

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

**CONDENSED FINANCIAL STATEMENTS**  
**AUDITED INCOME STATEMENTS**  
**FOR THE 4TH QUARTER AND FINANCIAL YEAR ENDED 30 JUNE 2008**

<u>Group</u>	Note	4th Quarter Ended		Financial Year Ended	
		30 June 2008 RM'000	30 June 2007 RM'000 (Restated)	30 June 2008 RM'000	30 June 2007 RM'000 (Restated)
<b>Continuing Operations</b>					
Interest income	A15	2,808,163	2,905,336	11,467,998	10,856,095
Interest expense	A16	(1,457,147)	(1,606,389)	(6,041,209)	(5,723,172)
Net interest income		1,351,016	1,298,947	5,426,789	5,132,923
Income from Islamic Banking					
Scheme operations:					
Gross operating income		279,542	206,182	966,176	777,750
Profit equalisation reserves		(6,457)	(10,575)	(1,570)	79,817
	A27b	273,085	195,607	964,606	857,567
		1,624,101	1,494,554	6,391,395	5,990,490
Non-interest income	A17	1,357,844	867,873	3,238,857	2,863,098
Net income		2,981,945	2,362,427	9,630,252	8,853,588
Overhead expenses	A18	(1,126,650)	(978,850)	(4,255,109)	(3,788,751)
Operating Profit		1,855,295	1,383,577	5,375,143	5,064,837
Allowance for losses on loans, advances and financing	A19	(352,462)	(46,773)	(804,407)	(694,506)
Allowance for non-refundable deposit	A5	(483,824)	-	(483,824)	-
		1,019,009	1,336,804	4,086,912	4,370,331
Share of profits in associated companies		(274)	(5,505)	(842)	(6,633)
<b>Profit before taxation</b>		1,018,735	1,331,299	4,086,070	4,363,698
Taxation & Zakat	B5	(261,990)	(263,305)	(1,083,730)	(1,110,827)
<b>Profit for the period</b>		756,745	1,067,994	3,002,340	3,252,871
<b>Attributable to:</b>					
Equity holders of the parent		703,213	1,052,806	2,928,202	3,178,372
Minority Interest		53,532	15,188	74,138	74,499
		756,745	1,067,994	3,002,340	3,252,871
<b>Earnings per share attributable to equity holders of the parent</b>					
	B13				
Basic		14.41 sen	21.67 sen <sup>1</sup>	60.08 sen	66.07 sen <sup>1</sup>
Fully diluted		14.41 sen	21.61 sen <sup>1</sup>	60.05 sen	65.93 sen <sup>1</sup>

<sup>1</sup> Adjusted for bonus issue of 1:4

(These condensed financial statements should be read in conjunction with the audited financial statements for the year ended 30 June 2007 and the accompanying explanatory notes attached)

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**AUDITED INCOME STATEMENTS**  
**FOR THE 4TH QUARTER AND FINANCIAL YEAR ENDED 30 JUNE 2008**

<u>Bank</u>	Note	4th Quarter Ended		Financial Year Ended	
		30 June 2008 RM'000	30 June 2007 RM'000 (Restated)	30 June 2008 RM'000	30 June 2007 RM'000 (Restated)
<b>Continuing Operations</b>					
Interest income	A15	2,707,058	2,736,155	10,913,975	10,134,118
Interest expense	A16	(1,388,027)	(1,502,112)	(5,725,120)	(5,291,379)
Net interest income		1,319,031	1,234,043	5,188,855	4,842,739
Income from Islamic Banking Scheme operations:					
Gross operating income		-	-	-	-
Profit equalisation reserves		-	-	-	-
		1,319,031	1,234,043	5,188,855	4,842,739
Non-interest income	A17	935,354	583,970	2,286,337	2,375,645
Net income		2,254,385	1,818,013	7,475,192	7,218,384
Overhead expenses	A18	(887,076)	(706,106)	(3,213,970)	(2,836,623)
Operating Profit		1,367,309	1,111,907	4,261,222	4,381,761
Allowance for losses on loans, advances and financing	A19	(268,692)	59,613	(658,823)	(489,057)
Allowance for non-refundable deposit	A5	(483,824)	-	(483,824)	-
<b>Profit before taxation</b>		614,793	1,171,520	3,118,575	3,892,704
Taxation & Zakat	B5	(180,644)	(236,837)	(814,610)	(1,016,533)
Profit for the year from continuing operations		434,149	934,683	2,303,965	2,876,171
<b>Discontinued Operation</b>					
Profit for the year from transfer of Islamic Banking operations	A27f(ii)	-	(18,782)	69,187	175,290
<b>Profit for the year</b>		434,149	934,683	2,373,152	3,051,461

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**MALAYAN BANKING BERHAD**  
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**CONDENSED FINANCIAL STATEMENTS**  
**AUDITED BALANCE SHEETS AS AT 30 JUNE 2008**

	Note	GROUP		BANK	
		30 June 2008 RM'000	30 June 2007 RM'000 (Restated)	30 June 2008 RM'000	30 June 2007 RM'000 (Restated)
<b>ASSETS</b>					
Cash and short-term funds		27,644,359	37,597,422	24,069,617	32,567,349
Deposits and placements with financial institutions		8,956,515	17,348,421	8,795,492	15,559,794
Securities purchased under resale agreements		-	258,772	-	258,772
Securities portfolio	A9	36,551,156	33,691,730	29,711,540	25,378,595
Loans, advances and financing	A10	164,799,666	140,864,736	138,985,721	118,557,035
Derivative assets		830,150	394,870	828,182	390,406
Other assets	A11	3,915,687	3,375,393	3,040,046	1,847,133
Investment properties		3,885	40,750	-	-
Statutory deposits with Central Banks		5,872,414	5,652,233	4,939,701	4,838,337
Investment in subsidiaries		-	-	6,423,155	2,763,929
Interests in associates		2,218,847	43,601	12,055	40,739
Property, plant and equipment		1,210,833	1,151,687	1,062,383	987,194
Intangible assets		189,729	193,072	182,455	184,462
Deferred tax assets		1,217,490	1,016,730	1,122,138	951,526
Life, general takaful and family takaful fund assets		15,689,969	15,037,859	-	-
Assets transferred to subsidiary, pursuant to transfer of Islamic Banking operations		-	-	-	23,121,969
<b>TOTAL ASSETS</b>		<b>269,100,700</b>	<b>256,667,276</b>	<b>219,172,485</b>	<b>227,447,240</b>
<b>LIABILITIES</b>					
Deposits from customers	A12	187,112,077	163,676,762	156,322,564	133,855,613
Deposits and placements of banks and other financial institutions	A13	24,554,106	29,534,690	25,847,297	31,170,736
Obligations on securities sold under repurchase agreements		322,371	9,957,065	322,371	10,489,855
Bills and acceptances payable		4,792,302	2,930,070	4,396,381	2,395,214
Derivative liabilities		1,055,097	656,705	1,027,048	644,860
Other liabilities	A14	5,248,563	5,089,567	3,919,074	2,980,341
Recourse obligation on loans sold to Cagamas		1,274,069	2,455,762	1,274,069	2,455,762
Provision for taxation and zakat		435,483	1,019,790	390,327	980,741
Deferred tax liabilities		51,862	96,810	-	-
Subordinated obligations	A13	4,975,723	6,344,048	4,975,723	6,344,048
Stapled Capital Securities	B8(l)	3,497,316	-	3,497,316	-
Life, general takaful and family takaful fund liabilities		4,032,822	1,194,914	-	-
Life, general takaful and family takaful policy holders' funds		11,657,147	13,842,945	-	-
Liabilities transferred to subsidiary, pursuant to transfer of Islamic Banking operations		-	-	-	18,676,232
<b>TOTAL LIABILITIES</b>		<b>249,008,938</b>	<b>236,799,128</b>	<b>201,972,170</b>	<b>209,993,402</b>

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**MALAYAN BANKING BERHAD**  
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**CONDENSED FINANCIAL STATEMENTS**  
**AUDITED BALANCE SHEETS AS AT 30 JUNE 2008**

	Note	GROUP		BANK	
		30 June 2008 RM'000	30 June 2007 RM'000 (Restated)	30 June 2008 RM'000	30 June 2007 RM'000 (Restated)
<b>SHAREHOLDERS' EQUITY</b>					
Share capital		4,881,123	3,889,225	4,881,123	3,889,225
Reserves		14,421,370	15,308,431	12,319,192	13,564,613
		<b>19,302,493</b>	19,197,656	<b>17,200,315</b>	17,453,838
Minority Interest		789,269	670,492	-	-
Total equity		<b>20,091,762</b>	19,868,148	<b>17,200,315</b>	17,453,838
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>					
		<b>269,100,700</b>	256,667,276	<b>219,172,485</b>	227,447,240
<b>COMMITMENTS AND CONTINGENCIES</b>	A24	<b>204,216,762</b>	175,392,450	<b>192,079,393</b>	171,957,142
<b>CAPITAL ADEQUACY</b>					
	A26				
Based on credit and market risks:					
<b><u>Without deducting dividend payable *</u></b>					
Core capital ratio		10.56%	10.06%	11.29%	9.82%
Risk-weighted capital ratio		14.42%	15.14%	12.50%	14.11%
<b><u>After deducting dividend payable</u></b>					
Core capital ratio:		10.21%	9.43%	10.88%	9.13%
Risk-weighted capital ratio:		14.08%	14.51%	12.09%	13.42%
Net assets per share attributable to equity holders of the parent		RM3.95	RM3.95 #	RM3.52	RM3.59 #

\* 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.

# Adjusted for bonus issue of 1:4.

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MALAYAN BANKING BERHAD

(3813-K)

(Incorporated in Malaysia)

CONDENSED FINANCIAL STATEMENTS  
AUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2008

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

GROUP	Non Distributable						Share Option Reserve 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	-	-	-	-	-	42,242	-	-	<b>42,242</b>	(877)	<b>41,365</b>
Acquisition of an Interest by Minority Interest	-	-	-	-	-	-	-	-	-	48,500	<b>48,500</b>
Unrealised net loss on revaluation of securities available-for-sale	-	-	-	-	(821,928)	-	-	-	<b>(821,928)</b>	(17,935)	<b>(839,863)</b>
Net accretion from decreased interest in subsidiaries	-	-	-	-	-	-	-	(14,951)	<b>(14,951)</b>	14,951	-
Net gain/(loss) not recognised in the income statement	-	-	-	-	(821,928)	42,242	-	(14,951)	<b>(794,637)</b>	44,639	<b>(749,998)</b>
Net profit for the year	-	-	-	-	-	-	-	2,928,202	<b>2,928,202</b>	74,138	<b>3,002,340</b>
Total recognised income/(expense) for the year	-	-	-	-	(821,928)	42,242	-	2,913,251	<b>2,133,565</b>	118,777	<b>2,252,342</b>
Share-based payment under ESOS	-	-	-	-	-	-	1,841	-	<b>1,841</b>	-	<b>1,841</b>
Transfer to/from statutory reserves	-	-	651,648	-	-	-	-	(651,648)	-	-	-
Issue of ordinary shares pursuant to ESOS	15,841	137,498	-	-	-	-	-	-	<b>153,339</b>	-	<b>153,339</b>
Issue of ordinary shares pursuant to share bonus issue	976,057	(976,057)	-	-	-	-	-	-	-	-	-
Dividend paid	-	-	-	-	-	-	-	(2,183,908)	<b>(2,183,908)</b>	-	<b>(2,183,908)</b>
<b>At 30 June 2008</b>	<b>4,881,123</b>	<b>2,097,011</b>	<b>4,573,636</b>	<b>15,250</b>	<b>(416,340)</b>	<b>(41,752)</b>	<b>63,069</b>	<b>8,130,496</b>	<b>19,302,493</b>	<b>789,269</b>	<b>20,091,762</b>

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CONDENSED FINANCIAL STATEMENTS  
AUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2008

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

GROUP	Share	Share	Statutory	Capital	Unrealised	Exchange	Share	Distributable	Total	Minority	Total
	Capital	Premium	Reserve	Reserve	Holding	Fluctuation	Option	Retained	Shareholders'	Interests	Equity
	RM'000	RM'000	RM'000	RM'000	Reserve/(Deficit)	Reserve	Reserves	Profits	Equity	RM'000	RM'000
<b>At 1 July 2006</b>	3,796,947	2,137,807	3,973,917	15,250	(27,479)	58,136	3,038	6,921,430	<b>16,879,046</b>	608,475	<b>17,487,521</b>
Currency translation differences	-	-	-	-	-	(142,130)	-	-	<b>(142,130)</b>	(6,083)	<b>(148,213)</b>
Subscription of new shares	-	-	-	-	-	-	-	-	-	3,038	<b>3,038</b>
Acquisition of interests from minority interests	-	-	-	-	-	-	-	-	-	(39,454)	<b>(39,454)</b>
Unrealised net gain on revaluation of securities available for sale	-	-	-	-	433,067	-	-	-	<b>433,067</b>	30,017	<b>463,084</b>
Net gain/(loss) not recognised in the income statement	-	-	-	-	433,067	(142,130)	-	-	<b>290,937</b>	(12,482)	<b>278,455</b>
Net Profit for the year	-	-	-	-	-	-	-	3,178,372	<b>3,178,372</b>	74,499	<b>3,252,871</b>
Total recognised income/(expense) for the year	-	-	-	-	433,067	(142,130)	-	3,178,372	<b>3,469,309</b>	62,017	<b>3,531,326</b>
Share-based payment under ESOS	-	-	-	-	-	-	58,190	-	<b>58,190</b>	-	<b>58,190</b>
Transfer to statutory reserves	-	-	(51,929)	-	-	-	-	51,929	-	-	-
Issue of ordinary shares pursuant to ESOS	92,278	797,763	-	-	-	-	-	-	<b>890,041</b>	-	<b>890,041</b>
Dividend Paid	-	-	-	-	-	-	-	(2,098,930)	<b>(2,098,930)</b>	-	<b>(2,098,930)</b>
<b>At 30 June 2007</b>	<b>3,889,225</b>	<b>2,935,570</b>	<b>3,921,988</b>	<b>15,250</b>	<b>405,588</b>	<b>(83,994)</b>	<b>61,228</b>	<b>8,052,801</b>	<b>19,197,656</b>	<b>670,492</b>	<b>19,868,148</b>

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MALAYAN BANKING BERHAD

(3813-K)

(Incorporated in Malaysia)

CONDENSED FINANCIAL STATEMENTS  
AUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2008

<=====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	Share Option 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	-	-	-	-	86,070	-	-	86,070
Unrealised net gain on revaluation of securities available for sale	-	-	-	(684,017)	-	-	-	(684,017)
Net gain/(loss) not recognised in the income statement	-	-	-	(684,017)	86,070	-	-	(597,947)
Net profit for the year	-	-	-	-	-	-	2,373,152	2,373,152
Total recognised income/(expense) for the year	-	-	-	(684,017)	86,070	-	2,373,152	1,775,205
Share-based payment under ESOS	-	-	-	-	-	1,841	-	1,841
Transfer to statutory reserve	-	-	594,000	-	-	-	(594,000)	-
Issue of ordinary shares pursuant to ESOS	15,841	137,498	-	-	-	-	-	153,339
Issue of ordinary shares pursuant to share bonus issue	976,057	(976,057)	-	-	-	-	-	-
Dividend paid	-	-	-	-	-	-	(2,183,908)	(2,183,908)
<b>At 30 June 2008</b>	4,881,123	2,097,011	4,483,770	(400,753)	94,730	63,069	5,981,365	17,200,315

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CONDENSED FINANCIAL STATEMENTS  
AUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2008

	<=====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>	3,796,947	2,137,807	3,871,493	(21,206)	112,690	3,038	5,451,590	15,352,359
Currency translation differences	-	-	277	-	(104,030)	-	-	(103,753)
Unrealised net gain on revaluation of securities available-for-sale	-	-	-	304,470	-	-	-	304,470
Net gain/(loss) not recognised in the income statement	-	-	277	304,470	(104,030)	-	-	200,717
Net profit for the year	-	-	-	-	-	-	3,051,461	3,051,461
Total recognised income/(expense) for the year	-	-	277	304,470	(104,030)	-	3,051,461	3,252,178
Share-based payment under ESOS	-	-	-	-	-	58,190	-	58,190
Transfer to Statutory Reserves	-	-	18,000	-	-	-	(18,000)	-
Issue of ordinary shares pursuant to ESOS	92,278	797,763	-	-	-	-	-	890,041
Dividend Paid	-	-	-	-	-	-	(2,098,930)	(2,098,930)
<b>At 30 June 2007</b>	3,889,225	2,935,570	3,889,770	283,264	8,660	61,228	6,386,121	17,453,838

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**CONDENSED FINANCIAL STATEMENTS**  
**AUDITED CONDENSED CASH FLOW STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 30 JUNE 2008**

	GROUP		BANK	
	30 June 2008 RM'000	30 June 2007 RM'000	30 June 2008 RM'000	30 June 2007 RM'000
Profit before taxation				
Continuing operations	<b>4,086,070</b>	4,363,698	<b>3,118,575</b>	3,892,704
Discontinued operation	-	-	<b>102,882</b>	259,143
Adjustments for non-operating and non-cash items	<b>1,852,686</b>	1,376,779	<b>1,876,429</b>	817,116
Operating profit before working capital changes	<b>5,938,756</b>	5,740,477	<b>5,097,886</b>	4,968,963
Changes in working capital:-				
Net changes in operating assets	<b>(21,905,955)</b>	(24,601,492)	<b>(21,312,027)</b>	(24,310,586)
Net changes in operating liabilities	<b>12,352,143</b>	26,452,444	<b>13,748,774</b>	27,494,981
Tax expense and zakat paid	<b>(1,632,714)</b>	(1,117,016)	<b>(1,320,281)</b>	(1,126,272)
Net cash generated from operations	<b>(5,247,770)</b>	6,474,413	<b>(3,785,648)</b>	7,027,086
Net cash (used in)/generated from investing activities	<b>(2,358,068)</b>	(238,770)	<b>(2,357,381)</b>	216,013
Net cash (used in)/generated from financing activities	<b>(976,472)</b>	38,271	<b>(1,024,972)</b>	50,753
	<b>(3,334,540)</b>	(200,499)	<b>(3,382,353)</b>	266,766
Net change in cash and cash equivalents	<b>(8,582,310)</b>	6,273,914	<b>(7,168,001)</b>	7,293,852
Cash and cash equivalents at beginning of year *	<b>36,226,669</b>	31,323,508	<b>31,237,618</b>	26,907,057
	<b>27,644,359</b>	37,597,422	<b>24,069,617</b>	34,200,909
Assets transferred to subsidiary pursuant to transfer of Islamic Banking operations	-	-	-	(1,633,560)
Cash and cash equivalents at end of year	<b>27,644,359</b>	37,597,422	<b>24,069,617</b>	32,567,349
* Cash and cash equivalents at beginning of year				
Cash and short term funds as previously reported	<b>37,597,422</b>	32,035,395	<b>32,567,349</b>	27,542,452
Effects of foreign exchange rate changes	<b>(1,370,753)</b>	(711,887)	<b>(1,329,731)</b>	(635,395)
As restated	<b>36,226,669</b>	31,323,508	<b>31,237,618</b>	26,907,057

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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 audited condensed financial statements for the 4<sup>th</sup> quarter and the financial year ended 30 June 2008 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 audited condensed financial statements 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 audited condensed 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 audited condensed 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”) 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  
Amendments to FRS 121: The Effects of Changes in Foreign Exchange Rates - Net Investments in a Foreign Exchange Operation  
IC Interpretation 1: Changes in Existing Decommissioning, Restoration and Similar Liabilities  
IC Interpretation 2: Members' Shares in Co-operative Entities and Similar Instruments  
IC Interpretation 5: Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds  
IC Interpretation 6: Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment  
IC Interpretation 7: Applying the Restatement Approach under FRS 129<sub>2004</sub> - Financial Reporting in Hyperinflationary Economies  
IC Interpretation 8: Scope of FRS 2

The above FRS, amendments to FRS and Interpretations are expected to have no significant impact on the financial statements of the Group and the Bank upon their initial application except for FRS 117. The principal effects of the changes in accounting policies resulting from the adoption of FRS 117 is discussed in Note A1(a) below.

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

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.

**(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).

**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.

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

**(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.

**(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 Income 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.

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

**(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.

**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 4<sup>th</sup> financial quarter ended 30 June 2008.

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

During the year ended 30 June 2008, the Group and the Bank had made an allowance for non-refundable deposit of RM483.8 million in the financial statements arising from the revocation of approval by Bank Negara Malaysia on the proposed acquisition of Sorak Financial Holdings Pte Ltd, the controlling shareholder of PT Bank Internasional Indonesia Tbk. (Refer to Note B8 (g))

**A6. Changes in Estimates**

There were no material changes in estimates during the quarter ended 30 June 2008.

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

Save as disclosed below, there were no 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 RM4,881,123,401 as at 30 June 2008, from the issuance of 991,898,880 new ordinary as follows:

- (i) Bonus issue of 976,057,505 new ordinary shares of RM1.00 each on the basis of one (1) new ordinary share of RM1.00 each for every four (4) existing ordinary shares held at the point of declaration of bonus; and

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**A7. Changes in Debt and Equity Securities (Contd.)**

(ii) Issuance of 15,841,375 new ordinary shares of RM1.00 each to eligible persons who have exercised their options under the Maybank Group Employee Share Option Scheme (ESOS), plus 167,175 bonus shares granted upon exercise of the options after bonus declaration, at the following option prices:

<u>Number of shares issued</u>	<u>Option price per share</u>	<u>No. of bonus shares issued:</u>
5,412,025	RM 9.23	70,225
1,410,350	RM 9.87	13,550
3,011,950	RM 9.92	30,350
6,007,050	RM10.19	53,050

**A8. Dividends Paid**

The Bank paid the following dividends during the year:

- a) 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.
- b) 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.
- c) A second interim dividend of 15.0 sen per share less 26% tax for the financial year ending 30 June 2008, amounting to RM541,793,068 was paid on 7 April 2008.

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**A9. Securities Portfolio**

	Note	Group		Bank	
		30 June 2008	30 June 2007	30 June 2008	30 June 2007
		RM'000	RM'000	RM'000	RM'000
Securities held-for-trading	(i)	880,794	2,032,634	418,170	1,447,227
Securities available-for-sale	(ii)	34,484,135	29,124,704	28,620,398	25,213,654
Securities held-to-maturity	(iii)	1,186,227	2,534,392	672,972	1,964,064
		<b>36,551,156</b>	<b>33,691,730</b>	<b>29,711,540</b>	<b>28,624,945</b>
Assets transferred to subsidiary, pursuant to transfer of Islamic Banking operations		-	-	-	(3,246,350)
		<b>36,551,156</b>	<b>33,691,730</b>	<b>29,711,540</b>	<b>25,378,595</b>

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

	Group		Bank	
	30 June 2008	30 June 2007	30 June 2008	30 June 2007
	RM'000	RM'000	RM'000	RM'000
<b>At Fair value</b>				
<b>Money Market Instruments:-</b>				
Malaysian Government Securities	38,947	-	38,947	-
Malaysian Government Treasury Bills	19,917	52,997	19,917	52,997
Malaysian Government Investment Issues	9,536	-	9,536	-
Bank Negara Malaysia Bills and Notes	-	579,205	-	579,205
Bank Negara Malaysia Monetary Notes	4,112	288,373	4,112	288,373
Foreign Certificates of Deposits	268	-	-	-
Total Money Market Instruments	<b>72,780</b>	<b>920,575</b>	<b>72,512</b>	<b>920,575</b>
<b>Quoted securities:</b>				
Shares	23,689	-	23,689	-
	<b>23,689</b>	<b>-</b>	<b>23,689</b>	<b>-</b>
<b>Unquoted securities:</b>				
Malaysian Government Bonds	35,189	-	35,189	-
Islamic Private Debt Securities in Malaysia	462,356	585,407	-	-
Foreign Private Debt Securities	286,780	526,652	286,780	526,652
	<b>784,325</b>	<b>1,112,059</b>	<b>321,969</b>	<b>526,652</b>
<b>Total securities held-for-trading</b>	<b>880,794</b>	<b>2,032,634</b>	<b>418,170</b>	<b>1,447,227</b>

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

	Group		Bank	
	30 June 2008	30 June 2007	30 June 2008	30 June 2007
	RM'000	RM'000	RM'000	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	4,779,401	3,034,542	4,339,911	2,377,960
Malaysian Treasury Bills	29,915	-	29,915	-
Cagamas Bonds	552,925	748,781	330,348	462,758
Foreign Government Securities	3,699,181	3,261,092	3,602,495	3,198,175
Malaysian Government Investment Issues	4,144,204	3,873,649	2,643,988	3,718,743
Bank Negara Malaysia Bills	49,962	35,580	49,962	35,580
Foreign Government Treasury Bills	943,965	652,052	817,769	529,286
Negotiable Instruments of Deposits	907,399	2,288,651	2,868,290	2,676,010
Bankers' Acceptances and Islamic Accepted Bills	1,955,570	3,198,835	1,278,786	3,198,835
Khazanah Bonds	889,737	929,845	345,341	734,194
Bank Negara Malaysia Sukuk Ijarah Bonds	-	40,072	-	40,072
Bank Negara Malaysia Monetary Notes	787,150	-	787,150	-
Foreign Certificates of Deposits	216,237	230,539	-	-
Total Money Market Instruments	<b>18,955,646</b>	<b>18,293,638</b>	<b>17,093,955</b>	<b>16,971,613</b>

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**A9. Securities Portfolio (contd)**

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

	Group		Bank	
	30 June 2008 RM'000	30 June 2007 RM'000	30 June 2008 RM'000	30 June 2007 RM'000
<b>Quoted Securities: -</b>				
In Malaysia:				
Shares, Warrants, Trust Units and Loan Stocks	508,255	631,387	165,835	267,733
Outside Malaysia:				
Shares, Warrants, Trust Units and Loan Stocks	106,536	164,184	58,150	104,342
	<b>614,791</b>	<b>795,571</b>	<b>223,985</b>	<b>372,075</b>
<b>Unquoted Securities:-</b>				
Shares, trust units and loan stocks in Malaysia	777,089	807,028	507,187	545,617
Shares, trust units and loan stocks outside Malaysia	32,152	23,743	15,776	13,747
Islamic Private Debt Securities in Malaysia	9,164,822	4,477,735	6,191,994	3,002,583
Malaysian Government Bonds	314,664	296,849	314,664	296,849
Foreign Government Bonds	73,138	79,367	-	-
Foreign Islamic Private Debt Securities	4,306,821	3,837,974	4,027,825	3,584,803
Credit Linked Notes	245,012	426,367	245,012	426,367
Malaysia Global Sukuk	-	86,432	-	-
	<b>14,913,698</b>	<b>10,035,495</b>	<b>11,302,458</b>	<b>7,869,966</b>
<b>Total securities available-for-sale</b>	<b>34,484,135</b>	<b>29,124,704</b>	<b>28,620,398</b>	<b>25,213,654</b>

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

**At Amortised cost less impairment losses**  
**Money market instruments:-**

Malaysian Government Securities	103,635	1,025,981	103,076	1,025,422
Cagamas Bonds	13,409	224,057	1,670	212,299
Foreign Government Securities	152,962	207,572	-	-
Malaysian Government Investment Issues	80	80	-	-
Total Money Market Instruments	<b>270,086</b>	<b>1,457,690</b>	<b>104,746</b>	<b>1,237,721</b>

**Unquoted Securities:-**

Private and Islamic Debt Securities in Malaysia	355,443	547,977	76,265	197,627
Malaysian Government Bonds	42,559	45,139	42,559	45,139
Foreign Government Bonds	-	9	-	-
Foreign Islamic Private Debt Securities	535,275	327,973	466,523	327,973
Credit Linked Note	-	172,725	-	172,725
Others	2,044	2,044	2,044	2,044
	<b>935,321</b>	<b>1,095,867</b>	<b>587,391</b>	<b>745,508</b>
Accumulated impairment losses	<b>(19,180)</b>	<b>(19,165)</b>	<b>(19,165)</b>	<b>(19,165)</b>
<b>Total securities held-to-maturity</b>	<b>1,186,227</b>	<b>2,534,392</b>	<b>672,972</b>	<b>1,964,064</b>



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**A10. Loans, Advances and Financing**

	Group		Bank	
	30 June 2008 RM'000	30 June 2007 RM'000	30 June 2008 RM'000	30 June 2007 RM'000
Overdrafts	13,991,903	13,801,836	11,940,569	13,766,775
Term loans				
- Housing loans/financing	30,529,958	26,980,875	25,677,249	26,850,921
- Syndicated loan/financing	11,307,954	9,954,678	8,899,119	7,559,442
- Hire purchase receivables	31,767,799	26,121,500	22,931,657	26,121,500
- Lease receivables	3,796	7,954	3,796	7,954
- Other loans/financing	45,469,560	41,358,326	33,302,664	39,359,046
Credit card receivables	3,459,441	2,871,567	3,459,441	2,871,567
Bills receivable	2,130,068	1,543,665	2,026,654	1,511,273
Trust receipts	2,216,693	2,969,625	2,001,697	2,896,203
Claims on customers under acceptance credits	13,728,112	8,434,367	9,661,171	8,439,619
Loans/financing to banks and other financial institutions	9,580,463	10,289,507	9,580,173	10,289,507
Revolving credits	17,486,917	13,360,174	17,064,091	13,259,610
Staff loans	1,213,646	986,795	954,499	932,025
Housing loans to				
- Executive directors of the Bank	-	123	-	123
- Executive directors of subsidiaries	972	1,719	972	1,719
Others	121,139	180,919	-	-
	<b>183,008,421</b>	158,863,630	<b>147,503,752</b>	153,867,284
Unearned interest and income	<b>(11,791,307)</b>	(11,366,360)	<b>(3,215,208)</b>	(11,334,154)
Gross loans, advances and financing	<b>171,217,114</b>	147,497,270	<b>144,288,544</b>	142,533,130
Allowances for bad and doubtful debts and financing:				
- specific	<b>(3,229,837)</b>	(3,875,219)	<b>(2,574,307)</b>	(3,696,358)
- general	<b>(3,187,611)</b>	(2,757,315)	<b>(2,728,516)</b>	(2,613,274)
	<b>164,799,666</b>	140,864,736	<b>138,985,721</b>	136,223,498
Assets transferred to subsidiary, pursuant to transfer of Islamic Banking operations	-	-	-	(17,666,463)
Net loans, advances and financing	<b>164,799,666</b>	140,864,736	<b>138,985,721</b>	118,557,035

	Group		Bank	
	30 June 2008 RM'000	30 June 2007 RM'000	30 June 2008 RM'000	30 June 2007 RM'000
<b>Domestic operations:</b>				
Domestic non-bank financial institutions				
- Stockbroking companies	136,032	163,268	135,853	163,088
- Others	10,802,344	9,758,406	9,273,341	9,748,355
Domestic business enterprise				
- Small and medium enterprise	28,374,741	23,457,406	23,561,485	23,464,107
- Others	23,931,302	21,390,132	20,970,409	21,272,776
Government and statutory bodies	176,827	222,050	65,314	222,050
Individuals	58,017,124	53,329,288	45,534,182	53,274,983
Other domestic entities	164,327	202,020	31,767	46,398
Foreign entities	483,202	381,348	423,877	361,569
Total domestic operations	<b>122,085,899</b>	108,903,918	<b>99,996,228</b>	108,553,326

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

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

	Group		Bank	
	30 June 2008 RM'000	30 June 2007 RM'000	30 June 2008 RM'000	30 June 2007 RM'000
<b>Overseas operations:</b>				
Singapore	36,976,691	28,042,055	36,976,691	28,042,055
Hong Kong SAR	2,734,133	2,174,984	2,734,133	2,174,984
United States of America	1,230,560	1,218,424	1,230,560	1,218,424
People's Republic of China	799,411	696,326	799,411	696,326
Vietnam	549,621	391,445	549,621	391,445
United Kingdom	1,299,853	866,331	1,299,853	866,332
Brunei	155,298	163,049	155,298	163,049
Cambodia	174,885	104,195	174,885	104,195
Bahrain	371,864	322,994	371,864	322,994
Labuan offshore	3,825,321	3,813,701	-	-
Philippines	766,221	682,381	-	-
Indonesia	197,991	87,813	-	-
Papua New Guinea	49,366	29,654	-	-
	<b>49,131,215</b>	<b>38,593,352</b>	<b>44,292,316</b>	<b>33,979,804</b>
Gross loans, advances and financing	<b>171,217,114</b>	<b>147,497,270</b>	<b>144,288,544</b>	<b>142,533,130</b>

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

<b>Fixed rate</b>				
- Housing loans/financing	11,057,861	11,047,846	6,905,007	10,860,914
- Hire purchase receivables	26,744,656	21,898,806	19,384,816	21,731,957
- Other fixed rate loans/financing	13,673,676	14,332,124	10,316,056	14,199,453
<b>Variable rate</b>				
- Base lending rate plus	59,250,264	53,682,867	55,866,545	53,614,209
- Cost plus	20,383,788	14,442,609	16,038,791	14,249,846
- Other variable rates	40,106,869	32,093,018	35,777,329	27,876,751
Gross loans, advances and financing	<b>171,217,114</b>	<b>147,497,270</b>	<b>144,288,544</b>	<b>142,533,130</b>

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

	Group		Bank	
	30 June 2008 RM'000	30 June 2007 RM'000	30 June 2008 RM'000	30 June 2007 RM'000
<b>Domestic operations:</b>				
Purchase of securities	10,336,662	9,336,069	10,132,879	9,114,564
Purchase of transport vehicles	17,791,196	13,864,267	9,958,723	13,855,560
- less Islamic loans sold to Cagamas	(611,346)	(787,228)	-	(787,228)
Purchase of landed properties				
- residential	24,269,350	24,621,251	18,752,859	24,577,064
- non-residential	6,429,515	6,305,032	5,812,909	6,304,373
- less Islamic housing loans sold to Cagamas	(362,256)	(408,915)	-	(408,915)
Purchase of fixed assets (exclude landed properties)	3,798	3,363	3,798	3,363
Personal use	3,326,392	3,138,004	2,982,302	3,138,044
Credit card	3,196,102	2,631,699	3,196,102	2,631,699
Purchase of consumer durables	12,283	50,335	12,155	50,301
Construction	5,456,547	5,547,948	4,590,098	5,546,112
Working capital	51,294,293	43,352,731	43,778,260	43,357,532
Others	943,363	1,249,362	776,143	1,170,857
Total domestic operations	<b>122,085,899</b>	<b>108,903,918</b>	<b>99,996,228</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	
	30 June 2008 RM'000	30 June 2007 RM'000	30 June 2008 RM'000	30 June 2007 RM'000
<b>Overseas operations:</b>				
Singapore	36,976,691	28,042,055	36,976,691	28,042,055
Hong Kong SAR	2,734,133	2,174,984	2,734,133	2,174,984
United States of America	1,230,560	1,218,424	1,230,560	1,218,424
People's Republic of China	799,411	696,326	799,411	696,326
Vietnam	549,621	391,445	549,621	391,445
United Kingdom	1,299,853	866,331	1,299,853	866,332
Brunei	155,298	163,049	155,298	163,049
Cambodia	174,885	104,195	174,885	104,195
Bahrain	371,864	322,994	371,864	322,994
Labuan Offshore	3,825,321	3,813,701	-	-
Philippines	766,221	682,381	-	-
Indonesia	197,991	87,813	-	-
Papua New Guinea	49,366	29,654	-	-
	<b>49,131,215</b>	<b>38,593,352</b>	<b>44,292,316</b>	<b>33,979,804</b>
Gross loans, advances and financing	<b>171,217,114</b>	<b>147,497,270</b>	<b>144,288,544</b>	<b>142,533,130</b>

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

<b>Domestic operations:</b>				
Purchase of securities	235,595	339,314	141,008	272,047
Purchase of transport vehicles	113,949	137,861	85,480	137,394
Purchase of landed properties				
- residential	2,054,284	2,584,797	1,540,594	2,582,761
- non-residential	384,991	473,242	341,498	473,242
Purchase of fixed assets (exclude landed properties)	-	9,625	-	9,625
Personal use	205,453	258,919	170,885	258,919
Credit card	39,488	42,902	39,488	42,902
Purchase of consumer durables	1,073	1,299	1,069	1,299
Construction	413,657	678,537	277,209	678,537
Working capital	2,583,576	2,619,262	2,273,731	2,619,262
Others	33,895	477,892	28,896	458,908
Total domestic operations	<b>6,065,961</b>	<b>7,623,650</b>	<b>4,899,858</b>	<b>7,534,896</b>
<b>Overseas operations:</b>				
Singapore	237,782	408,636	237,782	408,636
Hong Kong SAR	25,716	33,927	25,716	33,927
Brunei	41,076	37,378	41,076	37,378
Vietnam	9,488	27,738	9,488	27,738
People's Republic of China	292	8,514	292	8,514
Cambodia	-	3,584	-	3,584
Labuan Offshore	61,287	52,653	-	-
Papua New Guinea	3,073	3,223	-	-
Philippines	27,773	58,911	-	-
	<b>406,487</b>	<b>634,564</b>	<b>314,354</b>	<b>519,777</b>
	<b>6,472,448</b>	<b>8,258,214</b>	<b>5,214,212</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	
	30 June 2008 RM'000	30 June 2007 RM'000	30 June 2008 RM'000	30 June 2007 RM'000
At beginning of the year	8,258,214	9,211,938	8,054,673	8,757,597
Non-performing during the year	3,894,201	4,506,633	3,471,106	4,470,979
Reclassified as performing	(2,304,117)	(3,004,543)	(2,070,771)	(2,853,189)
Acquisition of businesses of KBB and AMEX	-	77,008	-	77,008
Transfer from subsidiaries	-	-	-	22,554
Recovered during the year	(1,740,968)	(1,122,873)	(1,511,268)	(1,047,068)
Amount written off	(1,569,501)	(846,928)	(1,420,809)	(825,719)
Converted to Securities	(47,188)	(63,799)	(47,188)	(63,798)
Converted to Properties	(5,700)	-	(5,700)	-
Amount transferred to Maybank Islamic Bhd	-	-	(1,245,328)	-
Sale of NPL	(97,615)	(512,313)	(97,615)	(512,313)
Exchange differences and expenses debited	85,122	13,091	87,112	28,622
At end of the year	<u>6,472,448</u>	<u>8,258,214</u>	<u>5,214,212</u>	<u>8,054,673</u>
Less: Specific allowance	<u>(3,229,837)</u>	<u>(3,875,219)</u>	<u>(2,574,307)</u>	<u>(3,696,358)</u>
Net non-performing loans, advances and financing	<u>3,242,611</u>	<u>4,382,995</u>	<u>2,639,905</u>	<u>4,358,315</u>
Net NPL as a% of gross loans, advances and financing (including Islamic loans sold to Cagamas) less specific allowance	<u>1.92%</u>	<u>3.03%</u>	<u>1.86%</u>	<u>3.11%</u>

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

	Group		Bank	
	30 June 2008 RM'000	30 June 2007 RM'000	30 June 2008 RM'000	30 June 2007 RM'000
<u>Specific Allowance</u>				
At beginning of the year	3,875,219	4,010,299	3,696,358	3,805,936
Allowance made during the year	1,649,562	1,733,021	1,451,779	1,687,783
Amount written back in respect of recoveries	(701,148)	(584,810)	(563,134)	(569,397)
Acquisition of businesses of KBB and AMEX	-	50,709	-	50,709
Amount written off	(1,569,501)	(1,233,023)	(1,420,809)	(1,211,814)
Transfer to general allowance	(7,366)	(32,724)	(4,302)	(9,812)
Transferred to impairment losses in value of securities	(8,651)	(8,488)	(8,651)	(8,488)
Transfer to restructured/rescheduled loans	(15,636)	(39,055)	(15,636)	(33,765)
Amount transferred to Maybank Islamic Bhd	-	-	(579,816)	-
Exchange differences	7,358	(20,710)	18,518	(14,794)
At end of the year	<u>3,229,837</u>	<u>3,875,219</u>	<u>2,574,307</u>	<u>3,696,358</u>

**(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	437,587	361,053	407,326	343,381
Amount written back	(22,418)	(41,802)	-	-
Amount transferred to Maybank Islamic Bhd	-	-	(307,891)	-
Acquisition of business of KBB	-	3,419	-	3,419
Transfer from subsidiaries	-	-	-	5,352
Transfer from specific allowance	7,366	32,724	4,302	9,812
Exchange differences	7,761	(13,152)	11,505	(7,087)
At end of the year	<u>3,187,611</u>	<u>2,757,315</u>	<u>2,728,516</u>	<u>2,613,274</u>
As % of gross loans, advances and financing (including Islamic loans sold to Cagamas) less specific allowance)	<u>1.89%</u>	<u>1.90%</u>	<u>1.93%</u>	<u>1.87%</u>

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**A11. Other Assets**

	Group		Bank	
	30 June 2008 RM'000	30 June 2007 RM'000	30 June 2008 RM'000	30 June 2007 RM'000
Interest receivables	825,087	813,824	759,031	719,037
Prepayments and deposits	452,537	422,683	415,148	379,041
Other debtors	2,395,812	1,897,702	1,803,306	765,715
Tax Recoverable	117,874	123,155	-	-
Properties -Foreclosed & Acquired in satisfaction of Loan	124,377	118,029	62,561	56,816
	<b>3,915,687</b>	<b>3,375,393</b>	<b>3,040,046</b>	<b>1,920,609</b>
Assets transferred to subsidiary, pursuant to transfer of Islamic Banking operations	-	-	-	(73,476)
	<b>3,915,687</b>	<b>3,375,393</b>	<b>3,040,046</b>	<b>1,847,133</b>

**A12. Deposits from Customers**

Fixed deposits and negotiable instruments of deposits				
- One year or less	102,661,282	101,012,633	84,064,822	87,798,019
- More than one year	3,073,899	3,450,037	1,571,969	3,160,018
Money Market deposits	10,964,912	-	10,964,912	-
Savings deposits	29,425,896	27,842,616	25,027,773	27,398,458
Demand deposits	38,634,568	30,890,786	32,721,668	30,738,870
Structured deposits *	2,351,520	480,690	1,971,420	480,690
	<b>187,112,077</b>	<b>163,676,762</b>	<b>156,322,564</b>	<b>149,576,055</b>
Liabilities transferred to subsidiary, pursuant to transfer of Islamic Banking operations	-	-	-	(15,720,442)
	<b>187,112,077</b>	<b>163,676,762</b>	<b>156,322,564</b>	<b>133,855,613</b>

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

	Group		Bank	
	30 June 2008 RM'000	30 June 2007 RM'000	30 June 2008 RM'000	30 June 2007 RM'000
Business enterprises	68,428,468	63,413,067	52,832,804	52,266,805
Individuals	90,243,156	82,080,948	83,229,457	81,441,707
Government and statutory bodies	7,703,001	8,030,787	5,028,237	7,780,128
Others	20,737,452	10,151,960	15,232,066	8,087,415
	<b>187,112,077</b>	<b>163,676,762</b>	<b>156,322,564</b>	<b>149,576,055</b>
Liabilities transferred to subsidiary, pursuant to transfer of Islamic Banking operations	-	-	-	(15,720,442)
	<b>187,112,077</b>	<b>163,676,762</b>	<b>156,322,564</b>	<b>133,855,613</b>

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

Licensed banks	20,339,978	23,815,084	21,832,396	26,963,414
Licensed finance companies	733	222,632	733	222,632
Licensed merchant banks	451,206	986,631	451,206	986,631
Other financial institutions	3,762,189	4,510,343	3,562,962	4,510,343
	<b>24,554,106</b>	<b>29,534,690</b>	<b>25,847,297</b>	<b>32,683,020</b>
Liabilities transferred to subsidiary, pursuant to transfer of Islamic Banking operations	-	-	-	(1,512,284)
	<b>24,554,106</b>	<b>29,534,690</b>	<b>25,847,297</b>	<b>31,170,736</b>
Maturity structure of deposits and placements of banks and other financial institutions				
- One year or less	22,750,881	24,651,295	24,229,174	27,804,605
- More than one year	1,803,225	4,883,395	1,618,123	4,878,415
	<b>24,554,106</b>	<b>29,534,690</b>	<b>25,847,297</b>	<b>32,683,020</b>
Subordinated obligations				
Unsecured				
- less than one year	-	-	-	-
- more than one year	<sup>1</sup> 4,975,723	<sup>1</sup> 6,344,048	<sup>1</sup> 4,975,723	<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	
	30 June 2008 RM'000	30 June 2007 RM'000	30 June 2008 RM'000	30 June 2007 RM'000
Interest/Profit payable	1,009,604	1,166,598	947,456	1,122,645
Provision for outstanding claims	421,234	429,786	-	-
Unearned premium reserves	273,755	275,816	-	-
Profit Equalisation Reserves	65,623	64,205	-	61,768
Provisions and accruals	1,252,134	976,262	926,011	863,474
Due to brokers and clients	234,407	389,751	-	-
Deposits and other creditors	1,991,806	1,787,149	2,045,607	1,849,086
	<b>5,248,563</b>	<b>5,089,567</b>	<b>3,919,074</b>	<b>3,896,973</b>
Liabilities transferred to subsidiary, pursuant to transfer of Islamic Banking operations	-	-	-	(916,632)
	<b>5,248,563</b>	<b>5,089,567</b>	<b>3,919,074</b>	<b>2,980,341</b>

**A15. Interest Income**

	4th Quarter Ended		Financial Year Ended	
	30 June 2008 RM'000	30 June 2007 RM'000	30 June 2008 RM'000	30 June 2007 RM'000
<b>Group</b>				
Loans, advances and financing				
- Interest income other than recoveries from NPL	1,809,137	1,716,688	7,197,257	6,809,672
- Recoveries from NPL	86,722	97,277	316,669	366,340
Money at call and deposit placements with financial institutions	353,047	660,896	1,884,577	2,014,994
Securities purchased under resale agreements	438	3,331	6,466	18,283
Securities held-for-trading	209,032	149,619	708,023	415,048
Securities available-for-sale	333,110	236,743	1,289,469	1,116,992
Securities held-to-maturity	5,224	61,344	85,053	225,075
	<b>2,796,710</b>	<b>2,925,898</b>	<b>11,487,514</b>	<b>10,966,404</b>
Amortisation of premium less accretion of discounts	20,557	(8,779)	28,784	(53,029)
Net interest/income clawed back/suspended	(9,104)	(11,783)	(48,300)	(57,280)
	<b>2,808,163</b>	<b>2,905,336</b>	<b>11,467,998</b>	<b>10,856,095</b>

**Bank**

Loans, advances and financing				
- Interest income other than recoveries from NPL	1,743,019	1,652,832	6,920,273	6,542,729
- Recoveries from NPL	85,386	85,709	309,929	347,299
Money at call and deposit placements with financial institutions	393,012	615,217	1,881,285	1,854,075
Securities purchased under resale agreements	282	1,394	3,355	15,103
Securities held-for-trading	203,471	141,624	682,325	392,215
Securities available-for-sale	271,153	230,323	1,094,644	944,917
Securities held-to-maturity	9,463	31,968	72,161	154,212
	<b>2,705,786</b>	<b>2,759,067</b>	<b>10,963,972</b>	<b>10,250,550</b>
Amortisation of premium less accretion of discounts	10,376	(11,129)	(1,697)	(59,152)
Net interest/income clawed back/suspended	(9,104)	(11,783)	(48,300)	(57,280)
	<b>2,707,058</b>	<b>2,736,155</b>	<b>10,913,975</b>	<b>10,134,118</b>

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**A16. Interest Expense**

<u>Group</u>	4th Quarter Ended		Financial Year Ended	
	30 June 2008 RM'000	30 June 2007 RM'000	30 June 2008 RM'000	30 June 2007 RM'000
Deposits and placements of banks and other financial institutions	206,067	377,641	1,145,896	1,271,933
Deposits from customers	1,177,341	1,149,390	4,603,598	4,186,470
Loans sold to Cagamas	13,520	26,639	72,663	129,434
Floating rate certificates of deposits	2,809	6,321	19,319	25,395
Subordinated notes	10,682	33,117	63,442	96,382
Subordinated bonds	44,753	12,986	134,269	12,986
Stapled Capital Securities	1,972	-	1,972	-
Others	3	295	50	572
	<b>1,457,147</b>	<b>1,606,389</b>	<b>6,041,209</b>	<b>5,723,172</b>

**Bank**

Deposits and placements of banks and other financial institutions	216,653	376,383	1,280,660	1,264,026
Deposits from customers	1,097,636	1,041,495	4,152,745	3,757,708
Loans sold to Cagamas	13,520	26,639	72,663	129,434
Floating rate certificates of deposits	2,809	6,321	19,319	25,395
Subordinated notes	10,682	33,117	63,442	96,382
Subordinated bonds	44,753	12,986	134,269	12,986
Stapled Capital Securities	1,972	-	1,972	-
Others	2	5,171	50	5,448
	<b>1,388,027</b>	<b>1,502,112</b>	<b>5,725,120</b>	<b>5,291,379</b>

**A17. Non-interest Income**

**Group**

(a) Fee income:				
Commission	239,814	181,853	769,047	669,538
Service charges and fees	202,186	140,190	721,267	592,203
Guarantee fees	24,684	23,126	110,954	93,570
Underwriting fees	11,564	3,748	19,233	12,700
Brokerage income	17,953	24,767	84,547	83,052
Other fee income	19,847	11,237	70,347	36,853
	<b>516,048</b>	<b>384,921</b>	<b>1,775,395</b>	<b>1,487,916</b>
(b) Gain/loss arising from sale of securities:				
Net gain from securities held-for-trading	(10,319)	(12,696)	(37,087)	(4,003)
Net gain from securities available-for-sale	68,292	74,798	190,535	272,632
Net loss from redemption of securities held-to-maturity	-	-	(57)	(269)
Net gain from sale of subsidiary company	-	-	-	456
Net loss from sale of associated company	-	-	(300)	-
	<b>57,973</b>	<b>62,102</b>	<b>153,091</b>	<b>268,816</b>
(c) Gross dividend from:				
Securities portfolio	15,743	13,986	40,495	36,079
(d) Unrealised (loss)/gain on revaluation of securities held-for-trading and derivatives	158,927	33,901	(200,434)	(74,408)
Write back of /(Provision for) impairment losses in securities, net	61,089	10,810	67,081	28,769
	<b>220,016</b>	<b>44,711</b>	<b>(133,353)</b>	<b>(45,639)</b>
(e) Other income:				
Foreign exchange profit	246,179	116,387	623,155	362,785
Net premiums written	123,195	101,827	479,603	470,485
Rental Income	5,192	5,679	17,678	17,956
Gains on disposal of property, plant and equipment	4,411	527	14,608	1,397
Gain on disposal of foreclosed properties	(2,563)	2,799	1,464	3,688
Others	171,650	134,934	266,721	259,615
	<b>548,064</b>	<b>362,153</b>	<b>1,403,229</b>	<b>1,115,926</b>
Total non-interest income	<b>1,357,844</b>	<b>867,873</b>	<b>3,238,857</b>	<b>2,863,098</b>

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

<u>Bank</u>	4th Quarter Ended		Financial Year Ended	
	30 June	30 June	30 June	30 June
	2008	2007	2008	2007
	RM'000	RM'000	RM'000	RM'000
(a) Fee income:				
Commission	238,749	180,489	762,618	662,300
Service charges and fees	175,677	146,179	627,271	551,206
Guarantee fees	24,623	23,021	110,742	92,910
Underwriting fees	3,904	2,844	5,051	4,638
Other fee income	11,914	8,686	53,561	24,043
	<b>454,867</b>	<b>361,219</b>	<b>1,559,243</b>	<b>1,335,097</b>
(b) Gain/(loss) arising from sale of securities:				
Net (loss)/gain from securities held-for trading	(7,912)	(18,062)	(26,502)	(25,054)
Net gain from securities available-for-sale	36,380	56,753	125,343	203,180
Net loss from redemption of securities held-to-maturity	-	-	(273)	(238)
Net gain from sale of subsidiary company	-	-	5,487	82,376
Net loss from sale of associated company	-	-	(1,800)	-
	<b>28,468</b>	<b>38,691</b>	<b>102,255</b>	<b>260,264</b>
(c) Gross dividend income from:				
Securities portfolio	10,100	9,126	18,155	18,048
Subsidiary companies	-	17,053	10,065	392,774
	<b>10,100</b>	<b>26,179</b>	<b>28,220</b>	<b>410,822</b>
(d) Unrealised (loss)/gain on revaluation of securities held-for-trading and derivatives	136,836	51,300	(167,983)	(63,571)
Write back of /(Provision for) impairment losses in securities, net	60,880	(14,841)	106,609	7,848
Impairment of interest in associates	(28,884)	(5,758)	(28,884)	(21,116)
	<b>168,832</b>	<b>30,701</b>	<b>(90,258)</b>	<b>(76,839)</b>
(e) Other income:				
Foreign exchange profit	247,520	108,620	604,377	343,469
Rental Income	4,932	3,254	16,708	14,876
Gain on disposal of property and equipment (net)	2,794	23	10,020	175
Others	17,841	15,283	55,772	87,781
	<b>273,087</b>	<b>127,180</b>	<b>686,877</b>	<b>446,301</b>
Total non-interest income	<b>935,354</b>	<b>583,970</b>	<b>2,286,337</b>	<b>2,375,645</b>

**A18. Overhead Expenses**

<u>Group</u>				
Personnel costs	556,695	450,380	1,946,405	1,759,179
- Salaries, allowances and bonuses	419,315	344,219	1,493,486	1,317,832
- Pension costs	58,568	49,166	218,178	192,070
- Others	78,812	56,995	234,741	249,277
Establishment costs	198,708	169,947	750,819	662,846
- Depreciation	35,057	37,968	134,281	145,225
- Rental of leasehold land and premises	13,489	17,953	68,186	65,588
- Repairs and maintenance of property and equipment	19,941	15,992	76,573	68,938
- Information technology expenses	110,686	76,759	397,940	305,211
- Others	19,535	21,275	73,839	77,884
Marketing expenses	103,748	66,802	419,262	316,771
- Advertisement and publicity	79,266	48,771	331,606	242,610
- Others	24,482	18,031	87,656	74,161
Administration and general expenses	267,499	291,721	1,138,623	1,049,955
- Fees and brokerage	108,456	112,514	429,232	361,575
- Administrative expenses	45,137	63,784	234,277	223,587
- General expenses	44,537	55,731	188,786	183,800
- Claims incurred	58,035	55,976	250,661	249,559
- Others	11,334	3,716	35,667	31,434
	<b>1,126,650</b>	<b>978,850</b>	<b>4,255,109</b>	<b>3,788,751</b>



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**A18. Overhead Expenses (contd)**

	4th Quarter Ended		Financial Year Ended	
	30 June 2008 RM'000	30 June 2007 RM'000	30 June 2008 RM'000	30 June 2007 RM'000
<b>Bank</b>				
Personnel costs	<b>425,076</b>	353,540	<b>1,452,403</b>	1,418,457
- Salaries, allowances and bonuses	<b>383,486</b>	273,350	<b>1,253,467</b>	1,068,010
- Pension costs	<b>53,408</b>	39,011	<b>184,547</b>	156,059
- Others	<b>(11,818)</b>	41,179	<b>14,389</b>	194,388
Establishment costs	<b>187,109</b>	115,866	<b>622,803</b>	489,192
- Depreciation	<b>33,106</b>	27,859	<b>115,669</b>	119,758
- Rental of leasehold land and premises	<b>18,382</b>	14,268	<b>66,570</b>	58,518
- Repairs and maintenance of property and equipment	<b>16,626</b>	14,548	<b>66,686</b>	60,428
- Information technology expenses	<b>75,042</b>	5,479	<b>317,524</b>	187,645
- Others	<b>43,953</b>	53,712	<b>56,354</b>	62,843
Marketing expenses	<b>78,895</b>	42,160	<b>322,290</b>	226,368
- Advertisement and publicity	<b>55,705</b>	27,777	<b>245,535</b>	176,869
- Others	<b>23,190</b>	14,383	<b>76,755</b>	49,499
Administration and general expenses	<b>195,996</b>	194,540	<b>816,474</b>	702,606
- Fees and brokerage	<b>110,393</b>	109,809	<b>413,347</b>	335,743
- Administrative expenses	<b>36,358</b>	49,572	<b>191,792</b>	193,451
- General expenses	<b>38,883</b>	50,151	<b>176,459</b>	166,484
- Others	<b>10,362</b>	(14,992)	<b>34,876</b>	6,928
	<b>887,076</b>	706,106	<b>3,213,970</b>	2,836,623

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

	4th Quarter Ended		Financial Year Ended	
	30 June 2008 RM'000	30 June 2007 RM'000	30 June 2008 RM'000	30 June 2007 RM'000
<b>Group</b>				
Allowance for bad and doubtful debts and financing:				
- general allowance made (net)	<b>377,801</b>	133,933	<b>415,169</b>	319,251
- specific allowance	<b>315,379</b>	462,692	<b>1,649,562</b>	1,733,021
- specific allowance written back	<b>(106,531)</b>	(127,561)	<b>(701,147)</b>	(584,810)
Bad debts and financing written off	<b>2,263</b>	13,728	<b>45,168</b>	18,411
Bad debts and financing recovered	<b>(235,135)</b>	(437,669)	<b>(597,270)</b>	(784,917)
Provision/(write back) for other debts	<b>(1,315)</b>	1,650	<b>(7,075)</b>	(6,450)
	<b>352,462</b>	46,773	<b>804,407</b>	694,506

**Bank**

Allowance for bad and doubtful debts and financing:				
- general allowance made/(written back)	<b>349,206</b>	103,347	<b>398,273</b>	304,034
- specific allowance	<b>217,519</b>	344,622	<b>1,298,604</b>	1,398,225
- specific allowance written back	<b>(78,088)</b>	(111,141)	<b>(519,867)</b>	(517,309)
Bad debts and financing written off	<b>1,935</b>	12,142	<b>44,442</b>	16,489
Bad debts and financing recovered	<b>(221,880)</b>	(408,583)	<b>(562,629)</b>	(712,382)
	<b>268,692</b>	(59,613)	<b>658,823</b>	489,057

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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	
	June 2008	June 2007	June 2008	June 2007	June 2008	June 2007	June 2008	June 2007	June 2008	June 2007	June 2008	June 2007
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	14,876,539	13,902,381	454,578	471,058	784,783	761,211	38,042	44,662	-	-	16,153,942	15,179,312
Inter-segment revenue	186,895	585,856	55,780	302,953	213,993	171,278	13,647	774,913	(470,315)	(1,835,000)	-	-
<b>Total revenue</b>	<b>15,063,434</b>	<b>14,488,237</b>	<b>510,358</b>	<b>774,011</b>	<b>998,776</b>	<b>932,489</b>	<b>51,689</b>	<b>819,575</b>	<b>(470,315)</b>	<b>(1,835,000)</b>	<b>16,153,942</b>	<b>15,179,312</b>
<b>Segment results</b>												
Operating profit	4,898,525	5,006,288	131,418	443,570	515,871	457,526	28,283	797,583	(198,954)	(1,588,294)	5,375,143	5,116,673
Loan loss and provision	(843,354)	(793,563)	39,364	47,282	(115)	(40)	(302)	(21)	-	-	(804,407)	(746,342)
Allowance for non-refundable deposit	(483,824)	-	-	-	-	-	-	-	-	-	(483,824)	-
Share of results of associates	(416)	-	-	-	-	-	(426)	(6,633)	-	-	(842)	(6,633)
Profit before taxation	3,570,931	4,212,725	170,782	490,852	515,756	457,486	27,555	790,929	(198,954)	(1,588,294)	4,086,070	4,363,698
Taxation & Zakat	(892,370)	(1,095,456)	(47,956)	(112,742)	(155,022)	(107,612)	(9,709)	(3,978)	21,327	208,961	(1,083,730)	(1,110,827)
Profit after taxation and zakat	2,678,561	3,117,269	122,826	378,110	360,734	349,874	17,846	786,951	(177,627)	(1,379,333)	3,002,340	3,252,871
Minority interest	-	-	-	-	-	-	-	-	-	-	(74,138)	(74,499)
<b>Net profit for the year</b>	<b>2,678,561</b>	<b>3,117,269</b>	<b>122,826</b>	<b>378,110</b>	<b>360,734</b>	<b>349,874</b>	<b>17,846</b>	<b>786,951</b>	<b>(177,627)</b>	<b>(1,379,333)</b>	<b>2,928,202</b>	<b>3,178,372</b>

**OTHER INFORMATION**

Capital expenditure	195,898	183,595	3,998	975	5,462	15,194	93	1,204	-	-	205,451	200,968
Depreciation	121,076	132,928	2,512	3,879	9,057	6,788	1,636	1,630	-	-	134,281	145,225
Amortisation	45,344	30,364	1,287	1,317	2,873	3,733	190	224	-	-	49,694	35,638
Non-cash expenses/(income) other than depreciation	351,985	35,525	16,736	15,492	(881)	2,129	(63)	(9,678)	-	-	367,777	43,468

	June 2008	June 2007	June 2008	June 2007	June 2008	June 2007	June 2008	June 2007	June 2008	June 2007	June 2008	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	255,433,080	239,385,356	9,124,230	10,041,389	20,503,181	19,908,892	4,554,556	3,049,561	(22,733,194)	(15,761,523)	266,881,853	256,623,675
Investments in associates	33,320	40,739	-	-	-	-	2,185,527	11,566	-	(8,704)	2,218,847	43,601
<b>Total assets</b>	<b>255,466,400</b>	<b>239,426,095</b>	<b>9,124,230</b>	<b>10,041,389</b>	<b>20,503,181</b>	<b>19,908,892</b>	<b>6,740,083</b>	<b>3,061,127</b>	<b>(22,733,194)</b>	<b>(15,770,227)</b>	<b>269,100,700</b>	<b>256,667,276</b>
Total segment liabilities	236,405,562	219,659,303	7,812,240	8,778,938	16,674,852	16,108,436	4,224,649	989,936	(16,108,365)	(8,737,485)	249,008,938	236,799,128

**GEOGRAPHICAL SEGMENT**

	External Revenue		Profit Before Tax & Zakat		Capital expenditure		Segment assets	
	June 2008	June 2007	June 2008	June 2007	June 2008	June 2007	June 2008	June 2007
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Malaysia	13,147,416	13,711,517	3,593,693	5,313,688	164,372	183,139	221,821,839	209,086,242
Singapore	2,200,909	1,872,772	530,908	368,625	33,883	12,039	47,059,587	39,178,558
Other locations	1,275,932	1,430,023	160,423	269,679	7,196	5,790	22,952,468	24,172,703
	16,624,257	17,014,312	4,285,024	5,951,992	205,451	200,968	291,833,894	272,437,503
Eliminations	(470,315)	(1,835,000)	(198,954)	(1,588,294)	-	-	(22,733,194)	(15,770,227)
<b>Group</b>	<b>16,153,942</b>	<b>15,179,312</b>	<b>4,086,070</b>	<b>4,363,698</b>	<b>205,451</b>	<b>200,968</b>	<b>269,100,700</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 (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 30 June 2008, the amount of contracts that was not hedged in the Group and the Bank and, hence, exposed to market risk was RM245.6 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 30 June 2008, the amount of credit risk in the Group and the Bank, measured in terms of the cost to replace the profitable contracts, was RM302.5 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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**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 30 June 2008			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	5,374,494	5,374,494	4,926,774	5,171,650	5,171,650	4,736,389
Certain transaction-related contingent items	9,764,496	4,888,972	4,538,086	7,213,591	3,606,795	3,273,307
Short-term self-liquidating trade-related contingencies	5,030,235	1,000,050	616,592	6,562,586	1,312,517	614,099
Islamic housing and hire purchase loans sold to Cagamas Berhad	1,013,603	1,013,603	800,474	1,196,143	1,196,143	991,686
Obligations under underwriting agreements	377,364	91,182	73,182	1,166,613	583,307	583,307
Irrevocable commitments to extend credit:						
- maturity within one year	67,183,070	-	-	60,228,585	-	-
- maturity exceeding one year	9,993,821	4,996,911	4,829,304	9,887,353	4,943,676	4,715,569
Foreign exchange related contracts:						
- less than one year	55,082,330	668,355	281,824	50,797,825	525,756	180,914
- one year to less than five years	986,785	44,714	4,560	757,997	7,845	2,699
Interest rate related contracts:						
- less than one year	25,007,333	813,158	226,585	23,812,539	863,091	214,301
- one year to less than five years	16,760,168	431,902	295,928	2,182,786	79,116	19,645
- five years and above	2,679,826	175,229	125,918	3,587,527	130,030	32,287
Miscellaneous	4,963,237	-	-	2,827,255	-	-
	<b>204,216,762</b>	<b>19,498,570</b>	<b>16,719,227</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 30 June 2008			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	4,488,159	4,488,159	4,152,957	4,470,302	4,470,302	4,035,043
Certain transaction-related contingent items	9,095,796	4,547,896	4,244,422	7,144,082	3,572,041	3,242,020
Short-term self-liquidating trade-related contingencies	4,661,882	932,376	561,818	6,495,940	1,299,188	606,916
Islamic housing and hire purchase loans sold to Cagamas Berhad	-	-	-	1,196,143	1,196,143	991,686
Obligations under underwriting agreements	182,364	91,182	73,182	286,822	143,411	143,411
Irrevocable commitments to extend credit:						
- maturity within one year	60,803,246	-	-	59,698,675	-	-
- maturity exceeding one year	9,558,044	4,779,022	4,724,882	9,299,580	4,649,790	4,555,080
Foreign exchange related contracts:						
- less than one year	55,082,330	667,830	281,824	50,797,825	525,756	180,914
- one year to less than five years	986,785	13,164	4,560	757,997	7,845	2,699
Interest rate related contracts:						
- less than one year	24,063,151	813,048	226,428	23,371,524	847,098	206,638
- one year to less than five years	15,728,681	404,554	265,918	2,142,360	77,650	18,942
- five years and above	2,571,142	161,917	119,261	3,521,085	127,621	31,132
Miscellaneous	4,857,813	-	-	2,774,807	-	-
	<b>192,079,393</b>	<b>16,899,148</b>	<b>14,655,252</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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**A25. Interest Rate Risk**

Group As at 30 June 2008	← 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	24,159,124	-	-	-	-	3,485,235	-	27,644,359	3.52
Deposits and placements with banks and other financial institutions	142,323	5,855,128	2,889,216	-	19,000	50,848	-	8,956,515	3.21
Securities purchased under resale agreements	-	-	-	-	-	-	-	-	-
Securities held-for-trading							880,794	880,794	4.84
Securities available-for-sale	321,153	464,642	121,117	1,506,902	458,735	4,696	31,606,890	34,484,135	5.03
Securities held-to-maturity	3,993	15,481	117,081	657,625	191,299	200,748	-	1,186,227	6.40
Loans, advances and financing									
- performing	68,847,061	16,972,070	16,410,964	18,146,327	23,765,415	20,602,829	-	164,744,666	6.46
- non-performing*	-	-	-	-	-	55,000	-	55,000	-
Derivative assets							830,150	830,150	-
Other Assets	-	-	-	-	-	3,915,687	-	3,915,687	-
Other non-interest sensitive balances	-	-	-	-	-	10,713,198	-	10,713,198	-
Life, general takaful and family takaful fund assets	-	-	-	-	-	15,689,969	-	15,689,969	-
<b>TOTAL ASSETS</b>	<b>93,473,654</b>	<b>23,307,321</b>	<b>19,538,378</b>	<b>20,310,854</b>	<b>24,434,449</b>	<b>54,718,210</b>	<b>33,317,834</b>	<b>269,100,700</b>	

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

Group As at 30 June 2008	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>LIABILITIES AND SHAREHOLDERS' EQUITY</b>									
Deposits from customers	69,355,844	23,664,629	39,142,581	33,697,356	66,300	21,185,367	-	187,112,077	1.86
Deposits and placements of banks and other financial institutions	17,290,526	4,291,998	1,039,876	1,349,196	249,727	332,783	-	24,554,106	3.02
Obligations on securities sold under repurchase agreements	322,371	-	-	-	-	-	-	322,371	2.80
Bills and acceptances payable	1,470,830	1,514,899	290,328	-	-	1,516,245	-	4,792,302	3.57
Recourse obligations on loans sold to Cagamas	-	393,581	515,272	365,216	-	-	-	1,274,069	4.38
Derivative liabilities	-	-	-	-	-	-	1,055,097	1,055,097	-
Subordinated obligations	-	-	975,723	4,000,000	-	-	-	4,975,723	4.28
Stapled Capital Securities	-	-	-	-	3,497,316	-	-	3,497,316	6.85
Other liabilities	-	-	-	-	-	5,248,563	-	5,248,563	-
Other non-interest sensitive balances	-	-	-	-	-	487,345	-	487,345	-
Life, general takaful and family takaful fund liabilities	-	-	-	-	-	4,032,822	-	4,032,822	-
Life, general takaful and family takaful policy holders' funds	-	-	-	-	-	11,657,147	-	11,657,147	-
<b>Total Liabilities</b>	<b>88,439,571</b>	<b>29,865,107</b>	<b>41,963,780</b>	<b>39,411,768</b>	<b>3,813,343</b>	<b>44,460,272</b>	<b>1,055,097</b>	<b>249,008,938</b>	
Shareholders' equity	-	-	-	-	-	19,302,493	-	19,302,493	
Minority interests	-	-	-	-	-	789,269	-	789,269	
<b>Total Liabilities and Shareholders' Equity</b>	<b>88,439,571</b>	<b>29,865,107</b>	<b>41,963,780</b>	<b>39,411,768</b>	<b>3,813,343</b>	<b>64,552,034</b>	<b>1,055,097</b>	<b>269,100,700</b>	
On-balance sheet interest sensitivity gap	5,034,083	(6,557,786)	(22,425,402)	(19,100,914)	20,621,106	(9,833,824)	32,262,737		
Off-balance sheet interest sensitivity gap (interest rate swaps)	(1,340,624)	2,053,934	4,809,109	(4,048,764)	(1,473,655)	-	-		
<b>Total interest sensitivity gap</b>	<b>3,693,459</b>	<b>(4,503,852)</b>	<b>(17,616,293)</b>	<b>(23,149,678)</b>	<b>19,147,451</b>	<b>(9,833,824)</b>	<b>32,262,737</b>	<b>-</b>	
<b>Cumulative interest rate sensitivity gap</b>	<b>3,693,459</b>	<b>(810,393)</b>	<b>(18,426,686)</b>	<b>(41,576,364)</b>	<b>(22,428,913)</b>	<b>(32,262,737)</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	-	-	-	-	-	3,375,393	-	3,375,393	-
Other non-interest sensitive balances	-	-	-	-	-	8,098,073	-	8,098,073	-
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 →						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>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 30 June 2008	← 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	20,419,009	-	-	-	-	3,650,608	-	24,069,617	2.92
Deposits and placements with banks and other financial institutions	142,323	5,591,067	2,840,871	-	-	221,231	-	8,795,492	3.11
Securities purchased under resale agreements	-	-	-	-	-	-	-	-	-
Securities held-for-trading	-	-	-	-	-	-	418,170	418,170	4.67
Securities available-for-sale	-	-	-	-	-	-	28,620,398	28,620,398	4.33
Securities held-to-maturity	-	15,022	45,047	350,030	81,635	181,238	-	672,972	6.17
Loans, advances and financing									
- performing	67,055,417	15,800,249	15,254,020	17,518,425	23,446,221	-	-	139,074,332	6.38
- non-performing*	-	-	-	-	-	(88,611)	-	(88,611)	-
Derivative assets	-	-	-	-	-	-	828,182	828,182	-
Other assets	-	-	-	-	-	3,040,046	-	3,040,046	-
Other non-interest sensitive balances	-	-	-	-	-	13,741,887	-	13,741,887	-
<b>TOTAL ASSETS</b>	<b>87,616,749</b>	<b>21,406,338</b>	<b>18,139,938</b>	<b>17,868,455</b>	<b>23,527,856</b>	<b>20,746,399</b>	<b>29,866,750</b>	<b>219,172,485</b>	

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

Bank As at 30 June 2008	← 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>LIABILITIES AND SHAREHOLDERS' EQUITY</b>									
Deposits from customers	59,664,916	21,770,498	38,843,576	33,527,951	66,300	2,449,323	-	156,322,564	1.71
Deposits and placements of banks and other financial institutions	16,777,231	4,278,011	1,035,122	1,348,752	249,727	2,158,454	-	25,847,297	2.64
Obligations on securities sold under repurchase agreements	322,371	-	-	-	-	-	-	322,371	2.80
Bills and acceptances payable	1,470,830	1,514,899	290,328	-	-	1,120,324	-	4,396,381	3.58
Recourse obligations on loans sold to Cagamas	-	393,581	515,272	365,216	-	-	-	1,274,069	4.38
Derivative liabilities	-	-	-	-	-	-	1,027,048	1,027,048	-
Subordinated obligations	-	-	975,723	4,000,000	-	-	-	4,975,723	4.28
Stapled Capital Securities	-	-	-	-	3,497,316	-	-	3,497,316	6.85
Other liabilities	-	-	-	-	-	3,919,074	-	3,919,074	-
Other non-interest sensitive balances	-	-	-	-	-	390,327	-	390,327	-
<b>Total Liabilities</b>	<b>78,235,348</b>	<b>27,956,989</b>	<b>41,660,021</b>	<b>39,241,919</b>	<b>3,813,343</b>	<b>10,037,502</b>	<b>1,027,048</b>	<b>201,972,170</b>	
Shareholders' equity	-	-	-	-	-	17,200,315	-	17,200,315	
<b>Total Liabilities and Shareholders' Equity</b>	<b>78,235,348</b>	<b>27,956,989</b>	<b>41,660,021</b>	<b>39,241,919</b>	<b>3,813,343</b>	<b>27,237,817</b>	<b>1,027,048</b>	<b>219,172,485</b>	
On-balance sheet interest sensitivity gap	9,381,401	(6,550,651)	(23,520,083)	(21,373,464)	19,714,513	(6,491,418)	28,839,702	-	
Off-balance sheet interest sensitivity gap (interest rate swaps)	(1,135,864)	1,994,366	2,382,418	(1,851,109)	(1,389,811)	-	-	-	
<b>Total interest sensitivity gap</b>	<b>8,245,537</b>	<b>(4,556,285)</b>	<b>(21,137,665)</b>	<b>(23,224,573)</b>	<b>18,324,702</b>	<b>(6,491,418)</b>	<b>28,839,702</b>	<b>-</b>	
<b>Cumulative interest rate sensitivity gap</b>	<b>8,245,537</b>	<b>3,689,252</b>	<b>(17,448,413)</b>	<b>(40,672,986)</b>	<b>(22,348,284)</b>	<b>(28,839,702)</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	Transfer to subsidiary, pursuant to Islamic Banking operations		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	Sub-Total RM'000			RM'000	RM'000		
<b>ASSETS</b>												
Cash and short-term funds	29,117,254	-	-	-	-	5,083,655	-	34,200,909	(1,633,560)	32,567,349	4.58	
Deposits and placements with banks and other financial institutions	31,823	8,664,258	6,468,752	-	-	396,081	-	15,560,914	(1,120)	15,559,794	4.84	
Securities purchased under resale agreements	173,351	85,421	-	-	-	-	-	258,772	-	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	(3,246,350)	25,378,595	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	(17,666,463)	118,557,035	6.60	
- non-performing*	-	-	-	-	-	1,745,041	-	1,745,041	-	-	-	
Derivative assets	-	-	-	-	-	-	390,406	390,406	-	390,406	-	
Other assets	-	-	-	-	-	1,920,609	-	1,920,609	(73,476)	1,847,133	-	
Other non-interest sensitive balances	-	-	-	-	-	10,267,187	-	10,267,187	(501,000)	9,766,187	-	
<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>	<b>(23,121,969)</b>	<b>204,325,271</b>		

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

Bank As at 30 June 2007	← Non trading book →						Trading books RM'000	Sub-Total RM'000	Transfer to subsidiary, pursuant to Islamic Banking operations 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>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	(15,720,442)	133,855,613	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	(1,512,284)	31,170,736	3.91
Obligations on securities sold under repurchase agreements	10,106,302	152,239	231,314	-	-	-	-	10,489,855	-	10,489,855	3.12
Bills and acceptances payable	236,919	698,265	278,898	-	-	1,708,006	-	2,922,088	(526,874)	2,395,214	3.56
Recourse obligations on loans sold to Cagamas	182,105	54,248	591,781	1,627,628	-	-	-	2,455,762	-	2,455,762	4.09
Derivative liabilities	-	-	-	-	-	-	644,860	644,860	-	644,860	-
Subordinated obligations	-	-	-	-	6,344,048	-	-	6,344,048	-	6,344,048	4.77
Other liabilities	-	-	-	-	-	3,896,973	-	3,896,973	(916,632)	2,980,341	-
Other non-interest sensitive balances	-	-	-	-	-	980,741	-	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>	<b>(18,676,232)</b>	<b>191,317,170</b>	
Shareholders' equity	-	-	-	-	-	17,453,838	-	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>	<b>(18,676,232)</b>	<b>208,771,008</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>-</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>	<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	
	30 June 2008 RM'000	30 June 2007 RM'000	30 June 2008 RM'000	30 June 2007 RM'000
<b>Before deducting proposed dividend:</b>				
Core capital ratio	10.56%	10.06%	11.29%	9.82%
Risk-weighted capital ratio	<u>14.42%</u>	<u>15.14%</u>	<u>12.50%</u>	<u>14.11%</u>
<b>After deducting proposed dividend:</b>				
Core capital ratio	10.21%	9.43%	10.88%	9.13%
Risk-weighted capital ratio	<u>14.08%</u>	<u>14.51%</u>	<u>12.09%</u>	<u>13.42%</u>
<b>Components of Tier I and Tier II capital:</b>				
<u>Tier I capital</u>				
Paid-up share capital	4,881,123	3,889,225	4,881,123	3,889,225
Share premium	2,097,011	2,935,570	2,097,011	2,935,570
Other reserves	12,767,200	12,036,017	10,528,204	10,337,119
NCPCS Securities	3,497,316	-	3,497,316	-
Tier I minority interest	362,087	276,842	-	-
Less: Deferred tax assets <sup>1</sup>	(1,217,490)	(1,016,730)	(1,122,138)	(951,526)
Less: Goodwill <sup>1</sup>	(81,015)	(81,015)	(81,015)	(81,015)
Total Tier I capital	<u>22,306,232</u>	<u>18,039,909</u>	<u>19,800,501</u>	<u>16,129,373</u>
<u>Tier II capital</u>				
Subordinated obligations	4,975,723	6,349,060	4,975,723	6,349,060
General allowance for bad and doubtful debts	3,187,611	2,757,315	2,728,516	2,613,274
Total Tier II capital	<u>8,163,334</u>	<u>9,106,375</u>	<u>7,704,239</u>	<u>8,962,334</u>
Total capital	<u>30,469,566</u>	<u>27,146,284</u>	<u>27,504,740</u>	<u>25,091,707</u>
Less: Investment in subsidiary companies <sup>2</sup>	-	-	(5,583,155)	(1,923,929)
Capital base	<u>30,469,566</u>	<u>27,146,284</u>	<u>21,921,585</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.

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**A27. Operations of Islamic Banking Scheme ("IBS")**

**A27a. Audited Balance Sheets as at 30 June 2008 <sup>1</sup>**

	Group		Bank	
	30 June 2008 RM'000	30 June 2007 RM'000	30 June 2008 RM'000	30 June 2007 RM'000
<b>ASSETS</b>				
Cash and short-term funds	3,193,457	1,913,875	-	1,633,560
Deposits and placements with banks and other financial institutions	1,261	73,536	-	73,536
Securities portfolio	2,877,245	3,735,886	-	3,489,141
Loans and financing	21,057,888	17,945,079	-	17,935,458
Deferred tax assets	27,482	192,303	-	192,473
Derivative assets	45,185	-	-	-
Other assets	199,564	91,696	-	77,499
Statutory deposit with Bank Negara Malaysia	775,000	501,000	-	501,000
<b>Total Assets</b>	<b>28,177,082</b>	<b>24,453,375</b>	<b>-</b>	<b>23,902,667</b>
<b>LIABILITIES</b>				
Deposits from customers	19,803,980	16,252,045	-	15,806,576
Deposit and placements of banks and other financial institutions	5,589,635	2,278,022	-	2,278,022
Bills and acceptances payable	390,110	526,874	-	526,874
Derivatives Liabilities	45,200	-	-	-
Other liabilities	477,604	694,934	-	646,779
Provision for taxation and zakat	49,080	237,754	-	236,531
Subordinated obligations	-	2,500,000	-	2,500,000
<b>Total Liabilities</b>	<b>26,355,609</b>	<b>22,489,629</b>	<b>-</b>	<b>21,994,782</b>
<b>ISLAMIC BANKING FUNDS</b>				
Islamic Banking Funds	111,980	521,003	-	516,002
Reserves	1,709,493	1,442,743	-	1,391,883
	<b>1,821,473</b>	<b>1,963,746</b>	<b>-</b>	<b>1,907,885</b>
<b>Total Liabilities and Islamic Banking Funds</b>	<b>28,177,082</b>	<b>24,453,375</b>	<b>-</b>	<b>23,902,667</b>
<b>COMMITMENTS AND CONTINGENCIES</b>				
	<b>8,728,220</b>	<b>9,573,057</b>	<b>-</b>	<b>9,573,057</b>

<sup>1</sup> The assets and liabilities of the Islamic Banking Business of Maybank in Malaysia have been effected and vested to Maybank Islamic Berhad, a wholly owned subsidiary of Maybank, on 1 January 2008.



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**A27. Operations of Islamic Banking Scheme ("IBS") (contd)**

**A27b. Audited Income Statements for the 4th Financial Quarter Ended 30 June 2008**

	4th Quarter Ended		Financial Year Ended	
	30 June 2008 RM'000	30 June 2007 RM'000	30 June 2008 RM'000	30 June 2007 RM'000
<b>Group</b>				
Income derived from investment of depositors' funds	357,236	356,882	1,435,265	1,367,876
Expenses directly attributable to depositors and Islamic Banking Funds	(96,167)	(17,655)	(146,903)	(48,759)
Transfer from/(to) profit equalisation reserve	(6,457)	(10,575)	(1,570)	79,817
Gross attributable income	<u>254,612</u>	<u>328,652</u>	<u>1,286,792</u>	<u>1,398,934</u>
Allowance for losses on financing, advances and other loans	(64,217)	(140,395)	(222,132)	(261,960)
<b>Total attributable income</b>	<b>190,395</b>	<b>188,257</b>	<b>1,064,660</b>	<b>1,136,974</b>
Income attributable to the depositors	<u>(114,879)</u>	<u>(120,622)</u>	<u>(485,091)</u>	<u>(516,558)</u>
<b>Income attributable to the Group</b>	<b>75,516</b>	<b>67,635</b>	<b>579,569</b>	<b>620,416</b>
Income derived from investment of Islamic Banking Funds				
Gross investment income	35,365	19,501	104,487	73,281
Finance cost	-	(31,924)	(39,569)	(98,090)
Net (expense)/income from investment of Islamic Banking Funds	<u>35,365</u>	<u>(12,423)</u>	<u>64,918</u>	<u>(24,809)</u>
Overhead expenses	<u>110,881</u>	<u>55,212</u>	<u>644,487</u>	<u>595,607</u>
<b>Profit before zakat and tax expense</b>	<b>39,475</b>	<b>(33,398)</b>	<b>273,214</b>	<b>276,241</b>
Taxation	(17,250)	13,072	(70,832)	(82,293)
Zakat	(1,018)	54	(3,592)	(3,610)
<b>Profit after taxation</b>	<b>21,207</b>	<b>(20,272)</b>	<b>198,790</b>	<b>190,338</b>
<b>Bank</b>				
Income derived from investment of depositors' funds	-	351,935	706,273	1,344,474
Expenses directly attributable to depositors and Islamic Banking Funds	-	(21,028)	(33,852)	(48,705)
Transfer from/(to) profit equalisation reserve	-	(11,230)	(10,225)	80,060
Gross attributable income	<u>-</u>	<u>319,677</u>	<u>662,196</u>	<u>1,375,829</u>
Allowance for losses on financing, advances and other loans	-	(140,544)	(108,897)	(262,212)
<b>Total attributable income</b>	<b>-</b>	<b>179,133</b>	<b>553,299</b>	<b>1,113,617</b>
Income attributable to the depositors	<u>-</u>	<u>(113,841)</u>	<u>(249,977)</u>	<u>(505,232)</u>
<b>Income attributable to the reporting institution</b>	<b>-</b>	<b>65,292</b>	<b>303,322</b>	<b>608,385</b>
Income derived from investment of Islamic Banking Funds				
Gross investment income	-	19,500	45,337	73,277
Finance cost	-	(31,924)	(39,569)	(98,090)
Net (expense)/income from investment of Islamic Banking Funds	<u>-</u>	<u>(12,424)</u>	<u>5,768</u>	<u>(24,813)</u>
Overhead expenses	<u>-</u>	<u>52,868</u>	<u>309,090</u>	<u>583,572</u>
<b>Profit before zakat and tax expense</b>	<b>-</b>	<b>(35,622)</b>	<b>106,814</b>	<b>264,648</b>
Taxation	-	13,828	(32,200)	(80,290)
Zakat	-	58	(1,495)	(3,566)
<b>Profit after taxation</b>	<b>-</b>	<b>(21,736)</b>	<b>73,119</b>	<b>180,792</b>

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**A27b. Audited Income Statements for the 4th Financial Quarter Ended 30 June 2008 (Contd)**

Reconciliation of net income amalgamated with the conventional banking operations:

	Group		Bank	
	30 June 2008 RM'000	30 June 2007 RM'000	30 June 2008 RM'000	30 June 2007 RM'000
Gross attributable income	1,286,792	1,398,934	662,196	1,375,829
Net income from investment of Islamic Banking Funds	64,918	(24,809)	5,768	(24,813)
Total income before allowances for loan losses and overheads	1,351,710	1,374,125	667,964	1,351,016
Income attributable to the depositors	(485,091)	(516,558)	(249,977)	(505,232)
	866,619	857,567	417,987	845,784
Net of Intercompany Income & Expenses	97,987	-	-	-
Income from Islamic Banking scheme	964,606	857,567	417,987	845,784

**A27c. Loans and Financing**

	Group		Bank	
	30 June 2008 RM'000	30 June 2007 RM'000	30 June 2008 RM'000	30 June 2007 RM'000
Overdrafts	1,997,952	1,677,671	-	1,677,671
Term financing				
- House financing	4,671,245	4,914,912	-	4,914,912
- Syndicated financing	159,073	304,483	-	294,119
- Hire purchase receivables	8,670,953	5,445,996	-	5,445,996
- Other term financing	10,498,294	10,542,596	-	10,542,596
Bills Receivable	71,263	222,021	-	222,021
Trust receipts	152,488	146,359	-	146,359
Claims on customers under acceptance credits	4,064,557	4,030,226	-	4,030,226
Staff financing	201,894	186,633	-	186,633
	30,487,719	27,470,897	-	27,460,533
Unearned income	(8,546,218)	(8,325,050)	-	(8,325,050)
Gross loans and financing	21,941,501	19,145,847	-	19,135,483
Allowance for bad and doubtful debts and financing:				
- specific	(549,632)	(536,572)	-	(536,572)
- general	(333,981)	(664,196)	-	(663,453)
Net loans and financing	21,057,888	17,945,079	-	17,935,458

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

	Group		Bank	
	30 June 2008 RM'000	30 June 2007 RM'000	30 June 2008 RM'000	30 June 2007 RM'000
Balance at beginning of the year	1,306,138	1,363,941	1,306,138	1,363,941
Non-performing during the year	621,839	823,539	295,447	823,539
NPL of subsidiary acquired	-	8,859	-	8,859
Recovered/regularized during the year	(614,967)	(806,036)	(269,973)	(806,036)
Amount written off	(143,660)	(90,291)	(19,953)	(90,291)
Sale of NPL, reported under Head Office	(69,448)	-	(69,448)	-
Amount transfer to Maybank Islamic Berhad	-	-	(1,245,328)	-
Expenses debited to customers' accounts	6,488	6,126	3,117	6,126
Balance at end of the year	1,106,390	1,306,138	-	1,306,138
Specific allowance	-	(536,572)	-	(536,572)
Net non-performing loans and financing	1,106,390	769,566	-	769,566
Net NPL as % of gross loans and financing less specific allowance	2.60%	4.14%	-	4.14%

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**A27. Operations of Islamic Banking Scheme ("IBS") (contd)**

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

	Group		Bank	
	30 June 2008 RM'000	30 June 2007 RM'000	30 June 2008 RM'000	30 June 2007 RM'000
<u>General allowance</u>				
At beginning of the year	664,196	623,914	663,453	623,914
Allowance made during the year	35,144	69,324	9,054	68,398
Allowance written back	(743)	(29,234)	-	(29,051)
Excess of general allowance transferred to Head Office	(367,233)	-	(367,233)	-
Amount transfer to Maybank Islamic Bhd	-	-	(307,891)	-
Amount transfer from KBB	-	192	-	192
Transfer from specific allowance	2,617	-	2,617	-
At end of the year	<u>333,981</u>	<u>664,196</u>	<u>-</u>	<u>663,453</u>
As % gross loans and financing less specific allowance	<u>1.56%</u>	<u>3.57%</u>	<u>-</u>	<u>3.57%</u>
<u>Specific allowance</u>				
At beginning of the year	536,572	390,937	536,572	390,937
Allowance made during the year	299,749	289,558	153,175	289,558
Amount written back	(96,318)	(52,088)	(43,267)	(52,088)
Amount written off	(143,660)	(90,290)	(19,953)	(90,290)
Transfer to general allowance	(2,617)	-	(2,617)	-
Transfer to Head Office for restructuring/ rescheduling of conventional loans	-	(9,502)	-	(9,502)
Transfer from KBB	-	7,957	-	7,957
Sale of NPL, subsequently transferred to Head Office	(44,094)	-	(44,094)	-
Amount transfer to Maybank Islamic Berhad	-	-	(579,816)	-
At end of the year	<u>549,632</u>	<u>536,572</u>	<u>-</u>	<u>536,572</u>

**A27e. Deposits from Customers**

**(i) By type of deposit**

	Group		Bank	
	30 June 2008 RM'000	30 June 2007 RM'000	30 June 2008 RM'000	30 June 2007 RM'000
<u>Mudharabah Fund</u>				
Demand deposits	2,179,605	1,885,819	-	1,885,819
Savings deposits	108,793	83,805	-	83,805
General investment deposits	6,313,712	6,192,625	-	5,782,692
Special investment deposits	-	483,953	-	483,953
	<u>8,602,110</u>	<u>8,646,202</u>	<u>-</u>	<u>8,236,269</u>
<u>Non-Mudharabah Fund</u>				
Demand deposits	3,675,392	2,940,783	-	2,905,247
Savings deposits	3,959,324	3,217,921	-	3,217,921
Structured deposits	345,330	-	-	-
Negotiable instruments of deposits	3,221,824	1,447,139	-	1,447,139
	<u>11,201,870</u>	<u>7,605,843</u>	<u>-</u>	<u>7,570,307</u>
Deposit from Customers	<u>19,803,980</u>	<u>16,252,045</u>	<u>-</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 Bank's Malaysian Islamic Banking Scheme ("IBS") operations to Maybank Islamic Berhad ("MIB"). The effective date of transfer and vesting of the Malaysian IBS operations is on 1 January 2008. The assets and liabilities vested to MIB are as follows:

**(i) As at 31 December 2007**

	<b>RM'000</b>
<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>24,161,342</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>22,683,535</b>
<b>Net Assets</b>	<b>1,477,807</b>

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

**(ii) Impact to Income Statement**

The results of the Malaysian IBS operations of the Bank are as follows:

	<b>Bank</b>	
	<b>2008</b>	<b>2007</b>
	<b>RM'000</b>	<b>RM'000</b>
Income derived from investment of depositors' funds	681,506	1,309,419
Expenses directly attributable to depositors and Islamic Banking Funds	(32,068)	(37,303)
Transfer from profit equalisation reserve	<u>(10,225)</u>	<u>80,060</u>
Gross attributable income	639,213	1,352,176
Allowances for losses on financing, advances and other loans	<u>(108,897)</u>	<u>(262,212)</u>
Total attributable income	530,316	1,089,964
Income attributable to the depositors	<u>(230,919)</u>	<u>(487,074)</u>
Income attributable to the Group/Bank	299,397	602,890
Income derived from investment of Islamic Banking Funds:		
Gross investment income	45,330	73,267
Finance cost	(39,569)	(98,090)
Net (expense)/income investment of Islamic Banking Funds	<u>5,761</u>	<u>(24,823)</u>
Overhead expenses	<u>305,158</u>	<u>578,067</u>
Profit before taxation and zakat	<u>(202,276)</u>	<u>(318,924)</u>
Taxation	102,882	259,143
Zakat	(32,200)	(80,290)
Profit for the year	<u>(1,495)</u>	<u>(3,563)</u>
	<u>69,187</u>	<u>175,290</u>

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

**(iii) Impact to Balance Sheet**

	<b>Bank</b>	
	<b>2008</b>	<b>2007</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>ASSETS</b>		
Cash and short-term funds	-	1,633,560
Deposits and placements with banks and other financial institutions	-	1,120
Securities portfolio	-	3,246,350
Loans, advances and financing	-	17,666,463
Other assets	-	73,476
Statutory deposits with Central Banks	-	501,000
<b>Total Assets</b>	<u>-</u>	<u>23,121,969</u>
<b>LIABILITIES</b>		
Deposits from customers	-	15,720,442
Deposits and placements of banks and other financial institutions	-	1,512,284
Bills and acceptances payable	-	526,874
Other liabilities	-	916,632
<b>Total Liabilities</b>	<u>-</u>	<u>18,676,232</u>

**(iv) The cashflow attributable to the transfer of Islamic Banking Operations are as follows:**

	<b>Bank</b>	
	<b>2008</b>	<b>2007</b>
	<b>RM'000</b>	<b>RM'000</b>
Operating cash flows	2,798,496	(1,422,419)
Financing cash flows	(3,016,002)	-
<b>Total cash flows</b>	<u>(217,506)</u>	<u>(1,422,419)</u>

**(v) The impact of restatement of comparatives resulting from the transfer of the Malaysian IBS operations is disclosed in Note 28 (b).**

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**A28. Effects of Changes in Accounting Policies and Restatement of Comparatives**

The following tables provide estimates of the extent to which of the line items in the balance sheets for the financial year ended 30 June 2008 is higher or lower as a result of changes in accounting policies as stated in Note A1 and the transfer of the Islamic Banking Operations in Malaysia to MIB as disclosed in Note B8(a) and A27f(i). There is no impact to income statements arising from the change in accounting policy. The impact to the income statement and balance sheet of the Bank arising from the transfer of the Islamic Banking Operations has been disclosed in Note A27f (ii) & (iii) respectively.

**a. Effects on Balance Sheets as at 30 June 2008**

	Increase/(Decrease)	
	Group RM'000	Bank RM'000
FRS 117		
Other assets	116,557	86,358
Property, plant & equipment	(116,557)	(86,358)

**b. Restatement of Comparatives**

The following comparative amounts have been restated as a result of adopting new FRS and the transfer of Islamic Banking Scheme operations:

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

	Previously Stated RM'000	FRS 117 RM'000	Transfer of Islamic Banking operations RM'000	Restated RM'000
	<b>(a) Group</b>			
Other assets	3,257,377	118,016	-	3,375,393
Property, plant & equipment	1,269,703	(118,016)	-	1,151,687

**A28. Effects of Changes in Accounting Policies and Restatement of Comparatives (Contd.)****b. Restatement of Comparatives (Contd.)**

<b>As at 30 June 2007</b>	<b>Previously Stated RM'000</b>	<b>FRS 117 RM'000</b>	<b>Transfer of Islamic Banking operations RM'000</b>	<b>Restated RM'000</b>
<b>(b) Bank</b>				
<b>ASSETS</b>				
Cash and short-term funds	34,200,909	-	(1,633,560)	32,567,349
Deposits and placements with banks and other financial institutions	15,560,914	-	(1,120)	15,559,794
Securities portfolio	28,624,945	-	(3,246,350)	25,378,595
Loans, advances and financing	136,223,498	-	(17,666,463)	118,557,035
Other assets	1,833,415	87,195	(73,476)	1,847,134
Property, plant & equipment	1,074,389	(87,195)	-	987,194
Statutory deposits with Central Banks	5,339,337	-	(501,000)	4,838,337
Assets transferred to subsidiary, pursuant to transfer of Islamic Banking operations	-	-	23,121,969	23,121,969
<b>LIABILITIES</b>				
Deposits from customers	149,576,055	-	(15,720,442)	133,855,613
Deposits and placements of banks and other financial institutions	32,683,020	-	(1,512,284)	31,170,736
Bills and acceptances payable	2,922,088	-	(526,874)	2,395,214
Other liabilities	3,896,973	-	(916,632)	2,980,341
Liabilities transferred to subsidiary, pursuant to transfer of Islamic Banking operations	-	-	18,676,232	18,676,232



**A28. Effects of Changes in Accounting Policies and Restatement of Comparatives (Contd.)**

**(ii) Restatement of comparatives (Contd.)**

<b>As at 30 June 2007</b>	<b>Previously Stated RM'000</b>	<b>FRS 117 RM'000</b>	<b>Transfer of Islamic Banking operations RM'000</b>	<b>Restated RM'000</b>
<b>Bank</b>				
Interest income	10,099,053	-	35,065	10,134,118
Interest Expense	(5,273,221)	-	(18,158)	(5,291,379)
Net Interest Income	4,825,832	-	16,907	4,842,739
Income from Islamic Banking operations	845,784	-	(845,784)	-
Other operating income	1,982,871	-	-	1,982,871
Total non-interest income	2,375,645	-	-	2,375,645
Overhead expenses	(3,144,145)	-	307,522	(2,836,623)
Operating profit	4,903,116	-	(521,355)	4,381,761
Allowance for losses on loans, advances	(751,269)	-	262,212	(489,057)
Profit before taxation and zakat	4,151,847	-	(259,143)	3,892,704
Taxation and zakat	(1,100,386)	-	83,853	(1,016,533)
Profit for the year from continuing operations	3,051,461	-	(175,290)	2,876,171
Profit for the year from transfer of Islamic Banking operations	-	-	175,290	175,290

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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 financial year ended 30 June 2008 registered a decrease of 6.4% or RM277.6 million to RM4,086 million compared to the previous financial year. Net Profit attributable to equity holders was lower by 7.9% or RM250.2 million to RM2,928 million compared to the previous financial year.

In the year under review, the Group's performance was impacted by higher allowance made for losses on loans, advances and financing, and allowance made for non-refundable deposit. In the former, the higher loan loss provision came mainly from general loan loss allowance, which was higher by RM95.9 million or 30.0% when compared to the previous year, on the back of higher loan growth. Group's net loans, advances and financing recorded an increase of RM23.9 billion or 17.0% when compared to corresponding financial year.

A provision of RM483.8 million has been made for allowance for non-refundable deposit in the Group's financial statements arising from the recent revocation of approval by Bank Negara Malaysia on 29 July 2008 for the proposed acquisition of up to 100% of Sorak Financial Holdings Pte Ltd, the controlling shareholder of PT Bank Internasional Indonesia Tbk.

At Group's operating level, its operating profit however registered higher growth of RM310.3 million or 6.1% when compared to previous year on the back of higher net interest income and non-interest income. Net interest income registered an increase of RM293.9 million or 5.7% when compared to the previous year on the back of higher loans growth. Non-interest income also registered an increase of RM375.8 million or 13.1%, attributable mainly to higher fee-based income and foreign exchange profit, but was partly offset by higher unrealised loss on revaluation of securities held-for-trading and derivatives of RM200.4 million as against RM74.4 million in the previous year.

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

The Group registered a marginally lower pre-tax profit of RM1,019 million in the current quarter compared with a pre-tax profit of RM1,020 million for the preceding quarter ended due mainly to higher allowance made for losses on loans, advances and financing, and allowance made for non-refundable deposit. The higher allowances made was partly offset by higher non interest income earned from foreign exchange profit and lower unrealised losses on revaluation of securities held-for-trading and derivatives.

**B3. Prospects**

The rising inflation coupled with slower economic growth amid a moderation in external demand presents a challenge for the banking industry in Malaysia and other regional economies where Maybank is expanding its overseas presence. With its well-established risk management framework and prudent business practices, the Group is expected to leverage on its strengths to cope with these challenges.

With its dominant domestic presence and working towards adding value to its overseas businesses, the Group expects to record a stable performance for the financial year 2008/2009.

**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 period ended 30 June 2008 are as follows:

<b>Group</b>	<b>4th Quarter Ended</b>		<b>Financial Year Ended</b>	
	<b>30 June 2008 RM'000</b>	<b>30 June 2007 RM'000</b>	<b>30 June 2008 RM'000</b>	<b>30 June 2007 RM'000</b>
Malaysian income tax	492,321	358,641	1,141,589	1,133,932
Foreign income tax	(73,727)	11,610	6,576	14,971
	<b>418,594</b>	<b>370,251</b>	<b>1,148,165</b>	<b>1,148,903</b>
Under/(over) provision in prior years	(44,061)	(114,425)	(131,897)	(113,389)
Deferred tax expense				
- Origination and reversal of temporary differences	(112,540)	13,651	23,715	37,176
Due to reduction in statutory rate	1,221	(3,090)	41,547	37,555
- Under/(over) provision in prior years	(1,381)	(3,027)	(1,381)	(3,027)
	<b>(111,319)</b>	<b>10,561</b>	<b>63,881</b>	<b>71,704</b>
Tax expense for the year	<b>263,214</b>	<b>266,387</b>	<b>1,080,149</b>	<b>1,107,218</b>
Zakat	157	(55)	3,581	3,609
	<b>263,371</b>	<b>266,332</b>	<b>1,083,730</b>	<b>1,110,827</b>

<b>Bank</b>	<b>4th Quarter Ended</b>		<b>Financial Year Ended</b>	
	<b>30 June 2008 RM'000</b>	<b>30 June 2007 RM'000</b>	<b>30 June 2008 RM'000</b>	<b>30 June 2007 RM'000</b>
Malaysian income tax	388,019	297,656	899,636	1,044,908
Foreign income tax	(73,524)	8,451	1,850	11,757
	<b>314,495</b>	<b>306,107</b>	<b>901,486</b>	<b>1,056,665</b>
Under/ (over) provision in prior years	(46,889)	(86,962)	(189,813)	(85,926)
Deferred tax expense				
- Origination and reversal of temporary differences	(86,182)	26,741	64,066	16,288
Due to reduction in statutory rate	568	(3,002)	40,219	36,721
- Under/(over) provision in prior years	(1,348)	(7,215)	(1,348)	(7,215)
	<b>(86,962)</b>	<b>16,524</b>	<b>102,937</b>	<b>45,794</b>
Tax expense for the year	<b>180,644</b>	<b>235,669</b>	<b>814,610</b>	<b>1,016,533</b>
Zakat	-	-	-	-
	<b>180,644</b>	<b>235,669</b>	<b>814,610</b>	<b>1,016,533</b>

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 profit from the sale of unquoted investments of the Group and Bank amounted to RM87.67 million and RM51.69 million respectively while the profit from sale of properties amounted to RM9.30 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 total net assets transferred to MIB from the Bank on 1 January 2008 amounted to RM1,477,807,000.

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) 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. The restructuring entailed the following:-

**(i) Dissolution of MNI Life International (L) Ltd (“MNILIL”)**

On 10 April 2007, MNILIL commenced a members' voluntary winding-up pursuant to a special resolution under Section 131(1) of the Offshore Companies Act, 1990 and Section 254(1)(b) of the Companies Act, 1960. The dissolution of MNILIL was completed on 17 September 2007.

**(ii) Transfer of Etiqa Takaful Berhad (formerly known as Takaful Nasional Berhad)(“TN”) and MNI Offshore Insurance (L) Ltd (“MNIOL”) to MFHB via a Dividend in Specie**

On 30 August 2007, MNIB declared dividend amounting to RM107,882,500 to MFHB which was satisfied by shares held by MNIB in TN and MNIOL, at values equal to the original investment costs of MNIB in TNSB and MNIOL. Therefore, TNB and MNIOL became wholly-owned direct subsidiaries of MFHB.

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

**(b) Rationalisation of Insurance and Takaful Business (Contd.)**

- (iii) Acquisition of Fortis Insurance International N.V.'s shareholdings in Mayban General Assurance Berhad ("MGAB") and Mayban Life Assurance Berhad ("MLAB")

Subsequent to the Share Sale Agreement with Fortis Insurance International N.V. ("Fortis") on 8 August 2007, MFHB acquired the shares held by Fortis in MGAB and MLAB for a purchase consideration equivalent to RM31,622,063 comprising:

- 3,948,649 ordinary shares of RM1.00 each in MGAB representing approximately 2.22% of the issued and paid up capital of MGAB; and
- 3,430,000 ordinary shares of RM1.00 each in MLAB representing approximately 3.43% of the issued and paid up capital of MLAB.

The purchase consideration of RM31,622,063 was satisfied by the issuance of 3,256,906 new ordinary shares in MFHB on 28 September 2007.

- (iv) 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.

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

Upon completion of event (iv) above, MFHB will enter 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.

**(c) Bonus Issue**

On 20 February 2008, Maybank issued 976,057,505 new ordinary shares of RM1.00 each to the shareholders of Maybank whose names appear in the Record of Depositors as at the close of business at 5.00 p.m. on 20 February 2008 pursuant to the Bonus Issue of 1 new ordinary share for every 4 ordinary shares held.

The Bonus Shares have been listed and quoted on the Main Board of Bursa Malaysia Securities Berhad with effect from 9.00 a.m. on 21 February 2008.

The Bank has also issued and dispatched notices of allotment to the entitled shareholders on 27 February 2008.

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

**(d) 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 (“MOFI”) informed Panin that the MOFI 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.

The Board of Directors of Maybank and Mayban Fortis Holdings Berhad and its joint venture partner, Fortis, have agreed that Maybank’s insurance and takaful holding company, Mayban Fortis Holdings Berhad (“Mayban Fortis”) will replace Maybank to pursue the proposed acquisition of PT Anugrah Life Insurance (“Anugrah”).

Mayban Fortis had on 26 March 2008 obtained approval from Bank Negara Malaysia for the proposed acquisition which is one of the prerequisites in the submissions to the Indonesian authorities.

Anugrah has informed that the MOFI had vide its letter dated 8 May 2008, approved the application of Anugrah to change its ownership with Mayban Fortis acquiring 60% from Panin.

The abovementioned approval obtained from MOFI had lapsed on 4 August 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 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 approval for the sale was obtained from Bank Negara Malaysia on 21 February 2008. On 17 April 2008, the Vesting Order was obtained from the High Court to transfer the loan accounts sold to the buyer. The effective date of transfer is 22 April 2008, being the third (3<sup>rd</sup>) business day after the date of issue of the Vesting Order. The gain on disposal was RM139.3 million.

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

**(f) Proposed Acquisition of Approximately 15% of the Total Charter Capital of Vietnam's An Binh Commercial Joint Stock Bank ("ABBank")**

On 21 March 2008, Maybank announced that it has entered into an agreement with ABBank for the subscription by Maybank of approximately 15% of the total charter capital of ABBank for a total cash consideration of approximately Vietnam Dong ("VND") 2.1 trillion or the equivalent of approximately RM430 million, on or before 31 December 2008. Maybank may also take up an additional 5% equity in the near future, pending approval by the Vietnam government. Current regulations in Vietnam allow foreign banks to own up to 15% equity in a Vietnamese bank with the possibility of increasing the stake to 20% subject to approval by the government.

On the same date, Maybank has also entered into a strategic cooperation and knowledge transfer agreement with ABBank to provide technical assistance in consumer banking, network, treasury, business banking, risk management, human resource, information technology and corporate governance. ABBank will provide Maybank with infrastructure, facilities, logistics, support and resources in Vietnam.

Upon completion of the agreement, Maybank will emerge as a major shareholder of ABBank. The Electricity of Vietnam Group is ABBank's largest shareholder with a 28.3% equity in ABBank. The other major shareholder is The Hanoi Export-Import JSC (Geleximco), which holds 7.2% equity interest in ABBank.

The proposed acquisition is subject to the approval of Bank Negara Malaysia, State Bank of Vietnam and the shareholders of ABBank which had been obtained. The parties are currently working towards completion of the proposed acquisition.

**(g) Proposed Acquisition of up to 100% of the Issued and Paid-up Share Capital of Sorak Financial Holdings Pte. Ltd. ("Sorak") for a Total Cash Consideration of Approximately Indonesian Rupiah ("Rp") 13.9 Trillion (or the Equivalent of Approximately RM4.8 Billion)**

On 26 March 2008, Maybank announced that it has entered into a Share Sale Agreement ("SSA") to acquire up to 100% of Sorak Financial Holdings Pte Ltd ("Sorak") for a cash consideration of approximately Indonesian Rupiah ("Rp") 13.9 trillion or the equivalent of approximately RM4.8 billion paving the way for Maybank to be a controlling shareholder of PT Bank Internasional Indonesia Tbk ("BII").

Sorak is 75%-owned by Fullerton Financial Holdings Pte. Ltd. ("FFH"), a wholly owned subsidiary of Temasek Holdings (Private) Limited and 25%-owned by Kookmin Bank ("KB"). Sorak owns approximately 55.7% equity interest in BII.

As a result of this transaction, Maybank will also be making a tender offer for the remaining 44.3% shares held by remaining shareholders of BII. The total amount involved for the tender offer is approximately Rp 11.0 trillion or the equivalent of approximately RM3.8 billion, bringing the total value of the potential acquisition to about Rp 24.9 trillion or the equivalent of approximately RM8.6 billion.

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

**(g) Proposed Acquisition of up to 100% of the Issued and Paid-up Share Capital of Sorak Financial Holdings Pte. Ltd. ("Sorak") for a Total Cash Consideration of Approximately Indonesian Rupiah ("Rp") 13.9 Trillion or the Equivalent of Approximately RM4.8 Billion (Contd.)**

The completion is conditional upon approvals as stipulated below being obtained:

- (i) Bank Negara Malaysia (which was obtained vide its letter dated 25 March 2008);
- (ii) the shareholders of Maybank at an extraordinary general meeting (resolution was approved on 15 May 2008); and
- (iii) other relevant authorities as may be necessary from any governmental or regulatory body having jurisdiction over the entry into and completion of the SSA.

In addition, the completion is also conditional upon the following conditions precedent being fulfilled or duly waived:

- (i) Maybank having to pass the fit and proper test as stipulated by Bank Indonesia;
- (ii) all consents, approvals and actions of, filings with and notices, as may be necessary from any governmental or regulatory body or relevant competent authority having jurisdiction over the entry into and completion of the SSA, whether in or outside Indonesia, being granted or obtained and being in full force as at the Completion; and
- (iii) no breach of the warranties as provided by FFH, KB and Maybank having occurred and the said warranties remaining true and correct as at Completion.

On 21 July 2008, Bank Indonesia had approved the following:

- (i) Maybank as the ultimate shareholder of BII in relation to the Proposed Acquisition; and
- (ii) Mayban Offshore Corporate Services (Labuan) Sdn Bhd ("Mayban Offshore") as controlling shareholder of BII in relation to the Tender Offer by Maybank through Mayban Offshore, in the event that Mayban Offshore is able to acquire 25% or more of the equity interest in BII owned by the public.

On 29 July 2008, Maybank had received a letter from Bank Negara Malaysia ("BNM") wherein BNM noted that as a result of the recent changes of the new regulation on Take-Over Rule IX H1 by Badan Pengawas Pasar Modal and Lembaga Keuangan ("Bapepam"), Department Keuangan, Republik Indonesia (which was enacted on 30 June 2008) ("New Take-Over Rule"), the Proposal may result in Maybank potentially incurring material losses from selling down of the shares and write-down of investment upon the implementation of the New Take-Over Rule.

In this regard, BNM informed that its approval given under Section 29 of the Banking and Financial Institutions Act 1989 for the Proposed Acquisition via its letter dated 25 March 2008, has been revoked. A provision of RM483.8 million has been made in the Group's and Bank's financial statements in respect of the deposits paid to FFH and KB for the Proposed Acquisition.



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

**(h) Disposal of Mayban Investment Management Sdn Bhd (“MIM”) to Mayban Fortis Holdings Berhad**

Maybank and its subsidiary Aseambankers Malaysia Berhad (“Aseambankers”) had on 27 March 2008 completed the disposal of MIM to Mayban Fortis Holdings Berhad, also a subsidiary of Maybank. The transaction comprise the sale of 5,000,000 ordinary shares in MIM, representing 100% of the issued and paid-up capital of MIM for a total cash consideration of RM23 million. Maybank and Aseambankers held 61.525% and 38.475% shareholdings in MIM respectively.

**(i) Proposed Acquisition of up to 20% of the Issued and Paid-Up Share Capital of Pakistan’s MCB Bank Limited (“MCB”)**

On 3 May 2008, Maybank entered into five (5) separate Share Sales Agreements (“SPAs”) with each of the respective party(ies):

- (i) Mian Umer Mansha, Mian Hasan Mansha, Muhammad Saleem (collectively known to as the “Individual Sellers”);
- (ii) Muslim Commercial Bank Limited Employees’ Pension Fund;
- (iii) The Muslim Commercial Bank Limited Provident Fund;
- (iv) Nishat Mills Limited Employees Provident Fund Trust; and
- (v) Adamjee Insurance Company Limited,

for the acquisition of 94,241,527 ordinary shares of par value PKR10 each in MCB representing 15% of the issued and paid-up share capital of MCB for a cash price of PKR470 per MCB Share or a total cash consideration of approximately PKR44.29 billion or the equivalent of approximately RM2.17 billion (at the exchange rate of RM1.00 : PKR20.44, as at 2 May 2008).

Upon completion of SPAs, Maybank will emerge as a major shareholder of MCB.

On the same date, Maybank also entered into the following:

- (i) an Agreement for the Right to Sell and Purchase Shares with the Individual Sellers wherein its terms and conditions will cause Maybank to acquire additional ordinary shares of par value PKR10 each in MCB of up to 5% of the issued and paid-up share capital of MCB; and
- (ii) a Shareholders’ Agreement with certain shareholders of MCB (the “Nishat Group’) to reflect the long term relationship and strategic cooperation between Maybank and the Nishat Group.

Maybank had on 25 June 2008, via its wholly owned subsidiary, Mayban International Trust (Labuan) Berhad (“MITB”), successfully completed the acquisition of 15% of the issued and paid-up capital of MCB. On 8 August 2008, MITB had also completed the acquisition of an additional 5% of the issued and paid-up capital of MCB for a total cash consideration of approximately PKR15.468 million (or an equivalent of RM703.08 million), pursuant to the Agreement for the Right to Sell and Purchase Shares entered into between Maybank and the Individual Sellers.

With the latest acquisition, Maybank now holds 20% stake in the issued and paid up capital of MCB and the Proposed Acquisition is now completed.

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

**(j) Maybank and the Islamic Corporation for the Development of the Private Sector (“ICD”) sign Memorandum of Understanding (“MOU”) in relation to Global Takaful Business**

On 7 May 2008, Maybank and ICD signed a MOU to jointly explore the feasibility of establishing an international takaful holding company with the vision to create a global leader in the takaful business. ICD is the commercial arm of the Islamic Development Bank.

Under the MOU, the proposed holding company to be set up aims to explore opportunities with the aim of creating takaful companies in both ICD member and non-member countries. The plan is for the proposed holding company to commence operations by end 2008.

**(k) Family Takaful Business Joint Venture in Pakistan**

On 23 June 2008, Maybank has received approval from Bank Negara Malaysia to establish or acquire a subsidiary to be used as a Special Purpose Vehicle (“SPV”) for the purpose of acquiring 30% of the issued and paid-up capital of Pak-Kuwait Takaful Company Limited.

Maybank had on 8 July 2008 acquired Pelangi Amanmaz Sdn Bhd (“PASB”) as a subsidiary to be used as the SPV for the joint venture. PASB has an authorised capital of RM100,000 comprising 100,000 ordinary shares of RM1.00 each and issue and paid-up capital of RM2.00 comprising 2 ordinary shares of RM1.00 each.

Through the acquisition, Maybank intends to venture into the Family Takaful business in Pakistan. Pak-Kuwait Family Takaful Company Limited is a newly incorporated company and it is the process of applying for license from the authorities in Pakistan to operate the family Takaful business. It is a joint venture between Pak-Kuwait Investment Company Private Limited, Allied Bank Limited and Saudi Pak Industrial and Agriculture Investment Company Limited. The issue and paid-up capital of the company is Pakistan Rupees 500 million.

All parties are currently negotiating and finalizing the terms of the joint venture.

**(l) Stapled Capital Securities**

(i) On 27 June 2008, the Group issued RM3,500 million in nominal value comprising:

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

(collectively known as "Stapled Capital Securities").

Until an assignment event occurs, the Stapled Capital Securities cannot be transferred, dealt with or traded separately. Upon occurrence of an assignment event, the Stapled Capital Securities will unstaple, leaving the investors to hold only the NCPCS while ownership of the Sub-Notes will be re-assigned to the Bank pursuant to a forward purchase contract entered into by the Bank. Unless there is an occurrence of any other events stated under the terms of the Stapled Capital Securities (as disclosed in B8(l)(ii)), the assignment event would occur on the 20th interest payment date or 10 years from the issuance date of the Sub-Notes.

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

**(I) Stapled Capital Securities (Contd.)**

Each of the Stapled Capital Securities has a fixed distribution or interest rate of 6.85% per annum payable semi-annually. However, the NCPCS distribution will not begin to accrue until the Sub-Notes are re-assigned to the Bank referred to above. Thus effectively, the Stapled Capital Securities are issued at a fixed rate which is payable semi-annually in arrears at a rate of 6.85% per annum.

The NCPCS are issued in perpetuity unless redeemed under the terms of the NCPCS. The NCPCS are redeemable at the option of Maybank on the 20th interest payment date or 10 years from the issuance date of the Sub-Notes, or any NCPCS distribution date thereafter, subject to complying with other terms of the NCPCS. The Sub-Notes have a tenure of 30 years unless redeemed earlier under the terms of the Sub-Notes. The Sub-Notes are redeemable at the option of CMB on any interest payment date, which cannot be earlier than the occurrence of an assignment event, subject to complying with other terms of the Sub-Notes, as disclosed in Note B8(I)(ii).

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

(ii) An "assignment event" means the occurrence of any of the following events:

- (a) The Bank is in breach of Bank Negara Malaysia's minimum capital adequacy ratio requirements applicable to the NCPCS Issuer; or
- (b) Commencement of a winding up proceeding in respect of the Bank or CMB; or
- (c) Appointment of an administrator in connection with a restructuring of the Bank; or
- (d) Occurrence of a default of the NCPCS distribution payments or Sub-Note interest payments; or
- (e) CMB ceases to be, directly or indirectly, a wholly-owned subsidiary of the Bank; or
- (f) Bank Negara Malaysia requires that an assignment event occur; or
- (g) The Bank elects that an assignment event occurs; or
- (h) The 20th Interest Payment Date of the Sub-Notes; or
- (i) 60 days after a regulatory event (means at any time there is more than an insubstantial risk, as determined by the Bank, that the NCPCS will no longer qualify as non-innovative tier 1 capital of the Bank for the purposes of Bank Negara Malaysia's capital adequacy requirements under any applicable regulations) has occurred, subject to such regulatory event continuing to exist at the end of such 60 days; or
- (j) Any deferral of interest payment of the Sub-Notes; or
- (k) 30 years from the issue date of the Sub-Notes.

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

**(l) Stapled Capital Securities(Contd.)**

In addition to the modes of redemption stated above, the NPCPS and the Sub-Notes can be redeemed in the following circumstances:

- (a) If the NPCPS and the Sub-Notes were issued for the purpose of funding a merger or acquisition which is subsequently aborted, at the option of the Bank and CMB subject to Bank Negara Malaysia's prior approval;
- (b) At any time if there is more than an insubstantial risk in relation to changes in applicable tax regulations, as determined by the Bank or CMB, that could result in the Bank or CMB paying additional amounts or will no longer be able to deduct interest in respect of the Sub-Notes or the inter-company loan (between the Bank and CMB) for taxation purposes;
- (c) At any time if there is more than an insubstantial risk in relation to changes in applicable regulatory capital requirements, as determined by the Bank or CMB, that could disqualify the NPCPS to be regarded as part of Non-Innovative Tier 1 capital for the purpose of regulatory capital requirements.

**(m) Proposed Issuance of, Offer for Subscription or Purchase of, or Invitation to Subscribe for, or Purchase of Innovative Tier 1 Capital Securities ("IT1CS") Programme of up to RM4.0 Billion and/or its Foreign Currency Equivalent in Nominal Value ("IT1CS Programme") by Maybank.**

The IT1CS has been structured to comply with Bank Negara Malaysia's ("BNM") Guidelines on Innovative Tier 1 capital instruments.

The IT1CS will be issued in the form of capital securities via an IT1CS Programme. The IT1CS Programme would have a sixty five (65)-year tenure from the date of the first issuance.

Maybank shall have the option to redeem, in whole and not in part, any IT1CS issued on the First Optional Redemption Date of each IT1CS issued, which is a date falling no less than 10 years or no more than 15 years from the respective IT1CS date of first issuance, and every interest payment date thereafter, subject to prior approval of BNM.

The proceeds of the IT1CS Programme shall be used for Maybank's working capital, general banking and other corporate purposes.

Maybank has obtained approvals from BNM and the Securities Commission vide their letters dated 28 May 2008 and 4 June 2008 respectively to issue the IT1CS Programme.

On 11 August 2008, the Bank issued SGD600 million IT1CS. The IT1CS has a principal stock settlement mechanism to redeem the IT1CS on the 60th year from the date of issuance. The Bank, however, has the option to redeem the IT1CS on the 10th anniversary of the issue date and on any interest payment date thereafter. On the 10th anniversary of the issue date, there will be a step-up in the interest rate.

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

**(n) Proposed Issuance of Tier 2 Subordinate Bonds of up to USD1.0 Billion and/or its Equivalent in Other Foreign Currencies in Nominal Value (the “Subordinated Bonds”)**

The Subordinated Bonds will constitute direct and unsecured obligations of the Bank, subordinated in right and priority of payment to all deposit liabilities and other liabilities except present and future unsecured and subordinated obligations which by their terms rank pari-passu in right of payment with or which are subordinated to the Subordinated Bonds.

The Subordinated Bonds issuance has been approved by Bank Negara Malaysia on 27 June 2008 to qualify as Tier 2 capital for purposes of Malaysian capital adequacy regulation.

The Subordinated Bonds issuance has also been approved by the Securities Commission on 9 July 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.

**B11. Changes in Material Litigation**

- (a) In 2005, a subsidiary, Mayban Trustees Berhad (“MTB”) and eleven other defendants were served with a writ of summons by ten plaintiffs / bondholders for an amount of approximately RM157.8 million. MTB was alleged to have acted in breach of trust and negligently in its capacity as Trustee for the bonds issued. MTB does not admit any liability to the claim and is defending the suit. The suit is pending determination at trial.

On 7 July 2008, the plaintiffs entered judgement by consent against the 1st, 4th and 6th to 12th defendants for the sum of RM149,315,000.00 as well as withdrew the claim against the 5th defendant. The entering of the said judgement by consent is not in any way an implication of liability on the part of MTB and MTB shall continue to defend the suit.

The above 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 reinsurers

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

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**B11. Changes in Material Litigation (Contd.)**

The 1st Defendant has on 4 August 2008 served a counterclaim on MTB for almost RM535 million being loss of profit, expenses and damages stated to have been incurred by it which allegedly arises as a result of MTB unlawfully declaring an Event Of Default ("EOD") on the bonds. MTB's solicitors shall defend the Counterclaim and their opinion is that the Counterclaim is without merit as the 1st Defendant had failed to perform their obligations under the bonds. Further, the 1st Defendant had on 7 July 2008 consented to judgement, thereby admitting the EOD and liability for the sum of RM149,315,000. MTB is of the view that the EOD was declared lawfully and MTB is in any event entitled under the trust deed to be indemnified by the bondholders for the Counterclaim.

- (b) In 2004, Etiqa Takaful Berhad ("ETB") (formerly known as Takaful Nasional Berhad), now a subsidiary of the Bank, 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 ETB's failure to release the balance of the facility of RM7.5 million. It is alleged that the 1st Defendant was unable to carry on its project and therefore suffered loss and damage, ETB are proceeding with their claim and are resisting the 1st Defendant's counter-claim. ETB have filed its defence to the counterclaim and an application to strike out the counterclaim as well.

ETB 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 counterclaim.

- (c) A corporate borrower has issued a writ of summon against Aseambankers in 2005 in its capacity as agent bank for the syndicate lenders claiming general, special and exemplary damages arising from alleged breach of duty owed by Aseambankers. Although it has not been quantified, the claim value is estimated at approximately RM450 million.

The credit facilities consist of a bridging loan of RM58.5 million and a revolving credit facility of RM4.0 million which were granted by Aseambankers and three other financial institutions as the syndicated lenders. The loan was restructured in 2002 to RM38 million with terms for repayment. In 2006, Aseambankers and three other syndicated lenders filed a suit against the corporate borrower for the recovery of the loan. The two suits were then ordered by the court to be heard together.

Out of the estimated claim of RM450.0 million, Maybank's exposure is RM189.0 million. (inclusive of the assets and liabilities of KBB (one of the syndicated lenders) and from Aseambankers which had been vested to the Bank in respective of this account pursuant to a vesting order dated 28 September 2006 and 21 May 2007 respectively).

Based on advice from its solicitors, Aseambankers are of the view that it has a more than even chance of succeeding in defending the corporate borrower's 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.

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**B12. Proposed Final Dividend**

The Board of Directors have declared a final dividend of 20.0 sen per share less 26% tax for the year ended 30 June 2008 (30 June 2007: 40.0 sen per share less 27%).

The final dividend will be paid on 21 October 2008 to Depositors whose names are registered in the Record of Depositors of Maybank on 9 October 2008.

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

- a) Shares transferred to the Depositor's Securities Accounts before 4.00 p.m. on 9 October 2008 in respect of transfers.
- b) Shares deposited into the Depositor's Securities Accounts before 12.30 p.m. on 7 October 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.

	4th Quarter Ended		Financial Year Ended	
	30 June 2008	30 June 2007	30 June 2008	30 June 2007
Net profit for the year (RM'000)	<b>703,213</b>	<b>1,052,806</b>	<b>2,928,202</b>	3,178,372
Weighted average number of ordinary shares in issue ('000)	<b>4,881,116</b>	4,859,369	<b>4,873,865</b>	4,810,799
Basic earnings per share ('000)	<b>14.41 sen</b>	21.67 sen	<b>60.08 sen</b>	66.07 sen

**Diluted**

The diluted 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, 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.

	4th Quarter Ended		Financial Year Ended	
	30 June 2008	30 June 2007	30 June 2008	30 June 2007
Net profit for the year (RM'000)	<b>703,213</b>	1,052,806	<b>2,928,202</b>	3,178,372
Weighted average number of ordinary shares in issue ('000)	<b>4,881,116</b>	4,859,369	<b>4,873,865</b>	4,810,799
Effects of share option ('000)	<b>243</b>	12,701	<b>2,574</b>	10,299
Adjusted weighted average number of ordinary shares in issue ('000)	<b>4,881,359</b>	4,872,070	<b>4,876,439</b>	4,821,098
Diluted earnings per share ('000)	<b>14.41 sen</b>	21.61 sen	<b>60.05 sen</b>	65.93 sen

<sup>1</sup> Adjusted for bonus issue of 1:4

By Order of the Board

**Mohd Nazlan Mohd Ghazali**  
LS0008977  
Company Secretary  
27 August 2008