

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

CONDENSED FINANCIAL STATEMENTS
UNAUDITED INCOME STATEMENTS
FOR THE THIRD QUARTER ENDED 31 MARCH 2010

Group	Note	3rd Quarter Ended		Cumulative 9 Months Ended	
		31 March 2010 RM'000	31 March 2009 RM'000	31 March 2010 RM'000	31 March 2009 RM'000
Interest income	A16	2,710,569	2,911,975	8,171,233	8,647,665
Interest expense	A17	(1,042,572)	(1,368,482)	(3,192,566)	(4,291,741)
Net interest income		1,667,997	1,543,493	4,978,667	4,355,924
Income from Islamic Banking					
Scheme operations:					
Gross operating income		332,041	312,802	1,040,649	889,699
Profit equalisation reserves		9,447	14,497	38,344	27,910
	A28b	341,488	327,299	1,078,993	917,609
		2,009,485	1,870,792	6,057,660	5,273,533
Non-interest income	A18	1,178,790	647,339	3,538,861	1,974,521
Net income		3,188,275	2,518,131	9,596,521	7,248,054
Overhead expenses	A19	(1,586,136)	(1,415,716)	(4,795,626)	(4,045,223)
		1,602,139	1,102,415	4,800,895	3,202,831
Allowance for losses on loans, advances and financing	A20	(215,515)	(409,806)	(876,794)	(916,320)
Impairment losses on securities, net		42,501	(67,193)	409	(106,002)
Operating Profit		1,429,125	625,416	3,924,510	2,180,509
Impairment loss on investment in associated companies		-	-	-	(242,000)
Write-back of allowance for non-refundable deposit		-	-	-	483,824
		1,429,125	625,416	3,924,510	2,422,333
Share of profits in associated companies		26,020	28,484	86,804	73,626
Profit before taxation and zakat		1,455,145	653,900	4,011,314	2,495,959
Taxation & Zakat	B5	(391,861)	(145,004)	(1,017,897)	(681,639)
Profit for the period		1,063,284	508,896	2,993,417	1,814,320
Attributable to:					
Equity holders of the parent		1,030,388	503,281	2,905,693	1,810,014
Minority Interest		32,896	5,615	87,724	4,306
		1,063,284	508,896	2,993,417	1,814,320
Earnings per share attributable to equity holders of the parent	B12				
Basic		14.56 sen	9.15 sen ¹	41.05 sen	32.91 sen ¹
Fully diluted		14.56 sen	9.15 sen ¹	41.05 sen	32.91 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)

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

CONDENSED FINANCIAL STATEMENTS
UNAUDITED INCOME STATEMENTS
FOR THE THIRD QUARTER ENDED 31 MARCH 2010

Bank	Note	3rd Quarter Ended		Cumulative 9 Months Ended	
		31 March 2010 RM'000	31 March 2009 RM'000	31 March 2010 RM'000	31 March 2009 RM'000
Interest income	A16	2,109,478	2,272,901	6,393,344	7,211,165
Interest expense	A17	(784,062)	(1,022,670)	(2,414,317)	(3,466,322)
Net interest income		1,325,416	1,250,231	3,979,027	3,744,843
Non-interest income	A18	780,162	939,042	2,870,267	1,758,016
Net income		2,105,578	2,189,273	6,849,294	5,502,859
Overhead expenses	A19	(982,836)	(940,936)	(3,006,104)	(2,783,802)
		1,122,742	1,248,337	3,843,190	2,719,057
Allowance for losses on loans, advances and financing	A20	(95,952)	(225,468)	(395,853)	(502,632)
Impairment losses on securities, net		47,194	(82,187)	3,282	(124,260)
Operating Profit		1,073,984	940,682	3,450,619	2,092,165
Impairment loss on investment in a subsidiary		-	-	-	(242,000)
Write-back of allowance for non-refundable deposit		-	-	-	483,824
Profit before taxation and zakat		1,073,984	940,682	3,450,619	2,333,989
Taxation	B5	(297,463)	(186,666)	(933,082)	(539,827)
Profit for the period		776,521	754,016	2,517,537	1,794,162

(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 MARCH 2010

	Note	GROUP		BANK	
		31 March 2010 RM'000	30 June 2009 RM'000	31 March 2010 RM'000	30 June 2009 RM'000
ASSETS					
Cash and short-term funds		32,622,775	23,607,979	25,286,634	17,448,312
Deposits and placements with financial institutions		8,456,520	6,299,175	7,893,352	7,563,969
Securities purchased under resale agreements		104,785	346,462	104,785	346,462
Securities portfolio	A9	52,978,910	57,727,128	45,861,151	47,020,177
Loans, advances and financing	A10	196,715,419	185,783,166	147,147,378	144,431,798
Derivative assets		1,194,171	973,685	1,168,098	929,904
Other assets	A11	5,215,130	5,249,290	2,899,341	3,818,866
Investment properties		48,113	26,578	-	-
Statutory deposits with Central Banks		4,692,618	4,050,932	1,890,166	2,110,143
Investment in subsidiaries		-	-	11,786,293	11,786,293
Interests in associates		2,506,212	2,630,123	418,700	343,049
Property, plant and equipment		1,379,818	1,395,562	1,097,643	1,115,140
Intangible assets		4,513,720	4,374,010	149,099	168,132
Deferred tax assets		1,549,154	1,493,132	1,235,821	1,194,897
Life, general takaful and family takaful fund assets		17,065,301	16,781,901	-	-
TOTAL ASSETS		329,042,646	310,739,123	246,938,461	238,277,142
LIABILITIES					
Deposits from customers	A12	231,933,128	212,598,589	175,767,760	163,452,930
Deposits and placements of banks and other financial institutions	A13	23,721,251	28,781,863	24,066,968	30,121,916
Obligations on securities sold under repurchase agreements		404,109	-	-	-
Bills and acceptances payable		1,876,361	1,470,063	1,439,556	1,328,279
Derivative liabilities		1,213,456	1,459,068	1,163,898	1,381,860
Other liabilities	A15	6,543,313	5,996,250	3,598,542	3,253,358
Recourse obligation on loans sold to Cagamas		680,678	516,265	680,678	516,265
Provision for taxation and zakat		302,231	87,743	47,453	-
Deferred tax liabilities		56,787	57,430	-	-
Borrowings	A14(i)	2,806,633	2,502,060	2,050,505	1,512,310
Subordinated obligations	A14(ii)	8,565,070	8,672,373	8,076,661	8,152,239
Capital Securities	A14(iii)	5,987,440	6,047,541	5,987,440	6,047,541
Life, general takaful and family takaful fund liabilities		4,604,184	4,529,995	-	-
Life, general takaful and family takaful policy holders' funds		12,461,117	12,251,906	-	-
TOTAL LIABILITIES		301,155,758	284,971,146	222,879,461	215,766,698

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

CONDENSED FINANCIAL STATEMENTS
UNAUDITED BALANCE SHEETS AS AT 31 MARCH 2010

	Note	GROUP		BANK	
		31 March 2010 RM'000	30 June 2009 RM'000	31 March 2010 RM'000	30 June 2009 RM'000
SHAREHOLDERS' EQUITY					
Share capital		7,077,983	7,077,663	7,077,983	7,077,663
Reserves		19,846,073	17,821,083	16,981,017	15,432,781
		26,924,056	24,898,746	24,059,000	22,510,444
Minority Interest		962,832	869,231	-	-
Total equity		27,886,888	25,767,977	24,059,000	22,510,444
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY					
		329,042,646	310,739,123	246,938,461	238,277,142
COMMITMENTS AND CONTINGENCIES	A25	240,839,794	221,586,702	221,856,039	201,853,878
CAPITAL ADEQUACY					
	A27				
Based on credit and market risks:					
<u>Without deducting dividend payable *</u>					
Core capital ratio		10.67%	11.00%	14.83%	14.29%
Risk-weighted capital ratio		14.50%	14.99%	14.83%	14.29%
<u>After deducting dividend payable</u>					
Core capital ratio:		10.67%	10.81%	14.83%	14.06%
Risk-weighted capital ratio:		14.50%	14.81%	14.83%	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 THIRD QUARTER ENDED 31 MARCH 2010

GROUP	←===== Non Distributable =====→							Distributable Retained Profits RM'000	Total Shareholders' Equity RM'000	Minority Interests RM'000	Total Equity RM'000	
	Share Capital RM'000	Share Premium RM'000	Statutory Reserve RM'000	Capital Reserve RM'000	Unrealised Holding Reserve/(Deficit) RM'000	Exchange Fluctuation Reserve RM'000	Share Option Reserve RM'000					Revaluation Reserve 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	-	-	-	-	-	(130,347)	-	-	-	(130,347)	1,604	(128,743)
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	-	-	-	-	273,342	-	-	-	-	273,342	11,844	285,186
Net gain/(loss) not recognised in the income statement	-	-	-	-	268,714	(130,347)	-	-	(19,026)	119,341	2,846	122,187
Net profit for the period	-	-	-	-	-	-	-	-	2,905,693	2,905,693	87,724	2,993,417
Total recognised income/(expense) for the year	-	-	-	-	268,714	(130,347)	-	-	2,886,667	3,025,034	90,570	3,115,604
Issue of ordinary shares pursuant to ESOS	320	1,805	-	-	-	-	-	-	-	2,125	-	2,125
Transfer to/(from) statutory reserves	-	-	645,320	-	-	-	-	-	(645,320)	-	-	-
Transfer to/(from) share option reserve	-	-	-	-	-	-	(63,191)	-	63,191	-	-	-
Revaluation reserve from investment properties	-	-	-	-	-	-	-	6,764	-	6,764	3,031	9,795
Dividend paid	-	-	-	-	-	-	-	-	(1,008,613)	(1,008,613)	-	(1,008,613)
At 31 March 2010	7,077,983	5,903,497	5,310,303	15,250	120,326	(797,232)	-	9,506	9,284,423	26,924,056	962,832	27,886,888

(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 THIRD QUARTER ENDED 31 MARCH 2010

<u>GROUP</u>	<===== Non Distributable =====>						Share Option Reserves RM'000	Distributable Retained Profits RM'000	Total Shareholders' Equity RM'000	Minority Interests RM'000	Total Equity RM'000
	Share Capital RM'000	Share Premium RM'000	Statutory Reserve RM'000	Capital Reserve RM'000	Unrealised Holding Reserve/(Deficit) RM'000	Exchange Fluctuation Reserve RM'000					
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	-	-	-	-	-	(81,565)	-	-	(81,565)	-	(81,565)
Acquisition of an Interest by Minority Interest	-	-	-	-	-	-	-	-	-	93,119	93,119
Effects of acquisition/disposal of interests from/to minority interest	-	-	-	-	-	-	-	37,163	37,163	(19,593)	17,570
Unrealised net gain on revaluation of securities available-for-sale	-	-	-	-	262,852	-	-	-	262,852	(16,280)	246,572
Net gain/(loss) not recognised in the income statement	-	-	-	-	262,852	(81,565)	-	37,163	218,450	57,246	275,696
Net profit for the period	-	-	-	-	-	-	-	1,810,015	1,810,015	4,306	1,814,321
Total recognised income for the period	-	-	-	-	262,852	(81,565)	-	1,847,178	2,028,465	61,552	2,090,017
Share-based payment under ESOS	-	-	-	-	-	-	(27,067)	-	(27,067)	-	(27,067)
Transfer to/(from) statutory reserves	-	-	591,174	-	-	-	-	(591,174)	-	-	-
Issue of ordinary shares pursuant to ESOS	24	154	-	-	-	-	-	-	178	-	178
Dividend paid	-	-	-	-	-	-	-	(722,410)	(722,410)	-	(722,410)
At 31 March 2009	4,881,147	2,097,165	5,164,810	15,250	(153,488)	(123,317)	36,002	8,664,090	20,581,659	850,821	21,432,480

(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 THIRD QUARTER ENDED 31 MARCH 2010

<=====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	-	-	-	-	(130,312)	-	-	(130,312)
Unrealised net gain on revaluation of securities available for sale	-	-	-	167,819	-	-	-	167,819
Net gain/(loss) not recognised in the income statement	-	-	-	167,819	(130,312)	-	-	37,507
Net profit for the period	-	-	-	-	-	-	2,517,537	2,517,537
Total recognised income/(expense) for the year	-	-	-	167,819	(130,312)	-	2,517,537	2,555,044
Transfer to/(from) statutory reserve	-	-	630,000	-	-	-	(630,000)	-
Transfer to/(from) share option reserve	-	-	-	-	-	(63,191)	63,191	-
Issue of ordinary shares pursuant to ESOS	320	1,805	-	-	-	-	-	2,125
Dividend paid	-	-	-	-	-	-	(1,008,613)	(1,008,613)
At 31 March 2010	7,077,983	5,903,497	5,113,770	84,386	9,459	-	5,869,905	24,059,000

(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
(3813-K)
(Incorporated in Malaysia)

CONDENSED FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE THIRD QUARTER ENDED 31 MARCH 2010

	<=====Non Distributable=====>						Distributable Retained Profits RM'000	Total Equity RM'000
	Share Capital RM'000	Share Premium RM'000	Statutory Reserve RM'000	Unrealised Holding Reserve/(Deficit) RM'000	Exchange Fluctuation Reserve RM'000	Other Reserves RM'000		
BANK								
At 1 July 2008	4,881,123	2,097,011	4,483,770	(400,753)	94,730	63,069	5,981,365	17,200,315
Currency translation differences	-	-	-	-	128,395	-	-	128,395
Unrealised net gain on revaluation of securities available for sale	-	-	-	357,001	-	-	-	357,001
Net gain/(loss) not recognised in the income statement	-	-	-	357,001	128,395	-	-	485,396
Net profit for the year	-	-	-	-	-	-	1,794,162	1,794,162
Total recognised income/(expense) for the year	-	-	-	357,001	128,395	-	1,794,162	2,279,558
Share-based payment under ESOS	-	-	-	-	-	122	-	122
Transfer to/(from) statutory reserves	-	-	449,000	-	-	-	(449,000)	-
Issue of ordinary shares pursuant to ESOS	24	154	-	-	-	-	-	178
Dividend paid	-	-	-	-	-	-	(722,410)	(722,410)
At 31 March 2009	4,881,147	2,097,165	4,932,770	(43,752)	223,125	63,191	6,604,117	18,757,763

(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 CONDENSED CASH FLOW STATEMENTS
FOR THE THIRD QUARTER ENDED 31 MARCH 2010

	GROUP		BANK	
	31 March 2010 RM'000	31 March 2009 RM'000	31 March 2010 RM'000	31 March 2009 RM'000
Profit before taxation	4,011,314	2,495,959	3,450,619	2,333,989
Adjustments for non-operating and non-cash items	<u>779,636</u>	1,314,242	<u>(366,105)</u>	359,639
Operating profit before working capital changes	<u>4,790,950</u>	3,810,201	<u>3,084,514</u>	2,693,628
Changes in working capital:-				
Net changes in operating assets	9,426,538	(11,270,450)	11,413,034	(8,086,216)
Net changes in operating liabilities	(3,212,397)	5,532,659	(5,155,664)	4,834,155
Tax expense and zakat paid	<u>(915,730)</u>	<u>(1,003,182)</u>	<u>(981,645)</u>	<u>(875,842)</u>
Net cash generated from/(used in) operations	<u>10,089,361</u>	<u>(2,930,772)</u>	<u>8,360,239</u>	<u>(1,434,275)</u>
Net cash generated from/(used in) investing activities	111,544	(7,465,270)	658,453	(8,684,535)
Net cash generated (used in)/from financing activities	<u>(250,415)</u>	4,514,552	<u>(250,415)</u>	3,864,927
	<u>(138,871)</u>	<u>(2,950,718)</u>	<u>408,038</u>	<u>(4,819,608)</u>
Net change in cash and cash equivalents	9,950,490	(5,881,490)	8,768,277	(6,253,883)
Cash and cash equivalents at beginning of period *	<u>22,672,285</u>	29,249,597	<u>16,518,357</u>	25,587,362
Cash and cash equivalents at end of period	<u>32,622,775</u>	23,368,107	<u>25,286,634</u>	19,333,479
* 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>(935,694)</u>	1,605,238	<u>(929,955)</u>	1,517,745
As restated	<u>22,672,285</u>	29,249,597	<u>16,518,357</u>	25,587,362

(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)

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) Amendments to FRS 1 First time adoption of Financial Reporting Standards	January 2010
(iii) FRS 3 Business Combinations	July 2010
(iv) FRS 4 Insurance Contracts	January 2010
(v) FRS 7 Financial Instruments: Disclosures	January 2010
(vi) Amendments to FRS 7 Financial Instruments: Disclosures	January 2010
(vii) FRS 101 Presentation of Financial Statements	January 2010
(viii) FRS 123 Borrowing Costs	January 2010
(ix) Amendments to FRS 123 Borrowing Costs	January 2010
(x) FRS 127 Consolidated and Separate Financial Statements	July 2010
(xi) Amendments to FRS 127 Consolidated and Separate Financial Statements	January 2010
(xii) FRS 139 Financial Instruments – Recognition and Measurements	January 2010
(xiii) Amendments to FRS 139 Financial Instruments: Recognition and measurement	January 2010
(xiv) Amendments to FRS 2 Share-based Payment – Vesting Conditions and Cancellations	July 2010
(xv) Amendments to FRS 5 Non-current assets Held for Sale and Discontinued Operations	July 2010
(xvi) Amendments to FRS 107 Statement of Cash Flows	January 2010
(xvii) Amendments to FRS 108 Accounting Policies, Changes in Accounting Estimates and Errors	January 2010
(xviii) Amendments to FRS 110 Events After the Balance Sheet Date	January 2010
(xix) Amendments to FRS 116 Property, Plant & Equipment	January 2010

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

A1. Basis of Preparation (contd.)

	Effective date
(xx) Amendments to FRS 117 Leases	January 2010
(xxi) Amendments to FRS 118 Revenue	January 2010
(xxii) Amendments to FRS 119 Employee Benefits	January 2010
(xxiii) Amendments to FRS 128 Investments in associates	January 2010
(xxiv) Amendments to FRS 131 Interests in Joint Ventures	January 2010
(xxv) Amendments to FRS 132 Financial Instruments Presentation	January 2010
(xxvi) Amendments to FRS 134 Interim Financial Reporting	January 2010
(xxvii) Amendments to FRS 136 Impairment of Assets	January 2010
(xxviii) Amendments to FRS 138 Intangible Assets	July 2010
(xxix) Amendments to FRS 140 Investment Property	January 2010
(xxx) TR i-3 Presentation of Financial Statements of Islamic Financial Institutions	January 2010
(xxx i) SOP i-1 Financial Reporting from an Islamic Perspective	January 2010
(xxxii) IC Interpretation 9: Reassessment of Embedded Derivatives	January 2010
(xxxiii) Amendments to IC Interpretation 9: Reassessment of Embedded Derivatives	July 2010
(xxxiv) IC Interpretation 10: Interim Financial Reporting and Impairment	January 2010
(xxxv) IC Interpretation 11: FRS 2 – Group and Treasury Share Transactions	January 2010
(xxxvi) IC Interpretation 12: Service Concession Arrangements	July 2010
(xxxvii) IC Interpretation 13: Customer Loyalty Programmes	January 2010
(xxxviii) IC Interpretation 14: FRS 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	January 2010
(xxxix) IC Interpretation 15: Agreements for the Construction of Real Estate	July 2010
(xxxx) IC Interpretation 16: Hedges of a Net Investment in a Foreign Operation	July 2010
(xxxxi) 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 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:

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

A2. Significant Accounting Estimates and Judgments (contd.)

(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.

(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.

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

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.

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

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 third quarter and nine months ended 31 March 2010.

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

During the third quarter and nine months ended 31 March 2010, save as disclosed 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 third quarter and nine months ended 31 March 2010.

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 March 2010, 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

The Bank paid the following dividends:

a) A final dividend of 8 sen per share less 25% taxation for the financial year ended 30 June 2009, amounting to RM424,678,966 (6 sen net per ordinary share) was paid on 27 October 2009

b) A first interim dividend of 11 sen per share less 25% taxation for the financial year ending 30 June 2010, amounting to RM583,933,535 (8.25 sen net per ordinary share) was paid on 16 March 2010

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

A9. Securities Portfolio

	Note	Group		Bank	
		31 March 2010 RM'000	30 June 2009 RM'000	31 March 2010 RM'000	30 June 2009 RM'000
Securities held-for-trading	(i)	2,584,016	1,489,272	1,970,821	838,721
Securities available-for-sale	(ii)	41,437,266	47,877,105	35,893,609	39,349,558
Securities held-to-maturity	(iii)	8,957,628	8,360,751	7,996,721	6,831,898
		52,978,910	57,727,128	45,861,151	47,020,177

A9. (i) Securities Held-for-trading

At Fair value

Money market instruments:-

Malaysian Government Securities	259,236	63,813	259,238	4,940
Malaysian Government Treasury Bills	9,766	73,227	9,766	73,227
Malaysian Government Investment Issues	254,407	29,946	54,703	-
Khazanah Bonds	-	4,978	-	-
Bank Negara Malaysia Monetary Notes	140,654	444,031	108,766	444,031
Foreign Government Treasury Bills	179,304	-	179,304	-
Foreign Government Securities	134,192	4,738	-	-
Foreign Certificates of Deposits	216,912	219,426	-	-
Sukuk Ijarah Bonds	69,951	-	49,965	-
	1,264,422	840,159	661,742	522,198

Quoted securities:

Shares	19,124	27,939	19,124	27,939
	19,124	27,939	19,124	27,939

Unquoted securities:

Private and Islamic Debt Securities in Malaysia	1,041,838	332,590	1,041,838	-
Foreign Private Debt Securities	258,632	288,584	248,117	288,584
	1,300,470	621,174	1,289,955	288,584

Total securities held-for-trading

	2,584,016	1,489,272	1,970,821	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	5,567,343	8,000,877	5,463,058	7,462,815
Malaysian Treasury Bills	-	9,902	-	9,902
Cagamas Bonds	462,699	289,075	462,699	289,075
Foreign Government Securities	7,501,895	7,601,976	5,211,676	4,889,677
Malaysian Government Investment Issues	5,367,638	8,128,186	2,934,956	5,156,329
Foreign Government Treasury Bills	1,558,540	556,106	1,412,196	405,546
Negotiable Instruments of Deposits	933,671	1,776,469	3,903,680	4,691,967
Bankers' Acceptances and Islamic Accepted Bills	2,046,537	3,070,391	2,038,264	3,024,272
Khazanah Bonds	806,861	828,797	562,608	359,850
Bank Negara Malaysia Monetary Notes	-	50,005	-	50,005
	24,245,184	30,311,784	21,989,137	26,339,438

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

	Group		Bank	
	31 March 2010 RM'000	30 June 2009 RM'000	31 March 2010 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	439,499	386,243	195,028	181,936
Outside Malaysia:				
Shares, Warrants, Trust Units and Loan Stocks	85,394	97,811	38,399	48,518
	524,893	484,054	233,427	230,454
Unquoted Securities:-				
Shares, trust units and loan stocks in Malaysia	711,291	691,283	451,418	441,733
Shares, trust units and loan stocks outside Malaysia	23,789	39,358	17,061	18,864
Private and Islamic Debt Securities in Malaysia	10,852,589	11,015,939	8,926,372	7,792,927
Malaysian Government Bonds	147,657	162,297	147,657	162,297
Foreign Government Bonds	108,037	80,671	-	-
Foreign Islamic Private Debt Securities	4,607,563	4,865,984	3,912,274	4,138,110
Credit Linked Notes	216,263	225,735	216,263	225,735
	16,667,189	17,081,267	13,671,045	12,779,666
Total securities available-for-sale	41,437,266	47,877,105	35,893,609	39,349,558
A9. (iii) Securities Held-To-Maturity				
At Amortised cost less impairment losses				
Money market instruments:-				
Malaysian Government Securities	6,244,360	6,263,488	6,244,252	6,032,944
Cagamas Bonds	11,815	13,390	11,815	1,670
Foreign Government Securities	763,055	443,637	-	-
Malaysian Government Investment Issues	527,687	512,691	377,198	275,248
Khazanah Bonds	16,418	-	16,418	-
	7,563,335	7,233,206	6,649,683	6,309,862
Unquoted Securities:-				
Private and Islamic Debt Securities in Malaysia	924,104	494,853	924,071	100,262
Malaysian Government Bonds	6,883	7,638	6,883	7,638
Foreign Islamic Private Debt Securities	492,031	640,842	444,800	424,915
Others	2,044	2,044	2,044	2,044
	1,425,062	1,145,377	1,377,798	534,859
Accumulated impairment losses	(30,769)	(17,832)	(30,760)	(12,823)
Total securities held-to-maturity	8,957,628	8,360,751	7,996,721	6,831,898

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

A10. Loans, Advances and Financing

	Group		Bank	
	31 March 2010 RM'000	30 June 2009 RM'000	31 March 2010 RM'000	30 June 2009 RM'000
Overdrafts	14,807,425	14,493,359	11,259,903	11,349,807
Term loans				
- Housing loans/financing	36,083,552	33,537,779	28,820,697	26,945,169
- Syndicated loan/financing	12,412,945	12,407,057	10,153,307	9,722,422
- Hire purchase receivables	39,586,754	38,050,669	21,306,942	22,366,959
- Lease receivables	3,286	3,381	3,272	3,277
- Other loans/financing	68,450,295	56,782,224	42,654,897	39,278,820
Credit card receivables	4,676,718	4,283,414	3,998,863	3,796,899
Bills receivable	2,177,652	2,293,815	2,170,461	2,223,077
Trust receipts	2,248,317	2,082,258	1,926,532	1,742,023
Claims on customers under acceptance credits	9,843,244	11,129,121	7,186,182	7,754,168
Loans/financing to banks and other financial institutions	10,218,042	10,170,957	10,032,656	9,967,406
Revolving credits	19,474,784	20,228,361	15,059,127	17,131,926
Staff loans	1,589,588	1,460,468	959,657	950,028
Housing loans to				
- Executive directors of the Bank	164	193	164	193
- Executive directors of subsidiaries	886	2,104	886	2,104
Others	661,767	488,514	120,733	-
	<u>222,235,419</u>	<u>207,413,674</u>	<u>155,654,279</u>	<u>153,234,278</u>
Unearned interest and income	(17,918,812)	(14,050,883)	(2,771,011)	(3,018,394)
Gross loans, advances and financing	<u>204,316,607</u>	<u>193,362,791</u>	<u>152,883,268</u>	<u>150,215,884</u>
Allowances for bad and doubtful debts and financing:				
- specific	(3,829,129)	(3,854,026)	(2,819,566)	(2,847,031)
- general	(3,772,059)	(3,725,599)	(2,916,324)	(2,937,055)
Net loans, advances and financing	<u>196,715,419</u>	<u>185,783,166</u>	<u>147,147,378</u>	<u>144,431,798</u>

(i) By type of customer

	Group		Bank	
	31 March 2010 RM'000	30 June 2009 RM'000	31 March 2010 RM'000	30 June 2009 RM'000
Domestic operations:				
Domestic non-bank financial institutions				
- Stockbroking companies	80,804	96,725	80,625	96,546
- Others	12,812,488	11,364,670	9,671,930	9,566,429
Domestic business enterprise				
- Small and medium enterprise	19,267,513	20,725,182	15,654,254	16,956,711
- Others	33,952,629	31,940,124	29,152,656	27,972,236
Government and statutory bodies	2,262,519	2,282,784	2,242,297	2,213,320
Individuals	69,327,635	62,811,592	48,301,376	45,902,511
Other domestic entities	155,310	148,302	33,101	25,925
Foreign entities	601,103	574,944	519,390	468,954
Total domestic operations	<u>138,460,001</u>	<u>129,944,323</u>	<u>105,655,629</u>	<u>103,202,632</u>

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

A10. Loans, Advances and Financing (contd)

(i) By type of customer (contd)

	Group		Bank	
	31 March 2010	30 June 2009	31 March 2010	30 June 2009
	RM'000	RM'000	RM'000	RM'000
Overseas operations:				
Singapore	40,313,152	39,269,681	40,313,152	39,269,681
Hong Kong SAR	2,973,350	2,892,352	2,973,350	2,892,352
United States of America	825,785	1,339,147	825,785	1,339,147
People's Republic of China	893,178	969,266	893,178	969,266
Vietnam	469,281	548,044	469,281	548,044
United Kingdom	1,119,070	1,280,950	1,119,070	1,280,950
Brunei	162,703	130,655	162,703	130,655
Cambodia	231,397	302,508	231,397	302,508
Bahrain	239,723	280,649	239,723	280,649
Labuan offshore	3,012,334	3,127,625	-	-
Philippines	864,896	793,490	-	-
Indonesia	14,680,104	12,417,737	-	-
Papua New Guinea	71,633	66,364	-	-
	65,856,606	63,418,468	47,227,639	47,013,252
Gross loans, advances and financing	204,316,607	193,362,791	152,883,268	150,215,884

(ii) By interest/profit rate sensitivity

Fixed rate				
- Housing loans/financing	13,207,343	11,235,546	9,839,504	7,724,707
- Hire purchase receivables	30,393,953	29,790,106	18,191,705	19,005,757
- Other fixed rate loans/financing	21,534,348	19,021,173	13,664,377	13,285,625
Variable rate				
- Base lending rate plus	72,150,164	64,648,964	63,663,928	59,291,964
- Cost plus	21,122,828	20,795,087	18,052,691	17,128,290
- Other variable rates	45,907,971	47,871,915	29,471,063	33,779,541
Gross loans, advances and financing	204,316,607	193,362,791	152,883,268	150,215,884

(ii) Total loans by economic purpose

	Group		Bank	
	31 March 2010	30 June 2009	31 March 2010	30 June 2009
	RM'000	RM'000	RM'000	RM'000
Domestic operations:				
Purchase of securities	13,775,120	11,437,474	10,349,831	9,891,754
Purchase of transport vehicles	21,944,316	19,844,339	8,739,815	8,912,826
- less Islamic loans sold to Cagamas	(1,203,164)	(268,304)	-	-
Purchase of landed properties				
- residential	25,873,954	24,649,453	20,365,273	19,241,121
- non-residential	7,115,956	6,493,344	6,372,434	5,797,391
- less Islamic housing loans sold to Cagamas	-	(315,069)	-	-
Purchase of fixed assets (exclude landed properties)	3,258	3,264	3,258	3,264
Personal use	4,424,877	3,782,771	3,752,370	3,348,353
Credit card	3,879,757	3,556,878	3,719,872	3,510,535
Purchase of consumer durables	8,667	15,709	7,497	14,838
Construction	6,681,127	6,300,230	5,965,109	5,426,053
Working capital	53,553,883	51,005,722	44,019,271	43,706,947
Others	2,402,248	3,438,512	2,360,899	3,349,550
Total domestic operations	138,459,999	129,944,323	105,655,629	103,202,632

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

A10. Loans, Advances and Financing (contd)

(ii) Total loans by economic purpose (contd)

	Group		Bank	
	31 March 2010 RM'000	30 June 2009 RM'000	31 March 2010 RM'000	30 June 2009 RM'000
Overseas operations:				
Singapore	40,313,152	39,269,681	40,313,152	39,269,681
Hong Kong SAR	2,973,350	2,892,352	2,973,350	2,892,352
United States of America	825,785	1,339,147	825,785	1,339,147
People's Republic of China	893,178	969,266	893,178	969,266
Vietnam	469,281	548,044	469,281	548,044
United Kingdom	1,119,070	1,280,950	1,119,070	1,280,950
Brunei	162,703	130,655	162,703	130,655
Cambodia	231,397	302,508	231,397	302,508
Bahrain	239,723	280,649	239,723	280,649
Labuan Offshore	3,012,335	3,127,625	-	-
Philippines	864,897	793,490	-	-
Indonesia	14,680,104	12,417,737	-	-
Papua New Guinea	71,633	66,364	-	-
	65,856,608	63,418,468	47,227,639	47,013,252
Gross loans, advances and financing	204,316,607	193,362,791	152,883,268	150,215,884

(iii) Non-performing loans by economic purpose

Domestic operations:				
Purchase of securities	99,072	131,940	48,677	74,889
Purchase of transport vehicles	150,200	122,873	101,671	90,420
Purchase of landed properties				
- residential	1,724,111	1,957,069	1,320,553	1,480,025
- non-residential	347,277	332,185	307,907	294,607
Personal use	184,123	212,615	152,461	174,808
Credit card	55,834	53,267	53,404	52,733
Purchase of consumer durables	1,643	1,571	1,639	1,567
Construction	497,853	462,533	405,152	365,212
Working capital	2,193,970	2,391,994	1,774,809	2,026,305
Others	24,743	19,492	22,097	16,845
Total domestic operations	5,278,826	5,685,539	4,188,370	4,577,411
Overseas operations:				
Singapore	218,125	296,279	218,125	296,279
Hong Kong SAR	115,659	74,170	115,659	74,170
Brunei	2,809	2,789	2,809	2,789
Vietnam	17,640	20,859	17,640	20,859
United Kingdom	71,034	42,629	71,034	42,629
People's Republic of China	20,574	22,176	20,574	22,176
Cambodia	23,652	-	23,652	-
Labuan Offshore	118,665	107,238	-	-
Papua New Guinea	1,946	2,637	-	-
Philippines	38,850	33,922	-	-
Indonesia	400,748	426,994	-	-
	1,029,702	1,029,693	469,493	458,902
	6,308,528	6,715,232	4,657,863	5,036,313

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

A10. Loans, Advances and Financing (contd)

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

	Group		Bank	
	31 March 2010 RM'000	30 June 2009 RM'000	31 March 2010 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	3,241,183	4,519,887	1,933,243	3,012,997
Reclassified as performing	(1,464,511)	(1,870,449)	(1,067,082)	(1,513,811)
Acquired upon acquisition of subsidiaries	-	396,688	-	-
Recovered during the period/year	(1,041,905)	(1,398,790)	(632,883)	(959,732)
Amount written off	(1,183,451)	(1,439,402)	(637,007)	(797,628)
Converted to Securities	-	(931)	-	(931)
Exchange differences and expenses debited	41,980	35,781	25,279	81,206
At end of the period/year	6,308,528	6,715,232	4,657,863	5,036,313
Less: Specific allowance	(3,829,129)	(3,854,026)	(2,819,566)	(2,847,031)
- on non-performing loans	(3,572,467)	(3,589,888)	(2,568,141)	(2,586,136)
- performing loans	(256,662)	(264,138)	(251,425)	(260,895)
Net non-performing loans, advances and financing	2,479,399	2,861,206	1,838,297	2,189,282
Ratio of net non-performing loans:				
- Including specific allowance on performing loans	1.23%	1.51%	1.23%	1.49%
- Excluding specific allowance on performing loans	1.36%	1.64%	1.39%	1.66%

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

	Group		Bank	
	31 March 2010 RM'000	30 June 2009 RM'000	31 March 2010 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	1,590,466	2,088,853	984,039	1,337,489
Amount written back in respect of recoveries	(401,004)	(475,569)	(346,889)	(396,612)
Acquired upon acquisition of subsidiaries	-	356,983	-	-
Amount written off	(1,183,451)	(1,439,402)	(637,007)	(797,628)
Transfer to general allowance	(152)	(143)	-	-
Converted to Securities	-	(931)	-	(931)
Exchange differences	(30,756)	(29,441)	(27,608)	6,567
At end of the period/year	3,829,129	3,854,026	2,819,566	2,847,031

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

<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	107,503	358,818	-	202,599
Amount written back	(46,673)	(41,574)	(7,508)	-
Acquired upon acquisition of subsidiaries	-	240,660	-	-
Transfer from specific allowance	152	143	-	-
Exchange differences	(14,522)	(20,059)	(13,223)	5,940
At end of the period/year	3,772,059	3,725,599	2,916,324	2,937,055
As % of gross loans, advances and financing (including Islamic loans sold to Cagamas) less specific allowance)	1.87%	1.96%	1.94%	1.99%

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

A11. Other Assets

	Group		Bank	
	31 March 2010	30 June 2009	31 March 2010	30 June 2009
	RM'000	RM'000	RM'000	RM'000
Interest receivables	1,194,985	1,274,972	916,948	945,287
Prepayments and deposits	406,530	462,836	260,925	352,005
Other debtors	3,063,327	2,959,679	1,593,743	2,349,390
Amount due from related parties		-	-	57
Tax Recoverable	205,091	194,935	-	24,222
Foreclosed Properties	134,976	147,186	44,038	62,568
Prepaid land lease payment	210,221	209,682	83,687	85,337
	5,215,130	5,249,290	2,899,341	3,818,866

A12. Deposits from Customers

Fixed deposits and negotiable instruments of deposits				
- One year or less	102,872,872	115,657,191	68,297,965	86,308,707
- More than one year	23,369,087	3,075,955	21,917,279	1,585,090
Money Market deposits	16,847,054	11,118,846	16,847,054	11,118,846
Savings deposits	38,485,160	35,290,821	28,933,918	26,554,841
Demand deposits	47,613,410	44,730,963	37,675,191	35,708,559
Structured deposits *	2,745,545	2,724,813	2,096,353	2,176,887
	231,933,128	212,598,589	175,767,760	163,452,930

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

Business enterprises	83,462,325	76,884,016	59,044,037	55,882,422
Individuals	110,722,568	105,075,231	90,758,027	87,758,655
Government and statutory bodies	9,510,525	8,263,553	3,640,357	3,845,947
Others	28,237,710	22,375,789	22,325,339	15,965,906
	231,933,128	212,598,589	175,767,760	163,452,930

A13. Deposits and Placement of Banks and Other Financial Institutions

Licensed banks	14,093,427	21,450,131	15,377,286	23,327,742
Licensed finance companies	329,150	368,538	218,948	368,538
Licensed investment banks	115,759	650,255	115,759	650,255
Other financial institutions	9,182,915	6,312,939	8,354,975	5,775,381
	23,721,251	28,781,863	24,066,968	30,121,916

Maturity structure of deposits and placements of banks and other financial institutions

- One year or less	17,939,969	26,704,881	18,515,480	28,280,565
- More than one year	5,781,282	2,076,982	5,551,488	1,841,351
	23,721,251	28,781,863	24,066,968	30,121,916

A14. Borrowings, Subordinated Obligations and Capital Securities

(i) Borrowings

Unsecured				
- less than one year	1,564,966	592,814	1,398,005	281,360
- more than one year	1,241,667	1,909,246	652,500	1,230,950
	2,806,633	2,502,060	2,050,505	1,512,310

(ii) Subordinated obligations

Unsecured				
- more than one year	8,565,070	8,672,373	8,076,661	8,152,239

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

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

	Group		Bank	
	31 March 2010 RM'000	30 June 2009 RM'000	31 March 2010 RM'000	30 June 2009 RM'000
(iii) Capital Securities				
Unsecured				
- more than one year	5,987,440	6,047,541	5,987,440	6,047,541

A15. Other Liabilities

Interest/Profit payable	1,042,503	1,120,462	835,982	893,331
Provision for outstanding claims	430,315	441,712	-	-
Unearned premium reserves	303,832	286,294	-	-
Profit Equalisation Reserves	7,454	46,477	-	-
Provisions and accruals	2,005,479	1,598,404	1,591,470	1,265,610
Due to brokers and clients	551,781	500,058	-	-
Deposits and other creditors	2,201,949	2,002,843	1,171,090	1,094,417
	6,543,313	5,996,250	3,598,542	3,253,358

A16. Interest Income

	3rd Quarter Ended		Cumulative 9 Months Ended	
	31 March 2010 RM'000	31 March 2009 RM'000	31 March 2010 RM'000	31 March 2009 RM'000
Group				
Loans, advances and financing				
- Interest income other than recoveries from NPL	2,088,521	2,222,309	6,243,857	6,572,039
- Recoveries from NPL	42,274	74,073	150,043	177,925
Money at call and deposit placements				
with financial institutions	97,541	97,546	302,738	487,084
Securities purchased under resale agreements	1,349	702	4,142	3,738
Securities held-for-trading	18,468	9,259	46,909	25,386
Securities available-for-sale	381,103	480,523	1,173,902	1,310,534
Securities held-to-maturity	103,924	43,976	313,881	87,376
	2,733,180	2,928,388	8,235,472	8,664,082
Amortisation of premium less accretion				
of discounts	(13,616)	(2,777)	(35,100)	20,908
Net interest/income clawed back/suspended	(8,995)	(13,636)	(29,139)	(37,325)
	2,710,569	2,911,975	8,171,233	8,647,665
Bank				
Loans, advances and financing				
- Interest income other than recoveries from NPL	1,562,200	1,700,813	4,736,466	5,429,087
- Recoveries from NPL	42,257	73,968	148,545	176,315
Money at call and deposit placements				
with financial institutions	88,175	131,266	259,832	563,195
Securities purchased under resale agreements	372	193	439	344
Securities held-for-trading	16,401	4,263	42,734	9,093
Securities available-for-sale	336,807	372,320	1,020,492	1,046,394
Securities held-to-maturity	86,723	15,153	252,144	34,776
	2,132,935	2,297,976	6,460,652	7,259,204
Amortisation of premium less accretion				
of discounts	(14,461)	(11,439)	(38,169)	(10,714)
Net interest/income clawed back/suspended	(8,996)	(13,636)	(29,139)	(37,325)
	2,109,478	2,272,901	6,393,344	7,211,165

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

A17. Interest Expense

<u>Group</u>	3rd Quarter Ended		Cumulative 9 Months Ended	
	31 March 2010 RM'000	31 March 2009 RM'000	31 March 2010 RM'000	31 March 2009 RM'000
Deposits and placements of banks and other financial institutions	79,897	129,908	180,231	560,357
Deposits from customers	729,671	1,009,609	2,310,051	3,094,641
Loans sold to Cagamas	532	7,514	3,973	27,235
Floating rate certificates of deposits	375	2,272	631	8,755
Borrowings	41,268	24,128	122,565	94,600
Subordinated obligations	33,152	41,212	104,729	71,769
Subordinated bonds	59,673	55,690	170,996	161,538
Capital Securities	98,004	98,149	299,390	272,846
	1,042,572	1,368,482	3,192,566	4,291,741

Bank

Deposits and placements of banks and other financial institutions	49,330	133,105	153,161	586,668
Deposits from customers	553,408	690,679	1,700,687	2,337,150
Loans sold to Cagamas	532	7,514	3,973	27,235
Floating rate certificates of deposits	375	2,272	631	8,755
Borrowings	4,684	5,160	16,785	26,938
Subordinated obligations	33,152	41,212	104,729	71,769
Subordinated bonds	44,577	44,579	134,961	134,961
Capital Securities	98,004	98,149	299,390	272,846
	784,062	1,022,670	2,414,317	3,466,322

A18. Non-interest Income

Group

(a) Fee income:				
Commission	209,344	190,017	630,884	583,939
Service charges and fees	238,063	219,796	742,231	614,373
Guarantee fees	29,400	32,936	99,668	96,425
Underwriting fees	17,436	1,165	30,341	3,836
Brokerage income	23,929	9,126	67,826	30,748
Other loans related fee income	104,014	43,894	349,758	87,928
	622,186	496,934	1,920,708	1,417,249
(b) Net gain/(loss) arising from:				
Sale of securities held-for trading	5,854	6,052	14,065	(15,500)
Sale of securities available-for-sale	34,895	45,965	165,622	93,604
Redemption of securities held-to-maturity	(14)	696	2,267	608
Gain from disposal of subsidiaries	631	-	631	-
	41,366	52,713	182,585	78,712
(c) Gross dividend from:				
Securities portfolio	4,577	7,522	18,571	25,843
(d) Unrealised (loss)/gain on revaluation of:				
- securities held-for-trading	(4,243)	(33,180)	(3,608)	52,479
- derivatives	175,779	(103,399)	354,095	(298,985)
	171,536	(136,579)	350,487	(246,506)
(e) Other income:				
Foreign exchange profit	128,093	64,808	388,092	153,903
Net premiums written	150,384	129,394	435,746	380,939
Rental Income	5,966	6,970	19,020	19,248
Gain/(loss) on disposal of property and equipment (net)	11,353	(1,569)	14,657	8,463
Gain on disposal of foreclosed properties	234	244	1,199	469
Others	43,095	26,902	207,796	136,201
	339,125	226,749	1,066,510	699,223
Total non-interest income	1,178,790	647,339	3,538,861	1,974,521

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

A18. Non-interest Income (contd)

Bank	3rd Quarter Ended		Cumulative 9 Months Ended	
	31 March 2010 RM'000	31 March 2009 RM'000	31 March 2010 RM'000	31 March 2009 RM'000
(a) Fee income:				
Commission	190,504	167,993	556,838	535,151
Service charges and fees	187,596	171,482	569,715	517,599
Guarantee fees	25,676	29,943	85,484	88,219
Underwriting fees	12,254	144	20,420	2,743
Other loans related fee income	15,848	6,698	105,913	43,772
	431,878	376,260	1,338,370	1,187,484
(b) Net gain/(loss) arising from:				
Sale of securities held-for trading	622	2,863	3,079	22,837
Sale of securities available-for-sale	31,292	60,681	108,473	94,051
Redemption of securities held-to-maturity	(15)	695	1,838	612
	31,899	64,239	113,390	117,500
(c) Gross dividend income from:				
Securities portfolio	2,951	5,637	16,182	14,242
Subsidiary companies	-	559,747	629,121	561,547
	2,951	565,384	645,303	575,789
(d) Unrealised (loss)/gain on revaluation of:				
- securities held-for-trading	(4,769)	(17,808)	906	4,264
- derivatives	177,630	(105,419)	348,346	(251,141)
	172,861	(123,227)	349,252	(246,877)
(e) Other income:				
Foreign exchange profit	114,625	42,481	337,923	84,015
Rental Income	5,929	6,737	17,860	18,838
Gain/(loss) on disposal of property and equipment (net)	10,113	(838)	12,123	(416)
Others	9,906	8,006	56,046	21,683
	140,573	56,386	423,952	124,120
Total non-interest income	780,162	939,042	2,870,267	1,758,016

A19. Overhead Expenses

Group

Personnel costs				
- Salaries, allowances and bonuses	582,614	563,347	1,712,238	1,518,549
- Pension costs	71,340	60,280	200,841	184,454
- Others	87,930	59,811	262,005	171,363
	741,884	683,438	2,175,084	1,874,366
Establishment costs				
- Depreciation	46,468	45,028	137,443	114,302
- Amortisation of intangible assets	38,852	15,672	116,067	45,474
- Rental of leasehold land and premises	39,970	37,605	118,289	97,954
- Repairs and maintenance of property and equipment	26,156	22,494	80,763	69,036
- Information technology expenses	113,496	130,116	371,621	352,099
- Others	3,519	4,424	19,667	15,750
	268,461	255,339	843,850	694,615
Marketing expenses				
- Advertisement and publicity	119,167	78,461	309,475	264,409
- Others	29,278	21,897	75,961	65,010
	148,445	100,358	385,436	329,419
Administration and general expenses				
- Fees and brokerage	152,226	119,453	488,974	354,989
- Administrative expenses	97,096	96,565	308,209	246,063
- General expenses	102,767	69,812	344,875	247,755
- Others	11,629	13,249	32,501	51,996
	363,718	299,079	1,174,559	900,803
Insurance claims incurred	63,628	77,502	216,697	246,020
	1,586,136	1,415,716	4,795,626	4,045,223

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

A19. Overhead Expenses (contd)

	3rd Quarter Ended		Cumulative 9 Months Ended	
	31 March 2010 RM'000	31 March 2009 RM'000	31 March 2010 RM'000	31 March 2009 RM'000
Bank				
Personnel costs				
- Salaries, allowances and bonuses	427,988	433,594	1,279,641	1,225,447
- Pension costs	65,211	55,025	183,774	170,288
- Others	50,814	38,623	159,964	126,130
	544,013	527,242	1,623,379	1,521,865
Establishment costs				
- Depreciation	32,679	25,383	97,848	71,086
- Amortisation of intangible assets	11,215	11,529	33,525	34,421
- Rental of leasehold land and premises	20,263	19,144	61,536	56,578
- Repairs and maintenance of property and equipment	15,597	15,090	47,389	49,172
- Information technology expenses	105,978	119,468	344,432	322,710
- Others	1,468	2,872	11,693	10,363
	187,200	193,486	596,423	544,330
Marketing expenses				
- Advertisement and publicity	77,970	58,153	195,601	191,721
- Others	24,483	20,863	61,109	61,418
	102,453	79,016	256,710	253,139
Administration and general expenses				
- Fees and brokerage	137,449	111,962	454,911	336,148
- Administrative expenses	56,464	47,794	172,962	151,678
- General expenses	41,030	42,636	139,968	135,405
- Others	8,855	8,060	29,914	44,246
	243,798	210,452	797,755	667,477
Overhead expenses allocated to subsidiary company	(94,628)	(69,260)	(268,163)	(203,009)
	982,836	940,936	3,006,104	2,783,802

A20. Allowance for Losses on Loans, Advances and Financing

	3rd Quarter Ended		Cumulative 9 Months Ended	
	31 March 2010 RM'000	31 March 2009 RM'000	31 March 2010 RM'000	31 March 2009 RM'000
Group				
Allowance for bad and doubtful debts and financing:				
- general allowance made/(written back)	21,223	28,145	60,830	(39,203)
- specific allowance	434,470	493,180	1,590,466	1,550,764
- specific allowance written back	(110,214)	(78,488)	(401,004)	(336,486)
Bad debts and financing written off	3,716	2,143	6,931	4,410
Bad debts and financing recovered	(132,916)	(91,676)	(382,932)	(366,235)
Provision for other debts	(764)	56,502	2,503	103,070
	215,515	409,806	876,794	916,320
Bank				
Allowance for bad and doubtful debts and financing:				
- general allowance made/(written back)	1,876	33,056	(7,508)	(24,240)
- specific allowance	276,355	261,652	984,039	984,503
- specific allowance written back	(98,923)	(70,388)	(346,889)	(289,836)
Bad debts and financing written off	2,339	2,133	5,409	4,205
Bad debts and financing recovered	(86,520)	(58,038)	(241,982)	(278,955)
Provision for other debts	825	57,053	2,784	106,955
	95,952	225,468	395,853	502,632

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

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) Global Market

Global market 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.

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

A21. SEGMENT INFORMATION (contd)

By Business Segments (contd)

Nine Months Ended 31 March 2010	← Operating Segments →				Insurance and Asset Management			International Banking	Head Office and Others	Total
	Consumer Banking RM'000	Business and Corporate Banking RM'000	Global Market RM'000	Investment Banking RM'000	Management RM'000	RM'000	RM'000			
Net interest income and Islamic banking income										
- external	2,448,600	1,483,800	443,600	21,001	80,775	1,915,660	(335,776)		6,057,660	
- Inter-segment	-	-	-	3,899	(14,095)	(660)	10,856		-	
	2,448,600	1,483,800	443,600	24,900	66,680	1,915,000	(324,920)		6,057,660	
Net interest income and Islamic banking income	2,448,600	1,483,800	443,600	24,900	66,680	1,915,000	(324,920)		6,057,660	
Non-interest income	857,330	350,000	664,900	155,700	640,250	929,500	(58,819)		3,538,861	
Net income	3,305,930	1,833,800	1,108,500	180,600	706,930	2,844,500	(383,739)		9,596,521	
Overhead expenses	(1,994,933)	(649,835)	(69,883)	(80,109)	(446,947)	(1,553,919)	-		(4,795,626)	
Allowance for losses on loans, advances and financing	(265,200)	(439,900)	-	17,700	(1,200)	(188,194)	-		(876,794)	
Impairment losses on securities, net	-	-	(25,691)	-	-	26,100	-		409	
Operating Profit	1,045,797	744,065	1,012,926	118,191	258,783	1,128,487	(383,739)		3,924,510	
Share of profits in associates	-	-	-	-	-	86,804	-		86,804	
Profit before taxation and zakat	1,045,797	744,065	1,012,926	118,191	258,783	1,215,291	(383,739)		4,011,314	
Taxation and zakat									(1,017,897)	
Profit after taxation and zakat									2,993,417	
Minority interest									(87,724)	
Profit for the period									2,905,693	

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

A21. SEGMENT INFORMATION (contd)

By Business Segments (contd)

Nine Months Ended 31 March 2009	← Operating Segments →				Insurance and Asset Management		Head Office and Others RM'000	Total RM'000
	Consumer Banking RM'000	Business and Corporate Banking RM'000	Global Market RM'000	Investment Banking RM'000	International Banking RM'000	Head Office and Others RM'000		
Net interest income and Islamic banking income								
- external	2,274,900	1,459,900	437,500	46,061	76,927	1,557,752	(579,507)	5,273,533
- Inter-segment	-	-	-	13,039	(7,827)	(46,852)	41,640	-
	<u>2,274,900</u>	<u>1,459,900</u>	<u>437,500</u>	<u>59,100</u>	<u>69,100</u>	<u>1,510,900</u>	<u>(537,867)</u>	<u>5,273,533</u>
Net interest income and Islamic banking income	2,274,900	1,459,900	437,500	59,100	69,100	1,510,900	(537,867)	5,273,533
Non-interest income	732,500	277,000	90,300	82,650	463,350	296,600	32,121	1,974,521
Net income	<u>3,007,400</u>	<u>1,736,900</u>	<u>527,800</u>	<u>141,750</u>	<u>532,450</u>	<u>1,807,500</u>	<u>(505,746)</u>	<u>7,248,054</u>
Overhead expenses	(1,750,899)	(585,234)	(62,381)	(72,332)	(469,943)	(1,104,434)	-	(4,045,223)
Allowance for losses on loans, advances and financing	(161,804)	(266,294)	-	(15,300)	(1,500)	(471,422)	-	(916,320)
Impairment losses on securities, net	-	-	(62,902)	(5,000)	19,600	(57,700)	-	(106,002)
Operating Profit	<u>1,094,697</u>	<u>885,372</u>	<u>402,517</u>	<u>49,118</u>	<u>80,607</u>	<u>173,944</u>	<u>(505,746)</u>	<u>2,180,509</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	-	-	-	-	-	73,626	-	73,626
Profit before taxation and zakat	<u>1,094,697</u>	<u>885,372</u>	<u>402,517</u>	<u>49,118</u>	<u>80,607</u>	<u>247,570</u>	<u>(263,922)</u>	<u>2,495,959</u>
Taxation and zakat								<u>(681,639)</u>
Profit after taxation and zakat								<u>1,814,320</u>
Minority interest								<u>(4,306)</u>
Profit for the period								<u>1,810,014</u>

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

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.

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

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:

<u>Group</u>	As at 31 March 2010			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	5,246,229	5,246,229	4,181,807	5,522,375	5,405,725	4,679,210
Certain transaction-related contingent items	11,052,326	5,526,163	4,890,903	10,646,667	5,323,022	4,534,832
Short-term self-liquidating trade-related contingencies	3,267,093	653,418	495,493	3,872,594	774,517	606,889
Islamic housing and hire purchase loans sold to Cagamas Berhad	1,203,164	1,203,164	1,203,164	583,373	583,373	425,839
Obligations under underwriting agreements	180,046	75,023	15,005	173,464	71,732	28,418
Irrevocable commitments to extend credit:						
- maturity within one year	90,694,950	-	-	92,604,558	-	-
- maturity exceeding one year	11,774,563	5,887,282	5,727,022	10,591,443	5,292,850	5,058,822
Foreign exchange related contracts:						
- less than one year	49,872,012	812,178	230,248	34,706,290	602,904	168,954
- one year to less than five years	1,947,624	41,850	14,144	1,534,291	24,257	7,544
Interest rate related contracts:						
- less than one year	43,177,077	1,699,959	419,775	36,831,395	1,304,947	312,414
- one year to less than five years	14,659,964	432,986	138,582	16,002,460	413,918	168,113
- five years and above	2,448,410	391,643	142,857	3,059,040	482,663	136,188
Miscellaneous	5,316,336	-	-	5,458,752	-	-
	240,839,794	21,969,895	17,459,000	221,586,702	20,279,908	16,127,223

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

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

Bank	As at 31 March 2010			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	3,701,344	3,701,344	3,303,480	4,056,691	4,056,691	3,599,815
Certain transaction-related contingent items	10,199,592	5,099,796	4,508,838	9,921,241	4,960,621	4,213,174
Short-term self-liquidating trade-related contingencies	2,993,226	598,645	471,617	3,687,521	737,504	582,565
Islamic housing and hire purchase loans sold to Cagamas Berhad	-	-	-	-	-	-
Obligations under underwriting agreements	150,046	75,023	15,005	143,464	71,732	28,418
Irrevocable commitments to extend credit:						
- maturity within one year	80,580,011	-	-	79,615,789	-	-
- maturity exceeding one year	10,504,673	5,252,337	5,121,894	9,956,770	4,978,385	4,892,330
Foreign exchange related contracts:						
- less than one year	48,344,234	811,931	230,199	33,188,225	602,904	168,954
- one year to less than five years	1,947,624	41,850	14,144	1,534,292	24,257	7,544
Interest rate related contracts:						
- less than one year	42,821,024	1,692,851	418,155	36,511,553	1,294,415	308,835
- one year to less than five years	13,097,253	390,554	127,698	14,926,617	387,938	160,141
- five years and above	2,236,388	383,089	138,580	2,873,570	474,618	132,166
Miscellaneous	5,280,624	-	-	5,438,145	-	-
	221,856,039	18,047,420	14,349,610	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.

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

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 March 2010, the amount of contracts that was not hedged in the Group and the Bank and, hence, exposed to market risk was RM610.6 million and RM481.1 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 March 2010, the amount of credit risk in the Group and the Bank, measured in terms of the cost to replace the profitable contracts, was RM433.4 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.

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

A26. Interest Rate Risk

Group As at 31 March 2010	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	26,787,147	-	-	-	-	5,835,628	-	32,622,775	1.26	
Deposits and placements with banks and other financial institutions	528,256	5,948,785	1,290,689	409,025	-	279,765	-	8,456,520	1.41	
Securities purchased under resale agreements	104,785	-	-	-	-	-	-	104,785	2.21	
Securities held-for-trading	-	-	-	-	-	-	2,584,016	2,584,016	3.92	
Securities available-for-sale	8,272	-	879,268	1,691,634	1,614,120	-	37,243,972	41,437,266	4.30	
Securities held-to-maturity	24,342	150,409	158,071	5,094,196	3,395,317	135,293	-	8,957,628	3.08	
Loans, advances and financing										
- performing	95,179,819	15,698,849	17,829,311	27,654,010	41,681,438	(35,348)	-	198,008,079	6.08	
- non-performing*	-	-	-	-	-	(1,292,660)	-	(1,292,660)	-	
Derivative assets	-	-	-	-	-	-	1,194,171	1,194,171	-	
Other Assets	-	-	-	-	-	5,215,130	-	5,215,130	-	
Other non-interest sensitive balances	-	-	-	-	-	14,689,635	-	14,689,635	-	
Life, general takaful and family takaful fund assets	-	-	-	-	-	17,065,301	-	17,065,301	-	
TOTAL ASSETS	122,632,621	21,798,043	20,157,339	34,848,865	46,690,875	41,892,744	41,022,159	329,042,646		

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

A26. Interest Rate Risk (contd)

Group As at 31 March 2010	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	85,427,319	37,439,492	56,015,127	49,349,283	194,029	3,507,878	-	231,933,128	1.25
Deposits and placements of banks and other financial institutions	13,771,374	3,749,921	670,512	1,882,798	3,515,306	131,340	-	23,721,251	1.33
Obligation on securities sold under repurchase agreements	-	350,803	53,306	-	-	-	-	404,109	7.03
Bills and acceptances payable	538,615	130,201	54,432	-	-	1,153,113	-	1,876,361	2.08
Recourse obligations on loans sold to Cagamas	-	-	659,624	21,054	-	-	-	680,678	4.80
Derivative liabilities	-	-	-	-	-	-	1,213,456	1,213,456	-
Borrowings	-	235,346	1,328,871	557,334	652,500	32,582	-	2,806,633	0.90
Subordinated obligations	976,661	-	1,488,409	3,000,000	3,100,000	-	-	8,565,070	4.09
Capital Securities	-	-	-	-	-	5,987,440	-	5,987,440	-
Other liabilities	-	-	-	-	-	6,543,313	-	6,543,313	-
Other non-interest sensitive balances	-	-	-	-	-	359,018	-	359,018	-
Life, general takaful and family takaful fund liabilities	-	-	-	-	-	4,604,184	-	4,604,184	-
Life, general takaful and family takaful policy holders' funds	-	-	-	-	-	12,461,117	-	12,461,117	-
Total Liabilities	100,713,969	41,905,763	60,270,281	54,810,469	7,461,835	34,779,985	1,213,456	301,155,758	
Shareholders' equity	-	-	-	-	-	26,924,056	-	26,924,056	
Minority interests	-	-	-	-	-	962,832	-	962,832	
Total Liabilities and Shareholders' Equity	100,713,969	41,905,763	60,270,281	54,810,469	7,461,835	62,666,873	1,213,456	329,042,646	
On-balance sheet interest sensitivity gap	21,918,652	(20,107,720)	(40,112,942)	(19,961,604)	39,229,040	(20,774,129)	39,808,703		
Off-balance sheet interest sensitivity gap (interest rate swaps)	(4,718,871)	7,306,652	200,599	(2,473,743)	(314,637)	-	-		
Total interest sensitivity gap	17,199,781	(12,801,068)	(39,912,343)	(22,435,347)	38,914,403	(20,774,129)	39,808,703	-	
Cumulative interest rate sensitivity gap	17,199,781	4,398,713	(35,513,630)	(57,948,977)	(19,034,574)	(39,808,703)	-		

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

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

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		

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

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.

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

A26. Interest Rate Risk (contd)

Non trading book									
Bank As at 31 March 2010	Up to 1 month RM'000	>1 - 3 months RM'000	>3 - 12 months RM'000	>1 - 5 years RM'000	over 5 years RM'000	Non- interest sensitive RM'000	Trading books RM'000	Total RM'000	Effective interest rate %
ASSETS									
Cash and short-term funds	22,081,924	-	-	-	-	3,204,710	-	25,286,634	1.26
Deposits and placements with banks and other financial institutions	596,801	5,610,420	1,184,103	359,025	-	143,003	-	7,893,352	1.19
Securities purchased under resale agreements	104,785	-	-	-	-	-	-	104,785	2.21
Securities held-for-trading	-	-	-	-	-	-	1,970,821	1,970,821	3.37
Securities available-for-sale	-	-	-	-	-	-	35,893,609	35,893,609	3.57
Securities held-to-maturity	-	97,875	81	4,768,123	2,994,905	135,737	-	7,996,721	3.08
Loans, advances and financing									
- performing	79,936,250	13,293,418	14,386,455	19,441,446	21,167,836	-	-	148,225,405	5.57
- non-performing*	-	-	-	-	-	(1,078,027)	-	(1,078,027)	-
Derivative assets	-	-	-	-	-	-	1,168,098	1,168,098	-
Other assets	-	-	-	-	-	2,899,341	-	2,899,341	-
Other non-interest sensitive balances	-	-	-	-	-	16,577,722	-	16,577,722	-
TOTAL ASSETS	102,719,760	19,001,713	15,570,639	24,568,594	24,162,741	21,882,486	39,032,528	246,938,461	

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

A26. Interest Rate Risk (contd)

Bank As at 31 March 2010	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	60,995,149	27,681,741	47,039,934	36,293,520	71,718	3,685,698	-	175,767,760	1.11	
Deposits and placements of banks and other financial institutions	14,121,402	3,612,194	553,768	1,599,233	3,509,090	671,281	-	24,066,968	0.99	
Bills and acceptances payable	319,770	130,201	54,432	-	-	935,153	-	1,439,556	2.41	
Recourse obligations on loans sold to Cagamas	-	-	168,752	511,926	-	-	-	680,678	4.80	
Derivative liabilities	-	-	-	-	-	-	1,163,898	1,163,898	-	
Borrowings	-	97,875	1,300,130	-	652,500	-	-	2,050,505	0.90	
Subordinated obligations	976,661	-	1,000,000	3,000,000	3,100,000	-	-	8,076,661	3.87	
Capital Securities	-	-	-	-	-	5,987,440	-	5,987,440	-	
Other liabilities	-	-	-	-	-	3,598,542	-	3,598,542	-	
Other non-interest sensitive balances	-	-	-	-	-	47,453	-	47,453	-	
Total Liabilities	76,412,982	31,522,011	50,117,016	41,404,679	7,333,308	14,925,567	1,163,898	222,879,461		
Shareholders' equity	-	-	-	-	-	24,059,000	-	24,059,000		
Total Liabilities and Shareholders' Equity	76,412,982	31,522,011	50,117,016	41,404,679	7,333,308	38,984,567	1,163,898	246,938,461		
On-balance sheet interest sensitivity gap	26,306,778	(12,520,298)	(34,546,377)	(16,836,085)	16,829,433	(17,102,081)	37,868,630	-		
Off-balance sheet interest sensitivity gap (interest rate swaps)	385,336	(546,985)	(575,259)	720,769	16,139	-	-	-		
Total interest sensitivity gap	26,692,114	(13,067,283)	(35,121,636)	(16,115,316)	16,845,572	(17,102,081)	37,868,630	-		
Cumulative interest rate sensitivity gap	26,692,114	13,624,831	(21,496,805)	(37,612,121)	(20,766,549)	(37,868,630)	-	-		

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

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

A26. Interest Rate Risk (contd)

Bank 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	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		

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

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.

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

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 March 2010 RM'000	30 June 2009 RM'000	31 March 2010 RM'000	30 June 2009 RM'000
Before deducting proposed dividend:				
Core capital ratio	10.67%	11.00%	14.83%	14.29%
Risk-weighted capital ratio	<u>14.50%</u>	<u>14.99%</u>	<u>14.83%</u>	<u>14.29%</u>
After deducting proposed dividend:				
Core capital ratio	10.67%	10.81%	14.83%	14.06%
Risk-weighted capital ratio	<u>14.50%</u>	<u>14.81%</u>	<u>14.83%</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	11,854,840	11,310,142	10,812,390	10,079,987
Capital Securities	5,987,440	6,047,541	5,987,440	6,047,541
	<u>30,823,760</u>	30,337,038	<u>29,781,310</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)	(81,015)	(81,015)
Total Tier I capital	<u>25,379,517</u>	24,880,696	<u>28,523,847</u>	27,830,971
<u>Tier II capital</u>				
Subordinated obligations	8,565,069	8,653,373	8,076,661	8,152,239
General allowance for bad and doubtful debts	3,772,059	3,725,599	2,990,795	3,038,025
Total Tier II capital	<u>12,337,128</u>	12,378,972	<u>11,067,456</u>	11,190,264
Total capital	37,716,645	37,259,668	39,591,303	39,021,235
Less: Investment in subsidiary companies and associates ²	(3,219,052)	(3,342,964)	(12,141,924)	(12,067,698)
Less: Other deductions	-	-	(18,702)	-
Capital base	<u>34,497,593</u>	33,916,704	<u>27,430,677</u>	26,953,537

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

² Excludes the cost of investment in subsidiary companies and associates, except for Myfin Berhad of 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.

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

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 March 2010		30 June 2009	
	Principal RM'000	Risk- Weighted RM'000	Principal RM'000	Risk- Weighted RM'000
Group				
0%	44,350,854	-	35,034,146	-
10%	374,112	37,411	362,633	36,263
20%	34,354,785	6,870,957	28,968,131	5,793,626
50%	36,073,619	18,036,810	33,248,708	16,624,354
100%	<u>183,125,967</u>	<u>183,125,967</u>	<u>170,959,552</u>	<u>170,959,552</u>
Total risk-weighted assets for credit risk		<u>208,071,145</u>		193,413,795
Total risk-weighted assets for market risk		<u>29,862,917</u>		<u>32,700,870</u>
Total risk-weighted assets for credit and market risks		<u>237,934,062</u>		<u>226,114,665</u>
Bank				
0%	33,024,774	-	24,132,473	-
10%	26,497	2,650	15,738	1,574
20%	35,766,097	7,153,219	30,769,597	6,153,919
50%	29,030,741	14,515,371	27,005,260	13,502,630
100%	<u>137,860,026</u>	<u>137,860,026</u>	<u>141,015,316</u>	<u>141,015,316</u>
Total risk-weighted assets for credit risk		<u>159,531,266</u>		160,673,439
Total risk-weighted assets for market risk		<u>25,375,589</u>		<u>27,922,999</u>
Total risk-weighted assets for credit and market risks		<u>184,906,855</u>		<u>188,596,438</u>

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

A28. The Operations of Islamic Banking

A28a. Unaudited Balance Sheets as at 31 March 2010

Group	31 March 2010 RM'000	30 June 2009 RM'000
ASSETS		
Cash and short-term funds	3,615,452	4,403,717
Deposits and placements with banks and other financial institutions	380,953	49,659
Securities portfolio	4,650,594	4,324,549
Financing and advances	31,499,799	25,468,811
Deferred tax assets	89,324	58,397
Derivative assets	20,144	23,641
Other assets	600,305	172,992
Statutory deposit with Bank Negara Malaysia	79,000	206,000
Total Assets	40,935,571	34,707,766
LIABILITIES		
Deposits from customers	31,933,221	24,778,718
Deposit and placements of banks and other financial institutions	5,173,021	6,153,166
Bills and acceptances payable	208,386	2,931
Derivatives liabilities	19,645	27,138
Other liabilities	666,447	1,020,861
Provision for taxation and zakat	34,352	28,597
Total Liabilities	38,035,072	32,011,411
ISLAMIC BANKING FUNDS		
Islamic Banking Funds	105,238	197,476
Reserves	2,795,261	2,498,879
	2,900,499	2,696,355
Total Liabilities and Islamic Banking Funds	40,935,571	34,707,766
COMMITMENTS AND CONTINGENCIES	14,140,122	15,234,088

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

A28. The Operations of Islamic Banking (Contd)

A28b. Unaudited Income Statements for the Third Quarter Ended 31 March 2010

	3rd Quarter Ended		Cumulative 9 Months Ended	
	31 March 2010 RM'000	31 March 2009 RM'000	31 March 2010 RM'000	31 March 2009 RM'000
Group				
Income derived from investment of depositors' funds	458,656	395,449	1,333,760	1,144,484
Expenses directly attributable to depositors and Islamic Banking Funds	(2,481)	(3,792)	(6,981)	(9,546)
Transfer from profit equalisation reserve	9,447	14,497	38,344	27,910
Gross attributable income	<u>465,622</u>	<u>406,154</u>	<u>1,365,123</u>	<u>1,162,848</u>
Allowance for losses on financing and advances	(59,064)	(62,964)	(279,344)	(139,898)
Total attributable income	406,558	343,190	1,085,779	1,022,950
Income attributable to the depositors	(176,494)	(161,564)	(478,542)	(506,390)
Income attributable to the Group	230,064	181,626	607,237	516,560
Income derived from investment of Islamic Banking Funds				
Gross investment income	<u>22,358</u>	<u>26,230</u>	<u>87,826</u>	<u>98,918</u>
Net income from investment of Islamic Banking Funds	<u>22,358</u>	<u>26,230</u>	<u>87,826</u>	<u>98,918</u>
	<u>252,422</u>	<u>207,856</u>	<u>695,063</u>	<u>615,478</u>
Overhead expenses	(106,986)	(76,654)	(310,066)	(227,762)
Profit before taxation and zakat	145,436	131,202	384,997	387,716
Taxation	(33,551)	(29,034)	(83,314)	(89,053)
Zakat	(1,672)	(3,226)	(5,605)	(10,482)
Profit for the period	110,213	98,942	296,078	288,181

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

A28. The Operations of Islamic Banking (Contd)

A28b. Unaudited Income Statements for the Third Quarter Ended 31 March 2010

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

	Group	
	31 March 2010 RM'000	31 March 2009 RM'000
Gross attributable income	1,365,123	1,162,848
Net income from investment of Islamic Banking Funds	<u>87,826</u>	<u>98,918</u>
Total income before allowances for losses on financing and advances and overhead expenses	1,452,949	1,261,766
Income attributable to the depositors	<u>(478,542)</u>	<u>(506,390)</u>
	974,407	755,376
Net of Intercompany income & expenses	104,586	162,233
Income from Islamic Banking Scheme	<u>1,078,993</u>	<u>917,609</u>

A28c. Financing and Advances

	Group	
	31 March 2010 RM'000	30 June 2009 RM'000
Cashline	2,082,389	2,032,608
Term financing		
- Housing financing	5,370,257	4,967,816
- Syndicated financing	181,940	129,795
- Hire purchase receivables	14,502,032	12,658,514
- Other financing	20,816,467	13,491,187
Bills receivable	1,357	47,931
Trust receipts	106,993	137,853
Claims on customers under acceptance credits	2,657,032	3,374,953
Staff financing	409,697	308,966
Credit card receivables	158,485	82,596
Revolving credits	<u>1,502,400</u>	<u>263,100</u>
	47,789,049	37,495,319
Unearned income	<u>(15,144,293)</u>	<u>(11,028,542)</u>
Gross financing and advances	32,644,756	26,466,777
Allowance for bad and doubtful financing:		
- specific	(633,522)	(561,520)
- general	(511,435)	(436,446)
Net financing and advances	<u>31,499,799</u>	<u>25,468,811</u>

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

	Group	
	31 March 2010 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	465,286	425,269
Recovered/regularized during the period/year	(328,717)	(383,655)
Amount written off	(156,966)	(107,801)
Expenses debited to customers' accounts	8,715	5,509
Balance at end of the period/year	<u>1,034,030</u>	<u>1,045,712</u>
Specific allowance	(633,522)	(561,520)
on non performing loan	<u>(628,284)</u>	<u>(558,277)</u>
on performing loan	<u>(5,238)</u>	<u>(3,243)</u>
Net NPF	<u>400,508</u>	<u>484,192</u>

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

A28. The Operations of Islamic Banking (Contd)

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

Ratio of net non-performing financing and advances		
including specific allowance on performing financing	1.25%	1.87%
excluding specific allowance on financing	<u>1.27%</u>	<u>1.88%</u>

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

	Group	
	31 March 2010 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	198,829	117,165
Allowance written back	(123,840)	(14,700)
At end of the period/year	<u>511,435</u>	<u>436,446</u>
As a percentage of gross financing and advances less specific allowance	<u>1.60%</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	279,887	193,410
Amount written back	(50,919)	(73,721)
Amount written off	(156,966)	(107,801)
At end of the period/year	<u>633,522</u>	<u>561,520</u>

A28e. Deposits from Customers

(i) By type of deposit

	Group	
	31 March 2010 RM'000	30 June 2009 RM'000
<u>Mudharabah Fund</u>		
Demand deposits	2,672,997	2,530,270
Savings deposits	233,897	163,642
General investment deposits	13,523,484	10,536,150
Negotiable instruments of deposits	1,119,792	1,881,710
	<u>17,550,170</u>	<u>15,111,772</u>
<u>Non-Mudharabah Fund</u>		
Demand deposits	4,343,836	3,831,515
Savings deposits	4,955,809	4,414,806
Fixed return investment deposits	4,434,214	872,700
Structured deposits	649,192	547,925
	<u>14,383,051</u>	<u>9,666,946</u>
Total deposit from customers	<u>31,933,221</u>	<u>24,778,718</u>

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

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 RM1,030.4 million and RM2,905.7 million for the third quarter and nine months ended 31 March 2010 respectively, a significant increase of RM527.1 million or 104.7% for the third quarter and RM1,095.7 million or 60.5% for the nine months period.

The Group's net interest income for the nine months ended 31 March 2010 increased by RM622.7 million or 14.3% to RM4,978.7 million. The increase in net interest income is mainly due to the full nine months' contribution from PT Bank Internasional Indonesia Tbk (BII), a 97.5% subsidiary acquired on 30 September 2008, and lower interest expense in Singapore and Malaysian banking operations. Income from Islamic Banking operations for the nine months ended 31 March 2010 also increased by RM161.4 million or 17.6% to RM1,079.0 million and this is mainly contributed by the growth of assets in the Islamic business.

Non interest income increased significantly by RM1,581.8 million or 80.8% to RM3,538.9 million for the nine months ended 31 March 2010 compared to the amount in the previous corresponding period. The increase is contributed by significant increase in unrealised gain on revaluation of derivatives, higher fee income arising from commission, service charges & fees and other loans related fee income, and foreign exchange profit due to strengthening of Ringgit Malaysia against other major currencies, which were higher by RM654.0 million, RM565.6 million and RM234.2 million and respectively.

Overhead expenses increased by RM750.4 million or 18.6% to RM4,795.6 million for the nine months ended 31 March 2010 over the amount in the corresponding period, mainly due to the full nine months' contribution from BII compared to the corresponding period. Personnel cost increased by RM294.3 million or 15.7% to RM2,168.7 million. Establishment costs increased by RM155.6 million or 22.4% to RM850.3 million (including amortization of BII's Customer Deposits Intangibles of RM70.2 million). Administration and general expenses increased by RM273.8 million or 30.4% to RM1,174.6 million due mainly to increase in royalties paid for the expansion of cards businesses and higher professional fees.

Allowance for losses on loans, advances and financing decreased by RM39.5 million or 4.3% to RM876.8 million.

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

B2. Variation of Current Quarter Results Against Preceding Quarter

The Group posted profit attributable to equity holders amounting to RM1,030.4 million for the third quarter ended 31 March 2010, an increase of RM36.9 million or 3.7% compared to the preceding quarter.

The Group's net interest income and income from Islamic Banking Scheme operations for the third quarter ended 31 March 2010 decreased slightly by RM29.5 million or 1.4% to RM2,009.5 million against the preceding quarter.

Non-interest income for the quarter decreased RM39.3 million or 3.2% to RM1,178.8 million compared to that of preceding quarter. The decrease is mainly attributable to significant loans related fee income posted in the second quarter ended 31 December 2009 which are non-recurring in nature.

Overhead expenses for the quarter decreased by RM52.6 million or 3.2% over that of the preceding quarter mainly due to lower personnel expenses, lower establishment costs and claims incurred, which decreased by RM21.1 million, RM14.7 million and RM9.6 million respectively. This was however partly offset by higher marketing expenses of RM32.7 million.

Compared to the preceding quarter, allowance for losses on loans, advances and financing and impairment losses were lower by RM28.0 million and RM52.3 million respectively.

B3. Prospects

In tandem with the global economic recovery, Malaysia's economy is expected to resume growth in 2010, with GDP growth exceeding 5% after a contraction of 1.7% in 2009. Maybank's core commercial banking operations is expected to benefit from the improving economic activities. The investment banking and insurance divisions are expected to advance further on the back of better capital market activity and improved internal capability and capacity.

Rising demand for credit due to the economic recovery, supported by government and private sector initiatives and a robust banking industry characterised by strong capitalisation, improving asset quality and healthy liquidity, is expected to sustain the Group's loans growth. However, the Group will continue to face keen competition amid industry liberalisation, regulatory changes and the backdrop of increasing interest rates. Maybank will seek to increase market share in selected business segments to grow revenue while maintaining margins. In addition, the Group's prudent asset quality management will focus on asset quality preservation.

The Group's international operation is expected to record further growth and profitability with Maybank Singapore and BII as the main contributors. BII is expected to sustain its profit growth through network expansion, strong loans growth and lower loans loss provision. The Singapore operations is 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. Hence, at the current rate of performance and barring unforeseen circumstances, the KPIs set earlier are expected to be exceeded by the end of the financial year. Our normalised revenue growth is expected to exceed 15% compared to the earlier target of 8% and our normalised return on equity (ROE) is expected to be in excess of 13% compared to the 11% target set earlier.

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

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 third quarter financial year ended 31 March 2010 are as follows:

Group	3rd Quarter Ended		Cumulative 9 Months Ended	
	31 March 2010 RM'000	31 March 2009 RM'000	31 March 2010 RM'000	31 March 2009 RM'000
Malaysian income tax	442,328	146,114	1,085,316	623,007
Foreign income tax	(25,571)	18,883	21,684	30,660
	416,757	164,997	1,107,000	653,667
Overprovision in prior periods	-	999	-	981
Deferred tax expense				
- Origination and reversal of temporary differences	(23,177)	(28,075)	(94,149)	(30,252)
- Due to reduction in statutory rate	-	3,092	-	42,406
	(23,177)	(24,983)	(94,149)	12,154
Tax expense for the period	393,580	141,013	1,012,851	666,802
Zakat	(1,719)	3,991	5,046	14,837
	391,861	145,004	1,017,897	681,639

Bank	3rd Quarter Ended		Cumulative 9 Months Ended	
	31 March 2010 RM'000	31 March 2009 RM'000	31 March 2010 RM'000	31 March 2009 RM'000
Malaysian income tax	351,903	214,266	1,024,787	523,047
Foreign income tax	(548)	1,396	4,312	2,213
	351,355	215,662	1,029,099	525,260
Over provision in prior period	-	(803)	-	(803)
Deferred tax expense				
- Origination and reversal of temporary differences	(53,892)	(31,285)	(96,017)	(25,466)
- Due to reduction in statutory rate	-	3,092	-	40,836
	(53,892)	(28,193)	(96,017)	15,370
Tax expense for the period	297,463	186,666	933,082	539,827

Domestic income tax is calculated at the Malaysian statutory tax rate of 25% (31 March 2009: 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.

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

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 RM750,000,000 comprising 750,000,000 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.

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

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”)

Maybank has on 19 February 2010 announced that its subsidiary, PT Bank Internasional Indonesia Tbk (“BII”) will embark on a rights issue to raise gross proceeds of approximately Rp 1.407 trillion. The rights issue will enable BII to strengthen its balance sheet for continued investments and reinforce its capabilities to achieve long-term growth targets in the Indonesian market. Maybank is the majority shareholder with a 97.52% equity stake in BII.

The rights issue size of Rp 1.407 trillion comprises the issuance of 6,253,554,529 new ordinary shares of Rp 22.5 each. The rights issue will be on the basis of one (1) new ordinary share in BII for every eight (8) existing ordinary shares in BII at an issue price of Rp225 per rights share. Maybank has agreed to fully subscribe to its rights entitlement under the rights issue and any excess rights shares to the extent they are not taken up or not validly taken up by the other entitled shareholders and/or their renounees under the rights issue will also be taken up by Maybank.

The proceeds from the rights issue after defraying estimated expenses will be used principally for credit expansion as part of BII’s plan to improve its capital structure and strengthen its balance sheet to spearhead further growth.

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

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

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

The shareholders of BII have approved the Proposed Rights Issue in the Extraordinary General Meeting which was held on 26 March 2010. The rights issue was completed in the second quarter of 2010.

(e) Proposed Dividend Reinvestment Plan

Maybank via the announcement on 25 March 2010 has proposed to undertake a recurrent and optional dividend reinvestment plan that allows shareholders of Maybank (“**Shareholders**”) to reinvest their Dividend (as defined below) into new ordinary share(s) of RM1.00 each in Maybank (“**Maybank Shares**”) (“**Proposed Dividend Reinvestment Plan**”).

The rationale of Maybank embarking on the Proposed Dividend Reinvestment Plan is as follows:

- a) To enhance and maximise Shareholders’ value via the subscription of new Maybank Shares where the issue price of a new Maybank Share shall be at a discount of not more than ten per cent (10%) to the five (5)-day volume weighted average market price (“**VWAMP**”) of Maybank Shares immediately prior to the Price Fixing Date (as defined below);
- b) To provide the Shareholders with greater flexibility in meeting their investment objectives, as they would have the choice of receiving cash or reinvesting in the Company through subscription of additional Maybank Shares without having to incur material transaction or other related costs.
- c) To benefit from the participation by Shareholders in the Proposed Dividend Reinvestment Plan to the extent that if the Shareholders elect to reinvest the Electable Portion into new Maybank Shares, the cash which would otherwise be payable by way of Dividend will be reinvested to fund the continuing business growth of the Group. Reinvestment Plan will not only enlarge the Maybank’s share capital base and strengthen its capital position, but will also add liquidity of Maybank Shares on the Main Market of Bursa Malaysia Securities Berhad (“**Bursa Securities**”).

Whenever a cash dividend (either an interim, final, special or other dividend) (“**Dividend**”) is announced, the Board may, in its absolute discretion, determine that the Proposed Dividend Reinvestment Plan will apply to the whole or a portion of the cash Dividend (“**Electable Portion**”) and where applicable any remaining portion of the Dividend will be paid in cash (“**Remaining Portion**”).

Each Shareholder has the following options in respect of the Electable Portion:

- a) elect to receive the Electable Portion in cash; or
- b) elect to reinvest the entire Electable Portion into new Maybank Shares credited as fully paid-up at an issue price to be determined on a price fixing date subsequent to the receipt of all relevant regulatory approvals for the Proposed Dividend Reinvestment Plan (“**Price Fixing Date**”).

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

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

(e) Proposed Dividend Reinvestment Plan (Contd.)

The Proposed Dividend Reinvestment Plan is conditional upon the following:

- a) Approval from Bank Negara Malaysia (“**BNM**”) for the Proposed Dividend Reinvestment Plan, which was obtained vide its letter dated 22 February 2010.

A separate approval from BNM will be sought for each declaration of Dividend and the increase in issued and paid-up share capital of Maybank arising from the Proposed Dividend Reinvestment Plan respectively;

- (b) Approval from Bursa Securities for the listing of and quotation for the new Maybank Shares to be issued pursuant to the Proposed Dividend Reinvestment Plan on the Official List of Bursa Securities;

- (c) Approvals from the Shareholders for the Proposed Dividend Reinvestment Plan and the issuance of new Maybank Shares arising from the Proposed Dividend Reinvestment Plan; and

- (d) Approval from any other relevant authorities (if required).

The Board, after having considered the rationale for the Proposed Dividend Reinvestment Plan, is of the opinion that the Proposed Dividend Reinvestment Plan is in the best interest of the Company.

Subject to the approvals set out above, the Proposed Dividend Reinvestment Plan is expected to be put in place by the third quarter of 2010.

(f) Proposed transfer by Maybank of its entire direct equity interest of 69.05% in Mayban Fortis Holdings Berhad (“Mayban Fortis”) to Etiqa International Holdings Sdn Bhd (*formerly known as Pelangi Amanmaz Sdn Bhd*) (“Etiqa International”) for a purchase consideration of RM359,340,912 to be satisfied by an amount owing by Etiqa International to Maybank (“Proposed Transfer”)

Maybank via an announcement on 5 April 2010 has entered into a sale and purchase agreement to transfer 165,321,478 Mayban Fortis Shares representing its direct equity interest of 69.05% in Mayban Fortis to Etiqa International for a purchase consideration of RM359,340,912 to be satisfied by an amount owing by Etiqa International to Maybank (“**SPA**”). After the completion of the Proposed Transfer, Etiqa International will serve as the investment holding company for Maybank’s insurance, takaful and asset management businesses.

The Proposed Transfer shall be conditional upon the following conditions being satisfied:

- a) Maybank, Etiqa International and Fortis Insurance International N.V (“**Fortis International**”) having executed the deed of adherence whereby Etiqa International agrees to be bound by the shareholders’ agreement dated 8 February 2001 between Maybank and Fortis International;

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

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

- (f) **Proposed transfer by Maybank of its entire direct equity interest of 69.05% in Mayban Fortis Holdings Berhad (“Mayban Fortis”) to Etiqa International Holdings Sdn Bhd (*formerly known as Pelangi Amanmaz Sdn Bhd*) (“Etiqa International”) for a purchase consideration of RM359,340,912 to be satisfied by an amount owing by Etiqa International to Maybank (“Proposed Transfer”) (Contd.)**
- b) Etiqa International obtaining the approval of its shareholder, Maybank, for the purchase of 165,321,478 Mayban Fortis Shares;
 - c) Etiqa International obtaining the stamp duty exemption pursuant to Section 15A of the Stamp Act, 1949. The Inland Revenue Board of Malaysia had on 16 April 2010 approved the said stamp duty exemption for the Proposed Transfer; and
 - d) the passing of resolutions of the Board of Mayban Fortis approving the transfer of the Mayban Fortis Shares to Etiqa International and the issuance of new share certificate(s) in respect of the Mayban Fortis Shares in the name of Etiqa International and the entry of the name of Etiqa International into the register of members of Mayban Fortis.

The Proposed Transfer would assist Maybank to realign its insurance and takaful business and provide itself flexibility for any potential business expansion. Meanwhile, the Proposed Transfer would also allow Maybank to build on its existing platform internationally, hence raising the insurance and takaful business profile. This would in turn strengthen its current position as one of the largest and leading takaful companies in the world. This is also in line with the Government's initiative to promote Malaysia as a major hub for international Islamic finance which includes takaful business.

The Proposed Transfer is subject to the following:-

- a) approval of the Economic Compliance Unit of the Securities Commission (“**SC**”) under the Bumiputera Equity Interest Requirements for Public Listed Company. The SC had vide its letter dated 18 March 2010 approved the Proposed Transfer; and
- b) approval of Bank Negara Malaysia (“**BNM**”). BNM had vide its letter dated 4 December 2009 approved the Proposed Transfer.

The Proposed Transfer is expected to be completed by the second quarter of 2010.

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

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 admission 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 in 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 with costs.

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

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

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.

However, on 4 March 2010, the Court allowed the Defendants' appeal against summary judgement thereby setting aside the Court's decision on 14 May 2009 and overruling the decision of striking out the Defendant's counterclaim and directed that the matter be set for an early trial. As at to date, no hearing date has been fixed.

ETB's solicitors are of the view that it has a good chance of succeeding in this action.

(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. On 23 November 2009, the Court of Appeal dismissed the Appeal against the stay order.

Case management is fixed on 3 June 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.

MALAYAN BANKING BERHAD
(3818-K)
(Incorporated in Malaysia)

B12. Earning Per Share (EPS)

Basic

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

	3rd Quarter Ended		Cumulative 9 Months Ended	
	31 March 2010	31 March 2009	31 March 2010	31 March 2009
Net profit for the period (RM'000)	1,030,388	503,281	2,905,693	1,810,014
Weighted average number of ordinary shares in issue ('000)	7,077,983	5,500,464 ¹	7,077,948	5,500,461 ¹
Basic earnings per share ('000)	14.56 sen	9.15 sen ¹	41.05 sen	32.91 sen ¹

Diluted

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

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

	3rd Quarter Ended		Cumulative 9 Months Ended	
	31 March 2010	31 March 2009	31 March 2010	31 March 2009
Net profit for the year (RM'000)	1,030,388	503,281	2,905,693	1,810,014
Weighted average number of ordinary shares in issue ('000)	7,077,983	5,500,464	7,077,948	5,500,461
Effects of share option ('000)	-	-	-	-
Adjusted weighted average number of ordinary shares in issue ('000)	7,077,983	5,500,464 ¹	7,077,948	5,500,461 ¹
Diluted earnings per share ('000)	14.56 sen	9.15 sen ¹	41.05 sen	32.91 sen ¹

¹ Adjusted for rights issue completed on 30 April 2009.

By Order of the Board

Mohd Nazlan Mohd Ghazali
LS0008977
Company Secretary
13 May 2010