706
Disposals	-	(103)	-	-	(608)	(1,364)	(1,388)	(3,463)
Impairment loss	1,350	-	886	-	-	-	-	2,236
Exchange differences	-	13	-	-	173	44	24	254
Reclassification	-	38	-	-	(5)	(33)	-	-
As at 31 March 2009	1,350	7,462	4,828	156,218	119,359	355,300	6,069	650,586
Analysed as:								
Accumulated depreciation	-	7,462	3,942	156,218	119,359	355,300	6,069	648,350
Accumulated impairment loss	1,350	-	886	-	-	-	-	2,236
	1,350	7,462	4,828	156,218	119,359	355,300	6,069	650,586
NET BOOK VALUE								
As at 31 March 2009	11,376	15,391	12,188	30,638	17,063	82,385	2,155	171,196

17. PROPERTY AND EQUIPMENT (CONTD.)**The Group**

	Freehold land RM'000	Freehold buildings RM'000	Leasehold buildings RM'000	Leasehold improve- ments RM'000	Office equipment, furniture and fittings RM'000	Computer equipment RM'000	Motor vehicles RM'000	Total RM'000
COST								
As at 1 April 2007	12,892	23,127	17,016	169,674	128,883	393,433	8,274	753,299
Additions	-	-	-	9,842	3,186	34,244	167	47,439
Reclassified to Intangible assets (Note 18)	-	-	-	-	-	(16,969)	-	(16,969)
Disposals	-	-	-	-	(181)	-	-	(181)
Exchange differences	-	-	-	-	(105)	(26)	-	(131)
Written-off	-	-	-	363	85	(1,778)	-	(1,330)
As at 31 March 2008	12,892	23,127	17,016	179,879	131,868	408,904	8,441	782,127
ACCUMULATED DEPRECIATION								
As at 1 April 2007	-	6,597	3,310	130,595	99,671	328,792	6,403	575,368
Depreciation for the year	-	462	318	13,109	11,229	12,132	556	37,806
Disposals	-	-	-	-	(178)	-	-	(178)
Exchange differences	-	-	-	-	(102)	(25)	(14)	(141)
Written off	-	-	-	-	-	(2)	-	(2)
As at 31 March 2008	-	7,059	3,628	143,704	110,620	340,897	6,945	612,853
NET BOOK VALUE								
As at 31 March 2008	12,892	16,068	13,388	36,175	21,248	68,007	1,496	169,274

17. PROPERTY AND EQUIPMENT (CONTD.)**The Bank**

	Freehold land RM'000	Freehold buildings RM'000	Leasehold buildings RM'000	Leasehold improve- ments RM'000	Office equipment, furniture and fittings RM'000	Computer equipment RM'000	Motor vehicles RM'000	Total RM'000
COST								
As at 1 April 2008	3,582	3,055	13,778	179,638	130,302	408,414	8,173	746,942
Additions	-	-	-	7,139	4,513	55,587	1,236	68,475
Reclassified to Intangible Assets (Note 18)	-	-	-	-	-	(24,443)	-	(24,443)
Disposals	-	-	-	-	(611)	(1,364)	(1,491)	(3,466)
Reclassification	-	-	-	(106)	593	(487)	-	-
Written-off	-	-	-	(64)	(1)	(756)	-	(821)
As at 31 March 2009	3,582	3,055	13,778	186,607	134,796	436,951	7,918	786,687
ACCUMULATED DEPRECIATION AND IMPAIRMENT LOSSES								
As at 1 April 2008	-	561	2,888	143,611	109,261	340,564	6,765	603,650
Depreciation for the year	-	46	274	12,471	9,142	15,686	454	38,073
Disposals	-	-	-	-	(608)	(1,364)	(1,388)	(3,360)
Impairment loss	1,350	-	886	-	-	-	-	2,236
As at 31 March 2009	1,350	607	4,048	156,082	117,795	354,886	5,831	640,599
Analysed as:								
Accumulated depreciation	-	607	3,162	156,082	117,795	354,886	5,831	638,363
Accumulated impairment loss	1,350	-	886	-	-	-	-	2,236
	1,350	607	4,048	156,082	117,795	354,886	5,831	640,599
NET BOOK VALUE								
As at 31 March 2009	2,232	2,448	9,730	30,525	17,001	82,065	2,087	146,088

17. PROPERTY AND EQUIPMENT (CONTD.)**The Bank**

	Freehold land RM'000	Freehold buildings RM'000	Leasehold buildings RM'000	Leasehold improve- ments RM'000	Office equipment, furniture and fittings RM'000	Computer equipment RM'000	Motor vehicles RM'000	Total RM'000
COST								
As at 1 April 2007	3,582	3,055	13,778	169,433	127,322	392,516	8,006	717,692
Additions	-	-	-	9,842	3,076	34,160	167	47,245
Reclassified to Intangible Assets (Note 18)	-	-	-	-	-	(16,489)	-	(16,489)
Disposals	-	-	-	-	(181)	-	-	(181)
Written-off	-	-	-	363	85	(1,773)	-	(1,325)
As at 31 March 2008	3,582	3,055	13,778	179,638	130,302	408,414	8,173	746,942
ACCUMULATED DEPRECIATION								
As at 1 April 2007	-	514	2,610	130,551	98,268	328,466	6,239	566,648
Depreciation for the year	-	47	278	13,060	11,171	12,098	526	37,180
Disposals	-	-	-	-	(178)	-	-	(178)
As at 31 March 2008	-	561	2,888	143,611	109,261	340,564	6,765	603,650
NET BOOK VALUE								
As at 31 March 2008	3,582	2,494	10,890	36,027	21,041	67,850	1,408	143,292

17. PROPERTY AND EQUIPMENT (CONTD.)

- (a) Included in the net book value of computer equipment and leasehold improvements are capital work-in-progress for the Group and the Bank of RM 30,345,800 (2008: RM30,960,000).
- (b) Details of fully depreciated property and equipment of the Group and the Bank, which are still in use are as follows:

	The Group		The Bank	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Freehold building	-	75	-	75
Leasehold building	-	102	-	102
Leasehold improvements	120,335	108,821	119,597	108,176
Office equipment, furniture and fittings	93,956	75,777	92,960	74,906
Computer equipment	315,470	310,776	315,470	310,776
Motor vehicles	5,017	5,627	4,871	5,499
	<u>534,778</u>	<u>501,178</u>	<u>532,898</u>	<u>499,534</u>

18. INTANGIBLE ASSETS

The net carrying amount of intangible assets are as follows:

	The Group		The Bank	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Computer Software				
Cost				
At the beginning of the year	167,792	140,104	167,057	140,004
Additions	4,639	10,721	4,539	10,564
Reclassified from computer equipment (Note 17)	24,443	16,969	24,443	16,489
Exchange differences	-	(2)	-	-
At the end of the year	<u>196,874</u>	<u>167,792</u>	<u>196,039</u>	<u>167,057</u>
Accumulated Amortisation				
At the beginning of the year	106,306	85,626	106,181	85,592
Amortisation for the year	24,161	20,682	24,012	20,589
Exchange differences	-	(2)	-	-
At the end of the year	<u>130,467</u>	<u>106,306</u>	<u>130,193</u>	<u>106,181</u>
Net Book Value	<u>66,407</u>	<u>61,486</u>	<u>65,846</u>	<u>60,876</u>

19. DEPOSITS FROM CUSTOMERS

	The Group		The Bank	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Demand deposits	3,168,521	2,908,460	2,522,656	2,387,896
Savings deposits	3,581,219	3,341,067	2,635,269	2,539,686
Other deposits	12,500,747	5,341,363	12,455,897	5,341,363
Fixed/Investment deposits	43,870,934	42,998,810	35,027,294	36,810,726
Negotiable certificates of deposits	825,714	1,030,041	558,729	1,138,196
	<u>63,947,135</u>	<u>55,619,741</u>	<u>53,199,845</u>	<u>48,217,867</u>

- (i) The maturity structure of deposits from customers is as follows:

Due within six months	50,802,092	43,749,396	41,029,704	37,230,570
Six months to one year	10,294,562	8,310,592	9,769,307	7,719,436
One year to three years	2,208,072	2,575,272	1,828,809	2,370,773
Three years to five years	642,409	984,481	572,025	897,088
	<u>63,947,135</u>	<u>55,619,741</u>	<u>53,199,845</u>	<u>48,217,867</u>

- (ii) The deposits are sourced from the following types of customers:

Individuals	25,510,224	23,634,806	23,551,245	22,010,689
Business enterprises	26,226,827	20,162,516	20,870,811	16,878,675
Government and other statutory bodies	10,815,814	8,839,532	7,900,901	6,905,339
Others	1,394,270	2,982,887	876,888	2,423,164
	<u>63,947,135</u>	<u>55,619,741</u>	<u>53,199,845</u>	<u>48,217,867</u>

20. DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

	The Group		The Bank	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Licensed banks	1,677,935	1,721,758	1,537,832	1,157,135
Licensed investment/merchant banks	1,433,340	1,253,248	1,231,309	716,019
Licensed financed companies	-	803,632	-	803,632
Other Financial Institutions	3,621,465	3,012,830	2,970,947	2,540,615
Bank Negara Malaysia ("BNM")	908,666	1,386,398	905,237	1,383,975
	<u>7,641,406</u>	<u>8,177,866</u>	<u>6,645,325</u>	<u>6,601,376</u>

Included under deposits and placements of other financial institutions of the Group and of the Bank are the following:

	The Group		The Bank	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Negotiable instruments of deposits	2,744,051	2,769,867	1,948,755	1,709,033
Interbank borrowing (Note 5)	793,759	1,430,325	1,191,302	1,422,173
	<u>3,537,810</u>	<u>4,200,192</u>	<u>3,140,057</u>	<u>3,131,206</u>

Included under deposits from BNM are long-term deposits and interest-free loans placed with the Group and the Bank in connection with the transfer of certain assets and liabilities of Kewangan Usahasama Makmur Berhad (KUMB) to the Bank as mentioned in Note 12.

	The Group		The Bank	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Soft deposit	135,000	135,000	135,000	135,000
Soft loans	493,000	493,000	493,000	493,000
	<u>628,000</u>	<u>628,000</u>	<u>628,000</u>	<u>628,000</u>

The soft deposit of RM135,000,000 bears an interest of 1% (2008: 1%) per annum and the soft loans are interest free.

The soft loans and soft deposit are repayable when the deferred assets relating to KUMB referred to in Note 12 are fully utilised.

21. BILLS AND ACCEPTANCES PAYABLE

Bills and acceptances payable represent the Bank's own bills and acceptances rediscounted and outstanding in the market.

22. RECOURSE OBLIGATION ON LOANS SOLD TO CAGAMAS BERHAD

Recourse obligation on loans sold to Cagamas Berhad represents the proceeds received from the Bank's loans sold directly and indirectly or those acquired from the Originators (as disclosed in Note 12) (excluding Islamic financing) to Cagamas Berhad with recourse. Under this arrangement for loans sold by the Bank, the Bank undertakes to administer the loans on behalf of Cagamas Berhad and to buy back any loans, which are regarded as defective based on prudential criteria with recourse to the Bank. Under the back to back arrangement with the Originators, the Bank acts as the intermediary financial institution and undertakes to administer the receivables on behalf of Cagamas Berhad, and to buy back any receivables which are regarded as defective based on prudential criteria with recourse against the Originators.

23. OTHER LIABILITIES

	The Group		The Bank	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Interest payable	442,153	388,972	382,436	340,958
Other creditors and accruals	816,498	1,012,811	748,891	965,960
Profit equalisation reserve	62,162	37,367	-	-
Lease deposits and advance rentals	62,259	55,676	55,392	50,807
Provision for commitment and contingencies	-	1,941	-	4
Provision for zakat	1,130	601	-	-
Provision for taxation	40	34	20	-
	<u>1,384,242</u>	<u>1,497,402</u>	<u>1,186,739</u>	<u>1,357,729</u>

Included under other creditors and accruals of the Group and of the Bank are outstanding balances totalling RM10,163,000 (2008: RM4,757,000) and RM9,961,000 (2008: RM2,218,000) respectively owing to other related companies. The amounts are interest-free and represent amounts paid on behalf.

24(a) SUBORDINATED TERM LOANS

	Note	The Group		The Bank	
		2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Subordinated term loans					
- RM460 million	(i)	-	460,000	-	460,000
- USD 200 million {net of capitalised issuance expense of RM5,401,000 (2008: RM6,217,000)}	(ii)	-	-	825,853	689,469
		<u>-</u>	<u>460,000</u>	<u>825,853</u>	<u>1,149,469</u>

- (i) The subordinated term loan represents an unsecured loan obtained from a related company, AmInvestment Bank Berhad for the purpose of supplementing the Bank's capital adequacy position and it is subordinated to all other liabilities. The term loan is repayable in a lump sum at the end of ten (10) years from the date of drawdown and interest is charged at a rate of 6.875% per annum for the first 5 years and 7.00% to 9.00% per annum or 3% per annum plus yield of 5-year Malaysian Government Securities, whichever is the higher for the next 5 years. The term loan was drawdown on 30 September 2003.

On 19 May 2006, the Bank entered into a Supplemental Facility Agreement with AmInvestment Bank Berhad whereby the subordinated term loan was novated to Quanto Assets Bhd, a special purpose vehicle. In accordance with the new terms of agreement, interest on the loan remains unchanged at 6.875% per annum for the primary period which ends on 30 September 2008 and 7.375% to 9.375% per annum for the next 5 years. On 30 September 2008, the Bank repaid in full the subordinated term loan.

- (ii) The subordinated term loan which was on-lent from the proceeds of the issue of the Hybrid Securities as explained in Note 24(b) is for a period of 50 years to mature on 27 January 2056 with an option to make a first call on 27 January 2016.

The interest rate of the subordinated term loan has been fixed at 6.77% per annum from the date of issue to the date of the first call on 27 January 2016. For interest thereafter to 27 January 2056, a floating rate per annum of 3 month US Dollar LIBOR plus 2.9% will be charged.

24(b) HYBRID SECURITIES

	The Group		The Bank	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Non-cumulative Non-Voting Guaranteed Preference Shares - USD200 million (net of capitalised issuance expense of RM5,401,000 (2008: RM6,217,000))	825,853	689,469	-	-

On 27 January 2006, AMBB Capital (L) Ltd, a wholly-owned subsidiary of the Bank issued USD200,000,000 Hybrid Tier 1 Capital comprising 2,000 preference shares of USD100,000 each ("Hybrid Securities"). The Hybrid Securities are guaranteed by the Bank on a subordinated basis. The gross proceeds of USD200,000,000 from the issue of Hybrid Securities were on-lent to the Bank in the form of a subordinated term loan on 27 January 2006 for the purpose of supplementing the Bank's working capital requirements.

The salient features of the Hybrid Securities are as follows:

- (a) The Hybrid Securities bear non-cumulative dividends from the issue date to (but excluding) 27 January 2016 at 6.77% per annum and thereafter, at a floating rate equal to three (3) months US dollar LIBOR plus 2.90% if not redeemed on 27 January 2016. The non-cumulative dividends are payable on semi-annual basis.
- (b) The Hybrid Securities are perpetual securities and have no fixed final redemption date. The Hybrid Securities may be redeemed in whole but not in part at the option of the issuer (but not the holders) under certain circumstances.

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

25. MEDIUM TERM NOTES

The Bank had implemented a RM2.0 billion nominal value MTN Programme whereby the proceeds raised from the MTN Programme had been and will be utilised for the refinancing of existing subordinated debts and for general working capital requirements.

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

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

The salient features of the MTNs issued are as follows:

- (a) Tranche 1 amounting to RM500 million was issued on 4 February 2008 and is for a tenor of 10 years Non-Callable 5 years and bears interest at 5.23% per annum.
- (b) Tranche 2 and 3 totalling RM240 million was issued on 14 March 2008 as follows:
 - i. Tranche 2 amounting to RM165 million is for a tenor of 10 years Non-Callable 5 years and bears interest at 5.2% per annum.
 - ii. Tranche 3 amounting to RM75 million is for a tenor of 12 years Non-Callable 7 years and bears interest at 5.4% per annum.
- (c) Tranche 4 and 5 totalling RM120 million was issued on 28 March 2008 as follows:
 - i. Tranche 4 amounting to RM45 million is for a tenor of 10 years Non-Callable 5 years and bears interest at 5.2% per annum.
 - ii. Tranche 5 amounting to RM75 million is for a tenor of 12 years Non-Callable 7 years and bears interest at 5.4% per annum.
- (d) Tranche 6 amounting to RM600 million issued on 9 April 2008 is for a tenor of 15 years Non-Callable 10 years and bears interest at 6.25% per annum.

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

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

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

26. SUBORDINATED BONDS

	Note	The Group		The Bank	
		2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Subordinated bonds					
- RM200 million	(i)	-	200,000	-	200,000
Subordinated Sukuk Musyarakah					
- RM400 million	(ii)	400,000	400,000	-	-
		<u>400,000</u>	<u>600,000</u>	<u>-</u>	<u>200,000</u>

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

The salient features of the Subordinated Bonds are as follows:

- (a) The Subordinated Bonds bear interest at 7.95% per annum for the first five years and subsequently at 8.45% to 10.45% per annum. The interest is payable on a semi-annual basis.
- (b) The Subordinated Bonds are for a period of ten years maturing on 30 April 2013. However, subject to the prior approval of BNM, the Bank may redeem the Subordinated Bonds on 30 April 2008 or on each anniversary date thereafter, at nominal value together with interest accrued to the date of redemption.

The RM200 million Subordinated Bonds was fully redeemed on 30 April 2008.

- (ii) On 21 December 2006, Amlslamic Bank Berhad (Amlslamic Bank) issued the RM400 million Subordinated Sukuk Musyarakah in one lump sum in the format of a 10 year Non-Call 5 year. Subject to the prior approval of BNM, Amlslamic Bank may exercise its call option and redeem in whole (but not in part) the Subordinated Sukuk Musyarakah on the 5th anniversary of the issue date or on any anniversary date thereafter at 100% of the principal amount together with the expected profit payments.

The Subordinated Sukuk Musyarakah bears an expected profit rate of 4.80% per annum for the first 5 years and commencing from the beginning of the 6th year from the issue date and at the beginning of every subsequent year thereafter, the expected profit rate shall be stepped up by 0.5% per annum to legal maturity date.

The Subordinated Sukuk Musyarakah which has been awarded a long term rating of A2 by Rating Agency Malaysia is not listed on Bursa Securities Malaysia Berhad or on any other stock exchange but is traded and prescribed under the Scripless Securities Trading System maintained by BNM.

The Subordinated Sukuk Musyarakah qualify as Tier 2 capital of Amlslamic Bank.

27. EXCHANGEABLE BONDS

During the previous financial year, the Bank issued RM575,000,000 Exchangeable Bonds ("EB") to ANZ Funds Pty Ltd. The EB will mature on the 10th anniversary from the date of issue. Interest will accrue on the EB at a rate of 5% per annum for the first five years and 5.5% for the next five years. The EB are exchangeable into 188,524,590 new ordinary shares in the ultimate holding company, at an exchange price of RM3.05 per share.

Pursuant to the completion of AHB's Rights Issue on 15 January 2008, the EB conversion price was adjusted from RM3.05 per share to RM2.95 per share.

Bank Negara Malaysia has approved the Exchangeable Bonds as Tier 2 capital of the Bank under the capital adequacy framework.

28. TERM LOANS

	Note	The Group		The Bank	
		2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Short term loans					
USD85 million	(i)	-	271,490	-	271,490
USD40 million	(ii)	145,820	-	145,820	-
		<u>145,820</u>	<u>271,490</u>	<u>145,820</u>	<u>271,490</u>

(i) Pursuant to the Business Transfer Agreement, a USD85 million unsecured term loan was vested from AmInvestment Bank Berhad to the Bank. The term loan which was drawdown on 15 January 2008 bears interest at 0.125% per annum above USD LIBOR is for a tenor of 364 days from the drawdown date. The loan was fully paid on 13 January 2009.

(ii) On 13 January 2009, a new unsecured term loan of USD20 million was drawdown for working capital purposes. This term loan bears interest at 0.7% per annum above the lender's LIBOR. This term loan is for a tenor of one year from drawdown date and repayable in full on maturity date.

On 26 March 2009, the Bank drawdown another new USD20 million unsecured term loan for working capital purposes. This term loan bears interest at 0.75% per annum above the lender's cost of funds. This term loan is for a tenor of one year from drawdown date and repayable in full on maturity date.

29. STAPLED CAPITAL SECURITIES

	The Group		The Bank	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Stapled Capital securities	500,000	-	500,000	-
	<u>500,000</u>	<u>-</u>	<u>500,000</u>	<u>-</u>

29. STAPLED CAPITAL SECURITIES (CONTD.)

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

- (a) Non-Cumulative Perpetual Capital Securities ("NCPCS"), which are issued by the Bank and stapled to the Subordinated Notes described below; and
- (b) Subordinated Notes ("SubNotes"), which are issued by AmPremier Capital Berhad ("AmPremier"), a wholly-owned subsidiary of the Bank.

(collectively known as "Stapled Capital Securities")

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

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

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

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

As at 31 March 2009, the Bank had issued up to RM 500 million Stapled Capital Securities in two tranches.

30. IRREDEEMABLE CONVERTIBLE UNSECURED LOAN STOCKS

In the previous financial year, the Bank issued RM300 million Irredeemable Convertible Unsecured Loan Stocks ("ICULS") to the holding company, AMFB Holdings Berhad. The ICULS is for a period of ten years to mature in 2017. Interest shall be payable on the loan stock at the interest rate of 6% per annum. The ICULS shall be convertible to new shares in the Bank and credited as fully paid on the basis of one new share for every Ringgit Malaysia Five (RM5.00) nominal amount of ICULS tendered. BNM has approved the ICULS as Tier 2 capital of the Bank under the capital adequacy framework.

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

31. IRREDEEMABLE NON-CUMULATIVE CONVERTIBLE PREFERENCE SHARES

In the previous financial year, the Bank issued RM150 million Irredeemable Non-Cumulative Convertible Preference Shares ("INCPS") to the holding company, AMFB Holdings Berhad. The INCPS are perpetual securities and do not have a fixed maturity date. The dividend rate will be 6% per annum. The INCPS are convertible into new ordinary shares of the Bank on the basis of one (1) new ordinary share for every one (1) INCPS held. BBM has approved the INCPS as Tier 1 capital of the Bank under the capital adequacy framework.

32. SHARE CAPITAL

	The Group		The Bank	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Authorised				
Balance at beginning and end of year				
Ordinary shares of RM1.00 each	1,386,250	1,386,250	1,386,250	1,386,250
6% Irredeemable Non-Cumulative Convertible Preference Shares of RM1.00 each	2,500,000	2,500,000	2,500,000	2,500,000
	<u>3,886,250</u>	<u>3,886,250</u>	<u>3,886,250</u>	<u>3,886,250</u>
Issued and fully paid				
Ordinary shares of RM1.00 each				
Balance at beginning of year	610,364	610,364	610,364	610,364
Issued arising from conversion of ICULS (Note 30)	60,000	-	60,000	-
Balance at end of year	<u>670,364</u>	<u>610,364</u>	<u>670,364</u>	<u>610,364</u>
Preference shares of RM1.00 each				
Balance at beginning/end of year	150,000	150,000	150,000	150,000
	<u>150,000</u>	<u>150,000</u>	<u>150,000</u>	<u>150,000</u>

33. RESERVES

	The Group		The Bank	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Non-distributable Reserves:				
Share premium	942,844	710,660	942,844	710,660
Statutory reserve	849,232	770,898	680,459	680,459
Capital reserve	377,492	377,492	-	-
Securities available-for-sale reserve	(44,099)	(2,090)	(52,975)	(2,090)
Merger reserve	397,566	2,313,401	-	1,597,933
ICULS (Equity component) (Note 30)	-	200,792	-	200,792
Exchange fluctuation	11,904	-	(188)	-
Cash Flow hedge reserve	(91,485)	-	(91,485)	-
Total non-distributable reserves	2,443,454	4,371,153	1,478,655	3,187,754
Distributable Reserves:				
Retained profits	1,357,909	735,060	1,708,293	1,202,508
	<u>3,801,363</u>	<u>5,106,213</u>	<u>3,186,948</u>	<u>4,390,262</u>

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

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

The statutory reserve is maintained in compliance with Section 36 of the Banking and Financial Institutions Act, 1989 and is not distributable as cash dividends.

The capital reserve of the Group represents reserve arising from the acquisition of AmIslamic Bank Berhad which is accounted for using the merger accounting method.

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

The Cash Flow hedge reserve is in respect of unrealised fair value gains and losses on Cash Flow hedging instruments.

The exchange fluctuation reserve arises on translation of the Bank's Labuan offshore branch and subsidiary company incorporated in the Federal Territory of Labuan.

Distributable reserves are those available for distribution by way of dividends. There is minimal tax credit available under Section 108 of the Income Tax Act, 1967 to frank the payment of dividends out of the Bank's distributable reserves as at 31 March 2008. If the distributable reserves were to be distributed as dividends prior to there being sufficient Section 108 tax credit, the Bank would automatically move to the single tier system and the dividends paid would be treated as single tier dividends.

34. MINORITY INTERESTS

Minority interests in the Group represent that part of the net results of operations, or of net assets, of subsidiary companies attributable to shares owned, directly or indirectly other than by the Bank or subsidiary companies.

The movements in minority interests in subsidiary companies are as follows:

	The Group	
	2009 RM'000	2008 RM'000
Balance at beginning of year	41	57
Share in net results of subsidiary companies	(13)	(16)
Balance at end of year	28	41

35. INTEREST INCOME

	The Group		The Bank	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Loans and advances				
- Interest income other than recoveries from NPLs	2,956,466	2,810,083	2,954,882	2,804,768
- recoveries from NPLs	213,606	273,186	213,606	272,709
Money at call, deposits and placements with financial institutions	307,627	330,640	303,418	317,043
Securities held-for-trading	47,520	273,529	49,026	272,831
Securities available-for-sale	246,853	99,882	246,853	99,882
Securities held-to-maturity	33,034	110,182	31,539	110,122
Others	279	1,254	160	948
	3,805,385	3,898,756	3,799,484	3,878,303
Net interest suspended	(94,670)	(100,916)	(94,670)	(98,355)
Amortisation of premiums less accretion of discounts	13,450	7,068	13,450	7,068
	3,724,165	3,804,908	3,718,264	3,787,016

36. INTEREST EXPENSE

	The Group		The Bank	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Deposit from customers	1,537,564	1,652,814	1,534,164	1,644,655
Deposits and placements of banks and other financial institutions	253,715	214,008	255,414	209,705
Recourse obligation on loans sold to Cagamas Berhad	5,333	15,057	5,333	15,057
Subordinated term loans	15,770	31,837	61,901	77,439
Subordinated bonds	1,263	15,944	1,263	15,944
Hybrid securities	46,495	45,602	-	-
Medium term notes	81,848	4,777	81,848	4,777
Exchangeable bonds	30,015	26,232	30,015	26,232
Irredeemable Convertible Unsecured Loan Stocks	995	6,662	995	6,662
Dividends on INCPS	9,000	6,750	9,000	6,750
Stapled Capital securities	3,551	-	3,551	-
Others	40,114	173,182	40,692	173,051
	<u>2,025,663</u>	<u>2,192,865</u>	<u>2,024,176</u>	<u>2,180,272</u>

37. NET INCOME FROM ISLAMIC BANKING BUSINESS

	The Group		The Bank	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Income derived from investment of depositors' funds and others	809,215	701,459	-	-
Income derived from investment of shareholders' funds	155,855	192,740	-	-
Transfer from/(to) profit equalisation reserve	(24,518)	18,211	-	-
Income attributable to the depositors	(383,038)	(359,937)	-	-
Finance cost	(19,200)	(19,253)	-	-
	<u>538,314</u>	<u>533,220</u>	<u>-</u>	<u>-</u>

38. OTHER OPERATING INCOME

	The Group		The Bank	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
(a) Fee Income:				
Commissions	54,028	54,054	54,028	53,948
Guarantee fees	27,873	19,624	26,057	18,109
Other fee income	142,028	118,414	141,707	116,392
	<u>223,929</u>	<u>192,092</u>	<u>221,792</u>	<u>188,449</u>
(b) Investment income:				
Net (loss)/gain on sale/redemption of:				
Securities				
held-for-trading	(54,976)	69,827	(54,976)	69,256
Securities				
available-for-sale	15,593	26,629	15,593	26,629
Securities				
held-to-maturity	46,085	101,300	46,085	101,300
Net loss on				
revaluation of securities				
held-for-trading	(20,626)	(122,735)	(20,626)	(122,404)
Net (loss)/gain on revaluation of				
derivatives	(37,598)	64,783	(37,598)	66,134
Gross dividend income from:				
Securities				
held-for-trading	1,214	11,907	1,214	11,907
Securities				
available-for-sale	7,572	774	7,572	774
Securities				
held-to-maturity	5,296	5,031	5,268	5,003
Others	4	-	4	-
	<u>(37,436)</u>	<u>157,516</u>	<u>(37,464)</u>	<u>158,599</u>
(c) Other Income:				
Gain on disposal of				
foreclosed properties	343	975	343	975
Rental income	3,549	3,631	2,691	2,842
Gain on disposal of				
property and equipment	532	429	477	429
Foreign exchange (loss)/gain	(13,237)	20,691	(12,822)	20,277
Other operating income	(428)	807	(907)	-
	<u>(9,241)</u>	<u>26,533</u>	<u>(10,218)</u>	<u>24,523</u>
	<u>177,252</u>	<u>376,141</u>	<u>174,110</u>	<u>371,571</u>

39. OTHER OPERATING EXPENSES

	The Group		The Bank	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Personnel costs				
Salaries, allowances and bonuses	411,247	377,166	404,096	370,494
Others	114,065	85,266	112,432	83,795
Establishment costs				
Depreciation (Note 17)	38,706	37,806	38,073	37,180
Rental	51,320	47,803	52,166	48,803
Cleaning, maintenance and security	16,956	20,611	16,294	19,869
Computerisation cost	50,687	46,042	50,060	45,600
Amortisation of prepaid land lease payments (Note 16)	99	105	79	85
Amortisation of intangible assets (Note 18)	24,161	20,682	24,012	20,589
Others	20,249	18,522	19,263	17,669
Marketing and communication expenses				
Commission	11,939	6,367	11,493	6,361
Advertising and marketing expenses	36,173	42,637	31,695	37,330
Communication	40,191	46,085	38,736	44,823
Others	6,828	7,550	6,678	7,439
Administration and general expenses				
Professional services	83,756	65,254	82,047	61,924
Others	24,690	23,718	23,562	22,622
Shared service cost charged	51,361	56,828	49,055	52,960
Shared service cost recoveries (Subsidiary)	-	-	(199,293)	(182,639)
	<u>982,428</u>	<u>902,442</u>	<u>760,448</u>	<u>694,904</u>

The above expenditure includes the following statutory disclosure:

	The Group		The Bank	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Directors' remuneration (Note 43)	1,386	1,063	846	679
Rental of premises				
- subsidiary companies	-	-	1,261	1,950
- others	51,320	47,803	50,905	46,853
Hire of equipment	8,333	8,026	8,248	7,965
Auditors' remuneration:				
Statutory audit	931	547	750	450
Review engagements	585	390	565	370
Reporting accountants	440	430	440	430
Others	124	-	124	-
Property and equipment written off	828	1,330	821	1,325
	<u>828</u>	<u>1,330</u>	<u>821</u>	<u>1,325</u>

39. OTHER OPERATING EXPENSES (CONTD.)

Personnel costs include salaries, bonuses, contributions to Employees' Provident Fund and all other staff related expenses. Contributions to Employees' Provident Fund of the Group and the Bank amounted to RM65,801,000 (2008: RM58,925,000) and RM64,633,000 (2008: RM58,129,000), respectively.

40. ALLOWANCE FOR LOSSES ON LOANS AND FINANCING

	The Group		The Bank	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Allowance for bad and doubtful debts and financing:				
Specific allowance (net)				
- made in the financial year {Note 11(vii)}	1,042,014	1,181,796	885,471	964,117
- written back {Note 11(vii)}	(377,380)	(413,905)	(329,236)	(335,005)
General allowance {Note 11(vii)}	51,102	66,062	39,651	51,375
Bad debts and financing recovered-net	(366,526)	(316,330)	(425,234)	(300,186)
Amount recovered from Danaharta	-	(609)	-	(609)
	<u>349,210</u>	<u>517,014</u>	<u>170,652</u>	<u>379,692</u>

41. IMPAIRMENT LOSS

	The Group		The Bank	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Impairment (loss)/written back:				
Securities	(75,176)	(106,586)	(75,176)	(106,586)
Subsidiary companies	-	-	(115,156)	-
Foreclosed properties	(1,942)	-	(1,942)	-
Property and equipment	(2,236)	-	(2,236)	-
Prepaid land lease payments	(254)	-	(254)	-
Amount recoverable under asset-backed securitisation transaction	17,000	(10,000)	17,000	(10,000)
Sundry receivables	3,746	(3,042)	(144)	(3,139)
	<u>(58,862)</u>	<u>(119,628)</u>	<u>(177,908)</u>	<u>(119,725)</u>

42. SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES

The holding and ultimate holding companies are AMFB Holdings Berhad and AMMB Holdings Berhad respectively, both of which are incorporated in Malaysia.

Key management personnel are the person who have authority and responsibility for planning, directing and controlling the activities of the Group and the Bank either directly or indirectly. Key management personnel of the Group and the Bank are the directors (Executive and Non-Executive) and certain members of senior management of the Bank and head of a major subsidiary company including close members of their families.

Related party transactions also includes transactions with entities that are controlled, jointly controlled or significantly influenced directly or indirectly by any key management personnel or their close family members.

In addition to the transactions detailed elsewhere in the financial statements, the Group and the Bank had the following transactions with related parties during the financial year:

	The Group		The Bank	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Income				
<u>Related companies</u>				
Interest on deposits and placement	40,906	115,232	40,845	114,433
Interest on investment securities	-	1,747	-	1,747
Interest on loans advances and financing	2,265	4,527	2,265	4,527
Other income	23	-	23	-
<u>Subsidiary companies</u>				
Interest on deposits and placement	-	-	49	49
Interest on investment securities	-	-	10	-
Shared service cost recoveries	-	-	199,293	182,639
<u>Key management personnel</u>				
Interest on loans	42	44	31	39

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

	The Group		The Bank	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Expenditure				
<u>Ultimate holding company</u>				
Interest on deposits and placements	9,939	-	9,939	-
<u>Immediate holding company</u>				
Interest/Dividend expense	9,995	13,412	9,995	6,662
<u>Related companies</u>				
Interest on deposits and placements	48,763	114,187	47,844	110,606
Shared service costs	51,361	56,828	49,055	52,960
<u>Subsidiary companies</u>				
Interest on subordinated loans	-	-	49,682	45,727
Interest on deposits and placements	-	-	521	576
Other expenses	-	-	1,261	1,895
<u>Associated company</u>				
Interest on deposits and placements	89	7	74	7
<u>Key management personnel</u>				
Interest on deposits and placements	311	544	293	538
Information service provider	542	576	511	555
Training	442	306	431	306
Interbank GIRO expenses	1,218	339	1,218	339
Short term employee benefits:				
Salary and other remuneration including meeting allowances	4,174	4,216	3,547	3,538
Estimated money value of benefits	167	119	138	103
Gratuity	682	-	682	-
Amount due from				
<u>Related companies</u>				
Loans, advances and financing	18,285	82,064	18,285	82,064
Cash and short- term funds	-	405,818	-	405,818
Deposits and placements	637,787	688,800	637,537	638,800
Interest receivable	2,662	5,842	2,662	5,818
<u>Subsidiary companies</u>				
Deposits and placements	-	-	6,093	8,593
Securities available-for-sale	-	-	25,437	-
Interest receivable	-	-	99	50
<u>Key management personnel</u>				
Loans, advances and financing	940	1,114	709	1,066

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

	The Group		The Bank	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Amount due to				
<u>Ultimate holding company</u>				
Deposits and placements	299,773	-	299,773	-
Interest payable	129	-	129	-
<u>Related companies</u>				
Deposits and placements	900,143	2,252,532	874,704	1,619,286
Interest payable	911	13,075	906	12,859
Commitments and contingencies	-	8,632,241	-	8,632,241
<u>Subsidiary companies</u>				
Deposits and placements	-	-	492,630	1,348
Subordinated term loan	-	-	825,853	689,469
Interest payable	-	-	12,791	7,809
<u>Associated company</u>				
Deposits and placements	4,568	100	4,054	100
Interest payable	12	10	15	10
<u>Key Management Personnel</u>				
Deposits and placements	16,928	7,216	15,421	7,053

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

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

(a) Directors related transactions

The significant transactions of the Group and the Bank with companies in which certain directors and/or their close family members are deemed to have a substantial interest, are as follows:

Supplier	Types of transactions	2009 RM'000	2008 RM'000
MCM Systems Sdn Bhd	Computer maintenance and consultancy services	6,052	6,245
MCM Horizon Sdn Bhd	Computer maintenance and consultancy services	342	911
MCM Consulting Sdn Bhd	Computer maintenance and consultancy services	849	399
Dion Realities Sdn Bhd	Rental of premises and car park	4,940	3,904
Troost Sdn Bhd	Rental of premises	310	279
Modular Corp. (M) Sdn Bhd	EMV card personalization and fulfillment services	1,964	1,691
AmProperty Trust Management Bhd	Management fees, miscellaneous charges and rental of premises	-	6,334
Melawangi Sdn Bhd	Rental-Amcorp Mall ATM, Roadshow Booth Rental and monthly license fee	427	355
Unigaya Protection Systems Sdn Bhd	Provision of security services	149	219
Gubahan Impian	Flower arrangement and hampers	24	26
Bursa Malaysia Bhd	Training attendance fee	22	-
MCM Systems Sdn Bhd	Purchase of computer hardware, software and related consultancy services	178	6,696
MCM Consulting Sdn Bhd	Purchase of computer hardware and related consultancy services	892	4,275
MCM Horizon Sdn Bhd	Purchase of computer hardware, software and related consultancy services	303	51
Cuscapi Malaysia Sdn Bhd	Purchase of computer hardware, software and related consultancy services	11	-

The above transactions are the same for both the Group and the Bank except for the following:

Supplier (Types of transactions)	The Group		The Bank	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
AON Insurance Brokers (M) Sdn Bhd (Brokerage for insurance brokers' services)	305	643	302	643
Harpers Travel (M) Sdn Bhd (Provision of airline ticketing services)	954	514	916	514

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

	The Group		The Bank	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Supplier (Types of transactions)				
Islamic Banking and Finance Institute Malaysia Sdn Bhd (Seminar attendance fee)	16	7	1	4
AmFirst Real Estate Investment Trust (Rental of premises, management fee and charges)	19,365	-	18,741	-

The above transactions have been entered into in the normal course of business and have been established under terms and conditions that are not materially different from those arranged with independent parties.

43. DIRECTORS' REMUNERATION

Details of remuneration in aggregate for directors charged to the income statements for the financial year are as follows:

	The Group		The Bank	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Non-executive directors				
Fees	534	251	297	135
Other remuneration	852	812	549	544
	<u>1,386</u>	<u>1,063</u>	<u>846</u>	<u>679</u>
Total (including benefits-in-kind)	<u>1,386</u>	<u>1,063</u>	<u>846</u>	<u>679</u>

Directors' fees for directors who are executives of companies of the Group are paid to their respective companies. The remuneration for the Chief Executive Officer who is a director of the Bank is paid by a related company and the portion reimbursed by the Bank with effect from the previous financial year is taken up under share of group expenses.

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

	Number of Directors	
	2009	2008
Executive director		
RM1,150,001- RM1,200,000	-	1
RM2,000,001- RM2,300,000	1	-
Non-executive director		
Below RM50,000	2	1
RM50,001 - RM100,000	2	4
RM100,001 - RM150,000	2	-
RM350,001 - RM400,000	1	1

44. TAXATION

	The Group		The Bank	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Estimated current tax payable	6,307	59,125	5,892	49,607
Net transfer from deferred tax assets (Note 45)	303,150	263,633	247,517	197,698
	<u>309,457</u>	<u>322,758</u>	<u>253,409</u>	<u>247,305</u>
Prior year tax expense in respect of business vested over from immediate holding company, AMFB Holdings Berhad	-	6,279	-	6,279
Under provision in respect of prior years	-	793	-	810
Taxation	<u>309,457</u>	<u>329,830</u>	<u>253,409</u>	<u>254,394</u>

The tax charge for the Bank for the current year is in respect of its Labuan offshore branch and tax on shortfall of tax credit under Section 108 of the Income Tax Act, 1967. The tax charge for the Bank in prior year was related to the net assets vested.

As at 31 March 2009, the Bank has unabsorbed tax losses amounting to approximately RM115.5 million (2008: RM1,223.4 million) which can be used to offset future taxable profits subject to agreement with the Inland Revenue Board.

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

44. TAXATION (CONTD.)

	The Group		The Bank	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Profit before taxation	1,011,659	980,767	759,194	784,290
Taxation at Malaysian statutory tax rate of 25% (2008: 26%)	252,915	254,999	189,799	203,915
Effect of different tax rates in Labuan	(3,259)	(4,511)	1,710	(2,826)
Deferred tax relating to changes in tax rates	-	62,962	-	46,712
Income not subject to tax	(2,643)	-	(1,629)	(1,005)
Expenses not deductible for tax purposes	11,767	8,881	37,514	3,138
Intercompany income subject to tax	25,033	-	-	-
Prior year tax expense in respect of business vested over from immediate holding company AMFB Holdings	-	6,279	-	6,279
Under provision of tax expense in prior years	-	793	-	810
Transfer from Equity	1,319	-	1,319	-
Deferred tax assets over/ (under) recognised in prior years	24,325	427	24,696	(2,629)
	<u>309,457</u>	<u>329,830</u>	<u>253,409</u>	<u>254,394</u>

45. DEFERRED TAX ASSETS

	The Group		The Bank	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Balance at beginning of year	645,067	873,863	483,873	646,741
Recognised in Equity	34,495	33,501	37,465	33,501
Recognised in Equity previously:				
- transfer to income statement	(1,319)	-	(1,319)	-
- reversed upon conversion of instrument as share capital	(32,182)	-	(32,182)	-
Transfer to income statement	(301,831)	(263,633)	(246,198)	(197,698)
Others	-	1,336	-	1,329
Balance at end of year	<u>344,230</u>	<u>645,067</u>	<u>241,639</u>	<u>483,873</u>

45. DEFERRED TAX ASSETS (CONTD.)

The deferred tax assets/(liabilities) recognised are in respect of the following temporary differences:

	The Group		The Bank	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Unabsorbed tax losses	88,443	428,944	28,873	305,862
Temporary difference between depreciation and tax allowances on property and equipment	(31,289)	(24,052)	(31,102)	(23,924)
Temporary difference arising from impairment loss on foreclosed properties	24,487	22,905	24,487	22,905
General allowance for bad and doubtful debts and financing	223,802	209,153	182,175	170,486
Temporary difference arising from deferred charges	(47,404)	(44,412)	(38,568)	(36,699)
Temporary difference taken up in Equity	34,495	33,501	37,465	33,501
Others	51,696	19,028	38,309	11,742
	<u>344,230</u>	<u>645,067</u>	<u>241,639</u>	<u>483,873</u>

Deferred Tax Assets recognised directly in Equity:

	The Group		The Bank	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Balance at beginning of year	33,501	-	33,501	-
Relating to Irredeemable Convertible Unsecured Loan Stocks	(33,501)	33,501	(33,501)	33,501
Relating to net unrealised loss on Securities available for sale	4,000	-	6,970	-
Relating to Mark to Market loss taken up under Cash Flow hedge reserve	30,495	-	30,495	-
Balance at end of year	<u>34,495</u>	<u>33,501</u>	<u>37,465</u>	<u>33,501</u>

46. EARNINGS PER SHARE**(a) Basic**

Basic earnings per share is calculated by dividing the net profit for the financial year attributable to shareholder of the Group and of the Bank by the weighted average number of ordinary shares in issue during the financial year.

	The Group		The Bank	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Net profit attributable to shareholder of the Bank	701,183	650,352	505,785	529,896
Effect of savings on interest on ICULS (net of tax)	746	4,930	746	4,930
	<u>701,929</u>	<u>655,282</u>	<u>506,531</u>	<u>534,826</u>
	'000	'000	'000	'000
Number of ordinary shares at beginning of year	610,364	610,364	610,364	610,364
Effect of the conversion of ICULS	<u>60,000</u>	<u>52,295</u>	<u>60,000</u>	<u>52,295</u>
Weighted average number of ordinary shares in issue	<u>670,364</u>	<u>662,659</u>	<u>670,364</u>	<u>662,659</u>
Basic earnings per share (sen)	<u>104.71</u>	<u>98.89</u>	<u>75.56</u>	<u>80.71</u>

(b) Fully Diluted

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

The Bank has one category of dilutive potential ordinary shares:

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

	The Group		The Bank	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Net profit attributable to shareholder of the Bank (as in (a) above)	701,929	655,282	506,531	534,826
Effect of savings on dividend on INCPS	9,000	6,750	9,000	6,750
	<u>710,929</u>	<u>662,032</u>	<u>515,531</u>	<u>541,576</u>
	'000	'000	'000	'000
Weighted average number of ordinary shares in issue (as in (a) above)	670,364	662,659	670,364	662,659
Adjusted for the effect of the INCPS	150,000	130,738	150,000	130,738
Adjusted weighted average number of ordinary shares in issue	<u>820,364</u>	<u>793,397</u>	<u>820,364</u>	<u>793,397</u>
Fully diluted earnings per share (sen)	<u>86.66</u>	<u>83.44</u>	<u>62.84</u>	<u>68.26</u>

47. NET ASSETS PER SHARE (RM)

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

Net assets per share is calculated as follows:

	The Group		The Bank	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Total assets	84,341,980	77,254,419	70,772,211	66,473,043
Less:				
Total Liabilities	79,870,225	71,537,801	66,914,899	61,472,417
Minority interests	28	41	-	-
	<u>79,870,253</u>	<u>71,537,842</u>	<u>66,914,899</u>	<u>61,472,417</u>
 Net assets	 <u>4,471,727</u>	 <u>5,716,577</u>	 <u>3,857,312</u>	 <u>5,000,626</u>
 Issued and fully paid up ordinary shares of RM1.00 each ('000)	 <u>670,364</u>	 <u>610,364</u>	 <u>670,364</u>	 <u>610,364</u>
 Net assets per share (RM)	 <u>6.67</u>	 <u>9.37</u>	 <u>5.75</u>	 <u>8.19</u>

48. SEGMENT INFORMATION ON OPERATING REVENUE, PROFIT BEFORE TAX EXPENSE AND ASSETS**By Business Segments**

The Group 31 March 2009	Conventional Banking RM'000	Islamic Banking RM'000	Others RM'000	Elimination RM'000	Consolidated RM'000
Revenue					
<u>External revenue</u>					
Interest income	3,724,165	-	-	-	3,724,165
Fee income	223,735	-	194	-	223,929
Investment and other operating income	(47,172)	-	113	(363)	(47,422)
Income from Islamic Banking:					
Financing income	-	913,879	-	-	913,879
Fee income	-	45,668	-	-	45,668
Investment and Fees on financing	-	5,523	-	-	5,523
Others (Subsidiaries)					
Rental	-	-	745	-	745
	3,900,728	965,070	1,052	(363)	4,866,487
<u>Internal revenue</u>					
Interest income	2,201	-	50,551	(52,752)	-
Others (Subsidiaries) - Rental	-	-	1,895	(1,895)	-
	2,201	-	52,446	(54,647)	-
Total revenue	3,902,929	965,070	53,498	(55,010)	4,866,487
Results					
Profit before share in results of associated company and taxation	777,337	214,055	14,268	5,934	1,011,594
Share of net profit in associated company	-	-	-	65	65
Profit before zakat and taxation	777,337	214,055	14,268	5,999	1,011,659
Zakat	-	(1,032)	-	-	(1,032)
Taxation	(253,429)	(55,633)	(395)	-	(309,457)
Profit after zakat and taxation	523,908	157,390	13,873	5,999	701,170
Total Assets	71,504,823	14,132,803	1,305,895	(2,601,541)	84,341,980
Other information					
Capital additions	73,022	176	-	-	73,198
Depreciation	38,142	125	403	36	38,706
Amortisation of prepaid land lease payments	79	-	20	-	99
Amortisation of intangible assets	24,012	149	-	-	24,161
Loan and financing loss and allowance	595,783	119,953	-	-	715,736
Impairment loss/(writeback)					
- on securities	75,176	-	-	-	75,176
- on subsidiary companies	115,156	-	-	(115,156)	-
Amortisation of premium less accretion of discount	(13,450)	(3,867)	-	-	(17,317)
Impairment writeback on amount recoverable under asset-backed securitisation transaction	(17,000)	-	-	-	(17,000)
Property and equipment written off	828	-	-	-	828

48. SEGMENT INFORMATION ON OPERATING REVENUE, PROFIT BEFORE TAX EXPENSE AND ASSETS (CONTD.)
By Business Segments

The Group 31 March 2008	Conventional Banking RM'000	Islamic Banking RM'000	Others RM'000	Elimination RM'000	Consolidated RM'000
Revenue					
<u>External revenue</u>					
Interest income	3,804,908	-	-	-	3,804,908
Fee income	191,822	-	270	-	192,092
Investment and other operating income	182,909	-	354	125	183,388
Income from Islamic Banking:					
Financing income	-	826,399	-	-	826,399
Fee income	-	45,775	-	-	45,775
Investment and Fees on financing	-	22,025	-	-	22,025
Others (Subsidiaries) - Rental	-	-	661	-	661
	<u>4,179,639</u>	<u>894,199</u>	<u>1,285</u>	<u>125</u>	<u>5,075,248</u>
<u>Internal revenue</u>					
Interest income	50	-	46,182	(46,232)	-
Others (Subsidiaries) - Rental	-	-	1,896	(1,896)	-
	<u>50</u>	<u>-</u>	<u>48,078</u>	<u>(48,128)</u>	<u>-</u>
Total revenue	<u>4,179,689</u>	<u>894,199</u>	<u>49,363</u>	<u>(48,003)</u>	<u>5,075,248</u>
Results					
Profit/(loss) before share in results of associated company and taxation	790,152	188,661	(7,119)	8,985	980,679
Share of net profit in associated company	-	-	-	88	88
Profit before zakat and taxation	<u>790,152</u>	<u>188,661</u>	<u>(7,119)</u>	<u>9,073</u>	<u>980,767</u>
Zakat	-	(601)	-	-	(601)
Taxation	(254,414)	(74,988)	(428)	-	(329,830)
Profit after zakat and taxation	<u>535,738</u>	<u>113,072</u>	<u>(7,547)</u>	<u>9,073</u>	<u>650,336</u>
Total Assets	<u>67,039,735</u>	<u>11,018,647</u>	<u>702,842</u>	<u>(1,506,805)</u>	<u>77,254,419</u>
Other information					
Capital additions	57,885	275	-	-	58,160
Depreciation	37,246	107	417	36	37,806
Amortisation of prepaid land lease payments	85	-	20	-	105
Amortisation of intangible assets	20,590	92	-	-	20,682
Loan and financing loss and allowance	679,173	154,780	-	-	833,953
Impairment loss on securities	106,586	-	-	-	106,586
Amortisation of premium less accretion of discount	(7,068)	(696)	-	-	(7,764)
Impairment on amount recoverable under asset-backed securitisation transaction	10,000	-	-	-	10,000
Property and equipment written off	1,330	-	-	-	1,330

48. SEGMENT INFORMATION ON OPERATING REVENUE, PROFIT BEFORE TAX EXPENSE AND ASSETS (CONTD.)

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

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

49 CAPITAL COMMITMENTS

As at the balance sheet date, the Group and the Bank have the following commitments:

	The Group		The Bank	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Authorised and contracted for:				
Purchase of computer equipment and software	30,158	9,721	30,153	9,685
Leasehold improvements	2,140	5,736	2,140	5,721
	<u>32,298</u>	<u>15,457</u>	<u>32,293</u>	<u>15,406</u>
Authorised but not contracted for:				
Purchase of computer equipment and software	54,885	14,705	54,788	14,560
	<u>87,183</u>	<u>30,162</u>	<u>87,081</u>	<u>29,966</u>

50. LEASE COMMITMENTS

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

	The Group		The Bank	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Year ending 31 March:				
2009	-	41,801	-	40,657
2010	28,247	35,523	27,154	34,572
2011	23,672	21,558	22,973	21,110
2012	20,514	20,240	19,797	19,713
2013 and thereafter	124,747	124,379	122,946	122,842
	<u>197,180</u>	<u>243,501</u>	<u>192,870</u>	<u>238,894</u>

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

51. CAPITAL ADEQUACY RATIO

(a) The capital adequacy ratios of the Group and the Bank as at 31 March are as follows:

	The Group		The Bank	
	2009	2008	2009	2008
Core capital ratio	9.25%	7.08%	10.39%	8.12%
Risk-weighted capital ratio	14.62%	13.09%	14.20%	12.96%

The capital adequacy ratios on a consolidated basis of the banking institutions within the Group and the Bank are computed in accordance with Bank Negara Malaysia's revised Risk-weighted Capital Adequacy Framework (RWCAF - Basel II). The Group and the Bank have adopted the Standardised Approach for Credit Risk and Market Risk and the Basic Indicator Approach for Operational Risk. The comparative capital adequacy ratios for 31 March 2008 have not been restated as they represent actual amounts reported for regulatory compliance purposes as of that date.

The capital adequacy ratios of the Bank refers to the combined capital base as a ratio of the combined risk-weighted assets of the Bank and its wholly-owned offshore banking subsidiary company, AmInternational (L) Ltd ("AMIL"). Pursuant to the Business Transfer Agreement entered in March 2008 and the vesting orders granted by the High Court of Malaya on 9 April 2008, the Bank acquired the assets and assumed the liabilities relating to AmInvestment Bank Berhad fund based activity including its 100% shareholding interest in AMIL, a licensed offshore bank.

The detailed disclosures on the risk-weighted assets, as set out in Notes 51 (d) to (f) are presented in accordance with paragraph 4.3 of Bank Negara Malaysia's Concept Paper Risk-weighted Capital Adequacy Framework (Basel II) and Capital Adequacy Framework of Islamic Banks (CAFIB) Disclosure Requirements (Pillar 3), whereby such disclosures are effective for financial periods beginning on or after 1 January 2008.

(b) The capital adequacy ratios of the banking subsidiary companies of the Group are as follows:

	Note 1	Note 2
	Amlslamic	AMIL
Core capital ratio	11.22%	33.09%
Risk-weighted capital ratio	16.65%	33.22%

Note 1 The capital adequacy ratios of Amlslamic Bank Berhad (Amlslamic) are computed in accordance with Bank Negara Malaysia's Capital Adequacy Framework for Islamic Banks (CAFIB), which are based on the Basel II capital accord. Amlslamic has adopted the Standardised Approach for Credit Risk and Market Risk and the Basic Indicator Approach for Operational Risk. The minimum regulatory capital adequacy requirement is 8% for the risk-weighted capital ratio.

Note 2 The capital adequacy ratios of AMIL for capital compliance on a standalone basis are computed in accordance with the guidelines on Risk-weighted Capital Adequacy issued by Labuan Offshore Financial Services Authority (LOFSA), which is based on the Basel I capital accord.

51. CAPITAL ADEQUACY RATIO (CONTD.)

(c) The components of Tier I and Tier II Capital of the Group and the Bank are as follows:

	The Group		The Bank	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
<u>Tier 1 capital</u>				
Paid-up share capital	670,364	610,364	670,364	610,364
Irredeemable Non-Cumulative Convertible				
Preference Shares	150,000	150,000	150,000	150,000
Innovative Tier 1 capital	750,100	548,463	750,100	515,197
Non-innovative Tier 1 capital	500,000	-	500,000	-
Share premium	942,844	710,660	942,844	710,660
Statutory reserve	849,232	770,898	680,459	680,459
Capital reserve	377,492	377,492	-	-
Merger reserve	397,566	349,050	-	-
Exchange fluctuation reserve	11,904	-	21,367	-
Retained profits	1,322,399	735,060	1,766,189	1,202,508
Minority interests	-	41	-	-
	<u>5,971,901</u>	<u>4,252,028</u>	<u>5,481,323</u>	<u>3,869,188</u>
Less: Deferred tax assets	(306,334)	(596,127)	(204,174)	(435,028)
Total Tier 1 capital	<u>5,665,567</u>	<u>3,655,901</u>	<u>5,277,149</u>	<u>3,434,160</u>
<u>Tier 2 capital</u>				
Irredeemable Convertible Unsecured				
Loan Stocks	-	291,586	-	291,586
Innovative Tier 1 capital	-	201,637	-	234,903
Subordinated term loans	-	460,000	-	460,000
Medium term notes	1,460,000	860,000	1,460,000	860,000
Subordinated bonds	400,000	600,000	-	200,000
Exchangeable bonds	575,000	575,000	575,000	575,000
General allowance for bad and doubtful debts and financing	895,655	775,232	729,148	620,566
Total Tier 2 capital	<u>3,330,655</u>	<u>3,763,455</u>	<u>2,764,148</u>	<u>3,242,055</u>
Less: Excess Tier 2 Capital	-	(667,050)	-	(377,920)
Maximum allowable Tier 2 Capital	<u>3,330,655</u>	<u>3,096,405</u>	<u>2,764,148</u>	<u>2,864,135</u>
	8,996,222	6,752,306	8,041,297	6,298,295
Less:				
Investment in subsidiary companies	(32,780)	-	(816,850)	(813,849)
Other deduction	(10,219)	(11)	(10,219)	(11)
Capital base	<u>8,953,223</u>	<u>6,752,295</u>	<u>7,214,228</u>	<u>5,484,435</u>

51. CAPITAL ADEQUACY RATIO (CONTD.)

The breakdown of the risk-weighted assets in various categories of risk are as follows:

	The Group		The Bank	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Credit risk	54,833,232	46,631,176	45,568,372	38,157,203
Market risk	1,892,502	1,384,350	1,654,717	1,346,789
Operational risk	4,487,810	3,572,922	3,560,356	2,783,680
Large exposure risk requirement for equity holdings	12,986	14,474	12,986	14,474
Total risk-weighted assets	61,226,530	51,602,922	50,796,431	42,302,146

51 CAPITAL ADEQUACY RATIOS (CONTD.)

(d) The breakdown of risk-weighted assets ("RWA") by exposure in each major risk category of the Group for the current financial year is as follow:

	Gross Exposures		Net Exposures	Risk Weighted Assets	Capital Requirements
	RM'000		RM'000	RM'000	RM'000
<u>Credit Risk</u>					
<i>On-Balance Sheet Exposures</i>					
Sovereigns/Central Banks	16,196,762		16,196,762	-	-
Public Sector Entities	70,928		70,928	14,186	1,135
Banks, Development Financial Institutions ("DFI") and Multilateral Development Banks ("MDBs")					
Insurance Companies, Securities Firms and Fund Managers	2,079,133		2,079,133	718,803	57,504
Corporates	21,025,393		19,842,717	16,470,451	1,317,636
Regulatory Retail	32,169,564		32,032,159	23,993,437	1,919,475
Residential Mortgages	6,393,220		6,386,080	2,718,618	217,490
Higher Risk Assets	165,052		165,052	247,578	19,806
Other Assets	1,809,424		1,809,424	1,212,349	96,988
Equity Exposures	288,475		288,475	288,475	23,078
Securitisation Exposures	215,864		215,864	73,955	5,916
Defaulted Exposures	3,135,609		3,063,098	4,183,544	334,684
Total for On- Balance Sheet Exposures	83,549,424		82,149,692	49,921,396	3,993,712
<i>Off-Balance Sheet Exposures</i>					
Over The Counter ("OTC") Derivatives	1,304,464		1,304,464	578,233	46,258
Credit Derivatives	10,422		10,422	4,228	338
Off balance sheet exposures other than OTC derivatives or credit derivatives	5,144,086		4,927,630	4,329,375	346,350
Total for Off- Balance Sheet Exposures	6,458,972		6,242,516	4,911,836	392,946
Total On and Off- Balance Sheet Exposures	90,008,396		88,392,208	54,833,232	4,386,658
Large Exposures Risk Requirement				12,986	1,039
<u>Market Risk</u>					
	Long Position	Short Position			
Interest Rate Risk					
- General interest rate risk	30,636,665	28,307,712		1,379,902	110,392
- Specific interest rate risk	1,717,431	6,099		40,076	3,206
Foreign Currency Risk	193,284	351,644		352,938	28,235
Equity Risk					
- General rate risk	20,293	-		20,293	1,623
- Specific risk	20,293	-		20,293	1,623
Option Risk	592,000	-		79,000	6,320
	33,179,966	28,665,455		1,892,502	151,399
Operational Risk				4,487,810	359,025
Total RWA and Capital Requirements				61,226,530	4,898,121

51 CAPITAL ADEQUACY RATIOS (CONTD.)

(d) The breakdown of risk-weighted assets ("RWA") by exposure in each major risk category of the Bank for the current financial year is as follows:

	Gross Exposures		Net Exposures	Risk Weighted Assets	Capital Requirements
	RM'000		RM'000	RM'000	RM'000
<u>Credit Risk</u>					
<i>On-Balance Sheet Exposures</i>					
Sovereigns/Central Banks	13,109,588		13,109,588	-	-
Public Sector Entities	45,367		45,367	9,073	726
Banks, Development Financial Institutions ("DFI") and Multilateral Development Banks ("MDBs")					
Insurance Companies, Securities Firms and Fund Managers	1,805,314		1,805,314	654,731	52,378
Corporates	18,527,925		17,377,667	14,378,394	1,150,271
Regulatory Retail	24,489,900		24,357,444	18,244,298	1,459,544
Residential Mortgages	6,238,301		6,231,208	2,654,859	212,389
Higher Risk Assets	165,052		165,052	247,578	19,806
Other Assets	1,770,330		1,770,330	1,184,253	94,740
Equity Exposures	288,475		288,475	288,475	23,078
Securitisation Exposures	215,864		215,864	73,954	5,916
Defaulted Exposures	2,958,748		2,886,418	3,955,700	316,456
Total for On- Balance Sheet Exposures	69,614,864		68,252,727	41,691,315	3,335,304
<i>Off-Balance Sheet Exposures</i>					
OTC Derivatives	1,304,464		1,304,464	578,233	46,259
Credit Derivatives	10,224		10,224	4,028	322
Off balance sheet exposures other than OTC derivatives or credit derivatives	3,882,997		3,675,660	3,294,796	263,584
Defaulted Exposures	-		-	-	-
Total for Off- Balance Sheet Exposures	5,197,685		4,990,348	3,877,057	310,165
Total On and Off- Balance Sheet Exposures	74,812,549		73,243,075	45,568,372	3,645,469
Large Exposures Risk Requirement				12,986	1,039
<u>Market Risk</u>					
	Long Position	Short Position			
Interest Rate Risk					
- General interest rate risk	29,866,594	28,254,149		1,219,706	97,576
- Specific interest rate risk	1,412,894	6,099		18,656	1,493
Foreign Currency Risk	191,990	351,644		351,644	28,132
Equity Risk					
- General rate risk	20,293	-		20,293	1,623
- Specific risk	20,293	-		20,293	1,623
Option Risk	193,000	-		24,125	1,930
	31,705,064	28,611,892		1,654,717	132,377
Operational Risk				3,560,356	284,828
Total RWA and Capital Requirements				50,796,431	4,063,713

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

51. CAPITAL ADEQUACY RATIOS (CONTD.)

(e) The breakdown of credit risk exposures by risk weights of the Group for the current financial year is as follows:

Risk Weights	Exposures after Netting and Credit Risk Mitigation											Total Exposures after Netting and Credit Risk Mitigation	Total Risk Weighted Assets
	Sovereigns and Central Banks	Public Sector Entities	Banks, MDBs and DFIs	Insurance Companies, Securities Firms and Fund Managers	Corporates	Regulatory Retail	Residential Mortgages	Higher Risk Assets	Other Assets	Securitisation Exposures	Equity Exposures		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
0%	16,198,923	-	-	-	-	-	-	-	292,247	-	-	16,491,170	-
20%	-	70,959	1,751,913	-	3,771,700	10,378	-	-	367,054	168,088	-	6,140,092	1,228,019
35%	-	-	-	-	-	-	3,163,493	-	-	-	-	3,163,493	1,107,222
50%	-	-	1,350,835	-	990,114	157,586	3,243,458	-	-	14,876	-	5,756,869	2,878,435
75%	-	-	-	-	-	33,910,666	493	-	-	-	-	33,911,159	25,433,368
100%	-	-	258,039	4,486	18,322,225	118,975	218,302	-	1,172,495	32,900	288,475	20,415,897	20,415,897
150%	-	-	-	-	1,484,994	880,040	-	170,866	(22,372)	-	-	2,513,528	3,770,291
Average Risk Weight													
Total	16,198,923	70,959	3,360,787	4,486	24,569,033	35,077,645	6,625,746	170,866	1,809,424	215,864	288,475	88,392,208	54,833,232
Deduction from Capital Base										40		40	

51. CAPITAL ADEQUACY RATIOS (CONTD.)

(e) The breakdown of credit risk exposures by risk weights of the Bank for the current financial year is as follows:

Risk Weights	Exposures after Netting and Credit Risk Mitigation											Total Exposures after Netting & Credit Risk Mitigation	Total Risk Weighted Assets
	Sovereigns and Central Banks	Public Sector Entities	Banks, MDBs and DFIs	Insurance Companies, Securities Firms and Fund Managers	Corporates	Regulatory Retail	Residential Mortgages	Higher Risk Assets	Other Assets	Securitisation Exposures	Equity Exposures		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
0%	13,111,749	-	-	-	-	-	-	-	287,544	-	-	13,399,293	-
20%	-	45,367	1,509,122	-	3,362,014	10,378	-	-	363,948	168,088	-	5,458,917	1,091,784
35%	-	-	-	-	-	-	3,072,451	-	-	-	-	3,072,451	1,075,358
50%	-	-	1,319,808	-	936,831	141,685	3,177,942	-	-	14,876	-	5,591,142	2,795,571
75%	-	-	-	-	-	25,260,378	493	-	-	-	-	25,260,871	18,945,653
100%	-	-	258,039	4,357	16,036,738	102,485	204,607	-	1,133,589	32,900	288,475	18,061,190	18,061,190
150%	-	-	-	-	1,461,214	785,859	-	166,889	(14,751)	-	-	2,399,211	3,598,816
Average Risk Weight													
Total	13,111,749	45,367	3,086,969	4,357	21,796,797	26,300,785	6,455,493	166,889	1,770,330	215,864	288,475	73,243,075	45,568,372
Deduction from Capital Base											40		40

51. CAPITAL ADEQUACY RATIOS (CONTD.)

(f) The Off-Balance Sheet exposures and their related counterparty credit risk of the Group are as follows:

Group

	Principal Amount	Positive Fair Value of Derivative Contracts	Credit Equivalent Amount	Risk Weighted Assets
2009	RM'000	RM'000	RM'000	RM'000
Credit-Related Exposures				
Guarantees given on behalf of customers	2,260,512		2,260,512	1,928,815
Certain transaction-related contingent items	1,496,866		748,433	740,965
Short term self liquidating trade-related contingencies	493,284		98,657	98,716
Islamic financing sold to Cagamas Berhad	879,088		879,088	663,997
Irrevocable commitments to extend credit maturing :				
- more than one year	561,105		280,552	241,386
Unutilised credit card lines	4,383,472		876,694	655,346
Sell and buy back agreements	153,300		212	206
Others	11,887,127		150	150
	<u>22,114,754</u>		<u>5,144,298</u>	<u>4,329,581</u>
Derivative Financial Instruments				
Foreign exchange related contracts:				
Forward exchange contracts				
- One year or less	824,899	29,552	30,173	14,435
Cross currency swaps				
- One year or less	298,931	607	10,068	5,034
- Over one year to five years	311,282	-	26,721	13,360
Interest rate related contracts				
Interest rate futures				
- Over one year to five years	60,000	1,507	-	-
Interest rate swaps				
- One year or less	4,215,000	12,904	21,022	9,005
- Over one year to five years	17,641,853	291,170	765,528	351,903
- Over five years	2,755,588	137,697	450,952	184,496
Equity related contracts:				
Options				
- One year or less	30,000	390	-	-
- Over one year to five years	164,154	3,305	-	-
	<u>26,301,707</u>	<u>477,132</u>	<u>1,304,464</u>	<u>578,233</u>
Other Treasury-related Exposures				
Forward purchase commitments	265,000	-	10,210	4,022
Total	<u>48,681,461</u>	<u>477,132</u>	<u>6,458,972</u>	<u>4,911,836</u>

51. CAPITAL ADEQUACY RATIOS (CONTD.)

(f) The Off-Balance Sheet exposures and their related counterparty credit risk of the Bank are as follows:

Bank

2009	Principal Amount RM'000	Positive Fair Value of Derivative Contracts RM'000	Credit Equivalent Amount RM'000	Risk Weighted Assets RM'000
Credit-Related Exposures				
Guarantees given on behalf of customers	2,092,419		2,092,419	1,760,725
Certain transaction-related contingent items	1,314,548		657,274	649,306
Short term self liquidating trade-related contingencies	437,551		87,510	87,569
Irrevocable commitments to extend credit maturing : - more than one year	540,239		270,119	217,303
Unutilised credit card lines	3,877,627		775,525	579,743
Others	10,107,321		150	150
	<u>18,369,705</u>		<u>3,882,997</u>	<u>3,294,796</u>
Derivative Financial Instruments				
Foreign exchange related contracts:				
Forward exchange contracts				
- One year or less	824,899	29,552	30,173	14,435
Cross currency swaps				
- One year or less	298,931	607	10,068	5,034
- Over one year to five years	311,282	-	26,721	13,360
Interest rate related contracts				
Interest rate futures				
- Over one year to five years	60,000	1,507	-	-
Interest rate swaps				
- One year or less	4,215,000	12,904	21,022	9,005
- Over one year to five years	17,641,853	291,170	765,528	351,903
- Over five years	2,755,588	137,697	450,952	184,496
Equity related contracts:				
Options				
- One year or less	30,000	390	-	-
- Over one year to five years	119,660	1,420	-	-
	<u>26,257,213</u>	<u>475,247</u>	<u>1,304,464</u>	<u>578,233</u>
Other Treasury-related Exposures				
Forward purchase commitments	270,000	-	10,224	4,028
Total	<u>44,896,918</u>	<u>475,247</u>	<u>5,197,685</u>	<u>3,877,057</u>

As at 31 March 2009, the Bank has given a continuing guarantee to Bank Negara Malaysia to meet all the liabilities and financial obligations of its subsidiary company, AmInternational (L) Ltd.

52. COMMITMENTS AND CONTINGENCIES

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

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

The Group	As at 31 March 2009			As at 31 March 2008		
	Principal Amount RM'000	Credit Equivalent Amount* RM'000	Risk Weighted Amount RM'000	Principal Amount RM'000	Credit Equivalent Amount* RM'000	Risk Weighted Amount RM'000
Direct credit substitutes	2,260,512	2,260,512	1,928,815	1,826,396	1,602,082	1,483,023
Certain transaction-related contingent items	1,496,866	748,433	740,965	595,160	297,580	296,855
Short-term self-liquidating trade-related contingencies	493,284	98,657	98,716	584,432	116,886	113,419
Obligations under underwriting agreements	592,000	296,000	296,000	2,057,000	1,028,500	945,300
Unpaid portion of partly paid shares	250	250	250	250	250	250
Irrevocable commitments to extend credit:						
– maturing less than one year	10,390,145	-	-	8,639,981	1,558,976	1,422,930
– maturing more than one year	1,904,045	280,552	241,386	2,526,822	1,263,411	1,138,012
Unutilised credit card lines	4,383,472	876,694	655,346	4,006,449	801,290	598,889
Forward purchase commitments						
– less than one year	206,144	10,210	4,022	338,081	338,081	30,108
Foreign exchange related contracts:						
– less than one year	824,899	30,173	14,435	5,762,191	102,655	34,932
Cross currency swap						
– less than one year	298,931	10,068	5,034	145,123	13,628	2,725
– maturing more than one year to less than five years	311,282	26,721	13,360	479,524	62,515	12,503
Interest rate swap contracts:						
– maturing within one year	4,215,000	21,022	9,005	10,953,819	21,571	4,275
– maturing more than one year to less than five years	17,641,853	765,528	351,903	14,600,000	462,070	93,015
– maturing more than five years	2,755,588	450,952	184,496	1,216,488	118,299	29,659
Interest rate futures:						
– maturing within one year	-	-	-	120,000	163,256	81,628
– maturing more than one year to less than five years	60,000	25,104	12,552	150,000	31,554	15,776
Sell and buy back agreements	155,560	212	206	1,216,782	1,216,782	571,771
Islamic financing sold to Cagamas Berhad with recourse	874,067	874,067	663,997	1,863,857	1,863,857	1,404,403
Equity options	194,154	-	-	13,867	-	-
Any commitments that are unconditionally cancelled at any time by the Group	153,891	-	-	23,624	-	-
Total	49,211,943	6,775,155	5,220,488	57,119,846	11,063,243	8,279,473

52. COMMITMENTS AND CONTINGENCIES (CONTD.)

The Bank	As at 31 March 2009			As at 31 March 2008		
	Principal Amount RM'000	Credit Equivalent Amount* RM'000	Risk Weighted Amount RM'000	Principal Amount RM'000	Credit Equivalent Amount* RM'000	Risk Weighted Amount RM'000
Direct credit substitutes	2,092,419	2,092,419	1,760,725	1,630,287	1,405,973	1,310,289
Certain transaction-related contingent items	1,314,548	657,274	649,306	519,315	259,658	258,933
Short-term self-liquidating trade-related contingencies	437,551	87,510	87,569	511,855	102,371	98,922
Obligations under underwriting agreements	193,000	96,500	96,500	1,720,000	860,000	776,800
Unpaid portion of partly paid shares	150	150	150	150	150	150
Irrevocable commitments to extend credit:						
– maturing less than one year	8,881,854	-	-	7,372,281	1,320,436	1,187,891
– maturing more than one year	1,644,241	270,119	217,303	2,195,808	1,097,904	1,001,434
Unutilised credit card lines	3,877,627	775,525	579,743	3,454,995	690,999	516,523
Forward purchase commitments :						
– less than one year	211,145	10,224	4,028	338,081	338,081	30,108
Foreign exchange related contracts:						
– less than one year	824,899	30,173	14,435	5,762,191	102,655	34,932
Cross currency swap						
– less than one year	298,931	10,068	5,034	145,123	13,628	2,725
– maturing more than one year to less than five years	311,282	26,721	13,360	479,524	62,515	12,503
Interest rate swap contracts:						
– maturing within one year	4,215,000	21,022	9,005	10,953,819	21,571	4,275
– maturing more than one year to less than five years	17,641,853	765,528	351,903	14,600,000	462,070	93,015
– maturing more than five years	2,755,588	450,952	184,496	1,216,488	118,299	29,659
Interest rate futures:						
– maturing within one year	-	-	-	120,000	163,256	81,628
– maturing more than one year to less than five years	60,000	25,104	12,552	150,000	31,554	15,776
Equity options	149,660	-	-	13,867	-	-
Any commitments that are unconditionally cancelled at any time by the Bank	121,314	-	-	18,650	-	-
Total	45,031,062	5,319,289	3,986,109	51,202,434	7,051,120	5,455,563

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

53. SIGNIFICANT EVENTS

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

The transfer of the Fund-Based Activities was in relation to a group restructuring exercise approved by the Minister of Finance as announced by AMMB Holdings Berhad ("AHB"), the Group's ultimate holding company, on 11 March 2008 to Bursa Malaysia Securities Berhad. The transfer of the Fund-Based Activities was effected pursuant to Section 50 of the Banking and Financial Institutions Act, 1989 by way of vesting orders obtained from High Courts. The transfer of the Fund-Based Activities was effected on 12 April 2008, 26 September 2008 and 1 March 2009. The total purchase consideration for all the net assets transferred amounted to RM1.117 billion and RM1.432 billion for the Bank and the Group respectively.

- (2) On 9 April 2008, the Bank issued the Sixth Tranche of Medium Term Notes ("MTN") amounting to RM600 million. The proceeds raised was utilised for the refinancing of existing subordinated debts and general working capital requirements. To date, the Bank has issued a total of RM1.46 billion MTN under the RM2.0 billion nominal value MTN Programme.
- (3) The Bank has successfully completed the RM500 million RM NIT1 Programme, as part of its capital management initiatives to support and strengthen its capital position whereby the first tranche of RM200 million was issued on 27 February 2009 whilst the remaining RM300 million was issued on 6 March 2009.

The RM NIT1 issuance is structured in accordance with the Risk-Weighted Capital Adequacy Framework (General Requirements and Capital Components) issued by Bank Negara Malaysia ("BNM"). The RM NIT1 comprises the Non Cumulative Perpetual Capital Securities ("NCPCS") issued by the Bank, and Subordinated Notes ("SubNotes") issued by AmPremier Capital Berhad ("AmPremier"), a newly incorporated wholly-owned subsidiary company of the Bank which are stapled together with the NCPCS. The stapled NCPCS and the SubNotes together constitute the "Stapled Capital Securities". The NCPCS and SubNotes cannot be traded separately until the occurrence of certain Assignment Events. The Stapled Capital Securities are rated A3 by RAM Rating Services Berhad.

BNM and Securities Commission had, via their letters dated 23 December 2008 and 6 January 2009 respectively, approved the RM NIT1 Programme.

The gross proceeds raised from the RM NIT1 Programme will be applied towards funding the growth of the Bank's business operations.

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

54. RISK MANAGEMENT POLICY

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

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

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

MARKET RISK MANAGEMENT

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

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

The market risk of the Group's trading and non-trading portfolio is managed separately using value at risk approach to compute the market risk exposure of non-trading portfolio and trading portfolio. Value at risk is a statistical measure that estimates the potential changes in portfolio value that may occur, brought about by daily changes in market rates over a specified holding period at a specified confidence level under normal market condition.

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

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

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

2009 The Group	----- Non Trading Book ----->							Trading Book	Total	Effective interest rate
	Up to 1 month	>1 to 3 months	>3 to 6 months	>6 to 12 months	>1 to 5 years	Over 5 years	Non- interest sensitive			
ASSETS										
Cash and short-term funds	13,413,561	-	-	-	-	-	3,692,886	-	17,106,447	1.98
Deposits and placements with banks and other financial institutions	-	220,000	150,000	-	51,050	-	-	-	421,050	2.10
Securities held-for-trading	-	-	-	-	-	-	203,862	1,183,549	1,387,411	3.16
Securities available-for-sale	11,807	140,367	73,100	129,817	1,655,709	2,914,531	673,153	-	5,598,484	4.93
Securities held-to-maturity	7,704	60,838	1,748	35,475	372,821	122,638	152,135	-	753,359	2.93
Derivative financial assets	-	-	-	-	-	-	477,132	-	477,132	-
Loans, advances and financing										
- Performing	21,236,917	2,186,412	778,127	448,261	6,374,210	15,270,350	9,836,429	-	56,130,706	6.45
- Non-performing *	-	-	-	-	-	-	609,086	-	609,086	-
Amount due from originators	-	-	-	-	25,789	-	-	-	25,789	5.74
Other non-interest sensitive balances	-	-	-	-	-	-	1,832,516	-	1,832,516	-
TOTAL ASSETS	34,669,989	2,607,617	1,002,975	613,553	8,479,579	18,307,519	17,477,199	1,183,549	84,341,980	
LIABILITIES AND EQUITY										
Deposits from customers	22,946,485	9,807,794	6,192,948	9,787,533	2,400,834	-	12,811,541	-	63,947,135	2.74
Deposits and placements of banks and other financial institutions	2,646,076	549,473	775,583	652,203	787,719	781,369	1,448,983	-	7,641,406	2.62
Derivative financial liabilities	-	-	-	-	-	-	565,483	-	565,483	-
Bills and acceptances payable	483,002	771,732	245,757	7,189	-	-	612,569	-	2,120,249	2.07
Recourse obligation of loans sold to Cagamas Berhad	-	-	-	-	155,037	-	-	-	155,037	3.98
Hybrid securities	-	-	-	-	-	825,853	-	-	825,853	6.69
Medium term notes	-	-	-	-	-	1,460,000	-	-	1,460,000	5.66
Subordinated bonds	-	-	-	-	-	-	400,000	-	400,000	4.81
Exchangeable bonds	-	-	-	-	-	575,000	-	-	575,000	5.22
Term loans	145,820	-	-	-	-	-	-	-	145,820	1.80
Stapled Capital Securities	-	-	-	-	-	500,000	-	-	500,000	9.00
Irredeemable Non-Cumulative Convertible Preference Shares	-	-	-	-	-	-	150,000	-	150,000	-
Other non-interest sensitive balances	-	-	-	-	-	-	1,384,242	-	1,384,242	-
Total Liabilities	26,221,383	11,128,999	7,214,288	10,446,925	3,343,590	4,142,222	17,372,818	-	79,870,225	
Minority interests	-	-	-	-	-	-	28	-	28	
Shareholder's Equity	-	-	-	-	-	-	4,471,727	-	4,471,727	
TOTAL LIABILITIES AND EQUITY	26,221,383	11,128,999	7,214,288	10,446,925	3,343,590	4,142,222	21,844,573	-	84,341,980	
On-balance sheet interest sensitivity gap	8,448,606	(8,521,382)	(6,211,313)	(9,833,372)	5,135,989	14,165,297	(4,367,374)	1,183,549	-	
Off-balance sheet interest sensitivity gap **	(798,353)	(3,120,000)	1,662,088	70,000	2,881,853	(755,588)	-	-	(60,000)	
Total interest sensitivity gap	7,650,253	(11,641,382)	(4,549,225)	(9,763,372)	8,017,842	13,409,709	(4,367,374)	1,183,549	(60,000)	

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

** This comprises interest rate swap and interest rate futures.

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

2008 The Group	----- Non Trading Book -----							Non- interest sensitive	Trading Book	Total	Effective interest rate %
	Up to 1 month	>1 to 3 months	>3 to 6 months	>6 to 12 months	>1 to 5 years	Over 5 years	RM'000				
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000		
ASSETS											
Cash and short-term funds	8,508,190	-	-	-	-	-	2,263,480	-	10,771,670	3.38	
Deposits and placements with banks and other financial institutions	-	1,265,820	63,880	-	-	-	-	-	1,329,700	3.50	
Securities held-for-trading	-	-	-	-	-	-	559,481	6,124,258	6,683,739	3.61	
Securities available-for-sale	9,344	12,579	-	85,726	531,197	648,961	43,361	-	1,331,168	5.82	
Securities held-to-maturity	49,341	-	43,201	7,540	522,241	357,727	176,486	-	1,156,536	3.90	
Derivative financial assets	-	-	-	-	-	-	307,651	-	307,651	-	
Loans, advances and financing											
- Performing	18,462,771	2,349,745	567,344	521,452	6,983,094	14,311,130	8,025,919	-	51,221,455	7.07	
- Non-performing *	-	-	-	-	-	-	1,103,795	-	1,103,795	-	
Amount due from originators	-	6,430	26,042	-	2,668	-	-	-	35,140	4.33	
Other non-interest sensitive balances	-	-	-	-	-	-	3,313,565	-	3,313,565	-	
TOTAL ASSETS	27,029,646	3,634,574	700,467	614,718	8,039,200	15,317,818	15,793,738	6,124,258	77,254,419		
LIABILITIES AND EQUITY											
Deposits from customers	22,026,105	6,888,604	5,974,483	7,725,689	3,267,861	-	9,736,999	-	55,619,741	3.28	
Deposits and placements of banks and other financial institutions	2,107,255	1,356,830	897,805	485,600	310,972	1,155,395	1,864,009	-	8,177,866	3.42	
Derivative financial liabilities	-	-	-	-	-	-	352,007	-	352,007	-	
Bills and acceptances payable	415,618	676,830	269,448	-	-	-	547,347	-	1,909,243	3.59	
Recourse obligation of loans sold to Cagamas Berhad	-	70,070	26,042	-	147,867	-	-	-	243,979	3.65	
Subordinated term loans	-	-	460,000	-	-	-	-	-	460,000	6.87	
Hybrid securities	-	-	-	-	-	689,469	-	-	689,469	6.79	
Medium term notes	-	-	-	-	-	860,000	-	-	860,000	5.27	
Subordinated bonds	200,000	-	-	-	-	-	400,000	-	600,000	5.85	
Exchangeable bonds	-	-	-	-	-	575,000	-	-	575,000	5.22	
Term loans	-	-	-	271,490	-	-	-	-	271,490	5.45	
Irredeemable Convertible Unsecured Loan Stocks	-	-	2,755	-	-	128,849	-	-	131,604	5.75	
Irredeemable Non-Cumulative Convertible Preference Shares	-	-	-	-	-	-	150,000	-	150,000	-	
Other non-interest sensitive balances	-	-	-	-	-	-	1,497,402	-	1,497,402	-	
Total Liabilities	24,748,978	8,992,334	7,630,533	8,482,779	3,726,700	3,408,713	14,547,764	-	71,537,801		
Minority interests	-	-	-	-	-	-	41	-	41		
Shareholder's Equity	-	-	-	-	-	200,792	5,515,785	-	5,716,577		
TOTAL LIABILITIES AND EQUITY	24,748,978	8,992,334	7,630,533	8,482,779	3,726,700	3,609,505	20,063,590	-	77,254,419		
On-balance sheet interest sensitivity gap	2,280,668	(5,357,760)	(6,930,066)	(7,868,061)	4,312,500	11,708,313	(4,269,852)	6,124,258	-		
Off-balance sheet interest sensitivity gap **	1,025,431	5,435,660	(2,645,648)	(1,531,181)	(2,820,000)	498,800	-	-	(36,938)		
Total interest sensitivity gap	3,306,099	77,900	(9,575,714)	(9,399,242)	1,492,500	12,207,113	(4,269,852)	6,124,258	(36,938)		

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

** This comprises interest rate swap and interest rate futures.

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

2009 The Bank	----- Non Trading Book ----->							Trading Book	Total	Effective interest rate
	Up to 1 month	>1 to 3 months	>3 to 6 months	>6 to 12 months	>1 to 5 years	Over 5 years	Non- interest sensitive			
ASSETS										
Cash and short-term funds	13,162,747	-	-	-	-	-	471,372	-	13,634,119	2.04
Deposits and placements with banks and other financial institutions	-	220,000	155,471	622	51,050	-	-	-	427,143	2.10
Securities held-for-trading	-	-	-	-	-	-	-	1,183,549	1,183,549	3.16
Securities available-for-sale	11,807	140,367	73,100	129,817	1,681,146	2,914,531	102,795	-	5,053,563	4.93
Securities held-to-maturity	7,704	60,838	1,748	35,475	366,970	122,638	115,425	-	710,798	2.88
Derivative financial assets	-	-	-	-	-	-	475,247	-	475,247	-
Loans, advances and financing										
- Performing	21,218,114	2,186,412	767,650	448,261	6,374,143	15,269,850	-	-	46,264,430	6.45
- Non-performing *	-	-	-	-	-	-	635,456	-	635,456	-
Amount due from originators	-	-	-	-	25,789	-	-	-	25,789	5.74
Other non-interest sensitive balances	-	-	-	-	-	-	2,362,117	-	2,362,117	-
TOTAL ASSETS	34,400,372	2,607,617	997,969	614,175	8,499,098	18,307,019	4,162,412	1,183,549	70,772,211	
LIABILITIES AND EQUITY										
Deposits from customers	22,379,889	9,784,922	6,190,513	9,787,533	2,400,834	-	2,656,154	-	53,199,845	2.77
Deposits and placements of banks and other financial institutions	3,086,673	549,473	775,583	652,203	787,719	781,369	12,305	-	6,645,325	2.63
Derivative financial liabilities	-	-	-	-	-	-	563,600	-	563,600	-
Bills and acceptances payable	483,002	771,732	245,757	7,189	-	-	-	-	1,507,680	2.07
Recourse obligation of loans sold to Cagamas Berhad	-	-	-	-	155,037	-	-	-	155,037	3.98
Subordinated term loans	-	-	-	-	-	825,853	-	-	825,853	6.69
Medium term notes	-	-	-	-	-	1,460,000	-	-	1,460,000	5.66
Exchangeable bonds	-	-	-	-	-	575,000	-	-	575,000	5.22
Term loans	145,820	-	-	-	-	-	-	-	145,820	1.80
Stapled Capital Securities	-	-	-	-	-	500,000	-	-	500,000	9.00
Irredeemable Non-Cumulative Convertible Preference Shares	-	-	-	-	-	-	150,000	-	150,000	-
Other non-interest sensitive balances	-	-	-	-	-	-	1,186,739	-	1,186,739	-
Total Liabilities	26,095,384	11,106,127	7,211,853	10,446,925	3,343,590	4,142,222	4,568,798	-	66,914,899	
Shareholder's Equity	-	-	-	-	-	-	3,857,312	-	3,857,312	
TOTAL LIABILITIES AND EQUITY	26,095,384	11,106,127	7,211,853	10,446,925	3,343,590	4,142,222	8,426,110	-	70,772,211	
On-balance sheet interest sensitivity gap	8,304,988	(8,498,510)	(6,213,884)	(9,832,750)	5,155,508	14,164,797	(4,263,698)	1,183,549	-	
Off-balance sheet interest sensitivity gap **	(798,353)	(3,120,000)	1,662,088	70,000	2,881,853	(755,588)	-	-	(60,000)	
Total interest sensitivity gap	7,506,635	(11,618,510)	(4,551,796)	(9,762,750)	8,037,361	13,409,209	(4,263,698)	1,183,549	(60,000)	

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

** This comprises interest rate swap and interest rate futures.

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

2008 The Bank	Non Trading Book						Non- interest sensitive	Trading Book	Total	Effective interest rate %
	Up to 1 month	>1 to 3 months	>3 to 6 months	>6 to 12 months	>1 to 5 years	Over 5 years				
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
ASSETS										
Cash and short-term funds	7,974,786	-	-	-	-	-	390,827	-	8,365,613	3.40
Deposits and placements with banks and other financial institutions	-	1,265,820	69,351	2,500	622	-	-	-	1,338,293	3.50
Securities held-for-trading	-	-	-	-	-	-	-	6,124,258	6,124,258	3.61
Securities available-for-sale	9,344	12,579	-	85,726	531,197	648,961	42,464	-	1,330,271	5.83
Securities held-to-maturity	40,760	-	43,201	7,540	522,241	357,727	143,895	-	1,115,364	3.83
Derivative financial assets	-	-	-	-	-	-	307,651	-	307,651	-
Loans, advances and financing										
- Performing	18,428,674	2,345,331	560,723	508,209	6,976,567	14,309,066	2,204	-	43,130,774	7.07
- Non-performing *	-	-	-	-	-	-	1,107,369	-	1,107,369	-
Amount due from originators	-	6,430	26,042	-	2,668	-	-	-	35,140	4.33
Other non-interest sensitive balances	-	-	-	-	-	-	3,618,310	-	3,618,310	-
TOTAL ASSETS	26,453,564	3,630,160	699,317	603,975	8,033,295	15,315,754	5,612,720	6,124,258	66,473,043	
LIABILITIES AND EQUITY										
Deposits from customers	21,543,736	6,886,572	5,974,483	7,725,789	3,267,861	-	2,819,426	-	48,217,867	3.28
Deposits and placements of banks and other financial institutions	2,108,603	1,356,830	897,805	485,600	310,972	1,155,395	286,171	-	6,601,376	3.42
Derivative financial liabilities	-	-	-	-	-	-	352,007	-	352,007	-
Bills and acceptances payable	415,618	676,830	269,448	-	-	-	-	-	1,361,896	3.59
Recourse obligation of loans sold to Cagamas Berhad	-	70,070	26,042	-	147,867	-	-	-	243,979	3.65
Subordinated term loans	-	-	460,000	-	-	689,469	-	-	1,149,469	6.87
Medium term notes	-	-	-	-	-	860,000	-	-	860,000	5.27
Subordinated bonds	200,000	-	-	-	-	-	-	-	200,000	5.85
Exchangeable bonds	-	-	-	-	-	575,000	-	-	575,000	5.22
Term loans	-	-	-	271,490	-	-	-	-	271,490	5.45
Irredeemable Convertible Unsecured Loan Stocks	-	-	2,755	-	-	128,849	-	-	131,604	5.75
Irredeemable Non-Cumulative Convertible Preference Shares	-	-	-	-	-	-	150,000	-	150,000	-
Other non-interest sensitive balances	-	-	-	-	-	-	1,357,729	-	1,357,729	-
Total Liabilities	24,267,957	8,990,302	7,630,533	8,482,879	3,726,700	3,408,713	4,965,333	-	61,472,417	
Shareholder's Equity	-	-	-	-	-	200,792	4,799,834	-	5,000,626	
TOTAL LIABILITIES AND EQUITY	24,267,957	8,990,302	7,630,533	8,482,879	3,726,700	3,609,505	9,765,167	-	66,473,043	
On-balance sheet interest sensitivity gap	2,185,607	(5,360,142)	(6,931,216)	(7,878,904)	4,306,595	11,706,249	(4,152,447)	6,124,258	-	
Off-balance sheet interest sensitivity gap **	1,025,431	5,435,660	(2,645,648)	(1,531,181)	(2,820,000)	498,800	-	-	(36,938)	
Total interest sensitivity gap	3,211,038	75,518	(9,576,864)	(9,410,085)	1,486,595	12,205,049	(4,152,447)	6,124,258	(36,938)	

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

** This comprises of interest rate swap and interest rate futures.

54. RISK MANAGEMENT POLICY (CONTD.)

LIQUIDITY RISK

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

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

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

The ongoing liquidity risk management at the Group is based on the following key strategies:

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

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

54. The following tables show the maturity analysis of the Group's and the Bank's assets and liabilities based on contractual terms:

2009 The Group	Up to 1	>1 to 3	>3 to 6	>6 to 12	>1 to 5	Over	Non-	Total
	month	months	months	months	years	5 years	specific	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	maturity	RM'000
ASSETS								
Cash and short-term funds	17,105,926	-	-	-	-	-	521	17,106,447
Deposits and placements with banks and other financial institutions	-	220,000	150,000	-	51,050	-	-	421,050
Securities held-for-trading	56,948	118,357	119,486	48,111	276,080	768,429	-	1,387,411
Securities available-for-sale	-	82,725	82,386	175,839	2,055,214	3,098,462	103,858	5,598,484
Securities held-to-maturity	7,704	60,838	1,747	71,930	373,076	122,638	115,426	753,359
Derivative financial assets	-	-	-	-	-	-	477,132	477,132
Loans, advances and financing	5,918,607	1,795,439	784,566	870,696	13,740,680	33,629,804	-	56,739,792
Other assets	597	277	31	33	-	-	727,311	728,249
Amount due from originators	-	-	-	-	25,789	-	-	25,789
Statutory deposit with Bank Negara Malaysia	-	-	-	-	-	-	517,578	517,578
Deferred tax asset	-	-	-	-	-	-	344,230	344,230
Investment in associated companies	-	-	-	-	-	-	805	805
Prepaid land lease payments	-	-	-	-	-	4,051	-	4,051
Property and equipment	-	-	-	-	-	-	171,196	171,196
Intangible assets	-	-	-	-	-	-	66,407	66,407
TOTAL ASSETS	23,089,782	2,277,636	1,138,216	1,166,609	16,521,889	37,623,384	2,524,464	84,341,980
LIABILITIES AND EQUITY								
Deposits from customers	31,228,443	12,102,487	7,452,938	10,312,788	2,850,479	-	-	63,947,135
Deposits and placements of banks and other financial institutions	3,824,431	826,617	1,063,821	818,109	955,060	153,368	-	7,641,406
Derivative financial liabilities	-	-	-	-	-	-	565,483	565,483
Bills and acceptances payable	703,905	1,053,556	355,597	7,191	-	-	-	2,120,249
Recourse obligation of loans sold to Cagamas Berhad	-	-	-	-	155,037	-	-	155,037
Other liabilities	3,278	44	5	-	-	-	1,380,915	1,384,242
Hybrid securities	-	-	-	-	-	825,853	-	825,853
Medium term notes	-	-	-	-	-	1,460,000	-	1,460,000
Subordinated bonds	-	-	-	-	-	400,000	-	400,000
Exchangeable bonds	-	-	-	-	-	575,000	-	575,000
Term loan	-	-	-	145,820	-	-	-	145,820
Stapled Capital Securities	-	-	-	-	-	500,000	-	500,000
Irredeemable Non-Cumulative Convertible Preference Shares	-	-	-	-	-	-	150,000	150,000
Total Liabilities	35,760,057	13,982,704	8,872,361	11,283,908	3,960,576	3,914,221	2,096,398	79,870,225
Minority interests	-	-	-	-	-	-	28	28
Shareholder's Equity	-	-	-	-	-	-	4,471,727	4,471,727
TOTAL LIABILITIES AND EQUITY	35,760,057	13,982,704	8,872,361	11,283,908	3,960,576	3,914,221	6,568,153	84,341,980
Net maturity mismatch	(12,670,275)	(11,705,068)	(7,734,145)	(10,117,299)	12,561,313	33,709,163	(4,043,689)	-

54. The following tables show the maturity analysis of the Group's and the Bank's assets and liabilities based on contractual terms:

2008

The Group	Up to 1	>1 to 3	>3 to 6	>6 to 12	>1 to 5	Over	Non-	Total
	month	months	months	months	years	5 years	specific maturity	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
ASSETS								
Cash and short-term funds	10,771,670	-	-	-	-	-	-	10,771,670
Deposits and placements with banks and other financial institutions	-	1,265,820	63,880	-	-	-	-	1,329,700
Securities held-for-trading	656,613	432,492	286,795	346,174	2,204,751	2,655,290	101,624	6,683,739
Securities available-for-sale	-	-	-	85,726	553,120	648,961	43,361	1,331,168
Securities held-to-maturity	49,255	-	53,767	57,064	294,747	357,062	344,641	1,156,536
Derivative financial assets	-	-	-	-	-	-	307,651	307,651
Loans, advances and financing	6,648,446	1,930,975	1,318,853	1,532,342	11,508,374	29,386,260	-	52,325,250
Other assets	452	1,990	577	-	-	-	769,378	772,397
Amount due from originators	-	6,430	26,042	-	2,668	-	-	35,140
Statutory deposit with Bank Negara Malaysia	-	-	-	-	-	-	1,660,197	1,660,197
Deferred tax asset	-	-	-	-	-	-	645,067	645,067
Investment in associated companies	-	-	-	-	-	-	740	740
Prepaid land lease payments	-	-	-	-	-	4,404	-	4,404
Property and equipment	-	-	-	-	-	-	169,274	169,274
Intangible assets	-	-	-	-	-	-	61,486	61,486
TOTAL ASSETS	18,126,436	3,637,707	1,749,914	2,021,306	14,563,660	33,051,977	4,103,419	77,254,419
LIABILITIES AND EQUITY								
Deposits from customers	28,669,167	8,183,369	7,024,440	8,324,657	3,418,108	-	-	55,619,741
Deposits and placements of banks and other financial institutions	2,406,949	1,687,758	1,791,267	1,092,562	682,735	516,595	-	8,177,866
Derivative financial liabilities	-	-	-	-	-	-	352,007	352,007
Bills and acceptances payable	594,174	935,818	379,251	-	-	-	-	1,909,243
Recourse obligation of loans sold to Cagamas Berhad	-	70,070	26,042	-	147,867	-	-	243,979
Other liabilities	1,209	23	-	-	-	-	1,496,170	1,497,402
Subordinated term loans	-	-	-	-	-	460,000	-	460,000
Hybrid securities	-	-	-	-	-	689,469	-	689,469
Medium term notes	-	-	-	-	-	860,000	-	860,000
Subordinated bonds	-	-	-	-	-	600,000	-	600,000
Exchangeable bonds	-	-	-	-	-	575,000	-	575,000
Term loan	-	-	-	271,490	-	-	-	271,490
Irredeemable Convertible Unsecured Loan Stocks	-	-	2,755	-	-	128,849	-	131,604
Irredeemable Non-Cumulative Convertible Preference Shares	-	-	-	-	-	-	150,000	150,000
Total Liabilities	31,671,499	10,877,038	9,223,755	9,688,709	4,248,710	3,829,913	1,998,177	71,537,801
Minority interests	-	-	-	-	-	-	41	41
Shareholder's Equity	-	-	-	-	-	200,792	5,515,785	5,716,577
TOTAL LIABILITIES AND EQUITY	31,671,499	10,877,038	9,223,755	9,688,709	4,248,710	4,030,705	7,514,003	77,254,419
Net maturity mismatch	(13,545,063)	(7,239,331)	(7,473,841)	(7,667,403)	10,314,950	29,021,272	(3,410,584)	-

54. The following tables show the maturity analysis of the Group's and the Bank's assets and liabilities based on contractual terms:

2009

The Bank	Up to 1	>1 to 3	>3 to 6	>6 to 12	>1 to 5	Over	Non-	Total
	month	months	months	months	years	5 years	specific maturity	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
ASSETS								
Cash and short-term funds	13,634,119	-	-	-	-	-	-	13,634,119
Deposits and placements with								
banks and other financial institutions	-	220,000	155,471	622	51,050	-	-	427,143
Securities held-for-trading	29,954	60,558	28,492	20,034	276,080	768,431	-	1,183,549
Securities available-for-sale	-	75,341	73,100	144,079	1,743,717	2,914,532	102,794	5,053,563
Securities held-to-maturity	7,704	60,838	1,747	35,475	366,970	122,638	115,426	710,798
Derivative financial assets	-	-	-	-	-	-	475,247	475,247
Loans, advances and financing	4,995,908	1,723,292	702,178	708,327	11,500,360	27,269,821	-	46,899,886
Other assets	-	-	-	-	-	-	624,178	624,178
Amount due from originators	-	-	-	-	25,789	-	-	25,789
Statutory deposit with Bank Negara Malaysia	-	-	-	-	-	-	431,499	431,499
Deferred tax asset	-	-	-	-	-	-	241,639	241,639
Investment in subsidiaries companies	-	-	-	-	-	-	849,870	849,870
Investment in associated companies	-	-	-	-	-	-	137	137
Prepaid land lease payments	-	-	-	-	-	2,860	-	2,860
Property and equipment	-	-	-	-	-	-	146,088	146,088
Intangible assets	-	-	-	-	-	-	65,846	65,846
TOTAL ASSETS	18,667,685	2,140,029	960,988	908,537	13,963,966	31,078,282	3,052,724	70,772,211
LIABILITIES AND EQUITY								
Deposits from customers	25,015,567	9,785,399	6,210,513	9,787,533	2,400,833	-	-	53,199,845
Deposits and placements of banks and								
other financial institutions	3,747,454	528,996	775,583	652,203	787,721	153,368	-	6,645,325
Derivative financial liabilities	-	-	-	-	-	-	563,600	563,600
Bills and acceptances payable	483,002	771,732	245,757	7,189	-	-	-	1,507,680
Recourse obligation of loans								
sold to Cagamas Berhad	-	-	-	-	155,037	-	-	155,037
Other liabilities	-	-	-	-	-	-	1,186,739	1,186,739
Subordinated term loans	-	-	-	-	-	825,853	-	825,853
Medium term notes	-	-	-	-	-	1,460,000	-	1,460,000
Exchangeable bonds	-	-	-	-	-	575,000	-	575,000
Term loan	-	-	-	145,820	-	-	-	145,820
Stapled Capital Securities	-	-	-	-	-	500,000	-	500,000
Irredeemable Non-Cumulative Convertible								
Preference Shares	-	-	-	-	-	-	150,000	150,000
Total Liabilities	29,246,023	11,086,127	7,231,853	10,592,745	3,343,591	3,514,221	1,900,339	66,914,899
Shareholder's Equity	-	-	-	-	-	-	3,857,312	3,857,312
TOTAL LIABILITIES AND EQUITY	29,246,023	11,086,127	7,231,853	10,592,745	3,343,591	3,514,221	5,757,651	70,772,211
Net maturity mismatch	(10,578,338)	(8,946,098)	(6,270,865)	(9,684,208)	10,620,375	27,564,061	(2,704,927)	-

54. The following tables show the maturity analysis of the Group's and the Bank's assets and liabilities based on contractual terms:

2008

The Bank	Up to 1	>1 to 3	>3 to 6	>6 to 12	>1 to 5	Over	Non-	Total
	month	months	months	months	years	5 years	specific maturity	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
ASSETS								
Cash and short-term funds	8,365,613	-	-	-	-	-	-	8,365,613
Deposits and placements with banks and other financial institutions	-	1,265,820	69,351	2,500	622	-	-	1,338,293
Securities held-for-trading	646,636	334,864	213,380	250,959	1,927,405	2,649,460	101,554	6,124,258
Securities available-for-sale	-	-	-	85,726	553,120	648,961	42,464	1,330,271
Securities held-to-maturity	40,242	-	53,767	57,064	262,806	357,062	344,423	1,115,364
Derivative financial assets	-	-	-	-	-	-	307,651	307,651
Loans, advances and financing	5,613,212	1,896,288	1,245,323	1,412,422	9,615,237	24,455,661	-	44,238,143
Other assets	452	1,990	577	-	-	-	688,554	691,573
Amount due from originators	-	6,430	26,042	-	2,668	-	-	35,140
Statutory deposit with Bank Negara Malaysia	-	-	-	-	-	-	1,388,497	1,388,497
Deferred tax asset	-	-	-	-	-	-	483,873	483,873
Investment in subsidiary companies	-	-	-	-	-	-	846,869	846,869
Investment in associated companies	-	-	-	-	-	-	137	137
Prepaid land lease payments	-	-	-	-	-	3,193	-	3,193
Property and equipment	-	-	-	-	-	-	143,292	143,292
Intangible assets	-	-	-	-	-	-	60,876	60,876
TOTAL ASSETS	14,666,155	3,505,392	1,608,440	1,808,671	12,361,858	28,114,337	4,408,190	66,473,043
LIABILITIES AND EQUITY								
Deposits from customers	24,175,120	6,969,910	6,208,080	7,738,545	3,126,212	-	-	48,217,867
Deposits and placements of banks and other financial institutions	2,244,542	1,445,924	1,560,675	494,302	339,338	516,595	-	6,601,376
Derivative financial liabilities	-	-	-	-	-	-	352,007	352,007
Bills and acceptances payable	415,618	676,830	269,448	-	-	-	-	1,361,896
Recourse obligation of loans sold to Cagamas Berhad	-	70,070	26,042	-	147,867	-	-	243,979
Other liabilities	-	-	-	-	-	-	1,357,729	1,357,729
Term loan	-	-	-	271,490	-	-	-	271,490
Subordinated term loans	-	-	-	-	-	1,149,469	-	1,149,469
Medium term notes	-	-	-	-	-	860,000	-	860,000
Subordinated bonds	-	-	-	-	-	200,000	-	200,000
Exchangeable bonds	-	-	-	-	-	575,000	-	575,000
Irredeemable Convertible Unsecured Loan Stocks	-	-	2,755	-	-	128,849	-	131,604
Irredeemable Non-Cumulative Convertible Preference Shares	-	-	-	-	-	-	150,000	150,000
Total Liabilities	26,835,280	9,162,734	8,067,000	8,504,337	3,613,417	3,429,913	1,859,736	61,472,417
Shareholder's Equity	-	-	-	-	-	200,792	4,799,834	5,000,626
TOTAL LIABILITIES AND EQUITY	26,835,280	9,162,734	8,067,000	8,504,337	3,613,417	3,630,705	6,659,570	66,473,043
Net maturity mismatch	(12,169,125)	(5,657,342)	(6,458,560)	(6,695,666)	8,748,441	24,483,632	(2,251,380)	-

54. RISK MANAGEMENT POLICY (CONTD.)

CREDIT RISK MANAGEMENT

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

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

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

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

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

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

OPERATIONAL RISK MANAGEMENT

Operational risk is the potential loss from a breakdown in internal process, systems, deficiencies in people and management or operational failure arising from external events. It is increasingly recognised that operational risk is the single most widespread risk facing financial institutions today.

Operational risk management is the discipline of systematically identifying the critical potential risk points and causes of failure, assess the relevant controls to minimise the impact of such risk through the initiation of risk mitigating measures and policies.

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

LEGAL AND REGULATORY RISK

The Group manages legal and regulatory risks to its business. Legal risk arises from the potential that breaches of applicable laws and regulatory requirements, unenforceability of contracts, lawsuits, or adverse judgement, may lead to the incurrence of losses, disrupt or otherwise resulting in financial and reputational risk.

Legal risk is managed by internal legal counsel and where necessary, in consultation with external legal counsel to ensure that legal risk is minimised.

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

54. RISK MANAGEMENT POLICY (CONTD.)

RISK MANAGEMENT POLICY ON FINANCIAL DERIVATIVES

Purpose of engaging in financial derivatives

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

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

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

The principal equity contracts used are equity option. An equity option is a financial derivative that represents a contract sold by one party (option writer) to another party (option holder). The contract offers the buyer the right, but not the obligation to buy (call) or sell (put) an equity at an agreed-upon price (the strike price) during a certain period of time or on a specific date (exercise date).

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

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

54. RISK MANAGEMENT POLICY (CONTD.)

Risk associated with financial derivatives

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

Market risk of derivatives used for trading purposes

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

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

Credit risk of derivatives

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

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.

55. FAIR VALUES OF FINANCIAL INSTRUMENTS

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

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

In addition, fair value information for non-financial assets and liabilities such as investments in subsidiary companies and deferred taxation are excluded, as they do not fall within the scope of FRS132 (Financial Instruments: Disclosure and Presentation), which requires the fair value information to be disclosed.

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

The Group	2009		2008	
	Carrying Value RM'000	Fair Value RM'000	Carrying Value RM'000	Fair Value RM'000
Financial Assets				
Cash and short-term funds	17,106,447	17,106,447	10,771,670	10,771,670
Deposits and placements with banks and other financial institutions	421,050	422,814	1,329,700	1,329,610
Securities held-for -trading	1,387,411	1,387,411	6,683,739	6,683,739
Securities available-for-sale	5,598,484	5,598,484	1,331,168	1,349,496
Securities held-to-maturity	753,359	857,928	1,156,536	1,313,500
Loans, advances and financing *	57,635,447	58,416,852	53,165,280	53,910,209
Other financial assets	1,323,109	1,323,109	2,430,427	2,430,443
	<u>84,225,307</u>	<u>85,113,045</u>	<u>76,868,520</u>	<u>77,788,667</u>
Non-financial assets	116,673		385,899	
TOTAL ASSETS	<u>84,341,980</u>		<u>77,254,419</u>	

	2009		2008	
	Carrying Value RM'000	Fair Value RM'000	Carrying Value RM'000	Fair Value RM'000
Financial Liabilities				
Deposits from customers	63,947,135	63,574,602	55,619,741	55,422,231
Deposits and placements of banks and other financial institutions	7,641,406	7,675,465	8,177,866	7,968,431
Bills and acceptances payable	2,120,249	2,120,249	1,909,243	1,909,243
Recourse obligation of loans sold to Cagamas Berhad	155,037	129,106	243,979	239,716
Other financial liabilities	1,887,563	1,898,540	1,812,042	1,812,042
Subordinated term loans	-	-	460,000	552,884
Term loans	145,820	145,820	271,490	271,490
Hybrid securities	825,853	471,925	689,469	630,695
Medium term notes	1,460,000	1,745,424	860,000	860,800
Subordinated bonds	400,000	456,142	600,000	632,061
Exchangeable bonds	575,000	624,261	575,000	606,475
Stapled Capital Securities	500,000	732,901	-	-
Irredeemable Convertible Unsecured Loan Stocks	-	-	131,604	133,339
Irredeemable Non-cumulative Convertible Preference Shares	150,000	150,000	150,000	150,000
	<u>79,808,063</u>	<u>79,724,435</u>	<u>71,500,434</u>	<u>71,189,407</u>
Non-Financial Liabilities				
Other non-financial liabilities	62,162		37,367	
Minority interests	28		41	
Share capital	670,364		610,364	
Reserves	3,801,363		5,106,213	
	<u>4,533,917</u>		<u>5,753,985</u>	
TOTAL LIABILITIES AND EQUITY	<u>84,341,980</u>		<u>77,254,419</u>	

* The general allowance for the Group amounting to RM895,655,000 (2008: RM840,030,000) has been included under non-financial assets.

The Bank	2009		2008	
	Carrying Value RM'000	Fair Value RM'000	Carrying Value RM'000	Fair Value RM'000
Financial Assets				
Cash and short-term funds	13,634,119	13,634,119	8,365,613	8,365,613
Deposits and placements with banks and other financial institutions	427,143	428,907	1,338,293	1,338,203
Securities held-for -trading	1,183,549	1,183,549	6,124,258	6,124,258
Securities available-for-sale	5,053,563	5,053,563	1,330,271	1,348,599
Securities held-to-maturity	710,798	810,794	1,115,364	1,272,328
Loans, advances and financing *	47,628,586	48,196,125	44,922,730	45,460,181
Other financial assets	1,183,209	1,183,209	2,136,741	2,136,757
	<u>69,820,967</u>	<u>70,490,266</u>	<u>65,333,270</u>	<u>66,045,939</u>
Non-financial assets	951,244		1,139,773	
TOTAL ASSETS	<u>70,772,211</u>		<u>66,473,043</u>	

	2009		2008	
	Carrying Value RM'000	Fair Value RM'000	Carrying Value RM'000	Fair Value RM'000
Financial Liabilities				
Deposits from customers	53,199,845	52,801,658	48,217,867	48,008,775
Deposits and placements of banks and other financial institutions	6,645,325	6,702,748	6,601,376	6,387,895
Bills and acceptances payable	1,507,680	1,507,680	1,361,896	1,361,896
Recourse obligation of loans sold to Cagamas Berhad	155,037	129,106	243,979	239,716
Other financial liabilities	1,750,339	1,755,647	1,709,736	1,709,736
Subordinated term loans	825,853	471,925	1,149,469	1,183,579
Term loans	145,820	145,820	271,490	271,490
Medium term notes	1,460,000	1,745,424	860,000	860,800
Subordinated bonds	-	-	200,000	200,000
Exchangeable bonds	575,000	624,261	575,000	606,475
Stapled Capital Securities	500,000	732,901		
Irredeemable Convertible				
Unsecured Loan Stocks	-	-	131,604	133,339
Irredeemable Non-cumulative				
Convertible Preference Shares	150,000	150,000	150,000	150,000
	<u>66,914,899</u>	<u>66,767,170</u>	<u>61,472,417</u>	<u>61,113,701</u>
Non-Financial Liabilities				
Share capital	670,364		610,364	
Shareholder's Equity	<u>3,186,948</u>		<u>4,390,262</u>	
			<u>5,000,626</u>	
TOTAL LIABILITIES AND EQUITY	<u>70,772,211</u>		<u>66,473,043</u>	

* The general allowance for the Bank amounting to RM728,700,000 (2008: RM684,587,000) has been included under non-financial assets.

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

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

(a) Cash And Short-Term Funds

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

(b) Deposits and Placements with Banks and Other Financial Institutions

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

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

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

(d) Loans, Advances And Financing (“Loans And Financing”)

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

(e) Deposits From Customers, Deposits of Banks and Other Financial Institutions and securities sold under repurchase agreements

The fair value of deposit liabilities payable on demand (“demand and savings deposits”) or with remaining maturities of less than six months are estimated to approximate their carrying values at balance sheet date. The fair value of term deposits, negotiable instrument of deposits and securities sold under repurchase agreements with remaining maturities of more than six months are estimated based on discounted cash flows using KLIBOR rates and interest rate swap rates.

(f) Recourse Obligation on Loans Sold To Cagamas Berhad

The fair values for amount due to Cagamas Berhad are determined based on discounted cash flows of future instalment payments at prevailing rates quoted by Cagamas Berhad as at balance sheet date.

(g) Bills and Acceptances Payables

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

(h) Subordinated term loans, Redeemable Unsecured Subordinated bonds, Medium Term Notes, Exchangeable Bonds, ICULS, INCPS, Hybrid securities, Term Loans and Stapled Capital securities (“Borrowings”)

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

(i) Derivative Financial Instruments

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

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

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

56. RECLASSIFICATION OF SECURITIES

During the 2nd quarter of financial year 2009, the Bank adopted Bank Negara Malaysia's Circular on the Reclassification of Securities under Specific Circumstances which allow banking institutions to reclassify securities in held-for-trading category under the Revised Guidelines of Financial reporting for Licensed Institutions (BNM/GP 8). The provisions in this Circular shall override the existing requirements of BNM/GP8 in relation to the reclassification of securities into or out of the held-for-trading category and are effective from 1 July 2008 until 31 December 2009. The effects of the reclassification were as follows:

	Before reclassification RM'000	Increase/ (Decrease) in reclassification RM'000	After reclassification RM'000
Effect on Balance Sheet as at 30 September 2008			
The Group and the Bank			
Securities held-for-trading	1,678,356	(500,787)	1,177,569
Securities available for sale	4,956,006	500,787	5,456,793
Available for sale reserve	(134,342)	(22,200)	(156,542)
Unappropriated profits	1,135,875	17,200	1,153,075

	Before reclassification RM'000	Increase/ (Decrease) reclassification RM'000	After reclassification RM'000
Effect on Income Statement for the period ended 30 September 2008			
The Group and the Bank			
Revenue	2,342,136	22,200	2,364,336
Other operating income	5,860	22,200	28,060
Taxation	(140,593)	(5,000)	(145,593)
Profit after taxation	400,808	17,200	418,008

There was no further reclassification of securities after the second quarter of financial year 2009. The balances as at 31 March 2009 relating to securities reclassified in the second quarter of financial year 2009 are:

	Carrying value RM'000	Fair value RM'000	Mark-to-market loss taken up in Available for sale reserve RM'000
The Group and the Bank as at 31 March 2009			
Securities reclassified	531,373	489,175	42,198

The carrying value and fair value as at 30 September 2008 for securities reclassified were RM 581,453,000 and RM 500,787,000 respectively.

57. CREDIT EXPOSURES ARISING FROM CREDIT TRANSACTIONS WITH CONNECTED PARTIES

	The Group		The Bank	
	2009	2008	2009	2008
Outstanding credit exposures with connected parties (RM'000)	762,113	429,902	745,195	422,788
Percentage of outstanding credit exposures to connected parties as proportion of total credit exposures (%)	1.14	0.67	1.37	0.85
Percentage of outstanding credit exposures with connected parties which is non-performing or in default (%)	0.26	0.22	0.25	0.22

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 for the financial year 2009. Under the guidelines, a connected party refers to:

- (a) directors of the Bank and their close relatives;
- (b) controlling shareholder and his close relatives;
- (c) executive officer and his close relatives; executive officer refers to member of management having authority and responsibility for planning, directing and/or controlling the activities of the Bank;
- (d) officer and his close relatives; officer refers to those responsible for or have the authority to appraise and/or approve credit transactions or review the status of existing credit transactions, either as a member of a committee or individually;
- (e) firms, partnerships, companies or any legal entities which control, or are controlled by, any person (including close relatives in the case of individuals) listed in (a) to (d) above, or in which they have interest as a director, partner, executive officer, agent or guarantor, and their subsidiaries or entities controlled by them;
- (f) any person for whom the persons listed in (a) to (d) above is a guarantor;
- (g) subsidiary of, or an entity controlled by the Bank and its connected parties.

Credit transactions and exposures to connected parties disclosed includes the extension of credit facility and/or off-balance sheet transactions that give rise to credit/counterparty risk, the underwriting and acquisition of equities and private debt securities.

Credit transactions entered into with connected parties are on arm's length basis whereby:

- (i) the creditworthiness of the connected party is not less than what is normally required of other persons;
- (ii) the terms and conditions of credit transactions with connected parties are not more favourable than those entered into with other counterparties with similar circumstances and creditworthiness;
- (iii) the credit transactions are in the interest of the Bank and approved by the Board of Directors with not less than three quarters of all board members present.

58 RESTATEMENT OF COMPARATIVES

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

- (a) certain balances which represent cash held by outsourcers and were previously included in Other assets are now reclassified and presented as part of cash and short term funds;
- (b) credit card receivables under instalment payment scheme which were previously classified under Other Assets have been reclassified as part of Loans, advances and financing;
- (c) certain incidental expenses which were incurred in the acquisition of housing loans and commercial property loans and were previously taken up under Other operating expenses are now deducted against interest income earned from the said loans;
- (d) deposits for certain depositors classified under Deposits and placements of banks and other financial institutions were reclassified to Deposits from customers. The rationale for the reclassification is to facilitate better peer comparisons as the reclassification is in line with industry practice. Arising from this, interest expense attributable to these depositors were reclassified from Interest expense on Deposits and placements of banks and other financial institutions to Interest expense on Deposits from customers.

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

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

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

58 RESTATEMENT OF COMPARATIVES (CONTD.)

The comparative amounts which have been restated due to the above are as follows:

	As previously stated RM'000	Effect of change arising from pooling of interest method RM'000	Effect of other reclassifications RM'000	As restated RM'000
The Group				
Balance Sheet as at 31 March 2008				
ASSETS				
Cash and short-term funds	8,933,353	1,751,255	87,062	10,771,670
Deposits and placements with banks and other financial institutions	1,968,500	(638,800)	-	1,329,700
Securities held-for-trading	1,771,247	4,912,492	-	6,683,739
Securities available- for-sale	119,413	1,211,755	-	1,331,168
Securities held-to-maturity	656,680	499,856	-	1,156,536
Derivative financial assets	71,663	235,988	-	307,651
Loans, advances and financing	47,949,516	4,255,007	120,727	52,325,250
Other assets	863,115	152,211	(207,789)	807,537
Statutory deposit with Bank Negara Malaysia	1,526,507	133,690	-	1,660,197
Deferred tax asset	629,628	15,439	-	645,067
Property and equipment	168,764	510	-	169,274
Intangible assets	61,484	2	-	61,486
LIABILITIES				
Deposits from customers	41,535,545	6,232,786	7,851,410	55,619,741
Deposits and placements of banks and other financial institutions	12,316,385	3,712,891	(7,851,410)	8,177,866
Derivative financial liabilities	85,659	266,348	-	352,007
Recourse obligation on loans sold to Cagamas Berhad	208,839	35,140	-	243,979
Other liabilities	1,451,003	46,399	-	1,497,402
Term loan	-	271,490	-	271,490
Reserves	3,141,862	1,964,351	-	5,106,213

58. RESTATEMENT OF COMPARATIVES (CONTD.)

The comparative amounts which have been restated are as follows (contd.):

	As previously stated RM'000	Effect of change arising from pooling of interest method RM'000	Effect of other reclassifications RM'000	As restated RM'000
The Group				
Income Statement for the financial period ended 31 March 2008				
Interest Income	3,210,621	609,073	(14,786)	3,804,908
Interest Expense	(1,777,173)	(415,692)	-	(2,192,865)
Net income from Islamic Banking business	493,028	40,306	(114)	533,220
Other operating income	305,727	70,414	-	376,141
Other operating expenses	(857,633)	(59,709)	14,900	(902,442)
Allowance for losses on loans, advances and financing	(553,753)	36,739	-	(517,014)
Impairment loss	(83,101)	(36,527)	-	(119,628)
Provision for commitments and contingencies	-	(1,641)	-	(1,641)
Taxation	(271,074)	(58,756)	-	(329,830)
The Bank				
Balance Sheet as at 31 March 2008				
ASSETS				
Cash and short-term funds	7,411,342	867,209	87,062	8,365,613
Deposits and placements with banks and other financial institutions	1,977,093	(638,800)	-	1,338,293
Securities held-for-trading	1,671,478	4,452,780	-	6,124,258
Securities available- for-sale	119,413	1,210,858	-	1,330,271
Securities held-to-maturity	656,462	458,902	-	1,115,364
Derivative financial assets	71,663	235,988	-	307,651
Loans, advances and financing	39,948,718	4,204,013	85,412	44,238,143
Other assets	751,059	148,128	(172,474)	726,713
Statutory deposit with Bank Negara Malaysia	1,269,307	119,190	-	1,388,497
Deferred tax asset	468,529	15,344	-	483,873
Investment in subsidiary companies	813,849	33,020	-	846,869

58. RESTATEMENT OF COMPARATIVES (CONTD.)

The comparative amounts which have been restated are as follows (contd.):

	As previously stated RM'000	Effect of change arising from pooling of interest method RM'000	Effect of other reclassifications RM'000	As restated RM'000
Balance Sheet as at 31 March 2008				
LIABILITIES				
Deposits from customers	36,106,940	5,304,491	6,806,436	48,217,867
Deposits and placements of banks and other financial institutions	9,816,197	3,591,615	(6,806,436)	6,601,376
Derivative financial liabilities	85,659	266,348	-	352,007
Recourse obligation on loans sold to Cagamas Berhad	208,839	35,140	-	243,979
Other liabilities	1,318,114	39,615	-	1,357,729
Term loan	-	271,490	-	271,490
Reserves	2,792,329	1,597,933	-	4,390,262
Income Statement for the financial period ended 31 March 2008				
Interest Income	3,210,674	591,128	(14,786)	3,787,016
Interest Expense	(1,777,681)	(402,591)	-	(2,180,272)
Other operating income	304,316	67,255	-	371,571
Other operating expenses	(656,730)	(52,960)	14,786	(694,904)
Allowance for losses on loans, advances and financing	(414,087)	34,395	-	(379,692)
Impairment loss	(83,198)	(36,527)	-	(119,725)
Provision for commitments and contingencies	-	296	-	296
Taxation	(204,787)	(49,607)	-	(254,394)