

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

CONDENSED FINANCIAL STATEMENTS
AUDITED INCOME STATEMENTS
FOR THE QUARTER AND FINANCIAL PERIOD ENDED 31 DECEMBER 2011

<u>Group</u>	Note	2nd Quarter Ended		Cumulative 6 Months Ended	
		31 December 2011 RM'000	31 December 2010 RM'000	31 December 2011 RM'000	31 December 2010 RM'000
Interest income	A16	3,651,685	2,990,012	7,004,319	5,898,328
Interest expense	A17	(1,499,018)	(1,176,785)	(2,978,041)	(2,310,561)
Net interest income		2,152,667	1,813,227	4,026,278	3,587,767
Income from Islamic Banking					
Scheme operations:					
Gross operating income		491,707	399,772	1,008,037	780,129
Profit equalisation reserves		-	(6,896)	-	(49,050)
	A29a	491,707	392,876	1,008,037	731,079
		2,644,374	2,206,103	5,034,315	4,318,846
Net income from insurance business:					
Income from insurance business		648,246	137,338	826,031	295,492
Claims incurred and expense liability		(325,915)	(96,305)	(407,203)	(167,706)
		322,331	41,033	418,828	127,786
		2,966,705	2,247,136	5,453,143	4,446,632
Non-interest income	A18	1,151,478	1,034,948	2,374,180	1,989,151
Net income		4,118,183	3,282,084	7,827,323	6,435,783
Overhead expenses	A19	(2,053,954)	(1,634,059)	(3,941,839)	(3,136,113)
		2,064,229	1,648,025	3,885,484	3,299,670
Allowance for losses on loans, advances and financing	A20	(230,333)	(117,513)	(329,080)	(382,248)
Impairment losses on securities, net		(68,255)	(6,299)	(67,237)	(20,222)
Operating Profit		1,765,641	1,524,213	3,489,167	2,897,200
Share of profits in associates		37,713	37,807	74,234	69,165
Profit before taxation and zakat		1,803,354	1,562,020	3,563,401	2,966,365
Taxation & Zakat	B5	(432,885)	(435,386)	(887,071)	(786,091)
Profit for the period		1,370,469	1,126,634	2,676,330	2,180,274
Attributable to:					
Equity holders of the Bank		1,296,679	1,125,248	2,583,069	2,153,362
Non-controlling interest		73,790	1,386	93,261	26,912
		1,370,469	1,126,634	2,676,330	2,180,274
Earnings per share attributable to equity holders of the Bank	B12				
Basic		17.22 sen	15.72 sen	34.42 sen	30.25 sen
Fully diluted		17.22 sen	15.63 sen	34.42 sen	30.09 sen

(These audited condensed financial statements should be read in conjunction with the audited financial statements for the year ended 30 June 2011 and the accompanying explanatory notes attached to the interim financial statements)

(The income statements for the cumulative six months and second quarter ended 31 December 2010 have not been audited)

MALAYAN BANKING BERHAD
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CONDENSED FINANCIAL STATEMENTS
AUDITED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE QUARTER AND FINANCIAL PERIOD ENDED 31 DECEMBER 2011

<u>Group</u>	2nd Quarter Ended		Cumulative 6 Months Ended	
	31 December 2011 RM'000	31 December 2010 RM'000	31 December 2011 RM'000	31 December 2010 RM'000
Profit for the period	1,370,469	1,126,634	2,676,330	2,180,274
Other comprehensive (loss)/income:				
Net gain/(loss) on available-for-sale financial assets	14,182	(418,451)	(68,851)	(168,169)
Income tax relating to components of other comprehensive income	(5,546)	119,372	(1,060)	58,568
Foreign currency translation	(448,638)	38,862	55,160	(331,935)
Changes in other reserves	(101)	-	(220)	-
Other comprehensive loss: for the period, net of tax	(440,103)	(260,217)	(14,971)	(441,536)
Total comprehensive income for the period	930,366	866,417	2,661,359	1,738,738
Total comprehensive income for the period attributable to:				
Equity holders of the Bank	855,305	849,305	2,555,360	1,714,583
Non-controlling interest	75,061	17,112	105,999	24,155
	930,366	866,417	2,661,359	1,738,738

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(The statements of comprehensive income for the cumulative six months and second quarter ended 31 December 2010 have not been audited)

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CONDENSED FINANCIAL STATEMENTS
AUDITED INCOME STATEMENTS
FOR THE QUARTER AND FINANCIAL PERIOD ENDED 31 DECEMBER 2011

Bank	Note	2nd Quarter Ended		Cumulative 6 Months Ended	
		31 December 2011	31 December 2010	31 December 2011	31 December 2010
		RM'000	RM'000	RM'000	RM'000
Interest income	A16	2,809,550	2,299,926	5,359,581	4,541,963
Interest expense	A17	(1,148,252)	(883,282)	(2,253,712)	(1,744,276)
Net interest income		1,661,298	1,416,644	3,105,869	2,797,687
Non-interest income	A18	800,055	894,539	1,861,209	1,545,651
Net income		2,461,353	2,311,183	4,967,078	4,343,338
Overhead expenses	A19	(1,052,675)	(1,002,089)	(2,072,888)	(1,893,410)
		1,408,678	1,309,094	2,894,190	2,449,928
Allowance for losses on loans, advances and financing	A20	(123,448)	(5,736)	(166,141)	(138,878)
Impairment losses on securities, net		(63,122)	(3,263)	(57,864)	(4,874)
Profit before taxation and zakat		1,222,108	1,300,095	2,670,185	2,306,176
Taxation & Zakat	B5	(312,973)	(316,388)	(604,900)	(577,969)
Profit for the period		909,135	983,707	2,065,285	1,728,207

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AUDITED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE QUARTER AND FINANCIAL PERIOD ENDED 31 DECEMBER 2011

Bank	2nd Quarter Ended		Cumulative 6 Months Ended	
	31 December 2011 RM'000	31 December 2010 RM'000	31 December 2011 RM'000	31 December 2010 RM'000
Profit for the period	909,135	983,707	2,065,285	1,728,207
Other comprehensive (loss)/income:				
Net loss on available-for-sale financial assets	(22,904)	(454,157)	(22,114)	(277,103)
Income tax relating to components of other comprehensive income	5,250	113,556	5,688	78,742
Foreign currency translation	(23,012)	74,528	(11,489)	126,020
Other comprehensive loss: for the period, net of tax	(40,666)	(266,073)	(27,915)	(72,341)
Total comprehensive income for the period	868,469	717,634	2,037,370	1,655,866

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(The statements of comprehensive income for the cumulative six months and second quarter ended 31 December 2010 have not been audited)

MALAYAN BANKING BERHAD
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CONDENSED FINANCIAL STATEMENTS
AUDITED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2011

	Note	Group		Bank	
		31 December 2011 RM'000	30 June 2011 RM'000	31 December 2011 RM'000	30 June 2011 RM'000
ASSETS					
Cash and short-term funds		49,089,088	38,803,519	35,966,579	25,803,796
Deposits and placements with financial institutions		6,452,978	10,291,513	6,246,093	7,644,471
Securities purchased under resale agreements		1,397,235	-	1,397,235	-
Securities portfolio - Held-for-trading	A9(i)	9,665,997	4,141,978	7,325,466	2,884,895
Securities portfolio - Available-for-sale	A9(ii)	48,504,468	47,258,558	39,618,975	40,262,042
Securities portfolio - Held-to-maturity	A9(iii)	9,880,899	9,638,714	8,804,797	8,339,494
Loans, advances and financing	A10	274,430,691	253,976,426	194,174,085	181,572,844
Derivative assets	A27	1,954,476	1,652,182	1,949,344	1,626,415
Other assets	A11	6,661,305	6,735,522	2,240,433	1,420,365
Investment properties		62,007	45,051	-	-
Statutory deposits with Central Banks		10,577,416	7,698,425	6,095,129	4,313,116
Investment in subsidiaries		-	-	17,230,202	17,070,392
Interest in associates		2,406,462	2,439,654	456,512	454,412
Property, plant and equipment		2,372,534	2,168,986	1,298,891	1,170,183
Intangible assets		6,507,949	6,509,048	173,933	177,270
Deferred tax assets		1,421,934	1,402,705	867,163	920,837
Life, general takaful and family takaful fund assets		19,903,312	19,196,413	-	-
TOTAL ASSETS		451,288,751	411,958,694	323,844,837	293,660,532
LIABILITIES					
Deposits from customers	A12	313,709,780	281,976,379	222,895,293	201,465,408
Deposits and placements of banks and other financial institutions	A13	36,760,978	33,303,655	35,555,592	31,441,675
Obligations on securities sold under repurchase agreements		267,652	373,562	267,652	373,562
Bills and acceptances payable		4,472,872	8,513,401	3,610,141	7,115,673
Derivative liabilities	A27	2,162,709	1,533,935	2,072,731	1,446,311
Other liabilities	A15	10,576,494	11,311,854	6,351,178	4,240,156
Recourse obligation on loans sold to Cagamas		715,603	528,285	715,603	528,285
Provision for taxation and zakat		320,212	134,620	-	-
Deferred tax liabilities		263,605	247,892	-	-
Borrowings	A14(i)	7,185,230	5,447,120	4,208,282	3,420,499
Subordinated obligations	A14(ii)	14,160,553	10,800,539	12,574,919	9,509,786
Capital Securities	A14(iii)	6,113,761	6,120,774	6,113,761	6,120,774
Life, general takaful and family takaful fund liabilities		2,886,104	5,408,600	-	-
Life, general takaful and family takaful policy holders' funds		17,017,208	13,787,813	-	-
TOTAL LIABILITIES		416,612,761	379,488,429	294,365,152	265,662,129

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	Note	Group		Bank	
		31 December 2011 RM'000	30 June 2011 RM'000	31 December 2011 RM'000	30 June 2011 RM'000
SHAREHOLDERS' EQUITY					
Share capital		7,639,437	7,478,206	7,639,437	7,478,206
Reserves		<u>25,805,990</u>	<u>23,983,293</u>	<u>21,840,248</u>	<u>20,520,197</u>
		33,445,427	31,461,499	29,479,685	27,998,403
Non-controlling interests		<u>1,230,563</u>	<u>1,008,766</u>	-	-
Total equity		<u>34,675,990</u>	<u>32,470,265</u>	<u>29,479,685</u>	<u>27,998,403</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY					
		<u>451,288,751</u>	<u>411,958,694</u>	<u>323,844,837</u>	<u>293,660,532</u>
COMMITMENTS AND CONTINGENCIES	A25	<u>370,709,695</u>	<u>292,201,755</u>	<u>336,480,160</u>	<u>265,846,025</u>
<u>CAPITAL ADEQUACY</u>					
A26					
Based on credit, market and operational risk:					
<u>Basel II</u>					
<u>Before deducting proposed dividend*:</u>					
Core capital ratio		11.74%	11.93%	15.80%	13.44%
Risk-weighted capital ratio		<u>16.46%</u>	<u>15.45%</u>	<u>15.80%</u>	<u>13.44%</u>
<u>After deducting proposed dividend:</u>					
Core capital ratio, assuming:					
- full electable portion paid in cash		10.95%	11.21%	14.73%	12.49%
- full electable portion reinvested		11.65%	11.84%	15.68%	13.32%
Risk-weighted capital ratio, assuming:					
- full electable portion paid in cash		15.66%	14.72%	14.73%	12.49%
- full electable portion reinvested		<u>16.37%</u>	<u>15.36%</u>	<u>15.68%</u>	<u>13.32%</u>
* In arriving at the capital base used in the ratio calculations of the Group and the Bank, the proposed dividends were not deducted.					
Net assets per share attributable to equity holders of the parent		<u>RM4.38</u>	<u>RM4.21</u>	<u>RM3.86</u>	<u>RM3.74</u>

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CONDENSED FINANCIAL STATEMENTS
AUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE QUARTER AND FINANCIAL PERIOD ENDED 31 DECEMBER 2011

<u>Group</u>	<----- Non-Distributable ----->											Distributable	Total	Non-	Total
	Share	Share	Statutory	Capital	Unrealised		ESS	Revaluation	PER	Retained	Shareholders'				
	Capital	Premium	Reserve	Reserve	Holding	Exchange	Reserve	Reserve	Reserve	Reserve	Profits	Equity	Interests	Equity	
	RM'000	RM'000	RM'000	RM'000	RM'000	Fluctuation	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
At 1 July 2011	7,478,206	8,583,711	6,409,922	15,250	417,065	(1,007,977)	65,000	9,057	-	9,491,265	31,461,499	1,008,766	32,470,265		
Profit for the period	-	-	-	-	-	-	-	-	-	2,583,069	2,583,069	93,261	2,676,330		
Other comprehensive income/(loss)	-	-	20	-	(66,084)	38,595	-	(240)	-	-	(27,709)	12,738	(14,971)		
Total comprehensive income/(loss) for the period	-	-	20	-	(66,084)	38,595	-	(240)	-	2,583,069	2,555,360	105,999	2,661,359		
Effect of adopting BNM's Revised Guidelines for Profit Equalisation Reserves ("PER")	-	-	-	-	-	-	-	-	-	34,456	34,456	-	34,456		
Net transfer for the period	-	-	-	-	-	-	-	-	34,456	(34,456)	-	-	-		
Share-based payment under Employees' Share Scheme ("ESS")	-	-	-	-	-	-	62,323	-	-	-	62,323	-	62,323		
Net effect of acquisition from/disposal to non-controlling interests	-	-	-	-	-	-	-	-	-	(49,800)	(49,800)	120,262	70,462		
Net effect of disposal of indirect subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(1,132)	(1,132)		
Transfer to statutory reserves	-	-	516,441	-	-	-	-	-	-	(516,441)	-	-	-		
Issue of shares pursuant to Dividend Reinvestment Plan ("DRP") (Note A7)	161,221	1,015,052	-	-	-	-	-	-	-	-	1,176,273	-	1,176,273		
Issue of shares pursuant to ESS (Note A7)	10	84	-	-	-	-	(6)	-	-	-	88	-	88		
Dividend paid (Note A8)	-	-	-	-	-	-	-	-	-	(1,794,772)	(1,794,772)	(3,332)	(1,798,104)		
Total transactions with shareholders	161,231	1,015,136	516,441	-	-	-	62,317	-	34,456	(2,361,013)	(571,432)	115,798	(455,634)		
At 31 December 2011	7,639,437	9,598,847	6,926,383	15,250	350,981	(969,382)	127,317	8,817	34,456	9,713,321	33,445,427	1,230,563	34,675,990		

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MALAYAN BANKING BERHAD
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CONDENSED FINANCIAL STATEMENTS
AUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE QUARTER AND FINANCIAL PERIOD ENDED 31 DECEMBER 2011

<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	Non- controlling Interests RM'000	Total Equity RM'000
At 1 July 2010	7,077,983	5,903,497	5,553,999	15,250	293,015	(949,434)	9,057	9,755,600	27,658,967	782,785	28,441,752
Profit for the period	-	-	-	-	-	-	-	2,153,362	2,153,362	26,912	2,180,274
Other comprehensive (loss)/income	-	-	-	-	(108,466)	(330,313)	-	-	(438,779)	(2,757)	(441,536)
Total comprehensive (loss)/income for the period	-	-	-	-	(108,466)	(330,313)	-	2,153,362	1,714,583	24,155	1,738,738
Net effect of disposal to non-controlling interests	-	-	-	-	-	-	-	8,609	8,609	3,346	11,955
Effect of Redemption on Redeemable Convertible Preference Shares ("RCPS")	-	-	-	-	-	-	-	-	-	(46,500)	(46,500)
Transfer to statutory reserves	-	-	432,100	-	-	-	-	(432,100)	-	-	-
Issue of shares pursuant to Dividend Reinvestment Plan ("DRP")	244,257	1,635,901	-	-	-	-	-	-	1,880,158	-	1,880,158
Dividend paid	-	-	-	-	-	-	-	(2,335,734)	(2,335,734)	-	(2,335,734)
Total transactions with shareholders	244,257	1,635,901	432,100	-	-	-	-	(2,759,225)	(446,967)	(43,154)	(490,121)
At 31 December 2010	7,322,240	7,539,398	5,986,099	15,250	184,549	(1,279,747)	9,057	9,149,737	28,926,583	763,786	29,690,369

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CONDENSED FINANCIAL STATEMENTS
AUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE QUARTER AND FINANCIAL PERIOD ENDED 31 DECEMBER 2011

	<===== Non-Distributable =====>					=====		Total Equity RM'000
	Share Capital RM'000	Share Premium RM'000	Statutory Reserve RM'000	Unrealised Holding Reserve/(Deficit) RM'000	Exchange Fluctuation Reserve RM'000	ESS Reserve RM'000	Distributable Retained Profits RM'000	
Bank								
At 1 July 2011	7,478,206	8,583,711	6,212,460	278,860	239,261	65,000	5,140,905	27,998,403
Profit for the period	-	-	-	-	-	-	2,065,285	2,065,285
Other comprehensive loss	-	-	-	(16,426)	(11,489)	-	-	(27,915)
Total comprehensive (loss)/income for the period	-	-	-	(16,426)	(11,489)	-	2,065,285	2,037,370
Share-based payment under Employees' Share Scheme ("ESS")	-	-	-	-	-	62,323	-	62,323
Transfer to statutory reserve	-	-	516,406	-	-	-	(516,406)	-
Issue of shares pursuant to Dividend Reinvestment Plan ("DRP") (Note A7)	161,221	1,015,052	-	-	-	-	-	1,176,273
Issue of shares pursuant to ESS (Note A7)	10	84	-	-	-	(6)	-	88
Dividend paid (Note A8)	-	-	-	-	-	-	(1,794,772)	(1,794,772)
Total transactions with shareholders	161,231	1,015,136	516,406	-	-	62,317	(2,311,178)	(556,088)
At 31 December 2011	7,639,437	9,598,847	6,728,866	262,434	227,772	127,317	4,895,012	29,479,685

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FOR THE QUARTER AND FINANCIAL PERIOD ENDED 31 DECEMBER 2011

<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
At 1 July 2010	7,077,983	5,903,497	5,372,770	228,648	(12,495)	6,495,300	25,065,703
Profit for the period	-	-	-	-	-	1,728,207	1,728,207
Other comprehensive (loss)/income	-	-	-	(198,361)	126,020	-	(72,341)
Total comprehensive (loss)/income for the period	-	-	-	(198,361)	126,020	1,728,207	1,655,866
Transfer to statutory reserves	-	-	432,100	-	-	(432,100)	-
Issue of shares pursuant to Dividend Reinvestment Plan ("DRP")	244,257	1,635,901	-	-	-	-	1,880,158
Dividend paid	-	-	-	-	-	(2,335,734)	(2,335,734)
Total transactions with shareholders	244,257	1,635,901	432,100	-	-	(2,767,834)	(455,576)
At 31 December 2010	7,322,240	7,539,398	5,804,870	30,287	113,525	5,455,673	26,265,993

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CONDENSED FINANCIAL STATEMENTS
AUDITED CASH FLOW STATEMENTS
FOR THE QUARTER AND FINANCIAL PERIOD ENDED 31 DECEMBER 2011

	Group		Bank	
	31 December 2011 RM'000	31 December 2010 RM'000	31 December 2011 RM'000	31 December 2010 RM'000
Cash flows from operating activities				
Profit before taxation and zakat	3,563,401	2,966,365	2,670,185	2,306,176
Adjustments for non-operating and non-cash items:				
Depreciation	104,363	81,248	56,642	57,218
Share of associates' profit	(74,234)	(69,165)	-	-
Amortisation of intangible assets	78,110	69,963	21,136	23,254
Net gain on disposal of held-for-trading securities	(17,858)	(22,135)	(23,872)	(17,089)
Net gain on disposal of available-for-sale securities	(271,636)	(253,680)	(249,361)	(214,692)
Net gain on redemption of held-to-maturity securities	(132)	(461)	(132)	(461)
Unrealised (loss)/gain on revaluation of securities held-for-trading and derivatives	293,973	(199,768)	174,627	(193,697)
Loan and financing loss and allowances	777,490	737,542	491,411	358,971
Allowance made/(written back) for other debts	14,928	877	1,707	(332)
Dividend income	(19,780)	(13,164)	(372,368)	(200,142)
Share options granted under ESS	56,848	-	41,765	-
Impairment losses on securities, net	67,237	20,222	57,864	4,874
Transfer of life, general takaful and family takaful fund surplus	(503,053)	16,835	-	-
Other adjustments for non-operating and non-cash items:	(44,408)	40,815	(1,518)	(20,038)
Operating profit before working capital changes	4,025,249	3,375,494	2,868,086	2,104,042
Change in deposits and placements with banks and other financial institutions	2,937,600	(2,956,725)	1,206,938	(3,249,473)
Change in securities portfolio	(6,892,328)	(7,644,351)	(4,010,580)	(7,611,188)
Change in loans, advances and financing	(21,231,755)	(14,568,170)	(13,092,652)	(8,022,407)
Change in statutory deposits with Central Banks	(2,878,991)	258,909	(1,782,013)	(309,410)
Change in deposits from customers	31,733,401	11,227,966	21,429,885	7,492,759
Change in deposits and placements of banks and other financial institutions	3,457,323	5,587,556	4,113,917	6,610,907
Change in life, general takaful and family takaful fund assets	(202,575)	(704,761)	-	-
Change in life, general takaful and family takaful fund liabilities and policy holder's funds	706,898	836,474	-	-
Change in other operating activities	(5,389,508)	1,706,348	(3,580,317)	2,391,033
Exchange fluctuation	(82,621)	39,676	(368,609)	(44,273)
Cash generated/(used in) from operations	6,182,693	(2,841,584)	6,784,655	(638,010)
Taxes and zakat paid	(732,707)	(553,980)	(544,631)	(492,196)
Net cash generated/(used in) from operating activities	5,449,986	(3,395,564)	6,240,024	(1,130,206)

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CONDENSED FINANCIAL STATEMENTS
AUDITED CASH FLOW STATEMENTS
FOR THE QUARTER AND FINANCIAL PERIOD ENDED 31 DECEMBER 2011

	Group		Bank	
	31 December 2011 RM'000	31 December 2010 RM'000	31 December 2011 RM'000	31 December 2010 RM'000
Cash flows from investing activities				
Dividend received				
- from securities	19,780	13,164	9,111	7,682
- from associates	37,120	35,559	5,231	5,913
- from subsidiaries	-	-	358,026	186,547
Purchase of property, plant and equipment	(323,398)	(67,142)	(200,439)	(68,817)
Proceeds from disposal of property, plant and equipment	35,685	8,891	8,684	8,351
Purchase of intangible assets	(24,066)	(45,715)	(5,653)	(41,792)
Purchase of additional ordinary shares in new and existing subsidiaries	(401,155)	-	(159,600)	(154,919)
Acquisition of subsidiaries	13,335	-	-	-
Proceeds from disposal of subsidiaries	(1,132)	-	-	-
Subscription to additional ordinary shares and private debt securities in associates	(3,562)	(34,467)	(2,100)	(34,712)
Redemption of RCPS	-	(46,500)	-	108,500
Proceeds from transaction with non-controlling interests	72,514	11,955	-	-
Net cash (used in)/generated from investing activities	<u>(574,879)</u>	<u>(124,255)</u>	<u>13,260</u>	<u>16,753</u>
Cash flows from financing activities				
Proceeds from share issuance	1,176,361	1,880,158	1,176,361	1,880,158
Drawdown/(repayment) of borrowings	1,395,812	462,310	610,675	462,310
Issuance/(redemption) of subordinated obligations	3,306,484	(998,992)	3,000,322	(998,992)
Loans sold to Cagamas, net	187,318	(100,037)	187,318	(100,037)
Dividends paid	(1,794,772)	(2,335,734)	(1,794,772)	(2,335,734)
Dividends paid to non-controlling interests	(3,332)	-	-	-
Net cash generated/(used in) from financing activities	<u>4,267,871</u>	<u>(1,092,295)</u>	<u>3,179,904</u>	<u>(1,092,295)</u>

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AUDITED CASH FLOW STATEMENTS
FOR THE QUARTER AND FINANCIAL PERIOD ENDED 31 DECEMBER 2011

	Group		Bank	
	31 December 2011 RM'000	31 December 2010 RM'000	31 December 2011 RM'000	31 December 2010 RM'000
Net change in cash and cash equivalents	9,142,978	(4,612,114)	9,433,188	(2,205,748)
Cash and cash equivalents at beginning of period *	37,431,229	28,265,858	26,998,352	19,080,922
Cash and cash equivalents at end of period	46,574,207	23,653,744	36,431,540	16,875,174

Cash and cash equivalents included in the cash flow statements comprise the following amounts in Statements of Financial Position:

	Group		Bank	
	31 December 2011 RM'000	31 December 2010 RM'000	31 December 2011 RM'000	31 December 2010 RM'000
Cash and short-term funds	49,089,088	24,599,921	35,966,579	16,403,255
Deposits with financial institution maturing within 1 month	53,663	499,161	464,961	471,919
	49,142,751	25,099,082	36,431,540	16,875,174
Less : Monies held in trusts	(2,568,544)	(1,445,338)	-	-
	46,574,207	23,653,744	36,431,540	16,875,174

* Cash and cash equivalents at beginning of period

Cash and short term funds as previously reported	36,899,656	28,707,992	26,460,197	19,403,616
Effects of foreign exchange rate changes	531,573	(442,134)	538,155	(322,694)
As restated	37,431,229	28,265,858	26,998,352	19,080,922

(These audited condensed financial statements should be read in conjunction with the audited financial statements for the year ended 30 June 2011 and the accompanying explanatory notes attached to the interim financial statements)

(The cash flow statements for the cumulative six months ended 31 December 2010 have not been audited)

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

A1. Basis of Preparation

The audited condensed 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 audited 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 audited condensed interim financial statements should be read in conjunction with the audited financial statements for the year ended 30 June 2011. 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 2011.

The audited condensed interim financial statements 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 2011 except for adoption of the following Financial Reporting Standards ("FRSs"), Amendments to FRSs, Interpretations of the Issues Committee ("IC Interpretations") and Technical Release ("TR"):

- (i) Amendment to FRS 1: First-time Adoption of Financial Reporting Standards, Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters, Additional Exemptions for First-time Adopters.
- (ii) Amendments to FRS 2: Group Cash-Settled Share-based Payment Transactions
- (iii) Amendments to FRS 3: Business Combinations
- (iv) Amendments to FRS 7: Financial Instruments: Disclosures, Improving Disclosures about Financial Instruments
- (v) Amendments to FRS 101: Presentation of Financial Statements
- (vi) Amendments to FRS 121: The Effects of Changes in Foreign Exchange Rates
- (vii) Amendments to FRS 128: Investments in Associates
- (viii) Amendments to FRS 131: Interests in Joint Ventures
- (ix) Amendments to FRS 132: Financial Instruments: Presentation
- (x) Amendments to FRS 134: Interim Financial Reporting
- (xi) Amendments to FRS 139: Financial Instruments: Recognition and Measurement
- (xii) IC Interpretation 4: Determining Whether an Arrangement contains a Lease
- (xiii) IC Interpretation 18: Transfers of Assets from Customers
- (xiv) IC Interpretation 19: Extinguishing Financial Liabilities with Equity Instruments
- (xv) Amendments to IC Interpretation 13: Customer Loyalty Programmes
- (xvi) Amendments to IC Interpretation 14: Prepayments of a Minimum Funding Requirement
- (xvii) TR 3: Guidance on Disclosures of Transition to IFRSs
- (xviii) TR i-4: Shariah Compliant Sale Contracts

The adoption of the above new/amendments to FRSs, IC Interpretations and TR did not have any material impact on the accounting policies, financial position or performance of the Group and the Bank, except for the adoption of Amendments to FRS 7: Financial Instruments: Disclosures, Improving Disclosures about Financial Instruments.

On 19 November 2011, the Malaysian Accounting Standards Board ("MASB") issued a new MASB approved accounting framework, the MFRS Framework.

The MFRS Framework is to be applied by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012.

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A1. Basis of Preparation (cont'd.)

The Group will be required to prepare financial statements using the MFRS Framework in its first MFRS financial statements for the year ending 31 December 2012. In presenting its first MFRS financial statements, the Group will need to restate the comparative financial statements to amounts reflecting the application of MFRS Framework. The majority of the adjustments required on transition will be made, retrospectively, against opening retained profits.

In addition, the Group has adopted BNM's Revised Guidelines for Profit Equalisation Reserve ("PER") issued on May 2011, ("the Revised Guideline"). The Revised Guideline is effective for financial year beginning 1 July 2011 and is required to be applied prospectively. The Group is in the process of obtaining the required approvals prior to implementing an alternative technique to manage the Displaced Commercial Risk as allowed under the Revised Guideline and currently accounts for PER as follows:

- (i) The creation of PER establishes an obligation to manage distribution to the Investment Account Holders ("IAH") from a Shariah perspective. The PER of the IAH is classified as a liability and recognised at cost. The subsequent apportionments of profit to the IAH are recognised in the income statement. The eventual distribution of PER as profit distributable to IAH will be treated as an outflow of funds due to the settlement of obligation to the IAH; and
- (ii) The PER of the Islamic Banking Institution ("IBI") is allocated from retained profits and classified as a separate reserve in equity and is non-distributable. Subsequent apportionments from and distributions to retained profits are treated as transfers between reserves.

On 1 July 2011, the Group's subsidiary, Etiqa Takaful Berhad ("ETB") has also adopted the new Guidelines issued by BNM. All takaful operators licensed under the Takaful Act 1984 are required to adopt these new Guidelines from financial periods beginning on or after 1 July 2011.

One of the new Guidelines include BNM's Guidelines on Financial Reporting for Takaful Operators (the "FRG"). Certain requirements of the FRG had been early adopted for the financial year ended 30 June 2011 including disclosure requirements stipulated in the new Guidelines.

In addition to the FRG, ETB has also adopted two BNM's Guidelines which stipulate the valuation bases for liabilities of general and family takaful business (collectively known as "Valuation Guidelines"). Amongst the requirements of Valuation Guidelines are relating to the need for takaful operators to recognise expense liabilities pertaining to the Shareholder's Fund as well as a change in the methodology for the estimation of the actuarial liabilities of the Family Takaful Fund. The management of ETB have determined that the adoption of these new practices and methodologies are changes in accounting policies as defined under FRS 108 Accounting Policies, Changes in Accounting Estimates and Errors and accordingly requires a retrospective adjustment to be applied. However, the Group has adopted these new Valuation Guidelines prospectively as the application of these new Valuation Guidelines did not have a material impact on the financial results of the Group.

The adoption of the above revised and new BNM's Guidelines does not have any material impact on the financial statements of the Group and the Bank, except for the adoption of Revised Guideline on PER which resulted in changes in presentation of PER of the IAH and PER of the IBI.

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:

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A2. Significant Accounting Estimates and Judgements (cont'd.)

(i) Fair Value Estimation of Securities Held-for-trading (Note A9(i)), Securities Available-for-sale (Note A9(ii)) and Derivative Financial Instruments (Note A27)

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 reporting 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 reporting date, or more frequently when events or changes in circumstances dictate, intangible assets are assessed for indications of impairment. If indications are present, these assets are subject to an impairment review. The impairment review comprises a comparison of the carrying amount of the assets with its recoverable amount.

(v) Liabilities of Insurance Business

(a) Life Fund

Liabilities of the life 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 a provision of risk margin for adverse deviation on a 75% confidence level at the overall subsidiary.

(b) Family Takaful Fund

Liabilities of the Family Takaful fund is determined based on 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 developments of premium/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.

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A2. Significant Accounting Estimates and Judgements (cont'd.)

(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 recognised 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 the Bank review its individually significant loans, advances and financing at each reporting 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.), and concentrations of risks (such as the performance of difference individual groups).

(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 reporting 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's 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 reporting date, may have a significant risk of causing a material adjustment to the carrying amounts of the investments within the next financial year. Depending on the specific individual investment, assumptions made by management may include, amongst others, assumptions on expected future cash flows, revenue growth, discount rate used for purposes of discounting future cash flows which incorporates the relevant risks, and expected future outcome of certain past events.

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A2. Significant Accounting Estimates and Judgements (cont'd.)

(ix) Impairment of Securities Portfolio - Available-for-Sale and Held-to-Maturity

The Group and the Bank review the Securities Portfolio specifically for Available-for-Sale and Held-to-Maturity 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 issuers 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.

A3. Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the audited annual financial statements for the financial year ended 30 June 2011 was not qualified.

A4. Seasonal or Cyclical Factors

The operations of the Group and the Bank were not materially affected by any seasonal or cyclical factors in the second quarter and financial period ended 31 December 2011.

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

During the second quarter and financial period ended 31 December 2011, 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 second quarter and financial period ended 31 December 2011.

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A7. Changes in Debt and Equity Securities

Save as disclosed below, there were no cancellations, share buy-backs, resale of shares bought back and repayment of debt and equity securities by the Group and Bank.

(a) Issuance of Shares

The issued and paid-up share capital of the Bank was increased from RM7,478,206,067 as at 30 June 2011 to RM7,639,437,483 as at 31 December 2011 via:

- (i) issuance of 10,000 new ordinary shares of RM1 each for cash, to eligible persons who exercised their options under the current Maybank Group Employees' Share Scheme ("ESS") which commenced on 23 June 2011, for a period of 7 years.
- (ii) issuance of 161,221,416 new ordinary shares of RM1 each arising from the Dividend Reinvestment Plan ("DRP") relating to the final dividend of 32 sen less 25% taxation in respect of financial year ended 30 June 2011.

(b) Issuance of Subordinated Notes under a subordinated note programme of up to RM3.0 billion in nominal value

- (i) On 15 August 2011, Maybank has successfully completed the issuance of RM2.0 billion Tier 2 Capital Subordinated Notes.
- (ii) On 28 December 2011, Maybank has successfully completed the subsequent issuance of RM1.0 billion Tier 2 Capital Subordinated Notes. The Subordinated Notes issued comprise the following tranches:
 - RM750.0 million of Subordinated Notes with tenure of 10 years on a 10 non-callable 5 basis ("Tranche 1"); and
 - RM250.0 million of Subordinated Notes with tenure of 12 years on a 12 non-callable 7 basis ("Tranche 2").

(c) Issuance of subordinated bonds, medium term notes and borrowings by PT Bank Internasional Indonesia and its subsidiaries

During the financial period ended 31 December 2011, PT Bank Internasional Indonesia ("BII") and its subsidiaries, the subsidiaries of Maybank, had issued subordinate bonds, bonds, medium term notes and borrowings amounting to approximately RM938.3 million. The proceeds from such issuances were used by BII and its subsidiaries for its working capital purposes.

(d) Issuance of Fixed Rate Notes of HKD572.0 million under the USD2.0 billion Multicurrency Medium Term Note Programme

On 7 December 2011, Maybank has successfully completed the issuance of HKD572.0 million Fixed Rate Notes in nominal value under the USD2.0 billion Multicurrency Medium Term Note Programme.

(e) Issuance of Fixed Rate Notes of JPY10.0 billion under the USD2.0 billion Multicurrency Medium Term Note Programme

On 22 December 2011, Maybank has successfully completed the issuance of JPY10.0 billion Fixed Rate Notes in nominal value under the USD2.0 billion Multicurrency Medium Term Note Programme.

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A8. Dividends Paid

- (a) Dividend paid during the financial period ended 31 December 2011 are as follows:

During the Annual General Meeting held on 29 September 2011, a final dividend in respect of the financial year ended 30 June 2011 of 32 sen per share less 25% taxation, was approved by the shareholders.

The dividend consists of cash portion of 4 sen (net 3 sen) per ordinary share to be paid in cash amounting to RM224,346,482 and an electable portion of 28 sen (net 21 sen) per ordinary share amounting to RM1,570,425,374 which could be elected to be reinvested in new Maybank shares in accordance with the Dividend Reinvestment Plan ("DRP").

The payment date for cash dividends and crediting of shares under the DRP was completed on 28 December 2011.

- (b) Dividends paid by Maybank's subsidiaries to non-controlling interest amounting to RM3,332,000 during the financial period ended 31 December 2011.

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A9. Securities Portfolio

	Note	Group		Bank	
		31 December 2011 RM'000	30 June 2011 RM'000	31 December 2011 RM'000	30 June 2011 RM'000
Securities held-for-trading	(i)	9,665,997	4,141,978	7,325,466	2,884,895
Securities available-for-sale	(ii)	48,504,468	47,258,558	39,618,975	40,262,042
Securities held-to-maturity	(iii)	9,880,899	9,638,714	8,804,797	8,339,494
		68,051,364	61,039,250	55,749,238	51,486,431

(i) Securities Held-for-trading

At Fair value

Money market instruments:-

Malaysian Government Securities	572,088	311,479	572,088	311,479
Malaysian Government Treasury Bills	24,109	111,888	24,109	111,888
Malaysian Government Investment Issues	266,872	50,537	51,160	20,256
Bank Negara Malaysia Bills and Notes	1,476,873	3,658	1,476,873	3,658
Khazanah Bonds	407,614	59,953	407,614	59,953
Bank Negara Malaysia Monetary Notes	4,351,525	251,412	2,468,677	9,060
Foreign Government Treasury Bills	23,738	155,361	-	155,360
Foreign Government Securities	313,489	315,915	-	-
Foreign Certificates of Deposits	145,985	240,590	-	-
Cagamas Bonds	20,146	-	20,146	-
Negotiable Instruments of Deposits	-	-	610,093	-
Sukuk Bank Negara Malaysia Ijarah	116,331	-	-	-
	7,718,770	1,500,793	5,630,760	671,654

Quoted securities:

Shares	216,787	358,871	4,815	12,104
	216,787	358,871	4,815	12,104

Unquoted securities:

Private and Islamic Debt Securities in Malaysia	1,384,432	1,109,414	1,384,432	1,109,414
Foreign Government Bonds	3,239	-	-	-
Foreign Private Debt Securities	333,150	1,172,900	295,840	1,091,723
Malaysia Global Sukuk	9,619	-	9,619	-
	1,730,440	2,282,314	1,689,891	2,201,137

Total securities held-for-trading

	9,665,997	4,141,978	7,325,466	2,884,895
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(ii) Securities Available-for-sale

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

Money market instruments:-

Malaysian Government Securities	2,242,451	3,750,910	2,169,811	3,679,217
Sukuk Bank Negara Malaysia Ijarah	11,132	11,104	-	-
Cagamas Bonds	1,588,212	1,526,312	1,438,321	1,342,316
Foreign Government Securities	7,743,133	9,053,992	5,414,453	6,751,494
Malaysian Government Investment Issues	5,021,404	7,070,669	1,951,840	3,349,048
Foreign Government Treasury Bills	4,092,851	1,157,497	3,720,121	842,567
Negotiable Instruments of Deposits	1,589,712	775,683	3,907,136	4,798,186
Bankers' Acceptances and Islamic Accepted Bills	1,502,726	588,285	1,498,610	367,352
Khazanah Bonds	1,532,266	1,173,829	1,212,374	867,407
	25,323,887	25,108,281	21,312,666	21,997,587

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	Group		Bank	
	31 December 2011 RM'000	30 June 2011 RM'000	31 December 2011 RM'000	30 June 2011 RM'000
A9. Securities Portfolio (cont'd.)				
(ii) Securities Available-for-sale (cont'd.)				
Quoted Securities: -				
In Malaysia:				
Shares, Warrants, Trust Units and Loan Stocks	352,034	406,380	84,100	104,814
Outside Malaysia:				
Shares, Warrants, Trust Units and Loan Stocks	321,925	311,845	18,766	18,722
	673,959	718,225	102,866	123,536
Unquoted Securities:-				
Shares, trust units and loan stocks in Malaysia	635,871	571,573	369,359	376,358
Shares, trust units and loan stocks outside Malaysia	35,055	36,112	13,599	13,908
Private and Islamic Debt Securities in Malaysia	10,046,084	9,791,228	7,223,992	7,633,368
Malaysian Government Bonds	6,633	135,336	6,633	135,336
Foreign Government Bonds	880,538	1,329,748	786,558	1,248,718
Foreign Private and Islamic Debt Securities	10,549,662	9,284,751	9,683,921	8,612,607
Credit Linked Notes	-	75,439	-	75,439
Malaysia Global Sukuk	306,085	162,485	119,381	45,185
Structured Deposits	46,694	45,380	-	-
	22,506,622	21,432,052	18,203,443	18,140,919
Total securities available-for-sale	48,504,468	47,258,558	39,618,975	40,262,042
(iii) Securities Held-To-Maturity				
At Amortised cost less impairment losses				
Money market instruments:-				
Malaysian Government Securities	6,235,270	6,275,068	6,235,162	6,274,961
Cagamas Bonds	-	11,738	-	11,738
Foreign Government Securities	795,114	801,772	-	-
Malaysian Government Investment Issues	495,392	495,864	353,843	353,971
Khazanah Bonds	196,528	17,362	196,528	17,362
	7,722,304	7,601,804	6,785,533	6,658,032
Unquoted Securities:-				
Private and Islamic Debt Securities in Malaysia	1,641,842	1,451,903	1,611,474	1,421,871
Malaysian Government Bonds	-	6,056	-	6,056
Foreign Government Bonds	176,222	49,438	175,929	49,162
Foreign Islamic Private Debt Securities	354,529	558,757	245,859	233,616
Others	2,044	2,044	2,044	2,044
	2,174,637	2,068,198	2,035,306	1,712,749
Accumulated impairment losses	(16,042)	(31,288)	(16,042)	(31,287)
Total securities held-to-maturity	9,880,899	9,638,714	8,804,797	8,339,494

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A10. Loans, Advances and Financing

	Group		Bank	
	31 December 2011 RM'000	30 June 2011 RM'000	31 December 2011 RM'000	30 June 2011 RM'000
At amortised cost				
Overdrafts	15,951,027	15,602,979	11,081,901	11,130,114
Term loans				
- Housing loans/financing	50,570,121	42,588,643	40,273,945	33,710,861
- Syndicated loan/financing	19,728,351	16,156,890	16,120,492	13,020,361
- Hire purchase receivables	48,099,062	46,847,564	23,931,788	23,088,371
- Lease receivables	3,819	4,495	3,270	3,264
- Other loans/financing	116,491,349	107,382,363	65,721,789	62,659,172
Credit card receivables	6,214,321	5,773,326	5,296,328	4,863,738
Bills receivable	5,370,780	4,069,296	5,343,156	4,038,085
Trust receipts	2,556,914	2,394,297	2,092,697	1,976,949
Claims on customers under acceptance credits	11,367,524	12,201,913	7,859,708	8,554,699
Loans/financing to banks and other financial institutions	6,329,311	6,714,542	6,183,626	7,255,622
Revolving credits	27,084,954	25,876,169	17,379,831	18,392,134
Staff loans	1,608,343	1,976,167	957,077	1,001,750
Loans to				
- Executive directors of subsidiaries	2,957	3,416	159	123
Others	1,807,604	1,764,438	-	-
	313,186,437	289,356,498	202,245,767	189,695,243
Unearned interest and income	(31,773,463)	(28,176,735)	(2,871,895)	(2,826,729)
Gross loans, advances and financing	281,412,974	261,179,763	199,373,872	186,868,514
Allowances for impaired loans and financing:				
- individual	(2,812,309)	(2,932,129)	(2,102,421)	(2,115,897)
- collective	(4,169,974)	(4,271,208)	(3,097,366)	(3,179,773)
Net loans, advances and financing	274,430,691	253,976,426	194,174,085	181,572,844

(i) By type of customer

	Group		Bank	
	31 December 2011 RM'000	30 June 2011 RM'000	31 December 2011 RM'000	30 June 2011 RM'000
Domestic banking institutions	57,323	55,896	57,323	55,896
Domestic non-bank financial institutions				
- Stockbroking companies	815	664	815	664
- Others	18,949,977	17,648,972	13,350,685	13,026,400
Domestic business enterprise				
- Small and medium enterprise	54,048,038	45,677,647	45,245,694	39,498,099
- Others	55,456,073	57,198,653	36,419,915	38,861,878
Government and statutory bodies	2,890,246	2,973,103	2,525,386	2,638,335
Individuals	125,454,869	119,733,544	83,227,586	79,854,546
Other domestic entities	1,769,201	1,785,113	504,713	497,646
Foreign entities	22,786,432	16,106,171	18,041,755	12,435,050
Gross loans, advances and financing	281,412,974	261,179,763	199,373,872	186,868,514

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

(ii) By geographical distribution

	Group		Bank	
	31 December 2011 RM'000	30 June 2011 RM'000	31 December 2011 RM'000	30 June 2011 RM'000
Malaysia	177,833,498	169,773,543	127,349,799	123,380,078
Singapore	60,758,571	54,830,450	60,335,903	54,283,692
Indonesia	24,027,545	21,328,288	-	-
Hong Kong SAR	6,507,669	4,471,402	6,405,881	4,347,640
Labuan offshore	4,486,178	3,875,185	-	-
Philippines	1,856,284	1,419,000	-	-
United Kingdom	1,364,150	1,357,952	1,364,150	1,357,952
United States of America	1,105,244	1,176,644	1,105,244	1,176,644
People's Republic of China	1,209,861	986,362	1,209,861	986,362
Vietnam	556,362	524,916	556,362	524,916
Cambodia	534,861	425,790	534,861	425,790
Bahrain	346,415	226,106	346,415	226,106
Brunei	165,396	159,334	165,396	159,334
Papua New Guinea	128,380	115,297	-	-
Thailand	502,706	466,214	-	-
Others	29,854	43,280	-	-
Gross loans, advances and financing	281,412,974	261,179,763	199,373,872	186,868,514

(iii) By interest/profit rate sensitivity

Fixed rate				
- Housing loans/financing	12,152,191	11,855,759	9,183,813	9,147,350
- Hire purchase receivables	36,660,189	35,588,698	20,769,134	19,968,614
- Other fixed rate loans/financing	45,564,837	45,359,517	35,089,279	35,226,310
Variable rate				
- Base lending rate plus	100,064,634	94,310,265	81,819,101	78,337,866
- Cost plus	34,915,664	31,832,925	31,101,405	27,507,286
- Other variable rates	52,055,459	42,232,599	21,411,140	16,681,088
Gross loans, advances and financing	281,412,974	261,179,763	199,373,872	186,868,514

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

(iv) Total loans by economic purpose

	Group		Bank	
	31 December 2011 RM'000	30 June 2011 RM'000	31 December 2011 RM'000	30 June 2011 RM'000
Purchase of securities	21,804,073	20,743,919	12,548,429	11,575,901
Purchase of transport vehicles	41,511,231	39,687,127	20,508,025	19,967,508
- Less: Islamic loans sold to Cagamas	(1,499,270)	(682,679)	-	-
Purchase of landed properties				
- Residential	51,419,270	46,621,777	41,539,480	38,190,785
- Non-residential	17,500,708	14,623,280	15,777,574	13,435,251
Purchase of fixed assets (exclude landed properties)	4,005,398	2,966,538	3,994,116	2,963,248
Personal use	7,182,915	6,362,067	6,093,855	5,456,581
Credit card	6,261,455	5,772,335	5,339,988	4,874,082
Purchase of consumer durables	286,319	254,744	286,316	254,744
Construction	13,626,455	13,861,422	10,687,729	11,526,219
Merger and acquisition	72,367	52,405	72,367	52,405
Working capital	104,214,753	96,753,084	74,583,152	71,342,270
Others	15,027,300	14,163,744	7,942,841	7,229,520
Gross loans, advances and financing	281,412,974	261,179,763	199,373,872	186,868,514

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

Maturing within one year	79,432,121	75,170,061	60,875,951	58,385,457
One year to three years	34,309,197	27,181,422	23,473,618	17,817,419
Three years to five years	37,591,705	35,685,924	23,458,349	22,244,753
After five years	130,079,951	123,142,356	91,565,954	88,420,885
Gross loans, advances and financing	281,412,974	261,179,763	199,373,872	186,868,514

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

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

	Group		Bank	
	31 December 2011 RM'000	30 June 2011 RM'000	31 December 2011 RM'000	30 June 2011 RM'000
At beginning of the period/year	8,756,862	9,958,863	6,377,496	7,828,774
Impaired during the period/year	2,628,313	5,929,985	1,647,483	3,211,874
Reclassified as non-impaired	(1,087,435)	(2,730,159)	(657,256)	(1,677,728)
Recovered during the period/year	(1,383,829)	(2,004,428)	(635,858)	(1,420,027)
Amount written off	(997,038)	(2,610,648)	(560,393)	(1,624,278)
Converted to securities	(9,327)	(37,863)	(9,327)	(37,863)
Exchange differences and expenses debited	106,025	89,751	83,691	96,744
Acquisition of subsidiaries	22,474	161,361	-	-
At end of the period/year	8,036,045	8,756,862	6,245,836	6,377,496
Less: Individual allowance on impaired loans	(2,812,309)	(2,932,129)	(2,102,421)	(2,115,897)
Net impaired loans, advances and financing	5,223,736	5,824,733	4,143,415	4,261,599
Ratio of net impaired loans	1.86%	2.25%	2.10%	2.31%

(vii) **Impaired loans, advances and financing by economic purpose are as follows:**

Purchase of securities	101,559	116,667	67,796	82,257
Purchase of transport vehicles	231,073	276,671	112,702	111,271
Purchase of landed properties				
- Residential	1,038,738	1,277,777	869,346	1,058,965
- Non-residential	201,064	290,538	181,813	264,828
Personal use	114,208	126,271	97,976	111,542
Credit card	90,160	77,764	64,708	53,642
Purchase of consumer durables	1,165	1,163	1,162	1,159
Construction	540,445	523,361	428,638	433,545
Working capital	4,794,683	5,575,238	3,889,018	3,996,647
Others	922,950	491,412	532,677	263,640
	8,036,045	8,756,862	6,245,836	6,377,496

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

(viii) Impaired loans, advances and financing by geographical distribution are as follows:

	Group		Bank	
	31 December 2011 RM'000	30 June 2011 RM'000	31 December 2011 RM'000	30 June 2011 RM'000
Malaysia	6,308,041	6,712,570	5,482,340	5,769,484
Singapore	379,834	330,730	312,294	242,169
Indonesia	538,420	874,375	-	-
Labuan Offshore	230,647	351,094	-	-
Hong Kong SAR	72,093	85,675	71,228	84,853
Brunei	768	2,613	768	2,613
Vietnam	80,335	75,692	80,335	75,692
United Kingdom	215,719	141,478	215,719	141,478
People's Republic of China	5,932	-	5,932	-
Cambodia	18,602	12,499	18,602	12,499
Philippines	73,677	50,733	-	-
Bahrain	58,618	48,708	58,618	48,708
Thailand	25,672	28,953	-	-
Others	27,687	41,742	-	-
	8,036,045	8,756,862	6,245,836	6,377,496

(ix) Movements in the allowances for impaired loans, advances and financing are as follows:

	Group		Bank	
	31 December 2011 RM'000	30 June 2011 RM'000	31 December 2011 RM'000	30 June 2011 RM'000
<u>Individual Allowance</u>				
At beginning of the period/year	2,932,129	3,981,073	2,115,897	2,909,013
Allowance made during the period/year	535,890	651,725	464,602	471,883
Amount written back	(296,458)	(291,066)	(192,817)	(207,265)
Transferred to impairment losses in securities	(9,327)	(51,475)	(9,327)	(51,475)
Amount written off	(364,074)	(1,185,904)	(269,614)	(936,464)
Transferred to collective allowance	(15,628)	(173,038)	(14,411)	(57,227)
Acquisition of subsidiaries	20,553	50,315	-	-
Exchange differences	9,224	(49,501)	8,091	(12,568)
At end of the period/year	2,812,309	2,932,129	2,102,421	2,115,897
<u>Collective Allowance</u>				
At beginning of the period/year	4,271,208	4,741,229	3,179,773	3,665,506
Allowance made during the period/year	504,176	774,955	187,383	117,091
Amount written back	(306)	(42)	-	-
Transferred from impairment losses in securities	-	13,612	-	13,612
Amount written off	(632,964)	(1,424,744)	(290,779)	(687,814)
Transferred from individual allowance	15,628	173,038	14,411	57,227
Exchange differences	12,232	(6,840)	6,578	14,151
At end of the period/year	4,169,974	4,271,208	3,097,366	3,179,773
As as percentage of gross loans, advances and financing (including Islamic Loans sold to Cagamas), less individual allowance	1.49%	1.65%	1.57%	1.72%

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A11. Other Assets

	Group		Bank	
	31 December 2011 RM'000	30 June 2011 RM'000	31 December 2011 RM'000	30 June 2011 RM'000
Other debtors	4,306,187	3,643,484	2,015,839	1,146,591
Amount due from brokers and clients	1,131,928	2,016,672	-	-
Development properties	448,015	345,616	-	-
Prepayments and deposits	461,199	330,525	87,130	71,098
Tax recoverable	200,325	274,266	97,337	159,874
Foreclosed properties	113,651	124,959	40,127	42,802
	6,661,305	6,735,522	2,240,433	1,420,365

A12. Deposits from Customers

(i) By type of deposit

Fixed deposits and negotiable instruments of deposits				
- One year or less	174,467,186	147,568,388	110,905,963	94,306,204
- More than one year	8,025,679	5,307,137	7,405,262	4,547,863
	182,492,865	152,875,525	118,311,225	98,854,067
Money market deposits	24,001,969	24,614,815	24,001,969	24,614,815
Savings deposits	47,084,107	44,128,596	33,362,552	32,024,849
Demand deposits	58,040,842	57,696,718	45,329,984	43,853,536
Structured deposits *	2,089,997	2,660,725	1,889,563	2,118,141
	313,709,780	281,976,379	222,895,293	201,465,408

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

(ii) By type of customer

Business enterprises	145,925,810	125,471,400	102,072,245	88,232,244
Individuals	134,090,970	123,589,127	104,366,059	96,557,071
Government and statutory bodies	11,079,037	10,418,229	3,605,807	3,464,642
Others	22,613,963	22,497,623	12,851,182	13,211,451
	313,709,780	281,976,379	222,895,293	201,465,408

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

Due within six months	146,602,625	121,375,160	88,693,115	70,896,420
Six months to one year	27,864,561	26,193,228	22,212,848	23,409,784
One year to three years	7,561,996	4,876,438	7,252,759	4,414,265
Three years to five years	457,574	424,590	152,503	133,598
After five years	6,109	6,109	-	-
	182,492,865	152,875,525	118,311,225	98,854,067

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	Group		Bank	
	31 December 2011 RM'000	30 June 2011 RM'000	31 December 2011 RM'000	30 June 2011 RM'000
A13. Deposits and Placements of Banks and Other Financial Institutions				
Licensed banks	33,009,801	23,712,986	32,320,588	24,816,195
Licensed finance companies	219,805	41,326	181,228	30,652
Licensed investment banks	527,377	429,662	527,377	429,663
Other financial institutions	3,003,995	9,119,681	2,526,399	6,165,165
	36,760,978	33,303,655	35,555,592	31,441,675
Maturity structure of deposits and placements of banks and other financial institutions				
- One year or less	35,088,093	27,731,454	34,036,472	26,060,606
- More than one year	1,672,885	5,572,201	1,519,120	5,381,069
	36,760,978	33,303,655	35,555,592	31,441,675
A14. Borrowings, Subordinated Obligations and Capital Securities				
(i) Borrowings				
Secured				
- less than one year	599,246	727,523	-	-
- more than one year	959,559	666,667	-	-
	1,558,805	1,394,190	-	-
Unsecured				
- less than one year	812,876	630,446	95,501	120,920
- more than one year	4,813,549	3,422,484	4,112,781	3,299,579
	5,626,425	4,052,930	4,208,282	3,420,499
	7,185,230	5,447,120	4,208,282	3,420,499
(ii) Subordinated obligations				
Unsecured				
- more than one year	14,160,553	10,800,539	12,574,919	9,509,786
(iii) Capital Securities				
Unsecured				
- more than one year	6,113,761	6,120,774	6,113,761	6,120,774
A15. Other Liabilities				
Due to brokers and clients	3,692,268	4,200,630	-	-
Deposits and other creditors	3,608,396	3,870,733	4,958,097	2,631,835
Provisions and accruals	2,417,181	2,356,192	1,393,081	1,608,321
Provision for outstanding claims	488,658	464,123	-	-
Unearned premium reserves	310,139	324,929	-	-
Profit equalisation reserves	59,852	95,247	-	-
	10,576,494	11,311,854	6,351,178	4,240,156

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A16. Interest Income

	2nd Quarter Ended		Cumulative 6 Months Ended	
	31 December 2011 RM'000	31 December 2010 RM'000	31 December 2011 RM'000	31 December 2010 RM'000
<u>Group</u>				
Loans, advances and financing	2,946,476	2,340,536	5,630,652	4,692,745
Money at call and deposit placements with financial institutions	174,201	119,846	321,898	196,531
Securities purchased under resale agreements	1,189	2,774	2,529	4,630
Securities held-for-trading	31,894	22,944	64,105	41,070
Securities available-for-sale	360,837	383,373	753,393	760,735
Securities held-to-maturity	115,340	109,157	225,376	216,987
	3,629,937	2,978,630	6,997,953	5,912,698
Amortisation of premium less accretion of discounts	21,748	1,023	6,366	(14,370)
Net interest income clawed back/suspended	-	10,359	-	-
	3,651,685	2,990,012	7,004,319	5,898,328
<u>Bank</u>				
Loans, advances and financing	2,209,454	1,741,910	4,187,422	3,488,116
Money at call and deposit placements with financial institutions	130,469	94,056	243,430	182,159
Securities purchased under resale agreements	78	2	141	10
Securities held-for-trading	33,665	18,915	65,233	33,618
Securities available-for-sale	314,366	341,710	662,867	670,813
Securities held-to-maturity	101,135	93,368	196,742	183,929
	2,789,167	2,289,961	5,355,835	4,558,645
Amortisation of premium less accretion of discounts	20,383	(394)	3,746	(16,682)
Net interest income clawed back/suspended	-	10,359	-	-
	2,809,550	2,299,926	5,359,581	4,541,963

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A17. Interest Expense

<u>Group</u>	2nd Quarter Ended		Cumulative 6 Months Ended	
	31 December 2011 RM'000	31 December 2010 RM'000	31 December 2011 RM'000	31 December 2010 RM'000
Deposits and placements of banks and other financial institutions	113,617	85,856	219,732	155,710
Deposits from customers	1,088,026	872,103	2,169,377	1,692,496
Loans sold to Cagamas	-	239	-	1,121
Floating rate certificates of deposits	807	419	1,617	928
Borrowings	78,977	54,242	153,233	102,502
Subordinated notes	78,839	33,421	146,823	66,898
Subordinated bonds	34,481	40,606	67,852	85,680
Capital Securities	100,832	100,129	201,406	199,701
Net interest on derivatives	3,439	(10,230)	18,001	5,525
	1,499,018	1,176,785	2,978,041	2,310,561
Bank				
Deposits and placements of banks and other financial institutions	110,951	85,349	218,732	147,175
Deposits from customers	813,326	628,661	1,589,815	1,232,957
Loans sold to Cagamas	-	239	-	1,121
Floating rate certificates of deposits	807	419	1,617	928
Borrowings	13,178	7,717	24,094	10,412
Subordinated notes	78,839	33,421	146,823	66,898
Subordinated bonds	33,979	40,606	67,852	85,680
Capital Securities	100,832	100,129	201,406	199,701
Net interest on derivatives	(3,660)	(13,259)	3,373	(596)
	1,148,252	883,282	2,253,712	1,744,276

A18. Non-interest Income

<u>Group</u>				
(a) Fee income:				
Commission	204,910	172,831	391,696	338,856
Service charges and fees	244,202	278,754	595,097	532,181
Underwriting fees	9,558	10,805	18,087	14,760
Brokerage income	116,580	35,704	277,187	63,542
Other loans related fee income	132,261	143,664	285,072	280,876
	707,511	641,758	1,567,139	1,230,215
(b) Net gain/(loss) arising from:				
Sale of securities held-for trading	(4,982)	(2,256)	17,858	22,135
Sale of securities available-for-sale	70,499	148,969	271,636	253,680
Redemption of securities held-to-maturity	133	469	132	461
Net gain from sale of associate company	30,274	-	30,274	-
Net gain from sale of subsidiary company	(7)	-	2,052	-
	95,917	147,182	321,952	276,276
(c) Gross dividend from securities portfolio	11,157	3,559	19,780	13,164
(d) Unrealised gain/(loss) on revaluation of:				
- securities held-for-trading	22,039	(52,361)	(52,564)	(37,965)
- derivatives	(13,188)	66,049	(241,409)	237,733
	8,851	13,688	(293,973)	199,768
(e) Other income:				
Foreign exchange profit	230,374	185,116	529,283	179,884
Rental income	4,987	5,661	10,681	12,218
(Loss)/Gain on disposal of property and equipment (net)	(542)	1,279	4,998	4,819
Gain on disposal of foreclosed properties	373	849	782	1,291
Sale of development properties	11,805	-	53,560	-
Others	81,045	35,856	159,978	71,516
	328,042	228,761	759,282	269,728
Total non-interest income	1,151,478	1,034,948	2,374,180	1,989,151

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

Bank	2nd Quarter Ended		Cumulative 6 Months Ended	
	31 December 2011 RM'000	31 December 2010 RM'000	31 December 2011 RM'000	31 December 2010 RM'000
(a) Fee income:				
Commission	176,825	151,837	338,033	298,692
Service charges and fees	150,985	201,484	383,132	394,144
Underwriting fees	7,773	3,893	13,399	6,511
Brokerage income	3	12	649	209
Other loans related fee income	50,383	33,804	99,374	61,645
	385,969	391,030	834,587	761,201
(b) Net gain/(loss) arising from:				
Sale of securities held-for trading	(661)	159	23,872	17,089
Sale of securities available-for-sale	71,550	129,257	249,361	214,692
Gain on disposal and liquidation of subsidiaries	210	-	210	595
Redemption of securities held-to-maturity	133	469	132	461
	71,232	129,885	273,575	232,837
(c) Gross dividend income from:				
Securities portfolio	7,610	2,223	9,111	7,682
Subsidiary companies	46,134	186,547	358,026	186,547
Associated companies	-	-	5,231	5,913
	53,744	188,770	372,368	200,142
(d) Unrealised gain/(loss) on revaluation of:				
- securities held-for-trading	75,167	(45,562)	62,586	(35,518)
- derivatives	(20,705)	49,255	(237,213)	229,215
	54,462	3,693	(174,627)	193,697
(e) Other income:				
Foreign exchange profit	203,925	165,011	489,010	131,301
Rental income	4,914	5,418	10,288	11,540
Gain on disposal of property and equipment (net)	119	277	5,348	2,866
Others	25,690	10,455	50,660	12,067
	234,648	181,161	555,306	157,774
Total non-interest income	800,055	894,539	1,861,209	1,545,651

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A19. Overhead Expenses

<u>Group</u>	2nd Quarter Ended		Cumulative 6 Months Ended	
	31 December	31 December	31 December	31 December
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
Personnel costs				
- Salaries, allowances and bonuses	824,909	643,030	1,589,912	1,279,242
- Pension costs	83,350	78,720	171,992	155,954
- Shares/Options granted under Employee's Shares Scheme	20,089	-	56,848	-
- Others	143,228	116,444	277,963	235,665
	1,071,576	838,194	2,096,715	1,670,861
Establishment costs				
- Depreciation	53,207	40,266	104,363	81,248
- Amortisation of intangible assets	37,492	35,390	78,110	69,963
- Rental of leasehold land and premises	60,317	42,052	113,656	82,269
- Repairs and maintenance of property and equipment	39,401	31,808	81,583	59,289
- Information technology expenses	141,070	122,262	272,959	233,439
- Others	20,025	3,803	25,817	8,712
	351,512	275,581	676,488	534,920
Marketing expenses				
- Advertisement and publicity	112,271	100,822	178,608	166,663
- Others	30,647	22,776	61,515	44,236
	142,918	123,598	240,123	210,899
Administration and general expenses				
- Fees and brokerage	157,570	102,614	312,693	216,183
- Administrative expenses	165,108	121,155	293,291	212,560
- General expenses	156,515	166,159	269,030	270,393
- Cost of development properties	(2,440)	-	34,762	-
- Others	11,195	6,758	18,737	20,297
	487,948	396,686	928,513	719,433
	2,053,954	1,634,059	3,941,839	3,136,113

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A19. Overhead Expenses (cont'd.)

	2nd Quarter Ended		Cumulative 6 Months Ended	
	31 December 2011 RM'000	31 December 2010 RM'000	31 December 2011 RM'000	31 December 2010 RM'000
<u>Bank</u>				
Personnel costs				
- Salaries, allowances and bonuses	506,706	452,426	988,701	919,687
- Pension costs	70,196	69,495	146,784	138,930
- Shares/Options granted under Employee's Shares Scheme	10,852	-	41,765	-
- Others	73,488	83,088	160,091	150,415
	661,242	605,009	1,337,341	1,209,032
Establishment costs				
- Depreciation	28,228	27,736	56,642	57,218
- Amortisation of intangible assets	10,530	12,237	21,136	23,254
- Rental of leasehold land and premises	27,602	21,859	51,882	42,841
- Repairs and maintenance of property and equipment	16,308	15,753	33,668	32,879
- Information technology expenses	116,665	115,116	231,787	215,993
- Others	1,857	2,106	6,599	5,616
	201,190	194,807	401,714	377,801
Marketing expenses				
- Advertisement and publicity	63,510	44,876	94,714	76,632
- Others	25,581	21,436	51,886	41,248
	89,091	66,312	146,600	117,880
Administration and general expenses				
- Fees and brokerage	127,655	88,339	259,271	174,837
- Administrative expenses	66,674	70,379	126,778	114,007
- General expenses	33,047	85,437	62,862	118,590
- Others	340	2,666	1,753	4,184
	227,716	246,821	450,664	411,618
Overhead expenses allocated to subsidiaries	(126,564)	(110,860)	(263,431)	(222,921)
	1,052,675	1,002,089	2,072,888	1,893,410

A20. Allowances for Losses on Loans, Advances and Financing

	2nd Quarter Ended		Cumulative 6 Months Ended	
	31 December 2011 RM'000	31 December 2010 RM'000	31 December 2011 RM'000	31 December 2010 RM'000
<u>Group</u>				
Allowances for impaired loans and financing:				
- collective allowance made	213,563	104,019	503,870	256,869
- individual allowance made	284,956	282,795	535,890	634,930
- individual allowance written back	(92,192)	(79,793)	(296,458)	(169,387)
Impaired loans and financing written off	22,002	7,825	34,188	15,130
Impaired loans and financing recovered	(211,076)	(196,793)	(463,338)	(356,171)
Allowance made/(written back) for other debts	13,080	(540)	14,928	877
	230,333	117,513	329,080	382,248
<u>Bank</u>				
Allowances for impaired loans and financing:				
- collective allowance made	63,514	49,472	187,383	163,826
- individual allowance made	254,340	143,474	464,602	300,004
- individual allowance written back	(73,134)	(63,599)	(192,817)	(116,690)
Impaired loans and financing written off	21,114	6,408	32,243	11,831
Impaired loans and financing recovered	(143,179)	(130,550)	(326,977)	(219,761)
Allowance made/(written back) for other debts	793	531	1,707	(332)
	123,448	5,736	166,141	138,878

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A21. Segment Information

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

The Group is organised into four (4) 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 in Malaysia. 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 in Malaysia. 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 Malaysia

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 Markets Malaysia

Global markets comprise the full range of products and services relating to treasury activities and services, including foreign exchange, money market, derivatives and trading of capital market.

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A21. Segment Information (cont'd.)

(b) Global Wholesale Banking ("GWB") (cont'd.)

(iii) Investment Banking (Maybank IB and Kim Eng Group)

Investment banking comprises the investment banking and securities broking business. This segment focuses on business needs of mainly large corporate customers and financial institutions. The products and services offered to customers include corporate advisory services, bond issuance, equity issuance, syndicated acquisition advisory services, debt restructuring advisory services, and share and futures dealings.

(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.

(d) 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 management information reporting, the GWB performance is shown separately and comprises Corporate Banking and Global Market in Malaysia as well as the investment banking business, whilst the international banking performance comprises both the wholesale banking and CFS banking outside of Malaysia for example, Singapore and Indonesia.

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A21. Segment Information (cont'd.)

By Business Segments

Six Months Ended 31 December 2011	<===== Business Segments =====>							Total RM'000
	Community Financial Services RM'000	Corporate Banking RM'000	Global Markets RM'000	Investment Banking RM'000	International Banking RM'000	Insurance, Takaful and Asset Management RM'000	Head Office and Others RM'000	
Net interest income and Islamic banking income								
- external	2,621,474	574,796	311,919	125,771	1,606,402	25,754	(231,801)	5,034,315
- Inter-segment	-	-	-	(735)	(6,775)	9,411	(1,901)	-
	2,621,474	574,796	311,919	125,036	1,599,627	35,165	(233,702)	5,034,315
Net interest income and Islamic banking income	2,621,474	574,796	311,919	125,036	1,599,627	35,165	(233,702)	5,034,315
Net income from insurance business	-	-	-	-	-	418,828	-	418,828
Non-interest income	764,847	231,574	477,926	425,356	838,765	140,674	(504,962)	2,374,180
Net income	3,386,321	806,370	789,845	550,392	2,438,392	594,667	(738,664)	7,827,323
Overhead expenses	(1,674,045)	(188,444)	(128,797)	(481,647)	(1,255,661)	(213,245)	-	(3,941,839)
Allowance for losses on loans, advances and financing	(23,442)	(22,152)	-	(13,769)	(278,781)	9,064	-	(329,080)
Impairment losses on securities, net	-	-	(58,957)	(5,160)	1,697	(4,817)	-	(67,237)
Operating Profit	1,688,834	595,774	602,091	49,816	905,647	385,669	(738,664)	3,489,167
Share of profits in associates	-	-	-	2,619	71,615	-	-	74,234
Profit before taxation and zakat	1,688,834	595,774	602,091	52,435	977,262	385,669	(738,664)	3,563,401
Taxation and zakat								(887,071)
Profit after taxation and zakat								2,676,330
Non-controlling interest								(93,261)
Profit for the year								2,583,069

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A21. Segment Information (cont'd.)

By Business Segments

Six Months Ended 31 December 2010	<==== Business Segments =====>							Total RM'000
	<==== GWB =====>							
	Community Financial Services RM'000	Corporate Banking RM'000	Global Markets RM'000	Investment Banking RM'000	International Banking RM'000	Insurance, Takaful and Asset Management RM'000	Head Office and Others RM'000	
Net interest income and Islamic banking income								
- external	2,343,046	412,700	337,000	6,409	1,383,970	34,432	(198,711)	4,318,846
- Inter-segment	-	-	-	1,191	(3,470)	8,468	(6,189)	-
	<u>2,343,046</u>	<u>412,700</u>	<u>337,000</u>	<u>7,600</u>	<u>1,380,500</u>	<u>42,900</u>	<u>(204,900)</u>	<u>4,318,846</u>
Net interest income and Islamic banking income	2,343,046	412,700	337,000	7,600	1,380,500	42,900	(204,900)	4,318,846
Net income from insurance business	-	-	-	-	-	127,786	-	127,786
Non-interest income	641,901	181,600	475,040	136,800	758,900	124,310	(329,400)	1,989,151
Net income	<u>2,984,947</u>	<u>594,300</u>	<u>812,040</u>	<u>144,400</u>	<u>2,139,400</u>	<u>294,996</u>	<u>(534,300)</u>	<u>6,435,783</u>
Overhead expenses	(1,586,197)	(84,462)	(75,349)	(73,700)	(1,120,300)	(196,105)	-	(3,136,113)
Allowance for losses on loans, advances and financing	33,031	(70,704)	(71,600)	(1,192)	(271,517)	(266)	-	(382,248)
Impairment losses on securities, net	-	-	(6,201)	(7,956)	1,400	(7,465)	-	(20,222)
Operating Profit	<u>1,431,781</u>	<u>439,134</u>	<u>658,890</u>	<u>61,552</u>	<u>748,983</u>	<u>91,160</u>	<u>(534,300)</u>	<u>2,897,200</u>
Share of profits in associates	-	-	-	-	69,165	-	-	69,165
Profit before taxation and zakat	<u>1,431,781</u>	<u>439,134</u>	<u>658,890</u>	<u>61,552</u>	<u>818,148</u>	<u>91,160</u>	<u>(534,300)</u>	<u>2,966,365</u>
Taxation and zakat								(786,091)
Profit after taxation and zakat								<u>2,180,274</u>
Non-controlling interest								(26,912)
Profit for the year								<u>2,153,362</u>

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A22. Carrying Amount of Revalued Assets

The Group's and the Bank's property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. There was no change in the valuation of property and equipment that were brought forward from the previous audited annual financial statements for the year ended 30 June 2011.

A23. Subsequent Events

There were no material events subsequent to the reporting date, other than as disclosed in Note B6.

A24. Changes in the Composition of the Group

The changes to the composition of the Group during the financial period ended 31 December 2011 are further elaborated in Note B6.

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A25. Commitments and Contingencies

In the normal course of business, the Bank and its subsidiaries make various commitments and incur certain contingent liabilities with legal recourse to its customers. No material losses are anticipated as a result of these transactions.

The risk-weighted exposures of the Bank and its subsidiaries as at the following dates are as follows:

<u>Group</u>	As at 31 December 2011			As at 30 June 2011		
	Full commitment RM'000	Credit equivalent amount* RM'000	Risk weighted amount* RM'000	Full commitment RM'000	Credit equivalent amount* RM'000	Risk weighted amount* RM'000
<u>Credit-related</u>						
Direct credit substitutes	8,260,162	7,864,786	5,463,701	6,752,978	6,227,511	4,099,984
Certain transaction-related contingent items	13,333,375	5,797,032	4,339,391	11,877,557	5,432,538	4,249,138
Short-term self-liquidating trade-related contingencies	3,316,365	1,243,447	704,094	2,568,575	823,220	466,841
Islamic hire purchase loans sold to Cagamas Berhad	1,499,270	1,499,266	498,592	682,679	623,084	226,105
Obligations under underwriting agreements	30,000	15,000	15,000	-	-	-
Irrevocable commitments to extend credit:						
- maturity within one year	96,902,460	3,398,686	2,109,787	90,585,383	3,377,523	1,577,558
- maturity exceeding one year	19,584,365	11,669,069	4,829,809	17,429,274	6,027,366	2,818,245
Miscellaneous commitments and contingencies	8,782,439	97,824	73,043	9,605,986	95,365	71,442
Total credit-related commitment and contingencies	151,708,436	31,585,110	18,033,417	139,502,432	22,606,607	13,509,313

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A25. Commitments and Contingencies (cont'd.)

Group (cont'd.)

	As at 31 December 2011			As at 30 June 2011		
	Full commitment RM'000	Credit equivalent amount* RM'000	Risk weighted amount* RM'000	Full commitment RM'000	Credit equivalent amount* RM'000	Risk weighted amount* RM'000
<u>Derivative Financial Instruments</u>						
Foreign exchange related contracts:						
- less than one year	89,127,406	1,697,361	589,459	73,596,336	999,219	341,316
- one year to less than five years	16,635,830	61,824	52,846	12,391,864	98,952	65,569
- five years and above	827,609	45,053	44,520	605,885	54,096	52,937
	106,590,845	1,804,238	686,825	86,594,085	1,152,267	459,822
Interest rate related contracts:						
- less than one year	52,227,798	515,281	420,674	42,098,665	625,318	389,499
- one year to less than five years	50,556,677	3,275,364	1,408,777	17,922,122	2,944,133	1,495,547
- five years and above	9,176,736	1,133,644	528,435	5,120,193	733,014	316,936
	111,961,211	4,924,289	2,357,886	65,140,980	4,302,465	2,201,982
Equity and commodity related contracts:						
- less than one year	71,611	-	-	808,651	-	-
- one year to less than five years	377,592	-	-	155,607	-	-
	449,203	-	-	964,258	-	-
Total treasury-related commitments and contingencies	219,001,259	6,728,527	3,044,711	152,699,323	5,454,732	2,661,804
	370,709,695	38,313,637	21,078,128	292,201,755	28,061,339	16,171,117

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A25. Commitments and Contingencies (cont'd.)

<u>Bank</u>	As at 31 December 2011			As at 30 June 2011		
	Full commitment RM'000	Credit equivalent amount* RM'000	Risk weighted amount* RM'000	Full commitment RM'000	Credit equivalent amount* RM'000	Risk weighted amount* RM'000
<u>Credit-related</u>						
Direct credit substitutes	5,926,466	5,790,525	3,584,047	4,649,552	4,649,552	2,664,930
Certain transaction-related contingent items	11,673,152	4,944,380	3,558,588	10,543,747	4,935,629	3,801,327
Short-term self-liquidating trade-related contingencies	2,952,658	1,057,766	648,554	2,408,875	760,622	431,034
Obligations under underwriting agreements	-	-	-	-	-	-
Irrevocable commitments to extend credit:						
- maturity within one year	82,414,863	2,586,209	1,767,836	78,255,915	2,613,454	1,366,897
- maturity exceeding one year	16,410,180	10,258,612	4,369,422	15,431,262	5,632,158	2,648,543
Miscellaneous commitments and contingencies	8,475,251	97,824	73,043	9,576,083	95,365	71,442
Total credit-related commitment and contingencies	127,852,570	24,735,316	14,001,490	120,865,434	18,686,780	10,984,173

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A25. Commitments and Contingencies (cont'd.)

	As at 31 December 2011			As at 30 June 2011		
	Full commitment RM'000	Credit equivalent amount* RM'000	Risk weighted amount* RM'000	Full commitment RM'000	Credit equivalent amount* RM'000	Risk weighted amount* RM'000
<u>Bank (cont'd.)</u>						
<u>Derivative Financial Instruments</u>						
Foreign exchange related contracts:						
- less than one year	84,129,446	1,598,591	534,060	69,241,688	974,508	330,847
- one year to less than five years	13,766,757	61,824	52,846	11,703,995	98,952	65,569
- five years and above	827,609	43,500	42,967	605,885	54,096	52,937
	98,723,812	1,703,915	629,873	81,551,568	1,127,556	449,353
Interest rate related contracts:						
- less than one year	52,092,953	245,271	150,835	39,794,395	618,202	386,088
- one year to less than five years	48,442,901	3,138,356	1,349,099	17,674,164	2,899,881	1,473,840
- five years and above	8,931,398	1,118,606	524,691	4,996,206	733,014	344,942
	109,467,252	4,502,233	2,024,625	62,464,765	4,251,097	2,204,870
Equity and commodity related contracts:						
- less than one year	58,934	-	-	808,651	-	-
- one year to less than five years	377,592	-	-	155,607	-	-
	436,526	-	-	964,258	-	-
Total treasury-related commitments and contingencies	208,627,590	6,206,148	2,654,498	144,980,591	5,378,653	2,654,223
	336,480,160	30,941,464	16,655,988	265,846,025	24,065,433	13,638,396

* The credit equivalent amount and the risk weighted amount are arrived at using credit conversion factors and risk weights, respectively as specified by Bank Negara Malaysia.

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A25. Commitments and Contingencies (cont'd.)

- (i) The Group's and the Bank's derivative financial instruments are subject to market, credit and liquidity risk, as follows:

Market Risk

Market risk on derivatives is the potential loss to the value of these contracts due to changes in price of the underlying items such as equities, interest rates, foreign exchange, credit spreads, commodities or other indices. The notional or contractual amounts provide only the volume of transactions outstanding at the reporting date and do not represent the amount at risk. Exposure to market risk may be reduced through offsetting items from on and off-balance sheet positions.

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 31 December 2011, the amount of credit risk in the Group, measured in terms of the cost to replace the profitable contracts, was RM1,954.5 million (30 June 2011: RM1,652.2 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.

Liquidity Risk

Liquidity risk on derivatives is the risk that the derivative position cannot be closed out promptly. Exposure to liquidity risk is reduced through contracting derivatives where the underlying items are widely traded.

- (ii) Cash requirements of the derivatives

Cash requirements of the derivatives may arise from margin requirements to post cash collateral with counterparties as fair value moves beyond the agreed upon threshold limits in the counterparties' favour, or upon downgrade in the Bank's credit ratings. As at 31 December 2011, the Group and the Bank have posted cash collateral of RM232.8 million (30 June 2011: RM143.2 million) on their derivative contracts.

- (iii) There have been no changes since the end of the previous financial year in respect of the following:

- (a) the types of derivative financial contracts entered into and the rationale for entering into such contracts, as well as the expected benefits accruing from these contracts;
- (b) the risk management policies in place for mitigating and controlling the risks associated with these financial derivative contracts; and
- (c) the related accounting policies.

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A26. Capital Adequacy

(a) Compliance and Application of Capital Adequacy Ratios

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") 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% (2011: 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") under Standardised Approach for credit and market, whereas operational risk is under the Basic Indicator Approach. The minimum regulatory capital adequacy requirement is 8% (2011: 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% (2011: 8%) for the risk-weighted capital ratios. However, for disclosure at Maybank Group level, the computation is based on the capital adequacy rules of the overseas jurisdiction (parent company) namely Maybank Group, using Basel II RWCAF rules, as PT Bank Internasional Indonesia Tbk is considered a significant overseas subsidiary.

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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 32 sen (net 24 sen) per ordinary share which can be elected to be reinvested in new ordinary shares in accordance with the Dividend Reinvestment Plan.

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 electable portion dividend are as follows:

	Group		Bank	
	31 December 2011	30 June 2011	31 December 2011	30 June 2011
Before deducting proposed dividend*:				
Core capital ratio	11.74%	11.93%	15.80%	13.44%
Risk-weighted capital ratio	16.46%	15.45%	15.80%	13.44%
After deducting proposed dividend:				
Core capital ratio, assuming:				
- full electable portion paid in cash	10.95%	11.21%	14.73%	12.49%
- full electable portion reinvested	11.65%	11.84%	15.68%	13.32%
Risk-weighted capital ratio, assuming:				
- full electable portion paid in cash	15.66%	14.72%	14.73%	12.49%
- full electable portion reinvested	16.37%	15.36%	15.68%	13.32%

* In arriving at the capital based used in the ratio calculations of the Group and the Bank, the proposed dividends were not deducted.

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A26. Capital Adequacy (cont'd.)

(c) Components of Tier I and Tier II capital:

	Group		Bank	
	31 December 2011 RM '000	30 June 2011 RM '000	31 December 2011 RM '000	30 June 2011 RM '000
<u>Tier I capital</u>				
Paid-up share capital	7,639,437	7,478,206	7,639,437	7,478,206
Share premium	9,598,847	8,583,711	9,598,847	8,583,711
Other reserves	14,570,375	14,779,856	12,473,444	11,790,065
Capital securities	6,057,884	6,065,486	6,057,884	6,065,486
	37,866,543	36,907,259	35,769,612	33,917,468
Less: Deferred tax assets ¹	(1,406,712)	(1,383,388)	(867,163)	(920,837)
Less: Goodwill ¹	(6,031,401)	(6,049,900)	(81,015)	(81,015)
Total Tier I capital	30,428,430	29,473,971	34,821,434	32,915,616
<u>Tier II capital</u>				
Subordinated obligations	13,889,529	10,732,475	12,491,343	9,458,980
Collective allowance for bad and doubtful debts ⁴	892,370	995,632	430,448	449,884
Surplus of total EP over total EL ³	359,978	-	384,425	-
Total Tier II capital	15,141,877	11,728,107	13,306,216	9,908,864
Total capital	45,570,307	41,202,078	48,127,650	42,824,480
Less: Investment in subsidiary companies and associates ²	(2,891,773)	(2,924,965)	(17,467,920)	(17,457,434)
Less: Other deductions				
Liquidity reserve	-	(1,492)	-	(1,492)
Securitisation exposures held in the banking book	(31,383)	(16,796)	(31,383)	(16,796)
Excess of EL ³ over EP ³	-	(108,217)	-	(37,149)
Capital base	42,647,151	38,150,608	30,628,347	25,311,609

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

² Excludes the cost of investment in subsidiary companies and associates, except for: (i) Myfin Berhad of RM18,993,759, as its business, assets and liabilities have been transferred to the Bank; (ii) Maybank International (L) Ltd. of RM176,385,000, as its assets are included in the Bank's risk-weighted assets. For the Group, the cost of investment in insurance companies and associates are deducted from capital base.

³ EP is defined as eligible provision and EL is defined as expected loss.

⁴ Excluding collective allowance for certain loans, advances and financing.

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 and Maybank International (L) Ltd. as disclosed above).

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A26. Capital Adequacy (cont'd.)

d) The capital adequacy ratios of the banking subsidiaries of Group are as follows:

	Maybank Islamic Berhad	Maybank Investment Bank Berhad	PT Bank Internasional Indonesia Tbk
<u>31 December 2011</u>			
Before deducting proposed dividends*:			
Core capital ratio	9.89%	21.58%	-
Risk-weighted capital ratio	12.61%	21.58%	11.83%
After deducting proposed dividends:			
Core capital ratio	9.32%	21.58%	-
Risk-weighted capital ratio	12.04%	21.58%	11.83%
<u>30 June 2011</u>			
Before deducting proposed dividends*:			
Core capital ratio	10.31%	24.72%	-
Risk-weighted capital ratio	13.02%	24.72%	13.06%
After deducting proposed dividends:			
Core capital ratio	9.46%	24.72%	-
Risk-weighted capital ratio	12.17%	24.72%	13.06%

* In arriving at the capital base used in the ratio calculations of banking subsidiaries of the Group, the proposed dividend for respective financial period/year were not deducted.

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A26. Capital Adequacy (cont'd.)

e) The breakdown of Assets and Credit Equivalent values (including Off-Balance Sheet items) according to Risk-Weights is as follows:

At 31 December 2011

	Group RM'000	Bank RM'000	Maybank Islamic Berhad RM'000	Maybank Investment Bank Berhad RM'000	PT Bank Internasional Indonesia Tbk RM'000
Standardised Approach exposure	70,655,914	38,834,291	4,153,679	1,025,361	24,360,349
IRB Approach exposure after scaling factor	153,100,201	128,719,436	28,214,051	-	-
Total risk-weighted assets for credit risk	223,756,115	167,553,727	32,367,730	1,025,361	24,360,349
Total risk-weighted assets for credit risk absorbed by Malayan Banking Berhad*	-	-	(205,926)	-	-
Total risk-weighted assets for market risk	10,379,265	8,376,674	307,942	713,316	275,124
Total risk-weighted assets for operational risk	24,983,371	17,970,181	2,573,751	540,741	3,197,593
Additional risk-weighted assets due to capital floor	-	-	3,891,670	-	-
Total risk-weighted assets	259,118,751	193,900,582	38,935,167	2,279,418	27,833,066

At 30 June 2011

	Group RM'000	Bank RM'000	Maybank Islamic Berhad RM'000	Maybank Investment Bank Berhad RM'000	PT Bank Internasional Indonesia Tbk RM'000
Standardised Approach exposure	60,236,549	31,459,666	3,753,922	1,040,223	21,381,949
IRB Approach exposure after scaling factor	147,528,075	129,381,636	23,571,746	-	-
Total risk-weighted assets for credit risk	207,764,624	160,841,302	27,325,668	1,040,223	21,381,949
Total risk-weighted assets for credit risk absorbed by Malayan Banking Berhad*	-	-	(206,402)	-	-
Total risk-weighted assets for market risk	15,991,249	9,692,832	149,810	156,475	270,737
Total risk-weighted assets for operational risk	23,223,860	17,738,110	2,334,044	476,309	3,215,865
Additional risk-weighted assets due to capital floor	-	-	7,154,554	-	-
Total risk-weighted assets	246,979,733	188,272,244	36,757,674	1,673,007	24,868,551

* In accordance with BNM's guideline on the recognition and measurement of Restricted Profit Sharing Investment Account ("RPSIA") as Risk Absorbent, the credit risk on the assets funded by the RPSIA are excluded from the risk weighted capital ("RWCR") calculation.

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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 the reporting 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	Fair Value		Principal	Fair Value	
<u>As at 31 December 2011</u>	Amount	Assets	Liabilities	Amount	Assets	Liabilities
	RM'000	Amount	Amount	RM'000	Amount	Amount
		RM'000	RM'000		RM'000	RM'000
Trading derivatives						
<u>Foreign exchange related contracts</u>						
Currency forward						
- Less than one year	24,461,736	247,713	(116,156)	19,513,855	198,500	(78,223)
- One year to three years	2,538,409	6,875	(1,566)	287,337	6,875	(1,566)
- More than three years	277,627	7,367	(98)	277,627	7,367	(98)
	<u>27,277,772</u>	<u>261,955</u>	<u>(117,820)</u>	<u>20,078,819</u>	<u>212,742</u>	<u>(79,887)</u>
Currency swaps						
- Less than one year	49,516,752	445,706	(628,263)	49,516,752	445,706	(628,263)
- One year to three years	334,788	6,232	(3,026)	334,788	6,232	(3,026)
- More than three years	277,627	111	(6,280)	277,627	111	(6,280)
	<u>50,129,167</u>	<u>452,049</u>	<u>(637,569)</u>	<u>50,129,167</u>	<u>452,049</u>	<u>(637,569)</u>
Currency spots						
- Less than one year	7,111,247	3,718	(1,185)	7,061,168	3,704	(1,166)
- One year to three years	-	-	-	-	-	-
- More than three years	-	-	-	-	-	-
	<u>7,111,247</u>	<u>3,718</u>	<u>(1,185)</u>	<u>7,061,168</u>	<u>3,704</u>	<u>(1,166)</u>
Currency options						
- Less than one year	4,854,026	24,068	(19,029)	4,854,026	24,068	(19,029)
- One year to three years	-	-	-	-	-	-
- More than three years	-	-	-	-	-	-
	<u>4,854,026</u>	<u>24,068</u>	<u>(19,029)</u>	<u>4,854,026</u>	<u>24,068</u>	<u>(19,029)</u>
Cross currency interest rate swaps						
- Less than one year	2,378,245	9,269	(718)	2,378,245	10,620	(718)
- One year to three years	4,123,567	88,681	(80,564)	4,123,567	88,681	(80,564)
- More than three years	6,501,545	96,743	(48,083)	6,201,045	96,743	(48,083)
	<u>13,003,357</u>	<u>194,693</u>	<u>(129,365)</u>	<u>12,702,857</u>	<u>196,044</u>	<u>(129,365)</u>
<u>Interest rate derivatives</u>						
Interest rate swaps						
- Less than one year	14,504,033	13,168	(76,662)	14,504,033	53,059	(76,662)
- One year to three years	25,737,833	202,322	(199,308)	25,737,833	202,322	(199,308)
- More than three years	27,616,252	453,094	(611,730)	27,616,252	453,094	(611,730)
	<u>67,858,118</u>	<u>668,584</u>	<u>(887,700)</u>	<u>67,858,118</u>	<u>708,475</u>	<u>(887,700)</u>
Interest rate futures						
- Less than one year	36,555,927	60,238	(60,238)	36,555,927	60,238	(60,238)
- One year to three years	-	-	-	-	-	-
- More than three years	-	-	-	-	-	-
	<u>36,555,927</u>	<u>60,238</u>	<u>(60,238)</u>	<u>36,555,927</u>	<u>60,238</u>	<u>(60,238)</u>
Interest rate options						
- Less than one year	616,051	8,762	-	580,551	8,762	-
- One year to three years	1,422,250	14,601	(7,447)	1,422,250	14,601	(7,447)
- More than three years	756,079	2,263	(82,816)	556,079	1,541	(41,935)
	<u>2,794,380</u>	<u>25,626</u>	<u>(90,263)</u>	<u>2,558,880</u>	<u>24,904</u>	<u>(49,382)</u>

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A27. Derivative Financial Instruments (cont'd.)

	Group			Bank		
	Principal	Fair Value		Principal	Fair Value	
As at 31 December 2011	Amount	Assets	Liabilities	Amount	Assets	Liabilities
	RM'000	Amount	Amount	RM'000	Amount	Amount
		RM'000	RM'000		RM'000	RM'000
<u>Trading derivatives (cont'd.)</u>						
<u>Equity related derivatives</u>						
Equity options						
- Less than one year	71,612	-	(7,752)	58,935	-	-
- One year to three years	220,543	327	-	220,543	327	-
- More than three years	104,348	7,564	(7,564)	104,348	7,564	(7,564)
	<u>396,503</u>	<u>7,891</u>	<u>(15,316)</u>	<u>383,826</u>	<u>7,891</u>	<u>(7,564)</u>
Commodity options						
- Less than one year	-	-	-	-	-	-
- One year to three years	-	-	-	-	-	-
- More than three years	52,700	3,267	(3,267)	52,700	3,267	(3,267)
	<u>52,700</u>	<u>3,267</u>	<u>(3,267)</u>	<u>52,700</u>	<u>3,267</u>	<u>(3,267)</u>
<u>Hedging derivatives</u>						
Interest rate swaps						
- Less than one year	551,788	536	(12,030)	452,443	-	(9,119)
- One year to three years	3,059,907	611	(121,903)	1,530,447	611	(121,673)
- More than three years	1,141,091	-	(51,019)	511,437	-	(50,767)
	<u>4,752,786</u>	<u>1,147</u>	<u>(184,952)</u>	<u>2,494,327</u>	<u>611</u>	<u>(181,559)</u>
Cross currency interest rate swaps						
- Less than one year	805,400	74,214	(4,063)	805,400	74,214	(4,063)
- One year to three years	2,035,964	142,067	(10,794)	2,035,964	142,067	(10,794)
- More than three years	1,373,912	34,959	(1,148)	1,056,411	39,070	(1,148)
	<u>4,215,276</u>	<u>251,240</u>	<u>(16,005)</u>	<u>3,897,775</u>	<u>255,351</u>	<u>(16,005)</u>
Total derivative assets / (liabilities)	<u>219,001,259</u>	<u>1,954,476</u>	<u>(2,162,709)</u>	<u>208,627,590</u>	<u>1,949,344</u>	<u>(2,072,731)</u>

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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 2011</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>Trading derivatives</u>						
<u>Foreign exchange related contracts</u>						
Currency forward						
- Less than one year	22,154,987	115,780	(128,485)	17,215,104	78,689	(91,170)
- One year to three years	428,114	11,639	(13,146)	428,114	11,639	(13,146)
- More than three years	290,945	18,349	(111)	290,945	18,349	(111)
	<u>22,874,046</u>	<u>145,768</u>	<u>(141,742)</u>	<u>17,934,163</u>	<u>108,677</u>	<u>(104,427)</u>
Currency swaps						
- Less than one year	43,497,687	298,339	(228,440)	43,497,687	298,339	(228,440)
- One year to three years	589,231	19,791	(7,071)	589,231	19,791	(7,071)
- More than three years	290,944	123	(17,160)	290,945	123	(17,160)
	<u>44,377,862</u>	<u>318,253</u>	<u>(252,671)</u>	<u>44,377,863</u>	<u>318,253</u>	<u>(252,671)</u>
Currency spots						
- Less than one year	2,305,804	8,571	(15,047)	2,203,170	8,541	(14,977)
- One year to three years	-	-	-	-	-	-
- More than three years	-	-	-	-	-	-
	<u>2,305,804</u>	<u>8,571</u>	<u>(15,047)</u>	<u>2,203,170</u>	<u>8,541</u>	<u>(14,977)</u>
Currency options						
- Less than one year	4,546,215	13,388	(8,344)	4,546,215	13,388	(8,344)
- One year to three years	-	-	-	-	-	-
- More than three years	-	-	-	-	-	-
	<u>4,546,215</u>	<u>13,388</u>	<u>(8,344)</u>	<u>4,546,215</u>	<u>13,388</u>	<u>(8,344)</u>
Cross currency interest rate swaps						
- Less than one year	607,365	26,284	(26,006)	607,365	26,284	(26,006)
- One year to three years	3,495,130	182,155	(53,499)	3,495,130	182,155	(53,499)
- More than three years	5,307,678	87,568	(162,431)	5,307,678	87,568	(162,431)
	<u>9,410,173</u>	<u>296,007</u>	<u>(241,936)</u>	<u>9,410,173</u>	<u>296,007</u>	<u>(241,936)</u>
<u>Interest rate derivatives</u>						
Interest rate swaps						
- Less than one year	12,300,584	105,386	(113,058)	10,700,584	104,483	(112,623)
- One year to three years	23,972,146	162,163	(183,755)	23,972,146	162,163	(183,755)
- More than three years	21,713,328	191,563	(233,589)	21,713,328	206,964	(233,588)
	<u>57,986,058</u>	<u>459,112</u>	<u>(530,402)</u>	<u>56,386,058</u>	<u>473,610</u>	<u>(529,966)</u>
Interest rate futures						
- Less than one year	1,252,719	281	-	1,252,719	243	-
- One year to three years	-	-	-	-	-	-
- More than three years	-	-	-	-	-	-
	<u>1,252,719</u>	<u>281</u>	<u>-</u>	<u>1,252,719</u>	<u>243</u>	<u>-</u>
Interest rate options						
- Less than one year	610,117	2,431	(44,206)	36,813	-	-
- One year to three years	1,483,240	14,548	-	1,483,240	14,548	-
- More than three years	872,904	1,110	(105,905)	872,904	1,110	(105,905)
	<u>2,966,261</u>	<u>18,089</u>	<u>(150,111)</u>	<u>2,392,957</u>	<u>15,658</u>	<u>(105,905)</u>

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A27. Derivative Financial Instruments (cont'd.)

	Group			Bank		
	Principal Amount RM'000	Fair Value		Principal Amount RM'000	Fair Value	
As at 30 June 2011	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>Trading derivatives (cont'd.)</u>						
<u>Equity related derivatives</u>						
Equity options						
- Less than one year	808,651	1,686	(6,443)	808,654	1,011	(1,011)
- One year to three years	44,468	2,231	(2,231)	44,468	2,231	(2,231)
- More than three years	55,074	5,822	(5,822)	55,074	5,822	(5,822)
	<u>908,193</u>	<u>9,739</u>	<u>(14,496)</u>	<u>908,196</u>	<u>9,064</u>	<u>(9,064)</u>
Commodity options						
- Less than one year	-	-	-	-	-	-
- One year to three years	-	-	-	-	-	-
- More than three years	56,065	4,766	(4,766)	56,065	4,766	(4,766)
	<u>56,065</u>	<u>4,766</u>	<u>(4,766)</u>	<u>56,065</u>	<u>4,766</u>	<u>(4,766)</u>
<u>Hedging derivatives</u>						
Interest rate swaps						
- Less than one year	532,917	1	(46,117)	411,020	1	(45,951)
- One year to three years	516,860	1	(46,539)	441,263	1	(46,539)
- More than three years	1,886,165	324	(79,661)	1,580,744	324	(79,661)
	<u>2,935,942</u>	<u>326</u>	<u>(172,317)</u>	<u>2,433,027</u>	<u>326</u>	<u>(172,151)</u>
Cross currency interest rate swaps						
- Less than one year	-	-	-	-	-	-
- One year to three years	2,472,085	316,017	(2,103)	2,472,085	316,017	(2,104)
- More than three years	607,900	61,865	-	607,900	61,865	-
	<u>3,079,985</u>	<u>377,882</u>	<u>(2,103)</u>	<u>3,079,985</u>	<u>377,882</u>	<u>(2,104)</u>
Total derivative assets / (liabilities)	<u>152,699,323</u>	<u>1,652,182</u>	<u>(1,533,935)</u>	<u>144,980,591</u>	<u>1,626,415</u>	<u>(1,446,311)</u>

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A28. Credit Exposure Arising From Credit Transactions With Connected Parties

	Group		Bank	
	31 December 2011	30 June 2011	31 December 2011	30 June 2011
Outstanding credit exposures with connected parties (RM'000)	<u>24,765,729</u>	<u>26,226,304</u>	<u>22,922,705</u>	<u>21,934,288</u>
Percentage of outstanding credit exposures to connected parties as proportion of total credit exposures	<u>9.0%</u>	<u>10.3%</u>	<u>11.8%</u>	<u>12.1%</u>
Percentage of outstanding credit exposures to connected parties which is non-performing or in default	<u>0.0%</u>	<u>0.0%</u>	<u>0.0%</u>	<u>0.0%</u>

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

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A29. The Operations of Islamic Banking Scheme

A29a. Audited Income Statements for the Quarter and Financial Period Ended 31 December 2011

<u>Group</u>	2nd Quarter Ended		Cumulative 6 Months Ended	
	31 December 2011 RM'000	31 December 2010 RM'000	31 December 2011 RM'000	31 December 2010 RM'000
Income derived from investment of depositors' funds	761,760	586,008	1,585,183	1,143,199
Expenses directly attributable to depositors and Islamic Banking Funds	(19,521)	(9,430)	(36,625)	(16,498)
Transfer to profit equalisation reserve	-	(6,896)	-	(49,050)
Gross attributable income	742,239	569,682	1,548,558	1,077,651
Allowance for losses on financing and advances	(31,301)	(7,559)	(61,343)	(11,655)
Total attributable income	710,938	562,123	1,487,215	1,065,996
Income attributable to the depositors	(378,185)	(252,820)	(729,158)	(479,531)
Income attributable to the Group	332,753	309,303	758,057	586,465
Income derived from investment of Islamic Banking Funds	112,178	59,525	155,131	101,492
	444,931	368,828	913,188	687,957
Finance cost	(10,607)	-	(21,186)	-
Overhead expenses	(159,449)	(134,141)	(324,877)	(258,011)
Profit before taxation and zakat	274,875	234,687	567,125	429,946
Taxation	(67,609)	(57,539)	(136,866)	(105,092)
Zakat	(905)	(2,654)	(5,673)	(4,198)
Profit for the period	206,361	174,494	424,586	320,656

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

<u>Group</u>	2nd Quarter Ended		Cumulative 6 Months Ended	
	31 December 2011 RM'000	31 December 2010 RM'000	31 December 2011 RM'000	31 December 2010 RM'000
Gross attributable income	742,239	569,682	1,548,558	1,077,651
Income derived from investment of Islamic Banking Funds	112,178	59,525	155,131	101,492
Total income before allowance for losses on financing and advances and overhead expenses	854,417	629,207	1,703,689	1,179,143
Income attributable to the depositors	(378,185)	(252,820)	(729,158)	(479,531)
	476,232	376,387	974,531	699,612
Finance cost	(10,607)	-	(21,186)	-
Net of intercompany income & expenses	26,082	16,489	54,692	31,467
Income from Islamic Banking Scheme	491,707	392,876	1,008,037	731,079

(The income statements for the cumulative six months and second quarter ended 31 December 2010 have not been audited)

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A29. The Operations of Islamic Banking Scheme (cont'd.)

A29b. Audited Statements of Comprehensive Income for the Quarter and Financial Period Ended 31 December 2011

Group	2nd Quarter Ended		Cumulative 6 Months Ended	
	31 December 2011 RM'000	31 December 2010 RM'000	31 December 2011 RM'000	31 December 2010 RM'000
Profit for the period	206,361	174,494	424,586	320,656
Other comprehensive income/(loss):				
Currency translation differences in respect of foreign operations	3,071	(74)	3,438	(132)
Net gain/(loss) on revaluation of financial investments available-for-sale	11,468	(40,741)	48,652	3,793
Income tax relating to components of other comprehensive income	(2,905)	9,627	(12,220)	463
Other comprehensive income/(loss) for the period, net of tax	11,634	(31,188)	39,870	4,124
Total comprehensive income for the period	217,995	143,306	464,456	324,780

(The statements of comprehensive income for the cumulative six months and second quarter ended 31 December 2010 have not been audited)

A29c. Audited Statements of Financial Position as at 31 December 2011

Group	Note	31 December 2011 RM'000	30 June 2011 RM'000
ASSETS			
Cash and short-term funds		8,971,617	9,684,169
Deposits and placements with banks and other financial institutions		429,910	394,136
Securities portfolio		8,640,930	6,823,392
Financing and advances	A29d	50,926,004	46,244,031
Deferred tax assets		178,148	161,550
Derivative assets		28,198	14,646
Other assets		4,492,748	4,737,314
Statutory deposit with Bank Negara Malaysia		1,834,800	913,900
Intangible assets		3,701	918
Property, plant and equipment		2,551	347
Total Assets		75,508,607	68,974,403
LIABILITIES			
Deposits from customers	A29e	59,090,400	50,890,270
Deposit and placements of banks and other financial institutions		9,449,458	11,292,077
Bills and acceptances payable		504,237	1,115,350
Derivatives liabilities		96,179	53,504
Other liabilities		193,515	175,494
Provision for taxation and zakat		109,256	52,931
Subordinated Sukuk	A29f	1,010,723	1,010,637
Total Liabilities		70,453,768	64,590,263
ISLAMIC BANKING FUNDS			
Islamic Banking Funds		943,296	459,287
Reserves		4,111,543	3,924,853
Total Liabilities and Islamic Banking Funds		75,508,607	68,974,403
COMMITMENTS AND CONTINGENCIES			
		22,853,525	18,643,612

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A29. The Operations of Islamic Banking Scheme (cont'd.)

A29d. Financing and Advances

	Group	
	31 December 2011 RM'000	30 June 2011 RM'000
Cashline	2,103,900	2,027,371
Term financing		
- Housing financing	7,275,137	6,237,944
- Syndicated financing	632,750	235,582
- Hire purchase receivables	18,167,588	18,198,072
- Other financing	43,787,468	37,591,734
Bills receivable	4,610	2,201
Trust receipts	204,263	170,724
Claims on customers under acceptance credits	3,507,816	3,648,182
Staff financing	427,004	782,675
Credit card receivables	340,254	307,454
Revolving credits	4,315,880	3,319,247
	<u>80,766,670</u>	<u>72,521,186</u>
Unearned income	<u>(28,894,399)</u>	<u>(25,341,649)</u>
Gross financing and advances*	51,872,271	47,179,537
Allowance for bad and doubtful financing:		
- individual allowance	(298,840)	(354,688)
- collective allowance	<u>(647,427)</u>	<u>(580,818)</u>
Net financing and advances	<u>50,926,004</u>	<u>46,244,031</u>

* Included in financing and advances are exposures to Restricted Profit Sharing Investment Accounts ("RPSIA"), an arrangement between Maybank Islamic Berhad and the Bank, where the risks and rewards of the RPSIA will be accounted by the Bank including the collective and individual allowances for the impaired financing arising thereon.

A29d. (i) Movements in impaired financing and advances are as follows:

	Group	
	31 December 2011 RM'000	30 June 2011 RM'000
At beginning of the period/year	928,549	1,155,639
Impaired during the period/year	316,586	770,551
Recovered/regularised during the period/year	(340,991)	(700,306)
Amount written off	(101,619)	(326,880)
Expenses debited to customers' accounts	9,448	29,545
At end of the period/year	<u>811,973</u>	<u>928,549</u>
Less: Individual allowance	<u>(298,840)</u>	<u>(354,688)</u>
Net impaired financing and advances	<u>513,133</u>	<u>573,861</u>
Gross financing and advances (excluding RPSIA financing)	51,222,271	46,529,537
Less:		
- Individual allowance	<u>(298,840)</u>	<u>(354,688)</u>
Net financing and advances	<u>50,923,431</u>	<u>46,174,849</u>
Ratio of net impaired financing and advances	<u>1.01%</u>	<u>1.24%</u>

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A29. The Operations of Islamic Banking Scheme (cont'd.)

A29d. (ii) Movement in the allowance for impaired financing and advances are as follows:

	Group	
	31 December 2011 RM'000	30 June 2011 RM'000
<u>Individual allowance</u>		
At beginning of the period/year	354,688	473,823
Allowance made during the period/year	28,449	94,775
Amount written back	(38,004)	(41,822)
Amount written off	(45,554)	(165,650)
Amount transfer to collective allowance	(739)	(6,438)
At end of the period/year	<u>298,840</u>	<u>354,688</u>
<u>Collective allowance</u>		
At beginning of the period/year	580,818	713,938
Amount transfer from MILL conventional banking	4,153	-
Amount transfer from MSI from conventional banking	-	3,925
Allowance made during the period/year *	117,604	17,668
Amount written off	(56,065)	(161,230)
Amount transfer from individual allowance	739	6,438
Exchange difference	178	79
At end of the period/year	<u>647,427</u>	<u>580,818</u>
As a percentage of gross financing and advances less individual allowance	<u>1.27%</u>	<u>1.26%</u>

* As at 31 December 2011, the gross exposures to RPSIA financing is RM650.0 million (30.6.2011: RM650.0 million) is excluded from gross financing and advances for the individual and collective allowance computation. The collective allowance relating to this RPSIA amounting RM1.5 million (30.6.2011: RM1.8 million) is recognised in the Bank. There was no individual allowance provided on this RPSIA financing.

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A29. The Operations of Islamic Banking Scheme (cont'd.)

A29e. Deposits from Customers

	Group	
	31 December	30 June
	2011	2011
	RM'000	RM'000
(i) By type of deposit		
<u>Mudharabah Fund</u>		
Demand deposits	3,603,096	3,777,414
Savings deposits	508,499	423,091
General Investment deposits	20,917,948	17,146,396
Negotiable instruments of deposits	257,716	242,829
	25,287,259	21,589,730
<u>Non-Mudharabah Fund</u>		
Demand deposits	5,866,894	5,734,190
Savings deposits	6,689,436	6,178,284
Fixed return investment deposits	21,046,377	16,845,483
Structured deposits	200,434	542,583
	33,803,141	29,300,540
Total deposit from customers	59,090,400	50,890,270

A29f. Subordinated Sukuk

	Group	
	31 December	30 June
	2011	2011
	RM'000	RM'000
RM1.0 billion Islamic Subordinated Sukuk due in 2021	1,010,723	1,010,637

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Part B: Explanatory Notes Pursuant to Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad

B1. Performance Review

(i) Current Period-to-Date vs Previous Corresponding Period-to-Date

The Group posted profit after tax attributable to equity holders of RM2,583.1 million for the 6 months financial period ended 31 December 2011, an increase of RM429.7 million or 20.0% over the corresponding 6 months financial period ended 31 December 2010.

The Group's net interest income and Islamic banking income for the 6 months financial period ended 31 December 2011 increased by RM715.5 million or 16.6% compared to the corresponding 6 months financial period ended 31 December 2010. This is largely due to the 23.7% year-on-year growth in Group's gross loans and advances (including Islamic finance).

Non-interest income of the Group for the 6 months financial period ended 31 December 2011 increased by RM385.0 million or 19.4% compared to the corresponding 6 months financial period ended 31 December 2010. The increase is mainly attributed to the fee income of RM249.6 million contributed by Kim Eng Group during the 6 months financial period ended 31 December 2011 whereas in the preceding corresponding period, Kim Eng Group's financial results were not consolidated as the Kim Eng Group acquisition was completed in May 2011.

The Group's overhead expenses for the 6 months financial period ended 31 December 2011 increased by RM805.7 million or 25.7% compared to the corresponding 6 months financial period ended 31 December 2010. The major contributors to the increase in overhead expenses were Kim Eng Group (NIL in previous corresponding period), PT Bank Internasional Indonesia Tbk ("BII") and the Bank itself. The Group's personnel costs increased by RM425.9 million and were 52.9% of the total increase in Group's overhead expenses of RM805.7 million.

Allowance for losses on loans, advances and financing decreased by RM53.2 million or 13.9% to RM329.1 million. The decrease was mainly due to higher recoveries and lower individual allowances, but was mitigated by the increase in collective allowances due to the growth in loans, advances and financing. Assets quality continued to improve with net impaired loans ratio improving to 1.87% as at 31 December 2011, compared to 2.25% as at 30 June 2011.

The improvement in Group's profit before tax can be further analysed based on the operating segment of the Group as follows:

Community Financial Services ("CFS"), Malaysia

CFS' profit before tax increased by RM257.1 million or 18.0% to RM1,688.8 million for the 6 months financial period ended 31 December 2011 from RM1,431.8 million for the corresponding 6 months financial period ended 31 December 2010. The increase was mainly due to higher net interest income which increased by RM278.4 million or 11.9% arising from strong loan growth in retail mortgages (16%) and auto financing (14%). In addition, there was strong fee income growth of RM122.9 million or 19.2%, primarily from credit cards. Allowance for losses on loans, advances and financing increased by RM56.5 million from the corresponding period, mainly from higher collective allowance of the consumer portfolio.

Global Wholesale Banking

a) Corporate Banking, Malaysia

Corporate Banking's profit before tax increased by RM156.6 million or 35.7% to RM595.8 million for the 6 months financial period ended 31 December 2011, from RM439.1 million for the corresponding 6 months financial period ended 31 December 2010. The increase was driven by higher net interest income by 39.3% arising from strong loan growth of 25%. In addition, fee and commission income increased by RM50.0 million or 27.5% mainly attributable to loan processing and syndication fees. Allowance for losses on loans, advances and financing for the corresponding period improved by RM48.6 million.

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B1. Performance Review (cont'd.)

(i) Current Period-to-Date vs Previous Corresponding Period-to-Date (cont'd.)

b) Global Markets, Malaysia

Global Markets' profit before tax decreased by RM56.8 million to RM602.1 million for the 6 months financial period ended 31 December 2011 from RM658.9 million for the corresponding 6 months financial period ended 31 December 2010. The decrease was mainly due to a combination of lower net interest income, unrealised loss on revaluation of securities and higher overhead expenses.

c) Investment Banking (Maybank IB and Kim Eng Group)

Investment Banking's profit before tax declined by RM9.2 million to RM52.4 million for the 6 months financial period ended 31 December 2011 from RM61.6 million for the corresponding 6 months financial period ended 31 December 2010 whilst Maybank Investment Bank Berhad's ("Maybank IB") profit before tax improved from RM68.7 million for the 6 months financial period ended 31 December 2010 to RM103.9 million for the 6 months financial period ended 31 December 2011, mainly due to sizeable increase in the number of investment banking mandates. Kim Eng Group recorded an operating loss of RM14.7 million, mainly attributable to unrealised loss on revaluation of securities and derivatives of RM35.3 million.

The Islamic operations of Maybank IB recorded significant increase in fee base income of RM63.9 million due to sizeable sukuk capital market transactions.

International Banking

International Banking's profit before tax increased by RM159.1 million or 19.4% to RM977.2 million for the 6 months financial period ended 31 December 2011 from RM818.1 million for the corresponding 6 months financial period ended 31 December 2010. The increase was driven by higher net interest income which increased by RM219.1 million or 15.9% arising from strong loan growth of 34.0%. In addition, there was strong fee income growth of RM79.9 million or 10.5%, primarily from Singapore.

The increase in profit before tax for International Banking was mainly contributed by Singapore (RM191.9 million) and BII (RM56.4 million).

Higher net interest income was contributed by strong loans growth of 32.6% in Singapore, 27.6% at BII and 60.6% in the growth market.

Insurance, Takaful and Asset Management

Profit before tax increased by RM294.5 million to RM385.7 million for the 6 months financial period ended 31 December 2011 from RM91.2 million for the corresponding 6 months financial period ended 31 December 2010. The increase was contributed mainly by Life/Family Fund Surplus Transfer from Revenue Account of RM178.3 million for the current 6 months period (Note: NIL in the preceding corresponding period) and a one-off RM98.3 million net surplus adjustment arising from the adoption of new Valuation Guidelines issued Bank Negara Malaysia with effect from 1 July 2011.

(ii) Current Quarter vs Previous Period Corresponding Quarter

The Group posted profit after tax attributable to equity holders of RM1,296.7 million for the quarter ended 31 December 2011, an increase of RM171.4 million or 15.2% over the previous period corresponding quarter ended 31 December 2010.

The Group's net interest income and Islamic banking income for the quarter ended 31 December 2011 increased by RM438.3 million or 19.9% compared to the previous period corresponding quarter ended 31 December 2010. This is largely due to the growth in Group's gross loans and advances (including Islamic finance).

Non-interest income of the Group for the quarter ended 31 December 2011 increased by RM116.5 million or 11.3% compared to the previous period corresponding quarter ended 31 December 2010. The increase is mainly attributed to the fee income of RM106.7 million contributed by Kim Eng Group during the quarter ended 31 December 2011 whereas in the previous period corresponding quarter, Kim Eng Group's financial results were not consolidated as the Kim Eng Group acquisition was completed in May 2011.

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B1. Performance Review (cont'd.)

(ii) Current Quarter vs Previous Period Corresponding Quarter (cont'd.)

The Group's overhead expenses for the quarter ended 31 December 2011 increased by RM419.9 million or 25.7% compared to the previous period corresponding quarter ended 31 December 2010. The major contributors to the increase in overhead expenses were Kim Eng Group (NIL in previous period corresponding quarter), PT Bank Internasional Indonesia Tbk ("BII") and the Bank itself. The Group's personnel costs increased by RM233.4 million and were 55.6% of the total increase in Group's overhead expenses of RM419.9 million.

Allowance for losses on loans, advances and financing increased by RM112.8 million or 96.0% to RM230.3 million. The increase was mainly due to higher collective allowances made as a result from growth in loans, advances and financing. Assets quality continued to improve with net impaired loans ratio improving to 1.87% as at 31 December 2011, compared to 2.74% as at 31 December 2010.

The improvement in Group's profit before tax for the quarter ended 31 December 2011 as compared to the previous period corresponding quarter ended 31 December 2010 can be further analysed based on the operating segment of the Group as follows:

Community Financial Services ("CFS"), Malaysia

CFS' profit before tax decreased by RM17.2 million or 1.9% to RM872.6 million for the quarter ended 31 December 2011 from RM889.8 million for the previous period corresponding quarter ended 31 December 2010 whilst its net interest income and Islamic banking income increased by RM174.3 million to RM1,403.4 million for the quarter ended 31 December 2011 from RM1,229.1 million for the previous previous corresponding quarter ended 31 December 2010 arising from strong loan growth in retail mortgages and auto financing. The increase was mitigated by higher allowance for losses on loans, advances and financing amounted to RM172.7 million mainly attributable to higher collective allowance of the consumer portfolio.

Global Wholesale Banking

a) Corporate Banking, Malaysia

Corporate Banking's profit before tax decreased by RM73.0 million or 26.5% to RM202.1 million for the quarter ended 31 December 2011 from RM275.1 million for the previous period corresponding quarter ended 31 December 2010 whilst its net interest income increased by RM62.4 million to RM288.4 million for the quarter ended 31 December 2011 from RM226.0 million for the previous period corresponding quarter ended 31 December 2010 arising from strong loan growth. However, the increase in net interest income was mitigated by a combination of higher overhead expenses of RM48.6 million and higher allowance for losses on loans, advances and financing of RM46.8 million.

b) Global Markets, Malaysia

Global Markets' profit before tax decreased by RM95.4 million or 33.0% to RM193.8 million for the quarter ended 31 December 2011 from RM289.2 million for the previous period corresponding quarter ended 31 December 2010. The decrease was mainly due to a combination of lower net interest income, unrealised loss on revaluation of securities and higher overhead expenses.

c) Investment Banking (Maybank IB and Kim Eng Group)

Investment Banking's profit before tax declined by RM49.1 million to RM5.1 million for the quarter ended 31 December 2011 from RM54.2 million for the previous period corresponding quarter ended 31 December 2010. This was mainly attributed to Maybank Investment Bank Berhad's ("Maybank IB") fee income decreased by RM26.4 million and overhead expenses increased by RM18.2 million.

The Islamic operations of Maybank IB recorded an increase in fee based income of RM25.9 million for the quarter ended 31 December 2011 due to sizeable sukuk capital market transactions.

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B1. Performance Review (cont'd.)

(ii) Current Quarter vs Previous Period Corresponding Quarter (cont'd.)

International Banking

International Banking's profit before tax decreased by RM4.5 million to RM523.4 million for the quarter ended 31 December 2011 from RM527.9 million for the previous period corresponding quarter ended 31 December 2010 whilst its net interest income increased by RM124.4 million to RM847.4 million for the quarter ended 31 December 2011 from RM723.0 million for the previous period corresponding quarter ended 31 December 2010 arising from strong loan growth of 34%. However, the increase in net interest income was mitigated by a combination of higher overhead expenses of RM120.0 million and lower fee and commission income of RM42.9 million.

Higher net interest income was contributed by strong loans growth of 32.6% in Singapore, 27.6% at BII and 60.6% in the growth market.

Insurance, Takaful and Asset Management

Profit before tax increased by RM275.5 million to RM287.7 million for the quarter ended 31 December 2011 from RM12.2 million for the previous period corresponding quarter ended 31 December 2010. The increase was contributed mainly by Life/Family Fund Surplus Transfer from Revenue Account of RM178.3 million for the current quarter ended 31 December 2011 (Note: NIL in the previous period corresponding quarter) and a one-off RM98.3 million net surplus adjustment arising from the adoption of new Valuation Guidelines issued by Bank Negara Malaysia with effect from 1 July 2011.

B2. Variation of Current Quarter Results Against Preceding Quarter

The Group posted profit after tax attributable to equity holders of RM1,296.7 million for the 2nd quarter ended 31 December 2011, an increase of RM10.3 million over the preceding quarter ended 30 September 2011.

The Group's net interest income for the 2nd quarter ended 31 December 2011 increased by RM279.1 million or 14.9% to RM2,152.7 million against the preceding quarter due to growth in loans base and securities portfolio assets. Income from Islamic Banking Scheme operations decreased by RM24.6 million or 4.8% to RM491.7 million over the amount in the preceding quarter, mainly due to higher income attributable to depositors.

Net income from insurance business for the quarter increased significantly by RM225.8 million to RM322.3 million due to transfer of actuarial surplus from insurance and takaful revenue account in the 2nd quarter ended 31 December 2011. (Note: NIL in the 1st quarter ended 30 September 2011).

Non-interest income for the quarter decreased by RM71.2 million or 5.8% to RM1,151.5 million compared to that in the preceding quarter. The decrease was mainly attributable to lower fee income, lower gain on sale of securities and foreign exchange profits, but mitigated by the higher unrealised gain on revaluation of securities held-for trading and lower unrealised loss on revaluation of derivatives.

Overhead expenses for the quarter increased by RM166.1 million or 8.8% over that of the preceding quarter mainly due to higher personnel costs, marketing expenses, administration and general expenses.

Compared to the preceding quarter, allowance for losses on loans, advances and financing was higher by RM131.6 million mainly due to higher individual assessment impairment and lower recoveries of written-off impaired loan accounts in the domestic banking operations. Impairment losses on securities increased by RM69.3 million due to deterioration in value for certain securities in the 2nd quarter ended 31 December 2011.

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B3. Prospects

2012 Global GDP is expected to grow 3.0%, a decline from a forecast growth of 3.3% in 2011 as the current negative global economic environment persists. The Eurozone is expected to fall into a recession as it continues to struggle with huge debt problems. The US is expected to grow at a lower rate and China will see slower economic growth in 2012.

Despite this challenging time globally, the Group expects to see reasonable growth in its business for the financial year ending December 2012. In the three home markets that Maybank Group operates, namely Malaysia, Singapore and Indonesia, which collectively contributes 95.3% and 94.3% of the Group's income and profit respectively, the 2012 GDP is expected to grow 3.5%-4.0%, 3.0% and 6.3% respectively, albeit more moderately from 2011. Domestic investment, led by the implementation of various projects under the Economic Transformation Programme ("ETP") will be the key drivers for growth in Malaysia where the Overnight Policy Rate ("OPR") is expected to remain at 3.0% throughout 2012 which will help accommodate growth.

In Indonesia, strong domestic demand, coupled with the relatively under-penetrated banking loans to the overall economy will generate one of the strongest economic growth rates in ASEAN. Singapore being an export-oriented economy will see a slower growth from 5.1% experienced in 2011.

With the greater downside risk, the Group will adopt a strategy of responsible growth with equal focus on managing asset quality and liquidity through sound risk management practices.

In 2012, regionalisation continues to be a major theme for the Group, particularly in building a truly regional organisation and governance structure across all functions, in building physical infrastructure such as IT (for example branch front end and cash management system) and in delivering value (for example investment banking and global wholesale banking, credit cards, global markets, payments). This year will also see the Group's focus on further raising customer service quality, embedding the right risk culture, and driving greater effectiveness and efficiency to improve the cost structure.

Bank Negara Malaysia (BNM) has recently announced the implementation of Basel III Capital Rules which were essentially in accordance with globally agreed standards. BNM is expected to release the capital computation method in April 2012, and the Bank will be able to comply with BNM requirements from January 2013.

Notwithstanding the global challenges, the Group expects to maintain a satisfactory financial performance for the next financial year ending 31 December 2012 in view of expected growth in key ASEAN markets that the Group operates. The Group has set two key performance indicators (KPIs) for the next financial year ending 31 December 2012 of Return on Equity of 15.6% on an enlarged capital base (actual financial period ended 31 December 2011: 16.2% annualised) and growth in loans and debt securities of 15.2% (actual financial period ended 31 December 2011: 16.3% annualised).

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B6. Status of Corporate Proposals Announced but Not Completed

- (a) (i) **Acquisition by Kim Eng Holdings Limited (“Kim Eng”), a subsidiary of Mayban IB Holdings Sdn. Bhd. (formerly known as Aseam Credit Sdn. Bhd.) (“Mayban IB Holdings”), which in turn is a wholly-owned subsidiary of Maybank, of an aggregate of 344,427,134 common shares in ATR KimEng Financial Corporation (“ATR KE”), representing approximately 32.24% of the total number of issued common shares of ATR KE (“Acquisition”); and**
- (ii) **Mandatory Tender Offer for all the remaining ATR KE Shares not already owned, controlled or agreed to be acquired by Kim Eng**

Maybank had on 9 December 2011 announced that following the completion of the Acquisition, Kim Eng had on 24 October 2011 launched a tender offer to acquire all the remaining ATR KE shares that it did not own, at an offer price of PhP4.38 (equivalent to approximately RM0.31755, at the exchange rate of PhP1.00 : RM0.0725, as at 24 October 2011, Source: Bloomberg) for each share in ATR KE (“Tender Offer”). Subsequently, the Tender Offer closed on 29 November 2011.

Pursuant to the Tender Offer result, Kim Eng received valid acceptances in respect of an aggregate of 261,518,034 ATR KE shares, representing approximately 24.48% of ATR KE shares. Prior to the Tender Offer, Kim Eng owned 797,405,432 ATR KE shares or approximately 74.64% of the ATR KE shares. Upon closing of the tendered shares on 9 December 2011, Kim Eng ownership in ATR KE has increased to 1,058,923,466 shares, representing approximately 99.11% of ATR KE shares.

Based on the above results, ATR KE’s public ownership level would fall to 0.89%, which is below the 10% minimum public ownership required of listed firms. That being the case, ATR KE is evaluating steps it can take to address the matter and shall disclose the same as soon as the appropriate course of action has been finalised.

- (b) **Proposed establishment of Subordinated Note Programme of up to RM7.0 billion in nominal value (“Subordinated Note Programme”)**

Maybank had obtained approval from the Securities Commission vide their letter dated 15 February 2012 for the establishment of the Subordinated Note Programme and the issuance of Subordinated Notes thereunder.

In addition, the approval from Bank Negara Malaysia (“BNM”) for the issuance of Subordinated Notes had also been obtained on 14 December 2011 (upon terms and conditions therein contained).

The Subordinated Notes issued under the Subordinated Note Programme will qualify as Tier 2 capital of Maybank subject to compliance with the requirements as specified in the Risk Weighted Capital Adequacy Framework and Capital Adequacy Framework for Islamic Banks (General Requirements and Capital Components) guideline issued by BNM.

The tenure of the Subordinated Note Programme is up to 20 years from the date of first issuance of Subordinated Notes under the Subordinated Note Programme and each Subordinated Note issued shall have a tenure of either the following; 10-year non-callable basis; 15 years on a 15 non-callable 10 basis; 12 years on a 12 non-callable 7 basis or 10 years on a 10 non-callable 5 basis.

Each issuance of Subordinated Notes under the Subordinated Note Programme, save and except for Subordinated Notes issued on a 10-year non-callable basis, shall have a callable option allowing Maybank, and subject to the redemption conditions being satisfied, redeem (in whole, but not in part) that tranche of Subordinated Notes on the call date at their principal amount together with accrued but unpaid coupon (if any) (“Optional Redemption”). Further to the Optional Redemption, Maybank may also, at its option and subject to the redemption conditions being satisfied, redeem a tranche of Subordinated Notes (in whole, but not in part) if a regulatory event occurs at the principal amount together with accrued but unpaid coupon (if any).

The net proceeds from the issuance of the Subordinated Notes will be utilised to fund Maybank’s working capital, general banking and other corporate purposes.

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B7. Deposits and Placements of Financial Institutions and Debt Securities

Please refer to note A12, A13 and A14.

B8. Derivative Financial Instruments

Please refer to note A27.

B9. 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 on the bonds. The defendant had however on 25 August 2009 withdrawn the counterclaim against MTB.

The High Court on 30 June 2010 awarded judgment against MTB and another defendant, being the Arranger for the bonds, for RM149.3 million. The judgment 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.

Upon appeal by the parties, the Court of Appeal on 8 November 2011 ruled that MTB and the other defendant are instead to be equally liable to the plaintiffs/bondholders. In addition, the Court of Appeal ordered them to pay penalty charges on the judgment sum at the rate of 3% from 30 September 2005 to date of judgment. However, the Court of Appeal allowed MTB and the other defendant to seek indemnity against the issuer of the bonds, the issuer's Chief Executive Officer, one of the issuer's directors and associate companies of the said Chief Executive Officer and the said director for one half of the 2/3 of the total liability. Further the Court of Appeal allowed MTB to seek indemnity against one of the plaintiffs for 1/3 of its liability (after deducting the sum to be indemnified by the issuer, the issuer's Chief Executive Officer, one of the issuer's directors and associate companies of the said Chief Executive Officer and the said director). MTB and the other parties to the suit have filed their respective applications for leave of the Federal Court to appeal against the decision of the Court of Appeal and these leave applications are fixed for hearing on 5 April 2012.

Further to a suit unrelated to this suit, a third party has, pursuant to a winding-up petition against the issuer of the bonds, appointed a provisional liquidator against the issuer of the bonds on 16 February 2012 until 15 March 2012 for the purpose of monitoring and completing the sale of assets charged to the third party.

As a result of the appointment of the said provisional liquidator, all pending proceedings by all parties against the issuer of the bonds are effectively stayed and these include MTB's applications for leave at the Federal Court referred to above.

MTB's Counsel is now in the process of drafting the necessary papers to obtain leave to continue with the pending proceedings against the issuer of the bonds.

MTB's Counsel is of the opinion that MTB is likely to obtain leave to proceed with the pending actions against the issuer of the bonds.

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.

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B9. Changes in Material Litigation (cont'd.)

- (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 installments.

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. It is alleged that the 1st Defendant was unable to carry on its project and therefore suffered loss and damage.

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. All 4 Defendants filed their respective applications for stay of execution of the summary judgment.

On 4 March 2010 the Court of Appeal reversed the decision of the High Court granting the earlier summary judgment and ordered that the matter be returned to the High Court for full hearing. The full trial including the counterclaim concluded on 4 May 2011. The High Court on 21 September 2011 entered judgment in favour of ETB and allowed ETB's claim (with costs) and dismissed the 1st Defendant's counterclaim (with costs). All 4 Defendants have filed Notices of Appeal against the said decision and also applied for stay of the judgment. No hearing date has been fixed for the Appeal. The application for stay of the judgment, fixed for 25 January 2012 was dismissed with costs.

- (c) A corporate borrower had issued a writ of summons and statement of claim against a subsidiary, Maybank Investment Bank Berhad ("Maybank IB"), in 2005 in the latter's capacity as agent bank for three financial institutions, claiming general, special and exemplary damages arising from alleged breach of duty owed by Maybank IB in connection with a syndicated facility.

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 said credit facilities. The 2 claims were heard together.

The High Court on 6 May 2009 entered judgment against Maybank IB as agent for the syndicated lenders for, inter alia, a sum of RM115.5 million with interest at 6% per annum from date of disbursement to realization, with the balance of the corporate borrower's claim (including general damages) ordered to be assessed at a later date. In the same Judgment, the recovery action by Maybank IB and the three syndicated lenders was also dismissed.

At this juncture, Maybank as one of the syndicated lenders has an exposure of RM48 million out of the RM115.5 million awarded pursuant to the Judgment.

Maybank IB filed an appeal against the Judgment ("Appeal") and an application for stay of execution of the Judgment on 8 May 2009. On 24 June 2009, Maybank IB successfully obtained a stay order for execution of the Judgment pending the disposal of the Appeal against the Judgment. The corporate borrower's appeal to the Court of Appeal against the decision on the stay order was dismissed on 23 November 2009.

Maybank IB's solicitors are of the view that Maybank IB has a more than even chance of succeeding in the Appeal against the said Judgement.

The Appeal came up for hearing on 10 February 2012, The corporate borrower requested for the matter to be mediated which was agreed to by the syndicated lenders. As such, the matter is now fixed for mediation on 9 March 2012.

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B9. Changes in Material Litigation (cont'd.)

- (d) Mayban Trustees Berhad ("MTB"), as Trustee and Maybank Investment Bank Berhad ("Maybank IB") as Security Agent for the Senior Bonds and Junior Notes issued by a corporation were served with a Writ of Summons, Statement of Claim and Amended Statement of Claim on 29 December 2010 and 30 December 2010 respectively.

An individual as the sole Junior Noteholder of the Junior Notes issued, claimed against both MTB and Maybank IB, the sum of RM556.5 million together with interests and costs arising from the declaration made by MTB of an Event Of Default of the Senior Bonds and subsequent Event Of Default of the Junior Notes and for an alleged breach of fiduciary duties and duty of care by Maybank IB. On 30 September 2011, the High Court gave judgment in favour of Maybank IB and MTB by dismissing the claim against Maybank IB and MTB with costs. The individual has filed an appeal to the Court of Appeal against the said decision which is fixed for hearing on 5 March 2012.

- (e) On 8 April 2010, a corporate borrower ("the Plaintiff") had filed a civil suit against Malayan Banking Berhad ("Maybank") and two other Defendants at the Johor Bahru High Court ("JB High Court Suit") alleging that Maybank was in breach of its obligations to the Plaintiff under several banking facilities between them for refusing to allow the drawdown and/or refusing to allow the further drawdown of the banking facilities.

Maybank had offered several banking facilities to finance the Plaintiff's development in a mixed development project. Amongst the many securities granted were several debentures which gave Maybank a right to appoint a receiver and manager over the Plaintiff in the event of default of the banking facilities.

The 2nd and 3rd Defendants were receivers and managers ("R&M") appointed by Maybank under debentures given by the Plaintiff.

The Plaintiff had defaulted under the banking facilities granted by Maybank resulting in Maybank appointing the R&M.

Concurrent with this suit, the Plaintiff also filed an application for an interlocutory injunction to restrain Maybank from exercising its right to appoint a R&M. The application was heard on 23 November 2010 and allowed.

Maybank has filed an application to strike out the JB High Court Suit and the said application was dismissed by the JB High Court on 12 April 2011. Maybank's solicitors had filed an appeal on 25 April 2011. Maybank has also filed a counterclaim in the JB High Court Suit against the Plaintiff and its guarantors to recover all sums due and owing under the banking facilities granted to the Plaintiff. Pursuant thereto, Maybank has also filed an application for summary judgment against the Plaintiff and its guarantors that was fixed for case management on 13 May 2011. The case management was deferred to 31 May 2011 where the JB High Court has allowed Maybank's application to transfer the JB High Court Suit to KL High Court to be heard with the KL High Court Suit described below. As for the appeal, Maybank had requested the Court of Appeal to fix an early hearing date thereto.

Maybank was also subsequently served with a Writ of Summons and Statement of Claim on 25 March 2011 by the Plaintiff at the Kuala Lumpur High Court ("KL High Court Suit") for a sum of RM1.2 billion alleging that the appointment of the R&M was *mala fide* and with malice and that as a consequence thereof, it has purportedly suffered loss and damages.

On 24 October 2011, the KL High Court had allowed Maybank's counterclaim and dismissed the claims, ie JB High Court Suit and KL High Court Suit against Maybank with costs. Maybank has also filed an application to strike out the KL High Court Suit which is fixed for hearing on 1 December 2011. The KL High Court allowed the Bank's withdrawal of this striking out application with no order as to cost and the hearing on 1 December 2011 is vacated.

On 13 December 2011, the KL High Court had dismissed the Plaintiff's application for stay of execution of the Court Order dated 24 October 2011 and an injunction against Maybank with costs.

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B10. Disclosure of Realised and Unrealised Retained Earnings

Pursuant to the Paragraphs 2.06 and 2.23 of Bursa Malaysia Securities Berhad's Main Market Listing Requirements with the guidance notes from Malaysian Institute of Accountants ("MIA") issued on 20 December 2010, the key items contributing to the realised and unrealised retained earnings of the Group are disclosed as follows:

	31 December 2011 RM'000	30 June 2011 RM'000
Total retained profits of the Bank and its subsidiaries:		
- Realised	7,379,347	8,213,749
- Unrealised	1,908,003	925,779
	9,287,350	9,139,528
Total share of retained profits from associated companies:		
- Realised	425,971	351,737
- Unrealised	-	-
	425,971	351,737
Total Group's retained profits as per consolidated accounts	9,713,321	9,491,265

B11. Proposed Final Dividend

The Board of Directors have proposed a final dividend in respect of the 6 months financial period ended 31 December 2011 of 36 sen less 25% taxation (30 June 2011: final dividend of 32 sen per share less 25% taxation) for the shareholders' approval.

The proposed gross dividend consists of an electable portion of 32 sen (24 sen net per ordinary share) which can be elected to be reinvested in new ordinary shares in accordance with the Dividend Reinvestment Plan ("DRP").

Pursuant to Section 8.26 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the final dividend, if approved, will be paid no later than three (3) months from the date of shareholders' approval.

The Books Closure Date will be announced by the Bank after the Annual General Meeting.

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B12. Earnings Per Share ("EPS")

Basic

The basic EPS of the Group is calculated by dividing the net profit for the quarter/period attributable to equity holders of the Bank by the weighted average number of ordinary shares in issue during the quarter/period.

	2nd Quarter Ended		Cumulative 6 Months Ended	
	31 December 2011	31 December 2010	31 December 2011	31 December 2010
Net profit for the quarter/period (RM'000)	1,296,679	1,125,248	2,583,069	2,153,362
Weighted average number of ordinary shares in issue ('000)	7,531,947	7,159,402	7,505,086	7,118,692
Basic earnings per share	17.22 sen	15.72 sen	34.42 sen	30.25 sen

Diluted

The diluted EPS of the Group is calculated by dividing the net profit for the quarter/period attributable to equity holders of the Bank by the weighted average number of ordinary shares in issue, which has been adjusted for the number of shares that could have been issued under the Maybank Group Employee Share Scheme ("ESS") and the Dividend Reinvestment Plan ("DRP").

In the diluted EPS calculation, it was assumed that the ESS relating to the RSU were vested and awarded to employees through issuance of additional ordinary shares 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/period) based on the monetary value of the ESS entitlement attached to the outstanding RSU granted 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 31 December 2011 and 31 December 2010 respectively) 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 quarter/period.

Share options granted to employees under the ESS have not been included in the calculation of diluted earnings per share because they are anti-dilutive.

	2nd Quarter Ended		Cumulative 6 Months Ended	
	31 December 2011	31 December 2010	31 December 2011	31 December 2010
Net profit for the quarter/period (RM'000)	1,296,679	1,125,248	2,583,069	2,153,362
Weighted average number of ordinary shares in issue ('000)	7,531,947	7,159,402	7,505,086	7,118,692
Effects of dilution ('000)	85	38,523	85	38,523
Adjusted weighted average number of ordinary shares in issue ('000)	7,532,032	7,197,925	7,505,171	7,157,215
Diluted earnings per share	17.22 sen	15.63 sen	34.42 sen	30.09 sen

By Order of the Board

Mohd Nazlan Mohd Ghazali
LS0008977
Company Secretary
23 February 2012