

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

CONDENSED FINANCIAL STATEMENTS
UNAUDITED INCOME STATEMENTS
FOR THE FINANCIAL HALF YEAR ENDED 31 DECEMBER 2009

| <u>Group</u> | Note | 2nd Quarter Ended | | Cumulative 6 Months Ended | |
|--|------|----------------------------|----------------------------|----------------------------|----------------------------|
| | | 31 December 2009 RM'000 | 31 December 2008 RM'000 | 31 December 2009 RM'000 | 31 December 2008 RM'000 |
| Interest income | A16 | 2,732,413 | 3,163,811 | 5,460,664 | 5,735,690 |
| Interest expense | A17 | (1,049,359) | (1,616,395) | (2,149,994) | (2,923,259) |
| Net interest income | | 1,683,054 | 1,547,416 | 3,310,670 | 2,812,431 |
| Income from Islamic Banking | | | | | |
| Scheme operations: | | | | | |
| Gross operating income | | 368,441 | 292,843 | 708,608 | 576,897 |
| Profit equalisation reserves | | (12,492) | 12,234 | 28,897 | 13,413 |
| | A29b | 355,949 | 305,077 | 737,505 | 590,310 |
| | | 2,039,003 | 1,852,493 | 4,048,175 | 3,402,741 |
| Non-interest income | A18 | 1,218,100 | 832,186 | 2,360,071 | 1,327,182 |
| Net income | | 3,257,103 | 2,684,679 | 6,408,246 | 4,729,923 |
| Overhead expenses | A19 | (1,638,741) | (1,403,024) | (3,209,490) | (2,629,507) |
| | | 1,618,362 | 1,281,655 | 3,198,756 | 2,100,416 |
| Allowance for losses on loans, advances and financing | A20 | (243,556) | (321,093) | (661,279) | (506,514) |
| Impairment losses on securities, net | | (9,828) | (22,562) | (42,092) | (38,809) |
| Operating Profit | | 1,364,978 | 938,000 | 2,495,385 | 1,555,093 |
| Impairment loss on investment in associated companies | | - | - | - | (242,000) |
| Write-back of allowance for non-refundable deposit | | - | - | - | 483,824 |
| | | 1,364,978 | 938,000 | 2,495,385 | 1,796,917 |
| Share of profits in associated companies | | 34,976 | 22,285 | 60,784 | 45,142 |
| Profit before taxation and zakat | | 1,399,954 | 960,285 | 2,556,169 | 1,842,059 |
| Taxation & Zakat | B5 | (376,574) | (225,617) | (626,036) | (536,635) |
| Profit for the period | | 1,023,380 | 734,668 | 1,930,133 | 1,305,424 |
| Attributable to: | | | | | |
| Equity holders of the parent | | 993,502 | 734,560 | 1,875,305 | 1,306,733 |
| Minority Interest | | 29,878 | 108 | 54,828 | (1,309) |
| | | 1,023,380 | 734,668 | 1,930,133 | 1,305,424 |
| Earnings per share attributable to equity holders of the parent | B13 | | | | |
| Basic | | 14.04 sen | 13.35 sen ¹ | 26.50 sen | 23.76 sen ¹ |
| Fully diluted | | 14.04 sen | 13.35 sen ¹ | 26.50 sen | 23.76 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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(3813-K)
(Incorporated in Malaysia)

CONDENSED FINANCIAL STATEMENTS
UNAUDITED INCOME STATEMENTS
FOR THE FINANCIAL HALF YEAR ENDED 31 DECEMBER 2009

| Bank | Note | 2nd Quarter Ended | | Cumulative 6 Months Ended | |
|---|-------------|--------------------------|-------------------------|----------------------------------|-------------------------|
| | | 31 December 2009 | 31 December 2008 | 31 December 2009 | 31 December 2008 |
| | | RM'000 | RM'000 | RM'000 | RM'000 |
| Interest income | A16 | 2,140,994 | 2,468,528 | 4,283,866 | 4,938,264 |
| Interest expense | A17 | (795,990) | (1,202,058) | (1,630,255) | (2,443,652) |
| Net interest income | | 1,345,004 | 1,266,470 | 2,653,611 | 2,494,612 |
| Non-interest income | A18 | 1,351,681 | 514,662 | 2,090,105 | 818,974 |
| Net income | | 2,696,685 | 1,781,132 | 4,743,716 | 3,313,586 |
| Overhead expenses | A19 | (1,051,317) | (894,325) | (2,023,268) | (1,842,866) |
| | | 1,645,368 | 886,807 | 2,720,448 | 1,470,720 |
| Allowance for losses on loans, advances and financing | A20 | (128,707) | (137,469) | (299,901) | (277,164) |
| Impairment losses on securities, net | | (9,818) | (6,035) | (43,912) | (42,073) |
| Operating Profit | | 1,506,843 | 743,303 | 2,376,635 | 1,151,483 |
| Impairment loss on investment in a subsidiary | | - | - | - | (242,000) |
| Write-back of allowance for non-refundable deposit | | - | - | - | 483,824 |
| Profit before taxation and zakat | | 1,506,843 | 743,303 | 2,376,635 | 1,393,307 |
| Taxation | B5 | (409,035) | (144,278) | (635,619) | (353,161) |
| Profit for the period | | 1,097,808 | 599,025 | 1,741,016 | 1,040,146 |

(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)

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

CONDENSED FINANCIAL STATEMENTS
UNAUDITED BALANCE SHEETS AS AT 31 DECEMBER 2009

| | Note | GROUP | | BANK | |
|--|----------|-------------------------------|---------------------------|-------------------------------|---------------------------|
| | | 31 December 2009 RM'000 | 30 June 2009 RM'000 | 31 December 2009 RM'000 | 30 June 2009 RM'000 |
| ASSETS | | | | | |
| Cash and short-term funds | | 30,975,103 | 23,607,979 | 25,630,637 | 17,448,312 |
| Deposits and placements with financial institutions | | 8,703,846 | 6,299,175 | 7,317,617 | 7,563,969 |
| Securities purchased under resale agreements | | 135,865 | 346,462 | 135,865 | 346,462 |
| Securities portfolio | A9 | 58,225,811 | 57,727,128 | 50,670,251 | 47,020,177 |
| Loans, advances and financing | A10 | 195,124,730 | 185,783,166 | 147,038,686 | 144,431,798 |
| Derivative assets | | 959,666 | 973,685 | 935,529 | 929,904 |
| Other assets | A11 | 5,223,518 | 5,249,290 | 3,788,452 | 3,818,866 |
| Investment properties | | 49,109 | 26,578 | - | - |
| Statutory deposits with Central Banks | | 4,379,089 | 4,050,932 | 1,846,752 | 2,110,143 |
| Investment in subsidiaries | | - | - | 11,786,293 | 11,786,293 |
| Interests in associates | | 2,595,478 | 2,630,123 | 418,639 | 343,049 |
| Property, plant and equipment | | 1,395,566 | 1,395,562 | 1,113,545 | 1,115,140 |
| Intangible assets | | 4,612,487 | 4,374,010 | 154,599 | 168,132 |
| Deferred tax assets | | 1,502,053 | 1,493,132 | 1,176,448 | 1,194,897 |
| Life, general takaful and family takaful fund assets | | 16,949,203 | 16,781,901 | - | - |
| TOTAL ASSETS | | 330,831,524 | 310,739,123 | 252,013,313 | 238,277,142 |
| LIABILITIES | | | | | |
| Deposits from customers | A12 | 230,865,510 | 212,598,589 | 178,114,153 | 163,452,930 |
| Deposits and placements of banks and other financial institutions | A13 | 27,368,685 | 28,781,863 | 27,263,962 | 30,121,916 |
| Obligations on securities sold under repurchase agreements | | 317,803 | - | - | - |
| Bills and acceptances payable | | 1,376,894 | 1,470,063 | 1,242,225 | 1,328,279 |
| Derivative liabilities | | 1,214,200 | 1,459,068 | 1,173,572 | 1,381,860 |
| Other liabilities | A15 | 6,585,791 | 5,996,250 | 3,460,270 | 3,253,358 |
| Recourse obligation on loans sold to Cagamas | | 465,614 | 516,265 | 465,614 | 516,265 |
| Provision for taxation and zakat | | 168,088 | 87,743 | - | - |
| Deferred tax liabilities | | 71,370 | 57,430 | - | - |
| Borrowings | A14(i) | 2,934,552 | 2,502,060 | 2,083,333 | 1,512,310 |
| Subordinated obligations | A14(ii) | 8,629,114 | 8,672,373 | 8,124,708 | 8,152,239 |
| Capital Securities | A14(iii) | 6,054,935 | 6,047,541 | 6,054,935 | 6,047,541 |
| Life, general takaful and family takaful fund liabilities | | 4,488,390 | 4,529,995 | - | - |
| Life, general takaful and family takaful policy holders' funds | | 12,460,712 | 12,251,906 | - | - |
| TOTAL LIABILITIES | | 303,001,658 | 284,971,146 | 227,982,772 | 215,766,698 |

MALAYAN BANKING BERHAD
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CONDENSED FINANCIAL STATEMENTS
UNAUDITED BALANCE SHEETS AS AT 31 DECEMBER 2009

| | Note | GROUP | | BANK | |
|---|------|-------------------------------|---------------------------|-------------------------------|---------------------------|
| | | 31 December 2009 RM'000 | 30 June 2009 RM'000 | 31 December 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 | | 19,822,852 | 17,821,083 | 16,952,558 | 15,432,781 |
| | | 26,900,835 | 24,898,746 | 24,030,541 | 22,510,444 |
| Minority Interest | | 929,031 | 869,231 | - | - |
| Total equity | | 27,829,866 | 25,767,977 | 24,030,541 | 22,510,444 |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | | | | | |
| | | 330,831,524 | 310,739,123 | 252,013,313 | 238,277,142 |
| COMMITMENTS AND CONTINGENCIES | | | | | |
| | A25 | 242,786,455 | 221,586,702 | 224,596,696 | 201,853,878 |
| <u>CAPITAL ADEQUACY</u> | | | | | |
| | A27 | | | | |
| Based on credit and market risks: | | | | | |
| <u>Without deducting dividend payable *</u> | | | | | |
| Core capital ratio | | 11.00% | 11.00% | 15.00% | 14.29% |
| Risk-weighted capital ratio | | 14.86% | 14.99% | 15.00% | 14.29% |
| <u>After deducting dividend payable</u> | | | | | |
| Core capital ratio: | | 10.76% | 10.81% | 14.69% | 14.06% |
| Risk-weighted capital ratio: | | 14.61% | 14.81% | 14.69% | 14.06% |
| Net assets per share attributable to equity holders of the parent | | RM3.80 | RM3.52 | RM3.40 | 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.

(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)

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

CONDENSED FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL HALF YEAR ENDED 31 DECEMBER 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 Reserve RM'000 | Revaluation Reserve RM'000 | Distributable Retained Profits RM'000 | Total Shareholders' Equity RM'000 | Minority Interests RM'000 | Total 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 | - | - | - | - | - | 259,655 | - | - | - | 259,655 | 3,041 | 262,696 |
| Effects on adoption of Risk Based Capital ("RBC") Framework | - | - | - | - | (4,628) | - | - | - | (19,026) | (23,654) | (10,602) | (34,256) |
| Unrealised net gain on revaluation of securities available-for-sale | - | - | - | - | 306,196 | - | - | - | - | 306,196 | 9,332 | 315,528 |
| Net gain/(loss) not recognised in the income statement | - | - | - | - | 301,568 | 259,655 | - | - | (19,026) | 542,197 | 1,771 | 543,968 |
| Net profit for the period | - | - | - | - | - | - | - | - | 1,875,305 | 1,875,305 | 54,828 | 1,930,133 |
| Total recognised income/(expense) for the year | - | - | - | - | 301,568 | 259,655 | - | - | 1,856,279 | 2,417,502 | 56,599 | 2,474,101 |
| Issue of ordinary shares pursuant to ESOS | 320 | 1,805 | - | - | - | - | - | - | - | 2,125 | - | 2,125 |
| Transfer to/from statutory reserves | - | - | 451,320 | - | - | - | - | - | (451,320) | - | - | - |
| Transfer to/from share option reserve | - | - | - | - | - | - | (63,191) | - | 63,191 | - | - | - |
| Revaluation reserve from investment properties | - | - | - | - | - | - | - | 7,141 | - | 7,141 | 3,201 | 10,342 |
| Dividend paid | - | - | - | - | - | - | - | - | (424,679) | (424,679) | - | (424,679) |
| At 31 December 2009 | 7,077,983 | 5,903,497 | 5,116,303 | 15,250 | 153,180 | (407,230) | - | 9,883 | 9,031,969 | 26,900,835 | 929,031 | 27,829,866 |

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MALAYAN BANKING BERHAD
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CONDENSED FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL HALF YEAR ENDED 31 DECEMBER 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 | - | - | - | - | - | (111,457) | - | - | (111,457) | (3,146) | (114,603) |
| Acquisition of an Interest by Minority Interest | - | - | - | - | - | - | - | - | - | 93,473 | 93,473 |
| Effects of acquisition/disposal of interests from/to minority interest | - | - | - | - | - | - | - | (20,116) | (20,116) | (19,594) | (39,710) |
| Unrealised net gain on revaluation of securities available-for-sale | - | - | - | - | 500,798 | - | - | - | 500,798 | (11,794) | 489,004 |
| Net gain/(loss) not recognised in the income statement | - | - | - | - | 500,798 | (111,457) | - | (20,116) | 369,225 | 58,939 | 428,164 |
| Net profit for the period | - | - | - | - | - | - | - | 1,306,733 | 1,306,733 | (1,309) | 1,305,424 |
| Total recognised income for the period | - | - | - | - | 500,798 | (111,457) | - | 1,286,617 | 1,675,958 | 57,630 | 1,733,588 |
| Share-based payment under ESOS | - | - | - | - | - | - | (27,067) | - | (27,067) | - | (27,067) |
| Transfer to/from statutory reserves | - | - | 353,326 | - | - | - | - | (353,326) | - | - | - |
| Issue of ordinary shares pursuant to ESOS | 24 | 154 | - | - | - | - | - | - | 178 | - | 178 |
| Dividend paid | - | - | - | - | - | - | - | (722,410) | (722,410) | - | (722,410) |
| At 31 December 2008 | 4,881,147 | 2,097,165 | 4,926,962 | 15,250 | 84,458 | (153,209) | 36,002 | 8,341,377 | 20,229,152 | 846,899 | 21,076,051 |

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MALAYAN BANKING BERHAD
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CONDENSED FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL HALF YEAR ENDED 31 DECEMBER 2009

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

| BANK | 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 | - | - | - | - | 19,743 | - | - | 19,743 |
| Unrealised net gain on revaluation of securities available for sale | - | - | - | 181,892 | - | - | - | 181,892 |
| Net gain/(loss) not recognised in the income statement | - | - | - | 181,892 | 19,743 | - | - | 201,635 |
| Net profit for the period | - | - | - | - | - | - | 1,741,016 | 1,741,016 |
| Total recognised income/(expense) for the year | - | - | - | 181,892 | 19,743 | - | 1,741,016 | 1,942,651 |
| Transfer to/from statutory reserve | - | - | 436,000 | - | - | - | (436,000) | - |
| Transfer to/from share option reserve | - | - | - | - | - | (63,191) | 63,191 | - |
| Issue of ordinary shares pursuant to ESOS | 320 | 1,805 | - | - | - | - | - | 2,125 |
| Dividend paid | - | - | - | - | - | - | (424,679) | (424,679) |
| At 31 December 2009 | 7,077,983 | 5,903,497 | 4,919,770 | 98,459 | 159,514 | - | 5,871,318 | 24,030,541 |

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

MALAYAN BANKING BERHAD
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CONDENSED FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL HALF YEAR ENDED 31 DECEMBER 2009

| | <=====Non Distributable=====> | | | | Exchange Fluctuation Reserve | Other Reserves | Distributable Retained Profits | Total Equity |
|---|-------------------------------|------------------|----------------------|--|------------------------------------|-------------------|--------------------------------------|-------------------|
| | Share Capital | Share Premium | Statutory Reserve | Unrealised Holding Reserve/(Deficit) | | | | |
| BANK | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| 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 | - | - | - | - | 136,650 | - | - | 136,650 |
| Unrealised net gain on revaluation of securities available for sale | - | - | - | 571,465 | - | - | - | 571,465 |
| Net gain/(loss) not recognised in the income statement | - | - | - | 571,465 | 136,650 | - | - | 708,115 |
| Net profit for the year | - | - | - | - | - | - | 1,040,146 | 1,040,146 |
| Total recognised income/(expense) for the year | - | - | - | 571,465 | 136,650 | - | 1,040,146 | 1,748,261 |
| Share-based payment under ESOS | - | - | - | - | - | 122 | - | 122 |
| Transfer to/from statutory reserves | - | - | 261,000 | - | - | - | (261,000) | - |
| Issue of ordinary shares pursuant to ESOS | 24 | 154 | - | - | - | - | - | 178 |
| Dividend paid | - | - | - | - | - | - | (722,410) | (722,410) |
| At 31 December 2008 | 4,881,147 | 2,097,165 | 4,744,770 | 170,712 | 231,380 | 63,191 | 6,038,101 | 18,226,466 |

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MALAYAN BANKING BERHAD
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CONDENSED FINANCIAL STATEMENTS
UNAUDITED CONDENSED CASH FLOW STATEMENTS
FOR THE FINANCIAL HALF YEAR ENDED 31 DECEMBER 2009

| | GROUP | | BANK | |
|--|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
| | 31 December 2009 RM'000 | 31 December 2008 RM'000 | 31 December 2009 RM'000 | 31 December 2008 RM'000 |
| Profit before taxation | 2,556,169 | 1,842,059 | 2,376,635 | 1,393,307 |
| Adjustments for non-operating and non-cash items | <u>674,774</u> | 716,447 | <u>(321,590)</u> | 691,174 |
| Operating profit before working capital changes | 3,230,943 | 2,558,506 | 2,055,045 | 2,084,481 |
| Changes in working capital:- | | | | |
| Net changes in operating assets | 5,416,385 | (9,648,409) | 8,945,130 | (8,319,089) |
| Net changes in operating liabilities | (599,992) | 4,259,519 | (2,516,824) | 3,704,442 |
| Tax expense and zakat paid | <u>(612,060)</u> | <u>(706,177)</u> | <u>(677,744)</u> | <u>(617,249)</u> |
| Net cash generated from/(used in) operations | <u>7,435,276</u> | <u>(3,536,561)</u> | <u>7,805,607</u> | <u>(3,147,415)</u> |
| Net cash generated from/(used in) investing activities | 36,612 | (7,115,802) | 496,357 | (8,969,490) |
| Net cash generated from financing activities | <u>149,925</u> | 4,970,560 | <u>149,925</u> | 4,411,831 |
| | <u>186,537</u> | <u>(2,145,242)</u> | <u>646,282</u> | <u>(4,557,659)</u> |
| Net change in cash and cash equivalents | 7,621,813 | (5,681,803) | 8,451,889 | (7,705,074) |
| Cash and cash equivalents at beginning of year * | <u>23,353,290</u> | 28,416,441 | <u>17,178,748</u> | 24,796,390 |
| Cash and cash equivalents at end of year | <u>30,975,103</u> | 22,734,638 | <u>25,630,637</u> | 17,091,316 |
| * 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>(254,689)</u> | 772,082 | <u>(269,564)</u> | 726,773 |
| As restated | <u>23,353,290</u> | 28,416,441 | <u>17,178,748</u> | 24,796,390 |

(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)

MALAYAN BANKING BERHAD
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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

| | Effective date |
|--|-----------------------|
| (i) FRS 1 First-time Adoption of Financial Reporting Standards | July 2010 |
| (ii) FRS 3 Business Combinations | July 2010 |
| (iii) FRS 4 Insurance Contracts | January 2010 |
| (iv) FRS 7 Financial Instruments-Disclosures | January 2010 |
| (v) FRS 101 Presentation of Financial Statements | January 2010 |
| (vi) FRS 123 Borrowing Costs | January 2010 |
| (vii) FRS 127 Consolidated and Separate Financial Statements | July 2010 |
| (viii) FRS 139 Financial Instruments – Recognition and Measurement | January 2010 |
| (ix) Amendments to FRS 2 Share-based Payment – Vesting Conditions and Cancellations | July 2010 |
| (x) Amendments to FRS 5 Non-current assets Held for Sale and Discontinued Operations | July 2010 |
| (xi) Amendments to FRS 110 Events After the Balance Sheet Date | January 2010 |
| (xii) Amendments to FRS 116 Property, Plant & Equipment | January 2010 |
| (xiii) Amendments to FRS 117 Leases | January 2010 |
| (xiv) Amendments to FRS 118 Revenue | January 2010 |
| (xv) Amendments to FRS 119 Employee Benefits | January 2010 |
| (xvi) Amendments to FRS 123 Borrowing Costs | January 2010 |
| (xvii) Amendments to FRS 127 Consolidated and Separate Financial Statements | January 2010 |
| (xviii) Amendments to FRS 128 Investments in associates | January 2010 |

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A1. Basis of Preparation (contd.)

| | Effective date |
|---|-----------------------|
| (xix) Amendments to FRS 131 Interests in Joint Ventures | January 2010 |
| (xx) Amendments to FRS 132 Financial Instruments Presentation | January 2010 |
| (xxi) Amendments to FRS 134 Interim Financial Reporting | January 2010 |
| (xxii) Amendments to FRS 136 Impairment of Assets | January 2010 |
| (xxiii) Amendments to FRS 138 Intangible Assets | July 2010 |
| (xxiv) Amendments to FRS 139 Financial Instruments: Recognition and Measurement, FRS 7 Financial Instruments: Disclosures | January 2010 |
| (xxv) TR i-3 Presentation of Financial Statements of Islamic Financial Institutions | January 2010 |
| (xxvi) SOP i-1 Financial Reporting from an Islamic Perspective | January 2010 |
| (xxvii) IC Interpretation 9: Reassessment of Embedded Derivatives | January 2010 |
| (xxviii) IC Interpretation 10: Interim Financial Reporting and Impairment | January 2010 |
| (xxix) IC Interpretation 11: FRS 2 – Group and Treasury Share Transactions | January 2010 |
| (xxx) IC Interpretation 12: Service Concession Arrangements | July 2010 |
| (xxxii) IC Interpretation 13: Customer Loyalty Programmes | January 2010 |
| (xxxiii) IC Interpretation 14: FRS 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction | January 2010 |
| (xxxiiii) IC Interpretation 15: Agreements for the Construction of Real Estate | July 2010 |
| (xxxv) IC Interpretation 16: Hedges of a Net Investment in a Foreign Operation | July 2010 |
| (xxxvi) IC Interpretation 17: Distributions of Non-cash Assets to Owners | July 2010 |

FRS 8 does not 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 second quarter and the financial half year ended 31 December 2009.

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

During the second quarter and the financial half year ended 31 December 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 second quarter and the financial half year ended 31 December 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 31 December 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. Dividend Paid

There was no dividend paid during the second quarter ended 31 December 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 7,077,982,768 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 | |
|-------------------------------|-------|-------------------------------|---------------------------|-------------------------------|---------------------------|
| | | 31 December 2009 RM'000 | 30 June 2009 RM'000 | 31 December 2009 RM'000 | 30 June 2009 RM'000 |
| Securities held-for-trading | (i) | 2,964,048 | 1,489,272 | 2,611,124 | 838,721 |
| Securities available-for-sale | (ii) | 46,369,524 | 47,877,105 | 40,084,586 | 39,349,558 |
| Securities held-to-maturity | (iii) | 8,892,239 | 8,360,751 | 7,974,541 | 6,831,898 |
| | | 58,225,811 | 57,727,128 | 50,670,251 | 47,020,177 |

A9. (i) Securities Held-for-trading

At Fair value

Money market instruments:-

| | | | | |
|--|------------------|----------------|----------------|----------------|
| Malaysian Government Securities | 500,249 | 63,813 | 500,249 | 4,940 |
| Malaysian Government Treasury Bills | 61,260 | 73,227 | 61,260 | 73,227 |
| Malaysian Government Investment Issues | 167,116 | 29,946 | 121,942 | - |
| Khazanah Bonds | - | 4,978 | - | - |
| Bank Negara Malaysia Monetary Notes | 144,386 | 444,031 | 120,290 | 444,031 |
| Foreign Government Treasury Bills | 121,343 | - | 121,343 | - |
| Foreign Government Securities | 37,665 | 4,738 | - | - |
| Foreign Certificates of Deposits | 245,989 | 219,426 | - | - |
| | 1,278,008 | 840,159 | 925,084 | 522,198 |

Quoted securities:

| | | | | |
|--------|---------------|---------------|---------------|---------------|
| Shares | 28,071 | 27,939 | 28,071 | 27,939 |
| | 28,071 | 27,939 | 28,071 | 27,939 |

Unquoted securities:

| | | | | |
|---|------------------|----------------|------------------|----------------|
| Private and Islamic Debt Securities in Malaysia | 1,246,267 | 332,590 | 1,246,267 | - |
| Foreign Private Debt Securities | 411,702 | 288,584 | 411,702 | 288,584 |
| | 1,657,969 | 621,174 | 1,657,969 | 288,584 |

Total securities held-for-trading

| | | | | |
|--|------------------|------------------|------------------|----------------|
| | 2,964,048 | 1,489,272 | 2,611,124 | 838,721 |
|--|------------------|------------------|------------------|----------------|

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 | 5,748,156 | 8,000,877 | 5,644,130 | 7,462,815 |
| Malaysian Treasury Bills | - | 9,902 | - | 9,902 |
| Cagamas Bonds | 351,738 | 289,075 | 351,738 | 289,075 |
| Foreign Government Securities | 7,950,530 | 7,601,976 | 5,260,434 | 4,889,677 |
| Malaysian Government Investment Issues | 6,281,058 | 8,128,186 | 3,602,010 | 5,156,329 |
| Foreign Government Treasury Bills | 1,533,245 | 556,106 | 1,365,739 | 405,546 |
| Negotiable Instruments of Deposits | 2,034,991 | 1,776,469 | 4,894,747 | 4,691,967 |
| Bankers' Acceptances and Islamic Accepted Bills | 3,984,105 | 3,070,391 | 3,637,418 | 3,024,272 |
| Khazanah Bonds | 987,010 | 828,797 | 677,240 | 359,850 |
| Bank Negara Malaysia Monetary Notes | - | 50,005 | - | 50,005 |
| | 28,870,833 | 30,311,784 | 25,433,456 | 26,339,438 |

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| | Group | | Bank | |
|---|-------------------------------|---------------------------|-------------------------------|---------------------------|
| | 31 December 2009 RM'000 | 30 June 2009 RM'000 | 31 December 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 | 421,148 | 386,243 | 199,747 | 181,936 |
| Outside Malaysia: | | | | |
| Shares, Warrants, Trust Units and Loan Stocks | 102,592 | 97,811 | 49,878 | 48,518 |
| | 523,740 | 484,054 | 249,625 | 230,454 |
| Unquoted Securities:- | | | | |
| Shares, trust units and loan stocks in Malaysia | 695,287 | 691,283 | 445,671 | 441,733 |
| Shares, trust units and loan stocks outside Malaysia | 33,903 | 39,358 | 18,734 | 18,864 |
| Private and Islamic Debt Securities in Malaysia | 10,963,935 | 11,015,939 | 9,425,580 | 7,792,927 |
| Malaysian Government Bonds | 156,018 | 162,297 | 156,017 | 162,297 |
| Foreign Government Bonds | 83,165 | 80,671 | - | - |
| Foreign Islamic Private Debt Securities | 4,826,119 | 4,865,984 | 4,138,979 | 4,138,110 |
| Credit Linked Notes | 216,524 | 225,735 | 216,524 | 225,735 |
| | 16,974,951 | 17,081,267 | 14,401,505 | 12,779,666 |
| Total securities available-for-sale | 46,369,524 | 47,877,105 | 40,084,586 | 39,349,558 |
| A9. (iii) Securities Held-To-Maturity | | | | |
| At Amortised cost less impairment losses | | | | |
| Money market instruments:- | | | | |
| Malaysian Government Securities | 6,251,361 | 6,263,488 | 6,251,253 | 6,032,944 |
| Cagamas Bonds | 11,836 | 13,390 | 11,836 | 1,670 |
| Foreign Government Securities | 735,944 | 443,637 | - | - |
| Malaysian Government Investment Issues | 527,889 | 512,691 | 377,381 | 275,248 |
| Khazanah Bonds | 16,236 | - | 16,236 | - |
| | 7,543,266 | 7,233,206 | 6,656,706 | 6,309,862 |
| Unquoted Securities:- | | | | |
| Private and Islamic Debt Securities in Malaysia | 925,060 | 494,853 | 925,027 | 100,262 |
| Malaysian Government Bonds | 7,294 | 7,638 | 7,295 | 7,638 |
| Foreign Islamic Private Debt Securities | 446,019 | 640,842 | 414,904 | 424,915 |
| Others | 2,044 | 2,044 | 2,044 | 2,044 |
| | 1,380,417 | 1,145,377 | 1,349,270 | 534,859 |
| Accumulated impairment losses | (31,444) | (17,832) | (31,435) | (12,823) |
| Total securities held-to-maturity | 8,892,239 | 8,360,751 | 7,974,541 | 6,831,898 |

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A10. Loans, Advances and Financing

| | Group | | Bank | |
|--|-------------------------------|---------------------------|-------------------------------|---------------------------|
| | 31 December 2009 RM'000 | 30 June 2009 RM'000 | 31 December 2009 RM'000 | 30 June 2009 RM'000 |
| Overdrafts | 15,495,169 | 14,493,359 | 11,820,687 | 11,349,807 |
| Term loans | | | | |
| - Housing loans/financing | 36,045,687 | 33,537,779 | 28,904,487 | 26,945,169 |
| - Syndicated loan/financing | 12,844,423 | 12,407,057 | 10,275,370 | 9,722,422 |
| - Hire purchase receivables | 39,318,887 | 38,050,669 | 21,791,599 | 22,366,959 |
| - Lease receivables | 3,294 | 3,381 | 3,272 | 3,277 |
| - Other loans/financing | 65,047,391 | 56,782,224 | 42,589,876 | 39,278,820 |
| Credit card receivables | 4,662,141 | 4,283,414 | 4,026,138 | 3,796,899 |
| Bills receivable | 2,101,892 | 2,293,815 | 2,089,487 | 2,223,077 |
| Trust receipts | 2,198,453 | 2,082,258 | 1,885,211 | 1,742,023 |
| Claims on customers under acceptance credits | 9,790,502 | 11,129,121 | 7,060,176 | 7,754,168 |
| Loans/financing to banks and other financial institutions | 9,008,533 | 10,170,957 | 8,845,861 | 9,967,406 |
| Revolving credits | 20,350,834 | 20,228,361 | 15,585,618 | 17,131,926 |
| Staff loans | 1,555,018 | 1,460,468 | 969,248 | 950,028 |
| Housing loans to | | | | |
| - Executive directors of the Bank | 173 | 193 | 173 | 193 |
| - Executive directors of subsidiaries | 1,655 | 2,104 | 1,655 | 2,104 |
| Others | 524,637 | 488,514 | - | - |
| | 218,948,689 | 207,413,674 | 155,848,858 | 153,234,278 |
| Unearned interest and income | (15,968,173) | (14,050,883) | (2,866,592) | (3,018,394) |
| Gross loans, advances and financing | 202,980,516 | 193,362,791 | 152,982,266 | 150,215,884 |
| Allowances for bad and doubtful debts and financing: | | | | |
| - specific | (4,076,484) | (3,854,026) | (3,007,152) | (2,847,031) |
| - general | (3,779,302) | (3,725,599) | (2,936,428) | (2,937,055) |
| Net loans, advances and financing | 195,124,730 | 185,783,166 | 147,038,686 | 144,431,798 |

(i) By type of customer

| | Group | | Bank | |
|--|-------------------------------|---------------------------|-------------------------------|---------------------------|
| | 31 December 2009 RM'000 | 30 June 2009 RM'000 | 31 December 2009 RM'000 | 30 June 2009 RM'000 |
| Domestic operations: | | | | |
| Domestic non-bank financial institutions | | | | |
| - Stockbroking companies | 150,132 | 96,725 | 149,953 | 96,546 |
| - Others | 11,085,850 | 11,364,670 | 8,404,360 | 9,566,429 |
| Domestic business enterprise | | | | |
| - Small and medium enterprise | 19,722,630 | 20,725,182 | 16,293,050 | 16,956,711 |
| - Others | 35,025,219 | 31,940,124 | 29,464,736 | 27,972,236 |
| Government and statutory bodies | 2,294,685 | 2,282,784 | 2,267,081 | 2,213,320 |
| Individuals | 66,651,412 | 62,811,592 | 47,190,497 | 45,902,511 |
| Other domestic entities | 161,747 | 148,302 | 36,103 | 25,925 |
| Foreign entities | 572,216 | 574,944 | 491,412 | 468,954 |
| Total domestic operations | 135,663,891 | 129,944,323 | 104,297,192 | 103,202,632 |

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A10. Loans, Advances and Financing (contd)

(i) By type of customer (contd)

| | Group | | Bank | |
|-------------------------------------|-------------------------------|---------------------------|-------------------------------|---------------------------|
| | 31 December 2009 RM'000 | 30 June 2009 RM'000 | 31 December 2009 RM'000 | 30 June 2009 RM'000 |
| Overseas operations: | | | | |
| Singapore | 41,599,864 | 39,269,681 | 41,599,864 | 39,269,681 |
| Hong Kong SAR | 2,819,415 | 2,892,352 | 2,819,415 | 2,892,352 |
| United States of America | 964,082 | 1,339,147 | 964,082 | 1,339,147 |
| People's Republic of China | 893,693 | 969,266 | 893,693 | 969,266 |
| Vietnam | 513,914 | 548,044 | 513,914 | 548,044 |
| United Kingdom | 1,228,427 | 1,280,950 | 1,228,427 | 1,280,950 |
| Brunei | 148,067 | 130,655 | 148,067 | 130,655 |
| Cambodia | 256,188 | 302,508 | 256,188 | 302,508 |
| Bahrain | 261,424 | 280,649 | 261,424 | 280,649 |
| Labuan offshore | 3,122,572 | 3,127,625 | - | - |
| Philippines | 855,065 | 793,490 | - | - |
| Indonesia | 14,590,912 | 12,417,737 | - | - |
| Papua New Guinea | 63,002 | 66,364 | - | - |
| | 67,316,625 | 63,418,468 | 48,685,074 | 47,013,252 |
| Gross loans, advances and financing | 202,980,516 | 193,362,791 | 152,982,266 | 150,215,884 |

(ii) By interest/profit rate sensitivity

| | | | | |
|-------------------------------------|--------------------|--------------------|--------------------|--------------------|
| Fixed rate | | | | |
| - Housing loans/financing | 13,399,951 | 11,235,546 | 9,831,631 | 7,724,707 |
| - Hire purchase receivables | 30,509,099 | 29,790,106 | 18,607,472 | 19,005,757 |
| - Other fixed rate loans/financing | 20,905,690 | 19,021,173 | 13,451,978 | 13,285,625 |
| Variable rate | | | - | |
| - Base lending rate plus | 69,355,678 | 64,648,964 | 62,172,202 | 59,291,964 |
| - Cost plus | 21,244,142 | 20,795,087 | 18,065,792 | 17,128,290 |
| - Other variable rates | 47,565,956 | 47,871,915 | 30,853,191 | 33,779,541 |
| Gross loans, advances and financing | 202,980,516 | 193,362,791 | 152,982,266 | 150,215,884 |

(ii) Total loans by economic purpose

| | Group | | Bank | |
|--|-------------------------------|---------------------------|-------------------------------|---------------------------|
| | 31 December 2009 RM'000 | 30 June 2009 RM'000 | 31 December 2009 RM'000 | 30 June 2009 RM'000 |
| Domestic operations: | | | | |
| Purchase of securities | 12,471,627 | 11,437,474 | 10,081,302 | 9,891,754 |
| Purchase of transport vehicles | 21,083,633 | 19,844,339 | 8,611,899 | 8,912,826 |
| - less Islamic loans sold to Cagamas | (752,739) | (268,304) | - | - |
| Purchase of landed properties | | | | |
| - residential | 25,414,495 | 24,649,453 | 19,958,824 | 19,241,121 |
| - non-residential | 6,818,282 | 6,493,344 | 6,104,830 | 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 | 4,296,765 | 3,782,771 | 3,680,680 | 3,348,353 |
| Credit card | 3,857,130 | 3,556,878 | 3,725,930 | 3,510,535 |
| Purchase of consumer durables | 8,463 | 15,709 | 7,276 | 14,838 |
| Construction | 6,740,598 | 6,300,230 | 5,983,944 | 5,426,053 |
| Working capital | 52,570,367 | 51,005,722 | 43,068,664 | 43,706,947 |
| Others | 3,152,017 | 3,438,512 | 3,070,590 | 3,349,550 |
| Total domestic operations | 135,663,891 | 129,944,323 | 104,297,192 | 103,202,632 |

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A10. Loans, Advances and Financing (contd)

(ii) Total loans by economic purpose (contd)

| | Group | | Bank | |
|-------------------------------------|---------------------|--------------------|---------------------|--------------------|
| | 31 December 2009 | 30 June 2009 | 31 December 2009 | 30 June 2009 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Overseas operations: | | | | |
| Singapore | 41,599,864 | 39,269,681 | 41,599,864 | 39,269,681 |
| Hong Kong SAR | 2,819,415 | 2,892,352 | 2,819,415 | 2,892,352 |
| United States of America | 964,082 | 1,339,147 | 964,082 | 1,339,147 |
| People's Republic of China | 893,693 | 969,266 | 893,693 | 969,266 |
| Vietnam | 513,914 | 548,044 | 513,914 | 548,044 |
| United Kingdom | 1,228,427 | 1,280,950 | 1,228,427 | 1,280,950 |
| Brunei | 148,067 | 130,655 | 148,067 | 130,655 |
| Cambodia | 256,188 | 302,508 | 256,188 | 302,508 |
| Bahrain | 261,424 | 280,649 | 261,424 | 280,649 |
| Labuan Offshore | 3,122,572 | 3,127,625 | - | - |
| Philippines | 855,065 | 793,490 | - | - |
| Indonesia | 14,590,912 | 12,417,737 | - | - |
| Papua New Guinea | 63,002 | 66,364 | - | - |
| | 67,316,625 | 63,418,468 | 48,685,074 | 47,013,252 |
| Gross loans, advances and financing | 202,980,516 | 193,362,791 | 152,982,266 | 150,215,884 |

(iii) Non-performing loans by economic purpose

| | | | | |
|--------------------------------|------------------|------------------|------------------|------------------|
| Domestic operations: | | | | |
| Purchase of securities | 112,464 | 131,940 | 62,483 | 74,889 |
| Purchase of transport vehicles | 150,628 | 122,873 | 105,977 | 90,420 |
| Purchase of landed properties | | | | |
| - residential | 1,825,662 | 1,957,069 | 1,386,923 | 1,480,025 |
| - non-residential | 358,150 | 332,185 | 321,835 | 294,607 |
| Personal use | 192,192 | 212,615 | 157,694 | 174,808 |
| Credit card | 52,468 | 53,267 | 50,697 | 52,733 |
| Purchase of consumer durables | 1,736 | 1,571 | 1,732 | 1,567 |
| Construction | 529,513 | 462,533 | 433,636 | 365,212 |
| Working capital | 2,447,743 | 2,391,994 | 1,971,127 | 2,026,305 |
| Others | 24,718 | 19,492 | 22,070 | 16,845 |
| Total domestic operations | 5,695,274 | 5,685,539 | 4,514,174 | 4,577,411 |
| Overseas operations: | | | | |
| Singapore | 236,574 | 296,279 | 236,574 | 296,279 |
| Hong Kong SAR | 95,227 | 74,170 | 95,227 | 74,170 |
| Brunei | 2,351 | 2,789 | 2,351 | 2,789 |
| Vietnam | 19,114 | 20,859 | 19,114 | 20,859 |
| United Kingdom | 75,777 | 42,629 | 75,777 | 42,629 |
| People's Republic of China | 21,583 | 22,176 | 21,583 | 22,176 |
| Cambodia | 13,370 | - | 13,370 | - |
| Labuan Offshore | 124,523 | 107,238 | - | - |
| Papua New Guinea | 2,061 | 2,637 | - | - |
| Philippines | 37,274 | 33,922 | - | - |
| Indonesia | 345,951 | 426,994 | - | - |
| | 973,805 | 1,029,693 | 463,996 | 458,902 |
| | 6,669,079 | 6,715,232 | 4,978,170 | 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 | |
|--|-------------------------------|---------------------------|-------------------------------|---------------------------|
| | 31 December 2009 RM'000 | 30 June 2009 RM'000 | 31 December 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 | 2,236,406 | 4,519,887 | 1,335,555 | 3,012,997 |
| Reclassified as performing | (1,005,578) | (1,870,449) | (708,432) | (1,513,811) |
| Acquired upon acquisition of subsidiaries | - | 396,688 | - | - |
| Recovered during the period/year | (709,982) | (1,398,790) | (431,876) | (959,732) |
| Amount written off | (626,321) | (1,439,402) | (287,014) | (797,628) |
| Converted to Securities | - | (931) | - | (931) |
| Exchange differences and expenses debited | 59,322 | 35,781 | 33,624 | 81,206 |
| At end of the period/year | 6,669,079 | 6,715,232 | 4,978,170 | 5,036,313 |
| Less: Specific allowance | (4,076,484) | (3,854,026) | (3,007,152) | (2,847,031) |
| - on non-performing loans | (3,810,502) | (3,589,888) | (2,746,973) | (2,586,136) |
| - performing loans | (265,982) | (264,138) | (260,179) | (260,895) |
| Net non-performing loans, advances and financing | 2,592,595 | 2,861,206 | 1,971,018 | 2,189,282 |
| Ratio of net non-performing loans: | | | | |
| - Including specific allowance on performing loans | 1.30% | 1.51% | 1.31% | 1.49% |
| - Excluding specific allowance on performing loans | 1.43% | 1.64% | 1.49% | 1.66% |

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

| | Group | | Bank | |
|---|-------------------------------|---------------------------|-------------------------------|---------------------------|
| | 31 December 2009 RM'000 | 30 June 2009 RM'000 | 31 December 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 | 1,155,996 | 2,088,853 | 707,684 | 1,337,489 |
| Amount written back in respect of recoveries | (290,790) | (475,569) | (247,966) | (396,612) |
| Acquired upon acquisition of subsidiaries | - | 356,983 | - | - |
| Amount written off | (626,321) | (1,439,402) | (287,014) | (797,628) |
| Transfer to general allowance | (9,271) | (143) | (9,115) | - |
| Transferred to impairment losses in value of securities | - | (931) | - | (931) |
| Exchange differences | (7,156) | (29,441) | (3,468) | 6,567 |
| At end of the period/year | 4,076,484 | 3,854,026 | 3,007,152 | 2,847,031 |

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

| | Group | | Bank | |
|--|-------------------------------|---------------------------|-------------------------------|---------------------------|
| | 31 December 2009 RM'000 | 30 June 2009 RM'000 | 31 December 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 | 88,184 | 358,818 | - | 202,599 |
| Amount written back | (48,577) | (41,574) | (9,384) | - |
| Acquired upon acquisition of a subsidiary | - | 240,660 | - | - |
| Transfer from specific allowance | 9,271 | 143 | 9,115 | - |
| Exchange differences | 4,825 | (20,059) | (358) | 5,940 |
| At end of the period/year | 3,779,302 | 3,725,599 | 2,936,428 | 2,937,055 |
| As % of gross loans, advances and financing (including Islamic loans sold to Cagamas) less specific allowance) | 1.89% | 1.96% | 1.96% | 1.99% |

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A11. Other Assets

| | Group | | Bank | |
|---------------------------------|-------------------------------|---------------------------|-------------------------------|---------------------------|
| | 31 December 2009 RM'000 | 30 June 2009 RM'000 | 31 December 2009 RM'000 | 30 June 2009 RM'000 |
| Interest receivables | 1,233,201 | 1,274,972 | 940,862 | 945,287 |
| Prepayments and deposits | 415,659 | 462,836 | 295,023 | 352,005 |
| Other debtors | 3,008,404 | 2,959,679 | 2,332,146 | 2,349,390 |
| Amount due from related parties | - | - | - | 57 |
| Tax Recoverable | 212,337 | 194,935 | 91,642 | 24,222 |
| Foreclosed Properties | 139,529 | 147,186 | 44,072 | 62,568 |
| Prepaid land lease payment | 214,388 | 209,682 | 84,707 | 85,337 |
| | 5,223,518 | 5,249,290 | 3,788,452 | 3,818,866 |

A12. Deposits from Customers

| | | | | |
|---|--------------------|--------------------|--------------------|--------------------|
| Fixed deposits and negotiable instruments of deposits | | | | |
| - One year or less | 115,493,623 | 115,657,191 | 83,709,488 | 86,308,707 |
| - More than one year | 10,510,108 | 3,075,955 | 9,686,164 | 1,585,090 |
| Money Market deposits | 15,737,853 | 11,118,846 | 15,737,852 | 11,118,846 |
| Savings deposits | 37,937,704 | 35,290,821 | 28,533,106 | 26,554,841 |
| Demand deposits | 48,250,140 | 44,730,963 | 38,147,189 | 35,708,559 |
| Structured deposits * | 2,936,082 | 2,724,813 | 2,300,354 | 2,176,887 |
| | 230,865,510 | 212,598,589 | 178,114,153 | 163,452,930 |

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

| | | | | |
|---------------------------------|--------------------|--------------------|--------------------|--------------------|
| Business enterprises | 86,575,674 | 76,884,016 | 63,575,372 | 55,882,422 |
| Individuals | 109,426,508 | 105,075,231 | 90,288,714 | 87,758,655 |
| Government and statutory bodies | 8,954,711 | 8,263,553 | 3,376,844 | 3,845,947 |
| Others | 25,908,617 | 22,375,789 | 20,873,223 | 15,965,906 |
| | 230,865,510 | 212,598,589 | 178,114,153 | 163,452,930 |

A13. Deposits and Placement of Banks and Other Financial Institutions

| | | | | |
|------------------------------|-------------------|-------------------|-------------------|-------------------|
| Licensed banks | 17,637,232 | 21,450,131 | 18,494,411 | 23,327,742 |
| Licensed finance companies | 379,026 | 368,538 | 219,084 | 368,538 |
| Licensed investment banks | 230,852 | 650,255 | 230,853 | 650,255 |
| Other financial institutions | 9,121,575 | 6,312,939 | 8,319,614 | 5,775,381 |
| | 27,368,685 | 28,781,863 | 27,263,962 | 30,121,916 |

| | | | | |
|---|-------------------|-------------------|-------------------|-------------------|
| Maturity structure of deposits and placements of banks and other financial institutions | | | | |
| - One year or less | 21,615,510 | 26,704,881 | 21,754,276 | 28,280,565 |
| - More than one year | 5,753,175 | 2,076,982 | 5,509,686 | 1,841,351 |
| | 27,368,685 | 28,781,863 | 27,263,962 | 30,121,916 |

A14. Borrowings, Subordinated Obligations and Capital Securities

| | | | | |
|-------------------------------|------------------|------------------|------------------|------------------|
| (i) Borrowings | | | | |
| Unsecured | | | | |
| - less than one year | 431,474 | 592,814 | 205,410 | 281,360 |
| - more than one year | 2,503,078 | 1,909,246 | 1,877,923 | 1,230,950 |
| | 2,934,552 | 2,502,060 | 2,083,333 | 1,512,310 |
| (ii) Subordinated obligations | | | | |
| Unsecured | | | | |
| - more than one year | 8,629,114 | 8,672,373 | 8,124,708 | 8,152,239 |

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

| | Group | | Bank | |
|--------------------------|-------------------------------|---------------------------|-------------------------------|---------------------------|
| | 31 December 2009 RM'000 | 30 June 2009 RM'000 | 31 December 2009 RM'000 | 30 June 2009 RM'000 |
| (iii) Capital Securities | | | | |
| Unsecured | | | | |
| - more than one year | 6,054,935 | 6,047,541 | 6,054,935 | 6,047,541 |

A15. Other Liabilities

| | | | | |
|----------------------------------|------------------|-----------|------------------|-----------|
| Interest/Profit payable | 950,739 | 1,120,462 | 832,044 | 893,331 |
| Provision for outstanding claims | 445,867 | 441,712 | - | - |
| Unearned premium reserves | 325,382 | 286,294 | - | - |
| Profit Equalisation Reserves | 17,107 | 46,477 | - | - |
| Provisions and accruals | 1,818,484 | 1,598,404 | 1,393,207 | 1,265,610 |
| Due to brokers and clients | 697,416 | 500,058 | - | - |
| Deposits and other creditors | 2,330,796 | 2,002,843 | 1,235,019 | 1,094,417 |
| Dividend payable | | - | | - |
| | 6,585,791 | 5,996,250 | 3,460,270 | 3,253,358 |

A16. Interest Income

| | 2nd Quarter Ended | | Cumulative 6 Months Ended | |
|---|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
| | 31 December 2009 RM'000 | 31 December 2008 RM'000 | 31 December 2009 RM'000 | 31 December 2008 RM'000 |
| Group | | | | |
| Loans, advances and financing | | | | |
| - Interest income other than recoveries from NPL | 2,095,918 | 2,453,820 | 4,155,336 | 4,349,730 |
| - Recoveries from NPL | 45,953 | 52,589 | 107,769 | 103,852 |
| Money at call and deposit placements | | | | |
| with financial institutions | 105,710 | 145,670 | 205,197 | 389,538 |
| Securities purchased under resale agreements | 1,199 | 1,159 | 2,793 | 3,036 |
| Securities held-for-trading | 16,712 | 9,539 | 28,441 | 16,127 |
| Securities available-for-sale | 383,579 | 477,366 | 792,799 | 830,011 |
| Securities held-to-maturity | 105,945 | 31,239 | 209,957 | 43,400 |
| | 2,755,016 | 3,171,382 | 5,502,292 | 5,735,694 |
| Amortisation of premium less accretion of discounts | (13,570) | 5,519 | (21,484) | 23,685 |
| Net interest/income clawed back/suspended | (9,033) | (13,090) | (20,144) | (23,689) |
| | 2,732,413 | 3,163,811 | 5,460,664 | 5,735,690 |

Bank

| | | | | |
|---|------------------|-----------|------------------|-----------|
| Loans, advances and financing | | | | |
| - Interest income other than recoveries from NPL | 1,591,044 | 1,896,961 | 3,174,266 | 3,728,274 |
| - Recoveries from NPL | 44,482 | 51,943 | 106,288 | 102,347 |
| Money at call and deposit placements | | | | |
| with financial institutions | 85,006 | 163,752 | 171,657 | 431,929 |
| Securities purchased under resale agreements | 43 | 46 | 67 | 151 |
| Securities held-for-trading | 16,183 | 3,177 | 26,333 | 4,830 |
| Securities available-for-sale | 340,760 | 363,505 | 683,685 | 674,074 |
| Securities held-to-maturity | 86,880 | 10,252 | 165,421 | 19,623 |
| | 2,164,398 | 2,489,636 | 4,327,717 | 4,961,228 |
| Amortisation of premium less accretion of discounts | (14,371) | (8,018) | (23,708) | 725 |
| Net interest/income clawed back/suspended | (9,033) | (13,090) | (20,143) | (23,689) |
| | 2,140,994 | 2,468,528 | 4,283,866 | 4,938,264 |

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A17. Interest Expense

| <u>Group</u> | 2nd Quarter Ended | | Cumulative 6 Months Ended | |
|---|-------------------|------------------|---------------------------|------------------|
| | 31 December | 31 December | 31 December | 31 December |
| | 2009 | 2008 | 2009 | 2008 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Deposits and placements of banks and other financial institutions | 49,773 | 221,976 | 100,334 | 430,449 |
| Deposits from customers | 765,451 | 1,139,720 | 1,580,380 | 2,085,032 |
| Loans sold to Cagamas | 1,604 | 7,943 | 3,441 | 19,721 |
| Floating rate certificates of deposits | 206 | 3,423 | 256 | 6,483 |
| Borrowings | 41,169 | 59,899 | 81,297 | 70,472 |
| Subordinated obligations | 34,990 | 21,753 | 71,577 | 30,557 |
| Subordinated bonds | 55,606 | 60,775 | 111,323 | 105,848 |
| Capital Securities | 100,560 | 100,906 | 201,386 | 174,697 |
| | 1,049,359 | 1,616,395 | 2,149,994 | 2,923,259 |

Bank

| | | | | |
|---|----------------|------------------|------------------|------------------|
| Deposits and placements of banks and other financial institutions | 50,862 | 190,889 | 103,831 | 453,563 |
| Deposits from customers | 556,035 | 820,630 | 1,147,279 | 1,646,471 |
| Loans sold to Cagamas | 1,605 | 7,943 | 3,442 | 19,721 |
| Floating rate certificates of deposits | 206 | 3,423 | 256 | 6,483 |
| Borrowings | 6,423 | 11,205 | 12,101 | 21,778 |
| Subordinated obligations | 34,991 | 21,753 | 71,578 | 30,557 |
| Subordinated bonds | 45,308 | 45,309 | 90,382 | 90,382 |
| Capital Securities | 100,560 | 100,906 | 201,386 | 174,697 |
| | 795,990 | 1,202,058 | 1,630,255 | 2,443,652 |

A18. Non-interest Income

Group

| | | | | |
|--|------------------|------------------|------------------|------------------|
| (a) Fee income: | | | | |
| Commission | 217,916 | 197,248 | 421,540 | 393,922 |
| Service charges and fees | 253,180 | 193,682 | 504,168 | 394,577 |
| Guarantee fees | 33,276 | 33,608 | 70,268 | 63,489 |
| Underwriting fees | 5,043 | 980 | 12,905 | 2,671 |
| Brokerage income | 20,597 | 10,738 | 43,897 | 21,622 |
| Other loans related fee income | 143,920 | 23,744 | 245,744 | 44,034 |
| | 673,932 | 460,000 | 1,298,522 | 920,315 |
| (b) Net gain/(loss) arising from: | | | | |
| Sale of securities held-for trading | 5,578 | (7,899) | 8,211 | (21,552) |
| Sale of securities available-for-sale | 42,955 | 34,147 | 130,727 | 47,639 |
| Redemption of securities held-to-maturity | - | (4) | 2,281 | (88) |
| | 48,533 | 26,244 | 141,219 | 25,999 |
| (c) Gross dividend from: | | | | |
| Securities portfolio | 2,251 | 6,574 | 13,994 | 18,321 |
| (d) Unrealised (loss)/gain on revaluation of: | | | | |
| - securities held-for-trading | (9,192) | 52,714 | 635 | 85,659 |
| - derivatives | 93,821 | (163,770) | 178,316 | (195,586) |
| | 84,629 | (111,056) | 178,951 | (109,927) |
| (e) Other income: | | | | |
| Foreign exchange profit/(loss) | 152,328 | 214,305 | 259,999 | 89,095 |
| Net premiums written | 144,931 | 128,787 | 285,362 | 251,545 |
| Rental Income | 6,456 | 5,372 | 13,054 | 12,278 |
| Gain on disposal of property and equipment (net) | 1,432 | 834 | 3,304 | 10,032 |
| Gain on disposal of foreclosed properties | 280 | 171 | 965 | 225 |
| Others | 103,328 | 100,955 | 164,701 | 109,299 |
| | 408,755 | 450,424 | 727,385 | 472,474 |
| Total non-interest income | 1,218,100 | 832,186 | 2,360,071 | 1,327,182 |

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A18. Non-interest Income (contd)

| <u>Bank</u> | 2nd Quarter Ended | | Cumulative 6 Months Ended | |
|--|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
| | 31 December 2009 RM'000 | 31 December 2008 RM'000 | 31 December 2009 RM'000 | 31 December 2008 RM'000 |
| (a) Fee income: | | | | |
| Commission | 189,749 | 172,004 | 366,334 | 367,158 |
| Service charges and fees | 191,369 | 173,021 | 382,119 | 346,117 |
| Guarantee fees | 27,565 | 28,668 | 59,808 | 58,276 |
| Underwriting fees | 304 | 905 | 8,166 | 2,599 |
| Other loans related fee income | 60,270 | 19,702 | 90,065 | 37,074 |
| | 469,257 | 394,300 | 906,492 | 811,224 |
| (b) Net gain/(loss) arising from: | | | | |
| Sale of securities held-for trading | 2,517 | 24,829 | 2,457 | 19,974 |
| Sale of securities available-for-sale | 7,485 | 30,551 | 77,181 | 33,370 |
| Redemption of securities held-to-maturity | - | (3) | 1,853 | (83) |
| | 10,002 | 55,377 | 81,491 | 53,261 |
| (c) Gross dividend income from: | | | | |
| Securities portfolio | 5,402 | 3,732 | 13,231 | 8,605 |
| Subsidiary companies | 611,415 | 1,800 | 629,121 | 1,800 |
| | 616,817 | 5,532 | 642,352 | 10,405 |
| (d) Unrealised (loss)/gain on revaluation of: | | | | |
| - securities held-for-trading | (9,056) | 4,819 | 5,675 | 22,072 |
| - derivatives | 88,178 | (119,067) | 170,716 | (145,722) |
| | 79,122 | (114,248) | 176,391 | (123,650) |
| (e) Other income: | | | | |
| Foreign exchange profit/(loss) | 135,289 | 154,707 | 223,298 | 41,534 |
| Rental Income | 5,898 | 5,530 | 11,931 | 12,101 |
| Gain on disposal of property and equipment (net) | (10) | 363 | 2,010 | 422 |
| Others | 35,306 | 13,101 | 46,140 | 13,677 |
| | 176,483 | 173,701 | 283,379 | 67,734 |
| Total non-interest income | 1,351,681 | 514,662 | 2,090,105 | 818,974 |

A19. Overhead Expenses

Group

| | | | | |
|---|------------------|------------------|------------------|------------------|
| Personnel costs | | | | |
| - Salaries, allowances and bonuses | 611,035 | 521,205 | 1,129,624 | 955,202 |
| - Pension costs | 67,487 | 54,302 | 129,501 | 124,174 |
| - Others | 78,024 | 55,616 | 174,075 | 111,552 |
| | 756,546 | 631,123 | 1,433,200 | 1,190,928 |
| Establishment costs | | | | |
| - Depreciation | 46,085 | 44,602 | 91,665 | 70,176 |
| - Rental of leasehold land and premises | 39,800 | 38,586 | 78,319 | 60,349 |
| - Repairs and maintenance of property and equipment | 24,930 | 25,648 | 54,607 | 46,542 |
| - Information technology expenses | 134,514 | 115,782 | 258,125 | 221,983 |
| - Others | 44,273 | 18,453 | 92,673 | 40,226 |
| | 289,602 | 243,071 | 575,389 | 439,276 |
| Marketing expenses | | | | |
| - Advertisement and publicity | 95,443 | 94,410 | 190,308 | 185,948 |
| - Others | 20,318 | 20,682 | 46,683 | 43,113 |
| | 115,761 | 115,092 | 236,991 | 229,061 |
| Administration and general expenses | | | | |
| - Fees and brokerage | 162,832 | 117,716 | 336,748 | 235,536 |
| - Administrative expenses | 107,332 | 88,705 | 211,113 | 149,498 |
| - General expenses | 117,235 | 128,647 | 242,108 | 177,943 |
| - Others | 16,207 | 5,368 | 20,872 | 38,747 |
| | 403,606 | 340,436 | 810,841 | 601,724 |
| Insurance claims incurred | 73,226 | 73,302 | 153,069 | 168,518 |
| | 1,638,741 | 1,403,024 | 3,209,490 | 2,629,507 |

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A19. Overhead Expenses (contd)

| | 2nd Quarter Ended | | Cumulative 6 Months Ended | |
|---|-------------------|----------------|---------------------------|------------------|
| | 31 December | 31 December | 31 December | 31 December |
| | 2009 | 2008 | 2009 | 2008 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| <u>Bank</u> | | | | |
| Personnel costs | | | | |
| - Salaries, allowances and bonuses | 465,538 | 398,610 | 851,653 | 791,853 |
| - Pension costs | 61,306 | 48,430 | 118,563 | 115,263 |
| - Others | 53,286 | 43,962 | 109,150 | 87,507 |
| | 580,130 | 491,002 | 1,079,366 | 994,623 |
| Establishment costs | | | | |
| - Depreciation | 32,391 | 23,606 | 65,780 | 46,316 |
| - Rental of leasehold land and premises | 21,056 | 18,713 | 41,273 | 37,434 |
| - Repairs and maintenance of property and equipment | 13,115 | 16,485 | 31,792 | 34,082 |
| - Information technology expenses | 124,618 | 105,652 | 238,454 | 203,242 |
| - Others | 14,444 | 13,709 | 31,924 | 29,770 |
| | 205,624 | 178,165 | 409,223 | 350,844 |
| Marketing expenses | | | | |
| - Advertisement and publicity | 66,992 | 66,089 | 117,631 | 133,568 |
| - Others | 15,319 | 20,269 | 36,626 | 40,555 |
| | 82,311 | 86,358 | 154,257 | 174,123 |
| Administration and general expenses | | | | |
| - Fees and brokerage | 151,601 | 111,617 | 317,462 | 224,186 |
| - Administrative expenses | 55,909 | 49,392 | 116,498 | 103,884 |
| - General expenses | 51,501 | 47,662 | 98,938 | 92,769 |
| - Others | 11,637 | 2,807 | 21,059 | 36,186 |
| | 270,648 | 211,478 | 553,957 | 457,025 |
| Overhead expenses allocated to subsidiary company | (87,396) | (72,678) | (173,535) | (133,749) |
| | 1,051,317 | 894,325 | 2,023,268 | 1,842,866 |

A20. Allowance for Losses on Loans, Advances and Financing

| | 2nd Quarter Ended | | Cumulative 6 Months Ended | |
|---|-------------------|----------------|---------------------------|----------------|
| | 31 December | 31 December | 31 December | 31 December |
| | 2009 | 2008 | 2009 | 2008 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| <u>Group</u> | | | | |
| Allowance for bad and doubtful debts and financing: | | | | |
| - general allowance made/(written back) | 1,806 | (106,890) | 39,607 | (67,348) |
| - specific allowance | 502,958 | 640,063 | 1,155,996 | 1,057,584 |
| - specific allowance written back | (131,338) | (94,556) | (290,790) | (257,998) |
| Bad debts and financing written off | 1,459 | 1,133 | 3,215 | 2,267 |
| Bad debts and financing recovered | (132,802) | (171,625) | (250,016) | (274,559) |
| Provision for other debts | 1,473 | 52,968 | 3,267 | 46,568 |
| | 243,556 | 321,093 | 661,279 | 506,514 |
| <u>Bank</u> | | | | |
| Allowance for bad and doubtful debts and financing: | | | | |
| - general allowance made/(written back) | 20,220 | (83,585) | (9,384) | (57,296) |
| - specific allowance | 302,971 | 372,311 | 707,684 | 722,851 |
| - specific allowance written back | (108,138) | (85,843) | (247,966) | (219,448) |
| Bad debts and financing written off | 1,554 | 1,105 | 3,070 | 2,072 |
| Bad debts and financing recovered | (88,459) | (123,232) | (155,462) | (220,917) |
| Provision for other debts | 559 | 56,713 | 1,959 | 49,902 |
| | 128,707 | 137,469 | 299,901 | 277,164 |

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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)

| Six Months Ended 31 December 2009 | ← Operating Segments → | | | | | | | 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 | Head Office and Others RM'000 | |
| Net interest income and Islamic banking income | | | | | | | | |
| - external | 1,624,500 | 1,005,600 | 287,700 | 15,848 | 50,040 | 1,273,908 | (209,421) | 4,048,175 |
| - Inter-segment | - | - | - | 4,952 | (6,260) | 992 | 316 | - |
| | 1,624,500 | 1,005,600 | 287,700 | 20,800 | 43,780 | 1,274,900 | (209,105) | 4,048,175 |
| Net interest income and Islamic banking income | 1,624,500 | 1,005,600 | 287,700 | 20,800 | 43,780 | 1,274,900 | (209,105) | 4,048,175 |
| Non-interest income | 561,630 | 254,400 | 484,700 | 116,100 | 428,250 | 605,000 | (90,009) | 2,360,071 |
| Net income | 2,186,130 | 1,260,000 | 772,400 | 136,900 | 472,030 | 1,879,900 | (299,114) | 6,408,246 |
| Overhead expenses | (1,340,633) | (435,035) | (51,383) | (51,109) | (296,647) | (1,034,683) | - | (3,209,490) |
| Allowance for losses on loans, advances and financing | (180,300) | (360,500) | - | 17,700 | - | (138,179) | - | (661,279) |
| Impairment losses on securities, net | - | - | (33,392) | - | - | (8,700) | - | (42,092) |
| Operating Profit | 665,197 | 464,465 | 687,625 | 103,491 | 175,383 | 698,338 | (299,114) | 2,495,385 |
| Share of profits in associates | - | - | - | - | - | 60,784 | - | 60,784 |
| Profit before taxation and zakat | 665,197 | 464,465 | 687,625 | 103,491 | 175,383 | 759,122 | (299,114) | 2,556,169 |
| Taxation and zakat | | | | | | | | (626,036) |
| Profit after taxation and zakat | | | | | | | | 1,930,133 |
| Minority interest | | | | | | | | (54,828) |
| Profit for the period | | | | | | | | 1,875,305 |

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A21. SEGMENT INFORMATION (contd)

By Business Segments (contd)

| Six Months Ended 31 December 2008 | ← Operating Segments → | | | | | | Head Office and Others 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 | 1,516,000 | 981,300 | 289,600 | 22,146 | 48,011 | 942,931 | (397,247) | 3,402,741 |
| - Inter-segment | - | - | - | 13,254 | (1,811) | (40,931) | 29,488 | - |
| | <u>1,516,000</u> | <u>981,300</u> | <u>289,600</u> | <u>35,400</u> | <u>46,200</u> | <u>902,000</u> | <u>(367,759)</u> | <u>3,402,741</u> |
| Net interest income and Islamic banking income | 1,516,000 | 981,300 | 289,600 | 35,400 | 46,200 | 902,000 | (367,759) | 3,402,741 |
| Non-interest income | 484,900 | 185,600 | 230,000 | 70,500 | 315,400 | 43,800 | (3,018) | 1,327,182 |
| Net income | <u>2,000,900</u> | <u>1,166,900</u> | <u>519,600</u> | <u>105,900</u> | <u>361,600</u> | <u>945,800</u> | <u>(370,777)</u> | <u>4,729,923</u> |
| Overhead expenses | (1,163,199) | (389,034) | (41,581) | (50,732) | (320,943) | (664,018) | - | (2,629,507) |
| Allowance for losses on loans, advances and financing | (103,304) | (128,394) | - | (14,900) | (1,500) | (258,416) | - | (506,514) |
| Impairment losses on securities, net | - | - | (11,909) | - | - | (26,900) | - | (38,809) |
| Operating Profit | <u>734,397</u> | <u>649,472</u> | <u>466,110</u> | <u>40,268</u> | <u>39,157</u> | <u>(3,534)</u> | <u>(370,777)</u> | <u>1,555,093</u> |
| Impairment loss on investment in associated companies | - | - | - | - | - | - | (242,000) | (242,000) |
| Write-back of allowance for non-refundable deposit | - | - | - | - | - | - | 483,824 | 483,824 |
| Share of profits in associates | - | - | - | - | - | 45,142 | - | 45,142 |
| Profit before taxation and zakat | <u>734,397</u> | <u>649,472</u> | <u>466,110</u> | <u>40,268</u> | <u>39,157</u> | <u>41,608</u> | <u>(128,953)</u> | <u>1,842,059</u> |
| Taxation and zakat | | | | | | | | <u>(536,635)</u> |
| Profit after taxation and zakat | | | | | | | | <u>1,305,424</u> |
| Minority interest | | | | | | | | <u>1,309</u> |
| Profit for the period | | | | | | | | <u>1,306,733</u> |

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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 31 December 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 | 5,088,437 | 5,061,780 | 4,323,898 | 5,522,375 | 5,405,725 | 4,679,210 |
| Certain transaction-related contingent items | 11,088,457 | 5,561,871 | 4,853,480 | 10,646,667 | 5,323,022 | 4,534,832 |
| Short-term self-liquidating trade-related contingencies | 3,981,776 | 796,018 | 689,646 | 3,872,594 | 774,517 | 606,889 |
| Islamic housing and hire purchase loans sold to Cagamas Berhad | 752,739 | 752,739 | 75,274 | 583,373 | 583,373 | 425,839 |
| Obligations under underwriting agreements | 101,514 | 50,757 | 10,151 | 173,464 | 71,732 | 28,418 |
| Irrevocable commitments to extend credit: | | | | | | |
| - maturity within one year | 92,665,393 | - | - | 92,604,558 | - | - |
| - maturity exceeding one year | 12,226,925 | 6,091,895 | 5,968,788 | 10,591,443 | 5,292,850 | 5,058,822 |
| Foreign exchange related contracts: | | | | | | |
| - less than one year | 47,242,669 | 614,967 | 183,268 | 34,706,290 | 602,904 | 168,954 |
| - one year to less than five years | 2,269,736 | 42,934 | 14,563 | 1,534,291 | 24,257 | 7,544 |
| Interest rate related contracts: | | | | | | |
| - less than one year | 42,665,261 | 1,713,087 | 426,083 | 36,831,395 | 1,304,947 | 312,414 |
| - one year to less than five years | 15,810,118 | 452,646 | 149,359 | 16,002,460 | 413,918 | 168,113 |
| - five years and above | 2,429,474 | 435,019 | 156,401 | 3,059,040 | 482,663 | 136,188 |
| Miscellaneous | 6,463,956 | - | - | 5,458,752 | - | - |
| | 242,786,455 | 21,573,713 | 16,850,911 | 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 31 December 2009 | | | As at 30 June 2009 | | |
|--|------------------------------|---------------------------------|-----------------------------|------------------------------|---------------------------------|-----------------------------|
| | Notional Amount RM'000 | Credit Equivalent Amount* | Risk Weighted Amount* | Notional Amount RM'000 | Credit Equivalent Amount* | Risk Weighted Amount* |
| Bank | | | | | | |
| Direct credit substitutes | 3,736,935 | 3,736,935 | 3,318,145 | 4,056,691 | 4,056,691 | 3,599,815 |
| Certain transaction-related contingent items | 10,058,808 | 5,029,404 | 4,357,523 | 9,921,241 | 4,960,621 | 4,213,174 |
| Short-term self-liquidating trade-related contingencies | 3,809,901 | 761,980 | 669,584 | 3,687,521 | 737,504 | 582,565 |
| Islamic housing and hire purchase loans sold to Cagamas Berhad | - | - | - | - | - | - |
| Obligations under underwriting agreements | 101,514 | 50,757 | 10,151 | 143,464 | 71,732 | 28,418 |
| Irrevocable commitments to extend credit: | | | | | | |
| - maturity within one year | 81,595,406 | - | - | 79,615,789 | - | - |
| - maturity exceeding one year | 11,333,594 | 5,666,797 | 5,560,315 | 9,956,770 | 4,978,385 | 4,892,330 |
| Foreign exchange related contracts: | | | | | | |
| - less than one year | 46,037,161 | 614,967 | 183,268 | 33,188,225 | 602,904 | 168,954 |
| - one year to less than five years | 2,269,736 | 42,934 | 14,563 | 1,534,292 | 24,257 | 7,544 |
| Interest rate related contracts: | | | | | | |
| - less than one year | 42,291,180 | 1,669,889 | 417,423 | 36,511,553 | 1,294,415 | 308,835 |
| - one year to less than five years | 14,741,868 | 445,122 | 145,597 | 14,926,617 | 387,938 | 160,141 |
| - five years and above | 2,196,679 | 421,599 | 149,691 | 2,873,570 | 474,618 | 132,166 |
| Miscellaneous | 6,423,914 | - | - | 5,438,145 | - | - |
| | 224,596,696 | 18,440,384 | 14,826,260 | 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 31 December 2009, the amount of contracts that was not hedged in the Group and the Bank and, hence, exposed to market risk was RM355.2 million and RM283.9 million respectively (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 31 December 2009, the amount of credit risk in the Group and the Bank, measured in terms of the cost to replace the profitable contracts, was RM254.5 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

| Group As at 31 December 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 | | | |
| ASSETS | | | | | | | | | |
| Cash and short-term funds | 25,489,159 | - | - | - | - | 5,485,944 | - | 30,975,103 | 1.32 |
| Deposits and placements with banks and other financial institutions | 549,127 | 6,832,689 | 1,180,780 | 60,638 | - | 80,612 | - | 8,703,846 | 1.05 |
| Securities purchased under resale agreements | 135,865 | - | - | - | - | - | - | 135,865 | 2.22 |
| Securities held-for-trading | 24,097 | - | - | 30,017 | 15,157 | - | 2,894,777 | 2,964,048 | 3.77 |
| Securities available-for-sale | 141,687 | 775,193 | 251,693 | 1,477,839 | 1,609,002 | - | 42,114,110 | 46,369,524 | 4.04 |
| Securities held-to-maturity | 22,851 | - | 41,227 | 5,096,936 | 3,539,329 | 191,896 | - | 8,892,239 | 3.27 |
| Loans, advances and financing | | | | | | | | | |
| - performing | 58,816,932 | 15,016,559 | 18,289,140 | 33,342,891 | 71,071,189 | (225,274) | - | 196,311,437 | 5.37 |
| - non-performing* | - | - | - | - | - | (1,186,707) | - | (1,186,707) | - |
| Derivative assets | | | | | | | 959,666 | 959,666 | - |
| Other Assets | - | - | - | - | - | 5,223,518 | - | 5,223,518 | - |
| Other non-interest sensitive balances | - | - | - | - | - | 14,533,782 | - | 14,533,782 | - |
| Life, general takaful and family takaful fund assets | - | - | - | - | - | 16,949,203 | - | 16,949,203 | - |
| TOTAL ASSETS | 85,179,718 | 22,624,441 | 19,762,840 | 40,008,321 | 76,234,677 | 41,052,974 | 45,968,553 | 330,831,524 | |

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A26. Interest Rate Risk (contd)

| Group As at 31 December 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 | 85,464,277 | 39,430,050 | 52,365,930 | 49,884,138 | 208,073 | 3,513,042 | - | 230,865,510 | 1.50 | |
| Deposits and placements of banks and other financial institutions | 16,255,893 | 7,026,880 | 1,068,336 | 1,930,580 | 290,014 | 796,982 | - | 27,368,685 | 1.37 | |
| Obligation on securities sold under repurchase agreements | - | - | 317,803 | - | - | - | - | 317,803 | 7.39 | |
| Bills and acceptances payable | 212,922 | 127,651 | 21,582 | - | - | 1,014,739 | - | 1,376,894 | 2.38 | |
| Recourse obligations on loans sold to Cagamas | 10,564 | - | 176,593 | 33,097 | 245,360 | - | - | 465,614 | 4.63 | |
| Derivative liabilities | - | - | - | - | - | - | 1,214,200 | 1,214,200 | - | |
| Borrowings | - | - | 205,410 | 1,193,223 | 684,700 | 851,219 | - | 2,934,552 | 0.92 | |
| Subordinated obligations | - | - | 2,529,114 | 3,000,000 | 3,100,000 | - | - | 8,629,114 | 4.21 | |
| Capital Securities | - | - | - | - | - | 6,054,935 | - | 6,054,935 | - | |
| Other liabilities | - | - | - | - | - | 6,585,791 | - | 6,585,791 | - | |
| Other non-interest sensitive balances | - | - | - | - | - | 239,458 | - | 239,458 | - | |
| Life, general takaful and family takaful fund liabilities | - | - | - | - | - | 4,488,390 | - | 4,488,390 | - | |
| Life, general takaful and family takaful policy holders' funds | - | - | - | - | - | 12,460,712 | - | 12,460,712 | - | |
| Total Liabilities | 101,943,656 | 46,584,581 | 56,684,768 | 56,041,038 | 4,528,147 | 36,005,268 | 1,214,200 | 303,001,658 | | |
| Shareholders' equity | - | - | - | - | - | 26,900,835 | - | 26,900,835 | | |
| Minority interests | - | - | - | - | - | 929,031 | - | 929,031 | | |
| Total Liabilities and Shareholders' Equity | 101,943,656 | 46,584,581 | 56,684,768 | 56,041,038 | 4,528,147 | 63,835,134 | 1,214,200 | 330,831,524 | | |
| On-balance sheet interest sensitivity gap | (16,763,938) | (23,960,140) | (36,921,928) | (16,032,717) | 71,706,530 | (22,782,160) | 44,754,353 | | | |
| Off-balance sheet interest sensitivity gap (interest rate swaps) | (1,397,429) | 1,744,144 | 2,123,266 | (2,135,622) | (334,359) | - | - | | | |
| Total interest sensitivity gap | (18,161,367) | (22,215,996) | (34,798,662) | (18,168,339) | 71,372,171 | (22,782,160) | 44,754,353 | - | | |
| Cumulative interest rate sensitivity gap | (18,161,367) | (40,377,363) | (75,176,025) | (93,344,364) | (21,972,193) | (44,754,353) | - | | | |

* 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

| Group As at 30 June 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 | 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 | - | - | 592,814 | 1,909,246 | - | - | - | 2,502,060 | 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 | - | - | - | - | - | 5,996,250 | - | 5,996,250 | - |
| 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 | 48,905,370 | 47,128,955 | 6,691,560 | 58,764,599 | 1,459,068 | 284,971,146 | |
| Shareholders' equity | - | - | - | - | - | 24,898,746 | - | 24,898,746 | |
| Minority interests | - | - | - | - | - | 869,231 | - | 869,231 | |
| Total Liabilities and Shareholders' Equity | 88,380,905 | 33,640,689 | 48,905,370 | 47,128,955 | 6,691,560 | 84,532,576 | 1,459,068 | 310,739,123 | |
| On-balance sheet interest sensitivity gap | 13,001,379 | (11,473,555) | (29,441,714) | (12,959,430) | 37,113,652 | (41,184,248) | 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) | (30,000,064) | (14,533,317) | 36,076,824 | (41,184,248) | 44,943,916 | - | |
| Cumulative interest rate sensitivity gap | 15,316,527 | 4,696,889 | (25,303,175) | (39,836,492) | (3,759,668) | (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 31 December 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 | | | |
| ASSETS | | | | | | | | | |
| Cash and short-term funds | 22,585,327 | - | - | - | - | 3,045,310 | - | 25,630,637 | 1.32 |
| Deposits and placements with banks and other financial institutions | 446,815 | 5,405,218 | 1,149,046 | 16,495 | - | 300,043 | - | 7,317,617 | 0.97 |
| Securities purchased under resale agreements | 135,865 | - | - | - | - | - | - | 135,865 | 2.22 |
| Securities held-for-trading | - | - | - | - | - | - | 2,611,124 | 2,611,124 | 3.44 |
| Securities available-for-sale | - | - | - | - | - | - | 40,084,586 | 40,084,586 | 3.45 |
| Securities held-to-maturity | - | - | 81 | 4,786,359 | 2,996,023 | 192,078 | - | 7,974,541 | 3.27 |
| Loans, advances and financing | | | | | | | | | |
| - performing | 46,503,236 | 13,070,684 | 14,938,245 | 23,185,999 | 50,305,932 | - | - | 148,004,096 | 5.59 |
| - non-performing* | - | - | - | - | - | (965,410) | - | (965,410) | - |
| Derivative assets | - | - | - | - | - | - | 935,529 | 935,529 | - |
| Other assets | - | - | - | - | - | 3,788,452 | - | 3,788,452 | - |
| Other non-interest sensitive balances | - | - | - | - | - | 16,496,276 | - | 16,496,276 | - |
| TOTAL ASSETS | 69,671,243 | 18,475,902 | 16,087,372 | 27,988,853 | 53,301,955 | 22,856,749 | 43,631,239 | 252,013,313 | |

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A26. Interest Rate Risk (contd)

| Bank | 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 | | | |
| As at 31 December 2009 | | | | | | | | | |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | | | | | | | | |
| Deposits from customers | 62,969,838 | 30,572,428 | 44,023,479 | 36,605,573 | 87,428 | 3,855,407 | - | 178,114,153 | 1.02 |
| Deposits and placements of banks and other financial institutions | 14,941,886 | 5,558,933 | 907,253 | 1,634,737 | 3,509,199 | 711,954 | - | 27,263,962 | 1.05 |
| Bills and acceptances payable | 103,271 | 127,651 | 21,582 | - | - | 989,721 | - | 1,242,225 | 2.42 |
| Recourse obligations on loans sold to Cagamas | 10,564 | - | 176,593 | 33,097 | 245,360 | - | - | 465,614 | 4.63 |
| Derivative liabilities | - | - | - | - | - | - | 1,173,572 | 1,173,572 | - |
| Borrowings | - | - | 205,410 | 1,193,223 | 684,700 | - | - | 2,083,333 | 0.92 |
| Subordinated obligations | - | - | 2,024,708 | 3,000,000 | 3,100,000 | - | - | 8,124,708 | 3.99 |
| Capital Securities | - | - | - | - | - | 6,054,935 | - | 6,054,935 | - |
| Other liabilities | - | - | - | - | - | 3,460,270 | - | 3,460,270 | - |
| Other non-interest sensitive balances | - | - | - | - | - | - | - | - | - |
| Total Liabilities | 78,025,559 | 36,259,012 | 47,359,025 | 42,466,630 | 7,626,687 | 15,072,287 | 1,173,572 | 227,982,772 | |
| Shareholders' equity | - | - | - | - | - | 24,030,541 | - | 24,030,541 | |
| Total Liabilities and Shareholders' Equity | 78,025,559 | 36,259,012 | 47,359,025 | 42,466,630 | 7,626,687 | 39,102,828 | 1,173,572 | 252,013,313 | |
| On-balance sheet interest sensitivity gap | (8,354,316) | (17,783,110) | (31,271,653) | (14,477,777) | 45,675,268 | (16,246,079) | 42,457,667 | - | |
| Off-balance sheet interest sensitivity gap (interest rate swaps) | (1,195,229) | 1,881,576 | 2,062,435 | (2,304,923) | (443,859) | - | - | - | |
| Total interest sensitivity gap | (9,549,545) | (15,901,534) | (29,209,218) | (16,782,700) | 45,231,409 | (16,246,079) | 42,457,667 | - | |
| Cumulative interest rate sensitivity gap | (9,549,545) | (25,451,079) | (54,660,297) | (71,442,997) | (26,211,588) | (42,457,667) | - | - | |

* 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 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 | | | |
| 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 | |
|--|-------------------------------|---------------------------|-------------------------------|---------------------------|
| | 31 December 2009 RM'000 | 30 June 2009 RM'000 | 31 December 2009 RM'000 | 30 June 2009 RM'000 |
| Before deducting proposed dividend: | | | | |
| Core capital ratio | 11.00% | 11.00% | 15.00% | 14.29% |
| Risk-weighted capital ratio | <u>14.86%</u> | <u>14.99%</u> | <u>15.00%</u> | <u>14.29%</u> |
| After deducting proposed dividend: | | | | |
| Core capital ratio | 10.76% | 10.81% | 14.69% | 14.06% |
| Risk-weighted capital ratio | <u>14.61%</u> | <u>14.81%</u> | <u>14.69%</u> | <u>14.06%</u> |
| 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 | 12,328,807 | 11,310,142 | 11,396,324 | 10,079,987 |
| Capital Securities | 6,054,936 | 6,047,541 | 6,054,935 | 6,047,541 |
| | <u>31,365,223</u> | 30,337,038 | <u>30,432,739</u> | 29,106,883 |
| Less: Deferred tax assets ¹ | (1,481,033) | (1,493,132) | (1,176,448) | (1,194,897) |
| Less: Goodwill ¹ | (3,963,210) | (3,963,210) | (81,085) | (81,015) |
| Total Tier I capital | <u>25,920,980</u> | <u>24,880,696</u> | <u>29,175,206</u> | <u>27,830,971</u> |
| <u>Tier II capital</u> | | | | |
| Subordinated obligations | 8,629,113 | 8,653,373 | 8,124,707 | 8,152,239 |
| General allowance for bad and doubtful debts | 3,779,302 | 3,725,599 | 3,014,574 | 3,038,025 |
| Total Tier II capital | <u>12,408,415</u> | <u>12,378,972</u> | <u>11,139,281</u> | <u>11,190,264</u> |
| Total capital | 38,329,395 | 37,259,668 | 40,314,487 | 39,021,235 |
| Less: Investment in subsidiary companies and associates ² | (3,308,319) | (3,342,964) | (12,142,009) | (12,067,698) |
| Less: Other deductions | (14,974) | - | (14,974) | - |
| Capital base | <u>35,006,102</u> | <u>33,916,704</u> | <u>28,157,504</u> | <u>26,953,537</u> |

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 RM18,993,759, 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:

| | 31 December 2009 | | 30 June 2009 | |
|--|---------------------|-----------------------------|---------------------|-----------------------------|
| | Principal RM'000 | Risk- Weighted RM'000 | Principal RM'000 | Risk- Weighted RM'000 |
| Group | | | | |
| 0% | 46,617,625 | - | 35,034,146 | - |
| 10% | 988,090 | 98,809 | 362,633 | 36,263 |
| 20% | 31,554,814 | 6,310,963 | 28,968,131 | 5,793,626 |
| 50% | 35,754,578 | 17,877,289 | 33,248,708 | 16,624,354 |
| 100% | <u>180,330,725</u> | <u>180,330,725</u> | <u>170,959,552</u> | <u>170,959,552</u> |
| Total risk-weighted assets for credit risk | | <u>204,617,786</u> | | 193,413,795 |
| Total risk-weighted assets for market risk | | <u>30,941,141</u> | | <u>32,700,870</u> |
| Total risk-weighted assets for credit and market risks | | <u>235,558,927</u> | | <u>226,114,665</u> |
| Bank | | | | |
| 0% | 35,246,025 | - | 24,132,473 | - |
| 10% | 27,242 | 2,724 | 15,738 | 1,574 |
| 20% | 34,241,017 | 6,848,203 | 30,769,597 | 6,153,919 |
| 50% | 29,254,982 | 14,627,491 | 27,005,260 | 13,502,630 |
| 100% | <u>139,144,388</u> | <u>139,144,388</u> | <u>141,015,316</u> | <u>141,015,316</u> |
| Total risk-weighted assets for credit risk | | <u>160,622,806</u> | | 160,673,439 |
| Total risk-weighted assets for market risk | | <u>27,132,719</u> | | <u>27,922,999</u> |
| Total risk-weighted assets for credit and market risks | | <u>187,755,525</u> | | <u>188,596,438</u> |

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A28. Credit Exposure Arising From Credit Transactions With Connected Parties

| | GROUP | | BANK | |
|---|-----------------------------|-------------------------|-----------------------------|-------------------------|
| | 31 December 2009 | 30 June 2009 | 31 December 2009 | 30 June 2009 |
| Outstanding credit exposures with connected parties (RM'000) | 1,207,889 | 1,364,214 | 1,052,270 | 1,149,145 |
| Percentage of outstanding credit exposures to connected parties as proportion of total credit exposures | 3.5% | 4.0% | 3.7% | 4.3% |
| Percentage of outstanding credit exposures to connected parties which is non-performing or in default | 0.6% | 0.7% | 0.7% | 0.8% |

The credit exposure above are derived based on Bank Negara Malaysia's revised Guidelines on Credit Transactions and Exposures with Connected Parties, which are effective on 1 January 2008.

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A29. The Operations of Islamic Banking

A29a. Unaudited Balance Sheets as at 31 December 2009

| Group | 31 December 2009 RM'000 | 30 June 2009 RM'000 |
|--|--|------------------------------------|
| ASSETS | | |
| Cash and short-term funds | 3,042,259 | 4,403,717 |
| Deposits and placements with banks and other financial institutions | 100,096 | 49,659 |
| Securities portfolio | 4,535,435 | 4,324,549 |
| Financing and advances | 29,993,975 | 25,468,811 |
| Deferred tax assets | 84,502 | 58,397 |
| Derivative assets | 18,537 | 23,641 |
| Other assets | 181,105 | 172,992 |
| Statutory deposit with Bank Negara Malaysia | 80,500 | 206,000 |
| Total Assets | 38,036,409 | 34,707,766 |
| LIABILITIES | | |
| Deposits from customers | 28,068,706 | 24,778,718 |
| Deposit and placements of banks and other financial institutions | 6,384,931 | 6,153,166 |
| Bills and acceptances payable | 9,765 | 2,931 |
| Derivatives liabilities | 18,054 | 27,138 |
| Other liabilities | 709,417 | 1,020,861 |
| Provision for taxation and zakat | 34,982 | 28,597 |
| Total Liabilities | 35,225,855 | 32,011,411 |
| ISLAMIC BANKING FUNDS | | |
| Islamic Banking Funds | 125,141 | 197,476 |
| Reserves | 2,685,413 | 2,498,879 |
| | 2,810,554 | 2,696,355 |
| Total Liabilities and Islamic Banking Funds | 38,036,409 | 34,707,766 |
| COMMITMENTS AND CONTINGENCIES | 13,660,652 | 15,234,088 |

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A29. The Operations of Islamic Banking (Contd)

A29b. Unaudited Income Statements for the Second Quarter and Financial Half Year Ended 31 December 2009

| | 2nd Quarter Ended | | Cumulative 6 Months Ended | |
|---|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
| | 31 December 2009 RM'000 | 31 December 2008 RM'000 | 31 December 2009 RM'000 | 31 December 2008 RM'000 |
| Group | | | | |
| Income derived from investment of depositors' funds | 448,901 | 375,369 | 875,104 | 749,035 |
| Expenses directly attributable to depositors and Islamic Banking Funds | (2,619) | (6,835) | (4,500) | (5,754) |
| Transfer from profit equalisation reserve | (12,492) | 12,234 | 28,897 | 13,413 |
| Gross attributable income | 433,790 | 380,768 | 899,501 | 756,694 |
| Allowance for losses on financing and advances | (49,147) | (43,515) | (220,280) | (76,934) |
| Total attributable income | 384,643 | 337,253 | 679,221 | 679,760 |
| Income attributable to the depositors | (145,110) | (176,336) | (302,048) | (344,826) |
| Income attributable to the Group | 239,533 | 160,917 | 377,173 | 334,934 |
| Income derived from investment of Islamic Banking Funds | | | | |
| Gross investment income | 29,581 | 41,691 | 65,468 | 72,688 |
| Finance cost | - | - | - | - |
| Net income from investment of Islamic Banking Funds | 29,581 | 41,691 | 65,468 | 72,688 |
| | 269,114 | 202,608 | 442,641 | 407,622 |
| Overhead expenses | (102,634) | (80,836) | (203,080) | (151,108) |
| Profit before taxation and zakat | 166,480 | 121,772 | 239,561 | 256,514 |
| Taxation | (41,971) | (26,887) | (49,763) | (60,019) |
| Zakat | (1,722) | (2,994) | (3,933) | (7,256) |
| Profit for the period | 122,787 | 91,891 | 185,865 | 189,239 |

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A29. The Operations of Islamic Banking (Contd)

A29b. Unaudited Income Statements for the Second Quarter and Financial Half Year Ended 31 December 2009

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

| | Group | |
|---|-------------------------------|-------------------------------|
| | 31 December 2009 RM'000 | 31 December 2008 RM'000 |
| Gross attributable income | 899,501 | 756,694 |
| Net income from investment of Islamic Banking Funds | <u>65,468</u> | <u>72,688</u> |
| Total income before allowances for losses on financing and advances and overhead expenses | 964,969 | 829,382 |
| Income attributable to the depositors | <u>(302,048)</u> | <u>(344,826)</u> |
| | <u>662,921</u> | <u>484,556</u> |
| Net of Intercompany income & expenses | 74,584 | 105,754 |
| Income from Islamic Banking Scheme | <u>737,505</u> | <u>590,310</u> |

A29c. Financing and Advances

| | Group | |
|--|-------------------------------|---------------------------|
| | 31 December 2009 RM'000 | 30 June 2009 RM'000 |
| Overdrafts | 2,281,949 | 2,032,608 |
| Term financing | | |
| - Housing financing | 5,319,308 | 4,967,816 |
| - Syndicated financing | 197,939 | 129,795 |
| - Hire purchase receivables | 14,078,070 | 12,658,514 |
| - Other financing | 17,566,758 | 13,491,187 |
| Bills receivable | 1,306 | 47,931 |
| Trust receipts | 120,817 | 137,853 |
| Claims on customers under acceptance credits | 2,768,374 | 3,374,953 |
| Staff financing | 365,571 | 308,966 |
| Credit card receivables | 131,200 | 82,596 |
| Revolving credits | <u>1,455,000</u> | <u>263,100</u> |
| | <u>44,286,292</u> | <u>37,495,319</u> |
| Unearned income | <u>(13,097,892)</u> | <u>(11,028,542)</u> |
| Gross financing and advances | 31,188,400 | 26,466,777 |
| Allowance for bad and doubtful financing: | | |
| - specific | (681,077) | (561,520) |
| - general | <u>(513,348)</u> | <u>(436,446)</u> |
| Net financing and advances | <u>29,993,975</u> | <u>25,468,811</u> |

A29d. (i) Movements in non-performing financing and advances ("NPF") are as follows:

| | Group | |
|--|-------------------------------|---------------------------|
| | 31 December 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 | 331,673 | 425,269 |
| Recovered/regularized during the period/year | (218,840) | (383,655) |
| Amount written off | (40,065) | (107,801) |
| Expenses debited to customers' accounts | 6,395 | 5,509 |
| Balance at end of the period/year | <u>1,124,875</u> | <u>1,045,712</u> |
| Specific allowance | (681,077) | (561,520) |
| on non performing loan | <u>(675,273)</u> | <u>(558,277)</u> |
| on performing loan | <u>(5,804)</u> | <u>(3,243)</u> |
| Net NPF | <u>443,798</u> | <u>484,192</u> |

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A29. The Operations of Islamic Banking (Contd)

A29d. (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 | 1.45% | 1.87% |
| excluding specific allowance on financing | <u>1.47%</u> | <u>1.88%</u> |

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

| | Group | |
|--|-------------------------------|---------------------------|
| | 31 December 2009 RM'000 | 30 June 2009 RM'000 |
| <u>General allowance</u> | | |
| At beginning of the period/year | 436,446 | 333,981 |
| Allowance made during the period/year | 174,830 | 117,165 |
| Allowance written back | (97,928) | (14,700) |
| At end of the period/year | <u>513,348</u> | <u>436,446</u> |
| As a percentage of gross financing and advances less specific allowance | <u>1.68%</u> | <u>1.69%</u> |
| <u>Specific allowance</u> | | |
| At beginning of the period/year | 561,520 | 549,632 |
| Allowance made during the period in respect of recoveries | 199,430 | 193,410 |
| Amount written back | (39,808) | (73,721) |
| Amount written off | (40,065) | (107,801) |
| At end of the period/year | <u>681,077</u> | <u>561,520</u> |

A29e. Deposits from Customers

(i) **By type of deposit**

| | Group | |
|------------------------------------|-------------------------------|---------------------------|
| | 31 December 2009 RM'000 | 30 June 2009 RM'000 |
| <u>Mudharabah Fund</u> | | |
| Demand deposits | 2,553,145 | 2,530,270 |
| Savings deposits | 187,477 | 163,642 |
| General investment deposits | 11,670,188 | 10,536,150 |
| Negotiable instruments of deposits | 1,244,961 | 1,881,710 |
| | <u>15,655,771</u> | <u>15,111,772</u> |
| <u>Non-Mudharabah Fund</u> | | |
| Demand deposits | 4,313,147 | 3,831,515 |
| Savings deposits | 4,798,127 | 4,414,806 |
| Fixed return investment deposits | 635,728 | 872,700 |
| Structured deposits | 2,665,933 | 547,925 |
| | <u>12,412,935</u> | <u>9,666,946</u> |
| Total deposit from customers | <u>28,068,706</u> | <u>24,778,718</u> |

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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 posted profit attributable to equity holders amounting to RM1,875.3 million and RM993.5 million for the half year ended 31 December 2009 and 2nd quarter ended 31 December 2009 respectively, a significant increase of RM568.6 million or 43.5% for the half year and RM258.9 million or 35.2% for the quarter.

The Group's net interest income for the 6 months period ended 31 December 2009 increased by RM498.3 million or 17.7% to RM3,310.7 million. The increase in net interest income is mainly due to the full six months' contribution from PT Bank Internasional Indonesia Tbk (BII), a 97.5% subsidiary acquired on 30 September 2008, and higher contribution by the Bank, where interest expense decreased at a faster rate compared to interest income. Income from Islamic Banking Scheme operations for the 6 months ended 31 December 2009 also increased by RM147.2 million or 24.9% to RM737.5 million.

Non interest income increased significantly by RM1,032.9 million or 77.8% to RM2,360.1 million compared to the amount in the previous corresponding period. The significant increase is contributed by higher fee income, unrealized gain on revaluation of derivatives, foreign exchange profits, net gain on sale of held-for-trading and available-for-sale securities, which were higher by RM378.2 million, RM362.0 million, RM170.9 million and RM102.8 million respectively.

Overhead expenses increased by RM580.0 million or 22.1% to RM3,209.5 million over the amount in the corresponding period, mainly due to the full six months' contribution from BII compared to the corresponding period. Personnel cost increased by RM242.3 million or 20.3% to RM1,433.2 million. Establishment costs increased by RM136.1 million or 31% to RM575.4 million (including amortization of BII's Customer Deposits Intangibles). Administration and general expenses increased by RM209.1 million or 34.8% to RM810.8 million due to increase in royalties paid for the expansion of cards businesses and higher professional fees.

Allowance for losses on loans, advances and financing increased by RM154.8 million or 30.6% to RM661.3 million. The increase is mainly due to contribution by BII, which however, was mitigated by lower allowances in the domestic banking operations.

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B2. Variation of Current Quarter Results Against Preceding Quarter

The Group posted profit attributable to equity holders amounting to RM993.5 million for the 2nd quarter ended 31 December 2009, an increase of RM111.7 million or 12.7% compared to the preceding quarter.

The Group's net interest income and income from Islamic Banking Scheme operations for the 2nd quarter ended 31 December 2009 increased by RM29.8 million or 1.5% to RM2009.2 million against the preceding quarter.

Non-interest income for the quarter increased RM77.1 million or 6.7% to RM1,218.1 million compared to that of preceding quarter. The increase is mainly attributable to loans related fee income and foreign exchange profits.

Overhead expenses for the quarter increased by RM68.0 million or 4.3% over that of the preceding quarter mainly due to higher personnel expenses, which were higher by RM79.8 million, but was partly offset by lower insurance claims incurred of RM6.6 million and lower marketing expenses of RM5.5 million.

Compared to the preceding quarter, allowance for losses on loans, advances and financing and impairment losses were lower by RM174.1 million and RM22.5 million respectively.

B3. Prospects

With Malaysia's economy resuming growth in 2010, Maybank's core commercial banking operations is expected to perform better with positive but modest loan growth in all segments. Improved consumer sentiments will fuel further growth in the area of consumer financing. Improving capital market activity, coupled with the Group's effort to build internal capability and capacity is expected to 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 Group's international operation is also expected to record better performance due to the global economic recovery as well as through business expansion. BII has shown good improvement and is expected to show much better growth in line with the vibrant banking sector in Indonesia and following new business strategy initiated by the management team. The Group's Singapore operations is also expected to contribute to the growth, albeit moderately and with strong asset quality.

With the improving economic environment in the markets that we operate 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. For financial year 2010, the Group has set its Key Performance Indicators (KPIs) with target revenue growth of 8.0% and with Return on Equity (ROE) of 11.0%. Barring unforeseen circumstances, the Group expects the revenue growth and ROE to exceed the KPIs set for financial year 2010.

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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 second quarter and financial half year ended 31 December 2009 are as follows:

| Group | 2nd Quarter Ended | | Cumulative 6 Months Ended | |
|---|-----------------------------|-----------------------------|----------------------------------|-----------------------------|
| | 31 December 2009 | 31 December 2008 | 31 December 2009 | 31 December 2008 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Malaysian income tax | 372,452 | 279,417 | 642,988 | 476,893 |
| Foreign income tax | 36,801 | (51,977) | 47,255 | 11,777 |
| | 409,253 | 227,440 | 690,243 | 488,670 |
| Overprovision in prior periods | - | (5) | - | (18) |
| Deferred tax expense | | | | |
| - Origination and reversal of temporary differences | (36,167) | (9,296) | (70,972) | (2,177) |
| - Due to reduction in statutory rate | - | 895 | - | 39,314 |
| | (36,167) | (8,401) | (70,972) | 37,137 |
| Tax expense for the period | 373,086 | 219,034 | 619,271 | 525,789 |
| Zakat | 3,488 | 6,583 | 6,765 | 10,846 |
| | 376,574 | 225,617 | 626,036 | 536,635 |

| Bank | 2nd Quarter Ended | | Cumulative 6 Months Ended | |
|---|-----------------------------|-----------------------------|----------------------------------|-----------------------------|
| | 31 December 2009 | 31 December 2008 | 31 December 2009 | 31 December 2008 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Malaysian income tax | 444,812 | 140,231 | 672,884 | 308,781 |
| Foreign income tax | 3,498 | (219) | 4,860 | 817 |
| | 448,310 | 140,012 | 677,744 | 309,598 |
| Deferred tax expense | | | | |
| - Origination and reversal of temporary differences | (39,275) | 4,266 | (42,125) | 5,819 |
| - Due to reduction in statutory rate | - | - | - | 37,744 |
| | (39,275) | 4,266 | (42,125) | 43,563 |
| Tax expense for the period | 409,035 | 144,278 | 635,619 | 353,161 |

Domestic income tax is calculated at the Malaysian statutory tax rate of 25% (31 December 2008: 25%) 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

There were no material gains or losses on sale of investments or properties during the period other than in the ordinary course of business.

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.

On 10 December 2009 Maybank had received a letter from An Binh Bank confirming, amongst others, that all approvals including regulatory approvals required from the Prime Minister's Office, the State Bank of Vietnam and the State Securities Committee have been received. Based on the foregoing, Maybank has on 17 December 2009, successfully completed the acquisition of 17,813,366 shares in An Binh Bank ("Fourth Subscription"), representing 5% of the total charter capital of An Binh Bank ("Charter Capital") for a total consideration of approximately VND356.3 billion or the equivalent of approximately RM66.4 million (at the exchange rate of VND5,362 : RM1.00 as of 16 December 2009).

Pursuant thereto, Maybank now holds 60,565,443 shares in An Binh Bank, which represents 20% total Charter Capital of An Binh Bank.

(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.

PASB has changed its name to Etiqa International Holdings Sdn Bhd with effect from 15 December 2009.

(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.

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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 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.

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.

(d) Proposed Rights Issue by PT Bank Internasional Indonesia Tbk (“BII”)

BII has announced their intention to embark on a rights issue exercise to raise gross proceeds of up to USD 150 million or RM 513.5 million equivalent. The proposed rights issue exercise has been approved by the Board of BII on 8 February 2010 and is expected to be completed by end of April 2010, subject to the appropriate approval from shareholders and regulators. Details of the rights issue such as ratio, discount and other relevant information will be announced in due course.

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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 by ten plaintiffs'/bondholders' for an amount of approximately RM149.3 million. MTB was alleged to have acted in breach of trust and negligently in its capacity as Trustee for the bonds issued. MTB does not admit any liability to the claim and has defended the suit. The solicitors for MTB are unable to determine the maximum exposure of liability.

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.

On 7 July 2008, the Plaintiffs entered judgment by consent against the 1st, 4th and 6th to 12th Defendants for the sum of RM149.3 million as well as withdrew the claim against the 5th defendant. The entering of the said judgment by consent is not in any way an implication of liability on the part of MTB and MTB has defended the suit.

The 1st Defendant had on 4 August 2008 served a counterclaim on MTB for approximately RM535 million being loss of profit, expenses and damages stated to have been incurred by it which allegedly arises as a result of MTB unlawfully declaring an Event Of Default ("EOD") on the bond("Counterclaim"). MTB had defended the Counterclaim and the 1st Defendant had on 25 August 2009 withdrawn the Counterclaim against MTB.

The trial for the suit had concluded in November 2009 and the Kuala Lumpur High Court has reserved judgment to a date to be notified by the Court.

The above contingent liability is covered by an existing Banker Blanket Bond Policy between the Bank and a subsidiary, Etiqa Insurance Berhad, which had entered into a facultative reinsurance contract for an insured sum of RM150 million with three(3) other re-insurers.

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

- (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 Counterclaimed for loss and damage amounting to approximately RM284 million as a result of ETB's alleged failure to release the balance of the facility of RM7.5 million. ETB had 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 Judgment, but directed that a rebate be given if there is early settlement. The Court has also dismissed the 1st Defendant's Counterclaim against ETB with costs. The Defendants had filed two separate applications to the Kuala Lumpur High Court for stay of execution of the Summary Judgment. Both applications for stay of execution were dismissed by the Kuala Lumpur High Court.

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B11. Changes in Material Litigation (Contd.)

(b) The Defendants then filed :-

- (i) Notice of Motion to the Court of Appeal for stay of execution of the Summary Judgment; and
- (ii) Notice of Motion to appeal against the Summary Judgment

During the hearing of the Notice of Motion for stay of execution on 28 October 2009, the Court of Appeal dismissed the Notice of Motion with costs. As for the Notice of Motion to appeal against the Summary Judgment, the matter is fixed for hearing on 4 March 2010.

(c) A corporate borrower has issued a writ of summons 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.

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 respect of this account pursuant to a vesting order dated 28 September 2006 and 21 May 2007 respectively.

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. 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 ("Appeal") to the Court of Appeal. The Appeal was heard on 23 November 2009 and the Court of Appeal had dismissed the Appeal against the stay order. A case management date has been fixed on 25 February 2010 at the Court of Appeal for Maybank IB's appeal against the judgement obtained on 6 May 2009 at the High Court.

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.

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B12. Proposed Interim Dividend

The Board of Directors has declared an interim dividend of 11.0 sen per share less 25% tax for the financial year ended 30 June 2010 (30 June 2009: final dividend of 8.0 sen per share less 25% taxation).

The interim dividend will be paid on 16 March 2010 to Depositors whose names are registered in the Record of Depositors on 4 March 2010.

B13. Earning Per Share (EPS)

Basic

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

| | 2nd Quarter Ended | | Cumulative 6 Months Ended | |
|--|--------------------------|------------------------|----------------------------------|------------------------|
| | 31 December | 31 December | 31 December | 31 December |
| | 2009 | 2008 | 2009 | 2008 |
| Net profit for the period (RM'000) | 993,502 | 734,560 | 1,875,305 | 1,306,733 |
| Weighted average number of ordinary shares in issue ('000) | 7,077,983 | 5,500,464 ¹ | 7,077,930 | 5,500,459 ¹ |
| Basic earnings per share ('000) | 14.04 sen | 13.35 sen ¹ | 26.50 sen | 23.76 sen ¹ |

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

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.

| | 2nd Quarter Ended | | Cumulative 6 Months Ended | |
|---|-----------------------------|-----------------------------|----------------------------------|-----------------------------|
| | 31 December 2009 | 31 December 2008 | 31 December 2009 | 31 December 2008 |
| Net profit for the year (RM'000) | 993,502 | 734,560 | 1,875,305 | 1,306,733 |
| Weighted average number of ordinary shares in issue ('000) | 7,077,983 | 5,500,464 | 7,077,930 | 5,500,459 |
| Effects of share option ('000) | - | - | - | - |
| Adjusted weighted average number of ordinary shares in issue ('000) | 7,077,983 | 5,500,464 ¹ | 7,077,930 | 5,500,459 ¹ |
| Diluted earnings per share ('000) | 14.04 sen | 13.35 sen ¹ | 26.50 sen | 23.76 sen ¹ |

¹ Adjusted for rights issue completed on 30 April 2009.

By Order of the Board

Mohd Nazlan Mohd Ghazali
LS0008977
Company Secretary
9 February 2010