

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

CONDENSED FINANCIAL STATEMENTS
UNAUDITED INCOME STATEMENTS
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2012

<u>Group</u>	Note	Quarter Ended		Cumulative 9 Months Ended*	
		30 September 2012	30 September 2011 (Restated) ¹	30 September 2012	30 September 2011 (Restated) ¹
		RM'000	RM'000	RM'000	RM'000
Interest income	A17	3,768,040	3,352,634	11,049,845	9,492,293
Interest expense	A18	(1,609,149)	(1,479,023)	(4,763,987)	(4,020,519)
Net interest income		2,158,891	1,873,611	6,285,858	5,471,774
Income from Islamic Banking					
Scheme operations:					
Gross operating income		568,137	516,330	1,669,804	1,389,391
Profit equalisation reserves		-	-	-	(42,267)
	A30a	568,137	516,330	1,669,804	1,347,124
		2,727,028	2,389,941	7,955,662	6,818,898
Net income from insurance and takaful business:					
Income from insurance and takaful business		258,392	258,223	773,294	845,884
Claims incurred and expense liability		(167,010)	(81,288)	(425,004)	(239,429)
		91,382	176,935	348,290	606,455
		2,818,410	2,566,876	8,303,952	7,425,353
Non-interest income	A19	1,316,047	1,222,702	4,068,396	3,348,206
Net income		4,134,457	3,789,578	12,372,348	10,773,559
Overhead expenses	A20	(2,043,997)	(1,887,885)	(6,021,108)	(5,403,956)
		2,090,460	1,901,693	6,351,240	5,369,603
Allowance for losses on loans, advances and financing	A21	(87,399)	(98,747)	(482,728)	(218,665)
Impairment losses on securities, net		(13,910)	1,018	(41,656)	(108,715)
Operating Profit		1,989,151	1,803,964	5,826,856	5,042,223
Share of profits in associates		35,687	36,521	118,418	102,364
Profit before taxation and zakat		2,024,838	1,840,485	5,945,274	5,144,587
Taxation & Zakat	B5	(490,379)	(474,295)	(1,565,494)	(1,338,913)
Profit for the period		1,534,459	1,366,190	4,379,780	3,805,674
Attributable to:					
Equity holders of the Bank		1,500,690	1,328,047	4,285,111	3,624,963
Non-controlling interest		33,769	38,143	94,669	180,711
		1,534,459	1,366,190	4,379,780	3,805,674
Earnings per share attributable to equity holders of the Bank	B12				
Basic		19.11 sen	17.76 sen	55.40 sen	48.47 sen
Fully diluted		19.09 sen	17.71 sen	55.34 sen	48.34 sen

(These unaudited condensed financial statements should be read in conjunction with the audited financial statements for the financial period ended 31 December 2011 and the accompanying explanatory notes attached to the interim financial statements)

*(The Group has changed its financial year-end from 30 June to 31 December. Comparatives for cumulative quarters consist of 9 months results beginning 1 January 2011 to 30 September 2011.)

¹ (Refer to Note A29 on financial effects arising from adoption of MFRS framework and changes in accounting policies.)

MALAYAN BANKING BERHAD
(3813-K)
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CONDENSED FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2012

<u>Group</u>	Quarter Ended		Cumulative 9 Months Ended*	
	30 September 2012	30 September 2011 (Restated) ¹	30 September 2012	30 September 2011 (Restated) ¹
	RM'000	RM'000	RM'000	RM'000
Profit for the period	1,534,459	1,366,190	4,379,780	3,805,674
Other comprehensive income/(loss):				
Net gain on available-for-sale financial assets	(105,152)	(91,075)	(75,598)	252,124
Income tax relating to components of other comprehensive income	40,129	6,497	20,274	(95,368)
Foreign currency translation	(668,311)	503,798	(833,245)	761,562
Changes in other reserves	(833)	(119)	252	(119)
Other comprehensive income/(loss): for the period, net of tax	(734,167)	419,101	(888,317)	918,199
Total comprehensive income for the period	800,292	1,785,291	3,491,463	4,723,873
Total comprehensive income for the period attributable to:				
Equity holders of the Bank	768,290	1,750,172	3,390,546	4,551,374
Non-controlling interest	32,002	35,119	100,917	172,499
	800,292	1,785,291	3,491,463	4,723,873

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CONDENSED FINANCIAL STATEMENTS
UNAUDITED INCOME STATEMENTS
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2012

<u>Bank</u>	Note	Quarter Ended		Cumulative 9 Months Ended*	
		30 September 2012	30 September 2011 (Restated) ¹	30 September 2012	30 September 2011 (Restated) ¹
		RM'000	RM'000	RM'000	RM'000
Interest income	A17	2,836,231	2,550,031	8,346,065	7,203,006
Interest expense	A18	(1,260,332)	(1,105,460)	(3,733,342)	(3,015,702)
Net interest income		1,575,899	1,444,571	4,612,723	4,187,304
Non-interest income	A19	769,759	1,061,154	2,668,692	2,582,404
Net income		2,345,658	2,505,725	7,281,415	6,769,708
Overhead expenses	A20	(1,148,322)	(1,020,213)	(3,299,488)	(3,060,601)
		1,197,336	1,485,512	3,981,927	3,709,107
Allowance for losses on loans, advances and financing	A21	23,014	(42,693)	(198,201)	93,989
Impairment losses on securities, net		(11,259)	5,258	4,490	(99,766)
Profit before taxation and zakat		1,209,091	1,448,077	3,788,216	3,703,330
Taxation & Zakat	B5	(278,686)	(291,927)	(924,605)	(916,688)
Profit for the period		930,405	1,156,150	2,863,611	2,786,642

(These unaudited condensed financial statements should be read in conjunction with the audited financial statements for the financial period ended 31 December 2011 and the accompanying explanatory notes attached to the interim financial statements)

*(The Group has changed its financial year-end from 30 June to 31 December. Comparatives for cumulative quarters consist of 9 months results beginning 1 January 2011 to 30 September 2011.)

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UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2012

<u>Bank</u>	Quarter Ended		Cumulative 9 Months Ended*	
	30 September 2012 RM'000	30 September 2011 (Restated) ¹ RM'000	30 September 2012 RM'000	30 September 2011 (Restated) ¹ RM'000
Profit for the period	930,405	1,156,150	2,863,611	2,786,642
Other comprehensive income/(loss):				
Net (loss)/gain on available-for-sale financial assets	(91,076)	54,157	(117,384)	398,422
Income tax relating to components of other comprehensive income	22,769	(12,904)	29,346	(108,596)
Foreign currency translation	(24,252)	11,523	82,215	137,259
Other comprehensive income/(loss) for the period, net of tax:	(92,559)	52,776	(5,823)	427,085
Total comprehensive income for the period	837,846	1,208,926	2,857,788	3,213,727

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

CONDENSED FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2012

		Group			Bank		
	30 September	31 December	1 July	30 September	31 December	1 July	
	2012	2011	2011	2012	2011	2011	
		(Restated) ¹	(Restated) ¹		(Restated) ¹	(Restated) ¹	
Note	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
ASSETS							
Cash and short-term funds	44,344,502	49,089,088	38,803,519	31,207,317	35,966,579	25,803,796	
Deposits and placements with financial institutions	7,069,795	6,452,978	10,291,513	9,051,445	6,246,093	7,644,471	
Securities purchased under resale agreements	1,622,254	1,397,235	-	1,622,254	1,397,235	-	
Securities held-for-trading	A10(i) 12,558,679	9,665,997	4,141,978	9,673,196	7,325,466	2,884,895	
Securities available-for-sale	A10(ii) 55,167,830	55,415,428	54,113,303	46,588,765	46,406,463	46,994,764	
Securities held-to-maturity	A10(iii) 3,422,424	3,179,416	2,923,028	2,549,751	2,223,670	1,744,186	
Loans, advances and financing	A11 297,587,911	274,430,691	253,976,426	208,762,357	194,174,085	181,572,844	
Derivative assets	A28 2,693,394	1,954,476	1,652,182	2,627,675	1,949,344	1,626,415	
Other assets	A12 7,821,000	8,039,986	8,137,103	1,886,654	2,240,433	1,420,365	
Investment properties	46,080	62,007	45,051	-	-	-	
Statutory deposits with Central Banks	11,604,074	10,577,416	7,698,425	6,832,857	6,095,129	4,313,116	
Investment in subsidiaries	-	-	-	17,635,127	17,230,202	17,070,392	
Interest in associates	2,282,937	2,406,462	2,439,654	456,512	456,512	454,412	
Property, plant and equipment	2,621,248	2,372,534	2,168,986	1,539,082	1,298,891	1,170,183	
Intangible assets	6,029,603	6,507,949	6,509,048	168,474	173,933	177,270	
Deferred tax assets	1,538,008	1,369,565	1,367,940	1,009,138	815,573	886,484	
Life, general takaful and family takaful fund assets	20,512,976	19,903,312	19,196,413	-	-	-	
TOTAL ASSETS	476,922,715	452,824,540	413,464,569	341,610,604	323,999,608	293,763,593	
LIABILITIES							
Deposits from customers	A13 330,488,373	313,709,780	281,976,379	235,612,559	222,895,293	201,465,408	
Deposits and placements of banks and other financial institutions	A14 37,723,301	36,760,978	33,303,655	34,050,904	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	2,215,651	4,472,872	8,513,401	1,751,645	3,610,141	7,115,673	
Derivative liabilities	A28 2,339,557	2,162,709	1,533,935	2,191,022	2,072,731	1,446,311	
Other liabilities	A16 12,554,591	10,576,494	11,311,854	9,367,446	6,351,178	4,240,156	
Recourse obligation on loans sold to Cagamas	695,357	715,603	528,285	695,357	715,603	528,285	
Provision for taxation and zakat	1,121,547	320,212	134,620	678,197	-	-	
Deferred tax liabilities	643,608	608,275	598,287	-	-	-	
Borrowings	A15(i) 10,436,129	7,185,230	5,447,120	7,522,527	4,208,282	3,420,499	
Subordinated obligations	A15(ii) 13,240,618	14,160,553	10,800,539	11,671,265	12,574,919	9,509,786	
Capital securities	A15(iii) 6,167,902	6,113,761	6,120,774	6,167,902	6,113,761	6,120,774	
Life, general takaful and family takaful fund liabilities	3,974,953	2,886,104	5,408,600	-	-	-	
Life, general takaful and family takaful policy holders' funds	16,538,024	17,017,208	13,787,813	-	-	-	
TOTAL LIABILITIES	438,139,611	416,957,431	379,838,824	309,708,824	294,365,152	265,662,129	

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UNAUDITED STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2012

	Note	Group			Bank		
		30 September 2012	31 December 2011 (Restated) ¹	1 July 2011 (Restated) ¹	30 September 2012	31 December 2011 (Restated) ¹	1 July 2011 (Restated) ¹
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
SHAREHOLDERS' EQUITY							
Share capital		7,854,455	7,639,437	7,478,206	7,854,455	7,639,437	7,478,206
Reserves		29,389,051	26,677,082	24,813,431	24,147,325	21,995,019	20,623,258
Shares-held-in-trust		(100,000)	-	-	(100,000)	-	-
		<u>37,143,506</u>	<u>34,316,519</u>	<u>32,291,637</u>	<u>31,901,780</u>	<u>29,634,456</u>	<u>28,101,464</u>
Non-controlling interests		1,639,598	1,550,590	1,334,108	-	-	-
Total equity		<u>38,783,104</u>	<u>35,867,109</u>	<u>33,625,745</u>	<u>31,901,780</u>	<u>29,634,456</u>	<u>28,101,464</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY							
		<u>476,922,715</u>	<u>452,824,540</u>	<u>413,464,569</u>	<u>341,610,604</u>	<u>323,999,608</u>	<u>293,763,593</u>
COMMITMENTS AND CONTINGENCIES							
	A26	<u>386,574,227</u>	<u>370,709,695</u>	<u>292,201,755</u>	<u>344,574,201</u>	<u>336,480,160</u>	<u>265,846,025</u>
CAPITAL ADEQUACY							
	A27						
Based on credit, market and operational risk:							
Basel II							
Before deducting electable portion dividend to be reinvested:							
Core capital ratio		11.71%	11.74% *	11.93% *	14.41%	15.80% *	13.44% *
Risk-weighted capital ratio		<u>15.46%</u>	<u>16.46% *</u>	<u>15.45% *</u>	<u>14.41%</u>	<u>15.80% *</u>	<u>13.44% *</u>
After deducting electable portion dividend to be reinvested:							
Core capital ratio, assuming:							
- full electable portion paid in cash		11.12%	10.95%	11.21%	13.61%	14.73%	12.49%
- full electable portion reinvested		11.71%	11.65%	11.84%	14.41%	15.68%	13.32%
Risk-weighted capital ratio, assuming:							
- full electable portion paid in cash		14.87%	15.66%	14.72%	13.61%	14.73%	12.49%
- full electable portion reinvested		<u>15.46%</u>	<u>16.37%</u>	<u>15.36%</u>	<u>14.41%</u>	<u>15.68%</u>	<u>13.32%</u>
* In arriving at the capital based 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 Bank		<u>RM4.73</u>	<u>RM4.49</u>	<u>RM4.32</u>	<u>RM4.06</u>	<u>RM3.88</u>	<u>RM3.76</u>

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CONDENSED FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2012

Group	<===== Non-Distributable =====>													
	Share Capital RM'000	Share Premium RM'000	Statutory Reserve RM'000	Capital Reserve RM'000	Unrealised Holding Reserve/ (Deficit) RM'000	Exchange Fluctuation Reserve RM'000	ESS Reserve RM'000	Revaluation Reserve RM'000	Profit Equalisation Reserve RM'000	Shares-held-in-trust RM'000	Distributable Retained Profits RM'000	Total Shareholders' Equity RM'000	Non-controlling Interests RM'000	Total Equity RM'000
At 1 January 2012														
- as previously stated	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
- effect of adopting MFRS 1	-	-	-	-	157,108	-	-	-	-	-	- ¹	157,108	-	157,108
- effect of change in accounting policy	-	-	-	-	33,538	-	-	-	-	-	680,446	713,984	320,027	1,034,011
At 1 January 2012, as restated	7,639,437	9,598,847	6,926,383	15,250	541,627	(969,382)	127,317	8,817	34,456	-	10,393,767	34,316,519	1,550,590	35,867,109
Profit for the period	-	-	-	-	-	-	-	-	-	-	4,285,111 ²	4,285,111	94,669	4,379,780
Other comprehensive (loss)/income	-	-	(445)	(673)	(71,860)	(821,561)	-	(26)	-	-	-	(894,565)	6,248	(888,317)
Total comprehensive (loss)/income for the period	-	-	(445)	(673)	(71,860)	(821,561)	-	(26)	-	-	4,285,111	3,390,546	100,917	3,491,463
Share-based payment under Employees' Share Scheme ("ESS")	-	-	-	-	-	-	79,367	-	-	-	-	79,367	-	79,367
Net effect of acquisition from/disposal to non-controlling interests	-	-	-	(323)	-	12,995	-	-	-	-	14,233	26,905	(933)	25,972
Transfer to statutory reserves	-	-	737,442	-	-	-	-	-	-	-	(737,442)	-	-	-
Issue of shares pursuant to Dividend Reinvestment Plan ("DRP") (Note A8(A)(a)(i))	202,854	1,419,373	-	-	-	-	-	-	-	-	-	1,622,227	-	1,622,227
Issue of shares pursuant to ESS (Note A8(A)(a)(ii))	709	5,523	-	-	-	-	(7)	-	-	-	-	6,225	-	6,225
Issue of shares-held-in-trust (Note A8(A)(a)(iii))	11,455	88,545	-	-	-	-	-	-	-	(100,000)	-	-	-	-
Dividend payable (Note A9(b))	-	-	-	-	-	-	-	-	-	-	(235,632)	(235,632)	-	(235,632)
Dividend paid (Note A9(a) & (c))	-	-	-	-	-	-	-	-	-	-	(2,062,651)	(2,062,651)	(10,976)	(2,073,627)
Total transactions with shareholders	215,018	1,513,441	737,442	(323)	-	12,995	79,360	-	-	(100,000)	(3,021,492)	(563,559)	(11,909)	(575,468)
At 30 September 2012	7,854,455	11,112,288	7,663,380	14,254	469,767	(1,777,948)	206,677	8,791	34,456	(100,000)	11,657,386	37,143,506	1,639,598	38,783,104

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¹ The retained profits of the Group include the non-par unallocated surplus from an insurance subsidiary, net of tax at 25% which amounted to RM680.4 million. This unallocated surplus is only available for distribution to shareholder on the amount recommended by the Appointed Actuary in accordance with the Insurance Act,1996.

² The profit for the period of the Group include the non-par unallocated surplus from an insurance subsidiary, net of tax at 25% which amounted to RM102.3 million. This unallocated surplus is only available for distribution to shareholder on the amount recommended by the Appointed Actuary in accordance with the Insurance Act,1996.

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UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2012

Group	Non-Distributable										Distributable Retained Profits RM'000	Total Shareholders' Equity RM'000	Non- controlling Interests RM'000	Total Equity RM'000
	Share Capital RM'000	Share Premium RM'000	Statutory Reserve RM'000	Capital Reserve RM'000	Unrealised Holding Reserve/ (Deficit) RM'000	Exchange Fluctuation Reserve RM'000	ESS Reserve RM'000	PER Reserve RM'000	Revaluation Reserve RM'000					
At 1 January 2011	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	
Profit for the period	-	-	-	-	-	-	-	-	-	2,296,916	2,296,916	142,568	2,439,484	
Other comprehensive income/(loss)	-	-	-	-	232,516	271,770	-	-	-	-	504,286	(5,188)	499,098	
Total comprehensive income/(loss) for the period	-	-	-	-	232,516	271,770	-	-	-	2,296,916	2,801,202	137,380	2,938,582	
Net effect of acquisition from/disposal to non-controlling interests	-	-	-	-	-	-	-	-	-	6,105	6,105	69	6,174	
Net effect of acquisition/disposal of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	112,741	112,741	
Share-based payment under Employees' Share Scheme ("ESS")	-	-	-	-	-	-	65,000	-	-	-	65,000	-	65,000	
Transfer to statutory reserves	-	-	423,823	-	-	-	-	-	-	(423,823)	-	-	-	
Issue of shares pursuant to Dividend Reinvestment Plan ("DRP")	155,966	1,044,313	-	-	-	-	-	-	-	-	1,200,279	-	1,200,279	
Dividend paid	-	-	-	-	-	-	-	-	-	(1,537,670)	(1,537,670)	(5,210)	(1,542,880)	
Total transactions with shareholders	155,966	1,044,313	423,823	-	-	-	65,000	-	-	(1,955,388)	(266,286)	107,600	(158,686)	
At 30 June 2011/1 July 2011														
- as previously stated	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	
- Effect of adopting MFRS 1	-	-	-	-	104,294	-	-	-	-	-	104,294	-	104,294	
- Effect of change of accounting policy	-	-	-	-	49,381	-	-	-	-	676,463	725,844	325,342	1,051,186	
At 30 June 2011/1 July 2011, as restated	7,478,206	8,583,711	6,409,922	15,250	570,740	(1,007,977)	65,000	-	9,057	10,167,728	32,291,637	1,334,108	33,625,745	
Profit for the period	-	-	-	-	-	-	-	-	-	1,328,047	1,328,047	38,143	1,366,190	
Other comprehensive (loss)/income	-	-	-	-	(57,984)	480,228	-	-	(119)	-	422,125	(3,024)	419,101	
Total comprehensive (loss)/income for the period	-	-	-	-	(57,984)	480,228	-	-	(119)	1,328,047	1,750,172	35,119	1,785,291	
Net effect of acquisition from/disposal to non-controlling interests	-	-	-	-	-	-	-	-	-	(29,711)	(29,711)	128,550	98,839	
Net effect of acquisition/disposal of subsidiaries	-	-	-	-	-	-	-	-	-	(164)	(164)	64,943	64,779	
Reversal of PER under the previous guideline	-	-	-	-	-	-	-	-	-	34,456	34,456	-	34,456	
Provision for the year	-	-	-	-	-	-	-	34,456	-	(34,456)	-	-	-	
Share-based payment under Employees' Share Scheme ("ESS")	-	-	-	-	-	-	36,759	-	-	-	36,759	-	36,759	
Transfer to statutory reserves	-	-	289,156	-	-	-	-	-	-	(289,156)	-	-	-	
Issue of shares pursuant to Employees' Share Scheme ("ESS")	9	73	-	-	-	-	-	-	-	-	82	-	82	
Dividend payable	-	-	-	-	-	-	-	-	-	(224,346)	(224,346)	-	(224,346)	
Dividend paid	-	-	-	-	-	-	-	-	-	-	-	(3,202)	(3,202)	
Total transactions with shareholders	9	73	289,156	-	-	-	36,759	34,456	-	(543,377)	(182,924)	190,291	7,367	
At 30 September 2011	7,478,215	8,583,784	6,699,078	15,250	512,756	(527,749)	101,759	34,456	8,938	10,952,398	33,858,885	1,559,518	35,418,403	

(These unaudited condensed financial statements should be read in conjunction with the audited financial statements for the financial period ended 31 December 2011 and the accompanying explanatory notes attached to the interim financial statements)

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CONDENSED FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
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	<===== Non-Distributable =====>						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	Shares- held-in-trust RM'000	Retained Profits RM'000	
Bank									
At 1 January 2012									
- as previously stated	7,639,437	9,598,847	6,728,866	262,434	227,772	127,317	-	4,895,012	29,479,685
- effect of adopting MFRS 1	-	-	-	154,771	-	-	-	-	154,771
At 1 January 2012, as restated	7,639,437	9,598,847	6,728,866	417,205	227,772	127,317	-	4,895,012	29,634,456
Profit for the period	-	-	-	-	-	-	-	2,863,611	2,863,611
Other comprehensive (loss)/income	-	-	-	(88,038)	82,215	-	-	-	(5,823)
Total comprehensive (loss)/income for the period	-	-	-	(88,038)	82,215	-	-	2,863,611	2,857,788
Share-based payment under Employees' Share Scheme ("ESS")	-	-	-	-	-	79,367	-	-	79,367
Transfer to statutory reserve	-	-	715,900	-	-	-	-	(715,900)	-
Issue of shares pursuant to Dividend Reinvestment Plan ("DRP") (Note A8(A)(a)(i))	202,854	1,419,373	-	-	-	-	-	-	1,622,227
Issue of shares pursuant to ESS (Note A8(A)(a)(ii))	709	5,523	-	-	-	(7)	-	-	6,225
Issue of shares-held-in-trust (Note A8(A)(a)(iii))	11,455	88,545	-	-	-	-	(100,000)	-	-
Dividend paid (Note A9(a))	-	-	-	-	-	-	-	(2,062,651)	(2,062,651)
Dividend payable (Note A9(b))	-	-	-	-	-	-	-	(235,632)	(235,632)
Total transactions with shareholders	215,018	1,513,441	715,900	-	-	79,360	(100,000)	(3,014,183)	(590,464)
At 30 September 2012	7,854,455	11,112,288	7,444,766	329,167	309,987	206,677	(100,000)	4,744,440	31,901,780

(These unaudited condensed financial statements should be read in conjunction with the audited financial statements for the financial period ended 31 December 2011 and the accompanying explanatory notes attached to the interim financial statements)

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UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
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	<===== Non-Distributable =====>						Distributable Retained Profits RM'000	Total Equity RM'000
	Share Capital RM'000	Share Premium RM'000	Statutory Reserve RM'000	Unrealised Holding Reserve/(Deficit) RM'000	Exchange Fluctuation Reserve RM'000	ESS Reserve RM'000		
Bank								
At 1 January 2011	7,322,240	7,539,398	5,804,870	30,287	113,525	-	5,455,673	26,265,993
Profit for the period	-	-	-	-	-	-	1,630,492	1,630,492
Other comprehensive income	-	-	-	248,573	125,736	-	-	374,309
Total comprehensive income for the period	-	-	-	248,573	125,736	-	1,630,492	2,004,801
Transfer to statutory reserves	-	-	407,590	-	-	-	(407,590)	-
Share-based payment under Employees' Share Scheme ("ESS")	-	-	-	-	-	65,000	-	65,000
Issue of shares pursuant to Dividend Reinvestment Plan ("DRP")	155,966	1,044,313	-	-	-	-	-	1,200,279
Dividend paid	-	-	-	-	-	-	(1,537,670)	(1,537,670)
Total transactions with shareholders	155,966	1,044,313	407,590	-	-	65,000	(1,945,260)	(272,391)
At 30 June 2011/1 July 2011								
- as previously stated	7,478,206	8,583,711	6,212,460	278,860	239,261	65,000	5,140,905	27,998,403
- Effect of adopting MFRS 1	-	-	-	103,061	-	-	-	103,061
At 30 June 2011/1 July 2011, as restated	7,478,206	8,583,711	6,212,460	381,921	239,261	65,000	5,140,905	28,101,464
Profit for the period	-	-	-	-	-	-	1,156,150	1,156,150
Other comprehensive income	-	-	-	41,253	11,523	-	-	52,776
Total comprehensive income for the period	-	-	-	41,253	11,523	-	1,156,150	1,208,926
Transfer to statutory reserves	-	-	289,100	-	-	-	(289,100)	-
Share-based payment under Employees' Share Scheme ("ESS")	-	-	-	-	-	36,759	-	36,759
Issue of shares pursuant to Employees' Share Scheme ("ESS")	9	73	-	-	-	-	-	82
Dividend paid	-	-	-	-	-	-	(224,346)	(224,346)
Total transactions with shareholders	9	73	289,100	-	-	36,759	(513,446)	(187,505)
At 30 September 2011	7,478,215	8,583,784	6,501,560	423,174	250,784	101,759	5,783,609	29,122,885

(These unaudited condensed financial statements should be read in conjunction with the audited financial statements for the financial period ended 31 December 2011 and the accompanying explanatory notes attached to the interim financial statements)

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CONDENSED FINANCIAL STATEMENTS
UNAUDITED CASH FLOW STATEMENTS
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2012

	Group		Bank	
	30 September 2012 RM'000	30 September 2011 RM'000	30 September 2012 RM'000	30 September 2011 RM'000
Cash flows from operating activities				
Profit before taxation and zakat	5,945,274	5,144,587	3,788,216	3,703,330
Adjustments for non-operating and non-cash items:				
Depreciation	162,571	143,121	87,283	88,834
Share of associates' profit	(118,418)	(102,364)	-	-
Amortisation of intangible assets	106,008	85,570	31,620	36,125
Net gain on disposal of held-for-trading securities	(80,925)	(2,489)	(65,059)	(18,463)
Net gain on disposal of available-for-sale securities	(383,696)	(289,391)	(328,811)	(239,423)
Net (gain)/loss on redemption of held-to-maturity securities	(16,553)	23	(16,553)	23
Unrealised (gain)/loss on revaluation of securities held-for-trading and derivatives	(124,672)	267,068	(99,664)	176,804
Loan and financing loss and allowances	1,095,294	779,394	662,813	274,006
Allowance made for other debts	984	37,829	754	13,039
Dividend income	(23,426)	(26,664)	(266,079)	(492,027)
Share options granted under ESS	75,632	101,759	62,614	95,913
Impairment losses on securities, net	41,656	108,715	(4,490)	99,766
Transfer of life, general takaful and family takaful fund surplus	(232,278)	(406,060)	-	-
Other adjustments for non-operating and non-cash items:	(127,359)	(24,590)	(123,013)	(60,329)
Operating profit before working capital changes	6,320,092	5,816,508	3,729,631	3,677,598
Change in deposits and placements with banks and other financial institutions	(524,846)	5,228,047	(2,911,531)	5,776,691
Change in securities portfolio	(2,407,735)	(2,774,305)	(2,367,642)	(1,761,021)
Change in loans, advances and financing	(24,252,514)	(45,243,447)	(15,251,086)	(29,726,703)
Change in statutory deposits with Central Banks	(1,026,658)	(5,221,492)	(737,728)	(3,309,666)
Change in deposits from customers	16,778,593	45,124,902	12,717,266	30,934,420
Change in deposits and placements of banks and other financial institutions	962,323	7,226,316	(1,504,688)	3,645,824
Change in life, general takaful and family takaful fund assets	(377,386)	(315,677)	-	-
Change in life, general takaful and family takaful fund liabilities and policy holder's funds	1,983,165	722,478	-	-
Change in other operating activities	(2,620,360)	(2,221,759)	205,224	6,605,243
Exchange fluctuation	1,193,483	643,824	805,557	143,905
Cash (used in)/generated from operations	(3,971,843)	8,985,395	(5,314,997)	15,986,291
Taxes and zakat paid	(903,110)	(2,263,124)	(314,387)	(1,534,868)
Net cash (used in)/generated from operating activities	(4,874,953)	6,722,271	(5,629,384)	14,451,423

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CONDENSED FINANCIAL STATEMENTS
UNAUDITED CASH FLOW STATEMENTS
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2012

	Group		Bank	
	30 September 2012 RM'000	30 September 2011 RM'000	30 September 2012 RM'000	30 September 2011 RM'000
Cash flows from investing activities				
Dividend received				
- from securities	23,426	26,664	6,686	9,761
- from associates	6,452	-	6,452	5,231
- from subsidiaries	-	-	252,941	477,035
Purchase of property, plant and equipment	(427,936)	(112,075)	(349,217)	(66,801)
Proceeds from disposal of property, plant and equipment	5,009	15,837	578	15,296
Purchase of intangible assets	(65,235)	(4,453)	(16,741)	(3,364)
Acquisition of subsidiaries	(47,621)	(2,155,896)	(152,725)	-
Proceeds from disposal of subsidiaries	24,876	-	-	-
Subscription to additional ordinary shares and private debt securities in associates	-	(1,000)	(252,200)	(4,520,326)
Proceeds from transaction with non-controlling interests	42,031	169,792	-	-
Net assets transferred to newly incorporation of subsidiary	-	-	115,341	-
Net cash used in investing activities	(438,998)	(2,061,131)	(388,885)	(4,083,168)
Cash flows from financing activities				
Proceeds from share issuance	1,628,452	1,200,361	1,628,452	1,200,361
Drawdown of borrowings	3,180,180	3,067,822	3,439,049	1,224,576
Redemption of subordinated obligations	(5,517,850)	-	(5,517,850)	-
Issuance of subordinated obligations	4,547,600	5,780,664	4,547,600	4,459,400
Loans sold to Cagamas, net	(20,246)	(28,033)	(20,246)	(28,033)
Dividends paid	(2,062,651)	(1,762,016)	(2,062,651)	(1,762,016)
Dividends paid to non-controlling interests	(10,976)	(8,412)	-	-
Net cash generated from financing activities	1,744,509	8,250,386	2,014,354	5,094,288

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CONDENSED FINANCIAL STATEMENTS
UNAUDITED CASH FLOW STATEMENTS
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2012

	Group		Bank	
	30 September 2012 RM'000	30 September 2011 RM'000	30 September 2012 RM'000	30 September 2011 RM'000
Net change in cash and cash equivalents	(3,569,442)	12,911,526	(4,003,915)	15,462,543
Cash and cash equivalents at beginning of period *	45,334,185	25,410,951	35,570,014	17,062,291
Cash and cash equivalents at end of period	41,764,743	38,322,477	31,566,099	32,524,834

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

	Group		Bank	
	30 September 2012 RM'000	30 September 2011 RM'000	30 September 2012 RM'000	30 September 2011 RM'000
Cash and short-term funds	44,344,502	40,738,848	31,207,317	32,170,535
Deposits with financial institution maturing within 1 month	145,634	354,299	358,782	354,299
	44,490,136	41,093,147	31,566,099	32,524,834
Less : Monies held in trusts	(2,725,393)	(2,770,670)	-	-
	41,764,743	38,322,477	31,566,099	32,524,834
* Cash and cash equivalents at beginning of period				
Cash and short term funds as previously reported	46,574,207	24,599,921	36,431,540	16,403,255
Effects of foreign exchange rate changes	(1,240,022)	811,030	(861,526)	659,036
As restated	45,334,185	25,410,951	35,570,014	17,062,291

(These unaudited condensed financial statements should be read in conjunction with the audited financial statements for the financial period ended 31 December 2011 and the accompanying explanatory notes attached to the interim financial statements)

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Part A: Explanatory Notes Pursuant to Malaysian Financial Reporting Standard 134 ("MFRS 134") Interim Financial Reporting

A1. Basis of Preparation

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

The unaudited condensed interim financial statements have been prepared in accordance with the requirements of Chapter 9, part K of the Listing Requirements of Bursa Malaysia Securities Berhad and MFRS 134 *Interim Financial Reporting*, except for the comparative figures for income statements, statements of comprehensive income, statements of changes in equity and cash flows statements, in which the comparable interim period (i.e.the cumulative 9 months ended 30 September 2011) comprises 6 months which are in respect of a comparable period in the previous financial year of 30 June 2011 and 3 months which are in respect of a comparable period of the immediately preceding financial period of 31 December 2011. However, the comparable interim period as required by MFRS 134 is the cumulative 3 months ended 30 September 2011 of the immediately preceding financial period of 31 December 2011. The departure is mainly due to the Group and the Bank have changed their financial year-end from 30 June to 31 December in the last financial period. For the periods up to and including the six-month financial period ended 31 December 2011, the Group and the Bank prepared its financial statements in accordance with Financial Reporting Standards as modified by Bank Negara Malaysia Guidelines ("FRS"). These unaudited condensed interim financial statements also comply with IAS 34 *Interim Financial Reporting* issued by the International Accounting Standards Board except for as mentioned above.

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements for six-month financial period ended 31 December 2011. These explanatory notes attached to the unaudited 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 financial period ended 31 December 2011.

The unaudited 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.

First-time adoption of Malaysian Financial Reporting Standards ("MFRS")

These are the Group's and the Bank's unaudited condensed interim financial statements for part of the period covered by first MFRS Framework annual financial statements of the Group and the Bank for the year ending 31 December 2012 and MFRS 1 *First-time Adoption of Malaysian Financial Reporting Standards* has been applied.

As required by MFRS 1, the resulting adjustments arose from events and transactions before the date of transition to MFRS were recognised directly through retained earnings (or another category of equity, where appropriate) as at 1 July 2011 (the date of transition). This is the effect of the general principle underlying MFRS 1 which is to apply MFRSs retrospectively. There are some mandatory exceptions provided and some exemptions permitted by MFRS 1. The Group's and the Bank's first time adoption decisions regarding these exemptions are detailed below. Other optional exemptions available under MFRS 1, which are not discussed here, are not applicable to the Group and the Bank.

(i) Designation of previously recognised financial instruments

MFRS 1 allows a first-time adopter to designate eligible financial assets as available-for-sale at the date of transition.

The Group and Bank have opted for this exemption and redesignated certain previously recognised financial investments held-to-maturity as available-for-sale at 1 July 2011 (i.e. the transition date to MFRS).

The financial impact of the adoption of the abovementioned exemption on the financial statements of the Group and the Bank are disclosed in Note A29.

Certain entities within the Group are still assessing and obtaining feedback from the regulator and the auditors and expect to be in the position to make a decision before the end of the financial year ending 31 December 2012.

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A1. Basis of Preparation (cont'd.)

(ii) Business combinations

MFRS 1 indicates that a first-time adopter may elect not to apply MFRS 3 *Business Combinations* retrospectively to business combinations that occurred before the date of transition to MFRS.

The Group and the Bank will take advantage of this election and have elected not to restate business combinations that took place prior to the 1 July 2011 (i.e. the transition date to MFRS). In respect of acquisitions prior to the date of transition;

- (a) The classification of former business combinations under FRS is maintained;
- (b) There is no re-measurement of original fair values determined at the time of business combination (date of acquisition); and
- (c) The carrying amount of goodwill recognised under FRS is not adjusted.

(iii) Investments in subsidiaries, jointly controlled entities and associates

MFRS 1 allows the first-time adopter (a parent entity or investor) to measure its subsidiaries, jointly controlled entities and associates in its separate financial statements at one of the following amounts on date of transition: a) cost, in accordance with MFRS 127 *Consolidated and Separate Financial Statements*; or b) deemed cost. The deemed cost of such an investment shall be either: i) fair value at the entity's date of transition to MFRS in its separate financial statements; or ii) the previous GAAP carrying amount at that date.

The Bank has elected to measure all its investments in subsidiaries and associates in its separate financial statements at their FRS carrying amounts at 1 July 2011 (i.e. the transition date to MFRS).

(iv) Leases

MFRS 1 permits a first-time adopter to not reassess the determination of whether an arrangement contains a lease in accordance with IC Interpretation 4 *Determining Whether an Arrangement Contains a Lease* when the determination made under FRS produced the same results.

The Group and the Bank apply the abovementioned exemption and rely on the assessment made under FRS for existing information technology outsourcing arrangement so long as the assessment provides the same outcome as applying IC 4 and MFRS 117 *Leases*.

Explanation of how the transition from FRS to MFRS affects the Group's and the Bank's financial position and financial performance are set out in Note A29. The transition from FRS to MFRS is expecting not to have a material impact on the statement of cash flows.

Estimates

The estimates at 1 July 2011 and at 31 December 2011 are consistent with those made for the same dates in accordance with FRS. The estimates used by the Group and the Bank to present these amounts in accordance with MFRS reflect conditions at 1 July 2011, the date transition to MFRS and as of 31 December 2011.

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A1. Basis of Preparation (cont'd.)

Revised Bank Negara Malaysia ("BNM") Guidelines on Financial Reporting for Insurers

As at 31 December 2011, the life insurance contract liabilities of the insurance subsidiary, Etiqa Insurance Berhad ("EIB"), included the accumulated surpluses less estimated actuarial liabilities (collectively referred to as "unallocated surplus") and Available-for-Sale reserves of all life insurance contracts including those with discretionary participating features (referred to as "Par") and those without (referred to as "Non Par"). In accordance with MFRS 4 Insurance Contracts and the Framework for Preparation and Presentation of Financial Statements, the Non Par unallocated surplus does not meet the definition of a liability, that is, a present obligation of the company arising from past events, the settlement of which is expected to result in an outflow of economic benefits as the Non Par unallocated surplus represents the residual interest in the assets of the Non Par Fund after consideration of all liabilities. In addition, in accordance to MFRS 139, the Non Par AFS reserves should be accounted for as equity of the company. The classification of the Non Par unallocated surplus and AFS reserves of EIB as a liability was made in accordance with the Guidelines issued by BNM and is a modification to MFRS which had been approved by BNM under Section 90 of the Insurance Act 1996.

The Non Par unallocated surplus and AFS reserves would now be required to be reclassified from liabilities to equity. This is a change in accounting policy pursuant to the revised Guidelines issued by BNM and the adoption of MFRS framework by the Group which took effect from 1 January 2012, and hence the reclassification would be adjusted retrospectively against reserves as at 1 July 2011 (i.e. the transition date to MFRS).

The financial impact of the adoption of the above revised BNM's Guidelines on the financial statements of the Group are disclosed in Note A29.

A2. Significant accounting policies

The audited financial statements of the Group and the Bank for the six-month financial period ended 31 December 2011 were prepared in accordance with FRS. Except for certain differences, the requirements under FRS and MFRS are similar. The significant accounting policies adopted in preparing these unaudited condensed interim financial statements are consistent with those of the audited financial statements for the financial period ended 31 December 2011 except for those exemptions elected as disclosed in Note A1 above.

A3. Significant Accounting Estimates and Judgements

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

(i) Fair Value Estimation of Securities Held-For-Trading (Note A10(i)), Securities Available-For-Sale (Note A10(ii)) and Derivative Financial Instruments (Note A28)

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 rate, may affect the results of the impairment assessment.

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A3. Significant Accounting Estimates and Judgements (cont'd.)

(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 and Takaful Business

(a) Life insurance business

There are several sources of uncertainty that need to be considered in the estimation of life insurance liabilities. The main assumptions used relate to mortality, morbidity, longevity, expenses, withdrawal rates and discount rates. These estimates, adjusted when appropriate to reflect the subsidiary's unique risk exposure, provide the basis for the valuation of future policy benefits payable.

(b) Family takaful business

For family takaful certificates, estimates are made for future deaths, disabilities, maturities, investment returns in accordance with the subsidiary's experience. The family takaful fund bases the estimate of expected number of deaths on applied mortality tables, adjusted where appropriate to reflect the fund's unique risk exposures. The estimated number of deaths determines the value of possible future benefits to be paid out, which will be factored into ensuring sufficient cover by reserves, which in return is monitored against current and future contributions.

For those certificates that cover risks related to disability, estimates are made based on recent past experience and emerging trends.

At each reporting date, these estimates are reassessed for adequacy and changes will be reflected as adjustments to the liability.

(c) General insurance and general takaful businesses

The principal uncertainty in the general business and general takaful business arises from the technical provisions which include the premium/ contribution liabilities and claim liabilities. Premium liabilities are reported at the higher of the aggregate of the unearned premium reserves for all lines of business or the best estimate value of the reinsurer's unexpired risk reserves at the end of the financial year and a provision of risk margin for adverse deviation ("PRAD") calculated at the overall subsidiary level. While contribution liabilities are reported at the higher of the aggregate of the unearned contribution reserves for all line of business or the total fund's unexpired risk reserves at 75% confidence level at the end of the financial year.

Generally, claim liabilities are determined based upon historical claims experience, existing knowledge of events, the terms and conditions of the relevant policies and interpretation of circumstances. Particularly relevant is past experience with similar cases, historical claims development trends, legislative changes, judicial decisions, economic conditions and claims handling procedures. It is certain that actual, future contribution and claim liabilities will not exactly develop as projected and they vary from the projections.

(vi) Deferred Tax and Income Taxes

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

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A3. Significant Accounting Estimates and Judgements (cont'd.)

(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, advances and financing that have been assessed individually and found not to be impaired and all individually insignificant loans, advances and financing 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 different individual groups).

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

The Group assesses 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 the Bank's accounting policies in respect of investment in subsidiaries and interest in associates are as follows:

- (i) The Group 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.

(ix) Impairment of Securities Portfolio

The Group and the Bank review the securities portfolio of Held-for-Trading, 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 of whether its investment is impaired following certain indicators such as, amongst 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 evaluation on various factors, such as historical fair value movement and the significant reduction in fair value.

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A4. Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the audited annual financial statements for the financial period ended 31 December 2011 was not qualified.

A5. Seasonal or Cyclical Factors

The operations of the Group and of the Bank were not materially affected by any seasonal or cyclical factors in the third quarter ended 30 September 2012.

A6. Unusual Items Due to Their Nature, Size or Incidence

During the third quarter ended 30 September 2012, save as disclosed in Note A8 below, there were no unusual items affecting the assets, liabilities, equity, net income or cash flows of the Group and of the Bank.

A7. Changes in Estimates

There were no material changes in estimates during the third quarter ended 30 September 2012.

A8. Changes in Debt and Equity Securities

(A) The following are the changes in debt and equity securities that were issued and redeemed by the Group and the Bank during the nine-month ended 30 September 2012:

(a) Issuance of Shares

The issued and paid-up share capital of the Bank was increased from RM7,639,437,483 as at 31 December 2011 to RM7,854,455,302 as at 30 September 2012 via:

- (i) issuance of 202,854,119 new ordinary shares of RM1 each arising from the Dividend Reinvestment Plan ("DRP") relating to the final dividend of 36 sen less 25% taxation in respect of 6-month financial period ended 31 December 2011.
- (ii) issuance of 709,000 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.
- (iii) issuance of 11,454,700 new ordinary shares of RM1 each to be held in the ESOS Trust Fund ("ETF") Pool pursuant to the current ESS.

(b) Issuance of USD400.0 million Senior Notes under the USD2.0 billion Multicurrency Medium Term Note Programme

Maybank had on 3 February 2012 successfully priced its USD400.0 million of Regulation S Senior Unsecured Notes under the USD2.0 billion Multicurrency Medium Term Note Programme.

(c) Issuance of HKD700.0 million Senior Notes under the USD2.0 billion Multicurrency Medium Term Note Programme

On 1 March 2012, Maybank issued HKD700.0 million Senior Notes in nominal value under the USD2.0 billion Multicurrency Medium Term Note Programme.

(d) Redemption of Subordinated Bonds of RM1.5 billion with a tenure of 10 years from issue date on a 10 non-callable 5 basis

On 13 April 2012, Maybank had fully redeemed the Subordinated Bonds of RM1.5 billion. The Subordinated Bonds were issued on 13 April 2007.

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A8. Changes in Debt and Equity Securities (cont'd.)

(A) The following are the changes in debt and equity securities that were issued and redeemed by the Group and the Bank during the nine-month ended 30 September 2012 (cont'd.):

(e) **Redemption of Subordinated Sukuk of USD300.0 million with a tenure of 10 years from issue date on a 10 non-callable 5 basis**

On 25 April 2012, Maybank had fully redeemed the Subordinated Sukuk of USD300.0 million. The Subordinated Sukuk was issued on 25 April 2007 via MBB Sukuk, Inc., a special purpose vehicle incorporated in Labuan.

(f) **Issuance of USD500.0 million Senior Notes under the USD2.0 billion Multicurrency Medium Term Note Programme**

On 8 May 2012, Maybank issued USD500.0 million Senior Notes in nominal value under the USD2.0 billion Multicurrency Medium Term Note Programme.

(g) **Issuance of RM2.1 billion Subordinated Notes under the RM7.0 billion Subordinated Note Programme**

On 10 May 2012, Maybank issued RM2.1 billion Subordinated Notes in nominal value from the Bank's RM7.0 billion Subordinated Note Programme which are payable semi-annually in arrears in May and November each year and are due in 2024. The Bank may, subject to the prior consent of Bank Negara Malaysia, redeem the Subordinated Notes, in whole but not in part, on 10 May 2019 (first Call Date) and on each semi-annual interest payment date thereafter at their principal amount together with accrued but unpaid coupon.

(h) **Issuance of JPY5.0 billion Senior Notes under USD5.0 billion Multicurrency Medium Term Note Programme**

On 30 May 2012, Maybank issued JPY5.0 billion Senior Notes in nominal value under the USD5.0 billion Multicurrency Medium Term Note Programme.

(i) **Redemption of Subordinated Term Loan of RM3.1 billion**

On 2 July 2012, Maybank had fully redeemed the Subordinated Term Loan of RM3.1 billion.

(j) **Issuance of HKD600.0 million Senior Notes under USD5.0 billion Multicurrency Medium Term Note Programme**

On 20 July 2012, Maybank issued HKD600.0 million Senior Notes in nominal value under the USD5.0 billion Multicurrency Medium Term Note Programme.

(k) **Issuance of USD800.0 million Regulation S Tier 2 Capital Subordinated Notes under USD5.0 billion Multicurrency Medium Term Note Programme**

On 14 September 2012, Maybank issued USD800.0 million Regulation S Tier 2 Capital Subordinated Notes under USD5.0 billion Multicurrency Medium Term Note Programme.

(l) **Redemption of bonds, medium term notes and borrowings by PT Bank Internasional Indonesia Tbk and its subsidiaries**

During the nine-month ended 30 September 2012, PT Bank Internasional Indonesia Tbk ("BII") and its subsidiaries, the subsidiaries of Maybank, had redeemed bonds, medium term notes and borrowings amounting to approximately RM18.1 million.

(m) **Issuance of medium term notes and borrowings by Maybank Kim Eng Holdings Ltd.**

During the nine-month ended 30 September 2012, Maybank Kim Eng Holdings Ltd., the subsidiary of Maybank, had issued medium term notes amounting to approximately RM375.3 million under the SGD800 million Multicurrency Medium Term Note Programme.

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A8. Changes in Debt and Equity Securities (cont'd.)

(B) The following is the change in debt securities that was issued by the Bank subsequent to the third quarter ended 30 September 2012 and has not been reflected in the financial statements for the current financial quarter:

(a) **Private placement of new ordinary shares of RM1.00 each in Maybank ("Maybank Shares") ("Private Placement")**

On 5 October 2012, Maybank had announced to place out 300,000,000 new ordinary shares of RM1.00 each in Maybank ("Maybank Shares") ("Private Placement"), representing 3.68% of the enlarged issued and paid-up share capital of Maybank as at 30 September 2012, with a possible upside depending on investors' demand, under the proposed Private Placement.

Further details of the Private Placement are disclosed in Note B6(f).

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

A9. Dividends Paid and Payable

There was no dividend paid during the quarter ended 30 September 2012. Dividend paid and payable for the financial period ended 30 September 2012 are as follows:

(a) During the Annual General Meeting held on 29 March 2012, a final dividend in respect of the financial period ended 31 December 2011 of 36 sen per share less 25% taxation on 7,639,437,483 ordinary shares, amounting to net dividend paid of RM2,062,651,198 (net 27 sen per ordinary share) was approved by the shareholders.

The dividend consists of cash portion of 4 sen (net 3 sen) per ordinary share and an electable portion of 32 sen (net 24 sen) per ordinary share 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 4 June 2012.

(b) A first interim dividend in respect of the financial year ending 31 December 2012 of 32 sen per share less 25% taxation, was declared by the Bank on 16 August 2012.

The dividend consists of 4 sen (3 sen net per ordinary share) to be paid in cash amounting to RM235,631,934 and an electable portion of 28 sen (21 sen net per ordinary share) amounting to RM1,649,423,538 which can be elected to be reinvested in new ordinary shares in accordance with the DRP.

The financial statements for the current financial quarter do not reflect the electable portion of 28 sen (21 sen net per ordinary share) as the number of new Maybank shares to be reinvested in accordance with the DRP is not finalised.

On 7 September 2012, Maybank announced that the issue price of new Maybank shares to be issued pursuant to the DRP has been fixed at RM8.40 per new Maybank share. The Book Closure Date pursuant to the first interim dividend and DRP was fixed on 24 September 2012.

(c) Dividends paid by Maybank's subsidiaries to non-controlling interest amounting to RM10,976,000 during the nine-month ended 30 September 2012.

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A10. Securities Portfolio

	Note	Group		Bank	
		30 September 2012 RM'000	31 December 2011 (Restated) RM'000	30 September 2012 RM'000	31 December 2011 (Restated) RM'000
Securities held-for-trading	(i)	12,558,679	9,665,997	9,673,196	7,325,466
Securities available-for-sale	(ii)	55,167,830	55,415,428	46,588,765	46,406,463
Securities held-to-maturity	(iii)	3,422,424	3,179,416	2,549,751	2,223,670
		71,148,933	68,260,841	58,811,712	55,955,599

(i) Securities Held-for-trading

	Group		Bank	
	30 September 2012 RM'000	31 December 2011 RM'000	30 September 2012 RM'000	31 December 2011 RM'000
At Fair value				
Money market instruments:				
Malaysian Government Securities	581,519	572,088	581,519	572,088
Malaysian Government Treasury Bills	85,670	24,109	85,670	24,109
Malaysian Government Investment Issues	142,457	266,872	142,457	51,160
Bank Negara Malaysia Bills and Notes	5,353,445	1,476,873	5,353,445	1,476,873
Khazanah Bonds	-	407,614	-	407,614
Bank Negara Malaysia Monetary Notes	4,462,188	4,351,525	1,676,930	2,468,677
Foreign Government Treasury Bills	7,923	23,738	-	-
Foreign Government Securities	251,392	313,489	-	-
Foreign Certificates of Deposits	93,984	145,985	-	-
Sukuk Bank Negara Malaysia Ijarah	-	116,331	-	-
Cagamas Bonds	-	20,146	-	20,146
Negotiable Instruments of Deposits	-	-	546,027	610,093
	10,978,578	7,718,770	8,386,048	5,630,760
Quoted securities:				
Shares	210,318	216,787	4,264	4,815
	210,318	216,787	4,264	4,815
Unquoted securities:				
Private and Islamic Debt Securities in Malaysia	715,733	1,384,432	715,733	1,384,432
Foreign Private Debt Securities	626,439	333,150	539,540	295,840
Foreign Government Bonds	27,611	3,239	27,611	-
Malaysia Global Sukuk	-	9,619	-	9,619
	1,369,783	1,730,440	1,282,884	1,689,891
Total securities held-for-trading	12,558,679	9,665,997	9,673,196	7,325,466

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A10. Securities Portfolio (cont'd.)

(ii) Securities Available-for-sale

	Group		Bank	
	30 September 2012 RM'000	31 December 2011 (Restated) RM'000	30 September 2012 RM'000	31 December 2011 (Restated) RM'000
At Fair value, or at cost less impairment losses for certain unquoted equity instruments				
Money market instruments:				
Malaysian Government Securities	4,632,294	8,485,798	4,559,562	8,413,159
Sukuk Bank Negara Malaysia Ijarah	7,208	11,132	7,129	-
Cagamas Bonds	752,989	1,588,212	717,601	1,438,321
Foreign Government Securities	7,961,853	7,743,133	6,086,246	5,414,453
Malaysian Government Investment Issues	2,999,172	5,197,613	1,442,691	2,034,825
Foreign Government Treasury Bills	5,961,590	4,092,851	5,528,488	3,720,121
Negotiable Instruments of Deposits	1,470,258	1,589,712	3,434,176	3,907,136
Bankers' Acceptances and Islamic Accepted Bills	1,663,658	1,502,726	1,352,140	1,498,610
Khazanah Bonds	1,229,424	1,550,824	896,413	1,230,932
Bank Negara Malaysia Monetary Notes	1,995,445	-	1,708,717	-
Malaysian Government Treasury Bills	125,531	-	125,531	-
	28,799,422	31,762,001	25,858,694	27,657,557
Quoted Securities:				
In Malaysia:				
Shares, Warrants, Trust Units and Loan Stocks	578,661	352,034	81,867	84,100
Outside Malaysia:				
Shares, Warrants, Trust Units and Loan Stocks	367,165	321,925	12,464	18,766
	945,826	673,959	94,331	102,866
Unquoted Securities:				
Shares, trust units and loan stocks in Malaysia	673,685	635,871	384,741	369,359
Shares, trust units and loan stocks outside Malaysia	27,765	35,055	13,435	13,599
Private and Islamic Debt Securities in Malaysia	11,871,119	10,518,930	8,354,446	7,666,589
Malaysian Government Bonds	-	6,633	-	6,633
Foreign Government Bonds	1,214,258	880,538	1,137,393	786,558
Foreign Private and Islamic Debt Securities	11,231,731	10,549,662	10,555,762	9,683,921
Malaysia Global Sukuk	376,152	306,085	189,963	119,381
Structured Deposits	27,872	46,694	-	-
	25,422,582	22,979,468	20,635,740	18,646,040
Total securities available-for-sale	55,167,830	55,415,428	46,588,765	46,406,463

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A10. Securities Portfolio (cont'd.)

(iii) Securities Held-To-Maturity

	Group		Bank	
	30 September 2012 RM'000	31 December 2011 (Restated) RM'000	30 September 2012 RM'000	31 December 2011 (Restated) RM'000
At Amortised cost less impairment losses				
Money market instruments:				
Malaysian Government Securities	100,531	167,819	100,424	167,710
Foreign Government Securities	732,824	795,114	-	-
Malaysian Government Investment Issues	40,537	324,536	40,537	273,344
Foreign Government Treasury Bills	99,401	-	-	-
Khazanah Bonds	776,620	178,326	776,620	178,326
	1,749,913	1,465,795	917,581	619,380
Unquoted Securities:				
Private and Islamic Debt Securities in Malaysia	1,597,580	1,196,868	1,597,547	1,196,500
Foreign Government Bonds	52,681	176,222	52,409	175,929
Foreign Islamic Private Debt Securities	40,036	354,529	-	245,859
Others	2,044	2,044	2,044	2,044
	1,692,341	1,729,663	1,652,000	1,620,332
Accumulated impairment losses	(19,830)	(16,042)	(19,830)	(16,042)
Total securities held-to-maturity	3,422,424	3,179,416	2,549,751	2,223,670

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A11. Loans, Advances and Financing

	Group		Bank	
	30 September 2012 RM'000	31 December 2011 RM'000	30 September 2012 RM'000	31 December 2011 RM'000
At amortised cost				
Overdrafts	16,686,368	15,951,027	10,900,035	11,081,901
Term loans				
- Housing loans/financing	55,541,282	50,570,121	42,943,871	40,273,945
- Syndicated loan/financing	20,531,702	19,728,351	17,201,330	16,120,492
- Hire purchase receivables	51,344,458	48,099,062	27,395,447	23,931,788
- Lease receivables	11,823	3,819	3,266	3,270
- Other loans/financing	136,647,383	116,050,406	73,850,802	65,721,789
Credit card receivables	6,156,831	6,214,321	5,222,019	5,296,328
Bills receivable	5,918,764	5,370,780	5,881,108	5,343,156
Trust receipts	2,670,617	2,556,914	2,194,931	2,092,697
Claims on customers under acceptance credits	11,156,121	11,367,524	7,831,137	7,859,708
Loans/financing to banks and other financial institutions	6,670,443	6,329,311	6,423,954	6,183,626
Revolving credits	25,452,397	27,084,954	15,667,082	17,379,831
Staff loans	2,179,153	2,049,286	955,137	957,077
Loans to				
- Executive directors of subsidiaries	3,796	2,957	250	159
Others	2,323,180	1,807,604	814	-
	343,294,318	313,186,437	216,471,183	202,245,767
Unearned interest and income	(39,635,315)	(31,773,463)	(3,250,803)	(2,871,895)
Gross loans, advances and financing	303,659,003	281,412,974	213,220,380	199,373,872
Allowances for impaired loans and financing				
- Individual	(2,102,681)	(2,812,309)	(1,517,813)	(2,102,421)
- Collective	(3,968,411)	(4,169,974)	(2,940,210)	(3,097,366)
Net loans, advances and financing	297,587,911	274,430,691	208,762,357	194,174,085

(i) By type of customer

	Group		Bank	
	30 September 2012 RM'000	31 December 2011 RM'000	30 September 2012 RM'000	31 December 2011 RM'000
Domestic banking institutions	32,733	57,323	32,733	57,323
Domestic non-bank financial institutions				
- Stockbroking companies	3	815	3	815
- Others	16,351,802	18,949,977	10,628,580	13,350,685
Domestic business enterprise				
- Small and medium enterprise	75,027,805	54,048,038	60,155,086	45,245,694
- Others	48,479,652	55,456,073	31,883,880	36,419,915
Government and statutory bodies	3,284,867	2,890,246	2,471,483	2,525,386
Individuals	135,167,444	125,454,869	89,323,402	83,227,586
Other domestic entities	2,192,656	1,769,201	217,991	504,713
Foreign entities	23,122,041	22,786,432	18,507,222	18,041,755
Gross loans, advances and financing	303,659,003	281,412,974	213,220,380	199,373,872

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A11. Loans, Advances and Financing (cont'd.)

(ii) By geographical distribution

	Group		Bank	
	30 September 2012 RM'000	31 December 2011 RM'000	30 September 2012 RM'000	31 December 2011 RM'000
Malaysia	195,119,507	177,833,498	138,457,085	127,349,799
Singapore	63,203,847	60,758,571	62,667,951	60,335,903
Indonesia	24,893,249	24,027,545	-	-
Hong Kong SAR	7,333,893	6,507,669	7,271,661	6,405,881
Labuan offshore	4,368,681	4,486,178	-	-
Philippines	2,158,377	1,856,284	-	-
United Kingdom	1,329,972	1,364,150	1,329,946	1,364,150
United States of America	1,111,973	1,105,244	1,111,541	1,105,244
People's Republic of China	1,401,133	1,209,861	1,401,133	1,209,861
Vietnam	391,219	556,362	361,368	556,362
Cambodia	698,740	534,861	-	534,861
Bahrain	362,870	346,415	362,870	346,415
Brunei	256,826	165,396	256,825	165,396
Papua New Guinea	155,939	128,380	-	-
Thailand	844,628	502,706	-	-
Others	28,149	29,854	-	-
Gross loans, advances and financing	303,659,003	281,412,974	213,220,380	199,373,872

(iii) By interest/profit rate sensitivity

	Group		Bank	
	30 September 2012 RM'000	31 December 2011 RM'000	30 September 2012 RM'000	31 December 2011 RM'000
Fixed rate				
- Housing loans/financing	11,265,103	12,152,191	8,276,628	9,183,813
- Hire purchase receivables	41,128,283	36,660,189	23,788,725	20,769,134
- Other fixed rate loans/financing	49,386,906	49,863,837	32,997,113	35,089,279
Variable rate				
- Base lending rate plus	110,634,566	100,064,634	87,071,840	81,819,101
- Cost plus	35,852,989	34,915,664	32,069,461	31,101,405
- Other variable rates	55,391,156	47,756,459	29,016,613	21,411,140
Gross loans, advances and financing	303,659,003	281,412,974	213,220,380	199,373,872

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A11. Loans, Advances and Financing (cont'd.)

(iv) Total loans by economic purpose

	Group		Bank	
	30 September 2012 RM'000	31 December 2011 RM'000	30 September 2012 RM'000	31 December 2011 RM'000
Purchase of securities	24,997,431	21,804,073	13,888,256	12,548,429
Purchase of transport vehicles	44,087,558	41,511,231	23,401,761	20,508,025
- Less: Islamic loans sold to Cagamas	(1,295,206)	(1,499,270)	-	-
Purchase of landed properties				
- Residential	55,320,369	51,419,270	43,304,325	41,539,480
- Non-residential	21,711,727	17,500,708	18,949,203	15,777,574
Purchase of fixed assets (exclude landed properties)	4,325,503	4,005,398	4,314,288	3,994,116
Personal use	7,614,706	7,182,915	6,246,741	6,093,855
Credit card	6,223,643	6,261,455	5,287,910	5,339,988
Purchase of consumer durables	295,959	286,319	295,946	286,316
Construction	13,875,983	13,626,455	10,754,707	10,687,729
Merger and acquisition	4,240,922	72,367	4,240,922	72,367
Working capital	106,687,665	104,214,753	74,479,974	74,583,152
Others	15,572,743	15,027,300	8,056,347	7,942,841
Gross loans, advances and financing	303,659,003	281,412,974	213,220,380	199,373,872

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

	Group		Bank	
	30 September 2012 RM'000	31 December 2011 RM'000	30 September 2012 RM'000	31 December 2011 RM'000
Maturing within one year	79,714,563	79,432,121	60,682,307	60,875,951
One year to three years	39,997,927	34,309,197	29,418,435	23,473,618
Three years to five years	38,646,309	37,591,705	23,632,926	23,458,349
After five years	145,300,204	130,079,951	99,486,712	91,565,954
Gross loans, advances and financing	303,659,003	281,412,974	213,220,380	199,373,872

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A11. Loans, Advances and Financing (cont'd.)

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

	Group		Bank	
	30 September 2012 RM'000	31 December 2011 RM'000	30 September 2012 RM'000	31 December 2011 RM'000
At beginning of the period	8,036,045	8,756,862	6,245,836	6,377,496
Impaired during the period	3,063,014	2,628,313	1,956,620	1,647,483
Reclassified as non-impaired	(1,690,561)	(1,087,435)	(1,193,585)	(657,256)
Recovered during the period	(1,753,157)	(1,383,829)	(1,409,436)	(635,858)
Amount written off	(1,849,158)	(997,038)	(1,284,027)	(560,393)
Converted to securities	(3,332)	(9,327)	(3,332)	(9,327)
Exchange differences and expenses debited	(1,620)	106,025	35,424	83,691
(Disposal)/Acquisition of subsidiaries	(2,211)	22,474	-	-
Transferred to newly incorporated subsidiary	-	-	(39,506)	-
At end of the period	<u>5,799,020</u>	8,036,045	<u>4,307,994</u>	6,245,836
Less: Individual allowance on impaired loans	<u>(2,102,681)</u>	(2,812,309)	<u>(1,517,813)</u>	(2,102,421)
Net impaired loans, advances and financing	<u>3,696,339</u>	5,223,736	<u>2,790,181</u>	4,143,415
Ratio of net impaired loans	<u>1.22%</u>	1.86%	<u>1.32%</u>	2.10%

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

	Group		Bank	
	30 September 2012 RM'000	31 December 2011 RM'000	30 September 2012 RM'000	31 December 2011 RM'000
Purchase of securities	84,112	101,559	53,242	67,796
Purchase of transport vehicles	265,856	231,073	105,738	112,702
Purchase of landed properties				
- Residential	634,458	1,038,738	518,442	869,346
- Non-residential	152,088	201,064	109,471	181,813
Personal use	147,177	114,208	91,231	97,976
Credit card	75,314	90,160	56,955	64,708
Purchase of consumer durables	470	1,165	467	1,162
Construction	273,199	540,445	199,154	428,638
Working capital	3,310,613	4,794,683	2,615,233	3,889,018
Others	855,733	922,950	558,061	532,677
	<u>5,799,020</u>	8,036,045	<u>4,307,994</u>	6,245,836

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A11. Loans, Advances and Financing (cont'd.)

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

	Group		Bank	
	30 September 2012 RM'000	31 December 2011 RM'000	30 September 2012 RM'000	31 December 2011 RM'000
Malaysia	4,116,213	6,308,041	3,527,762	5,482,340
Singapore	389,753	379,834	325,854	312,294
Indonesia	523,366	538,420	-	-
Labuan Offshore	138,953	230,647	-	-
Hong Kong SAR	16,311	72,093	15,473	71,228
Brunei	5,766	768	5,765	768
Vietnam	40,399	80,335	40,399	80,335
United Kingdom	299,840	215,719	299,840	215,719
People's Republic of China	5,429	5,932	5,429	5,932
Cambodia	39,687	18,602	-	18,602
Philippines	83,456	73,677	-	-
United States of America	433	-	-	-
Bahrain	87,472	58,618	87,472	58,618
Thailand	25,393	25,672	-	-
Others	26,549	27,687	-	-
	5,799,020	8,036,045	4,307,994	6,245,836

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

	Group		Bank	
	30 September 2012 RM'000	31 December 2011 RM'000	30 September 2012 RM'000	31 December 2011 RM'000
<u>Individual Allowance</u>				
At beginning of the period	2,812,309	2,932,129	2,102,421	2,115,897
Allowance made during the period	791,226	535,890	637,978	464,602
Amount written back	(365,237)	(296,458)	(310,630)	(192,817)
Amount written off	(1,053,506)	(364,074)	(825,580)	(269,614)
Transferred to impairment losses in securities	-	(9,327)	-	(9,327)
Transferred to collective allowance	(52,247)	(15,628)	(50,024)	(14,411)
(Disposal)/Acquisition of subsidiaries	(2,717)	20,553	-	-
Transferred to newly incorporated subsidiary	-	-	(36,834)	-
Exchange differences	(27,147)	9,224	482	8,091
At end of the period	2,102,681	2,812,309	1,517,813	2,102,421
<u>Collective Allowance</u>				
At beginning of the period	4,169,974	4,271,208	3,097,366	3,179,773
Allowance made during the period	591,819	504,176	256,350	187,383
Amount written back	(7,455)	(306)	-	-
Amount written off	(795,652)	(632,964)	(458,447)	(290,779)
Transferred from individual allowance	52,247	15,628	50,024	14,411
Transferred to newly incorporated subsidiary	-	-	(5,490)	-
Exchange differences	(42,522)	12,232	407	6,578
At end of the period	3,968,411	4,169,974	2,940,210	3,097,366
As a percentage of gross loans, advances and financing (including Islamic Loans sold to Cagamas), less individual allowance	1.31%	1.49%	1.39%	1.57%

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A12. Other Assets

	Group		Bank	
	30 September 2012 RM'000	31 December 2011 RM'000	30 September 2012 RM'000	31 December 2011 RM'000
Other debtors	4,997,682	5,684,868	1,731,251	2,015,839
Amount due from brokers and clients	2,084,111	1,131,928	-	-
Development properties	62,435	448,015	-	-
Prepayments and deposits	528,551	461,199	119,402	87,130
Tax recoverable	27,347	200,325	-	97,337
Foreclosed properties	120,874	113,651	36,001	40,127
	7,821,000	8,039,986	1,886,654	2,240,433

A13. Deposits from Customers

(i) By type of deposit

	Group		Bank	
	30 September 2012 RM'000	31 December 2011 RM'000	30 September 2012 RM'000	31 December 2011 RM'000
Fixed deposits and negotiable instruments of deposits				
- One year or less	178,390,751	174,467,186	117,716,904	110,905,963
- More than one year	9,862,406	8,025,679	9,163,646	7,405,262
	188,253,157	182,492,865	126,880,550	118,311,225
Money market deposits	24,512,384	24,001,969	24,512,384	24,001,969
Savings deposits	48,855,702	47,084,107	34,863,379	33,362,552
Demand deposits	65,917,434	58,040,842	46,703,545	45,329,984
Structured deposits *	2,949,696	2,089,997	2,652,701	1,889,563
	330,488,373	313,709,780	235,612,559	222,895,293

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

(ii) By type of customer

	Group		Bank	
	30 September 2012 RM'000	31 December 2011 RM'000	30 September 2012 RM'000	31 December 2011 RM'000
Business enterprises	149,850,978	145,925,810	105,389,279	102,072,245
Individuals	145,690,624	134,090,970	112,653,638	104,366,059
Government and statutory bodies	13,529,918	11,079,037	6,458,686	3,605,807
Others	21,416,853	22,613,963	11,110,956	12,851,182
	330,488,373	313,709,780	235,612,559	222,895,293

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

	Group		Bank	
	30 September 2012 RM'000	31 December 2011 RM'000	30 September 2012 RM'000	31 December 2011 RM'000
Due within six months	151,093,444	146,602,625	94,686,037	88,693,115
Six months to one year	27,297,307	27,864,561	23,030,867	22,212,848
One year to three years	9,357,881	7,561,996	9,030,024	7,252,759
Three years to five years	498,415	457,574	133,622	152,503
After five years	6,110	6,109	-	-
	188,253,157	182,492,865	126,880,550	118,311,225

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A14. Deposits and Placements of Banks and Other Financial Institutions

	Group		Bank	
	30 September 2012 RM'000	31 December 2011 RM'000	30 September 2012 RM'000	31 December 2011 RM'000
Licensed banks	33,241,937	33,009,801	30,911,377	32,320,588
Licensed finance companies	232,074	219,805	198,686	181,228
Licensed investment banks	399,278	527,377	399,278	527,377
Other financial institutions	3,850,012	3,003,995	2,541,563	2,526,399
	37,723,301	36,760,978	34,050,904	35,555,592
Maturity structure of deposits and placements of banks and other financial institutions				
- One year or less	36,605,168	35,088,093	33,066,433	34,036,472
- More than one year	1,118,133	1,672,885	984,471	1,519,120
	37,723,301	36,760,978	34,050,904	35,555,592

A15. Borrowings, Subordinated Obligations and Capital Securities

	Group		Bank	
	30 September 2012 RM'000	31 December 2011 RM'000	30 September 2012 RM'000	31 December 2011 RM'000
(i) Borrowings				
Secured				
- Less than one year	500,792	599,246	-	-
- More than one year	844,390	959,559	-	-
	1,345,182	1,558,805	-	-
Unsecured				
- Less than one year	808,836	812,876	83,030	95,501
- More than one year	8,282,111	4,813,549	7,439,497	4,112,781
	9,090,947	5,626,425	7,522,527	4,208,282
	10,436,129	7,185,230	7,522,527	4,208,282
(ii) Subordinated obligations				
Unsecured				
- More than one year	13,240,618	14,160,553	11,671,265	12,574,919
(iii) Capital Securities				
Unsecured				
- More than one year	6,167,902	6,113,761	6,167,902	6,113,761

A16. Other Liabilities

	Group		Bank	
	30 September 2012 RM'000	31 December 2011 RM'000	30 September 2012 RM'000	31 December 2011 RM'000
Due to brokers and clients	4,004,172	3,692,268	-	-
Deposits and other creditors	4,522,705	3,608,396	7,670,555	4,958,097
Provisions and accruals	3,050,194	2,417,181	1,696,891	1,393,081
Provision for outstanding claims	563,957	488,658	-	-
Unearned premium reserves	352,407	310,139	-	-
Profit equalisation reserves	61,156	59,852	-	-
	12,554,591	10,576,494	9,367,446	6,351,178

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A17. Interest Income

	Quarter Ended		Cumulative 9 Months Ended	
	30 September 2012 RM'000	30 September 2011 RM'000	30 September 2012 RM'000	30 September 2011 RM'000
<u>Group</u>				
Loans, advances and financing	3,180,452	2,684,176	9,078,561	7,529,758
Money at call and deposit placements with financial institutions	124,649	147,697	440,557	379,624
Securities purchased under resale agreements	813	1,340	2,775	7,405
Securities held-for-trading	22,408	32,211	81,160	79,926
Securities available-for-sale	373,628	392,556	1,078,421	1,187,581
Securities held-to-maturity	32,304	110,036	257,996	325,122
	<u>3,734,254</u>	<u>3,368,016</u>	<u>10,939,470</u>	<u>9,509,416</u>
Amortisation of premium less accretion of discounts	33,786	(15,382)	110,375	(17,123)
	<u>3,768,040</u>	<u>3,352,634</u>	<u>11,049,845</u>	<u>9,492,293</u>
<u>Bank</u>				
Loans, advances and financing	2,291,752	1,977,968	6,569,065	5,530,336
Money at call and deposit placements with financial institutions	150,787	112,961	440,617	285,108
Securities purchased under resale agreements	538	63	924	120
Securities held-for-trading	22,715	31,568	77,394	74,243
Securities available-for-sale	317,984	348,501	917,679	1,054,372
Securities held-to-maturity	19,708	95,607	217,701	279,762
	<u>2,803,484</u>	<u>2,566,668</u>	<u>8,223,380</u>	<u>7,223,941</u>
Amortisation of premium less accretion of discounts	32,747	(16,637)	122,685	(20,935)
	<u>2,836,231</u>	<u>2,550,031</u>	<u>8,346,065</u>	<u>7,203,006</u>

Included in interest income for the 9 months financial period ended 30 September 2012 was interest on impaired assets amounting to approximately RM132,879,000 (30.9.2011: RM222,065,000) for the Group and RM103,623,000 (30.9.2011: RM176,773,000) for the Bank.

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A18. Interest Expense

Group	Quarter Ended		Cumulative 9 Months Ended	
	30 September 2012 RM'000	30 September 2011 RM'000	30 September 2012 RM'000	30 September 2011 RM'000
Deposits and placements of banks and other financial institutions	138,800	106,115	414,799	308,113
Deposits from customers	1,168,406	1,081,351	3,385,106	2,916,001
Floating rate certificates of deposits	3,287	810	5,597	1,899
Borrowings	102,856	74,256	290,300	184,755
Subordinated notes	95,419	67,984	307,095	150,168
Subordinated bonds	18,750	33,371	72,465	98,115
Capital Securities	101,325	100,574	300,121	298,130
Net interest on derivatives	(19,694)	14,562	(11,496)	63,338
	1,609,149	1,479,023	4,763,987	4,020,519
Bank				
Deposits and placements of banks and other financial institutions	133,418	107,781	406,976	316,024
Deposits from customers	908,472	776,489	2,620,375	2,081,421
Floating rate certificates of deposits	3,287	810	5,597	1,899
Borrowings	41,789	10,916	98,916	27,227
Subordinated notes	77,948	67,984	255,167	150,168
Subordinated bonds	18,750	33,873	72,465	100,968
Capital Securities	101,325	100,574	300,121	298,130
Net interest on derivatives	(24,657)	7,033	(26,275)	39,865
	1,260,332	1,105,460	3,733,342	3,015,702

A19. Non-interest Income

Group	Quarter Ended		Cumulative 9 Months Ended	
	30 September 2012 RM'000	30 September 2011 RM'000	30 September 2012 RM'000	30 September 2011 RM'000
(a) Fee income:				
Commission	197,056	186,786	601,132	553,524
Service charges and fees	383,648	350,895	1,169,998	982,457
Underwriting fees	17,766	8,529	67,152	50,863
Brokerage income	131,233	160,607	405,276	316,832
Other loans related fee income	113,335	152,811	389,215	396,248
	843,038	859,628	2,632,773	2,299,924
(b) Net gain/(loss) arising from:				
Sale of securities held-for trading	28,116	22,840	80,925	2,489
Sale of securities available-for-sale	206,461	201,137	383,696	289,391
Redemption of securities held-to-maturity	65	(1)	16,553	(23)
Net gain from deemed sale of associate company	74	-	8,955	-
Net gain from sale of subsidiary company	322	2,059	8,670	2,059
	235,038	226,035	498,799	293,916
(c) Gross dividend from securities portfolio	8,979	8,623	23,426	26,664
(d) Unrealised gain/(loss) on revaluation of:				
- securities held-for-trading	8,741	(74,603)	22,526	(84,596)
- derivatives	69,322	(228,221)	102,146	(182,472)
	78,063	(302,824)	124,672	(267,068)
(e) Other income:				
Foreign exchange profit	63,090	298,909	505,419	680,533
Rental income	6,157	5,694	18,230	16,645
Gain on disposal of property and equipment (net)	1,382	5,540	6,864	17,352
Gain on disposal of foreclosed properties	64	409	461	3,044
Sale of development properties	1,845	41,755	16,223	79,684
Others	78,391	78,933	241,529	197,512
	150,929	431,240	788,726	994,770
Total non-interest income	1,316,047	1,222,702	4,068,396	3,348,206

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A19. Non-interest Income (cont'd.)

<u>Bank</u>	Quarter Ended		Cumulative 9 Months Ended	
	30 September 2012 RM'000	30 September 2011 RM'000	30 September 2012 RM'000	30 September 2011 RM'000
(a) Fee income:				
Commission	169,485	161,208	525,793	489,366
Service charges and fees	231,795	232,147	724,546	693,747
Underwriting fees	9,637	5,626	41,085	22,607
Brokerage income	1,028	646	1,177	672
Other loans related fee income	30,822	48,991	132,835	112,572
	<u>442,767</u>	<u>448,618</u>	<u>1,425,436</u>	<u>1,318,964</u>
(b) Net gain/(loss) arising from:				
Sale of securities held-for trading	30,092	24,533	65,059	18,463
Sale of securities available-for-sale	196,858	177,811	328,811	239,423
Redemption of securities held-to-maturity	65	(1)	16,553	(23)
	<u>227,015</u>	<u>202,343</u>	<u>410,423</u>	<u>257,863</u>
(c) Gross dividend income from:				
Securities portfolio	801	1,501	6,686	9,761
Subsidiary companies	-	311,892	252,941	477,035
Associated companies	-	5,231	6,452	5,231
	<u>801</u>	<u>318,624</u>	<u>266,079</u>	<u>492,027</u>
(d) Unrealised gain/(loss) on revaluation of:				
- securities held-for-trading	(1,141)	(12,581)	16,668	(8,824)
- derivatives	62,986	(216,508)	82,996	(167,980)
	<u>61,845</u>	<u>(229,089)</u>	<u>99,664</u>	<u>(176,804)</u>
(e) Other income:				
Foreign exchange profit	19,189	285,085	394,873	609,812
Rental income	5,912	5,374	17,326	15,869
Gain on disposal of property and equipment (net)	381	5,229	4,862	16,777
Gain on disposal of foreclosed property	85	-	85	93
Others	11,764	24,970	49,944	47,803
	<u>37,331</u>	<u>320,658</u>	<u>467,090</u>	<u>690,354</u>
Total non-interest income	<u>769,759</u>	<u>1,061,154</u>	<u>2,668,692</u>	<u>2,582,404</u>

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A20. Overhead Expenses

Group	Quarter Ended		Cumulative 9 Months Ended	
	30 September 2012 RM'000	30 September 2011 RM'000	30 September 2012 RM'000	30 September 2011 RM'000
(a) Personnel costs				
Salaries, allowances and bonuses	924,070	765,003	2,671,122	2,177,201
Pension costs	101,240	88,642	296,416	233,096
Shares/Options granted under Employee's Shares Scheme	17,982	36,759	75,632	101,759
Others	149,517	134,735	443,631	409,976
	1,192,809	1,025,139	3,486,801	2,922,032
(b) Establishment costs				
Depreciation	55,811	51,156	162,571	143,121
Amortisation of intangible assets	33,558	40,618	106,008	85,570
Rental of leasehold land and premises	68,564	53,339	178,832	145,986
Repairs and maintenance of property and equipment	30,170	42,182	98,958	105,526
Information technology expenses	134,890	131,889	396,765	408,580
Others	2,975	5,792	15,574	14,221
	325,968	324,976	958,708	903,004
(c) Marketing expenses				
Advertisement and publicity	79,690	66,337	242,852	274,914
Others	36,476	30,868	105,076	89,417
	116,166	97,205	347,928	364,331
(d) Administration and general expenses				
Fees and brokerage	135,452	151,798	393,465	440,813
Administrative expenses	125,519	128,183	409,078	382,273
General expenses	145,496	112,515	430,409	295,314
Cost of development properties	1,364	37,202	10,722	69,437
Others	1,223	10,867	(16,003)	26,752
	409,054	440,565	1,227,671	1,214,589
Total overhead expenses	2,043,997	1,887,885	6,021,108	5,403,956

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A20. Overhead Expenses (cont'd.)

	Quarter Ended		Cumulative 9 Months Ended	
	30 September	30 September	30 September	30 September
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Bank				
(a) Personnel costs				
Salaries, allowances and bonuses	622,530	481,995	1,733,575	1,452,224
Pension costs	85,455	76,588	248,652	199,578
Shares/Options granted under Employee's Shares Scheme	11,767	30,913	62,614	95,913
Others	86,141	86,603	268,725	265,922
	805,893	676,099	2,313,566	2,013,637
(b) Establishment costs				
Depreciation	29,566	28,414	87,283	88,834
Amortisation of intangible assets	10,328	10,606	31,620	36,125
Rental of leasehold land and premises	30,224	24,280	77,300	69,753
Repairs and maintenance of property and equipment	15,448	17,360	46,275	49,469
Information technology expenses	116,462	115,122	329,128	364,409
Others	1,501	4,742	4,668	9,695
	203,529	200,524	576,274	618,285
(c) Marketing expenses				
Advertisement and publicity	35,852	31,204	129,959	173,348
Others	32,549	26,305	92,212	80,573
	68,401	57,509	222,171	253,921
(d) Administration and general expenses				
Fees and brokerage	101,559	131,616	318,289	318,493
Administrative expenses	60,860	60,104	174,071	191,782
General expenses	38,286	29,815	110,071	49,803
Others	2,332	1,413	3,894	6,772
	203,037	222,948	606,325	566,850
(e) Overhead expenses allocated to subsidiaries	(132,538)	(136,867)	(418,848)	(392,092)
Total overhead expenses	1,148,322	1,020,213	3,299,488	3,060,601

A21. Allowances for Losses on Loans, Advances and Financing

	Quarter Ended		Cumulative 9 Months Ended	
	30 September	30 September	30 September	30 September
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Group				
Allowances for impaired loans and financing:				
- collective allowance made	91,882	290,307	584,364	808,351
- individual allowance made	218,078	250,934	791,226	267,729
- individual allowance written back	(84,852)	(204,266)	(365,237)	(325,945)
Impaired loans and financing written off	28,521	12,186	84,941	29,259
Impaired loans and financing recovered	(169,059)	(252,262)	(613,550)	(598,558)
Allowance made for other debts	2,829	1,848	984	37,829
	87,399	98,747	482,728	218,665
Bank				
Allowances for impaired loans and financing:				
- collective allowance made/(written back)	(39,297)	123,869	256,350	77,134
- individual allowance made	178,901	210,262	637,978	382,141
- individual allowance written back	(49,630)	(119,683)	(310,630)	(210,258)
Impaired loans and financing written off	25,477	11,129	79,115	24,989
Impaired loans and financing recovered	(137,600)	(183,798)	(465,366)	(381,034)
Allowance (written back)/made for other debts	(865)	914	754	13,039
	(23,014)	42,693	198,201	(93,989)

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A22. 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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A22. 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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A22. Segment Information (cont'd.)

By Business Segments

Nine Months Ended 30 September 2012	<==== 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	3,884,137	1,044,980	549,897	273,657	2,618,865	61,704	(477,578)	7,955,662
- Inter-segment	-	-	-	(935)	(20,961)	17,223	4,673	-
	3,884,137	1,044,980	549,897	272,722	2,597,904	78,927	(472,905)	7,955,662
Net interest income and Islamic banking income	3,884,137	1,044,980	549,897	272,722	2,597,904	78,927	(472,905)	7,955,662
Net income from insurance and takaful business	-	-	-	-	-	348,290	-	348,290
Non-interest income	1,093,252	501,257	758,927	727,174	1,317,177	317,979	(647,370)	4,068,396
Net income	4,977,389	1,546,237	1,308,824	999,896	3,915,081	745,196	(1,120,275)	12,372,348
Overhead expenses	(2,652,419)	(281,410)	(175,649)	(686,268)	(1,918,526)	(306,836)	-	(6,021,108)
Allowance for losses on loans, advances and financing	(166,971)	39,107	-	4,601	(359,472)	7	-	(482,728)
Impairment losses on securities, net	-	-	(3,566)	(1,214)	(34,952)	(1,924)	-	(41,656)
Operating Profit	2,157,999	1,303,934	1,129,609	317,015	1,602,131	436,443	(1,120,275)	5,826,856
Share of profits in associates	-	-	-	1,475	116,533	410	-	118,418
Profit before taxation and zakat	2,157,999	1,303,934	1,129,609	318,490	1,718,664	436,853	(1,120,275)	5,945,274
Taxation and zakat								(1,565,494)
Profit after taxation and zakat								4,379,780
Non-controlling interest								(94,669)
Profit for the period								4,285,111

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A22. Segment Information (cont'd.)

By Business Segments

Nine Months Ended 30 September 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	3,768,830	757,918	578,521	220,035	2,132,164	44,919	(683,489)	6,818,898
- Inter-segment	-	-	-	2,192	(3,176)	15,904	(14,920)	-
	<u>3,768,830</u>	<u>757,918</u>	<u>578,521</u>	<u>222,227</u>	<u>2,128,988</u>	<u>60,823</u>	<u>(698,409)</u>	<u>6,818,898</u>
Net interest income and Islamic banking income	3,768,830	757,918	578,521	222,227	2,128,988	60,823	(698,409)	6,818,898
Net income from insurance and takaful business	-	-	-	-	-	606,455	-	606,455
Non-interest income	1,073,605	351,879	649,833	412,189	1,087,371	235,452	(462,123)	3,348,206
Net income	4,842,435	1,109,797	1,228,354	634,416	3,216,359	902,730	(1,160,532)	10,773,559
Overhead expenses	(2,511,454)	(216,859)	(133,746)	(509,987)	(1,731,160)	(300,750)	-	(5,403,956)
Allowance for losses on loans, advances and financing	43,528	141,004	71,600	28	(451,218)	(23,607)	-	(218,665)
Impairment losses on securities, net	-	4,649	(95,504)	(5,426)	(8,894)	(3,540)	-	(108,715)
Operating Profit	2,374,509	1,038,591	1,070,704	119,031	1,025,087	574,833	(1,160,532)	5,042,223
Share of profits in associates	-	-	-	2,276	100,088	-	-	102,364
Profit before taxation and zakat	<u>2,374,509</u>	<u>1,038,591</u>	<u>1,070,704</u>	<u>121,307</u>	<u>1,125,175</u>	<u>574,833</u>	<u>(1,160,532)</u>	<u>5,144,587</u>
Taxation and zakat								(1,338,913)
Profit after taxation and zakat								<u>3,805,674</u>
Non-controlling interest								(180,711)
Profit for the period								<u>3,624,963</u>

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A23. 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 financial period ended 31 December 2011.

A24. Subsequent Events

There were no material events subsequent to the reporting date, other than as disclosed in Note A8(B) and B6.

A25. Changes in the Composition of the Group

The changes to the composition of the Group during the third quarter ended 30 September 2012 are further elaborated in Note B6.

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A26. 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 30 September 2012			As at 31 December 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	10,532,774	9,820,929	6,254,689	8,260,162	7,864,786	5,463,701
Certain transaction-related contingent items	11,913,587	6,102,523	4,748,591	13,333,375	5,797,032	4,339,391
Short-term self-liquidating trade-related contingencies	3,465,505	827,899	567,084	3,316,365	1,243,447	704,094
Islamic hire purchase loans sold to Cagamas Berhad	1,189,777	1,189,777	390,333	1,499,270	1,499,266	498,592
Obligations under underwriting agreements	226,721	15,000	3,000	30,000	15,000	15,000
Irrevocable commitments to extend credit:						
- Maturity within one year	107,194,952	14,828,824	8,818,825	96,902,460	3,398,686	2,109,787
- Maturity exceeding one year	21,832,738	17,876,795	7,927,146	19,584,365	11,669,069	4,829,809
Miscellaneous commitments and contingencies	9,147,045	1,640,574	227,019	8,782,439	97,824	73,043
Total credit-related commitment and contingencies	165,503,099	52,302,321	28,936,687	151,708,436	31,585,110	18,033,417

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A26. Commitments and Contingencies (cont'd.)

Group (cont'd.)

	As at 30 September 2012			As at 31 December 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	97,766,993	1,654,506	564,245	89,127,406	1,697,361	589,459
- One year to less than five years	21,305,983	76,242	51,156	16,635,830	61,824	52,846
- Five years and above	1,705,278	36,387	30,781	827,609	45,053	44,520
	120,778,254	1,767,135	646,182	106,590,845	1,804,238	686,825
Interest rate related contracts:						
- Less than one year	22,026,634	593,397	231,420	52,227,798	515,281	420,674
- One year to less than five years	61,263,453	4,640,282	1,757,914	50,556,677	3,275,364	1,408,777
- Five years and above	16,523,160	2,059,856	909,032	9,176,736	1,133,644	528,435
	99,813,247	7,293,535	2,898,366	111,961,211	4,924,289	2,357,886
Equity and commodity related contracts:						
- Less than one year	293,459	-	-	71,611	-	-
- One year to less than five years	186,168	-	-	377,592	-	-
	479,627	-	-	449,203	-	-
Total treasury-related commitments and contingencies	221,071,128	9,060,670	3,544,548	219,001,259	6,728,527	3,044,711
	386,574,227	61,362,991	32,481,235	370,709,695	38,313,637	21,078,128

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A26. Commitments and Contingencies (cont'd.)

	As at 30 September 2012			As at 31 December 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</u>						
<u>Credit-related</u>						
Direct credit substitutes	8,320,124	8,320,124	5,048,647	5,926,466	5,790,525	3,584,047
Certain transaction-related contingent items	10,269,767	5,123,679	3,841,447	11,673,152	4,944,380	3,558,588
Short-term self-liquidating trade-related contingencies	3,163,038	624,850	372,793	2,952,658	1,057,766	648,554
Irrevocable commitments to extend credit:						
- Maturity within one year	89,203,677	13,064,243	7,688,515	82,414,863	2,586,209	1,767,836
- Maturity exceeding one year	18,081,966	15,077,965	6,883,469	16,410,180	10,258,612	4,369,422
Miscellaneous commitments and contingencies	9,016,925	1,640,574	227,019	8,475,251	97,824	73,043
Total credit-related commitment and contingencies	138,055,497	43,851,435	24,061,890	127,852,570	24,735,316	14,001,490

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A26. Commitments and Contingencies (cont'd.)

	As at 30 September 2012			As at 31 December 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	93,178,041	1,477,027	439,174	84,129,446	1,598,591	534,060
- One year to less than five years	16,137,405	76,242	51,156	13,766,757	61,824	52,846
- Five years and above	1,705,278	31,452	28,314	827,609	43,500	42,967
	111,020,724	1,584,721	518,644	98,723,812	1,703,915	629,873
Interest rate related contracts:						
- Less than one year	21,396,039	592,584	231,201	52,092,953	245,271	150,835
- One year to less than five years	57,219,480	4,378,850	1,615,616	48,442,901	3,138,356	1,349,099
- Five years and above	16,448,844	2,046,292	904,348	8,931,398	1,118,606	524,691
	95,064,363	7,017,726	2,751,165	109,467,252	4,502,233	2,024,625
Equity and commodity related contracts:						
- Less than one year	293,459	-	-	58,934	-	-
- One year to less than five years	140,158	-	-	377,592	-	-
	433,617	-	-	436,526	-	-
Total treasury-related commitments and contingencies	206,518,704	8,602,447	3,269,809	208,627,590	6,206,148	2,654,498
	344,574,201	52,453,882	27,331,699	336,480,160	30,941,464	16,655,988

* 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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A26. 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 30 September 2012, the amount of credit risk in the Group, measured in terms of the cost to replace the profitable contracts, was RM2,693.4 million (31 December 2011: RM1,954.5 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 30 September 2012, the Group and the Bank have posted cash collateral of RM320.8 million (31 December 2011: RM232.8 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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A27. 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 II 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% for the risk-weighted capital ratios.

The comparative capital adequacy ratio for 31 December 2011 was computed in accordance with local requirements, which was based on the Basel I capital accord. The minimum regulatory capital adequacy requirement is 8% for the risk-weighted capital ratios.

(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 interim dividend consists of an electable portion of 28 sen (net 21 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	
	30 September 2012	31 December 2011	30 September 2012	31 December 2011
Before deducting electable portion dividend to be reinvested:				
Core capital ratio	11.71%	11.74% *	14.41%	15.80% *
Risk-weighted capital ratio	<u>15.46%</u>	<u>16.46% *</u>	<u>14.41%</u>	<u>15.80% *</u>
After deducting electable portion dividend to be reinvested:				
Core capital ratio, assuming:				
- full electable portion paid in cash	11.12%	10.95%	13.61%	14.73%
- full electable portion reinvested	11.71%	11.65%	14.41%	15.68%
Risk-weighted capital ratio, assuming:				
- full electable portion paid in cash	14.87%	15.66%	13.61%	14.73%
- full electable portion reinvested	<u>15.46%</u>	<u>16.37%</u>	<u>14.41%</u>	<u>15.68%</u>

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

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A27. Capital Adequacy (cont'd.)

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

	Group		Bank	
	30 September 2012 RM '000	31 December 2011 RM '000	30 September 2012 RM '000	31 December 2011 RM '000
<u>Tier I capital</u>				
Paid-up share capital	7,854,455	7,639,437	7,854,455	7,639,437
Share premium	11,112,288	9,598,847	11,112,288	9,598,847
Other reserves	14,899,097	14,570,375	12,274,967	12,473,444
Capital securities	6,091,381	6,057,884	6,091,381	6,057,884
Less: Shares-held-in-trust	<u>(100,000)</u>	-	<u>(100,000)</u>	-
	39,857,221	37,866,543	37,233,091	35,769,612
Less: Deferred tax assets ¹	<u>(1,399,497)</u>	(1,406,712)	<u>(883,932)</u>	(867,163)
Less: Goodwill ¹	<u>(6,031,401)</u>	(6,031,401)	<u>(81,015)</u>	(81,015)
Total Tier I capital	<u>32,426,323</u>	<u>30,428,430</u>	<u>36,268,144</u>	<u>34,821,434</u>
<u>Tier II capital</u>				
Subordinated obligations	13,085,101	13,889,529	11,544,166	12,491,343
Collective allowance for bad and doubtful debts ⁴	753,051	892,370	345,327	430,448
Surplus of total EP ³ over total EL ³	-	359,978	-	384,425
Surplus of total EL ³ over total EP ³	<u>(655,421)</u>	-	<u>(500,865)</u>	-
Total Tier II capital	<u>13,182,731</u>	<u>15,141,877</u>	<u>11,388,628</u>	<u>13,306,216</u>
Total capital	45,609,054	45,570,307	47,656,772	48,127,650
Less: Investment in subsidiary companies and associates ²	<u>(2,768,248)</u>	(2,891,773)	<u>(17,872,845)</u>	(17,467,920)
Less: Other deductions				
Securitisation exposures held in the banking book	<u>(29,090)</u>	(31,383)	<u>(29,090)</u>	(31,383)
Capital base	<u>42,811,716</u>	<u>42,647,151</u>	<u>29,754,837</u>	<u>30,628,347</u>

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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A27. 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>30 September 2012</u>			
Core capital ratio	11.16%	28.92%	-
Risk-weighted capital ratio	13.47%	28.92%	12.33%
<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%

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

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A27. 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 30 September 2012

	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	69,307,470	36,528,719	4,337,914	1,087,881	23,511,270
IRB Approach exposure after scaling factor	171,071,434	143,954,169	31,013,060	-	-
Total risk-weighted assets for credit risk	240,378,904	180,482,888	35,350,974	1,087,881	23,511,270
Total risk-weighted assets for credit risk absorbed by Malayan Banking Berhad*	-	-	(127,304)	-	-
Total risk-weighted assets for market risk	9,245,302	7,933,328	267,632	436,268	417,656
Total risk-weighted assets for operational risk	27,239,017	18,042,218	2,891,237	715,836	3,313,936
Additional risk-weighted assets due to capital floor	-	-	-	-	-
Total risk-weighted assets	276,863,223	206,458,434	38,382,539	2,239,985	27,242,862

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

* 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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A28. 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>At 30 September 2012</u>	Amount	Assets	Liabilities	Amount	Assets	Liabilities
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Trading derivatives						
<u>Foreign exchange related contracts</u>						
Currency forward						
- Less than one year	31,090,683	163,625	(226,605)	26,886,197	82,203	(169,949)
- One year to three years	4,887,717	5,358	(2,033)	597,017	5,358	(2,033)
- More than three years	221,780	2,311	(1,169)	221,780	2,311	(1,169)
	<u>36,200,180</u>	<u>171,294</u>	<u>(229,807)</u>	<u>27,704,994</u>	<u>89,872</u>	<u>(173,151)</u>
Currency swaps						
- Less than one year	39,990,614	701,597	(556,966)	39,672,759	701,597	(564,345)
- One year to three years	141,974	7,663	(6,688)	141,974	7,663	(6,688)
- More than three years	123,802	1,714	(2,014)	123,802	1,714	(2,014)
	<u>40,256,390</u>	<u>710,974</u>	<u>(565,668)</u>	<u>39,938,535</u>	<u>710,974</u>	<u>(573,047)</u>
Currency spots						
- Less than one year	18,022,421	7,143	(13,123)	17,955,811	7,188	(13,117)
- One year to three years	-	-	-	-	-	-
- More than three years	-	-	-	-	-	-
	<u>18,022,421</u>	<u>7,143</u>	<u>(13,123)</u>	<u>17,955,811</u>	<u>7,188</u>	<u>(13,117)</u>
Currency options						
- Less than one year	4,185,867	14,972	(9,915)	4,185,867	14,972	(9,915)
- One year to three years	-	-	-	-	-	-
- More than three years	-	-	-	-	-	-
	<u>4,185,867</u>	<u>14,972</u>	<u>(9,915)</u>	<u>4,185,867</u>	<u>14,972</u>	<u>(9,915)</u>
Cross currency interest rate swaps						
- Less than one year	2,405,851	87,684	(6,845)	2,405,851	87,684	(6,845)
- One year to three years	6,663,097	158,296	(131,770)	6,663,097	168,793	(131,770)
- More than three years	7,239,614	455,445	(43,471)	6,939,114	455,445	(48,059)
	<u>16,308,562</u>	<u>701,425</u>	<u>(182,086)</u>	<u>16,008,062</u>	<u>711,922</u>	<u>(186,674)</u>
<u>Interest rate derivatives</u>						
Interest rate swaps						
- Less than one year	17,495,166	56,236	(62,181)	17,495,166	58,251	(62,181)
- One year to three years	24,607,500	115,797	(148,576)	24,491,191	123,664	(148,576)
- More than three years	44,555,786	562,138	(749,832)	44,411,072	593,048	(749,832)
	<u>86,658,452</u>	<u>734,171</u>	<u>(960,589)</u>	<u>86,397,429</u>	<u>774,963</u>	<u>(960,589)</u>
Interest rate futures						
- Less than one year	2,287,396	-	(364)	2,287,396	-	(364)
- One year to three years	948,492	-	(144)	948,492	-	(144)
- More than three years	-	-	-	-	-	-
	<u>3,235,888</u>	<u>-</u>	<u>(508)</u>	<u>3,235,888</u>	<u>-</u>	<u>(508)</u>
Interest rate options						
- Less than one year	1,035,690	10,423	(775)	1,035,690	10,423	(775)
- One year to three years	974,615	2,237	(675)	974,615	2,237	(675)
- More than three years	1,491,023	774	(183,892)	1,141,023	668	(124,894)
	<u>3,501,328</u>	<u>13,434</u>	<u>(185,342)</u>	<u>3,151,328</u>	<u>13,328</u>	<u>(126,344)</u>

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A28. Derivative Financial Instruments (cont'd.)

	Group			Bank		
	Principal Amount RM'000	Fair Value		Principal Amount RM'000	Fair Value	
At 30 September 2012	Assets Amount RM'000	Liabilities Amount RM'000	Assets Amount RM'000	Liabilities Amount RM'000	Assets Amount RM'000	Liabilities Amount RM'000
Trading derivatives (cont'd.)						
<u>Equity related derivatives</u>						
Equity options						
- Less than one year	223,019	447	(41,344)	223,019	397	-
- One year to three years	45,005	5,356	(5,356)	45,005	5,356	(5,356)
- More than three years	51,023	2,480	(2,480)	51,023	2,480	(2,480)
	<u>319,047</u>	<u>8,283</u>	<u>(49,180)</u>	<u>319,047</u>	<u>8,233</u>	<u>(7,836)</u>
Commodity options						
- Less than one year	-	-	-	-	-	-
- One year to three years	44,130	2,339	(2,339)	44,130	2,339	(2,339)
- More than three years	-	-	-	-	-	-
	<u>44,130</u>	<u>2,339</u>	<u>(2,339)</u>	<u>44,130</u>	<u>2,339</u>	<u>(2,339)</u>
Commodity options						
- Less than one year	70,440	779	(779)	70,440	779	(779)
- One year to three years	-	-	-	-	-	-
- More than three years	-	-	-	-	-	-
	<u>70,440</u>	<u>779</u>	<u>(779)</u>	<u>70,440</u>	<u>779</u>	<u>(779)</u>
Credit-Related Contract						
<u>Credit Default Swaps</u>						
- Less than one year	-	-	-	-	-	-
- One year to three years	-	-	-	-	-	-
- More than three years	46,013	326	(1,705)	-	-	-
	<u>46,013</u>	<u>326</u>	<u>(1,705)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Hedging derivatives						
<u>Interest rate swaps</u>						
- Less than one year	1,208,382	489	(3,965)	577,787	137	(4,171)
- One year to three years	2,178,643	-	(84,364)	1,328,643	-	(84,130)
- More than three years	3,030,554	23,263	(39,794)	373,287	-	(38,030)
	<u>6,417,579</u>	<u>23,752</u>	<u>(128,123)</u>	<u>2,279,717</u>	<u>137</u>	<u>(126,331)</u>
<u>Cross currency interest rate swaps</u>						
- Less than one year	2,071,557	194,817	(39)	2,071,557	194,817	(39)
- One year to three years	1,836,744	106,371	(6,381)	1,576,869	94,839	(6,381)
- More than three years	1,896,530	3,314	(3,973)	1,579,030	3,312	(3,972)
	<u>5,804,831</u>	<u>304,502</u>	<u>(10,393)</u>	<u>5,227,456</u>	<u>292,968</u>	<u>(10,392)</u>
Total derivative assets / (liabilities)	<u>221,071,128</u>	<u>2,693,394</u>	<u>(2,339,557)</u>	<u>206,518,704</u>	<u>2,627,675</u>	<u>(2,191,022)</u>

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A28. Derivative Financial Instruments (cont'd.)

	Group			Bank		
	Principal Amount RM'000	Fair Value		Principal Amount RM'000	Fair Value	
At 31 December 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
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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A28. Derivative Financial Instruments (cont'd.)

	Group			Bank		
	Principal Amount RM'000	Fair Value		Principal Amount RM'000	Fair Value	
At 31 December 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	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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A29. Financial Effects arising from Adoption of MFRS Framework and Changes in Accounting Policies

In preparing its opening MFRS statement of financial position, the Group and the Bank have adjusted certain amounts previously reported in its financial statements prepared in accordance with the previous FRS framework for the financial effects arising from the adoption of the MFRS framework and changes in accounting policies as stated in Note A1.

The adoption of the new MFRS framework and the change in accounting policy resulted the following reclassifications and adjustments:

(i) Designation of previously recognised financial instruments

MFRS 1 allows a first-time adopter to designate eligible financial assets as available-for-sale at the date of transition.

The Group and the Bank have opted for this exemption and redesignated certain previously recognised financial investments held-to-maturity as available-for-sale at 1 July 2011 (i.e. the transition date to MFRS).

Certain entities within the Group are still assessing and obtaining feedback from the regulator and the auditors and expect to be in the position to make a decision before the end of the financial year ending 31 December 2012.

(ii) Revised Bank Negara Malaysia ("BNM") Guidelines on Financial Reporting for Insurers

As at 31 December 2011, the life insurance contract liabilities of the insurance subsidiary, Etiqa Insurance Berhad ("EIB"), included the accumulated surpluses less estimated actuarial liabilities (collectively referred to as "unallocated surplus") and Available-for-Sale reserves of all life insurance contracts including those with discretionary participating features (referred to as "Par") and those without (referred to as "Non Par"). In accordance with MFRS 4 Insurance Contracts and the Framework for Preparation and Presentation of Financial Statements, the Non Par unallocated surplus does not meet the definition of a liability, that is, a present obligation of the company arising from past events, the settlement of which is expected to result in an outflow of economic benefits as the Non Par unallocated surplus represents the residual interest in the assets of the Non Par Fund after consideration of all liabilities. In addition, in accordance to MFRS 139, the Non Par AFS reserves should be accounted for as equity of the company. The classification of the Non Par unallocated surplus and AFS reserves of EIB as a liability was made in accordance with the Guidelines issued by BNM and is a modification to MFRS which had been approved by BNM under Section 90 of the Insurance Act 1996.

The Non Par unallocated surplus and AFS reserves would now be required to be reclassified from liabilities to equity. This is a change in accounting policy pursuant to the revised Guidelines issued by BNM and the adoption of MFRS framework by the Group which took effect from 1 January 2012, and hence the reclassification would be adjusted retrospectively against reserves as at 1 July 2011 (i.e. the transition date to MFRS).

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A29. Financial Effects arising from Adoption of MFRS Framework and Changes in Accounting Policies (cont'd.)

(a) Reconciliation of equity as at 1 July 2011 and as at 31 December 2011

Group	FRS as at 1 July 2011 RM'000	Note A29(i) RM'000	Note A29(ii) RM'000	MFRS as at 1 July 2011 RM'000	FRS as at 31 December 2011 RM'000	Note A29(i) RM'000	Note A29(ii) RM'000	MFRS as at 31 December 2011 RM'000
ASSETS								
Cash and short-term funds	38,803,519	-	-	38,803,519	49,089,088	-	-	49,089,088
Deposits and placements with financial institutions	10,291,513	-	-	10,291,513	6,452,978	-	-	6,452,978
Securities purchased under resale agreements	-	-	-	-	1,397,235	-	-	1,397,235
Securities held-for-trading	4,141,978	-	-	4,141,978	9,665,997	-	-	9,665,997
Securities available-for-sale	47,258,558	6,854,745	-	54,113,303	48,504,468	6,910,960	-	55,415,428
Securities held-to-maturity	9,638,714	(6,715,686)	-	2,923,028	9,880,899	(6,701,483)	-	3,179,416
Loans, advances and financing	253,976,426	-	-	253,976,426	274,430,691	-	-	274,430,691
Derivative assets	1,652,182	-	-	1,652,182	1,954,476	-	-	1,954,476
Other assets	6,735,522	-	1,401,581	8,137,103	6,661,305	-	1,378,681	8,039,986
Investment properties	45,051	-	-	45,051	62,007	-	-	62,007
Statutory deposits with Central Banks	7,698,425	-	-	7,698,425	10,577,416	-	-	10,577,416
Investment in subsidiaries	-	-	-	-	-	-	-	-
Interest in associates	2,439,654	-	-	2,439,654	2,406,462	-	-	2,406,462
Property, plant and equipment	2,168,986	-	-	2,168,986	2,372,534	-	-	2,372,534
Intangible assets	6,509,048	-	-	6,509,048	6,507,949	-	-	6,507,949
Deferred tax assets	1,402,705	(34,765)	-	1,367,940	1,421,934	(52,369)	-	1,369,565
Life, general takaful and family takaful fund assets	19,196,413	-	-	19,196,413	19,903,312	-	-	19,903,312
TOTAL ASSETS	411,958,694	104,294	1,401,581	413,464,569	451,288,751	157,108	1,378,681	452,824,540

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A29. Financial Effects arising from Adoption of MFRS Framework and Changes in Accounting Policies (cont'd.)

(a) Reconciliation of equity as at 1 July 2011 and as at 31 December 2011 (cont'd.)

Group (cont'd.)	FRS as at 1 July 2011 RM'000	Note A29(i) RM'000	Note A29(ii) RM'000	MFRS as at 1 July 2011 RM'000	FRS as at 31 December 2011 RM'000	Note A29(i) RM'000	Note A29(ii) RM'000	MFRS as at 31 December 2011 RM'000
LIABILITIES								
Deposits from customers	281,976,379	-	-	281,976,379	313,709,780	-	-	313,709,780
Deposits and placements of banks and other financial institutions	33,303,655	-	-	33,303,655	36,760,978	-	-	36,760,978
Obligations on securities sold under repurchase agreements	373,562	-	-	373,562	267,652	-	-	267,652
Bills and acceptances payable	8,513,401	-	-	8,513,401	4,472,872	-	-	4,472,872
Derivative liabilities	1,533,935	-	-	1,533,935	2,162,709	-	-	2,162,709
Other liabilities	11,311,854	-	-	11,311,854	10,576,494	-	-	10,576,494
Recourse obligation on loans sold to Cagamas	528,285	-	-	528,285	715,603	-	-	715,603
Provision for taxation and zakat	134,620	-	-	134,620	320,212	-	-	320,212
Deferred tax liabilities	247,892	-	350,395	598,287	263,605	-	344,670	608,275
Borrowings	5,447,120	-	-	5,447,120	7,185,230	-	-	7,185,230
Subordinated obligations	10,800,539	-	-	10,800,539	14,160,553	-	-	14,160,553
Capital securities	6,120,774	-	-	6,120,774	6,113,761	-	-	6,113,761
Life, general takaful and family takaful fund liabilities	5,408,600	-	-	5,408,600	2,886,104	-	-	2,886,104
Life, general takaful and family takaful policy holders' funds	13,787,813	-	-	13,787,813	17,017,208	-	-	17,017,208
TOTAL LIABILITIES	379,488,429	-	350,395	379,838,824	416,612,761	-	344,670	416,957,431

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A29. Financial Effects arising from Adoption of MFRS Framework and Changes in Accounting Policies (cont'd.)

(a) Reconciliation of equity as at 1 July 2011 and as at 31 December 2011 (cont'd.)

Group (cont'd.)	FRS as at 1 July 2011 RM'000	Note A29(i) RM'000	Note A29(ii) RM'000	MFRS as at 1 July 2011 RM'000	FRS as at 31 December 2011 RM'000	Note A29(i) RM'000	Note A29(ii) RM'000	MFRS as at 31 December 2011 RM'000
SHAREHOLDERS' EQUITY								
Share capital	7,478,206	-	-	7,478,206	7,639,437	-	-	7,639,437
Reserves	23,983,293	104,294	725,844	24,813,431	25,805,990	157,108	713,984	26,677,082
	<u>31,461,499</u>	<u>104,294</u>	<u>725,844</u>	<u>32,291,637</u>	<u>33,445,427</u>	<u>157,108</u>	<u>713,984</u>	<u>34,316,519</u>
Non-controlling interests	1,008,766	-	325,342	1,334,108	1,230,563	-	320,027	1,550,590
Total equity	<u>32,470,265</u>	<u>104,294</u>	<u>1,051,186</u>	<u>33,625,745</u>	<u>34,675,990</u>	<u>157,108</u>	<u>1,034,011</u>	<u>35,867,109</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	<u>411,958,694</u>	<u>104,294</u>	<u>1,401,581</u>	<u>413,464,569</u>	<u>451,288,751</u>	<u>157,108</u>	<u>1,378,681</u>	<u>452,824,540</u>

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A29. Financial Effects arising from Adoption of MFRS Framework and Changes in Accounting Policies (cont'd.)

(a) Reconciliation of equity as at 1 July 2011 and as at 31 December 2011

Bank	FRS as at 1 July 2011 RM'000	Note A29(i) RM'000	MFRS as at 1 July 2011 RM'000	FRS as at 31 December 2011 RM'000	Note A29(i) RM'000	MFRS as at 31 December 2011 RM'000
ASSETS						
Cash and short-term funds	25,803,796	-	25,803,796	35,966,579	-	35,966,579
Deposits and placements with financial institutions	7,644,471	-	7,644,471	6,246,093	-	6,246,093
Securities purchased under resale agreements	-	-	-	1,397,235	-	1,397,235
Securities held-for-trading	2,884,895	-	2,884,895	7,325,466	-	7,325,466
Securities available-for-sale	40,262,042	6,732,722	46,994,764	39,618,975	6,787,488	46,406,463
Securities held-to-maturity	8,339,494	(6,595,308)	1,744,186	8,804,797	(6,581,127)	2,223,670
Loans, advances and financing	181,572,844	-	181,572,844	194,174,085	-	194,174,085
Derivative assets	1,626,415	-	1,626,415	1,949,344	-	1,949,344
Other assets	1,420,365	-	1,420,365	2,240,433	-	2,240,433
Investment properties	-	-	-	-	-	-
Statutory deposits with Central Banks	4,313,116	-	4,313,116	6,095,129	-	6,095,129
Investment in subsidiaries	17,070,392	-	17,070,392	17,230,202	-	17,230,202
Interest in associates	454,412	-	454,412	456,512	-	456,512
Property, plant and equipment	1,170,183	-	1,170,183	1,298,891	-	1,298,891
Intangible assets	177,270	-	177,270	173,933	-	173,933
Deferred tax assets	920,837	(34,353)	886,484	867,163	(51,590)	815,573
Life, general takaful and family takaful fund assets	-	-	-	-	-	-
TOTAL ASSETS	293,660,532	103,061	293,763,593	323,844,837	154,771	323,999,608
LIABILITIES						
Deposits from customers	201,465,408	-	201,465,408	222,895,293	-	222,895,293
Deposits and placements of banks and other financial institutions	31,441,675	-	31,441,675	35,555,592	-	35,555,592
Obligations on securities sold under repurchase agreements	373,562	-	373,562	267,652	-	267,652
Bills and acceptances payable	7,115,673	-	7,115,673	3,610,141	-	3,610,141
Derivative liabilities	1,446,311	-	1,446,311	2,072,731	-	2,072,731
Other liabilities	4,240,156	-	4,240,156	6,351,178	-	6,351,178
Recourse obligation on loans sold to Cagamas	528,285	-	528,285	715,603	-	715,603
Provision for taxation and zakat	-	-	-	-	-	-
Deferred tax liabilities	-	-	-	-	-	-
Borrowings	3,420,499	-	3,420,499	4,208,282	-	4,208,282
Subordinated obligations	9,509,786	-	9,509,786	12,574,919	-	12,574,919
Capital securities	6,120,774	-	6,120,774	6,113,761	-	6,113,761
Life, general takaful and family takaful fund liabilities	-	-	-	-	-	-
Life, general takaful and family takaful policy holders' funds	-	-	-	-	-	-
TOTAL LIABILITIES	265,662,129	-	265,662,129	294,365,152	-	294,365,152

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A29. Financial Effects arising from Adoption of MFRS Framework and Changes in Accounting Policies (cont'd.)

(a) Reconciliation of equity as at 1 July 2011 and as at 31 December 2011 (cont'd.)

Bank (cont'd.)	FRS as at 1 July 2011 RM'000	Note A29(i) RM'000	MFRS as at 1 July 2011 RM'000	FRS as at 31 December 2011 RM'000	Note A29(i) RM'000	MFRS as at 31 December 2011 RM'000
SHAREHOLDERS' EQUITY						
Share capital	7,478,206	-	7,478,206	7,639,437	-	7,639,437
Reserves	20,520,197	103,061	20,623,258	21,840,248	154,771	21,995,019
Total equity	<u>27,998,403</u>	<u>103,061</u>	<u>28,101,464</u>	<u>29,479,685</u>	<u>154,771</u>	<u>29,634,456</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	<u>293,660,532</u>	<u>103,061</u>	<u>293,763,593</u>	<u>323,844,837</u>	<u>154,771</u>	<u>323,999,608</u>

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A29. Financial Effects arising from Adoption of MFRS Framework and Changes in Accounting Policies (cont'd.)

(b)(i) Reconciliation of income statement for the period ended 30 September 2011

<u>Group</u>	Three Months Ended				Nine Months Ended			
	FRS as at 30 September 2011 RM'000	Note A29(i) RM'000	Note A29(ii) RM'000	MFRS as at 30 September 2011 RM'000	FRS as at 30 September 2011 RM'000	Note A29(i) RM'000	Note A29(ii) RM'000	MFRS as at 30 September 2011 RM'000
Interest income	3,352,634	-	-	3,352,634	9,492,293	-	-	9,492,293
Interest expense	(1,479,023)	-	-	(1,479,023)	(4,020,519)	-	-	(4,020,519)
Net interest income	1,873,611	-	-	1,873,611	5,471,774	-	-	5,471,774
Income from Islamic Banking								
Scheme operations:								
Gross operating income	516,330	-	-	516,330	1,389,391	-	-	1,389,391
Profit equalisation reserves	-	-	-	-	(42,267)	-	-	(42,267)
	516,330	-	-	516,330	1,347,124	-	-	1,347,124
	2,389,941	-	-	2,389,941	6,818,898	-	-	6,818,898
Net income from insurance and takaful business:								
Income from insurance and takaful business	177,785	-	80,438	258,223	765,446	-	80,438	845,884
Claims incurred and expense liability	(81,288)	-	-	(81,288)	(239,429)	-	-	(239,429)
	96,497	-	80,438	176,935	526,017	-	80,438	606,455
	2,486,438	-	80,438	2,566,876	7,344,915	-	80,438	7,425,353
Non-interest income	1,222,702	-	-	1,222,702	3,348,206	-	-	3,348,206
Net income	3,709,140	-	80,438	3,789,578	10,693,121	-	80,438	10,773,559
Overhead expenses	(1,887,885)	-	-	(1,887,885)	(5,403,956)	-	-	(5,403,956)
	1,821,255	-	80,438	1,901,693	5,289,165	-	80,438	5,369,603
Allowance for losses on loans, advances and financing	(98,747)	-	-	(98,747)	(218,665)	-	-	(218,665)
Impairment losses on securities, net	1,018	-	-	1,018	(108,715)	-	-	(108,715)
Operating Profit	1,723,526	-	80,438	1,803,964	4,961,785	-	80,438	5,042,223
Share of profits in associates	36,521	-	-	36,521	102,364	-	-	102,364
Profit before taxation and zakat	1,760,047	-	80,438	1,840,485	5,064,149	-	80,438	5,144,587
Taxation & Zakat	(454,186)	-	(20,109)	(474,295)	(1,318,804)	-	(20,109)	(1,338,913)
Profit for the period	1,305,861	-	60,329	1,366,190	3,745,345	-	60,329	3,805,674
Attributable to:								
Equity holders of the Bank	1,286,390	-	41,657	1,328,047	3,583,306	-	41,657	3,624,963
Non-controlling interest	19,471	-	18,672	38,143	162,039	-	18,672	180,711
	1,305,861	-	60,329	1,366,190	3,745,345	-	60,329	3,805,674

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A29. Financial Effects arising from Adoption of MFRS Framework and Changes in Accounting Policies (cont'd.)

(b)(ii) Reconciliation of statement of comprehensive income for the period ended 30 September 2011

Group

	Three Months Ended				Nine Months Ended			
	FRS as at 30 September 2011 RM'000	Note A29(i) RM'000	Note A29(ii) RM'000	MFRS as at 30 September 2011 RM'000	FRS as at 30 September 2011 RM'000	Note A29(i) RM'000	Note A29(ii) RM'000	MFRS as at 30 September 2011 RM'000
Profit for the period	1,305,861	-	60,329	1,366,190	3,745,345	-	60,329	3,805,674
Other comprehensive income/(loss):								
Net gain on available-for-sale financial assets	(83,033)	54,389	(62,431)	(91,075)	260,166	54,389	(62,431)	252,124
- As previously reported	(83,033)	-	-	(83,033)	260,166	-	-	260,166
- Movement during the period/effect of adopting MFRS 1	-	54,389	-	54,389	-	54,389	-	54,389
- Movement during the period/effect of change in accounting policy	-	-	(62,431)	(62,431)	-	-	(62,431)	(62,431)
Income tax relating to components of other comprehensive income	4,486	(13,597)	15,608	6,497	(97,379)	(13,597)	15,608	(95,368)
- As previously reported	4,486	-	-	4,486	(97,379)	-	-	(97,379)
- Movement during the period/effect of adopting MFRS 1	-	(13,597)	-	(13,597)	-	(13,597)	-	(13,597)
- Movement during the period/effect of change in accounting policy	-	-	15,608	15,608	-	-	15,608	15,608
Foreign currency translation	503,798	-	-	503,798	761,562	-	-	761,562
Changes in other reserves	(119)	-	-	(119)	(119)	-	-	(119)
Other comprehensive income/(loss): for the period, net of tax	425,132	40,792	(46,823)	419,101	924,230	40,792	(46,823)	918,199
Total comprehensive income for the period	1,730,993	40,792	13,506	1,785,291	4,669,575	40,792	13,506	4,723,873
Total comprehensive income for the period attributable to:								
Equity holders of the Bank	1,700,055	40,792	9,325	1,750,172	4,501,257	40,792	9,325	4,551,374
Non-controlling interest	30,938	-	4,181	35,119	168,318	-	4,181	172,499
	1,730,993	40,792	13,506	1,785,291	4,669,575	40,792	13,506	4,723,873

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A29. Financial Effects arising from Adoption of MFRS Framework and Changes in Accounting Policies (cont'd.)

(c)(i) Reconciliation of income statement for the period ended 30 September 2011

Bank

	Three Months Ended			Nine Months Ended		
	FRS as at 30 September 2011	Note A29(i)	MFRS as at 30 September 2011	FRS as at 30 September 2011	Note A29(i)	MFRS as at 30 September 2011
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Interest income	2,550,031	-	2,550,031	7,203,006	-	7,203,006
Interest expense	(1,105,460)	-	(1,105,460)	(3,015,702)	-	(3,015,702)
Net interest income	1,444,571	-	1,444,571	4,187,304	-	4,187,304
Non-interest income	1,061,154	-	1,061,154	2,582,404	-	2,582,404
Net income	2,505,725	-	2,505,725	6,769,708	-	6,769,708
Overhead expenses	(1,020,213)	-	(1,020,213)	(3,060,601)	-	(3,060,601)
	1,485,512	-	1,485,512	3,709,107	-	3,709,107
Allowance for losses on loans, advances and financing	(42,693)	-	(42,693)	93,989	-	93,989
Impairment losses on securities, net	5,258	-	5,258	(99,766)	-	(99,766)
Profit before taxation and zakat	1,448,077	-	1,448,077	3,703,330	-	3,703,330
Taxation	(291,927)	-	(291,927)	(916,688)	-	(916,688)
Profit for the period	1,156,150	-	1,156,150	2,786,642	-	2,786,642

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A29. Financial Effects arising from Adoption of MFRS Framework and Changes in Accounting Policies (cont'd.)

(c)(ii) Reconciliation of statement of comprehensive income for the period ended 30 September 2011

Bank

	Three Months Ended			Nine Months Ended		
	FRS as at 30 September 2011 RM'000	Note A29(i) RM'000	MFRS as at 30 September 2011 RM'000	FRS as at 30 September 2011 RM'000	Note A29(i) RM'000	MFRS as at 30 September 2011 RM'000
	Profit for the period	1,156,150	-	1,156,150	2,786,642	-
Other comprehensive income/(loss):						
Net gain on available-for-sale financial assets	790	53,367	54,157	345,055	53,367	398,422
- As previously reported	790	-	790	345,055	-	345,055
- Movement during the period/effect of adopting MFRS 1	-	53,367	53,367	-	53,367	53,367
Income tax relating to components of other comprehensive income	438	(13,342)	(12,904)	(95,254)	(13,342)	(108,596)
- As previously reported	438	-	438	(95,254)	-	(95,254)
- Movement during the period/effect of adopting MFRS 1	-	(13,342)	(13,342)	-	(13,342)	(13,342)
Foreign currency translation	11,523	-	11,523	137,259	-	137,259
Other comprehensive income/(loss): for the period, net of tax	12,751	40,025	52,776	387,060	40,025	427,085
Total comprehensive income for the period	1,168,901	40,025	1,208,926	3,173,702	40,025	3,213,727

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A30. The Operations of Islamic Banking Scheme

A30a. Unaudited Income Statements for the Third Quarter Ended 30 September 2012

<u>Group</u>	Quarter Ended		Cumulative 9 Months Ended*	
	30 September 2012 RM'000	30 September 2011 RM'000	30 September 2012 RM'000	30 September 2011 RM'000
Income derived from investment of depositors' funds	1,002,782	823,423	2,743,836	2,218,838
Expenses directly attributable to depositors and Islamic Banking Funds	(56,920)	(17,104)	(113,096)	(25,448)
Transfer to profit equalisation reserve	-	-	-	(42,267)
Gross attributable income	945,862	806,319	2,630,740	2,151,123
Allowance for losses on financing and advances	4,341	(30,042)	20,472	(29,107)
Total attributable income	950,203	776,277	2,651,212	2,122,016
Income attributable to the depositors	(425,601)	(350,973)	(1,272,258)	(926,123)
Income attributable to the Group	524,602	425,304	1,378,954	1,195,893
Income derived from investment of Islamic Banking Funds	27,619	42,953	264,150	72,718
	552,221	468,257	1,643,104	1,268,611
Finance cost	(10,493)	(10,579)	(31,247)	(21,216)
Overhead expenses	(154,973)	(165,428)	(509,566)	(480,888)
Profit before taxation and zakat	386,755	292,250	1,102,291	766,507
Taxation	(94,429)	(69,257)	(264,467)	(181,404)
Zakat	(4,300)	(4,768)	(14,511)	(10,005)
Profit for the period	288,026	218,225	823,313	575,098

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

<u>Group</u>	Quarter Ended		Cumulative 9 Months Ended*	
	30 September 2012 RM'000	30 September 2011 RM'000	30 September 2012 RM'000	30 September 2011 RM'000
Gross attributable income	945,862	806,319	2,630,740	2,151,123
Income derived from investment of Islamic Banking Funds	27,619	42,953	264,150	72,718
Total income before allowance for losses on financing and advances and overhead expenses	973,481	849,272	2,894,890	2,223,841
Income attributable to the depositors	(425,601)	(350,973)	(1,272,258)	(926,123)
	547,880	498,299	1,622,632	1,297,718
Finance cost	(10,493)	(10,579)	(31,247)	(21,216)
Net of intercompany income & expenses	30,750	28,610	78,419	70,622
Income from Islamic Banking Scheme	568,137	516,330	1,669,804	1,347,124

* (The Group has changed its financial year-end from 30 June to 31 December. Comparatives for cumulative quarters consist of 9 months results beginning 1 January 2011 to 30 September 2011.)

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A30. The Operations of Islamic Banking Scheme (cont'd.)

A30b. Unaudited Statements of Comprehensive Income for the Third Quarter Ended 30 September 2012

	Quarter Ended		Cumulative 9 Months Ended*	
	30 September 2012 RM'000	30 September 2011 (Restated) ¹ RM'000	30 September 2012 RM'000	30 September 2011 (Restated) ¹ RM'000
Group				
Profit for the period	288,026	218,225	823,313	575,098
Other comprehensive (loss)/income:				
Currency translation differences in respect of foreign operations	(17,096)	367	(30,584)	(2,166)
Net gain on revaluation of financial investments available-for-sale	(28,365)	38,206	(19,051)	43,650
Income tax relating to components of other comprehensive income	4,646	(9,571)	4,210	(9,655)
Other comprehensive (loss)/income for the period, net of tax	(40,815)	29,002	(45,425)	31,829
Total comprehensive income for the period	247,211	247,227	777,888	606,927

* (The Group has changed its financial year-end from 30 June to 31 December. Comparatives for cumulative quarters consist of 9 months results beginning 1 January 2011 to 30 September 2011.)

¹ (Refer to Note A29 on financial effects arising from adoption of MFRS framework and changes in accounting policies.)

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A30. The Operations of Islamic Banking Scheme (cont'd.)

A30c. Unaudited Statements of Financial Position as at 30 September 2012

<u>Group</u>		30 September 2012	31 December 2011 (Restated)	1 July 2011 (Restated)
	Note	RM'000	RM'000	RM'000
ASSETS				
Cash and short-term funds		9,075,844	8,971,617	9,684,169
Deposits and placements with banks and other financial institutions		352,409	429,910	394,136
Securities portfolio		7,571,643	8,644,047	6,825,037
Financing and advances	A30d	57,102,581	50,926,004	46,244,031
Deferred tax assets		193,367	177,369	161,139
Derivative assets		53,996	28,198	14,646
Other assets		6,216,685	4,492,748	4,737,314
Statutory deposit with Bank Negara Malaysia		2,068,000	1,834,800	913,900
Intangible assets		3,354	3,701	918
Property, plant and equipment		1,824	2,551	347
Total Assets		82,639,703	75,510,945	68,975,637
LIABILITIES				
Deposits from customers	A30e	59,372,508	59,090,400	50,890,270
Deposit and placements of banks and other financial institutions		15,487,602	9,449,458	11,292,077
Bills and acceptances payable		174,417	504,237	1,115,350
Derivatives liabilities		113,876	96,179	53,504
Other liabilities		540,988	193,515	175,494
Provision for taxation and zakat		289,487	109,256	52,931
Subordinated Sukuk	A30f	1,021,331	1,010,723	1,010,637
Total Liabilities		77,000,209	70,453,768	64,590,263
ISLAMIC BANKING FUNDS				
Islamic Banking Funds		746,635	943,296	459,287
Reserves		4,892,859	4,113,881	3,926,087
		5,639,494	5,057,177	4,385,374
Total Liabilities and Islamic Banking Funds		82,639,703	75,510,945	68,975,637
COMMITMENTS AND CONTINGENCIES		28,913,386	22,853,525	18,643,612

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A30. The Operations of Islamic Banking Scheme (cont'd.)

A30d. Financing and Advances

	Group	
	30 September 2012 RM'000	31 December 2011 RM'000
Cashline	2,491,316	2,103,900
Term financing		
- Housing financing	9,226,229	7,275,137
- Syndicated financing	257,514	632,750
- Hire purchase receivables	18,122,823	18,167,588
- Other financing	54,864,429	43,346,525
Bills receivable	1,595	4,610
Trust receipts	188,391	204,263
Claims on customers under acceptance credits	3,324,985	3,507,816
Staff financing	999,283	867,947
Credit card receivables	347,645	340,254
Revolving credit	4,380,898	4,315,880
	<u>94,205,108</u>	<u>80,766,670</u>
Unearned income	(36,377,627)	(28,894,399)
Gross financing and advances*	57,827,481	51,872,271
Allowance for bad and doubtful financing:		
- Individual allowance	(102,960)	(298,840)
- Collective allowance	(621,940)	(647,427)
Net financing and advances	<u>57,102,581</u>	<u>50,926,004</u>

* Included in financing and advances are exposures to Restricted Profit Sharing Investment Accounts ("RPSIA") amounting to RM650.0 million (31 December 2011: RM650.0 million), 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 individual and collective allowances for the impaired financing arising thereon.

A30d. (i) Movements in impaired financing and advances are as follows:

	Group	
	30 September 2012 RM'000	31 December 2011 RM'000
At beginning of the period	811,973	928,549
Impaired during the period	393,933	316,586
Recovered/regularised during the period	(372,831)	(340,991)
Amount written off	(274,596)	(101,619)
Expenses debited to customers' accounts	16,296	9,448
At end of the period	<u>574,775</u>	<u>811,973</u>
Less: Individual allowance	(102,960)	(298,840)
Net impaired financing and advances	<u>471,815</u>	<u>513,133</u>
Gross financing and advances (excluding RPSIA financing)	57,177,481	51,222,271
Less:		
- Individual allowance	(102,960)	(298,840)
Net financing and advances	<u>57,074,521</u>	<u>50,923,431</u>
Ratio of net impaired financing and advances	<u>0.83%</u>	<u>1.01%</u>

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A30. The Operations of Islamic Banking Scheme (cont'd.)

A30d. (ii) Movement in the allowance for impaired financing and advances are as follows:

	Group	
	30 September 2012 RM'000	31 December 2011 RM'000
<u>Individual allowance</u>		
At beginning of the period	298,840	354,688
Allowance made during the period	57,125	28,449
Amount written back	(48,317)	(38,004)
Amount written off	(204,688)	(45,554)
Amount transfer to collective allowance	-	(739)
At end of the period	102,960	298,840
<u>Collective allowance</u>		
At beginning of the period	647,427	580,818
Amount transfer from MILL conventional banking	-	4,153
Allowance made during the period *	45,269	117,604
Amount written off	(69,908)	(56,065)
Amount transfer from individual allowance	-	739
Exchange difference	(848)	178
At end of the period	621,940	647,427
As a percentage of gross financing and advances less individual allowance	1.09%	1.27%

* As at 30 September 2012, the gross exposures to RPSIA financing of RM650.0 million (31 December 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 (31 December 2011: RM1.5 million) is recognised in the Bank. There was no individual allowance provided on this RPSIA financing.

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A30. The Operations of Islamic Banking Scheme (cont'd.)

A30e. Deposits from Customers

	Group	
	30 September 2012 RM'000	31 December 2011 RM'000
(i) By type of deposit		
<u>Mudharabah Fund</u>		
Demand deposits	6,325,097	3,603,096
Savings deposits	541,901	508,499
General Investment deposits	14,506,344	20,917,948
Negotiable instruments of deposits	239,149	257,716
	21,612,491	25,287,259
<u>Non-Mudharabah Fund</u>		
Demand deposits	6,934,002	5,866,894
Savings deposits	7,627,103	6,689,436
Fixed return investment deposits	22,901,917	21,046,377
Structured deposits	296,995	200,434
	37,760,017	33,803,141
Total deposit from customers	59,372,508	59,090,400

A30f. Subordinated Sukuk

	Group	
	30 September 2012 RM'000	31 December 2011 RM'000
RM1.0 billion Islamic Subordinated Sukuk due in 2021	1,021,331	1,010,723

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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 RM4,285.1 million for the 9 months financial period ended 30 September 2012, an increase of RM660.1 million or 18.2% over the corresponding 9 months financial period ended 30 September 2011.

The Group's net interest income and Islamic banking income for the 9 months financial period ended 30 September 2012 increased by RM1,136.8 million or 16.7% compared to the corresponding 9 months financial period ended 30 September 2011. This is largely due to the 12.2% year-on-year growth in the Group's net loans and advances (including Islamic finance).

Non-interest income of the Group for the 9 months financial period ended 30 September 2012 recorded an increase of RM720.2 million or 21.5% to RM4,068.4 million. Fee income increased by RM332.8 million, mainly contributed by higher fee income from the Bank, higher wakalah fee earned by Etiqa Takaful Berhad and higher fee income from Maybank Kim Eng Group during the 9 months financial period ended 30 September 2012 whereas in the preceding corresponding period, Maybank Kim Eng Group's results were consolidated for five months as the Maybank Kim Eng Group's acquisition was completed in May 2011. The Group also benefited from higher gain on sale of securities portfolio and higher unrealised gain on revaluation of securities held-for-trading and derivatives of RM189.3 million and RM391.7 million respectively. The increase was, however, offset by lower foreign exchange profit and lower gain on sale of development properties of RM175.1 million and RM63.6 million respectively.

The Group's overhead expenses for the 9 months financial period ended 30 September 2012 increased by RM617.2 million or 11.4% compared to the corresponding 9 months financial period ended 30 September 2011. The major contributors to the increase in overhead expenses were the Bank itself, Maybank Kim Eng Group and PT Bank Internasional Indonesia Tbk ("BII"). The Group's personnel costs increased by RM564.8 million and formed 91.5% of the total increase in Group's overhead expenses. The increase in personnel costs is in line with the Group's business growth and its expansion plan.

Allowance for losses on loans, advances and financing increased by RM264.1 million to RM482.7 million. The increase was mainly due to higher individual allowances made. Net impaired loans ratio improved to 1.22% as at 30 September 2012, compared to 1.86% as at 31 December 2011.

The improvement in Group's profit before tax for the 9 months financial period ended 30 September 2012 as compared to the corresponding 9 months financial period ended 30 September 2011 is analysed based on the operating segments of the Group as follows:

Community Financial Services ("CFS"), Malaysia

CFS' profit before tax decreased by RM216.5 million or 9.1% to RM2,158.0 million for the 9 months financial period ended 30 September 2012 from RM2,374.5 million for the corresponding 9 months financial period ended 30 September 2011. The decrease was driven by higher allowance for losses on loans, advances and financing of RM210.5 million and higher overhead expenses of RM141.0 million. The decrease was, however, mitigated by higher net interest income of RM115.3 million or 3.1% arising from strong loan growth in retail mortgage of 16.4% and auto financing of 14.5%.

Global Wholesale Banking

a) Corporate Banking, Malaysia

Corporate Banking's profit before tax increased by RM265.3 million or 25.5% to RM1,303.9 million for the 9 months financial period ended 30 September 2012 from RM1,038.6 million for the corresponding 9 months financial period ended 30 September 2011. The increase was driven by higher net interest income of RM287.1 million arising from strong loan growth of 9.2% and higher non-interest income of RM149.4 million. The increase was, however, offset by higher overhead expenses of RM64.6 million and lower write-back of allowance for losses on loans, advances and financing of RM101.9 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 increased by RM58.9 million or 5.5% to RM1,129.6 million for the 9 months financial period ended 30 September 2012 from RM1,070.7 million for the corresponding 9 months financial period ended 30 September 2011. The increase was driven by higher non-interest income of RM109.1 million or 16.8% primarily from higher gains on trading activities (interest rate derivatives and rates trading). This increase was, however, offset by lower net interest income of RM28.6 million and higher overhead expenses of RM41.9 million.

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

Investment Banking's profit before tax increased by RM197.2 million or 162.5% to RM318.5 million for the 9 months financial period ended 30 September 2012 from RM121.3 million for the corresponding 9 months financial period ended 30 September 2011. Maybank Investment Bank Berhad's ("Maybank IB") profit before tax increased from RM155.0 million for the 9 months financial period ended 30 September 2011 to RM258.4 million for the 9 months financial period ended 30 September 2012, mainly due to higher fee and commission income. Maybank Kim Eng Group recorded profit before tax of RM74.7 million, mainly attributable to brokerage income of RM305.9 million.

The Islamic operations of Maybank IB recorded fee based income of RM136.9 million for the 9 months financial period ended 30 September 2012 due to significant gain of RM51.7 million arising from disposal of corporate bonds and significant commission and fee income of RM42.3 million.

International Banking

International Banking's profit before tax increased by RM593.5 million or 52.7% to RM1,718.7 million for the 9 months financial period ended 30 September 2012 from RM1,125.2 million for the corresponding 9 months financial period ended 30 September 2011. The increase was driven by higher net interest income of RM468.9 million or 22.0% arising from loan growth of 8.3%. In addition, there was an increase in non-interest income of RM229.8 million or 21.1%, primarily from Hong Kong (RM87.1 million) and Singapore (RM30.8 million). The increase was, however, offset by higher overhead expenses of RM187.4 million.

The increase in profit before tax for International Banking was mainly contributed by Hong Kong (RM166.9 million), PT Bank Internasional Indonesia Tbk ("BII") (RM117.9 million) and Singapore (RM89.3 million).

Higher net interest income was contributed by strong loans growth of 29.2% at Hong Kong, 10.3% at BII and 4.7% at Singapore.

Insurance, Takaful and Asset Management

Etiqua Group's combined gross premium grew 19%, with both Life/Family business and General business increased by 22% and 15%, respectively.

Insurance, Takaful and Asset Management registered a profit before tax of RM436.9 million for the 9 months financial period ended 30 September 2012, compared to the RM574.8 million for the corresponding 9 months financial period ended 30 September 2011. Higher net income in 2011 was due mainly to additional actuarial surplus transfer of RM138.5 million by Etiqua Insurance Berhad ("EIB") in June 2011 before the introduction of the new Bank Negara Guidelines for non-participating business.

(ii) Current Quarter vs Previous Period Corresponding Quarter

The Group posted profit after tax attributable to equity holders of RM1,500.7 million for the quarter ended 30 September 2012, an increase of RM172.6 million or 13.0% over the corresponding quarter ended 30 September 2011.

The Group's net interest income and Islamic banking income for the quarter ended 30 September 2012 increased by RM337.1 million or 14.1% compared to the corresponding quarter ended 30 September 2011. This is largely due to the growth in Group's net loans and advances (including Islamic finance).

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B1. Performance Review (cont'd.)

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

Non-interest income of the Group for the quarter ended 30 September 2012 increased by RM93.3 million or 7.6% compared to the corresponding quarter ended 30 September 2011. The increase was mainly contributed by higher unrealised gain on revaluation of securities held-for-trading and derivatives of RM83.3 million and RM297.5 million respectively. The increase was, however, offset by lower foreign exchange profit and lower gain on sale of development properties of RM235.8 million and RM39.9 million respectively.

The Group's overhead expenses for the quarter ended 30 September 2012 recorded an increase of RM156.1 million or 8.3% compared to the corresponding quarter ended 30 September 2011. The increase in overhead expenses were contributed by the increase in personnel and marketing cost of RM167.7 million and RM19.0 million respectively, mitigated by lower administration and general expenses of RM31.5 million.

Allowance for losses on loans, advances and financing decreased by RM11.3 million to RM87.4 million. The decrease was mainly due to lower collective allowances made. Net impaired loans ratio improved to 1.22% as at 30 September 2012, compared to 1.86% as at 31 December 2011.

The improvement in Group's profit before tax for the quarter ended 30 September 2012 as compared to the corresponding quarter ended 30 September 2011 can be further analysed based on the operating segments of the Group as follows:

Community Financial Services ("CFS"), Malaysia

CFS' profit before tax decreased by RM20.1 million or 2.5% to RM796.2 million for the quarter ended 30 September 2012 from RM816.2 million for the corresponding quarter ended 30 September 2011. The decrease was driven by higher overhead expenses of RM95.5 million and higher allowance for losses on loans, advances and financing of RM47.6 million. The decrease was, however, mitigated by higher net interest income of RM91.6 million and higher non-interest income of RM31.4 million. The increase in interest income was primarily contributed by strong loan growth in retail mortgage of 16.4%, auto financing of 14.5% and Business Banking/ Small Medium Enterprise of 12.3%.

Global Wholesale Banking

a) Corporate Banking, Malaysia

Corporate Banking's profit before tax decreased by RM5.5 million or 1.4% to RM388.1 million for the quarter ended 30 September 2012 from RM393.7 million for the corresponding quarter ended 30 September 2011. The decrease was driven by higher allowance for losses on loans, advances and financing of RM82.3 million and higher overhead expenses of RM11.6 million. The decrease was, however, mitigated by higher net interest income of RM84.3 million or 28.4% arising from strong loan growth of 9.2% and higher non-interest income of RM8.8 million.

b) Global Markets, Malaysia

Global Markets' profit before tax decreased by RM71.8 million or 17.6% to RM336.5 million for the quarter ended 30 September 2012 from RM408.3 million for the corresponding quarter ended 30 September 2011. The decrease was driven by lower non-interest income of RM42.5 million, lower net interest income of RM15.2 million and higher impairment losses on securities of RM11.3 million.

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

Investment Banking's profit before tax increased by RM20.8 million or 44.0% to RM68.2 million for the quarter ended 30 September 2012 from RM47.3 million for the corresponding quarter ended 30 September 2011. Maybank Investment Bank Berhad's ("Maybank IB") profit before tax decreased from RM86.3 million for the quarter ended 30 September 2011 to RM36.9 million for the quarter ended 30 September 2012, mainly due to lower fee and commission income. This decrease was mitigated by higher Maybank Kim Eng Group's profit before tax of RM63.0 million, mainly attributable to lower overhead expenses of RM42.1 million and higher fee income of RM20.0 million.

The Islamic operations of Maybank IB's fee based income decreased by RM33.4 million from RM38.0 million for the quarter ended 30 September 2011 to RM4.6 million for the quarter ended 30 September 2012.

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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 increased by RM237.1 million or 52.2% to RM690.9 million for the quarter ended 30 September 2012 from RM453.9 million for the corresponding quarter ended 30 September 2011. The increase was driven by higher net interest income of RM158.1 million or 21.0% arising from loan growth of 8.3%. In addition, there was lower allowance for losses on loans, advances and financing of RM133.6 million or 74.9% and higher non-interest income of RM9.6 million or 2.3%. The increase was, however, offset by higher overhead expenses of RM63.0 million.

The increase in profit before tax for International Banking was mainly contributed by Singapore (RM83.8 million), Hong Kong (RM46.5 million) and PT Bank Internasional Indonesia Tbk ("BII") (RM38.9 million).

Higher net interest income was contributed by strong loans growth of 29.2% at Hong Kong, 10.3% at BII and 4.7% at Singapore.

Insurance, Takaful and Asset Management

Insurance, Takaful and Asset Management's profit before tax decreased by RM27.1 million or 15.2% to RM151.3 million for the quarter ended 30 September 2012 from RM178.4 million for the corresponding quarter ended 30 September 2011. The decrease was contributed mainly by higher claims incurred of RM79.4 million, which was partially mitigated by higher fee and commission income of RM53.7 million.

B2. Variation of Current Quarter Results Against Preceding Quarter

The Group's profit after tax attributable to equity holders increased by RM63.2 million or 4.4% to RM1,500.7 million over the preceding quarter ended 30 June 2012.

The Group's net interest income for the quarter ended 30 September 2012 increased by RM52.6 million or 2.5% to RM2,158.9 million against the preceding quarter in line with the growth in loans portfolio. Income from Islamic Banking Scheme operations recorded a modest increase of RM1.3 million to RM568.1 million over the amount in the preceding quarter.

Net income from insurance and takaful business for the quarter decreased by RM78.3 million to RM91.4 million due mainly to the transfer of actuarial surplus arising from Etiqa Insurance Berhad ("EIB") in June 2012 amounting to RM124.5 million (for a 6-month period) following from the adoption of revised Bank Negara Malaysia Guidelines on Financial Reporting for Insurers as disclosed in Note A1.

Non-interest income for the quarter ended 30 September 2012 decreased by RM28.3 million or 2.1% to RM1,316.0 million compared to that in the preceding quarter. The decrease was mainly due to lower fee income and lower foreign exchange profit of RM159.9 million and RM193.2 million respectively. The decrease was, however, mitigated by higher unrealised gain on revaluation of derivatives and higher gain on sales of securities of RM204.9 million and RM149.9 million respectively.

Overhead expenses for the quarter increased by RM61.7 million or 3.1% over that of the preceding quarter.

Allowance for losses on loans, advances and financing decreased by RM112.0 million or 56.2% to RM87.4 million. The decrease was mainly due to lower collective allowances made.

Impairment losses on securities was lower by RM13.4 million for the quarter ended 30 September 2012 as compared to the preceding quarter ended 30 June 2012.

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B3. Prospects

The recession in the Eurozone, and slowing growth in China, is adversely affecting the performance of Asian Newly Industrialised Economies ("NIEs" – Hong Kong, Singapore, South Korea and Taiwan). This adverse economic environment has prompted the International Monetary Fund ("IMF"), in its latest World Economic Outlook, to reduce its projected global real GDP growth from 3.9% in 2011 to 3.3% in 2012. However, the ASEAN 5, comprising of Indonesia, Malaysia, Philippines, Thailand and Vietnam, is expected to outperform as resilient domestic demand is cushioning the weakness in external demand.

Maybank's three home markets are Malaysia, Singapore and Indonesia with expected GDP growth rates of 5.0%, 2.5% and 6.2% respectively. In Malaysia, domestic demand with targeted fiscal policies for social, economic and infrastructure projects supported by an accommodative monetary policy is providing positive growth. In Indonesia, strong domestic demand and inflow of foreign investment has enabled it to grow faster than 6%. As a result, the banking sector in these two countries are expected to see continued strong growth. On the other hand, in Singapore, the moderation in its economic growth and tighter lending guidelines for the property sector will lead to softening loan growth.

As these three markets collectively contribute more than 90% to the Group's income and profit, Maybank is expected to see reasonable growth in the last quarter of the year.

Regionalisation continues to be a major theme for the Group. We are in the process of building a truly regional organization with good governance and IT infrastructure to anchor widening business capability in global wholesale banking, investment banking, credit cards, treasury and payment operations. The Group will also enhance its focus to raise the quality of customer services, embed the right risk culture and improve its effectiveness and efficiency to improve the cost structure.

In December 2011, Bank Negara Malaysia ("BNM") announced the implementation of Basel III Capital Rules which were essentially in accordance with globally agreed levels and implementation timeline. BNM then issued a concept paper in May 2012 detailing out the proposed definition of regulatory capital computation for industry consultation. BNM is expected to issue the final rules on Basel III by the fourth quarter of 2012. The Group is preparing itself for the Basel III regulatory framework and has taken proactive measures to strengthen its equity capital by undertaking private placement of 412,000,000 new Maybank's shares which raised approximately RM3.66 billion ahead of the Basel III implementation.

Notwithstanding the global challenges, the Group expects a satisfactory performance for the fourth quarter and the financial year ending 31 December 2012 as a whole, underpinned by ASEAN economic growth. The Group had earlier announced two Headline Key Performance Indicators ("KPI") of Return on Equity ("ROE") of 15.6% and Loans and Debt Securities growth of 15.2% for the year ending 31 December 2012. Although the Group's YTD loans growth in Malaysia of 12.4% is higher than the industry's growth of 11.2%, its YTD Loans and Debt Securities growth of 9.9% is lower than the target growth of 15.2% given the strategy to shorten the maturity of the debt securities portfolio to take advantage of the flat yield curve. The Group, however, is expected to exceed its ROE target of 15.6% for the year ending 31 December 2012 (based on the 9 months YTD annualised ROE of 16.3%).

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B4. Profit Forecast or Profit Guarantee

Neither the Group nor the Bank has made any profit forecast or issued any profit guarantee for the third quarter ended 30 September 2012.

B5. Tax Expense and Zakat

The analysis of the tax expense for the third quarter ended 30 September 2012 are as follows:

Group	Quarter Ended		Cumulative 9 Months Ended*	
	30 September 2012	30 September 2011	30 September 2012	30 September 2011
	RM'000	RM'000	RM'000	RM'000
Malaysian income tax	502,634	424,554	1,482,468	1,382,605
Foreign income tax	67,315	63,472	176,150	131,862
	569,949	488,026	1,658,618	1,514,467
Over provision in respect of prior period:				
Malaysian income tax	(54,711)	-	(54,741)	(41,067)
Foreign income tax	1,281	-	535	(51,856)
Deferred tax expense				
- Origination and reversal of temporary differences	(31,523)	(20,530)	(56,612)	(98,314)
	(31,523)	(20,530)	(56,612)	(98,314)
Tax expense for the period	484,996	467,496	1,547,800	1,323,230
Zakat	5,383	6,799	17,694	15,683
	490,379	474,295	1,565,494	1,338,913
Bank	Quarter Ended		Cumulative 9 Months Ended*	
	30 September 2012	30 September 2011	30 September 2012	30 September 2011
	RM'000	RM'000	RM'000	RM'000
Malaysian income tax	419,836	302,386	1,126,683	1,053,670
Foreign income tax	14,981	1,461	16,646	4,083
	434,817	303,847	1,143,329	1,057,753
Over provision in prior period/year	(53,440)	-	(53,440)	(51,856)
Deferred tax expense				
- Origination and reversal of temporary differences	(102,724)	(11,920)	(165,317)	(89,307)
	(102,724)	(11,920)	(165,317)	(89,307)
Tax expense for the period	278,653	291,927	924,572	916,590
Zakat	33	-	33	98
	278,686	291,927	924,605	916,688

Domestic income tax is calculated at the Malaysian statutory tax rate of 25% of the estimated assessable profit for the period. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

*** (The Group has changed its financial year-end from 30 June to 31 December. Comparatives for cumulative quarters consist of 9 months results beginning 1 January 2011 to 30 September 2011.)**

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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) (i) **Proposed acquisition of 858,499 ordinary shares of Saudi Riyal (“SAR”) 10 each in Anfaal Capital (“Anfaal”) by Maybank Investment Bank Berhad (“Maybank IB”), a wholly-owned subsidiary of Maybank, representing 17.17% of the ordinary share capital of Anfaal; and**
- (ii) **Proposed assignment of the subordinated loan of SAR2,070,000 from Al Numu Real Estate Company (“Al Numu”) to Maybank IB**

On 9 April 2012, Maybank announced that Maybank IB, a wholly-owned subsidiary of Maybank, has entered into a conditional Share Purchase Agreement (“SPA”) with Al Numu and Anfaal for the following:

- (i) proposed acquisition of 858,499 ordinary shares of SAR10 each in Anfaal (“Anfaal Shares”), representing approximately 17.17% of the ordinary share capital of Anfaal for a cash consideration of SAR10,516,613, being SAR12.25 for each Anfaal Share; and
- (ii) proposed assignment of the subordinated loan of SAR2,070,000 (“Subordinated Loan”) from Al Numu to Maybank IB.

[(i) and (ii) collectively referred to as the “Proposals”].

Subject to the approval of the Capital Market Authority (“CMA”) of the Kingdom of Saudi Arabia, the Subordinated Loan will be converted into 207,000 new Anfaal Shares at par and shall rank equally with the existing Anfaal Shares.

The total purchase consideration of SAR12,586,613 (equivalent to approximately RM10,308,864) for the Proposals is to be satisfied in cash (“Purchase Consideration”).

The Proposals are subject to conditions precedent as spelt out in the SPA being fulfilled by 30 September 2012 or such other date as mutually agreed in writing by Al Numu and Maybank IB.

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B6. Status of Corporate Proposals Announced but Not Completed (cont'd.)

- (b) (i) **Proposed acquisition of 858,499 ordinary shares of Saudi Riyal (“SAR”) 10 each in Anfaal Capital (“Anfaal”) by Maybank Investment Bank Berhad (“Maybank IB”), a wholly-owned subsidiary of Maybank, representing 17.17% of the ordinary share capital of Anfaal; and**
- (ii) **Proposed assignment of the subordinated loan of SAR2,070,000 from Al Numu Real Estate Company (“Al Numu”) to Maybank IB (cont'd.)**

To the extent permitted by applicable laws, Maybank IB reserves the right to waive (in whole or in part) in writing the requirement to satisfy any of the conditions precedent and thereafter the parties may proceed to completion.

The Proposals will enable Maybank IB to increase its equity interest in Anfaal from 18.00% to 35.17%. It also represents a good opportunity for Maybank IB to increase its presence in Saudi Arabia and play a more significant role in unlocking Anfaal's potential, especially in the area of syndication, sukuk structuring and project financing in Saudi Arabia.

The Proposals are subject to approvals being obtained from the following:

- (i) SC;
- (ii) CMA; and
- (iii) Saudi Arabian General Investment Authority for the issuance of Anfaal's amended foreign investment licence.

Maybank had on 3 October 2012 announced that Maybank IB, Al Numu and Anfaal have mutually agreed to extend the period for the fulfillment of the conditions precedent of the SPA in relation to the Proposals from 30 September 2012 to 31 December 2012.

- (c) **Acquisition of a Call Option over 15,435,000 Ordinary and Paid-up Shares of Kim Eng Vietnam Securities Joint Stock Company**

On 11 May 2012, Maybank announced that Maybank Kim Eng Holdings Limited (“Maybank Kim Eng”), an indirect wholly-owned subsidiary of Maybank, has on even date acquired a call option over 15,435,000 ordinary and paid-up shares of par value Vietnam Dong (“VND”)10,000 each in Kim Eng Vietnam Securities Joint Stock Company (“KEVS”) (“Call Option”), representing approximately 51.45% of the charter capital of KEVS (“Option Shares”) from the local founding shareholders of KEVS for a cash consideration of VND308.7 billion (or approximately RM45.38 million based on the prevailing exchange rate of RM1:VND6,803 as at 10 May 2012).

Maybank Kim Eng currently owns approximately 48.55% of the charter capital of KEVS. The principal activities of KEVS are to provide securities brokerage services, proprietary trading activities, investment consultancy, investment portfolio management, underwriting activities and securities depository activities.

The Call Option and other relevant agreements provide Maybank Kim Eng among others, effective control of all the voting shares of KEVS, thus making KEVS an indirect subsidiary of Maybank. The purpose of the Call Option is to facilitate the acquisition of the Option Shares when the foreign ownership limitation in established Vietnamese securities companies has been lifted or removed.

With KEVS becoming an indirect subsidiary of Maybank, Maybank will be able to accelerate and realise its vision of becoming a regional financial services leader in South East Asia by combining Maybank's commercial banking presence with Maybank Kim Eng's growing stock broking and investment banking presence in Vietnam.

The acquisition of the Call Option is not expected to have any material effect on the shareholdings, earnings, net assets and gearing of Maybank for the financial year ending 31 December 2012.

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B6. Status of Corporate Proposals Announced but Not Completed (cont'd.)

(d) Disposal of 12,249,999,986 fully paid common shares in Asianlife Financial Assurance Corporation ("ALFA"), representing approximately 70% of the total outstanding common shares of ALFA ("Disposal")

Maybank had on 31 May 2012 announced that AsianLife and General Assurance Corporation ("ALGA"), an indirect subsidiary of Maybank, had on 17 May 2012, entered into a share purchase agreement with STI Investments, Inc. for the disposal of 12,249,999,986 fully paid common shares of ALFA, representing approximately 70% of the total outstanding common shares of ALFA for a total consideration of Philippines Peso ("Php") 428.4 million (or approximately RM31.02 million based on the prevailing exchange rate of RM1:Php13.81 as at 17 May 2012), which is approximately 1.5 times the book value of ALFA as at 31 December 2011.

In addition, pursuant to Chapter 9, Paragraph 9.19(24) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, that the Disposal has been completed on 31 May 2012 and accordingly, ALFA has ceased to be an indirect subsidiary of Maybank.

(e) Others

Maybank had on 12 June 2012, acquired (by subscribing) 64,159,910 ordinary shares of RM0.10 each in the issued share capital of Luster Industries Berhad ("Luster"), representing 5.95% of its total issued and paid up capital, pursuant to the exercise of debt to equity conversion ("Subscription"). The Subscription was in accordance with a Debt Settlement Agreement dated 25 November 2011 involving Luster.

Subsequently, Maybank had on 25 June 2012, disposed of 52,993,240 ordinary shares of RM0.11 each in the issued share capital of Luster. This has resulted in Maybank's shareholding in Luster to have fallen below 5% of its issued and paid-up capital and as such, Maybank had ceased to be a substantial shareholder of Luster.

(f) Private placement of new ordinary shares of RM1.00 each in Maybank ("Maybank Shares") ("Private Placement")

On 5 October 2012, Maybank had announced to place out 300,000,000 new Maybank Shares, representing 3.68% of the enlarged issued and paid-up share capital of Maybank as at 30 September 2012, with a possible upsize depending on investors' demand, under the proposed Private Placement.

On 8 October 2012, Maybank announced that the book-building process in relation to the Private Placement pursuant to the shareholders' mandate obtained under Section 132D of the Companies Act, 1965 at the Company's Annual General Meeting held on 29 March 2012 has been completed, attracting demand from both domestic and foreign institutional investors. The total number of new Maybank Shares to be issued under the Private Placement pursuant to the book-building process is 412,000,000 new Maybank Shares ("Placement Shares"), representing approximately 4.98% of the enlarged issued and paid-up share capital of Maybank as at 30 September 2012.

The issue price was fixed at RM8.88 per Placement Share, representing a discount of approximately 2.1% to the weighted average market price of Maybank Shares for the 5 market days up to and including 5 October 2012 of RM9.07, and a discount of approximately 1.2% to the closing price on 5 October 2012 of RM8.99. Accordingly, the gross proceeds from the Private Placement are approximately RM3.66 billion.

B7. Deposits and Placements of Financial Institutions and Debt Securities

Please refer to note A13, A14 and A15.

B8. Derivative Financial Instruments

Please refer to note A28.

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B9. Changes in Material Litigation

- (a) In 2005, a subsidiary, Maybank Trustees Berhad (formerly known as 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 (which included the issuer of the bonds but not MTB) 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 (the issuer of the bonds) 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 were 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 for 2/3 of the total liability and also allowed MTB to seek indemnity against 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 an 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). The Federal Court had on 5 April 2012 granted MTB and the other parties to the suit leave to appeal against the decision of the Court of Appeal. The appeals are fixed for hearing at the Federal Court on 6 to 8, 20, 21 and 23 November 2012.

Separately, and unrelated to this suit, a third party had, pursuant to a winding-up petition against a defendant (the issuer of the bonds), appointed a provisional liquidator against the said defendant 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 said defendant were effectively stayed and these initially included MTB's applications for leave at the Federal Court referred to above [Leave Applications]. Subsequently, MTB on 9 March 2012 obtained leave of the court to proceed with the successful Leave Applications.

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

- (b) In 2004, Etiqa Takaful Berhad ("ETB"), commenced a civil suit against a borrower ("the 1st Defendant") and three guarantors, for the sum of approximately RM25.8 million, following the recall of the relevant facility which was preceded by the 1st Defendant's failure to pay quarterly 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 was 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, the Court had 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. However the stay applications were dismissed with costs on 1 September 2009.

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

(b) (cont'd.)

On 4 March 2010, the Court of Appeal reversed the decision of the High Court granting the earlier summary judgment and the dismissal of the 1st Defendant's counterclaim and ordered the matter to be reverted to the High Court for full trial. The full trial including the counterclaim concluded on 29 June 2011. The High Court on 21 September 2011 entered judgment in favour of ETB and allowed ETB's claim (with costs) for the sum of approximately RM25.8 million less unearned profit as at the date of full settlement 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 a stay of the judgment. The stay applications were dismissed with costs on 25 January 2012.

The Notices of Appeals to the Court of Appeal have been fixed for hearing on 13 December 2012.

(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 two 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 realisation, 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.

The Appeal came up for hearing on 10 February 2012, wherein all parties agreed for the matter to be mediated.

As the parties could not come to any consensus at the mediation on 9 March 2012, the matter was fixed for Appeal. The Appeal was partly heard on 19 June 2012, 3 August 2012 and 9 November 2012 and has been further adjourned to 21 and 23 January 2013.

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 Judgment.

(d) Maybank Trustees Berhad (formerly known as 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. MTB and Maybank IB do not admit any liability to this claim and are defending the suit. On 30 September 2011, the High Court gave judgment in favour of Maybank IB and MTB and dismissed the claim against Maybank IB and MTB with costs. The individual had filed an appeal to the Court of Appeal against the said decision which was heard on 5 and 6 March 2012 and dismissed on 7 March 2012.

The individual is applying for leave to appeal from the Federal Court against the Court of Appeal's decision in favour of MTB (but not Maybank IB).

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

- (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 had 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 by the Johor Bahru High Court ("JB High Court"). Maybank has appealed against this decision. On 29 May 2012, the Court of Appeal allowed Maybank's appeal with costs of RM15,000 and ordered damages to be assessed by the registrar at the Kuala Lumpur High Court ("KL High Court"). On 28 June 2012, the Plaintiff served an unsealed copy of a Notice of Motion filed at the Federal Court for leave to appeal against the Court of Appeal's decision of 29 May 2012. That motion is fixed for case management on 9 October 2012. The Federal Court has fixed 6 December 2012 to hear the Plaintiff's application for leave to appeal against the Court of Appeal's decision of 29 May 2012.

The Plaintiff filed another civil suit against Maybank on 25 March 2011 at the Kuala Lumpur High Court ("KL High Court Suit") claiming a sum of approximately RM1.2 billion alleging that the appointment of the R&M was mala fide and with malice and that as a consequence thereof, the Plaintiff has purportedly suffered loss and damages.

Maybank 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 had 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 allowed Maybank's application to transfer the JB High Court Suit to the KL High Court, and consolidate the JB High Court Suit with the KL High Court Suit to be heard at the KL High Court.

On 24 October 2011, the KL High Court had allowed Maybank's counterclaim against the Plaintiff and the guarantor with costs on an indemnity basis, and dismissed the Plaintiff's actions against Maybank i.e. the KL High Court Suit and the JB High Court Suit, with costs on an indemnity basis. The Plaintiff has filed an appeal at the Court of Appeal against this decision and no hearing date has been fixed yet for this appeal. The Court of Appeal has fixed case management date on 22 November 2012 for this appeal. Its application for a stay of execution of the decision of KL High Court on 24 October 2011 was dismissed by the KL High Court on 13 December 2011.

In the meantime, Maybank has filed an application for security for cost against the Plaintiff at the Court of Appeal. On 8 May 2012, the Court of Appeal ordered the Plaintiff to pay RM50,000 as security for Maybank's cost in the appeal and further ordered that the Plaintiff's appeal be stayed pending payment of that sum. On 14 September 2012, the Court of Appeal directed that a formal application be filed by Maybank and/or the R&M to deal with the non-payment of costs. This application is pending approval from the reinsurers.

Maybank has been advised by its solicitors that the Plaintiff's appeal to the Court of Appeal against the decision dated 24 October 2011 is without merit.

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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:

	30 September 2012	31 December 2011 (Restated)
	RM'000	RM'000
Total retained profits of the Bank and its subsidiaries:		
- Realised	8,981,129	8,059,793
- Unrealised	2,131,868	1,908,003
	<u>11,112,997</u>	<u>9,967,796</u>
Total share of retained profits from associated companies:		
- Realised	544,389	425,971
- Unrealised	-	-
	<u>544,389</u>	<u>425,971</u>
Total Group's retained profits as per consolidated accounts	<u>11,657,386</u>	<u>10,393,767</u>

B11. Proposed Dividend

No interim dividend has been recommended during the quarter ended 30 September 2012.

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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.

	Quarter Ended		Cumulative 9 Months Ended*	
	30 September 2012	30 September 2011	30 September 2012	30 September 2011
Net profit for the quarter/period (RM'000)	1,500,690	1,328,047	4,285,111	3,624,963
Weighted average number of ordinary shares in issue ('000)	7,854,014	7,478,215	7,734,780	7,478,215
Basic earnings per share	19.11 sen	17.76 sen	55.40 sen	48.47 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 30 September 2012) 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.

	Quarter Ended		Cumulative 9 Months Ended*	
	30 September 2012	30 September 2011	30 September 2012	30 September 2011
Net profit for the quarter/period (RM'000)	1,500,690	1,328,047	4,285,111	3,624,963
Weighted average number of ordinary shares in issue ('000)	7,854,014	7,478,215	7,734,780	7,478,215
Effects of dilution ('000)	8,469	21,036	8,065	21,036
Adjusted weighted average number of ordinary shares in issue ('000)	7,862,483	7,499,251	7,742,845	7,499,251
Diluted earnings per share	19.09 sen	17.71 sen	55.34 sen	48.34 sen

* (The Group has changed its financial year-end from 30 June to 31 December. Comparatives for cumulative quarters consist of 9 months results beginning 1 January 2011 to 30 September 2011.)

By Order of the Board

Mohd Nazlan Mohd Ghazali
LS0008977
Company Secretary
9 November 2012