

Financial Statements



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statement of directors' responsibility

In Respect of the Audited Financial Statements

The directors are required by the Companies Act, 1965 and the Bursa Malaysia's Listing Requirements to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Group and the Bank at the end of the financial year and of their results and cash flows for the financial year then ended.

In preparing the financial statements, the directors have:

- considered the applicable approved accounting standards in Malaysia
- adopted and consistently applied appropriate accounting policies
- made judgements and estimates that are prudent and reasonable

The directors have the responsibility for ensuring that the Group and the Bank keep accounting records which disclose with reasonable accuracy the financial position of the Group and the Bank which will enable them to ensure that the financial statements comply with the Companies Act, 1965 and the Bursa Malaysia's Listing Requirements.

The directors have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and the Bank and to prevent and detect fraud and other irregularities.

directors' report

The directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Bank for the financial year ended 30 June 2010.

PRINCIPAL ACTIVITIES

The Bank is principally engaged in the business of banking and finance in all its aspects.

The subsidiaries are principally engaged in the businesses of banking and finance, Islamic banking, investment banking including stock broking, general and life insurance, general and family takaful, trustee and nominee services, asset management and venture capital.

There were no significant changes in these activities during the financial year.

RESULTS

	Group RM'000	Bank RM'000
Profit before taxation and zakat	5,370,408	4,786,544
Tax expense and zakat	(1,401,958)	(1,233,859)
Profit for the year	3,968,450	3,552,685
Attributable to:		
Equity holders of the Bank	3,818,167	3,552,685
Minority interests	150,283	–
	3,968,450	3,552,685

There were no material transfers to or from reserves or provisions during the financial year other than as disclosed in the statements of changes in equity.

In the opinion of the directors, the results of the operations of the Group and the Bank during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature.

DIVIDENDS

The amount of dividends paid by the Bank since 30 June 2009 were as follows:

	RM'000
In respect of the financial year ended 30 June 2009 as reported in the directors' report of that year:	
Final dividend of 8 sen less 25% taxation, on 7,077,982,768 ordinary shares, declared on 25 August 2009 and paid on 27 October 2009	424,679
In respect of the financial year ended 30 June 2010:	
First interim dividend of 11 sen less 25% taxation, on 7,077,982,768 ordinary shares, declared on 9 February 2010 and paid on 16 March 2010	583,934

At the forthcoming Annual General Meeting, a final dividend in respect of the financial year ended 30 June 2010 of 44 sen less 25% taxation on 7,077,982,768 ordinary shares, amounting to a net dividend payable of RM2,335,734,313 (33 sen net per ordinary share) will be proposed for the shareholders' approval.

The proposed gross dividend consists of an electable portion of 40 sen (30 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 51(c) to the financial statements and subject to the relevant regulatory approvals as well as shareholders' approval for the issuance and allotment of new shares at the forthcoming Annual General Meeting.

The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained profits in the next financial year ending 30 June 2011.

MAYBANK GROUP EMPLOYEE SHARE OPTION SCHEME (ESOS)

The Maybank Group Employee Share Option Scheme (ESOS) is governed by the by-laws approved by the shareholders at an Extraordinary General Meeting held on 11 August 2004. The ESOS was implemented on 26 August 2004 and is in force for a period of 5 years from the date of implementation.

The terms of the ESOS include provision for the participation of non-executive directors. The maximum number of ordinary shares of RM1 each in the Bank available under the ESOS should not exceed 15% of the total number of issued and paid-up capital of the Bank at any point of time during the duration of the scheme. Other principal features of the ESOS are disclosed in Note 27 to the financial statements.

During the financial year, the ESOS expired on 26 August 2009.

ISSUE OF SHARE CAPITAL

During the year, the Bank increased its issued and paid-up capital from RM7,077,663,368 to RM7,077,982,768 via the issuance of 319,400 new ordinary shares of RM1 each for cash consisting of 255,520 new ordinary shares of RM1 each to eligible persons who exercised their options plus 63,880 bonus shares granted upon exercise of the options after bonus declaration, to eligible persons who exercised their options under the current ESOS which commenced on 26 August 2004, for a period of 5 years.

The new ordinary shares issued during the financial year rank pari passu in all respects with the existing shares of the Bank.

DIRECTORS

The directors who served since the date of the last report are:

Tan Sri Dato' Megat Zaharuddin bin Megat Mohd Nor (Chairman – appointed with effect from 1 October 2009)

Dato' Mohd Salleh bin Hj Harun (Vice Chairman – appointed with effect from 18 November 2009)

Dato' Sri Abdul Wahid bin Omar (President and Chief Executive Officer)

Tan Sri Datuk Dr Hadenan bin A. Jalil

Dato' Seri Ismail bin Shahudin

Dato' Dr Tan Tat Wai

Encik Zainal Abidin bin Jamal

Mr Sreesanthan Eliathamby

Dato' Johan bin Ariffin

Mr Cheah Teik Seng

Mr Alister Maitland

Tan Sri Mohamed Basir bin Ahmad (Chairman – retired with effect from 30 September 2009)

Datuk Syed Tamim Ansari bin Syed Mohamed (retired with effect from 30 September 2009)

Mr Spencer Lee Tien Chye (resigned with effect from 18 November 2009)

DIRECTORS' BENEFITS

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Bank or its subsidiary was a party, whereby the directors might acquire benefits by means of acquisition of shares in or debentures of the Bank or any other body corporate, other than as may arise from the share options granted pursuant to the ESOS.

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the directors, or the fixed salary of a full time employee of the Bank as disclosed in Note 35 to the financial statements) by reason of a contract made by the Bank or a related corporation with the director or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

DIRECTORS' INTERESTS

According to the register of directors' shareholdings, the interests of directors in office at the end of the financial year in shares of the Bank during the financial year were as follows:

	Number of ordinary shares of RM1 each			
	1.7.2009	Acquired	Sold	30.6.2010
Tan Sri Dato' Megat Zaharuddin bin Megat Mohd Nor	57,350	–	–	57,350
Dato' Mohd Salleh bin Hj Harun	287,781	–	–	287,781
Dato' Seri Ismail bin Shahudin	21,250	–	–	21,250
Mr Sreesanthan Eliathamby	150,000	–	(100,000)	50,000
Dato' Johan bin Ariffin	–	70,000	–	70,000

None of the other directors in office at the end of the financial year had any interest in shares in the Bank or its related corporations during the financial year.

RATING BY EXTERNAL RATING AGENCIES

Details of the Bank's ratings are as follows:

Rating agency	Date	Rating classification	Rating received
Standard & Poor's	14 December 2009	Long-term counterparty	A-
		Short-term counterparty	A-2
		Certificate of Deposit	A-/A-2
		Preferred Stock (1 Issue)	BBB
		Subordinated (2 Issues)	BBB+
		Bank Fundamental Strength Rating (Local Currency) Outlook	B Stable
Moody's Investors Service	23 February 2010	Long-term Foreign Currency Bank Deposit/Outlook	A3/Stable
		Short-term Foreign Currency Bank Deposit	P-1/Stable
		Long-term Local Currency Bank Deposit/Outlook	A1/Stable
		Short-term Local Currency Bank Deposit	P-1/Stable
		Foreign Currency Tier 1 Capital/Outlook	Baa2/Stable
		Foreign Currency Subordinated Debt/Outlook	A3/Stable
		Bank Financial Strength Rating/Outlook	C/Stable

RATING BY EXTERNAL RATING AGENCIES (CONT'D.)

Rating agency	Date	Rating classification	Rating received
Fitch Ratings	2 November 2009	Foreign Long-term Issuer Default Rating	A-/Stable
		Local Long-term Issuer Default Rating	A-/Stable
		Individual	B/C
		Support Rating	2
		Support Rating Floor	BBB
		Sub Debt	BBB+
RAM Ratings	11 November 2009	Long-term Financial Institution Ratings	AAA
		Short-term Financial Institution Ratings	P1
		Tier-1 Capital Securities	AA2
		Subordinated Bonds	AA1
		Outlook (Long-term)	Stable

BUSINESS OUTLOOK

Moving forward, Maybank has set its sight on becoming a regional financial services leader, focusing on three key home markets of Malaysia, Singapore and Indonesia which collectively contributed some 95.7% to Group revenue and 98.7% to Group profit before tax and zakat in the last financial year. The economy in each of these countries is growing strongly again after the recent global financial crisis. Malaysia's GDP is expected to grow 7.5% in 2010 and 6.1% in 2011 while Singapore's GDP is expected to grow by 12.3% in 2010 and 5.2% in 2011. Indonesia which continued to grow during the crisis is expected to grow 5.9% and 6.1% in 2010 and 2011 respectively. Maybank expects demand for financing to remain strong, driven mainly by consumer finance in Malaysia, consumer and small and medium enterprises in Indonesia and broad based growth in Singapore. The Group targets financing growth rate to be 24% at PT Bank Internasional Indonesia Tbk ("BII") in Indonesia, 12% in Malaysia and 5% in Singapore.

Maybank's strategic objectives are to grow its market share for both deposit and financing in the retail business in Malaysia, build a global wholesale banking business across its footprint in ASEAN, and derive greater contribution from its insurance business as it becomes a leader in the domestic market and explore regional expansion. To be a regional leader, Maybank expects profit before tax and zakat contribution from outside of Malaysia to further grow from the current 21.0%.

Becoming a regional ASEAN Islamic bank has been identified as a strategic differentiator. Maybank is in the midst of converting its subsidiary, Bank Maybank Indocorp in Indonesia into a Shariah bank and is awaiting Bank Indonesia to issue the Shariah Banking License.

Competition in the Malaysian financial services industry however is expected to stiffen following Bank Negara Malaysia's issuance of new commercial banking licenses, branch expansion of existing foreign banks and further consolidation of domestic banks. Whilst the increase in overnight lending rate will result in improvement in net interest income, competitive pressure for loans pricing is expected to offset the aforesaid improvement. Net interest margin is therefore expected to remain relatively stable.

BUSINESS OUTLOOK (CONT'D.)

In support of the new vision and realisation of the strategic objectives for the Group, Maybank has realigned its organisation structure, focusing on three key business pillars of Community Financial Services (CFS), Global Wholesale Banking (GWB) and Insurance and Takaful. Key to the reorganisation is to leverage on the shared distribution model where the branches will function as points of sales for all group products and services, and to penetrate the corporate customer base for wholesale banking products not only in Malaysia (where the impetus for growth will be sourced from the private and public investment under the Tenth Malaysia Plan), but in the region and beyond.

While the Group makes further investments in people, technology and processes in the immediate future to realise its vision and strategic objectives, it will continue with efforts to reduce costs through synergies and centre of excellence.

The Group will continue to focus on improving asset quality and lowering credit cost. With the expected introduction of higher capital adequacy requirement under Basel III framework, capital for growth and compliance remains a top priority. The implementation of the Dividend Reinvestment Plan to allow a significant portion of the dividend paid to be reinvested as capital is a key initiative to preserve equity capital.

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

OTHER STATUTORY INFORMATION

- (a) Before the balance sheets and income statements of the Group and of the Bank were made out, the directors took reasonable steps:
- (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and
 - (ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Group and of the Bank which would render:
- (i) the amount written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and the Bank inadequate to any substantial extent; and
 - (ii) the values attributed to current assets in the financial statements of the Group and of the Bank misleading.
- (c) At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Bank misleading or inappropriate.
- (d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Group and of the Bank which would render any amount stated in the financial statements misleading.

OTHER STATUTORY INFORMATION (CONT'D.)

- (e) As at the date of this report, there does not exist:
- (i) any charge on the assets of the Group and of the Bank which has arisen since the end of the financial year which secures the liabilities of any other person; or
 - (ii) any contingent liability of the Group or of the Bank which has arisen since the end of the financial year other than those arising in the normal course of business of the Group and of the Bank.
- (f) In the opinion of the directors:
- (i) no contingent liability or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group and of the Bank to meet their obligations as and when they fall due; and
 - (ii) no item or transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Bank for the financial year in which this report is made.
- (g) Pursuant to Section 168 of the Companies Act, 1965, the financial year end of a newly acquired subsidiary is required to coincide with the financial year end of the holding company within two (2) years from date of acquisition. On 20 January 2010, approval from Companies Commission of Malaysia ("CCM") was obtained for the financial year end of a subsidiary, PT Bank Internasional Indonesia Tbk ("BII") to be non-coterminous with the financial year end of the Bank as at 30 June 2010.

For the purpose of the preparation of the consolidated financial statements of the Group for the financial year ended 30 June 2010, an audit was performed on the financial statements of BII.

SIGNIFICANT EVENTS

The significant events are as disclosed in Note 51 to the financial statements.

AUDITORS

The auditors, Ernst & Young, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the directors dated 20 August 2010.



Megat Zaharuddin bin Megat Mohd Nor



Abdul Wahid bin Omar

Kuala Lumpur, Malaysia

statement by directors

Pursuant to Section 169(15) of the Companies Act, 1965

We, Megat Zaharuddin bin Megat Mohd Nor and Abdul Wahid bin Omar, being two of the directors of Malayan Banking Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 234 to 424 are drawn up in accordance with the provisions of the Companies Act, 1965 and Financial Reporting Standards in Malaysia as modified by Bank Negara Malaysia Guidelines so as to give a true and fair view of the financial position of the Group and of the Bank as at 30 June 2010 and of the results and the cash flows of the Group and of the Bank for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors dated 20 August 2010.



Megat Zaharuddin bin Megat Mohd Nor



Abdul Wahid bin Omar


Kuala Lumpur, Malaysia

statutory declaration

Pursuant to Section 169(16) of the Companies Act, 1965

I, Khairussaleh bin Ramli, being the officer primarily responsible for the financial management of Malayan Banking Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 234 to 424 are in my opinion correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by
the abovenamed Khairussaleh bin Ramli
at Kuala Lumpur in the Federal
Territory on 20 August 2010



Khairussaleh bin Ramli

Before me.



independent auditors' report

to the members of Malayan Banking Berhad
(Incorporated in Malaysia)

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of Malayan Banking Berhad, which comprise the balance sheets as at 30 June 2010 of the Group and of the Bank, and the income statements, statements of changes in equity and cash flow statements of the Group and of the Bank for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 234 to 424.

Directors' responsibility for the financial statements

The directors of the Bank are responsible for the preparation and fair presentation of these financial statements in accordance with the Companies Act, 1965 and Financial Reporting Standards in Malaysia as modified by Bank Negara Malaysia Guidelines. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Bank's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with the Companies Act, 1965 and Financial Reporting Standards in Malaysia as modified by Bank Negara Malaysia Guidelines so as to give a true and fair view of the financial position of the Group and of the Bank as at 30 June 2010 and of their financial performances and cash flows for the year then ended.

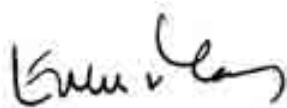
REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Bank and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.
- (b) We have considered the financial statements and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 55 to the financial statements, being financial statements that have been included in the consolidated financial statements.
- (c) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the financial statements of the Bank are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.
- (d) The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification and in respect of the subsidiaries incorporated in Malaysia, did not include any comment required to be made under Section 174(3) of the Act.

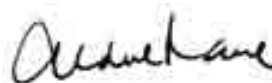
Other matters

This report is made solely to the members of the Bank, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

**Ernst & Young**

AF: 0039

Chartered Accountants

Kuala Lumpur, Malaysia
20 August 2010**Abdul Rauf bin Rashid**

No. 2305/05/12(J)

Chartered Accountant

balancesheets As at 30 June 2010

	Note	Group		Bank	
		2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Assets					
Cash and short-term funds	5	28,707,992	23,607,979	19,403,616	17,448,312
Deposits and placements with financial institutions	6	8,915,375	6,299,175	7,098,198	7,563,969
Securities purchased under resale agreements	7(i)	371,237	346,462	371,237	346,462
Securities portfolio	8	54,170,046	57,727,128	47,544,091	47,020,177
Loans, advances and financing	9	205,555,067	185,783,166	151,469,585	144,431,798
Derivative assets	10	1,306,769	973,685	1,281,682	929,904
Other assets	11	5,319,548	5,249,290	3,832,316	3,818,866
Investment properties	12	45,324	26,578	–	–
Statutory deposits with Central Banks	13	4,471,382	4,050,932	1,932,981	2,110,143
Investment in subsidiaries	14	–	–	12,653,377	11,786,293
Interest in associates	15	2,471,438	2,630,123	418,700	343,049
Property, plant and equipment	16	1,359,852	1,395,562	1,077,597	1,115,140
Intangible assets	17	4,480,714	4,374,010	160,710	168,132
Deferred tax assets	23	1,564,963	1,493,132	1,148,176	1,194,897
Life, general takaful and family takaful fund assets	53	17,960,059	16,781,901	–	–
Total assets		336,699,766	310,739,123	248,392,266	238,277,142

	Note	Group		Bank	
		2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Liabilities					
Deposits from customers	18	236,909,788	212,598,589	175,379,741	163,452,930
Deposits and placements of banks and other financial institutions	19	23,257,868	28,781,863	22,929,822	30,121,916
Obligations on securities sold under repurchase agreements	7(ii)	407,056	–	–	–
Bills and acceptances payable		3,061,586	1,470,063	2,898,997	1,328,279
Derivative liabilities	10	1,346,242	1,459,068	1,291,498	1,381,860
Other liabilities	20	6,951,520	5,996,250	3,555,869	3,253,358
Recourse obligation on loans sold to Cagamas	21	649,977	516,265	649,977	516,265
Provision for taxation and zakat	22	466,889	87,743	283,353	–
Deferred tax liabilities	23	151,109	57,430	–	–
Borrowings	24	2,824,864	2,502,060	2,098,317	1,512,310
Subordinated obligations	25	8,069,116	8,672,373	8,069,116	8,152,239
Capital securities	26	5,978,752	6,047,541	5,978,752	6,047,541
Life, general takaful and family takaful fund liabilities	53	5,021,911	4,529,995	–	–
Life, general takaful and family takaful policy holders' funds	53	12,938,148	12,251,906	–	–
Total liabilities		308,034,826	284,971,146	223,135,442	215,766,698
Equity attributable to equity holders of the Bank					
Share capital	27	7,077,983	7,077,663	7,077,983	7,077,663
Reserves	28	20,799,193	17,821,083	18,178,841	15,432,781
		27,877,176	24,898,746	25,256,824	22,510,444
Minority interests		787,764	869,231	–	–
		28,664,940	25,767,977	25,256,824	22,510,444
Total liabilities and shareholders' equity		336,699,766	310,739,123	248,392,266	238,277,142
Commitments and contingencies	42	232,273,335	221,586,702	213,216,362	201,853,878

The accompanying notes form an integral part of the financial statements.

income statements

For the year ended 30 June 2010

	Note	Group		Bank	
		2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Operating revenue	30	18,560,232	17,586,337	13,280,253	13,064,811
Interest income	31	10,955,220	11,569,863	8,555,239	9,534,332
Interest expense	32	(4,184,347)	(5,650,357)	(3,160,604)	(4,528,635)
Net interest income		6,770,873	5,919,506	5,394,635	5,005,697
Income from Islamic Banking Scheme operations					
Gross operating income		1,393,102	1,204,888	–	–
Profit equalisation reserves		41,642	19,433	–	–
	52	1,434,744	1,224,321	–	–
		8,205,617	7,143,827	5,394,635	5,005,697
Dividends from subsidiaries and associates		–	–	878,425	647,448
Other operating income		4,666,035	3,375,190	2,843,624	2,057,612
Total non-interest income	33	4,666,035	3,375,190	3,722,049	2,705,060
Net income		12,871,652	10,519,017	9,116,684	7,710,757
Overhead expenses	34	(6,412,072)	(5,559,165)	(4,004,773)	(3,736,643)
		6,459,580	4,959,852	5,111,911	3,974,114
Allowance for losses on loans, advances and financing	36	(1,187,977)	(1,698,814)	(309,867)	(1,065,839)
Impairment losses on securities, net	37	(23,030)	(197,489)	(15,500)	(221,103)
Operating profit		5,248,573	3,063,549	4,786,544	2,687,172
Impairment loss on investment in subsidiaries		–	–	–	(2,787,917)
Impairment loss on interest in associates		–	(353,067)	–	–
Impairment losses on goodwill		–	(1,619,518)	–	–
Write-back of non-refundable deposit		–	483,824	–	483,824
		5,248,573	1,574,788	4,786,544	383,079
Share of profits of associates		121,835	99,504	–	–
Profit before taxation and zakat carried forward		5,370,408	1,674,292	4,786,544	383,079

	Note	Group		Bank	
		2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Profit before taxation and zakat brought forward		5,370,408	1,674,292	4,786,544	383,079
Taxation and zakat	38	(1,401,958)	(923,578)	(1,233,859)	(714,244)
Profit/(loss) for the year		3,968,450	750,714	3,552,685	(331,165)
Attributable to:					
Equity holders of the Bank		3,818,167	691,875	3,552,685	(331,165)
Minority interests		150,283	58,839	–	–
		3,968,450	750,714	3,552,685	(331,165)
Earnings/(loss) per share attributable to equity holders of the Bank					
Basic (sen)	40	53.9	12.0 ¹	50.2	(5.7) ¹
Diluted (sen)	40	53.9	12.0 ¹	50.2	(5.7) ¹
¹ Adjusted for rights issue completed on 30 April 2009.					
Net dividends per ordinary share held by equity holders of the Bank in respect of financial year (sen)					
Paid – First Interim	41			8.25	–
Proposed – Final	41			33.00	6.00

The accompanying notes form an integral part of the financial statements.

consolidated statement of changes in equity

For the year ended 30 June 2010

Group	Non-distributable											
	Share Capital RM'000	Share Premium RM'000	Statutory Reserve RM'000	Capital Reserves RM'000	Unrealised Holding Reserve/ (Deficit) RM'000	Exchange Fluctuation Reserve RM'000	Share Option Reserve RM'000	Revaluation Reserve RM'000	Distributable Retained Profits RM'000	Total Shareholders' Equity RM'000	Minority Interest RM'000	Total Equity 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
Currency translation differences	-	-	-	-	-	(282,549)	-	-	-	(282,549)	769	(281,780)
Effects of acquisition of interests from minority interests (Note 14(e))	-	-	-	-	-	-	-	-	(43,047)	(43,047)	(246,325)	(289,372)
Effects on adoption of Risk Based Capital ("RBC") Framework for insurance subsidiaries	-	-	-	-	(4,628)	-	-	-	(3,292)	(7,920)	(3,550)	(11,470)
Unrealised net gain on revaluation of securities available-for-sale	-	-	-	-	493,952	-	-	-	-	493,952	14,526	508,478
Net gain/(loss) not recognised in the income statement	-	-	-	-	489,324	(282,549)	-	-	(46,339)	160,436	(234,580)	(74,144)
Net profit for the year	-	-	-	-	-	-	-	-	3,818,167	3,818,167	150,283	3,968,450
Total recognised income/(expense) for the year	-	-	-	-	489,324	(282,549)	-	-	3,771,828	3,978,603	(84,297)	3,894,306
Transfer to/(from) statutory reserves	-	-	889,016	-	-	-	-	-	(889,016)	-	-	-
Transfer (from)/to share option reserve	-	-	-	-	-	-	(63,191)	-	63,191	-	-	-
Issue of ordinary shares pursuant to ESOS (Note 27)	320	1,805	-	-	-	-	-	-	-	2,125	-	2,125
Revaluation reserve for investment properties (Note 12)	-	-	-	-	-	-	-	6,315	-	6,315	2,830	9,145
Dividends (Note 41)	-	-	-	-	-	-	-	-	(1,008,613)	(1,008,613)	-	(1,008,613)
At 30 June 2010	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

Group (cont'd.)	Non-distributable											
	Share Capital RM'000	Share Premium RM'000	Statutory Reserve RM'000	Capital Reserves RM'000	Unrealised Holding Reserve/ (Deficit) RM'000	Exchange Fluctuation Reserve RM'000	Share Option Reserve RM'000	Revaluation Reserve RM'000	Distributable Retained Profits RM'000	Total Shareholders' Equity RM'000	Minority Interest RM'000	Total Equity RM'000
At 1 July 2008	4,881,123	2,097,011	4,573,636	15,250	(416,340)	(41,752)	63,069	-	8,130,496	19,302,493	789,269	20,091,762
Currency translation differences	-	-	-	-	-	(625,133)	-	-	-	(625,133)	(2,825)	(627,958)
Effects of acquisition/disposal of interests (from)/to minority interests	-	-	-	-	-	-	-	-	(20,116)	(20,116)	34,129	14,013
Share of movement in reserves of associates	-	-	-	-	(22,129)	-	-	-	-	(22,129)	-	(22,129)
Unrealised net gain/(loss) on revaluation of securities available-for-sale	-	-	-	-	290,081	-	-	-	-	290,081	(8,938)	281,143
Net gain/(loss) not recognised in the income statement	-	-	-	-	267,952	(625,133)	-	-	(20,116)	(377,297)	22,366	(354,931)
Net profit for the year	-	-	-	-	-	-	-	-	691,875	691,875	58,839	750,714
Total recognised income/(expense) for the year	-	-	-	-	267,952	(625,133)	-	-	671,759	314,578	81,205	395,783
Transfer to/(from) statutory reserves	-	-	91,347	-	-	-	-	-	(91,347)	-	-	-
Share-based payment under ESOS (Note 34)	-	-	-	-	-	-	122	-	-	122	-	122
Issue of ordinary shares pursuant to rights issue exercise (Note 27)	2,196,516	3,804,527	-	-	-	-	-	-	-	6,001,043	-	6,001,043
Issue of ordinary shares pursuant to ESOS (Note 27)	24	154	-	-	-	-	-	-	-	178	-	178
Revaluation reserve for investment properties (Note 12)	-	-	-	-	-	-	-	2,742	-	2,742	-	2,742
Dividend paid by a subsidiary attributable to minority interest	-	-	-	-	-	-	-	-	-	-	(1,243)	(1,243)
Dividends (Note 41)	-	-	-	-	-	-	-	-	(722,410)	(722,410)	-	(722,410)
At 30 June 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

The accompanying notes form an integral part of the financial statements.

statement of changes in equity For the year ended 30 June 2010

Bank	Non-distributable							
	Share Capital RM'000	Share Premium RM'000	Statutory Reserve RM'000	Unrealised Holding (Deficit)/ Reserve RM'000	Exchange Fluctuation Reserve RM'000	Share Option Reserve RM'000	Distributable Retained Profits RM'000	Total Equity 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
Currency translation differences	-	-	-	-	(152,266)	-	-	(152,266)
Unrealised net gain on revaluation of securities available-for-sale	-	-	-	352,449	-	-	-	352,449
Net gain/(loss) not recognised in the income statement	-	-	-	352,449	(152,266)	-	-	200,183
Net profit for the year	-	-	-	-	-	-	3,552,685	3,552,685
Total recognised income/ (expense) for the year	-	-	-	352,449	(152,266)	-	3,552,685	3,752,868
Transfer to/(from) statutory reserve	-	-	889,000	-	-	-	(889,000)	-
Transfer (from)/to share option reserve	-	-	-	-	-	(63,191)	63,191	-
Issue of ordinary shares pursuant to ESOS (Note 27)	320	1,805	-	-	-	-	-	2,125
Dividends (Note 41)	-	-	-	-	-	-	(1,008,613)	(1,008,613)
At 30 June 2010	7,077,983	5,903,497	5,372,770	269,016	(12,495)	-	6,646,053	25,256,824

Bank (cont'd.)	Non-distributable							
	Share Capital RM'000	Share Premium RM'000	Statutory Reserve RM'000	Unrealised Holding Reserve/ (Deficit) RM'000	Exchange Fluctuation Reserve RM'000	Share Option Reserve RM'000	Distributable Retained Profits RM'000	Total Equity RM'000
At 1 July 2008	4,881,123	2,097,011	4,483,770	(400,753)	94,730	63,069	5,981,365	17,200,315
Currency translation differences	–	–	–	–	45,041	–	–	45,041
Unrealised net gain on revaluation of securities available-for-sale	–	–	–	317,320	–	–	–	317,320
Net gain not recognised in the income statement	–	–	–	317,320	45,041	–	–	362,361
Net loss for the year	–	–	–	–	–	–	(331,165)	(331,165)
Total recognised income/ (expense) for the year	–	–	–	317,320	45,041	–	(331,165)	31,196
Share-based payment under ESOS								
– In respect of the Bank's employees (recognised in profit or loss) (Note 34)	–	–	–	–	–	88	–	88
– In respect of the subsidiaries' employees:								
As capital injection (addition to costs of investment in subsidiaries)	–	–	–	–	–	27	–	27
Payable by certain subsidiaries (as amount due to the Bank)	–	–	–	–	–	7	–	7
Issue of ordinary shares pursuant to rights issue exercise	2,196,516	3,804,527	–	–	–	–	–	6,001,043
Issue of ordinary shares pursuant to ESOS (Note 27)	24	154	–	–	–	–	–	178
Dividends (Note 41)	–	–	–	–	–	–	(722,410)	(722,410)
At 30 June 2009	7,077,663	5,901,692	4,483,770	(83,433)	139,771	63,191	4,927,790	22,510,444

The accompanying notes form an integral part of the financial statements.

cashflow statements For the year ended 30 June 2010

	Group		Bank	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Cash flows from operating activities				
Profit before taxation	5,370,408	1,674,292	4,786,544	383,079
Adjustments for:				
Share of profits of associates	(121,835)	(99,504)	–	–
Depreciation	181,642	146,167	130,484	103,312
Amortisation of prepaid land lease payment	1,367	1,746	1,208	1,227
Amortisation of computer software	58,742	58,884	44,429	44,437
Amortisation of Core Deposit Intangibles	93,037	71,737	–	–
Gain on disposal of property, plant and equipment	(19,115)	(16,585)	(12,882)	(8,238)
Gain on disposal of foreclosed properties	(66)	(13,285)	–	–
Net (gain)/loss on disposal of held-for-trading securities	(28,612)	27,505	(14,320)	(18,705)
Net gain on disposal of available-for-sale securities	(191,045)	(141,743)	(123,752)	(133,263)
Net gain on redemption of held-to-maturity securities	(2,267)	(750)	(1,838)	(612)
Gain on liquidation of subsidiaries	(659)	–	(29)	–
Amortisation of premiums less accretion of discounts, net	(46,404)	(2,738)	(50,200)	(24,928)
Unrealised (gain)/loss on revaluation of securities held-for-trading and derivatives	(311,297)	171,880	(326,350)	206,122
Impairment losses on securities, net	23,030	197,489	15,500	221,103
Impairment losses on goodwill	–	1,619,518	–	–
Impairment losses on				
– investment in subsidiaries	–	–	–	2,787,917
– interest in associates	–	353,067	–	–
Loan and financing loss and allowances	1,809,637	1,936,222	729,728	1,148,867
Allowance for other debts	3,056	280,523	2,967	283,380
Interest income clawed back/suspended	38,522	49,159	38,522	49,159
Amortisation of transaction cost in relation to issuance of Stapled Capital Securities	(3,389)	842	(3,389)	842
Write back of non-refundable deposit	–	(483,824)	–	(483,824)
Write back of prepaid land lease payment	–	(184)	–	–
Prepaid land lease payment written off	342	8,625	–	–
Dividend income	(30,427)	(29,972)	(902,804)	(662,229)
Share options granted under ESOS	–	122	–	88
Property, plant and equipment written off	2,847	18,482	466	192
Impairment of property, plant and equipment	–	232	–	–
Profit equalisation reserves	(41,642)	(19,433)	–	–
Transfer of life, general takaful and family takaful fund surplus	(191,401)	(213,696)	–	–
Operating profit before working capital changes carried forward	6,594,471	5,594,778	4,314,284	3,897,926

	Group		Bank	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Cash flows from operating activities (cont'd.)				
Operating profit before working capital changes brought forward	6,594,471	5,594,778	4,314,284	3,897,926
Change in securities purchased under resale agreements	(24,775)	(346,462)	(24,775)	(346,462)
Change in deposits and placements with banks and other financial institutions	(2,616,200)	2,657,340	465,771	1,231,524
Change in securities portfolio	4,462,321	(17,720,522)	120,629	(16,921,925)
Change in loans, advances and financing	(21,620,062)	(10,237,466)	(7,806,038)	(6,774,350)
Change in other assets	(10,714)	2,367,475	(8,085)	53,960
Change in statutory deposits with Central Banks	(420,450)	1,821,482	177,162	2,829,558
Change in deposits from customers	24,311,199	10,561,648	11,926,811	7,130,366
Change in deposits and placements of banks and other financial institutions	(5,523,995)	5,276,157	(7,192,094)	5,691,846
Change in obligations on securities sold under repurchase agreements	407,056	(322,371)	-	(322,371)
Change in bills and acceptances payable	1,591,523	(3,322,239)	1,570,718	(3,068,102)
Change in other liabilities	443,946	(1,015,034)	302,513	(674,227)
Change in life, general takaful and family takaful fund assets	(986,757)	(878,236)	-	-
Change in life, general takaful and family takaful fund liabilities and policy holders' funds	1,178,158	1,091,932	-	-
Exchange fluctuation	671,135	(1,582,830)	658,547	(935,544)
Cash generated from/(used in) operations	8,456,856	(6,054,348)	4,505,443	(8,207,801)
Taxes and zakat paid	(1,178,589)	(1,429,820)	(1,020,629)	(1,272,735)
Net cash generated from/(used in) operating activities	7,278,267	(7,484,168)	3,484,814	(9,480,536)

	Group		Bank	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Cash flows from investing activities				
Purchase of property, plant and equipment	(207,165)	(235,270)	(138,444)	(168,608)
Purchase of intangible assets	(28,942)	(33,282)	(11,318)	(23,814)
Subscription to additional ordinary shares in new and existing subsidiaries	–	–	(1,112,055)	(1,203,965)
Acquisition of subsidiaries	–	(6,868,422)	–	(7,419,091)
Purchase of non-redeemable preference shares in a subsidiary	(125,970)	–	(125,970)	–
Purchase of redeemable preference shares in associates	–	(1,720)	–	(1,720)
Acquisition of associates	(78,907)	(1,017,759)	(75,651)	(327,460)
Redemption of preference shares from a minority interest and the Bank by a subsidiary	(105,000)	–	245,000	–
Proceeds from disposal of property, plant and equipment	24,949	27,506	16,649	16,014
Dividends received				
– from securities	30,427	29,972	24,379	14,781
– from associates	67,806	41,721	8,563	–
– from subsidiaries	–	–	869,862	647,448
Net cash used in investing activities	(422,802)	(8,057,254)	(298,985)	(8,466,415)
Cash flows from financing activities				
Proceeds from issuance of shares	14,502	6,011,167	2,125	6,001,221
Drawdown of borrowings	391,960	95,083	689,590	95,083
Redemption of subordinated obligations	(520,135)	–	–	–
Proceeds from issuance of Innovative Tier 1 Capital Securities (SGD)	–	1,458,960	–	1,458,960
Proceeds from issuance of Innovative Tier 1 Capital Securities (RM)	–	1,100,000	–	1,100,000
Proceeds from issuance of Tier 2 Capital Subordinated Term Loan	–	3,100,000	–	3,100,000
Loans sold to Cagamas, net	133,712	(757,804)	133,712	(757,804)
Dividends paid	(1,008,613)	(722,410)	(1,008,613)	(722,410)
Net cash (used in)/generated from financing activities	(988,574)	10,284,996	(183,186)	10,275,050
Net increase/(decrease) in cash and cash equivalents	5,866,891	(5,256,426)	3,002,643	(7,671,901)
Cash and cash equivalents at beginning of year *	22,549,455	28,755,910	16,400,973	25,120,213
Cash and cash equivalents at end of year	28,416,346	23,499,484	19,403,616	17,448,312

	Group		Bank	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Cash and cash equivalents included in the cash flow statements comprise the following Balance Sheet amounts:				
Cash and short-term funds (Note 5)	28,707,992	23,607,979	19,403,616	17,448,312
Less: Monies held in trusts (Note 5)	(291,646)	(108,495)	-	-
	28,416,346	23,499,484	19,403,616	17,448,312
* Cash and cash equivalents at beginning of year:				
– As previously reported	23,607,979	27,644,359	17,448,312	24,069,617
– Effects of foreign exchange rate changes	(1,058,524)	1,111,551	(1,047,339)	1,050,596
	22,549,455	28,755,910	16,400,973	25,120,213

The accompanying notes form an integral part of the financial statements.

notes to the financial statements – 30 June 2010

1. CORPORATE INFORMATION

The Bank is principally engaged in the business of banking and finance in all its aspects.

The subsidiaries are principally engaged in the businesses of banking and finance, Islamic banking, investment banking including stock broking, general and life insurance, general and family takaful, trustee and nominee services, asset management and venture capital.

There were no significant changes in these activities during the financial year.

The Bank is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad. The registered office of the Bank is located at 14th Floor, Menara Maybank, 100, Jalan Tun Perak, 50050 Kuala Lumpur.

These financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 20 August 2010.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The financial statements of the Group and of the Bank have been prepared in accordance with the provisions of the Companies Act, 1965 and applicable Financial Reporting Standards ("FRSs") in Malaysia as modified by Bank Negara Malaysia ("BNM") Guidelines.

The financial statements are presented in Ringgit Malaysia ("RM") and rounded to the nearest thousand (RM'000), unless otherwise stated.

3. SIGNIFICANT ACCOUNTING POLICIES

(i) Basis of accounting

The financial statements of the Group and of the Bank have been prepared under the historical cost convention unless otherwise indicated in the accounting policies below.

(ii) Changes in accounting policies and effects arising from adoption of new and revised FRS, amendments to FRS and interpretations

The significant accounting policies and methods of computation applied by the Group and the Bank are consistent with those adopted in the previous year except for adoption of the following:

(a) Financial Reporting Standards ("FRSs") effective from the financial period beginning 1 July 2009

- (i) FRS 8 Operating Segments
- (ii) Amendments to FRS 8 Operating Segments

FRS 8 does not have impact on the financial position or results of the Group and the Bank. Details of the operating segments are disclosed in Note 50.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)**(ii) Changes in accounting policies and effects arising from adoption of new and revised FRS, amendments to FRS and interpretations (cont'd.)****(b) Risk-Based Capital Framework**

BNM has issued detailed guidelines under the Risk-Based Capital Framework for insurers (“the RBC Framework”) which became effective for the annual period beginning on or after 1 January 2009. The insurance subsidiaries conducting conventional businesses of the Group have adopted the accounting policies in investments, receivables, unexpired risks and general and life insurance liabilities as specified in the RBC Framework for the annual period beginning on 1 July 2009. The effect of the RBC Framework to the unrealised holding reserves and retained profits of the Group as at 1 July 2009 is reflected in the statement of changes in equity and does not have any significant impact on the financial statements of the Group other than those disclosed in the statement of changes in equity.

(iii) Subsidiaries and basis of consolidation**(a) Subsidiaries**

Subsidiaries are entities over which the Group has the ability to control the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has such power over another entity.

In the Bank's separate financial statements, investments in subsidiaries are stated at cost less impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 3(xxx) below. On disposal of such investments, the difference between the net disposal proceeds and their carrying amounts is included in profit or loss.

(b) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Bank and its subsidiaries as at the balance sheet date. The financial statements of the subsidiaries are prepared for the same reporting date as the Bank.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. In preparing the consolidated financial statements, intragroup balances, transactions and unrealised gains or losses are eliminated in full. Uniform accounting policies are adopted in the consolidated financial statements for like transactions and events in similar circumstances.

Acquisitions of subsidiaries are accounted for using the purchase method. The purchase method of accounting involves allocating the cost of the acquisition to the fair value of the assets acquired and liabilities and contingent liabilities assumed at the date of acquisition. The cost of an acquisition is measured as the aggregate of the fair values, at the date of exchange, of the assets given, liabilities incurred or assumed, and equity instruments issued, plus any costs directly attributable to the acquisition.

Any excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities represents goodwill. Any excess of the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss.

Minority interests represent the portion of profit or loss and net assets in subsidiaries not held by the Group. It is measured at the minorities' share of the fair value of the subsidiaries' identifiable assets and liabilities at the acquisition date and the minorities' share of changes in the subsidiaries' equity since then.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(iv) Associates

Associates are entities in which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but not in control or joint control over those policies.

Investments in associates are accounted for in the consolidated financial statements using the equity method of accounting. Under the equity method, the investment in associate is carried in the consolidated balance sheet at cost adjusted for post-acquisition changes in the Group's share of net assets of the associate. The Group's share of the net profit or loss of the associate is recognised in the consolidated profit or loss. Where there has been a change recognised directly in the equity of the associate, the Group recognises its share of such changes.

In applying the equity method, unrealised gains and losses on transactions between the Group and the associate are eliminated to the extent of the Group's interest in the associate. After application of the equity method, the Group determines whether it is necessary to recognise any additional impairment loss with respect to the Group's net investment in the associate. The associate is equity accounted for from the date the Group obtains significant influence until the date the Group ceases to have significant influence over the associate.

Goodwill relating to an associate is included in the carrying amount of the investment and is not amortised. Any excess of the Group's share of the net fair value of the associate's identifiable assets, liabilities and contingent liabilities over the cost of the investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of the associate's profit or loss in the period in which the investment is acquired.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any long-term interests that, in substance, form part of the Group's net investment in the associates, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

The most recent available audited financial statements of the associates are used by the Group in applying the equity method. Where the dates of the audited financial statements used are not coterminous with those of the Group, the share of results is arrived at from the last audited financial statements available and management financial statements to the end of the accounting period. Uniform accounting policies are adopted for like transactions and events in similar circumstances.

In the Bank's separate financial statements, investments in associates are stated at cost less impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 3(xxx) below.

On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)**(v) Intangible assets****(a) Goodwill**

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired is allocated, from the acquisition date, to each of the Group's cash-generating units that are expected to benefit from the synergies of the combination.

The cash-generating unit to which goodwill has been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired, by comparing the carrying amount of the cash-generating unit, including the allocated goodwill, with the recoverable amount of the cash-generating unit. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in the income statement. Impairment losses recognised for goodwill are not reversed in subsequent periods.

Where goodwill forms part of a cash-generating unit and part of the operation within that cash-generating unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative fair values of the operations disposed of and the portion of the cash-generating unit retained.

Goodwill and fair value adjustments arising on the acquisition of foreign operations on or after 1 January 2006 are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the balance sheet date. Goodwill and fair value adjustments which arose on the acquisition of foreign subsidiaries before 1 January 2006 are deemed to be assets and liabilities of the parent entity and are recorded in RM at the rates prevailing at the date of acquisition.

(b) Other intangible assets

Other intangible assets include core deposits and computer software. Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair values as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over the estimated economic useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each balance sheet date.

Intangible assets with indefinite useful lives are not amortised but tested for impairment annually or more frequently if the events or changes in circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level. The useful life of an intangible asset with an indefinite life is also reviewed annually to determine whether the useful life assessment continues to be supportable.

Intangible assets are amortised over their finite useful lives as follows:

Computer softwares	3 – 5 years
Core Deposit Intangibles	8 years

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(vi) Securities portfolio

The holdings of the securities portfolio of the Group and the Bank are recognised based on the following categories and measurement methods:

(a) Securities held-for-trading

Securities are classified as held-for-trading if they are acquired principally for the purpose of benefiting from actual or expected short-term price movement or to lock in arbitrage profits. The securities held-for-trading are measured at fair value and any gain or loss arising from a change in their values and derecognition of these securities are recognised in the income statements.

On 20 October 2008, BNM has issued a circular setting out the limited circumstances in which banking institutions are allowed to reclassify financial instruments currently held in the security held-for-trading portfolios. The concession is only effective for the period from 1 July 2008 to 31 December 2009. The Group has as at 30 June 2009 reclassified RM78.1 million of its securities held-for-trading portfolio to securities held-to-maturity portfolio. The reclassification was made at its market value at the date of reclassification. This reclassification is disclosed in Note 8(iv)(c).

(b) Securities held-to-maturity

Securities held-to-maturity are financial assets with fixed or determinable payments and fixed maturity that the Group and the Bank have the positive intent and ability to hold to maturity.

Securities held-to-maturity are measured at accreted/amortised cost based on the effective yield method. Amortisation of premium, accretion of discount and impairment as well as gain or loss arising from derecognition of securities held-to-maturity are recognised in the income statement.

(c) Securities available-for-sale

Securities available-for-sale are financial assets that are not classified as held-for-trading or held-to-maturity. The securities available-for-sale are measured at fair value, or at cost (less impairment losses) if the fair value cannot be reliably measured. The return and cost of the securities available-for-sale are credited and charged to the income statement using accreted/amortised cost based on the effective yield method. Any gain or loss arising from a change in fair value after applying the accreted/amortised cost method are recognised directly in equity through the statement of changes in equity, until the financial asset is sold, collected, disposed of or impaired, at which time the cumulative gain or loss previously recognised in equity will be transferred to the income statement.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(vi) Securities portfolio (cont'd.)

(d) Impairment of securities portfolio

The Group and the Bank assesses at each balance sheet date whether there is any objective evidence that a security or group of securities (other than securities held-for-trading) is impaired.

(i) Securities held-to-maturity

For securities carried at amortised cost in which there are objective evidence of impairment, impairment loss is measured as the difference between the securities' carrying amount and the present value of the estimated future cash flows discounted at the securities' original effective interest rate. The amount of the impairment loss is recognised in the income statement.

Subsequent reversals in the impairment loss is recognised when the decrease can be objectively related to an event occurring after the impairment was recognised, to the extent that the securities' carrying amount does not exceed its amortised cost at the reversal date. The reversal is recognised in the income statement.

For unquoted equity securities carried at cost, impairment loss is measured as the difference between the securities' carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for similar securities. The amount of impairment loss is recognised in the income statement and such impairment losses are not reversed subsequent to its recognition.

(ii) Securities available-for-sale

For securities available-for-sale in which there are objective evidence of impairment, the cumulative impairment loss that had been recognised directly in equity shall be transferred from equity to the income statement, even though the securities have not been derecognised. The cumulative impairment loss is measured as the difference between the acquisition cost (net of any principal repayment and amortisation) and the current fair value, less any impairment loss previously recognised in the income statement.

Impairment losses on investments in equity instruments classified as available-for-sale recognised are not reversed subsequent to its recognition. Reversals of impairment losses on debt instruments classified as available-for-sale are recognised in the income statement if the increase in fair value can be objectively related to an event occurring after the recognition of the impairment loss in the income statement.

(vii) Allowance for doubtful debts

Specific allowances are made for doubtful debts which have been individually reviewed and specifically identified as bad and doubtful. Additional allowances are made for long outstanding non-performing loans aged more than five years.

In addition, a general allowance based on a certain percentage of total risk-weighted assets for credit risk, which takes into account all balance sheet items and their perceived credit risk levels, is maintained.

The allowance for doubtful debts and financing of the Group and the Bank are computed based on the requirements of BNM/GP3, which is consistent with the adoption made in the previous audited annual financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(viii) Property, plant and equipment and depreciation

All items of property, plant and equipment are initially measured at cost. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repair and maintenance costs are charged to the income statement during the financial period in which they are incurred.

Subsequent to recognition, property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses, in accordance with Note 3(xxx).

Freehold land has an unlimited useful life and therefore is not depreciated. Buildings-in-progress are also not depreciated as these assets are not available for use. Leasehold land is depreciated over the period of the respective leases which ranges from 35 to 999 years. The remaining period of respective leases ranges from 6 to 906 years.

Depreciation of other property, plant and equipment is computed on a straight-line basis over its estimated useful life at the following annual rates:

Buildings on freehold land	50 years
Buildings on leasehold land	50 years or remaining life of the lease, whichever is shorter
Office furniture, fittings, equipment and renovations	10% – 25%
Computers and peripherals	14% – 25%
Electrical and security equipment	8% – 25%
Motor vehicles	20% – 25%

The residual value, useful life and depreciation method are reviewed at each financial year-end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any and the net carrying amount is recognised in profit or loss.

(ix) Investment properties

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Such properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value. Fair value is arrived at by reference to market evidence of transaction prices for similar properties and is performed by registered independent valuers having an appropriate recognised professional qualification and recent experience in the location and category of the properties being valued.

Gains or losses arising from changes in the fair values of investment properties are recognised in profit or loss in the year in which they arise.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(ix) Investment properties (cont'd.)

A property interest under an operating lease is classified and accounted for as an investment property on a property-by-property basis when the Group holds it to earn rentals or for capital appreciation or both. Any such property interest under an operating lease classified as an investment property is carried at fair value.

Investment properties are derecognised when either they have been disposed off or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in profit or loss in the year in which they arise.

Where investment properties are transferred from self-occupied properties, any gains arising from the change in the fair value of those investment properties are credited directly to equity in revaluation surplus. Any losses arising from the change in fair value are recognised in the income statement, to the extent that the losses offset any earlier gains already recognised in the revaluation surplus.

(x) Other assets

Other assets are carried at anticipated realisable values. Bad debts are written off when identified. An estimate is made for doubtful debts based on a review of all outstanding amounts as at the balance sheet date.

(xi) Repurchase agreements

Securities purchased under resale agreements are securities which the Group and the Bank had purchased with a commitment to resell at future dates. The commitments to resell the securities are reflected as assets on the balance sheet.

Conversely, obligations on securities sold under repurchase agreements are securities which the Group and the Bank had sold from its portfolio, with a commitment to repurchase at future dates. Such financing transactions and corresponding obligations to purchase the securities are reflected as liabilities on the balance sheet.

(xii) Bills and acceptances payable

Bills and acceptances payable represent the Group's and the Bank's own bills and acceptances rediscounted and outstanding in the market.

(xiii) Provisions for liabilities

Provisions for liabilities are recognised when the Group and the Bank have a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made.

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of the provision is the present value of the expenditure expected to be required to settle the obligation.

(xiv) Liabilities

Deposits from customers, deposits and placements of banks and financial institutions are stated at placement values. Other liabilities are stated at cost which is the fair value of the consideration expected to be paid in the future for goods and services received.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(xv) Profit equalisation reserves (“PER”) on IBS operations

PER is the amount appropriated out of the total gross income in order to maintain a certain level of return to depositors in conformity with Bank Negara Malaysia’s “The Framework of the Rate of Return” (BNM/GP2-i). PER is appropriated from and written back to the total gross income in deriving the net distributable gross income. The amount appropriated is shared by the depositors and the Group. The PER is deducted at a rate which does not exceed the maximum amount of the total of 15% of monthly gross income, monthly net trading income, other income and irregular income. PER is maintained up to the maximum of 30% of total Islamic banking capital fund.

(xvi) Income tax and zakat

(a) Income tax

Income tax on the profit or loss for the year comprises current and deferred taxes. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted at the balance sheet date.

Deferred tax is provided for, using the liability method. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Deferred tax is not recognised if the temporary difference arises from goodwill or negative goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is recognised as income or an expense and included in the profit or loss for the period, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also recognised directly in equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or the amount of any excess of the acquirer’s interest in the net fair value of the acquiree’s identifiable assets, liabilities and contingent liabilities over the cost of the combination.

(b) Zakat

This represents business zakat payable by the Group in compliance with Shariah principles and as approved by the Group’s Shariah Committee.

(xvii) Leases

(a) Classification

A lease is recognised as a finance lease if it transfers substantially to the Group all the risks and rewards incidental to ownership. Leases of land and buildings are classified as operating or finance leases in the same way as leases of other assets and the land and buildings elements of a lease of land and buildings are considered separately for the purposes of lease classification. All leases that do not transfer substantially all the risks and rewards are classified as operating leases, with the following exceptions:

- Property held under operating leases that would otherwise meet the definition of an investment property is classified as an investment property on a property-by-property basis and, if classified as investment property, is accounted for as if held under a finance lease (Note 3(xvii)(b)); and
- Land held for own use under an operating lease, the fair value of which cannot be measured separately from the fair value of the building situated thereon at the inception of the lease, is accounted for as being held under a finance lease, unless the building is also clearly held under an operating lease.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(xvii) Leases (cont'd.)

(b) Finance lease – the Group as lessee

Assets acquired by way of hire purchase or finance leases are stated at an amount equal to the lower of their fair values and the present value of the minimum lease payments at the inception of the leases, less accumulated depreciation and impairment losses. The corresponding liability is included in the balance sheet as borrowings. In calculating the present value of the minimum lease payments, the discount factor used is the interest rate implicit in the lease, when it is practical to determine; otherwise, the Bank's incremental borrowing rate is used. Any initial direct costs are also added to the carrying amount of such assets.

Lease payments are apportioned between the finance costs and the reduction of the outstanding liability. Finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are recognised in the profit or loss over the term of the relevant lease so as to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

The depreciation policy for leased assets is in accordance with that for depreciable property, plant and equipment as described in Note 3(viii).

(c) Operating lease – the Group as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the term of the relevant lease. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

In the case of a lease of land and buildings, the minimum lease payments or the up-front payments made are allocated, whenever necessary, between the land and the buildings elements in proportion to the relative fair values for leasehold interests in the land element and building element of the lease at the inception of the lease. The up-front payment represents prepaid lease payments and are amortised on a straight-line basis over the lease term.

(d) Operating lease – the Group as lessor

Assets leased out under operating leases are presented on the balance sheets according to the nature of the assets. Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease (Note 3(viii)). Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

(xviii) Life fund

The Life fund consists of long-term liabilities to policyholders, determined by an annual actuarial valuation, as well as accumulated surplus. The distributable surplus is transferable from the Life fund to the income statement based on the surplus determined by the actuarial valuation.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(xix) Takaful funds

The Group's Takaful funds are operated under the Mudharabah and Wakalah models and are maintained in accordance with the requirements of the Takaful Act, 1984 and comply with the principles of Shariah.

(a) Family Takaful fund

The Family Takaful fund consists of the amounts attributable to participants as determined by the annual actuarial valuation and accumulated surplus attributable to participants. Surplus distributable to participants is distributed in accordance with the terms and conditions prescribed by the Shariah Committee of the respective Takaful operators.

(b) General Takaful fund

The General Takaful fund consists of unearned contribution reserves and accumulated surplus attributable to participants which represents the participants share in the net surplus of the general takaful revenue accounts. Any deficit in the general takaful fund will be made good by the shareholder's funds via a benevolent loan or Qardhul Hassan. Surplus distributable to participants is distributed in accordance with the terms and conditions prescribed by the Shariah Committee of the respective Takaful operators.

(xx) Premium liabilities, unearned premium reserves and unearned contribution reserves and unexpired risk reserves

(a) Premium liabilities

Premium liabilities is the higher of the aggregate of the Unearned Premium Reserves ("UPR") for all lines of business and the best estimate value of the Unexpired Risk Reserves ("URR") with a provision of risk margin for adverse deviation calculated at 75% confidence level at the overall subsidiary level. The URR requirement was established pursuant to the Framework which became effective on 1 January 2009.

(b) Unearned premium reserves and unearned contribution reserves

Unearned Premium Reserves ("UPR") and Unearned Contribution Reserves ("UCR") represent the portion of the net premiums and contribution of insurance policies and takaful certificates written that relate to the unexpired periods of policies and certificates at the end of the financial year. In determining the UPR and UCR at the balance sheet date, the method that most accurately reflect the actual unearned premium is used as follows:

- 25% method for marine cargo and aviation cargo, and transit business.
- 1/24th method for other classes of Malaysian general policies and 1/365th method for all classes of general takaful within Malaysia, reduced by the corresponding percentage of accounted gross direct business commissions and agency-related expenses not exceeding limits specified by Bank Negara Malaysia as follows:

Motor	10%
Fire, engineering, aviation and marine hull	15%
Medical health	
– Standalone individuals	15%
– Group of 3 or more	10%
Workmen compensation and employers' liability	
– Foreign workers	10%
– Others	25%
Other classes	20%
- 1/8th method for all classes of overseas inward treaty business with a deduction of 20% for commissions.
- Bond policies and non-annual certificates are time-apportioned over the periods of the risks.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)**(xx) Premium liabilities, unearned premium reserves and unearned contribution reserves and unexpired risk reserves (cont'd.)****(c) Unexpired risk reserves**

The URR is the prospective estimate of the expected future payments arising from future events insured under policies in force as at the valuation date and also includes allowance for the insurer's expenses, including overheads and cost of reinsurance, expected to be incurred during the unexpired period in administering these policies and settling the relevant claims, and expected future premium refunds.

(xxi) Claims liabilities/provision for outstanding claims

For general insurance and general takaful businesses, a liability for outstanding claims is recognised in respect of both direct insurance and inward reinsurance. The amount of outstanding claims is the best estimate of the expenditure required together with related expenses less recoveries to settle the present obligation at the balance sheet date. Provision is also made for the cost of claims together with related expenses incurred but not reported ("IBNR") at balance sheet date based on an actuarial valuation by a qualified actuary, based on a mathematical method of estimation based on actual claims development pattern.

For life assurance and family takaful businesses, claims and settlement costs that are incurred during the financial period are recognised when a claimable event occurs and/or the insurer is notified.

Claims and provisions for claims arising on life insurance and family takaful policies, including settlement costs, are accounted for using the case basis method and for this purpose, the benefits payable under a life insurance policy are recognised as follows:

- (i) maturity or other policy benefit payments due on specified dates are treated as claims payable on the due dates;
- (ii) death, surrender and other benefits without due dates are treated as claims payable, on the date of receipt of intimation of death of the assured or occurrence of the contingency covered.

(xxii) Borrowings

Interest-bearing borrowings are recognised initially at the fair value of the consideration received less directly attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between proceeds net of transaction costs and the redemption value being recognised in the income statement over the period of the borrowings on an effective interest method.

(xxiii) Interest and financing income recognition

Interest income is recognised on an accrual basis based on effective interest method. Interest income includes the amortisation of premiums or accretion of discounts.

Interest income on overdrafts, term loans and housing loans is accounted for on an accrual basis by reference to the rest periods as stipulated in the loan agreements, which are either daily or monthly. Interest income from hire purchase, instalment sale financing, block discounting and leasing transactions is accounted for on the "sum-of-the-digits" method, whereby the income recognised for each month is obtained by multiplying the total income by a fraction whose numerator is the digit representing the remaining number of months and whose denominator is the sum of the digits representing the total number of months.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(xxiii) Interest and financing income recognition (cont'd.)

Where an account has turned non-performing, interest accrued and recognised as income prior to the date the loan is classified as non-performing is reversed out of income, and set-off against the accrued interest receivable in the balance sheet. Thereafter, interest on these accounts are recognised on a cash basis until such time as the accounts are no longer classified as non-performing. Customers' accounts are deemed to be non-performing where repayments are in arrears for more than three months and one month after maturity date for trade bills, bankers' acceptances and trust receipts. Credit card holders are deemed non-performing where repayments are in arrears for more than ninety (90) days from first day of default.

Income from the Islamic Banking Scheme ("IBS") business is recognised on accrual basis in compliance with Bank Negara Malaysia Guidelines.

Handling fees paid to motor vehicle dealers for hire purchase loans are amortised in the income statement over the tenor of the loan in accordance with Bank Negara Malaysia Circular on Handling Fees dated 16 October 2006 and is set off against interest income recognised on the hire purchase loans.

(xxiv) Fee and other income recognition

Loan arrangement, management and participation fees, factoring commissions, underwriting commissions, brokerage fees and guarantee fees are recognised as income based on accrual on time apportionment method. Fees from advisory and corporate finance activities are recognised net of service taxes and discounts on completion of each stage of the assignment.

Dividend income is recognised when the shareholder's right to receive payment is established.

Premiums and contributions from general insurance and general takaful businesses, respectively, are recognised as income in a financial period in respect of risks assumed during that particular financial period. Inward treaty reinsurance premiums are recognised on the basis of periodic advices received from ceding insurers.

Premiums and contributions for life assurance and family takaful businesses, respectively, are recognised as income on assumption of risks and subsequent premiums are recognised on due dates. Premiums outstanding at balance sheet date are recognised as income for the period, provided they are still within the grace period allowed for payment. Contribution income on long term policies is recognised as earned based on the time-apportionment method.

Gross contributions for takaful business are accounted for on accrual basis in accordance with the Principles of Shariah as advised by Etiqa Takaful Berhad's Shariah Committee. Unrealised income is deferred and receipts in advance are treated as liabilities in the balance sheet.

Rollover fees on margin accounts and management fees from asset management are recognised on an accrual basis.

(xxv) Interest, financing and related expense recognition

Interest expense and attributable profit (on activities relating to IBS business) on deposits and borrowings of the Group and the Bank are expensed as incurred.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(xxvi) Employee benefits

(a) Short-term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Group and the Bank. Short-term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short-term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(b) Defined contribution plans

As required by law, companies in Malaysia make contributions to the Employees Provident Fund ("EPF"). Certain foreign branches of the Bank and subsidiaries make contributions to their respective countries' statutory pension schemes. Such contributions are recognised as an expense in the income statement when incurred.

(c) Share-based compensation

The ESOS is an equity-settled share-based compensation plan that allows the Group's Directors and employees to acquire shares of the Bank. The total fair value of share options granted to employees is recognised as an employee cost with a corresponding increase in the share option reserve within equity over the vesting period and taking into account the probability that the options will vest. The fair value of share options is measured at grant date, taking into account, if any, the market vesting conditions upon which the options were granted but excluding the impact of any non-market vesting conditions. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable on vesting date.

At each balance sheet date, the Group revises its estimates of the number of options that are expected to become exercisable on vesting date. It recognises the impact of the revision of original estimates, if any, in the profit or loss, and a corresponding adjustment to equity over the remaining vesting period. The equity amount is recognised in the share option reserve.

The proceeds received net of any directly attributable transaction costs are credited to share capital when the options are exercised. The share option reserve is transferred to retained earnings upon expiry of the share option.

(xxvii) Foreign currencies

(a) Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia (RM), which is also the Bank's functional and presentation currency.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(xxvii) Foreign currencies (cont'd.)

(b) Foreign currency transactions

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded in the functional currencies using the exchange rates prevailing at the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are translated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not translated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are included in profit or loss for the period except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations. Exchange differences arising on monetary items that form part of the Group's net investment in foreign operation, where that monetary item is denominated in a currency other than the functional currency of either the reporting entity or the foreign operations, are recognised in profit or loss for the period. Exchange differences arising on monetary items that form part of the Bank's net investment in foreign operations, regardless of the currency of the monetary item, are recognised in profit or loss in the Bank's separate financial statements or the individual financial statements of the foreign operations, as appropriate.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

(c) Foreign operations

The results and financial position of foreign operations that have a functional currency different from the presentation currency (RM) of the consolidated financial statements are translated into RM as follows:

- Assets and liabilities for each balance sheet presented are translated at the closing rate prevailing at the balance sheet date;
- Income and expenses for each income statement are translated at average exchange rates for the year, which approximates the exchange rates at the dates of the transactions; and
- All resulting exchange differences are taken to the foreign currency translation reserve within equity.

Goodwill and fair value adjustments arising on the acquisition of foreign operations on or after 1 January 2006 are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the balance sheet date. Goodwill and fair value adjustments which arose on the acquisition of foreign subsidiaries before 1 January 2006 are deemed to be assets and liabilities of the parent entity and are recorded in RM at the rates prevailing at the date of acquisition.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(xxviii) Derivative instruments

Derivative instruments are initially recognised at fair value, which is normally zero or negligible at inception and subsequently re-measured at their fair value. Fair values are obtained from quoted market prices in active markets, including recent market transactions, and valuation techniques that include discounted cash flow models and option pricing models, as appropriate. All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative. Changes in the fair value of any derivatives that do not qualify for hedge accounting are recognised immediately in the income statement.

The gain or loss for derivatives that qualify for hedge accounting is recognised as follows:

(a) Fair value hedge

Where a derivative financial instrument hedges the changes in fair value of a recognised asset or liability, any gain or loss on the hedging instrument is recognised in the income statement. The hedged item is also stated at fair value in respect of the risk being hedged, with any gain or loss being recognised in the income statement.

(b) Cash flow hedge

Gains and losses on the hedging instrument, to the extent that the hedge is effective, are deferred in a separate component of equity. The ineffective part of any gain or loss is recognised in the income statement. The deferred gains and losses are then released to the income statement in the periods when the hedged item affects the income statement.

(xxix) Cash and cash equivalents

For the purpose of the cash flow statements, cash and cash equivalents include cash and bank balances and short-term funds with remaining maturity of less than one month.

(xxx) Impairment of assets

The carrying amounts of assets, other than securities portfolio, goodwill, intangible assets with indefinite useful life, investment properties and deferred tax, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated to determine the amount of impairment loss.

For goodwill, intangible assets that have an indefinite useful life and intangible assets that are not yet available for use, the recoverable amount is estimated at each balance sheet date or more frequently when indicators of impairment are identified.

For the purpose of impairment testing of these assets, recoverable amount is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the cash-generating unit (CGU) to which the asset belongs to. Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's CGUs, or groups of CGUs, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(xxx) Impairment of assets (cont'd.)

An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

An impairment loss is recognised in profit or loss in the period in which it arises, unless the asset is carried at a revalued amount, in which case the impairment loss is accounted for as a revaluation decrease to the extent that the impairment loss does not exceed the amount held in the asset revaluation reserve for the same asset.

Impairment loss on goodwill is not reversed in a subsequent period. An impairment loss for an asset other than goodwill is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of an asset other than goodwill is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset other than goodwill is recognised in profit or loss, unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase.

(xxxi) Non-current assets held-for-sale and discontinued operation

Non-current assets are classified as held-for-sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. The condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition subject only to terms that are usual and customary.

Immediately before classification as held-for-sale, the measurement of the non-current assets is brought up-to-date in accordance with applicable FRSs. Then, on initial classification as held-for-sale, non-current assets (other than the investment properties, deferred tax assets, employees' benefits assets, financial assets and inventories) are measured in accordance with FRS 5 that is at the lower of carrying amount and fair value less costs to sell. Any differences are included in profit or loss.

A component of the Bank is classified as a discontinued operation when the criteria to be classified as held-for-sale have been met or it has been disposed off and such a component represents a separate major line of business or geographical area of operations, is part of a single co-ordinated major line of business or geographical area of operations or a subsidiary acquired exclusively with a view to resale.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)**(xxxii) Standards and interpretations issued but not yet effective**

At the date of authorisation of these financial statements, the following new FRSs, amendments to FRS and Interpretations of the Issues Committee (“IC Interpretations”) have been issued but are not yet effective and have not been adopted by the Group and the Bank:

Effective for financial periods beginning on or after 1 January 2010

- (i) FRS 4: Insurance Contracts
- (ii) FRS 7: Financial Instruments-Disclosures
- (iii) FRS 101: Presentation of Financial Statements (revised 2009)
- (iv) FRS 123: Borrowing Costs
- (v) FRS 139: Financial Instruments – Recognition and Measurement
- (vi) 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
- (vii) Amendments to FRS 2: Share-based Payment – Vesting Conditions and Cancellations
- (viii) Amendments to FRS 132: Financial Instruments: Presentation
- (ix) Amendments to FRS 139: Financial Instruments: Recognition and Measurement, FRS 7: Financial Instruments: Disclosure and IC Interpretation 9: Reassessment of Embedded Derivatives
- (x) Amendments to FRSs contained in the document entitled ‘Improvements to FRSs (2009)’
- (xi) IC Interpretation 9: Reassessment of Embedded Derivatives
- (xii) IC Interpretation 10: Interim Financial Reporting and Impairment
- (xiii) IC Interpretation 11: FRS 2 – Group and Treasury Share Transactions
- (xiv) IC Interpretation 13: Customer Loyalty Programmes
- (xv) IC Interpretation 14 FRS 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
- (xvi) TR i – 3: Presentation of Financial Statements of Islamic Financial Institutions
- (xvii) SOP i – 1: Financial Reporting from an Islamic Perspective

Effective for financial periods ending on or after 31 December 2010

TR – 3: Guidance on Disclosures of Transition to IFRSs

Effective for financial periods beginning on or after 1 March 2010

Amendments to FRS 132: Financial Instruments: Presentation (Classification of Rights Issues)

Effective for financial periods beginning on or after 1 July 2010

- (i) FRS 1: First-time Adoption of Financial Reporting Standards
- (ii) FRS 3: Business Combinations (revised)
- (iii) FRS 127: Consolidated and Separate Financial Statements (amended)
- (iv) Amendments to FRS 2: Share-based Payment
- (v) Amendment to FRS 5: Non-current Assets Held-for-Sale and Discontinued Operations
- (vi) Amendments to FRS 138: Intangible Assets
- (vii) Amendments to IC Interpretation 9: Reassessment of Embedded Derivatives
- (viii) IC Interpretation 12: Service Concession Arrangements
- (ix) IC Interpretation 15: Agreements for the Construction of Real Estate
- (x) IC Interpretation 16: Hedges of a Net Investment in a Foreign Operation
- (xi) IC Interpretation 17: Distributions of Non-cash Assets to Owners

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(xxxii) Standards and interpretations issued but not yet effective (cont'd.)

Effective for financial periods beginning on or after 1 January 2011

- (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

The Group and the Bank plan to adopt the above pronouncements when they become effective in the respective financial period. Unless otherwise described below, these pronouncements are expected to have no significant impact to the financial statements of the Group and the Bank upon their initial application:

FRS 139: Financial Instruments: Recognition and Measurement, FRS 7: Financial Instruments: Disclosures and Amendments to FRS 139: Financial Instruments: Recognition and Measurement, FRS 7: Financial Instruments: Disclosures

The new Standard on FRS 139: Financial Instruments: Recognition and Measurement establishes principles for recognising and measuring financial assets, financial liabilities and some contracts to buy and sell non-financial items. Requirements for presenting information about financial instruments are in FRS 132: Financial Instruments: Presentation and the requirements for disclosing information about financial instruments are in FRS 7: Financial Instruments: Disclosures.

FRS 7: Financial Instruments: Disclosures is a new Standard that requires new disclosures in relation to financial instruments. The Standard is considered to result in increased disclosures, both quantitative and qualitative of the Group's and Bank's exposure to risks, enhanced disclosure regarding components of the Group's and Bank's financial position and performance, and possible changes to the way of presenting certain items in the financial statements.

In accordance with the respective transitional provisions, the Group and the Bank are exempted from disclosing the possible impact to the financial statements upon the initial application.

FRS 4: Insurance Contracts

FRS 4 specifies the financial reporting requirements for insurance contracts by any entity that issues such contracts, including disclosures to assist users of those financial statements understand the amount, timing and uncertainty of future cash flows from insurance contracts.

FRS 101: Presentation of Financial Statements (revised)

The revised FRS 101 separates owner and non-owner changes in equity. Therefore, the consolidated statement of changes in equity will now include only details of transactions with owners. All non-owner changes in equity are presented as a single line labelled as total comprehensive income. The Standard also introduces the statement of comprehensive income: presenting all items of income and expense recognised in the income statement, together with all other items of recognised income and expense, either in one single statement, or in two linked statements. In addition, a statement of financial position is required at the beginning of the earliest comparative period following a change in accounting policy, the correction of an error or the reclassification of items in the financial statements. This revised FRS does not have any impact on the financial position and results of the Group and the Bank.

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

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

(i) Fair value estimation of securities held-for-trading (Note 8(i)), securities available-for-sale (Note 8(ii)) and derivative financial instruments (Note 10)

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 flow method.

(ii) Valuation of investment properties (Note 12)

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 (Note 17)

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 value, may affect the results of the impairment assessment.

(iv) Impairment of other intangible assets (Note 17)

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

(v) Liabilities of insurance business (Note 20)

(a) Life fund

With effect from 1 January 2009, 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.

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D.)

(v) Liabilities of insurance business (Note 20) (cont'd.)

(b) Family Takaful fund

Family Takaful fund is valued by annual actuarial valuation whereby estimates are made for future deaths, disabilities, maturities, instrument 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 as described in Note 3(xx) and Note 3(xxi). 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 (Note 23) and income taxes (Note 38)

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

(vii) Allowances for bad and doubtful debts (Note 9(vii) and Note 36)

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

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

(viii) Impairment of investment in subsidiaries (Note 14) and interest in associates (Note 15)

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 impairment review. The impairment review comprises a comparison of the carrying amount of the investment and the investment's estimated recoverable amount.

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D.)

(viii) Impairment of investment in subsidiaries (Note 14) and interest in associates (Note 15) (cont'd.)

Judgements made by management in the process of applying the Group and the 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.

Sensitivity to changes in assumptions

Management believes that no reasonably expected possible change in the key assumptions described above would cause the carrying amounts of the investments to materially exceed their recoverable amounts.

(ix) Impairment of securities portfolio (Note 8)

The Group and the 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 such as, amongst others, prolonged decline in fair value, significant financial difficulties of the issuers or obligors, the disappearance of an active trading market and deterioration of the credit quality of the issuers or obligors.
- (ii) Determination of "significant" or "prolonged" requires judgement and management evaluation on various factors, such as historical fair value movement and the significant reduction in fair value.

5. CASH AND SHORT-TERM FUNDS

	Group		Bank	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Cash balances and deposits with banks and other financial institutions	28,629,055	23,525,521	19,403,616	17,446,195
Money at call	78,937	82,458	-	2,117
	28,707,992	23,607,979	19,403,616	17,448,312

Included in cash and short-term funds of the Group are monies held in trust of RM291,646,343 (2009: RM108,495,259) in respect of the stockbroking business.

6. DEPOSITS AND PLACEMENTS WITH FINANCIAL INSTITUTIONS

	Group		Bank	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Licensed banks*	7,901,083	4,958,051	6,164,976	6,248,449
Bank Negara Malaysia	393,648	665,948	313,178	640,344
Other financial institutions**	620,644	675,176	620,044	675,176
	8,915,375	6,299,175	7,098,198	7,563,969

* Included in deposits and placements with licensed banks of the Group are monies held in trusts of RM8,733,000 (2009: RM9,334,000) in respect of the stockbroking business.

** Included in deposits and placements with other financial institutions are USD10.0 million (2009: USD10.0 million) or Ringgit Malaysia equivalent of RM32.4 million (2009: RM35.2 million) pledged with the New York State Banking Department in satisfaction of capital equivalency deposit requirements, SGD69.9 million (2009: SGD103.4 million) or Ringgit Malaysia equivalent of RM161.8 million (2009: RM233.0 million) placed with Monetary Authority of Singapore and USD57.0 million (2009: USD46.3 million) or Ringgit Malaysia equivalent of RM184.6 million (2009: RM162.8 million) placed with National Bank of Cambodia.

7. SECURITIES PURCHASED UNDER RESALE AGREEMENTS AND OBLIGATIONS ON SECURITIES SOLD UNDER REPURCHASE AGREEMENTS

(i) The underlying securities purchased under resale agreements are as follows:

	Group		Bank	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Malaysian Government Securities	371,237	249,257	371,237	249,257
Foreign Government Treasury Bills	-	97,205	-	97,205
	371,237	346,462	371,237	346,462

(ii) The securities sold under repurchase agreements are as follows:

	Group		Bank	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Securities (Note 8(iv)(b))	407,056	-	-	-

8. SECURITIES PORTFOLIO

		Group		Bank	
		2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Securities held-for-trading	(i)	2,651,103	1,489,272	2,241,928	838,721
Securities available-for-sale	(ii)	42,576,235	47,877,105	37,446,841	39,349,558
Securities held-to-maturity	(iii)	8,942,708	8,360,751	7,855,322	6,831,898
		54,170,046	57,727,128	47,544,091	47,020,177

8. SECURITIES PORTFOLIO (CONT'D.)

(i) Securities held-for-trading

	Group		Bank	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
At fair value				
Money market instruments:				
Malaysian Government Securities	267,762	63,813	267,762	4,940
Malaysian Government Treasury Bills	25,727	73,227	25,727	73,227
Malaysian Government Investment Issues	50,818	29,946	25,453	–
Khazanah Bonds	–	4,978	–	–
Bank Negara Malaysia Monetary Notes	605,006	444,031	581,545	444,031
Foreign Government Treasury Bills	509,037	–	509,037	–
Foreign Government Securities	90,780	4,738	–	–
Foreign Certificates of Deposits	228,598	219,426	–	–
Sukuk Ijarah Bonds	69,902	–	49,930	–
	1,847,630	840,159	1,459,454	522,198
Quoted securities:				
Shares	22,802	27,939	22,802	27,939
	22,802	27,939	22,802	27,939
Unquoted securities:				
Foreign private debt securities	185,855	288,584	164,856	288,584
Islamic private debt securities in Malaysia	594,816	332,590	594,816	–
	780,671	621,174	759,672	288,584
Total securities held-for-trading	2,651,103	1,489,272	2,241,928	838,721

8. SECURITIES PORTFOLIO (CONT'D.)**(ii) Securities available-for-sale**

	Group		Bank	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
At fair value, or at cost less impairment losses for certain unquoted equity instruments				
Money market instruments:				
Malaysian Government Securities	5,284,696	8,000,877	5,195,698	7,462,815
Cagamas Bonds	1,978,555	289,075	1,746,559	289,075
Foreign Government Securities	7,357,037	7,601,976	5,012,151	4,889,677
Malaysian Government Treasury Bills	–	9,902	–	9,902
Malaysian Government Investment Issues	5,655,221	8,128,186	3,153,796	5,156,329
Foreign Government Treasury Bills	2,489,382	556,106	2,352,420	405,546
Negotiable instruments of deposits	1,304,946	1,776,469	5,021,821	4,691,967
Bankers' acceptances and Islamic accepted bills	1,104,706	3,070,391	1,026,207	3,024,272
Khazanah Bonds	830,758	828,797	578,002	359,850
Bank Negara Malaysia Monetary Notes	99,890	50,005	99,890	50,005
	26,105,191	30,311,784	24,186,544	26,339,438
Quoted securities:				
In Malaysia:				
Shares, warrants, trust units and loan stocks	407,559	386,243	182,936	181,936
Outside Malaysia:				
Shares, warrants, trust units and loan stocks	82,056	97,811	35,387	48,518
	489,615	484,054	218,323	230,454
Unquoted securities:				
Shares, trust units and loan stocks in Malaysia	701,289	691,283	447,159	441,733
Shares, trust units and loan stocks outside Malaysia	27,449	39,358	17,024	18,864
Islamic private debt securities in Malaysia	9,925,149	11,015,939	8,156,657	7,792,927
Malaysian Government Bonds	144,475	162,297	144,475	162,297
Foreign Government Bonds	110,006	80,671	–	–
Credit linked notes (Note 8(iv)(b))	151,784	225,735	151,784	225,735
Foreign Islamic private debt securities	4,713,610	4,865,984	4,091,929	4,138,110
Malaysia Global Sukuk	207,667	–	32,946	–
	15,981,429	17,081,267	13,041,974	12,779,666
Total securities available-for-sale	42,576,235	47,877,105	37,446,841	39,349,558

8. SECURITIES PORTFOLIO (CONT'D.)**(iii) Securities held-to-maturity**

	Group		Bank	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
At amortised cost				
Money market instruments:				
Malaysian Government Securities	6,237,200	6,263,488	6,237,092	6,032,944
Cagamas Bonds	11,794	13,390	11,794	1,670
Foreign Government Securities	824,404	443,637	–	–
Malaysian Government Investment Issues/Certificates	527,466	512,691	377,000	275,248
Khazanah Bonds	16,603	–	16,603	–
	7,617,467	7,233,206	6,642,489	6,309,862
Unquoted securities:				
Islamic private debt securities in Malaysia	953,988	494,853	923,955	100,262
Malaysian Government Bonds	6,761	7,638	6,761	7,638
Foreign Islamic private debt securities	394,513	640,842	312,135	424,915
Others	2,044	2,044	2,044	2,044
	1,357,306	1,145,377	1,244,895	534,859
Accumulated impairment losses	(32,065)	(17,832)	(32,062)	(12,823)
Total securities held-to-maturity	8,942,708	8,360,751	7,855,322	6,831,898
Indicative value of unquoted securities held-to-maturity:				
Malaysian Government Securities	6,356,914	6,244,726	6,356,809	6,013,698
Cagamas Bonds	11,829	13,505	11,829	1,674
Malaysian Government Investment Issues	530,545	512,755	378,808	275,691
Foreign Government Securities	827,187	495,508	–	–
Khazanah Bonds	16,960	–	16,960	–
Islamic private debt securities in Malaysia	956,182	480,971	926,026	88,129
Malaysian Government Bonds	6,875	7,689	6,875	7,689
Foreign Islamic private debt securities	409,800	661,650	330,204	445,723
Others	2,013	2,044	2,013	2,044

8. SECURITIES PORTFOLIO (CONT'D.)**(iv) Other disclosures**

(a) The maturity structure of money market instruments, available-for-sale and held-to-maturity are as follows:

	Group		Bank	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Maturing within one year	6,308,634	7,804,762	5,636,559	5,789,992
One year to three years	7,623,572	3,499,277	9,759,516	4,268,177
Three years to five years	5,532,927	12,780,339	5,127,400	13,170,029
After five years	14,257,525	13,460,612	10,305,558	9,421,102
	33,722,658	37,544,990	30,829,033	32,649,300

(b) Included in securities available-for-sale are credit linked notes with a face value of USD50,000,000 (2009: USD90,000,000) or Ringgit Malaysia equivalent to RM161,825,000 (2009: RM316,530,000) with embedded credit default swaps. The notes would be redeemed at face values on their respective maturity dates provided there is no occurrence of a specified credit event affecting the reference entities or their obligations. If there is an occurrence of a credit event, the underlying asset (the reference obligation of the reference entity), or a cash settlement amount to be determined with reference to the market value of the underlying asset in accordance with the terms of the contract, would be delivered by the issuer of the note.

(c) Reclassification of securities

In the previous financial year, the Group reclassified its securities held-for-trading to securities held-to-maturity pursuant to a circular issued by BNM as disclosed in Note 3(vi)(a).

Disclosures of the reclassification from securities held-for-trading to securities held-to-maturity category in the financial statements of the Group are as follows:

(i) Carrying amount and fair value of securities held-for-trading reclassified to securities held-to-maturity are as follows:

	Group	
	2010 RM'000	2009 RM'000
Carrying amount	71,781	73,093
Fair value	71,436	77,199

8. SECURITIES PORTFOLIO (CONT'D.)**(iv) Other disclosures (cont'd.)**

(c) Reclassification of securities (cont'd.)

(ii) The effective interest rate of the securities held-for-trading reclassified to securities held-to-maturity as at 23 January 2009 was at 5.97% per annum.

As at 30 June 2010, there is no significant change in the estimated amount of cash flows that the Group expects to recover from the securities held-for-trading reclassified to securities held-to-maturity category.

9. LOANS, ADVANCES AND FINANCING

	Group		Bank	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Overdrafts	15,393,797	14,493,359	11,442,783	11,349,807
Term loans				
– Housing loans/financing	36,293,612	33,537,779	28,805,714	26,945,169
– Syndicated loans/financing	13,053,818	12,407,057	10,487,792	9,722,422
– Hire purchase receivables*	40,748,909	38,050,669	21,414,413	22,366,959
– Lease receivables	3,462	3,381	3,272	3,277
– Other loans/financing	74,264,535	56,782,224	44,827,809	39,278,820
Credit card receivables	4,973,369	4,283,414	4,233,074	3,796,899
Bills receivable	2,289,004	2,293,815	2,256,164	2,223,077
Trust receipts	2,250,995	2,082,258	1,826,866	1,742,023
Claims on customers under acceptance credits	10,316,581	11,129,121	7,434,317	7,754,168
Loans/financing to banks and other financial institutions	10,406,605	10,170,957	10,232,000	9,967,406
Revolving credits	20,853,403	20,228,361	15,930,021	17,131,926
Staff loans	1,636,344	1,460,468	959,607	950,028
	232,484,434	206,922,863	159,853,832	153,231,981

9. LOANS, ADVANCES AND FINANCING (CONT'D.)

	Group		Bank	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Loans to:				
– Executive directors of the Bank	–	193	–	193
– Executive directors of subsidiaries	839	2,104	435	2,104
Others	348,403	488,514	–	–
	232,833,676	207,413,674	159,854,267	153,234,278
Unearned interest and income	(19,575,236)	(14,050,883)	(2,775,394)	(3,018,394)
Gross loans, advances and financing	213,258,440	193,362,791	157,078,873	150,215,884
Allowances for bad and doubtful debts/financing				
– Specific	(3,864,832)	(3,854,026)	(2,842,531)	(2,847,031)
– General	(3,838,541)	(3,725,599)	(2,766,757)	(2,937,055)
Net loans, advances and financing	205,555,067	185,783,166	151,469,585	144,431,798

* The hire purchase receivables of a subsidiary of RM221,346,000 (2009: RM320,162,000) are pledged as collateral to the secured borrowing as disclosed in Note 24(i).

(i) Loans, advances and financing analysed by type of customer are as follows:

	Group		Bank	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Domestic operations:				
Domestic non-bank financial institutions				
– Stockbroking companies	149,044	96,725	148,864	96,546
– Others	12,723,851	11,364,670	9,802,446	9,566,429
Domestic business enterprise				
– Small and medium enterprise	13,894,525	20,725,182	11,475,852	16,956,711
– Others	42,315,555	31,940,124	35,588,951	27,972,236
Government and statutory bodies	2,238,690	2,282,784	2,217,251	2,213,320
Individuals	72,201,991	62,811,592	49,683,456	45,902,511
Other domestic entities	125,319	148,302	53,514	25,925
Foreign entities	622,790	574,944	538,335	468,954
Total domestic operations	144,271,765	129,944,323	109,508,669	103,202,632

9. LOANS, ADVANCES AND FINANCING (CONT'D.)

(i) Loans, advances and financing analysed by type of customer are as follows (cont'd.):

	Group		Bank	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Overseas operations:				
Singapore	40,588,966	39,269,681	40,588,966	39,269,681
Indonesia	17,102,481	12,417,737	–	–
Labuan offshore	3,268,810	3,127,625	–	–
Hong Kong SAR	3,068,938	2,892,352	3,068,938	2,892,352
United States of America	753,244	1,339,147	753,244	1,339,147
People's Republic of China	1,017,861	969,266	1,017,861	969,266
Vietnam	480,568	548,044	480,568	548,044
United Kingdom	994,784	1,280,950	994,784	1,280,950
Philippines	969,478	793,490	–	–
Brunei	158,352	130,655	158,352	130,655
Cambodia	270,905	302,508	270,905	302,508
Bahrain	236,586	280,649	236,586	280,649
Papua New Guinea	75,702	66,364	–	–
Total overseas operations	68,986,675	63,418,468	47,570,204	47,013,252
Gross loans, advances and financing	213,258,440	193,362,791	157,078,873	150,215,884

(ii) Loans, advances and financing analysed by interest/profit rate sensitivity are as follows:

	Group		Bank	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Fixed rate				
– Housing loans/financing	12,681,639	11,235,546	9,534,313	7,724,707
– Hire purchase receivables	30,943,085	29,790,106	18,263,418	19,005,757
– Other fixed rate loans/financing	22,327,061	19,021,173	14,004,422	13,285,625
Variable rate				
– Base lending rate plus	75,881,193	64,648,964	65,916,914	59,291,964
– Cost plus	22,753,403	20,795,087	19,510,888	17,128,290
– Other variable rates	48,672,059	47,871,915	29,848,918	33,779,541
Gross loans, advances and financing	213,258,440	193,362,791	157,078,873	150,215,884

9. LOANS, ADVANCES AND FINANCING (CONT'D.)

(iii) Loans, advances and financing analysed by economic purpose are as follows:

	Group		Bank	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Domestic operations:				
Purchase of securities	14,705,379	11,437,474	10,553,240	9,891,754
Purchase of transport vehicles	22,456,973	19,844,339	8,863,247	8,912,826
– Less: Islamic transport vehicles sold to Cagamas	(1,137,321)	(268,304)	–	–
Purchase of landed properties				
– Residential	26,284,395	24,649,453	20,673,808	19,241,121
– Non-residential	7,308,932	6,493,344	6,557,672	5,797,391
– Less: Islamic housing loans sold to Cagamas	–	(315,069)	–	–
Purchase of fixed assets (exclude landed properties)	2,273	3,264	2,273	3,264
Personal use	4,585,420	3,782,771	3,883,845	3,348,353
Credit card	4,124,726	3,556,878	3,930,697	3,510,535
Purchase of consumer durables	7,144	15,709	6,023	14,838
Construction	6,707,287	6,300,230	5,936,640	5,426,053
Working capital	56,857,184	51,005,722	46,766,725	43,706,947
Others	2,369,373	3,438,512	2,334,499	3,349,550
Total domestic operations	144,271,765	129,944,323	109,508,669	103,202,632
Overseas operations:				
Singapore	40,588,966	39,269,681	40,588,966	39,269,681
Indonesia	17,102,481	12,417,737	–	–
Labuan offshore	3,268,810	3,127,625	–	–
Hong Kong SAR	3,068,938	2,892,352	3,068,938	2,892,352
United States of America	753,244	1,339,147	753,244	1,339,147
People's Republic of China	1,017,861	969,266	1,017,861	969,266
Vietnam	480,568	548,044	480,568	548,044
United Kingdom	994,784	1,280,950	994,784	1,280,950
Philippines	969,478	793,490	–	–
Brunei	158,352	130,655	158,352	130,655
Cambodia	270,905	302,508	270,905	302,508
Bahrain	236,586	280,649	236,586	280,649
Papua New Guinea	75,702	66,364	–	–
Total overseas operations	68,986,675	63,418,468	47,570,204	47,013,252
Gross loans, advances and financing	213,258,440	193,362,791	157,078,873	150,215,884

9. LOANS, ADVANCES AND FINANCING (CONT'D.)

(iv) The maturity structure of loans, advances and financing is as follows:

	Group		Bank	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Maturing within one year	69,370,810	63,415,716	56,025,479	52,037,995
One year to three years	18,691,972	20,379,413	10,608,438	14,293,730
Three years to five years	18,941,903	19,353,216	9,460,481	13,057,766
After five years	106,253,755	90,214,446	80,984,475	70,826,393
Gross loans, advances and financing	213,258,440	193,362,791	157,078,873	150,215,884

(v) Movements in the non-performing loans, advances and financing ("NPL") are as follows:

	Group		Bank	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Balance at beginning of year	6,715,232	6,472,448	5,036,313	5,214,212
Non-performing during the year	4,622,381	4,519,887	2,795,711	3,012,997
Reclassified as performing	(2,190,759)	(1,870,449)	(1,525,988)	(1,513,811)
Recovered during the year	(1,430,570)	(1,398,790)	(874,761)	(959,732)
Amount written off	(1,682,059)	(1,439,402)	(925,144)	(797,628)
Converted to securities	–	(931)	–	(931)
Amount transferred from other debts	97,095	–	97,095	–
Exchange differences and expenses debited to customers' accounts	55,000	35,781	36,505	81,206
Acquisition of subsidiaries	–	396,688	–	–
Balance at end of year	6,186,320	6,715,232	4,639,731	5,036,313
Less:				
– Specific allowance	(3,864,832)	(3,854,026)	(2,842,531)	(2,847,031)
on non-performing loans	(3,619,792)	(3,589,888)	(2,602,091)	(2,586,136)
on performing loans	(245,040)	(264,138)	(240,440)	(260,895)
Net balance	2,321,488	2,861,206	1,797,200	2,189,282

9. LOANS, ADVANCES AND FINANCING (CONT'D.)

(v) Movements in the non-performing loans, advances and financing ("NPL") are as follows: (cont'd.)

	Group		Bank	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Gross loans, advances and financing	213,258,440	193,362,791	157,078,873	150,215,884
Add: Islamic loans sold to Cagamas	1,137,321	583,373	–	–
	214,395,761	193,946,164	157,078,873	150,215,884
Less:				
– Specific allowance	(3,864,832)	(3,854,026)	(2,842,531)	(2,847,031)
Net loans, advances and financing (including Islamic loans sold to Cagamas)	210,530,929	190,092,138	154,236,342	147,368,853
Ratio of net non-performing loans:				
– Including specific allowance on performing loans	1.10%	1.51%	1.17%	1.49%
– Excluding specific allowance on performing loans	1.22%	1.64%	1.32%	1.66%

(vi) Non-performing loans analysed by economic purpose are as follows:

	Group		Bank	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Domestic operations:				
Purchase of securities	46,731	131,940	38,677	74,889
Purchase of transport vehicles	123,561	122,873	81,785	90,420
Purchase of landed properties				
– Residential	1,726,239	1,957,069	1,380,860	1,480,025
– Non-residential	313,602	332,185	285,946	294,607
Personal use	160,203	212,615	133,629	174,808
Credit card	46,872	53,267	44,039	52,733
Purchase of consumer durables	1,635	1,571	1,632	1,567
Construction	483,573	462,533	397,406	365,212
Working capital	2,204,582	2,391,994	1,800,178	2,026,305
Others	22,138	19,492	19,489	16,845
Total domestic operations	5,129,136	5,685,539	4,183,641	4,577,411

9. LOANS, ADVANCES AND FINANCING (CONT'D.)

(vi) Non-performing loans analysed by economic purpose are as follows: (cont'd.)

	Group		Bank	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Overseas operations:				
Singapore	209,550	296,279	209,550	296,279
Indonesia	483,397	426,994	–	–
Labuan offshore	79,900	107,238	–	–
Hong Kong SAR	114,136	74,170	114,136	74,170
Brunei	2,056	2,789	2,056	2,789
Vietnam	17,500	20,859	17,500	20,859
People's Republic of China	20,290	22,176	20,290	22,176
United Kingdom	68,511	42,629	68,511	42,629
Philippines	35,888	33,922	–	–
Cambodia	24,047	–	24,047	–
Papua New Guinea	1,909	2,637	–	–
Total overseas operations	1,057,184	1,029,693	456,090	458,902
	6,186,320	6,715,232	4,639,731	5,036,313

(vii) Movements in the allowance for bad and doubtful debts are as follows:

	Group		Bank	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Specific allowance:				
Balance at beginning of year	3,854,026	3,353,676	2,847,031	2,698,146
Allowance made during the year	2,148,300	2,088,853	1,307,829	1,337,489
Amount written back in respect of recoveries	(516,138)	(475,569)	(452,438)	(396,612)
Amount written off	(1,682,059)	(1,439,402)	(925,144)	(797,628)
Transferred to general allowance	(1,278)	(143)	–	–
Transferred to impairment losses of securities	–	(931)	–	(931)
Amount transferred from other debts	97,095	–	97,095	–
Exchange differences	(35,114)	(29,441)	(31,842)	6,567
Acquisition of subsidiaries	–	356,983	–	–
Balance at end of year	3,864,832	3,854,026	2,842,531	2,847,031

9. LOANS, ADVANCES AND FINANCING (CONT'D.)

(vii) Movements in the allowance for bad and doubtful debts are as follows: (cont'd.)

	Group		Bank	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
General allowance:				
Balance at beginning of year	3,725,599	3,187,611	2,937,055	2,728,516
Allowance made during the year	477,569	358,818	–	202,599
Amount written back	(331,891)	(41,574)	(155,815)	–
Transferred from specific allowance	1,278	143	–	–
Exchange differences	(34,014)	(20,059)	(14,483)	5,940
Acquisition of subsidiaries	–	240,660	–	–
Balance at end of year	3,838,541	3,725,599	2,766,757	2,937,055
As a percentage of total loans (including Islamic loans sold to Cagamas, less specific allowance)	1.82%	1.96%	1.79%	1.99%
As a percentage of total risk-weighted assets for credit risk excluding deferred tax assets	1.76%	1.93%	1.68%	1.83%

10. DERIVATIVE FINANCIAL INSTRUMENTS

Group	2010			2009		
	Contract/ Notional Amount RM'000	Fair Value		Contract/ Notional Amount RM'000	Fair Value	
		Assets RM'000	Liabilities RM'000		Assets RM'000	Liabilities RM'000
Foreign exchange contracts:						
Currency forward	34,437,062	159,723	(216,705)	12,570,470	82,533	(150,556)
Currency swaps	18,958,547	281,407	(117,288)	21,750,058	147,261	(110,723)
Options	1,282,235	2,110	(4,328)	1,920,053	6,096	(17,066)
	54,677,844	443,240	(338,321)	36,240,581	235,890	(278,345)

10. DERIVATIVE FINANCIAL INSTRUMENTS (CONT'D.)

Group (cont'd.)	2010			2009		
	Contract/ Notional Amount RM'000	Fair Value		Contract/ Notional Amount RM'000	Fair Value	
		Assets RM'000	Liabilities RM'000		Assets RM'000	Liabilities RM'000
Interest rate related contracts:						
Interest rate swaps	57,310,984	833,906	(947,496)	53,782,693	640,375	(1,076,784)
Options	3,769,972	29,623	(60,425)	2,110,202	97,420	(103,939)
	61,080,956	863,529	(1,007,921)	55,892,895	737,795	(1,180,723)
Total derivative assets/(liabilities)		1,306,769	(1,346,242)		973,685	(1,459,068)

Bank	2010			2009		
	Contract/ Notional Amount RM'000	Fair Value		Contract/ Notional Amount RM'000	Fair Value	
		Assets RM'000	Liabilities RM'000		Assets RM'000	Liabilities RM'000
Foreign exchange contracts:						
Currency forward	31,618,224	149,031	(206,016)	11,052,406	63,224	(127,822)
Currency swaps	18,958,547	281,407	(117,288)	21,750,058	147,261	(110,723)
Options	1,282,235	2,110	(4,328)	1,920,053	6,095	(17,066)
	51,859,006	432,548	(327,632)	34,722,517	216,580	(255,611)
Interest rate related contracts:						
Interest rate swaps	56,699,631	833,260	(918,832)	52,783,100	638,046	(1,049,448)
Options	2,412,091	15,874	(45,034)	1,528,640	75,278	(76,801)
	59,111,722	849,134	(963,866)	54,311,740	713,324	(1,126,249)
Total derivative assets/(liabilities)		1,281,682	(1,291,498)		929,904	(1,381,860)

11. OTHER ASSETS

	Group		Bank	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Interest receivables	1,265,281	1,274,972	962,790	945,287
Prepayments and deposits	390,089	462,836	250,400	352,005
Other debtors	3,211,371	2,959,679	2,494,749	2,349,390
Amount due from related companies	–	–	–	57
Tax recoverable	113,029	194,935	–	24,222
Foreclosed properties	131,592	147,186	41,709	62,568
Prepaid land lease payments (Note (a))	208,186	209,682	82,668	85,337
	5,319,548	5,249,290	3,832,316	3,818,866

(a) Prepaid land lease payments

Group	Leasehold Land		Total RM'000
	Less Than 50 Years RM'000	50 Years or More RM'000	
As at 30 June 2010			
Cost			
Balance at 1 July 2009	116,121	121,454	237,575
Additions	280	–	280
Disposals	–	(941)	(941)
Write-offs (Note 34)	(342)	–	(342)
Transfers	2,933	(2,933)	–
Exchange differences	1,348	(1,030)	318
Balance at 30 June 2010	120,340	116,550	236,890
Accumulated depreciation and impairment losses			
Balance at 1 July 2009	2,801	25,092	27,893
Charge for the year (Note 34)	194	1,173	1,367
Disposals	–	(213)	(213)
Exchange differences	–	(343)	(343)
Balance at 30 June 2010	2,995	25,709	28,704
Net carrying amount			
At 30 June 2010	117,345	90,841	208,186

11. OTHER ASSETS (CONT'D.)

(a) Prepaid land lease payments (cont'd.)

Group (cont'd.)	Leasehold Land		Total RM'000
	Less Than 50 Years RM'000	50 Years or More RM'000	
As at 30 June 2009			
Cost			
Balance at 1 July 2008	6,413	135,810	142,223
Acquisition of subsidiaries	117,959	–	117,959
Additions	–	1,026	1,026
Disposals	(196)	(1,140)	(1,336)
Write-offs (Note 34)	(8,625)	–	(8,625)
Transfers	570	(570)	–
Reclassification from property, plant and equipment (Note 16)	–	4,877	4,877
Reclassification to investment properties (Note 12)	–	(18,787)	(18,787)
Exchange differences	–	238	238
Balance at 30 June 2009	116,121	121,454	237,575
Accumulated depreciation and impairment losses			
Balance at 1 July 2008	2,546	23,120	25,666
Charge for the year (Note 34)	139	1,607	1,746
Writeback of impairment losses	–	(184)	(184)
Disposals	(13)	(334)	(347)
Reclassification from property, plant and equipment (Note 16)	–	783	783
Transfers	129	(129)	–
Exchange differences	–	229	229
Balance at 30 June 2009	2,801	25,092	27,893
Net carrying amount			
At 30 June 2009	113,320	96,362	209,682

11. OTHER ASSETS (CONT'D.)

(a) Prepaid land lease payments (cont'd.)

Bank	Leasehold Land		Total RM'000
	Less Than 50 Years RM'000	50 Years or More RM'000	
As at 30 June 2010			
Cost			
Balance at 1 July 2009	6,948	98,852	105,800
Disposals	–	(941)	(941)
Transfers	2,933	(2,933)	–
Exchange differences	–	(1,030)	(1,030)
Balance at 30 June 2010	9,881	93,948	103,829
Accumulated depreciation and impairment losses			
Balance at 1 July 2009	2,801	17,662	20,463
Charge for the year (Note 34)	194	1,014	1,208
Disposals	–	(213)	(213)
Exchange differences	–	(297)	(297)
Balance at 30 June 2010	2,995	18,166	21,161
Net carrying amount			
At 30 June 2010	6,886	75,782	82,668

11. OTHER ASSETS (CONT'D.)

(a) Prepaid land lease payments (cont'd.)

Bank (cont'd.)	Leasehold Land		Total RM'000
	Less Than 50 Years RM'000	50 Years or More RM'000	
As at 30 June 2009			
Cost			
Balance at 1 July 2008	6,413	99,299	105,712
Additions	–	1,026	1,026
Disposals	(35)	(1,140)	(1,175)
Transfers	570	(570)	–
Exchange differences	–	237	237
Balance at 30 June 2009	6,948	98,852	105,800
Accumulated depreciation and impairment losses			
Balance at 1 July 2008	2,545	16,809	19,354
Charge for the year (Note 34)	140	1,087	1,227
Disposals	(13)	(334)	(347)
Transfers	129	(129)	–
Exchange differences	–	229	229
Balance at 30 June 2009	2,801	17,662	20,463
Net carrying amount			
At 30 June 2009	4,147	81,190	85,337

12. INVESTMENT PROPERTIES

	Group	
	2010 RM'000	2009 RM'000
At 1 July 2009/2008	26,578	3,885
Fair value adjustment (Note 34)	(209)	(136)
Revaluation reserve (Note 28(iii))	9,057	2,742
Reclassification from prepaid land lease payments (Note 11)	–	18,787
Reclassification from property, plant and equipment (Note 16)	11,028	1,572
Disposal	(1,063)	(330)
Exchange differences	(67)	58
At 30 June	45,324	26,578

12. INVESTMENT PROPERTIES (CONT'D.)

The following investment properties are held under lease terms:

	Group	
	2010 RM'000	2009 RM'000
Leasehold land	31,000	17,211
Buildings	6,764	5,497
	37,764	22,708

13. STATUTORY DEPOSITS WITH CENTRAL BANKS

	Group		Bank	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
With Bank Negara Malaysia	676,053	1,038,808	522,948	822,590
With other Central Banks	3,795,329	3,012,124	1,410,033	1,287,553
	4,471,382	4,050,932	1,932,981	2,110,143

The non-interest-bearing statutory deposits maintained with Bank Negara Malaysia are in compliance with Section 37(1)(c) of the Central Bank of Malaysia Act, 1958 (Revised 1994), the amounts of which are determined as set percentages of total eligible liabilities. The statutory deposits of the foreign branches and subsidiaries are denominated in foreign currencies and maintained with the Central Banks of respective countries, in compliance with the applicable legislations.

14. INVESTMENT IN SUBSIDIARIES

	Bank	
	2010 RM'000	2009 RM'000
Unquoted shares, at cost		
– In Malaysia	14,887,252	14,020,168
– Outside Malaysia	896,844	896,844
Less: Accumulated impairment losses	15,784,096 (3,130,719)	14,917,012 (3,130,719)
	12,653,377	11,786,293

- (a) On 14 April 2010, the Bank subscribed to 5,001 ordinary shares of RM1.00 each issued by Mayban Offshore Corporate Services (Labuan) Sdn. Bhd., a wholly owned subsidiary of the Bank, at an issue price of RM97,209 per ordinary share for a total consideration of RM486,143,609, to facilitate the subscription of the rights issue of ordinary shares in PT Bank Internasional Indonesia Tbk (“BII”). Details of the rights issue are disclosed in Note 51(b).
- (b) On 31 May 2010, the Bank subscribed to 100,000 ordinary shares of RM1.00 each issued by Maybank Islamic Bank Berhad, a wholly owned subsidiary of the Bank, at an issue price of RM5,000 per ordinary share for a total consideration of RM500,000,000.
- (c) Mayban Fortis Holdings Berhad (“Mayban Fortis”), a 69.05% subsidiary of the Bank, had on 26 June 2010 redeemed 350 million Redeemable Convertible Preference Shares (“RCPS”) of RM0.01 each at RM1.00 per RCPS. The Bank received RM245,000,000 from the redemption. The remaining balance of RM105,000,000 was paid by Mayban Fortis to the minority shareholders.
- (d) On 28 June 2010, the Bank acquired 8,682,815 Non-Redeemable Preference Shares (“NRPS”) held by Employees Provident Fund (“EPF”) in Mayban Fortis for a total cash consideration of RM125,969,815. Details of the acquisition are disclosed in Note 51(e).
- (e) The effects of the changes in minority interests mainly relate to the redemption of RCPS by Mayban Fortis (as disclosed in Note 14(c) above) and the acquisitions of NRPS held by EPF by the Bank (as disclosed in Note 14(d) above).

Details of the subsidiaries are disclosed in Note 55.

15. INTEREST IN ASSOCIATES

	Group		Bank	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Unquoted shares, at cost	476,036	397,129	468,700	393,049
Quoted shares, at cost	2,864,864	2,864,864	–	–
Exchange differences	(580,523)	(288,993)	–	–
	2,760,377	2,973,000	468,700	393,049
Share of post-acquisition reserves	64,208	10,190	–	–
	2,824,585	2,983,190	468,700	393,049
Less: Accumulated impairment losses	(353,147)	(353,067)	(50,000)	(50,000)
	2,471,438	2,630,123	418,700	343,049
Market value of quoted shares	922,358	925,706		

(a) The summarised financial information of the associates are as follows:

	Group	
	2010 RM'000	2009 RM'000
Total assets	26,307,746	24,400,445
Total liabilities	(22,356,472)	(20,673,965)
Operating revenue	2,899,032	2,314,369
Profit after tax	604,285	512,865

15. INTEREST IN ASSOCIATES (CONT'D.)

(b) Details of the associates are as follows:

Name	Principal activities	Country of incorporation	2010 %	2009 %
Held by the Bank:				
UzbekLeasing International A. O.	Leasing	Uzbekistan	35.0	35.0
Philmay Holding, Inc.	Investment holding	Philippines	33.0	33.0
Pelaburan Hartanah Nasional Berhad	Property trust	Malaysia	30.0	30.0
Mayban Agro Fund Sdn. Bhd.	Fund specific purpose vehicle	Malaysia	33.3	33.3
Mayban Venture Capital Company Sdn. Bhd.	Venture capital	Malaysia	33.3	33.3
An Binh Commercial Joint Stock Bank	Banking	Vietnam	20.0	15.0
Held through subsidiaries:				
Baiduri Securities Sdn. Bhd.	Under members' voluntary liquidation	Brunei	39.0	39.0
Pak-Kuwait Takaful Company Limited	Investment holding	Pakistan	22.4	17.3
MCB Bank Limited	Banking	Pakistan	20.0	20.0
Maybank JAIC Management Ltd.	Fund management	Malaysia	50.0	50.0
Asian Forum Inc.	Offshore captive insurance	Malaysia	23.0	–
Maybank MEACP Pte. Ltd.	Fund management	Singapore	50.0	–

The financial year ends of the above associates are coterminous with those of the Group, except for UzbekLeasing International A.O., Pelaburan Hartanah Nasional Berhad, An Binh Commercial Joint Stock Bank, Asian Forum Inc. and MCB Bank Limited, which all have a financial year end of 31 December to conform with their holding companies' financial year end and/or regulatory requirement. For the purpose of applying the equity method of accounting, the financial statements of UzbekLeasing International A.O., Pelaburan Hartanah Nasional Berhad, An Binh Commercial Joint Stock Bank, Asian Forum Inc. and MCB Bank Limited for the year ended 31 December 2009 have been used and appropriate adjustments have been made for the effects of significant transactions between 31 December 2009 and 30 June 2010.

15. INTEREST IN ASSOCIATES (CONT'D.)

(c) The details of goodwill included within the Group's carrying amount of interest in associates are as follow:

	2010 RM'000	2009 RM'000
As at 1 July 2009/2008	2,060,601	2,060,104
Arising from interest in associates	15,909	209,474
Exchange differences	(291,203)	(208,977)
As at 30 June	1,785,307	2,060,601

16. PROPERTY, PLANT AND EQUIPMENT

Group	*Properties RM'000	Office Furniture, Fittings, Equipment and Renovations RM'000	Computers and Peripherals RM'000	Electrical and Security Equipment RM'000	Motor Vehicles RM'000	Buildings- in-Progress RM'000	Total RM'000
As at 30 June 2010							
Cost							
Balance at 1 July 2009	1,229,202	731,883	1,145,977	147,119	25,288	30,548	3,310,017
Additions	1,188	53,190	68,916	1,796	9,063	73,012	207,165
Disposals	(7,742)	(7,383)	(12,627)	(3,140)	(5,163)	-	(36,055)
Write-offs (Note 34)	(1,351)	(38,836)	(2,956)	(451)	(99)	-	(43,693)
Transfers	-	38,226	(1,531)	197	6	(36,898)	-
Reclassification to investment properties (Note 12)	(11,004)	(24)	-	-	-	-	(11,028)
Reclassification to intangible assets (Note 17)	-	-	(26,266)	-	-	(2,375)	(28,641)
Exchange differences	(18,039)	2,792	(4,220)	(504)	(134)	-	(20,105)
Balance at 30 June 2010	1,192,254	779,848	1,167,293	145,017	28,961	64,287	3,377,660

16. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

Group (cont'd.)	*Properties RM'000	Office Furniture, Fittings, Equipment and Renovations RM'000	Computers and Peripherals RM'000	Electrical and Security Equipment RM'000	Motor Vehicles RM'000	Buildings- in-Progress RM'000	Total RM'000
As at 30 June 2010 (cont'd.)							
Accumulated depreciation and impairment losses							
Balance at 1 July 2009							
Accumulated depreciation	306,402	507,437	954,653	125,091	13,560	–	1,907,143
Accumulated impairment losses	7,308	4	–	–	–	–	7,312
	313,710	507,441	954,653	125,091	13,560	–	1,914,455
Charge for the year (Note 34)	27,251	92,583	48,504	7,470	5,834	–	181,642
Disposals	(2,665)	(7,337)	(12,624)	(3,140)	(4,455)	–	(30,221)
Write-offs (Note 34)	(408)	(36,972)	(2,955)	(448)	(63)	–	(40,846)
Transfers	–	(112)	82	30	–	–	–
Exchange differences	(6,955)	2,622	(2,406)	(255)	(228)	–	(7,222)
Balance at 30 June 2010	330,933	558,225	985,254	128,748	14,648	–	2,017,808
Analysed as:							
Accumulated depreciation	323,625	558,221	985,254	128,748	14,648	–	2,010,496
Accumulated impairment losses	7,308	4	–	–	–	–	7,312
	330,933	558,225	985,254	128,748	14,648	–	2,017,808
Net carrying amount							
At 30 June 2010	861,321	221,623	182,039	16,269	14,313	64,287	1,359,852

16. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

Group (cont'd.)	*Properties RM'000	Office Furniture, Fittings, Equipment and Renovations RM'000	Computers and Peripherals RM'000	Electrical and Security Equipment RM'000	Motor Vehicles RM'000	Buildings- in-Progress RM'000	Total RM'000
As at 30 June 2009							
Cost							
Balance at 1 July 2008	1,156,318	623,950	1,078,406	145,358	17,328	57,270	3,078,630
Additions	33,935	71,810	82,844	5,008	5,382	36,291	235,270
Acquisition of subsidiaries (Note 14)	80,063	47,946	2,849	–	6,591	207	137,656
Disposals	(10,199)	(14,719)	(3,508)	(1,850)	(3,878)	–	(34,154)
Write-offs (Note 34)	(27,781)	(57,622)	(6,691)	(3,816)	(228)	(131)	(96,269)
Transfers	1,261	59,400	(2,818)	2,292	–	(60,135)	–
Reclassification to prepaid land lease payments (Note 11(a))	(4,877)	–	–	–	–	–	(4,877)
Reclassification to investment properties (Note 12)	(1,572)	–	–	–	–	–	(1,572)
Reclassification to intangible assets (Note 17)	–	–	(6,120)	–	–	(3,033)	(9,153)
Exchange differences	2,054	1,118	1,015	127	93	79	4,486
Balance at 30 June 2009	1,229,202	731,883	1,145,977	147,119	25,288	30,548	3,310,017

16. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

Group (cont'd.)	*Properties RM'000	Office Furniture, Fittings, Equipment and Renovations RM'000	Computers and Peripherals RM'000	Electrical and Security Equipment RM'000	Motor Vehicles RM'000	Buildings- in-Progress RM'000	Total RM'000
As at 30 June 2009 (cont'd.)							
Accumulated depreciation and impairment losses							
Balance at 1 July 2008							
Accumulated depreciation	292,507	492,686	940,217	122,962	12,345	–	1,860,717
Accumulated impairment losses	7,076	4	–	–	–	–	7,080
Charge for the year (Note 34)	299,583	492,690	940,217	122,962	12,345	–	1,867,797
Impairment losses	25,814	85,095	24,111	7,530	3,617	–	146,167
Disposals	232	–	–	–	–	–	232
Write-offs (Note 34)	(3,192)	(13,116)	(3,499)	(1,832)	(2,247)	–	(23,886)
Transfers	(9,779)	(57,369)	(6,684)	(3,730)	(225)	–	(77,787)
Reclassification to prepaid land lease payment (Note 11(a))	446	(509)	–	63	–	–	–
Exchange differences	(783)	–	–	–	–	–	(783)
Balance at 30 June 2009	1,389	650	508	98	70	–	2,715
Analysed as:							
Accumulated depreciation	313,710	507,441	954,653	125,091	13,560	–	1,914,455
Accumulated impairment losses	306,402	507,437	954,653	125,091	13,560	–	1,907,143
	7,308	4	–	–	–	–	7,312
	313,710	507,441	954,653	125,091	13,560	–	1,914,455
Net carrying amount							
At 30 June 2009	915,492	224,442	191,324	22,028	11,728	30,548	1,395,562

16. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

Group (cont'd.)	Buildings on		Buildings on Leasehold Land		Total RM'000
	Freehold Land RM'000	Freehold Land RM'000	Less Than 50 Years RM'000	50 Years or More RM'000	
* Properties consist of:					
Cost					
Balance at 1 July 2009	112,756	449,077	152,501	514,868	1,229,202
Additions	69	111	964	44	1,188
Disposals	(1,140)	(4,833)	-	(1,769)	(7,742)
Write-offs	-	-	(1,351)	-	(1,351)
Transfers	-	(3,599)	-	3,599	-
Reclassification to investment properties	-	(6,171)	-	(4,833)	(11,004)
Exchange differences	(669)	(2,723)	(26)	(14,621)	(18,039)
Balance at 30 June 2010	111,016	431,862	152,088	497,288	1,192,254
Accumulated depreciation and impairment losses					
Balance at 1 July 2009					
Accumulated depreciation	-	154,352	28,316	123,734	306,402
Accumulated impairment losses	-	6,014	322	972	7,308
Charge for the year	-	160,366	28,638	124,706	313,710
Disposals	-	(1,980)	-	(685)	(2,665)
Write-offs	-	-	(408)	-	(408)
Transfers	-	(278)	-	278	-
Exchange differences	-	(1,407)	191	(5,739)	(6,955)
Balance at 30 June 2010	-	165,867	36,045	129,021	330,933
Analysed as:					
Accumulated depreciation	-	159,853	35,723	128,049	323,625
Accumulated impairment losses	-	6,014	322	972	7,308
	-	165,867	36,045	129,021	330,933
Net carrying amount					
At 30 June 2010	111,016	265,995	116,043	368,267	861,321

16. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

Group (cont'd.)	Freehold Land RM'000	Buildings on Freehold Land RM'000	Buildings on Leasehold Land		Total RM'000
			Less Than 50 Years RM'000	50 Years or More RM'000	
* Properties consist of: (cont'd.)					
Cost					
Balance at 1 July 2008	111,150	454,296	70,247	520,625	1,156,318
Additions	6,376	22,517	5,042	–	33,935
Acquisition of subsidiaries	–	–	80,063	–	80,063
Disposals	(5,028)	(2,106)	(105)	(2,960)	(10,199)
Write-offs	–	(25,493)	(2,288)	–	(27,781)
Transfers	600	585	(317)	393	1,261
Reclassification to prepaid land lease payments (Note 11(a))	–	–	–	(4,877)	(4,877)
Reclassification to investment properties (Note 12)	(493)	(1,355)	(391)	667	(1,572)
Exchange differences	151	633	250	1,020	2,054
Balance at 30 June 2009	112,756	449,077	152,501	514,868	1,229,202
Accumulated depreciation and impairment losses					
Balance at 1 July 2008					
Accumulated depreciation	–	144,984	32,280	115,243	292,507
Accumulated impairment losses	–	6,132	335	609	7,076
	–	151,116	32,615	115,852	299,583
Charge for the year	–	9,346	5,765	10,703	25,814
Impairment losses	–	(118)	(13)	363	232
Disposals	–	(877)	(27)	(2,288)	(3,192)
Write-offs	–	(9,166)	(613)	–	(9,779)
Transfers	–	9,610	(9,214)	50	446
Reclassification to prepaid land lease payments (Note 11(a))	–	–	–	(783)	(783)
Exchange differences	–	455	125	809	1,389
Balance at 30 June 2009	–	160,366	28,638	124,706	313,710
Analysed as:					
Accumulated depreciation	–	154,352	28,316	123,734	306,402
Accumulated impairment losses	–	6,014	322	972	7,308
	–	160,366	28,638	124,706	313,710
Net carrying amount					
At 30 June 2009	112,756	288,711	123,863	390,162	915,492

16. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

Bank	*Properties RM'000	Office Furniture, Fittings, Equipment and Renovations RM'000	Computers and Peripherals RM'000	Electrical and Security Equipment RM'000	Motor Vehicles RM'000	Buildings- in-Progress RM'000	Total RM'000
As at 30 June 2010							
Cost							
Balance at 1 July 2009	1,012,556	531,274	1,011,840	125,936	10,820	29,764	2,722,190
Additions	224	16,389	61,075	1,738	2,003	57,015	138,444
Disposals	(6,250)	(5,203)	(8,633)	(3,140)	(1,410)	-	(24,636)
Write-offs (Note 34)	-	(28,578)	(2,912)	(451)	(8)	-	(31,949)
Transfers	-	26,958	-	204	-	(27,162)	-
Reclassification to intangible assets (Note 17)	-	-	(26,266)	-	-	-	(26,266)
Exchange differences	(16,894)	(4,252)	(3,140)	(468)	(320)	-	(25,074)
Balance at 30 June 2010	989,636	536,588	1,031,964	123,819	11,085	59,617	2,752,709
Accumulated depreciation							
Balance at 1 July 2009	281,000	382,162	827,089	108,916	7,883	-	1,607,050
Charge for the year (Note 34)	19,249	58,363	46,189	5,363	1,320	-	130,484
Disposals	(2,665)	(5,182)	(8,633)	(3,140)	(1,249)	-	(20,869)
Write-offs (Note 34)	-	(28,119)	(2,912)	(448)	(4)	-	(31,483)
Exchange differences	(3,847)	(3,291)	(2,414)	(297)	(221)	-	(10,070)
Balance at 30 June 2010	293,737	403,933	859,319	110,394	7,729	-	1,675,112
Net carrying amount							
At 30 June 2010	695,899	132,655	172,645	13,425	3,356	59,617	1,077,597

16. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

Bank (cont'd.)	*Properties RM'000	Office Furniture, Fittings, Equipment and Renovations RM'000	Computers and Peripherals RM'000	Electrical and Security Equipment RM'000	Motor Vehicles RM'000	Buildings- in-Progress RM'000	Total RM'000
As at 30 June 2009							
Cost							
Balance at 1 July 2008	1,006,710	510,487	945,947	124,313	10,264	52,390	2,650,111
Additions	13,093	38,167	80,915	4,951	1,427	30,055	168,608
Disposals	(8,662)	(13,771)	(3,363)	(1,850)	(837)	–	(28,483)
Write-offs (Note 34)	–	(54,732)	(6,421)	(3,816)	(135)	–	(65,104)
Transfers	–	50,519	–	2,241	–	(52,760)	–
Reclassification to intangible assets (Note 17)	–	–	(6,120)	–	–	–	(6,120)
Exchange differences	1,415	604	882	97	101	79	3,178
Balance at 30 June 2009	1,012,556	531,274	1,011,840	125,936	10,820	29,764	2,722,190
Accumulated depreciation							
Balance at 1 July 2008	263,359	393,091	814,805	108,861	7,612	–	1,587,728
Charge for the year (Note 34)	18,875	56,511	21,342	5,425	1,159	–	103,312
Disposals	(1,526)	(13,198)	(3,355)	(1,832)	(801)	–	(20,712)
Write-offs (Note 34)	–	(54,649)	(6,417)	(3,713)	(133)	–	(64,912)
Exchange differences	292	407	714	175	46	–	1,634
Balance at 30 June 2009	281,000	382,162	827,089	108,916	7,883	–	1,607,050
Net carrying amount							
At 30 June 2009	731,556	149,112	184,751	17,020	2,937	29,764	1,115,140

16. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

Bank (cont'd.)	Buildings on		Buildings on Leasehold Land		Total RM'000
	Freehold Land RM'000	Freehold Land RM'000	Less Than 50 Years RM'000	50 Years or More RM'000	
* Properties consist of:					
Cost					
Balance at 1 July 2009	109,195	390,708	73,264	439,389	1,012,556
Additions	69	111	-	44	224
Disposals	(1,005)	(3,476)	-	(1,769)	(6,250)
Exchange differences	(662)	(417)	(2,365)	(13,450)	(16,894)
Balance at 30 June 2010	107,597	386,926	70,899	424,214	989,636
Accumulated depreciation					
Balance at 1 July 2009	-	150,144	24,440	106,416	281,000
Charge for the year	-	7,745	2,464	9,040	19,249
Disposals	-	(1,980)	-	(685)	(2,665)
Exchange differences	-	(172)	(80)	(3,595)	(3,847)
Balance at 30 June 2010	-	155,737	26,824	111,176	293,737
Net carrying amount					
At 30 June 2010	107,597	231,189	44,075	313,038	695,899

16. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

Bank (cont'd.)	Buildings on		Buildings on Leasehold Land		Total RM'000
	Freehold Land RM'000	Freehold Land RM'000	Less Than 50 Years RM'000	50 Years or More RM'000	
* Properties consist of: (cont'd.)					
Cost					
Balance at 1 July 2008	107,454	390,181	68,369	440,706	1,006,710
Additions	6,235	1,816	5,042	–	13,093
Disposals	(4,644)	(1,383)	–	(2,635)	(8,662)
Transfers	–	–	(393)	393	–
Exchange differences	150	94	246	925	1,415
Balance at 30 June 2009	109,195	390,708	73,264	439,389	1,012,556
Accumulated depreciation					
Balance at 1 July 2008	–	142,779	22,188	98,392	263,359
Charge for the year	–	7,787	1,877	9,211	18,875
Disposals	–	(460)	–	(1,066)	(1,526)
Exchange differences	–	38	375	(121)	292
Balance at 30 June 2009	–	150,144	24,440	106,416	281,000
Net carrying amount					
At 30 June 2009	109,195	240,564	48,824	332,973	731,556

17. INTANGIBLE ASSETS

	Group		Bank	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
(a) Goodwill				
Cost:				
At 1 July 2009/2008	5,582,728	81,015	81,015	81,015
Acquisition of subsidiaries	–	5,804,567	–	–
Exchange differences	191,275	(302,854)	–	–
At 30 June	5,774,003	5,582,728	81,015	81,015
Impairment loss:				
At 1 July 2009/2008	1,619,518	–	–	–
Charge for the year	–	1,619,518	–	–
At 30 June	1,619,518	1,619,518	–	–
Net carrying amount	4,154,485	3,963,210	81,015	81,015
(b) Core Deposits Intangibles				
Cost:				
At 1 July 2009/2008	367,770	–	–	–
Acquisition of subsidiaries	–	388,024	–	–
Exchange differences	12,792	(20,254)	–	–
At 30 June	380,562	367,770	–	–
Accumulated amortisation:				
At 1 July 2009/2008	73,140	–	–	–
Amortisation charged (Note 34)	93,037	71,737	–	–
Exchange differences	2,256	1,403	–	–
At 30 June	168,433	73,140	–	–
Net carrying amount	212,129	294,630	–	–

17. INTANGIBLE ASSETS (CONT'D.)

	Group		Bank	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
(c) Computer Software				
Cost:				
At 1 July 2009/2008	420,554	354,151	322,443	291,667
Acquisition of subsidiaries	–	23,703	–	–
Additions	28,942	33,282	11,318	23,814
Disposals	(298)	(386)	–	–
Write-offs	(1,288)	(187)	(1,272)	(187)
Reclassification from property, plant and equipment (Note 16)	28,641	9,153	26,266	6,120
Exchange differences	(2,527)	838	(3,802)	1,029
At 30 June	474,024	420,554	354,953	322,443
Accumulated amortisation:				
At 1 July 2009/2008	304,384	245,437	235,326	190,227
Amortisation charged (Note 34)	58,742	58,884	44,429	44,437
Disposals	(298)	(46)	–	–
Write-offs	(1,288)	(187)	(1,272)	(187)
Exchange differences	(1,616)	296	(3,225)	849
At 30 June	359,924	304,384	275,258	235,326
Net carrying amount	114,100	116,170	79,695	87,117
(d) Total intangible assets				
Goodwill	4,154,485	3,963,210	81,015	81,015
Core Deposits Intangible	212,129	294,630	–	–
Computer Software	114,100	116,170	79,695	87,117
At 30 June	4,480,714	4,374,010	160,710	168,132

17. INTANGIBLE ASSETS (CONT'D.)**(a) Goodwill**

Goodwill has been allocated to the Group's Cash-Generating Units ("CGU") identified according to the following business segments:

Cash Generating Unit	2010		2009	
	Group RM'000	Bank RM'000	Group RM'000	Bank RM'000
American Express ("AMEX") card services business in Malaysia (i)	81,015	81,015	81,015	81,015
Acquisition of subsidiaries	5,807,085	–	5,807,085	–
Impairment loss (ii)	(1,619,518)	–	(1,619,518)	–
	4,187,567	–	4,187,567	–

Goodwill is allocated to the Group's CGUs expected to benefit from the synergies of the acquisitions. The recoverable amount of the CGUs are assessed based on value-in-use and compared to the carrying value of the CGU to determine whether any impairment exists. Impairment is recognised in the income statement when the carrying amount of the CGU exceeds its recoverable amount.

- (i) The value-in-use calculations apply discounted cash flow projections prepared and approved by management, covering a 10 year period.

The other key assumptions for the computation of value-in-use are as follows:

- The Bank expects the AMEX card services business to be a going concern;
- The growth in business volume is expected to be equivalent to the current industry growth rate of 13% per annum;
- The discount rate applied is the internal weighted average cost of capital of the Bank at the time of assessment, which is estimated to be 7.98% per annum.

17. INTANGIBLE ASSETS (CONT'D.)**(a) Goodwill (cont'd.)**

- (ii) The value-in-use calculations discounted cash flow model using free cash flow to equity (“FCFE”) projections prepared and approved by management covering a 10 year period. The compounded annual growth rate (“CAGR”) of BII’s FCFE projections was 20.1%.

The other key assumptions for the computation of value-in-use are as follows:

- (a) The Bank expects the BII banking business operations to be a going concern;
- (b) The discount rate applied is based on current specific country risks which is estimated to be approximately 16.5% per annum;
- (c) Terminal value whereby cash flow growth rate of 6%, consistent with the Gross Domestic Product rates of Indonesia.

Management believes that any reasonably possible changes in any of the above key assumptions would not cause the carrying value of the CGU to exceed its recoverable amount. Based on the above review, there is no evidence of impairment on the Group and Bank’s goodwill, other than an impairment loss incurred in the previous financial year.

(b) Core Deposits Intangible (“CDI”)

The intangible assets consist mainly of the core deposits intangible arising from the acquisition of BII banking business operations. The CDI is deemed to have a finite useful life of 8 years and the CDI is amortised based on reducing balance method over the deemed finite useful life.

18. DEPOSITS FROM CUSTOMERS

	Group		Bank	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Fixed deposits and negotiable instruments of deposits				
– One year or less	126,868,356	115,657,191	87,694,148	86,308,707
– More than one year	3,777,611	3,075,955	2,485,808	1,585,090
	130,645,967	118,733,146	90,179,956	87,893,797
Money market deposits	16,175,570	11,118,846	16,175,570	11,118,846
Savings deposits	38,779,000	35,290,821	28,860,081	26,554,841
Demand deposits	48,779,470	44,730,963	38,084,642	35,708,559
Structured deposits*	2,529,781	2,724,813	2,079,492	2,176,887
	236,909,788	212,598,589	175,379,741	163,452,930

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

18. DEPOSITS FROM CUSTOMERS (CONT'D.)

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

	Group		Bank	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Due within six months	102,449,544	91,290,183	65,061,280	64,109,316
Six months to one year	24,418,812	24,367,008	22,632,868	22,199,391
One year to three years	3,298,907	2,781,981	2,377,628	1,535,744
Three years to five years	343,318	165,084	91,880	33,046
After five years	135,386	128,890	16,300	16,300
	130,645,967	118,733,146	90,179,956	87,893,797

The deposits are sourced from the following types of customers:

	Group		Bank	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Business enterprises	102,732,216	87,716,456	74,625,538	66,714,862
Individuals	111,773,287	105,097,914	91,052,361	87,781,338
Government and statutory bodies	10,566,271	8,314,519	3,770,907	3,896,913
Others	11,838,014	11,469,700	5,930,935	5,059,817
	236,909,788	212,598,589	175,379,741	163,452,930

19. DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

	Group		Bank	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Licensed banks	13,116,287	21,450,131	14,072,624	23,327,742
Licensed finance companies	347,957	368,538	214,524	368,538
Licensed investment banks	990,017	650,255	990,017	650,255
Other financial institutions	8,803,607	6,312,939	7,652,657	5,775,381
	23,257,868	28,781,863	22,929,822	30,121,916

The maturity structure of deposits and placements of banks and other financial institutions are as follows:

	Group		Bank	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
One year or less	17,429,944	26,704,881	17,331,142	28,280,565
More than one year	5,827,924	2,076,982	5,598,680	1,841,351
	23,257,868	28,781,863	22,929,822	30,121,916

20. OTHER LIABILITIES

	Group		Bank	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Interest/profit payable	994,634	1,120,462	857,311	893,331
Provision for outstanding claims	437,200	441,712	–	–
Unearned premium reserves	317,570	286,294	–	–
Profit equalisation reserves (IBS operations) (Note 52(k))	4,228	46,477	–	–
Provisions and accruals	2,006,024	1,598,404	1,563,740	1,265,610
Due to brokers and clients	511,829	500,058	–	–
Deposits and other creditors	2,680,035	2,002,843	1,134,818	1,094,417
	6,951,520	5,996,250	3,555,869	3,253,358

20. OTHER LIABILITIES (CONT'D.)

Movements in provision for outstanding claims are as follows:

	Group	
	2010 RM'000	2009 RM'000
Balance at beginning of year	441,712	421,234
Net provision/(utilisation) during the year	(650)	17,472
Exchange differences	(3,862)	3,006
Balance at end of year	437,200	441,712

21. RECOURSE OBLIGATION ON LOANS SOLD TO CAGAMAS

	Group and Bank	
	2010 RM'000	2009 RM'000
At 1 July 2009/2008	516,265	1,274,069
Amount sold during the year	250,000	–
Repayment forwarded	(116,288)	(757,804)
At 30 June	649,977	516,265

This relates to proceeds received from conventional housing loans and hire purchase loans sold directly to Cagamas Berhad with recourse to the Bank. Under the agreement, the Bank undertakes to administer the loans on behalf of Cagamas Berhad and to buy back any loans which are regarded as defective based on pre-determined and agreed-upon prudential criteria.

22. PROVISION FOR TAXATION AND ZAKAT

	Group		Bank	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Taxation	462,572	83,085	283,353	–
Zakat	4,317	4,658	–	–
	466,889	87,743	283,353	–

23. DEFERRED TAX

	Group		Bank	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
At 1 July 2009/2008	(1,435,702)	(1,165,628)	(1,194,897)	(1,122,138)
Acquisition of subsidiaries	–	(151,329)	–	–
Recognised in the income statement (net) (Note 38)	(166,355)	(157,644)	(70,122)	(106,154)
Recognised in equity (net)	193,595	110,503	116,843	112,993
Transferred from provision for taxation	–	(79,598)	–	(79,598)
Exchange differences	(5,392)	7,994	–	–
At 30 June	(1,413,854)	(1,435,702)	(1,148,176)	(1,194,897)
Presented after appropriate offsetting as follows:				
Deferred tax assets	(1,564,963)	(1,493,132)	(1,148,176)	(1,194,897)
Deferred tax liabilities	151,109	57,430	–	–
	(1,413,854)	(1,435,702)	(1,148,176)	(1,194,897)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set-off current tax assets against current tax liabilities and when the deferred income taxes relates to the same fiscal authority.

23. DEFERRED TAX (CONT'D.)

The components and movements of deferred tax assets and liabilities during the financial year prior to offsetting are as follows:

Deferred tax assets of the Group:

	Loan loss and allowances RM'000	Unrealised holding reserve, impairment loss on securities and amortisation of premium RM'000	Provision for liabilities RM'000	Other temporary differences RM'000	Total RM'000
At 1 July 2009	(896,973)	(24,485)	(330,041)	(241,633)	(1,493,132)
Recognised in the income statement	(7,907)	(15,666)	(98,486)	(25,288)	(147,347)
Recognised in equity	–	40,248	2,090	37,782	80,120
Exchange differences	(1,039)	(97)	(715)	(2,753)	(4,604)
At 30 June 2010	(905,919)	–	(427,152)	(231,892)	(1,564,963)
At 1 July 2008	(792,428)	(140,870)	(152,376)	(131,816)	(1,217,490)
Acquisition of subsidiaries	(39,196)	(2,214)	(32,656)	(77,263)	(151,329)
Recognised in the income statement	(67,534)	1,441	(67,206)	(29,071)	(162,370)
Recognised in equity	(134)	117,075	(71)	(6,884)	109,986
Transferred from provision for taxation	–	–	(79,598)	–	(79,598)
Exchange differences	2,319	83	1,866	3,401	7,669
At 30 June 2009	(896,973)	(24,485)	(330,041)	(241,633)	(1,493,132)

23. DEFERRED TAX (CONT'D.)

Deferred tax liabilities of the Group:

	Accelerated capital allowance RM'000	Unrealised holding reserve and accretion of discounts RM'000	Other temporary differences RM'000	Total RM'000
At 1 July 2009	44,344	(16,434)	29,520	57,430
Recognised in the income statement	3,102	1,259	(23,369)	(19,008)
Recognised in equity	(3,982)	87,207	30,250	113,475
Exchange differences	1	(13)	(776)	(788)
At 30 June 2010	43,465	72,019	35,625	151,109
At 1 July 2008	35,255	(17,126)	33,733	51,862
Recognised in the income statement	5,527	(251)	(550)	4,726
Recognised in equity	3,561	938	(3,982)	517
Exchange differences	1	5	319	325
At 30 June 2009	44,344	(16,434)	29,520	57,430

Deferred tax assets of the Bank:

	Loan loss and allowances RM'000	Unrealised holding reserve, impairment loss on securities and amortisation of premium RM'000	Provision for liabilities RM'000	Other temporary differences RM'000	Total RM'000
At 1 July 2009	(806,815)	(53,634)	(300,800)	(71,564)	(1,232,813)
Recognised in income statement	25,091	(2,435)	(86,260)	(5,894)	(69,498)
Recognised in equity	-	27,812	-	-	27,812
At 30 June 2010	(781,724)	(28,257)	(387,060)	(77,458)	(1,274,499)

23. DEFERRED TAX (CONT'D.)**Deferred tax assets of the Bank: (cont'd.)**

	Loan loss and allowances RM'000	Unrealised holding reserve, impairment loss on securities and amortisation of premium RM'000	Provision for liabilities RM'000	Other temporary differences RM'000	Total RM'000
At 1 July 2008	(767,082)	(167,659)	(144,908)	(74,417)	(1,154,066)
Recognised in income statement	(39,733)	1,032	(76,294)	2,853	(112,142)
Recognised in equity	–	112,993	–	–	112,993
Transferred from provision for taxation	–	–	(79,598)	–	(79,598)
At 30 June 2009	(806,815)	(53,634)	(300,800)	(71,564)	(1,232,813)

Deferred tax liabilities of the Bank:

	Accelerated capital allowance RM'000	Unrealised holding reserves RM'000	Total RM'000
At 1 July 2009	37,916	–	37,916
Recognised in the income statement	(624)	–	(624)
Recognised in the equity	–	89,031	89,031
At 30 June 2010	37,292	89,031	126,323
At 1 July 2008	31,928	–	31,928
Recognised in the income statement	5,988	–	5,988
At 30 June 2009	37,916	–	37,916

23. DEFERRED TAX (CONT'D.)

Deferred tax assets have not been recognised in respect of the following items:

	Group	
	2010 RM'000	2009 RM'000
Unutilised tax losses	49,053	52,153
Unabsorbed capital allowances	992	992
Loan loss and provisions and interest suspended	53,464	73,783
Others	81,076	63,523
	184,585	190,451

The unutilised tax losses and unabsorbed capital allowances are available for offset against future taxable profits of the respective subsidiaries in which those items arose. Deferred tax assets have not been recognised in respect of those items as they may not be used to offset taxable profits of other subsidiaries of the Group. They have arisen in subsidiaries that have past losses of which the deferred tax assets are recognised to the extent that future taxable profits will be available.

24. BORROWINGS

		Group		Bank	
		2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Secured:	(i)				
– less than one year		65,899	132,372	–	–
– more than one year		210,164	266,463	–	–
		276,063	398,835	–	–
Unsecured:	(ii)				
– less than one year		1,395,658	460,442	1,289,192	281,360
– more than one year		1,153,143	1,642,783	809,125	1,230,950
		2,548,801	2,103,225	2,098,317	1,512,310
		2,824,864	2,502,060	2,098,317	1,512,310

24. BORROWINGS (CONT'D.)

- (i) The secured borrowings relate to bonds issued by a subsidiary under PT Bank Internasional Indonesia Tbk which are secured by fiduciary transfers of the subsidiary's receivables from third parties in connection with the financing of the purchases of motor vehicles with an aggregate amount of not less than 80% of the principal amount of bonds issued.

The bonds are listed on the Indonesian Stock Exchange.

The interest rate of these bonds range from 11.63% to 12.00% per annum (2009: 11.25% to 15.35% per annum) and have a maturity of 11 months to 17 months (2009: 11 months to 29 months).

- (ii) The unsecured borrowings are term loans denominated in US Dollar and IDR Rupiah. The borrowings are unsecured and bear interest rates ranging between 0.52% and 5.45% (2009: ranging between 0.50% and 5.45%) per annum.

25. SUBORDINATED OBLIGATIONS

		Group		Bank	
		2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
RM1,000 million subordinated Islamic bonds due in 2015	(i)	1,000,000	1,000,000	1,000,000	1,000,000
RM1,500 million subordinated Islamic bonds due in 2018	(ii)	1,500,000	1,500,000	1,500,000	1,500,000
RM1,500 million subordinated bonds due in 2017	(iii)	1,500,000	1,500,000	1,500,000	1,500,000
USD300 million subordinated certificates due in 2017	(iv)	969,116	1,052,239	969,116	1,052,239
RM3,100 million subordinated Term Loan due in 2019	(v)	3,100,000	3,100,000	3,100,000	3,100,000
USD150 million subordinated notes due in 2015	(vi)	–	520,134	–	–
		8,069,116	8,672,373	8,069,116	8,152,239

- (i) On 24 November 2005, the Bank issued RM1.0 billion nominal value Islamic Subordinated Bonds under the Shariah principle of Bai' Bithaman Ajil. The Bonds are under a 10 non-callable 5 basis feature, payable semi-annually in arrears in May and November each year, and are due in November 2015. Under the 10 non-callable 5 basis feature, the Bank has the option to redeem the Bonds on the 5th anniversary or any semi-annual date thereafter. Should the Bank decide not to exercise its option to redeem the Bonds, the holders of the Bonds will be entitled to an annual incremental step-up profit rate ranging from 10 to 40 basis points from the beginning of the 6th year to the final maturity date.
- (ii) On 15 May 2006, the Bank issued RM1.5 billion nominal value Islamic Subordinated Bonds under the Shariah principle of Bai' Bithaman Ajil. The Bonds are under a 12 non-callable 7 basis feature, payable semi-annually in arrears in May and November each year, and are due in May 2018. Under the 12 non-callable 7 basis feature, the Bank has the option to redeem the Bonds on the 7th anniversary or any semi-annual date thereafter. Should the Bank decide not to exercise its option to redeem the Bonds, the holders of the Bonds will be entitled to a permissible step-up profit rate ranging from 0 to 70 basis points from the beginning of the 8th year to the final maturity date.

25. SUBORDINATED OBLIGATIONS (CONT'D.)

- (iii) On 11 April 2007, the Bank issued RM1.5 billion nominal value Subordinated Bonds payable semi-annually in arrears in April and October each year, subject to the revision of interest explained below and are due in 2017. The Bank may, subject to the prior consent of Bank Negara Malaysia, redeem the Notes, in whole but not in part, any time on or after the 5th anniversary of the issue date and on every semi-annual date thereafter at par together with accrued interest due on the redemption date. Should the Bank decide not to exercise its call option, the holders of the Bonds are entitled to a step-up in the coupon rate of 100 basis points from the beginning of the 6th year to the final maturity date.
- (iv) On 25 April 2007, MBB Sukuk, the Issuer (a Special Purpose Vehicle ("SPV") formed solely for the purpose of participating in this transaction and issuing the subordinated certificates), issued USD300 million Subordinated Certificates with a distribution rate based on 6 months LIBOR plus a margin of 0.33% per annum payable semi-annually in arrears in April and October each year. The proceeds from the Subordinated Certificates are paid to Premier Sukuk, another SPV incorporated for this transaction, and ultimately paid to the Bank. In return, the Bank transfers the beneficial ownership of a portfolio of assets (comprising hire purchase contracts and cash) by way of an equitable assignment to Premier Sukuk and subsequently to the Issuer. The portfolio assets are managed by the Bank pursuant to a Management Agreement.

The Subordinated Certificates are due in 2017. The Issuer may, subject to the prior consent of Bank Negara Malaysia, redeem the Certificates, in whole but not in part, on the 5th anniversary of the issue date or at any semi-annual distribution payment date thereafter.

Should the Issuer decide not to exercise its call option, the Certificate holders are entitled to a step-up margin of 1.33% per annum from the beginning of the 6th year to the final maturity date.

The Certificate holders will have recourse on a subordinated basis to the Bank pursuant to the Sale and Purchase Undertaking Deeds.

- (v) On 28 November 2008, the Bank ("Borrower") secured RM3.1 billion Tier 2 Capital Subordinated Term Loan Facility ("the Facility") for a term of fifteen (15) years from the drawdown date, with an option by the Borrower to redeem the Facility on the Optional Redemption Date or such other period as may be agreed between the Lender and Borrower. The Optional Redemption Date is the tenth (10th) anniversary from the drawdown date or any semi-annual interest payment date thereafter.

The Facility bears a fixed interest rate payment, payable semi-annually in arrears. On the 10th anniversary of the issue date, there will be a one-time step-up in the interest rate which shall be equivalent to the aggregate of one hundred (100) basis points and the then prevailing market rate to be agreed between the Lender and the Borrower based on the then Borrower's prevailing credit rating for a Tier 2 subordinated bond and upon having considered amongst others, the yield for a five (5) year bond maturity and last traded yields for Tier 2 subordinated bonds and other comparables of equivalent ratings.

The Facility qualifies as Tier 2 Capital of the Bank in accordance with the capital adequacy requirements issued by BNM.

The coupon rates for all the Bonds and Subordinated Notes range between 4.00% and 6.13% per annum.

All the Bonds and Term Loan above constitute unsecured liabilities of the Bank and are subordinated to the senior indebtedness of the Bank in accordance with the respective terms and conditions of their issues.

25. SUBORDINATED OBLIGATIONS (CONT'D.)

- (vi) On 28 April 2005, a subsidiary, BII, through its Cayman Island branch, issued USD150,000,000 subordinated notes (the Subordinated Notes) which is listed on the Singapore Stock Exchange. The Subordinated Notes are unsecured and subordinated to all other obligations of BII. The Subordinated Notes will mature on 28 April 2015, with an option to call by BII on 28 April 2010 subject to an approval from Bank Indonesia.

The Subordinated Notes bear interest at the rate of 7.75% per annum, payable semi-annually in arrears on 28 April and 28 October. Unless previously redeemed, on 28 April 2010, the interest rate will be reset at the U.S. Treasury Rate plus 7.424% per annum from that date. The trustee of the Subordinated Notes issuance is The Bank of New York.

On 28 April 2010, BII exercised the option to call the Subordinated Notes.

26. CAPITAL SECURITIES

	Group and Bank	
	2010 RM'000	2009 RM'000
RM3,500 million 6.85% Stapled Capital Securities ("NCPCS")	3,500,000	3,500,000
Less: Transaction cost	(2,686)	(2,686)
Add: Accumulated amortisation of transaction cost	407	198
	3,497,721	3,497,512
(i)	3,497,721	3,497,512
SGD600 million 6.00% Innovative Tier 1 Capital Securities ("SGD600 million IT1CS")	1,389,180	1,458,960
Less: Transaction cost	(8,514)	(8,514)
Add: Accumulated amortisation of transaction cost	1,282	584
	1,381,948	1,451,030
(ii)	1,381,948	1,451,030
RM1,100 million 6.30% Innovative Tier 1 Capital Securities ("RM1.1 billion IT1CS")	1,100,000	1,100,000
Less: Transaction cost	(1,063)	(1,063)
Add: Accumulated amortisation of transaction cost	146	62
	1,099,083	1,098,999
(iii)	1,099,083	1,098,999
	5,978,752	6,047,541

26. CAPITAL SECURITIES (CONT'D.)**(i) NCPCS**

On 27 June 2008, the Group issued RM3,500 million in nominal value comprising:

- (a) Non-Cumulative Perpetual Capital Securities ("NCPCS"), which are issued by the Bank and stapled to the Subordinated Notes described below; and
- (b) Subordinated Notes ("Sub-Notes"), which are issued by Cepak Mentari Berhad ("CMB"), a wholly-owned subsidiary of the Bank.

(collectively known as "Stapled Capital Securities").

Until an assignment event occurs, the Stapled Capital Securities cannot be transferred, dealt with or traded separately. Upon occurrence of an assignment event, the Stapled Capital Securities will unstaple, leaving the investors to hold only the NCPCS while ownership of the Sub-Notes will be re-assigned to the Bank pursuant to a forward purchase contract entered into by the Bank. Unless there is an earlier occurrence of any other events stated under the terms of the Stapled Capital Securities, the assignment event would occur on the 20th interest payment date or 10 years from the issuance date of the Sub-Notes.

Each of the NCPCS and Sub-Notes has a fixed interest rate of 6.85% per annum. However, the NCPCS distribution will not begin to accrue until the Sub-Notes are re-assigned to the Bank as referred to above. Thus effectively, the Stapled Capital Securities are issued by the Bank at a fixed rate of 6.85% per annum. Interest is payable semi-annually in arrears.

The NCPCS are issued in perpetuity unless redeemed under the terms of the NCPCS. The NCPCS are redeemable at the option of Maybank on the 20th interest payment date or 10 years from the issuance date of the Sub-Notes, or any NCPCS distribution date thereafter, subject to redemption conditions being satisfied. The Sub-Notes have a tenure of 30 years unless redeemed earlier under the terms of the Sub-Notes. The Sub-Notes are redeemable at the option of CMB on any interest payment date, which cannot be earlier than the occurrence of an assignment event, subject to redemption conditions being satisfied.

The Stapled Capital Securities comply with Bank Negara Malaysia's Guidelines on Non-Innovative Tier 1 capital instruments. They constitute unsecured and subordinated obligations of the Group. Claims in respect of the NCPCS rank pari passu and without preference among themselves, other Tier 1 capital securities of the Bank and with the most junior class of preference shares of the Bank but in priority to the rights and claims of the ordinary shareholders of the Bank. The Sub-Notes rank pari passu and without preference among themselves and with the most junior class of notes or preference shares of CMB.

26. CAPITAL SECURITIES (CONT'D.)**(i) NCPCS (cont'd.)**

An "assignment event" means the occurrence of any of the following events:

- (a) The Bank is in breach of Bank Negara Malaysia's minimum capital adequacy ratio requirements applicable to the NCPCS Issuer; or
- (b) Commencement of a winding up proceeding in respect of the Bank or CMB; or
- (c) Appointment of an administrator in connection with a restructuring of the Bank; or
- (d) Occurrence of a default of the NCPCS distribution payments or Sub-Notes interest payments; or
- (e) CMB ceases to be, directly or indirectly, a wholly-owned subsidiary of the Bank; or
- (f) Bank Negara Malaysia requires that an assignment event occur; or
- (g) The Bank elects that an assignment event occurs; or
- (h) The 20th Interest Payment Date of the Sub-Notes; or
- (i) 60 days after a regulatory event (means at any time there is more than an insubstantial risk, as determined by the Bank, that the NCPCS will no longer qualify as Non-Innovative Tier 1 capital of the Bank for the purposes of Bank Negara Malaysia's capital adequacy requirements under any applicable regulations) has occurred, subject to such regulatory event continuing to exist at the end of such 60 days; or
- (j) Any deferral of interest payment of the Sub-Notes; or
- (k) 30 years from the issue date of the Sub-Notes.

In addition to the modes of redemption, the NCPCS and the Sub-Notes can be redeemed in the following circumstances:

- (a) If the NCPCS and the Sub-Notes were issued for the purpose of funding a merger or acquisition which is subsequently aborted, at the option of the Bank and CMB subject to Bank Negara Malaysia's prior approval;
- (b) At any time if there is more than an insubstantial risk in relation to changes in applicable tax regulations, as determined by the Bank or CMB, that could result in the Bank or CMB paying additional amounts or will no longer be able to deduct interest in respect of the Sub-Notes or the inter-company loan (between the Bank and CMB) for taxation purposes;
- (c) At any time if there is more than an insubstantial risk in relation to changes in applicable regulatory capital requirements, as determined by the Bank or CMB, that could disqualify the NCPCS to be regarded as part of Non-Innovative Tier 1 capital for the purpose of regulatory capital requirements.

26. CAPITAL SECURITIES (CONT'D.)**(ii) SGD600 million IT1CS**

On 11 August 2008, the Bank issued SGD600 million IT1CS callable with step-up in 2018 at a fixed rate of 6.00%.

The SGD IT1CS bears a fixed interest rate payment from and including 11 August 2008 to (but excluding) 11 August 2018 (the First Reset Date), payable semi-annually in arrears on 11 February and 11 August in each year commencing on 11 February 2009. The SGD IT1CS has a principal stock settlement mechanism to redeem the IT1CS on the 60th year from the date of issuance. The Bank, however, has the option to redeem the IT1CS on the 10th anniversary of the issue date and on any interest payment date thereafter. On the 10th anniversary of the issue date, there will be a step-up in the interest rate to a floating rate, reset quarterly, at the initial credit spread plus 100 basis points above the three month SGD Swap Offer Rate.

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

(iii) RM1.1 billion IT1CS

On 25 September 2008, the Bank issued RM1.1 billion IT1CS callable with step-up in 2018 at a fixed rate of 6.30% under its RM4.0 billion Innovative Tier 1 Capital Securities. The RM1.1 billion IT1CS which matures on 25 September 2068 also bears a fixed interest rate and is callable on 25 September 2018 and on every interest payment date thereafter. On the 10th anniversary of the issue date, there will be a step-up in the interest rate to a floating rate, reset quarterly, at the initial credit spread plus 100 basis points above the Kuala Lumpur Inter-Bank Offer Rate for 3-month RM deposits.

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

27. SHARE CAPITAL

	Number of ordinary shares of RM1 each		Amount	
	2010 '000	2009 '000	2010 RM'000	2009 RM'000
Authorised:				
At 1 July 2009/2008	10,000,000	10,000,000	10,000,000	10,000,000
Created during the year	–	–	–	–
At 30 June	10,000,000	10,000,000	10,000,000	10,000,000
Issued and fully paid:				
At 1 July 2009/2008	7,077,663	4,881,123	7,077,663	4,881,123
Shares issued under the:				
– Rights Issue Exercise	–	2,196,516	–	2,196,516
– Maybank Group Employee Share Option Scheme	320	24	320	24
At 30 June	7,077,983	7,077,663	7,077,983	7,077,663

27. SHARE CAPITAL (CONT'D.)**(a) Increase in issued and paid-up capital**

During the year, the Bank increased its issued and paid-up capital from RM7,077,663,368 to RM7,077,982,768 via the issuance of 319,400 new ordinary shares of RM1 each for cash consisting of 255,520 new ordinary shares of RM1 each to eligible persons who exercised their options plus 63,880 bonus shares granted upon exercise of the options after bonus declaration, to eligible persons who exercised their options under the current ESOS which commenced on 26 August 2004, for a period of 5 years.

The new ordinary shares issued during the financial year rank *pari passu* in all respects with the existing shares of the Bank.

(b) ESOS

The terms of the current ESOS include provision for the participation of non-executive directors. The maximum number of ordinary shares of RM1.00 each in the Bank available under the ESOS should not exceed 15% of the total number of issued and paid-up capital of the Bank at any point of time during the duration of the scheme. Other principal features of the ESOS are as follows:

- (i) The employees eligible to participate in the ESOS must be employed and on the payroll of the Bank and its subsidiaries for a continuous period of at least twenty four (24) months including service during the probation period and is confirmed in service;
- (ii) The non-executive directors eligible to participate in the ESOS must have been a Non-Executive Director of the Group for a continuous period of at least twenty four (24) months;
- (iii) The entitlement under the ESOS for the Executive Directors and Non-Executive Directors, including any persons connected to the directors is subject to the approval of the shareholders of the Bank in a general meeting;
- (iv) The ESOS shall be in force for a period of five (5) years from its commencement and no further options under the scheme will be granted thereafter unless the shareholders of the Bank in a general meeting agree to continue with the ESOS for a further period of five (5) years with or without variations, and subject to the approvals of relevant authorities, provided that the duration of the ESOS including any extension, if any, shall not exceed a total period of ten (10) years from its commencement;
- (v) The new ordinary shares in the Bank allotted upon any exercise of options under the scheme will upon allotment, rank *pari passu* in all aspects with the then existing ordinary shares in the Bank, except that the new ordinary shares so issued will not rank for any dividends or other distribution declared, made or paid to shareholders prior to the date of allotment of such new ordinary shares, and will be subject to all the provisions of the Article of Association of the Bank relating to transfer, transmission and otherwise;
- (vi) The subscription price shall be at a discount, within the limit allowed by the relevant authorities from time to time and shall be decided by the ESOS Committee at its discretion, to the weighted average market price of the shares as shown in the daily official list issued by Bursa Malaysia Securities Berhad for the five (5) market days immediately preceding the date of offer, but shall in no event be less than the par value of the shares;

27. SHARE CAPITAL (CONT'D.)**(b) ESOS (cont'd.)**

(vii) Pursuant to the bonus issue exercise of 1 new ordinary share for every 4 ordinary shares held during financial year ended 2008, the ESOS Committee has approved the corresponding adjustments be made to the unexercised options under the ESOS, which is in accordance with the Maybank Group ESOS By-Laws. The additional shares were allocated at no cost to the option holder.

Additional shares, calculated in the same ratio as the bonus issue (1 share for every 4 shares) would be allocated and kept in reserve until such time the option holders exercised the options, subject to the expiry of the option period on 26 August 2009;

(viii) Pursuant to the rights issue exercise, the ESOS Committee has approved the corresponding adjustments be made to the unexercised option under the ESOS, which is in accordance with the Maybank Group ESOS By-Laws; and

(ix) The ESOS expired on 26 August 2009.

(c) Movements of ESOS

The following table illustrates the number and weighted average exercise price ("WAEP") of, and movements in, share options during the year:

Grant date	Number of Share Options							
	<----- Movement During the Year ----->						Outstanding at 30 June 2010/2009 '000	Exercisable at 30 June 2010/2009 '000
	Outstanding at 1 July 2009/2008 '000	Granted (Adjusted for Rights issues) '000	Exercised '000	Forfeited '000	Expired '000	Outstanding at 30 June 2010/2009 '000		
2010								
1.9.2004	16,984	–	(299)	–	(16,685)	–	–	
15.10.2004	4,926	–	(3)	–	(4,923)	–	–	
30.6.2005	210	–	–	–	(210)	–	–	
14.11.2005	10,379	–	(6)	–	(10,373)	–	–	
14.11.2006	17,890	–	(12)	–	(17,878)	–	–	
	50,389	–	(320)	–	(50,069)	–	–	
WAEP	7.00	–	6.65	–	7.01	–	–	

27. SHARE CAPITAL (CONT'D.)

(c) Movements of ESOS (cont'd.)

Grant date	Number of Share Options						
	←----- Movement During the Year ----->						
	Outstanding at 1 July 2009/2008 '000	Granted (Adjusted for Rights issues) '000	Exercised '000	Forfeited '000	Expired '000	Outstanding at 30 June 2010/2009 '000	Exercisable at 30 June 2010/2009 '000
2009							
1.9.2004	12,247	4,858	(16)	(105)	–	16,984	16,984
15.10.2004	3,402	1,600	(1)	(75)	–	4,926	4,926
30.6.2005	150	60	–	–	–	210	210
14.11.2005	7,824	2,724	(1)	(168)	–	10,379	10,379
14.11.2006	13,262	5,109	(1)	(480)	–	17,890	17,890
	36,885	14,351	(19)	(828)	–	50,389	50,389
WAEP	7.01	7.00	6.70	7.15	–	7.00	7.00

(d) Details of share options

(i) Details of share options outstanding at the end of the financial year ended 2009:

Grant date	Exercise price RM	Exercise period
1.9.2004	6.61	1.9.2004 – 25.8.2009
15.10.2004	7.07	15.10.2004 – 25.8.2009
30.6.2005	7.58	6.1.2005 – 25.8.2009
14.11.2005	7.10	14.11.2005 – 25.8.2009
14.11.2006	7.30	14.11.2006 – 25.8.2009

(ii) Share options exercised during the year

As disclosed above, options exercised during the year resulted in the issuance of approximately 319,400 (2009: 23,750) ordinary shares at an average price of RM6.65 (2009: RM6.70) each. The related weighted average share price at the date of exercise was RM6.54 (2009: RM6.59).

27. SHARE CAPITAL (CONT'D.)**(d) Details of share options (cont'd.)****(iii) Fair value of share options granted on 14.11.2006**

The fair value of share options granted on 14.11.2006 was estimated by an external valuer using a trinomial model, taking into account the terms and conditions upon which the options were granted. The fair value of share options measured and the assumptions were as follows:

Fair value of share options at 14.11.2006 at (RM)	1.38
Weighted average share price (RM)	11.50
Weighted average exercise price (RM)	10.19
Expected volatility (%)	14.26%
Expected life (years)	1 – 2.8
Risk free rate (%)	3.63%
Expected dividend yield (%)	5.50%

The expected life of the options was based on historical data and was not necessarily indicative of exercise patterns that may occur. The expected volatility reflected the assumption that the historical volatility were indicative of future trends, which may also not necessarily be the actual outcome. No other features of the option grant were incorporated into the measurement of fair value.

28. RESERVES

	Group		Bank	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Non-distributable:				
Share premium	5,903,497	5,901,692	5,903,497	5,901,692
Statutory reserves (i)	5,553,999	4,664,983	5,372,770	4,483,770
Capital reserve (ii)	15,250	15,250	–	–
Unrealised holding reserve	340,936	(148,388)	269,016	(83,433)
Exchange fluctuation reserve	(949,434)	(666,885)	(12,495)	139,771
Share option reserve	–	63,191	–	63,191
Revaluation reserve (iii)	9,057	2,742	–	–
	10,873,305	9,832,585	11,532,788	10,504,991
Distributable:				
Retained profits (Note 29)	9,925,888	7,988,498	6,646,053	4,927,790
Total reserves	20,799,193	17,821,083	18,178,841	15,432,781

28. RESERVES (CONT'D.)

- (i) The statutory reserves are maintained in compliance with the requirements of Bank Negara Malaysia and certain Central Banks of the respective countries in which the Group and the Bank operate and are not distributable as cash dividends.
- (ii) The capital reserve of the Group arose from the capitalisation of bonus issue in certain subsidiaries in previous years.
- (iii) Revaluation reserve relates to the transfer of self-occupied properties to investment properties subsequent to the change on occupation intention.

29. RETAINED PROFITS

Prior to the year of assessment 2008, Malaysian companies adopt the full imputation system. In accordance with the Finance Act, 2007 which was gazetted on 28 December 2007, companies shall not be entitled to deduct tax on dividend paid, credited or distributed to its shareholders, and such dividends will be exempted from tax in the hands of the shareholders ("single tier system"). However, there is a transitional period of six years, expiring on 31 December 2013, to allow companies to pay franked dividends to their shareholders under limited circumstances. Companies also have an irrevocable option to disregard the Section 108 balance and opt to pay dividends under the single tier system. The change in the tax legislation also provides for the Section 108 balance to be locked-in as at 31 December 2007 in accordance with Section 39 of the Finance Act, 2007.

The Bank did not elect for the irrevocable option to disregard the Section 108 balance. Accordingly, during the transitional period, the Bank may utilise the credit in the Section 108 balance as at 30 June 2010 to distribute cash dividend payments to ordinary shareholdings as defined under the Finance Act, 2007. As at 30 June 2010, the Bank has sufficient credit in the Section 108 balance to pay franked dividends out of its entire retained earnings.

30. OPERATING REVENUE

Operating revenue of the Group comprises all types of revenue derived from the business of banking, income from Islamic Banking Scheme operations, finance, general and life insurance (including takaful), stock broking, discount house, leasing and factoring, trustee and nominee services, asset management and venture capital but excluding all transactions between related companies.

Operating revenue of the Bank comprises gross interest income, fee and commission income, investment income, gross dividends and other income derived from banking and finance operations.

31. INTEREST INCOME

	Group		Bank	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Loans, advances and financing				
– Interest income other than recoveries from NPL	8,400,087	8,619,354	6,371,212	7,002,039
– Recoveries from NPL	199,805	234,581	197,721	232,954
Money at call and deposits and placements with financial institutions	411,668	798,125	344,712	855,066
Securities purchased under resale agreements	5,817	4,830	600	375
Securities held-for-trading	59,930	30,502	52,671	11,219
Securities available-for-sale	1,543,461	1,771,858	1,336,057	1,427,633
Securities held-to-maturity	419,378	162,510	340,988	79,133
	11,040,146	11,621,760	8,643,961	9,608,419
Amortisation of premiums less accretion of discounts	(46,404)	(2,738)	(50,200)	(24,928)
Net interest income clawed back/suspended	(38,522)	(49,159)	(38,522)	(49,159)
	10,955,220	11,569,863	8,555,239	9,534,332

32. INTEREST EXPENSE

	Group		Bank	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Deposits and placements of banks and other financial institutions	191,008	816,055	193,627	826,609
Deposits from other customers	3,066,145	3,930,812	2,224,190	2,969,183
Loans sold to Cagamas	5,100	28,584	5,100	28,584
Floating rate certificates of deposits	1,075	9,364	1,075	9,364
Borrowings	164,984	163,056	20,890	32,794
Subordinated notes	137,995	110,687	137,995	110,687
Subordinated bonds	220,113	217,027	179,800	179,800
Capital securities	397,927	371,578	397,927	371,578
Others	–	3,194	–	36
	4,184,347	5,650,357	3,160,604	4,528,635

33. NON-INTEREST INCOME

	Group		Bank	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Fee income:				
Commission	869,807	806,543	775,781	730,599
Service charges and fees	984,891	866,374	750,250	694,547
Guarantee fees	134,090	127,171	113,546	116,409
Underwriting fees	41,508	38,363	30,134	12,953
Brokerage income	89,060	53,974	–	–
Fee on loans, advances and financing	487,584	165,090	135,647	79,381
	2,606,940	2,057,515	1,805,358	1,633,889
Investment income:				
Net gain/(loss) from sale of held-for-trading securities	28,612	(27,505)	14,320	18,705
Net gain from sale of available-for-sale securities	191,045	141,743	123,752	133,263
Net gain from redemption of held-to-maturity securities	2,267	750	1,838	612
Gain from liquidation of subsidiaries	659	–	29	–
	222,583	114,988	139,939	152,580
Gross dividends from:				
Securities available-for-sale				
– Quoted outside Malaysia	1,408	1,880	–	39
– Quoted in Malaysia	14,002	19,704	10,919	8,165
– Unquoted outside Malaysia	1,096	2,430	909	1,067
– Unquoted in Malaysia	13,921	5,958	12,551	5,510
Subsidiaries in Malaysia	–	–	869,862	647,448
Associates	–	–	8,563	–
	30,427	29,972	902,804	662,229
Unrealised gain/(loss) on revaluation of:				
– Securities held-for-trading	5,060	76,327	11,322	26,747
– Derivatives	306,237	(248,207)	315,028	(232,869)
	311,297	(171,880)	326,350	(206,122)

33. NON-INTEREST INCOME (CONT'D.)

	Group		Bank	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Other income:				
Foreign exchange gain	517,220	437,143	442,345	342,734
Net General Insurance premiums written	530,080	505,267	–	–
Rental income	24,175	24,891	23,449	24,459
Gain on disposal of property, plant and equipment	19,115	16,585	12,883	8,238
Gain on disposal of foreclosed properties	66	13,285	–	–
Actuarial surplus on Life Insurance business	191,401	213,696	–	–
Other operating income	176,836	92,534	30,984	40,543
Other non-operating income	35,895	41,194	37,937	46,510
	1,494,788	1,344,595	547,598	462,484
	4,666,035	3,375,190	3,722,049	2,705,060

34. OVERHEAD EXPENSES

	Group		Bank	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Personnel expenses				
– Salaries, allowances and bonuses	2,265,710	2,062,684	1,703,243	1,636,271
– Social security cost	12,427	13,522	11,652	12,577
– Pension costs – Defined contribution plan	278,299	242,585	257,950	222,531
– Share options granted under ESOS	–	122	–	88
– Other remuneration paid and payable to former directors	–	1,853	–	1,728
– Other staff related expenses	361,985	233,192	211,457	163,850
Sub-total	2,918,421	2,553,958	2,184,302	2,037,045

34. OVERHEAD EXPENSES (CONT'D.)

	Group		Bank	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Establishment costs				
– Depreciation of property, plant and equipment (Note 16)	181,642	146,167	130,484	103,312
– Amortisation of core deposit intangibles (Note 17(b))	93,037	71,737	–	–
– Amortisation of computer software (Note 17(c))	58,742	58,884	44,429	44,437
– Amortisation of prepaid land lease payments (Note 11(a))	1,367	1,746	1,208	1,227
– Rental of leasehold land and premises	158,538	131,417	81,454	76,629
– Repairs and maintenance of property, plant and equipment	111,533	108,446	68,916	68,930
– Information technology expenses	479,322	480,027	443,473	436,449
– Fair value adjustment on investment properties (Note 12)	209	136	–	–
– Others	24,102	43,750	15,907	11,296
Sub-total	1,108,492	1,042,310	785,871	742,280
Marketing costs				
– Advertisement and publicity	363,459	347,211	221,396	249,867
– Others	75,000	85,732	56,891	80,257
Sub-total	438,459	432,943	278,287	330,124
Administration and general expenses				
– Fees and brokerage	656,329	509,763	616,139	491,416
– Administrative expenses	410,525	358,959	224,967	219,991
– General expenses	516,980	306,004	228,055	180,913
– Others	66,292	46,608	64,243	41,580
Sub-total	1,650,126	1,221,334	1,133,404	933,900
Insurance claims incurred	296,574	308,620	–	–
Overhead expenses allocated to subsidiary company	–	–	(377,091)	(306,706)
Total	6,412,072	5,559,165	4,004,773	3,736,643

34. OVERHEAD EXPENSES (CONT'D.)

	Group		Bank	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Included in overhead expenses are:				
Directors' fees and remuneration (Note 35)	15,247	11,960	8,403	6,337
Rental of equipment	6,286	5,157	4,607	3,718
Direct operating expenses of investment properties:				
– Revenue generating	198	13	–	–
Auditors' remuneration:				
Statutory audit:	8,167	8,090	4,285	3,991
– Ernst & Young Malaysia	3,948	3,814	2,150	2,050
– Other member firms of Ernst & Young Global	3,321	2,307	1,365	1,250
– Other auditors*	898	1,969	770	691
Non-audit services:	3,452	5,043	2,543	4,738
– Reporting accountants and review engagements	2,659	3,245	2,031	3,075
– Other services	793	1,798	512	1,663
Prepaid land lease payments written off (Note 11(a))	342	8,625	–	–
Property, plant and equipment written off (Note 16)	2,847	18,482	466	192

* Relates to fees paid and payable to accounting firms other than the Bank's auditors.

35. DIRECTORS' FEES AND REMUNERATION

	Group		Bank	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Directors of the Bank:				
Executive directors:				
Salary	1,080	1,340	1,080	1,340
Fees	631	261	–	–
Bonuses	2,160	2,420	2,160	2,420
Pension cost – defined contribution plan	652	738	652	738
Other remuneration	95	118	91	116
Estimated money value of benefits-in-kind	79	57	79	57
	4,697	4,934	4,062	4,671

35. DIRECTORS' FEES AND REMUNERATION (CONT'D.)

	Group		Bank	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Directors of the Bank: (cont'd.)				
Non-executive directors:				
Fees	4,381	2,023	2,892*	993
Pension cost – defined contribution plan	15	59	15	59
Share options granted under ESOS	–	15	–	15
Other remuneration	1,618	864	1,513	656
Estimated money value of benefits-in-kind	36	56	36	56
	6,050	3,017	4,456	1,779
Sub-total for directors of the Bank	10,747	7,951	8,518	6,450
Directors of the subsidiaries:				
Executive directors:				
Salary and other remuneration, including meeting allowance	2,371	2,604	–	–
Bonuses	995	327	–	–
Pension cost – defined contribution plan	512	366	–	–
Estimated money value of benefits-in-kind	38	18	–	–
	3,916	3,315	–	–
Non-executive directors:				
Fees	615	517	–	–
Share options granted under ESOS	–	5	–	–
Other remuneration	122	303	–	–
	737	825	–	–
Sub-total for directors of the subsidiaries	4,653	4,140	–	–
Total	15,400	12,091	8,518	6,450
Total (excluding benefits-in-kind)	15,247	11,960	8,403	6,337

* This amount represents the directors' fees for the current financial year which will be tabled for the shareholders' approval at the forthcoming Annual General Meeting.

35. DIRECTORS' FEES AND REMUNERATION (CONT'D.)

The remuneration attributable to the President/Chief Executive Officer of the Bank including benefits-in-kind during the year amounted to RM4,697,263 (2009: RM4,226,958).

The total directors' fees and remuneration of the Group above has excluded the amount of RM315,493 (2009: RM152,527) which has been allocated to the life, general takaful and family takaful funds.

The total remuneration (including benefits-in-kind) of the Directors of the Bank are as follows:

	Benefits-In-Kind							Benefits-In-Kind						
	Salary	Fees	Bonus	Pension Cost	Other Emolument*	ESOS	Others	Bank Total	Fees	Other Emolument	ESOS	Others	Subsidiaries Total	Group Total
2010	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Executive Director:														
Dato' Sri Abdul Wahid bin Omar	1,080	-	2,160	652	91	-	79	4,062	631	4	-	-	635	4,697
Existing Non-Executive Directors:														
Tan Sri Dato' Megat Zaharuddin bin Megat Mohd Nor	-	231	-	-	384	-	27	642	247	-	-	-	247	889
Dato' Mohd Salleh Harun	-	203	-	-	41	-	-	244	44	6	-	-	50	294
Tan Sri Hadenan A. Jalil	-	338	-	-	94	-	-	432	6	2	-	-	8	440
Dato' Seri Ismail Shahudin	-	363	-	-	71	-	-	434	9	2	-	-	11	445
Dato' Dr Tan Tat Wai	-	280	-	-	44	-	-	324	15	3	-	-	18	342
Dato' Johan Ariffin	-	217	-	-	62	-	-	279	38	11	-	-	49	328
Encik Zainal Abidin Jamal	-	318	-	-	94	-	-	412	38	11	-	-	49	461
Mr Sreesanthan Eliathamby	-	186	-	-	27	-	-	213	16	12	-	-	28	241
Mr Cheah Teik Seng	-	209	-	-	37	-	-	246	24	2	-	-	26	272
Mr Alister Maitland	-	218	-	-	29	-	-	247	6	13	-	-	19	266
	-	2,563	-	-	883	-	27	3,473	443	62	-	-	505	3,978

35. DIRECTORS' FEES AND REMUNERATION (CONT'D.)

2010	Benefits-In-Kind							Benefits-In-Kind							Group Total RM'000
	Salary RM'000	Fees RM'000	Bonus RM'000	Pension Cost RM'000	Other Emolument* RM'000	ESOS RM'000	Others RM'000	Bank Total RM'000	Fees RM'000	Other Emolument RM'000	ESOS RM'000	Others RM'000	Subsidiaries Total RM'000		
Retired/Resigned Non-Executive Directors:															
Tan Sri Mohamed Basir bin Ahmad	-	87	-	15	574	-	9	685	287	3	-	-	290	975	
Tuan Hj Mohd Hashir bin Hj Abdullah	-	16	-	-	3	-	-	19	75	4	-	-	79	98	
Dato' Zainun Aishah binti Ahmad	-	21	-	-	4	-	-	25	7	2	-	-	9	34	
Datuk Syed Tamim Ansari Syed Mohamed	-	85	-	-	16	-	-	101	74	12	-	-	86	187	
Tan Sri Dato' Sri Chua Hock Chin	-	12	-	-	-	-	-	12	-	-	-	-	-	12	
Spencer Lee Tien Chye	-	108	-	-	33	-	-	141	603	22	-	-	625	766	
	-	329	-	15	630	-	9	983	1,046	43	-	-	1,089	2,072	
Total Directors Remuneration	1,080	2,892	2,160	667	1,604	-	115	8,518	2,120	109	-	-	2,229	10,747	

* Includes duty allowances, social allowance, leave passage, staff mess, EPF, retention sum and retirement gratuity.

35. DIRECTORS' FEES AND REMUNERATION (CONT'D.)

	Benefits-In-Kind							Benefits-In-Kind							Group Total RM'000
	Salary RM'000	Fees RM'000	Bonus RM'000	Pension Cost RM'000	Other Emolument* RM'000	ESOS RM'000	Others RM'000	Bank Total RM'000	Fees RM'000	Other Emolument RM'000	ESOS RM'000	Others RM'000	Subsidiaries Total RM'000		
2009															
Executive Directors:															
Dato' Sri Abdul Wahid bin Omar	1,080	–	2,160	652	18	–	54	3,964	261	2	–	–	263	4,227	
Dato' Aminuddin Md Desa	260	–	260	86	98	–	3	707	–	–	–	–	–	707	
	1,340	–	2,420	738	116	–	57	4,671	261	2	–	–	263	4,934	
Existing Non-Executive Directors:															
Tan Sri Mohamed Basir bin Ahmad	–	133	–	59	292	3	35	522	353	93	–	–	446	968	
Tuan Hj Mohd Hashir bin Hj Abdullah	–	150	–	–	86	2	–	238	71	5	–	–	76	314	
Teh Soon Poh	–	31	–	–	20	2	–	53	57	43	–	–	100	153	
Datuk Syed Tamim Ansari Syed Mohamed	–	134	–	–	49	–	–	183	75	18	–	–	93	276	
Spencer Lee Tien Chye	–	76	–	–	43	–	21	140	251	16	–	–	267	407	
	–	524	–	59	490	7	56	1,136	807	175	–	–	982	2,118	
Retired/Resigned Non-Executive Directors:															
Tan Sri Dato' Megat Zaharuddin bin Megat Mohd Nor	–	84	–	–	22	–	–	106	70	10	–	–	80	186	
Dato' Zainun Aishah binti Ahmad	–	150	–	–	67	–	–	217	15	1	–	–	16	233	
Tan Sri Dato' Sri Chua Hock Chin	–	131	–	–	32	–	–	163	–	–	–	–	–	163	
Datuk Haji Abdul Rahman bin Mohd Ramli	–	104	–	–	45	2	–	151	67	22	–	–	89	240	
Dato' Richard Ho Ung Hun	–	–	–	–	–	2	–	2	12	–	–	–	12	14	
YM Raja Tan Sri Muhammad Alias Raja Muhd Ali	–	–	–	–	–	2	–	2	–	–	–	–	–	2	
Mohammad bin Abdullah	–	–	–	–	–	2	–	2	59	–	–	–	59	61	
	–	469	–	–	166	8	–	643	223	33	–	–	256	899	
Total Directors Remuneration	1,340	993	2,420	797	772	15	113	6,450	1,291	210	–	–	1,501	7,951	

* Includes duty allowances, social allowance, leave passage, staff mess, EPF, retention sum and retirement gratuity.

36. ALLOWANCES FOR LOSSES ON LOANS, ADVANCES AND FINANCING

	Group		Bank	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Allowances for bad and doubtful debts and financing:				
– Specific:				
Made in the year	2,148,300	2,088,853	1,307,829	1,337,489
Written back	(516,138)	(475,569)	(452,438)	(396,612)
Net	1,632,162	1,613,284	855,391	940,877
– General	145,678	317,244	(155,815)	202,599
Bad debts and financing:				
– Written off	31,797	5,694	30,152	5,391
– Recovered	(624,716)	(517,931)	(422,828)	(366,408)
Allowance for other debts	1,184,921	1,418,291	306,900	782,459
	3,056	280,523	2,967	283,380
	1,187,977	1,698,814	309,867	1,065,839

37. IMPAIRMENT LOSSES/(WRITEBACK OF IMPAIRMENT LOSSES) OF SECURITIES, NET

	Group		Bank	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Securities available-for-sale	8,623	198,832	1,088	227,446
Securities held-to-maturity	14,407	(1,343)	14,412	(6,343)
	23,030	197,489	15,500	221,103

38. TAXATION AND ZAKAT

	Group		Bank	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Malaysian income tax	1,597,595	1,033,106	1,406,212	820,507
Foreign tax	121,847	111,446	50,930	48,974
Less: Double taxation relief	(40,064)	(49,083)	(40,064)	(49,083)
	1,679,378	1,095,469	1,417,078	820,398
Overprovision in respect of prior years:				
Malaysian income tax	(8,546)	(25,759)	–	–
Foreign income tax	(113,097)	–	(113,097)	–
	1,557,735	1,069,710	1,303,981	820,398
Deferred tax (Note 23):				
Relating to originating and reversal of temporary differences (net)	(165,611)	(198,462)	(69,378)	(146,187)
Relating to changes in tax rates	–	41,621	–	40,836
Overprovision in prior years	(744)	(803)	(744)	(803)
	(166,355)	(157,644)	(70,122)	(106,154)
Tax expense for the year	1,391,380	912,066	1,233,859	714,244
Zakat	10,578	11,512	–	–
	1,401,958	923,578	1,233,859	714,244

Domestic income tax is calculated at the Malaysian statutory tax rate of 25% (2009: 25%) of the estimated chargeable profit for the year. The computation of deferred tax as at 30 June 2010 has reflected these changes.

Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

38. TAXATION AND ZAKAT (CONT'D.)

A reconciliation of income tax expense applicable to profit before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Bank is as follows:

	2010 RM'000	2009 RM'000
Group		
Profit before taxation	5,370,408	1,674,292
Taxation at Malaysian statutory tax rate of 25% (2009: 25%)	1,342,602	418,573
Different tax rates in other countries	10,866	173
Effect of changes in tax rates on opening balance of deferred tax	–	41,621
Income not subject to tax	(115,330)	(181,696)
Expenses not deductible for tax purposes	275,629	659,957
Overprovision in deferred tax in prior years	(744)	(803)
Overprovision in tax expense in prior years	(121,643)	(25,759)
Tax expense for the year	1,391,380	912,066
Bank		
Profit before taxation	4,786,544	383,079
Taxation at Malaysian statutory tax rate of 25% (2009: 25%)	1,196,636	95,770
Different tax rates in other countries	10,866	(109)
Effect of changes in tax rates on opening balance of deferred tax	–	40,836
Income not subject to tax	(73,063)	(218,232)
Expenses not deductible for tax purposes	213,261	796,782
Overprovision in deferred tax in prior years	(744)	(803)
Overprovision in tax expense in prior years	(113,097)	–
Tax expense for the year	1,233,859	714,244

39. SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES

- (a) In addition to the transactions detailed else where in the financial statements, the Bank has the following transactions with related parties during the financial year:

	Bank	
	2010 RM'000	2009 RM'000
Transactions with subsidiaries and associates:		
Income:		
Interest on deposits	128,230	253,088
Dividend income	878,425	647,448
Rental of premises	2,403	2,418
Other income	465,712	427,152
	1,474,770	1,330,106
Expenditure:		
Interest on deposits	280,432	347,597
Other expenses	10,587	28,964
	291,019	376,561

- (b) Included in the balance sheet of the Bank are amounts due from/(to) subsidiaries represented by the following:

	Bank	
	2010 RM'000	2009 RM'000
Amounts due from subsidiaries:		
Current accounts and deposits	321,847	2,636,763
Negotiable Instruments Deposits	4,236,292	3,250,737
Interest and other receivable on deposits	934,176	813,652
	5,492,315	6,701,152

39. SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (CONT'D.)

(b) Included in the balance sheet of the Bank are amounts due from/(to) subsidiaries represented by the following: (cont'd.)

	Bank	
	2010 RM'000	2009 RM'000
Amounts due to subsidiaries:		
Current accounts and deposits	3,013,391	2,541,963
Negotiable Instruments Deposits	–	38,060
Private Debt Securities	–	19,460
Interest payable on deposits	19,259	11,343
Deposits and other creditors	4,270,589	5,133,702
	7,303,239	7,744,528

(c) Key management personnel compensation

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group and the Bank directly or indirectly. The key management personnel of the Group and the Bank include all the directors and chief executive officers of the Group and the Bank.

The remuneration of key management personnel during the year are as follows:

	Group		Bank	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Short-term employee benefits				
– Fees	5,675	3,140	2,892	993
– Salaries, allowances and bonuses	13,149	11,019	4,844	4,532
– Contribution to Employees Provident Fund (“EPF”)	1,357	1,392	667	797
– Other staff benefits	538	374	115	113
Share-based payment				
– ESOS expense	–	22	–	15
Post employment benefits				
– Retirement gratuity	250	–	–	–
	20,969	15,947	8,518	6,450

39. SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (CONT'D.)

(c) Key management personnel compensation (cont'd.)

Included in the total key management personnel compensation are:

	Group		Bank	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Directors' remuneration including benefits-in-kind (Note 35)	15,400	12,091	8,518	6,450

The movement in share options of key management personnel is as follows:

	Group		Bank	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
At 1 July 2009/2008	2,026	1,451	1,300	931
Granted	-	575	-	369
Expired	(2,026)	-	(1,300)	-
At 30 June	-	2,026	-	1,300

The share options were granted on the same terms and conditions as those offered to other employees of the Group, as disclosed in Note 27 and expired on 26 August 2009.

(d) Credit exposure arising from credit transactions with connected parties

	Group		Bank	
	2010	2009	2010	2009
Outstanding credit exposure with connected parties (RM'000)	5,020,680	1,364,214	4,814,535	1,149,144
Percentage of outstanding credit exposures to connected parties as proportion of total credit exposures	2.5%	0.7%	3.2%	0.8%
Percentage of outstanding credit exposures to connected parties which is non-performing or in default	0.0%	0.0%	0.0%	0.0%

39. SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (CONT'D.)

- (d) Credit exposure arising from credit transactions with connected parties (cont'd.)

The credit exposure above are based on paragraph 9.1 of Bank Negara Malaysia's revised guidelines on Credit Transactions and Exposures with Connected Parties.

Based on these guidelines, a connected party refers to the following:

- (i) Directors of the Bank and their close relatives;
- (ii) Controlling shareholder of the Bank and his close relatives;
- (iii) Executive officer, being a member of management having authority and responsibility for planning, directing and/or controlling activities of the Bank, and his close relatives;
- (iv) Officers who are responsible for or have the authority to appraise and/or approve credit transactions or review the status of existing credit transactions, either as a member of a committee or individually, and their close relatives;
- (v) Firms, partnerships, companies or any legal entities which control, or are controlled by any person listed in (i) to (iv) above, or in which they have an interest, as a director, partner, executive officer, agent or guarantor, and their subsidiaries or entities controlled by them;
- (vi) Any person for whom the persons listed in (i) to (iv) above is a guarantor; and
- (vii) Subsidiary of or an entity controlled by the Bank and its connected parties.

Credit transactions and exposures to connected parties as disclosed above include the extension of credit facilities and/or off-balance sheet credit exposures such as guarantees, trade-related facilities and loan commitments.

40. EARNINGS PER SHARE ("EPS")

(a) **Basic**

The basic EPS of the Group and the Bank are calculated by dividing the net profit/(loss) for the year by the weighted average number of ordinary shares in issue during the financial year.

	Group		Bank	
	2010	2009	2010	2009
Profit/(loss) for the year attributable to equity holders of the Bank (RM'000)	3,818,167	691,875	3,552,685	(331,165)
Weighted average number of ordinary shares in issue ('000)	7,077,957	5,763,330	7,077,957	5,763,330
Basic earnings/(loss) per share (sen)	53.9	12.0	50.2	(5.7)

(b) **Diluted**

The diluted EPS of the Group and the Bank is calculated by dividing the net profit/(loss) for the financial year by the weighted average number of ordinary shares in issue, which has been adjusted for the number of shares that could have been issued under the ESOS.

40. EARNINGS PER SHARE (“EPS”) (CONT’D.)**(b) Diluted (cont’d.)**

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

	Group		Bank	
	2010	2009	2010	2009
Profit/(loss) for the year attributable to equity holders of the Bank (RM’000)	3,818,167	691,875	3,552,685	(331,165)
Weighted average number of ordinary shares in issue (’000) *	7,077,957	5,763,330	7,077,957	5,763,330
Fully diluted earnings/(loss) per share (sen)	53.9	12.0	50.2	(5.7)

* No dilution effect during the current and prior years.

41. DIVIDENDS

	Group and Bank		Net dividend per share	
	2010 RM’000	2009 RM’000	2010 Sen	2009 Sen
Final dividend of 20 sen less 26% taxation in respect of the financial year ended 30 June 2008	–	722,410	–	14.80
Final dividend of 8 sen less 25% taxation in respect of the financial year ended 30 June 2009	424,679	–	6.00	–
First interim dividend of 11 sen less 25% taxation in respect of the financial year ended 30 June 2010	583,934	–	8.25	–
	1,008,613	722,410	14.25	14.80

At the forthcoming Annual General Meeting, a final dividend in respect of the financial year ended 30 June 2010 of 44 sen less 25% taxation on 7,077,982,768 ordinary shares, amounting to a net dividend payable of RM2,335,734,313 (33 sen net per ordinary share) will be proposed for the shareholders’ approval. The proposed gross dividend consists of an electable portion of 40 sen (30 sen net per ordinary share or 91% of total dividend) which can be elected to be reinvested in new ordinary shares and the remaining portion of 4 sen (3 sen net per ordinary share or 9% of total dividend). The electable portion will be implemented in accordance with the Dividend Reinvestment Plan (“DRP”) as disclosed in Note 51(c) to the financial statements and subject to the relevant regulatory approvals as well as shareholders’ approval for the issuance and allotment of new shares at the forthcoming Annual General Meeting.

The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained profits in the next financial year ending 30 June 2011.

42. COMMITMENTS AND CONTINGENCIES

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

The risk-weighted exposures of the Bank and its subsidiaries as at 30 June, are as follows:

Group	2010			2009		
	Notional amount RM'000	Credit equivalent amount* RM'000	Risk weighted amount* RM'000	Notional amount RM'000	Credit equivalent amount* RM'000	Risk weighted amount* RM'000
Direct credit substitutes	5,209,922	5,209,922	4,151,936	5,522,375	5,405,725	4,679,210
Certain transaction-related contingent items	11,443,670	5,721,837	5,062,677	10,646,667	5,323,022	4,534,832
Short-term self-liquidating trade-related contingencies	3,137,785	627,557	487,491	3,872,594	774,517	606,889
Islamic housing and hire purchase loans sold to Cagamas Berhad	1,137,321	1,137,321	1,137,321	583,373	583,373	425,839
Obligations under underwriting agreements	123,871	46,936	9,387	173,464	71,732	28,418
Irrevocable commitments to extend credit:						
– maturity within one year	79,635,652	–	–	92,604,558	–	–
– maturity exceeding one year	10,950,125	5,475,064	5,296,484	10,591,443	5,292,850	5,058,822
Foreign exchange related contracts:						
– less than one year	52,397,492	882,747	251,119	34,706,290	602,904	168,954
– one year to less than five years	2,280,351	43,330	15,103	1,534,291	24,257	7,544
Interest rate related contracts:						
– less than one year	42,808,028	1,815,893	440,726	36,831,395	1,304,947	312,414
– one year to less than five years	15,615,090	459,891	143,487	16,002,460	413,918	168,113
– five years and above	2,657,835	433,752	158,705	3,059,040	482,663	136,188
Miscellaneous	4,876,193	–	–	5,458,752	–	–
	232,273,335	21,854,250	17,154,436	221,586,702	20,279,908	16,127,223

42. COMMITMENTS AND CONTINGENCIES (CONT'D.)

Bank	2010			2009		
	Notional amount RM'000	Credit equivalent amount* RM'000	Risk weighted amount* RM'000	Notional amount RM'000	Credit equivalent amount* RM'000	Risk weighted amount* RM'000
Direct credit substitutes	3,659,767	3,659,767	3,269,184	4,056,691	4,056,691	3,599,815
Certain transaction-related contingent items	10,618,480	5,309,241	4,683,204	9,921,241	4,960,621	4,213,174
Short-term self-liquidating trade-related contingencies	2,961,992	592,399	461,530	3,687,521	737,504	582,565
Obligations under underwriting agreements	93,871	46,936	9,387	143,464	71,732	28,418
Irrevocable commitments to extend credit:						
– maturity within one year	70,392,423	–	–	79,615,789	–	–
– maturity exceeding one year	9,663,589	4,831,795	4,684,632	9,956,770	4,978,385	4,892,330
Foreign exchange related contracts:						
– less than one year	49,578,656	860,175	246,408	33,188,225	602,904	168,954
– one year to less than five years	2,280,351	43,330	15,103	1,534,292	24,257	7,544
Interest rate related contracts:						
– less than one year	42,649,004	1,815,310	440,580	36,511,553	1,294,415	308,835
– one year to less than five years	14,047,226	419,989	133,449	14,926,617	387,938	160,141
– five years and above	2,415,491	418,729	151,194	2,873,570	474,618	132,166
Miscellaneous	4,855,512	–	–	5,438,145	–	–
	213,216,362	17,997,671	14,094,671	201,853,878	17,589,065	14,093,942

* 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.

42. COMMITMENTS AND CONTINGENCIES (CONT'D.)

- (b) The Group is contingently liable in respect of Islamic housing and hire purchase loans sold to Cagamas Berhad on the condition that they undertake to administer the loans on behalf of Cagamas Berhad and to buy back any loans which are regarded as defective based on pre-determined and agreed-upon prudential criteria.

Foreign exchange and interest rate related contracts are subject to market risk and credit risk. Principal amounts of the foreign exchange related contracts and interest rate related contracts are as follows:

	Group		Bank	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Foreign exchange related contracts:				
– Forward contracts	34,437,062	12,570,470	31,618,224	11,052,406
– Swaps	18,958,547	21,750,058	18,958,547	21,750,058
– Options	1,282,235	1,920,053	1,282,235	1,920,053
	54,677,844	36,240,581	51,859,006	34,722,517
Interest rate related contracts:				
– Swaps	57,310,984	53,782,693	56,699,631	52,783,100
– Options	3,769,972	2,110,202	2,412,091	1,528,640
	61,080,956	55,892,895	59,111,722	54,311,740
	115,758,800	92,133,476	110,970,728	89,034,257

(c) Market risk

Market risk is the potential change in value caused by movement in market rates or prices. The contractual amounts stated above 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.

(d) Credit risk

Credit risk arises from the possibility that a counterparty may be unable to meet the terms of a contract in which the Bank and certain subsidiaries have a gain position. This amount will increase or decrease over the life of the contracts, mainly as a function of maturity dates and market rates or prices.

42. COMMITMENTS AND CONTINGENCIES (CONT'D.)**(d) Credit risk (cont'd.)**

As at 30 June, the amounts of market risk and credit risk are as follows:

	Group		Bank	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Market risk:				
Amount of contracts which were not hedged and hence, exposed to market risk	156,656	332,796	114,996	332,625

	Group and Bank	
	2010 RM'000	2009 RM'000
Credit risk:		
Amount of credit risk, measured in terms of cost to replace the profitable contracts	509,192	346,550

(e) Contingent liabilities

- (i) 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.

On 14 May 2009, the Court allowed ETB's application for summary judgement, 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 judgement. 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 judgement; and
- (ii) Notice of Motion to appeal against the summary judgement.

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

42. COMMITMENTS AND CONTINGENCIES (CONT'D.)**(e) Contingent liabilities (cont'd.)**

(i) (cont'd.)

However, on 4 March 2010, the Court allowed the Defendants' appeal against summary judgement 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 matter is now fixed for trial on 26 and 27 October 2010. ETB's solicitors are of the view that it has a good chance of succeeding in this action.

(ii) 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 judgement 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.

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 mention on 26 August 2010.

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

42. COMMITMENTS AND CONTINGENCIES (CONT'D.)

(f) Crystallisation of contingent liabilities

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 judgement by consent against certain defendants for the sum of RM149.3 million. The entering of the said judgement 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 Notices of Appeal against the entire decision of the High Court.

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.

The net impact to the income statement of MTB and the Group is RM4.5 million.

43. FINANCIAL RISK MANAGEMENT POLICIES

Risk Management is a critical pillar of the Group's operating model, complementing the other two pillars, which are customer sector and support and services sector. A dedicated Board-level Risk Management Committee provides risk oversight of all material risks across the Maybank Group.

At the management level, the Executive Risk Committee and the Asset and Liability Management Committee ensure all key risks are managed in line with their respective Terms of Reference.

The Group's approach to risk management is premised on the following Seven Broad Principles of Risk Management:

- (a) The risk management approach is premised on the three lines of defence concept – risk taking units, risk control units and internal audit.
- (b) The risk taking units are responsible for the day-to-day management of risks inherent in their business activities while the risk control units are responsible for setting the risk management frameworks and developing tools and methodologies for the identification, measurement, monitoring, control and pricing of risks. Complementing this is Internal Audit which provides independent assurance of the effectiveness of the risk management approach.
- (c) Risk Management provides risk oversight for the major risk categories including credit, market, liquidity, operational and other industry-specific risk types (e.g. insurance and stockbroking risks).

43. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D.)

The Group's approach to risk management is premised on the following Seven Broad Principles of Risk Management: (cont'd.)

- (d) Risk Management ensures that the core risk policies of the Group are consistent, sets the risk tolerance level and facilitates the implementation of an integrated risk-adjusted measurement framework.
- (e) Risk Management is functionally and organisationally independent of business sectors and other risk taking units within the Group.
- (f) The Maybank Board, through the Risk Management Committee, maintains overall responsibility for the risk oversight function within the Group.
- (g) Risk Management ensures the execution of various risk policies and related decisions of the Board.

The following are the key risk areas encountered by the Maybank Group and how they are managed by the risk management units within the Group:

(a) Credit risk management

Roles and responsibilities in credit risk management includes:

Credit Risk Management Framework

To develop, enhance and communicate an efficient, effective and consistent credit risk management framework across the Maybank Group, leveraging on people and technology.

Credit Policies

To develop and review credit policies including providing empowerment to approve loans.

Regulatory Requirements

To ensure compliance with regulatory requirements on credit risk management.

Credit Risk Rating System

To develop a credit risk rating system to objectively and consistently measure the risk of default by enterprise borrowers across the Group which sets the foundation for the development of a risk-based pricing.

Risk Limits Concentrations

To set, review and monitor risk limits and concentrations according to various categories such as single customer group, economic segments, product types, banks and countries.

Portfolio Management

Manage and control Maybank Group's portfolio, including providing analysis of the overall composition and quality of the various credit portfolios to identify any particular sensitivities and concentrations. At the same time, to safeguard and preserve the asset quality of the Maybank Group by analysing vulnerable industries where prospects have changed or are showing unfavourable signs and conducting credit stress testing for the Maybank Group.

Credit Review

To perform post-approval review of credit proposals to assess whether loan originators, pre-evaluators and approving authorities have addressed and analysed credit risks sufficiently and provided mitigating factors.

43. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D.)

The following are the key risk areas encountered by the Maybank Group and how they are managed by the risk management units within the Group: (cont'd.)

(b) Market risk management

Market Risk Management (MRM) is the independent risk control unit responsible to ensure efficient implementation of market risk management frameworks and adequate risk controls are in place to support the business growth. Its primary objective is to facilitate risk/return decisions, reduce volatility in earnings, highlight transparent market risk and liquidity risk profile to senior management, Asset and Liability Management Committee (ALCO), Risk Management Committee (RMC), Board of Directors (BOD) and regulators.

The level of risk tolerance by the Group is primarily controlled through a series of approved limits and policies. Market Risk is responsible to develop and formulate comprehensive market risk management frameworks, policies and risk limits methodologies for all treasury activities and documentation standards for regulated financial market agreements relating to treasury operations.

Market risk controls adopted include the "Value-at-Risk" ("VaR"), "Earnings-at-Risk" ("EaR"), "Economic Value-at-Risk" ("EVAR") and dynamic simulation measurement tools, independent mark-to-market valuations, on-line tracking of various risk limits for trading positions, stress testing of portfolios and back testing of risk models.

The primary mechanism and tool for monitoring liquidity is the cash flow behaviour of the Bank. A liquidity risk framework ascertains liquidity based on the contractual and behavioural cash flow of assets, liabilities and off-balance sheet commitments, taking into consideration the realisable cash value of eligible liquid assets.

Liquidity risk is addressed through various measurement techniques such as liquidity gap analysis, early warning signals and stress testing that are controlled using approved limits and benchmarks. Periodic reports are presented to various operating and management level, including the ALCO, RMC and Board of Directors. In addition, the Bank reviews and enhances its Contingency Funding Plan to address probable circumstances that could cause liquidity distress to the Bank.

(c) Liquidity risk management

The primary mechanism and tool for monitoring liquidity is the cash flow behaviour of the Bank. A liquidity risk framework ascertains liquidity based on the contractual and behavioural cash flow of assets, liabilities and off-balance sheet commitments, taking into consideration the realisable cash value of eligible liquid assets.

Liquidity risk is addressed through various measurement techniques such as liquidity gap analysis, early warning signals and stress testing that are controlled using approved limits and benchmarks. Periodic reports are presented to various operating and management level, including the ALCO, RMC and BOD. In addition, the Bank reviews and enhances its Contingency Funding Plan to address probable circumstances that could cause liquidity distress to the Bank.

43. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D.)

The following are the key risk areas encountered by the Maybank Group and how they are managed by the risk management units within the Group: (cont'd.)

(d) Operational risk management

Under the Group's three lines of defence concept, risk taking units (Business/Support Sectors) constitute an integral part of the operational risk management framework and are primarily responsible for the management of day-to-day operational risks inherent in their respective business and functional areas. They are responsible for putting in place and maintaining their respective operational manuals and ensuring that activities undertaken by them comply with Maybank Group's operational risk management framework.

The Operational Risk Management team, as the second line of defence, is responsible for the formulation and implementation of operational risk management framework within Maybank Group, which encompasses the operational risk governance structure, policies and processes. The above also include the maintenance and analysis of operational loss database, development and implementation of various operational risk management tools and methodologies to identify, measure, mitigate and monitor operational risks.

Finally, Internal Audit acts as the third line of defence by overseeing compliance in respect of day-to-day management of operational risks at all organisational levels by providing independent assurance in respect of the overall effectiveness of the operational risk management process.

Further information on the risk management practices of the Group are disclosed in the Section on Risk Management.

44. INTEREST RATE RISK

The Group and Bank are exposed to various risks associated with the effects of fluctuations in the prevailing levels of market interest rates on the financial position and cash flows. Interest rate risk exposure is identified, measured, monitored and controlled through limits and procedures set by the Asset and Liability Management Committee ("ALCO") to protect total net interest income from changes in market interest rates.

The table below summarises the Group's and Bank's exposure to interest rate risk. The table indicates effective average interest rates at the balance sheet date and the periods in which the financial instruments reprice or mature, whichever is earlier.

44. INTEREST RATE RISK (CONT'D.)

Group 2010	Up to 1 month RM'000	>1 - 3 months RM'000	>3 - 12 months RM'000	>1 - 5 years RM'000	Over 5 years RM'000	Non-interest sensitive RM'000	Trading books RM'000	Total RM'000	Effective interest rate %
Assets									
Cash and short-term funds	25,097,194	-	-	-	-	3,610,798	-	28,707,992	1.65
Deposits and placements with banks and other financial institutions	867,258	6,426,270	1,141,060	51,331	-	429,456	-	8,915,375	1.20
Securities purchased under resale agreements	371,237	-	-	-	-	-	-	371,237	2.21
Securities held-for-trading	-	-	-	-	-	-	2,651,103	2,651,103	3.39
Securities available-for-sale	-	-	301,579	4,401,848	3,371,150	3,246,745	31,254,913	42,576,235	4.18
Securities held-to-maturity	67,904	657	128,141	5,126,154	3,523,210	96,642	-	8,942,708	4.97
Loans, advances and financing									
– Performing	93,071,656	16,915,742	20,496,595	29,631,508	46,956,619	-	-	207,072,120	6.22
– Non-performing*	-	-	-	-	-	(1,517,053)	-	(1,517,053)	-
Derivative assets	-	-	-	-	-	-	1,306,769	1,306,769	-
Other assets	-	-	-	-	-	5,319,548	-	5,319,548	-
Other non-interest sensitive balances	-	-	-	-	-	14,393,673	-	14,393,673	-
Life, general takaful and family takaful fund assets	-	-	-	-	-	17,960,059	-	17,960,059	-
Total Assets	119,475,249	23,342,669	22,067,375	39,210,841	53,850,979	43,539,868	35,212,785	336,699,766	

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

44. INTEREST RATE RISK (CONT'D.)

Group 2010 (cont'd.)	Up to 1 month RM'000	>1 - 3 months RM'000	>3 - 12 months RM'000	>1 - 5 years RM'000	Over 5 years RM'000	Non- interest sensitive RM'000	Trading books RM'000	Total RM'000	Effective interest rate %
Liabilities and Shareholders' Equity									
Deposits from customers	92,181,901	35,935,301	53,587,986	51,204,076	209,509	3,791,015	-	236,909,788	1.63
Deposits and placements of banks and other financial institutions	12,820,856	2,495,075	954,840	1,894,099	3,513,079	1,579,919	-	23,257,868	1.24
Obligation on securities sold under repurchase agreement	54,252	352,804	-	-	-	-	-	407,056	7.00
Bills and acceptances payable	293,803	1,568,520	18,297	-	-	1,180,966	-	3,061,586	2.60
Derivative liabilities	-	-	-	-	-	-	1,346,242	1,346,242	-
Other liabilities	-	-	-	-	-	6,951,520	-	6,951,520	-
Recourse obligation on loans sold to Cagamas	-	15,952	114,446	519,579	-	-	-	649,977	4.83
Borrowings	2,636	43,976	1,300,695	181,096	809,125	487,336	-	2,824,864	3.19
Subordinated obligations	969,116	-	1,000,000	3,000,000	3,100,000	-	-	8,069,116	3.87
Capital securities	-	-	-	-	-	5,978,752	-	5,978,752	-
Other non-interest sensitive balances	-	-	-	-	-	617,998	-	617,998	-
Life, general takaful and family takaful fund liabilities	-	-	-	-	-	5,021,911	-	5,021,911	-
Life, general takaful and family takaful policy holders' funds	-	-	-	-	-	12,938,148	-	12,938,148	-
Total Liabilities	106,322,564	40,411,628	56,976,264	56,798,850	7,631,713	38,547,565	1,346,242	308,034,826	

44. INTEREST RATE RISK (CONT'D.)

Group 2010 (cont'd.)	Up to 1 month RM'000	>1 - 3 months RM'000	>3 - 12 months RM'000	>1 - 5 years RM'000	Over 5 years RM'000	Non- interest sensitive RM'000	Trading books RM'000	Total RM'000	Effective interest rate %
Shareholders' equity	-	-	-	-	-	27,877,176	-	27,877,176	-
Minority interests	-	-	-	-	-	787,764	-	787,764	-
	-	-	-	-	-	28,664,940	-	28,664,940	
Total Liabilities and Shareholders' Equity	106,322,564	40,411,628	56,976,264	56,798,850	7,631,713	67,212,505	1,346,242	336,699,766	
On-balance sheet interest sensitivity gap	13,152,685	(17,068,959)	(34,908,889)	(17,588,009)	46,219,266	(23,672,637)	33,866,543	-	
Off-balance sheet interest sensitivity gap (interest rate swaps)	(2,461,179)	6,807,288	558,053	(4,593,964)	(310,198)	-	-	-	
Total interest sensitivity gap	10,691,506	(10,261,671)	(34,350,836)	(22,181,973)	45,909,068	(23,672,637)	33,866,543	-	
Cumulative interest rate sensitivity gap	10,691,506	429,835	(33,921,001)	(56,102,974)	(10,193,906)	(33,866,543)	-		

44. INTEREST RATE RISK (CONT'D.)

Group 2009	Up to 1 month RM'000	>1 - 3 months RM'000	>3 - 12 months RM'000	>1 - 5 years RM'000	Over 5 years RM'000	Non- interest sensitive RM'000	Trading books RM'000	Total RM'000	Effective interest rate %
Assets									
Cash and short-term funds	16,126,913	-	-	-	-	7,481,066	-	23,607,979	1.20
Deposits and placements with banks and other financial institutions	756,741	4,542,810	541,365	1,759	-	456,500	-	6,299,175	1.43
Securities purchased under resale agreements	346,462	-	-	-	-	-	-	346,462	2.31
Securities held-for-trading	-	-	-	-	-	-	1,489,272	1,489,272	3.09
Securities available-for-sale	150,277	388,816	754,343	1,415,250	1,228,392	-	43,940,027	47,877,105	4.06
Securities held-to-maturity	20,315	34,058	16,445	5,061,416	3,026,923	201,594	-	8,360,751	3.96
Loans, advances and financing									
- Performing	83,981,576	17,201,450	18,151,503	27,691,100	39,549,897	72,033	-	186,647,559	5.54
- Non-performing*	-	-	-	-	-	(864,393)	-	(864,393)	-
Derivative assets	-	-	-	-	-	-	973,685	973,685	-
Other assets	-	-	-	-	-	5,249,290	-	5,249,290	-
Other non-interest sensitive balances	-	-	-	-	-	13,970,337	-	13,970,337	-
Life, general takaful and family takaful fund assets	-	-	-	-	-	16,781,901	-	16,781,901	-
Total Assets	101,382,284	22,167,134	19,463,656	34,169,525	43,805,212	43,348,328	46,402,984	310,739,123	

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

44. INTEREST RATE RISK (CONT'D.)

Group 2009 (cont'd.)	Up to 1 month RM'000	>1 - 3 months RM'000	>3 - 12 months RM'000	>1 - 5 years RM'000	Over 5 years RM'000	Non- interest sensitive RM'000	Trading books RM'000	Total RM'000	Effective interest rate %
Liabilities and Shareholders' Equity									
Deposits from customers	80,468,488	31,851,976	49,941,960	46,971,668	202,131	3,162,366	-	212,598,589	1.25
Deposits and placements of banks and other financial institutions	15,343,043	5,034,216	1,630,950	1,695,734	3,495,909	1,582,011	-	28,781,863	1.21
Bills and acceptances payable	451,247	243,942	15,349	-	-	759,525	-	1,470,063	2.32
Derivative liabilities	-	-	-	-	-	-	1,459,068	1,459,068	-
Other liabilities	-	-	-	-	-	5,996,250	-	5,996,250	-
Recourse obligation on loans sold to Cagamas	-	-	270,166	246,099	-	-	-	516,265	4.79
Borrowings	-	-	592,814	1,909,246	-	-	-	2,502,060	3.44
Subordinated obligations	-	-	1,572,373	4,000,000	3,100,000	-	-	8,672,373	4.44
Capital securities	-	-	-	-	-	6,047,541	-	6,047,541	-
Other non-interest sensitive balances	-	-	-	-	-	145,173	-	145,173	-
Life, general takaful and family takaful fund liabilities	-	-	-	-	-	4,529,995	-	4,529,995	-
Life, general takaful and family takaful policy holders' funds	-	-	-	-	-	12,251,906	-	12,251,906	-
Total Liabilities	96,262,778	37,130,134	54,023,612	54,822,747	6,798,040	34,474,767	1,459,068	284,971,146	

44. INTEREST RATE RISK (CONT'D.)

Group 2009 (cont'd.)	Up to 1 month RM'000	>1 - 3 months RM'000	>3 - 12 months RM'000	>1 - 5 years RM'000	Over 5 years RM'000	Non- interest sensitive RM'000	Trading books RM'000	Total RM'000	Effective interest rate %
Shareholders' equity	-	-	-	-	-	24,898,746	-	24,898,746	-
Minority interests	-	-	-	-	-	869,231	-	869,231	-
	-	-	-	-	-	25,767,977	-	25,767,977	
Total Liabilities and Shareholders' Equity	96,262,778	37,130,134	54,023,612	54,822,747	6,798,040	60,242,744	1,459,068	310,739,123	
On-balance sheet interest sensitivity gap	5,119,506	(14,963,000)	(34,559,956)	(20,653,222)	37,007,172	(16,894,416)	44,943,916	-	
Off-balance sheet interest sensitivity gap (interest rate swaps)	2,315,148	853,917	(558,350)	(1,573,887)	(1,036,828)	-	-	-	
Total interest sensitivity gap	7,434,654	(14,109,083)	(35,118,306)	(22,227,109)	35,970,344	(16,894,416)	44,943,916	-	
Cumulative interest rate sensitivity gap	7,434,654	(6,674,429)	(41,792,735)	(64,019,844)	(28,049,500)	(44,943,916)	-		

44. INTEREST RATE RISK (CONT'D.)

Bank 2010	Up to 1 month RM'000	>1 - 3 months RM'000	>3 - 12 months RM'000	>1 - 5 years RM'000	Over 5 years RM'000	Non-interest sensitive RM'000	Trading books RM'000	Total RM'000	Effective interest rate %
Assets									
Cash and short-term funds	16,299,554	-	-	-	-	3,104,062	-	19,403,616	1.35
Deposits and placements with banks and other financial institutions	736,583	5,486,942	450,177	1,331	-	423,165	-	7,098,198	1.24
Securities purchased under resale agreements	371,237	-	-	-	-	-	-	371,237	2.21
Securities held-for-trading	-	-	-	-	-	-	2,241,928	2,241,928	2.86
Securities available-for-sale	-	-	-	3,094,311	1,919,633	3,277,430	29,155,467	37,446,841	3.46
Securities held-to-maturity	-	-	100,254	4,663,816	2,993,839	97,413	-	7,855,322	4.61
Loans, advances and financing									
– Performing	80,324,502	14,651,808	17,403,803	19,000,062	21,058,968	-	-	152,439,143	5.72
– Non-performing*	-	-	-	-	-	(969,558)	-	(969,558)	-
Derivative assets	-	-	-	-	-	-	1,281,682	1,281,682	-
Other assets	-	-	-	-	-	3,832,316	-	3,832,316	-
Other non-interest sensitive balances	-	-	-	-	-	17,391,541	-	17,391,541	-
Total Assets	97,731,876	20,138,750	17,954,234	26,759,520	25,972,440	27,156,369	32,679,077	248,392,266	

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

44. INTEREST RATE RISK (CONT'D.)

Bank 2010 (cont'd.)	Up to 1 month RM'000	>1 - 3 months RM'000	>3 - 12 months RM'000	>1 - 5 years RM'000	Over 5 years RM'000	Non- interest sensitive RM'000	Trading books RM'000	Total RM'000	Effective interest rate %
Liabilities and Shareholders' Equity									
Deposits from customer	62,970,728	24,909,776	45,995,966	37,732,497	85,050	3,685,724	-	175,379,741	1.21
Deposits and placements of banks and other financial institutions	13,358,591	2,421,057	809,502	1,607,321	3,508,079	1,225,272	-	22,929,822	1.17
Bills and acceptances payable	176,856	1,568,520	18,297	-	-	1,135,324	-	2,898,997	2.66
Derivative liabilities	-	-	-	-	-	-	1,291,498	1,291,498	-
Other liabilities	-	-	-	-	-	3,555,869	-	3,555,869	-
Recourse obligation on loans sold to Cagamas	-	15,952	114,446	519,579	-	-	-	649,977	4.83
Borrowings	-	-	1,289,192	-	809,125	-	-	2,098,317	0.68
Subordinated obligations	969,116	-	1,000,000	3,000,000	3,100,000	-	-	8,069,116	3.87
Capital securities	-	-	-	-	-	5,978,752	-	5,978,752	-
Other non-interest sensitive balances	-	-	-	-	-	283,353	-	283,353	-
Total Liabilities	77,475,291	28,915,305	49,227,403	42,859,397	7,502,254	15,864,294	1,291,498	223,135,442	
Shareholders' equity	-	-	-	-	-	25,256,824	-	25,256,824	-
Total Liabilities and Shareholders' Equity	77,475,291	28,915,305	49,227,403	42,859,397	7,502,254	41,121,118	1,291,498	248,392,266	
On-balance sheet interest sensitivity gap	20,256,585	(8,776,555)	(31,273,169)	(16,099,877)	18,470,186	(13,964,749)	31,387,579	-	
Off-balance sheet interest sensitivity gap (interest rate swaps)	(2,640,977)	6,768,450	519,710	(4,440,554)	(206,629)	-	-	-	
Total interest sensitivity gap	17,615,608	(2,008,105)	(30,753,459)	(20,540,431)	18,263,557	(13,964,749)	31,387,579	-	
Cumulative interest rate sensitivity gap	17,615,608	15,607,503	(15,145,956)	(35,686,387)	(17,422,830)	(31,387,579)	-	-	

44. INTEREST RATE RISK (CONT'D.)

Bank 2009	Up to 1 month RM'000	>1 - 3 months RM'000	>3 - 12 months RM'000	>1 - 5 years RM'000	Over 5 years RM'000	Non-interest sensitive RM'000	Trading books RM'000	Total RM'000	Effective interest rate %
Assets									
Cash and short-term funds	13,867,437	-	-	-	-	3,580,875	-	17,448,312	1.20
Deposits and placements with banks and other financial institutions	620,704	5,231,356	1,282,993	1,759	-	427,157	-	7,563,969	1.07
Securities purchased under resale agreements	346,462	-	-	-	-	-	-	346,462	2.31
Securities held-for-trading	-	-	-	-	-	-	838,721	838,721	2.95
Securities available-for-sale	-	-	-	-	-	-	39,349,558	39,349,558	3.59
Securities held-to-maturity	-	1,670	7,638	4,264,653	2,367,567	190,370	-	6,831,898	3.96
Loans, advances and financing									
- Performing	74,085,596	15,095,318	15,710,080	19,176,418	21,112,159	-	-	145,179,571	5.52
- Non-performing*	-	-	-	-	-	(747,773)	-	(747,773)	-
Derivative assets	-	-	-	-	-	-	929,904	929,904	-
Other assets	-	-	-	-	-	3,818,866	-	3,818,866	-
Other non-interest sensitive balances	-	-	-	-	-	16,717,654	-	16,717,654	-
Total Assets	88,920,199	20,328,344	17,000,711	23,442,830	23,479,726	23,987,149	41,118,183	238,277,142	

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

44. INTEREST RATE RISK (CONT'D.)

Bank 2009 (cont'd.)	Up to 1 month RM'000	>1 - 3 months RM'000	>3 - 12 months RM'000	>1 - 5 years RM'000	Over 5 years RM'000	Non- interest sensitive RM'000	Trading books RM'000	Total RM'000	Effective interest rate %
Liabilities and Shareholders' Equity									
Deposits from customer	55,282,391	26,548,853	43,403,901	34,937,560	87,127	3,193,098	-	163,452,930	1.06
Deposits and placements of banks and other financial institutions	17,315,632	5,252,852	1,280,227	1,637,666	3,538,909	1,096,630	-	30,121,916	1.10
Bills and acceptances payable	235,334	243,942	15,349	-	-	833,654	-	1,328,279	2.32
Derivative liabilities	-	-	-	-	-	-	1,381,860	1,381,860	-
Other liabilities	-	-	-	-	-	3,253,358	-	3,253,358	-
Recourse obligation on loans sold to Cagamas	-	-	270,166	246,099	-	-	-	516,265	4.79
Borrowings	-	-	281,360	1,230,950	-	-	-	1,512,310	1.35
Subordinated obligations	-	-	1,052,239	4,000,000	3,100,000	-	-	8,152,239	4.23
Capital securities	-	-	-	-	-	6,047,541	-	6,047,541	-
Other non-interest sensitive balances	-	-	-	-	-	-	-	-	-
Total Liabilities	72,833,357	32,045,647	46,303,242	42,052,275	6,726,036	14,424,281	1,381,860	215,766,698	
Shareholders' equity	-	-	-	-	-	22,510,444	-	22,510,444	-
Total Liabilities and Shareholders' Equity	72,833,357	32,045,647	46,303,242	42,052,275	6,726,036	36,934,725	1,381,860	238,277,142	
On-balance sheet interest sensitivity gap	16,086,842	(11,717,303)	(29,302,531)	(18,609,445)	16,753,690	(12,947,576)	39,736,323	-	
Off-balance sheet interest sensitivity gap (interest rate swaps)	2,113,766	796,988	(585,294)	(1,401,188)	(924,272)	-	-	-	
Total interest sensitivity gap	18,200,608	(10,920,315)	(29,887,825)	(20,010,633)	15,829,418	(12,947,576)	39,736,323	-	
Cumulative interest rate sensitivity gap	18,200,608	7,280,293	(22,607,532)	(42,618,165)	(26,788,747)	(39,736,323)	-	-	

45. YIELD/PROFIT RATE RISK ON IBS PORTFOLIO

The Group and Bank are exposed to the risk associated with the effects of fluctuations in the prevailing levels of yield/profit rate on the financial position and cash flows of the IBS portfolio. The fluctuations in yield/profit rate can be influenced by changes in profit rates that affect the value of financial instruments under the IBS portfolio. Yield/profit rate risk is monitored and managed by the Asset and Liability Management Committee (“ALCO”) to protect the income from IBS operations.

The table below summarises the Group’s and Bank’s exposure to yield/profit rate risk for the IBS operations. The table indicates effective average yield/profit rates at the balance sheet date and the periods in which the financial instruments either reprice or mature, whichever is earlier.

Group 2010	Up to 1 month RM'000	>1 - 3 months RM'000	>3 - 12 months RM'000	>1 - 5 years RM'000	Over 5 years RM'000	Non-yield/ profit rate sensitive RM'000	Trading books RM'000	Total RM'000	Effective yield/profit rate %
Assets									
Cash and short-term funds	5,705,840	-	-	-	-	112,228	-	5,818,068	2.47
Deposits and placements with banks and other financial institutions	-	-	-	-	-	707	-	707	-
Securities held-for-trading	-	-	-	-	-	-	68,796	68,796	2.30
Securities available-for-sale	-	-	301,579	1,536,648	1,451,518	-	1,161,912	4,451,657	3.45
Securities held-to-maturity	-	-	10,037	170,429	-	-	-	180,466	3.83
Financing and advances									
– Performing	2,151,192	1,463,529	613,960	5,042,647	24,480,298	-	-	33,751,626	5.18
– Non-performing*	-	-	-	-	-	(235,240)	-	(235,240)	-
Derivative assets	-	-	-	-	-	-	17,513	17,513	-
Other assets	-	-	-	-	-	222,559	-	222,559	-
Other non-yield/profit sensitive balances	-	-	-	-	-	232,712	-	232,712	-
Total Assets	7,857,032	1,463,529	925,576	6,749,724	25,931,816	332,966	1,248,221	44,508,864	

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

45. YIELD/PROFIT RATE RISK ON IBS PORTFOLIO (CONT'D.)

Group 2010 (cont'd.)	Up to 1 month RM'000	>1 - 3 months RM'000	>3 - 12 months RM'000	>1 - 5 years RM'000	Over 5 years RM'000	Non-yield/ profit rate sensitive RM'000	Trading books RM'000	Total RM'000	Effective yield/profit rate %
Liabilities and Islamic Banking Fund									
Deposits from customers	14,500,557	6,521,003	5,281,742	8,261,883	112,976	15,452	-	34,693,613	1.88
Deposits and placements of banks and other financial institutions	259,500	552,311	3,656	3,876,232	5,000	354,647	-	5,051,346	3.27
Bills and acceptances payable	-	-	-	-	-	28,175	-	28,175	-
Derivative liabilities	-	-	-	-	-	-	20,775	20,775	-
Other liabilities	-	-	-	-	-	1,235,875	-	1,235,875	-
Other non-yield/profit sensitive balances	-	-	-	-	-	31,607	-	31,607	-
Total Liabilities	14,760,057	7,073,314	5,285,398	12,138,115	117,976	1,665,756	20,775	41,061,391	
Islamic banking fund	-	-	-	-	-	3,447,473	-	3,447,473	-
Total Liabilities and Islamic Banking Fund	14,760,057	7,073,314	5,285,398	12,138,115	117,976	5,113,229	20,775	44,508,864	
On-balance sheet yield/profit rate sensitivity gap	(6,903,025)	(5,609,785)	(4,359,822)	(5,388,391)	25,813,840	(4,780,263)	1,227,446	-	
Cumulative yield/profit rate sensitivity gap	(6,903,025)	(12,512,810)	(16,872,632)	(22,261,023)	3,552,817	(1,227,446)	-	-	

45. YIELD/PROFIT RATE RISK ON IBS PORTFOLIO (CONT'D.)

Group 2009	Up to 1 month RM'000	>1 - 3 months RM'000	>3 - 12 months RM'000	>1 - 5 years RM'000	Over 5 years RM'000	Non-yield/ profit rate sensitive RM'000	Trading books RM'000	Total RM'000	Effective yield/profit rate %
Assets									
Cash and short-term funds	1,002,900	-	-	-	-	3,400,817	-	4,403,717	2.00
Deposits and placements with banks and other financial institutions	-	49,238	-	-	-	421	-	49,659	-
Securities held-for-trading	-	-	-	-	-	-	29,946	29,946	3.94
Securities available-for-sale	162,447	427,031	777,645	1,497,229	1,228,391	4,946	-	4,097,689	3.34
Securities held-to-maturity	-	-	-	85,376	111,538	-	-	196,914	3.78
Financing and advances									
- Performing	1,794,779	1,462,900	529,549	4,184,380	17,413,204	-	-	25,384,812	5.45
- Non-performing*	-	-	-	-	-	47,746	-	47,746	-
Derivative assets	-	-	-	-	-	-	23,641	23,641	-
Other assets	-	-	-	-	-	209,245	-	209,245	-
Other non-yield/profit sensitive balances	-	-	-	-	-	264,397	-	264,397	-
Total Assets	2,960,126	1,939,169	1,307,194	5,766,985	18,753,133	3,927,572	53,587	34,707,766	

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

45. YIELD/PROFIT RATE RISK ON IBS PORTFOLIO (CONT'D.)

Group 2009 (cont'd.)	Up to 1 month RM'000	>1 - 3 months RM'000	>3 - 12 months RM'000	>1 - 5 years RM'000	Over 5 years RM'000	Non-yield/ profit rate sensitive RM'000	Trading books RM'000	Total RM'000	Effective yield/profit rate %
Liabilities and Islamic Banking Fund									
Deposits from customers	8,318,439	3,523,148	5,136,858	7,693,793	106,480	-	-	24,778,718	1.59
Deposits and placements of banks and other financial institutions	720,299	1,055,862	854,911	3,378,217	12,160	131,717	-	6,153,166	2.85
Bills and acceptances payable	259	-	-	-	-	2,672	-	2,931	3.30
Derivative liabilities	-	-	-	-	-	-	27,138	27,138	-
Other liabilities	-	-	-	-	-	1,020,861	-	1,020,861	-
Other non-yield/profit sensitive balances	-	-	-	-	-	28,597	-	28,597	-
Total Liabilities	9,038,997	4,579,010	5,991,769	11,072,010	118,640	1,183,847	27,138	32,011,411	
Islamic banking fund	-	-	-	-	-	2,696,355	-	2,696,355	-
Total Liabilities and Islamic Banking Fund	9,038,997	4,579,010	5,991,769	11,072,010	118,640	3,880,202	27,138	34,707,766	
On-balance sheet yield/profit rate sensitivity gap	(6,078,871)	(2,639,841)	(4,684,575)	(5,305,025)	18,634,493	47,370	26,449	-	
Cumulative yield/profit rate sensitivity gap	(6,078,871)	(8,718,712)	(13,403,287)	(18,708,312)	(73,819)	(26,449)	-	-	

46. FOREIGN EXCHANGE RISK

Foreign exchange risk is the risk to earnings and value of foreign currency assets, liabilities and derivative financial instruments caused by fluctuations in foreign exchange rates.

The banking activities of providing financial products and services to customers expose the Group and the Bank to foreign exchange risk. Foreign exchange risk is managed by treasury function, and monitored by Group Risk Management against delegated limits. The Group's policy is to ensure, where appropriate and practical, that its capital is protected from foreign exchange exposures. Hedging against foreign exchange exposures is mainly to protect the real economic value, rather than to avoid the short-term accounting impact.

The table below analyses the net foreign exchange positions of the Group and the Bank by major currencies, which are mainly in Ringgit Malaysia, Singapore Dollar, the Great Britain Pound, Hong Kong Dollar, US Dollar, Indonesia Rupiah and Euro. The "others" foreign exchange risk include mainly exposure to Japanese Yen, Renminbi, Philippines Peso, Papua New Guinea Kina and Brunei Dollars.

Group 2010	Malaysian Ringgit RM'000	Singapore Dollar RM'000	Great Britain Pound RM'000	Hong Kong Dollar RM'000	United States Dollar RM'000	Indonesia Rupiah RM'000	Euro RM'000	Others RM'000	Total RM'000
Assets									
Cash and short-term funds	11,540,501	1,514,710	296,785	5,004	11,986,850	423,877	2,155,840	784,425	28,707,992
Deposits and placements with banks and other financial institutions	3,122,675	2,673,408	996,362	550,269	427,749	17,850	902,984	224,078	8,915,375
Securities purchased under resale agreements	-	371,237	-	-	-	-	-	-	371,237
Securities portfolio	36,553,486	7,931,722	-	269,477	6,058,999	3,152,243	-	204,119	54,170,046
Loans, advances and financing	135,262,625	34,899,545	192,513	1,534,920	18,576,999	13,074,689	54,855	1,958,921	205,555,067
Derivative assets	200,204	139,703	5,618	26	847,153	7,573	71,143	35,349	1,306,769
Other assets	2,380,525	848,686	354,463	180,843	591,829	664,260	71,711	227,231	5,319,548
Investment properties	45,324	-	-	-	-	-	-	-	45,324
Statutory deposits with Central Banks	658,205	1,351,883	-	-	1,409,102	661,734	-	390,458	4,471,382
Investment in associates	2,056,573	-	-	-	6,140	-	-	408,725	2,471,438
Property, plant and equipment	883,305	267,133	5,720	1,310	10,448	157,737	-	34,199	1,359,852
Intangible assets	4,464,407	14,736	-	582	518	-	-	471	4,480,714
Deferred tax assets	1,355,855	-	-	-	1,227	205,543	-	2,338	1,564,963
Life, general takaful and family takaful fund assets	17,952,801	-	-	-	7,258	-	-	-	17,960,059
Total Assets	216,476,486	50,012,763	1,851,461	2,542,431	39,924,272	18,365,506	3,256,533	4,270,314	336,699,766

46. FOREIGN EXCHANGE RISK (CONT'D.)

Group 2010 (cont'd.)	Malaysian Ringgit RM'000	Singapore Dollar RM'000	Great Britain Pound RM'000	Hong Kong Dollar RM'000	United States Dollar RM'000	Indonesia Rupiah RM'000	Euro RM'000	Others RM'000	Total RM'000
Liabilities									
Deposits from customers	153,172,813	43,153,539	1,992,349	189,165	21,655,282	12,536,211	575,645	3,634,784	236,909,788
Deposits and placements of banks and other financial institutions	8,624,963	559,966	457,022	872,985	7,135,579	1,197,196	2,958,670	1,451,487	23,257,868
Obligations on securities sold under repurchase agreements	-	-	-	-	-	407,056	-	-	407,056
Bills and acceptances payable	2,751,256	164,436	432	106	110,285	7,443	1,345	26,283	3,061,586
Derivative liabilities	204,112	187,886	5,853	48,745	790,561	7,945	70,114	31,026	1,346,242
Other liabilities	4,103,002	927,464	4,764	1,057	767,500	694,136	21,259	432,338	6,951,520
Recourse obligation on loans sold to Cagamas	649,977	-	-	-	-	-	-	-	649,977
Provision for taxation and zakat	175,053	190,713	-	10,776	3,150	75,360	-	11,837	466,889
Deferred tax liabilities	127,211	-	-	-	-	11,576	-	12,322	151,109
Borrowings	-	-	-	-	2,098,317	726,547	-	-	2,824,864
Subordinated obligations	7,098,167	-	-	-	970,949	-	-	-	8,069,116
Capital securities	4,596,804	1,381,948	-	-	-	-	-	-	5,978,752
Life, general takaful and family takaful fund liabilities	5,020,171	-	-	-	1,740	-	-	-	5,021,911
Life, general takaful and family takaful fund policy holders' funds	12,932,630	-	-	-	5,518	-	-	-	12,938,148
Total Liabilities	199,456,159	46,565,952	2,460,420	1,122,834	33,538,881	15,663,470	3,627,033	5,600,077	308,034,826
On-balance sheet open position	17,020,327	3,446,811	(608,959)	1,419,597	6,385,391	2,702,036	(370,500)	(1,329,763)	28,664,940
Off-balance sheet open position	3,363,061	691,428	1,642,887	(45,442)	(8,524,271)	-	1,426,804	1,445,533	-
Net open position	20,383,388	4,138,239	1,033,928	1,374,155	(2,138,880)	2,702,036	1,056,304	115,770	28,664,940
Net structural position included in the above	-	-	41,112	83,346	-	28,963,372	-	311,068	29,398,898

46. FOREIGN EXCHANGE RISK (CONT'D.)

Group 2009	Malaysian Ringgit RM'000	Singapore Dollar RM'000	Great Britain Pound RM'000	Hong Kong Dollar RM'000	United States Dollar RM'000	Indonesia Rupiah RM'000	Euro RM'000	Others RM'000	Total RM'000
Assets									
Cash and short-term funds	10,990,250	1,798,902	1,980,802	4,495	5,880,830	430,227	2,047,521	474,952	23,607,979
Deposits and placements with banks and other financial institutions	1,697,838	2,372,083	654,747	35,170	1,467,361	9,005	–	62,971	6,299,175
Securities purchased under resale agreements	–	346,462	–	–	–	–	–	–	346,462
Securities portfolio	42,543,979	5,539,806	–	370,067	5,921,838	3,140,891	–	210,547	57,727,128
Loans, advances and financing	121,088,227	33,405,819	120,295	1,634,361	18,004,394	9,312,722	47,107	2,170,241	185,783,166
Derivative assets	349,791	131,547	15,902	17,620	387,235	–	30,337	41,253	973,685
Other assets	2,488,045	463,382	116,556	159,037	1,234,826	542,937	110,517	133,990	5,249,290
Investment properties	26,578	–	–	–	–	–	–	–	26,578
Statutory deposits with Central Banks	1,022,318	1,232,797	–	–	913,651	561,691	–	320,475	4,050,932
Investment in associates	2,628,303	–	–	–	2,449	–	–	(629)	2,630,123
Property, plant and equipment	906,930	291,556	7,844	1,270	7,967	142,345	–	37,650	1,395,562
Intangible assets	4,336,170	15,011	–	898	1,275	19,454	–	1,202	4,374,010
Deferred tax assets	1,186,423	147,681	–	–	570	141,948	–	16,510	1,493,132
Life, general takaful and family takaful fund assets	16,448,996	–	–	–	332,905	–	–	–	16,781,901
Total Assets	205,713,848	45,745,046	2,896,146	2,222,918	34,155,301	14,301,220	2,235,482	3,469,162	310,739,123

46. FOREIGN EXCHANGE RISK (CONT'D.)

Group 2009 (cont'd.)	Malaysian Ringgit RM'000	Singapore Dollar RM'000	Great Britain Pound RM'000	Hong Kong Dollar RM'000	United States Dollar RM'000	Indonesia Rupiah RM'000	Euro RM'000	Others RM'000	Total RM'000
Liabilities									
Deposits from customers	139,394,881	39,688,513	2,392,966	639,864	16,631,907	10,512,815	912,009	2,425,634	212,598,589
Deposits and placements of banks and other financial institutions	6,530,143	214,386	655,256	923,412	16,529,204	222,982	2,899,430	807,050	28,781,863
Bills and acceptances payable	1,103,857	132,613	388	59	189,853	3,869	22,568	16,856	1,470,063
Derivative liabilities	310,481	228,188	32,887	514	818,700	–	36,177	32,121	1,459,068
Other liabilities	2,112,345	1,017,160	28,998	146,170	1,570,004	468,600	81,353	571,620	5,996,250
Recourse obligation on loans sold to Cagamas	516,265	–	–	–	–	–	–	–	516,265
Provision for taxation and zakat	70,430	(150)	–	5	40	9,071	–	8,347	87,743
Deferred tax liabilities	23,490	363	–	–	–	132	–	33,445	57,430
Borrowings	–	–	–	–	1,512,310	989,750	–	–	2,502,060
Subordinated obligations	8,551,030	–	–	–	121,343	–	–	–	8,672,373
Capital securities	4,596,510	–	–	–	1,451,031	–	–	–	6,047,541
Life, general takaful and family takaful fund liabilities	4,528,463	–	–	–	1,532	–	–	–	4,529,995
Life, general takaful and family takaful fund policy holders' funds	12,244,167	–	–	–	7,739	–	–	–	12,251,906
Total Liabilities	179,982,062	41,281,073	3,110,495	1,710,024	38,833,663	12,207,219	3,951,537	3,895,073	284,971,146
On-balance sheet open position	24,219,477	4,463,973	(214,349)	512,894	(3,166,049)	2,094,000	(1,716,055)	(425,911)	25,767,980
Off-balance sheet open position	(742,036)	604,826	694,046	(95,531)	(2,172,979)	27	1,018,241	693,406	–
Net open position	23,477,441	5,068,799	479,697	417,363	(5,339,028)	2,094,027	(697,814)	267,495	25,767,980
Net structural position included in the above	–	–	(264,622)	19,811	–	310,383	–	1,506,567	1,572,139

46. FOREIGN EXCHANGE RISK (CONT'D.)

Bank 2010	Malaysian Ringgit RM'000	Singapore Dollar RM'000	Great Britain Pound RM'000	Hong Kong Dollar RM'000	United States Dollar RM'000	Indonesia Rupiah RM'000	Euro RM'000	Others RM'000	Total RM'000
Assets									
Cash and short-term funds	5,986,297	1,490,884	291,080	3,570	9,324,482	9,655	1,671,013	626,635	19,403,616
Deposits and placements with banks and other financial institutions	3,081,364	2,673,408	392,755	550,268	283,853	-	-	116,550	7,098,198
Securities purchased under resale agreements	-	371,237	-	-	-	-	-	-	371,237
Securities portfolio	34,671,053	7,931,722	-	228,407	4,684,599	-	-	28,310	47,544,091
Loans, advances and financing	102,001,936	34,833,643	192,513	1,534,921	11,740,480	-	54,756	1,111,336	151,469,585
Derivative assets	182,691	139,703	5,618	26	847,153	-	71,143	35,348	1,281,682
Other assets	2,134,379	844,741	354,366	179,363	139,130	-	70,241	110,096	3,832,316
Statutory deposits with Central Banks	505,100	1,351,883	-	-	57,617	-	-	18,381	1,932,981
Investment in subsidiaries	11,756,533	146	-	-	47,936	430,641	-	418,121	12,653,377
Investment in associates	8,915	-	-	-	6,140	-	-	403,645	418,700
Property, plant and equipment	793,967	267,133	5,720	1,310	9,073	-	-	394	1,077,597
Intangible assets	144,998	14,737	-	582	393	-	-	-	160,710
Deferred tax assets	1,146,949	-	-	-	1,227	-	-	-	1,148,176
Total Assets	162,414,182	49,919,237	1,242,052	2,498,447	27,142,083	440,296	1,867,153	2,868,816	248,392,266

46. FOREIGN EXCHANGE RISK (CONT'D.)

Bank 2010 (cont'd.)	Malaysian Ringgit RM'000	Singapore Dollar RM'000	Great Britain Pound RM'000	Hong Kong Dollar RM'000	United States Dollar RM'000	Indonesia Rupiah RM'000	Euro RM'000	Others RM'000	Total RM'000
Liabilities									
Deposits from customers	119,562,241	43,022,021	1,967,612	189,165	8,167,277	-	365,692	2,105,733	175,379,741
Deposits and placements of banks and other financial institutions	10,262,395	559,966	456,966	872,985	6,843,580	30	2,660,503	1,273,397	22,929,822
Bills and acceptances payable	2,722,976	162,264	432	106	2,823	3,039	921	6,436	2,898,997
Derivative liabilities	183,336	187,886	5,854	48,745	765,066	-	70,113	30,498	1,291,498
Other liabilities	1,717,260	917,158	4,118	425	502,135	9	9,017	405,747	3,555,869
Recourse obligation on loans sold to Cagamas	649,977	-	-	-	-	-	-	-	649,977
Provision for taxation and zakat	78,802	190,713	-	10,778	3,060	-	-	-	283,353
Borrowings	-	-	-	-	2,098,317	-	-	-	2,098,317
Subordinated obligations	7,098,167	-	-	-	970,949	-	-	-	8,069,116
Capital securities	4,596,803	1,381,949	-	-	-	-	-	-	5,978,752
Total Liabilities	146,871,957	46,421,957	2,434,982	1,122,204	19,353,207	3,078	3,106,246	3,821,811	223,135,442
On-balance sheet open position	15,542,225	3,497,280	(1,192,930)	1,376,243	7,788,876	437,218	(1,239,093)	(952,995)	25,256,824
Off-balance sheet open position	3,363,061	691,428	1,642,887	(45,442)	(8,524,271)	-	1,423,804	1,448,533	-
Net open position	18,905,286	4,188,708	449,957	1,330,801	(735,395)	437,218	184,711	495,538	25,256,824
Net structural position included in the above	-	-	41,112	38,180	-	5,741,672	-	470,319	6,291,283

46. FOREIGN EXCHANGE RISK (CONT'D.)

Bank 2009	Malaysian Ringgit RM'000	Singapore Dollar RM'000	Great Britain Pound RM'000	Hong Kong Dollar RM'000	United States Dollar RM'000	Indonesia Rupiah RM'000	Euro RM'000	Others RM'000	Total RM'000
Assets									
Cash and short-term funds	5,577,991	1,778,589	1,974,670	4,071	5,654,533	13,763	2,032,144	412,551	17,448,312
Deposits and placements with banks and other financial institutions	3,538,533	2,316,409	654,747	35,170	988,334	–	–	30,776	7,563,969
Securities purchased under resale agreements	–	346,462	–	–	–	–	–	–	346,462
Securities portfolio	36,462,460	5,425,809	–	325,883	4,805,482	–	–	543	47,020,177
Loans, advances and financing	95,654,609	33,350,207	120,295	1,634,361	12,222,431	–	47,107	1,402,788	144,431,798
Derivative assets	306,840	131,547	15,902	17,620	387,235	–	30,337	40,423	929,904
Other assets	2,089,480	457,447	116,538	158,787	893,017	–	88,487	15,110	3,818,866
Statutory deposits with Central Banks	806,100	1,232,797	–	–	54,754	–	–	16,492	2,110,143
Investment in subsidiaries	11,232,252	146	–	–	52,077	272,500	–	229,318	11,786,293
Investment in associates	7,635	–	–	–	–	–	–	335,414	343,049
Property, plant and equipment	808,558	290,287	7,844	1,270	6,480	–	–	701	1,115,140
Intangible assets	151,198	14,955	–	898	1,066	–	–	15	168,132
Deferred tax assets	1,046,772	147,555	–	–	570	–	–	–	1,194,897
Total Assets	157,682,428	45,492,210	2,889,996	2,178,060	25,065,979	286,263	2,198,075	2,484,131	238,277,142

46. FOREIGN EXCHANGE RISK (CONT'D.)

Bank 2009 (cont'd.)	Malaysian Ringgit RM'000	Singapore Dollar RM'000	Great Britain Pound RM'000	Hong Kong Dollar RM'000	United States Dollar RM'000	Indonesia Rupiah RM'000	Euro RM'000	Others RM'000	Total RM'000
Liabilities									
Deposits from customers	112,379,948	39,586,152	2,375,850	639,261	6,719,261	–	284,238	1,468,220	163,452,930
Deposits and placements of banks and other financial institutions	8,823,581	214,024	654,815	923,229	16,375,486	–	2,522,251	608,530	30,121,916
Bills and acceptances payable	1,185,300	130,545	388	59	3,264	2,270	607	5,846	1,328,279
Derivative liabilities	260,608	228,188	32,887	514	793,269	–	36,177	30,217	1,381,860
Other liabilities	272,384	837,666	18,553	145,784	1,410,411	405	67,385	500,770	3,253,358
Recourse obligation on loans sold to Cagamas	516,265	–	–	–	–	–	–	–	516,265
Borrowings	–	–	–	–	1,512,310	–	–	–	1,512,310
Subordinated obligations	7,100,000	–	–	–	1,052,239	–	–	–	8,152,239
Capital securities	4,596,511	1,451,030	–	–	–	–	–	–	6,047,541
Total Liabilities	135,134,597	42,447,605	3,082,493	1,708,847	27,866,240	2,675	2,910,658	2,613,583	215,766,698
On-balance sheet open position	22,547,831	3,044,605	(192,497)	469,213	(2,800,261)	283,588	(712,583)	(129,452)	22,510,444
Off-balance sheet open position	(742,036)	604,826	694,046	(95,532)	(2,171,379)	27	1,017,301	692,747	–
Net open position	21,805,795	3,649,431	501,549	373,681	(4,971,640)	283,615	304,718	563,295	22,510,444
Net structural position included in the above	–	–	(264,622)	(29,482)	–	7,903,061	–	548,413	8,157,370

46. FOREIGN EXCHANGE RISK (CONT'D.)

Net structural foreign currency position represents the Group's and the Bank's net investment in overseas operations. This position comprises the net assets of the Group's and the Bank's overseas branches, investments in overseas subsidiaries and long term investments in overseas properties.

Where possible, the Group and the Bank mitigate the effect of currency exposures by funding the overseas operations with borrowings and deposits received in the same functional currencies of the respective overseas locations. The foreign currency exposures are also hedged using foreign exchange derivatives.

The structural currency exposures of the Group and the Bank as at the balance sheet dates are as follows:

Group Currency of structural exposures	Structural currency exposures in overseas operations RM'000	Hedges by funding in respective currencies RM'000	Other currency hedges RM'000	Net structural currency exposures RM'000
2010				
Singapore Dollar	2,191,154	-	(2,191,154)	-
Great Britain Pound	41,112	-	-	41,112
Hong Kong Dollar	83,346	-	-	83,346
United States Dollar	649,953	(649,953)	-	-
Indonesia Rupiah	28,963,372	-	-	28,963,372
Others	311,068	-	-	311,068
	32,240,005	(649,953)	(2,191,154)	29,398,898
2009				
Singapore Dollar	1,850,314	-	(1,850,314)	-
Great Britain Pound	(264,622)	-	-	(264,622)
Hong Kong Dollar	19,811	-	-	19,811
United States Dollar	503,851	(503,851)	-	-
Indonesia Rupiah	310,383	-	-	310,383
Others	1,506,567	-	-	1,506,567
	3,926,304	(503,851)	(1,850,314)	1,572,139

46. FOREIGN EXCHANGE RISK (CONT'D.)

Bank Currency of structural exposures	Structural currency exposures in overseas operations RM'000	Hedges by funding in respective currencies RM'000	Other currency hedges RM'000	Net structural currency exposures RM'000
2010				
Singapore Dollar	5,263,230	–	(5,263,230)	–
Great Britain Pound	41,112	–	–	41,112
Hong Kong Dollar	38,180	–	–	38,180
United States Dollar	135,720	(135,720)	–	–
Indonesia Rupiah	5,741,672	–	–	5,741,672
Others	470,319	–	–	470,319
	11,690,233	(135,720)	(5,263,230)	6,291,283
2009				
Singapore Dollar	699,451	–	(699,451)	–
Great Britain Pound	(264,622)	–	–	(264,622)
Hong Kong Dollar	(29,482)	–	–	(29,482)
United States Dollar	(129,020)	129,020	–	–
Indonesia Rupiah	7,903,061	–	–	7,903,061
Others	548,413	–	–	548,413
	8,727,801	129,020	(699,451)	8,157,370

47. FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

Financial instruments comprise financial assets, financial liabilities and also off-balance sheet derivatives. The fair value of a financial instrument is the amount at which the instrument could be exchanged or settled between knowledgeable and willing parties in an arm's length transaction, other than in a forced or liquidation sale. The information presented herein represents best estimates of fair values of financial instruments at the balance sheet date.

47. FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES (CONT'D.)

Loans, advances and financing to customers, where such market prices are not available, various methodologies have been used to estimate the approximate fair values of such instruments. These methodologies are significantly affected by the assumptions used and judgements made regarding risk characteristics of various financial instruments, discount rates, estimates of future cash flows, future expected loss experience and other factors. Changes in the assumptions could significantly affect these estimates and the resulting fair value estimates. Therefore, for a significant portion of the Group's and the Bank's financial instruments, including loans, advances and financing to customers, their respective fair value estimates do not purport to represent, nor should they be construed to represent, the amounts that the Group and the Bank could realise in a sale transaction at the balance sheet date. The fair value information presented herein should also in no way be construed as representative of the underlying value of the Group and the Bank as a going concern.

The on-balance sheet financial assets and financial liabilities of the Group and the Bank whose fair values are required to be disclosed in accordance with FRS132 comprise all its assets and liabilities with the exception of investments in subsidiaries, investments in associated companies, property, plant and equipment, provision for current and deferred taxation, life, general takaful and family takaful fund assets, and life, general takaful and family takaful fund liabilities. The information on the fair values of financial assets and financial liabilities of the life, general takaful and family takaful fund is disclosed in Note 53.

The estimated fair values of those on-balance sheet financial assets and financial liabilities as at the balance sheet date approximate their carrying amounts as shown in the balance sheets, except for the following financial assets and liabilities:

Group	2010		2009	
	Carrying value RM'000	Fair value RM'000	Carrying value RM'000	Fair value RM'000
Financial assets				
Securities held-to-maturity	8,942,708	9,118,305	8,360,751	8,418,848
Loans, advances and financing*	209,393,607	209,411,458	189,508,765	194,907,563
Financial liabilities				
Deposits from customers	236,909,788	236,927,836	212,598,589	212,790,804
Deposits and placements of banks and other financial institutions	23,257,868	23,177,261	28,781,863	28,418,927
Recourse obligation on loans sold to Cagamas	649,977	687,193	516,265	521,876
Borrowings	2,824,864	2,831,215	1,512,310	1,512,310
Subordinated obligations	8,069,116	7,751,326	8,672,373	7,867,365
Capital securities	5,978,752	6,712,227	6,047,541	6,350,909

47. FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES (CONT'D.)

Bank	2010		2009	
	Carrying value RM'000	Fair value RM'000	Carrying value RM'000	Fair value RM'000
Financial assets				
Securities held-to-maturity	7,855,322	8,029,524	6,831,898	6,834,648
Loans, advances and financing*	154,236,342	154,111,646	147,368,853	149,220,961
Financial liabilities				
Deposits from customers	175,379,741	175,369,226	163,452,930	163,614,082
Deposits and placements of banks and other financial institutions	22,929,822	22,854,214	30,121,916	29,779,709
Recourse obligation on loans sold to Cagamas	649,977	687,193	516,265	521,876
Borrowings	2,098,317	2,098,317	1,512,310	1,512,310
Subordinated obligations	8,069,116	7,751,326	8,152,239	7,867,365
Capital securities	5,978,752	6,712,227	6,047,541	6,350,909

* The general allowance for the Group and the Bank amounting to RM3,838,541,000 (2009: RM3,725,599,000) and RM2,766,757,000 (2009: RM2,937,055,000) respectively have been added back to arrive at the carrying value of the loans, advances and financing.

The following methods and assumptions are used to estimate the fair values of the following classes of financial instruments:

(a) Cash and short-term funds

The carrying amount approximates fair value due to the relatively short maturity of the financial instruments.

(b) Deposits and placements with financial institutions, securities purchased under resale agreement, obligations on securities sold under repurchase agreement and bills and acceptances payable

The fair values of those financial instruments with remaining maturities of less than one year approximate their carrying values due to their relatively short maturities. For those financial instruments with maturities of more than one year, the fair values are estimated based on discounted cash flows using applicable prevailing market rates of similar remaining maturities at the balance sheet date.

(c) Securities

Fair values of securities that are actively traded is determined by quoted bid prices. For non-actively traded securities, independent broker quotations are obtained. Fair values of equity securities are estimated using a number of methods, including earnings multiples and discounted cash flow analysis. Where discounted cash flow technique is used, the estimated future cash flows are discounted using applicable prevailing market or indicative rates of similar instruments at the balance sheet date.

47. FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES (CONT'D.)**(d) Loans, advances and financing**

The fair values of variable rate loans are estimated to approximate their carrying values. For fixed rate loans and Islamic financing, the fair values are estimated based on expected future cash flows of contractual instalment payments, discounted at applicable and prevailing rates at balance sheet date offered for similar facilities to new borrowers with similar credit profiles. In respect of non-performing loans, the fair values are deemed to approximate the carrying values which are net of interest/income-in-suspense and specific provision for bad and doubtful debts and financing.

(e) Deposits from customers, deposits and placements of banks and other financial institutions

The fair values of deposits payable on demand and deposits and placements with maturities of less than one year approximate their carrying values due to the relatively short maturity of these instruments. The fair values of fixed deposits and placements with remaining maturities of more than one year are estimated based on discounted cash flows using applicable rates currently offered for deposits and placements with similar remaining maturities. The fair value of Islamic deposits are estimated to approximate their carrying values as the profit rates are determined at the end of their holding periods based on the actual profits generated from the assets invested.

(f) Recourse obligation on loans sold to Cagamas

The fair values of recourse obligation on housing and hire purchase loans sold to Cagamas are determined based on the discounted cash flows of future instalment payments at applicable prevailing Cagamas rates as at balance sheet date.

(g) Subordinated obligations

The fair values of subordinated obligations are estimated by discounting the expected future cash flows using the applicable prevailing interest rates for borrowings with similar risks profiles.

(h) Derivative financial instruments

Fair values of derivative instruments are normally zero or negligible at inception and the subsequent change in value is favourable (assets) or unfavourable (liabilities) as a result of fluctuations in market interest rates or foreign exchange rates relative to their terms. The fair values of the Group's and the Bank's derivative instruments are estimated by reference to quoted market prices. Internal models are used where no market price is available.

48. CAPITAL AND OTHER COMMITMENTS

(a) Capital expenditure approved by directors but not provided for in the financial statements amounted to:

	Group		Bank	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Approved and contracted for	185,816	219,786	176,730	216,352
Approved but not contracted for	149,181	122,068	147,810	107,243
	334,997	341,854	324,540	323,595
(b) Uncalled capital in shares of subsidiaries	–	–	150	150

49. CAPITAL ADEQUACY

The capital adequacy ratios of the Group and the Bank as at 30 June, are as follows:

	Group		Bank	
	2010	2009	2010	2009
Without deducting proposed dividend*: Core capital ratio	11.06%	11.00%	15.02%	14.29%
Risk-weighted capital ratio	14.67%	14.99%	15.02%	14.29%

After deducting proposed dividend:

The proposed dividend consists of an electable portion of 40 sen (30 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 51(c) to the financial statements.

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	
	2010	2009	2010	2009
Core capital ratio	–	10.81%	–	14.06%
– full electable portion paid in cash	10.10%	–	13.78%	–
– full electable portion reinvested	10.97%	–	14.91%	–
Risk-weighted capital ratio	–	14.81%	–	14.06%
– full electable portion paid in cash	13.71%	–	13.78%	–
– full electable portion reinvested	14.58%	–	14.91%	–

* 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.

49. CAPITAL ADEQUACY (CONT'D.)

	Group		Bank	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Tier 1 capital				
Paid-up share capital	7,077,983	7,077,663	7,077,983	7,077,663
Share premium	5,903,497	5,901,692	5,903,497	5,901,692
Other reserves	13,813,992	11,310,142	12,506,193	10,079,987
Capital securities:-				
Innovative Tier 1 capital	2,481,030	2,550,029	2,481,030	2,550,029
Non-Innovative Tier 1 capital	3,497,722	3,497,512	3,497,722	3,497,512
Less: Deferred tax assets	(1,564,963)	(1,493,132)	(1,148,176)	(1,194,897)
Goodwill	(4,154,486)	(3,963,210)	(81,015)	(81,015)
Total Tier 1 capital	27,054,775	24,880,696	30,237,234	27,830,971
Tier 2 capital				
Subordinated obligations	8,069,116	8,653,373	8,069,116	8,152,239
General allowance for bad and doubtful debts and financing	3,838,541	3,725,599	3,015,865	3,038,025
Total Tier 2 capital	11,907,657	12,378,972	11,084,981	11,190,264
Total capital	38,962,432	37,259,668	41,322,215	39,021,235
Less: Investment in subsidiaries and associates #	(3,065,249)	(3,342,964)	(13,009,007)	(12,067,698)
Less: Other deductions	(18,060)	–	(18,051)	–
Capital base	35,879,123	33,916,704	28,295,157	26,953,537

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.

The capital adequacy ratios of the Group and the Bank are in compliance with Basel I Risk Weighted Capital Adequacy Framework. The minimum regulatory capital adequacy requirement is 8% (2009: 8%) for the risk-weighted capital ratio.

On 29 June 2010, the Bank has received approval from Bank Negara Malaysia to migrate to Internal Ratings-Based approach for credit risk under Basel II Risk Weighted Capital Adequacy Framework from 1 July 2010 onwards.

49. CAPITAL ADEQUACY (CONT'D.)

The breakdown of risk-weighted assets (excluding deferred tax assets) in the various categories of risk-weights are as follows:

	2010		2009	
	Principal RM'000	Risk- weighted RM'000	Principal RM'000	Risk- weighted RM'000
Group				
0%	47,975,526	–	35,034,146	–
10%	358,525	35,853	362,633	36,263
20%	34,064,190	6,812,838	28,968,131	5,793,626
50%	36,259,184	18,129,592	33,248,708	16,624,354
100%	192,475,276	192,475,276	170,959,552	170,959,552
Total risk-weighted assets for credit risk		217,453,559		193,413,795
Total risk-weighted assets for market risk		27,081,304		32,700,870
Total risk-weighted assets for credit and market risks		244,534,863		226,114,665
Bank				
0%	34,795,220	–	24,132,473	–
10%	26,682	2,668	15,738	1,574
20%	35,521,589	7,104,318	30,769,597	6,153,919
50%	29,207,263	14,603,632	27,005,260	13,502,630
100%	143,201,723	143,201,723	141,015,316	141,015,316
Total risk-weighted assets for credit risk		164,912,341		160,673,439
Total risk-weighted assets for market risk		23,431,606		27,922,999
Total risk-weighted assets for credit and market risks		188,343,947		188,596,438

50. SEGMENT INFORMATION

Segment information are presented in respect of the Group's business segments and geographical locations.

(i) By business segments

As of 1 July 2009, the Group adopted FRS 8 Operating Segments and Amendments to FRS 8 Operating Segments. The Group determines and presents operating segments based on information provided to senior management of the Group. Hence, comparative segment information has been restated to conform with current year's presentation.

The Group is organised into six (6) segments based on services and products available within the Group. The Group comprises the following main business segments:

(a) 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.

(b) Business and corporate banking

Business and corporate banking comprises the full range of products and services offered to business customers in Malaysia, ranging from large corporate and the public sector 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.

(c) 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 instruments.

(d) 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 financing, mergers and acquisitions advisory services, debt restructuring advisory services, and share and futures dealings.

(e) Insurance and asset management

Insurance 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.

(f) International banking

International banking comprises the full range of banking products and services offered to individuals and business customers in overseas, including in Singapore, Indonesia, Pakistan, Vietnam, China (including Hong Kong), United Kingdom, United States of America, and all other overseas banking operations.

50. SEGMENT INFORMATION (CONT'D.)

(a) By business segments (cont'd.)

Group 2010	Business Segments							Total RM'000
	Consumer Banking RM'000	Business and Corporate Banking RM'000	Global Market RM'000	Investment Banking RM'000	Insurance and Asset Management RM'000	International Banking RM'000	Head Office and Others RM'000	
Net interest income and Islamic banking income								
– external	3,285,200	2,036,000	614,200	25,149	106,281	2,558,828	(420,041)	8,205,617
– inter-segment	–	–	–	3,651	(19,001)	2,172	13,178	–
	3,285,200	2,036,000	614,200	28,800	87,280	2,561,000	(406,863)	8,205,617
Net interest income and Islamic banking income	3,285,200	2,036,000	614,200	28,800	87,280	2,561,000	(406,863)	8,205,617
Non-interest income	1,174,530	483,400	811,600	206,800	964,950	1,187,600	(162,845)	4,666,035
Net income	4,459,730	2,519,400	1,425,800	235,600	1,052,230	3,748,600	(569,708)	12,871,652
Overhead expenses	(2,674,061)	(881,476)	(95,460)	(112,709)	(609,447)	(2,038,919)	–	(6,412,072)
Allowance for losses on loans, advances and financing	(187,273)	(422,917)	–	20,900	(1,213)	(597,474)	–	(1,187,977)
Impairment losses on securities, net	–	–	(39,830)	–	–	16,800	–	(23,030)
Operating Profit	1,598,396	1,215,007	1,290,510	143,791	441,570	1,129,007	(569,708)	5,248,573
Share of profits in associates	–	–	–	–	–	121,835	–	121,835
Profit before taxation and zakat	1,598,396	1,215,007	1,290,510	143,791	441,570	1,250,842	(569,708)	5,370,408
Taxation and zakat								(1,401,958)
Profit after taxation and zakat								3,968,450
Minority interest								(150,283)
Profit for the year								3,818,167
Assets:								
Investment in associates	–	–	–	–	–	2,471,438	–	2,471,438

50. SEGMENT INFORMATION (CONT'D.)

(a) By business segments (cont'd.)

Group 2009	Business Segments							Total RM'000
	Consumer Banking RM'000	Business and Corporate Banking RM'000	Global Market RM'000	Investment Banking RM'000	Insurance and Asset Management RM'000	International Banking RM'000	Head Office and Others RM'000	
Net interest income and Islamic banking income								
– external	3,060,200	1,888,100	507,500	59,527	102,823	2,192,220	(666,543)	7,143,827
– inter-segment	–	–	–	22,673	(15,423)	(51,880)	44,630	–
	3,060,200	1,888,100	507,500	82,200	87,400	2,140,340	(621,913)	7,143,827
Net interest income and Islamic banking income	3,060,200	1,888,100	507,500	82,200	87,400	2,140,340	(621,913)	7,143,827
Non-interest income	1,013,900	382,200	208,100	146,930	862,930	693,100	68,030	3,375,190
Net income	4,074,100	2,270,300	715,600	229,130	950,330	2,833,440	(553,883)	10,519,017
Overhead expenses	(2,367,799)	(801,334)	(84,781)	(104,532)	(640,143)	(1,560,576)	–	(5,559,165)
Allowance for losses on loans, advances and financing	(230,098)	(537,494)	–	1,700	(1,500)	(931,422)	–	(1,698,814)
Impairment losses on securities, net	–	–	(81,609)	(5,000)	18,820	(129,700)	–	(197,489)
Operating Profit	1,476,203	931,472	549,210	121,298	327,507	211,742	(553,883)	3,063,549
Impairment loss on investment in associated companies	–	–	–	–	–	–	(353,067)	(353,067)
Impairment losses on goodwill	–	–	–	–	–	–	(1,619,518)	(1,619,518)
Write-back of allowance for non-refundable deposit	–	–	–	–	–	–	483,824	483,824
Share of profits in associates	–	–	–	–	–	99,626	(122)	99,504
Profit before taxation and zakat	1,476,203	931,472	549,210	121,298	327,507	311,368	(2,042,766)	1,674,292
Taxation and zakat								(923,578)
Profit after taxation and zakat								750,714
Minority interest								(58,839)
Profit for the year								691,875
Assets:								
Investment in associates	–	–	–	–	–	2,630,123	–	2,630,123

50. SEGMENT INFORMATION (CONT'D.)**(ii) By geographical locations**

The Group has operations in Malaysia, Singapore, Indonesia, Philippines, Papua New Guinea, Brunei Darussalam, People's Republic of China, Hong Kong SAR, Vietnam, United Kingdom, United States of America, Cambodia and Bahrain.

With the exception of Malaysia, Singapore and Indonesia, no other individual country contributed more than 10% of the consolidated revenue before operating expenses and of total assets.

Revenue, net interest income, profit before tax and zakat and non-current assets based on geographical locations of customers and assets respectively are as follows:

	Operating revenue RM'000	Net income RM'000	Profit before taxation and zakat RM'000	Non-current assets RM'000
2010				
Malaysia	14,294,778	10,355,757	5,270,446	5,579,501
Singapore	1,911,001	1,388,415	818,301	296,501
Indonesia	2,838,432	1,890,875	238,410	164,015
Others	759,085	356,774	70,339	54,059
	19,803,296	13,991,821	6,397,496	6,094,076
Elimination *	(1,243,064)	(1,120,169)	(1,027,088)	-
Group	18,560,232	12,871,652	5,370,408	6,094,076
2009				
Malaysia	14,011,354	8,740,980	2,247,067	5,569,100
Singapore	2,045,023	1,359,206	622,051	320,834
Indonesia	2,150,641	1,184,899	82,425	56,928
Others	1,129,622	283,749	(285,058)	58,970
	19,336,640	11,568,834	2,666,485	6,005,832
Elimination *	(1,750,303)	(1,049,817)	(992,193)	-
Group	17,586,337	10,519,017	1,674,292	6,005,832

* Inter-segment revenues are eliminated on consolidation.

51. SIGNIFICANT EVENTS

(a) Acquisition of Approximately 20% of the Total Charter Capital of Vietnam's An Binh Commercial Joint Stock Bank ("ABBank")

ABBank distributed shares via a bonus issue to the existing shareholders of ABBank (excluding Maybank) in August 2009. Therefore, Maybank had on 25 August 2009 completed the subscription of approximately 2.16 million additional shares in ABBank at VND20,000 per share for a total consideration of approximately VND43.3 billion or RM8.5 million (at the exchange rate of VND5,073 : RM1.00 as of 24 August 2009) to maintain its effective shareholding of 15% in ABBank.

On 10 December 2009 Maybank received a letter from An Binh Bank confirming, amongst others, that all approvals including regulatory approvals required from the Prime Minister's Office, the State Bank of Vietnam and the State Securities Committee have been received. Based on the foregoing, Maybank had on 17 December 2009, successfully completed the acquisition of 17,813,366 shares in An Binh Bank ("Fourth Subscription"), representing 5% of the total charter capital of An Binh Bank ("Charter Capital") for a total consideration of approximately VND356.3 billion or the equivalent of approximately RM66.4 million (at the exchange rate of VND5,362: RM1.00 as of 16 December 2009).

Pursuant thereto, Maybank now holds 60,565,443 shares in An Binh Bank, which represents 20% total Charter Capital of An Binh Bank.

(b) Rights Issue by PT Bank Internasional Indonesia Tbk ("BII")

Maybank had on 19 February 2010 announced that its subsidiary, PT Bank Internasional Indonesia Tbk ("BII") will embark on a rights issue to raise gross proceeds of approximately Rp1.407 trillion.

The rights issue size of Rp1.407 trillion comprised the issuance of 6,253,554,529 new ordinary shares of Rp22.5 each. The rights issue was on the basis of one (1) new ordinary share in BII for every eight (8) existing ordinary shares in BII at an issue price of Rp225 per rights share. The shareholders of BII had approved the rights issue in the EGM held on 26 March 2010. Maybank had fully subscribed to its rights entitlement under the rights issue and any excess rights shares to the extent they are not taken up or not validly taken up by the other entitled shareholders and/or their renounees under the rights issue were also taken up by Maybank.

The proceeds from the rights issue after defraying estimated expenses would be used principally for credit expansion as part of BII's plan to improve its capital structure and strengthen its balance sheet to spearhead further growth.

(c) Dividend Reinvestment Plan

Maybank via the announcement on 25 March 2010 proposed to undertake 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").

51. SIGNIFICANT EVENTS (CONT'D.)**(c) Dividend Reinvestment Plan (cont'd.)**

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

- (i) 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;
- (ii) 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
- (iii) 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").

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:

- (i) elect to receive the Electable Portion in cash; or
- (ii) 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.

The Dividend Reinvestment Plan had received all the necessary approvals from Bank Negara Malaysia, Bursa Securities and from its shareholders via an EGM held on 14 May 2010.

(d) Transfer by Maybank of its entire direct equity interest of 69.05% in Mayban Fortis Holdings Berhad ("Mayban Fortis") to Etiqa International Holdings Sdn Bhd (formerly known as Pelangi Amanmaz Sdn Bhd) ("Etiqa International") for a purchase consideration of RM359,340,912 to be satisfied by an amount owing by Etiqa International to Maybank ("Transfer")

Maybank via an announcement on 5 April 2010 entered into a sale and purchase agreement to transfer 165,321,478 Mayban Fortis Shares representing its direct equity interest of 69.05% in Mayban Fortis to Etiqa International for a purchase consideration of RM359,340,912 to be satisfied by an amount owing by Etiqa International to Maybank ("SPA"). After the completion of the Transfer, Etiqa International will serve as the investment holding company for Maybank's insurance, takaful and asset management businesses.

The Transfer was completed on 5 May 2010. Mayban Fortis is now a 69.05% subsidiary of Etiqa International and the remaining 30.95% is held by Fortis Insurance International N.V.. Etiqa International is a wholly-owned subsidiary of Maybank.

51. SIGNIFICANT EVENTS (CONT'D.)**(e) Acquisition of 8,682,815 Non-Redeemable Preference Shares (“NRPS”) held by Employees Provident Fund (“EPF”) in Mayban Fortis Holdings Berhad (“MFHB”) for a total cash consideration of RM125,969,815**

On 29 June 2010, Maybank announced that it had on 28 June 2010 acquired 8,682,815 NRPS in MFHB, a 69.05% indirect subsidiary of Maybank, from EPF for a total cash consideration of RM125,969,815 (“the Acquisition”).

The Acquisition was initiated by:-

- (i) the Subscription Agreement entered into between EPF and MFHB (“Subscription Agreement”); and
- (ii) the Call and Put Option Agreement entered into between EPF, Maybank and Fortis International N.V. (“Fortis”) (“Call and Put Option Agreement”).

Both Subscription Agreement and Call and Put Option Agreement were executed simultaneously on 29 August 2007.

Notwithstanding the terms of the Call and Put Option Agreement, Maybank and EPF had exchanged three letters dated 5 May 2010, 3 June 2010 and 14 June 2010 respectively (“the Letters”) to agree on the Acquisition based on a revised PE multiple of 10.86407 times (“Revised PE Multiple”), which was a PE multiple between the Put Option and Call Option.

The Acquisition was mainly to fulfil the obligations agreed upon between EPF, Maybank and Fortis in the Call and Put Option Agreement. Pursuant to the Acquisition, EPF exercised the Put Option to require Maybank to acquire its portion of 8,682,815 NRPS from EPF for a cash consideration of RM125,969,815 based on the Revised PE Multiple.

The Acquisition was completed on 28 June 2010. Barring any unforeseen circumstances, the Acquisition did not have a material financial impact on Maybank’s earnings for the current financial year ended 30 June 2010.

EPF, the vendor of the Acquisition, is one of the major shareholders in Maybank who holds 10.91% equity interest in Maybank as at 14 June 2010.

Save as disclosed above, none of the directors, major shareholders and/or persons connected with them, as defined in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, has any interest, direct or indirect, in the Acquisition.

The Board and Maybank’s Audit Committee, after having considered all aspects of the Acquisition, are of the opinion that the Acquisition is in the best interests of Maybank and is not detrimental to the interests of the minority shareholders of Maybank. The Board and Maybank’s Audit Committee are of the view that the Acquisition is fair, reasonable and on normal commercial terms.

51. SIGNIFICANT EVENTS (CONT'D.)**(f) Proposed Conversion to Shariah Banking and Capital Reduction of PT Bank Maybank Indocorp (Indonesia)**

Maybank had on 23 June 2010 announced the proposed conversion to Shariah 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.

The decision to convert BMI's business activities from Conventional Banking to Shariah Banking was undertaken by BMI's shareholders in order to tap the vast and growing business potential of Shariah Banking in Indonesia.

In line with the proposed conversion of business activities, a capital reduction exercise is undertaken that will result in the reduction of BMI's authorised capital, issued capital and paid up capital from IDR945,069,000,000 (RM346,840,323) [representing 945,069 shares with a nominal value of IDR1,000,000 per share] to IDR819,307,255,056.87 (RM300,685,763) [representing 945,069 shares with a nominal value of IDR866,928.50 per share].

The capital reduction exercise was effected by way of elimination of retained losses, in line with Bank Indonesia regulations governing such a change in business activity. BMI's books as at 31 December 2009 carried retained losses amounting to IDR136,396,427,619.31 (RM50,057,489).

This exercise was undertaken to enable BMI to make a fresh start under its new business activity of Shariah Banking, with a balance sheet that reflects fair value, without being burdened by the accumulated losses.

This capital reduction exercise did not have any material effect on the earnings or assets of the Maybank Group for the year ended 30 June 2010.

52. THE OPERATIONS OF ISLAMIC BANKING SCHEME (“IBS”)

Balance sheet as at 30 June 2010

	Note	Group	
		2010 RM'000	2009 RM'000
Assets			
Cash and short-term funds	(a)	5,818,068	4,403,717
Deposits and placements with banks and other financial institutions	(b)	707	49,659
Securities portfolio	(c)	4,700,919	4,324,549
Financing and advances	(d)	33,516,386	25,432,558
Deferred tax assets	(e)	79,712	58,397
Derivative assets	(i)	17,513	23,641
Other assets		222,559	209,245
Statutory deposits with Bank Negara Malaysia	(f)	153,000	206,000
		44,508,864	34,707,766
Liabilities			
Deposits from customers	(g)	34,693,613	24,778,718
Deposits and placements of banks and other financial institutions	(h)	5,051,346	6,153,166
Bills and acceptances payable		28,175	2,931
Derivative liabilities	(i)	20,775	27,138
Other liabilities	(j)	1,235,875	1,020,861
Provision for taxation and zakat	(l)	31,607	28,597
		41,061,391	32,011,411
Islamic banking capital funds			
Islamic banking funds		207,410	197,476
Reserves		3,240,063	2,498,879
		3,447,473	2,696,355
		44,508,864	34,707,766
Commitments and contingencies			
	(s)	13,627,916	15,234,088

The accompanying notes form an integral part of the financial statements.

52. THE OPERATIONS OF ISLAMIC BANKING SCHEME (“IBS”) (CONT'D.)**Income statement for the year ended 30 June 2010**

	Note	Group	
		2010 RM'000	2009 RM'000
Income derived from investment of depositors' funds	(m)	1,822,872	1,549,778
Expenses directly attributable to depositors and Islamic Banking Funds		(15,493)	(32,943)
Transfer from profit equalisation reserve		41,642	19,433
Gross attributable income		1,849,021	1,536,268
Allowances for losses on financing and advances	(n)	(350,363)	(198,652)
Total attributable income		1,498,658	1,337,616
Income attributable to the depositors	(o)	(671,956)	(655,319)
Income attributable to the Group		826,702	682,297
Income derived from investment of Islamic Banking Funds:			
Gross investment income	(p)	137,157	131,025
Finance cost		–	–
Net investment income of Islamic Banking Funds		137,157	131,025
Overhead expenses	(q)	963,859	813,322
Profit before taxation and zakat		535,038	482,104
Taxation	(r)	(121,005)	(114,959)
Zakat		(7,091)	(6,055)
Profit for the year		406,942	361,090

52. THE OPERATIONS OF ISLAMIC BANKING SCHEME (“IBS”) (CONT'D.)**Income statement for the year ended 30 June 2010 (cont'd.)**

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

	Group	
	2010 RM'000	2009 RM'000
Gross attributable income	1,849,021	1,536,268
Net income from investment Islamic Banking Funds	137,157	131,025
Total income before allowances for loan and overhead expenses	1,986,178	1,667,293
Income attributable to the depositors	(671,956)	(655,319)
Net of intercompany income and expenses	1,314,222	1,011,974
Income from Islamic Banking Scheme operations reported in the Group-wide income statement	1,434,744	1,224,321

The accompanying notes form an integral part of the financial statements.

52. THE OPERATIONS OF ISLAMIC BANKING SCHEME (“IBS”) (CONT’D.)

Statement of changes in Islamic Banking Fund for the year ended 30 June 2010

Group	Non-distributable					Equity contribution from the holding company RM'000	Distributable Retained Profits RM'000	Total RM'000
	Islamic Banking Fund RM'000	Share Premium RM'000	Unrealised Holding Reserve RM'000	Exchange Fluctuation Reserve RM'000	Statutory Reserve RM'000			
At 1 July 2009	197,476	1,988,500	(23,691)	(2)	147,338	(2,536)	389,270	2,696,355
Currency translation differences	-	-	-	23	-	-	-	23
Unrealised net gain on revaluation of securities available-for-sale	-	-	38,839	-	-	-	-	38,839
Net gain not recognised in the income statement	-	-	38,839	23	-	-	-	38,862
Net profit for the year	-	-	-	-	-	-	406,942	406,942
Issue of ordinary shares during the year	100	499,900	-	-	-	-	-	500,000
Transfer from/(to) Head Office	9,834	-	-	-	-	-	(4,334)	5,500
Dividend payable	-	-	-	-	-	-	(200,186)	(200,186)
At 30 June 2010	207,410	2,488,400	15,148	21	147,338	(2,536)	591,692	3,447,473
At 1 July 2008	111,980	1,500,000	(35,953)	(222)	57,983	-	187,685	1,821,473
Currency translation differences	-	-	-	220	-	-	-	220
Unrealised net gain on revaluation of securities available-for-sale	-	-	12,262	-	-	-	-	12,262
Net gain not recognised in the income statement	-	-	12,262	220	-	-	-	12,482
Net profit for the year	-	-	-	-	-	-	361,090	361,090
Waiver of intercompany balance during the year*	-	-	-	-	-	(2,536)	-	(2,536)
Issue of ordinary shares during the year	85,496	488,500	-	-	-	-	-	573,996
Transfer to Head Office	-	-	-	-	-	-	(70,150)	(70,150)
Transfer to statutory reserves	-	-	-	-	89,355	-	(89,355)	-
At 30 June 2009	197,476	1,988,500	(23,691)	(2)	147,338	(2,536)	389,270	2,696,355

* Arose from waiver of intercompany balance between respective subsidiaries on the instruction of the holding company.

52. THE OPERATIONS OF ISLAMIC BANKING SCHEME (“IBS”) (CONT'D.)**Cash flow statement for the year ended 30 June 2010**

	Group	
	2010 RM'000	2009 RM'000
Cash flows from operating activities		
Profit before taxation and zakat	535,038	482,104
Adjustments for:		
Allowances for losses on financing and advances	389,460	222,287
Accretion of discounts less amortisation of premiums of investment securities, net	(3,981)	(10,089)
Profit equalisation reserves	(41,642)	(20,435)
Operating profit before working capital changes	878,875	673,867
Change in deposits and placements with banks and other financial institutions	48,952	(48,398)
Change in financing and advances	(8,473,289)	(4,630,029)
Change in derivative assets	6,128	21,544
Change in other assets	(13,314)	20,853
Change in statutory reserve	53,000	569,000
Change in deposits from customers	9,914,895	4,974,738
Change in deposits and placements of banks and other financial institutions	(1,101,820)	563,531
Change in bills and acceptances payable	25,244	(387,179)
Net purchase of securities portfolio	(333,550)	(1,424,951)
Change in derivative liabilities	(6,363)	(18,062)
Change in other liabilities	56,494	563,912
Cash generated from operations	1,055,252	878,826
Taxes and zakat paid	(146,401)	(172,412)
Net cash generated from operating activities	908,851	706,414
Cash flows from financing activities		
Funds transferred from/(to) Head Office	5,500	(70,150)
Proceeds from issuance of ordinary shares	500,000	573,996
Net cash generated from financing activities	505,500	503,846
Net increase in cash and cash equivalents	1,414,351	1,210,260
Cash and cash equivalents at beginning of year	4,403,717	3,193,457
Cash and cash equivalents at end of year	5,818,068	4,403,717
Cash and cash equivalents comprise:		
Cash and short-term funds	5,818,068	4,403,717

The accompanying notes form an integral part of the financial statements.

52. THE OPERATIONS OF ISLAMIC BANKING SCHEME (“IBS”) (CONT’D.)

(a) Cash and short-term funds

	Group	
	2010 RM'000	2009 RM'000
Cash, balances and deposits with banks and other financial institutions	5,705,919	4,403,717
Money at call and interbank placements with remaining maturity not exceeding one month	112,149	–
	5,818,068	4,403,717

(b) Deposits and placements with banks and other financial institutions

	Group	
	2010 RM'000	2009 RM'000
Licensed banks	–	49,238
Bank Negara Malaysia	707	421
	707	49,659

(c) Securities portfolio

		Group	
		2010 RM'000	2009 RM'000
Securities held-for-trading	(i)	68,796	29,946
Securities available-for-sale	(ii)	4,451,657	4,097,689
Securities held-to-maturity	(iii)	180,466	196,914
		4,700,919	4,324,549

52. THE OPERATIONS OF ISLAMIC BANKING SCHEME ("IBS") (CONT'D.)

(c) Securities portfolio (cont'd.)

(i) Securities held-for-trading

	Group	
	2010 RM'000	2009 RM'000
At fair value		
Money market instruments:-		
Malaysian Government Investment Issues	25,365	29,946
Sukuk Ijarah bonds	19,972	–
Bank Negara Malaysia Monetary Notes	23,459	–
Total securities held-for-trading	68,796	29,946

(ii) Securities available-for-sale

	Group	
	2010 RM'000	2009 RM'000
At fair value		
Money market instruments:-		
Cagamas bonds	231,996	–
Malaysian Government Investment Issues	2,446,888	2,722,551
Negotiable instruments of deposits	429,386	243,401
Bankers' acceptances and Islamic accepted bills	78,499	46,119
Khazanah bonds	186,560	358,014
	3,373,329	3,370,085
Unquoted securities:-		
Private and Islamic debt securities in Malaysia	849,217	663,996
Foreign Islamic debt securities	54,390	63,608
Malaysia Global Sukuk	174,721	–
	1,078,328	727,604
Total securities available-for-sale	4,451,657	4,097,689

52. THE OPERATIONS OF ISLAMIC BANKING SCHEME (“IBS”) (CONT'D.)

(c) Securities portfolio (cont'd.)

(iii) Securities held-to-maturity

	Group	
	2010 RM'000	2009 RM'000
At amortised		
Money market instruments:-		
Malaysian Government Investment Issues	150,466	196,914
Unquoted securities:-		
Private and Islamic debt securities in Malaysia	30,000	–
Total securities held-to-maturity	180,466	196,914

The maturity structure of money market instruments, securities available-for-sale and securities held-to-maturity are as follows:

	Group	
	2010 RM'000	2009 RM'000
Maturing within one year	668,611	1,125,497
One year to three years	740,697	579,932
Three years to five years	559,389	671,184
After five years	1,555,098	1,220,332
	3,523,795	3,596,945

52. THE OPERATIONS OF ISLAMIC BANKING SCHEME (“IBS”) (CONT'D.)

(d) Financing and advances

	Group	
	2010 RM'000	2009 RM'000
Overdraft	2,092,616	2,032,608
Term financing		
– House financing	5,465,917	4,967,816
– Syndicated financing	177,389	129,795
– Hire purchase receivables	15,028,210	12,658,514
– Other term financing	23,512,351	13,491,187
Bills receivables	5,004	47,931
Trust receipts	126,423	137,853
Claims on customers under acceptance credit	2,881,944	3,374,953
Staff financing	455,891	308,966
Credit/charge cards	193,113	46,343
Revolving credit	1,540,800	263,100
	51,479,658	37,459,066
Unearned income	(16,796,539)	(11,028,542)
	34,683,119	26,430,524
Gross financing and advances		
Allowance for bad and doubtful debts and financing		
– Specific	(633,025)	(561,520)
– General	(533,708)	(436,446)
	33,516,386	25,432,558
Net financing and advances		

52. THE OPERATIONS OF ISLAMIC BANKING SCHEME (“IBS”) (CONT'D.)**(d) Financing and advances (cont'd.)**

(i) Financing and advances analysed by concepts are as follows:

	Group	
	2010 RM'000	2009 RM'000
Bai' Bithaman Ajil	13,712,133	9,503,018
Ijarah	12,399,343	10,581,933
Murabahah	6,938,773	5,914,894
Al-Ijarah Muntahiyah Bi Tamleek	177,389	–
Musharakah Mutanaqisah	1,255,688	320,692
Other concepts	199,793	109,987
Gross financing and advances	34,683,119	26,430,524

(ii) Financing and advances analysed by type of customers are as follows:

	Group	
	2010 RM'000	2009 RM'000
Domestic non-banking institutions	2,921,405	1,792,588
Domestic business enterprises		
– Small and medium enterprises	2,418,673	3,553,629
– Others	6,705,571	3,919,824
Government and statutory bodies	21,439	69,465
Individuals	22,386,011	16,850,272
Other domestic entities	7,986	12,263
Foreign entities	222,034	232,483
Gross financing and advances	34,683,119	26,430,524

52. THE OPERATIONS OF ISLAMIC BANKING SCHEME (“IBS”) (CONT’D.)

(d) Financing and advances (cont’d.)

(iii) Financing and advances analysed by profit rate sensitivity are as follows:

	Group	
	2010 RM’000	2009 RM’000
Fixed rate		
– Housing financing	3,094,989	3,458,004
– Hire purchase receivables	12,399,743	10,581,881
– Other financing	4,858,881	3,519,166
Variable rate		
– Housing financing	1,719,045	916,436
– Other financing	12,610,461	7,955,037
Gross financing and advances	34,683,119	26,430,524

(iv) Loans and financing analysed by their economic purposes are as follows:

	Group	
	2010 RM’000	2009 RM’000
Purchase of securities	4,020,840	1,324,293
Purchase of transport vehicles	13,585,853	10,921,969
Less: Islamic hire purchase receivables sold to Cagamas	(1,137,321)	(268,304)
Purchase of landed properties		
– Residential	5,566,632	5,364,137
– Non-residential	750,607	659,299
Less: Islamic financing sold to Cagamas	–	(315,069)
Personal use	702,426	434,302
Consumer durables	1,113	856
Construction	769,318	872,845
Working capital	10,117,332	7,230,993
Credit cards	193,113	46,343
Other purpose	113,206	158,860
Gross financing and advances	34,683,119	26,430,524

52. THE OPERATIONS OF ISLAMIC BANKING SCHEME (“IBS”) (CONT'D.)

(d) Financing and advances (cont'd.)

(v) The maturity structure of financing and advances is as follows:

	Group	
	2010 RM'000	2009 RM'000
Maturing within one year	5,911,689	6,252,045
One year to three years	1,657,436	1,335,348
Three years to five years	5,250,190	3,352,385
After five years	21,863,804	15,490,746
Gross financing and advances	34,683,119	26,430,524

(vi) Movements in the non-performing financing are as follows:

	Group	
	2010 RM'000	2009 RM'000
Gross balance at beginning of year	1,045,712	1,106,390
Classified during the year	639,433	425,269
Recovered/regularised during the year	(547,871)	(383,655)
Expenses debited to customers' accounts	14,498	5,509
Amount written off	(220,279)	(107,801)
Gross balance at end of year	931,493	1,045,712
Less:		
– Specific allowance	(633,025)	(561,520)
on non-performing financing	(628,424)	(558,277)
on performing financing	(4,601)	(3,243)
Net balance	298,468	484,192
Gross financing and advances	34,683,119	26,430,524
Less:		
– Specific allowance	(633,025)	(561,520)
Net financing and advances	34,050,094	25,869,004

52. THE OPERATIONS OF ISLAMIC BANKING SCHEME (“IBS”) (CONT'D.)

(d) Financing and advances (cont'd.)

(vi) Movements in the non-performing financing are as follows: (cont'd.)

	Group	
	2010 RM'000	2009 RM'000
Ratio of net non-performing financing and advances		
– Including specific allowance on performing financing	0.88%	1.87%
– Excluding specific allowance on performing financing	0.89%	1.88%

(vii) Non-performing financing and advances analysed by their economic purposes are as follows:

	Group	
	2010 RM'000	2009 RM'000
Purchase of securities	6,739	7,038
Purchase of transport vehicles	40,757	31,793
Purchase of landed properties:		
– Residential	342,569	474,157
– Non-residential	27,656	37,578
Personal use	26,574	37,807
Consumer durables	3	4
Construction	86,167	97,321
Working capital	398,194	359,480
Credit cards	2,834	534
	931,493	1,045,712

52. THE OPERATIONS OF ISLAMIC BANKING SCHEME (“IBS”) (CONT'D.)

(d) Financing and advances (cont'd.)

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

	Group	
	2010 RM'000	2009 RM'000
Specific allowance		
Balance at beginning of year	561,520	549,632
Allowance made during the year	351,462	193,410
Amount written back in respect of recoveries	(59,678)	(73,721)
Amount written off	(220,279)	(107,801)
Balance at end of year	633,025	561,520
General allowance		
Balance at beginning of year	436,446	333,981
Allowance made during the year	230,930	117,165
Amount written back	(133,668)	(14,700)
Balance at end of year	533,708	436,446
As a percentage of total financing and advances (less specific allowance)	1.57%	1.69%
As a percentage of total risk-weighted assets for credit risk, excluding deferred tax assets	1.55%	1.72%

52. THE OPERATIONS OF ISLAMIC BANKING SCHEME ("IBS") (CONT'D.)**(e) Deferred tax assets**

	Group	
	2010 RM'000	2009 RM'000
At 1 July 2009/2008	(58,397)	(27,482)
Recognised in the income statement (Note 52(r))	(32,357)	(36,568)
Recognised in equity	11,042	5,653
At 30 June	(79,712)	(58,397)

Deferred tax assets of the Group:

	Allowances for losses on financing and advances RM'000	Unrealised holding reserve, impairment loss on securities and amortisation of premium RM'000	Other temporary difference RM'000	Total RM'000
At 1 July 2009	(51,283)	(4,968)	(2,146)	(58,397)
Recognised in the income statement	(33,497)	–	1,140	(32,357)
Recognised in equity	–	11,042	–	11,042
At 30 June 2010	(84,780)	6,074	(1,006)	(79,712)
At 1 July 2008	(15,290)	(10,621)	(1,571)	(27,482)
Recognised in the income statement	(35,993)	–	(575)	(36,568)
Recognised in equity	–	5,653	–	5,653
At 30 June 2009	(51,283)	(4,968)	(2,146)	(58,397)

(f) Statutory deposits with Bank Negara Malaysia

The non-interest bearing statutory deposits maintained with Bank Negara Malaysia are in compliance with Section 37(1)(c) of the Central Bank of Malaysia Act, 1958 (revised 1994), the amounts of which are determined as set percentages of total eligible liabilities.

52. THE OPERATIONS OF ISLAMIC BANKING SCHEME (“IBS”) (CONT'D.)**(g) Deposits from customers**

	Group	
	2010 RM'000	2009 RM'000
Mudharabah Fund		
Demand deposits	2,870,838	2,530,270
Savings deposits	258,018	163,642
General Investment deposits	13,895,924	10,536,150
Negotiable instruments of deposits	656,815	1,881,710
	17,681,595	15,111,772
Non-Mudharabah Fund		
Demand deposits	4,447,704	3,831,515
Savings deposits	5,029,645	4,414,806
Fixed return investment deposits	7,084,380	872,700
Structured deposits	450,289	547,925
	17,012,018	9,666,946
	34,693,613	24,778,718

- (i) The maturity structure of general investment deposits, negotiable instruments of deposits and fixed return investment deposits are as follows:

	Group	
	2010 RM'000	2009 RM'000
Due within six months	19,218,013	9,940,005
Six months to one year	1,540,761	2,004,990
One year to three years	649,292	1,136,674
Three years to five years	116,076	102,411
After five years	112,977	106,480
	21,637,119	13,290,560

52. THE OPERATIONS OF ISLAMIC BANKING SCHEME (“IBS”) (CONT'D.)**(g) Deposits from customers (cont'd.)**

(ii) The deposits are sourced from the following customers:

	Group	
	2010 RM'000	2009 RM'000
Business enterprises	12,825,607	7,597,068
Individuals	9,544,610	7,510,435
Government and statutory bodies	6,649,935	4,303,043
Others	5,673,461	5,368,172
	34,693,613	24,778,718

(h) Deposits and placements of banks and other financial institutions

	Group	
	2010 RM'000	2009 RM'000
Mudharabah Fund		
Licensed banks	4,507,758	5,747,663
Other financial institutions	232,289	207,118
	4,740,047	5,954,781
Non-Mudharabah Fund		
Licensed banks	122,358	7,417
Other financial institutions	188,941	190,968
	311,299	198,385
	5,051,346	6,153,166

52. THE OPERATIONS OF ISLAMIC BANKING SCHEME (“IBS”) (CONT'D.)**(i) Derivative assets and liabilities**

Group	2010			2009		
	Notional amount RM'000	Fair value		Notional amount RM'000	Fair value	
		assets RM'000	liabilities RM'000		assets RM'000	liabilities RM'000
Foreign Exchange Contracts:						
Currency forward	685,223	3,119	(2,743)	–	–	–
Profit rate related Contracts:						
Options	465,050	13,749	(15,391)	633,450	22,142	(22,142)
Profit rate swaps	898,800	645	(2,641)	350,350	1,499	(4,996)
	2,049,073	17,513	(20,775)	983,800	23,641	(27,138)

(j) Other liabilities

	Group	
	2010 RM'000	2009 RM'000
Profit payable	114,119	60,921
Profit equalisation reserves (Note 52(k))	4,228	46,477
Due to Head Office	1,044,510	852,190
Other creditors, provisions and accruals	73,018	61,273
	1,235,875	1,020,861

52. THE OPERATIONS OF ISLAMIC BANKING SCHEME (“IBS”) (CONT'D.)

(k) Profit equalisation reserves (“PER”)

	Group	
	2010 RM'000	2009 RM'000
At 1 July 2009/2008	46,477	65,623
Provision made	31,544	38,226
Amount written back	(73,541)	(57,627)
Exchange difference	(252)	255
At 30 June	4,228	46,477

(l) Provision for taxation and zakat

	Group	
	2010 RM'000	2009 RM'000
Taxation	24,182	23,313
Zakat	7,425	5,284
	31,607	28,597

(m) Income derived from investment of depositors' funds

	Group	
	2010 RM'000	2009 RM'000
Income from investment of:		
(i) General investment deposits	1,099,999	720,034
(ii) Other deposits	722,873	829,744
	1,822,872	1,549,778

52. THE OPERATIONS OF ISLAMIC BANKING SCHEME (“IBS”) (CONT'D.)**(m) Income derived from investment of depositors' funds (cont'd.)**

(i) Income derived from investment of general investment deposits

	Group	
	2010 RM'000	2009 RM'000
Finance income and hibah		
Financing and advances	913,560	556,650
Securities available-for-sale	82,083	49,233
Securities held-to-maturity	3,600	2,326
Securities held-for-trading	1,436	1
Money at call and deposits with financial institutions	41,761	67,100
	1,042,440	675,310
Amortisation of premium less accretion of discount	2,184	4,353
	1,044,624	679,663
Total finance income and hibah	1,044,624	679,663
Other operating income:		
(a) Fees income	55,547	39,752
(b) Gain on sale on securities held-for-trading	802	–
(c) Gain on sale on securities available-for-sale	2,195	1,095
(d) Unrealised loss on revaluation of derivatives	(155)	(1,458)
(e) Unrealised gain on foreign exchange translation	534	3,290
(f) Unrealised loss on securities held-for-trading	(634)	(5)
(g) Impairment losses on securities	(2,914)	(2,303)
	1,099,999	720,034

52. THE OPERATIONS OF ISLAMIC BANKING SCHEME (“IBS”) (CONT'D.)**(m) Income derived from investment of depositors' funds (cont'd.)**

(ii) Income derived from investment of other deposits:

	Group	
	2010 RM'000	2009 RM'000
Finance income and hibah		
Financing and advances	600,511	665,540
Securities available-for-sale	52,641	50,664
Securities held-to-maturity	2,106	898
Securities held-for-trading	946	2
Money at call and deposits with financial institutions	27,266	60,263
	683,470	777,367
Amortisation of premium less accretion of discount	1,510	5,077
	684,980	782,444
Total finance income and hibah	684,980	782,444
Other operating income:		
(a) Fees income	36,550	47,936
(b) Gain on sale on securities held-for-trading	528	–
(c) Gain/(Loss) on sale of securities available-for-sale	1,021	(165)
(d) Unrealised loss on revaluation of derivatives	(102)	(1,760)
(e) Unrealised gain on foreign exchange translation	313	3,970
(f) Unrealised loss on securities held-for-trading	(417)	(7)
(g) Impairment losses on securities	–	(2,674)
	722,873	829,744

52. THE OPERATIONS OF ISLAMIC BANKING SCHEME (“IBS”) (CONT'D.)**(n) Allowances for losses on financing and advances**

	Group	
	2010 RM'000	2009 RM'000
Allowance for bad and doubtful financing:		
Specific allowance		
– Made	351,462	193,410
– Written back	(59,678)	(73,721)
General allowance made	97,262	102,465
Bad and doubtful financing:		
– Written off	414	133
– Recovered	(39,097)	(23,635)
	350,363	198,652

(o) Income attributable to depositors

	Group	
	2010 RM'000	2009 RM'000
Deposits from customers		
– Mudharabah Fund	312,541	249,112
– Non-Mudharabah Fund	145,726	94,717
Deposits and placements of banks and other financial institutions		
– Mudharabah Fund	209,999	306,061
– Non-Mudharabah Fund	3,690	5,429
	671,956	655,319

52. THE OPERATIONS OF ISLAMIC BANKING SCHEME (“IBS”) (CONT'D.)

(p) Gross investment income

	Group	
	2010 RM'000	2009 RM'000
Financing and advances	113,940	105,204
Securities held-for-trading	179	–
Securities available-for-sale	9,988	8,009
Securities held-to-maturity	400	142
Money at call and deposits with financial institutions	5,173	9,526
	129,680	122,881
Amortisation of premium less accretion of discount	287	802
	129,967	123,683
Total finance income and hibah		
Other operating income:		
(a) Fees income		
– Commissions	3,642	3,793
– Service charges and fees	3,125	2,910
– Other fee income	168	738
(b) Gain on sale of securities held-for-trading	100	–
(c) Gain/(Loss) on sale of securities available-for-sale	194	(26)
(d) Unrealised loss on revaluation of derivatives	(19)	(279)
(e) Unrealised gain on foreign exchange translation	59	629
(f) Unrealised loss on securities held-for-trading	(79)	(1)
(g) Impairment losses on securities	–	(422)
	137,157	131,025

52. THE OPERATIONS OF ISLAMIC BANKING SCHEME (“IBS”) (CONT'D.)

(q) Overhead expenses

	Group	
	2010 RM'000	2009 RM'000
Personnel expenses		
– Salaries and wages	6,560	5,711
– Social security cost	28	23
– Pension cost - defined contribution plan	1,069	952
– Other staff related expenses	1,490	1,257
Sub-total	9,147	7,943
Establishment costs		
– Depreciation	571	–
– Information technology expenses	1,263	2,360
– Others	11	2
Sub-total	1,845	2,362
Marketing costs		
– Advertisement and publicity	13,739	5,626
– Others	14	6
Sub-total	13,753	5,632
Administration and general expenses		
– Fees and brokerage	12,871	1,754
– Administrative expenses	5,792	5
– General expenses	8,322	3,684
Sub-total	26,985	5,443
Shared service cost paid/payable to Head Office	377,091	309,838
Total	428,821	331,218
Included in overhead expenses are:		
Shariah Committee Members' fee and remuneration	260	169

52. THE OPERATIONS OF ISLAMIC BANKING SCHEME ("IBS") (CONT'D.)**(r) Taxation**

	Group	
	2010 RM'000	2009 RM'000
Tax expense for the year	153,362	151,527
Deferred tax in relation to originating and reversal of temporary differences (Note 52(e))	(32,357)	(37,712)
Effect of changes in tax rate on opening balances of deferred tax	–	1,144
	121,005	114,959

(s) Commitments and contingencies

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

The risk-weighted exposures of the Bank and its subsidiaries as at 30 June, are as follows:

Group	2010			2009		
	Notional Amount RM'000	Credit Equivalent Amount* RM'000	Risk Weighted Amount* RM'000	Notional Amount RM'000	Credit Equivalent Amount* RM'000	Risk Weighted Amount* RM'000
Direct credit substitutes	231,467	231,467	197,308	190,877	190,877	150,107
Certain transaction-related contingent items	578,250	289,125	261,531	575,052	287,526	252,382
Short-term self-liquidating trade-related contingencies	141,549	28,310	25,121	138,077	27,615	22,778
Islamic housing and hire purchase loans sold to Cagamas Berhad	1,137,321	1,137,321	1,137,321	583,373	583,373	425,839
Irrevocable commitments to extend credit:						
– maturity within one year	8,490,457	–	–	12,392,187	–	–
– maturity exceeding one year	993,810	496,905	465,488	362,205	181,103	164,291
Foreign exchange related contract:						
– less than one year	685,223	22,572	4,711	–	–	–
Profit rate related contracts:						
– one year to less than five years	1,363,850	33,532	6,706	983,800	22,349	4,470
Miscellaneous	5,989	–	–	8,517	–	–
	13,627,916	2,239,232	2,098,186	15,234,088	1,292,843	1,019,867

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

52. THE OPERATIONS OF ISLAMIC BANKING SCHEME (“IBS”) (CONT'D.)

(t) Capital adequacy

The capital adequacy ratios of the Group as at 30 June, is as follows:

	Group	
	2010	2009
Capital ratio		
Core capital ratio	9.53%	10.34%
Risk-weighted capital ratio	11.05%	12.03%

	Group	
	2010 RM'000	2009 RM'000
Tier 1 capital		
Islamic banking fund	207,410	197,476
Share premium	2,488,400	1,988,500
Other reserves	736,494	536,608
Less: Deferred tax assets	(79,712)	(58,397)
Total Tier 1 capital	3,352,592	2,664,187
Tier 2 capital		
General allowance for bad and doubtful financing	533,708	436,446
Total Tier 2 capital	533,708	436,446
Less: Other deduction	(9)	–
Capital base	3,886,291	3,100,633

52. THE OPERATIONS OF ISLAMIC BANKING SCHEME (“IBS”) (CONT'D.)**(t) Capital adequacy (cont'd.)**

The breakdown of risk-weighted assets for credit risk (excluding deferred tax assets) in the various categories of risk-weights are as follows:

Group	2010		2009	
	Principal RM'000	Risk- Weighted RM'000	Principal RM'000	Risk- Weighted RM'000
0%	8,254,215	–	7,577,392	–
10%	280,000	28,000	325,000	32,500
20%	1,876,056	375,211	777,005	155,401
50%	5,281,495	2,640,748	4,927,914	2,463,957
100%	31,642,561	31,642,561	22,771,346	22,771,346
Total risk-weighted assets for credit risk		34,686,520		25,423,204
Total risk-weighted assets for market risk		483,259		332,511
Total risk-weighted assets for credit and market risk		35,169,779		25,755,715

(u) Fair values of financial assets and liabilities

The estimated fair values of those on-balance sheet financial assets and financial liabilities as at the balance sheet date approximate their carrying amounts as shown in the balance sheets, except for the following financial assets and liabilities:

Group	2010		2009	
	Carrying value RM'000	Fair value RM'000	Carrying value RM'000	Fair value RM'000
Financial assets				
Securities held-to-maturity	180,466	181,861	196,914	195,839
Financing and advances*	34,050,094	34,381,095	25,869,004	26,512,214
Financial liabilities				
Deposits from customers	34,693,613	34,724,770	24,778,718	24,823,097
Deposits and placements of banks and other financial institutions	5,051,346	5,243,769	6,153,166	6,344,817

* The general allowance for the Group amounting to RM533,708,000 (2009: RM436,446,000) has been added back to arrive at the carrying value of the financing and advances.

The methods and assumptions used to estimate the fair values of the financial assets and financial liabilities of IBS operations are as stated in Note 47.

52. THE OPERATIONS OF ISLAMIC BANKING SCHEME (“IBS”) (CONT’D.)**(v) Shariah committee**

The operation of IBS is governed by Section 124(3) of the Banking and Financial Institutions Act, 1989 (“the Act”), which stipulates that “any licence institution carrying on Islamic financial business, in addition to its existing licensed business may, from time to time seek the advise of the Shariah Advisory Council (SAC) established under subsection (7) of the Act, on the operations of its business in order to ensure that it does not involve any element which is not approved by the Religion of Islam” and Part B of BNM’s “Guidelines on the Governance of Shariah Committee for The Islamic Financial Institutions” known as BNM/GPS 1, stipulates that “Every Islamic institution is required to establish a Shariah Committee”.

Based on the above, the duties and responsibilities of the Group’s Shariah Committee are to advise on the overall Islamic Banking operations of the Group’s business in order to ensure compliance with the Shariah requirements.

The roles of Shariah Committee in monitoring the Group’s activities include:

- (a) To advise the Board on Shariah matters in its business operations.
- (b) To endorse Shariah Compliance Manuals.
- (c) To endorse and validate relevant documentations.
- (d) To assist related parties on Shariah matters for advice upon request.
- (e) To advise on matters to be referred to the SAC.
- (f) To provide written Shariah opinion.
- (g) To assist the SCC on reference for advice.

The Shariah Committee at the Group level has four members. All of them are also members of Shariah Committee of Etiqa Takaful Berhad.

(w) Allocation of income

The policy of allocation of income to the various types of deposits and investments is subject to “The Framework on Rate of Return” issued by Bank Negara Malaysia in October 2001. The objective is to set the minimum standard and terms of reference for the Islamic banking institutions in calculating and deriving the rate of return for the depositors.

53. LIFE, GENERAL TAKAFUL AND FAMILY TAKAFUL FUNDS' BALANCE SHEET AS AT 30 JUNE 2010

Group	2010				2009			
	Life Fund RM'000	Family Takaful Fund RM'000	General Takaful Fund RM'000	Total RM'000	Life Fund RM'000	Family Takaful Fund RM'000	General Takaful Fund RM'000	Total RM'000
Assets								
Property, plant and equipment	73,530	16	13	73,559	69,701	1,434	7,735	78,870
Investment properties	453,460	–	–	453,460	454,704	–	–	454,704
Intangible assets	38	2,276	102	2,416	8	1,472	91	1,571
Investments	8,654,084	5,268,543	792,545	14,715,172	7,190,728	4,583,794	630,975	12,405,497
Loans	279,819	57,374	1,699	338,892	412,529	54,271	1,777	468,577
Receivables	170,630	197,357	88,333	456,320	364,181	132,978	74,757	571,916
Cash and bank balances	34,686	37,497	39,492	111,675	38,596	40,486	32,796	111,878
Investment-linked business assets	1,477,196	331,369	–	1,808,565	2,688,888	–	–	2,688,888
	11,143,443	5,894,432	922,184	17,960,059	11,219,335	4,814,435	748,131	16,781,901
Liabilities								
Provision for outstanding claims	47,037	87,272	254,947	389,256	221,736	41,404	212,661	475,801
Other liabilities	800,279	3,228,785	603,591	4,632,655	604,720	2,945,172	504,302	4,054,194
	847,316	3,316,057	858,538	5,021,911	826,456	2,986,576	716,963	4,529,995
Life, general takaful and family takaful policy holders' funds	10,296,127	2,578,375	63,646	12,938,148	10,392,879	1,827,859	31,168	12,251,906
	11,143,443	5,894,432	922,184	17,960,059	11,219,335	4,814,435	748,131	16,781,901

(i) The operating revenue generated from the life insurance, general takaful and family takaful businesses of the Group for the financial year amounted to approximately RM5,407,765,000 (2009: RM3,634,505,000).

54. COMPARATIVES

Certain comparative amounts have been reclassified to conform with current year's presentation for balance sheet as at 30 June 2009.

	Increase/ (decrease) Group RM'000
Liabilities	
Other liabilities	(989,750)
Borrowings	989,750

55. DETAILS OF SUBSIDIARIES

(a) Details of the subsidiaries are as follows:

Name of Company	Principal Activities	Country of Incorporation	Issued and Paid-up Share Capital		Effective Interest	
			2010 RM	2009 RM	2010 %	2009 %
Banking						
Maybank Islamic Berhad	Islamic banking	Malaysia	110,600,000	110,500,000	100.0	100.0
PT Bank Maybank Indocorp ⁸	Banking	Indonesia	945,069,000,000¹	945,069,000,000 ¹	96.8	96.8
Maybank International (L) Ltd.	Offshore banking	Malaysia	10,000,000²	10,000,000 ²	100.0	100.0
Maybank (PNG) Limited ⁹	Banking	Papua New Guinea	5,000,000³	5,000,000 ³	100.0	100.0
Maybank Philippines, Incorporated ⁸	Banking	Philippines	4,046,065,749⁴	4,046,065,749 ⁴	99.97	99.97
PT Bank Internasional Indonesia Tbk ⁸	Banking	Indonesia	3,407,411,000,000¹	3,266,706,000,000 ¹	97.5	97.5

55. DETAILS OF SUBSIDIARIES (CONT'D.)

(a) Details of the subsidiaries are as follows: (cont'd.)

Name of Company	Principal Activities	Country of Incorporation	Issued and Paid-up Share Capital		Effective Interest	
			2010 RM	2009 RM	2010 %	2009 %
Finance						
Myfin Berhad	Ceased operations	Malaysia	551,250,000	551,250,000	100.0	100.0
Aseamlease Berhad	Leasing	Malaysia	20,000,000	20,000,000	100.0	100.0
Mayban Allied Credit & Leasing Sdn. Bhd.	Financing	Malaysia	10,000,000	10,000,000	100.0	100.0
Aseam Credit Sdn. Bhd.	Hire purchase	Malaysia	20,000,000	20,000,000	100.0	100.0
PT BII Finance Centre ⁸	Multi-financing	Indonesia	15,000,000,000 ¹	15,000,000,000 ¹	97.5	97.5
PT Wahana Ottomitra Multiartha Tbk ⁸	Multi-financing	Indonesia	200,000,000,000 ¹	200,000,000,000 ¹	48.8	48.8
Insurance						
Mayban Fortis Holdings Berhad	Investment holding	Malaysia	239,430,446	239,430,446	69.05	69.05
Mayban Life Assurance Bhd.	Life insurance	Malaysia	100,000,000	100,000,000	69.05	63.5
Etiqa Life International (L) Ltd.	Offshore investment-linked insurance	Malaysia	3,500,000 ²	3,500,000 ²	69.05	63.5
Sri MGAB Berhad	Under member's voluntary liquidation	Malaysia	2	168,957,720	69.05	69.05
Etiqa Insurance Berhad	Composite insurance	Malaysia	152,151,399	152,151,399	69.05	69.05

55. DETAILS OF SUBSIDIARIES (CONT'D.)

(a) Details of the subsidiaries are as follows: (cont'd.)

Name of Company	Principal Activities	Country of Incorporation	Issued and Paid-up Share Capital		Effective Interest	
			2010 RM	2009 RM	2010 %	2009 %
Insurance (cont'd.)						
Etiqa Takaful Berhad	Family & general takaful	Malaysia	100,000,000	100,000,000	69.05	69.05
Etiqa Offshore Insurance (L) Ltd.	Offshore general reinsurance	Malaysia	2,500,000 ⁷	2,500,000 ⁷	69.05	69.05
Etiqa International Holdings Sdn. Bhd. (formerly known as Pelangi Amanmaz Sdn. Bhd.)	Investment holding	Malaysia	359,340,914	2	100.0	100.0
Investment Banking						
Maybank Investment Bank Berhad	Investment banking	Malaysia	50,116,000	50,116,000	100.0	100.0
Maysec Sdn. Bhd.	Investment holding	Malaysia	162,000,000	162,000,000	100.0	100.0
Maysec (KL) Sdn. Bhd.	Dormant	Malaysia	124,000,000	124,000,000	100.0	100.0
Maydis Berhad	Dormant	Malaysia	45,000,000	45,000,000	100.0	100.0
Mayban Futures Sdn. Bhd.	Dormant	Malaysia	10,000,000	10,000,000	100.0	100.0
Mayban Securities (HK) Limited ⁸	Dormant	Hong Kong	30,000,000 ⁶	30,000,000 ⁶	100.0	100.0
Mayban Securities (Jersey) Limited ⁹	Investment holding	United Kingdom	2 ⁷	2 ⁷	100.0	100.0
PhileoAllied Securities (Philippines) Inc. ⁸	Dormant	Philippines	21,875,000 ⁴	21,875,000 ⁴	100.0	100.0

55. DETAILS OF SUBSIDIARIES (CONT'D.)

(a) Details of the subsidiaries are as follows: (cont'd.)

Name of Company	Principal Activities	Country of Incorporation	Issued and Paid-up Share Capital		Effective Interest	
			2010 RM	2009 RM	2010 %	2009 %
Investment Banking (cont'd.)						
Budaya Tegas Sdn. Bhd.	Investment holding	Malaysia	2	2	100.0	100.0
BinaFikir Sdn. Bhd.	Business/Economic consultancy and advisory	Malaysia	650,000	650,000	100.0	100.0
Asset Management/ Trustees/Custody						
Mayban Indonesia Berhad	Dormant	Malaysia	5,000,000	5,000,000	100.0	100.0
Cekap Mentari Berhad	Securities issuer	Malaysia	2	2	100.0	100.0
Mayban International Trust (Labuan) Berhad	Investment holding	Malaysia	156,030	156,030	100.0	100.0
Mayban Offshore Corporate Services (Labuan) Sdn. Bhd.	Investment holding	Malaysia	30,006	25,005	100.0	100.0
Mayban Trustees Berhad	Trustee services	Malaysia	500,000	500,000	100.0	100.0
Mayban Ventures Sdn. Bhd.	Venture capital	Malaysia	14,000,000	14,000,000	100.0	100.0
Mayban-JAIC Capital Management Sdn. Bhd.	Investment advisory and administration services	Malaysia	2,000,000	2,000,000	51.0	51.0

55. DETAILS OF SUBSIDIARIES (CONT'D.)

(a) Details of the subsidiaries are as follows: (cont'd.)

Name of Company	Principal Activities	Country of Incorporation	Issued and Paid-up Share Capital		Effective Interest	
			2010 RM	2009 RM	2010 %	2009 %
Asset Management/ Trustees/Custody (cont'd.)						
Mayban Investment Management Sdn. Bhd.	Fund management	Malaysia	5,000,000	5,000,000	69.05	69.05
Philmay Property, Inc. ⁸	Property leasing and trading	Philippines	100,000,000 ⁴	100,000,000 ⁴	60.0	60.0
Mayban (Nominees) Sendirian Berhad	Nominee services	Malaysia	31,000	31,000	100.0	100.0
Mayban Nominees (Tempatan) Sdn. Bhd.	Nominee services	Malaysia	10,000	10,000	100.0	100.0
Mayban Nominees (Asing) Sdn. Bhd.	Nominee services	Malaysia	10,000	10,000	100.0	100.0
Mayban Nominees (Singapore) Private Limited ⁹	Nominee services	Singapore	60,000 ⁵	60,000 ⁵	100.0	100.0
Mayban Nominees (Hong Kong) Limited ⁸	Nominee services	Hong Kong	3 ⁶	3 ⁶	100.0	100.0
Aseam Malaysia Nominees (Tempatan) Sdn. Bhd.	Nominee services	Malaysia	10,000	10,000	100.0	100.0
Aseam Malaysia Nominees (Asing) Sdn. Bhd.	Nominee services	Malaysia	10,000	10,000	100.0	100.0

55. DETAILS OF SUBSIDIARIES (CONT'D.)

(a) Details of the subsidiaries are as follows: (cont'd.)

Name of Company	Principal Activities	Country of Incorporation	Issued and Paid-up Share Capital		Effective Interest	
			2010 RM	2009 RM	2010 %	2009 %
Asset Management/ Trustees/Custody (cont'd.)						
Mayfin Nominees (Tempatan) Sdn. Bhd.	Under member's voluntary liquidation	Malaysia	10,000	10,000	100.0	100.0
Mayban Securities Nominees (Tempatan) Sdn. Bhd.	Nominee services	Malaysia	10,000	10,000	100.0	100.0
Mayban Securities Nominees (Asing) Sdn. Bhd.	Nominee services	Malaysia	10,000	10,000	100.0	100.0
AFMB Nominees (Tempatan) Sdn. Bhd.	Under member's voluntary liquidation	Malaysia	10,000	10,000	100.0	100.0
Mayban Allied Berhad	Investment holding	Malaysia	753,908,638	753,908,638	100.0	100.0
Anfin Berhad	Under member's voluntary liquidation	Malaysia	106,000,000	106,000,000	100.0	100.0
Mayban Allied Property Holdings Sdn. Bhd.	Dormant	Malaysia	2,000,000	2,000,000	100.0	100.0
Maysec (Ipoh) Sdn. Bhd.	Dormant	Malaysia	100,000,000	100,000,000	100.0	100.0

55. DETAILS OF SUBSIDIARIES (CONT'D.)

(a) Details of the subsidiaries are as follows: (cont'd.)

Name of Company	Principal Activities	Country of Incorporation	Issued and Paid-up Share Capital		Effective Interest	
			2010 RM	2009 RM	2010 %	2009 %
Asset Management/ Trustees/Custody (cont'd.)						
Mayban P.B. Holdings Sdn. Bhd.	Property investment	Malaysia	1,000,000	1,000,000	100.0	100.0
Mayban Property (PNG) Limited ⁹	Property investment	Papua New Guinea	2,125,000 ³	2,125,000 ³	100.0	100.0
Mayban International Trust (Labuan) Ltd.	Trustee services	Malaysia	40,000 ²	40,000 ²	100.0	100.0
MNI Holdings Berhad	Under member's voluntary liquidation	Malaysia	2	2	69.05	69.05
KBB Nominees (Tempatan) Sdn. Bhd.	Nominee services	Malaysia	10,000	10,000	100.0	100.0
KBB Properties Sdn. Bhd.	Ceased operations	Malaysia	410,000	410,000	100.0	100.0
Sri MTB Berhad	Under member's voluntary liquidation	Malaysia	12,000,000	12,000,000	69.05	69.05
Etiqa Overseas Investment Pte. Ltd.	Investment holding	Malaysia	1 ²	1 ²	69.05	69.05
Peram Ranum Berhad	Dormant	Malaysia	60,000,000	60,000,000	69.05	69.05

55. DETAILS OF SUBSIDIARIES (CONT'D.)

(a) Details of the subsidiaries are as follows: (cont'd.)

Name of Company	Principal Activities	Country of Incorporation	Issued and Paid-up Share Capital		Effective Interest	
			2010 RM	2009 RM	2010 %	2009 %
Asset Management/ Trustees/Custody (cont'd.)						
Double Care Sdn. Bhd.	Under member's voluntary liquidation	Malaysia	35,000,000	35,000,000	69.05	69.05
Sorak Financial Holdings Pte. Ltd. ⁹	Investment holding	Singapore	5,928,556⁵	5,688,863 ⁵	100.0	100.0

Note:

- (1) Indonesia Rupiah (IDR)
- (2) United States Dollar (USD)
- (3) Papua New Guinea Kina (Kina)
- (4) Philippines Peso (Peso)
- (5) Singapore Dollar (SGD)
- (6) Hong Kong Dollar (HKD)
- (7) Great Britain Pound (GBP)
- (8) Audited by other member firms of Ernst & Young Global
- (9) Audited by firms of auditors other than Ernst & Young

56. CURRENCY

All amounts are in Ringgit Malaysia unless otherwise stated.

investor**information**

MAYBANK SHARE PRICE PERFORMANCE IN FY2010

As one of the largest companies by market capitalisation on the local bourse, Maybank's share price movement mirrored that of the market. Despite being volatile due to the global financial crisis, the share price demonstrated resilience and rose 28.1% in FY2010, outperforming the bellwether FBM KLCI's 22.2% gain. The KL Finance Index rose 38.7% as banks gained momentum and displayed better than expected performance throughout the financial year.

From RM5.90 at the end of June 2009, Maybank's share price paralleled the general market and dipped to its lowest of RM5.60 on 13 July 2009, when Asian stocks fell on speculation of a delay in the US economic recovery. The subsequent rebound lifted the shares to trade just below RM7 for the next seven months until Bank Negara's first 25bp hike in Overnight Policy Rate (OPR) in March caused a spike which broke the RM7 barrier. The share price continued to increase and peaked at RM7.72 on 13 May 2010 upon the announcement of strong 3Q FY10 financial results and Bank Negara's second OPR hike of 25bp.

Though there was a sharp drop to below RM7.00 at the end of May 2010, mainly due to an Asia-wide sell-off over renewed concern of Europe's recovery from its debt crisis, Maybank shares quickly recovered to close at RM7.56 by 30 June 2010.

STOCK MARKET PERFORMANCE IN FY2010

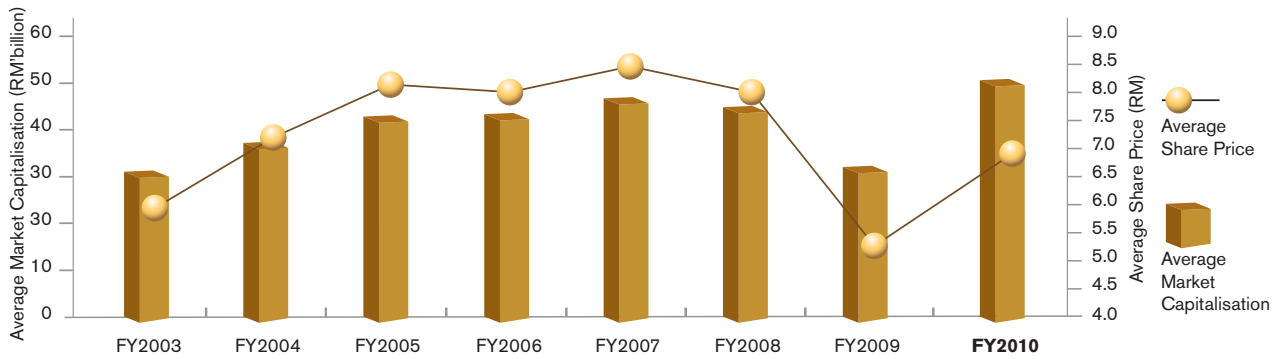
Following the global financial crisis which began in the US from the collapse of Lehman Brothers in late 2008, Eurozone's financial meltdown sparked renewed concerns which threatened to stall the nascent global economic recovery. In addition, China's tightening of its monetary policy further dampened investor sentiment.

The financial year also saw the government undertaking two key economic measures to attract investments and sustain long-term growth. The New Economic Model (NEM) unveiled in March 2010 aims to transform Malaysia into a high income country driven by the private sector while maintaining the strength of the public sector. The 10th Malaysia Plan, introduced in May 2010, targets annual GDP growth of 5.5% and is intended to spur private sector involvement in the country's future development. These measures, together with an improving domestic economy, helped to boost market sentiment.

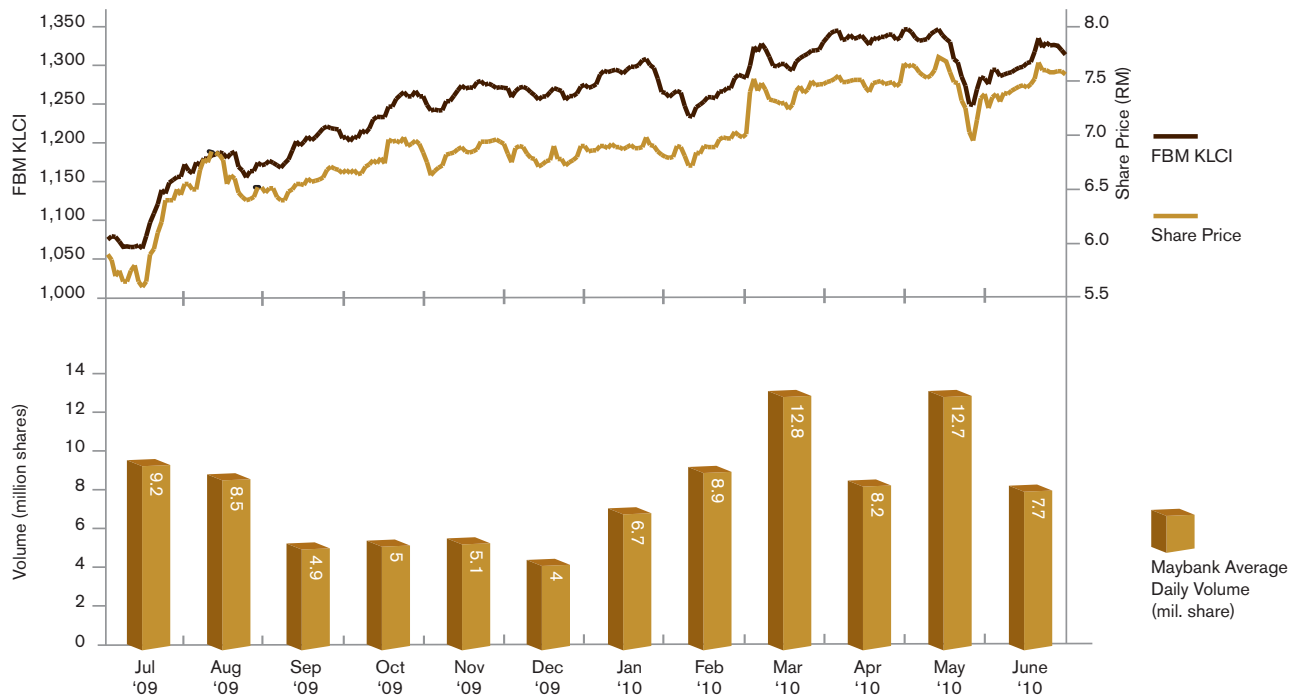
As sentiment improved, the local stock market remained resilient, recovering after short corrections due to concerns in the US and Europe. The FBM KLCI traded at a low of 1,063.7 on 13 July 2009 arising from fear of a prolonged global recession from weak US economic data, but trended higher in the next few months to break the 1,300 barrier in mid-January 2010. After a sharp decline in February due to concerns over budget deficits in Greece and several European countries, the benchmark index recovered to touch a high of 1,346.9 on 13 May 2010 when Asian stocks rose, led by computer related companies, which boosted confidence in the technology industry. Renewed concerns in Europe over a debt crisis saw the index plummet but it recovered within a month for the KLCI to end at 1,314.02, up 22.2% for the financial year.

SHARE PRICE MOVEMENT

Maybank: Historical share price and Market Capitalisation



Maybank share price & volume, and FBM KLCI



analysis of **shareholdings** As at 9 August 2010

Authorised Share Capital : 10,000,000,000
 Paid-Up Share Capital : 7,077,982,768
 Class of Shares : Ordinary Share of RM1 each
 Voting Rights : 1 vote per Ordinary Share

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares Held	% of Issued Capital
Less than 100	1,522	2.62	30,340	0.00
100 to 1,000 shares	12,748	21.99	9,529,265	0.13
1,001 to 10,000 shares	32,935	56.80	125,066,356	1.77
10,001 to 100,000 shares	9,439	16.28	257,805,177	3.64
100,001 to less than 5% of issued shares	1,336	2.30	2,323,525,044	32.83
5% and above of issued shares	3	0.01	4,362,026,586	61.63
TOTAL	57,983	100.00	7,077,982,768	100.00

Substantial Shareholders as per the Register of Substantial Shareholders

No.	Name of Shareholders	No. of Shares Held	% of Shares
1.	AmanahRaya Trustees Berhad (Skim Amanah Saham Bumiputera)	3,171,607,969	44.81
2.	Employees Provident Fund Board	771,599,234	10.90
3.	Permodalan Nasional Berhad	418,819,383	5.92

Top Thirty Shareholders as per the Record of Depositors

No.	Name of Shareholders	No. of Shares Held	% of Shares
1.	AmanahRaya Trustees Berhad (Skim Amanah Saham Bumiputera)	3,171,607,969	44.81
2.	Employees Provident Fund Board	771,599,234	10.90
3.	Permodalan Nasional Berhad	418,819,383	5.92

Top Thirty Shareholders as per the Record of Depositors (Cont'd.)

No.	Name of Shareholders	No. of Shares Held	% of Shares
4.	Kumpulan Wang Persaraan (Diperbadankan)	196,203,125	2.77
5.	Lembaga Kemajuan Tanah Persekutuan (FELDA)	158,606,688	2.24
6.	AmanahRaya Trustees Berhad (Amanah Saham Malaysia)	150,381,243	2.12
7.	Valuecap Sdn Bhd	118,243,100	1.67
8.	AmanahRaya Trustees Berhad (Amanah Saham Wawasan 2020)	86,850,240	1.23
9.	Malaysia Nominees (Tempatan) Sendirian Berhad (Great Eastern Life Assurance (Malaysia) Berhad (Par 1))	63,580,381	0.90
10.	Cartaban Nominees (Asing) Sdn Bhd (Exempt AN for State Street Bank & Trust Company (West Cit OD67))	58,438,693	0.83
11.	HSBC Nominees (Asing) Sdn Bhd (Exempt AN for The Bank of New York Mellon (Mellon Acct))	53,764,199	0.76
12.	Citigroup Nominees (Tempatan) Sdn Bhd (Exempt AN for Prudential Fund Management Berhad)	49,276,000	0.70
13.	HSBC Nominees (Asing) Sdn Bhd (BBH and Co Boston for Vanguard Emerging Markets Stock Index Fund)	42,354,623	0.60
14.	AmanahRaya Trustees Berhad (AS 1Malaysia)	36,150,000	0.51
15.	Citigroup Nominees (Tempatan) Sdn Bhd (Exempt AN for American International Assurance Berhad)	29,745,779	0.42
16.	HSBC Nominees (Tempatan) Sdn Bhd (Nomura Asset Mgmt Malaysia for Employees Provident Fund)	28,485,693	0.40
17.	HSBC Nominees (Asing) Sdn Bhd (Exempt AN for JPMorgan Chase Bank, National Association (U.A.E.))	26,814,081	0.38
18.	Cartaban Nominees (Asing) Sdn Bhd (Government of Singapore Investment Corporation Pte Ltd for Government of Singapore (C))	26,363,723	0.37
19.	AmanahRaya Trustee Berhad (Sekim Amanah Saham Nasional)	26,111,500	0.37

Top Thirty Shareholders as per the Record of Depositors (Cont'd.)

No.	Name of Shareholders	No. of Shares Held	% of Shares
20.	SBB Nominees (Tempatan) Sdn Bhd (Employees Provident Fund Board)	23,611,850	0.33
21.	Pertubuhan Keselamatan Sosial	22,548,319	0.32
22.	HSBC Nominees (Asing) Sdn Bhd (Exempt AN for JPMorgan Chase Bank, National Association (Norges BK Nlend))	19,570,500	0.28
23.	HSBC Nominees (Asing) Sdn Bhd (Exempt AN for JPMorgan Chase Bank, National Association (Norges BK Lend))	16,860,665	0.24
24.	HSBC Nominees (Asing) Sdn Bhd (Exempt AN for JPMorgan Chase Bank, National Association (U.S.A.))	16,850,326	0.24
25.	HSBC Nominees (Asing) Sdn Bhd (Exempt AN for JPMorgan Chase Bank, National Association (U.K.))	16,587,175	0.23
26.	Alliancegroup Nominees (Tempatan) Sdn Bhd (PHEIM Asset Management Sdn Bhd for Employees Provident Fund)	15,975,593	0.23
27.	Yong Siew Yoon	14,218,747	0.20
28.	SBB Nominees (Tempatan) Sdn. Bhd. (Kumpulan Wang Persaraan (Diperbadankan))	13,712,975	0.19
29.	Cartaban Nominees (Asing) Sdn Bhd (BBH (Lux) Sca for Fidelity Funds South East Asia)	13,121,900	0.18
30.	Tokio Marine Life Insurance Malaysia Bhd (As Beneficial Owner (PF))	11,600,000	0.16
TOTAL		5,698,053,704	80.50

classification of **shareholders** As at 9 August 2010

Category	No. of Shareholders		No. of Shareholdings		% of Total Shareholdings	
	Malaysian	Foreign	Malaysian	Foreign	Malaysian	Foreign
INDIVIDUAL						
a. Bumiputera	3,708		26,430,438		0.38	
b. Chinese	39,134		288,838,342		4.08	
c. Indian	1,666		10,092,685		0.14	
d. Others	246	2,115	1,663,209	46,840,644	0.02	0.66
BODY CORPORATE						
a. Banks/Finance	93	1	5,051,197,382	13,000	71.37	0.00
b. Investment/Trust	6		668,389		0.01	
c. Societies	20		3,514,112		0.05	
d. Industrial	700	52	96,096,498	18,494,931	1.36	0.26
GOVERNMENT AGENCIES/ INSTITUTION						
	14		172,300,504		2.43	
NOMINEES						
	6,860	3,368	470,176,609	891,656,025	6.64	12.60
TOTAL	52,447	5,536	6,120,978,168	957,004,600	86.48	13.52

changes in share capital

Authorised Share Capital

The present authorised share capital of the Bank is RM10,000,000,000 divided into 10,000,000,000 ordinary shares of RM1-00 each. Details of changes in its authorised share capital since its incorporation are as follows:-

Date	Increase in Authorised Share Capital	Total Authorised Share Capital
31-05-1960	20,000,000	20,000,000
06-09-1962	30,000,000	50,000,000
09-04-1977	150,000,000	200,000,000
17-01-1981	300,000,000	500,000,000
06-10-1990	500,000,000	1,000,000,000
09-10-1993	1,000,000,000	2,000,000,000
19-06-1998	2,000,000,000	4,000,000,000
11-08-2004	6,000,000,000	10,000,000,000

Issued and Paid-Up Share Capital

Details of changes in the Bank's issued and paid-up share capital since its incorporation are as follows:-

Date of Allotment	No. of Ordinary Shares Allotted	Par Value RM	Consideration	Resultant Total Issued and Paid-Up Capital RM'000
31-05-1960	1,500,000	5.00	Cash	7,500,000
18-05-1961	500,000	5.00	Cash	10,000,000
31-05-1962	1,000,000	5.00	Rights Issue (1:2) at RM7.00 per share	15,000,000
21-08-1968	1,500,000	5.00	Rights Issue (1:2) at RM7.00 per share	22,500,000
04-01-1971	22,500,000	1.00*	Rights Issue (1:1) at RM1.50 per share	45,000,000
06-05-1977	15,000,000	1.00	Capitalisation of Share Premium Account (Bonus Issue 1:3)	60,000,000
23-06-1977	30,000,000	1.00	Rights Issue (1:2) at RM3.00 per share	90,000,000
21-02-1981	30,000,000	1.00	Capitalisation of Share Premium Account (Bonus Issue 1:3)	120,000,000

Issued and Paid-Up Share Capital (Cont'd.)

Date of Allotment	No. of Ordinary Shares Allotted	Par Value RM	Consideration	Resultant Total Issued and Paid-Up Capital RM'000
10-04-1981	60,000,000	1.00	Rights Issue (1:2) at RM4.00 per share	180,000,000
14-11-1984	45,000,000	1.00	Capitalisation of Share Premium Account (Bonus Issue 1:4)	225,000,000
28-12-1984	45,000,000	1.00	Rights Issue (1:4) at RM6.00 per share	270,000,000
31-11-1985	68,249	1.00	Conversion of Unsecured Notes	270,068,249
15-11-1986	9,199,999	1.00	Issued in exchange for purchase of Kota Discount Berhad (Now known as Mayban Discount Berhad)	279,268,248
01-12-1986	10,550	1.00	Conversion of Unsecured Notes	279,278,798
29-07-1987 to 20-10-1987	90,000	1.00	Exercise of Employees' Share Option Scheme ("ESOS")	279,368,798
30-11-1987	11,916	1.00	Conversion of Unsecured Notes	279,380,714
08-06-1988	27,938,071	1.00	Capitalisation of Share Premium Account (Bonus Issue 1:10)	307,318,785
30-11-1988	10,725	1.00	Conversion of Unsecured Notes	307,329,510
16-03-1989 to 21-06-1989	9,198,206	1.00	Exchange for Kwong Yik Bank Berhad ("KYBB") shares	316,527,716
11-07-1989 to 23-11-1989	7,555,900	1.00	Exercise of Employees' Share Option Scheme ("ESOS")	324,083,616
30-11-1989	46,174,316	1.00	Conversion of Unsecured Notes	370,257,932
01-12-1989 to 24-10-1990	4,508,900	1.00	Exercise of Employees' Share Option Scheme ("ESOS")	374,766,832
16-11-1990	187,383,416	1.00	Capitalisation of Share Premium Account (Bonus Issue 1:2)	562,150,248
27-11-1990	11,550	1.00	Exercise of Employees' Share Option Scheme ("ESOS")	562,161,798
30-11-1990	280,497	1.00	Conversion of Unsecured Notes	562,442,295
03-01-1991	3,300	1.00	Exercise of Employees' Share Option Scheme ("ESOS")	562,445,595
03-01-1991	188,991,002	1.00	Rights Issue (1:2) at RM5.00 per share	751,436,597
04-01-1991	4,950	1.00	Rights Issue (1:2) upon ESOS at RM5.00 per share	751,441,547
25-01-1991 to 28-11-1991	726,000	1.00	Exercise of Employees' Share Option Scheme ("ESOS")	752,167,547

Issued and Paid-Up Share Capital (Cont'd.)

Date of Allotment	No. of Ordinary Shares Allotted	Par Value RM	Consideration	Resultant Total Issued and Paid-Up Capital RM'000
30-11-1991	35,197	1.00	Conversion of Unsecured Notes	752,202,744
11-12-1991 to 20-05-1992	5,566,000	1.00	Exercise of Employees' Share Option Scheme ("ESOS")	757,768,744
30-11-1992 to 30-11-1993	3,153,442	1.00	Conversion of Unsecured Notes	760,922,186
18-01-1994	380,461,093	1.00	Capitalisation of Share Premium Account (Bonus Issue 1:2)	1,141,383,279
29-12-1994	2,030,428	1.00	Conversion of Unsecured Notes	1,143,413,707
19-06-1998	1,143,413,707	1.00	Capitalisation of Share Premium and Retained Profit Account (Bonus Issue 1:1)	2,286,827,414
21-09-1998 to 09-10-2001	72,909,000	1.00	Exercise of Employees' Share Option Scheme ("ESOS")	2,359,736,414
23-10-2001	1,179,868,307	1.00	Capitalisation of Retained Profit Account (Bonus Issue 1:2)	3,539,604,721
25-10-2001 to 05-08-2003	60,567,200	1.00	Exercise of Employees' Share Option Scheme ("ESOS")	3,600,171,921
29-09-2004 to 10-08-2007	290,898,600	1.00	Exercise of Employees' Share Option Scheme ("ESOS")	3,891,070,521
17-08-2007 to 06-02-2008	13,159,500	1.00	Exercise of Employees' Share Option Scheme ("ESOS")	3,904,230,021
20-02-2008	976,057,505	1.00	Capitalisation of Share Premium Account (Bonus Issue 1:4)	4,880,287,526
22-02-2008 to 24-10-2008	859,625	1.00	Exercise of Employees' Share Option Scheme ("ESOS")	4,881,147,151
27-04-2009	2,196,516,217	1.00	Rights Issue (9:20) at RM2.74 per share	7,077,663,368
29-07-2009 to 26-08-2009	319,400	1.00	Exercise of Employees' Share Option Scheme ("ESOS")	7,077,982,768

* The par value of the Bank's shares was changed from RM5.00 to RM1.00 on 25 November 1968

properties owned by maybank group

Area	No. of Properties		Land Area (sq. m.)	Book Value as at 30.6.2010 (RM)
	Freehold	Leasehold		
Maybank				
Kuala Lumpur	11	15	49,230.58	213,518,440.20
Johor Darul Takzim	33	9	19,395.02	57,792,304.28
Kedah Darul Aman	11	6	6,361.83	10,461,030.83
Kelantan Darul Naim	1	6	2,325.00	2,921,301.84
Melaka	1	6	3,531.00	5,993,365.26
Negeri Sembilan Darul Khusus	12	5	23,655.20	8,519,218.87
Pahang Darul Makmur	9	16	16,471.80	12,813,880.05
Perak Darul Ridzuan	15	8	10,274.65	14,246,895.12
Perlis Indera Kayangan	1	3	1,475.00	1,717,411.20
Pulau Pinang	26	3	14,283.26	26,663,752.77
Sabah	–	21	15,218.40	26,187,933.78
Sarawak	9	14	6,962.97	20,674,322.38
Selangor Darul Ehsan	29	16	104,796.84	117,831,884.24
Terengganu Darul Iman	7	2	4,329.00	4,596,055.74
Hong Kong	–	2	193.00	HKD1,264,016.23
London	–	6	1,215.00	GBP496,063.08
Singapore	12	12	26,926.00	SGD107,642,119.03
Maybank International (L) Ltd				
W.P. Labuan	–	3	1,089.81	USD196,146.82
Mayban Life Assurance Berhad				
Kuala Lumpur	–	1	4,506.00	57,312,151.00
Negeri Sembilan Darul Khusus	1	–	148.64	220,000.00
Mayban PB Holdings Sdn Bhd				
Kuala Lumpur	–	1	261.59	1,142,529.36
Johor Darul Takzim	2	1	1,330.00	2,330,868.75
Pahang Darul Makmur	1	2	595.42	1,065,967.58
Perak Darul Ridzuan	1	1	857.74	2,582,213.01
Pulau Pinang	1	–	445.93	819,190.39
Sabah	–	1	351.94	1,120,307.24
Sarawak	–	1	314.00	959,735.53
Selangor Darul Ehsan	2	1	1,281.70	2,988,174.28

Area	No. of Properties		Land Area (sq. m.)	Book Value as at 30.6.2010 (RM)
	Freehold	Leasehold		
Maybank Investment Bank Berhad				
Negeri Sembilan Darul Khusus	1	2	591.97	461,396.57
Pahang Darul Makmur	1	1	229.11	329,558.21
Pulau Pinang	1	–	84.04	150,660.00
Perak Darul Ridzuan	–	1	260.00	238,093.70
ETIQA				
Kuala Lumpur	2	3	31,069.03	507,400,987.00
Johor Darul Takzim	2	–	464.52	1,059,090.17
Kedah Darul Aman	2	1	1,127.86	1,249,895.36
Melaka	–	1	452.00	1,224,999.92
Negeri Sembilan Darul Khusus	2	1	486.41	2,561,740.49
Pahang Darul Makmur	1	2	18,335.10	2,929,238.00
Perlis Indera Kayangan	1	–	286.14	500,000.00
Pulau Pinang	1	1	621.59	3,950,000.01
Sabah	–	3	5,356.05	2,784,750.01
Selangor Darul Ehsan	2	1	136,152.57	33,180,494.00

list of top 10 properties owned by maybank group As at 30 June 2010

Location	Description	Current Use	Tenure	Remaining Lease Period (Expiry Date)	Age of Building	Land Area (sq.m.)	Year of Acquisition	Net Book Value (RM)
Etiqa Twins No. 11 Jalan Pinang Kuala Lumpur	27-storey Twin Office Buildings	Office & Rented out	Freehold	–	15 years	6,612	1994	330,000,000.00
Dataran Maybank No. 1 Jalan Maarof Bangsar	2 Blocks of 20 storey and a block 22 storey Office Buildings	Office & Rented out	Leasehold 99 years	76 years (expiry 3.12.2085)	9 years	9,918	2000	139,398,689.82
Menara Maybank 100 Jalan Tun Perak Kuala Lumpur	58-storey Office Building	Head office & Rented out	Freehold	–	22 years	35,494	1978	133,076,190.81
Maybank Tower 2, Battery Road Singapore	32-storey Office Building	Office	Leasehold 999 years	817 years (expiring 2825)	8 years	9,401	1962	SGD71,632,660.57
Akademi Etiqa 23, Jalan Melaka Kuala Lumpur	25-storey Office Building	Office & Rented out	Leasehold 99 years	57 years (expiring 2065)	14 years	1,960	1994	53,000,000.00
Lot 153 Section 44 Jalan Ampang Kuala Lumpur	Commercial Land	Vacant	Freehold	–	–	4,373.5	2008	50,000,000.00
1079 Section 13 Shah Alam	Commercial Land	Vacant	Leasehold 99 years	94 years (expiring 11.3.2102)	–	135,492	1994	31,000,000.00

Location	Description	Current Use	Tenure	Remaining Lease Period (Expiry Date)	Age of Building	Land Area (sq.m.)	Year of Acquisition	Net Book Value (RM)
Lot 379 Section 96 Bangsar Kuala Lumpur	Vacant Land	Rented out	Leasehold 99 years	57 years (expiring 25.7.2065)	–	15,417	1975	29,000,000.00
Johor Bahru City Square Level 1 (M1-22) 2 (M2-15) 3 (M3-25) and Level 8 City Square Johor Bahru	Retail Units- Level 1 (podium) Level 2 (podium) Level 3 (podium) Level 8 (office tower)	Office	Leasehold 99 years	83 years (expiring 14.6.2091)	9 years	3,972	2000	27,460,631.19
Jalan Air Itam Bangi, Kajang Selangor	5-storey Building	Maybank Academy	Leasehold 99 years	78 years (expiry 18.12.2086)	22 years	80,692	1987	24,244,793.01

group **directory** As at 30 June 2010**Commercial Banking****Malayan Banking Berhad**

14th Floor, Menara Maybank
100, Jalan Tun Perak
50050 Kuala Lumpur
Tel: (6)03-2070 8833
Fax: (6)03-2031 0071
Website: www.maybank.com
Email: publicaffairs@maybank.com.my

Maybank Islamic Berhad

14th Floor, Menara Maybank
100, Jalan Tun Perak
50050 Kuala Lumpur
Tel: (6)03-2070 8833
Fax: (6)03-2031 0071
Website: www.maybankislamic.com.my

P.T. Bank Maybank Indocorp

17th Floor, Menara Sona Topas
Jalan Jenderal Sudirman Kav. 26
Jakarta 12920
Indonesia
Tel: (62)21-250 6446
Fax: (62)21-250 6445
Website: www.maybank.com

Maybank Philippines Incorporated

Legaspi Towers 300
Roxas Boulevard
Manila 1004
Philippines
Tel: (632)-523 7777
Fax: (632)-521 8513
Website: www.maybank2u.com.my/philippines
Email: mayphil@maybank.com.ph

Maybank (PNG) Ltd

Corner Waigani Road/Islander Drive
P.O. Box 882 Waigani, National Capital District
Papua New Guinea
Tel: (675)-325 0101
Fax: (675)-325 6128
Website: www.maybank.com
Email: maybankpom@datec.net.pg

Maybank International (L) Ltd

Level 16 (B), Main Office Tower
Financial Park Labuan
Jalan Merdeka
87000 Wilayah Persekutuan Labuan
Tel: (6)087-414 406
Fax: (6)087-414 806
Website: www.maybank.com
Email: millmit@streamyx.com

P.T. Bank Internasional Indonesia Tbk

Plaza BII, Tower 2, 6th Floor
Jl.MH.Thamrin No. 51
Jakarta 10350
Indonesia
Tel: (62)21-230 0888
Fax: (62)21-230 1380
Website: www.bii.co.id
Email: cs@bii.co.id

Investment Banking**Maybank Investment Bank Berhad**

33rd Floor, Menara Maybank
100, Jalan Tun Perak
50050 Kuala Lumpur
Tel: (6)03-2059 1888
Fax: (6)03-2078 4194
Website: www.maybank-ib.com
Email: helpdesk@maybank-ib.com

Insurance**Mayban Fortis Holdings Berhad****Mayban Life Assurance Bhd**

Level 19, Tower C
Dataran Maybank
No. 1, Jalan Maarof
59000 Kuala Lumpur
Tel: (6)03-2297 3888
Fax: (6)03-2297 3800
Website: www.etiqa.com.my
Email: info@etiqa.com.my

Etiga Life International (L) Ltd Etiga Offshore Insurance (L) Ltd

Level 11B, Block 4 Office Tower
Financial Park Complex
Jalan Merdeka
87000 Wilayah Persekutuan Labuan
Tel: (6)087-582 588
Fax: (6)087-583 588
Website: www.etiga.com.my
Email: info@etiga.com.my

Etiga Insurance Berhad Etiga Takaful Berhad

Level 19, Tower C
Dataran Maybank
No. 1, Jalan Maarof
59000 Kuala Lumpur
Tel: (6)03-2297 3888
Fax: (6)03-2297 3800
Website: www.etiga.com.my
Email: info@etiga.com.my

Others

Mayban Investment Management Sdn Bhd

Level 13, Tower C
Dataran Maybank
No. 1, Jalan Maarof
59000 Kuala Lumpur
Tel: (6)03-2297 7888
Fax: (6)03-2297 7800
Website: www.maybank.com

Mayban Trustees Berhad

34th Floor, Menara Maybank
100, Jalan Tun Perak
50050 Kuala Lumpur
Tel: (6)03-2078 8363
Fax: (6)03-2070 9387
Website: www.maybank.com
Email: mtb@maybank.com.my

Mayban Ventures Sdn Bhd Mayban Venture Capital Company Sdn Bhd Mayban Agro Fund Sdn Bhd

41st Floor, Menara Maybank
100, Jalan Tun Perak
50050 Kuala Lumpur
Tel: (6)03-2032 2188
Fax: (6)03-2031 2188
Website: www.mayban-ventures.com.my

Mayban (Nominees) Sendirian Berhad Mayban Nominees (Tempatan) Sdn Bhd Mayban Nominees (Asing) Sdn Bhd

14th Floor, Menara Maybank
100, Jalan Tun Perak
50050 Kuala Lumpur
Tel: (6)03-2070 8833
Fax: (6)03-2031 0071
Website: www.maybank.com

Mayban Securities Nominees (Tempatan) Sdn. Bhd. Mayban Securities Nominees (Asing) Sdn. Bhd.

Level 8, Tower C
Dataran Maybank
No. 1, Jalan Maarof
59000 Kuala Lumpur
Tel: (6)03-2297 8888
Fax: (6)03-2282 5136



**We have come a long way
together, Malaysia.
And there is still a long way to go.
But we are glad we are going
there with you.**

Thank you for sharing your lives, hopes and dreams with us. Celebrating 50 years, close to you.



Number of shares held	CDS Account No.												
				-					-				

Please refer to the notes below before completing this Form of Proxy.

I/We _____ (full name in block letters) NRIC/Passport/Co. No. _____

of _____ (full address) Telephone No. _____

a shareholder/shareholders of MALAYAN BANKING BERHAD, hereby appoint

_____ (full name in block letters) NRIC/Passport/Co. No. _____

of _____ (full address)

or failing him/her _____ (full name in block letters) NRIC/Passport/Co. No. _____

of _____ (full address)

or failing him/her, the Chairman of the meeting, as my/our proxy to vote for me/us on my/our behalf at the 50th Annual General Meeting of Malayan Banking Berhad to be held at Grand Ballroom, Level 1, Sime Darby Convention Centre, 1A Jalan Bukit Kiara 1, 60000 Kuala Lumpur on Wednesday, 29 September 2010 at 10.00 a.m. and at any adjournment thereof for the following resolutions as set out in the Notice of the Annual General Meeting:-

No.	Resolution	For	Against
	Ordinary resolutions:		
1	Receipt of Audited Financial Statements and Reports.		
2	Declaration of Final Dividend.		
	Re-election of the following Directors in accordance with Articles 96 and 97:-		
3	i. Dato' Sri Abdul Wahid Omar		
4	ii. Tan Sri Datuk Dr Hadenan A. Jalil		
5	iii. Dato' Seri Ismail Shahudin		
	Re-election of the following Directors in accordance with Article 100:-		
6	i. Tan Sri Dato' Megat Zaharuddin Megat Mohd Nor		
7	ii. Dato' Mohd Salleh Hj Harun		
8	To approve the following directors' remuneration:-		
	(a) payment of directors' fees amounting to RM300,000 per annum for the Non-Executive Chairman, RM285,000 per annum for Non-Executive Vice Chairman and RM190,000 per annum for each of the Non-Executive Directors for the financial year ended 30 June 2010; and		
	(b) increase in directors' meeting allowances for Board meetings from RM750 per meeting per director to RM1,500 per meeting per director and Board Committees meetings from RM750 per meeting per director to RM1,000 per meeting per director effective 1 July 2009.		
9	Re-appointment of Messrs. Ernst & Young as Auditors.		
10	Authorisation for Directors to issue shares pursuant to Section 132D of Companies Act, 1965.		
11	Allotment and issuance of new ordinary shares of RM1.00 each in Maybank in relation to the recurrent and optional dividend reinvestment plan (Dividend Reinvestment Plan).		

My/Our proxy is to vote on the resolutions as indicated by an "X" in the appropriate space above. If no indication is given, my/our proxy shall vote or abstain as he/she thinks fit.

Dated this _____ day of _____ 2010

Signature(s) of shareholder(s)

Notes:

1. A member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and on a show of hands or on a poll, to vote in his stead. A proxy shall be a member of the Company, an Advocate, an approved Company Auditor or a person approved by the Companies Commission of Malaysia. The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing, or if the appointor is a corporation, under its common seal or in some other manner approved by its directors.
2. A member shall not be entitled to appoint more than two (2) proxies to attend and vote at the meeting provided that where a member is an authorised nominee as defined under the Securities Industry (Central Depository) Act 1991, it may appoint at least one proxy but not more than two proxies each in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account.
3. Duly completed Forms of Proxy must be deposited at the office of the appointed share registrar for this AGM, Tricor Investor Services Sdn Bhd (formerly known as Tenaga Koperat Sdn Bhd) at Level 17, The Gardens North Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur no later than 27 September 2010 at 10.00 a.m.
4. For a Form of Proxy executed outside Malaysia, the signature must be attested to by a Solicitor, Notary Public, Consul or Magistrate.
5. Only members registered in the Record of Depositors as at 23 September 2010 shall be eligible to attend the AGM or appoint proxy to attend and vote on his/her behalf.
6. If proxy or proxies appointed is/are not a member of Maybank, please ensure that the proof of eligibility of the proxy or proxies is/are enclosed with the Form of Proxy submitted and the original counterpart of such proof of eligibility is/are presented by your proxy or proxies for verification purposes during the registration process.

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Affix Stamp

Share Registrar for Maybank's 50th AGM
Tricor Investor Services Sdn Bhd
(formerly known as Tenaga Koperat Sdn Bhd)
Level 17, The Gardens
North Tower, Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur
Malaysia

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