



AMMB Holdings Berhad

(223035-V) (Incorporated in Malaysia)

ANNUAL REPORT 2008

CORPORATE MISSION

“To entrench our position as a premier financial services group providing innovative products and services to our customers.”

Cover Rationale

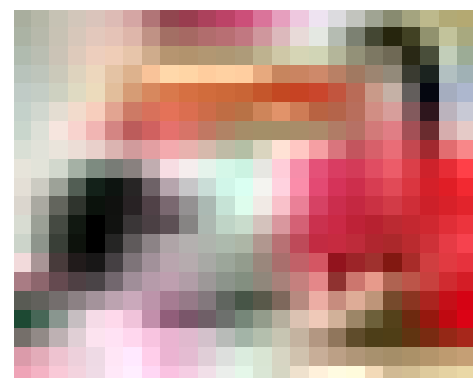
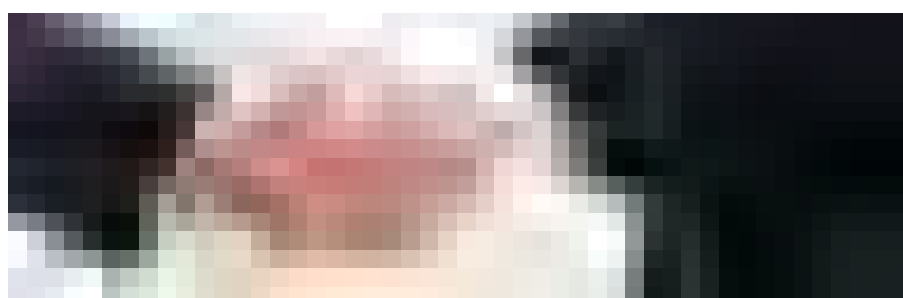
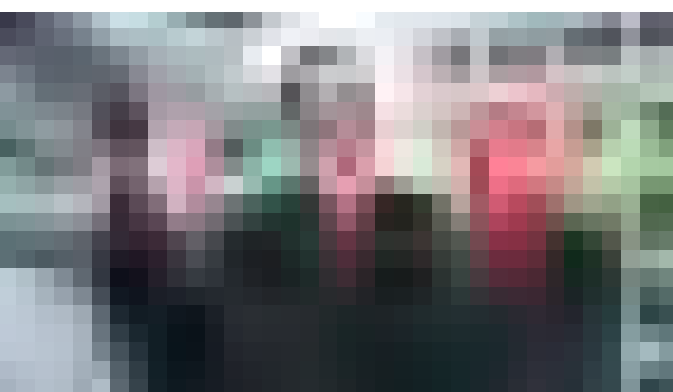
The cover for 2008 depicts a serene yet dynamic look. The fast movement through a tree-lined path reflects the AmBank Group's rapid expansion, but at the same time, not forgetting its core values of putting its customers first. The greenery also signifies the AmBank Group's responsibility to the environment, workplace, marketplace, and community in its role as a socially responsible corporate citizen. Constantly on the move with its bold red and yellow colours, the AmBank Group is geared towards becoming the premier financial institution in Malaysia and the region.



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NOTICE OF SEVENTEENTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Seventeenth Annual General Meeting of AMMB Holdings Berhad (“the Company”) will be held at Ballroom 3, 1st Floor, Sime Darby Convention Centre, 1A, Jalan Bukit Kiara 1, 60000 Kuala Lumpur on Friday, 26 September 2008 at 9:30 a.m. for the following purposes:

AGENDA

AS ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 31 March 2008 and the Reports of the Directors and Auditors thereon.
(Resolution No. 1)
2. To approve a first and final dividend of 6.0% less tax for the financial year ended 31 March 2008.
(Resolution No. 2)
3. To approve payment of Directors’ fees of RM36,000 per annum for each Director for the financial year ended 31 March 2008.
(Resolution No. 3)
4. To re-elect the following Directors who retire by rotation pursuant to Article 89 of the Company’s Articles of Association:
 - (a) Y Bhg Dato’ Azlan Hashim
(Resolution No. 4)
 - (b) Y Bhg Tan Sri Datuk Dr Aris Osman @ Othman
(Resolution No. 5)
 - (c) Y Bhg Dato’ Izham Mahmud
(Resolution No. 6)
 - (d) Mr Soo Kim Wai
(Resolution No. 7)

5. To re-elect Mr Alexander Vincent Thursby who retires pursuant to Article 97 of the Company’s Articles of Association.
(Resolution No. 8)
6. To re-appoint Messrs Ernst & Young, the retiring Auditors, and to authorise the Directors to determine their remuneration.
(Resolution No. 9)

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolution as Ordinary Resolution:

7. **Authority to Issue Shares Pursuant to Section 132D of the Companies Act, 1965**

“THAT subject to the approvals from the relevant authorities, where such approval is necessary, full authority be and is hereby given to the Board of Directors pursuant to Section 132D of the Companies Act, 1965 to issue shares in the capital of the Company at any time upon such terms and conditions and for such purposes as the Directors, may, in their discretion, deem fit provided that the aggregate number of shares to be issued pursuant to this resolution does not exceed ten per cent of the issued share capital of the Company for the time being.”
(Resolution No. 10)

8. To transact any other business of which due notice shall have been received.

NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

NOTICE IS HEREBY GIVEN that the first and final dividend of 6.0% less tax for the financial year ended 31 March 2008, if approved by the shareholders at the Seventeenth Annual General Meeting, will be paid on 21 October 2008 to shareholders whose names appear in the Record of Depositors on 7 October 2008.

A depositor shall qualify for entitlement only in respect of:

- a. Shares transferred into the depositor's securities account before 4.00 p.m. on 7 October 2008 in respect of ordinary transfers; and
- b. Shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

By Order of the Board

RAVINDRA KUMAR THAMBIMUTHU
(LS 0000902)
Group Company Secretary

Kuala Lumpur
4 September 2008

Notes:

- (1) A shareholder of the Company entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of him. A proxy or an attorney need not be a shareholder of the Company. Under Section 149(1) of the Companies Act, 1965, if a proxy is not a shareholder, he must be an advocate, an approved company auditor, or a person approved by the Registrar of Companies in a particular case.
- (2) An Authorised Nominee as defined under the Securities Industry (Central Depositories) Act 1991, may appoint one proxy in respect of each securities account held with ordinary shares of the Company standing to the credit of the securities account. The proxy so appointed shall be the beneficial owner of the shares in the said securities account or a person as provided under Section 149(1) of the Companies Act, 1965.
- (3) The instrument appointing a proxy in the case of an individual shall be signed by the appointer or his attorney and in the case of a corporation, the instrument appointing a proxy or proxies must be under seal or under the hand of an officer or attorney duly authorised.
- (4) The instrument appointing the proxy must be deposited at the Registered Office of the Company at 22nd Floor, Bangunan AmBank Group, 55 Jalan Raja Chulan, 50200 Kuala Lumpur not less than 48 hours before the time appointed for holding the Annual General Meeting.
- (5) **Explanatory Note on Resolution No. 10 Authority to Issue Shares Pursuant to Section 132D of the Companies Act, 1965**

Ordinary resolution No. 10, if passed, will give the Directors of the Company, from the date of the Annual General Meeting, authority to allot and issue ordinary shares from the unissued share capital of the Company up to an aggregate amount not exceeding 10 percent of the issued share capital of the Company for the time being, as and when the need or business opportunities arise which the Directors consider would be in the interest of the Company. This authority, unless revoked or varied at a General Meeting, will expire at the next Annual General Meeting.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

Directors who are Seeking Re-Election at the Seventeenth Annual General Meeting of the Company

The Directors retiring by rotation pursuant to Article 89 of the Company's Article of Association and seeking re-election are as follows:

- Y Bhg Dato' Azlan Hashim
- Y Bhg Tan Sri Datuk Dr Aris Osman @ Othman
- Y Bhg Dato' Izham Mahmud
- Mr Soo Kim Wai

Mr Alexander Vincent Thursby was appointed to the Board on 2 January 2008, retiring pursuant to Article 97 of the Company's Articles of Association and is seeking re-election.

The details of the five Directors seeking re-election are set out in their respective profiles which appear in the Profile of Directors and their securities holdings in the Company and its subsidiaries are set out in the Shareholding Structure of this Annual Report.

LETTER TO SHAREHOLDERS



TAN SRI DATO' AZMAN HASHIM
Chairman

“ The financial year that has just ended on 31 March 2008 marked another milestone. It has been a year of achievement as we delivered on our commitments and value to shareholders by achieving higher profits, declaring higher dividends and strengthening our position, in efforts to elevate the AmBank Group for greater future growth and stability. ”

In the previous financial year ending 31 March 2007, the Group embarked on a clean-up exercise to address the issue of high non-performing loans. Consequently, as a result of a significant one-off prudent provisioning charge, the Group reported a marginal pre-tax profit of RM23.1 million and a net loss of RM203.8 million after tax and minority interests.

I am pleased to report that for the financial year that has just ended on 31 March 2008, the Group has rebounded strongly following this exercise to record a pre-tax profit of RM1.2 billion and a net after tax and minority interests profit of RM668.5 million. The results exceeded analyst consensus earnings estimates and expectations of the Group for the year.

It has been a great performance year for the AmBank Group, reflecting the resilience and efforts of our management and staff working together. In this regard, I would like to thank everyone for their contribution.

This was also a year of new expectations as we welcomed ANZ as a strategic partner of the AmBank Group. The partnership will enable us to further elevate the Group's status as a premier banking group domestically with a vision to equal our international banking peers and embark to leverage on ANZ's regional presence for opportunities beyond the Malaysian shores. A new vision for greater future growth and stability for the AmBank Group has been drawn up. This is part of the Group's progressive measures and continuous efforts to enhance shareholders and customer value propositions as well as create a conducive environment to work for our close to ten thousand strong workforce family.



Our Partnership with ANZ and AmVision 2011: Creating the Future

It has now been a year since we embarked on our strategic partnership with ANZ, marking another milestone and chapter as the AmBank Group continues to stay ahead of the curve as a dynamic and evolving banking group. We have been making progressive headway in many areas within the Group since the partnership commenced in May 2007, such as retail banking, hire purchase, branch network, finance and risk management and strategy. The partnership is starting to pick up momentum and this is reflected in the financial results turnaround achieved during the year.

This partnership with ANZ is appropriate and the timing is right for the Group to redefine its future aspirations and in particular its medium term aspirations to build on its strengths by leveraging on the international expertise, best practices and capabilities of our partner. Named AmVision 2011, this is the culmination of the collaboration and strategic work that the Group's leadership team has undertaken over the past six months. Together, we have identified four main goals to be achieved under the AmVision 2011 agenda:

- Build on our position as a leading financial services company in Malaysia and be recognised as an Employer of Choice in the industry;
- To double the Group's underlying after tax profits by 2011 (with 20% compounded annual growth);
- To deliver a target Return on Equity of 20% and Cost to Income ratio of 40% in the medium term of three to five years; and
- To achieve top three market positioning in all of our chosen business segments in the medium term of three to five years.

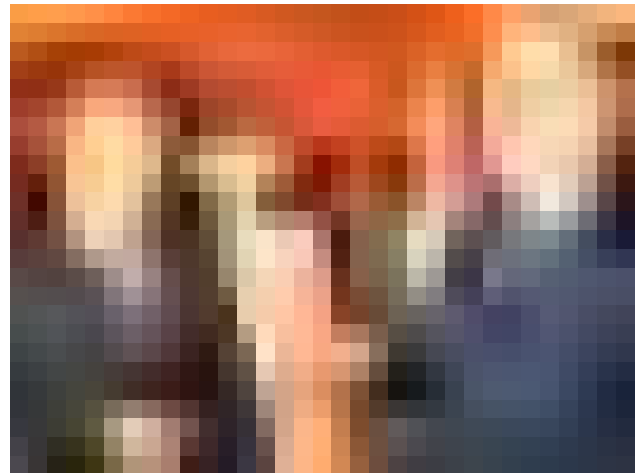
Whilst we have set bold targets, we believe this is necessary for us to maintain our leadership and position amidst the changing shape of the financial services industry and increased competition. We will do our very best to deliver on our plans to all our primary stakeholders; our customers, shareholders and staff.

AmVision 2011 will help the Group address key challenges in our business with a different perspective, unlock our growth potential to take advantage of opportunities within the marketplace across all our main business segments through a range of initiatives to generate new revenue and organic growth opportunities.

We expect to achieve these goals by producing higher revenue growth, reducing NPLs, lowering cost of funds and improving return to shareholders. AmVision 2011 will be delivered through a Core Programme and Initiatives Portfolio managed by the Group Project Management Office ("PMO"), which will play a pivotal role in driving and managing these initiatives. The PMO will also take a holistic view and prioritise projects that would have the biggest impact on revenue growth. It will also perform a control role for all projects with the aim to optimise the investment spend budget by leveraging synergies across businesses to maximise resource allocation opportunities.

LETTER TO SHAREHOLDERS

From left: Tan Sri Dato' Azman Hashim (Chairman, AmBank Group), YBhg Dato' Zarinah Anwar (Chairman, Securities Commission), YABhg Tun Mohamed Dzaiddin (Chairman, Bursa Malaysia) and YAB Dato' Seri Abdullah Haji Ahmad Badawi (Prime Minister of Malaysia) sharing a light moment at Invest Malaysia 2008. (Photo courtesy of Star Publications)



Our Strong Financial Performance

As earlier mentioned, the Group made RM1.2 billion in profit before taxes for the financial year. This represents earnings per share of 27.91 sen on a fully-diluted basis and a post-tax return on equity of 11.2%, up by 17% from the previous financial year.

After adjusting for one-offs arising from changes to accounting and provisioning policies, prior period adjustments, strategic investments and divestments and tax and regulatory regimes, the Group's profit after tax and minority interests grew at 55.4% to RM727.6 million. All this was achieved despite an increasingly competitive operating landscape for the financial services industry, as both domestic and foreign banks engaged in price competition and creative advertising campaigns to gain market share within a challenging economic environment amidst higher oil prices, heightened geopolitical risks and global uncertainties.

All major business segments of the Group contributed to the strong turnaround in profits. The retail and commercial banking arm of the Group was the largest contributor to the Group's pre-tax profits, recording RM742.6 million, followed by the investment banking arm of the Group, reporting RM398.5 million and the insurance operations contributing RM56.5 million to the Group's profits for the year.

The strong earnings performance was aided by sound growth in net interest income, up by RM258.5 million or 19% and non-interest income, up by RM68.8 million or 6% in spite of tough trading conditions. Both loan loss provisions and impairment loss on securities declined significantly, down by RM512.2 million or 66.3% and RM111.9 million or 60.5% respectively.

Dividend Pay-out

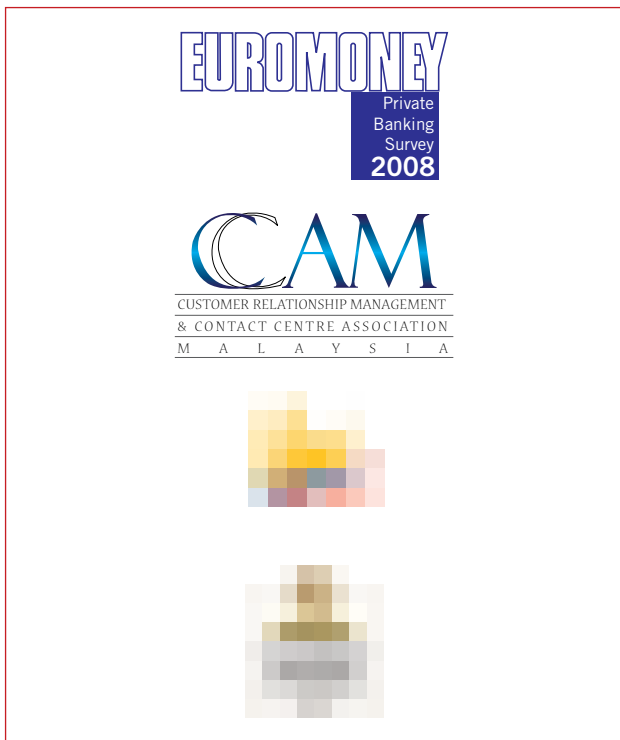
We continue to deliver on our commitment and value proposition to shareholders. The Board of Directors has recommended a first and final dividend payment of 6% less tax, a 20% increase in dividend pay-out from the previous financial year. This will result in a payment of approximately RM122.5 million to shareholders as compared to RM78.8 million in the previous year, an increase of RM43.7 million or 55.0%.

Customer Service and Reach

The AmBank Group is committed to deliver improving customer services and this is evident by our continued investments in multi-channel customer service delivery infrastructures. With our multiple delivery channels of Relationship Managers as well as a growing number of branches, electronic banking channels ("EBCs") and automated teller machines ("ATMs") from 176 branches, 65 EBCs and 286 ATMs a year ago, to 183 branches, 90 EBCs and 399 ATMs, nationwide currently. The number of ATMs is constantly growing by the week following the strategic tie-up with 7-Eleven Malaysia Sdn Bhd ("7-Eleven") in May 2007 to install 400 ATMs at 400 7-Eleven stores across the country in the next two years. As at July 2008, we have already installed 50 ATMs at 7-Eleven stores in Kuala Lumpur, Selangor, Pahang and Kedah. This provides reach, banking simplicity and convenience to all our existing and future customers. The Group also expects to increase the number of branches to over 200 by 2011.

At the same time, we have also embarked on a branch remodeling exercise for all our existing branches as well as relocating certain branches and expanding others. This is in line with our value proposition to provide customers a new "feel and look" to enhance and offer better accessibility, comfort and convenience. We have also continued with our customer F.I.R.S.T. campaign and armed with the Six Sigma methodology, continuously strive to improve customer service levels at the branches and other business operations centers and the results have been encouraging.

We also continue to enhance the capabilities, infrastructure and services of our 24-hour contact center, mobile banking and Internet banking channels. Our efforts to provide the best to our customers are evident by the number of awards and accolades we have received. We garnered five awards at the 8th Customer Relationship Management and Contact Centre Association of Malaysia (CCAM) Annual Contact Center Awards 2007 as well as winning the "Most Customer Friendly Services" award at the e-Banking Expo 2007 for a third time. The Group will continue to commit significant resources in our pursuit to improve standards of customer service, as excellent customer service is our key to staying ahead in an intensely competitive financial services industry.



- AmInvestment Bank was awarded the Most Outstanding Islamic Investment Bank by the Forum-KLIFF Islamic Finance Awards 2007.
- AmInvestment Bank was also ranked the Best Equity House in Malaysia in the FinanceAsia Awards.
- The AmBank Group was voted by corporates as the Best Domestic Provider of Foreign Exchange Services in the AsiaMoney Awards.

Universal Banking Model

In my Letter to Shareholders from the previous year, I highlighted that the Group would propose to privatise its 51% owned subsidiary, AmInvestment Group Berhad (“AIGB”), as part of an internal restructuring exercise for the AmBank Group to migrate to a universal banking model. Due to the greater liberalisation of the Malaysian banking sector, the investment banking framework on lending activities, underwriting of debt instruments and equities as well as proprietary trading, was consolidated thereby limiting the Group’s investment banking arm’s ability to underwrite larger corporate deals due to its smaller capital base, relative to that of the commercial bank. This new framework, coupled with the heightened competition by both domestic and foreign banks would have a significant impact on the investment bank’s ability to compete with the larger players in the industry. Hence, the decision towards a universal banking platform, which is also in line with global trends and international market practices.

I am pleased to inform that we had successfully completed the privatisation of AIGB in January 2008. This will enable the Group to now embark on the next stage of corporate reorganisation as we see opportunities in the universal banking model. This enhanced business model will complement and facilitate the transfer of ANZ’s international best practices and capabilities to the Group, especially in the areas such as financial management, risk management and information technology. The universal banking platform will also help build synergies between Corporate and Investment Banking and other businesses.

The internal restructuring exercise will be completed in phases. Phase one, which is the transfer of the Group’s treasury and large corporate lending activities (“Fund Based Activities”) from its investment banking arm to its commercial bank was recently completed in April 2008. This was to consolidate all of the Group’s Fund Based Activities through the commercial bank to promote better management of the Group’s credit and market risks. This will also create an enlarged balance sheet, which other subsidiaries of the Group can leverage on, in particular the investment bank to generate and underwrite the larger corporate deals.

Market Recognition

Good performance driven by culture of innovation does not go unnoticed and the Group has garnered a host of awards and accolades during the year to reflect the commitment and hard work of our staff across the Group. Amongst these awards and accolades are:

- AmBank (M) Berhad was recognised as the No. 1 Automobile Lender in Asia Pacific, Gulf States and Central Asia at the Asian Banker Excellence in Retail Financial Services Awards 2007, for its outstanding performance in building business franchises that are sustainable, competitive and profitable.
- The Group’s Funds Management Division swept the 3-Year Best Bond categories for both the Malaysian Ringgit Fund and Malaysian Ringgit Islamic Fund as well as the 3-Year Best Fund Group for Bonds at the Edge-Lipper Malaysia Fund Awards 2008.
- The Group’s Private Banking services won the “Best Local Private Banking in Malaysia” awards for the second consecutive year under the Euromoney Private Banking Survey 2008.
- The Group’s AmBank Contact Center won the Gold Award for “Most Significant Achievement” under the Prestige Awards Category at the 8th Customer Relationship Management and Contact Centre Association of Malaysia Annual Contact Center Awards 2007.
- AmInvestment Bank won the Best Islamic REIT Deal in Southeast Asia as the Lead Arranger for the Al-’Aqar Capital Sdn Bhd’s RM300 million Sukuk Ijarah Programme, the world’s first listed healthcare Islamic REIT in the Alpha South East Asia Magazine Awards.

LETTER TO SHAREHOLDERS

Following the transfer of the Fund Based Activities, we are now in the midst of phase two, to restructure and streamline the Group's core businesses into four main business groups, namely the Banking Group, Asset Management Group, Capital Markets Group and the Insurance Group. The realignment is expected to cater for greater integration of business focus and operations. The streamlining is also expected to improve on efficiency and effectiveness in capital and resource allocation and utilisation.

Although we have just embarked on this internal restructuring exercise post the AIGB privatisation, the AmBank Group is envisaged to leverage on Group-wide synergies to boost future earnings and in turn, enhance shareholder's value from this exercise once it is completed.

Talent Management

While improving financial performance is important, our ability to attract and retain human capital is critical to our future. Talent management is fundamental to an organisation that is dynamic and continuously seeking to gain competitive advantage. We are therefore constantly searching and building up talent among new and existing staff that strategically can lead the Group to greater heights. Accordingly, we have made large investments to strengthen the capabilities of our people through structured training and a Talent Management Programme.

We also continue to reorganise business divisions and improve our infrastructure and the way we work, keeping in mind the increasing size and complexity of our businesses. Our culture also encourages and rewards staff for their commitment, creativity and teamwork in responding rapidly to changes in customer needs and the market place.

Serving the Community

We commend our staff for their efforts in serving the communities in which the Group operates. During the year, the Group continued to play its part in the development of our community and the progress of the country with its monetary and non-monetary support to various charitable, educational and cultural programmes. Many of our Directors and senior staff are also actively involved in the Councils of many national voluntary and charitable organisations.

Economic Outlook and Prospects for 2008/2009

Looking ahead, the slowdown in global economic performance, which started in the second half of last year, is expected to continue through the second half of this year before gradually recovering next year. However, the global growth recovery would be dependent on the length and depth of the US slowdown and the extent of the impact from the US sub-prime and credit crisis. Meanwhile, inflation is mounting in both the advanced and emerging economies following the surge in oil and food prices.

Despite the global economic uncertainties, the outlook of the Malaysian economy in 2008 remains encouraging with real GDP expected to grow by 5.2%. Domestic demand is continuing to lead growth amidst accommodative fiscal and monetary policies.

While the real purchasing power of consumers is affected by the rising inflationary pressure, private consumption continues to show resilience and will remain the main contributor of overall domestic demand and growth this year. The growth momentum in 2008 is also supported by the expansion in public investment following the implementation of projects under the Ninth Malaysian Plan and the economic corridors and further inflow of foreign direct investments. The strength of domestic demand is expected to be retained through 2009-2010, the final two years of the Ninth Malaysian Plan. At the same time, we are also anticipating a gradual world economic recovery that can help sustain growth of the domestic economy in 2009-2010 in the range of 5.0% – 6.0%.

Hence, for a Group that has gone through turbulent times in its 32 years of existence, we are as resilient as the Malaysian economy and barring any unforeseen circumstances, are confident to meet the challenges in our path in 2008/2009. We look forward to the unwavering support of our shareholders, our partnerships and commitment of all levels of our staff to drive the Group forward.

Our Priorities in Financial Year 2009

The priorities for the financial year ending 31 March 2009 will be primarily focused on continued efforts to put in place the necessary building blocks towards achieving the Group's medium term core strategic agenda – AmVision 2011, with emphasis on the following areas:

- Reduce cost of funds by continuing efforts to grow the Group's low-cost deposits base. Initiatives will be centered around the acquisition of new accounts, increasing activation, increasing cash management and trade services utilisation, and more active cross-selling of services and products to the Group's customer base. The Group will also continue to expand its distribution channels through branch networks, ATMs, Internet banking and mobile banking to provide easy access, simplicity and more convenient services to its customers.
- Improve further the Group's overall asset quality, with further reduction in the net non-performing loans ratio, through good management with focus on strengthening risk management systems, processes and practices as well as continuous enhancements of credit scoring model capabilities, debt strategies, collections and recoveries management.
- Continue to grow the auto financing (hire purchase) business. Being the largest business in terms of the Group's balance sheet, auto financing will remain a key lending business for the Group. Plans are also being executed to grow more rapidly lending in other business segments of the Group such as mortgages, small and medium sized industries and credit cards leading to a more diversified loan asset base.
- To continuously leverage on the ANZ strategic partnership especially on ANZ's exposure to international businesses and cross border capabilities in Asia to elevate the Group's brand equity and technical expertise. Growth focus will be on retail and commercial lending, and transactional banking.

These areas of emphasis and initiatives will be delivered within a "business as usual" environment with focus on organic growth and customer service excellence through a combination of quality, competitive pricing, superior sales and service experience to all segments of our customers. Prudent investments will continue to be made where needed to enhance infrastructure capabilities, MIS, risk management and human resource capabilities.

One of the major initiatives on building organic growth and unlocking the Group's potential is the establishment of a new foreign exchange, interest rate and commodities derivatives business with ANZ's support. The initiative will see the sourcing of business leadership and technology expertise from ANZ. The AmBank Group will leverage and build a platform of industry leading systems, applications, capabilities, know-how and best practices from our strategic partner. The development of this new business will provide the best level of foreign exchange, interest rates and commodities derivatives services and customised solutions to benefit our local and foreign customers to meet their growing needs. The business is expected to contribute significant revenue growth for the AmBank Group and strengthen our position in the Malaysian foreign exchange, interest rates and commodities derivatives market segment.

This initiative will also see the transfer of knowledge in terms of specialised markets sales, trading, risk management, operations and technology expertise.

We cannot deny that the next twelve months will remain very challenging for the Group's operating environment. Along with current conditions of the global markets, softening of investor confidence as well as domestic consumer and business confidence, it remains uncertain when the debt and equity markets will stabilise and recover to 2007 levels.

However, given our entrenched position in various customer and product segments, market experience and expertise, leadership and considerable brand equity, coupled with the initiatives we have put in place, we should be able to forge ahead through these uncertain times, amidst a resilient domestic economy.

A Word Of Appreciation

I would like to express my deepest appreciation and gratitude to our many stakeholders. Our continued progress over the years would not have been possible without the trust and partnership of our clients; the untiring commitment, dedication and integrity of our management and staff; the guidance, invaluable advice and support of the Ministry of Finance, Bank Negara Malaysia, the Securities Commission, Bursa Malaysia Securities Berhad and all other relevant authorities, as well as the Minority Shareholders Watchdog Group; and most importantly the long standing and steadfast support of our shareholders for their continued confidence in the AmBank Group.

I would also like to take this opportunity to thank the members of our Board of Directors for their counsel and astute guidance during the financial year. At the same time, I welcome Mr. Alexander Vincent Thursby, who has been appointed a non-independent non-executive director to the Board of Directors of the Company on 2 January 2008.

Once again, my sincere gratitude and appreciation to our many stakeholders and I thank each and every shareholder of the AmBank Group for their confidence in us and continued support for helping to make this year a success and as we set our course for the future. We remain optimistic about the opportunities, and we believe we have the ingredients and building blocks in place to take the AmBank Group to the next level for shareholders, customers, staff, and the community as we progressively reinvent the way we do business.



Tan Sri Dato' Azman Hashim
Chairman

Kuala Lumpur
18 August 2008

OUR PHILOSOPHY

The strategies we follow and the actions we take are all aligned to value creation for all our stakeholders.

The AmBank Way

A Culture of Excellence and Professionalism

Customer Priority

Our clients are our reason for existence. We are committed to them and we will strive to provide outstanding service to all our customers.

Integrity

Integrity and honesty are paramount in everything we do when we conduct our business. We will treat all our business partners and competitors with unwavering grace and honour.

Speed And Creativity

We strive to be fearless, responsive and nimble in our approach to doing business. We are not afraid to pioneer new ideas and approaches.

Quality

Any output or deliverable we produce serves to represent the AmBank Group. We know we must never compromise on what we need to do to preserve the reputation of the Group.

Initiative

We are empowered to take responsibility for what we do, going the extra mile and applying sound judgement in the process.

Vision And Goal-Orientation

We are a winning team. Our victories and goals are achieved through a strong sense of purpose, ownership and commitment.

Teamwork

Teamwork is the essence of our success. We willingly come together in formal and informal teams, valuing our colleagues and cooperating wholeheartedly with them.

Open-Mindedness

The spirit of open communication is important to us. We will give and receive criticism constructively. We will always treat each other with respect and good humour.

Self-Realisation

We will coach, develop and mould our people to allow them to realise their highest potential. We will facilitate their ability to meaningfully contribute to the AmBank Group.



scaling new heights

CORPORATE DEVELOPMENTS

It has been an eventful year for the AmBank Group as it executed its game plan superbly to consolidate its strength and invest in areas that drive future growth. The Group also streamlined its corporate structure to enhance its product depth and breadth. For the Financial Year 2008, the prevalent strategic theme was to position the Group to be a powerful dominant player in the Malaysian financial services industry.

Strengthening the ANZ partnership

On 2 March 2007, AMMB Holdings Berhad (“AHB”), AmcorpGroup Berhad (“Amcorp”) with Australia and New Zealand Banking Group Limited (“ANZ”) signed the respective definitive agreements that would pave the way for ANZ to hold an equity stake in AHB. As at 31 March 2008, ANZ held a 19.17% shareholding in AHB, three (3) positions on the AHB Board, three (3) senior management positions and six (6) management positions within the AmBank Group.

ANZ is recognised internationally for its expertise in Retail and SME Banking, Risk Management, Auto Financing, Financial Markets and Project Management. ANZ’s international expertise combined with AmBank Group’s strong brand equity and foothold in the Malaysian financial services industry delivers a powerful combination of strengths that will over time enable the Group to become a dominant force in the Malaysian financial services industry.

The Group has worked closely with its partner to redefine the future vision for AHB, encapsulated in AmVision 2011 Aspirations with the following key goals:

- i. Build on our position as a leading financial services company in Malaysia and be recognised as an Employer of Choice in financial services
- ii. Double our underlying profit (Net Profit After Tax) by 2011 (20% compound annual growth)
- iii. Target a Return on Equity of 20% and Cost to Income ratio of 40% in the medium term
- iv. Achieve top three market position in all of our chosen business segments in the medium term

To realise these objectives, a strategic agenda has been developed to build out new capabilities, address key challenges facing the Group and to accelerate key growth opportunities. This includes:

- Addressing the big strategic issues – Non Performing Loans (NPL’s), Cost of Funds and Auto Finance.
- Building Retail and SME Banking to become the main revenue growth engine for the Group and expanding their distribution footprints.
- Diversifying the Investment Bank’s revenue streams and building a new Forex and derivatives platform.
- Growing the Insurance business to contribute a bigger share of Group outcomes.
- Accelerating growth in Credit Cards and Mortgages.
- Improving Risk, Finance and Governance frameworks within the Group.

From the jointly developed vision and strategies, there is evidently a strong emphasis on management discipline and collaboration in the partnership with ANZ, building a solid foundation of trust and a high performing team culture. ANZ continues to provide necessary skills and resources to help leverage the partnership strengths and build the platform for achieving the Group’s goals and aspirations.

Privatisation of AmInvestment Group Berhad (“AIGB”)

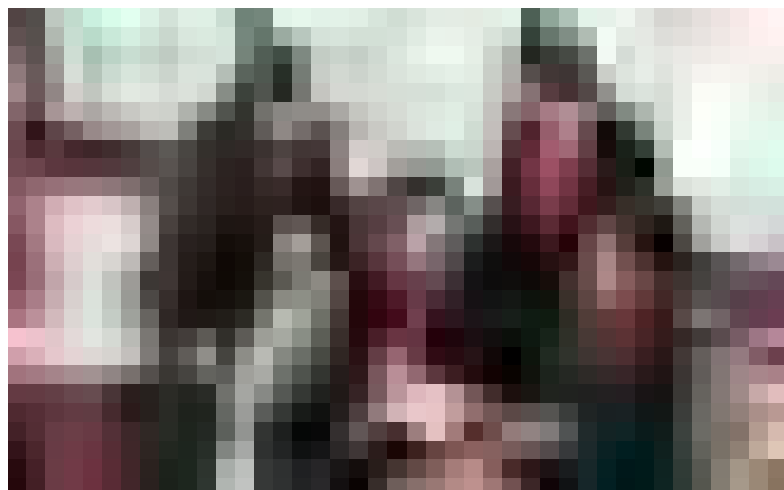
The privatisation of AIGB is part of a restructuring exercise for the AMMB Holdings Berhad Group (“AmBank Group”) to migrate to a universal banking platform, amidst greater liberalisation in the Malaysian financial banking sector and heightened competition. The steps toward a universal banking platform are in line with global trends and international market practices and it is widely practised within the Malaysian financial services sector.

The privatisation of AIGB was funded from the proceeds of:

- i. Renounceable rights issue of 295,972,939 new ordinary shares of RM1.00 each (“RIGHTS SHARES”) in AMMB Holdings Berhad at an issue price of RM3.40 per rights share on the basis of one (1) rights share for every eight (8) existing ordinary shares of RM1.00 each and one (1) rights share for every eight (8) existing converting preference shares of RM1.00 each held in AMMB Holdings Berhad (“RIGHTS ISSUE”). Pursuant to adjustment arising from the rights issue, AMMB Holdings Berhad issued 1,281,618 additional warrants 2003/2008 (“WARRANTS 2003/2008”).
- ii. Bank borrowings of RM1.4 billion.

AmInvestment Bank Berhad’s core business focus post privatisation, will be capital market activities, corporate advisory, structured finance, equities, debt related activity and broking.

From the Group’s perspective, the privatisation of AIGB paved the way for integration of business activities of AmInvestment Bank and AmBank to enable AmInvestment Bank to leverage on AmBank’s balance sheet to provide for larger/structured investment banking deals in line with Bank Negara Malaysia’s (BNM) stringent guidelines on lending, underwriting of both debt and equities instruments and proprietary trading. This facilitates the attainment of scale as well as diversification of revenue for the Group.



Embarking on a Group Restructuring Exercise

In order to maintain its competitive edge, the Group embarked on a Group Restructuring exercise to streamline the corporate structure towards a universal banking platform. Streamlining the Group’s corporate structure provides the opportunity to develop new competitive products and services as well as better asset-liability management and trading process. In addition to the above:

- i. On 12 April 2008, the Group completed the transfer of its Treasury and large Corporate Lending activities (the “Fund Based Activities”) from AmInvestment Bank Berhad to AmBank (M) Berhad and AmIslamic Bank Berhad. The consolidation of the Fund Based Activities under the Banking Group (with AmBank (M) Berhad as the lead institution) will promote better management of the Group’s credit and market risks and create an enlarged balance sheet which other operating companies of AmBank Group can leverage on, particularly AmInvestment Bank.
- ii. Subsequent to the transfer of the Fund Based Activities to AmBank and AmIslamic Bank, the Group restructuring business realignment will result in the AmBank Group being streamlined into four (4) business groups namely the Banking Group, Asset Management Group, Capital Market Group and Insurance Group. The realignment will cater for greater integration of business focus and operations, a more systematic management of risks common to the particular industry segment and improved efficiency and effectiveness in capital and resource allocation and utilisation.
- iii. The opportunity for cross selling activities is enhanced further due to clear business demarcation, focus and control, which is integrated at the lead institution for each of the four (4) business groups.
- iv. The Group restructuring will further encourage specialisation of staff skills and centralised process efficiency.

CORPORATE DEVELOPMENTS

Establishment of AmG Insurance Berhad (“AmG Insurance”) to facilitate the separation of the composite insurance business of AmAssurance Berhad (“AmAssurance”) to Life and General Insurance.

AMMB Holdings Berhad (“AHB”) is in the midst of deploying several corporate initiatives in respect of the insurance business. These initiatives are intended to support the growth strategy in relation to the Group’s insurance business portfolio. The growth strategy includes focus on specialist insurance business, diversification of revenue base and attainment of market share in the Takaful insurance market. These initiatives will involve restructuring the corporate insurance entity, acquisition of strategic stakes in other insurers, as well as the entrance of new strategic partners.

The corporate restructuring program entails the separation of the composite insurance entity AmAssurance Berhad (“AmAssurance”) into two separate and distinct entities intended to house specialist insurance businesses. To this end, a subsidiary bearing the name AmG Insurance Berhad (“AmG”) was incorporated on the 25th January 2008 as a vehicle for the specialist conduct of general insurance business. The existing insurance entity, AmAssurance, will then become the vehicle for the specialist conduct of life insurance business. Each insurance entity will respectively and exclusively hold a general or life insurance license.

In respect to the acquisition of strategic stakes in other insurers, and pursuant to the approval obtained from Bank Negara Malaysia (BNM), AmAssurance is in the midst of negotiations with MAA Holdings Berhad (“MAAH”) for:

- i. The proposed acquisition of the general insurance business held by MAAH in Malaysian Assurance Alliance Berhad (“MAA”).
- ii. The proposed acquisition of an equity stake in MAA Takaful Berhad, the Takaful insurance subsidiary of MAAH.

In addition, AmAssurance has also obtained BNM approval to commence negotiations with parties interested in acquiring a stake in the Life assurance business. The entrance of a new Life assurance business partner is expected to assist in developing specialist life assurance business for the Group.

Memorandum of Understanding (“MOU”) between AmInvestment Bank Berhad and Woori Investment & Securities Co., Ltd.

To further expand its investment banking activities abroad, AmInvestment Bank Berhad signed a MOU with Woori Investment & Securities Co., Ltd from Seoul, Korea effective on 29th November 2007. The scope of cooperation encompasses the following business areas:

- i. Investment Banking business particularly cross border mergers and acquisitions, listing of companies on the Malaysia and Korea stock exchanges, issuance of securities, project financing, securitisation, etc.
- ii. Issuance or arrangement of Islamic Bonds.
- iii. Fund Management business including REITS and private equity.
- iv. AmInvestment and Woori shall utilise their respective distribution network to cooperate in the sale of mutual funds and brokerage trading in the other Party’s securities.
- v. To provide research materials on the economy, markets and companies in English to each Party.
- vi. AmInvestment shall arrange and assist Woori Investment & Securities Co., Ltd in participating in IPOs and US\$ or Ringgit denominated bond issuance including CBs and BWs by Malaysian companies.

From the Group’s perspective, the MOU is to enhance further the Group’s investment banking business in the Korean market and to establish brand equity and presence.

Conclusion

The FY2008 was an outstanding year for AMMB Holdings Berhad (“AHB”). Significant strides were made in executing our game plan, re-energising the Group’s vision and renewing the passion, pride and excellence of the employees of the Group. Realising the full potential of the Group requires multi-year efforts, long term foresight and commitment. The Group will continue making the necessary investments required and execute aggressively to achieve the key goals of AmVision 2011 Aspirations.



OUR HISTORY

The AmBank Group has enjoyed considerable success over the last three decades. Together, we have built one of the largest and fastest-growing financial institutions in the country.

Tracing our early history, Arab-Malaysian Development Bank Berhad was incorporated on 5 August 1975 as a joint venture between Malaysian Industrial Development Finance Berhad, with a 55.0% shareholding, Arab Investments for Asia (Kuwait) with a 33.0% shareholding, and the National Commercial Bank (Saudi Arabia) holding 12.0%.

We commenced operations on 1 April 1976, and in December 1983 became known as Arab-Malaysian Merchant Bank Berhad, a name by which we were known for over three decades until our recent rebranding in June 2002. Today, we have grown into a Group with a staff strength of almost 10,000. With our extensive nationwide branch network, ATMs, and Internet banking services, we are proud to acknowledge that the AmBank Group, as one of the largest financial services group in the country, is only a brick and click away.

1976

- The Group commenced operations on 1 April 1976 as a joint venture comprising Arab and Malaysian shareholders.

1977

- The Group acquired a 70.0% shareholding in Malaysian Industrial Finance Company Limited (MIFCL), which was later renamed Arab-Malaysian Finance Berhad (AMFB).

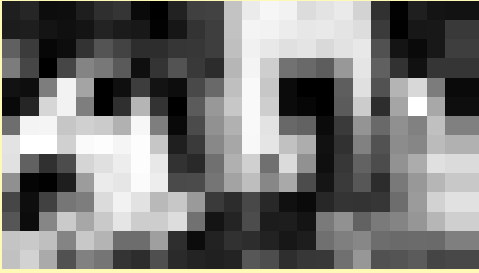
1980

- AMMB co-lead managed the US\$200.0 million, 12-Year Syndicated Term Loan for the Government of Malaysia.
- AMMB initiated the formation of Malaysian Kuwaiti Investment Company Sdn Bhd, a joint venture between Perbadanan Nasional Berhad and Kuwait Real Estate Investment Consortium and Public Institution for Social Security, Kuwait.
- AMMB acted as Adviser to Kuwait Real Estate Investment Consortium, Singapore.
- AMFB became the first private sector institution in Malaysia to issue public bonds – RM20.0 million 8.5% Guaranteed Bonds 1987, listed on the KLSE. The Bonds, guaranteed by the Bank, marked a new chapter in the history of private sector fund raising in the capital markets.

1982

- Tan Sri Dato' Azman Hashim acquired 100.0% shareholding in the Group.
- The Group acquired the remaining 30.0% shareholding of AMFB, making it a wholly owned finance company subsidiary.





1983

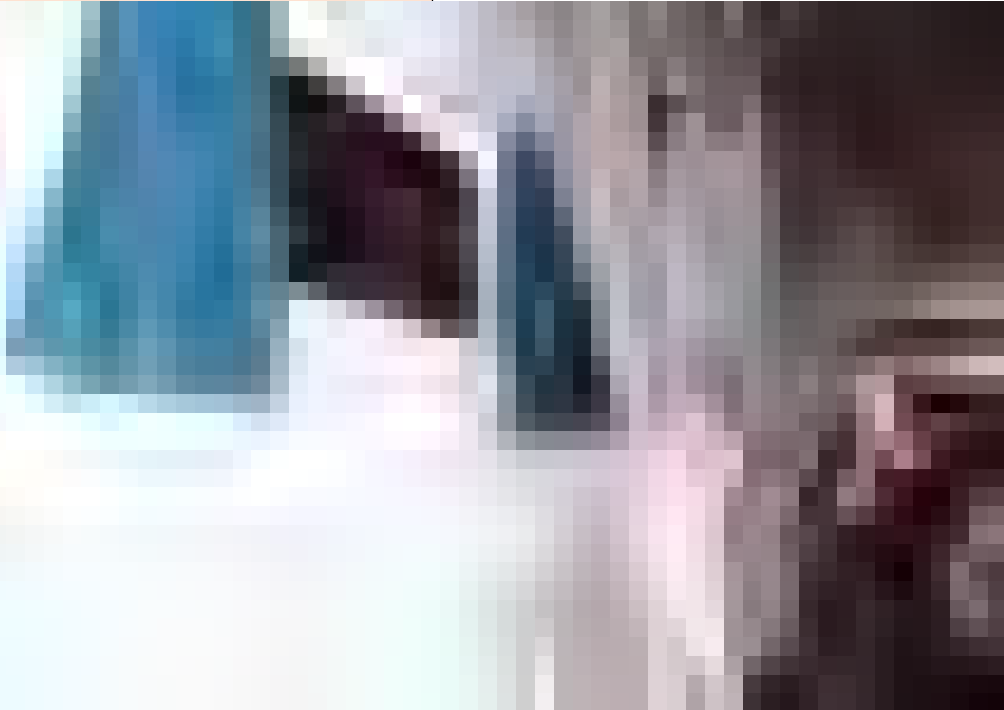
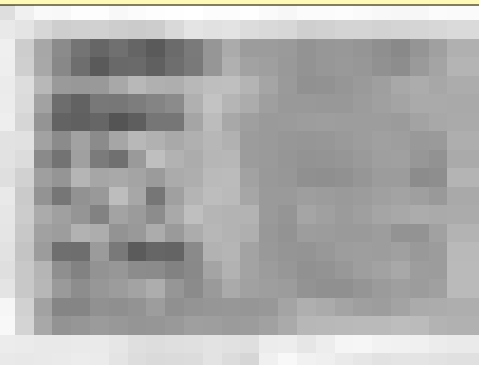
- The Group established a credit and leasing company, Arab-Malaysian Credit Berhad.

1984

- The Group launched the first venture capital company to undertake private equity investments – Malaysian Ventures Berhad.
- The Group arranged the first leveraged lease facility in the country for Sistem Televisyen Malaysia Berhad – TV3.
- AMMB completed its Government assigned study on the privatisation of Jabatan Telekom.
- In 1984, the Group acquired Arab-Malaysian Insurance Berhad, a general insurance company formerly known as Teguh Insurance Company Sdn Bhd.

1985

- The Group acquired Perima Assurance Berhad, a life insurance company. Both the life and general insurance companies were later merged in 1987, holding composite insurance licences, and the entity's name changed to Arab-Malaysian Eagle Assurance Berhad (now known as AmAssurance Berhad).



1986

- The Group acquired a stockbroking firm, Kris Securities Sdn Bhd, later renamed as AmSecurities Sdn Bhd.
- The Group relocated to its corporate headquarters on Jalan Raja Chulan.
- In December 1986, Antah Holdings Berhad and the Tokai Bank Limited, Japan acquired 20.0% shareholding each in the Group.
- Launched Arab-Malaysian Unit Trusts Berhad, to manage unit trust funds.

1987

- On 22 January 1987, AMMB launched the first unit trust to invest 90.0% in Malaysian Government securities, called the Arab-Malaysian Gilts, to provide tax-exempt income to individual investors on their short term funds.
- In July 1987, AMMB launched the AMIGOS (Arab-Malaysian Individuals' Government Securities) programme to enable retail investors to invest in government securities.

- AMMB sponsored the establishment of The Malaysia Fund Inc, a closed-end investment fund listed on the New York Stock Exchange, to invest in equities of Malaysian companies listed on the KLSE. The Malaysia Fund raised US\$87.0 million.

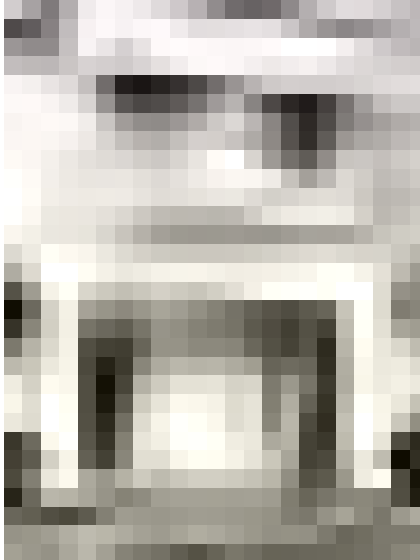
1988

- AMMB became the first merchant bank to be listed on the KLSE.
- AMMB was appointed as Adviser to the Government to formulate the National Privatisation Masterplan.
- AMMB launched the first equity unit trust fund, called the Arab-Malaysian First Fund.

1989

- On 21 April 1989, AMMB together with the Nikko Securities Co. Ltd Tokyo and the International Finance Corporation, Washington launched a USDollar denominated unit trust fund, The Malaysia Growth Fund, aimed primarily at Japanese investors.
- On 28 September 1989, the Arab-Malaysian Property Trust became the first property trust to be listed on the KLSE.

OUR HISTORY

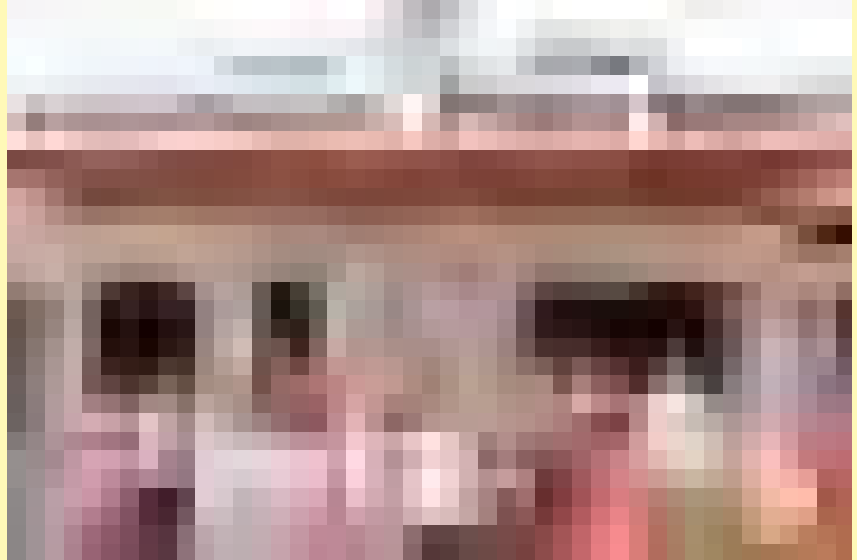


1990

- AMMB was appointed as Adviser and Managing Underwriter for the flotation of Telekom Malaysia Berhad.
- AMFB acquired First Malaysia Finance Berhad.

1991

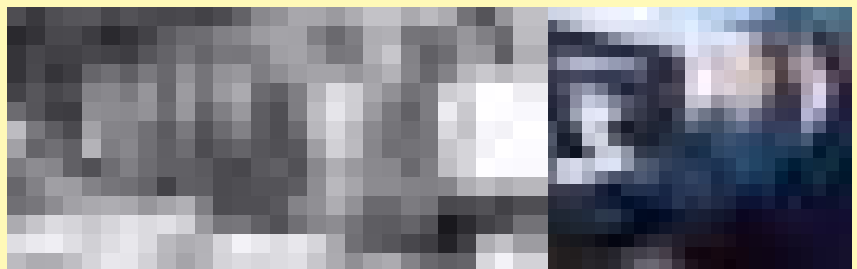
- In July 1991, the Group acquired a 49.0% equity stake in Fraser International Pte Ltd, the holding company of Fraser Securities, Singapore.
- AMMB, in collaboration with The Nikko Securities Co. Ltd. in Japan, sponsored the establishment of Malaysia Fund (Labuan), the first offshore unit trust fund in the Federal Territory of Labuan.
- Incorporation of AMMB Holdings Berhad, as the vehicle for the implementation of a corporate restructuring scheme. Pursuant to the restructuring scheme, AMMB Holdings Berhad became the holding company of the Arab-Malaysian Banking Group, and assumed the listing status of AMMB.



- Arab-Malaysian Finance Berhad, the Group's finance company, was listed on the KLSE.
- Establishment of AMMB Labuan (L) Ltd to provide offshore funds management.

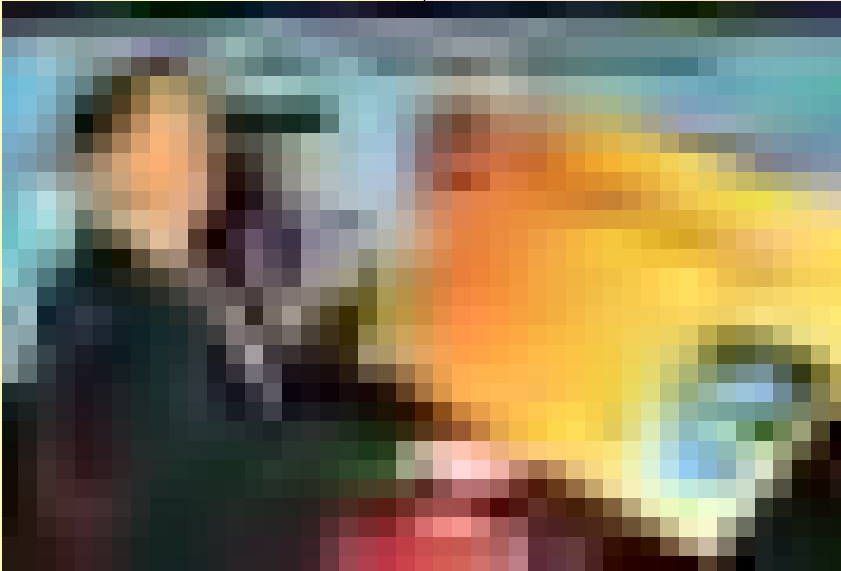
1992

- AMMB Holdings Berhad won the Asian Management Award for Financial Management from Asian Institute of Management.



1993

- AMMB launched Tabung Ittikal Arab-Malaysian, the first Islamic Unit Trust Fund on 12 January 1993.
- AMMB was Co-Manager of General Electric Corporation's US\$300.0 million Dragon Bonds Issue.
- AMMB acted as Manager and Arranger for the RM240.0 million Syndicated Credit Facility for the construction of Menara Kuala Lumpur.



1994

- On 1 August 1994, the Group ventured into commercial banking with the acquisition of the Malaysian operations of Security Pacific Asian Bank Limited from Bank of America (Asia) Limited. Commencement of commercial banking operations under Arab-Malaysian Bank Berhad.

1995

- On 1 April 1995, AMMB International (L) Ltd commenced offshore banking operations in Labuan, the first merchant bank to offer offshore banking services.
- AMMB Futures Sdn Bhd commenced futures broking business.

1996

- AMMB Holding Berhad's annual report won the 'Overall Award for the Most Outstanding Annual Report' for six consecutive years from 1991 to 1996 in the NACRA competition.
- Macquarie Bank Limited, Australia acquired 30.0% shareholding in AMMB Futures Sdn Bhd.
- Transferred the portfolio funds management business of AMMB into a separate subsidiary company, AMMB Asset Management Sdn Bhd.

- Macquarie Bank Limited, Australia acquired 30.0% shareholding in AMMB Asset Management Sdn Bhd and Arab-Malaysian Unit Trusts Berhad.
- The 1996 Far Eastern Economic Review Survey of Asia's 200 Leading Companies ranked AMMB first in the overall category of "Innovative in Responding to Customer Needs" and third in terms of "Overall Leadership".
- Visa International awarded the AmBank Al-Taslim VISA Card the "1996 Member Excellence Award for the Most Creative Card Programme in Asia".

1997

- AMMB Securities (HK) Limited commenced stock broking operations in Hong Kong.
- The Group's website was awarded the 'Internet Website of the Year' for 1997 by the Association of Computer Industry Malaysia (PIKOM).

1998

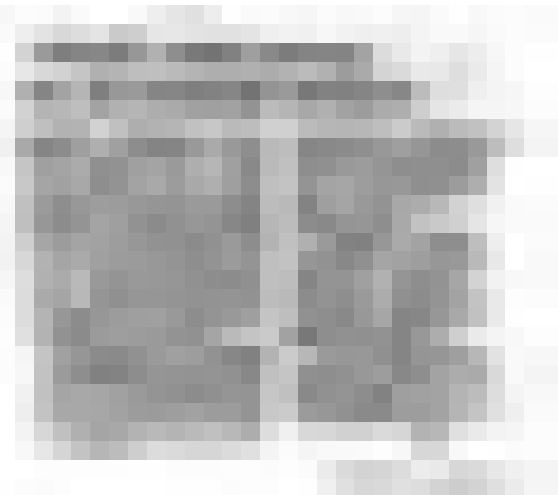
- AMFB acquired the assets and liabilities of Abrar Finance Berhad, in line with the Government's plan to consolidate the industry.
- AMMB received 'Derivatives OTC National Award' from Malaysian Monetary Exchange Berhad.

2000

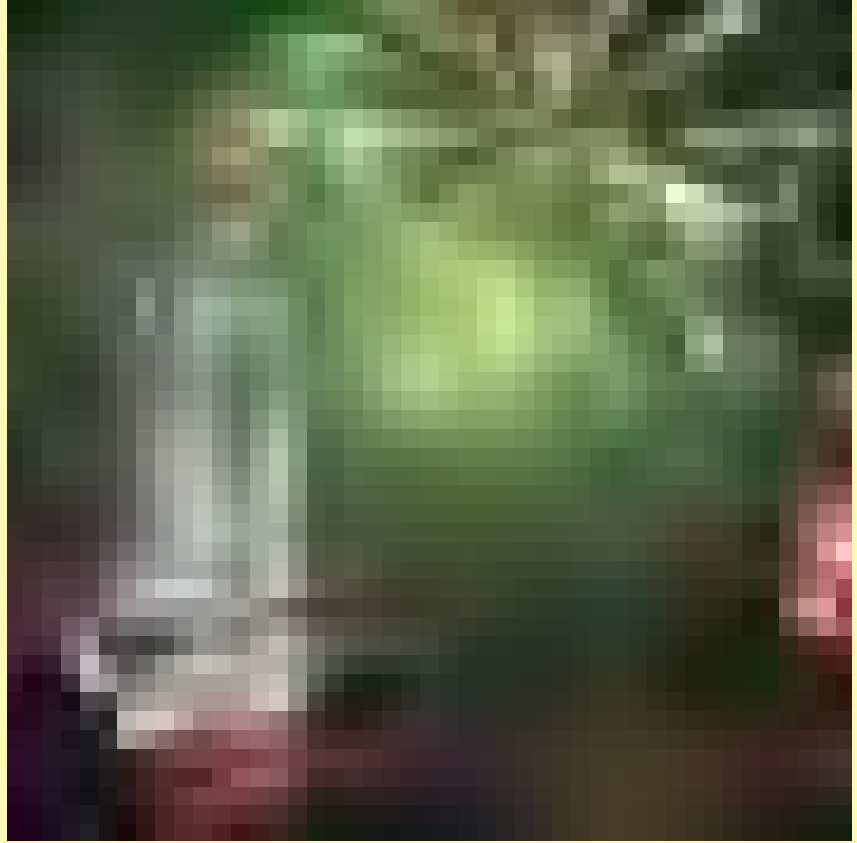
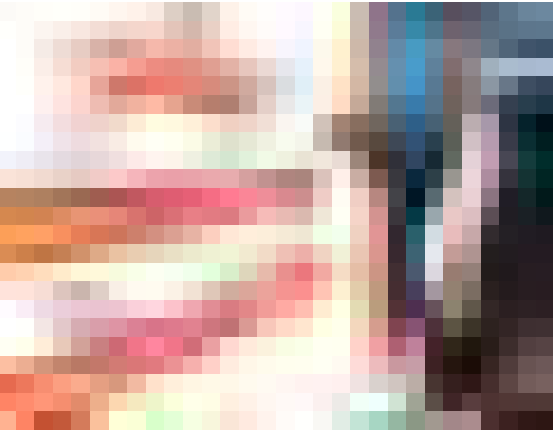
- CFO Asia selected AMMB Holdings Bhd Annual Report FY2000, as one of the top three annual reports in Malaysia.

2001

- AMFB acquired MBf Finance Berhad.
- AmBank and AMFB together with the State Government of Selangor Darul Ehsan, launched Tabung Perumahan Ehsan, a special housing loan scheme for the lower income group in the State.



OUR HISTORY



2002

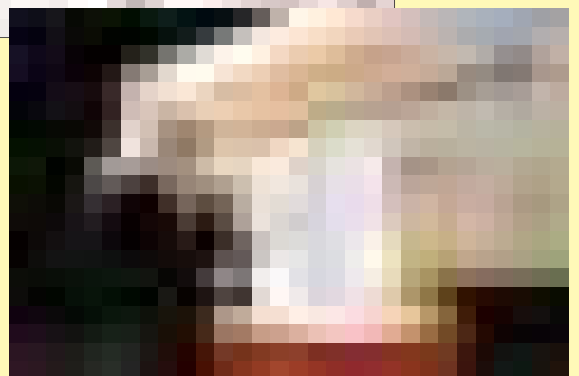
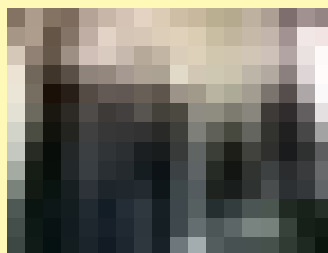
- Merger of Arab-Malaysian Finance Berhad and MBf Finance Berhad, following the vesting of the assets and liabilities of AMFB into MBf Finance Berhad. MBf Finance Berhad changed its name to AmFinance Berhad. AMFB was converted into a holding company.
- Re-branding and changing of the name from “Arab-Malaysian Banking Group” to “AmBank Group” with new Group corporate colours of vibrant red, representing prosperity and good fortune and bright yellow symbolising commitment and unity – reflect our new corporate identity and herald the transformation towards a more customer-centric organisation.

2003

- Bangunan AmFinance, now known as Menara AmBank, was officially launched by the then Prime Minister, Tun Dr Mahathir Mohamad.

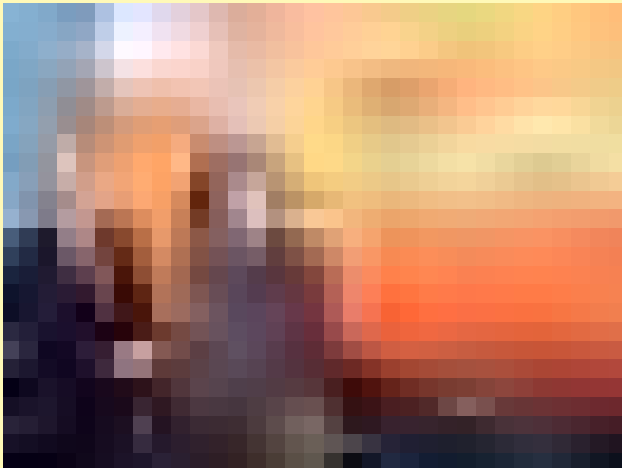
2005

- Completed privatisation of AMFB Holdings Berhad.
- Listed AmInvestment Group Berhad (AIGB) on Bursa Malaysia on 18 May 2005, the Group’s investment banking operations.
- On 1 June 2005, the merger of AmBank and AmFinance took place to create AmBank (M) Berhad, the sixth largest domestic bank in the country.



2006

- In January 2006, AmPrivate Equity, a private equity fund, was launched.
- On 10 March 2006, Insurance Australia Group Limited, Australia acquired 30.0% shareholding in AmAssurance Berhad.
- On 20 April 2006, Am ARA REIT Managers Sdn Bhd was incorporated with AIGB holding 70.0% equity and ARA Asset Management (Malaysia) Limited 30.0%, to manage the AmFIRST REIT to be listed on Bursa Malaysia.
- On 1 June 2006, AmIslamic Bank commenced operations, with the vesting of the Islamic assets and liabilities of AmBank (M) Berhad into a separate subsidiary company.



- On 21 December 2006, AmFIRST REIT listed on Bursa Malaysia.
- The AmInvestment Group was awarded seven RAM League Awards by Rating Agency Malaysia for its outstanding achievements in the domestic bond market.

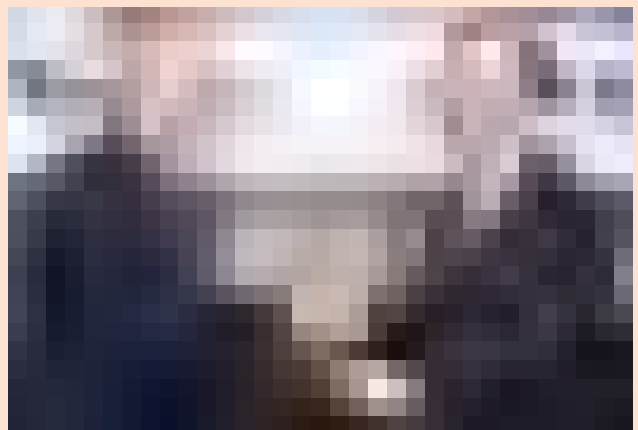
2007

- The AmBank Group completed the integration exercise of AmSecurities Sdn Bhd into AmInvestment Bank on 3 March 2007. The AmInvestment Bank began operating as a full-fledged investment bank effective 5 March 2007, offering both merchant banking and stockbroking services.

- On 18 May 2007, the AmBank Group commemorated the entry of Australia and New Zealand Banking Group Limited as its strategic partner and major investor.



- On 19 June 2007, AMMB Holdings Berhad proposed the privatisation of AIGB and the proposed rights issue of up to 326,887,241 new shares, on the basis of one (1) new share for every eight (8) existing ordinary shares and every eight (8) Converting Preference Share in the company at an issue price of RM3.40 per share.
- The signing of a Memorandum of Understanding (MOU) between AmInvestment Bank Berhad and Woori Investment & Securities Co., Ltd on the 29th of November 2007 to promote the parties mutual interests for cooperation in the investment banking business.

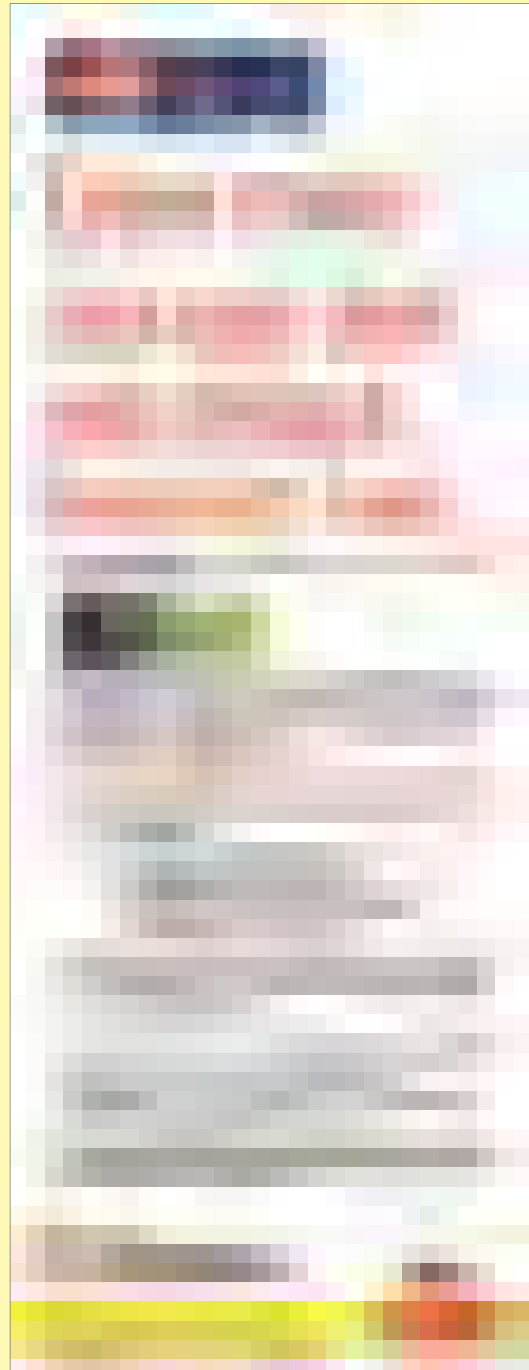


- Establishment of a subsidiary in Brunei, AmCapital (B) Sdn Bhd to provide investment banking related business activities.

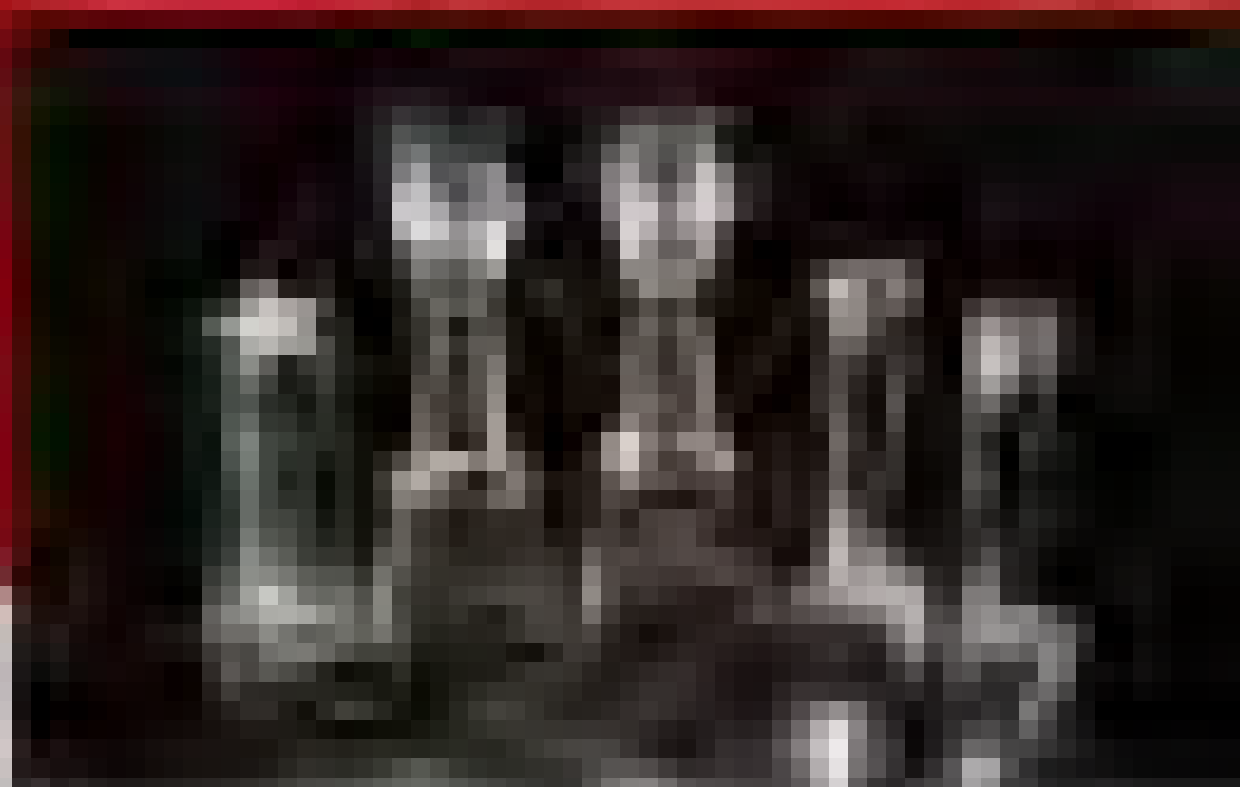
OUR HISTORY

2008

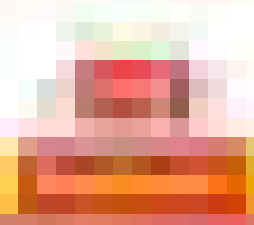
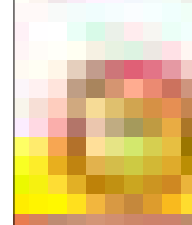
- Completed the AMMB Holdings Berhad (AMMB) rights issue and privatisations of AIGB on the 15th of January 2008, with AIGB effectively becoming a wholly-owned subsidiary of AMMB.
- Completed the transfer of the Fund Based Activities of AmInvestment Bank to AmBank (M) Berhad and AmIslamic Bank Berhad on the 12th of April 2008 as part of AMMB's internal corporate restructuring post the AIGB privatisation.
- Establishment of AmG Insurance Berhad to facilitate the separation of the composite insurance business of AmAssurance Berhad into general insurance and life insurance business.
- Malaysian Ventures Management Incorporated Sdn Bhd ("MVMI"), the private equity fund management subsidiary of AMMB, entered into a joint venture agreement with Konzen Capital Pte Ltd, a member of Konzen Group, to manage a USD 320 million Pioneering Water Fund in Asia.



THE HISTORY OF THE UNITED STATES



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CORPORATE STRUCTURE

• Subsidiaries and Associated Companies

The following are the Company's subsidiaries and associated companies grouped under the major business lines: –

Companies	Effective Shareholdings (%)
Investment Banking	
AmInvestment Bank Berhad	100.00
Broking	
AmFutures Sdn Bhd	100.00
PT. AmCapital Indonesia	95.58
AmFraser Securities Pte Ltd	100.00
AmResearch Sdn Bhd	100.00
Asset Management	
AmInvestment Services Berhad	100.00
AmInvestment Management Sdn Bhd	100.00
AmPrivate Equity Sdn Bhd	80.00
Am ARA REIT Managers Sdn Bhd	70.00
Malaysian Ventures Management Incorporated Sdn Bhd	100.00
Trustee/Custodian/Investment Services	
AmTrustee Berhad	80.00
AMMB Nominees (Tempatan) Sdn Bhd	100.00
AMMB Nominees (Asing) Sdn Bhd	100.00
AMSEC Nominees (Tempatan) Sdn Bhd	100.00
AMSEC Nominees (Asing) Sdn Bhd	100.00
AM Nominees (Tempatan) Sdn Bhd	100.00
AM Nominees (Asing) Sdn Bhd	100.00
MBf Trustees Berhad	60.00
MBf Nominees (Tempatan) Sdn Bhd	100.00
AmFraser Nominees Pte Ltd	100.00

Companies	Effective Shareholdings (%)
Commercial and Retail Banking	
AmBank (M) Berhad	100.00
AmIslamic Bank Berhad	100.00
AmInternational (L) Ltd	100.00
Arab-Malaysian Credit Berhad	100.00
AmTrade Services Limited	100.00
Life and General Insurance	
AmAssurance Berhad	70.00
AmG Insurance Berhad	70.00
Investment Holding Companies / Others	
AMFB Holdings Berhad	100.00
AmInvestment Group Berhad	100.00
AmSecurities Holding Sdn Bhd	100.00
Am ARA REIT Holdings Sdn Bhd	70.00
AMBB Capital (L) Ltd	100.00
AmFraser International Pte Ltd	100.00
AmEquities Sdn Bhd	100.00
AmProperty Holdings Sdn Bhd	100.00
Bougainvillea Development Sdn Bhd	100.00
MBf Information Services Sdn Bhd	100.00

Companies	Effective Shareholdings (%)
Dormant	
AmProperty Trust Management Berhad	100.00
AMMB Consultant Sdn Bhd	100.00
AMSEC Holdings Sdn Bhd	100.00
MBf Equity Partners Sdn Bhd	100.00
AMCB Mezzanine Sdn Bhd	100.00
AMMB Factors Sdn Bhd	100.00
Annlng Sdn Bhd	100.00
Crystal Land Sdn Bhd	80.00
Everflow Credit & Leasing Corporation Sdn Bhd	100.00
Natprop Sdn Bhd	100.00
AmCredit & Leasing Sdn Bhd	100.00
Komuda Credit & Leasing Sdn Bhd	100.00
Lekir Development Sdn Bhd	100.00
Li & Ho Sdn Bhd	100.00
Malco Properties Sdn Bhd	51.00
MBf Nominees (Asing) Sdn Bhd	100.00
Teras Oak Pembangunan Sdn Bhd	100.00
Arab-Malaysian Services Berhad	70.00
AmManagement Services Sdn Bhd	100.00
AmSecurities (HK) Limited	100.00

Companies	Effective Shareholdings (%)
Dormant (cont'd)	
AmCapital (L) Inc.	100.00
AmCapital (B) Sdn Bhd	100.00
AMMB Labuan (L) Ltd	100.00
AMMB Properties Sdn Bhd	100.00
Malaysian Ventures Sdn Bhd [^]	27.41
Malaysian Ventures (Two) Sdn Bhd [^]	34.67
South Johor Securities Nominees (Asing) Sdn Bhd	100.00
South Johor Securities Nominees (Tempatan) Sdn Bhd	100.00
Economical Enterprises Sdn Bhd	100.00
Fraser Financial Planners Pte Ltd	100.00
Fraser Financial Services Pte Ltd	100.00
Fraser-AMMB Research Pte Ltd	100.00

[^] under members' voluntary liquidation.

BOARD OF DIRECTORS

Y Bhg Tan Sri Dato' Azman Hashim

Non-Independent Non-Executive Chairman

Y Bhg Dato' Azlan Hashim

Non-Independent Non-Executive Deputy Chairman

Y A Bhg Tun Mohammed Hanif Omar

Senior Independent Non-Executive Director

Y Bhg Tan Sri Datuk Dr Aris Othman

Independent Non-Executive Director

Y Bhg Tan Sri Datuk Clifford Francis Herbert

Independent Non-Executive Director

Y Bhg Tan Sri Dato' Mohd Ibrahim Mohd Zain

Independent Non-Executive Director

Y Bhg Dato' Izham Mahmud

Independent Non-Executive Director

Dr Robert John Edgar

Non-Independent Non-Executive Director

Mr Alexander Vincent Thursby

Non-Independent Non-Executive Director

Mr Peter John Hodgson

Non-Independent Non-Executive Director

Mr Cheah Tek Kuang

Group Managing Director

Mr Soo Kim Wai

Non-Independent Non-Executive Director

Mr Owen James Wilson

Alternate Director to Dr Robert John Edgar,
Mr Alexander Vincent Thursby and Mr Peter John Hodgson

CORPORATE INFORMATION

Group Company Secretary

Ravindra Kumar Thambimuthu
LL B (Melbourne)
LL B (Hons)
LL M (London)
Dip Air & Space Law (London)
ravindra-kumar@ambg.com.my

Registered Office

22nd Floor, Bangunan AmBank Group
55, Jalan Raja Chulan
50200 Kuala Lumpur
Malaysia
Telephone No : 603-2036 2633/44/55
Facsimile No : 603-2031 6453
Telex : MA31167 & 31169 ABMAL
Cable : ARABMAL

Registrar

Symphony Share Registrars Sdn Bhd
Level 26, Menara Multi-Purpose
Capital Square
No. 8, Jalan Munshi Abdullah
50100 Kuala Lumpur
Malaysia
Telephone No : 603-2721 2222
Facsimile No : 603-2721 2530

Auditors

Messrs Ernst & Young
Chartered Accountants

Principal Banker

AmBank (M) Berhad

Stock Exchange Listing

Main Board of Bursa Malaysia
Securities Berhad (13 February 1992)

Website

ambg.com.my

Investor Relations

Email : ir@ambg.com.my



explore the unknown

PROFILE OF DIRECTORS



Y BHG TAN SRI DATO' AZMAN HASHIM
Non-Independent Non-Executive Chairman

Y Bhg Tan Sri Dato' Azman Hashim, a Malaysian, aged 69 was appointed to the Board of AMMB Holdings Berhad on 15 August 1991 and has been the Chairman of the Company since 1991. He is the Non-Independent Non-Executive Chairman of the Company. He is a member of the Company's Nomination Committee and Remuneration Committee.

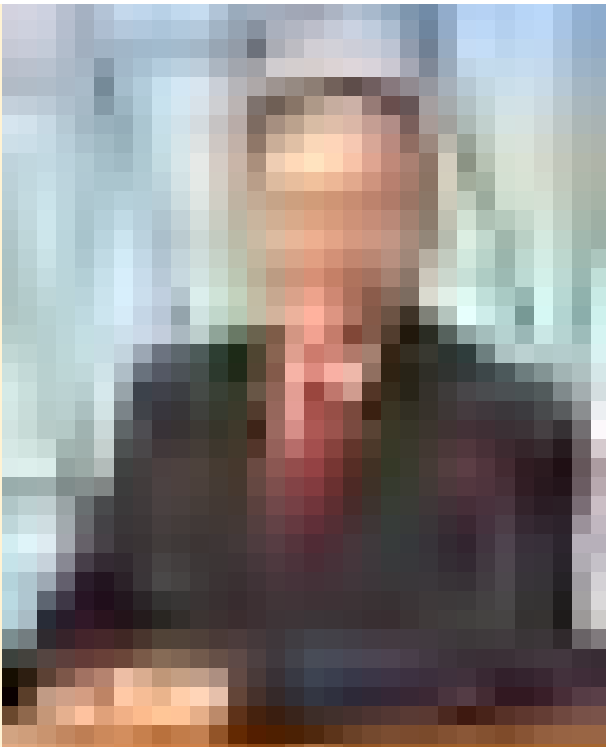
He also sits as Chairman of the Board of several subsidiaries of AMMB Holdings Berhad, namely AmInvestment Group Berhad, AMFB Holdings Berhad, AmBank (M) Berhad, AmInvestment Bank Berhad, AmIslamic Bank Berhad, AmProperty Trust Management Berhad, AmAssurance Berhad and AmG Insurance Berhad.

Tan Sri Dato' Azman, a Chartered Accountant, a Fellow of the Institute of Chartered Accountants and a Fellow of the Institute of Chartered Secretaries and Administrators, has been in the banking industry since 1960 when he joined Bank Negara Malaysia and served there until 1964. He practised as a Chartered Accountant in Azman Wong Salleh and Co. from 1964 to 1971. He then joined the Board of Malayan Banking Berhad from 1966 until 1980 and was its Executive Director from 1971 until 1980. He was the Executive Chairman of Kwong Yik Bank Berhad, a subsidiary of Malayan Banking Berhad, from 1980 until April 1982 when he acquired AmInvestment Bank Berhad.

Tan Sri Dato' Azman is the Executive Chairman of AmcorpGroup Berhad and RCE Capital Berhad, and Chairman of Malaysian South-South Corporation Berhad and MCM Technologies Berhad. He serves as a member on

the Boards of Pembangunan MasMelayu Berhad and the Islamic Banking and Finance Institute Malaysia Sdn Bhd. Tan Sri Dato' Azman is also involved in several charitable organisations as Chairman of AmGroup Foundation and Perdana Leadership Foundation, and Trustee for ECM Libra Foundation, Yayasan Perpaduan Nasional, Malaysian Liver Foundation, Yayasan Canselor Open University Malaysia and recently, Yayasan Wakaf Malaysia.

Tan Sri Dato' Azman is the Chairman of the Malaysian Investment Banking Association, the Malaysia Productivity Corporation, East-Asia Business Council and Chairman Emeritus of the Pacific Basin Economic Council (PBEC) International and Co-Chairman of Malaysia – Singapore Roundtable. He is President of the Malaysia South-South Association, Malaysia-Japan Economic Association, Malaysian Prison FRIENDS Club and Non-Aligned Movement's ("NAM") Business Council and Treasurer, Malaysia-Australia Foundation. He is a Member of the APEC Business Advisory Council, The Trilateral Commission (Asia-Pacific Group), the Malaysian-British and Malaysia-China Business Councils, and the United Nations Economic and Social Commission for Asia and the Pacific ("UNESCAP") Business Advisory Council. He is also the Leader of the ASEAN-Japanese Business Meeting (Malaysia Committee, Keizai Doyukai) and is on the Board of Advisors, AIM Centre for Corporate Social Responsibility. He is the Pro-Chancellor, Open University of Malaysia and Member, Governing Body of the Asian Productivity Organisation and International Advisory Panel, Bank Negara Malaysia International Centre for Education in Islamic Finance ("INCEIF").



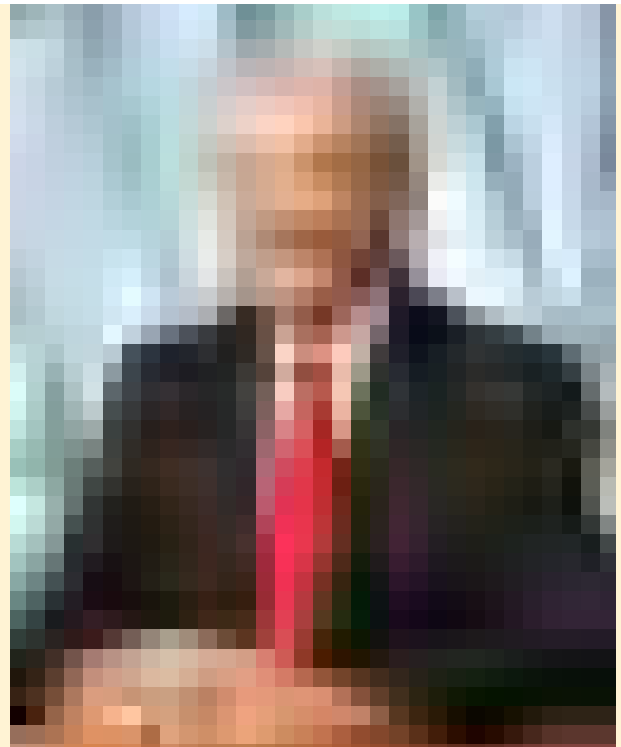
Y BHG DATO' AZLAN HASHIM
Non-Independent Non-Executive Deputy Chairman

Y Bhg Dato' Azlan Hashim, a Malaysian, aged 66 was appointed to the Board of AMMB Holdings Berhad on 12 February 1992 and has been the Deputy Chairman of the Company since 1992. He is the Chairman of the Group Information Technology Committee and a member of the Company's Audit and Examination Committee.

Dato' Azlan served the Malayan Railways from 1966 to 1971, where he was the Chief Accountant for two years. In 1972, he became a Partner of a public accounting firm, Azman Wong Salleh & Co., and was a Senior Partner there prior, to joining the AMDB Berhad's Board from 1982 to July 2007.

Dato' Azlan is currently the Non-Executive Chairman of AmFraser International Pte Ltd, AmFraser Securities Pte Ltd and AmInternational (L) Ltd, and Executive Chairman of Global Carriers Berhad. He also serves on the Boards of Metrod (M) Berhad, Paramount Corporation Berhad, Sapura Industrial Berhad, Kesas Holdings Berhad, Kumpulan Perangsang Selangor Berhad, Syarikat Permodalan & Perusahaan Selangor Berhad and Kumpulan Hartanah Selangor Berhad. He is a Trustee of AmGroup Foundation.

Dato' Azlan is a Fellow of the Institute of Chartered Accountants (Ireland), Economic Development Institute, World Bank, Washington D.C., USA and Institute of Bankers Malaysia. He is also a Certified Public Accountant.

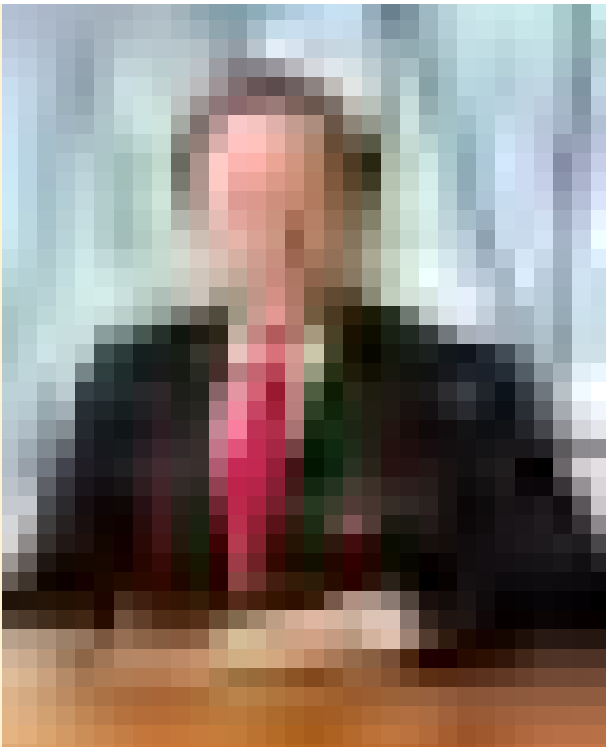


Y A BHG TUN MOHAMMED HANIF OMAR
Senior Independent Non-Executive Director

Y A Bhg Tun Mohammed Hanif Omar, a Malaysian, aged 69, was appointed to the Board of AMMB Holdings Berhad on 6 May 1994 and is the Senior Independent Non-Executive Director of the Company. He is also a Board member of AMMB Holdings Berhad's subsidiaries namely AMFB Holdings Berhad, AmBank (M) Berhad, AmIslamic Bank Berhad and AmInvestment Bank Berhad. He is the Chairman of the Company's Nomination Committee.

He was the Inspector-General of the Malaysian Police Force for 20 years until his retirement in January 1994. Tun Mohammed Hanif is also currently the Chairman of General Corporation Berhad, and Deputy Chairman of Genting Berhad and Resorts World Berhad. He has been the President of the Malaysian Institute of Management since 2001.

He received his BA from the then University of Malaya, Singapore in 1959, LLB (Hons) from Buckingham University, United Kingdom in 1986 and Certificate of Legal Practice (Hons) from the Legal Qualifying Board in 1987.



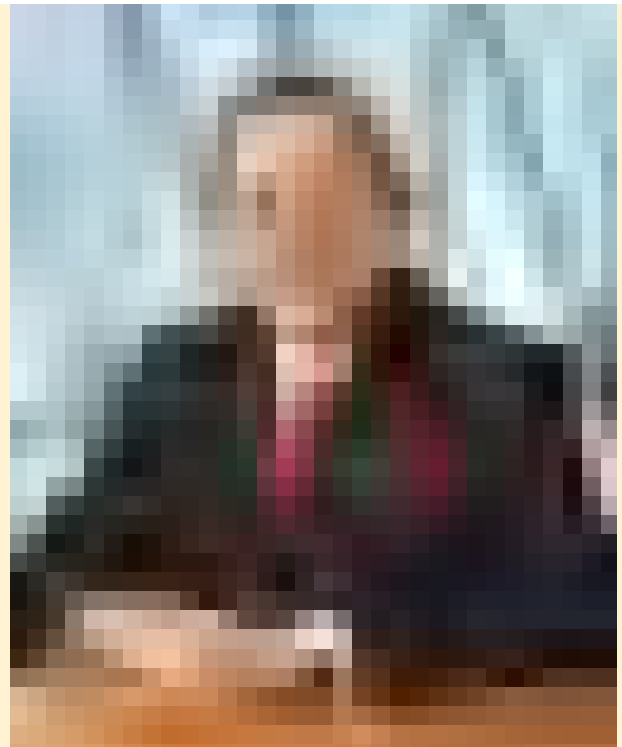
Y BHG TAN SRI DATUK DR ARIS OTHMAN
Independent Non-Executive Director

Y Bhg Tan Sri Datuk Dr Aris Othman, a Malaysian, aged 63, was appointed to the Board of AMMB Holdings Berhad on 1 April 2004. He is the Chairman of the Company's Audit and Examination Committee, and a member of the Nomination Committee, Remuneration Committee and Group Risk Management Committee.

Tan Sri Datuk Dr Aris is also a Board member of the Company's subsidiary namely, AmInvestment Bank Berhad. He is also a director of YTL Power International Berhad. He is currently the Chairman of Malaysia Airports Holdings Berhad.

Tan Sri Datuk Dr Aris had served in various positions in the Economic Planning Unit, Prime Minister's Department from 1966 to 1986. He was seconded to Bank Bumiputra Malaysia Berhad, Kuala Lumpur as Chief General Manager (Corporate Planning, Financial Subsidiaries, Treasury and Human Resources) from 1986 to 1989. From 1989 to 1999, Tan Sri Datuk Dr Aris was with the Ministry of Finance, during which he had served as Executive Director (South-East Asia Group) of the World Bank from 1991 to 1994 and Secretary General to the Treasury from 1998 to mid-1999. This was followed by a career in banking, where he had held the positions of Executive Chairman and Managing Director/Chief Executive Officer of Bank Pembangunan dan Infrastruktur Malaysia Berhad.

Tan Sri Datuk Dr Aris holds a PhD in Development Economics and a M.A. in Political Economy both from Boston University, Massachusetts, a M.A. in Development Economics from Williams College, Massachusetts, and a Bachelor of Arts (Honours) in Analytical Economics from University of Malaya.



Y BHG TAN SRI DATUK CLIFFORD FRANCIS HERBERT
Independent Non-Executive Director

Y Bhg Tan Sri Datuk Clifford Francis Herbert, a Malaysian, aged 66, was appointed to the Board of AMMB Holdings Berhad on 16 April 2004. He is the Chairman of the Company's Group Risk Management Committee, and a member of the Company's Audit and Examination Committee and Nomination Committee.

Tan Sri Datuk Clifford joined the Malaysian civil service in 1964 as Assistant Secretary in the Public Services Department. From 1968 to 1975, he was the Assistant Secretary in the Development Administration Unit, Prime Minister's Department. Tan Sri Datuk Clifford served in the Ministry of Finance from 1975 to 1997, culminating as Secretary General to the Treasury.

From 1994 to 1997, he was also a Board member of Bank Negara Malaysia. From 1994 to 2000, he was the Chairman of KL International Airport Berhad which built the Kuala Lumpur International Airport. He was the former Chairman of Percetakan Nasional Malaysia Berhad and had been a Board member of numerous statutory bodies and government related public companies.

Tan Sri Datuk Clifford is currently the Board member of Resorts World Berhad, Shell Refining Company (Federation of Malaya) Berhad, AmInvestment Bank Berhad, AmBank (M) Berhad and AmIslamic Bank Berhad. Additionally, Tan Sri Datuk Clifford is also involved in several charitable organisations. He is a Vice-President of the Federation of Malaysian Manufacturers.

Tan Sri Datuk Clifford holds a Masters of Public Administration from University of Pittsburgh and a Bachelor of Arts (Honours) from University of Malaya.



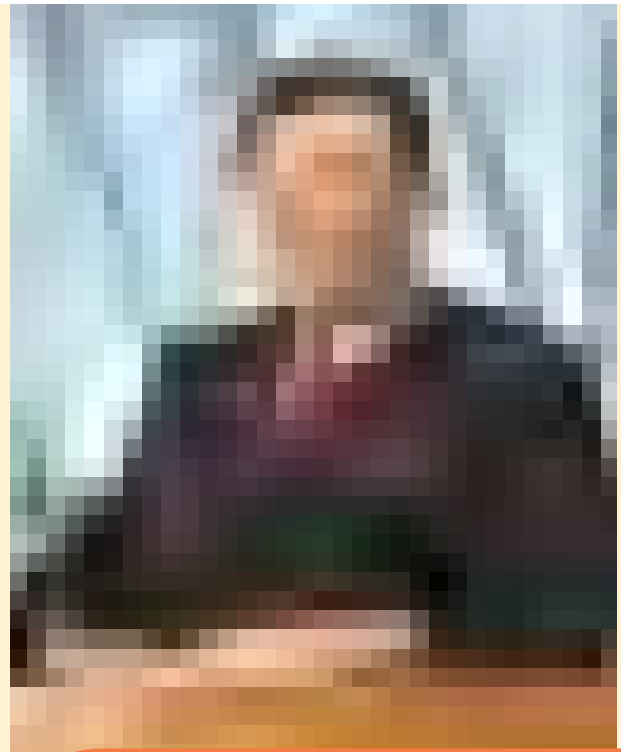
Y BHG TAN SRI DATO' MOHD IBRAHIM MOHD ZAIN
Independent Non-Executive Director

Y Bhg Tan Sri Dato' Mohd Ibrahim bin Mohd Zain, a Malaysian, aged 65, was appointed to the Board of AMMB Holdings Berhad on 16 April 2004.

He is currently the Chairman of Kawan Food Berhad ("KFB") and was appointed to the Board of KFB on 1 June 2005. He is a director of Tamadan Bonded Warehouse Berhad.

Upon his graduation in 1965, he was attached to University Technology MARA as a lecturer where he was later appointed as a Council member/Director, a position he held until October 2006. His career in banking includes positions he had held as Chief Executive of Amanah International Finance Berhad, Amanah Chase Merchant Bank Berhad and Oriental Bank Berhad, and Chairman of Bank Kerjasama Raykat (M) Berhad. He was also the former Chairman and Chief Executive Officer of Setron (Malaysia) Berhad, and Chairman of Pan Malaysia Industries Berhad, Bescorp Industries Berhad, Chemical Company of Malaysia Berhad, Pan Malaysia Capital Berhad and Pan Malaysia Holdings Berhad.

Tan Sri Dato' Mohd Ibrahim graduated from the British Institute of Management and Institute of Marketing in the United Kingdom, and holds a Masters in Business Administration from the University of Ohio, USA.



Y BHG DATO' IZHAM MAHMUD
Independent Non-Executive Director

Y Bhg Dato' Izham bin Mahmud, a Malaysian, aged 67, was appointed to the Board of AMMB Holdings Berhad on 16 October 2003. He is the Chairman of the Company's Remuneration Committee and a member of the Audit and Examination Committee.

Dato' Izham joined the Malaysian civil service in 1965 and had served for almost a decade, mainly at the Federal Treasury. His career in merchant banking began in 1974 with Aseambankers Malaysia Berhad, where he later became the Managing Director, a position that he held for over 17 years.

He is currently the Executive Chairman of Deleum Berhad and its group of companies. He is also a director of AmInvestment Bank Berhad and Opus Group Berhad.

He holds a Bachelor of Science (Honours) in Economics from Queen's University, Belfast, Northern Ireland and a Master of Arts in Economic Development from Vanderbilt University, USA.



DR ROBERT JOHN EDGAR

Non-Independent Non-Executive Director

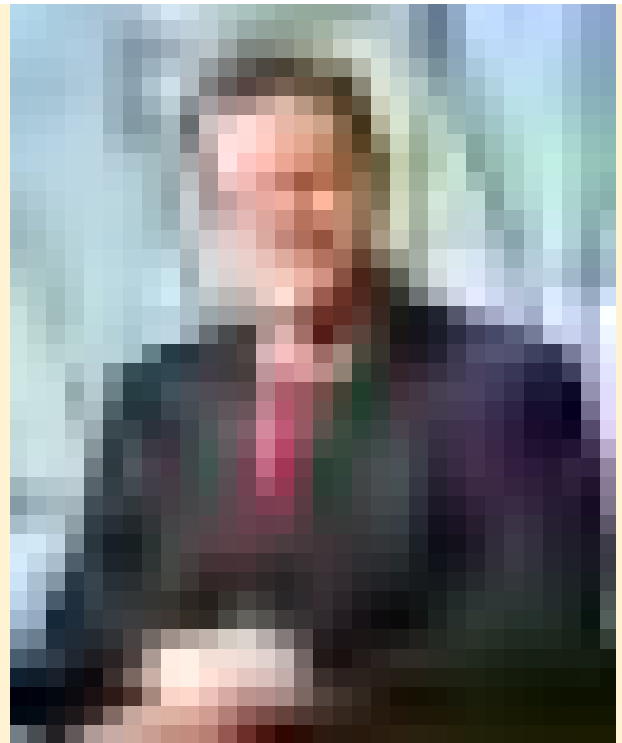
Dr Robert John Edgar, an Australian, aged 62, was appointed to the Board of AMMB Holdings Berhad on 15 August 2007. He is a member of the Company's Audit and Examination Committee and Nomination Committee.

Dr Edgar is currently the Senior Managing Director of Australia and New Zealand Banking Group Limited ("ANZ"). In addition to being generally responsible for ANZ Group's operations and performance, he is specifically responsible for ANZ's joint venture with the ING Group, ING Australia; Private Banking; and Boards of ANZ's joint ventures in Asia. He is also responsible for leading ANZ Group's strategic agenda.

He is a director of a number of companies in the ANZ Group and Chairman of Esanda Finance, ING Australia and ANZIB Special Asset Management Ltd and a Director of ANZ National Bank Limited (New Zealand), ANZ Royal Bank (Cambodia) Ltd and Bank of Tianjin (China).

He joined ANZ in 1984 as a Senior Economist. He was previously Group Executive, Strategic Planning and Development, General Manager of South Asia at ANZ Grindlays Bank, Managing Director of Esanda Finance Corporation Limited (a wholly owned finance company subsidiary of ANZ), Managing Director Corporate and Institutional Banking and the Managing Director, Institutional Financial Services, ANZ.

He holds a Bachelor of Economics (Hons) from the University of Adelaide, Australia, and a PhD from the Ohio State University, USA.



MR ALEXANDER VINCENT THURSBY

Non-Independent Non-Executive Director

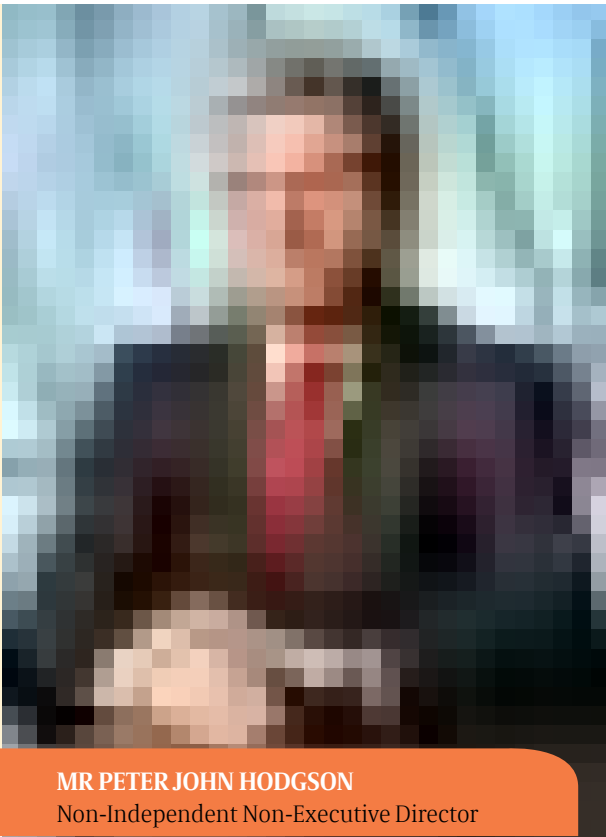
Mr Alexander Vincent Thursby, a British, aged 48, was appointed to the Board of AMMB Holdings Berhad on 2 January 2008. He is currently the Group Managing Director, Asia Pacific and Partnerships, Australia and New Zealand Banking Group Limited (ANZ).

Prior to this, Mr Thursby was the Senior Managing Director and Group Head of Corporate and Institutional Client Relationships in Standard Chartered Bank plc ("SCB") from mid-2005 to 2007. He has been with SCB for more than two decades holding various senior positions, inter-alia, as:

- Regional Head, Corporation and Institutional Client Relationships in North East Asia and Greater China
- CEO, UAE and Regional Head, Corporate Banking, Middle East South Asia (MESA)
- Chief of Staff to Group CEO and Executive Director
- Regional Head, Corporate and Institutional Banking and Strategy in Africa, London
- Senior Manager, Derivatives, South East Asia, Singapore
- President Director (CEO), Standard Chartered Leasing, Indonesia

He was a director and committee member in a number of companies in the SCB Group. He is a Life Member of the British Chamber of Commerce, Hong Kong.

He holds a Bachelor of Business Administration degree from Kuring-Gai College of Education, Sydney and has attended the London Business School – International Business Consortium and Insead, France – Senior International Management Programmes.



MR PETER JOHN HODGSON
Non-Independent Non-Executive Director

Mr Peter John Hodgson, an Australian, aged 53, was appointed to the Board of AMMB Holdings Berhad on 15 August 2007. He is also a member of the Company's Remuneration Committee and Group Risk Management Committee.

Mr Hodgson is currently the Group Managing Director, Institutional, Australia and New Zealand Banking Group Limited ("ANZ"). He oversees all businesses that deal with ANZ's large business, corporate and institutional customers. Institutional is a market leader in Australia and New Zealand and has significant operations in Asia, Europe and the United States.

Prior to this role, Mr Hodgson was for three years ANZ's Chief Risk Officer and chaired the Bank's Credit and Trading Risk Committee. He has over 28 years experience in banking in Australia and overseas. He was previously Managing Director, Corporate and Structured Financing based in Melbourne.

Before joining ANZ in 1997, Mr Hodgson was responsible for the BZW Infrastructure Advisory Group. Prior to this, Mr Hodgson was Head of the Project and Export Finance Group at Bank of America with responsibility for Europe and Asia.

Mr Hodgson holds a MA (Hons) in Law from St Catherine's College (Cambridge), United Kingdom.



MR CHEAH TEK KUANG
Group Managing Director

Mr Cheah Tek Kuang, a Malaysian, aged 61, was appointed to the Board of AMMB Holdings Berhad on 14 January 1994 and is currently the Group Managing Director of the Company. He is also a member of the Group Information Technology Committee.

He joined AmInvestment Bank Berhad ("AmInvestment Bank") in 1978 and held various senior positions. In 1994, he was promoted to Managing Director, and he became the Group Managing Director of AmInvestment Bank from January 2002 to December 2004 before assuming the office of Group Managing Director in AMMB Holdings Berhad. He remains a Non-Independent Non-Executive Director of AmInvestment Bank.

His directorships in other public companies include AmInvestment Group Berhad, AmBank (M) Berhad ("AmBank"), AmIslamic Bank Berhad, AmAssurance Berhad, AmG Insurance Berhad, Bursa Malaysia Berhad and Cagamas Berhad. He is also the Chief Executive Officer of AmBank and is an Investment Committee Member of the SEAVI III Trust. He is an Investment Panel Member of the Employees Provident Fund Board and a Member of the Kumpulan Wang Persaraan. He also currently serves as a Council Member of the Association of Banks in Malaysia and is the Alternate Chairman of the Malaysian Investment Banking Association.

Mr Cheah has a Bachelor of Economics (Honours) degree from the University of Malaya and is a Fellow of the Institute of Bankers Malaysia.



MR SOO KIM WAI

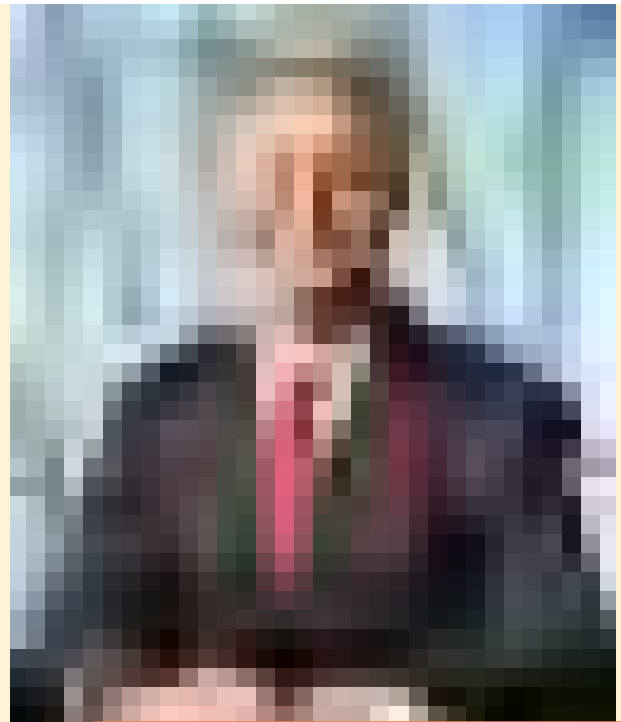
Non-Independent Non-Executive Director

Mr Soo Kim Wai, a Malaysian, aged 47, was appointed to the Board of AMMB Holdings Berhad on 4 October 2002. He is also a member of the Company's Remuneration Committee.

He is currently the Group Managing Director of Amcorp Group Berhad. Mr Soo joined Amcorp Group Berhad in 1989 as Senior Manager, Finance, and has since held various positions before he was promoted to his current appointment. Prior to that, he was with Plantation Agencies Sdn Bhd from 1985 to 1989, and in the accounting profession for five years with Deloitte Kassim Chan from 1980 to 1985.

He also sits on the Board of RCE Capital Berhad, MCM Technologies Berhad, AmProperty Trust Management Berhad and AMDB Berhad. He holds directorships in other private limited companies.

Mr Soo is a Chartered Accountant (Malaysian Institute of Accountants), a Certified Public Accountant (Malaysian Institute of Certified Public Accountants) and Fellow of the Certified Practising Accountant (CPA), Australia and Association of Chartered Certified Accountants (ACCA), United Kingdom.



MR OWEN JAMES WILSON

Alternate Director to Dr Robert John Edgar, Mr Alexander Vincent Thursby and Mr Peter John Hodgson

Mr Owen James Wilson, an Australian, aged 44, was appointed to the Board of AMMB Holdings Berhad as an Alternate Director to Dr Robert John Edgar and Mr Peter John Hodgson on 15 August 2007. He was also appointed as an Alternate Director to Mr Alexander Vincent Thursby on 15 April 2008. He is currently the Managing Director of Retail Banking Asia, Australia and New Zealand Banking Group Limited ("ANZ").

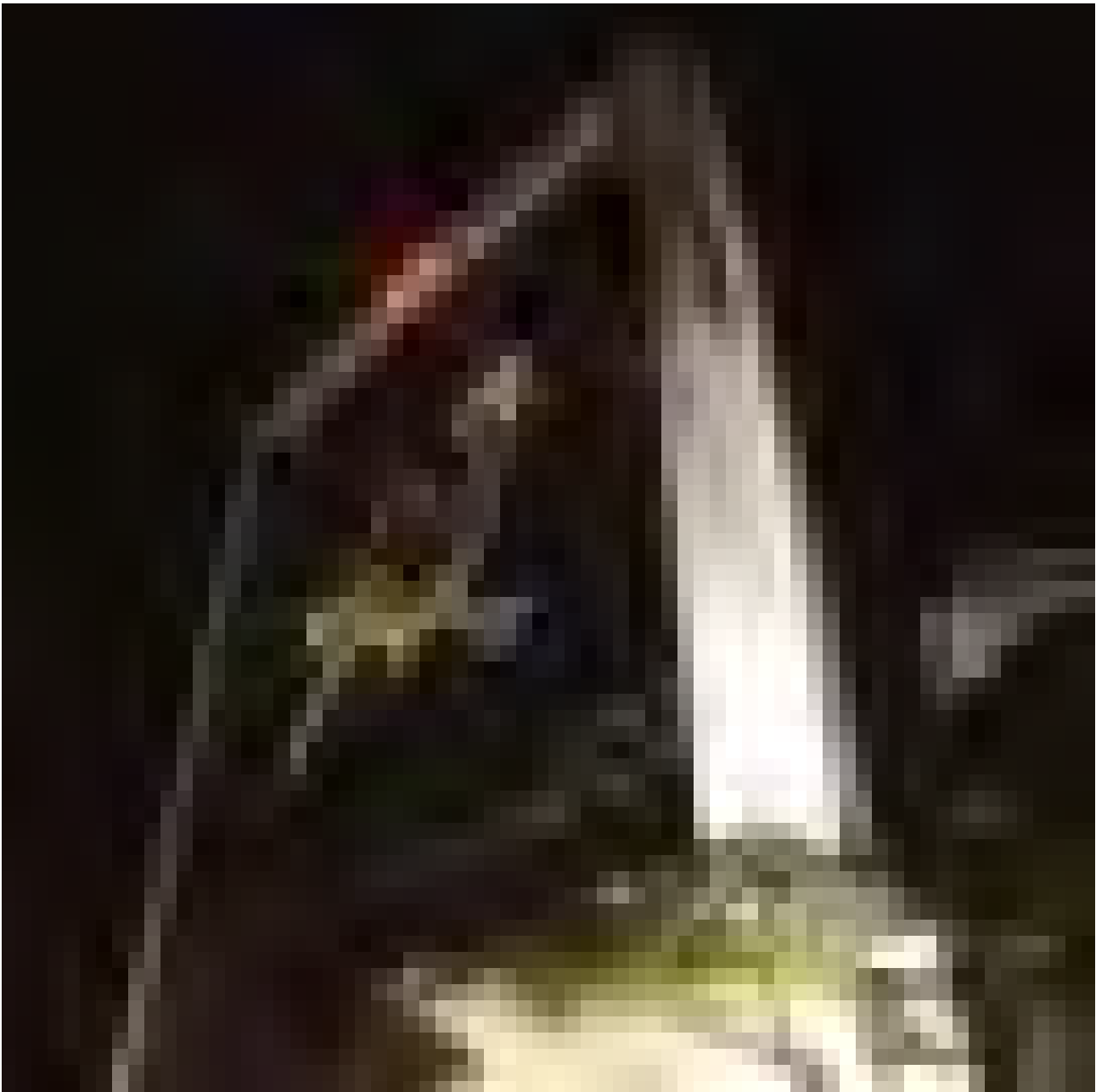
Mr Wilson is responsible for the retail businesses in the ANZ branch network, including Private Banking, and ANZ's retail banking and credit card partnerships across Asia.

Prior to this role, Mr Wilson was Managing Director of International Partnerships and was responsible for leading ANZ's expansion in Asia. He managed ANZ's existing banking partnerships in China, Indonesia, Malaysia, Cambodia, Vietnam and Laos and was also responsible for ANZ's credit card businesses in Indonesia, the Philippines and Vietnam.

In 2002, Mr Wilson was appointed the role of Chief Operating Officer, Institutional. Between 1995 and 2002, Mr Wilson's career included various finance roles culminating in the Chief Financial Officer position within Institutional.

Mr Wilson joined ANZ in 1993 as Manager, Global Balance Sheet & Capital Management following a successful career with KPMG in Melbourne and London.

He holds a Bachelor of Commerce degree from Deakin University. He has been an associate member of the Institute of Chartered Accountants in Australia since 1989.



Additional Information:

None of the Directors have any family relationship with other Directors or substantial shareholders of the Company, except as disclosed herein.

Tan Sri Dato' Azman Hashim and Dato' Azlan Hashim are brothers.

Tan Sri Dato' Azman Hashim is the Executive Chairman and a substantial shareholder of AmcorpGroup Berhad ("AMCORP"), which in turn is a substantial shareholder of AMMB Holdings Berhad. Tan Sri Dato' Azman Hashim is a director of Clear Goal Sdn Bhd, his family-owned company, which is deemed a substantial shareholder of AMMB Holdings Berhad by virtue of its interest in AMCORP.

Mr Soo Kim Wai is the Group Managing Director of AMCORP, which is a substantial shareholder of AMMB Holdings Berhad.

None of the Directors have been convicted for offences within the past 10 years. None of the Directors have any conflict of interest with the Company other than as announced or set out in Note 36 to Financial Statements under "Significant Related Party Transactions and Balances".

ORGANISATION STRUCTURE

• Principal Businesses

AmInvestment Group Berhad

- ▶ Investment Banking
- ▶ Debt Capital Markets
- ▶ Islamic Capital Markets
- ▶ Treasury Derivatives
- ▶ Corporate Advisory
- ▶ Equity Capital Markets
- ▶ Equity Derivatives
- ▶ Private Banking
- ▶ Offshore Banking
- ▶ Funds Management
- ▶ Private Equity
- ▶ Real Estate Investment Trusts
- ▶ Stockbroking
- ▶ Futures Broking
- ▶ Research
- ▶ Trustee Services
- ▶ Structured Finance

AmBank (M) Berhad

Retail Banking

- ▶ Auto Financing
- ▶ Mortgages and other Consumer Loans
- ▶ Credit Cards and Line of Credit
- ▶ Personal Financing
- ▶ Retail Distribution (Bancassurance, Wealth Management, Internet Banking, Mobile Banking, Electronic Banking Centers)

- ▶ Asset Financing and Small Business (Including Leasing and Equipment Financing)
- ▶ Deposits (Savings Accounts, Demand Deposits and Fixed Term Deposits)

Business Banking

- ▶ Commercial Banking
- ▶ SME Financing
- ▶ Trade Finance and Services
- ▶ Factoring
- ▶ Cash Management
- ▶ Treasury Products

AmIslamic Bank Berhad

Retail Banking

- ▶ Auto Financing
- ▶ Home Financing
- ▶ Cards Services
- ▶ Deposits – Savings, Current and Investments
- ▶ Remittance Services
- ▶ Asset Financing and Small Business
- ▶ Personal Financing
- ▶ Internet Banking
- ▶ Transactional Services

- ▶ Mudharabah Deposits
- ▶ Inter-bank Money Market
- ▶ Fixed Income Securities
- ▶ Money Market Securities

Business Banking

- ▶ Commercial Banking
- ▶ SME Financing
- ▶ Trade Finance and Services

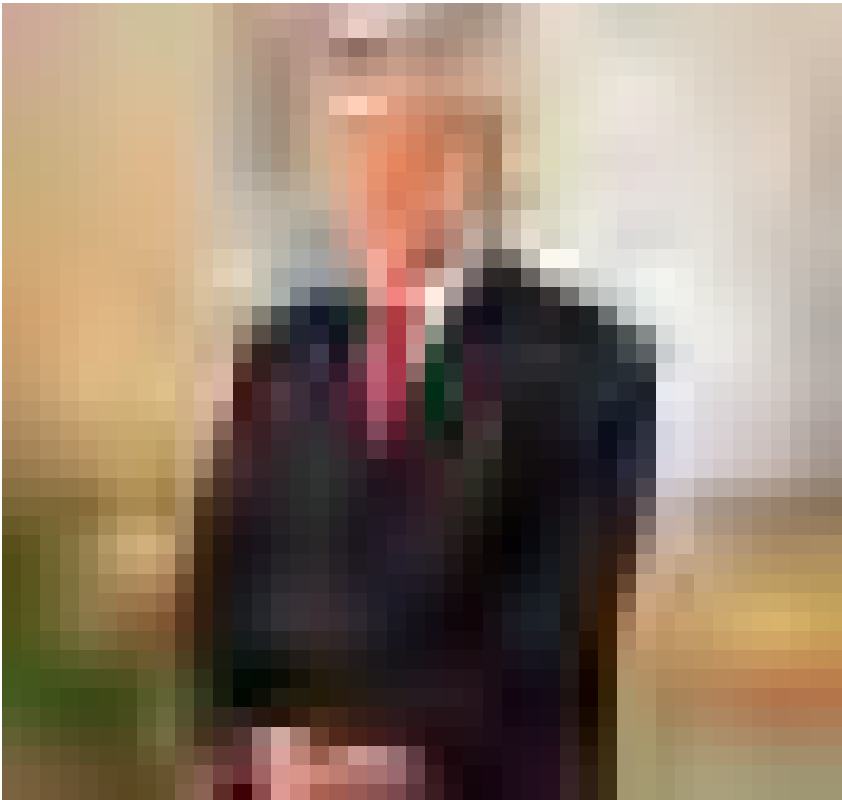
AmAssurance Berhad

- ▶ Life Insurance
- ▶ General Insurance

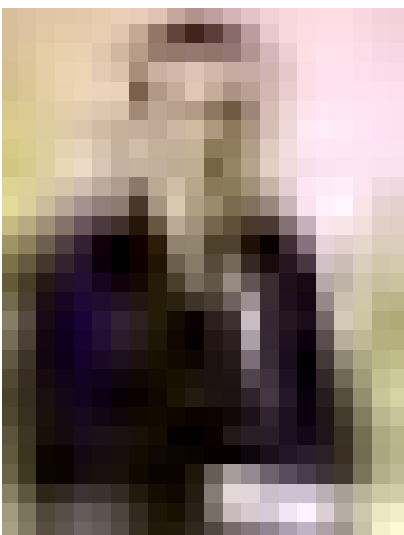


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GROUP MANAGEMENT



CHEAH TEK KUANG
Group Managing Director,
AMMB Holdings Berhad
and
Chief Executive Officer,
AmBank (M) Berhad



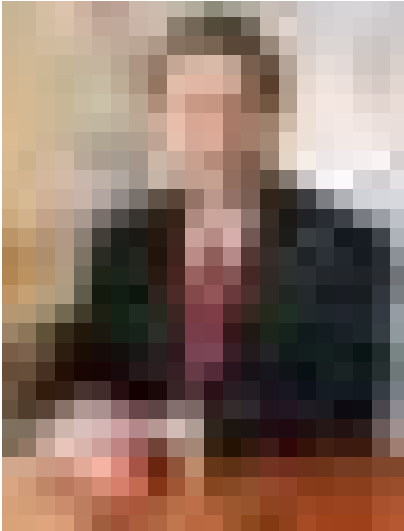
ANTHONY JOHN HEALY
Deputy Group Managing Director,
AMMB Holdings Berhad



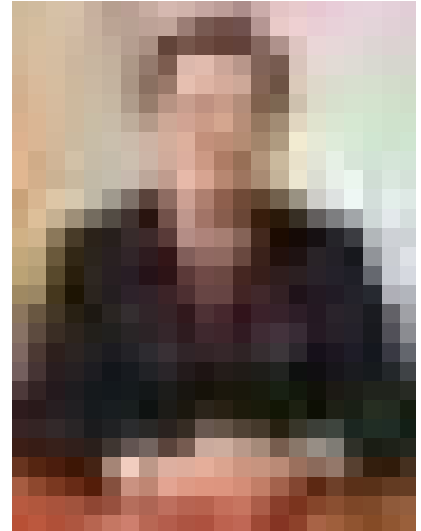
MOHAMED AZMI MAHMOOD
Managing Director, Retail Banking,
AmBank (M) Berhad



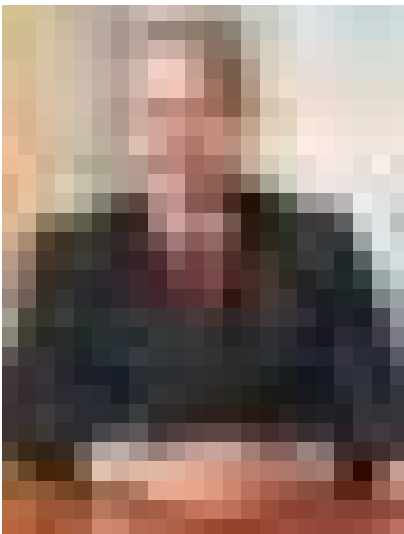
DATO' JAMES LIM CHENG POH
Managing Director, Business Banking,
AmBank (M) Berhad



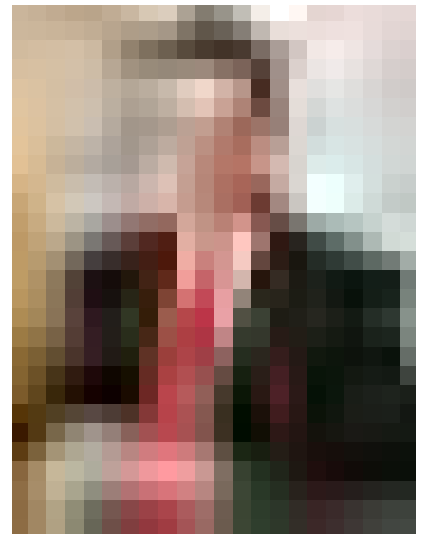
KOK TUCK CHEONG
Managing Director,
AmInvestment Bank Berhad



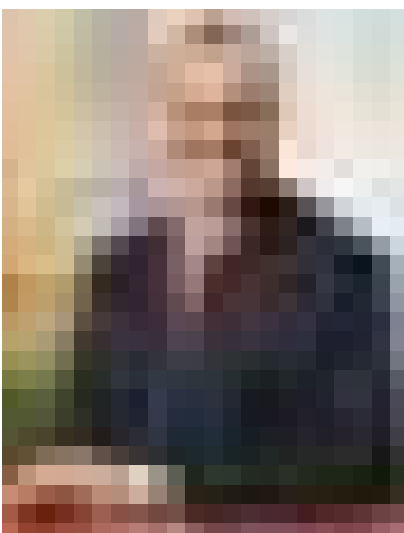
NG LIAN LU
Chief Executive Officer,
AmAssurance Berhad



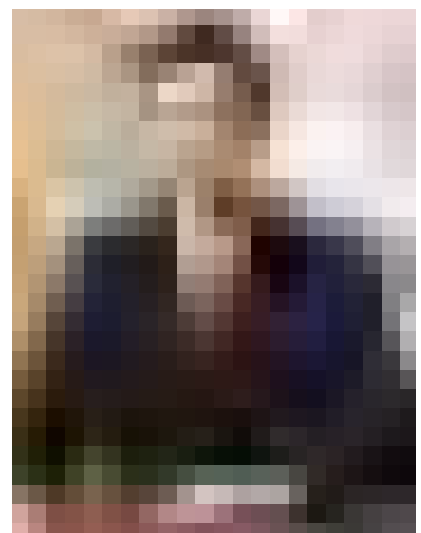
AHMAD ZAINI OTHMAN
Chief Executive Officer,
AmIslamic Bank Berhad



ANDREW STRAIN KERR
Chief Risk Officer,
AMMB Holdings Berhad

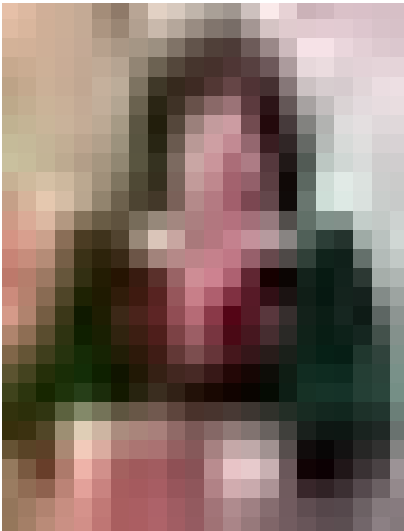


ASHOK RAMAMURTHY
Chief Financial Officer,
AMMB Holdings Berhad

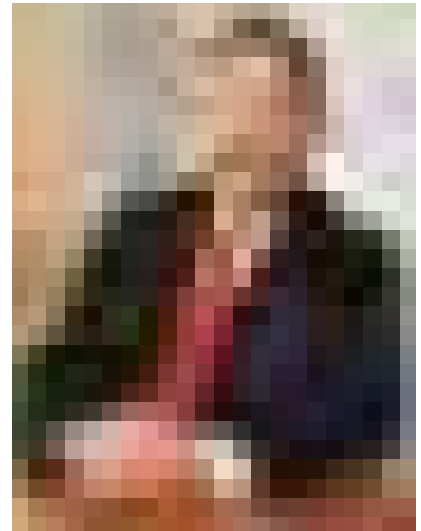


CHARLES TAN
Chief Information Officer,
Group Information Services,
AMMB Holdings Berhad

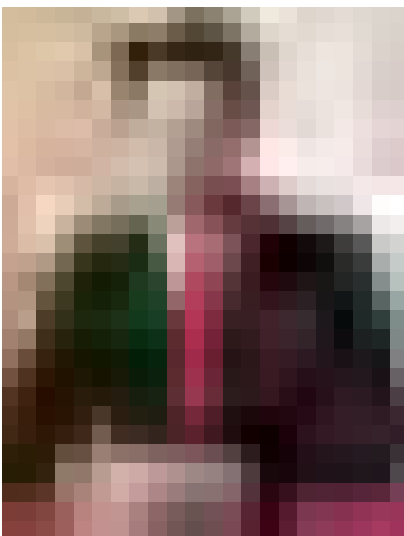
GROUP MANAGEMENT



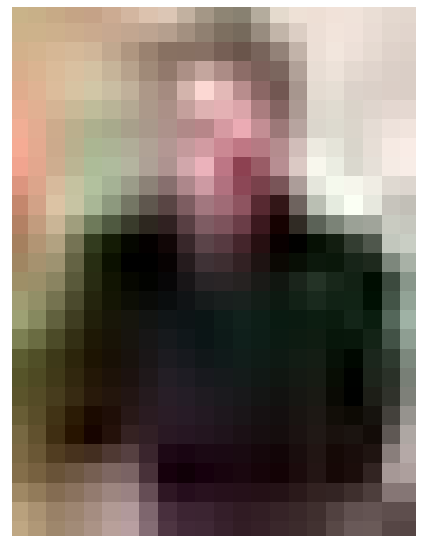
PUSHPA RAJADURAI
Executive Director,
AmInvestment Bank Berhad



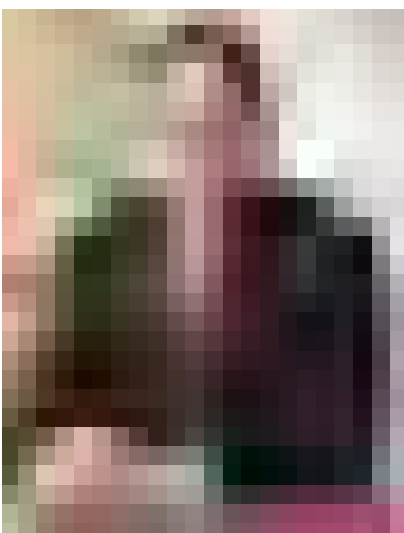
MAHDI MURAD
Executive Director, Retail Banking,
AmBank (M) Berhad



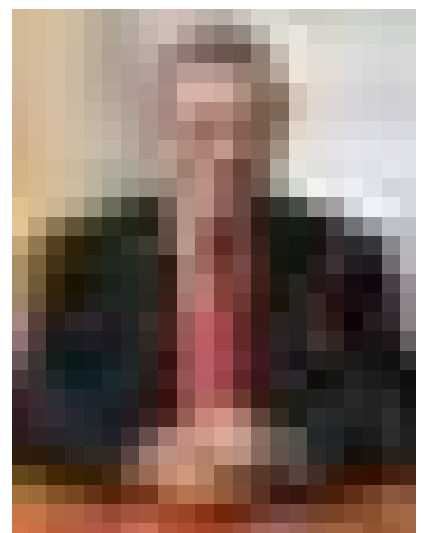
SIM HOW CHUAH
Senior General Manager,
Business Banking,
AmBank (M) Berhad



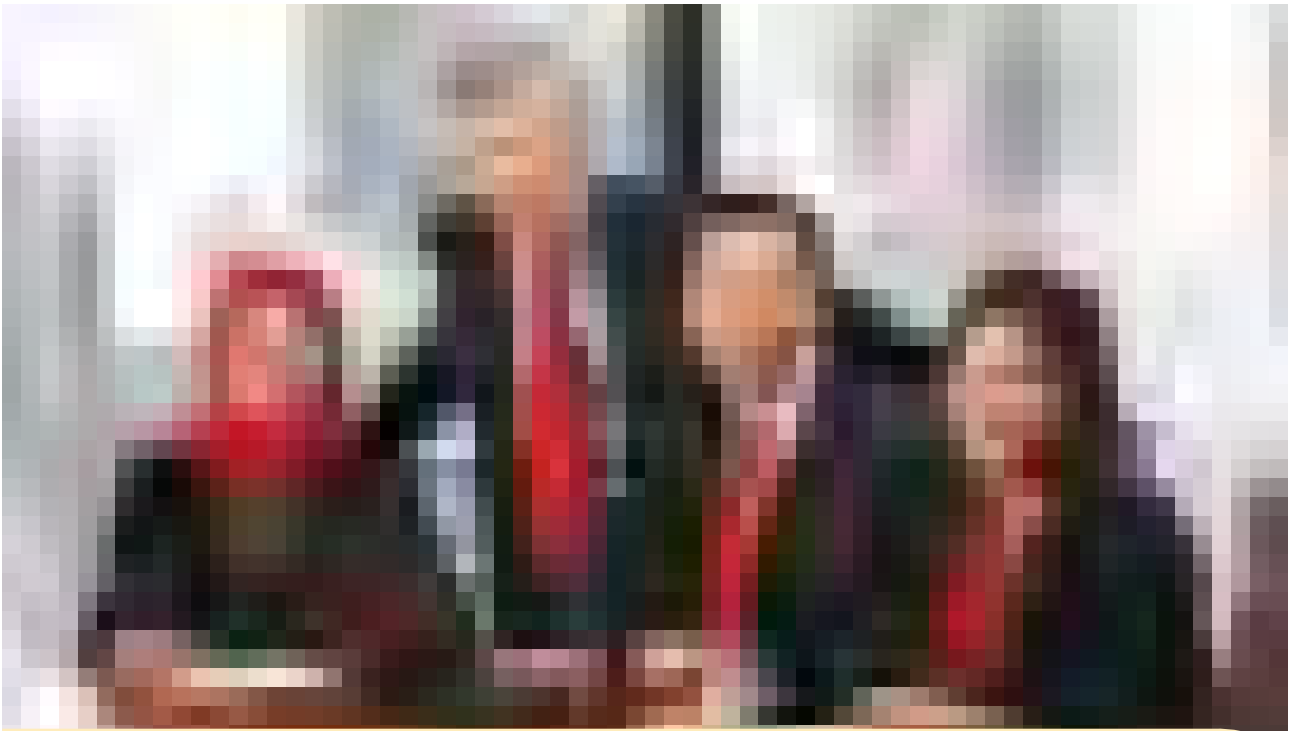
DATIN MAZNAH MAHBOB
Chief Executive Officer,
Funds Management Division
AmInvestment Bank Berhad



JOHN TAN GIAP HOW
Director/Head, Equity Markets,
AmInvestment Bank Berhad



**RAVINDRA KUMAR
THAMBIMUTHU**
Group Company Secretary/
Legal Advisor,
Group Legal and Company Secretary,
AmInvestment Bank Berhad



FAUZIAH YACOB

Director, Group Human Resources

TAN KOK CHEENG

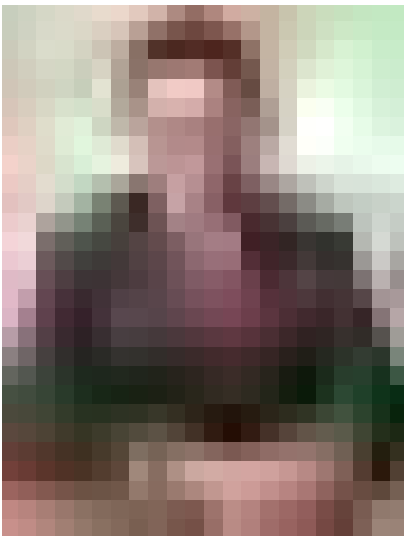
Director, Group Internal Audit

TENG CHEAN CHOY

Director, Group Treasury

ALICE DORA BOUCHER

Director, Group Credit

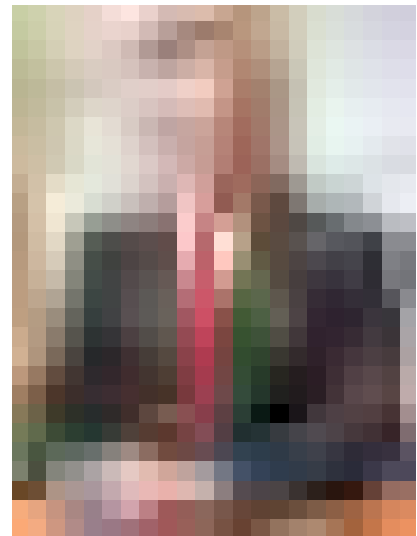


SYED ANUAR SYED ALI

Director, Group Public Affairs

ABDUL AZIZ MOHD ISA

Head, Group Marketing



MURUGIAH M N SINGHAM

Director, Group Compliance

NORHANIFAH A JALIL

Head, Group Organisational
Development



CORPORATE GOVERNANCE

The Company's Board of Directors provides strategic guidance and oversight of the AmBank Group's operations for our shareholders. The Board acknowledges its overriding responsibility to act diligently and responsibly, in accordance with the law, in serving the interests of shareholders, as well as its employees, customers and the community at large.

BOARD OF DIRECTORS

Principle 1: Conduct of Affairs

The Board is fully committed to ensuring that it continues to comply with the Best Practices in Corporate Governance as set out in Part 2 of the Malaysian Code on Corporate Governance.

The Board's roles and responsibilities include:

- Reviewing and approving the strategic business plans of the Group as a whole and that of the individual operating units. This encompasses the annual budget, medium term corporate plan, new investments/divestments as well as mergers and acquisitions.
- Overseeing the conduct of the business to ascertain its proper management including setting clear objectives and policies within which senior executives are to operate.
- Identifying and approving policies pertaining to the management of all risk categories including but not limited to credit, financial, market, liquidity, operational, legal and reputational risks.
- Reviewing the adequacy and the integrity of internal controls and management information systems, including systems for compliance with applicable laws, rules, regulations, directives and guidelines.
- Serving as the ultimate approving authority for all significant financial expenditure.

Principle 2: Chairman and Group Managing Director

The roles of the Chairman and Group Managing Director remain separate and are clearly distinct. The Chairman of the Board is non-independent and non-executive.

The Chairman plays an important leadership role within the Group and is involved in:

- Chairing the meetings of Shareholders and the Board;
- Monitoring the performance of the Board and the mix of skills and effectiveness of individual contribution; and
- Maintaining on-going dialogue with the Chief Executive Officers of the various major subsidiary companies and providing appropriate mentoring and guidance.

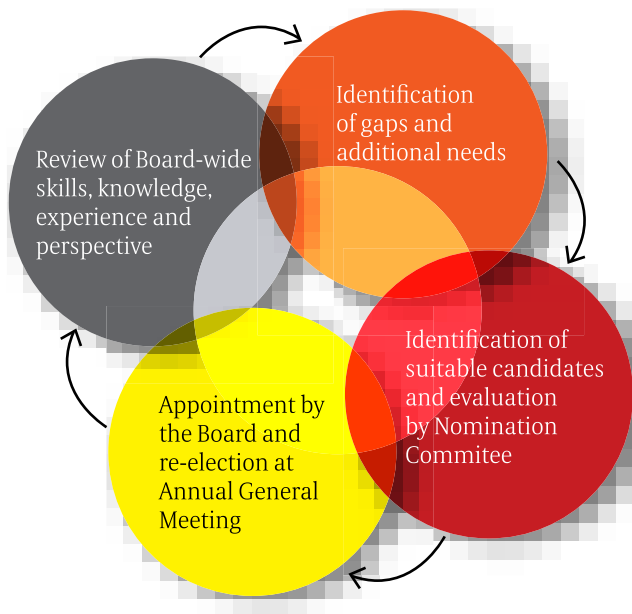
The Board delegates the authority and responsibility for managing the everyday affairs of the Group to the Group Managing Director and through him and subject to his oversight, to other Senior Management. The Board monitors the management and performance of the Group Managing Director on behalf of the shareholders.

Principle 3: Board Composition, Selection and Appointment

The Board currently comprises twelve (12) Directors of which five (5) are Independent Non-Executive Directors, providing a healthy Board balance. The Board continues to achieve a balance of skills, knowledge, experience and perspective among its Directors.

Appointment

- The Group welcomes the addition of a new Board member, Mr. Alexander Vincent Thursby who has been appointed as a Non-Independent Non-Executive Director of the Company effective 2 January 2008.



SELECTION OF DIRECTORS

Principle 4: Board Performance

Board Independence

The Independent Non-Executive Directors are from varied business backgrounds. Their experience enables them to exercise independent judgment and objective participation in the proceedings and decision-making processes of the Board.

Decision-making on key issues regarding the Company and its subsidiaries are fully deliberated by the Directors. Board decisions are made taking into account the views of the Independent Non-Executive Directors, which carry substantial weight. They fulfill their roles in ensuring that strategies proposed by the management are fully discussed and examined as well as ensuring that the interest of shareholders and stakeholders of the Company are safeguarded.

Independence

In accordance with the criteria as specified under the Bursa Securities Listing Requirements, the Nomination Committee and the Board establish whether or not a Non-Executive Director may have a relationship with the AmBank Group which could (or could be perceived to) affect their decision-making.

Senior Independent Non-Executive Director

In line with the recommendations stipulated in Part 2 of the Code on Corporate Governance, the Board has nominated Y A Bhg Tun Mohammed Hanif Omar as the Senior Independent Non-Executive Director to whom any concern on issues affecting the AHB Group of companies may be conveyed.

Election at Next Annual General Meeting

The Company's Articles of Association permits the Board to appoint a person to be a Director of the Company at any time, but the person must seek election by shareholders at the next Annual General Meeting.

Tenure

The Articles of Association provides that all Directors must retire at least once in three years and may be re-elected at the Annual General Meeting.

Formalisation of Rights, Duties and Obligations

There are several key elements relating to the formalisation of Rights, Duties and Obligations once a Director is appointed, including:

- *Director's Code of Conduct*
This code sets out that Directors will pursue the highest standards of ethical conduct.
- *Director's Covenants*
The covenants cover a number of issues including indemnity, Directors' and officers' liability insurance, the right to obtain independent advice and the requirements concerning confidential information.
- *Induction Training*
New Directors participate in a formal induction programme which ensures that Directors meet with the AmBank Group executives and other key staff members and to be accustomed with the Group's governance framework, financial management and business operations.

Each new Director receives a set of notes outlining the Director's principal obligations, roles and responsibilities, terms of reference of the various Board Committees and regulatory guidelines. It also sets out details of scheduled Board and Committee meetings.

Board members are also encouraged to participate in seminars and conferences and continuous education programmes to keep abreast with the current developments in the investment banking and financial services industry. Arrangements are also made for them to attend the programmes organised by the Group's Organisational Development Department. During the year, the Directors attended various training courses related to their responsibilities and developments in the industry.

Performance Evaluation

Performance evaluations are conducted annually and cover the Board, each Director and the Board Committees. The framework used to assess the Directors is based on the expectation that they are performing their duties in a manner which should create and continue to build sustainable value for shareholders and in accordance with duties and obligations imposed upon them under the law and guidelines issued by the regulatory authorities.

CORPORATE GOVERNANCE

Principle 5: Access to Directors

The management is able to consult the Directors as required on a regular basis. Employees and shareholders have access to Directors through the Chairman, Senior Independent Director and the Group Company Secretary.

Principle 6: Access to Information

In the discharge of their duties, all Directors have complete and unrestricted access to information pertaining to the Group. The advice and services of the Group Company Secretary are readily available to the Board in matters of law, governance and in complying with statutory duties, including compliance with the Bursa Listing Requirements.

The Group Company Secretary attends Board and Committee meetings and is responsible for the accuracy and adequacy of records of the proceedings of Board and Committee meetings and resolutions.

In order to assist Directors in fulfilling their responsibilities, each Director has the right to seek independent professional advice regarding their responsibilities at the expense of the Group. In addition, the Board and each Committee, at the expense of the Group, may obtain professional advice that they require to assist in their work.

Board meetings are held monthly, wherein Board reports are circulated prior to the meetings, allowing the Directors to review further information that may be required. Additional Board meetings are convened whenever necessary. The Senior Management team of the subsidiaries are invited to attend Board meetings to provide presentations and detailed explanations on matters that have been tabled.

Fourteen (14) Board meetings were held during the FY2008. The attendance of every Board member at the meetings of the Board and the various Board Committees is as set out below:

Number of Meetings attended in Financial Year (“FY”) 2008

	Board of Directors	Nomination Committee	Remuneration Committee	Audit and Examination Committee	Group Information Technology Committee	Group Risk Management Committee (established since 31.7.2007)
Tan Sri Dato' Azman Hashim	14	3	N/A	N/A	N/A	N/A
Dato' Azlan Hashim	11	2 (resigned on 19.10.07)	2	3	7	N/A
Tun Mohammed Hanif Omar	14	N/A	N/A	N/A	N/A	N/A
Tan Sri Datuk Dr Aris Othman	14	3 (Chairman)	N/A	4 (Chairman)	N/A	2 (wef 3.10.07)
Tan Sri Datuk Clifford Francis Herbert	14	3	N/A	2 (wef 3.10.07)	N/A	2 (Chairman) (wef 3.10.07)
Tan Sri Dato' Mohd Ibrahim Mohd Zain	12	N/A	N/A	N/A	N/A	N/A
Dato' Izham Mahmud	12	3	2 (Chairman)	4	N/A	N/A
Dr Robert John Edgar	6 (wef 15.08.07)	1 (wef 3.10.07)	N/A	2 (wef 3.10.07)	N/A	N/A
Alexander Vincent Thursby	2 (wef 2.01.08)	N/A	N/A	N/A	N/A	N/A
Peter John Hodgson	6 (wef 15.08.07)	N/A	Nil (wef 3.10.07)	N/A	N/A	2 (wef 3.10.07)
Owen James Wilson [Alternate Director]	Nil (wef 15.08.07)	N/A	N/A	N/A	N/A	N/A
Cheah Tek Kuang	14	N/A	N/A	N/A	4	N/A
Soo Kim Wai	14	N/A	2	N/A	N/A	N/A
Number of meetings held in FY2008	14	3	2	4	7	2

Principle 7: Board Committees

The Board delegates certain responsibilities to the Board Committees. The committees that assist the Board are as follows:

1. Nomination Committee
2. Remuneration Committee
3. Audit & Examination Committee
4. Group Risk Management Committee
5. Group Information Technology Committee

Independent Directors make up the majority of these four main Committees. The criteria for the membership are based on a Director's skills and experience, as well as his ability to add value to the Committee.

The Group Managing Director and the Chief Executive Officers and other senior management staff are invited to attend the relevant Committee meetings.

The Nomination Committee

- The Committee comprises five (5) members, three (3) of whom are Independent Non-Executive Directors of the Board.
- The Nomination Committee met three (3) times during the FY2008.

The Committee is responsible for regularly reviewing the Board's structure, size and composition, as well as making recommendation to the Board on any changes that are deemed necessary.

It reviews the performance of the Board, Committees and Directors. It also recommends the appointment of Directors to Committees of the Board, as well as annually reviews the mix of skills, experience and competencies that Non-Executive and Executive Directors should bring to the Board.

The Board of Directors, on the recommendation of the Nomination committee had also approved the mechanism for the formal assessment on the effectiveness of the Board as a whole and Committees as well as the contribution of the Chairman and each Director to the effectiveness of the Board. The assessment of the effectiveness of the Board, Committees and of the Chairman and each of the directors is carried out annually.

The Group Information Technology Committee

The Group Information Technology Committee ("GITC") comprises two (2) members. The Committee is responsible for determining and recommending to the Board that the IT development within the Group is in line with its business objectives and strategy and to serve as an independent and objective party in the review of the Group's utilisation of its IT resources including computer hardware, software, manpower and other IT related investments.

In addition, the GITC reviews and recommend for approval by the various companies of the Group, major IT acquisition and ensure conformance of the acquisition with the IT plan.

There were seven (7) meetings held during the FY 2008.

Principle 8: Procedures for Developing Remuneration Policies

The Remuneration Committee

All members of the Remuneration Committee are Non-Executive Directors. In carrying out its duties, the Committee met two (2) times during FY2008.

The Committee is responsible for determining and recommending to the Board the framework /methodology for the remuneration of Directors, the Chief Executive Officers and other senior management staff bench marked against the industry.

Principle 9: Level and Mix of Remuneration

Directors' Remuneration

The Directors' remuneration is designed to ensure that the Group continues to attract and retain Directors and senior management with appropriate skills and experience to manage the Group successfully. The Board determines the remuneration of Non-Executive Directors and Executive Directors and senior management of the Group, with the interested Directors abstaining from discussions with respect to their remuneration.

Principle 10: Risk Management

Risk Management Committee

The review for risks in all aspects of business is the responsibility of the Risk Management Committee.

The Committee is responsible for overseeing, monitoring and reviewing risk management, principles and policies, strategies, processes and controls, including credit, market, balance sheet operational risk and compliance. The Committee also ensures that timely actions are taken in response to emerging risk issues.

The Risk Management Committee of Directors held two (2) meetings during the FY 2008.

CORPORATE GOVERNANCE

Principle 11: Accountability

The Audit and Examination Committee

The Audit and Examination Committee (“AEC”) is responsible for the oversight and monitoring of:

- The Group’s financial reporting accounting policies and controls;
- The work of Group Internal Audit;
- The AEC of the major subsidiary companies;
- Compliance with regulatory requirements; and
- The appointment, evaluation and oversight of the external auditor.

It is the Board’s policy that at least one member of the AEC shall have an accounting qualification or experience in the field of finance. The AEC meets regularly with the external auditors and Group Internal Audit.

The AEC met four (4) times during the FY2008.

Principle 12: Financial Controls

Responsibility Statement

The Board of Directors is required by the Companies Act, 1965 to prepare financial statements for each financial year which gives a true and fair view of the Group and its state of affairs, results and cash flows at the end of the financial year. Following discussions with the auditors, the Directors consider that the appropriate accounting policies are consistently applied and supported by reasonable as well as prudent judgments and estimates, and that all accounting standards which they consider applicable have been followed during the preparation of the financial statements.

The Board of Directors is responsible for ensuring that the Group keeps accounting records which are disclosed with reasonable accuracy, and for ensuring that the financial statements comply with the Companies Act, 1965.

The Board and Board Committees have the general responsibility for taking such steps to safeguard the assets of the Group, and to detect and prevent fraud as well as other irregularities.

Statement on Internal Control

The Group’s Statement on Internal Control is set out on page 52 of this annual report.

Audit and Examination (“AEC”) Committee Report

Terms of Reference

The functions of the AEC are as follows:

- (a) To provide assistance and to review and report to the Board in relation to:
 - i) Fulfilling the statutory and fiduciary responsibilities of the Company/Group; and
 - ii) Monitoring of the accounting and financial reporting practices of the Company/Group;
- (b) To determine that the Company/ Group has adequate established policies, procedures and guidelines, operating and internal controls, and that they are being complied with and are operating effectively in promoting efficiency and proper conduct and protecting the assets of the Company/Group;
- (c) To serve as an independent and objective party in the review of the financial information of the Company/ Group that is presented by Management to the Board and Shareholders;
- (d) To review the quarterly results and year-end financial statements of the Company/Group and to ensure compliance with accounting standards and legal requirements;
- (e) To review and approve the scope of audits, audit plans and audit reports of both the external and internal auditors;
- (f) To evaluate the adequacy and effectiveness of the Management control systems of the Company/ Group through the review of the reports of both the external and internal auditors that highlight internal accounting, organisational and operating control weaknesses and to determine that appropriate corrective actions are being taken by the Management;

- (g) To ensure the adequacy of the scope, functions and resources of the internal audit functions and that they have the necessary authority to carry out their work;
- (h) To ensure through discussions with the external and internal auditors, that no restrictions are being placed by Management and employees on the scope of their examinations;
- (i) To direct and supervise any special project or investigation considered necessary;
- (j) To prepare, when necessary, periodic reports to the Board summarising the work performed in fulfilling the AEC's primary responsibilities;
- (k) To review any related party transactions and conflict of interest situation that may arise within the Company/ Group including any transaction, procedure or course of conduct that raises questions of management integrity; and
- (l) To review the annual appointment of external auditors, or letter of resignation from external auditors, to negotiate and approve the annual audit fees and/or special audit fees, and evaluate basis of billings therewith.

Summary of Key Activities

The following is a summary of the main activities carried out by the Committee during the year:

Internal Audit

- Reviewed and approved Group Internal Audit's annual audit plan, including its resource and training needs.
- Reviewed Group Internal Audit's methodology in assessing the risk levels of the various auditable areas and ensured that audit emphasis was given on critical risk areas.
- Monitored the progress of Group Internal Audit in completing its audit plan and assessed the performance of Group Internal Audit.
- Reviewed the adequacy and effectiveness of the system of controls, reporting and risk management to ensure there is a systematic methodology in identifying, assessing and mitigating risk areas.
- Reviewed reports of Group Internal Audit (including internal investigations, follow up on resolution of issues raised in reports issued by Bank Negara Malaysia, external auditors and other external parties) and considered Management's response and accordingly directed Management to take the necessary remedial action. The Committee also followed-up on resolution of major issues raised in the reports.

External Audit

- Reviewed the appointment of the external auditors and their independence and effectiveness.
- Reviewed their audit plan, annual audit fees and scope of work for audit and non-audit assignments.
- Reviewed the external auditor's results and report as well as the Management's consequent responses to the findings of the external auditors.

Financial Results

- Reviewed the quarterly results and financial statements of the Group before recommending them for approval to the Board of Directors.
- Reviewed the annual audited financial statements of the Group with the external auditors prior to submission to the Board for approval.
- Compliance with the following regulatory requirements was ensured:
 - Provisions of the Companies Act 1965 and the Banking and Financial Institutions Act 1989
 - Capital Markets and Services Act 2007
 - Securities Commission Act 1993
 - The Listing requirements of Bursa Malaysia Securities Berhad
 - Applicable accounting standards in Malaysia
 - Other relevant regulatory requirements

Related Party Transactions

- Reviewed related party transactions and the adequacy of the Group's procedures in identifying, monitoring, reporting and reviewing related party transactions.

Principle 13: Internal Audit

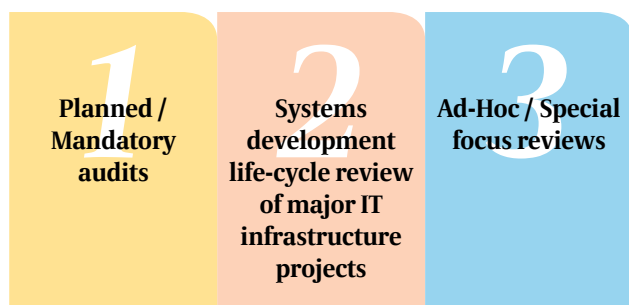
Internal Audit Function

Group Internal Audit function operates under a charter from the AEC that gives it unrestricted access to review all activities of the Group. The Head of the Group Internal Audit reports to the AEC. The internal auditing function is conducted on an AmBank Group-wide basis to ensure consistency in the control environment and the application of policies and procedures.

The AEC approves the annual audit work plan, and a risk-based audit approach is used to ensure that the higher risk activities in each business unit are audited each year.

CORPORATE GOVERNANCE

The audit function covers all major business groups and consists of three main categories of work:



- Among others, the audit plan covers reviews of the adequacy of risk management in the following areas:
 1. Quality of assets
 2. Operational controls
 3. Financial controls
 4. Customer satisfaction
 5. Compliance with laws and regulations
 6. Lending practices
 7. Management efficiency
 8. Information technology
 9. Data centres and network security
- The audit plan also covers the review of the risk management function and its adequacy in managing credit, market, liquidity and operational risks.

Group Internal Audit plays an active role in ensuring compliance with the requirements of supervisory regulatory authorities. Group Internal Audit also works collaboratively with the External Auditor and Risk Management Department to ensure a comprehensive audit scope.

There is an effective process for ensuring prompt resolution of audit issues. Group Internal Audit tables regular updates to the AEC on the progress on significant issues until such issues are satisfactorily resolved.

Key Risk Areas & Internal Focus



Principle 14: External Audit

Messrs. Ernst & Young (E & Y) is the Company's external statutory auditor and the auditor of its consolidated accounts for the preparation of this annual report. The external auditor performs independent audits in accordance with the Malaysian Accounting Standards, and reports directly to the AEC. The AEC additionally:

- Pre-approves all audit and non-audit services;
- Regularly reviews the independence of the external auditor; and
- Evaluates the effectiveness of the external auditor.

They are re-appointed by the shareholders of the Company annually.

Non-Audit Services

The external auditor may not provide services that are perceived to be in conflict with the role of the auditor. These include consulting advice and sub-contracting of operational activities normally undertaken by management, and engagements where the auditor may ultimately be required to express an opinion on its own work.

Specifically the policy:

- Limits the non-audit service that may be provided; and
- Requires that audit and permitted non-audit services must be pre-approved by the AEC.

The AEC has reviewed the summary of the non-audit services provided by the external auditor in FY2008 and has confirmed that the provision of services is compatible with the general standard of independence for auditors.

Audit Fees

The total of the statutory and non-statutory audit fees for the Group (excluding expenses and service tax) in the financial year ended 31 March 2008 amounted to RM1.31 million [FY2007: RM1.41 million].

Non-Audit Services Fees

Non-audit fees for the financial year ended 31 March 2008 (excluding expenses and service tax) amounted to RM0.93 million [FY2007: RM0.57 million]. The non-audit fees are primarily related to the half-year limited review of AmIslamic Bank Berhad, AmBank (M) Berhad and AmInvestment Bank Berhad's income statement that had been carried out as well as fees relating to the privatisation of AmInvestment Group Berhad, special audit of AmBank (M) Berhad and offering circular for the issuance of Non-Innovative Hybrid Tier 1 capital securities by AmBank (M) Berhad.

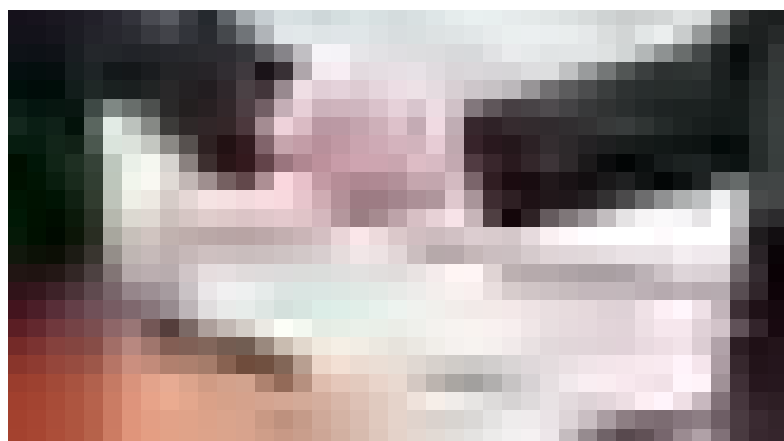
Principle 15: Communication with Shareholders

Reaching out to all Shareholders and Investors

The Group practises timely, accurate and consistent disclosure of all material information to its shareholders, investors and members of the public as required by the regulations. The Chairman, Directors and selected Senior Management representatives of the Group engage actively with the shareholders and investors community in ensuring continuous disclosure policies are practised with the highest standards of integrity and due diligence.

Communication with Shareholders

- The Board members attend the AGMs and EGMs where shareholders present are given an informative review of corporate proposals, and the Group's financial performance for the year as well as prospects going forward. Shareholders are given an opportunity to raise questions and seek clarification from the Board on issues pertaining to resolutions to be passed. Shareholders have the right to vote on various resolutions related to company matters.



All shareholders are encouraged to attend the meetings and if they are unable to attend a meeting, they can submit their vote or proxies. External auditors are also present to assist the Directors in answering questions from shareholders. The auditor can respond on any business item that concerns them in their capacity as an auditor.

- Timely announcements are made to the public with regards to the Group's corporate proposals, financial results and other material announcements. Corporate and financial information on the Group are easily accessible to shareholders and the general public through the Group's website at ambg.com.my, which is regularly updated. In addition, the Group has a dedicated Investor Relations website page that can be easily accessible via the corporate website. The Group has also set up a specialist Investor Relations Department with the core function of spearheading effective two-way communications with its shareholders, the financial community and other stakeholders with the objective of accurately representing the Group and achieving a fair market value for the Company's securities.
- In addition to the above, during the financial year, the Company held investors' briefings with its major institutional investors in Kuala Lumpur, Europe, Australia, United States, the United Kingdom, Singapore and Hong Kong to ensure that current and potential investors receive a balanced and complete view of the Group's performance and strategic aspirations of the business

Senior management personnel responsible for Investor Relations activities are:

1. Mr Cheah Tek Kuang
Group Managing Director
2. Mr Ashok Ramamurthy
Chief Financial Officer
3. Mr Ganesh Kumar Nadarajah
Head, Group Investor Relations

CORPORATE GOVERNANCE

INVESTOR RELATIONS CALENDAR

2008

20-22 May 2008

CLSA
Corporate Access Forum
Singapore

13-16 May 2008

Merrill Lynch
Pan Asian Conference
Singapore

31 March-1 April 2008

Credit Suisse
CSFB Asian Investment
Conference
Hong Kong

25-26 March 2008

Macquarie
Invest Malaysia 2008
Kuala Lumpur

29-31 January 2008

JP Morgan
Malaysia Corporate Access
Day
*Singapore
Hong Kong*

17 January 2008

BNP Paribas Securities
(Singapore) Pte Ltd.
Mini Conferences and
Corporate Days 2008
Singapore

14-17 January 2008

CLSA
Asia Investors' Forum
Las Vegas

8-11 January 2008

Merrill Lynch
Merrill Lynch Conference
*London
New York*

2007

19-20 November 2007

CLSA
Asean Forum
Bangkok

17-18 September 2007

CLSA
Investors Forum
Hong Kong

3-7 September 2007

Merrill Lynch
Non Deal Road Show
*London
Boston
New York
San Francisco*

15 August 2007

Citigroup
Global Markets Asean Mini
Conference
Singapore

1 August 2007

CIMB
Malaysia Corporate day
2007
Kuala Lumpur

4-6 July 2007

Macquarie
Securities Financials
Conference
*Hong Kong
Singapore*

5-7 June 2007

Merrill Lynch
Global Emerging Markets
One on One Investor Forum
California

9-11 May 2007

Merrill Lynch
Pan Asia Rising Stars
Singapore

7-8 May 2007

Macquarie
Malaysia Corporate
Roadshow
Sydney, Australia

23 April 2007

Citigroup
AMMB Non Deal Roadshow
Kuala Lumpur

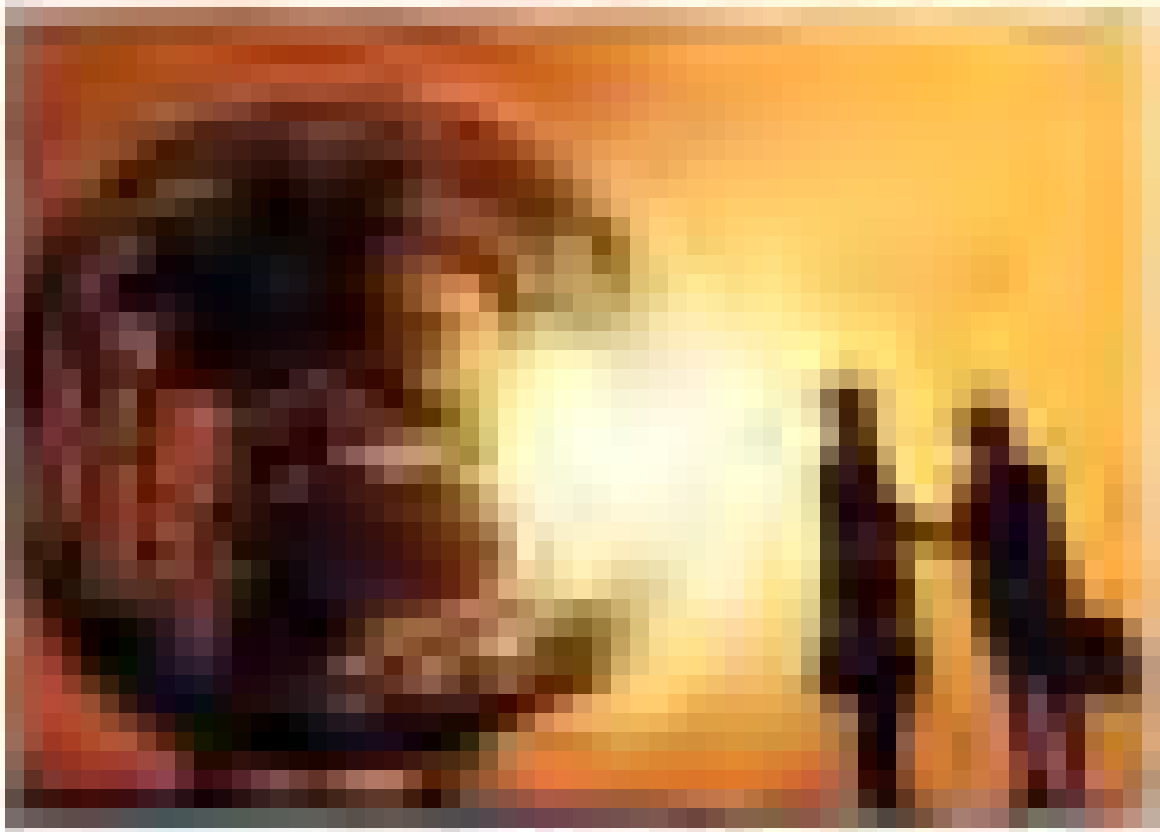
16-17 April 2007

Merrill Lynch
AMMB Non Deal Roadshow
Hong Kong

9-10 April 2007

Citigroup
AMMB Non Deal Roadshow
Singapore

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STATEMENT ON INTERNAL CONTROL

Responsibility

The Board of Directors (Board) is responsible for the Group's system of internal controls and for reviewing its adequacy and integrity. The Board has instituted an ongoing process for identifying, evaluating and managing the significant risks faced by the Group throughout the financial year under review. This process is regularly reviewed by the Board and accords with the guidance on internal control, Statement on Internal Control - Guidance for Directors of Public Listed Companies.

In establishing and reviewing the system of internal controls, the Directors have considered the materiality of relevant risks, the likelihood of losses being incurred and the cost of control. Accordingly, the purpose of the system of internal controls is to manage rather than eliminate the risk of failure to achieve the policies and objectives of the Group and can only provide reasonable but not absolute assurance against risk of material misstatement or losses.

The management assists the Board in the implementation of the Board's policies on risk and control by identifying and evaluating the risks faced by the Group for consideration by the Board and design, operate and monitor the system of internal controls.

The Board is of the view that the system of internal controls in place for the year under review is sound and sufficient to safeguard shareholders' investment and the Group's assets.

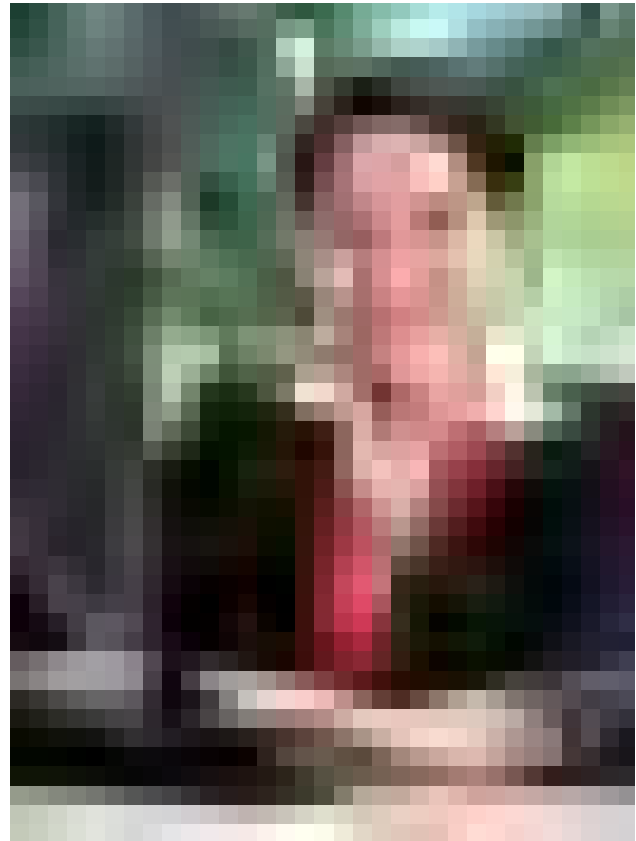


Internal Control Environment And Key Processes

The Group has adopted a coordinated and formalised approach to internal control and risk management, which includes the following:

- The Board has established Risk Management Committee of Directors (RMCD) to assist in the oversight of overall risk management structure. To further support the RMCD, Executive Risk Management Committees (ERMC) have been set up to manage specific areas of risk for the Group. ERMC comprises Market & Funding Risk Management Committee, Joint Credit, Strategic & Capital Risk Management Committee and Operational & Legal Risk Committee. Both RMCD and ERMC meet periodically to review, deliberate and address risk issues.
- Risk management principles, policies, practices, methodologies and procedures are made available to staff in the Group. These are regularly updated to ensure they remain relevant and in compliance with regulatory requirements. The policies, methodologies and procedures are enhanced whenever required to meet the changes in operating environment and/or for continuous improvement in risk management.
- Organisation structure is designed to clearly define the accountability, reporting lines and approving authorities to build an appropriate system of checks and balances, corresponding to the business and operations activities needs. This includes the empowerment and setting of authority limits for proper segregation of duties.
- The Audit and Examination Committees (AECs) of the Company and its major subsidiaries assist the Board to evaluate the adequacy and effectiveness of the Group's internal controls systems. The AECs review the Group's financial statements, and reports issued by Group Internal Audit, the external auditors and regulatory authorities and follow-up on corrective action taken to address issues raised in the reports.

- Group Internal Audit conducts independent risk-based audits and provides assurance that the design and operation of the risk and control framework across the Group is effective. The AECs review the work of Group Internal Audit, including reviewing its audit plans, progress and reports issued.
- The Group's focus is on achieving sustainable and profitable growth within its risk management framework. Annual business plans and budgets are prepared by the Group's business divisions and submitted to the Board for approval.
- Actual performances are reviewed against the budget with explanation of major variances on a monthly basis, allowing for timely responses and corrective actions to be taken to mitigate risks.
- The Group emphasises on human resource development and training as it recognises the value of its staff in contributing to its growth. There are proper guidelines within the Group for staff recruitment, promotion and performance appraisals to promote a high performance culture by rewarding high performers and counselling poor performers. Structured talent management and training programmes are developed to ensure staff are adequately trained and competent in discharging their responsibilities and to identify future leaders for succession planning.
- A code of ethics has been formulated to protect and enhance the Group's reputation for honesty and integrity. The Code of Ethics is based on the following principles: observance of laws both in letter and in spirit; upholding the reputation of integrity throughout the organisation; avoiding possible conflicts of interest; ensuring completeness and accuracy of relevant records; ensuring fair and equitable treatment of all customers; avoiding misuse of position and information; ensuring confidentiality of information and transactions.



- The Group has established functions to ensure compliance with the relevant laws and regulations. Compliance systems have been implemented that enable regular self-assessment by staff and reporting that provides management and Board with assurance that staff are aware and comply with regulatory requirements. A process is in place to standardise this practice across the AmBank Group. Compliance awareness training is conducted on a regular basis to ensure that staff keep abreast of banking, insurance, securities and anti-money laundering laws as well as other regulatory developments. The training programmes help staff develop their skills to address compliance issues as well as cultivate good corporate ethics.

COMPLIANCE WITH BURSA SECURITIES LISTING REQUIREMENTS

Other Bursa Malaysia Compliance Information

1. Share Buy-back

The Company has not purchased any of its own shares during FY2008 and the preceding financial year.

2. Material Contracts

There were no material contracts (not being a contract entered into in the ordinary course of business) entered into by the Group which involved directors and shareholders, either still subsisting at the end of the financial year or entered into since the end of the previous financial year.

3. American Depository Receipt (ADR) or Global Depository Receipt (GDR)

The Company has not sponsored any ADR or GDR programme for the financial year ended 31 March 2008.

4. Sanctions and/or Penalties

There were no sanctions and/or penalties imposed on the Company, directors or management by the relevant regulatory bodies during the financial year.

5. Profit Guarantees

During the financial year, there were no profit guarantees given by the Company.

6. Revaluation Policy

The Group has not revalued its landed properties and therefore has not adopted any revaluation policy at the date of this report.

7. Utilisation of Proceeds Raised from Corporate Proposals

The fund raising exercises undertaken by the Company and its subsidiaries are as follows:

- (a) On 15 January 2008, the Company completed a renounceable rights issue exercise and issued 295,972,939 new ordinary shares at an issue price of RM3.40 per share. The proceeds were utilised as follows:

Description	Utilisation (RM'000)
To part finance the privatisation of AmInvestment Group Berhad	996,588
Payment of issuance expenses	9,720
Total proceeds	1,006,308

- (b) AmBank (M) Berhad ("AmBank") has issued six (6) tranches of Medium Term Notes amounting to RM1,460 million under a RM2.0 billion nominal value Medium Term Note Programme. The proceeds were and/or will be utilised by AmBank as follows:

Description	Utilisation (RM'000)
Working capital	799,721
To refinance existing subordinated bonds / loans	660,000
Payment of issuance expenses	279
Total proceeds	1,460,000

8. Options, Warrants or Convertible Securities

As at 31 March 2008, there were no options or warrants outstanding. However, the following convertible securities were outstanding:

- (i) RM575 million nominal value 10 year unsecured Exchangeable Bonds issued by AmBank on 18 May 2007, which are exchangeable into 194,915,254 new ordinary shares of the Company, to ANZ Funds Pty Ltd at an exchange price of RM2.95 per share.

9. Variation in Results

There was no profit forecast, projection or unaudited results made or announced for the financial year ended 31 March 2008.

10. Recurrent Related Party Transactions of a Revenue or Trading Nature

Pursuant to paragraph 10.09(1)(b), Part E, Chapter 10 of the Listing Requirements of Bursa Malaysia, the details of the recurrent related party transactions conducted in financial year ended 31 March 2008 pursuant to the Shareholders' Mandate is given in Table 1.

The Transacting Parties for all the Related Parties comprise the Company and its subsidiaries.

Table 1: Details of Recurrent Related Party Transactions Conducted in Financial Year Ended 31 March 2008 Pursuant to Shareholders' Mandate

Related Parties	Nature of Transaction	Actual Value (RM'000)	Relationship with the Company
MCM Consulting Sdn Bhd	Purchase of software and hardware and provision of IT related services ¹ including provision of lighting hardware	18,598	Companies in which a Director and/or major shareholder were deemed to have an interest
MCM Systems Sdn Bhd			
MCM Horizon Sdn Bhd			
MCM Wireless Sdn Bhd	Revenue sharing of income from sale of Telekom Malaysia's calling card airtime through AmBank's e-channel distribution platform	25	
Harpers Travel (M) Sdn Bhd	Provision of airline ticketing services	2,476	
Restoran Seri Melayu Sdn Bhd	Provision of restaurant and hospitality services	182	
AM Blue Star Sdn Bhd	Provision of air conditioning maintenance services	200	
Unigaya Protection System Sdn Bhd	Provision of security services including armed and unarmed guard services and security for cash in transit	219	
Modular Corp (M) Sdn Bhd	Provision of electronic card technologies and services	1,691	
Australia and New Zealand Banking Group Limited ("ANZ")	Provision of technical services ²	- *	

Notes:

- IT consultancy related services consist of, but are not limited to, the following services:
 - Design, development and customisation of software;
 - Integration, installation, implementation, testing and commissioning of the software in the designated systems;
 - Provision of maintenance services and upgrades to the existing mainframe related applications and systems;
 - Development, optimisation and implementation of the website; and
 - Provision of project management services.
 - Technical services in relation to retail, business and other banking and financial services, and the operations of a banking business, consisting primarily of project based services, the provision of staff (other than Management Services) and training and knowledge transfer services.
- * The provision of staff from ANZ to AmBank are on contract secondment basis (6 to 24 months) and are employed and paid as an AmBank employee or if ANZ secondment is on a project basis for a period of 6 months or less, AmBank bears the cost of ANZ staff's travelling, accommodation and allowances. There has been no direct payment to ANZ for the provision of technical services for the financial year ended 31 March 2008.

RISK MANAGEMENT

APPROACH

Strategic Risk

The strategic risk at the Bank's corporate level is the risk of not achieving the Bank's corporate strategic goals. The Bank's goals correspond with the Group's overall strategic planning to reflect the Group's vision and mission, taking into consideration the Bank's internal capabilities and its external factors.

The issue of strategic risk is addressed by having the Board's involvement in setting strategic goals. In this regard, the Board is regularly updated on matters affecting corporate strategy implementation and corporate projects/transactions. There is also formal due diligence and verification process, including taxation, legal, finance, treasury and regulatory sign-offs as well as execution of confidentiality agreements in respect of corporate proposals. The implementation of these projects is undertaken through the establishment of a project management office and steering committees with prompt resolution of implementation issues, reporting and tracking of the projects.

Capital Risk

The Bank has established a working group to oversee its capital adequacy position to ensure compliance with the requirements of BNM and to take prompt action to address projected or actual capital deficiency.

The Bank monitors its capital adequacy position to ensure compliance with the requirement of BNM and to take prompt action to address projected or actual capital deficiency. The capital position is reviewed on a quarterly basis, taking into account the levels and trend of material risks, the assumptions used in the capital assessment measurement system, sufficiency of capital amount against the various risks and its compliance with established adequacy goals as well as future capital requirement based on the Bank's reported risk profile.

Market Risk Management

Market Risk is defined as the potential loss arising from changes in interest rates, foreign exchange rates, credit spreads, equity prices and commodity prices. These changes can affect the value of financial instruments and may also affect customer-flow-related revenues and proprietary trading revenues.

The main objectives of Market Risk Management is to ensure that losses from market risk can be promptly arrested without incurring a potential loss that is beyond the Bank's risk appetite. This is done by assuming an appropriate equilibrium between risks taken and returns earned to ensure returns to shareholders are optimised.

The Bank manages market risk using two approaches; the first being under normal market circumstances where the benchmark standard used is Profits-at-Risk. Profits-at-Risk comprises Value-at-Risk (VaR) and loss limit thresholds. VaR is a statistical measure of the potential loss that the Bank may experience arising from adverse movements under normal market circumstances. The loss limit thresholds are in place to trigger management discussion on appropriate mitigation measures to be taken once certain levels of losses are reached.

The second approach employs the benchmark standard of Capital-at-Risk to ensure that the Bank is able to absorb unanticipated market movement based on historical shock scenarios.

To complement the VaR, the Bank has a set of scenario analyse that serve as indicators of the change in portfolio value under various potential market conditions such as shifts in currency rates, general equity prices, interest rates, and yield curve shifts.

Risk thresholds are approved by the Board. These risk thresholds, structure align specific risk-taking activities with the overall risk appetite of the Bank and of its individual business units.

All business units are expected to maintain their exposures within assigned risk thresholds. In the event risk thresholds are exceeded, business units are required to reduce their exposure immediately to a level within the risk threshold. Where this is not possible, senior management is consulted on the appropriate measures to address the exposure. Together, these controls reduce the likelihood that trading losses will exceed the risk appetite of the Bank.

Market Risk Management Process

Identification	<ul style="list-style-type: none"> Identify market risks within existing and new products. Review market-related information e.g. market trend, economic data, etc.
Assessment/ Measurement	<ul style="list-style-type: none"> Value-at-Risk (VaR). Profit-at-Risk. Capital-at-Risk.
Control/ Mitigation	<ul style="list-style-type: none"> Establish market risk limits e.g. loss limits, VaR and sensitivity limits. Set against business profitability budget and align with the risk appetite approved by the Board.
Monitoring/ Review	<ul style="list-style-type: none"> Monitoring of limits. Periodical review and reporting.

Funding Risk Management

Funding risk is the risk that the Bank will not be able to fund its day-to-day operations at a reasonable cost. Liquidity could be affected by inability to access long term or short term deposits, repurchase or security-lending markets or draw under credit facilities, whether due to factors specific to us or to general market conditions. In addition, the amount and timing of uncertain events, such as unfunded commitments and contingencies, could adversely affect cash requirements and liquidity.

Our access to deposits and funding markets is dependent on our credit ratings. A downgrading in our credit ratings could adversely affect our access to liquidity, as well as our competitive position, and could increase the cost of funding.

The primary objective of funding risk management framework is to ensure the availability of sufficient funds at a reasonable cost to honour all financial commitments as they fall due under normal market condition and on contingency basis. It also ensures optimal funding structure and balances the key funding risk management objectives, which include diversification of funding sources, customer base, and maturity periods.

The measures utilised for funding risk management are varied and range from daily to monthly monitoring and reporting. These include weekly cash flows, monitoring of depositors and relevant key ratios and monthly reporting to the ERM on the measures as well as breaches of limits, if any. Scenario testing is performed to assess the adequacy of liquidity to meet obligations due under stressed levels.

Funding Risk Management Process

Identification	<ul style="list-style-type: none"> Cash flow maturity mismatch and behavioural maturity of depositors. Unusual large deposits and/or withdrawals.
Assessment/ Measurement	<ul style="list-style-type: none"> Analyse cash flow maturity mismatch and concentration of large depositors. Funding risk-related ratios, scenario analysis and stress testing.
Control/ Mitigation	<ul style="list-style-type: none"> Setting limits and triggers. Maintenance of adequate cash and liquefiable assets. Diversification and stabilisation of liabilities and/or funding structure.
Monitoring/ Review	<ul style="list-style-type: none"> Periodical review and reporting.

RISK MANAGEMENT APPROACH

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 from lending, securities and derivative exposures.

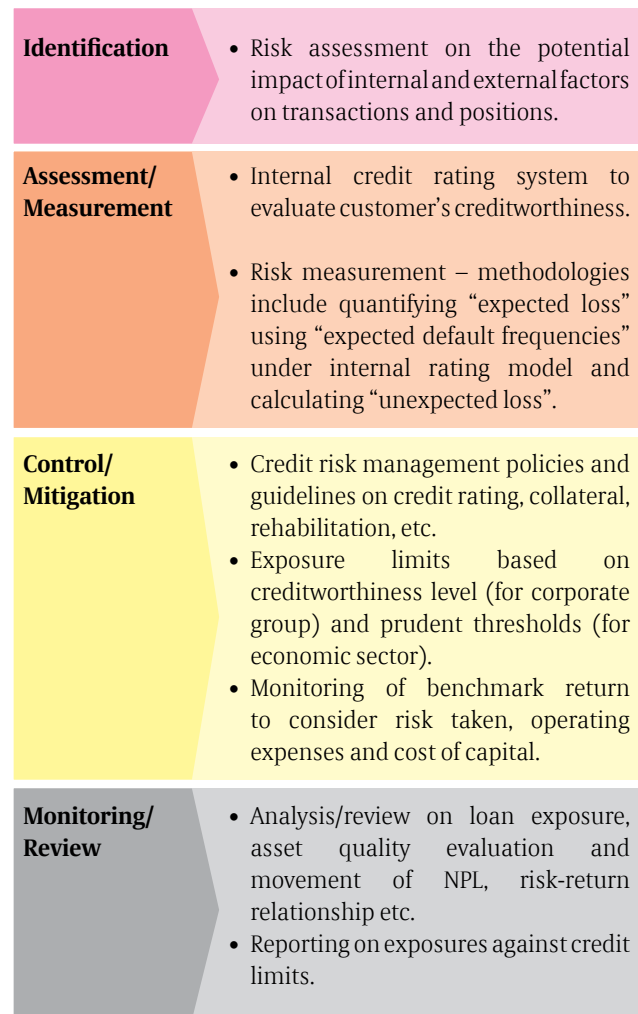
The primary objective of credit risk management framework is to ensure that exposure to credit risk is always kept within the Bank's capability and financial capacity to withstand potential future losses. Lending activities are guided by internal credit policies and guidelines that are approved by the Board or risk committees. 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 credits, risk measurement begins with an assessment of the financial standing of the borrower or counterparty using an internally developed credit rating model. The model consists of quantitative and qualitative scores that are then translated into a rating grade, ranging from 'AAA' (lowest risk) to 'C' (highest risk). The credit analysis not only highlights the key credit issues that need to be mitigated, but also reflects the overall level of risk for each new borrower. The assigned credit rating forms a crucial part of the credit analysis undertaken for each of the Bank's credit exposures.

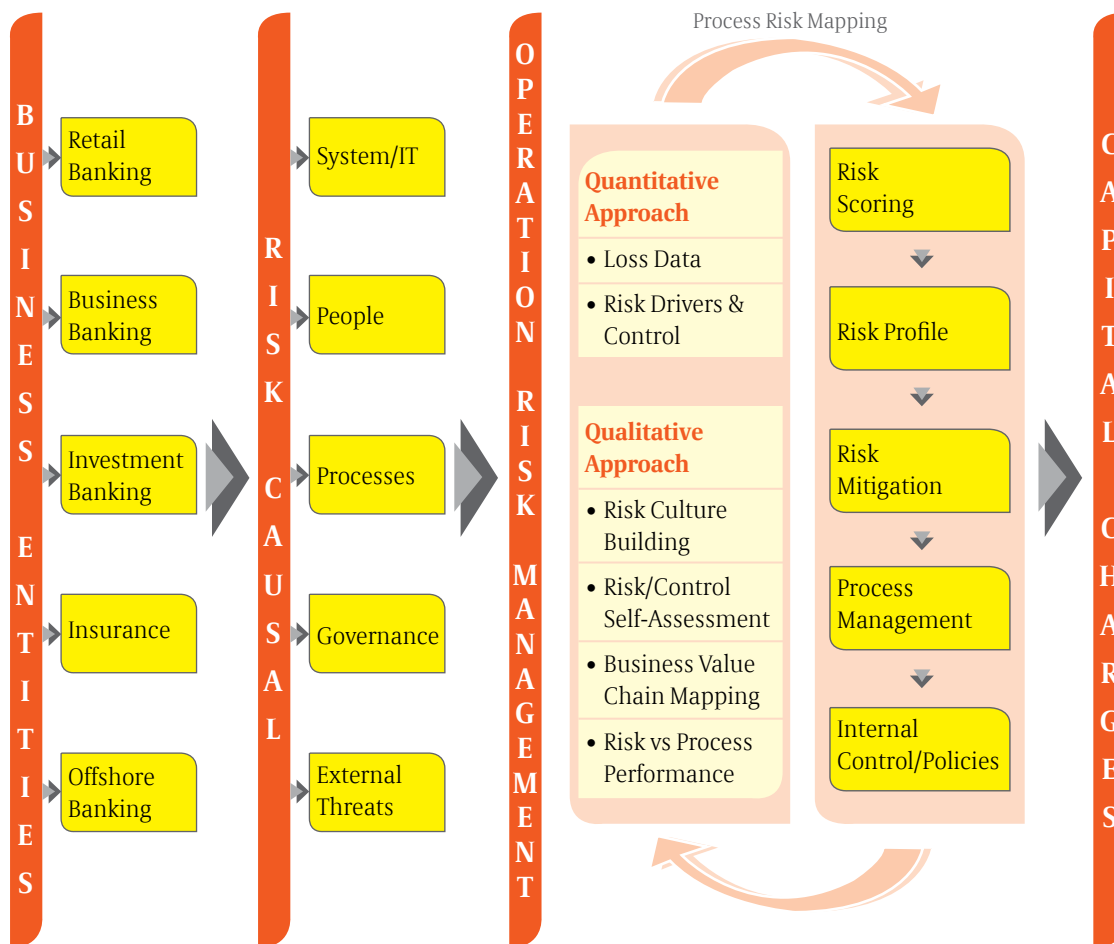
Credit portfolio management strategies designed to achieve a desired ideal portfolio risk tolerance level and sector distribution also govern the direction of lending. These portfolio management strategies include minimum credit rating targets for new facilities, a more aggressive approach towards reducing existing high-risk exposures and exposures to certain sectors.

For retail credits, credit-scoring systems are being used to complement the credit assessment process and to arrive at credit decisions. Moving forward, the Bank is in the midst of developing behavioural scoring system to better review the credit profile of existing customers and in formulating appropriate collection strategies.

Credit Risk Management Process



Operational Risk Management Approach



Operational Risk Management

Operational risk is the risk arising from inadequate or failed internal processes, people and systems or from external events on the Bank's day-to-day operations that are executed to attain its business objectives, which restrict or prevent such objectives from being achieved.

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

The primary responsibility for managing operational risk rests with each operating department. Nevertheless, the execution of risk management methodology is supported and guided by the Risk Management Department whose function is to define minimum standards, policies and methodologies, monitor compliance, and identify as well as report on Bank-wide risk exposures. The operating departments are responsible for assessing their operational risks and review controls instituted periodically to ensure that the measures introduced continue to be relevant and appropriate.

RISK MANAGEMENT APPROACH

Operational Risk Management Process

Identification	<ul style="list-style-type: none"> Analyse key processes. Risk self-assessment and review reported incident.
Assessment/ Measurement	<ul style="list-style-type: none"> Five risk causal platform (people, process, governance, IT & external) and risk events. Risk scorecard and loss data.
Control/ Mitigation	<ul style="list-style-type: none"> Policies and integration of related controls into processes/procedures addressing the specific operational risk. Contingency planning.
Monitoring/ Review	<ul style="list-style-type: none"> Review on business/support operating unit and independent validation by internal audit. Review feedback from internal reporting. Periodical reporting on loss incidents and major risk issues.

Business Continuity

Our Business Continuity Management (BCM) Process, which is an integral part of operational risk management, places importance on ensuring that the required BCM framework is in place to identify events that could potentially threaten the Group's operations and to build resilience and capability to safeguard the interests of its brand and reputation. The BCM process complements the efforts of the disaster recovery team, to ensure that the Group has the required critical capabilities and resources, such as systems, work space and premises, communications, in a business continuity facility for the more critical business operations like Treasury and IT.

Legal and Regulatory Risk Management

The Group is subject to a comprehensive range of legal obligations in all countries in which it operates. Legal risks arise from potential breaches of applicable laws and regulatory requirements, unenforceability of contracts, lawsuits, or adverse judgment which may lead to the incurrence of losses, disrupt or otherwise resulting in financial and reputation risks. Legal risk is managed by internal legal counsel as well as the Operational & Legal Risk Management Committee, and, where necessary, in consultation with external legal counsel to ensure that such risk is minimised.

A proactive regulatory risk monitoring and control process is essential for any financial group to provide assurance that its products and services are offered in a manner consistent with regulatory requirements and industry best practices. Compliance Units within the Group undertake the task by ensuring that appropriate measures are introduced and applied accordingly, whilst inculcating a compliance culture across all levels of staff. Amongst the measures introduced are monitoring and reporting, training, providing advice and disseminating information. A process is in place to standardise compliance practices across the AmBank Group.

The compliance monitoring and reporting system is essentially a mechanism through which businesses monitor the compliance to rules and regulations as well as provide monthly, quarterly and exception reporting that is carried out in-line. This reaffirms our commitment to a centralised compliance infrastructure that embraces regular self-assessment by staff, thus providing management the assurance that staff are aware and comply with regulatory requirements.

Compliance awareness training is conducted on a regular basis to ensure that staff keep abreast of banking, insurance, securities and anti-money laundering laws as well as other regulatory developments. The training programmes help staff develop their skills to identify compliance issues as well as cultivate good corporate ethics.

Group Compliance also provides advice on regulatory matters and measures to be implemented by the Group to facilitate compliance with rules and regulations. To further promote understanding, the Unit facilitates briefings, disseminates information and leads coordination efforts.

The Compliance Repository, an online resource tool, continues to provide staff with easy access to rules and regulations through various search modes.

Reputational Risk

We recognise that maintaining our reputation among clients, investors, regulators and the general public is an important aspect of minimising legal and operational risk. Maintaining our reputation depends on a large number of factors, including the selection of our clients and the conduct of our business activities. We seek to maintain our reputation by screening potential clients and by conducting our business activities in accordance with high ethical standards and regulatory requirements.

The Bank has implemented a Product Approval Programme to ensure that all risks inherent in new products/financing packages and related business activities are identified, and measures to minimise these risks are put in place, before the launch of the products. All new products require the sign-off of the respective risk control units, including Risk Management, Legal, Finance and the Internal Audit as well as the Risk Management Committee/Board.

BASEL II

The Basel Committee on Banking Supervision has published a new framework on capital adequacy, commonly known as "Basel II" replacing Basel I with a more risk-sensitive set of new requirements. This integrated framework is structured around three pillars, i.e. minimum capital requirements, supervisory review process and market discipline, with the objective to promote safety and soundness in the financial system and to have a more comprehensive approach in addressing risks.

Based on this framework, the Islamic Financial Services Board has also issued the Capital Adequacy Standard (CAS) for institutions (other than insurance) offering only Islamic financial services with the necessary modifications and adaptations, to cater for the characteristics of Shariah-compliant products and services being offered.

For the recent financial year, Bank Negara Malaysia (BNM) has issued the following guidelines with respect to pillar one (minimum capital requirement):

- i. Risk Weighted Capital Adequacy Framework;
This guideline is applicable to banking institutions governed under the Banking and Financial Institutions Act 1989 (BAFIA) both at entity and consolidated basis. It includes capital treatment for Islamic banking activities undertaken by the banking institutions under Islamic windows.
- ii. Capital Adequacy Framework for Islamic Banks licensed under Islamic Banking Act 1983 (IBA).

Basel II Implementation for AmBank Group

Credit Risk

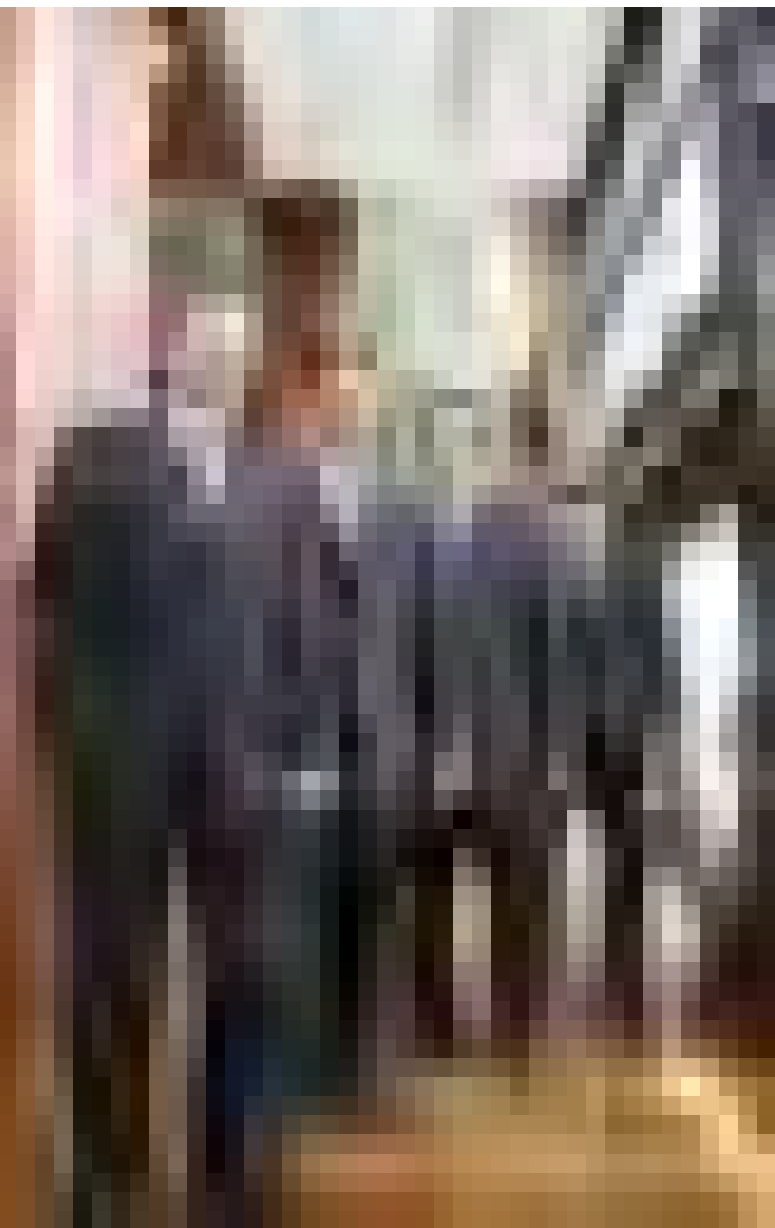
In achieving towards improved risk management practices and techniques, the Group has in January 2008 successfully implemented Basel II Standardised Approach. The Group adopts the comprehensive approach in recognising collateral and guarantee obtained as risk mitigants to reduce credit exposures in computing the regulatory capital.

Operational Risk

For operational risk, the Group applies the Basic Indicator Approach for risk-weighted capital charge and is currently working towards the implementation of The Standardised Approach. Pursuant to this, relevant new policies are developed while existing ones are enhanced accordingly. The Group has also reached the final phase in procuring an appropriate operational risk management system. This system would support a robust operational risk management and will enable the Group to meet further advances in Basel II requirements. It also enables the Group to proactively monitor operational risk through the modules of loss incidents, key risk indicators, and risk and control self assessment.

BUSINESS OPERATIONS REVIEW

The Group's efforts over the last three years to simplify its structure in order to align business activities are now translating into better service to customers, increased business volumes and improved profitability.



During the year, the Group's business activities were mainly concentrated in providing an extensive range of financial services and innovative products, both conventional and Islamic, in these five main areas:

- **Investment Banking**
We continued to enhance corporate and investment banking services for the Group's corporate and institutional clients, by continuing our track record of leadership in providing a wide range of high quality tailored services, including treasury, capital markets, corporate advisory and structured finance solutions.
- **Business Banking**
We made substantial headway during the year in managing the needs of the Small and Medium Enterprises (SMEs) by providing a full range of working capital financing and transactional services.
- **Retail Banking**
We continued to gain and retain customers, and grow a greater "wallet share" through expanded and improved customer service, by offering greater convenience and accessibility through our branch network and alternative delivery channels. The performance of Retail Banking was characterised by excellent loans growth and increased market share in key products.
- **Islamic Banking**
We posted remarkable growth during the year and also clinched major accolades as we capitalised on the growing demand for Islamic financial services. We also introduced award-winning global products.
- **Insurance**
We focused on improvements in customer service to realise the benefits of the bancassurance arrangements with AmBank, in efforts to build scale and consolidate our market share.



Investment Banking Group

Malaysian Businesses

Investment Banking

Following the privatisation of the Group’s investment banking arm, AIGB, the Group’s investment banking business under AmInvestment Bank is now well-positioned to leverage on the balance sheet strength of the total AmBank Group to provide lending and underwriting firepower to secure sizeable investment banking transactions.

With the completion of the strategic partnership between the AmBank Group and ANZ, the investment banking arm’s capabilities to support its large corporate client groups with total financial solutions covering the local and regional footprints have also been enhanced.

The Investment Banking Division strives to provide a wide array of distinctive and “best-in-class” integrated financial solutions on a comprehensive basis to its target clients.

In spearheading the origination initiatives of the Group to secure investment banking mandates, this division primarily focuses on building and developing strong relationships with Government-linked Corporations (GLCs), conglomerates, Main Board corporations listed on Bursa Malaysia, large corporates (listed and unlisted), and other government and state-owned entities which require the full range of investment banking solutions, be it debt, equity or hybrid products.

To achieve its objectives, the division is staffed with dedicated Investment Banking Teams to cover large clientele groups based in Kuala Lumpur and the Klang Valley, and it is further supported by the Heads of the AmBank Group’s four Regional Business Centres (RBCs) in East and West Malaysia. They are responsible for interfacing with the targeted clientele groups and servicing their specific needs for any products and services within the wide spectrum of financial solutions offered by the Group.

The respective Teams play a pivotal role in identifying and securing capital market deal opportunities for the Group. They act as ‘deal drivers’ and work very closely with the various specialized product groups residing within the investment banking and commercial banking arms to structure value-added financial solutions for our clients.

By providing seamless fusion between each product specialist team in the Group in delivering superior financial solutions to our clients, this division has successfully secured significant investment banking mandates, propelling us to the forefront of market leaderboard positions in both the Debt and Equity League Tables as evidenced by the numerous industry awards and accolades won by AmInvestment Bank.

Corporate Finance

As one of the country’s leading Corporate Finance unit, the Bank’s Corporate Finance division is at the forefront in providing our clients with the broadest possible range of innovative business and financial solutions in meeting their corporate, capital and investment objectives.

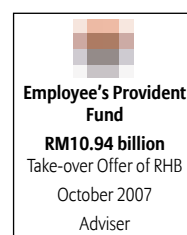
Our Corporate Finance division provides a full spectrum of equity capital raising and corporate advisory services to corporate clients, governments and financial intermediaries. Our experience, coupled with our unique understanding of the local business and regulatory environment, allows us to foster our exceptional capacity to consistently deliver qualified advice, execution and distribution services.

The Bank is the market leader in IPOs across the three Boards (Main, Second and MESDAQ), based on the most number of listings advised (a total of 223 IPOs) since our establishment, garnering 22% share. From April 2007 to March 2008, the bank secured 17% of the market share for IPOs, raising RM222 million from both the Main and Second Board listings. We lead the market in terms of number of issues advised in the equity and equity-linked market with a market share of 27.9% during the period.

In addition, the Bank listed 2 out of 6 issues (33%) on the Labuan International Financial Exchange (“LFX”), raising USD1.6 billion in 2007 and also the most number of issues (13 issues or 41%) since the launch of LFX.

As testament of our success, the Bank was named as the “Best Equity House” in Malaysia in FinanceAsia’s Country Awards for Achievement in 2007.

Some of our more prominent deals were:



- Adviser to Employees Provident Fund (“EPF”) for the take-over offer of Rashid Hussain Bhd (“RHB”) and RHB Capital Bhd with a deal size of RM10.9 billion. On our advice on structuring the deal, EPF successfully beat two (2) rival bidders to acquire RHB in EPF’s second attempt to acquire RHB.

Investment Banking



- Adviser to Kumpulan Sime Darby Bhd, Sime UEP Properties Bhd, and Sime Engineering Services Bhd in relation to the landmark Synergy Drive Berhad's merger exercise with a combined deal value of RM18.7 billion. The transaction is the largest corporate merger exercise in Malaysia as well as South East Asia and created the largest listed oil palm plantation group in the world, with significant presence in both the upstream and downstream sectors.



- Adviser to PPB Group Berhad ("PPB") on the disposal of shares in PPB Oil Palms Berhad, PGEO Group Sdn Bhd and Kuok Oils & Grains Pte Ltd to Wilmar International Limited. The deal, a cross border merger involving two jurisdictions (Malaysia and Singapore), was valued at RM8 billion and created one of Asia's largest integrated agribusiness group carrying the entire value chain of the palm oil business.



- Principal adviser to both AMMB Holdings Berhad ("AMMB") and AmBank (M) Berhad ("AmBank") for the strategic investment by Australia and New Zealand Banking Group Ltd ("ANZ"), an established banking group, in AMMB. The investment of RM2.37 billion (AUD833 million) was the largest investment by ANZ in Asia to date.



- Principal adviser to AmInvestment Group Berhad ("AIGB") for the privatisation of AIGB by AMMB via a Scheme of Arrangement ("SOA") and capital reduction exercise valued at RM2.4 billion. The bank was also the principal adviser for the rights issue by AMMB with an issue size of over RM1 billion, which was undertaken in conjunction with the SOA.



- Adviser to FBM30etf, Malaysia's first Equity Exchange Traded Fund ("ETF") in July 2007, which has an initial authorised fund size of 500 million units and raised RM81.6 million.



- Adviser to UMW Holdings Berhad ("UMW Holdings") on Malaysian regulatory matters with regard to the public offering of American Depository Shares ("ADS") by WSP Holdings Limited, a former subsidiary of UMW Holdings. The initial public offering of 25,000,000 ADS represents 25% of the enlarged issued and paid-up share capital of WSP Holdings immediately after the completion of the listing of ADS. Based on the public offering price of USD8.50 per ADS and using the ADS as proxies for the remaining ordinary shares in WSP Holdings not already listed, the market value of WSP Holdings is USD874.6 million (or approximately RM2.92 billion) upon completion of the listing exercise.

With a track record as an innovative advisory partner with superior execution and distribution capabilities, the Bank expects to continue its established reputation of being a market leader in the provision of corporate finance and advisory services. This is despite the increasingly challenging operating environment and turbulent investor sentiment on the back of possible slowdown in the global economy.

Moving forward, the bank is involved in the listing of a number of large market capitalisation companies involved in various sectors of the economy such as the oil and gas, plantation and shipping industries. In line with the Government's recent efforts to further liberalise the equity and equity-linked markets, we will proactively monitor the evolving customer requirements and aggressively embrace opportunities and trends.

OTHER SIGNIFICANT CORPORATE FINANCE TRANSACTIONS COMPLETED IN 2007–2008

<p>FBM 30 ETF</p> <p>Malaysia's First Exchange Traded Fund</p> <p>IPO Market Capitalisation: RM81.6 million</p> <p>June 2007 Adviser</p>	<p> TASCO Trans-Asia Shipping Corporation Berhad</p> <p>IPO Market Capitalisation: RM110.0 million</p> <p>December 2007 Adviser, Managing Underwriter & Placement Agent</p>	<p> SLP Resources Berhad</p> <p>IPO Market Capitalisation: RM97.5 million</p> <p>March 2007 Adviser, Managing Underwriter & Placement Agent</p>	<p> Dayang Enterprise Holdings Berhad</p> <p>IPO Market Capitalisation: RM510.4 million</p> <p>April 2008 Adviser, Managing Underwriter & Placement Agent</p>	<p> Luxchem Corporation Berhad</p> <p>IPO Market Capitalisation: RM143.0 million</p> <p>June 2008 Adviser, Managing Underwriter & Placement Agent</p>
<p> Sarawak Oil Palms Berhad</p> <p>RM112.3 million</p> <p>Renounceable Rights Issue</p> <p>April 2008 Adviser</p>	<p> Matrix International Berhad</p> <p>RM207.0 million</p> <p>Renounceable Two-Call Rights Issue</p> <p>March 2008 Adviser</p>	<p> AZRB AHMAD ZAKI RESOURCES BERHAD</p> <p>RM69.0 million</p> <p>Renounceable Two-call Rights Issue</p> <p>February 2008 Adviser</p>	<p> IOI GROUP</p> <p>IOI Corporation Berhad</p> <p>RM44.8 million</p> <p>Special Issue</p> <p>June 2007 Adviser</p>	<p> Hektar REIT</p> <p>RM104.5 million</p> <p>Private Placement</p> <p>June 2007 Adviser</p>
<p> YNH Property Berhad</p> <p>RM117.7 million</p> <p>Private Placement</p> <p>June 2007 Adviser</p>	<p> PPB Oil Palms Berhad</p> <p>RM232.0 million</p> <p>Secondary Placement</p> <p>June 2007 Placement Agent</p>	<p> MRCB Resources For Growth</p> <p>Malaysian Resources Corporation Berhad</p> <p>RM132.2 million</p> <p>Private Placement</p> <p>May 2007 Adviser</p>	<p> AmBank</p> <p>AmBank (M) Berhad</p> <p>RM575.0 million</p> <p>Exchangeable Bonds</p> <p>April 2007 Adviser</p>	<p> E & O Property Berhad</p> <p>RM92.2 million</p> <p>Private Placement</p> <p>April 2007 Adviser</p>
<p> Ramunia Holdings Berhad</p> <p>RM3.2 billion</p> <p>Reverse Take-over Exercise</p> <p>May 2008 Independent Adviser</p>	<p> TIME dotCom Berhad</p> <p>RM654.5 million</p> <p>Proposed Alliance with DiGi.com Berhad and transfer of 3G spectrum</p> <p>May 2008 Adviser</p>	<p> PACIFICMAS BERHAD</p> <p>PacificMas Berhad</p> <p>RM735.0 million</p> <p>Conditional Take-over Offer by OCBC Capital (Malaysia) Sdn Bhd</p> <p>April 2008 Independent Adviser</p>	<p> DRB-HICOM</p> <p>DRB-HICOM Berhad</p> <p>RM720.0 million</p> <p>Acquisition of Rangkai Positif Sdn Bhd</p> <p>Pending Completion Independent Adviser</p>	<p> PNB</p> <p>Permodalan Nasional Berhad</p> <p>RM909.6 million</p> <p>Take-over Offer for Petaling Garden Shares</p> <p>June 2007 Adviser</p>
<p> PNB</p> <p>Permodalan Nasional Berhad</p> <p>RM1.48 billion</p> <p>Voluntary Take-over Offer and the Subsequent Compulsory Acquisition and Delisting of MIDF</p> <p>October 2007 Adviser</p>	<p> Utama Banking Group Berhad</p> <p>RM2.3 billion</p> <p>Disposal of Investment in RHB</p> <p>May 2007 Adviser</p>	<p> rb</p> <p>Road Builder Holdings (M) Berhad</p> <p>RM1.48 billion</p> <p>Conditional Take-over Offer of Road Builder by IJM Corporation Berhad</p> <p>March 2007 Adviser</p>	<p> UBG</p> <p>Majestic Masterpiece and UBG Berhad</p> <p>RM2.2 billion</p> <p>Contemporaneous Take-over of UBG Berhad, Putrajaya Perdana Berhad and Loh & Loh Corporation Berhad</p> <p>Pending Completion Adviser</p>	<p> IJM</p> <p>IJM Corporation Berhad</p> <p>RM1.32 billion</p> <p>Proposed Disposals</p> <p>RM23.4 million Proposed Offer To Eligible Employees</p> <p>Pending Completion Adviser</p>

Investment Banking

Equity Capital Markets

The Equity Capital Markets oversees the Bank's distribution activities in the primary equity and equity-linked markets. It provides market intelligence support in the origination of primary market transactions and manages structuring, syndication, marketing and distribution. In addition, it also provides underwriting services for both IPO and follow on equity fund raising exercises and secondary placement. Our clients are primarily from Malaysia, Singapore and Indonesia that seek access to regional equity capital markets.

Debt Capital Markets

The Malaysian Debt Capital Markets has shown good growth over the past 5 years. The Malaysian local currency bond market is recognized by the Asian Development Bank as the 3rd fastest emerging market relative to other East Asian economies. As at 31 December 2007, total bonds outstanding in the Malaysian Debt Capital Markets make up a hefty 84.62% of the country's GDP amounting to RM557.05 billion, comprising 52.6% in public debt securities and 47.4% in private debt securities ("PDS"). The robust growth and resiliency of the Malaysian Debt Capital Markets over the years is largely driven by the steady expansion of the Malaysian economy and healthy investor appetite, with total PDS issued in 2007 amounting to a sizeable amount of RM69.36 billion, from RM38.89 billion in 2006.

AmInvestment Bank is one of the leading bond houses in Malaysia, specializing in providing innovative financing solutions including project financing, asset-backed securitization ("ABS"), mezzanine capital, and structured financing instruments in both local and foreign currencies. The team has shown a strong consistent track record in the Malaysian Debt Capital Markets, firmly residing in the top 3 positions of the Bloomberg, RAM and MARC league tables over the past 5 years and averaging over 15% market share of total PDS arranged annually. In addition, the team has continuously reaffirmed its status as a market leader and innovator of ABS.





For 2007, the Debt Capital Markets team posted yet another strong year completing 18 transactions, and raising nearly RM12.8 billion PDS across a diversified portfolio of debt instruments and issuers catering to a wide spectrum of industry sectors. The team has also remained the dominant securitization house in the Malaysian Debt Capital Markets, being responsible for lead arranging 5 of the 11 ABS transactions in 2007.

Our landmark transactions issued in 2007 include the following:












- Principal Adviser/Lead Arranger for the RM1.75 billion comprehensive debt and equity funding by Lebuhraya Kajang-Seremban Sdn Bhd. This transaction, which included the issue of RM1,418.0 million Sukuk Istisna' and RM290.0 million loan stock programme represented the largest Islamic greenfield toll project financing in 2007.
- Joint Lead Manager for the RM20.0 billion Islamic/Conventional Commercial Paper ("CP") Programme and RM40.0 billion Islamic/Conventional Medium Term Note ("MTN") Programme by Cagamas Berhad. This landmark transaction is the largest debt issuance programme established in Malaysia to date, signifying another key milestone in the Malaysian Debt Capital Markets.
- Joint Principal Adviser/Joint Lead Arranger/Joint Lead Manager for the RM2,410.0 million Residential Mortgage-Backed Securitization ("RMBS") by Cagamas MBS Berhad. This transaction represents the 5th issue by Cagamas MBS Berhad and is the largest Ringgit denominated RMBS in Malaysia to date.
- Joint Principal Adviser/Joint Lead Arranger/Joint Lead Manager for the RM1.5 billion nominal value ABS Programme by Tresor Assets Berhad which heralds the largest personal loans securitization in Malaysia for 2007.

Outlook of the Debt Capital Markets business in 2008 is impacted by the global credit and liquidity crisis. However, these external factors are mitigated by the strong liquidity in the Malaysian financial system which continues to be healthy at over RM330.4 billion as at 30 April 2008. With the continued strengthening of the Ringgit, we expect the local bond market to be well-supported. In addition, surplus liquidity in the local market represents strong potential for foreign issuers to tap the market with the proceeds swapped into USD via Cross Currency Swap. This further illustrates the high level of maturity of the Malaysian financial market.

ACCOLADES AND AWARDS WON IN 2007

 RAM RATINGS No. 2 on RAM Lead Managers' League Table 2007: By Issue Value	 MARC No. 2 on MARC Lead Managers' League Table 2007 – By Number of Issues (Conventional)
 RAM RATINGS No. 2 on RAM Lead Managers' League Table 2007: By Number of Issues	 MARC No. 3 on MARC Lead Managers' League Table 2007 – By Issued Value (Conventional)

SIGNIFICANT DEBT CAPITAL MARKETS TRANSACTIONS COMPLETED IN 2007–2008

 Sabah Development Bank Berhad RM500.0 Million CP Programme and RM1.0 Billion MTN Programme with aggregate outstanding CPs and/or MTNs not exceeding RM1.0 Billion April 2008 Joint Principal Adviser, Joint Lead Arranger and Joint Lead Manager	 Tanjung Offshore Berhad RM400.0 Million Islamic Medium Term Notes Programme March 2008 Principal Adviser, Lead Arranger and Lead Manager	 Al-'Aqar Capital Sdn Bhd RM300.0 Million Sukuk Ijarah Programme February 2008 Principal Adviser, Lead Arranger and Primary Subscriber	 GAMUDA Gamuda Berhad RM800.0 Million Islamic Commercial Papers Programme and Islamic Medium Term Notes Programme January 2008 Joint Principal Adviser, Joint Lead Arranger and Joint Lead Manager	Binariang GSM Sdn Bhd RM2.0 Billion Islamic Commercial Papers Programme and RM19.0 Billion Islamic MTN Programme December 2007 Joint Lead Manager
 Sabah Credit Corporation RM500.0 Million Commercial Papers / Medium Term Notes Programme September 2007 Joint Principal Adviser, Joint Lead Arranger and Joint Lead Manager	Tresor Assets Berhad RM1,500.0 Million Asset-Backed Securities Issuance Programme November 2007 Joint Principal Adviser, Joint Lead Arranger and Joint Lead Manager	 MISC Berhad RM2,500.0 Million Murabahah Medium Term Notes Programme September 2007 Joint Principal Adviser, Joint Lead Arranger and Joint Lead Manager	 Cagamas MBS Berhad RM2,410.0 Million Residential Mortgage-Backed Securitization Transaction August 2007 Joint Principal Adviser/Joint Lead Arranger/Joint Lead Manager	 Cagamas Berhad RM20.0 Billion Islamic/Conventional CP Programme and RM40.0 Billion Islamic/Conventional MTN Programme June 2007 Joint Lead Manager
 PINS Capital Sdn Bhd Up to RM150.0 Million Islamic CP/Islamic MTN Programme Up to RM10.0 Million Junior Islamic MTNs June 2007 Principal Adviser and Lead Arranger	 ABN AMRO Bank Berhad RM200.0 Million Tier-2 Subordinated Negotiable Instruments of Deposit June 2007 Joint Principal Adviser and Joint Lead Arranger	Lebuhraya Kajang - Seremban Sdn Bhd RM1,418.0 Million Sukuk Istisna' RM240.0 Million RCULS Programme RM50.0 Million RULS June 2007 Principal Adviser, Lead Arranger and Primary Subscriber	Arapesona Development Sdn Bhd Islamic Bank Guaranteed MTN Programme of up to RM200.0 Million and Islamic CP Programme of up to RM70.0 Million June 2007 Principal Adviser, Lead Arranger and Primary Subscriber	 INFRAPERDANA MTD InfraPerdana Bhd RM700.0 Million Islamic MTN Programme April 2007 Joint Principal Adviser, Joint Lead Arranger and Joint Lead manager

Investment Banking

Islamic Capital Markets

The Islamic Capital Market has evolved into an integral component in today's financial sector with increasing demand for Syariah approved financial products and services. The growth of the Islamic capital markets is evident by the increasing size and diversity of its range of products available in the market. This trend is set to gain more momentum in the future, both in the local and global front.

The AmBank Group's Islamic financial activities are carried out under two separate strategic entities, AmInvestment Bank Berhad and AmIslamic Bank Berhad. AmInvestment Bank focuses on Islamic capital markets, Islamic funds management and Islamic stockbroking whilst AmIslamic Bank's activities centers on Islamic retail and business banking. AmIslamic Bank operates as a full-fledged Islamic bank whilst AmInvestment Bank's Islamic markets activities are undertaken via a window set-up. For many years, the Bank has provided clients with Islamic alternatives to conventional products, namely in Islamic capital markets and Islamic funds management.

In Islamic Markets, our key roles are to support the Bank's strategic business units (SBUs) comprising namely the Debt Capital Markets, Investment Banking, Corporate Finance and Structured Finance in developing the highest standards of Syariah compliant products and services in the industry. Our pool of dedicated and experienced professional team, aided by both our internal Group Syariah Committee and our highly distinguished independent Syariah Advisers who are world-renowned Islamic scholars, are well versed in both local and global Syariah standards and are capable in providing our existing and prospective clientele a wide spectrum of Syariah-compliant products that are closely aligned with their financing objectives.

A recent development in this financial year was the granting of the International Currency Business Unit (ICBU) licence which comes under the Malaysia International Islamic Financial Centre (MIFC) initiative to promote Malaysia as an Islamic financial hub. The MIFC objectives are to create a vibrant, innovative and competitive international Islamic financial services industry in Malaysia. Under MIFC, financial institutions in Malaysia that have been granted ICBU licences would be able to offer Islamic products and services in foreign currency. As part of the group's expansion plans, the licence would enable the Bank to leverage on the ICBU platform, both offshore and onshore, to explore other potential markets such as Singapore, Indonesia, Thailand, Vietnam, China/HK, Korea, Japan and so forth.

For FY2008, the Bank completed a total of 10 sukuk deals which amounted to over RM12 billion in terms of underwritten value.

For the record, in FY2008 our deals mainly comprise of sukuk structures based on the principles of Musyarakah, which represented 70% out of the total sukuk deals. This has been in line with our strategy to produce more widely acceptable and innovative products to the market. We have proven ourselves as among the primary market leaders when our market share in the year 2007 increased significantly to 13.7% from 9% in 2006.

AmInvestment Bank has maintained its position as a strong promoter of the Islamic capital markets and remains a well recognized and distinguished leader in the sector. As a testament to our esteemed track record in the Islamic capital markets, we have been continuously awarded with numerous accolades by local and international fraternities which include the coveted Most Outstanding Islamic Investment Banking Awards at the 4th Kuala Lumpur Islamic Finance Awards Forum 2007. The award was given for our continuous efforts in setting new benchmarks for the marketplace through the introduction of innovative Islamic capital market instruments via customized solutions. AmInvestment Bank's Islamic finance initiative has been integral to the industry's Islamic capital market developments.

Some of the Bank's notable Islamic transactions during FY2008 were as follows:

- **Al-'Aqar Capital Sdn Bhd - RM300.0 million Sukuk Ijarah CP/MTN Programme**
Principal Adviser and Lead Arranger for the above issuance. This pioneering deal was the first sukuk issued by an Islamic real-estate investment trust (the Al-'Aqar KPJ REIT) in the world. In addition, the Al-'Aqar KPJ REIT itself, launched in 2006, is the world's first Islamic healthcare REIT and world's first listed Islamic REIT. Regarded as a new asset class in Islamic securities, the deal has also won two awards i.e. the Euromoney Islamic Finance Awards 2008 for "Most Innovative Deal" and the Alpha South East Asia Inaugural SEA Deal Awards 2007 for "Best Islamic REIT Deal in South East Asia".

- **MISC Berhad RM2.5 billion Murabahah MTN Programme**

Joint Lead Arranger for the above issuance. The issuer is the international maritime company with its primary business activity focusing on energy transportation and logistics and other energy related businesses. MISC Berhad is a Petronas' subsidiary which serves as Petronas' primary LNG transportation provider and its principal logistics solutions provider. MISC undertook the fund raising exercise to finance its capital expenditure including purchase of vessels.

- **Binariang GSM Sdn Bhd RM19.0 billion Sukuk Musyarakah MTN**

Joint Lead Manager for Malaysia's largest-ever sukuk issuance. The deal is also reportedly one of the largest Asian (ex-Japan) corporate bond issue. The sukuk proceeds had been used to fund the buy-out of Malaysia's leading cellular company, Maxis Communications Berhad. In recognition of the distinctive and ground breaking deal, this transaction has been awarded a Blueprint Award Year 2007 by the Rating Agency Malaysia for "Outstanding Deal of the Year".

Achievements – League Tables



- No. 2 on RAM Lead Managers' League Table 2007 (Islamic) - Issue Value
- No. 2 on RAM Lead Managers' League Table 2007 (Islamic) - Number of Issues.
- Blueprint Award - Most Outstanding Deal of the Year 2007 - Binariang GSM Sdn Bhd RM19 billion Sukuk Musyarakah MTN

Bloomberg

- No. 2 on Bloomberg's Underwriter League Table 2007 (Value of Malaysian Ringgit Islamic Bonds)

The Bank had lead-managed RM9.7 billion worth of issues from a total of 7 sukuk issuances. The issue value represented 13.3% of total market share for RAM-rated Islamic issues. AmInvestment Bank also ranked No. 2 on Bloomberg's Sukuk Underwriter League Table for 2007 having underwritten a total of RM4.465 billion worth of sukuk issues.

Achievements – Other Islamic Awards and Accolades



4th Kuala Lumpur Islamic Finance Forum 2007 (KLIF)

– Most Outstanding Islamic Investment Banking



South East Asia Deal Awards, Alpha SEA 2008

– Best Islamic REIT Deal in South East Asia
(Al-'Aqar REIT Sukuk)



Euromoney Islamic Finance Awards 2008

– Most Innovative Deal of the Year (Al-'Aqar REIT Sukuk)

Structured Finance

Structured Finance offers alternative and integrated fundraising solutions. Whilst our clients benefit from such comprehensive customised solutions which assist them in raising both equity and debt, they also get the opportunity to tap into our array of alternative funding sources - both in Malaysia and in the region.

This is a new unit formed during financial year 2006 and since inception, has undertaken various advisory and fundraising exercises involving:

- Advising and arranging mezzanine funding for companies undertaking capital restructuring
- Advising and arranging private equity and debt funding for companies undergoing business reorganisation and transformation
- Advising and arranging private equity investments for property development in Malaysia and Asian region
- Advising and arranging distressed retail and corporate loans disposal to special purpose funds
- Advising and arranging bank capital for full-fledged and quasi financial institutions

Investment Banking

Our team is expected to continue to assist our clients in enhancing and tapping their shareholder value – whether for purposes of spearheading growth, leapfrogging into the regions or salvaging restructured or distressed assets.

Equities Trading

The equity market experienced strong growth during the period under review. Turnover for the year ended 31 March 2008 was 38.6% higher than last year although the Kuala Lumpur Composite Index (KLCI) increased by only 1 point to end at 1,248 as at 31 March 2008.

Most of gains on the KLCI during the year was erased when Bursa Malaysia encountered for the first time a trading halt on 10 March 2008 whereby the KLCI dropped 10% or 130 points during the day. This was, perhaps, the knee jerk response of the market to the results of the country's General Elections which were held on 8 March 2008.

Pretax profit of the stockbroking division for the year ended 31 March 2008 was RM80.2 million compared with RM44.2 million recorded a year earlier.

Despite the intense competition, the Group managed to increase its market share of the total turnover value on Bursa Malaysia from 7.1% last year to 8.2% this year, placing us in the No. 3 position in the equities market.

This increase is attributed to our continued investment in research capabilities and in technology. As a recognition of these efforts, AmInvestment Bank Berhad was awarded the "Best Multi-Channel Capability Project Award 2007" by "The Asian Banker" for an online trading and investment system for retail and institutional clients through Internet and mobile devices.

In order to complement the services at the Group's Regional Business Centres and to broaden our reach, we are establishing new branches in Penang and Kuching which are scheduled to be operational in the second and third quarter of this year respectively.

Futures Broking

Bursa Malaysia registered a 150% increase in volume traded in 2007 compared to the prevailing year. Total volume recorded in 2006 (4.161M contracts) compared to 2007 (6.203M contracts) was generally attributed to the increase in FKL contracts – 1.13M to 2.82M. The main driving interest lies solely on the interest garnered by the underlying instruments – Malaysian Stocks. Crude Palm Oil Futures which started the year valued at RM1,988 per metric ton rocketed to RM3,068 before closing the year at RM3,050 per ton. This pricing mechanism is generally used worldwide as the benchmark pricing for Crude Palm Oil globally. Thus, creating huge interest in Palm Oil related stocks within Bursa Malaysia.

AmFutures' market share remains healthy at 17% from the 19% in 2006, attributed by intense competition from companies like HLG Futures (previously suspended) and Oriental Pacific Futures (New Trading Participant). Despite this, we remain amongst the top three futures broker in terms of volume traded overall.

Being one of the pioneers to offer Direct Market Access (DMA) to end clients (both institutional and retail), AmFutures will be setting up "trading offices" nationwide. Clients can now connect directly to our sponsored Gateway (Transactools) at Bursa Malaysia. Our infrastructure is the best in the country, allowing orders direct from clients to be submitted straight to Bursa with a response time averaging 300 milliseconds. Thus, client's orders will be executed more efficiently, precise and quicker than the conventional telephone mode. Secrecy of orders can be maintained plus 'execution' errors can be reduced tremendously. In line with technology advancement, we will soon offer algorithmic/program trading capabilities along with equity DMA execution services.

Equity Derivatives

The Equity Derivatives team focuses on structuring equity derivatives like structured warrants, exchange-traded funds and over-the-counter options in order to provide investors with a broader range of investment instruments. We were proud to seed and launch the FBM30etf, Malaysia's first equity exchange traded fund, in June 2007.

In addition, our work on hybrid securities, including convertible bonds, enables the Bank to meet the increasingly complex funding requirements of corporations. Noteworthy deals include our roles as Joint Lead Manager for Khazanah's USD550 million Paka Capital Exchangeable Sukuk, the first by a Malaysian issuer to offer a simultaneous delta placement; and Senior Co-Lead Manager for IOI's USD600 million Exchangeable Bond, its third successful EB issue.

Group Treasury and Fixed Income Trading and Treasury Derivatives

The Group Treasury division provides capabilities for the trading of interest rates, credit spreads and foreign currencies across every market segment including the consumer, SME, corporate, institutional and inter-bank markets. The Group Treasury is also responsible for the balance sheet management as well as funding of the AmBank Group's overall operations.

In the aftermath of a very good showing in the late part of 2006, the bond market experienced a strong downturn and yields moved up as the inaugural issue of 20-year government bonds forced the market to evaluate the position and shape of the yield curve. The development of the sub-prime crisis in the United States led to an aversion for credit risk and a mini liquidity crunch. While the US Federal Reserves acted quickly to stave off any potential liquidity crisis, investors remain unconvinced and shredded away from credit risk. This eventually had the effect of increased foreign issuances in the Malaysian market and with the expectation of higher yields, credit spreads remained stubbornly wide.

The unfolding of the sub-prime crisis was the main factor in the continuing slide in the value of the US Dollar, against the major currencies, including the Ringgit. Group Treasury was able to capitalise on this development with the provision of viable treasury solutions to enable its customers to mitigate the foreign exchange risk.

In addition, the team was able to meet our customers' growing demand for complex derivatives-related products, by continuing to focus its resources on the development of new derivative products.

In tandem with the rapidly growing Islamic banking markets, the Islamic Treasury Unit too played its role in managing the investment needs of our clients.

Funds Management

Funds Management (FMD) activities are undertaken via our subsidiary companies of AmInvestment Services Berhad and AmInvestment Management Sdn Bhd. It offers investment management, unit trust management and customised investment solutions for retail and institutional clients including structured investments.

We offer funds management services on domestic and regional equities and bonds, as well as global Islamic bonds and regional Islamic equities.

The business strategies that FMD took are based on our philosophy to be the preferred investment solutions provider for our retail and institutional clients, which are based domestically and globally.

Total funds under management increased by RM4.1 billion from the last financial year due to new fund offerings, the continued success of our Treasury Solution products and institutional mandates injections. We have achieved an annualized growth rate of 38% per annum for the past ten years (from December 1997 to March 2008).

We are recognised as a leading private asset manager domestically with RM18.5 billion under management as at 31 March 2008 (RM9.47 billion and RM9.07 billion from both institutional and unit trust funds respectively). With that fund size, we moved up one position to become the second largest asset manager with a market share of 15.70%. We made a pre-tax profit of RM40.4 million for the year ended 31 March 2008, the best ever results achieved under FMD.

Our fixed income and bond fund managers continued to excel and earned more accolades. We won the most prestigious Best Bond Group Award for the period ending 31 December 2007 under the Edge-Lipper Malaysia Fund Awards 2008. Under the same award sub category, our flagship and award winning bond fund, AmDynamic Bond, again took the top prize for The Best Bond Malaysian Ringgit Fund – 3 Years. AmBon Islam won the Best Bond MYR Islamic Fund – 3 Years.

FMD received another prestigious External Portfolio Manager's award from the Employees Provident Fund (EPF) and was announced the "Best Overall Fixed Income Portfolio Manager Year 2007", which we also won last year.

Investment Banking



EPF
**Best Overall Fixed Income Portfolio
Manager Year 2007**



The Edge-Lipper Malaysia Fund Awards 2008

The Best Bond Group Award
Ending December 31, 2007

AmDynamic Bond
The Best Bond Malaysian Ringgit Fund
Ending December 31, 2007 (3 years)

AmBon Islam
The Best Bond MYR Islamic Fund
Ending December 31, 2007 (3 years)

FMD currently manages 38 unit trust funds and various discretionary mandates. During FY 2007/2008, FMD has successfully launched 9 funds. We added more structured funds based on market demand with total return objectives and global investment exposures.

We continued with our open architecture business model bringing in the “best of breed” global feeder funds which makes up of approximately 14% of our total funds. The global alliances business strategy allowed us to bring to the domestic market a series of first-of-its-kind funds in Malaysia, i.e. global Islamic equity, precious metals, property equities, European equities, Asian bonds and global agribusiness by working in partnership with top international institutions such as Oasis Group Holdings, Henderson Global Investors, Schroder Investment Management, Credit Agricole Asset Management, Deutsche Asset Management and Investec Asset Management.

Private Banking



Euromoney Private Banking Survey 2008
– Best Local Private Bank in Malaysia



Euromoney Private Banking Survey 2007
– Best Private Banking Services Overall in Malaysia
– Best Local Private Bank in Malaysia

AmPrivate Banking (a business unit of the AmInvestment Bank Group) was again accorded the accolade of Best Local Private Bank in Malaysia by Euromoney in their survey for 2008; the second consecutive year it has won this award.

During the year, the assets under management grew to RM3.06 billion, an increase of RM860 million or 39.10%.

AmPrivate Banking maintains strict professionalism in all its dealings with its clients. Clients can choose to be completely freed from making any investment decision (discretionary accounts) or actively participate in managing their investment portfolio (non-discretionary accounts). Whichever option is chosen by our clients, they will be advised of the various ways of growing, managing and protecting their wealth through our host of products, domestically or internationally sourced, and services tailored to suit their financial needs and risk appetite.

We are well represented by our branch offices in Penang, Johor Bahru, Kuching and Kota Kinabalu. We have a dedicated team of investment and advisory analysts and Private Client Managers to advise and manage our clients’ portfolio, both in the Klang Valley and branches.



We are planning to expand regionally to Singapore, Indonesia and Brunei where the investment banking offices are located. We are offering our high net worth clients both domestic and foreign assets investments with optimal returns which would cater to their diversified needs and risk profile.

Private Equity

During the fiscal year ending 31 March 2008, Malaysian Ventures Management Incorporated Sdn Bhd (“MVMI”), the wholly-owned subsidiary of AmInvestment Group Berhad, has invested or committed to invest RM34 million in three investee companies. This represents 34% of AmPrivate Equity Sdn Bhd’s committed capital of RM100 million, our third private equity fund.

Of the RM34 million invested to date, 52.5% was in the logistics sector, 29.5% in energy services sector and 18% in resource-based sector. These are sectors which will and are expected to enjoy and sustain healthy growth rates in the medium term.

MVMI will continue to seek out and invest in well managed investee companies that provide a sustainable business and are capable of yielding good returns to investors of AmPrivate Equity.

As the fund manager for AmPrivate Equity, MVMI expects to invest 75% of committed capital before end of 2008. Given our good track record, MVMI will be raising another new private equity fund by the end of this financial year. The new fund shall be a regional private equity fund that invests in growth companies in the fast growing South East Asian region. In view of greater cross border opportunities, the new regional fund will also provide acquisition and growth capital for South East Asian companies that wish to expand regionally.

MVMI is also in the process of setting up a joint venture with Konzen Group of Singapore to manage a proposed US\$320 million (RM1 billion) water-focused sector fund. The fund to be called AmKonzen Asia Water Fund will invest in water assets in the region’s booming water sector, primarily in China and including South East Asia. The Fund hopes to become a key platform for the financing of Asian water infrastructure out of Singapore and in creating assets for investors who are keen to invest in the Asian water sector. The Fund’s objective is to provide strong, predictable and sustainable return to investors. Investments will include new and existing water plants, as well as companies with innovative and proven water technologies.

The new regional fund as well as the proposed sector fund will provide MVMI a regional platform to grow its private equity funds management business into a sustainable franchise with tangible brand value to shareholders and investors.

Trustee Services

AmTrustee Berhad, an associated company of AIGB, offers “Innovative and Affordable Trustee Services” which provides comprehensive Conventional and Islamic Corporate and Private Trust Services. The services offered include acting as trustee for retirement funds, unit trust funds, REITs, debentures, memorial parks, golf and recreational clubs, time share schemes, custodial services, will-writing and the setting up of trust accounts, both conventional and Islamic, for individuals, family members and institutions. Assets managed as at 31 March 2008 were RM6.998 billion.

Investment Banking

Am ARA REIT Managers Sdn Bhd

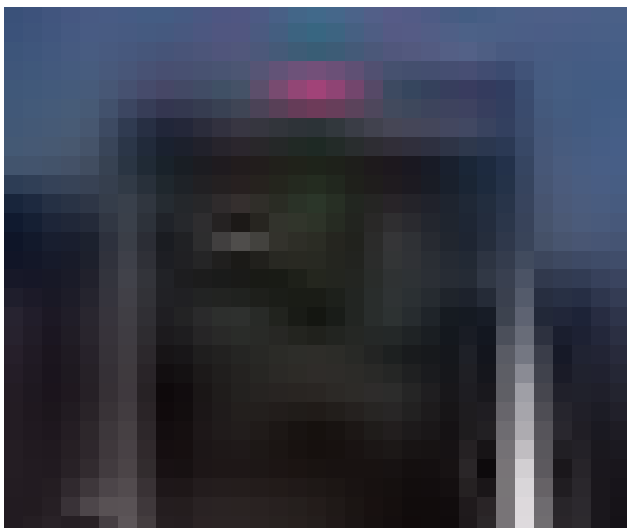
Am ARA REIT Managers Sdn Bhd (“Am ARA”), the Manager of AmFIRST Real Estate Investment Trust (“AmFIRST”) and the first property trust to be listed on Bursa Malaysia, had completed two major acquisitions during the financial year ended 31 March 2008 worth RM345 million. The two acquisitions, Kelana Brem Towers (acquired in June 2007) and The Summit Subang USJ (March 2008), has enlarged AmFIRST’s assets under management by 72% to RM840 million from its initial listing.

With the two new acquisitions, AmFIRST has shifted from pure office space REIT to commercial REIT with total net lettable area leaping by a significant 77% from 1.3 million sq ft to 2.3 million sq ft (inclusive of The Summit Hotel). AmFIRST is the No. 1 commercial REIT in Malaysia.

During the financial year under review, one of our buildings, Menara AmBank has won one of the top prizes in the “Illumination and Decorative Buildings Award” organised by Dewan Bandaraya Kuala Lumpur.

Am ARA was incorporated in Malaysia on 20 April 2006 and is wholly-owned by Am ARA REIT Holdings Sdn Bhd. Am ARA REIT Holdings is 70% owned by AmInvestment Group Berhad (AIGB) and 30% owned by ARA Asset Management (Malaysia) Limited.

AIGB is a wholly-owned subsidiary of AMMB Holdings Berhad while ARA Asset Management (Malaysia) Limited is a wholly owned subsidiary of Singapore-based ARA Asset Management Limited, an affiliate of the Cheung Kong Group of Hong Kong.



Regional Businesses

Offshore Banking

The Group’s offshore banking operations comprise of AmInvestment Bank’s Labuan Offshore Branch and AmInternational (L) Ltd (AMIL), both operating out of the Labuan International Business and Financial Centre. Our primary focus is on supporting US Dollar financing needs of Malaysian entities. Landmark deals closed during the year included:

- Cherating Capital (L) Ltd’s USD850 million Exchangeable Sukuk (as Co-Lead Manager);
- IOI Resources (L) Bhd’s USD600 million Exchangeable Bond (as Senior Co-Lead Manager); and
- Paka Capital Limited’s USD550 million Exchangeable Sukuk (as Joint Lead Manager).

We also widened our service coverage to include major institutions within the region, including a Senior Manager role in Melco PBL’s USD1.75 billion Term Loan/Revolving Credit Facility for an integrated entertainment complex in Macau set for completion by 2009.

FY2008 also saw AMIL maintaining its position as one of the leading Listing Sponsors for the Labuan International Financial Exchange (LFX) with the listing of the following instruments:

- IOI Resources (L) Bhd’s USD600 million Exchangeable Bond
- Dar Al-Arkan Real Estate Development Company’s USD1 Billion Trust Certificates (Sukuk Al-Ijara)

Of note, the Dar Al-Arkan sukuk issuance was the largest sukuk listing on the exchange and the first from a Saudi issuer. The sukuk was arranged on behalf of Dar Al-Arkan Real Estate Development Company, a leading residential real estate developer in Saudi Arabia.

Elsewhere, our Asian equity securities portfolio posted a sterling performance, despite an increasingly unfavorable operating environment due to fallout from the US sub-prime crisis.

AmFraser Securities Pte Ltd, Singapore

AmFraser Securities Pte Ltd (AmFraser) consolidated a year of growth in the financial year ended March 2008 with major investments in building up its strategic business teams of dealers, remisiers and business support personnel. The active stock market facilitated the recruitment of nearly thirty new dealers and remisiers. The expanded pool of trading representatives has contributed to the Company's market share in Singapore.

Our turnover on equity broking business rose 88.1% over the 2007 financial year compared to the SGX market increase of 71.3% during the 12 months period to March 2008. With the number of newer dealers added, we expect to continue to extend our presence in the market place with a primary focus on priority clients' business.

New business frontiers for AmFraser were also established during the year, leveraging on the synergy and expertise of the AmInvestment Group, with the setting up of Corporate Finance, Institutional Sales, Institutional Research and Wealth Management business units in the Company, pushing a build up of resources and projects to compliment our traditional core business in retail equity broking.

The Corporate Finance unit expects to launch IPOs in Singapore this year, in addition to several advisory and share placement deals. AmFraser Research reports have started to build a positive following among selected institutional clients.

Despite increased costs and investments during the year on expansion in equity broking and new business areas, the Company has strengthened its financial position by adding 4.9% to its net assets for financial year ended March 2008 bringing its total net assets to S\$48.35 million.

Towards the end of FYE 2008, the Company conducted a comprehensive review of its HR policies, and sought to align staff benefits and remuneration to attract and retain talented staff. At the same time, resources were invested in training and upgrading all our departments as part of a staff development and succession planning programme.

Notwithstanding greater business challenges in the coming year, we continue to invest in our people, explore new products and services, and focus on creating a sustainable business enterprise.



PT AmCapital Indonesia

The Group has a growing presence in Indonesia under PT AmCapital Indonesia (AmCI). Besides its core business of equity sales and trading, AmCI's strategic initiatives include Corporate Finance, Research, Fixed Income and Investment Management units.

AmCI continues to play an integral role in identifying business opportunities and potential Indonesian partners for possible investment by regional investors to participate in the growing Indonesian economy. In this respect, AmCI is working closely with AmInvestment Bank (Malaysia) and AmFraser Securities (Singapore) to forge and grow regional broking, corporate financing and fund management businesses including cross-selling of financial products.

The Corporate Finance unit participated in various underwriting transactions for Initial Public Offer of Shares and Bonds and is currently also pursuing several merger and acquisition deals mainly in natural resources, such as, plantations, oil & gas and manufacturing sectors.

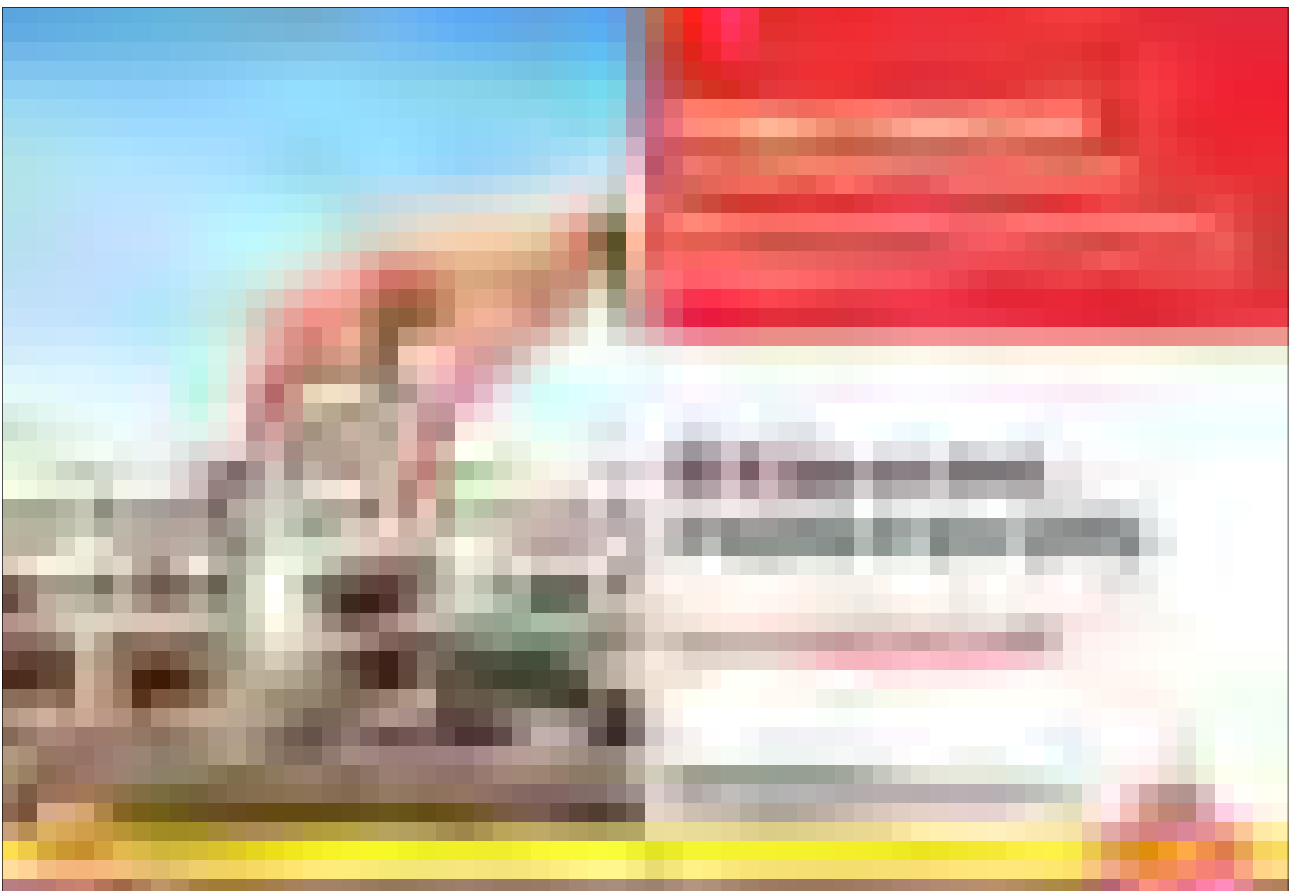
Investment Banking

In the Investment Management unit, AmCI has recently recruited a dedicated team of experienced personnel and is in the midst of creating and developing its first mutual fund (a Capital-Protected Fund) which will be launched in Indonesia by third quarter 2008. AmCI would also leverage on AmInvestment Group fund management expertise and strategically position itself in the offering of mutual funds, with focus on Capital-Protected Funds, Fixed-Income Funds and Islamic Funds, which would be invested in both domestic and global markets.

Moving forward, AmCI would be looking at offering and distributing off-shore funds in Indonesia and providing portfolio management services to sophisticated investors, such as high net-worth individuals, corporations and institutional investors.

In equity trading activity, the outlook for year 2007 was generally bullish whereby the turnover of equity trading volume in Indonesia Stock Exchange (IDX) increased by 138% registering a turnover of Rp2,100 trillion during the year. In tandem, AmCI's turnover rose by 142% to Rp24.3 trillion ranking 28th position of the most active equity trading companies (out of a total of 125 companies) in terms of trading volume in Indonesia.

Our Fixed Income unit is supported by experienced dealers specialising in government and corporate bonds trading. We have a good network of institutional clients, namely state-owned agencies throughout Indonesia. AmCI continued to perform well in both Government and Corporate Bonds trading.





AmBank

Business Banking

Business Growth/Direction

For FY 2008, Business Banking has once again continued to build on the strong growth achieved in the previous two financial years, with year-on-year growth in overall credit facilities in excess of 40%.

One of our main strategic focuses was to bring the business units closer to the customers through diversification of business with geographical focus away from Head Office, resulting the growth of regional borrowings by almost five times over the last three years. In the upcoming financial year, Business Banking will continue to expand its regional presence, enhancing service levels through establishing more business centres and increasing the number of relationship managers.

Trade (financing and services), expanded by 2.8 times over the last three years. Notably, the Contingent Liability portion of the trade book has also improved from 37.3% as at March 2005 to 45.4% as at March 2008.

Another key thrust has been the ability of the business and support teams to respond to customers' needs and the focus on building long-term relationships with customers. This has indeed borne fruit in the SME space where both lending and the number of customers have grown approximately 30% from the previous year.

Our customers have also appreciated the ease of being able to consider both the conventional and Islamic banking offerings. With the assistance of our AmIslamic Bank colleagues, Islamic Banking now makes up close to 17% of our loan portfolio.

During the year, we:

- Embarked on new collaborations with ANZ Bank's branches worldwide bringing in more trade finance business especially issuance of bank guarantees and Standby Letters of Credit (SBLC);
- Recorded increase in international remittance business where ANZ Bank had consolidated all its inbound (Malaysia) remittances to AmBank;
- Continued to offer/repackage structured lending programmes, contract financing programmes and factoring services, targeting customers with supplies and services contracts from Government ministries and agencies;
- Focused our Relationship Managers to specialise in selective growth industries, such as metal based, chemicals, fast moving consumer goods, oil & gas, palm oil, infrastructure and utilities sectors;

- Ensured provision of expert advice by complementing our Relationship Managers with product specialists (e.g. Trade, Factoring and Cash Management);
- Continued our effort to improve turnaround time and service, encompassing loan approval & documentation processes, based on Six Sigma principles

Moving forward, Business Banking will continue in its approach of proactive diversification, providing working capital financing to companies with strong foundations for expansion, especially to those in the growing sectors e.g. commodities (oil & gas, palm oil and primary metals), agriculture, chemicals and fast moving consumer goods. Another area of foreseen activity would be in Contract Financing, where AmBank hopes to partner with the government in the Ninth Malaysia Plan in providing funding to the infrastructure contractors and suppliers (medical, education, ICT, etc.).

Collaboration with ANZ Bank is also expected to continue to bring in more trade and remittance business and the division also looks forward to working closely with ANZ Bank to offer our customers new products and services, particularly in the forex and derivatives space.

Cash Management and Transactional Banking

In 2007, Cash Management, through e-AmBiz (Corporate Internet Banking) and AmBiz-CashPro (Cash Management Structured Solutions), has increased its customer base to about 1,500 and is rapidly expanding, more than doubling the number of customers from the previous year.

AmBiz-CashPro can easily be customised to meet customers' needs. It enables corporates to better manage their supply chain and business operating costs, thus giving them higher efficiency and competitiveness. Solutions such as Electronic Invoice Presentment and Payment introduced last year provided customers with the benefits of immediate payment in facilitating faster turnaround of settlement of trades. This is coupled with payment information for updates to Accounts Receivables and Payables.

In supporting the customer's entire business functions, AmBiz-CashPro will launch the Gross Payroll product in 2008 to facilitate a single gross payment file from customers. The solution will calculate the deductions to various statutory bodies and effect the subsequent payment and reporting requirements.

Retail Banking



AmBank

Retail Banking forms an integral part of the diverse key line of business divisions within AmBank Group, serving customers using multiple channels and platforms. With superior products and services, banking team who truly cares, unparalleled convenience of our banking centers, ATMs, online and mobile banking network, and technical support from ANZ, we do more for customers than any other financial institutions.

In the advent of technology, banking continues to be a service with personal relationships at its core. We raised our stakes for service quality since 2006. Several key projects were initiated across Retail Banking focusing on customer service and setting tougher standards on quality and performance management. Results were dramatic, and in fact, the Bank won several awards. Whether it's a personal banker in Penang serving a deposit customer at 6.30 p.m. at our extended banking branch or an employee in our head office thwarting a fraud to prevent an elderly customer from losing her savings, we practise high touch, relationship oriented service.

Our Performance

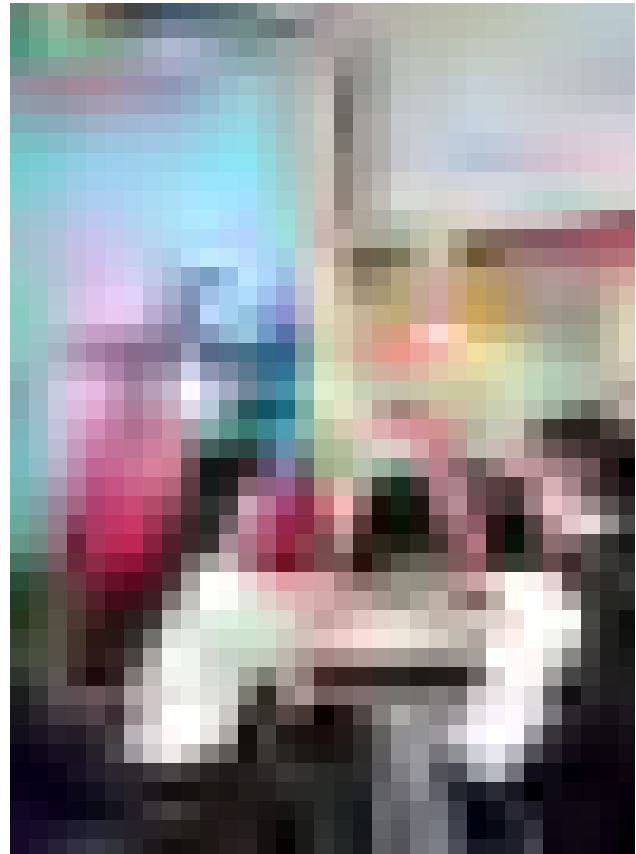
Retail Banking delivered a 117% improvement in profit after tax, driven by operating income increase (+6%) and improved asset quality (lower provisions by 51%). Net lending growth of 5% was recorded for FY2008 and Retail Banking grew its low-cost deposits by 14% in FY2008.

For FY2008, Retail Banking was the largest contributor to Group's pre-tax profits, reporting a pre-tax profit of RM734.5 Million. There was strong growth of top line revenue and lower provisions from the Retail Banking operations. Net Non Performing Loans (NPLs) ratio improved to 3.2% in comparative to FY2007 (at 4.2%) due to strong credit risk management, collections and recoveries management, and an NPL disposal exercise.

Customer Service Excellence

We are poised to ingrain AmBank's position as the superior customer service provider amongst financial institutions in the country.

Our value proposition is to deliver a unique and differentiated experience to our priced customers.



Product Innovation

We believe in establishing sustainable partnerships with our customers by providing quality products and services that appeal to the dynamic consumer trends.

AmBank was recognised as the Automotive Finance Company of the Year (Malaysia) at the Frost & Sullivan ASEAN Automotive Awards in June 2008. In addition, AmBank garnered recognition as the Best Automobile Lender in Asia Pacific, at the prestigious 6th Asian Banker Excellence in Retail Financial Services Award, held in Shanghai last year.

With our commitment towards personalised service and product innovation, new products are continuously launched to enlarge our offering suite. The Platinum MasterCard was introduced for business owners, with pre-packaged overdraft, home loans and auto financing facilities. Riding on the success of the maiden deposit campaign, AmBank Mad Gold Rush II was carried out to grow our low cost deposit base.

Strong and Diverse Sales Force Teams across Retail Banking

Within the Group, we have a network of over 7,000 committed and experienced sales force teams, marketing officers, financial services consultants, life and general insurance agents and personal bankers who aspire to deliver the best of class service to our customers.

Integrated, Convenient Channel Delivery System

Retail Banking channels comprise 183 branches, 405 ATMs, 90 Electronic Banking Centers (EBC), Internet and mobile banking and a 24-hour contact center.

We have branches that are open for business during the weekends. At present, 40 branches are open on Saturdays and 59 on Sundays. In addition, 20 branches operate on extended banking hour basis on weekdays.

At the 8th Annual Customer Relationship Management and Contact Centre Association Malaysia - Annual Contact Centre Awards held in September 2007, AmBank garnered five awards:

1. Gold Award for "Most Significant Achievement" under one of the Prestige Awards Category
2. Bronze Award for "Best In - House Service Contact Center" over 50 seats under Corporate Awards Category
3. Bronze Award for "Best In - House Sales Contact Center" under 50 seats for AutoXpress Campaign
4. Silver Award under Customer Service Awards Category for "Best Direct Marketing Programme" (Open) for AutoXpress Programme
5. Special Excellence Award presented by OmniTouch International, for the Best Mystery Shopper results

At the Malaysian Banking Awards, ASEAN ICT e-Banking Expo in November 2007, AmBank Contact Center won "The Most Customer Friendly Services" award.

Retail Banking Aspirations

Our focus is to own, dominate and grow in the mass customer segments and secure key market position for selected products. One of the Group's top priority is to grow our low cost deposits base to 25% of total deposits by 2011. The initiatives centre on acquiring new accounts, increasing activation, introducing new segment based and repackaged products such as the payroll management facilities and cross selling to Group's customer base. We are currently transforming our sales and service delivery model to ensure top-notch service quality and customer centricity focus is maintained.

As we progress towards the Group's medium term aspirations, Retail Banking aims to meet the following targets:

- To increase Auto Financing return on equity to more than 12% and to maintain top market rankings.
- To attain top rankings for Mortgage and Cards.
- To double share of low-cost deposits to 25% of total deposits.
- To be in the Top 3 market position in ATM network and expansion in branch network.
- To double main bank customers by 2011.
- To develop 50 new Six Sigma Black Belt experts and train 80% of our Retail Banking employees in Six Sigma processes.

Retail Banking Strategic Themes

- *Superior Customer Service*

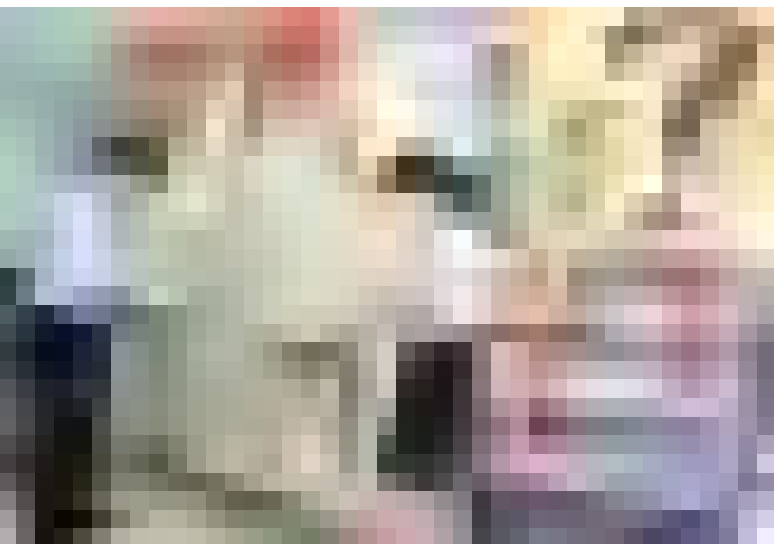
Retail Banking is moving away from the traditional concept of product centric focus to a customer centric focus. We recognise employee commitment as the cornerstone to our success in delivering value added customer propositions and a high level of service quality. In addition to the Group's F.I.R.S.T (Friendly, Innovative, Responsive, Simple, and Trustworthy) brand values, we have further strengthened our Customer Charter by offering more convenience to our customers in terms of better channel integration delivery, better branch accessibility in strategically placed locations and implementation of innovative products and services that meet the needs of our target markets. We continuously improve our turnaround time to offer an efficient pleasant customer centric experience.

- *Developing a High Performance Culture*

We have in place our Talent Management and Retention program to attract and retain the best of breed talent into our organisation. We believe in nurturing our employees by providing training courses to equip our employees with the relevant technical and soft skills to be amongst the best in the industry. This includes training and secondment opportunities to ANZ offices in Australia and the Asia Pacific region.

To drive optimal employee performance, our overall compensation scheme which includes sales commission and other performance incentives is constantly reviewed for competitiveness.

Retail Banking



- *Strengthening the Risk Management framework*

Initiatives to ensure a robust risk management framework include developing a risk appetite framework and a market risk framework. Courses in credit management are also offered to our employees. Our risk management framework structure and practices are regularly reviewed to keep abreast with regulatory changes.

- *Strengthening the AmBank Brand*

We continuously enhance our brand so that we remain at the top of our customers' mind. Our branding is reflective in our branch design and uniformed outfits and the "F.I.R.S.T" values are embraced throughout product development and customer service delivery and processes.

- *Expanding Branch Footprints and Delivery Channels*

As part of our continuous drive to ensure we grow our footprints in tandem with the needs of our customers, Retail Banking continuously explores new opportunities to develop branch or alternative delivery channels. We continuously solicit feedback from our customers which translates to enhanced customer service interaction processes, strengthened e-Channel capabilities, and enhanced Retail Distribution operations.

Our recent strategic alliance with 7-Eleven to install over 400 Automated Teller Machines ("ATM"s) in their outlets is testament to our commitment in expanding our product reach and accessibility to our customers.

To support and meet our Retail Banking aspirations, the Bank intends to expand its network footprints further.

- *Embarking on the AmVision 2011 Aspirations - Retail Strategic Agenda*

Retail Banking has identified its key strategic core agenda programmes as:

1. *Reducing Cost of Funds*

We aim to reduce our cost of funds by 40bps, whilst reducing the interest rate volatility in the funding costs. Our main focus is on product innovation. Retail Banking delivers the product and services that meets the needs of our customer segments to position the Bank as an understanding and caring financial services provider. Besides expanding the direct deposits sales team, our large branch network will play a pivotal role in building the reservoir of low – cost deposits. Retail Banking has implemented the branch profitability model, which tracks deposits target achievement at branches, amongst others, to align to performance incentives scheme.

2. *Reducing Non Performing Loans (NPLs)*

We will implement various tools to assist with reducing the Non Performing Loans (NPLs,) which include default forecasting, recovery forecasting, fraud detection, loss given default model and probability of default tracking. In addition, we are continuously enhancing our credit scoring management by introducing new behavioral scorecard.

3. *Improvising Auto Financing Business*

We have re-engineered our business focus towards higher profit segments and in addition, plans are in the pipeline to rationalise the operations at business centers for higher productivity.

Market Position and Focus	Products and Services	Distribution Channel	AmVision 2011-Medium Term Aspirations	Salient Highlights FY2008
Auto Financing				
<ul style="list-style-type: none"> • Premier Auto Financier with over 22% market share (based on purchase of transport vehicles) • To maintain premier position in market whilst improving product profitability without compromising on loan quality 	<ul style="list-style-type: none"> • Conventional Auto Financing • Islamic Auto Financing • Conventional/ Islamic Refinancing schemes • Floor Plan/Floor Stocking for dealers • Step-Up repayment schemes • Interest subsidy scheme • Balloon repayment • Zero interest • Floating-rate Auto Financing 	<ul style="list-style-type: none"> • 17 Auto Financing Business Centers and 29 hybrid branches nationwide • Strong business alliances with vehicle companies and major franchise holders in Malaysia • Relationship with over 4,000 auto dealers nationwide 	<ul style="list-style-type: none"> • To maintain Top 2 market ranking (in terms of receivables) 	<ul style="list-style-type: none"> • Garnered Excellence in Automobile Lending Award at the 6th Asian Banker “Excellence in Retail Financial Services Award” June 2007 • Won the Automotive Finance Company of the Year (Malaysia) Award at the 2008 Frost & Sullivan ASEAN Automotive Awards in June 2008
Mortgage				
<ul style="list-style-type: none"> • An innovative and flexible mortgage lender in Malaysia • Focus on strengthening market position in the medium and high-end property segments 	<p><i>Residential properties</i></p> <ul style="list-style-type: none"> • Home Loan • Home Link • Home Financing-i • Statutory Housing Loan • Combination of Home Loan with Overdraft Facility <p><i>Commercial properties</i></p> <ul style="list-style-type: none"> • Property Loan • Property Link • Property Financing-i • Combination of Property Loan with Overdraft Facility <p><i>Attractive Product Options</i></p> <ul style="list-style-type: none"> • Free legal and disbursement fees (Zero Entry Cost) • Redraw facility • Linking current account to enjoy lower interest cost • One stop center for home-related insurance products 	<ul style="list-style-type: none"> • Dedicated Mortgage Centers in major cities and extensive sales channels supported by 183 branches • Strategic alliances with government bodies relating to public housing • Strategic alliances with established developers 	<ul style="list-style-type: none"> • To be amongst the top lenders in Residential Properties • To increase shareholder value and profitability by effectively balancing competing needs of customers, credit quality and operating efficiency 	<ul style="list-style-type: none"> • Participated in over 300 end-financing projects • Active participation in major developers’ project launches and property exhibitions and joint promotions through database marketing campaigns • Active tie-ups with real estate agents

Retail Banking

Market Position and Focus	Products and Services	Distribution Channel	AmVision 2011-Medium Term Aspirations	Salient Highlights FY2008
Credit Card				
<ul style="list-style-type: none"> • Fifth largest credit card financier with over 8% market share • To increase product holding ratio across AmBank and be 'card of choice' to our targeted segments • Maintain No. 1 position in the issuance of Islamic credit cards • To be No. 1 EPP acquirer 	<ul style="list-style-type: none"> • Conventional credit cards (Classic, Gold, Platinum) • Islamic credit cards (Classic, Gold, Platinum) • Co-branded cards: Real Rewards MasterCard, Samsung Imagine Visa Card • Specialty card: FIFA World Cup Cards 	<ul style="list-style-type: none"> • Direct marketing sales personnel • 183 Branches nationwide • 24-hour AmBank Contact Center • Outsourced Vendors 	<ul style="list-style-type: none"> • To be the Top 3 card issuer 	<ul style="list-style-type: none"> • Launched new Platinum MasterCard for business owners. Special benefits include automatic travel insurance coverage of up to RM1 million, flexible payment plans, pre-qualified overdraft, and home financing and hire purchase facilities • Associate sponsor for 10th Philips Astro Masters 2007 • Achieved 28% growth on merchant billings and aim to significantly grow the merchants base by Mar 09 via in-house sales team and outsourced Master Merchants • Aim to achieve significant growth in receivables • Launched the Balance Transfer and Quick Cash with flexi-payment plan and gifts programme in February 2008
Prepaid Card				
<ul style="list-style-type: none"> • Largest prepaid card issuer in the market 	<ul style="list-style-type: none"> • NexG prepaid cards and co-branded cards • NexG i-Talk cards • Specialty cards like FIFA World Cup and Dual Cards for foreign workers (Amasu) 	<ul style="list-style-type: none"> • Direct marketing sales personnel • 183 Branches nationwide • More than 5,000 reload locations with ePay mainly at shopping complexes • 7-Eleven outlets nationwide 	<ul style="list-style-type: none"> • To maintain No. 1 position 	<ul style="list-style-type: none"> • Ample outlets for customers to purchase, instantly register and activate their Prepaid Cards. • Cash reload convenience at numerous locations, including 24/7 convenience stores

Market Position and Focus	Products and Services	Distribution Channel	AmVision 2011- Medium Term Aspirations	Salient Highlights FY2008
Asset Financing and Small Business				
<ul style="list-style-type: none"> To meet the financial needs of small and medium enterprises by providing a comprehensive range of financial packages To increase our presence in commercial lending to Bumiputera companies under Bumiputera Development Unit To promote micro financing under AmMikro 	<ul style="list-style-type: none"> Industrial HP SME Financing Overdraft Term Loan Commercial Property Loan Trade Financing Bank guarantee Block Discounting CGC guaranteed loans BNM funded loans 	<ul style="list-style-type: none"> Marketing Officers based in eight regional hubs and desks nationwide 183 branches nationwide Referrals from suppliers and business associates Strategic marketing tie-up with established manufacturers/ distributors for micro financing 	<ul style="list-style-type: none"> To set best in class industry standards for equipment financing and CGC guaranteed facilities 	<ul style="list-style-type: none"> Commitment towards product innovation AmPetrol Cash Plan, a financing package offered exclusively to petrol dealers for working capital funding and bank guarantee AmMikro, an unsecured term loan with fixed repayment period granted to eligible micro enterprises for business and working capital purposes
Personal Financing				
<ul style="list-style-type: none"> Third largest amongst all financial institutions with over 6% market share within our target segment Positioning AmBank as the preferred financier by enlarging our target customer database 	<ul style="list-style-type: none"> Personal Financing loans based on Syariah principles 	<ul style="list-style-type: none"> Direct marketing sales officers placed at all major cities nationwide Personalised marketing Third party distribution channel Alliances with co-operatives 183 branches nationwide 	<ul style="list-style-type: none"> To attain leading position in Personal Financing segment with excellent delivery to customers 	<ul style="list-style-type: none"> Sustainable loans growth for FY2008 Repayment via salary deduction contributed to excellent asset quality of portfolio with negligible NPLs

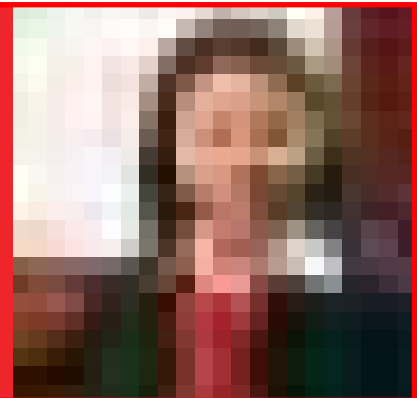
Retail Banking

Market Position and Focus	Products and Services	Distribution Channel	AmVision 2011-Medium Term Aspirations	Salient Highlights FY2008
Retail Deposits				
<ul style="list-style-type: none"> • Retail Core deposits (Current, Savings and Fixed deposits) with over 5% market share • Ranked 6th in terms of total bank wide deposit size (amongst local banks) • To be the chosen bank for middle mass customer segment • To effectively promote and build deposit base 	<ul style="list-style-type: none"> • Basic Savings Account • Savings Account-i • AmGenius Savings • Savers' G.a.n.g • Basic Current Account • Current Account-i • AmStar Current Account • Conventional FD • Mega FD • Interest Plus FD • AmQuantum FD • Am50 Plus FD 	<ul style="list-style-type: none"> • 183 branches nationwide • 405 ATM's nationwide 	<ul style="list-style-type: none"> • Significantly improve AmBank's share of savings and current accounts • A significant reduction in cost of funds 	<ul style="list-style-type: none"> • Secondment of key personnel from ANZ to become Head of Strategy & Deposits • Launched AmBank Mad Gold Rush Campaigns 1 and 2, to increase current and savings account



Customer F.I.R.S.T

- Friendliness
- Innovation
- Responsiveness
- Simplicity
- Trusworthiness



Market Position and Focus	Products and Services	Distribution Channel	AmVision 2011- Medium Term Aspirations	Salient Highlights FY2008
Retail Distribution - Branch Banking & Channels				
<ul style="list-style-type: none"> • Sixth largest bank in terms of number of branches, with 183 branches nationwide • Migration of transactions to self-service machines to 70% in two years 	<p><i>Products offered at branches</i></p> <ul style="list-style-type: none"> • Deposits (<i>Conventional and Islamic</i>) <ul style="list-style-type: none"> - Current Accounts - Savings Accounts - Fixed Deposits • Investment <ul style="list-style-type: none"> - Unit Trusts - Bancassurance • Lending <ul style="list-style-type: none"> - Mortgage - Auto Financing - Personal Financing - Credit Cards • General Insurance <p><i>Services offered at branches</i></p> <ul style="list-style-type: none"> • Interbank GIRO • Remittance • Telegraphic Transfer • Travelers Cheque • Demand Draft • Cashiers Order • Standing Instructions • Foreign Cheque Collection • IPO Subscription • Bill Payment • Fund Transfers • Touch 'n Go Top Up • Mobile Banking • Prepaid Top Up 	<ul style="list-style-type: none"> • 183 branches • At present, 40 branches are open on Saturdays and 59 on Sundays • 20 branches operate on extended banking hour basis on weekdays • 10 Financial Services branches nationwide with approximately 468 Financial Services Consultants selling investment products, predominantly unit trust • Internet banking • Mobile banking • Self service machines • 24 hour Contact Centre with voice recording • 405 ATM's nationwide • 90 Electronic Banking Centres (EBC) 	<ul style="list-style-type: none"> • Top 3 market position in ATM network and expansion in branch network • To have a strong specialist sales force team on site • To offer 24-hour e-channel availability 	<ul style="list-style-type: none"> • Garnered five awards at the 8th Annual Customer Relationship Management & Contact Centre Association Malaysia Annual Contact Centre Awards 2007 • AmBank Contact Centre won "The Most Customer Friendly Services", Malaysian Banking Award at the ASEAN ICT e-Banking Expo 2007 • Successful launch of our customer service programme "F.I.R.S.T. Smile" in 2007 with 125 branches achieving Superior Customer Experience score



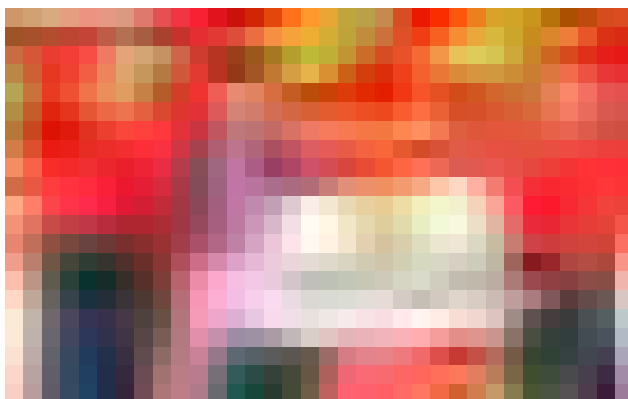
Islamic Banking

AmIslamic Bank

Since its inception in May 2006, AmIslamic Bank has not only shown remarkable growth, but also capitalised on the robust demand for Islamic financial services. With its universal banking license and 13 years of experience in offering Islamic products and services via AmBank Group channels, AmIslamic Bank continues building its relationship with existing customers as well as new ones in providing a complete range of innovative retail and commercial banking services. This is further complemented by the Group's extensive network of branches, ATMs, and e-banking centres nationwide.

As the key part of its business going forward, AmIslamic Bank has set up two dedicated branches in Bandar Baru Bangi and Putrajaya, which began operations on 19 November 2007. The establishment of AmIslamic Bank branches marked a significant accomplishment of AmBank Group (the Group) in fulfilling its vision in making AmIslamic Bank the premier Islamic Bank of choice in Malaysia and the region. These two standalone branches not only strengthen the Group's competitive position, but also affirm its commitment towards the development of the Islamic Banking industry.

AmIslamic Bank showed significant progress in an increasingly competitive environment, in line with the increased integration of the Malaysian Islamic financial system into the global Islamic financial landscape. With its pre-tax profit rising to RM153.0 million and total assets expanding to RM10.16 billion as at end-March 2008, it has proven itself as an increasingly important component of the Group's business. This is in line with Bank Negara Malaysia's (BNM) target to elevate Islamic businesses to a greater height.



Islamic financing is growing soundly with total financing reported at RM10.24 billion, which accounted for 78.7% of total assets due to the continued demand for financing in the retail and business banking segment.

Retail and Business Banking Activities

During the year, the major focus was on growing the Group's retail and commercial business. In this regard, a number of new products were introduced and marketing campaigns organised:

- Islamic Floor Stocking-i under Murabahah concept for car dealers to finance their new and used cars
- Islamic repurchase agreement ("Islamic Repo") under Sell and Buy Back Agreement-i was introduced and has attracted voluminous and active placements from corporate customers and financial institutions
- The AmIslamic Bank Business Centre was further evolved in its focus from the retail segment to the commercial Small Medium Enterprise segment
- AmIslamic Bank dedicated branches were appointed as AmTrustee Berhad's agents to provide our walk-in customers with will writing facilities
- It also forged a strategic partnership with Takaful Ikhlas Sdn Bhd and Syarikat Rahman Brothers Travel & Tours, where Al-Taslif Card-i members were introduced with easy payment plans. Payments are directly made through the Group e-channel for the takaful premium or umrah package respectively
- Revolving Credit-i based on Bai Inah concept for clean facilities only

AmIslamic Bank Berhad recorded a milestone in its first year of operation when it distributed a total of RM786,097.41 as AmIslamic Bank business zakat for financial year end 2007. A portion of the zakat has been distributed to the respective State Zakat collection Centres and the other portion to selected asnaf (qualified zakat recipients).

◀ Tan Sri Dato' Azman Hashim (right) presenting a cheque to YBhg Dato' Seri Hj Wan Abdul Wahid Wan Hassan, Timbalan Yang Dipertua Majlis Ugama Islam dan Adat Resam Melayu Pahang, witnessed by Encik Ahmad Zaini Othman, Chief Executive Officer of AmIslamic Bank.

Marketing and Promotions

The Group also played a key role in supporting BNM's efforts in promoting greater awareness and knowledge of Islamic banking activities amongst the public through participation in various roadshows, conferences and expositions including Kempen Kesedaran Kewangan Islam (KEKWI) held at Masjid Negara Kuala Lumpur in January 2008 and the 5th Malaysia International Halal Showcase (MIHAS 2008) held at KLCC in May 2008. AmIslamic Bank also participated in an International Banking Forum held in Singapore.

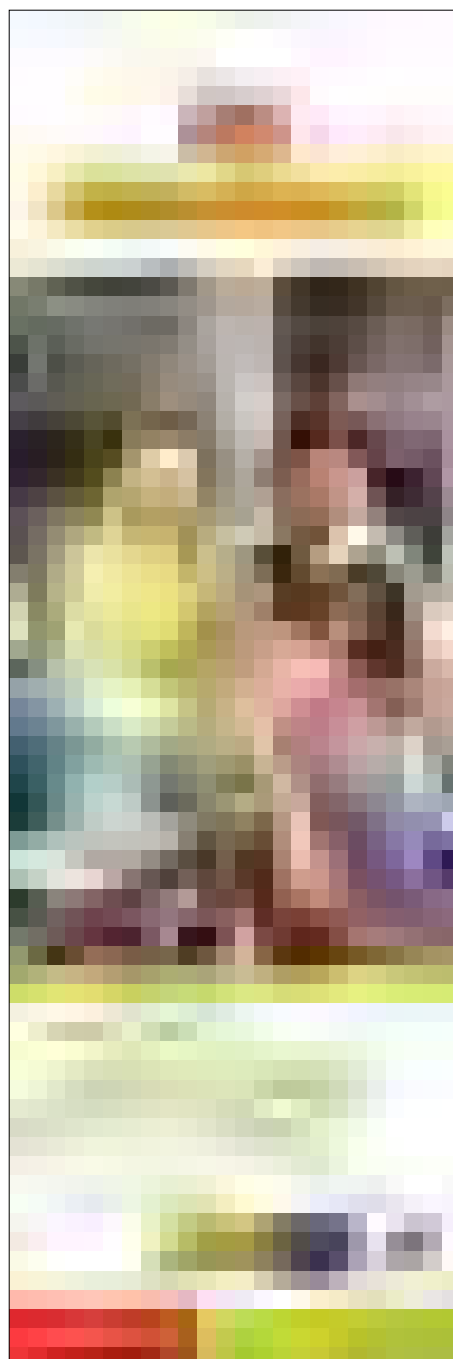
Strategic Focus and Initiatives FY2009

Amidst the completed deals and product launches, AmIslamic Bank is consistently developing various tasks across the business and operation aspects. Some major strategic initiatives that are currently being deployed are:

- Establishing an International Currency Banking Unit
- Opening more AmIslamic Bank dedicated branches
- Developing an equity business structure based on the Musyarakah concept
- Strengthening AmIslamic Bank's Corporate Branding
- Product development, business tie-ups, and dealings



Encik Ahmad Zaini Othman, Chief Executive Officer of AmIslamic Bank (left) and YBhg Dato' Hj Abd Rahman Hj Ibrahim, Executive Chairman Kumpulan Rahman Brothers Sdn Bhd at the Signing of Memorandum of Understanding between AmIslamic Bank and Syarikat Rahman Brothers Travel & Tours.





Financial year 2008 has been yet another challenging but fruitful year for AmAssurance. We have achieved a pre-tax profit of RM58.2 million, with total assets increasing to RM2.5 billion as at the end of March 2008.

The combined gross premium from the life and general insurance businesses has expanded by 12% to RM965.0 million, inclusive of investment-linked premium, which grew exponentially to RM66.0 million from RM2.0 million last year.

AmAssurance's market share of gross premium and new business premiums is now ranked fifth and tenth in the general and life insurance industry respectively.

General Insurance Business Performance

The General Insurance business achieved a commendable growth rate of 15% in gross premiums to RM546 million in the financial year ended 31 March 2008 compared to a total industry growth of 7%. Motor vehicle business continues to be the dominant class, with a portfolio share of 78% of the total gross premium income of the Division, with 11.8% growth in motor premiums to RM428.3 million during the year, AmAssurance maintained its position as the second largest motor insurance underwriter in the country, with a 9.5% industry market share as at the end of December 2007.

For the year under review, the overall claims ratio decreased from 71.3% to 70.5%. Notwithstanding that, the General Insurance business registered a higher underwriting surplus of RM7.8 million in FY2008 compared to RM7.4 million in FY2007.



Strategic Initiatives

Apart from launch of more innovative non-motor insurance products, AmAssurance has also shed interest on a possible business merger with MAA. The highlight would also be on the establishment of AmG Insurance, a separate licensed entity to allow more focus in managing the general business plus providing customers with better satisfaction.

Our special initiatives include:

- The launch of three new products from the newly established Commercial Broking Division-AmEdu Package, AmHospitality and AmSMI F & B
- Other products such as AmDaily Cash and AmVacation were also launched and marketed via the Direct Marketing and Telemarketing channel
- Joint venture with Perodua to promote our industry known as AmAuto Extended Warranty package for all new purchases of Perodua cars

Life Insurance Business Performance

The Life Insurance Division achieved total premium growth of 10% to RM418.0 million (including investment-linked premiums) from RM383.0 million the year before. In terms of annualised new business premiums, which reflect a measure of new sales activity, the Life Insurance Division has registered a commendable growth of 6% to RM 260.8 million (FY2007: RM246.5 million). Over the year, the life policyholders' fund (inclusive of investment-linked) expanded by 19% to RM1.5 billion.

Due to the introduction of the Risk Based Capital (RBC) framework by the Central Bank, traditional products such as whole life and term plans have subtly made way for new edge insurance products such as investment-linked and universal life products. Despite the volatility of the industry, AmAssurance has achieved tremendous increase in Life insurance premiums. This achievement can be accorded to the aggressive sales drive by the 4,000-strong agency force which has been exposed to various marketing initiatives and sales reward systems.

The Life Insurance Division closed the financial year with a surplus before tax of RM269 million, in line with last year at RM270 million.

Strategic Initiatives

AmAssurance had placed full focus on developing new products and partnerships to ensure that both customers and its agents would be at the winning end. Some of the notable initiatives for the Life Insurance business are:

- Launch of AmFlexi 2 Plan and AmAsia Link Capital Guaranteed Fund
- Partnership with Digi Communications to sharpen the competitive edge of the 3,000 life insurance agents resulting in an IT savvy community that is capable of providing insurance needs with greater efficiency
- Launch of its first 'insurance shop concept' at Selayang Mall and Cheras to provide customers with a new servicing channel that caters to their insurance needs

Customer Service

Service has always been a rule of thumb for every aspect of AmAssurance's business. Service betterment in the past years indeed allowed AmAssurance to gain greater confidence while building long term relationship with policyholders. Among the value added initiatives for financial year 2008 are:

- Launch of AmAssurance Branch Transformation Strategy to create operational and sales efficiency through branches nationwide

- The all new AmAssurance Corporate Website that allows policyholders and the general public to gain greater insights into the happenings and offerings of AmAssurance
- Launch of the very first road tax display sticker advertisement in Malaysia, featuring emergency contact numbers and AmAssurance contact points.
- Swift settlement of claims for the Nuri crash pilot's family, Bukit Gantang bus crash victims and Johor flood victims

Corporate Social Responsibility

AmAssurance's very first Corporate Social Responsibility project ("Drive Safely. We Care") was launched in collaboration with the Ministry of Transport. Held throughout the Hari Raya and Deepavali festive season, AmAssurance had activity filled booths at prominent Rest & Relax areas along the North-South highway.

Giving out road safety based goodies plus Red Bull energy drinks, AmAssurance also took this opportunity to have a road safety pledge wall for all drivers and passengers alike.

Priorities for FY2009

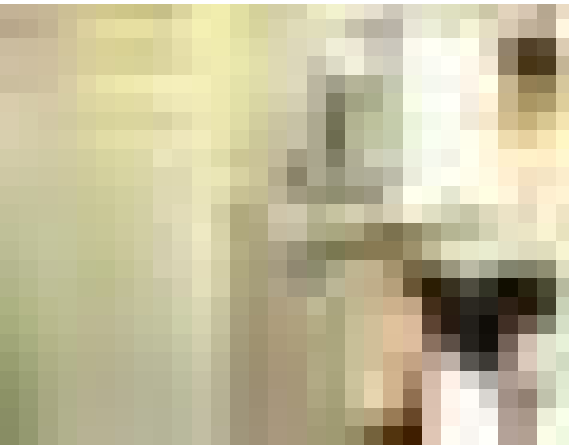
The multiple initiatives and continuous support implemented to date has allowed us to move forward with an aggressive growth rate. This has further strengthened our drive to double our achievements in the coming financial year.

The coming financial year will see the launches of many market leading products plus innovative services that cater to the lifestyle needs of all Malaysians. We will continue to invest in technological advancements to better enhance our business.

Ultimately, we want to be the most 'Preferred insurance service provider' for all Malaysians.

Information Technology Systems, Group Information Systems

AmBank Group continues to capitalise on technology to enable and support the Group's strategic intent to be a top player in the financial services industry.



Moving forward, Group Information Systems ("Group IS") will devote its major focus to supporting the Group's strategic agenda by providing required technical solutions to enable the key objectives in relation to revenue growth, enhancing risk management capability, lowering group funding costs, improving efficiency, and maximising return to shareholders.

To support business revenue growth for Foreign Exchange and Treasury Markets, Credit Cards, Islamic Finance, Small and Medium Sized Enterprises, Investment Banking diversification and product mix, Group IS will continue to ensure that core systems supporting these business areas deliver the desired functionalities, value-added services, and high availability. Group IS will also embark on technology investments to enhance the Group's capabilities to promote up-selling and cross-selling to targeted customer segments.

Risk management is a key focus area. The Group is looking to building the next generation of risk decisioning capabilities to have more comprehensive and robust risk data management to promote efficient overall risk mitigation.

In an effort to lower group funding costs, the Bank will continue to invest in delivery channels and enhance the analytics capability to deliver low cost transaction capabilities through self-service machines, mobile/Internet banking, and the Contact Centre, as well as the right services and product mix to targeted customer segments.

Beside these, the Group is also constantly looking for opportunities to break into new markets and expand our current scope of business. To support these strategic initiatives, there will be investments to build new business capabilities such as implementing Treasury and Equity Derivatives systems in collaboration with the Australia and New Zealand Banking Group (ANZ).

To support new business and service delivery capabilities, emphasis is also given to needed improvements in the overall IT infrastructure. The objective is to provide a more robust infrastructure to support the business and to better meet compliance requirements. We will also continue to invest in security management to enhance security integrity and to keep abreast with changes in the environment and to comply with security guidelines and policies. In addition, Group IS is constantly monitoring and ensuring that the Bank's technology infrastructure such as personal computers, printers, and other IT peripherals are kept current.

To ensure an appropriate level of technology investment, the Banking Group utilises a proactive portfolio management framework to ascertain and monitor the relative ratio of its capital expenditure spend across the Group to ensure that adequate attention and resources are devoted to assisting the Bank to deliver on its stated strategic objectives as well as business as usual activities.

In terms of departmental strategy, Group IS is currently enhancing its service-oriented delivery model. With the intent to address demand from the business, Group IS is presently undertaking a comprehensive initiative to enhance its overall IT Governance, Investment Framework, and Demand Management to deliver more efficient IT services.

Moving forward, the Bank will continue to expend effort on improving and strengthening staff skills and competencies, and to enhance current processes by instilling and adopting standard practices to support business growth.

Retail and Business Banking

To defend its position in the core retail products and improve return on equity, it is looking at enhancing its core application system to deliver innovative products and services to its customers. Other technology investments in the pipeline are wealth management to support continuous business growth and enhancing our customer relationship management capability.

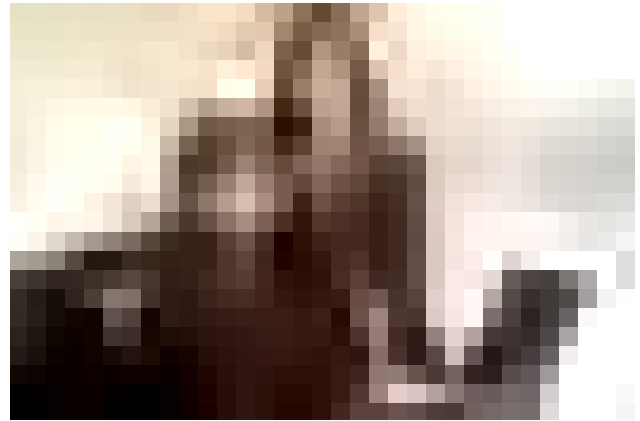
Focus will also be given to grow trade and SME businesses with the intention to further improve overall controls and enhance efficiency and productivity. There will also be IT investments to support risk based business initiatives.

Islamic Banking

Islamic Banking is looking at opportunities for potential growth. The focus is to further streamline its processes through further enhancement of its back-end systems to rollout innovative Islamic products.

Investment Bank

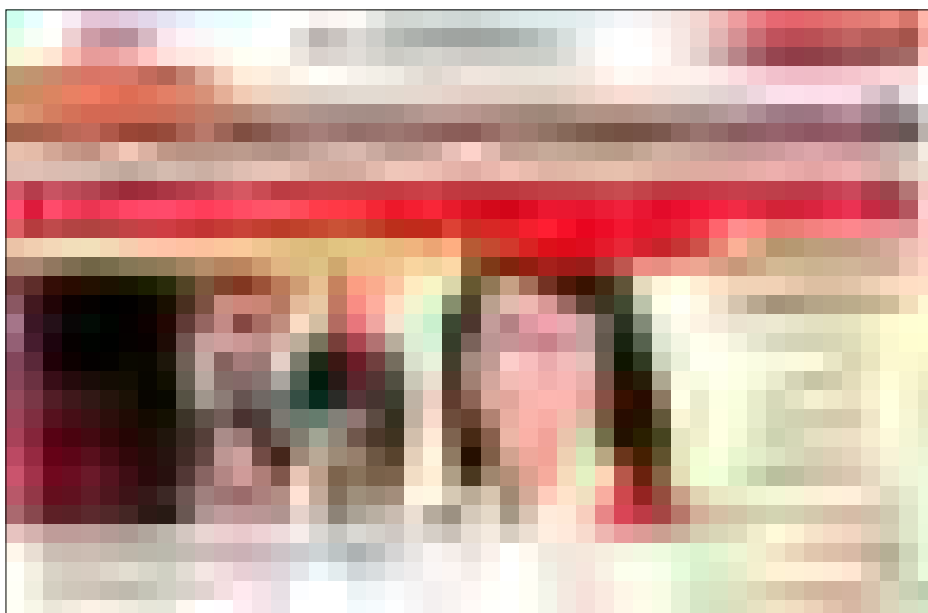
AmInvestment Bank Group together with N2N Connect recently won the “Best Multi-Channel Capability Project Award 2007” in The Asian Banker IT Implementation Awards 2007 for an online trading and investment system for retail and institutional clients through Internet and mobile devices.



To be continuously recognised as a market leader to launch innovative product and services, the ICT focus for this year is to enhance derivatives capabilities through the implementation of the Treasury and Equity Derivatives system to enable complete operational control, seamless processing for all deal structures and robust system for business growth.

Insurance

AmAssurance has initiated a technology investment in the life insurance system to support its aggressive growth.



Building Our Future Human Capital, Today – A Continuing Journey

Our focus this financial year has been to enhance the talent and succession management (TSM) frameworks already in place to achieve our human capital objectives, which are to attract, develop, motivate, manage performance, as well as reward and retain well performing/talented employees, a key agenda critical for achieving corporate objectives of the Group.



We have also taken into account the changes to roles, reporting structures and performance measurements as a result of organisation restructuring that certain portions of the Group had undergone in the past year. A key activity to recognise these changes has been to review the job structure to ensure job sizing for internal and external parity.

To build our current and future resource needs, we have embarked more aggressively into talent sourcing and creation at all levels.

We continue to identify talent that is in our midst, i.e., amongst existing employees, putting them through assessments in a phased approach, so that we can identify their potential, their career path, strengths as well as their areas requiring improvement and development.

With regards to attracting and rewarding talent in AmBank Group, we have revisited our Employee Value Proposition (EVP) to ensure that key components of reward and compensation are positioned appropriately.

As part of our building blocks to support our human capital, the development of our employees continues to be a huge investment. Employees have been sent for both internal and external training comprising technical, development and certification programmes. About 85% of training programmes were conducted internally and coordinated by Group Organisational Development, with the objective of developing highly customised programmes based on AmBank Group's needs.

Leveraging the strategic partnership with ANZ, selected key staff received the opportunity to undergo attachment programmes and learning visits at ANZ Head Office in Melbourne, Australia. This is part of the initiative to ensure that the partnership will contribute to the transfer of know-how and employee up-skilling, which will give AmBank Group the cutting edge to compete in the marketplace.



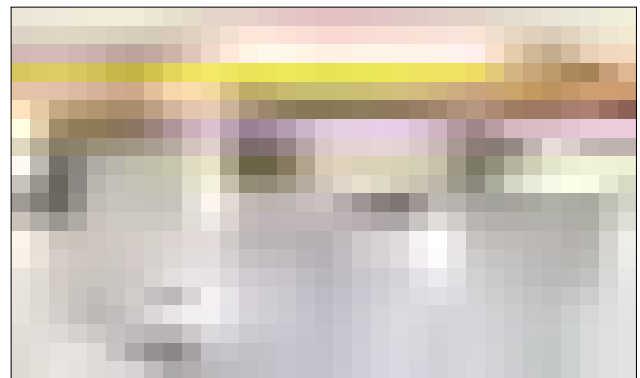
In order to ensure that our performance measures remain relevant to the changing business landscape, we will also be reviewing our Leadership Competency Model, in order to drive the behaviours that bring value creation for the longer-term. The Performance Management System has also been enhanced for greater ease and objectivity in assessing and providing performance feedback to employees in a timely manner. Our Coaching and Mentoring programmes for Managers will emphasise the importance of on-the-job development and employee performance management.

In parallel with the TSM, focus has also been given to equip Managers with effective managerial skills to inculcate awareness and responsibility in monitoring performance, developing skills and ensuring employee engagement.

The Succession Planning process, a key output of the TSM, has identified potential successors for leadership positions in the Group. Support processes have commenced, either through internal career planning, development or external sourcing.

In the new financial year, the focus will be on the implementation of more deployment and job rotation programmes to accelerate learning and the development of talent and potential successors and empowering employees to manage their careers.

To enhance performance management, we reinforced the importance of KPI setting and cascading, in order to achieve challenging corporate goals. Managers continue to be trained on tools and techniques for KPI cascading to ensure that departmental and organisational targets are met.



In line with the transformation of Human Resource's Service Delivery, an Employee Self-Service (ESS) feature through our HR portal, to provide accessibility and improved service to employees is in different phases of implementation. Stage 1 sees employees having access to their personal, dependant and beneficiary information for updating and enabling of pay-slips to be printed on a demand basis. Stage 2 will see the enhancement of ESS and introduction of Manager Desktop, which will provide strategic HR information to support departmental decision making. The third stage will see the automation of Core HR Functions in the Manager Desktop, to empower Managers to manage their employees directly. The benefits we can expect with ESS and Manager Desktop are improved data accuracy and integrity, increased transaction speed, accuracy and communications within the organisation, paperless transactions, and improved employee satisfaction with Human Resource service delivery.

GROUP FINANCIAL

REVIEW

• Management Discussion and Analysis of Financial Performance

Financial year ended 31 March 2008 represented a year of performance turnaround for the Group.

In our last letter to the shareholders, we had stated that the Group's priorities in financial year ended 31 March 2008 (FY2008) were:

- To achieve sustainable and profitable growth by building a balanced strategic business portfolio mix of investment banking, retail and commercial banking and insurance business
- To improve overall asset quality with further reduction in net non-performing loans ratio
- To create a true deposit business by mobilising more demand and savings deposits from retail, corporate and institutional clients
- To implement a change management programme to integrate the best practices of the ANZ Banking Group

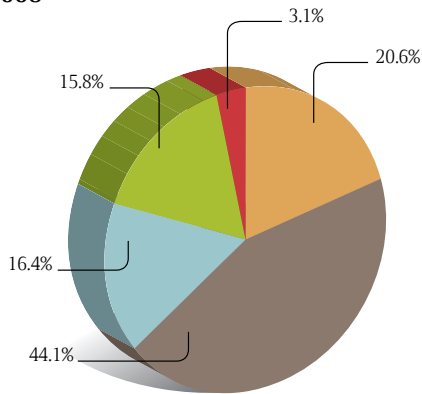
We are pleased to report that results of our priorities outlined last year is seen in the FY2008 which represented a year of performance turnaround for the Group.

SIMPLIFIED INCOME STATEMENT

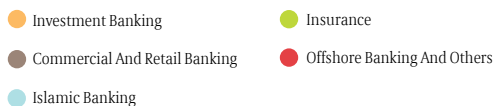
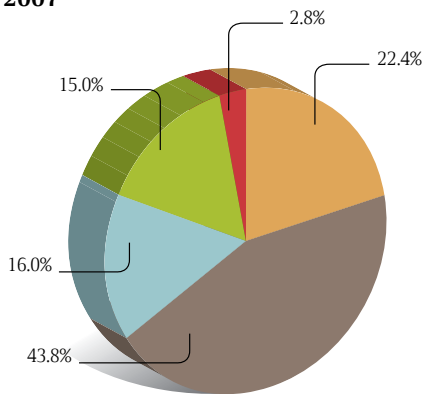
RM Million	FY2008	FY2007	+ / (-)	
			RM Million	%
Operating revenue	6,007.6	5,497.3	510.3	9.3
Net interest income	1,630.6	1,372.1	258.5	18.8
Net income from Islamic banking business	517.2	506.1	11.1	2.2
Net fund income	2,147.8	1,878.2	269.6	14.4
Other operating income	1,218.8	1,150.0	68.8	6.0
Total income	3,366.6	3,028.3	338.4	11.2
Overheads	(1,236.7)	(1,068.2)	(168.5)	15.8
General insurance claims	(315.6)	(288.7)	(26.9)	9.3
Operating profit	1,814.3	1,671.4	142.9	8.6
Allowance for losses on loans and financing	(512.2)	(1,519.5)	1,007.3	(66.3)
Other writeback/(provisions)	14.3	58.7	(44.5)	(75.7)
Impairment (loss)/writeback	(122.0)	(296.3)	174.3	(58.8)
Share in results of associated companies	0.0	1.0	(1.0)	(100.0)
Profit/(Loss) before taxation and zakat	1,194.4	(84.6)	1,279.0	1,511.7
Taxation and zakat	(383.6)	(44.3)	(339.3)	766.2
Profit/(Loss) before minority interests	810.8	(128.9)	939.7	729.0
Minority interests	(142.3)	(153.6)	11.3	(7.3)
Net profit/(loss) attributable to shareholders	668.5	(282.5)	951.0	336.7
Gross dividend rate	6.0%	5.0%		
Overheads to total income	36.7%	35.3%		

OPERATING REVENUE BY SEGMENT

FY2008



FY2007



Income Statement

The Group posted a growth of 8.6% or RM142.9 million to RM1,814.3 million in operating profit for FY2008, consistent with the resilient Malaysian economy amidst uncertainties in the global economic environment. The Group's profit before tax improved with a landmark 1,512% growth to RM1,194.4 million compared with a loss position in the previous financial year, mainly due to the significant one-off charge for provisioning to build up the loan loss coverage for NPLs in FY2007 as well as concerted recovery effort on defaulted loans in FY2008. This translated to a profit after tax growth of 729% to RM810.8 million and profit after tax and minority interest growth of 337% to RM668.5 million. Earnings per share stood at 27.91 sen (fully diluted)

Total Income – Revenue Growth

Revenue growth, the essential foundation for sustainable growth in profits, is a key measure of our performance. It reflects our success in increasing repeat business from our existing customers and winning new customers. The improvement in revenue is the pay-off for the Group's investment in operational excellence, delivery of quality sales experience and extensive delivery channels.

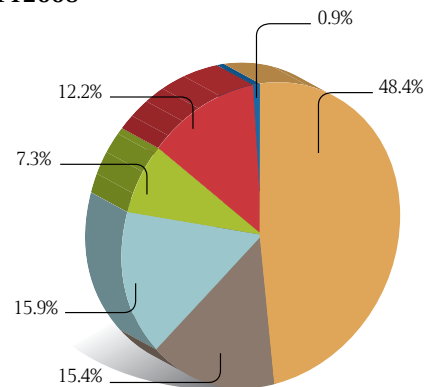
The major components of revenue are net fund income (net interest income and net income from Islamic Banking business) and other operating income.

Net fund income: RM2,147.8 million (+14.4% or RM269.6 million)

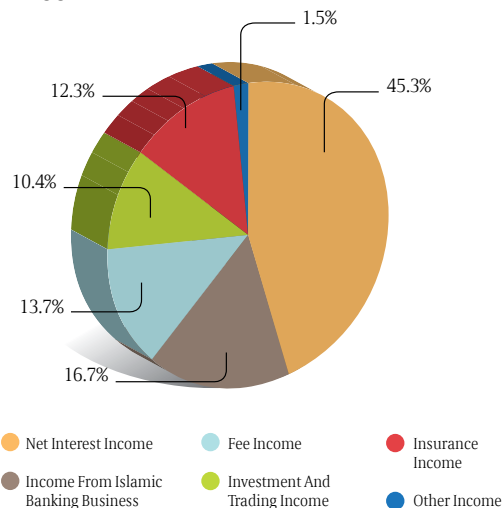
- Growth in net fund income was driven by an increase in net loans and advances (+ RM 4.8 billion or 10.2%). The growth in loans and advances was mainly driven by expansion in retail lending and lending to small and medium sized enterprises (SME) fueled by expansion in private and public consumption spending.

COMPOSITION OF INCOME

FY2008



FY2007



GROUP FINANCIAL REVIEW

Other Operating income: RM1,218.8 million (+6% or RM68.8 million)

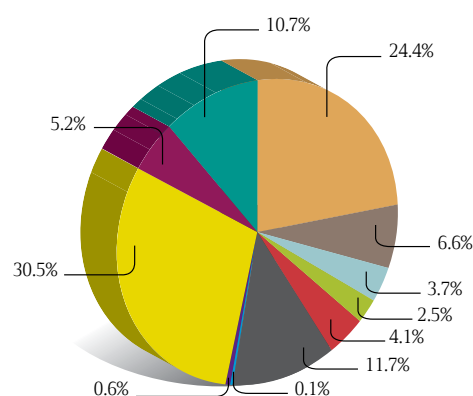
Other operating income which comprise mainly income from investment banking and trading activities as well as ancillary activities connected to the Group's lending activities, continue to contribute to the Group's revenue. Expansion of selected other operating income activities is an on-going strategy to diversify the Group's revenue streams. The Group has consistently achieved its target of operating income to total income ratio of at least 30% (FY2008 36.2%).

For FY2008:

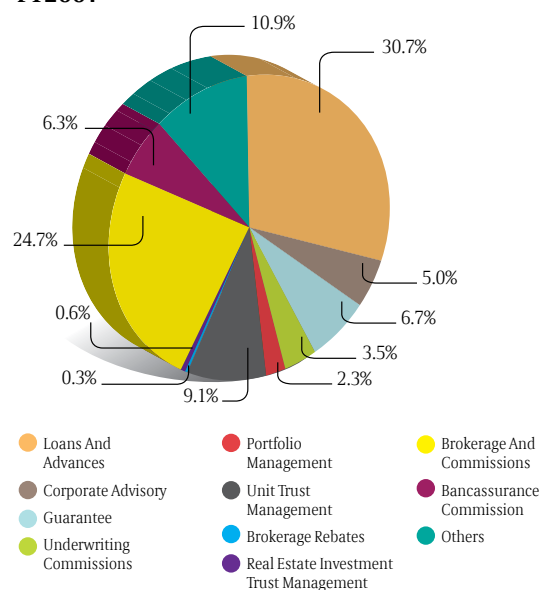
- Fee income increased by RM118.1 million (+28.4%) contributed mainly by corporate advisory activities, funds management activities and brokerage income from the securities business.
- Income from the Group's insurance business accounted for 33.6% of other operating income and registered an increase of RM36.3 million (+9.7%) due to improved productivity from the agency network, innovative products and the continuous bundling of insurance with retail banking products
- Investment and trading income decreased by RM68.6 million (-21.8%) mainly due to loss on revaluation of securities held for trading caused mainly by poor market sentiments post election in March 2008

FEE INCOME

FY2008



FY2007



OPERATING EXPENSES

	FY2008		FY2007	
	RM Million	%	RM Million	%
Personnel/staff	695.3	44.8%	577.1	42.5%
Establishment	242.3	15.6%	231.0	17.0%
Marketing and communication	172.8	11.1%	142.8	10.5%
Administration and general	126.2	8.1%	117.4	8.7%
Overheads	1,236.7	79.7%	1,068.2	78.7%
General insurance claims	315.6	20.3%	288.7	21.3%
Total	1,552.3	100.0%	1,356.8	100.0%

Operating expenses – Controlling Operating expenses

To stay competitive, the Group prudently manages its costs to ensure we operate efficiently. The non-interest expenses ratio expresses the Group's expenses as a percentage of revenue and is one of the most widely used measures of efficiency in the banking industry.

In FY2008, the operating expenses to net income ratio increased marginally by 1.3% to 46.1%.

Overheads: RM1,236.7 million (+15.8% or RM168.5 million)

- Personnel expenses increased by RM118.2 million as a result of back-dated salary costs (accruing since FY2006), annual salary increment and bonuses. Most banks in Malaysia were also affected by the back-dated salary cost adjustment for union employees.
- Establishment expenses increased by RM11.3 million mainly due to full year rental payable by its commercial bank subsidiary with the disposal of office building by the said subsidiary in December 2006 to AmFirst REIT.
- Marketing expenses increased by RM30.1 million mainly due to higher advertising and promotional expenses incurred.
- Administration expenses increased by RM8.9 million mainly due to costs incurred for the capital raising exercise in respect of Medium Term Note programme by its commercial bank subsidiary.

Debt Provisioning Charge

Net debt provisioning charge declined by RM1,007.3 million (-66.3%) to RM512.2 million.

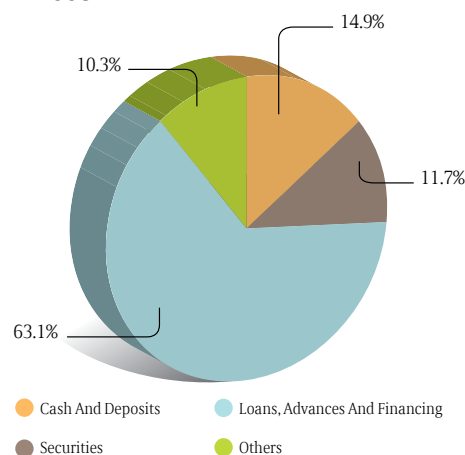
The Group embarked on a stringent provisioning policy on non-performing loan (NPL), to boost loan loss coverage, which saw a significant one-off charge to the Income Statement in FY2007. Arising from this new policy coupled with lower net NPL, the net specific allowance charge for FY2008 declined by RM970.8 million. Improvement in bad debts recovered, arising from intensified effort in collection of bad debts, also contributed to the overall decrease in net debt provisioning charge.

Impairment loss

Impairment loss on securities declined by RM171.8 million (-60.5%) to RM111.9 million mainly due to the setting aside of provision for debt equity converted instruments arising from more stringent basis of provisioning in FY2007.

ASSETS MIX ANALYSIS

FY2008



DEBT PROVISIONING CHARGE

RM Million	FY2008	FY2007	FY2008 vs FY2007
Specific allowance - net Recoveries of value impairment on loans sold to Danaharta	765.1	1,735.9	(970.8)
Bad debts recovered - net	(0.6)	(17.3)	16.7
	(319.4)	(254.7)	(64.7)
General allowance	445.1	1,463.9	(1,018.8)
	67.1	55.6	11.5
Total	512.2	1,519.5	(1,007.3)

GROUP FINANCIAL REVIEW

Balance Sheet Management

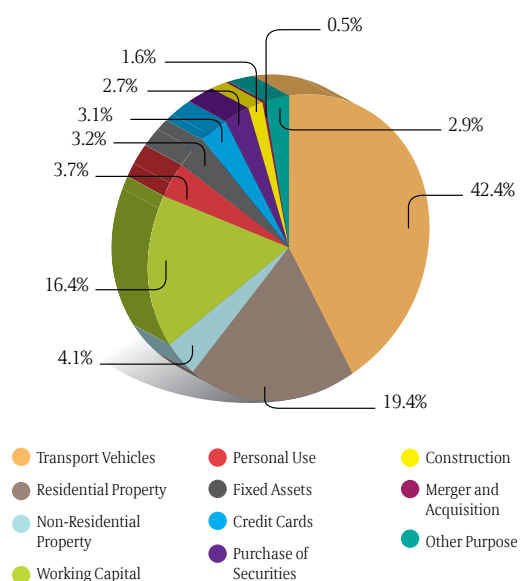
As at 31 March 2008, the Group's total assets increased by RM4.2 billion (+ 5.3%) to RM83.2 billion vis-à-vis the strong growth momentum (GDP expansion of 6%) in the Malaysian economy in 2007.

Loans and Advances

- The Group's net lending growth for FY2008 was 10.2% (RM4.8 billion), up 4.1% from FY2007. The expansion in loans was attributed to strong loans demand, particularly by the retail and SME sectors. Public spending including projects on the 9th Malaysian Plan and for the new economic corridors will reinforce the growth in financing.
- The Group continued its focus on the financing of transport vehicles, residential properties and small and medium sized industries. Lending for purchase of transport vehicles (42.4%) and residential properties (19.4%) contribute 61.8% of total financing. Although financing for these two purposes represent the largest credit concentration, the credit risk is effectively mitigated as the exposure is spread across a large number of borrowers.

GROSS LOANS – ECONOMIC PURPOSES

FY2008



Securities

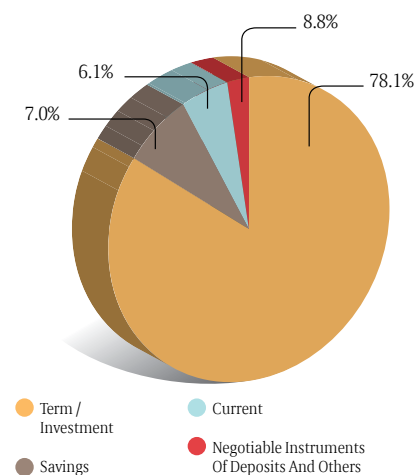
- Securities held for trading decreased by 3.2% due to lower holding in Malaysian Government securities.
- Securities held for investment and available for sale decreased by 27.3% due to lower holding in debt equity converted securities arising from disposals and redemption.

Deposits

- The Group's primary source of funding is from customer deposits, comprising term/investment deposits, savings deposits, demand deposit and negotiable instruments of deposits. Other major sources of funds include shareholders' funds, interest bearing securities, interbank and other borrowings.
- Deposits from customers increased by RM5.4 billion (+12.7%) to RM 47.8 billion as at 31 March 2008, with retail deposits accounting for 49.5% of total customer deposits. Deposits mobilized from business enterprises registered 24.2% growth to RM15.6 billion.
- Term/ Investment deposits continue to be the largest contributor with outstanding balance representing 78.1% of total outstanding deposits from customers as at 31 March 2008
- Transactional low cost customer deposits comprising savings and demand deposits increased by RM 931 million to RM6.3 billion as at the end of March 2008.

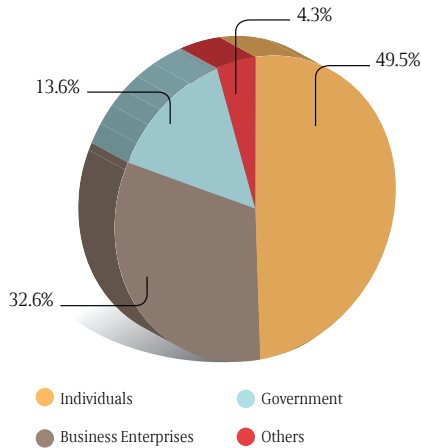
DEPOSITS FROM CUSTOMERS - TYPE

FY2008



DEPOSITS FROM CUSTOMERS - SOURCE

FY2008

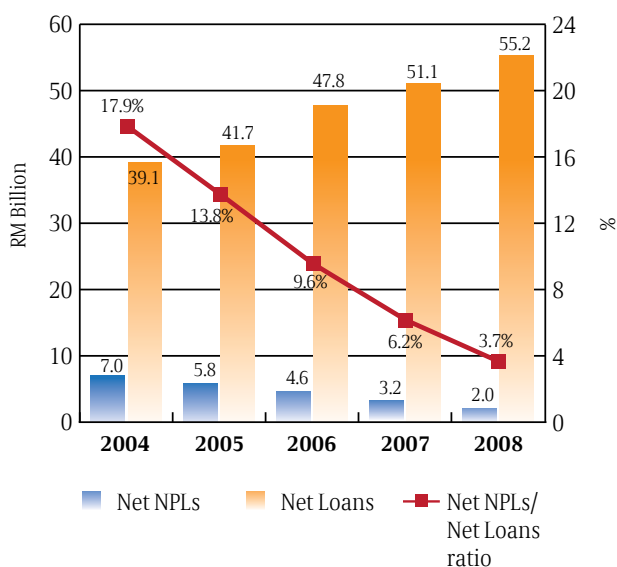


Asset Quality Improvement

Concurrent with our commitment to revenue growth, we are also focused on the reduction and management of risks that confront the Group's business. This is to ensure that the Group will, over time, be able to deliver satisfactory risk-adjusted returns to its shareholders.

An indicator that our risk management policies and practices have taken effect is the improvement of the Group's loan asset quality.

NPLS – 3 MONTHS CLASSIFICATION



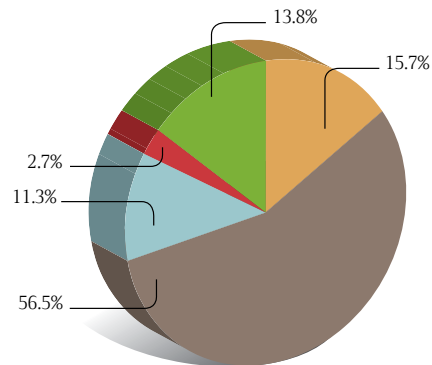
The Group's loan assets quality have improved tremendously as indicated by:

- Net non performing loans (NPL) ratio being reduced to 3.7% from 6.2% in FY2007.
- Total gross NPLs outstanding which declined to RM 3.6 billion from RM 5.5 billion in FY2007. The reduction of NPLs through restructuring, rehabilitation, rescheduling and foreclosure remains a top priority of both the Group Loan Rehabilitation and Retail Collections Units.
- Higher recoveries due to intensified loan recovery efforts through debt collection agencies.
- Loan loss coverage increased to 67.3% from 56.6%.

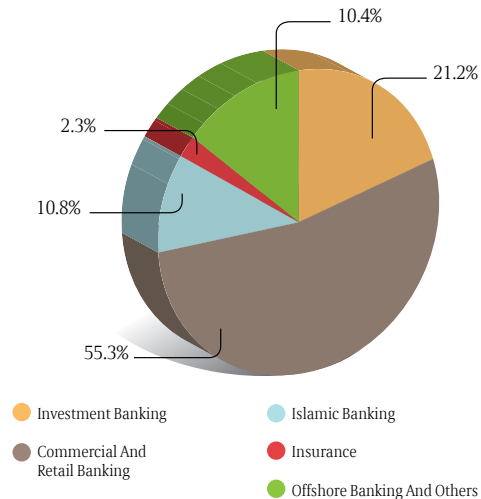
During the year, the Group completed the sale of NPL portfolio (corporate and retail) following the receipt of the sale proceeds totaling RM328.5 million from ABS Enterprise One Berhad, Neptune ABS One Berhad and Neptune ABS Two Berhad.

TOTAL ASSETS BY SEGMENTS

FY2008



FY2007



GROUP FINANCIAL REVIEW

Building A Balanced Business Portfolio Mix

In line with our stated objective to achieve a sustainable and profitable business growth by building a balanced strategic business portfolio mix of investment banking, retail and commercial lending and insurance business:

- Portfolio of commercial and retail banking segment made up 56.5% of total assets by segments, up from 55.3% in FY2007. This is mainly fueled by loans growth in the retail and SME sectors.
- Investment banking portfolio contribution on the other hand saw a contraction to 15.7% from 21.2%. This is mainly due to the reduction in securities holdings from disposals and lower mark to market valuations.
- Islamic banking portfolio contribution grew from 10.8% to 11.3% attributable to growth in financing and advances to the retail sector.
- Insurance business portfolio contribution increased to 2.7% from 2.3% on the back of growth in the General and Life funds assets.
- Others portfolio contribution increased from 10.4% to 13.8%, mainly due to injection of capital by ANZ Funds Pty Ltd and the privatisation of AIGB.

Strengthening Capital position

Our capital levels remain strong, with overall Group's risk weighted capital ratio as at 31 March 2008 at 13.5% with Tier-1 capital ratio of 8.2%, significantly above the minimum risk weighted capital ratio requirement of 8%.

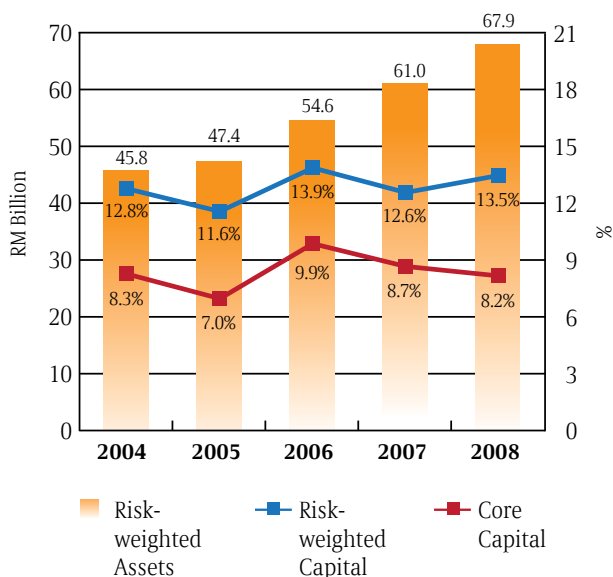
During the year, the Group's capital position was strengthened by:

- The capital injection of RM1,075 million by ANZ Funds Pty Limited on 18 May 2007, comprising 163,934,426 converting preference shares ("CPS") at the issue price of RM3.05 per CPS, raising RM500 million, which are convertible into 163,934,426 new ordinary shares of RM1.00 each in the Company and RM575 million Exchangeable Bonds issued by AmBank, which are exchangeable into 188,524,590 new ordinary shares of the Company. On 13 March 2008, the CPS was converted to 163,934,426 new ordinary shares of RM1.00 each on the basis of one new ordinary share of RM1.00 each in exchange for every one CPS of RM1.00 each.
- Issuance of the First to Fifth Tranche Medium Term Notes ("MTN") totaling RM860 million under a RM2.0 billion nominal value MTN programme. The MTNs issued qualifies as Tier-2 capital under the capital adequacy framework for financial institutions in compliance with the Risk Weighted Capital Adequacy Framework issued by BNM.

LOANS BY SECTOR

	FY2008		FY2007	
	RM Million	%	RM Million	%
Retail	36,612.5	66.7%	34,583.4	68.2%
SME	5,452.4	9.9%	4,806.8	9.5%
Corporate	12,813.2	23.3%	11,352.0	22.4%
Total	54,878.1	100.0%	50,742.2	100.0%

CAPITAL RATIOS



Credit ratings

Reflecting the improvement in financial performance, the various rating agencies had reaffirmed and upgraded the credit ratings of the principal subsidiaries, AmBank (M) Berhad and AmInvestment Bank Berhad.

AmInvestment Bank Berhad's RM460.0 million Redeemable Unsecured Subordinated Bonds and RM200.0 million Subordinated Tier 2 Bonds were reaffirmed a long-term rating of A1 by RAM respectively.

RAM reaffirmed AmInvestment Bank Berhad's RM1.0 billion Long-term Negotiable Instruments of Deposits with a long term rating of AA3.

The Hybrid Securities of USD200.0 million issued by AmBank (M) Berhad has been reaffirmed a rating of Ba2 by Moody's, BB by S&P and BB by Fitch.

AmBank (M) Berhad's RM200.0 million Redeemable Unsecured Subordinated Bonds' long-term rating was upgraded to A2 by RAM.

RAM assigned a long-term rating of A2 for AmBank (M) Berhad's RM575.0 million Exchangeable Bonds and RM2.0 billion Medium Term Notes Programme.

Fitch and S&P have assigned a long-term rating of BB to the Singapore dollar denominated Stapled Securities.

Conclusion

This year's financial results represented a year of performance turnaround of the Group and have shown that we are delivering on our commitments.

Reflecting the better financial performance in FY2008, the Directors are recommending to increase the dividend payment to 6% less tax (FY2007 5% less tax) totaling RM 122.5 million for the current financial year.

We are confident that the ongoing initiatives and measures being implemented, coupled with the reinvestment of part of the current year's profits, will translate into stronger earnings and balance sheet growth going forward.

CREDIT RATINGS

	AmBank (M) Berhad		AmInvestment Bank Berhad	
	Long-term	Short-term	Long-term	Short-term
Rating Agency Malaysia Berhad ("RAM")	A1	P1	AA3	P1
Malaysian Rating Corporation Bhd ("MARC")	Not Rated		AA-	MARC-1
Standard & Poor's ("S&P")	BBB-	A-3	BB+	B
Capital Intelligence	BBB-	A3	Not Rated	
Fitch Ratings Singapore Pte Ltd ("Fitch")	BBB-	F3	BB+	B
Moody's Investor Service ("Moody's")	Baa2	P-3	Not Rated	

GROUP FINANCIAL HIGHLIGHTS

	Year Ended 31 March				Half-Year Ended 30 September			
	RM Million		Growth Rate + / (-) %		RM Million		Growth Rate + / (-) %	
	2008	2007 ^{@#}	2008	2007	2007	2006 ^{@#}	2007	2006
Operating revenue	6,007.6	5,497.3	9.3	13.8	3,097.2	2,613.0	18.5	8.8
Profit before tax and allowances for losses on loans and financing	1,706.6	1,434.9	18.9	(6.4)	927.6	686.1	35.2	(8.9)
Allowances for losses on loans and financing	512.2	1,519.5	(66.3)	96.1	367.4	321.2	14.4	(0.2)
Profit before tax and after share in result of associated companies	1,194.4	(84.6)	>100.0	(>100.0)	560.2	364.9	53.5	(15.3)
Profit/(Loss) after tax and minority interests	668.5	(282.5)	>100.0	(>100.0)	253.2	171.9	47.3	(25.8)
Total assets	83,191.7	78,982.9	5.3	9.1	77,712.2	70,510.0	10.2	5.2
Loans, advances and financing (net)	52,453.6	47,610.8	10.2	6.1	49,478.4	46,114.3	7.3	4.7
Deposits and borrowings	70,985.5	68,419.1	3.8	9.1	66,163.7	60,501.6	9.4	4.9
Commitment and contingencies	57,539.8	48,568.1	18.5	30.2	54,508.9	46,538.1	17.1	56.4
Shareholders' equity	7,169.6	4,787.8	49.7	(7.0)	5,448.2	5,233.8	4.1	5.5
Pre-tax return on average shareholders' equity (%) [^]	16.8	(6.0)	>100.0	(>100.0)	17.0 **	10.9 **	56.6	(24.1)
Pre-tax return on average total assets (%)	1.5	(0.1)	>100.0	(>100.0)	1.4 **	1.0 **	40.0	(23.5)
Basic earnings/(loss) per share - gross (sen)	42.5	(13.9)	>100.0	(>100.0)	38.7 **	26.5 **	46.2	(20.1)
- net (sen)	28.2	(13.3)	>100.0	(>100.0)	22.5 **	16.1 **	39.3	(25.8)
Fully diluted earnings/(loss) per share - gross (sen)	42.0	(13.9)	>100.0	(>100.0)	36.8 **	26.3 **	40.0	(20.1)
- net (sen)	27.9	(13.3)	>100.0	(>100.0)	21.4 **	16.0 **	33.5	(25.7)
Gross dividend per share	6.0	5.0	20.0	2.0	-	-	-	-
Net assets per share (RM)	2.63	2.25	17.2	(7.0)	2.10	2.46	(14.5)	5.5
Overheads to total income (%)	36.7	35.3	4.1	(6.2)	35.0	36.6	(4.4)	(0.7)
Number of employees	9,683	9,603	0.8	3.5	9,698	9,443	2.7	4.1
Assets per employee (RM Million)	8.6	8.2	4.5	5.5	8.0	7.5	7.3	1.1
Pre-tax profit per employee (RM'000)	123.4	(8.8)	>100.0	(>100.0)	115.5 **	77.3 **	49.5	(18.6)

Refer to page 103 for the explanation of legend

FIVE-YEAR GROUP FINANCIAL REVIEW

	Financial year ended 31 March				
	2008	2007 @#	2006 #	2005 #	2004 #
1 REVENUE (RM MILLION)					
i Operating revenue	6,007.6	5,497.3	4,830.9	4,340.9	4,188.6
ii Profit before tax and allowances for losses on loans and financing	1,706.6	1,434.9	1,532.9	1,282.7	1,239.2
iii Allowances for losses on loans and financing	512.2	1,519.5	775.0	779.3	879.3
iv Profit before tax and after share in results of associated companies	1,194.4	(84.6)	757.8	503.4	359.8
v Profit/(Loss) after tax and minority interests	668.5	(282.5)	399.9	211.8	222.9
2 BALANCE SHEET (RM MILLION)					
Assets					
i Total assets	83,191.7	78,982.9	72,378.7	62,197.9	60,577.3
ii Loans, advances and financing (net)	52,453.6	47,610.8	44,860.5	40,099.6	38,466.7
Liabilities and Shareholders' Equity					
i Deposits and borrowings	70,985.5	68,419.1	62,704.6	54,360.1	53,010.9
ii Paid-up share capital	2,723.0	2,130.6	2,130.5	2,130.5	1,858.8
iii Shareholders' equity	7,169.6	4,787.8	5,147.1	4,897.0	4,077.2
Commitment and Contingencies	57,539.8	48,568.1	37,310.4	23,944.9	18,708.7
3 PER SHARE (SEN)					
i Basic gross earnings/(loss)	42.5	(13.9)	28.1	17.1	11.8
ii Basic net earnings/(loss)	28.2	(13.3)	18.8	11.2	13.9
iii Fully diluted gross earnings/(loss)	42.0	(13.9)	27.8	16.8	11.1
iv Fully diluted net earnings/(loss)	27.9	(13.3)	18.5	11.1	13.1
vi Net assets	263.3	224.7	241.6	229.8	219.3
vii Gross dividend	6.0	5.0	4.9	4.0	4.0
4 FINANCIAL RATIOS (%)					
i Pre-tax return on average shareholders' equity ^	16.8	(6.0)	11.9	7.2	5.0
ii Pre-tax return on average total assets	1.5	(0.1)	1.1	0.8	0.6
iii Loans, advances and financing to deposits and borrowings	73.9	69.6	71.5	73.8	72.6
iv Overheads to total income	36.7	35.3	37.6	36.6	36.7
5 SHARE PRICE (RM)					
i High	4.80	3.76	2.91	3.92	4.22
ii Low	3.02	2.35	2.21	2.81	1.84
iii As at 31 March	3.44	3.76	2.83	2.83	4.00

** Annualised

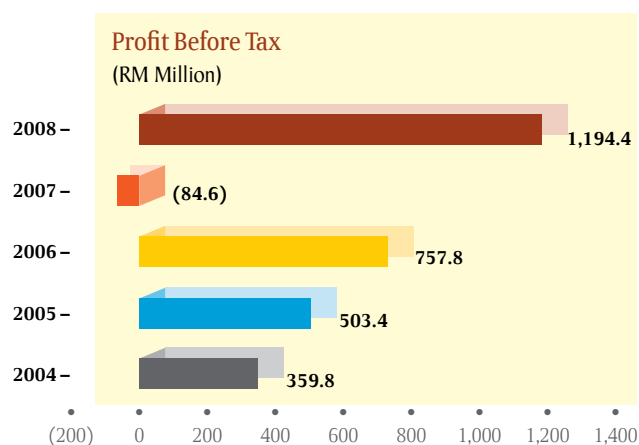
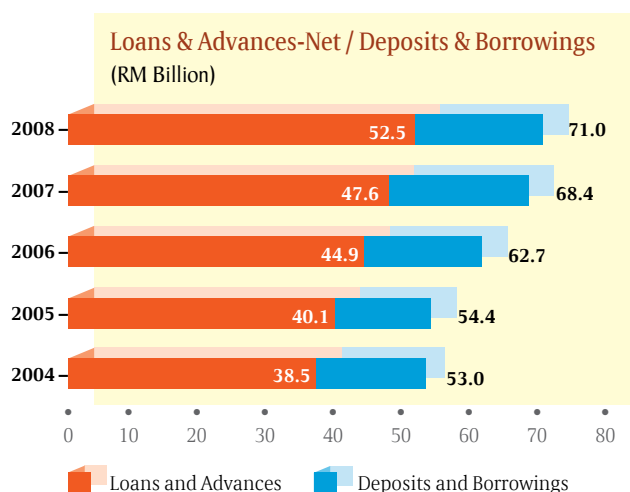
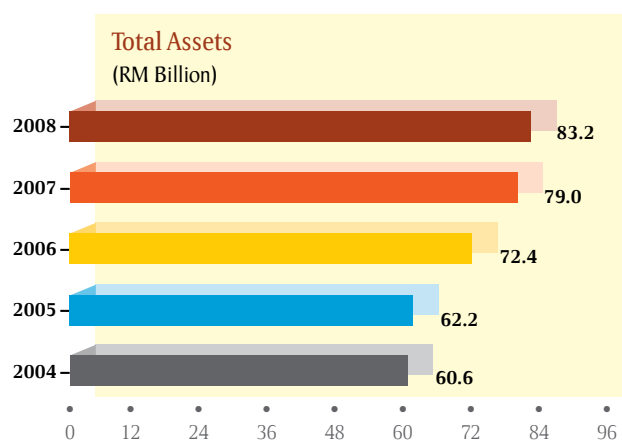
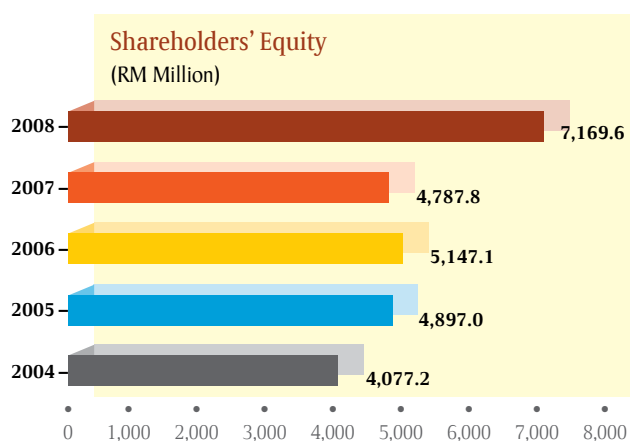
^ Adjusted for minority interests

@ After adjusting for the adoption of the Revised Guidelines on Financial Reporting for Licensed Institutions (BNM/GP8) on the accounting treatment of derivative financial instruments issued by Bank Negara Malaysia that have been applied retrospectively for one financial year.

After adjusting for reclassification of:

- insurance commission expenses to Other Operating Income and netted against Insurance Premium Income
- debt servicing/recovery expenses to Allowances for Losses on Loans and Financing and netted against Bad Debt and Financing Recovered.

FIVE-YEAR GROUP FINANCIAL REVIEW



FINANCIAL CALENDAR

2007

26 September – 16th Annual General Meeting, 21st Extraordinary General Meeting

14 November – Announcement of unaudited consolidated results for the financial half year ended 30 September 2007

2008

28 January – Announcement of unaudited consolidated results for the financial third quarter ended 31 December 2007

14 February – Notice of expiry of warrants 2003/2008

20 March – Expiry of warrants 2003/2008

13 May – Announcement of audited consolidated results and first and final dividend for the financial year ended 31 March 2008

12 August – Announcement of unaudited consolidated results for the financial first quarter ended 30 June 2008

4 September – Notice of 17th Annual General Meeting

26 September – 17th Annual General Meeting

Find a smile everywhere at AmBank Group.

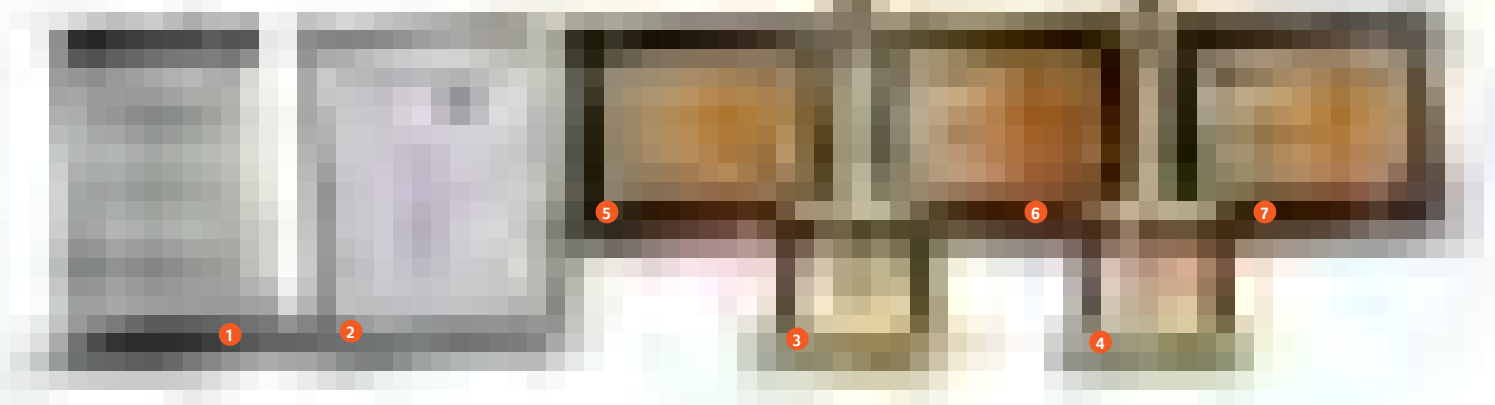
A smile is a great beginning of a relationship between us. And we endeavor to strengthen it at every opportunity we get. As custodians of your wealth, protector of your interests and enabler of your dreams, we commit ourselves to enhancing your life and securing your well-being at every stage. This is the very essence of AmBank Group. We live it everyday.








We strive to make a difference in your life.

Let us make you smile™

NOTABLES AND AWARDS






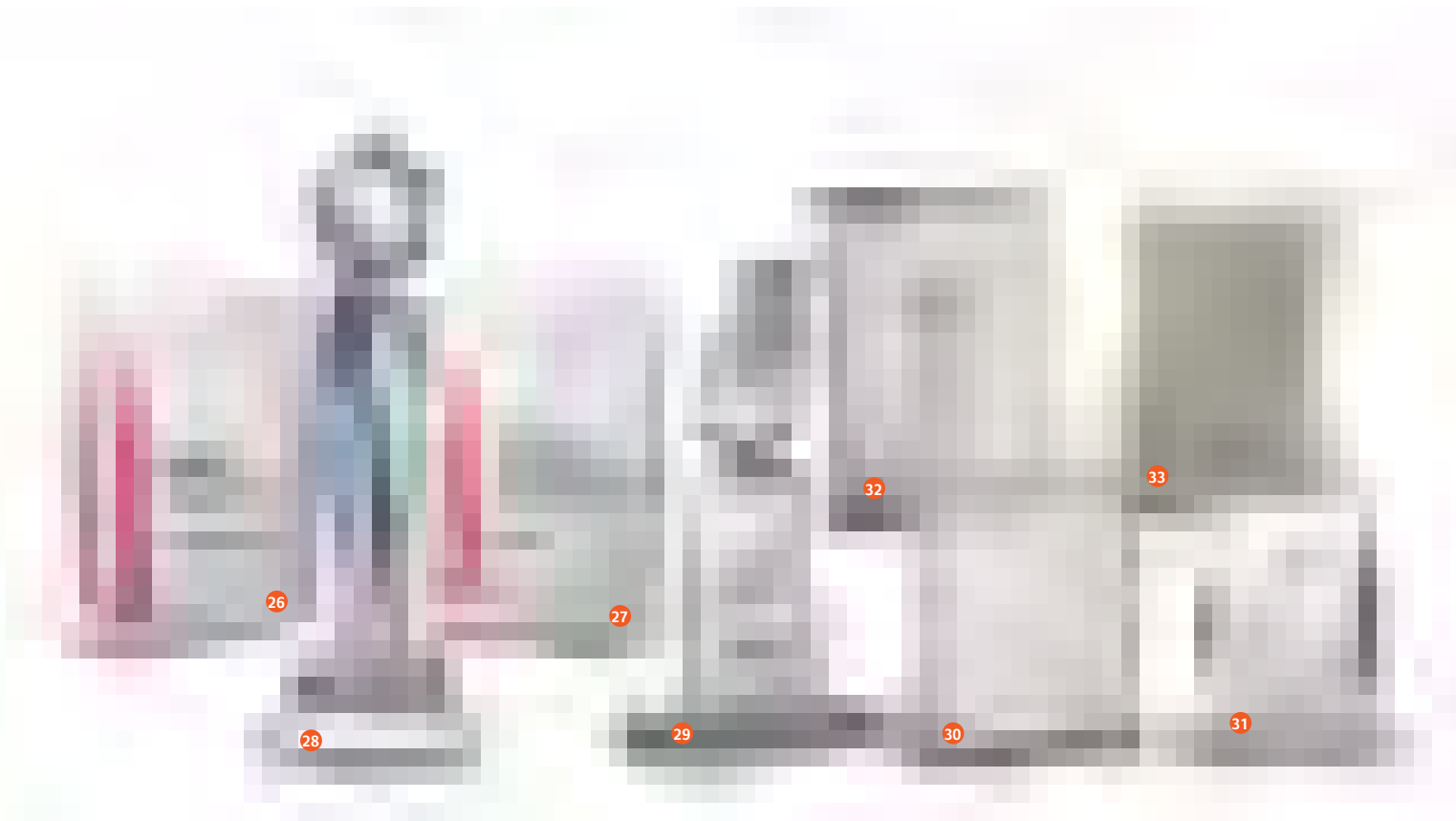
No	Award/Recognition	Awarded by
1	AmInvestment Bank Group – Best Multi-Channel Capability Project Award (for its new online trading and investment system for retail and institutional clients through Internet and mobile devices)	
2	AmInvestment Bank – Best Local Private Bank in Malaysia	
3	BrandLaureate Brand Personality Award (Awarded to Tan Sri Dato' Azman Hashim, Chairman, AmBank Group in recognition of an outstanding individual that has contributed greatly to the brands of the banking industry)	
4	BrandLaureate Conglomerate Award (Awarded to AmBank Group, for an organisation that has a basket of successful brands that have contributed to Brand Malaysia's equity)	
5	AmInvestment Bank – Best Bond MYR Islamic Fund, Period Ending December 31, 2007 (3 Years) - AmBon Islam	
6	– Best Bond Malaysian Ringgit Fund, Period Ending December 31, 2007 (3 Years) - AmDynamic Bond	
7	– Best Fund Group (Bond), Period Ending December 31, 2007 (3 Years) (The Edge-Lipper Malaysia Fund Awards 2008)	
	AmInvestment Bank – No. 1 position in all categories of RAM League Tables (for first quarter of 2008) • By Issue Value (Overall) • By Number of Issues (Overall) • By Issue Value (for Sukuk Issues) • By Number of Issues (for Sukuk Issues)	
	AmInvestment Bank – Most Innovative Deal (Al-'Aqar Capital Sdn Bhd RM300.0 million Sukuk Ijarah Programme)	


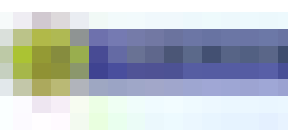







No	Award/Recognition	Awarded by
8	AmInvestment Bank – Best Overall Fixed Income Portfolio Manager Year 2007 (Employees Provident Fund External Portfolio Managers Awards 2008)	
9	AmInvestment Bank – Finalist, M&A Advisor of the Year (2007 and 2008)	Malaysian Mergers & Acquisitions Association National Mergers and Acquisitions Awards 2007 & 2008
10	AmInvestment Bank – 2nd - Number of Issues for Conventional Rating Assignments – 3rd - Issued Value for Conventional Rating Assignments (Malaysia Rating Corporation (MARC) League Tables 2007)	
11	AmBank Group – Merit Award, “Best Innovation in Corporate Social Responsibility (CSR)” category (Malaysian Business CSR Awards 2007)	
12	AmBank Group – Most Popular Booth, Corporate Category (50th Merdeka Expo Best @ Show Award 2007)	
13	AmBank Contact Centre – Gold Award for “Most Significant Achievement” (Prestige Awards Category)	
14	– Silver Award for Best Direct Marketing Programme (Open) (AutoXpress Programme, Customer Service Award Category)	
15	– Bronze Award for “Best In-House Service Contact Centre” (Over and Under 50 Seats, Corporate Awards Category for AutoXpress and Pre-approved Credit Card Campaign)	
16	– Excellence Award by OmniTouch International, for the Best Mystery Shopper Results (Eighth Customer Relationship Management & Contact Centre Association Malaysia (CCAM) 2007 National Contact Centre Awards)	
17	AmBank (M) Berhad – Automotive Finance Company of the Year (2006 Frost & Sullivan Asean Automotive Awards)	



No	Award/Recognition	Awarded by
18	Menara AmBank – Third Prize winner for bank category	Federal Territory of Kuala Lumpur Building Beauty and Illumination Competition
19	AmBank Group – One of the Top 30 companies in Malaysia from “Malaysia’s Most Valuable Brands”	
20	AmInvestment Bank – Best Islamic REIT Deal in Southeast Asia (Lead Arranger, Al-’Aqar Capital Sdn Bhd RM300.0 million Sukuk Ijarah Programme, the world’s first listed healthcare Islamic REIT) (Alpha Southeast Asia Inaugural Southeast Asia Deal Awards)	
21	AmInvestment Bank – Blueprint Award – Outstanding Deal of the Year (Joint Lead Manager, Binariang GSM Sdn Bhd RM22.0 billion Senior and RM3.02 billion Cumulative Non-Convertible Junior Sukuk Musyarakah)	
22	– 2nd Place - Lead Manager Award, Issue Value	
23	– 2nd Place - Lead Manager Award, Islamic, Number of Deals	
24	– 2nd Place - Lead Manager Award, Islamic, Issue Value	
25	– 3rd Place - Lead Manager Award, Number of Deals (RAM League Awards 2008)	



No	Award/Recognition	Awarded by
26	AmBank Group – Best Domestic Provider of Foreign Exchange Services (As Voted by Corporates, Asiamoney Polls 2007)	
27	AmInvestment Bank – Malaysia’s Deal of the Year (Adviser, Synergy Drive acquisition of Sime Darby, Kumpulan Guthrie and Golden Hope Plantations) (Asiamoney Deals of the Year Awards 2007)	
28	AmBank – “The Most Innovative Award” (In recognition of the promotion of online zakat payments)	
29	AmBank Contact Centre – “Most Customer Friendly Services” Award	e-Banking Expo 2007
30	AmBank – No. 1 Automobile Lender in Asia Pacific, Gulf States and Central Asia (The Asian Banker Excellence in Retail Financial Services Awards 2007)	
31	AmInvestment Bank – Most Outstanding Islamic Investment Banking (Kuala Lumpur Islamic Finance Forum (KLIFF) - KLIFF Islamic Finance Awards 2007)	
32	AmInvestment Bank – Best Equity House (FinanceAsia Country Awards for Achievement 2007)	
33	AmInvestment Group Berhad – Certificate of Merit from NACRA 2007 for 2006 Annual Report (National Annual Corporate Report Awards (NACRA) 2007)	

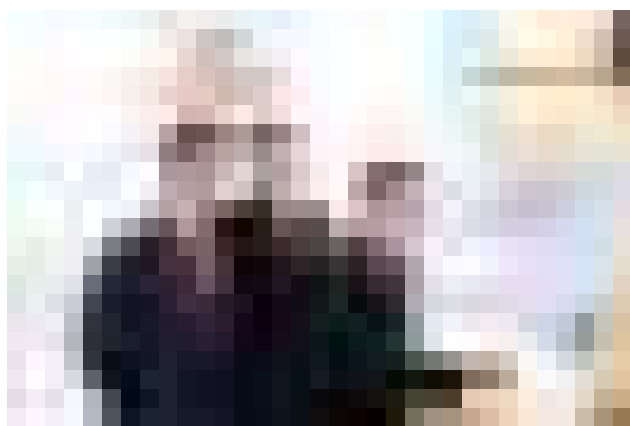
CORPORATE SOCIAL RESPONSIBILITY

The AmBank Group continues to take pride in “giving back” to the various societies and communities in which it operates, via a large number of transparent, meaningful, and ethical actions. More than ever, the Group’s sustainability and success is linked to the marketplace, the community at large, the Group’s workforce, and the environment.

Responsibility to the Marketplace

The health, vibrancy, and growth of the marketplace is dependent on the continued synergies that emerge in team endeavours, exchanges of knowledge and innovation resulting in better systems for business, newer and more productive solutions for customers and more innovative access to resources such as funding. Indeed, the Malaysian Business CSR Awards 2007 recognised the AmBank Group with a Merit Award in the “Best Innovation in Corporate Social Responsibility” category.

On the market innovation front, AmInvestment Bank was the lead arranger and principal adviser of the RM300 million Sukuk Ijarah Programme by Al-`Aqar Capital Sdn Bhd, marking the first time an Islamic securities programme has been issued by a REIT (Real Estate Investment Trust). Malaysia’s first equity exchange-traded fund, the FBM30etf, was listed on Bursa Malaysia. AmAssurance also provided unique products for retirement and education funding via the AmFlexi and AmFlexi Educational Plans.



From left: Mr Clement Heng, [General Manager, Agency Sales (Life)], Mr Alex Tan, [Head of Corporate Communications and Marketing], and Mr Ng Lian Lu, [Chief Executive Officer, AmAssurance Berhad], officiating the AmFlexi plans.

The AmBank Group continues its efforts in creating superior products as well as facilitating new and customised solutions for the benefit of its various customer groups. Co-branded AmBank NexG credit cards were first in incorporating tie-ups with a cinema chain (Cathay Cineplexes), educational institution (Metropolitan College), and prepaid telecommunications provider (Telekom Malaysia) with attractive benefits accrued for these customer groups. Additionally, foreign workers have an easier option for remitting money back to their home countries via the AmBank Amasu Prepaid Credit Card. Amasu (M) Sdn Bhd is a training and consultancy service for various sectors of the foreign manpower industry.

AmeSecurities, a rebranded e-trading portal provides e-trading customers enhanced features and greater speed.

To inject continued brand vitality into the financial sector, a fresh approach was taken with the launch of the AmBank Group’s “Let Us Make You Smile” campaign, signaling a new phase of commitment to customer service excellence throughout the entire group. Market recognition for this as well the Group’s various forms of branding practices came in the form of the AmBank Group garnering a place as one of the top 30 companies to be listed on the 4As “Malaysia’s Most Valuable Brands ’07”.

The AmBank Group shares its knowledge and expertise generously with other market participants, and this was seen through the year through a myriad of sponsorships and participation in industry conferences, forums, and meetings. These included the fourth Invest Malaysia, a key annual event targeted in the international investor community, Islamic Funds Asia, the 11th Malaysian Banking Summit, Malaysian Islamic Finance Issuers and Investors Forum 2007, Regional Capital Markets Conference, and the Bursa Malaysia IPO Conference.



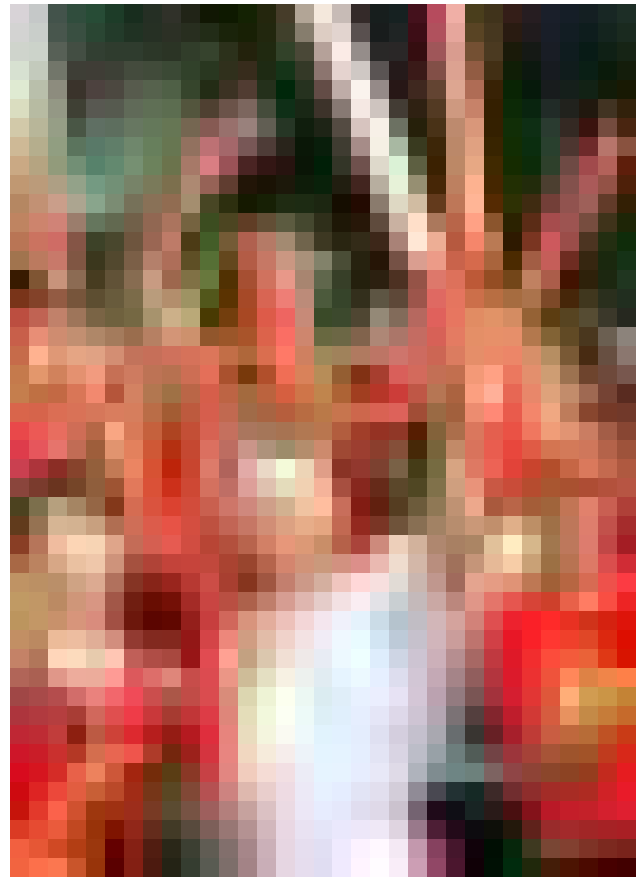
Excitement in the air at the start of the AmBank Kuala Lumpur International Marathon.

In other instances, Tan Sri Dato' Azman Hashim, Chairman, AmBank Group is President and panellist at the Malaysia Japan Business Forum, while members of the Group came forth to share their views and provide healthy debate on key issues facing the markets today in the International Islamic Financial Market Bahrain Conference, Forum Kewangan Pedagang dan Pengusaha Bumiputera, the Malaysia-China Business Forum and the 12th Malaysian Capital Market Summit. To aid in the efforts of promoting Islamic finance products and services to consumers, AmIslamic Bank Berhad participated in the Kempen Kesedaran Kewangan Islam (KEKWI) Expo while awareness of deposit insurance and consumer protection was promoted at the Malaysia Financial Exhibition (MYFex).

Partnerships and alliances to leverage each others' strengths, widen distribution networks, enhance product development and increase market penetration were also inked, for example AmBank (M) Berhad's agreement with Telekom Malaysia Berhad and MCM Wireless Sdn Bhd. AmIslamic Bank Berhad's partnership with Credit Guarantee Corporation facilitates greater access to financing by SMEs.

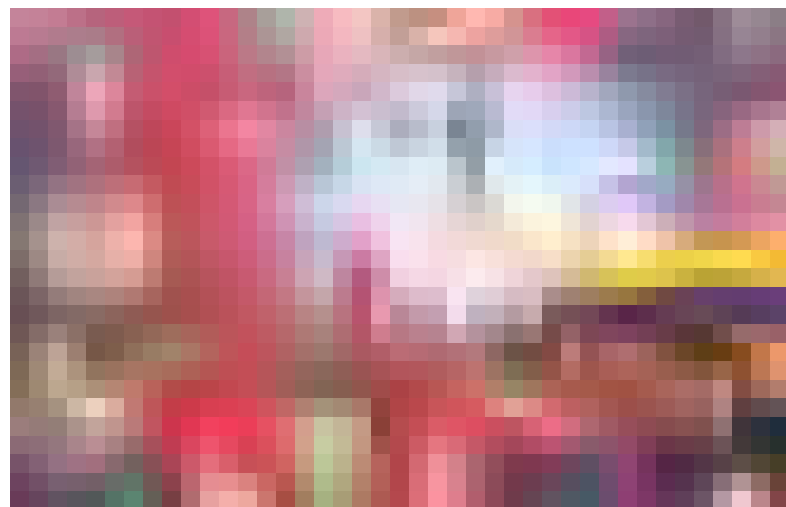
Responsibility to the Community

An event that profiled Malaysia on the international sports scene occurred when Tan Sri Dato' Azman Hashim took part in the Beijing 2008 Olympic Torch Relay representing corporate citizens from Malaysia. The annual AmBank Kuala Lumpur International Marathon, organised together with the Federal Territory Amateur Athletics Association and Kuala Lumpur City Hall was held in March 2008, again highlighting Malaysia as an international sports hub. Bringing together 10,000 participants from 42 countries, the AmBank Group's contribution of RM400,000 was certainly for a worthy cause.



Tan Sri Dato' Azman Hashim, (Chairman, AmBank Group) representing the Group at the Kuala Lumpur leg of the Beijing 2008 Olympic Torch Relay.

The AmBank Group was on hand with Konsert Sinaran Kuala Lumpur 2008, graced by YAB Dato' Seri Abdullah Haji Ahmad Badawi, Prime Minister of Malaysia, to provide an exhilarating evening for all Malaysians at Dataran Merdeka in bidding farewell to 2007 and welcoming the new year with a spectacular fireworks display.

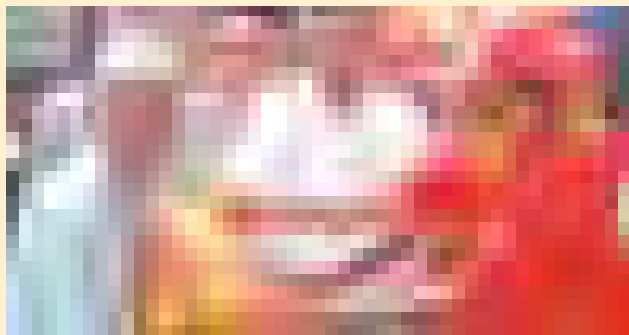


Ringing in 2008 at the Konsert Sinaran Kuala Lumpur, presented by AmBank Group. [Photo courtesy of New Straits Times Press (Malaysia) Berhad]

CORPORATE SOCIAL RESPONSIBILITY

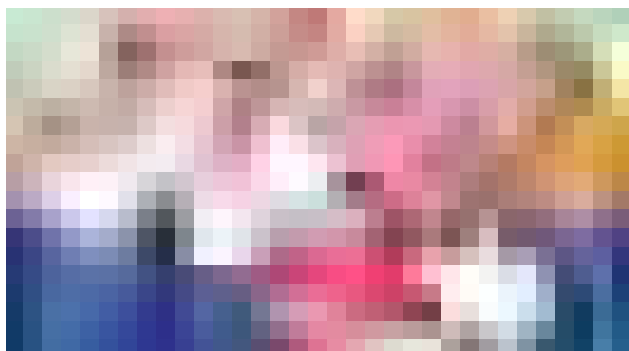
Providing comfort and care during natural disasters

Once again, the AmBank Group quickly came to aid those affected by floods by way of manpower as well as funding in distributing food and essential items worth RM40,000 to 163 families at relief centres in Kuantan, Pahang. In Kelantan, the Group mobilised staff members to distribute RM50,000 worth of food items at flood relief centres. 80 life jackets were also contributed to the Fire Department and the Civil Defence Department in Sibiu. Last year, the Group donated RM250,000 to the NSTP Flood Victims Assistance Fund, followed by another RM50,000 for a food assistance programme organised by TV3.



AmBank Group disbursing essential items during the flood relief operations in Kelantan.

The Group's firm belief in the power of sports to inculcate teamwork and induce both a healthy mind and body, is reflected in the many events sponsored for the benefit of Malaysians which included the Subang Jaya 10km Run (sponsorship of RM10,000), Utusan 10km Run (RM10,000), Inter Editorial Football and Netball Tournament (RM10,000). Promoting golfing amongst the young (aged 18 and below) was continued with the second edition of the AmBank Group - Cross Creek SportExcel International Junior Golf Championship 2007 (Sponsorship of RM18,090). The First AmBank Group Malaysian Caddy Championship 2007 (sponsorship of RM34,000) was also hosted. In recognition of its role in the development of youth and the nation, the Ministry of Youth and Sports Malaysia presented AmBank (M) Berhad with a special award in conjunction with its National Youth Day 2007.



Caring for the poor and underprivileged

Caring for the orphans is an ongoing and important example of the corporate social responsibility programme at the AmBank Group. During the annual Hari Raya festivities, children from Pertubuhan Kebajikan Anak-Anak Yatim Islam Sabak Bernam were presented with baju melayu and baju kurung and then treated to a buka puasa feast by Tan Sri Dato' Azman Hashim. The group of 45 children were also taken on a visit to the observation deck of the Kuala Lumpur Tower. Another large scale event, Rahmat Ramadan, co-organised with the Ministry of Women, Family and Community Development and



Orphans from Pertubuhan Kebajikan Anak-Anak Yatim Islam Sabak Bernam being treated to a buka puasa feast.

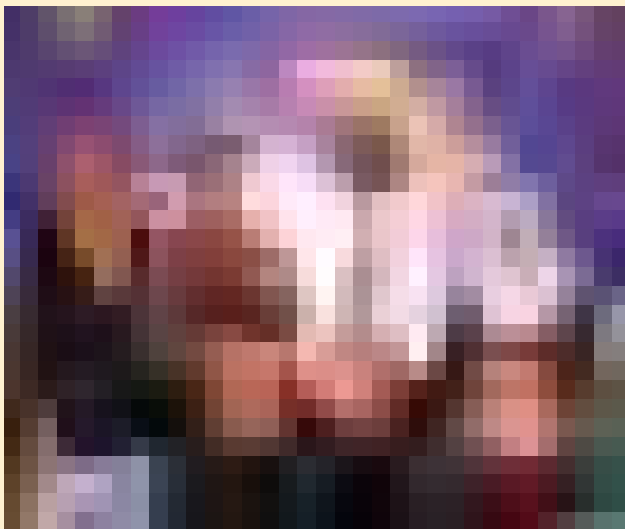
Ministry of Federal Territories, also brought Hari Raya treats in the form of food and beverage for 6,000 underprivileged and needy citizens at Dataran Merdeka.

Kindness and care for the poorer and less privileged also featured prominently during other parts of the year. A trip to Cosmo's World Theme Park in Berjaya Times Square was arranged for 95 youngsters from Rumah Tengku Ampuan Rahimah and The Stepping Stone Living Centre. The Rumah Anak-Anak Yatim dan Orang Miskin Paya Rumput dan Sungai Udang Melaka (PAYASUM) received RM10,000 via a zakat contribution by AmIslamic Bank as well as 86 sets of schoolbags and exercise books. Air conditioners and a freezer were contributed to the residents of Pusat Jagaan Anbe Sivam, while RM40,000 in total was presented to Annai Illam, Rumah Bakti, Rumah Charis and Rumah Amal Limpahan Kasih. Meanwhile, AmIslamic Bank Berhad paid its first business zakat of RM25,597.91 to Majlis Agama Islam Negeri Johor.

◀ Ecstatic winners of the AmBank Group Cross Creek SportExcel International Junior Grand Finals.

Supporting and promoting excellence in education

In supporting education, a contribution of RM100,000 was made to the development fund of Kolej WIT, a leading engineering college and technical centre for human resource development in Malaysia. A separate amount of RM80,000 for two years was provided to create the AmBank Group Resident Fellowship Award, offered to university faculty members and scholars to encourage fresh thinking and new research into the leadership history of Malaysia at the Perdana Leadership Foundation in Putrajaya. A further RM10,000 each was pledged to three students as scholarships in the Association of Banks in Malaysia (ABM) 50th Merdeka Scholarship.

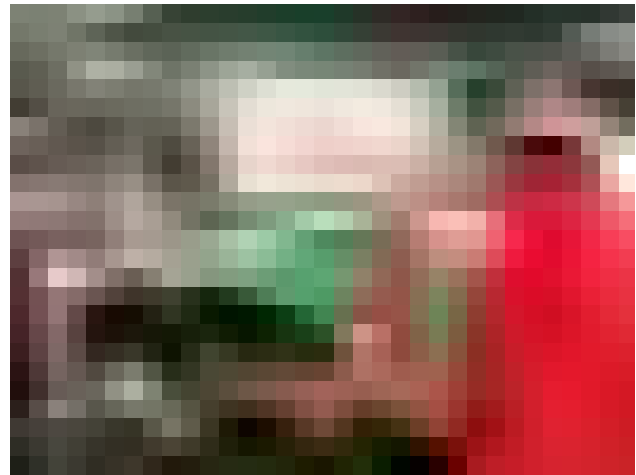


From left: Puan Fauziah Jacob, (Director, Group Human Resources) and the three proud recipients of scholarships pledged by AmBank Group as part of the Association of Banks in Malaysia 50th Merdeka Scholarship.

At the Merdeka Expo, aimed at showcasing the various sectors that have contributed to the nation's great strides forward during its first 50 years of independence, the AmBank Group's booth was voted the 'Most Popular Booth (Corporate Category)'.

Additionally, the AmBank Group provided food and beverage for the fifth Vintage Car Concours (competition), held in conjunction with the Kuala Lumpur Grand Prix City celebration, while journalists were given due recognition at the Malam Wartawan Malaysia 2007, towards which the Group contributed RM7,500. The Persatuan Diabetes Malaysia received RM10,000 towards its research and education programmes.

To promote safety on the roads during the festive season of Hari Raya and Deepavali, AmAssurance organised the Drive Safely. We Care campaign which focused on educating road users on traffic rules and regulations as well as good driving habits via activities at rest stops and shopping malls, and through free gifts with road safety messages.



Relaxation activities held as part of the Drive Safely. We Care campaign from AmAssurance.

Responsibility to the Workplace

AmBank Group demonstrates commitment to the wellbeing of its staff.

Providing a fun environment for all employees while inculcating a positive sense of wanting to excel, the Group, through its sports club Kelab AmBank Group (KAG) organises a wide range of popular sports and games tournaments. Some have inter-organisation participation e.g. the Inter-Financial Institutions Tournaments for football and futsal. The MIBA (Malaysian Investment Banking Association) Games saw AmInvestment Bank being awarded the title of Overall Champion for the 21st time since 1980, when the MIBA Games began. AmInvestment Bank was the champion in table tennis, chess, badminton, tennis, nine-ball pool, netball, futsal, darts, and football. The AmBank Group, meanwhile claimed the Governor's Cup (football) for the first time. Other types of activities called for not only energy but wit, creativity and teamwork, for example the Treasure Hunts – 'Hunt Tuah' and 'Pirates of the AmCaribbean'. Entering the Malaysia Book of Records was the KAG 50th Merdeka Day Celebration Bowling Tournament, officially certified as the "Largest Bowling Tournament". The AmBank Challenge VIII, attracting 252 participants in 63 teams was not only a test of strength and endurance, but of teamwork and mental alertness. Participants cycled uphill, jungle trekked, ran a 15km race through jungle tracks, swampland and lakes while also taking part in kayaking, archery, navigation, orienteering and mystery tests. The AmGames brought together from staff from all parts of Peninsular Malaysia in a wide range of team sports.

Staff creativity was put to the test with a cash reward of RM300 awarded for the naming of the Group's intranet portal, AmOnline, while those with a penchant for singing were given the chance to shine at the AmBagus, the AmBank Group's annual talentime competition with a cash prize of RM2,500 and a trophy.

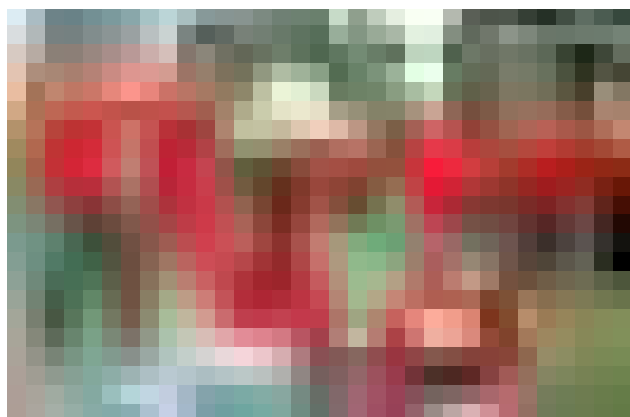
CORPORATE SOCIAL RESPONSIBILITY

The AmGraduate programme was kicked off to groom future leaders for the Group, with a fast-track intensive 12 month programme where candidates are rotated through three work areas that will determine the best work options for the candidate, complete with secondment opportunities local and international.

Skills and development training and courses were also held throughout the year, with sessions including “Problem Solving and Critical Thinking”, “Impactful Managerial Skills”, “Team Leadership” and “Consumer Sales Orientation” while the AmIslamic Bank Resource Centre was established to support research, education, training and development of staff. The AmBank Group Toastmasters Club stormed the contest stage with a clean sweep of both the Area P2 International Speech and Table Topics contests held in Kuala Lumpur.

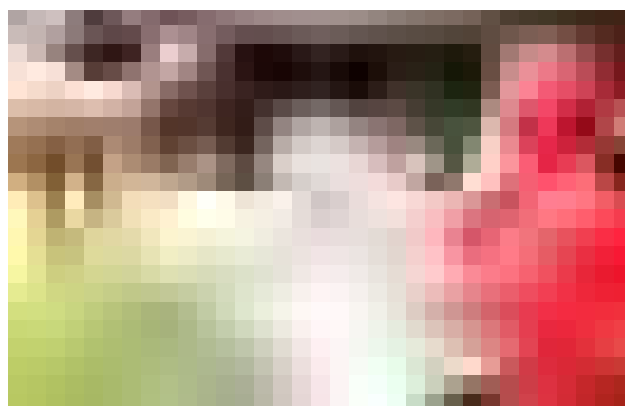
To recognise top performing personnel, AmAssurance held its 19th National Convention Seminar “Stars of the Red Carpet”, top AmBank Financial Service agents were rewarded with trips to Seoul and Sydney, and AmFraser Securities Pte Ltd in Singapore recognised the contribution of its staff with a three-day, two night cruise on the SuperStar Virgo to the Straits of Melaka.

The AmBank Group’s annual Family Days are important occasions for staff and management to bond within a very relaxed and informal atmosphere, with food, games and performances flowing throughout. The tradition continued with Family Days held for the various regions, including those at Fort Cornwallis, Pulau Pinang (Region 1), Port Dickson, Negeri Sembilan (Region 9), Cherating, Pahang (Region 5), Desaru, Johor (Region 4), Clearwater Sanctuary Golf Resort, Batu Gajah, Perak (Region 2). Long Service awards were presented at each Family Day to those who have been with the Group for 15 to 25 years.



Fun and Games at the Family Day in Desaru, Johor Darul Takzim.

Responsibility to the Environment



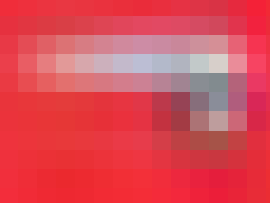
Encik Mustafa Mohd Nor, (Economic Adviser, AmInvestment Bank Group, and President, Kelab AmBank Group) at the cheque presentation for the 22nd and 23rd annual sponsorship of Zoo Negara’s Dromedary camels.

In conjunction with the 22nd and 23rd annual sponsorship of Zoo Negara’s Dromedary camels at RM40,000/- per year, a cheque presentation ceremony for RM80,000/- was held onsite and included a special interactive event, “The First and The Longest Camel Footprints in Zoo Negara” where 97 Savers’ G.A.N.G members, their parents and 549 AmBank Group staff took part.

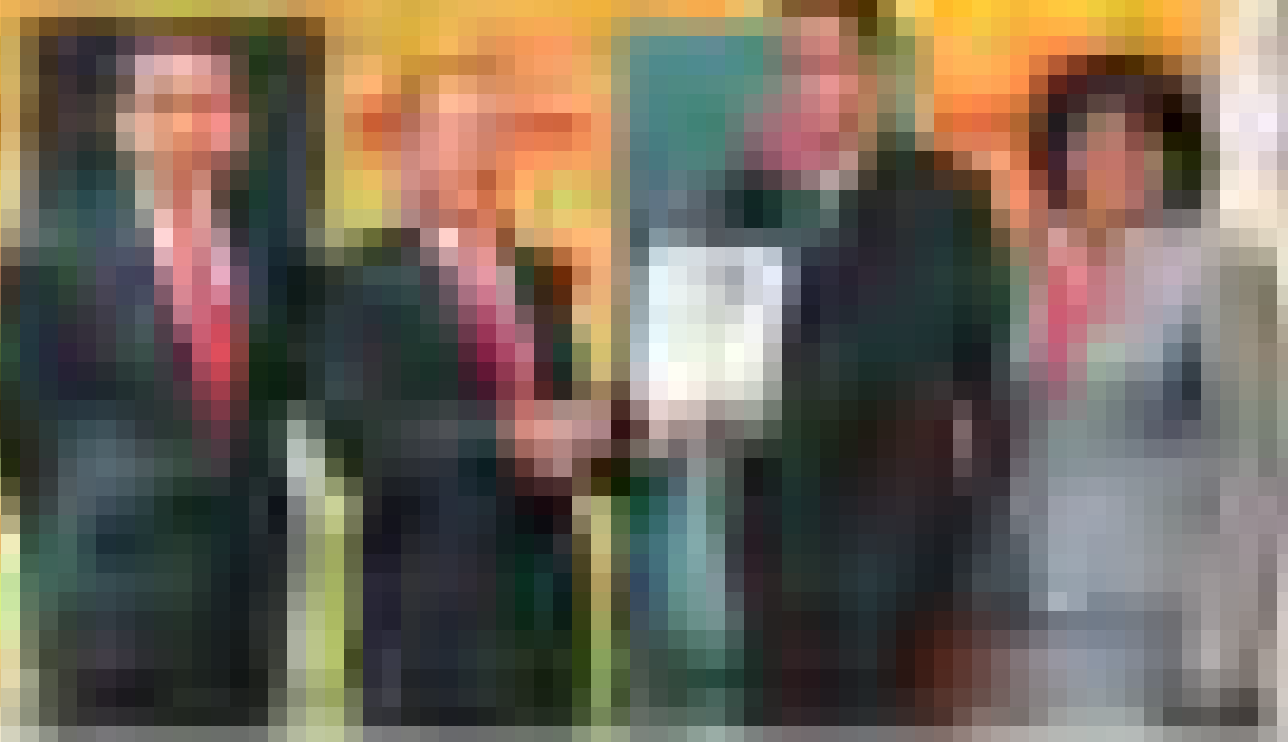
At the working level, caring for the environment is filtered into various operational practices such as recycling paper, double-sided printing, reduction of colour printing, and even minimising printing where electronic transmission will suffice. Responsible recycling and disposal of toners and computer systems is observed. The Group aims to focus its business transactions on organisations that do not have environmentally-friendly practices.

The AmBank Group has taken measures to ensure efficient utilisation of energy to lessen wastage, in the current climate of rising oil prices. Bangunan AmBank Group, Menara AmBank and the AmBank Group Leadership Centre are designated as ‘no smoking’ buildings while it is planned to extend this rule to other buildings within the Group.

Beautification of the premises, through landscaping with colourful flowers and greenery has been stepped up within the Group, providing a more soothing and enjoyable environment for customers while banking.



THE UNIVERSITY OF THE SOUTH PACIFIC



THE UNIVERSITY OF THE SOUTH PACIFIC
SCHOOL OF BUSINESS AND MANAGEMENT

MEMBERSHIP LIST

MEMBER NAME

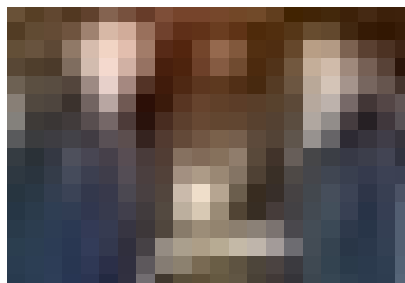


CALENDAR OF EVENTS: BUSINESS ACTIVITIES

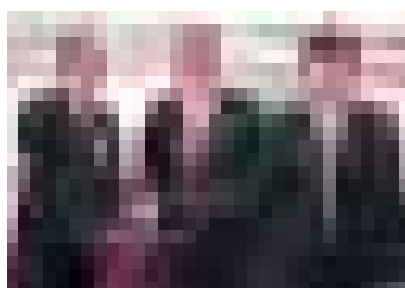
April 2007 to March 2008

April 2007

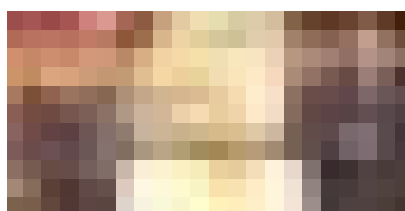
- AmBank Group obtained the approval of its shareholders for its proposed partnership with Australia and New Zealand Banking Group Limited (ANZ).
- AmInvestment Bank won two awards, Lead Manager Award-Number of Deals (2nd) and Lead Manager Award Islamic-Number of Deals (2nd), at the annual RAM League Awards.
- Lebuhraya Kajang-Seremban Sdn Bhd (Lekas) entered into an agreement with AmInvestment Bank for a RM1.75 billion financing deal for the construction of the 44.3km Kajang-Seremban Highway.
- AmBank (M) Berhad launched its first college co-branded prepaid card, the NexG-Metropolitan College Prepaid MasterCard.



Mr T C Kok (Managing Director, AmInvestment Bank Berhad) (left) receiving one of two RAM awards from YB Senator Dato' Sri Mohd Effendi Bin Norwawi (Minister in the Prime Minister's Department).



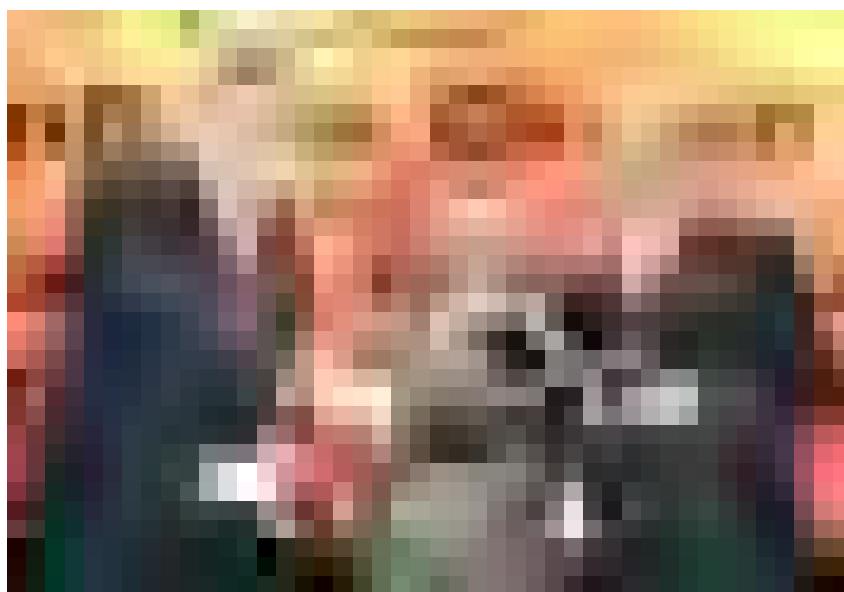
From left: Mr T C Kok (Managing Director, AmInvestment Bank Berhad), YBhg Dato' Krishnan Tan (Director, Lekas), and Mr Chris Lee (Director, Malaysian Trustees Berhad).



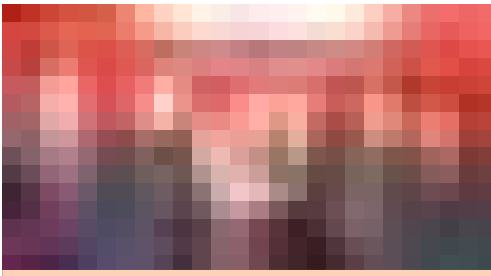
From left: Dr Joseph Lee (Principal, Metropolitan College), Mr Tan Yew Sing (Group President, Inti Universal Holdings Bhd), Encik Mohamed Ameen (Associate Vice President, Member Relations & Advanced Payments, MasterCard Worldwide), and Mr Perry Ong (General Manager, AmBank Credit Card and Line of Credit Division).

May 2007

- AmBank Group held an Official Completion Ceremony on 18 May to commemorate the entry of Australia and New Zealand Banking Group Limited (ANZ) as a strategic partner and major investor.
- ARA Asset Management (Malaysia) Limited through a related company, Jadeline Capital Sdn Bhd, acquired a 12.51% stake in AmFIRST Real Estate Investment Trust (AmFIRST REIT).
- AmBank (M) Berhad and AmcorpGroup Berhad formed a strategic alliance with Telekom Malaysia Berhad (TM) and MCM Wireless Sdn Bhd.



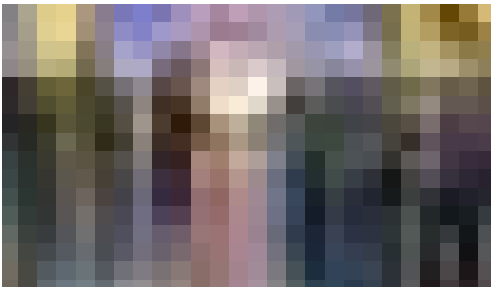
From left: Dr. R.J. Edgar (Senior Managing Director, ANZ), YBhg Dato' Mohd Razif Abd Kadir (Deputy Governor, Bank Negara Malaysia), and Tan Sri Dato' Azman (Chairman, AmBank Group).



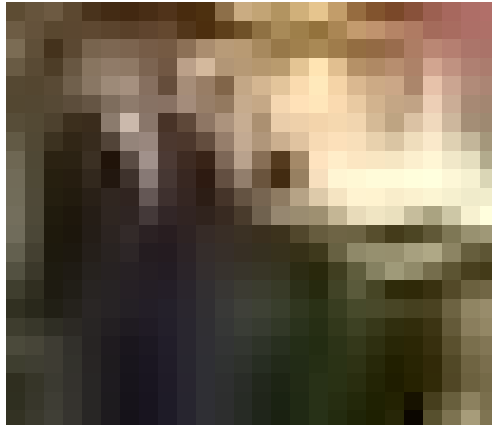
From left: Mr Soo Kim Wai (Group Managing Director, AmcorpGroup), Mr Cheah Tek Kuang (Group Managing Director, AmBank Group), YBhg Tan Sri Dato' Ir. Md. Radzi (Chairman, TM), Tan Sri Dato' Azman Hashim (Chairman, AmBank Group), YBhg Dato' Abdul Wahid Omar (Group Chief Executive Officer, TM), and Mr Michael Soh.



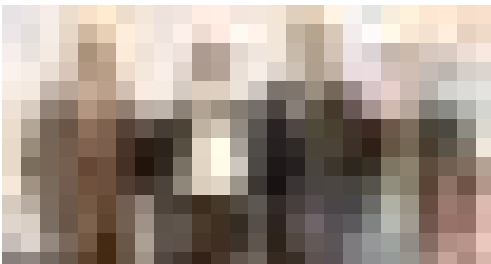
Encik Mohamed Azmi (Managing Director, Retail Banking, AmBank (M) Berhad) (right) receiving an award from YB Dato' Seri Najib Tun Razak (Deputy Prime Minister of Malaysia), witnessed by Youth and Sports Minister YB Datuk Azalina Dato' Othman Said (centre).



From left: Mr Ng Chze How (Director, Retail Funds Distribution, FMD), YBhg Datin Maznah Mahbob (Chief Executive Officer, FMD), Ms Pushpa Rajadurai (Executive Director, AmInvestment Bank), Mr Andrew Kwek (Director, Head of Institutional Sales, Singapore and South East Asia, Deutsche Asset Management), Mr Goh Aik Leong (Vice President, Deutsche Asset Management) and Mr Andrew Wong (Chief Investment Officer, Equities, FMD).



From left: Encik Mohamed Azmi (Managing Director, Retail Banking, AmBank (M) Berhad), Tan Sri Dato' Azman Hashim (Chairman, AmBank Group), and AmBank Mad Gold Rush Grand Prize winner Yong Kok Pew.



From left: YBhg Dato' Izham Mahmud (Executive Chairman, Deleum), YB Tan Sri Nor Mohamed Yakcop (Finance Minister II), YBhg Datuk Vivekananthan M. V. Nathan (Deputy Executive Chairman, Deleum), and Tan Sri Dato' Azman Hashim (Chairman, AmBank Group).



From left: Mr Perry Ong (General Manager, AmBank Credit Card and Line of Credit Division), Ms Jo Lee (Senior Vice President of Entertainment & Leisure, Cathay Organisation), Encik Mohamed Azmi (Managing Director, Retail Banking, AmBank (M) Berhad), and Encik Mohamed Ameen (Associate Vice President, Member Relations and Advanced Payments, MasterCard Worldwide).

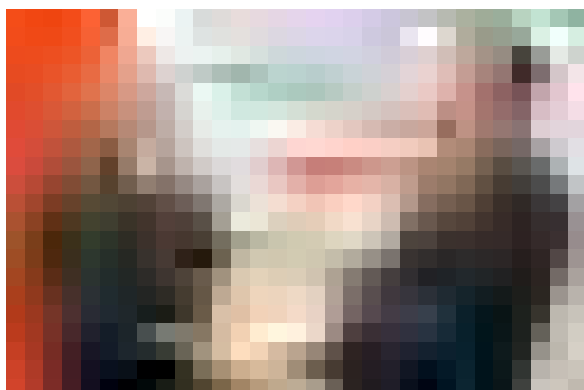
May 2007

- AmInvestment Bank was the Adviser, Sole Underwriter and Sole Placement Agent in Deleum Berhad's listing on the Main Board of Bursa Malaysia.
- The Funds Management Division (FMD) of AmInvestment Bank Group recorded another milestone when it launched AmGlobal Agribusiness, the first fund of its kind in Malaysia.
- AmBank Group received a special award in conjunction with the Ministry of Youth and Sports Malaysia's National Youth Day 2007 for its outstanding contribution in the development of youth and the nation.
- The AmBank Mad Gold Rush contest concluded with Yong Kok Pew from Perak walking away with the 1kg gold bar Grand Prize in the Grand Finals.
- AmBank (M) Berhad launched its first cinema co-branded prepaid card targeted at movie aficionados, the NexG-Cathay Cineplexes Prepaid MasterCard.

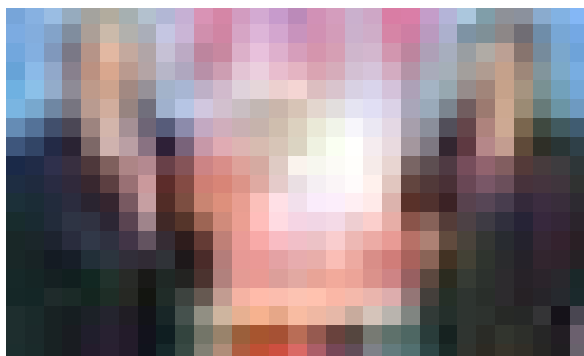
CALENDAR OF EVENTS: BUSINESS ACTIVITIES

June 2007

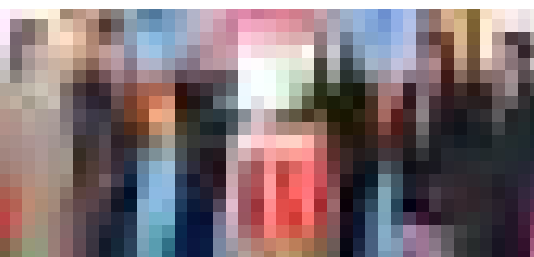
- AmInvestment Bank Group launched FBM30etf, Malaysia's first equity exchange traded fund (ETF).
- AmAsian Currencies—Capital Protected, the first 18-month maturity structured fund in Malaysia was launched by AmInvestment Bank Group.
- AmBank (M) Berhad won the Excellence in Automobile Lending Award at the sixth Asian Banker Excellence in Retail Financial Services Award.
- The family of Capt NorAzlan Termuzi, the pilot of the Royal Malaysian Air Force Nuri helicopter which crashed in Genting Sempah, was presented with an insurance payment cheque of RM158,000 by AmAssurance.
- AmInvestment Bank Group participated in the third Public Financial Planning Week (PFPW) to promote its new equity exchange traded fund, the FBM30etf.
- Am ARA REIT Managers Sdn Bhd, the Manager of AmFIRST Real Estate Investment Trust, completed the acquisition of Kelana Brem Towers located in Kelana Jaya, Selangor.
- AmGlobal Enhanced Equity Yield was officially launched by AmInvestment Bank Group's Funds Management Division.
- AmInvestment Bank participated in the International Islamic Financial Market Bahrain Conference held in Manama, Bahrain.
- AmInvestment Bank Group was the Platinum Sponsor at the Regional Capital Markets Conference.
- AmIslamic Bank recorded a milestone in its first year of operation when it paid its first business zakat to Majlis Agama Islam Negeri Johor (MAIJ).



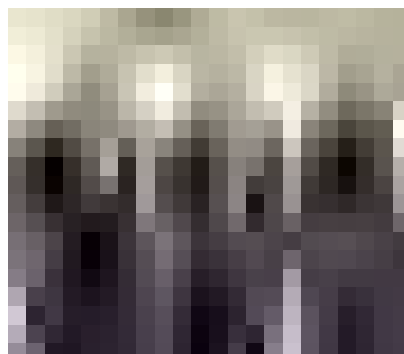
Tan Sri Dato' Azman Hashim, (left) presenting a copy of the FBM30etf prospectus to YB Dato' Dr. Awang Adek Bin Hussin (Deputy Minister of Finance).



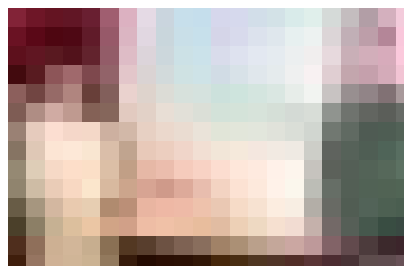
Tan Sri Dato' Azman Hashim (Chairman, AmBank Group) (left) and Mr T C Kok (Managing Director, AmInvestment Bank) launching AmAsian Currencies—Capital Protected.



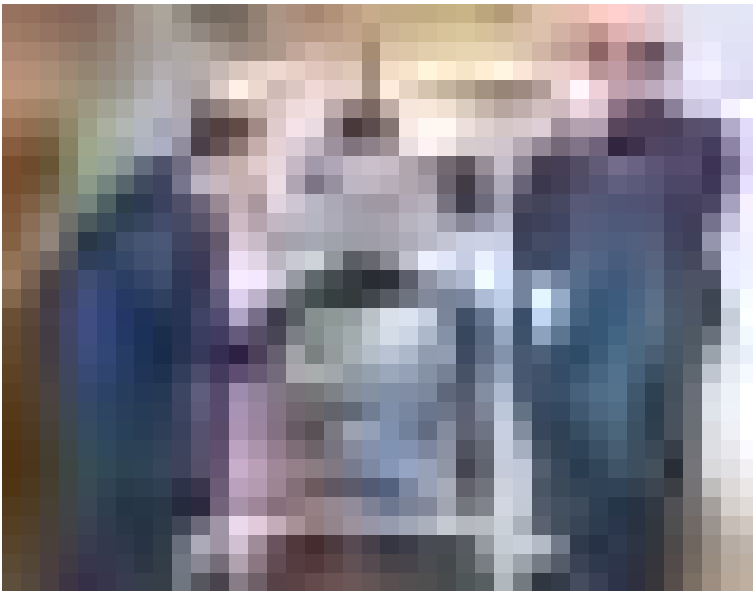
From left: Ms Aisyah Lam (Head of Wealth Management Products, Citibank Berhad), Mr T C Kok (Managing Director, AmInvestment Bank), Tan Sri Dato' Azman Hashim (Chairman, AmBank Group), YBhg Datin Maznah Mahbob (Chief Executive Officer, Funds Management Division), Ms Chin Szu Yi (Head of Retail, Schroders Singapore) and Hj Mohamad Sabirin Bin Hj A Rahman (General Manager, Consumer Sales Division, AmBank (M) Berhad) at the launch of AmGlobal Enhanced Equity Yield.



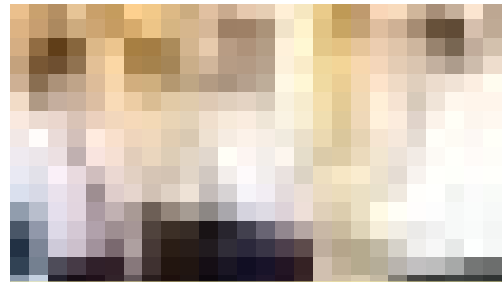
From left: Mr Emmanuel Daniel (President and Editor-in-Chief, The Asian Banker), Mr Zheng Xin (Chairman, Shanghai Banking Association), and Encik Mohamed Azmi Mahmood (Managing Director, Retail Banking, AmBank Berhad).



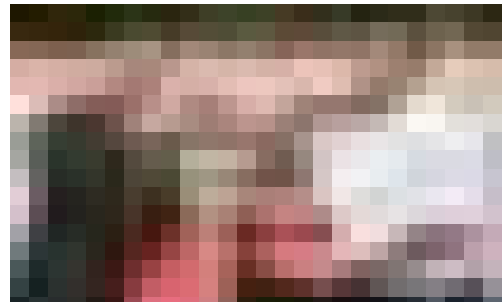
Encik Ahmad Zaini Othman (Chief Executive Officer, AmIslamic Bank) (right) presenting a mock cheque to Dato' Haji Nooh bin Gadot (Johor State Mufti).



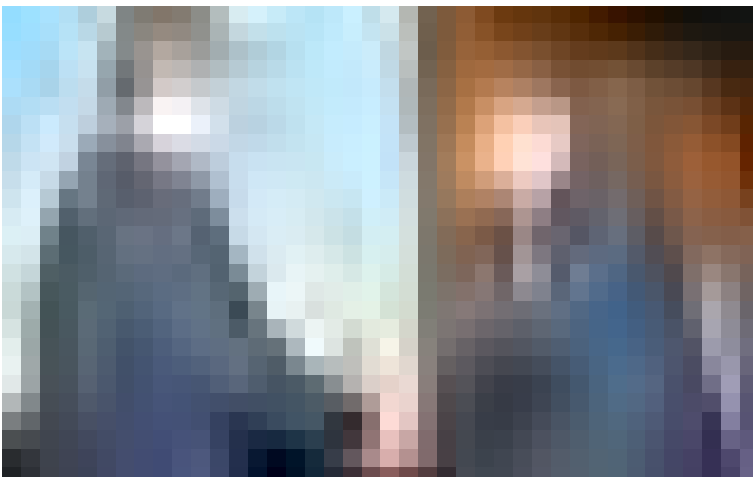
The 'gong striking' ceremony with (from left) YB Dato' Dr. Awang Adek Hussin (Deputy Minister of Finance), YBhg Tan Sri Datuk Dr Aris Othman (Board Member, AIGB, partially hidden), Ms Pushpa Rajadurai (Executive Director, AmlInvestment Bank), Mr T C Kok (Managing Director, AmlInvestment Bank), Tan Sri Dato' Azman Hashim (Chairman, AmBank Group), and Encik Omar Merican (Chief Operating Officer, Bursa Malaysia).



YBhg Datuk Termuzi Abdul Aziz, father of Capt Nor Azlan Termuzi (second from right) accepting a cheque from Encik Mohd Azmi Managing Director, Retail Banking, AmBank (M) Berhad) while Mr Ng Lian Lu (CEO, AmAssurance Berhad) (far left) looks on.



YM Raja Amir Shah bin Raja Abdul Aziz (CEO, AmTrustee) (left) exchanging documents with Encik Ariffin Sabirin (CEO, Wasiyyah Shoppe), while YBhg Datuk Dr Haji Kamararuddin Sharif (Chairman, Wasiyyah Shoppe Advisory Panel) looks on.



Encik Mohamed Azmi (Managing Director, Retail Banking, AmBank (M) Berhad) (right) receiving a token of appreciation from Encik Mirzan Mahathir (President, Asian Strategy and Leadership Institute).



YBhg Dato' Yusli Mohamed Yusuf (Board Member, LFX and CEO, Bursa Malaysia) (far left), Mr Sheikh Abdul Latif (Managing Director, Dar Al-Arkan) (second from left), and YBhg Dato' Azizan Abdul Rahman (Director General, Labuan Offshore Financial Services Authority) (third from left) launching the Dar Al-Arkan Sukuk.

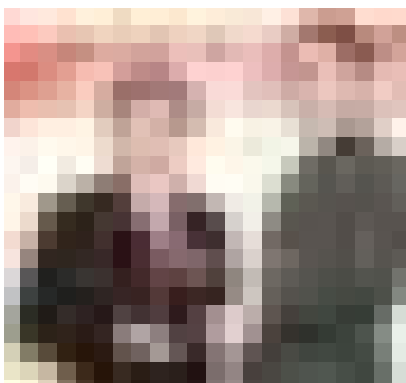
July 2007

- AmTrustee Berhad signed a Memorandum of Understanding (MoU) with Wassiyah Shoppe Sdn Bhd to act as the document custodian and provide trustee services for Wassiyah Shoppe's customers.
- FBM30etf, Malaysia's first equity exchange traded fund from AmInvestment Bank Group, was listed on Bursa Malaysia.
- AmInternational (Labuan) Limited sponsored the listing of Saudi Arabia based Dar Al-Arkan International Sukuk Company's US\$1 billion Sukuk Al-Ijarah on the Labuan International Financial Exchange (LFX).
- AmBank Group was one of the Corporate Sponsors of the 11th Malaysian Banking Summit.
- AmlInvestment Bank participated in the Malaysia-China Business Forum held at the Persada Johor International Convention Centre in Johor Bahru.

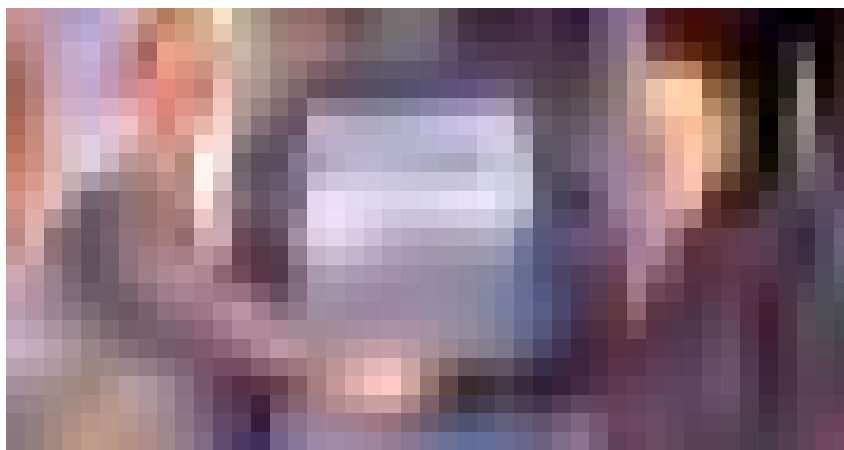
CALENDAR OF EVENTS: BUSINESS ACTIVITIES

August 2007

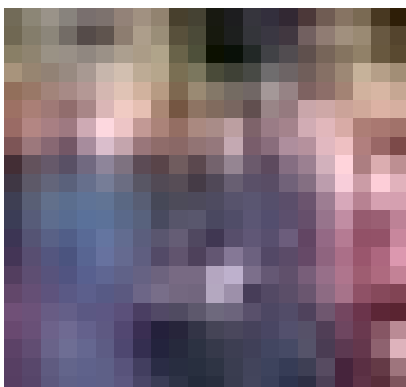
- AmBank (M) Berhad was named “Best Domestic Provider of FX Services in Malaysia as voted by corporates” in Asiamoney’s 17th annual 2007 FX Poll.
- AmInvestment Bank unveiled AmeSecurities www.amesecurities.com.my, its upgraded and rebranded e-trading portal aimed at making share trading faster and more convenient.
- AmTrustee Berhad signed an agreement with the International Centre for Education in Islamic Finance (INCEIF) to be appointed trustee for the Fisabilillah Trust Fund.
- AmBank Group’s booth was voted “Most Popular Booth (Corporate Category)” by visitors at the 50th Merdeka Expo.
- AmInvestment Bank Group participated as the Financial Sponsor in the Malaysian Islamic Finance (MIF) Issuers & Investors Forum 2007.
- AmBank Group launched a group-wide repositioning brand image campaign called “Let Us Make You Smile”.
- As a follow-up to the successful AmBank Mad Gold Rush campaign, AmBank (M) Berhad launched AmBank Mad Gold Rush 2.



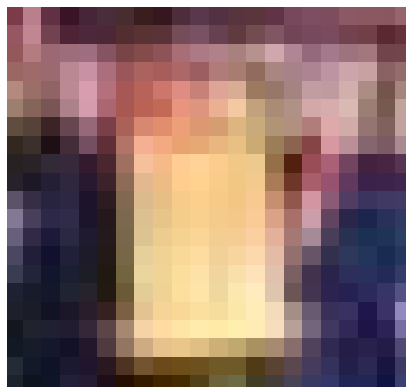
Mr Teng Chean Choy (Director, Group Treasury, AmBank Group) (left) receiving an award from Mr Richard Morrow (Editor, Asiamoney) at the Asiamoney Summer Awards Dinner 2007 held on 27 September 2007 in Hong Kong.



Tan Sri Dato' Azman Hashim (Chairman, AmBank Group) (right) shaking hands with Mr John Tan Giap How (Director/Head, Equity Markets, Broking Division, AmInvestment Bank) at the launch of AmeSecurities.



Mr Anthony Healy (Deputy Group Managing Director, AmBank Group) (right) greeting YB Dato' Seri Najib Tun Razak (Deputy Prime Minister of Malaysia) at AmBank Group's booth at the 50th Merdeka Expo.



Mr Cheah Tek Kuang (Group Managing Director, AmBank Group) (right) and Encik Mohamed Azmi Mahmood (Managing Director, Retail Banking, AmBank (M) Berhad) holding a mock-up of the AmBank Mad Gold Rush 2 Grand Prize of a 2kg gold bar.



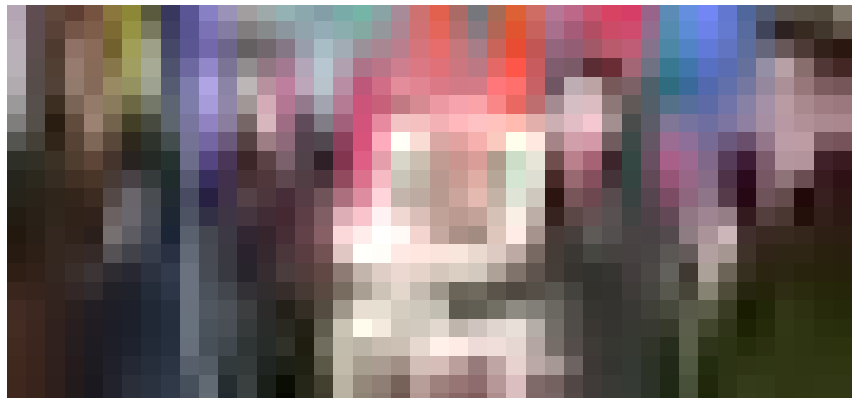
Tan Sri Dato' Azman (Chairman, AmBank Group) (left) and Encik Agil Natt (President and Chief Executive Officer, INCEIF) exchanging documents.



Puan Shalina Azman (Director, RCE Capital) (left) and Mr TC Kok (Managing Director, AmInvestment Bank).

September 2007

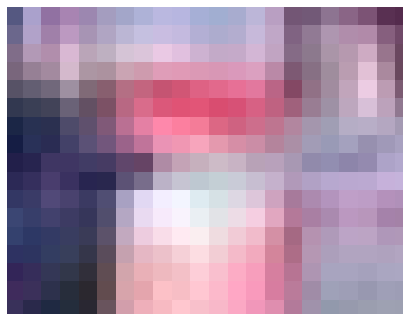
- AmBank Contact Centre won five awards at the 8th Customer Relationship Management & Contact Centre Association Malaysia Annual Contact Centre Awards 2007.
- The Funds Management Division (FMD) of AmInvestment Bank Group officially launched AmDual Opportunities – Capital Protected.
- AmInvestment Bank jointly arranged, advised, and managed an asset-backed securities programme for RCE Marketing Sdn Bhd.
- Shareholders of AmInvestment Group Berhad (AIGB) accepted the offer of RM3.70 per share from AMMB Holdings Berhad for the privatisation of AIGB.



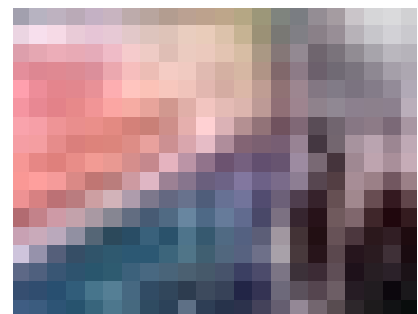
From left: Mr Ng Chze How (Director, Retail Funds, FMD), Mr T C Kok (Managing Director, AmInvestment Bank), Ms Yvonne Phe (Chief Investment Officer, Fixed Income, FMD) and Tuan Haji Ahmad Sabirin (General Manager, Consumer Sales Division, AmBank (M) Berhad).

October 2007

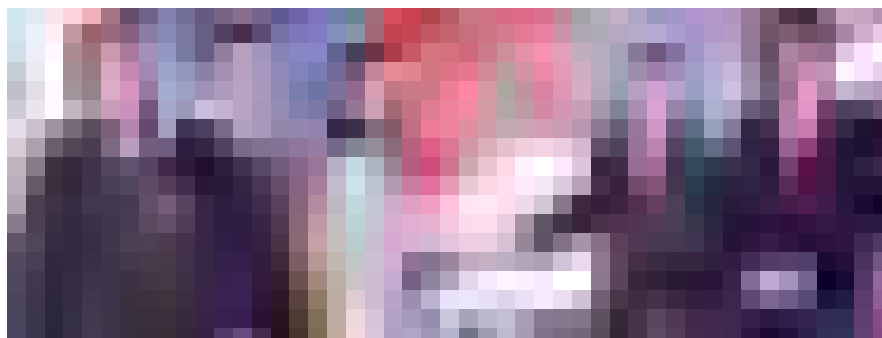
- The Funds Management Division (FMD) of AmInvestment Bank Group officially launched AmGlobal Climate Change.
- AmAssurance launched a nationwide road safety campaign called “Drive Safely. We Care”, which aimed to promote and educate Malaysian road users to adhere to traffic rules and regulations, practise good driving habits, and understand road safety measures.



Tan Sri Dato' Azman (Chairman, AmBank Group) (left) and Datuk Douglas Uggah Embas (Deputy Minister 1, Ministry of Transport) launching the “Drive Safely. We Care”, road safety campaign.



Mr Ng Lian Lu placing his handprint on a mobile wall at the “Drive Safely. We Care” road safety campaign.

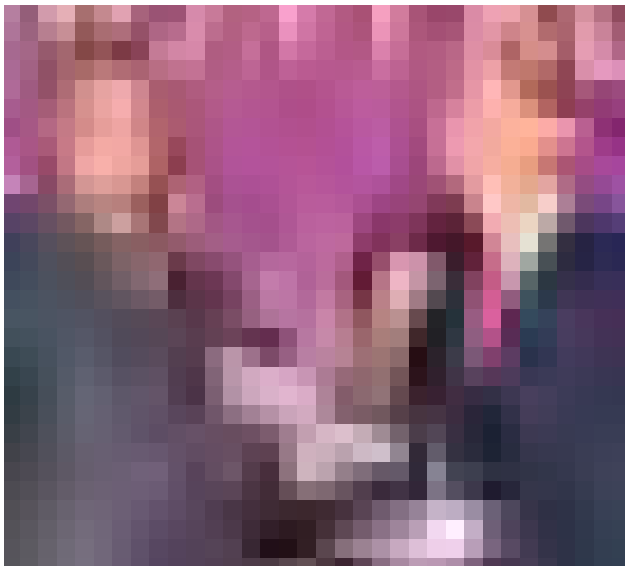


From left: Mr Ng Chze How (Director, Retail Funds, FMD), YBhg Datin Maznah Mahbob (Chief Executive Officer, FMD), Ms Chin Szu Yi (Head of Retail, Schroders Singapore), Mr T C Kok and Mr Andrew Wong (Chief Investment Officer, Equities, FMD).

CALENDAR OF EVENTS: BUSINESS ACTIVITIES

November 2007

- AmBank Group was selected as one of the top 30 companies that comprise Malaysia's Most Valuable Brands.
- AmInvestment Bank received the "Most Outstanding Islamic Investment Banking" award at the KLIF Islamic Finance Awards 2007.
- Menara AmBank emerged as the third prize winner for the bank category in the Federal Territory of Kuala Lumpur Building Beauty and Illumination Competition.
- AmInvestment Group received a Certificate of Merit at the National Annual Corporate Report Awards (NACRA) 2007 for its 2006 Annual Report.
- AmBank Contact Centre won the "Most Customer Friendly Services" Award at the three-day e-Banking Expo 2007.
- AmInvestment Bank signed a Memorandum of Understanding with Woori Investment and Securities Co. Ltd of Korea to promote cooperation in the investment banking business between the two parties.
- AmInvestment Bank was appointed the lead arranger and principal adviser for a Sukuk Ijarah Programme by Al-'Aqar Capital Sdn Bhd, a wholly-owned subsidiary and funding vehicle of Al-'Aqar KPJ REIT.
- The Funds Management Division (FMD) of AmInvestment Bank Group launched Malaysia's first precious metals fund, AmPrecious Metals.
- AmBank customer Mr Kua Eng Huat won the glittering two kilogramme gold bar Grand Prize for the AmBank Mad Gold Rush 2 contest.
- AmBank (M) Berhad partnered with Telekom Malaysia Berhad (TM) to create the new AmBank NexG-iTalk Prepaid MasterCard.
- AmInvestment Bank Group participated in the 12th Malaysian Capital Market Summit.



YB Senator Tan Sri Nor Mohamed Yacop (Minister of Finance II, Ministry of Finance Malaysia) presenting the award to Tan Sri Dato' Azman Hashim (Chairman, AmBank Group) (right) at the KLIF gala dinner and awards presentation.



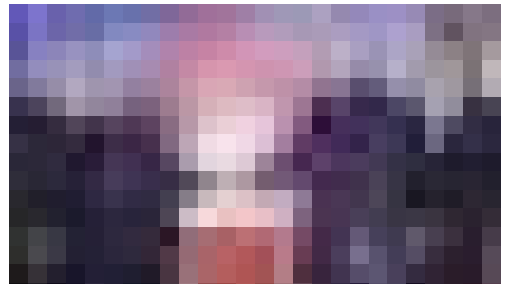
YAB Dato' Sri Mohd Najib bin Tun Haji Abdul Razak (Deputy Prime Minister of Malaysia) (right) presenting the Malaysia's Most Valuable Brands award to Tan Sri Dato' Azman Hashim (Chairman, AmBank Group).



Deputy FT Minister YB Datuk Wira Abu Seman Yusop (left) presenting a mock cheque to AmBank Group Chairman Tan Sri Dato' Azman Hashim (Chairman, AmBank Group).



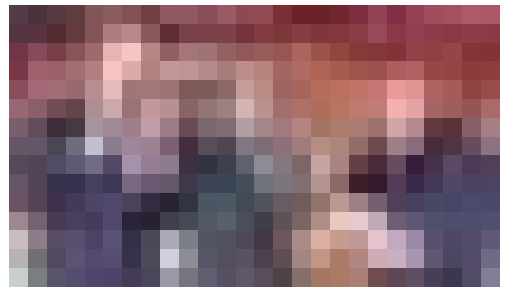
Mr Cheak Tek Kuang (Group Managing Director, AmBank Group) (left) sealing the deal with Mr Park Jong Soo (President and Chief Executive Officer, Woori).



From left: YBhg Datin Maznah Mahbob (CEO, FMD), Mr T C Kok (Managing Director, AmInvestment Bank), Mr Greg Foulis (Director, Portfolio Management, Deutsche Asset Management), and Mr Goh Aik Leong (Vice President, Deutsche Asset Management).



YB Datuk Seri Dr Lim Keng Yaik (Minister of Energy, Water, and Communications) (right) presenting the "Most Customer Friendly Services" award to Encik A Azmi Jafar (Senior Manager, AmBank Contact Centre).



From left: Mr Anthony Healy (Deputy Group Managing Director, AmBank Group), Kua Eng Huat, and Encik Mohamed Azmi Mahmood (Managing Director, Retail Banking, AmBank (M) Berhad).



From left: Mr T C Kok (Managing Director, AmInvestment Bank), Tan Sri Dato' Azman Hashim (Chairman, AmBank Group), Ms Pushpa Rajadurai (Executive Director, AmInvestment Bank and YBhg Datin Paduka Siti Sa'diah Sheikh Bakir (Managing Director, KPJ Healthcare Berhad)

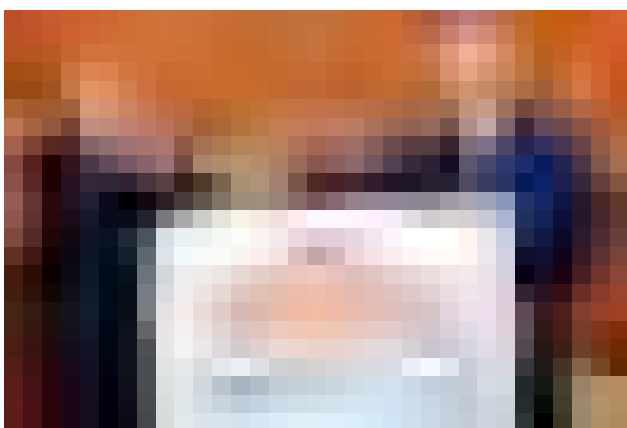


From left: Encik Mahdi Murad (Executive Director, Retail Banking, AmBank (M) Berhad), YBhg Dato' Adnan Rofee (Chief Operating Officer, TM Retail, Malaysia Business, TM), YBhg Datuk Hj Mohd Taib Hassan (Vice President, Product Marketing, TM Retail, Malaysia Business, TM), Encik Mohamed Azmi Mahmood (Managing Director, Retail Banking, AmBank (M) Berhad), Encik Mohamed Ameen (Associate Vice President, Member Relations and Advanced Payments, MasterCard Worldwide), and Mr Perry Ong (General Manager, AmBank Card Centre, AmBank (M) Berhad).

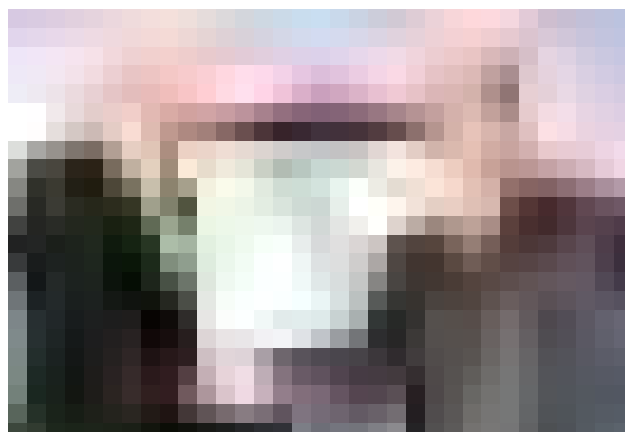
CALENDAR OF EVENTS: BUSINESS ACTIVITIES

December 2007

- AmBank Group announced its contribution of RM80,000 for the two-year AmBank Group Resident Fellowship Award held at the Perdana Leadership Foundation in Putrajaya.
- AmInvestment Bank was the Adviser, Sole Underwriter, and Sole Placement Agent for Trans-Asia Shipping Corporation Berhad's (TASCO) proposed listing on the Main Board of Bursa Malaysia.
- AmInvestment Bank was the Adviser and Arranger for the entry of AmPrivate Equity Sdn Bhd and Mayban-JAIC Management Ltd. P. as equity investors in Soon Soon Oilmills Sdn Bhd.
- Siti Zaleha Suratman became the proud owner of a brand new Perodua Myvi 1.0 car after clinching the Grand Prize for the Personal Financing-i "Win-a-Car Contest".
- AmAssurance launched the AmFlexi Plan and AmFlexi Education Plan for retirement and educational funding.
- AmInvestment Bank Group together with MIMB Investment Bank joined Bursa Malaysia in co-hosting a one-day by-invitation-only event, "Bursa Malaysia-Your Preferred Listing Destination".



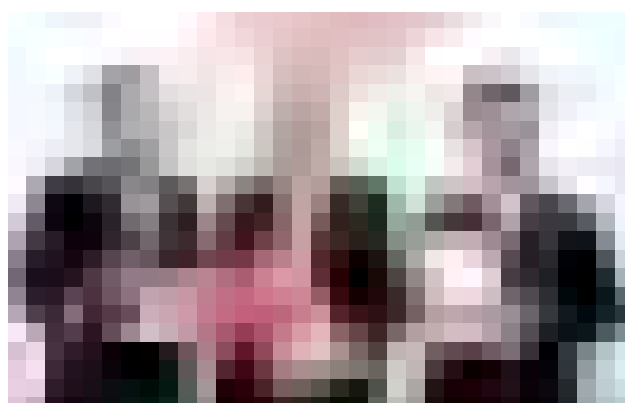
Tan Sri Dato' Azman Hashim (Chairman, AmBank Group) (left) presenting a mock cheque to YBhg Tan Sri Datuk Nik Mohamed Nik Yaacob (Executive Director, Perdana Leadership Foundation).



YBhg Dato' Azlan Hashim (Deputy Chairman, AmBank Group) (right) with YBhg Tan Sri Asmat Kamaludin (Chairman, TASCO) at the prospectus launch.



From left: Siti Zaleha, Encik Mohamed Azmi Mahmood (Managing Director, Retail Banking, AmBank (M) Berhad), and Encik Abdul Rahman Abdullah Munir (General Manager, Personal Financing, AmBank (M) Berhad).



From left: Mr Alex Tan (Head of Corporate Communications and Marketing), Mr Ng Lian Lu (CEO, AmAssurance) and Mr Clement Heng (General Manager, Life Agency Sales) of AmAssurance, holding up AmFlexi gift packs for customers.

January 2008

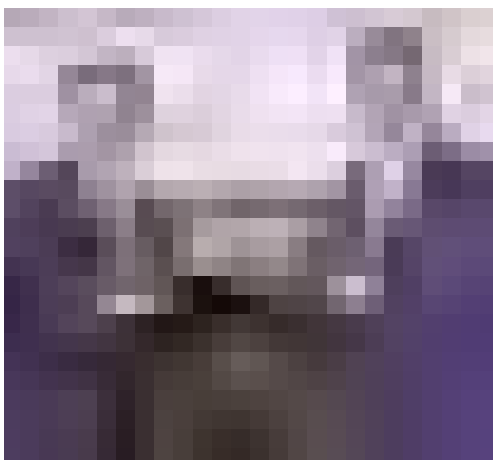
- For the second year in a row, AmInvestment Bank was named Best Local Private Bank in Malaysia in the Euromoney Private Banking Survey 2008.
- AmInvestment Bank received the “Best Islamic REIT Deal in Southeast Asia” award in the Inaugural Southeast Asia Deal Awards organised by Alpha Southeast Asia magazine.
- AmBank (M) Berhad signed an agreement with Amasu (M) Sdn Bhd on to launch a co-brand prepaid MasterCard to make it easier for foreign workers to remit money back to their home countries.
- AmInvestment Bank was appointed the lead arranger and principal adviser for an Islamic Medium Term Notes Programme by Tanjung Offshore Berhad.



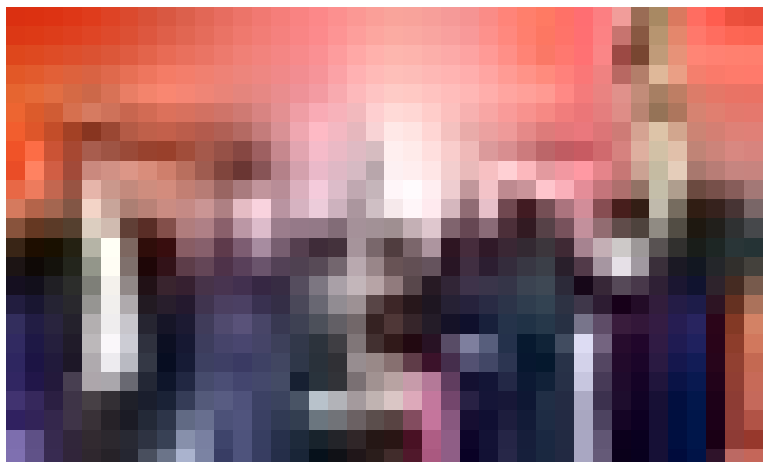
From left: Mr T C Kok (Managing Director, AmInvestment Bank), Tan Sri Dato' Azman (Chairman, AmBank Group), Mr Marcus Langston (Director of Publishing – Asia, Euromoney), and Ms Pushpa Rajadurai (Executive Director, AmInvestment Bank).



From left: Encik Mohd Effendi Abdullah (Director, Islamic Markets & Public Sector, AmInvestment Bank), Ms Pushpa Rajadurai (Executive Director, AmInvestment Bank), YBhg Tan Sri Dato' Azman Hashim (Chairman, AmBank Group), Mr Siddiq Bazarwala (Publisher & CEO, Alpha South East Asia), Mr T C Kok (Managing Director, AmInvestment Bank) and Ms Christina Kautzky (Senior Editorial Correspondent, Alpha South East Asia).



Mr T C Kok (Managing Director, AmInvestment Bank) (left) and Tuan Haji Omar bin Khalid (Managing Director, Tanjung Offshore) exchanging documents.

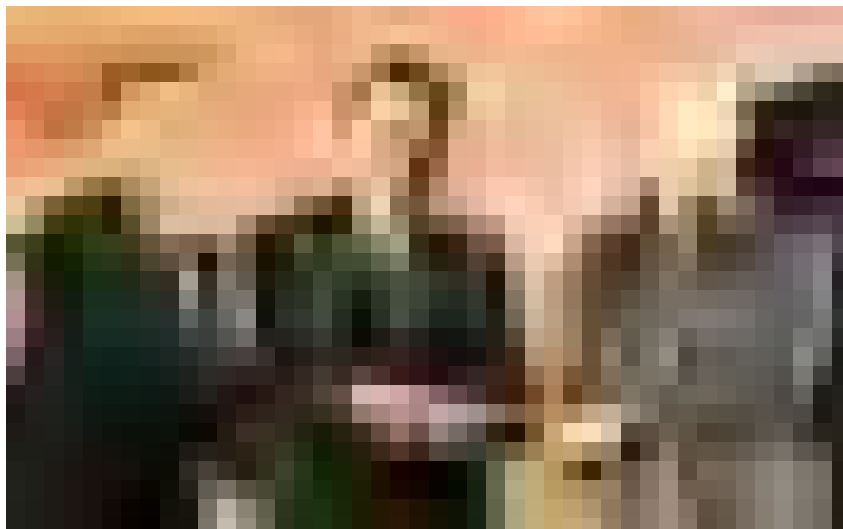


From left: Encik Zainal bin Amal (General Manager, Amasu), Ir Hj. Hassin bin Hj. Jalani (Managing Director, Amasu), Encik Shiekh Yahya bin Sheikh Mohamad (Deputy Director General, Labour Department Malaysia), Encik Mohamed Azmi Mahmood (Managing Director, Retail Banking, AmBank (M) Berhad), and Mr Perry Ong (General Manager, AmBank Credit Card and LOC, AmBank (M) Berhad).

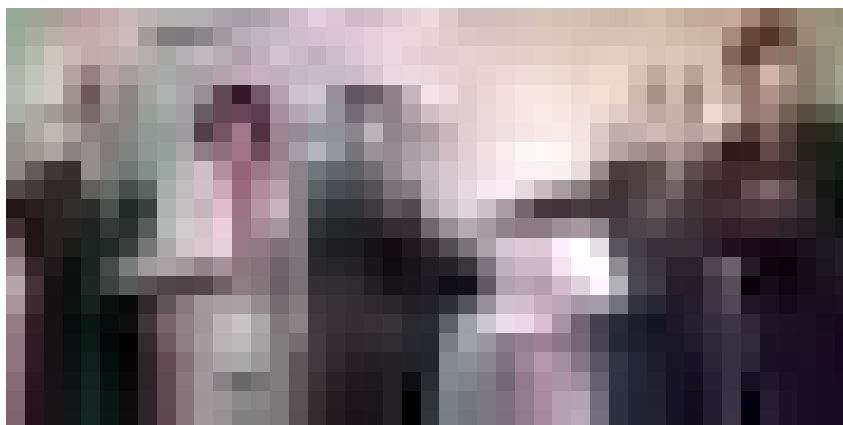
CALENDAR OF EVENTS: BUSINESS ACTIVITIES

February 2008

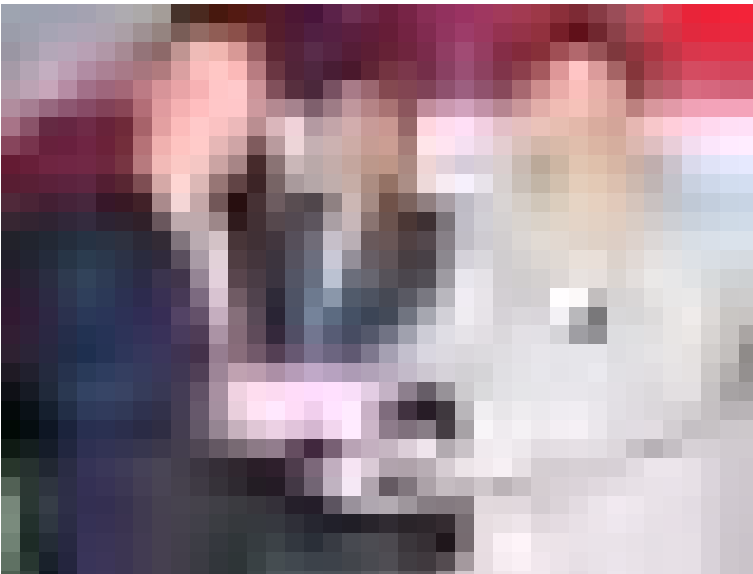
- AmInvestment Bank received Asiamoney's "Malaysia's Deal of the Year" award in its Deals of the Year Awards 2007.
- The Funds Management Division (FMD) of AmInvestment Bank Group was awarded with three awards at The Edge-Lipper Malaysia Fund Awards 2008.
- AmInvestment Bank won two awards—"2nd In Number of Issues for Conventional Rating Assignments" and "3rd in Issued Value for Conventional Rating Assignments"—at MARC's Top Lead Managers' Appreciation Dinner.
- AmBank Group received a Merit Award in the "Best Innovation in Corporate Social Responsibility (CSR)" category at the Malaysian Business CSR Awards 2007.
- AmInvestment Bank Group's Funds Management Division on launched AmGlobal Currencies – Capital Protected, designed to take advantage of the strengthening of global currencies against the greenback.
- AmInvestment Bank was the Adviser, Managing Underwriter, and Sole Placement Agent for the listing of SLP Resources Berhad (SLP) on the Second Board of Bursa Malaysia.
- AmAssurance teamed up with DiGi Telecommunications Sdn Bhd to sharpen the competitive edge of their 4,000 life insurance agents with mobile solutions.
- AmAssurance launched customer service hubs in Pulau Pinang and Johor Bahru.
- The Regional Capital Markets Conference held in Kuala Lumpur saw AmInvestment Bank Group as the Platinum Sponsor.



Malaysian Rating Corporation (MARC) CEO Encik Mohd Razlan Mohamed (left) and Chairman Encik Mohammad Abdullah (centre) presenting an award to AmBank Group Chairman Tan Sri Dato' Azman Hashim.



From left: Mr Lim Kok Boon (Chairman, Malaysian Plastics Manufacturers Association), Ms Pushpa Rajadurai (Executive Director, AmInvestment Bank), Mr Khaw Khoon Tee (Managing Director, SLP), YTM Tunku Dato' Dr Ismail Ibni Almarhum Tunku Mohammad Jewa (Chairman, SLP) and Ms Ong Peik Joo (wife of Mr Khaw).



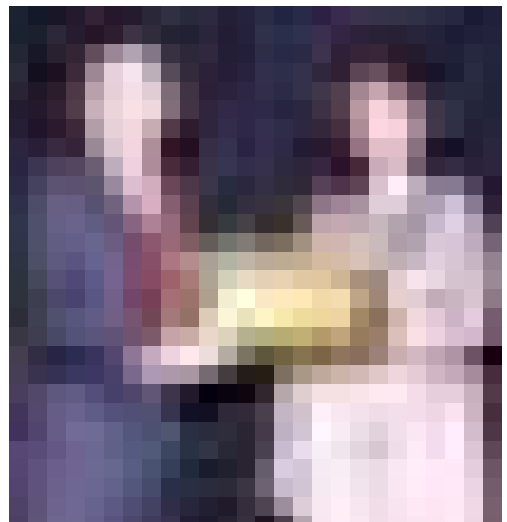
Tan Sri Dato' Azman Hashim (Chairman, AmBank Group) receiving an award from YBhg Dato' Dr. Mohd Taib bin Hashim (Deputy Secretary General, Ministry of Higher Education) (right), while YBhg Dato' Mohd Bisharuddin bin Mohd Noor Basha (Chairman of Berita Publishing Sdn Bhd) looks on.



Ms Tan Keng Lin (Director, Corporate Advisory Services, Corporate Finance, AmInvestment Bank) (left) receiving the "Malaysia's Deal of the Year" award from Mr Richard Morrow (Editor, Asiamoney) at the awards dinner in Hong Kong.



From left: Mr Lam Pek Foong (Assistant General Manager, Southern Region, General Insurance Division), Mr Bernard Tan (General Manager, General Insurance Division, AmAssurance Berhad), Mr Ng Lian Lu (CEO, AmAssurance), Mr Clement Heng (General Manager, Life Insurance Division) and Encik Firozdin Abdul Wahab (General Manager, Corporate Bancassurance Division) launching the Johor Bahru hub.

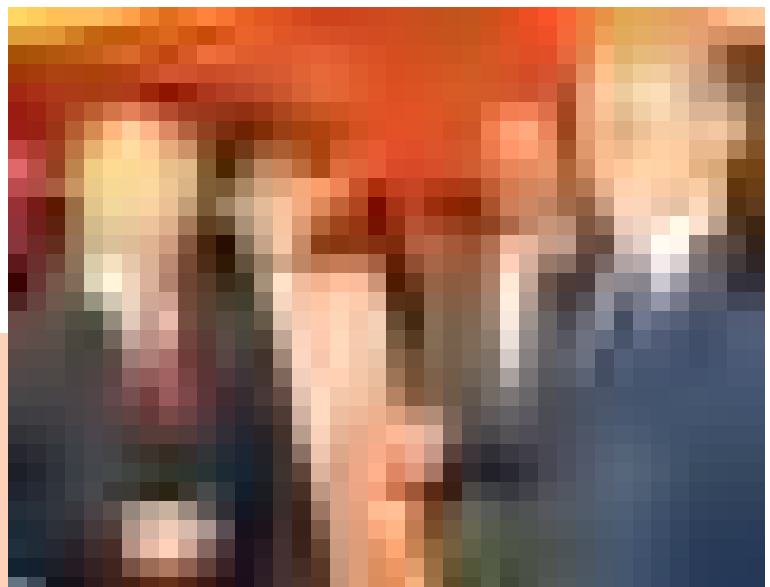


Mr T C Kok (Managing Director, AmInvestment Bank) receiving one of the three The Edge-Lipper Malaysia Fund awards from YBhg Dato' Zarinah Anwar (Chairman, Securities Commission).

March 2008

- AmInvestment Bank Group came together with Bursa Malaysia and Macquarie Capital Securities as a joint sponsor to host Invest Malaysia 2008, the leading annual investment conference on the Malaysian corporate calendar.

From left: Tan Sri Dato' Azman (Chairman, AmBank Group), YBhg Dato' Zarinah Anwar (Chairman, Securities Commission), YABhg Tun Mohamed Dzaiddin (Chairman, Bursa Malaysia) and YAB Dato' Seri Abdullah Haji Ahmad Badawi (Prime Minister of Malaysia) sharing a light moment at Invest Malaysia 2008. (Photo courtesy of Star Publications)



CALENDAR OF EVENTS: SOCIAL AND SPORTS ACTIVITIES

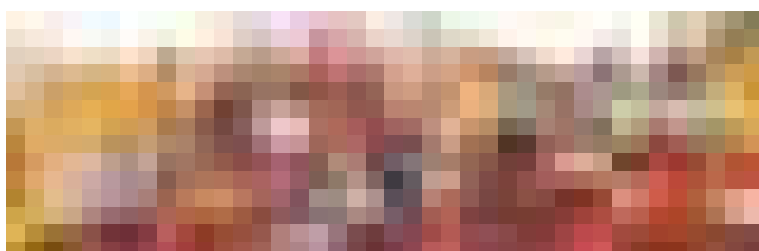
April 2007 to March 2008

April 2007

- In conjunction with the Kuala Lumpur Grand Prix City celebration, AmBank Group sponsored food and beverage for participants and guests of Kuala Lumpur's 5th Vintage and Classic Car Concours.
- Kelab AmBank Group (KAG) donated RM1,500 each to two charity homes in Melaka in conjunction with the KAG "Hunt Tuah Melaka 2007" treasure hunt.
- AmBank Group's football team created history when they clinched the 27th Governor's Cup for the first time.
- AmBank Group organised the Region 1 Family Day gathering at the historic Fort Cornwallis in Pulau Pinang with a total of 1,600 staff and family members in attendance.



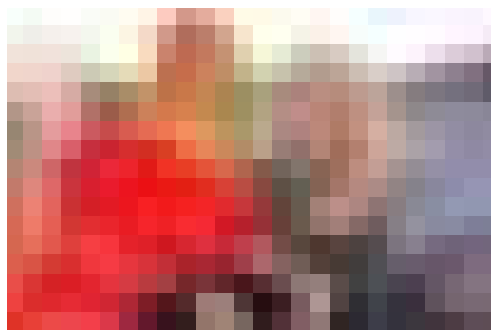
Syed Anuar Syed Ali (Director, Group Public Affairs, AmBank Group) flagging off the Kuala Lumpur's 5th Vintage and Classic Car Concours.



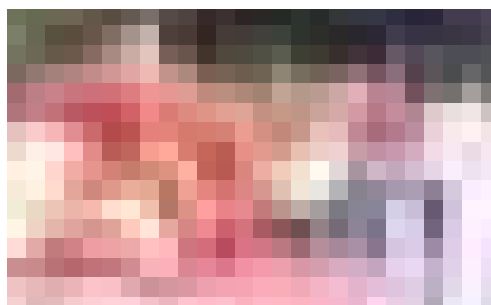
Children from charity homes with their AmBank Group goodies at the KAG "Hunt Tuah Melaka 2007" treasure hunt charity event.



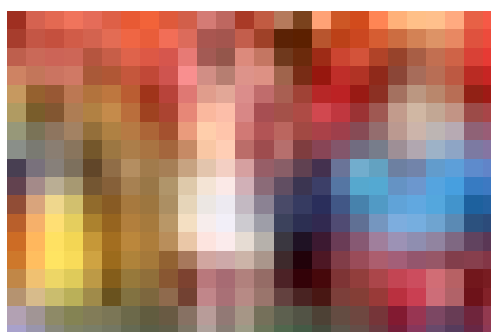
Region 1 Long Service Awards recipients.



Tan Sri Dato' Azman Hashim (Chairman, AmBank Group) and wife YM Tunku Arishah Tunku Maamor (right) at the Region 1 Family Day.



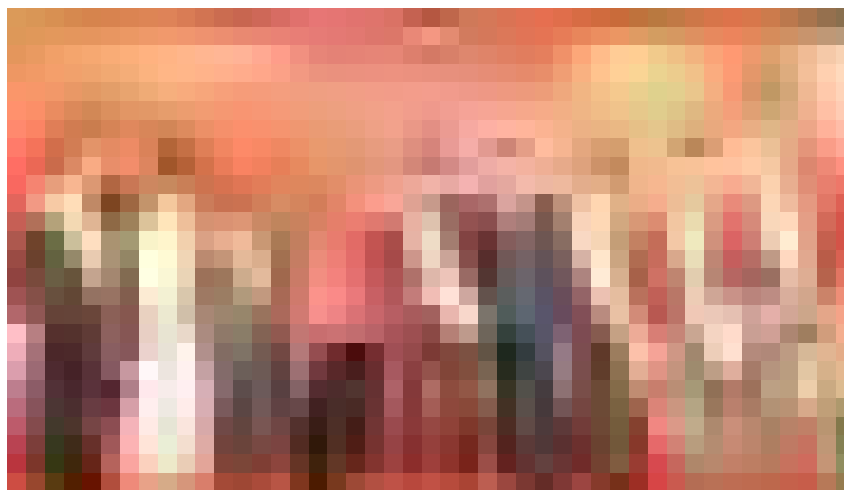
AmBank Group's Football Team with the Governor's Cup.



Children parading their designer costumes at the Region 1 Family Day fashion show.

May 2007

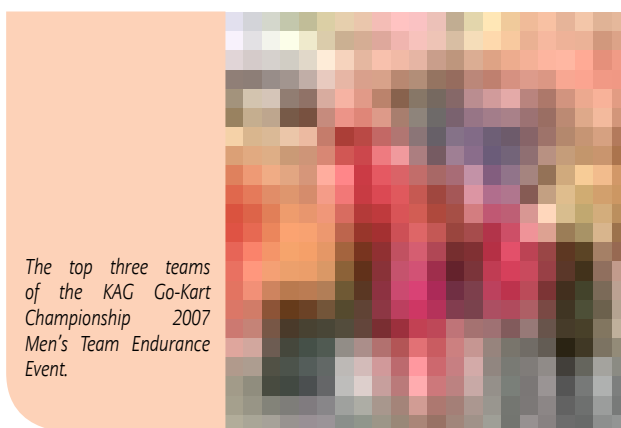
- AmAssurance took the opportunity to celebrate the success of its top producers and achievers during its 19th National Convention Seminar (NCS).



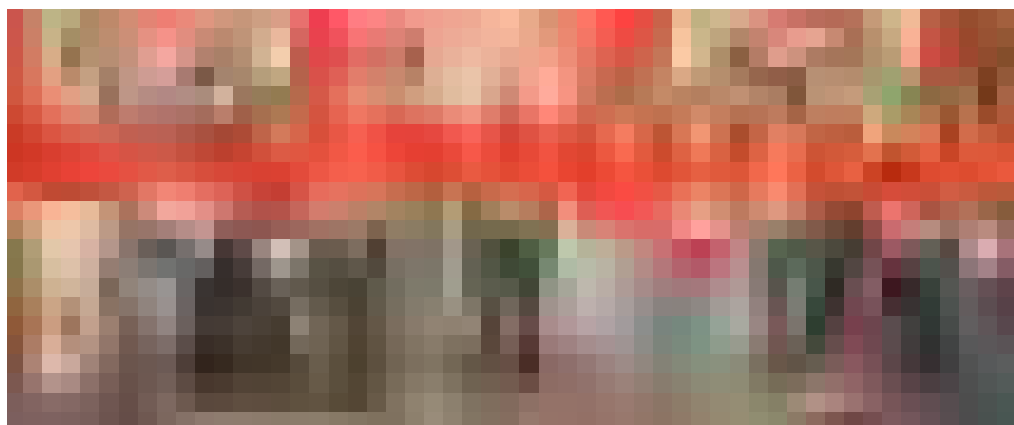
L-R: Encik Ahmad Hafiz bin Mohd Mohtar, Ms Suthida Sae-iew @ Leong, Encik Nuzihan bin Zakaria, Tan Sri Dato' Azman Hashim (Chairman, AmBank Group), Encik Hamzaki bin Hj Hamzah, Mr Ng Lian Lu (Chief Executive Officer, AmAssurance), Encik Azizi bin Ibrahim, Encik Shahizan bin Salleh, and Encik Mohd Ikmal bin Mohd Raduan.

June 2007

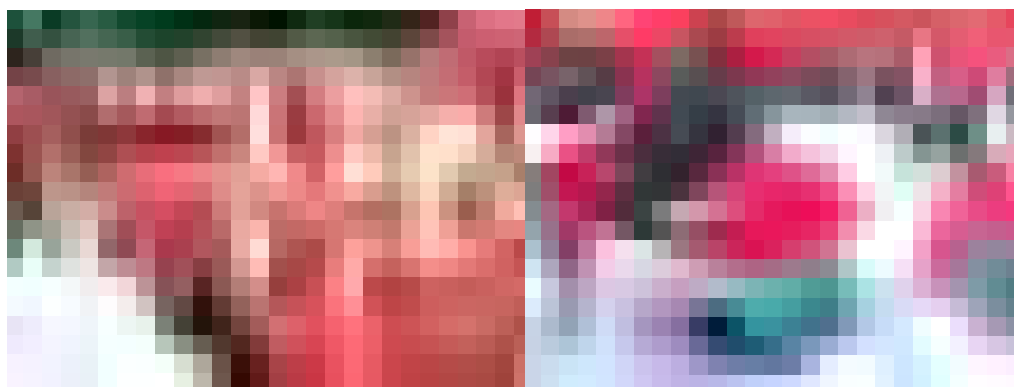
- AmBank Group organised the Region 3 Family Day gathering at Port Dickson in Negeri Sembilan with a total of 1,502 Region 3 AmBank Group staff and family members in attendance.
- Kelab AmBank Group held the third Kelab AmBank Group Go-Kart Championship 2007 at City Karting, Shah Alam, Selangor.



The top three teams of the KAG Go-Kart Championship 2007 Men's Team Endurance Event.



Tan Sri Dato' Azman Hashim (Chairman, AmBank Group) (fourth from left) and Encik Mahdi Murad (Executive Director, AmBank (M) Berhad) (third from left) with recipients of the Long Service Awards at the Region 3 Family Day.

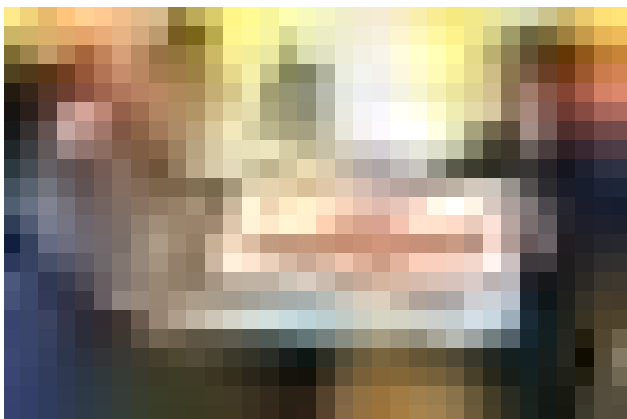


The thrilling telematches at the Region 3 Family Day were the highlight of everyone's day, for both children and adults alike.

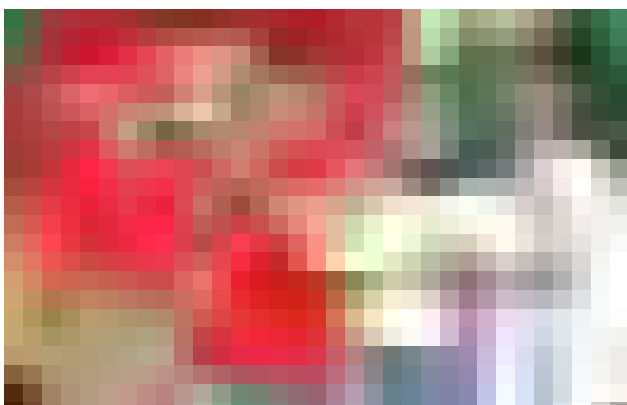
CALENDAR OF EVENTS: SOCIAL AND SPORTS ACTIVITIES

July 2007

- AmBank Group once again signed up to join the Subang Jaya 10km Run as one of the main sponsors.
- The AmBank Challenge VIII, held for the eighth time, attracted 252 participants in 63 teams in a race that aimed to find AmBank Group's fittest and most rugged team.
- AmBank Group sponsored RM10,000 for the 13th edition of the AmBank Group-New Straits Times Inter-Editorial Football & Netball Tournament 2007.



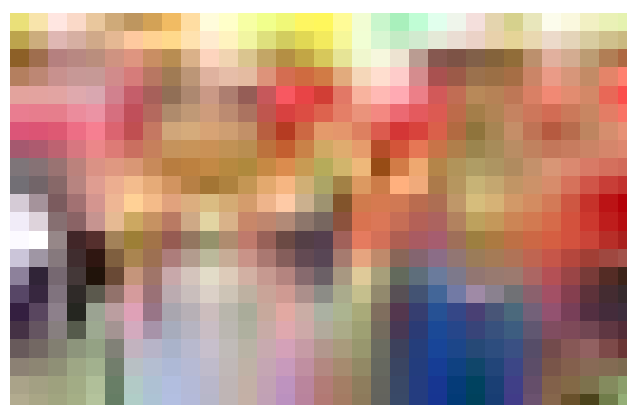
L-R: Ms Iris Tan (Senior Manager, Marketing Services, The Star), Yang DiPertua Tuan Adnan Md Ikhsan (President, MPSI), YB Datuk Lee Hwa Beng (Subang Jaya Assemblyman), and Syed Anuar Syed Ali (Director, Group Public Affairs, AmBank Group).



AmBank Challenge VIII Champions Team Optimus Prime with Encik Mustafa Mohd Nor (President, Kelab AmBank Group) (far left).

August 2007

- AmBank Group organised the Region 5 Family Day gathering at the scenic Cherating beach in Kuantan, Pahang.
- For the eighth consecutive year, AmBank Group participated in The Edge-Bursa Malaysia Kuala Lumpur Rat Race 2007, which was organised by The Edge and Bursa Malaysia.
- Kelab AmBank Group held its annual Community and Charity Project for children and youth from Rumah Tengku Ampuan Rahimah and The Stepping Stone Living Centre at the Cosmo's World Theme Park in Berjaya Times Square, Kuala Lumpur.
- The inaugural AmBank Savers' G.a.n.g Chess Challenge saw a turnout of 44 participants fighting it out to be crowned the first AmBank Savers' G.a.n.g Chess Challenge champion.
- "Klang Valley A", which comprised of staff from Menara AmBank and Menara Dion, clinched the overall champions title in the recent AmBank Group inter-regional games, AmGames 2007.



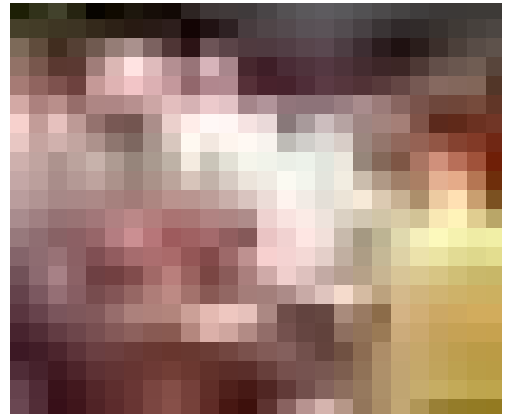
The AmBank Group mascots enthusiastically greet the crowd at the Region 5 Family Day in Kuantan, Pahang.



Tuan Haji Mohamad Sabirin (General Manager, Consumer Sales, AmBank (M) Berhad) (back row, third from left) and Encik Mahdi Murad (Executive Director, AmBank (M) Berhad) (back row, fourth from left) with the participants of the AmBank Savers' G.a.n.g Chess Challenge.

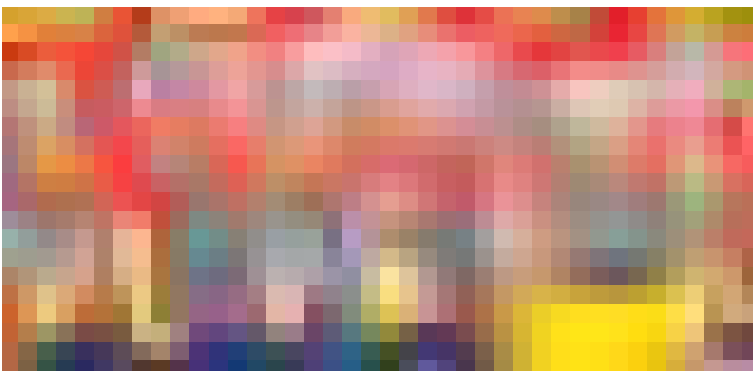


Encik Mustafa Mohd Nor (President, Kelab AmBank Group) (centre) with the children, wardens, and representatives from charity homes.

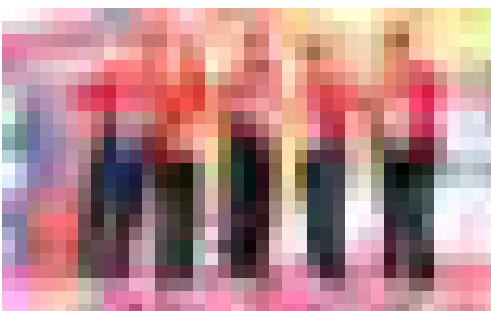


Tan Sri Dato' Azman (Chairman, AmBank Group) (left) and Encik Mustafa Mohd Nor (President, KAG) (centre) presenting duit raya and AmBank Group goodies to the children after buka puasa. Looking on is Encik Mohamed Azmi Mahmood (Managing Director, Retail Banking, AmBank (M) Berhad).

August 2007



Telematches, contests and staff performances were the definite highlights of the Region 5 Family Day in Kuantan, Pahang.



AmBank Group's Rat Race 2007 team members (from left) Kevin Bong Teck Yong, Farha Burhan, Mohamad Ezaad Mohamad Yusof, Asturiyanti Zuhrafadila Ishak and Mohd Aszemi Ibrahim.

September 2007

- Kelab AmBank Group (KAG) purchased baju raya for 45 children from Pertubuhan Kebajikan Anak-Anak Yatim Islam Sabak Bernam and also treated them to buka puasa with Tan Sri Dato' Azman Hashim (Chairman, AmBank Group).
- AmBank Group participated in Rahmat Ramadan, a charity event co-organised by the Ministry of Women, Family and Community Development and the Ministry of Federal Territories.
- The Kelab AmBank Group (KAG) 50th Merdeka Day Celebration Bowling Tournament 2007 was officially certified as the "Largest Bowling Tournament" in The Malaysia Book of Records with 656 bowlers.

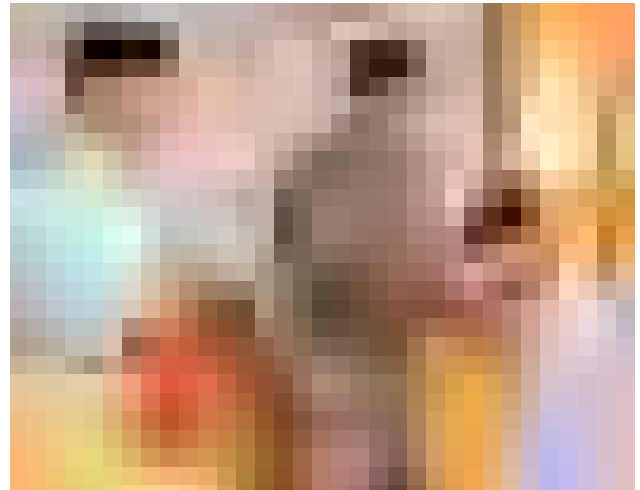
CALENDAR OF EVENTS: SOCIAL AND SPORTS ACTIVITIES

October 2007

- In conjunction with Hari Raya Aidilfitri, AmBank Group sponsored food and beverage as well as goodie bags for orphans and the poor featured on RTM1's Fitrah Kasih.
- AmBank Group pledged RM10,000 worth of scholarships each to three students to commemorate Malaysia's 50th anniversary of its independence.
- Kelab AmBank Group (KAG) organised the two-day KAG Paintball Challenge 2007.



Puan Hajjah Fauziah Yacob (Director, Group Human Resources, AmBank Group) (left) with three AmBank Group scholarship recipients.



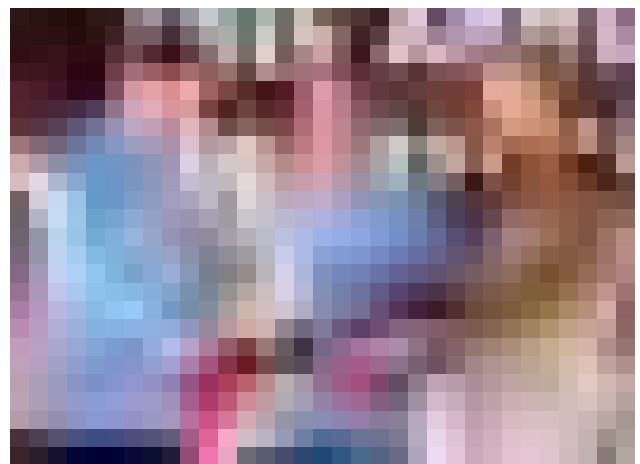
Syed Anuar Syed Ali (Director, Group Public Affairs, AmBank Group) presenting goodie bags to children from a charity home witnessed by YBhg Dato' Haji Abdul Rahman Hamid (Ketua Pengarah, Penyiaran Malaysia, RTM) (left).

November 2007

- AmBank Group contributed RM10,000 to Persatuan Diabetes Malaysia to assist in helping people with diabetes lead healthy and productive lives.
- AmInvestment Bank was awarded the title of Overall Champion for the Malaysian Investment Banking Association (MIBA) Games 2007, winning a record 21 times since 1980, when the MIBA Games started.



KAG Paintball Challenge 2007 champion team Diverse X with Encik Mustafa Mohd Nor (President, KAG) (centre).



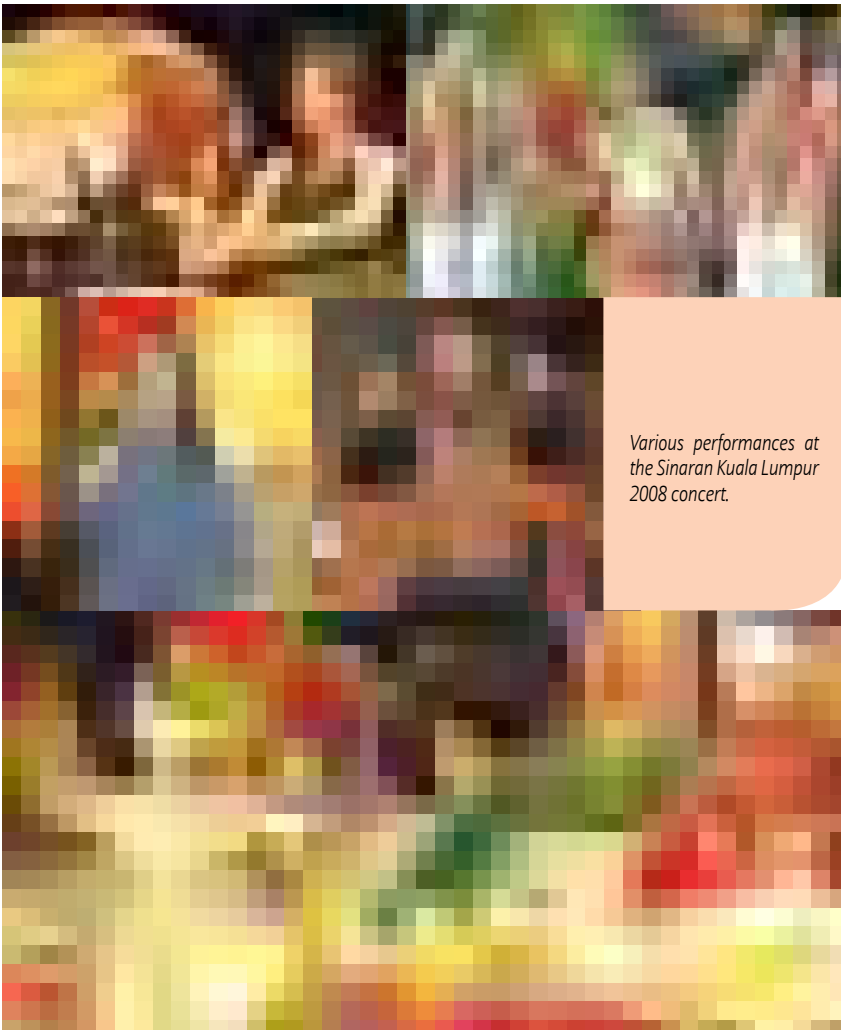
Mr T C Kok (Managing Director, AmInvestment Bank) (left) receiving the MIBA Games challenge trophy from Tan Sri Mohd Sidek Haji Hassan (Chief Secretary to the Government) (right), while Tan Sri Dato' Azman (Chairman, AmBank Group) looks on.



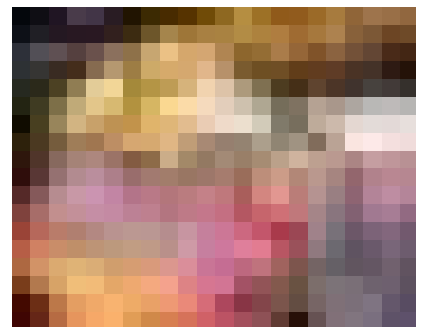
Tan Sri Dato' Azman Hashim (Chairman, AmBank Group) (left) and YAB Dato' Seri Abdullah Ahmad Badawi (Prime Minister of Malaysia) waving at the crowd on stage at the Sinaran Kuala Lumpur 2008 concert.

December 2007

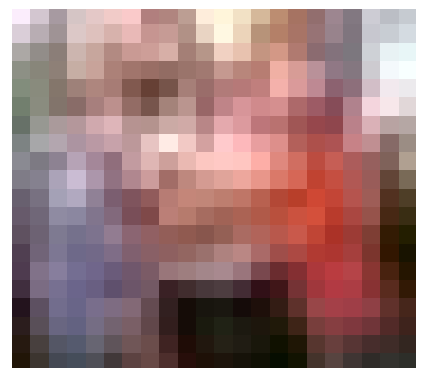
- AmBank Group presented the Sinaran Kuala Lumpur 2008 concert, adding to the festive spirit in the capital as merrymakers gathered to welcome the year 2008.
- AmBank Group once again stepped forward to answer the government's call for corporate citizens to contribute towards flood relief efforts, this time in the states of Pahang, Kelantan, and Sarawak.
- Malaysia Golf Association's Kenneth de Silva gave himself an early Christmas present by winning the AmBank Group Cross Creek SportExcel International Junior Grand Finals.



Various performances at the Sinaran Kuala Lumpur 2008 concert.



The Dataran Merdeka crowd at the Sinaran Kuala Lumpur 2008 concert.

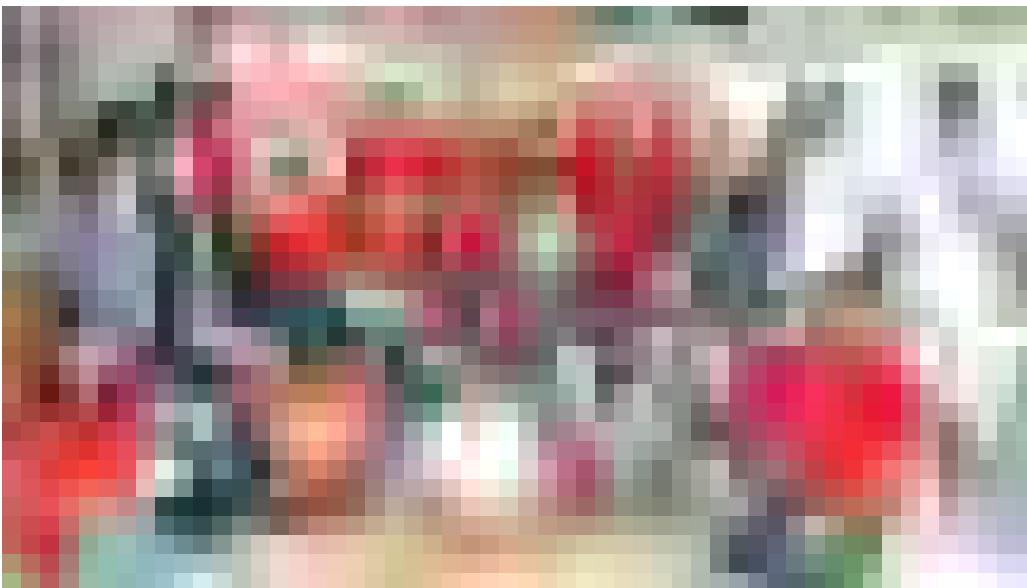


Encik Mohd Nawi Mohd Yusoff (Regional Manager, Region 5, AmBank Group) (right) distributing essential supplies to flood victims in Kelantan, while YBhg Dato' Shaari Mat Hussin (ADUN Gual Perok) (centre) looks on.

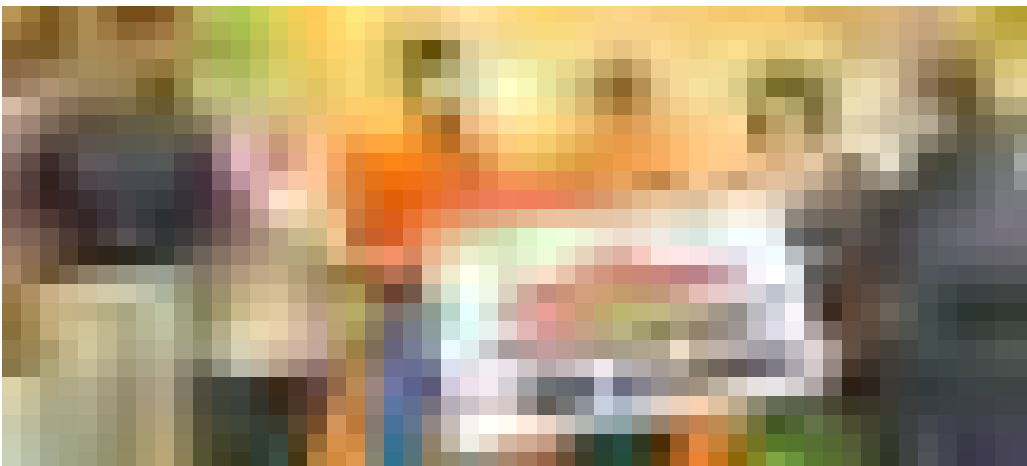
CALENDAR OF EVENTS: SOCIAL AND SPORTS ACTIVITIES

January 2007

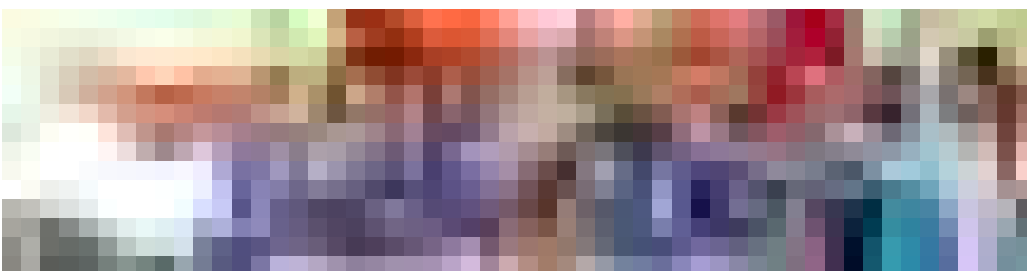
- Kelab AmBank Group (KAG) presented two air conditioners and a freezer to the residents of Pusat Jagaan Anbe Sivam of Klang, Selangor.
- Kelab AmBank Group (KAG) presented RM40,000 to four charity homes, each receiving RM10,000.
- A total of 67 teams, the largest number of teams in the four-year history of the AmBank Group Inter Financial Institutions Futsal Tournament, competed in this two-day tournament.



KAG representatives with the delighted residents of Pusat Jagaan Anbe Sivam.



Encik Mustafa Hj Mohd Nor (President, KAG) (third from right) and YM Raja Amir Shah (Vice President, KAG) (third from left) presenting a cheque to representatives of four charity homes.



Men's AmBank Group Inter Financial Institutions Futsal Tournament champions CIMB 'B' with their trophy.

February 2008

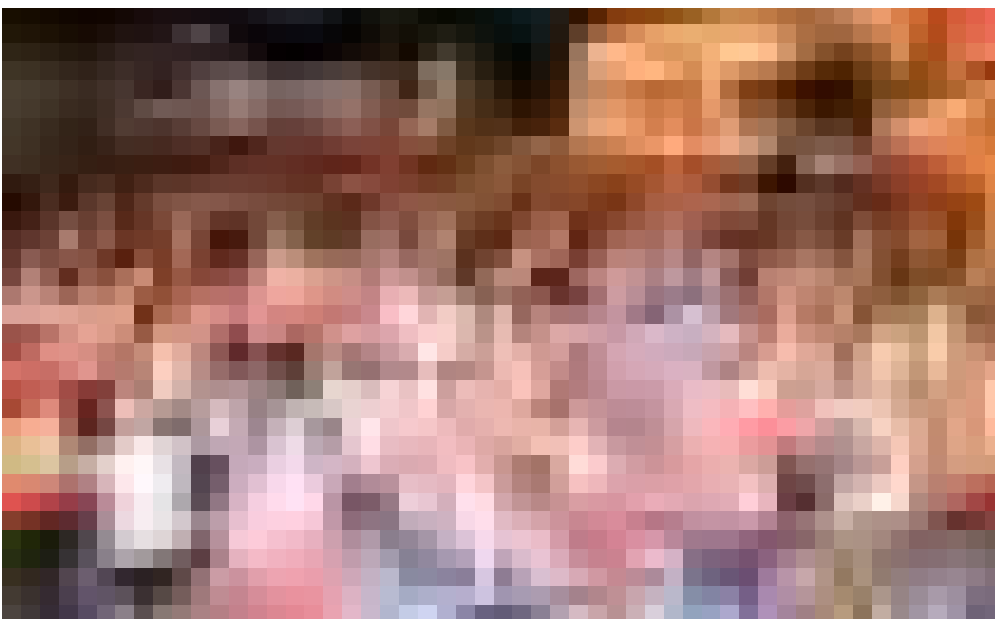
- The AmBank Group AmBagus 2008 singing competition was held.

March 2008

- AmBank Kuala Lumpur International Marathon (KLIM) 2008 attracted 9,920 participants from 42 countries who competed in 10 categories, a record compared to 8,100 participants in the previous year.



YBhg Dato' Ab Hakim Borhan (Mayor of Kuala Lumpur) (left) and Encik Mohamed Azmi Mahmood (Managing Director, Retail Banking, AmBank (M) Berhad) applauding KLIM participants for their enthusiasm.



KLIM participants.

ECONOMIC REVIEW

• Review and Outlook of the Malaysian Economy

DEVELOPMENT IN 2007

Overview

The Malaysian economy continued to show resilience and strength in 2007, particularly during the fourth quarter. To a significant extent, it reflects the well-diversified base and structure of the economy on both the supply and demand side.

The economy has a large services sector as well as sizeable agriculture and mining sectors that had helped insulate the economy against the impact of a sharp slowdown in manufacturing activities. The firmer activity in construction had also contributed to the better performance of the economy in 2007.

Exports of manufacturing generally had eased on account of lower international demand for the electrical and electronic goods, especially by the United States (US). However, there were bigger earnings from primary commodities, especially oil and gas and palm oil following higher demand and prices.

The relatively large and robust domestic demand also provided the economy with greater flexibility and strength to counter the effect of external demand slowdown in 2007. Both the consumption and investment spending had accelerated last year, also to reflect the positive effects of the Government expansionary fiscal and monetary policies.

Overall, real gross domestic product (GDP) rose by an impressive 6.3% in 2007, accelerating from 5.9% in 2006. It was also the fastest rate of expansion achieved by the economy in three years. The fourth quarter also saw growth recording a high of 7.3%, the best since the second quarter of 2004.

The stronger growth performance in 2007 was achieved in an environment of greater price stability as reflected by the sharply lower inflation rate of 2.0% against 3.6% in the preceding year. This mirrors to a large extent the effectiveness of various policy measures implemented by the Government to manage price, and also supported by a stronger Ringgit. The slower inflation in turn helped facilitate the conduct of accommodative monetary policy, amidst flush liquidity condition, thus ensuring stable and low interest rate.

The fundamental of the Malaysian economy in 2007 was further strengthened by a steadier external position. There was a larger overall surplus in the balance of payments, thus a bigger accumulated external reserves, chiefly derived from a sustained large current account surplus. The external reserves as at end of 2007 amounted to RM335.7 billion or US\$101.3 billion, higher by RM45.3 billion or US\$18.9 billion compared with the level recorded at the end of 2006. The external sector therefore had contributed more to the liquidity built-up in the last year.

Demand Condition

Domestic demand condition generally was buoyant in 2007. Both the consumption and investment spending registered stronger growth of 10.6% and 10.2% respectively against 6.6% and 7.9% in 2006. Private consumption rose by a faster 11.7% last year generally supported by a steadier increase in disposable income, firm labour market condition and easy access to credit. During the year, higher commodity prices, particularly crude palm oil and rubber, the upward salary adjustments for civil servants and strong performance of the equity market as well as rising job opportunities had contributed to income expansion. Subsequently, the contribution by private consumption to the overall real GDP growth last year had increased to 5.2 percentage points (pps) from 3.4 pps in 2006. At the same time, the share of private consumption to GDP had increased to 51% from 48.4% in 2006.

TABLE 1 : REAL GDP BY DEMAND AGGREGATE

% Change	2003	2004	2005	2006	2007	2008f
Consumption	8.2	9.4	8.2	6.6	10.6	6.9
Public	8.6	7.6	6.4	5.0	6.4	5.2
Private	8.1	9.8	8.7	7.1	11.7	7.4
Investment (ex-stock)	2.8	3.6	5.0	7.9	10.2	5.8
Public	-0.3	-21.5	6.8	8.9	7.5	1.0
Private	8.8	46.5	3.3	7.0	12.3	6.2
Agg. Domestic Demand	6.6	7.7	7.3	7.0	10.5	6.6
Public	3.7	-7.8	6.6	6.8	6.9	3.7
Private	8.2	15.6	7.6	7.0	11.8	7.2
Exports	5.1	16.1	7.9	7.4	3.7	4.3
Imports	4.5	19.6	8.9	8.6	4.1	6.2
Real GDP	5.8	6.8	5.0	5.9	6.3	5.2

Private investment also charted a firmer growth of 12.3% last year from 7.0% in 2006, spreading across all sectors particularly manufacturing, services and mining. The economy also witnessed larger inflow of foreign direct investment (FDI) in the manufacturing and mining sectors, reflecting the country's sustained competitive position in attracting foreign capital.

On the other hand, public investment moderated last year with a growth of 7.5% against 8.9% in 2006, but continued to support strongly the expansion of private investment. Overall, investment contributed a larger 2.2 pps to the overall GDP growth in 2007 as apposed to 1.8 pps in 2006.

TABLE 2 : CONTRIBUTION TO GROWTH – DEMAND

% Points	2003	2004	2005	2006	2007	2008f
Consumption	4.7	5.4	4.9	4.0	6.1	4.4
Public	1.1	1.0	0.8	0.7	0.9	0.7
Private	3.6	4.4	4.0	3.4	5.2	3.7
Investment (ex-stock)	0.7	0.8	1.1	1.8	2.2	1.3
Public	-0.1	-3.1	0.7	1.0	0.8	0.1
Private	0.7	3.9	0.4	0.8	1.4	1.2
Stocks	-1.0	0.8	-1.3	0.1	-1.3	0.9
Agg. Dom Demand	5.3	6.2	6.0	5.8	8.3	5.7
Public	1.0	-2.1	1.5	1.6	1.7	0.8
Private	4.3	8.4	4.4	4.2	6.6	4.9
Exports	5.7	17.7	9.5	9.1	5.2	5.2
Imports	4.2	18.0	9.1	9.1	5.8	6.7
Net Exports	1.5	-0.2	0.4	0.0	0.6	-1.4
Real GDP	5.8	6.8	5.0	5.9	6.3	5.2

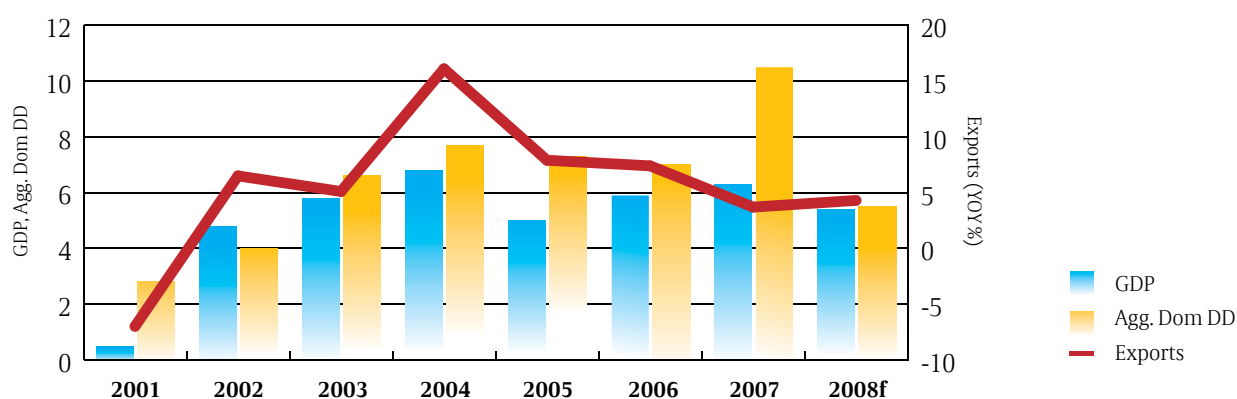
ECONOMIC REVIEW

On the external front, export of goods and services decelerated last year and growth slowed sharply to 3.7% from 7.4% in 2006 mainly on account of falling external demand for the electrical and electronics (E&E) products. However, exports of primary commodities expanded sharply to help offset the lackluster export performance of manufactures. Exports of primary commodities such as oil and gas and palm oil saw sharp rises in earnings last year, contributed to a large extent by price increases. While the price of crude oil rose to an average of US\$76.46 a barrel in

2007 from US\$68 in the preceding year, the price of palm oil jumped to an average of RM2,368 per tonne last year compared with RM1,544 per tonne in 2006.

Accordingly, the contribution by exports to overall real GDP growth declined to 5.2 pps last year from 9.1 pps in 2006. Nevertheless, since imports had slowed faster than exports (4.1% from 8.6%), the net export contribution to the overall GDP growth improved to 0.6 pp last year from a nil contribution in 2006.

CHART 1 : GDP, AGG DOM. DEMAND, & EXPORTS (% YOY)



Supply Condition

All sectors of the economy registered positive growth in 2007, led by the services sector. The services sector had expanded at a faster pace of 9.7% against 7.2% in 2006, benefiting from strong domestic demand and a steadier tourist inflow. The sub-sectors showing strong expansion

with a double-digit growth included the real estate, finance and insurance, transport and storage, accommodation and restaurant as well as wholesale, retail trade and motor vehicle. The services sector subsequently had contributed a larger 5.0 pps to the overall GDP growth in 2007 as opposed to 3.7 pps in 2006. The sector constituted a large 53.6% of the total GDP in 2007 (2006: 52.0%).

TABLE 3 : REAL GDP BY SECTOR

% Changes	2003	2004	2005	2006	2007	2008f
Agriculture	6.0	4.7	2.6	5.2	2.2	5.5
Mining	6.1	4.1	-1.3	-0.4	3.2	3.3
Manufacturing	9.2	9.6	5.3	7.1	3.1	4.7
Construction	1.8	-0.9	-1.8	-0.5	4.6	4.6
Services	4.2	6.4	6.7	7.2	9.7	5.9
Real GDP	5.8	6.8	5.0	5.9	6.3	5.2

Meanwhile, after three years of negative growth since 2004, the construction sector rebounded and registered a positive growth of 4.6% in 2007. It was driven mainly by the civil engineering sub-sector that benefited from projects

implemented under the Ninth Malaysia Plan. Similarly, the mining sector reverted to a positive growth of 3.2% last year largely in response to higher output of crude oil, amidst firmer prices.

TABLE 4 : CONTRIBUTION TO GROWTH – SECTOR

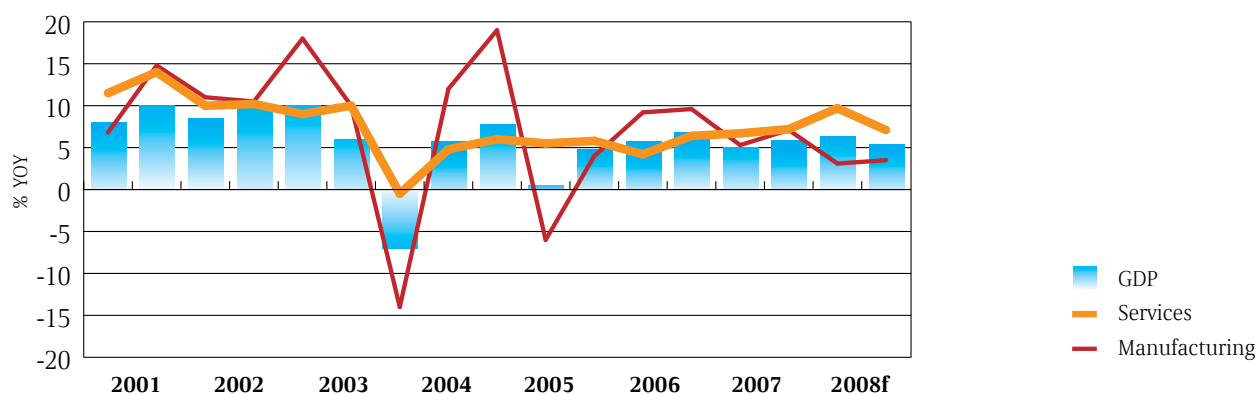
Percentage Points	2003	2004	2005	2006	2007	2008f
Agriculture	0.5	0.4	0.2	0.5	0.2	0.4
Mining	0.6	0.4	-0.1	0.0	0.3	0.3
Manufacturing	2.7	2.9	1.6	2.2	1.0	1.4
Construction	0.1	0.0	-0.1	0.0	0.1	0.1
Services	2.1	3.2	3.4	3.7	5.0	3.2
Other items	-0.2	-0.1	0.0	-0.3	-0.2	-0.2
Real GDP	5.8	6.8	5.0	5.9	6.3	5.2

The manufacturing sector recorded a sharp slowdown in 2007 with a moderate growth of 3.1% against 7.1% in 2006. This was also the slowest pace recorded since 2001. The weakness was largely in the export-oriented industries, particularly electrical and electronics. The production of electrical and electronic goods had contracted by 2.2% from a growth of 4.6% in 2006. On the other hand, output of domestic-oriented industries charted strong growth, including food and beverages, iron and steel and fabricated metal products. The contribution by manufacturing to the

overall GDP growth therefore eased to 1.0 pps last year, the smallest since 2001. At the same time, the share of manufacturing to GDP declined to 30.1% in 2007, the lowest since 2003.

Similarly, the agriculture sector saw a slower rate of expansion of 2.2% compared with 5.2% in 2006 on account of lower output of rubber and palm oil. However, this was more than offset by the stronger production in the food related sectors.

CHART 2 : GDP, MANUFACTURING, SERVICES (% YOY)



ECONOMIC REVIEW

PROSPECT IN 2008

The global economy is bracing a slowdown as the US economy decelerates in response to the sub-prime mortgage and credit crisis. The risk of the US economy entering a recession has increased following the surge in crude oil prices and the continuing decline in the US dollar. While the US Federal Reserves has placed high priority on growth, the rising inflationary pressures complicate the conduct of monetary policy and interest rate management to support growth.

In the face of a more challenging external environment, Malaysia may see a sharp deceleration in its export performance during the second half of this year after a steady first half. In tandem, the manufacturing sector is also expected to slow during the third and fourth quarter. Nonetheless, the Malaysian economy has entered 2008 from a point of strength and its diversified and broad economic base could again help sustain the overall growth momentum this year.

On the supply side, the services, construction, mining and agriculture can be expected to retain favourable expansion this year. Despite a weaker second half, the manufacturing sector may register a slightly faster growth this year, thanks to a steadier first half and the continuing strong domestic demand.

The domestic demand will continue to expand, amidst expansionary fiscal and monetary policies. The continuing flush liquidity condition would only ensure adequate supply of funding for both the public and private sector.

Furthermore, overall exports can chart further growth as Malaysia continues to benefit from rising prices of primary commodities, especially crude oil and gas, palm oil and rubber.

Against the above backdrop, real GDP is projected to register a moderately slower growth of 5.2% in 2008 compared with 6.3% in 2007. While the US economy may undergo a more severe downturn thus to exert greater downward pressures on global demand, the Government can be expected to embark on more aggressive fiscal and monetary responses to stimulate domestic demand and overall economic growth.

Demand Condition

Consumer and investor sentiments are affected by the external uncertainties as well as rising domestic inflationary pressures this year. Nevertheless, the strong underlying factors, which include steady growth in income following higher commodity prices, firm labour market condition and continuing easy access to credit as well as low interest rates would help sustain private consumption. In this regard, private consumption spending could continue to register a strong growth of 7.4% this year, but slower compared with 11.7% in 2007.

The positive effect of higher salaries of civil servants following adjustments in 2007 would also continue to be felt in the first half of this year. The flexibility for the contributors to utilize their savings in the Employees Provident Fund (EPF) for mortgage repayments could also help spur further private consumption spending this year.

The current low interest rates and ample liquidity position in the financial system will also help boost private consumption. At the end of May this year, the excess liquidity in the financial system was estimated at RM351.5 billion compared with RM280 billion as at end of 2007. Credit has also shown a strong uptrend, rising by 11% in May, the strongest pace seen since May 1998. To a certain extent, the higher loans had helped improve the performance of domestic automotive market. It was reported that new vehicle sales in the first five months of this year stood at 228,984 units or 52,028 units more than the number recorded in the corresponding period last year.

Private investment spending is also envisaged to increase in 2008 on account of strong economic activity particularly stimulated by the accelerated pace of implementation of projects approved under the Ninth Malaysia Plan (9MP-2006-2010). The effects of tax adjustments and others to enhance the country's competitiveness such as corporate tax reduction to 26% and a single-tier tax system could also help boost private investment this year. It is expected real private investment can increase by 6.2% in 2008. Including public investment, which is projected to grow by 1.0% against 7.5% in 2007, capital formation for 2008 would rise by 5.8% compared with 10.2% in 2007.

As a ratio of GNP, total investment including stock changes is projected to decrease to 20.8% of GNP in 2008 from 22.2% in 2007. In comparison to savings ratio of 35.3% of GNP (2007: 38.9%) the resource surplus may narrow to 14.5% of GNP (2007: 16.7%) as reflected by the surplus in the current account of the balance of payments. While the current level of investment is only adequate to generate growth of slightly more than 5% this year, there is potential for the economy to chart a faster rate of expansion following higher saving utilisation. In 2008, the contribution by investment to overall GDP growth could ease to 1.3pps from 2.2pps in 2007.

Overall, private spending contribution to overall real GDP growth this year would remain significant at 4.9 pps from 6.6pps in 2007. Public spending contribution is projected to moderate to 0.8 pp from 1.7 pps last year.

On the external front, real exports of goods and services are projected to weaken during the second half of this year following deteriorating export performance of E&E. However, on account of a firmer first half and stronger exports of primary commodities the value of real exports for the whole of 2008 could chart a faster increase of 4.3% compared with 3.7% in 2007. In the first five months of this year, total exports of goods had expanded by 14.6% despite the sharp fall in the E&E exports of 4.8%, thanks to the sharply bigger earnings of primary commodities.

Overall, exports are projected to show a contribution of 5.2 pps to the overall GDP growth similar to that in 2007. However, as imports could rise faster than exports, the contribution by net exports to the overall GDP growth in 2008 may revert to a negative 1.4 pps as opposed to a positive 0.6 pp last year.

Supply Condition

The services sector is expected to continue charting a strong performance this year. It is projected to rise by 5.9%, on the back of a steady private consumption and overall business activities, especially tourism. Expansion in domestic tourism and strong foreign tourist arrivals would contribute to further growth of the wholesales and retail trade, hotels and restaurants sub-sectors. Nevertheless, concerns about rising prices could affect business activity in the remaining months of this year as consumer may slow or delay spending as real disposable income declines.

In the agriculture sector, growth is projected to strengthen to 5.5%, largely supported by increases in output of palm oil and rubber. Initiatives by the Government to further intensify food sub-sector through various measures under the Ninth Malaysia Plan would further boost the sector.

The construction sector is envisaged to register a growth of 4.6% this year, led by civil engineering sub-sector and supported by residential and non-residential sub-sector. However, concerns about rising costs of construction, higher inflation and global economic uncertainties may dampen growth in the real estate sector particularly over the short and medium term. Meanwhile, the mining sector will continue to show growth, estimated at 3.3% on account of continuing strong demand and capacity expansion in new oil and gas fields.

Growth in the manufacturing sector is projected to increase slightly to 4.7% this year from 3.1% last year on account of sustained strong performance in the domestic-oriented industries. On the other hand, the export-oriented industries are likely to show a further weakness this year especially during the second half.

EXTERNAL BALANCE AND MONETARY POLICY

The external position continued to strengthen in 2007 and the current account surplus is likely to remain large in 2008. This reflects a sustained large resource surplus in the economy, despite rising investment spending. Consequently, the economy continues to grow at sub-optimal level.

In 2007, the surplus in the current account amounted to RM99.3 billion or 15.8% of GNP compared to RM93.4 billion or 16.8% of GNP in 2006. This was largely accounted for by a bigger excess in the merchandise balance and a positive services balance, largely derived from enlarged earnings on the travel account.

ECONOMIC REVIEW

TABLE 5 : BALANCE OF PAYMENTS

RM billion	2004	2005	2006	2007	2008f
Current Acc. Balance	56.5	75.7	93.4	99.3	100.5
% of GNP	12.6	15.3	16.8	15.8	14.5
Merchandise Balance	104.5	125.6	134.6	128.1	128.0
Services Balance	-9.0	-10.3	-6.9	1.0	1.7
Income Balance	-24.5	-23.9	-17.4	-13.7	-11.0
Net Transfer	-14.6	-17.0	-16.9	-16.1	-18.2
Real GDP (% YoY)	6.8	5.0	5.9	6.3	5.2

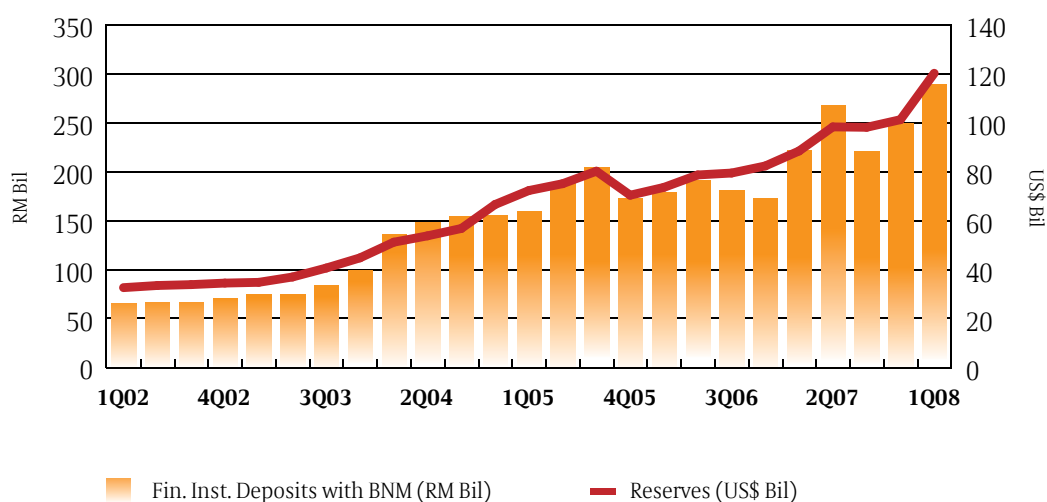
In 2008, the surplus on the current account is projected at RM100.5 billion or 14.5% of GNP on the back of a sustained large trade surplus. The services account is also likely to record another surplus this year.

Against a bigger current account surplus, Malaysia's overall balance of payments had charted a higher surplus of RM45.3 billion last year from RM24.0 billion in 2006. This was despite the larger shortfall in the financial account following increased payments and repayments of external loans as well as larger outflow of direct investment by the private sector. Consequently, the external reserves rose to a record RM335.7 billion or US\$101.3 billion at end of 2007 from RM290.4 billion or US\$82.5 billion in 2006. The reserves were adequate to finance about 8.8 months of retained imports and was 6.1 times of the country's short-term loans.

The overall balance is likely to witness a further growth in 2008, although its surplus could be smaller as a result of a larger shortfall in the financial account. Consequently, the external reserves would continue to rise this year. The first six months of this year already saw an addition to the external reserves of RM75.1 billion or US\$24.4 billion to RM410.9 billion or US\$125.8 billion that surpassed the US\$18.9 billion accumulated during the whole of 2007.

The external sector has remained as a main source of liquidity to the economy. In the first five months of this year, private sector liquidity as measured by the broad money (M3) had expanded by RM65.9 billion or 8.7% after recording a growth of RM72.5 billion or 9.5% for the whole of 2007. Subsequently, the domestic financial system saw a larger accumulation of excess in liquidity, thus greater intervention by the Central Bank to stabilise interest rates.

CHART 3 : EXT. RESERVES & FIN. INST. DEPOSIT WITH BNM



On the other hand, the prevalence of flush liquidity has facilitated the conduct of accommodative monetary policy to support growth. Consequently, the Overnight Policy Rate (OPR) was retained at 3.5% through the whole of 2007, amidst slowing inflation. Against 3.6% in 2006, the rate of inflation as measured by the consumer price index (CPI) rose significantly slower at 2.0% last year.

In the first six months of this year, inflation rate jumped to 3.7%, above the 2.0% pace registered in the corresponding period of 2007. Inflation in June accelerated to 7.7%, the fastest rise since January 1982 (7.8%) mainly caused by higher fuel and food prices.

Fuel prices have surged in response to the revamp of the subsidy scheme on petroleum products. While the pump price for petrol rose by 41% to RM2.70 per litre, diesel price increased by 63% to RM2.58 per litre with effect from June 5. As part of the subsidy reform, industry and power producers are also charged higher prices for gas. Consequently, electricity tariffs are higher by 18% for householders and 26% for commercial and industrial users with effect from July 1.

Arising from higher fuel and energy as well as food prices, inflation rate in 2008 is projected to rise to 5.8%, the highest in 26 years. In tandem with higher inflation, Bank Negara Malaysia will likely raise the OPR by 50 basis points before the year-end.

To a certain extent, the ringgit appreciation helps moderate the rise in inflationary pressure in 2007 and this year. The local currency had strengthened by 6.8% against the US dollar to an average of 3.31 last year. It had appreciated further by 1.2% in the first six months of this year and touched a high of 3.13 against the US dollar on April 23. The ringgit appreciation to a large extent mirrors the effect of a weakening US dollar, following interest rate cuts by the US Federal Reserves. It also mirrors the strong fundamentals of the domestic economy. Although the ringgit has chartered a downtrend since May arising from a relatively firmer US dollar and some outflow of short-term capital, it is expected to end the year at a healthy level of 3.10-3.20 against the US dollar.

CONCLUSION

The Malaysian economy had performed well in 2007 and this has provided a firmer platform for its expansion in 2008. In this regard, despite the more challenging external environment, the Malaysian economy is expected to continue charting an encouraging growth this year, amidst a steady domestic demand.

As the domestic demand is expected to continue leading the growth process, the Government in turn is expected to implement counter cyclical measures, particularly if the weakening of global demand results in a significant softening of domestic consumer and business confidence. The Government would have to embark on a more expansionary fiscal operation, while continuing with an accommodative monetary policy. This may exert greater pressure on the Government budgetary position, but it is unavoidable as to help the economy to stay on course.

Another major policy concern is the rising inflationary pressure. Amidst the higher fuel and food prices and more expensive import cost, inflation rate can pass the 5.0% mark this year. Consequently, Bank Negara Malaysia is likely to raise the OPR.

As a final remark, the Malaysian economy would continue to show resilience and grow at above 5.0% in 2008, for the 7th year since 2002. The growth momentum could be sustained through 2009-2010 the final two years of the Ninth Malaysia Plan (2006-2010). The accommodative stance of monetary and fiscal policy would support the further expansion in domestic spending. In this regard, real GDP can continue to grow in the range of 5.0-6.0% in 2009 and 2010.

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AMMB Holdings Berhad

Company Number 223035-V
Incorporated In Malaysia



FINANCIAL STATEMENTS 2008

Expressed In Ringgit Malaysia
For The Year Ended 31 March 2008

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DIRECTORS' REPORT

The directors have pleasure in presenting their report together with the audited financial statements of AMMB HOLDINGS BERHAD for the financial year ended 31 March 2008.

PRINCIPAL ACTIVITIES

The principal activity of the Company is that of an investment holding company.

The subsidiary companies, as listed in Note 15 to the financial statements, provide a wide range of investment banking, commercial banking, retail financing and related financial services which also include the Islamic banking business, underwriting of general and life insurance, stock and share-broking, futures broking, investment advisory and asset, real estate investment and unit trusts management.

There have been no significant changes in the nature of the activities of the Group and of the Company during the financial year.

SIGNIFICANT EVENTS

- 1) On 18 May 2007, upon obtaining the necessary approvals from the shareholders' and the relevant authorities, the Company implemented the following:
 - (i) Increase in the authorised share capital of the Company from RM5,000,000,000 comprising 5,000,000,000 ordinary shares of RM1.00 each to RM5,200,000,000 comprising 5,000,000,000 ordinary share of RM1.00 each and 200,000,000 converting preference shares ("CPS") of RM1.00 each;
 - (ii) Issue of 163,934,426 CPS to ANZ Funds Pty Ltd ("ANZ Funds") at an issue price of RM3.05 per CPS amounting to RM500,000,000, which are convertible into 163,934,426 new ordinary shares of RM1.00 each in the Company; and
 - (iii) Issue of the RM575,000,000 nominal value Ten (10) Year Unsecured Exchangeable Bonds ("EBs") by AmBank (M) Berhad ("AmBank") to ANZ Funds which are exchangeable into 188,524,590 new ordinary shares in the Company at an exchange price of RM3.05 per share.

On 13 March 2008, the CPS was converted to 163,934,426 new ordinary shares of RM1.00 each on the basis of one new ordinary share of RM1.00 each in exchange for every one CPS of RM1.00 each.

- (2) The Company has utilised a total of RM450,000,000 from the proceeds of CPS for the subscription of AMFB Holdings Berhad ("AMFB")'s rights issue of 30,000,000 new ordinary shares of RM1.00 each at an issue price RM5.00 per share amounting to RM150,000,000 and RM300,000,000 nominal amount Interest Bearing Irredeemable Convertible Unsecured Loan Stock issued by AMFB on rights entitlement basis. The issue price of RM5.00 per share is derived at based on 17.6% premium on the net tangible assets per share of AMFB of approximately RM4.25 as at 31 March 2007.
- (3) AMFB has subscribed for RM150,000,000 Irredeemable Non-cumulative Convertible Preference Shares of RM1.00 each and RM300,000,000 nominal amount Interest Bearing Irredeemable Convertible Unsecured Loan Stock issued by AmBank on rights entitlement basis to further increase the capital funds of AmBank.
- (4) Upon obtaining the necessary approvals from the relevant authorities, AmBank completed the sale of corporate and retail non-performing loans following the receipt of the sale proceeds totalling RM328.5 million from ABS Enterprise One Berhad, Neptune ABS One Berhad and Neptune ABS Two Berhad.

DIRECTORS' REPORT

SIGNIFICANT EVENTS (CONTINUED)

- (5) AmInvestment Bank Berhad (“AmInvestment Bank”) and certain Saudi Arabian parties had mutually agreed to discontinue the proposed joint venture in a company to be established for carrying on capital market activity in Saudi Arabia.
- (6) On 5 September 2007, Arab-Malaysian Credit Berhad had entered into a Sale and Purchase Agreement with Melawangi Sdn Bhd for the disposal of office premises situated on the Ground Floor and First Floor of the West Wing, Menara PJ, Amcorp Trade Centre measuring approximately 6,792 square feet, erected on the land held under master title Pajakan Negeri 21919, Lot No. 19, Section 16, Bandar Petaling Jaya, Daerah Petaling, Selangor for a total cash consideration of RM3,200,000.
- (7) The Company proposed and implemented the following:
- (i) The Privatisation of AmInvestment Group Berhad (“AIGB”) through a scheme of arrangement between AIGB and its shareholders pursuant to Sections 176 and 178 of the Companies Act, 1965 (“Act”) whereby AIGB will reduce its capital pursuant to Section 64 of the Act by canceling 646,800,000 ordinary shares of RM1.00 each (“AIGB Cancelled Share”), representing 49.0% of its existing issued and paid-up share capital which are not held by the Company, in consideration for a cash payment of RM3.70 per AIGB Cancelled Share payable by the Company (“AIGB Privatisation”). The AIGB Privatisation was approved by the shareholders of AIGB at the Court Convened Meeting held pursuant to the order of the High Court of Malaya on 26 September 2007. In addition, the order of the High Court of Malaya sanctioning the scheme of arrangement was obtained on 21 November 2007.
- On 15 January 2008, the AIGB Privatisation was completed following the cash payment of RM3.70 per share totalling RM2,393,160,000 to the minority shareholders of AIGB, and AIGB become a wholly-owned subsidiary of the Company.
- On 4 February 2008, the entire issued and paid-up share capital of AIGB was delisted from the Official List of Bursa Malaysia Securities Berhad (“Bursa Securities”) pursuant to paragraph 8.15(6) of the Listing Requirements of Bursa Securities.
- (ii) The Renounceable Rights Issue of 295,972,939 new ordinary shares of RM1.00 per share in the Company (“Rights Issue”) at an issue price of RM3.40 per Rights Share, on the following basis:-
- (a) one (1) Rights Share for every eight (8) existing ordinary shares of RM1.00 each; and
- (b) one (1) Rights Share for every eight (8) existing CPS of RM1.00 each held in the Company.
- On 15 January 2008, the Rights Issue was completed following the listing of and quotation of the 295,972,939 new shares issued to the entitled shareholders of the Company. The Rights Issue proceeds have been used by the Company to part finance the cash payment to the minority shareholders of AIGB.
- (iii) Adjustments to the Warrants 2003/2008 exercise price from RM2.19 per share to RM2.15 per share and an increase of 1,281,618 additional Warrants 2003/2008 pursuant to the adjustments arising from the Rights Issue.
- (iv) Adjustments to the Unsecured Exchangeable Bonds conversion price from RM3.05 per share to RM2.95 per share pursuant to the adjustments arising from the Rights Issue.
- (8) The Company has sought the approval of Bank Negara Malaysia (“BNM”) for the commencement of discussions with MAA Holdings Berhad (“MAAH”), pursuant to section 67 of the Insurance Act, 1996, for the proposed acquisition of the general insurance business in Malaysian Assurance Alliance Berhad, a composite insurer, and an equity stake in MAA Takaful Berhad, which operates a Takaful insurance business, held by MAAH.

DIRECTORS' REPORT

SIGNIFICANT EVENTS (CONTINUED)

- (9) The Company has obtained the approval of BNM for the shareholders of AmAssurance Berhad (“AmAssurance”) to commence preliminary negotiations with Friends Provident plc, pursuant to the Insurance Act 1996 (“Insurance Act”), for the proposed sale of a minority stake in the life insurance business of AmAssurance. A separate application has also been submitted to BNM to obtain the regulatory approvals under the Insurance Act to enable the Company to split the existing composite insurance licence of AmAssurance, to enable the Company to undertake the life and general insurance business through two separate companies.
- (10) On 29 November 2007, AmInvestment Bank had entered into a memorandum of understanding with Woori, a member of the Woori Financial Group of Korea for the purpose of promoting the cooperation in the investment banking business between the two parties, enabling both the financial groups to leverage on each other’s established business franchise and network in both the domestic and regional capital markets.
- (11) On 7 December 2007, AIGB incorporated a subsidiary in Brunei under the name of AmCapital (B) Sdn Bhd (“AmCapital (B)”). AmCapital (B) will commence business operation in investment banking related activities after it has been duly licensed by the relevant regulatory authority of Brunei.
- (12) On 13 December 2007, the Company had redeemed the entire RM150.0 million nominal amount of 3.0% Bonds 2002/2007, which was previously issued on 13 December 2002.
- (13) On 18 January 2008, the Company incorporated a subsidiary under the name of AmG Insurance Berhad to facilitate the separation of the composite insurance business of AmAssurance Berhad into separate general insurance and life insurance business.
- (14) Upon obtaining the necessary approvals from the relevant authorities, AmBank had issued Five Tranches of Medium Term Notes (“MTN”) totaling RM860.0 million under a RM2.0 billion nominal value MTN Programme. The proceeds raised from the MTN Programme is utilised for the refinancing of existing subordinated debts and for general working capital requirements.

The MTN issued under the MTN Programme will be 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.

- (15) Upon obtaining the necessary approvals from the relevant authorities, on 11 March 2008, AmBank proposed issuance of up to Singapore Dollar (“SGD”) 425.0 million Non-Innovative Tier 1 Capital (“NIT1”), comprising Non-Cumulative Perpetual Capital Securities (“NCPCS”) issued by AmBank, which are stapled to Subordinated Notes (“SubNotes”) issued by AmCapital (L) Inc (“AmCapital”) (“Stapled Securities”).

The Stapled Securities will be issued and offered to certain non-United States of America resident persons as defined in Section 902(k) of Regulations S in offshore transactions under the United States Securities Act of 1933 (“US Securities Act”), as amended from time to time. In addition, the Stapled Securities may only be issued to or offered for sale or subscription by persons outside Malaysia.

The NCPCS and SubNotes cannot be traded separately until the occurrence of certain Assignment Events.

To facilitate the Proposed Issuance of NIT1, AmBank had, on 26 February 2008 acquired three (3) ordinary shares of USD1.00 each, representing the entire issued and paid-up share capital of AmCapital, presently a dormant company, for a cash consideration of USD3.00, thereby making AmCapital a wholly owned subsidiary of AmBank.

AmCapital was incorporated on 2 January 2008 and has an authorised share capital of USD10,000 divided into 10,000 ordinary shares of USD1.00 each of which three (3) ordinary shares of USD1.00 each have been issued and are fully paid-up. AmCapital was incorporated for the purpose of issuing the SubNotes.

The Stapled Securities are rated BB by both Fitch Ratings Ltd. and Standard & Poor’s, a division of the McGraw-Hill Companies, Inc.

DIRECTORS' REPORT

SUBSEQUENT EVENTS

- (1) On 9 April 2008, AmBank issued the Sixth Tranche of MTN amounting to RM600.0 million. The proceeds raised will be utilised for the refinancing of existing subordinated debts. To date, AmBank has issued a total of RM1,460.0 million MTN under a RM2.0 billion nominal value MTN Programme.
- (2) On 11 March 2008, the Company announced a Group Proposed Internal Restructuring involving:
 - (a) the transfer of the fund-based activities of AmInvestment Bank, a 100% owned subsidiary of AIGB, to AmBank and AmBank's wholly-owned subsidiary, AmIslamic Bank Berhad ("AmIslamic") (the "Proposed Business Transfer"); and
 - (b) the re-alignment of the shareholding structure of certain operating subsidiaries to fully constitute the Capital Market Group and Asset Management Group (the "Proposed Internal Transfer").

On 11 March 2008, AmInvestment Bank entered into separate Business Transfer Agreements with AmBank and AmIslamic respectively in respect of the Proposed Business Transfer.

Bank Negara Malaysia ("BNM") and the Ministry of Finance ("MOF") have on 19 December 2007 approved the Proposed Business Transfer. It was implemented by way of a vesting order (the "Order") of the High Court of Malaya (the "Court") to be obtained by AmInvestment Bank, AmBank and AmIslamic pursuant to section 50 of the Banking and Financial Institutions Act 1989, whereby:-

- (i) Subject to exclusions as may be agreed between AmInvestment Bank and AmBank, AmBank will acquire the assets and assume the liabilities relating to AmInvestment Bank's conventional Fund-Based Activity which shall include AmInvestment Bank's 100% shareholding interest in AmInternational (L) Ltd, a licensed offshore bank; and
- (ii) Subject to exclusions as may be agreed between AmInvestment Bank and AmIslamic, AmIslamic will acquire the assets and assume the liabilities relating to AmInvestment Bank's Islamic Fund-Based Activity, based on the book value of the assets and liabilities as at the date the Order comes into effect. The consideration for the Proposed Business Transfer, computed on the basis of the book value of the assets acquired less the book value of the liabilities assumed, will be settled in cash by AmBank and AmIslamic.

After the completion of the Proposed Business Transfer, AmInvestment Bank will restructure its capital funds and any excess thereof will be distributed to the Company (through AIGB) for working capital requirements.

The Proposed Internal Transfer, which has received BNM approval on 19 December 2007, will involve the following intra-group transfer of the following AmBank Group companies:-

- (a) AmInvestment Bank will acquire from AmSecurities Holding Sdn Bhd ("AMSH") the following companies:-
 - (i) AmFutures Sdn Bhd, a licensed futures broker for a cash consideration based on book value;
 - (ii) AmResearch Sdn Bhd, involved in providing investment advice, for a cash consideration based on book value; and
 - (iii) PT. AmCapital Indonesia ("AMCI"), a licensed stockbroking, which also undertake underwriting and investment management activities, for a cash consideration based on cost of investment.

DIRECTORS' REPORT

SUBSEQUENT EVENTS (CONTINUED)

- (b) AIGB will acquire from AmInvestment Bank the following companies:-
- (i) AmInvestment Management Sdn Bhd, an asset management company for a cash consideration based on book value; and
 - (ii) AmInvestment Services Berhad, an unit trust management company for a cash consideration based on book value.

In addition to the approvals of MOF and BNM, the Proposed Internal Restructuring is also subject to the approvals of Securities Commission for the Proposed Internal Transfer (other than AMCI), Badan Pengawas Pasar Modal and Lembaga Kewangan for transfer of AMCI and any other relevant authorities, if necessary.

Approvals from Labuan Offshore Financial Services Authority for the transfer of AmInternational (L) Ltd, Foreign Investment Committee and High Court of Malaya for the Proposed Business Transfer were obtained on 21 December 2007, 7 March 2008 and 12 April 2008 respectively.

On 12 April 2008, AmInvestment Bank completed the Business Transfer for a cash consideration of RM1,370.5 million 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 AmBank and AmIslamic.

FINANCIAL RESULTS

	Group RM'000	Company RM'000
Profit before taxation and zakat	1,194,437	100,527
Taxation and zakat	(383,618)	(26,563)
Profit before minority interests	810,819	73,964
Minority interests	(142,277)	-
Net profit attributable to the equity holders of the Company	668,542	73,964
Unappropriated profit at beginning of year (as restated)	711,232	711,940
Profit available for appropriation	1,379,774	785,904
Transfer to statutory reserve	(137,676)	-
Dividends paid	(78,831)	(78,831)
Unappropriated profit at end of year	1,163,267	707,073

DIRECTORS' REPORT

BUSINESS PLAN AND STRATEGY

AMMB Holdings Berhad (“The Group”) is committed to enhancing its status as the premier financial services group in Malaysia and the market leader in key products segments. Pivoting on the key themes of simplicity and service quality, the Group will provide a combination of quality products at competitive pricing and superior service to its customers. Investments are geared towards both enhancing infrastructure and developing new capabilities in operational processes, risk management, MIS, human capital and talent development, and building a world-class sales culture.

18 May 2007 marks a commemorative milestone in the history of the Group. The strategic partnership with Australia and New Zealand Banking Group Limited (“ANZ”) was sealed, inscribing a journey of new beginnings, fresh horizons and novel frontiers. The Group will capitalize on ANZ’s exposure to international businesses, banking systems and cross border capabilities in Asia and the Pacific to considerably elevate its brand equity. Revenue and balance sheet growth will be major focus areas across all divisions including retail, business banking, investment banking and insurance.

On the retail and commercial businesses, enhancements are underway to deliver more comprehensive customer service proposition. Initiatives include innovative new, repackaged and bundled products, including the housing and commercial property loans catered for refinancing sectors, the prepaid cards joint ventures with large external corporations, and micro financing schemes for the small-medium enterprises. Business processes have been reengineered with the assistance of ANZ’s expertise in distribution channel management, product development and risk management.

A key strategic agenda is to grow transactional deposits (savings and current account). Deposits growth initiatives revolve around acquiring new main bank accounts, increasing activation, combating dormancy and closures, increasing cash management and trade services utilisation, and cross-selling to the Group’s customer base. Retail and commercial divisions will also continue to expand branch network, electronic channels, internet banking, mobile banking and business relationships in order to grow deposits plus other fee income products and services.

The Group will continue to be a significant player in the auto financing sector, but redirecting growth towards the more profitable business segments. Asset quality continues to improve in part due to the Group successfully disposing legacy non-performing loans (“NPL”) amounting to RM549 million in financial year ended 31 March 2008. This was complemented by improved debt, collections strategies and recoveries management.

In the investment banking arm, the Group has on 15 January 2008 completed the privatization of AmInvestment Group Berhad (“AIGB”), making AIGB a wholly-owned subsidiary of AMMB Holdings Berhad. Subsequently, the internal business restructuring was completed on 12 April 2008, with the transfer of large corporate lending and treasury activities of AmInvestment Bank Berhad to AmBank (M) Berhad and AmIslamic Bank Berhad. Moving forward, AIGB will focus on equities related activities, capital market activities, corporate advisory and funds management.

Under a streamlined operating structure, AIGB is well-positioned to be the bank with the “Domestic Franchise with Access to Global and Regional Distribution” in capital markets. Initiatives continue to focus on strengthening its franchise, diversifying its income stream and building image through differentiation and adoption of best-in-class practices. Investment banking has consistently introduced attractive new products and services, to meet the increasingly demanding needs of its large corporate clients as well as its private banking and wealth management segments.

The insurance business division’s new branch operating model has provided the platform for expansion of agency force and higher penetration of bancassurance businesses. In preparation of liberalisation in the insurance industry, plans are well underway to separate the life and general insurance business licences of AmAssurance Berhad. The initiative will streamline the Group’s insurance operations, recognizing the need for specialization and partnering for growth. In the general insurance business, the strategic partnership with Insurance Australia Group Limited (“IAG”) has enabled international knowledge transfer and know-how. Tactical acquisition will also be pursued in order to enhance the scale of general insurance business.

DIRECTORS' REPORT

OUTLOOK FOR NEXT FINANCIAL YEAR

Macroeconomic conditions are uncertain, with US economic downturn spiralling potential global recessionary impacts in most economies worldwide. Nevertheless, strong commodity prices, domestic demand and more diversified export markets and products, will continue to benefit Malaysia, and the economy is expected to expand by 4% to 5% in 2008. The banking sector expects moderating demand for financing, by both households and businesses, particularly with the implementation of the Ninth Malaysia Plan ("9MP").

The equity markets will be impacted by the broad trends affecting most regional markets, nevertheless the debt markets are expected to remain robust in view of the strong domestic liquidity. Active promotion of Islamic financing by the Malaysian government and growing demand for Syariah compliant securities from local and international investors provide an impetus for the issuance of the capital market securities.

The Group is well positioned to weather global and regional volatilities. Steps have been taken to strengthen its balance sheet and capital position, laying the foundation for asset growth initiatives moving forward. Building on its well-known brand and solid customer franchise, the Group will leverage growth opportunities and strongly compete with leading local, regional and international banks in its home market.

ITEMS OF AN UNUSUAL NATURE

In the opinion of the directors, the results of operations of the Group and of the Company for the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature other than as disclosed under significant events above and Note 56 to the financial statements.

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 Company for the succeeding twelve months.

DIVIDENDS

During the financial year, the Company paid a first and final dividend of 5.0% less 26.0% taxation, in respect of the previous financial year totalling RM78,830,920 which amount had been dealt with in the directors' report for that financial year and paid on 19 October 2007 to shareholders whose names appeared in the Record of Depositors on 4 October 2007.

In respect of the current financial year, the directors now recommend the payment of a first and final dividend of 6.0%, less 25.0% taxation, amounting to RM122,533,632 to be paid to shareholders whose names appear in the Record of Depositors on a date to be determined by the directors. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of unappropriated profits in the next financial year ending 31 March 2009.

DIRECTORS' REPORT

RESERVES, PROVISIONS AND ALLOWANCES

The following material transfers to or from reserves, provisions and allowances were made during the financial year :

	Note to the Financial Statements	Group RM'000	Company RM'000
(a) Statutory Reserve			
Transfer from unappropriated profits	33	137,676	-
(b) Available-For-Sale Reserve			
Arising from net unrealised gain on revaluation of securities available-for-sale	33	6,538	-
(c) Exchange Fluctuation Reserve			
Arising from translation of subsidiary and associated companies expressed in foreign currency	33	(2,131)	-
(d) Allowances/(Reversal of allowances):			
Interest suspended	35	98,355	-
Allowance for losses on loans and financing:			
Specific allowance - net	39	765,110	-
General allowance	39	67,107	-
Transfer from profit equalisation reserve		(18,211)	-
Impairment loss on:			
Securities		111,958	-
Amount recoverable under asset-backed securitisation transactions		10,000	-

BAD AND DOUBTFUL DEBTS AND FINANCING

Before the income statements and balance sheets of the Group and of the Company 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 allowance had been made for doubtful debts and financing.

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

CURRENT ASSETS

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

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

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 in the Group's and the Company's financial statements misleading or inappropriate.

DIRECTORS' REPORT

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 Company that has arisen since the end of the financial year and which secures the liabilities of any other person; or
- (b) any contingent liability in respect of the Group and of the Company 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 Company 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 Company 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 Company, that would render any amount stated in the financial statements misleading.

ISSUE OF SHARES AND DEBENTURES

During the financial year, the issued and fully paid-up share capital of the Company was increased from 2,130,565,410 ordinary share of RM1.00 each to 2,722,969,590 ordinary shares of RM1.00 each by the issue of:

- (i) 132,496,745 new ordinary shares of RM1.00 each at RM2.19 per share before the Rights Issue and RM2.15 per share after Rights Issue by virtue of the exercise of share warrants 2003/2008 of the Company. The resulting share premium amounting to RM155,302,602 been credited to share premium account.
- (ii) 70 new ordinary share of RM1.00 each at RM6.51 per share before Rights Issue by virtue of the exercise of share warrants 1997/2007 of the Company. The resulting share premium amounting to RM386 has been credited to share premium account.
- (iii) Rights Issue of 295,972,939 new ordinary shares of RM1.00 each at a price of RM3.40 per share on the basis of one (1) new ordinary share of RM1.00 each for every eight (8) existing ordinary shares of RM1.00 each held. The resulting share premium amounting to RM 710,335,054 been credited to share premium account.
- (iv) 163,934,426 new ordinary shares of RM1.00 each at a price of RM3.05 per share on the basis of one (1) new ordinary share of RM 1.00 each for every one (1) existing CPS of RM1.00 each held. The resulting share premium amounting to RM366,065,574 has been credited to share premium account.

The 592,404,180 new ordinary shares issued rank pari passu in all respect with the then existing ordinary shares of the Company.

The Company has not issued any new debentures during the year.

SHARES OPTIONS

There are no options granted by the Company to take up unissued shares of the Company.

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

DIRECTORS' REPORT

WARRANTS

The Company has not issued any new warrants during the financial year.

- (i) The Warrants 1997/2007 were constituted under the Deed Poll dated 19 March 1997.

The salient features of the Warrants 1997/2007 are as follows:

- (a) Each Warrant 1997/2007 entitles its registered holder to subscribe for one new ordinary share of RM1.00 each at the exercise price during the exercise period.
- (b) The exercise price is RM6.51 per share and shall be paid fully in cash. The exercise price of the Warrants 1997/2007 are subject to adjustments under certain circumstances in accordance with the provisions of the Deed Poll.
- (c) The Warrants 1997/2007 are for an initial period of five (5) calendar years. This period was extended for a further period of five (5) years and expired on 13 May 2007.

The movements in the Company's unissued number of shares under Warrants 1997/2007 during the financial year are as follows:

	No. of Ordinary Shares of RM1.00 each			
	Balance at 1.4.2007	Exercised	Forfeited	Balance at 31.3.2008
Number of unissued shares under warrants 1997/2007	143,534,078	70	143,534,008	-

- (ii) The Warrants 2003/2008 were constituted under the Deed Poll dated 29 November 2002 and 29 January 2003.

The salient features of the Warrants 2003/2008 are as follows:

- (a) Each Warrant 2003/2008 entitles its registered holder to subscribe for one new ordinary share of RM1.00 each at the exercise price during the exercise period.
- (b) The exercise price is RM2.15 per share, adjusted pursuant to the Rights Issue and is payable fully in cash for every Warrant 2003/2008 held from the date of allocation. The exercise price of the Warrants 2003/2008 are subject to adjustments under certain circumstances in accordance with the provisions of the Deed Poll.
- (c) The Warrants 2003/2008 are for a period of five (5) calendar years and expired on 20 March 2008.

The movements in the Company's unissued number of shares under Warrants 2003/2008 during the financial year are as follows:

	No. of Ordinary Shares of RM1.00 each				
	Balance at 1.4.2007	Adjustment For Rights Issue	Exercised	Forfeited	Balance at 31.3.2008
Number of unissued shares under warrants 2003/2008	132,073,430	1,281,618	132,496,745	858,303	-

Pursuant to the Rights Issue, adjustments were made to the Warrants 2003/2008 exercise price from RM2.19 per share to RM2.15 per share and an increase of 1,281,618 additional warrants 2003/2008.

DIRECTORS' REPORT

DIRECTORS

The directors who served on the Board since the date of the last report are:

Tan Sri Dato' Azman Hashim
 Dato' Azlan Hashim
 Tun Mohammed Hanif Omar (Independent Director)
 Tan Sri Datuk Dr Aris Osman @ Othman (Independent Director)
 Tan Sri Datuk Clifford Francis Herbert (Independent Director)
 Tan Sri Dato' Mohd Ibrahim Mohd Zain (Independent Director)
 Dato' Izham Mahmud (Independent Director)
 Dr Robert John Edgar (appointed on 15.08.2007)
 Mr Alexander Vincent Thursby (appointed on 2.01.2008)
 Mr Peter John Hodgson (appointed on 15.08.2007)
 Mr Owen James Wilson (alternate Director to Dr Robert and Mr Peter)
 Mr Cheah Tek Kuang
 Mr Soo Kim Wai
 Puan Shalina Binti Azman (resigned on 31.05.2007)

In accordance with Article 89 of the Company's Articles of Association, Dato' Azlan Hashim, Tan Sri Datuk Dr Aris Osman@ Othman, Dato' Izham Mahmud and Mr Soo Kim Wai retire, and being eligible, offer themselves for re-election.

DIRECTORS' INTERESTS

In accordance with Article 97 of the Company's Articles of Association, Mr Alexander Vincent Thursby will retire, and being eligible offer himself for re-election.

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

The interests in shares and debentures in the Company and in subsidiary companies, of those who were directors at the end of the financial year as recorded in the Register of Directors' Shareholdings kept by the Company under Section 134 of the Companies Act, 1965, are as follows:

DIRECT INTERESTS

In the Company

Shares	No. of Ordinary Shares of RM1.00 each				Balance at 31.3.2008
	Balance at 1.4.2007	Exercise of Warrants/ Bought	Rights Issue	Sold	
Dato' Azlan Hashim	90,000	70,000	20,000	-	180,000
Dato' Izham Mahmud	4,670	-	2,330	-	7,000
Mr Cheah Tek Kuang	23,800	46,189	8,811	-	78,800

Warrants 2003/2008	No. of Warrants of RM1.00 each			Balance at 31.3.2008
	Balance at 1.4.2007	Bought	Exercised/ Sold	
Mr Cheah Tek Kuang		46,189	-	46,189

DIRECTORS' REPORT

DIRECT INTERESTS (CONTINUED)

In the subsidiary company, AmInvestment Group Berhad

Shares	No. of Ordinary Shares of RM1.00 each			
	Balance at 1.4.2007	Bought	* Sold	Balance at 31.3.2008
Tan Sri Dato' Azman Hashim	94,554,848	-	94,554,848	-
Dato' Azlan Hashim	980,000	-	980,000	-
Tun Mohammed Hanif Omar	200,000	-	200,000	-
Tan Sri Datuk Dr Aris Osman @ Othman	50,000	-	50,000	-
Tan Sri Datuk Clifford Francis Herbert	50,000	-	50,000	-
Tan Sri Dato' Mohd Ibrahim Mohd Zain	50,000	-	50,000	-
Dato' Izham Mahmud				
- Held directly	101,070	-	101,070	-
- Held through nominees	6,000	-	6,000	-
Mr Cheah Tek Kuang	370,100	-	370,100	-
Mr Soo Kim Wai	100,000	-	100,000	-

* Pursuant to the Privatisation of the immediate holding company, AmInvestment Group Berhad by the ultimate holding company, AMMB Holdings Berhad.

DEEMED INTERESTS

In the Company

Shares	Name of Company	No. of Ordinary Shares of RM1.00 each				
		Balance at 1.4.2007	Exercise of Warrants /Bought	Rights Issue	Sold	Balance at 31.3.2008
Tan Sri Dato' Azman Hashim	AmcorpGroup Berhad	700,742,421	41,572,771	53,350,147	315,514,006	480,151,333
	AMDB Equipment Trading Sdn Bhd	439,047	-	-	439,047	-

Warrants 2003/2008	Name of Company	No. of Warrants of RM1.00 each			
		Balance at 1.4.2007	Bought	Exercised/ Sold	Balance at 31.3.2008
Tan Sri Dato' Azman Hashim	AmcorpGroup Berhad	40,602,771	-	40,602,771	-
	AMDB Equipment Trading Sdn Bhd	22,682	-	22,682	-

DIRECTORS' REPORT

DEEMED INTERESTS (CONTINUED)

In the subsidiary company, AmInvestment Group Berhad

Shares	Name of Company	No. of Ordinary Shares of RM1.00 each			Balance at 31.3.2008
		Balance at 1.4.2007	Bought	* Sold	
Tan Sri Dato' Azman Hashim	AmcorpGroup Berhad	157,656,926	-	157,656,926	-
	AMDB Equipment Trading Sdn Bhd	100,646	-	100,646	-
	Azman Hashim Holdings Sdn Bhd	209,502	-	209,502	-

* Pursuant to the Privatisation of the immediate holding company, AmInvestment Group Berhad by the ultimate holding company, AMMB Holdings Berhad.

By virtue of their shareholdings as mentioned above, the above directors are deemed to have an interest in the shares of the Company and its related companies.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director of the Company has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by directors as shown in Note 41 to the financial statements) by reason of a contract made by the Company 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, except for the related party transactions as shown in Note 40 to the financial statements.

Neither during nor at the end of the financial year was the Company 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 Company or any other body corporate.

DIRECTORS' REPORT

CORPORATE GOVERNANCE

(i) 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 Group. Since the Company is a holding company, its major business activities are conducted through its various subsidiary companies. 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 Group’s business policies and affairs with the goal of enhancing shareholders’ 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, organisation structure, business developments, human resource (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 twelve (12) directors with wide skills and experience, of which five (5) are Independent Non-Executive Directors. The Directors participate fully in decision making on key issues regarding the Company and its subsidiary companies. The Independent Non-Executive Directors ensure strategies proposed by the management are fully discussed and examined, as well as take into account the long term interests of various stakeholders.

There is a clear division between the roles of Chairman and Chief Executive Officers of the operating subsidiary companies.

The Senior Management team of the subsidiary companies are invited to attend Board Meetings to provide presentations and detailed explanations on matters that have been tabled. The Group Company Secretary has been empowered by the Board to assist the Board in matters of governance and in complying with statutory duties.

(ii) Committees of the Board

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

1. Nomination Committee
2. Remuneration Committee
3. Audit and Examination Committee
4. Group Risk Management Committee
5. Group Information Technology Committee

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

DIRECTORS' REPORT

CORPORATE GOVERNANCE (CONTINUED)

(ii) Committees of the Board (Continued)

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

	Number of Meetings attended in Financial Year ("FY") 2008					
	Board of Directors	Nomination Committee	Remuneration Committee	Audit and Examination Committee	Group Risk Management Committee AMMB Holdings (established since 23.11.2007)	Group Information Technology Committee
Tan Sri Dato' Azman Hashim	14	3	N/A	N/A	N/A	N/A
Dato' Azlan Hashim	11	2 (resigned on 19.10.07)	2	3	N/A	7
Tun Mohammed Hanif Omar	14	N/A	N/A	N/A	N/A	N/A
Tan Sri Datuk Dr Aris Osman @ Othman	14	3 (Chairman)	N/A	4 (Chairman)	2 (wef 3.10.07)	N/A
Tan Sri Datuk Clifford Francis Herbert	14	3	N/A	2 (wef 3.10.07)	2 (Chairman) (wef 3.10.07)	N/A
Tan Sri Dato' Mohd Ibrahim Mohd Zain	12	N/A	N/A	N/A	N/A	N/A
Dato' Izham Mahmud	12	3 (Chairman)	2	4	N/A	N/A
Dr Robert John Edgar	6 (wef 15.08.07)	1 (wef 3.10.07)	N/A	2 (wef 3.10.07)	N/A	N/A
Alexander Vincent Thursby	2 (wef 2.01.08)	N/A	N/A	N/A	N/A	N/A
Peter John Hodgson	6 (wef 15.08.07)	N/A	Nil (wef 3.10.07)	N/A	2 (wef 3.10.07)	N/A
Cheah Tek Kuang	14	N/A	N/A	N/A	N/A	4
Soo Kim Wai	14	N/A	2	N/A	N/A	N/A
Number of meetings held in FY2008	14	3	2	4	2	7

Note: 1. All attendances reflect the number of meetings attended during Directors' duration of service.
2. N/A represents non committee member.

The Nomination Committee

This Committee comprises five (5) directors of which the majority are independent directors. It is 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 recommends the appointment of Directors to the Board and Committees of the Board as well as annually reviews the performance of the Board, Committees of the Board and of Chairman and individual Directors, the mix of skills and experience and other qualities and competencies that Non-Executives and Executive Directors should bring to the Board.

The Board of Directors, on the recommendation of the Nomination Committee had also approved the mechanism for the formal assessment on the effectiveness of the Board as a whole and the committee and the contribution of the Chairman and each Director to the effectiveness of the Board.

There were three (3) Nomination Committee meetings held during the financial year ended 31 March 2008.

DIRECTORS' REPORT

CORPORATE GOVERNANCE (CONTINUED)

The Remuneration Committee

All members of this Committee are Non-Executive Directors. The Committee is responsible for determining and recommending to the Board the framework or broad policy for the remuneration of the Directors, Chief Executive Officers, and other Senior Management staff.

Remuneration is determined at levels, which enable the Group to attract and retain the Directors, Chief Executive Officers and Senior Management staff with the relevant experience and expertise needed to assist in managing the Group effectively. The services of consultants are utilised to review the methodology for rewarding Executive Directors and Management staff according to the Key Performance Indicators required to be achieved.

The Audit and Examination Committee

The Board has appointed the Audit and Examination Committee (the "AEC") to assist in discharging its duties of maintaining a sound system of internal control to safeguard the Group's assets and shareholders' investments.

The financial statements, accounting policies and system of internal accounting controls are the responsibility of the Board acting through the AEC. The AEC during the year reviewed the scope of both the internal audit functions and the statutory auditors, the results arising thereafter as well as their evaluation of the system of internal controls. The consolidated financial statements of the Group and the financial statements of its subsidiaries were reviewed by the AEC prior to their submission to the directors of the Group for adoption.

In addition, the AEC has reviewed the requirements for approval and disclosure of related party transactions, reviewed the procedures set up by the Group 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.

The Group Risk Management Committee

Risk management is an integral part of the Group'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 approves activities after considering the risk bearing capacity and readiness.

Risk Management Committee of Directors have also been established at AmInvestment Bank, AmBank and AmIslamic Bank to oversee the overall management of credit, market, liquidity, operational, legal, capital and strategic risks impacting the Group, and to ensure that the risk management process is in place and functioning.

The Committee is independent from management and comprises only non-executive directors. The Committee ensures that the Board's risk tolerance level is effectively enforced; and reviews high-level risk exposures and capital allocation decisions to ensure that they are within the overall interests of the Group. It also assesses the 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 Group. The functions encompass research and analysis, portfolio risk exposure reporting, compliance monitoring, formulation of policies and risk assessment methodologies, and formulation of risk strategies.

DIRECTORS' REPORT

CORPORATE GOVERNANCE (CONTINUED)

The Group Information Technology Committee

The Group Information Technology Committee (“GITC”) comprises of two (2) members. The Committee is responsible for determining and recommending to the Board to ensure that the IT development within the Group is in line with its business objectives and strategy and to serve as an independent and objective party in the review of the Group’s utilisation of its IT resources including computer hardware, software, manpower and other IT related investments.

In addition, the GITC reviews and recommend for approval by the various companies of the Group, major IT acquisitions and ensures conformance of the acquisitions with the IT plan.

There were seven (7) GITC meetings held during the financial year ended 31 March 2008.

Internal Audit and Internal Control Activities

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

The AEC approves the Internal Audit’s annual audit plan each year, which covers the audit of all major business units and operations within the Group. The results of each audit are submitted to the AEC and significant findings are discussed during the AEC meeting. The results of the AEC meeting are formally tabled to the Board of Directors for noting and action where necessary. The Group Chief Internal Auditor and the external auditors also attend the AEC meetings by invitation and the AEC holds separately 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 as well as management directives, lending practices and information technology, including the various application systems in production, data centres, and network security.

The Internal Audit focuses its efforts on performing audits in accordance with the audit plan, which is prioritised based on a comprehensive audit risk assessment of all significant auditable areas identified in the Group. The structured audit risk assessment approach ensures that all risk-rated auditable 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.

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

Management Information

All Directors receive the Board papers and reports prior to the Board meeting. Information and materials, relating to the operations of the Company and its subsidiary companies that are important to the Directors’ understanding of the agenda items 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 Group, 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.

DIRECTORS' REPORT

RATINGS BY EXTERNAL AGENCIES

AmInvestment Bank's long-term and short-term rating of AA3/P1 from RAM and AA-/MARC-1 from Malaysian Rating Corporation Berhad was complemented and reaffirmed with international ratings of BB+/B from Standard & Poor's and BB+/B from Fitch Ratings Singapore Pte Ltd ("Fitch"). The RM1.0 billion Long-term Negotiable Instruments of Deposits were reaffirmed with a long term rating of AA3 by RAM. The RM460.0 million Redeemable Unsecured Subordinated Bonds and RM200.0 million Subordinated Tier 2 Bonds were also reaffirmed with a long-term rating of A1 by RAM respectively.

AmBank's long-term rating was upgraded to A1 while short-term rating remained at P1 by RAM. AmBank's rating was complemented by international ratings of Baa2/P-3 by Moody's Investors Service. Standard & Poor's has reaffirmed rating of BBB-/A-3 with Fitch revised outlook to positive of BBB-/F3. While long-term and short-term rating of BBB-/A3 was accorded by Capital Intelligence.

RAM has upgraded both AmBank's RM200.0 million Redeemable Unsecured Subordinated Bonds and the RM 575.0 million Exchangeable Bonds' long-term rating to A2. RAM has also assigned a long-term rating of A2 to the RM2.0 billion Medium-Term Notes Programme.

The Hybrid Securities were reaffirmed with a rating of Ba2 by Moody's Investors Service, BB by Standard & Poor's and BB by Fitch.

Both Fitch and Standard & Poor's have assigned a long-term rating of BB to the Singapore dollar-denominated Stapled Securities.

RAM has upgraded AmIslamic Bank's long-term rating to A1 while short-term rating remained at P1. AmIslamic's RM400.0 million Subordinated Sukuk Musyarakah was also upgraded to A2 by RAM.

SHARIAH COMMITTEE

The Shariah Committee, comprising three (3) advisors, was established under BNM "Guidelines on the Governance of Shariah Committee for the 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 advisors also assist in the setting up of business and operational procedures with respect to compliance with Shariah principle.

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

CHEAH TEK KUANG

Kuala Lumpur, Malaysia
Dated: 13 May 2008

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 AMMB HOLDINGS BERHAD, do hereby state that, in the opinion of the directors, the accompanying financial statements 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 Group and of the Company as at 31 March 2008 and of the results and the cash flows of the Group and of the Company for the year then ended.

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



TAN SRI DATO' AZMAN HASHIM

Kuala Lumpur, Malaysia
Dated: 13 May 2008

CHEAH TEK KUANG

STATUTORY DECLARATION

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

I, **ARUNASALAM MUTHUSAMY**, being the officer primarily responsible for the financial management of **AMMB HOLDINGS BERHAD**, do solemnly and sincerely declare that the accompanying financial statements 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
ARUNASALAM MUTHUSAMY at Kuala Lumpur in
the Wilayah Persekutuan on, 13 May 2008

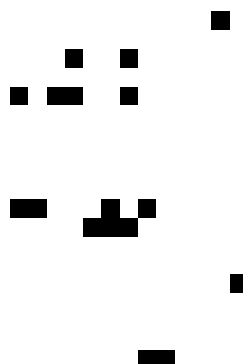


ARUNASALAM MUTHUSAMY

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: 03-20362633/44/55



REPORT OF THE AUDITORS

TO MEMBERS OF AMMB HOLDINGS BERHAD

We have audited the accompanying financial statements. These financial statements are the responsibility of the Company's directors.

It is our responsibility to form an independent opinion, based on our audit, on the financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility to any other person for the content of this report.

We conducted our audit in accordance with applicable Approved Standards on Auditing in Malaysia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:

- (a) the financial statements have been properly 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:
 - (i) the financial position of the Group and of the Company as at 31 March 2008 and of the results and the cash flows of the Group and of the Company for the year then ended; and
 - (ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements; and
- (b) the accounting and other records and the registers required by the Act to be kept by the Company and by its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

We have considered the financial statements and the auditors' report of the subsidiaries of which we have not acted as auditors, as indicated in Note 15 of the financial statements, being financial statements that have been included in the consolidated financial statements.

We are satisfied that the financial statements of the subsidiaries that have been consolidated with the financial statements of the Company 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.

The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification and in respect of the subsidiaries incorporated in Malaysia, did not include any comment required to be made under Section 174(3) of the Act.



ERNST & YOUNG
AF : 0039
Chartered Accountants



LIM SAW KENG
No.2215/10/09(J)
Partner

Kuala Lumpur, Malaysia
Dated: 13 May 2008

BALANCE SHEETS

AS AT 31 MARCH 2008

	Note	2008		2007	
		Group RM'000	Company RM'000	Group RM'000	Company RM'000
ASSETS					
Cash and short-term funds	5	10,958,364	315,078	10,593,220	52,964
Securities purchased under resale agreements	6	52,468	-	501,431	43,450
Deposits and placements with banks and other financial institutions	7	1,387,810	15,034	1,639,857	146,331
Securities held-for-trading	8	6,699,010	20,000	6,918,905	20,000
Securities available-for-sale	9	1,850,935	3,978	1,855,529	2,000
Securities held-to-maturity	10	1,179,878	-	2,312,570	-
Loans, advances and financing	11	52,453,593	-	47,610,755	-
Derivative financial assets	12	370,681	-	400,312	-
Other assets	13	2,231,758	26,973	2,151,703	29,697
Statutory deposits with Bank Negara Malaysia	14	1,660,197	-	1,807,058	-
Investments in subsidiary companies	15	-	6,543,314	-	3,700,154
Investments in associated companies	16	1,301	-	1,754	-
Prepaid land lease payment	17	7,059	-	7,156	-
Property and equipment	18	225,616	900	234,000	1,129
Life fund assets	54	1,702,469	-	1,458,908	-
Deferred tax assets	43	608,583	-	901,258	-
Intangible assets	19	1,801,985	-	588,442	-
TOTAL ASSETS		83,191,707	6,925,277	78,982,858	3,995,725
LIABILITIES AND EQUITY					
Deposits from customers	20	47,767,451	-	42,381,662	-
Deposits and placements of banks and other financial institutions	21	15,118,689	-	17,441,339	-
Obligations on securities sold under repurchase agreements	22	-	-	3,140,243	-
Bills and acceptances payable	23	1,909,243	-	1,461,577	-
Recourse obligation on loans sold to Cagamas Berhad	24	243,979	-	755,061	-
Derivative financial liabilities	12	410,929	-	470,742	-
Other liabilities	25	3,250,328	3,684	3,125,060	7,044
Term loans	26	1,790,844	1,506,000	309,680	206,000
Subordinated term loan	27	460,000	-	460,000	-
Unsecured bonds	28	1,750,000	-	1,322,795	147,795
Medium term notes	29	860,000	-	-	-
Hybrid capital	30	673,830	-	666,474	-
Life fund liabilities	54	189,819	-	172,281	-
Life policyholder funds	54	1,512,650	-	1,286,627	-
Total liabilities		75,937,762	1,509,684	72,993,541	360,839
Share capital	32	2,722,970	2,722,970	2,130,565	2,130,565
Reserves	33	4,446,623	2,692,623	2,657,236	1,504,321
Equity attributable to equity holders of the Company		7,169,593	5,415,593	4,787,801	3,634,886
Minority interests	34	84,352	-	1,201,516	-
Total equity		7,253,945	5,415,593	5,989,317	3,634,886
TOTAL LIABILITIES AND EQUITY		83,191,707	6,925,277	78,982,858	3,995,725
COMMITMENTS AND CONTINGENCIES	49	57,539,798	-	48,568,133	-
NET ASSETS PER SHARE (RM)	52	2.63	1.99	2.25	1.71

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

INCOME STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2008

	Note	2008		2007	
		Group RM'000	Company RM'000	Group RM'000	Company RM'000
Operating revenue	53	6,007,582	134,766	5,497,289	107,217
Interest income	35	3,783,729	26,688	3,366,912	10,068
Interest expense	36	(2,153,121)	(30,717)	(1,994,802)	(22,732)
Net interest income/(expense)		1,630,608	(4,029)	1,372,110	(12,664)
Net income from Islamic banking business	58(xxv)	517,185	-	506,102	-
Other operating income	37	1,218,824	108,078	1,150,040	97,149
Net Income		3,366,617	104,049	3,028,252	84,485
Other operating expenses	38	(1,552,272)	(3,522)	(1,356,845)	(23,737)
Operating profit		1,814,345	100,527	1,671,407	60,748
Allowances for losses on loans and financing	39	(512,183)	-	(1,519,481)	-
Transfer from profit equalisation reserve	25	18,211	-	60,912	-
Impairment loss on:					
Securities		(111,958)	-	(283,758)	-
Amount recoverable under asset-backed securitisation transactions		(10,000)	-	(10,000)	-
Assets acquired in exchange of debts		(45)	-	(2,555)	-
Allowance for doubtful sundry receivables - net (Provision)/ Writeback of provision for commitments and contingencies		(2,292)	-	(2,205)	-
		(1,641)	-	25	-
Profit/(Loss) before share in results of associated companies, taxation and zakat		1,194,437	100,527	(85,655)	60,748
Share in results of associated companies		-	-	1,043	-
Profit/(Loss) before taxation and zakat		1,194,437	100,527	(84,612)	60,748
Taxation and zakat	42	(383,618)	(26,563)	(44,285)	(22,256)
Profit/(Loss) for the year		810,819	73,964	(128,897)	38,492
Attributable to:					
Equity holders of the Company		668,542	73,964	(282,456)	38,492
Minority interests		142,277	-	153,559	-
Profit/(Loss) for the year		810,819	73,964	(128,897)	38,492
Earnings/(Loss) per share (sen)	45				
Basic		28.24	3.12	(13.26)	1.81
Fully diluted		27.91	3.09	(13.26)	1.76
First and final dividend per ordinary share (sen)					
Gross		6.0	6.0	5.0	5.0
Net		4.4	4.4	3.7	3.7

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

STATEMENTS

OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2008

Group	Attributable to Equity Holders of the Company								
	Non-Distributable					Distributable			
	Share capital RM'000	Share premium RM'000	Statutory reserve RM'000	Available-for-sale reserve RM'000	Exchange fluctuation reserve RM'000	Unappropriated profits RM'000	Total RM'000	Minority interests RM'000	Total equity RM'000
At 1 April 2006									
As previously stated	2,130,534	791,550	1,000,417	9,713	15,736	1,199,136	5,147,086	1,108,820	6,255,906
Prior year adjustments	-	-	-	-	-	(8,626)	(8,626)	-	(8,626)
At 1 April 2006 (restated)	2,130,534	791,550	1,000,417	9,713	15,736	1,190,510	5,138,460	1,108,820	6,247,280
Net unrealised loss on revaluation of securities available-for-sale	-	-	-	26,649	-	-	26,649	-	26,649
Transfer from unappropriated profits	-	-	107,340	-	-	(107,340)	-	-	-
Exchange fluctuation adjustments	-	-	-	-	(5,439)	-	(5,439)	-	(5,439)
Net (expense)/income recognised directly in equity	-	-	107,340	26,649	(5,439)	(107,340)	21,210	-	21,210
(Loss)/Profit for the year	-	-	-	-	-	(282,456)	(282,456)	153,559	(128,897)
Total recognised net income/(expense) for the year	-	-	107,340	26,649	(5,439)	(389,796)	(261,246)	153,559	(107,687)
Arising from restricted offer for sale of AmFirst REIT [▲]	-	-	-	-	-	(12,783)	(12,783)	-	(12,783)
Issue of shares pursuant to exercise of Warrants 2003/2008	31	38	-	-	-	-	69	-	69
Arising from acquisition of AmPrivate Equity Sdn Bhd	-	-	-	-	-	-	-	4,500	4,500
Arising from acquisition of Am ARA REIT Holdings Sdn Bhd	-	-	-	-	-	-	-	300	300
Acquisition of shares in P.T. AmCapital Indonesia	-	-	-	-	-	-	-	(822)	(822)
Disposal of shares in P.T. AmCapital Indonesia	-	-	-	-	-	-	-	511	511
Dividends paid	-	-	-	-	-	(76,699)	(76,699)	(65,352)	(142,051)
At 31 March 2007	2,130,565	791,588	1,107,757	36,362	10,297	711,232	4,787,801	1,201,516	5,989,317

▲ This relates to the dilution in net attributable assets of the Group arising from the 49.0% Restricted Offer For Sale of the investment banking group under the Group Reorganisation.

Group	Note	Attributable to Equity Holders of the Company									
		Non-Distributable					Distributable				
		Share capital RM'000	Converting preference shares [▲] RM'000	Share premium RM'000	Statutory reserve RM'000	Available-for-sale reserve RM'000	Exchange fluctuation reserve RM'000	Unappropriated profits RM'000	Total RM'000	Minority interests RM'000	Total equity RM'000
At 1 April 2007											
As previously stated		2,130,565	-	791,588	1,107,757	36,362	10,297	798,502	4,875,071	1,201,516	6,076,587
Prior year adjustments	57	-	-	-	-	-	-	(87,270)	(87,270)	-	(87,270)
At 1 April 2007 (restated)		2,130,565	-	791,588	1,107,757	36,362	10,297	711,232	4,787,801	1,201,516	5,989,317
Net unrealised gain on revaluation of securities available-for-sale		-	-	-	-	6,538	-	-	6,538	-	6,538
Expenses relating to Rights Issue		-	-	(6,434)	-	-	-	-	(6,434)	-	(6,434)
Transfer from unappropriated profit		-	-	-	137,676	-	-	(137,676)	-	-	-
Exchange fluctuation adjustments		-	-	-	-	-	(2,131)	-	(2,131)	-	(2,131)
Net income/(expense) recognised directly in equity		-	-	(6,434)	137,676	6,538	(2,131)	(137,676)	(2,027)	-	(2,027)
Profit for the year		-	-	-	-	-	-	668,542	668,542	142,277	810,819
Total recognised net income/(expense) for the year		-	-	(6,434)	137,676	6,538	(2,131)	530,866	666,515	142,277	808,792
Issue of CPS [▲]		-	458,343	-	-	-	-	-	458,343	-	458,343
Issue of shares pursuant to:											
Exercise of Warrants 1997/2007		-*	-	-*	-	-	-	-	-	-	-
Exercise of Warrants 2003/2008		132,497	-	155,303	-	-	-	-	287,800	-	287,800
Rights Issue		295,973	-	710,335	-	-	-	-	1,006,308	-	1,006,308
Converting of CPS		163,935	(458,343)	336,065	-	-	-	-	41,657	-	41,657
Subscription of shares in AmPrivate Equity		-	-	-	-	-	-	-	-	3,180	3,180
Arising from privatisation of AIGB		-	-	-	-	-	-	-	-	(1,188,227)	(1,188,227)
Arising from disposal of shares in MVM1		-	-	-	-	-	-	-	-	(380)	(380)
Dividends paid	44	-	-	-	-	-	-	(78,831)	(78,831)	(74,014)	(152,845)
At 31 March 2008		2,722,970	-	1,986,857	1,245,433	42,900	8,166	1,163,267	7,169,593	84,352	7,253,945

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2008

Company	Note	Share capital RM'000	Converting preference shares [^] RM'000	Non-	Distributable	Total equity RM'000
				Share premium RM'000	Unappropriated profit RM'000	
At 1 April 2006		2,130,534	-	792,343	762,930	3,685,807
Profit for the year		-	-	-	38,492	38,492
Arising from restricted offer for sale of AmFirst REIT ^{^^}		-	-	-	(12,783)	(12,783)
Issue of shares pursuant to exercise of Warrants 2003/2008		31	-	38	-	69
Dividends paid		-	-	-	(76,699)	(76,699)
As at 31 March 2007		2,130,565	-	792,381	711,940	3,634,886
At 1 April 2007		2,130,565	-	792,381	711,940	3,634,886
Profit for the year		-	-	-	73,964	73,964
Expenses relating to Rights Issue		-	-	(8,534)	-	(8,534)
Total recognised net income/ (expense) for the year		2,130,565	-	783,847	785,904	3,700,316
Issue of CPS [^]		-	458,343	-	-	458,343
Issue of shares pursuant to:						
Exercise of Warrants 1997/2007		.*	-	.*	-	-
Exercise of Warrants 2003/2008		132,497	-	155,303	-	287,800
Rights Issue		295,973	-	710,335	-	1,006,308
Converting of CPS		163,935	(458,343)	336,065	-	41,657
Dividends paid	44	-	-	-	(78,831)	(78,831)
As at 31 March 2008		2,722,970	-	1,985,550	707,073	5,415,593

[^] Representing the equity component of the 163.9 million converting preference shares ("CPS") of RM1.00 each to ANZ Funds Pte Ltd, a wholly-owned subsidiary of Australia and New Zealand Banking Group Limited at an issue price of RM3.05 per CPS and was converted to 163.9 million ordinary shares of RM1.00 each during the financial year.

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

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

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

CASH FLOW

STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2008

	2008		2007	
	Group RM'000	Company RM'000	Group RM'000	Company RM'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit/(Loss) before taxation and zakat	1,194,437	100,527	(84,612)	60,748
Add/(Less) adjustments for:				
Allowance for losses on loans and financing - net	512,183	-	1,519,481	-
Loss/(Gain) on revaluation of securities held for trading	128,923	-	(93,465)	-
Impairment loss on securities	111,958	-	283,758	-
Interest suspended	98,355	-	108,502	-
Depreciation of property and equipment	48,425	229	51,587	127
Amortisation of computer software	23,494	-	21,238	-
Impairment loss on amount recoverable under asset-backed securitisation transactions	10,000	-	10,000	-
Allowance for doubtful sundry receivables - net	2,292	-	2,205	-
Provision/(Write back of provision) for commitments and contingencies	1,641	-	(25)	-
Sundry receivables written off	1,616	-	805	-
Provision for foreclosed properties	473	-	423	-
Loss from asset securitisation	183	-	179	-
Amortisation of prepaid land lease payments	165	-	165	-
Impairment loss on assets acquired in exchange of debts	45	-	2,555	-
Property and equipment written off	37	-	257	-
Net gain from sale of securities held-for-trading	(131,616)	-	(197,902)	-
Net gain on redemption of securities held-to-maturity	(106,235)	-	(53,177)	-
Gross dividend income from investments	(58,540)	(107,980)	(49,054)	(97,002)
Loss on revaluation of derivatives	(46,770)	-	107,104	-
Net gain from sale of securities available-for-sale	(31,735)	-	(28,033)	-
Transfer from profit equalisation reserve	(18,211)	-	(60,912)	-
Amortisation of premium less accretion of discounts on money market securities-net	(14,640)	-	(14,912)	-
Gain on disposal of property and equipment - net	(686)	(21)	(1,700)	-
Computer software written off	-	-	981	-
Gain on disposal of assets held-for-sale	-	-	(19,284)	-
Share in results of associated companies	-	-	(1,043)	-
Operating profit/(loss) before working capital changes carried forward	1,725,794	(7,245)	1,505,121	(36,127)

CASH FLOW STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2008

	2008		2007	
	Group RM'000	Company RM'000	Group RM'000	Company RM'000
CASH FLOWS FROM OPERATING ACTIVITIES (CONTINUED)				
Operating profit/(loss) before working capital changes brought forward	1,725,794	(7,245)	1,505,121	(36,127)
Decrease/(Increase) in operating assets:				
Securities purchased under resale agreements	178,382	43,450	402,555	34,600
Deposits and placements with banks and other financial institutions	252,046	131,297	(883,585)	(109,230)
Securities held-for-trading	269,358	-	(469,030)	150,197
Loans, advances and financing	(5,453,376)	-	(4,378,269)	-
Other assets	(110,639)	30,800	(743,227)	30,485
Statutory deposits with Bank Negara Malaysia	146,861	-	(30,365)	-
Deposits and monies held in trust with financial institutions	65,656	-	(268,729)	-
Increase/(Decrease) in operating liabilities:				
Deposits from customers	5,385,789	-	3,463,498	-
Deposits and placements of banks and other financial institutions	(2,327,653)	-	2,800,538	-
Obligations on securities sold under repurchase agreements	(3,140,243)	-	(432,014)	-
Bills and acceptances payable	452,669	-	548,854	-
Term loans	1,481,164	1,300,000	(172,553)	-
Recourse obligation on loans sold to Cagamas Berhad	(511,082)	-	(1,113,587)	-
Other liabilities	168,713	(27,719)	819,875	(15,522)
Cash (used in)/ generated from operations	(1,416,561)	1,470,583	1,049,082	54,403
Taxation paid	(93,509)	-	(111,362)	-
Net cash (used in)/ generated from operating activities	(1,510,070)	1,470,583	937,720	54,403
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from disposal/(Purchase) of securities - net	1,184,502	(1,978)	67,560	(2,000)
Dividends received from other investments	43,320	-	35,809	-
Proceeds from disposal of property and equipment	900	21	10,311	-
Final return received for MVSB	453	-	-	-
Acquisition of remaining 49.0% equity interest in AIGB	(2,399,594)	(2,401,694)	-	-
Purchase of property and equipment	(63,445)	-	(45,662)	(796)
Purchase of computer software	(15,269)	-	(39,098)	-
Expenses capitalised on acquisition of equity interest in FIPL	(818)	-	-	-
Dividends received from subsidiary companies	-	79,905	-	70,811
Arising from subscription of AMFB rights issue	-	(150,000)	-	-
Arising from subscription of AMFB Interest Bearing Irredeemable Convertible Unsecured Loan Stock	-	(300,000)	-	-
Disposal of 1.0% equity interest in a stock and share-broking subsidiary company	-	-	422	-
Acquisition of remaining 51.0% equity interest in FIPL	-	-	(1,353)	-
Acquisition of remaining 16.93% equity interest in a stock and share-broking subsidiary company	-	-	(1,554)	-
Net cash (used in)/ generated from investing activities	(1,249,951)	(2,773,746)	26,435	68,015

CASH FLOW STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2008

	2008		2007	
	Group RM'000	Company RM'000	Group RM'000	Company RM'000
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from issuance of shares pursuant to rights issue	1,006,308	1,006,308	-	-
Proceeds from medium term notes	860,000	-	-	-
Proceeds from redeemable unsecured bonds	575,000	-	400,000	-
Proceeds from issuance of shares pursuant to converting preference shares	500,000	500,000	-	-
Proceeds from exercise of warrants 2003/2008 in the Company	287,800	287,800	69	69
Proceeds from issue of shares by subsidiary companies to minority shareholders	2,800	-	4,800	-
Redemption of unsecured bonds	(150,000)	(150,000)	-	-
Dividends paid by the Company to its shareholders	(78,831)	(78,831)	(76,699)	(76,699)
Dividends paid to minority interests by subsidiary companies	(74,014)	-	(65,352)	-
Arising from restricted offer and offer for sale of AmFirst REIT	-	-	62,898	(12,783)
Net repayment of subordinated term loans	-	-	(220,000)	-
Net cash generated from/(used in) financing activities	2,929,063	1,565,277	105,716	(89,413)
Net increase in cash and cash equivalents	169,042	262,114	1,069,871	33,005
Cash and cash equivalents at beginning of year	10,490,422	52,964	9,420,551	19,959
Cash and cash equivalents at end of year (Note 1)	10,659,464	315,078	10,490,422	52,964

Note 1 : Cash and Cash Equivalents

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

	2008		2007	
	Group RM'000	Company RM'000	Group RM'000	Company RM'000
Cash and short-term funds	10,958,364	315,078	10,593,220	52,964
Bank overdrafts (Note 25)	(541)	-	(9,515)	-
	10,957,823	315,078	10,583,705	52,964
Less: Cash and bank balances and deposits held in trust (Note 5)	(297,825)	-	(92,900)	-
	10,659,998	315,078	10,490,805	52,964
Effect of exchange rates changes	(534)	-	(383)	-
Cash and cash equivalents	10,659,464	315,078	10,490,422	52,964

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

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2008

1. PRINCIPAL ACTIVITIES

The principal activity of the Company is that of an investment holding company.

The subsidiary companies, as listed in Note 15 to the financial statements, provide a wide range of investment banking, commercial banking, retail financing and related financial services which also include the Islamic banking business, underwriting of general and life insurance, stock and share-broking, futures broking, investment advisory and asset, real estate investment trust and unit trust management.

There have been no significant changes in the nature of the activities of the Group and of the Company during the financial year.

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and listed on the Main Board of the Bursa Malaysia Securities Berhad ("Bursa Malaysia"). The registered office and the principal place of business of the Company is located at 22nd Floor, Bangunan AmBank Group, No. 55, Jalan Raja Chulan, 50200 Kuala Lumpur.

The financial statements of the Group and of the Company have been approved and authorised for issue by the Board of Directors on 29 April 2008.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The financial statements of the Group and of the Company 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, the Insurance Act, 1996 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.

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2008

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 Company with effect from the financial period beginning on or after 1 April 2007:

FRS 117	Leases
FRS 124	Related Party Disclosures

- (ii) The Group and the Company has not early adopted the following FRSs, amendments to FRS and IC Interpretations, which are effective for financial years beginning 1 July 2007:

FRS

FRS 107 : Cash Flow Statements
FRS 111 : Construction Contracts
FRS 112 : Income Taxes
FRS 118 : Revenue
FRS 119 : Employee Benefits
FRS 120 : Accounting for Government Grants and Disclosure of Government Assistance
FRS 134 : Interim Financial Reporting
FRS 137 : Provisions, Contingent Liabilities and Contingent Assets
Amendment to FRS 121 : The Effects of Changes in Foreign Exchange Rates – Net Investment in a Foreign Operation
IC Interpretation 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
IC Interpretation 8 : Scope of FRS 2 Share-based Payments

In the previous financial year, the Malaysian Accounting Standards Board (“MASB”) had also issued FRS 139 Financial Instruments: Recognition and Measurement for which the MASB has yet to announce the effective date. The impact of applying FRS 117, 124 and 139 on this financial statements upon first adoption of these standards as required by paragraph 30(b) of FRS 108 Accounting Policies, Changes in Accounting Estimates and Errors are not required to be disclosed by virtue of exemptions provided under paragraph 103AB of FRS 139.

The adoption of FRS 117 and 124 does not result in significant changes in accounting policies of the Group. The principal effects of the change in accounting policies resulting from the adoption of FRS 117 are disclosed in Note 57.

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2008

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis Of Consolidation

The Group's financial statements include the financial statements of the Company and all its subsidiary companies listed under Note 15 made up to the end of the financial year except for P.T. AmCapital Indonesia, the financial statements of which were made up to 31 December 2007 with adjustments, where appropriate, made for any significant transactions that occurred between 1 January 2008 to 31 March 2008.

The Company adopts both the purchase method and merger method (or "pooling of interests" method) in preparing the consolidated financial statements.

Under the purchase method, the results of the subsidiary companies acquired or disposed of during the financial year are included in the Group financial statements from the effective date of acquisition or to the effective date of disposal, as applicable. The cost of an acquisition is measured as fair value of the assets given, liabilities incurred or assumed and equity instruments issued at the date of exchange, plus costs directly attributable to the acquisition.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired at the date of acquisition is reflected as goodwill on consolidation. If the cost of acquisition is less than the fair value of the net assets of the subsidiary company acquired, the difference is recognised directly in the income statement.

The merger method was adopted in respect of the transfer of subsidiary companies pursuant to a scheme of arrangement under the group restructuring exercise completed in 1992. The purchase method is adopted for all other acquisitions.

Under the merger method, 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.

Where necessary, adjustments are made to the financial statements of subsidiary companies to bring their accounting policies in line with those used by other members of the Group.

All significant intercompany transactions, balances and the resulting unrealised profits are eliminated on consolidation. Unrealised losses resulting from intragroup transactions are also eliminated unless the transaction provides evidence of an impairment of an asset transferred.

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 Company 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 holders of the Company 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 holders of the Company or subsidiary companies until the minority interest's share of losses previously absorbed by the equity holders of the Company or subsidiary companies has been recovered.

For business combinations where the Group's equity interest in a subsidiary company is increased by virtue of a subscription to a higher proportion of the subsidiary company's new issue of shares as compared to its existing equity interest and where the share issue price is above or below the subsidiary company's net asset value, the resultant dilution or accretion of its share of net assets in the subsidiary company is recognized in equity.

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2008

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments In Subsidiary Companies

Subsidiary companies are those companies in which the Group has power to exercise control over the financial and operating policies so as to obtain benefits from their activities. It is generally accompanied by a shareholding of more than 50.0% of voting rights. Potential voting rights that are exercisable or convertible are considered when determining whether an entity is considered a subsidiary company.

Investments in subsidiary companies, which are eliminated on consolidation, are stated in the Company's financial statements at cost less impairment losses, if any.

On disposal of such investments, the difference between the net disposal proceeds and their carrying amount is charged or credited to the income statement.

Investments 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.

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

The Group's share of its associated companies' 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.

Unrealised gains on transactions between the Group and its associated companies are eliminated to the extent of the Group's interest in the associated companies; unrealised losses are also eliminated unless the transaction provides evidence on impairment of the asset transferred. Where necessary, adjustments are made to the financial statements of associated companies to bring their accounting policies in line with those used by other members of the Group.

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

Premium on consolidation relating to an associated company is included in the carrying amount of the investment and is not amortised. Any excess of the Group's share of the net fair value of the associated company's identifiable assets, liabilities and contingent liabilities over the cost of the investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of the associated company's profit or loss in the period in which the investment is acquired.

Investments in associated companies are stated at cost less accumulated impairment losses, if any, in the Company's balance sheet.

On disposal of such investments, the difference between the net disposal proceeds and their carrying amount is charged or credited to the income statement.

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2008

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Intangible Assets

(i) Goodwill/Premium On Consolidation

Goodwill on consolidation of subsidiary companies is included in intangible assets on the balance sheet. Premium on consolidation of associated companies is included in investments in associated companies.

Goodwill/premium on consolidation for acquisitions prior to 1 January 2006 represents the excess of the purchase consideration over the Group's share in the fair values of the identifiable net assets of the subsidiary or associated company recognised at the date of acquisition.

Goodwill/premium on consolidation for acquisitions on or after 1 January 2006 represents the excess of the purchase consideration over the Group's share in the net fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiary or associated company recognised at the date of acquisition.

Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less accumulated impairment losses, if any. Goodwill is reviewed for impairment annually, or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

On disposal of a subsidiary or an associated company, the attributable amount of goodwill/premium on consolidation is included in the determination of the gain or loss on disposal.

(ii) Computer Software

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 (3) to five (5) years.

Costs associated with developing or maintaining computer software programmes are recognised as an expense when incurred. Costs that are directly associated with the identifiable and unique software products controlled by the Group, and that will probably generate economic benefits exceeding costs beyond one (1) year, are recognised as intangible assets. Direct costs include software development employee costs and an appropriate portion of relevant overheads.

Computer software development costs recognised as assets are amortised using the straight-line method over their useful lives of three (3) to five (5) years.

(iii) Other intangible assets

Other intangible assets acquired are measured at cost on initial recognition. Subsequent to initial recognition, intangible assets are carried at costs less accumulated amortisation and accumulated impairment losses, if any.

For other intangible assets with finite useful lives, they are amortised on a straight-line basis over the estimated useful lives and assessed for impairment whenever there is an indication of impairment. The amortisation charges are recognised in the income statement. The useful life and amortisation method are reviewed at each financial year-end.

Other intangible assets with indefinite useful lives are not amortised but reviewed and tested for impairment annually or more frequently if the events or changes in circumstances indicate that the carrying amount may be impaired either individually or at the cash-generating unit level. The useful life of the asset is also reviewed annually to ensure its continuing relevance.

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2008

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Repurchase Agreements

Securities purchased under resale agreements as collateralized borrowing repo, are securities which the Group and the Company purchases without the transfer of ownership, with commitments to resell at future dates and cannot be further transacted during the period of the repo. The commitments to resell the securities are reflected as an asset on the balance sheet.

Securities purchased under resale agreements as sell buy-back repo are securities which the Group and the Company purchases with the transfer of ownership, with commitments to resell at future dates and can be further transacted during the period of the repo. The commitments to resell these securities, which are further transacted and recognised as securities sold not-yet repurchased under other liabilities, are reflected as an asset on the balance sheet.

Conversely, obligations on securities sold under repurchase agreements are securities, which the Group and the Company had sold from its portfolio, with commitments 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 Company while the obligations to repurchase such securities at agreed prices on specified future dates are accounted for as liabilities on the balance sheet.

Securities

The holdings of the securities portfolio of the Group and of the Company 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 movements or to lock in arbitrage profits. The securities held-for-trading will be 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 statement.

(ii) 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 and are measured at cost.

Securities held-to-maturity are measured at accreted/amortised cost based on the 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.

(iii) 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 costs (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 off or impaired, at which time the cumulative gain or loss previously recognised in equity will be transferred to the income statement.

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2008

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Allowance For Doubtful Debts And Financing

Based on management's evaluation of the portfolio of loans, advances and financing, specific allowances for doubtful debts and financing are made 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 set percentages of the net increase in receivables is also made. These percentages are reviewed annually in the light of past experiences and prevailing circumstances and an adjustment is made to the overall general allowance, if necessary.

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2008

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Trade And Other Receivables

Trade and other receivables are stated at nominal 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.

The investment banking subsidiary company's stock and share-broking operations' policies for the suspension of interest in respect of bad and doubtful accounts and the making of specific and general allowances are in accordance with Schedule 7 of the Rules of Bursa Malaysia, are as follows:

- (i) Specific allowance is made against bad and doubtful receivables at rates of 50% and 100%, respectively, subject to deduction of interest-in-suspense and the value of collateral held. In addition, a general allowance is maintained based on 1.5% of total trade receivables after deducting the amount of interest-in-suspense and specific allowance.
- (ii) Interest income accrued on these accounts are suspended when they are considered non-performing in accordance with Schedule 7 of the Rules of Bursa Malaysia.

In accordance with the Rules of Bursa Malaysia, clients' accounts are classified as non-performing (doubtful and bad) under the following circumstances:

Criteria for classification as non-performing

Types	Doubtful	Bad
Contra losses	When the account remains outstanding for 16 to 30 calendar days from the date of contra transactions.	When the account remains outstanding for more than 30 calendar days from the date of contra transactions.
Overdue purchase contracts	When the account remains outstanding from T+3 market days to 30 calendar days.	When the account remains outstanding for more than 30 calendar days.

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2008

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Foreclosed Properties

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

Amounts Recoverable Under Asset-Backed Securitisation ('ABS') Transactions

This relates to the balance of purchase consideration recoverable under ABS transactions with Special Purpose Vehicle ('SPV'), of which the amount will be recovered upon maturity of the underlying bonds. Under such ABS transactions, 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 the ABS transactions is assessed and written down to its recoverable amount.

The difference between the purchase consideration and the carrying value of the receivables sold is recognised in the income statement.

Property And Equipment And Depreciation

Property and equipment are stated at cost less accumulated depreciation and any impairment loss. Costs include expenditure that is directly attributable to the acquisition of the respective items of property and equipment.

Subsequent costs are included in the asset's carrying amount or are 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 is derecognised. All other repairs and maintenance are charged to the income statement during the financial year in which they are incurred.

Freehold land is not depreciated. Leasehold land is amortised over the shorter of the lease period or fifty years. 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
Motor vehicles	20%
Leasehold improvements	10% - 33 1/3%
Computer hardware	20% - 33 1/3%
Office and residential equipment, furniture and fittings	10% - 33 1/3%

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 derecognition of an asset is determined as the difference between the estimated net disposal proceeds and the carrying amount of the asset, and is charged or credited to the income statement.

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2008

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 value over their estimated useful lives.

Investment properties of the life insurance fund of the Group are stated at cost and include related and incidental expenditure incurred. Subsequent to initial recognition, investment properties are stated at fair value. Fair value is arrived at by reference to market evidence of transaction prices for similar properties and is performed by registered independent valuers having an appropriate recognised professional qualification and recent experience in the location and category of the properties being valued.

In the absence of current prices in an active market, alternative valuation methods are used such as recent prices on less active markets or discounted cash flow valuations. Discounted cash flow valuations are prepared by considering the aggregate of the estimated cash flow expected to be received from renting out the property. A yield that reflects the specific risks inherent in the net cash flow then is applied to the net annual cash flows to arrive at the property valuation.

Gains or losses arising from changes in the fair values of investment properties are recognised in the revenue account of the life insurance fund in the year in which they arise.

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.

Non-current Assets (Or Disposal Groups) Held For Sale And Discontinued Operations

Non-current assets (or disposal groups) are classified as assets held for sale and stated at the lower of carrying amount and fair value less costs to sell if their carrying amount is recovered principally through a sale transaction rather than through continued use.

A component of the Group is classified as a discontinued operation when the criteria to be classified as held for sale have been met or it has been disposed of and such a component represents a separate major line of business or geographical area of operations, is part of a single co-ordinated major line of business or geographical area of operations, or is a subsidiary company acquired exclusively with a view to resale.

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.

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2008

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 equity investment classified as available-for-sale, a significant or prolonged decline in the fair value of the asset below its cost is considered in determining whether the asset is impaired. If such evidence exists, the cumulative loss, measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the income statement, is removed from the available-for-sale reserve within equity and recognised in the income statement.

Impairment losses on equity investments recognised in the income statement are not reversed through the income statement, until the investments are disposed of. For debt instrument, reversal of impairment is recognised in the income statement if the increase in fair value of the instrument can be objectively related to an event occurring after the impairment loss was recognised 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) Goodwill

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units ("CGU") expected to benefit from the synergies of the combination. Each CGU represents the lowest level at which the goodwill is monitored and is not larger than a segment based on either the Group's primary reporting format. CGU to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the CGU is less than the carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the CGU and then to the other assets of the CGU pro-rata on the basis of the carrying amount of each asset in the CGU. An impairment loss recognised for goodwill is not reversed in a subsequent period.

(iv) Other non- financial assets

The carrying values of the Group's other non-financial assets, other than deferred tax assets and non-current assets (or disposal groups) held for sale, are reviewed for impairment when there is an indication that the asset might be impaired. If such an indication exists, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value in use) of the asset is estimated to determine the amount of impairment loss.

For the purpose of impairment testing of these assets, recoverable amount is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the CGU to which the asset belongs.

An impairment loss is recognised in the income statement when the carrying amount of the asset (or CGU) exceeds the recoverable amount of the asset (or CGU). An impairment loss for an asset other than goodwill is reversed if, and only if, there has been a change in the estimates used to determine the assets's recoverable amount since the last impairment loss was recognised. The carrying amount of an asset other than goodwill is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2008

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Bills And Acceptances Payable

Bills and acceptances payable represent the investment banking and commercial banking subsidiary companies' own bills and acceptances rediscounted and outstanding in the market.

Liabilities

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

Trade payables in respect of the stock and share-broking operations of the investment banking subsidiary company represent contra gains owing to non-margin clients and outstanding sale contracts of the company which were entered into on behalf of clients where settlement has yet to be made. The credit term for trade settlement of the company is three (3) market days according to rules of the Stock Exchanges. Clients and trust monies relate to monies owing to clients maintained in aggregated accounts.

Deposits from customers and deposits and placement of banks and other financial institutions are stated at placement values.

General Insurance Fund

The general insurance underwriting results, other than those arising from inward treaty business, are determined for each class of business, after taking into account reinsurances, unearned premium reserves, net commissions, net claims incurred and any other additional reserves.

The Unearned Premium Reserves represent the unexpired risks at the end of the financial year. In determining the unexpired risks at the balance sheet date, the method that most accurately reflects the actual unexpired risks used is as follows:

- (i) 25% method for marine cargo, aviation cargo and transit business;
- (ii) 1/24th method for all other classes of Malaysian policies reduced by the corresponding percentage of accounted gross direct business commissions and agency-related expenses not exceeding the limits specified by BNM as follows:

Motor	10%
Fire, engineering, aviation and marine hull	15%
Medical and health	
- Standalone individuals	15%
- Group of three (3) or more	10%
Workmen's compensation and employer's liability	
- Foreign workers	10%
- Others	25%
Other classes	10% - 25%

- (iii) 1/8th method for all other classes of overseas inward treaty business with a deduction of 20% for commission; and
- (iv) Non-annual policies are time apportioned over the period of the risks.

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2008

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Life Insurance Fund

The surplus of life insurance underwriting results transferable from the life insurance fund to the income statement is based on the surplus determined by annual actuarial valuation of the long-term liabilities to policyholders, made in accordance with the provisions of the Insurance Act, 1996 by the Group's appointed actuary. Any deficit arising from the actuarial valuation is recoverable from the shareholders' fund. The latest valuations were made up to 31 March 2008 and the results have been reflected accordingly.

Provision For Claims

For general insurance claims, provision is made for the estimated costs of all claims together with related expenses less reinsurance recoveries, in respect of claims notified but not settled at balance sheet date using the case-basis method. Provision is also made for the cost of claims together with related expenses incurred but not reported at balance sheet date based on an actuarial estimation by the qualified independent actuary using a mathematical method of estimation.

For life insurance claims, provision is made for the estimated costs of all claims together with related expenses less reinsurance recoveries, in respect of claims notified and/or when a claimable event occurs but not settled at balance sheet date, using the case-basis method.

Profit Equalisation Reserve ("PER")

PER is a mechanism to reduce the fluctuation in the profit rates payable to depositors under the Islamic banking business. It is provided based on the Framework of the Rate of Return issued by BNM. The account of PER is appropriated from and written back to the total Islamic banking gross income. PER is reflected under "other liabilities" of the Group.

Provisions

A provision is recognised when it is probable that an outflow of resources embodying economic benefits will be required to settle a present legal or constructive obligation as a result of a past event and a reliable estimate can be made of the amount.

Interest Bearing Borrowings

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 effective interest method.

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 another financial instrument.

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2008

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Equity Instruments

Ordinary shares are classified as equity. Dividends on ordinary shares are recognised statement of changes in equity in the period in which they are declared.

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

Provisions For Commitments And Contingencies

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

Financial Instruments

Financial instruments are recognised in the balance sheet when the Group has become a party to the contractual provisions of the instrument.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interests, dividends and gains and losses relating to a financial instrument classified as liabilities, are reported as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity. Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

Trading Derivative Financial Instruments And Hedge Accounting

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

(i) Fair value hedge

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

(ii) Cash flow hedge

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

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.

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2008

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contingent Liabilities And Contingent Assets

The Group 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 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. The Group does not recognize contingent assets but discloses its existence where inflows of economic benefits are probable, but not virtually certain.

Operating Revenue

Operating revenue of the Group comprises of all types of revenue derived from investment banking, commercial banking, retail financing, insurance and related financial services but after elimination of all related companies transactions.

Operating revenue of the Company comprises of dividend interest income and other operating income.

Interest And Financing Income And Expense Recognition

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

The Group follows the financing method of accounting for income from leasing activities. Under the financing method, the excess of aggregate rentals over the cost (reduced by estimated residual value at the end of the lease) of the leased property is taken as income over the term of the lease in decreasing amounts proportionate to the declining balance of the unrecovered sum using the 'sum-of-digits' method.

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 is recognised using the 'sum-of-digits' method. Income from Islamic Banking financing is recognised on an accrual basis in accordance with the principle of Shariah.

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.

Where a loan becomes non-performing, interest accrued and recognised as income prior to the date the loans are classified as non-performing is reversed out of income and set-off against the accrued interest receivable account in the balance sheet. Thereafter, the interest accrued on the non-performing loans is recognised as income on a cash basis.

An account is classified as non-performing where repayment is in arrears for more than three months and after maturity dates for trade bills, bankers' acceptances and trust receipts.

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

Interest expense and attributable income on deposits and borrowings (pertaining to activities relating to Islamic banking business) of the Group are accrued on a straight-line basis while block discounting finance charges are accrued using the "sum-of-digits" method.

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2008

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fee And Other Income Recognition

Loan arrangement, management and participation fees, net brokerage income, acceptance and factoring commissions and underwriting commissions, are recognised as income upon execution of contracts.

Fees from advisory and corporate finance activities are recognised as income on completion of each stage of the engagement.

Asset, real estate investment trust and unit trusts management fees, margin rollover fees, agency and commitment fees are recognised as income based on time apportionment.

All gains or losses on disposal of non-performing loans are recognised in the income statement upon execution of contracts. The gain or loss on disposal of non-performing loans is the difference between the net disposal proceeds and the carrying value of the non-performing loans being disposed.

Guarantee fees are recognised as over the duration of the guarantee period.

Revenue from sale of trust units is recognised upon allotment of units, net of cost of units sold.

Equipment and property rental are recognised on an accrual basis.

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

Premium income from general insurance is recognised in a financial period in respect of risks assumed during the particular financial year. Inward treaty reinsurance premium are recognised on the basis of periodic advices received from ceding insurers.

Premium income from life insurance is recognised as soon as the amount of the premium can be reliably measured. First premium income is recognised from inception date and subsequent premium income is recognised when it is due. Premium outstanding at balance sheet date is recognised as income for the year, provided it is still within the grace period allowed for payment.

Rental income is recognised on an accrual basis when it falls due.

Employee Benefits

(i) Short-term Employee Benefits

Wages, salaries, paid annual leave and sick leave, bonuses and non-monetary benefits are accrued in the period in which the associated services are rendered by employees of the Group.

(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 contribution has been paid, the Group has no further payment obligations.

(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 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.

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2008

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes

Tax on profit or loss for the financial year 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 the income tax is also 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 liability 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. Temporary differences are not recognised for goodwill or negative goodwill or from the initial recognition of assets and liabilities that at the time of transaction, affects neither accounting nor taxable profit. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the balance sheet date.

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 Company's functional currency.

(ii) Foreign Currency Transactions

In preparing the financial statements of the Company, 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 or, if covered by foreign exchange contracts, at contracted rates. 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 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 the Group's exchange fluctuation reserve.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and are translated at the closing rate.

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

	31.3.2008	31.3.2007
Singapore Dollar (SGD)	2.31	2.28
United States Dollar (USD)	3.19	3.46
Indonesia Rupiah (IDR)	0.0003	0.0004
Hong Kong Dollar (HKD)	0.41	0.47

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2008

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash Flow Statements

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

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 bank overdrafts.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Preparation of the financial statements involved making certain estimates, assumptions concerning the future and judgments. They affect the accounting policies applied, amounts of assets, liabilities, income and expenses reported and disclosures made. They are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are as follows:

(a) Liabilities of insurance business

There are several sources of uncertainty that need to be considered in the estimation of the liabilities under life and general insurance businesses that the Group will ultimately be required to pay as claims.

For life insurance business, estimates are made for future deaths, disabilities, maturities, voluntary terminations, investment returns and administration expenses in accordance with regulatory requirements. The Group bases the estimate of expected number of deaths on statutory mortality tables, adjusted where appropriate to reflect the Group's unique risk exposure. The estimated number of deaths determines the value of possible future benefits to be paid out, which will be factored into ensuring sufficient cover by reserves, which in return is monitored against current and future premiums. For those contracts that insure risk to disability, estimates are made based on recent past experience and emerging trends. However, epidemic as well as wide ranging changes to lifestyle, could result in significant changes to the expected future exposure. All of this will give rise to estimation uncertainty of projected ultimate liability of the life insurance fund.

For general insurance business, the principal uncertainty arises from the technical provisions which include the provisions of premium and claims liabilities. The premium liabilities comprise unearned premium reserves while claim liabilities comprise provision for outstanding claims. Generally, claims liabilities are determined based upon previous claims experience, existing knowledge of events, the terms and conditions of the relevant policies and interpretation of circumstances. Particularly relevant is past experience with similar cases, historical claims development trends, legislative changes, judicial decisions and economic conditions. It is certain that actual future premiums and claims liabilities will not exactly develop as projected and may vary from the Group's projections. The estimates of premiums and claims liabilities are therefore sensitive to various factors and uncertainties.

The establishment of technical provisions is an inherently uncertain process and, as a consequence of this uncertainty, the eventual settlement of premiums and claims liabilities may vary from the initial estimates. There may be significant reporting lags between the occurrence of the insured event and the time it is actually reported to the Group. Following the identification and notification of an insured loss, there may still be uncertainty as to the magnitude of the claim. There are many factors that will determine the level of uncertainty such as inflation, inconsistent judicial interpretations, legislative changes and claims handling procedures.

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2008

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

(b) Impairment of goodwill

The Group tests goodwill for impairment annually in accordance with its accounting policy. More regular reviews are performed if events indicate that this is necessary. The recoverable amounts of CGU are determined based on the value-in-use method, which requires the use of estimates. The value-in-use calculations apply a discounted cash flow model using cash flow projections based on the most recent one year budget approved by management. Cash flows for the second (2) to fifth (5) years are extrapolated using estimated weighted average growth rates. No growth rate is estimated for the sixth (6) to tenth (10) years. The discount rates applied to the cash flow projections are derived from the CGU's pre-tax weighted average cost of capital at the date of assessment. Changes to the assumptions used by management, particularly the discount rate and growth rate, may significantly affect the results of the impairment test.

(c) 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.

(d) 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.

(e) 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.

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2008

5. CASH AND SHORT-TERM FUNDS

	2008		2007	
	Group RM'000	Company RM'000	Group RM'000	Company RM'000
Cash and bank balances	384,858	1,206	339,168	1,480
Money at call and deposits maturing within one month:				
Licensed banks:				
Subsidiary	-	313,872	-	51,484
Others	1,582,925	-	1,232,143	-
Bank Negara Malaysia	8,887,060	-	8,809,990	-
Other financial institutions	103,521	-	211,919	-
	10,958,364	315,078	10,593,220	52,964

Included in the above are interbank lendings of RM9,033,916,000 (RM8,604,558,000 in 2007) for the Group and short-term deposits and money held on behalf of remisers and clients amounting to approximately RM297,825,000 (RM92,900,000 in 2007) for the Group.

As at 31 March 2008, the net interbank borrowing and lending position of the Group is as follows:

	Group	
	2008 RM'000	2007 RM'000
Interbank lendings		
Cash and short-term funds	10,502,776	8,604,558
Deposits with financial institutions (Note 7)	1,329,700	1,207,544
	11,832,476	9,812,102
Interbank borrowings (Note 21)	(37,001)	(1,101,039)
Net interbank lendings	11,795,475	8,711,063

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2008

6. SECURITIES PURCHASED UNDER RESALE AGREEMENTS

	2008		2007	
	Group RM'000	Company RM'000	Group RM'000	Company RM'000
Licensed banks:				
Subsidiary	-	-	-	43,450
Others	52,468	-	501,431	-
	52,468	-	501,431	43,450

Included in the above are money held on behalf of remisers and clients amounting to approximately RM45,819,000 (RM316,400,000 in 2007) for the Group.

7. DEPOSITS AND PLACEMENTS WITH BANKS AND OTHER FINANCIAL INSTITUTIONS

	2008		2007	
	Group RM'000	Company RM'000	Group RM'000	Company RM'000
Licensed banks:				
Subsidiary	-	15,034	-	146,331
Others	337,466	-	547,901	-
Licensed investment/merchant banks:				
Subsidiary	-	-	-	-
Others	50,000	-	-	-
Bank Negara Malaysia	1,000,100	-	458,028	-
Other financial institutions	244	-	633,928	-
	1,387,810	15,034	1,639,857	146,331

The deposits and placements with banks and other financial institutions mature within one year.

Included in the above is an amount of RM200,000 (RM200,000 in 2007) made in favour of the Accountant General pursuant to Section 3(f) of the Trust Companies Act, 1949.

Included in the above are interbank lendings of RM1,329,700,000 (RM1,207,544,000 in 2007) for the Group.

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2008

8. SECURITIES HELD-FOR-TRADING

	2008		2007	
	Group RM'000	Company RM'000	Group RM'000	Company RM'000
At Fair Value				
Money Market Securities:				
Treasury Bills	26,566	-	166,303	-
Islamic Treasury Bills	78,224	-	48,442	-
Malaysian Government Securities	160,705	-	1,505,936	-
Malaysian Government Investment Certificates	323,014	-	575,313	-
Cagamas bonds	25,058	-	60,230	-
Cagamas Mudharabah bearer bonds	37,167	-	16,217	-
Khazanah bonds	59,359	-	11,741	-
Islamic Bank Negara Monetary Notes	134,107	-	-	-
Bank Negara Monetary Notes	274,645	-	580,986	-
Negotiable instruments of deposits	15,368	-	-	-
Negotiable Islamic Debt Certificates	39,674	-	12,442	-
	1,173,887	-	2,977,610	-
Securities Quoted:				
In Malaysia:				
Shares	39,735	-	294,296	-
Trust units	252,202	-	198,185	-
Corporate bonds	-	-	33,922	-
Outside Malaysia:				
Shares	70,026	-	43,072	-
Trust units	1,728	-	1,996	-
	363,691	-	571,471	-
Unquoted Securities Of Companies Incorporated:				
In Malaysia:				
Shares	18,493	-	2,200	-
Outside Malaysia:				
Shares	17,848	-	18,910	-
	36,341	-	21,110	-
Unquoted Guaranteed Private Debt Securities Of Companies Incorporated In Malaysia:				
Corporate bonds	207,743	-	244,739	-
Islamic corporate bonds	86,590	-	103,119	-
Corporate notes	-	-	39,749	-
Islamic corporate notes	30,725	-	30,425	-
	325,058	-	418,032	-
Unquoted Private Debt Securities Of Companies Incorporated:				
In Malaysia:				
Corporate bonds	1,219,481	20,000	846,306	20,000
Corporate notes	456,554	-	105,934	-
Islamic corporate bonds	2,036,736	-	1,697,762	-
Islamic corporate notes	944,493	-	161,495	-
Outside Malaysia:				
Corporate bonds	142,769	-	119,185	-
	4,800,033	20,000	2,930,682	20,000
Total	6,699,010	20,000	6,918,905	20,000

Certain money market securities held have been sold under repurchase agreements for funding purposes. The carrying values of the securities underlying these repurchase agreements remain in the respective asset accounts while the obligations to repurchase such securities at agreed prices on specified future dates are accounted for as liabilities as shown in Note 22.

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9. SECURITIES AVAILABLE-FOR-SALE

	2008		2007	
	Group RM'000	Company RM'000	Group RM'000	Company RM'000
At Fair Value				
Money Market Securities:				
Malaysian Government Securities	12,081	-	44,474	-
Cagamas bonds	4,996	-	14,624	-
Khazanah bonds	9,841	-	9,604	-
Negotiable instruments of deposits	135,987	-	353,612	-
	162,905	-	422,314	-
Securities Quoted:				
In Malaysia:				
Trust units	74,714	-	76,334	-
Corporate bonds	-	-	17,329	-
Outside Malaysia:				
Shares	21,981	-	13,505	-
	96,695	-	107,168	-
Unquoted Securities In Malaysia:				
Shares	4,378	3,978	2,400	2,000
Debt Equity Converted Securities Quoted:				
In Malaysia:				
Shares	26,139	-	46,043	-
Shares - with options	6,014	-	82,815	-
Loan stocks	9,145	-	-	-
Corporate bonds	4,411	-	50	-
Outside Malaysia:				
Shares	77	-	229	-
	45,786	-	129,137	-
Unquoted Private Debt Securities Of Companies Incorporated				
In Malaysia:				
Corporate bonds	345,536	-	323,592	-
Islamic corporate bonds	927,167	-	558,857	-
Outside Malaysia:				
Corporate bonds	78,635	-	-	-
	1,351,338	-	882,449	-
Unquoted Guaranteed Private Debt Securities Of Companies Incorporated In Malaysia:				
Corporate bonds	189,833	-	312,061	-
Total	1,850,935	3,978	1,855,529	2,000

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10. SECURITIES HELD-TO-MATURITY

	Group	
	2008	2007
	RM'000	RM'000
At Amortised Cost		
Money Market Securities:		
Negotiable instruments of deposits	-	89,589
Securities Quoted:		
In Malaysia:		
Shares	-	99
Trust units	2,012	1,001
Islamic Corporate bonds	25,552	27,648
Outside Malaysia:		
Islamic Corporate bonds	6,388	6,912
	33,952	35,660
Unquoted Securities Of Companies Incorporated:		
In Malaysia:		
Shares	102,433	102,636
Corporate bonds	959	959
Outside Malaysia:		
Shares	6,441	7,597
	109,833	111,192
Debt Equity Converted Securities Quoted:		
In Malaysia:		
Shares	5,314	13,193
Loan stocks - collateralised	85,824	419,542
Loan stocks - with options	80,595	424,490
Corporate bonds - collateralised	52,754	-
Outside Malaysia:		
Warrants	15	15
	224,502	857,240
Unquoted Debt Equity Converted Securities Of Companies Incorporated in Malaysia:		
Shares	44,971	44,971
Loan stocks	74,857	91,576
Loan stocks - collateralised	524,876	691,933
Corporate bonds - collateralised	106,568	127,007
Corporate bonds	316,378	396,437
	1,067,650	1,351,924
Unquoted Private Debt Securities Of Companies Incorporated:		
In Malaysia:		
Corporate bonds and notes denominated in USD	-	56,871
Corporate notes	33,720	-
Islamic corporate bonds	190,331	193,598
Outside Malaysia:		
Corporate bonds and notes denominated in USD	-	103,680
	224,051	354,149
Unquoted Guaranteed Private Debt Securities Of Companies Incorporated In Malaysia:		
Corporate bonds	-	79,216
	1,659,988	2,878,970
Accumulated impairment losses	(480,110)	(566,400)
Total	1,179,878	2,312,570

NOTES TO THE FINANCIAL STATEMENTS

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10. SECURITIES HELD-TO-MATURITY (CONTINUED)

	Group	
	2008 RM'000	2007 RM'000
Market/Indicative value		
Money Market Securities:		
Negotiable instruments of deposits	-	89,604
Securities Quoted:		
In Malaysia:		
Shares	-	43
Trust units	2,010	980
Islamic Corporate bonds	25,486	28,215
Outside Malaysia:		
Islamic Corporate bonds	6,278	6,912
Unquoted Securities Of Companies Incorporated:		
In Malaysia:		
Shares	40,879	40,879
Corporate bonds	859	859
Outside Malaysia:		
Shares	5,086	6,242
Debt Equity Converted Securities Quoted In Malaysia:		
Shares	4,141	8,750
Loan stocks - collateralised	105,548	243,893
Loan stocks - with options	66,985	381,413
Unquoted Private Debt Securities Of Companies Incorporated In Malaysia:		
Islamic Corporate bonds	192,812	193,973
Unquoted Guaranteed Private Debt Securities Of Companies Incorporated In Malaysia:		
Corporate bonds	-	79,240

NOTES TO THE FINANCIAL STATEMENTS

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11. LOANS, ADVANCES AND FINANCING

	Group	
	2008 RM'000	2007 RM'000
Loans and financing:		
Term loans and revolving credit	15,562,586	14,037,374
Housing loans	11,314,355	11,074,856
Staff loans	179,052	185,536
Hire-purchase receivables	26,622,601	24,474,377
Credit card receivables	1,806,526	2,218,724
Lease receivables	1,462,734	1,430,654
Overdrafts	1,632,538	1,343,383
Claims on customers under acceptance credits	2,301,379	1,656,939
Trust receipts	325,968	215,921
Block discount receivables	59,572	56,751
Factoring receivables	60,094	52,047
Bills receivable	33,524	17,765
	61,360,929	56,764,327
Less: Unearned interest and income	6,482,856	6,022,129
Total	54,878,073	50,742,198
Less:		
Allowance for bad and doubtful debts and financing:		
General	845,225	778,396
Specific	1,579,255	2,353,047
	2,424,480	3,131,443
Net loans, advances and financing	52,453,593	47,610,755
The maturity structure of loans, advances and financing is as follows:		
Maturing within one year	19,284,639	13,925,586
One year to three years	11,278,885	12,229,615
Three to five years	7,773,341	8,840,263
Over five years	16,541,208	15,746,734
	54,878,073	50,742,198

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2008

11. LOANS, ADVANCES AND FINANCING (CONTINUED)

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

	Group				Loans Growth
	2008 RM'000	%	2007 RM'000	%	
Purchase of transport vehicles	24,036,314	42.4	22,739,226	42.5	
Purchase of landed properties:					
(a) Residential	10,998,983	19.4	10,777,779	20.2	
(b) Non-residential	2,312,866	4.1	2,491,641	4.7	
Working capital	9,326,716	16.4	7,921,566	14.8	
Personal use	2,080,383	3.7	1,651,691	3.1	
Fixed assets	1,798,568	3.2	1,561,570	2.9	
Credit cards	1,777,686	3.1	2,207,352	4.1	
Purchase of securities	1,545,274	2.7	1,237,484	2.3	
Construction	919,301	1.6	1,160,173	2.2	
Merger and acquisition	278,877	0.5	207,044	0.4	
Consumer durables	3,892	0.0	4,648	0.0	
Other purpose	1,663,070	2.9	1,500,857	2.8	
Gross loans, advances and financing	56,741,930	100.0	53,461,031	100.0	
Less: Islamic financing sold to Cagamas Berhad	1,863,857		2,718,833		
	54,878,073		50,742,198		8.2%

NOTES TO THE FINANCIAL STATEMENTS

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11. LOANS, ADVANCES AND FINANCING (CONTINUED)

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

	Group	
	2008	2007
	RM'000	RM'000
Domestic:		
Business enterprises:		
Small medium enterprises	5,452,391	4,806,779
Others	11,579,642	9,932,336
Other non-bank financial institutions	834,365	760,703
Government and statutory bodies	115,410	140,282
Individuals	36,612,489	34,583,382
Other domestic entities	44,537	327,991
Foreign entities	239,239	190,725
	54,878,073	50,742,198

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

Variable rate:		
BLR-plus	14,704,097	14,154,129
Cost-plus	5,865,602	4,919,740
Other variable rates	544,617	567,196
	21,114,316	19,641,065
Fixed rate:		
Housing loans	2,361,505	3,129,736
Hire purchase receivables	23,152,454	21,100,285
Other fixed rates	8,249,798	6,871,112
	33,763,757	31,101,133
	54,878,073	50,742,198

NOTES TO THE FINANCIAL STATEMENTS

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11. LOANS, ADVANCES AND FINANCING (CONTINUED)

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

	Group	
	2008 RM'000	2007 RM'000
Gross		
Balance at beginning of year	5,534,341	6,136,695
Non-performing during the year	1,319,500	1,604,797
Reclassification to performing loans and financing	(758,019)	(818,554)
Recoveries	(535,600)	(457,448)
Debt equity conversion	(106,274)	(6,182)
Amount written off	(1,298,557)	(935,779)
Sale of non-performing loans	(547,859)	-
Exchange fluctuation adjustments	(5,711)	2,001
Reclassification from trading to margin	658	-
Transfer from stock and share-broking activities	-	8,811
Balance at end of year	3,602,479	5,534,341
Less: Specific allowance	(1,579,255)	(2,353,047)
Non-performing loans and financing - net	2,023,224	3,181,294
Ratios of non-performing loans, advances and financing to total loans, advances and financing (including Islamic financing sold to Cagamas Berhad) - net	3.7%	6.2%
Loan loss coverage excluding collateral values	67.3%	56.6%

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

	Group			
	2008 RM'000	%	2007 RM'000	%
Working capital	1,014,761	28.2	1,205,711	21.8
Purchase of landed properties:				
Residential	962,785	26.7	1,372,850	24.8
Non-residential	334,169	9.3	781,598	14.1
Purchase of transport vehicles	428,615	11.9	806,824	14.6
Construction	281,961	7.8	364,953	6.6
Purchase of securities	198,320	5.5	273,202	4.9
Credit cards	66,011	1.8	216,850	3.9
Fixed assets	44,119	1.2	62,217	1.1
Personal use	35,246	1.0	54,394	1.0
Merger and acquisition	-	0.0	15,020	0.3
Consumer durables	485	0.0	327	0.0
Other purpose	236,007	6.6	380,395	6.9
	3,602,479	100.0	5,534,341	100.0

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2008

11. LOANS, ADVANCES AND FINANCING (CONTINUED)

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

	Group	
	2008	2007
	RM'000	RM'000
General allowance		
Balance at beginning of year	778,396	721,817
Allowance during the year	67,107	55,567
Transfer from stock and share-broking operations	-	1,321
Exchange fluctuation adjustments	(278)	(309)
Balance at end of year	845,225	778,396
% of total loans, advances and financing (including Islamic financing sold to Cagamas Berhad) less specific allowances	1.53%	1.52%
Specific allowance		
Balance at beginning of year	2,353,047	1,532,664
Allowance during the year	1,192,451	2,162,855
Amount written back in respect of recoveries and reversals	(427,341)	(426,953)
Net charge to income statements	765,110	1,735,902
Amount written off	(1,291,798)	(935,929)
Sale of non-performing loans	(219,832)	-
Debt equity conversion	(17,190)	(3,182)
Reclassification from sundry receivables	(8,103)	8,205
Exchange fluctuation adjustments	(1,877)	(1,146)
Adjustment from/(to) deferred asset account	(102)	7,792
Transfer from stock and share-broking operations	-	8,741
Balance at end of year	1,579,255	2,353,047

NOTES TO THE FINANCIAL STATEMENTS

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12. 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 Group and its customer to transfer, modify or reduce their foreign exchange and interest rate risks via hedge relationships. The Group 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 50.

The table below shows the Group'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 are analysed below. These values are stand-alone without taking into account their potential offsetting relationships with other non-derivatives exposures of the Group.

Group	2008			2007		
	Contract/ Notional Amount RM'000	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 derivative						
Interest rate related contracts:						
Interest rate futures	270,000	6,574	6,907	290,000	-	-
Interest rate swaps	17,506,434	162,603	158,980	12,476,866	251,697	237,250
Foreign exchange related contracts:						
Forward exchange contracts	5,747,856	44,231	76,894	4,370,080	87,651	34,586
Cross currency swaps	624,647	106,939	126,658	811,310	59,638	57,534
Malaysian Government securities futures	-	-	-	5,000	1	-
Equity related contracts:						
Options	151,596	5,200	1,192	165,618	1,325	23,287
Equity futures	363	-	-	-	-	-
	24,300,896	325,547	370,631	18,118,874	400,312	352,657
Hedging derivative						
Interest rate related contracts:						
Interest rate swaps	9,263,873	45,134	40,298	10,654,557	-	118,085
	33,564,769	370,681	410,929	28,773,431	400,312	470,742

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.

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13. OTHER ASSETS

	2008		2007	
	Group RM'000	Company RM'000	Group RM'000	Company RM'000
Trade receivables, net of allowance for doubtful debts for the Group of RM56,372,000 (RM56,669,000 in 2007)	756,706	-	777,650	-
Other receivables, deposits and prepayments, net of allowance for doubtful debts for the Group of RM18,114,000 (RM15,700,000 in 2007)	910,914	19,601	808,846	28,140
Interest receivables on treasury assets, net of allowance for doubtful debts for the Group of RM3,253,000 (RM5,708,000 in 2007)	112,194	7,372	173,229	1,557
Fee receivables, net of allowance for doubtful debts for the Group of RM5,509,000 (RM5,961,000 in 2007)	44,056	-	34,336	-
Amount due from agents, brokers and reinsurers, net of allowance for the Group of RM9,806,000 (RM12,310,000 in 2007)	161,405	-	85,334	-
Amount due from originators	35,140	-	52,421	-
Amount recoverable under asset-backed securitisation transactions, net of impairment loss of RM30,500,000 (RM20,500,000 in 2007)	67,066	-	77,066	-
Foreclosed properties net of allowance for impairment in value of RM92,390,000 (RM94,911,000 in 2007)	102,396	-	98,882	-
Tax recoverable	2,180	-	-	-
Deferred assets	39,701	-	43,939	-
	2,231,758	26,973	2,151,703	29,697

Trade receivables mainly relate to the stock and share-broking operations of the investment banking subsidiary company and represent amount outstanding in purchase contracts net of allowances.

Amount due from originators represents housing loans, hire purchase and leasing receivables acquired from the originators for onward sale to Cagamas Berhad as mentioned in Note 24.

In 1998, the subsidiary company, AMFB Holdings Berhad ("AMFB"), participated in a scheme approved by the Minister of Finance and sanctioned by the High Court of Malaya, whereby certain assets and liabilities of Abrar Finance Berhad ("AFB"), a licensed finance company incorporated in Malaysia, were transferred with effect from 18 December 1998 to AMFB with financial assistance from BNM.

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13. OTHER ASSETS (CONTINUED)

The net asset deficiency representing the excess of liabilities over the assets transferred from AFB arising from the scheme, is shown as deferred asset, and is reduced progressively by net income derived from the utilisation of the deposit placed by BNM, as mentioned in Note 21, and net recoveries of defaulted loans of AFB computed based on a formula determined by BNM.

Subsequent to the vesting order of assets and liabilities from AMFB to AmBank, the deferred asset arising from the takeover of AFB was vested over to AmBank.

In 1988, AmBank 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 RM434.0 million, subsequently adjusted to RM426.69 million upon finalisation of KUMB's tax credit in consideration of the deficit in assets taken over from the deposit taking co-operative. The tax benefit is a fixed monetary sum and is not dependant on any changes in tax rates.

The net tax benefit is also shown as a deferred asset and the utilisation of the deferred tax benefit is based on the receipt of notices of assessments 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.

	Group	
	2008	2007
	RM'000	RM'000
Deferred assets are as follows:		
Arising from takeover of Abrar Finance Berhad	-	4,048
Arising from takeover of Kewangan Usahasama Makmur Berhad	39,891	39,891
	39,891	43,939

14. STATUTORY DEPOSITS WITH BANK NEGARA MALAYSIA (CENTRAL BANK OF MALAYSIA)

The non-interest bearing statutory deposits pertaining to the investment banking, commercial and Islamic banking subsidiary companies are maintained with BNM in compliance with Section 37(1)(c) of the Central Bank of Malaysia Act, 1958 (Revised 1994), the amounts of which are determined as set percentages of total eligible liabilities.

15. INVESTMENT IN SUBSIDIARY COMPANIES

	Company	
	2008	2007
	RM'000	RM'000
At cost		
In Malaysia		
Shares		
Quoted	-	673,200
Unquoted	6,243,314	3,026,954
	6,243,314	3,700,154
Unquoted Interest Bearing Irredeemable Convertible Unsecured Loan Stock	300,000	-
	6,543,314	3,700,154
Market value:		
Shares quoted in Malaysia	-	1,481,040

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15. INVESTMENT IN SUBSIDIARY COMPANIES (CONTINUED)

The subsidiary companies, all incorporated in Malaysia, except for P.T. AmCapital Indonesia, which is incorporated in Indonesia, AmSecurities (H.K.) Limited and AmTrade Services Limited which are incorporated in Hong Kong, AmCapital (B) Sdn Bhd which is incorporated in Brunei and AmFrasers International Pte. Ltd. and its subsidiary companies which are incorporated in Singapore, are as follows:

	Principal Activities	Issued and Paid-up Ordinary Capital		2008 %	2007 %
		2008 RM'000	2007 RM'000		
Direct Subsidiary Companies					
Unquoted					
AmInvestment Group Berhad ("AIGB")	Investment holding	673,200	1,320,000	100.00	51.00
AMFB Holdings Berhad ("AMFB")	Investment holding	761,516	731,516	100.00	100.00
AmAssurance Berhad ("AmAssurance")	Life assurance and general insurance	100,000	100,000	70.00	70.00
AmManagement Services Sdn Bhd	Dormant	-**	-**	100.00	100.00
Indirect Subsidiary Companies					
Unquoted					
AmInvestment Bank Berhad ("AmInvestment Bank")	Investment banking	240,000	240,000	100.00	51.00
AmSecurities Holding Sdn Bhd ("AMSH")	Investment holding	10,000	10,000	100.00	51.00
AmIslamic Bank Berhad ("AmIslamic Bank")	Islamic banking	403,038	403,038	100.00	100.00
AmBank (M) Berhad ("AmBank")	Commercial banking	610,364	610,364	100.00	100.00
Arab-Malaysian Credit Berhad	Hire-purchase financing and leasing	288,500	288,500	100.00	100.00
AMSEC Holdings Sdn Bhd ("AmSecurities") (Formerly known as AmSecurities Sdn Bhd)	Dormant	100,000	100,000	100.00	51.00
AmInvestment Services Berhad ("AIS")	Managing unit trust funds	5,539	5,539	100.00	51.00
AmInvestment Management Sdn Bhd ("AIM")	Asset management	2,000	2,000	100.00	51.00
AMMB Consultant Sdn Bhd	Ceased operations	500	500	100.00	51.00
AMMB Nominees (Tempatan) Sdn Bhd	Nominee services	10	10	100.00	51.00
AMMB Nominees (Asing) Sdn Bhd	Nominee services	10	10	100.00	51.00
AmProperty Trust Management Berhad ("AmPTMB")	Dormant	500	500	100.00	51.00
AmPrivate Equity Sdn Bhd ("AmPrivate Equity")	Investment holding	6	4	80.00	40.80
AMMB Factors Sdn Bhd	Dormant	1,000	1,000	100.00	100.00
AMCB Mezzanine Sdn Bhd	Dormant	400	400	100.00	100.00

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15. INVESTMENT IN SUBSIDIARY COMPANIES (CONTINUED)

	Principal Activities	Issued and Paid-up Ordinary Capital		2008 %	2007 %
		2008 RM'000	2007 RM'000		
Indirect Subsidiary Companies (Continued)					
Unquoted (Continued)					
AmTrustee Berhad (“AmTrustee”)	Trustee services	500	500	80.00	60.40
Arab-Malaysian Services Berhad	Dormant	6,000	6,000	70.00	70.00
AmEquities Sdn Bhd	Collection of trade receivables	140,000	140,000	100.00	51.00
South Johor Securities Nominees (Tempatan) Sdn Bhd	Dormant	-**	-**	100.00	51.00
South Johor Securities Nominees (Asing) Sdn Bhd	Dormant	-**	-**	100.00	51.00
AMSEC Nominees (Tempatan) Sdn Bhd	Nominee services	1	1	100.00	51.00
AMSEC Nominees (Asing) Sdn Bhd	Nominee services	1	1	100.00	51.00
AmFutures Sdn Bhd (“AmFutures”)	Futures and options trading	15,000	15,000	100.00	51.00
AmResearch Sdn Bhd (“AmResearch”)	Publishing and selling research materials and reports	500	500	100.00	51.00
AM Nominees (Tempatan) Sdn Bhd	Nominee services	-**	-**	100.00	51.00
AM Nominees (Asing) Sdn Bhd	Nominee services	-**	-**	100.00	51.00
AMMB Properties Sdn Bhd	Dormant	-**	-**	100.00	51.00
Malaysian Ventures Management Incorporated Sdn Bhd (“MVMI”)	Management of private equity fund	500	500	100.00	40.80
Am ARA REIT Holdings Sdn Bhd (“Am ARA Holdings”)	Investment holding	1,000	1,000	70.00	35.70
Am ARA REIT Managers Sdn Bhd (“Am ARA REIT Managers”)	Management of real estate investment trusts	1,000	1,000	70.00	35.70
Annling Sdn Bhd	Dormant	250	250	100.00	100.00
Everflow Credit & Leasing Corp Sdn Bhd	Dormant	684	684	100.00	100.00
MBf Information Services Sdn Bhd	Provision of computer system operations	27,500	27,500	100.00	100.00
MBf Nominees (Tempatan) Sdn Bhd	Nominee services	10	10	100.00	100.00

NOTES TO THE FINANCIAL STATEMENTS

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15. INVESTMENT IN SUBSIDIARY COMPANIES (CONTINUED)

	Principal Activities	Issued and Paid-up Ordinary Capital			
		2008 RM'000	2007 RM'000	2008 %	2007 %
Indirect Subsidiary Companies (Continued)					
Unquoted (Continued)					
MBf Trustees Berhad	Trustee services	250	250	60.00	60.00
AmProperty Holdings Sdn Bhd	Property investment	500	500	100.00	100.00
MBf Equity Partners Sdn Bhd	Dormant	10,000	10,000	100.00	100.00
MBf Nominees (Asing) Sdn Bhd	Dormant	.**	.**	100.00	100.00
Lekir Development Sdn Bhd	Dormant	450	450	100.00	100.00
Li & Ho Sdn Bhd	Dormant	850	850	100.00	100.00
Teras Oak Pembangunan Sdn Bhd	Dormant	1,200	1,200	100.00	100.00
AmCredit & Leasing Sdn Bhd	Dormant	500	500	100.00	100.00
Crystal Land Sdn Bhd	Dormant	400	400	80.00	80.00
Bougainvillaea Development Sdn Bhd	Property investment and provision of services	1,000	1,000	100.00	100.00
Malco Properties Sdn Bhd	Dormant	157	157	51.00	51.00
Komuda Credit & Leasing Sdn Bhd	Dormant	500	500	100.00	100.00
Natprop Sdn Bhd	Dormant	500	500	100.00	100.00
AmG Insurance Berhad	Dormant	-@@	-	70.00	-
Economical Enterprises Sdn Bhd	Dormant	535	535	100.00	100.00
		Brn'000	Brn'000	%	%
AmCapital (B) Sdn Bhd	Dormant	-@@@	-	100.00	-
		USD'000	USD'000	%	%
AMMB Labuan (L) Ltd	Dormant	200	200	100.00	51.00
AmInternational (L) Ltd ("AMIL")	Offshore banking	10,000	10,000	100.00	51.00
AmCapital (L) Limited	Special purpose vehicle	-@	-	100.00	-
AMBB Capital (L) Inc	Special purpose vehicle	.-***	.-***	100.00	100.00

NOTES TO THE FINANCIAL STATEMENTS

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15. INVESTMENT IN SUBSIDIARY COMPANIES (CONTINUED)

	Principal Activities	Issued and Paid-up Ordinary Capital		2008 %	2007 %
		2008 RM'000	2007 RM'000		
Indirect Subsidiary Companies (Continued)					
Unquoted (Continued)					
		RP'000	RP'000	%	%
P.T. AmCapital Indonesia* ("AMCI")	Stock-broking, underwriting and investment management	146,186,000	146,186,000	99.00	50.49
		HK\$000	HK\$000	%	%
AmSecurities (H.K.) Limited^	Dormant	33,000	33,000	100.00	51.00
AmTrade Services Limited^	Trade finance services	_****	_****	100.00	100.00
		S\$'000	S\$'000	%	%
AmFraser International Pte. Ltd. (Formerly known as Frasers International Pte. Ltd.)*	Investment holding	18,910	18,910	100.00	51.00
AmFraser Securities Pte. Ltd. (Formerly known as Fraser Securities Pte. Ltd.)*	Stock and share broking	32,528	32,528	100.00	51.00
Fraser Financial Planners Pte. Ltd.*	Dormant	1,000	1,000	100.00	51.00
Fraser Financial Services Pte. Ltd.*	Dormant	200	200	100.00	51.00
Fraser-AMMB Research Pte. Ltd.*	Dormant	500	500	100.00	51.00
AmFraser Nominees Pte.Ltd. (Formerly known as Frasers Nominees Private Limited)*	Nominee services	1	1	100.00	51.00

* Subsidiary company not audited by Ernst & Young.

** Subsidiary companies with an issued and paid-up ordinary capital of RM2.00.

*** Subsidiary company with an issued and paid-up ordinary capital of USD3.00.

**** Subsidiary company with an issued and paid-up ordinary capital of HK\$2.00.

@ Subsidiary company with an issued and paid-up ordinary capital of USD3.00.

@@ Subsidiary company with an issued and paid-up ordinary capital of RM10.00.

@@@ Subsidiary company with an issued and paid-up ordinary capital of Brunei 2.00.

^ Subsidiary companies audited by a firm affiliated with Ernst & Young.

NOTES TO THE FINANCIAL STATEMENTS

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15. INVESTMENT IN SUBSIDIARY COMPANIES (CONTINUED)

1. The Company has utilised a total of RM450,000,000 from the proceeds of CPS for the subscription of AMFB's rights issue of 30,000,000 new ordinary shares of RM1.00 each at an issue price RM5.00 per share amounting to RM150,000,000 and RM300,000,000 nominal amount Interest Bearing Irredeemable Convertible Unsecured Loan Stock issued by AMFB on rights entitlement basis. The issue price of RM5.00 per share is derived at based on 17.6% premium on the net tangible assets per share of AMFB of approximately RM4.25 as at 31 March 2007.
2. AMFB has subscribed for RM150,000,000 Irredeemable Non-cumulative Convertible Preference Shares of RM1.00 each and RM300,000,000 nominal amount Interest Bearing Irredeemable Convertible Unsecured Loan Stock issued by AmBank on rights entitlement basis to further increase the capital funds of AmBank.
3. The Company Implemented the Privatisation of AIGB through a scheme of arrangement between AIGB and its shareholders pursuant to Sections 176 and 178 of the Companies Act, 1965 ("Act") whereby AIGB will reduce its capital pursuant to Section 64 of the Act by cancelling 646,800,000 ordinary shares of RM1.00 each ("AIGB Cancelled Share"), representing 49.0% of its existing issued and paid-up share capital which are not held by the Company, in consideration for a cash payment of RM3.70 per AIGB Cancelled Share payable by the Company ("AIGB Privatisation"). The AIGB Privatisation was approved by the shareholders of AIGB at the Court Convened Meeting held pursuant to the order of the High Court of Malaya on 26 September 2007. Further, the order of the High Court of Malaya sanctioning the Scheme of arrangement was obtained on 21 November 2007.

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

On 4 February 2008, the entire issued and paid-up share capital of AIGB was delisted from the Official List of Bursa Malaysia Securities Berhad ("Bursa Securities") pursuant to paragraph 8.15(6) of the Listing Requirements of Bursa Securities.

4. On 7 December 2007, AIGB incorporated a subsidiary in Brunei under the name of AmCapital (B) Sdn Bhd ("AmCapital (B)"). AmCapital (B) will commence business operation in investment banking related activities after it has been duly licensed by the relevant regulatory authority of Brunei.
5. On 18 January 2008, the Company incorporated a subsidiary under the name of AmG Insurance Berhad to facilitate the separation of the composite insurance business of AmAssurance Berhad into separate general insurance and life insurance business.
6. AmBank had, on 26 February 2008 acquired three (3) ordinary shares of USD1.00 each, representing the entire issued and paid-up share capital of AmCapital (L) Limited ("AmCapital"), presently a dormant company, for a cash consideration of USD3.00, thereby making AmCapital a wholly owned subsidiary of AmBank.

AmCapital was incorporated on 2 January 2008 and has an authorised share capital of USD10,000 divided into 10,000 ordinary shares of USD1.00 each of which three (3) ordinary shares of USD1.00 each have been issued and are fully paid-up. AmCapital was incorporated for the purpose of issuing the SubNotes.

NOTES TO THE FINANCIAL STATEMENTS

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16. INVESTMENTS IN ASSOCIATED COMPANIES

	Group	
	2008 RM'000	2007 RM'000
Unquoted shares, at cost	-	38
Share in net post acquisition profit of associated companies	1,301	1,716
	1,301	1,754

As at 31 March 2008, the carrying values of the investments in associated companies are represented by:

	Group	
	2008 RM'000	2007 RM'000
Group's share of aggregate net tangible assets	1,301	1,754

The associated companies, all unquoted and held through AmInvestment Bank, are as follows:

	Principal Activities	Issued and Paid-up Ordinary Capital		Effective Equity Interest	
		2008 RM'000	2007 RM'000	2008 %	2007 %
Incorporated in Malaysia					
Malaysian Ventures Sendirian Bhd*	Ceased operations	17	17	27.41	13.98
Malaysian Ventures (Two) Sdn Bhd*	Ceased operations	19	19	34.67	17.68

* Associated company under members' voluntary liquidation.

NOTES TO THE FINANCIAL STATEMENTS

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17. PREPAID LAND LEASE

2008 Group

	Long term leasehold land RM'000	Short term leasehold land RM'000	Total RM'000
COST			
At beginning of year	7,997	534	8,531
Adjustments	68	-	68
At end of year	<u>8,065</u>	<u>534</u>	<u>8,599</u>
ACCUMULATED DEPRECIATION			
At beginning of year	1,161	214	1,375
Amortisation charge for the year	151	14	165
At end of year	<u>1,312</u>	<u>228</u>	<u>1,540</u>
NET BOOK VALUE			
As at 31 March 2008	<u>6,753</u>	<u>306</u>	<u>7,059</u>

The long-term leasehold land for the Group are for lease periods of 66-999 years and with unexpired lease periods of 52-873 years, respectively.

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

2007 Group

	Long term leasehold land RM'000	Short term leasehold land RM'000	Total RM'000
COST			
Balance at beginning of year	7,997	534	8,531
At end of year	<u>7,997</u>	<u>534</u>	<u>8,531</u>
ACCUMULATED DEPRECIATION			
Balance at beginning of year	1,010	200	1,210
Amortisation charge for the year	151	14	165
At end of year	<u>1,161</u>	<u>214</u>	<u>1,375</u>
NET BOOK VALUE			
As at 31 March 2007	<u>6,836</u>	<u>320</u>	<u>7,156</u>

NOTES TO THE FINANCIAL STATEMENTS

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18. PROPERTY AND EQUIPMENT

2008 Group	Freehold land RM'000	Leasehold land RM'000	Buildings RM'000	Motor vehicles RM'000	Leasehold improvements RM'000	Computer hardware RM'000	Office equipment, furniture and fittings RM'000	Total RM'000
COST								
At beginning of year	13,090	-	67,256	17,307	194,797	477,994	170,975	941,419
Additions	-	-	-	1,377	10,892	42,129	9,047	63,445
Disposals	-	-	-	(1,713)	(70)	-	(282)	(2,065)
Written off	-	-	-	-	-	(495)	(296)	(791)
Reclassification/Transfer	-	-	19	-	279	(23,141)	(185)	(23,028)
Exchange adjustments	-	-	-	(38)	(56)	18	(115)	(191)
At end of year	13,090	-	67,275	16,933	205,842	496,505	179,144	978,789
ACCUMULATED DEPRECIATION								
At beginning of year	-	-	14,116	11,233	145,372	403,986	132,712	707,419
Additions	-	-	1,321	1,872	15,475	15,811	13,946	48,425
Disposals	-	-	-	(1,502)	(69)	-	(273)	(1,844)
Written off	-	-	-	-	-	(483)	(271)	(754)
Reclassification/Transfer	-	-	89	(1)	8	(56)	(1)	39
Exchange adjustments	-	-	-	(29)	(29)	33	(87)	(112)
At end of year	-	-	15,526	11,573	160,757	419,291	146,026	753,173
NET BOOK VALUE								
As at 31 March 2008	13,090	-	51,749	5,360	45,085	77,214	33,118	225,616

Details of fully depreciated property and equipment which are still in use are as follows:

2008 Group	Buildings RM'000	Motor vehicles RM'000	Leasehold improvements RM'000	Computer hardware RM'000	Office equipment, furniture and fittings RM'000	Total RM'000
Cost	177	7,687	1,18,972	367,264	97,435	591,535

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2008

18. PROPERTY AND EQUIPMENT (CONTINUED)

2007 Group	Freehold land RM'000	Leasehold land RM'000	Buildings RM'000	Motor vehicles RM'000	Leasehold improvements RM'000	Computer hardware RM'000	Office equipment, furniture and fittings RM'000	Total RM'000
COST								
At beginning of year	43,504	8,481	300,774	15,241	193,404	459,060	160,027	1,180,491
Reclassification to prepaid land lease payments upon adoption of FRS 117	-	(8,531)	-	-	-	-	-	(8,531)
Additions	-	150	100	2,921	9,666	21,698	11,127	45,662
Acquisition of a subsidiary company	-	-	-	598	-	6,274	2,645	9,517
Disposals	(2,458)	-	(4,747)	(1,329)	(1,749)	(2,132)	(3,316)	(15,731)
Written off	-	-	-	(4)	(3,316)	(1,237)	(1,598)	(6,155)
Reclassified as held for sale	(28,027)	-	(228,871)	-	-	-	-	(256,898)
Reclassification/Transfer	71	(71)	-	(82)	(3,163)	(5,588)	2,220	(6,613)
Exchange adjustments	-	(29)	-	(38)	(45)	(81)	(130)	(323)
At end of year	13,090	-	67,256	17,307	194,797	477,994	170,975	941,419
ACCUMULATED DEPRECIATION								
At beginning of year	-	1,218	78,809	10,403	134,620	384,843	121,702	731,595
Reclassification to prepaid land lease payments upon adoption of FRS 117	-	(1,375)	-	-	-	-	-	(1,375)
Additions	-	176	2,019	1,976	13,986	19,595	14,000	51,752
Acquisition of a subsidiary company	-	-	-	395	-	5,267	2,115	7,777
Disposals	-	-	(2,484)	(1,374)	(32)	(2,094)	(1,136)	(7,120)
Written off	-	-	-	(2)	(3,293)	(1,014)	(1,589)	(5,898)
Reclassified as held for sale	-	-	(64,238)	-	-	-	-	(64,238)
Reclassification/Transfer	-	(11)	10	(140)	103	(2,565)	(2,276)	(4,879)
Exchange adjustments	-	(8)	-	(25)	(12)	(46)	(104)	(195)
At end of year	-	-	14,116	11,233	145,372	403,986	132,712	707,419
NET BOOK VALUE								
As at 31 March 2007	13,090	-	53,140	6,074	49,425	74,008	38,263	234,000

NOTES TO THE FINANCIAL STATEMENTS

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18. PROPERTY AND EQUIPMENT (CONTINUED)

2008	Motor	Total
Company	vehicles	RM'000
	RM'000	RM'000
COST		
At beginning of year	1,469	1,469
Disposals	(86)	(86)
At end of year	<u>1,383</u>	<u>1,383</u>
ACCUMULATED DEPRECIATION		
At beginning of year	340	340
Additions	229	229
Disposals	(86)	(86)
At end of year	<u>483</u>	<u>483</u>
NET BOOK VALUE		
As at 31 March 2008	<u>900</u>	<u>900</u>
2007		
	Motor	Total
	vehicles	RM'000
	RM'000	RM'000
COST		
At beginning of year	673	673
Additions	796	796
At end of year	<u>1,469</u>	<u>1,469</u>
ACCUMULATED DEPRECIATION		
At beginning of year	213	213
Additions	127	127
At end of year	<u>340</u>	<u>340</u>
NET BOOK VALUE		
As at 31 March 2007	<u>1,129</u>	<u>1,129</u>

As at 31 March 2007, a motor vehicle costing RM86,000 in the Company is fully depreciated and disposal of during the financial year.

NOTES TO THE FINANCIAL STATEMENTS

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19. INTANGIBLE ASSETS

The net carrying amount of intangible assets are as follows:

	Group	
	2008	2007
	RM'000	RM'000
Goodwill	1,732,872	527,121
Computer software	69,113	61,321
	1,801,985	588,442

The movements in intangible assets are as follows:

(a) Goodwill

At beginning of year	527,121	515,976
Arising from acquisition of remaining 49.0% equity interest in AIGB	1,204,933	-
Expenses capitalised on acquisition of equity interest in FIPL	818	-
Arising on acquisition of remaining 51.0% equity interest in FIPL	-	10,424
Arising from acquisition of remaining 16.9% equity interest in AMCI	-	732
Arising from disposal of 1.0% equity interest in AMCI	-	(11)
At end of year	1,732,872	527,121

Impairment tests for goodwill

Following the adoption of FRS 3: Business Combination on 1 April 2006, goodwill is no longer subject to amortisation. It is reviewed for impairment annually or when there are indications of impairment. Prior to 1 April 2006, goodwill was amortised evenly over its estimated useful life of twenty (20) to fifty (50) years.

At the date of acquisition, goodwill is allocated to the Group's cash generating units ("CGU") for impairment testing purposes, identified according to business segments expected to benefit from the synergies are as follows:

	Group
	RM'000
Investment Banking	1,329,086
Commercial and retail	334,443
Islamic banking	53,482
Insurance	15,861
	1,732,872

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2008

19. INTANGIBLE ASSETS (CONTINUED)

The recoverable amount of the CGU, which are the reportable business segments, is based on their value in use, computed by discounting the expected future cash flows of the units. The key assumptions for the computation of value in use include the discount rates and growth rates applied. The discount rates applied to the cash flow projections are derived from the pre-tax weighted average cost of capital plus a reasonable risk premium at the date of assessment of the respective CGU. The discount rates applied for the financial year ranged from 8.0% to 12.0%. Cash flow projection is based on the most recent one-year financial budget approved by the Board, taking into account projected regulatory capital requirements. Cash flows for the second (2) to fifth (5) years are extrapolated using the weighted average growth rates ranged from 13.0% to 58.0% to extrapolate cash flows beyond the projected years. Cash flows for the sixth to tenth years are projected to remain constant. The growth rates do not exceed the long-term average growth rate for the market in which the businesses operate. Impairment is recognised in the income statement when the carrying amount of a cash generating unit exceeds its recoverable amount.

Management believes that any reasonably possible change in the key assumptions would not cause the carrying amount of the goodwill to exceed the recoverable amount of the cash generating units.

Subsequent to the balance sheet date, goodwill amounting to RM771.0 million is re-allocated from Investment banking to commercial and retail and Islamic banking CGU upon the completion of the Business Transfer as mentioned in Note 56 (10).

(b) Computer software

	Group	
	2008	2007
	RM'000	RM'000
COST		
At beginning of year	189,771	151,910
Additions	15,269	39,098
Disposals	(20)	(20)
Reclassification/Transfer	16,064	95
Written off	(94)	(1,312)
Exchange adjustments	(22)	-
At end of year	220,968	189,771
ACCUMULATED AMORTISATION		
At beginning of year	128,450	103,827
Additions	23,494	21,238
Disposals	(20)	(20)
Reclassification/Transfer	41	3,736
Written off	(101)	(331)
Exchange adjustments	(9)	-
At end of year	151,855	128,450
NET CARRYING AMOUNT	69,113	61,321

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2008

20. DEPOSITS FROM CUSTOMERS

	Group	
	2008	2007
	RM'000	RM'000
Term/Investment deposits	37,304,081	35,981,135
Savings deposits	3,340,718	3,160,423
Current deposits	2,913,137	2,162,453
Negotiable instruments of deposits	16,652	16,950
Other deposits	4,192,863	1,060,701
	47,767,451	42,381,662

The maturity structure of deposits from customers is as follows:

Due within six months	37,253,676	31,056,154
Six months to one year	7,680,899	7,325,760
One year to three years	2,025,505	3,141,092
Three to five years	807,371	858,656
	47,767,451	42,381,662

The deposits are sourced from the following types of customers:

Individuals	23,634,465	23,029,293
Business enterprises	15,575,034	12,535,438
Government	6,508,023	4,877,907
Others	2,049,929	1,939,024
	47,767,451	42,381,662

21. DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

	Group	
	2008	2007
	RM'000	RM'000
Deposits from:		
Licensed banks	2,527,071	4,807,110
Licensed investment/merchant banks	791,584	499,284
Bank Negara Malaysia	1,386,398	1,278,320
Other financial institutions	10,413,636	10,856,625
	15,118,689	17,441,339

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2008

21. DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS (CONTINUED)

Included under deposits and placement of banks and other financial institutions of the Group are the following:

	Group	
	2008	2007
	RM'000	RM'000
Negotiable instruments of deposits	6,004,458	6,871,719
Interbank borrowings	37,001	1,101,039

Included in deposits from BNM of the Group are long-term deposits placed amounting to RM135,000,000 (RM315,000,000 in 2007) bearing interest at 1.0% (1.0% in 2007) per annum and interest free loans amounting to RM493,000,000 (RM493,000,000 in 2007) with the commercial banking subsidiary company in connection with the transfer of assets and liabilities of AFB and KUMB as mentioned in Note 13. Long-term deposits of RM Nil (RM180,000,000 in 2007) is repayable on 28 December 2007 or when the deferred assets relating to AFB as mentioned in Note 13 are fully recovered, whichever is earlier. The remaining deposits from BNM are repayable when the deferred assets relating to KUMB as mentioned in Note 13 are fully recovered.

22. OBLIGATIONS ON SECURITIES SOLD UNDER REPURCHASE AGREEMENTS

Securities sold under repurchase agreements pertain to subsidiary companies and represent the obligations to repurchase these securities sold as mentioned in Note 8.

23. BILLS AND ACCEPTANCES PAYABLE

Bills and acceptances payable represent the investment banking and commercial banking subsidiary companies' own bills and acceptances rediscounted and outstanding in the market.

24. RECOURSE OBLIGATION ON LOANS SOLD TO CAGAMAS BERHAD

These represents proceeds received from housing loans, hire purchase and leasing receivables (excluding Islamic financing) sold directly or indirectly to Cagamas Berhad with recourse to AmInvestment Bank, AmBank and AmIslamic Bank. Under this arrangement, the subsidiaries undertake to administer the loans on behalf of Cagamas Berhad and to buy back any loans which are regarded as defective based on prudential criteria. For loans sold indirectly, AmInvestment Bank acts as the intermediary financial institution with recourse against the originators.

NOTES TO THE FINANCIAL STATEMENTS

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25. OTHER LIABILITIES

	2008		2007	
	Group RM'000	Company RM'000	Group RM'000	Company RM'000
Trade payables	969,301	-	962,845	-
Securities sold not yet re-purchased	-	-	98,209	-
Other payables and accruals	1,558,005	573	1,258,145	748
Interest payable on deposits and borrowings	393,882	2,968	473,091	2,485
Lease deposits and advance rentals	55,696	-	57,665	-
General insurance funds	227,430	-	194,637	-
Provision for commitments and contingencies	1,941	-	300	-
Bank overdrafts	541	-	9,515	-
Amount due to subsidiary companies	-	143	-	3,811
Profit equalization reserve	37,607	-	55,837	-
Deferred tax liabilities (Note 43)	5,925	-	8,475	-
Tax payable	-	-	6,341	-
	3,250,328	3,684	3,125,060	7,044

Trade payables mainly relate to the stock and share-broking operations of the investment banking subsidiary companies and represent contra gains owing to clients and amount payable in outstanding sales contracts.

Included in other payables and accruals of the Group are the following:

	Group	
	2008 RM'000	2007 RM'000
Amount due to reinsurers, reinsurers and agents	29,473	29,819
Treaty premium reserve withheld	1	3
Outstanding insurance claims	348,506	279,829

The movements in provision for commitments and contingencies are as follows:

Balance at beginning of year	300	325
Provision/(Writeback of provision) during the year	1,641	(25)
Balance at end of year	1,941	300

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25. OTHER LIABILITIES (CONTINUED)

The bank overdrafts pertaining to subsidiary companies are unsecured and bear interest at rates ranging from 7.50% to 7.75% (7.50% to 8.75% in 2007) per annum.

Amount due to subsidiary companies is interest-free and represents expenses paid on behalf.

The movements in profit equalisation reserve relating to the Islamic banking business is as follows:

	Group	
	2008	2007
	RM'000	RM'000
Balance at beginning of year	55,837	116,755
Amount written back/Transfer to income statements	(18,211)	(60,912)
Exchange fluctuation adjustments	(19)	(6)
Balance at end of year	<u>37,607</u>	<u>55,837</u>

26. TERM LOANS

	2008		2007	
	Group	Company	Group	Company
	RM'000	RM'000	RM'000	RM'000
Unsecured:				
Local financial institutions	<u>1,790,844</u>	<u>1,506,000</u>	309,680	206,000

During the financial year, the Company obtained RM1,300.0 million short-term loans from local financial institutions to finance the cash consideration of AIGB Privatisation, pending the receipt of distribution of excess capital from AmInvestment Bank (through AIGB) upon the completion of the Group Proposed Internal Restructuring as mentioned in Note 56 (10).

The term loans obtained from local financial institutions bear interests at rates ranging from 3.91% to 5.76% and 0.125% per annum above LIBOR (4.8% to 6.1% and 0.25% per annum above LIBOR in 2007).

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27. SUBORDINATED TERM LOAN

The subordinated term loan pertaining to AmBank represents an unsecured loan obtained from Quanto Asset Berhad for the purpose of supplementing the AmBank 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% for the first five (5) years and subsequently at 7.375% to 9.375% per annum.

The term loan was drawdown on 30 September 2003.

28. UNSECURED BONDS

Unsecured Bonds of the Group and the Company are as follows:

		2008		2007	
		Group RM'000	Company RM'000	Group RM'000	Company RM'000
3.0% 5-Year Redeemable Unsecured Bank-Guaranteed Bonds 2002/2007	(a)	-	-	147,795	147,795
Redeemable Unsecured Subordinated Bonds	(b)	775,000	-	775,000	-
Unsecured Exchangeable Bonds	(c)	575,000	-	-	-
Subordinated Sukuk Musyarakah	(d)	400,000	-	400,000	-
		1,750,000	-	1,322,795	147,795

(a) 3.0% 5-YEAR REDEEMABLE UNSECURED BANK-GUARANTEED BONDS 2002/2007 (3.0% Bonds 2007)

	Group and Company	
	2008 RM'000	2007 RM'000
Balance at beginning of year	150,000	150,000
Payment during the year	(150,000)	-
	-	150,000
Less:		
Unamortised discount	-	(2,205)
	-	147,795

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28. UNSECURED BONDS (CONTINUED)

(a) 3.0% 5-YEAR REDEEMABLE UNSECURED BANK-GUARANTEED BONDS 2002/2007 (3.0% Bonds 2007) (Continued)

Pursuant to a Trust Deed dated 29 November 2002 and a Deed Poll dated 29 November 2002, the Company issued RM150,000,000 nominal amount of 3.0% Bonds 2007 together with renounceable rights to allotment of 125,201,248 Warrants 2003/2008 on a 'bought deal' basis to two (2) primary subscribers.

The salient features of the Bonds 2007 are as follows:

- (a) The 3.0% Bonds 2007 bear interest at 3.0% per annum based on the nominal amount of the Bonds 2007, payable semi-annually in arrears and on the basis of actual number of days elapsed in a year of 365 days.
- (b) The 3.0% Bonds 2007 will be redeemed at its nominal value on maturity date together with interest accrued to the date of redemption.
- (c) The 3.0% Bonds 2007 are for a period of five (5) calendar years and matured on 13 December 2007.

Pursuant to Deed Poll dated 29 November 2002 and on 29 January 2003, the primary subscribers jointly offered for sale the provisional rights to allotment of 125,201,248 Warrants 2003/2008 to the shareholders of the Company on a renounceable rights basis of one (1) Warrant 2003/2008 for every eight (8) existing ordinary shares of RM1.00 each held in the Company as at 5.00pm on 22 January 2003 at an offer price of RM12.37 sen per Warrant 2003/2008 payable in full upon acceptance.

(b) REDEEMABLE UNSECURED SUBORDINATED BONDS

	Group	
	2008	2007
	RM'000	RM'000
Balance at beginning and end of year	775,000	775,000

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

The salient features of the SubBonds I are as follows:

- (a) The SubBonds I bear interest at 7.95% per annum for the first five (5) years and subsequently at 8.45% to 10.45% per annum. The interest is payable on a semi-annual basis.
- (b) The SubBonds I are redeemable on 30 April 2008 or on each anniversary date thereafter at nominal value together with interest accrued to the date of redemption.
- (c) The SubBonds I are for a period of ten (10) years maturing on 30 April 2013. However, subject to the prior approval of BNM, AmBank may redeem the SubBonds I on 30 April 2008 or on each anniversary date thereafter.

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28. UNSECURED BONDS (CONTINUED)

(b) REDEEMABLE UNSECURED SUBORDINATED BONDS (Continued)

Pursuant to a Trust Deed dated 23 September 2003, AmInvestment Bank issued RM460,000,000 nominal amount of Redeemable Unsecured Subordinated Bonds ("SubBonds II") to be used to grant a RM460,000,000 10-years unsecured subordinated term loan ("SubLoan") to AmBank, its related licensed commercial bank for the purpose of refinancing its RM460,000,000 exchangeable subordinated capital loan to Danamodal Nasional Berhad. On 19 May 2006, AmInvestment Bank entered into a Novation Agreement with Quanto Assets and AmBank, whereby the RM460,000,000 SubLoan was novated to Quanto Assets.

The salient features of the SubBonds II are as follows:

- (a) The SubBonds II bear interest at 6.5% per annum for the first five (5) years and at 7.0% to 9.0% per annum or 3.0% above the yield of 5-year Malaysian Government Securities, whichever is higher. The interest is payable on a semi-annual basis.
- (b) The SubBonds II are redeemable on 30 September 2008 or on each anniversary date thereafter at nominal value together with interest accrued to the date of redemption.
- (c) The SubBonds II are for a period of ten (10) years maturing on 30 September 2013. However, subject to the prior approval of BNM, AmInvestment Bank may redeem the SubBonds on 30 September 2008 or on each anniversary date thereafter.

Pursuant to a Trust Deed dated 27 October 2005, AmInvestment Bank issued RM200,000,000 nominal amount of Redeemable Unsecured Subordinated Bonds ("SubBonds III") for the purpose of redemption of RM200,000,000 nominal amount of unsecured subordinated certificates of deposits. The unsecured subordinated certificates of deposits was redeemed on 1 March 2006.

The salient features of the SubBonds III are as follows:

- (a) The SubBonds III bear interest at 4.75% per annum for the first five (5) years and at 5.25% to 7.25% per annum between years 6 to 10. The interest is payable on a semi-annual basis.
- (b) The SubBonds III are redeemable on 31 October 2010 or on each anniversary date thereafter at nominal value together with interest accrued to the date of redemption.
- (c) The SubBonds III are for a period of ten (10) years maturing on 31 October 2015. However, subject to the prior approval of BNM, AmInvestment Bank may redeem the SubBonds III on 31 October 2010 or on each anniversary date thereafter.

As at 31 March 2007, AmInvestment Bank had purchased and cancelled RM65,000,000 of the SubBonds III.

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28. UNSECURED BONDS (CONTINUED)

(c) UNSECURED EXCHANGEABLE BONDS

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

The salient features of the exchangeable bonds are as follows:

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

Pursuant to the Rights Issue as mentioned in Note 56(5), the exchange price of the exchangeable bonds was adjusted from RM3.05 per share to RM2.95 per share pursuant to the adjustment arising from the Rights Issue.

(d) SUBORDINATED SUKUK MUSYARAKAH

On 21 December 2006, AmIslamic Bank issued RM400,000,000 of Subordinated Sukuk Musyarakah ("Sukuk Musyarakah") for the purpose of increasing AmIslamic Bank's capital funds.

The salient features of the Sukuk Musyarakah are as follows:

- (i) The Sukuk Musyarakah carries profit rate of 4.80% per annum for the first five (5) years and shall be stepped up by 0.05% per annum every subsequent year to maturity date. The profit is payable on a semi-annual basis.
- (ii) The Sukuk Musyarakah is for a period of ten (10) years. AmIslamic Bank may exercise its call option and redeem in whole (but not in part) the 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.

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29. MEDIUM TERM NOTES

During the financial year, AmBank has issued the Five Tranches Medium Term Notes (“MTN”) at par totaling RM860.0 million under a RM2.0 billion nominal value MTN Programme. The proceeds raised from the MTN Programme is 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 the expiration of the MTN Programme.

The coupon for the MTN is payable semi-annually in arrears, with the last coupon payment to be made on the maturity date or the early redemption date, as the case may be. The coupon shall be stepped up by 0.5% per annum at the beginning of the 5th year, and every anniversary thereafter, preceding the maturity of the MTN.

Unless previously redeemed or purchased and cancelled, the Issuer will have a call option (the “Call Option”) to redeem the MTN at par, and in whole but not in part, at the beginning of the fifth year, and every anniversary thereafter, preceding the maturity of the MTN (“Call Date”) at 100% of the nominal value of the outstanding MTN together with accrued interest. The exercise of the Call Option by the Issuer in respect of any particular tranche of the MTN will not affect the other outstanding tranche(s) of the MTN under the MTN Programme. Such exercise of the Call Option is subject to the prior approval of BNM.

The MTN issued under the MTN Programme is to be included as Tier 2 capital under the capital adequacy framework for financial institutions in compliance with the Risk Weighted Capital Adequacy Framework issued by Bank Negara Malaysia (“BNM”).

The salient features of the MTNs issued are as follows:

First Tranche - RM500.0 million in nominal value of 10 Year Non-Callable 5 Years MTN;

- (a) The MTN is callable beginning from the 5th year, and every anniversary thereafter, preceding the maturity of the MTN; and
- (b) The MTN bear interest at 5.23% per annum. The interest rate of the MTN shall be stepped up by 0.5% per annum at the beginning of the 5th year, and every anniversary thereafter, preceding the maturity of the MTN.

Second Tranche – RM165.0 million in nominal value of 10 Year Non-Callable 5 Years MTN;

- (a) The MTN is callable beginning from the 6th year, and every anniversary thereafter, preceding the maturity of the MTN; and
- (b) The MTN bear interest at 5.20% per annum. The interest rate of the MTN shall be stepped up by 0.5% per annum at the beginning of the 6th year, and every anniversary thereafter, up to the maturity of the MTN.

Third Tranche – RM75.0 million in nominal value of 12 Year Non-Callable 7 Years MTN;

- (a) The MTN is callable beginning from the 8th year, and every anniversary thereafter, preceding the maturity of the MTN; and
- (b) The MTN bear interest at 5.40% per annum. The interest rate of the MTN shall be stepped up by 0.5% per annum at the beginning of the 8th year, and every anniversary thereafter, up to the maturity of the MTN.

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29. MEDIUM TERM NOTES (CONTINUED)

Fourth Tranche – RM45.0 million in nominal value of 10 Year Non-Callable 5 Years MTN;

- (a) The MTN is callable beginning from the 6th year, and every anniversary thereafter, preceding the maturity of the MTN; and
- (b) The MTN bear interest at 5.20% per annum. The interest rate of the MTN shall be stepped up by 0.5% per annum at the beginning of the 6th year, and every anniversary thereafter, up to the maturity of the MTN.

Fifth Tranche – RM75.0 million in nominal value of 12 Year Non-Callable 7 Years MTN;

- (a) The MTN is callable beginning from the 8th year, and every anniversary thereafter, preceding the maturity of the MTN; and
- (b) The MTN bear interest at 5.40% per annum. The interest rate of the MTN shall be stepped up by 0.5% per annum at the beginning of the 8th year, and every anniversary thereafter, up to the maturity of the MTN.

On 9 April 2008, AmBank has issued the Sixth Tranche of MTN amounting to RM600.0 million in nominal value of 15 Year Non-Callable 10 Years MTN. The proceeds raised will be utilised for the refinancing of existing subordinated debts.

- (a) The MTN is callable beginning from the 11th year, and every anniversary thereafter, preceding the maturity of the MTN; and
- (b) The MTN bear interest at 6.25% per annum. The interest rate of the MTN shall be stepped up by 0.5% per annum at the beginning of the 11th year, and every anniversary thereafter, up to the maturity of the MTN.

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30. HYBRID CAPITAL

	Group	
	2008	2007
	RM'000	RM'000
Non-Cumulative Non-Voting Guaranteed Preference Shares - USD200.0 million (net of capitalised issuance expense of RM6,217,000 (RM7,033,000 in 2007))	673,830	666,474

On 27 January 2006, AMBB Capital, an indirect wholly-owned subsidiary of the Company issued United States Dollar ("USD") 200,000,000 Innovative Hybrid Tier 1 Capital comprising 2,000 preference shares of USD100,000 each. ("Hybrid Capital") The Hybrid Capital is subordinated, guaranteed by AmBank. The gross proceeds of USD200,000,000 from the issue of Hybrid Capital was on-lent to AmBank in the form of a subordinated term loan on 27 January 2006 for the purpose of supplementing AmBank's working capital requirements.

The salient features of the Hybrid Capital are as follows:

- (a) The Hybrid Capital bear non-cumulative dividends from the issue date to (but excluding) 27 January 2016 at 6.77% per annum and thereafter, a floating rate per annum equal to three (3) month US dollar LIBOR plus 2.90 per cent. If not redeemed on 27 January 2016, the non-cumulative dividends is payable on a semi-annual basis.
- (b) The Hybrid Capital are perpetual securities and have no fixed final redemption date. The Hybrid Capital may be redeemed in whole but not in part at the option of the issuer (but not the holders) in certain circumstances. In each case, not less than 30 nor more than 60 days' notice (which notice shall be irrevocable) must be given.

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

The Hybrid Capital is classified as liabilities in accordance with FRS 132: Financial Instruments – Disclosure and Presentation. FRS132 requires the issuer of a financial instrument to classify the instrument either as a liability or equity in accordance with the substance of the contractual arrangement on initial recognition. As the coupon of the Hybrid Capital will step up at the end of year ten (10) to a level that is considered to be sufficiently higher than market rate, AMBB Capital is deemed likely to redeem the Hybrid Capital at that time. As such, they have been accounted for as long-term liabilities.

NOTES TO THE FINANCIAL STATEMENTS

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31. SHARE WARRANTS

The **Warrants 1997/2007** were constituted under the Deed Poll dated 19 March 1997.

The salient features of the Warrants 1997/2007 are as follows:

- Each Warrant 1997/2007 entitles its registered holder to subscribe for one new ordinary share of RM1.00 each at the exercise price during the exercise period.
- The exercise price is RM6.51 per share and shall be paid fully in cash. The exercise price of the Warrants 1997/2007 are subject to adjustments under certain circumstances in accordance with the provisions of the Deed Poll.
- The Warrants 1997/2007 are for an initial period of five (5) calendar years. This period was extended for a further period of five (5) years and expired in 13 May 2007.

The movements in the Company's unissued number of shares under Warrants 1997/2007 during the financial year are as follows:

	No. of Ordinary Shares of RM1.00 each			
	Balance at 1.4.2007	Exercised	Forfeited	Balance at 31.3.2008
Number of unissued shares under warrants 1997/2007	143,534,078	70	143,534,008	-

The **Warrants 2003/2008** were constituted under the Deed Poll dated 29 November 2002 and 29 January 2003.

The salient features of the Warrants 2003/2008 are as follows:

- Each Warrant 2003/2008 entitles its registered holder to subscribe for one new ordinary share of RM1.00 each at the exercise price during the exercise period.
- The exercise price is RM2.15 per share, adjusted pursuant to the Rights Issue and is payable fully in cash for every warrant 2003/2008 held from the date of allocation. The exercise price of the Warrants 2003/2008 are subject to adjustments under certain circumstances in accordance with the provisions of the Deed Poll.
- The Warrants 2003/2008 are for an initial period of five (5) calendar years and expired on 20 March 2008.

The movements in the Company's unissued number of shares under Warrants 2003/2008 during the financial year are as follows:

	No. of Ordinary Shares of RM1.00 each				
	Balance at 1.4.2007	Adjustment for Rights Issue	Exercised	Forfeited	Balance at 31.3.2008
Number of unissued shares under warrants 2003/2008	132,073,430	1,281,618	132,496,745	858,303	-

Pursuant to the Rights Issue, adjustments were made to the Warrants 2003/2008 exercise price from RM2.19 per share to RM2.15 per share and an increase of 1,281,618 additional warrants 2003/2008.

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32. SHARE CAPITAL

	Group and Company	
	2008	2007
	RM'000	RM'000
Authorised:		
Ordinary shares of RM1.00 each:		
Balance at beginning and end of year	5,000,000	5,000,000
Converting preference shares of RM1.00 each:		
Created during the year	200,000	-
Balance at the end of year	5,200,000	5,000,000
Issued and fully paid:		
Ordinary shares of RM1.00 each		
Balance at beginning of year	2,130,565	2,130,534
Effect of ordinary shares issued pursuant to:		
Exercise of Warrants 2003/2008	132,497	31
Right issue	295,973	-
Conversion of CPS	163,935	-
Balance at end of year	2,722,970	2,130,565
Converting preference shares of RM1.00 each:		
Issued during the year	163,934	-
Converted during the year	(163,934)	-
	-	-
Balance at the end of year	2,722,970	2,130,565

During the financial year, the issued and fully paid-up share capital of the Company was increased from 2,130,565,410 ordinary share of RM1.00 each to 2,722,969,590 ordinary shares of RM1.00 each by the issue of:

- (i) 132,496,745 new ordinary shares of RM1.00 each at RM2.19 per share before Rights Issue and RM2.15 per share after the Rights Issue by virtue of the exercise of share warrants 2003/2008 of the Company. The resulting share premium amounting to RM155,302,602 has been credited to share premium account.
- (ii) 70 new ordinary share of RM1.00 each at RM6.51 per share before the Rights Issue by virtue of the exercise of share warrants 1997/2007 of the Company. The resulting share premium amounting to RM386 has been credited to share premium account.
- (iii) Rights Issue of 295,972,939 new ordinary shares of RM1.00 each at a price of RM3.40 per share on the basis of one (1) new ordinary share of RM1.00 each for every eight (8) existing ordinary shares of RM1.00 each held. The resulting share premium amounting to RM 710,335,054 has been credited to share premium account.
- (iv) 163,934,426 new ordinary shares of RM1.00 each at a price of RM3.05 per share on the basis of one (1) new ordinary share of RM 1.00 each for every one (1) existing CPS of RM1.00 each held. The resulting share premium amounting to RM336,065,574 has been credited to share premium account.

The 592,404,180 new ordinary shares issued rank pari passu in all respect with the then existing ordinary shares of the Company.

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33. RESERVES

Reserves as at 31 March are analysed as follows:

	2008		2007	
	Group RM'000	Company RM'000	Group RM'000	Company RM'000
Non-distributable reserves:				
Share premium	1,986,857	1,985,550	791,588	792,381
Statutory reserve	1,245,433	-	1,107,757	-
Available-for-sale reserve	42,900	-	36,362	-
Exchange fluctuation reserve	8,166	-	10,297	-
Total non-distributable reserves	3,283,356	1,985,550	1,946,004	792,381
Distributable reserve:				
Unappropriated profit	1,163,267	707,073	711,232	711,940
Total reserves	4,446,623	2,692,623	2,657,236	1,504,321

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 Company.

The statutory reserves of the investment banking and commercial banking subsidiaries are maintained in compliance with the provisions of the Banking and Financial Institutions Act, 1989 and are not distributable as cash dividends.

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

Exchange differences arising on translation of foreign subsidiary and associated companies are taken to exchange fluctuation reserve, as described in the accounting policies.

Distributable reserve are those available for distribution by way of dividends.

As at 31 March 2008, the Company has sufficient tax credit under Section 108 of the Income Tax Act, 1967 and the balance in the tax-exempt income account to frank the payment of dividends amounting to approximately RM421,298,000 out of its distributable reserves. If the balance of the distributable reserve of RM285,775,000 were to be distributed as dividends prior to there being sufficient tax credit, the Company would automatically move to the single tier tax system and the balance of the dividends would be single tier dividends.

NOTES TO THE FINANCIAL STATEMENTS

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34. MINORITY INTEREST

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

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

	Group	
	2008	2007
	RM'000	RM'000
Balance at beginning of year	1,201,516	1,108,820
Subscription of shares in AmPrivate Equity	3,180	4,500
Disposal of shares pursuant to AIGB Privatisation	(1,188,227)	-
Disposal of shares in MVMI	(380)	-
Share in net results of subsidiary companies	142,277	153,559
Dividends received	(74,014)	(65,352)
Subscription of shares in Am ARA Holdings	-	300
Acquisition of shares in AMCI	-	511
Disposal of shares in AMCI	-	(822)
Balance at end of year	84,352	1,201,516

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35. INTEREST INCOME

	2008		2007	
	Group RM'000	Company RM'000	Group RM'000	Company RM'000
Short-term funds and deposits with financial institutions	290,400	10,004	274,621	8,723
Securities held-for-trading	255,625	952	215,829	950
Securities available-for-sale	96,021	-	84,781	-
Securities held-to-maturity	110,181	-	73,749	395
Loans and advances				
- Interest income other than recoveries from NPLs	2,836,807	-	2,498,278	-
- Recoveries from NPLs	274,600	-	302,849	-
ICULS	-	15,732	-	-
Others	3,810	-	10,395	-
Gross interest income	3,867,444	26,688	3,460,502	10,068
Amortisation of premium less accretion of discounts	14,640	-	14,912	-
Interest suspended	(98,355)	-	(108,502)	-
Total after interest suspension	3,783,729	26,688	3,366,912	10,068

36. INTEREST EXPENSE

Deposits from customers	1,452,355	-	1,267,716	-
Deposits of banks and other financial institutions	328,189	-	310,228	-
Securities sold under repurchase agreements	17,388	-	91,029	-
Amount due to Cagamas Berhad	15,056	-	47,012	-
Bank borrowings:				
Term loans	30,082	22,393	27,062	11,777
Overdrafts	214	-	1,087	-
Subordinated deposits and term loan	12,459	-	52,986	-
Interest on Bonds	103,202	5,361	65,182	7,656
Medium term notes	4,777	-	-	-
Interest rate swaps - net	79,051	-	49,699	-
Hybrid securities	45,643	-	49,273	-
Others	64,705	2,963	33,528	3,299
	2,153,121	30,717	1,994,802	22,732

NOTES TO THE FINANCIAL STATEMENTS

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37. OTHER OPERATING INCOME

	2008		2007	
	Group RM'000	Company RM'000	Group RM'000	Company RM'000
Fee income:				
Fees on loans and advances	130,340	-	127,855	-
Corporate advisory	35,153	-	20,805	-
Guarantee fees	19,624	77	27,938	146
Underwriting commissions	13,566	-	14,480	-
Portfolio management fees	21,792	-	9,540	-
Unit trust management fees	62,584	-	37,920	-
Real estate investment trust management fees	3,126	-	2,298	-
Brokerage fees and commissions	162,682	-	102,630	-
Bancassurance commission	27,804	-	26,104	-
Loss from asset securitisation	(183)	-	(179)	-
Brokerage rebates	546	-	1,161	-
Other fee income	57,224	-	45,619	-
	534,258	77	416,171	146
Investment and trading income:				
Net gain from sale of securities held-for-trading	131,616	-	197,902	-
Net gain from sale of securities available-for-sale	31,735	-	28,033	-
Net gain on redemption of securities held-to-maturity	106,235	-	53,177	-
(Loss)/Gain on revaluation of securities held-for-trading	(128,923)	-	93,465	-
Loss on revaluation of derivatives	46,770	-	(107,104)	-
Gross dividend income from:				
Subsidiary companies:				
Quoted in Malaysia	-	100,980	-	90,098
Unquoted	-	7,000	-	6,904
Securities held-for-trading	30,477	-	19,285	-
Securities available-for-sale	894	-	5,965	-
Securities held-to-maturity	27,169	-	23,804	-
	245,973	107,980	314,527	97,002
Premium income general insurance business	447,903	-	404,664	-
Insurance commission	(55,237)	-	(44,823)	-
	392,666	-	359,841	-
Surplus transfer from life insurance business	17,000	-	13,500	-
	409,666	-	373,341	-
Other income:				
Foreign exchange gain	21,810	-	13,034	-
Gain on disposal of property and equipment - net	686	21	1,700	-
Gain on disposal of assets held for sale	-	-	19,284	-
Rental income	4,351	-	7,986	-
Other non-operating income	2,080	-	3,997	1
	28,927	21	46,001	1
	1,218,824	108,078	1,150,040	97,149

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38. OTHER OPERATING EXPENSES

	2008		2007	
	Group RM'000	Company RM'000	Group RM'000	Company RM'000
Personnel/Staff costs:				
Salaries, allowances and bonuses	607,610	1,440	494,434	1,440
Others	87,706	383	82,636	370
	695,316	1,823	577,070	1,810
Establishment costs:				
Depreciation (Note 18)	48,425	229	51,587	127
Amortisation of computer software (Note 19)	23,494	-	21,238	-
Computerisation costs	65,541	-	73,259	-
Amortisation of prepaid land lease payments (Note 17)	165	-	165	-
Rental	59,696	-	49,719	-
Cleaning & maintenance	21,899	-	18,495	-
Others	23,062	-	16,506	-
	242,282	229	230,969	127
Marketing and communication expenses:				
Sales commission	18,523	-	12,878	-
Advertising, promotional and other marketing activities	79,057	287	63,966	555
Telephone charges	18,527	-	16,113	2
Postage	11,924	-	12,060	294
Travel and entertainment	17,850	-	14,311	-
Others	26,950	13	23,450	41
	172,831	300	142,778	892
Administration and general:				
Professional services	77,727	1,120	49,994	20,717
Donations	2,986	-	484	-
Administration and management expenses	2,025	-	12,769	-
Others	43,506	50	54,128	191
	126,244	1,170	117,375	20,908
Overheads	1,236,673	3,522	1,068,192	23,737
General insurance claims	315,599	-	288,653	-
	1,552,272	3,522	1,356,845	23,737

Staff costs include salaries, bonuses, contributions to Employees' Provident Fund and all other staff related expenses. Contributions to Employees' Provident Fund of the Group amounted to RM87,948,419 (RM73,792,288 in 2007).

NOTES TO THE FINANCIAL STATEMENTS

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38. OTHER OPERATING EXPENSES (CONTINUED)

Included in the above expenditure are the following statutory disclosures:

	2008		2007	
	Group RM'000	Company RM'000	Group RM'000	Company RM'000
Directors' remuneration (Note 41)	7,120	1,889	6,513	1,932
Computer software written off	(7)	-	981	-
Property and equipment written off	37	-	257	-
Hire of motor vehicles and office equipment	11,652	-	10,349	-
Auditors' remuneration:				
Group auditor:				
Statutory audit	1,097	50	1,114	50
Half year limited review/audit	264	-	264	-
Other services	665	40	232	2
Other auditors:				
Statutory audit	199	-	198	-
Provision for foreclosed properties	473	-	423	-
Sundry receivables written off	1,616	-	805	-

39. ALLOWANCE FOR LOSSES ON LOANS AND FINANCING

	Group	
	2008 RM'000	2007 RM'000
Allowance/(Reversal of allowance) for bad and doubtful debts and financing:		
Specific allowance – net	765,110	1,735,902
Allowance during the year	1,192,451	2,162,855
Amount written back in respect of recoveries and reversal	(427,341)	(426,953)
General allowance	67,107	55,567
Recoveries of value impairment on loans sold to Danaharta	(609)	(17,282)
Bad debts and financing recovered - net	(319,425)	(254,706)
Written off	2,653	215
Recovered	(322,078)	(254,921)
	512,183	1,519,481

NOTES TO THE FINANCIAL STATEMENTS

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40. SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES

For the purpose of these financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial or operational decisions, vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

The related parties of the Group and the Company are:

(i) Subsidiary companies

Details of the subsidiary companies are shown in Note 15.

Transactions between the Company and its subsidiaries which are related parties of the Company, have been eliminated on consolidation.

(ii) 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. Details of associated companies are disclosed in Note 16.

(iii) Key management personnel

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group and the Company directly or indirectly. The key management personnel of the Group and the Company include Executive Directors and Non-Executive Directors of the Company and certain members of senior management of the Group and heads of major subsidiary companies (including close members of their families) of the Group.

(iv) Companies in which certain directors have substantial financial interest

These are entities in which significant voting power in such entities directly or indirectly resides with certain Directors of the Company.

(v) Companies which have significant influence over the Group

These are entities who are substantial shareholders of the Company.

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2008

40. SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

(a) The significant transactions of the Group and the Company with its related parties are as follows:

	Subsidiary companies		Associated companies		Key management personnel		Companies in which certain Directors have substantial interest		Substantial shareholders	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Group										
Income										
Interest on loans, advances and financing	-	-	-	-	90	90	-	-	-	-
	-	-	-	-	90	90	-	-	-	-
Expenses										
Interest on deposits	-	-	-	-	630	290	-	-	-	-
Rental of premises	-	-	-	-	-	-	32,151	23,644	-	-
Insurance premiums	-	-	-	-	-	-	3,078	1,184	-	-
Employees Provident Fund Board	-	-	-	-	-	-	-	-	103,298	-
Cleaning and maintenance	-	-	-	-	-	-	186	-	-	-
Travelling expenses	-	-	-	-	-	-	2,627	2,049	-	-
Computer maintenance	-	-	-	-	-	-	7,579	6,525	-	-
Food and beverage	-	-	-	-	-	-	182	110	-	-
Provision of Security Services	-	-	-	-	-	-	219	149	-	-
Gift and flower arrangement	-	-	-	-	-	-	-	7	-	-
	-	-	-	-	630	290	46,022	33,668	103,298	-
Capital expenditure										
Purchase of computer hardware, software and related consultancy services	-	-	-	-	-	-	11,019	12,852	-	-
PMPC cards	-	-	-	-	-	-	1,691	1,400	-	-
	-	-	-	-	-	-	12,710	14,252	-	-
Company										
Income										
Interest on deposits	9,991	8,723	-	-	-	-	-	-	-	-
ICULS investments	15,732	-	-	-	-	-	-	-	-	-
Guarantee fees	77	146	-	-	-	-	-	-	-	-
Dividend income – gross	107,980	97,002	-	-	-	-	-	-	-	-
	133,780	105,871	-	-	-	-	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2008

40. SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

(b) The significant outstanding balances of the Group and the Company with its related parties are as follows:

	Subsidiary companies		Associated companies		Key management personnel		Companies in which certain Directors have substantial interest		Substantial shareholders	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Group										
Amount due from:										
Loan (hire purchase, credit card, personal loan and housing loan)	-	-	-	-	2,201	2,357	-	-	-	-
Amount due to:										
Deposits and placements with banks and other financial institutions	-	-	-	-	11,973	13,659	-	-	-	-
	-	-	-	-	14,174	16,016	-	-	-	-
Company										
Amount due from:										
Cash and short-term funds	1,206	1,480	-	-	-	-	-	-	-	-
Money at call and deposits	313,872	51,484	-	-	-	-	-	-	-	-
Securities purchased under resale agreements	-	43,450	-	-	-	-	-	-	-	-
Deposits and placements with banks and other financial institutions	15,034	146,331	-	-	-	-	-	-	-	-
Interest receivables	764	1,492	-	-	-	-	-	-	-	-
ICULS	6,608	-	-	-	-	-	-	-	-	-
	337,484	244,237	-	-	-	-	-	-	-	-
Amount due to:										
Amount due to subsidiary companies	143	3,811	-	-	-	-	-	-	-	-
	143	3,811	-	-	-	-	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2008

40. SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

(c) There were no granting of loans to the Directors of the Company. Loans made to other key management personnel of the Group and the Company is on similar terms and conditions generally available to other employees within the Group. All related party transactions are conducted at arm's length basis and on normal commercial terms which are not more favourable than those generally available to the public. No provisions have been recognised in respect of loans given to key management personnel (2007 - RM Nil).

(d) Key management personnel compensation

The remuneration of Directors and other key management personnel during the year are as follows:

	2008		2007	
	Group RM'000	Company RM'000	Group RM'000	Company RM'000
Directors:				
Fees	962	300	1,000	324
Salaries and other remuneration	4,630	1,589	4,285	1,608
Other short-term employee benefits (including estimated monetary value of benefits-in-kind)	1,528	-	1,228	-
Total short-term employee benefits	7,120	1,889	6,513	1,932
Other key management personnel:				
Salaries and other remuneration	12,215	-	11,255	-
Other short-term employee benefits (including estimated monetary value of benefits-in-kind)	441	-	470	-
Total short-term employee benefits	12,656	-	11,725	-

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2008

41. DIRECTORS' REMUNERATION

Forms of remuneration in aggregate for all directors charged to the income statement for the financial year are as follows:

	2008		2007	
	Group RM'000	Company RM'000	Group RM'000	Company RM'000
Executive directors				
Fees	150	-	174	-
Salaries	1,260	-	990	-
Other remuneration	613	-	474	-
Bonuses	1,421	-	1,097	-
Benefits-in-kind	100	-	131	-
	3,544	-	2,866	-
Non-executive directors				
Fees	812	300	826	324
Other remuneration	2,757	1,589	2,821	1,608
Benefits-in-kind	7	-	-	-
	3,576	1,889	3,647	1,932
Total directors' remuneration	7,120	1,889	6,513	1,932
Total directors' remuneration excluding benefits-in-kind	7,013	1,889	6,382	1,932

* Directors' fees for directors who are executives of companies of the Group are paid to their respective companies.

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2008

41. DIRECTORS' REMUNERATION (CONTINUED)

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

Group	Number of Directors	
	2008	2007
Executive director		
RM2,850,001 – RM2,900,000	-	1
RM3,500,001 – RM3,550,000	1	-
Non-executive director		
Below RM50,000	6	1
RM50,001 – RM100,000	1	3
RM150,001 – RM200,000	3	1
RM200,001 – RM250,000	-	2
RM300,001 – RM350,000	1	1
RM2,450,001 – RM2,500,000	1	1

42. TAXATION AND ZAKAT

	2008		2007	
	Group RM'000	Company RM'000	Group RM'000	Company RM'000
Estimated current tax payable	122,091	26,563	161,625	22,256
Transfer from/(to) deferred tax assets (Note 43)	292,675	-	(89,008)	-
Transfer (from)/to deferred tax liabilities (Note 43)	(2,550)	-	6,203	-
	412,216	26,563	78,820	22,256
Over provision of current taxation in respect of prior years	(29,199)	-	(35,321)	-
Taxation	383,017	26,563	43,499	22,256
Zakat	601	-	786	-
Taxation and zakat	383,618	26,563	44,285	22,256

Domestic current income tax is calculated at the statutory tax rate of 26.0% (2007: 27.0%) of the estimated assessable profit for the financial year. The domestic statutory tax rate will be reduced to 25.0% from the current year's rate of 26.0%, effective year of assessment 2009, as announced in the 2008 Malaysian Budget. The computation of deferred tax as at 31 March 2008 has reflected these changes.

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2008

42. TAXATION AND ZAKAT (CONTINUED)

As at 31 March 2008, the Group and the Company have tax exempt income arising from tax waiver on the chargeable income earned in year 1999 amounting to approximately RM105,000,000 (RM94,000,000 in 2007) and RM29,000,000 (RM29,000,000 in 2007) respectively, which, if confirmed by the Inland Revenue Board, will enable the Group and the Company to distribute tax exempt dividend up to the same amount.

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 Company is as follows:

	2008		2007	
	Group RM'000	Company RM'000	Group RM'000	Company RM'000
Profit before taxation	1,194,437	100,527	(84,612)	60,748
Taxation at Malaysian statutory tax rate of 26.0% (2007 : 27.0%)	310,554	26,137	(22,845)	16,402
Effect of different tax rates in Labuan and certain subsidiaries	(4,725)	-	(3,107)	-
Deferred tax relating to changes in tax rates	63,457	-	39,401	-
Income not subject to tax	(15,014)	-	(12,532)	-
Expenses not deductible for tax purposes	30,195	426	37,287	5,854
Deferred tax assets (not recognised in prior years)/ charged out	(1,450)	-	5,295	-
Tax expense for the year	383,017	26,563	43,499	22,256

NOTES TO THE FINANCIAL STATEMENTS

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43. DEFERRED TAXATION

Deferred taxation pertains to subsidiary companies and is as follows:

(a) Deferred tax assets

	Group	
	2008	2007
	RM'000	RM'000
Balance at beginning of year		
- As previously reported	(870,443)	(857,003)
- Prior year's adjustments	(30,815)	44,179
As restated	(901,258)	(812,824)
Transfer from deferred tax liabilities arising from transfer of stock and share-broking operations	-	574
Transfer to/(from) income statement (Note 42)	292,675	(89,008)
Balance at end of year	(608,583)	(901,258)

The deferred tax credits/(debits) are in respect of the following:

Temporary differences arising from deferred charges	44,412	49,322
Temporary differences between depreciation and tax allowances on property and equipment	25,741	27,875
Unutilised tax losses	(430,088)	(655,786)
Temporary differences arising from general allowance for loans, advances and financing	(210,186)	(208,840)
Temporary differences arising from impairment on:		
Temporary differences arising from impairment loss on foreclosed properties	(22,905)	(25,469)
Temporary differences arising from profit equalization reserve	(9,342)	(15,035)
Securities held-to-maturity	-	(28,439)
Assets acquired in exchange of debts	-	(6,092)
Temporary differences arising from allowance for value impairment on amount recoverable from Danaharta	-	(1,417)
Temporary differences arising from gain on revaluation of securities held-for-trading	-	-
Others	(6,215)	(37,377)
	(608,583)	(901,258)

NOTES TO THE FINANCIAL STATEMENTS

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43. DEFERRED TAXATION (CONTINUED)

(b) Deferred tax liabilities

	Group	
	2008 RM'000	2007 RM'000
Balance at beginning of year	8,475	2,846
Transfer from/(to) income statement (Note 42)	(2,550)	6,203
Transfer to deferred tax assets arising from transfer of stock and share-broking operations	-	(574)
Balance at end of year	5,925	8,475

Deferred tax liabilities of the Group is in respect of temporary differences between capital allowances and book depreciation of property and equipment.

As mentioned in Note 3, the effects of temporary differences and unutilised tax losses which would give rise to deferred tax assets are recognised only when it is probable that the respective subsidiary companies will generate sufficient future taxable profit available against which the deductible temporary differences and unutilised tax losses can be utilised. As at 31 March 2008, the amount of estimated deferred tax assets of the Group, pertaining to unutilised tax losses and unabsorbed capital allowances, calculated at applicable tax rate which is not recognised in the financial statements amounted to RM156,000,000 (RM163,000,000 in 2007).

44. DIVIDENDS

Dividends paid and proposed by the Company are as follows:

	RM'000
In respect of financial year ended 2008	
Proposed dividend – 6.0% less 25.0% taxation, on 2,722,969,590 ordinary shares of RM1.00 each	122,534
In respect of financial year ended 2007	
Proposed dividend – 5.0% less 26.0% taxation, on 2,130,565,410 ordinary shares of RM1.00 each	78,831

The directors now recommend the payment of a first and final ordinary dividend of 6.0%, less 25.0% taxation, in respect of the current financial year amounting to RM122,533,632 based on issued and paid-up share capital as at 31 March 2008, to be paid to shareholders whose names appear in the Record of Depositors on a date to be determined by the directors. The financial statements for the current financial year do not reflect this proposed dividend by the Board. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of unappropriated profit in the next financial year ending 31 March 2009.

NOTES TO THE FINANCIAL STATEMENTS

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45. EARNINGS/(LOSS) PER SHARE

(a) Basic earning/(loss) per share

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

	2008		2007	
	Group RM'000/'000	Company RM'000/'000	Group RM'000/'000	Company RM'000/'000
Net profit/(loss) attributable to equity holders of the Company	668,542	73,964	(282,456)	38,492
Number of ordinary shares at beginning of year	2,130,565	2,130,565	2,130,534	2,130,534
Effect of ordinary shares issued pursuant to:				
- Exercise Warrants 2003/2008	27,984	27,984	16	16
- Conversion of CPS	142,435	142,435	-	-
- Rights Issue	66,311	66,311	-	-
Weighted average number of ordinary shares in issue	2,367,295	2,367,295	2,130,550	2,130,550
Basic earnings/(loss) per share (sen)	28.24	3.12	(13.26)	1.81

(b) Fully diluted earnings/(loss) per share

Fully diluted earning/(loss) per share is calculated by dividing the adjusted net profit/(loss) attributable to equity holders of the Company for the financial year by the adjusted weighted average number of ordinary shares in issue and issuable during the financial year.

The Company has three categories of dilutive potential ordinary shares:

- (i) Warrants 1997/2007 (expired on 13 May 2007)
- (ii) Warrants 2003/2008 (expired on 20 March 2008)
- (iii) Unsecured exchangeable bonds

The basis for the maximum number of ordinary shares of RM1.00 each to be issued upon exercise of outstanding warrants 1997/2007, warrants 2003/2008 and unsecured exchangeable bonds, the respective latest dates for exercise and their respective prices are mentioned in Notes 28 and 31.

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2008

45. EARNINGS/(LOSS) PER SHARE (CONTINUED)

	2008		2007	
	Group RM'000/'000	Company RM'000/'000	Group RM'000/'000	Company RM'000/'000
Net profit/(loss) attributable to equity holders of the Company	668,542	73,964	(282,456)	38,492
Weighted average number of ordinary shares in issue (as in (a) above)	2,367,295	2,367,295	2,130,550	2,130,550
Adjusted for				
- Exercise of Warrants 2003/2008	-	-	-	55,148
- Conversion of unsecured exchangeable bonds	27,764	27,764	-	-
Adjusted weighted average number of ordinary shares in issue and issuable	2,395,059	2,395,059	2,130,550	2,185,698
Fully diluted earnings/(loss) per share (sen)	27.91	3.09	(13.26)	1.76

For the financial year ended 31 March 2007, outstanding share warrants 2003/2008 and 1997/2007 have been excluded in the computation of fully diluted earnings per RM1.00 ordinary share for the Group, as their exercise and conversion to ordinary shares would increase earnings per share.

The Group and the Company's adjusted weighted average number of ordinary shares in issue and issuable for the financial year ended 31 March 2008 has been arrived at based on the assumption that dilutive unsecured exchangeable bonds is converted at the beginning of year.

The Group and the Company's adjusted weighted average number of ordinary shares in issue and issuable for the financial year ended 31 March 2007 has been arrived at based on the assumption that dilutive share warrants 2003/2008 is exercised at the beginning of year.

46. FIDUCIARY DUTY IN RESPECT OF INVESTMENT PORTFOLIO MANAGEMENT

Investment portfolio funds managed by the Group on behalf of customers as at 31 March 2008 amounted to RM18,515,948,000 (RM14,501,417,000 in 2007).

NOTES TO THE FINANCIAL STATEMENTS

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47. CAPITAL COMMITMENTS

As at 31 March 2008, capital commitments pertaining to subsidiary companies are as follows:

	Group	
	2008 RM'000	2007 RM'000
Authorised and contracted but not provided for:		
Purchase of office equipment, information technology equipment and solutions	17,498	25,351
Purchase of other investments	292	22,860
Purchase of leasehold improvements	5,736	147
	23,526	48,358
Authorised but not contracted for:		
Purchase of office equipment, information technology equipment and solutions	15,056	20,411
Purchase of other investments	130	415
	15,186	20,826
	38,712	69,184

48. LEASE COMMITMENTS

The Group has 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:

	RM'000
<u>12 months ending 31 March</u>	
2009	14,550
2010	6,925
2011 and thereafter	1,508
	22,983

The lease commitments represent minimum rentals not adjusted for operating expenses which the Group 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 the rental expenses for the financial year.

NOTES TO THE FINANCIAL STATEMENTS

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49. COMMITMENTS AND CONTINGENCIES

In the normal course of business, AmInvestment Bank, AmBank, AmIslamic Bank and AmInternational, make various commitments and incur certain contingent liabilities with legal recourse to its customers. No material losses are anticipated as a result of these transactions other than those where provision had been made in the financial statements as mentioned in Note 25. The commitments and contingencies are not secured against the Group's assets.

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

Group	2008			2007		
	Principal Amount RM'000	Credit Equivalent Amount RM'000	Risk Weighted Amount RM'000	Principal Amount RM'000	Credit Equivalent Amount RM'000	Risk Weighted Amount RM'000
Derivative Financial Instruments						
Interest rate related contracts:						
Interest rate futures	270,000	194,810	97,404	290,000	7,438	3,719
Interest rate swaps	26,770,307	601,940	126,949	23,131,423	667,038	137,537
Foreign exchange related contracts:						
Forward exchange contracts	5,747,856	102,651	34,932	4,370,080	128,442	26,830
Cross currency swaps	624,647	76,143	15,228	811,310	92,886	18,577
Malaysian Government securities futures	-	-	-	5,000	6	3
Equity related contracts:						
Options	151,596	-	-	165,618	-	-
Equity futures	363	-	-	-	-	-
	33,564,769	975,544	274,513	28,773,431	895,810	186,666
Commitments						
Irrevocable commitments to extend credit maturing:						
within one year	8,564,981	1,558,976	1,422,930	9,565,515	-	-
more than one year	2,742,901	1,371,450	1,257,912	1,225,230	612,615	611,985
Unutilised credit card line	4,006,449	801,290	598,888	-	-	-
Sell and buy back agreements	1,216,782	1,216,782	879,744	1,923,143	1,923,143	1,221,740
Forward purchase commitments	338,081	338,081	30,108	834,911	834,911	218,958
	16,869,194	5,286,579	4,189,582	13,548,799	3,370,669	2,052,683
Contingent Liabilities						
Guarantees given on behalf of customers	1,865,387	1,865,387	1,769,182	1,404,043	1,404,043	1,210,877
Certain transaction-related contingent items	1,048,285	524,143	511,156	897,800	448,900	423,564
Underwriting liabilities	1,720,000	860,000	776,800	815,000	407,500	267,100
Short term self liquidating trade-related contingencies	584,432	116,886	113,419	283,789	56,758	56,758
Islamic financing sold to Cagamas	1,863,857	1,863,857	1,404,403	2,718,833	2,718,833	2,718,833
Others	23,874	250	250	126,438	250	250
	7,105,835	5,230,523	4,575,210	6,245,903	5,036,284	4,677,382
	57,539,798	11,492,646	9,039,305	48,568,133	9,302,763	6,916,731

With effect from 1 January 2008, the credit equivalent and risk-weighted amount are in accordance with Bank Negara Malaysia's revised Risk-weighted Capital Adequacy Framework: Standardised Approach (Basel II). The credit equivalent and risk weighted amount for 31 March 2007, however, has not been adjusted for Basel II guidelines.

NOTES TO THE FINANCIAL STATEMENTS

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49. COMMITMENTS AND CONTINGENCIES (CONTINUED)

The credit equivalent amount is arrived at using the credit conversion factor as per BNM guidelines.

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

- (a) The Company has given unsecured guarantees totalling RM273,600,000 (RM329,600,000 in 2007) to various financial institutions in respect of credit facilities extended to certain subsidiary companies.
- (b) AIGB has given unsecured guarantees totalling RM50,000,000 (RM10,000,000 in 2007) to a financial institution in respect of credit facilities extended to a subsidiary company.
- (c) AIGB has given a continuing undertaking totalling S\$40,000,000 (S\$50,000,000 in 2007) to Monetary Authority of Singapore on behalf of FIPL to meet its liabilities and financial obligations and requirements.
- (d) As required, AmInvestment Bank has given a continuing guarantee to BNM on behalf of AmInternational, to meet all its liabilities and financial obligations and requirements.
- (e) AmInvestment Bank has given guarantees in favour of Labuan International Financial Exchange (“LFX”) in respect of USD 5.0 million each for AmInternational to act as a Listing Sponsor and as a Trading Agent on the LFX.
- (f) The Company has given a guarantee to HSI Services Limited (“HSI”) and Hang Seng Data Services Limited (“HSDS”) on behalf of its subsidiary, AmAssurance Berhad (“AMAB”), for the performance and discharge by AMAB of its obligations under the licence agreement with HSI and HSDS for use of the Hang Seng China Enterprise Index in respect of AMAB’s investment-linked product called AmAsia Link-Capital Guaranteed Fund.
- (g) A suit dated 12 December 2005 was filed by Meridian Asset Management Sdn Bhd (“Meridian”) against AmTrustee Berhad (“AmTrustee”), a subsidiary of the Company in respect of a claim amounting to RM27.6 million for alleged loss and damage together with interests and costs arising from AmTrustee’s provision of custodian services to Meridian.

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

Parties have filed several interim applications in the Meridian suit which are pending hearing and include the following:-

- (i) an application by Meridian for Further and Better particulars in respect of the statement of defence filed by AmTrustee;
- (ii) an application by Meridian to add another subsidiary of the Company, namely AmInvestment Bank as 2nd Defendant;
- (iii) an application by Meridian to increase the alleged loss and damage from RM27,606,169.65 to RM36,967,166.84 to include alleged loss due to reputation damage and loss of future earnings (together with interest and costs) arising from the provision of custodian services by AmTrustee to Meridian;
- (iv) an application for leave for Meridian to serve Interrogatories on an officer of AmTrustee allegedly relating to matters in question between Meridian and AmTrustee and
- (v) an application by AmTrustee for Stay of Proceedings pending disposal of the application for disposal under (i) above.

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49. COMMITMENTS AND CONTINGENCIES (CONTINUED)

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

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

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

- (h) Subsequent to the financial year, AmBank has given a continuing guarantee to BNM on behalf of AmInternational, to meet all its liabilities and financial obligation and requirements.

50. 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.

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 and 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 institute 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 thresholds. Risk thresholds are approved by the Board of Directors. These risk thresholds structure aligns specific risk-taking activities with the overall risk appetite of the Group.

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50. RISK MANAGEMENT POLICY (CONTINUED)

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

Group 2008	Non Trading Book							Trading Book RM'000	Total RM'000	Effective interest rate %
	Up to 1 month RM'000	>1-3 months RM'000	>3-6 months RM'000	>6-12 months RM'000	1-5 years RM'000	Over 5 years RM'000	Non- interest sensitive RM'000			
ASSETS										
Cash and short-term funds	8,708,883	-	-	-	-	-	2,249,481	-	10,958,364	3.38
Securities purchased under resale agreements	52,468	-	-	-	-	-	-	-	52,468	3.33
Deposits and placements with banks and other financial institutions	1,281	1,273,519	65,100	278	-	47,632	-	-	1,387,810	4.64
Securities held-for-trading	-	-	-	-	-	-	-	6,699,010	6,699,010	3.57
Securities available-for-sale	-	-	19,961	135,866	897,502	676,145	121,461	-	1,850,935	5.82
Securities held-to-maturity	49,774	6,388	68,753	8,544	523,249	357,727	165,443	-	1,179,878	3.96
Loans, advances and financing:										
- performing	18,515,362	2,488,978	567,545	482,484	6,973,778	14,414,503	7,832,944	-	51,275,594	7.08
- non-performing*	-	-	-	-	-	-	1,177,999	-	1,177,999	-
Derivative financial assets	-	-	-	-	-	-	370,681	-	370,681	-
Amount due from Originators	-	6,430	26,042	-	2,668	-	-	-	35,140	3.65
Other non-interest sensitive balances	-	-	-	-	-	-	8,203,828	-	8,203,828	-
TOTAL ASSETS	27,327,768	3,775,315	747,401	627,172	8,397,197	15,496,007	20,121,837	6,699,010	83,191,707	
LIABILITIES AND EQUITY										
Deposits from customers	17,458,191	6,294,579	5,784,561	7,264,641	2,699,721	-	8,265,758	-	47,767,451	3.27
Deposits and placements of banks and other financial institutions	6,472,394	2,068,654	1,180,675	1,024,523	991,330	1,228,000	2,153,113	-	15,118,689	3.43
Bills and acceptances payable	415,618	676,830	269,448	-	-	-	547,347	-	1,909,243	3.59
Recourse obligation on loans sold to Cagamas Berhad	-	70,070	26,042	-	147,867	-	-	-	243,979	3.65
Derivative financial liabilities	-	-	-	-	-	-	410,929	-	410,929	-
Term loans	-	1,506,000	-	183,413	-	-	101,431	-	1,790,844	5.08
Subordinated term loan	-	-	460,000	-	-	-	-	-	460,000	6.87
Unsecured bonds	200,000	-	-	-	-	1,170,000	380,000	-	1,750,000	5.73
Medium term notes	-	-	-	-	-	860,000	-	-	860,000	5.27
Hybrid capital	-	-	-	-	-	673,830	-	-	673,830	6.79
Other non-interest sensitive balances	-	-	-	-	-	-	4,952,797	-	4,952,797	-
Total Liabilities	24,546,203	10,616,133	7,720,726	8,472,577	3,838,918	3,931,830	16,811,375	-	75,937,762	
Share capital	-	-	-	-	-	-	2,722,970	-	2,722,970	-
Reserves	-	-	-	-	-	-	4,446,623	-	4,446,623	-
Equity attributable to equity holders of the Company	-	-	-	-	-	-	7,169,593	-	7,169,593	-
Minority interests	-	-	-	-	-	-	84,352	-	84,352	-
Total equity	-	-	-	-	-	-	7,253,945	-	7,253,945	
TOTAL LIABILITIES AND EQUITY	24,546,203	10,616,133	7,720,726	8,472,577	3,838,918	3,931,830	24,065,320	-	83,191,707	
On-balance sheet interest rate gap sensitivity	2,781,565	(6,840,818)	(6,973,325)	(7,845,405)	4,558,279	11,564,177	(3,943,483)	6,699,010	-	
Off-balance sheet interest rate gap sensitivity	2,576,862	7,718,038	(3,531,661)	(3,581,237)	(4,006,040)	803,608	-	-	(20,430)	
Total interest rate gap sensitivity	5,358,427	877,220	(10,504,986)	(11,426,642)	552,239	12,367,785	(3,943,483)	6,699,010	(20,430)	
Cumulative interest rate gap sensitivity	5,358,427	6,235,647	(4,269,339)	(15,695,981)	(15,143,742)	(2,775,957)	(6,719,440)	(20,430)		

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

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50. RISK MANAGEMENT POLICY (CONTINUED)

Group 2007	----- Non Trading Book ----->							Trading Book RM'000	Total RM'000	Effective interest rate %
	Up to 1 month RM'000	>1 - 3 months RM'000	>3 - 6 months RM'000	>6 - 12 months RM'000	1 - 5 years RM'000	Over 5 years RM'000	Non- interest sensitive RM'000			
ASSETS										
Cash and short-term funds	7,752,304	-	-	100	-	-	2,840,816	-	10,593,220	3.83
Securities purchased under resale agreements	501,431	-	-	-	-	-	-	-	501,431	2.92
Deposits and placements with banks and other financial institutions	16,705	1,083,744	20,227	103,981	-	-	415,200	-	1,639,857	4.91
Securities held-for-trading	-	-	-	-	-	-	-	6,918,905	6,918,905	3.75
Securities available-for-sale	5,002	5,007	359,712	106,793	336,437	818,465	224,113	-	1,855,529	4.01
Securities held-to-maturity	1,340	-	139,763	148,073	1,036,424	768,406	218,564	-	2,312,570	4.70
Loans, advances and financing:										
- performing	14,215,473	2,123,047	1,516,986	305,935	7,242,069	13,509,946	6,294,401	-	45,207,857	6.90
- non-performing*	-	-	-	-	-	-	2,402,898	-	2,402,898	-
Derivative financial assets	-	-	-	-	-	-	400,312	-	400,312	-
Amount due from Originators	-	400	9,441	2,980	39,600	-	-	-	52,421	4.30
Other non-interest sensitive balances	-	-	-	-	-	-	7,097,858	-	7,097,858	-
TOTAL ASSETS	22,492,255	3,212,198	2,046,129	667,862	8,654,530	15,096,817	19,894,162	6,918,905	78,982,858	
LIABILITIES AND EQUITY										
Deposits from customers	15,915,899	6,089,788	4,493,895	6,886,263	3,899,893	-	5,095,924	-	42,381,662	3.36
Deposits and placements of banks and other financial institutions	5,672,228	2,846,742	1,922,095	717,885	1,762,364	1,507,384	3,012,641	-	17,441,339	3.89
Obligations on securities sold under repurchase agreements	3,087,896	49,275	3,072	-	-	-	-	-	3,140,243	3.36
Bills and acceptances payable	278,358	547,637	188,968	-	-	-	446,614	-	1,461,577	3.56
Recourse obligation on loans sold to Cagamas Berhad	18,934	38,438	201,770	244,996	250,923	-	-	-	755,061	3.71
Term loans	-	206,000	-	103,680	-	-	-	-	309,680	5.60
Derivative financial liabilities	-	-	-	-	-	-	470,742	-	470,742	-
Subordinated term loan	-	-	-	-	460,000	-	-	-	460,000	6.87
Unsecured bonds	-	-	-	-	727,795	595,000	-	-	1,322,795	5.64
Hybrid capital	-	-	-	-	-	666,474	-	-	666,474	6.80
Other non-interest sensitive balances	-	-	-	-	-	-	4,583,968	-	4,583,968	-
Total Liabilities	24,973,315	9,777,880	6,809,800	7,952,824	7,100,975	2,768,858	13,609,889	-	72,993,541	
Share capital	-	-	-	-	-	-	2,130,565	-	2,130,565	
Reserves	-	-	-	-	-	-	2,657,236	-	2,657,236	
Equity attributable to equity holders of the Company	-	-	-	-	-	-	4,787,801	-	4,787,801	
Minority interests	-	-	-	-	-	-	1,201,516	-	1,201,516	
Total equity	-	-	-	-	-	-	5,989,317	-	5,989,317	
TOTAL LIABILITIES AND EQUITY	24,973,315	9,777,880	6,809,800	7,952,824	7,100,975	2,768,858	19,599,206	-	78,982,858	
On-balance sheet interest rate gap sensitivity	(2,481,060)	(6,565,682)	(4,763,671)	(7,284,962)	1,553,555	12,327,959	294,956	6,918,905	-	
Off-balance sheet interest rate gap sensitivity	2,145,559	14,893,960	(1,500,860)	(1,040,081)	(15,270,228)	856,740	-	-	85,091	
Total interest rate gap sensitivity	(335,501)	8,328,278	(6,264,531)	(8,325,043)	(13,716,673)	13,184,699	294,956	6,918,905	85,091	
Cumulative interest rate gap sensitivity	(335,501)	7,992,777	1,728,246	(6,596,797)	(20,313,470)	(7,128,770)	(6,833,814)	85,091		

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

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50. RISK MANAGEMENT POLICY (CONTINUED)

2008 Company	<----- Non Trading Book ----->			Trading Book RM'000	Total RM'000	Effective interest rate %
	Up to 1 month RM'000	>1 - 3 months RM'000	Non- interest sensitive RM'000			
ASSETS						
Cash and short-term funds	313,872	-	1,206	-	315,078	2.94
Deposits and placements with banks and other financial institutions	-	15,034	-	-	15,034	3.25
Securities held-for-trading	-	-	-	20,000	20,000	4.75
Securities available-for-sale	-	-	3,978	-	3,978	-
Other non-interest sensitive balances	-	-	6,571,187	-	6,571,187	-
TOTAL ASSETS	313,872	15,034	6,576,371	20,000	6,925,277	
LIABILITIES AND EQUITY						
Term loans	-	1,506,000	-	-	1,506,000	5.01
Other non-interest sensitive balances	-	-	3,684	-	3,684	-
Total Liabilities	-	1,506,000	3,684	-	1,509,684	
Share capital	-	-	2,722,970	-	2,722,970	
Reserves	-	-	2,692,623	-	2,692,623	
Equity attributable to equity holders of the Company	-	-	5,415,593	-	5,415,593	
TOTAL LIABILITIES AND EQUITY	-	1,506,000	5,419,277	-	6,925,277	
On-balance sheet interest rate gap sensitivity	313,872	(1,490,966)	1,157,094	20,000	-	
Off-balance sheet interest rate gap sensitivity	-	-	-	-	-	
Total interest rate gap sensitivity	313,872	(1,490,966)	1,157,094	20,000	-	
Cumulative interest rate gap sensitivity	313,872	(1,177,094)	(20,000)	-	-	

NOTES TO THE FINANCIAL STATEMENTS

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50. RISK MANAGEMENT POLICY (CONTINUED)

2007 Company	<----- Non Trading Book ----->				Trading Book RM'000	Total RM'000	Effective interest rate %
	Up to 1 month RM'000	>1 - 3 months RM'000	1 - 5 years RM'000	Non- interest sensitive RM'000			
ASSETS							
Cash and short-term funds	51,484	-	-	1,480	-	52,964	3.25
Securities purchased under resale agreements	43,450	-	-	-	-	43,450	3.00
Deposits and placements with banks and other financial institutions	-	146,331	-	-	-	146,331	3.38
Securities held-for-trading	-	-	-	-	20,000	20,000	4.75
Securities available-for-sale	-	-	-	2,000	-	2,000	-
Other non-interest sensitive balances	-	-	-	3,730,980	-	3,730,980	-
TOTAL ASSETS	94,934	146,331	-	3,734,460	20,000	3,995,725	
LIABILITIES AND EQUITY							
Term loans	-	206,000	-	-	-	206,000	5.29
Unsecured bonds	-	-	147,795	-	-	147,795	3.00
Other non-interest sensitive balances	-	-	-	7,044	-	7,044	-
Total Liabilities	-	206,000	147,795	7,044	-	360,839	
Share capital	-	-	-	2,130,565	-	2,130,565	
Reserves	-	-	-	1,504,321	-	1,504,321	
Equity attributable to equity holders of the Company	-	-	-	3,634,886	-	3,634,886	
TOTAL LIABILITIES AND EQUITY	-	206,000	147,795	3,641,930	-	3,995,725	
On-balance sheet interest rate gap sensitivity	94,934	(59,669)	(147,795)	92,530	20,000	-	
Off-balance sheet interest rate gap sensitivity	-	-	-	-	-	-	
Total interest rate gap sensitivity	94,934	(59,669)	(147,795)	92,530	20,000	-	
Cumulative interest rate gap sensitivity	94,934	35,265	(112,530)	(20,000)	-	-	

NOTES TO THE FINANCIAL STATEMENTS

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50. RISK MANAGEMENT POLICY (CONTINUED)

LIQUIDITY RISK

Liquidity risk is the risk that the organization 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 as 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 cash-flow; 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.

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50. RISK MANAGEMENT POLICY (CONTINUED)

The following table shows the maturity analysis of the Group's assets and liabilities based on contractual terms.

2008 Group	Up to 1 month RM'000	>1-3 months RM'000	>3-6 months RM'000	>6-12 months RM'000	1-5 years RM'000	Over 5 years RM'000	Non specific maturity RM'000	Total RM'000
ASSETS								
Cash and short-term funds	10,876,355	-	-	-	-	-	82,009	10,958,364
Securities purchased under resale agreements	52,468	-	-	-	-	-	-	52,468
Deposits and placements with banks and other financial institutions	49,067	1,273,364	65,100	279	-	-	-	1,387,810
Securities held-for-trading	387,344	334,864	213,380	285,503	1,910,547	3,165,929	401,443	6,699,010
Securities available-for-sale	-	950	20,911	137,288	870,274	750,098	71,414	1,850,935
Securities held-to-maturity	49,257	-	53,767	57,064	523,473	357,062	139,255	1,179,878
Loans, advances and financing	6,591,766	3,733,581	3,954,753	4,243,652	17,504,752	16,226,741	198,348	52,453,593
Derivative financial assets	-	-	-	-	-	-	370,681	370,681
Other assets	112,478	11,107	40,765	3,062	24,036	757,895	1,282,415	2,231,758
Statutory deposits with Bank Negara Malaysia	-	-	-	-	-	-	1,660,197	1,660,197
Investments in associated companies	-	-	-	-	-	-	1,301	1,301
Prepaid land lease payment	-	-	-	-	-	-	7,059	7,059
Property and equipment	-	-	-	-	-	-	225,616	225,616
Life fund assets	-	-	-	-	-	-	1,702,469	1,702,469
Deferred tax assets	-	-	-	-	-	-	608,583	608,583
Intangible assets	-	-	-	-	-	-	1,801,985	1,801,985
TOTAL ASSETS	18,118,735	5,353,866	4,348,676	4,726,848	20,833,082	21,257,725	8,552,775	83,191,707
LIABILITIES AND EQUITY								
Deposits from customers	23,448,036	7,262,592	6,670,631	7,694,964	2,691,228	-	-	47,767,451
Deposits and placements of banks and other financial institutions	7,029,208	2,440,558	1,467,307	1,677,935	1,275,681	1,228,000	-	15,118,689
Bills and acceptances payable	594,174	935,818	379,251	-	-	-	-	1,909,243
Recourse obligation on loans sold to Cagamas Berhad	-	70,070	26,042	-	147,867	-	-	243,979
Derivative financial liabilities	-	-	-	-	-	-	410,929	410,929
Other liabilities	310,238	35,633	11,208	4,641	589	645,852	2,242,167	3,250,328
Term loans	-	1,506,000	-	13,186	-	170,227	101,431	1,790,844
Subordinated term loan	-	-	-	-	-	460,000	-	460,000
Unsecured bonds	-	-	-	-	595,000	1,155,000	-	1,750,000
Medium term notes	-	-	-	-	-	860,000	-	860,000
Hybrid capital	-	-	-	-	-	673,830	-	673,830
Life fund liabilities	-	-	-	-	-	-	189,819	189,819
Life policy holder funds	-	-	-	-	-	-	1,512,650	1,512,650
Total Liabilities	31,381,656	12,250,671	8,554,439	9,390,726	4,710,365	5,192,909	4,456,996	75,937,762
Share capital	-	-	-	-	-	-	2,722,970	2,722,970
Reserves	-	-	-	-	-	-	4,446,623	4,446,623
Equity attributable to equity holders of the Company	-	-	-	-	-	-	7,169,593	7,169,593
Minority interests	-	-	-	-	-	-	84,352	84,352
Total equity	-	-	-	-	-	-	7,253,945	7,253,945
TOTAL LIABILITIES AND EQUITY	31,381,656	12,250,671	8,554,439	9,390,726	4,710,365	5,192,909	11,710,941	83,191,707
Net maturity mismatch	(13,262,921)	(6,896,805)	(4,205,763)	(4,663,878)	16,122,717	16,064,816	(3,158,166)	-

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50. RISK MANAGEMENT POLICY (CONTINUED)

2007 Group	Up to 1 month RM'000	>1 - 3 months RM'000	>3 - 6 months RM'000	>6 - 12 months RM'000	1 - 5 years RM'000	Over 5 years RM'000	Non specific maturity RM'000	Total RM'000
ASSETS								
Cash and short-term funds	10,529,516	-	-	-	-	-	63,704	10,593,220
Securities purchased under resale agreements	501,431	-	-	-	-	-	-	501,431
Deposits and placements with banks and other financial institutions	17,028	1,498,421	124,107	301	-	-	-	1,639,857
Securities held-for-trading	42,188	117,555	238,025	832,503	2,890,188	2,181,250	617,196	6,918,905
Securities available-for-sale	5,002	5,958	177,210	106,693	599,310	775,549	185,807	1,855,529
Securities held-to-maturity	1,340	-	82,892	30,100	794,908	1,087,727	315,603	2,312,570
Loans, advances and financing	5,055,972	2,965,211	3,080,903	4,711,476	15,096,347	16,511,064	189,782	47,610,755
Derivative financial assets	-	-	-	-	-	-	400,312	400,312
Other assets	50,050	46,903	36,289	3,421	78,713	1,490,753	452,730	2,158,859
Statutory deposits with Bank Negara Malaysia	-	-	-	-	-	-	1,807,058	1,807,058
Investments in associated companies	-	-	-	-	-	-	1,754	1,754
Property and equipment	-	-	-	-	-	-	234,000	234,000
Life fund assets	-	-	-	-	-	-	1,458,908	1,458,908
Deferred tax assets	-	-	-	-	-	-	901,258	901,258
Intangible assets	-	-	-	-	-	-	588,442	588,442
TOTAL ASSETS	16,202,527	4,634,048	3,739,426	5,684,494	19,459,466	22,046,343	7,216,554	78,982,858
LIABILITIES AND EQUITY								
Deposits from customers	18,559,717	7,434,324	4,946,231	7,325,760	3,997,999	117,631	-	42,381,662
Deposits and placements of banks and other financial institutions	6,449,855	3,464,669	2,272,264	1,312,725	1,855,758	2,086,068	-	17,441,339
Obligations on securities sold under repurchase agreements	3,093,032	44,139	3,072	-	-	-	-	3,140,243
Bills and acceptances payable	449,603	747,675	264,299	-	-	-	-	1,461,577
Recourse obligation on loans sold to Cagamas Berhad	18,934	38,437	201,770	244,996	250,924	-	-	755,061
Derivative financial liabilities	-	-	-	-	-	-	470,742	470,742
Other liabilities	30,126	42,156	5,334	6,241	8,194	793,922	2,239,087	3,125,060
Term loans	-	206,000	-	-	-	103,680	-	309,680
Subordinated term loan	-	-	-	-	-	460,000	-	460,000
Unsecured bonds	-	-	-	-	147,795	1,175,000	-	1,322,795
Hybrid capital	-	-	-	-	-	666,474	-	666,474
Life fund liabilities	-	-	-	-	-	-	172,281	172,281
Life policy holder funds	-	-	-	-	-	-	1,286,627	1,286,627
Total Liabilities	28,601,267	11,977,400	7,692,970	8,889,722	6,260,670	5,402,775	4,168,737	72,993,541
Share capital	-	-	-	-	-	-	2,130,565	2,130,565
Reserves	-	-	-	-	-	-	2,657,236	2,657,236
Equity attributable to equity holders of the Company	-	-	-	-	-	-	4,787,801	4,787,801
Minority interests	-	-	-	-	-	-	1,201,516	1,201,516
Total equity	-	-	-	-	-	-	5,989,317	5,989,317
TOTAL LIABILITIES AND EQUITY	28,601,267	11,977,400	7,692,970	8,889,722	6,260,670	5,402,775	10,158,054	78,982,858
Net maturity mismatch	(12,398,740)	(7,343,352)	(3,953,544)	(3,205,228)	13,198,796	16,643,568	(2,941,500)	-

NOTES TO THE FINANCIAL STATEMENTS

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50. RISK MANAGEMENT POLICY (CONTINUED)

2008 Company	Up to 1 month RM'000	>1 - 3 months RM'000	Non specific maturity RM'000	Total RM'000
Cash and short-term funds	313,872	-	1,206	3 15,078
Deposits and placements with banks and other financial institutions	-	15,034	-	15,034
Securities held-for-trading	-	-	20,000	20,000
Securities available-for-sale	-	-	3,978	3,978
Other assets	-	-	2 6,973	26,973
Investments in subsidiary companies	-	-	6,543,314	6,543,314
Property and equipment	-	-	900	900
TOTAL ASSETS	313,872	15,034	6,596,371	6,925,277
LIABILITIES AND EQUITY				
Other liabilities	-	-	3,684	3,684
Term loans	-	1,506,000	-	1,506,000
Total Liabilities	-	1,506,000	3,684	1,509,684
Share capital	-	-	2,722,970	2,722,970
Reserves	-	-	2,692,623	2,692,623
Equity attributable to equity holders of the Company	-	-	5,415,593	5,415,593
TOTAL LIABILITIES AND EQUITY	-	1,506,000	5,419,277	6,925,277
Net maturity mismatch	313,872	(1,490,966)	1,177,094	-

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2008

50. RISK MANAGEMENT POLICY (CONTINUED)

2007 Company	Up to 1 month RM'000	>1 - 3 months RM'000	1 - 5 years RM'000	Non specific maturity RM'000	Total RM'000
ASSETS					
Cash and short-term funds	51,484	-	-	1,480	52,964
Securities purchased under resale agreements	43,450	-	-	-	43,450
Deposits and placements with banks and other financial institutions	-	146,331	-	-	146,331
Securities held-for-trading	-	-	-	20,000	20,000
Securities available-for-sale	-	-	-	2,000	2,000
Other assets	-	-	-	29,697	29,697
Investments in subsidiary companies	-	-	-	3,700,154	3,700,154
Property and equipment	-	-	-	1,129	1,129
TOTAL ASSETS	94,934	146,331	-	3,754,460	3,995,725
LIABILITIES AND EQUITY					
Other liabilities	-	-	-	7,044	7,044
Term loans	-	206,000	-	-	206,000
Unsecured bonds	-	-	147,795	-	147,795
Total Liabilities	-	206,000	147,795	7,044	360,839
Share capital	-	-	-	2,130,565	2,130,565
Reserves	-	-	-	1,504,321	1,504,321
Equity attributable to equity holders of the Company	-	-	-	3,634,886	3,634,886
TOTAL LIABILITIES AND EQUITY	-	206,000	147,795	3,641,930	3,995,725
Net maturity mismatch	94,934	(59,669)	(147,795)	112,530	-

NOTES TO THE FINANCIAL STATEMENTS

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50. RISK MANAGEMENT POLICY (CONTINUED)

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 credit risk management 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 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.

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 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.

For non-retail credits, risk measurement 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 translated into a rating grade, with nine (9) rating scale. Credit risk is quantified based on Expected Default Frequencies and Expected Losses on default from its portfolio of loans and off-balance sheet 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.

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2008

50. RISK MANAGEMENT POLICY (CONTINUED)

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 organization to facilitate compliance with regulations. These include a compliance monitoring and reporting process that requires identification of risk areas, prescription of controls to minimize these risks, staff training and assessments, provision of advise and disseminating of information.

RISK MANAGEMENT POLICY ON FINANCIAL DERIVATIVES

Purpose of engaging in financial derivatives

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2008

50. RISK MANAGEMENT POLICY (CONTINUED)

RISK MANAGEMENT POLICY ON FINANCIAL DERIVATIVES (Continued)

Purpose of engaging in financial derivatives (Continued)

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

Risk associated with financial derivatives

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

Market risk of derivatives used for trading purposes

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

The contractual amounts of these contracts provide only a measure of involvement in these types of transactions and do not represent the amounts subject to market risk. Value at risk method is used to measure the market risk from these contracts. Value at risk, is a statistical measure that estimates the potential changes in portfolio value that may occur brought about by daily changes in market rates over a 90-day period at a 99% confidence level under normal market condition.

As at 31 March 2008, value at risk of foreign exchange-related derivatives contracts used for trading purposes of the Group was RM5,824,499 (RM1,628,136 in 2007).

The value at risk of the interest rate derivatives related contracts used for trading purposes of the Group was RM26,191,724 (RM25,885,784 in 2007).

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

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

NOTES TO THE FINANCIAL STATEMENTS

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50. RISK MANAGEMENT POLICY (CONTINUED)

Credit risk of derivatives

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

As at 31 March 2008, the amount of counter party credit risk, measured in terms of the cost to replace the positive value contracts of the Group, was RM8,018,674 (RM27,277,893 in 2007). This amount will increase or decrease over the life of the contracts, mainly as a function of movement in market rates and time.

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

51. FAIR VALUES OF FINANCIAL INSTRUMENTS

Financial instruments are contracts that gives 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 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.

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2008

51. FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

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

2008	Group		Company	
	Carrying Amount RM'000	Fair Value RM'000	Carrying Amount RM'000	Fair Value RM'000
Financial Assets				
Cash and short-term funds	10,958,364	10,958,364	315,078	315,078
Securities purchased under resale agreements	52,468	52,468	-	-
Deposits and placements with banks and other financial institutions	1,387,810	1,501,566	15,034	15,034
Securities held-for-trading	6,699,010	6,699,010	20,000	20,000
Securities available-for-sale	1,850,935	1,869,226	3,978	3,978
Securities held-to-maturity	1,179,878	1,318,885	-	-
Loans, advances and financing *	53,298,818	53,968,981	-	-
Derivative financial assets	370,681	370,681	-	-
Amount due from Originators	35,140	35,156	-	-
Other financial assets	3,859,386	3,859,386	26,973	26,973
	<u>79,692,490</u>	<u>80,633,723</u>	<u>381,063</u>	<u>381,063</u>
Non-financial assets	3,499,217		6,544,214	
TOTAL ASSETS	<u>83,191,707</u>		<u>6,925,277</u>	
Financial Liabilities				
Deposits from customers	47,767,451	47,568,006	-	-
Deposits and placements of banks and other financial institutions	15,118,689	14,915,013	-	-
Bills and acceptances payable	1,909,243	1,909,243	-	-
Recourse obligation on loans sold to Cagamas Berhad	243,979	239,716	-	-
Derivative financial liabilities	410,929	410,929	-	-
Term loans	1,790,844	1,790,844	1,506,000	1,506,000
Subordinated term loans	460,000	494,110	-	-
Medium Term Notes	860,000	962,237	-	-
Unsecured bonds	1,750,000	1,895,533	-	-
Hybrid capital	673,830	615,056	-	-
Other financial liabilities	4,907,324	4,907,324	3,684	3,684
	<u>75,892,289</u>	<u>75,708,011</u>	<u>1,509,684</u>	<u>1,509,684</u>
Non-Financial Liabilities				
Other non-financial liabilities	45,473		-	
Minority interests	84,352		-	
Equity attributable to equity holders of the Company	7,169,593		5,415,593	
	<u>7,299,418</u>		<u>5,415,593</u>	
TOTAL LIABILITIES AND EQUITY	<u>83,191,707</u>		<u>6,925,277</u>	

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2008

51. FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

2007	Group		Company	
	Carrying Amount RM'000	Fair Value RM'000	Carrying Amount RM'000	Fair Value RM'000
Financial Assets				
Cash and short-term funds	10,593,220	10,593,220	52,964	52,964
Securities purchased under resale agreements	501,431	501,431	43,450	43,450
Deposits and placements with banks and other financial institutions	1,639,857	1,472,779	146,331	146,331
Securities held-for-trading	6,918,905	6,918,905	20,000	20,000
Securities available-for-sale	1,855,529	1,958,581	2,000	2,000
Securities held-to-maturity	2,312,570	2,501,433	-	-
Derivative financial assets	400,312	400,312	-	-
Loans, advances and financing*	48,389,151	48,921,490	-	-
Amount due from Originators	52,421	52,519	-	-
Other financial assets	2,126,285	2,126,285	29,697	29,697
	<u>74,789,681</u>	<u>75,446,955</u>	<u>294,442</u>	<u>294,442</u>
Non-financial assets	4,193,177		3,701,283	
TOTAL ASSETS	<u>78,982,858</u>		<u>3,995,725</u>	
Financial Liabilities				
Deposits from customers	42,381,662	42,329,668	-	-
Deposits and placements of banks and other financial institutions	17,441,339	17,497,334	-	-
Obligations on securities sold under repurchase agreements	3,140,243	3,140,243	-	-
Bills and acceptances payable	1,461,577	1,461,577	-	-
Recourse obligation on loans sold to Cagamas Berhad	755,061	754,627	-	-
Derivative financial liabilities	470,742	470,742	-	-
Term loans	309,680	309,680	206,000	206,000
Subordinated term loan	460,000	535,701	-	-
Redeemable unsecured bonds	1,322,795	1,456,986	147,795	147,795
Hybrid capital	666,474	693,089	-	-
Other financial liabilities	4,513,015	4,513,015	7,044	7,044
	<u>72,922,588</u>	<u>73,162,662</u>	<u>360,839</u>	<u>360,839</u>
Non-Financial Liabilities				
Other non-financial liabilities	70,953		-	
Equity attributable to equity holders of the Company	4,787,801		3,634,886	
Minority interests	1,201,516		-	
	<u>6,060,270</u>		<u>3,634,886</u>	
TOTAL LIABILITIES AND EQUITY	<u>78,982,858</u>		<u>3,995,725</u>	

* The general allowance for the Group amounting to RM845,225,000 (RM778,396,000 in 2007) has been included under non-financial assets.

NOTES TO THE FINANCIAL STATEMENTS

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51. FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

The fair values of derivatives financial instruments are shown in Note 50.

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 crystallize. The Group assesses that their respective fair values are unlikely to be significant given that the overall level of fees involved is not significant and no provisions 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 2008 and 2007:

(a) Cash And Short-Term Funds

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

(b) Securities Purchased Under Resale Agreements And Deposits And Placements With Banks And Other Financial Institutions

The fair values of securities purchased under resale agreements and deposits and placements with banks and other financial institutions with remaining maturities less than six months are estimated to approximate their carrying values. For securities purchased under resale agreements and deposits and placements with banks and other financial institutions with maturities of more than six months, the fair values 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 discounted cash flow or 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 of 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 And Subordinated Term Loans (“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 values, net of interest in suspense and specific allowance for bad and doubtful debts and financing.

(e) Derivative Financial Instruments

The fair values of the 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.

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2008

51. FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

(f) Other assets

The estimated fair value of other assets are estimated to approximate their carrying value because the realisable value of the final consideration as at balance sheet date is similar to that of the carrying value.

(g) Deposits From Customers, Deposits And Placements Of Banks And Other Financial Institutions And Obligations On Securities Sold Under Repurchase Agreements

The fair value of deposits liabilities payable on demand ("current 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 obligations on 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.

(h) Bills And Acceptances Payables

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

(i) Other liabilities

The fair values of other liabilities approximates their carrying value at the balance sheet date.

(j) Recourse Obligations On Loans Sold To Cagamas Berhad

The fair values for recourse obligations on loans to Cagamas Berhad are determined based on discounted cash flows of future instalments payments at prevailing rates quoted by Cagamas Berhad as at balance sheet date.

(k) Term Loans, Subordinated Term Loans, Redeemable Unsecured Bonds, Medium Term Notes And Hybrid Capital ("Borrowings")

The fair values of borrowings with remaining maturities of less than six (6) months are estimated to approximate their carrying values at balance sheet date. The fair values of borrowings with remaining maturities of more than six (6) months are estimated based on discounted cash flows using market indicative rates of instruments with similar risk profiles at the balance sheet date.

(l) Interest Rate Swaps, Futures And Forward Rate Agreements

The estimated fair value is based on the market price to enter into an offsetting contract at balance sheet date.

(m) Short Term Financial Assets And Financial Liabilities

The estimated fair value is based on the market price to enter into an offsetting contract at balance sheet date.

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

NOTES TO THE FINANCIAL STATEMENTS

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52. 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 are calculated as follows:

	2008		2007	
	Group RM'000	Company RM'000	Group RM'000	Company RM'000
Total assets	83,191,707	6,925,277	78,982,858	3,995,725
Less :				
Total liabilities	75,937,762	1,509,684	72,993,541	360,839
Minority interests	84,352	-	1,201,516	-
	76,022,114	1,509,684	74,195,057	360,839
Net assets	7,169,593	5,415,593	4,787,801	3,634,886
Issued and fully paid up ordinary shares of RM1.00 each	2,722,970	2,722,970	2,130,565	2,130,565
Net assets per share (RM)	2.63	1.99	2.25	1.71

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2008

53. BUSINESS SEGMENT ANALYSIS

The Group's businesses are organized into six main segments, based on the products and services that it provides. These segments are investment banking, commercial and retail banking, offshore banking, Islamic banking, insurance with the minor segments aggregate under others.

Investment banking

Investment banking encompasses merchant banking, stockbroking, futures broking, fund and real estate investment trust management and trustee services. The merchant banking caters to the business needs of large corporate customers and financial institutions and provides customers with, among other things, a broad range of financing options, treasury and derivative services, corporate finance services, debt capital market and private banking. Through AIGB's subsidiaries, investment banking also offers stock and futures broking products and services through AmInvestment Bank and AmFutures, investment management, management of unit trusts and customized investment solutions and real estate management services through AIM, AIS, AmPTMB and AmARA REIT Managers and trustee services through AmTrustee.

Commercial and retail banking

Commercial and retail banking focuses on providing products and services to individual customers and small and medium enterprises. The products and services offered to the customers include credit facilities such as term financing, mortgage, trade, hire purchase financing, personal loans and share financing, credit cards, remittance services, deposits collection and bancassurance.

Offshore banking

Through AMIL and AmInvestment Bank Labuan branch, the Group has established a presence in the international arena at the Labuan International Offshore Financial Centre. The products and services offered include corporate finance, advisory and trust services, credit facilities and acting as Listing Sponsor for corporations seeking listing on the Labuan International Financial Exchange.

Islamic banking

Islamic banking segment relates to Islamic banking business activities undertaken by the Group.

Insurance

The insurance segment offers a broad range of life and general insurance products.

Others

Others comprises a variety of activities, which complements and supports the operations of the main business units. It includes the Company's corporate income and expense items that are not allocated to individual business segments. In addition, the income and the Company's funding cost of the Group's associated and subsidiary companies are included in this category.

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53. BUSINESS SEGMENT ANALYSIS (CONTINUED)

2008 Group	Investment Banking RM'000	Commercial and Retail RM'000	Offshore Banking RM'000	Islamic Banking RM'000	Insurance RM'000	Others RM'000	Elimination/ Consolidation Adjustments RM'000	Total RM'000
External revenue	1,136,036	2,600,363	62,485	1,012,253	971,400	109,013	(260,390)	5,631,160
Revenue from other segments	131,707	120,946	6,652	-	4,345	10,974	101,798	376,422
Operating revenue	1,267,743	2,721,309	69,137	1,012,253	975,745	119,987	(158,592)	6,007,582
Profit before taxation	359,552	590,020	16,731	192,176	56,530	12,381	(32,953)	1,194,437
Taxation	(90,216)	(204,854)	(20)	(72,515)	(18,271)	(1,271)	3,529	(383,618)
Minority interests	-	-	-	-	-	-	(142,277)	(142,277)
Net profit for the year	269,336	385,166	16,711	119,661	38,259	11,110	(171,701)	668,542
Other information								
Segment assets	15,146,792	54,581,226	1,108,673	11,091,189	2,613,182	1,370,554	(4,454,082)	81,457,534
Investment in subsidiary companies	264,688	814,350	-	-	-	11,007,442	(12,086,480)	-
Investment in associated companies	100	238	-	-	-	100	863	1,301
Goodwill/(reserve) on consolidation	-	-	-	-	(1,566)	-	1,734,438	1,732,872
Total assets	15,411,580	55,395,814	1,108,673	11,091,189	2,611,616	12,378,096	(14,805,261)	83,191,707
Segment liabilities	13,155,170	52,235,560	1,250,281	9,657,718	2,356,468	2,434,937	(5,152,372)	75,937,762
Property and equipment purchases	12,034	47,255	76	(295)	4,099	276	-	63,445
Depreciation of property and equipment	8,054	37,208	65	122	2,115	825	36	48,425

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53. BUSINESS SEGMENT ANALYSIS (CONTINUED)

2007 Group	Investment Banking RM'000	Commercial and Retail RM'000	Offshore Banking RM'000	Islamic Banking RM'000	Insurance RM'000	Others RM'000	Elimination/ Consolidation Adjustments RM'000	Total RM'000
External revenue	1,174,456	2,451,621	73,879	946,695	882,516	69,336	(101,214)	5,497,289
Revenue from other segments	144,206	131,636	13,459	-	1,599	10,492	(301,392)	-
Operating revenue	1,318,662	2,583,257	87,338	946,695	884,115	79,828	(402,606)	5,497,289
Segment results	355,849	(677,959)	7,189	191,416	68,753	(24,392)	(6,511)	(85,655)
Share in results of associated companies	-	-	-	-	-	-	1,043	1,043
Profit/(Loss) before taxation	355,849	(677,959)	7,189	191,416	68,753	(24,392)	(5,468)	(84,612)
Taxation	(95,428)	126,333	(20)	(57,922)	(21,682)	714	3,720	(44,285)
Minority interests	-	-	-	-	-	-	(153,559)	(153,559)
Net profit/(loss) for the year	260,421	(551,626)	7,169	133,494	47,071	(23,678)	(155,307)	(282,456)
Other information								
Segment assets	20,401,691	52,950,805	1,076,262	10,533,801	2,235,725	1,304,826	(10,049,127)	78,453,983
Investment in subsidiary companies	264,369	814,350	-	-	-	7,700,974	(8,779,693)	-
Investment in associated companies	138	237	-	-	-	100	1,279	1,754
Goodwill/(reserve) on consolidation	-	-	-	-	(1,565)	-	528,686	527,121
Total assets	20,666,198	53,765,392	1,076,262	10,533,801	2,234,160	9,005,900	(18,298,855)	78,982,858
Segment liabilities	18,605,045	51,043,036	1,161,318	9,219,001	2,019,846	1,215,106	(10,269,811)	72,993,541
Property and equipment purchases	4,806	38,167	162	975	735	817	-	45,662
Depreciation of property and equipment	7,136	41,867	64	55	1,847	614	4	51,587

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

NOTES TO THE FINANCIAL STATEMENTS

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54. LIFE BUSINESS LIABILITIES AND LIFE POLICYHOLDERS' FUND

The state of affairs as at 31 March 2008 and the results for the financial year ended 31 March 2008 under the life business liabilities and life policyholders' fund of AmAssurance Berhad, are summarised as follows:

BALANCE SHEET AS AT 31 MARCH 2008

	2008 RM'000	2007 RM'000
ASSETS		
Cash and short-term funds	204	544
Securities purchased under resale agreements	207,313	127,980
Deposits and placements with banks and other financial institutions	112,741	136,856
Securities held-for-trading	62,026	55,513
Securities available-for-sale	1,002,244	844,435
Loans, advances and financing	91,342	87,474
Other assets	104,008	92,818
Investment properties	82,278	82,278
Property and equipment	29,699	28,297
Intangible assets	10,614	2,713
TOTAL ASSETS	1,702,469	1,458,908
LIABILITIES AND POLICYHOLDERS' FUND		
Other liabilities	189,819	172,281
Life policyholders' fund	1,512,650	1,286,627
TOTAL LIABILITIES AND POLICYHOLDERS' FUND	1,702,469	1,458,908

INCOME STATEMENT FOR THE YEAR ENDED 31 MARCH 2008

Revenue	487,844	474,235
Interest income	66,484	56,848
Writeback of/(Allowance) for losses on loans and financing	11	(390)
Impairment loss on securities	(5,774)	(958)
	60,721	55,500
Net premium investment and other income	421,360	417,387
Net income	482,081	472,887
Other operating expenses and transfer to policyholders's funds	(465,081)	(459,387)
Transfer to shareholders' funds	17,000	13,500

NOTES TO THE FINANCIAL STATEMENTS

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55. CAPITAL ADEQUACY RATIO

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

With effect from 1 January 2008, the capital adequacy ratios of the Group are computed in accordance with Bank Negara Malaysia's revised Risk-weighted Capital Adequacy Framework: Standardised Approach for Credit Risk and Market Risk, and Basic Indicator Approach for Operational Risk (Basel II) The risk-weighted Capital Adequacy for 31 March 2007, however, has not been adjusted for Basel II guidelines.

The risk-weighted capital adequacy ratios of AmInvestment Bank (including the operations of AMIL) of 17.35% (15.22% in 2007), AmBank of 12.96% (9.16% in 2007) and AmIslamic Bank of 16.28% (14.45% in 2007), exceed the minimum requirement.

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

	Group	
	2008	2007
	RM'000	RM'000
Tier 1 capital		
Paid-up ordinary share capital	2,722,970	2,130,565
Share premium	1,986,857	791,588
Statutory reserve	1,245,433	1,107,757
Exchange fluctuation reserve	8,166	10,297
Hybrid capital	673,830	666,474
Unappropriated profit at end of year	1,163,267	798,502
Minority interests	84,352	1,201,516
Total	7,884,875	6,706,699
Less : Goodwill	1,732,872	527,121
Deferred tax assets - net	602,658	861,968
Total tier 1 capital	5,549,345	5,317,610
Tier 2 capital		
Subordinated term loans	403,243	421,696
Medium term notes	860,000	-
Redeemable unsecured bonds	1,750,000	1,175,000
General allowance for bad and doubtful debts	845,225	778,396
Total tier 2 capital	3,858,468	2,375,092
Capital base	9,407,813	7,692,702
Less: Restriction on borrowing	238,571	-
Capital base	9,169,243	7,692,702
Risk-weighted assets	67,898,253	60,987,817
Capital Ratios:		
Core capital ratio	8.17%	8.72%
Risk-weighted capital ratio	13.50%	12.61%
Core capital ratio (net of proposed dividends)	7.99%	8.59%
Risk-weighted capital ratio (net of proposed dividends)	13.32%	12.48%

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2008

55. CAPITAL ADEQUACY RATIO (CONTINUED)

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

	2008		2007	
	Principal RM'000	Risk- Weighted RM'000	Principal RM'000	Risk- Weighted RM'000
0%	11,911,523	-	11,227,356	-
10%	-	-	3,418	342
20%	2,982,733	596,547	7,187,595	1,437,519
35%	2,967,500	1,038,625	-	-
50%	5,750,598	2,875,299	9,572,932	4,786,466
75%	33,910,030	25,432,523	-	-
100%	24,796,708	24,796,708	48,311,104	48,311,104
150%	2,373,580	3,560,370	-	-
	84,692,672	58,300,071	76,302,405	54,535,431
Add: Total Risk Weighted Assets Equivalent for market risks		5,198,595		6,451,937
Add: Total Risk Weighted Assets Equivalent for operational risks		4,384,664		-
Add: Large Exposure Risk Requirements for equity holdings		14,923		449
		67,898,253		60,987,817

The capital adequacy ratio of the Group as at 31 March 2007 has not been restated for prior year adjustments effect as mentioned in Note 56 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

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56. OTHER AND SUBSEQUENT SIGNIFICANT EVENTS

- (1) On 18 May 2007, upon obtaining the necessary approvals from the shareholders' and the relevant authorities, the Company implemented the following:
 - (i) Increase in the authorised share capital of the Company from RM5,000,000,000 comprising 5,000,000,000 ordinary shares of RM1.00 each to RM5,200,000,000 comprising 5,000,000,000 ordinary share of RM1.00 each and 200,000,000 converting preference shares ("CPS") of RM1.00 each;
 - (ii) Issue of 163,934,426 CPS to ANZ Funds Pty Ltd ("ANZ Funds") at an issue price of RM3.05 per CPS amounting to RM500,000,000, which are convertible into 163,934,426 new ordinary shares of RM1.00 each in the Company; and
 - (iii) Issue of the RM575,000,000 nominal value Ten (10) Year Unsecured Exchangeable Bonds ("EBs") by AmBank to ANZ Funds which are exchangeable into 188,524,590 new ordinary shares in the Company at an exchange price of RM3.05 per share.

On 13 March 2008, the CPS were converted to 163,934,426 new ordinary shares of RM1.00 each on the basis of one new ordinary share of RM1.00 each in exchange for every one CPS of RM1.00 each.

- (2) Upon obtaining the necessary approvals from the relevant authorities, AmBank completed the sale of corporate and retail non-performing loans following the receipt of the sale proceeds totaling RM328.5 million from ABS Enterprise One Berhad, Neptune ABS One Berhad and Neptune ABS Two Berhad.
- (3) AmInvestment Bank and certain Saudi Arabian parties had mutually agreed to discontinue the proposed joint venture in a company to be established for carrying on capital market activities in Saudi Arabia.
- (4) On 5 September 2007, Arab-Malaysian Credit Berhad had entered into a Sale and Purchase Agreement with Melawangi Sdn Bhd for the disposal of office premises situated on the Ground Floor and First Floor of the West Wing, Menara PJ, AmCorp Trade Centre measuring approximately 6,792 square feet, erected on the land held under master title Pajakan Negeri 21919, Lot No. 19, Section 16, Bandar Petaling Jaya, Daerah Petaling, Selangor for a total cash consideration of RM3,200,000.
- (5) The Company proposed and implemented the following:
 - (i) The Renounceable Rights Issue of 295,972,939 new ordinary shares of RM1.00 per share in the Company ("Rights Issue") at an issue price of RM3.40 per Rights Share, on the following basis:-
 - (a) one (1) Rights Share for every eight (8) existing ordinary shares of RM1.00 each; and
 - (b) one (1) Rights Share for every eight (8) existing CPS of RM1.00 each held in the Company.

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

- (ii) Adjustments to the Warrants 2003/2008 exercise price from RM2.19 per share to RM2.15 per share and an increase of 1,281,618 additional Warrants 2003/2008 pursuant to the adjustments arising from the Rights Issue.
- (iii) Adjustments to the Unsecured Exchangeable Bonds conversion price from RM3.05 per share to RM2.95 per pursuant to the adjustments arising from the Rights Issue.
- (6) The Company has sought the approval of Bank Negara Malaysia ("BNM") for the commencement of discussions with MAA Holdings Berhad ("MAAH"), pursuant to section 67 of the Insurance Act, 1996, for the proposed acquisition of the general insurance business in Malaysian Assurance Alliance Berhad, a composite insurer, and an equity stake in MAA Takaful Berhad, Takaful insurance business, held by MAAH.

NOTES TO THE FINANCIAL STATEMENTS

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56. OTHER AND SUBSEQUENT SIGNIFICANT EVENTS (CONTINUED)

- (7) The Company has obtained the approval of BNM for the shareholders of AmAssurance to commence preliminary negotiations with Friends Provident plc, pursuant to the Insurance Act 1996 (“Insurance Act”), for the proposed sale of a minority stake in the life insurance business of AmAssurance. A separate application has also been submitted to BNM to obtain the regulatory approvals under the Insurance Act to enable the Company to split the existing composite insurance licence of AmAssurance, to enable the Company to undertake the life and general insurance business through two separate companies.
- (8) On 29 November 2007, AmInvestment Bank had entered into an memorandum of understanding with Woori, a member of the Woori Financial Group of Korea for the purpose of promoting the cooperation in the investment banking business between the two parties, enabling both the financial groups to leverage on each other’s established business franchise and networks in both the domestic and regional capital markets.
- (9) Upon obtaining the necessary approvals from the relevant authorities, on 11 March 2008, AmBank proposed the issuance of up to Singapore Dollar (“SGD”) 425.0 million Non-Innovative Tier 1 Capital (“NIT1”), comprising Non-Cumulative Perpetual Capital Securities (“NCPCS”) issued by AmBank, which are stapled to Subordinated Notes (“SubNotes”) issued by AmCapital (L) Inc (“AmCapital”) (“Stapled Securities”).

The Stapled Securities will be issued and offered to certain non-United States of America resident persons as defined in Section 902(k) of Regulations S in offshore transactions under the United States Securities Act of 1933 (“US Securities Act”), as amended from time to time. In addition, the Stapled Securities may only be issued to or offered for sale or subscription by persons outside Malaysia.

The NCPCS and SubNotes cannot be traded separately until the occurrence of certain Assignment Events.

To facilitate the Proposed Issuance of NIT1, AmBank had, on 26 February 2008 acquired three (3) ordinary shares of USD1.00 each, representing the entire issued and paid-up share capital of AmCapital, presently a dormant company, for a cash consideration of USD3.00, thereby making AmCapital a wholly owned subsidiary of AmBank.

AmCapital was incorporated on 2 January 2008 and has an authorised share capital of USD10,000 divided into 10,000 ordinary shares of USD1.00 each of which three (3) ordinary shares of USD1.00 each have been issued and are fully paid-up. AmCapital was incorporated for the purpose of issuing the SubNotes.

The Stapled Securities are rated BB by both Fitch Ratings Ltd. and Standard & Poor’s Ratings Group, a division of the McGraw-Hill Companies, Inc.

NOTES TO THE FINANCIAL STATEMENTS

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56. OTHER AND SUBSEQUENT SIGNIFICANT EVENTS (CONTINUED)

(10) On 11 March 2008, the Company announced a Proposed Group Internal Restructuring involving:

- (i) the transfer of the fund-based activity of AmInvestment Bank, a 100%-owned subsidiary of AIGB, to AmBank and AmBank's wholly-owned subsidiary, AmIslamic (the "Proposed Business Transfer"); and
- (ii) the re-alignment of the shareholding structure of certain operating subsidiaries to fully constitute the Capital Market Group and Asset Management Group (the "Proposed Internal Transfer").

On 11 March 2008, AmInvestment Bank has entered into a Business Transfer Agreement each with AmBank and AmIslamic respectively in respect of the Proposed Business Transfer.

Bank Negara Malaysia ("BNM") and the Minister of Finance ("MOF") have on 19 December 2007 approved the Proposed Business Transfer. It will be implemented by way of a vesting order (the "Order") of the High Court of Malaya (the "Court") to be obtained by AmInvestment Bank, AmBank and AmIslamic pursuant to section 50 of the Banking and Financial Institutions Act 1989, whereby:-

- (i) Subject to exclusions as may be agreed between AmInvestment Bank and AmBank, AmBank will acquire the assets and assume the liabilities relating to AmInvestment Bank's conventional Fund-Based Activity which shall include AmInvestment Bank's 100% shareholding interest in AMIL, a licensed offshore bank; and
- (ii) Subject to exclusions as may be agreed between AmInvestment Bank and AmIslamic, AmIslamic will acquire the assets and assume the liabilities relating to AmInvestment Bank's Islamic Fund-Based Activity, based on the book value of the assets and liabilities as at the date the Order comes into effect. The consideration for the Proposed Business Transfer, computed on the basis of the book value of the assets acquired less the book value of the liabilities assumed, will be settled in cash by AmBank and AmIslamic.

After the completion of the Proposed Business Transfer, AmInvestment Bank will restructure its capital funds and any excess thereof will be distributed to the Company (through AIGB) for working capital requirements.

The Proposed Internal Transfer, which has received BNM approval on 19 December 2007, will involve the following intra-group transfer of the following AmBank Group companies:-

- (a) AmInvestment Bank will acquire from AMSH the following companies:-
 - (i) AmFutures, a licensed futures broker for a cash consideration based on book value;
 - (ii) AmResearch involved in investment advice, for a cash consideration based on book value; and
 - (iii) AMCI, a licensed stockbroking, underwriting and investment management, for a cash consideration based on cost of investment.
- (b) AIGB will acquire from AmInvestment Bank the following companies:-
 - (i) AIM, an asset management company for a cash consideration based on book value; and
 - (ii) AIS, a unit trust management company for a cash consideration based on book value.

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56. OTHER AND SUBSEQUENT SIGNIFICANT EVENTS (CONTINUED)

In addition to the approvals of MOF and BNM, the Proposed Internal Restructuring is also subject to the approvals of Securities Commission for the Proposed Internal Transfer (other than AMCI”), Badan Pengawas Pasar Modal and Lembaga Kewangan for transfer of AMCI and any other relevant authorities, if necessary.

Approvals from Labuan Offshore Financial Services Authority for the transfer of AmInternational (L) Ltd , Foreign Investment Committee and High Court of Malaya for the Proposed Business Transfer were obtained on 21 December 2007, 7 March 2008 and 12 April 2008 respectively.

On 12 April 2008, AmInvestment Bank completed the Business Transfer for a cash consideration of RM1,370.5 million 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 AmBank and AmIslamic.

57. CHANGES IN ACCOUNTING POLICIES AND PRIOR YEAR ADJUSTMENTS

Changes in accounting policies

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

(a) FRS 117: Lease

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

The Group have applied the change in accounting policy in respect of leasehold land in accordance with the transitional provisions of FRS 117. At 1 April 2007, the unamortised carrying amount of leasehold land is classified as prepaid land lease payments. The reclassification of leasehold land as prepaid land lease payments has been accounted for retrospectively. Certain comparatives of the balance sheets of the Group as at 31 March 2007 have been restated. There were no effects on the income statements of the Group for the financial year ended 31 March 2008.

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2008

57. CHANGES IN ACCOUNTING POLICIES AND PRIOR YEAR ADJUSTMENTS (CONTINUED)

(b) BNM Revised Guidelines on Financial Reporting for Licensed Institutions

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

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

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

The following tables provide estimates of the extent to which each of the line items in the balance sheets and income statements for the year ended 31 March 2008 is higher or lower than it would have been had the previous policies been applied in the current year.

(a) Effects on Balance Sheets as at 31 March 2008

Description of change

	FRS 117 RM'000	Increase/ (Decrease) BNM Guidelines on Derivative financial instruments RM'000	Total RM'000
The Group			
Prepaid land lease payment	(7,059)	-	(7,059)
Property and equipment	7,059	-	7,059
Deferred tax assets	-	13,646	13,646
Derivative financial assets	-	4,836	4,836
Hybrid capital	-	56,886	56,886
Unappropriated profits	-	(38,404)	(38,404)

(b) Effects on Income Statements for the year ended 31 March 2008 and 2007

	2008 RM'000	2007 RM'000
Profit/(Loss) after taxation before changes in accounting policies	761,953	(50,253)
Effects of adopting Revised BNM Guidelines on derivative financial instruments	48,866	(78,644)
Profit/(Loss) after taxation, after changes in accounting policies	810,819	(128,897)

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2008

57. CHANGES IN ACCOUNTING POLICIES AND PRIOR YEAR ADJUSTMENTS (CONTINUED)

(b) BNM Revised Guidelines on Financial Reporting for Licensed Institutions (Continued)

(ii) Restatement of comparatives

The following comparative amounts have been restated as a result of adopting FRS 117 Leases, Revised BNM Guidelines on derivative instruments and certain reclassification to conform with current year's presentation.

	As previously reported RM'000	Effect of changes RM'000	As restated RM'000
Balance Sheet as at 31 March 2007			
Group			
Assets			
Derivative financial assets	-	400,312	400,312
Other assets	2,222,645	(70,942)	2,151,703
Prepaid land lease payment	-	7,156	7,156
Property and equipment	241,156	(7,156)	234,000
Deferred tax assets	870,443	30,815	901,258
Derivative financial liabilities	-	470,742	470,742
Other liabilities	3,148,347	(23,287)	3,125,060
Unappropriated profits	798,502	(87,270)	711,232
Income statement for 31 March 2007			
Revenue	6,025,613	(528,324)	5,497,289
Interest income	3,742,681	(375,769)	3,366,912
Interest expense	(2,370,571)	375,769	(1,994,802)
Net income from Islamic banking business	506,102	-	506,102
Other operating income	1,302,595	(152,555)	1,150,040
Other operating expenses	(1,407,067)	50,222	(1,356,845)
Allowances for losses on loans and financing	(1,514,082)	(5,399)	(1,519,481)
Taxation	(73,373)	29,088	(44,285)
Profit after taxation attributable to equity holders of the company	(203,812)	(78,644)	(282,456)
Basic earnings per share (sen)	(9.57)	(3.69)	(13.26)
Fully diluted earnings per share (sen)	(9.57)	(3.69)	(13.26)

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2008

58. ISLAMIC BANKING BUSINESS

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

BALANCE SHEET AS AT 31 MARCH 2008

		Group	
	Note	2008 RM'000	2007 RM'000
ASSETS			
Cash and short-term funds	(ii)	1,921,662	2,523,494
Deposit and placements with banks and other financial institutions	(iii)	-	415,200
Securities held-for-trading	(iv)	559,411	552,260
Securities available-for-sale	(v)	-	17,596
Securities held-to-maturity	(vi)	32,373	35,092
Financing, advances and other loans	(vii)	8,019,646	6,403,619
Statutory deposits with Bank Negara Malaysia		271,700	263,500
Other receivables, deposits and prepayments		127,469	98,312
Property and equipment	(viii)	536	946
Deferred tax assets	(xxi)	157,781	223,716
Computer software	(ix)	611	65
TOTAL ASSETS		11,091,189	10,533,800
LIABILITIES AND ISLAMIC BANKING FUNDS			
Deposits from customers	(x)	5,872,599	5,095,924
Deposits and placements of banks and other financial institutions	(xi)	2,681,413	3,012,641
Converted fund	(xii)	2,160	14,197
Acceptances payable		547,347	446,614
Other liabilities	(xiii)	154,200	249,624
Subordinated Sukuk Musyarakah	28	400,000	400,000
Total Liabilities		9,657,719	9,219,000
ISLAMIC BANKING FUNDS			
Share capital/Capital funds	(xiv)	505,877	505,877
Reserves		927,593	808,923
Islamic Banking Funds		1,433,470	1,314,800
TOTAL LIABILITIES AND ISLAMIC BANKING FUNDS		11,091,189	10,533,800
COMMITMENTS AND CONTINGENCIES	(xxii)	6,111,742	7,440,167

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2008

58. ISLAMIC BANKING BUSINESS (CONTINUED)

INCOME STATEMENT FOR THE YEAR ENDED 31 MARCH 2008

	Note	Group	
		2008 RM'000	2007 RM'000
Income derived from investment of depositors' funds and others	(xv)	704,757	702,852
Allowance for losses on financing	(xvi)	(138,061)	(214,982)
Transfer from profit equalization reserve		18,211	60,912
Total attributable income		584,907	548,782
Income attributable to the depositors	(xvii)	(364,313)	(371,759)
Profit attributable to the Group		220,594	177,023
Income derived from Islamic Banking Funds	(xviii)	195,994	180,322
Total net income		416,588	357,345
Operating expenditure	(xix)	(205,159)	(160,617)
Finance cost		(19,253)	(5,313)
Profit before taxation and zakat		192,176	191,415
Taxation and zakat	(xx)	(73,116)	(58,708)
Profit after taxation and zakat		119,060	132,707

STATEMENTS OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2008

Group	Non-Distributable					Distributable	
	Capital funds RM'000	Share premium RM'000	Statutory reserve RM'000	Available-for-sale reserve RM'000	Exchange fluctuation reserve RM'000	Unappropriated profit RM'000	Total RM'000
At 1 April 2006	563,381	-	-	81	(9)	465,965	1,029,418
Issued during the year	250,000	534,068	-	-	-	-	784,068
Transfer from unappropriated profits	-	-	47,390	-	-	(47,390)	-
Transfer to non-Islamic banking business	(307,504)	-	-	-	-	(323,526)	(631,030)
Net unrealised loss on revaluation of securities available-for-sale	-	-	-	(29)	-	-	(29)
Translation adjustments	-	-	-	-	(334)	-	(334)
Profit for the year	-	-	-	-	-	132,707	132,707
At 31 March 2007	505,877	534,068	47,390	52	(343)	227,756	1,314,800
At 1 April 2007	505,877	534,068	47,390	52	(343)	227,756	1,314,800
Transfer from unappropriated profits	-	-	43,049	-	-	(43,049)	-
Translation adjustments	-	-	-	-	(390)	-	(390)
Profit for the year	-	-	-	-	-	119,060	119,060
At 31 March 2008	505,877	534,068	90,439	52	(733)	303,767	1,433,470

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2008

58. ISLAMIC BANKING BUSINESS (CONTINUED)

CASH FLOW STATEMENTS FOR THE YEAR ENDED 31 MARCH 2008

	Group	
	2008 RM'000	2007 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	192,176	191,415
Add/(Less) adjustments for:		
Specific allowance for bad and doubtful financing	138,762	221,734
General allowance for bad and doubtful financing	15,443	6,853
Depreciation of property and equipment	120	53
Transfer from profit equalization reserve	(18,211)	(60,912)
Net gain from sale of securities held-for-trading	(22,141)	(24,480)
Loss/(Gain) on revaluation of securities held-for-trading	661	(1,270)
Net gain on disposal of securities held to maturity	(673)	-
Operating profit before working capital changes	306,137	333,393
(Increase)/Decrease in operating assets		
Deposit and placements with banks and other financial institutions	415,200	(313,075)
Securities held-for-trading	14,329	271,563
Financing, advances and other loans	(1,770,232)	(126,747)
Other receivables, deposits and prepayments	(29,220)	(284,180)
Statutory deposits with Bank Negara Malaysia	(8,200)	26,350
Increase/(Decrease) in operating liabilities		
Deposits from customers	776,674	634,167
Deposits and placements of banks and other financial institutions	(331,228)	(299,463)
Converted fund	(12,037)	(68,514)
Acceptances payable	100,733	218,160
Other liabilities	(75,733)	(614,171)
Cash generated from operating activities	(613,577)	(222,517)
Taxation paid	(9,051)	(8,887)
Net cash used in operating activities	(622,628)	(231,404)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of securities - net	20,988	22,284
Purchase of property and equipment	(192)	(975)
Net cash generated from investing activities	20,796	21,309
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of Subordinated Sukuk Musyarakah	-	400,000
Proceeds from increase in capital funds	-	784,068
Net cash generated from financing activities	-	1,184,068
Net increase in cash and cash equivalents	(601,832)	973,973
Cash and cash equivalents at beginning of year	2,523,494	1,549,521
Cash and cash equivalents at end of year	1,921,662	2,523,494

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

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2008

58. ISLAMIC BANKING BUSINESS (CONTINUED)

(i) ISLAMIC BANKING BUSINESS

Disclosure of Shariah Advisors

The Group's Islamic banking activities are subject to conformity with Shariah requirements and confirmation by the Shariah Advisors, Dr Amir Husin Mohd Nor, En. Adnan Bin Yusoff and Professor Madya Dr. Noor Naemah Abdul Rahman. The role and authority of the Shariah Advisors are as follows:

- (a) Advise and provide guidance on all matters pertaining to Shariah principles including product development, marketing and implementation activities.
- (b) Assist in the setting up of business and operational procedures with respect to compliance with Shariah principles.

Zakat Obligations

This represents business zakat. It is an obligatory amount payable by the Group to comply with the principles of Shariah. The Group does not pay zakat on behalf of the shareholders or depositors.

(ii) CASH AND SHORT-TERM FUNDS

	Group	
	2008	2007
	RM'000	RM'000
Cash and bank balances	2,802	6,104
Money on call and deposits maturing within one month:		
Licensed banks	-	37,000
Other financial institutions	1,918,860	2,480,390
	1,921,662	2,523,494

(iii) DEPOSITS AND PLACEMENTS WITH BANKS AND OTHER FINANCIAL INSTITUTIONS

	Group	
	2008	2007
	RM'000	RM'000
Bank Negara Malaysia	-	325,200
Licensed banks	-	90,000
	-	415,200

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2008

58. ISLAMIC BANKING BUSINESS (CONTINUED)

(iv) SECURITIES HELD-FOR-TRADING

	Group	
	2008	2007
	RM'000	RM'000
At Fair Value		
Money Market Securities		
Treasury bills	78,225	48,442
Malaysian Government Investment Certificates	35,221	344,236
Cagamas Bonds	2,091	1,226
Khazanah Bonds	13,502	4,727
Negotiable Islamic debt certificates	313,741	60,081
	442,780	458,712
Unquoted Private Debt Securities of Companies Incorporated In Malaysia:		
Islamic corporate bonds	86,697	93,548
Islamic corporate notes	29,934	-
	116,631	93,548
Total	559,411	552,260

(v) SECURITIES AVAILABLE-FOR-SALE

At Fair Value

Securities Quoted In Malaysia

Corporate bonds	-	17,596
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(vi) SECURITIES HELD-TO-MATURITY

At Amortised Cost

Unquoted Private Debt Securities Of Companies Incorporated In Malaysia:

Corporate bonds	32,373	35,092
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Market/Indicative value:

Unquoted Private Debt Securities Of Companies Incorporated In Malaysia:

Corporate bonds	31,764	35,127
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NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2008

58. ISLAMIC BANKING BUSINESS (CONTINUED)

(vii) FINANCING, ADVANCES AND OTHER LOANS

	Group	
	2008	2007
	RM'000	RM'000
Islamic hire purchase, net of unearned income	4,327,138	3,631,079
Term financing/Revolving credit facilities	2,309,469	1,709,358
Claims on customer under acceptance credits	686,376	475,119
Credit card receivables	267,965	318,470
Trust receipts	44,996	25,331
Other financing	692,092	637,472
Gross financing, advances and other loans	8,328,036	6,796,829
Allowance for bad and doubtful debts and financing		
-general	(154,954)	(139,511)
-specific	(153,436)	(253,699)
	(308,390)	(393,210)
Net financing, advances and other loans	8,019,646	6,403,619

Financing, advances and other loans analysed by concepts are as follows:

Al-Ijarah	4,326,730	3,632,183
Al-Bai' Bithaman Ajil	1,187,106	904,643
Al-Murabahah	834,492	590,345
Al-Musyarakah	17,418	18,796
Al-Wujuh	3,814	3,808
Al-Istina	1,398	623
Others	1,957,078	1,646,431
	8,328,036	6,796,829

The maturity structure of financing, advances and other loans are as follows:

Maturing within one year	2,702,510	24,746
One year to three years	2,016,284	2,614,288
Three to five years	1,528,849	1,867,429
Over five years	2,080,393	2,290,366
	8,328,036	6,796,829

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2008

58. ISLAMIC BANKING BUSINESS (CONTINUED)

(vii) FINANCING, ADVANCES AND OTHER LOANS (CONTINUED)

Gross financing, advances and other loans analysed by type of customers are as follows:

	Group	
	2008 RM'000	2007 RM'000
Individuals	6,561,204	5,603,789
Business enterprises	1,031,057	647,854
Small medium industries	707,024	518,641
Government	21,311	21,179
Foreign entities	3,597	2,342
Other domestic entities	3,182	2,371
Non-bank financial institutions	661	653
	8,328,036	6,796,829

Financing, advances and other loans analysed by profit rate sensitivity are as follows:

	Group	
	2008 RM'000	2007 RM'000
Fixed rate:		
Housing loans	418,918	430,407
Hire purchase receivables	4,455,609	3,807,197
Term loans	38,564	38,564
Others	3,349,054	2,501,526
Variable rate:		
Cost-plus	64,724	19,135
BLR-plus	1,167	-
	8,328,036	6,796,829

Gross financing, advances and other loans analysed by their economic purposes are as follows:

	Group	
	2008 RM'000	2007 RM'000
Purchase of transport vehicles	4,412,141	3,644,522
Purchase of landed properties:		
(a) Residential	420,105	432,115
(b) Non-residential	145,369	58,170
Personal use	1,702,103	1,330,785
Working capital	1,092,858	755,889
Credit cards	267,738	318,471
Fixed assets	126,277	168,142
Construction	27,467	22,234
Purchase of securities	9,416	2,700
Consumer durables	1,184	1,359
Other purpose	123,378	62,442
	8,328,036	6,796,829

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2008

58. ISLAMIC BANKING BUSINESS (CONTINUED)

(vii) FINANCING, ADVANCES AND OTHER LOANS (CONTINUED)

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

	Group	
	2008 RM'000	2007 RM'000
Gross		
Balance at beginning of year	503,084	531,434
Non-performing during the year	206,068	305,982
Reclassification to performing financing	(103,518)	(96,163)
Recoveries	(70,877)	(89,082)
Amount written off	(229,436)	(149,087)
Balance at end of year	305,321	503,084
Specific allowance	(153,436)	(253,699)
Non-performing financing - net	151,885	249,385
Net NPL as % of gross financing, advances and other loans (including Islamic financing sold to Cagamas Berhad) less specific allowance	1.51%	2.69%

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

	Group	
	2008 RM'000	2007 RM'000
Purchase of transport vehicles	124,907	252,031
Purchase of landed properties:		
(a) Residential	81,367	98,214
(b) Non-residential	29,038	39,895
Working capital	24,847	18,344
Credit cards	10,580	54,612
Personal use	452	975
Fixed assets	7,203	9,886
Construction	21,878	22,234
Purchase of securities	913	1,241
Other purpose	4,136	5,652
	305,321	503,084

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2008

58. ISLAMIC BANKING BUSINESS (CONTINUED)

(vii) FINANCING, ADVANCES AND OTHER LOANS (CONTINUED)

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

	Group	
	2008	2007
	RM'000	RM'000
General Allowance		
Balance at beginning of year	139,511	132,658
Allowance made during the year	15,443	6,853
Balance at end of year	154,954	139,511
% of total financing, advances and other loans less specific allowance	1.54%	1.51%
 Specific Allowance		
Balance at beginning of year	253,699	173,181
Allowance made during the year	217,276	310,522
Amount written back in respect of recoveries	(78,514)	(88,788)
Net charge to income statement	138,762	221,734
Amount written off/Adjustment to Asset Deficiency account	(239,025)	(141,216)
Balance at end of year	153,436	253,699

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2008

58. ISLAMIC BANKING BUSINESS (CONTINUED)

(viii) PROPERTY AND EQUIPMENT

Group	Leasehold improvements RM'000	Computer hardware RM'000	Office equipment, furniture and fittings RM'000	Total RM'000
2008				
COST				
At beginning of year	245	6 31	287	1,163
Addition	30	58	104	192
Reclassification/Transfers	-	(482)	-	(482)
At end of year	275	207	391	873
ACCUMULATED DEPRECIATION				
At beginning of year	55	4 1	121	217
Addition	44	33	43	120
Reclassification/Transfers	-	-	-	-
At end of year	99	74	164	337
NET BOOK VALUE				
As at 31 March 2008	176	133	227	536
2007				
COST				
At beginning of year	453	274	385	1,112
Addition	207	587	181	975
Reclassification/Transfers	(415)	(230)	(279)	(924)
At end of year	245	631	287	1,163
ACCUMULATED DEPRECIATION				
At beginning of year	453	238	383	1,074
Addition	17	11	25	53
Reclassification/Transfers	(415)	(208)	(287)	(910)
At end of year	55	41	121	217
NET BOOK VALUE				
As at 31 March 2007	190	590	166	946

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2008

58. ISLAMIC BANKING BUSINESS (CONTINUED)

(ix) COMPUTER SOFTWARE

	Group	
	2008	2007
	RM'000	RM'000
COST		
At beginning of year	73	-
Additions	636	73
At end of year	<u>709</u>	<u>73</u>
ACCUMULATED AMORTISATION		
At beginning of year	8	-
Additions	90	8
At end of year	<u>98</u>	<u>8</u>
NET CARRYING AMOUNT	<u>611</u>	<u>65</u>

(x) DEPOSITS FROM CUSTOMERS

Mudarabah Fund		
Special Investment deposits	424,785	424,870
General Investment deposits	4,119,669	3,642,756
	<u>4,544,454</u>	<u>4,067,626</u>
Non-Mudarabah Fund		
Demand deposits	520,564	354,020
Saving deposits	801,032	667,730
Negotiable Islamic debt certificates	6,549	6,548
	<u>1,328,145</u>	<u>1,028,298</u>
	<u>5,872,599</u>	<u>5,095,924</u>

The maturity structure of deposits from customers is as follows:

Due within six months	5,303,195	4,535,234
Six months to one year	436,840	441,356
One year to three years	45,769	42,646
Three years to five years	86,795	76,688
	<u>5,872,599</u>	<u>5,095,924</u>

The deposits are sourced from the following types of customers:

Business enterprises	2,451,884	1,803,213
Government and statutory bodies	1,389,789	1,427,990
Individuals	1,622,378	1,419,897
Others	408,548	444,824
	<u>5,872,599</u>	<u>5,095,924</u>

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2008

58. ISLAMIC BANKING BUSINESS (CONTINUED)

(xi) DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

	Group	
	2008	2007
	RM'000	RM'000
Mudarabah Fund		
Other financial institutions	999,558	1,112,660
Licensed islamic banks	-	250,000
Licensed investment/merchant banks	31,413	50,538
Bank Negara Malaysia	-	9,100
Non-Mudarabah Fund		
Licensed investment/merchant banks	662,466	993,241
Other financial institutions	435,103	418,005
Licensed banks	107,466	171,012
Licensed islamic banks	442,984	-
Bank Negara Malaysia	2,423	8,085
	2,681,413	3,012,641

(xii) CONVERTED FUND

This represent funds transferred from non-Islamic banking business to Islamic banking business for funding purposes at commercial terms.

(xiii) OTHER LIABILITIES

	Group	
	2008	2007
	RM'000	RM'000
Other payables and accruals	105,075	86,158
Taxation and zakat payable	6,581	9,051
Amount owing to head office	68	91,327
Lease deposits and advance rentals	4,869	7,251
Profit equalisation reserve	37,607	55,837
	154,200	249,624

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2008

58. ISLAMIC BANKING BUSINESS (CONTINUED)

(xiii) OTHER LIABILITIES (CONTINUED)

The movements in profit equalisation reserve are as follows:

	Group	
	2008	2007
	RM'000	RM'000
Balance at beginning of year	55,837	116,755
Amount written back	(18,211)	(60,912)
Exchange fluctuation adjustments	(19)	(6)
Balance at end of year	<u>37,607</u>	<u>55,837</u>

(xiv) CAPITAL FUNDS

Allocated :

Balance at beginning and end of year	<u>563,381</u>	563,381
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Utilised :

Balance at beginning of year	505,877	563,381
Issued during the year	-	250,000
Transfer to non-Islamic banking business	-	(307,504)
Balance at end of year	<u>505,877</u>	<u>505,877</u>

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2008

58. ISLAMIC BANKING BUSINESS (CONTINUED)

(xv) INCOME DERIVED FROM INVESTMENT OF DEPOSITORS' FUNDS AND OTHERS

	Group	
	2008 RM'000	2007 RM'000
Income derived from investment of:		
(i) General investment deposits	348,667	315,413
(ii) Specific investment deposits	360	3,892
(iii) Other deposits	355,730	383,547
	704,757	702,852
(i) Income derived from investment of general investment deposits:		
Finance income and hibah:		
Financing, advances and other loans	279,458	250,531
Securities held-for-trading	7,772	6,149
Securities available-for-sale	162	421
Securities held-to-maturity	2,275	1,089
Money at call and deposits with financial institutions	42,797	42,364
	332,464	300,554
Accretion of discount	269	1,631
	332,733	302,185
Net (loss)/gain from sale of securities held-for-trading	(136)	241
Net gain from disposal of securities held-to-maturity	260	-
(Loss)/Gain on revaluation of securities-held-for-trading	(172)	629
Others	(50)	(3)
	(98)	867
Fee and commission income:		
Commission	2,379	2,308
Other fee income	13,653	10,053
	16,032	12,361
Total	348,667	315,413

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2008

58. ISLAMIC BANKING BUSINESS (CONTINUED)

(xv) INCOME DERIVED FROM INVESTMENT OF DEPOSITORS' FUNDS AND OTHERS (CONTINUED)

(ii) Income derived from investment of specific investment deposits:

	Group	
	2008	2007
	RM'000	RM'000
Finance income and hibah:		
Securities available-for-sale	95	652
Securities held-to-maturity	265	1,998
Financing, advances and other loans	-	1,242
	360	3,892

(iii) Income derived from investment of other deposits:

Finance income and hibah:		
Financing, advances and other loans	307,249	331,806
Securities held-for-trading	2,775	2,414
Securities held-to-maturity	630	-
Money at call and deposits with financial institutions	27,387	29,958
	338,041	364,178
Accretion of discount	297	2,133
	338,338	366,311
Net (loss)/gain from sale of securities held-for-trading	(150)	330
(Loss)/Gain on revaluation of securities-held-for-trading	(400)	357
Net gain from disposal of securities held-to-maturity	287	-
Others	(55)	(4)
	(318)	683
Fee and commission income:		
Commission	2,628	3,113
Other fee income	15,082	13,440
	17,710	16,553
Total	355,730	383,547

(xvi) ALLOWANCE FOR LOSSES ON FINANCING

Allowance for bad and doubtful financing:

- General allowance	15,443	6,853
- Specific allowance (net)	138,762	221,734
	154,205	228,587
Bad debts recovered	(16,144)	(13,605)
	138,061	214,982

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2008

58. ISLAMIC BANKING BUSINESS (CONTINUED)

(xvii) INCOME ATTRIBUTABLE TO THE DEPOSITORS

	Group	
	2008	2007
	RM'000	RM'000
Deposits from customers:		
Mudarabah Fund	137,904	116,092
Non-Mudarabah Fund	13,355	11,825
Deposits and placements of banks and other financial institutions:		
Mudarabah Fund	55,625	54,724
Non-Mudarabah Fund	54,501	85,065
Converted fund	303	2,278
Others	102,625	101,775
	364,313	371,759

(xviii) INCOME DERIVED FROM ISLAMIC BANKING FUNDS

Finance income and hibah :		
Financing, advances and other loans	134,940	119,549
Securities held-for-trading	3,619	2,236
Securities available-for-sale	23	70
Securities held-to-maturity	533	188
Money at call and deposits with financial institutions	20,214	17,116
	159,329	139,159
Accretion of discount	130	751
	159,459	139,910
Net gain from sale of securities held-for-trading	22,427	23,909
Net gain from disposal of securities held-to-maturity	126	-
(Loss)/Gain on revaluation of securities-held-for-trading	(89)	284
Others	(24)	(1)
	22,440	24,192
Fee and commission income :		
Guarantee fees	1,437	3,058
Commission	1,150	1,125
Other fee income	11,508	12,037
	14,095	16,220
Total	195,994	180,322

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2008

58. ISLAMIC BANKING BUSINESS (CONTINUED)

(xix) OPERATING EXPENDITURE

	Group	
	2008	2007
	RM'000	RM'000
Personnel costs	8,882	7,705
Establishment costs	1,694	930
Marketing and communication expenses	7,000	5,201
Administration and general expenses	187,583	146,781
	205,159	160,617

Included in the administration and general expenses above is shared service cost of RM183,678,000 (RM140,005,000 in 2007) in respect of the the Islamic Banking business of the Group.

(xx) TAXATION AND ZAKAT

	Group	
	2008	2007
	RM'000	RM'000
Estimated current tax payable	6,580	9,051
Transfer from deferred tax assets (Note xxi)	65,935	48,871
Taxation	72,515	57,922
Zakat	601	786
Taxation and zakat	73,116	58,708

(xxi) DEFERRED TAX ASSETS

Balance at beginning of year	223,716	68,729
Net transfer to income statement	(65,935)	(48,871)
Transfer from non-Islamic banking business	-	203,858
Balance at end of year	157,781	223,716

The deferred taxation is in respect of the following:

Unabsorbed tax losses	123,082	185,028
General allowance for financing activities	38,739	37,668
Profit equalisation reserve	9,342	15,036
Temporary difference between depreciation and tax allowance	(142)	(34)
Others	(13,240)	(13,982)
	157,781	223,716

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2008

58. ISLAMIC BANKING BUSINESS (CONTINUED)

(xxii) COMMITMENTS AND CONTINGENCIES

In the normal course of business, the Islamic banking business of the Group 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 assets.

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

Group	2008			2007		
	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
Commitments						
Irrevocable commitments to extent credit maturing:						
within one year	1,267,700	238,540	235,039	1,096,949	-	-
more than one year	331,014	165,507	136,579	15,088	7,544	7,544
Unutilised credit card line	551,454	110,291	82,365	-	-	-
Sale and buy back agreements	1,216,782	1,216,782	879,744	2,801,157	2,801,157	1,397,343
	3,366,950	1,731,120	1,333,727	3,913,194	2,808,701	1,404,887
Contingent Liabilities						
Islamic revolving underwriting facilities	337,000	168,500	168,500	315,000	157,500	157,500
Certain transaction-related contingent items	80,340	40,170	40,170	49,235	24,618	24,618
Financing sold to Cagamas Bhd	1,863,857	1,863,857	1,404,403	2,718,833	2,718,833	2,718,833
Short-term self liquidating trade-related contingencies	72,577	14,515	14,497	74,177	14,835	14,835
Al-Kafalah guarantees	386,043	386,043	361,879	325,810	325,810	205,468
Others	4,975	-	-	43,918	-	-
	2,744,792	2,473,085	1,989,449	3,526,973	3,241,596	3,121,254
	6,111,742	4,204,205	3,323,176	7,440,167	6,050,297	4,526,141

With effect from 1 January 2008, the credit equivalent and risk-weighted amount are in accordance with Bank Negara Malaysia's revised Risk-weighted Capital Adequacy Framework: Standardised Approach (Base II). The credit equivalent and risk weighted amount for 31 March 2007, however, has not been adjusted for Base II guidelines.

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2008

58. ISLAMIC BANKING BUSINESS (CONTINUED)

(xxiii) YIELD/PROFIT RATE RISK

The following table shows the effective profit rates at the balance sheet date and the periods in which the financial instruments reprice or mature, whichever is earlier

2008 Group	Non-trading book						Non- yield/profit sensitive RM'000	Trading Book RM'000	Total RM'000	Effective profit rate %
	Up to 1 month RM'000	>1-3 months RM'000	>3-6 months RM'000	>6-12 months RM'000	1-5 years RM'000	Over 5 years RM'000				
ASSETS										
Cash and short-term funds	1,918,862	-	-	-	-	-	2,800	-	1,921,662	3.57
Securities held-for-trading	-	-	-	-	-	-	-	559,411	559,411	4.19
Securities held-to-maturity	-	32,373	-	-	-	-	-	-	32,373	5.68
Financing, advances and other loans										
- performing	484,979	330,987	38,752	(374,470)	1,562,349	5,980,118	-	-	8,022,715	7.85
- non-performing*	-	-	-	-	-	-	(3,069)	-	(3,069)	-
Other non-profit sensitive balances	-	-	-	-	-	-	558,097	-	558,097	-
TOTAL ASSETS	2,403,841	363,360	38,752	(374,470)	1,562,349	5,980,118	557,828	559,411	11,091,189	
LIABILITIES AND ISLAMIC BANKING FUNDS										
Deposits from customers	3,106,434	943,067	733,130	436,840	132,564	-	520,564	-	5,872,599	2.96
Deposits and placements of banks and other financial institutions	618,725	473,508	332,455	750,132	502,490	-	4,103	-	2,681,413	3.63
Converted fund	2,160	-	-	-	-	-	-	-	2,160	3.34
Acceptances payable	178,556	258,988	109,803	-	-	-	-	-	547,347	3.58
Subordinated Sukuk Musyarakah	-	-	-	-	400,000	-	-	-	400,000	4.80
Other non-profit sensitive balances	-	-	-	-	-	-	154,200	-	154,200	-
Total liabilities	3,905,875	1,675,563	1,175,388	1,186,972	1,035,054	-	678,867	-	9,657,719	
Islamic Banking Funds	-	-	-	-	-	-	1,433,470	-	1,433,470	
TOTAL LIABILITIES AND ISLAMIC BANKING FUNDS	3,905,875	1,675,563	1,175,388	1,186,972	1,035,054	-	2,112,337	-	11,091,189	
On-balance sheet yield/profit rate gap sensitivity	(1,502,034)	(1,312,203)	(1,136,636)	(1,561,442)	527,295	5,980,118	(1,554,509)	559,411	-	
Off-balance sheet yielded/profit rate gap sensitivity	(940,401)	(217,662)	51,098	3,421	845,385	258,159	-	-	-	
Total yield/profit rate sensitivity gap	(2,442,435)	(1,529,865)	(1,085,538)	(1,558,021)	1,372,680	6,238,277	(1,554,509)	559,411	-	
Cumulative yield/profit rate gap sensitivity	(2,442,435)	(3,972,300)	(5,057,838)	(6,615,859)	(5,243,179)	995,098	(559,411)	-	-	

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2008

58. ISLAMIC BANKING BUSINESS (CONTINUED)

(xxiii) YIELD/PROFIT RATE RISK (CONTINUED)

2007 Group	Non-trading book						Non- yield/profit sensitive RM'000	Trading Book RM'000	Total RM'000	Effective profit rate %
	Up to 1 month RM'000	>1 - 3 months RM'000	>3 - 6 months RM'000	>6 - 12 months RM'000	1 - 5 years RM'000	Over 5 years RM'000				
ASSETS										
Cash and short-term funds	2,517,390	-	-	-	-	-	6,104	-	2,523,494	3.55
Deposits and placements with banks and other financial institutions	-	415,000	200	-	-	-	-	-	415,200	3.57
Securities held-for-trading	-	-	-	-	-	-	-	552,260	552,260	7.31
Securities available-for-sale	-	-	17,329	-	-	-	267	-	17,596	6.32
Securities held-to-maturity	-	34,560	-	-	-	-	532	-	35,092	6.64
Financing, advances and other loans										
- performing	403,711	225,904	188,722	71,952	347,815	5,055,641	-	-	6,293,745	7.34
- non-performing*	-	-	-	-	-	-	109,874	-	109,874	-
Other non-profit sensitive balances	-	-	-	-	-	-	586,539	-	586,539	-
TOTAL ASSETS	2,921,101	675,464	206,251	71,952	347,815	5,055,641	703,316	552,260	10,533,800	
LIABILITIES AND ISLAMIC BANKING FUNDS										
Deposits from customers	3,077,179	1,010,828	447,336	441,247	119,334	-	-	-	5,095,924	3.07
Deposits and placements of banks and other financial institutions	759,634	622,555	350,168	418,350	861,934	-	-	-	3,012,641	3.70
Converted fund	14,197	-	-	-	-	-	-	-	14,197	5.68
Acceptances payable	171,245	200,038	75,331	-	-	-	-	-	446,614	3.57
Subordinated Sukuk Musyarakah	-	-	-	-	400,000	-	-	-	400,000	4.80
Other non-profit sensitive balances	-	-	-	-	-	-	249,624	-	249,624	-
Total liabilities	4,022,255	1,833,421	872,835	859,597	1,381,268	-	249,624	-	9,219,000	
Islamic Banking Funds	-	-	-	-	-	-	1,314,800	-	1,314,800	
TOTAL LIABILITIES AND ISLAMIC BANKING FUNDS	4,022,255	1,833,421	872,835	859,597	1,381,268	-	1,564,424	-	10,533,800	
On-balance sheet yield/ profit rate gap sensitivity	(1,101,154)	(1,157,957)	(666,584)	(787,645)	(1,033,453)	5,055,641	(861,108)	552,260	-	
Off-balance sheet yield/ profit rate gap sensitivity	(2,171,170)	(266,276)	(474,307)	386,150	2,147,863	377,740	-	-	-	
Total yield/profit ratesensitivity gap	(3,272,324)	(1,424,233)	(1,140,891)	(401,495)	1,114,410	5,433,381	(861,108)	552,260	-	
Cumulative yield/profit rate gap sensitivity	(3,272,324)	(4,696,557)	(5,837,448)	(6,238,943)	(5,124,533)	308,848	(552,260)	-	-	

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

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2008

58. ISLAMIC BANKING BUSINESS (CONTINUED)

(xxiv) FAIR VALUE OF ISLAMIC BANKING BUSINESS FINANCIAL INSTRUMENTS

The estimated fair values of the Group Islamic banking business financial instruments are as follows:

Group	2008		2007	
	Carrying Value RM'000	Fair Value RM'000	Carrying Value RM'000	Fair Value RM'000
Financial Assets				
Cash and short-term funds	1,921,662	1,921,662	2,523,494	2,523,494
Deposit and placements with banks and other financial institutions	-	-	415,200	415,200
Securities held-for-trading	559,411	559,411	552,260	552,260
Securities available-for-sale	-	-	17,596	17,596
Securities held-to-maturity	32,373	31,764	35,092	35,127
Financing, advances and other loans*	8,174,600	8,536,743	6,543,130	6,757,143
Other financial assets	127,469	127,469	98,312	98,312
	10,815,515	11,177,049	10,185,084	10,399,132
Non-financial assets	275,674		348,716	
TOTAL ASSETS	11,091,189		10,533,800	
Financial Liabilities				
Deposits from customers	5,872,599	5,871,115	5,095,924	5,104,648
Deposits and placements of banks and other financial institutions	2,681,413	2,679,215	3,012,641	3,015,750
Converted fund	2,160	2,160	14,197	14,197
Acceptances payable	547,347	547,347	446,614	446,614
Subordinated Sukuk Musyarakah	400,000	432,061	400,000	422,607
Other financial liabilities	110,012	110,012	184,736	184,736
	9,613,531	9,641,910	9,154,112	9,188,552
Non-financial liabilities				
Other non-financial liabilities	44,188		64,888	
Islamic Banking Funds	1,433,470		1,314,800	
	1,477,658		1,379,688	
TOTAL LIABILITIES AND ISLAMIC BANKING FUNDS	11,091,189		10,533,800	

* The general allowance for the Group amounting to RM154,954,000 (RM139,511,000 as at 31 March 2007) has been included under non-financial assets.

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2008

58. ISLAMIC BANKING BUSINESS (CONTINUED)

(xxv) NET INCOME FROM ISLAMIC BANKING BUSINESS

For consolidation with the conventional business, net income from Islamic banking business comprises the following items:

	Group	
	2008	2007
	RM'000	RM'000
Income derived from investment of depositors' funds and others	704,757	702,852
Less : Income attributable to depositors	(364,313)	(371,759)
Income attributable to the Group	340,444	331,093
Income derived from Islamic Banking Funds	195,994	180,322
Less : Finance cost	(19,253)	(5,313)
	517,185	506,102

(xxvi) CAPITAL ADEQUACY RATIO

With effect from 1 January 2008, the capital adequacy ratios of the Group are computed in accordance with Bank Negara Malaysia's revised Risk-weighted Capital Adequacy Framework: Standardised Approach for Credit Risk and Market Risk, and Basic Indicator Approach for Operational Risk (Basel II) The risk-weighted Capital Adequacy for 31 March 2007, however, has not been adjusted for Basel II guidelines.

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

	Group	
	2008	2007
	RM'000	RM'000
Tier 1 capital		
Capital funds	505,877	505,877
Share premium	534,068	534,068
Statutory reserve	90,439	47,390
Exchange fluctuation reserve	(733)	(343)
Unappropriated profit at end of year	303,767	227,756
Total tier 1 capital	1,433,418	1,314,748
Less: Deferred tax assets - net	(157,781)	(223,716)
	1,275,637	1,091,032
Tier 2 capital		
Subordinated Sukuk Musyarakah	400,000	400,000
General allowance for bad and doubtful financing	154,954	139,511
	554,954	539,511
Capital base	1,830,591	1,630,543
Capital Ratios:		
Core capital ratio	12.08%	10.06%
Risk-weighted capital ratio	17.34%	15.04%

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2008

58. ISLAMIC BANKING BUSINESS (CONTINUED)

(xxvi) CAPITAL ADEQUACY RATIO (CONTINUED)

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

	2008		2007	
	Principal RM'000	Risk- Weighted RM'000	Principal RM'000	Risk- Weighted RM'000
0%	2,130,850	-	2,689,546	-
10%	-	-	6	1
20%	174,715	34,943	650,945	130,189
35%	167,616	58,665		
50%	104,054	52,028	536,625	268,313
75%	8,327,038	6,245,279		
100%	2,244,816	2,244,816		
150%	92,305	138,457	9,096,383	9,096,383
	13,241,394	8,774,188	12,973,505	9,494,885
Add: Total Risk Weighted Assets Equivalent for market risks		901,704		1,348,400
Add: Total Risk Weighted Assets Equivalent for operational risks		880,132		-
		10,556,024		10,843,285

LIST OF LANDED PROPERTIES

AS AT 31 MARCH 2008

Location	Description	Age of Properties	Tenure	Net Book Value (RM)	Built-up Area (Sq. Ft)	Date of Acquisition
Perlis Indera Kayangan						
13, Jalan Jubli Perak, 01000, Kangar, Perlis Indera Kayangan	One unit of double storey shoplot for branch premises	24 years	Freehold	105,249	2,800	4 Nov 1991
Perak Darul Ridzuan						
5, Main Road, 32300, Pulau Pangkor, Perak Darul Ridzuan	One unit of two-storey shophouse for branch premises	35 years	Freehold	53,725	2,720	31 Dec 1990
27, Jalan Trump, Kuala Sepetang, 34650, Taiping, Perak Darul Ridzuan	One unit of double storey shoplot for branch premises	25 years	Freehold	44,801	2,702	4 Nov 1991
23 & 24, Jalan Raja Omar, 32000, Sitiawan, Perak Darul Ridzuan	Two units of three-storey shoplots for branch premises	26 years	Freehold	249,723	7,040	1 Nov 1991
107, Jalan Tokong Datoh, 33300, Grik, Perak Darul Ridzuan	One unit of two-storey shoplot for branch premises	23 years	Leasehold Term: 99 years Expiry: 30 Oct 2084	175,368	5,695	29 Dec 1990
2 & 4, Jalan Temenggong, Pusat Bandar, 34200, Parit Buntar, Perak Darul Ridzuan	Two units of two-storey shoplots for branch premises	19 years	Leasehold Term: 99 years Expiry: Oct 2088	280,868	6,722	23 Dec 1993
Pulau Pinang						
1 & 3, Lorong Murni 6, Taman Desa Murni, Sungai Dua, 13800, Butterworth, Pulau Pinang.	Two units of double storey shoplots for branch premises	16 years	Freehold	567,337	7,200	28 Nov 1996
35 & 36 – Phase 1, Prai Business Point, Prai Perdana, 12000, Seberang Prai, Pulau Pinang	Two units of vacant three-storey shop office	8 years	Freehold	1,492,103	10,307	28 Nov 1998

LIST OF LANDED PROPERTIES

AS AT 31 MARCH 2008

Location	Description	Age of Properties	Tenure	Net Book Value (RM)	Built-up Area (Sq. Ft)	Date of Acquisition
Pulau Pinang						
1311, Jalan Besar, 14200, Sungai Bakap, Province Wellesley, Pulau Pinang	One unit of two-storey shophot for branch premise	18 years	Freehold	198,754	3,894	7 Dec 1992
4194, Jalan Bagan Luar, 12000, Butterworth, Pulau Pinang	Two units of two-storey shophots for branch premises	23 years	Freehold	227,550	7,200	16 Sep 1992
Wilayah Persekutuan - Kuala Lumpur						
Wisma AmBank, 113, Jalan Pudu, 55100, Kuala Lumpur	One unit 12-storey office building for operations and branch premises	22 years	Freehold	15,826,405	55,700	4 Nov 1991
2 & 4, Jalan 12/5, Taman Melati, Setapak, 53100, Kuala Lumpur	Two units of two-storey shophots for storage purposes	17 years	Freehold	344,577	5,600	17 Jul 1992
2 & 4, Jalan 23/70A, Desa Sri Hartamas, 55048, Kuala Lumpur	Two units of four-storey shophots for rental purposes	9 years	Freehold	3,200,710	13,504	23 Apr 1998
85, 87, 89, 107, 109 & 111, Jalan 3/93, Taman Miharja, 55200, Kuala Lumpur	Six units of three-storey shophots for rental purposes	18 years	Leasehold Term: 99 years Expiry: 11 Aug 2086	2,551,088	30,528	9 Mar 1992
45, Jalan 45/26, Taman Sri Rampai, Setapak, 53300, Kuala Lumpur	One unit of three-storey shophouse for storage purposes	22 years	Freehold	198,000	4,200	20 Feb 1991
8th & 9th Floors, Bangunan AMDB, 1, Jalan Lumut, 50400, Kuala Lumpur	Two floors of office space for operations	15 years	Freehold	7,150,676	25,488	18 May 1994

LIST OF LANDED PROPERTIES

AS AT 31 MARCH 2008

Location	Description	Age of Properties	Tenure	Net Book Value (RM)	Built-up Area (Sq. Ft)	Date of Acquisition
Labuan						
A (03-6) & E (03-1), Kerupang II, 87000, Federal Territory of Labuan	Two units of three-room walk-up apartment for residential purposes	13 years	Leasehold Term: 99 years Expiry: 25 Apr 2058	312,955	1,016	30 Jun 1996
Alpha Park Tower, Condo Labuan, 10th Floor, Financial Park Complex, 87000, Federal Territory of Labuan	Condominium for residential purposes	12 years	Leasehold Term: 99 years Expiry: 31 Dec 2090	429,065	1,679	1 Jul 1996
Selangor Darul Ehsan						
11, Jalan Taman, Off Jalan Melayu, 41300, Klang, Selangor Darul Ehsan	One unit of four-storey shoplot under joint venture for rental	23 years	Leasehold Term: 20 years Expiry: Jul 2006	242,908	6,200	4 Nov 1991
7 & 9, Jalan Perusahaan 2, Off Jalan Kolej, 43300, Seri Kembangan, Selangor Darul Ehsan	Two units of two-storey commercial complex for branch premises	22 years	Leasehold Term: 40 years Expiry: May 2017	484,141	8,000	25 Nov 1995
Damansara Fairway 3, 6C, Persiaran Tropicana, Tropicana Golf and Country Resort, 47410, Petaling Jaya, Selangor Darul Ehsan.	One unit of 13-storey office building	17 years	Leasehold Term: 99 years Expiry: 25 Oct 2090	17,324,462	76,120	13 Oct 2000
Pahang Darul Makmur						
Lot 4, Sec 1, Pekan Mengkuang, Mukim of Triang, District of Temerloh, Pahang Darul Makmur	One piece of vacant land	NA	Freehold	61,000	410,009	4 Nov 1991
No. 533, Tanah Rata, 39000, Cameron Highlands, Pahang Darul Makmur	One unit of apartment	24 years	Leasehold Term: 85 years Expiry: Aug 2067	149,251	980	30 Nov 1985

LIST OF LANDED PROPERTIES

AS AT 31 MARCH 2008

Location	Description	Age of Properties	Tenure	Net Book Value (RM)	Built-up Area (Sq. Ft)	Date of Acquisition
Melaka						
Lot 43 & 44, Sec 7 Jalan Hang Tuah, Town Area XXI, Melaka Tengah, Melaka	Two piece of vacant land for rental purposes	17 years	Freehold	3,492,416	26,789	4 Nov 1991
Negeri Sembilan Darul Khusus						
22 & 23, Jalan Dato' Lee Fong Yee, 70000, Seremban, Negeri Sembilan Darul Khusus	Two units of four-storey shoplots for branch premises	23 years	Freehold	1,088,288	22,000	15 Mar 1990
Lot 4261, GM395, Mukim Jimah, Port Dickson, Negeri Sembilan	One unit of two-storey shop house	11 years	Freehold	30,247	1,765	25 Apr 1997
Johor Darul Takzim						
S142, Bt 22, Jalan Mersing, Kahang New Village, 86700, Kahang, Johor Darul Takzim	One unit of double storey shoplot for branch premises	25 years	Freehold	71,618	2,300	4 Nov 1991
33 & 35, Jalan Permatang, 12, Taman Desa Jaya, 81100, Johor Bahru, Johor Darul Takzim	Two units of two-storey shoplots for storage purposes	18 years	Freehold	395,221	5,800	8 Jul 1990
31-7, Jalan Raya, Kulai Besar, 81000, Kulai, Johor Darul Takzim	One unit of shoplot for branch premises	20 years	Freehold	388,104	6,930	19 May 1992
14 & 15, Jalan Abdullah, 85000, Segamat, Johor Darul Takzim	Two units of four-storey shoplots for branch premises	68 years	Freehold	374,231	5,832	12 Jun 1985
100, Jalan Besar, 83700, Yong Peng, Johor Darul Takzim	One unit of shoplot for branch premises	70 years	Freehold	220,205	3,120	12 Jun 1985

LIST OF LANDED PROPERTIES

AS AT 31 MARCH 2008

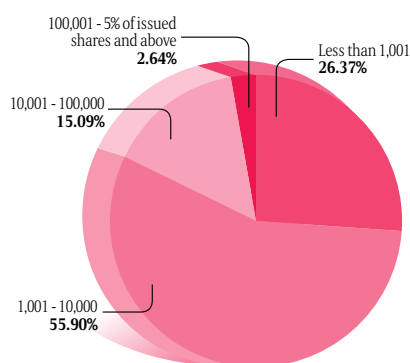
Location	Description	Age of Properties	Tenure	Net Book Value (RM)	Built-up Area (Sq. Ft)	Date of Acquisition
Kelantan Darul Na'im						
707, Jalan Masjid Lama, 17000, Pasir Mas, Kelantan Darul Naim	One unit of two-storey shoplot for branch premises	30 years	Leasehold Term: 66 years Expiry: Jan 2061	317,923	3,024	25 Jun 1993
Terengganu Darul Iman						
50, Jalan Lim Teck Wan, 23000, Dungun, Terengganu Darul Iman	One unit of double storey shoplot for branch premises	25 years	Freehold	158,798	3,600	4 Nov 1991
Sabah and Sarawak						
257, Jalan Haji Taha, 93400, Kuching, Sarawak	Seven-storey office building for branch premises and rental	9 years	Leasehold Term: 855 years Expiry: Jul 2792	13,690,332	51,906	31 Dec 1994

SHAREHOLDING STRUCTURE

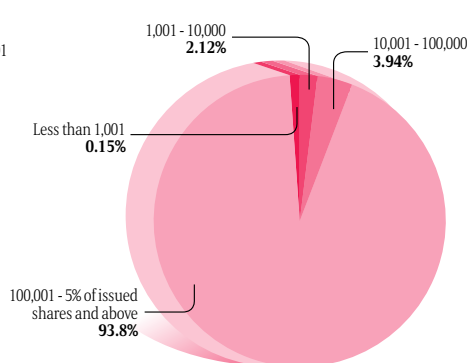
AS AT 31 JULY 2008

ANALYSIS OF SHAREHOLDINGS

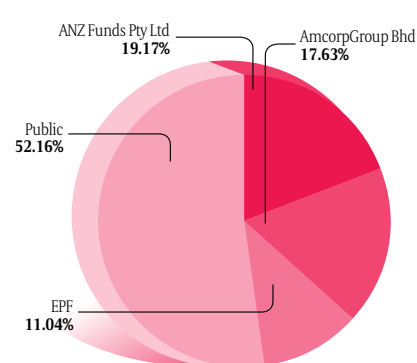
Authorised Share Capital	:	RM5,200,000,000 divided into 5,000,000,000 Ordinary Shares of RM1.00 each and 200,000,000 Converting Preference Shares of RM1.00 each
Issued and Paid-up Ordinary Share Capital	:	RM2,722,969,590
Class of Share	:	Ordinary share of RM1.00 each
Voting Rights	:	1 vote per ordinary shareholder on a show of hands 1 vote per ordinary share on a poll



Number of Shareholders



Number of Shares



Direct Shareholding

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares	% of Shares
Less than 100	1,229	4.66	46,433	0.00
100-1,000	5,725	21.71	4,197,052	0.15
1,001 - 10,000	14,740	55.90	57,635,095	2.12
10,001 - 100,000	3,979	15.09	107,152,796	3.94
100,001 to less than 5% of issued shares	690	2.62	1,312,112,802	48.19
5% and above of issued shares	4	0.02	1,241,825,412	45.61
Total	26,367	100.00	2,722,969,590	100.00

Location of Shareholders

Location	No. of Shareholders	% of Shareholders	No. of Shares	% of Shares
Malaysia	24,941	94.59	1,214,675,850.00	44.61
Singapore	383	1.45	5,918,822.00	0.22
Hong Kong	8	0.03	400,300.00	0.01
Australia	43	0.16	522,683,215.00	19.20
Japan	2	0.01	35,800.00	0.00
United States of America	8	0.03	189,250.00	0.00
Other Countries	982	3.72	979,066,353.00	35.96
Total	26,367	100.00	2,722,969,590.00	100.00

Types of Shareholders (By Nationality)

Nationality	No. of Shareholders	% of Shareholders	No. of Shares	% of Shares
Malaysian				
- Individual	21,661	82.15	149,861,531.00	5.51
- Nominee companies	2,831	10.74	565,565,667.00	20.77
- Other companies	449	1.70	499,248,652.00	18.33
Singapore	383	1.45	5,918,822.00	0.22
Hong Kong National	8	0.03	400,300.00	0.01
Australia	43	0.16	522,683,215.00	19.20
Japanese	2	0.01	35,800.00	0.00
American	8	0.03	189,250.00	0.00
Other foreigners	982	3.73	979,066,353.00	35.96
Total	26,367	100.00	2,722,969,590.00	100.00

SHAREHOLDING STRUCTURE

AS AT 31 JULY 2008

30 LARGEST SHAREHOLDERS

	No. of Shares	%
1. ANZ Funds Pty Limited	521,926,229	19.17
2. HDM Nominees (Tempatan) Sdn Bhd Pledged Securities Account For AmcorpGroup Berhad	275,000,000	10.10
3. Employees Provident Fund Board	245,264,100	9.01
4. AmcorpGroup Berhad	199,635,083	7.33
5. HSBC Nominees (Asing) Sdn Bhd TNTC for M&G Global Basics Fund [M&G INV FD (1)]	68,000,000	2.50
6. Amanah Raya Nominees (Tempatan) Sdn Bhd Skin Amanah Saham Bumiputera	46,984,012	1.73
7. Citigroup Nominees (Asing) Sdn Bhd Exempt AN for Mellon Bank (Mellon)	42,691,623	1.57
8. Citigroup Nominees (Asing) Sdn Bhd Exempt AN for Mellon Bank (ABNAMRO Mellon)	36,509,111	1.34
9. Citigroup Nominees (Asing) Sdn Bhd UBS AG for Tosca Asia	34,957,550	1.28
10. Cartaban Nominees (Asing) Sdn Bhd Government of Singapore Investment Corporation Pte Ltd for Government of Singapore (C)	30,614,848	1.12
11. Cartaban Nominees (Asing) Sdn Bhd State Street London Fund XC4L for Emerging Markets Fund (SWIPIFICVC)	30,174,862	1.11
12. Amanah Raya Nominees (Tempatan) Sdn Bhd Amanah Saham Wawasan 2020	27,559,125	1.01
13. HSBC Nominees (Asing) Sdn Bhd TNTC for Saudi Arabian Monetary Agency	25,418,113	0.93
14. Citigroup Nominees (Tempatan) Sdn Bhd CMS Asset Management Sdn Bhd for Employees Provident Fund	21,775,320	0.80
15. Citigroup Nominees (Asing) Sdn Bhd CBNY for DFA Emerging Markets Fund	21,388,662	0.79
16. Cartaban Nominees (Asing) Sdn Bhd SSBT Fund CO21 for College Retirement Equities Fund	20,579,740	0.76
17. Amanah Raya Nominees (Tempatan) Sdn Bhd Amanah Saham Malaysia	20,017,360	0.74
18. Cartaban Nominees (Asing) Sdn Bhd State Street London Fund 26AS for Global Strategic Value Fund	18,998,437	0.70
19. HSBC Nominees (Asing) Sdn Bhd TNTC for M&G Global Leaders Fund [M&G INV FD (1)]	18,000,000	0.66
20. HSBC Nominees (Asing) Sdn Bhd BNY Brussels for the Royal Bank of Scotland Group Pension Fund	17,459,662	0.64

SHAREHOLDING STRUCTURE

AS AT 31 JULY 2008

30 LARGEST SHAREHOLDERS (CONTINUED)

	No. of Shares	%
21. HSBC Nominees (Asing) Sdn Bhd Exempt AN for JPMorgan Chase Bank, National Association (U.K.)	16,994,004	0.62
22. Valuecap Sdn Bhd	16,796,687	0.62
23. HSBC Nominees (Asing) Sdn Bhd Exempt AN for Morgan Stanley & Co. International PLC (IPB Client Acct)	16,035,900	0.59
24. Malaysia Nominees (Tempatan) Sendirian Berhad Great Eastern Life Assurance (Malaysia) Berhad (PAR 1)	14,067,000	0.52
25. HSBC Nominees (Asing) Sdn Bhd Exempt AN for JPMorgan Chase Bank, National Association (U.S.A)	13,717,349	0.50
26. HSBC Nominees (Asing) Sdn Bhd BBH and Co Boston for Scudder Global Fund	13,694,800	0.50
27. HSBC Nominees (Asing) Sdn Bhd Exempt AN for JPMorgan Chase Bank, National Association (U.A.E.)	13,632,272	0.50
28. Citigroup Nominees (Tempatan) Sdn Bhd Exempt AN for American International Assurance Berhad	13,429,846	0.49
29. HSBC Nominees (Asing) Sdn Bhd TNTC for M&G Asian Fund	13,000,000	0.48
30. HSBC Nominees (Asing) Sdn Bhd BBH and Co Boston for Vanguard Emerging Markets Stock Index Fund	12,515,158	0.46

SUBSTANTIAL SHAREHOLDING ACCORDING TO THE REGISTER OF SUBSTANTIAL SHAREHOLDERS

	No. of Shares			
	Direct Interest	%	Deemed Interest	%
Tan Sri Dato' Azman Hashim	-	-	480,151,333	17.63
ANZ Funds Pty Ltd	521,926,229	19.17	-	-
Australia and New Zealand Banking Group Limited	-	-	521,926,229	19.17
AmcorpGroup Berhad	480,151,333	17.63	-	-
Clear Goal Sdn Bhd	-	-	480,151,333	17.63
Employees Provident Fund Board	300,539,997	11.04	-	-

SHAREHOLDING STRUCTURE

AS AT 31 JULY 2008

DIRECTORS' INTEREST IN THE COMPANY AND ITS RELATED CORPORATIONS

The Company - AMMB Holdings Berhad

	Direct Interest	No. of Shares		%
		%	Deemed Interest	
Tan Sri Dato' Azman Hashim			480,151,333	17.63
Tan Sri Dato' Azlan Hashim	180,684	0.01		
Dato'lzham Bin Mahmud	7,300	0.00		
Cheah Tek Kuang	78,800	0.00		

Tan Sri Dato' Azman Hashim, by virtue of his interest in the shares of AMMB Holdings Berhad ("AHB"), is also deemed to have an interest in the shares of the subsidiaries of AHB to the extent that AHB has an interest.

Other than stated above, none of the other directors of the Company had any direct and/or deemed interest in the Company or its related corporations.

GROUP DIRECTORY

AMMB HOLDINGS BERHAD

22nd Floor, Bangunan AmBank Group
55, Jalan Raja Chulan, 50200 Kuala Lumpur

Correspondence Address:

P.O. Box 10233, 50708 Kuala Lumpur
Tel: 03-2036 2633
Fax: 03-2078 2842 (General), 03-2031 6453 (Company Secretary)
Telex: MA34124
Cable Address: ARABMAL
Website: ambg.com.my

AmINVESTMENT BANK BERHAD

Head Office

22nd Floor
Bangunan AmBank Group
55 Jalan Raja Chulan
P. O. Box 10233
50708 Kuala Lumpur
Tel: 03-2036 2633
Fax: 03-2078 2842
Telex: MA34124

Branch Offices

SELANGOR DARUL EHSAN

Damansara Utama
Tel: 03-7710 6613
Fax: 03-7710 7708

PULAU PINANG

Tel: 04-226 1818
Fax: 04-229 7634
Telex: MA 43009

JOHOR DARUL TAKZIM

Johor Bahru
Tel: 07-334 8766
Fax: 07-334 8799
Telex: MA 69551

Batu Pahat

Tel: 07-434 2282
Fax: 07-432 7982

SABAH

Kota Kinabalu
Tel: 088-221 728, 213 488, 213 498
Fax: 088-221 050
Telex: MA 86015

SARAWAK

Kuching
Tel: 082-243 194, 244 791
Fax: 082-414 944
Telex: MA 75154

AmBANK (M) BERHAD

Business Banking Head Office

Level 18, Menara Dion
Jalan Sultan Ismail
50250 Kuala Lumpur
Fax: 03-2026 6855
Telex: MA030424
Website: ambg.com.my
Cable Address: AMBANK MAL
Contact Centre: 1300 80 8888 (Domestic)
or 603-2178 8888 (Overseas)

Branch Offices

Head Office

Jalan Sultan Ismail
Tel: 03-2026 3939
Fax: 03-2026 6855
Telex: MA030424

SELANGOR DARUL EHSAN

Damansara Utama
Tel: 03-7727 3239, 7727 3144
Fax: 03-7724 1804

Kajang

Tel: 03-8733 2176
Fax: 03-8733 3280

Klang

Persiaran Sultan Ibrahim
Tel: 03-3344 3778
Fax: 03-3344 3779

PERAK DARUL RIDZUAN

Ipoh
Tel: 05-546 8766
Fax: 05-545 7682

PULAU PINANG

Jalan Sultan Ahmad Shah
Tel: 04-226 1818
Fax: 04-229 7634

Prai – Bandar Seberang Jaya

Tel: 04-398 0457
Fax: 04-398 0443

KEDAH DARUL AMAN

Alor Setar
Tel: 04-733 6605
Fax: 04-731 7638

MELAKA

Taman Melaka Raya
Tel: 06-288 1732
Fax: 06-288 1732

PAHANG DARUL MAKMUR

Kuantan
Tel: 09-513 5066
Fax: 09-513 4516

NEGERI SEMBILAN DARUL KHUSUS

Seremban
Arab-Malaysian Business Centre
Tel: 06-767 8197
Fax: 06-767 8197

JOHOR DARUL TAKZIM

Batu Pahat
Tel: 07-432 4208 ext 37
Fax: 07-334 3899

Johor Bahru – Metropolis Tower

Tel: 07-334 8766
Fax: 07-332 3843

GROUP DIRECTORY

Muar
Tel: 06-953 7276, 955 6178
Fax: 06-955 5057

SABAH

Kota Kinabalu
Tel: 088-213 488, 221 728, 240 449
Fax: 088-262 096

SARAWAK

Kuching
Tel: 082-244 791
Fax: 082-259 771

Sibu

Tel: 084-325 669
Fax: 084-327 669

AmBANK (M) BERHAD

Retail Banking Head Office

Level 48, Menara AmBank
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50450 Kuala Lumpur
Tel: 03-2167 3000, 2167 3200
Fax: 03-2166 5593
Telex: MA032355
Cable Address: AMBANK MAL
Website: ambg.com.my
Contact Centre: 1300 80 8888 (Domestic)
or 603-2178 8888 (Overseas)

Regional Offices

REGION 1

PULAU PINANG
Menara Liang Court
Tel: 04-226 3939
Fax: 04-227 3305

REGION 2

PERAK DARUL RIDZUAN
Jalan Yang Kalsom, Ipoh
Tel: 05-249 8518
Fax: 05-255 1061

REGION 3

MELAKA
Jalan Munshi Abdullah
Tel: 06-283 9433, 283 9569
Fax: 06-281 6911

REGION 4

JOHOR DARUL TAKZIM
Johor Bahru – Metropolis Tower
Tel: 07-334 9000
Fax: 07-335 3319

REGION 5

PAHANG DARUL MAKMUR
Kuantan – Jalan Besar
Tel: 09-560 1267, 560 1265
Fax: 09-567 1641

REGION 6

SARAWAK
Kuching – Jalan Hj Taha
Tel: 082-238 171, 238 963
Fax: 082-230 342

REGION 7

SABAH
Kota Kinabalu – Jln Sagunting
Tel: 088-280 114, 280 115
Fax: 088-242 739

REGION 8 & 9

WILAYAH PERSEKUTUAN
KUALA LUMPUR & SELANGOR
Level 31, Menara AmBank
Tel: 03-2167 3465, 2167 3364
Fax: 03-2162 2380

Branch Offices

WILAYAH PERSEKUTUAN KUALA LUMPUR

Bangsar Baru
Tel: 03-2282 8739, 2282 8740
Fax: 03-2282 8741

Berjaya Times Square
Tel: 03-2141 8003
Fax: 03-2141 2413

Cheras – Taman Connaught
Tel: 03-9101 4855/7562
Fax: 03-9101 4977

Cheras – Taman Maluri
Tel: 03-9282 2917, 9285 5266
Fax: 03-9282 6261

Damansara Heights
Tel: 03-2095 7060, 2095 7061
Fax: 03-2094 1937

Jalan Ipoh - Batu 3
Tel: 03-4042 7192, 4042 3577
Fax: 03-4042 0237

Jalan Ipoh-Batu 41/2
Tel: 03-6259 3252/3253
Fax: 03-6250 9574

Jalan Klang Lama
Tel: 03-7980 0869, 7980 8522
Fax: 03-7980 7908

Jalan Raja Chulan
Tel: 03-2078 2100, 2078 2166
Fax: 03-2032 3935

Jalan Yap Kwan Seng
Tel: 03-2167 3000
Fax: 03-2162 1606

Solaris Mont Kiara
Tel: 03-6203 7920, 6203 7930
Fax: 03-6203 7930

Jalan Klang Lama
Tel: 03-7980 8069, 7980 8522
Fax: 03-7980 7908

Pandan Indah
Tel: 04-4297 0526, 4297 1107
Fax: 03-4297 1162

Kepong
Tel: 03-6251 3322, 6251 3355
Fax: 03-6259 2870

KL Sentral
Tel: 03-2272 1964, 2272 1967
Fax: 03-2272 1970

Overseas Union Garden
Tel: 03-7784 7035, 7784 7036
Fax: 03-7784 7041

Pudu – Jalan Pasar
Tel: 03-2141 3617, 2141 3635
Fax: 03-2144 0313

Pudu – Jalan Pudu
Tel: 03-2058 1689, 2058 1690
Fax: 03-2072 9198

GROUP DIRECTORY

Salak Selatan
Tel: 03-7981 7641, 7980 9179, 7984 3694
Fax: 03-7981 1478

Selayang
Tel: 03-6136 8560, 6136 8561
Fax: 03-6136 8559

Sentul
Tel: 03-4041 5190, 4042 5666
Fax: 03-4042 5777

Setapak
Tel: 03-4023 6381
Fax: 03-4023 6551

Sri Petaling
Tel: 03-9059 4152, 9059 4168
Fax: 03-9056 2512

Wangsa Maju
Tel: 03-4149 5207, 4149 5213
Fax: 03-4149 5242

Medan Pasar
Tel: 03-2026 4870, 2026 4886
Fax: 03-2072 9148

Menara Dion
Tel: 03-2026 3939, 2381 1550
Fax: 03-2026 6048

SELANGOR DARUL EHSAN
AMCORP Mall
Tel: 03-7954 1327, 7954 4401
Fax: 03-7955 2575

Ampang Point
Tel: 03-4252 2630, 4252 2636
Fax: 03-4252 4160

Bandar Mahkota Cheras
Tel: 03-9010 5901, 9010 5904
Fax: 03-9010 5896

Bandar Bukit Tinggi, Klang
Tel: 03-3324 6275, 3324 4059
Fax: 03-3324 4043

Kota Damansara
Tel: 03-6141 7470, 6141 7469
Fax: 03-6141 7466

Balakong
Tel: 03-9074 4013, 9074 4078
Fax: 03-9074 4148

Bandar Baru Ampang
Tel: 03-4296 4521, 4296 4520
Fax: 03-4296 4533

Bandar Baru Sungai Buloh
Tel: 03-6157 7500, 6157 2242
Fax: 03-6156 6000

Banting
Tel: 03-3187 7462, 3187 1330
Fax: 03-3187 0190

Batang Berjuntai
Tel: 03-3271 0378, 3271 0379
Fax: 03-3271 0376

Damansara Utama
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Fax: 03-7726 3658

Kajang
Tel: 03-8736 0468, 8737 6272
Fax: 03-8736 7333

Kelana Jaya
Tel: 03-7803 4574, 7804 3508, 7804 3509
Fax: 03-7803 4781

Klang-Bandar Puteri
Tel: 03-5161 2653/2969
Fax: 03-5161 3364

Klang-Persiaran Sultan Ibrahim
Tel: 03-3342 6010, 3342 0690
Fax: 03-3344 3744

PJ New Town
Tel: 03-7956 9077, 7956 9103
Fax: 03-7956 3146

PJ SS2
Tel: 03-7874 0042, 7874 0477
Fax: 03-7874 2517

Port Klang – Persiaran Raja Muda Musa
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Fax: 03-3168 4664

Port Klang – Wisma Palmbase
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Fax: 03-3371 8749

Puchong-Bandar Puteri
Tel: 03-8060 5944/6964
Fax: 03-8060 6532

Setia Alam
Tel: 03-3343 7740, 3343 7758
Fax: 03-3343 7862

Puchong-Taman Kinrara
Tel: 03-8075 4461, 8075 4680, 8075 2478
Fax: 03-8070 3336

Rawang Country Homes
Tel: 03-6092 5732, 6092 5731
Fax: 03-6092 5735

Bandar Baru Rawang
Tel: 03-6091 6835, 6091 6837
Fax: 03-6091 8612

Semenyih
Tel: 03-8723 9609, 8723 9897
Fax: 03-8723 9571

Sepang
Tel: 03-3142 2171, 3142 2250
Fax: 03-3142 2170

Shah Alam – Section 9
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Fax: 03-5510 2416

Shah Alam – Section 15B
Tel: 03-5512 2778, 5512 2860
Fax: 03-5510 6968

Sri Kembangan
Tel: 03-8942 5364, 8942 2093
Fax: 03-8942 5373

Subang Jaya
Tel: 03-5635 0093, 56364434
Fax: 03-5634 5088

Subang New Village
Tel: 03-7846 7052, 7846 7053
Fax: 03-7846 7364

GROUP DIRECTORY

Sungai Besar
Tel: 03-3224 1203, 3224 2128
Fax: 03-3224 2177

Tanjung Karang
Tel: 03-3269 5429, 3269 5727
Fax: 03-3269 8997

USJ Taipan
Tel: 03-5631 0878, 5636 8699
Fax: 03-5637 2899

PERAK DARUL RIDZUAN
Ayer Tawar
Tel: 05-672 2201, 672 3126
Fax: 05-672 2205

Bagan Serai
Tel: 05-721 1808, 721 5805
Fax: 05-721 1392

Batu Gajah
Tel: 05-366 1372, 366 1442
Fax: 05-366 5009

Bercham
Tel: 05-545 9695, 545 9697
Fax: 05-545 9702

Ipoh Garden
Tel: 05-542 5100, 542 5102
Fax: 05-546 1833

Ipoh Main – Jalan Yang Kalsom
Tel: 05-249 8546, 249 8532
Fax: 05-255 7539

Kampar
Tel: 05-465 1964, 466 1067
Fax: 05-465 1534

Kuala Kangsar
Tel: 05-776 1186, 776 1955
Fax: 05-776 4008

Kuala Sepetang
Tel: 05-858 1773
Fax: 05-858 1996

Langkap
Tel: 05-659 1227, 659 2735
Fax: 05-659 2888

Menglembu
Tel: 05-281 0402, 281 0403
Fax: 05-281 0408

Pulau Pangkor
Tel: 05-685 1051, 685 2776
Fax: 05-685 2161

Parit Buntar
Tel: 05-716 2366, 716 1732
Fax: 05-716 4287

Silibin
Tel: 05-527 7715, 527 7716
Fax: 05-527 7719

Sitiawan
Tel: 05-691 2476, 691 2496
Fax: 05-691 6935

Sungai Siput
Tel: 05-597 2357, 597 2388
Fax: 05-597 2359

Taiping
Tel: 05-808 3108, 806 0613
Fax: 05-807 2108

Tanjung Malim
Tel: 05-459 0825, 459 6649
Fax: 05-459 6371

Teluk Intan
Tel: 05-621 1008, 621 7175
Fax: 05-621 2120

PULAU PINANG
Ayer Itam
Tel: 04-826 3015, 828 8566
Fax: 04-829 1414

Balik Pulau
Tel: 04-866 0863, 866 8633
Fax: 04-866 8430

Bagan Ajam
Tel: 04-331 9020
Fax: 04-331 9024

Bandar Baru Ayer Itam
Tel: 04-828 1745, 828 2850
Fax: 04-828 1985

Bayan Baru
Tel: 04-644 8142, 644 8149
Fax: 04-644 8163

Bukit Mertajam
Tel: 04-530 2392, 530 2393
Fax: 04-530 2395

Butterworth
Tel: 04-332 2901, 332 2902
Fax: 04-332 4619

Gelugor
Tel: 04-657 1284, 657 2148
Fax: 04-657 2004

Jelutong
Tel: 04-657 2339, 659 2410
Fax: 04-657 1644

MBf Tower
Tel: 04-229 0917, 229 0972
Fax: 04-229 0943

Penang Main – Leboh Bishop
Tel: 04-263 2520, 263 2523
Fax: 04-263 1468

Pulau Tikus
Tel: 04-229 8942, 229 8943
Fax: 04-229 8945

Sungai Bakap
Tel: 04-582 2368, 582 4579
Fax: 04-582 5827

Sungai Dua
Tel: 04-356 7691, 356 1328
Fax: 04-356 1159

Tanjung Bungah
Tel: 04-890 4502, 890 4628
Fax: 04-890 4690

Menara Liang Court
Tel: 04-226 3939
Fax: 04-226 1313

Seberang Jaya
Tel: 04-397 9569, 397 9570
Fax: 04-397 9572

GROUP DIRECTORY

KEDAH DARUL AMAN

Alor Setar
Tel: 04-730 1905, 731 1984
Fax: 04-731 3901

Jitra
Tel: 04-917 2910, 917 5555
Fax: 04-917 2911

Kulim
Tel: 04-491 3666, 491 3667
Fax: 04-490 0162

Langkawi
Tel: 04-966 3130, 966 3133
Fax: 04-966 3129

Sungai Petani
Tel: 04-422 7980, 422 7987
Fax: 04-422 8191

PERLIS INDERA KAYANGAN

Arau
Tel: 04-986 2220, 986 2705
Fax: 04-986 2221

Kangar
Tel: 04-976 9177, 976 9190
Fax: 04-976 4217

KELANTAN DARUL NAIM

Kota Bharu
Tel: 09-741 9508, 741 9506
Fax: 09-747 9340

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Fax: 09-790 0703

TERENGGANU DARUL IMAN

Dungun
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Fax: 09-845 6220

Jerteh
Tel: 09-697 2511, 697 2512
Fax: 09-697 2513

Kemaman
Tel: 09-859 2534, 859 5486
Fax: 09-859 4433

Kuala Terengganu
Tel: 09-624 9957, 624 9958,
624 9959, 624 9960
Fax: 09-624 9916

Marang
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618 5493
Fax: 09-618 1390

PAHANG DARUL MAKMUR

Bentong
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Jerantut
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Fax: 09-266 5046

Kuantan – Jalan Beserah
Tel: 09-560 1818, 560 1830
Fax: 09-567 0695

Kuantan – Jalan Haji Abdul Aziz
Tel: 09-516 4389, 516 2607
Fax: 09-555 3782

Mentakab
Tel: 09-277 1196, 277 3028
Fax: 09-277 5427

Raub
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Fax: 09-356 1852

Tanah Rata
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Temerloh
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Fax: 09-296 5889

Triang
Tel: 09-255 3124, 255 3304
Fax: 09-255 3198

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Bahau
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Fax: 06-454 3998

Mantin
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Fax: 06-758 2251

Nilai
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Fax: 06-850 0647

Port Dickson
Tel: 06-646 1013, 646 1016
Fax: 06-647 4033

Rasah Jaya
Tel: 06-632 8462, 632 8420
Fax: 06-632 8382

Seremban
– Jalan Dato' Lee Fong Yee
Tel: 06-762 4463, 763 6988
Fax: 06-763 5905

Seremban – Jalan Pasar
Tel: 06-764 7735, 764 7734
Fax: 06-764 1537

MELAKA

Ayer Keroh
Tel: 06-232 3146, 232 3866
Fax: 06-232 3466

Jasin
Tel: 06-529 4361, 529 4362
Fax: 06-529 4363

Masjid Tanah
Tel: 06-384 3977, 384 6310
Fax: 06-384 3979

Melaka – Jalan Munshi Abdullah
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286 2871
Fax: 06-283 6926

Tampin
Tel: 06-441 1330, 441 3301
Fax: 06-441 4735

Melaka – Taman Melaka Raya
Tel: 06-282 5785, 282 5897
Fax: 06-282 5979

GROUP DIRECTORY

JOHOR DARUL TAKZIM

Batu Pahat – Jalan Rugayah
Tel: 07-433 8431, 434 8550
Fax: 07-431 6214

Johor Bahru
– Jalan Wong Ah Fook
Tel: 07-228 2200, 276 3355
Fax: 07-221 0663

Johor Bahru – Melodies Garden
Tel: 07-334 1061, 334 1054
Fax: 07-334 1063

Johor Jaya
Tel: 07-354 7033, 355 7759
Fax: 07-356 2624

Kluang
Tel: 07-776 2801
Fax: 07-771 9408

Kota Tinggi
Tel: 07-883 4978, 883 3232
Fax: 07-883 4507

Kulai
Tel: 07-663 4830, 663 1567
Fax: 07-663 1155

Mersing
Tel: 07-799 4394, 799 4397
Fax: 07-799 1336

Pasir Gudang
Tel: 07-251 0861, 251 2916
Fax: 07-251 8908

Permas Jaya
Tel: 07-387 8977, 386 9842
Fax: 07-387 7748

Pontian
Tel: 07-687 3171, 687 6388
Fax: 07-687 3067

Segamat
Tel: 07-931 9515, 931 9941
Fax: 07-931 6159

Simpang Renggam
Tel: 07-755 6416, 755 0733
Fax: 07-755 6417

Skudai
Tel: 07-556 8031, 556 7259
Fax: 07-558 1927

Sungai Rengit
Tel: 07-826 3011, 826 3013
Fax: 07-826 3359

Tampoi
Tel: 07-234 1216, 234 1217
Fax: 07-234 1131

Tangkak
Tel: 07-978 1331, 978 9519
Fax: 07-978 2144

Ulu Tiram
Tel: 07-867 1004, 867 1002
Fax: 07-867 1006

Yong Peng
Tel: 07-467 2499, 467 3546
Fax: 07-467 2668

Batu Pahat – Jln Rahmat
Tel: 07-432 4208, 431 8218
Fax: 07-431 8961

Johor Bahru – Metropolis Tower
Tel: 07-335 8905, 335 0600
Fax: 07-335 0469

Muar
Tel: 06-954 0070, 954 0071
Fax: 06-954 0076

SABAH
Bandar Pasaraya
Tel: 089-218 240/213 419
Fax: 089-218 226

Inanam
Tel: 088-421 534, 427 704
Fax: 088-428 830

Keningau
Tel: 087-333 745, 331 088
Fax: 087-331 818

Kota Kinabalu – Jalan Sagunting
Tel: 088-243 725, 246 112
Fax: 088-248 967

Kota Kinabalu – Luyang Commercial
Centre
Tel: 088-280 164, 280 160
Fax: 088-242 241

Kudat
Tel: 088-612 301, 613 255
Fax: 088-612 253

Lahad Datu
Tel: 089-881 561, 884 992
Fax: 089-881 778

Sandakan
Tel: 089-212 627, 215 322
Fax: 089-273 666

Tawau
Tel: 089-764 932, 764 905,
770 430
Fax: 089-764 971

Tuaran
Tel: 088-792 900, 792 901
Fax: 088-792 902

Kota Kinabalu – Jalan Tunku
Abdul Rahman
Tel: 088-265 643, 265 645
Fax: 088-265 654

SARAWAK

Bau
Tel: 082-762 319, 762 325
Fax: 082-762 320

Bintulu
Tel: 086-334 152, 334 153
Fax: 086-332 400

Kuching – Jalan Abell
Tel: 082-244 608, 244 604
Fax: 082-232 023

Kuching – Jalan Haji Taha
Tel: 082-207 298, 236 610
Fax: 082-256 600

Kuching-Jalan Penrissen
Tel: 082-455 560
Fax: 082-455 596

GROUP DIRECTORY

Kuching-Tabuan Jaya
Tel: 082-360 644/740
Fax: 082-360 942

Lawas
Tel: 085-285 594, 285 637
Fax: 085-285 699

Marudi
Tel: 085-755 297, 755 721
Fax: 085-755 788

Miri – Beautiful Jade Centre
Tel: 085-411 257, 414 988
Fax: 085-419 676

Miri – Boulevard Centre
Tel: 085-437 908, 437 909
Fax: 085-437 915

Sarikei
Tel: 084-655 776, 655 777
Fax: 084-655 775

Serian
Tel: 082-875 157, 875 158
Fax: 082-875 155

Sibu – Tanahmas
Tel: 084-322 766, 313 639
Fax: 084-318 786

Sibu – Jalan Pedada
Tel: 084-337 791, 339 105
Fax: 084-337 736

Sibu – Jalan Tuanku Osman
Tel: 084-348 746
Fax: 084-348 745

Sibu Jaya
Tel: 084-237 849, 236 978, 237 030
Fax: 084-237 927

WILAYAH PERSEKUTUAN LABUAN

Labuan
Tel: 087-417 891, 417 898
Fax: 087-418 090

AmISLAMIC BANK BERHAD

Head Office

Level 45, Menara AmBank
No. 8, Jalan Yap Kwan Seng
50400 Kuala Lumpur
Tel: 03-2167 3000
Fax: 03-2166 5664
Telex: MAO32355
Cable Address: AMBANK MAL
Website: amislamicbank.com.my
Contact Centre: 1300 80 8888 (Domestic)
or 603-2178 8888 (Overseas)

Note: Branch Offices & Regional
Offices are shared with AmBank (M) Berhad.

Branch Offices

SELANGOR DARUL EHSAN

Bandar Baru Bangi
Tel: 03-8925 1124, 8925 3313
Fax: 03-8925 2005

WILAYAH PERSEKUTUAN PUTRAJAYA

Alamanda Shopping Complex
Tel: 03-8888 3898
Fax: 03-8889 5352

ARAB-MALAYSIAN CREDIT BERHAD

Head Office

22nd Floor
Bangunan AmBank Group
55 Jalan Raja Chulan
50200 Kuala Lumpur
Tel: 03-2078 2633
Fax: 03-2031 6453

AmASSURANCE BERHAD

Head Office

9th Floor, Bangunan
AmAssurance
No. 1, Jalan Lumut
50400 Kuala Lumpur
Tel: 03-4047 8000
Fax: 03-4043 8680
Contact Centre: 1300 88 8800 (Domestic)
or 603-2178 8000 (Overseas)

Life Division Branch Offices

WILAYAH PERSEKUTUAN KUALA LUMPUR

KL Main Branch
Tel: 03-4041 6959
Fax: 03-4045 4682

Brickfields
Tel: 03-2274 9344
Fax: 03-2273 9605

SELANGOR DARUL EHSAN

Klang
Tel: 03-3344 8100
Fax: 03-3344 7524

PERAK DARUL RIDZUAN

Ipoh
Tel: 05-254 0589, 255 8193
Fax: 05-241 3570

PULAU PINANG

Jalan Burma
Tel: 04-229 3611, 228 7270
Fax: 04-228 4412

KEDAH DARUL AMAN

Sungai Petani
Tel: 04-422 8819, 04-422 3168
Fax: 04-421 3528

Alor Setar
Tel: 04-734 6731, 735 4809
Fax: 04-735 4335

KELANTAN DARUL NAIM

Kota Bharu
Tel: 09-747 0571, 747 0569
Fax: 09-744 2342

TERENGGANU DARUL IMAN

Kuala Terengganu
Tel: 09-624 2388, 624 2361
Fax: 09-631 7285

PAHANG DARUL MAKMUR

Kuantan
Tel: 09-566 2011, 566 5788
Fax: 09-567 9792

GROUP DIRECTORY

NEGERI SEMBILAN DARUL KHUSUS

Seremban
Tel: 06-767 2280
Fax: 06-767 2282

MELAKA

Taman Melaka Raya
Tel: 06-281 3590, 281 3591
Fax: 06-281 3580

JOHOR DARUL TAKZIM

Batu Pahat
Tel: 07-434 2985, 434 2986
Fax: 07-434 3102

Johor Bahru

Tel: 07-333 2688
Fax: 07-334 4776

SABAH

Kota Kinabalu
Tel: 088-234 488
Fax: 088-241 686

SARAWAK

Kuching
Tel: 082-415 067
Fax: 082-236 418

Sibu

Tel: 084-313 901, 313 902
Fax: 084-344 875

Miri

Tel: 085-415 526
Fax: 085-416 995

Agency Offices

WILAYAH PERSEKUTUAN

Jalan Pudu
Tel/Fax: 03-2148 0447

Jalan Dewan Bahasa

Tel: 03-2141 7063
Fax: 03-2141 7076

Taman Cheras, Ampang

Tel: 03-4297 8400
Fax: 03-4296 6043

SELANGOR DARUL EHSAN

Klang
Tel: 03-3372 0981
Fax: 03-3373 9834

Taman Bayu Perdana, Klang

Tel: 03-3324 0087
Fax: 03-3324 0018

Sg. Buloh

Tel: 03-6156 3966
Fax: 03-6156 9002

Bandar Puteri, Puchong

Tel: 03-8062 2865
Fax: 03-8062 5777

Puchong Utama, Puchong

Tel: 03-8060 1320

Batang Berjuntai

Tel: 03-3271 0151
Fax: 03-3271 6244

Bandar Baru Bangi

Tel/Fax: 03-8926 1920

PERAK DARUL RIDZUAN

Sitiawan
Tel/Fax: 05-253 1625

Parit Buntar

Tel/Fax: 05-717 5217

Teluk Intan

Tel: 05-621 3214
Fax: 05-621 8214

Batu Gajah

Tel: 05-366 4923
Fax: 05-366 9266

KEDAH DARUL AMAN

Sg. Petani
Tel: 04-425 7271
Fax: 04-425 7273

Jalan Bakar Arang, Sg. Petani

Tel: 04-421 2934
Fax: 04-425 7873

NEGERI SEMBILAN DARUL KHUSUS

Seremban
Tel/Fax: 06-764 7763

JOHOR DARUL TAKZIM

Muar
Tel: 06-951 8999
Fax: 06-952 4588

Johor Bahru

Tel: 07-227 1570
Fax: 07-223 1784

TERENGGANU DARUL IMAN

Besut
Tel/Fax: 09-690 4119

Jerteh

Tel/Fax: 09-690 3039

Jalan Kelantan

Tel: 09-622 4428

KELANTAN DARUL NAIM

Tanah Merah
Tel: 09-955 4541

Kota Bharu

Tel: 09- 741 9138
Fax: 09-741 9137

Jalan Che Kadir, Kota Bharu

Tel: 09-741 3625
Fax: 09-741 3626

Jalan Tok Hakim, Kota Bharu

Tel: 09-748 2550

SABAH

Tawau
Tel/Fax: 089-778 914

GROUP DIRECTORY

General Division Branch Offices

KUALA LUMPUR

Tel: 03-4047 8000
Fax: 03-4045 3520

SELANGOR DARUL EHSAN

Klang
Tel: 03-3344 7430, 3344 7489
Fax: 03-3343 6331

PERAK DARUL RIDZUAN

Ipoh
Tel: 05-253 3493, 255 7509
Fax: 05-253 1650

PULAU PINANG

Jalan Burma
Tel: 04-226 3618, 228 9963
Fax: 04-227 3886

KEDAH DARUL AMAN

Alor Setar
Tel: 04-733 7898
Fax: 04-732 4606

Sungai Petani

Tel: 04-421 7177, 421 7188
Fax: 04-423 8528

KELANTAN DARUL NAIM

Kota Bharu
Tel: 09-747 0042, 747 0043
Fax: 09-747 0046

TERENGGANU DARUL IMAN

Kuala Terengganu
Tel: 09-624 2361
Fax: 09-624 2364

PAHANG DARUL MAKMUR

Kuantan
Tel: 09-566 3012
Fax: 09-567 5785

NEGERI SEMBILAN DARUL KHUSUS

Seremban
Tel: 06-767 1181
Fax: 06-767 1171

MELAKA

Taman Melaka Raya
Tel: 06-283 4323, 283 4324
Fax: 06-282 2122

JOHOR DARUL TAKZIM

Batu Pahat
Tel: 07-432 7219
Fax: 07-432 7224

Johor Bahru
Tel: 07-334 2618
Fax: 07-334 7620

Kluang
Tel: 07-776 6717
Fax: 07-776 5814

SABAH

Kota Kinabalu
Tel: 088-240 480, 240 481
Fax: 088-240 489

Tawau

Life & General Division
Tel: 089-760 151/760 152
Fax: 089-760 153

SARAWAK

Kuching
Tel: 082-415 296
Fax: 082-428 537

Sibu

Tel: 084-310 930, 318 289
Fax: 084-317 302

Miri

Tel: 085-422 275, 423 395
Fax: 085-416 995

AmINVESTMENT SERVICES BERHAD

9th Floor
Bangunan AmBank Group
55, Jalan Raja Chulan
50200 Kuala Lumpur
Tel: 03-2032 2888
Fax: 03-2031 5210
Telex: MA31167 &
31169 ABMAL

Correspondence Address

P.O. Box 13611
50816 Kuala Lumpur

Representative Offices

WILAYAH PERSEKUTUAN

KUALA LUMPUR
Tel: 03-2167 6204
Fax: 03-2163 2949

PERAK DARUL RIDZUAN

Ipoh
Tel: 05-545 7633, 545 8733
Fax: 05-545 9633

PULAU PINANG

Cantonment Road
Tel: 04-229 7318, 229 7319
Fax: 04-229 7314

KEDAH DARUL AMAN

Alor Setar
Tel: 04-734 1077
Fax: 04-734 1079

KELANTAN DARUL NAIM

Kota Bharu
Tel: 09-743 9300, 9301
Fax: 09-743 9303

NEGERI SEMBILAN DARUL KHUSUS

Seremban
Tel: 06-764 4031, 764 4331
Fax: 06-764 4030

PAHANG DARUL MAKMUR

Kuantan
Tel: 09-514 6440
Fax: 09-512 1387

MELAKA

Taman Melaka Raya
Tel: 06-281 1770, 282 1770
Fax: 06-281 8770

SABAH

Kota Kinabalu
Tel: 088-266 350, 266 351,
Fax: 088-266 352

SARAWAK

Kuching
Tel: 082-238 633, 258 677
Fax: 082-238 644

Miri

Tel: 085-428 356
Fax: 085-428 351

GROUP DIRECTORY

AmINVESTMENT MANAGEMENT SDN BHD

10th Floor
Bangunan AmBank Group
55, Jalan Raja Chulan
50200 Kuala Lumpur
Tel: 03-2036 2633
Fax: 03-2078 9358

AmFUTURES SDN BHD

15th Floor
Bangunan AmBank Group
55, Jalan Raja Chulan
50200 Kuala Lumpur.
Tel: 03-9235 3235, 3223
Fax: 03-2032 3221

AmINTERNATIONAL (L) LTD

Head Office

Level 12(B), Block 4 Office Tower
Financial Park Labuan Complex
Jalan Merdeka
87000 Federal Territory of Labuan
Tel: 087-413 133, 439 399
Fax: 087-425 211, 439 395
Telex: MA 85075 AMMB

Kuala Lumpur Marketing Office

14th Floor
Bangunan AmBank Group
55, Jalan Raja Chulan
50200 Kuala Lumpur
Tel: 03-2031 7899
Fax: 03-2031 7909

Am ARA REIT MANAGERS SDN BHD

16th Floor
Bangunan AmBank Group
55, Jalan Raja Chulan
50200 Kuala Lumpur
Tel: 03-2036 2633
Fax: 03-2732 0644
Telex: MA 31167 &
31169 ABMAL
Website: www.amfirstreit.com.my

AMMB CONSULTANT SDN BHD

9th Floor
Bangunan AmBank Group
55, Jalan Raja Chulan
50200 Kuala Lumpur
Tel: 03-2036 2633

AmTRUSTEE BERHAD

Registered Office

22nd Floor
Bangunan AmBank Group
55, Jalan Raja Chulan
50200 Kuala Lumpur

Operations

17th Floor
Bangunan AmBank Group
55, Jalan Raja Chulan
50200 Kuala Lumpur
Tel: 03-2036 2633
Fax: 03-2031 3070
Email: amtrustee@ambg.com.my

AmRESEARCH SDN BHD

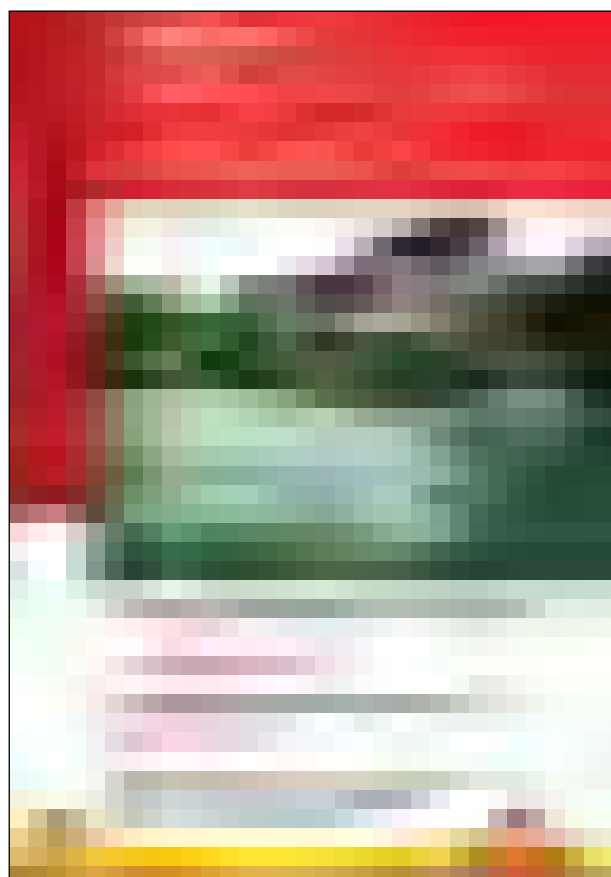
15th Floor
Bangunan AmBank Group
55, Jalan Raja Chulan
50200 Kuala Lumpur
Tel: 03-2036 2633
Fax: 03-2078 3162

PT AmCAPITAL INDONESIA

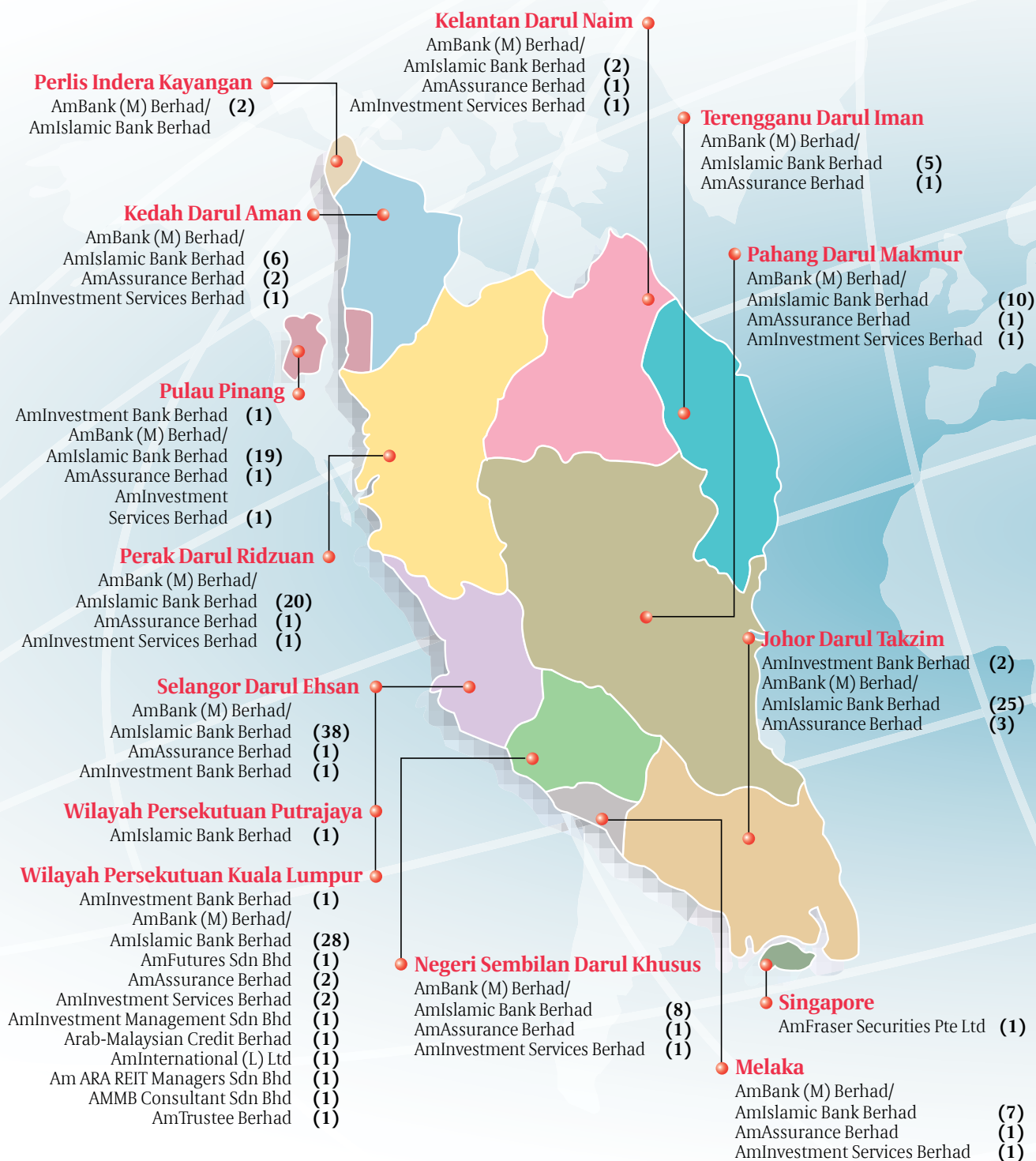
Wisma GKBI 5th Floor, Suite 501,
Jl. Jendral Sudirman No. 28,
Jakarta 10210
Tel: 62-21-574 2310
Fax: 62-21-571 3706

AmFRASER SECURITIES PTE. LTD.

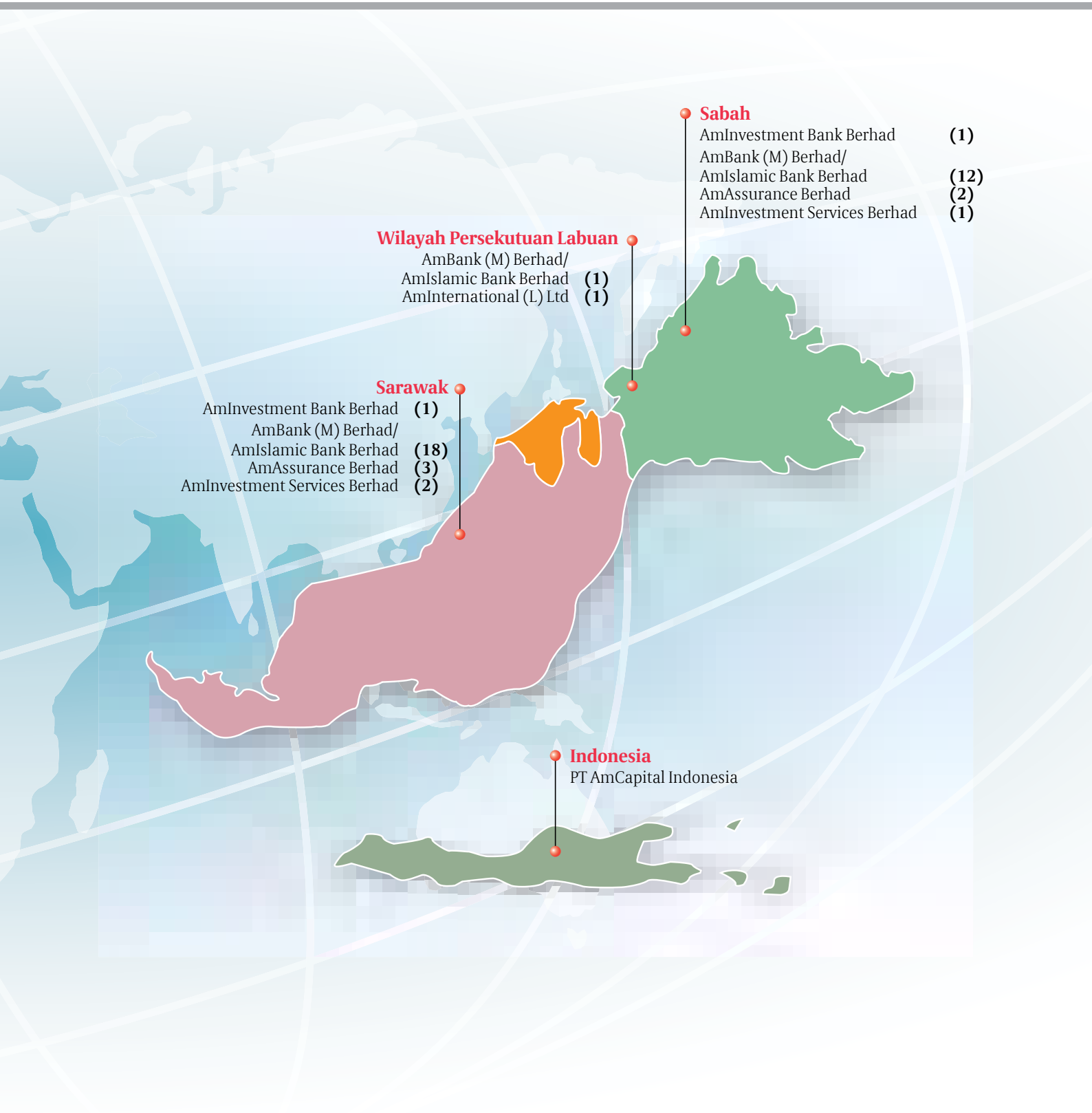
4 Shenton Way
#13-01 SGX Centre 2
Singapore 068807
Tel: 02-6535 9455
Fax: 02-6534 4826



GROUP BRANCH NETWORK



GROUP BRANCH NETWORK



Note: AmIslamic Bank Berhad's branch offices and regional offices are shared with AmBank (M) Berhad.

THE UNIVERSITY OF CHICAGO
DIVISION OF THE PHYSICAL SCIENCES
DEPARTMENT OF CHEMISTRY
5780 S. UNIVERSITY AVENUE
CHICAGO, ILLINOIS 60637



MASS SPECTROMETER
MODEL 100-10

PERKINELMER
LABORATORIES





PROXY FORM

AMMB Holdings Berhad

(223035-V) (Incorporated in Malaysia)

CDS ACCOUNT NO. OF AUTHORISED NOMINEE * _____

I/We _____ FULL NAME IN CAPITAL LETTERS

Company No. / NRIC No. _____ NEW _____ OLD

of _____ FULL ADDRESS

being a member of the above Company, hereby appoint _____

NRIC No. _____ NEW _____ OLD or failing him / her

_____ NRIC No. _____ NEW _____ OLD

or failing him/her, THE CHAIRMAN OF THE MEETING, as my/our proxy to vote for me/us and on my/our behalf at the Seventeenth Annual General Meeting of the Company to be held at Ballroom 3, 1st Floor, Sime Darby Convention Centre, 1A, Jalan Bukit Kiara 1, 60000 Kuala Lumpur on Friday, 26 September 2008 at 9:30 a.m. and at any adjournment thereof, as indicated below:

No.	Resolution	For	Against
1.	Receive the Audited Financial Statements for the financial year ended 31 March 2008 and the Reports of the Directors and Auditors thereon.		
2.	Declare a first and final dividend of 6.0% less tax for the financial year ended 31 March 2008.		
3.	Approve Directors' fees of RM36,000.00 per annum for each Director for the financial year ended 31 March 2008.		
4.	Re-elect Y Bhg Dato' Azlan Hashim as Director under Article 89.		
5.	Re-elect Y Bhg Tan Sri Datuk Dr Aris Osman @ Othman as Director under Article 89.		
6.	Re-elect Y Bhg Dato' Izham Mahmud as Director under Article 89.		
7.	Re-elect Mr Soo Kim Wai as Director under Article 89.		
8.	Re-elect Mr Alexander Vincent Thursby under Article 97.		
9.	Re-appoint Messrs. Ernst & Young, the retiring Auditors, and to authorise the Directors to determine their remuneration.		
	SPECIAL BUSINESS		
10.	Authorise the Directors to issue shares pursuant to Section 132D of the Companies Act, 1965.		

Please indicate with an "X" or a "√" in the spaces above how you wish your vote to be cast. In the absence of specific directions, your proxy will vote or abstain as he/she thinks fit.

DATED THIS _____ DAY OF _____ 2008

For appointment of two proxies, percentage of shareholdings to be represented by the proxies:

SIGNATURE OF MEMBER/Common Seal

NO. OF SHARES HELD _____

TEL: _____ (O/H) _____ (H/P)

	NO. OF SHARES	PERCENTAGE
PROXY 1		
PROXY 2		
TOTAL		100%

Notes:-

- (1) A shareholder of the Company entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of him. A proxy or an attorney need not be a shareholder of the Company. Under Section 149(1) of the Act, if a proxy is not a shareholder, he must be an advocate, an approved company auditor or a person approved by the Registrar of Companies in a particular case.
- (2) An Authorised Nominee as defined under the Securities Industry (Central Depositories) Act 1991, may appoint one proxy in respect of each securities account held with ordinary shares of the Company standing to the credit of the securities account. The proxy so appointed shall be the beneficial owner of the shares in the said securities account or a person as provided under Section 149(1) of the Act.
- (3) The instrument appointing a proxy in the case of an individual shall be signed by the appointor or his attorney and in the case of a corporation, the instrument appointing a proxy or proxies must be under seal or under the hand of an officer or attorney duly authorised.
- (4) The instrument appointing the proxy must be deposited at the Registered Office of the Company at 22nd Floor, Bangunan AmBank Group, 55 Jalan Raja Chulan, 50200 Kuala Lumpur **not less than 48 hours** before the time appointed for holding the Meeting.

* Applicable to shares held through a nominee account.

Please fold here to seal

STAMP

The Registered Office
AMMB HOLDINGS BERHAD
22nd Floor, Bangunan AmBank Group
55, Jalan Raja Chulan
50200 Kuala Lumpur
Malaysia

Please fold here to seal



[Redacted text]

[Redacted text]

[Redacted text]



AmBank Group

ambg.com.my

AMMB Holdings Berhad

(223035-V) (Incorporated in Malaysia)

22nd Floor, Bangunan AmBank Group
55 Jalan Raja Chulan
50200 Kuala Lumpur
Malaysia
Tel: 603-2036 2633
Fax: 603-2031 6453