

**MALAYAN BANKING BERHAD**  
(3813-K)  
(Incorporated in Malaysia)

**CONDENSED FINANCIAL STATEMENTS**  
**UNAUDITED INCOME STATEMENT**  
**FOR THE SECOND FINANCIAL QUARTER ENDED 31 DECEMBER 2007**

<u>Group</u>	Note	2nd Quarter Ended		Cumulative 6 Months Ended	
		31 December 2007 RM'000	31 December 2006 RM'000	31 December 2007 RM'000	31 December 2006 RM'000
<b>Continuing Operations</b>					
Interest income	A15	2,994,263	2,639,053	5,905,154	5,260,131
Interest expense	A16	(1,579,602)	(1,388,306)	(3,178,926)	(2,719,131)
Net interest income		1,414,661	1,250,747	2,726,228	2,541,000
Income from Islamic Banking					
Scheme operations:					
Gross operating income		212,625	190,940	435,044	381,629
Profit equalisation reserves		1,531	34,992	(11,338)	91,192
	A27b	214,156	225,932	423,706	472,821
		1,628,817	1,476,679	3,149,934	3,013,821
Non-interest income	A17	636,335	775,959	1,246,558	1,314,432
Net income		2,265,152	2,252,638	4,396,492	4,328,253
Overhead expenses	A18	(1,053,972)	(981,269)	(2,063,034)	(1,874,095)
Operating Profit		1,211,180	1,271,369	2,333,458	2,454,158
Allowance for losses on loans, advances and financing	A19	(177,569)	(140,913)	(285,621)	(452,745)
		1,033,611	1,130,456	2,047,837	2,001,413
Share of profits in associated companies		(382)	2,958	(506)	2,834
<b>Profit before taxation</b>		1,033,229	1,133,414	2,047,331	2,004,247
Taxation & Zakat	B5	(307,048)	(304,919)	(569,189)	(589,829)
<b>Profit for the period</b>		726,181	828,495	1,478,142	1,414,418
<b>Attributable to:</b>					
Equity holders of the parent		730,954	792,274	1,466,383	1,360,955
Minority Interest		(4,773)	36,221	11,759	53,463
		726,181	828,495	1,478,142	1,414,418
<b>Earnings per share attributable to   equity holders of the parent</b>					
Basic	B13	18.76 sen	20.66 sen	37.66 sen	35.64 sen
Fully diluted		18.73 sen	20.56 sen	37.60 sen	35.35 sen

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**FOR THE SECOND FINANCIAL QUARTER ENDED 31 DECEMBER 2007**

<u>Bank</u>	Note	2nd Quarter Ended		Cumulative 6 Months Ended	
		31 December 2007 RM'000	31 December 2006 RM'000	31 December 2007 RM'000	31 December 2006 RM'000
<b>Continuing Operations</b>					
Interest income	A15	2,818,656	2,417,777	5,547,750	4,833,831
Interest expense	A16	(1,485,717)	(1,257,802)	(2,986,712)	(2,463,272)
Net interest income		1,332,939	1,159,975	2,561,038	2,370,559
Income from Islamic Banking					
Scheme operations:					
Gross operating income		209,144	186,956	428,212	373,638
Profit equalisation reserves		2,398	35,980	(10,225)	91,290
	A27b	211,542	222,936	417,987	464,928
		1,544,481	1,382,911	2,979,025	2,835,487
Non-interest income	A17	433,934	717,216	864,247	1,066,564
Net income		1,978,415	2,100,127	3,843,272	3,902,051
Overhead expenses	A18	(875,950)	(819,764)	(1,725,151)	(1,571,621)
Operating Profit		1,102,465	1,280,363	2,118,121	2,330,430
Allowance for losses on loans, advances and financing	A19	(237,889)	(141,805)	(383,132)	(465,587)
<b>Profit before taxation</b>		864,576	1,138,558	1,734,989	1,864,843
Taxation & Zakat	B5	(231,360)	(307,868)	(457,847)	(569,838)
<b>Profit for the period</b>		633,216	830,690	1,277,142	1,295,005

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**MALAYAN BANKING BERHAD**  
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**CONDENSED FINANCIAL STATEMENTS**  
**UNAUDITED BALANCE SHEETS AS AT 31 DECEMBER 2007**

	Note	GROUP		BANK	
		31 December 2007 RM'000	30 June 2007 RM'000	31 December 2007 RM'000	30 June 2007 RM'000
<b>ASSETS</b>					
Cash and short-term funds		35,781,460	37,597,422	33,523,565	34,200,909
Deposits and placements with financial institutions		15,550,274	17,348,421	13,518,156	15,560,914
Securities purchased under resale agreements		116,798	258,772	116,798	258,772
Securities portfolio	A9	37,255,656	33,691,730	32,399,795	28,624,945
Loans, advances and financing	A10	148,621,768	140,864,736	144,139,626	136,223,498
Derivative assets		671,651	394,870	670,369	390,406
Other assets	A11	3,320,313	3,375,394	2,009,777	1,920,608
Investment properties		40,724	40,750	-	-
Statutory deposits with Central Banks		4,951,104	5,652,233	4,791,927	5,339,337
Investment in subsidiaries		-	-	2,764,195	2,763,929
Interests in associates		44,656	43,601	40,939	40,739
Property, plant and equipment		1,188,919	1,151,686	1,031,289	987,195
Intangible assets		206,640	193,072	189,471	184,462
Deferred tax assets		971,880	1,016,730	942,748	951,526
Life, general takaful and family takaful fund assets		15,344,250	15,037,859	-	-
<b>TOTAL ASSETS</b>		<b>264,066,093</b>	<b>256,667,276</b>	<b>236,138,655</b>	<b>227,447,240</b>
<b>LIABILITIES</b>					
Deposits from customers	A12	182,847,736	163,676,762	169,519,207	149,576,055
Deposits and placements of banks and other financial institutions	A13	29,891,574	29,534,690	34,491,069	32,683,020
Obligations on securities sold under repurchase agreements		318,357	9,957,065	318,357	10,489,855
Bills and acceptances payable		2,161,423	2,930,070	2,156,242	2,922,088
Derivative liabilities		760,806	656,705	739,028	644,860
Other liabilities	A14	4,860,957	5,089,567	3,764,936	3,896,973
Recourse obligation on loans sold to Cagamas		1,881,907	2,455,762	1,881,907	2,455,762
Provision for taxation and zakat		848,011	1,019,790	829,305	980,741
Deferred tax liabilities		69,485	96,810	-	-
Subordinated obligations	A13	4,987,113	6,344,048	4,987,113	6,344,048
Life, general takaful and family takaful fund liabilities		3,921,911	1,194,914	-	-
Life, general takaful and family takaful policy holders' funds		11,422,339	13,842,945	-	-
<b>TOTAL LIABILITIES</b>		<b>243,971,619</b>	<b>236,799,128</b>	<b>218,687,164</b>	<b>209,993,402</b>

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**CONDENSED FINANCIAL STATEMENTS**  
**UNAUDITED BALANCE SHEETS AS AT 31 DECEMBER 2007**

	Note	GROUP		BANK	
		31 December 2007 RM'000	30 June 2007 RM'000	31 December 2007 RM'000	30 June 2007 RM'000
<b>SHAREHOLDERS' EQUITY</b>					
Share capital		3,897,575	3,889,225	3,897,575	3,889,225
Reserves		15,540,331	15,308,431	13,553,916	13,564,613
		<b>19,437,906</b>	19,197,656	<b>17,451,491</b>	17,453,838
Minority Interest		656,568	670,492	-	-
Total equity		<b>20,094,474</b>	19,868,148	<b>17,451,491</b>	17,453,838
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>264,066,093</b>	256,667,276	<b>236,138,655</b>	227,447,240
<b>COMMITMENTS AND CONTINGENCIES</b>	A24	<b>180,050,305</b>	175,392,450	<b>177,268,289</b>	171,957,142
<b><u>CAPITAL ADEQUACY</u></b>	A26				
Based on credit and market risks:					
<b><u>Without deducting dividend payable *</u></b>					
Core capital ratio		9.73%	10.06%	9.44%	9.82%
Risk-weighted capital ratio		13.88%	15.14%	12.75%	14.11%
<b><u>After deducting dividend payable</u></b>					
Core capital ratio:		9.17%	9.43%	8.83%	9.13%
Risk-weighted capital ratio:		13.32%	14.51%	12.14%	13.42%
				<b>0</b>	
Net assets per share attributable to equity holders of the parent		<b>RM4.99</b>	RM4.94	<b>RM4.48</b>	RM4.49

\* In arriving at the capital base used in the ratio calculations of the Group and the Bank, the proposed dividends for respective financial years were not deducted.

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MALAYAN BANKING BERHAD

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CONDENSED FINANCIAL STATEMENTS  
UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
FOR THE SECOND FINANCIAL QUARTER ENDED 31 DECEMBER 2007

<===== Non Distributable =====>

GROUP	Non Distributable						Other Reserves RM'000	Distributable Retained Profits RM'000	Total Shareholders' Equity RM'000	Minority Interests RM'000	Total Equity RM'000
	Share Capital RM'000	Share Premium RM'000	Statutory Reserve RM'000	Capital Reserve RM'000	Unrealised Holding Reserve/(Deficit) RM'000	Exchange Fluctuation Reserve RM'000					
<b>At 1 July 2007</b>	3,889,225	2,935,570	3,921,988	15,250	405,588	(83,994)	61,228	8,052,801	<b>19,197,656</b>	670,492	<b>19,868,148</b>
Currency translation differences	-	-	2,354	-	-	(15,939)	-	-	<b>(13,585)</b>	-	<b>(13,585)</b>
Unrealised net loss on revaluation of securities available-for-sale	-	-	-	-	(183,846)	-	-	-	<b>(183,846)</b>	-	<b>(183,846)</b>
Net accretion from decreased interest in subsidiaries	-	-	-	-	-	-	-	25,683	<b>25,683</b>	(25,683)	-
Net gain/(loss) not recognised in the income statement	-	-	2,354	-	(183,846)	(15,939)	-	25,683	<b>(171,748)</b>	(25,683)	<b>(197,431)</b>
Net profit for the period	-	-	-	-	-	-	-	1,466,383	<b>1,466,383</b>	11,759	<b>1,478,142</b>
Total recognised income/(expense) for the period	-	-	2,354	-	(183,846)	(15,939)	-	1,492,066	<b>1,294,635</b>	(13,924)	<b>1,280,711</b>
Share-based payment under ESOS	-	-	-	-	-	-	1,321	-	<b>1,321</b>	-	<b>1,321</b>
Transfer to/from statutory reserves	-	-	320,000	-	-	-	-	(320,000)	-	-	-
Issue of ordinary shares pursuant to ESOS	8,351	73,322	-	-	-	-	-	-	<b>81,673</b>	-	<b>81,673</b>
Dividend paid	-	-	-	-	-	-	-	(1,137,379)	<b>(1,137,379)</b>	-	<b>(1,137,379)</b>
<b>At 31 December 2007</b>	<b>3,897,576</b>	<b>3,008,892</b>	<b>4,244,342</b>	<b>15,250</b>	<b>221,742</b>	<b>(99,933)</b>	<b>62,549</b>	<b>8,087,488</b>	<b>19,437,906</b>	<b>656,568</b>	<b>20,094,474</b>

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CONDENSED FINANCIAL STATEMENTS  
UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
FOR THE SECOND FINANCIAL QUARTER ENDED 31 DECEMBER 2007

<===== Non Distributable =====>

GROUP	Share Capital RM'000	Share Premium RM'000	Statutory Reserve RM'000	Capital Reserve RM'000	Unrealised Holding Reserve/(Deficit) RM'000	Exchange Fluctuation Reserve RM'000	Other Reserves RM'000	Distributable Retained Profits RM'000	Total Shareholders' Equity RM'000	Minority Interests RM'000	Total Equity RM'000
<b>At 1 July 2006</b>											
As previously stated	3,796,947	2,137,807	3,973,917	15,250	(27,479)	58,136	-	6,811,248	16,765,826	708,475	17,474,301
Prior year adjustments											
- Effects of adopting FRS 2	-	-	-	-	-	-	3,038	(3,038)	-	-	-
- Effects of adopting BNM Circular on Handling Fees	-	-	-	-	-	-	-	77,211	77,211	-	77,211
- Effects of adopting FRS 128	-	-	-	-	-	-	-	25,765	25,765	(100,000)	(74,235)
<b>At 1 July 2006 (restated)</b>	3,796,947	2,137,807	3,973,917	15,250	(27,479)	58,136	3,038	6,911,186	16,868,802	608,475	17,477,277
- Effects of adopting FRS 140	-	-	-	-	-	-	-	10,244	10,244	-	10,244
	3,796,947	2,137,807	3,973,917	15,250	(27,479)	58,136	3,038	6,921,430	16,879,046	608,475	17,487,521
Currency translation differences	-	-	(462)	-	-	(92,055)	-	-	(92,517)	-	(92,517)
Net increase in fair value of securities	-	-	-	-	343,342	-	-	-	343,342	-	343,342
Net gain/(loss) not recognised in the income statement	-	-	(462)	-	343,342	(92,055)	-	-	250,825	-	250,825
Net Profit for the period	-	-	-	-	-	-	-	1,414,418	1,414,418	53,463	1,467,881
Total recognised income/(expense) for the period	-	-	(462)	-	343,342	(92,055)	-	1,414,418	1,665,243	53,463	1,718,706
Share-based payment under ESOS	-	-	-	-	-	-	54,428	-	54,428	-	54,428
Transfer to statutory reserves	-	-	(69,947)	-	-	-	-	69,947	-	-	-
Issue of ordinary shares pursuant to ESOS	46,500	395,590	-	-	-	-	-	-	442,090	-	442,090
Dividend Paid	-	-	-	-	-	-	-	(964,663)	(964,663)	(409)	(965,072)
<b>At 31 December 2006</b>	3,843,447	2,533,397	3,903,508	15,250	315,863	(33,919)	57,466	7,441,132	18,076,144	661,529	18,737,673

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CONDENSED FINANCIAL STATEMENTS  
UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
FOR THE SECOND FINANCIAL QUARTER ENDED 31 DECEMBER 2007

<=====Non Distributable=====>

	Share Capital RM'000	Share Premium RM'000	Statutory Reserve RM'000	Unrealised Holding Reserve/(Deficit) RM'000	Exchange Fluctuation Reserve RM'000	Other Reserves RM'000	Distributable Retained Profits RM'000	Total Equity RM'000
<b>At 1 July 2007</b>	3,889,225	2,935,570	3,889,770	283,264	8,660	61,228	6,386,121	17,453,838
Currency translation differences	-	-	(130)	-	13,378	-	-	6,141
Unrealised net gain on revaluation of securities available for sale	-	-	-	(238,352)	-	-	-	(238,352)
Net gain/(loss) not recognised in the income statement	-	-	(130)	(238,352)	13,378	-	-	(232,211)
Net profit for the period	-	-	-	-	-	-	1,277,142	1,277,142
Total recognised income/(expense) for the period	-	-	(130)	(238,352)	13,378	-	1,277,142	1,052,038
Share-based payment under ESOS	-	-	-	-	-	1,321	-	1,321
Transfer to statutory reserve	-	-	320,000	-	-	-	(320,000)	-
Issue of ordinary shares pursuant to ESOS	8,351	73,322	-	-	-	-	-	81,673
Dividend paid	-	-	-	-	-	-	(1,137,379)	(1,137,379)
<b>At 31 December 2007</b>	3,897,576	3,008,892	4,209,640	44,912	22,038	62,549	6,205,884	17,451,491

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CONDENSED FINANCIAL STATEMENTS  
UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
FOR THE SECOND FINANCIAL QUARTER ENDED 31 DECEMBER 2007

	<=====Non Distributable=====>						Distributable Retained Profits RM'000	Total Equity RM'000
	Share Capital RM'000	Share Premium RM'000	Statutory Reserve RM'000	Unrealised Holding Reserve/(Deficit) RM'000	Exchange Fluctuation Reserve RM'000	Other Reserves RM'000		
<b>BANK</b>								
<b>At 1 July 2006</b>								
As previously stated	3,796,947	2,137,807	3,871,493	(21,206)	112,690	-	5,376,363	15,274,094
- Effects of adopting FRS2	-	-	-	-	-	3,038	(1,984)	1,054
- Effects of adopting BNM Circular on Handling Fees	-	-	-	-	-	-	77,211	77,211
<b>At 1 July 2006 (restated)</b>	<b>3,796,947</b>	<b>2,137,807</b>	<b>3,871,493</b>	<b>(21,206)</b>	<b>112,690</b>	<b>3,038</b>	<b>5,451,590</b>	<b>15,352,359</b>
Currency translation differences	-	-	(602)	-	(53,725)	-	-	(54,327)
Net decrease in fair value of securities	-	-	-	249,604	-	-	-	249,604
Net gain/(loss) not recognised in the income statement	-	-	(602)	249,604	(53,725)	-	-	195,277
Net profit for the period	-	-	-	-	-	-	1,295,005	1,295,005
Total recognised income/(expense) for the period	-	-	(602)	249,604	(53,725)	-	1,295,005	1,490,282
Share-based payment under ESOS	-	-	-	-	-	54,428	-	54,428
Transfer to Statutory Reserves	-	-	510	-	-	-	(510)	-
Issue of ordinary shares pursuant to ESOS	46,500	395,590	-	-	-	-	-	442,090
Dividend paid	-	-	-	-	-	-	(964,663)	(964,663)
<b>At 31 December 2006</b>	<b>3,843,447</b>	<b>2,533,397</b>	<b>3,871,401</b>	<b>228,398</b>	<b>58,965</b>	<b>57,466</b>	<b>5,781,422</b>	<b>16,374,496</b>

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**CONDENSED FINANCIAL STATEMENTS**  
**UNAUDITED CONDENSED CASH FLOW STATEMENTS**  
**FOR THE SECOND FINANCIAL QUARTER ENDED 31 DECEMBER 2007**

	<b>GROUP</b>		<b>BANK</b>	
	31 December 2007 RM'000	31 December 2006 RM'000	31 December 2007 RM'000	31 December 2006 RM'000
Profit before taxation	<b>2,047,331</b>	2,004,247	<b>1,734,989</b>	1,864,843
Adjustments for non-operating and non-cash items	<b>1,804,714</b>	334,455	<b>1,517,504</b>	219,792
Operating profit before working capital changes	<b>3,852,045</b>	2,338,702	<b>3,252,493</b>	2,084,635
Changes in working capital:-				
Net changes in operating assets	<b>(10,062,048)</b>	(16,074,883)	<b>(9,969,665)</b>	(13,050,098)
Net changes in operating liabilities	<b>9,190,457</b>	10,757,505	<b>10,671,594</b>	11,793,646
Tax expense and zakat paid	<b>(655,790)</b>	(585,828)	<b>(523,641)</b>	(529,204)
Net cash generated from operations	<b>2,324,664</b>	(3,564,504)	<b>3,430,781</b>	298,979
Net cash (used in)/generated from investing activities	<b>(117,673)</b>	(91,547)	<b>(116,889)</b>	301,462
Net cash (used in)/generated from financing activities	<b>(2,942,544)</b>	(965,916)	<b>(2,942,545)</b>	(965,916)
	<b>(3,060,217)</b>	(1,057,463)	<b>(3,059,434)</b>	(664,454)
Net change in cash and cash equivalents	<b>(735,553)</b>	(4,621,967)	<b>371,347</b>	(365,475)
Cash and cash equivalents at beginning of period *	<b>36,517,013</b>	32,067,138	<b>33,152,218</b>	27,570,845
Cash and cash equivalents at end of period	<b>35,781,460</b>	27,445,171	<b>33,523,565</b>	27,205,370
* Cash and cash equivalents at beginning of period				
Cash and short term funds as previously reported	<b>37,597,422</b>	32,035,395	<b>34,200,909</b>	27,542,452
Effects of foreign exchange rate changes	<b>(1,080,409)</b>	31,743	<b>(1,048,691)</b>	28,393
As restated	<b>36,517,013</b>	32,067,138	<b>33,152,218</b>	27,570,845

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**Part A: Explanatory Notes Pursuant to Financial Reporting Standard 134 (“FRS 134”) and Revised Guidelines on Financial Reporting for Licensed Institutions (BNM/GP8) Issued by Bank Negara Malaysia**

**A1. Basis of Preparation**

The condensed interim financial statements of the Group and of the Bank have been prepared under the historical cost convention except for the following assets and liabilities that are stated at fair values: securities held-for-trading and available-for-sale, derivative financial instruments and investment properties.

The condensed interim financial statements were not audited and have been prepared in accordance with the requirements of FRS 134: Interim Financial Reporting and Chapter 9, part K of the Listing Requirements of Bursa Malaysia Securities Berhad. The condensed interim financial statements should be read in conjunction with the audited financial statements for the year ended 30 June 2007. These explanatory notes attached to the condensed interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group and the Bank since the year ended 30 June 2007.

The significant accounting policies and methods of computation applied by the Group and the Bank are consistent with those adopted in the most recent audited annual financial statements for the year ended 30 June 2007 except for the adoption of the following Financial Reporting Standards (“FRS’s”) effective from the financial periods beginning 1 July 2007:

FRS 117	Leases
FRS 124	Related Party Transaction
FRS 6	Exploration for and Evaluation of Mineral Resources
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 Disclosures of Government Assistance
FRS 126	Accounting and Reporting by Retirements Benefit Plans
FRS 129	Financial Reporting in Hyperinflationary Economies
FRS 134	Interim Financial Reporting
FRS 137	Provisions, Contingent Liabilities and Contingent Assets

The adoption of FRS’s 124, 6, 107, 111, 112, 118, 119, 120, 126, 129, 134 and 137 does not result in significant changes in accounting policies of the Group and the Bank. The principal effects of the changes in accounting policies resulting from the adoption of FRS 117 is discussed in Note A1(a) below.

The allowance for doubtful debts and financing of the Group and the Bank are computed based on the requirements of BNM/GP3, which is consistent with the adoption made in the previous audited annual financial statements. Specific allowances are made for doubtful debts which have been individually reviewed and specifically identified as bad and doubtful. Additional allowances are made for long outstanding non-performing loans aged more than five years. In addition, a general allowance based on a certain percentage of total risk-weighted assets for credit risk, which takes into account all balance sheet items and their perceived credit risk levels, is maintained.

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**A1. Basis of Preparation (Contd.)**

**(a) FRS 117: Leases. Leasehold land held for own use**

Prior to 1 July 2007, lease of land held for own use was classified as property, plant and equipment and was stated at cost less amortisation and impairment loss. The adoption of the revised FRS 117: Leases with effect from 1 July 2007 resulted in a change in the accounting policy relating to the classification of leases of land. Under FRS 117, lease of land and buildings are classified as operating or finance leases in the same way as leases of other assets. As a result, leasehold land held for own use is now classified as operating lease. The up-front payments made represent prepaid land lease payment and is amortised on a straight-line basis over the remaining lease term.

The Group and the Bank have applied the change in accounting policy in respect of leasehold land in accordance with the transitional provisions of FRS 117. At 1 July 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 and the Bank as at 30 June 2007 have been restated as set out in Note 28(b). There were no effects on the income statements of the Group and the Bank for the financial quarter ended 31 December 2007.

**A2. Significant Accounting Estimates and Judgments**

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

**(i) Fair Value Estimation of Securities Held-for-trading (Note 9(i)), Securities Available-for-sale (Note 9(ii)) and Derivative Financial Instruments**

The fair value of securities and derivatives that are not traded in an active market are determined using valuation techniques based on assumptions of market conditions existing at the balance sheet date, including reference to quoted market prices and independent dealer quotes for similar securities and discounted cash flows method.

**(ii) Valuation of Investment Properties**

The measurement of the fair value for investment properties is arrived at by reference to market evidence of transaction prices for similar properties and is performed by professional independent valuers.

**(iii) Impairment of Goodwill**

The Group tests annually whether the goodwill that has an indefinite life has suffered any impairment by measuring the recoverable amount of the goodwill based on the value-in-use method, which requires the use of estimates of cash flow projections, growth rates and discount rates. Changes to the assumptions used by management, particularly the discount rate and the terminal growth rate, may significantly affect the results of the impairment.

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**A2. Significant Accounting Estimates and Judgments (contd.)**

**(iv) Impairment of Other Intangible Assets**

The Group's and the Bank's intangible assets that can be separated and sold and have a finite useful life are amortised over their estimated useful life.

The determination of the estimated useful life of these intangible assets requires the Bank's management to analyse the circumstances, the industry and market practice and also to use judgment. At each balance sheet date, or more frequently when events or changes in circumstances dictate, intangible assets are assessed for indications of impairment. If indications are present, these assets are subject to an impairment review. The impairment review comprises a comparison of the carrying amount of the assets with its recoverable amount.

**(v) Liabilities of Insurance Business**

The actuarial estimate of future contingent policy liabilities is computed in accordance with the standards and basis prescribed under the Insurance Act and Regulations, and uses a level net premium methodology with allowances for acquisition costs through the application of a zilmer or full preliminary term adjustments, whichever produces higher reserves.

For general claims, reserve is made upon notification of a new claim where the potential liability will be assessed based on information available. Where little or no information is available, a "blind" reserve will be used. The blind reserves are based on class of business and are reviewed annually in line with Bank Negara Malaysia guidelines. As and when more information becomes available regarding a claim, the reserve is amended accordingly.

**(vi) Deferred Tax and Incomes Taxes**

The Group and the Bank is subject to income taxes in many jurisdictions and significant judgment is required in estimating the provision for income taxes. There are many transactions and interpretations of tax law for which the final outcome will not be established until some time later. Liabilities for taxation are recognized based on estimates of whether additional taxes will be payable. The estimation process includes seeking expert advice where appropriate. Where the final liability for taxation is different from the amounts that were initially recorded, the differences will affect the income tax and deferred tax provisions in the period in which the estimate is revised or the final liability is established.

**(vii) Allowances for Bad and Doubtful Debts**

The Group and Bank review the doubtful loans, advances and financing at each reporting date to assess whether allowances for impairment should be recorded in the financial statements. In particular, judgement is required in the identification of doubtful loans and the estimation of realisation amount from the doubtful loans when determining the level of allowance required.

The Group and Bank have adopted certain criteria in the identification of doubtful loans, which include classifying loans as non-performing when repayments are in arrears for more than three (3) months (one (1) month after maturity date for trade bills, bankers' acceptances and trust receipts). Specific allowances for doubtful loans are provided after taking into consideration of the values assigned to collateral. The values assigned to collateral are estimated based on market value and/or forced sales value, as appropriate and conforms to BNM guidelines. In addition to the specific allowances made, the Group and Bank also make general allowance against exposure not specifically identified based on a certain percentage of total risk-weighted assets for credit risk. Such estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the allowance.

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**A3. Auditors' Report on Preceding Annual Financial Statements**

The auditors' report on the audited annual financial statements for the financial year ended 30 June 2007 was not qualified.

**A4. Seasonal or Cyclical Factors**

The operations of the Group and the Bank were not materially affected by any seasonal or cyclical factors in the second financial quarter ended 31 December 2007.

**A5. Unusual Items Due to Their Nature, Size or Incidence**

During the quarter ended 31 December 2007, there were no unusual items affecting the assets, liabilities, equity, net income or cash flows of the Group and the Bank.

**A6. Changes in Estimates**

There were no material changes in estimates during the quarter ended 31 December 2007.

**A7. Changes in Debt and Equity Securities**

Save as disclosed below, there were no issuances, cancellations, share buy-backs, resale of shares bought back and repayment of debt and equity securities by the Bank.

The issued and paid-up share capital of the Bank was increased from RM3,889,224,521 as at 30 June 2007 to RM3,897,575,921 as at 31 December 2007, from the issuance of 8,351,400 new ordinary shares of RM1.00 each to eligible persons who have exercised their options under the Maybank Group Employee Share Option Scheme (ESOS) at the following option prices:

<u>Number of shares issued:</u>	<u>Option price per share</u>
2,828,900	RM 9.23
746,500	RM 9.87
1,749,000	RM 9.92
3,027,000	RM10.19

**A8. Dividends Paid**

A final dividend of 40.0 sen per share less 27% income tax for the financial year ended 30 June 2007, amounting to RM1,137,379,104 was paid on 15 November 2007.

Subsequent to 31 December 2007, a first interim dividend of 17.5 sen per share less 26% tax for the financial year ending 30 June 2008, amounting to RM504,736,083 was paid on 16 January 2008.

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**A9. Securities Portfolio**

	Note	Group		Bank	
		31 December 2007 RM'000	30 June 2007 RM'000	31 December 2007 RM'000	30 June 2007 RM'000
Securities held-for-trading	(i)	1,049,107	2,032,634	361,465	1,447,227
Securities available-for-sale	(ii)	34,815,455	29,124,704	31,193,085	25,213,654
Securities held-to-maturity	(iii)	1,391,094	2,534,392	845,245	1,964,064
		<b>37,255,656</b>	<b>33,691,730</b>	<b>32,399,795</b>	<b>28,624,945</b>

**A9. (i) Securities Held-for-trading**

	Group		Bank	
	31 December 2007 RM'000	30 June 2007 RM'000	31 December 2007 RM'000	30 June 2007 RM'000
<b>At Fair value</b>				
<b>Money Market Instruments:-</b>				
Malaysian Government Securities	9,960	-	-	-
Malaysian Government Treasury Bills	19,998	52,997	19,998	52,997
Malaysian Government Investment Issues	14,840	-	-	-
Bank Negara Malaysia Bills and Notes	10,819	867,578	10,819	867,578
Total Money Market Instruments	<b>55,617</b>	<b>920,575</b>	<b>30,817</b>	<b>920,575</b>
<b>Quoted securities:</b>				
Shares	33,988	-	33,988	-
	<b>33,988</b>	<b>-</b>	<b>33,988</b>	<b>-</b>
<b>Unquoted securities:</b>				
Foreign Private Debt Securities	296,660	526,652	296,660	526,652
Private and Islamic Debt Securities in Malaysia	662,842	585,407	-	-
	<b>959,502</b>	<b>1,112,059</b>	<b>296,660</b>	<b>526,652</b>
<b>Total securities held-for-trading</b>	<b>1,049,107</b>	<b>2,032,634</b>	<b>361,465</b>	<b>1,447,227</b>

**A9. (ii) Securities Available-for-sale**

	Group		Bank	
	31 December 2007 RM'000	30 June 2007 RM'000	31 December 2007 RM'000	30 June 2007 RM'000
<b>At Fair value, or cost less impairment losses for certain unquoted equity instruments</b>				
<b>Money market instruments:-</b>				
Malaysian Government Securities	4,671,133	3,034,542	4,258,791	2,377,960
Cagamas Bonds	678,311	748,781	387,806	462,758
Foreign Government Securities	3,682,500	3,261,092	3,601,798	3,198,175
Malaysian Government Investment Issues	4,165,618	3,873,649	3,835,802	3,718,743
Bank Negara Malaysia Bills	-	35,580	-	35,580
Foreign Government Treasury Bills	1,013,040	652,052	884,791	529,286
Negotiable Instruments of Deposits	3,779,222	2,288,651	5,063,865	2,676,010
Bankers' Acceptances and Islamic Accepted Bills	2,021,377	3,198,835	2,021,377	3,198,835
Khazanah Bonds	931,988	929,845	733,551	734,194
Bank Negara Malaysia Sukuk Ijarah Bonds	40,000	40,072	40,000	40,072
Bank Negara Malaysia Monetary Notes	905,583	-	905,583	-
Foreign Certificates of Deposits	292,817	230,539	-	-
Total Money Market Instruments	<b>22,181,589</b>	<b>18,293,638</b>	<b>21,733,364</b>	<b>16,971,613</b>

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**A9. Securities Portfolio (contd)**

**A9. (ii) Securities Available-for-sale (contd)**

	Group		Bank	
	31 December 2007 RM'000	30 June 2007 RM'000	31 December 2007 RM'000	30 June 2007 RM'000
<b>Quoted Securities: -</b>				
In Malaysia:				
Shares, Warrants, Trust Units and Loan Stocks	646,333	631,387	229,633	267,733
Outside Malaysia:				
Shares, Warrants, Trust Units and Loan Stocks	185,288	164,184	92,270	104,342
	<b>831,621</b>	<b>795,571</b>	<b>321,903</b>	<b>372,075</b>
<b>Unquoted Securities:-</b>				
Shares, trust units and loan stocks in Malaysia	719,583	807,028	510,776	545,617
Shares, trust units and loan stocks outside Malaysia	23,009	23,743	10,169	13,747
Private and Islamic Debt Securities in Malaysia	6,428,511	4,477,735	4,374,844	3,002,583
Malaysian Government Bonds	286,923	296,849	286,923	296,849
Foreign Government Bonds	-	79,367	-	-
Foreign Islamic and Private Debt Securities	4,067,639	3,837,974	3,678,526	3,584,803
Credit Linked Notes	276,580	426,367	276,580	426,367
Malaysia Global Sukuk	-	86,432	-	-
	<b>11,802,245</b>	<b>10,035,495</b>	<b>9,137,818</b>	<b>7,869,966</b>
				-
<b>Total securities available-for-sale</b>	<b>34,815,455</b>	<b>29,124,704</b>	<b>31,193,085</b>	<b>25,213,654</b>

**A9. (iii) Securities Held-To-Maturity**

**At Amortised cost less impairment losses**

**Money market instruments:-**

Malaysian Government Securities	293,022	1,025,981	292,463	1,025,422
Cagamas Bonds	139,020	224,057	127,278	212,299
Foreign Government Securities	232,078	207,572	-	-
Malaysian Government Investment Issues	80	80	-	-
Total Money Market Instruments	<b>664,200</b>	<b>1,457,690</b>	<b>419,741</b>	<b>1,237,721</b>

**Unquoted Securities:-**

Private and Islamic Debt Securities in Malaysia	386,729	547,977	85,349	197,627
Malaysian Government Bonds	43,181	45,139	43,181	45,139
Foreign Government Bonds	10	9	-	-
Foreign Islamic and Private Debt Securities	314,095	327,973	314,095	327,973
Credit Linked Note	-	172,725	-	172,725
Others	2,044	2,044	2,044	2,044
	<b>746,059</b>	<b>1,095,867</b>	<b>444,669</b>	<b>745,508</b>
Accumulated impairment losses	<b>(19,165)</b>	<b>(19,165)</b>	<b>(19,165)</b>	<b>(19,165)</b>
<b>Total securities held-to-maturity</b>	<b>1,391,094</b>	<b>2,534,392</b>	<b>845,245</b>	<b>1,964,064</b>

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**A10. Loans, Advances and Financing**

	Group		Bank	
	31 December 2007 RM'000	30 June 2007 RM'000	31 December 2007 RM'000	30 June 2007 RM'000
Overdrafts	13,972,489	13,801,836	13,946,459	13,766,775
Term loans				
- Housing loans/financing	29,681,375	26,980,875	29,513,988	26,850,921
- Syndicated loan/financing	10,960,493	9,954,678	8,786,479	7,559,442
- Hire purchase receivables	27,708,673	26,121,500	27,494,212	26,121,500
- Lease receivables	5,526	7,954	5,526	7,954
- Other loans/financing	42,849,937	41,358,326	41,505,404	39,359,046
Credit card receivables	3,204,322	2,871,567	3,204,322	2,871,567
Bills receivable	2,066,453	1,543,665	2,057,255	1,511,273
Trust receipts	2,020,215	2,969,625	1,965,267	2,896,203
Claims on customers under acceptance credits	8,399,966	8,434,367	8,379,257	8,439,619
Loans/financing to banks and other financial institutions	10,355,883	10,289,507	10,355,418	10,289,507
Revolving credits	14,256,020	13,360,174	13,965,775	13,259,610
Staff loans	1,005,516	986,795	951,138	932,025
Housing loans to				
- Executive directors of the Bank	109	123	109	123
- Executive directors of subsidiaries	1,477	1,719	1,477	1,719
Others	370,177	180,919	-	-
	<b>166,858,631</b>	158,863,630	<b>162,132,086</b>	153,867,284
Unearned interest and income	<b>(11,541,406)</b>	(11,366,360)	<b>(11,504,269)</b>	(11,334,154)
Gross loans, advances and financing	<b>155,317,225</b>	147,497,270	<b>150,627,817</b>	142,533,130
Allowances for bad and doubtful debts and financing:				
- specific	(3,900,877)	(3,875,219)	(3,824,203)	(3,696,358)
- general	(2,794,580)	(2,757,315)	(2,663,988)	(2,613,274)
Net loans, advances and financing	<b>148,621,768</b>	140,864,736	<b>144,139,626</b>	136,223,498

**(i) By type of customer**

	Group		Bank	
	31 December 2007 RM'000	30 June 2007 RM'000	31 December 2007 RM'000	30 June 2007 RM'000
<b>Domestic operations:</b>				
Domestic non-bank financial institutions				
- Stockbroking companies	134,159	163,268	133,980	163,088
- Others	9,954,532	9,758,406	9,946,782	9,748,355
Domestic business enterprise				
- Small and medium enterprise	24,468,491	23,457,406	24,468,491	23,464,107
- Others	21,049,591	21,390,132	20,963,239	21,272,776
Government and statutory bodies	423,558	222,050	423,557	222,050
Individuals	55,716,861	53,329,288	55,662,535	53,274,983
Other domestic entities	193,797	202,020	37,046	46,398
Foreign entities	434,119	381,348	431,061	361,569
Total domestic operations	<b>112,375,108</b>	108,903,918	<b>112,066,691</b>	108,553,326



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**A10. Loans, Advances and Financing (contd)**

**(i) By type of customer (contd)**

	Group		Bank	
	31 December 2007 RM'000	30 June 2007 RM'000	31 December 2007 RM'000	30 June 2007 RM'000
<b>Overseas operations:</b>				
Singapore	32,107,812	28,042,055	32,107,812	28,042,055
Hong Kong SAR	2,474,839	2,174,984	2,474,839	2,174,984
United States of America	1,118,814	1,218,424	1,118,814	1,218,424
People's Republic of China	729,255	696,326	729,255	696,326
Vietnam	429,802	391,445	429,802	391,445
United Kingdom	1,104,968	866,331	1,104,968	866,332
Brunei	161,219	163,049	161,219	163,049
Cambodia	106,721	104,195	106,721	104,195
Bahrain	327,696	322,994	327,696	322,994
Labuan offshore	3,455,590	3,813,701	-	-
Philippines	774,907	682,381	-	-
Indonesia	113,894	87,813	-	-
Papua New Guinea	36,600	29,654	-	-
	<b>42,942,117</b>	<b>38,593,352</b>	<b>38,561,126</b>	<b>33,979,804</b>
Gross loans, advances and financing	<b>155,317,225</b>	<b>147,497,270</b>	<b>150,627,817</b>	<b>142,533,130</b>

**(ii) By interest/profit rate sensitivity**

Fixed rate				
- Housing loans/financing	10,612,378	11,047,846	10,466,708	10,860,914
- Hire purchase receivables	23,747,813	21,898,806	23,556,832	21,731,957
- Other fixed rate loans/financing	13,668,719	14,332,124	13,525,344	14,199,453
Variable rate				
- Base lending rate plus	55,899,383	53,682,867	55,827,473	53,614,209
- Cost plus	16,342,565	14,442,609	16,163,986	14,249,846
- Other variable rates	35,046,367	32,093,018	31,087,474	27,876,751
Gross loans, advances and financing	<b>155,317,225</b>	<b>147,497,270</b>	<b>150,627,817</b>	<b>142,533,130</b>

**(ii) Total loans by economic purpose**

	Group		Bank	
	31 December 2007 RM'000	30 June 2007 RM'000	31 December 2007 RM'000	30 June 2007 RM'000
<b>Domestic operations:</b>				
Purchase of securities	9,860,810	9,336,069	9,674,955	9,114,564
Purchase of transport vehicles	14,776,457	13,864,267	14,768,117	13,855,560
- less Islamic loans sold to Cagamas	(700,989)	(787,228)	(700,989)	(787,228)
Purchase of landed properties				
- residential	24,844,115	24,621,251	24,801,196	24,577,064
- non-residential	6,341,294	6,305,032	6,340,639	6,304,373
- less Islamic housing loans sold to Cagamas	(388,652)	(408,915)	(388,652)	(408,915)
Purchase of fixed assets (exclude landed properties)	5,386	3,363	5,386	3,363
Personal use	3,272,489	3,138,004	3,272,167	3,138,044
Credit card	2,950,671	2,631,699	2,950,671	2,631,699
Purchase of consumer durables	16,801	50,335	16,765	50,301
Construction	5,245,241	5,547,948	5,243,905	5,546,112
Working capital	44,398,527	43,352,732	44,390,417	43,357,532
Others	1,752,958	1,249,361	1,692,114	1,170,857
Total domestic operations	<b>112,375,108</b>	<b>108,903,918</b>	<b>112,066,691</b>	<b>108,553,326</b>

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**A10. Loans, Advances and Financing (contd)**

**(ii) Total loans by economic purpose (contd)**

	Group		Bank	
	31 December 2007 RM'000	30 June 2007 RM'000	31 December 2007 RM'000	30 June 2007 RM'000
<b>Overseas operations:</b>				
Singapore	32,107,812	28,042,055	32,107,812	28,042,055
Hong Kong SAR	2,474,839	2,174,984	2,474,839	2,174,984
United States of America	1,118,814	1,218,424	1,118,814	1,218,424
People's Republic of China	729,255	696,326	729,255	696,326
Vietnam	429,802	391,445	429,802	391,445
United Kingdom	1,104,968	866,331	1,104,968	866,332
Brunei	161,219	163,049	161,219	163,049
Cambodia	106,721	104,195	106,721	104,195
Bahrain	327,696	322,994	327,696	322,994
Labuan Offshore	3,455,590	3,813,701	-	-
Philippines	774,907	682,381	-	-
Indonesia	113,894	87,813	-	-
Papua New Guinea	36,600	29,654	-	-
	<b>42,942,117</b>	<b>38,593,352</b>	<b>38,561,126</b>	<b>33,979,804</b>
Gross loans, advances and financing	<b>155,317,225</b>	<b>147,497,270</b>	<b>150,627,817</b>	<b>142,533,130</b>

**(iii) Non-performing loans by economic purpose**

<b>Domestic operations:</b>				
Purchase of securities	329,384	339,314	278,663	272,047
Purchase of transport vehicles	148,434	137,861	148,298	137,394
Purchase of landed properties				
- residential	2,448,192	2,584,797	2,446,126	2,582,761
- non-residential	484,263	473,242	484,263	473,242
Purchase of fixed assets (exclude landed properties)	-	9,625	-	9,625
Personal use	254,536	258,919	254,533	258,919
Credit card	51,952	42,902	51,952	42,902
Purchase of consumer durables	1,201	1,299	1,201	1,299
Construction	690,911	678,537	690,911	678,537
Working capital	2,673,381	2,619,262	2,667,172	2,619,262
Others	423,769	477,892	421,172	458,908
Total domestic operations	<b>7,506,023</b>	<b>7,623,650</b>	<b>7,444,291</b>	<b>7,534,896</b>
<b>Overseas operations:</b>				
Singapore	366,172	408,636	366,172	408,636
Hong Kong SAR	14,852	33,927	14,852	33,927
Brunei	38,178	37,378	38,178	37,378
Vietnam	10,139	27,738	10,139	27,738
People's Republic of China	2,027	8,514	2,027	8,514
Cambodia	3,432	3,584	3,432	3,584
Labuan Offshore	1,404	52,653	-	-
Papua New Guinea	2,940	3,223	-	-
Philippines	64,338	58,911	-	-
	<b>503,482</b>	<b>634,564</b>	<b>434,800</b>	<b>519,777</b>
	<b>8,009,505</b>	<b>8,258,214</b>	<b>7,879,091</b>	<b>8,054,673</b>

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**A10. Loans, Advances and Financing (contd)**

(iv) Movement in non-performing loans, advances and financing ("NPL") are as follows

	Group		Bank	
	31 December 2007 RM'000	30 June 2007 RM'000	31 December 2007 RM'000	30 June 2007 RM'000
At beginning of the period	8,258,214	9,211,938	8,054,673	8,757,597
Non-performing during the period	2,267,259	4,506,633	2,214,856	4,470,979
Reclassified as performing	(1,026,736)	(3,004,543)	(1,014,000)	(2,853,189)
Acquisition of businesses of KBB and AMEX	-	77,008	-	77,008
Transfer from subsidiaries	-	-	-	22,554
Recovered	(1,056,712)	(1,122,873)	(973,813)	(1,047,068)
Amount written off	(418,319)	(846,928)	(387,347)	(825,719)
Converted to Investment Securities	(44,600)	(63,799)	(44,600)	(63,798)
Converted to Properties	(5,700)	-	(5,700)	-
Sale of NPL	-	(512,313)	-	(512,313)
Exchange differences and expenses debited	36,099	13,091	35,022	28,622
At end of the period	<b>8,009,505</b>	<b>8,258,214</b>	<b>7,879,091</b>	<b>8,054,673</b>
Less: Specific allowance	<b>(3,900,877)</b>	<b>(3,875,219)</b>	<b>(3,824,203)</b>	<b>(3,696,358)</b>
Net non-performing loans, advances and financing	<b>4,108,628</b>	<b>4,382,995</b>	<b>4,054,888</b>	<b>4,358,315</b>
Net NPL as a% of gross loans, advances and financing (including Islamic loans sold to Cagamas) less specific allowance	<b>2.69%</b>	<b>3.03%</b>	<b>2.74%</b>	<b>3.11%</b>

(v) Movement in specific allowance for bad and doubtful debts (and financing) accounts are as follows

	Group		Bank	
	31 December 2007 RM'000	30 June 2007 RM'000	31 December 2007 RM'000	30 June 2007 RM'000
<u>Specific Allowance</u>				
At beginning of the period	3,875,219	4,010,299	3,696,358	3,805,936
Allowance made during the period	911,697	1,733,021	898,982	1,687,783
Amount written back in respect of recoveries	(460,436)	(584,810)	(376,891)	(569,397)
Acquisition of businesses of KBB and AMEX	-	50,709	-	50,709
Amount written off	(418,319)	(1,233,023)	(387,347)	(1,211,814)
Transfer to general allowance	(5,191)	(32,724)	(2,617)	(9,812)
Transferred to impairment lossess in value of securities	(7,738)	(8,488)	(7,738)	(8,488)
Transfer to restructured/rescheduled loans	(1,192)	(39,055)	(1,192)	(33,765)
Exchange differences	6,837	(20,710)	4,648	(14,794)
At end of the year	<b>3,900,877</b>	<b>3,875,219</b>	<b>3,824,203</b>	<b>3,696,358</b>

(vi) Movement in general allowance for bad and doubtful debts (and financing) accounts are as follows

<u>General Allowance</u>				
At beginning of the year	2,757,315	2,415,073	2,613,274	2,258,397
Allowance made during the year	47,334	361,053	46,443	343,381
Amount written back	(13,826)	(41,802)	-	-
Acquisition of business of KBB	-	3,419	-	3,419
Transfer from subsidiaries	-	-	-	5,352
Transfer from specific allowance	5,191	32,724	2,617	9,812
Exchange differences	(1,434)	(13,152)	1,654	(7,087)
At end of the year	<b>2,794,580</b>	<b>2,757,315</b>	<b>2,663,988</b>	<b>2,613,274</b>
As % of gross loans, advances and financing (including Islamic loans sold to Cagamas) less specific allowance	<b>1.83%</b>	<b>1.90%</b>	<b>1.80%</b>	<b>1.87%</b>

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**A11. Other Assets**

	Group		Bank	
	31 December 2007 RM'000	30 June 2007 RM'000	31 December 2007 RM'000	30 June 2007 RM'000
Interest receivables	940,103	813,824	856,176	719,037
Prepayments and deposits	421,457	422,684	381,727	379,040
Other debtors	1,705,736	1,897,702	709,345	765,715
Tax Recoverable	127,428	123,155	-	-
Properties -Foreclosed & Acquired in satisfaction of Loan	125,589	118,029	62,529	56,816
	<b>3,320,313</b>	<b>3,375,394</b>	<b>2,009,777</b>	<b>1,920,608</b>

**A12. Deposits from Customers**

Fixed deposits and negotiable instruments of deposits				
- One year or less	99,304,765	101,012,633	86,828,539	87,798,019
- More than one year	2,528,990	3,450,037	2,216,979	3,160,018
Money Market deposits	14,162,886	-	14,162,886	-
Savings deposits	29,377,232	27,842,616	29,000,374	27,398,458
Demand deposits	36,068,917	30,890,786	35,905,483	30,738,870
Structured deposits *	1,404,946	480,690	1,404,946	480,690
	<b>182,847,736</b>	<b>163,676,762</b>	<b>169,519,207</b>	<b>149,576,055</b>

\* Structured deposits represent foreign currency time deposits with embedded foreign exchange option and commodity-linked time deposits

	Group		Bank	
	31 December 2007 RM'000	30 June 2007 RM'000	31 December 2007 RM'000	30 June 2007 RM'000
Business enterprises	65,313,750	63,413,067	54,610,687	52,266,805
Individuals	87,351,095	82,080,948	86,746,241	81,441,707
Government and statutory bodies	7,132,259	8,030,787	6,837,120	7,780,128
Others	23,050,632	10,151,960	21,325,159	8,087,415
	<b>182,847,736</b>	<b>163,676,762</b>	<b>169,519,207</b>	<b>149,576,055</b>

**A13. Deposits and Placement of Banks and Other  
Financial Institutions and Debt Securities**

Licensed banks	23,823,398	23,815,084	28,422,893	26,963,414
Licensed finance companies	133,232	222,632	133,232	222,632
Licensed merchant banks	1,652,688	986,631	1,652,688	986,631
Other financial institutions	4,282,256	4,510,343	4,282,256	4,510,343
	<b>29,891,574</b>	<b>29,534,690</b>	<b>34,491,069</b>	<b>32,683,020</b>

Maturity structure of deposits and placements of banks and other financial institutions				
- One year or less	24,150,082	24,651,295	28,754,254	27,804,605
- More than one year	5,741,492	4,883,395	5,736,815	4,878,415
	<b>29,891,574</b>	<b>29,534,690</b>	<b>34,491,069</b>	<b>32,683,020</b>

Subordinated obligations				
Unsecured				
- less than one year	-	-	-	-
- more than one year	<sup>1</sup> 4,987,113	<sup>1</sup> 6,344,048	<sup>1</sup> 4,987,113	<sup>1</sup> 6,344,048

<sup>1</sup> Includes Subordinated Notes of USD300 million. (30 June 2007: USD680 million)

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**A14. Other Liabilities**

	Group		Bank	
	31 December 2007 RM'000	30 June 2007 RM'000	31 December 2007 RM'000	30 June 2007 RM'000
Interest/Profit payable	1,125,349	1,166,598	1,108,926	1,122,645
Provision for outstanding claims	430,220	429,786	-	-
Unearned premium reserves	259,370	275,816	-	-
Profit Equalisation Reserves	75,421	64,205	71,993	61,768
Provisions and accruals	796,845	976,262	706,249	863,474
Due to brokers and clients	347,668	389,751	-	-
Deposits and other creditors	1,826,084	1,787,149	1,877,768	1,849,086
	<b>4,860,957</b>	<b>5,089,567</b>	<b>3,764,936</b>	<b>3,896,973</b>

**A15. Interest Income**

	2nd Quarter Ended		Cumulative 6 Months Ended	
	31 December 2007 RM'000	31 December 2006 RM'000	31 December 2007 RM'000	31 December 2006 RM'000
<b>Group</b>				
Loans, advances and financing				
- Interest income other than recoveries from NPL	1,830,848	1,689,981	3,606,301	3,398,231
- Recoveries from NPL	89,572	97,729	164,244	193,632
Money at call and deposit placements with financial institutions	554,660	481,651	1,109,046	871,414
Securities purchased under resale agreements	1,874	4,063	5,818	12,508
Securities held-for-trading	169,367	58,396	360,591	153,314
Securities available-for-sale	327,049	293,980	626,142	577,515
Securities held-to-maturity	23,255	48,581	61,787	125,713
	<b>2,996,625</b>	<b>2,674,381</b>	<b>5,933,929</b>	<b>5,332,327</b>
Amortisation of premium less accretion of discounts	10,727	(17,305)	(154)	(36,208)
Net interest/income clawed back/suspended	(13,089)	(18,023)	(28,621)	(35,988)
	<b>2,994,263</b>	<b>2,639,053</b>	<b>5,905,154</b>	<b>5,260,131</b>
<b>Bank</b>				
Loans, advances and financing				
- Interest income other than recoveries from NPL	1,748,147	1,617,130	3,442,896	3,250,765
- Recoveries from NPL	88,394	96,660	159,592	191,578
Money at call and deposit placements with financial institutions	526,753	413,402	1,053,802	757,283
Securities purchased under resale agreements	867	3,718	3,057	11,815
Securities held-for-trading	162,057	54,430	345,920	146,630
Securities available-for-sale	281,331	223,578	532,217	454,754
Securities held-to-maturity	19,656	40,675	49,710	88,038
	<b>2,827,205</b>	<b>2,449,593</b>	<b>5,587,194</b>	<b>4,900,863</b>
Amortisation of premium less accretion of discounts	4,540	(17,059)	(10,823)	(34,310)
Net interest/income clawed back/suspended	(13,089)	(14,757)	(28,621)	(32,722)
	<b>2,818,656</b>	<b>2,417,777</b>	<b>5,547,750</b>	<b>4,833,831</b>

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**A16. Interest Expense**

<u>Group</u>	2nd Quarter Ended		Cumulative 6 Months Ended	
	31 December 2007 RM'000	31 December 2006 RM'000	31 December 2007 RM'000	31 December 2006 RM'000
Deposits and placements of banks and other financial institutions	346,898	321,430	698,684	667,339
Deposits from customers	1,163,222	1,004,447	2,340,654	1,923,998
Loans sold to Cagamas	20,084	34,575	42,359	71,275
Floating rate certificates of deposits	5,852	6,266	12,760	13,015
Subordinated notes	14,034	21,165	39,797	42,761
Subordinated bonds	29,485	-	44,608	-
Others	27	423	64	743
	<b>1,579,602</b>	<b>1,388,306</b>	<b>3,178,926</b>	<b>2,719,131</b>
<b>Bank</b>				
Deposits and placements of banks and other financial institutions	385,424	285,044	766,201	585,241
Deposits from customers	1,030,812	910,329	2,080,920	1,750,237
Loans sold to Cagamas	20,084	34,575	42,359	71,275
Floating rate certificates of deposits	5,852	6,266	12,760	13,015
Subordinated notes	14,034	21,165	39,797	42,761
Subordinated bonds	29,485	-	44,608	-
Others	26	423	67	743
	<b>1,485,717</b>	<b>1,257,802</b>	<b>2,986,712</b>	<b>2,463,272</b>

**A17. Non-interest Income**

<u>Group</u>				
(a) Fee income:				
Commission	179,666	168,411	358,452	318,257
Service charges and fees	196,055	143,224	349,184	286,886
Guarantee fees	26,841	23,400	57,772	44,469
Underwriting fees	1,185	465	3,074	1,436
Brokerage income	19,055	16,353	43,736	26,429
Other fee income	25,458	10,748	36,169	19,000
	<b>448,260</b>	<b>362,601</b>	<b>848,387</b>	<b>696,477</b>
(b) Gain/loss arising from sale of securities:				
Net gain from securities held-for-trading	(12,093)	7,322	(22,981)	14,667
Net gain from securities available-for-sale	21,674	84,795	53,661	125,344
Net loss from redemption of securities held-to-maturity	(17)	4	45	(176)
Net gain from sale of subsidiary company	-	456	-	456
Net loss from sale of associated company	(300)	-	(300)	-
	<b>9,264</b>	<b>92,577</b>	<b>30,425</b>	<b>140,291</b>
(c) Gross dividend from:				
Securities portfolio	9,428	5,935	17,456	12,502
(d) Unrealised (loss)/gain on revaluation of securities held-for-trading and derivatives	(90,551)	24,833	(177,594)	(97,975)
Write back of /(Provision for) impairment losses in securities, net	6,979	9,832	(10,546)	16,660
	<b>(83,572)</b>	<b>34,665</b>	<b>(188,140)</b>	<b>(81,315)</b>
(e) Other income:				
Foreign exchange profit	91,750	71,987	214,992	166,945
Net premiums written	125,355	129,518	244,713	247,168
Rental Income	4,475	3,751	8,332	8,931
Gains on disposal of property, plant and equipment	3,143	(377)	5,084	514
Gain on disposal of foreclosed properties	325	92	2,701	403
Gain on liquidation of subsidiary	-	-	7,178	-
Others	27,907	75,210	55,430	122,516
	<b>252,955</b>	<b>280,181</b>	<b>538,430</b>	<b>546,477</b>
Total non-interest income	<b>636,335</b>	<b>775,959</b>	<b>1,246,558</b>	<b>1,314,432</b>

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**A17. Non-interest Income (contd)**

<u>Bank</u>	2nd Quarter Ended		Cumulative 6 Months Ended	
	31 December 2007 RM'000	31 December 2006 RM'000	31 December 2007 RM'000	31 December 2006 RM'000
(a) Fee income:				
Commission	177,966	165,411	354,472	313,386
Service charges and fees	158,344	134,255	302,054	261,934
Guarantee fees	26,762	23,185	57,646	44,170
Underwriting fees	336	162	653	351
Other fee income	22,096	6,802	29,137	11,167
	<b>385,504</b>	<b>329,815</b>	<b>743,962</b>	<b>631,008</b>
(b) Gain/(loss) arising from sale of securities:				
Net (loss)/gain from securities held-for trading	(8,214)	1,231	(15,400)	3,502
Net gain from securities available-for-sale	9,979	62,778	25,778	95,513
Net loss from redemption of securities held-to-maturity	(17)	-	(184)	(157)
Net gain from sale of subsidiary company	-	58,359	-	58,359
Net loss from sale of associated company	(1,800)	-	(1,800)	-
	<b>(52)</b>	<b>122,368</b>	<b>8,394</b>	<b>157,217</b>
(c) Gross dividend income from:				
Securities portfolio	2,355	1,733	3,616	2,861
Subsidiary companies	1,800	147,799	1,800	147,799
	<b>4,155</b>	<b>149,532</b>	<b>5,416</b>	<b>150,660</b>
(d) Unrealised (loss)/gain on revaluation of securities held-for-trading and derivatives	(85,948)	25,894	(165,760)	(98,148)
Write back of /(Provision for) impairment losses in securities, net	28,432	11,994	30,980	14,577
Impairment of interest in associates	-	-	-	(13,656)
	<b>(57,516)</b>	<b>37,888</b>	<b>(134,780)</b>	<b>(97,227)</b>
(e) Other income:				
Foreign exchange profit	84,276	62,639	203,338	156,930
Rental Income	4,006	3,453	7,666	8,397
Gain on disposal of property and equipment (net)	928	(684)	2,477	(71)
Others	12,633	12,205	27,774	59,650
	<b>101,843</b>	<b>77,613</b>	<b>241,255</b>	<b>224,906</b>
Total non-interest income	<b>433,934</b>	<b>717,216</b>	<b>864,247</b>	<b>1,066,564</b>

**A18. Overhead Expenses**

<u>Group</u>				
Personnel costs	469,728	474,504	913,735	887,967
- Salaries, allowances and bonuses	363,678	330,065	707,599	648,574
- Pension costs	51,726	49,711	105,097	95,858
- Others	54,324	94,728	101,039	143,535
Establishment costs	174,128	156,596	356,126	310,799
- Depreciation	34,372	36,526	66,210	70,993
- Rental of leasehold land and premises	18,561	16,431	35,477	32,989
- Repairs and maintenance of property and equipment	16,489	16,012	37,524	33,849
- Information technology expenses	89,390	77,221	183,745	149,420
- Others	15,316	10,406	33,170	23,548
Marketing expenses	110,443	80,301	212,125	159,424
- Advertisement and publicity	89,116	64,578	169,299	126,812
- Others	21,327	15,723	42,826	32,612
Administration and general expenses	299,673	269,868	581,048	515,905
- Fees and brokerage	114,508	81,952	218,990	159,348
- Administrative expenses	61,611	59,616	124,553	111,590
- General expenses	44,945	48,472	87,202	95,739
- Claims incurred	70,007	67,266	132,203	130,887
- Others	8,602	12,562	18,100	18,341
	<b>1,053,972</b>	<b>981,269</b>	<b>2,063,034</b>	<b>1,874,095</b>

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**A18. Overhead Expenses (contd)**

	2nd Quarter Ended		Cumulative 6 Months Ended	
	31 December	31 December	31 December	31 December
	2007	2006	2007	2006
	RM'000	RM'000	RM'000	RM'000
<b><u>Bank</u></b>				
Personnel costs	419,900	422,761	815,652	795,903
- Salaries, allowances and bonuses	326,043	295,917	635,520	585,153
- Pension costs	47,213	44,990	95,688	87,417
- Others	46,644	81,854	84,444	123,333
Establishment costs	157,276	142,743	321,122	281,673
- Depreciation	28,589	33,352	56,491	64,524
- Rental of leasehold land and premises	16,665	14,888	31,929	29,416
- Repairs and maintenance of property and equipment	14,333	13,838	32,892	29,174
- Information technology expenses	83,767	73,224	172,621	141,358
- Others	13,922	7,441	27,189	17,201
Marketing expenses	86,690	65,232	172,064	131,740
- Advertisement and publicity	66,543	50,341	131,843	100,767
- Others	20,147	14,891	40,221	30,973
Administration and general expenses	212,084	189,028	416,313	362,305
- Fees and brokerage	107,723	74,809	207,115	148,251
- Administrative expenses	52,911	49,269	108,190	100,564
- General expenses	42,724	51,830	85,044	96,951
- Others	8,726	13,120	15,964	16,539
	<b>875,950</b>	<b>819,764</b>	<b>1,725,151</b>	<b>1,571,621</b>

**A19. Allowance for Losses on Loans, Advances and Financing**

	2nd Quarter Ended		Cumulative 6 Months Ended	
	31 December	31 December	31 December	31 December
	2007	2006	2007	2006
	RM'000	RM'000	RM'000	RM'000
<b><u>Group</u></b>				
Allowance for bad and doubtful debts and financing:				
- general allowance made (net)	51,708	118,235	33,508	132,816
- specific allowance	438,415	354,896	911,697	933,987
- specific allowance written back	(211,407)	(156,983)	(460,436)	(360,387)
Bad debts and financing written off	6,236	826	41,407	3,321
Bad debts and financing recovered	(107,342)	(174,539)	(234,256)	(257,235)
Provision/(write back) for other debts	(41)	(1,522)	(6,299)	243
	<b>177,569</b>	<b>140,913</b>	<b>285,621</b>	<b>452,745</b>
<b><u>Bank</u></b>				
Allowance for bad and doubtful debts and financing:				
- general allowance made/(written back)	51,316	117,862	46,443	141,585
- specific allowance	428,596	322,064	898,982	904,313
- specific allowance written back	(141,767)	(156,240)	(376,891)	(359,293)
Bad debts and financing written off	6,161	804	41,330	3,270
Bad debts and financing recovered	(106,417)	(142,685)	(226,732)	(224,288)
	<b>237,889</b>	<b>141,805</b>	<b>383,132</b>	<b>465,587</b>



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**A20. SEGMENT INFORMATION ON REVENUES, RESULTS, ASSETS AND LIABILITIES**

**BUSINESS SEGMENT**

	Banking and Finance		Investment Banking		Insurance and Takaful		Others		Eliminations		Consolidated	
	Dec 2007	Dec 2006	Dec 2007	Dec 2006	Dec 2007	Dec 2006	Dec 2007	Dec 2006	Dec 2007	Dec 2006	Dec 2007	Dec 2006
REVENUE AND EXPENSES	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Revenue</b>												
External revenue	7,341,538	6,496,408	222,362	161,704	341,485	320,437	18,490	21,526	-	-	7,923,875	7,000,075
Inter-segment revenue	49,631	178,959	18,707	214,769	127,344	36,915	2,311	13,162	(197,993)	(443,805)	-	-
<b>Total revenue</b>	<b>7,391,169</b>	<b>6,675,367</b>	<b>241,069</b>	<b>376,473</b>	<b>468,829</b>	<b>357,352</b>	<b>20,801</b>	<b>34,688</b>	<b>(197,993)</b>	<b>(443,805)</b>	<b>7,923,875</b>	<b>7,000,075</b>
<b>Segment results</b>												
Operating profit	2,170,369	2,331,988	37,404	317,857	221,317	119,807	15,089	22,706	(110,721)	(338,200)	2,333,458	2,454,158
Loan loss and provision	(319,623)	(437,772)	34,029	(14,942)	(25)	(43)	(2)	12	-	-	(285,621)	(452,745)
Share of results of associates	-	-	-	-	-	-	(506)	2,834	-	-	(506)	2,834
Profit before taxation	1,850,746	1,894,216	71,433	302,915	221,292	119,764	14,581	25,552	(110,721)	(338,200)	2,047,331	2,004,247
Taxation & Zakat	(461,650)	(571,701)	(20,385)	(81,541)	(85,107)	(23,948)	(2,695)	(3,465)	648	90,826	(569,189)	(589,829)
Profit after taxation and zakat	1,389,096	1,322,515	51,048	221,374	136,185	95,816	11,886	22,087	(110,073)	(247,374)	1,478,142	1,414,418
Minority interest	-	-	-	-	-	-	-	-	-	-	(11,759)	(53,463)
<b>Net profit for the year</b>	<b>1,389,096</b>	<b>1,322,515</b>	<b>51,048</b>	<b>221,374</b>	<b>136,185</b>	<b>95,816</b>	<b>11,886</b>	<b>22,087</b>	<b>(110,073)</b>	<b>(247,374)</b>	<b>1,466,383</b>	<b>1,360,955</b>
<b>OTHER INFORMATION</b>												
Capital expenditure	105,296	118,113	2,843	58,964	11,081	7,187	15	421	-	-	119,235	184,685
Depreciation	59,527	65,349	1,217	1,191	5,092	2,314	374	617	-	-	66,210	69,471
Amortisation	20,110	-	657	-	359	-	118	-	-	-	21,244	-
Non-cash expenses/(income) other than depreciation	22,477	46,708	19,637	883	256	(2,795)	(175)	1	-	-	42,195	44,797

	Dec 2007	June 2007	Dec 2007	June 2007	Dec 2007	June 2007	Dec 2007	June 2007	Dec 2007	June 2007	Dec 2007	June 2007
ASSETS AND LIABILITIES	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Segment assets	249,241,582	239,385,356	9,428,875	10,041,389	20,177,795	19,908,892	1,095,349	3,049,561	(15,922,164)	(15,761,523)	264,021,437	256,623,675
Investments in associates	33,324	40,739	1	-	-	-	11,331	11,566	-	(8,704)	44,656	43,601
<b>Total assets</b>	<b>249,274,906</b>	<b>239,426,095</b>	<b>9,428,876</b>	<b>10,041,389</b>	<b>20,177,795</b>	<b>19,908,892</b>	<b>1,106,680</b>	<b>3,061,127</b>	<b>(15,922,164)</b>	<b>(15,770,227)</b>	<b>264,066,093</b>	<b>256,667,276</b>
Total segment liabilities	229,570,345	219,659,303	8,071,656	8,778,938	16,433,002	16,108,436	857,718	989,936	(10,961,102)	(8,737,485)	243,971,619	236,799,128

**GEOGRAPHICAL SEGMENT**

	External Revenue		Profit Before Tax & Zakat		Capital expenditure		Segment assets	
	Dec 2007	Dec 2006	Dec 2007	Dec 2006	Dec 2007	Dec 2006	Dec 2007	June 2007
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Malaysia	6,381,600	5,927,775	1,849,270	2,073,756	93,609	183,179	210,494,295	209,086,242
Singapore	1,116,402	909,252	255,828	187,925	21,788	47	46,363,562	39,178,558
Other locations	623,866	606,853	52,954	135,668	3,838	1,459	23,130,400	24,172,703
	8,121,868	7,443,880	2,158,052	2,397,349	119,235	184,685	279,988,257	272,437,503
Eliminations	(197,993)	(443,805)	(110,721)	(393,102)	-	-	(15,922,164)	(15,770,227)
<b>Group</b>	<b>7,923,875</b>	<b>7,000,075</b>	<b>2,047,331</b>	<b>2,004,247</b>	<b>119,235</b>	<b>184,685</b>	<b>264,066,093</b>	<b>256,667,276</b>

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**A21. Carrying Amount of Revalued Assets**

The Group's and the Bank's property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. There was no change in the valuation of property and equipment that were brought forward from the previous audited annual financial statements for the year ended 30 June 2007.

**A22. Subsequent Events**

There were no material events subsequent to the balance sheet date, other than that mentioned in Note B8.

**A23. Changes in the Composition of the Group**

The changes to the composition of the Group during the financial year are further elaborated in Note B8.

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**A24. Commitments and Contingencies and Off-Balance Sheet Financial Instruments**

In the normal course of business, the Bank and its subsidiaries 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 risk-weighted exposures of the Bank and its subsidiaries as at the following dates are as follows:

<u>Group</u>	As at 31 December 2007			As at 30 June 2007		
	Notional Amount RM'000	Credit Equivalent Amount* RM'000	Risk Weighted Amount* RM'000	Notional Amount RM'000	Credit Equivalent Amount* RM'000	Risk Weighted Amount* RM'000
Direct credit substitutes	5,285,659	5,285,659	4,764,981	5,171,650	5,171,650	4,736,389
Certain transaction-related contingent items	8,348,465	4,173,939	3,819,274	7,213,591	3,606,795	3,273,307
Short-term self-liquidating trade-related contingencies	4,216,524	833,772	564,801	6,562,586	1,312,517	614,099
Islamic housing and hire purchase loans sold to Cagamas Berhad	1,119,641	1,119,641	901,315	1,196,143	1,196,143	991,686
Obligations under underwriting agreements	702,358	143,679	129,179	1,166,613	583,307	583,307
Irrevocable commitments to extend credit:						
- maturity within one year	63,570,790	-	-	60,228,585	-	-
- maturity exceeding one year	10,570,682	5,285,342	5,054,680	9,887,353	4,943,676	4,715,569
Foreign exchange related contracts:						
- less than one year	47,394,783	754,496	196,396	50,797,825	525,756	180,914
- one year to less than five years	1,490,583	41,696	9,687	757,997	7,845	2,699
Interest rate related contracts:						
- less than one year	18,499,931	715,493	178,719	23,812,539	863,091	214,301
- one year to less than five years	11,011,340	278,126	102,207	2,182,786	79,116	19,645
- five years and above	3,108,368	181,875	62,847	3,587,527	130,030	32,287
Miscellaneous	4,731,181	-	-	2,827,255	-	-
	<b>180,050,305</b>	<b>18,813,718</b>	<b>15,784,086</b>	<b>175,392,450</b>	<b>18,419,926</b>	<b>15,364,203</b>

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**A24. Commitments and Contingencies and Off-Balance Sheet Financial Instruments (continued)**

	As at 31 December 2007			As at 30 June 2007		
	Notional Amount RM'000	Credit Equivalent Amount* RM'000	Risk Weighted Amount* RM'000	Notional Amount RM'000	Credit Equivalent Amount* RM'000	Risk Weighted Amount* RM'000
<b>Bank</b>						
Direct credit substitutes	4,645,389	4,645,389	4,133,535	4,470,302	4,470,302	4,035,043
Certain transaction-related contingent items	8,331,474	4,165,737	3,815,173	7,144,082	3,572,041	3,242,020
Short-term self-liquidating trade-related contingencies	4,134,169	826,834	560,836	6,495,940	1,299,188	606,916
Islamic housing and hire purchase loans sold to Cagamas Berhad	1,119,641	1,119,641	901,315	1,196,143	1,196,143	991,686
Obligations under underwriting agreements	287,358	143,679	129,179	286,822	143,411	143,411
Irrevocable commitments to extend credit:						
- maturity within one year	63,089,637	-	-	59,698,675	-	-
- maturity exceeding one year	10,246,915	5,123,458	5,054,680	9,299,580	4,649,790	4,555,080
Foreign exchange related contracts:						
- less than one year	47,386,589	754,496	196,396	50,797,825	525,756	180,914
- one year to less than five years	1,490,583	41,696	9,687	757,997	7,845	2,699
Interest rate related contracts:						
- less than one year	18,453,362	715,407	178,682	23,371,524	847,098	206,638
- one year to less than five years	10,484,751	259,611	96,024	2,142,360	77,650	18,942
- five years and above	2,873,832	170,507	57,163	3,521,085	127,621	31,132
Miscellaneous	4,724,589	-	-	2,774,807	-	-
	<b>177,268,289</b>	<b>17,966,455</b>	<b>15,132,670</b>	<b>171,957,142</b>	<b>16,916,845</b>	<b>14,014,481</b>

\* The credit equivalent amount and the risk-weighted amount are arrived at using the credit conversion factors and risk weights respectively, as specified by Bank Negara Malaysia.

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**A24. Commitments and Contingencies and Off-Balance Sheet Financial Instruments (contd.)**

**Market Risk**

Market risk is the potential change in value caused by movement in market rates or prices. The contractual amounts provide only a measure of involvement in these types of transactions and do not represent the amounts subject to market risk. Exposure to market risk may be reduced through offsetting on and off-balance sheet positions. As at 31 December 2007, the amount of contracts that was not hedged in the Group and the Bank and, hence, exposed to market risk was RM96.3 million (30 June 2007: RM135.9 million).

**Credit Risk**

Credit risk arises from the possibility that a counter-party may be unable to meet the terms of a contract in which the Group and the Bank has a gain in a contract. As at 31 December 2007, the amount of credit risk in the Group and the Bank, measured in terms of the cost to replace the profitable contracts, was RM190.8 million (30 June 2007: RM159.1 million). This amount will increase or decrease over the life of the contracts, mainly as a function of maturity dates and market rates or prices.

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**A25. Interest Rate Risk**

Group As at 31 December 2007	← Non trading book →					Non- interest sensitive RM'000	Trading books RM'000	Total RM'000	Effective interest rate %
	Up to 1 month RM'000	>1 - 3 months RM'000	>3 - 12 months RM'000	>1 - 5 years RM'000	over 5 years RM'000				
<b>ASSETS</b>									
Cash and short-term funds	32,347,223	-	-	-	-	3,434,237	-	35,781,460	4.56
Deposits and placements with banks and other financial institutions	2,155,383	11,157,091	1,367,693	-	-	870,107	-	15,550,274	4.92
Securities purchased under resale agreements	116,798	-	-	-	-	-	-	116,798	2.75
Securities held-for-trading							1,049,107	1,049,107	4.89
Securities available-for-sale							34,815,455	34,815,455	4.31
Securities held-to-maturity	287,856	264,374	62,428	498,063	278,373	-	-	1,391,094	5.92
Loans, advances and financing									
- performing	67,671,132	12,022,519	16,396,836	16,302,346	21,298,069	13,616,818	-	147,307,720	6.61
- non-performing*	-	-	-	-	-	1,314,048	-	1,314,048	-
Derivative assets							671,651	671,651	-
Other Assets	-	-	-	-	-	3,320,313	-	3,320,313	-
Other non-interest sensitive balances	-	-	-	-	-	7,403,923	-	7,403,923	-
Life, general takaful and family takaful fund assets	-	-	-	-	-	15,344,250	-	15,344,250	-
<b>TOTAL ASSETS</b>	<b>102,578,392</b>	<b>23,443,984</b>	<b>17,826,957</b>	<b>16,800,409</b>	<b>21,576,442</b>	<b>45,303,696</b>	<b>36,536,213</b>	<b>264,066,093</b>	

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**A25. Interest Rate Risk (contd)**

Group As at 31 December 2007	← Non trading book →						Non- interest sensitive RM'000	Trading books RM'000	Total RM'000	Effective interest rate %
	Up to 1 month RM'000	>1 - 3 months RM'000	>3 - 12 months RM'000	>1 - 5 years RM'000	over 5 years RM'000					
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>										
Deposits from customers	70,719,289	19,410,737	31,200,442	41,735,355	159,545	19,622,368	-	182,847,736	2.03	
Deposits and placements of banks and other financial institutions	20,166,606	5,040,998	1,748,130	1,610,964	129,430	1,195,446	-	29,891,574	3.46	
Obligations on securities sold under repurchase agreements	288,733	-	-	-	-	29,624	-	318,357	4.00	
Bills and acceptances payable	305,829	232,500	30,181	-	-	1,592,913	-	2,161,423	3.61	
Recourse obligations on loans sold to Cagamas	-	415,653	470,191	996,063	-	-	-	1,881,907	4.16	
Derivative liabilities	-	-	-	-	-	-	760,806	760,806	-	
Subordinated obligations	-	-	987,470	2,500,000	1,499,643	-	-	4,987,113	4.66	
Other liabilities	-	-	-	-	-	4,860,957	-	4,860,957	-	
Other non-interest sensitive balances	-	-	-	-	-	917,496	-	917,496	-	
Life, general takaful and family takaful fund liabilities	-	-	-	-	-	3,921,911	-	3,921,911	-	
Life, general takaful and family takaful policy holders' funds	-	-	-	-	-	11,422,339	-	11,422,339	-	
<b>Total Liabilities</b>	<b>91,480,457</b>	<b>25,099,888</b>	<b>34,436,414</b>	<b>46,842,382</b>	<b>1,788,618</b>	<b>43,563,054</b>	<b>760,806</b>	<b>243,971,619</b>		
Shareholders' equity	-	-	-	-	-	19,437,906	-	19,437,906		
Minority interests	-	-	-	-	-	656,568	-	656,568		
<b>Total Liabilities and Shareholders' Equity</b>	<b>91,480,457</b>	<b>25,099,888</b>	<b>34,436,414</b>	<b>46,842,382</b>	<b>1,788,618</b>	<b>63,657,528</b>	<b>760,806</b>	<b>264,066,093</b>		
On-balance sheet interest sensitivity gap	11,092,089	(1,655,904)	(15,621,987)	(27,541,973)	16,300,354	(18,347,986)	35,775,407			
Off-balance sheet interest sensitivity gap (interest rate swaps)	(2,439,726)	4,027,187	141,184	(4,802,001)	3,073,356	-	-			
<b>Total interest sensitivity gap</b>	<b>8,652,363</b>	<b>2,371,283</b>	<b>(15,480,803)</b>	<b>(32,343,974)</b>	<b>19,373,710</b>	<b>(18,347,986)</b>	<b>35,775,407</b>	<b>-</b>		
<b>Cumulative interest rate sensitivity gap</b>	<b>8,652,363</b>	<b>11,023,646</b>	<b>(4,457,157)</b>	<b>(36,801,131)</b>	<b>(17,427,421)</b>	<b>(35,775,407)</b>	<b>-</b>			

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

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**A25. Interest Rate Risk (contd)**

Group As at 30 June 2007	← Non trading book →						Trading books RM'000	Total RM'000	Effective interest rate %
	Up to 1 month RM'000	>1 - 3 months RM'000	>3 - 12 months RM'000	>1 - 5 years RM'000	over 5 years RM'000	Non- interest sensitive RM'000			
<b>ASSETS</b>									
Cash and short-term funds	32,184,637	-	-	-	-	5,289,928	122,857	37,597,422	4.66
Deposits and placements with banks and other financial institutions	75,802	9,934,437	6,900,360	10,000	5,000	418,897	3,925	17,348,421	4.77
Securities purchased under resale agreements	173,351	85,421	-	-	-	-	-	258,772	3.20
Securities held-for-trading	-	-	-	-	-	-	2,032,634	2,032,634	4.43
Securities available-for-sale	-	-	-	-	-	-	29,124,704	29,124,704	4.32
Securities held-to-maturity	275,534	109,462	988,426	715,724	401,429	43,817	-	2,534,392	4.29
Loans, advances and financing									
- performing	57,832,642	10,674,373	8,770,062	24,399,903	24,939,881	12,622,195	-	139,239,056	6.62
- non-performing*	-	-	-	-	-	1,625,680	-	1,625,680	-
Derivative assets							394,870	394,870	-
Other Assets						3,257,377	-	3,257,377	
Other non-interest sensitive balances	-	-	-	-	-	8,216,089	-	8,216,089	-
Life, general takaful and family takaful fund assets	-	-	-	-	-	15,037,859	-	15,037,859	-
<b>TOTAL ASSETS</b>	<b>90,541,966</b>	<b>20,803,693</b>	<b>16,658,848</b>	<b>25,125,627</b>	<b>25,346,310</b>	<b>46,511,842</b>	<b>31,678,990</b>	<b>256,667,276</b>	



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**A25. Interest Rate Risk (contd)**

Group As at 30 June 2007	← Non trading book →						Non- interest sensitive RM'000	Trading books RM'000	Total RM'000	Effective interest rate %
	Up to 1 month RM'000	>1 - 3 months RM'000	>3 - 12 months RM'000	>1 - 5 years RM'000	over 5 years RM'000					
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>										
Deposits from customers	53,845,268	18,489,984	34,003,949	38,824,910	184,646	18,328,005	-	163,676,762	2.14	
Deposits and placements of banks and other financial institutions	14,316,670	7,891,224	2,425,445	1,496,682	457,273	2,947,396	-	29,534,690	3.93	
Obligations on securities sold under repurchase agreements	9,572,963	152,690	231,412	-	-	-	-	9,957,065	3.12	
Bills and acceptances payable	236,919	698,265	278,898	-	-	1,715,988	-	2,930,070	3.56	
Recourse obligations on loans sold to Cagamas	182,105	54,248	591,781	1,627,628	-	-	-	2,455,762	4.09	
Derivative liabilities	-	-	-	-	-	-	656,705	656,705	-	
Subordinated obligations	-	-	-	-	6,344,048	-	-	6,344,048	4.77	
Other liabilities	-	-	-	-	-	5,089,567	-	5,089,567	-	
Other non-interest sensitive balances	-	-	-	-	-	1,116,600	-	1,116,600	-	
Life, general takaful and family takaful fund liabilities	-	-	-	-	-	1,194,914	-	1,194,914	-	
Life, general takaful and family takaful policy holders' funds	-	-	-	-	-	13,842,945	-	13,842,945	-	
<b>Total Liabilities</b>	<b>78,153,925</b>	<b>27,286,411</b>	<b>37,531,485</b>	<b>41,949,220</b>	<b>6,985,967</b>	<b>44,235,415</b>	<b>656,705</b>	<b>236,799,128</b>		
Shareholders' equity	-	-	-	-	-	19,197,656	-	19,197,656		
Minority interests	-	-	-	-	-	670,492	-	670,492		
<b>Total Liabilities and Shareholders' Equity</b>	<b>78,153,925</b>	<b>27,286,411</b>	<b>37,531,485</b>	<b>41,949,220</b>	<b>6,985,967</b>	<b>64,103,563</b>	<b>656,705</b>	<b>256,667,276</b>		
On-balance sheet interest sensitivity gap	12,388,041	(6,482,718)	(20,872,637)	(16,823,593)	18,360,343	(17,591,721)	31,022,285	-		
Off-balance sheet interest sensitivity gap (interest rate swaps)	(2,408,732)	2,520,569	1,628,139	(446,677)	(1,293,299)	-	-	-		
<b>Total interest sensitivity gap</b>	<b>9,979,309</b>	<b>(3,962,149)</b>	<b>(19,244,498)</b>	<b>(17,270,270)</b>	<b>17,067,044</b>	<b>(17,591,721)</b>	<b>31,022,285</b>	<b>-</b>		
<b>Cumulative interest rate sensitivity gap</b>	<b>9,979,309</b>	<b>6,017,160</b>	<b>(13,227,338)</b>	<b>(30,497,608)</b>	<b>(13,430,564)</b>	<b>(31,022,285)</b>	<b>-</b>	<b>-</b>		

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

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**A25. Interest Rate Risk (contd)**

Bank As at 31 December 2007	← Non trading book →					Non- interest sensitive RM'000	Trading books RM'000	Total RM'000	Effective interest rate %
	Up to 1 month RM'000	>1 - 3 months RM'000	>3 - 12 months RM'000	>1 - 5 years RM'000	over 5 years RM'000				
<b>ASSETS</b>									
Cash and short-term funds	28,330,480	-	-	-	-	5,193,085	-	33,523,565	4.14
Deposits and placements with banks and other financial institutions	-	11,157,091	1,367,693	-	-	993,372	-	13,518,156	4.89
Securities purchased under resale agreements	116,798	-	-	-	-	-	-	116,798	2.75
Securities held-for-trading	-	-	-	-	-	-	361,465	361,465	4.90
Securities available-for-sale	-	-	-	-	-	-	31,193,085	31,193,085	4.03
Securities held-to-maturity	-	314,912	17,581	304,621	183,346	24,785	-	845,245	5.19
Loans, advances and financing									
- performing	64,004,480	11,901,221	16,237,456	16,142,761	21,092,012	13,370,796	-	142,748,726	6.61
- non-performing*						1,390,900		1,390,900	-
Derivative assets	-	-	-	-	-	-	670,369	670,369	-
Other assets	-	-	-	-	-	2,009,777	-	2,009,777	-
Other non-interest sensitive balances	-	-	-	-	-	9,760,569	-	9,760,569	-
<b>TOTAL ASSETS</b>	<b>92,451,758</b>	<b>23,373,224</b>	<b>17,622,730</b>	<b>16,447,382</b>	<b>21,275,358</b>	<b>32,743,284</b>	<b>32,224,919</b>	<b>236,138,655</b>	

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**A25. Interest Rate Risk (contd)**

Bank As at 31 December 2007	← Non trading book →						Non- interest sensitive RM'000	Trading books RM'000	Total RM'000	Effective interest rate %
	Up to 1 month RM'000	>1 - 3 months RM'000	>3 - 12 months RM'000	>1 - 5 years RM'000	over 5 years RM'000					
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>										
Deposits from customers	57,410,515	19,416,890	31,308,072	41,933,661	-	19,450,069	-	169,519,207	1.86	
Deposits and placements of banks and other financial institutions	20,169,337	5,040,998	1,748,130	1,610,964	129,430	5,792,210	-	34,491,069	3.48	
Obligations on securities sold under repurchase agreements	288,733	-	-	-	-	29,624	-	318,357	4.00	
Bills and acceptances payable	305,829	232,500	30,181	-	-	1,587,732	-	2,156,242	3.62	
Recourse obligations on loans sold to Cagamas	-	415,653	470,191	996,063	-	-	-	1,881,907	4.16	
Derivative liabilities	-	-	-	-	-	-	739,028	739,028	-	
Subordinated obligations	-	-	987,470	2,500,000	1,499,643	-	-	4,987,113	4.66	
Other liabilities	-	-	-	-	-	-	-	-	-	
Other non-interest sensitive balances	-	-	-	-	-	3,764,936	-	3,764,936	-	
						829,305	-	829,305	-	
<b>Total Liabilities</b>	<b>78,174,414</b>	<b>25,106,041</b>	<b>34,544,044</b>	<b>47,040,688</b>	<b>1,629,073</b>	<b>31,453,876</b>	<b>739,028</b>	<b>218,687,164</b>		
Shareholders' equity	-	-	-	-	-	17,451,491	-	17,451,491		
<b>Total Liabilities and Shareholders' Equity</b>	<b>78,174,414</b>	<b>25,106,041</b>	<b>34,544,044</b>	<b>47,040,688</b>	<b>1,629,073</b>	<b>48,905,367</b>	<b>739,028</b>	<b>236,138,655</b>		
On-balance sheet interest sensitivity gap	14,271,498	(1,732,817)	(15,933,844)	(28,093,306)	16,158,815	(16,156,237)	31,485,891	-		
Off-balance sheet interest sensitivity gap (interest rate swaps)	(2,498,788)	4,001,607	131,184	(4,788,421)	3,154,418	-	-	-		
<b>Total interest sensitivity gap</b>	<b>11,772,710</b>	<b>2,268,790</b>	<b>(15,802,660)</b>	<b>(32,881,727)</b>	<b>19,313,233</b>	<b>(16,156,237)</b>	<b>31,485,891</b>	<b>-</b>		
<b>Cumulative interest rate sensitivity gap</b>	<b>11,772,710</b>	<b>14,041,500</b>	<b>(1,761,160)</b>	<b>(34,642,887)</b>	<b>(15,329,654)</b>	<b>(31,485,891)</b>	<b>-</b>	<b>-</b>		

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

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**A25. Interest Rate Risk (contd)**

Bank As at 30 June 2007	← Non trading book →						Non- interest sensitive RM'000	Trading books RM'000	Total RM'000	Effective interest rate %
	Up to 1 month RM'000	>1 - 3 months RM'000	>3 - 12 months RM'000	>1 - 5 years RM'000	over 5 years RM'000					
<b>ASSETS</b>										
Cash and short-term funds	29,117,254	-	-	-	-	5,083,655	-	34,200,909	4.58	
Deposits and placements with banks and other financial institutions	31,823	8,664,258	6,468,752	-	-	396,081	-	15,560,914	4.84	
Securities purchased under resale agreements	173,351	85,421	-	-	-	-	-	258,772	3.20	
Securities held-for-trading	-	-	-	-	-	-	1,447,227	1,447,227	4.20	
Securities available-for-sale	-	-	-	-	-	-	25,213,654	25,213,654	3.95	
Securities held-to-maturity	-	91,003	1,126,672	357,147	363,869	25,373	-	1,964,064	4.45	
Loans, advances and financing										
- performing	56,346,011	8,711,918	7,810,960	24,123,624	24,766,171	12,719,773	-	134,478,457	6.60	
- non-performing*	-	-	-	-	-	1,745,041	-	1,745,041	-	
Derivative assets	-	-	-	-	-	-	390,406	390,406	-	
Other assets	-	-	-	-	-	1,833,414	-	1,833,414	-	
Other non-interest sensitive balances	-	-	-	-	-	10,354,382	-	10,354,382	-	
<b>TOTAL ASSETS</b>	<b>85,668,439</b>	<b>17,552,600</b>	<b>15,406,384</b>	<b>24,480,771</b>	<b>25,130,040</b>	<b>32,157,719</b>	<b>27,051,287</b>	<b>227,447,240</b>		

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**A25. Interest Rate Risk (contd)**

Bank As at 30 June 2007	← Non trading book →						Non- interest sensitive RM'000	Trading books RM'000	Total RM'000	Effective interest rate %
	Up to 1 month RM'000	>1 - 3 months RM'000	>3 - 12 months RM'000	>1 - 5 years RM'000	over 5 years RM'000					
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>										
Deposits from customers	43,631,730	15,989,458	33,013,878	38,716,551	16,300	18,208,138	-	149,576,055	1.95	
Deposits and placements of banks and other financial institutions	17,470,601	7,890,985	2,424,881	1,491,886	457,273	2,947,394	-	32,683,020	3.91	
Obligations on securities sold under repurchase agreements	10,106,302	152,239	231,314	-	-	-	-	10,489,855	3.12	
Bills and acceptances payable	236,919	698,265	278,898	-	-	1,708,006	-	2,922,088	3.56	
Recourse obligations on loans sold to Cagamas	182,105	54,248	591,781	1,627,628	-	-	-	2,455,762	4.09	
Derivative liabilities	-	-	-	-	-	-	644,860	644,860	-	
Subordinated obligations	-	-	-	-	6,344,048	-	-	6,344,048	4.77	
Other liabilities	-	-	-	-	-	3,896,973	-	3,896,973	-	
Other non-interest sensitive balances	-	-	-	-	-	980,741	-	980,741	-	
<b>Total Liabilities</b>	<b>71,627,657</b>	<b>24,785,195</b>	<b>36,540,752</b>	<b>41,836,065</b>	<b>6,817,621</b>	<b>27,741,252</b>	<b>644,860</b>	<b>209,993,402</b>		
Shareholders' equity	-	-	-	-	-	17,453,838	-	17,453,838		
<b>Total Liabilities and Shareholders' Equity</b>	<b>71,627,657</b>	<b>24,785,195</b>	<b>36,540,752</b>	<b>41,836,065</b>	<b>6,817,621</b>	<b>45,195,090</b>	<b>644,860</b>	<b>227,447,240</b>		
On-balance sheet interest sensitivity gap	14,040,782	(7,232,595)	(21,134,368)	(17,355,294)	18,312,419	(13,037,371)	26,406,427	-		
Off-balance sheet interest sensitivity gap (interest rate swaps)	(2,597,074)	2,464,903	1,623,289	(228,771)	(1,262,347)	-	-	-		
<b>Total interest sensitivity gap</b>	<b>11,443,708</b>	<b>(4,767,692)</b>	<b>(19,511,079)</b>	<b>(17,584,065)</b>	<b>17,050,072</b>	<b>(13,037,371)</b>	<b>26,406,427</b>	<b>-</b>		
<b>Cumulative interest rate sensitivity gap</b>	<b>11,443,708</b>	<b>6,676,016</b>	<b>(12,835,063)</b>	<b>(30,419,128)</b>	<b>(13,369,056)</b>	<b>(26,406,427)</b>	<b>-</b>	<b>-</b>		

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

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**A26. Capital Adequacy**

The capital adequacy ratios of the Group and the Bank, based on credit and market risks as at the following dates:

	Group		Bank	
	31 December 2007 RM'000	30 June 2007 RM'000	31 December 2007 RM'000	30 June 2007 RM'000
<b>Before deducting proposed dividend:</b>				
Core capital ratio	9.73%	10.06%	9.44%	9.82%
Risk-weighted capital ratio	<u>13.88%</u>	<u>15.14%</u>	<u>12.75%</u>	<u>14.11%</u>
<b>After deducting proposed dividend:</b>				
Core capital ratio	9.17%	9.43%	8.83%	9.13%
Risk-weighted capital ratio	<u>13.32%</u>	<u>14.51%</u>	<u>12.14%</u>	<u>13.42%</u>
<b>Components of Tier I and Tier II capital:</b>				
<u>Tier I capital</u>				
Paid-up share capital	3,897,576	3,889,225	3,897,576	3,889,225
Share premium	3,008,892	2,935,570	3,008,892	2,935,570
Other reserves	12,179,455	12,036,017	10,478,073	10,337,119
Tier I minority interest	271,451	276,842	-	-
Less: Deferred tax assets <sup>1</sup>	(1,007,952)	(1,016,730)	(942,748)	(951,526)
Less: Goodwill <sup>1</sup>	(81,015)	(81,015)	(81,015)	(81,015)
Total Tier I capital	<u>18,268,407</u>	<u>18,039,909</u>	<u>16,360,778</u>	<u>16,129,373</u>
<u>Tier II capital</u>				
Subordinated obligations	4,992,400	6,349,060	4,992,400	6,349,060
General allowance for bad and doubtful debts	2,794,580	2,757,315	2,663,988	2,613,274
Total Tier II capital	<u>7,786,980</u>	<u>9,106,375</u>	<u>7,656,388</u>	<u>8,962,334</u>
Total capital	<u>26,055,387</u>	<u>27,146,284</u>	<u>24,017,166</u>	<u>25,091,707</u>
Less: Investment in subsidiary companies <sup>2</sup>	-	-	(1,924,195)	(1,923,929)
Capital base	<u>26,055,387</u>	<u>27,146,284</u>	<u>22,092,971</u>	<u>23,167,778</u>

<sup>1</sup> Under Bank Negara Guidelines, deferred tax and goodwill are not allowed for computation of capital adequacy ratios.

<sup>2</sup> Excludes the cost of investment in a subsidiary, Myfin Berhad of RM840.0 million, as its business, assets and liabilities have been transferred to the Bank in the previous financial year.

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**A27. Operations of Islamic Banking**

**A27a. Unaudited Balance Sheets as at 31 December 2007**

	Group		Bank	
	31 December 2007 RM'000	30 June 2007 RM'000	31 December 2007 RM'000	30 June 2007 RM'000
<b>ASSETS</b>				
Cash and short-term funds	1,660,732	1,913,875	1,416,054	1,633,560
Deposits and placements with banks and other financial institutions	163,765	73,536	163,765	73,536
Securities portfolio	3,057,689	3,735,886	2,870,237	3,489,141
Loans and financing	19,969,622	17,945,079	19,836,112	17,935,458
Deferred tax assets	159	192,303	-	192,473
Other assets	112,696	91,696	106,008	77,499
Statutory deposit with Bank Negara Malaysia	603,000	501,000	603,000	501,000
<b>Total Assets</b>	<b>25,567,663</b>	<b>24,453,375</b>	<b>24,995,176</b>	<b>23,902,667</b>
<b>LIABILITIES</b>				
Deposits from customers	17,694,216	16,252,045	17,232,127	15,806,576
Deposit and placements of banks and other financial institutions	4,669,994	2,278,022	4,768,415	2,278,022
Obligations on securities sold under repurchase agreements	29,625	-	29,625	-
Bills and acceptances payable	12,942	526,874	12,942	526,874
Other liabilities	1,287,459	694,934	1,239,410	646,779
Provision for taxation and zakat	272,062	237,754	270,226	236,531
Subordinated obligations	-	2,500,000	-	2,500,000
<b>Total Liabilities</b>	<b>23,966,298</b>	<b>22,489,629</b>	<b>23,552,745</b>	<b>21,994,782</b>
<b>ISLAMIC BANKING FUNDS</b>				
Islamic Banking Funds	107,251	521,003	-	516,002
Reserves	1,494,114	1,442,743	1,442,431	1,391,883
	<b>1,601,365</b>	<b>1,963,746</b>	<b>1,442,431</b>	<b>1,907,885</b>
<b>Total Liabilities and Islamic Banking Funds</b>	<b>25,567,663</b>	<b>24,453,375</b>	<b>24,995,176</b>	<b>23,902,667</b>
<b>COMMITMENTS AND CONTINGENCIES</b>				
	<b>6,755,403</b>	<b>9,573,057</b>	<b>6,755,403</b>	<b>9,573,057</b>

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**A27. Operations of Islamic Banking (contd)**

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**A27b. Unaudited Income Statements for the Second Financial Quarter Ended 31 December 2007**

	2nd Quarter Ended		Cumulative 6 Months Ended	
	31 December 2007 RM'000	31 December 2006 RM'000	31 December 2007 RM'000	31 December 2006 RM'000
<b>Group</b>				
Income derived from investment of depositors' funds	360,124	347,213	725,769	665,497
Expenses directly attributable to depositors and Islamic Banking Funds	(21,905)	(9,696)	(33,855)	(20,575)
Transfer from/(to) profit equalisation reserve	1,531	34,992	(11,338)	91,192
Gross attributable income	339,750	372,509	680,576	736,114
Allowance for losses on financing, advances and other loans	(65,516)	(41,484)	(108,154)	(113,385)
<b>Total attributable income</b>	<b>274,234</b>	<b>331,025</b>	<b>572,422</b>	<b>622,729</b>
Income attributable to the depositors	(135,615)	(140,642)	(262,960)	(251,015)
<b>Income attributable to the Group</b>	<b>138,619</b>	<b>190,383</b>	<b>309,462</b>	<b>371,714</b>
Income derived from investment of Islamic Banking Funds				
Gross investment income	25,066	19,592	45,659	36,565
Finance cost	(15,045)	(25,527)	(39,569)	(48,843)
Net (expense)/income from investment of Islamic Banking Funds	10,021	(5,935)	6,090	(12,278)
Overhead expenses	(110,985)	(74,439)	(202,516)	(156,085)
<b>Profit before zakat and tax expense</b>	<b>37,655</b>	<b>110,009</b>	<b>113,036</b>	<b>203,351</b>
Taxation	(6,103)	(10,747)	(32,626)	(62,844)
Zakat	(932)	(1,813)	(1,510)	(2,412)
<b>Profit after taxation</b>	<b>30,620</b>	<b>97,449</b>	<b>78,900</b>	<b>138,095</b>
<b>Bank</b>				
Income derived from investment of depositors' funds	349,827	340,968	706,273	652,231
Expenses directly attributable to depositors and Islamic Banking Funds	(21,903)	(8,475)	(33,852)	(18,183)
Transfer from/(to) profit equalisation reserve	2,398	35,980	(10,225)	91,290
Gross attributable income	330,322	368,473	662,196	725,338
Allowance for losses on financing, advances and other loans	(65,516)	(42,223)	(108,897)	(114,223)
<b>Total attributable income</b>	<b>264,806</b>	<b>326,250</b>	<b>553,299</b>	<b>611,115</b>
Income attributable to the depositors	(128,805)	(139,600)	(249,977)	(248,130)
<b>Income attributable to the reporting institution</b>	<b>136,001</b>	<b>186,650</b>	<b>303,322</b>	<b>362,985</b>
Income derived from investment of Islamic Banking Funds				
Gross investment income	25,070	19,590	45,337	36,563
Finance cost	(15,045)	(25,527)	(39,569)	(48,843)
Net (expense)/income from investment of Islamic Banking Funds	10,025	(5,937)	5,768	(12,280)
Overhead expenses	(110,865)	(74,339)	(202,276)	(155,884)
<b>Profit before zakat and tax expense</b>	<b>35,161</b>	<b>106,374</b>	<b>106,814</b>	<b>194,821</b>
Taxation	(5,903)	(9,827)	(32,200)	(61,545)
Zakat	(931)	(1,803)	(1,495)	(2,372)
<b>Profit after taxation</b>	<b>28,327</b>	<b>94,744</b>	<b>73,119</b>	<b>130,904</b>



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**A27b. Unaudited Income Statements for the Second Financial Quarter Ended 31 December 2007 (Contd)**

Reconciliation of net income amalgamated with the conventional banking operations:

	Group		Bank	
	31 December 2007 RM'000	31 December 2006 RM'000	31 December 2007 RM'000	31 December 2006 RM'000
Gross attributable income	680,576	736,114	662,196	725,338
Net income from investment of Islamic Banking Funds	6,090	(12,278)	5,768	(12,280)
Total income before allowances for loan losses and overheads	686,666	723,836	667,964	713,058
Income attributable to the depositors	(262,960)	(251,015)	(249,977)	(248,130)
Income from Islamic Banking scheme	423,706	472,821	417,987	464,928

**A27c. Loans and Financing**

	Group		Bank	
	31 December 2007 RM'000	30 June 2007 RM'000	31 December 2007 RM'000	30 June 2007 RM'000
Overdrafts	1,698,680	1,677,671	1,698,680	1,677,671
Term financing				
- House financing	4,913,218	5,101,545	4,913,218	5,101,545
- Syndicated financing	450,177	304,483	318,570	294,119
- Hire purchase receivables	7,024,789	5,445,996	7,024,789	5,445,996
- Other term financing	10,754,814	10,542,596	10,752,912	10,542,596
Trust receipts	147,714	146,359	147,714	146,359
Other financing	4,392,632	4,252,247	4,392,631	4,252,247
	29,382,024	27,470,897	29,248,514	27,460,533
Unearned income	(8,480,601)	(8,325,050)	(8,480,601)	(8,325,050)
Gross loans and financing	20,901,423	19,145,847	20,767,913	19,135,483
Allowance for bad and doubtful debts and financing:				
- specific	(623,910)	(536,572)	(623,910)	(536,572)
- general	(307,891)	(664,196)	(307,891)	(663,453)
Net loans and financing	19,969,622	17,945,079	19,836,112	17,935,458

**A27d. (i) Movements in non-performing loans and financing ("NPL") are as follows:**

	Group		Bank	
	31 December 2007 RM'000	30 June 2007 RM'000	31 December 2007 RM'000	30 June 2007 RM'000
Balance at beginning of period	1,306,138	1,363,941	1,306,138	1,363,941
Non-performing during the period	295,447	823,539	295,447	823,539
NPL of subsidiary acquired	-	8,859	-	8,859
Recovered/regularized during the period	(269,973)	(806,036)	(269,973)	(806,036)
Amount written off	(19,953)	(90,291)	(19,953)	(90,291)
Expenses debited to customers' accounts	3,117	6,126	3,117	6,126
Balance at end of the period	1,314,776	1,306,138	1,314,776	1,306,138
Specific allowance	(623,910)	(536,572)	(623,910)	(536,572)
Net non-performing loans and financing	690,866	769,566	690,866	769,566
Net NPL as % of gross loans and financing less specific allowance	3.41%	4.14%	3.43%	4.14%

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**A27. Operations of Islamic Banking (contd)**

**A27d.** (ii) Movements in the allowance for bad and doubtful debts and financing accounts are as follows:

	Group		Bank	
	31 December 2007 RM'000	30 June 2007 RM'000	31 December 2007 RM'000	30 June 2007 RM'000
<u>General allowance</u>				
At beginning of the period	663,453	623,914	663,453	623,914
Allowance made during the period	9,054	69,324	9,054	68,398
Allowance written back	-	(29,234)	-	(29,051)
Amount transfer to Head Office	(367,233)	-	(367,233)	-
Amount transfer from KBB	-	192	-	192
Transfer from specific allowance	2,617	-	2,617	-
At end of the period	<u>307,891</u>	<u>664,196</u>	<u>307,891</u>	<u>663,453</u>
As % gross loans and financing less specific allowance	<u>1.52%</u>	<u>3.57%</u>	<u>1.53%</u>	<u>3.57%</u>
<u>Specific allowance</u>				
At beginning of the period	536,572	390,937	536,572	390,937
Allowance made during the period	153,175	289,558	153,175	289,558
Amount written back	(43,267)	(52,088)	(43,267)	(52,088)
Amount written off	(19,953)	(90,290)	(19,953)	(90,290)
Transfer to general allowance	(2,617)	-	(2,617)	-
Transfer from specific allowance for restructured and rescheduled loans	-	(9,502)	-	(9,502)
Transfer from KBB	-	7,957	-	7,957
At end of the period	<u>623,910</u>	<u>536,572</u>	<u>623,910</u>	<u>536,572</u>

**A27e. Deposits from Customers**

**(i) By type of deposit**

	Group		Bank	
	31 December 2007 RM'000	30 June 2007 RM'000	31 December 2007 RM'000	30 June 2007 RM'000
<u>Mudharabah Fund</u>				
Demand deposits	1,991,213	1,885,819	1,991,213	1,885,819
Savings deposits	92,536	83,805	92,536	83,805
General investment deposits	4,405,376	6,192,625	3,962,046	5,782,692
Special investment deposits	204,182	483,953	204,182	483,953
	<u>6,693,307</u>	<u>8,646,202</u>	<u>6,249,977</u>	<u>8,236,269</u>
<u>Non-Mudharabah Fund</u>				
Demand deposits	4,328,045	2,940,783	4,309,286	2,905,247
Savings deposits	3,582,893	3,217,921	3,582,893	3,217,921
Negotiable instruments of deposits	3,089,971	1,447,139	3,089,971	1,447,139
	<u>11,000,909</u>	<u>7,605,843</u>	<u>10,982,150</u>	<u>7,570,307</u>
Deposit from Customers	<u>17,694,216</u>	<u>16,252,045</u>	<u>17,232,127</u>	<u>15,806,576</u>

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**A27f. Establishment of an Islamic Banking Subsidiary - Maybank Islamic Berhad**

On 12 December 2007, Maybank obtained an order from the High Court of Malaya to effect and vest over the assets and liabilities of the Islamic Banking Business of Maybank in Malaysia as defined in the Business Acquisition Agreement to Maybank Islamic Berhad (MIB). However, the Islamic banking business from its overseas operations will remain with Maybank. The effective date of transfer and vesting of the Islamic Banking Business of Maybank in Malaysia is on 1 January 2008. The assets and liabilities vested to MIB are as follows:

**As at 31 December 2007**

	RM'000
<b>ASSETS</b>	
Cash and short-term funds	1,416,054
Deposits and placements with banks and other financial institutions	4,397
Securities portfolio	2,548,875
Loans and financing	19,485,068
Other assets	103,948
Statutory deposit with Bank Negara Malaysia	603,000
<b>Total Assets</b>	<b><u>24,161,342</u></b>
<b>LIABILITIES</b>	
Deposits from customers	17,129,124
Deposit and placements of banks and other financial institutions	4,414,584
Obligations on securities sold under repurchase agreements	29,625
Bills and acceptances payable	12,942
Other liabilities	1,092,202
Provision for zakat	5,058
<b>Total Liabilities</b>	<b><u>22,683,535</u></b>
<b>Net Assets</b>	<b><u>1,477,807</u></b>

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**A28. Effects of Changes in Accounting Policies**

The following tables provide estimates of the extent to which of the line items in the balance sheets or the second financial quarter ended 31 December 2007 is higher or lower as a result of changes in accounting policies as stated in Note A1:

**a. Effects on Balance Sheets as at 31 December 2007**

	<b>Increase/(Decrease)</b>	
	<b>Group</b>	<b>Bank</b>
<b>FRS 117</b>	<b>RM'000</b>	<b>RM'000</b>
Other assets	117,384	86,382
Property, plant & equipment	(117,384)	(86,382)

**b. Restatement of Comparatives**

The following comparatives have been restated as a result of adopting new FRS:-

**(i) Balance Sheets as at 30 June 2007**

	<b>Previously</b>	<b>Increase/</b>		<b>Total</b>
		<b>(Decrease)</b>		
	<b>Stated</b>	<b>FRS 117</b>		<b>RM'000</b>
<b>Group</b>	<b>RM'000</b>	<b>RM'000</b>		<b>RM'000</b>
Other assets	3,357,377	118,017		3,375,394
Property, plant & equipment	1,269,703	(118,017)		1,151,686
<b>Bank</b>				
Other assets	1,833,414	87,194		1,920,608
Property, plant & equipment	1,074,389	(87,194)		987,195

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**Part B – Explanatory Notes Pursuant to Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad**

**B1. Performance Review**

The Group's pre-tax profit for the half year ended 31 December 2007 registered an increase of 2.1% or RM43.1 million to RM2,047 million compared to the corresponding period. The growth was largely driven by higher net interest income earned and lower provision made for loan loss.

In the period under review, the Group's performance was impacted by slower growth in non-interest income arising mainly from unrealised mark to market loss of securities and derivatives amounting to RM177.6 million compared to RM98.0 million in the previous corresponding period.

The Group's focus on improving asset quality as one of its operational strategies to enhance bottom line growth has resulted in a lower provision for loan loss of RM285.6 million as against RM452.7 million in the corresponding period. Net NPL as a percentage of gross loans, advances and financing improved to 2.69% from 3.67% compared to the corresponding period.

The attributable profit after tax of the Group for the half year ended 31 December 2007 increased by 7.7% or RM 105.4 million compared to the corresponding period.

**B2. Variation of Results Against Preceding Quarter**

The Group registered an increase in pre-tax profit from RM1,014 million for the preceding quarter to RM1,033 million for the quarter ended, due to improvements in its net fund based income.

**B3. Prospects**

Despite signs of slowing down in global economies, Malaysia's resilient economy, spurred mainly by domestic demand with growth from higher consumer, business and government spending, should enable Maybank to sustain a steady growth in both its interest income and recurring non-interest income, while profiting from the lower loan loss provision arising from its declining trend in non-performing loans. In addition, the group's recently integrated insurance division and international operations are also expected to increase their profit contribution to group. However, rising cost pressures, and margin squeeze due to intense competition would remain a main challenge for the bank.

**B4. Profit Forecast or Profit Guarantee**

Neither the Group nor the Bank made any profit forecast or issued any profit guarantee.

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**B5. Tax Expense and Zakat**

The analysis of the tax expense for the second financial quarter ended 31 December 2007 are as follows:

<b>Group</b>	<b>2nd Quarter Ended</b>		<b>Cummulative 6 Months Ended</b>	
	<b>31 December 2007</b>	<b>31 December 2006</b>	<b>31 December 2007</b>	<b>31 December 2006</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Malaysian income tax	<b>320,767</b>	319,030	<b>520,810</b>	509,025
Foreign income tax	<b>52,470</b>	4,464	<b>55,377</b>	7,598
	<b>373,237</b>	323,494	<b>576,187</b>	516,623
Under/(over) provision in prior years	<b>(47,642)</b>	2,181	<b>(95,283)</b>	(604)
Deferred tax expense				
- Origination and reversal of temporary differences	<b>(19,690)</b>	(23,587)	<b>46,015</b>	30,244
Due to reduction in statutory rate	<b>(489)</b>	-	<b>39,323</b>	39,756
	<b>(20,179)</b>	(23,587)	<b>85,338</b>	70,000
Tax expense for the period	<b>305,416</b>	302,088	<b>566,242</b>	586,019
Zakat	<b>1,632</b>	2,831	<b>2,947</b>	3,810
	<b>307,048</b>	304,919	<b>569,189</b>	589,829

<b>Bank</b>	<b>2nd Quarter Ended</b>		<b>Cummulative 6 Months Ended</b>	
	<b>31 December 2007</b>	<b>31 December 2006</b>	<b>31 December 2007</b>	<b>31 December 2006</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Malaysian income tax	<b>247,179</b>	332,805	<b>414,355</b>	504,758
Foreign income tax	<b>50,652</b>	825	<b>51,637</b>	2,434
	<b>297,831</b>	333,630	<b>465,992</b>	507,192
Under/ (over) provision in prior years	<b>(47,642)</b>	2,181	<b>(95,283)</b>	(604)
Deferred tax expense				
- Origination and reversal of temporary differences	<b>(19,282)</b>	(29,745)	<b>46,995</b>	21,155
- Due to reduction in statutory rate	<b>(478)</b>	-	<b>38,648</b>	39,723
	<b>(19,760)</b>	(29,745)	<b>85,643</b>	60,878
Tax expense for the period	<b>230,429</b>	306,066	<b>456,352</b>	567,466
Zakat	<b>931</b>	1,802	<b>1,495</b>	2,372
	<b>231,360</b>	307,868	<b>457,847</b>	569,838

Domestic income tax is calculated at the Malaysian statutory tax rate of 26% (2007: 27%) of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

**B6. Sale of Unquoted Investments and Properties**

The losses from the sale of unquoted investments of the Group and Bank amounted to RM3.14 million and RM11.25 million respectively while the profit from sale of properties amounted to RM1.92 million for both the Group and the Bank.

**B7. Quoted Securities**

Financial institutions are exempted from the disclosure requirements relating to quoted securities.

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**B8. Status of Corporate Proposals Announced but Not Completed**

**(a) Establishment of an Islamic Banking Subsidiary- Maybank Islamic Berhad**

Bank Negara Malaysia (“BNM”) had given its approval on 21 July 2007 for Maybank to establish a subsidiary under the name “Maybank Islamic Berhad” (“MIB”) to undertake the Islamic banking business and the setting up of an International Currency Business Unit within MIB.

On 16 November 2007, Maybank had entered into a business acquisition agreement with MIB to transfer its Islamic banking business in Malaysia to MIB for a total consideration to be determined later (“Business Acquisition Agreement”). In accordance with the order from High Court of Malaya (which was obtained on 12 December 2007) and the terms and conditions of the Business Acquisition Agreement, the aforesaid transfer has been completed on 1 January 2008.

The Minister of Finance has granted a licence to MIB on 28 December 2007, pursuant to section 3(4) of the Islamic Banking Act 1983, for MIB to commence and transact Islamic banking business with effect from 1 January 2008.

MIB has commenced operations on 1 January 2008.

**(b) Memorandum of Understanding (“MOU”) between Maybank and PT Panin Life Tbk (“Panin’)**

Maybank entered into a MOU with Panin on 30 March 2007 to commence discussion on a possible joint venture partnership via a 60% stake in PT Anugrah Life Insurance, a subsidiary of Panin.

On 6 November 2007, the Ministry of Finance of the Republic of Indonesia (“MOF”) informed Panin that the MOF was unable at this stage to proceed to consider the application for approval on the above proposed acquisition due to the limitations of Article 43(2) of the MOF Regulation No. 426/MKM.06/2003 which requires a foreign company to maintain a majority of its portfolio in insurance business should it wish to become a shareholder of a local insurance company.

Maybank is still currently reviewing its earlier business proposal and the relevant announcement on its proposed next course of action would be made in due course.

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**B8. Status of Corporate Proposals Announced but Not Completed (Contd)**

**(c) Rationalisation of Insurance and Takaful Business**

Mayban Fortis Holdings Berhad ("MFHB") undertook a restructuring exercise to streamline the entire insurance and takaful business within its group of companies following the completion of acquisition of the entire equity of MNI Holdings Berhad ("MNIH") by MFHB in May 2006. During the quarter, the restructuring entailed the following:-

- (i) Transfer of Takaful Funds from Mayban Takaful Berhad ("MTB") to Etiqa Takaful Berhad (formerly known as Takaful Nasional Berhad) ("TN")

MFHB will also consolidate its Takaful business as part of the internal restructuring exercise. MTB will transfer its Takaful Funds under a scheme pursuant to Section 51 of the Takaful Act, 1984 at a purchase consideration equivalent to the net tangible assets of the Takaful Funds as at the date of transfer based on the valuation carried out by the appointed actuary. The execution of the Scheme of transfer of the Takaful business was approved by BNM on 13 September 2007. The effective date for transfer of MTB into TN was on 1 December 2007.

- (ii) Capital Injection from Employee Provident Fund ("EPF")

Upon completion of event (i) above, MFHB has entered into a Subscription Agreement with EPF for the subscription of 12,576,076 Non-Redeemable Preference Shares ("NRPS") of RM1.00 each in MFHB by EPF for a total issue price of RM116 million. The transaction was completed on 3 January 2008.

**(d) Proposed Bonus Issue**

On 15 November 2007, Maybank announced on the Proposed bonus issue of up to 987,277,005 new Maybank shares ("Bonus Shares") to be credited as fully paid up on the basis of one (1) Bonus Share for every four (4) Maybank shares held by the shareholders of Maybank on the entitlement date to be announced later. ("Proposed Bonus issue")

The maximum number of Bonus Shares that may be issued under the Proposed Bonus Issue was arrived at after considering the following:

- The issued and paid up share capital of Maybank of 3,895,133,921 shares as at 8 November 2007 being the latest practicable date prior to the announcement ("LPD"); and
- Assuming all the outstanding options issued under the employee share option scheme ("ESOS") will be fully exercised prior to the entitlement date.

As a result of the Proposed Bonus Issue, adjustments will be made to the exercise price and/or number of options that remains outstanding after the Proposed Bonus Issue prescribed in the bye-laws of the ESOS.



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**B8. Status of Corporate Proposals Announced but Not Completed (Contd)**

**(d) Proposed Bonus Issue (Contd)**

The relevant approvals for the Proposed Bonus have been obtained from Bank Negara Malaysia for the increase in paid-up capital of Maybank via its letter dated 15 November 2007, and from the shareholders of Maybank at the extraordinary general meeting held on 23 January 2008.

The Bonus Shares will be listed and quoted on the Main Board of Bursa Malaysia Securities Berhad on 21 February 2008, being the next market day immediately after the books closing date.

The Bank will issue and despatch notices of allotment to the entitled shareholders by 27 February 2008.

**(e) Sale of Non Performing Loans**

On 8 January 2008, Maybank announced that it has entered into a conditional Sale and Purchase Agreement (“SPA”) with Standard Chartered Bank (Hong Kong) Limited Alternative Investments and ORIX Leasing Malaysia Berhad for disposal of long-standing secured consumer non-performing loans.

The portfolio comprises 8,375 long outstanding consumer loans with a total face value of about RM1.4 billion. The loans are mainly secured by residential properties located across Malaysia.

The Agreement was reached by way of negotiations following a bid process that was held on 4 December 2007.

The conditions of the SPA include obtaining approval of sale from the Minister of Finance and the conduct of a validation process by the buyer after which the final purchase price will be determined. The impact of the sale is expected to be reflected in the Bank’s results for the financial year ending 30 June 2008.

**B9. Deposits and Placements of Financial Institutions and Debt Securities**

Please refer to note A12 and A13.

**B10. Off-Balance Sheet Financial Instruments**

Please refer to note A24.

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**B11. Changes in Material Litigation**

- (a) In 2005, a subsidiary, Mayban Trustee Berhad (“MTB”) and eleven other defendants were served with a writ of summons by ten bondholders for an amount of approximately RM157.8 million. MTB was alleged to have acted in breach of trust and negligence in its capacity as Trustee for the bonds issued. The legal suit is pending court hearing and the liability amount, if any, is subject to the court's decision.

During the last financial year ended 30 June 2007, MTB had proceeded to file a counter-claim on a full indemnity basis against one of the bondholders and two of the other defendants to the suit.

The contingent liability is covered by an existing Banker Blanket Bond Policy between the Bank and a subsidiary, Mayban General Assurance Berhad (“MGAB”), which had entered into a facultative reinsurance contract for an insured sum of RM150 million with three other re-insurers.

No provision is made in the Group's financial statements.

- (b) In 2004, Etiqa Takaful Berhad (formerly known as Takaful Nasional Berhad) (“TN”), now a subsidiary of Maybank, commenced a civil suit against a borrower (“the 1st Defendant”) and three guarantors for the sum of approximately RM25.8 million, following the recall of the relevant facility which was preceded by the 1st Defendant's failure to pay monthly instalments.

The 1st Defendant counter-claimed for loss and damage amounting to approximately RM284 million as a result of TN's alleged failure to release the balance of the facility of RM7.5 million. It is alleged that the 1st Defendant was unable to carry on with its project and therefore has suffered loss and damage. TN are proceeding with their claim and are resisting the 1<sup>st</sup> Defendant's counter-claim.

TN are of the view that they have a good chance of succeeding in the action and in securing a dismissal of the 1st Defendant's counter-claim.

Other than that stated above, the Group and the Bank do not have any other material litigation that would materially and adversely affect the financial position of the Group and the Bank.

**B12. Proposed Interim Dividend**

The Board of Directors have declared an interim dividend of 15.0 sen per share less 26% tax for the second financial quarter ended 31 December 2007 (31 December 2006: 40.0 sen). The Proposed Bonus Issue shall also be entitled to the interim dividend.

The interim dividend will be paid on 7 April 2008 to shareholders whose names are registered in the Register of Members of Maybank on 26 March 2008. Notice is hereby given that the Register of Members of the Company will be closed from 27 March 2008 to 28 March 2008 (both dates inclusive) for the determination of shareholders' entitlement to the interim dividend.

A depositor shall qualify for entitlement to the interim dividend only in respect of: -

- a) Shares transferred to the Depositor's Securities Accounts before 4.00 p.m. on 26 March 2008 in respect of transfers.
- b) Shares deposited into the Depositor's Securities Accounts before 12.30 p.m. on 24 March 2008 in respect of shares exempted from mandatory deposit.
- c) Shares bought on the Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

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**B13. Earning Per Share (EPS)**

**Basic**

The basic EPS of the Group is calculated by dividing the net profit for the quarter and the financial year attributable to ordinary share holders of the parent by the weighted-average number of ordinary shares in issue during the quarter and the financial year respectively.

	<b>2nd Quarter Ended</b>		<b>Cummulative 6 Months Ended</b>	
	<b>31 December 2007</b>	<b>31 December 2006</b>	<b>31 December 2007</b>	<b>31 December 2006</b>
Net profit for the period (RM'000)	<b>730,954</b>	792,274	<b>1,466,383</b>	1,360,955
Weighted average number of ordinary shares in issue ('000)	<b>3,896,103</b>	3,834,215	<b>3,893,807</b>	3,818,153
Basic earnings per share (sen)	<b>18.76 sen</b>	20.66 sen	<b>37.66 sen</b>	35.64 sen

**Diluted**

The diluted EPS of the Group is calculated by dividing the net profit for the quarter and the cumulative period attributable to ordinary share holders of the parent by the weighted-average number of ordinary shares in issue, which has been adjusted for the number of shares that could have been issued under the Maybank Group Employee Share Option Scheme.

In the diluted EPS calculation, it was assumed that the share options were exercised into ordinary shares. A calculation is done to determine the number of shares that could have been issued at fair value (determined as the average price of the Bank's shares during the quarter) based on the monetary value of the subscription rights attached to the outstanding share options. This calculation serves to determine the number of dilutive shares to be added to the weighted-average ordinary shares in issue for the purpose of computing the dilution. No adjustment was made to the net profit for the quarter.

	<b>2nd Quarter Ended</b>		<b>Cummulative 6 Months Ended</b>	
	<b>31 December 2007</b>	<b>31 December 2006</b>	<b>31 December 2007</b>	<b>31 December 2006</b>
Net profit for the period (RM'000)	<b>730,954</b>	792,274	<b>1,466,383</b>	1,360,955
Weighted average number of ordinary shares in issue ('000)	<b>3,896,103</b>	3,834,215	<b>3,893,807</b>	3,818,153
Effects of share option ('000)	<b>6,143</b>	18,363	<b>6,413</b>	31,705
Adjusted weighted average number of ordinary shares in issue or issuable ('000)	<b>3,902,246</b>	3,852,578	<b>3,900,220</b>	3,849,858
Diluted earnings per share (sen)	<b>18.73 sen</b>	20.56 sen	<b>37.60 sen</b>	35.35 sen

By Order of the Board

**Mohd Nazlan Mohd Ghazali**  
LS0008977  
Company Secretary  
20 February 2008