

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

CONDENSED FINANCIAL STATEMENTS
UNAUDITED INCOME STATEMENTS
FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2009

Group	Note	1st Quarter Ended		Cumulative 3 Months Ended	
		30 September 2009 RM'000	30 September 2008 RM'000	30 September 2009 RM'000	30 September 2008 RM'000
Interest income	A16	2,728,251	2,571,879	2,728,251	2,571,879
Interest expense	A17	(1,100,635)	(1,306,864)	(1,100,635)	(1,306,864)
Net interest income		1,627,616	1,265,015	1,627,616	1,265,015
Income from Islamic Banking					
Scheme operations:					
Gross operating income		340,167	284,054	340,167	284,054
Profit equalisation reserves		41,389	1,179	41,389	1,179
	A28b	381,556	285,233	381,556	285,233
		2,009,172	1,550,248	2,009,172	1,550,248
Non-interest income	A18	1,141,971	494,996	1,141,971	494,996
Net income		3,151,143	2,045,244	3,151,143	2,045,244
Overhead expenses	A19	(1,570,749)	(1,226,483)	(1,570,749)	(1,226,483)
		1,580,394	818,761	1,580,394	818,761
Allowance for losses on loans, advances and financing	A20	(417,723)	(185,421)	(417,723)	(185,421)
Impairment losses on securities, net		(32,264)	(16,247)	(32,264)	(16,247)
Operating Profit		1,130,407	617,093	1,130,407	617,093
Impairment loss on investment in associates		-	(242,000)	-	(242,000)
Write-back of allowance for non-refundable deposit		-	483,824	-	483,824
		1,130,407	858,917	1,130,407	858,917
Share of profits in associated companies		25,808	22,857	25,808	22,857
Profit before taxation and zakat		1,156,215	881,774	1,156,215	881,774
Taxation & Zakat	B5	(249,462)	(311,018)	(249,462)	(311,018)
Profit for the period		906,753	570,756	906,753	570,756
Attributable to:					
Equity holders of the parent		881,803	572,173	881,803	572,173
Minority Interest		24,950	(1,417)	24,950	(1,417)
		906,753	570,756	906,753	570,756
Earnings per share attributable to equity holders of the parent	B12				
Basic		12.46 sen	11.72 sen ¹	12.46 sen	11.72 sen ¹
Fully diluted		12.46 sen	11.72 sen ¹	12.46 sen	11.72 sen ¹

¹ Adjusted for rights issue completed on 30 April 2009.

(These condensed financial statements should be read in conjunction with the audited financial statements for the year ended 30 June 2009 and the accompanying explanatory notes attached to the interim financial statements)

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CONDENSED FINANCIAL STATEMENTS
UNAUDITED INCOME STATEMENTS
FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2009

<u>Bank</u>	Note	1st Quarter Ended		Cumulative 3 Months Ended	
		30 September 2009 RM'000	30 September 2008 RM'000	30 September 2009 RM'000	30 September 2008 RM'000
Interest income	A16	2,142,872	2,469,736	2,142,872	2,469,736
Interest expense	A17	(834,265)	(1,241,594)	(834,265)	(1,241,594)
Net interest income		1,308,607	1,228,142	1,308,607	1,228,142
Non-interest income	A18	738,424	304,312	738,424	304,312
Net income		2,047,031	1,532,454	2,047,031	1,532,454
Overhead expenses	A19	(971,951)	(948,541)	(971,951)	(948,541)
		1,075,080	583,913	1,075,080	583,913
Allowance for losses on loans, advances and financing	A20	(171,194)	(139,695)	(171,194)	(139,695)
Impairment losses on securities, net		(34,094)	(36,038)	(34,094)	(36,038)
Operating Profit		869,792	408,180	869,792	408,180
Impairment loss on investment in subsidiaries		-	(242,000)	-	(242,000)
Write-back of allowance for non-refundable deposit		-	483,824	-	483,824
Profit before taxation and zakat		869,792	650,004	869,792	650,004
Taxation & Zakat	B5	(226,584)	(208,883)	(226,584)	(208,883)
Profit for the period		643,208	441,121	643,208	441,121

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MALAYAN BANKING BERHAD
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CONDENSED FINANCIAL STATEMENTS
UNAUDITED BALANCE SHEETS AS AT 30 SEPTEMBER 2009

	Note	GROUP		BANK	
		30 September 2009 RM'000	30 June 2009 RM'000	30 September 2009 RM'000	30 June 2009 RM'000
ASSETS					
Cash and short-term funds		24,231,967	23,607,979	20,926,332	17,448,312
Deposits and placements with financial institutions		7,486,377	6,299,175	7,896,792	7,563,969
Securities purchased under resale agreements		77,691	346,462	77,691	346,462
Securities portfolio	A9	57,072,398	57,727,128	49,191,092	47,020,177
Loans, advances and financing	A10	190,907,411	185,783,166	146,274,913	144,431,798
Derivative assets		1,144,141	973,685	1,099,569	929,904
Other assets	A11	5,370,901	5,249,290	2,564,943	3,818,866
Investment properties		52,713	26,578	-	-
Statutory deposits with Central Banks		4,044,265	4,050,932	1,874,562	2,110,143
Investment in subsidiaries		-	-	11,786,293	11,786,293
Interests in associates		2,660,138	2,630,123	351,584	343,049
Property, plant and equipment		1,383,562	1,395,562	1,115,018	1,115,140
Intangible assets		4,561,768	4,374,010	163,062	168,132
Deferred tax assets		1,430,104	1,493,132	1,118,122	1,194,897
Life, general takaful and family takaful fund assets		16,617,158	16,781,901	-	-
TOTAL ASSETS		317,040,594	310,739,123	244,439,973	238,277,142
LIABILITIES					
Deposits from customers	A12	218,764,605	212,598,589	171,290,255	163,452,930
Deposits and placements of banks and other financial institutions	A13	26,444,552	28,781,863	26,748,353	30,121,916
Obligations on securities sold under repurchase agreements		177,967	-	-	-
Bills and acceptances payable		1,449,108	1,470,063	1,261,739	1,328,279
Derivative liabilities		1,506,855	1,459,068	1,434,730	1,381,860
Other liabilities	A15	7,781,248	6,986,000	3,933,183	3,253,358
Recourse obligation on loans sold to Cagamas		491,106	516,265	491,106	516,265
Provision for taxation and zakat		109,139	87,743	-	-
Deferred tax liabilities		49,141	57,430	-	-
Borrowings	A14	2,105,770	1,512,310	2,105,770	1,512,310
Subordinated obligations	A14	8,646,690	8,672,373	8,135,289	8,152,239
Capital Securities	A14	6,061,407	6,047,541	6,061,407	6,047,541
Life, general takaful and family takaful fund liabilities		4,426,112	4,529,995	-	-
Life, general takaful and family takaful policy holders' funds		12,191,046	12,251,906	-	-
TOTAL LIABILITIES		290,204,746	284,971,146	221,461,832	215,766,698

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CONDENSED FINANCIAL STATEMENTS
UNAUDITED BALANCE SHEETS AS AT 30 SEPTEMBER 2009

	Note	GROUP		BANK	
		30 September 2009 RM'000	30 June 2009 RM'000	30 September 2009 RM'000	30 June 2009 RM'000
SHAREHOLDERS' EQUITY					
Share capital		7,077,983	7,077,663	7,077,983	7,077,663
Reserves		18,881,071	17,821,083	15,900,158	15,432,781
		25,959,054	24,898,746	22,978,141	22,510,444
Minority Interest		876,794	869,231	-	-
Total equity		26,835,848	25,767,977	22,978,141	22,510,444
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		317,040,594	310,739,123	244,439,973	238,277,142
COMMITMENTS AND CONTINGENCIES	A25	234,506,516	221,586,702	217,157,330	201,853,878
<u>CAPITAL ADEQUACY</u>			A27		
Based on credit and market risks:					
<u>Without deducting dividend payable *</u>					
Core capital ratio		10.43%	11.00%	13.92%	14.29%
Risk-weighted capital ratio		14.28%	14.99%	13.92%	14.29%
<u>After deducting dividend payable</u>					
Core capital ratio:		10.43%	10.81%	13.92%	14.06%
Risk-weighted capital ratio:		14.28%	14.81%	13.92%	14.06%
Net assets per share attributable to equity holders of the parent		RM3.67	RM3.52	RM3.25	RM3.18

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

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MALAYAN BANKING BERHAD
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CONDENSED FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE FIRST FINANCIAL QUARTER ENDED 30 SEPTEMBER 2009

<u>GROUP</u>	<===== Non Distributable =====>											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 Reserve/(Deficit) RM'000	Exchange Fluctuation Reserve RM'000	Share Option Reserve RM'000	Revaluation Reserve RM'000	Distributable Retained Profits RM'000	Total Shareholders' Equity RM'000			
At 1 July 2009	7,077,663	5,901,692	4,664,983	15,250	(148,388)	(666,885)	63,191	2,742	7,988,498	24,898,746	869,231	25,767,977	
Currency translation differences	-	-	-	-	-	281,094	-	-	-	281,094	2,040	283,134	
Effects on adoption of Risk Based Capital ("RBC") Framework	-	-	-	-	-	-	-	-	(59,492)	(59,492)	(26,665)	(86,157)	
Unrealised net gain on revaluation of securities available-for-sale	-	-	-	-	372,316	-	-	-	-	372,316	4,037	376,353	
Net gain/(loss) not recognised in the income statement	-	-	-	-	372,316	281,094	-	-	(59,492)	593,918	(20,588)	573,330	
Net profit for the period	-	-	-	-	-	-	-	-	881,803	881,803	24,950	906,753	
Total recognised income/(expense) for the year	-	-	-	-	372,316	281,094	-	-	822,311	1,475,721	4,362	1,480,083	
Issue of ordinary shares pursuant to ESOS	320	1,805	-	-	-	-	-	-	-	2,125	-	2,125	
Transfer to/from statutory reserves	-	-	177,320	-	-	-	-	-	(177,320)	-	-	-	
Transfer to/from share option reserve	-	-	-	-	-	(63,191)	-	-	63,191	-	-	-	
Revaluation reserve from investment properties	-	-	-	-	-	-	-	7,141	-	7,141	3,201	10,342	
Dividend payable	-	-	-	-	-	-	-	-	(424,679)	(424,679)	-	(424,679)	
At 30 September 2009	7,077,983	5,903,497	4,842,303	15,250	223,928	(385,791)	-	9,883	8,272,001	25,959,054	876,794	26,835,848	

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CONDENSED FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE FIRST FINANCIAL QUARTER ENDED 30 SEPTEMBER 2009

GROUP	<===== Non Distributable =====>										
	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	Share Option Reserves RM'000	Distributable Retained Profits RM'000	Total Shareholders' Equity RM'000	Minority Interests RM'000	Total Equity RM'000
At 1 July 2008	4,881,123	2,097,011	4,573,636	15,250	(416,340)	(41,752)	63,069	8,130,496	19,302,493	789,269	20,091,762
Currency translation differences	-	-	-	-	-	38,642	-	-	38,642	608	39,250
Acquisition of an Interest by Minority Interest	-	-	-	-	-	-	-	-	-	996,628	996,628
Unrealised net gain on revaluation of securities available-for-sale	-	-	-	-	23,687	-	-	-	23,687	(13,754)	9,933
Net gain/(loss) not recognised in the income statement	-	-	-	-	23,687	38,642	-	-	62,329	983,482	1,045,811
Net profit for the period	-	-	-	-	-	-	-	572,173	572,173	(1,417)	570,756
Total recognised income for the period	-	-	-	-	23,687	38,642	-	572,173	634,502	982,065	1,616,567
Share-based payment under ESOS	-	-	-	-	-	-	122	-	122	-	122
Transfer to/from statutory reserves	-	-	171,000	-	-	-	-	(171,000)	-	-	-
Issue of ordinary shares pursuant to ESOS	23	146	-	-	-	-	-	-	169	-	169
Dividend payable	-	-	-	-	-	-	(722,410)	-	(722,410)	-	(722,410)
At 30 September 2008	4,881,146	2,097,157	4,744,636	15,250	(392,653)	(3,110)	63,191	7,809,259	19,214,876	1,771,334	20,986,210

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CONDENSED FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE FIRST FINANCIAL QUARTER ENDED 30 SEPTEMBER 2009

	<=====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	
At 1 July 2009	7,077,663	5,901,692	4,483,770	(83,433)	139,771	63,191	4,927,790	22,510,444	
Currency translation differences	-	-	-	-	8,215	-	-	8,215	
Unrealised net gain on revaluation of securities available for sale	-	-	-	238,828	-	-	-	238,828	
Net gain/(loss) not recognised in the income statement	-	-	-	238,828	8,215	-	-	247,043	
Net profit for the period	-	-	-	-	-	-	643,208	643,208	
Total recognised income/(expense) for the year	-	-	-	238,828	8,215	-	643,208	890,251	
Transfer to/from statutory reserve	-	-	162,000	-	-	-	(162,000)	-	
Transfer to/from share option reserve	-	-	-	-	-	(63,191)	63,191	-	
Issue of ordinary shares pursuant to ESOS	320	1,805	-	-	-	-	-	2,125	
Dividend payable	-	-	-	-	-	-	(424,679)	(424,679)	
At 30 September 2009	7,077,983	5,903,497	4,645,770	155,395	147,986	-	5,047,510	22,978,141	

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CONDENSED FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE FIRST FINANCIAL QUARTER ENDED 30 SEPTEMBER 2009

	<=====Non Distributable=====>							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	Distributable Retained Profits RM'000	
BANK								
At 1 July 2008	4,881,123	2,097,011	4,483,770	(400,753)	94,730	63,069	5,981,365	17,200,315
Currency translation differences	-	-	-	-	(11,171)	-	-	(11,171)
Unrealised net gain on revaluation of securities available for sale	-	-	-	27,866	-	-	-	27,866
Net gain/(loss) not recognised in the income statement	-	-	-	27,866	(11,171)	-	-	16,695
Net profit for the year	-	-	-	-	-	-	441,121	441,121
Total recognised income/(expense) for the year	-	-	-	27,866	(11,171)	-	441,121	457,816
Share-based payment under ESOS	-	-	-	-	-	122	-	122
Transfer to/from statutory reserves	-	-	171,000	-	-	-	(171,000)	-
Issue of ordinary shares pursuant to ESOS	23	146	-	-	-	-	-	169
Dividend payable	-	-	-	-	-	-	(722,410)	(722,410)
At 30 September 2008	4,881,146	2,097,157	4,654,770	(372,887)	83,559	63,191	5,529,076	16,936,012

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CONDENSED FINANCIAL STATEMENTS
UNAUDITED CONDENSED CASH FLOW STATEMENTS
FOR THE FIRST FINANCIAL QUARTER ENDED 30 SEPTEMBER 2009

	GROUP		BANK	
	30 September 2009 RM'000	30 September 2008 RM'000	30 September 2009 RM'000	30 September 2008 RM'000
Profit before taxation	1,156,215	881,774	869,792	650,004
Adjustments for non-operating and non-cash items	<u>374,748</u>	529,733	<u>117,103</u>	587,024
Operating profit before working capital changes	<u>1,530,963</u>	1,411,507	<u>986,895</u>	1,237,028
Changes in working capital:-				
Net changes in operating assets	624,637	(13,246,781)	5,344,794	(7,614,478)
Net changes in operating liabilities	(1,706,977)	11,549,605	(3,039,541)	8,792,080
Tax expense and zakat paid	<u>(255,033)</u>	(306,856)	<u>(229,434)</u>	(287,825)
Net cash generated from/(used in) operations	<u>193,590</u>	<u>(592,525)</u>	<u>3,062,714</u>	2,126,805
Net cash used in investing activities	<u>(13,927)</u>	(4,019,605)	<u>(17,405)</u>	(5,161,603)
Net cash generated from financing activities	<u>613,475</u>	3,643,910	<u>613,475</u>	2,091,304
	<u>599,548</u>	<u>(375,695)</u>	<u>596,070</u>	<u>(3,070,299)</u>
Net change in cash and cash equivalents	<u>793,138</u>	(968,220)	<u>3,658,784</u>	(943,494)
Cash and cash equivalents at beginning of year *	<u>23,438,829</u>	28,403,800	<u>17,267,548</u>	24,786,305
Cash and cash equivalents at end of year	<u>24,231,967</u>	27,435,580	<u>20,926,332</u>	23,842,811
* Cash and cash equivalents at beginning of year				
Cash and short term funds as previously reported	23,607,979	27,644,359	17,448,312	24,069,617
Effects of foreign exchange rate changes	<u>(169,150)</u>	759,441	<u>(180,764)</u>	716,688
As restated	<u>23,438,829</u>	28,403,800	<u>17,267,548</u>	24,786,305

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

A1. Basis of Preparation

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

The condensed interim financial statements were not audited and have been prepared in accordance with the requirements of FRS 134: Interim Financial Reporting and Chapter 9, part K of the Listing Requirements of Bursa Malaysia Securities Berhad. The condensed interim financial statements should be read in conjunction with the audited financial statements for the year ended 30 June 2009. These explanatory notes attached to the audited condensed interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group and the Bank since the year ended 30 June 2009.

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 2009 except for adoption of the following Financial Reporting Standard (“FRS”) effective from the financial period beginning 1 July 2009:

- (i) FRS 8 Operating Segments
- (ii) Amendments to FRS 8 Operating Segments

The following new Financial Reporting Standards (“FRSs”), amendments to FRS and IC Interpretations have been issued but are not yet effective and have not been adopted by the Group and the Bank:

FRS, Amendments to FRS and Interpretations

- (i) FRS 4 Insurance Contracts
- (ii) FRS 7 Financial Instruments-Disclosures
- (iii) FRS 101 Presentation of Financial Statements
- (iv) FRS 139 Financial Instruments – Recognition and Measurement
- (v) FRS 123 Borrowing Costs
- (vi) Amendments to FRS 2 Share-based Payment – Vesting Conditions and Cancellations
- (vii) Amendments to FRS 1 First-time Adoption of Financial Reporting Standards and FRS 127 Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
- (viii) Amendments to FRS 132 Financial Instruments Presentation
- (ix) Amendments to FRS 139 Financial Instruments: Recognition and Measurement, FRS 7 Financial Instruments: Disclosures and IC Interpretation 9 Reassessment of Embedded Derivatives
- (x) Amendments to FRS 5 Non-current assets Held for Sale and Discontinued Operations
- (xi) Amendments to FRS 8 Operating Segments
- (xii) Amendments to FRS 110 Events After the Balance Sheet Date
- (xiii) Amendments to FRS 116 Property, Plant & Equipment
- (xiv) Amendments to FRS 117 Leases
- (xv) Amendments to FRS 118 Revenue
- (xvi) Amendments to FRS 119 Employee Benefits
- (xvii) Amendments to FRS 123 Borrowing Costs
- (xviii) Amendments to FRS 127 Consolidated and Separate Financial Statements
- (xix) Amendments to FRS 128 Investments in associates

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A1. Basis of Preparation (contd.)

- (xx) Amendments to FRS 131 Interests in Joint Ventures
- (xxi) Amendments to FRS 134 Interim Financial Reporting
- (xxii) Amendments to FRS 136 Impairment of Assets
- (xxiii) Amendments to FRS 138 Intangible Assets
- (xxiv) TR i-3 Presentation of Financial Statements of Islamic Financial Institutions
- (xxv) IC Interpretation 9: Reassessment of Embedded Derivatives
- (xxvi) IC Interpretation 10: Interim Financial Reporting and Impairment
- (xxvii) IC Interpretation 11: FRS 2 – Group and Treasury Share Transactions
- (xxviii) IC Interpretation 13: Customer Loyalty Programmes
- (xxix) IC Interpretation 14: FRS 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

The above FRSs, amendments to FRSs, IC Interpretations and Technical Release will take effect from financial period beginning on or after 1 January 2010.

FRS 8, FRS 123, Amendments to FRS 1 and 2, IC Interpretation 9, 10, 11, 13 and 14 are not expected to have significant impact on the financial statements of the Group and the Bank.

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.

BNM has issued detailed guidelines under the Risk-Based Capital Framework for insurers (“the RBC Framework”) which became effective for the annual period beginning on or after 1 January 2009. The insurance subsidiaries conducting conventional businesses of the Group have adopted the accounting policies in investments, receivables, unexpired risks and general and life insurance liabilities as specified in the RBC Framework for the annual period beginning on 1 July 2009. The effect of the RBC Framework to the unrealized holding reserves and retained profits of the Group as at 1 July 2009 is reflected in the Statement of Changes in Equity and does not have any significant impact on the financial statements of the Group other than those disclosed in the Statement of Changes in Equity.

A2. Significant Accounting Estimates and Judgments

The preparation of financial statements requires management to make judgments, 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 judgment and complexity, are as follows:

(i) Fair Value Estimation of Securities Held-for-trading (Note A9(i)), Securities Available-for-sale (Note A9(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.

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A2. Significant Accounting Estimates and Judgments (contd.)

(ii) Valuation of Investment Properties

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

(iii) Impairment of Goodwill

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

(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, judgment 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. 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.

(viii) Impairment of Investments in Subsidiaries and Interests in Associates

The Group and the Bank assess whether there is any indication that an investment in subsidiaries and interest in associates may be impaired at each balance sheet date.

If indicators are present, these assets are subject to an impairment review. The impairment review comprises a comparison of the carrying amount of the investment and the investment's estimated recoverable amount.

Judgements made by management in the process of applying the Group and Bank's accounting policies in respect of investment in subsidiaries and interest in associates are as follows:

- (i) The Bank determines whether its investments are impaired following certain indications of impairment such as, amongst others, prolonged shortfall between market value and carrying amount, significant changes with adverse effects on the investment and deteriorating financial performance of the investment due to observed changes and fundamentals
- (ii) Depending on their nature and the industries in which the investments relate to, judgements are made by management to select suitable methods of valuation such as, amongst others, discounted cash flow, realisable net asset value and sector average price-earning ratio methods.

Once a suitable method of valuation is selected, management makes certain assumptions concerning the future to estimate the recoverable amount of the investment. These assumptions and other key sources of estimation uncertainty at the balance sheet date, may have a significant risk of causing a material adjustment to the carrying amounts of the investments within the next financial year. Depending on the specific individual investment, assumptions made by management may include, amongst others, assumptions on expected future cash flows, revenue growth, discount rate used for purposes of discounting future cash flows which incorporates the relevant risks, and expected future outcome of certain past events.

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A3. Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the audited annual financial statements for the financial year ended 30 June 2009 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 first financial quarter ended 30 September 2009.

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

During the quarter ended 30 September 2009, save as disclosed below and in Note A7, there were no unusual items affecting the assets, liabilities, equity, net income or cash flows of the Group and the Bank.

A6. Changes in Estimates

There were no material changes in estimates during the quarter ended 30 September 2009.

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.

(a) Issuance of Shares

The issued and paid-up share capital of the Bank was increased from RM7,077,663,368 as at 30 June 2009 to RM7,077,982,768 as at 30 September 2009, from the issuance of 319,400 new ordinary as follows:

Issuance of 255,520 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 63,880 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>
239,040	RM 9.23	59,760
2,000	RM 9.87	500
5,120	RM 9.92	1,280
9,360	RM10.19	2,340

A8. Dividends Paid

There was no dividend paid during the quarter ended 30 September 2009.

On 30 September 2009, a final dividend in respect of the financial year ended 30 June 2009 of 8 sen per share less 25% taxation on 7,077,663,368 ordinary shares, amounting to RM424,678,966 (6 sen net per ordinary share) was approved. The dividend was paid on 27 October 2009.

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A9. Securities Portfolio	Note	Group		Bank	
		30 September 2009 RM'000	30 June 2009 RM'000	30 September 2009 RM'000	30 June 2009 RM'000
Securities held-for-trading	(i)	2,526,393	1,489,272	2,094,573	838,721
Securities available-for-sale	(ii)	46,061,738	47,877,105	39,384,107	39,349,558
Securities held-to-maturity	(iii)	8,484,267	8,360,751	7,712,412	6,831,898
		57,072,398	57,727,128	49,191,092	47,020,177

A9. (i) Securities Held-for-trading

At Fair value

Money Market Instruments:-

Malaysian Government Securities	552,863	63,813	552,863	4,940
Malaysian Government Treasury Bills	69,639	73,227	69,639	73,227
Malaysian Government Investment Issues	102,581	29,946	25,008	-
Khazanah Bonds	-	4,978	-	-
Bank Negara Malaysia Monetary Notes	174,677	444,031	96,593	444,031
Foreign Government Treasury Bills	85,212	-	-	-
Foreign Government Securities	36,986	4,738	85,212	-
Foreign Certificates of Deposits	239,177	219,426	-	-
Total Money Market Instruments	1,261,135	840,159	829,315	522,198

Quoted securities:

Shares	36,257	27,939	36,257	27,939
	36,257	27,939	36,257	27,939

Unquoted securities:

Malaysian Government Bonds	-	-	-	-
Private and Islamic Debt Securities in Malaysia	959,891	332,590	959,891	-
Foreign Private Debt Securities	269,110	288,584	269,110	288,584
	1,229,001	621,174	1,229,001	288,584

Total securities held-for-trading

	2,526,393	1,489,272	2,094,573	838,721
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A9. (ii) Securities Available-for-sale

**At Fair value, or cost less impairment losses
for certain unquoted equity instruments**

Money market instruments:-

Malaysian Government Securities	6,225,418	8,000,877	6,133,188	7,462,815
Malaysian Treasury Bills	9,953	9,902	9,953	9,902
Cagamas Bonds	345,431	289,075	345,431	289,075
Foreign Government Securities	7,979,394	7,601,976	5,274,034	4,889,677
Malaysian Government Investment Issues	6,732,364	8,128,186	3,790,459	5,156,329
Foreign Government Treasury Bills	831,890	556,106	666,143	405,546
Negotiable Instruments of Deposits	1,979,213	1,776,469	4,600,708	4,691,967
Bankers' Acceptances and Islamic Accepted Bills	3,651,834	3,070,391	3,341,278	3,024,272
Khazanah Bonds	1,001,012	828,797	675,664	359,850
Bank Negara Malaysia Monetary Notes	-	50,005	-	50,005
Total Money Market Instruments	28,756,509	30,311,784	24,836,858	26,339,438

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	Group		Bank	
	30 September 2009 RM'000	30 June 2009 RM'000	30 September 2009 RM'000	30 June 2009 RM'000
A9. Securities Portfolio (contd)				
A9. (ii) Securities Available-for-sale (contd)				
Quoted Securities: -				
In Malaysia:				
Shares, Warrants, Trust Units and Loan Stocks	390,913	386,243	190,718	181,936
Outside Malaysia:				
Shares, Warrants, Trust Units and Loan Stocks	117,347	97,811	63,609	48,518
	508,260	484,054	254,327	230,454
Unquoted Securities:-				
Shares, trust units and loan stocks in Malaysia	691,932	691,283	443,543	441,733
Shares, trust units and loan stocks outside Malaysia	34,227	39,358	18,786	18,864
Islamic Private Debt Securities in Malaysia	10,606,508	11,015,939	9,194,824	7,792,927
Malaysian Government Bonds	159,399	162,297	159,399	162,297
Foreign Government Bonds	83,139	80,671	-	-
Foreign Islamic Private Debt Securities	4,989,487	4,865,984	4,244,093	4,138,110
Credit Linked Notes	232,277	225,735	232,277	225,735
	16,796,969	17,081,267	14,292,922	12,779,666
Total securities available-for-sale	46,061,738	47,877,105	39,384,107	39,349,558

A9. (iii) Securities Held-To-Maturity

	Group		Bank	
	30 September 2009 RM'000	30 June 2009 RM'000	30 September 2009 RM'000	30 June 2009 RM'000
At Amortised cost less impairment losses				
Money market instruments:-				
Malaysian Government Securities	6,258,448	6,263,488	6,258,340	6,032,944
Cagamas Bonds	11,857	13,390	11,857	1,670
Foreign Government Securities	543,649	443,637	-	-
Malaysian Government Investment Issues	513,032	512,691	377,576	275,248
Total Money Market Instruments	7,326,986	7,233,206	6,647,773	6,309,862
Unquoted Securities:-				
Private and Islamic Debt Securities in Malaysia	667,879	494,853	667,846	100,262
Malaysian Government Bonds	7,444	7,638	7,444	7,638
Foreign Islamic Private Debt Securities	511,358	640,842	418,740	424,915
Others	2,044	2,044	2,044	2,044
	1,188,725	1,145,377	1,096,074	534,859
Accumulated impairment losses	(31,444)	(17,832)	(31,435)	(12,823)
Total securities held-to-maturity	8,484,267	8,360,751	7,712,412	6,831,898

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A10. Loans, Advances and Financing

	Group		Bank	
	30 September 2009 RM'000	30 June 2009 RM'000	30 September 2009 RM'000	30 June 2009 RM'000
Overdrafts	14,674,161	14,493,359	11,402,031	11,349,807
Term loans	-		-	
- Housing loans/financing	35,360,601	33,537,779	28,377,830	26,945,169
- Syndicated loan/financing	12,690,549	12,407,057	10,045,810	9,722,422
- Hire purchase receivables	39,013,201	38,050,669	22,117,547	22,366,959
- Lease receivables	3,321	3,381	3,272	3,277
- Other loans/financing	59,832,960	56,782,224	40,596,635	39,278,820
Credit card receivables	4,430,709	4,283,414	3,879,954	3,796,899
Bills receivable	2,265,200	2,293,815	2,198,030	2,223,077
Trust receipts	2,192,757	2,082,258	1,868,989	1,742,023
Claims on customers under acceptance credits	10,195,659	11,129,121	7,260,811	7,754,168
Loans/financing to banks and other financial institutions	9,972,322	10,170,957	9,783,662	9,967,406
Revolving credits	20,916,079	20,228,361	16,639,561	17,131,926
Staff loans	1,524,456	1,460,468	969,576	950,028
Housing loans to	-		-	
- Executive directors of the Bank	183	193	183	193
- Executive directors of subsidiaries	1,978	2,104	1,978	2,104
Others	531,231	488,514	-	-
	213,605,367	207,413,674	155,145,869	153,234,278
Unearned interest and income	(14,822,182)	(14,050,883)	(2,946,945)	(3,018,394)
Gross loans, advances and financing	198,783,185	193,362,791	152,198,924	150,215,884
Allowances for bad and doubtful debts and financing:				
- specific	(4,107,432)	(3,854,026)	(3,015,500)	(2,847,031)
- general	(3,768,342)	(3,725,599)	(2,908,511)	(2,937,055)
Net loans, advances and financing	190,907,411	185,783,166	146,274,913	144,431,798

(i) By type of customer

	Group		Bank	
	30 September 2009 RM'000	30 June 2009 RM'000	30 September 2009 RM'000	30 June 2009 RM'000
Domestic operations:				
Domestic non-bank financial institutions				
- Stockbroking companies	146,109	96,725	145,930	96,546
- Others	12,208,654	11,364,670	9,326,701	9,566,429
Domestic business enterprise				
- Small and medium enterprise	19,564,099	20,725,182	16,366,739	16,956,711
- Others	33,360,910	31,940,124	29,071,761	27,972,236
Government and statutory bodies	2,298,074	2,282,784	2,208,584	2,213,320
Individuals	64,781,447	62,811,592	46,213,451	45,902,511
Other domestic entities	150,304	148,302	24,872	25,925
Foreign entities	600,952	574,944	481,587	468,954
Total domestic operations	133,110,549	129,944,323	103,839,625	103,202,632

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A10. Loans, Advances and Financing (contd)

(i) By type of customer (contd)

	Group		Bank	
	30 September 2009 RM'000	30 June 2009 RM'000	30 September 2009 RM'000	30 June 2009 RM'000
Overseas operations:				
Singapore	40,854,069	39,269,682	40,854,069	39,269,681
Hong Kong SAR	2,856,466	2,892,352	2,856,466	2,892,352
United States of America	1,279,680	1,339,147	1,279,680	1,339,147
People's Republic of China	855,924	969,266	855,924	969,266
Vietnam	585,543	548,044	585,543	548,044
United Kingdom	1,244,679	1,280,950	1,244,679	1,280,950
Brunei	147,389	130,655	147,389	130,655
Cambodia	266,689	302,508	266,689	302,508
Bahrain	268,860	280,649	268,860	280,649
Labuan offshore	3,204,137	3,127,624	-	-
Philippines	771,902	793,490	-	-
Indonesia	13,270,828	12,417,737	-	-
Papua New Guinea	66,470	66,364	-	-
	65,672,636	63,418,468	48,359,299	47,013,252
Gross loans, advances and financing	198,783,185	193,362,791	152,198,924	150,215,884

(ii) By interest/profit rate sensitivity

Fixed rate				
- Housing loans/financing	12,891,646	11,235,546	9,260,304	7,724,707
- Hire purchase receivables	30,451,839	29,790,106	18,825,687	19,005,757
- Other fixed rate loans/financing	19,774,586	19,021,173	13,498,864	13,285,625
Variable rate	-		-	
- Base lending rate plus	66,752,837	64,648,964	60,606,345	59,291,964
- Cost plus	20,637,553	20,795,087	17,387,809	17,128,290
- Other variable rates	48,274,724	47,871,915	32,619,915	33,779,541
Gross loans, advances and financing	198,783,185	193,362,791	152,198,924	150,215,884

(ii) Total loans by economic purpose

	Group		Bank	
	30 September 2009 RM'000	30 June 2009 RM'000	30 September 2009 RM'000	30 June 2009 RM'000
Domestic operations:				
Purchase of securities	11,835,736	11,437,474	9,861,658	9,891,754
Purchase of transport vehicles	20,392,059	19,844,339	8,642,083	8,912,826
- less Islamic loans sold to Cagamas	(256,794)	(268,304)	-	-
Purchase of landed properties				
- residential	24,948,579	24,649,453	19,527,588	19,241,121
- non-residential	6,610,527	6,493,344	5,922,177	5,797,391
- less Islamic housing loans sold to Cagamas	-	(315,069)	-	-
Purchase of fixed assets (exclude landed properties)	3,253	3,264	3,253	3,264
Personal use	4,000,166	3,782,771	3,469,594	3,348,353
Credit card	3,651,553	3,556,878	3,585,040	3,510,535
Purchase of consumer durables	16,983	15,709	15,871	14,838
Construction	6,456,797	6,300,230	5,696,316	5,426,053
Working capital	52,011,864	51,005,722	43,794,332	43,706,947
Others	3,439,826	3,438,512	3,321,713	3,349,550
Total domestic operations	133,110,549	129,944,323	103,839,625	103,202,632

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A10. Loans, Advances and Financing (contd)

(ii) Total loans by economic purpose (contd)

	Group		Bank	
	30 September 2009 RM'000	30 June 2009 RM'000	30 September 2009 RM'000	30 June 2009 RM'000
Overseas operations:				
Singapore	40,854,069	39,269,682	40,854,069	39,269,681
Hong Kong SAR	2,856,466	2,892,352	2,856,466	2,892,352
United States of America	1,279,680	1,339,147	1,279,680	1,339,147
People's Republic of China	855,924	969,266	855,924	969,266
Vietnam	585,543	548,044	585,543	548,044
United Kingdom	1,244,679	1,280,950	1,244,679	1,280,950
Brunei	147,389	130,655	147,389	130,655
Cambodia	266,689	302,508	266,689	302,508
Bahrain	268,860	280,649	268,860	280,649
Labuan Offshore	3,204,137	3,127,624	-	-
Philippines	771,902	793,490	-	-
Indonesia	13,270,828	12,417,737	-	-
Papua New Guinea	66,470	66,364	-	-
	65,672,636	63,418,468	48,359,299	47,013,252
Gross loans, advances and financing	198,783,185	193,362,791	152,198,924	150,215,884

(iii) Non-performing loans by economic purpose

Domestic operations:				
Purchase of securities	119,323	131,940	68,646	74,889
Purchase of transport vehicles	153,760	122,873	112,502	90,420
Purchase of landed properties				
- residential	1,931,204	1,957,069	1,468,444	1,480,025
- non-residential	378,001	332,185	341,968	294,607
Purchase of fixed assets (exclude landed properties)	-	-	-	-
Personal use	209,726	212,615	169,167	174,808
Credit card	53,053	53,267	51,762	52,733
Purchase of consumer durables	1,568	1,571	1,565	1,567
Construction	542,041	462,533	443,839	365,212
Working capital	2,458,860	2,391,994	2,042,223	2,026,305
Others	24,439	19,492	21,789	16,845
Total domestic operations	5,871,975	5,685,539	4,721,905	4,577,411
Overseas operations:				
Singapore	289,928	296,279	289,928	296,279
Hong Kong SAR	79,480	74,170	79,480	74,170
Brunei	2,434	2,789	2,434	2,789
Vietnam	20,473	20,859	20,473	20,859
United Kingdom	42,831	42,629	42,831	42,629
People's Republic of China	21,813	22,176	21,813	22,176
Cambodia	13,545	-	13,545	-
Labuan Offshore	125,987	107,238	-	-
Papua New Guinea	2,063	2,637	-	-
Philippines	30,370	33,922	-	-
Indonesia	456,109	426,994	-	-
	1,085,033	1,029,693	470,504	458,902
	6,957,008	6,715,232	5,192,409	5,036,313

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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 September 2009 RM'000	30 June 2009 RM'000	30 September 2009 RM'000	30 June 2009 RM'000
At beginning of the period/year	6,715,232	6,472,448	5,036,313	5,214,212
Non-performing during the period/year	1,368,146	4,363,522	777,905	2,856,632
Reclassified as performing	(553,239)	(1,753,845)	(344,531)	(1,397,206)
Acquired upon acquisition of a subsidiary	-	396,688	-	-
Recovered during the period/year	(355,035)	(1,359,029)	(194,863)	(919,972)
Amount written off	(249,986)	(1,439,402)	(97,357)	(797,628)
Converted to Securities	-	(931)	-	(931)
Exchange differences and expenses debited	31,890	35,781	14,942	81,206
At end of the period/year	6,957,008	6,715,232	5,192,409	5,036,313
Less: Specific allowance	(4,107,432)	(3,854,026)	(3,015,500)	(2,847,031)
- on non-performing loans	(3,844,976)	(3,589,888)	(2,756,097)	(2,586,136)
- performing loans	(262,456)	(264,138)	(259,403)	(260,895)
Net non-performing loans, advances and financing	2,849,576	2,861,206	2,176,909	2,189,282
Ratio of net non-performing loans:				
- Including specific allowance on performing loans	1.46%	1.51%	1.46%	1.49%
- Excluding specific allowance on performing loans	1.60%	1.64%	1.63%	1.66%

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

	Group		Bank	
	30 September 2009 RM'000	30 June 2009 RM'000	30 September 2009 RM'000	30 June 2009 RM'000
<u>Specific Allowance</u>				
At beginning of the period/year	3,854,026	3,353,676	2,847,031	2,698,146
Allowance made during the period/year	653,038	2,088,853	404,713	1,337,489
Amount written back in respect of recoveries	(159,452)	(475,569)	(139,828)	(396,612)
Acquired upon acquisition of a subsidiary	-	356,983	-	-
Amount written off	(249,986)	(1,439,402)	(97,357)	(797,628)
Transfer to general allowance	-	(143)	-	-
Transferred to impairment losses in value of securities	-	(931)	-	(931)
Exchange differences	9,806	(29,441)	941	6,567
At end of the period/year	4,107,432	3,854,026	3,015,500	2,847,031

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

	Group		Bank	
	30 September 2009 RM'000	30 June 2009 RM'000	30 September 2009 RM'000	30 June 2009 RM'000
<u>General Allowance</u>				
At beginning of the period/year	3,725,599	3,187,611	2,937,055	2,728,516
Allowance made during the period/year	105,573	358,818	-	202,599
Amount written back	(67,772)	(41,574)	(29,604)	-
Acquired upon acquisition of a subsidiary	-	240,660	-	-
Transfer from specific allowance	-	143	-	-
Exchange differences	4,942	(20,059)	1,060	5,940
At end of the period/year	3,768,342	3,725,599	2,908,511	2,937,055
As % of gross loans, advances and financing (including Islamic loans sold to Cagamas) less specific allowance)	1.93%	1.96%	1.95%	1.99%

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A11. Other Assets

	Group		Bank	
	30 September 2009 RM'000	30 June 2009 RM'000	30 September 2009 RM'000	30 June 2009 RM'000
Interest receivables	1,253,938	1,274,972	962,864	945,287
Prepayments and deposits	508,264	462,836	356,875	352,005
Other debtors	3,074,251	2,959,679	1,085,232	2,349,390
Amount due from related parties	-	-	59	57
Tax Recoverable	192,719	194,935	30,753	24,222
Foreclosed Properties	128,478	147,186	44,076	62,568
Prepaid land lease payment	213,251	209,682	85,084	85,337
	5,370,901	5,249,290	2,564,943	3,818,866

A12. Deposits from Customers

Fixed deposits and negotiable instruments of deposits				
- One year or less	115,902,383	115,657,191	89,007,826	86,308,707
- More than one year	3,247,240	3,075,955	1,647,182	1,585,090
Money Market deposits	14,622,079	11,118,846	14,622,079	11,118,846
Savings deposits	36,133,088	35,290,821	27,338,429	26,554,841
Demand deposits	46,018,339	44,730,963	36,420,086	35,708,559
Structured deposits *	2,841,476	2,724,813	2,254,653	2,176,887
	218,764,605	212,598,589	171,290,255	163,452,930

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

Business enterprises	77,395,482	76,884,016	58,998,579	55,882,422
Individuals	107,545,278	105,075,231	89,432,355	87,758,655
Government and statutory bodies	8,163,621	8,263,553	2,899,813	3,845,947
Others	25,660,224	22,375,789	19,959,508	15,965,906
	218,764,605	212,598,589	171,290,255	163,452,930

A13. Deposits and Placement of Banks and Other Financial Institutions

Licensed banks	17,662,296	21,450,131	19,214,498	23,327,742
Licensed finance companies	290,127	368,538	177,605	368,538
Licensed investment banks	528,332	650,255	528,332	650,255
Other financial institutions	7,963,797	6,312,939	6,827,918	5,775,381
	26,444,552	28,781,863	26,748,353	30,121,916

Maturity structure of deposits and placements of banks and other financial institutions				
- One year or less	24,208,162	26,704,881	24,742,143	28,280,565
- More than one year	2,236,390	2,076,982	2,006,210	1,841,351
	26,444,552	28,781,863	26,748,353	30,121,916

A14. Borrowings, Subordinated Obligations and Capital Securities

(i) Borrowings				
Unsecured				
- less than one year	207,630	281,360	207,630	281,360
- more than one year	1,898,140	1,230,950	1,898,140	1,230,950
	2,105,770	1,512,310	2,105,770	1,512,310
(ii) Subordinated obligations				
Unsecured				
- more than one year	8,646,690	8,672,373	8,135,289	8,152,239

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A14. Borrowings, Subordinated Obligations and Capital Securities (Contd.)

	Group		Bank	
	30 September 2009 RM'000	30 June 2009 RM'000	30 September 2009 RM'000	30 June 2009 RM'000
(iii) Capital Securities				
Unsecured				
- more than one year	6,061,407	6,047,541	6,061,407	6,047,541

A15. Other Liabilities

Interest/Profit payable	1,148,322	1,120,462	959,277	893,331
Provision for outstanding claims	444,830	441,712	-	-
Unearned premium reserves	404,658	286,294	-	-
Profit Equalisation Reserves	5,017	46,477	-	-
Provisions and accruals	1,630,851	1,598,404	1,263,287	1,265,610
Due to brokers and clients	1,456,277	500,058	-	-
Deposits and other creditors	2,266,614	2,992,593	1,285,940	1,094,417
Dividend payable	424,679	-	424,679	-
	7,781,248	6,986,000	3,933,183	3,253,358

A16. Interest Income

	1st Quarter Ended		Cumulative 3 Months Ended	
	30 September 2009 RM'000	30 September 2008 RM'000	30 September 2009 RM'000	30 September 2008 RM'000
Group				
Loans, advances and financing				
- Interest income other than recoveries from NPL	2,059,418	1,895,910	2,059,418	1,895,910
- Recoveries from NPL	61,816	51,263	61,816	51,263
Money at call and deposit placements with financial institutions	99,487	243,868	99,487	243,868
Securities purchased under resale agreements	1,594	1,877	1,594	1,877
Securities held-for-trading	11,729	6,588	11,729	6,588
Securities available-for-sale	409,220	352,645	409,220	352,645
Securities held-to-maturity	104,012	12,161	104,012	12,161
	2,747,276	2,564,312	2,747,276	2,564,312
Amortisation of premium less accretion of discounts	(7,914)	18,166	(7,914)	18,166
Net interest/income clawed back/suspended	(11,111)	(10,599)	(11,111)	(10,599)
	2,728,251	2,571,879	2,728,251	2,571,879
Bank				
Loans, advances and financing				
- Interest income other than recoveries from NPL	1,583,222	1,831,313	1,583,222	1,831,313
- Recoveries from NPL	61,806	50,404	61,806	50,404
Money at call and deposit placements with financial institutions	86,651	268,177	86,651	268,177
Securities purchased under resale agreements	24	105	24	105
Securities held-for-trading	10,150	1,653	10,150	1,653
Securities available-for-sale	342,925	310,569	342,925	310,569
Securities held-to-maturity	78,541	9,371	78,541	9,371
	2,163,319	2,471,592	2,163,319	2,471,592
Amortisation of premium less accretion of discounts	(9,337)	8,743	(9,337)	8,743
Net interest/income clawed back/suspended	(11,110)	(10,599)	(11,110)	(10,599)
	2,142,872	2,469,736	2,142,872	2,469,736

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A17. Interest Expense

Group	1st Quarter Ended		Cumulative 3 Months Ended	
	30 September 2009	30 September 2008	30 September 2009	30 September 2008
	RM'000	RM'000	RM'000	RM'000
Deposits and placements of banks and other financial institutions	50,561	208,473	50,561	208,473
Deposits from customers	817,255	945,312	817,255	945,312
Loans sold to Cagamas	1,837	11,778	1,837	11,778
Floating rate certificates of deposits	50	3,060	50	3,060
Borrowings	27,248	10,573	27,248	10,573
Subordinated obligations	47,141	8,804	47,141	8,804
Subordinated bonds	55,717	45,073	55,717	45,073
Capital Securities	100,826	73,791	100,826	73,791
	1,100,635	1,306,864	1,100,635	1,306,864
Bank				
Deposits and placements of banks and other financial institutions	52,969	273,247	52,969	273,247
Deposits from customers	591,244	825,841	591,244	825,841
Loans sold to Cagamas	1,837	11,778	1,837	11,778
Floating rate certificates of deposits	50	3,060	50	3,060
Borrowings	5,678	-	5,678	-
Subordinated obligations	36,587	8,804	36,587	8,804
Subordinated bonds	45,074	45,073	45,074	45,073
Capital Securities	100,826	73,791	100,826	73,791
	834,265	1,241,594	834,265	1,241,594

A18. Non-interest Income

Group				
(a) Fee income:				
Commission	203,624	196,674	203,624	196,674
Service charges and fees	250,988	200,895	250,988	200,895
Guarantee fees	36,992	29,881	36,992	29,881
Underwriting fees	7,862	1,691	7,862	1,691
Brokerage income	23,300	10,884	23,300	10,884
Other fee income	101,824	20,290	101,824	20,290
	624,590	460,315	624,590	460,315
(b) Net gain/(loss) arising from:				
Sale of securities held-for trading	2,633	(13,653)	2,633	(13,653)
Sale of securities available-for-sale	87,772	13,492	87,772	13,492
Redemption of securities held-to-maturity	2,281	(84)	2,281	(84)
Net loss from sale of associated company	-	-	-	-
	92,686	(245)	92,686	(245)
(c) Gross dividend from:				
Securities portfolio	11,743	11,747	11,743	11,747
(d) Unrealised gain on revaluation of securities held-for-trading and derivatives	94,322	1,129	94,322	1,129
(e) Other income:				
Foreign exchange profit/(loss)	107,671	(125,210)	107,671	(125,210)
Net premiums written	140,431	122,758	140,431	122,758
Rental Income	6,598	6,906	6,598	6,906
Gain on disposal of property and equipment (net)	1,872	9,198	1,872	9,198
Gain on disposal of foreclosed properties	685	54	685	54
Others	61,373	8,344	61,373	8,344
	318,630	22,050	318,630	22,050
Total non-interest income	1,141,971	494,996	1,141,971	494,996

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A18. Non-interest Income (contd)

<u>Bank</u>	1st Quarter Ended		Cumulative 3 Months Ended	
	30 September 2009 RM'000	30 September 2008 RM'000	30 September 2009 RM'000	30 September 2008 RM'000
(a) Fee income:				
Commission	176,585	195,154	176,585	195,154
Service charges and fees	190,750	173,096	190,750	173,096
Guarantee fees	32,243	29,608	32,243	29,608
Underwriting fees	7,862	1,694	7,862	1,694
Other fee income	29,795	17,372	29,795	17,372
	437,235	416,924	437,235	416,924
(b) Net gain/(loss) arising from:				
Sale of securities held-for trading	(60)	(4,855)	(60)	(4,855)
Sale of securities available-for-sale	69,696	2,819	69,696	2,819
Redemption of securities held-to-maturity	1,853	(80)	1,853	(80)
	71,489	(2,116)	71,489	(2,116)
(c) Gross dividend income from:				
Securities portfolio	7,829	4,873	7,829	4,873
Subsidiary companies	17,706	-	17,706	-
	25,535	4,873	25,535	4,873
(d) Unrealised (loss)/gain on revaluation of securities held-for-trading and derivatives	97,269	(9,402)	97,269	(9,402)
(e) Other income:				
Foreign exchange profit/(loss)	88,009	(113,173)	88,009	(113,173)
Rental Income	6,033	6,571	6,033	6,571
Gain on disposal of property and equipment (net)	2,020	59	2,020	59
Others	10,834	576	10,834	576
	106,896	(105,967)	106,896	(105,967)
Total non-interest income	738,424	304,312	738,424	304,312

A19. Overhead Expenses

Group

Personnel costs

- Salaries, allowances and bonuses	518,589	433,997	518,589	433,997
- Pension costs	62,014	69,872	62,014	69,872
- Others	96,051	55,936	96,051	55,936
	676,654	559,805	676,654	559,805

Establishment costs

- Depreciation	45,580	25,574	45,580	25,574
- Rental of leasehold land and premises	38,519	21,763	38,519	21,763
- Repairs and maintenance of property and equipment	29,677	20,894	29,677	20,894
- Information technology expenses	123,611	106,201	123,611	106,201
- Others	48,400	21,773	48,400	21,773
	285,787	196,205	285,787	196,205

Marketing expenses

- Advertisement and publicity	94,865	91,538	94,865	91,538
- Others	26,365	22,431	26,365	22,431
	121,230	113,969	121,230	113,969

Administration and general expenses

- Fees and brokerage	173,916	117,820	173,916	117,820
- Administrative expenses	103,781	60,793	103,781	60,793
- General expenses	124,873	49,296	124,873	49,296
- Others	4,665	33,379	4,665	33,379
	407,235	261,288	407,235	261,288

Insurance claims incurred

	79,843	95,216	79,843	95,216
	1,570,749	1,226,483	1,570,749	1,226,483

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A19. Overhead Expenses (contd)

	1st Quarter Ended		Cumulative 3 Months Ended	
	30 September 2009 RM'000	30 September 2008 RM'000	30 September 2009 RM'000	30 September 2008 RM'000
<u>Bank</u>				
Personnel costs				
- Salaries, allowances and bonuses	386,115	393,243	386,115	393,243
- Pension costs	57,257	66,833	57,257	66,833
- Others	55,864	43,545	55,864	43,545
	499,236	503,621	499,236	503,621
Establishment costs				
- Depreciation	33,389	22,710	33,389	22,710
- Rental of leasehold land and premises	20,217	18,721	20,217	18,721
- Repairs and maintenance of property and equipment	18,677	17,597	18,677	17,597
- Information technology expenses	113,836	97,590	113,836	97,590
- Others	17,480	16,061	17,480	16,061
	203,599	172,679	203,599	172,679
Marketing expenses				
- Advertisement and publicity	50,639	67,479	50,639	67,479
- Others	21,307	20,286	21,307	20,286
	71,946	87,765	71,946	87,765
Administration and general expenses				
- Fees and brokerage	165,861	112,569	165,861	112,569
- Administrative expenses	60,589	54,492	60,589	54,492
- General expenses	47,437	45,107	47,437	45,107
- Others	9,422	33,379	9,422	33,379
	283,309	245,547	283,309	245,547
Overhead expenses allocated to subsidiary company	(86,139)	(61,071)	(86,139)	(61,071)
	971,951	948,541	971,951	948,541

A20. Allowance for Losses on Loans, Advances and Financing

	1st Quarter Ended		Cumulative 3 Months Ended	
	30 September 2009 RM'000	30 September 2008 RM'000	30 September 2009 RM'000	30 September 2008 RM'000
<u>Group</u>				
Allowance for bad and doubtful debts and financing:				
- general allowance made (net)	37,801	39,542	37,801	39,542
- specific allowance	653,038	417,521	653,038	417,521
- specific allowance written back	(159,452)	(163,442)	(159,452)	(163,442)
Bad debts and financing written off	1,756	1,134	1,756	1,134
Bad debts and financing recovered	(117,214)	(102,934)	(117,214)	(102,934)
Provision/(write back) for other debts	1,794	(6,400)	1,794	(6,400)
	417,723	185,421	417,723	185,421
<u>Bank</u>				
Allowance for bad and doubtful debts and financing:				
- general allowance made/(written back)	(29,604)	26,289	(29,604)	26,289
- specific allowance	404,713	350,540	404,713	350,540
- specific allowance written back	(139,828)	(133,605)	(139,828)	(133,605)
Bad debts and financing written off	1,516	967	1,516	967
Bad debts and financing recovered	(67,003)	(97,685)	(67,003)	(97,685)
Provision for other debts	1,400	(6,811)	1,400	(6,811)
	171,194	139,695	171,194	139,695

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A21. SEGMENT INFORMATION

As of 1 July 2009, the Group adopted FRS 8 Operating Segments and Amendments to FRS 8 Operating Segments. The Group determines and presents operating segments based on information provided to senior management of the Group. Hence, comparative segment information has been restated to conform with current quarter's presentation.

The Group is organised into six (6) segments based on services and products available within the group. The Group comprises the following main business segments:

(a) Consumer banking

Consumer banking comprises the full range of products and services offered to individuals in Malaysia, including savings and fixed deposits, remittance services, current accounts, consumer loans such as housing loans and personal loans, hire purchases, unit trusts, bancassurance products and credit cards.

(b) Business and corporate banking

Business and corporate banking comprises the full range of products and services offered to business customers in Malaysia, ranging from large corporate and the public sector to small and medium enterprises. The products and services offered include long-term loans such as project financing, short-term credit such as overdrafts and trade financing, and fee-based services such as cash management and custodian services.

(c) Treasury

Treasury comprises the full range of products and services relating to treasury activities and services, including foreign exchange, money market, derivatives and trading of capital market instruments.

(d) Investment banking

Investment banking comprises business of an investment bank, discount house and securities broker. This segment focuses on business needs of mainly large corporate customers and financial institutions. The products and services offered to customers include direct lending, advisory banking services, bond issuance, equity financing, syndicated financing, mergers and acquisitions advisory services, debt restructuring advisory services, and share and futures dealings.

(e) Insurance and asset management

Insurance and asset management comprise the business of underwriting all classes of general and life insurance businesses, offshore investment life insurance business, general takaful and family takaful businesses, asset and fund management, nominee and trustee services and custodian services.

(f) International banking

International comprises the full range of banking products and services offered to individuals and business customers in overseas, including in Singapore, Indonesia, Pakistan, Vietnam, China (including Hong Kong), United Kingdom, United States of America, and all other overseas banking operations.

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A21. SEGMENT INFORMATION (contd)

By Business Segments (contd)

Three Months Ended 30 September 2009	← Operating Segments →						Head Office RM'000	Total RM'000
	Consumer Banking RM'000	Business and Corporate Banking RM'000	Treasury RM'000	Investment Banking RM'000	Insurance and Asset Management RM'000	International Banking RM'000		
Net interest income and Islamic banking income								
- external	805,700	484,400	215,000	24,215	26,831	629,405	(176,379)	2,009,172
- Inter-segment	-	-	-	(9,615)	(3,331)	(10,605)	23,551	-
	<u>805,700</u>	<u>484,400</u>	<u>215,000</u>	<u>14,600</u>	<u>23,500</u>	<u>618,800</u>	<u>(152,828)</u>	<u>2,009,172</u>
Net interest income and Islamic banking income	805,700	484,400	215,000	14,600	23,500	618,800	(152,828)	2,009,172
Other operating income	280,800	119,500	196,400	53,100	203,400	272,014	16,757	1,141,971
Net income	<u>1,086,500</u>	<u>603,900</u>	<u>411,400</u>	<u>67,700</u>	<u>226,900</u>	<u>890,814</u>	<u>(136,071)</u>	<u>3,151,143</u>
Overhead expenses	(674,550)	(214,465)	(17,134)	(26,000)	(145,000)	(493,600)	-	(1,570,749)
Allowance for losses on loans, advances and financing	(129,400)	(216,200)	-	17,200	-	(99,323)	10,000	(417,723)
Impairment losses on securities, net	-	10,100	(40,200)	-	(2,000)	(164)	-	(32,264)
Operating Profit	<u>282,550</u>	<u>183,335</u>	<u>354,066</u>	<u>58,900</u>	<u>79,900</u>	<u>297,727</u>	<u>(126,071)</u>	<u>1,130,407</u>
Share of profits in associates	-	-	-	-	-	25,808	-	25,808
Profit before taxation and zakat	<u>282,550</u>	<u>183,335</u>	<u>354,066</u>	<u>58,900</u>	<u>79,900</u>	<u>323,535</u>	<u>(126,071)</u>	<u>1,156,215</u>
Taxation and zakat								<u>(249,462)</u>
Profit after taxation and zakat								<u>906,753</u>
Minority interest								<u>(24,950)</u>
Profit for the period								<u>881,803</u>

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A21. SEGMENT INFORMATION (contd)

By Business Segments (contd)

	← Operating Segments →							
	Consumer Banking RM'000	Business and Corporate Banking RM'000	Treasury RM'000	Investment Banking RM'000	Insurance and Asset Management RM'000	International Banking RM'000	Head Office RM'000	
Three Months Ended 30 September 2008								
Net interest income and Islamic banking income								
- external	757,260	497,600	82,200	29,634	23,809	389,698	(229,953)	1,550,248
- Inter-segment	-	-	-	(14,034)	(309)	(66,010)	80,353	-
	757,260	497,600	82,200	15,600	23,500	323,688	(149,600)	1,550,248
Net interest income and Islamic banking income	757,260	497,600	82,200	15,600	23,500	323,688	(149,600)	1,550,248
Other operating income	261,200	108,800	148,800	23,950	108,595	95,540	(10,065)	736,820
Net income	1,018,460	606,400	231,000	39,550	132,095	419,228	(159,665)	2,287,068
Overhead expenses	(672,923)	(217,069)	(22,797)	(21,970)	(98,710)	(193,014)	-	(1,226,483)
Allowance for losses on loans, advances and financing	(94,600)	(174,000)	-	(773)	9	18,943	65,000	(185,421)
Impairment losses on securities, net	-	(25,500)	51,153	-	-	(41,900)	-	(16,247)
Operating Profit	250,937	189,831	259,356	16,807	33,394	203,257	(94,665)	858,917
Share of profits in associates	-	-	-	-	-	22,857	-	22,857
Profit before taxation and zakat	250,937	189,831	259,356	16,807	33,394	226,114	(94,665)	881,774
Taxation and zakat								(311,018)
Profit after taxation and zakat								570,756
Minority interest								1,417
Profit for the period								572,173

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A22. 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 2009.

A23. Subsequent Events

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

A24. 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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A25. 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:

Group	As at 30 September 2009			As at 30 June 2009		
	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	5,140,896	5,120,550	4,506,046	5,522,375	5,405,725	4,679,210
Certain transaction-related contingent items	11,027,106	5,513,503	4,756,800	10,646,667	5,323,022	4,534,832
Short-term self-liquidating trade-related contingencies	3,858,648	771,730	602,100	3,872,594	774,517	606,889
Islamic housing and hire purchase loans sold to Cagamas Berhad	256,794	256,794	256,794	583,373	583,373	425,839
Obligations under underwriting agreements	229,977	90,961	51,792	173,464	71,732	28,418
Irrevocable commitments to extend credit:						
- maturity within one year	92,983,900	-	-	92,604,558	-	-
- maturity exceeding one year	11,303,357	5,649,297	5,418,797	10,591,443	5,292,850	5,058,822
Foreign exchange related contracts:						
- less than one year	43,780,408	616,713	172,801	34,706,290	602,904	168,954
- one year to less than five years	1,705,324	32,011	10,801	1,534,291	24,257	7,544
Interest rate related contracts:						
- less than one year	40,872,773	1,572,752	403,486	36,831,395	1,304,947	312,414
- one year to less than five years	15,151,487	431,974	177,917	16,002,460	413,918	168,113
- five years and above	2,921,934	468,497	123,373	3,059,040	482,663	136,188
Miscellaneous	5,273,912	32	16	5,458,752	-	-
	234,506,516	20,524,814	16,480,723	221,586,702	20,279,908	16,127,223

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A25. Commitments and Contingencies and Off-Balance Sheet Financial Instruments (continued)

	As at 30 September 2009			As at 30 June 2009		
	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
<u>Bank</u>						
Direct credit substitutes	3,946,048	3,946,048	3,510,555	4,056,691	4,056,691	3,599,815
Certain transaction-related contingent items	10,080,345	5,040,172	4,325,061	9,921,241	4,960,621	4,213,174
Short-term self-liquidating trade-related contingencies	3,663,858	732,772	581,984	3,687,521	737,504	582,565
Islamic housing and hire purchase loans sold to Cagamas Berhad	-	-	-	-	-	-
Obligations under underwriting agreements	181,922	90,961	51,792	143,464	71,732	28,418
Irrevocable commitments to extend credit:						
- maturity within one year	81,892,176	-	-	79,615,789	-	-
- maturity exceeding one year	10,602,726	5,301,363	5,223,307	9,956,770	4,978,385	4,892,330
Foreign exchange related contracts:						
- less than one year	42,123,824	616,713	172,801	33,188,225	602,904	168,954
- one year to less than five years	1,705,324	32,011	10,801	1,534,292	24,257	7,544
Interest rate related contracts:						
- less than one year	40,576,424	1,565,268	396,730	36,511,553	1,294,415	308,835
- one year to less than five years	14,256,257	411,582	172,840	14,926,617	387,938	160,141
- five years and above	2,866,582	466,075	122,162	2,873,570	474,618	132,166
Miscellaneous	5,261,844	-	-	5,438,145	-	-
	217,157,330	18,202,965	14,568,033	201,853,878	17,589,065	14,093,942

* 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. 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 September 2009, the amount of contracts that was not hedged in the Group and the Bank and, hence, exposed to market risk was RM669.0 million (30 June 2009: RM332.8 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 September 2009, the amount of credit risk in the Group and the Bank, measured in terms of the cost to replace the profitable contracts, was RM314.0 million (30 June 2009: RM346.6 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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A26. Interest Rate Risk

Non trading book									
Group As at 30 September 2009	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	Trading books RM'000	Total RM'000	Effective interest rate %
ASSETS									
Cash and short-term funds	19,962,838	-	-	-	-	4,269,129	-	24,231,967	1.30
Deposits and placements with banks and other financial institutions	577,758	5,510,128	969,252	55,090	-	374,149	-	7,486,377	1.38
Securities purchased under resale agreements	77,691	-	-	-	-	-	-	77,691	2.24
Securities held-for-trading	-	-	-	-	-	-	2,526,393	2,526,393	3.19
Securities available-for-sale	668,800	351,069	440,661	1,611,581	1,595,924	3,099	41,390,604	46,061,738	4.18
Securities held-to-maturity	22,414	10,045	57,716	4,971,611	3,252,419	170,062	-	8,484,267	3.44
Loans, advances and financing									
- performing	90,838,093	15,098,237	16,282,802	28,361,128	41,201,113	44,804	-	191,826,177	6.15
- non-performing*	-	-	-	-	-	(918,766)	-	(918,766)	-
Derivative assets	-	-	-	-	-	-	1,144,141	1,144,141	-
Other Assets	-	-	-	-	-	5,370,901	-	5,370,901	-
Other non-interest sensitive balances	-	-	-	-	-	14,132,550	-	14,132,550	-
Life, general takaful and family takaful fund assets	-	-	-	-	-	16,617,158	-	16,617,158	-
TOTAL ASSETS	112,147,594	20,969,479	17,750,431	34,999,410	46,049,456	40,063,086	45,061,138	317,040,594	

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A26. Interest Rate Risk (contd)

Group As at 30 September 2009	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				
LIABILITIES AND										
SHAREHOLDERS' EQUITY										
Deposits from customers	82,002,783	31,529,730	53,956,682	47,940,137	203,383	3,131,890	-	218,764,605	1.43	
Deposits and placements of banks and other financial institutions	14,493,229	4,765,464	4,563,408	1,891,440	36,367	694,644	-	26,444,552	1.19	
Obligation on securities sold under repurchase agreements		117,000	60,967	-	-	-	-	177,967	7.54	
Bills and acceptances payable	323,905	152,201	14,360	-	-	958,642	-	1,449,108	2.29	
Recourse obligations on loans sold to Cagamas	-	7,732	32,765	450,609	-	-	-	491,106	4.83	
Derivative liabilities	-	-	-	-	-	-	1,506,855	1,506,855	-	
Borrowings	34,605	69,210	103,815	1,206,084	692,056	-	-	2,105,770	1.10	
Subordinated obligations	-	1,035,290	511,400	4,000,000	3,100,000	-	-	8,646,690	4.21	
Capital Securities	-	-	-	-	-	6,061,407	-	6,061,407	-	
Other liabilities	-	-	-	-	-	7,781,248	-	7,781,248	-	
Other non-interest sensitive balances	-	-	-	-	-	158,280	-	158,280	-	
Life, general takaful and family takaful fund liabilities	-	-	-	-	-	4,426,112	-	4,426,112	-	
Life, general takaful and family takaful policy holders' funds	-	-	-	-	-	12,191,046	-	12,191,046	-	
Total Liabilities	96,854,522	37,676,627	59,243,397	55,488,270	4,031,806	35,403,269	1,506,855	290,204,746		
Shareholders' equity	-	-	-	-	-	25,959,054	-	25,959,054		
Minority interests	-	-	-	-	-	876,794	-	876,794		
Total Liabilities and Shareholders' Equity	96,854,522	37,676,627	59,243,397	55,488,270	4,031,806	62,239,117	1,506,855	317,040,594		
On-balance sheet interest sensitivity gap	15,293,072	(16,707,148)	(41,492,966)	(20,488,860)	42,017,650	(22,176,031)	43,554,283			
Off-balance sheet interest sensitivity gap (interest rate swaps)	2,113,808	2,171,049	(573,136)	(2,936,243)	(775,478)	-	-			
Total interest sensitivity gap	17,406,880	(14,536,099)	(42,066,102)	(23,425,103)	41,242,172	(22,176,031)	43,554,283	-		
Cumulative interest rate sensitivity gap	17,406,880	2,870,781	(39,195,321)	(62,620,424)	(21,378,252)	(43,554,283)	-			

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

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A26. Interest Rate Risk

Non trading book									
Group As at 30 June 2009	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	Trading books RM'000	Total RM'000	Effective interest rate %
ASSETS									
Cash and short-term funds	16,126,913	-	-	-	-	7,481,066	-	23,607,979	1.20
Deposits and placements with banks and other financial institutions	756,741	4,542,810	541,365	1,759	-	456,500	-	6,299,175	1.43
Securities purchased under resale agreements	346,462	-	-	-	-	-	-	346,462	2.31
Securities held-for-trading	-	-	-	-	-	-	1,489,272	1,489,272	3.09
Securities available-for-sale	150,277	388,816	754,343	1,415,250	1,228,392	-	43,940,027	47,877,105	4.06
Securities held-to-maturity	20,315	34,058	16,445	5,061,416	3,026,923	201,594	-	8,360,751	3.96
Loans, advances and financing									
- performing	83,981,576	17,201,450	18,151,503	27,691,100	39,549,897	72,033	-	186,647,559	5.54
- non-performing*	-	-	-	-	-	(864,393)	-	(864,393)	-
Derivative assets	-	-	-	-	-	-	973,685	973,685	-
Other Assets	-	-	-	-	-	5,249,290	-	5,249,290	-
Other non-interest sensitive balances	-	-	-	-	-	13,970,337	-	13,970,337	-
Life, general takaful and family takaful fund assets	-	-	-	-	-	16,781,901	-	16,781,901	-
TOTAL ASSETS	101,382,284	22,167,134	19,463,656	34,169,525	43,805,212	43,348,328	46,402,984	310,739,123	

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A26. Interest Rate Risk (contd)

Group As at 30 June 2009	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			
LIABILITIES AND SHAREHOLDERS' EQUITY									
Deposits from customers	72,586,615	28,362,531	44,823,718	39,277,876	95,651	27,452,198	-	212,598,589	1.25
Deposits and placements of banks and other financial institutions	15,343,043	5,034,216	1,630,950	1,695,734	3,495,909	1,582,011	-	28,781,863	1.21
Bills and acceptances payable	451,247	243,942	15,349	-	-	759,525	-	1,470,063	2.32
Recourse obligations on loans sold to Cagamas	-	-	270,166	246,099	-	-	-	516,265	2.05
Derivative liabilities	-	-	-	-	-	-	1,459,068	1,459,068	-
Borrowings	-	-	281,360	1,230,950	-	-	-	1,512,310	1.35
Subordinated obligations	-	-	1,572,373	4,000,000	3,100,000	-	-	8,672,373	4.44
Capital Securities	-	-	-	-	-	6,047,541	-	6,047,541	-
Other liabilities	-	-	-	-	-	6,986,000	-	6,986,000	-
Other non-interest sensitive balances	-	-	-	-	-	145,173	-	145,173	-
Life, general takaful and family takaful fund liabilities	-	-	-	-	-	4,529,995	-	4,529,995	-
Life, general takaful and family takaful policy holders' funds	-	-	-	-	-	12,251,906	-	12,251,906	-
Total Liabilities	88,380,905	33,640,689	48,593,916	46,450,659	6,691,560	59,754,349	1,459,068	284,971,146	
Shareholders' equity	-	-	-	-	-	-	-	24,898,746	
Minority interests	-	-	-	-	-	-	-	869,231	
Total Liabilities and Shareholders' Equity	88,380,905	33,640,689	48,593,916	46,450,659	6,691,560	85,522,326	1,459,068	310,739,123	
On-balance sheet interest sensitivity gap	13,001,379	(11,473,555)	(29,130,260)	(12,281,134)	37,113,652	(42,173,998)	44,943,916		
Off-balance sheet interest sensitivity gap (interest rate swaps)	2,315,148	853,917	(558,350)	(1,573,887)	(1,036,828)	-	-		
Total interest sensitivity gap	15,316,527	(10,619,638)	(29,688,610)	(13,855,021)	36,076,824	(42,173,998)	44,943,916	-	
Cumulative interest rate sensitivity gap	15,316,527	4,696,889	(24,991,721)	(38,846,742)	(2,769,918)	(44,943,916)	-		

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

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A26. Interest Rate Risk (contd)

Bank As at 30 September 2009	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					
ASSETS										
Cash and short-term funds	17,675,949	-	-	-	-	3,250,383	-	20,926,332	1.30	
Deposits and placements with banks and other financial institutions	473,758	6,105,621	967,215	16,054	-	334,144	-	7,896,792	1.11	
Securities purchased under resale agreements	77,691	-	-	-	-	-	-	77,691	2.24	
Securities held-for-trading	-	-	-	-	-	-	2,094,573	2,094,573	3.60	
Securities available-for-sale	-	-	-	-	-	-	39,384,107	39,384,107	3.52	
Securities held-to-maturity	-	10,045	8,688	4,724,596	2,799,893	169,190	-	7,712,412	3.44	
Loans, advances and financing										
- performing	79,723,629	13,090,652	13,182,895	19,638,460	21,370,879	-	-	147,006,515	5.55	
- non-performing*	-	-	-	-	-	(731,602)	-	(731,602)	-	
Derivative assets	-	-	-	-	-	-	1,099,569	1,099,569	-	
Other assets	-	-	-	-	-	2,564,943	-	2,564,943	-	
Other non-interest sensitive balances	-	-	-	-	-	16,408,641	-	16,408,641	-	
TOTAL ASSETS	97,951,027	19,206,318	14,158,798	24,379,110	24,170,772	21,995,699	42,578,249	244,439,973		

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A26. Interest Rate Risk (contd)

Non trading book									
Bank As at 30 September 2009	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	Trading books RM'000	Total RM'000	Effective interest rate %
LIABILITIES AND SHAREHOLDERS' EQUITY									
Deposits from customers	60,944,302	23,954,553	47,339,922	35,412,422	85,650	3,553,406	-	171,290,255	1.02
Deposits and placements of banks and other financial institutions	15,558,238	4,552,429	4,464,788	1,639,358	27,197	506,343	-	26,748,353	1.04
Bills and acceptances payable	124,074	152,201	14,360	-	-	971,104	-	1,261,739	2.36
Recourse obligations on loans sold to Cagamas	-	7,732	32,765	450,609	-	-	-	491,106	4.83
Derivative liabilities	-	-	-	-	-	-	1,434,730	1,434,730	-
Borrowings	34,605	69,210	103,815	1,206,084	692,056	-	-	2,105,770	1.10
Subordinated obligations	-	1,035,289	-	4,000,000	3,100,000	-	-	8,135,289	3.99
Capital Securities	-	-	-	-	-	6,061,407	-	6,061,407	-
Other liabilities	-	-	-	-	-	3,933,183	-	3,933,183	-
Other non-interest sensitive balances	-	-	-	-	-	-	-	-	-
Total Liabilities	76,661,219	29,771,414	51,955,650	42,708,473	3,904,903	15,025,443	1,434,730	221,461,832	
Shareholders' equity	-	-	-	-	-	22,978,141	-	22,978,141	
Total Liabilities and Shareholders' Equity	76,661,219	29,771,414	51,955,650	42,708,473	3,904,903	38,003,584	1,434,730	244,439,973	
On-balance sheet interest sensitivity gap	21,289,808	(10,565,096)	(37,796,852)	(18,329,363)	20,265,869	(16,007,885)	41,143,519	-	
Off-balance sheet interest sensitivity gap (interest rate swaps)	1,951,412	2,120,746	(645,616)	(2,761,799)	(664,743)	-	-	-	
Total interest sensitivity gap	23,241,220	(8,444,350)	(38,442,468)	(21,091,162)	19,601,126	(16,007,885)	41,143,519	-	
Cumulative interest rate sensitivity gap	23,241,220	14,796,870	(23,645,598)	(44,736,760)	(25,135,634)	(41,143,519)	-	-	

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

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A26. Interest Rate Risk (contd)

Non trading book									
Bank As at 30 June 2009	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	Trading books RM'000	Total RM'000	Effective interest rate %
ASSETS									
Cash and short-term funds	13,867,437	-	-	-	-	3,580,875	-	17,448,312	1.20
Deposits and placements with banks and other financial institutions	620,704	5,231,356	1,282,993	1,759	-	427,157	-	7,563,969	1.07
Securities purchased under resale agreements	346,462	-	-	-	-	-	-	346,462	2.31
Securities held-for-trading	-	-	-	-	-	-	838,721	838,721	2.95
Securities available-for-sale	-	-	-	-	-	-	39,349,558	39,349,558	3.59
Securities held-to-maturity	-	1,670	7,638	4,264,653	2,367,567	190,370	-	6,831,898	3.96
Loans, advances and financing									
- performing	74,085,596	15,095,318	15,710,080	19,176,418	21,112,159	-	-	145,179,571	5.52
- non-performing*	-	-	-	-	-	(747,773)	-	(747,773)	-
Derivative assets	-	-	-	-	-	-	929,904	929,904	-
Other assets	-	-	-	-	-	3,818,866	-	3,818,866	-
Other non-interest sensitive balances	-	-	-	-	-	16,717,654	-	16,717,654	-
TOTAL ASSETS	88,920,199	20,328,344	17,000,711	23,442,830	23,479,726	23,987,149	41,118,183	238,277,142	

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A26. Interest Rate Risk (contd)

Bank As at 30 June 2009	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			
LIABILITIES AND SHAREHOLDERS' EQUITY									
Deposits from customers	55,282,391	26,548,853	43,403,901	34,937,560	87,127	3,193,098	-	163,452,930	1.06
Deposits and placements of banks and other financial institutions	17,315,632	5,252,852	1,280,227	1,637,666	3,538,909	1,096,630	-	30,121,916	1.10
Bills and acceptances payable	235,334	243,942	15,349	-	-	833,654	-	1,328,279	2.32
Recourse obligations on loans sold to Cagamas	-	-	270,166	246,099	-	-	-	516,265	2.05
Derivative liabilities	-	-	-	-	-	-	1,381,860	1,381,860	-
Borrowings	-	-	281,360	1,230,950	-	-	-	1,512,310	1.35
Subordinated obligations	-	-	1,052,239	4,000,000	3,100,000	-	-	8,152,239	4.23
Capital Securities	-	-	-	-	-	6,047,541	-	6,047,541	-
Other liabilities	-	-	-	-	-	3,253,358	-	3,253,358	-
Other non-interest sensitive balances	-	-	-	-	-	-	-	-	-
Total Liabilities	72,833,357	32,045,647	46,303,242	42,052,275	6,726,036	14,424,281	1,381,860	215,766,698	
Shareholders' equity	-	-	-	-	-	22,510,444	-	22,510,444	
Total Liabilities and Shareholders' Equity	72,833,357	32,045,647	46,303,242	42,052,275	6,726,036	36,934,725	1,381,860	238,277,142	
On-balance sheet interest sensitivity gap	16,086,842	(11,717,303)	(29,302,531)	(18,609,445)	16,753,690	(12,947,576)	39,736,323	-	
Off-balance sheet interest sensitivity gap (interest rate swaps)	2,113,766	796,988	(585,294)	(1,401,188)	(924,272)	-	-	-	
Total interest sensitivity gap	18,200,608	(10,920,315)	(29,887,825)	(20,010,633)	15,829,418	(12,947,576)	39,736,323	-	
Cumulative interest rate sensitivity gap	18,200,608	7,280,293	(22,607,532)	(42,618,165)	(26,788,747)	(39,736,323)	-	-	

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

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A27. 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 September 2009 RM'000	30 June 2009 RM'000	30 September 2009 RM'000	30 June 2009 RM'000
Before deducting proposed dividend:				
Core capital ratio	10.43%	11.00%	13.92%	14.29%
Risk-weighted capital ratio	14.28%	14.99%	13.92%	14.29%
After deducting proposed dividend:				
Core capital ratio	10.43%	10.81%	13.92%	14.06%
Risk-weighted capital ratio	14.28%	14.81%	13.92%	14.06%
Components of Tier I and Tier II capital:				
<u>Tier I capital</u>				
Paid-up share capital	7,077,983	7,077,663	7,077,983	7,077,663
Share premium	5,903,497	5,901,692	5,903,497	5,901,692
Other reserves	10,885,482	11,310,142	9,655,327	10,079,987
Capital Securities	6,061,408	6,047,541	6,061,408	6,047,541
	<u>29,928,370</u>	30,337,038	<u>28,698,215</u>	29,106,883
Less: Deferred tax assets ¹	(1,493,132)	(1,493,132)	(1,194,897)	(1,194,897)
Less: Goodwill ¹	(3,963,210)	(3,963,210)	(81,015)	(81,015)
Total Tier I capital	<u>24,472,028</u>	24,880,696	<u>27,422,303</u>	27,830,971
<u>Tier II capital</u>				
Subordinated obligations	8,627,666	8,653,373	8,135,289	8,152,239
General allowance for bad and doubtful debts	3,768,342	3,725,599	2,987,501	3,038,025
Total Tier II capital	<u>12,396,008</u>	12,378,972	<u>11,122,790</u>	11,190,264
Total capital	36,868,036	37,259,668	38,545,093	39,021,235
Less: Investment in subsidiary companies and associates ²	(3,372,979)	(3,342,964)	(12,075,401)	(12,067,698)
Capital base	<u>33,495,057</u>	33,916,704	<u>26,469,692</u>	26,953,537

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

² Excludes the cost of investment in subsidiary companies and associates, except for Myfin Berhad of RM19,993,759, as its business, assets and liabilities have been transferred to the Bank. For the Group, the cost of investments in insurance companies and associates are deducted from capital base.

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A27. Capital Adequacy (contd.)

The breakdown of risk-weighted assets (excluding deferred tax assets) in the various categories of risk-weights are as follows:

	30 September 2009		30 June 2009	
	Principal RM'000	Risk- Weighted RM'000	Principal RM'000	Risk- Weighted RM'000
Group				
0%	37,214,526	-	35,034,146	-
10%	151,483	15,148	362,633	36,263
20%	18,233,379	3,646,676	28,968,131	5,793,626
50%	34,650,692	17,325,346	33,248,708	16,624,354
100%	<u>181,464,446</u>	<u>181,464,446</u>	<u>170,959,552</u>	<u>170,959,552</u>
Total risk-weighted assets for credit risk		<u>202,451,616</u>		193,413,795
Total risk-weighted assets for market risk		<u>32,175,363</u>		<u>32,700,870</u>
Total risk-weighted assets for credit and market risks		<u>234,626,979</u>		<u>226,114,665</u>
Bank				
0%	27,854,804	-	24,132,473	-
10%	26,737	2,674	15,738	1,574
20%	21,729,049	4,345,810	30,769,597	6,153,919
50%	28,356,600	14,178,300	27,005,260	13,502,630
100%	<u>144,615,689</u>	<u>144,615,689</u>	<u>141,015,316</u>	<u>141,015,316</u>
Total risk-weighted assets for credit risk		<u>163,142,473</u>		160,673,439
Total risk-weighted assets for market risk		<u>26,977,268</u>		<u>27,922,999</u>
Total risk-weighted assets for credit and market risks		<u>190,119,741</u>		<u>188,596,438</u>

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A28. The Operations of Islamic Banking

A28a. Unaudited Balance Sheets as at 30 September 2009

Group	30 September 2009 RM'000	30 June 2009 RM'000
ASSETS		
Cash and short-term funds	1,202,427	4,403,717
Deposits and placements with banks and other financial institutions	50,790	49,659
Securities portfolio	5,024,959	4,324,549
Financing and advances	27,852,415	25,432,558
Deferred tax assets	81,898	58,397
Derivative assets	20,197	23,641
Other assets	815,997	209,245
Statutory deposit with Bank Negara Malaysia	58,000	206,000
Total Assets	35,106,683	34,707,766
LIABILITIES		
Deposits from customers	24,872,880	24,778,718
Deposit and placements of banks and other financial institutions	7,210,857	6,153,166
Bills and acceptances payable	11,328	2,931
Derivatives liabilities	23,553	27,138
Other liabilities	245,982	1,020,861
Provision for taxation and zakat	28,768	28,597
Total Liabilities	32,393,368	32,011,411
ISLAMIC BANKING FUNDS		
Islamic Banking Funds	136,593	197,476
Reserves	2,576,722	2,498,879
	2,713,315	2,696,355
Total Liabilities and Islamic Banking Funds	35,106,683	34,707,766
COMMITMENTS AND CONTINGENCIES	13,039,271	15,234,088

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A28. The Operations of Islamic Banking (Contd)

A28b. Unaudited Income Statements for the First Financial Quarter Ended 30 September 2009

	1st Quarter Ended		Cumulative 3 Months Ended	
	30 September 2009 RM'000	30 September 2008 RM'000	30 September 2009 RM'000	30 September 2008 RM'000
Group				
Income derived from investment of depositors' funds	426,203	373,666	426,203	373,666
Expenses directly attributable to depositors and Islamic Banking Funds	(1,881)	1,081	(1,881)	1,081
Transfer from profit equalisation reserve	41,389	1,179	41,389	1,179
Gross attributable income	465,711	375,926	465,711	375,926
Allowance for losses on financing and advances	(171,133)	(33,419)	(171,133)	(33,419)
Total attributable income	294,578	342,507	294,578	342,507
Income attributable to the depositors	(156,938)	(168,490)	(156,938)	(168,490)
Income attributable to the Group	137,640	174,017	137,640	174,017
Income derived from investment of Islamic Banking Funds				
Gross investment income	35,887	30,997	35,887	30,997
Finance cost	-	-	-	-
Net income from investment of Islamic Banking Funds	35,887	30,997	35,887	30,997
Overhead expenses	(100,446)	(70,272)	(100,446)	(70,272)
Profit before taxation and zakat	73,081	134,742	73,081	134,742
Taxation	(7,792)	(33,132)	(7,792)	(33,132)
Zakat	(2,211)	(4,262)	(2,211)	(4,262)
Profit for the period	63,078	97,348	63,078	97,348

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A28. The Operations of Islamic Banking (Contd)

A28b. Unaudited Income Statements for the First Financial Quarter Ended 30 September 2009

For consolidation and amalgamation with the conventional operations, net income from Islamic Banking Scheme comprises the following items:

	Group	
	30 September 2009 RM'000	30 September 2008 RM'000
Gross attributable income	465,711	375,926
Net income from investment of Islamic Banking Funds	35,887	30,997
Total income before allowances for losses on financing and advances and overhead expenses	501,598	406,923
Income attributable to the depositors	(156,938)	(168,490)
	344,660	238,433
Net of Intercompany income & expenses	36,896	46,800
Income from Islamic Banking Scheme	381,556	285,233

A28c. Financing and Advances

	Group	
	30 September 2009 RM'000	30 June 2009 RM'000
Overdrafts	2,096,504	2,032,608
Term financing		
- Housing financing	5,291,557	4,967,816
- Syndicated financing	201,065	129,795
- Hire purchase receivables	13,687,242	12,658,514
- Other financing	14,873,089	13,491,187
Bills receivable	32,104	47,931
Trust receipts	116,407	137,853
Claims on customers under acceptance credits	2,934,848	3,374,953
Staff financing	340,466	308,966
Credit card receivables	66,513	46,343
Revolving credits	1,246,500	263,100
	40,886,295	37,459,066
Unearned income	(11,871,411)	(11,028,542)
Gross financing and advances	29,014,884	26,430,524
Allowance for bad and doubtful financing:		
- specific	(624,289)	(561,520)
- general	(538,180)	(436,446)
Net financing and advances	27,852,415	25,432,558

A28d. (i) Movements in non-performing financing and advances ("NPF") are as follows:

	Group	
	30 September 2009 RM'000	30 June 2009 RM'000
Balance at beginning of the period/year	1,045,712	1,106,390
Non-performing during the period/year	162,929	425,269
Recovered/regularized during the period/year	(102,009)	(383,655)
Amount written off	(15,121)	(107,801)
Expenses debited to customers' accounts	2,599	5,509
Balance at end of the period/year	1,094,110	1,045,712
Specific allowance	(624,289)	(561,520)
on non performing loan	(621,236)	(558,277)
on performing loan	(3,053)	(3,243)
Net NPF	469,821	484,192

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A28. The Operations of Islamic Banking (Contd)

A28d. (i) Movements in non-performing financing and advances ("NPF") are as follows: (contd)

Ratio of net non-performing financing and advances		
including specific allowance on performing financing	1.65%	1.87%
excluding specific allowance on financing	1.67%	1.88%

A28d. (ii) Movements in the allowance for bad and doubtful financing accounts are as follows:

	Group	
	30 September	30 June
	2009	2009
	RM'000	RM'000
<u>General allowance</u>		
At beginning of the period/year	436,446	333,981
Allowance made during the period/year	123,840	117,165
Allowance written back	(22,106)	(14,700)
At end of the period/year	538,180	436,446
As a percentage of gross financing and advances		
less specific allowance	1.90%	1.69%
<u>Specific allowance</u>		
At beginning of the period/year	561,520	549,632
Allowance made during the period in respect		
of recoveries	93,360	193,410
Amount written back	(15,469)	(73,721)
Amount written off	(15,122)	(107,801)
At end of the period/year	624,289	561,520

A28e. Deposits from Customers

(i) By type of deposit

	Group	
	30 September	30 June
	2009	2009
	RM'000	RM'000
<u>Mudharabah Fund</u>		
Demand deposits	2,434,729	2,530,270
Savings deposits	174,092	163,642
General investment deposits	9,580,682	10,536,150
Negotiable instruments of deposits	1,658,635	1,881,710
	13,848,138	15,111,772
<u>Non-Mudharabah Fund</u>		
Demand deposits	4,048,042	3,831,515
Savings deposits	4,517,422	4,414,806
Fixed return investment deposits	1,872,455	872,700
Structured deposits	586,823	547,925
	11,024,742	9,666,946
Total deposit from customers	24,872,880	24,778,718

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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 net interest income for the first financial quarter ended 30 September 2009 increased by RM362.6 million or 28.7% over that of the corresponding period to RM1,627.6 million. The higher net interest income (Q1 FY10 vs Q1 FY09) are mainly attributed by the income contribution from PT Bank Internasional Indonesia Tbk (BII), a 97.5% subsidiary, whilst there was no consolidation of income from BII in the corresponding period.

Non interest income (including marked to market gain/loss on derivatives and securities held for trading) was higher by RM647.0 million or 130.7% compared to that of the previous corresponding period. In the period under review, the higher non interest income was contributed by foreign exchange profit, fee income and other income, which were higher by RM232.9 million, RM79.4 million and RM137.9 million respectively.

Overhead expenses increased by RM344.3 million or 28.1% over that of the corresponding period as a result of consolidation of BII overhead costs.

Personnel costs increased by RM116.8 million or 20.9% partly due to incorporation of BII's personnel costs. Establishment costs increased by RM89.6 million or 45.7% as a result of higher Information Technology expenses and rental of premises.

Administration and general expenses increased by RM145.9 million or 55.8%, from RM261.3 million to RM407.2 million, mainly due to increase in royalties paid for the expansion of cards businesses and higher professional fees incurred.

Allowance for losses on loans, advances and financing was higher by RM232.3 million or 125.3% due mainly to the specific allowance made at BII, whilst there was no consolidation of BII's specific allowance made in the corresponding period.

As a result, the Group's operating profit for the period increased from RM513.3 million to RM1,130.4 million, or an increase of 83.2%.

Without the previous corresponding period one-off items of impairment charge of RM242.0 million for investment in MCB Bank and write-back of allowance for non-refundable deposit of RM483.8 million, the Group's profit before tax for the financial period ended 30 September 2009 registered an increase of 31.1% or RM274.4 million to RM1,156.2 million compared to the previous corresponding period. Net profit attributable to equity holders was also higher by 54.1% or RM309.6 million to RM881.8 million compared to the previous period.

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B2. Variation of Current Quarter Results Against Preceding Quarter

The Group's net interest income for the quarter ended 30 September 2009 increased by RM63.0 million or 4.1% over that of the preceding quarter to RM1,627.6 million. The better growth in net interest income came mainly from the lower cost of funds obtained from the rights issue exercise completed on 30 April 2009, and from better interest margins from our overseas operations.

Non-interest income (including marked to market gain/loss of derivatives and securities held for trading) for the quarter ended 30 September 2009 was lower by RM276.2 million or a decrease of 19.5% compared to that of the preceding quarter. The significant variance was mainly attributable to lower foreign exchange profit and fee income earned, which were lower by RM175.6 million and RM162.7 million respectively.

Overheads for the quarter increased marginally by RM46.4 million or 3.0% over that of the preceding quarter mainly due to higher marketing and administrative & general expenses, which were higher by RM13.5 million and RM80.5 million respectively, but was offset partly by lower establishment costs of RM61.9 million.

Compared to the preceding quarter, allowance for losses on loans, advances and financing and impairment losses were lower by RM364.8 million and RM76.7 million respectively. The higher preceding quarter's charges came mainly from one-off items arising from the overseas operations as a consequence of the global financial turmoil.

As a result, operating profit for the quarter was higher by RM247.4 million to RM1,130.4 million, or an increase of 28.0%.

Without the preceding quarter's one-off impairment charge of RM1,619.5 million on goodwill arising from BII's banking business operations and an additional impairment loss of RM111.1 million for the investment in MCB Bank, the Group registered a pre-tax profit of RM1,156.2 million as against a pre-tax loss of RM883.0 million.

Net profit attributable to equity holders was RM881.8 million as against a net loss attributable to equity holder of RM1,118.2 million when compared to the preceding quarter.

B3. Prospects

Prospects for a global economic recovery towards the end of 2009 have begun to look more encouraging especially for emerging and developing economies. The effects of aggressive interest rate cuts by central banks and government fiscal stimulus have helped to avoid a global depression although the pace and sustainability of the recovery is still uncertain.

Malaysia has witnessed a similar recovery with the external sector and industrial production recording lower rates of decline while domestic demand from consumer spending has been supported by low and stable interest rates and public spending is gaining momentum from the implementation of the RM67 billion economic stimulus packages. Although a better-than-expected second quarter GDP has prompted expectations of a less severe recession for 2009, growth in 2010 is expected to remain modest with the upturn dependent on a sustained global economic recovery.

The domestic banking industry is expected to remain resilient as it has been able to weather the recession and avoid the worst effects of the global financial turmoil. Loans growth is expected to remain positive, albeit at a slower pace, while asset quality and capitalisation continues to be healthy amid excess liquidity. However, the industry will remain very competitive especially with the gradual introduction of liberalisation measures though risk of margin compression and asset quality deterioration is expected to be contained. Nevertheless, the recent announcement of Budget 2010 will likely affect the overall financial services industry particularly in the residential and personal

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B3. Prospects (Contd.)

financing sectors, with the introduction of RM50 per annum service tax for credit and charge cards and also the reintroduction of Real Property Gains Tax (“RPGT”).

Against the backdrop of an improving economy, Maybank’s core commercial banking operations is expected to perform better with positive but modest loan growth although recovery in the SME segment, which has been adversely impacted by the downturn in the external sector, will be uncertain. Improving capital market activity should, however, provide better performance for the investment banking and insurance divisions. Whilst seeking to expand and regain market share in selected business segments, the Group will continue to be vigilant in ensuring asset quality is preserved. Prudent risk management practices and stringent asset quality management should contain the risk of deterioration in asset quality.

The LEAP30 performance improvement programme, which had already shown tangible benefits in the last financial year, will see further initiatives launched and existing initiatives intensified in order to increase revenue and optimise costs and hence strengthen Maybank’s core business and franchise.

The Group’s international operation is expected to record better performance due to the global economic recovery as well as through business expansion. In particular, Bank Internasional Indonesia is expected to show much better growth in line with the vibrant banking sector in Indonesia.

Against the backdrop of an improving economic environment towards the end of 2009 and into 2010 and in the absence of the impairment charge which was incurred in the financial year 2009, the Group expects its financial performance for the current financial year ending 30 June 2010 to improve significantly.

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B4. Profit Forecast or Profit Guarantee

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

B5. Tax Expense and Zakat

The analysis of the tax expense for the first financial quarter ended 30 September 2009 are as follows:

Group	1st Quarter Ended		Cumulative 3 Months Ended	
	30 September 2009	30 September 2008	30 September 2009	30 September 2008
	RM'000	RM'000	RM'000	RM'000
Malaysian income tax	270,536	227,597	270,536	227,597
Foreign income tax	10,454	33,633	10,454	33,633
	280,990	261,230	280,990	261,230
Under/(over) provision in prior periods	-	(13)	-	(13)
Deferred tax expense				
- Origination and reversal of temporary differences	(34,805)	7,119	(34,805)	7,119
- Due to reduction in statutory rate	-	38,419	-	38,419
	(34,805)	45,538	(34,805)	45,538
Tax expense for the period	246,185	306,755	246,185	306,755
Zakat	3,277	4,263	3,277	4,263
	249,462	311,018	249,462	311,018

Bank	1st Quarter Ended		Cumulative 3 Months Ended	
	30 September 2009	30 September 2008	30 September 2009	30 September 2008
	RM'000	RM'000	RM'000	RM'000
Malaysian income tax	228,072	138,429	228,072	138,429
Foreign income tax	1,362	31,157	1,362	31,157
	229,434	169,586	229,434	169,586
Deferred tax expense				
- Origination and reversal of temporary differences	(2,850)	1,553	(2,850)	1,553
- Due to reduction in statutory rate	-	37,744	-	37,744
	(2,850)	39,297	(2,850)	39,297
Tax expense for the periods	226,584	208,883	226,584	208,883

Domestic income tax is calculated at the Malaysian statutory tax rate of 25% (2008: 26%) 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 gain from the sale of unquoted investments of the Group and the Bank amounted to RM68.7 million and RM68.6 million respectively, while the profit and loss from sale of properties of the Group and the Bank amounted to RM2.0 million respectively.

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) Proposed Acquisition Of Approximately 20% Of The Total Charter Capital Of Vietnam's An Binh Commercial Joint Stock Bank ("ABBank")

ABBank has distributed shares via a bonus issue to the existing shareholders of ABBank (excluding Maybank) in August 2009. Therefore, Maybank has on 25 August 2009 completed the subscription of approximately 2.16 million additional shares in ABBank at VND20,000 per share for a total consideration of approximately VND43.3 billion or RM8.5 million (at the exchange rate of VND5,073 : RM1.00 as of 24 August 2009) to maintain its effective shareholding of 15% in ABBank.

Further, subject to the approval of the relevant authorities, Maybank will also subscribe for an additional 5% of the total Charter Capital of ABBank. Pursuant thereto, Maybank will eventually hold 20% of the total Charter Capital of ABBank.

(b) Family Takaful Business Joint Venture In Pakistan

On 23 June 2008, Maybank received an 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 issued 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 owned by Pak-Kuwait Investment Company and they will submit an application for license from the authorities in Pakistan to operate the family Takaful business. The issue and paid-up capital of the company is Pakistan Rupees 500 million.

There have been no material developments in the joint venture. Both parties are still currently finalizing the business plan for the Joint Venture Company.

(c) 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. 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.

The IT1CS is 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.

The Bank 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 year 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.

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

(c) 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. (Contd.)

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

During the year, the following has been issued under the IT1CS Programme:

(i) SGD600 million IT1CS

On 11 August 2008, Maybank issued SGD600 million IT1CS. The SGD 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.

(ii) RM1.1 billion IT1CS

On 25 September 2008, Maybank issued RM1.10 billion of IT1CS, which forms part of the overall IT1CS Programme. The RM IT1CS matures on 25 September 2068, and is callable on 25 September 2018 and on every interest payment date thereafter.

There is no new issuance under the IT1CS Programme other than the two issuances disclosed above.

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 A25.

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 and statement of claim by ten plaintiffs / bondholders for an amount of approximately RM157.8 million. MTB, as the 2nd Defendant, 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 judgment 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. MTB is not a party to the judgment by consent and shall continue to defend the Suit.

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B11. Changes in Material Litigation (Contd.)

- (a) 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 re-insurers

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

The 1st Defendant has on 4 August 2008 served a counterclaim on MTB for almost RM535 million being loss of profit, expenses and damages allegedly incurred as a result of MTB unlawfully declaring an Event Of Default (“EOD”) on the bonds. However, on 25 August 2009, the 1st Defendant withdrew the Counterclaim against MTB.

MTB is counterclaiming against and also claiming indemnity, contribution or other relief from the 2nd Plaintiff, the 1st and 3rd to 12th Defendants as well as a legal firm.

The suit is set for continued trial on various dates in November 2009.

- (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 filed its defence to the counterclaim and applied to strike out the counterclaim.

On 14 May 2009, the Court allowed ETB’s application for summary judgement, but directed that a rebate be given if there is early settlement. The Court has also dismissed the 1st Defendant’s counter-claim against ETB with costs. The Defendants have filed two separate applications to court for stay of execution of the Judgment. The application for stay of execution was dismissed by the Court. ETB has commenced Foreclosure proceedings against the 1st Defendant and the same is fixed for hearing on 19 January 2010.

- (c) A corporate borrower has issued a writ of summon and statement of claim against Maybank Investment Bank Berhad (formerly known as Aseambankers Malaysia Berhad) (“Maybank IB”) in 2005 in its capacity as agent bank for three financial institutions as syndicated lenders claiming general, special and exemplary damages arising from alleged breach of duty owed by Maybank IB. Although it has not been quantified, the claim value is estimated at approximately RM450 million.

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B11. Changes in Material Litigation (Contd.)

- (c) The credit facilities consist of a bridging loan of RM58.5 million and a revolving credit facility of RM4 million which were granted by Maybank IB and the three syndicated lenders. The loan was subsequently restructured to RM38 million with terms for repayment. In 2006, Maybank IB and the three 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 million, Maybank's exposure is RM189 million (inclusive of the assets and liabilities of Kewangan Bersatu Berhad (one of the syndicated lenders) and from Maybank IB 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.

The trial was completed on 13 November 2008.

The Court on 6 May 2009 entered judgement against Maybank IB as agent for the syndicated lenders for an estimated RM115.5 million with interest at 6% per annum from date of disbursement to realisation.

The balance of the judgement claim (including for general damages) against Maybank IB as agent for the syndicated lenders was ordered to be assessed by the Senior Assistant Registrar, at a later date. At this juncture, Maybank as one of the syndicated lenders has an exposure of RM48 million out of the RM115.5 million judgement sum. Maybank IB has filed a notice of appeal and an application for stay of execution of the judgement sum. Maybank IB had on 24 June 2009 obtained a stay order pending its appeal. The corporate borrower had on 24 June 2009 filed an appeal against the decision on the stay order. The date for the hearing of corporate borrower's appeal is fixed on 23 November 2009.

Maybank IB's solicitors are of the view that it has a more than even chance of succeeding in its appeal against the said judgement.

Save as disclosed, 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. 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 cumulative period respectively.

	1st Quarter Ended		Cumulative 3 Months Ended	
	30 September 2009	30 September 2008	30 September 2009	30 September 2008
Net profit for the period (RM'000)	881,803	572,173	881,803	572,173
Weighted average number of ordinary shares in issue ('000)	7,077,877	4,881,138 ¹	7,077,877	4,881,138 ¹
Basic earnings per share ('000)	12.46 sen	11.72 sen ¹	12.46 sen	11.72 sen ¹

Diluted

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

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

	1st Quarter Ended		Cumulative 3 Months Ended	
	30 September 2009	30 September 2008	30 September 2009	30 September 2008
Net profit for the year (RM'000)	881,803	572,173	881,803	572,173
Weighted average number of ordinary shares in issue ('000)	7,077,877	4,881,138	7,077,877	4,881,138
Effects of share option ('000)	-	-	-	-
Adjusted weighted average number of ordinary shares in issue ('000)	7,077,877	4,881,138 ¹	7,077,877	4,881,138 ¹
Diluted earnings per share ('000)	12.46 sen	11.72 sen ¹	12.46 sen	11.72 sen ¹

¹ Adjusted for rights issue completed on 30 April 2009.

By Order of the Board

Mohd Nazlan Mohd Ghazali
LS0008977
Company Secretary
12 November 2009