



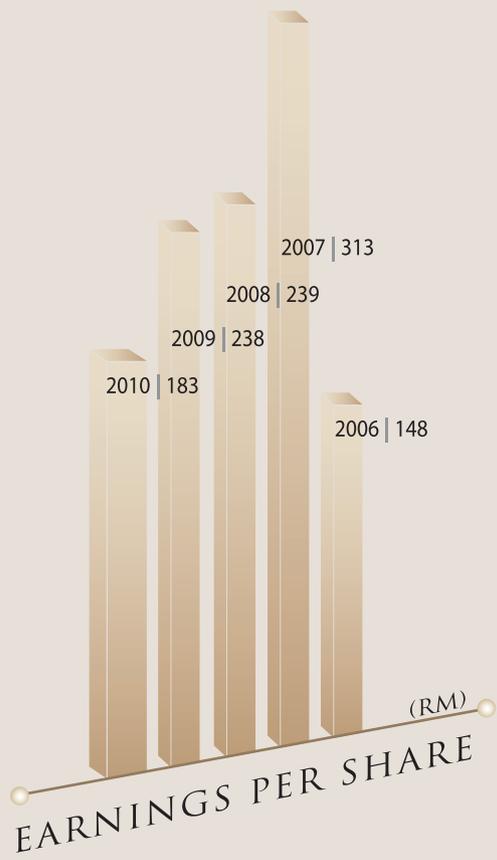
Maybank
Investment Bank

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FIVE YEARS FINANCIAL HIGHLIGHTS

	2010	2009	2008	2007	2006
Gross Income (RM'000)	227,722	380,259	488,211	496,676	254,764
Net Income (RM'000)	214,997	209,740	242,704	285,955	137,999
Profit Before Tax (RM'000)	125,162	111,007	170,307	219,210	105,261
Total Assets (RM'000)	1,050,405	5,360,136	8,456,997	9,377,315	4,593,228
Loans & Advances (RM'000)	128,042	251,535	88,160	142,353	173,575
Shareholders' Fund (RM'000)	388,431	732,084	795,156	739,465	549,528
Core Capital Ratio (%)	34.31	28.20	27.86	24.71	38.34
Risk Weighted Capital Ratio (%)					
Credit Risk	71.46	79.87	107.32	60.89	97.54
Credit,Market & Operation Risk	34.31	28.20	27.86	24.71	40.59
Net Tangible Assets					
(NTA) per share (RM)	7.76	14.61	15.87	14.76	10.97
Earnings per share (Sen)	183	238	239	313	148



PROFILE OF THE BOARD OF DIRECTORS



TAN SRI DATO' MEGAT ZAHARUDDIN MEGAT MOHD NOR

Non-Independent
Non-Executive Director (Chairman)

DATE OF APPOINTMENT

January 26, 2010

AGE

61 years

QUALIFICATION

B.Sc (Hons) in Mining Engineering,
Imperial College of Science & Technology,
(University of London)
Associate of the Royal School of Mines, UK

Tan Sri Dato' Megat Zaharuddin Megat Mohd Nor was appointed as a Director and Chairman of Maybank IB on January 26, 2010.

He was appointed as a Director and Chairman of Maybank on October 1, 2009. He built an outstanding career in the oil and gas industry for 31 years with the Royal Dutch Shell Group of Companies and was the Regional Business Chief Executive Officer and Managing Director, Shell Exploration and Production B.V. prior to his retirement in early 2004. He was also the Chairman of Maxis Communications Berhad from January 2004 to November 2007, Etiqa Insurance & Takaful from January 2006 until February 2009, Malaysian Rubber Board from February 2009 to May 2010 and Director of Capital Market Development Fund from January 2008 to January 2010.

His current directorships in companies within the Maybank Group include being President Commissioner of PT Bank Internasional Indonesia Tbk. He is also a Director of Woodside Petroleum Ltd, a company listed on the Australian Securities Exchange, and a Director of the International Centre for Leadership in Finance.

He attended all 5 Board Meetings held in the financial year ended June 30, 2010 since his appointment.

Tan Sri Dato' Megat Zaharuddin has no family relationship with any director and is a nominee of Permodalan Nasional Berhad, a major shareholder of Maybank. He has no conflict of interest with Maybank IB and has never been charged with any offence.

DATO' SRI ABDUL WAHID BIN OMAR

Non-Independent Executive Director

DATE OF APPOINTMENT

July 9, 2008

AGE

47 years

QUALIFICATION

Fellow of the Association of Chartered
Certified Accountants (UK);
Member of the Malaysian Institute of Accountants



Dato' Sri Abdul Wahid Omar was appointed as a Director of Maybank IB on July 9, 2008 and serves as Chairman of the Credit & Underwriting Review Committee.

He was appointed as the President & CEO and Executive Director of Maybank on May 1, 2008. Prior to joining Maybank, he was the Group CEO of Telekom Malaysia Berhad from July, 2004 to April 2008. He was also formerly the Managing Director/Chief Executive Officer of the UEM Group Berhad and UEM World Berhad as well as the Executive Vice Chairman of PLUS Expressways Berhad. This was preceded by serving at Telekom Malaysia Berhad as the Chief Financial Officer in 2001. He was previously a Director of Group Corporate Services cum Divisional Director, Capital Market & Securities of Amanah Capital Partners Berhad, Chairman of Amanah Short Deposits Berhad as well as a Director of Amanah Merchant Bank Berhad and several other financial services companies.

His current directorships in companies within the Maybank Group include as Director of Mayban Fortis Holdings Berhad and PT Bank Internasional Indonesia Tbk. His directorships in other companies include as Chairman of Malaysia Electronic Payment System Sdn Bhd and as Director of Bursa Malaysia Berhad, Perbadanan Usahawan Nasional Berhad, Cagamas Holdings Berhad and ASEAN Finance Corporation Limited.

Dato' Sri Abdul Wahid Omar is also currently the Chairman of the Association of Banks in Malaysia, Vice Chairman of the Institute of Banks Malaysia, and a panel member of Lembaga Tabung Haji and Kumpulan Wang Persaraan (KWAP).

He attended all twelve (12) Board Meetings held during the financial year ended June 30, 2010.

Dato' Sri Abdul Wahid Omar has no family relationship with any Director and/or major shareholder of Maybank. He has no conflict of interest with Maybank IB and has never been charged with any offence.

PROFILE OF THE BOARD OF DIRECTORS (CONT'D)



**DATUK KAROWNAKARAN @
KARUNAKARAN a/I RAMASAMY**

Independent Non-Executive Director

DATE OF APPOINTMENT

February 18, 2009

AGE

59 years

QUALIFICATION

Bachelor of Economics (Accounting) Hons
(University of Malaya)

Post Graduate Industrial Project Planning
(University of Bradford, UK)

Datuk Karunakaran was appointed as an Independent Non-Executive Director of Maybank IB on February 18, 2010. He serves as a member of the Audit Committee of the Board, Credit & Underwriting Review Committee of the Board and as Chairman of the Risk Management Committee.

He has a thirty six (36) years experience being attached to the Malaysian Industrial Development Authority (MIDA) from 1972 to 2008. His first designation at MIDA was as a Financial Analyst in 1972. From 1978 to 2000, he was appointed as a Deputy Director / Director looking into MIDA's operations in various European countries and Singapore. He was promoted to serve as Deputy Director General in January 2001 and Director-General in 2004. He retired from MIDA in 2008. Currently, he is an Executive Director of KR Advisory Sdn Bhd, a company that provides management consultancy and advisory services.

He holds directorship of few other companies, among others, Lion Corporation Berhad, KNM Group Berhad, Integrated Logistics Berhad and Multimedia Development Corporation Sdn Bhd.

He attended all twelve (12) Board meetings held in the financial year ended June 30, 2010 since his appointment on the Board of Maybank IB.

Datuk R. Karunakaran has no family relationship with any director and/or major shareholder of Maybank. He has no conflict of interest with Maybank IB and has never been charged with any offence.

DATO' DR TAN TAT WAI

Independent Non-Executive Director

DATE OF APPOINTMENT

February 11, 2010

AGE

63 years

QUALIFICATION

PhD in Economics, Harvard University, USA;
 Master of Economics,
 University of Wisconsin (Madison), USA;
 Bachelor of Science in
 Electrical Engineering & Economics,
 Massachusetts Institute of Technology, USA



Dato' Dr Tan Tat Wai was appointed as a Director of Maybank Investment Bank Berhad (Maybank IB) on February 11, 2010. He serves as a member of the Risk Management Committee and Audit Committee of the Board.

He started his career with Bank Negara Malaysia in 1978, undertaking research in economic policies. Subsequently, he assumed the role of a consultant to Bank Negara Malaysia, World Bank and the United Nations University for several years. He served as the Secretary and a member on the Council of Malaysian Invisible Trade, set up to formulate policies to reduce Malaysia's deficit in service trade. He was a member of the Government appointed Malaysian Business Council; the Corporate Malaysia Roundtable; the Penang Industrial Council; the Industrial Co-ordination Council (ICC) and the National Committee on Business Competitiveness (NCBC) set up by the Ministry of International Trade and Industry. He represented Malaysia as a member of the APEC Business Advisory Council (ABAC) and sat on the Council of Wawasan Open University.

Within the Maybank Group, he is a Director of Maybank and Maybank Trustees Berhad. He is the Group Managing Director of Southern Steel Berhad, a post he has held since December 1993. He also sits on the Boards of Shangri-La Hotels (M) Bhd, Titan Chemicals Corp Bhd and Natsteel Ltd, a plc in Singapore, among several other private limited companies.

He attended all four (4) Board Meetings held during the financial year ended June 30, 2010 since his appointment.

Dato' Dr Tan has no family relationship with any director and/or major shareholder of Maybank IB. He has no conflict of interest with Maybank IB and has never been charged with any offence.

PROFILE OF THE BOARD OF DIRECTORS (CONT'D)



CHEAH TEIK SENG

Independent Non-Executive Director

DATE OF APPOINTMENT

February 11, 2010

AGE

56 years

QUALIFICATION

Bachelor of Science, University of Manchester, UK;
Fellow of the Institute of Chartered Accountants in
England and Wales.

Cheah Teik Seng was appointed as a Director of Maybank Investment Bank Berhad (Maybank IB) on February 11, 2010. He sits as Chairman of the Audit Committee of the Board and member of the Risk Management Committee.

As a federal government Public Services Department scholarship holder, he served in the civil service in the early '80s. Since leaving government service, he took on various roles in the banking and financial services industry both locally as well as in London, Hong Kong and Singapore. He held positions in Public Bank, Chase Manhattan Bank, Merrill Lynch, Goldman Sachs, UBS and BNP Paribas holding the position of Managing Director for a tenure of nine years. He was appointed as CEO-designate of ECM Libra Avenue Group in 2006. He is currently a Director and partner of Aktis Capital Singapore Pte Ltd.

His current directorships in companies within the Maybank Group include as Chairman of Mayban Ventures Sdn Bhd, Mayban-JAIC Capital Management Sdn Bhd, Mayban Ventures Capital Company Sdn Bhd, Mayban Agro Fund Sdn Bhd, Mayban-JAIC Management Ltd.

Mr Cheah sits on the boards of the Investment Panel of Kumpulan Wang Persaraan (KWAP) and in various private equity companies in Hong Kong, China and Malaysia. He is also an Independent Non-Executive Director of two hedge funds.

He attended all five (5) Board Meetings held in the financial year ended June 30, 2010 since his appointment.

Cheah Teik Seng has no family relationship with any director and/or major shareholder of Maybank IB. He has no conflict of interest with Maybank IB and has never been charged with any offence.

NOREEN MELINI MUZAMLI
Company Secretary
Head, Corporate & Secretarial Services

DATE OF APPOINTMENT
November 19, 2010

AGE
34 years

QUALIFICATION
LL.B (Hons), University of Bristol,
United Kingdom
Licensed Secretary (LS0008290)



Noreen Melini Muzamli has more than 8 years experience in corporate secretarial practice in various industries, amongst others, property development and the financial services industry. She has been a Licensed Company Secretary since 2001 and joined the Maybank Group in June 2006. Prior to joining Maybank IB, she was previously the Head of Policy, Planning & Governance Standards, Group Corporate Secretarial of Corporate & Legal Services, Maybank and Company Secretary for Mayban Trustees Berhad and Mayban International (L) Ltd.

Currently, she is overseeing the Secretarial and Licensing functions as well as the Company Secretary for Maybank IB Group of Companies.

CHAIRMAN'S STATEMENT

**TAN SRI DATO' MEGAT
ZAHARUDDIN MEGAT
MOHD NOR**



On behalf of the Board of Directors, it is my pleasure to present the Annual Report and Audited Financial Statements of Maybank Investment Bank and its Group of Companies for the financial year ended June 30, 2010.

I am happy with Maybank Investment Bank's (Maybank IB) overall progress in its transformational journey towards achieving our vision of becoming the leading ASEAN investment bank.

The global economy shrank 0.6% in 2009 but is expected to rebound by 4.8% in 2010 amid signs of economic recovery from the 2008-2009 financial crisis. On the home front, real GDP shrank by 1.3% in financial year ended June 30, 2009 which was in line with the global downtrend, and rebounded by 5.5% in financial year ended June 30, 2010, aided by the RM67.0 billion stimulus packages implemented by the Malaysian Government.

**Real GDP in Malaysia
rebounded by 5.5% in
Financial Year Ended
June 30, 2010**

PERFORMANCE HIGHLIGHTS

Despite operating in a volatile and challenging capital market in financial year ended June 2010, Maybank IB has continued to focus on improving financial performance and building capabilities in stockbroking and investment banking, as well as delivering value-added services to meet our clients' needs.

Maybank IB recorded a 2.5% growth in net income, with net income of RM215.0 million for financial year ended June 30, 2010, compared to RM209.7 million recorded in the previous financial year.

Maybank IB recorded a 2.5% growth in net income, with net income of RM215.0 million for financial year ended June 30, 2010, compared to RM209.7 million recorded in the previous financial year. As a result of improved cost management and enhanced tax planning initiatives, Maybank IB posted RM125.2 million in Profit Before Tax contributions compared to RM111.0 million in the last financial year, a growth of 12.8% - thus bringing our growth momentum back up to pre-economic crisis levels.

Performance was driven by fee based income which saw a significant rise of 43.9%. Key contributors to profit before tax were from the Equities Division contributing 29.0%, Debt Markets 25.0%, Corporate Finance, Advisory & Investment Banking 15.0% and Equity Capital Markets 8.5%.

STRATEGIC TRANSFORMATION INITIATIVES

Maybank IB, in line with the Group's strategic transformation

programme, is rolling out several key initiatives essentially focusing on three major thrusts – domestic leadership, regional growth and talent management.

In enhancing Maybank IB's capabilities, we embarked on an extensive recruitment drive, bringing in highly experienced talent, many with international experience. This will provide the right building blocks for creating a stronger organisation in the future, as we are cognisant that size and scale are not the only measures of success.

OUTLOOK AND STRATEGIC DIRECTION

As part of the country's leading domestic franchise, Maybank IB is naturally well-positioned to ride on the economic recovery. Despite keen competition amid industry liberalisation and regulatory changes, we are optimistic on the prospects for the upcoming financial year. Our priorities to enhance shareholder value and

strengthen business frontiers for the long term remain unchanged, as we seek to increase market share in selected business segments to grow revenue whilst maintaining margins.

I expect the Equities, Debt Markets and the Advisory divisions to continue to do equally well if not better in the coming year, anchoring our Profit Before Tax earnings, whilst I also look forward to a bumper year for IPOs.

A slew of transformation initiatives, including seeking out higher growth opportunities beyond our home base, have already begun during the financial year and we expect to gain further traction in the coming months. We are excited at the prospect of having a regional footprint by the end of the new financial year, enabling us to position ourselves as a regional player, to propel future earnings and provide superior long-term return to our providers of capital.

CHAIRMAN'S STATEMENT (CONT'D)

As we welcome FY 2011, we will see the implementation of a new structure at the Group level, enabling better cross-selling and minimising leakages in client business. The new house of Maybank under wholesale banking structure, will merge Corporate Banking, Transaction Banking, Client Coverage, Global Markets and International Business, with Equity Capital Markets, Debt Markets, Stockbroking and Strategic Advisory businesses that fall under Investment Bank.

I foresee Maybank IB's momentum picking up as we leverage on Maybank Group's strengths in wholesale banking and maximise on collaborative efficiencies to achieve our aim to be a regional player. Our enhanced capabilities and sharpened focus in selected growth areas should further create

the differentiation that the Maybank Group aspires to - in humanising financial services, to be a leading regional financial services player and an Employer of Choice. The awards and accolades that we have received throughout the years are evidence of our strength and depth of experience in the capital markets.

ACKNOWLEDGEMENTS

On behalf of the Board of Directors, I wish to express our sincere appreciation to our clients, partners and associates for their continued support and confidence in Maybank IB.

I also wish to accord my most sincere gratitude to the various Regulatory Authorities, Government Ministries and Departments for their invaluable guidance and

advice rendered. Last but not least, I thank the Board of Directors for their counsel and all employees of Maybank IB for their continuing dedication and commitment, as we set our sights on being a regional financial powerhouse.

**I foresee
Maybank IB's momentum
picking up as we leverage
on Maybank Group's
strengths in
wholesale banking
and maximise on
collaborative efficiencies
to achieve our aim to be
a regional player.**



TAN SRI DATO' MEGAT ZAHARUDDIN

MEGAT MOHD NOR

Chairman

September 15, 2010

MANAGEMENT TEAM



**TENGGU DATO' ZAFRUL
TENGGU ABDUL AZIZ**

Chief Executive Officer

QUALIFICATION

BSc (Hons) Economics and Accounting
(University of Bristol, United Kingdom)

MA Finance and Investment
(Exeter University, United Kingdom)

EXPERIENCE

Zafrul joined Maybank Investment Bank Berhad as its Chief Executive Officer on 21st June 2010. Previously, he was the Group Director of K & N Kenanga Holdings Berhad and Director of Kenanga Investment Bank Berhad.

Prior to joining the Kenanga Group, he was the Chief Executive Officer and substantial shareholder of Tune Money Sdn Bhd. He joined Tune Money Sdn Bhd after serving as the Head of Investment Banking in Citigroup Berhad.

Before that, he was Group Managing Director of Avenue Capital Resources Berhad (now ECM Libra), a listed company specializing in financial services – investment banking and fund management. He was also Chief Executive Officer of Avenue Securities Sdn Bhd and Chairman of Avenue Asset Management Sdn Bhd.

MANAGEMENT TEAM (CONT'D)



SHAHRUL NAZRI ABDUL RAHIM

Director, CEO's Office

QUALIFICATION

LLB Hons
(Anglia University, United Kingdom)

EXPERIENCE

Prior to joining Maybank IB in June 2010, Shahrul Nazri was Vice President of Group Strategy & Transformation Management, K&N Kenanga Berhad. He served Tune Money Sdn. Bhd. as Group Vice President and was Head of Legal & Corporate Strategy and founding member of iPerintis Sdn. Bhd., a Petronas related company. During his tenure in these companies, he was responsible for legal, transformation strategy and business development, both regional and business operations, and involved in regional expansion and new ventures.

MOHAMAD YASIN BIN ABDULLAH

Chief Financial Officer

QUALIFICATION

Fellow Member of The Association of Chartered Certified Accountants (ACCA),
United Kingdom.

Fellow Member of The Certified Islamic Professional Accountant (CIPA),
Kingdom of Bahrain.

Member of The Chartered Institute of Management Accountants (CIMA),
United Kingdom.

Member of The Malaysian Institute of Certified Public Accountants (MICPA).

Member of The Malaysian Institute of Accountants (MIA).

Master of Business Administration (Finance)
International Islamic University Malaysia (IIUM).

Bachelor of Accounting (Honours)
International Islamic University Malaysia (IIUM).

EXPERIENCE

Encik Mohamad Yasin, joined the Bank as Chief Financial Officer on 1 October 2010. As a scholarship holder of Malayan Banking Berhad (Maybank), he began his career with Maybank and stayed for six years until 2002. Later, he joined a construction-based public-listed company, Tronoh Consolidated Malaysia Berhad (now known as Zelan Berhad) as their Finance Manager and then served Bank Muamalat Malaysia Berhad as their Head/Vice President, Finance. Subsequently, he joined Suria Capital Holdings Berhad, a public listed company, as their first Chief Financial Officer. His last position before joining the Bank was the Chief Financial Officer of an International Islamic Bank licenced under Malaysian International Islamic Finance Centre initiative, Unicorn International Islamic Bank Malaysia Berhad, a position he held from November 2008 until September 2010.





JOHN CHONG ENG CHUAN

Managing Director/Head, Debt Markets

QUALIFICATION

Bachelor of Economics (Hons)
(University of Queensland, Australia)

EXPERIENCE

John Chong has more than 15 years experience in the origination and structuring of Private Debt Securities, Project Finance and Asset Backed Securitisation transactions.

HASLI HASHIM

Managing Director/Head, Client Coverage (Public Sector)

QUALIFICATION

B.Sc (Finance)
(Indiana State University, USA)

EXPERIENCE

Hasli has over 20 years of banking experience. He was a Branch Manager at UMBC and Pacific Bank Berhad before moving to OCBC Bank (M) Berhad to take the position of Head, Public & Institutional Banking in 2000.

He joined Maybank in 2007 as the Head of Corporate Investment Banking before assuming the current position of Managing Director, Global Wholesale Banking.



MANAGEMENT TEAM (CONT'D)



HAMIDAH MORIS

Managing Director/Head, Equities

QUALIFICATION

Degree in Mathematics and Politics
(University of Essex, United Kingdom)

Master of Arts in History and Philosophy of Social and Political
Science (University of Essex, United Kingdom)

Post-graduate Program
(School of Oriental and African Studies, University of London)

EXPERIENCE

Hamidah has amassed 18 years of experience in Equity Sales servicing the full spectrum of local, interbroking and foreign end clients. She started her career in stockbroking with CapitalCorp Securities Sdn Bhd in 1992 as Vice President, Institutional Sales before moving to be the Head, Independent Institutional Dealing Team with Ke-Zan Securities Sdn Bhd/ Kim Eng Securities, Singapore. Prior to joining Maybank IB in May 2009, Hamidah was with Kenanga IB which she had joined in 2001 as Head, Independent Institutional Dealing Team. In 2005, she was appointed Head, Institutional Dealing, where she established and led the rationalization of Kenanga's Institutional business.

RAJIV VIJENDRAN

Director / Head, Equity Capital Markets

QUALIFICATION

Associate Chartered Accountant,
(Institute of Chartered Accountants in England & Wales)

Bachelor of Economics
(Macquarie University, Sydney, Australia)

EXPERIENCE

Rajiv has almost 20 years experience in strategic financial advisory services, equity sales and equity capital markets. In June 2009, he took up the role as Head of Equity Capital Markets. Prior to this, Rajiv was Head of Institutional Sales. He was previously involved in a number of landmark IPOs in Malaysia, including Maxis Communications, Astro All Asia Networks, PLUS Expressways, YTL Power, Air Asia and most recently, the re-listing of Maxis. In terms of placements and rights issues, he was involved in landmark equity placements such as the recent Tenaga Nasional sell-down by Khazanah Nasional, as well as rights issues for Malaysia Airlines and Malaysian Resources Corporation. Prior to joining Maybank IB, Rajiv was Executive Director at RHB Securities, a position he held for 4 years. While at RHB he undertook numerous roles including Head of Business Development and Private Client Sales.





ZAIN AZHARI ZAINUL BADOR

Head, Strategic Advisory

QUALIFICATION

BA (Hons) in European Business Administration
(European Business School, London, United Kingdom)

EXPERIENCE

Zain has more than 13 years of banking, advisory, principal investment and debt capital markets experience.

Prior to joining Maybank Investment Bank, he held the position of Director and South East Asia Leader for Deloitte's global Islamic Finance practice, specialising in both Islamic Finance and infrastructure advisory. He was responsible for providing advice, coordinating, and project managing the delivery of the relevant Deloitte service lines such as taxation, accounting, due diligence; etc, as well as advising on and arranging for the distribution of Islamic investments, as required, for a given Islamic Finance transaction. He was also responsible for developing Deloitte's corporate finance and infrastructure advisory business in the region.

Zain previously held the position of Associate Director, Infrastructure, at Babcock & Brown Asia Pacific where he undertook project finance and infrastructure advisory assignments throughout South East Asia, as well as Africa. Prior to Babcock & Brown in 2001, he was a minority shareholder and one of the core team members of a start-up company established and based in Singapore, debtdomain Pte Ltd, dealing with the electronic trading of distressed debt. Zain started his career in finance in 1996 as a member of the Project Finance Unit of Arab-Malaysian Merchant Bank (now AmInvestment Bank) and thereafter its Debt Capital Markets team.

MICHAEL OH-LAU

Managing Director / Head, Debt Markets

QUALIFICATION

BSc. in Management
(Indiana University of Pennsylvania, USA).

EXPERIENCE

Michael has over than 15 years of experience in the origination and structuring of Private Debt Securities, Project Finance and Asset Backed Securitisation transactions.



CORPORATE HIGHLIGHTS

AUGUST 2009

**Dreamgate Corporation Berhad**

- Private Placement of 15,000,000 New Ordinary Shares of RM0.10 each.

SEPTEMBER 2009

**Ranhill****Ranhill Powertron II Sdn Berhad**

- Issuance of RM667.5 million Syndicated Credit Facility

**UMW Holdings Berhad**

- Issuance of RM800.0 million Islamic Commercial Papers / Islamic Medium Term Notes Programme and Islamic Medium Term Notes Programme

**Syarikat Prasarana Negara Berhad**

- Issuance of RM4,000.0 million Islamic Medium Term Notes Programme

OCTOBER 2009

**Muar Ban Lee Group Berhad**

- Listing of Muar Ban Lee Group Berhad on the Main Market of Bursa Malaysia Securities Berhad

**Axis REIT Managers Berhad**

- Acquisition of a parcel of land held under district of Klang together with all the buildings erected thereon for a total cash consideration of RM65.0 million

OCTOBER 2009

**Unisem (M) Berhad**

- Private Placement of 47,144,000 new ordinary shares of RM0.50 each.

**Sime Darby Berhad**

- Issuance of RM4,500.0 million Islamic Commercial Papers / Islamic Medium Term Notes Programme

NOVEMBER 2009

**Cagamas Berhad**

- Issuance of RM1,020.0 million Islamic Medium Term Notes Programme and Conventional Medium Term Notes Programme

**Tradewinds (M) Berhad**

- Acquisition of 31.52% equity interest in Padiberas Nasional Berhad (Bernas) from Wang Tak Company Limited for a total cash consideration of RM308.42 million

JANUARY 2010

**Tradewinds (M) Berhad**

- Acquisition of 22.24% equity interest in Bernas from Gandingan Bersatu Sdn Bhd for a total cash consideration of RM217.57 million and Mandatory General Offer with transaction value of RM452.44 million.

**MTD Capital Berhad**

- Disposal of two pieces of land together with office building for a total consideration of RM175.0 million.

CORPORATE HIGHLIGHTS (CONT'D)

FEBRUARY 2010

**Pelikan International Corporation Berhad**

- Rights issue of 169,627,220 shares of RM1.10 each to raise RM186.59 million

MARCH 2010

**HALUAN GIGIH
SDN BERHAD**

Haluan Gigih Sdn Berhad

- Issuance of RM240.0 million Islamic Medium Term Notes Programme

MRCB

Malaysia Resources Corporation Berhad

- Rights Issue of 455,389,159 shares of RM1.12 each to raise of RM510.04 million

Scomi

Scomi Engineering Berhad

- Rights Issue of Irredeemable Convertible Unsecured Loan Stocks to raise of RM61.35 million

**Malaysian Airline System Berhad**

- Rights Issue of 1,671,078,120 shares of RM1.60 each to raise of RM2.67 billion

APRIL 2010

**Malaysian Airline System Berhad**

- Acquisition of six (6) undelivered Airbus A380 and Bundling of four (4) Boeing Aircraft for total cash consideration of RM3.19 billion

**Pelikan International Corporation Berhad**

- Acquisitions of Herlitz for cash consideration of approximately RM227.0 million

**DOMAYNE ASSET 2
SDN BHD**

Domayne Asset 2 Sdn Bhd

- Issuance of RM150.0 million Asset-Backed Medium Term Notes Programme

	APRIL 2010
	<p>Etika Dairies Sdn Berhad</p> <ul style="list-style-type: none"> • Issuance of RM368.0 million Syndicated Financing Facilities
	MAY 2010
	<p>1Malaysia Sukuk Global Berhad</p> <ul style="list-style-type: none"> • Issuance of US\$1.25billion Global Sukuk Trust Certificates due in 2015
	<p>Innoprise Plantations Berhad</p> <ul style="list-style-type: none"> • Rights issue of 132,361,300 shares of RM1.00 each to raise of RM132.36 million
	JUNE 2010
	<p>Sports Toto Malaysia Sdn Berhad</p> <ul style="list-style-type: none"> • Issuance of RM800.0 million Medium Term Notes Programme
	<p>National Bank of Abu Dhabi</p> <ul style="list-style-type: none"> • Issuance of RM 3,000 million Medium Term Notes and Sukuk Programme
	<p>Ingress Corporation Berhad</p> <ul style="list-style-type: none"> • Issuance of RM110.0 million Syndicated Islamic Financing Facility
	<p>UEM Land Holdings Berhad</p> <ul style="list-style-type: none"> • Disposal of its entire 20.0% equity interest in Touch N Go Sdn Bhd for cash consideration of RM33.41 million.
	<p>Sunway City Berhad</p> <ul style="list-style-type: none"> • Disposal of several subsidiary companies and three (3) parcels of leasehold land for a total consideration of RM3.77 billion; • Acquisition of the entire equity interest in Sunway Parking Management Sdn Bhd for a total consideration of RM12.6 million; and • Issuance of Redeemable Preference Shares to Reco Pyramid (M) Sdn Bhd

DEPARTMENTAL REVIEW

INVESTMENT BANKING DIVISION AND CORPORATE FINANCE

The Investment Banking Division (“IBD”) is focused on delivering value-added advisory and structuring services in product areas such as restructuring and reorganizations, mergers and acquisitions (M&A), equity and equity-linked fund raising and issuances, and structured solutions in loans and debt capital markets.

The Corporate Finance (“CF”) division works closely with IBD in ensuring seamless execution of the transaction, from origination and structuring right through to documentation and regulatory approvals. CF has also established clear communication channels with the regulatory authorities, proactively engaging them in a healthy dialogue on the development of the capital markets.

IBD and CF will continue to deliver optimal solutions to meet our clients’ strategic and financial requirements. Optimal solutions is defined as holistic, bespoke, new and innovative ideas. Our investment banking solution is borne from an in-depth understanding of the clients’ needs and requirements, whilst applying the very best of structuring and product knowledge with financial modeling expertise, to ensure we achieve optimality for the client.

IBD is also at the heart of Maybank IB’s relationship with its key clients, and through close coordination with other divisions within the Maybank Group, IBD is able to bring to bear the complete platform of the largest financial institution in Malaysia to serve our clients’ requirements.

Maybank has built a track record in the Malaysian capital markets by providing value-added advisory and corporate finance solution to our clients. During the year under review, IBD and CF advised several notable deals totaling RM27.8 billion.

Notable Transactions

Our M&A advisory transactions alone involved a combined valuation of RM8.6 billion. Some of the more prominent deals include:

- Acquisition of six (6) undelivered Airbus A380

and Bundling of four (4) Boeing Aircraft by Malaysia Airline System Berhad (“MAS”) for a purchase consideration of RM3.19 billion;

- Acquisition of 53.76% equity interest in Padiberas Nasional Berhad (Bernas) which includes a Mandatory General Offer by Tradewinds (M) Berhad for a cash consideration of RM978.43 million;
- Acquisition of equity interest in Herlitz Aktiengesellschaft by Pelikan International Berhad for a cash consideration of RM227.0 million;
- Disposal of several subsidiary companies and land by Sunway City Berhad for a consideration of RM3.770 billion together with the acquisition of the entire equity interest in Sunway Parking Management Sdn Bhd for a cash consideration of RM12.6 million.

In the capital markets, Maybank Investment Bank also advised on some of the largest corporate deals of the financial year 2009/2010, including:

- Maxis Berhad’s Initial Public Offering (“IPO”) of 2,250,000,000 shares which raised RM11.2 billion. Maybank Investment Bank was Joint Lead Manager of the institutional offering and Joint Managing Underwriter of the retail offering of the Maxis IPO. This was the largest IPO ever in Malaysia and South-East Asia, and the first IPO in Malaysia to introduce cornerstone investors who anchored the offering. The demand for Maxis shares was unprecedented and retail subscriptions alone amounted to approximately RM1.98 billion.
- Renounceable rights issue of 1,671,078,120 new ordinary shares of RM1.00 each in Malaysian Airline System Berhad (MAS) at an issue price of RM1.60 per Rights share which raised RM2.67 billion.
- Renounceable rights issue of 455,389,159 new ordinary shares of RM1.00 each in Malaysian Resources Corporation Berhad (“MRCB”) at an issue price of RM1.12 per Rights share which raised RM510.04 million.

- Placement of 87.0 million shares in Tenaga Nasional Berhad, which raised approximately RM703.0 million for Khazanah Nasional Berhad. Maybank Investment Bank was the Sole Placement Agent for this placement. This was also the largest share placement in 2009.
- Placement of 27.75 million shares in DiGi.com Berhad, which raised approximately RM604.95 million for Time dotCom Berhad. Maybank Investment Bank was Joint Placement Agent for the placement. This transaction was the second largest share placement in 2009.

DEBT MARKETS (DM)

Maybank Investment Bank's DM experience encompasses a broad spectrum of capital market instruments and financing structures available in the bond and loan market space. We provide our clients unparalleled capability and experience in advising, arranging, and distributing debt market transactions.

Being the investment banking arm of the Maybank Group, Maybank Investment Bank has the distinct advantage of being able to leverage across groupwide capabilities to structure and deliver compelling financing solutions that achieve our clients' objectives.

Private Debt Securities (PDS) – Islamic and Conventional

Maybank Investment Bank has consistently been a leader in the market for PDS issuances. We have successfully structured Islamic and conventional financing instruments for local and foreign clients. The Islamic PDS issuances are structured to ensure compliance with international Shariah standards and requirements to ensure liquidity and demand for the issuance, as well as to increase the breadth and depth of the local Islamic capital markets and develop the international Islamic markets.

Debt and Project Advisory

The DM's Debt and Project Advisory Team originates, advises on and executes unique financing structures that are based on risk assessment and mitigation in projects to achieve competitive gearing levels whilst

maintaining strong and sustainable credit ratings. Our clients, comprising corporations in various industries like infrastructure, energy and utilities, benefit from the resulting structures that add value by increasing a project's equity return while at the same time ensuring the bankability and marketability of the project.

Structured Solutions

The DM's in-house Structured Solutions Team develops special purpose vehicle driven structures which includes asset-backed and mortgage-backed securitisation structures, synthetic securitisation and credit and charge card securitisation. The Team focuses on providing comprehensive solutions ranging from balance sheet management to alternative fund raising strategies in the local and regional markets.

Syndicate Fixed Income

The Syndicate Team provides market intelligence, pricing and issuance strategies for PDS arranged by DM. The team also maintains and develops existing and new relationships with institutional investors.

Rating Advisory

The DM's in-house Ratings Advisory Team conducts preliminary rating assessment of potential clients as well as financing structures to secure rating enhancement. The team works closely with the rating agencies in ensuring that the target rating for potential clients can be achieved.

Loan Syndication

Our Loan Syndication Team draws its strength from its ability to leverage on the expertise and funding strength of the Maybank Group. The team arranges and coordinates the overall syndication process and manages the funding transaction on behalf of the client. Our team also creates and customizes financing solutions to meet clients' business needs, both domestic and regional through various structures and products including project finance, trade finance, as well as refinancing and restructuring. Our structuring capability is supported by our ability to syndicate the financing through our established relationships with the various financial institutions, both domestic and regional.

DEPARTMENTAL REVIEW (CONT'D)

EQUITIES

Equities Division enjoyed a remarkable year, achieving 113.0% increase in net PBT over the last financial period. This result was supported by strong market sentiments as evidenced by a 30% rise in FBM KLCI and a 33% rise in Bursa's total market traded value, which translated to RM2.52 billion trading value per day via-vis only RM1.89 billion in financial year ended June 2009.

The strong financial results are also attributed to a host of strategic transformation initiatives that Equities undertook during the year, in line with the Group's aim to be one of the top five banks in South and South-East Asia by 2015.

These transformation initiatives enabled Equities to leapfrog from an unenviable 9th ranking in the Bursa Trading Value League Table in the last financial year to 4th this year, whilst achieving a market share of 6.94%.

Notable equity related deals that took place within the financial year include –

- The placement of Maxis shares upon its re-listing on Bursa Malaysia, in which Maybank IB acted as a Joint Lead Manager for Institutional Offering & Joint Managing Underwriter. Maybank IB successfully outsold the other domestic joint lead managers by a wide margin. In this exercise RM11.2 (US\$3.3) billion was raised and this represents the largest IPO in Malaysian history and South East Asia. Maybank IB also successfully secured the single largest cornerstone investor for the Maxis IPO, whose participation amounted to 20% of the entire offering.
- The placement of 86.75 million TNB shares, in which Khazanah Nasional Berhad successfully raised RM702.67 million, in what is the largest

Malaysian share placement in 2009. Maybank IB acted as the sole placement agent and was able to launch and price the placement on an accelerated basis without any market disruptions.

In the 6th instalment of the highly coveted Invest Malaysia conference held in March 2010, Maybank Investment Bank gained due recognition as a key capital market player when it was specially chosen together with Japan's Nomura Holdings to partner Bursa Malaysia to further promote Malaysian corporations and Malaysia as ASEAN's premier investment. The conference, themed Powering Global Excellence, showcased over 30 Malaysian corporates that represented a cross section of the country's private sector torchbearers of wealth creation and growth. It also offered unparalleled access to industry leaders such as CEOs, CIOs and Senior Management of leading Malaysian PLCs and policy makers to gain insights for informed investment decisions.

The highlight of the conference was a keynote address by Prime Minister Datuk Seri Najib Tun Razak who shared groundbreaking key developments in the Malaysian capital markets. Datuk Seri Idris Jala, Minister in the Prime Minister's Department, also provided a snapshot of the roadmap and progress of the country's transformation programme in a key plenary session entitled, Government Transformation Programme: Social Engineering to Achieve Vision 2020. In addition, National Economic Advisory Council chairman Tan Sri Amirsham A. Aziz gave a special address on the New Economic Model.

Maybank Investment Bank has always been a strong advocate of "information-based investing" in promoting greater retail participation. This was evident at the Asia Trader & Investor Convention (ATIC) 2010 that it partook in Kuala Lumpur as well as in Singapore, where there was overwhelming response from the investing public.

During the year, we also actively collaborated with Bursa Malaysia in a series of invest or engagement workshops nationwide known as “Market Chat” to disseminate useful information on investing to members of the public.

The financial year concluded with the introduction of Maybank H.O.T Broking, an Islamic Stockbroking service that humanizes the way for investors to make Shariah-inspired investments with greater precision. Our Equities trading platform are end-to-end Shariah-compliant and customers can opt to trade in more than 88.0% of Bursa Malaysia stocks. Available through Maybank2u, Share Investment Centres and selected Maybank branches, this service fully complements Maybank Islamic’s share margin facility that is based on the Shariah principle of Murabahah.

The new Islamic broking service aims to educate investors on how to make their money work better by providing them with proper research support and guided portfolio management to assist them in better managing their equities investment risks. This is in tandem with a recent survey by Bursa Malaysia that revealed a significant 61.0% of potential retail investors did not know how to invest in the market and about 48.0% of non-investors thought that participation in the stock market involved high risks.

Equities is poised to realise many opportunities and continues to strengthen its core earnings through diversification of revenue streams and providing creative end-to-end brokerage solutions to both institutional and retail clients.

EQUITIES PRODUCTS AND SERVICES

Conventional and Islamic Stockbroking

Equity Broking at Maybank IB not only covers conventional stockbroking targeted at institutional and retails clients. We recently introduced Islamic stockbroking services, providing an avenue to clients who prefer to trade or invest in approved Shariah compliant stocks.

Trading in Local and Foreign Markets

Besides the Malaysian Equities market, we provide trading in key global markets comprising Singapore, Hong Kong, Thailand, UK and the United States. Foreign market trading is available via our remisiers and dealers and will soon be extended to cover online channels for the trading convenience of customers.

Placement and Distribution

We essentially undertake the role of sales and distribution channel for both primary and secondary issues of equity and equity-linked instruments.

In ensuring successful Equity placements, Equities continues to strengthen networking with investors who have differing risk appetites and investment preference. Investors include reputable local and foreign institutions, fund managers and high net-worth individuals.

Underwriting

Equities also undertakes the Investment Bank’s role of underwriting Equity and Equity-linked instruments for both primary and secondary issues.

We continually strive to provide a full complement of Equity brokerage services and adopt the best of breed approach in finding solutions for our clients.

DEPARTMENTAL REVIEW (CONT'D)

RESEARCH

Maybank IB Research is a leading independent investment research house, focused on providing timely research materials and ideas to institutional and retail clients. Besides undertaking sectorial and companies research, Maybank IB Research also organises thematic conferences and workshops, and working visits to enable investors to gain a deeper understanding on the business profiles of public listed companies. The research is organised in 4 broad categories:

Equity Research – Fundamental

The research is targeted for institutional clients, with bottom-up fundamental coverage of around eighty companies listed on Bursa Malaysia, comprising a mix of large and medium-sized market capitalised stocks. Large-cap coverage makes up about 90% of the FBM KLCI 30 market capitalisation. The range of research also covers sector and market outlook.

In the Financial Year ended June 30, 2010, the Team was ranked by Institutional Investors, and it was rated in the top 10 of Asiamoney Brokers Poll 2009's Small Caps, Capital Goods, Consumer Services, Food, Beverage & Tobacco, and Most Independent Research Coverage categories.

Equity Research – Technical / Retail

Extensively tracking technical indicators and chart analysis of equity securities, world indices, currency and commodity trends - providing timely, responsive daily, weekly and monthly trading ideas for retail as well as institutional clients.

Economics

Providing in-depth analysis and value-added insights on developments, outlook, policies and issues principally in Malaysia, key regional countries (e.g. China, Singapore, Indonesia) and major economies (e.g. US).

In the Financial Year ended June 30, 2010, Maybank IB's Economics Research was ranked the fifth best Malaysian Macroeconomics Research by the Asiamoney Brokers Poll.

Fixed Income

Providing insightful and comprehensive research reports to our clients on a timely basis, in order for our clients to make informed decisions in managing their bond portfolios. Coverage includes the Malaysian rates market, and the Private Debt Securities market.

STRATEGIC ADVISORY

The Strategic Advisory Division, which also operates as BinaFikir Sdn Bhd, was involved in 12 new projects during the period 1 July 2009 to 30 June 2010, involving policy, strategy and financial advisory. The following are selected key landmark deals that were concluded during that period:

- The completion of an Addendum Study for the Government on the formation of the national land transport commission in Malaysia, which is an expansion of scope on the previous study on the setting up of a land public transport regulator for Malaysia (originally completed in April 2009). This expanded study, a continuation of BinaFikir Sdn Bhd's involvement in public transportation policy advisory since 2003, was completed in January 2010. The Government of Malaysia officially announced the setting up of the Land Transport Commission in October 2009 and the Commission officially became operational from June 2010.
- The completion of the Study for the Ministry of Works on the Transformation and New Roadmap for the Industrialised Building System ("IBS") for Malaysia's construction industry. This study was completed in June 2010 and with the endorsement given by the Government, preparations are underway to launch the new roadmap for 2011.

- As part of the Green Technology initiatives, we assisted one of the country's leading Private Equity investors to invest in a Green Technology Company involved in the production of organic fertiliser and assisted one of Malaysia's leading Intelligent Transport System companies specialising in Light Emitting Diode ("LED") technology in a strategic review, and in its equity capital fund raising exercise.

The Strategic Advisory Division continues to provide niche advisory to our clients which blends together innovative thought and pragmatic solutions for policy, strategy and financial advisory needs, ensuring our clients realise the opportunities before them.

Products and Services

Our Strategic Advisory Division focuses on infrastructure-related deals and transactions, providing Policy and Strategy Advisory as well as Financial Advisory to clients.

Policy and Strategy Advisory

This type of advisory sets us apart from other local investment banks by bringing together specially crafted solutions for our clients who wish to participate in a public-private partnership ("PPP") environment. Our policy and strategy solutions present our clients (i.e. the private sector and the Government) with the opportunity to venture into an optimal and cohesive implementation framework focused on a successful roll-out of their projects, enabling both the private and public sector to work together synergistically, in line with the Government's vision for the private sector to lead the charge for investments under the Tenth Malaysia Plan.

Financial Advisory

This type of advisory focuses on Energy, Infrastructure and Utilities ("EIU") as we believe that they are the pillars to maintaining rapid economic growth, particularly in Asia. Our financial advisory activities cover the strategic mapping of financial needs, financial re-engineering and restructuring, capital structure advisory (including debt restructuring / workouts), debt (including project financing debt) and equity fundraisings, and advanced dynamic financial modelling. Our approach ensures that the Client is presented with high value-added services along the financial advisory value chain: our typical activities include designing an optimal project or contractual structure, leading negotiations on contracts and contractual structures, project risk identification and mitigation, sourcing for club deal partners / lead arrangers for funding exercises, through to assistance in credit assessment to achieve financial closure.

Further, we provide Mergers & Acquisitions ("M&A") advisory services for assets or companies within the identified EIU sector. Our capabilities enable us to act on behalf of the Client on either the buy-side or sell-side. Our financial advisory activities include identifying and managing potential investors or targets, designing a robust M&A structure and overall strategy, facilitating in the due diligence process, valuation, negotiation support, and review of transaction documents for the achievement of financial closure.

SHAREHOLDER



Maybank began operations on September 12, 1960 and listed on the then Kuala Lumpur Stock Exchange (today Bursa Malaysia) on February 17, 1962.

This year of the Tiger, 2010, marks the 50th Anniversary of Maybank, proud of its heritage as a Malaysian icon which today is Malaysia's largest financial services group by asset size and outreach. The Maybank Group has set its footprints on every corner of Malaysia as well as beyond our shores with a global network of 1,750 offices in 14 countries, namely Malaysia, Singapore, Philippines, Indonesia, Brunei, Vietnam, Cambodia, China, United Kingdom (London), U.S.A. (New York), Bahrain, Papua New Guinea, Pakistan and Uzbekistan.

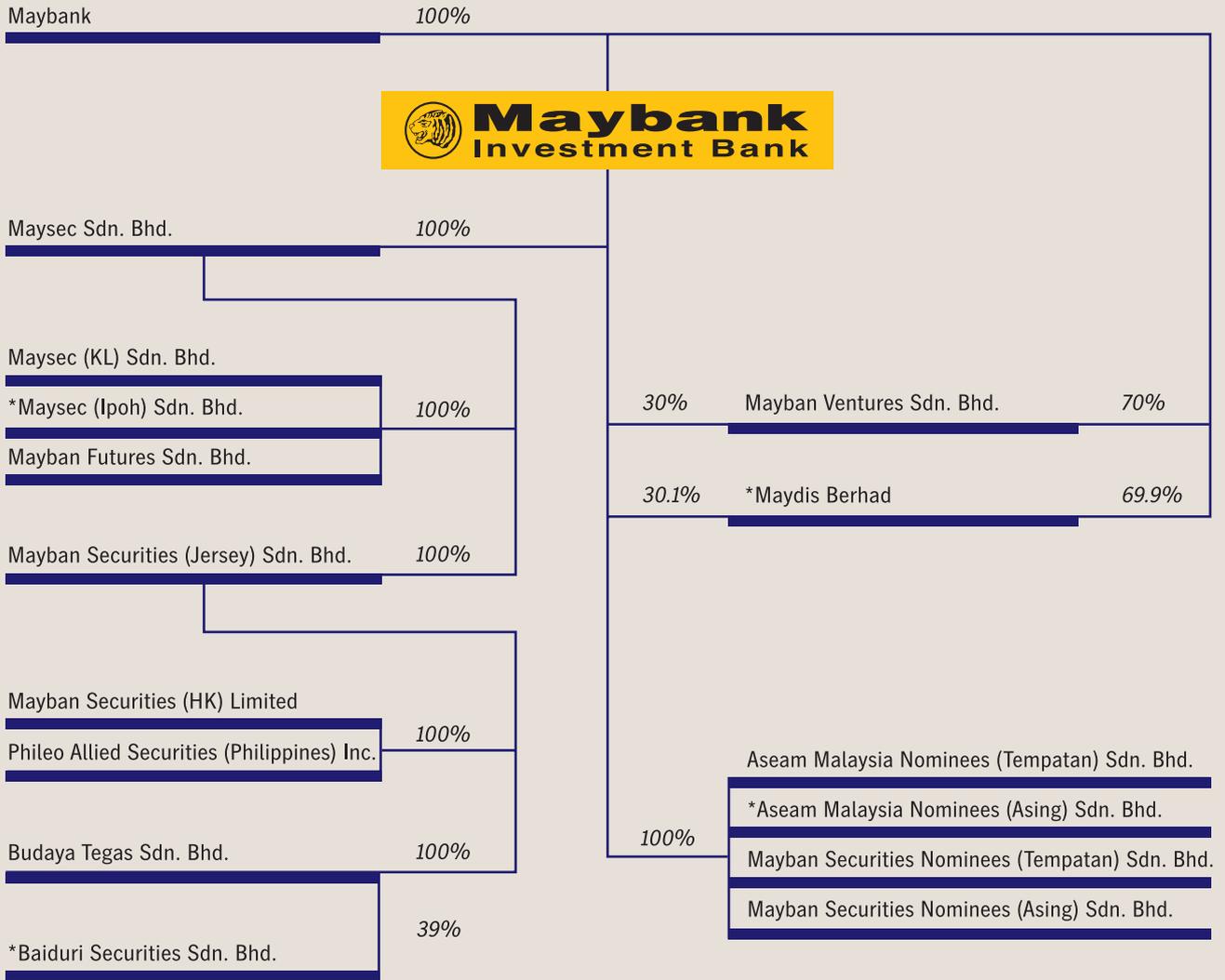
The Group's assets stands at RM331.0 billion with shareholder's fund totalling RM26.7 billion. It is also one of the top corporations by market capitalization on Bursa Malaysia.

The Maybank Group offers a comprehensive range of financial services and products ranging from commercial banking, investment banking, Islamic banking, cards issuance, offshore banking, leasing and hire purchase, insurance, factoring, trustee services, asset management, stock broking, nominee services, venture capital and Internet banking.

The Group has established itself as a strong brand in Malaysia and beyond. Its leadership is reflected in its strong market share in most business segments as well as the numerous awards it has received for product and service innovation.

Maybank is ranked first among Malaysian banks and number 122 among the world's top 500 banking brands by Bank Finance in its Global 500 survey. Maybank is also ranked 118 among the top 1,000 banks in the world by The Banker Magazine in 2009.

MAYBANK IB'S GROUP STRUCTURE



* Under liquidation pursuant to Maybank IB Corporate Simplification Exercise.



**Mayban
Ventures**
(A Member of the Maybank Group)

CORPORATE INFORMATION

MAYBAN VENTURES SDN BHD is the private equity arm of the Maybank Group with more than RM500.0 million in funds under management. Founded in 1992, Mayban Ventures has invested in approximately 85 companies over the Southeast ASEAN region. Its investors include corporate, public pensions, financial institutions, foundations and high net worth individuals.

Mayban Ventures currently manages 5 active funds namely, the Proprietary Fund, Mayban Agro Fund, Inflexion Fund, Technology Fund and Mayban-JAIC ASEAN Fund. In July 2010, Mayban Ventures entered into a joint venture with Middle East and Asia Capital Partners based in Singapore to start a Clean Energy Fund. The Maybank Group has committed US\$50.0 million for this purpose.

SHAREHOLDING STRUCTURE

Capital

Authorised Share Capital : 24.97 million Ordinary Shares of RM1.00 each
32,000 units Redeemable Preference Shares of RM1.00 each with a premium of RM999.00 per share

Paid Up Share Capital : 14.0 million Ordinary Shares of RM1.00 each
32,000 units Redeemable Preference Shares of RM1.00 each with a premium of RM999.00 per share

Shareholders

Maybank : 70%
Maybank Investment Bank : 30%

BUSINESS ACTIVITIES

Mayban Ventures provide creative capital, structured for each investment opportunity. Its wealth of experience, industry expertise and deep operating skill sets and large global network of affiliated partners position the Company as a vital resource from which management can draw strategic, financial and operational guidance.

Mayban Ventures invests in companies across a broad range of industries and geographies. Our goal is to help management teams build long-term value that benefit all stakeholders. We structure our private equity investments based on each company's circumstances.

Mayban Ventures helps fuel entrepreneurship and build corporate governance within small and medium enterprises. The firm aims to exit investments through Initial Public Offering or trade sale within 3-5 years.

KEY PERFORMANCE INDICATORS FOR THE PAST THREE YEARS

(RM million)	FY10	FY09	FY08
Pretax Profit	4.11	6.97	6.72
Profit After Tax	3.18	5.42	4.50
Shareholders' Fund	31.21	28.03	22.61
Return on Assets (%)	6.36	11.27	10.86
Return on Shareholders Fund (%)	10.75	21.42	22.09

HUMAN RESOURCE

The total headcount as at June 30, 2010, was 20. A new CEO was appointed in 1 July, 2009.

KEY PERFORMANCE INDICATORS

Mayban Ventures Technology Fund current commitment is RM150.0 million invested into 43 companies. The Fund has disbursed 67.0% of the committed amount.

The RM60.0 million Inflexion Fund has invested into 4 companies. The Fund has disbursed 36% of the committed amount and is in divestment mode.

The USD40.0million Mayban-JAIC Asean Fund has invested into 8 companies and has begun divesting investments in the past financial year.

The Mayban Agro Fund was launched on April 18, 2007 and has invested in 3 companies of which one have been divested. The Fund has committed a total of RM28.5 million of the RM150.0 million raised.

In July 2010, Mayban Ventures entered into a joint venture with Middle East and Asia Capital Partners (Singapore) Pte Ltd to launch the first regional Maybank MEACP Clean Energy Fund with a target fund size of US\$500.0 million.

FINANCIAL PERFORMANCE

For the financial year ended June 30, 2010, Mayban Ventures registered a pretax profit of RM4.11 million or 41% lower than the pretax profit of RM6.97million in the last financial year. The lower financial results was due to:

- i. Decrease in fee-based income arising from lower funds under management as a result of the Mayban Ventures Technology Fund and the Mayban-JAIC Asean Fund reaches the end of its fund life
- ii. Write back on provisions of assets impairment
- iii. Increase in overall personnel costs as a result of salary revision and new appointments

PROSPECTS

The management is optimistic about the future year's prospects as the Maybank MEACP Clean Energy Fund comes on stream and will generate fee based income. The Fund will also generate capital gains for Mayban Ventures, as a result of the profit sharing arrangement, at the latter part of the Fund life should the Fund achieve a minimum threshold return.

CORPORATE GOVERNANCE STATEMENT

Good corporate governance is a fundamental part of the culture and business practices of Maybank IB. The Board and Management of Maybank IB uphold the value of good corporate governance by continuously advocating transparency, accountability, responsibility and adhering to the highest ethical standards in striving to enhance long-term shareholders' values and safeguarding the stakeholders' interest.

Maybank IB's corporate governance statement is structured on Bank Negara Malaysia's (BNM) Guidelines on Corporate Governance for Licensed Institutions (BNM/GP1) and Securities Commission's Malaysian Code on Corporate Governance as follows:

PRINCIPLE 1:

Every Licensed Institution Should Be Headed By An Effective Board, Which Assumes Specific Responsibilities. The Vision, Strategy And Corporate Values Of The Licensed Institution Should Be Clearly Specified And Understood.

A) VISION

As steward of the Bank, the Board of Directors sets out in its mid-term vision to have undisputed leadership in Malaysia across all attractive products or segments, to strengthen our regional presence, to become a talent and execution – focused company and expand into regional markets with the long-term vision of being a regional powerhouse.

B) CORPORATE VALUES

To achieve these visions and in line with the re-energised Maybank Group Core Values, the Board sets the following to direct the activities of the Bank:

Teamwork

We work together as a team based on mutual respect, trust and integrity:

- To provide the optimal total customer solution;
- Create a highly engaged team;
- Encourage others to express opinions and ideas;
- Work towards common goals and objectives;
- Communicate effectively to achieve Group synergy and Group spirit; and
- Readily share experience and resources to achieve shared goals.

Integrity

We are honest, professional and ethical in all our dealings:

- Trustworthy and genuine in dealings with customers;
- Place high value on customer privacy and financial security;
- Uphold high standards of personal integrity and professionalism;
- Accountable for own actions;
- Honest and ethical;
- Contribute to strong governance; and
- Comply with law and statutory requirements.

Growth

We are passionate about constant improvement and innovation:

- Provide superior returns to customers and grow their business;
- Focus on professional and personal growth by continuous learning;
- Encourage innovation and creativity by thinking out of the box;
- Look for opportunities to improve; and
- Make decisions that drive long term growth.

Excellence and Efficiency

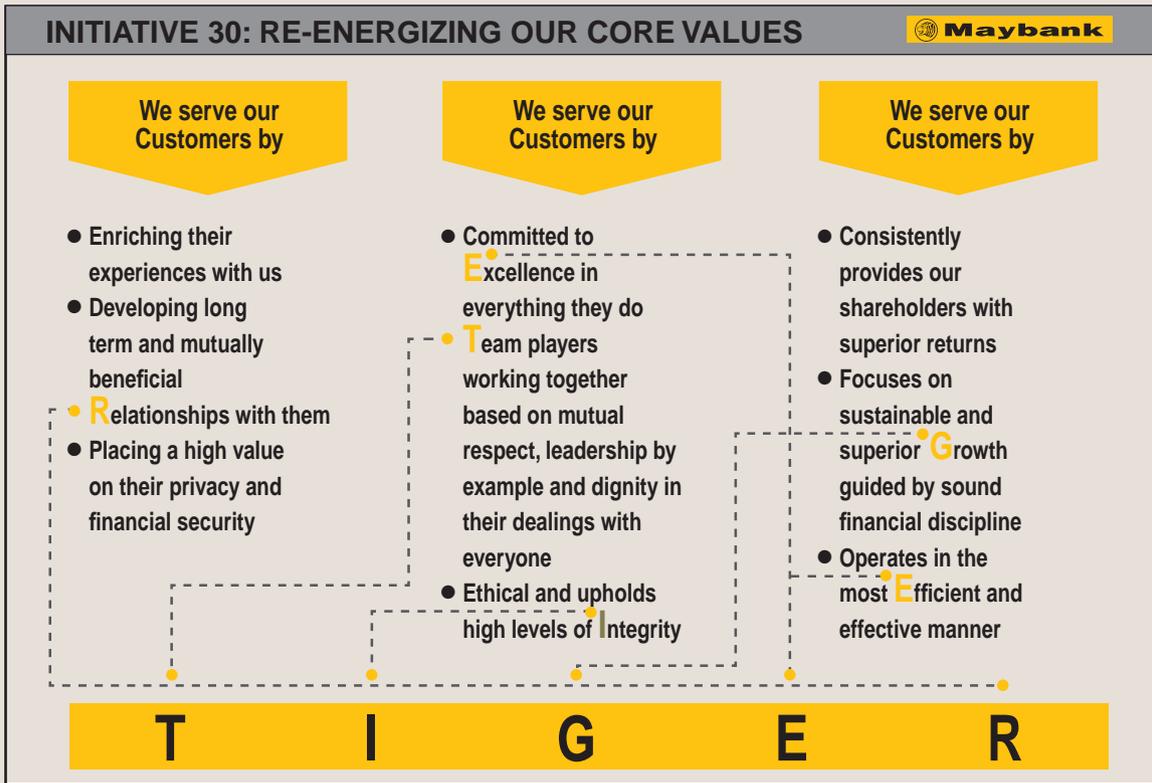
We are committed to delivering outstanding performance and superior service:

- Deliver to customers as promised and beyond what is expected;
- Responsive and offer quick turnaround;
- Have a sense of urgency;
- Cost efficient and risk aware in everything that we do;
- Achieve service and operational efficiency; and
- Deliver sustainable outstanding performance.

Relationship building

We continuously build long-term and mutually beneficial partnerships:

- Show appreciation, respect and customer centricity
- Develop long-term and mutually beneficial relationships;
- Build customer loyalty and understand their expectations;
- Develop strong and friendly working relationship with colleagues to achieve business goals;
- Embrace and support diversity of the workforce (*e.g. gender, race, experiences, views*); and
- Build mutually beneficial relationship with all stakeholders.



C. THE BOARD'S RESPONSIBILITY

The Board at all times ensures compliance to the provisions of the Companies Act 1965, Banking And Financial Institutions Act, 1989, Capital Markets and Services Act, 2007, Rules of Bursa Malaysia Securities Berhad, the Memorandum & Articles of Association of the Company including the guidelines as may be issued by the relevant authorities from time to time. In providing counsel and oversight, the roles and responsibilities of the Board includes:

1. Setting corporate values and clear lines of responsibilities and accountability that are communicated throughout the organization within which Senior Management are to operate;
2. Reviewing and approving strategies and

business plans which include the annual budget, significant financial expenditures, new investments, divestments, mergers and acquisitions, establishment of subsidiaries, joint ventures or strategic alliances both locally as well as outside the country;

3. Identifying and approving comprehensive policies, processes and infrastructure with respect to the management of all risk categories including but not limited to credit, market, liquidity, operational, legal and reputation risks;
4. Reviewing the adequacy and integrity of the Bank's internal control system and management information system, including systems for compliance with applicable laws, regulations, rules and guidelines; and

CORPORATE GOVERNANCE STATEMENT (CONT'D)

5. Approving policies and procedures on the prevention of money laundering and terrorist financing.

The Directors are committed to the collective decision-making processes of the Board while debating issues openly and constructively, and challenging the opinion of others.

PRINCIPLE 2:

There Should Be An Effective Board Composition, With A Strong Independent Element Where No Individual Or Small Groups Of Individuals Should Be Allowed To Dominate The Board's Decision Making.

The Board of Directors of Maybank IB is led by a Non-Independent Non-Executive Chairman and four (4) Directors of which three (3) are Independent Non-Executive Directors. The appointment was made in line with the requirement of BNM and the Board is empowered by Maybank IB's Articles of Association to expand its membership up to fourteen (14) members.

The Board composition generates an ideal safeguard to curtail any possible domination by any individual or small group of individuals over decision-making, which may impeach a Board's credibility and reasoning. Each Director ensures that no decision or action taken has the effect of placing his interest before that of the Bank. The wide spectrum of skills and experience embedded within each Director's persona provide an aid to achieving the Bank's objectives and ultimately cultivates comfort over the firm control of an accountable and competent Board.

The presence of Independent Non-Executive Directors of high calibre carries significant weight in the Board's deliberations and has also enhanced valuable insight to the independent view, advice and judgment as well as protection over the interest of other parties. Independent Directors also debate issues openly and constructively and are free to question and challenge the opinion of others. They bring clear judgment because they have no relationship with the Bank or others that could create or be perceived to create conflicting interest.

The Board recognizes that to continue to be effective

and relevant in a regulated and competitive industry, members must fully satisfy the fit and proper test, including having the attributes and criteria relating to matters such as relevant qualification, professional standing and background as well as experiences in the financial, business, legal and technical fields.

In this respect, the Policy on Fit and Proper Criteria for Appointment as Chairman, Directors and Chief Executive Officer (CEO) of Licensed Institutions in Maybank Group (Fit and Proper Policy) acts as a guide for the Board not only to determine the overall suitability of a candidate as a Director but to identify the gaps in skills of the current Board.

The bio-data and credentials of each individual Board members are disclosed from pages 4 to 9 of this Annual Report.

PRINCIPLE 3:

There Should Be A Clear Division Of Responsibilities At The Helm Of A Licensed Institution, Which Will Ensure A Balanced And Clear Lines Of Role, Responsibility, Authority And Accountability Throughout The Licensed Institution.

As a measure to realize more effective management system functions of the Board, the roles of both the Chairman and the CEO are assigned to two (2) separate individuals. The distinction on the different but complementary jobs of both the Chairman and CEO are clearly defined, thereby reducing the possibility of the overlapping roles it may cause.

The role of the Chairman continues to be presided by a Non-Executive Chairman to maintain the balance of power and authority. The responsibility of the Chairman is to oversee and ensure that the plans and policies formulated by the Board are properly implemented. He establishes a closer relationship of trust with the CEO, providing support and advice while respecting executive responsibility.

The CEO on the other hand, supports and works with the Chairman to the attainment of the objectives of such plans and policies.

PRINCIPLE 4:**There Should Be A Formal And Transparent Process For The Appointment Of Directors To The Board And The Appointment Of Chief Executive Officer.****A) APPOINTMENT AND RE-ELECTION TO THE BOARD**

The Articles of Association governs the terms of appointment and re-election of the Directors to the Board. As stated in the Articles of Association, one third (1/3) of the Directors shall retire from

their office at each Annual General Meeting (AGM) and they shall be eligible to be re-elected by the shareholders.

Retiring Directors are also subject to a formal assessment of their performance by the Nomination and Remuneration Committee of the Board (NRC) at the Group level which makes its recommendation to the Board for the Directors for re-election at the AGM.

Directors in office at the date of this Annual Report are as follows:

Name of Director	Appointed	Independent	Last Elected	Reappointment Retiring and Seeking Election in 2009
Tan Sri Dato' Megat Zaharuddin bin Megat Mohd Nor	26.01.2010	No	N/A	Yes (Under Articles 81 (a))
Dato' Sri Abdul Wahid Omar	09.07.2008	No	29.09.2009 (Articles 75)	N/A
Datuk Karownikaran @ Karunikaran	18.02.2009	Yes	29.09.2009 (Articles 81 (a))	Yes (Under Articles 75)
Dato' Dr. Tan Tat Wai	11.02.2010	Yes	N/A	Yes (Under Articles 81 (a))
Cheah Teik Seng	11.02.2010	Yes	N/A	Yes (Under Articles 81 (a))

The Board recognizes the urgent need to refresh its composition, and its determination to ensure the Board continues to lead and manage the Bank effectively.

B) SERVICE CONTRACT AND FORMAL EVALUATION OF THE CHIEF EXECUTIVE OFFICER

YM Tengku Dato' Zafrul Tengku Abdul Aziz was appointed as the CEO of Maybank IB with effect from June 21, 2010. As approved by BNM, his appointment is valid for a period of three (3) years.

The responsibility of the CEO involves overseeing the day-to-day operations and business management towards achieving the Bank's business objectives. The CEO manages key corporate resources of the Bank and regulates the flow of important

information to Directors. This is in line with the prime intention to preserve the collective best interest of the shareholders.

The NRC at the Group level formally evaluate and recommend the appointment of the CEO to the Board of Maybank IB, who in turn will undertake their independent evaluation. The NRC at the Group level on the other hand, will use this evaluation as a point of reference in the course of its deliberations when considering the remuneration package of the CEO.

CORPORATE GOVERNANCE STATEMENT (CONT'D)

PRINCIPLE 5:**Directors Must Be Persons Of Calibre, Credibility And Integrity With The Necessary Skills And Experience And Be Able To Devote Time And Commitment.****A) DIRECTORS ARE PERSONS OF CALIBRE, CREDIBILITY AND INTEGRITY**

The appointment of the Board Members is guided by the BNM/GP1 and other guidelines as may be issued by BNM, SC and Bursa Malaysia Securities Berhad's Rules from time to time. The Bank's policy endorses and acknowledges a formal and transparent procedure for the election and appointment of members to the Board. The Board ensures that it selects persons with a broad range of skills and experience appropriate to the needs of Maybank IB. They should also be of good standing in the community and be prepared to uphold the ethical values of the Company.

The NRC at the Group level conducts evaluation or screening process on the candidate and subsequently makes recommendations to the Board for approval. The appointment further obtains written consent from BNM as required under Section 55(1) and Section 57(2) of Banking and Financial Act (BAFIA).

B) DIRECTORS ORIENTATION AND CONTINUING EDUCATION

Maybank IB provides for an orientation program for each new Directors appointed to the Board. This is to ensure that the newly appointed Director is fully conversant and well informed about the Company and the external environment in which it operates with a strong command of issues relevant to the business.

This is in accordance with the BNM/GP1, which requires all new directors to participate in an in-house orientation and education program within three (3) months of their appointment to the office.

Additionally, the Directors must participate in continuous education program and seminars to keep abreast with the relevant changes in laws and regulations and the ever-changing business environment as well as to develop and refresh their knowledge and skills to ensure optimum contribution to the Board.

PRINCIPLE 6:**Board Should Meet Regularly And Be Duly Furnished With Complete And Timely Information.**

The Board meets at least once a month to discuss the key issues relating to the operations of the Bank. The Board also meets at other times when matters requiring its approval are raised and the timing is such that it is not prudent or possible to wait for a regularly scheduled meeting.

All Board members attended more than 75.0% of the Board meetings held in the financial year. The Directors' attendance record at the Board meetings for the last financial year for the Directors who are still in office is as follows:

Name of Director	Number of Board Meetings Attended
Tan Sri Dato' Megat Zaharuddin bin Megat Mohd Nor (appointed wef January 26, 2010)	5/5 (100%)
Dato' Sri Abdul Wahid Omar	12/12 (100%)
Datuk Karownikaran @ Karunikaran	12/12 (100%)
Dato' Dr. Tan Tat Wai (appointed wef February 11, 2010)	4/5 (80%)
Cheah Teik Seng (appointed wef February 11, 2010)	5/5 (100%)

The Board has a schedule of matters for the Board's information/deliberation at upcoming Board meetings as distributed by the Company Secretary to all members in advance of meetings to enable thorough consideration of the issues facing the Board. This also helps to facilitate the efficient use of the meeting time. However, this does not preclude any Director from including any other matters in the agenda.

The Management endeavors to provide the Board with materials which are concise yet able to provide sufficient information to assist in making informed decisions. The Board acknowledges that certain items to be discussed at Board meetings are of an extremely sensitive nature and that materials on these matters are distributed only at the Board meetings.

The Board in exercising its functions is assisted with the services of the Company Secretary, who ensures that the Board is furnished with all the required updates and information at all material times. The Board also has unrestricted access to all records and management staff of the Bank. If deemed necessary, the Board may obtain independent expert advice at the Bank's expense.

PRINCIPLE 7:

There Should Be A Formal And Ongoing Assessment On The Effectiveness Of The Board As A Whole, The Directors And The Chief Executive Officer.

The NRC at the Group level is responsible for the annual assessment of the effectiveness of the Board as a whole and its various Board Committees based on a combination of evaluation parameters which among others include, the overall performance of the Group vis-a-vis the corporate scorecard targets, peer institutions practices and the need to retain required expertise.

The evaluation process is used constructively as a mechanism to improve Board effectiveness, maximize strengths and tackle weaknesses, if any and the results of the Board's evaluation is shared with the Board as a whole.

PRINCIPLE 8:

There Should Be A Formal And Transparent Procedure For Fixing The Remuneration Packages Of Board Members, Chief Executive Officer And Senior Management, And The Remuneration Policies And Practices Should Be In Line With The Licensed Institution's Ethical Values, Objectives And Culture.

The NRC at the Group level is responsible for revising and recommending the annual fees and meeting allowances for Non-Executive Directors.

As for the Senior Management, the NRC at the Group level is guided by the need to "attract and retain" the best talents while seeking to ensure the rewards are linked to the Group and individual performances as embodied in the applicable Balance Scorecards. The Executive Director has no role in determining his own remuneration.

Senior Management's basic remuneration is determined by their respective Job Bands and generally ranks at a premium to market rates.

PRINCIPLE 9:

Persons Empowered With Decision Making Authority (Including Directors) Should Exercise Care To Avoid Situations That May Give Rise To A Conflict Of Interest Situation.

A) COMPLIANCE CHARTER

The Board is committed to the Group's core values and has in place a Compliance Charter, which sets out the general compliance standards and requirements that govern the overall conduct of the Bank and identify the appropriate professional conduct for its dealings with shareholders, management, employees and clients according to the applicable laws and the Company's policies. In addition, each Department has an Operational Manual or conduct that is monitored and enforced by their systems and procedures. The Board reviews the Compliance Charter and its contents on an ongoing basis.

CORPORATE GOVERNANCE STATEMENT (CONT'D)

Included in the Charter are Maybank IB's' Code of Ethics and Conduct, Anti-Money Laundering Activities Policy, Chinese Wall Policy, Reporting Procedures for Fraud and Defalcation, Related Party Transactions Policy and the Whistle Blowing Policy.

B) CONFLICTS OF INTEREST MANAGEMENT

Maybank IB, being an investment bank that offers a diversification of services such as equity, capital and debt market services, is subject to the regulatory governance from BNM, SC and Bursa Securities Malaysia Berhad. Given this environment, Maybank IB has established an overall framework for the management of conflict of interest as follows:

- i) Harvesting of Current or Potential Conflict Relationship;
- ii) Centralization of the Conflict Management Database; and
- iii) Chinese Wall Policy.

The general principles of the Chinese Wall Policy are:

- Governance on Safeguarding The Flow of Material Non-Public Price Sensitive Information;
- Governance on Managing Conflict of Interest; and
- Governance on The Watch List and Restricted List; and Governance on Employee / Director Trading

PRINCIPLE 10:

There Should Be A Clear Separation Between Shareholders And Management So As Not To Impede Sound Corporate Governance.

The day-to-day operations of Maybank IB are clearly stipulated in the CEO's responsibilities, together with

the Senior Management and thus clearly delineates shareholder's involvement in the matter, saving the alignment to Maybank Group's overall oversight as the bank holding company.

The Board at all times ensures compliance to the provisions of the Companies Act 1965, the Banking and Financial Institutions Act 1989, Capital Markets and Services Act 2007, Rules of Bursa Malaysia Securities Berhad, the Articles of Association of the Bank including the guidelines as may be issued by relevant authorities from time to time to provide the required business direction. The Board performs the task of management assigned to it in adherence to the pillars of business judgment, to establish fulfillment of care and diligence, good faith, proper purpose and for the best interest of the Bank.

The Board specifically reserves the approval for all matters involving business direction and operations of the Bank, and other formal determinations that are required by the Group's constitutional documents, by statute or by other external regulations. All other remaining authorities are delegated to the oversight of the CEO/Management.

This delegation is supported by appropriate controls, which are documented in various policies and resolutions by the Board. The CEO remains accountable to the Board authority that is delegated to him.

PRINCIPLE 11:

There Should Be Robust Auditing Requirements And The Auditor, Board And Management Need To Maintain Professional And Objective Relationships.

Maybank IB establishes a sound system of internal control to safeguard its shareholders' investment and the Bank's assets. The Directors acknowledge their overall responsibility to ensure that the Group maintains an appropriate system of internal controls and their responsibility to continuously review its level of effectiveness.

Although no system of internal control can provide absolute assurance that the business risks will be fully mitigated, the internal control systems have been designed to meet the Bank's specific needs and the risks to which it is exposed.

The Internal Auditors perform independent objective assurance and consulting activity which enables the Board to make decisions related to the Bank's policy, endorsement of Manager's proposals and to ensure that it is always probable to continue to carry on with its business. The information is also relevant as it assists the Directors to exercise its duty to supervise and prevent conflict of interest or fraud against the Bank.

The Audit Committee of the Board (ACB) receives Reports from the Internal Auditor on a regular basis for consideration and ensures that timely and appropriate corrective actions are taken. In addition, significant business units through a program of self-assessment also provide assurance on the maintenance of financial controls and compliance with policies.

The Board establishes formal and transparent relationship with the External Auditors through the ACB. The ACB meets and discusses with the External Auditors at least twice (2) a year without the presence of the Management Team. In compliance with BNM Guidelines, the Audit Engagement Partner will rotate upon serving five (5) years from the date of its appointment.

The Board, through the ACB maintains a transparent and professional relationship with the Bank's Auditors, both external and internal. The accounts of Maybank IB are audited by Messrs. Ernst & Young. The Auditors are appointed by the shareholder on an annual basis, through recommendation of the ACB.

A full report of the ACB outlining its role in relation to Internal and External Auditors is set out on page 42 of this Annual Report.

PRINCIPLE 12:

Licensed Institution Should Engage In Regular, Effective And Fair Communication With Shareholders / Stakeholders.

Maybank IB strives to maintain a good relationship with its investors, shareholders and clients by having regular meetings throughout the year to discuss business opportunities.

The Bank's website www.maybank-ib.com also provides a broad range of information to stakeholders. This website continues to foster the Bank's corporate image and is a helpful source of information to third parties on Maybank IB's updated and current activities.

PRINCIPLE 13:

Conducting Corporate Governance In A Transparent Manner Can Reinforce Sound Corporate Governance.

The Board delegates some of its functions to various committees of the Board with a view to assist in the fulfillment of its responsibilities. Each Committee established at Maybank IB's level comprises at least three (3) members and is governed by a written charter approved by the Board.

The Board Committees established at Maybank IB are as follows:

1. AUDIT COMMITTEE OF THE BOARD (ACB)

The ACB was established in line with the requirement of the BNM/GP1. Its main roles and responsibilities are to review the financial conditions, internal controls, performance and findings of the Internal Auditors and recommend appropriate remedial actions. In addition, the ACB also oversees Maybank IB's compliance with all the relevant laws, regulations and internal codes of conduct.

The ACB is chaired by Encik Cheah Teik Seng, an Independent Non-Executive Director with the assistance of two (2) other Independent Non-Executive Directors.

CORPORATE GOVERNANCE STATEMENT (CONT'D)

2. RISK MANAGEMENT COMMITTEE (RMC)

The main functions of the RMC are to review and assess adequacy of risk management strategies, policies, framework and the level of Maybank IB's risk tolerance. To ensure that all risk management exposures are observed by the Bank, the RMC closely oversees Senior Management's activities in managing credit, market, liquidity, operational, legal and other risk inherent in Maybank IB's businesses.

The RMC is chaired by Datuk Karownikaran @ Karunakaran, an Independent Non-Executive Director with assistance of two (2) other Independent Non-Executive Directors.

To strengthen the Risk Management functions and to facilitate the RMC in executing its roles more effectively, a new Chief Risk Officer (CRO) has been appointed for Maybank IB. The CRO is assisted by a team of capable risk officers comprising, among others, two Heads of Risk Management for the Bank's Investment Bank and Stockbroking operations.

The term of Reference of the ACB and RMC are stated on pages 42 to 45 of this Annual Report.

3. CREDIT AND UNDERWRITING REVIEW COMMITTEE (CURC)

The CURC assists the Board in reviewing, rejecting or modifying the Management's Credit and Underwriting Committee's proposals where the CURC of the view that the risk associates with such proposals would expose the Bank to undue excessive risk.

The CURC is chaired by Dato' Sri Abdul Wahid bin Omar, a Non-Independent Non-Executive Director with assistance of two(2) other Independent Non-Executive Directors.

4. NOMINATION AND REMUNERATION COMMITTEE OF THE BOARD (AT GROUP LEVEL)

Maybank IB has been exempted by BNM from complying with the requirement to establish the Nomination Committee and Remuneration and Establishment Committee as the functions of the above committees for Maybank IB have been assumed at the Group level. In view thereof, any decisions involving the above committees will be referred and presented to the NRC of Maybank for deliberation. Nevertheless, the final decisions are still the responsibility of the Board of Maybank IB.

On May 27, 2010, upon approval of BNM, the functions of the Nomination Committee and the Remuneration and Establishment Committee of Maybank have been consolidated and now known as the Nomination and Remuneration Committee of the Board (the NRC).

The main functions of the NRC are to provide formal and transparent procedures for the appointment and remuneration of Directors and Key Senior Management Officers of the Maybank Group consistent with Maybank's culture, objectives and strategies. In addition, it also provide assessment on the effectiveness of individual Directors, the Board as a whole and performance of the Chief Executive Officer and Key Senior Management Officers of Maybank Group.

The Terms of Reference of the NRC are stated on page 46 of this Annual Report.

PRINCIPLE 14:

Board Is Collectively Responsible And Accountable For The Veracity Of Disclosures And Management Of Risk.

This Corporate Governance Statement is entrenched as part and parcel of the Bank's internal policies and practices in accordance to the BNM/GP1 and best practices of the SC's Malaysian Code Corporate Governance.

The Board also recognizes that good governance practices and procedures can always be improved and they would continuously review the standards at Maybank IB throughout the year ahead.

This statement is made in accordance with the Board's resolution dated August 20, 2010.

AUDIT COMMITTEE OF THE BOARD

CHAIRMAN

Cheah Teik Seng

(Independent Non-Executive Director)

MEMBERS

Dato' Dr Tan Tat Wai

(Independent Non-Executive Director)

Datuk R. Karunakaran

(Independent Non-Executive Director)

SECRETARY

Faudziah Ismail

QUORUM

Two (2) members

SIZE AND COMPOSITION

The Committee shall consist of at least three (3) members, appointed by the Board from amongst its Non-Executive Directors of the Bank, majority of which must be independent.

The Chairman must be an Independent Non-Executive Director and should be reviewed and if necessary rotated once in every three (3) years.

FREQUENCY OF MEETINGS

Meetings shall be held at a frequency to be decided by the Committee but not less than once every quarter.

AUTHORITY

The Committee may invite any person to be in attendance to assist in its deliberations. At least once a year, the Committee shall meet with the External Auditors without the presence of the Management and Executive Directors.

OBJECTIVE

To provide independent oversight of MAYBANK-IB's financial reporting and internal control system and ensuring check and balance within MAYBANK-IB.

ROLES AND RESPONSIBILITIES

The Committee is authorized by the Board to do the following:

- (i) Investigate any activities or matters within its Terms of Reference;
- (ii) Have the resources, which are required to perform its duties;
- (iii) Have full and unrestricted access to any information and documents relevant to its activities;
- (iv) Have direct communication channels with External Auditors, person(s) carrying out the internal audit function or activity and to Senior Management of the Bank and its subsidiaries;
- (v) Obtain outside legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise, if it considers necessary; and
- (vi) Convene meetings with External Auditor, without the attendance of the Executive, to consider any matters that the Auditors believe should be brought to the attention of the Directors and Shareholders.

SPECIFIC DUTIES

The Audit Committee shall be responsible to review, appraise, recommend (where applicable) and report to the Board of Directors on the following:

- (a) With the External Auditors, the scope of the audit and audit plan of both the Internal and External Auditors;
- (b) With the External Auditors, the adequacy of the established policies, procedures and guidelines on internal control systems;
- (c) With the External Auditors, the effectiveness of internal controls systems, risk management processes and the Internal and/or External Auditors' evaluation of these systems and in particular the External Auditors' management letter and management's response;

- (d) With the External Auditors, their audit report;
- (e) The scope of the internal audit programme, internal audit findings and recommend actions to be taken by Management;
- (f) Evaluate performance and review relevant Human Resource related issues of the Chief Internal Auditor and Head of Audit, Investment Banking;
- (g) The internal audit programme, processes, as well as summary of the findings from investigation undertaken and whether or not appropriate remedial action is taken or the recommendations of the internal audit function;
- (h) The quarterly results and year-end financial statements focusing particularly on the changes in accounting policy, significant and unusual events as well as compliance with accounting standard and other legal requirements, including prompt publication of the financial accounts;
- (i) Any related party transactions and conflict of interest situation that may arise within the Bank or Group, including any transactions, procedures or course of conduct that raises questions of management integrity;
- (j) The nomination or re-appointment of the External Auditors and their fees as well as matters pertaining to resignation, termination or change of the External Auditors;
- (k) Prepare an Audit Committee Report at the end of each financial year, if deem necessary and this report will be set out clearly in the Annual Report; and
- (l) Approve the provision of non-audit services to be provided by the External Auditors and ensure that there are proper check and balance in place so that the provision of non-audit services does not interfere with the exercise of independent judgment of the Auditors.

RESPONSIBILITIES IN RELATION TO AMLA*

The Audit Committee shall be responsible to review the internal control issues identified by the Auditors and regulatory authorities and to evaluate the adequacy and effectiveness of the internal controls for its Anti Money Laundering and Counter Financing of Terrorism (AML/CFT) measures. The Committee's duty shall at least include the following:

- (a) Ensuring independent audits are conducted to check and test the effectiveness of the policies, procedures and controls for AML/CFT measures;
- (b) Ensuring effectiveness of internal audit function in assessing and evaluating the AML/CFT controls;
- (c) Ensuring the AML/CFT measures are in compliance with the AMLA, its regulations and the relevant guidelines; and
- (d) Assessing whether current AML/CFT measures which have been put in place are in line with the latest developments and changes of the relevant AML/CFT requirements.

* *Anti Money Laundering Act 2001, the AMLA Regulations and the relevant guidelines on AML/CFT issued by Bank Negara Malaysia as well as the relevant laws and regulations of other relevant supervisory authority, if any.*

RISK MANAGEMENT COMMITTEE OF THE BOARD

CHAIRMAN

Datuk R. Karunakaran
(Independent Non-Executive Director)

MEMBERS

Cheah Teik Seng
(Independent Non-Executive Director)

Dato' Dr Tan Tat Wai

(Independent Non-Executive Director)

SECRETARY

Faudziah Ismail

SIZE AND COMPOSITION

A minimum of three (3) members.

FREQUENCY OF MEETINGS

At least once every quarter.

QUORUM

Two (2) members.

The Committee may invite any person to be in attendance to assist in its deliberations.

OBJECTIVE

To oversee Senior Management's activities in managing credit, market, liquidity, operational, legal and other risk and to ensure that the risk management process is in place and functioning.

ROLE AND RESPONSIBILITIES

The Committee shall be responsible for the following:

- (i) To review and assess adequacy of risk management strategies, policies and risk tolerance for Board's approval;
- (ii) To review and assess adequacy of risk management policies and framework in identifying, measuring, monitoring and controlling risks and the extent to which they operate effectively;
- (iii) To ensure infrastructure, resources and systems are in place for risk management i.e. ensuring that the staff responsible for implementing risk management systems perform those duties independently of the Investment Banking (IB) risk taking activities;

(iv) To review Management's periodic reports on risk exposure, risk portfolio composition and risk management activities; and

(v) To formulate and recommend to the Board policies to identify, measure, monitor, manage and control the following risk components, among others:

(a) CREDIT /MARKET RISK

The risk of loss due to borrower or counterparty defaults. The risk of loss relating to the change in value of financial instrument or portfolio due to change in the value of market variables, such as interest rates, foreign exchange rates, credit spread, equity prices and commodity prices.

(b) LIQUIDITY RISK

The risk of loss arising from being unable to fund the portfolio of assets at appropriate maturities and rates and unable to liquidate position in a timely manner at a reasonable price.

(c) OPERATIONAL RISK

The risk of loss resulting from inadequate or failed internal process or systems, human factors or external events. Internal process includes aspect relating to accounting / book-keeping, reporting, business procedures / process, tax, legal compliance and personnel management.

(d) LEGAL RISK

The risk of loss arising from the uncertainty of legal proceedings, such as bankruptcy and potential legal proceedings.

(e) REPUTATIONAL RISK

The risk of loss of reputation in the eyes of the public at large, customers or authorities, due to inefficiency in handling assignments, inability to complete assignments or non adherence to the authorities' rules and guidelines which may lead to customer's complaint and caution / warning / reprimand by the authorities.

SPECIFIC DUTIES

The Committee shall be responsible for the following:

1. To oversee the formal development of policies within the Bank, encompassing all products and businesses, and ensuring the development of policy, manual and procedures;
2. To set the framework and parameters relating to lending and collateral policy;
3. To monitor, assess and advise on the risk portfolio composition of the Bank;
4. To periodic review of the IB's capital structure, the impact of risk and stress scenarios and the adequacy of capital vis-a-vis its risk profile;
5. To assess the risk-return trade-off;
6. To review reports of the credit review process, asset quality and ensure that corrective action is taken;
7. To review and evaluate the various products engaged by the banking institution to ensure that it is conducted within the standards and policies set by the Board;
8. To review and assess the appropriate levels of capital for the IB as well as monitor adherence of the targeted capital ratios;
9. To approve the operating guidelines and trading limits for the money market and trading operations including derivatives;
10. To review and assess the adequacy of risk mitigation processes (including insurance coverage);
11. To review and recommend strategic actions to be taken by the IB arising from Basel II implementation for the Board's approval;
12. To review and approve new products and ensure compliance with the prevailing guidelines issued by Bank Negara Malaysia or other relevant regulatory bodies;
13. To consider and approve the appointment of professional external advisors / consultants in areas falling within the jurisdiction of the Committee subject to a cap (to be determined by the Board) per appointment (regardless of whether budgeted or unbudgeted) and to notify the Board of the same;
14. To promote risk awareness and give advice to the Board on the information, instruction and training requirements of staff; and
15. To undertake such other responsibilities as may be delegated by the Board from time to time.

NOMINATION AND REMUNERATION COMMITTEE OF THE BOARD

CHAIRMAN

Dato' Seri Ismail bin Shahudin
(Independent Non Executive)

MEMBERS

Tan Sri Dr Hadenan bin A. Jalil
(Independent Non Executive)

Dato' Dr Tan Tat Wai
(Independent Non Executive)

Encik Zainal Abidin bin Jamal
(Non - Independent Non Executive)

Mr Alister Maitland
(Independent Non Executive)

SECRETARY

Mohd Nazlan Mohd Ghazali
General Counsel & Company Secretary

BY INVITATION

President & CEO

Head, Group Human Capital
(in respect of relevant papers)

SIZE AND COMPOSITION

The Committee shall have an independent director as the Chairman and shall comprise of only Non-Executive Directors, of which the majority shall be independent.

Where the Chairman is unable to attend a meeting, the members shall elect a person among themselves who is an Independent Director, as Chairman.

The Committee may invite the President & CEO or any person to be in attendance to assist in its deliberation.

QUORUM

3 with at least 2 Independent Directors

FREQUENCY OF MEETING

As and when required and at least twice a year

BROAD RESPONSIBILITIES

1. To provide a formal and transparent procedure for the appointment of directors and CEO as well as assessment of effectiveness of individual Directors, board as a whole and the performance of the CEO and key Senior Management Officers.

2. To provide a formal and transparent procedure for developing a remuneration policy for Directors, CEO and key Senior Managements Officers and ensuring that compensation is competitive and consistent with the licensed institution's culture, objectives and strategy.

A. GROUP HUMAN CAPITAL POLICIES AND STRATEGIES

A1. To approve revisions or reviews of the existing compensation and benefits policies/plans and the terms and conditions of service for Executives in Band B and above (excluding Executive Directors) Group-wide.

A2. To recommend to the Maybank Board, the establishment of new compensation and benefits policies/plans and the terms and conditions of service for Executives in Band B and above (including Executive Directors) Group-wide.

A3. To recommend to the Maybank Board, a Leadership Development framework for the Group.

A4. To recommend to the Maybank Board the organizational structure and commensurate job grades and ranges.

B. APPOINTMENTS OF DIRECTORS AND SENIOR MANAGEMENT (INCLUDING THE RELEVANT REMUNERATION)

B1. To oversee the general composition of the Board (size, skill and balance between executive directors and non executive directors).

B2. To recommend to the Maybank Board suitable persons for appointment as members of the Board, taking into account the size of the Board, and the skills and experiences of members.

B3. To recommend to the Boards of the Group's subsidiaries, MCB Bank Ltd. and An Binh Bank, suitable persons for appointment as Board members of such companies, except for the following:-

(i) appointment of Directors of inactive, dormant, nominee and SPV companies;

(ii) appointment of Directors to represent the interest of minority shareholders and joint venture partners in subsidiaries not regulated by Bank Negara Malaysia (BNM);

- (iii) in respect of companies other than those in (i) above, the appointment of executives as directors, except for those of companies regulated by BNM. (Note: the NRC is required to assess the suitability of persons to be appointed on BNM regulated companies).
- B4. To recommend to the Maybank Board, a framework of remuneration for Directors, covering fees, allowances and benefits-in-kind in their work as Directors of all boards and committees.
- B5. To recommend to the Maybank Board, specific remuneration packages for Executive Directors.
- B6. To consider establishing minimum requirement for the Board and the CEO for Maybank and the BNM regulated subsidiaries (ie. on the required mix of skills, experience, qualification and other core competencies required of a Director and the CEO).
- B7. To recommend to the Board a policy regarding the period of service for the Executive and Non-Executive Directors.
- B8. To recommend the removal of Director/CEO from the relevant Board/Management if the Director/CEO concerned is ineffective, errant and negligent in discharging his duties.
- B9. To recommend to the Maybank Board the recruitment, appointment, promotion, confirmation and termination of service, as well as the remuneration package, the compensation and benefits policies, and the terms and conditions, including the job grade of Executives in key management positions.
- B10. To recommend to the Boards of subsidiaries regulated by Bank Negara Malaysia the appointment of Chief Executive Officers for such companies irrespective of job band.
- B11. Recommending to the relevant Board the removal of executives in key management positions if they are ineffective, errant and negligent in discharging his duties.
- C. PERFORMANCE ASSESSMENT OF DIRECTORS AND KEY SENIOR MANAGEMENT EXECUTIVE
- C1. To assess the performance and effectiveness of individuals and collective members of the Boards and Board committees of the Group and its subsidiaries, as well as the procedure for the assessment. To recommend measures to upgrade the effectiveness of the Boards and Board committees.
- C2. To review the performance of the President & CEO of Maybank and to make the necessary recommendations to the Board thereon.
- C3. To consider and recommend any other measures to upgrade the effectiveness of the Maybank Board and the Boards of subsidiaries.
- C4. To ensure that all Directors receive appropriate and continuous training to keep abreast of the latest development in the industry.
- C5. To recommend to the Maybank Board a Performance Management framework/model, including setting of the appropriate performance target parameters and benchmark for the Group Balanced Scorecard at the start of each financial year.
- D. SUCCESSION PLANNING AND TALENT MANAGEMENT
- D1. To oversee the succession planning, management and performance evaluation of Executives in key management positions and Executives in Job Bands C and above.
- D2. To approve the job grade for Executives in key management positions.
- E. OTHERS
- E1. To approve the appointment of external consultants/advisors related to the NRC's areas of responsibilities, subject to a limit of RM5 million per appointment (irrespective budgeted or unbudgeted).
- E2. To consider and recommend solutions on issues of conflict of interest affecting Directors.
- E3. To assess annually that Directors and key Senior Management Executives are not disqualified under section 56 of the Banking and Financial Institutions Act 1989 (BAFIA).
- E4. Such other responsibilities as may be delegated by the Board from time to time.

RISK MANAGEMENT

Functionally and organisationally independent of the business sectors and other risk-taking units within Maybank IB, Risk Management provides risk oversight for the major risk categories including credit risk, market risk, liquidity risk, operational risk and other industry-specific risks.

The Board, through the Risk Management Committee ("RMC"), maintains the overall responsibility for risk oversight within Maybank IB. The RMC is responsible for formulating and recommending to the Board policies to identify, measure, monitor, manage and control risk components. For the financial year ended June 30, 2010, the RMC has convened four (4) meetings.

Maybank IB's risk management approach remains premised on the following concept of three lines of defense:

1st Line of Defence (Risk-Taking Units)	2nd Line of Defence (Risk Control Unit -Risk Management)	3rd Line of Defence (Internal Audit)
Responsible for the day-to-day management of risk in their business activities.	Responsible for setting and implementing the risk management framework and developing tools and methodologies for the identification, measurement, monitoring and pricing of risk.	Provides independent assurance of the effectiveness of the risk management approach.

Maybank IB's integrated risk management framework encompasses credit, market (including liquidity risk) and operational risk management.

CREDIT RISK MANAGEMENT

CREDIT RISK is the risk of non-payment due to the inability or unwillingness of a customer or counter party to meet its financial obligations to the bank. Exposure to credit risk arises primarily from lending, underwriting, treasury activities and share trading. Credit Risk Management ("CRM") is entrusted with the overall responsibility in setting the credit risk management framework, managing credit risks and credit portfolio of Maybank IB including the following:

Credit Risk Identification and Measurement

- Conducting Credit Risk Awareness Programme and Basel II Workshops at Maybank Group level to create a risk aware culture among all credit staff;
- Ensuring that Credit approving processes are in place including credit origination by business originators as the risk taking units, pre-approval evaluation by CRM (independent from the business units), credit approval by Credit and Underwriting Committee and post-approval evaluation by Maybank, Credit Review Department;
- Conducting New Product Sign-Off to identify inherent credit risks, propose mitigating actions for the new products and ensuring that proper risk management and operational procedures are in place prior to product launch; and
- Employing various risk management tools such as Credit Risk Rating System ("CRRS") and Stress Testing.

Credit Risk Policies

In addition to Bank Negara Malaysia, Securities Commission and Bursa Malaysia's Rules/Guidelines/Requirements, the Bank's credit exposure are also guided by Maybank Group's Core Credit Policies and Maybank IB's internal policies and procedures to ensure that an acceptable standard of quality credit exposures are met.

Credit Risk Monitoring, Mitigating and Reporting

- The Bank adopts a set of policies / limits which are in line with the Maybank Group to avoid undue concentration of credit risks on countries, business segments, economic sectors, single customer groups, banks, counter parties, single counters and margin positions etc., which are monitored on a regular basis;
- Maybank IB employs Online Risk Management System ("ORMS") and Group Exposure Management System ("GEMS") to monitor the Bank's overall exposure and limits; and
- Various credit risk reports (e.g. credit risk, off-balance sheet items, regulatory and internal stress testing and portfolio distribution of rated portfolio) are escalated to the RMC, Board and other relevant committees.

MARKET RISK MANAGEMENT

MARKET RISK is the risk of fluctuations in the value of the positions/portfolios resulting from changes in market rates and market prices, such as interest rates, foreign exchange rates and share prices.

The Market Risk Framework outlines the process of identifying, measuring, monitoring, controlling and reporting market risk exposures. This framework facilitates the management of Maybank IB's market risk exposures in a systematic and consistent manner.

Market Risk Identification and Measurement

- Maybank IB employs various risk management tools to quantify market risk such as Earnings-at-Risk and Stress Testing, etc.; and
- A New Product Sign-Off process is in place to identify inherent market risks to propose mitigating actions for the new products and to ensure that proper risk management and operational procedures are in place prior to product launch.

Market Risk Policy

In addition to Bank Negara Malaysia, Securities Commission and Bursa Malaysia's Rules/Guidelines/Requirements, the Bank's market exposure is also guided by Maybank Group Market Policies and Maybank IB's internal policies and procedures.

RISK MANAGEMENT (CONT'D)

Market Risk Monitoring, Mitigating and Reporting

- The Bank adopts a set of policies, various market risk limits and triggers which are in line with the Maybank Group to cap/manage/minimise market risk exposure within acceptable risk levels and daily/periodic monitoring to ensure adherence to approved risk limits and policies;
- Maybank IB employs tools such as ORMS to monitor the Bank's overall equities exposure and limits; and
- Various market risk reports (e.g. loans report, regulatory and internal stress testing) are escalated to the RMC, Board and other relevant committees.

Liquidity Risk and Funding Risk, which are components of market risk, are monitored via New Liquidity Framework ("NLF") simulation and are further mitigated with the ultimate source of funding from Maybank.

OPERATIONAL RISK MANAGEMENT

OPERATIONAL RISK is defined as the risk of loss resulting from inadequate or failed internal processes, people, systems and/or external events. This definition includes legal risk but excludes strategic and reputational risks.

As described in the 3 lines of defence concept, the business and support units are primarily responsible for the management of day-to-day operational risks inherent to their respective functional areas. The Operational Risk Unit however is entrusted with the overall responsibility of setting the ORM Framework, managing operational risks and facilitating the implementation of the ORM Framework in the Bank:

Operational Risk Identification and Measurement

- Operational Risk Awareness Programme and Basel II Workshops are conducted at Maybank Group Level to create a risk aware culture in Maybank IB. In addition, ad-hoc briefings are also conducted as and when required;
- A New Product Sign-Off process is in place to identify inherent operational risks, to propose mitigation actions for the new products and to ensure that proper risk management and operational procedures are in place prior to product launch; and
- Various risk management tools are employed, such as Risk and Control Self Assessment ("RCSA") to identify the operational risks inherent to the respective departments in the Bank and Incident Management and Data ("IMDC") to log in operational risk incidents that have occurred in the Bank.

Operational Risk Policies

In addition to Bank Negara Malaysia's Rules/Guidelines/Requirements, the Bank's ORM framework is also guided by Maybank Group's and Maybank IB's internal frameworks, policies and procedures to ensure sound operational risk management practices.

Operational Risk Monitoring, Mitigating and Reporting

- Employs risk management tools such as Key Risk Indicators to monitor and track the key operational risks, as well as to function as early warning signals of changes in the risk environment and provide opportunity to intervene early and avert problems before they become a source of financial loss or damage;
- Implements Business Continuity Management (“BCM”) consistent with the Maybank Group, which focuses on strengthening the Bank’s business resilience and building human capital capability and confidence in responding to a crisis arising from major operational disruptions. BCM complements efforts of the disaster recovery team which oversees the technological aspect, by focusing on people centric aspects such as people safeguarding measures and building human capital capability through training, simulation exercises and heightened awareness. BCM initiates crisis communication to all our stakeholders; and
- Various operational risk reports (e.g. key risk indicators report and business continuity management update) are escalated to the RMC, Board and other relevant committees.

BASEL II INITIATIVES

Maybank IB currently adopts the Standardised Approach for Credit Risk and the Basic Indicator Approach for Operational Risk.

Together with Maybank Group, Maybank IB implemented the following tools and initiatives in the Bank which were designed to meet Basel II requirements and best practices of risk management.

- **Credit Risk Rating System (“CRRS”)**

The CRRS is a statistical-based rating system employed to rate Corporate and Commercial exposures with the following capabilities:

- Determination of credit risk rating and the computation of Expected Loss (“EL”); and
- Compliance with Basel II on the FIRB Approach.

- **Risk Data Management System (“RDMS”)**

The RDMS is equipped with a Basel II capital calculator and risk-reporting tool, which will provide a foundation for the implementation of Risk-Adjusted Performance Management.

RISK MANAGEMENT (CONT'D)

- **Group Collateral Management System (“GCMS”)**

The GCMS is equipped with the following capabilities:

- Basel II compliant for the purpose of credit risk mitigation;
- Consolidation of all collateral information to provide a holistic portfolio view of collaterals; and
- Timely monitoring and reporting of collateral positions.

- **Group Exposure Management System (“GEMS”)**

The GEMS is a system for the management of:

- Aggregate exposures to correlated borrowers; and
- A global portfolio.

- **Risk Control Self-Assessment (“RCSA”)**

An on-going and continual self-assessment process of identification of risks and control gaps, and development of action plans to minimise or close the control gaps of the Business/Support Units in the Bank. The aim is to provide a qualitative approach for the Business/Support Units in the Bank to identify inherent and potential risks and to identify control gaps.

- **KRI**

A monitoring tool to provide early warning signals of increased risk incidents or control failures by highlighting incidents that recur at certain frequencies as a mechanism of continuous risk assessments/monitoring.

- **IMDC**

A structured process and system to identify, manage and report individual operational risk incidents occurring within the Bank, from the point of discovery until resolution. It includes collation and analyses of potential losses, actual losses and near-miss incidents.

- **Online Risk Management System (ORMS)**

ORMS allows the Bank to manage risk based on international established risk management processes, namely risk identification, risk analysis, risk management and risk review. It is a real-time risk management system to identify, manage and monitor clients’ daily share trading position and the Bank’s share trading exposure. Risks that have been identified are monitored and directed to the respective personnel for further action to ensure operational compliance is observed.

- **Regulatory Reporting to Bank Negara Malaysia (“BNM”)**

Integration of credit, market and operational risk weighted capital adequacy ratio reports under BNM Standardised Approach (Credit Risk) and Basic Indicator (Operational Risk) for submission to BNM.

- **Internal Capital Adequacy Assessment Process (ICAAP)**

The ICAAP Project encompasses the identification of material risks based on Maybank IB’s business lines/activities, establishment of ICAAP Framework and ICAAP Reports to BNM as part of Pillar II (of Basel II) requirements. This is a process for assessing Maybank IB’s overall capital adequacy in relation to its risk profile and a strategy for capital planning.

MALAYSIAN ECONOMIC REVIEW AND OUTLOOK

ECONOMIC REVIEW

Malaysia recovered from the 2008-2009 global financial crisis and the ensuing worldwide economic recession. Real Gross Domestic Product (GDP) expanded by 5.5% in financial year 2010 to raise the value of goods and services produce in the economy to RM544.6 billion, after it shrank by 1.3% to RM516.9 billion in financial year 2009, and compared with RM523.7 billion in financial year 2008. On calendar year basis, the economy is expected to rebound by 7.5% in 2010 to RM560.0 billion following the 1.7% decline to RM521.1 billion in 2009 from RM530.2 billion in 2008.

A combination of fiscal and monetary stimuli as well as the financial markets and banking stabilisation measures globally in financial year 2008 - financial year 2009 resulted in the quick turnaround of the world economy during the course of financial year 2010. Maybank Investment Bank's Economics Research estimated the global real GDP posted a growth of 0.9% year-on-year in fourth quarter 2009 which reversed the preceding four straight quarters of contractions, and the growth pace accelerated to 4.5% year-on-year in first quarter 2010 and was sustained at 4.7% year-on-year in second quarter 2010. This is in line with the International Monetary Fund's (IMF) latest projection that the world economy will post a 4.6% growth in 2010 after the 0.6% contraction in 2009.

Global: Quartely Real GDP Growth, % Year-On-Year

	1Q08	2Q08	3Q08	4Q08	1Q09	2Q09	3Q09	4Q09	1Q10	2Q10
WORLD	4.0	3.2	2.0	(1.1)	(3.9)	(3.4)	(2.1)	0.9	4.5	4.7
US	1.9	1.2	(0.3)	(2.8)	(3.8)	(4.1)	(2.7)	0.2	2.4	3.2
Eurozone	2.2	1.4	0.3	(2.0)	(5.2)	(4.9)	(4.1)	(2.1)	0.6	1.7
Japan	1.2	(0.4)	(1.4)	(4.1)	(8.9)	(5.7)	(5.3)	(1.0)	4.7	2.0
UK	1.9	1.0	(0.4)	(2.7)	(5.5)	(5.9)	(5.3)	(2.9)	(0.2)	1.6
Canada	1.3	0.7	0.2	(1.6)	(3.0)	(3.7)	(3.0)	0.2	3.1	3.8
Australia *	3.3	2.7	2.5	1.0	0.8	0.9	0.9	2.8	2.7	2.8
China	10.6	10.1	9.0	6.8	6.2	7.9	9.1	10.7	11.9	10.3
India*	8.5	7.8	7.5	6.1	5.8	6.0	8.6	6.5	8.6	8.6
Russia	9.3	7.7	6.6	0.0	(9.4)	(10.8)	(7.7)	(3.8)	2.9	5.2
Brazil*	6.3	6.5	7.1	0.8	(2.1)	(1.6)	(1.2)	4.3	9.0	7.2
S.Korea	5.5	4.4	3.3	(3.3)	(4.3)	(2.2)	1.0	6.0	8.1	7.2
Taiwan	6.9	5.4	(0.8)	(7.1)	(9.1)	(6.9)	(1.0)	9.1	13.3	12.5
Hong Kong	7.0	4.0	1.1	(2.7)	(7.7)	(3.8)	(2.4)	2.5	8.0	6.5
Singapore	9.5	2.7	0.0	(2.5)	(8.9)	(1.7)	1.8	3.8	16.9	18.8
Indonesia	6.2	6.4	6.4	5.0	4.5	4.1	4.2	5.4	5.7	6.2
Thailand	6.4	5.2	2.9	(4.2)	(7.1)	(4.9)	(2.7)	5.9	12.0	9.1
Malaysia	7.4	6.6	4.8	0.1	(6.2)	(3.9)	(1.2)	4.4	10.1	8.9
Philippines*	3.9	4.2	4.6	2.9	0.5	1.2	0.2	2.1	7.3	5.2
Vietnam	7.4	6.5	6.5	6.2	3.1	4.4	5.2	7.4	5.9	6.3

Note : World's Quartely GDP Growth is Maybank Investment Bank's estimate

Source : Bloomberg, CEIC

* 2Q10 forecast numbers by Bloomberg & Focus Rconomics : Consensus (Aug'10)

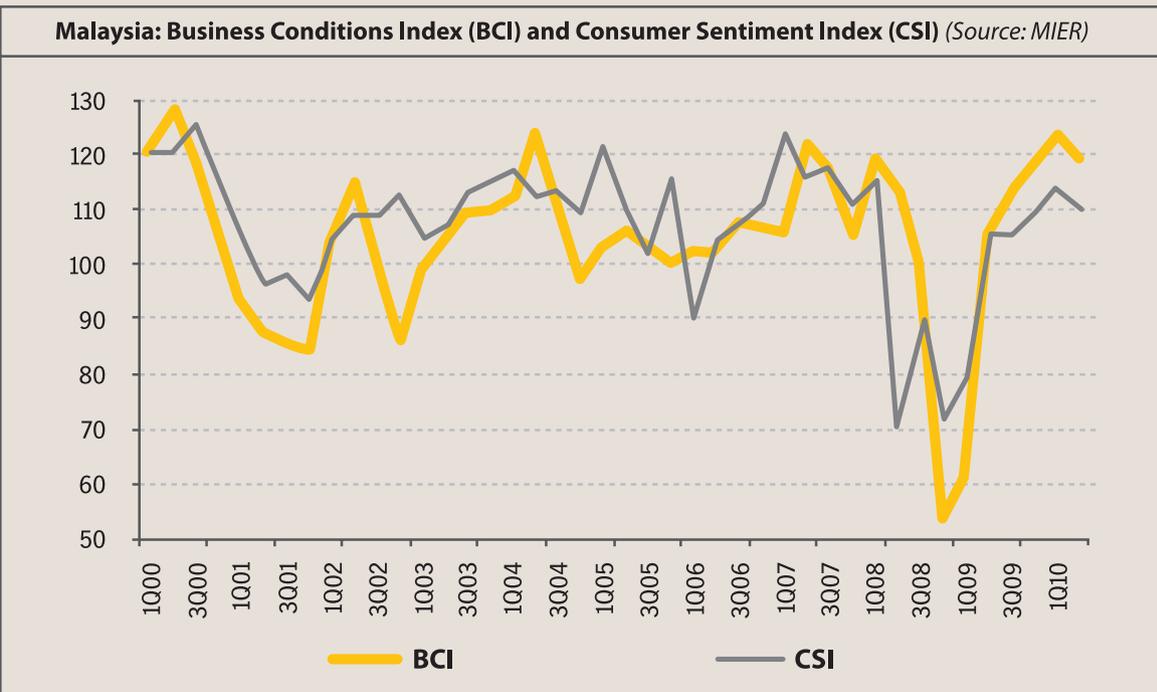
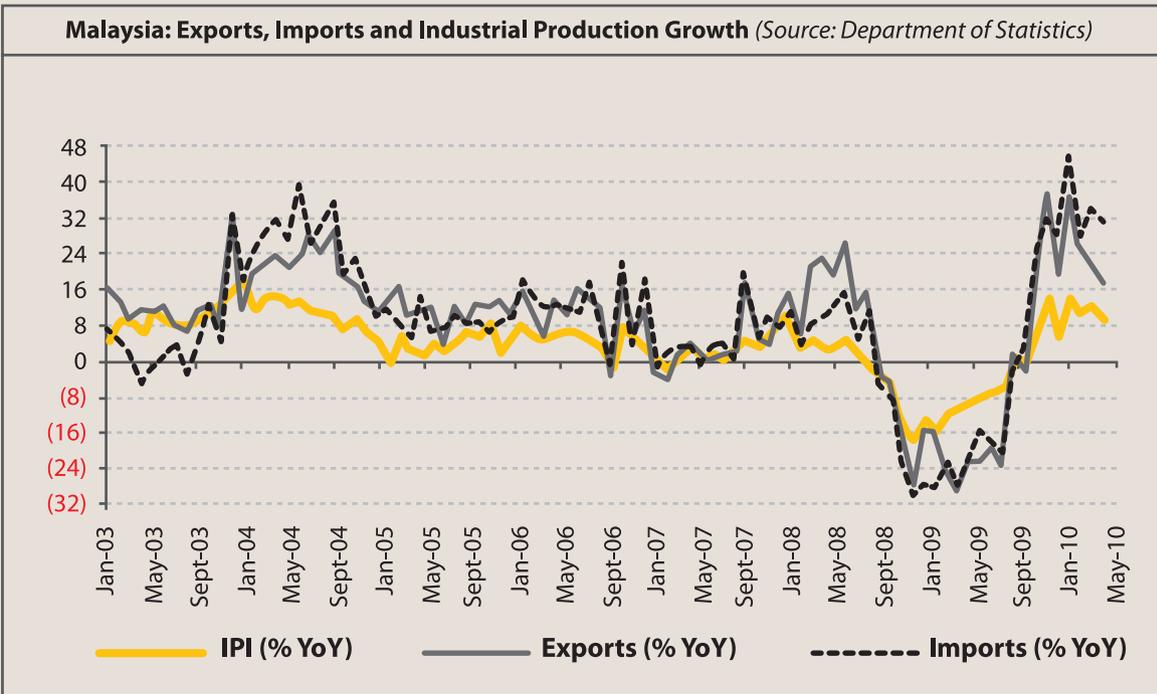
Malaysia : Quartely Real GDP

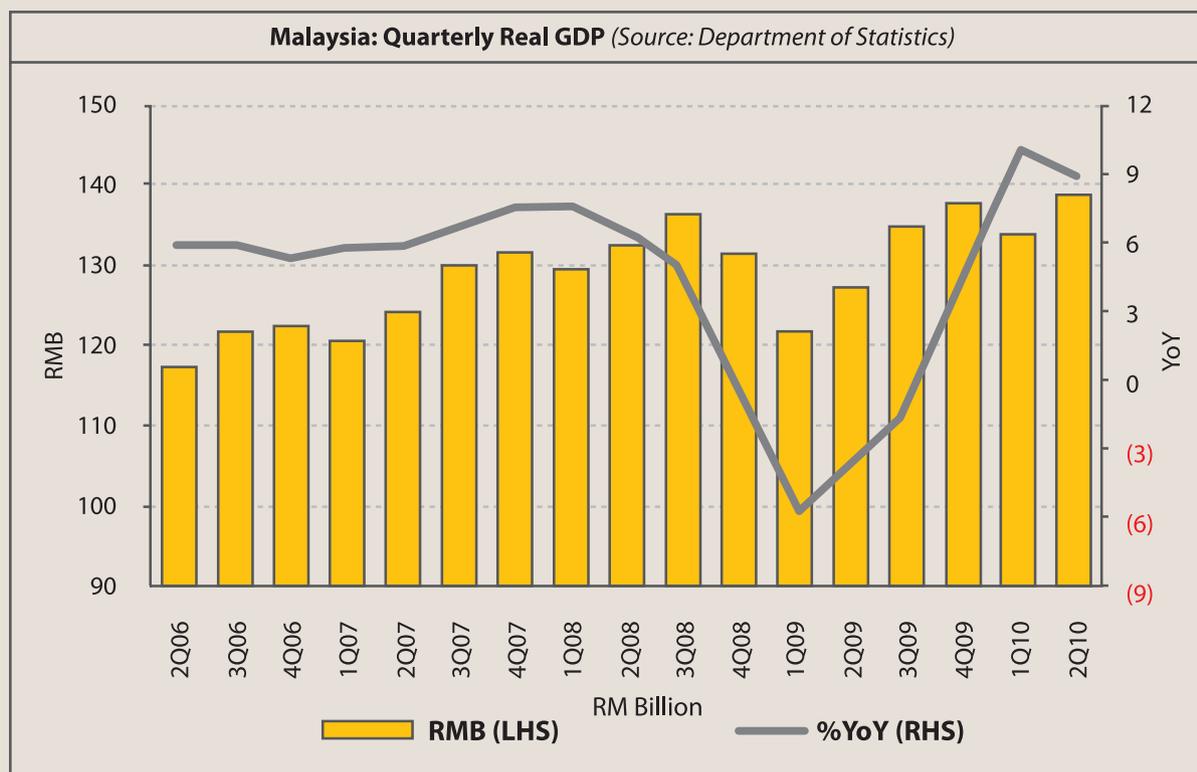
% Year-On-Year	1Q08	2Q08	3Q08	4Q08	1Q09	2Q09	3Q09	4Q09	1Q10	2Q10
Real GDP	7.6	6.5	4.9	0.1	(6.2)	(3.9)	(1.2)	4.4	10.1	8.9
Manufacturing	7.0	5.6	1.8	(8.9)	(17.9)	(14.5)	(8.6)	5.0	17.0	15.9
Services	8.9	8.2	7.1	5.5	(0.2)	1.7	3.4	5.2	8.5	7.3
Agriculture	6.8	6.6	3.7	0.7	(4.4)	0.3	(0.4)	5.9	6.8	2.4
Mining	1.7	(3.1)	(1.2)	(7.0)	(5.2)	(3.5)	(3.6)	(2.8)	2.1	1.9
Construction	6.6	3.4	6.2	0.9	1.2	4.5	7.9	9.3	8.7	4.2
Domestic Demand	9.8	8.3	6.7	2.9	(3.1)	(2.2)	0.1	2.8	5.3	9.0
Private										
Consumption	11.3	9.4	8.3	5.4	(0.6)	0.3	1.3	1.6	5.1	7.9
Public										
Consumption	14.0	10.1	6.3	12.5	1.6	1.5	9.4	0.7	6.3	6.8
Gross Fixed										
Capital										
Formation	4.6	5.2	3.3	(10.2)	(11.2)	(9.6)	(7.9)	8.2	5.4	12.9
Net External										
Demand	25.9	16.1	(22.0)	(23.8)	36.9	(6.7)	(10.3)	(4.7)	(12.9)	(38.4)
Exports of										
Goods &										
Services	5.2	8.7	4.2	(10.6)	(15.5)	(17.9)	(12.9)	6.0	19.3	13.8
Imports of										
Goods &										
Services	(521)	(291)	(213)	(3,299)	(12,134)	(1,630)	(230)	(294)	(2,344)	6,407

Source : Department of Statistics, BNM's Quarterly Economic Bulletin

The global economic recovery benefitted Malaysia principally via business re-stocking activities that contributed to the rebounds in exports and industrial production that is dominated by the trade-oriented manufacturing sector. The improvement in external demand was accompanied by the firming up of domestic demand through expansions and rebounds in consumer spending, Government expenditures and business investments, spurred by the execution of domestic economic stimulus packages, supportive monetary policy – particularly in terms of availability and access to credit, as well as improvement in the job market conditions that lifted business conditions and consumer sentiments. Consequently, Malaysia's real GDP also rebounded in fourth quarter 2009 (+4.4% year-on-year) after three straight quarters of decline, followed by robust expansion of 10.1% year-on-year in first quarter 2010 and 8.9% year-on-year in second quarter 2010.

MALAYSIAN ECONOMIC REVIEW AND OUTLOOK (CONT'D)





Despite the strong global and local economic recoveries in financial year 2010, the environment remains challenging for financial year 2011 in view of the post-crisis macroeconomic policy “normalization” and headwinds coming out from the major economies.

For a start, the fiscal stimulus is ending. The bulk of the Government’s pump-priming announced worldwide in late-2008 and early-2009 has been implemented. As at mid-August 2010, 63.0% of the US’ fiscal stimulus that totaled USD78.0 billion and 69.0% of the RM22.0 billion allocations for government spending under Malaysia’s two economic stimulus packages have been exhausted. Moreover, the pressure is now on the governments to restore fiscal disciplines via consolidation in budget deficits and public debts, including Malaysia which has set the target to reduce its deficit budget over the medium term i.e. from 7.0% of GDP in 2009 to 2.8% of GDP by 2015 to contain its debt at 49.9% of GDP by 2015 versus 53.3% in 2009.

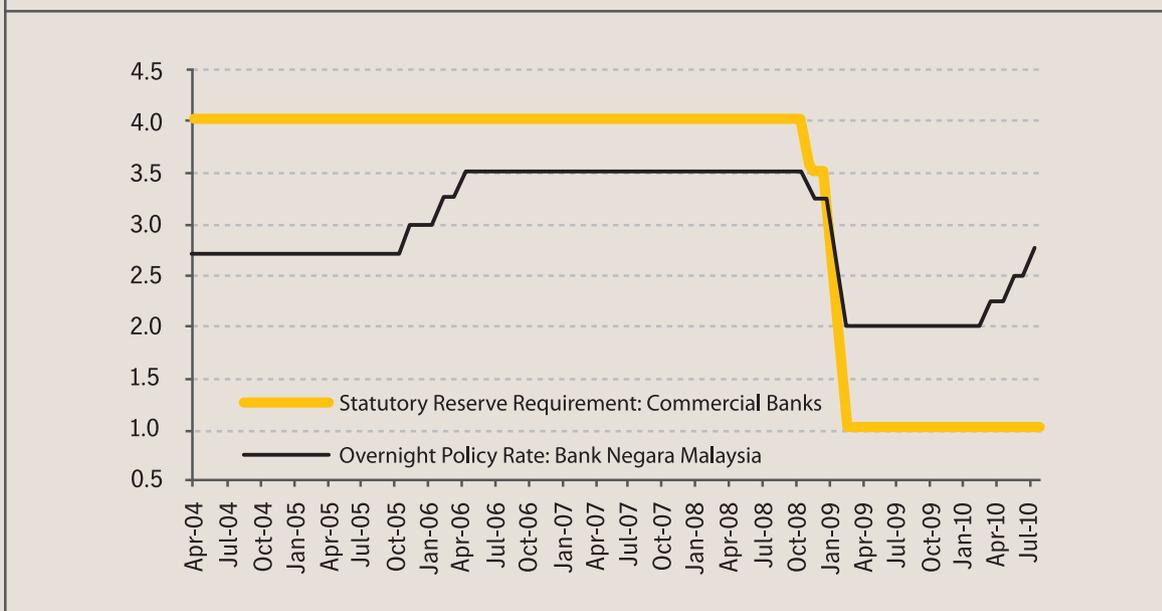
At the same time, monetary policy is being “normalised” globally via interest rate hikes – at least across Asia ex-Japan (including Australia) – after the previous rounds of aggressive interest rate cuts by the central banks and monetary authorities in 2008-2009. Malaysia has also started to reverse its monetary policy via a series of increases in the Overnight Policy Rate (OPR) so far in 2010 totaling 75bps on three occasions (March 4, May 13 and July 8), thus partially reversing the total 150bps reductions made between November 2008 and February 2009.

MALAYSIAN ECONOMIC REVIEW AND OUTLOOK (CONT'D)

Global: Weighted Average Benchmark Interest Rate (%) (Sources: Bloomberg, Maybank Investment Bank)

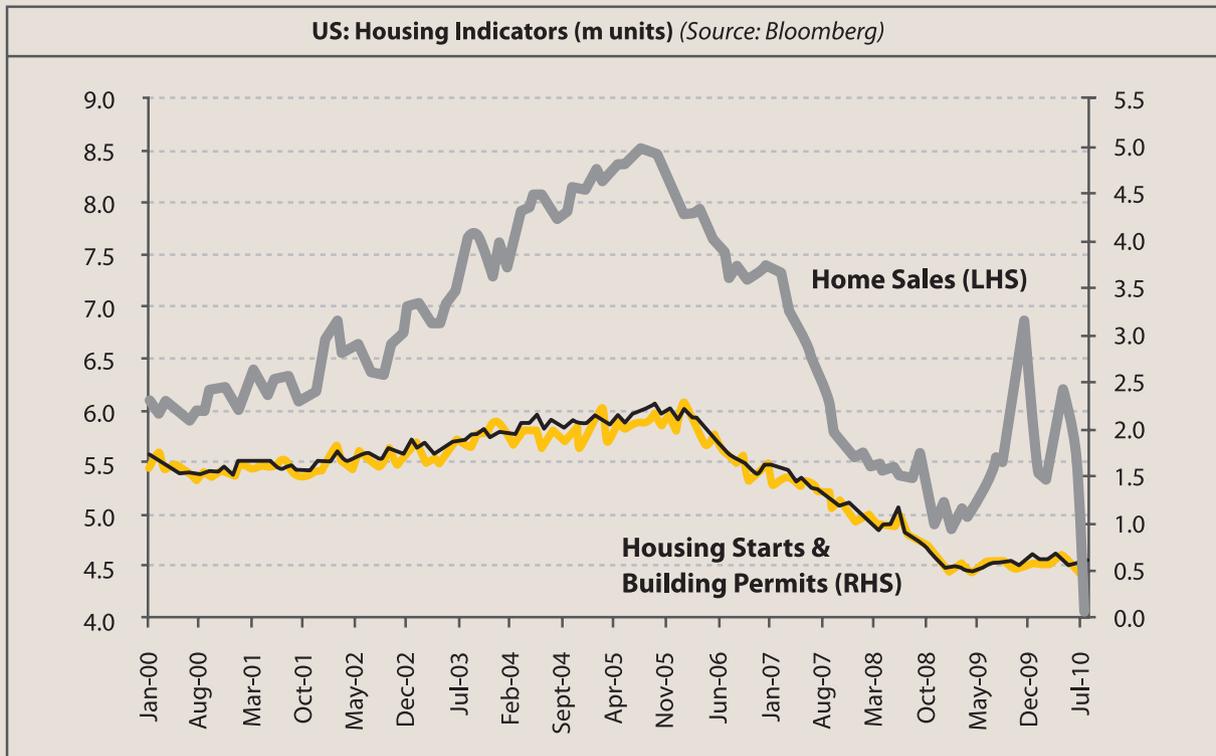


Malaysia: Overnight Policy Rate (OPR, % p.a.) and Statutory Reserve Requirement (SRR, %)
(Source: Bank Negara Malaysia)

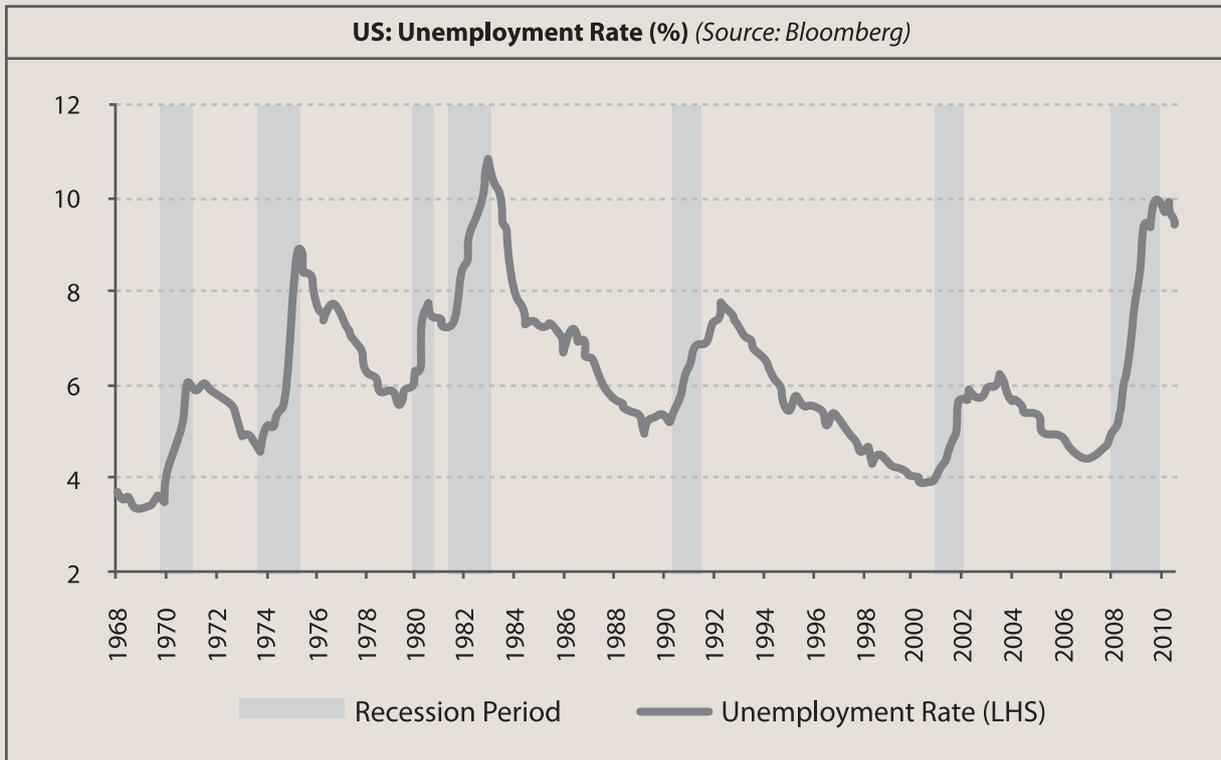


Meanwhile, external headwinds are in the form of concerns over the strength and sustainability of US recovery, impact of Europe’s fiscal turmoil on the region’s growth prospect, and China’s economic slowdown arising from the correction in its real estate/property market.

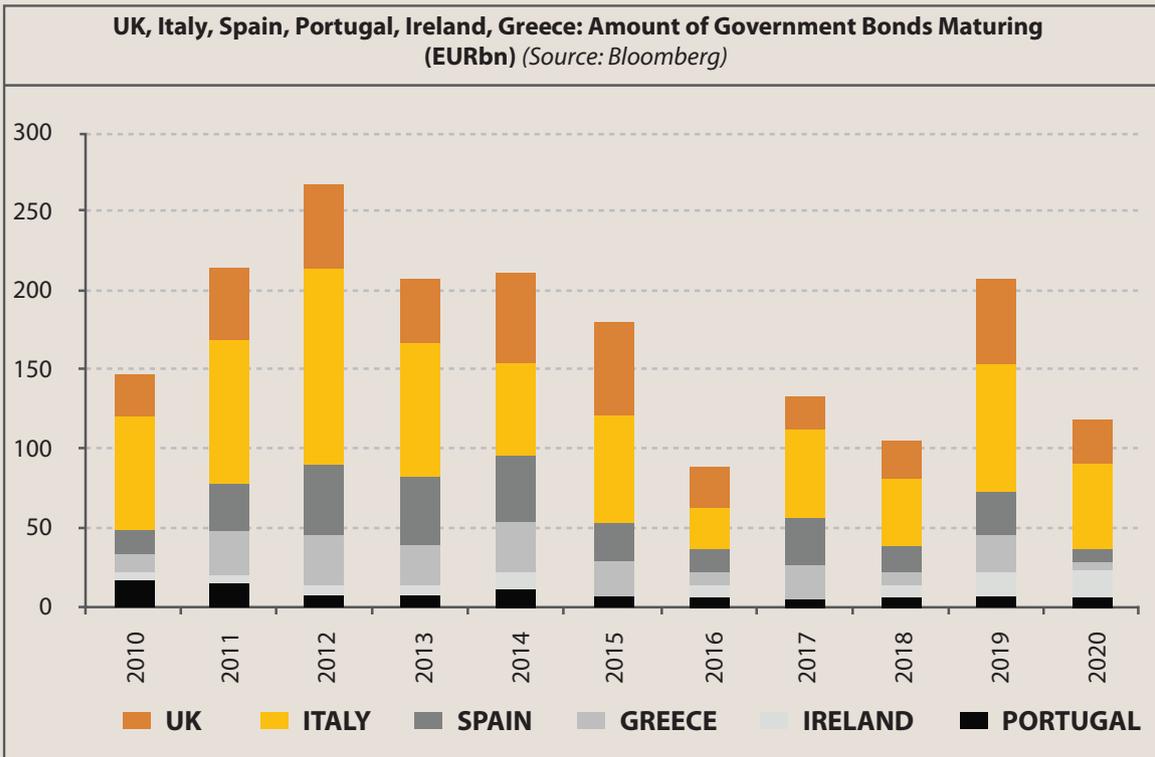
The prolonged period of accommodative monetary policy (i.e. low interest rates and “quantitative easing”) in US and Europe underscores the downside risks to growth in these economies. The US economy is still feeling the effects of, and adjusting to, the 2008-2009 financial crisis. The housing market is still in limbo amid volatile home sales, high level property foreclosures and continued depressed forward-looking indicators like housing starts and building permits. The economy is struggling to create jobs in view of the erratic statistics on non-farm payrolls and initial jobless claims, culminating in a still-high unemployment rate. Household indebtedness remains elevated, necessitating de-leveraging by consumers via increased savings and decreased consumer credit.



MALAYSIAN ECONOMIC REVIEW AND OUTLOOK (CONT'D)

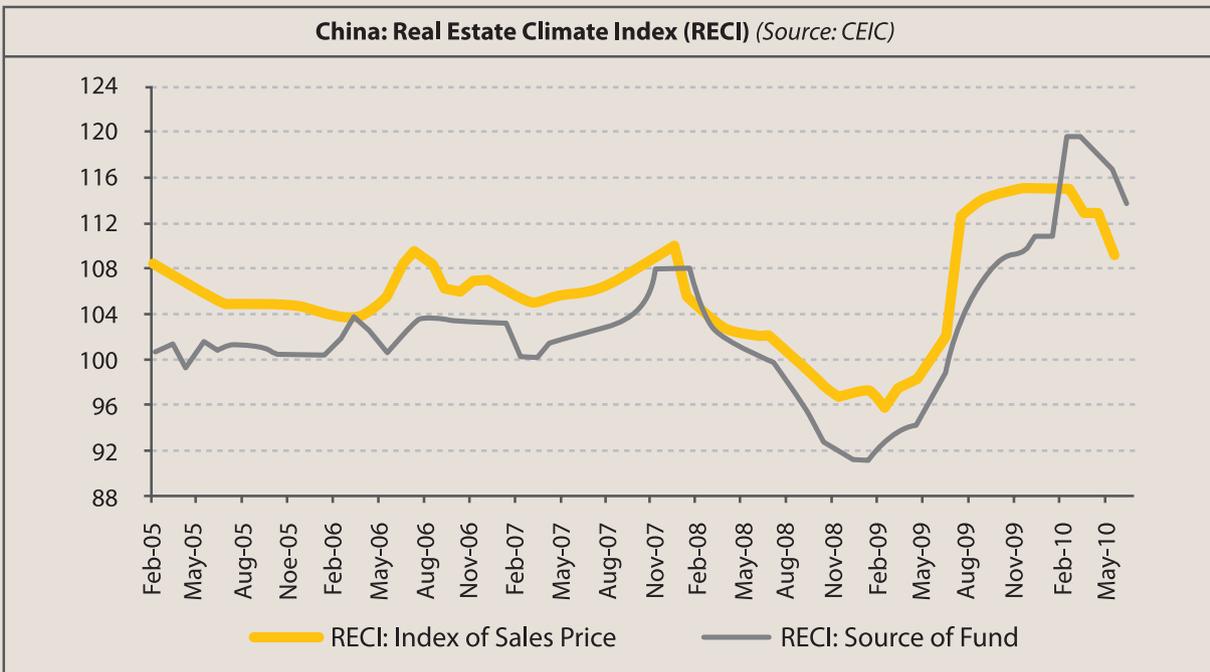
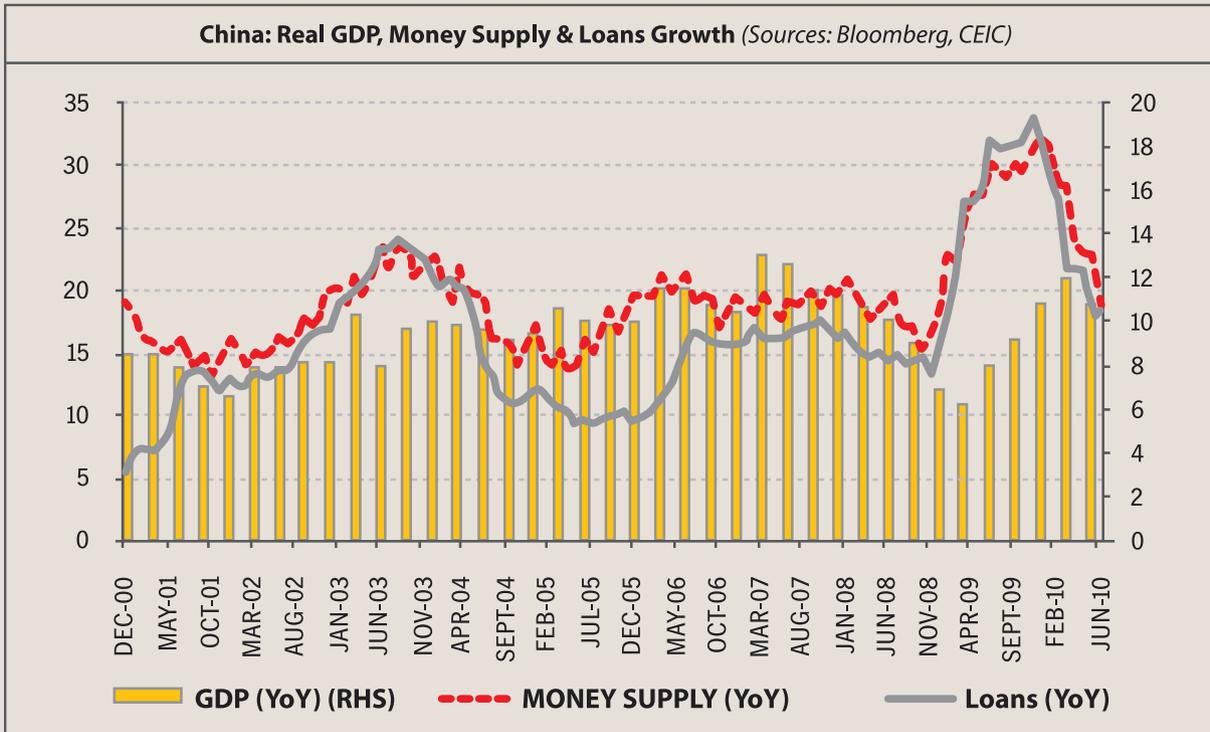


Meanwhile, Europe's fiscal crisis and sovereign debt default risk triggered by worries over the buildup in fiscal deficits and Government debts are expected to weigh on economic growth outlook and outcome as Governments raises taxes, cut spending and implement austerity measures to restore fiscal discipline, policy credibility as well as public and investors confidence. Although the region's financial risk indicators like the sovereign credit default ("CDS") swaps and the Government bond yield spreads have stabilised somewhat, the region is not out of the woods considering the increasing amount of European Government bonds maturing over the next two years, especially those from the vulnerable and high-risk countries like the UK, Italy, Spain, Portugal, Ireland and Greece.

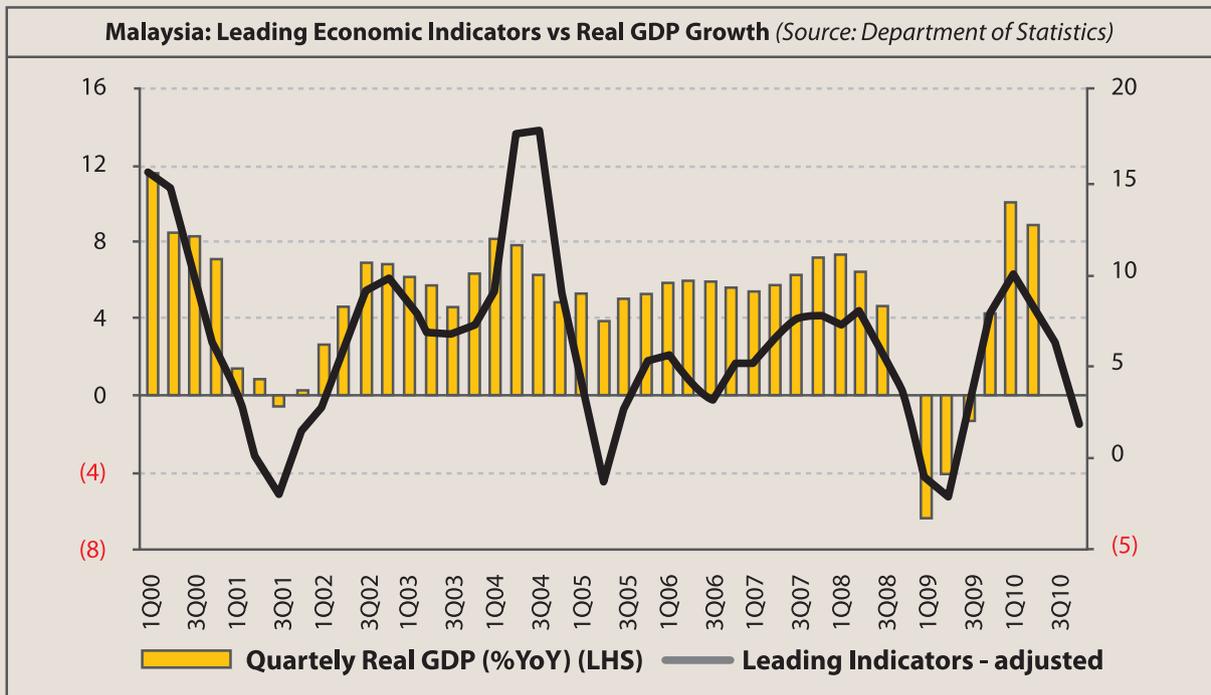
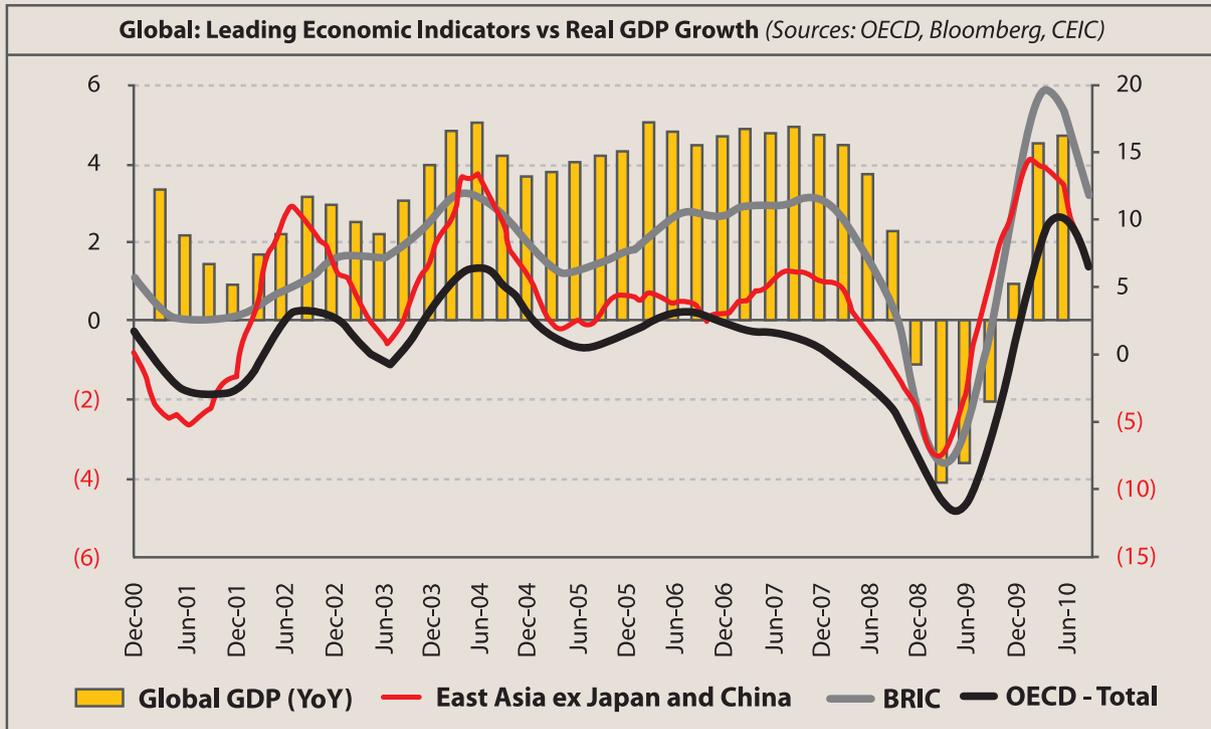


MALAYSIAN ECONOMIC REVIEW AND OUTLOOK (CONT'D)

Another source of external headwinds facing the global and local economies in financial year 2011 is the slowing growth momentum in China as the anti-asset bubble measures put in place earlier began to take effect, as reflected by indicators such as money supply, banking system's loans and real estate/property statistics.

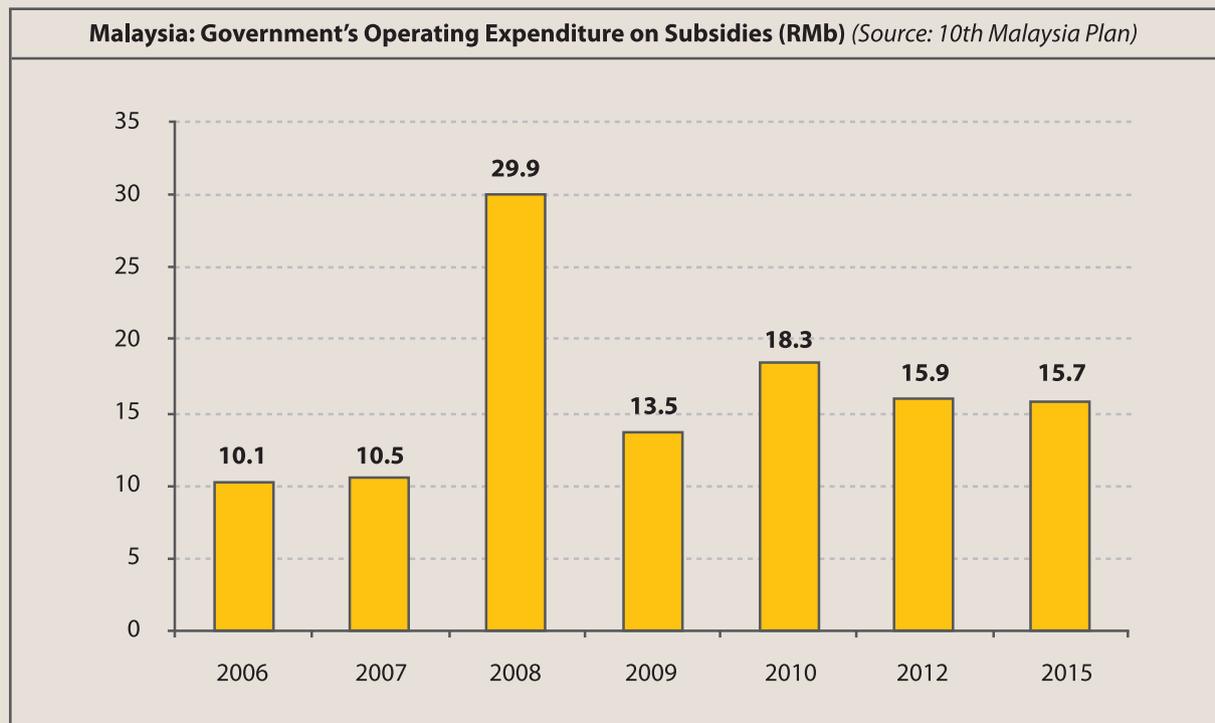


The global and local indices of leading economic indicators are pricing in the downside risks from the aforementioned policy normalization and external headwinds by signaling moderating growth momentum in the first half of financial year 2011.



MALAYSIAN ECONOMIC REVIEW AND OUTLOOK (CONT'D)

Nevertheless, strong and stable economic fundamentals – including a healthy banking sector – as well as domestic tailwinds and undercurrents are expected to sustain Malaysia's growth momentum in financial year 2011. Indeed, the quarterly real GDP table highlighted the strengthening of domestic demand as the Malaysian economy recovers. This is further corroborated by trend in imports i.e. robust growth in the purchases of foreign-made capital and consumption goods. At the same time, a very gradual process of subsidy rationalization, improving job market conditions and the central bank's still accommodative monetary policy should sustain consumer spending growth.



Although the Malaysian Government is reducing its deficit spending and role in the economy over the medium term, investment activities will be supported by "enlarged" public sector spending, namely higher capital expenditure by Government-linked companies, direct investment in the economy by Government-linked investment institutions as well as strategic public-private partnerships and co-investments (e.g. major infrastructure projects such as the high-speed broadband and MRT; developments of Government lands; regional economic corridors).

These are in addition to the sustained efforts to boost private domestic direct investment and attract foreign direct investment via market-friendly, business-oriented and investor-centric measures that include the Government Transformation Plan (GTP) and Economic Transformation Programme (ETP) to raise the Government and economic efficiencies, increase the ease of doing business and investing in Malaysia, as well as remove and re-calibrate policies and practices that impede and distort private sector investments. There will also be payoffs to the economy in terms of higher trade and investment flows from the growing importance of intra-regional trade, the liberalization of the services sector – including the banking sector, and the strengthening of bilateral ties with key regional countries such as China and Singapore.

Therefore, the Malaysian economy should be able to sustain growth into financial year 2011 with real GDP expanding by 5.6% (financial year 2010: +5.5%). In calendar year terms, the economy is expected to grow further by 6.1% in 2011 (2010: +7.5%). Inflation, meanwhile, is expected to pick up gradually to 2.7% in 2011 from 2.0% in 2010. This is below the recent high of 5.4% in 2008 and the long-term historical average of 3.7% and in line with the measured reduction as opposed to drastic cuts in price subsidies. To further ensure that the growth momentum stays on track, BNM is expected to keep the OPR steady at the present rate of 2.75% until the end of financial year 2011 before resuming with further interest rate adjustments. The combination of sustained economic growth and domestic monetary policy normalization is expected to support the Ringgit's upward momentum. During financial year 2010, the Ringgit surged 9.1% against the US Dollar to RM3.2255 at the end of period. The currency is expected to end 2010 on a firmer note at RM3.10-RM3.15 and strengthen further to RM3.00-RM3.05 by end-2011.

Global Economy: Real GDP Growth

(% Chg)	2007	2008	2009	2010E	2011E
WORLD	5.2	3.0	(0.6)	4.6	4.3
Advanced Economies	2.8	0.5	(3.2)	2.6	2.4
US	2.1	0.4	(2.4)	3.3	2.9
Eurozone	2.8	0.6	(4.1)	1.0	1.3
Japan	2.4	(1.2)	(5.2)	2.4	1.8
UK	2.6	0.5	(4.9)	1.2	2.1
Emerging & Developing Economies	8.3	6.1	2.5	6.8	6.4
China	13.0	9.6	9.1	10.5	9.6
India	9.4	6.4	5.7	9.4	8.4
Brazil	6.1	5.1	(0.2)	7.1	4.2
Russia	8.1	5.6	(7.0)	4.3	4.1
Asian NIEs	5.8	1.8	(0.9)	6.7	4.7
ASEAN-5	6.3	4.7	1.7	6.4	5.5

Source : IMF World Economic Outlook Update (July 2010)

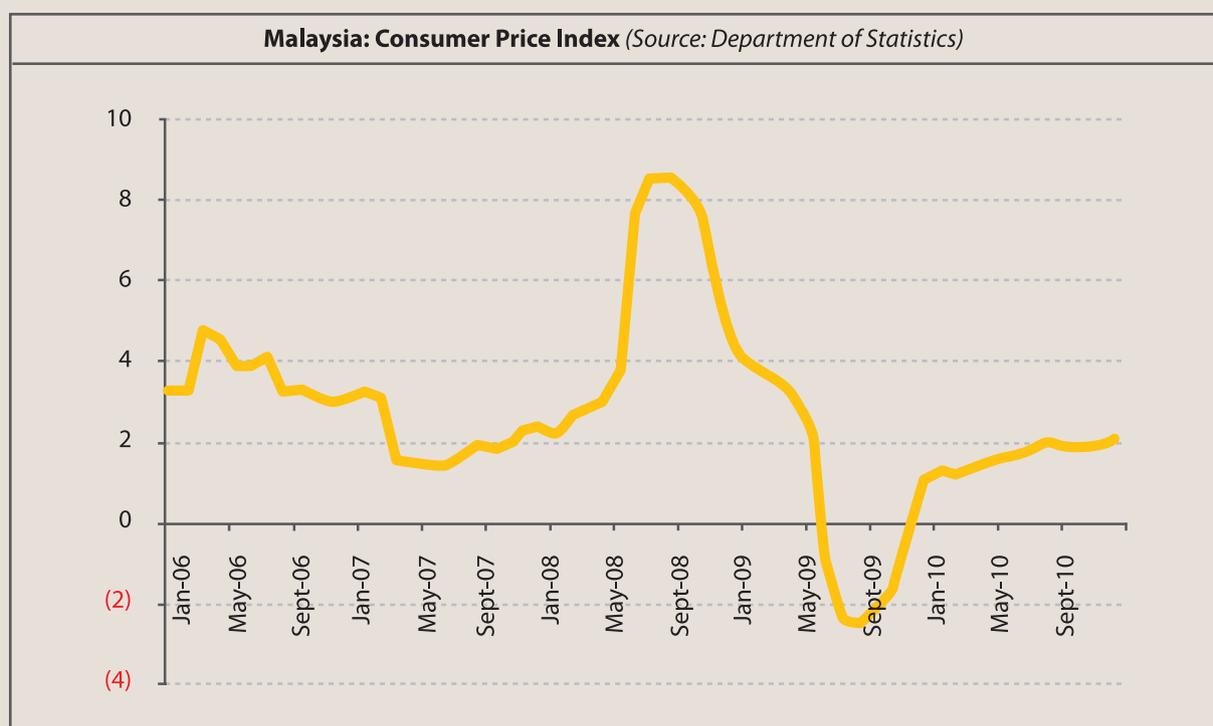
MALAYSIAN ECONOMIC REVIEW AND OUTLOOK (CONT'D)

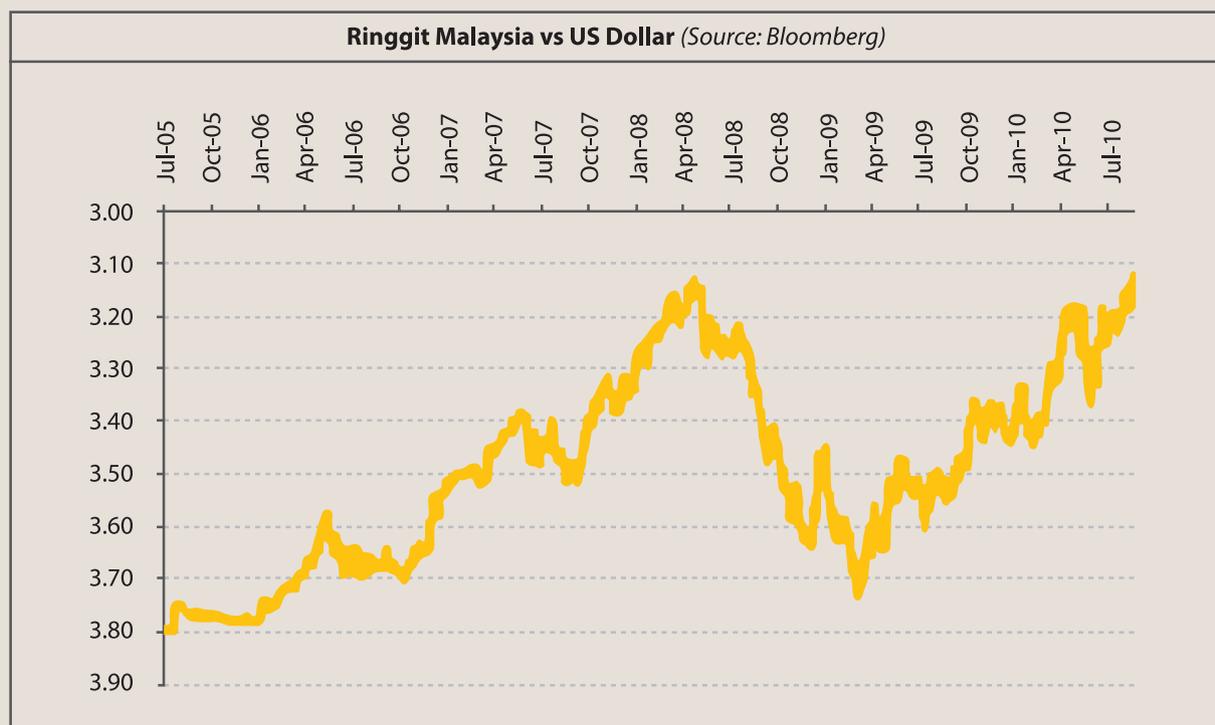
Malaysia: Real GDP

(% Chg)	ACTUAL		MAYBANK IB		
	2009	1H 2010	2010E	2011E	2010E
Real GDP	(1.7)	9.5	7.5	6.1	6.0
Manufacturing	(9.4)	16.4	11.5	6.1	6.2
Services	2.6	7.9	7.0	7.4	6.6
Agriculture	0.4	4.6	3.5	1.2	3.8
Mining	(3.8)	2.0	1.7	2.3	3.2
Construction	5.8	6.4	5.0	4.5	5.0
Domestic Demand	(0.5)	7.2	5.3	6.9	5.7
Private Consumption	0.7	6.5	6.5	6.9	6.0
Public Consumption	3.1	6.6	(1.7)	3.5	(1.2)
Gross Fixed Capital Formation	(5.6)	9.2	7.0	8.8	9.5
Private Investment	(21.8)	NA	4.1	12.5	7.0
Public Investment	12.9	NA	9.4	6.1	11.6
Net External Demand	11.1	(25.6)	4.6	(2.3)	(15.8)
Exports of Goods & Services	(10.4)	16.5	16.2	7.4	8.4
Imports of Goods & Services	(12.3)	24.7	17.9	8.7	12.0
Inventories (chg, RMm)	(14,289)	4,063	10,765	825	1,435

Source : Dept of Statistics, 10MP, Maybank IB

Malaysia: Consumer Price Index (Source: Department of Statistics)





BUSINESS ENVIRONMENT

Equities operating environment rebounded in financial year 2010 with total traded value on Bursa Securities up 33.0% year-on-year. Equities average daily value rose to RM1.35 billion in financial year 2010 from RM1.02 billion in financial year 2009. Second half financial year 2010 equities momentum was relatively stronger than first half financial year 2010, buoyed by positive transformation measures outlined under the Government Transformation Program, New Economic Model and 10th Malaysia Plan. The FBMKLCI closed at 1,314 points on Jun 30, 2010, up 234 points from 1,075 points on June 30, 2009.

Banking system loans grew 12.5% in financial year 2010 to RM835.5 billion as at end-June 2010, out-pacing economic growth of 5.5% (real GDP) in the same period. Banking system health strengthened further in financial year 2010, with gross non-performing loan (NPL) contracting 10.0% by end-June 2010, from end-June 2009. System's capital remained well in financial year 2010, with stable Tier 1 capital and risk weighted capital ratios at 13.1% and 15.0% respectively as at end-June 2010 (end-June 2009: 13.1% and 14.8% respectively). System pretax profit grew 16.0% year-on-year to RM21.53 billion in financial 2010 (Jul 2009 – Jun 2010).

MALAYSIAN ECONOMIC REVIEW AND OUTLOOK (CONT'D)

FIXED INCOME MARKET

Financial year 09/10 saw the local government bond market size increasing from RM281.1 billion to RM325.4 billion, helped in part by the strong issuances in the first half of the financial year where the government was aggressively raising funds to meet its fiscal spending requirements.

Bank Negara's decision to raise the OPR pushed the Malaysian Government Securities (MGS) yield curve to flatten with the 3-year rising some 23 bps year-on-year to 3.15% at the end of the financial year. Strong presence from the foreign investors limited the increase in the 3-year bond's yield as these investors bought into the short-end of the curve to benefit from currency gains. The long-end of the MGS curve, however, was well supported given the mismatch in supply and demand, as well as the mild inflation scenario. Pension funds and life insurance companies are constantly seeking to invest in the long bonds despite the shortage in supply of these bonds. Meanwhile, the average inflation rate was only 0.1% for financial year 09/10. As a result, the 20-year bond yield fell 43 bps year-on-year closing the financial year at 4.47%.

The local Private Debt Securities (PDS) market grew 8.1% in financial year 09/10 to RM288.1 billion. A total of RM49.4 billion worth of PDS were raised in the financial year, while RM29.2 billion worth were redeemed. Maybank Investment Bank was involved in a number of prominent deals such as the Cagamas Bhd and Haluan Gigih Sdn Bhd's bond issuances.

Credit environment of the PDS market in financial year 09/10 can generally be divided into 2 categories. The AAA and AA segments proved resilient despite the global financial crisis, but a number of single-A issuers were downgraded or defaulted on their payments during the financial year under review.

The government and corporate bond markets are expected to continue to grow in the coming years, with forecasts for the government bond market size to hit RM562.2 billion in 2015, while the PDS market size to reach RM449.7 billion in the same year.

RETAIL RESEARCH REPORT

The FBM KLCI traded upwards since the low in July 2009 (1,058.12) to a high of May 2010 (1,349.92). After the H1N1 scare, volumes remained fairly good and evenly spread throughout the 12-month period under review.

With the burgeoning Dubai (November 2009) and EUROZONE crises (January and May 2010), there were bouts of profit-taking in the FBM KLCI's uptrend. With blue chips leading the charge, there was some rotational movements in cheap and laggard stocks in first quarter and second quarter 2010. The thematic plays into the consumer edibles sector were particularly obvious.



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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 June 30, 2010.

PRINCIPAL ACTIVITIES

The Bank is principally engaged in the investment banking business including Islamic Banking Scheme operations, provision of stockbroking services and related financial services.

The principal activities of the subsidiaries are described in Note 10 to the financial statements.

There have been no significant changes in the nature of the principal activities during the financial year other than as disclosed in Note 30 to the financial statements.

RESULTS	Group RM'000	Bank RM'000
Profit before taxation	124,558	125,162
Taxation and Zakat	(34,510)	(33,372)
Net profit for the year	90,048	91,790
Attributable to:		
Equity holders of the Bank	90,048	91,790

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 of the Bank during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature.

DIVIDENDS

An interim dividend of 1,220% less 25% taxation, on 50,116,000 ordinary shares amounting to RM458,561,400 was declared on December 31, 2009 and paid on January 29, 2010.

DIRECTORS

The names of the Directors of the Bank in office since the date of the last report and at the date of this report are as follows:

Tan Sri Dato' Megat Zaharruddin bin Megat Mohd Nor (*Chairman*) (*appointed on January 26, 2010*)
 Dato' Sri Abdul Wahid bin Omar
 Datuk R. Karownikaran @ Karunikaran a/l Ramasamy
 Dato Dr Tan Tat Wai (*appointed on February 11, 2010*)
 Cheah Teik Seng (*appointed on February 11, 2010*)
 Mohammed Rashdan bin Mohd Yusof (*resigned on May 1, 2010*)
 Dato' Aminuddin Md Desa (*resigned on February 11, 2010*)
 Haji Mohd Hashir bin Haji Abdullah (*resigned on February 11, 2010*)
 Tan Sri Mohamed Basir bin Ahmad (*Former chairman*) (*resigned on January 26, 2010*)

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 subsidiaries was a party, whereby the Directors might acquire benefits by means of the 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 Malayan Banking Berhad Group Employee Share Option Scheme (ESOS).

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit (*other than benefits 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 or its related corporation as shown in Note 27 to the financial statements and in the financial statements of its related corporations*) by reason of a contract made by the Bank or a related corporation with any 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 and options over shares in the holding company, Malayan Banking Berhad, during the financial year are as follows:

	Number of Ordinary Shares of RM1.00 Each				
	July 1, 2009 /Date of Appointment	Share Options Exercised	Bonus issue	Sold	June, 30 2010
Holding company					
Tan Sri Dato' Megat Zaharuddin bin Megat Mohd Nor	57,350	-	-	-	57,350
Dato Dr Tan Tat Wai	5,000	-	-	-	5,000

DIRECTORS' REPORT (cont'd)

DIRECTORS' INTERESTS (cont'd)

Other than as stated above, the Directors do not have any interest in shares in the Bank or its related corporation during the financial year.

RATING BY EXTERNAL RATING AGENCY

The Bank's long term rating of AAA and short term rating of A1 was reaffirmed by the Rating Agency Malaysia Berhad on March 17, 2010.

BUSINESS OUTLOOK

Maybank Investment Bank Berhad envisage to remain resilient and aim to be a global player with strategic financial advisory as the core emphasis despite the difficult operating environment. We shall continue to leverage on the natural synergy developed with our parent company by providing "total package solutions". The unveiling of the new corporate name and logo during the previous financial year has allowed us to leverage further on the strength of the Maybank brand, as well as the wealth of resources and capabilities within the Group to enable us to assist corporations and entrepreneurs, in corporate restructuring, capital raising, mergers and acquisitions including regional expansion. The awards and accolades received through the years are evident of our strength in the capital markets (*both conventional and Islamic*).

SIGNIFICANT EVENT

The significant events during the financial year is as disclosed in Note 30 to the financial statements.

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 of the Bank inadequate to any substantial extent; and
 - ii) the values attributed to the current assets in the financial statements of the Group and of the Bank misleading.

Other statutory information (cont'd)

- 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.
- e) As at the date of this report, there does not exist:
- i) any charge on the assets of the Group or 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 or of the Bank.
- f) In the opinion of the Directors:
- i) no contingent 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 or of the Bank to meet their obligations as and when they fall due; and
 - ii) no item, 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.

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 August 20, 2010.



**Tan Sri Dato Megat Zaharruddin
bin Megat Mohd Nor**



Dato' Sri Abdul Wahid bin Omar

STATEMENT BY DIRECTORS

PURSUANT TO SECTION 169(15) OF THE COMPANIES ACT, 1965

We, Tan Sri Dato' Megat Zaharruddin bin Megat Mohd Nor and Dato' Sri Abdul Wahid bin Omar, being two of the Directors of Maybank Investment Bank Berhad, do hereby state that, in the opinion of the Directors, the accompanying financial statements set out on pages 78 to 159 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's Guidelines, so as to give a true and fair view of the financial position of the Group and of the Bank as at June 30, 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 August 20, 2010.



**TAN SRI DATO' MEGAT ZAHARRUDDIN
BIN MEGAT MOHD NOR**



DATO' SRI ABDUL WAHID BIN OMAR

STATUTORY DECLARATION

PURSUANT TO SECTION 169(16) OF THE COMPANIES ACT, 1965

I, Dato' Sri Abdul Wahid bin Omar, being the Director primarily responsible for the financial management of Maybank Investment Bank Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 78 to 159 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 Dato' Sri Abdul Wahid bin Omar at Kuala Lumpur in the Federal Territory on August 20, 2010.



DATO' SRI ABDUL WAHID BIN OMAR

Before me,



No. 72, Tingkat 3
Jalan Mega mendung
Bandar Kompleks
58200 Kuala Lumpur

REPORT OF THE AUDITORS

Independent auditors' report to the members of
Maybank Investment Bank Berhad
(Incorporated in Malaysia)

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of Maybank Investment Bank Berhad which comprise the balance sheets as at June 30, 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 78 to 159.

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 Financial Reporting Standards, as modified by Bank Negara Malaysia's (BNM) Guidelines, and the Companies Act 1965 in Malaysia. 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 judgment, 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 Financial Reporting Standards, as modified by Bank Negara Malaysia's ("BNM") Guidelines, and the Companies Act 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Bank as at June 30, 2010 and of their financial performance and cash flows of the Group and of the Bank 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:

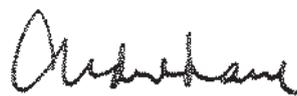
- a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Bank and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.
- b) We have considered the accounts and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 10 to the financial statements.
- c) We are satisfied that the accounts 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 accounts of the subsidiaries were not subject to any qualification and 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



Abdul Rauf bin Rashid
NO. 2305/05/12(J)
Chartered Accountant

Kuala Lumpur, Malaysia
August 20, 2010

BALANCE SHEETS as at June 30, 2010

	Note	Group		Bank	
		2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
ASSETS					
Cash and short-term funds	4	432,824	735,400	406,990	712,266
Deposits and placements with banks and other financial institutions	5	12,052	14,741	8,733	9,334
Securities portfolio	6	111,307	3,841,090	65,978	3,792,755
Loans and advances	7	128,042	251,535	128,042	251,535
Other assets	8	176,730	317,763	177,147	314,719
Statutory deposits with Bank Negara Malaysia	9	105	10,218	105	10,218
Investment in subsidiaries	10	-	-	233,279	230,924
Investment in associates	11	9,944	9,012	4,200	4,200
Property, plant and equipment	12	9,397	8,432	9,163	8,084
Intangible assets	13	1,823	1,684	1,823	1,684
Deferred tax assets	14	14,945	24,417	14,945	24,417
TOTAL ASSETS		897,169	5,214,292	1,050,405	5,360,136
LIABILITIES AND EQUITY					
Deposits from customers	15	-	3,862,851	-	3,862,851
Deposits and placements of banks and other financial institutions	16	-	232,470	-	232,470
Other liabilities	17	492,380	364,405	661,974	532,731
Deferred tax liabilities	14	566	146	-	-
TOTAL LIABILITIES		492,946	4,459,872	661,974	4,628,052
Share capital	18	50,116	50,116	50,116	50,116
Reserves		354,107	704,304	338,315	681,968
TOTAL EQUITY		404,223	754,420	388,431	732,084
TOTAL LIABILITIES AND EQUITY		897,169	5,214,292	1,050,405	5,360,136
COMMITMENTS AND CONTINGENCIES	31	410,156	345,967	410,156	345,967

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

INCOME STATEMENTS

for the year ended June 30, 2010

	Note	Group		Bank	
		2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Interest income	21	42,270	247,547	41,822	247,028
Interest expense	22	(12,725)	(170,519)	(12,725)	(170,519)
Net interest income		29,545	77,028	29,097	76,509
Net income from Islamic Banking Scheme operations	39	2,279	5,627	2,279	5,627
Non-interest income	23	183,376	134,012	183,621	127,604
Net income		215,200	216,667	214,997	209,740
Overhead expenses	24	(111,454)	(103,361)	(109,423)	(101,895)
Operating profit		103,746	113,306	105,574	107,845
Write back of losses on loans and advances, net	25	19,588	3,162	19,588	3,162
Share of results of associates		123,334 1,224	116,468 (9,116)	125,162 -	111,007 -
Profit before taxation		124,558	107,352	125,162	111,007
Taxation and zakat	26	(34,510)	6,117	(33,372)	8,048
Net profit for the financial year, attributable to equity holders of the Bank		90,048	113,469	91,790	119,055
Basic earnings per share (sen)	28	180	226	183	238

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended June 30, 2010

GROUP	Note	Share Capital RM'000	Share Premium RM'000	Statutory Reserves* RM'000	Non-distributable			Distributable		Total RM'000
					Unrealised Holding Reserves RM'000	Equity Contribution from Parent (Note 20) RM'000	Exchange Fluctuation Reserve RM'000	Retained Earnings (Note 19) RM'000		
At July 1, 2009		50,116	172,669	50,116	(3,519)	2,544	177	482,317	754,420	
Foreign currency translation		-	-	-	-	-	(3,965)	-	(3,965)	
Net increase in fair value of securities, net of disposal		-	-	-	22,281	-	-	-	22,281	
Dividends	38	-	-	-	-	-	-	(458,561)	(458,561)	
Transfer from ESOS reserve		-	-	-	-	(2,544)	-	2,544	-	
Net profit for the year		-	-	-	-	-	-	90,048	90,048	
At June 30, 2010		50,116	172,669	50,116	18,762	-	(3,788)	116,348	404,223	
At July 1, 2008		50,116	172,669	50,116	(50,228)	2,535	(3,259)	594,370	816,319	
Foreign currency translation		-	-	-	-	-	3,436	-	3,436	
Net increase in fair value of securities, net of disposal		-	-	-	46,709	-	-	-	46,709	
Share options granted under ESOS		-	-	-	-	9	-	-	9	
Dividends	38	-	-	-	-	-	-	(225,522)	(225,522)	
Net profit for the year		-	-	-	-	-	-	113,469	113,469	
At June 30, 2009		50,116	172,669	50,116	(3,519)	2,544	177	482,317	754,420	

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

		← Non-distributable →				Distributable		
BANK		Equity Contribution						
	Note	Share Capital RM'000	Share Premium RM'000	Statutory Reserves* RM'000	Unrealised Holding Reserves RM'000	from Parent (Note 20) RM'000	Retained Earnings (Note 19) RM'000	Total RM'000
At July 1, 2009		50,116	172,669	50,116	(17,341)	2,511	474,013	732,084
Net increase in fair value of								
securities, net of disposal		-	-	-	23,118	-	-	23,118
Share options granted under ESOS		-	-	-	-	-	-	-
Dividends	38	-	-	-	-	-	(458,561)	(458,561)
Transfer from ESOS reserve		-	-	-	-	(2,511)	2,511	-
Net profit for the year		-	-	-	-	-	91,790	91,790
At June 30, 2010		50,116	172,669	50,116	5,777	-	109,753	388,431
At July 1, 2008		50,116	172,669	50,116	(60,727)	2,502	580,480	795,156
Net increase in fair value of								
securities, net of disposal		-	-	-	43,386	-	-	43,386
Share options granted under ESOS		-	-	-	-	9	-	9
Dividends	38	-	-	-	-	-	(225,522)	(225,522)
Net profit for the year		-	-	-	-	-	119,055	119,055
At June 30, 2009		50,116	172,669	50,116	(17,341)	2,511	474,013	732,084

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

CASH FLOW STATEMENTS

for the year ended June 30, 2010

	Group		Bank	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before taxation	124,558	107,352	125,162	111,007
Adjustments for:				
Share of results in associates	(1,224)	9,116	-	-
Depreciation	2,714	2,759	2,607	2,667
Amortisation of computer software	661	441	661	441
Net gain on disposal of property, plant and equipment	(5)	(51)	(5)	(51)
Loss on disposal of foreclosed properties	-	1	-	1
Amortisation of premiums and accretion of discounts, net	(1,025)	34,570	(1,025)	34,570
Provision for impairment losses in securities available-for-sale, net	470	5,000	470	5,000
Provision for impairment losses in other assets	7,871	-	7,871	-
Write back of losses on loans and advances, net	(19,588)	(3,162)	(19,588)	(3,162)
Gross dividends	(860)	(3,713)	(4,973)	(3,273)
(Gain)/loss from sale of securities held-for-trading, net	(2,061)	7,344	(2,061)	7,344
Gain from sale of securities available-for-sale, net	(11,224)	(15,315)	(11,224)	(15,315)
Early redemption gain from securities held-to-maturity, net	(429)	(138)	(429)	(138)
Unrealised gain on revaluation of securities held-for-trading and derivatives	-	(12,890)	-	(12,890)
Net gain on waiver of debt by an associate	-	(8,454)	-	(8,454)
ESOS compensation expenses	-	9	-	9
Transfer to profit equalisation reserve	-	561	-	561
Operating profit before working capital changes	99,858	123,430	97,466	118,317
Decrease in deposits and placements with banks and other financial institutions	2,689	498,808	601	499,558
Decrease in securities portfolio	3,764,406	721,295	3,771,740	736,217
Decrease/(increase) in loans and advances	143,081	(160,213)	143,081	(160,213)
Decrease/(increase) in other assets	130,138	26,772	113,560	(15,844)
Decrease/(increase) in statutory deposits with Bank Negara Malaysia	10,113	(5,218)	10,113	(5,218)
(Increase)/decrease in deposits and monies held in trust with financial institutions	(183,151)	19,148	(183,151)	19,148
Decrease in deposits from customers	(3,862,851)	(2,027,419)	(3,862,851)	(2,027,419)

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

	Group		Bank	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES (CONT'D)				
Increase in deposits and placements of banks and other financial institutions	(232,470)	(984,290)	(232,470)	(984,290)
Increase/(decrease) in other liabilities	122,374	(49,246)	129,371	8,386
Cash used in operations	(5,813)	(1,836,933)	(12,540)	(1,811,358)
Taxes paid	(17,687)	(36,667)	(15,417)	(36,667)
Net cash used in operating activities	(23,500)	(1,873,600)	(27,957)	(1,848,025)
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of property, plant and equipment	(3,686)	(916)	(3,686)	(916)
Purchase of computer software	(800)	(1,171)	(800)	(1,171)
Proceeds from disposal of property, plant and equipment	5	51	5	51
Net dividends received	816	3,496	4,928	2,775
Additional investment in subsidiary	-	-	(2,355)	-
Acquisition of subsidiary (Note 10(a))	-	(3,270)	-	(5,992)
Net cash used in investing activities	(3,665)	(1,810)	(1,908)	(5,253)
CASH FLOWS FROM FINANCING ACTIVITIES				
Dividend paid	(458,561)	(225,522)	(458,561)	(225,522)
Net decrease in cash and cash equivalents	(485,726)	(2,100,932)	(488,426)	(2,078,800)
Cash and cash equivalents at beginning of year	626,904	2,727,836	603,770	2,682,570
Cash and cash equivalents at end of year	141,178	626,904	115,344	603,770
Cash and cash equivalents comprise:				
Cash and short-term funds (Note 4)	432,824	735,400	406,990	712,266
Less: Monies held in trust (Note 4)	(291,646)	(108,496)	(291,646)	(108,496)
	141,178	626,904	115,344	603,770

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

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2010

1. CORPORATE INFORMATION

The Bank is principally engaged in investment banking business including Islamic Banking Scheme (IBS) operations, provision of stockbroking services and related financial services. The principal activities of the subsidiaries are the provision of stockbroking services and nominees services.

There were no significant changes in these activities during the financial year other than as disclosed in Note 30 to the financial statements.

The Bank is a public limited liability company, incorporated and domiciled in Malaysia. The registered office of the Bank is located at 33rd Floor, Menara Maybank, 100, Jalan Tun Perak, 50050 Kuala Lumpur, Malaysia.

The holding company of the Bank is Malayan Banking Berhad (Maybank), a licensed commercial bank incorporated in Malaysia and listed on the Main Board of Bursa Malaysia Securities Berhad.

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

2. BASIS OF PREPARATION

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, and in accordance with the provisions of the Companies Act 1965 and Financial Reporting Standards (FRS) in Malaysia, as modified by Bank Negara Malaysia's (BNM) Guidelines.

The financial statements incorporate those activities relating to the Islamic Banking Scheme (IBS) which have been undertaken by the Group and the Bank. IBS refers generally to the acceptance of deposits and granting of financing under the principles of Shariah.

The financial statements are presented in Ringgit Malaysia (RM) and all values are rounded to the nearest thousand (RM'000) except when otherwise stated. In the preparation of the financial statements in conformity with FRS, management has been required to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the financial statements in the period in which the estimates are revised and in any future periods affects.

In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in the following notes:

- (i) Fair value estimation for securities held-for-trading (Note 6(i)) and securities available-for-sale (Note 6(ii)) - the fair value of securities 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 the discounted cash flow method.

2. BASIS OF PREPARATION (cont'd)

- (ii) Deferred tax assets (Note 14) - deferred tax assets are recognised for all unutilised tax losses and unabsorbed capital allowances to the extent that it is probable that taxable profit will be available against which the tax losses and capital allowances can be utilised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

3. SIGNIFICANT ACCOUNTING POLICIES

At the date of authorisation of these financial statements, the following new FRSs and Interpretations, and amendments to certain Standards and Interpretations were issued but not yet effective and have not been applied by the Group and the bank, which are:

Effective for financial periods beginning on or after January 1, 2010

FRS 4	: Insurance Contracts
FRS 7	: Financial Instruments: Disclosures
FRS 101	: Presentation of Financial Statements (revised)
FRS 123	: Borrowing Costs
FRS 139	: Financial Instruments: Recognition and Measurement
Amendments to FRS 1	: First-time Adoption of Financial Reporting Standards and FRS127: Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
Amendments to FRS 2	: Share-based Payment - Vesting Conditions and Cancellations
Amendments to FRS 132	: Financial Instruments: Presentation
Amendments to FRS 139	: Financial Instruments: Recognition and Measurement,
FRS 7	: Financial Instruments: Disclosures and IC Interpretation 9: Reassessment of Embedded Derivatives
Amendments to FRSs' Improvements to FRSs (2009)	
IC Interpretation 9	: Reassessment of Embedded Derivatives
IC Interpretation 10	: Interim Financial Reporting and Impairment
IC Interpretation 11	: FRS 2 - Group and Treasury Share Transactions
IC Interpretation 13	: Customer Loyalty Programmes
IC Interpretation 14	: FRS 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
TR i - 3	: Presentation of Financial Statements of Islamic Financial Institutions
SOP i - 1	: Financial Reporting from an Islamic Perspective

Effective for financial periods ending on or after December 31, 2010

TR - 3	: Guidance on Disclosures of Transition to IFRSs
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Effective for financial periods beginning on or after March 1, 2010

Amendments to FRS 132	: Financial Instruments: Presentation (Classification of Rights Issues)
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NOTES TO THE FINANCIAL STATEMENTS (cont'd)

June 30, 2010

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Effective for financial periods beginning on or after July 1, 2010 (cont'd)

FRS 1	: First-time Adoption of Financial Reporting Standards
FRS 3	: Business Combinations (revised)
FRS 127	: Consolidated and Separate Financial Statements (amended)
Amendments to FRS 2	: Share-based Payment
Amendments to FRS 5	: Non-current Assets Held for Sale and Discontinued Operations
Amendments to FRS138	: Intangible Assets
Amendments to IC Interpretation 9	: Reassessment of Embedded Derivatives
IC Interpretation 12	: Service Concession Arrangements
IC Interpretation 15	: Agreements for the Construction of Real Estate
IC Interpretation 16	: Hedges of a Net Investment in a Foreign Operation
IC Interpretation 17	: Distributions of Non-cash Assets to Owners

Effective for financial periods beginning on or after January 1, 2011

- (i) Amendments to FRS 1 : Limited Exemption from Comparative FRS 7
- (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 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. The Group is currently evaluating the format to adopt. 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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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.

(a) Subsidiaries and basis of consolidation

(i) 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.

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

(ii) 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 is recognised immediately in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

June 30, 2010

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(ii) Basis of consolidation (cont'd)

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.

(b) 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.

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 associate, 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 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(u).

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

Unrealised gains on transactions between the Group and the associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are eliminated using the same basis unless costs cannot be recovered.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(c) Intangible assets

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 on a straight-line basis 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. The policy for the recognition and measurement of impairment losses is in accordance with Note 3(u).

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 at the following annual rate:

Computer software	25%
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(d) Securities portfolio

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

(i) 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. Securities held-for-trading are stated at fair value and any gain or loss arising from a change in their fair values and derecognition of securities held-for-trading are recognised in the income statement.

(ii) 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.

(iii) 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 the 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.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

June 30, 2010

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(e) Allowance for bad and doubtful debts

Loans and advances are stated at cost less any allowance for bad and 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 over five years.

Plant and machinery that are pledged to the Bank, are assigned values based on their estimated realisable value as supported by professional valuations for the purpose of making specific allowance.

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

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

(f) Amount due from brokers and clients

Amount due from brokers and clients are carried at anticipated realisable values. Bad debts are written off when identified. Specific allowance for doubtful debts are made for amounts due from brokers and clients which have been classified as non-performing, net of interest-in-suspense and after taking into consideration collaterals held by the Bank. General allowance is made based on a percentage of amount due from brokers and clients (excluding outstanding purchase contracts) net of interest-in-suspense and specific allowance already made.

Interest is suspended and credited to the interest-in-suspense when an account is classified non-performing.

Client's accounts are classified as non-performing(doubtful or bad) under the following circumstances:

Types of accounts	Criteria for classification as non-performing	
	Doubtful	Bad
Contra losses	When the account remains outstanding for 16 to 30 calendar days from the date of contra transactions.	When the account remains outstanding for more than 30 calendar days from the date of contra transactions.
Overdue purchase contract	When the account remains outstanding from T+5 market days to 30 calendar days.	When the account remains outstanding for more than 30 calendar days.
Margin accounts	-	When the value of the collateral has fallen below 130% of the outstanding balance.

Upon the classification of an account as performing and non-performing, the allowance for doubtful debts and suspension of interest are made in accordance with the Rules of Bursa Malaysia Securities Berhad.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(g) 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.

(h) Property, plant and equipment and depreciation

All items of property, plant and equipment are initially recorded 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 repairs and maintenance are charged to the income statement during the financial year in which they are incurred.

Subsequent to initial recognition, property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 3(u).

Depreciation is provided for on a straight-line basis to write off the cost of each asset to its residual value over its estimated useful life, at the following annual rates:

Freehold and leasehold land and buildings	2%
Office equipment, furniture and fittings	20%
Data processing equipment	25%
Office renovation	20%
Motor vehicles	25%

The residual values, 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 the income statement.

(i) 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 commitment to resell the securities is reflected as an asset on the balance sheet.

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

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

June 30, 2010

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(j) 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 a provision is the present value of the expenditure expected to be required to settle the obligation.

(k) Liabilities

Deposits from customers, deposits and placements of banks and other 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 rendered.

(l) Profit equalisation reserve (PER) on IBS operations

PER is the amount provided in order to maintain a certain level of return for deposits in conformity with Bank Negara Malaysia's "The Framework of the Rate of Return". The PER is deducted at a maximum amount of 15% of the total gross income and is maintained up to the maximum of 30% of the total Islamic banking capital fund.

(m) Income tax

Income tax on the profit or loss for the financial year comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the financial 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 profits 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 differences 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 or 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.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(n) Income recognition

- (i) Interest income is recognised on an accrual basis. Interest income includes the amortisation of premium or accretion of discount. Interest income on securities are recognised on an effective yield basis.
- (ii) Interest income on bank overdrafts, term loans and housing loans is accounted for on a straight-line basis by reference to the rest periods as stipulated in the loan agreements.
- (iii) Where an account has turned non-performing, interest accrued previously but which has not been received is reversed out of income, and set off against the accrued interest receivable in the balance sheet with retroactive adjustment made to the date of first default. 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.
- (iv) Income from the IBS operations is recognised on an accrual basis in compliance with Bank Negara Malaysia's guidelines and the principles of Shariah.

(o) Fee and other income recognition

- (i) Agency, loan arrangement, management and participation fees as well as factoring underwriting commissions are recognised as income based on contractual arrangements.
- (ii) Guarantee fee is recognised as income over the period of the guarantee. Fees from advisory and corporate finance activities are recognised net of service taxes and discounts on completion of each stage of the assignment.
- (iii) Dividend income from securities held-for-trading, available-for-sale and held-to-maturity are recognised when received.
- (iv) Dividend income from subsidiaries and associates are recognised when the shareholders' right to receive payment is established.
- (v) Brokerage income is recognised upon execution of trade contracts.
- (vi) Fees received from capital market activities are recognised when the Bank's right to receive payment is established.

(p) Interest, financing and related expense recognition

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

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

June 30, 2010

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(q) Employee Benefits

(i) 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.

(ii) Defined contribution plan

As required by law, the Bank and its Malaysian subsidiaries make contributions to the Employees Provident Fund (EPF). Such contributions are recognised as an expense in the income statement when incurred.

(r) Foreign currencies

(i) 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 currency.

(ii) 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 currency 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 year 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 operations, where that monetary item is denominated in either the functional currency of the reporting entity or the foreign operation, are initially taken directly to the foreign currency translation reserve within equity until the disposal of the foreign operations, at which time they are recognised in profit or loss. Exchange differences arising on monetary items that form part of the Group's net investment in a foreign operation, where that monetary item is denominated in a currency other than the functional currency of either the reporting entity or the foreign operation, 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 financial statements or the individual financial statements of the foreign operation, as appropriate.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(r) Foreign currencies (cont'd)

(ii) Foreign currency transactions (cont'd)

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.

(iii) 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 January 1, 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 January 1, 2006 are deemed to be assets and liabilities of the Bank and are recorded in RM at the rates prevailing at the date of acquisition.

(s) Derivative financial instruments and hedge accounting

Interest rate swaps are deemed derivatives.

Derivative financial instruments are measured at fair value and are carried as assets when the fair value is positive and as liabilities when the fair value is negative. Any gain or loss arising from a change in the fair value of the derivatives is recognised in the income statement unless they are part of a hedging relationship which qualifies for hedge accounting.

(i) 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.

(ii) 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 released to the income statement in the periods when the hedged items affect the income statement.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

June 30, 2010

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(t) 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.

(u) Impairment of assets

The carrying amounts of assets, except for deferred tax assets and financial assets (other than securities held-to-maturity and securities available-for-sale) are reviewed at each balance sheet date to determine whether there are any indications of impairment. If any such indications exist, the asset's recoverable amount is estimated to determine the amount of impairment loss. The policies on impairment of assets are summarised as follows:

(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 if no impairment had been recognised. The reversal is recognised in the income statement.

For 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.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(u) Impairment of assets (cont'd)

(iii) Other assets

Other assets such as property, plant and equipment, computer software and investments in subsidiaries and associates are reviewed for objective indications of impairment at each balance sheet date or whenever there is any indication that these assets may be impaired. Where such indications exist, impairment loss is determined as the excess of the asset's carrying value over its recoverable amount (greater of value in use or fair value less costs to sell) and is recognised in the income statement. The carrying amount is increased to its revised recoverable amount, provided that the 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.

(v) Equity instruments

Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

(w) Financial instruments

Financial instruments are recognised in the balance sheet when the Group and the Bank have become a party to the contractual provisions of the instruments. The accounting policies on recognition and measurement of these items are disclosed in their respective accounting policies.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangements. Interest, dividends and gains and losses relating to a financial instrument classified as a liability, are reported as expense or income. Distributions to holders of financial instruments are offset when the Group and the Bank have a legally enforceable right to offset and intend to settle either on a net basis or to realise the asset and settle the liability simultaneously.

4. CASH AND SHORT-TERM FUNDS

	Group		Bank	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Cash and bank balances with licensed commercial banks and other licensed financial institutions	315,330	34,336	312,650	24,383
Deposit placements maturing within one month	117,494	701,064	94,340	687,883
	432,824	735,400	406,990	712,266

Included in cash and short-term funds of the Group and of the Bank are monies held in trust of RM291,646,000 (2009: RM108,496,000) in respect of the stockbroking business.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

June 30, 2010

5. DEPOSITS AND PLACEMENTS WITH BANKS AND OTHER FINANCIAL INSTITUTIONS

	Group		Bank	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Licensed banks	12,052	14,741	8,733	9,334

Included in deposits and placements of the Group and of the Bank are monies held in trust of RM8,733,000 (2009: RM9,334,000) in respect of the stockbroking business.

6. SECURITIES PORTFOLIO

	Note	Group		Bank	
		2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Securities held-for-trading	(i)	-	396,440	-	396,440
Securities available-for-sale	(ii)	111,274	2,710,934	65,945	2,662,599
Securities held-to-maturity	(iii)	33	733,716	33	733,716
Total securities portfolio		111,307	3,841,090	65,978	3,792,755

(i) Securities held-for-trading

	Group and Bank	
	2010 RM'000	2009 RM'000
At fair value		
Unquoted Securities:		
Private and Islamic Debt Securities	-	396,440
Total securities held-for-trading	-	396,440

6. 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				
Money Market Instruments:				
Malaysian Government Securities	-	420,261	-	420,261
Cagamas Bonds	-	106,876	-	106,876
Malaysian Government Investment Certificates	-	222,973	-	222,973
Bankers' Acceptances and Islamic Accepted Deposits	-	36,040	-	36,040
Khazanah Bonds	-	84,244	-	84,244
	-	870,394	-	870,394
Quoted Securities:				
Shares, Warrants, Unit Trusts and Loan Stocks in Malaysia	12,614	31,641	12,614	31,611
Shares, Warrants, Unit Trusts and Loan Stocks outside Malaysia	43,129	46,105	-	-
	55,743	77,746	12,614	31,611
Unquoted Securities:				
Shares, Unit Trusts and Loan Stocks in Malaysia	44,338	44,810	42,138	42,610
Shares, Unit Trusts and Loan Stocks outside Malaysia	6,197	15,694	6,197	15,694
Private and Islamic Debt Securities in Malaysia	4,996	1,702,290	4,996	1,702,290
	55,531	1,762,794	53,331	1,760,594
Total securities available-for-sale	111,274	2,710,934	65,945	2,662,599

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

June 30, 2010

6. SECURITIES PORTFOLIO (cont'd)

(iii) Securities held-to-maturity

	Group and Bank	
	2010	2009
	RM'000	RM'000
At amortised cost		
Money Market Instruments:		
Malaysian Government Securities	-	230,435
Cagamas Bonds	33	11,720
Malaysian Government Investment Issues	-	101,970
	33	344,125
Unquoted Securities:		
Private and Islamic Debt Securities in Malaysia	-	389,591
Total securities held-to-maturity	33	733,716
Indicative value of unquoted securities held-to-maturity		
In Malaysia:		
Private and Islamic Debt Securities in Malaysia	-	392,841

(iv) Other disclosures

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

	Group and Bank	
	2010	2009
	RM'000	RM'000
Maturing within one year	-	125,416
One year to three years	-	80,940
Three years to five years	-	502,501
After five years	-	505,662
	-	1,214,519

7. LOANS AND ADVANCES

	Group and Bank	
	2010	2009
	RM'000	RM'000
Term loans		
- Syndicated term loan	6,209	6,209
- Other term loan	31,013	121,054
Amount due from brokers and clients		
- Margin accounts (note a)	101,299	197,310
Foreign Currency Loans	1,553	-
Staff loans	14,499	17,443
Gross loans and advances	154,573	342,016
Less: Allowance for bad and doubtful debts		
- General	(18,685)	(39,514)
- Specific	(7,846)	(50,967)
Net loans and advances	128,042	251,535

- (a) Amount due from brokers and clients relates to outstanding purchase contracts entered into on behalf of clients, contra gains and losses, clients' trust monies, other fees and charges.

The trade credit terms for margin brokers and clients are assessed and approved on a case-by-case basis.

- (b) Included in amount due from brokers and clients are gross balances of non-performing accounts as follows:

	Group and Bank	
	2010	2009
	RM'000	RM'000
Classified as bad	1,504	81,214

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

	Group and Bank	
	2010	2009
	RM'000	RM'000
Domestic business enterprises	59,046	214,843
Individuals	93,974	18,380
Other domestic entities	-	108,789
Foreign entities	1,553	4
	154,573	342,016

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

June 30, 2010

7. LOANS AND ADVANCES (cont'd)

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

	Group and Bank	
	2010 RM'000	2009 RM'000
Fixed rate		
- Housing loans	11,873	13,949
- Hire purchase receivables	2,587	3,444
- Other fixed rate loans	39	50
Variable rate		
- BLR-plus	38,776	127,263
- Cost-plus	101,298	197,310
	154,573	342,016

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

	Group and Bank	
	2010 RM'000	2009 RM'000
Purchase of securities	131,298	221,427
Purchase of transport vehicles	2,743	3,600
Purchase of residential landed property	12,730	50,729
Personal use	32	35
Consumer durables	8	16
Working capital	7,762	66,209
	154,573	342,016

(iv) The maturity structure of loans and advances are as follows:

	Group and Bank	
	2010 RM'000	2009 RM'000
Maturing within one year	139,131	323,712
One year to three years	1,367	830
Three years to five years	1,115	2,832
After five years	12,960	14,642
	154,573	342,016

7. LOANS AND ADVANCES (cont'd)

(v) Movement in the non-performing loans and advances are as follows:

	Group and Bank	
	2010	2009
	RM'000	RM'000
Gross balance at July 1, 2009/2008	57,201	54,613
Non-performing during the year	14,333	8,201
Recovered/regularised during the year	(16,766)	(5,601)
Amount written off	(45,035)	(12)
Exchange differences	51	-
Gross balance at June 30	9,784	57,201
Less:		
Specific allowance	(7,846)	(50,967)
Net balance at June 30	1,938	6,234
Net non-performing loans as % of gross loans and advances less specific allowance	1.32%	2.14%

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

	Group and Bank	
	2010	2009
	RM'000	RM'000
Purchase of securities	1,316	50,014
Purchase of residential landed property	550	580
Others	7,918	6,607
	9,784	57,201

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

	Group and Bank	
	2010	2009
	RM'000	RM'000
Specific allowance:		
Balance at July 1, 2009/2008	50,967	49,274
Allowance made during the year	3,100	4,331
Amount written back in respect of recoveries	(3,774)	(2,629)
Amount written off	(42,447)	(9)
Balance at June 30	7,846	50,967

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

June 30, 2010

7. LOANS AND ADVANCES (cont'd)

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

	Group and Bank	
	2010	2009
	RM'000	RM'000
General allowance:		
Balance at July 1, 2009/2008	39,514	41,114
Allowance made during the year	1,018	15,276
Amount written back	(21,791)	(16,876)
Exchange differences	(56)	-
Balance at June 30	18,685	39,514
As a % of gross loans and advances less specific allowance	12.73%	13.58%
	2010	2009
As a % of total risk-weighted assets, excluding deferred tax assets	%	%
- Group	1.77	1.59
- Bank	1.98	1.63

8. OTHER ASSETS

	Group		Bank	
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
Tax recoverable	18,444	72,636	18,444	72,636
Interest/Income receivables	3,704	33,525	50	33,343
Amount due from brokers and clients				
- Non-margin accounts (Note a)	146,372	198,520	146,372	198,520
Other debtors, deposits and prepayment	15,635	21,475	18,675	17,449
	184,155	326,156	183,541	321,948
Less: Allowance for doubtful debts	(7,425)	(8,393)	(6,394)	(7,229)
	176,730	317,763	177,147	314,719

(a) Amount due from brokers and clients relates to outstanding purchase contracts entered into on behalf of clients, contra gain and losses, clients' trust monies, other fees and charges.

The normal trade credit terms for non-margin brokers and clients is 3 market days in accordance with the Bursa Malaysia's Fixed Delivery and Settlement System (FDSS) trading rules.

8. OTHER ASSETS (cont'd)

Included in amount due from brokers and clients are gross balances of non-performing accounts as follows:

	Group and Bank	
	2010	2009
	RM'000	RM'000
Classified as doubtful	63	73
Classified as bad	1,888	3,006
	1,951	3,079

(b) The movement of allowance for bad and doubtful debts is as follows:

	Group		Bank	
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
At July 1, 2009/2008	8,393	7,184	7,229	7,184
Bad debts in a newly acquired subsidiary	-	1,164	-	-
Amount written back, net	823	2,087	956	2,087
Bad debts written off	(1,785)	(2,032)	(1,785)	(2,032)
Bad debts recovered	(6)	(10)	(6)	(10)
At June 30	7,425	8,393	6,394	7,229

9. 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 a set percentage of total eligible liabilities.

10. INVESTMENT IN SUBSIDIARIES

	Group and Bank	
	2010	2009
	RM'000	RM'000
Unquoted shares, at cost	233,279	230,924

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

June 30, 2010

10. INVESTMENT IN SUBSIDIARIES (cont'd)

Details of the subsidiaries are as follows:

Name of Subsidiaries	Country of Incorporation	Proportion of Ownership Interest (%)		Principal Activities
		2010	2009	
Held by the Bank:				
BinaFikir Sdn. Bhd.	Malaysia	100	100	Advisory Services
Aseam Malaysia Nominees (Tempatan) Sdn. Bhd.	Malaysia	100	100	Nominee Services
Aseam Malaysia Nominees (Asing) Sdn. Bhd.	Malaysia	100	100	Nominee Services
Mayban Securities Nominees (Tempatan) Sdn. Bhd.	Malaysia	100	100	Nominee Services
Mayban Securities Nominees (Asing) Sdn. Bhd.	Malaysia	100	100	Nominee Services
Maysec Sdn. Bhd.	Malaysia	100	100	Investment Holding
Held through Maysec Sdn. Bhd.:				
Maysec (KL) Sdn. Bhd.	Malaysia	100	100	Dormant
Mayban Futures Sdn. Bhd.	Malaysia	100	100	Dormant
Maysec (Ipoh) Sdn. Bhd.	Malaysia	100	100	Dormant
Mayban Securities (Jersey) Ltd.#	United Kingdom	100	100	Investment Holding
Held through Mayban Securities (Jersey) Ltd.:				
Mayban Securities (HK) Ltd.*	Hong Kong	100	100	Dormant
Phileo Allied Securities (Philippines) Inc.*	Philippines	100	100	Dormant
Budaya Tegas Sdn. Bhd.	Malaysia	100	100	Investment Holding

* Audited by firms affiliated with Ernst & Young

Audited by a firm of auditors other than Ernst & Young

Acquisition of a subsidiary during the year ended June 30, 2009

As disclosed in prior year's financial statements, the Bank had on November 11, 2008 acquired the entire issued and paid up capital of BinaFikir Sdn Bhd for a provisional cash consideration of RM3,637,000 with the final purchase consideration be determined based on the Share Sale Agreement dated August 27, 2008.

10. INVESTMENT IN SUBSIDIARIES (cont'd)**Acquisition of a subsidiary during the year ended June 30, 2009 (cont'd)**

The final consideration was determined to be RM5,992,000 during the current financial year. This was due to the identification of client mandates with a fair value of RM4,873,000 during the purchase price allocation process. The comparatives have been restated to reflect this adjustment. The adjustment resulted in a reduction of the goodwill of RM2,518,000 to RM Nil and no impact to the income statement of the Group.

The fair values of the assets acquired and liabilities assumed of BinaFikir Sdn. Bhd. on acquisition date of November 11, 2008, were as follows:

	Fair Value Recognised on Acquisition (Restated) RM'000	Previous Carrying Value RM'000
Assets		
Cash and short-term funds	2,722	2,722
Trade and other receivables	944	944
Mandates	4,873	-
Property, plant and equipment	268	268
Total assets	8,807	3,934
Liabilities		
Other payables and accruals	2,773	2,773
Provision for taxation	42	42
Total liabilities	2,815	2,815
Fair value of net assets acquired / cost of acquisition	5,992	
The cash outflow on acquisition is as follows:		
Purchase consideration satisfied by cash	5,992	
Cash and cash equivalents of the subsidiary acquired	(2,722)	
Net cash outflow of the Group.	3,270	

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

June 30, 2010

11. INVESTMENT IN ASSOCIATES

	Group		Bank	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Unquoted shares, at cost	4,200	4,200	4,200	4,200
Share of post-acquisition reserves	5,744	4,812	-	-
	9,944	9,012	4,200	4,200
Represented by the Group's share of: Net tangible assets	9,944	9,012	4,200	-

Details of the associates are as follows:

Name of Subsidiaries	Country of Incorporation	Proportion of Ownership Interest (%)		Principal Activities
		2010	2009	
Maydis Berhad	Malaysia	30.1	30.1	Dormant
Mayban Ventures Sdn. Bhd.	Malaysia	30.0	30.0	Venture capital services
Baiduri Securities Sdn. Bhd.	Brunei	39.0	39.0	Dormant

The financial statements of the above associates are coterminous with those of the Group except for Baiduri Securities Sdn. Bhd. which has a financial year end of December 31. The Group has discontinued the share of losses of Baiduri Securities Sdn. Bhd. because the share of losses of this associate has exceeded the Group's interest in the associate. The Group's unrecognised share of losses of this associate for the current year was Nil (2009: RM Nil) and the share of accumulated losses is also Nil (2009: RM4,459,000).

The summarised financial information of the associates are as follows:

	2010 RM'000	2009 RM'000
Assets and liabilities		
Current assets	51,502	44,094
Non-current assets	17,122	18,262
Total assets	68,624	62,356
Current liabilities	33,978	34,226
Total liabilities	33,978	34,226
Results		
Revenue	7,467	9,918
Profit for the year	3,222	5,565

12. PROPERTY, PLANT AND EQUIPMENT

Group 2010	Freehold Land and Buildings RM'000	Leasehold Land and Buildings RM'000	Office Equipment Furniture and Fittings RM'000	Data Processing Equipment RM'000	Office Renovation RM'000	Motor Vehicles RM'000	Total RM'000
Cost							
At July 1, 2009	657	1,657	21,202	20,498	13,527	1,063	58,604
Additions	-	-	456	3,120	110	-	3,686
Disposals	-	-	(24)	(780)	-	-	(804)
Exchange differences	-	(25)	-	-	-	-	(25)
At June 30, 2010	657	1,632	21,634	22,838	13,637	1,063	61,461
Accumulated Depreciation							
At July 1, 2009	165	761	17,521	19,669	11,395	661	50,172
Charge for the year	13	37	1,193	496	787	188	2,714
Disposals	-	-	(24)	(780)	-	-	(804)
Exchange differences	-	(18)	-	-	-	-	(18)
At June 30, 2010	178	780	18,690	19,385	12,182	849	52,064
Net Carrying Amount							
At June 30, 2010	479	852	2,944	3,453	1,455	214	9,397
Group 2009							
Cost							
At July 1, 2008	657	1,636	20,773	20,366	12,669	1,244	57,345
Acquisition of a subsidiary	-	-	112	122	406	-	640
Additions	-	-	389	75	452	-	916
Disposals	-	-	(72)	(65)	-	(181)	(318)
Exchange differences	-	21	-	-	-	-	21
At June 30, 2009	657	1,657	21,202	20,498	13,527	1,063	58,604
Accumulated Depreciation							
At July 1, 2008	152	705	16,302	19,281	10,233	653	47,326
Acquisition of a subsidiary	-	-	88	88	196	-	372
Charge for the year	13	23	1,203	365	966	189	2,759
Disposals	-	-	(72)	(65)	-	(181)	(318)
Exchange differences	-	33	-	-	-	-	33
At June 30, 2009	165	761	17,521	19,669	11,395	661	50,172
Net Carrying Amount							
At June 30, 2009	492	896	3,681	829	2,132	402	8,432

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

June 30, 2010

12. PROPERTY, PLANT AND EQUIPMENT (cont'd)

Bank 2010	Freehold Land and Buildings RM'000	Leasehold Land and Buildings RM'000	Office Equipment Furniture and Fittings RM'000	Data Processing Equipment RM'000	Office Renovation RM'000	Motor Vehicles RM'000	Total RM'000
Cost							
At July 1, 2009	657	1,164	20,929	20,375	13,121	1,063	57,309
Additions	-	-	456	3,120	110	-	3,686
Disposals	-	-	(24)	(780)	-	-	(804)
At June 30, 2010	657	1,164	21,361	22,715	13,231	1,063	60,191
Accumulated Depreciation							
At July 1, 2009	165	440	17,250	19,562	11,147	661	49,225
Charge for the year	13	23	1,190	484	709	188	2,607
Disposals	-	-	(24)	(780)	-	-	(804)
At June 30, 2010	178	463	18,416	19,266	11,856	849	51,028
Net Carrying Amount							
At June 30, 2010	479	701	2,945	3,449	1,375	214	9,163
Bank 2009							
Cost							
At July 1, 2008	657	1,164	20,612	20,366	12,669	1,244	56,712
Additions	-	-	389	75	452	-	916
Disposals	-	-	(72)	(66)	-	(181)	(319)
At June 30, 2009	657	1,164	20,929	20,375	13,121	1,063	57,309
Accumulated Depreciation							
At July 1, 2008	152	417	16,141	19,281	10,233	653	46,877
Charge for the year	13	23	1,181	347	914	189	2,667
Disposals	-	-	(72)	(66)	-	(181)	(319)
At June 30, 2009	165	440	17,250	19,562	11,147	661	49,225
Net Carrying Amount							
At June 30, 2009	492	724	3,679	813	1,974	402	8,084

13. INTANGIBLE ASSETS

	Group		Bank	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Computer software				
At cost:				
At July 1, 2009/2008	25,237	24,066	25,237	24,066
Additions	800	1,171	800	1,171
At June 30	26,037	25,237	26,037	25,237
Accumulated amortisation:				
At July 1, 2009/2008	23,553	23,112	23,553	23,112
Charge for the year	661	441	661	441
At June 30	24,214	23,553	24,214	23,553
Net carrying amount: Computer software	1,823	1,684	1,823	1,684

14. DEFERRED TAX ASSETS

	Group		Bank	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
At July 1, 2009/2008	24,271	39,347	24,417	39,924
Recognised in income statement (Note 26)	(1,766)	(1,045)	(1,766)	(1,045)
Recognised in equity	(8,126)	(14,031)	(7,706)	(14,462)
At June 30	14,379	24,271	14,945	24,417
Presented after appropriate offsetting as follows:				
Deferred tax assets	14,945	24,417	14,945	24,417
Deferred tax liabilities	(566)	(146)	-	-

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

June 30, 2010

14. DEFERRED TAX ASSETS (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 and of the Bank

	Loan Loss and Provision RM'000	Provision for Liabilities RM'000	Other Temporary Differences RM'000	Total RM'000
At July 1, 2009	9,879	9,306	5,780	24,965
Recognised in income statement	(5,207)	3,778	-	(1,429)
Recognised in equity	-	-	(7,706)	(7,706)
At June 30, 2010	4,672	13,084	(1,926)	15,830
At July 1, 2008	10,278	10,058	20,242	40,578
Recognised in income statement	(399)	(752)	-	(1,151)
Recognised in equity	-	-	(14,462)	(14,462)
At June 30, 2009	9,879	9,306	5,780	24,965

Deferred tax liabilities of the Group

	Other Temporary Differences RM'000	Accelerated Capital Allowance RM'000	Total RM'000
At 1 July 2009	(146)	(548)	(694)
Recognised in income statement	-	(337)	(337)
Recognised in equity	(420)	-	(420)
At June 30, 2010	(566)	(885)	(1,451)
At July 1, 2008	(577)	(654)	(1,231)
Recognised in income statement	-	106	106
Recognised in equity	431	-	431
At June 30, 2009	(146)	(548)	(694)

Deferred tax liabilities of the Bank

	Accelerated Capital Allowance RM'000
At July 1, 2009	(548)
Recognised in income statement	(337)
Recognised in equity	-
At June 30, 2010	(885)
At July 1, 2008	(654)
Recognised in income statement	106
Recognised in equity	-
At June 30, 2009	(548)

14. DEFERRED TAX ASSETS (cont'd)

As part of the Bank's rationalisation process in transforming itself into an investment bank in December 2006, the Bank was allowed to account for a tax credit equal to 27% of the unabsorbed business tax losses of Maysec (KL) Sdn. Bhd. prior to the rationalisation exercise, amounting to approximately RM53.65 million as tax credits, subject to the approval from the Inland Revenue Board (IRB). As at the end of the financial year, the approval from IRB has yet to be obtained. As such, these tax credits have not been recognised as deferred tax assets in the current year's financial statements.

15. DEPOSITS FROM CUSTOMERS

	Group and Bank	
	2010	2009
	RM'000	RM'000
(i) By type of deposits		
Fixed and investment deposits	-	3,862,851
(ii) By maturity structure of deposits		
Due within six months	-	3,839,226
More than six months to one year	-	23,625
More than one year to three years	-	-
	-	3,862,851
(iii) By type of customer		
Government and statutory bodies	-	-
Business enterprises	-	2,208,425
Others	-	1,654,426
	-	3,862,851

16. DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

	Group and Bank	
	2010	2009
	RM'000	RM'000
Licensed banks in Malaysia	-	232,470

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

June 30, 2010

17. OTHER LIABILITIES

	Group		Bank	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Interest/profit payable	-	13,814	-	13,814
Provisions and accruals (Note a)	23,625	41,566	50,083	47,707
Amount due to brokers and clients (Note b)	194,286	267,087	193,079	267,086
Deposits and other creditors	273,567	38,215	418,073	200,508
Profit equalisation reserve (IBS operations)	-	683	-	683
Zakat payable	-	85	-	-
Provisions for taxation	163	-	-	-
Provisions for taxation (IBS operations)	739	2,955	739	2,933
	492,380	364,405	661,974	532,731

- (a) Included in provision and accruals is a provision for liabilities amounting to RM8.3 million relating to a legal case.
- (b) Amount due to brokers and clients represents net amount payable to margin and non-margin clients, which include outstanding sales contracts entered into on behalf of clients, contra gains and losses, clients' trust monies and other fees and charges.

The trade credit term for trade contract payables for non-margin clients and brokers is 3 market days according to the Bursa Malaysia's Fixed Delivery and Settlement System (FDSS) trading rules.

18. SHARE CAPITAL

	Group and Bank			
	Number of Ordinary Shares of RM1 Each		Amount	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Authorised	600,000	600,000	600,000	600,000
Issued and fully paid	50,116	50,116	50,116	50,116

19. RETAINED EARNINGS

Prior to the year of assessment 2008, Malaysian companies adopted the full imputation system. In accordance with the Finance Act 2007 which was gazetted on December 28, 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 December 31, 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 December 31, 2007 in accordance with Section 39 of the Finance Act 2007.

19. RETAINED EARNINGS (cont'd)

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 June 30, 2010 and 2009 to distribute cash dividend payments to ordinary shareholdings as defined under the Finance Act 2007. As at June 30, 2010 and 2009, the Bank has sufficient credit in the Section 108 balance to pay franked dividends out of its entire retained earnings.

20. EQUITY CONTRIBUTION FROM PARENT

Equity contribution from parent represents the cumulative fair value of equity-settled share-based compensation plan for the employees of the Group and of the Bank, the Malayan Banking Berhad Group Employee Share Options Scheme (ESOS).

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

- (a) The employees eligible to participate in the ESOS must be employed and on the payroll of Malayan Banking Berhad and its subsidiaries for a continuous period of at least twenty four (24) months;
- (b) The non-executive directors eligible to participate in the ESOS must have been a Non-Executive Director of the Malayan Banking Berhad Group for a continuous period of at least twenty four (24) months;
- (c) The entitlement under 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 Malayan Banking Berhad in a general meeting.
- (d) 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 Malayan Banking Berhad 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;
- (e) The new ordinary shares in Malayan Banking Berhad 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 Malayan Banking Berhad, 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 Malayan Banking Berhad relating to transfer, transmission and otherwise; and
- (f) 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.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

June 30, 2010

20. EQUITY CONTRIBUTION FROM PARENT (cont'd)

- (g) Pursuant to the bonus issue exercise of 1 new ordinary share for every 4 ordinary shares held, the ESOS committee has approved the corresponding adjustments be made to the unexercised options under the ESOS, which is in accordance with the Malayan Banking Berhad 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 August 26, 2009.

- (h) 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 Malayan Banking Berhad Group ESOS By-Laws; and

- (i) The ESOS expired on August 26, 2009.

20. EQUITY CONTRIBUTION FROM PARENT (cont'd)

Grant Date	Number of Share Options					Outstanding at June 30 2010/2009	Exercisable at June 30 2010/2009
	Outstanding at July 1 2009/2008	Movement During the Year					
		Granted (Adjusted for Bonus and Rights Issue)	Exercised	Forfeited	Expired		
	'000	'000	'000	'000	'000	'000	'000
2010							
1.9.2004	-	-	(299)	-	-	-	-
15.10.2004	-	-	(2)	-	-	-	-
30.6.2005	-	-	-	-	-	-	-
14.11.2005	-	-	(6)	-	-	-	-
14.11.2006	-	-	(12)	-	-	-	-
	-	-	(319)	-	-	-	-
WAEP	-	-	-	-	-	-	-
2009							
1.9.2004	4,118	4,858	(16)	(105)	-	8,855	8,855
15.10.2004	3,158	1,600	(1)	(75)	-	4,682	4,682
30.6.2005	150	60	-	-	-	210	210
14.11.2005	6,905	2,724	(1)	(168)	-	9,460	9,460
14.11.2006	12,696	5,109	(1)	(480)	-	17,324	17,324
	27,027	14,351	(19)	(828)	-	40,531	40,531
WAEP	9.82	10.19	9.78	9.49	-	9.94	9.94

* Reinstatement of the share allotments to 8 employees under the 4th ESOS Offer.

20. EQUITY CONTRIBUTION FROM PARENT (cont'd)

(j) Details of share options:

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

Grant Date	Exercise Price RM	Exercise Period
2009		
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) Fair value of share options granted on 14.11.2006

The fair value of share options granted by Malayan Banking Berhad 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.

21. INTEREST INCOME

	Group		Bank	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Loans and advances				
- Interest income other than recoveries from non-performing loans	13,013	10,449	13,013	10,449
- Recoveries from non-performing loans	201	498	201	498
Money at call and deposit placements with banks and other financial institutions	4,930	21,454	4,482	20,935
Securities held-for-trading	1,130	24,671	1,130	24,671
Securities available-for-sale	17,566	136,047	17,566	136,047
Securities held-to-maturity	4,398	19,322	4,398	19,322
Others	7	536	7	536
	41,245	212,977	40,797	212,458
Add:				
Amortisation of premiums and accretion of discounts, net	1,025	34,570	1,025	34,570
Total interest income	42,270	247,547	41,822	247,028

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

June 30, 2010

22. INTEREST EXPENSE

	Group and Bank	
	2010 RM'000	2009 RM'000
Deposits and placements of banks and other financial institutions	10,958	85,797
Deposits from customers	1,767	84,722
	12,725	170,519

23. NON-INTEREST INCOME

	Group		Bank	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Fee income:				
Corporate advisory fees	75,491	52,556	70,736	44,348
Underwriting commission	11,375	(183)	11,375	(183)
Brokerage income	89,003	53,974	89,003	53,974
Other fee income	2,232	43	2,232	43
Total fee income	178,101	106,390	173,346	98,182
Investment income:				
Gain/(loss) from sale of securities held-for-trading, net	2,061	(7,344)	2,061	(7,344)
Gain from sale of securities available- for-sale, net	11,224	15,315	11,224	15,315
Early redemption gain from securities held-to-maturity, net	429	138	429	138
Gross dividends from:				
Securities available-for-sale				
- Quoted in Malaysia	269	1,854	269	1,854
- Quoted outside Malaysia	-	1,564	-	-
- Unquoted in Malaysia	591	295	591	295
- Subsidiaries	-	-	4,113	1,124
Unrealised gain on revaluation of securities held-for-trading and derivatives	-	12,890	-	12,890
Provision for impairment losses in securities, net	(470)	(5,000)	(470)	(5,000)
Provision for impairment losses in other assets (i)	(7,871)	-	(7,871)	-
	6,233	19,712	10,346	19,272
Other income:				
Foreign exchange (loss)/gain - unrealised	(660)	1,400	(660)	1,187
Rental income	-	2	-	2
Net gain on disposal of property, plant and equipment	5	51	5	51
Loss on disposal of foreclosed properties	-	(1)	-	(1)
Net gain on waiver of debt by an associate	-	8,454	-	8,454
Others	(303)	(1,996)	584	457
	(958)	7,910	(71)	10,150
Total non-interest income	183,376	134,012	183,621	127,604

Note (i): Provision for impairment losses in other assets relates to an overseas investment in an unincorporated entity.

24. OVERHEAD EXPENSES

	Group		Bank	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Personnel expenses				
- Salaries, allowances and bonuses	44,743	50,256	44,557	50,256
- Pension costs - defined contribution plan	5,230	4,731	5,230	4,731
- Dealers' incentives	11,365	5,718	11,365	5,718
- Other staff related expenses	5,539	4,149	5,428	4,148
	66,877	64,854	66,580	64,853
Establishment costs				
- Depreciation of property, plant and equipment	2,714	2,759	2,607	2,667
- Amortisation of computer software	661	441	661	441
- Rental	6,948	6,678	6,830	6,678
- Repairs and maintenance of property, plant and equipment	3,506	3,226	3,506	3,224
- Information technology expenses	1,461	1,260	1,461	1,260
- Others	3,502	12,718	4,193	11,696
	18,792	27,082	19,258	25,966
Marketing costs				
- Advertisement and publicity	4,776	2,758	4,776	2,758
- Others	2,084	1,641	2,067	1,638
	6,860	4,399	6,843	4,396
Administration and general expenses				
- Fee and brokerage	7,850	5,776	5,874	3,561
- Administrative expenses	2,265	1,065	2,249	2,884
- General expenses (Note (i))	8,810	185	8,619	235
	18,925	7,026	16,742	6,680
Total overhead expenses	111,454	103,361	109,423	101,895
Included in overhead expenses are the following:				
Directors' remuneration (Note 27)	2,299	2,082	2,299	2,082
Rental of premises	6,331	5,940	6,213	5,940
Hire of equipment	3,773	3,602	3,773	3,602
Auditors' remuneration				
- Current year	332	278	293	227

Note (i): Included in general expenses is a provision for liabilities amounting to RM8.3 million relating to foreseeable losses from a legal case.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

June 30, 2010

25. WRITE BACK OF LOSSES ON LOANS AND ADVANCES, NET

	Group and Bank	
	2010 RM'000	2009 RM'000
Write back of bad and doubtful debts:		
(a) Specific allowance		
- Made during the year	3,100	4,331
- Written back during the year	(3,774)	(2,629)
(b) General allowance		
- Made during the year	1,018	15,276
- Written back during the year	(21,791)	(16,876)
Bad debts recovered	924	(3,344)
Provision for allowance of amount due from brokers and clients	935	80
	(19,588)	(3,162)

26. TAXATION AND ZAKAT

	Group		Bank	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Tax expense for the year:				
Malaysian income tax	32,856	28,911	31,584	26,965
Foreign income tax	(134)	(15)	-	-
Overprovision in prior years	-	(36,103)	-	(36,103)
	32,722	(7,207)	31,584	(9,138)
Deferred tax (Note 14):				
Relating to origination and reversal of temporary differences (net)	1,766	257	1,766	257
Relating to changes in tax rate	-	788	-	788
	1,766	1,045	1,766	1,045
Zakat	22	45	22	45
	34,510	(6,117)	33,372	(8,048)

Income tax is calculated at the Malaysian statutory rate of 25% of the estimated assessable profit for the year.

26. 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:

	Group		Bank	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Profit before taxation	124,558	107,352	125,162	111,007
Taxation at Malaysian statutory tax rate of 25% (2009: 25%)	31,140	27,468	31,291	27,752
Share of associates' taxation	292	(281)	-	-
Effect of different tax rates in other tax jurisdictions	-	(9)	-	-
Income not subject to tax	(296)	(7,736)	(296)	(7,757)
Expenses not deductible for tax purposes	3,352	9,725	2,355	7,227
Utilisation of previously unrecognised unabsorbed capital allowances	-	(14)	-	-
Effect of change in tax rate on opening balance of deferred tax assets	-	788	-	788
Overprovision of tax in prior years	-	(36,103)	-	(36,103)
Tax expense for the year	34,488	(6,162)	33,350	(8,093)
Zakat	22	45	22	45
Tax expense and zakat for the year	34,510	(6,117)	33,372	(8,048)

27. DIRECTORS' REMUNERATION

	Group and Bank	
	2010 RM'000	2009 RM'000
Directors of the Bank:		
Executive Directors:		
Salary and other remuneration, including meeting allowances	1,688	1,525
Pension costs - defined contribution plan	319	267
Benefits-in-kind	19	7
	2,026	1,799
Non-Executive Directors:		
Fees	292	290
Total	2,318	2,089
Total (excluding benefits-in-kind) (Note 24)	2,299	2,082

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

June 30, 2010

27. DIRECTORS' REMUNERATION

Number of directors whose remuneration falls into the following bands:

	Bank	
	2010	2009
Number of Executive Directors:		
RM1,850,001 to RM1,900,000	1	-
RM850,001 to RM900,000	-	1
RM200,000 to RM250,000	-	1
RM50,001 to RM100,000	-	-
Up to RM50,000	-	-
Number of Non-Executive Directors:		
RM50,001 to RM100,000	3	1
Up to RM50,000	5	9*
	9	12

* Includes RM1,825,694 paid during the year to 4 past directors who served in the financial year ended June 30, 2010.

28. EARNINGS PER SHARE

The basic earnings per share (EPS) of the Group and the Bank are calculated by dividing the net profit for the year by the number of ordinary shares in issue during the financial year.

	Group		Bank	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Net profit for the year (RM'000)	90,048	113,469	91,790	119,055
Number of ordinary shares in issue ('000)	50,116	50,116	50,116	50,116
Basic EPS (sen)	180	226	183	238

29. SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES

In addition to related party disclosures mentioned elsewhere in the financial statements, set out below are the Group's and the Bank's other significant related party transactions and balances:

	Group		Bank	
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
Transactions with holding company:				
Income:				
Interest on securities	-	9,850	-	9,850
Interest on deposits and placements	4,262	2,556	4,064	2,556
Other income	4,417	-	4,415	-
Expenditure:				
Interest on deposits and placements	8,064	39,733	8,064	39,733
Rental of premises	2,402	2,398	2,402	2,398
Other expenses	1,810	2,099	1,810	2,099
Other Transactions:				
Gain on disposal of securities with carrying amount of RM5,229,114,000 for cash consideration of RM5,229,941,000	-	827	-	827
Transactions with subsidiaries:				
Income:				
Dividend income	-	-	538	1,124
Other income	-	-	200	39
Transactions with associate:				
Income:				
Other income	-	-	23	-

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

June 30, 2010

29. SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (cont'd)

	Group		Bank	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Transactions with other related companies within Malayan Banking Berhad Group:				
Income:				
Interest on securities	-	13,414	-	13,414
Interest on deposits and placements	792	3,533	535	3,533
Expenditure:				
Interest on deposits and placements	290	12,910	290	12,910
Other expenses	1,317	2,186	1,317	2,186
Amount due from:				
Current accounts and deposits	375,344	58,498	360,377	32,341
Securities	-	55,500	-	55,500
Interest receivable from deposits	24	55,529	4	174
Related companies:				
Amount due to:				
Deposits and placements	67,105	805,261	53,003	805,261
Interest payable on deposits	-	223	-	223
Other creditors	-	-	171,474	171,474
Amount due from:				
Others	-	1,272	430	1,272

The directors are of the opinion that the transactions above been entered into in the normal course of business and have been established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

29. SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (cont'd)**Compensation of key management personnel**

Remuneration of executive directors and the chief executive officers for the year is as follows:

	Group and Bank	
	2010	2009
	RM'000	RM'000
Short-term employee benefits:-		
Salary and other remuneration, including meeting allowances	1,688	1,525
Pension costs - defined contribution plan	319	267
Benefits-in-kind	19	7
	2,026	1,799

(a) Credit exposures arising from credit transactions with connected parties

	Group and Bank	
	2010	2009
	RM'000	RM'000
Outstanding credit exposures with connected parties	1,953	500
Percentage of outstanding credit exposures to connected parties as proportion of total credit exposures	1.22%	0.20%
Percentage of outstanding credit exposures to connected parties which is non-performing or in default	-	-

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

30. SIGNIFICANT EVENT

The Bank has obtained internal approvals from both the Bank's Board of Directors and Maybank's Board of Directors on May 20, 2009 and May 27, 2009 respectively for the Treasury Centralisation Exercise involving the transfer of Investment Banking Markets (the Treasury business of the Bank) to Maybank's Global Markets. The approval from Bank Negara Malaysia was obtained on August 25, 2009.

The total face value of the assets transferred amounted to RM3.425 billion and market value amounted to RM3.426 billion. The impact on the transfer of the treasury securities portfolio to the income statement resulted in a net loss of RM2.99 million.

As a result of this exercise, the total risk weighted assets had decreased significantly from RM2.48 billion in June 2009 to RM1.34 billion in August 2009 resulting in a write-back of general allowance amounting to RM16.6 million.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

June 30, 2010

31. COMMITMENTS AND CONTINGENCIES

In the normal course of business, the Group and the Bank 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. Risk weighted exposures of the Group and of the Bank as at June 30 are as follows:

	2010			2009		
	Principal Amount RM'000	Credit Equivalent* RM'000	Risk Weighted Amount RM'000	Principal Amount RM'000	Credit Equivalent* RM'000	Risk Weighted Amount RM'000
Group and Bank						
Obligations under underwriting agreements	59,160	29,580	53,408	30,000	15,000	13,313
Irrevocable commitments to extend credit:						
- Maturity not exceeding one year	350,996	-	-	315,967	-	-
	410,156	29,580	53,408	345,967	15,000	13,313

* The credit equivalent amount is arrived at using the credit evaluation conversion factor as per Bank Negara Malaysia's guideline.

Interest rate related contracts are subject to market risk.

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 this type 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.

Credit risk

Credit risk arises from the possibility that a counterparty may be unable to meet the terms of a contract in which the Group and the Bank 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 and prices. As at June 30, 2010, there were no contracts subject to credit risk.

Contingent liabilities

Unsecured	Group and Bank	
	2010 RM'000	2009 RM'000
(i) Guarantee given to the holding company for banking facilities extended to Bursa Malaysia Securities Clearing Berhad	1,000	1,000
(ii) Claims under litigation*	10,091	10,091
	11,091	11,091

* The Group and the Bank are aggressively defending all of the claims under litigation, through their solicitors, the outcomes of which are subject matter for the Courts to eventually determine.

31. COMMITMENTS AND CONTINGENCIES (cont'd)**Contingent liabilities (cont'd.)****Case 1**

A corporate borrower has issued a writ of summons and statement of claim against the Bank 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 the Bank. Although it has not been quantified, the claim value is estimated at approximately RM450 million.

The credit facilities consists of a bridging loan of RM58.5 million and a revolving credit facility of RM4 million which were granted by The Bank and the three syndicated lenders. The loan was subsequently restructured to RM38 million with terms for repayment. In 2006, The Bank and the three syndicated lenders filed a suit against the corporate borrower for the recovery of the loan. The two suits were then ordered by the Court to be heard together.

Pursuant to an agreement dated December 19, 2006, the Bank had disposed off its exposure under this loan to its holding company.

The balance of the judgement claim (including for general damages) against the Bank as agent for the syndicated lenders was ordered to be assessed by the Senior Assistant Registrar, at a later date which has yet to be determined at the date of this report. The Bank has filed a notice of appeal and an application for stay of execution of the judgement sum. On June 24, 2009, the Court granted a stay order pending the affixture of appeal. The borrower had on June 24, 2009 filed an appeal against the decision on the stay to the Court of Appeal.

On November 23, 2009, the Court of Appeal dismissed the Appeal against the stay order. Case management was fixed on June 3, 2010 at the Court of Appeal for the Bank's appeal against the judgement obtained on May 6, 2009 at the High Court. On June 3, 2010, the Bank's solicitor informed the Court that the notes at the proceedings and the grounds of judgement have not been issued. In view of the same, the Court fixed the matter for further case management on July 29, 2010 pending issuance of the notes of proceeding and the ground's of judgements.

On July 29, 2010, the Court has fixed for futher case management on August 13, 2010 and the Court has fixed the application for hearing on August 20, 2010.

The Bank's solicitor's are of the view that the Bank has a more than even chance of succeeding in its appeal against the said judgement.

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Risk Management is critical pillar of the Malayan Banking Berhad Group's operating model. The establishment of the Risk Management Department in the Bank was to adhere and be in line with sound risk management practice as required by Bank Negara Malaysia. As part of the Bank's strategy to integrate the management and control of risks across the various risk segments, a dedicated Board committee known as the Risk Management Committee was established. The Committee is responsible for formulating policies and the oversight of credit, market, liquidity, operational and interest rate risks. In term of risk management, the Bank has transformed from a compliance driven culture to a risk aware culture.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

June 30, 2010

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

(a) Credit risk management

In discharging this responsibility, the Credit Risk Unit is primarily involved in managing and enhancing asset quality, formulating and reviewing credit policies as well as the documentation/compilation of credit policies and procedures for adherence. The Credit Risk Unit also sets and reviews concentration limits according to various categories such as single customer groups, economic segments, product types, banks and countries, and overseas credit portfolio risk.

(b) Market risk management

The treasury portfolio of the Bank was transferred to Maybank in August 2009. With the transfer, the Market Risk unit is primarily involved in Equity and Debts underwritings and clients' equity trading activities. Market risk arising from these activities relates to the risk of an adverse fluctuation in the prices of respective product. Market risk is managed as follows:-

- Daily monitoring of large exposure risk to single equity to manage the concentration risk;
- Requirement of collateral or upfront payment for purchase of volatile stocks;
- Settlement of purchases on the 3rd market day following the transaction date (i.e. T+3). Hence, the market risk is contained within 4 market days following the transaction date; and
- Securing placement and having back-to-back arrangement for underwriting commitments to mitigate the underwriting risk.

(c) Liquidity risk management

The primary mechanism and tool for monitoring liquidity is the cash flow behavior of the Bank. This framework ascertains liquidity based on the contractual and behavioral cash flow of assets, liabilities and off-balance sheet commitments, taking into consideration the realizable cash value of eligible liquid assets. The Group and the Bank maintains a minimum level of liquid assets in the form of cash.

(d) Operational risk management

The Risk Taking Units (including the support units) are primary parties responsible for the management of day-to-day operational risks inherent in their respective business and functional areas. While the Operational Risk Unit is responsible for the second line of defence, the Internal Audit acts as the third line of defence by overseeing compliance in respect of day-to-day management of operational risks at the Risk Taking Units and providing independent assessments regarding the overall effectiveness of the operational risk management framework.

33. 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 the Bank's exposure to interest rate risk. The table indicates effective interest rates at the balance sheet date and the periods in which the financial instruments are repriced or mature, whichever is earlier.

33. 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 Book RM'000	Total RM'000	Effective interest rate %
Assets									
Cash and short-term funds	117,494	-	-	-	-	315,330	-	432,824	2.42
Deposits and placements with banks and other financial institutions	-	20	3,299	-	-	8,733	-	12,052	2.50
Securities held-for-trading	-	-	-	-	-	-	-	-	-
Securities available-for-sale	4,996	-	-	-	-	106,278	-	111,274	5.20
Securities held-to-maturity	-	-	-	-	33	-	-	33	-
Loans and advances									
- performing	100,291	-	31,696	4,254	7,774	774	-	144,789	6.43
- non-performing *	-	-	-	-	-	(16,747)	-	(16,747)	-
Other assets	-	-	-	-	-	176,730	-	176,730	-
Other non-interest sensitive balances	-	-	-	-	-	36,214	-	36,214	-
Total assets	222,781	20	34,995	4,254	7,807	627,312	-	897,169	
Liabilities and equity									
Deposits from customers	-	-	-	-	-	-	-	-	-
Deposits and placements of banks and other financial institutions	-	-	-	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	492,946	-	492,946	-
Other non-interest sensitive balances	-	-	-	-	-	-	-	-	-
Total liabilities	-	-	-	-	-	492,946	-	492,946	
Share capital	-	-	-	-	-	50,116	-	50,116	-
Reserves	-	-	-	-	-	354,107	-	354,107	-
Total equity	-	-	-	-	-	404,223	-	404,223	
Total liabilities and equity	-	-	-	-	-	897,169	-	897,169	
On-balance sheet interest sensitivity gap	222,781	20	34,995	4,254	7,807	(269,857)	-	-	-
Off-balance sheet interest sensitivity gap (interest rate swaps)	-	-	-	-	-	-	-	-	-
Total interest sensitivity gap	222,781	20	34,995	4,254	7,807	(269,857)	-	-	
Cumulative interest rate sensitivity gap	222,781	222,801	257,796	262,050	269,857	-	-		

* This is arrived at after deducting the general allowance, specific allowance and interest/income-in-suspense from gross non-performing loans outstanding.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

June 30, 2010

33. 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 Book RM'000	Total RM'000	Effective interest rate %
Assets									
Cash and short-term funds	600,525	-	-	-	-	134,875	-	735,400	1.98
Deposits and placements with banks and other financial institutions	-	4,147	1,260	-	-	9,334	-	14,741	1.92
Securities held-for-trading	-	-	-	-	-	19,930	376,510	396,440	4.74
Securities available-for-sale	14,954	25,148	126,184	1,443,211	800,438	300,999	-	2,710,934	4.74
Securities held-to-maturity	-	-	10,003	494,538	217,860	11,315	-	733,716	4.36
Loans and advances									
- performing	148,025	1	119,593	494	13,703	2,999	-	284,815	6.06
- non-performing *	-	-	-	-	-	(33,280)	-	(33,280)	-
Other assets	-	-	-	-	-	317,763	-	317,763	-
Other non-interest sensitive balances	-	-	-	-	-	53,763	-	53,763	-
Total assets	763,504	29,296	257,040	1,938,243	1,032,001	817,698	376,510	5,214,292	
Liabilities and equity									
Deposits from customers	3,294,890	190,718	377,243	-	-	-	-	3,862,851	2.32
Deposits and placements of banks and other financial institutions	232,470	-	-	-	-	-	-	232,470	3.30
Other liabilities	-	-	-	-	-	364,405	-	364,405	-
Other non-interest sensitive balances	-	-	-	-	-	146	-	146	-
Total liabilities	3,527,360	190,718	377,243	-	-	364,551	-	4,459,872	
Share capital	-	-	-	-	-	50,116	-	50,116	-
Reserves	-	-	-	-	-	704,304	-	704,304	-
Total equity	-	-	-	-	-	754,420	-	754,420	
Total liabilities and equity	3,527,360	190,718	377,243	-	-	1,118,971	-	5,214,292	
On-balance sheet interest sensitivity gap	(2,763,856)	(161,422)	(120,203)	1,938,243	1,032,001	(301,273)	376,510	-	-
Off-balance sheet interest sensitivity gap (interest rate swaps)	-	-	-	-	-	-	-	-	-
Total interest sensitivity gap	(2,763,856)	(161,422)	(120,203)	1,938,243	1,032,001	(301,273)	376,510	-	
Cumulative interest rate sensitivity gap	(2,763,856)	(2,925,278)	(3,045,481)	(1,107,238)	(75,237)	(376,510)	-		

* This is arrived at after deducting the general allowance, specific allowance and interest/income-in-suspense from gross non-performing loans outstanding.

33. 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 Book RM'000	Total RM'000	Effective interest rate %
Assets									
Cash and short-term funds	94,340	-	-	-	-	312,650	-	406,990	2.49
Deposits and placements with banks and other financial institutions	-	-	-	-	-	8,733	-	8,733	-
Securities held-for-trading	-	-	-	-	-	-	-	-	-
Securities available-for-sale	4,996	-	-	-	-	60,949	-	65,945	5.20
Securities held-to-maturity	-	-	-	-	33	-	-	33	-
Loans and advances									
- performing	100,291	-	31,696	4,254	7,774	774	-	144,789	6.43
- non-performing *	-	-	-	-	-	(16,747)	-	(16,747)	-
Other assets	-	-	-	-	-	177,147	-	177,147	-
Other non-interest sensitive balances	-	-	-	-	-	263,515	-	263,515	-
Total assets	199,627	-	31,696	4,254	7,807	807,021	-	1,050,405	
Liabilities and equity									
Deposits from customers	-	-	-	-	-	-	-	-	-
Deposits and placements of banks and other financial institutions	-	-	-	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	661,974	-	661,974	-
Other non-interest sensitive balances	-	-	-	-	-	-	-	-	-
Total liabilities	-	-	-	-	-	661,974	-	661,974	
Share capital	-	-	-	-	-	50,116	-	50,116	-
Reserves	-	-	-	-	-	338,315	-	338,315	-
Total equity	-	-	-	-	-	388,431	-	388,431	
Total liabilities and equity	-	-	-	-	-	1,050,405	-	1,050,405	
On-balance sheet interest sensitivity gap	199,627	-	31,696	4,254	7,807	(243,384)	-	-	-
Off-balance sheet interest sensitivity gap (interest rate swaps)	-	-	-	-	-	-	-	-	-
Total interest sensitivity gap	199,627	-	31,696	4,254	7,807	(243,384)	-	-	
Cumulative interest rate sensitivity gap	199,627	199,627	231,323	235,577	243,384	-	-		

* This is arrived at after deducting the general allowance, specific allowance and interest/income-in-suspense from gross non-performing loans outstanding.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

June 30, 2010

33. 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 Book RM'000	Total RM'000	Effective interest rate %
Assets									
Cash and short-term funds	580,660	-	-	-	-	131,606	-	712,266	1.98
Deposits and placements with banks and other financial institutions	-	-	-	-	-	9,334	-	9,334	-
Securities held-for-trading	-	-	-	-	-	19,930	376,510	396,440	4.74
Securities available-for-sale	14,955	25,148	126,184	1,443,211	800,438	252,663	-	2,662,599	4.74
Securities held-to-maturity	-	-	10,003	494,538	217,860	11,315	-	733,716	4.36
Loans and advances									
- performing	148,025	1	119,593	494	13,703	2,999	-	284,815	6.06
- non-performing *	-	-	-	-	-	(33,280)	-	(33,280)	-
Other assets	-	-	-	-	-	314,719	-	314,719	-
Other non-interest sensitive balances	-	-	-	-	-	279,527	-	279,527	-
Total assets	743,640	25,149	255,780	1,938,243	1,032,001	988,813	376,510	5,360,136	
Liabilities and equity									
Deposits from customers	3,294,889	190,718	353,619	23,625	-	-	-	3,862,851	3.55
Deposits and placements of banks and other financial institutions	232,470	-	-	-	-	-	-	232,470	3.68
Other liabilities	-	-	-	-	-	532,731	-	532,731	-
Other non-interest sensitive balances	-	-	-	-	-	-	-	-	-
Total liabilities	3,527,359	190,718	353,619	23,625	-	532,731	-	4,628,052	
Share capital	-	-	-	-	-	50,116	-	50,116	-
Reserves	-	-	-	-	-	681,968	-	681,968	-
Total equity	-	-	-	-	-	732,084	-	732,084	
Total liabilities and equity	3,527,359	190,718	353,619	23,625	-	1,264,815	-	5,360,136	
On-balance sheet interest sensitivity gap	(2,783,719)	(165,569)	(97,839)	1,914,618	1,032,001	(276,002)	376,510	-	-
Off-balance sheet interest sensitivity gap (interest rate swaps)	-	-	-	-	-	-	-	-	-
Total interest sensitivity gap	(2,783,719)	(165,569)	(97,839)	1,914,618	1,032,001	(276,002)	376,510	-	
Cumulative interest rate sensitivity gap	(2,783,719)	(2,949,288)	(3,047,127)	(1,132,509)	(100,508)	(376,510)	-		

* This is arrived at after deducting the general allowance, specific allowance and interest/income-in-suspense from gross non-performing loans outstanding.

34. FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

Financial instruments comprise financial assets and 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.

Quoted and observable market prices, where available, are used as the measure of fair values. However, for a significant portion of the Group's and the Bank's financial instruments, including loans and advances 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 and the Bank's financial instruments, including loans and advances 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 of the Bank as a going concern.

The on-balance sheet financial assets and financial liabilities of the Group and of the Bank whose fair values are required to be disclosed in accordance with FRS 132 - Financial Instruments: Disclosure and Presentation, which comprise all its assets and liabilities with the exception of investment in subsidiaries, investment in associates, property, plant and equipment, intangible assets and deferred taxation.

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 financial liabilities:

	2010		2009	
	Carrying Amount RM'000	Fair Value RM'000	Carrying Amount RM'000	Fair Value RM'000
Group and Bank				
Financial assets				
Securities held-to-maturity	33	33	733,716	737,852

The fair values of the other assets and other liabilities, which are considered short term in nature, are estimated to approximate their carrying amount.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

June 30, 2010

34. FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES (cont'd)

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 these financial instruments.

(b) Deposits and placements with banks and other financial institutions, obligations on securities sold under repurchase agreements

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

(c) Securities held-for-trading, securities available-for-sale and securities held-to-maturity

The fair values are estimated based on quoted or observable market prices as at the balance sheet date. Where such quoted or observable market prices are not available, the fair values are estimated using pricing models or discounted cash flow techniques. Where discounted cash flow techniques are used, the expected future cash flows are discounted using prevailing market rates of similar instruments at the balance sheet date.

(d) Loans and advances

The fair values of variable rate loans are estimated to approximate their carrying values. For fixed rate loans, 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 allowance for doubtful debts.

(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) 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 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.

35. CAPITAL COMMITMENTS

Capital expenditure approved by the directors but not provided for in the financial statements are as follows:

	Group and Bank	
	2010 RM'000	2009 RM'000
Property, plant and equipment: Approved but not contracted for	6,294	33

36. CAPITAL ADEQUACY

The capital adequacy ratios of the Group consist of capital base and risk-weighted assets derived from consolidated balances of the Bank and its subsidiary companies. The capital adequacy ratios of the Bank consist of capital base and risk weighted assets derived from the Bank.

With effect from January 1, 2010, the capital adequacy ratios of the Group and the Bank are computed in accordance with Bank Negara Malaysia's revised Risk Weighted Capital Adequacy Framework (RWCAF - Basel II). The Group and the Bank has adopted the Standardised Approach for Credit Risk and Market Risk, and the Basic Indicator Approach for Operational Risk. The comparative capital adequacy ratios for June 30, 2009 have not been restated based on RWCAF - Basel II guidelines, as they represent actual amounts reported for regulatory compliance purposes (Basel I) as of that date. The minimum regulatory capital adequacy requirement is 8.0% (2009 - 8.0%) for the risk weighted capital ratio.

The detailed disclosures on the risk-weighted assets, as set out in Notes 36(b), (c) and (f) are presented in accordance with Paragraph 4.3 of Bank Negara Malaysia's Guidelines - Risk Weighted Capital Adequacy Framework (Basel II) - Disclosure Requirements (Pillar 3). In accordance with Paragraph 7.2 (i) of the guidelines, the comparative amounts for the previous financial year ended June 30, 2009 as per Note 36 (d) are not presented in this manner as the current financial year represents the first time adoption and disclosure of RWCAF.

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

	Group		Bank	
	2010 % (Base II)	2009 % (Base I)	2010 % (Base II)	2009 % (Base I)
Capital ratios				
Core capital ratio				
Credit risk	72.80	79.67	71.46	79.87
Credit, market and operational risks	35.60	29.42	34.31	28.20
Risk-weighted capital ratio				
Credit risk	76.43	81.85	71.46	79.87
Credit, market and operational risks	37.37	30.22	34.31	28.20

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

June 30, 2010

36. CAPITAL ADEQUACY (cont'd)

(a) The components of Tier I and Tier II Capital of the Group and the Bank are as follows:

	Group		Bank	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Tier 1 capital				
Paid-up share capital	50,116	50,116	50,116	50,116
Share premium	172,669	172,669	172,669	172,669
Statutory reserves	50,116	50,116	50,116	50,116
Retained earnings	116,348	482,317	109,753	474,013
Less: Deferred tax assets (net)	(14,379)	(24,271)	(14,945)	(24,417)
Total Tier 1 capital	374,870	730,947	367,709	722,497
Tier 2 capital				
General allowance for bad and doubtful debts	18,685	39,514	18,685	39,514
Total capital	393,555	770,461	386,394	762,011
Less:				
Investment in subsidiaries (#)	-	-	(61,804)	(59,449)
Investment in subordinated instruments	-	(19,460)	-	(19,460)
Capital base	393,555	751,001	324,590	683,102

Excludes the cost of investment in a subsidiary, Maysec (KL) Sdn Bhd of RM171,475,000 as its business, assets and liabilities had been transferred to the Bank on December 30, 2006.

36. CAPITAL ADEQUACY (cont'd)

(b) The breakdown of risk-weighted assets (RWA) by exposures in each major risk category for the current financial year are as follows:

Group 2010 Exposure Class	Gross Exposures RM'000	Net Exposures RM'000	Risk Weighted Assets RM'000	Capital Requirements RM'000
(i) Credit Risk				
On-balance sheet exposures:				
Sovereigns / Central banks	18,698	18,698	-	-
Banks, Development Financial Institutions (DFIs) and Multilateral Development Bank (MDBs)	444,721	444,721	88,944	7,116
Corporates	32,910	32,910	1,455	116
Regulatory Retail	115,395	115,395	107,810	8,625
Higher risk assets	60,479	60,479	90,718	7,257
Other Assets	212,686	212,686	212,682	17,015
Equity Exposures	13,314	13,314	13,314	1,065
Total on-balance sheet exposures	898,203	898,203	514,923	41,194
Off-balance sheet exposures:				
Credit-related off-balance sheet exposures	-	-	-	-
Total off-balance sheet exposures	-	-	-	-
Total on and off-balance sheet exposures	898,203	898,203	514,923	41,194
(ii) Market Risk				
Interest Rate Risk	-	-	12,812	1,025
Foreign Currency Risk	-	-	54,044	4,324
Options Risk	-	-	45,720	3,658
Total	-	-	112,576	9,007
(iii) Operational Risk				
	-	-	425,635	34,051
Total RWA and capital requirements	898,203	898,203	1,053,134	84,252

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

June 30, 2010

36. CAPITAL ADEQUACY (cont'd)

(b) The breakdown of risk-weighted assets (RWA) by exposures in each major risk category for the current financial year are as follows:

Bank 2010 Exposure Class	Gross Exposures RM'000	Net Exposures RM'000	Risk Weighted Assets RM'000	Capital Requirements RM'000
(i) Credit Risk				
On-balance sheet exposures:				
Sovereigns / Central banks	18,698	18,698	-	-
Banks, DFIs, and MDBs	415,569	415,569	83,114	6,649
Corporates	32,910	32,910	1,455	116
Regulatory Retail	115,395	115,395	107,810	8,625
Higher risk assets	52,535	52,535	78,802	6,304
Other Assets	169,741	169,741	169,737	13,579
Equity Exposures	13,314	13,314	13,314	1,065
Total on-balance sheet exposures	818,162	818,162	454,232	36,338
Off-balance sheet exposures:				
Credit-related off-balance sheet exposures	-	-	-	-
Total off-balance sheet exposures	-	-	-	-
Total on and off-balance sheet exposures	818,162	818,162	454,232	36,338
(ii) Market Risk				
Interest Rate Risk	-	-	12,812	1,025
Foreign Currency Risk	-	-	7,610	609
Options Risk	-	-	45,720	3,658
Total	-	-	66,142	5,292
(iii) Operational Risk	-	-	425,635	34,051
Total RWA and capital requirements	818,162	818,162	946,009	75,681

36. CAPITAL ADEQUACY (cont'd)

(c) The breakdown of exposures by risk weights are as follows:

Group 2010	← Exposures after Netting and Credit Risk Mitigation →							Total Exposures after Netting & Credit Risk Mitigation RM'000	Total Risk Weighted Assets RM'000
	Sovereigns & Central Banks RM'000	Banks, DFIs and MDBs RM'000	Corporate RM'000	Regulatory Retail RM'000	Higher Risk Assets RM'000	Other Assets RM'000	Equity Exposures RM'000		
Risk Weights									
0%	18,698	-	30,041	-	-	4	-	48,743	-
20%	-	444,721	-	-	-	-	-	444,721	88,944
35%	-	-	-	-	-	-	-	-	-
50%	-	-	2,828	65	-	-	-	2,893	1,446
75%	-	-	-	30,210	-	-	-	30,210	22,658
100%	-	-	41	85,120	-	212,682	13,314	311,157	311,157
150%	-	-	-	-	60,479	-	-	60,479	90,718
Total Exposures	18,698	444,721	32,910	115,395	60,479	212,686	13,314	898,203	514,923
Risk-Weighted Assets by Exposures	-	88,944	1,455	107,810	90,718	212,682	13,314	514,923	
Average Risk Weight	0%	20%	4%	93%	150%	100%	100%	58%	
Bank 2010									
0%	18,698	-	30,041	-	-	4	-	48,743	-
20%	-	415,569	-	-	-	-	-	415,569	83,114
35%	-	-	-	-	-	-	-	-	-
50%	-	-	2,828	65	-	-	-	2,893	1,446
75%	-	-	-	30,210	-	-	-	30,210	22,658
100%	-	-	41	85,120	-	169,737	13,314	268,212	268,212
150%	-	-	-	-	52,535	-	-	52,535	78,802
Total Exposures	18,698	415,569	32,910	115,395	52,535	169,741	13,314	818,162	454,232
Risk-Weighted Assets by Exposures	-	83,114	1,455	107,810	78,802	169,737	13,314	454,232	
Average Risk Weight	0%	20%	4%	93%	150%	100%	100%	56%	

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

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36. CAPITAL ADEQUACY (cont'd)

(d) The breakdown of credit risk exposures by risk weights for the previous financial year are as follows:

	Group		Bank	
	Principal Amount RM'000	Risk Weighted Assets RM'000	Principal Amount RM'000	Risk Weighted Assets RM'000
0%	982,567	-	982,567	-
10%	11,751	1,175	11,751	1,175
20%	432,509	86,502	403,970	80,794
50%	14,736	7,368	14,736	7,368
100%	818,705	818,705	762,163	762,163
Risk-weighted assets for counterparty risk		12		12
large exposure risk		3,751		3,751
Risk-weighted assets for credit risk	2,260,268	917,513	2,175,187	855,263
Risk-weighted assets for market risk		1,567,205		1,567,205
Total risk-weighted assets		2,484,718		2,422,468

36. CAPITAL ADEQUACY (cont'd)

(e) The risk-weighted assets and capital requirements for the various categories of risk

Group	2010		2009	
	Risk Weighted Assets Equivalent RM'000	Capital Required RM'000	Risk Weighted Assets Equivalent RM'000	Capital Required RM'000
Interest Rate Risk				
- General interest rate risk	7,812	625	1,036,114	80,954
- Specific interest rate risk	5,000	400	509,428	39,065
	12,812	1,025	1,545,542	120,019
Equity Position				
- General interest rate risk	-	-	-	-
- Specific interest rate risk	-	-	-	-
	-	-	-	-
Foreign Exchange Risk	54,044	4,324	16,038	1,283
Option Risk	45,720	3,658	5,625	450
Total	112,576	9,007	1,567,205	121,752
Bank				
Interest Rate Risk				
- General interest rate risk	7,812	625	1,036,114	82,889
- Specific interest rate risk	5,000	400	509,428	40,754
	12,812	1,025	1,545,542	123,643
Equity Position				
- General interest rate risk	-	-	-	-
- Specific interest rate risk	-	-	-	-
	-	-	-	-
Foreign Exchange Risk	7,610	609	16,038	1,283
Option Risk	45,720	3,658	5,625	450
Total	66,142	5,292	1,567,205	125,376

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

June 30, 2010

37. SEGMENT INFORMATION

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

The primary format, business segment information, is prepared based on internal management reports, which are used by senior management for decision-making and performance management. The amounts for each business segment are shown after the allocation of certain centralised cost, funding income and the applicable transfer pricing where appropriate. Transactions between segments are recorded within the segment as if they are third party transactions and are eliminated on consolidation. All inter-segment transactions are conducted at arm's length basis on normal commercial terms that are not more favourable than those generally available to the public.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

For the purpose of the business segments reporting, the various departments in the Group were defined and categorised in the following broad segments:

(a) Primary segment - By business segment

(i) Corporate advisory

Corporate advisory focuses on business needs of mainly large corporate customers and financial institutions. The products and services offered to customers include advisory banking services, bond issuance, equity financing, syndicated financing, mergers and acquisitions advisory services, debt restructuring advisory services, and share and futures dealings.

(ii) Corporate lending

Corporate lending caters to funding requirements of large corporate customers through direct lending.

(iii) Treasury

Treasury and Sales and Distribution involve in the proprietary trading in treasury related products and services such as foreign exchange, money market operations and securities trading.

(iv) Stockbroking

Stockbroking engages in the business of dealing in securities and acts as a securities broker.

(v) Others

This segment includes investment holding, nominee and custodian services.

37. SEGMENT INFORMATION (cont'd)**(a) Primary segment - By business segment**

The following table provides an analysis of the Group's revenue, results, assets, liabilities and other information by business segment:

Group 2010	Corporate advisory RM'000	Corporate lending RM'000	Treasury RM'000	Stockbroking RM'000	Others RM'000	Elimination RM'000	Total RM'000
Revenue							
Interest income	117	2,012	23,618	12,411	4,112	-	42,270
Net income from Islamic Banking Scheme Operations	-	-	2,279	-	-	-	2,279
Non-interest income	72,799	11,411	6,978	94,090	(1,902)	-	183,376
Total revenue	72,916	13,423	32,875	106,501	2,210	-	227,925
Results							
Segment results	72,894	13,219	21,178	105,759	2,150	-	215,200
Overhead expenses	(38,473)	(2,306)	867	(64,952)	(6,590)	-	(111,454)
Writeback of losses on loans and advances, net	-	(1,553)	17,300	677	3,164	-	19,588
Share of profits of associates	-	-	-	-	1,224	-	1,224
Profit before taxation							124,558
Taxation and zakat							(34,510)
Net profit for the year							90,048
Assets							
Segment assets	12,764	74,558	11,412	647,500	678,013	(836,994)	587,253
Investment in associates	-	-	-	-	4,200	5,744	9,944
Unallocated assets	-	-	-	-	-	-	299,972
Total assets							897,169
Liabilities							
Segment liabilities	-	-	-	636,063	154,375	(323,403)	467,035
Unallocated liabilities	-	-	-	-	-	-	25,911
Total liabilities							492,946
Other segment information							
Capital expenditure	-	-	-	4,224	263	-	4,487
Depreciation	-	-	-	2,004	710	-	2,714
Amortisation	-	-	-	224	437	-	661
Other significant non-cash expenses - Provisions	-	-	-	-	6,216	-	6,216

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

June 30, 2010

37. SEGMENT INFORMATION (cont'd)

(a) Primary segment - By business segment (cont'd)

Group 2009	Corporate advisory RM'000	Corporate lending RM'000	Treasury RM'000	Stockbroking RM'000	Others RM'000	Elimination RM'000	Total RM'000
Revenue							
Interest income	48	1,861	234,734	10,212	692	-	247,547
Net income from Islamic Banking							
Scheme Operations	-	-	5,627	-	-	-	5,627
Non-interest income	28,191	12,845	28,538	55,359	9,079	-	134,012
Total revenue	28,239	14,706	268,899	65,571	9,771	-	387,186
Results							
Segment results	27,718	13,440	103,809	61,929	9,771	-	216,667
Overhead expenses	(33,633)	(1,371)	(8,526)	(47,310)	(12,521)	-	(103,361)
Writeback of losses on loans and advances, net	53	-	1,524	1,745	(160)	-	3,162
Share of profits of associates	-	-	-	-	(9,116)	-	(9,116)
Profit before taxation							107,352
Taxation and zakat							6,117
Net profit for the year							113,469
Assets							
Segment assets	20,757	163,199	4,268,138	560,897	683,840	(832,128)	4,864,703
Investment in associates	-	-	-	-	4,200	4,812	9,012
Unallocated assets	-	-	-	-	-	-	340,577
Total assets							5,214,292
Liabilities							
Segment liabilities	-	-	4,109,818	485,858	155,229	(323,409)	4,427,496
Unallocated liabilities	-	-	-	-	-	-	32,376
Total liabilities							4,459,872
Other segment information							
Capital expenditure	-	-	-	823	1,264	-	2,087
Depreciation	-	-	-	2,067	692	-	2,759
Amortisation	-	-	-	256	185	-	441
Other significant non-cash expenses							
- Provisions	-	-	-	2,697	9,083	-	11,780

38. DIVIDENDS

	Dividends in Respect of Year		Dividends Recognised in Year	
	2010	2009	2010	2009
Recognised during the year:				
Interim dividend of 600% less 25% taxation on 50,116,000 ordinary shares (RM6 per ordinary share)	-	225,522	-	225,522
Interim dividend of 1,220% less 25% taxation on 50,116,000 ordinary shares (RM12.2 per ordinary share)	458,561	-	485,561	-
	458,561	225,522	485,561	225,522

39. THE OPERATIONS OF ISLAMIC BANKING SCHEME (IBS)**BALANCE SHEET AS AT JUNE 30, 2010**

	Note	Group and Bank	
		2010 RM'000	2009 RM'000
ASSETS			
Cash and short-term funds	(a)	79	510,040
Securities available-for-sale	(b)	-	97,003
Securities held-to-maturity	(c)	-	61,441
Other assets	(d)	14,958	1,199
Deferred tax assets, net	(e)	-	93
Total assets		15,037	669,776
Liabilities and Islamic banking fund			
Deposits from customers	(f)	-	375,407
Deposits and placements of banks and other financial institutions	(g)	-	232,470
Other liabilities	(h)	3	46,142
Provision for taxation and zakat	(i)	739	2,933
Total liabilities		742	656,952

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

June 30, 2010

39. THE OPERATIONS OF ISLAMIC BANKING SCHEME (IBS) (cont'd)

BALANCE SHEET AS AT JUNE 30, 2010 (CONT'D)

	Note	Group and Bank	
		2010 RM'000	2009 RM'000
Islamic banking capital fund		5,000	5,000
Reserves		9,295	7,824
		14,295	12,824
Total liabilities and Islamic banking fund		15,037	669,776

Income statement for the year ended 30 June 2010

Income derived from investment of depositors' funds and others	(j)	896	27,010
Transfer to profit equalisation reserves		328	(561)
Gross attributable income		1,224	26,449
Income attributable to depositors	(k)	(477)	(21,211)
		747	5,238
Income derived from investment of Islamic banking capital funds	(l)	1,532	389
Income attributable to the Group and the Bank		2,279	5,627
Overhead expenses	(m)	249	(891)
Profit before taxation and zakat		2,528	4,736
Taxation	(n)	(803)	(1,179)
Zakat	(o)	(22)	(45)
Net profit for the year		1,703	3,512

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED JUNE 30, 2010

Group and Bank	Islamic Banking Fund RM'000	Non- distributable Unrealised Holding Reserves RM'000	Distributable Retained Profits RM'000	Total RM'000
At July 1, 2009	5,000	232	7,592	12,824
Net decrease in fair value of securities, net of disposal	-	(232)	-	(232)
Net profit for the year	-	-	1,703	1,703
At June 30, 2010	5,000	-	9,295	14,295
At July 1, 2008	5,000	(926)	4,080	8,154
Net increase in fair value of securities, net of disposal	-	1,158	-	1,158
Net profit for the year	-	-	3,512	3,512
At June 30, 2009	5,000	232	7,592	12,824

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

39. THE OPERATIONS OF ISLAMIC BANKING SCHEME (IBS) (cont'd)**CASH FLOW STATEMENT FOR THE YEAR ENDED JUNE 30, 2010**

	Group and Bank	
	2010	2009
	RM'000	RM'000
Cash flows from operating activities		
Profit before taxation and zakat	2,528	4,736
Adjustments for:		
Profit equalisation reserve	-	561
Accretion of discounts and amortisation of premiums	129	24
Operating profit before working capital changes	2,657	5,321
Decrease/(Increase) in securities	158,444	(63,361)
Decrease/(Increase) in receivables	(13,759)	850
Increase/(Decrease) in payables	(46,219)	199
Decrease in deposits from customers	(611,085)	(653,639)
Net cash used in generated from operating activities	(509,961)	(710,630)
Net decrease in cash and cash equivalents	(509,961)	(710,630)
Cash and cash equivalents at beginning of the year	510,040	1,220,670
Cash and cash equivalents at end of the year	79	510,040

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

(a) CASH AND SHORT-TERM FUNDS

	Group and Bank	
	2010	2009
	RM'000	RM'000
Cash and balances with banks and other financial institutions	79	40
Deposit placements maturing within one month	-	510,000
	79	510,040

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

June 30, 2010

39. THE OPERATIONS OF ISLAMIC BANKING SCHEME (IBS) (cont'd)

(b) SECURITIES AVAILABLE-FOR-SALE

	Group and Bank	
	2010 RM'000	2009 RM'000
At Fair Value		
Money Market Instruments:		
Malaysian Government Investment Certificates	-	5,027
Khazanah Bonds	-	4,946
	-	9,973
Unquoted Securities:		
Private and Islamic Debt Securities in Malaysia	-	87,030
Total securities available-for-sale	-	97,003

The maturity structure of money market instruments available-for-sale are as follows:

	Group and Bank	
	2010 RM'000	2009 RM'000
One year to three years	-	4,946
More than three years but less than five years	-	5,027
	-	9,973

(c) SECURITIES HELD-TO-MATURITY

	Group and Bank	
	2010 RM'000	2009 RM'000
At amortised cost		
Money Market Instruments:		
Malaysian Government Investment Certificates	-	61,441

The maturity structure of money market instruments held-to-maturity are as follows:

	Group and Bank	
	2010 RM'000	2009 RM'000
One year to three years	-	25,289
More than five years	-	36,152
	-	61,441

39. THE OPERATIONS OF ISLAMIC BANKING SCHEME (IBS) (cont'd)**(d) OTHER ASSETS**

	Group and Bank	
	2010 RM'000	2009 RM'000
Income receivable	14,958	1,199

(e) DEFERRED TAX ASSETS, NET

	Group and Bank	
	2010 RM'000	2009 RM'000
At July 1, 2009	93	368
Recognised in equity	(93)	(275)
At June 30, 2010	-	93

(f) DEPOSITS FROM CUSTOMERS

	Group and Bank	
	2010 RM'000	2009 RM'000
General investment deposits	-	375,407
(i) The maturity structure of general investment deposits is as follows:		
Due within six months	-	375,407
More than six months but less than one year	-	-
	-	375,407
(ii) The deposits are sourced from the following customers:		
Business enterprises	-	13,389
Others	-	362,018
	-	375,407

(g) DEPOSITS AND PLACEMENT OF BANKS AND OTHER FINANCIAL INSTITUTIONS

	Group and Bank	
	2010 RM'000	2009 RM'000
Licensed banks	-	232,470

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

June 30, 2010

39. THE OPERATIONS OF ISLAMIC BANKING SCHEME (IBS) (cont'd)**(h) OTHER LIABILITIES**

	Group and Bank	
	2010	2009
	RM'000	RM'000
Profit payable	-	73
Profit equalisation reserve (PER)	-	683
Provisions and accruals	3	45,386
	3	46,142
The movements in PER are as follows:		
At July 1, 2009	683	122
Amount arising during the year	(683)	561
At June 30, 2010	-	683

(i) PROVISION FOR TAXATION AND ZAKAT

	Group and Bank	
	2010	2009
	RM'000	RM'000
Taxation	632	2,847
Zakat	107	86
	739	2,933

(j) INCOME DERIVED FROM INVESTMENT OF DEPOSITORS' FUNDS AND OTHERS

Details of the income derived from investment of depositors' funds are as follows:

	Group and Bank	
	2010	2009
	RM'000	RM'000
Gross income from:		
- Securities available-for-sale	268	4,752
- Securities held-to-maturity	148	1,559
- Deposits and placements with financial institutions	290	19,509
Accretion of discounts and amortisation of premiums	(48)	(24)
	658	25,796
Gain from sale of investment		
- Securities	238	1,214
	896	27,010

39. THE OPERATIONS OF ISLAMIC BANKING SCHEME (IBS) (cont'd)**(k) INCOME ATTRIBUTABLE TO DEPOSITORS**

	Group and Bank	
	2010	2009
	RM'000	RM'000
Deposits from customers - Mudharabah fund	2	4,358
Deposits and placements of banks and other financial institutions - Mudharabah fund	475	16,853
	477	21,211

(l) INCOME DERIVED FROM INVESTMENT OF ISLAMIC BANKING CAPITAL FUNDS

Details of the income derived from investment of Islamic banking capital funds are as follows:

	Group and Bank	
	2010	2009
	RM'000	RM'000
Gross income from:		
- Securities available-for-sale	458	69
- Securities held-to-maturity	254	22
- Deposits and placements with financial institutions	495	281
Gain from sale of investment securities available-for-sale	406	17
Accretion of discounts and amortisation of premiums	(81)	-
	1,532	389

(m) OVERHEAD EXPENSES

	Group and Bank	
	2010	2009
	RM'000	RM'000
Establishment costs	(248)	889
Administration and general expenses	-	2
	(248)	891

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

June 30, 2010

39. THE OPERATIONS OF ISLAMIC BANKING SCHEME (IBS) (cont'd)**(n) TAXATION AND ZAKAT**

	Group and Bank	
	2010	2009
	RM'000	RM'000
Income tax for the year: Malaysian income tax	802	1,179
Zakat	22	45
Tax expense and zakat for the year	824	1,224

"Income tax is calculated at the Malaysian statutory tax rate of 25% (2009: 25%) of the estimated assessable profit for the year.

A reconciliation of income tax expense applicable to profit before taxation and zakat 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:"

	Group and Bank	
	2010	2009
	RM'000	RM'000
Profit before taxation and zakat	2,527	4,736
Taxation at Malaysian statutory tax rate of 25% (2009:25%)	632	1,184
Effect of expenses not deductible for tax purposes	170	(5)
Tax expense for the year	802	1,179
Zakat	22	45
Tax expense and zakat for the year	824	1,224

(o) CAPITAL ADEQUACY**i) The capital adequacy ratios of the Bank and the Group as at the following dates are as follows:**

The capital adequacy ratios of the Group consist of capital base and risk-weighted assets derived from consolidated balances of the Bank and its subsidiary companies. The capital adequacy ratios of the Bank consist of capital base and risk weighted assets derived from the Bank.

With effect from January 1, 2010, the capital adequacy ratios of the Group and the Bank are computed in accordance with Bank Negara Malaysia's revised Risk Weighted Capital Adequacy Framework (RWCAF - Basel II). The Group and the Bank has adopted the Standardised Approach for Credit Risk and Market Risk, and the Basic Indicator Approach for Operational Risk. The comparative capital adequacy ratios for June 30, 2009 have not been restated based on RWCAF - Basel II guidelines, as they represent actual amounts reported for regulatory compliance purposes (Basel I) as of that date. The minimum regulatory capital adequacy requirement is 8.0% (2009 - 8.0%) for the risk weighted capital ratio.

39. THE OPERATIONS OF ISLAMIC BANKING SCHEME (IBS) (cont'd)**(o) CAPITAL ADEQUACY (cont'd)****i) The capital adequacy ratios of the Bank and the Group as at the following dates are as follows: (cont'd)**

The detailed disclosures on the risk-weighted assets, as set out in Notes 39 (o)(i), (o)(ii), (o)(iii), and (o)(iv) are presented in accordance with Paragraph 4.3 of Bank Negara Malaysia's Guidelines - Risk Weighted Capital Adequacy Framework (Basel II) - Disclosure Requirements (Pillar 3), whereby such disclosures are effective for financial reports for periods beginning on or after January 1, 2010. In accordance with Paragraph 7.2 (i) of the guidelines, the comparative amounts for the previous financial year ended June 30, 2009 as per Note 39 (o)(iv) are not presented in this manner as the current financial year represents the first time adoption and disclosure of RWCAF.

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

Capital Ratios	Group and Bank	
	2010 (Basel II) %	2009 (Basel I) %
Core capital and risk-weighted capital ratios:		
Credit risk	95.57	2,436.45
Credit, market and operational risks	64.28	27.28

i) The capital adequacy ratios of the Bank and the Group as at the following dates are as follows: (cont'd)

	Group and Bank	
	2010 RM'000	2009 RM'000
Tier 1 capital		
Islamic banking capital fund	5,000	5,000
Retained profits	9,295	7,592
Less: Deferred tax assets	-	(93)
Total Tier 1 capital	14,295	12,499
Tier 2 capital	-	-
Capital base	14,295	12,499

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

June 30, 2010

39. THE OPERATIONS OF ISLAMIC BANKING SCHEME (IBS) (cont'd)

(o) CAPITAL ADEQUACY (cont'd)

(ii) The breakdown of risk-weighted assets (RWA) by exposures in each major risk category for the current financial year are as follows:

IBS 2010 Exposure Class	Gross Exposures RM'000	Net Exposures RM'000	Risk Weighted Assets RM'000	Capital Requirements RM'000
(i) Credit Risk				
On-balance sheet exposures:				
Sovereigns / Central banks	79	79	-	-
Other Assets	14,958	14,958	14,958	1,197
Total on-balance sheet exposures	15,037	15,037	14,958	1,197
Off-balance sheet exposures:				
Credit-related off-balance sheet exposures	-	-	-	-
Total off-balance sheet exposures	-	-	-	-
Total on and off-balance sheet exposures	15,037	15,037	14,958	1,197
(ii) Market Risk				
Interest Rate Risk	-	-	-	-
Foreign Currency Risk	-	-	-	-
Options Risk	-	-	-	-
Total	-	-	-	-
(iii) Operational Risk				
	-	-	7,279	582
Total RWA and capital requirements	15,037	15,037	22,237	1,779

39. THE OPERATIONS OF ISLAMIC BANKING SCHEME (IBS) (cont'd)

(o) CAPITAL ADEQUACY (cont'd)

(iii) The breakdown of credit risk exposures by risk weights for the current financial year are as follows:

IBS Risk Weights	Sovereigns/ Central Banks RM'000	Other Assets RM'000	Total Exposures after Netting & Credit Risk Mitigation RM'000	Total Risk Weighted Assets RM'000
0%	79	-	79	-
20%	-	-	-	-
35%	-	-	-	-
50%	-	-	-	-
75%	-	-	-	-
100%	-	14,958	14,958	14,958
150%	-	-	-	-
Total Exposures	79	14,958	15,037	14,958
Risk-Weighted Assets by Exposures	-	14,958	14,958	
Average Risk Weight	0%	100%	100%	

(iv) The breakdown of risk weighted assets by risk weights for the previous year are as follows:

	Principal Amount RM'000	Risk Weighted Assets RM'000
0%	572,002	-
10%	-	-
20%	206	41
50%	-	-
100%	472	472
Risk-weighted assets for credit risk	572,680	513
Risk-weighted assets for market risk	-	45,308
Total risk-weighted assets		45,821

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

June 30, 2010

39. THE OPERATIONS OF ISLAMIC BANKING SCHEME (IBS) (cont'd)

(o) CAPITAL ADEQUACY (cont'd)

(v) There is no off-balance-sheet exposures and related counterparty credit risk of the Group and Bank

(vi) The risk-weighted assets and capital requirements for the various categories under market risk are as follows:-

IBS	2010		2009	
	Risk Weighted Assets Equivalent RM'000	Capital Required RM'000	Risk Weighted Assets Equivalent RM'000	Capital Required RM'000
General Profit Rate Risk	-	-	21,116	1,689
Specific Profit Rate Risk	-	-	24,192	1,935
Total	-	-	45,308	3,624

(p) YIELD/PROFIT RATE RISK ON IBS PORTFOLIO

The Group and the Bank are exposed to various risks 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 interest rates that affect the value of financial instruments under the IBS portfolio. Yield/profit rate risk is monitored and managed by the Group and the Bank to protect the income from IBS operations.

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

39. THE OPERATIONS OF ISLAMIC BANKING SCHEME (IBS) (cont'd)

(p) YIELD/PROFIT RATE RISK ON IBS PORTFOLIO (cont'd)

Group and 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 Book RM'000	Effective Interest Total RM'000	Rate %
Assets									
Cash and short-term funds	-	-	-	-	-	79	-	79	-
Other assets	-	-	-	-	-	14,958	-	14,958	-
Total assets	-	-	-	-	-	15,037	-	15,037	
Liabilities and Islamic Banking Fund									
Other non-yield/ profit sensitive balances	-	-	-	-	-	742	-	742	-
Total liabilities	-	-	-	-	-	742	-	742	
Reserves	-	-	-	-	-	14,295	-	14,295	-
Total Islamic Banking Fund	-	-	-	-	-	14,295	-	14,295	
Total liabilities and Islamic Banking Fund	-	-	-	-	-	15,037	-	15,037	
Total yield/profit rate sensitivity gap	-	-	-	-	-	-	-	-	-
Cumulative yield/profit rate sensitivity gap	-	-	-	-	-	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

June 30, 2010

39. THE OPERATIONS OF ISLAMIC BANKING SCHEME (IBS) (cont'd)

(P) YIELD/PROFIT RATE RISK ON IBS PORTFOLIO (cont'd)

Group and 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 Book RM'000	Effective Interest Total RM'000	Interest Rate %
Assets									
Cash and short-term funds	510,000	-	-	-	-	40	-	510,040	2.00
Securities available-for-sale	-	-	-	10,078	81,979	4,946	-	97,003	4.89
Securities held-to-maturity	-	-	-	-	25,289	36,152	-	61,441	4.32
Other assets	-	-	-	-	-	1,292	-	1,292	-
Total assets	510,000	-	-	10,078	107,268	42,430	-	669,776	
Liabilities and Islamic Banking Fund									
Deposits from customers	375,407	-	-	-	-	-	-	375,407	3.30
Deposits and placements of banks and other financial institutions	232,470	-	-	-	-	-	-	232,470	3.30
Other non-yield/ profit sensitive balances	-	-	-	-	-	49,075	-	49,075	-
Total liabilities	607,877	-	-	-	-	49,075	-	656,952	
Islamic banking capital fund	-	-	-	-	-	5,000	-	5,000	-
Reserves	-	-	-	-	-	7,824	-	7,824	-
Total Islamic Banking Fund	-	-	-	-	-	12,824	-	12,824	
Total liabilities and Islamic Banking Fund	607,877	-	-	-	-	61,899	-	669,776	
Total yield/profit rate sensitivity gap	(97,877)	-	-	10,078	107,268	(19,469)	-	-	
Cumulative yield/profit rate sensitivity gap	(97,877)	(97,877)	(97,877)	(87,799)	19,469	-	-		

39. THE OPERATIONS OF ISLAMIC BANKING SCHEME (IBS) (cont'd)**(q) 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, which are considered short term in maturity, approximate their carrying amounts as shown in the balance sheet.

(r) ALLOCATION OF INCOME

The policy of allocation of income to the various types of deposits and investments is subject to "The Framework of 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 institution in calculating and deriving the rate of return for the depositors.

(s) 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 licensed 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 Section IV 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 and the Bank's Shariah Committee are to advise on the overall Islamic Banking operations of the Group's and the Bank's business in order to ensure compliance with the Shariah requirements.

The roles of the Shariah Committee in monitoring the Group's and the Bank's activities include:

- (i) To advise the Board on Shariah matters in its business operations
- (ii) To endorse Shariah Compliance Manuals
- (iii) To endorse and validate relevant documentations
- (iv) To assist related parties on Shariah matters for advice upon request
- (v) To advise on matters to be referred to the SAC
- (vi) Provide written Shariah opinion:
 - When the Group and the Bank make references to SAC of BNM for advice on unresolved Shariah issues.
 - When the Group and the Bank submit applications to BNM for new products approvals.
- (vii) Assist in providing explanation on matters referred to BNM or SAC of BNM at their request.
- (viii) Participate in the in-house training programmes of the Group and the Bank.

The Group and the Bank presently have three Shariah Consultants.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Chairman

Tan Sri Dato' Megat Zaharuddin Megat Mohd Nor

Members

Dato' Sri Abdul Wahid Omar
Datuk R. Karownikaran @ Karunikaran a/l Ramasamy
Dato' Dr Tan Tat Wai
Cheah Teik Seng

CHIEF EXECUTIVE OFFICER

Tengku Dato' Zafrul Tengku Abdul Aziz

RISK MANAGEMENT COMMITTEE

Chairman

Datuk R. Karownikaran @ Karunikaran a/l Ramasamy
(Independent Non-Executive Director)

Members

Dato' Dr Tan Tat Wai
(Independent Non-Executive Director)
Cheah Teik Seng
(Independent Non-Executive Director)

CREDIT & UNDERWRITING REVIEW COMMITTEE

Chairman

Dato' Sri Abdul Wahid Omar
(Non-Independent Executive Director)

Members

Datuk R. Karownikaran @ Karunikaran a/l Ramasamy
(Independent Non-Executive Director)
Cheah Teik Seng
(Independent Non-Executive Director)

AUDIT COMMITTEE

Chairman

Cheah Teik Seng
(Independent Non-Executive Director)

Members

Datuk R. Karownikaran @ Karunikaran a/l Ramasamy
(Independent Non-Executive Director)
Dato' Dr Tan Tat Wai
(Independent Non-Executive Director)

COMPANY SECRETARY

Noreen Melini Muzamli

AUDITORS

Ernst & Young
Certified Public Accountants

As at November 30, 2010

CAPITAL AND SHAREHOLDERS' FUNDS

Authorised Share Capital	: 600,000,000
Paid-Up Share Capital	: 50,116,000 Ordinary Shares of RM1.00 each
Shareholders' Funds	: RM388,431,000 (as at June 30, 2010)

REGISTERED OFFICE

33rd Floor, Menara Maybank
100, Jalan Tun Perak,
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Fax: 603-2078 4194
Website: www.maybank-ib.com

PRINCIPAL BUSINESS ADDRESSES

Kuala Lumpur

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Tel: 603-2059 1888
Fax: 603-2078 4194

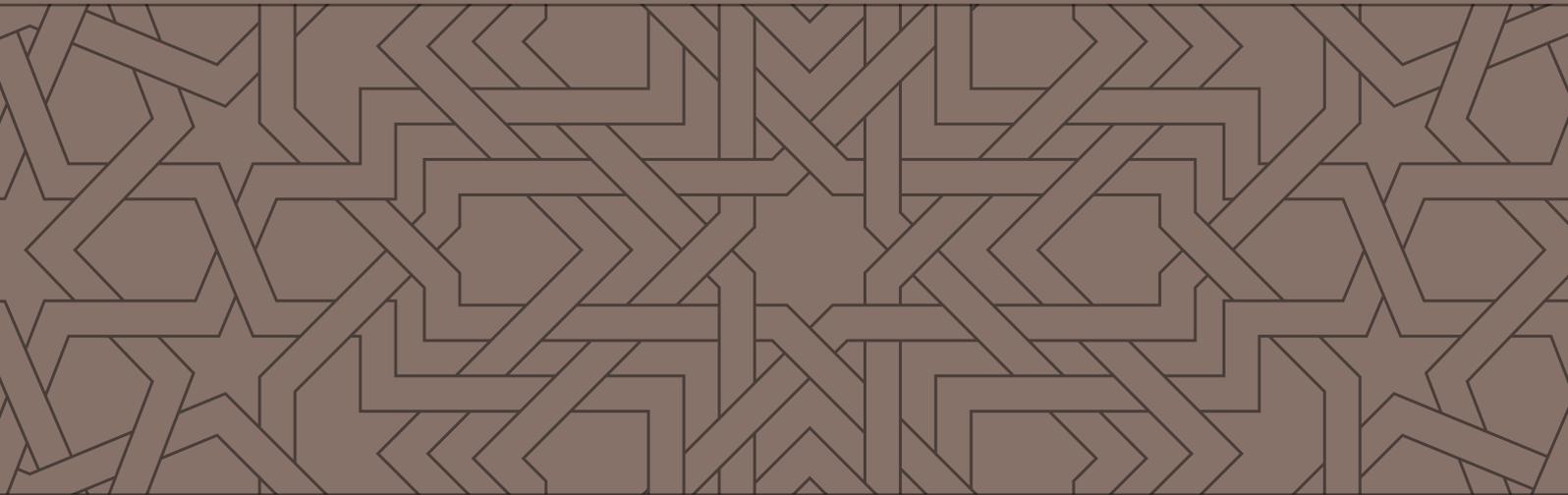
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Tel: 605-2453 400
Fax: 605-2534 333

DATE OF INCORPORATION

September 28, 1973



MAYBANK INVESTMENT BANK BERHAD (15938-H)

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50050 Kuala Lumpur

Malaysia

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