

MAYBANK ISLAMIC BERHAD
(787435-M)
(Incorporated in Malaysia)

CONDENSED FINANCIAL STATEMENT
UNAUDITED INCOME STATEMENTS
FOR THE FIRST FINANCIAL QUARTER ENDED 30 SEPTEMBER 2009

		1st Quarter Ended		Cumulative 3 Months Ended	
		30 September	30 September	30 September	30 September
		2009	2008	2009	2008
	Note	RM'000	RM'000	RM'000	RM'000
Income derived from investment of depositors' funds	19	423,786	368,777	423,786	368,777
Income derived from investment of shareholders' funds	20	35,936	31,095	35,936	31,095
Allowance for losses on financing and advances	21	(171,133)	(33,419)	(171,133)	(33,419)
Profit equalisation reserve		41,333	1,296	41,333	1,296
Other expenses directly attributable to depositors & shareholders' fund		(1,881)	(3,309)	(1,881)	(3,309)
Total distributable income		328,041	364,440	328,041	364,440
Income attributable to the depositors	22	(156,873)	(163,693)	(156,873)	(163,693)
Total net income		171,168	200,747	171,168	200,747
Overhead expenses	23	(100,268)	(70,288)	(100,268)	(70,288)
Profit before taxation and zakat		70,900	130,459	70,900	130,459
Taxation	24	(7,425)	(32,298)	(7,425)	(32,298)
Zakat	24	(2,197)	(3,261)	(2,197)	(3,261)
Profit for the period attributable to equity holder of the Bank		61,278	94,900	61,278	94,900
Earnings per share attributable to equity holder of the Bank					
- Basic/diluted (sen)		55.46	94.90	55.46	94.90

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

MAYBANK ISLAMIC BERHAD
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CONDENSED FINANCIAL STATEMENT
UNAUDITED BALANCE SHEETS AS AT 30 SEPTEMBER 2009

	Note	30 September 2009 RM'000	30 June 2009 RM'000
ASSETS			
Cash and short-term funds	11	1,202,190	4,125,960
Deposits and placements with banks and other financial institutions	12	50,790	421
Securities portfolio	13	4,959,149	4,102,498
Financing and advances	14	27,726,458	25,302,763
Derivative assets		20,197	23,641
Other assets	15	815,378	207,013
Statutory deposits with Bank Negara Malaysia		58,000	206,000
Deferred tax assets		81,728	58,304
TOTAL ASSETS		34,913,890	34,026,600
LIABILITIES			
Deposits from customers	16	24,752,918	24,289,832
Deposits and placements of banks and other financial institutions	17	4,058,679	2,947,095
Deposits and placements of holding company		3,215,128	3,206,071
Bills and acceptances payable		11,328	2,931
Derivative liabilities		23,553	27,138
Other liabilities	18	195,373	970,184
Provision for taxation and zakat		24,677	24,888
TOTAL LIABILITIES		32,281,656	31,468,139

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CONDENSED FINANCIAL STATEMENT
UNAUDITED BALANCE SHEETS AS AT 30 SEPTEMBER 2009

	Note	30 September 2009 RM'000	30 June 2009 RM'000
EQUITY ATTRIBUTABLE TO EQUITY HOLDER OF THE BANK			
Share capital		110,500	110,500
Reserves		2,521,734	2,447,961
TOTAL SHAREHOLDER'S EQUITY		2,632,234	2,558,461
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY		34,913,890	34,026,600
COMMITMENTS AND CONTINGENCIES	25	13,039,271	15,234,088
<u>CAPITAL ADEQUACY</u>	26		
Core capital ratio		8.88%	9.85%
Risk-weighted capital ratio		10.78%	11.56%

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

MAYBANK ISLAMIC BERHAD

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CONDENSED FINANCIAL STATEMENT

UNAUDITED STATEMENTS OF CHANGES IN EQUITY

FOR THE FIRST FINANCIAL QUARTER ENDED 30 SEPTEMBER 2009

	<=====Non Distributable=====>						
	Share Capital RM'000	Share Premium RM'000	Equity contribution from the holding company RM'000	Statutory Reserve RM'000	Unrealised Holding reserve/ (deficit) RM'000	Distributable Retained Profits RM'000	Total Equity RM'000
At 1 July 2009	110,500	1,988,500	1,697	147,338	(15,621)	326,047	2,558,461
Unrealised net gain on revaluation of securities available-for-sale	-	-	-	-	12,495	-	12,495
Net gain not recognised in the income statement	-	-	-	-	12,495	-	12,495
Net profit for the period	-	-	-	-	-	61,278	61,278
Total recognised income for the period	-	-	-	-	12,495	61,278	73,773
Transfer to statutory reserve	-	-	-	15,320	-	(15,320)	-
At 30 September 2009	110,500	1,988,500	1,697	162,658	(3,126)	372,005	2,632,234

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

MAYBANK ISLAMIC BERHAD
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CONDENSED FINANCIAL STATEMENT
UNAUDITED STATEMENTS OF CHANGES IN EQUITY
FOR THE FIRST FINANCIAL QUARTER ENDED 30 SEPTEMBER 2009

	<=====Non Distributable=====>						
	Share Capital RM'000	Share Premium RM'000	Equity contribution from the holding company RM'001	Statutory Reserve RM'000	Unrealised Holding reserve/ (deficit) RM'000	Distributable Retained Profits RM'000	Total Equity RM'000
At 1 July 2008	100,000	1,500,000	-	57,983	(31,126)	57,983	1,684,840
Unrealised net loss on revaluation of securities available-for-sale	-	-	-	-	15,505	-	15,505
Net gain not recognised in the income statement	-	-	-	-	15,505	-	15,505
Net profit for the period	-	-	-	-	-	357,419	357,419
Total recognised income/(expense) for the period	-	-	-	-	15,505	357,419	372,924
Waiver of intercompany balances during the year *	-	-	1,697	-	-	-	1,697
Transfer to statutory reserve	-	-	-	89,355	-	(89,355)	-
Issue of ordinary shares	10,500	488,500	-	-	-	-	499,000
At 30 June 2009	110,500	1,988,500	1,697	147,338	(15,621)	326,047	2,558,461

* Arose from waiver of intercompany balances with fellow subsidiaries on the instruction of the holding company.

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

MAYBANK ISLAMIC BERHAD
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CONDENSED FINANCIAL STATEMENT
UNAUDITED CONDENSED CASH FLOW STATEMENTS
FOR THE FIRST FINANCIAL QUARTER ENDED 30 SEPTEMBER 2009

	30 September 2009 RM'000	30 September 2008 RM'000
Profit before taxation and zakat	70,900	130,459
Adjustments for non-cash items		
Allowances for losses on financing and advances	179,787	(37,155)
Amortisation of premium less accretion of discount	(3,482)	(6,961)
Profit equalisation reserves	(41,333)	(1,296)
Operating profit before working capital changes	205,872	85,047
Changes in working capital:-		
Net changes in operating assets	(3,955,031)	(1,074,960)
Net changes in operating liabilities	858,646	2,033,215
Tax expense and zakat paid	(33,257)	(41,924)
Net cash generated/(used in) from operations	(2,923,770)	1,001,378
Net change in cash and cash equivalents	(2,923,770)	1,001,378
Cash and cash equivalents at beginning of period	4,125,960	2,282,360
Cash and cash equivalents at end of period	1,202,190	3,283,738
Cash and cash equivalents comprise :		
Cash and short-term funds	1,202,190	3,283,738

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

MAYBANK ISLAMIC BERHAD
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Explanatory Notes

PART A – Explanatory Notes Pursuant to Financial Reporting Standard 134 (“FRS 134”) and Revised Guidelines on Financial Reporting for Licensed Islamic Banks (BNM/GP8-*i*) Issued by Bank Negara Malaysia

A1. Basis of Preparation

The unaudited condensed interim financial statements for the first financial quarter ended 30 September 2009 of Maybank Islamic Berhad (“MIB” or “the Bank”) have been prepared under the historical cost convention except for the following assets and liabilities that are stated at fair values; securities available-for-sale (“AFS”) and derivative financial instruments.

The unaudited condensed interim financial statements have been prepared in accordance with the requirements of FRS 134: Interim Financial Reporting issued by the Malaysian Accounting Standards Board (“MASB”), Bank Negara Malaysia Guidelines (BNM/GP8-*i*) and the principles of Shariah. The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements for the period ended 30 June 2009. The explanatory notes attached provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Bank since the period ended 30 June 2009.

The significant accounting policies and methods of computation applied by the Bank are consistent with those adopted in the audited financial statements for the period ended 30 June 2009.

The following new Financial Reporting Standards (“FRSs”), amendments to FRS and IC Interpretations have been issued but are not yet effective and have not been adopted by the Bank:

FRS, Amendments to FRS and Interpretations

- (i) FRS 4 Insurance Contracts
- (ii) FRS 7 Financial Instruments-Disclosures
- (iii) FRS 101 Presentation of Financial Statements
- (iv) FRS 139 Financial Instruments – Recognition and Measurement
- (v) FRS 123 Borrowing Costs
- (vi) Amendments to FRS 2 Share-based Payment – Vesting Conditions and Cancellations
- (vii) Amendments to FRS 1 First-time Adoption of Financial Reporting Standards and FRS 127 Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
- (viii) Amendments to FRS 132 Financial Instruments Presentation
- (ix) Amendments to FRS 139 Financial Instruments: Recognition and Measurement, FRS 7 Financial Instruments: Disclosures and IC Interpretation 9 Reassessment of Embedded Derivatives
- (x) Amendments to FRS 5 Non-current assets Held for Sale and Discontinued Operations
- (xi) Amendments to FRS 8 Operating Segments
- (xii) Amendments to FRS 110 Events After the Balance Sheet Date
- (xiii) Amendments to FRS 116 Property, Plant & Equipment
- (xiv) Amendments to FRS 117 Leases
- (xv) Amendments to FRS 118 Revenue
- (xvi) Amendments to FRS 119 Employee Benefits
- (xvii) Amendments to FRS 123 Borrowing Costs
- (xviii) Amendments to FRS 127 Consolidated and Separate Financial Statements
- (xix) Amendments to FRS 128 Investments in associates
- (xx) Amendments to FRS 131 Interests in Joint Ventures
- (xxi) Amendments to FRS 134 Interim Financial Reporting
- (xxii) Amendments to FRS 136 Impairment of Assets

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A1. Basis of Preparation (Contd.)

- (xxiii) Amendments to FRS 138 Intangible Assets
- (xxiv) TR i-3 Presentation of Financial Statements of Islamic Financial Institutions
- (xxv) IC Interpretation 9: Reassessment of Embedded Derivatives
- (xxvi) IC Interpretation 10: Interim Financial Reporting and Impairment
- (xxvii) IC Interpretation 11: FRS 2 – Group and Treasury Share Transactions
- (xxviii) IC Interpretation 13: Customer Loyalty Programmes
- (xxix) IC Interpretation 14: FRS 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

The above FRSs, amendments to FRSs, IC Interpretations and Technical Release will take effect from financial period beginning on or after 1 January 2010.

FRS 8, FRS 123, Amendments to FRS 1 and 2, IC Interpretation 9, 10, 11, 13 and 14 are not expected to have significant impact on the financial statements of the Bank.

The allowance for doubtful financing of the Bank are computed based on the requirements of BNM/GP3 of which specific allowances are made for doubtful financing which have been individually reviewed and specifically identified as bad and doubtful. In addition, general allowance is made based on a certain percentage of total risk-weighted assets for credit risk, which takes into account all balance sheet items and their perceived credit risk levels, if maintained.

A2. Significant Accounting Estimates and Judgments

The preparation of financial statements requires management to make judgements, 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 judgement and complexity, are as follows:

(i) Fair Value Estimation of Securities AFS (Note 13) and Derivative Financial Instruments

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

(ii) Deferred Tax and Income Taxes (Note 24)

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

(iii) Allowances for Losses (Note 21)

The Bank reviews the doubtful financing and advances at each reporting date to assess whether allowances for impairment should be recorded in the financial statements. In particular, judgement is required in the identification of doubtful financings when determining the level of allowance required.

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A2. Significant Accounting Estimates and Judgments (Contd.)

(iii) Allowances for Losses (Note 21) (Contd.)

The Bank has adopted certain criteria in the identification of doubtful financings, which include classifying financings as non-performing when repayments are in arrears for more than three (3) months. Specific allowances for doubtful financings are provided after taking into consideration of the values assigned to collateral. The values assigned to collateral are estimated based on market value and/or forced sales value, as appropriate and conforms with Bank Negara Malaysia guidelines. In addition to the specific allowances made, the Bank also make general allowances against exposure not specifically identified based on a certain percentage of total risk-weighted assets for credit risk. Such estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the allowance.

A3. Auditors' Report on Proceeding Annual Financial

The auditors' report on the audited financial statements for the period ended 30 June 2009 was not qualified.

A4. Seasonal or Cyclical Factors

The operations of the Bank were not materially affected by any seasonal or cyclical factors in the first financial quarter ended 30 September 2009.

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

There were no unusual items affecting the assets, liabilities, equity, net income or cash flows of the Bank during the first financial quarter ended 30 September 2009.

A6. Changes in Estimates

There were no material changes in estimates of amount, reported in prior financial period that have a material effect in the first financial quarter ended 30 September 2009.

A7. Issuance and Repayment of Debt and Securities

There was no issuance nor repayment of debt and equity securities during the first financial quarter ended 30 September 2009.

A8. Dividends

The Directors do not recommend the payment of any dividend in respect of the first financial quarter ended 30 September 2009 and no dividends were paid in the current financial period.

A9. Subsequent Events to the Balance Sheet

There were no material events subsequent to the balance sheet date that requires disclosure or adjustment to the unaudited condensed interim financial statements.

A10. Related Party Transaction

All related party transactions within the Maybank Group had been entered into in the normal course of business and were carried out on normal commercial terms.

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A11. Cash and Short Term Funds

	30 September 2009 RM'000	30 June 2009 RM'000
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Money at call and interbank placements with remaining maturity not exceeding one month	<u>1,202,190</u>	4,125,960
	<u>1,202,190</u>	<u>4,125,960</u>

A12. Deposits and Placements with Banks and other Financial Institutions

Bank Negara Malaysia	790	421
Other Financial Institutions	<u>50,000</u>	-
	<u>50,790</u>	<u>421</u>

A13. Securities Portfolio

	Note		
Securities available-for-sale ("AFS")	(i)	4,668,036	3,937,078
Securities held-to-maturity ("HTM")	(ii)	135,456	135,474
Securities held-for-trading ("HFT")	(iii)	<u>155,657</u>	<u>29,946</u>
		<u>4,959,149</u>	<u>4,102,498</u>

(i) Securities AFS

At fair value

Money market instruments:-

Malaysian Government investment issues	2,903,077	2,717,524
Negotiable Islamic instruments of deposits	543,774	243,401
Bankers' acceptances and Islamic accepted bills	310,556	46,119
Khazanah bonds	<u>262,623</u>	<u>353,069</u>
Total money market instruments	<u>4,020,030</u>	<u>3,360,113</u>

Unquoted Securities :

Private and Islamic debt securities in Malaysia	<u>648,006</u>	576,965
	<u>648,006</u>	<u>576,965</u>
Total securities AFS	<u>4,668,036</u>	<u>3,937,078</u>

(ii) Securities HTM

At amortised cost less impairment losses

Money market instruments:-

Malaysian Government Investment Issues	<u>135,456</u>	135,474
Total money market instruments	<u>135,456</u>	<u>135,474</u>
Total securities HTM	<u>135,456</u>	<u>135,474</u>

(iii) Securities HFT

At fair value

Money market instruments:-

Malaysian Government Investment Issues	77,573	29,946
Bank Negara Malaysia Monetary Notes	78,084	-
Total money market instruments	<u>155,657</u>	<u>29,946</u>
Total securities HFT	<u>155,657</u>	<u>29,946</u>

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A14. Financing and Advances

i) By type

	30 September 2009 RM'000	30 June 2009 RM'000
Cashline	2,096,503	2,032,608
Term financing		
- Housing financing	5,291,557	4,967,816
- Syndicated financing	75,109	-
- Hire purchase receivables	13,687,242	12,658,514
- Other financing	14,873,089	13,491,187
Bills receivable	32,104	47,931
Trust receipts	116,407	137,853
Claims on customers under acceptance credits	2,934,848	3,374,953
Staff financing	340,466	308,966
Credit/charge cards	66,513	46,343
Revolving credit	1,246,500	263,100
	40,760,338	37,329,271
Unearned income	(11,871,411)	(11,028,542)
Gross financing and advances	28,888,927	26,300,729
Allowances for bad and doubtful financing:		
- specific	(624,289)	(561,520)
- general	(538,180)	(436,446)
Net financing and advances	27,726,458	25,302,763

ii) By Shariah concepts

Bai' Bithaman Ajil	10,117,715	9,373,223
Al-Ijarah Thumma Al-Bai (AITAB)	11,416,814	10,581,933
Murabahah	6,568,491	5,940,606
Musyarakah Mutanaqisah	640,691	325,692
Bai Al-Dayn	3,528	28,507
Al-Ijarah Muntahiyah Bi Tamleek	75,109	-
Other concepts	66,579	50,768
Gross financing and advances	28,888,927	26,300,729

iii) By type of customers

Domestic non-banking institutions	2,881,953	1,792,589
Domestic business enterprises		
- Small and medium enterprises	3,197,360	3,553,629
- Others	4,080,656	3,919,823
Government and statutory bodies	89,490	69,465
Individuals	18,507,809	16,850,272
Other domestic entities	15,594	12,263
Foreign entities in Malaysia	116,065	102,688
Gross financing and advances	28,888,927	26,300,729

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A14. Financing and Advances (contd.)

	30 September 2009 RM'000	30 June 2009 RM'000
(iv) By profit rate sensitivity		
Fixed rate		
- Housing financing	3,579,293	3,458,004
- Hire purchase receivables	11,416,856	10,581,881
- Other financing	3,650,932	3,389,371
Floating rate		
- Housing financing	4,266,951	916,436
- Other financing	5,974,895	7,955,037
Gross financing and advances	<u>28,888,927</u>	<u>26,300,729</u>

	30 September 2009		30 June 2009	
	RM'000	RM'000	RM'000	RM'000
(v) By economic purpose				
Purchase of securities		1,752,674		1,324,293
Purchase of transport vehicles	11,741,177		10,921,969	
- less: Islamic hire purchase receivables sold to Cagamas	<u>(256,794)</u>	11,484,383	<u>(268,304)</u>	10,653,665
Purchase of landed properties				
- residential	5,376,734		5,364,137	
- non-residential	651,695		659,299	
- less: Islamic housing financing sold to Cagamas	<u>-</u>	6,028,429	<u>(315,069)</u>	5,708,367
Personal use		530,277		434,302
Consumer durables		1,098		856
Construction		759,151		872,845
Working capital		8,209,752		7,230,993
Credit/charge cards		66,513		46,343
Others		56,650		29,065
Gross financing and advances		<u>28,888,927</u>		<u>26,300,729</u>

	30 September 2009		30 June 2008	
	RM'000	RM'000	RM'000	RM'000
(vi) NPF by economic purpose				
Purchase of securities		7,285		7,038
Purchase of transport vehicles		40,506		31,793
Purchase of landed properties				
- residential	459,802		474,157	
- non-residential	<u>36,033</u>	495,835	<u>37,578</u>	511,735
Personal use		40,559		37,807
Credit/charge cards		1,292		535
Consumer durables		4		4
Construction		98,202		97,321
Working capital		410,427		359,479
Gross NPF		<u>1,094,110</u>		<u>1,045,712</u>

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A14. Financing and Advances (contd.)

(vii) Movement in non-performing financing and advances ("NPF") are as follows:

	30 September 2009 RM'000	30 June 2009 RM'000
At beginning of period	1,045,712	1,106,390
Non-performing during the period	162,929	425,269
Reclassified as performing during the period	(68,941)	(267,311)
Recovered	(33,068)	(116,344)
Amount written off	(15,121)	(107,801)
Expenses debited to customers' accounts	2,599	5,509
At end of period	<u>1,094,110</u>	<u>1,045,712</u>
Less: specific allowance	<u>(624,289)</u>	<u>(561,520)</u>
Net NPF	<u>469,821</u>	<u>484,192</u>
Gross financing and advances	<u>28,888,927</u>	26,300,729
Less: specific allowance	<u>(624,289)</u>	<u>(561,520)</u>
Net financing and advances	<u>28,264,638</u>	<u>25,739,209</u>
NPF as % of gross financing and advances less specific allowances	<u>1.66%</u>	<u>1.88%</u>

(viii) Movement in the allowance for bad and doubtful financing accounts are as follows:

	30 September 2009 RM'000	30 June 2009 RM'000
<u>Specific Allowance</u>		
At beginning of period	561,520	549,632
Allowance made during the period	93,360	193,410
Amount written back in respect of recoveries	(15,469)	(73,721)
Amount written off	(15,122)	(107,801)
At end of the period	<u>624,289</u>	<u>561,520</u>
<u>General Allowance</u>		
At beginning of period	436,446	333,981
Allowance made during the period	101,734	102,465
At end of the period	<u>538,180</u>	<u>436,446</u>
As a % of total financing and advances less specific allowance	<u>1.90%</u>	<u>1.70%</u>

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A15. Other Assets

	30 September 2009 RM'000	30 June 2009 RM'000
Income receivables	78,857	77,436
Amount due from Maybank	481,981	-
Handling fees	95,900	87,982
Prepayments and deposits	941	1,831
Others	157,699	39,764
	815,378	207,013

A16. Deposits from Customers

i) By type of deposit

Mudharabah Fund

Demand deposits	2,434,729	2,451,217
Savings deposits	174,092	163,642
General investment deposits	9,466,512	10,138,519
Negotiable instruments of deposits	1,658,635	1,881,710
	13,733,968	14,635,088

Non-Mudharabah Fund

Demand deposits	4,042,249	3,819,313
Savings deposits	4,517,422	4,414,806
Fixed return investment deposits	1,872,456	872,700
Structured deposits *	586,823	547,925
	11,018,950	9,654,744
	24,752,918	24,289,832

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

ii) By type of customer

Business enterprises	6,458,836	7,470,202
Individuals	7,916,908	7,510,435
Government and statutory bodies	4,974,176	4,303,043
Others	5,402,998	5,006,152
	24,752,918	24,289,832

A17. Deposits and Placement of Banks and Other Financial Institutions

Mudharabah Fund

Licensed banks	3,206,080	2,541,592
Licensed investment banks	62,950	-
Other financial institutions	595,116	207,118
	3,864,146	2,748,710

Non-Mudharabah Fund

Licensed banks	814	7,417
Other financial institutions	193,719	190,968
	194,533	198,385
	4,058,679	2,947,095

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A18. Other Liabilities

	Note	30 September 2009 RM'000	30 June 2009 RM'000
Profit payable		86,761	60,803
Profit equalisation reserve ("PER")	(i)	-	41,333
Sundry creditors		30,330	26,485
Deposit on trade financing		15,765	14,145
Provisions and accruals		12,790	17,418
Amount due to holding company		-	797,700
Others		49,727	12,300
		195,373	970,184
(i) PER			
At beginning of period		41,333	61,768
Provided during the period		-	36,141
Write back during the period		(41,333)	(56,576)
At end of period*		-	41,333

* PER at the end of the first financial quarter of which the shareholder's portion is RM nil (June 2009: RM 3,289,328)

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A19. Income derived from Investment of Depositors' Funds

	1st Quarter Ended		Cumulative 3 Months Ended	
	30 September 2009 RM'000	30 September 2008 RM'000	30 September 2009 RM'000	30 September 2008 RM'000
Income derived from investment of:				
i) General investment deposits	194,131	100,453	194,131	100,453
ii) Other deposits	229,655	268,324	229,655	268,324
	423,786	368,777	423,786	368,777

i) Income derived from investment of general investment deposits

Financing and advances	157,967	80,345	157,967	80,345
Money at call and deposit with financial institutions	6,515	8,014	6,515	8,014
Securities AFS	14,941	5,020	14,941	5,020
Securities HTM	540	17	540	17
Securities HFT	153	-	153	-
	180,116	93,396	180,116	93,396
Amortisation of premium less accretion of discounts	1,471	1,748	1,471	1,748
Total finance income and hibah	181,587	95,144	181,587	95,144
Other operating income :				
Fee income				
- Processing fees	818	1,221	818	1,221
- Commissions	4,508	2,931	4,508	2,931
- Service charges	4,393	1,506	4,393	1,506
Unrealised gains/(losses) on revaluation of derivatives	89	(60)	89	(60)
Gains/(losses) on sale of securities AFS	13	(38)	13	(38)
Gains/(losses) on sale of securities HFT	150	-	150	-
Unrealised gains/(losses) on revaluation of securities HFT	37	-	37	-
Unrealised gains/(losses) on foreign exchange translations	2,536	(251)	2,536	(251)
	194,131	100,453	194,131	100,453

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A19. Income derived from Investment of Depositors' Funds (contd)

ii) Income derived from investment of other deposits

	1st Quarter Ended		Cumulative 3 Months Ended	
	30 September 2009 RM'000	30 September 2008 RM'000	30 September 2009 RM'000	30 September 2008 RM'000
Financing and advances	186,874	214,616	186,874	214,616
Money at call and deposit with financial institutions	7,707	21,407	7,707	21,407
Securities AFS	17,675	13,407	17,675	13,407
Securities HTM	639	44	639	44
Securities HFT	181	-	181	-
	213,076	249,474	213,076	249,474
Amortisation of premium less accretion of discounts	1,740	4,671	1,740	4,671
Total finance income and hibah	214,816	254,145	214,816	254,145
Other operating income :				
Fee income				
- Processing fees	967	3,261	967	3,261
- Commissions	5,332	7,828	5,332	7,828
- Service charges	5,197	4,023	5,197	4,023
Unrealised gains/(losses) on revaluation of derivatives	105	(161)	105	(161)
Gains/(losses) on sale of securities AFS	15	(101)	15	(101)
Gains/(losses) on sale of securities HFT	178	-	178	-
Unrealised gains/(losses) on revaluation of securities HFT	45	-	45	-
Unrealised gains/(losses) on foreign exchange translations	3,000	(671)	3,000	(671)
	229,655	268,324	229,655	268,324

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A20. Income derived from Investment of Shareholder's Funds

	1st Quarter Ended		Cumulative 3 Months Ended	
	30 September 2009 RM'000	30 September 2008 RM'000	30 September 2009 RM'000	30 September 2008 RM'000
Financing and advances	29,242	24,872	29,242	24,872
Money at call and deposit with financial institutions	1,206	2,481	1,206	2,481
Securities AFS	2,766	1,554	2,766	1,554
Securities HTM	100	5	100	5
Securities HFT	28	-	28	-
	33,342	28,912	33,342	28,912
Amortisation of premium less accretion of discounts	272	541	272	541
Total finance income and hibah	33,614	29,453	33,614	29,453
Other operating income :				
Fee income				
- Processing fees	152	378	152	378
- Commissions	834	907	834	907
- Service charges	813	466	813	466
Unrealised gains/(losses) on revaluation of derivatives	16	(19)	16	(19)
Gains/(losses) on sale of securities AFS	2	(12)	2	(12)
Gains/(losses) on sale of securities HFT	28	-	28	-
Unrealised gains/(losses) on revaluation of securities HFT	7	-	7	-
Unrealised gains/(losses) on foreign exchange translations	470	(78)	470	(78)
	35,936	31,095	35,936	31,095

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A21. Allowance for Losses on Financing and Advances

	1st Quarter Ended		Cumulative 3 Months Ended	
	30 September 2009 RM'000	30 September 2008 RM'000	30 September 2009 RM'000	30 September 2008 RM'000
Allowance for bad and doubtful financing:				
Specific allowance				
- made in the period	93,360	53,329	93,360	53,329
- written back	(15,469)	(29,716)	(15,469)	(29,716)
General allowance				
- made in the period	123,840	18,011	123,840	18,011
- written back	(22,106)	(4,493)	(22,106)	(4,493)
Bad debts and financing				
- written off	163	24	163	24
- recovered	(8,655)	(3,736)	(8,655)	(3,736)
	171,133	33,419	171,133	33,419

A22. Income attributable to Depositors

Deposits from customers				
- Mudharabah	69,916	22,642	69,916	22,642
- Non-Mudharabah	31,727	71,699	31,727	71,699
	101,643	94,341	101,643	94,341
Deposits and placements of banks and other financial institutions				
- Mudharabah	54,508	21,066	54,508	21,066
- Non-Mudharabah	722	48,286	722	48,286
	55,230	69,352	55,230	69,352
	156,873	163,693	156,873	163,693

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A23. Overhead Expenses

	1st Quarter Ended		Cumulative 3 Months Ended	
	30 September 2009 RM'000	30 September 2008 RM'000	30 September 2009 RM'000	30 September 2008 RM'000
Personnel expenses	2,249	1,570	2,249	1,570
- Salaries, allowances and bonuses	1,601	1,203	1,601	1,203
- Pension costs	237	259	237	259
- Others	411	108	411	108
Establishment costs	534	233	534	233
- Rental of premises	143	-	143	-
- Repairs, servicing and maintenance	1	-	1	-
- Information technology expenses	390	233	390	233
Marketing costs	5,206	1,768	5,206	1,768
- Advertisement and publicity	5,202	1,767	5,202	1,767
- Others	4	1	4	1
Administration and general expenses	92,279	66,717	92,279	66,717
- Fees and brokerage	3,109	2,150	3,109	2,150
- Administrative expenses	838	365	838	365
- General expenses	2,193	-	2,193	-
- Shared service cost paid/payable to Maybank	86,139	64,202	86,139	64,202
	100,268	70,288	100,268	70,288

A24. Taxation and Zakat

The analysis of the taxation and zakat expense for the first financial quarter ended 30 September 2009 are as follows:

Malaysian income tax	35,012	38,642	35,012	38,642
Deferred tax expense in relation to origination and reversal of temporary differences	<u>(27,587)</u>	<u>(6,344)</u>	<u>(27,587)</u>	<u>(6,344)</u>
Tax expense for the period	7,425	32,298	7,425	32,298
Zakat expense	2,197	3,261	2,197	3,261
	9,622	35,559	9,622	35,559

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A25. Commitments and Contingencies

In the normal course of business, the Bank 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 as at dates are as follows:

	As at 30 September 2009			As at 30 June 2009		
	Notional Amount RM'000	Credit Equivalent Amount* RM'000	Risk Weighted Amount* RM'000	Notional Amount RM'000	Credit Equivalent Amount* RM'000	Risk Weighted Amount* RM'000
Direct credit substitutes	190,781	190,781	148,604	190,877	190,877	150,107
Certain transaction-related contingent items	598,375	299,188	264,583	575,052	287,526	252,382
Short-term self-liquidating trade-related contingencies	173,859	34,772	19,745	138,077	27,615	22,778
Housing and hire purchase financing sold to Cagamas Berhad	256,794	256,794	256,794	583,373	583,373	425,839
Irrevocable commitments to extend credit:						
- maturity within one year	10,362,782	-	-	12,392,187	-	-
- maturity more than one year	424,014	212,007	195,490	362,205	181,103	164,291
Profit rate related contracts:						
- one year to less than five years	1,021,300	23,683	4,737	983,800	22,349	4,470
Miscellaneous	11,366	-	-	8,517	-	-
	13,039,271	1,017,225	889,953	15,234,088	1,292,843	1,019,867

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

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A26. Capital Adequacy

The capital adequacy ratios of the Bank are as follows:

	30 September 2009 RM'000	30 June 2009 RM'000
Core capital ratio	8.88%	9.85%
Risk-weighted capital ratio ("RWCR")	10.78%	11.56%

Components of Tier I and Tier II capital:

Tier I capital

Paid-up share capital	110,500	110,500
Share premium	1,988,500	1,988,500
Other reserves	475,082	475,082
Less: Deferred tax assets	(58,304)	(58,304)
Total Tier I capital	2,515,778	2,515,778

Tier II capital

General allowance for bad and doubtful financing	538,180	436,446
Total Tier II capital	538,180	436,446
Total capital	3,053,958	2,952,224
Capital base	3,053,958	2,952,224

Analysis of the Bank's risk-weighted assets in two various categories of risk-weighted are as follows:

	30 September 2009		30 June 2009	
	Notional RM'000	Risk-Weighted RM'000	Notional RM'000	Risk-Weighted RM'000
Credit risk	36,387,568	27,752,935	35,697,584	25,245,483
Market risk	-	558,676	-	287,203
Total risk-weighted assets	36,387,568	28,311,611	35,697,584	25,532,686

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A27. Profit Rate Risk

← Non trading book →

As at 30 September 2009	Up to 1 month RM'000	>1 - 3 months RM'000	>3 - 12 months RM'000	>1 - 5 years RM'000	Over 5 years RM'000	Non- profit sensitive RM'000	Trading books RM'000	Total RM'000	Effective profit rate %
ASSETS									
Cash and short-term funds	60,000	-	-	-	-	1,142,190	-	1,202,190	2.20
Deposits and placements with banks and other financial institutions	-	50,000	-	-	-	790	-	50,790	2.14
Securities HFT	-	-	78,084	77,573	-	-	-	155,657	2.59
Securities AFS	668,800	351,070	440,661	1,611,582	1,595,923	-	-	4,668,036	3.39
Securities HTM	-	-	-	60,077	75,379	-	-	135,456	3.78
Financing and advances									
- performing	2,761,644	1,405,720	660,306	4,146,700	18,820,447	-	-	27,794,817	5.46
- non-performing*	-	-	-	-	-	(68,359)	-	(68,359)	-
Derivative assets	-	-	-	-	-	-	20,197	20,197	-
Other non-profit sensitive balances	-	-	-	-	-	955,106	-	955,106	-
TOTAL ASSETS	3,490,444	1,806,790	1,179,051	5,895,932	20,491,749	2,029,727	20,197	34,913,890	

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A27. Profit Rate Risk (Contd.)

← Non trading book →

As at 30 September 2009	Up to 1 month RM'000	>1 - 3 months RM'000	>3 - 12 months RM'000	>1 - 5 years RM'000	Over 5 years RM'000	Non- profit sensitive RM'000	Trading books RM'000	Total RM'000	Effective profit rate %
LIABILITIES AND SHAREHOLDER'S EQUITY									
Deposits from customers	6,209,980	5,073,049	5,459,048	7,902,512	108,329	-	-	24,752,918	1.53
Deposits and placements of banks and other financial institutions	1,512,284	1,885,534	222,359	179,161	9,170	250,171	-	4,058,679	2.07
Deposits and placements of holding company	-	-	-	3,215,128	-	-	-	3,215,128	3.63
Bills and acceptances payable	-	-	-	-	-	11,328	-	11,328	-
Derivatives liabilities	-	-	-	-	-	-	23,553	23,553	-
Other non-profit sensitive balances	-	-	-	-	-	220,050	-	220,050	-
Total Liabilities	7,722,264	6,958,583	5,681,407	11,296,801	117,499	481,549	23,553	32,281,656	
Shareholder's equity	-	-	-	-	-	2,632,234	-	2,632,234	
Total Liabilities and Shareholder's Equity	7,722,264	6,958,583	5,681,407	11,296,801	117,499	3,113,783	23,553	34,913,890	
On-balance sheet profit rate sensitivity gap	(4,231,820)	(5,151,793)	(4,502,356)	(5,400,869)	20,374,250	(1,084,056)	(3,356)	-	
Total profit rate sensitivity gap	(4,231,820)	(5,151,793)	(4,502,356)	(5,400,869)	20,374,250	(1,084,056)	(3,356)	-	
Cumulative profit rate sensitivity gap	(4,231,820)	(9,383,613)	(13,885,969)	(19,286,838)	1,087,412	3,356	-		

* This is arrived at after deducting the general allowance and specific allowance from the outstanding NPF.

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A27. Profit Rate Risk (Contd.)

Non trading book

As at 30 June 2009	←	Non trading book					→	Trading books	Total	Effective profit rate
	Up to 1 month	>1 - 3 months	>3 - 12 months	>1 - 5 years	Over 5 years	Non-profit sensitive	RM'000	RM'000	%	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	%	
ASSETS										
Cash and short-term funds	725,370	-	-	-	-	3,400,590	-	4,125,960	1.97	
Deposits and placements with banks and other financial institutions	-	-	-	-	-	421	-	421	-	
Securities HFT	-	-	-	29,946	-	-	-	29,946	3.94	
Securities AFS	150,278	388,816	754,343	1,415,250	1,228,391	-	-	3,937,078	3.34	
Securities HTM	-	-	-	60,087	75,387	-	-	135,474	3.78	
Financing and advances										
- performing	1,794,779	1,462,900	529,549	4,054,585	17,413,204	-	-	25,255,017	5.47	
- non-performing*	-	-	-	-	-	47,746	-	47,746	-	
Derivative assets	-	-	-	-	-	-	23,641	23,641	-	
Other non-profit sensitive balances	-	-	-	-	-	471,317	-	471,317	-	
TOTAL ASSETS	2,670,427	1,851,716	1,283,892	5,559,868	18,716,982	3,920,074	23,641	34,026,600		

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A27. Profit Rate Risk (Contd.)

Non trading book

As at 30 June 2009	←	Up to 1 month RM'000	>1 - 3 months RM'000	>3 - 12 months RM'000	>1 - 5 years RM'000	Over 5 years RM'000	Non- profit sensitive RM'000	Trading books RM'000	Total RM'000	Effective profit rate %
LIABILITIES AND SHAREHOLDER'S EQUITY										
Deposits from customers		7,881,873	3,489,445	5,118,242	7,693,792	106,480	-	-	24,289,832	1.57
Deposits and placements of banks and other financial institutions		610,057	1,055,000	853,910	172,146	12,160	243,822	-	2,947,095	2.01
Deposits and placements of holding company		-	-	-	3,206,071	-	-	-	3,206,071	3.63
Bills and acceptances payable		259	-	-	-	-	2,672	-	2,931	3.30
Derivatives liabilities		-	-	-	-	-	-	27,138	27,138	-
Other non-profit sensitive balances		-	-	-	-	-	995,072	-	995,072	-
Total Liabilities		8,492,189	4,544,445	5,972,152	11,072,009	118,640	1,241,566	27,138	31,468,139	
Shareholder's equity		-	-	-	-	-	2,558,461	-	2,558,461	
Total Liabilities and Shareholder's Equity		8,492,189	4,544,445	5,972,152	11,072,009	118,640	3,800,027	27,138	34,026,600	
On-balance sheet profit rate sensitivity gap		(5,821,762)	(2,692,729)	(4,688,260)	(5,512,141)	18,598,342	120,047	(3,497)	-	
Total profit rate sensitivity gap		(5,821,762)	(2,692,729)	(4,688,260)	(5,512,141)	18,598,342	120,047	(3,497)	-	
Cumulative profit rate sensitivity gap		(5,821,762)	(8,514,491)	(13,202,751)	(18,714,892)	(116,550)	3,497	-		

* This is arrived at after deducting the general allowance and specific allowance from the outstanding NPF.

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PART B – Review of Performance & Current Year Prospects

B1. Performance Review of The First Quarter of the Financial Year 2009/10

In summary, the Bank's overall performance shown commendable improvement as reflected from robust expansion in earning assets (both financing and investment assets) and customer deposits as well as higher top-line revenues, despite registering lower profits following the Bank's prudential measures to allocate substantial general allowances for 2 major corporate accounts which are unlikely recoverable.

During the quarter under review, the Bank's top line revenue increased in consonant with expansion in earning assets of financing and investment securities as compared to the corresponding quarter last financial year. Income derived from investment of depositors' funds grew by RM55.0 million or 15% to RM423.8 million as compared to previous year's corresponding quarter of RM368.8 million. Likewise, income from shareholders' funds also rose to RM35.9 million, higher by RM4.8 million or 16% from RM31.1 million recorded in the previous year's corresponding quarter. Contributing to the growth in top line revenue by income classifications in the first quarter were income from financing of RM374.1 million (82%), income from deposit placement with financial institutions of RM15.4 million (3%), income from investment in securities portfolio of RM37.0 million (8%) as well as other income and amortisation of premium of RM33.2 million (7%).

The Bank made substantial allowances for losses in financing of RM171.1 million in the first quarter this year, an increase of RM137.7 million or 412% from the same quarter last year. A net of RM78.1 million new specific allowances were made for newly classified and also existing non-performing financing ("NPF") accounts which have deteriorated further. In line with the Bank's prudent credit asset management, a total of RM101.7 million special general allowances were for two major customers account which are unlikely recoverable throughout the financial year.

Following the decision to allocate special general allowances as outlined above, the Bank's had written back all RM41.3 million available in profit equalisation reserve ("PER") account to income statement in order to support the Bank's indicative dividend payment obligations to depositors and inter-bank lenders in October month's dividend cycle in line with the guidelines stipulated in BNM's Framework of Rate of Return ("ROR") – GP2-i.

The Bank's total distributable income for the three months ended 30 September 2009 reduced to RM328.0 million, lower by RM36.4 million or 10% over that of the corresponding period last year.

Despite robust growth in the Bank's customer deposits in the first quarter period, the presently low interest rates scenario following positive three times cut in BNM's overnight policy rate (OPR) between the months of December 2008 to April this year has provided positive advantage to the Bank funding cost. In the period under review, the Bank's income attributable to depositors (including inter-bank lenders) stood at RM156.9 million, down marginally by RM6.9 million or 4% compared to that of the previous corresponding period. This comprised dividends paid on placements of Mudharabah and non-Mudharabah customer deposits of RM101.6 million (65%) and dividends on deposits and placements by banks and other financial institutions of RM55.2 million (35%).

Overheads increased by RM30.0 million or 43% over the corresponding period last year mainly due to increase in chargeback expenses for shared services provided by Holding Company to support the Bank's business operations and supporting infrastructure. A total of RM86.1 million (86%) came from shared services category, while the remaining were expenses incurred mostly at head office level to support the running of the Bank's business; personnel cost of RM2.2 million (2%), establishment cost of RM0.5 million (1%), marketing expenses of RM5.2 million (5%), administrative and general expenses of RM6.2 million (6%) as well as direct expenses in support of business originations such as dividend payable from structured deposits, brokerage fees and structured NIDC commission paid, etc. totalling RM1.9 million.

B1. Performance Review of The First Quarter of the Financial Year 2009/10 (Contd.)

As a result, the Bank profit before taxation and zakat decreased from RM130.5 million recorded in that of the corresponding period last year to RM70.9 million, a reduction of RM59.6 million or 46%. Net of effective corporate tax applied for the period as well as 2.5% zakat on zakatable base income, the Bank registered a lower net profit after tax and zakat of RM61.3 million for the three months period ended 30 September 2009, lower by RM33.6 million or 35% against that of the corresponding quarter last year.

The Bank's financing assets comprised of consumer financing portfolio of 70% while business financing portfolio made up the remaining 30% as at September 2009. During the first quarter ended 30 September 2009, asset quality improved further with net NPF ratio at 1.66% against 1.88% registered in the previous financial period ended 30 June 2009.

Total customer deposits amounted to RM24.7 billion, an increase by RM0.5 billion or 2% compared to the previous period ended 30 June 2009. All portfolios registered positive growth except for general investment account and negotiable instruments of deposits. Major contributors came from fixed return investment deposit and demand deposits which expanded by RM1.0 billion and RM0.2 billion respectively compared to the prior financial period ended 30 June 2009. However, general investment account and negotiable instruments of deposit registered lower balances, dropping by RM0.7 billion or 7% and RM0.2 billion or 12%. Mudharabah fund accounted for 55% of total customer deposits, while the remaining 45% were non-Mudharabah fund.

The Bank's market share of financing assets and customer deposits were in the region of 23.4% and 19.4% respectively based on the industry's position as at August 2009.

As a separate entity, the Bank is adequately capitalised above the minimum requirements set by Bank Negara Malaysia with its core capital ratio at 8.88% and RWCR at 10.78% as at 30 September 2009.

B2. Current Year Prospects

Despite improvements in selected key economic indicators which suggested that the impact of global financial crisis to the Malaysian economy has tapered down, the Bank expects business environment continues to remain challenging throughout the financial year given the highly competitive banking landscape together with low interest rates environment and gradual rising of non-performing accounts mainly coming from corporate and SME businesses.

The Bank is confident that improved consumer sentiments will fuel growth in the area of consumer financing based on recent reports suggesting continuing good demand for residential properties as well as increasing sales of passenger motor vehicles. Nevertheless, the recent announcement of Budget 2010 contained two aspects which will affect the overall financial services industry with the introduction of RM50 per annum service tax for credit and charge cards and also the reintroduction of Real Property Gains Tax ("RPGT"), albeit at a much lower rate of 5% would likely dampen the growth momentum in residential property and personal financing sector.

The Bank also anticipates interest rates would remain at its current level with upward movement will only likely in early of year 2010.

B3. Profit Forecast or Profit Guarantee

The Bank does not make any profit forecast or issued any profit guarantee.