

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

CONDENSED FINANCIAL STATEMENTS
UNAUDITED INCOME STATEMENTS
FOR THE FINANCIAL HALF YEAR ENDED 31 DECEMBER 2010

<u>Group</u>	Note	2nd Quarter Ended		Cumulative 6 Months Ended	
		31 December 2010 RM'000	31 December 2009 RM'000	31 December 2010 RM'000	31 December 2009 RM'000
Interest income	A16	2,990,012	2,732,413	5,898,328	5,460,664
Interest expense	A17	(1,176,785)	(1,049,359)	(2,310,561)	(2,149,994)
Net interest income		1,813,227	1,683,054	3,587,767	3,310,670
Income from Islamic Banking					
Scheme operations:					
Gross operating income		399,772	368,441	780,129	708,608
Profit equalisation reserves		(6,896)	(12,492)	(49,050)	28,897
	A29b	392,876	355,949	731,079	737,505
		2,206,103	2,039,003	4,318,846	4,048,175
Net income from insurance business:					
Income from insurance business		137,338	155,686	295,492	307,544
Claims incurred		(96,305)	(73,226)	(167,706)	(153,069)
		41,033	82,460	127,786	154,475
		2,247,136	2,121,463	4,446,632	4,202,650
Non-interest income	A18	1,034,948	994,906	1,989,151	1,922,583
Net income		3,282,084	3,116,369	6,435,783	6,125,233
Overhead expenses	A19	(1,634,059)	(1,488,717)	(3,136,113)	(2,908,291)
		1,648,025	1,627,652	3,299,670	3,216,942
Allowance for losses on loans, advances and financing	A20	(117,513)	(252,846)	(382,248)	(679,465)
Impairment losses on securities, net		(6,299)	(9,828)	(20,222)	(42,092)
Operating Profit		1,524,213	1,364,978	2,897,200	2,495,385
Share of profits in associates		37,807	34,976	69,165	60,784
Profit before taxation and zakat		1,562,020	1,399,954	2,966,365	2,556,169
Taxation & Zakat	B5	(435,386)	(376,574)	(786,091)	(626,036)
Profit for the period		1,126,634	1,023,380	2,180,274	1,930,133
Attributable to:					
Equity holders of the parent		1,125,248	993,502	2,153,362	1,875,305
Minority Interest		1,386	29,878	26,912	54,828
		1,126,634	1,023,380	2,180,274	1,930,133
Earnings per share attributable to equity holders of the parent	B14				
Basic		15.72 sen	14.04 sen	30.25 sen	26.50 sen
Fully diluted		15.63 sen	14.04 sen	30.09 sen	26.50 sen

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

MALAYAN BANKING BERHAD
(3813-K)
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CONDENSED FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL HALF YEAR ENDED 31 DECEMBER 2010

<u>Group</u>	Note	2nd Quarter Ended		Cumulative 6 Months Ended	
		31 December 2010 RM'000	31 December 2009 RM'000	31 December 2010 RM'000	31 December 2009 RM'000
Profit for the period		1,126,634	1,023,380	2,180,274	1,930,133
Other comprehensive (loss)/income:					
Net (loss)/gain on available-for-sale financial assets		(418,451)	(79,822)	(168,169)	391,096
Income tax relating to components of other comprehensive income		119,372	18,997	58,568	(75,568)
Foreign currency translation		38,862	(20,438)	(331,935)	262,696
Revaluation reserve from investment properties		-	-	-	10,342
Effects on adoption of Risk Based Capital ("RBC") Framework for insurance subsidiaries		-	-	-	(11,470)
Other comprehensive (loss)/income: for the period, net of tax		(260,217)	(81,263)	(441,536)	577,096
Total comprehensive income for the period		866,417	942,117	1,738,738	2,507,229
Total comprehensive income for the period attributable to:					
Equity holders of the parent		849,305	905,943	1,714,583	2,440,377
Minority Interest		17,112	36,174	24,155	66,852
		866,417	942,117	1,738,738	2,507,229

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CONDENSED FINANCIAL STATEMENTS
UNAUDITED INCOME STATEMENTS
FOR THE FINANCIAL HALF YEAR ENDED 31 DECEMBER 2010

<u>Bank</u>	Note	2nd Quarter Ended		Cumulative 6 Months Ended	
		31 December 2010 RM'000	31 December 2009 RM'000	31 December 2010 RM'000	31 December 2009 RM'000
Interest income	A16	2,299,926	2,140,994	4,541,963	4,283,866
Interest expense	A17	(883,282)	(795,990)	(1,744,276)	(1,630,255)
Net interest income		1,416,644	1,345,004	2,797,687	2,653,611
Non-interest income	A18	894,539	1,284,173	1,545,651	1,960,161
Net income		2,311,183	2,629,177	4,343,338	4,613,772
Overhead expenses	A19	(1,002,089)	(974,519)	(1,893,410)	(1,875,138)
		1,309,094	1,654,658	2,449,928	2,738,634
Allowance for losses on loans, advances and financing	A20	(5,736)	(137,997)	(138,878)	(318,087)
Impairment losses on securities, net		(3,263)	(9,818)	(4,874)	(43,912)
Profit before taxation and zakat		1,300,095	1,506,843	2,306,176	2,376,635
Taxation	B5	(316,388)	(409,035)	(577,969)	(635,619)
Profit for the period		983,707	1,097,808	1,728,207	1,741,016

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UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL HALF YEAR ENDED 31 DECEMBER 2010

<u>Bank</u>	2nd Quarter Ended		Cumulative 6 Months Ended	
	31 December 2010	31 December 2009	31 December 2010	31 December 2009
Note	RM'000	RM'000	RM'000	RM'000
Profit for the period	983,707	1,097,808	1,728,207	1,741,016
Other comprehensive income:				
Net (loss)/gain on available-for-sale financial assets	(454,157)	(76,106)	(277,103)	242,331
Income tax relating to components of other comprehensive income	113,556	19,170	78,742	(60,439)
Foreign currency translation	74,528	11,528	126,020	19,743
Other comprehensive income: for the period, net of tax	(266,073)	(45,408)	(72,341)	201,635
Total comprehensive income for the period	717,634	1,052,400	1,655,866	1,942,651

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MALAYAN BANKING BERHAD
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CONDENSED FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2010

	GROUP		BANK	
	31 December 2010	30 June 2010	31 December 2010	30 June 2010
Note	RM'000	RM'000	RM'000	RM'000
ASSETS				
Cash and short-term funds	24,599,921	28,707,992	16,403,255	19,403,616
Deposits and placements with financial institutions	12,371,261	8,915,375	10,819,590	7,098,198
Securities purchased under resale agreements	-	371,237	-	371,237
Securities portfolio	A9 61,879,822	54,170,046	55,009,226	47,544,091
Loans, advances and financing	A10 219,420,022	205,555,067	159,403,279	151,469,585
Derivative assets	A27 1,618,097	1,306,769	1,577,026	1,281,682
Other assets	A11 4,935,580	5,319,548	2,584,210	3,832,316
Investment properties	45,166	45,324	-	-
Statutory deposits with Central Banks	4,212,473	4,471,382	2,242,391	1,932,981
Investment in subsidiaries	-	-	12,700,391	12,653,377
Interests in associates	2,443,994	2,471,438	453,412	418,700
Property, plant and equipment	1,352,296	1,359,852	1,056,262	1,077,597
Intangible assets	4,230,206	4,480,714	179,601	160,710
Deferred tax assets	1,866,322	1,564,963	1,376,401	1,148,176
Life, general takaful and family takaful fund assets	18,647,985	17,960,059	-	-
TOTAL ASSETS	357,623,145	336,699,766	263,805,044	248,392,266
LIABILITIES				
Deposits from customers	A12 248,137,754	236,909,788	182,872,500	175,379,741
Deposits and placements of banks and other financial institutions	A13 28,845,424	23,257,868	29,540,729	22,929,822
Obligations on securities sold under repurchase agreements	211,005	407,056	91,242	-
Bills and acceptances payable	4,173,030	3,061,586	3,671,915	2,898,997
Derivative liabilities	A27 1,605,779	1,346,242	1,531,442	1,291,498
Other liabilities	A15 8,666,542	6,951,520	3,365,264	3,555,869
Recourse obligation on loans sold to Cagamas	549,940	649,977	549,940	649,977
Provision for taxation and zakat	716,145	466,889	471,770	283,353
Deferred tax liabilities	179,290	151,109	-	-
Borrowings	A14(i) 3,155,976	2,824,864	2,399,602	2,098,317
Subordinated obligations	A14(ii) 7,024,150	8,069,116	7,024,150	8,069,116
Capital Securities	A14(iii) 6,020,497	5,978,752	6,020,497	5,978,752
Life, general takaful and family takaful fund liabilities	4,872,622	5,021,911	-	-
Life, general takaful and family takaful policy holders' funds	13,774,622	12,938,148	-	-
TOTAL LIABILITIES	327,932,776	308,034,826	237,539,051	223,135,442

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UNAUDITED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2010

	Note	GROUP		BANK	
		31 December 2010 RM'000	30 June 2010 RM'000	31 December 2010 RM'000	30 June 2010 RM'000
SHAREHOLDERS' EQUITY					
Share capital		7,322,240	7,077,983	7,322,240	7,077,983
Reserves		21,604,343	20,799,193	18,943,753	18,178,841
		28,926,583	27,877,176	26,265,993	25,256,824
Minority Interest		763,786	787,764	-	-
Total equity		29,690,369	28,664,940	26,265,993	25,256,824
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY					
		357,623,145	336,699,766	263,805,044	248,392,266
COMMITMENTS AND CONTINGENCIES	A25	204,175,111	232,273,335	190,540,239	213,216,362
CAPITAL ADEQUACY	A26				
Based on credit, market and operational risk:					
Basel II					
<u>Before deducting electable portion dividend to be reinvested:</u>					
Core capital ratio		11.95%	-	13.80%	-
Risk-weighted capital ratio		14.31%	-	13.80%	-
<u>After deducting electable portion dividend to be reinvested:</u>					
Core capital ratio, assuming:					
- full electable portion paid in cash		11.29%	-	12.98%	-
- full electable portion reinvested		11.85%	-	13.68%	-
Risk-weighted capital ratio, assuming:					
- full electable portion paid in cash		13.66%	-	12.98%	-
- full electable portion reinvested		14.21%	-	13.68%	-
Basel I					
<u>Before deducting proposed dividend: *</u>					
Core capital ratio		-	11.06%	-	15.02%
Risk-weighted capital ratio		-	14.67%	-	15.02%
<u>After deducting proposed dividend:</u>					
Core capital ratio, assuming:					
- full electable portion paid in cash		-	10.10%	-	13.78%
- full electable portion reinvested		-	10.97%	-	14.91%
Risk-weighted capital ratio, assuming:					
- full electable portion paid in cash		-	13.71%	-	13.78%
- full electable portion reinvested		-	14.58%	-	14.91%
Net assets per share attributable to equity holders of the parent		RM3.95	RM3.94	RM3.59	RM3.57

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

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CONDENSED FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 2010

<u>Group</u>	<===== Non Distributable =====>							Distributable Retained Profits	Total Shareholders' Equity	Minority Interests	Total Equity
	Share Capital RM'000	Share Premium RM'000	Statutory Reserve RM'000	Capital Reserve RM'000	Unrealised Holding Reserve/(Deficit) RM'000	Exchange Fluctuation Reserve RM'000	Revaluation Reserve RM'000				
At 1 July 2010											
- as previously stated	7,077,983	5,903,497	5,553,999	15,250	340,936	(949,434)	9,057	9,925,888	27,877,176	787,764	28,664,940
- effect of adopting FRS 139	-	-	-	-	(47,921)	-	-	(172,088)	(220,009)	(5,786)	(225,795)
- effect of adopting FRS 4	-	-	-	-	-	-	-	1,800	1,800	807	2,607
At 1 July 2010, as restated	7,077,983	5,903,497	5,553,999	15,250	293,015	(949,434)	9,057	9,755,600	27,658,967	782,785	28,441,752
Profit for the period	-	-	-	-	-	-	-	2,153,362	2,153,362	26,912	2,180,274
Other comprehensive income	-	-	-	-	(108,466)	(330,313)	-	-	(438,779)	(2,757)	(441,536)
Total comprehensive income for the period	-	-	-	-	(108,466)	(330,313)	-	2,153,362	1,714,583	24,155	1,738,738
Effect of disposal to minority interests	-	-	-	-	-	-	-	8,609	8,609	3,346	11,955
Effect of Redemption on Redeemable Convertible Preference Shares ("RCPS")	-	-	-	-	-	-	-	-	-	(46,500)	(46,500)
Transfer to/(from) statutory reserves	-	-	432,100	-	-	-	-	(432,100)	-	-	-
Issue of shares pursuant to Dividend Reinvestment Plan ("DRP") (Note A8)	244,257	1,635,901	-	-	-	-	-	-	1,880,158	-	1,880,158
Dividend paid (Note A8)	-	-	-	-	-	-	-	(2,335,734)	(2,335,734)	-	(2,335,734)
Total transactions with shareholders	244,257	1,635,901	432,100	-	-	-	-	(2,759,225)	(446,967)	(43,154)	(490,121)
At 31 December 2010	7,322,240	7,539,398	5,986,099	15,250	184,549	(1,279,747)	9,057	9,149,737	28,926,583	763,786	29,690,369

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CONDENSED FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 2010

<u>Group</u>	<===== Non Distributable =====>								Distributable Retained Profits RM'000	Total Shareholders' Equity RM'000	Minority Interests RM'000	Total Equity RM'000
	Share Capital RM'000	Share Premium RM'000	Statutory Reserve RM'000	Capital Reserve RM'000	Unrealised Holding Reserve/(Deficit) RM'000	Exchange Fluctuation Reserve RM'000	Share Option Reserves RM'000	Revaluation Reserve RM'000				
At 1 July 2009	7,077,663	5,901,692	4,664,983	15,250	(148,388)	(666,885)	63,191	2,742	7,988,498	24,898,746	869,231	25,767,977
Profit for the period	-	-	-	-	-	-	-	-	1,875,305	1,875,305	54,828	1,930,133
Other comprehensive income	-	-	-	-	301,568	259,655	-	7,141	(3,292)	565,072	12,024	577,096
Total comprehensive income for the period	-	-	-	-	301,568	259,655	-	7,141	1,872,013	2,440,377	66,852	2,507,229
Transfer to/(from) statutory reserves	-	-	451,320	-	-	-	-	-	(451,320)	-	-	-
Issue of ordinary shares pursuant to ESOS	320	1,805	-	-	-	-	-	-	-	2,125	-	2,125
Transfer (from)/to share option reserve	-	-	-	-	-	(63,191)	-	-	63,191	-	-	-
Dividend paid	-	-	-	-	-	-	-	-	(424,679)	(424,679)	-	(424,679)
Total transactions with shareholders	320	1,805	451,320	-	-	-	(63,191)	-	(812,808)	(422,554)	-	(422,554)
At 31 December 2009	7,077,983	5,903,497	5,116,303	15,250	153,180	(407,230)	-	9,883	9,047,703	26,916,569	936,083	27,852,652

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FOR THE HALF YEAR ENDED 31 DECEMBER 2010

<u>Bank</u>	<===== 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	Total		
At 1 July 2010								
- as previously stated	7,077,983	5,903,497	5,372,770	269,016	(12,495)	6,646,053	25,256,824	
- effect of adopting FRS 139	-	-	-	(40,368)	-	(150,753)	(191,121)	
At 1 July 2010, as restated	7,077,983	5,903,497	5,372,770	228,648	(12,495)	6,495,300	25,065,703	
Profit for the year	-	-	-	-	-	1,728,207	1,728,207	
Other comprehensive (loss)/income	-	-	-	(198,361)	126,020	-	(72,341)	
Total comprehensive income for the period	-	-	-	(198,361)	126,020	1,728,207	1,655,866	
Transfer to/(from) statutory reserve	-	-	432,100	-	-	(432,100)	-	
Issue of shares pursuant to Dividend Reinvestment Plan ("DRP") (Note A8)	244,257	1,635,901	-	-	-	-	1,880,158	
Dividend paid (Note A8)	-	-	-	-	-	(2,335,734)	(2,335,734)	
Total transactions with shareholders	244,257	1,635,901	432,100	-	-	(2,767,834)	(455,576)	
At 31 December 2010	7,322,240	7,539,398	5,804,870	30,287	113,525	5,455,673	26,265,993	

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<u>Bank</u>	<===== 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		
At 1 July 2009	7,077,663	5,901,692	4,483,770	(83,433)	139,771	63,191	4,927,790	22,510,444
Profit for the period	-	-	-	-	-	-	1,741,016	1,741,016
Other comprehensive income	-	-	-	181,892	19,743	-	-	201,635
Total comprehensive income for the period	-	-	-	181,892	19,743	-	1,741,016	1,942,651
Transfer to/(from) statutory reserves	-	-	436,000	-	-	-	(436,000)	-
Transfer (from)/to share option reserve	-	-	-	-	-	(63,191)	63,191	-
Issue of ordinary shares pursuant to ESOS	320	1,805	-	-	-	-	-	2,125
Dividend paid	-	-	-	-	-	-	(424,679)	(424,679)
Total transactions with shareholders	320	1,805	436,000	-	-	(63,191)	(797,488)	(422,554)
At 31 December 2009	7,077,983	5,903,497	4,919,770	98,459	159,514	-	5,871,318	24,030,541

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CONDENSED FINANCIAL STATEMENTS
UNAUDITED CONDENSED CASH FLOW STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2010

	GROUP		BANK	
	31 December 2010 RM'000	31 December 2009 RM'000	31 December 2010 RM'000	31 December 2009 RM'000
Profit before taxation	2,966,365	2,556,169	2,306,176	2,376,635
Adjustments for non-operating and non-cash items	115,819	674,774	(119,653)	(321,590)
Operating profit before working capital changes	<u>3,082,184</u>	3,230,943	<u>2,186,523</u>	2,055,045
Changes in working capital:-				
Net changes in operating assets	(24,551,832)	5,416,385	(18,397,393)	8,945,130
Net changes in operating liabilities	17,554,411	(687,654)	15,011,804	(2,516,824)
Tax expense and zakat paid	(635,531)	(612,060)	(479,814)	(677,744)
Net cash (used in)/generated from operations	<u>(4,550,768)</u>	7,347,614	<u>(1,678,880)</u>	7,805,607
Net cash generated from/(used in) investing activities	490,286	36,612	52,006	496,357
Net cash generated from financing activities	(1,050,793)	149,925	(1,050,793)	149,925
	<u>(560,507)</u>	186,537	<u>(998,787)</u>	646,282
Net change in cash and cash equivalents	(5,111,275)	7,534,151	(2,677,667)	8,451,889
Cash and cash equivalents at beginning of year *	<u>28,265,858</u>	23,353,290	<u>19,080,922</u>	17,178,748
Cash and cash equivalents at end of period	<u>23,154,583</u>	30,887,441	<u>16,403,255</u>	25,630,637
Cash and cash equivalents included in the cash flow statements comprise the following Financial Position amounts:				
Cash and short-term funds	24,599,921	30,975,103	16,403,255	25,630,637
Less : Monies held in trusts	(1,445,338)	(87,662)	-	-
	<u>23,154,583</u>	30,887,441	<u>16,403,255</u>	25,630,637
* Cash and cash equivalents at beginning of year				
Cash and short term funds as previously reported	28,707,992	23,607,979	19,403,616	17,448,312
Effects of foreign exchange rate changes	(442,134)	(254,689)	(322,694)	(269,564)
As restated	<u>28,265,858</u>	23,353,290	<u>19,080,922</u>	17,178,748

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

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

The unaudited condensed interim financial statements have been prepared in accordance with the requirements of FRS 134: Interim Financial Reporting and Chapter 9, part K of the Listing Requirements of Bursa Malaysia Securities Berhad. The condensed interim financial statements should be read in conjunction with the audited financial statements for the year ended 30 June 2010. These explanatory notes attached to the audited condensed interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group and the Bank since the year ended 30 June 2010.

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

The significant accounting policies and methods of computation applied by the Group and the Bank are consistent with those adopted in the most recent audited annual financial statements for the year ended 30 June 2010 except for adoption of the following Financial Reporting Standard ("FRS"), amendments to FRSs, Interpretations of the Issues Committee ("IC Interpretations") and Technical Release ("TR"):

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

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A1. Basis of Preparation (cont'd.)

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

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

- (i) the changes in accounting policies arising from the adoption of FRS 139 and its related amendments to FRSs, IC Interpretations and relevant Bank Negara Malaysia ("BNM") Guidelines, which are disclosed in Note A30;
- (ii) the adoption of FRS 101, FRS 7, TR i - 3 and amendments to FRS 132 which resulted in changes in presentation of the financial statements and its relevant notes, but did not affect the earnings, retained earnings or other reserves; and
- (iii) the adoption of FRS 4.

The following new FRSs, amendments to FRS have been applied by the Group and the Bank on 1 July 2010 are as follows:

- (i) Amendments to FRS 2: Share-based Payment
- (ii) Amendments to FRS 138: Intangible Assets

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

- (i) Amendments to FRS 1: Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters
- (ii) Additional Exemptions for First-time Adopters (Amendments to FRS 1)
- (iii) Group Cash-Settled Share-based Payment Transactions (Amendments to FRS 2)
- (iv) Amendments to FRS 7: Improving Disclosures about Financial Instruments
- (v) TR i - 4: Shariah Compliant Sale Contracts
- (vi) Amendments to FRSs [Improvements to FRSs (2010)]

The following new FRS have been issued but are not yet effective, which will be effective for the financial periods beginning on or after 1 January 2012 and have not been adopted by the Group and the Bank:

- (i) FRS 124: Related Party Disclosures

In addition to these, the Group and the Bank have also adopted BNM's Revised Guidelines for Financial Reporting for Banking Institutions revised on 10 March 2010 and Revised Guidelines for Classification and Impairment Provision for Loans/Financing revised on 17 December 2010. The effects of adopting these Guidelines are consistent with the application of FRS 139 and are disclosed in Note A30.

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A2. Significant Accounting Estimates and Judgements

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

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

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

(ii) **Valuation of Investment Properties**

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

(iii) **Impairment of Goodwill**

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

(iv) **Impairment of Other Intangible Assets**

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

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

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

(v) **Liabilities of Insurance Business**

(a) Life Fund

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

(b) Family Takaful Fund

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

(c) General Insurance and General Takaful Businesses

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

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

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

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

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

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

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

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

The Group and the Bank assess whether there is any indication that an investment in subsidiaries and interest in associates may be impaired at each balance sheet date.

If indicators are present, these assets are subject to an impairment review. The impairment review comprises a comparison of the carrying amount of the investment and the investment's estimated recoverable amount.

Judgements made by management in the process of applying the Group and Bank's accounting policies in respect of investment in subsidiaries and interest in associates are as follows:

- (i) The Bank determines whether its investments are impaired following certain indications of impairment such as, amongst others, prolonged shortfall between market value and carrying amount, significant changes with adverse effects on the investment and deteriorating financial performance of the investment due to observed changes and fundamentals
- (ii) Depending on their nature and the industries in which the investments relate to, judgements are made by management to select suitable methods of valuation such as, amongst others, discounted cash flow, realisable net asset value and sector average price-earning ratio methods.

Once a suitable method of valuation is selected, management makes certain assumptions concerning the future to estimate the recoverable amount of the investment. These assumptions and other key sources of estimation uncertainty at the balance sheet date, may have a significant risk of causing a material adjustment to the carrying amounts of the investments within the next financial year. Depending on the specific individual investment, assumptions made by management may include, amongst others, assumptions on expected future cash flows, revenue growth, discount rate used for purposes of discounting future cash flows which incorporates the relevant risks, and expected future outcome of certain past events.

(ix) Impairment of Securities Portfolio

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

The impairment review comprises the following judgement made by Management:

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

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A3. Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the audited annual financial statements for the financial year ended 30 June 2010 was not qualified.

A4. Seasonal or Cyclical Factors

The operations of the Group and the Bank were not materially affected by any seasonal or cyclical factors in the second quarter and financial half year ended 31 December 2010.

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

During the second quarter and financial half year ended 31 December 2010, save as disclosed in Note A7, there were no unusual items affecting the assets, liabilities, equity, net income or cash flows of the Group and the Bank.

A6. Changes in Estimates

There were no material changes in estimates during the second quarter and financial half year ended 31 December 2010.

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 RM7,077,982,768 as at 30 June 2010 to RM7,322,240,391 as at 31 December 2010, from the issuance of 244,257,623 new ordinary shares pursuant to the Dividend Reinvestment Plan completed on 20 December 2010. The new ordinary shares was listed on the Main Market of Bursa Malaysia Securities Berhad on 21 December 2010.

(b) **Redemption of Islamic Subordinated Bonds**

The Bank had on 24 November 2010 fully redeemed the Islamic Subordinated Bonds Facility of RM1.0 Billion with a tenure of 10 years from issue date on a 10 Non-Callable 5 Basis ("Islamic Subordinated Bonds"). The Islamic Subordinated Bonds were issued in November 2005.

A8. Dividends Paid

During the financial half year ended 31 December 2010, a final dividend in respect of the financial year ended 30 June 2010 of 44 sen per share less 25% taxation, amounting to net dividend paid of RM2,335,734,313 was approved by the shareholders at its Annual General Meeting held on 29 September 2010.

The dividend consists of cash portion of 4 sen (3 sen net) per ordinary share to be paid in cash amounting to RM212,339,483 and an electable portion of 40 sen (30 sen net) per ordinary share amounting to RM2,123,394,830 which can be elected to be reinvested in new Maybank shares in accordance with the Dividend Reinvestment Plan ("DRP").

The payment date for cash dividends and crediting of shares under the Dividend Reinvestment Plan was completed on 20 December 2010.

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A9. Securities Portfolio

	Note	Group		Bank	
		31 December 2010 RM'000	30 June 2010 RM'000	31 December 2010 RM'000	30 June 2010 RM'000
Securities held-for-trading	(i)	6,558,431	2,651,103	5,832,822	2,241,928
Securities available-for-sale	(ii)	45,986,761	42,576,235	40,941,348	37,446,841
Securities held-to-maturity	(iii)	9,334,630	8,942,708	8,235,056	7,855,322
		61,879,822	54,170,046	55,009,226	47,544,091

(i) Securities Held-for-trading

At Fair value

Money market instruments:-

Malaysian Government Securities	683,680	267,762	683,680	267,762
Malaysian Government Treasury Bills	104,551	25,727	104,551	25,727
Malaysian Government Investment Issues	155,495	50,818	84,965	25,453
Bank Negara Malaysia Bills and Notes	347,470	-	347,470	-
Khazanah Bonds	41,054	-	41,054	-
Bank Negara Malaysia Monetary Notes	2,733,917	605,006	2,709,241	581,545
Foreign Government Treasury Bills	-	509,037	-	509,037
Foreign Government Securities	315,745	90,780	-	-
Foreign Certificates of Deposits	258,704	228,598	-	-
Sukuk Ijarah Bonds	49,980	69,902	49,980	49,930
	4,690,596	1,847,630	4,020,941	1,459,454

Quoted securities:

Shares	11,740	22,802	11,740	22,802
	11,740	22,802	11,740	22,802

Unquoted securities:

Private and Islamic Debt Securities in Malaysia	640,897	594,816	640,897	594,816
Foreign Government Bonds	115,950	-	115,950	-
Foreign Private Debt Securities	1,099,248	185,855	1,043,294	164,856
	1,856,095	780,671	1,800,141	759,672

Total securities held-for-trading

	6,558,431	2,651,103	5,832,822	2,241,928
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(ii) Securities Available-for-sale

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

Money market instruments:-

Malaysian Government Securities	5,613,990	5,284,696	5,531,481	5,195,698
Sukuk BNM Ijarah	29,988	-	-	-
Cagamas Bonds	1,514,631	1,978,555	1,358,285	1,746,559
Foreign Government Securities	6,340,571	7,357,037	4,626,229	5,012,151
Malaysian Government Investment Issues	6,008,207	5,655,221	3,092,217	3,153,796
Foreign Government Treasury Bills	4,385,724	2,489,382	4,154,551	2,352,420
Negotiable Instruments of Deposits	475,737	1,304,946	3,911,985	5,021,821
Bankers' Acceptances and Islamic Accepted Bills	1,919,770	1,104,706	1,880,415	1,026,207
Khazanah Bonds	968,450	830,758	681,191	578,002
Bank Negara Malaysia Monetary Notes	100,010	99,890	100,010	99,890
	27,357,078	26,105,191	25,336,364	24,186,544

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	Group		Bank	
	31 December 2010 RM'000	30 June 2010 RM'000	31 December 2010 RM'000	30 June 2010 RM'000
A9. Securities Portfolio (cont'd.)				
(ii) Securities Available-for-sale (cont'd.)				
Quoted Securities: -				
In Malaysia:				
Shares, Warrants, Trust Units and Loan Stocks	386,042	407,559	136,305	182,936
Outside Malaysia:				
Shares, Warrants, Trust Units and Loan Stocks	91,304	82,056	29,921	35,387
	477,346	489,615	166,226	218,323
Unquoted Securities:-				
Shares, trust units and loan stocks in Malaysia	586,577	701,289	378,521	447,159
Shares, trust units and loan stocks outside Malaysia	28,036	27,449	16,813	17,024
Private and Islamic Debt Securities in Malaysia	9,781,486	9,925,149	8,057,582	8,156,657
Malaysian Government Bonds	139,614	144,475	139,614	144,475
Foreign Government Bonds	1,552,190	110,006	1,473,604	-
Foreign Islamic Private Debt Securities	5,639,404	4,713,610	5,117,284	4,091,929
Credit Linked Notes	75,112	151,784	75,112	151,784
Malaysia Global Sukuk	349,918	207,667	180,228	32,946
	18,152,337	15,981,429	15,438,758	13,041,974
Total securities available-for-sale	45,986,761	42,576,235	40,941,348	37,446,841
(iii) Securities Held-To-Maturity				
At Amortised cost less impairment losses				
Money market instruments:-				
Malaysian Government Securities	6,222,583	6,237,200	6,222,475	6,237,092
Cagamas Bonds	11,751	11,794	11,751	11,794
Foreign Government Securities	793,244	824,404	-	-
Malaysian Government Investment Issues	526,956	527,466	376,532	377,000
Khazanah Bonds	16,978	16,603	16,978	16,603
	7,571,512	7,617,467	6,627,736	6,642,489
Unquoted Securities:-				
Private and Islamic Debt Securities in Malaysia	1,339,167	953,988	1,309,134	923,955
Malaysian Government Bonds	6,313	6,761	6,313	6,761
Foreign Government Bonds	23,840	-	23,840	-
Foreign Islamic Private Debt Securities	423,820	394,513	298,051	312,135
Others	2,044	2,044	2,044	2,044
	1,795,184	1,357,306	1,639,382	1,244,895
Accumulated impairment losses	(32,066)	(32,065)	(32,062)	(32,062)
Total securities held-to-maturity	9,334,630	8,942,708	8,235,056	7,855,322

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A10. Loans, Advances and Financing

	Group		Bank	
	31 December 2010 RM'000	30 June 2010 RM'000	31 December 2010 RM'000	30 June 2010 RM'000
At amortised cost				
Overdrafts	15,746,889	15,393,797	11,442,107	11,442,783
Term loans				
- Housing loans/financing	38,536,231	36,293,612	30,494,672	28,805,714
- Syndicated loan/financing	15,884,019	13,053,818	13,017,871	10,487,792
- Hire purchase receivables	43,654,054	40,748,909	21,990,384	21,414,413
- Lease receivables	3,422	3,462	3,271	3,272
- Other loans/financing	84,895,628	74,264,535	51,197,911	44,827,809
Credit card receivables	5,315,360	4,973,369	4,479,844	4,233,074
Bills receivable	3,435,334	2,289,004	3,415,155	2,256,164
Trust receipts	2,019,790	2,250,995	1,719,731	1,826,866
Claims on customers under acceptance credits	10,554,517	10,316,581	7,534,200	7,434,317
Loans/financing to banks and other financial institutions	6,400,642	10,406,605	6,299,986	10,232,000
Revolving credits	21,230,081	20,853,403	15,662,363	15,930,021
Staff loans	1,817,781	1,636,344	988,893	959,607
Housing loans to				
- Executive directors of subsidiaries	8,541	839	634	435
Others	399,110	348,403	-	-
	249,901,399	232,833,676	168,247,022	159,854,267
Unearned interest and income	(22,357,356)	(19,575,236)	(2,804,294)	(2,775,394)
Gross loans, advances and financing	227,544,043	213,258,440	165,442,728	157,078,873
Allowances for impaired loans and financing:				
- individual	(3,421,410)	-	(2,424,415)	-
- collective	(4,702,611)	-	(3,615,034)	-
- specific	-	(3,864,832)	-	(2,842,531)
- general	-	(3,838,541)	-	(2,766,757)
Net loans, advances and financing	219,420,022	205,555,067	159,403,279	151,469,585

(i) By type of customer

	Group		Bank	
	31 December 2010 RM'000	30 June 2010 RM'000	31 December 2010 RM'000	30 June 2010 RM'000
Domestic banking institutions	56,815	62,033	56,815	62,033
Domestic non-bank financial institutions				
- Stockbroking companies	165	149,044	165	148,864
- Others	15,627,925	16,228,487	12,188,605	13,102,740
Domestic business enterprise				
- Small and medium enterprise	37,347,369	32,103,764	31,978,333	27,940,298
- Others	51,337,815	51,359,497	35,436,492	35,600,785
Government and statutory bodies	2,730,154	2,470,659	2,593,443	2,403,508
Individuals	105,682,411	97,938,204	72,268,596	68,428,192
Other domestic entities	1,976,240	1,657,466	432,708	281,718
Foreign entities	12,785,149	11,289,286	10,487,571	9,110,735
Gross loans, advances and financing	227,544,043	213,258,440	165,442,728	157,078,873

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

(ii) By geographical distribution

	Group		Bank	
	31 December 2010 RM'000	30 June 2010 RM'000	31 December 2010 RM'000	30 June 2010 RM'000
Malaysia	151,199,692	144,271,765	112,304,616	109,508,669
Singapore	45,545,023	40,588,966	45,545,023	40,588,966
Indonesia	18,642,408	17,102,481	-	-
Labuan offshore	3,437,612	3,268,810	-	-
Hong Kong SAR	3,672,857	3,068,938	3,672,857	3,068,938
United States of America	997,531	753,244	997,531	753,244
People's Republic of China	987,864	1,017,861	987,864	1,017,861
Vietnam	507,434	480,568	507,434	480,568
United Kingdom	796,953	994,784	796,953	994,784
Brunei	155,996	158,352	155,996	158,352
Cambodia	278,554	270,905	278,554	270,905
Bahrain	195,900	236,586	195,900	236,586
Philippines	1,042,908	969,478	-	-
Papua New Guinea	83,311	75,702	-	-
Gross loans, advances and financing	227,544,043	213,258,440	165,442,728	157,078,873

(iii) By interest/profit rate sensitivity

Fixed rate				
- Housing loans/financing	11,773,242	12,681,639	8,830,436	9,534,313
- Hire purchase receivables	32,891,593	30,943,085	18,835,755	18,263,418
- Other fixed rate loans/financing	21,984,841	22,327,061	13,314,368	14,004,422
Variable rate				
- Base lending rate plus	81,486,637	75,881,193	69,334,886	65,916,914
- Cost plus	26,398,226	22,753,403	22,884,307	19,510,888
- Other variable rates	53,009,504	48,672,059	32,242,976	29,848,918
Gross loans, advances and financing	227,544,043	213,258,440	165,442,728	157,078,873

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

(iv) Total loans by economic purpose

	Group		Bank	
	31 December 2010 RM'000	30 June 2010 RM'000	31 December 2010 RM'000	30 June 2010 RM'000
Purchase of securities	16,182,844	14,913,407	10,658,916	10,761,268
Purchase of transport vehicles	37,270,461	34,863,190	18,718,615	17,960,857
- less Islamic loans sold to Cagamas	(995,101)	(1,137,321)	-	-
Purchase of landed properties				
- residential	41,416,697	37,684,964	33,666,060	32,121,392
- non-residential	12,924,457	9,163,803	11,863,499	6,557,672
Purchase of fixed assets (exclude landed properties)	2,461,312	2,543,374	2,461,160	2,543,167
Personal use	5,629,550	5,061,634	4,776,378	4,303,538
Credit card	5,307,319	4,974,295	4,482,216	4,233,084
Purchase of consumer durables	71,104	77,583	71,098	76,463
Construction	14,024,305	12,489,787	11,950,041	11,213,226
Merger and acquisition	35,164	45,229	35,164	45,229
Working capital	81,135,986	79,384,139	60,278,441	59,186,942
Others	12,079,945	13,194,356	6,481,140	8,076,035
Gross loans, advances and financing	227,544,043	213,258,440	165,442,728	157,078,873

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

Maturing within one year	51,733,273	69,370,810	36,846,414	56,025,479
One year to three years	21,080,355	18,691,972	13,165,184	10,608,438
Three years to five years	26,783,756	18,941,903	15,437,303	9,460,481
After five years	127,946,659	106,253,755	99,993,827	80,984,475
Gross loans, advances and financing	227,544,043	213,258,440	165,442,728	157,078,873

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

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

	Group		Bank	
	31 December 2010 RM'000	30 June 2010 RM'000	31 December 2010 RM'000	30 June 2010 RM'000
At beginning of the period/year				
- as previously stated	6,186,320	6,715,232	4,639,731	5,036,313
- effect of adopting FRS 139	3,772,543	-	3,189,043	-
At beginning of the period/year, as restated	9,958,863	6,715,232	7,828,774	5,036,313
Impaired during the period/year	3,174,726	4,622,381	1,892,379	2,795,711
Reclassified as non-impaired	(1,232,300)	(2,190,759)	(788,705)	(1,525,988)
Recovered during the period/year	(1,001,197)	(1,430,570)	(693,357)	(874,761)
Amount written off	(1,241,791)	(1,682,059)	(823,109)	(925,144)
Converted to Securities	(50,929)	-	(50,929)	-
Amount transfer from other debts	-	97,095	-	97,095
Exchange differences and expenses debited	(6,791)	55,000	22,044	36,505
At end of the period/year	9,600,581	6,186,320	7,387,097	4,639,731
Less: Individual allowance	(3,421,410)	-	(2,424,415)	-
- on impaired loans	(3,421,410)	-	(2,424,415)	-
Less: Specific allowance	-	(3,864,832)	-	(2,842,531)
- on non-performing loans	-	(3,619,792)	-	(2,602,091)
- on performing loans	-	(245,040)	-	(240,440)
Net impaired loans, advances and financing	6,179,171	2,321,488	4,962,682	1,797,200
Ratio of net impaired loans: Post FRS 139	2.74%	-	3.04%	-
Pre FRS 139				
- Including individual allowance on non-performing loans	-	1.10%	-	1.17%
- Excluding individual allowance on non-performing loans	-	1.22%	-	1.32%

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

Purchase of securities	54,914	47,268	45,659	39,213
Purchase of transport vehicles	289,778	239,296	155,690	131,263
Purchase of landed properties				
- residential	1,665,466	1,754,048	1,352,222	1,391,121
- non-residential	299,343	331,100	258,444	300,608
Personal use	173,194	168,062	144,968	137,982
Credit card	85,029	68,790	63,781	50,203
Purchase of consumer durables	126,812	1,635	126,809	1,632
Construction	951,147	511,676	836,058	415,140
Working capital	5,327,180	2,824,549	3,878,513	2,057,314
Others	627,718	239,896	524,953	115,255
	9,600,581	6,186,320	7,387,097	4,639,731

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

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

	Group		Bank	
	30 September 2010 RM'000	30 June 2010 RM'000	30 September 2010 RM'000	30 June 2010 RM'000
Malaysia	7,754,010	5,129,136	6,568,074	4,183,641
Singapore	293,542	209,550	293,542	209,550
Indonesia	553,741	483,397	-	-
Labuan Offshore	415,634	79,900	-	-
Hong Kong SAR	87,840	114,136	87,840	114,136
Brunei	4,733	2,056	4,733	2,056
Vietnam	78,047	17,500	78,047	17,500
United Kingdom	199,530	68,511	199,530	68,511
People's Republic of China	31,563	20,290	31,563	20,290
Cambodia	11,621	24,047	11,621	24,047
Papua New Guinea	257	1,909	-	-
Philippines	57,916	35,888	-	-
United States of America	61,753	-	61,753	-
Bahrain	50,394	-	50,394	-
	9,600,581	6,186,320	7,387,097	4,639,731

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

	Group		Bank	
	31 December 2010 RM'000	30 June 2010 RM'000	31 December 2010 RM'000	30 June 2010 RM'000
<u>Individual Allowance</u>				
At 1 July				
- as previously stated	-	-	-	-
- effect of adopting FRS 139	3,981,073	-	2,909,013	-
At 1 July, as restated	3,981,073	-	2,909,013	-
Allowance made during the period/year	634,930	-	300,004	-
Amount written back	(169,387)	-	(116,690)	-
Transfer to impairment losses in value of securities	(50,929)	-	(50,929)	-
Amount written off	(933,718)	-	(584,141)	-
Transfer to collective allowance	(21,080)	-	(19,491)	-
Exchange differences	(19,479)	-	(13,351)	-
At end of the period/year	3,421,410	-	2,424,415	-
<u>Collective Allowance</u>				
At 1 July				
- as previously stated	-	-	-	-
- effect of adopting FRS 139	4,741,229	-	3,665,506	-
At 1 July, as restated	4,741,229	-	3,665,506	-
Allowance made during the period/year	257,463	-	163,826	-
Amount written back	(594)	-	-	-
Amount written off	(308,073)	-	(238,968)	-
Transfer from individual allowance	21,080	-	19,491	-
Exchange differences	(8,494)	-	5,179	-
At end of the period/year	4,702,611	-	3,615,034	-
As % of gross loans, advances and financing (including Islamic Loans sold to Cagamas) less Individual Allowance	2.09%	-	2.22%	-

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

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

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

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A11. Other Assets

	Group		Bank	
	31 December 2010 RM'000	30 June 2010 RM'000	31 December 2010 RM'000	30 June 2010 RM'000
Interest receivables	1,330,552	1,265,281	1,003,433	962,790
Prepayments and deposits	411,707	390,089	213,300	250,400
Other debtors	2,740,366	3,211,371	1,236,100	2,494,749
Tax Recoverable	108,232	113,029	-	-
Foreclosed Properties	131,157	131,592	41,635	41,709
Prepaid land lease payment	213,566	208,186	89,742	82,668
	4,935,580	5,319,548	2,584,210	3,832,316

A12. Deposits from Customers

(i) By type of deposit

Fixed deposits and negotiable instruments of deposits				
- One year or less	131,987,946	126,868,356	89,689,457	87,694,148
- More than one year	4,694,084	3,777,611	3,949,255	2,485,808
Money Market deposits	16,134,590	16,175,570	16,134,590	16,175,570
Savings deposits	41,222,100	38,779,000	30,452,897	28,860,081
Demand deposits	51,322,850	48,779,470	40,243,502	38,084,642
Structured deposits *	2,776,184	2,529,781	2,402,799	2,079,492
	248,137,754	236,909,788	182,872,500	175,379,741

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

(ii) By type of customer

Business enterprises	109,927,946	102,732,216	78,648,110	74,625,538
Individuals	117,115,600	111,773,287	94,398,469	91,052,361
Government and statutory bodies	10,417,891	10,566,271	3,574,409	3,770,907
Others	10,676,317	11,838,014	6,251,512	5,930,935
	248,137,754	236,909,788	182,872,500	175,379,741

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

Due within six months	110,140,266	102,449,544	70,547,032	65,061,280
Six months to one year	21,847,680	24,418,812	19,142,425	22,632,868
One year to three years	4,284,386	3,298,907	3,826,165	2,377,628
Three years to five years	271,985	343,318	106,790	91,880
After five years	137,713	135,386	16,300	16,300
	136,682,030	130,645,967	93,638,712	90,179,956

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	Group		Bank	
	31 December 2010 RM'000	30 June 2010 RM'000	31 December 2010 RM'000	30 June 2010 RM'000
A13. Deposits and Placement of Banks and Other Financial Institutions				
Licensed banks	18,991,793	13,116,287	21,322,304	14,072,624
Licensed finance companies	298,719	347,957	191,817	214,524
Licensed investment banks	1,036,640	990,017	1,036,640	990,017
Other financial institutions	8,518,272	8,803,607	6,989,968	7,652,657
	28,845,424	23,257,868	29,540,729	22,929,822
Maturity structure of deposits and placements of banks and other financial institutions				
- One year or less	23,054,285	17,429,944	23,973,356	17,331,142
- More than one year	5,791,139	5,827,924	5,567,373	5,598,680
	28,845,424	23,257,868	29,540,729	22,929,822
A14. Borrowings, Subordinated Obligations and Capital Securities				
(i) Borrowings				
Secured and Unsecured				
- less than one year	1,615,554	1,461,557	1,165,602	1,289,192
- more than one year	1,540,422	1,363,307	1,234,000	809,125
	3,155,976	2,824,864	2,399,602	2,098,317
(ii) Subordinated obligations				
Unsecured				
- more than one year	7,024,150	8,069,116	7,024,150	8,069,116
(iii) Capital Securities				
Unsecured				
- more than one year	6,020,497	5,978,752	6,020,497	5,978,752
A15. Other Liabilities				
Interest/Profit payable	1,111,030	994,634	959,547	857,311
Provision for outstanding claims	455,026	437,200	-	-
Unearned premium reserves	308,580	317,570	-	-
Profit Equalisation Reserves	53,072	4,228	-	-
Provisions and accruals	1,928,241	2,006,024	1,305,620	1,563,740
Due to brokers and clients	1,994,088	511,829	-	-
Deposits and other creditors	2,816,505	2,680,035	1,100,097	1,134,818
	8,666,542	6,951,520	3,365,264	3,555,869

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A16. Interest Income

	2nd Quarter Ended		Cumulative 6 Months Ended	
	31 December 2010 RM'000	31 December 2009 RM'000	31 December 2010 RM'000	31 December 2009 RM'000
Group				
Loans, advances and financing				
- Interest income other than recoveries from impaired loans	2,384,449	2,095,918	4,692,745	4,155,336
- Recoveries from impaired loans	(43,913)	45,953	-	107,769
Money at call and deposit placements with financial institutions	119,846	105,710	196,531	205,197
Securities purchased under resale agreements	2,774	1,199	4,630	2,793
Securities held-for-trading	22,944	16,712	41,070	28,441
Securities available-for-sale	383,373	383,579	760,735	792,799
Securities held-to-maturity	109,157	105,945	216,987	209,957
	2,978,630	2,755,016	5,912,698	5,502,292
Amortisation of premium less accretion of discounts	1,023	(13,570)	(14,370)	(21,484)
Net interest/income clawed back/suspended	10,359	(9,033)	-	(20,144)
	2,990,012	2,732,413	5,898,328	5,460,664
Bank				
Loans, advances and financing				
- Interest income other than recoveries from impaired loans	1,781,241	1,591,044	3,488,116	3,174,266
- Recoveries from impaired loans	(39,331)	44,482	-	106,288
Money at call and deposit placements with financial institutions	94,056	85,006	182,159	171,657
Securities purchased under resale agreements	2	43	10	67
Securities held-for-trading	18,915	16,183	33,618	26,333
Securities available-for-sale	341,710	340,760	670,813	683,685
Securities held-to-maturity	93,368	86,880	183,929	165,421
	2,289,961	2,164,398	4,558,645	4,327,717
Amortisation of premium less accretion of discounts	(394)	(14,371)	(16,682)	(23,708)
Net interest/income clawed back/suspended	10,359	(9,033)	-	(20,143)
	2,299,926	2,140,994	4,541,963	4,283,866

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A17. Interest Expense

<u>Group</u>	2nd Quarter Ended		Cumulative 6 Months Ended	
	31 December 2010	31 December 2009	31 December 2010	31 December 2009
	RM'000	RM'000	RM'000	RM'000
Deposits and placements of banks and other financial institutions	85,856	49,773	155,710	100,334
Deposits from customers	861,875	765,451	1,698,023	1,580,380
Loans sold to Cagamas	239	1,604	1,121	3,441
Floating rate certificates of deposits	419	206	928	256
Borrowings	54,242	41,169	102,502	81,297
Subordinated obligations	33,417	34,990	66,896	71,577
Subordinated bonds	40,606	55,606	85,679	111,323
Capital Securities	100,131	100,560	199,702	201,386
	1,176,785	1,049,359	2,310,561	2,149,994
Bank				
Deposits and placements of banks and other financial institutions	85,349	50,862	147,175	103,831
Deposits from customers	615,402	556,035	1,232,361	1,147,279
Loans sold to Cagamas	239	1,605	1,121	3,442
Floating rate certificates of deposits	419	206	928	256
Borrowings	7,717	6,423	10,412	12,101
Subordinated obligations	33,421	34,991	66,898	71,578
Subordinated bonds	40,606	45,308	85,680	90,382
Capital Securities	100,129	100,560	199,701	201,386
	883,282	795,990	1,744,276	1,630,255

A18. Non-interest Income

<u>Group</u>				
(a) Fee income:				
Commission	172,831	161,776	338,856	314,466
Service charges and fees	241,414	244,742	466,275	487,464
Guarantee fees	37,340	33,276	65,906	70,268
Underwriting fees	10,805	5,043	14,760	12,905
Brokerage income	35,704	20,597	63,542	43,897
Other loans related fee income	143,664	143,920	280,876	245,744
	641,758	609,354	1,230,215	1,174,744
(b) Net gain/(loss) arising from:				
Sale of securities held-for trading	(2,256)	5,578	22,135	8,211
Sale of securities available-for-sale	148,969	42,287	253,680	130,059
Redemption of securities held-to-maturity	469	-	461	2,281
Net gain from sale of subsidiary company	-	668	-	668
	147,182	48,533	276,276	141,219
(c) Gross dividend from securities portfolio	3,559	2,251	13,164	13,994
(d) Unrealised gain / (loss) on revaluation of:				
- securities held-for-trading	(52,361)	(9,192)	(37,965)	635
- derivatives	66,049	93,821	237,733	178,316
	13,688	84,629	199,768	178,951
(e) Other income:				
Foreign exchange profit	185,116	152,328	179,884	259,999
Rental income	5,661	6,456	12,218	13,054
Gain on disposal of property and equipment (net)	1,279	1,432	4,819	3,304
Gain on disposal of foreclosed properties	849	280	1,291	965
Others	35,856	89,643	71,516	136,353
	228,761	250,139	269,728	413,675
Total non-interest income	1,034,948	994,906	1,989,151	1,922,583

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

<u>Bank</u>	2nd Quarter Ended		Cumulative 6 Months Ended	
	31 December 2010 RM'000	31 December 2009 RM'000	31 December 2010 RM'000	31 December 2009 RM'000
(a) Fee income:				
Commission	151,837	133,609	298,692	259,260
Service charges and fees	171,925	182,931	338,828	365,415
Guarantee fees	29,559	27,565	55,316	59,808
Brokerage income	12	-	209	-
Underwriting fees	3,893	304	6,511	8,166
Other loans related fee income	33,804	60,270	61,645	90,065
	391,030	404,679	761,201	782,714
(b) Net gain arising from:				
Sale of securities held-for trading	159	2,517	17,089	2,457
Sale of securities available-for-sale	129,257	7,485	214,692	77,181
Gain on liquidation of subsidiaries	-	-	595	-
Redemption of securities held-to-maturity	469	-	461	1,853
	129,885	10,002	232,837	81,491
(c) Gross dividend income from:				
Securities portfolio	2,223	5,402	7,682	13,231
Subsidiary companies	186,547	611,415	186,547	624,831
Associated companies	-	-	5,913	4,290
	188,770	616,817	200,142	642,352
(d) Unrealised gain/(loss) on revaluation of:				
- securities held-for-trading	(45,562)	(9,056)	(35,518)	5,675
- derivatives	49,255	88,178	229,215	170,716
	3,693	79,122	193,697	176,391
(e) Other income:				
Foreign exchange profit	165,012	135,289	131,301	223,298
Rental income	5,418	5,898	11,540	11,931
Gain/(loss) on disposal of property and equipment (net)	277	(10)	2,866	2,010
Others	10,454	32,376	12,067	39,974
	181,161	173,553	157,774	277,213
Total non-interest income	894,539	1,284,173	1,545,651	1,960,161

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A19. Overhead Expenses

<u>Group</u>	2nd Quarter Ended		Cumulative 6 Months Ended	
	31 December	31 December	31 December	31 December
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
Personnel costs				
- Salaries, allowances and bonuses	643,030	611,035	1,279,242	1,129,624
- Pension costs	78,720	67,487	155,954	129,501
- Others	116,444	78,024	235,665	174,075
	838,194	756,546	1,670,861	1,433,200
Establishment costs				
- Depreciation	39,621	45,708	80,002	90,975
- Amortisation of intangible assets	36,035	39,168	71,209	77,215
- Rental of leasehold land and premises	42,052	39,800	82,269	78,319
- Repairs and maintenance of property and equipment	31,808	24,930	59,289	54,607
- Information technology expenses	122,262	134,514	233,439	258,125
- Others	3,803	5,482	8,712	16,148
	275,581	289,602	534,920	575,389
Marketing expenses				
- Advertisement and publicity	100,822	95,443	166,663	190,308
- Others	22,776	20,318	44,236	46,683
	123,598	115,761	210,899	236,991
Administration and general expenses				
- Fees and brokerage	102,614	99,779	216,183	215,847
- Administrative expenses	121,155	104,402	212,560	204,947
- General expenses	166,159	114,858	270,393	237,749
- Others	6,758	7,769	20,297	4,168
	396,686	326,808	719,433	662,711
	1,634,059	1,488,717	3,136,113	2,908,291

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A19. Overhead Expenses (cont'd.)

	2nd Quarter Ended		Cumulative 6 Months Ended	
	31 December 2010 RM'000	31 December 2009 RM'000	31 December 2010 RM'000	31 December 2009 RM'000
<u>Bank</u>				
Personnel costs				
- Salaries, allowances and bonuses	452,426	465,538	919,687	851,653
- Pension costs	69,495	61,306	138,930	118,563
- Others	83,088	53,286	150,415	109,150
	605,009	580,130	1,209,032	1,079,366
Establishment costs				
- Depreciation	27,425	32,085	56,614	65,169
- Amortisation of intangible assets	12,548	11,169	23,858	22,310
- Rental of leasehold land and premises	21,859	21,056	42,841	41,273
- Repairs and maintenance of property and equipment	15,753	13,115	32,879	31,792
- Information technology expenses	115,116	124,618	215,993	238,454
- Others	2,106	3,581	5,616	10,225
	194,807	205,624	377,801	409,223
Marketing expenses				
- Advertisement and publicity	44,876	66,992	76,632	117,631
- Others	21,436	15,319	41,248	36,626
	66,312	82,311	117,880	154,257
Administration and general expenses				
- Fees and brokerage	88,339	88,548	174,837	196,561
- Administrative expenses	70,379	52,979	114,007	110,332
- General expenses	85,437	49,124	118,590	94,579
- Others	2,666	3,199	4,184	4,355
	246,821	193,850	411,618	405,827
Overhead expenses allocated to subsidiary company	(110,860)	(87,396)	(222,921)	(173,535)
	1,002,089	974,519	1,893,410	1,875,138

A20. Allowance for Impairment on Loans, Advances and Financing

	2nd Quarter Ended		Cumulative 6 Months Ended	
	31 December 2010 RM'000	31 December 2009 RM'000	31 December 2010 RM'000	31 December 2009 RM'000
<u>Group</u>				
Allowance for impaired loans and financing:				
- collective allowance	104,019	-	256,869	-
- individual allowance made	282,795	-	634,930	-
- individual allowance written back	(79,793)	-	(169,387)	-
- general allowance made	-	1,806	-	39,607
- specific allowance	-	502,958	-	1,155,996
- specific allowance written back	-	(131,338)	-	(290,790)
Impaired loans and financing written off	7,825	1,459	15,130	3,215
Impaired loans and financing recovered	(196,793)	(123,512)	(356,171)	(231,830)
(Written back) / Provision for other debts	(540)	1,473	877	3,267
	117,513	252,846	382,248	679,465
<u>Bank</u>				
Allowance for bad and doubtful debts and financing:				
- collective allowance	49,472	-	163,826	-
- individual allowance made	143,474	-	300,004	-
- individual allowance written back	(63,599)	-	(116,690)	-
- general allowance written back	-	20,220	-	(9,384)
- specific allowance	-	302,971	-	707,684
- specific allowance written back	-	(108,138)	-	(247,966)
Impaired loans and financing written off	6,408	1,554	11,831	3,070
Impaired loans and financing recovered	(130,550)	(79,169)	(219,761)	(137,276)
Provision/(written back) for other debts	531	559	(332)	1,959
	5,736	137,997	138,878	318,087

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A21. Segment Information

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

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

(a) Community Financial Services ("CFS")

(i) Consumer banking

Consumer banking comprises the full range of products and services offered to individuals in Malaysia, including savings and fixed deposits, remittance services, current accounts, consumer loans such as housing loans and personal loans, hire purchases, unit trusts, bancassurance products and credit cards.

(ii) Small, Medium Enterprise ("SME") Banking

Small, Medium Enterprise banking comprises the full range of products and services offered to small and medium enterprises. The products and services offered include long-term loans such as project financing, short-term credit such as overdrafts and trade financing, and fee-based services such as cash management and custodian services.

(iii) Business Banking

Business banking comprises the full range of products and services offered to commercial enterprises. The products and services offered include long-term loans such as project financing, short-term credit such as overdrafts and trade financing, and fee-based services such as cash management and custodian services.

(b) Global Wholesale Banking ("GWB")

(i) Corporate Banking

Corporate Banking comprises the full range of products and services offered to business customers in the region, ranging from large corporate and the public sector. The products and services offered include long-term loans such as project financing, short-term credit such as overdrafts and trade financing, and fee-based services such as cash management and custodian services.

(ii) Global Market

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

(iii) Investment banking

Investment banking comprises business of an investment bank, discount house and securities broker. This segment focuses on business needs of mainly large corporate customers and financial institutions. The products and services offered to customers include direct lending, advisory banking services, bond issuance, equity financing, syndicated acquisitions advisory services, debt restructuring advisory services, and share and futures dealings.

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A21. Segment Information (cont'd.)

(c) Insurance, Takaful and Asset Management

Insurance, takaful and asset management comprise the business of underwriting all classes of general and life insurance businesses, offshore investment life insurance business, general takaful and family takaful businesses, asset and fund management, nominee and trustee services and custodian services

International banking

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

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A21. Segment Information (cont'd.)

By Business Segments (cont'd.)

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

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A21. Segment Information (cont'd.)

By Business Segments (cont'd.)

	<===== Business Segments =====>							
	Community Financial Services RM'000	Corporate Banking RM'000	Global Market RM'000	Investment Banking RM'000	International Banking RM'000	Insurance, Takaful and Asset Management RM'000	Head Office and Others RM'000	
Six Months Ended 31 December 2009								
Net interest income and Islamic banking income								
- external	2,142,700	336,800	436,700	17,448	1,273,908	50,040	(209,421)	4,048,175
- Inter-segment	-	-	-	4,952	992	(6,260)	316	-
	<u>2,142,700</u>	<u>336,800</u>	<u>436,700</u>	<u>22,400</u>	<u>1,274,900</u>	<u>43,780</u>	<u>(209,105)</u>	<u>4,048,175</u>
Net interest income and Islamic banking income	2,142,700	336,800	436,700	22,400	1,274,900	43,780	(209,105)	4,048,175
Net income from insurance business	-	-	-	-	-	154,475	-	154,475
Non-interest income	670,677	194,800	357,300	116,100	605,000	120,706	(142,000)	1,922,583
Net income	<u>2,813,377</u>	<u>531,600</u>	<u>794,000</u>	<u>138,500</u>	<u>1,879,900</u>	<u>318,961</u>	<u>(351,105)</u>	<u>6,125,233</u>
Overhead expenses	(1,550,682)	(70,433)	(54,067)	(54,848)	(1,034,683)	(143,578)	-	(2,908,291)
Allowance for losses on loans, advances and financing	(333,068)	(75,500)	-	17,700	(191,757)	-	(96,840)	(679,465)
Impairment losses on securities, net	-	-	(33,392)	-	(8,700)	-	-	(42,092)
Operating Profit	<u>929,627</u>	<u>385,667</u>	<u>706,541</u>	<u>101,352</u>	<u>644,760</u>	<u>175,383</u>	<u>(447,945)</u>	<u>2,495,385</u>
Share of profits in associates	-	-	-	-	60,784	-	-	60,784
Profit before taxation and zakat	<u>929,627</u>	<u>385,667</u>	<u>706,541</u>	<u>101,352</u>	<u>705,544</u>	<u>175,383</u>	<u>(447,945)</u>	<u>2,556,169</u>
Taxation and zakat								(626,036)
Profit after taxation and zakat								<u>1,930,133</u>
Minority interest								(54,828)
Profit for the period								<u>1,875,305</u>

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A22. Carrying Amount of Revalued Assets

The Group's and the Bank's property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. There was no change in the valuation of property and equipment that were brought forward from the previous audited annual financial statements for the year ended 30 June 2010.

A23. Subsequent Events

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

A24. Changes in the Composition of the Group

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

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A25. Commitments and Contingencies and Off-Balance Sheet Financial Instruments

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

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

<u>Group</u>	As at 31 December 2010			As at 30 June 2010		
	Notional Amount RM'000	Credit Equivalent Amount* RM'000	Risk Weighted Amount* RM'000	Notional Amount RM'000	Credit Equivalent Amount* RM'000	Risk Weighted Amount* RM'000
Credit-related						
Direct credit substitutes	5,772,134	5,292,416	3,797,843	5,209,922	5,209,922	4,151,936
Certain transaction-related contingent items	11,235,018	4,933,362	4,063,425	11,443,670	5,721,837	5,062,677
Short-term self-liquidating trade-related contingencies	6,395,926	910,572	653,487	3,137,785	627,557	487,491
Islamic housing and hire purchase loans sold to Cagamas Berhad	995,101	995,101	995,101	1,137,321	1,137,321	1,137,321
Obligations under underwriting agreements	-	-	-	123,871	46,936	9,387
Irrevocable commitments to extend credit:						
- maturity within one year	14,813,500	-	-	79,635,652	-	-
- maturity exceeding one year	11,471,303	-	-	10,950,125	5,475,064	5,296,484
Miscellaneous commitments and contingencies	27,563,357	2,911,675	992,620	4,565,804	-	-
Total credit-related commitment and contingencies	78,246,339	15,043,126	10,502,476	116,204,150	18,218,637	16,145,296

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

Group (cont'd.)

	As at 31 December 2010			As at 30 June 2010		
	Notional Amount RM'000	Credit Equivalent Amount* RM'000	Risk Weighted Amount* RM'000	Notional Amount RM'000	Credit Equivalent Amount* RM'000	Risk Weighted Amount* RM'000
<u>Derivative Financial Instruments</u>						
<u>Foreign exchange related contracts</u>						
- less than one year	58,726,865	1,996,675	529,692	52,397,492	882,747	251,119
- one year to less than five years	8,805,007	506,196	159,816	2,280,351	43,330	15,103
- five years and above	208,900	12,169	-	-	-	-
	67,740,772	2,515,040	689,508	54,677,843	926,077	266,222
<u>Interest rate related contracts</u>						
- less than one year	38,472,339	857,647	493,602	41,784,791	1,815,893	440,726
- one year to less than five years	15,144,048	323,317	142,446	15,615,090	459,891	143,487
- five years and above	3,148,046	421,940	132,116	2,657,835	433,752	158,705
	56,764,433	1,602,904	768,164	60,057,716	2,709,536	742,918
<u>Equity and commodity related contracts</u>						
- less than one year	1,097,088	-	-	1,333,626	-	-
- one year to less than five years	326,479	-	-	-	-	-
	1,423,567	-	-	1,333,626	-	-
Total treasury-related commitments and contingencies	125,928,772	4,117,944	1,457,672	116,069,185	3,635,613	1,009,140
	204,175,111	19,161,070	11,960,148	232,273,335	21,854,250	17,154,436

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

	As at 31 December 2010			As at 30 June 2010		
	Notional Amount RM'000	Credit Equivalent Amount*	Risk Weighted Amount*	Notional Amount RM'000	Credit Equivalent Amount*	Risk Weighted Amount*
<u>Bank</u>						
Direct credit substitutes	5,743,205	5,003,021	3,603,762	3,659,767	3,659,767	3,269,184
Certain transaction-related contingent items	10,563,739	4,612,764	3,778,730	10,618,480	5,309,241	4,683,204
Short-term self-liquidating trade-related contingencies	6,201,485	871,873	635,440	2,961,992	592,399	461,530
Obligations under underwriting agreements	-	-	-	93,871	46,936	9,387
Irrevocable commitments to extend credit:						
- maturity within one year	13,228,473	-	-	70,392,423	-	-
- maturity exceeding one year	10,833,255	-	-	9,663,589	4,831,795	4,684,632
Miscellaneous commitments and contingencies	22,842,733	2,775,176	959,105	4,545,123	-	-
Total credit-related commitment and contingencies	69,412,890	13,262,834	8,977,037	101,935,245	14,440,138	13,107,937

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

	As at 31 December 2010			As at 30 June 2010		
	Notional Amount RM'000	Credit Equivalent Amount* RM'000	Risk Weighted Amount* RM'000	Notional Amount RM'000	Credit Equivalent Amount* RM'000	Risk Weighted Amount* RM'000
<u>Bank (cont'd.)</u>						
<u>Derivative Financial Instruments</u>						
<u>Foreign exchange related contracts</u>						
- less than one year	55,833,309	1,962,261	522,531	49,578,656	860,175	246,408
- one year to less than five years	8,496,602	506,196	159,816	2,280,351	43,330	15,103
- five years and above	208,903	12,169	-	-	-	-
	64,538,814	2,480,626	682,347	51,859,007	903,505	261,511
<u>Interest rate related contracts</u>						
- less than one year	38,102,412	850,091	490,869	41,625,767	1,815,310	440,580
- one year to less than five years	14,245,942	304,264	136,128	14,047,226	419,989	133,449
- five years and above	2,816,614	404,686	127,132	2,415,491	418,729	151,194
	55,164,968	1,559,041	754,129	58,088,484	2,654,028	725,223
<u>Equity and commodity related contracts</u>						
- less than one year	1,097,088	-	-	1,333,626	-	-
- one year to less than five years	326,479	-	-	-	-	-
	1,423,567	-	-	1,333,626	-	-
Total treasury-related commitments and contingencies	121,127,349	4,039,667	1,436,476	111,281,117	3,557,533	986,734
	190,540,239	17,302,501	10,413,513	213,216,362	17,997,671	14,094,671

* The credit equivalent amount and the risk-weighted amount are arrived at using the credit conversion factors and risk weights respectively, as specified by Bank Negara Malaysia. The risk-weighted amount as at 31 December 2010 is based on Basel II Risk Weighted Capital Adequacy Framework while the risk-weighted amount as at 30 June 2010 is based on Basel I Risk Weighted Capital Adequacy Framework.

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

Market Risk

Market risk is the potential change in value caused by movement in market rates or prices. The contractual amounts provide only a measure of involvement in these types of transactions and do not represent the amounts subject to market risk. Exposure to market risk may be reduced through offsetting on and off-balance sheet positions. As at 31 December 2010, the amount of contracts that was not hedged in the Group and the Bank and, hence, exposed to market risk was RM1,182.0 million and RM1,059.7 million respectively (30 June 2010: RM156.7 and 115.0 million for the Group and the Bank).

Credit Risk

Credit risk arises from the possibility that a counter-party may be unable to meet the terms of a contract in which the Bank and certain subsidiaries have a gain position. As at 31 December 2010, the amount of credit risk in the Group and the Bank, measured in terms of the cost to replace the profitable contracts, was RM546.4 million (30 June 2010: RM509.2 million). This amount will increase or decrease over the life of the contracts, mainly as a function of maturity dates and market rates or prices.

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A26. Capital Adequacy

a) Compliance and Application of Capital Adequacy Ratios

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

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

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

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

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

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

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

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A26. Capital Adequacy (cont'd.)

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

In determining the capital adequacy ratio, the proposed gross dividend consists of an electable portion of 24 sen (21 sen net per ordinary share) which can be elected to be reinvested in new ordinary shares in accordance with the Dividend Reinvestment Plan as disclosed in Note B 8(c).

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

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

	Group		Bank	
	31 December 2010	30 June 2010	31 December 2010	30 June 2010
<u>Basel II</u>				
Before deducting electable portion dividend to be reinvested:				
Core capital ratio	11.95%	-	13.80%	-
Risk-weighted capital ratio	<u>14.31%</u>	<u>-</u>	<u>13.80%</u>	<u>-</u>
After deducting electable portion dividend to be reinvested:				
Core capital ratio, assuming:				
- full electable portion paid in cash	11.29%	-	12.98%	-
- full electable portion reinvested	11.85%	-	13.68%	-
Risk-weighted capital ratio, assuming:				
- full electable portion paid in cash	13.66%	-	12.98%	-
- full electable portion reinvested	<u>14.21%</u>	<u>-</u>	<u>13.68%</u>	<u>-</u>
<u>Basel I</u>				
Before deducting proposed dividend:				
Core capital ratio	-	11.06%	-	15.02%
Risk-weighted capital ratio	<u>-</u>	<u>14.67%</u>	<u>-</u>	<u>15.02%</u>
After deducting proposed dividend:				
Core capital ratio, assuming:				
- full electable portion paid in cash	-	10.10%	-	13.78%
- full electable portion reinvested	-	10.97%	-	14.91%
Risk-weighted capital ratio, assuming:				
- full electable portion paid in cash	-	13.71%	-	13.78%
- full electable portion reinvested	<u>-</u>	<u>14.58%</u>	<u>-</u>	<u>14.91%</u>

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A26. Capital Adequacy (cont'd.)

	Group		Bank	
	31 December 2010 RM '000	30 June 2010 RM '000	31 December 2010 RM '000	30 June 2010 RM '000
Components of Tier I and Tier II capital:				
<u>Tier I capital</u>				
Paid-up share capital	7,322,240	7,077,983	7,322,240	7,077,983
Share premium	7,539,398	5,903,497	7,539,398	5,903,497
Other reserves	13,389,597	13,813,992	11,731,213	12,506,193
Capital Securities	6,020,497	5,978,752	6,020,497	5,978,752
	<u>34,271,732</u>	32,774,224	<u>32,613,348</u>	31,466,425
Less: Deferred tax assets ¹	(1,867,706)	(1,564,963)	(1,376,401)	(1,148,176)
Less: Goodwill ¹	(4,154,485)	(4,154,486)	(81,015)	(81,015)
Total Tier I capital	<u>28,249,541</u>	<u>27,054,775</u>	<u>31,155,932</u>	<u>30,237,234</u>
<u>Tier II capital</u>				
Subordinated obligations	7,024,150	8,069,116	7,024,150	8,069,116
Collective allowance for bad and doubtful debts	706,210	3,838,541	292,234	3,015,865
Surplus of total EP over total EL ³	787,101	-	685,965	-
Total Tier II capital	<u>8,517,461</u>	<u>11,907,657</u>	<u>8,002,349</u>	<u>11,084,981</u>
Total capital	<u>36,767,002</u>	38,962,432	<u>39,158,281</u>	41,322,215
Less: Investment in subsidiary companies and associates ²	(2,929,305)	(3,065,249)	(13,087,434)	(13,009,007)
Less: Other deductions	(3,096)	(18,060)	(3,003)	(18,051)
Capital base	<u>33,834,601</u>	<u>35,879,123</u>	<u>26,067,844</u>	<u>28,295,157</u>

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

² Excludes the cost of investment in subsidiary companies and associates, except for Myfin Berhad of RM18,993,759, as its business, assets and liabilities have been transferred to the Bank. For the Group, the cost of investments in insurance companies and associates are deducted from capital base.

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

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A26. Capital Adequacy (cont'd.)

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

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

	Maybank Islamic Berhad	Maybank Investment Bank Berhad	Bank Internasional Indonesia
31 December 2010			
<u>Before and after deducting interim dividends</u>			
Core capital ratio	10.72%	25.27%	-
Risk-weighted capital ratio	<u>11.19%</u>	<u>25.27%</u>	<u>12.50%</u>
30 June 2010			
<u>Before and after deducting interim dividends</u>			
Core capital ratio	9.14%	35.60%	-
Risk-weighted capital ratio	<u>10.66%</u>	<u>37.37%</u>	<u>14.87%</u>

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A26. Capital Adequacy (cont'd.)

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

At 31 December 2010 - Basel II

	Group RM'000	Bank RM'000	Maybank Islamic Berhad RM'000	Maybank Investment Bank Berhad RM'000	Bank Internasional Indonesia RM'000
Standardised Approach exposure	57,164,546	34,319,502	5,381,688	1,020,906	18,975,048
IRB Approach exposure after scaling factor	131,183,521	114,327,517	19,120,984	-	-
Total risk-weighted assets for credit risk	188,348,067	148,647,019	24,502,672	1,020,906	18,975,048
Total risk-weighted assets for market risk	24,647,253	22,317,455	606,867	90,827	232,708
Total risk-weighted assets for operational risk	23,497,597	17,954,567	2,116,592	456,581	1,854,662
Additional RWA due to capital floor	-	-	5,162,176	-	-
Total risk-weighted assets	236,492,917	188,919,041	32,388,307	1,568,314	21,062,418

At 30 June 2010 - Basel I

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

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A26. Capital Adequacy (cont'd.)

e) Disclosure on Capital Adequacy under Internal Ratings Based (IRB) Approach as at 31 December 2010 (Group)

Item	Exposure Class	Gross Exposures / Exposure at Default before Credit Risk Mitigation RM '000	Net Exposures / Exposure at Default before Credit Risk Mitigation RM '000	Risk Weighted Assets RM '000	Minimum Capital Requirement at 8% RM '000
(i)	<u>Credit Risk</u>				
(i.i)	<u>Exempted Exposures (Standardised Approach)</u>				
	<u>On-Balance-Sheet Exposures</u>				
	Sovereigns/Central Banks	36,720,700	36,720,700	2,042,950	163,436
	Public Sector Entities	88,374	88,374	88,374	7,070
	Banks, Development Financial Institutions (FDIs) & Multilateral Development Banks (MDBs)	695,514	472,232	358,509	28,681
	Insurance Cos, Securities Firms & Fund Managers	95,290	95,290	101,185	8,095
	Corporates	36,073,729	28,602,206	27,039,370	2,163,150
	Regulatory Retail	19,221,451	17,003,197	12,667,037	1,013,363
	Residential Mortgage	3,961,309	3,910,015	1,793,065	143,445
	Higher Risk Assets	736,176	658,773	988,159	79,053
	Other Assets	22,211,259	21,817,128	9,740,008	779,201
	Equity Exposure	78,409	78,409	87,876	7,030
	Defaulted Exposures	377,778	375,084	417,074	33,366
	Total On-Balance Sheet Exposures	120,259,989	109,821,408	55,323,607	4,425,890
	<u>Off-Balance-Sheet Exposures</u>				
	<u>OTC Derivatives</u>	235,324	235,324	147,057	11,765
	Off balance sheet exposures other than OTC derivatives or credit derivatives	2,091,852	1,888,482	1,693,878	135,510
	Defaulted Exposures	8	8	4	-
	Total Off-Balance Sheet Exposures	2,327,184	2,123,814	1,840,939	147,275
	Total On and Off-Balance Sheet Exposures	122,587,173	111,945,222	57,164,546	4,573,165
(i.ii)	<u>Exposures under the IRB Approach</u>				
	<u>On-Balance-Sheet Exposures</u>				
	Banks, Development Financial Institutions & Insurance Cos, Securities Firms & Fund Managers	31,800,789	31,800,789	12,078,784	908,157
	Corporate Exposures	1	1	-	-
	a) Corporates (excluding Specialised Lending and firm-size adjustments)	87,578,392	87,578,392	69,949,749	5,595,980
	Retail Exposures	81,863,271	81,863,271	30,365,751	2,508,868
	a) Residential Mortgages	27,787,551	27,787,551	12,177,205	974,176
	b) Qualifying Revolving Retail Exposures	3,888,994	3,888,994	2,416,863	193,349
	c) Hire Purchase Exposures	28,026,621	28,026,621	10,279,912	902,001
	d) Other Retail Exposures	22,160,105	22,160,105	5,491,771	439,342
	Defaulted Exposures	5,128,506	5,128,506	1,244,546	99,563
	Total On-Balance Sheet Exposures	206,370,959	206,370,959	113,638,830	9,112,568
	<u>Off-Balance-Sheet Exposures</u>				
	<u>OTC Derivatives</u>	4,085,990	4,085,990	1,310,612	162,995
	Off balance sheet exposures other than OTC derivatives or credit derivatives	12,855,526	12,855,526	8,808,461	625,069
	Defaulted Exposures	95,740	95,740	136	11
	Total Off-Balance Sheet Exposures	17,037,256	17,037,256	10,119,209	788,075
	Total On and Off-Balance Sheet Exposures	223,408,215	223,408,215	123,758,039	9,900,643
	Total On and Off-Balance Sheet Exposures after scaling factor	223,408,215	223,408,215	131,183,521	9,900,643
	Total (Exposures under Standardised Approach & IRB Approach)	345,995,388	335,353,437	188,348,067	14,473,808
(ii)	<u>Market Risk</u>		35,409,466	24,647,253	1,971,780
(iii)	<u>Operational Risk</u>			23,497,597	1,879,808
(iv)	Total RWA and Capital Requirements			236,492,917	18,325,396

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A26. Capital Adequacy (cont'd.)

e) Disclosure on Capital Adequacy under Internal Ratings Based (IRB) Approach as at 31 December 2010 (Bank)

Item	Exposure Class	Gross Exposures / Exposure at Default before Credit Risk Mitigation RM '000	Net Exposures / Exposure at Default before Credit Risk Mitigation RM '000	Risk Weighted Assets RM '000	Minimum Capital Requirement at 8% RM '000
(i)	<u>Credit Risk</u>				
	<u>Exempted Exposures</u>				
(i.i)	<u>(Standardised Approach)</u>				
	On-Balance-Sheet Exposures				
	Sovereigns/Central Banks	25,440,889	25,440,889	603,432	48,274
	Insurance Cos, Securities Firms & Fund Managers	94,761	94,761	100,656	8,052
	Corporates	18,683,990	18,335,224	17,258,714	1,380,697
	Regulatory Retail	8,310,436	8,083,060	6,059,648	484,772
	Residential Mortgage	1,883,576	1,883,576	1,032,700	82,616
	Higher Risk Assets	449,382	449,382	674,073	53,926
	Other Assets	18,061,248	18,061,248	6,413,480	513,078
	Equity Exposure	59,418	59,418	59,418	4,753
	Defaulted Exposures	314,509	308,799	338,444	27,077
	Total On-Balance Sheet Exposures	73,298,209	72,716,357	32,540,565	2,603,245
	Off-Balance-Sheet Exposures				
	OTC Derivatives	223,220	223,220	144,636	11,571
	Off balance sheet exposures other than OTC derivatives or credit derivatives	1,961,621	1,794,020	1,634,297	130,744
	Defaulted Exposures	8	8	4	-
	Total Off-Balance Sheet Exposures	2,184,849	2,017,248	1,778,937	142,315
	Total On and Off-Balance Sheet Exposures	75,483,058	74,733,605	34,319,502	2,745,560
(i.ii)	<u>Exposures under the IRB Approach</u>				
	On-Balance-Sheet Exposures				
	Banks, Development Financial Institutions & Corporate Exposures	35,703,245	35,703,245	14,021,354	1,063,876
	a) Corporates (excluding Specialised Lending and firm-size adjustments)	75,745,453	75,745,453	61,418,292	4,913,463
	Retail Exposures	58,467,366	58,467,366	22,805,474	1,824,438
	a) Residential Mortgages	23,859,513	23,859,513	10,029,765	802,381
	b) Qualifying Revolving Retail Exposures	3,643,689	3,643,689	2,248,337	179,867
	c) Hire Purchase Exposures	15,451,522	15,451,522	6,502,622	520,210
	d) Other Retail Exposures	15,512,642	15,512,642	4,024,750	321,980
	Defaulted Exposures	4,150,614	4,150,614	976,452	78,116
	Total On-Balance Sheet Exposures	174,066,678	174,066,678	99,221,572	7,879,893
	Off-Balance-Sheet Exposures				
	OTC Derivatives	3,984,048	3,984,048	1,291,840	161,180
	Off balance sheet exposures other than OTC derivatives or credit derivatives	11,205,465	11,205,465	7,342,600	587,408
	Defaulted Exposures	95,740	95,740	136	11
	Total Off-Balance Sheet Exposures	15,285,253	15,285,253	8,634,576	748,599
	Total On and Off-Balance Sheet Exposures	189,351,931	189,351,931	107,856,148	8,628,492
	Total On and Off-Balance Sheet Exposures after scaling factor	189,351,931	189,351,931	114,327,517	8,628,492
	Total (Exposures under Standardised Approach & IRB Approach)	264,834,989	264,085,536	148,647,019	11,374,052
(ii)	<u>Market Risk</u>		35,111,034	22,317,455	1,785,396
(iii)	<u>Operational Risk</u>			17,954,567	1,436,365
(iv)	Total RWA and Capital Requirements			188,919,041	14,595,813

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A26. Capital Adequacy (cont'd.)

f) Disclosure on Credit Risk: Disclosures on Risk Weights (Standardised Approach) as at 31 December 2010 (Group)

<===== Exposures after Netting and Credit Risk Mitigation =====>												
Risk weights	Sovereigns & Central Banks	Public Sector Entities	Banks, MDBs & FDIs	Insurance Cos, Securities Firms & Fund Managers	Corporates	Regulatory Retail	Residential Mortgages	Higher Risk Assets	Other Assets	Equity	Total Exposures after Netting & Credit Risk Mitigation	Total Risk Weighted Assets
	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000
0%	34,553,924	-	72,292	-	411,840	238,818	1,226	-	12,116,142	-	47,394,242	-
10%	6,507	-	-	-	-	-	-	-	-	-	6,507	654
20%	381,606	20	73,885	-	255,590	10,739	-	-	-	-	721,840	144,368
35%	-	-	-	-	-	-	2,772,181	-	-	-	2,772,181	970,263
50%	-	6,688	19,994	22,504	2,038,470	32,518	152,308	-	-	-	2,272,482	1,136,241
75%	-	-	-	-	51,037	16,465,290	985,205	-	7,903	-	17,509,435	13,132,076
90%	-	-	-	-	-	-	-	-	-	-	-	-
100%	1,966,346	88,374	290,985	289,046	27,440,330	350,533	129,076	-	9,629,547	59,476	40,243,713	40,243,712
110%	-	-	-	-	-	-	-	-	-	-	-	-
125%	-	-	-	-	-	-	-	-	-	-	-	-
135%	-	-	-	-	-	-	-	-	-	-	-	-
150%	-	-	31,471	34,295	133,826	8,006	-	728,321	69,969	18,934	1,024,822	1,537,232
Total	36,908,383	95,082	488,627	345,845	30,331,093	17,105,904	4,039,996	728,321	21,823,561	78,410	111,945,222	57,164,546

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A26. Capital Adequacy (cont'd.)

f) Disclosure on Credit Risk: Disclosures on Risk Weights (Standardised Approach) as at 31 December 2010 (Bank)

Risk weights	<===== Exposures after Netting and Credit Risk Mitigation =====>										Total Risk Weighted Assets
	Sovereigns & Central Banks	Public Sector Entities	Insurance Cos, Securities Firms & Fund Managers	Corporates	Regulatory Retail	Residential Mortgages	Higher Risk Assets	Other Assets	Equity	Total Exposures after Netting & Credit Risk Mitigation	
	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	
0%	24,851,929	-	-	89,010	-	-	-	11,682,753	-	36,623,692	-
10%	-	-	-	-	-	-	-	-	-	-	-
20%	216,056	20	-	93,178	-	-	-	-	-	309,254	61,854
35%	-	-	-	-	-	884,233	-	-	-	884,233	309,482
50%	-	-	22,506	1,980,698	28,145	121,461	-	-	-	2,152,810	1,076,404
75%	-	-	-	-	8,121,467	894,187	-	-	-	9,015,654	6,761,740
90%	-	-	-	-	-	-	-	-	-	-	-
100%	560,587	-	288,517	17,700,831	-	105,961	-	6,308,527	59,418	25,023,841	25,023,841
110%	-	-	-	-	-	-	-	-	-	-	-
125%	-	-	-	-	-	-	-	-	-	-	-
135%	-	-	-	-	-	-	-	-	-	-	-
150%	-	-	34,295	101,993	1,474	-	516,390	69,969	-	724,121	1,086,181
Total	25,628,572	20	345,318	19,965,710	8,151,086	2,005,842	516,390	18,061,249	59,418	74,733,605	34,319,502

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A26. Capital Adequacy (cont'd.)

g) Disclosure on Exposures by Risk Grade or Probability of Default (PD) Band (IRB Approach) as at 31 December 2010 (Group)

PD Range (%)	Exposure at Default Post Credit Risk Mitigation RM '000	Exposure Weighted Average Loss Given Default %	Exposure Weighted Average Risk Weight %	Undrawn commitments RM '000	RWA RM '000
<u>Non-Retail Exposures</u>					
Bank					
0.03 - 0.08	9,795,471	45.39	32.35	10	2,046,228
0.08 - 0.41	21,698,506	45.01	43.03	2,316	7,149,782
0.42 - 6.09	4,204,916	45.00	108.41	5	3,607,774
6.10 - 99.99	269,120	45.00	177.68	-	420,775
100.00	189,348	44.80	-	-	-
Total for Bank Exposures	36,157,361			2,331	13,224,559
Insurance Cos, Securities Firms & Fund Managers					
0.14 - 0.55	55	45.00	21.40	-	23
100.00	3,956	45.00	-	-	-
Total for Insurance Cos, Securities Firms & Fund Managers Exposures	4,011			-	23
Corporate					
0.02 - 0.13	14,298,397	45.15	27.31	445	3,784,946
0.14 - 0.55	18,138,709	45.23	46.05	1,105	8,324,652
0.56 - 2.92	38,654,462	43.40	87.19	3,237	31,546,787
2.93 - 99.99	24,584,230	44.89	173.88	1,232	33,321,642
100.00	4,245,129	42.76	-	202	-
Total for Corporate Exposures	99,920,927			6,221	76,978,027
Total Non-Retail Exposures	136,082,299			8,552	90,202,609
<u>Retail Exposures</u>					
Residential Mortgages					
0.25 - 4.44	23,853,717	26	43	-	8,324,464
4.45 - 44.46	3,406,978	25	123	-	3,245,885
44.47 - 99.99	526,856	21	228	-	606,856
100.00	940,869	75	939	-	634,066
Total for Residential Mortgages Exposures	28,728,420			-	12,811,271
Qualifying Revolving Retail Exposure					
0.25 - 4.44	5,365,990	77	42	2,589,752	1,472,139
4.45 - 44.46	1,230,736	76	242	200,604	1,688,701
44.47 - 99.99	89,364	78	629	16,987	214,619
100.00	11,611	75	934	109	2,528
Total for Qualifying Revolving Retail Exposures	6,697,701			2,807,452	3,377,987
Hire Purchase Exposure					
0.25 - 4.44	25,714,429	51	37	-	8,660,941
4.45 - 44.46	3,236,571	47	136	-	2,520,748
44.47 - 99.99	70,723	54	395	-	93,323
100.00	188,714	95	1,192	-	128,714
Total Hire Purchase Exposures	29,210,437			-	11,403,726
Other Retail Exposure					
0.25 - 4.44	11,168,264	22	31	7,700	2,944,265
4.45 - 44.46	10,477,354	13	37	2,367	2,284,363
44.47 - 99.99	521,601	21	171	886	273,663
100.00	522,139	71	884	-	460,154
Total Other Retail Exposures	22,689,358			10,953	5,962,445
Total Retail Exposures	87,325,916			2,818,405	33,555,429
Total Non-Retail & Retail Exposures under IRB Approach	223,408,215			2,826,957	123,758,038

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A26. Capital Adequacy (cont'd.)

g) Disclosure on Exposures by Risk Grade or Probability of Default (PD) Band (IRB Approach) as at 31 December 2010 (Bank)

PD Range (%)	Exposure at Default Post Credit Risk Mitigation RM '000	Exposure Weighted Average Loss Given Default %	Exposure Weighted Average Risk Weight %	Undrawn commitments RM '000	RWA RM '000
Non-Retail Exposures					
Bank					
0.03 - 0.08	9,795,471	45.39	32.35	10	2,046,228
0.09 - 0.41	25,532,469	45.02	48.67	2,316	9,026,097
0.42 - 6.09	4,091,186	45.00	121.07	5	3,515,147
6.10 - 99.99	349,400	45.00	177.68	-	560,884
100.00	189,348	45.00	-	-	-
Total for Bank Exposures	39,957,874			2,331	15,148,356
Insurance Cos, Securities Firms & Fund Managers					
0.14 - 0.55	55	45.00	21.40	-	23
100.00	3,944	45.00	-	-	-
Total for Insurance Cos, Securities Firms & Fund Managers Exposures	3,999			-	23
Corporate					
0.02 - 0.13	11,174,683	45.10	25.90	445	2,904,302
0.14 - 0.55	16,032,403	44.52	44.90	1,105	7,361,247
0.56 - 2.92	33,905,669	44.21	88.33	3,237	27,756,887
2.93 - 99.99	22,196,568	43.82	166.70	1,232	29,982,080
100.00	3,576,922	41.81	-	202	-
Total for Corporate Exposures	86,886,245			6,221	68,004,516
Total Non-Retail Exposures	126,848,118			8,552	83,152,895
Retail Exposures					
Residential Mortgages					
0.25 - 4.44	20,743,287	25.24	37.50	-	6,995,360
4.45 - 44.46	2,692,336	24.57	121.33	-	2,548,249
44.47 - 99.99	423,890	20.93	225.29	-	486,156
100.00	795,609	75.51	943.92	-	535,886
Total for Residential Mortgages Exposures	24,655,122			-	10,565,651
Qualifying Revolving Retail Exposure					
0.25 - 4.44	5,144,806	79.91	36.48	2,532,050	1,396,493
4.45 - 44.46	1,144,313	76.41	248.70	191,553	1,575,122
44.47 - 99.99	85,353	80.92	671.53	16,690	205,572
100.00	10,580	74.80	935.05	109	1,973
Total for Qualifying Revolving Retail Exposures	6,385,052			2,740,402	3,179,160
Hire Purchase Exposure					
0.25 - 4.44	13,322,251	48.89	41.43	-	4,899,601
4.45 - 44.46	2,069,700	44.52	123.71	-	1,527,027
44.47 - 99.99	59,571	48.67	340.31	-	75,995
100.00	137,822	94.49	1,181.07	-	95,332
Total Hire Purchase Exposures	15,589,344			-	6,597,955
Other Retail Exposure					
0.25 - 4.44	9,022,355	23.01	31.51	7,526	2,410,530
4.45 - 44.46	6,187,861	13.64	39.09	2,304	1,431,372
44.47 - 99.99	309,416	26.64	222.43	861	193,092
100.00	354,663	72.36	904.53	-	325,493
Total Other Retail Exposures	15,874,295			10,691	4,360,487
Total Retail Exposures	62,503,813			2,751,093	24,703,253
Total Non-Retail & Retail Exposures under IRB Approach	189,351,931			2,759,645	107,856,148

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A27. Derivative Financial Instruments

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

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

	Group			Bank		
	Principal Amount RM'000	Fair Value		Principal Amount RM'000	Fair Value	
<u>As at 31 December 2010</u>	Assets Amount* RM'000	Liabilities Amount* RM'000	Assets Amount* RM'000	Liabilities Amount* RM'000	Assets Amount* RM'000	Liabilities Amount* RM'000
Trading derivatives						
<u>Foreign exchange related contracts:</u>						
Currency forward	30,566,935	398,221	(325,451)	27,364,977	361,833	(291,879)
- Less than one year	29,069,787	363,116	(293,439)	25,867,829	326,728	(259,867)
- One year to three years	848,288	19,726	(17,901)	848,288	19,726	(17,901)
- More than three years	648,860	15,379	(14,111)	648,860	15,379	(14,111)
Currency swaps	20,779,013	182,228	(264,464)	20,779,013	182,228	(264,464)
- Less than one year	20,777,374	182,228	(264,452)	20,777,374	182,228	(264,452)
- One year to three years	1,639	-	(12)	1,639	-	(12)
- More than three years	-	-	-	-	-	-
Currency spots	6,736,839	1,810	(3,801)	6,736,839	1,810	(3,801)
- Less than one year	6,736,839	1,810	(3,801)	6,736,839	1,810	(3,801)
- One year to three years	-	-	-	-	-	-
- More than three years	-	-	-	-	-	-
Currency options	1,800,963	9,291	(11,163)	1,800,963	9,291	(11,163)
- Less than one year	1,800,963	9,291	(11,163)	1,800,963	9,291	(11,163)
- One year to three years	-	-	-	-	-	-
- More than three years	-	-	-	-	-	-
Cross currency interest rate swaps	5,069,357	263,574	(149,853)	5,069,357	263,574	(149,853)
- Less than one year	169,542	3,030	(9,118)	169,542	3,030	(9,118)
- One year to three years	1,836,831	131,926	(33,170)	1,836,831	131,926	(33,170)
- More than three years	3,062,984	128,618	(107,565)	3,062,984	128,618	(107,565)
<u>Interest rate derivatives</u>						
Interest rate swaps	47,186,246	413,114	(475,713)	46,586,246	411,558	(475,713)
- Less than one year	11,795,260	56,976	(68,914)	11,195,260	55,420	(68,914)
- One year to three years	20,070,239	195,368	(217,648)	20,070,239	195,368	(217,648)
- More than three years	15,320,747	160,770	(189,151)	15,320,747	160,770	(189,151)
Interest rate futures	3,576,840	977	(212)	3,576,840	977	(212)
- Less than one year	2,804,693	922	(131)	2,804,693	922	(131)
- One year to three years	772,147	55	(81)	772,147	55	(81)
- More than three years	-	-	-	-	-	-
Interest rate options	2,477,919	19,146	(127,445)	2,033,469	15,300	(106,892)
- Less than one year	712,719	6,800	(20,776)	268,269	2,954	(223)
- One year to three years	1,115,200	12,346	-	1,115,200	12,346	-
- More than three years	650,000	-	(106,669)	650,000	-	(106,669)

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A27. Derivative Financial Instruments (cont'd.)

	Group			Bank		
	Principal Amount RM'000	Fair Value		Principal Amount RM'000	Fair Value	
<u>As at 31 December 2010</u>	Assets Amount* RM'000	Liabilities Amount* RM'000	Assets Amount* RM'000	Liabilities Amount* RM'000	Assets Amount* RM'000	Liabilities Amount* RM'000
<u>Equity related derivatives</u>						
Equity options	905,604	8,602	(9,321)	905,604	9,321	(9,321)
- Less than one year	639,430	2,004	(2,723)	639,430	2,723	(2,723)
- One year to three years	164,162	529	(529)	164,162	529	(529)
- More than three years	102,012	6,069	(6,069)	102,012	6,069	(6,069)
Commodity options	517,963	16,008	(16,008)	517,963	16,008	(16,008)
- Less than one year	457,658	11,606	(11,606)	457,658	11,606	(11,606)
- One year to three years	-	-	-	-	-	-
- More than three years	60,305	4,402	(4,402)	60,305	4,402	(4,402)
<u>Hedging derivatives</u>						
Interest rate swaps	1,644,297	(4,768)	(104,974)	1,089,282	(4,768)	(84,762)
- Less than one year	458,748	(4,768)	(25,840)	371,919	(4,768)	(12,348)
- One year to three years	427,549	-	(23,962)	308,076	-	(22,054)
- More than three years	758,000	-	(55,172)	409,287	-	(50,360)
Cross currency interest rate swaps	4,666,796	309,894	(117,374)	4,666,796	309,894	(117,374)
- Less than one year	723,458	19,243	(3,124)	723,458	19,243	(3,124)
- One year to three years	2,590,917	233,951	(28,095)	2,590,917	233,951	(28,095)
- More than three years	1,352,421	56,700	(86,155)	1,352,421	56,700	(86,155)
Total derivative assets / (liabilities)	125,928,772	1,618,097	(1,605,779)	121,127,349	1,577,026	(1,531,442)

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

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A28. Credit Exposure Arising From Credit Transactions With Connected Parties

	GROUP		BANK	
	31 December 2010	30 June 2010	31 December 2010	30 June 2010
Outstanding credit exposures with connected parties (RM'000)	4,452,399	5,020,680	4,276,626	4,814,535
Percentage of outstanding credit exposures to connected parties as proportion of total credit exposures	2.0%	2.5%	3.8%	3.2%
Percentage of outstanding credit exposures to connected parties which is non-performing or in default	0.0%	0.0%	0.0%	0.0%

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

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A29. The Operations of Islamic Banking Scheme

A29a. Unaudited Statements of Financial Position as at 31 December 2010

<u>Group</u>	Note	31 December 2010 RM'000	30 June 2010 RM'000
ASSETS			
Cash and short-term funds		4,588,183	5,818,068
Deposits and placements with banks and other financial institutions		50,391	707
Securities portfolio		5,143,292	4,700,919
Financing and advances	A29d	37,909,571	33,516,386
Deferred tax assets		150,767	79,712
Derivative assets		28,870	17,513
Other assets		256,603	222,559
Statutory deposit with Bank Negara Malaysia		163,000	153,000
Intangible Assets		1,089	-
Total Assets		48,291,766	44,508,864
LIABILITIES			
Deposits from customers	A29e	37,194,887	34,693,613
Deposit and placements of banks and other financial institutions		5,858,110	5,051,346
Bills and acceptances payable		163,410	28,175
Derivatives liabilities		43,824	20,775
Other liabilities		861,114	1,235,875
Provision for taxation and zakat		119,157	31,607
Total Liabilities		44,240,502	41,061,391
ISLAMIC BANKING FUNDS			
Islamic Banking Funds		486,888	207,410
Reserves		3,564,376	3,240,063
		4,051,264	3,447,473
Total Liabilities and Islamic Banking Funds		48,291,766	44,508,864
COMMITMENTS AND CONTINGENCIES			
		14,358,086	13,627,916

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

A29b. Unaudited Income Statements for the Second Quarter and Financial Half Year Ended 31 December 2010

	2nd Quarter Ended		Cumulative 6 Months Ended	
	31 December 2010 RM'000	31 December 2009 RM'000	31 December 2010 RM'000	31 December 2009 RM'000
Group				
Income derived from investment of depositors' funds	586,008	448,901	1,143,199	875,104
Expenses directly attributable to depositors and Islamic Banking Funds	(9,430)	(2,619)	(16,498)	(4,500)
Transfer from profit equalisation reserve	(6,896)	(12,492)	(49,050)	28,897
Gross attributable income	<u>569,682</u>	433,790	<u>1,077,651</u>	899,501
Allowance for losses on financing and advances	(7,559)	(49,147)	(11,655)	(220,280)
Total attributable income	562,123	384,643	1,065,996	679,221
Income attributable to the depositors	<u>(252,820)</u>	(145,110)	<u>(479,531)</u>	(302,048)
Income attributable to the Group	309,303	239,533	586,465	377,173
Income derived from investment of Islamic Banking Funds				
Gross investment income	<u>59,525</u>	29,581	<u>101,492</u>	65,468
Net income from investment of Islamic Banking Funds	<u>59,525</u>	29,581	<u>101,492</u>	65,468
	<u>368,828</u>	269,114	<u>687,957</u>	442,641
Overhead expenses	(134,141)	(102,634)	(258,011)	(203,080)
Profit before taxation and zakat	234,687	166,480	429,946	239,561
Taxation	(57,539)	(41,971)	(105,092)	(49,763)
Zakat	(2,654)	(1,722)	(4,198)	(3,933)
Profit for the period	174,494	122,787	320,656	185,865

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

	2nd Quarter Ended		Cumulative 6 Months Ended	
	31 December 2010 RM'000	31 December 2009 RM'000	31 December 2010 RM'000	31 December 2009 RM'000
Group				
Gross attributable income	569,682	433,790	1,077,651	899,501
Net income from investment of Islamic Banking Funds	<u>59,525</u>	29,581	<u>101,492</u>	65,468
Total income before allowances for losses on financing and advances and overhead expenses	<u>629,207</u>	463,371	<u>1,179,143</u>	964,969
Income attributable to the depositors	<u>(252,820)</u>	(145,110)	<u>(479,531)</u>	(302,048)
	<u>376,387</u>	318,261	<u>699,612</u>	662,921
Net of Intercompany income & expenses	<u>16,489</u>	37,688	<u>31,467</u>	74,584
Income from Islamic Banking Scheme	<u>392,876</u>	355,949	<u>731,079</u>	737,505

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

A29c. Unaudited Statements of Comprehensive Income for the Half Year Ended 31 December 2010

	2nd Quarter Ended		Cumulative 6 Months Ended	
	31 December 2010 RM'000	31 December 2009 RM'000	31 December 2010 RM'000	31 December 2009 RM'000
Profit for the period	174,494	122,787	320,656	185,865
Other comprehensive (loss)/income:				
Currency translation differences in respect of foreign operations	(74)	(159)	(132)	(169)
Net (loss)/gain on revaluation of financial investments available-for-sale	(40,741)	(16,463)	3,793	3,240
Income tax relating to components of other comprehensive income	9,627	2,912	463	(1,176)
Other comprehensive (loss)/income: for the period, net of tax	(31,188)	(13,710)	4,124	1,895
Total comprehensive (loss)/income for the period	143,306	109,077	324,780	187,760

A29d. Financing and Advances

	Group	
	31 December 2010 RM'000	30 June 2010 RM'000
Cashline	2,336,568	2,092,616
Term financing		
- Housing financing	5,758,959	5,465,917
- Syndicated financing	168,552	177,389
- Hire purchase receivables	16,600,464	15,028,210
- Other financing	27,586,743	23,512,351
Bills receivable	2,828	5,004
Trust receipts	112,443	126,423
Claims on customers under acceptance credits	3,020,317	2,881,944
Staff financing	615,031	455,891
Credit card receivables	272,110	193,113
Revolving credits	2,095,080	1,540,800
	58,569,095	51,479,658
Unearned income	(19,550,128)	(16,796,539)
Gross financing and advances	39,018,967	34,683,119
Allowance for bad and doubtful financing:		
- individual allowance	(443,598)	-
- collective allowance	(665,798)	-
- specific	-	(633,025)
- general	-	(533,708)
Net financing and advances	37,909,571	33,516,386

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

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

	Group	
	31 December 2010 RM'000	30 June 2010 RM'000
Balance at beginning of the period/year		
- as previously stated	931,493	1,045,712
- effect of adopting FRS 139	224,146	-
Balance at beginning of the period/year, as restated	<u>1,155,639</u>	<u>1,045,712</u>
Impaired during the period/year	499,549	639,433
Recovered/regularized during the period/year	(371,244)	(547,871)
Amount written off	(123,631)	(220,279)
Expenses debited to customers' accounts	10,587	14,498
Balance at end of the period/year	<u>1,170,900</u>	<u>931,493</u>
Individual allowance	(443,598)	-
Specific allowance	-	(633,025)
- on non-performing financing	-	(628,424)
- on performing financing	-	(4,601)
Net impaired financing	<u>727,302</u>	<u>298,468</u>
Ratio of net impaired loans:		
Post FRS 139	<u>1.89%</u>	-
Pre FRS 139		
- Including individual allowance on non-performing loans	-	0.88%
- Excluding individual allowance on non-performing loans	-	0.89%

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

	Group	
	31 December 2010 RM'000	30 June 2010 RM'000
<u>Individual impairment allowance</u>		
At beginning of the period/year		
- as previously stated	-	-
- effect of adopting FRS 139	473,823	-
At beginning of the period/year, as restated	<u>473,823</u>	<u>-</u>
Allowance made during the period/year	57,063	-
Amount written back	(31,173)	-
Amount written off	(54,526)	-
Amount transfer from IA to CA	(1,589)	-
At end of the period/year	<u>443,598</u>	<u>-</u>
<u>Collective impairment allowance</u>		
At beginning of the period/year		
- as previously stated	-	-
- effect of adopting FRS 139	717,828	-
At beginning of the period/year, as restated	<u>717,828</u>	<u>-</u>
Allowance made during the period/year	15,486	-
Amount written off	(69,105)	-
Amount transfer from IA to CA	1,589	-
At end of the period/year	<u>665,798</u>	<u>-</u>
As a percentage of gross financing and advances less individual allowance	<u>1.73%</u>	-

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A29. The Operations of Islamic Banking Scheme (con'td)

A29d. (ii) Movements in the allowance for impairment on financing accounts are as follows:

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

A29e. Deposits from Customers

(i) By type of deposit

	Group	
	31 December 2010 RM'000	30 June 2010 RM'000
<u>Mudharabah Fund</u>		
Demand deposits	3,014,588	2,870,838
Savings deposits	287,266	258,018
General investment deposits	13,472,966	13,895,924
Negotiable instruments of deposits	370,080	656,815
	17,144,900	17,681,595
<u>Non-Mudharabah Fund</u>		
Demand deposits	4,349,873	4,447,704
Savings deposits	5,511,145	5,029,645
Fixed return investment deposits	9,765,584	7,084,380
Structured deposits	423,385	450,289
	20,049,987	17,012,018
Total deposit from customers	37,194,887	34,693,613

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A30. Changes in Accounting Policies

(a) Change in Accounting Policies

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

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

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

The changes in accounting policy above have been accounted for prospectively, in line with the transitional arrangements under para 103AA of FRS 139, with adjustments to the carrying values of financial assets and liabilities at the beginning of the current financial period being adjusted to opening retained profits and/ or unrealised holding reserves/ (deficit) as appropriate. Details of the adjustments are disclosed in Note 30(b).

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

1) Impairment of loans, advances and financing

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

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

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

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

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A30. Changes in Accounting Policies (cont'd.)

2) Classification of loans, advances and financing as impaired

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

3) Interest and Profit Income Recognition

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

4) Recognition of Embedded Derivatives

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

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

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

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A31. Restatement of comparatives

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

(i) FRS 101 Presentation of Financial Statements

As a result of the adoption of the revised FRS 101, income statements of the Group and the Bank for the comparative financial period ended 31 December 2009 have been re-presented as two separate statements, ie. an income statement displaying components of profit or loss and a statement of comprehensive income. All non-owner changes in equity which were previously presented in the statement of changes in equity are now included in the statement of comprehensive income as other comprehensive income. Consequently, components of comprehensive income are not presented in the statement of changes in equity. Since these changes only affect presentation aspects, there is no impact on earnings per ordinary share.

(ii) FRS 7 Financial Instruments: Disclosures

The adoption of FRS 7 during the financial period has resulted in some changes to the disclosure of financial instruments, whereby the disclosures are now made by categories of financial assets and liabilities. The disclosure of comparative figures in the balance sheets as at 30 June 2010 and the income statement for the financial period ended 31 December 2009 have been restated to conform with the current period's presentation. Since these changes only affect the presentation of disclosure items, there is no impact on the financial position as at 30 June 2010 or the financial results of the Group and the Bank for the comparative period

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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 posted profit attributable to equity holders amounting to RM2,153.4 million and RM1,125.2 million for the half year ended 31 December 2010 and 2nd quarter ended 31 December 2010 respectively, an increase of RM250.1 million or 13.0% for the half year and RM131.7 million or 13.3% for the quarter.

The Group's net interest income for the 6 months period ended 31 December 2010 increased by RM277.1 million or 8.4% to RM3,587.8 million. The increase in net interest income is mainly due to growth in Malaysian and Indonesian operations. Gross operating income from Islamic Banking Scheme ("IBS") operations for the 6 months ended 31 December 2010 increased RM 71.5 million or 10.1% mainly due to growth in Islamic operations but IBS incurred higher profit equalisation reserves to cater for redistribution of profit sharing with depositors.

Net income from insurance business for the 6 months period ended 31 December 2010 decreased by RM26.7 million or 17.3% to RM127.8 million due to lower premium income and higher claims incurred.

Non interest income increased by RM66.7 million or 3.5% to RM1,989.2 million compared to the amount in the previous corresponding period. The increase is contributed by higher fee income, net gain on sale of held-for-trading and available-for-sale securities and net unrealized gain on revaluation of securities held-for-trading and derivatives, which were higher by RM55.5 million, RM135.1 million and RM20.8 million respectively but mitigated by the lower foreign exchange profits and other income by RM80.1 and RM64.8 million respectively.

Overhead expenses increased by RM227.8 million or 7.8% to RM3,136.1 million over the amount in the corresponding period, mainly due to the higher personnel cost and general expenses. Personnel cost increased by RM237.7 million or 16.6% to RM1,670.9 million. Establishment costs decreased by RM40.5 million or 7.0% to RM534.9 million. Marketing expenses decreased by RM26.1 million or 11.0% to RM210.9. Administration and general expenses increased by RM56.7 million or 8.5% to RM719.4 million mainly due to increase in donation expenses.

Allowance for losses on loans, advances and financing decreased by RM297.2 million or 43.7% to RM382.2 million. The decrease is mainly due to lower allowances in the domestic banking operations and higher recoveries.

B2. Variation of Current Quarter Results Against Preceding Quarter

The Group posted profit attributable to equity holders amounting to RM1,125.2 million for the 2nd quarter ended 31 December 2010, an increase of RM97.1 million or 9.5% compared to the preceding quarter.

The Group's net interest income and income from Islamic Banking Scheme operations for the 2nd quarter ended 31 December 2010 increased by RM93.4 million or 4.4% to RM2,206.1 million against the preceding quarter.

Net income from insurance business for the quarter decreased by RM45.7 million or 52.7% to RM41.0 million due to lower premium income and higher claims incurred.

Non-interest income for the quarter increased RM80.7 million or 8.5% to RM1,034.9 million compared to that of preceding quarter. The increase is mainly attributable to loans related fee income and foreign exchange profits.

Overhead expenses for the quarter increased by RM132.0 million or 8.7% over that of the preceding quarter mainly due to higher administration and general expenses, marketing expenses and establishment expenses of RM73.9 million, RM36.3 million and RM16.2 million respectively.

Compared to the preceding quarter, allowance for losses on loans, advances and financing and impairment losses were lower by RM147.2 million and RM7.6 million respectively.

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B3. Prospects

The Malaysian economy grew by 7.2% in 2010 and is expected to grow by 5.5% in 2011, supported by the improving consumer and business sentiment. With sustained consumer spending and roll out of major infrastructure projects and entry-point projects (EPPs) under the Economic Transformation Programme (ETP), the prospects for the banking sector remains positive. However, the financial services industry is expected to see increasing competition among strong domestic players and through industry liberalization as a result of the issuance of new licenses for commercial/Islamic banks, insurance/takaful operators and broking companies.

For FY2011, in line with the new vision and strategic objectives for the Group, Maybank will continue to focus on its three key home markets namely Malaysia, Singapore and Indonesia. We see traction in loans growth compared to the preceding quarter. Group loans grew by 12.0%, whereby loans growth for domestic conventional and Islamic operations, Singapore, and BII are 8.5%, 17.8% and 27.3% respectively.

For Insurance and Takaful, Maybank will continue to focus on strengthening its position as the leader in the industry. To achieve this, the Group will further strengthen its multidistribution concept and conclude its modern IT architecture. This will benefit the Insurance and Takaful group customer services and deliver standards.

The proposed acquisition of Kim Eng Holdings Ltd. ("Kim Eng") will accelerate our vision to become a regional financial services leader in ASEAN by combining Maybank's commercial banking presence in ASEAN with Kim Eng's strong market positions in stockbroking, and investment banking presence in Singapore, Thailand, Indonesia and the Philippines, and growing presence in Hong Kong, Vietnam, New York, London and India. The proposed acquisition further meets the objective of Maybank Group of becoming a leading ASEAN wholesale bank.

With Kim Eng, Maybank Group will emerge as a top 5 broker in Singapore, Thailand, Indonesia and the Philippines, as well as with active presence in Hong Kong, Vietnam, New York, London and India. The Proposed Acquisition will enable the investment banking business group to immediately gain a strong foothold and instant access to clientele, platform and talents in many key markets, where Maybank already has an established commercial banking presence.

The Group will continue to bank on its wide distribution network, innovative financial products and packages, and branch expansion to strengthen its business growth. Improving asset quality and lowering credit cost will continue to be emphasized. It will also continue to invest in people, technology and processes to realize its vision and strategic objectives.

Barring unforeseen circumstances, the Group expects its financial performance for the year ending 30 June 2011 to be better than the last financial year. The Group is on track and remains positive on achieving its two Key Performance Indicators (KPIs) for the financial year ending 30 June 2011; Growth in loans and debt securities of 12% and Return of Equity of 14%.

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B4. Profit Forecast or Profit Guarantee

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

B5. Tax Expense and Zakat

The analysis of the tax expense for the second quarter and financial half year ended 31 December 2010 are as follows:

Group	2nd Quarter Ended		Cumulative 6 Months Ended	
	31 December 2010	31 December 2009	31 December 2010	31 December 2009
	RM'000	RM'000	RM'000	RM'000
Malaysian income tax	406,558	372,452	699,934	642,988
Foreign income tax	65,892	36,801	102,427	47,255
	472,450	409,253	802,361	690,243
Underprovision in respect of prior years:				
Malaysian income tax	18,516	-	18,516	-
Deferred tax expense				
- Origination and reversal of temporary differences	(59,176)	(36,167)	(41,407)	(70,972)
	(59,176)	(36,167)	(41,407)	(70,972)
Tax expense for the year	431,790	373,086	779,470	619,271
Zakat	3,596	3,488	6,621	6,765
	435,386	376,574	786,091	626,036

Bank	2nd Quarter Ended		Cumulative 6 Months Ended	
	31 December 2010	31 December 2009	31 December 2010	31 December 2009
	RM'000	RM'000	RM'000	RM'000
Malaysian income tax	352,531	444,812	591,417	672,884
Foreign income tax	(351)	3,498	1,357	4,860
	352,180	448,310	592,774	677,744
Deferred tax expense				
- Origination and reversal of temporary differences	(35,792)	(39,275)	(14,805)	(42,125)
	(35,792)	(39,275)	(14,805)	(42,125)
Tax expense for the year	316,388	409,035	577,969	635,619

Domestic income tax is calculated at the Malaysian statutory tax rate of 25% (30 June 2010: 25%) of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

B6. Sale of Unquoted Investments and Properties

There were no material gains or losses on sale of investments or properties during the period other than in the ordinary course of business.

B7. Quoted Securities

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

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B8. Status of Corporate Proposals Announced but Not Completed

(a) Family Takaful Business Joint Venture In Pakistan

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

Maybank had on 8 July 2008 acquired Etiqa International Holdings Sdn Bhd (formerly known Pelangi Amanmaz Sdn Bhd ("EIHSB")) as a subsidiary to be used as the SPV for the joint venture. EIHSB has an authorised capital of RM750,000,000 comprising 750,000,000 ordinary shares of RM1.00 each and issued and paid-up capital of RM2.00 comprising 2 ordinary shares of RM1.00 each.

Through the acquisition, Maybank intends to venture into the Family Takaful business in Pakistan. Pak-Kuwait Family Takaful Company Limited is a newly incorporated company owned by Pak-Kuwait Investment Company and they will submit an application for license from the authorities in Pakistan to operate the family Takaful business. The issue and paid-up capital of the company is Pakistan Rupees 500 million.

There have been no material developments in the joint venture.

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

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

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

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

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

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

Maybank had so far issued 2 IT1CS Programme as follows:

(i) SGD600 million IT1CS

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

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

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

(ii) RM1.1 billion IT1CS

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

There is no new issuance under the IT1CS Programme during the financial year.

(c) Dividend Reinvestment Plan

Maybank has put in place a recurrent and optional dividend reinvestment plan that allows shareholders of Maybank (“**Shareholders**”) to reinvest their Dividend (as defined below) into new ordinary share(s) of RM1.00 each in Maybank (“**Maybank Shares**”) (“**Dividend Reinvestment Plan**”).

The rationale of Maybank embarking on the Dividend Reinvestment Plan is as follows:

- a) To enhance and maximise Shareholders’ value via the subscription of new Maybank Shares where the issue price of a new Maybank Share shall be at a discount;
- b) To provide the Shareholders with greater flexibility in meeting their investment objectives, as they would have the choice of receiving cash or reinvesting in the Company through subscription of additional Maybank Shares without having to incur material transaction or other related costs; and
- c) To benefit from the participation by Shareholders in the Dividend Reinvestment Plan to the extent that if the Shareholders elect to reinvest into new Maybank Shares, the cash which would otherwise be payable by way of Dividend will be reinvested to fund the continuing business growth of the Group. The Dividend Reinvestment Plan will not only enlarge Maybank’s share capital base and strengthen its capital position, but will also add liquidity of Maybank Shares on the Main Market of Bursa Malaysia Securities Berhad (“**Bursa Securities**”).

The first Dividend Reinvestment Plan was completed on 21 December 2010. In the future whenever a cash dividend (either an interim, final, special or other dividend) (“**Dividend**”) is announced, the Board may, in its absolute discretion, determine that the Dividend Reinvestment Plan will apply to the whole or a portion of the cash Dividend (“**Electable Portion**”) and where applicable any remaining portion of the Dividend will be paid in cash.

Each Shareholder has the following options in respect of the Electable Portion:

- a) elect to receive the Electable Portion in cash; or
- b) elect to reinvest the entire Electable Portion into new Maybank Shares credited as fully paid-up at an issue price to be determined on a price fixing date subsequent to the receipt of all relevant regulatory approvals.

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

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

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

On 1 October 2010, BMI has received the approval from BI on the conversion of BMI's business activities from Conventional Banking to Syariah Banking.

With effect from 23 September 2010, BMI has changed its name to PT Bank Maybank Syariah Indonesia ("MSI") and BMI's business activities have been converted from Conventional Banking to Syariah Banking. The performance of MSI is being reported under the Islamic Banking Scheme ("IBS") operations.

(e) Islamic Subordinated Bonds Facility of RM1.0 Billion With A Tenure Of 10 Years From Issue Date On A 10 Non-callable 5 Basis (the "Islamic Subordinated Bonds")

Maybank has on 24 November 2010 fully redeemed the Islamic Subordinated Bonds. The Islamic Subordinated Bonds were issued in November 2005.

(f) (i) Proposed Acquisition by Aseam Credit Sdn Bhd ("ACSB" or Offeror), a wholly-owned subsidiary of Maybank, of an aggregate of 257,559,264 ordinary shares in Kim Eng Holdings Ltd ("Kim Eng") , representing 44.63% of the issued and paid up share capital of Kim Eng

(ii) Possible mandatory conditional cash offer for all the remaining ordinary shares of Kim Eng not already owned by ACSB, its related corporations and their respective nominees ("Offer Shares") subject to completion of the Proposed Acquisition as defined herein

On 6 January 2011, Maybank announced that ACSB, a wholly-owned subsidiary of Maybank has entered into separate conditional Share Purchase Agreements ("SPAs") with each of Mr Ronald Anthony Ooi Thean Yat ("**Ronald Ooi**") and Yuanta Securities Asia Financial Services Limited ("**Yuanta Securities**") (collectively the "**Vendors**") (the "**Announcement**"), pursuant to which, *inter alia*:

- (a) Ronald Ooi has agreed to sell and procure the sale of, and ACSB has agreed to purchase, 89,082,698 ordinary shares ("**RO Sale Share**") in the capital of Kim Eng Holdings Limited ("**Kim Eng**"), representing approximately 15.44% of the ordinary shares ("**Kim Eng Shares**") in the capital of Kim Eng in issue as at the date of the Announcement, for an aggregate cash consideration of Singapore Dollar ("**SGD**") 276,156,363.80 ("**RO Consideration**"), being SGD3.10 in cash for each RO Sale Share; and
- (b) Yuanta Securities has agreed to sell, and ACSB has agreed to purchase, 168,476,566 Kim Eng Shares ("**Yuanta Sale Shares**"), representing approximately 29.19% of the Kim Eng Shares in issue as at the date of the Announcement, for an aggregate cash consideration of SGD522,277,354.60 ("**Yuanta Consideration**"), being SGD3.10 in cash for each Yuanta Sale Share.

The total cash consideration payable by ACSB for the Sale Shares is SGD798.4 million (equivalent of approximately RM1,899.5 million) ("**Aggregate Consideration**").

Upon completion of the SPAs, Maybank via ACSB will emerge as the single largest shareholder of Kim Eng.

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

- (f) (i) **Proposed Acquisition by Aseam Credit Sdn Bhd (“ACSB” or Offeror”), a wholly-owned subsidiary of Maybank, of an aggregate of 257,559,264 ordinary shares in Kim Eng Holdings Ltd (“Kim Eng”) , representing 44.63% of the issued and paid up share capital of Kim Eng (cont'd.)**
- (ii) **Possible mandatory conditional cash offer for all the remaining ordinary shares of Kim Eng not already owned by ACSB, its related corporations and their respective nominees (“Offer Shares”) subject to completion of the Proposed Acquisition as defined herein (cont'd.)**

The total cash consideration per Kim Eng Share of SGD3.10 (equivalent of approximately RM7.37) was arrived at on a willing buyer-willing seller basis after taking into consideration the following:

- (i) the unaudited consolidated shareholders' equity of Kim Eng for the 9-month financial period ended 30 September 2010 of SGD937.64 million (equivalent of approximately RM2,230.65 million);
- (ii) the price-to-book multiple of 1.91 times based on the consideration price per Kim Eng share of SGD3.10 (equivalent of approximately RM7.37) and the audited consolidated shareholders' equity of SGD938.98 million (equivalent of approximately RM2,233.83 million) as of 31 December 2009 and the unaudited consolidated shareholders' equity of SGD937.64 million (equivalent of approximately RM2,230.65 million) for the 9-month financial period ended 30 September 2010 respectively;
- (iii) a premium of 18.3% to the five (5)-day volume-weighted average market price of Kim Eng Shares of SGD2.62 up to and including 5 January 2011, being the last trading day of Kim Eng Shares on the Singapore Exchange Securities Trading Limited ("SGX-ST") preceding the date of the Announcement; and
- (iv) earnings potential of Kim Eng and its subsidiaries ("**Kim Eng Group**") and the potential benefits to Maybank Group.

There are no liabilities including contingent liabilities and guarantees to be assumed by Maybank under the Proposed Acquisition, other than those arising in the ordinary course of business of Kim Eng in the event the financial statements of Kim Eng Group are consolidated into financial statements of Maybank Group after completion of the Proposed Acquisition.

Upon completion of the SPAs, Maybank through ACSB will emerge as the single largest shareholder of Kim Eng. As ACSB's shareholdings in Kim Eng exceeds 30% of the issued and paid-up share capital of Kim Eng upon completion of the Proposed Acquisition, ACSB is obliged to extend a mandatory general offer for all the Kim Eng Shares, other than those already owned by ACSB, its related corporations and their respective nominees, pursuant to the Securities and Futures Act, Chapter 289 and Rule 14.1 of the Singapore Code on Take-overs and Mergers.

On 6 January 2011, Nomura Singapore Limited ("**Nomura**") announced for and on behalf of ACSB that ACSB intends to make a mandatory conditional cash offer ("**Offer**") for all the Kim Eng Shares, other than the Kim Eng Shares already owned by ACSB, its related corporations and their respective nominees ("**Offer Shares**"), subject to the completion of the Proposed Acquisition, on the following terms:

- (i) For each Offer Share : SGD3.10 in cash ("**Offer Price**")
- (ii) The Offer Shares will be acquired (i) fully paid, (ii) free from all claims, charges, mortgages, liens, options, equity, power of sale, hypothecation, retention of title, rights of pre-emption, rights of first refusal or other third party rights or security interests of any kind or any agreements, arrangements or obligations to create any of the foregoing and (iii) together with all rights, benefits and entitlements attached thereto as at the date of the Announcement and thereafter attaching thereto, including the right to receive and retain all dividends, rights and other distributions (if any) declared, paid or made by Kim Eng on or after the date of the Announcement.

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

(f) (i) **Proposed Acquisition by Aseam Credit Sdn Bhd (“ACSB” or Offeror”), a wholly-owned subsidiary of Maybank, of an aggregate of 257,559,264 ordinary shares in Kim Eng Holdings Ltd (“Kim Eng”) , representing 44.63% of the issued and paid up share capital of Kim Eng (cont'd.)**

(ii) **Possible mandatory conditional cash offer for all the remaining ordinary shares of Kim Eng not already owned by ACSB, its related corporations and their respective nominees (“Offer Shares”) subject to completion of the Proposed Acquisition as defined herein (cont'd.)**

(iii) The Offer, if and when made, will be conditional upon ACSB having received valid acceptances in respect of and/or acquired such number of Offer Shares which will result in the Offeror and parties acting in concert with it holding such number of Shares carrying more than 50% of the voting rights attributable to the issued share capital of Kim Eng.

It is not the current intention of the Offeror to maintain the listing status of the Company on the SGX-ST following the completion of the Offer, and the Offeror intends to exercise its right of compulsory acquisition under the Companies Act, Chapter 50 of Singapore (“**Companies Act**”) in connection with the Offer.

Maybank has engaged in discussions with the relevant authorities in Thailand and the Philippines regarding the potential downstream general offers, as a result of the Proposed Acquisition, for Kim Eng Securities (Thailand) Public Company Limited and ATR Kim Eng Financial Corporation respectively.

In the event the Offeror acquires 100% equity interest in Kim Eng, the total cash consideration would be SGD1,789 million (equivalent to approximately RM4,256 million).

The Proposed Acquisition will not have any effect on the issued and paid-up share capital, the substantial shareholders’ shareholding and the consolidated net assets per share position of Maybank as the Proposed Acquisition will be satisfied entirely by cash.

The Proposed Acquisition is estimated to be completed by end of May 2011 and will not have any material effect on the earnings of the Maybank Group for the financial year ending (“**FYE**”) 30 June 2011.

The Proposed Acquisition is, however, expected to contribute positively to the revenue and earnings of the Maybank Group in the subsequent financial years.

The Proposed Acquisition is subject to approvals being obtained from the following:

- (i) Bank Negara Malaysia;
- (ii) Monetary Authority of Singapore; and
- (iii) the licences, authorisations and other approvals necessary for the Proposed Acquisition from all relevant governmental or regulatory authorities in the countries of operation of Kim Eng, where required.

ACSB had further acquired an aggregate 32,248,000 ordinary shares in Kim Eng or approximately 5.59% from the market, which together with the shares to be acquired under the Proposed Acquisition amount to 50.22%.

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B9. Deposits and Placements of Financial Institutions and Debt Securities

Please refer to note A12 and A13.

B10. Off-Balance Sheet Financial Instruments

Please refer to note A27.

B11. Changes in Material Litigation

- (a) In 2005, a subsidiary, Mayban Trustees Berhad ("MTB") and eleven other defendants were served with a writ of summons by ten plaintiffs/bondholders all of which are institutions, for an amount of approximately RM149.3 million. MTB was alleged to have acted in breach of trust and negligently in its capacity as Trustee for the bonds issued. MTB has defended the suit.

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

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

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

MTB had on 26 July 2010 filed the respective Notices of Appeal against the entire decision of the High Court. On 19 August 2010, MTB's solicitors filed an application for a Joint hearing of MTB's appeals (hereinafter referred to as "Application"). The other defendant, being the Arranger for the bonds, served its Notice of Appeal against the entire decision of the High Court on 27 July 2010.

The Application was fixed for hearing on 22 September 2010 and the Court granted order in terms for the Application. MTB has decided, based on the advice of its lawyers, to discontinue the appeal against one of the litigants. MTB's Record Of Appeal has been filed on 1 December 2010. The Court Of Appeal has yet to fix a date for the hearing of MTB's Appeals.

The Plaintiffs have on 9 December 2010 served on MTB's lawyers their Notice Of Cross Appeal wherein the Plaintiffs have sought to vary the judgement of the High Court to include pre-judgement interest at 8% from 1 October 2005 to 29 June 2010.

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

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

The 1st Defendant counterclaimed for loss and damage amounting to approximately RM284 million as a result of ETB's alleged failure to release the balance of the facility of RM7.5 million. ETB had filed its Defence to the Counterclaim and applied to strike out the Counterclaim.

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

- (b) On 14 May 2009, the Court allowed ETB's application for Summary Judgment, but directed that a rebate be given if there is early settlement. The Court has also dismissed the 1st Defendant's counterclaim against ETB with costs. The Defendants had filed two separate applications in the Kuala Lumpur High Court for stay of execution of the Summary Judgment. Both applications for stay of execution were dismissed by the Kuala Lumpur High Court with costs.

The Defendants then filed :-

- (i) Notice of Motion to the Court of Appeal for stay of execution of the Summary Judgment; and
- (ii) Notice of Motion to appeal against the Summary Judgment

On 28 October 2009, the Court of Appeal dismissed the Notice of Motion with costs.

However, on 4 March 2010, the Court allowed the Defendants appeal against Summary Judgment thereby setting aside the Court's decision on 14 May 2009 and overruling the decision of striking out the 1st Defendant's counterclaim and directed that the matter be set for an early trial. The trial is fixed for continued hearing on 29, 30 and 31 March 2011.

ETB's solicitors are of the view that it has a good chance of succeeding in this action.

- (c) A corporate borrower has issued a writ of summons and statement of claim against a subsidiary, Maybank Investment Bank Berhad ("Maybank IB"), in 2005 in its capacity as agent bank for three financial institutions as syndicated lenders claiming general, special and exemplary damages arising from alleged breach of duty owed by Maybank IB. Although it has not been quantified, the claim value is estimated at approximately RM450 million.

The credit facilities consist of a bridging loan of RM58.5 million and a revolving credit facility of RM4 million which were granted by Maybank IB and the three syndicated lenders. The loan was subsequently restructured to RM38 million with terms for repayment. In 2006, Maybank IB and the three syndicated lenders filed a suit against the corporate borrower for the recovery of the loan.

The Court on 6 May 2009 entered judgement against Maybank IB as agent for the syndicated lenders for an estimated RM115.5 million with interest at 6% per annum from date of disbursement to realisation. Maybank IB has filed a Notice of Appeal and an application for stay of execution of the judgement sum.

The balance of the judgement claim (including for general damages) against Maybank IB as agent for the syndicated lenders was ordered to be assessed by the Senior Assistant Registrar, at a later date. At this juncture, Maybank as one of the syndicated lenders has an exposure of RM48 million out of RM115.5 million judgement. Maybank IB has filed a Notice of Appeal and an application for stay of execution of the judgment sum.

Maybank IB had on 24 June 2009 obtained a stay order pending its appeal. The corporate borrower had on 24 June 2009 filed an appeal against the decision on the stay order ("Appeal") to the Court of Appeal. On 23 November 2009, the Court of Appeal dismissed the Appeal against the stay order.

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

- (c) Case management is fixed on 3 June 2010 at the Court of Appeal for Maybank IB's appeal against the judgement obtained on 6 May 2009 at the High Court. On 3 June 2010, Maybank IB's solicitor's informed the Court that the notes of proceedings and the grounds of judgement have not been issued thus far. In view of the same, the Court fixed the matter for further case management on 29 July 2010 pending issuance of the notes of proceedings and the grounds of judgement. The matter is fixed for further case management on a date in February 2011 to be notified by the Court by letter.

Maybank IB's solicitors are of the view that it has a more than even chance of succeeding in its appeal against the said judgment.

- (d) Mayban Trustees Berhad ("MTB"), as Trustee and Maybank Investment Bank Berhad ("Maybank IB") as Security Agent for the Senior Bonds and Junior Notes issued by a corporation were served with a Writ of Summons, Statement of Claim and Amended Statement of Claim on 29 December 2010 and 30 December 2010 respectively wherein an individual as the sole Junior Noteholder of the Junior Notes issued, claimed against both MTB and Maybank IB, the sum of RM556,500,000.00 together with interests and costs arising from the declaration made by MTB of an Event Of Default of the Senior Bonds and subsequent Event Of Default of the Junior Notes and for an alleged breach of fiduciary duties and duty of care by Maybank IB. MTB and Maybank IB do not admit any liability to this claim and will defend the suit. Case management is fixed on 2 March 2011.

Both MTB's and Maybank IB's solicitors are of the view that they each have a more than even chance of successfully defending this claim against them.

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B12. Disclosure of Realised and Unrealised Retained Earnings

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

	30 September 2010 RM'000	31 December 2010 RM'000
Total retained profits of the Bank and its subsidiaries:		
- Realised	9,009,860	7,680,059
- Unrealised	1,131,994	1,185,655
	10,141,854	8,865,714
Total share of retained profits from associated companies:		
- Realised	246,216	284,023
	246,216	284,023
Total Group retained profits as per consolidated accounts	10,388,070	9,149,737

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B13. Interim Dividend

The Board of Directors have declared an interim cash dividend in respect of the financial year ending 30 June 2011 of 28 sen less 25% taxation (30 June 2010: final dividend of 44.0 sen per share less 25% taxation).

The Board of Directors have also determined that the Dividend Reinvestment Plan will apply to the interim cash dividend in which an electable portion of 24 sen (18 sen net per ordinary share) can be elected to be reinvested in new ordinary shares and the remaining portion of 4 sen (3 sen net per ordinary share) will be paid in cash. The interim cash dividend will be implemented in accordance with the Dividend Reinvestment Plan as disclosed in Note B8(c) and subject to the relevant regulatory approvals.

Pursuant to Section 8.26 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the interim dividend will be paid no later than three (3) months from the date of declaration.

The Book Closure Date will be announced by the Bank at a later date.

B14. Earning Per Share (EPS)

Basic

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

	2nd Quarter Ended		Cumulative 6 Months Ended	
	31 December 2010	31 December 2009	31 December 2010	31 December 2009
Net profit for the period (RM'000)	1,125,248	993,502	2,153,362	1,875,305
Weighted average number of ordinary shares in issue ('000)	7,159,402	7,077,983	7,118,692	7,077,930
Basic earnings per share ('000)	15.72 sen	14.04 sen	30.25 sen	26.50 sen

Diluted

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

In the diluted EPS calculation, it was assumed that the share options and the electable portion of the dividends issued under the DRP were exercised into ordinary shares. A calculation is done to determine the number of shares that could have been issued at fair value (determined as the average price of the Bank's shares during the quarter) based on the monetary value of the subscription rights attached to the outstanding share options and the number of shares that could have been issued at an assumed price (determined as the 5-day average price of the Bank's shares as at 31 December 2010) based on the electable portion of the dividends issued under the DRP. These calculations serve to determine the number of dilutive shares to be added to the weighted average ordinary shares in issue for the purpose of computing the dilution. No adjustment was made to the net profit for the period.

	2nd Quarter Ended		Cumulative 6 Months Ended	
	31 December 2010	31 December 2009	31 December 2010	31 December 2009
Net profit for the period (RM'000)	1,125,248	993,502	2,153,362	1,875,305
Weighted average number of ordinary shares in issue ('000)	7,159,402	7,077,983	7,118,692	7,077,930
Effects of dilution ('000)	38,523	-	38,523	-
Adjusted weighted average number of ordinary shares in issue ('000)	7,197,925	7,077,983	7,157,215	7,077,930
Diluted earnings per share ('000)	15.63 sen	14.04 sen	30.09 sen	26.50 sen

By Order of the Board

Mohd Nazlan Mohd Ghazali
LS0008977
Company Secretary
21 February 2011