

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

**CONDENSED FINANCIAL STATEMENTS**  
**UNAUDITED INCOME STATEMENTS**  
**FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2010**

<u>Group</u>	Note	1st Quarter Ended		Cumulative 3 Months Ended	
		30 September 2010 RM'000	30 September 2009 RM'000	30 September 2010 RM'000	30 September 2009 RM'000
Interest income	A16	2,908,316	2,728,251	2,908,316	2,728,251
Interest expense	A17	(1,133,776)	(1,100,635)	(1,133,776)	(1,100,635)
Net interest income		1,774,540	1,627,616	1,774,540	1,627,616
Income from Islamic Banking					
Scheme operations:					
Gross operating income		380,357	340,167	380,357	340,167
Profit equalisation reserves		(42,154)	41,389	(42,154)	41,389
	A28b	338,203	381,556	338,203	381,556
		2,112,743	2,009,172	2,112,743	2,009,172
Net income from insurance business:					
Income from insurance business		158,154	151,858	158,154	151,858
Claims incurred		(71,401)	(79,843)	(71,401)	(79,843)
		86,753	72,015	86,753	72,015
		2,199,496	2,081,187	2,199,496	2,081,187
Non-interest income	A18	1,008,154	990,113	1,008,154	990,113
Net income		3,207,650	3,071,300	3,207,650	3,071,300
Overhead expenses	A19	(1,556,005)	(1,490,906)	(1,556,005)	(1,490,906)
		1,651,645	1,580,394	1,651,645	1,580,394
Allowance for losses on loans, advances and financing	A20	(264,735)	(417,723)	(264,735)	(417,723)
Impairment losses on securities, net		(13,923)	(32,264)	(13,923)	(32,264)
Operating Profit		1,372,987	1,130,407	1,372,987	1,130,407
Share of profits in associates		31,358	25,808	31,358	25,808
<b>Profit before taxation and zakat</b>		1,404,345	1,156,215	1,404,345	1,156,215
Taxation & Zakat	B5	(350,705)	(249,462)	(350,705)	(249,462)
<b>Profit for the period</b>		1,053,640	906,753	1,053,640	906,753
<b>Attributable to:</b>					
Equity holders of the parent		1,028,114	881,803	1,028,114	881,803
Minority Interest		25,526	24,950	25,526	24,950
		1,053,640	906,753	1,053,640	906,753
<b>Earnings per share attributable to   equity holders of the parent</b>	B13				
Basic		14.53 sen	12.46 sen	14.53 sen	12.46 sen
Fully diluted		14.47 sen	12.46 sen	14.47 sen	12.46 sen

(These condensed financial statements should be read in conjunction with the audited financial statements for the year ended 30 June 2010 and the accompanying explanatory notes attached to the interim financial statements)

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

**CONDENSED FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME**  
**FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2010**

<u>Group</u>	Note	1st Quarter Ended		Cumulative 3 Months Ended	
		30 September 2010 RM'000	30 September 2009 RM'000	30 September 2010 RM'000	30 September 2009 RM'000
<b>Profit for the period</b>		<b>1,053,640</b>	906,753	<b>1,053,640</b>	906,753
<b>Other comprehensive (loss)/income:</b>					
Net gain on available-for-sale financial assets		<b>284,043</b>	466,830	<b>284,043</b>	466,830
Income tax relating to components of other comprehensive income		<b>(94,565)</b>	(90,477)	<b>(94,565)</b>	(90,477)
Foreign currency translation		<b>(370,797)</b>	283,134	<b>(370,797)</b>	283,134
Revaluation reserve from investment properties		-	10,342	-	10,342
Effects on adoption of Risk Based Capital ("RBC") Framework for insurance subsidiaries		-	(11,470)	-	(11,470)
<b>Other comprehensive (loss)/income: for the period, net of tax</b>		<b>(181,319)</b>	658,359	<b>(181,319)</b>	658,359
<b>Total comprehensive income for the period</b>		<b>872,321</b>	1,565,112	<b>872,321</b>	1,565,112
<b>Total comprehensive income for the period attributable to:</b>					
Equity holders of the parent		<b>865,278</b>	1,534,434	<b>865,278</b>	1,534,434
Minority Interest		<b>7,043</b>	30,678	<b>7,043</b>	30,678
		<b>872,321</b>	1,565,112	<b>872,321</b>	1,565,112

(These condensed financial statements should be read in conjunction with the audited financial statements for the year ended 30 June 2010 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 FIRST QUARTER ENDED 30 SEPTEMBER 2010**

<b>Bank</b>	<b>Note</b>	<b>1st Quarter Ended</b>		<b>Cumulative 3 Months Ended</b>	
		<b>30 September 2010 RM'000</b>	<b>30 September 2009 RM'000</b>	<b>30 September 2010 RM'000</b>	<b>30 September 2009 RM'000</b>
Interest income	A16	<b>2,242,037</b>	2,142,872	<b>2,242,037</b>	2,142,872
Interest expense	A17	<b>(860,994)</b>	(834,265)	<b>(860,994)</b>	(834,265)
Net interest income		<b>1,381,043</b>	1,308,607	<b>1,381,043</b>	1,308,607
Non-interest income	A18	<b>705,063</b>	738,424	<b>705,063</b>	738,424
Net income		<b>2,086,106</b>	2,047,031	<b>2,086,106</b>	2,047,031
Overhead expenses	A19	<b>(945,272)</b>	(971,951)	<b>(945,272)</b>	(971,951)
		<b>1,140,834</b>	1,075,080	<b>1,140,834</b>	1,075,080
Allowance for losses on loans, advances and financing	A20	<b>(133,142)</b>	(171,194)	<b>(133,142)</b>	(171,194)
Impairment losses on securities, net		<b>(1,611)</b>	(34,094)	<b>(1,611)</b>	(34,094)
<b>Profit before taxation and zakat</b>		<b>1,006,081</b>	869,792	<b>1,006,081</b>	869,792
Taxation	B5	<b>(261,581)</b>	(226,584)	<b>(261,581)</b>	(226,584)
<b>Profit for the period</b>		<b>744,500</b>	643,208	<b>744,500</b>	643,208

(These condensed financial statements should be read in conjunction with the audited financial statements for the year ended 30 June 2010 and the accompanying explanatory notes attached to the interim financial statements)

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

**CONDENSED FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME**  
**FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2010**

<u>Bank</u>	Note	1st Quarter Ended		Cumulative 3 Months Ended	
		30 September 2010 RM'000	30 September 2009 RM'000	30 September 2010 RM'000	30 September 2009 RM'000
<b>Profit for the period</b>		<b>744,500</b>	643,208	<b>744,500</b>	643,208
<b>Other comprehensive income:</b>					
Net gain on available-for-sale financial assets		177,054	318,437	177,054	318,437
Income tax relating to components of other comprehensive income		(34,814)	(79,609)	(34,814)	(79,609)
Foreign currency translation		51,492	8,215	51,492	8,215
Other comprehensive income: for the period, net of tax		193,732	247,043	193,732	247,043
Total comprehensive income for the period		<b>938,232</b>	890,251	<b>938,232</b>	890,251

(These condensed financial statements should be read in conjunction with the audited financial statements for the year ended 30 June 2010 and the accompanying explanatory notes attached to the interim financial statements)

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

**CONDENSED FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2010**

	Note	GROUP		BANK	
		30 September 2010 RM'000	30 June 2010 RM'000	30 September 2010 RM'000	30 June 2010 RM'000
<b>ASSETS</b>					
Cash and short-term funds		27,115,304	28,707,992	17,834,520	19,403,616
Deposits and placements with financial institutions		15,742,909	8,915,375	13,600,771	7,098,198
Securities purchased under resale agreements		161,678	371,237	161,678	371,237
Securities portfolio	A9	58,745,699	54,170,046	52,417,015	47,544,091
Loans, advances and financing	A10	206,762,484	205,555,067	151,113,990	151,469,585
Derivative assets	A27	1,706,551	1,306,769	1,671,924	1,281,682
Other assets	A11	5,613,826	5,319,548	2,001,547	3,832,316
Investment properties		45,227	45,324	-	-
Statutory deposits with Central Banks		3,244,224	4,471,382	1,989,811	1,932,981
Investment in subsidiaries		-	-	12,651,367	12,653,377
Interests in associates		2,382,781	2,471,438	420,300	418,700
Property, plant and equipment		1,362,353	1,359,852	1,078,495	1,077,597
Intangible assets		4,270,174	4,480,714	152,091	160,710
Deferred tax assets		1,683,910	1,564,963	1,227,041	1,148,176
Life, general takaful and family takaful fund assets		18,250,463	17,960,059	-	-
<b>TOTAL ASSETS</b>		<b>347,087,583</b>	<b>336,699,766</b>	<b>256,320,550</b>	<b>248,392,266</b>
<b>LIABILITIES</b>					
Deposits from customers	A12	236,964,636	236,909,788	175,801,640	175,379,741
Deposits and placements of banks and other financial institutions	A13	31,922,433	23,257,868	29,597,528	22,929,822
Obligations on securities sold under repurchase agreements		754,231	407,056	94,650	-
Bills and acceptances payable		2,568,156	3,061,586	2,260,574	2,898,997
Derivative liabilities	A27	1,656,111	1,346,242	1,572,523	1,291,498
Other liabilities	A15	7,181,929	6,951,520	3,725,284	3,555,869
Recourse obligation on loans sold to Cagamas		623,437	649,977	623,437	649,977
Provision for taxation and zakat		552,265	466,889	370,470	283,353
Deferred tax liabilities		176,151	151,109	-	-
Borrowings	A14(i)	3,308,845	2,824,864	2,461,932	2,098,317
Subordinated obligations	A14(ii)	8,024,208	8,069,116	8,024,208	8,069,116
Capital Securities	A14(iii)	5,996,708	5,978,752	5,996,708	5,978,752
Life, general takaful and family takaful fund liabilities		4,823,606	5,021,911	-	-
Life, general takaful and family takaful policy holders' funds		13,426,857	12,938,148	-	-
<b>TOTAL LIABILITIES</b>		<b>317,979,573</b>	<b>308,034,826</b>	<b>230,528,954</b>	<b>223,135,442</b>

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

**CONDENSED FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2010**

	Note	GROUP		BANK	
		30 September 2010 RM'000	30 June 2010 RM'000	30 September 2010 RM'000	30 June 2010 RM'000
<b>SHAREHOLDERS' EQUITY</b>					
Share capital		7,077,983	7,077,983	7,077,983	7,077,983
Reserves		21,237,618	20,799,193	18,713,613	18,178,841
		<b>28,315,601</b>	<b>27,877,176</b>	<b>25,791,596</b>	<b>25,256,824</b>
Minority Interest		792,409	787,764	-	-
Total equity		<b>29,108,010</b>	<b>28,664,940</b>	<b>25,791,596</b>	<b>25,256,824</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>					
		<b>347,087,583</b>	<b>336,699,766</b>	<b>256,320,550</b>	<b>248,392,266</b>
<b>COMMITMENTS AND CONTINGENCIES</b>	A25	<b>239,294,776</b>	<b>232,273,335</b>	<b>219,791,321</b>	<b>213,216,362</b>
<b>CAPITAL ADEQUACY</b>	A26				
Based on credit, market and operational risk:					
<b>Basel II</b>					
<b><u>Before deducting electable portion dividend to be reinvested:</u></b>					
Core capital ratio		11.48%	-	13.95%	-
Risk-weighted capital ratio		14.15%	-	13.95%	-
<b><u>After deducting electable portion dividend to be reinvested:</u></b>					
Core capital ratio, assuming:					
- full electable portion paid in cash		10.56%	-	12.80%	-
- full electable portion reinvested		11.48%	-	13.95%	-
Risk-weighted capital ratio, assuming:					
- full electable portion paid in cash		13.23%	-	12.80%	-
- full electable portion reinvested		14.15%	-	13.95%	-
<b>Basel I</b>					
<b><u>Before deducting proposed dividend: *</u></b>					
Core capital ratio		-	11.06%	-	15.02%
Risk-weighted capital ratio		-	14.67%	-	15.02%
<b><u>After deducting proposed dividend:</u></b>					
Core capital ratio, assuming:					
- full electable portion paid in cash		-	10.10%	-	13.78%
- full electable portion reinvested		-	10.97%	-	14.91%
Risk-weighted capital ratio, assuming:					
- full electable portion paid in cash		-	13.71%	-	13.78%
- full electable portion reinvested		-	14.58%	-	14.91%
Net assets per share attributable to equity holders of the parent		<b>RM4.00</b>	RM3.94	<b>RM3.64</b>	RM3.57

\* 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 2010 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 FIRST QUARTER ENDED 30 SEPTEMBER 2010**

<u>Group</u>	<===== Non Distributable =====>										
	Share Capital RM'000	Share Premium RM'000	Statutory Reserve RM'000	Capital Reserve RM'000	Unrealised Holding Reserve/(Deficit) RM'000	Exchange Fluctuation Reserve RM'000	Revaluation Reserve RM'000	Distributable Retained Profits RM'000	Total Shareholders' Equity RM'000	Minority Interests RM'000	Total Equity RM'000
<b>At 1 July 2010</b>											
- as previously stated	7,077,983	5,903,497	5,553,999	15,250	340,936	(949,434)	9,057	9,925,888	27,877,176	787,764	28,664,940
- effect of adopting FRS 139	-	-	-	-	(47,921)	-	-	(172,088)	(220,009)	(5,786)	(225,795)
- effect of adopting FRS 4	-	-	-	-	-	-	1,800	1,800	807	-	2,607
<b>At 1 July 2010, as restated</b>	<b>7,077,983</b>	<b>5,903,497</b>	<b>5,553,999</b>	<b>15,250</b>	<b>293,015</b>	<b>(949,434)</b>	<b>9,057</b>	<b>9,755,600</b>	<b>27,658,967</b>	<b>782,785</b>	<b>28,441,752</b>
Profit for the period	-	-	-	-	-	-	1,028,114	1,028,114	1,028,114	25,526	1,053,640
Other comprehensive income	-	-	-	-	193,816	(356,652)	-	-	(162,836)	(18,483)	(181,319)
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>193,816</b>	<b>(356,652)</b>	<b>-</b>	<b>1,028,114</b>	<b>865,278</b>	<b>7,043</b>	<b>872,321</b>
Effect of disposal to minority interests	-	-	-	-	-	-	3,695	3,695	3,695	2,581	6,276
Transfer to/(from) statutory reserves	-	-	187,000	-	-	-	(187,000)	-	-	-	-
Dividend payable (Note A8)	-	-	-	-	-	-	(212,339)	(212,339)	-	-	(212,339)
<b>Total transactions with shareholders</b>	<b>-</b>	<b>-</b>	<b>187,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(395,644)</b>	<b>(208,644)</b>	<b>(208,644)</b>	<b>2,581</b>	<b>(206,063)</b>
<b>At 30 September 2010</b>	<b>7,077,983</b>	<b>5,903,497</b>	<b>5,740,999</b>	<b>15,250</b>	<b>486,831</b>	<b>(1,306,086)</b>	<b>9,057</b>	<b>10,388,070</b>	<b>28,315,601</b>	<b>792,409</b>	<b>29,108,010</b>

(These condensed financial statements should be read in conjunction with the audited financial statements for the year ended 30 June 2010 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 FIRST QUARTER ENDED 30 SEPTEMBER 2010**

<u>Group</u>	<===== Non Distributable =====>							Revaluation Reserve RM'000	Distributable Retained Profits RM'000	Total Shareholders' Equity RM'000	Minority Interests RM'000	Total Equity RM'000
	Share Capital RM'000	Share Premium RM'000	Statutory Reserve RM'000	Capital Reserve RM'000	Unrealised Holding Reserve/(Deficit) RM'000	Exchange Fluctuation Reserve RM'000	Share Option Reserves RM'000					
<b>At 1 July 2009</b>	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
Profit for the period	-	-	-	-	-	-	-	-	881,803	881,803	24,950	906,753
Other comprehensive income	-	-	-	-	367,688	281,094	-	7,141	(3,292)	652,631	5,728	658,359
<b>Total comprehensive income for the period</b>	-	-	-	-	367,688	281,094	-	7,141	878,511	1,534,434	30,678	1,565,112
Transfer to/(from) statutory reserves	-	-	177,320	-	-	-	-	-	(177,320)	-	-	-
Issue of ordinary shares pursuant to ESOS	320	1,805	-	-	-	-	-	-	-	2,125	-	2,125
Transfer (from)/to share option reserve	-	-	-	-	-	-	(63,191)	-	63,191	-	-	-
Dividend payable	-	-	-	-	-	-	-	-	(424,679)	(424,679)	-	(424,679)
<b>Total transactions with shareholders</b>	320	1,805	177,320	-	-	-	(63,191)	-	(538,808)	(422,554)	-	(422,554)
<b>At 30 September 2009</b>	7,077,983	5,903,497	4,842,303	15,250	219,300	(385,791)	-	9,883	8,328,201	26,010,626	899,909	26,910,535

(These condensed financial statements should be read in conjunction with the audited financial statements for the year ended 30 June 2010 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 FIRST QUARTER ENDED 30 SEPTEMBER 2010**

<u>Bank</u>	<===== Non Distributable =====>						
	Share Capital RM'000	Share Premium RM'000	Statutory Reserve RM'000	Unrealised Holding Reserve/(Deficit) RM'000	Exchange Fluctuation Reserve RM'000	Distributable Retained Profits RM'000	Total Equity RM'000
<b>At 1 July 2010</b>							
- as previously stated	7,077,983	5,903,497	5,372,770	269,016	(12,495)	6,646,053	25,256,824
- effect of adopting FRS 139	-	-	-	(40,368)	-	(150,753)	(191,121)
<b>At 1 July 2010, as restated</b>	<b>7,077,983</b>	<b>5,903,497</b>	<b>5,372,770</b>	<b>228,648</b>	<b>(12,495)</b>	<b>6,495,300</b>	<b>25,065,703</b>
Profit for the period	-	-	-	-	-	744,500	744,500
Other comprehensive income	-	-	-	142,240	51,492	-	193,732
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>142,240</b>	<b>51,492</b>	<b>744,500</b>	<b>938,232</b>
Transfer to/(from) statutory reserve	-	-	187,000	-	-	(187,000)	-
Dividend payable (Note A8)	-	-	-	-	-	(212,339)	(212,339)
<b>Total transactions with shareholders</b>	<b>-</b>	<b>-</b>	<b>187,000</b>	<b>-</b>	<b>-</b>	<b>(399,339)</b>	<b>(212,339)</b>
<b>At 30 September 2010</b>	<b>7,077,983</b>	<b>5,903,497</b>	<b>5,559,770</b>	<b>370,888</b>	<b>38,997</b>	<b>6,840,461</b>	<b>25,791,596</b>

(These condensed financial statements should be read in conjunction with the audited financial statements for the year ended 30 June 2010 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 FIRST QUARTER ENDED 30 SEPTEMBER 2010**

	<===== Non Distributable =====>						Distributable	Total
	Share Capital RM'000	Share Premium RM'000	Statutory Reserve RM'000	Unrealised Holding Reserve/(Deficit) RM'000	Exchange Fluctuation Reserve RM'000	Other Reserves RM'000		
<b>Bank</b>								
<b>At 1 July 2009</b>	7,077,663	5,901,692	4,483,770	(83,433)	139,771	63,191	4,927,790	22,510,444
Profit for the period	-	-	-	-	-	-	643,208	643,208
Other comprehensive income	-	-	-	238,828	8,215	-	-	247,043
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>238,828</b>	<b>8,215</b>	<b>-</b>	<b>643,208</b>	<b>890,251</b>
Transfer to/(from) statutory reserves	-	-	162,000	-	-	-	(162,000)	-
Transfer (from)/to share option reserve	-	-	-	-	-	(63,191)	63,191	-
Issue of ordinary shares pursuant to ESOS	320	1,805	-	-	-	-	-	2,125
Dividend payable	-	-	-	-	-	-	(424,679)	(424,679)
<b>Total transactions with shareholders</b>	<b>320</b>	<b>1,805</b>	<b>162,000</b>	<b>-</b>	<b>-</b>	<b>(63,191)</b>	<b>(523,488)</b>	<b>(422,554)</b>
<b>At 30 September 2009</b>	<b>7,077,983</b>	<b>5,903,497</b>	<b>4,645,770</b>	<b>155,395</b>	<b>147,986</b>	<b>-</b>	<b>5,047,510</b>	<b>22,978,141</b>

(These condensed financial statements should be read in conjunction with the audited financial statements for the year ended 30 June 2010 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 FIRST QUARTER ENDED 30 SEPTEMBER 2010**

	GROUP		BANK	
	30 September 2010 RM'000	30 September 2009 RM'000	30 September 2010 RM'000	30 September 2009 RM'000
Profit before taxation	1,404,345	1,156,215	1,006,081	869,792
Adjustments for non-operating and non-cash items	<b>(33,707)</b>	374,748	<b>(49,216)</b>	117,103
Operating profit before working capital changes	<b>1,370,638</b>	1,530,963	<b>956,865</b>	986,895
Changes in working capital:-				
Net changes in operating assets	<b>(10,669,851)</b>	624,637	<b>(8,710,622)</b>	5,344,794
Net changes in operating liabilities	<b>8,258,147</b>	(1,812,958)	<b>6,751,528</b>	(3,039,541)
Tax expense and zakat paid	<b>(326,175)</b>	(255,033)	<b>(241,272)</b>	(229,434)
Net cash (used in)/generated from operations	<b>(1,367,241)</b>	87,609	<b>(1,243,501)</b>	3,062,714
Net cash generated from/(used in) investing activities	<b>474,025</b>	(13,927)	<b>(14,558)</b>	(17,405)
Net cash generated from financing activities	<b>75,310</b>	613,475	<b>75,310</b>	613,475
	<b>549,335</b>	599,548	<b>60,752</b>	596,070
Net change in cash and cash equivalents	<b>(817,906)</b>	687,157	<b>(1,182,749)</b>	3,658,784
Cash and cash equivalents at beginning of year *	<b>27,833,680</b>	23,438,829	<b>19,017,269</b>	17,267,548
Cash and cash equivalents at end of year	<b>27,015,774</b>	24,125,986	<b>17,834,520</b>	20,926,332
Cash and cash equivalents included in the cash flow statements comprise the following Balance Sheet amounts:				
Cash and short-term funds	<b>27,115,304</b>	24,231,967	<b>17,834,520</b>	20,926,332
Less : Monies held in trusts	<b>(99,530)</b>	(105,981)	-	-
	<b>27,015,774</b>	24,125,986	<b>17,834,520</b>	20,926,332
* Cash and cash equivalents at beginning of year				
Cash and short term funds as previously reported	<b>28,707,992</b>	23,607,979	<b>19,403,616</b>	17,448,312
Effects of foreign exchange rate changes	<b>(874,312)</b>	(169,150)	<b>(386,347)</b>	(180,764)
As restated	<b>27,833,680</b>	23,438,829	<b>19,017,269</b>	17,267,548

**(These condensed financial statements should be read in conjunction with the audited financial statements for the year ended 30 June 2010 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 unaudited 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 unaudited condensed interim financial statements have been prepared in accordance with the requirements of FRS 134: Interim Financial Reporting and Chapter 9, part K of the Listing Requirements of Bursa Malaysia Securities Berhad. The condensed interim financial statements should be read in conjunction with the audited financial statements for the year ended 30 June 2010. 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 2010.

The unaudited condensed interim financial statement incorporated those activities relating to the Islamic banking business which have been undertaken by the Group. Islamic banking business refers generally to the acceptance of deposit and granting of financing under the principles of Shariah.

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 2010 except for adoption of the following Financial Reporting Standard ("FRS"), amendments to FRSs, Interpretations of the Issues Committee ("IC Interpretations") and Technical Release ("TR"):

- (i) FRS 1: First-time Adoption of Financial Reporting Standards
- (ii) FRS 3: Business Combinations (revised)
- (iii) FRS 4: Insurance Contracts
- (iv) FRS 7: Financial Instruments-Disclosures
- (v) FRS 101: Presentation of Financial Statements (revised 2009)
- (vi) FRS 123: Borrowing Costs
- (vii) FRS 127: Consolidated and Separate Financial Statements (amended)
- (viii) FRS 139: Financial Instruments - Recognition and Measurement
- (ix) Amendments to FRS 1 First-time Adoption of Financial Reporting Standards and FRS 127: Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
- (x) Amendments to FRS 2: Share-based Payment
- (xi) Amendments to FRS 2: Share-based Payment - Vesting Conditions and Cancellations
- (xii) Amendment to FRS 5: Non-current Assets Held for Sale and Discontinued Operations
- (xiii) Amendments to FRS 132: Financial Instruments: Presentation
- (xiv) Amendments to FRS 132: Financial Instruments: Presentation (Classification of Rights Issues)
- (xv) Amendments to FRS 138: Intangible Assets
- (xvi) Amendments to FRS 139: Financial Instruments: Recognition and Measurement, FRS 7: Financial Instruments: Disclosure and IC Interpretation 9: Reassessment of Embedded Derivatives
- (xvii) Amendments to FRSs contained in the document entitled 'Improvements to FRSs (2009)'
- (xviii) IC Interpretation 9: Reassessment of Embedded Derivatives
- (xix) IC Interpretation 10: Interim Financial Reporting and Impairment
- (xx) IC Interpretation 11: FRS 2 – Group and Treasury Share Transactions
- (xxi) IC Interpretation 12: Service Concession Arrangements
- (xxii) IC Interpretation 13: Customer Loyalty Programmes
- (xxiii) IC Interpretation 14 FRS 119: The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
- (xxiv) IC Interpretation 15: Agreements for the Construction of Real Estate
- (xxv) IC Interpretation 16: Hedges of a Net Investment in a Foreign Operation
- (xxvi) IC Interpretation 17: Distributions of Non-cash Assets to Owners

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

**A1. Basis of Preparation (cont'd.)**

- (xxvii) Amendments to IC Interpretation 9: Reassessment of Embedded Derivatives
- (xxviii) TR - 3: Guidance on Disclosures of Transition to IFRSs
- (xxix) TR i - 3: Presentation of Financial Statements of Islamic Financial Institutions
- (xxx) SOP i - 1: Financial Reporting from an Islamic Perspective

The adoption of the above FRSs, amendments to FRSs and IC Interpretations did not have any material impact on the financial statements of the Group and the Bank, except for the following:

- (i) the changes in accounting policies arising from the adoption of FRS 139 and its related amendments to FRSs, IC Interpretations and relevant Bank Negara Malaysia ("BNM") Guidelines, which are disclosed in Note A29;
- (ii) the adoption of FRS 101, FRS 7, TR i - 3 and amendments to FRS 132 which resulted in changes in presentation of the financial statements and its relevant notes, but did not affect the earnings, retained earnings or other reserves; and
- (iii) the adoption of FRS 4.

The following new FRSs, amendments to FRS and IC Interpretations have been issued but are not yet effective, which will be effective for the financial periods beginning on or after 1 January 2011 and have not been adopted by the Group and the Bank:

- (i) Amendments to FRS 1: Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters
- (ii) Additional Exemptions for First-time Adopters (Amendments to FRS 1)
- (iii) Group Cash-Settled Share-based Payment Transactions (Amendments to FRS 2)
- (iv) Amendments to FRS 7: Improving Disclosures about Financial Instruments
- (v) TR i - 4: Shariah Compliant Sale Contracts

In addition to these, the Group and the Bank have also adopted BNM's Revised Guidelines for Financial Reporting for Banking Institutions revised on 10 March 2010 and Revised Guidelines for Classification and Impairment Provision for Loans/Financing revised on 26 January 2010. The effects of adopting these Guidelines are consistent with the application of FRS 139 and are disclosed in Note A29.

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

**A2. Significant Accounting Estimates and Judgements**

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

(i) **Fair Value Estimation of Securities Held-for-trading (Note A9(i)), Securities Available-for-sale (Note A9(ii)) and Derivative Financial Instruments**

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

(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 independent professional 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.

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

**A2. Significant Accounting Estimates and Judgments (cont'd.)**

(v) **Liabilities of Insurance Business**

**(a) Life Fund**

With effect from 1 January 2009, liabilities of insurance business are determined in accordance with BNM's Risk-Based Capital Framework for insurers and valued using an actuarial valuation methodology, which is defined by the Framework as the Gross Premium Valuation method. The expected future cash flows are determined using best estimate assumptions with an appropriate allowance for provision of risk margin for adverse deviation from expected experience with at least 75% confidence level is secured in respect of guaranteed benefits.

**(b) Family Takaful Fund**

Family Takaful Fund is valued by annual actuarial valuation whereby estimates are made for future deaths, disabilities, maturities, instruments returns, voluntary terminations and expenses in accordance with contractual and regulatory requirements.

**(c) General Insurance and General Takaful Businesses**

The establishment of technical provisions for general insurance and general takaful businesses, including unearned premium/contribution reserves, unexpired risk reserves and claim liabilities/provision for outstanding claims, are based on specific methodologies. The eventual settlement of contribution and claim liabilities may vary from initial estimates due to uncertainties including but not restricted to inflation, economic conditions, judicial interpretations and legislative changes.

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

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

(vii) **Impairment Losses on Loans, Advances and Financing**

The Group and Bank review its individually significant loans, advances and financing at each statement of financial position date to assess whether an impairment loss should be recorded in the income statement. In particular, judgment by management is required in the estimation of the amount and timing of future cash flows when determining the impairment loss. In estimating these cash flows, the Group and the Bank make judgments about the borrower's or the customer's financial situation and the net realisable value of collateral. These estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the allowances.

Loans and advances that have been assessed individually and found not to be impaired and all individually insignificant loans and advances are then assessed collectively, in groups of assets with similar risk characteristics, to determine whether provision should be made due to incurred loss events for which there is objective evidence but whose effects are not yet evident. The collective assessment takes account of data from the loan portfolio (such as credit quality, levels of arrears, credit utilisation, loan to collateral ratios etc.), concentrations of risks and relevant economic data.

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

**A2. Significant Accounting Estimates and Judgments (cont'd.)**

**(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.

**(ix) Impairment of Securities Portfolio**

The Group and Bank review the Securities Portfolio and assess at each reporting date whether there is any objective evidence that the investment is impaired. If there are indicators or objective evidence, the assets are subject to impairment review.

The impairment review comprises the following judgement made by Management:

- (i) Determination whether its investment is impaired following certain indicators or triggers such as, among others, prolonged decline in fair value, significant financial difficulties of the issuer or obligors, the disappearance of an active trading market and deterioration of the credit quality of the issuers or obligors.
- (ii) Determination of "significant" or "prolonged" requires judgement and management evaluates various factors, such as historical fair value movement and the significant reduction in fair value.



**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 2010 was not qualified.

**A4. Seasonal or Cyclical Factors**

The operations of the Group and the Bank were not materially affected by any seasonal or cyclical factors in the first quarter ended 30 September 2010.

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

During the quarter ended 30 September 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 quarter ended 30 September 2010.

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

The Bank has not issued any new shares during the financial period.

There were no cancellations, share buy-backs, resale of shares bought back and repayment of debt and equity securities by the Bank.

**A8. Dividends Paid**

There was no dividend paid during the quarter ended 30 September 2010.

During the Annual General Meeting held on 29 September 2010, a final dividend in respect of the financial year ended 30 June 2010 of 44 sen per share less 25% taxation on 7,077,982,768 ordinary shares, amounting to net dividend payable of RM2,335,734,313 (33 sen net per ordinary share) was approved by the shareholders.

The dividend consists of 4 sen (3 sen net per ordinary share) to be paid in cash amounting to RM 212,339,483 and an electable portion of 40 sen (30 sen net per ordinary share) amounting to RM 2,123,394,830 which can be elected to be reinvested in new Maybank shares in accordance with the Dividend Reinvestment Plan (DRP) and subject to the relevant regulatory approvals.

The financial statements for the current financial quarter do not reflect the electable portion of 40 sen (30 sen net per ordinary share) as the relevant regulatory approvals for the issuance of shares had not been obtained as at 30 September 2010.

On 4 November 2010, Maybank announced that the issue price of new Maybank shares to be issued pursuant to the DRP has been fixed at RM7.70 per new Maybank share. The Book Closure Date pursuant to the final dividend and DRP has been fixed on 22 November 2010 and the new Maybank shares arising from the DRP is expected to be listed on the Main Market of Bursa Malaysia Securities Berhad on 21 December 2010.

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

**A9. Securities Portfolio**

	Note	Group		Bank	
		30 September 2010 RM'000	30 June 2010 RM'000	30 September 2010 RM'000	30 June 2010 RM'000
Securities held-for-trading	(i)	3,645,782	2,651,103	3,251,380	2,241,928
Securities available-for-sale	(ii)	45,807,114	42,576,235	40,932,441	37,446,841
Securities held-to-maturity	(iii)	9,292,803	8,942,708	8,233,194	7,855,322
		<b>58,745,699</b>	<b>54,170,046</b>	<b>52,417,015</b>	<b>47,544,091</b>

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

**At Fair value**

**Money market instruments:-**

Malaysian Government Securities	662,792	267,762	662,792	267,762
Malaysian Government Treasury Bills	33,856	25,727	33,856	25,727
Malaysian Government Investment Issues	40,794	50,818	15,742	25,453
Bank Negara Malaysia Bills and Notes	99,687	-	99,687	-
Khazanah Bonds	5,332	-	5,332	-
Bank Negara Malaysia Monetary Notes	798,447	605,006	798,447	581,545
Foreign Government Treasury Bills	187,619	509,037	187,619	509,037
Foreign Government Securities	336,271	90,780	-	-
Foreign Certificates of Deposits	-	228,598	-	-
Sukuk Ijarah Bonds	49,925	69,902	49,925	49,930
	<b>2,214,723</b>	<b>1,847,630</b>	<b>1,853,400</b>	<b>1,459,454</b>

**Quoted securities:**

Shares	23,093	22,802	23,093	22,802
	<b>23,093</b>	<b>22,802</b>	<b>23,093</b>	<b>22,802</b>

**Unquoted securities:**

Private and Islamic Debt Securities in Malaysia	757,552	594,816	757,552	594,816
Foreign Private Debt Securities	650,414	185,855	617,335	164,856
	<b>1,407,966</b>	<b>780,671</b>	<b>1,374,887</b>	<b>759,672</b>

**Total securities held-for-trading**

	<b>3,645,782</b>	<b>2,651,103</b>	<b>3,251,380</b>	<b>2,241,928</b>
--	------------------	------------------	------------------	------------------

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

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

**Money market instruments:-**

Malaysian Government Securities	5,973,670	5,284,696	5,884,015	5,195,698
Sukuk BNM Ijarah	29,955	-	-	-
Cagamas Bonds	1,551,791	1,978,555	1,423,353	1,746,559
Foreign Government Securities	6,845,670	7,357,037	4,768,756	5,012,151
Malaysian Government Investment Issues	5,811,256	5,655,221	3,093,005	3,153,796
Foreign Government Treasury Bills	4,161,181	2,489,382	3,966,689	2,352,420
Negotiable Instruments of Deposits	873,068	1,304,946	4,629,444	5,021,821
Bankers' Acceptances and Islamic Accepted Bills	2,023,004	1,104,706	1,921,515	1,026,207
Khazanah Bonds	913,563	830,758	619,700	578,002
Bank Negara Malaysia Monetary Notes	99,990	99,890	99,990	99,890
	<b>28,283,148</b>	<b>26,105,191</b>	<b>26,406,467</b>	<b>24,186,544</b>

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

	Group		Bank	
	30 September 2010 RM'000	30 June 2010 RM'000	30 September 2010 RM'000	30 June 2010 RM'000
<b>A9. Securities Portfolio (cont'd.)</b>				
<b>(ii) Securities Available-for-sale (cont'd.)</b>				
<b>Quoted Securities: -</b>				
In Malaysia:				
Shares, Warrants, Trust Units and Loan Stocks	428,828	407,559	183,919	182,936
Outside Malaysia:				
Shares, Warrants, Trust Units and Loan Stocks	96,800	82,056	39,517	35,387
	<b>525,628</b>	<b>489,615</b>	<b>223,436</b>	<b>218,323</b>
<b>Unquoted Securities:-</b>				
Shares, trust units and loan stocks in Malaysia	646,526	701,289	433,447	447,159
Shares, trust units and loan stocks outside Malaysia	27,432	27,449	16,814	17,024
Private and Islamic Debt Securities in Malaysia	9,973,388	9,925,149	8,318,784	8,156,657
Malaysian Government Bonds	227,395	144,475	227,395	144,475
Foreign Government Bonds	129,339	110,006	20,371	-
Foreign Islamic Private Debt Securities	5,681,223	4,713,610	5,145,313	4,091,929
Credit Linked Notes	72,228	151,784	72,228	151,784
Malaysia Global Sukuk	240,807	207,667	68,186	32,946
	<b>16,998,338</b>	<b>15,981,429</b>	<b>14,302,538</b>	<b>13,041,974</b>
<b>Total securities available-for-sale</b>	<b>45,807,114</b>	<b>42,576,235</b>	<b>40,932,441</b>	<b>37,446,841</b>
<b>(iii) Securities Held-To-Maturity</b>				
<b>At Amortised cost less impairment losses</b>				
<b>Money market instruments:-</b>				
Malaysian Government Securities	6,229,949	6,237,200	6,229,841	6,237,092
Cagamas Bonds	11,773	11,794	11,773	11,794
Foreign Government Securities	770,420	824,404	-	-
Malaysian Government Investment Issues	527,259	527,466	376,812	377,000
Khazanah Bonds	16,790	16,603	16,790	16,603
	<b>7,556,191</b>	<b>7,617,467</b>	<b>6,635,216</b>	<b>6,642,489</b>
<b>Unquoted Securities:-</b>				
Private and Islamic Debt Securities in Malaysia	1,353,762	953,988	1,323,728	923,955
Malaysian Government Bonds	6,381	6,761	6,381	6,761
Foreign Islamic Private Debt Securities	406,490	394,513	297,887	312,135
Others	2,044	2,044	2,044	2,044
	<b>1,768,677</b>	<b>1,357,306</b>	<b>1,630,040</b>	<b>1,244,895</b>
Accumulated impairment losses	(32,065)	(32,065)	(32,062)	(32,062)
<b>Total securities held-to-maturity</b>	<b>9,292,803</b>	<b>8,942,708</b>	<b>8,233,194</b>	<b>7,855,322</b>

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

**A10. Loans, Advances and Financing**

	Group		Bank	
	30 September 2010 RM'000	30 June 2010 RM'000	30 September 2010 RM'000	30 June 2010 RM'000
<b>At amortised cost</b>				
Overdrafts	15,101,799	15,393,797	11,298,744	11,442,783
Term loans				
- Housing loans/financing	37,582,791	36,293,612	29,872,118	28,805,714
- Syndicated loan/financing	13,741,774	13,053,818	11,062,642	10,487,792
- Hire purchase receivables	41,938,786	40,748,909	21,541,799	21,414,413
- Lease receivables	3,436	3,462	3,272	3,272
- Other loans/financing	83,989,293	74,264,535	53,552,724	44,827,809
Credit card receivables	5,033,629	4,973,369	4,256,787	4,233,074
Bills receivable	2,105,738	2,289,004	2,091,561	2,256,164
Trust receipts	2,181,390	2,250,995	1,806,003	1,826,866
Claims on customers under acceptance credits	9,955,078	10,316,581	7,138,987	7,434,317
Loans/financing to banks and other financial institutions	1,232,656	10,406,605	1,109,031	10,232,000
Revolving credits	20,869,466	20,853,403	15,549,563	15,930,021
Staff loans	1,676,803	1,636,344	975,668	959,607
Housing loans to				
- Executive directors of subsidiaries	3,260	839	239	435
Others	424,772	348,403	-	-
	<b>235,840,671</b>	<b>232,833,676</b>	<b>160,259,138</b>	<b>159,854,267</b>
Unearned interest and income	<b>(20,568,331)</b>	<b>(19,575,236)</b>	<b>(2,785,714)</b>	<b>(2,775,394)</b>
Gross loans, advances and financing	<b>215,272,340</b>	<b>213,258,440</b>	<b>157,473,424</b>	<b>157,078,873</b>
Allowances for impaired loans and financing:				
- individual	(3,784,789)	-	(2,697,176)	-
- collective	(4,725,067)	-	(3,662,258)	-
- specific	-	(3,864,832)	-	(2,842,531)
- general	-	(3,838,541)	-	(2,766,757)
Net loans, advances and financing	<b>206,762,484</b>	<b>205,555,067</b>	<b>151,113,990</b>	<b>151,469,585</b>

**(i) By type of customer**

	Group		Bank	
	30 September 2010 RM'000	30 June 2010 RM'000	30 September 2010 RM'000	30 June 2010 RM'000
Domestic banking institutions	57,606	62,033	57,605	62,033
Domestic non-bank financial institutions				
- Stockbroking companies	287	149,044	287	148,864
- Others	7,481,345	16,228,487	5,173,609	13,102,740
Domestic business enterprise				
- Small and medium enterprise	35,963,147	32,103,764	31,574,743	27,940,298
- Others	54,838,451	51,359,497	38,646,411	35,600,785
Government and statutory bodies	2,653,717	2,470,659	2,515,373	2,403,508
Individuals	101,513,081	97,938,204	70,198,174	68,428,192
Other domestic entities	1,632,919	1,657,466	258,013	281,718
Foreign entities	11,131,787	11,289,286	9,049,209	9,110,735
Gross loans, advances and financing	<b>215,272,340</b>	<b>213,258,440</b>	<b>157,473,424</b>	<b>157,078,873</b>

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

**A10. Loans, Advances and Financing (cont'd.)**

**(ii) By geographical distribution**

	Group		Bank	
	30 September 2010 RM'000	30 June 2010 RM'000	30 September 2010 RM'000	30 June 2010 RM'000
Malaysia	145,056,818	144,271,765	109,169,609	109,508,669
Singapore	41,634,000	40,588,966	41,634,000	40,588,966
Indonesia	17,807,258	17,102,481		-
Labuan offshore	3,087,343	3,268,810	-	-
Hong Kong SAR	3,057,895	3,068,938	3,057,895	3,068,938
United States of America	758,776	753,244	758,776	753,244
People's Republic of China	957,934	1,017,861	957,934	1,017,861
Vietnam	443,050	480,568	443,050	480,568
United Kingdom	855,510	994,784	855,510	994,784
Brunei	150,935	158,352	150,935	158,352
Cambodia	240,086	270,905	240,086	270,905
Bahrain	205,629	236,586	205,629	236,586
Philippines	955,154	969,478	-	-
Papua New Guinea	61,952	75,702	-	-
Gross loans, advances and financing	<b>215,272,340</b>	213,258,440	<b>157,473,424</b>	157,078,873

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

Fixed rate				
- Housing loans/financing	11,672,839	12,681,639	8,626,950	9,534,313
- Hire purchase receivables	31,543,954	30,943,085	18,376,354	18,263,418
- Other fixed rate loans/financing	21,412,263	22,327,061	13,575,170	14,004,422
Variable rate				
- Base lending rate plus	76,790,724	75,881,193	65,986,466	65,916,914
- Cost plus	23,276,605	22,753,403	20,061,340	19,510,888
- Other variable rates	50,575,955	48,672,059	30,847,144	29,848,918
Gross loans, advances and financing	<b>215,272,340</b>	213,258,440	<b>157,473,424</b>	157,078,873

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

**A10. Loans, Advances and Financing (cont'd.)**

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

	<b>Group</b>		<b>Bank</b>	
	<b>30 September 2010 RM'000</b>	<b>30 June 2010 RM'000</b>	<b>30 September 2010 RM'000</b>	<b>30 June 2010 RM'000</b>
Purchase of securities	15,331,173	14,913,407	10,620,541	10,761,268
Purchase of transport vehicles	33,731,262	34,863,190	16,049,021	17,960,857
- less Islamic loans sold to Cagamas	(1,067,007)	(1,137,321)	-	-
Purchase of landed properties				
- residential	38,647,333	37,684,964	33,058,807	32,121,392
- non-residential	9,614,949	9,163,803	6,776,405	6,557,672
Purchase of fixed assets (exclude landed properties)	2,432,548	2,543,374	2,432,337	2,543,167
Personal use	5,259,192	5,061,634	4,481,723	4,303,538
Credit card	5,035,476	4,974,295	4,257,709	4,233,084
Purchase of consumer durables	48,167	77,583	48,159	76,463
Construction	14,165,051	12,489,787	12,830,117	11,213,226
Merger and acquisition	382	45,229	382	45,229
Working capital	76,729,712	79,384,139	56,619,844	59,186,942
Others	15,344,102	13,194,356	10,298,379	8,076,035
Gross loans, advances and financing	<b>215,272,340</b>	<b>213,258,440</b>	<b>157,473,424</b>	<b>157,078,873</b>

**(v) The maturity structure of the loans, advances and financing are as follows:**

Maturing within one year	62,890,248	69,370,810	49,770,181	56,025,479
One year to three years	21,858,992	18,691,972	13,798,822	10,608,438
Three years to five years	27,006,611	18,941,903	16,672,966	9,460,481
After five years	103,516,489	106,253,755	77,231,455	80,984,475
Gross loans, advances and financing	<b>215,272,340</b>	<b>213,258,440</b>	<b>157,473,424</b>	<b>157,078,873</b>

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

**A10. Loans, Advances and Financing (cont'd.)**

(vi) Movement in impaired loans, advances and financing ("impaired loans") are as follows:

	Group		Bank	
	30 September 2010 RM'000	30 June 2010 RM'000	30 September 2010 RM'000	30 June 2010 RM'000
At beginning of the period/year				
- as previously stated	6,186,320	6,715,232	4,639,731	5,036,313
- effect of adopting FRS 139	3,772,543	-	3,189,043	-
At beginning of the period/year, as restated	<b>9,958,863</b>	6,715,232	<b>7,828,774</b>	5,036,313
Impaired during the period/year	1,916,952	4,622,381	1,223,351	2,795,711
Reclassified as non-impaired	(493,379)	(2,190,759)	(362,887)	(1,525,988)
Recovered during the period/year	(645,870)	(1,430,570)	(443,634)	(874,761)
Amount written off	(605,834)	(1,682,059)	(424,525)	(925,144)
Amount transfer from other debts	-	97,095	-	97,095
Exchange differences and expenses debited	(15,099)	55,000	11,566	36,505
At end of the period/year	<b>10,115,633</b>	6,186,320	<b>7,832,645</b>	4,639,731
Less: Individual allowance	(3,784,789)	-	(2,697,176)	-
- on impaired loans	<b>(3,784,789)</b>	-	<b>(2,697,176)</b>	-
Less: Specific allowance	-	(3,864,832)	-	(2,842,531)
- on non-performing loans	-	(3,619,792)	-	(2,602,091)
- on performing loans	-	(245,040)	-	(240,440)
Net impaired loans, advances and financing	<b>6,330,844</b>	2,321,488	<b>5,135,469</b>	1,797,200
Ratio of net impaired loans: <b>Post FRS 139</b>	<b>2.99%</b>	-	<b>3.32%</b>	-
<b>Pre FRS 139</b>				
- Including individual allowance on non-performing loans	-	1.10%	-	1.17%
- Excluding individual allowance on non-performing loans	-	1.22%	-	1.32%

(vii) Impaired loans, advances and financing by economic purpose

Purchase of securities	63,550	47,268	55,196	39,213
Purchase of transport vehicles	290,160	239,296	154,448	131,263
Purchase of landed properties				
- residential	1,862,913	1,754,048	1,517,890	1,391,121
- non-residential	361,890	331,100	309,512	300,608
Personal use	180,057	168,062	148,843	137,982
Credit card	90,789	68,790	70,477	50,203
Purchase of consumer durables	1,615	1,635	1,612	1,632
Construction	1,023,110	511,676	895,925	415,140
Working capital	5,983,916	2,824,549	4,481,525	2,057,314
Others	257,633	239,896	197,217	115,255
	<b>10,115,633</b>	6,186,320	<b>7,832,645</b>	4,639,731

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

**A10. Loans, Advances and Financing (cont'd.)**

**(viii) Impaired loans, advances and financing by geographical distribution**

	Group		Bank	
	30 September 2010 RM'000	30 June 2010 RM'000	30 September 2010 RM'000	30 June 2010 RM'000
Malaysia	8,260,147	5,129,136	7,056,230	4,183,641
Singapore	229,185	209,550	229,185	209,550
Indonesia	616,423	483,397	-	-
Labuan Offshore	419,341	79,900	-	-
Hong Kong SAR	134,631	114,136	134,631	114,136
Brunei	3,941	2,056	3,941	2,056
Vietnam	16,355	17,500	16,355	17,500
United Kingdom	199,442	68,511	199,442	68,511
People's Republic of China	54,921	20,290	54,921	20,290
Cambodia	27,450	24,047	27,450	24,047
Papua New Guinea	6,109	1,909	-	-
Philippines	37,198	35,888	-	-
United States of America	62,760	-	62,760	-
Bahrain	47,730	-	47,730	-
	<b>10,115,633</b>	<b>6,186,320</b>	<b>7,832,645</b>	<b>4,639,731</b>

**(ix) Movement in the allowance for impaired loans, advances and financing are as follows:**

	Group		Bank	
	30 September 2010 RM'000	30 June 2010 RM'000	30 September 2010 RM'000	30 June 2010 RM'000
<u>Individual Allowance</u>				
At 1 July				
- as previously stated	-	-	-	-
- effect of adopting FRS 139	3,981,073	-	2,909,013	-
At 1 July, as restated	<b>3,981,073</b>	-	<b>2,909,013</b>	-
Allowance made during the period/year	352,135	-	156,530	-
Amount written back in respect of recoveries	(89,594)	-	(53,091)	-
Amount written off	(437,679)	-	(297,146)	-
Transfer to collective allowance	(9,451)	-	(9,451)	-
Exchange differences	(11,695)	-	(8,679)	-
At end of the period/year	<b>3,784,789</b>	-	<b>2,697,176</b>	-
<u>Collective Allowance</u>				
At 1 July				
- as previously stated	-	-	-	-
- effect of adopting FRS 139	4,741,229	-	3,665,506	-
At 1 July, as restated	<b>4,741,229</b>	-	<b>3,665,506</b>	-
Allowance made during the period/year	152,850	-	114,354	-
Amount written off	(168,155)	-	(127,378)	-
Transfer from individual allowance	9,451	-	9,451	-
Exchange differences	(10,308)	-	325	-
At end of the period/year	<b>4,725,067</b>	-	<b>3,662,258</b>	-
As % of gross loans, advances and financing (including Islamic Loans sold to Cagamas) less Individual Allowance	<b>2.22%</b>	-	<b>2.37%</b>	-



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

**A10. Loans, Advances and Financing (cont'd.)**

(ix) Movement in the allowance for impaired loans, advances and financing are as follows (cont'd):

	Group		Bank	
	30 September 2010 RM'000	30 June 2010 RM'000	30 September 2010 RM'000	30 June 2010 RM'000
<u>Specific Allowance</u>				
At 1 July				
- as previously stated	<b>3,864,832</b>	3,854,026	<b>2,842,531</b>	2,847,031
- effect of adopting FRS 139	<b>(3,864,832)</b>	-	<b>(2,842,531)</b>	-
At 1 July, as restated	-	3,854,026	-	2,847,031
Allowance made during the period/year	-	2,148,300	-	1,307,829
Amount written back in respect of recoveries	-	(516,138)	-	(452,438)
Amount written off	-	(1,682,059)	-	(925,144)
Transfer to general allowance	-	(1,278)	-	-
Amount transfer from other debt	-	97,095	-	97,095
Exchange differences	-	(35,114)	-	(31,842)
At end of the period/year	-	<b>3,864,832</b>	-	<b>2,842,531</b>
<u>General Allowance</u>				
At 1 July				
- as previously stated	<b>3,838,541</b>	3,725,599	<b>2,766,757</b>	2,937,055
- effect of adopting FRS 139	<b>(3,838,541)</b>	-	<b>(2,766,757)</b>	-
At 1 July, as restated	-	3,725,599	-	2,937,055
Allowance made during the period/year	-	477,569	-	-
Amount written back	-	(331,891)	-	(155,815)
Transfer from specific allowance	-	1,278	-	-
Exchange differences	-	(34,014)	-	(14,483)
At end of the period/year	-	<b>3,838,541</b>	-	<b>2,766,757</b>
As % of gross loans, advances and financing (including Islamic loans sold to Cagamas) less specific allowance	-	1.82%	-	1.79%

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

**A11. Other Assets**

	Group		Bank	
	30 September 2010 RM'000	30 June 2010 RM'000	30 September 2010 RM'000	30 June 2010 RM'000
Interest receivables	1,360,497	1,265,281	1,052,289	962,790
Prepayments and deposits	408,572	390,089	228,650	250,400
Other debtors	3,384,092	3,211,371	589,086	2,494,749
Tax Recoverable	117,699	113,029	-	-
Foreclosed Properties	127,349	131,592	41,717	41,709
Prepaid land lease payment	215,617	208,186	89,805	82,668
	<b>5,613,826</b>	<b>5,319,548</b>	<b>2,001,547</b>	<b>3,832,316</b>

**A12. Deposits from Customers**

**(i) By type of deposit**

Fixed deposits and negotiable instruments  
of deposits

- One year or less	126,680,905	126,868,356	87,309,066	87,694,148
- More than one year	4,125,262	3,777,611	3,358,651	2,485,808
Money Market deposits	15,201,538	16,175,570	15,201,539	16,175,570
Savings deposits	39,578,756	38,779,000	29,483,986	28,860,081
Demand deposits	48,828,693	48,779,470	38,329,396	38,084,642
Structured deposits *	2,549,482	2,529,781	2,119,002	2,079,492
	<b>236,964,636</b>	<b>236,909,788</b>	<b>175,801,640</b>	<b>175,379,741</b>

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

**(ii) By type of customer**

Business enterprises	101,875,740	102,732,216	73,572,128	74,625,538
Individuals	114,503,328	111,773,287	93,146,245	91,052,361
Government and statutory bodies	9,730,687	10,566,271	3,349,977	3,770,907
Others	10,854,881	11,838,014	5,733,290	5,930,935
	<b>236,964,636</b>	<b>236,909,788</b>	<b>175,801,640</b>	<b>175,379,741</b>

**(iii) The maturity structure of fixed deposits and negotiable instruments of deposits are as follows:**

Due within six months	103,011,201	102,449,544	66,031,055	65,061,280
Six months to one year	23,669,704	24,418,812	21,278,011	22,632,868
One year to three years	3,713,848	3,298,907	3,230,589	2,377,628
Three years to five years	275,180	343,318	111,762	91,880
After five years	136,234	135,386	16,300	16,300
	<b>130,806,167</b>	<b>130,645,967</b>	<b>90,667,717</b>	<b>90,179,956</b>

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

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

Licensed banks	19,804,049	13,116,287	18,957,224	14,072,624
Licensed finance companies	319,059	347,957	215,867	214,524
Licensed investment banks	413,051	990,017	413,051	990,017
Other financial institutions	11,386,274	8,803,607	10,011,386	7,652,657
	<b>31,922,433</b>	<b>23,257,868</b>	<b>29,597,528</b>	<b>22,929,822</b>
Maturity structure of deposits and placements of banks and other financial institutions				
- One year or less	26,019,383	17,429,944	23,918,284	17,331,142
- More than one year	5,903,050	5,827,924	5,679,244	5,598,680
	<b>31,922,433</b>	<b>23,257,868</b>	<b>29,597,528</b>	<b>22,929,822</b>

**A14. Borrowings, Subordinated Obligations and  
Capital Securities**

	Group		Bank	
	30 September 2010	30 June 2010	30 September 2010	30 June 2010
	RM'000	RM'000	RM'000	RM'000
(i) Borrowings				
Secured and Unsecured				
- less than one year	1,507,871	1,461,557	1,227,532	1,289,192
- more than one year	1,800,974	1,363,307	1,234,400	809,125
	<b>3,308,845</b>	<b>2,824,864</b>	<b>2,461,932</b>	<b>2,098,317</b>
(ii) Subordinated obligations				
Unsecured				
- more than one year	8,024,208	8,069,116	8,024,208	8,069,116
(iii) Capital Securities				
Unsecured				
- more than one year	5,996,708	5,978,752	5,996,708	5,978,752

**A15. Other Liabilities**

Interest/Profit payable	1,378,831	994,634	1,153,348	857,311
Provision for outstanding claims	441,996	437,200	-	-
Unearned premium reserves	302,158	317,570	-	-
Profit Equalisation Reserves	46,181	4,228	-	-
Provisions and accruals	1,823,970	2,006,024	1,395,145	1,563,740
Due to brokers and clients	624,348	511,829	-	-
Deposits and other creditors	2,564,445	2,680,035	1,176,791	1,134,818
	<b>7,181,929</b>	<b>6,951,520</b>	<b>3,725,284</b>	<b>3,555,869</b>

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

**A16. Interest Income**

	1st Quarter Ended		Cumulative 3 Months Ended	
	30 September 2010 RM'000	30 September 2009 RM'000	30 September 2010 RM'000	30 September 2009 RM'000
<b>Group</b>				
Loans, advances and financing				
- Interest income other than recoveries from impaired loans	2,308,296	2,059,418	2,308,296	2,059,418
- Recoveries from impaired loans	43,913	61,816	43,913	61,816
Money at call and deposit placements with financial institutions	76,685	99,487	76,685	99,487
Securities purchased under resale agreements	1,856	1,594	1,856	1,594
Securities held-for-trading	18,126	11,729	18,126	11,729
Securities available-for-sale	377,362	409,220	377,362	409,220
Securities held-to-maturity	107,830	104,012	107,830	104,012
	<b>2,934,068</b>	<b>2,747,276</b>	<b>2,934,068</b>	<b>2,747,276</b>
Amortisation of premium less accretion of discounts	(15,393)	(7,914)	(15,393)	(7,914)
Net interest/income clawed back/suspended	(10,359)	(11,111)	(10,359)	(11,111)
	<b>2,908,316</b>	<b>2,728,251</b>	<b>2,908,316</b>	<b>2,728,251</b>
<b>Bank</b>				
Loans, advances and financing				
- Interest income other than recoveries from impaired loans	1,706,875	1,583,222	1,706,875	1,583,222
- Recoveries from impaired loans	39,331	61,806	39,331	61,806
Money at call and deposit placements with financial institutions	88,103	86,651	88,103	86,651
Securities purchased under resale agreements	7	24	7	24
Securities held-for-trading	14,703	10,150	14,703	10,150
Securities available-for-sale	329,103	342,925	329,103	342,925
Securities held-to-maturity	90,560	78,541	90,560	78,541
	<b>2,268,682</b>	<b>2,163,319</b>	<b>2,268,682</b>	<b>2,163,319</b>
Amortisation of premium less accretion of discounts	(16,288)	(9,337)	(16,288)	(9,337)
Net interest/income clawed back/suspended	(10,357)	(11,110)	(10,357)	(11,110)
	<b>2,242,037</b>	<b>2,142,872</b>	<b>2,242,037</b>	<b>2,142,872</b>

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

**A17. Interest Expense**

<b>Group</b>	<b>1st Quarter Ended</b>		<b>Cumulative 3 Months Ended</b>	
	<b>30 September 2010</b>	<b>30 September 2009</b>	<b>30 September 2010</b>	<b>30 September 2009</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Deposits and placements of banks and other financial institutions	69,854	50,561	69,854	50,561
Deposits from customers	836,148	817,255	836,148	817,255
Loans sold to Cagamas	882	1,837	882	1,837
Floating rate certificates of deposits	509	50	509	50
Borrowings	48,260	27,248	48,260	27,248
Subordinated obligations	33,479	47,141	33,479	47,141
Subordinated bonds	45,073	55,717	45,073	55,717
Capital Securities	99,571	100,826	99,571	100,826
	<b>1,133,776</b>	<b>1,100,635</b>	<b>1,133,776</b>	<b>1,100,635</b>
<b>Bank</b>				
Deposits and placements of banks and other financial institutions	61,826	52,969	61,826	52,969
Deposits from customers	616,959	591,244	616,959	591,244
Loans sold to Cagamas	882	1,837	882	1,837
Floating rate certificates of deposits	509	50	509	50
Borrowings	2,695	5,678	2,695	5,678
Subordinated obligations	33,477	36,587	33,477	36,587
Subordinated bonds	45,074	45,074	45,074	45,074
Capital Securities	99,572	100,826	99,572	100,826
	<b>860,994</b>	<b>834,265</b>	<b>860,994</b>	<b>834,265</b>

**A18. Non-interest Income**

<b>Group</b>				
(a) Fee income:				
Commission	206,221	203,624	206,221	203,624
Service charges and fees	235,871	250,988	235,871	250,988
Guarantee fees	28,566	36,992	28,566	36,992
Underwriting fees	3,955	7,862	3,955	7,862
Brokerage income	27,838	23,300	27,838	23,300
Other loans related fee income	137,212	101,824	137,212	101,824
	<b>639,663</b>	<b>624,590</b>	<b>639,663</b>	<b>624,590</b>
(b) Net gain/(loss) arising from:				
Sale of securities held-for trading	24,391	2,633	24,391	2,633
Sale of securities available-for-sale	104,711	87,772	104,711	87,772
Redemption of securities held-to-maturity	(8)	2,281	(8)	2,281
	<b>129,094</b>	<b>92,686</b>	<b>129,094</b>	<b>92,686</b>
(c) Gross dividend from securities portfolio	9,605	11,743	9,605	11,743
(d) Unrealised gain on revaluation of:				
- securities held-for-trading	14,396	9,827	14,396	9,827
- derivatives	171,684	84,495	171,684	84,495
	<b>186,080</b>	<b>94,322</b>	<b>186,080</b>	<b>94,322</b>
(e) Other income:				
Foreign exchange (loss)/profit	(5,232)	107,671	(5,232)	107,671
Rental income	6,557	6,598	6,557	6,598
Gain on disposal of property and equipment (net)	3,540	1,872	3,540	1,872
Gain on disposal of foreclosed properties	442	685	442	685
Others	38,405	49,946	38,405	49,946
	<b>43,712</b>	<b>166,772</b>	<b>43,712</b>	<b>166,772</b>
Total non-interest income	<b>1,008,154</b>	<b>990,113</b>	<b>1,008,154</b>	<b>990,113</b>

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

**A18. Non-interest Income (cont'd.)**

<b>Bank</b>	<b>1st Quarter Ended</b>		<b>Cumulative 3 Months Ended</b>	
	<b>30 September 2010</b>	<b>30 September 2009</b>	<b>30 September 2010</b>	<b>30 September 2009</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
(a) Fee income:				
Commission	187,051	176,585	187,051	176,585
Service charges and fees	177,913	190,750	177,913	190,750
Guarantee fees	25,757	32,243	25,757	32,243
Brokerage income	197	-	197	-
Underwriting fees	2,618	7,862	2,618	7,862
Other loans related fee income	27,841	29,795	27,841	29,795
	<b>421,377</b>	<b>437,235</b>	<b>421,377</b>	<b>437,235</b>
(b) Net gain/(loss) arising from:				
Sale of securities held-for trading	16,930	(60)	16,930	(60)
Sale of securities available-for-sale	85,435	69,696	85,435	69,696
Gain on liquidation of subsidiaries	595	-	595	-
Redemption of securities held-to-maturity	(8)	1,853	(8)	1,853
	<b>102,952</b>	<b>71,489</b>	<b>102,952</b>	<b>71,489</b>
(c) Gross dividend income from:				
Securities portfolio	5,459	7,829	5,459	7,829
Subsidiary companies	-	13,416	-	13,416
Associated companies	5,913	4,290	5,913	4,290
	<b>11,372</b>	<b>25,535</b>	<b>11,372</b>	<b>25,535</b>
(d) Unrealised gain on revaluation of:				
- securities held-for-trading	10,044	14,731	10,044	14,731
- derivatives	179,960	82,538	179,960	82,538
	<b>190,004</b>	<b>97,269</b>	<b>190,004</b>	<b>97,269</b>
(e) Other income:				
Foreign exchange (loss)/profit	(33,711)	88,009	(33,711)	88,009
Rental income	6,122	6,033	6,122	6,033
Gain on disposal of property and equipment (net)	2,589	2,020	2,589	2,020
Others	4,358	10,834	4,358	10,834
	<b>(20,642)</b>	<b>106,896</b>	<b>(20,642)</b>	<b>106,896</b>
Total non-interest income	<b>705,063</b>	<b>738,424</b>	<b>705,063</b>	<b>738,424</b>

**A19. Overhead Expenses**

**Group**

Personnel costs

- Salaries, allowances and bonuses	636,212	518,589	636,212	518,589
- Pension costs	77,234	62,014	77,234	62,014
- Others	119,221	96,051	119,221	96,051
	<b>832,667</b>	<b>676,654</b>	<b>832,667</b>	<b>676,654</b>

Establishment costs

- Depreciation	40,381	45,267	40,381	45,267
- Amortisation of intangible assets	35,174	38,047	35,174	38,047
- Rental of leasehold land and premises	40,217	38,519	40,217	38,519
- Repairs and maintenance of property and equipment	27,481	29,677	27,481	29,677
- Information technology expenses	111,177	123,611	111,177	123,611
- Others	4,909	10,666	4,909	10,666
	<b>259,339</b>	<b>285,787</b>	<b>259,339</b>	<b>285,787</b>

Marketing expenses

- Advertisement and publicity	65,841	94,865	65,841	94,865
- Others	21,460	26,365	21,460	26,365
	<b>87,301</b>	<b>121,230</b>	<b>87,301</b>	<b>121,230</b>

Administration and general expenses

- Fees and brokerage	153,765	173,916	153,765	173,916
- Administrative expenses	94,150	103,781	94,150	103,781
- General expenses	104,234	124,873	104,234	124,873
- Others	24,549	4,665	24,549	4,665
	<b>376,698</b>	<b>407,235</b>	<b>376,698</b>	<b>407,235</b>
	<b>1,556,005</b>	<b>1,490,906</b>	<b>1,556,005</b>	<b>1,490,906</b>

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

**A19. Overhead Expenses (cont'd.)**

	1st Quarter Ended		Cumulative 3 Months Ended	
	30 September 2010 RM'000	30 September 2009 RM'000	30 September 2010 RM'000	30 September 2009 RM'000
<b>Bank</b>				
Personnel costs				
- Salaries, allowances and bonuses	467,261	386,115	467,261	386,115
- Pension costs	69,435	57,257	69,435	57,257
- Others	67,327	55,864	67,327	55,864
	<b>604,023</b>	<b>499,236</b>	<b>604,023</b>	<b>499,236</b>
Establishment costs				
- Depreciation	29,189	33,084	29,189	33,084
- Amortisation of intangible assets	11,310	11,141	11,310	11,141
- Rental of leasehold land and premises	20,982	20,217	20,982	20,217
- Repairs and maintenance of property and equipment	17,126	18,677	17,126	18,677
- Information technology expenses	100,877	113,836	100,877	113,836
- Others	3,510	6,644	3,510	6,644
	<b>182,994</b>	<b>203,599</b>	<b>182,994</b>	<b>203,599</b>
Marketing expenses				
- Advertisement and publicity	31,756	50,639	31,756	50,639
- Others	19,812	21,307	19,812	21,307
	<b>51,568</b>	<b>71,946</b>	<b>51,568</b>	<b>71,946</b>
Administration and general expenses				
- Fees and brokerage	126,694	165,861	126,694	165,861
- Administrative expenses	46,373	60,589	46,373	60,589
- General expenses	33,153	47,437	33,153	47,437
- Others	12,528	9,422	12,528	9,422
	<b>218,748</b>	<b>283,309</b>	<b>218,748</b>	<b>283,309</b>
Overhead expenses allocated to subsidiary company	(112,061)	(86,139)	(112,061)	(86,139)
	<b>945,272</b>	<b>971,951</b>	<b>945,272</b>	<b>971,951</b>

**A20. Allowance for Impairment on Loans, Advances and Financing**

	1st Quarter Ended		Cumulative 3 Months Ended	
	30 September 2010 RM'000	30 September 2009 RM'000	30 September 2010 RM'000	30 September 2009 RM'000
<b>Group</b>				
Allowance for impaired loans and financing:				
- collective allowance	152,850	-	152,850	-
- individual allowance (net of recoveries)	262,541	-	262,541	-
- general allowance made	-	37,801	-	37,801
- specific allowance	-	653,038	-	653,038
- specific allowance written back	-	(159,452)	-	(159,452)
Impaired loans and financing written off	7,305	1,756	7,305	1,756
Impaired loans and financing recovered	(159,378)	(117,214)	(159,378)	(117,214)
Provision for other debts	1,417	1,794	1,417	1,794
	<b>264,735</b>	<b>417,723</b>	<b>264,735</b>	<b>417,723</b>
<b>Bank</b>				
Allowance for bad and doubtful debts and financing:				
- collective allowance	114,354	-	114,354	-
- individual allowance (net of recoveries)	103,439	-	103,439	-
- general allowance written back	-	(29,604)	-	(29,604)
- specific allowance	-	404,713	-	404,713
- specific allowance written back	-	(139,828)	-	(139,828)
Impaired loans and financing written off	5,423	1,516	5,423	1,516
Impaired loans and financing recovered	(89,211)	(67,003)	(89,211)	(67,003)
Provision for other debts	(863)	1,400	(863)	1,400
	<b>133,142</b>	<b>171,194</b>	<b>133,142</b>	<b>171,194</b>

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

**A21. Segment Information**

The Group determines and presents operating segments based on information provided to the board and senior management of the Group.

The Group is organised into three (3) segments based on services and products available within the group as follows:

- (a) Community Financial Services ("CFS")
  - (i) 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.
  - (ii) Small, Medium Enterprise ("SME") Banking  
Small, Medium Enterprise banking comprises the full range of products and services offered 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.
  - (iii) Business Banking  
Business banking comprises the full range of products and services offered to commercial 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.
  
- (b) Global Wholesale Banking ("GWB")
  - (i) Corporate Banking  
Corporate Banking comprises the full range of products and services offered to business customers in the region, ranging from large corporate and the public sector. 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.
  - (ii) 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.
  - (iii) 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 acquisitions advisory services, debt restructuring advisory services, and share and futures dealings.



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

**A21. Segment Information (cont'd.)**

(c) Insurance, Takaful and Asset Management

Insurance, takaful 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

International banking

On the international front, the domestic CFS business is driven in-country whilst the wholesale banking for each country has a reporting line to the Global Wholesale Banking ("GWB"). For purpose of performance, the GWB performance is shown separately, and International banking performance comprises both the wholesale banking and CFS banking outside of Malaysia.

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

**A21. Segment Information (cont'd.)**

**By Business Segments (cont'd.)**

	<===== Business Segments =====>							
	Community Financial Services RM'000	Corporate Banking RM'000	Global Market RM'000	Investment Banking RM'000	International Banking RM'000	Insurance, Takaful and Asset Management RM'000	Head Office and Others RM'000	
<b>Three Months Ended 30 September 2010</b>								
Net interest income and Islamic banking income								
- external	1,113,940	186,710	158,800	4,221	656,113	24,461	(31,502)	2,112,743
- Inter-segment	-	-	-	(521)	1,407	(3,661)	2,775	-
	<b>1,113,940</b>	<b>186,710</b>	<b>158,800</b>	<b>3,700</b>	<b>657,520</b>	<b>20,800</b>	<b>(28,727)</b>	<b>2,112,743</b>
Net interest income and Islamic banking income	1,113,940	186,710	158,800	3,700	657,520	20,800	(28,727)	2,112,743
Net income from insurance business	-	-	-	-	-	86,753	-	86,753
Non-interest income	289,360	52,810	261,600	40,830	302,990	79,786	(19,222)	1,008,154
Net income	<b>1,403,300</b>	<b>239,520</b>	<b>420,400</b>	<b>44,530</b>	<b>960,510</b>	<b>187,339</b>	<b>(47,949)</b>	<b>3,207,650</b>
Overhead expenses	(771,180)	(40,249)	(40,653)	(35,198)	(565,123)	(103,602)	-	(1,556,005)
Allowance for losses on loans, advances and financing	(90,140)	(35,195)	-	(2,000)	(137,100)	(300)	-	(264,735)
Impairment losses on securities, net	-	-	(10,067)	24	620	(4,500)	-	(13,923)
Operating Profit	<b>541,980</b>	<b>164,076</b>	<b>369,680</b>	<b>7,356</b>	<b>258,907</b>	<b>78,937</b>	<b>(47,949)</b>	<b>1,372,987</b>
Share of profits in associates	-	-	-	-	31,358	-	-	31,358
<b>Profit before taxation and zakat</b>	<b>541,980</b>	<b>164,076</b>	<b>369,680</b>	<b>7,356</b>	<b>290,265</b>	<b>78,937</b>	<b>(47,949)</b>	<b>1,404,345</b>
Taxation and zakat								(350,705)
<b>Profit after taxation and zakat</b>								<b>1,053,640</b>
Minority interest								(25,526)
<b>Profit for the period</b>								<b>1,028,114</b>

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

**A21. Segment Information (cont'd.)**

**By Business Segments (cont'd.)**

	<===== Business Segments =====>							
	Community Financial Services RM'000	Corporate Banking RM'000	Global Market RM'000	Investment Banking RM'000	International Banking RM'000	Insurance, Takaful and Asset Management RM'000	Head Office and Others RM'000	
<b>Three Months Ended 30 September 2009</b>								
Net interest income and Islamic banking income								
- external	1,137,590	152,510	215,000	24,215	629,405	26,831	(176,379)	2,009,172
- Inter-segment	-	-	-	(9,615)	(10,605)	(3,331)	23,551	-
	<u>1,137,590</u>	<u>152,510</u>	<u>215,000</u>	<u>14,600</u>	<u>618,800</u>	<u>23,500</u>	<u>(152,828)</u>	<u>2,009,172</u>
Net interest income and Islamic banking income	1,137,590	152,510	215,000	14,600	618,800	23,500	(152,828)	2,009,172
Net income from insurance business	-	-	-	-	-	72,015	-	72,015
Non-interest income	342,640	57,660	196,400	53,100	272,014	51,542	16,757	990,113
Net income	<u>1,480,230</u>	<u>210,170</u>	<u>411,400</u>	<u>67,700</u>	<u>890,814</u>	<u>147,057</u>	<u>(136,071)</u>	<u>3,071,300</u>
Overhead expenses	(859,915)	(29,100)	(17,134)	(26,000)	(493,600)	(65,157)	-	(1,490,906)
Allowance for losses on loans, advances and financing	(299,530)	(46,070)	-	17,200	(99,323)	-	10,000	(417,723)
Impairment losses on securities, net	10,100	-	(40,200)	-	(164)	(2,000)	-	(32,264)
Operating Profit	<u>330,885</u>	<u>135,000</u>	<u>354,066</u>	<u>58,900</u>	<u>297,727</u>	<u>79,900</u>	<u>(126,071)</u>	<u>1,130,407</u>
Share of profits in associates	-	-	-	-	25,808	-	-	25,808
<b>Profit before taxation and zakat</b>	<u>330,885</u>	<u>135,000</u>	<u>354,066</u>	<u>58,900</u>	<u>323,535</u>	<u>79,900</u>	<u>(126,071)</u>	<u>1,156,215</u>
Taxation and zakat								(249,462)
<b>Profit after taxation and zakat</b>								<u>906,753</u>
Minority interest								(24,950)
<b>Profit for the period</b>								<u>881,803</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 2010.

**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 30 September 2010			As at 30 June 2010		
	Notional Amount RM'000	Credit Equivalent Amount*	Risk Weighted Amount*	Notional Amount RM'000	Credit Equivalent Amount*	Risk Weighted Amount*
<b>Credit-related</b>						
Direct credit substitutes	5,055,419	5,055,419	4,023,692	5,209,922	5,209,922	4,151,936
Certain transaction-related contingent items	11,162,418	5,581,209	4,935,342	11,443,670	5,721,837	5,062,677
Short-term self-liquidating trade-related contingencies	3,161,744	632,349	485,277	3,137,785	627,557	487,491
Islamic housing and hire purchase loans sold to Cagamas Berhad	1,067,007	1,067,007	1,067,007	1,137,321	1,137,321	1,137,321
Obligations under underwriting agreements	136,401	68,201	13,640	123,871	46,936	9,387
Irrevocable commitments to extend credit:						
- maturity within one year	80,050,894	-	-	79,635,652	-	-
- maturity exceeding one year	11,930,282	5,965,141	5,752,825	10,950,125	5,475,064	5,296,484
Miscellaneous	4,325,203	-	-	4,565,804	-	-
Total credit-related commitment and contingencies	116,889,368	18,369,326	16,277,783	116,204,150	18,218,637	16,145,296

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

**A25. Commitments and Contingencies and Off-Balance Sheet Financial Instruments (cont'd.)**

**Group (cont'd.)**

	As at 30 September 2010			As at 30 June 2010		
	Notional Amount RM'000	Credit Equivalent Amount* RM'000	Risk Weighted Amount* RM'000	Notional Amount RM'000	Credit Equivalent Amount* RM'000	Risk Weighted Amount* RM'000
<b><u>Derivative Financial Instruments</u></b>						
<b><u>Foreign exchange related contracts</u></b>						
- less than one year	54,031,556	1,073,815	287,164	52,397,492	882,747	251,119
- one year to less than five years	6,804,507	129,366	41,973	2,280,351	43,330	15,103
	<b>60,836,063</b>	<b>1,203,181</b>	<b>329,137</b>	54,677,843	926,077	266,222
<b><u>Interest rate related contracts</u></b>						
- less than one year	39,526,747	1,851,913	459,453	41,784,791	1,815,893	440,726
- one year to less than five years	18,064,006	613,061	180,232	15,615,090	459,891	143,487
- five years and above	2,544,659	443,780	157,405	2,657,835	433,752	158,705
	<b>60,135,412</b>	<b>2,908,754</b>	<b>797,090</b>	60,057,716	2,709,536	742,918
<b><u>Equity and commodity related contracts</u></b>						
- less than one year	1,104,690	-	-	1,333,626	-	-
- one year to less than five years	329,243	-	-	-	-	-
	<b>1,433,933</b>	-	-	1,333,626	-	-
Total treasury-related commitments and contingencies	<b>122,405,408</b>	<b>4,111,935</b>	<b>1,126,227</b>	116,069,185	3,635,613	1,009,140
	<b>239,294,776</b>	<b>22,481,261</b>	<b>17,404,010</b>	232,273,335	21,854,250	17,154,436

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

**A25. Commitments and Contingencies and Off-Balance Sheet Financial Instruments (cont'd.)**

	As at 30 September 2010			As at 30 June 2010		
	Notional Amount RM'000	Credit Equivalent Amount*	Risk Weighted Amount*	Notional Amount RM'000	Credit Equivalent Amount*	Risk Weighted Amount*
<b><u>Bank</u></b>						
Direct credit substitutes	3,467,656	3,467,656	3,078,012	3,659,767	3,659,767	3,269,184
Certain transaction-related contingent items	10,266,001	5,133,000	4,517,490	10,618,480	5,309,241	4,683,204
Short-term self-liquidating trade-related contingencies	2,905,179	581,036	456,969	2,961,992	592,399	461,530
Obligations under underwriting agreements	136,401	68,201	13,640	93,871	46,936	9,387
Irrevocable commitments to extend credit:						
- maturity within one year	70,560,438	-	-	70,392,423	-	-
- maturity exceeding one year	10,765,724	5,382,862	5,204,334	9,663,589	4,831,795	4,684,632
Miscellaneous	4,304,422	-	-	4,545,123	-	-
Total credit-related commitment and contingencies	<b>102,405,821</b>	<b>14,632,755</b>	<b>13,270,445</b>	101,935,245	14,440,138	13,107,937

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

**A25. Commitments and Contingencies and Off-Balance Sheet Financial Instruments (cont'd.)**

	As at 30 September 2010			As at 30 June 2010		
	Notional Amount RM'000	Credit Equivalent Amount* RM'000	Risk Weighted Amount* RM'000	Notional Amount RM'000	Credit Equivalent Amount* RM'000	Risk Weighted Amount* RM'000
<b><u>Bank (cont'd.)</u></b>						
<b><u>Derivative Financial Instruments</u></b>						
<u>Foreign exchange related contracts</u>						
- less than one year	51,299,775	1,038,420	280,085	49,578,656	860,175	246,408
- one year to less than five years	6,494,876	129,366	41,973	2,280,351	43,330	15,103
	<b>57,794,651</b>	<b>1,167,786</b>	<b>322,058</b>	51,859,007	903,505	261,511
<u>Interest rate related contracts</u>						
- less than one year	39,397,350	1,851,583	459,311	41,625,767	1,815,310	440,580
- one year to less than five years	16,446,493	570,159	169,821	14,047,226	419,989	133,449
- five years and above	2,313,074	429,421	150,226	2,415,491	418,729	151,194
	<b>58,156,917</b>	<b>2,851,163</b>	<b>779,358</b>	58,088,484	2,654,028	725,223
<u>Equity and commodity related contracts</u>						
- less than one year	1,104,690	-	-	1,333,626	-	-
- one year to less than five years	329,242	-	-	-	-	-
	<b>1,433,932</b>	-	-	1,333,626	-	-
Total treasury-related commitments and contingencies	<b>117,385,500</b>	<b>4,018,949</b>	<b>1,101,416</b>	111,281,117	3,557,533	986,734
	<b>219,791,321</b>	<b>18,651,704</b>	<b>14,371,861</b>	213,216,362	17,997,671	14,094,671

\* 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 (cont'd.)**

**Market Risk**

Market risk is the potential change in value caused by movement in market rates or prices. The contractual amounts provide only a measure of involvement in these types of transactions and do not represent the amounts subject to market risk. Exposure to market risk may be reduced through offsetting on and off-balance sheet positions. As at 30 September 2010, the amount of contracts that was not hedged in the Group and the Bank and, hence, exposed to market risk was RM1,111.3 million and RM972.5 million respectively (30 June 2010: RM156.7 and 115.0 million for the Group and the Bank).

**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 Bank and certain subsidiaries have a gain position. As at 30 September 2010, the amount of credit risk in the Group and the Bank, measured in terms of the cost to replace the profitable contracts, was RM677.2 million (30 June 2010: RM509.2 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. Capital Adequacy**

**a) Compliance and Application of Capital Adequacy Ratios**

On 29 June 2010, the Bank and its subsidiary, Maybank Islamic Berhad ("MIB") have received approval from BNM to migrate to Internal-Rating Based Approach for credit risk under Basel II Risk Weighted Capital Adequacy Framework from 1 July 2010 onwards.

With effect from 1 July 2010, the capital adequacy ratios are computed as follows:

- (a) Group, Bank and Maybank Islamic Berhad ("MIB")'s ratios are computed in accordance with Bank Negara Malaysia's Risk Weighted Capital Adequacy Framework (Basel II "RWCAF" issued on 1 April 2010) as follows:
- (i) Credit risk under Internal-Ratings Based Approach
  - (ii) Market risk under Standardised Approach
  - (iii) Operational risk under Basic Indicator Approach

The minimum regulatory capital adequacy requirement is 8% (2010: 8%) for the risk-weighted capital ratios.

- (b) Maybank Investment Bank Berhad ("Maybank IB") on a standalone basis is computed in accordance with Bank Negara Malaysia's Risk Weighted Capital Adequacy Framework (Basel II "RWCAF" issued on 1 April 2010) under Standardised Approach for credit and market, whereas operational risk is under the Basic Indicator Approach. The minimum regulatory capital adequacy requirement is 8% (2010: 8%) for the risk-weighted capital ratios.

- (c) PT Bank Internasional Indonesia Tbk on a standalone basis is computed in accordance with local requirements, which is based on the Basel I capital accord. The minimum regulatory capital adequacy requirement is 8% (2010: 8%) for the risk-weighted capital ratios. However, for disclosure at Maybank Group level, the computation was based on the capital adequacy rules of the overseas jurisdiction (parent company) namely Maybank Group, using Basel II RWCAF rules, as Bank Internasional Indonesia Tbk is considered a significant overseas subsidiary.

The comparative capital adequacy ratios for 30 June 2010 were in compliance with Basel I Risk-Weighted Capital Adequacy Framework and have not been restated in accordance with Para 7.2(1) of the Basel II RWCA Framework, which does not require disclosures in respect of previous period upon first time adoption.

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

**A26. Capital Adequacy (cont'd.)**

**b) The capital adequacy ratios of the Group and the Bank as at the following dates:**

In determining the capital adequacy ratio, the proposed gross dividend consists of an electable portion of 40 sen (30 sen net per ordinary share) which can be elected to be reinvested in new ordinary shares in accordance with the Dividend Reinvestment Plan as disclosed in Note B 8(d).

Thereof, there will be a range of extreme possibilities that the full electable portion is reinvested in new ordinary shares or the full electable portion is not reinvested but paid in cash.

Based on the above, the range of capital adequacy ratios of the Group and the Bank after deducting the proposed dividend are as follows:

	<b>Group</b>		<b>Bank</b>	
	<b>30 September 2010</b>	<b>30 June 2010</b>	<b>30 September 2010</b>	<b>30 June 2010</b>
<b><u>Basel II</u></b>				
<b>Before deducting electable portion dividend to be reinvested:</b>				
Core capital ratio	11.48%	-	13.95%	-
Risk-weighted capital ratio	<u>14.15%</u>	<u>-</u>	<u>13.95%</u>	<u>-</u>
<b>After deducting electable portion dividend to be reinvested:</b>				
Core capital ratio, assuming:				
- full electable portion paid in cash	10.56%	-	12.80%	-
- full electable portion reinvested	11.48%	-	13.95%	-
Risk-weighted capital ratio, assuming:				
- full electable portion paid in cash	13.23%	-	12.80%	-
- full electable portion reinvested	<u>14.15%</u>	<u>-</u>	<u>13.95%</u>	<u>-</u>
<b><u>Basel I</u></b>				
<b>Before deducting proposed dividend:</b>				
Core capital ratio	-	11.06%	-	15.02%
Risk-weighted capital ratio	<u>-</u>	<u>14.67%</u>	<u>-</u>	<u>15.02%</u>
<b>After deducting proposed dividend:</b>				
Core capital ratio, assuming:				
- full electable portion paid in cash	-	10.10%	-	13.78%
- full electable portion reinvested	-	10.97%	-	14.91%
Risk-weighted capital ratio, assuming:				
- full electable portion paid in cash	-	13.71%	-	13.78%
- full electable portion reinvested	<u>-</u>	<u>14.58%</u>	<u>-</u>	<u>14.91%</u>

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

**A26. Capital Adequacy (cont'd.)**

	Group		Bank	
	30 September 2010 RM '000	30 June 2010 RM '000	30 September 2010 RM '000	30 June 2010 RM '000
<b>Components of Tier I and Tier II capital:</b>				
<u>Tier I capital</u>				
Paid-up share capital	7,077,983	7,077,983	7,077,983	7,077,983
Share premium	5,903,497	5,903,497	5,903,497	5,903,497
Other reserves	13,427,771	13,813,992	12,126,400	12,506,193
Capital Securities	5,996,708	5,978,752	5,996,708	5,978,752
	<u>32,405,959</u>	<u>32,774,224</u>	<u>31,104,588</u>	<u>31,466,425</u>
Less: Deferred tax assets <sup>1</sup>	(1,766,751)	(1,564,963)	(1,296,114)	(1,148,176)
Less: Goodwill <sup>1</sup>	(4,154,486)	(4,154,486)	(81,015)	(81,015)
Total Tier I capital	<u>26,484,722</u>	<u>27,054,775</u>	<u>29,727,459</u>	<u>30,237,234</u>
<u>Tier II capital</u>				
Subordinated obligations	8,024,208	8,069,116	8,024,208	8,069,116
Collective allowance for bad and doubtful debts	327,144	3,838,541	306,624	3,015,865
Surplus of total EP over total EL <sup>3</sup>	785,605	-	682,999	-
Total Tier II capital	<u>9,136,957</u>	<u>11,907,657</u>	<u>9,013,831</u>	<u>11,084,981</u>
Total capital	<u>35,621,679</u>	<u>38,962,432</u>	<u>38,741,290</u>	<u>41,322,215</u>
Less: Investment in subsidiary companies and associates <sup>2</sup>	(2,976,592)	(3,065,249)	(13,006,997)	(13,009,007)
Less: Other deductions	(2,461)	(18,060)	(2,461)	(18,051)
Capital base	<u>32,642,626</u>	<u>35,879,123</u>	<u>25,731,832</u>	<u>28,295,157</u>

<sup>1</sup> Under Bank Negara Malaysia Guidelines, deferred tax and goodwill are required to be excluded from Tier I capital.

<sup>2</sup> 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.

<sup>3</sup> EP is defined as eligible provision and EL is defined as expected loss.

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

**A26. Capital Adequacy (cont'd.)**

<sup>4</sup> The capital adequacy ratios of the Group consist of capital base and risk-weighted assets derived from consolidated balances of the Bank and its subsidiaries, excluding the investments in insurance entities and associates. The capital adequacy ratios of the Bank consist of capital base and risk-weighted assets derived from the Bank and its wholly-owned offshore banking subsidiary company, Maybank International (L) Ltd., excluding the cost of investment in subsidiary companies and associates (except for Myfin Behad amounting to RM18,993,759 as its business assets and liabilities have been transferred to the Bank).

**c) The capital adequacy ratios of the banking subsidiary companies of Group are as follows:**

	<b>Maybank Islamic Berhad</b>	<b>Maybank Investment Bank Berhad</b>	<b>Bank Internasional Indonesia</b>
<b>30 September 2010</b>			
<u>Before deducting interim dividends</u>			
Core capital ratio	10.77%	23.85%	-
Risk-weighted capital ratio	<u>11.20%</u>	<u>25.01%</u>	<u>13.16%</u>
<u>After deducting interim dividends</u>			
Core capital ratio	10.77%	23.85%	-
Risk-weighted capital ratio	<u>11.20%</u>	<u>25.01%</u>	<u>13.16%</u>
<b>30 June 2010</b>			
<u>Before deducting interim dividends</u>			
Core capital ratio	9.14%	35.60%	-
Risk-weighted capital ratio	<u>10.66%</u>	<u>37.37%</u>	<u>14.87%</u>
<u>After deducting interim dividends</u>			
Core capital ratio	9.14%	35.60%	-
Risk-weighted capital ratio	<u>10.66%</u>	<u>37.37%</u>	<u>14.87%</u>

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

**A26. Capital Adequacy (contd.)**

d) The breakdown of Assets and Credit Equivalent values (for Off Balance Sheet items) according to Risk Weighted as follows:

**At 30 September 2010 - Basel II**

	Group RM'000	Bank RM'000	Maybank Islamic Berhad RM'000	Maybank Investment Bank Berhad RM'000	Bank Internasional Indonesia RM'000
Standardised Approach exposure	50,456,844	29,695,953	4,369,283	673,405	18,042,973
IRB Approach exposure after scaling factor	130,934,209	113,833,168	17,763,585	-	-
Total risk-weighted assets for credit risk	181,391,053	143,529,121	22,132,868	673,405	18,042,973
Total risk-weighted assets for market risk	27,205,097	23,731,245	355,019	468,307	226,500
Total risk-weighted assets for operational risk	22,040,538	17,158,358	1,898,801	430,279	1,870,884
Additional RWA due to capital floor	-	-	5,302,846	-	-
Total risk-weighted assets	230,636,688	184,418,724	29,689,534	1,571,991	20,140,357

**At 30 June 2010 - Basel I**

	Group RM'000	Bank RM'000	Maybank Islamic Berhad RM'000	Maybank Investment Bank RM'000	Bank Internasional Indonesia RM'000
0%	-	-	-	-	-
10%	35,853	2,668	28,000	-	-
20%	6,812,838	7,104,318	375,211	88,944	-
50%	18,129,592	14,603,632	2,640,748	1,446	-
75%	-	-	-	22,658	-
100%	192,475,276	143,201,723	31,473,796	311,157	-
150%	-	-	-	90,718	-
Total risk-weighted assets for credit risk	217,453,559	164,912,341	34,517,755	514,923	17,053,004
Total risk-weighted assets for market risk	27,081,304	23,431,606	483,259	112,717	173,353
Total risk-weighted assets for operational risk	-	-	-	-	965,181
Total risk-weighted assets for credit and market risks	244,534,863	188,343,947	35,001,014	627,640	18,191,538

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

**A27. Derivative Financial Instruments**

The following tables summarise the contractual or underlying principal amounts of trading derivatives and financial instruments held for hedging purposes. The principal or contractual amounts of these instruments reflect the volume of transactions outstanding at balance sheet date, and do not represent amounts at risk.

Trading derivative financial instruments are revalued on a gross position basis and the unrealised gains or losses are reflected in "Derivative Financial Instruments" Assets and Liabilities respectively.

	Group			Bank		
	Principal Amount RM'000	Fair Value		Principal Amount RM'000	Fair Value	
<u>As at 30 September 2010</u>	Amount*	Assets RM'000	Liabilities Amount* RM'000	Amount	Assets RM'000	Liabilities Amount* RM'000
<b>Trading derivatives</b>						
<u>Foreign exchange related contracts:</u>						
Currency forward	<b>19,530,186</b>	<b>217,407</b>	<b>(299,065)</b>	<b>16,488,773</b>	<b>193,870</b>	<b>(270,517)</b>
- Less than one year	18,376,052	177,963	(265,440)	15,334,639	154,426	(236,892)
- One year to three years	563,897	12,370	(30,496)	563,897	12,370	(30,496)
- More than three years	590,237	27,074	(3,129)	590,237	27,074	(3,129)
Currency swaps	<b>24,637,101</b>	<b>353,418</b>	<b>(189,870)</b>	<b>24,637,101</b>	<b>353,418</b>	<b>(189,870)</b>
- Less than one year	22,380,359	230,037	(141,575)	22,380,359	230,037	(141,575)
- One year to three years	1,628,836	118,134	(22,248)	1,628,836	118,134	(22,248)
- More than three years	627,906	5,247	(26,047)	627,906	5,247	(26,047)
Currency spots	<b>10,711,607</b>	<b>7,046</b>	<b>(14,073)</b>	<b>10,711,607</b>	<b>7,046</b>	<b>(14,073)</b>
- Less than one year	10,711,607	7,046	(14,073)	10,711,607	7,046	(14,073)
- One year to three years	-	-	-	-	-	-
- More than three years	-	-	-	-	-	-
Currency options	<b>1,843,730</b>	<b>8,550</b>	<b>(11,378)</b>	<b>1,843,730</b>	<b>8,550</b>	<b>(11,378)</b>
- Less than one year	1,843,730	8,550	(11,378)	1,843,730	8,550	(11,378)
- One year to three years	-	-	-	-	-	-
- More than three years	-	-	-	-	-	-
Cross currency interest rate swaps	<b>4,113,439</b>	<b>237,079</b>	<b>(125,504)</b>	<b>4,113,439</b>	<b>237,079</b>	<b>(125,504)</b>
- Less than one year	98,781	2,674	(3,325)	98,781	2,674	(3,325)
- One year to three years	1,938,773	135,244	(44,952)	1,938,773	135,244	(44,952)
- More than three years	2,075,885	99,161	(77,227)	2,075,885	99,161	(77,227)
<u>Interest rate derivatives</u>						
Interest rate swaps	<b>50,797,352</b>	<b>518,821</b>	<b>(578,555)</b>	<b>49,898,552</b>	<b>518,161</b>	<b>(576,108)</b>
- Less than one year	10,562,966	49,749	(66,674)	9,664,166	49,089	(64,227)
- One year to three years	25,746,142	250,021	(262,875)	25,746,142	250,021	(262,875)
- More than three years	14,488,244	219,051	(249,006)	14,488,244	219,051	(249,006)
Interest rate futures	<b>400,965</b>	<b>32</b>	<b>(916)</b>	<b>400,965</b>	<b>32</b>	<b>(916)</b>
- Less than one year	400,965	32	(916)	400,965	32	(916)
- One year to three years	-	-	-	-	-	-
- More than three years	-	-	-	-	-	-
Interest rate options	<b>1,788,519</b>	<b>17,082</b>	<b>(113,100)</b>	<b>1,283,319</b>	<b>6,084</b>	<b>(86,077)</b>
- Less than one year	535,079	11,441	(27,023)	29,879	443	-
- One year to three years	703,440	3,339	-	703,440	3,339	-
- More than three years	550,000	2,302	(86,077)	550,000	2,302	(86,077)

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

**A27. Derivative Financial Instruments (cont'd.)**

	Group			Bank		
	Principal Amount RM'000	Fair Value		Principal Amount RM'000	Fair Value	
<u>As at 30 September 2010</u>	Assets Amount* RM'000	Liabilities Amount* RM'000	Assets Amount* RM'000	Liabilities Amount* RM'000	Assets Amount* RM'000	Liabilities Amount* RM'000
<u>Equity related derivatives</u>						
Equity options	<b>894,495</b>	<b>3,717</b>	<b>(4,281)</b>	<b>894,495</b>	<b>4,285</b>	<b>(4,281)</b>
- Less than one year	626,922	1,752	(2,316)	626,922	2,320	(2,316)
- One year to three years	164,328	521	(521)	164,328	521	(521)
- More than three years	103,245	1,444	(1,444)	103,245	1,444	(1,444)
Commodity options	<b>539,438</b>	<b>10,922</b>	<b>(10,922)</b>	<b>539,438</b>	<b>10,922</b>	<b>(10,922)</b>
- Less than one year	477,768	5,680	(5,680)	477,768	5,680	(5,680)
- One year to three years	-	-	-	-	-	-
- More than three years	61,670	5,242	(5,242)	61,670	5,242	(5,242)
<u>Hedging derivatives</u>						
Interest rate swaps	<b>3,742,806</b>	-	<b>(308,447)</b>	<b>3,168,311</b>	-	<b>(282,877)</b>
- Less than one year	1,372,477	-	(33,529)	1,303,080	-	(33,326)
- One year to three years	942,487	-	(77,812)	668,973	-	(69,297)
- More than three years	1,427,842	-	(197,106)	1,196,258	-	(180,254)
Cross currency interest rate swaps	<b>3,405,770</b>	<b>332,477</b>	-	<b>3,405,770</b>	<b>332,477</b>	-
- Less than one year	617,200	60,990	-	617,200	60,990	-
- One year to three years	1,970,163	188,170	-	1,970,163	188,170	-
- More than three years	818,407	83,317	-	818,407	83,317	-
Total derivative assets / (liabilities)	<b>122,405,408</b>	<b>1,706,551</b>	<b>(1,656,111)</b>	<b>117,385,500</b>	<b>1,671,924</b>	<b>(1,572,523)</b>



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

**A27. Derivative Financial Instruments (cont'd.)**

	Group			Bank		
	Principal Amount RM'000	Fair Value		Principal Amount RM'000	Fair Value	
<u>As at 30 June 2010</u>	Assets Amount* RM'000	Liabilities Amount* RM'000	Amount* RM'000	Assets Amount* RM'000	Liabilities Amount* RM'000	Amount* RM'000
<b><u>Trading derivatives</u></b>						
<u>Foreign exchange related contracts:</u>						
Currency forward	41,805,095	108,229	(201,492)	26,480,036	97,537	(190,803)
Currency swaps	10,549,470	343,019	(134,592)	18,659,934	343,019	(134,592)
Currency spots	932,180	955	(927)	932,181	955	(927)
Currency options	1,282,234	3,161	(2,507)	1,282,235	3,161	(2,507)
Cross currency interest rate swaps	4,504,621	135,038	(90,031)	4,504,621	135,038	(90,031)
<u>Interest rate derivatives</u>						
Interest rate swaps	45,080,147	526,539	(554,438)	49,475,908	526,539	(554,438)
Interest rate futures	1,100,000	-	(8,113)	1,100,000	-	(8,113)
Interest rate options	686,086	14,601	(46,214)	233,836	852	(30,823)
<u>Equity related derivatives</u>						
Equity options	752,306	230	(229)	752,303	229	(228)
Commodity options	581,323	1,709	(1,710)	581,323	1,709	(1,710)
<b><u>Hedging derivatives</u></b>						
Interest rate swaps	4,738,383	645	(303,071)	3,221,400	-	(274,408)
Cross currency interest rate swaps	4,057,340	172,643	(2,918)	4,057,340	172,643	(2,918)
Total derivative assets / (liabilities)	<u>116,069,185</u>	<u>1,306,769</u>	<u>(1,346,242)</u>	<u>111,281,117</u>	<u>1,281,682</u>	<u>(1,291,498)</u>

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

**A28. The Operations of Islamic Banking Scheme**

**A28a. Unaudited Statements of Financial Position as at 30 September 2010**

<u>Group</u>	Note	30 September 2010 RM'000	30 June 2010 RM'000
<b>ASSETS</b>			
Cash and short-term funds		4,475,856	5,818,068
Deposits and placements with banks and other financial institutions		50,474	707
Securities portfolio		4,720,191	4,700,919
Financing and advances	A28d	34,648,615	33,516,386
Deferred tax assets		113,395	79,712
Derivative assets		32,161	17,513
Other assets		1,228,536	222,559
Statutory deposit with Bank Negara Malaysia		156,000	153,000
<b>Total Assets</b>		<b>45,425,228</b>	<b>44,508,864</b>
<b>LIABILITIES</b>			
Deposits from customers	A28e	34,596,768	34,693,613
Deposit and placements of banks and other financial institutions		6,674,563	5,051,346
Bills and acceptances payable		102,590	28,175
Derivatives liabilities		49,776	20,775
Other liabilities		321,616	1,235,875
Provision for taxation and zakat		60,135	31,607
<b>Total Liabilities</b>		<b>41,805,448</b>	<b>41,061,391</b>
<b>ISLAMIC BANKING FUNDS</b>			
Islamic Banking Funds		160,681	207,410
Reserves		3,459,099	3,240,063
		<b>3,619,780</b>	<b>3,447,473</b>
<b>Total Liabilities and Islamic Banking Funds</b>		<b>45,425,228</b>	<b>44,508,864</b>
<b>COMMITMENTS AND CONTINGENCIES</b>			
		<b>14,211,142</b>	<b>13,627,916</b>

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

**A28. The Operations of Islamic Banking Scheme (cont'd.)**

**A28b. Unaudited Income Statements for the First Quarter Ended 30 September 2010**

	1st Quarter Ended		Cumulative 3 Months Ended	
	30 September 2010 RM'000	30 September 2009 RM'000	30 September 2010 RM'000	30 September 2009 RM'000
<b>Group</b>				
Income derived from investment of depositors' funds	557,191	426,203	557,191	426,203
Expenses directly attributable to depositors and Islamic Banking Funds	<b>(7,068)</b>	(1,881)	<b>(7,068)</b>	(1,881)
Transfer from profit equalisation reserve	<b>(42,154)</b>	41,389	<b>(42,154)</b>	41,389
Gross attributable income	<b>507,969</b>	465,711	<b>507,969</b>	465,711
Allowance for losses on financing and advances	<b>(4,096)</b>	(171,133)	<b>(4,096)</b>	(171,133)
<b>Total attributable income</b>	<b>503,873</b>	294,578	<b>503,873</b>	294,578
Income attributable to the depositors	<b>(226,711)</b>	(156,938)	<b>(226,711)</b>	(156,938)
<b>Income attributable to the Group</b>	<b>277,162</b>	137,640	<b>277,162</b>	137,640
Income derived from investment of Islamic Banking Funds				
Gross investment income	<b>41,967</b>	35,887	<b>41,967</b>	35,887
Net income from investment of Islamic Banking Funds	<b>41,967</b>	35,887	<b>41,967</b>	35,887
	<b>319,129</b>	173,527	<b>319,129</b>	173,527
Overhead expenses	<b>(123,870)</b>	(100,446)	<b>(123,870)</b>	(100,446)
<b>Profit before taxation and zakat</b>	<b>195,259</b>	73,081	<b>195,259</b>	73,081
Taxation	<b>(47,553)</b>	(7,792)	<b>(47,553)</b>	(7,792)
Zakat	<b>(1,544)</b>	(2,211)	<b>(1,544)</b>	(2,211)
<b>Profit for the period</b>	<b>146,162</b>	63,078	<b>146,162</b>	63,078

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

	Group	
	30 September 2010	30 September 2009
Gross attributable income	507,969	465,711
Net income from investment of Islamic Banking Funds	<b>41,967</b>	35,887
Total income before allowances for losses on financing and advances and overhead expenses	<b>549,936</b>	501,598
Income attributable to the depositors	<b>(226,711)</b>	(156,938)
	<b>323,225</b>	344,660
Net of Intercompany income & expenses	<b>14,978</b>	36,896
Income from Islamic Banking Scheme	<b>338,203</b>	381,556

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

**A28. The Operations of Islamic Banking Scheme (cont'd.)**

**A28c. Unaudited Statements of Comprehensive Income for the First Quarter Ended 30 September 2010**

	1st Quarter Ended		Cumulative 3 Months Ended	
	30 September 2010 RM'000	30 September 2009 RM'000	30 September 2010 RM'000	30 September 2009 RM'000
<b>Profit for the period</b>	<b>146,162</b>	63,078	<b>146,162</b>	63,078
Other comprehensive (loss)/income:				
Currency translation differences in respect of foreign operations	(58)	(10)	(58)	(10)
Net gain on revaluation of financial investments available-for-sale	44,534	19,703	44,534	19,703
Income tax relating to components of other comprehensive income	(9,164)	(4,088)	(9,164)	(4,088)
Other comprehensive (loss)/income: for the period, net of tax	<b>35,312</b>	15,605	<b>35,312</b>	15,605
Total comprehensive (loss)/income for the period	<b>181,474</b>	78,683	<b>181,474</b>	78,683

**A28d. Financing and Advances**

	Group	
	30 September 2010 RM'000	30 June 2010 RM'000
Cashline	1,943,729	2,092,616
Term financing		
- Housing financing	5,600,832	5,465,917
- Syndicated financing	168,806	177,389
- Hire purchase receivables	15,567,791	15,028,210
- Other financing	24,476,238	23,512,351
Bills receivable	1,390	5,004
Trust receipts	141,289	126,423
Claims on customers under acceptance credits	2,816,091	2,881,944
Staff financing	480,307	455,891
Credit card receivables	224,416	193,113
Revolving credits	2,156,180	1,540,800
	<b>53,577,069</b>	51,479,658
Unearned income	(17,779,336)	(16,796,539)
Gross financing and advances	<b>35,797,733</b>	34,683,119
Allowance for bad and doubtful financing:		
- individual allowance	(508,032)	-
- collective allowance	(641,086)	-
- specific	-	(633,025)
- general	-	(533,708)
Net financing and advances	<b>34,648,615</b>	33,516,386

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

**A28. The Operations of Islamic Banking Scheme (cont'd.)**

**A28d.** (i) Movements in impaired financing and advances are as follows: (cont'd.)

	Group	
	30 September 2010 RM'000	30 June 2010 RM'000
Balance at beginning of the period/year		
- as previously stated	931,493	1,045,712
- effect of adopting FRS 139	224,146	-
Balance at beginning of the period/year, as restated	<u>1,155,639</u>	1,045,712
Impaired during the period/year	238,078	639,433
Recovered/regularized during the period/year	(154,458)	(547,871)
Amount written off	(55,929)	(220,279)
Expenses debited to customers' accounts	5,551	14,498
Balance at end of the period/year	<u>1,188,881</u>	931,493
Individual allowance	(508,032)	
Specific allowance	-	(633,025)
- on non-performing financing	-	(628,424)
- on performing financing	-	(4,601)
Net impaired financing	<u>680,849</u>	<u>298,468</u>
Ratio of net impaired loans:		
<b>Post FRS 139</b>	<u>1.93%</u>	-
<b>Pre FRS 139</b>		
- Including individual allowance on non-performing loans	-	0.88%
- Excluding individual allowance on non-performing loans	-	0.89%

(ii) Movements in the allowance for impairment on financing accounts are as follows:

	Group	
	30 September 2010 RM'000	30 June 2010 RM'000
<u>Individual impairment allowance</u>		
At beginning of the period/year		
- as previously stated	-	-
- effect of adopting FRS 139	473,823	-
At beginning of the period/year, as restated	<u>473,823</u>	-
Allowance made during the period/year	68,932	-
Amount written back in respect of recoveries	(19,570)	-
Amount written off	(15,153)	-
At end of the period/year	<u>508,032</u>	-
<u>Collective impairment allowance</u>		
At beginning of the period/year		
- as previously stated	-	-
- effect of adopting FRS 139	713,938	-
At beginning of the period/year, as restated	<u>713,938</u>	-
Allowance made during the period/year	29,246	-
Amount written back in respect of recoveries	(61,322)	-
Amount written off	(40,776)	-
At end of the period/year	<u>641,086</u>	-
As a percentage of gross financing and advances less individual allowance	<u>1.82%</u>	-

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

**A28. The Operations of Islamic Banking Scheme (con'td)**

(ii) Movements in the allowance for impairment on financing accounts are as follows:

	Group	
	30 September 2010 RM'000	30 June 2010 RM'000
<u>Specific allowance</u>		
At 1 July		
- as previously stated	633,025	561,520
- effect of adopting FRS 139	(633,025)	-
At 1 July, as restated	-	561,520
Allowance made during the period/year	-	351,462
Amount written back in respect of recoveries	-	(59,678)
Amount written off	-	(220,279)
At end of the period/year	-	633,025
<u>General allowance</u>		
At 1 July		
- as previously stated	533,708	436,446
- effect of adopting FRS 139	(533,708)	-
At 1 July, as restated	-	436,446
Allowance made during the period/year	-	230,930
Amount written back	-	(133,668)
At end of the period/year	-	533,708
As a percentage of gross financing and advances less specific allowance	-	1.57%

**A28e. Deposits from Customers**

**(i) By type of deposit**

	Group	
	30 September 2010 RM'000	30 June 2010 RM'000
<u>Mudharabah Fund</u>		
Demand deposits	2,958,119	2,870,838
Savings deposits	277,127	258,018
General investment deposits	13,674,042	13,895,924
Negotiable instruments of deposits	487,121	656,815
	<u>17,396,409</u>	<u>17,681,595</u>
<u>Non-Mudharabah Fund</u>		
Demand deposits	4,155,508	4,447,704
Savings deposits	5,268,343	5,029,645
Fixed return investment deposits	7,296,029	7,084,380
Structured deposits	480,479	450,289
	<u>17,200,359</u>	<u>17,012,018</u>
Total deposit from customers	<u>34,596,768</u>	<u>34,693,613</u>

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

**A29. Changes in Accounting Policies**

**(a) Change in Accounting Policies**

As disclosed in Note A1, the adoption of new FRSs, amendments to FRSs, IC Interpretations and TR during the financial period have resulted in the following changes in accounting policies:

- (i) FRS 139 Financial Instruments: Recognition and Measurement
- (ii) IC Interpretation 9 Reassessment of Embedded Derivatives
- (iii) Amendments to FRS 139 Financial Instruments: Recognition and Measurement, FRS 7 Financial Instruments: Disclosures and IC Interpretation 9 Reassessment of Embedded Derivatives
- (iv) Amendments to FRS 139 Financial Instruments: Recognition and Measurement

FRS 139 establishes the principles for the recognition, derecognition and measurement of an entity's financial instruments and for hedge accounting. Some of these principles and accounting policies have been adopted by the Group and the Bank since the application of BNM's revised BNM/GP8 - Guidelines of Financial Reporting for Licensed Institutions ("BNM GP8 Guidelines") on 1 July 2005 due to the similarities between BNM GP8 Guidelines and FRS 139.

The changes in accounting policy above have been accounted for prospectively, in line with the transitional arrangements under para 103AA of FRS 139, with adjustments to the carrying values of financial assets and liabilities at the beginning of the current financial period being adjusted to opening retained profits and/ or unrealised holding reserves/ (deficit) as appropriate. Details of the adjustments are disclosed in Note 29(b).

Upon the full adoption of FRS 139 on 1 July 2010, the Group has implemented additional requirements as follows:

1) Impairment of loans, advances and financing

The Group and the Bank assess at the end of each reporting period whether there is any objective evidence that a loan or group of loans is impaired. The loan or group of loans is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the loan (an incurred 'loss event') and that the loss event has an impact on future estimated cash flows of the loan or group of loans that can be reliably estimated.

The Group and the Bank assess if objective evidences of impairment exist for loans, advances and financing which are deemed to be individually significant.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the loan's carrying amount and the present value of the estimated future cash flows. The carrying amount of the loan is reduced through the use of an allowance account and the amount of the loss is recognised in the income statement.

Loans which are not individually significant and loans that have been individually assessed with no evidence of impairment loss are grouped together for portfolio impairment assessment. These loans are grouped within similar credit and characteristics for collective assessment, whereby data from the loan portfolio (such as credit quality, levels of arrears, credit utilisation, loan to collateral ratios etc.), concentrations of risks and economic data (including levels of unemployment, real estate prices indices, country risk and the performance of different individual groups) are taken into consideration.

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

**A29. Changes in Accounting Policies (cont'd.)**

2) Classification of loans, advances and financing as impaired

Prior to the adoption of FRS 139, loans were classified as non-performing when principal or interest/profit or both are past due for three (3) months or more. Upon the adoption of FRS 139, loans are classified as impaired when principal or interest/profit or both are past due for three (3) months or more or where loans in arrears for less than three (3) months exhibit indications of credit weaknesses, whether or not impairment loss has been provided for.

3) Interest and Profit Income Recognition

For all financial instruments measured at amortised cost, interest bearing and other financial assets classified as financial investments available-for-sale and financial instruments designated at fair value through profit or loss, interest or profit income or expense is recorded using the effective interest rate ("EIR") or effective profit rate ("EPR"), which is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or financial liability. The calculation takes into account all contractual terms of the financial instrument and includes any fees or incremental costs that are directly attributable to the instrument and are an integral part of the EIR or the EPR, but not future credit losses.

4) Recognition of Embedded Derivatives

Upon the adoption of FRS 139 and IC Interpretation 9, embedded derivatives are to be separated from the host contract and accounted for as a derivative if the economic characteristics and risks of the embedded derivative are not closely related to that of the host contract and the fair value of the resulting derivative can be reliably measured. The assessment is made when the entity first becomes a party for the contract.



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

**A29. Changes in Accounting Policies (cont'd.)**

(b) **Adjustments due to Change in Accounting Policies**

	<b>Group</b> <b>RM '000</b>	<b>Bank</b> <b>RM '000</b>
Effects on retained profits:		
At 1 July , as previously stated	9,925,888	6,646,053
Effects of adoption FRS 139	(172,088)	(150,753)
Effects of adoption FRS 4	1,800	-
At 1 July 2010, as restated	<u>9,755,600</u>	<u>6,495,300</u>
Effects on other reserves:		
At 1 July , as previously stated	340,936	269,016
Effects of adoption FRS 139	(47,921)	(40,368)
At 1 July 2010, as restated	<u>293,015</u>	<u>228,648</u>
Effects on minority interests:		
At 1 July , as previously stated	787,764	-
Effects of adoption FRS 139	(5,786)	-
Effects of adoption FRS 4	807	-
At 1 July 2010, as restated	<u>782,785</u>	<u>-</u>

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

**A30. Restatement of comparatives**

As disclosed in Note A1, the adoption of specific FRSs resulted in restatements of comparative figures as follows:

(i) FRS 101 Presentation of Financial Statements

As a result of the adoption of the revised FRS 101, income statements of the Group and the Bank for the comparative financial period ended 30 September 2009 have been re-presented as two separate statements, ie. an income statement displaying components of profit or loss and a statement of comprehensive income. All non-owner changes in equity which were previously presented in the statement of changes in equity are now included in the statement of comprehensive income as other comprehensive income. Consequently, components of comprehensive income are not presented in the statement of changes in equity. Since these changes only affect presentation aspects, there is no impact on earnings per ordinary share.

(ii) FRS 7 Financial Instruments: Disclosures

The adoption of FRS 7 during the financial period has resulted in some changes to the disclosure of financial instruments, whereby the disclosures are now made by categories of financial assets and liabilities. The disclosure of comparative figures in the balance sheets as at 30 June 2010 and the income statement for the financial period ended 30 September 2009 have been restated to conform with the current period's presentation. Since these changes only affect the presentation of disclosure items, there is no impact on the financial position as at 30 June 2010 or the financial results of the Group and the Bank for the comparative period

**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 RM1,028.1 million, an increase of RM146.2 million or 16.6% for the quarter ended 30 September 2010.

The Group's net interest income for three (3) months period ended 30 September 2010 increased by RM146.9 million or 9.0%. The increase in net interest income is mainly due to improvements in the Group's operations from higher net interest income margin in Malaysia arising from increases in Overnight Policy Rate and expansion of market in Indonesia's operations. Income from Islamic Banking operations for the quarter ended 30 September 2010 decreased by RM43.3 million or 11.3% to RM338.2 million due to higher provision for profit equalisation reserves in the Islamic business but mitigated by increase in growth in assets which increased gross income in Islamic business.

Net income from insurance business increased by RM14.7 million or 20.5% to RM86.8 million due to lower claims incurred.

Non interest income increased slightly by RM18.0 million or 1.8% to RM1,008.2 million for the quarter ended 30 September 2010 compared to the amount in the previous corresponding period. The increase was contributed by realised gain arising from sale of securities of RM36.4 million, higher loans related income of RM35.4 but this was mitigated by the decrease in commission, service charges & fees amounting and foreign exchange loss.

Overhead expenses increased by RM65.1 million or 4.4% to RM1,556.0 million for the quarter ended 30 September 2010 over the amount in the corresponding period, mainly due to higher personnel cost but mitigated by decrease in establishment cost, marketing cost and administration and general expenses. Personnel cost increased by RM156.0 million or 23.1 % to RM832.7 million, mainly due to the timing of crediting of salary in arrears and Cost-of-Living Allowances ("COLA"), arising from the conclusion of the new collective agreement.

Allowance for losses on loans, advances and financing decreased by RM153.0 million or 36.6% to RM264.7 million mainly due to higher recovery during the period

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

The Group posted profit attributable to equity holders amounting to RM1,028.1 million for the first quarter ended 30 September 2010, an increase of RM115.6 million or 12.7% compared to the preceding quarter.

The Group's net interest income and income from Islamic Banking Scheme operations for the first quarter ended 30 September 2010 decreased slightly by RM35.2 million or 1.6% to RM2,112.7 million against the preceding quarter.

Non-interest income for the quarter increase by RM129.4 million or 14.7% to RM1,008.2 million compared to that of preceding quarter. The increase is mainly attributable to the realised gain from sales of private debt securities, government-related securities and equity shares due to the buoyant market.

Overhead expenses for the quarter increased by RM19.4 million or 1.3% over that of the preceding quarter mainly due to higher personnel cost and marketing expenses, which increased by RM89.3 million and 34.3 million respectively. The personnel cost increased due to the timing of crediting of salary in arrears and allowances. This was however partly offset by lower administration and general expenses of RM98.9 million.

Compared to the preceding quarter, allowance for losses on loans, advances and financing and impairment losses were lower by RM46.4 million and RM9.5 million respectively.

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

**B3. Prospects**

With the Malaysian economy expected to grow by 7.5% in 2010 and 6.1% in 2011, the prospect for the banking sector remains positive supported by improved consumer and business sentiment. Furthermore, the Budget 2011 announced recently reinforced the government's aims to transform the nation into a developed and high-income economy with inclusive and sustainable development, spearheaded by the private sector. The biggest gainers were seen to be the construction, property, consumer and tourism sectors. The financial services industry is also expected to benefit from the budget particularly with the Islamic and Takaful tax incentives. In addition, property and auto financing is also given a boost where incentives are given for first time home buyers and hybrid motor vehicles purchases. However, competition in the financial services industry is expected to intensify driven by strong domestic players, new entries, and further liberalization of the banking sector.

For FY2011, in line with the new vision and strategic objectives for the group, Maybank will continue to focus on its three key home markets namely Malaysia, Singapore and Indonesia. As indicated in the last quarter, Maybank has realigned its organization structure, focusing on three key business pillars of Community Financial Services (CFS), Global Wholesale Banking (GWB) and Insurance and Takaful. Whilst the group loans and debt securities grew by 4.4% on an annualised basis, it is expected to gain momentum towards meeting the target of 12%, particularly for the GWB and consumer portfolio in Malaysia. Loans growth in Indonesia is ahead of target at 30.0% and Singapore is on target at 5.0%.

For Insurance and Takaful, Maybank will continue to focus on improving the business and strengthening its position as the leader in the industry. To achieve all this Maybank is taking measures to improve its overall customer services and delivery standards.

Improving asset quality and lowering credit cost will continue to be emphasized. It will also continue to invest in people, technology and processes to realise its vision and strategic objectives.

Maybank will also continue to emphasize and improve on its capital and risk management practices to meet the stringent requirements of the current capital framework. Under the new Basel III capital requirements where Core Equity Ratio (CER) will increase to 7.0% by 2019 Maybank would be able to meet the minimum CER on a proforma basis without the need to raise equity capital, apart from the Dividend Reinvestment Plan (DRP). The DRP put in place will provide the Group with greater flexibility in managing its equity capital requirements going forward.

Barring unforeseen circumstances, the Group expects its financial performance for the financial year ending 30 June 2011 to be better than the last financial year and is on track to meeting its target Return on Equity of 14%.

**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 1st quarter ended 30 September 2010 are as follows:

<b>Group</b>	<b>1st Quarter Ended</b>		<b>Cumulative 3 Months Ended</b>	
	<b>30 September 2010</b>	<b>30 September 2009</b>	<b>30 September 2010</b>	<b>30 September 2009</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Malaysian income tax	293,376	270,536	293,376	270,536
Foreign income tax	36,535	10,454	36,535	10,454
	<b>329,911</b>	<b>280,990</b>	<b>329,911</b>	<b>280,990</b>
Deferred tax expense				
- Origination and reversal of temporary differences	17,769	(34,805)	17,769	(34,805)
	<b>17,769</b>	<b>(34,805)</b>	<b>17,769</b>	<b>(34,805)</b>
Tax expense for the year	<b>347,680</b>	<b>246,185</b>	<b>347,680</b>	<b>246,185</b>
Zakat	3,025	3,277	3,025	3,277
	<b>350,705</b>	<b>249,462</b>	<b>350,705</b>	<b>249,462</b>

<b>Bank</b>	<b>1st Quarter Ended</b>		<b>Cumulative 3 Months Ended</b>	
	<b>30 September 2010</b>	<b>30 September 2009</b>	<b>30 September 2010</b>	<b>30 September 2009</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Malaysian income tax	238,886	228,072	238,886	228,072
Foreign income tax	1,708	1,362	1,708	1,362
	<b>240,594</b>	<b>229,434</b>	<b>240,594</b>	<b>229,434</b>
Deferred tax expense				
- Origination and reversal of temporary differences	20,987	(2,850)	20,987	(2,850)
	<b>20,987</b>	<b>(2,850)</b>	<b>20,987</b>	<b>(2,850)</b>
Tax expense for the year	<b>261,581</b>	<b>226,584</b>	<b>261,581</b>	<b>226,584</b>

Domestic income tax is calculated at the Malaysian statutory tax rate of 25% (30 June 2010: 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) 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 Etiqa International Holdings Sdn Bhd (formerly known Pelangi Amanmaz Sdn Bhd ("EIHSB")) as a subsidiary to be used as the SPV for the joint venture. EIHSB 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.

In view of the changes in the insurance regulations, Maybank is deferring its expansion plan into the Family Takaful business in Pakistan.

**(b) Proposed Issuance Of, Offer For Subscription Or Purchase Of, Or Invitation To Subscribe For, Or Purchase Of Innovative Tier 1 Capital Securities ("IT1CS") Programme Of Up To RM4.0 Billion And/Or Its Foreign Currency Equivalent In Nominal Value ("IT1CS Programme") By Maybank.**

The IT1CS has been structured to comply with Bank Negara Malaysia's ("BNM") Guidelines on Innovative Tier 1 capital instruments. Maybank has obtained approvals from BNM and the Securities Commission vide their letters dated 28 May 2008 and 4 June 2008 respectively to issue the IT1CS Programme.

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

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

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

During the previous financial 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.

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

**B8. Status of Corporate Proposals Announced but Not Completed (cont'd.)**

**(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. (cont'd.)**

**(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) Dividend Reinvestment Plan**

Maybank via the announcement on 25 March 2010 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**") ("**Dividend Reinvestment Plan**").

The rationale of Maybank embarking on the Dividend Reinvestment Plan are 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;
- 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 Dividend Reinvestment Plan to the extent that if the Shareholders elect to reinvest 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 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.

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.

The Dividend Reinvestment Plan had received all the necessary approvals from Bank Negara Malaysia, Bursa Securities and from its shareholders via an Extraordinary General Meeting ("EGM") held on 14 May 2010.

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

**B8. Status of Corporate Proposals Announced but Not Completed (cont'd.)**

**(e) Proposed Conversion to Syariah Banking and Capital Reduction of PT Bank Maybank Indocorp (Indonesia)**

Maybank has on 23 June 2010 announced the proposed conversion to Syariah Banking, and corresponding reduction of share capital of its 96.83% owned subsidiary incorporated in Indonesia, PT Bank Maybank Indocorp ("BMI"), based on an earlier decision by BMI's shareholders and subject to approval by the Indonesian central bank, Bank Indonesia ("BI").

On 1 October 2010, Maybank announced that based on BI's Governor Decision Number 12/60/KEP.GBI/DpG/2010 dated 23 September 2010, BMI has received the approval from BI on the conversion of BMI's business activities from Conventional Banking to Syariah Banking.

With effect from 23 September 2010, BMI has changed its name to PT Bank Maybank Syariah Indonesia ("MSI") and BMI's business activities have been converted from Conventional Banking to Syariah Banking.

**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 A27.

**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 all of which are institutions, 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 has defended the suit.

On 7 July 2008, the plaintiffs entered judgment by consent against certain defendants for the sum of RM149.3 million. The entering of the said judgment by consent is not in any way an admission of liability on the part of MTB.

On 4 August 2008, a defendant served a counterclaim on MTB for approximately RM535 million being losses allegedly incurred by it as a result of MTB unlawfully declaring an Event Of Default ("EOD") on the bonds. The defendant had however on 25 August 2009 withdrawn the counterclaim against MTB.

The High Court on 30 June 2010 awarded judgement against MTB and another defendant, being the Arranger for the bonds, for RM149.3 million. The judgement sum in favour of the plaintiffs/bondholders was apportioned at 40% against MTB and 60% against the other defendant. The High Court also dismissed MTB's other claims.

MTB had on 26 July 2010 filed the respective Notices of Appeal against the entire decision of the High Court. On 19 August 2010, MTB's solicitors filed an application for a consolidation of MTB's appeals(hereinafter referred to as "Application").



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

**B11. Changes in Material Litigation (cont'd.)**

- (a) The Application was fixed for hearing on 22 September 2010 and was granted accordingly.

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.

- (b) In 2004, Etiqa Takaful Berhad ("ETB"), 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.

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.

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 1<sup>st</sup> Defendant's counterclaim and directed that the matter be set for an early trial. The trial is fixed for hearing on 26 and 27 January 2011.

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 a subsidiary, Maybank Investment Bank 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.

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

**B11. Changes in Material Litigation (cont'd.)**

- (c) 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. Maybank IB has filed a Notice of Appeal and an application for stay of execution of the judgement sum.

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 RM115.5 million judgement. Maybank IB has filed a Notice of Appeal and an application for stay of execution of the judgment 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. On 3 June 2010, Maybank IB's solicitor's informed the Court that the notes of proceedings and the grounds of judgement have not been issued thus far. In view of the same, the Court fixed the matter for further case management on 29 July 2010 pending issuance of the notes of proceedings and the grounds of judgement. The matter is fixed for further case management on 25 November 2010.

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. Unrealised Retained Profits**

Included in the retained profits of the Group and the Bank are unrealised gain and losses in respect of trading derivatives as disclosed in Note A27.

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

**Basic**

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

	1st Quarter Ended		Cumulative 3 Months Ended	
	30 September 2010	30 September 2009	30 September 2010	30 September 2009
Net profit for the period (RM'000)	<b>1,028,114</b>	881,803	<b>1,028,114</b>	881,803
Weighted average number of ordinary shares in issue ('000)	<b>7,077,983</b>	7,077,877	<b>7,077,983</b>	7,077,877
Basic earnings per share ('000)	<b>14.53 sen</b>	12.46 sen	<b>14.53 sen</b>	12.46 sen

**Diluted**

The diluted EPS of the Group is calculated by dividing the net profit for the quarter and the cumulative year attributable to ordinary shareholders of the parent by the weighted-average number of ordinary shares in issue and adjusted for the number of shares that could have been issued under the Maybank Group Employee Share Option Scheme and under the Dividend Reinvestment Plan ("DRP").

In the diluted EPS calculation, it was assumed that the share options and the electable portion of the dividends issued under the DRP 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 and the number of shares that could have been issued at an assumed price (determined as the 5-day average price of the Bank's shares as at 30 September 2010) based on the electable portion of the dividends issued under the DRP. These calculations serve 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 period.

	1st Quarter Ended		Cumulative 3 Months Ended	
	30 September 2010	30 September 2009	30 September 2010	30 September 2009
Net profit for the period (RM'000)	<b>1,028,114</b>	881,803	<b>1,028,114</b>	881,803
Weighted average number of ordinary shares in issue ('000)	<b>7,077,983</b>	7,077,877	<b>7,077,983</b>	7,077,877
Effects of dilution ('000)				
- share option	-	-	-	-
- shares issued based on the electable portion of the dividends under the Dividends Reinvestment Plan	<b>27,119</b>	-	<b>27,119</b>	-
Adjusted weighted average number of ordinary shares in issue ('000)	<b>7,105,102</b>	7,077,877	<b>7,105,102</b>	7,077,877
Diluted earnings per share ('000)	<b>14.47 sen</b>	12.46 sen	<b>14.47 sen</b>	12.46 sen

By Order of the Board

**Mohd Nazlan Mohd Ghazali**  
LS0008977  
Company Secretary  
12 November 2010