

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

CONDENSED FINANCIAL STATEMENTS
UNAUDITED INCOME STATEMENTS
FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2008

Group	Note	1st Quarter Ended		Cumulative 3 Months Ended	
		30 September 2008	30 September 2007	30 September 2008	30 September 2007
		RM'000	RM'000	RM'000	RM'000
Continuing Operations					
Interest income	A15	2,845,922	2,910,891	2,845,922	2,910,891
Interest expense	A16	(1,580,907)	(1,599,324)	(1,580,907)	(1,599,324)
Net interest income		1,265,015	1,311,567	1,265,015	1,311,567
Income from Islamic Banking					
Scheme operations:					
Gross operating income		280,794	222,419	280,794	222,419
Profit equalisation reserves		1,179	(12,869)	1,179	(12,869)
	A27b	281,973	209,550	281,973	209,550
		1,546,988	1,521,117	1,546,988	1,521,117
Non-interest income	A17	478,749	610,223	478,749	610,223
Net income		2,025,737	2,131,340	2,025,737	2,131,340
Overhead expenses	A18	(1,216,412)	(1,009,062)	(1,216,412)	(1,009,062)
Operating Profit		809,325	1,122,278	809,325	1,122,278
Allowance for losses on loans, advances and financing	A19	(192,232)	(108,052)	(192,232)	(108,052)
Write-back of allowance for non-refundable deposit	A5	483,824	-	483,824	-
		1,100,917	1,014,226	1,100,917	1,014,226
Share of profits in associated companies		22,857	(124)	22,857	(124)
Impairment loss in an associate	A29	(242,000)	-	(242,000)	-
Profit before taxation		881,774	1,014,102	881,774	1,014,102
Taxation & Zakat	B5	(311,018)	(262,141)	(311,018)	(262,141)
Profit for the period		570,756	751,961	570,756	751,961
Attributable to:					
Equity holders of the parent		572,173	735,429	572,173	735,429
Minority Interest		(1,417)	16,532	(1,417)	16,532
		570,756	751,961	570,756	751,961
Earnings per share attributable to equity holders of the parent					
	B12				
Basic		11.72 sen	15.12 sen ¹	11.72 sen	15.12 sen ¹
Fully diluted		11.72 sen	15.10 sen ¹	11.72 sen	15.10 sen ¹

¹ Adjusted for bonus issue of 1:4

(These condensed financial statements should be read in conjunction with the audited financial statements for the year ended 30 June 2008 and the accompanying explanatory notes attached to the interim financial statements)

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FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2008

<u>Bank</u>	Note	1st Quarter Ended		Cumulative 3 Months Ended	
		30 September 2008 RM'000	30 September 2007 RM'000 (Restated)	30 September 2008 RM'000	30 September 2007 RM'000 (Restated)
Continuing Operations					
Interest income	A15	2,742,992	2,741,593	2,742,992	2,741,593
Interest expense	A16	(1,514,850)	(1,511,631)	(1,514,850)	(1,511,631)
Net interest income		1,228,142	1,229,962	1,228,142	1,229,962
Non-interest income	A17	268,274	430,313	268,274	430,313
Net income		1,496,416	1,660,275	1,496,416	1,660,275
Overhead expenses	A18	(941,730)	(757,912)	(941,730)	(757,912)
Operating Profit		554,686	902,363	554,686	902,363
Allowance for losses on loans, advances and financing	A19	(146,506)	(101,862)	(146,506)	(101,862)
Write-back of allowance for non-refundable deposit	A5	483,824	-	483,824	-
Profit before taxation		892,004	800,501	892,004	800,501
Taxation & Zakat	B5	(208,883)	(199,626)	(208,883)	(199,626)
Profit for the period from continuing operations		683,121	600,875	683,121	600,875
Discontinued Operation					
Profit for the period from transfer of Islamic Banking operations	A30	-	43,051	-	43,051
Profit for the period		683,121	643,926	683,121	643,926

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MALAYAN BANKING BERHAD
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CONDENSED FINANCIAL STATEMENTS
UNAUDITED BALANCE SHEETS AS AT 30 SEPTEMBER 2008

	Note	GROUP		BANK	
		30 September 2008 RM'000	30 June 2008 RM'000	30 September 2008 RM'000	30 June 2008 RM'000
ASSETS					
Cash and short-term funds		27,435,579	27,644,359	23,842,811	24,069,617
Deposits and placements with financial institutions		6,829,290	8,956,515	6,178,224	8,795,492
Securities purchased under resale agreements		30,356	-	30,356	-
Securities portfolio	A9	46,481,805	36,551,156	36,389,721	29,711,540
Loans, advances and financing	A10	184,299,760	164,799,666	142,305,516	138,985,721
Derivative assets		1,421,845	830,150	1,365,873	828,182
Other assets	A11	5,923,310	3,915,687	4,726,026	3,040,046
Investment properties		3,925	3,885	-	-
Statutory deposits with Central Banks		6,807,058	5,872,414	4,577,477	4,939,701
Investment in subsidiaries		-	-	11,205,848	6,423,155
Interests in associates		3,031,354	2,218,847	340,420	12,055
Property, plant and equipment		1,528,995	1,210,833	1,080,947	1,062,383
Intangible assets	A28	3,147,672	189,729	181,757	182,455
Deferred tax assets		1,299,165	1,217,490	1,066,332	1,122,138
Life, general takaful and family takaful fund assets		16,157,574	15,689,969	-	-
TOTAL ASSETS		304,397,688	269,100,700	233,291,308	219,172,485
LIABILITIES					
Deposits from customers	A12	204,946,312	187,112,077	157,914,438	156,322,564
Deposits and placements of banks and other financial institutions	A13	32,707,225	24,554,106	34,049,343	25,847,297
Obligations on securities sold under repurchase agreements		878,960	322,371	485,577	322,371
Bills and acceptances payable		5,486,337	4,792,302	4,916,889	4,396,381
Derivative liabilities		1,435,738	1,055,097	1,358,495	1,027,048
Other liabilities	A14	8,193,300	5,248,563	4,518,276	3,919,074
Recourse obligation on loans sold to Cagamas		820,464	1,274,069	820,464	1,274,069
Provision for taxation and zakat		399,555	435,483	272,089	390,327
Deferred tax liabilities		52,309	51,862	-	-
Subordinated obligations	A13	5,582,977	4,975,723	5,026,998	4,975,723
Capital Securities	A13	6,028,317	3,497,316	6,028,317	3,497,316
Life, general takaful and family takaful fund liabilities		4,060,969	4,032,822	-	-
Life, general takaful and family takaful policy holders' funds		12,096,605	11,657,147	-	-
TOTAL LIABILITIES		282,689,068	249,008,938	215,390,886	201,972,170

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CONDENSED FINANCIAL STATEMENTS
UNAUDITED BALANCE SHEETS AS AT 30 SEPTEMBER 2008

	Note	GROUP		BANK	
		30 September 2008 RM'000	30 June 2008 RM'000	30 September 2008 RM'000	30 June 2008 RM'000
SHAREHOLDERS' EQUITY					
Share capital		4,881,146	4,881,123	4,881,146	4,881,123
Reserves		15,056,140	14,421,370	13,019,276	12,319,192
		19,937,286	19,302,493	17,900,422	17,200,315
Minority Interest		1,771,334	789,269	-	-
Total equity		21,708,620	20,091,762	17,900,422	17,200,315
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		304,397,688	269,100,700	233,291,308	219,172,485
COMMITMENTS AND CONTINGENCIES	A24	250,566,531	204,216,762	230,929,490	192,079,393
<u>CAPITAL ADEQUACY</u>	A26				
Based on credit and market risks:					
<u>Without deducting dividend payable *</u>					
Core capital ratio		9.50%	10.56%	11.17%	11.29%
Risk-weighted capital ratio		13.25%	14.42%	11.17%	12.50%
<u>After deducting dividend payable</u>					
Core capital ratio:		9.20%	10.21%	10.76%	10.88%
Risk-weighted capital ratio:		12.94%	14.08%	10.76%	12.09%
Net assets per share attributable to equity holders of the parent		RM4.08	RM3.95	RM3.67	RM3.52

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

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CONDENSED FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE FIRST FINANCIAL QUARTER ENDED 30 SEPTEMBER 2008

GROUP	<===== Non Distributable =====>										
	Share Capital RM'000	Share Premium RM'000	Statutory Reserve RM'000	Capital Reserve RM'000	Unrealised Reserve/(Deficit) RM'000	Exchange Fluctuation Reserve RM'000	Share Option Reserve RM'000	Distributable Retained Profits RM'000	Total Shareholders' Equity RM'000	Minority Interests RM'000	Total Equity RM'000
At 1 July 2008	4,881,123	2,097,011	4,573,636	15,250	(416,340)	(41,752)	63,069	8,130,496	19,302,493	789,269	20,091,762
Currency translation differences	-	-	-	-	-	38,642	-	-	38,642	608	39,250
Acquisition of an Interest by Minority Interest	-	-	-	-	-	-	-	-	-	996,628	996,628
Unrealised net loss on revaluation of securities available-for-sale	-	-	-	-	23,687	-	-	-	23,687	(13,754)	9,933
Net accretion from decreased interest in subsidiaries	-	-	-	-	-	-	-	-	-	-	-
Net gain/(loss) not recognised in the income statement	-	-	-	-	23,687	38,642	-	-	62,329	983,482	1,045,811
Net profit for the period	-	-	-	-	-	-	-	572,173	572,173	(1,417)	570,756
Total recognised income/(expense) for the period	-	-	-	-	23,687	38,642	-	572,173	634,502	982,065	1,616,567
Share-based payment under ESOS	-	-	-	-	-	-	122	-	122	-	122
Transfer to/from statutory reserves	-	-	171,000	-	-	-	-	(171,000)	-	-	-
Issue of ordinary shares pursuant to ESOS	23	146	-	-	-	-	-	-	169	-	169
Dividend paid	-	-	-	-	-	-	-	-	-	-	-
At 30 September 2008	4,881,146	2,097,157	4,744,636	15,250	(392,653)	(3,110)	63,191	8,531,669	19,937,286	1,771,334	21,708,620

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CONDENSED FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE FIRST FINANCIAL QUARTER ENDED 30 SEPTEMBER 2008

<u>GROUP</u>	<===== Non Distributable =====>										
	Share Capital RM'000	Share Premium RM'000	Statutory Reserve RM'000	Capital Reserve RM'000	Unrealised Reserve/(Deficit) RM'000	Exchange Fluctuation Reserve RM'000	Share Option Reserves RM'000	Distributable Retained Profits RM'000	Total Shareholders' Equity RM'000	Minority Interests RM'000	Total Equity RM'000
At 1 July 2007	3,889,225	2,935,570	3,921,988	15,250	405,588	(83,994)	61,228	8,052,801	19,197,656	670,492	19,868,148
Currency translation differences	-	-	410	-	-	(2,795)	-	-	(2,385)	-	(2,385)
Unrealised net gain on revaluation of securities available for sale	-	-	-	-	(79,360)	-	-	-	(79,360)	-	(79,360)
Net accretion from decreased interest in subsidiaries	-	-	-	-	-	-	-	25,683	25,683	(25,683)	-
Net gain/(loss) not recognised in the income statement	-	-	410	-	(79,360)	(2,795)	-	25,683	(56,062)	(25,683)	(81,745)
Net Profit for the period	-	-	-	-	-	-	-	735,429	735,429	16,532	751,961
Total recognised income/(expense) for the period	-	-	410	-	(79,360)	(2,795)	-	761,112	679,367	(9,151)	670,216
Share-based payment under ESOS	-	-	-	-	-	-	1,061	-	1,061	-	1,061
Transfer to statutory reserves	-	-	161,000	-	-	-	-	(161,000)	-	-	-
Issue of ordinary shares pursuant to ESOS	3,266	28,794	-	-	-	-	-	-	32,060	-	32,060
At 30 September 2007	3,892,491	2,964,364	4,083,398	15,250	326,228	(86,789)	62,289	8,652,913	19,910,144	661,341	20,571,485

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CONDENSED FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE FIRST FINANCIAL QUARTER ENDED 30 SEPTEMBER 2008

	<=====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	Share Option Reserves RM'000			
BANK									
At 1 July 2008	4,881,123	2,097,011	4,483,770	(400,753)	94,730	63,069	5,981,365	17,200,315	
Currency translation differences	-	-	-	-	(11,171)	-	-	(11,171)	
Unrealised net gain on revaluation of securities available for sale	-	-	-	27,866	-	-	-	27,866	
Net gain/(loss) not recognised in the income statement	-	-	-	27,866	(11,171)	-	-	16,695	
Net profit for the period	-	-	-	-	-	-	683,121	683,121	
Total recognised income/(expense) for the period	-	-	-	27,866	(11,171)	-	683,121	699,816	
Share-based payment under ESOS	-	-	-	-	-	122	-	122	
Transfer to statutory reserve	-	-	171,000	-	-	-	(171,000)	-	
Issue of ordinary shares pursuant to ESOS	23	146	-	-	-	-	-	169	
Dividend paid	-	-	-	-	-	-	-	-	
At 30 September 2008	4,881,146	2,097,157	4,654,770	(372,887)	83,559	63,191	6,493,486	17,900,422	

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CONDENSED FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE FIRST FINANCIAL QUARTER ENDED 30 SEPTEMBER 2008

	<=====Non Distributable=====>						Distributable Retained Profits RM'000	Total Equity RM'000
	Share Capital RM'000	Share Premium RM'000	Statutory Reserve RM'000	Unrealised Holding Reserve/(Deficit) RM'000	Exchange Fluctuation Reserve RM'000	Other Reserves RM'000		
BANK								
At 1 July 2007	3,889,225	2,935,570	3,889,770	283,264	8,660	61,228	6,386,121	17,453,838
Currency translation differences	-	-	(41)	-	6,141	-	-	6,100
Unrealised net gain on revaluation of securities available-for-sale	-	-	-	(107,404)	-	-	-	(107,404)
Net gain/(loss) not recognised in the income statement	-	-	(41)	(107,404)	6,141	-	-	(101,304)
Net profit for the period	-	-	-	-	-	-	643,926	643,926
Total recognised income/(expense) for the period	-	-	(41)	(107,404)	6,141	-	643,926	542,622
Share-based payment under ESOS	-	-	-	-	-	1,061	-	1,061
Transfer to Statutory Reserves	-	-	161,000	-	-	-	(161,000)	-
Issue of ordinary shares pursuant to ESOS	3,266	28,794	-	-	-	-	-	32,060
At 30 September 2007	3,892,491	2,964,364	4,050,729	175,860	14,801	62,289	6,869,047	18,029,581

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CONDENSED FINANCIAL STATEMENTS
UNAUDITED CONDENSED CASH FLOW STATEMENTS
FOR THE FIRST FINANCIAL QUARTER ENDED 30 SEPTEMBER 2008

	GROUP		BANK	
	30 September 2008 RM'000	30 September 2007 RM'000	30 September 2008 RM'000	30 September 2007 RM'000
Profit before taxation				
Continuing operations	881,774	1,014,102	892,004	800,501
Discontinued operation	-	-	-	69,912
Adjustments for non-operating and non-cash items	287,733	711,126	345,024	734,018
Operating profit before working capital changes	1,169,507	1,725,228	1,237,028	1,604,431
Changes in working capital:-				
Net changes in operating assets	(13,246,781)	(7,758,487)	(7,614,478)	(8,849,242)
Net changes in operating liabilities	11,549,604	325,629	8,792,080	718,412
Tax expense and zakat paid	(306,856)	(292,405)	(287,825)	(250,555)
Net cash generated from operations	(834,526)	(6,000,035)	2,126,805	(6,776,954)
Net cash (used in)/generated from investing activities	(3,777,605)	(49,884)	(5,161,603)	(48,273)
Net cash (used in)/generated from financing activities	3,643,910	(1,655,953)	2,091,304	(1,655,955)
	(133,695)	(1,705,837)	(3,070,299)	(1,704,228)
Net change in cash and cash equivalents	(968,221)	(7,705,872)	(943,494)	(8,481,182)
Cash and cash equivalents at beginning of year *	28,403,800	37,273,849	24,786,305	33,886,841
	27,435,579	29,567,977	23,842,811	25,405,659
Assets transferred to subsidiary pursuant to transfer of Islamic Banking operations	-	-	-	(923,978)
Cash and cash equivalents at end of year	27,435,579	29,567,977	23,842,811	24,481,681
* Cash and cash equivalents at beginning of year				
Cash and short term funds as previously reported	27,644,359	37,597,422	24,069,617	34,200,909
Effects of foreign exchange rate changes	759,441	(323,573)	716,688	(314,068)
As restated	28,403,800	37,273,849	24,786,305	33,886,841

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

A1. Basis of Preparation

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

The condensed interim financial statements were not audited and have been prepared in accordance with the requirements of FRS 134: Interim Financial Reporting and Chapter 9, part K of the Listing Requirements of Bursa Malaysia Securities Berhad. The condensed interim financial statements should be read in conjunction with the audited financial statements for the year ended 30 June 2008. These explanatory notes attached to the audited condensed interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group and the Bank since the year ended 30 June 2008.

The significant accounting policies and methods of computation applied by the Group and the Bank are consistent with those adopted in the most recent audited annual financial statements for the year ended 30 June 2008.

The allowance for doubtful debts and financing of the Group and the Bank are computed based on the requirements of BNM/GP3, which is consistent with the adoption made in the previous audited annual financial statements. Specific allowances are made for doubtful debts which have been individually reviewed and specifically identified as bad and doubtful. Additional allowances are made for long outstanding non-performing loans aged more than five years. In addition, a general allowance based on a certain percentage of total risk-weighted assets for credit risk, which takes into account all balance sheet items and their perceived credit risk levels, is 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 Held-for-trading (Note 9(i)), Securities Available-for-sale (Note 9(ii)) and Derivative Financial Instruments**

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

(ii) **Valuation of Investment Properties**

The measurement of the fair value for investment properties is arrived at by reference to market evidence of transaction prices for similar properties and is performed by professional independent valuers.

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A2. Significant Accounting Estimates and Judgments (contd.)

(iii) Impairment of Goodwill

The Group tests annually whether the goodwill that has an indefinite life has suffered any impairment by measuring the recoverable amount of the goodwill based on the value-in-use method, which requires the use of estimates of cash flow projections, growth rates and discount rates. Changes to the assumptions used by management, particularly the discount rate and the terminal growth rate, may significantly affect the results of the impairment.

(iv) Impairment of Other Intangible Assets

The Group's and the Bank's intangible assets that can be separated and sold and have a finite useful life are amortised over their estimated useful life.

The determination of the estimated useful life of these intangible assets requires the Bank's management to analyse the circumstances, the industry and market practice and also to use judgment. At each balance sheet date, or more frequently when events or changes in circumstances dictate, intangible assets are assessed for indications of impairment. If indications are present, these assets are subject to an impairment review. The impairment review comprises a comparison of the carrying amount of the assets with its recoverable amount.

(v) Liabilities of Insurance Business

The actuarial estimate of future contingent policy liabilities is computed in accordance with the standards and basis prescribed under the Insurance Act and Regulations, and uses a level net premium methodology with allowances for acquisition costs through the application of a zilmer or full preliminary term adjustments, whichever produces higher reserves.

For general claims, reserve is made upon notification of a new claim where the potential liability will be assessed based on information available. Where little or no information is available, a "blind" reserve will be used. The blind reserves are based on class of business and are reviewed annually in line with Bank Negara Malaysia guidelines. As and when more information becomes available regarding a claim, the reserve is amended accordingly.

(vi) Deferred Tax and Income Taxes

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

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A2. Significant Accounting Estimates and Judgments (contd.)

(vii) Allowances for Bad and Doubtful Debts

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

The Group and Bank have adopted certain criteria in the identification of doubtful loans, which include classifying loans as non-performing when repayments are in arrears for more than three (3) months (one (1) month after maturity date for trade bills, bankers' acceptances and trust receipts). Specific allowances for doubtful loans are provided after taking into consideration of the values assigned to collateral. The values assigned to collateral are estimated based on market value and/or forced sales value, as appropriate and conforms to BNM guidelines. In addition to the specific allowances made, the Group and Bank also make general allowance against exposure not specifically identified based on a certain percentage of total risk-weighted assets for credit risk. Such estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the allowance.

A3. Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the audited annual financial statements for the financial year ended 30 June 2008 was not qualified.

A4. Seasonal or Cyclical Factors

The operations of the Group and the Bank were not materially affected by any seasonal or cyclical factors in the first financial quarter ended 30 September 2008.

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

During the quarter ended 30 September 2008, the Group and the Bank had made a write-back in allowance for non-refundable deposit of RM483.8 million in the financial statements arising from the reinstatement of approval by Bank Negara Malaysia, and the subsequent completion of the proposed acquisition of Sorak Financial Holdings Pte Ltd, the controlling shareholder of PT Bank Internasional Indonesia Tbk. The said allowance was made in the previous financial year ended 30 June 2008 due to the revocation of approval by Bank Negara Malaysia on the proposed acquisition. (Refer to Note B8 (c))

A6. Changes in Estimates

There were no material changes in estimates during the quarter ended 30 September 2008.

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A7. Changes in Debt and Equity Securities

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

(a) Issuance of Shares

The issued and paid-up share capital of the Bank was increased from RM4,881,123,401 as at 30 June 2008 to RM4,881,145,901 as at 30 September 2008, from the issuance of 22,500 new ordinary as follows:

Issuance of 22,500 new ordinary shares of RM1.00 each to eligible persons who have exercised their options under the Maybank Group Employee Share Option Scheme (ESOS), plus 4,500 bonus shares granted upon exercise of the options after bonus declaration, at the following option prices:

<u>Number of shares issued</u>	<u>Option price per share</u>	<u>No. of bonus shares issued:</u>
15,100	RM 9.23	3,775
1,100	RM 9.87	275
800	RM 9.92	200
1,000	RM10.19	250

(b) Innovative Tier 1 Capital Securities (IT1CS)

On 11 August 2008, Maybank issued SGD600 million IT1CS Callable with Step-up in 2018 under its RM4.0 billion Innovative Tier 1 Capital Securities Programme. The SGD IT1CS bear a fixed interest rate payment from and including 11 August 2008 to (but excluding) 11 August 2018 (the First Reset Date), payable semi annually in arrear on 11 February and 11 August in each year commencing on 11 February 2009. The SGD IT1CS has a principal stock settlement mechanism to redeem the IT1CS on the 60th year from the date of issuance. The Bank, however, has the option to redeem the IT1CS on the 10th anniversary of the issue date and on any interest payment date thereafter. On the 10th anniversary of the issue date, there will be a step-up in the interest rate to a floating rate, reset quarterly, at the initial credit spread plus 100 basis points above the three month SGD Swap Offer Rate.

As part of its overall IT1CS Programme, Maybank had also on 25 September 2008 issued RM1.10 billion of IT1CS. The RM IT1CS which matures on 25 September 2068 also bear a fixed interest rate and is callable on 25 September 2018 and on every interest payment date thereafter. On the 10th anniversary of the issue date, there will be a step-up in the interest rate to a floating rate, reset quarterly, at the initial credit spread plus 100 basis points above the Kuala Lumpur Inter-Bank Offer Rate for 3-months RM deposits.

The IT1CS will constitute direct, unsecured and subordinated obligations of the Bank and will rank pari passu and without any preference among themselves, and will rank pari passu with other Tier 1 securities.

A8. Dividends Paid

There was no dividend paid during the quarter ended 30 September 2008.

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A9. Securities Portfolio

	Note	Group		Bank	
		30 September 2008 RM'000	30 June 2008 RM'000	30 September 2008 RM'000	30 June 2008 RM'000
Securities held-for-trading	(i)	2,210,712	880,794	1,625,772	418,170
Securities available-for-sale	(ii)	43,055,543	34,484,135	34,093,813	28,620,398
Securities held-to-maturity	(iii)	1,215,550	1,186,227	670,136	672,972
		46,481,805	36,551,156	36,389,721	29,711,540

A9. (i) Securities Held-for-trading

	Group		Bank	
	30 September 2008 RM'000	30 June 2008 RM'000	30 September 2008 RM'000	30 June 2008 RM'000
At Fair value				
Money Market Instruments:-				
Malaysian Government Securities	168,083	38,947	168,083	38,947
Malaysian Government Treasury Bills	19,866	19,917	19,866	19,917
Malaysian Government Investment Issues	25,148	9,536	25,148	9,536
Bank Negara Malaysia Monetary Notes	1,135,862	4,112	1,135,862	4,112
Foreign Government Securities	66,631	268	-	-
Foreign Certificates of Deposits	15,400	-	-	-
Total Money Market Instruments	1,430,990	72,780	1,348,959	72,512
Quoted securities:				
Shares	19,762	23,689	19,762	23,689
	19,762	23,689	19,762	23,689
Unquoted securities:				
Malaysian Government Bonds	-	35,189	-	35,189
Private and Islamic Debt Securities in Malaysia	502,909	462,356	-	-
Foreign Private Debt Securities	257,051	286,780	257,051	286,780
	759,960	784,325	257,051	321,969
Total securities held-for-trading	2,210,712	880,794	1,625,772	418,170

A9. (ii) Securities Available-for-sale

	Group		Bank	
	30 September 2008 RM'000	30 June 2007 RM'000	30 September 2008 RM'000	30 June 2007 RM'000
At Fair value, or cost less impairment losses for certain unquoted equity instruments				
Money market instruments:-				
Malaysian Government Securities	6,144,462	4,779,401	5,531,942	4,339,911
Malaysian Treasury Bills	-	29,915	-	29,915
Cagamas Bonds	419,078	552,925	336,348	330,348
Foreign Government Securities	6,721,614	3,699,181	3,641,369	3,602,495
Malaysian Government Investment Issues	5,929,656	4,144,204	4,035,109	2,643,988
Bank Negara Malaysia Bills	99,828	49,962	99,828	49,962
Foreign Government Treasury Bills	1,690,945	943,965	1,555,004	817,769
Negotiable Instruments of Deposits	1,306,946	907,399	3,569,941	2,868,290
Bankers' Acceptances and Islamic Accepted Bills	2,727,129	1,955,570	2,277,992	1,278,786
Khazanah Bonds	861,392	889,737	353,774	345,341
Bank Negara Malaysia Sukuk Ijarah Bonds	-	-	-	-
Bank Negara Malaysia Monetary Notes	399,820	787,150	399,820	787,150
Foreign Certificates of Deposits	173,906	216,237	-	-
Total Money Market Instruments	26,474,776	18,955,646	21,801,127	17,093,955

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A9. Securities Portfolio (contd)

A9. (ii) Securities Available-for-sale (contd)

	Group		Bank	
	30 September 2008 RM'000	30 June 2008 RM'000	30 September 2008 RM'000	30 June 2008 RM'000
Quoted Securities: -				
In Malaysia:				
Shares, Warrants, Trust Units and Loan Stocks	428,187	508,255	157,318	165,835
Outside Malaysia:				
Shares, Warrants, Trust Units and Loan Stocks	79,012	106,536	36,546	58,150
	507,199	614,791	193,864	223,985
Unquoted Securities:-				
Shares, trust units and loan stocks in Malaysia	742,236	777,089	501,107	507,187
Shares, trust units and loan stocks outside Malaysia	34,529	32,152	16,491	15,776
Islamic Private Debt Securities in Malaysia	9,837,853	9,164,822	7,002,046	6,191,994
Malaysian Government Bonds	329,749	314,664	329,749	314,664
Foreign Government Bonds	77,375	73,138	-	-
Foreign Islamic Private Debt Securities	4,819,122	4,306,821	4,016,725	4,027,825
Credit Linked Notes	232,704	245,012	232,704	245,012
Malaysia Global Sukuk	-	-	-	-
	16,073,568	14,913,698	12,098,822	11,302,458
Total securities available-for-sale	43,055,543	34,484,135	34,093,813	28,620,398

A9. (iii) Securities Held-To-Maturity

At Amortised cost less impairment losses
Money market instruments:-

Malaysian Government Securities	122,921	103,635	103,035	103,076
Cagamas Bonds	13,404	13,409	1,670	1,670
Foreign Government Securities	133,866	152,962	-	-
Malaysian Government Investment Issues	10,178	80	-	-
Total Money Market Instruments	280,369	270,086	104,705	104,746

Unquoted Securities:-

Private and Islamic Debt Securities in Malaysia	336,263	355,443	46,175	76,265
Malaysian Government Bonds	44,756	42,559	44,756	42,559
Foreign Government Bonds	-	-	-	-
Foreign Islamic Private Debt Securities	571,298	535,275	491,621	466,523
Credit Linked Note	-	-	-	-
Others	2,044	2,044	2,044	2,044
	954,361	935,321	584,596	587,391
Accumulated impairment losses	(19,180)	(19,180)	(19,165)	(19,165)
Total securities held-to-maturity	1,215,550	1,186,227	670,136	672,972

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A10. Loans, Advances and Financing

	Group		Bank	
	30 September 2008 RM'000	30 June 2008 RM'000	30 September 2008 RM'000	30 June 2008 RM'000
Overdrafts	14,453,032	13,991,903	11,382,493	11,940,569
Term loans				
- Housing loans/financing	34,166,571	30,529,958	27,237,480	25,677,249
- Syndicated loan/financing	12,394,655	11,307,954	9,295,686	8,899,119
- Hire purchase receivables	34,726,893	31,767,799	22,854,752	22,931,657
- Lease receivables	3,489	3,796	3,489	3,796
- Other loans/financing	50,167,644	45,469,560	34,102,108	33,302,664
Credit card receivables	4,031,360	3,459,441	3,551,377	3,459,441
Bills receivable	2,021,548	2,130,068	1,956,063	2,026,654
Trust receipts	2,918,300	2,216,693	2,350,740	2,001,697
Claims on customers under acceptance credits	14,251,731	13,728,112	10,103,528	9,661,171
Loans/financing to banks and other financial institutions	11,911,523	9,580,463	10,234,237	9,580,173
Revolving credits	20,449,387	17,486,917	16,850,294	17,064,091
Staff loans	1,392,901	1,213,646	971,468	954,499
Housing loans to				
- Executive directors of subsidiaries	914	972	914	972
Others	524,616	121,139	-	-
	203,414,564	183,008,421	150,894,629	147,503,752
Unearned interest and income	(12,191,156)	(11,791,307)	(3,178,640)	(3,215,208)
Gross loans, advances and financing	191,223,408	171,217,114	147,715,989	144,288,544
Allowances for bad and doubtful debts and financing:				
- specific	(3,445,304)	(3,229,837)	(2,652,854)	(2,574,307)
- general	(3,478,344)	(3,187,611)	(2,757,619)	(2,728,516)
Net loans, advances and financing	184,299,760	164,799,666	142,305,516	138,985,721

(ii) By type of customer

	Group		Bank	
	30 September 2008 RM'000	30 June 2008 RM'000	30 September 2008 RM'000	30 June 2008 RM'000
Domestic operations:				
Domestic non-bank financial institutions				
- Stockbroking companies	73,763	136,032	73,584	135,853
- Others	11,805,718	10,802,344	9,944,918	9,273,341
Domestic business enterprise				
- Small and medium enterprise	27,245,207	28,374,741	22,649,946	23,561,485
- Others	25,795,039	23,931,302	22,537,907	20,970,409
Government and statutory bodies	164,446	176,827	54,943	65,314
Individuals	58,891,903	58,017,124	45,760,667	45,534,182
Other domestic entities	148,742	164,327	27,812	31,767
Foreign entities	517,255	483,202	453,610	423,877
Total domestic operations	124,642,073	122,085,899	101,503,387	99,996,228

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A10. Loans, Advances and Financing (contd)

(i) By type of customer (contd)

	Group		Bank	
	30 September 2008 RM'000	30 June 2008 RM'000	30 September 2008 RM'000	30 June 2008 RM'000
Overseas operations:				
Singapore	38,369,425	36,976,691	38,369,425	36,976,691
Hong Kong SAR	2,971,937	2,734,133	2,971,937	2,734,133
United States of America	1,338,989	1,230,560	1,338,989	1,230,560
People's Republic of China	831,885	799,411	831,885	799,411
Vietnam	626,920	549,621	626,920	549,621
United Kingdom	1,324,085	1,299,853	1,324,085	1,299,853
Brunei	120,161	155,298	120,161	155,298
Cambodia	216,800	174,885	216,800	174,885
Bahrain	412,400	371,864	412,400	371,864
Labuan offshore	4,064,167	3,825,321	-	-
Philippines	831,668	766,221	-	-
Indonesia	15,418,449	197,991	-	-
Papua New Guinea	54,449	49,366	-	-
	66,581,335	49,131,215	46,212,602	44,292,316
Gross loans, advances and financing	191,223,408	171,217,114	147,715,989	144,288,544

(ii) By interest/profit rate sensitivity

Fixed rate				
- Housing loans/financing	11,531,573	11,057,861	7,502,664	6,905,007
- Hire purchase receivables	27,448,263	26,744,656	19,319,264	19,384,816
- Other fixed rate loans/financing	16,733,756	13,673,676	10,663,244	10,316,056
Variable rate				
- Base lending rate plus	61,451,841	59,250,264	57,965,572	55,866,545
- Cost plus	20,932,645	20,383,788	16,456,000	16,038,791
- Other variable rates	53,125,330	40,106,869	35,809,245	35,777,329
Gross loans, advances and financing	191,223,408	171,217,114	147,715,989	144,288,544

(ii) Total loans by economic purpose

	Group		Bank	
	30 September 2008 RM'000	30 June 2008 RM'000	30 September 2008 RM'000	30 June 2008 RM'000
Domestic operations:				
Purchase of securities	10,358,912	10,336,662	10,125,318	10,132,879
Purchase of transport vehicles	18,484,729	17,791,196	9,943,258	9,958,723
- less Islamic loans sold to Cagamas	(565,681)	(611,346)	-	-
Purchase of landed properties				
- residential	24,485,493	24,269,350	19,025,816	18,752,859
- non-residential	6,382,112	6,429,515	5,756,416	5,812,909
- less Islamic housing loans sold to Cagamas	(351,266)	(362,256)	-	-
Purchase of fixed assets (exclude landed properties)	3,466	3,798	3,466	3,798
Personal use	3,383,698	3,326,392	3,034,058	2,982,302
Credit card	3,318,214	3,196,102	3,318,084	3,196,102
Purchase of consumer durables	14,294	12,283	14,102	12,155
Construction	5,313,894	5,456,547	4,349,293	4,590,098
Working capital	52,954,905	51,294,293	45,243,618	43,778,260
Others	859,303	943,363	689,958	776,143
Total domestic operations	124,642,073	122,085,899	101,503,387	99,996,228

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A10. Loans, Advances and Financing (contd)

(ii) Total loans by economic purpose (contd)

	Group		Bank	
	30 September 2008 RM'000	30 June 2008 RM'000	30 September 2008 RM'000	30 June 2008 RM'000
Overseas operations:				
Singapore	38,369,425	36,976,691	38,369,425	36,976,691
Hong Kong SAR	2,971,937	2,734,133	2,971,937	2,734,133
United States of America	1,338,989	1,230,560	1,338,989	1,230,560
People's Republic of China	831,885	799,411	831,885	799,411
Vietnam	626,920	549,621	626,920	549,621
United Kingdom	1,324,085	1,299,853	1,324,085	1,299,853
Brunei	120,161	155,298	120,161	155,298
Cambodia	216,800	174,885	216,800	174,885
Bahrain	412,400	371,864	412,400	371,864
Labuan Offshore	4,064,167	3,825,321	-	-
Philippines	831,668	766,221	-	-
Indonesia	15,418,449	197,991	-	-
Papua New Guinea	54,449	49,366	-	-
	66,581,335	49,131,215	46,212,602	44,292,316
Gross loans, advances and financing	191,223,408	171,217,114	147,715,989	144,288,544

(iii) Non-performing loans by economic purpose

Domestic operations:				
Purchase of securities	239,364	235,595	140,079	141,008
Purchase of transport vehicles	137,967	113,949	105,039	85,480
Purchase of landed properties				
- residential	2,027,815	2,054,284	1,524,770	1,540,594
- non-residential	375,094	384,991	329,588	341,498
Purchase of fixed assets (exclude landed properties)	-	-	-	-
Personal use	202,342	205,453	168,690	170,885
Credit card	40,723	39,488	40,723	39,488
Purchase of consumer durables	1,199	1,073	1,198	1,069
Construction	363,339	413,657	267,301	277,209
Working capital	2,728,986	2,583,576	2,376,794	2,273,731
Others	11,388	33,895	6,734	28,896
Total domestic operations	6,128,217	6,065,961	4,960,916	4,899,858
Overseas operations:				
Singapore	238,837	237,782	238,837	237,782
Hong Kong SAR	26,246	25,716	26,246	25,716
Brunei	5,458	41,076	5,458	41,076
Vietnam	20,952	9,488	20,952	9,488
People's Republic of China	292	292	292	292
Cambodia	-	-	-	-
Labuan Offshore	64,281	61,287	-	-
Papua New Guinea	2,644	3,073	-	-
Philippines	25,618	27,773	-	-
Indonesia	396,688	-	-	-
	781,016	406,487	291,785	314,354
	6,909,233	6,472,448	5,252,701	5,214,212

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A10. Loans, Advances and Financing (contd)

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

	Group		Bank	
	30 September 2008 RM'000	30 June 2008 RM'000	30 September 2008 RM'000	30 June 2008 RM'000
At beginning of the year	6,472,448	8,258,214	5,214,212	8,054,673
Non-performing during the year	798,244	3,894,201	651,389	3,471,106
Reclassified as performing	(369,643)	(2,304,117)	(275,669)	(2,070,771)
Acquired upon acquisition of a subsidiary	396,688	-	-	-
Recovered during the year	(243,882)	(1,740,968)	(216,496)	(1,511,268)
Amount written off	(173,064)	(1,569,501)	(143,540)	(1,420,809)
Converted to Securities	-	(47,188)	-	(47,188)
Converted to Properties	-	(5,700)	-	(5,700)
Amount transferred to Maybank Islamic Bhd	-	-	-	(1,245,328)
Sale of NPL	-	(97,615)	-	(97,615)
Exchange differences and expenses debited	28,442	85,122	22,805	87,112
At end of the year	6,909,233	6,472,448	5,252,701	5,214,212
Less: Specific allowance	(3,445,304)	(3,229,837)	(2,652,854)	(2,574,307)
Net non-performing loans, advances and financing	3,463,929	3,242,611	2,599,847	2,639,905
Net NPL as a% of gross loans, advances and financing (including Islamic loans sold to Cagamas) less specific allowance	1.84%	1.92%	1.79%	1.86%

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

	Group		Bank	
	30 September 2008 RM'000	30 June 2008 RM'000	30 September 2008 RM'000	30 June 2008 RM'000
<u>Specific Allowance</u>				
At beginning of the year	3,229,837	3,875,219	2,574,307	3,696,358
Allowance made during the year	417,521	1,649,562	350,540	1,451,779
Amount written back in respect of recoveries	(158,645)	(701,148)	(128,808)	(563,134)
Acquired upon acquisition of a subsidiary	127,079	-	-	-
Amount written off	(173,064)	(1,569,501)	(143,540)	(1,420,809)
Transfer to general allowance	-	(7,366)	-	(4,302)
Transferred to impairment losses in value of securities	-	(8,651)	-	(8,651)
Transfer to restructured/rescheduled loans	(2,159)	(15,636)	(2,159)	(15,636)
Amount transferred to Maybank Islamic Bhd	-	-	-	(579,816)
Exchange differences	4,735	7,358	2,514	18,518
At end of the year	3,445,304	3,229,837	2,652,854	2,574,307

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

<u>General Allowance</u>				
At beginning of the year	3,187,611	2,757,315	2,728,516	2,613,274
Allowance made during the year	40,117	437,587	26,289	407,326
Amount written back	(575)	(22,418)	-	-
Amount transferred to Maybank Islamic Bhd	-	-	-	(307,891)
Acquired upon acquisition of a subsidiary	244,399	-	-	-
Transfer from specific allowance	-	7,366	-	4,302
Exchange differences	6,792	7,761	2,814	11,505
At end of the year	3,478,344	3,187,611	2,757,619	2,728,516
As % of gross loans, advances and financing (including Islamic loans sold to Cagamas) less specific allowance	1.84%	1.89%	1.90%	1.93%

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A11. Other Assets

	Group		Bank	
	30 September 2008 RM'000	30 June 2008 RM'000	30 September 2008 RM'000	30 June 2008 RM'000
Interest receivables	1,111,226	825,087	841,471	759,031
Prepayments and deposits	647,786	452,537	424,447	415,148
Other debtors	3,903,658	2,395,812	3,397,547	1,803,306
Tax Recoverable	124,475	117,874	-	-
Properties -Foreclosed & Acquired in satisfaction of Loan	136,165	124,377	62,561	62,561
	5,923,310	3,915,687	4,726,026	3,040,046

A12. Deposits from Customers

Fixed deposits and negotiable instruments of deposits				
- One year or less	112,025,713	102,661,282	84,467,493	84,064,822
- More than one year	3,117,325	3,073,899	1,603,781	1,571,969
Money Market deposits	11,367,436	10,964,912	11,367,436	10,964,912
Savings deposits	34,037,147	29,425,896	25,288,600	25,027,773
Demand deposits	41,880,064	38,634,568	32,994,271	32,721,668
Structured deposits *	2,518,627	2,351,520	2,192,857	1,971,420
	204,946,312	187,112,077	157,914,438	156,322,564

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

	Group		Bank	
	30 September 2008 RM'000	30 June 2008 RM'000	30 September 2008 RM'000	30 June 2008 RM'000
Business enterprises	75,721,886	68,428,468	54,384,069	52,832,804
Individuals	99,187,174	90,243,156	82,265,111	83,229,457
Government and statutory bodies	8,538,345	7,703,001	5,471,111	5,028,237
Others	21,498,907	20,737,452	15,794,147	15,232,066
	204,946,312	187,112,077	157,914,438	156,322,564

A13. Deposits and Placement of Banks and Other Financial Institutions and Debt Securities

Licensed banks	26,642,429	20,339,978	28,797,131	21,832,396
Licensed finance companies	14,537	733	14,537	733
Licensed merchant banks	1,829,842	451,206	1,780,941	451,206
Other financial institutions	4,220,417	3,762,189	3,456,734	3,562,962
	32,707,225	24,554,106	34,049,343	25,847,297

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

- One year or less	30,886,032	22,750,881	32,415,210	24,229,174
- More than one year	1,821,193	1,803,225	1,634,133	1,618,123
	32,707,225	24,554,106	34,049,343	25,847,297

Subordinated obligations

Unsecured				
- less than one year	1,026,998	-	1,026,998	-
- more than one year	¹ 4,555,999	¹ 4,975,723	¹ 4,000,000	¹ 4,975,723

¹ Includes Subordinated Notes of USD300 million. (30 June 2008: USD300 million)

Capital Securities

Unsecured				
- less than one year	-	-	-	-
- more than one year	¹ 6,028,317	¹ 3,497,316	¹ 6,028,317	¹ 3,497,316

¹ Includes Capital Securities of SGD600 million. (30 June 2008: Nil)

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A14. Other Liabilities

	Group		Bank	
	30 September 2008 RM'000	30 June 2008 RM'000	30 September 2008 RM'000	30 June 2008 RM'000
Interest/Profit payable	1,377,244	1,009,604	1,162,636	947,456
Provision for outstanding claims	442,605	421,234	-	-
Unearned premium reserves	283,396	273,755	-	-
Profit Equalisation Reserves	64,641	65,623	-	-
Provisions and accruals	1,134,161	1,252,134	819,375	926,011
Due to brokers and clients	484,262	234,407	-	-
Deposits and other creditors	4,406,991	1,991,806	2,536,265	2,045,607
	8,193,300	5,248,563	4,518,276	3,919,074

A15. Interest Income

	1st Quarter Ended		Cumulative 3 Months Ended	
	30 September 2008 RM'000	30 September 2007 RM'000	30 September 2008 RM'000	30 September 2007 RM'000
Group				
Loans, advances and financing				
- Interest income other than recoveries from NPL	1,895,910	1,775,453	1,895,910	1,775,453
- Recoveries from NPL	51,263	74,672	51,263	74,672
Money at call and deposit placements with financial institutions	298,477	554,386	298,477	554,386
Securities purchased under resale agreements	1,877	3,944	1,877	3,944
Securities held-for-trading	220,496	191,224	220,496	191,224
Securities available-for-sale	358,171	299,093	358,171	299,093
Securities held-to-maturity	12,161	38,532	12,161	38,532
	2,838,355	2,937,304	2,838,355	2,937,304
Amortisation of premium less accretion of discounts	18,166	(10,881)	18,166	(10,881)
Net interest/income clawed back/suspended	(10,599)	(15,532)	(10,599)	(15,532)
	2,845,922	2,910,891	2,845,922	2,910,891
Bank				
Loans, advances and financing				
- Interest income other than recoveries from NPL	1,831,313	1,703,426	1,831,313	1,703,426
- Recoveries from NPL	50,404	71,198	50,404	71,198
Money at call and deposit placements with financial institutions	322,000	527,049	322,000	527,049
Securities purchased under resale agreements	105	2,190	105	2,190
Securities held-for-trading	215,560	183,863	215,560	183,863
Securities available-for-sale	316,095	254,708	316,095	254,708
Securities held-to-maturity	9,371	30,054	9,371	30,054
	2,744,848	2,772,488	2,744,848	2,772,488
Amortisation of premium less accretion of discounts	8,743	(15,363)	8,743	(15,363)
Net interest/income clawed back/suspended	(10,599)	(15,532)	(10,599)	(15,532)
	2,742,992	2,741,593	2,742,992	2,741,593

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A16. Interest Expense

<u>Group</u>	1st Quarter Ended		Cumulative 3 Months Ended	
	30 September	30 September	30 September	30 September
	2008	2007	2008	2007
	RM'000	RM'000	RM'000	RM'000
Deposits and placements of banks and other financial institutions	268,356	351,786	268,356	351,786
Deposits from customers	1,169,979	1,177,432	1,169,979	1,177,432
Loans sold to Cagamas	11,778	22,275	11,778	22,275
Floating rate certificates of deposits	3,060	6,908	3,060	6,908
Subordinated notes	8,804	25,763	8,804	25,763
Subordinated bonds	45,073	15,123	45,073	15,123
Capital Securities	73,791	-	73,791	-
Others	66	37	66	37
	1,580,907	1,599,324	1,580,907	1,599,324

Bank

Deposits and placements of banks and other financial institutions	295,517	391,413	295,517	391,413
Deposits from customers	1,076,761	1,050,108	1,076,761	1,050,108
Loans sold to Cagamas	11,778	22,275	11,778	22,275
Floating rate certificates of deposits	3,060	6,908	3,060	6,908
Subordinated notes	8,804	25,763	8,804	25,763
Subordinated bonds	45,073	15,123	45,073	15,123
Capital Securities	73,791	-	73,791	-
Others	66	41	66	41
	1,514,850	1,511,631	1,514,850	1,511,631

A17. Non-interest Income

Group

(a) Fee income:

Commission	196,674	178,786	196,674	178,786
Service charges and fees	200,895	153,129	200,895	153,129
Guarantee fees	29,881	30,931	29,881	30,931
Underwriting fees	1,691	1,889	1,691	1,889
Brokerage income	10,884	24,681	10,884	24,681
Other fee income	20,290	10,711	20,290	10,711
	460,315	400,127	460,315	400,127

(b) Net gain/(loss) arising from:

Sale of securities held-for trading	(13,653)	(10,888)	(13,653)	(10,888)
Sale of securities available-for-sale	13,492	31,987	13,492	31,987
Redemption of securities held-to-maturity	(84)	62	(84)	62
	(245)	21,161	(245)	21,161

(c) Gross dividend from:

Securities portfolio	11,747	8,028	11,747	8,028
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(d) Unrealised gain/(loss) on revaluation of securities held-for-trading and derivatives

Write back of /(Provision for) impairment losses in securities, net	(16,247)	(17,525)	(16,247)	(17,525)
	(15,118)	(104,568)	(15,118)	(104,568)

(e) Other income:

Foreign exchange profit/(loss)	(125,210)	123,242	(125,210)	123,242
Net premiums written	122,758	119,358	122,758	119,358
Rental Income	6,906	3,857	6,906	3,857
Gains on disposal of property, plant and equipment	9,198	1,941	9,198	1,941
Gain on disposal of foreclosed properties	54	2,376	54	2,376
Others	8,344	34,701	8,344	34,701
	22,050	285,475	22,050	285,475

Total non-interest income

	478,749	610,223	478,749	610,223
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A17. Non-interest Income (contd)

<u>Bank</u>	1st Quarter Ended		Cumulative 3 Months Ended	
	30 September 2008 RM'000	30 September 2007 RM'000	30 September 2008 RM'000	30 September 2007 RM'000
(a) Fee income:				
Commission	195,154	176,506	195,154	176,506
Service charges and fees	173,096	143,710	173,096	143,710
Guarantee fees	29,608	30,884	29,608	30,884
Underwriting fees	1,694	317	1,694	317
Other fee income	17,372	7,041	17,372	7,041
	416,924	358,458	416,924	358,458
(b) Net gain/(loss) arising from:				
Sale of securities held-for trading	(4,855)	(7,186)	(4,855)	(7,186)
Sale of securities available-for-sale	2,819	15,799	2,819	15,799
Redemption of securities held-to-maturity	(80)	(167)	(80)	(167)
	(2,116)	8,446	(2,116)	8,446
(c) Gross dividend income from:				
Securities portfolio	4,873	1,261	4,873	1,261
	4,873	1,261	4,873	1,261
(d) Unrealised (loss)/gain on revaluation of securities held-for-trading and derivatives	(9,402)	(79,812)	(9,402)	(79,812)
Write back of /(Provision for) impairment losses in securities, net	(36,038)	2,548	(36,038)	2,548
Impairment of interest in associates	-	-	-	-
	(45,440)	(77,264)	(45,440)	(77,264)
(e) Other income:				
Foreign exchange profit	(113,173)	119,062	(113,173)	119,062
Rental Income	6,571	3,660	6,571	3,660
Gain on disposal of property and equipment (net)	59	1,549	59	1,549
Others	576	15,141	576	15,141
	(105,967)	139,412	(105,967)	139,412
Total non-interest income	268,274	430,313	268,274	430,313

A18. Overhead Expenses

Group

Personnel costs

- Salaries, allowances and bonuses	433,997	343,921	433,997	343,921
- Pension costs	69,872	53,371	69,872	53,371
- Others	55,936	46,715	55,936	46,715
	559,805	444,007	559,805	444,007

Establishment costs

- Depreciation	25,574	31,838	25,574	31,838
- Rental of leasehold land and premises	21,763	16,916	21,763	16,916
- Repairs and maintenance of property and equipment	20,894	21,035	20,894	21,035
- Information technology expenses	106,201	94,355	106,201	94,355
- Others	21,773	17,854	21,773	17,854
	196,205	181,998	196,205	181,998

Marketing expenses

- Advertisement and publicity	90,496	80,183	90,496	80,183
- Others	22,431	21,499	22,431	21,499
	112,927	101,682	112,927	101,682

Administration and general expenses

- Fees and brokerage	115,958	104,482	115,958	104,482
- Administrative expenses	60,437	62,942	60,437	62,942
- General expenses	42,485	42,257	42,485	42,257
- Claims incurred	95,216	62,196	95,216	62,196
- Others	33,379	9,498	33,379	9,498
	347,475	281,375	347,475	281,375

	1,216,412	1,009,062	1,216,412	1,009,062
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A18. Overhead Expenses (contd)

	1st Quarter Ended		Cumulative 3 Months Ended	
	30 September	30 September	30 September	30 September
	2008	2007	2008	2007
	RM'000	RM'000	RM'000	RM'000
<u>Bank</u>				
Personnel costs				
- Salaries, allowances and bonuses	393,243	277,384	393,243	277,384
- Pension costs	66,833	43,403	66,833	43,403
- Others	43,545	33,525	43,545	33,525
	503,621	354,312	503,621	354,312
Establishment costs				
- Depreciation	22,710	25,784	22,710	25,784
- Rental of leasehold land and premises	18,721	15,264	18,721	15,264
- Repairs and maintenance of property and equipment	17,597	18,559	17,597	18,559
- Information technology expenses	97,590	66,986	97,590	66,986
- Others	16,061	5,820	16,061	5,820
	172,679	132,413	172,679	132,413
Marketing expenses				
- Advertisement and publicity	67,479	60,624	67,479	60,624
- Others	20,286	13,061	20,286	13,061
	87,765	73,685	87,765	73,685
Administration and general expenses				
- Fees and brokerage	112,569	97,266	112,569	97,266
- Administrative expenses	54,492	53,037	54,492	53,037
- General expenses	38,296	39,961	38,296	39,961
- Others	33,379	7,238	33,379	7,238
	238,736	197,502	238,736	197,502
Overhead expenses allocated to subsidiary company under a service level agreement	(61,071)	-	(61,071)	-
	941,730	757,912	941,730	757,912

A19. Allowance for Losses on Loans, Advances and Financing

	1st Quarter Ended		Cumulative 3 Months Ended	
	30 September	30 September	30 September	30 September
	2008	2007	2008	2007
	RM'000	RM'000	RM'000	RM'000
<u>Group</u>				
Allowance for bad and doubtful debts and financing:				
- general allowance made (net)	39,542	(18,200)	39,542	(18,200)
- specific allowance	417,521	473,282	417,521	473,282
- specific allowance written back	(158,645)	(249,029)	(158,645)	(249,029)
Bad debts and financing written off	1,134	35,171	1,134	35,171
Bad debts and financing recovered	(107,731)	(126,914)	(107,731)	(126,914)
Provision/(write back) for other debts	411	(6,258)	411	(6,258)
	192,232	108,052	192,232	108,052
<u>Bank</u>				
Allowance for bad and doubtful debts and financing:				
- general allowance made/(written back)	26,289	(13,927)	26,289	(13,927)
- specific allowance	350,540	407,879	350,540	407,879
- specific allowance written back	(128,808)	(211,100)	(128,808)	(211,100)
Bad debts and financing written off	967	35,160	967	35,160
Bad debts and financing recovered	(102,482)	(116,150)	(102,482)	(116,150)
	146,506	101,862	146,506	101,862

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A20. SEGMENT INFORMATION ON REVENUES, RESULTS, ASSETS AND LIABILITIES

BUSINESS SEGMENT

REVENUE AND EXPENSES	Banking and Finance		Investment Banking		Insurance and Takaful		Others		Eliminations		Consolidated	
	Sept 2008 RM'000	Sept 2007 RM'000	Sept 2008 RM'000	Sept 2007 RM'000	Sept 2008 RM'000	Sept 2007 RM'000	Sept 2008 RM'000	Sept 2007 RM'000	Sept 2008 RM'000	Sept 2007 RM'000	Sept 2008 RM'000	Sept 2007 RM'000
Revenue												
External revenue	3,477,578	3,638,373	80,849	105,115	178,507	171,557	15,900	7,060	-	-	3,752,834	3,922,105
Dividends from subsidiaries	-	-	-	-	-	107,883	-	-	-	(107,883)	-	-
Inter-segment revenue	55,452	20,112	10,061	8,405	7,305	10,078	591	660	(73,409)	(39,255)	-	-
Total inter-segment revenue	55,452	20,112	10,061	8,405	7,305	117,961	591	660	(73,409)	(147,138)	-	-
Total revenue	3,533,030	3,658,485	90,910	113,520	185,812	289,518	16,491	7,720	(73,409)	(147,138)	3,752,834	3,922,105
Segment results												
Operating profit	765,197	1,030,499	16,625	18,587	25,570	175,899	1,933	5,176	-	(107,883)	809,325	1,122,278
Loan loss and provision	(191,474)	(129,918)	(773)	21,875	15	(9)	-	-	-	-	(192,232)	(108,052)
Write-back of allowance for non-refundable deposit	483,824	-	-	-	-	-	-	-	-	-	483,824	-
Share of results of associates	23,144	-	-	-	-	-	(287)	(124)	-	-	22,857	(124)
Impairment losses in associates	(242,000)	-	-	-	-	-	-	-	-	-	(242,000)	-
Profit before taxation	838,691	900,581	15,852	40,462	25,585	175,890	1,646	5,052	-	(107,883)	881,774	1,014,102
Taxation & Zakat	(248,588)	(228,903)	(21,798)	(12,994)	(31,063)	(19,116)	(9,569)	(1,128)	-	-	(311,018)	(262,141)
Profit after taxation and zakat	590,103	671,678	(5,946)	27,468	(5,478)	156,774	(7,923)	3,924	-	(107,883)	570,756	751,961
Minority interest	-	-	-	-	-	-	-	-	-	-	1,417	(16,532)
Net profit for the year	590,103	671,678	(5,946)	27,468	(5,478)	156,774	(7,923)	3,924	-	(107,883)	572,173	735,429
OTHER INFORMATION												
Capital expenditure	71,825	32,469	244	1,277	676	3,449	340	-	-	-	73,085	37,195
Depreciation	23,297	29,293	665	597	1,447	1,532	165	416	-	-	25,574	31,838
Amortisation	11,772	9,890	115	336	1,356	1,312	24	-	-	-	13,267	11,538
Non-cash expenses/(income) other than depreciation	20,108	(4,550)	(9,108)	129	340	84	-	-	-	-	11,340	(4,337)

	Sept 2008 RM'000	June 2008 RM'000	Sept 2008 RM'000	June 2008 RM'000	Sept 2008 RM'000	June 2008 RM'000	Sept 2008 RM'000	June 2008 RM'000	Sept 2008 RM'000	June 2008 RM'000	Sept 2008 RM'000	June 2008 RM'000
ASSETS AND LIABILITIES												
Segment assets	297,822,335	255,433,080	8,291,105	9,124,230	20,897,384	20,503,181	8,710,872	4,554,556	(34,355,362)	(22,733,194)	301,366,334	266,881,853
Investments in associates	142,828	33,320	-	-	-	-	2,888,526	2,185,527	-	-	3,031,354	2,218,847
Total assets	297,965,163	255,466,400	8,291,105	9,124,230	20,897,384	20,503,181	11,599,398	6,740,083	(34,355,362)	(22,733,194)	304,397,688	269,100,700
Total segment liabilities	273,430,211	236,405,562	6,961,556	7,812,240	17,125,000	16,674,852	4,310,851	4,224,649	(19,138,550)	(16,108,365)	282,689,068	249,008,938

GEOGRAPHICAL SEGMENT

	External Revenue		Profit Before Tax & Zakat		Capital expenditure		Segment assets	
	Sept 2008 RM'000	Sept 2007 RM'000	Sept 2008 RM'000	Sept 2007 RM'000	Sept 2008 RM'000	Sept 2007 RM'000	Sept 2008 RM'000	June 2008 RM'000
Malaysia	3,030,940	3,230,806	735,271	1,011,213	42,626	32,743	233,265,331	221,821,839
Singapore	570,902	542,211	190,087	134,818	7,089	3,028	50,001,328	47,059,587
Other locations	224,401	296,226	(43,584)	(24,046)	23,370	1,424	55,486,391	22,952,468
	3,826,243	4,069,243	881,774	1,121,985	73,085	37,195	338,753,050	291,833,894
Eliminations	(73,409)	(147,138)	-	(107,883)	-	-	(34,355,362)	(22,733,194)
Group	3,752,834	3,922,105	881,774	1,014,102	73,085	37,195	304,397,688	269,100,700

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A21. Carrying Amount of Revalued Assets

The Group's and the Bank's property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. There was no change in the valuation of property and equipment that were brought forward from the previous audited annual financial statements for the year ended 30 June 2008.

A22. Subsequent Events

There were no material events subsequent to the balance sheet date, other than that mentioned in Note B8.

A23. Changes in the Composition of the Group

The changes to the composition of the Group during the financial year are further elaborated in Note B8.

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A24. Commitments and Contingencies and Off-Balance Sheet Financial Instruments

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

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

Group	As at 30 September 2008			As at 30 June 2008		
	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	6,124,006	6,124,006	5,416,425	5,374,494	5,374,494	4,926,774
Certain transaction-related contingent items	10,757,499	5,385,909	4,949,127	9,764,496	4,888,972	4,538,086
Short-term self-liquidating trade-related contingencies	4,233,319	846,664	667,890	5,030,235	1,000,050	616,592
Islamic housing and hire purchase loans sold to Cagamas Berhad	916,947	916,947	741,314	1,013,603	1,013,603	800,474
Obligations under underwriting agreements	1,152,395	78,697	71,697	377,364	91,182	73,182
Irrevocable commitments to extend credit:						
- maturity within one year	81,121,723	-	-	67,183,070	-	-
- maturity exceeding one year	11,926,449	5,963,224	5,884,994	9,993,821	4,996,911	4,829,304
Foreign exchange related contracts:						
- less than one year	72,581,104	987,865	328,826	55,082,330	668,355	281,824
- one year to less than five years	1,644,366	27,618	9,910	986,785	44,714	4,560
Interest rate related contracts:						
- less than one year	30,316,111	1,092,946	291,478	25,007,333	813,158	226,585
- one year to less than five years	21,048,933	570,459	236,728	16,760,168	431,902	295,928
- five years and above	3,405,912	417,355	309,949	2,679,826	175,229	125,918
Miscellaneous	5,337,767	-	-	4,963,237	-	-
	250,566,531	22,411,690	18,908,338	204,216,762	19,498,570	16,719,227

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A24. Commitments and Contingencies and Off-Balance Sheet Financial Instruments (continued)

<u>Bank</u>	As at 30 September 2008			As at 30 June 2008		
	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	4,674,251	4,674,251	4,245,461	4,488,159	4,488,159	4,152,957
Certain transaction-related contingent items	9,959,042	4,979,521	4,589,244	9,095,796	4,547,896	4,244,422
Short-term self-liquidating trade-related contingencies	4,042,278	808,455	638,969	4,661,882	932,376	561,818
Islamic housing and hire purchase loans sold to Cagamas Berhad	-	-	-	-	-	-
Obligations under underwriting agreements	157,395	78,697	71,697	182,364	91,182	73,182
Irrevocable commitments to extend credit:						
- maturity within one year	73,996,399	-	-	60,803,246	-	-
- maturity exceeding one year	11,271,600	5,635,800	5,576,243	9,558,044	4,779,022	4,724,882
Foreign exchange related contracts:						
- less than one year	68,183,233	967,858	318,822	55,082,330	667,830	281,824
- one year to less than five years	1,644,366	27,618	9,910	986,785	13,164	4,560
Interest rate related contracts:						
- less than one year	30,062,949	1,092,220	291,269	24,063,151	813,048	226,428
- one year to less than five years	18,561,407	495,808	220,197	15,728,681	404,554	265,918
- five years and above	3,188,986	409,314	305,928	2,571,142	161,917	119,261
Miscellaneous	5,187,584	-	-	4,857,813	-	-
	230,929,490	19,169,542	16,267,740	192,079,393	16,899,148	14,655,252

* 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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A24. Commitments and Contingencies and Off-Balance Sheet Financial Instruments (contd.)

Market Risk

Market risk is the potential change in value caused by movement in market rates or prices. The contractual amounts provide only a measure of involvement in these types of transactions and do not represent the amounts subject to market risk. Exposure to market risk may be reduced through offsetting on and off-balance sheet positions. As at 30 September 2008, the amount of contracts that was not hedged in the Group and the Bank and, hence, exposed to market risk was RM220.9 million (30 June 2008: RM245.6 million).

Credit Risk

Credit risk arises from the possibility that a counter-party may be unable to meet the terms of a contract in which the Group and the Bank has a gain in a contract. As at 30 September 2008, the amount of credit risk in the Group and the Bank, measured in terms of the cost to replace the profitable contracts, was RM700.8 million (30 June 2008: RM302.5 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.

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A25. Interest Rate Risk

Group As at 30 September 2008	← Non trading book →					Non- interest sensitive RM'000	Trading books RM'000	Total RM'000	Effective interest rate %
	Up to 1 month RM'000	>1 - 3 months RM'000	>3 - 12 months RM'000	>1 - 5 years RM'000	over 5 years RM'000				
ASSETS									
Cash and short-term funds	21,603,596	-	-	-	-	5,831,983	-	27,435,579	3.72
Deposits and placements with banks and other financial institutions	284,768	3,879,346	2,066,829	264,180	-	334,167	-	6,829,290	3.15
Securities purchased under resale agreements	30,356	-	-	-	-	-	-	30,356	3.60
Securities held-for-trading							2,210,712	2,210,712	4.21
Securities available-for-sale	107,268	388,789	350,223	1,171,642	760,835	-	40,276,786	43,055,543	5.10
Securities held-to-maturity	3,809	50,448	72,588	681,349	201,770	205,586	-	1,215,550	5.99
Loans, advances and financing									
- performing	74,697,712	16,875,264	22,557,758	26,298,617	22,399,535	21,485,289	-	184,314,175	6.32
- non-performing*	-	-	-	-	-	(14,415)	-	(14,415)	-
Derivative assets							1,421,845	1,421,845	-
Other Assets	-	-	-	-	-	9,070,982	-	9,070,982	-
Other non-interest sensitive balances	-	-	-	-	-	12,670,497	-	12,670,497	-
Life, general takaful and family takaful fund assets	-	-	-	-	-	16,157,574	-	16,157,574	-
TOTAL ASSETS	96,727,509	21,193,847	25,047,398	28,415,788	23,362,140	65,741,663	43,909,343	304,397,688	

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A25. Interest Rate Risk (contd)

Group As at 30 September 2008	Non trading book						Non- interest sensitive RM'000	Trading books RM'000	Total RM'000	Effective interest rate %
	Up to 1 month RM'000	>1 - 3 months RM'000	>3 - 12 months RM'000	>1 - 5 years RM'000	over 5 years RM'000					
LIABILITIES AND SHAREHOLDERS' EQUITY										
Deposits from customers	79,258,937	24,041,729	42,269,294	6,719,944	30,888,281	21,768,127	-	204,946,312	1.85	
Deposits and placements of banks and other financial institutions	21,101,608	5,793,982	3,547,685	1,439,675	171,797	652,478	-	32,707,225	4.00	
Obligations on securities sold under repurchase agreements	678,931	200,029	-	-	-	-	-	878,960	1.92	
Bills and acceptances payable	1,925,042	2,088,550	335,049	547	-	1,137,149	-	5,486,337	3.68	
Recourse obligations on loans sold to Cagamas	-	-	479,296	341,168	-	-	-	820,464	4.44	
Derivative liabilities	-	-	-	-	-	-	1,435,738	1,435,738	-	
Subordinated obligations	1,026,998	-	-	4,000,000	555,979	-	-	5,582,977	4.27	
Stapled Capital Securities	-	-	-	-	6,028,317	-	-	6,028,317	6.55	
Other liabilities	-	-	-	-	-	8,193,300	-	8,193,300	-	
Other non-interest sensitive balances	-	-	-	-	-	451,864	-	451,864	-	
Life, general takaful and family takaful fund liabilities	-	-	-	-	-	4,060,969	-	4,060,969	-	
Life, general takaful and family takaful policy holders' funds	-	-	-	-	-	12,096,605	-	12,096,605	-	
Total Liabilities	103,991,516	32,124,290	46,631,324	12,501,334	37,644,374	48,360,492	1,435,738	282,689,068		
Shareholders' equity	-	-	-	-	-	19,937,286	-	19,937,286		
Minority interests	-	-	-	-	-	1,771,334	-	1,771,334		
Total Liabilities and Shareholders' Equity	103,991,516	32,124,290	46,631,324	12,501,334	37,644,374	70,069,112	1,435,738	304,397,688		
On-balance sheet interest sensitivity gap	(7,264,007)	(10,930,443)	(21,583,926)	15,914,454	(14,282,234)	(4,327,449)	42,473,605			
Off-balance sheet interest sensitivity gap (interest rate swaps)	(992,576)	1,732,145	2,726,167	(1,972,944)	(1,492,792)	-	-			
Total interest sensitivity gap	(8,256,583)	(9,198,298)	(18,857,759)	13,941,510	(15,775,026)	(4,327,449)	42,473,605	-		
Cumulative interest rate sensitivity gap	(8,256,583)	(17,454,881)	(36,312,640)	(22,371,130)	(38,146,156)	(42,473,605)	-			

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

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A25. Interest Rate Risk (contd)

Group As at 30 June 2008	Non trading book						Trading books RM'000	Total RM'000	Effective interest rate %	
	←	Up to 1 month RM'000	>1 - 3 months RM'000	>3 - 12 months RM'000	>1 - 5 years RM'000	over 5 years RM'000				Non- interest sensitive RM'000
ASSETS										
Cash and short-term funds		24,159,124	-	-	-	-	3,485,235	-	27,644,359	3.52
Deposits and placements with banks and other financial institutions		142,323	5,855,128	2,889,216	-	19,000	50,848	-	8,956,515	3.21
Securities purchased under resale agreements		-	-	-	-	-	-	-	-	-
Securities held-for-trading								880,794	880,794	4.84
Securities available-for-sale		321,153	464,642	121,117	1,506,902	458,735	4,696	31,606,890	34,484,135	5.03
Securities held-to-maturity		3,993	15,481	117,081	657,625	191,299	200,748	-	1,186,227	6.40
Loans, advances and financing										
- performing		68,847,061	16,972,070	16,410,964	18,146,327	23,765,415	20,602,829	-	164,744,666	6.46
- non-performing*		-	-	-	-	-	55,000	-	55,000	-
Derivative assets								830,150	830,150	-
Other Assets		-	-	-	-	-	3,915,687	-	3,915,687	-
Other non-interest sensitive balances		-	-	-	-	-	10,713,198	-	10,713,198	-
Life, general takaful and family takaful fund assets		-	-	-	-	-	15,689,969	-	15,689,969	-
TOTAL ASSETS		93,473,654	23,307,321	19,538,378	20,310,854	24,434,449	54,718,210	33,317,834	269,100,700	

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A25. Interest Rate Risk (contd)

Group As at 30 June 2008	Non trading book						Non- interest sensitive RM'000	Trading books RM'000	Total RM'000	Effective interest rate %
	← Up to 1 month RM'000	>1 - 3 months RM'000	>3 - 12 months RM'000	>1 - 5 years RM'000	over 5 years RM'000	→				
LIABILITIES AND SHAREHOLDERS' EQUITY										
Deposits from customers	69,355,844	23,664,629	39,142,581	33,697,356	66,300	21,185,367	-	187,112,077	1.86	
Deposits and placements of banks and other financial institutions	17,290,526	4,291,998	1,039,876	1,349,196	249,727	332,783	-	24,554,106	3.02	
Obligations on securities sold under repurchase agreements	322,371	-	-	-	-	-	-	322,371	2.80	
Bills and acceptances payable	1,470,830	1,514,899	290,328	-	-	1,516,245	-	4,792,302	3.57	
Recourse obligations on loans sold to Cagamas	-	393,581	515,272	365,216	-	-	-	1,274,069	4.38	
Derivative liabilities	-	-	-	-	-	-	1,055,097	1,055,097	-	
Subordinated obligations	-	-	975,723	4,000,000	-	-	-	4,975,723	4.28	
Stapled Capital Securities	-	-	-	-	3,497,316	-	-	3,497,316	6.85	
Other liabilities	-	-	-	-	-	5,248,563	-	5,248,563	-	
Other non-interest sensitive balances	-	-	-	-	-	487,345	-	487,345	-	
Life, general takaful and family takaful fund liabilities	-	-	-	-	-	4,032,822	-	4,032,822	-	
Life, general takaful and family takaful policy holders' funds	-	-	-	-	-	11,657,147	-	11,657,147	-	
Total Liabilities	88,439,571	29,865,107	41,963,780	39,411,768	3,813,343	44,460,272	1,055,097	249,008,938		
Shareholders' equity	-	-	-	-	-	19,302,493	-	19,302,493		
Minority interests	-	-	-	-	-	789,269	-	789,269		
Total Liabilities and Shareholders' Equity	88,439,571	29,865,107	41,963,780	39,411,768	3,813,343	64,552,034	1,055,097	269,100,700		
On-balance sheet interest sensitivity gap	5,034,083	(6,557,786)	(22,425,402)	(19,100,914)	20,621,106	(9,833,824)	32,262,737			
Off-balance sheet interest sensitivity gap (interest rate swaps)	(1,340,624)	2,053,934	4,809,109	(4,048,764)	(1,473,655)	-	-			
Total interest sensitivity gap	3,693,459	(4,503,852)	(17,616,293)	(23,149,678)	19,147,451	(9,833,824)	32,262,737	-		
Cumulative interest rate sensitivity gap	3,693,459	(810,393)	(18,426,686)	(41,576,364)	(22,428,913)	(32,262,737)	-			

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

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A25. Interest Rate Risk (contd)

Bank As at 30 September 2008	Non trading book					Non	Trading books RM'000	Total RM'000	Effective interest rate %	
	←	Up to 1 month RM'000	>1 - 3 months RM'000	>3 - 12 months RM'000	>1 - 5 years RM'000	over 5 years RM'000				interest sensitive RM'000
ASSETS										
Cash and short-term funds		17,623,364	-	-	-	-	6,219,447	-	23,842,811	3.49
Deposits and placements with banks and other financial institutions		-	3,744,264	1,989,762	-	-	444,198	-	6,178,224	3.09
Securities purchased under resale agreements		30,356	-	-	-	-	-	-	30,356	3.60
Securities held-for-trading		-	-	-	-	-	-	1,625,772	1,625,772	3.80
Securities available-for-sale		-	-	-	-	-	-	34,093,813	34,093,813	4.17
Securities held-to-maturity		-	-	48,901	345,247	85,914	190,074	-	670,136	6.24
Loans, advances and financing										
- performing		73,116,154	15,249,724	18,407,881	16,224,701	19,464,828	-	-	142,463,288	6.30
- non-performing*		-	-	-	-	-	(157,772)	-	(157,772)	-
Derivative assets		-	-	-	-	-	-	1,365,873	1,365,873	-
Other assets		-	-	-	-	-	4,907,783	-	4,907,783	-
Other non-interest sensitive balances		-	-	-	-	-	18,271,024	-	18,271,024	-
TOTAL ASSETS		90,769,874	18,993,988	20,446,544	16,569,948	19,550,742	29,874,754	37,085,458	233,291,308	

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A25. Interest Rate Risk (contd)

Non trading book

Bank As at 30 September 2008	←	Up to 1 month RM'000	>1 - 3 months RM'000	>3 - 12 months RM'000	>1 - 5 years RM'000	over 5 years RM'000	Non interest sensitive RM'000	Trading books RM'000	Total RM'000	Effective interest rate %
LIABILITIES AND SHAREHOLDERS' EQUITY										
Deposits from customers		60,708,909	21,585,473	35,530,059	6,595,899	30,888,281	2,605,817	-	157,914,438	1.70
Deposits and placements of banks and other financial institutions		20,535,593	5,786,374	2,844,610	1,433,557	171,797	3,277,412	-	34,049,343	3.60
Obligations on securities sold under repurchase agreements		485,577	-	-	-	-	-	-	485,577	3.47
Bills and acceptances payable		1,771,647	1,931,992	265,278	-	-	947,972	-	4,916,889	3.62
Recourse obligations on loans sold to Cagamas		-	-	479,296	341,168	-	-	-	820,464	4.44
Derivative liabilities		-	-	-	-	-	-	1,358,495	1,358,495	-
Subordinated obligations		1,026,998	-	-	4,000,000	-	-	-	5,026,998	4.47
Stapled Capital Securities		-	-	-	-	6,028,317	-	-	6,028,317	6.55
Other liabilities		-	-	-	-	-	4,518,276	-	4,518,276	-
Other non-interest sensitive balances		-	-	-	-	-	272,089	-	272,089	-
Total Liabilities		84,528,724	29,303,839	39,119,243	12,370,624	37,088,395	11,621,566	1,358,495	215,390,886	
Shareholders' equity		-	-	-	-	-	17,900,422	-	17,900,422	
Total Liabilities and Shareholders' Equity		84,528,724	29,303,839	39,119,243	12,370,624	37,088,395	29,521,988	1,358,495	233,291,308	
On-balance sheet interest sensitivity gap		6,241,150	(10,309,851)	(18,672,699)	4,199,324	(17,537,653)	352,766	35,726,963	-	
Off-balance sheet interest sensitivity gap (interest rate swaps)		(1,210,483)	1,892,341	2,659,616	(1,958,650)	(1,382,824)	-	-	-	
Total interest sensitivity gap		5,030,667	(8,417,510)	(16,013,083)	2,240,674	(18,920,477)	352,766	35,726,963	-	
Cumulative interest rate sensitivity gap		5,030,667	(3,386,843)	(19,399,926)	(17,159,252)	(36,079,729)	(35,726,963)	-	-	

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

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A25. Interest Rate Risk (contd)

Bank As at 30 June 2008	Non trading book					Non- interest sensitive RM'000	Trading books RM'000	Total RM'000	Effective interest rate %
	← Up to 1 month RM'000	>1 - 3 months RM'000	>3 - 12 months RM'000	>1 - 5 years RM'000	over 5 years RM'000				
ASSETS									
Cash and short-term funds	20,419,009	-	-	-	-	3,650,608	-	24,069,617	2.92
Deposits and placements with banks and other financial institutions	142,323	5,591,067	2,840,871	-	-	221,231	-	8,795,492	3.11
Securities purchased under resale agreements	-	-	-	-	-	-	-	-	-
Securities held-for-trading	-	-	-	-	-	-	418,170	418,170	4.67
Securities available-for-sale	-	-	-	-	-	-	28,620,398	28,620,398	4.33
Securities held-to-maturity	-	15,022	45,047	350,030	81,635	181,238	-	672,972	6.17
Loans, advances and financing									
- performing	67,055,417	15,800,249	15,254,020	17,518,425	23,446,221	-	-	139,074,332	6.38
- non-performing*	-	-	-	-	-	(88,611)	-	(88,611)	-
Derivative assets	-	-	-	-	-	-	828,182	828,182	-
Other assets	-	-	-	-	-	3,040,046	-	3,040,046	-
Other non-interest sensitive balances	-	-	-	-	-	13,741,887	-	13,741,887	-
TOTAL ASSETS	87,616,749	21,406,338	18,139,938	17,868,455	23,527,856	20,746,399	29,866,750	219,172,485	

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A25. Interest Rate Risk (contd)

Non trading book

Bank As at 30 June 2008	← Up to 1 month RM'000	>1 - 3 months RM'000	>3 - 12 months RM'000	>1 - 5 years RM'000	over 5 years RM'000	Non- interest sensitive RM'000	Trading books RM'000	Total RM'000	Effective interest rate %
LIABILITIES AND SHAREHOLDERS' EQUITY									
Deposits from customers	59,664,916	21,770,498	38,843,576	33,527,951	66,300	2,449,323	-	156,322,564	1.71
Deposits and placements of banks and other financial institutions	16,777,231	4,278,011	1,035,122	1,348,752	249,727	2,158,454	-	25,847,297	2.64
Obligations on securities sold under repurchase agreements	322,371	-	-	-	-	-	-	322,371	2.80
Bills and acceptances payable	1,470,830	1,514,899	290,328	-	-	1,120,324	-	4,396,381	3.58
Recourse obligations on loans sold to Cagamas	-	393,581	515,272	365,216	-	-	-	1,274,069	4.38
Derivative liabilities	-	-	-	-	-	-	1,027,048	1,027,048	-
Subordinated obligations	-	-	975,723	4,000,000	-	-	-	4,975,723	4.28
Stapled Capital securities	-	-	-	-	3,497,316	-	-	3,497,316	6.85
Other liabilities	-	-	-	-	-	3,919,074	-	3,919,074	-
Other non-interest sensitive balances	-	-	-	-	-	390,327	-	390,327	-
Total Liabilities	78,235,348	27,956,989	41,660,021	39,241,919	3,813,343	10,037,502	1,027,048	201,972,170	
Shareholders' equity	-	-	-	-	-	17,200,315	-	17,200,315	
Total Liabilities and Shareholders' Equity	78,235,348	27,956,989	41,660,021	39,241,919	3,813,343	27,237,817	1,027,048	219,172,485	
On-balance sheet interest sensitivity gap	9,381,401	(6,550,651)	(23,520,083)	(21,373,464)	19,714,513	(6,491,418)	28,839,702	-	
Off-balance sheet interest sensitivity gap (interest rate swaps)	(1,135,864)	1,994,366	2,382,418	(1,851,109)	(1,389,811)	-	-	-	
Total interest sensitivity gap	8,245,537	(4,556,285)	(21,137,665)	(23,224,573)	18,324,702	(6,491,418)	28,839,702	-	
Cumulative interest rate sensitivity gap	8,245,537	3,689,252	(17,448,413)	(40,672,986)	(22,348,284)	(28,839,702)	-	-	

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

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A26. Capital Adequacy

The capital adequacy ratios of the Group and the Bank, based on credit and market risks as at the following dates:

	Group		Bank	
	30 September 2008 RM'000	30 June 2008 RM'000	30 September 2008 RM'000	30 June 2008 RM'000
Before deducting proposed dividend:				
Core capital ratio	9.50%	10.56%	11.17%	11.29%
Risk-weighted capital ratio	<u>13.25%</u>	<u>14.42%</u>	<u>11.17%</u>	<u>12.50%</u>
After deducting proposed dividend:				
Core capital ratio	9.20%	10.21%	10.76%	10.88%
Risk-weighted capital ratio	<u>12.94%</u>	<u>14.08%</u>	<u>10.76%</u>	<u>12.09%</u>
Components of Tier I and Tier II capital:				
<u>Tier I capital</u>				
Paid-up share capital	4,881,146	4,881,123	4,881,146	4,881,123
Share premium	2,097,157	2,097,011	2,097,157	2,097,011
Other reserves	12,767,200	12,767,200	10,528,204	10,528,204
Capital Securities	6,028,317	3,497,316	6,028,317	3,497,316
Tier I minority interest	826,761	362,087	-	-
Less: Deferred tax assets ¹	(1,217,490)	(1,217,490)	(1,122,138)	(1,122,138)
Less: Goodwill ¹	(3,004,640)	(81,015)	(81,015)	(81,015)
Total Tier I capital	<u>22,378,451</u>	<u>22,306,232</u>	<u>22,331,671</u>	<u>19,800,501</u>
<u>Tier II capital</u>				
Subordinated obligations	5,582,977	4,975,723	5,026,998	4,975,723
General allowance for bad and doubtful debts	3,233,944	3,187,611	2,757,619	2,728,516
Total Tier II capital	<u>8,816,921</u>	<u>8,163,334</u>	<u>7,784,617</u>	<u>7,704,239</u>
Total capital	<u>31,195,372</u>	<u>30,469,566</u>	<u>30,116,288</u>	<u>27,504,740</u>
Less: Investment in subsidiary companies ²	-	-	(10,365,848)	(5,583,155)
Capital base	<u>31,195,372</u>	<u>30,469,566</u>	<u>19,750,440</u>	<u>21,921,585</u>

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

² Excludes the cost of investment in a subsidiary, Myfin Berhad of RM840.0 million, as its business, assets and liabilities have been transferred to the Bank.

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A27. Operations of Islamic Banking

A27a. Unaudited Balance Sheets as at 30 September 2008

	Group	
	30 September 2008 RM'000	30 June 2008 RM'000
ASSETS		
Cash and short-term funds	3,964,916	3,193,457
Deposits and placements with banks and other financial institutions	732	1,261
Securities portfolio	2,962,381	2,877,245
Loans and financing	22,101,724	21,057,888
Deferred tax assets	28,958	27,482
Derivative assets	40,702	45,185
Other assets	207,357	199,564
Statutory deposit with Bank Negara Malaysia	745,000	775,000
Total Assets	30,051,770	28,177,082
LIABILITIES		
Deposits from customers	19,865,107	19,803,980
Deposit and placements of banks and other financial institutions	6,979,414	5,589,635
Bills and acceptances payable	689,061	390,110
Derivatives Liabilities	40,867	45,200
Other liabilities	594,353	477,604
Provision for taxation and zakat	44,541	49,080
Total Liabilities	28,213,343	26,355,609
ISLAMIC BANKING FUNDS		
Islamic Banking Funds	90,607	111,980
Reserves	1,747,820	1,709,493
	1,838,427	1,821,473
Total Liabilities and Islamic Banking Funds	30,051,770	28,177,082
COMMITMENTS AND CONTINGENCIES	8,859,457	8,728,220

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A27. Operations of Islamic Banking (contd)

A27b. Unaudited Income Statements for the First Financial Quarter Ended 30 September 2008

	1st Quarter Ended		Cumulative 3 Months Ended	
	30 September 2008 RM'000	30 September 2007 RM'000	30 September 2008 RM'000	30 September 2007 RM'000
Group				
Income derived from investment of depositors' funds	373,666	365,645	373,666	365,645
Expenses directly attributable to depositors and Islamic Banking Funds	(2,179)	(11,950)	(2,179)	(11,950)
Transfer from/(to) profit equalisation reserve	1,179	(12,869)	1,179	(12,869)
Gross attributable income	<u>372,666</u>	340,826	<u>372,666</u>	340,826
Allowance for losses on financing, advances and other loans	(33,419)	(42,638)	(33,419)	(42,638)
Total attributable income	<u>339,247</u>	298,188	<u>339,247</u>	298,188
Income attributable to the depositors	<u>(168,490)</u>	(127,345)	<u>(168,490)</u>	(127,345)
Income attributable to the Group	<u>170,757</u>	170,843	<u>170,757</u>	170,843
Income derived from investment of Islamic Banking Funds				
Gross investment income	30,997	20,593	30,997	20,593
Finance cost	-	(24,524)	-	(24,524)
Net (expense)/income from investment of Islamic Banking Funds	<u>30,997</u>	(3,931)	<u>30,997</u>	(3,931)
Overhead expenses	<u>201,754</u>	166,912	<u>201,754</u>	166,912
Profit before zakat and tax expense	<u>(67,012)</u>	(91,531)	<u>(67,012)</u>	(91,531)
Taxation	134,742	75,381	134,742	75,381
Zakat	(33,132)	(26,523)	(33,132)	(26,523)
Zakat	(4,262)	(578)	(4,262)	(578)
Profit after taxation	<u>97,348</u>	48,280	<u>97,348</u>	48,280

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A27b. Unaudited Income Statements for the First Financial Quarter Ended 30 September 2008

Reconciliation of net income amalgamated with the conventional banking operations:

	Group	
	30 September 2008 RM'000	30 September 2007 RM'000
Gross attributable income	372,666	340,826
Net income from investment of Islamic Banking Fund:	30,997	(3,931)
Total income before allowances for loan losses and overheads	403,663	336,895
Income attributable to the depositors	(168,490)	(127,345)
	235,173	209,550
Net of Intercompany Income & Expenses	46,800	-
Income from Islamic Banking scheme	281,973	209,550

A27c. Loans and Financing

	Group	
	30 September 2008 RM'000	30 June 2008 RM'000
Overdrafts	1,946,966	1,997,952
Term financing		
- House financing	4,990,289	4,671,245
- Syndicated financing	132,162	159,073
- Hire purchase receivables	9,546,217	8,670,953
- Other term financing	10,838,802	10,498,294
Bills Receivable	40,421	71,263
Trust receipts	133,752	152,488
Claims on customers under acceptance credits	4,130,867	4,064,557
Staff financing	212,407	201,894
	31,971,883	30,487,719
Unearned income	(8,976,052)	(8,546,218)
Gross loans and financing	22,995,831	21,941,501
Allowance for bad and doubtful debts and financing:		
- specific	(546,609)	(549,632)
- general	(347,498)	(333,981)
Net loans and financing	22,101,724	21,057,888

A27d. (i) Movements in non-performing loans and financing ("NPL") are as follows:

	Group	
	30 September 2008 RM'000	30 June 2008 RM'000
Balance at beginning of the year	1,106,390	1,306,138
Non-performing during the year	137,405	621,839
NPL of subsidiary acquired		-
Recovered/regularized during the year	(117,541)	(614,967)
Amount written off	(26,636)	(143,660)
Sale of NPL, reported under Head Office	-	(69,448)
Amount transfer to Maybank Islamic Berhad	-	-
Expenses debited to customers' accounts	1,763	6,488
Balance at end of the year	1,101,381	1,106,390
Specific allowance	(546,609)	(549,632)
Net non-performing loans and financing	554,772	556,758
Net NPL as % of gross loans and financing less specific allowance	2.47%	2.60%

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A27. Operations of Islamic Banking (contd)

A27d. (ii) Movements in the allowance for bad and doubtful debts and financing accounts are as follows:

	Group	
	30 September 2008 RM'000	30 June 2008 RM'000
<u>General allowance</u>		
At beginning of the year	333,981	664,196
Allowance made during the year	13,517	35,144
Allowance written back	-	(743)
Excess of general allowance transferred to Head Office	-	(367,233)
Transfer from specific allowance	-	2,617
At end of the year	<u>347,498</u>	<u>333,981</u>
As % gross loans and financing less specific allowance	<u>1.55%</u>	<u>1.56%</u>
<u>Specific allowance</u>		
At beginning of the year	549,632	536,572
Allowance made during the year	53,329	299,749
Amount written back	(29,716)	(96,318)
Amount written off	(26,636)	(143,660)
Transfer to general allowance	-	(2,617)
Sale of NPL, subsequently transferred to Head Office	-	(44,094)
At end of the year	<u>546,609</u>	<u>549,632</u>

A27e. Deposits from Customers

(i) By type of deposit

	Group	
	30 September 2008 RM'000	30 June 2008 RM'000
<u>Mudharabah Fund</u>		
Demand deposits	2,300,344	2,179,605
Savings deposits	115,836	108,793
General investment deposits	6,057,262	6,313,712
Special investment deposits	-	-
	<u>8,473,442</u>	<u>8,602,110</u>
<u>Non-Mudharabah Fund</u>		
Demand deposits	3,672,312	3,675,392
Savings deposits	4,302,809	3,959,324
Structured deposits	325,770	345,330
Negotiable instruments of deposits	3,090,774	3,221,824
	<u>11,391,665</u>	<u>11,201,870</u>
Deposit from Customers	<u>19,865,107</u>	<u>19,803,980</u>

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A28. Intangible Assets

Included in total intangible assets of the Group is the estimated goodwill and intangible assets arising from the acquisition of Bank Internasional Indonesia Tbk (BII) on 30 September 2008. The effects of the acquisition of BII are

	Group 30 September 2008 RM'000
Share of net assets acquired	1,159,889
Purchase consideration, net of exchange gains	<u>(4,083,514)</u>
Estimated goodwill/intangible assets	<u>(2,923,625)</u>

The goodwill and intangible assets of RM2.92 billion above represents the excess of the purchase consideration over the book values of BII at the date of acquisition.

The Group is currently in the midst of carrying out a Purchase Price Allocation (PPA) exercise in accordance with FRS 3 - Business Combinations, to allocate fair values to the tangible assets, liabilities, contingent liabilities and identifiable intangible assets of BII. Subject to the results of the PPA exercise, the final value of the goodwill of BII may vary from the value disclosed above. The PPA exercise will provide indications of the recoverable value of the investment. Should the recoverable value of the investments be less than their carrying value, the investment will be written down to its recoverable value.

A29. Impairment Loss on Interest in an Associate

The Group holds a 20% equity stake in a listed associated company in Pakistan, MCB Bank Ltd ("MCB"), as at 30th September 2008. The recent global financial crisis has impacted the economic situation in Pakistan, leading to growing inflation rate and a downtrend in the global stock exchanges, including the Karachi stock exchange. This has resulted in substantial decline in the market capitalization of MCB. These are indications that the Group's investment in MCB may be impaired.

Impairment Testing

In accordance with FRS 136: Impairment of Assets, the Group treats MCB as a Cash Generating Unit ("CGU") for impairment testing.

Key Assumptions Used In Value-In-Use Calculations

The recoverable amount of the CGU has been determined based on the value-in-use calculation, using cash flow projections prepared by management, covering a 10-year period. Cash flows beyond the 10-year period are extrapolated at 6%. The calculation for value-in-use is most sensitive to the following assumptions:

- 1) The growth rates used, which are based on the long-term expectation and have been adjusted to take into account the current economic situation.
- 2) The discount rate applied at 21.5%, which reflect the current specific country risks.

A30. Restatement of Comparatives

The following comparative amounts have been restated as a result of the transfer of the Islamic Banking operations to its subsidiary, Maybank Islamic Berhad:

As at 30 September 2007	Previously Stated RM'000	Transfer of Islamic Banking operations RM'000	Restated RM'000
Bank			
Interest income	2,729,094	12,499	2,741,593
Interest Expense	(1,500,995)	(10,636)	(1,511,631)
Net Interest Income	1,228,099	1,863	1,229,962
Income from Islamic Banking operations	206,445	(206,445)	-
Other operating income	1,434,544	(204,582)	1,229,962
Total non-interest income	430,313	-	430,313
Overhead expenses	(849,201)	91,289	(757,912)
Operating profit	1,015,656	(113,293)	902,363
Allowance for losses on loans, advances	(145,243)	43,381	(101,862)
Profit before taxation and zakat	870,413	(69,912)	800,501
Taxation and zakat	(226,487)	26,861	(199,626)
Profit for the year from continuing operations	643,926	(43,051)	600,875
Profit for the year from transfer of Islamic Banking operations	-	43,051	43,051

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

B1. Performance Review

The Group's net interest income for the quarter ended 30 September 2008 declined by RM46.6 million or 3.6% over that of the corresponding quarter to RM1,265.0 million. The lower net interest income was mainly due to lower interest income from deposits placed with financial institutions and securities portfolio, and recoveries from NPL, which were lower by RM196.0 million (-18.0%) and RM23.4 million (-31.3%) respectively. However these were partly offset by an increase of RM120.5 million (+6.78%) in interest income from loans, advances and financing.

Non interest income (including mark-to-market gain/loss of derivatives and securities held for trading) for the quarter ended 30 September 2008 was lower by RM131.5 million or 21.6% compared to that of the previous corresponding quarter. For the period under review, the lower non interest income was impacted by foreign exchange loss of RM125.2 million compared to a profit of RM123.2 million in the previous corresponding quarter. This was mainly attributable to the reversal of the foreign exchange gain of RM193 million reported in the previous financial year from SGD placement in relation to the purchase consideration for the proposed acquisition of PT Bank Internasional Indonesia Tbk (BII). The gain on foreign exchange is now to reduce the acquisition cost following the successful acquisition of BII. Excluding the reversal of the RM193 million, the Group's foreign exchange activities would have recorded a gain of RM67.8 million.

Overheads for the quarter increased by RM207.3 million or 20.5% over that of the corresponding period. Personnel costs increased by RM115.8 million or 26%, following finalisation of salary revisions, including adjustments for previous quarters, for officers and clericals under the respective collective agreements concluded during the quarter.

Marketing costs increased by RM11.2 million or 11% as a result of higher provisions made for credit card sales and promotions.

Administration and General Expenses increased by RM66.1 million (23.5%), from RM281.4 million to RM347.5 million, mainly due to increase in insurance claims incurred and other administrative and general expenses such as cash processing fees and royalties paid for the increased cards and treasury businesses and higher utility bills due to increase in tariff rates.

As a result, operating profit for the period decreased from RM1,122.3 million to RM809.3 million, or a reduction of 27.9%.

In the period under review, the Group's profit before tax was impacted by impairment losses in an associated company of RM242 million and higher loan loss provision of RM84.1 million due mainly to the lower specific allowance written back. However, this was partly offset by the write-back of allowance for non-refundable deposit of RM483.8 million in the financial statements arising from the reinstatement of approval by Bank Negara Malaysia, and the subsequent completion of the proposed acquisition of Sorak Financial Holdings Pte Ltd ("Sorak"), the controlling shareholder of BII.

As a result of the above, the Group's profit before tax profit for the first quarter ended 30 September 2008 registered a decrease of 13.0% or RM132.3 million to RM881.8 million compared to the corresponding period in the previous financial year. Net Profit attributable to equity holders was lower by 22.2% or RM163.3 million to RM572.2 million compared to the previous corresponding period.

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B2. Variation of Results Against Preceding Quarter

The Group's net interest income for the quarter ended 30 September 2008 declined by RM86.0 million or 6.4% over that of the preceding quarter to RM1,265.0 million. The lower net interest income was mainly due to higher interest expense of RM123.8 million or 8.5% from deposits mobilised from financial institutions and from the recent issuance of long term bonds and notes for general funding purposes, which were higher by RM62.3 million (+30.2%) and RM72.1 million (+154.4%) respectively.

Non-interest income (including mark-to-market gain/loss of derivatives and securities held for trading) for the quarter ended 30 September 2008 was lower by RM879.1 million or a decrease of 64.7% compared to that of the preceding quarter. The significant variance in the current quarter was mainly attributable to the reversal of the foreign exchange gain of RM193 million reported in the previous financial year from SGD placement in relation to the purchase consideration for the proposed acquisition of PT Bank Internasional Indonesia Tbk (BII). In addition, for the current quarter, the mark-to-market loss on derivatives and securities held for trading were RM15.1 million compared to a gain of RM220 million in the preceding quarter. Similarly, the current quarter recorded a negligible loss from sale of securities of RM245 thousand compared to a gain of RM58 million in the preceding quarter.

Overheads for the quarter increased by RM89.8 million or 8.0% over that of the preceding quarter mainly due to higher insurance claims incurred and other administrative expenses which were higher by RM37.2 million and RM22 million respectively.

As a result, operating profit for the quarter decreased from RM1,855.3 million to RM809.3 million, or a reduction of 56.4%.

In the current quarter under review, the Group's profit before tax was also impacted by impairment losses in an associated company of RM242 million but this was partly offset by loan loss provision which was lower by RM160.2 million, and the write-back of allowance for non-refundable deposit of RM483.8 million in the financial statements arising from the reinstatement of approval by Bank Negara Malaysia, and the subsequent completion of the proposed acquisition of Sorak Financial Holdings Pte Ltd ("Sorak"), the controlling shareholder of BII.

As a result of the above, the Group's profit before tax profit for the current quarter ended 30 September 2008 registered a decrease of 13.4% or RM140.0 million to RM881.8 million compared to the preceding quarter. Net Profit attributable to equity holders was lower by 18.6% or RM131.0 million to RM572.2 million compared to the preceding quarter.

B3. Prospects

The deteriorating financial and economic situation in the United States has raised the risk of a more pronounced downturn in other industrialized and developing economies. As a result, Malaysia's economic growth could be slower than previously expected due to sluggish growth in exports and more cautious consumer spending, despite moderating domestic inflationary pressures following the reduction in fuel prices. The Government has recently lowered the GDP growth forecast for 2009 or 3.5%, notwithstanding the Government's introduction of various measures to cushion the economic slowdown.

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B3. Prospects (contd)

Against the backdrop of a worsening economic scenario, the operating environment for the domestic banking sector is expected to become more challenging with moderate prospects for increasing loans growth and heightened risk of greater non-performing loans. The Group is implementing its LEAP 30 performance improvement programme, which was announced in August, to contend with the more competitive environment ahead. This will include initiatives to upgrade commercial banking model, strengthen domestic corporate and investment banking products and reduce procurement costs. Despite the challenging external environment, the Group expects continued growth from its existing foreign branches and subsidiaries while working to create value from its recent overseas acquisitions.

Nevertheless, with more difficult operating and economic conditions and with the recent acquisitions yet to be earnings accretive, the Group expects net profit for the current financial year ending 30 June 2009 to be lower than the previous financial year.

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B4. Profit Forecast or Profit Guarantee

Neither the Group nor the Bank made any profit forecast or issued any profit guarantee.

B5. Tax Expense and Zakat

The analysis of the tax expense for the first financial quarter ended 30 September 2008 are as follows:

Group	1st Quarter Ended		Cumulative 3 Months Ended	
	30 September 2008	30 September 2007	30 September 2008	30 September 2007
	RM'000	RM'000	RM'000	RM'000
Malaysian income tax	227,597	200,043	227,597	200,043
Foreign income tax	33,633	2,907	33,633	2,907
	261,230	202,950	261,230	202,950
Under/(over) provision in prior years	(13)	(47,641)	(13)	(47,641)
Deferred tax expense				
- Origination and reversal of temporary differences	7,119	65,705	7,119	65,705
Due to reduction in statutory rate	38,419	39,812	38,419	39,812
	45,538	105,517	45,538	105,517
Tax expense for the year	306,755	260,826	306,755	260,826
Zakat	4,263	1,315	4,263	1,315
	311,018	262,141	311,018	262,141

Bank	1st Quarter Ended		Cumulative 3 Months Ended	
	30 September 2008	30 September 2007	30 September 2008	30 September 2007
	RM'000	RM'000	RM'000	RM'000
Malaysian income tax	138,429	140,879	138,429	140,879
Foreign income tax	31,157	985	31,157	985
	169,586	141,864	169,586	141,864
Under/ (over) provision in prior years	-	(47,641)	-	(47,641)
Deferred tax expense				
- Origination and reversal of temporary differences	1,553	66,277	1,553	66,277
Due to reduction in statutory rate	37,744	39,126	37,744	39,126
	39,297	105,403	39,297	105,403
Tax expense for the year	208,883	199,626	208,883	199,626

Domestic income tax is calculated at the Malaysian statutory tax rate of 26% (2007: 27%) of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

B6. Sale of Unquoted Investments and Properties

The losses from the sale of unquoted investments of the Group and Bank amounted to RM25.58 million and RM13.05 million respectively while the loss from sale of properties amounted to RM17,715 for both the Group and Bank.

B7. Quoted Securities

Financial institutions are exempted from the disclosure requirements relating to quoted securities.

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B8. Status of Corporate Proposals Announced but Not Completed

(a) Memorandum of Understanding (“MOU”) between Maybank and PT Panin Life Tbk (“Panin’)

Maybank entered into a MOU with Panin on 30 March 2007 to commence discussion on a possible joint venture partnership via a 60% stake in PT Anugrah Life Insurance, a subsidiary of Panin.

On 6 November 2007, the Ministry of Finance of the Republic of Indonesia (“MOFI”) informed Panin that the MOFI was unable at this stage to proceed to consider the application for approval on the above proposed acquisition due to the limitations of Article 43(2) of the MOF Regulation No. 426/MKM.06/2003 which requires a foreign company to maintain a majority of its portfolio in insurance business should it wish to become a shareholder of a local insurance company.

The Board of Directors of Maybank and Mayban Fortis Holdings Berhad and its joint venture partner, Fortis, have agreed that Maybank’s insurance and takaful holding company, Mayban Fortis Holdings Berhad (“Mayban Fortis”) will replace Maybank to pursue the proposed acquisition of PT Anugrah Life Insurance (“Anugrah”).

Mayban Fortis had on 26 March 2008 obtained approval from Bank Negara Malaysia for the proposed acquisition which is one of the prerequisites in the submissions to the Indonesian authorities.

Anugrah has informed that the MOFI had vide its letter dated 8 May 2008, approved the application of Anugrah to change its ownership with Mayban Fortis acquiring 60% from Panin.

The abovementioned approval obtained from MOFI had lapsed on 4 August 2008.

On 3 September 2008, Maybank has notified Panin and Anugrah that all arrangements relating to its pursuant to the above MOU be formally terminated.

(b) Proposed Acquisition of Approximately 15% of the Total Charter Capital of Vietnam’s An Binh Commercial Joint Stock Bank (“ABBank”)

On 21 March 2008, Maybank announced that it has entered into an agreement with ABBank for the subscription by Maybank of approximately 15% of the total charter capital of ABBank for a total cash consideration of approximately Vietnam Dong (“VND”) 2.1 trillion or the equivalent of approximately RM430 million, on or before 31 December 2008. Maybank may also take up an additional 5% equity in the near future, pending approval by the Vietnam government. Current regulations in Vietnam allow foreign banks to own up to 15% equity in a Vietnamese bank with the possibility of increasing the stake to 20% subject to approval by the government.

On the same date, Maybank has also entered into a strategic cooperation and knowledge transfer agreement with ABBank to provide technical assistance in consumer banking, network, treasury, business banking, risk management, human resource, information technology and corporate governance. ABBank will provide Maybank with infrastructure, facilities, logistics, support and resources in Vietnam.

On 9 September 2008, Maybank entered into a supplemental agreement with ABBank to amend certain terms of the subscription agreement dated 21 March 2008 in relation to, amongst others, the total purchase consideration and the manner of satisfaction of the purchase consideration for the Proposed Acquisition. With the execution of the supplemental agreement, the total purchase consideration for the 15% of the total paid-up Charter Capital of ABBank has been revised downward to approximately VND1.58 trillion or the equivalent of

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

(b) Proposed Acquisition of Approximately 15% of the Total Charter Capital of Vietnam's An Binh Commercial Joint Stock Bank ("ABBank") (Contd)

approximately RM327.1 million. The revised purchase price was mutually agreed between Maybank and ABBank in view of the change in economic environment in Vietnam.

After the completion of the subscription of 15% of the total Charter Capital of ABBank and not later than 30 December 2008, ABBank may distribute shares via a bonus issue to the existing shareholders of ABBank (excluding Maybank). Therefore, Maybank shall subscribe to such additional shares for a total consideration of approximately VND43.8 billion or the equivalent of approximately RM9.1 million in order to maintain its 15% shareholdings in ABBank.

Further, upon completion of the aforesaid acquisitions and subject to the approval of the relevant authorities, Maybank will also subscribe for an additional 5% of the total Charter Capital of ABBank for a total consideration of approximately VND356.5 billion or equivalent of approximately RM73.8 million. Pursuant thereto, Maybank will eventually hold 20% of the total Charter Capital of ABBank at a total consideration of approximately RM410 million.

On 24 September 2008, Maybank has successfully completed the acquisition of 15% of the total Charter Capital of ABBank.

(c) Proposed Acquisition of up to 100% of the Issued and Paid-up Share Capital of Sorak Financial Holdings Pte. Ltd. ("Sorak") for a Total Cash Consideration of Approximately Indonesian Rupiah ("Rp") 13.9 Trillion (or the Equivalent of Approximately RM4.8 Billion)

On 26 March 2008, Maybank announced that it has entered into a Share Sale Agreement ("SSA") to acquire up to 100% of Sorak Financial Holdings Pte Ltd ("Sorak") for a cash consideration of approximately Indonesian Rupiah ("Rp") 13.9 trillion or the equivalent of approximately RM4.8 billion paving the way for Maybank to be a controlling shareholder of PT Bank Internasional Indonesia Tbk ("BII").

Sorak is 75%-owned by Fullerton Financial Holdings Pte. Ltd. ("FFH"), a wholly owned subsidiary of Temasek Holdings (Private) Limited and 25%-owned by Kookmin Bank ("KB"). Sorak owns approximately 55.7% equity interest in BII.

As a result of this transaction, Maybank will also be making a tender offer for the remaining 44.3% shares held by remaining shareholders of BII. The total amount involved for the tender offer is approximately Rp 11.0 trillion or the equivalent of approximately RM3.8 billion, bringing the total value of the potential acquisition to about Rp 24.9 trillion or the equivalent of approximately RM8.6 billion.

The completion is conditional upon approvals as stipulated below being obtained:

- (i) Bank Negara Malaysia (which was obtained vide its letter dated 25 March 2008);
- (ii) the shareholders of Maybank at an extraordinary general meeting (resolution was approved on 15 May 2008); and
- (iii) other relevant authorities as may be necessary from any governmental or regulatory body having jurisdiction over the entry into and completion of the SSA.

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

(c) Proposed Acquisition of up to 100% of the Issued and Paid-up Share Capital of Sorak Financial Holdings Pte. Ltd. ("Sorak") for a Total Cash Consideration of Approximately Indonesian Rupiah ("Rp") 13.9 Trillion (or the Equivalent of Approximately RM4.8 Billion) (Contd.)

In addition, the completion is also conditional upon the following conditions precedent being fulfilled or duly waived:

- (i) Maybank having to pass the fit and proper test as stipulated by Bank Indonesia;
- (ii) all consents, approvals and actions of, filings with and notices, as may be necessary from any governmental or regulatory body or relevant competent authority having jurisdiction over the entry into and completion of the SSA, whether in or outside Indonesia, being granted or obtained and being in full force as at the Completion; and
- (iii) no breach of the warranties as provided by FFH, KB and Maybank having occurred and the said warranties remaining true and correct as at Completion.

On 21 July 2008, Bank Indonesia had approved the following:

- (i) Maybank as the ultimate shareholder of BII in relation to the Proposed Acquisition; and
- (ii) Mayban Offshore Corporate Services (Labuan) Sdn Bhd ("Mayban Offshore") as controlling shareholder of BII in relation to the Tender Offer by Maybank through Mayban Offshore, in the event that Mayban Offshore is able to acquire 25% or more of the equity interest in BII owned by the public.

On 29 July 2008, Maybank had received a letter from Bank Negara Malaysia ("BNM") wherein BNM noted that as a result of the recent changes of the new regulation on Take-Over Rule IX H1 by Badan Pengawas Pasar Modal and Lembaga Keuangan ("Bapepam"), Department Keuangan, Republik Indonesia (which was enacted on 30 June 2008) ("New Take-Over Rule"), the Proposal may result in Maybank potentially incurring material losses from selling down of the shares and write-down of investment upon the implementation of the New Take-Over Rule.

In this regard, BNM informed that its approval given under Section 29 of the Banking and Financial Institutions Act 1989 for the Proposed Acquisition via its letter dated 25 March 2008, has been revoked. A provision of RM483.8 million has been made in the Group's and Bank's financial statements in respect of the deposits paid to FFH and KB for the Proposed Acquisition for the financial year ended 30 June 2008.

Bapepam has informed Maybank vide its letter dated 15 September 2008 of the possibility of a conditional extension to the timeframe of the 20% re-float requirement based on the New Take-Over Rule ("Sell-Down Requirement"), namely, subject to the following conditions:

- (i) in the event that a re-float exercise would risk potential material losses to the new controlling party;
- (ii) the material losses condition mentioned above shall triggered whereby the potential losses incurred by the new controlling party exceeds 10% of the total investment value incurred in acquiring the listed company.

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

(c) Proposed Acquisition of up to 100% of the Issued and Paid-up Share Capital of Sorak Financial Holdings Pte. Ltd. ("Sorak") for a Total Cash Consideration of Approximately Indonesian Rupiah ("Rp") 13.9 Trillion (or the Equivalent of Approximately RM4.8 Billion) (Contd.)

Subsequent to the above, BNM has vide its letters dated 16 September 2008 and 25 September 2008 reinstated its earlier approval granted via its letter dated 25 March 2008 for the Proposal subject to the following conditions:

- (i) Maybank to obtain an extension to the 26 September 2008 deadline, being the last date to fulfil the conditions precedent as stipulated in the SSA; and
- (ii) Maybank to obtain a new agreement on a purchase price that will not result in substantial impairment under the international financial reporting standards that would impact the fundamental soundness of Maybank.

Arising therefrom, Maybank has entered into a Supplemental Agreement with FFH and KB dated 30 September 2008 providing, inter-alia, the following:

- (i) to complete the Proposed Acquisition on 30 September 2008; and
- (ii) FFH and KB shall provide a combined rebate/reduction in price of SGD315.2 million or approximately RM758.9 million to the total purchase consideration payable by Maybank for the Proposed Acquisition resulting in the implicit price payable per BII share held by Sorak of Rp433.

The parties also agreed to maintain the Tender Offer for the remaining BII shares at Rp510 per BII share as provided for in the SSA dated 26 March 2008.

Taking into consideration the deposit of RM483.8 million (SGD208.8 million) paid earlier on 26 March 2008, the total cost of acquisition of the effective 55.6% equity interest in BII held by Sorak is approximately RM4.26 billion. (SGD1.77 billion). The effects of the acquisition are summarised in Note A28.

Subsequent to 30 September 2008, Maybank has also entered into agreements with certain shareholders of BII to acquire a minimum of 7,947,019,338 shares in BII or approximately 16.26% of the total issued shares of BII (as at 31 March 2008) at a price of Rp433 per share. This involves a total purchase consideration of Rp3.44 trillion or approximately RM1.26 billion.

On 10 October 2008, Maybank has completed the said acquisition of 7,947,019,338 shares in BII, and now holds approximately 71.86% equity interest in BII. The total purchase consideration for approximately 71.86% equity interest in BII by Maybank to date amounted to approximately RM5.52 billion. This represents a total reduction in price of approximately RM987.23 million from the previous agreed price of Rp510 per share in BII. The said acquisitions are acquired via Maybank's wholly-owned subsidiary, Mayban Offshore.

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

- (c) **Proposed Acquisition of up to 100% of the Issued and Paid-up Share Capital of Sorak Financial Holdings Pte. Ltd. (“Sorak”) for a Total Cash Consideration of Approximately Indonesian Rupiah (“Rp”) 13.9 Trillion (or the Equivalent of Approximately RM4.8 Billion) (Contd.)**

On 21 October 2008, Mayban Offshore has announced a tender offer to acquire all the remaining shares of BII, being owned by the public shareholders, which are not sold by the public shareholders through open market, and any new ordinary shares in BII that may be issued pursuant to the exercise of options under BII’s Employee Share Option Plan, at a tender offer price of Rp.510 per share (the “Offer”). The Offer will expire at 4.00 p.m., Indonesian Western time, on 19 November 2008.

- (d) **Maybank and the Islamic Corporation for the Development of the Private Sector (“ICD”) sign Memorandum of Understanding (“MOU”) in relation to Global Takaful Business**

On 7 May 2008, Maybank and ICD signed a MOU to jointly explore the feasibility of establishing an international takaful holding company with the vision to create a global leader in the takaful business. ICD is the commercial arm of the Islamic Development Bank.

Under the MOU, the proposed holding company to be set up aims to explore opportunities with the aim of creating takaful companies in both ICD member and non-member countries. The plan is for the proposed holding company to commence operations by end 2008.

- (e) **Family Takaful Business Joint Venture in Pakistan**

On 23 June 2008, Maybank has received approval from Bank Negara Malaysia to establish or acquire a subsidiary to be used as a Special Purpose Vehicle (“SPV”) for the purpose of acquiring 30% of the issued and paid-up capital of Pak-Kuwait Takaful Company Limited.

Maybank had on 8 July 2008 acquired Pelangi Amanmaz Sdn Bhd (“PASB”) as a subsidiary to be used as the SPV for the joint venture. PASB has an authorised capital of RM100,000 comprising 100,000 ordinary shares of RM1.00 each and issue and paid-up capital of RM2.00 comprising 2 ordinary shares of RM1.00 each.

Through the acquisition, Maybank intends to venture into the Family Takaful business in Pakistan. Pak-Kuwait Family Takaful Company Limited is a newly incorporated company and it is the process of applying for license from the authorities in Pakistan to operate the family Takaful business. It is a joint venture between Pak-Kuwait Investment Company Private Limited, Allied Bank Limited and Saudi Pak Industrial and Agriculture Investment Company Limited. The issue and paid-up capital of the company is Pakistan Rupees 500 million.

All parties are currently negotiating and finalizing the terms of the joint venture.

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

(f) Acquisition of New Subsidiary – BinaFikir Sdn Bhd (“BinaFikir”)

On 27 August 2008, Maybank entered into a share sale agreement (“Share Sale Agreement”) with En Mohammed Rashdan Mohd Yusof and En Amirul Feisal Wan Zahir for the purchase of the entire issued and paid-up capital of BinaFikir (“Proposed Acquisition”).

The Proposed Acquisition shall be executed at an initial purchase consideration based on net book value and an additional final purchase consideration dependent on net earnings of BinaFikir from their existing mandates as at 31 August 2008, to be determined based on actual results as at 30 June 2009 (the total consideration of purchase consideration is expected to be approximately RM8 million).

The Proposed Acquisition is subject to regulatory approval from Bank Negara Malaysia and the Securities Commission. The Share Sale Agreement is expected to be completed once the necessary approvals have been obtained.

BinaFikir is holder of a Capital Markets Services Licence and is licensed to conduct investment advisory business. It has an authorised share capital of RM1,000,000 comprising 1,000,000 ordinary shares of RM1.00 each and issued and paid-up share capital of RM650,000 comprising 650,000 ordinary shares of RM1.00 each.

(g) Proposed Issuance of, Offer for Subscription or Purchase of, or Invitation to Subscribe for, or Purchase of Innovative Tier 1 Capital Securities (“IT1CS”) Programme of up to RM4.0 Billion and/or its Foreign Currency Equivalent in Nominal Value (“IT1CS Programme”) by Maybank.

The IT1CS has been structured to comply with Bank Negara Malaysia’s (“BNM”) Guidelines on Innovative Tier 1 capital instruments.

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

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

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

Maybank has obtained approvals from BNM and the Securities Commission vide their letters dated 28 May 2008 and 4 June 2008 respectively to issue the IT1CS Programme.

On 11 August 2008, Maybank issued SGD600 million IT1CS. The SGD IT1CS has a principal stock settlement mechanism to redeem the IT1CS on the 60th year from the date of issuance. The Bank, however, has the option to redeem the IT1CS on the 10th anniversary of the issue date and on any interest payment date thereafter. On the 10th anniversary of the issue date, there will be a step-up in the interest rate.

On 25 September 2008, Maybank issued RM1.10 billion of IT1CS, which forms part of the overall IT1CS Programme. The RM IT1CS matures on 25 September 2068, and is callable on 25 September 2018 and on every interest payment date thereafter.

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

(h) Proposed Issuance of Tier 2 Subordinate Bonds of up to USD1.0 Billion and/or its Equivalent in Other Foreign Currencies in Nominal Value (the “Subordinated Bonds”)

The Subordinated Bonds will constitute direct and unsecured obligations of the Bank, subordinated in right and priority of payment to all deposit liabilities and other liabilities except present and future unsecured and subordinated obligations which by their terms rank pari-passu in right of payment with or which are subordinated to the Subordinated Bonds.

The Subordinated Bonds issuance has been approved by Bank Negara Malaysia on 27 June 2008 to qualify as Tier 2 capital for purposes of Malaysian capital adequacy regulation.

The Subordinated Bonds issuance has also been approved by the Securities Commission on 9 July 2008.

B9. Deposits and Placements of Financial Institutions and Debt Securities

Please refer to note A12 and A13.

B10. Off-Balance Sheet Financial Instruments

Please refer to note A24.

B11. Changes in Material Litigation

- (a) In 2005, a subsidiary, Mayban Trustees Berhad (“MTB”) and eleven other defendants were served with a writ of summons by ten plaintiffs / bondholders for an amount of approximately RM157.8 million. MTB was alleged to have acted in breach of trust and negligently in its capacity as Trustee for the bonds issued. MTB does not admit any liability to the claim and is defending the suit. The suit is pending determination at trial.

On 7 July 2008, the plaintiffs entered judgement by consent against the 1st, 4th and 6th to 12th defendants for the sum of RM149,315,000.00 as well as withdrew the claim against the 5th defendant. The entering of the said judgement by consent is not in any way an implication of liability on the part of MTB and MTB shall continue to defend the suit.

The above contingent liability is covered by an existing Banker Blanket Bond Policy between the Bank and a subsidiary, Mayban General Assurance Berhad (“MGAB”), which had entered into a facultative reinsurance contract for an insured sum of RM150 million with three other reinsurers

No provision is made in the Group’s financial statements.

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B11. Changes in Material Litigation (Contd.)

The 1st Defendant has on 4 August 2008 served a counterclaim on MTB for almost RM535 million being loss of profit, expenses and damages stated to have been incurred by it which allegedly arises as a result of MTB unlawfully declaring an Event Of Default ("EOD") on the bonds. MTB's solicitors shall defend the Counterclaim and their opinion is that the Counterclaim is without merit as the 1st Defendant had failed to perform their obligations under the bonds. Further, the 1st Defendant had on 7 July 2008 consented to judgement, thereby admitting the EOD and liability for the sum of RM149,315,000. MTB is of the view that the EOD was declared lawfully and MTB is in any event entitled under the trust deed to be indemnified by the bondholders for the Counterclaim.

- (b) In 2004, Etiqa Takaful Berhad ("ETB") (formerly known as Takaful Nasional Berhad), now a subsidiary of the Bank, commenced a civil suit against a borrower ("the 1st Defendant") and three guarantors, for the sum of approximately RM25.8 million, following the recall of the relevant facility which was preceded by the 1st Defendant's failure to pay monthly instalments.

The 1st Defendant counter-claimed for loss and damage amounting to approximately RM284 million as a result of ETB's failure to release the balance of the facility of RM7.5 million. It is alleged that the 1st Defendant was unable to carry on its project and therefore suffered loss and damage, ETB are proceeding with their claim and are resisting the 1st Defendant's counter-claim. ETB have filed its defence to the counterclaim and an application to strike out the counterclaim as well.

ETB are of the view that they have a good chance of succeeding in the action and in securing a dismissal of the 1st Defendant's counterclaim.

- (c) A corporate borrower has issued a writ of summon against Aseambankers in 2005 in its capacity as agent bank for the syndicate lenders claiming general, special and exemplary damages arising from alleged breach of duty owed by Aseambankers. Although it has not been quantified, the claim value is estimated at approximately RM450 million.

The credit facilities consist of a bridging loan of RM58.5 million and a revolving credit facility of RM4.0 million which were granted by Aseambankers and three other financial institutions as the syndicated lenders. The loan was restructured in 2002 to RM38 million with terms for repayment. In 2006, Aseambankers and three other syndicated lenders filed a suit against the corporate borrower for the recovery of the loan. The two suits were then ordered by the court to be heard together.

Out of the estimated claim of RM450.0 million, Maybank's exposure is RM189.0 million. (inclusive of the assets and liabilities of KBB (one of the syndicated lenders) and from Aseambankers which had been vested to the Bank in respective of this account pursuant to a vesting order dated 28 September 2006 and 21 May 2007 respectively).

Based on advice from its solicitors, Aseambankers are of the view that it has a more than even chance of succeeding in defending the corporate borrower's claim.

Other than that stated above, the Group and the Bank do not have any other material litigation that would materially and adversely affect the financial position of the Group and the Bank.

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B12. Earning Per Share (EPS)

Basic

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

	1st Quarter Ended		Cumulative 3 Months Ended	
	30 September	30 September	30 September	30 September
	2008	2007	2008	2007
Net profit for the period (RM'000)	572,173	735,429	572,173	735,429
Weighted average number of ordinary shares in issue ('000)	4,881,138	4,864,389	4,881,138	4,864,389
Basic earnings per share ('000)	11.72 sen	15.12 sen	11.72 sen	15.12 sen

Diluted

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

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

	1st Quarter Ended		Cumulative 3 Months Ended	
	30 September	30 September	30 September	30 September
	2008	2007	2008	2007
Net profit for the period (RM'000)	572,173	735,429	572,173	735,429
Weighted average number of ordinary shares in issue ('000)	4,881,138	4,864,389	4,881,138	4,864,389
Effects of share option ('000)	11	6,398	11	6,398
Adjusted weighted average number of ordinary shares in issue ('000)	4,881,149	4,870,787	4,881,149	4,870,787
Diluted earnings per share ('000)	11.72 sen	15.10 sen	11.72 sen	15.10 sen

¹ Adjusted for bonus issue of 1:4

By Order of the Board

Mohd Nazlan Mohd Ghazali
LS0008977
Company Secretary
11 November 2008