

MAYBANK INVESTMENT BANK BERHAD

**CONDENSED FINANCIAL STATEMENTS
UNAUDITED BALANCE SHEETS AS AT 30 SEPTEMBER 2010**

	Notes	Group		Bank	
		30 Sept 2010 RM'000	30 June 2010 RM'000	30 Sept 2010 RM'000	30 June 2010 RM'000
ASSETS					
Cash and short-term funds	9.	246,084	432,824	219,122	406,990
Deposits and placements with banks and other financial institutions	10.	12,131	12,052	8,812	8,733
Securities portfolio	11.	119,730	111,307	65,677	65,978
Loans and advances	12.	148,085	128,042	148,085	128,042
Other assets	13.	364,078	176,730	355,623	177,147
Statutory deposits with Bank Negara Malaysia		105	105	105	105
Investment in subsidiaries		-	-	233,279	233,279
Investment in associates		7,509	9,944	4,200	4,200
Property, plant and equipment		9,115	9,397	8,898	9,163
Intangible assets		1,644	1,823	1,644	1,823
Deferred tax assets (net)		3,992	14,945	3,992	14,945
TOTAL ASSETS		912,473	897,169	1,049,437	1,050,405
LIABILITIES AND EQUITY					
Other liabilities	14.	471,311	492,380	634,780	661,974
Deferred tax liabilities		573	566	-	-
TOTAL LIABILITIES		471,884	492,946	634,780	661,974
Share capital		50,116	50,116	50,116	50,116
Reserves		390,473	354,107	364,541	338,315
TOTAL EQUITY		440,589	404,223	414,657	388,431
TOTAL LIABILITIES AND EQUITY		912,473	897,169	1,049,437	1,050,405
COMMITMENTS AND CONTINGENCIES	22.	750,760	410,156	750,760	410,156

MAYBANK INVESTMENT BANK BERHAD

CONDENSED FINANCIAL STATEMENTS
CONSOLIDATED INCOME STATEMENT
FOR FIRST FINANCIAL QUARTER ENDED 30 SEPTEMBER 2010

Group	Notes	1st Quarter ended		Cumulative 3 months ended	
		30 September	30 September	30 September	30 September
		2010	2009	2010	2009
		RM'000	RM'000	RM'000	RM'000
Interest income	15.	3,572	29,067	3,572	29,067
Interest expense	16.	(10)	(12,385)	(10)	(12,385)
Net interest income		3,562	16,682	3,562	16,682
Net income from Islamic					
Banking Scheme operations	24.	-	1,549	-	1,549
Non-interest income	17.	49,685	42,319	49,685	42,319
Net income		53,247	60,550	53,247	60,550
Overhead expenses	19.	(32,376)	(24,431)	(32,376)	(24,431)
Operating profit		20,871	36,119	20,871	36,119
Write back/(Allowance) of losses					
on loans and advances	20.	(414)	17,159	(414)	17,159
		20,457	53,278	20,457	53,278
Share of results in associates		17	219	17	219
Profit before taxation		20,474	53,497	20,474	53,497
Taxation and zakat		(8,049)	(14,785)	(8,049)	(14,785)
Net profit for the period		12,426	38,712	12,426	38,712
Basic earnings per share (sen)		25	77	25	77

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR FIRST FINANCIAL QUARTER ENDED 30 SEPTEMBER 2010

Group	Notes	1st Quarter ended		Cumulative 3 months ended	
		30 September	30 September	30 September	30 September
		2010	2009	2010	2009
		RM'000	RM'000	RM'000	RM'000
Profit After Tax		12,426	38,712	12,426	38,712
Other Comprehensive Income:					
Net gain on available-for-sale financial assets					
- Gain on fair value changes		10,131	22,281	10,131	22,281
- Transfer to profit or loss upon disposal		-	-	-	-
- Cumulative loss reclassified to profit or loss		-	-	-	-
Revaluation of land and buildings, net					
Foreign currency translation		(2,101)	(3,788)	(2,101)	(3,788)
Other comprehensive income for the year,		8,030	18,493	8,030	18,493
net of tax		20,455	57,205	20,455	57,205
Total comprehensive income attributable to:					
Owners of the parent		20,455	57,205	20,455	57,205
Minority interest		-	-	-	-
		20,455	57,205	20,455	57,205

MAYBANK INVESTMENT BANK BERHAD

**CONDENSED FINANCIAL STATEMENTS
UNAUDITED INCOME STATEMENTS
FOR FIRST FINANCIAL QUARTER ENDED 30 SEPTEMBER 2010**

Bank	Notes	1st Quarter ended		Cumulative 3 months ended	
		30 September 2010 RM'000	30 September 2009 RM'000	30 September 2010 RM'000	30 September 2009 RM'000
Interest income	15.	3,408	28,969	3,408	28,969
Interest expense	16.	(10)	(12,385)	(10)	(12,385)
Net interest income		3,398	16,584	3,398	16,584
Net income from Islamic					
Banking Scheme operations	24.	-	1,549	-	1,549
Non-interest income	17.	47,049	47,279	47,049	47,279
Net income		50,447	65,412	50,447	65,412
Overhead expenses	19.	(32,063)	(24,232)	(32,063)	(24,232)
Operating profit		18,384	41,180	18,384	41,180
Write back/(Allowance) of losses					
on loans and advances	20.	(414)	17,159	(414)	17,159
Profit before taxation		17,970	58,339	17,970	58,339
Taxation and zakat		(7,664)	(14,121)	(7,664)	(14,121)
Net profit for the period		10,306	44,218	10,306	44,218
Basic earnings per share (sen)		21	88	21	88

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR FIRST FINANCIAL QUARTER ENDED 30 SEPTEMBER 2010**

Bank	Notes	1st Quarter ended		Cumulative 3 months ended	
		30 September 2010 RM'000	30 September 2009 RM'000	30 September 2010 RM'000	30 September 2009 RM'000
Profit After Tax		10,306	44,218	10,306	44,218
Other Comprehensive Income:					
Net gain on available-for-sale financial assets					
- Gain on fair value changes		8	23,118	8	23,118
Other comprehensive income for the year, net of tax		10,314	67,336	10,314	67,336
Total comprehensive income attributable to:					
Owners of the parent		10,314	67,336	10,314	67,336
Minority interest		-	-	-	-
		10,314	67,336	10,314	67,336

MAYBANK INVESTMENT BANK BERHAD

CONDENSED FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR FIRST FINANCIAL QUARTER ENDED 30 SEPTEMBER 2010

Group	<-----Non-distributable----->						Distributable		Total RM'000
	Share capital RM'000	Share premium RM'000	Statutory reserves * RM'000	Capital reserves RM'000	Unrealised holding reserves RM'000	Equity contribution from parent # RM'000	Exchange fluctuation reserve RM'000	Retained profits RM'000	
At 1 July 2010	50,116	172,669	50,116	-	18,762	-	(3,788)	116,348	404,223
Effects of adopting FRS 139	-	-	-	-	-	-	-	15,911	15,911
	50,116	172,669	50,116	-	18,762	-	(3,788)	132,259	420,134
Net profit for the period	-	-	-	-	-	-	-	12,426	12,426
Other comprehensive income	-	-	-	(33)	10,149	-	(2,101)	15	8,030
Total other comprehensive income	-	-	-	(33)	10,149	-	(2,101)	12,441	20,455
At 30 September 2010	50,116	172,669	50,116	(33)	28,911	-	(5,889)	144,699	440,590
At 1 July 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	-	-	-	-	22,281	-	-	-	22,281
Transfer from ESOS reserve	-	-	-	-	-	(2,544)	-	2,544	-
Net profit for the period	-	-	-	-	-	-	-	90,048	90,048
Dividends	-	-	-	-	-	-	-	(458,561)	(458,561)
At 30 June 2010	50,116	172,669	50,116	-	18,762	-	(3,788)	116,348	404,223

MAYBANK INVESTMENT BANK BERHAD

CONDENSED FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR FIRST FINANCIAL QUARTER ENDED 30 SEPTEMBER 2010

Bank	<-----Non-distributable----->					Distributable		Total RM'000
	Share capital RM'000	Share premium RM'000	Statutory reserves * RM'000	Capital reserves RM'000	Unrealised holding reserves RM'000	Equity contribution from parent # RM'000	Retained profits RM'000	
At 1 July 2010	50,116	172,669	50,116	-	5,777	-	109,753	388,431
Effects of adopting FRS 139	-	-	-	-	-	-	15,911	15,911
	50,116	172,669	50,116	-	5,777	-	125,664	404,342
Net profit for the period	-	-	-	-	-	-	10,306	10,306
Other comprehensive income	-	-	-	-	8	-	-	8
Total other comprehensive income	-	-	-	-	8	-	10,306	10,314
At 30 September 2010	50,116	172,669	50,116	-	5,785	-	135,970	414,657
At 1 July 2009	50,116	172,669	50,116	-	(17,341)	2,511	474,013	732,084
Net increase in fair value of securities	-	-	-	-	23,118	-	-	23,118
Transfer from ESOS reserve	-	-	-	-	-	(2,511)	2,511	-
Net profit for the period	-	-	-	-	-	-	91,790	91,790
Dividends	-	-	-	-	-	-	(458,561)	(458,561)
At 30 June 2010	50,116	172,669	50,116	-	5,777	-	109,753	388,431

* The statutory reserves are maintained in compliance with Section 36 of the Banking and Financial Institutions Act, 1989 and are not distributable as cash dividends.

This represents the cumulative fair value of equity-settled share-based compensation plan for the employees of the Group and of the Bank, the Maybank Group Employee Share Options Scheme ("ESOS").

MAYBANK INVESTMENT BANK BERHAD

**CONDENSED FINANCIAL STATEMENTS
UNAUDITED CONDENSED CASH FLOW STATEMENTS
FOR THE FIRST FINANCIAL QUARTER ENDED 30 SEPTEMBER 2010**

	Group		Bank	
	30 Sept 2010 RM'000	30 Sept 2009 RM'000	30 Sept 2010 RM'000	30 Sept 2009 RM'000
Profit before taxation	20,474	53,497	17,970	58,339
Adjustment for non-operating and non-cash items	2,906	(30,009)	1,595	(32,726)
Operating profit before working capital changes	23,380	23,488	19,565	25,613
Changes in working capital :				
Net changes in operating assets	9,771	3,879,373	5,363	3,874,967
Net changes in operating liabilities	(23,163)	(4,085,981)	(27,194)	(4,086,989)
Tax expense	(1,700)	-	7,664	-
Net cash generated from/(used in) operations	8,288	(183,120)	5,398	(186,409)
Net cash generated from investing activities	(2,913)	2,925	(1,150)	773
Net change in cash and cash equivalents	5,375	(180,195)	4,248	(185,636)
Cash and cash equivalents at beginning of the period	141,178	626,904	115,343	603,771
Cash and cash equivalents at end of the period	146,554	446,709	119,591	418,135
Cash and cash equivalents comprise:				
Cash and short-term funds	246,084	552,690	219,122	524,116
Less: Monies held in trust	(99,530)	(105,981)	(99,530)	(105,981)
	146,554	446,709	119,591	418,135

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

1. Basis of Preparation

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

The condensed interim financial statements were not audited and have been prepared in accordance with the requirements of FRS 134: Interim Financial Reporting and Chapter 9, part K of the Listing Requirements of Bursa Malaysia Securities Berhad. The condensed interim financial statements should be read in conjunction with the audited financial statements for the year ended 30 June 2010. These explanatory notes attached to the audited condensed interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group and the Bank since the year ended 30 June 2010.

The significant accounting policies and methods of computation applied by the Group and the Bank are consistent with those adopted in the most recent audited annual financial statements for the year ended 30 June 2010 except for adoption of the following Financial Reporting Standard (“FRS”) effective from the financial period beginning 1 July 2009:

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

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

<u>FRS, Amendments to FRS and Interpretations</u>	<u>Effective date</u>
(i) FRS 4 Insurance Contracts	July 2010
(ii) FRS 7 Financial Instruments-Disclosures	January 2010
(iii) FRS 101 Presentation of Financial Statements	January 2010
(iv) FRS 123 Borrowing Costs	January 2010
(v) FRS 139 Financial Instruments – Recognition and Measurement	January 2010
(vi) Amendments to FRS 127 Consolidated and Separate Financial Statements	January 2010
(vii) Amendments to FRS 2 Share-based Payment – Vesting Conditions and Cancellations	July 2010
(viii) Amendments to FRS 132 Financial Instruments Presentation	January 2010
Amendments to FRS 139 Financial Instruments: Recognition and Measurement, FRS 7 Financial Instruments: Disclosures	January 2010
(ix) Amendments to FRSs Improvements to FRSs (2009)	January 2010
(x) IC Interpretation 9: Reassessment of Embedded Derivatives	January 2010
(xi) IC Interpretation 10: Interim Financial Reporting and Impairment	January 2010
(xii) IC Interpretation 11: FRS 2 – Group and Treasury Share Transactions	January 2010
(xiv) IC Interpretation 13: Customer Loyalty Programmes	January 2010

1. Basis of Preparation (contd.)

(xv)	IC Interpretation 14: FRS 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	January 2010
(xvi)	TR i-3 Presentation of Financial Statements of Islamic Financial Institutions	January 2010
(xvii)	SOP i-1 Financial Reporting from an Islamic Perspective	January 2010

FRS 8 does not have significant impact on the financial statements of the Group and the Bank.

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

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

2. Auditors' Report on Preceding Annual Financial Statements

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

3. Seasonal or Cyclical Factors

The operations of the Group and the Bank were not materially affected by any seasonal or cyclical factors in the first quarter ended 30 September 2010.

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

There were no unusual items affecting the assets, liabilities, equity, net income or cash flows of the Group and the Bank in the quarter ended 30 September 2010.

5. Subsequent Events

There were no material subsequent events during the quarter ended 30 September 2010.

6. Changes in Estimates

There were no material changes in estimates during the quarter ended 30 September 2010.

7. Changes in Debt and Equity Securities

There were no issuances, cancellations, share buy-backs, resale of shares bought back and repayment of debt and equity securities by the Bank.

8. Dividend Paid

No dividend have been proposed for the first quarter ended 30 September 2010.

8.1 Performance Review

The Bank recorded a pre-tax profit of RM 17.97 million for the three months ended 30 September 2010 as compared to RM58.34 million in the previous corresponding period. The lower pre-tax profits is attributable to the Treasury Centralisation exercise which was completed as of August 2009 and lower interest income and higher overhead expenses recorded during the period.

8.2 Strategic Direction & Prospects

Maybank Investment Bank Berhad envisages to remain resilient and aims to be a regional 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".

Barring unforeseen circumstances, the financial performance of the Bank and of the Group for the financial year ending 30 June 2011 is expected to be satisfactory.

9. CASH AND SHORT-TERM FUNDS

	Group		Bank	
	30 Sept 2010 RM'000	30 June 2010 RM'000	30 Sept 2010 RM'000	30 June 2010 RM'000
Cash and bank balances with licensed commercial banks and other licensed financial institutions	120,010	315,330	117,379	312,650
Deposit placements maturing within one month	126,074	117,494	101,743	94,340
	246,084	432,824	219,122	406,990

Included in cash and short-term funds of the Group and of the Bank are monies held in trust of RM99,530,074 (30 June 2010: RM291,646,000).

10. DEPOSITS AND PLACEMENTS WITH BANKS AND OTHER FINANCIAL INSTITUTIONS

	Group		Bank	
	30 Sept 2010 RM'000	30 June 2010 RM'000	30 Sept 2010 RM'000	30 June 2010 RM'000
Licensed banks	12,131	12,052	8,812	8,733
	12,131	12,052	8,812	8,733

11. SECURITIES PORTFOLIO

		Group		Bank	
		30 Sept 2010 RM'000	30 June 2010 RM'000	30 Sept 2010 RM'000	30 June 2010 RM'000
Securities available-for-sale	11.(i)	119,697	111,274	65,644	65,945
Securities held-to-maturity	11.(ii)	33	33	33	33
Total securities portfolio		119,730	111,307	65,677	65,978

11. (i) Securities Available-for-Sale

	Group		Bank	
	30 Sept 2010 RM'000	30 June 2010 RM'000	30 Sept 2010 RM'000	30 June 2010 RM'000
<u>At Fair Value</u>				
Quoted Securities:				
Shares, Warrants, Unit Trusts and Loan Stocks in Malaysia	12,627	12,614	12,627	12,614
Shares, Warrants, Unit Trusts and Loan Stocks outside Malaysia	51,853	43,129	-	-
	64,480	55,743	12,627	12,614
Unquoted Securities:				
Shares, Unit Trusts and Loan Stocks in Malaysia	44,314	44,338	42,114	42,138
Shares, Unit Trusts and Loan Stocks outside Malaysia	5,908	6,197	5,908	6,197
Private and Islamic Debt Securities in Malaysia	4,995	4,996	4,995	4,996
	55,217	55,531	53,018	53,331
Total securities available-for-sale	119,697	111,274	65,644	65,945

11. (ii) Securities Held-to-Maturity

	Group and Bank	
	30 Sept 2010 RM'000	30 June 2010 RM'000
<u>At Amortised Cost</u>		
Money Market Instruments:		
Corporate Bonds	33	33
	33	33
Total securities held-to-maturity	33	33

12. LOANS AND ADVANCES

	Group and Bank	
	30 Sept 2010	30 June 2010
	RM'000	RM'000
Term loans		
- Syndicated term loan	6,209	6,209
- Other term loan	32,700	31,013
Amount due from brokers and clients		
- Margin accounts	102,965	101,299
Staff loans	14,066	14,499
Foreign currency loans	-	1,553
Gross loans and advances	<u>155,939</u>	<u>154,573</u>
Less: Allowance for bad and doubtful debts		
- Collective assessment / General allowance	-	(18,685)
- Individual assessment / Specific allowance	(7,854)	(7,846)
Net loans and advances	<u>148,085</u>	<u>128,042</u>

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

	Group and Bank	
	30 Sept 2010	30 June 2010
	RM'000	RM'000
Domestic business enterprises	59,018	59,046
Individuals	95,438	93,974
Foreign entities	1,483	1,553
Gross loans and advances	<u>155,939</u>	<u>154,573</u>

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

	Group and Bank	
	30 Sept 2010	30 June 2010
	RM'000	RM'000
Fixed rate		
- Housing loans	10,709	11,873
- Hire purchase receivables	3,068	2,587
- Other fixed rate loans	290	39
Variable rate		
- BLR-plus	38,908	38,776
- Cost-plus	102,965	101,298
Gross loans and advances	<u>155,939</u>	<u>154,573</u>

12. LOANS AND ADVANCES (Contd.)

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

	Group and Bank	
	30 Sept 2010	30 June 2010
	RM'000	RM'000
Purchase of securities	132,965	131,298
Purchase of transport vehicles	3,425	2,743
Purchase of residential landed property	11,568	12,730
Personal use	285	32
Consumer durables	6	8
Others	7,692	7,762
Gross loans and advances	155,939	154,573

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

	Group and Bank	
	30 Sept 2010	30 June 2010
	RM'000	RM'000
Maturing within one year	139,617	139,131
One year to three years	2,454	1,367
Three years to five years	2,092	1,115
After five years	11,775	12,960
Gross loans and advances	155,939	154,573

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

	Group and Bank	
	30 Sept 2010	30 June 2010
	RM'000	RM'000
Gross balance at beginning of period	9,784	57,201
Non-performing during the period	56	14,333
Recovered/regularised during the period	(52)	(16,766)
Amount written off	-	(45,035)
Exchange differences	(71)	51
Gross balance at end of period	9,717	9,784
Less:		
Individual assessment / Specific allowance	(7,854)	(7,846)
Net balance	1,863	1,938
Net non-performing loans as % of gross loans and advances less specific allowance	1.26%	1.32%

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

	Group and Bank	
	30 Sept 2010	30 June 2010
	RM'000	RM'000
Purchase of securities	1,323	1,316
Purchase of residential landed property	547	550
Others	7,847	7,918
	9,717	9,784

12. LOANS AND ADVANCES (Contd.)

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

	Group and Bank	
	30 Sept 2010 RM'000	30 June 2010 RM'000
Individual assessment allowance:		
At 1 July		
- as previously stated	-	-
- effect of adopting FRS 139	7,846	-
At 1 July, as restated	7,846	-
Allowance made during the period / year	14	-
Amount written back in respect of recoveries	(6)	-
Closing balance	<u>7,854</u>	<u>-</u>
Collective assessment allowance:		
At 1 July		
- as previously stated	-	-
- transfer from general allowance	18,685	-
- effect of adopting FRS 139	(18,685)	-
At 1 July, as restated	-	-
Allowance made during the period / year	-	-
Closing balance	<u>-</u>	<u>-</u>
As a % of gross loans, advances and financing less individual assessment allowance	<u>0.00%</u>	<u>0.00%</u>
Specific allowance:		
Balance at beginning of period	7,846	50,967
Effects of adopting FRS 139	(7,846)	-
Allowance made during the period	14	3,100
Amount written back in respect of recoveries	(6)	(3,774)
Transfer of allowance and write back, net to IA	(8)	(42,447)
Balance at end of period	<u>-</u>	<u>7,846</u>
General allowance:		
Balance at beginning of period	18,685	39,514
Allowance made during the period	-	1,018
Amount written back during the period	-	(21,791)
Effects of FRS 139	(18,685)	0
Exchange differences	-	(56)
Balance at end of period	<u>-</u>	<u>18,685</u>
As a % of gross loans and advances less specific allowance	<u>0.00%</u>	<u>12.73%</u>
As a % of total risk-weighted assets, excluding deferred tax assets		
- Group	<u>0.00%</u>	<u>1.77%</u>
- Bank	<u>0.00%</u>	<u>1.98%</u>

13. OTHER ASSETS

	Group		Bank	
	30 Sept 2010	30 June 2010	30 Sept 2010	30 June 2010
	RM'000	RM'000	RM'000	RM'000
Tax recoverable	17,306	18,444	22,358	18,444
Interest/Income receivables	9,523	3,704	43	50
Amount due from brokers and clients				
- Non-margin accounts (a)	321,287	146,372	321,287	146,372
Other debtors, deposits and prepayment	22,461	15,635	17,403	18,675
	370,577	184,155	361,091	183,541
Less: Allowance for doubtful debts	(6,499)	(7,425)	(5,468)	(6,394)
	364,078	176,730	355,623	177,147

- (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 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.

14. OTHER LIABILITIES

	Group		Bank	
	30 Sept 2010	30 June 2010	30 Sept 2010	30 June 2010
	RM'000	RM'000	RM'000	RM'000
Provisions and accruals (a)	23,916	23,625	23,562	50,083
Amount due to brokers and clients (b)	369,377	194,286	363,040	193,079
Deposits and other creditors	76,958	273,567	247,440	418,073
Provisions for taxation	1,059	163	739	-
Provisions for taxation (IBS operations)	-	739	-	739
	471,311	492,380	634,780	661,974

- (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 represent net amount payable to margin and non-margin clients, which include outstanding sales contracts entered into on behalf of clients, contra gain and losses, clients' trust monies and other fees and charges.

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

16. INTEREST EXPENSE

	Group and Bank		Group and Bank	
	1st Quarter ended		Cumulative 3 months ended	
	30 Sept	30 Sept	30 Sept	30 Sept
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
Deposits and placements of banks and other financial institutions	10	10,618	10	10,618
Deposits from customers	-	1,767	-	1,767
	10	12,385	10	12,385

17. NON-INTEREST INCOME

	1st Quarter ended		Cumulative 3 months ended	
	30 Sept	30 Sept	30 Sept	30 Sept
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
Group				
Fee income:				
Corporate advisory fees	18,923	17,910	18,923	17,910
Underwriting commission	2,270	-	2,270	-
Brokerage income	26,707	23,300	26,707	23,300
Other fee income	524	38	524	38
	48,424	41,248	48,424	41,248

Investment income:

(Loss)/gain from sale of securities held-for-trading, net	-	2,089	-	2,089
(Loss)/gain from sale of securities available-for-sale, net	407	(2,545)	407	(2,545)
Early redemption gain/(loss) from securities held-to-maturity, net	-	429	-	429
Gross dividends from:				
Securities available-for-sale				
- Quoted outside Malaysia	-	628	-	628
- Unquoted in Malaysia	-	4,080	-	4,080
	407	4,681	407	4,681

18. NON-INTEREST INCOME (Contd.)

	1st Quarter ended		Cumulative 3 months ended	
	30 Sept 2010	30 Sept 2009	30 Sept 2010	30 Sept 2009
	RM'000	RM'000	RM'000	RM'000
Group (Contd.)				
Other income:				
Foreign exchange loss - unrealised	(10)	(254)	(10)	(254)
Net gain / (loss) on disposal of property, plant and equipment	2	-	2	-
Goodwill written off	-	(3,575)	-	(3,575)
Others	862	219	862	219
	854	(3,610)	854	(3,610)
Total non-interest income	49,685	42,319	49,685	42,319
Bank				
Fee income:				
Corporate advisory fees	16,910	17,952	16,910	17,952
Underwriting commission	2,270	-	2,270	-
Brokerage income	26,707	23,300	26,707	23,300
Other fee income	524	38	524	38
	46,411	41,290	46,411	41,290
Investment income:				
(Loss)/gain from sale of securities held-for-trading, net	-	2,089	-	2,089
(Loss)/gain from sale of securities available- for-sale, net	407	(574)	407	(574)
Early redemption gain/(loss) from securities held-to-maturity, net	-	429	-	429
Gross dividends from:				
Securities available-for-sale				
- Quoted in Malaysia	-	269	-	269
- Unquoted in Malaysia	-	236	-	236
- Subsidiaries	-	3,575	-	3,575
	407	6,024	407	6,024

18. NON-INTEREST INCOME (Contd.)

	1st Quarter ended		Cumulative 3 months ended	
	30 Sept 2010	30 Sept 2009	30 Sept 2010	30 Sept 2009
	RM'000	RM'000	RM'000	RM'000
Other income:				
Foreign exchange loss - unrealised	(10)	(254)	(10)	(254)
Net gain / (loss) on disposal of property, plant and equipment	2	-	2	-
Others	240	219	240	219
	<u>232</u>	<u>(35)</u>	<u>232</u>	<u>(35)</u>
Total non-interest income	<u>47,049</u>	<u>47,279</u>	<u>47,049</u>	<u>47,279</u>

19. OVERHEAD EXPENSES

	1st Quarter ended		Cumulative 3 months ended	
	30 Sept 2010	30 Sept 2009	30 Sept 2010	30 Sept 2009
	RM'000	RM'000	RM'000	RM'000
Group				
Personnel expenses				
- Salaries, allowances and bonuses	14,550	11,296	14,550	11,296
- Pension costs - defined contribution plan	1,556	1,153	1,556	1,153
- Other staff related expenses	916	683	916	683
- Dealers' incentives	2,906	2,884	2,906	2,884
	<u>19,928</u>	<u>16,016</u>	<u>19,928</u>	<u>16,016</u>
Establishment costs				
- Depreciation of property, plant and equipment	821	466	821	466
- Amortisation of computer software	192	308	192	308
- Rental	1,870	1,736	1,870	1,736
- Repairs and maintenance of property, plant and equipment	389	764	389	764
- Information technology expenses	254	348	254	348
- Others	4,337	2,052	4,337	2,052
	<u>7,863</u>	<u>5,674</u>	<u>7,863</u>	<u>5,674</u>

19. OVERHEAD EXPENSES (Contd.)

	1st Quarter ended		Cumulative 3 months ended	
	30 Sept 2010 RM'000	30 Sept 2009 RM'000	30 Sept 2010 RM'000	30 Sept 2009 RM'000
Group (Contd.)				
Marketing costs				
- Advertisement and publicity	816	419	816	419
- Others	676	393	676	393
	1,492	812	1,492	812
Administration and general expenses				
- Fee and brokerage	2,343	1,518	2,343	1,518
- Administrative expenses	630	363	630	363
- General expenses	120	48	120	48
	3,093	1,929	3,093	1,929
Total	32,376	24,431	32,376	24,431
Bank				
Personnel expenses				
- Salaries, allowances and bonuses	14,550	11,296	14,550	11,296
- Pension costs - defined contribution plan	1,556	1,153	1,556	1,153
- Other staff related expenses	913	681	913	681
- Dealers' incentives	2,906	2,884	2,906	2,884
	19,925	16,014	19,925	16,014
Establishment costs				
- Depreciation of property, plant and equipment	801	441	801	441
- Amortisation of computer software	190	308	190	308
- Rental	1,840	1,707	1,840	1,707
- Repairs and maintenance of property, plant and equipment	389	771	389	771
- Information technology expenses	254	348	254	348
- Others	4,850	1,714	4,850	1,714
	8,323	5,289	8,323	5,289
Marketing costs				
- Advertisement and publicity	816	419	816	419
- Others	676	391	676	391
	1,492	810	1,492	810
Administration and general expenses				
- Fee and brokerage	1,622	1,510	1,622	1,510
- Administrative expenses	627	561	627	561
- General expenses	74	48	74	48
	2,323	2,119	2,323	2,119
Total	32,063	24,232	32,063	24,232

20. (WRITE BACK) / ALLOWANCE OF LOSSES ON LOANS AND ADVANCES

	Group and Bank		Group and Bank	
	1st Quarter ended		Cumulative 3 months ended	
	30 Sept 2010	30 Sept 2009	30 Sept 2010	30 Sept 2009
	RM'000	RM'000	RM'000	RM'000
Allowance for/(write back) of bad and doubtful debts:				
(a) Specific allowance				
- Made during the period	14	745	14	745
- Written back during the period	(6)	(2,465)	(6)	(2,465)
(b) General allowance				
- Made during the period	-	572	-	572
- Written back during the period	(370)	(17,576)	(370)	(17,576)
Bad debts (written-off)/recovered	414	1,743	414	1,743
Allowance for other debtors	654	2,391	654	2,391
Write back of allowance for other debtors	(292)	(2,569)	(292)	(2,569)
	414	(17,159)	414	(17,159)

21. CAPITAL ADEQUACY

(a) The capital adequacy ratios of the Group and of the Bank are as follows :

	Group		Bank	
	30 Sept 2010	30 June 2010	30 Sept 2010	30 June 2010
	(Basel II)	(Basel II)	(Basel II)	(Basel II)
	%	%	%	%
Capital ratios				
Core capital ratio				
Credit risk	59.12%	72.80%	57.48%	71.46%
Credit, market and operational risks	25.26%	35.60%	23.19%	34.31%
Risk-weighted capital ratio				
Credit risk	59.12%	76.43%	57.48%	71.46%
Credit, market and operational risks	25.26%	37.37%	23.19%	34.31%
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
Distributable retained profits	137,792	116,348	131,196	109,753
Less: Deferred tax assets (net)	(14,379)	(14,379)	(14,945)	(14,945)
Total tier 1 capital	396,314	374,870	389,152	367,709
Tier 2 capital				
General allowance for bad and doubtful debts	-	18,685	-	18,685
Total capital fund	396,314	393,555	389,152	386,394
Less: Investment in subsidiaries (#)	-	-	(61,804)	(61,804)
Capital base	396,314	393,555	327,348	324,590

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

21. CAPITAL ADEQUACY (Contd.)

(b) The breakdown of risk-weighted assets ("RWA") by exposures in each major risk

Group 30 September 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	23,405	23,405	-	-
Banks, Development Financial Institutions ("DFIs") and Multilateral Development Bank ("MDBs")	258,602	258,602	51,898	4,152
Corporates	33,048	33,048	1,524	122
Regulatory retail	426,476	426,476	401,064	32,085
Higher risk assets	109,584	109,584	164,376	13,150
Other assets	37,027	37,027	37,022	2,962
Equity exposures	14,424	14,424	14,424	1,154
Total on-balance sheet exposures	902,566	902,566	670,308	53,625
Total on and off-balance sheet exposures	902,566	902,566	670,308	53,625
(ii) Market Risk				
Interest rate risk	-	-	12,813	1,025
Foreign currency risk	-	-	62,696	5,016
Options risk	-	-	392,798	31,424
Total	-	-	468,307	37,465
(iii) Operational Risk				
	-	-	430,279	34,422
Total RWA and capital requirements	902,566	902,566	1,568,894	125,512

Group 30 June 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
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

(b) The breakdown of risk-weighted assets ("RWA") by exposures in each major risk

Bank 30 September 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	23,405	23,405	-	-
Banks, Development Financial Institutions ("DFIs") and Multilateral Development Bank ("MDBs")	228,322	228,322	45,842	3,667
Corporates	33,048	33,048	1,524	122
Regulatory retail	426,476	426,476	401,064	32,085
Higher risk assets	52,222	52,222	78,333	6,267
Other assets	28,353	28,353	28,349	2,268
Equity exposures	14,424	14,424	14,424	1,154
Total on-balance sheet exposures	806,250	806,250	569,536	45,563
Total on and off-balance sheet exposures	806,250	806,250	569,536	45,563
(ii) Market Risk				
Interest rate risk	-	-	12,813	1,025
Foreign currency risk	-	-	7,507	601
Options risk	-	-	392,798	31,424
Total	-	-	413,118	33,050
(iii) Operational Risk				
Total RWA and capital requirements	806,250	806,250	1,411,659	112,933

Bank 30 June 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")	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
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

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

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

Group	30 September 2010		30 June 2010	
	Risk-weighted assets equivalent	Capital required	Risk-weighted assets equivalent	Capital required
	RM'000	RM'000	RM'000	RM'000
Interest rate risk				
- General interest rate risk	7,813	625	7,812	625
- Specific interest rate risk	5,000	400	5,000	400
	12,813	1,025	12,812	1,025
Foreign exchange risk	62,696	5,016	54,044	4,324
Option risk	392,798	31,424	45,720	3,658
Total	468,307	37,465	112,576	9,007
Bank				
Interest rate risk				
- General interest rate risk	7,813	625	7,812	625
- Specific interest rate risk	5,000	400	5,000	400
	12,813	1,025	12,812	1,025
Foreign exchange risk	7,507	601	7,610	609
Option risk	392,798	31,424	45,720	3,658
Total	413,118	32,449	66,142	5,292

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

Group	Exposures after Netting and Credit Risk Mitigation								
	Sovereigns / Central banks	Banks, DFIs and MDBs	Corporates	Regulatory retail	Higher risk assets	Other assets	Equity exposures	Total Exposures after netting and credit risk mitigation	Total risk-weighted assets
Risk weights	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
0%	23,405	-	30,041	-	-	5	-	53,450	-
20%	-	258,009	-	-	-	-	-	258,009	51,602
50%	-	593	2,966	241	-	-	-	3,800	1,900
75%	-	-	-	102,116	-	-	-	102,116	76,587
100%	-	-	41	323,645	-	37,022	14,424	375,131	375,131
150%	-	-	-	474	109,584	-	-	110,058	165,087
Total exposures	23,405	258,602	33,048	426,476	109,584	37,027	14,424	902,564	670,307
Risk-weighted assets by exposures	-	51,898	1,524	401,064	164,376	37,022	14,424	670,307	
Average risk weights	0%	20%	5%	94%	150%	100%	100%	74%	

Group	Exposures after Netting and Credit Risk Mitigation								
	Sovereigns / Central Banks	Banks, DFIs and MDBs	Corporates	Regulatory retail	Higher risk assets	Other assets	Equity exposures	Total exposures after netting and credit risk mitigation	Total risk-weighted assets
Risk weights	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
0%	18,698	-	30,041	-	-	-	-	48,739	-
20%	-	444,721	-	-	-	-	-	444,721	88,944
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	90,719
Total exposures	18,698	444,721	32,910	115,395	60,479	212,682	13,314	898,199	514,923
Risk-weighted assets by exposures	-	88,944	1,455	107,810	90,718	212,682	13,314	514,923	
Average risk weights	0%	20%	4%	93%	150%	100%	100%	58%	

Bank	Exposures after Netting and Credit Risk Mitigation								
	Sovereigns / Central Banks	Banks, DFIs and MDBs	Corporates	Regulatory retail	Higher risk assets	Other assets	Equity exposures	Total exposures after netting and credit risk mitigation	Total risk- weighted assets
30 September 2010									
Risk weights	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
0%	23,405	-	30,041	-	-	4	-	53,449	-
20%	-	227,729	-	-	-	-	-	227,729	45,546
50%	-	593	2,966	241	-	-	-	3,800	1,900
75%	-	-	-	102,116	-	-	-	102,116	76,587
100%	-	-	41	323,645	-	28,349	14,424	366,458	366,458
150%	-	-	-	474	52,222	-	-	52,696	79,044
Total exposures	23,405	228,322	33,048	426,476	52,222	28,353	14,424	806,248	569,535
Risk-weighted assets by exposures	-	45,842	1,524	401,064	78,333	28,349	14,424	569,535	
Average risk weights	0%	20%	5%	94%	150%	100%	100%	71%	

Bank	Exposures after Netting and Credit Risk Mitigation								
	Sovereigns / Central Banks	Banks, DFIs and MDBs	Corporates	Regulatory retail	Higher risk assets	Other assets	Equity exposures	Total exposures after netting and credit risk mitigation	Total risk- weighted assets
30 June 2010									
Risk Weights	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
0%	18,698	-	30,041	-	-	4	-	48,743	-
20%	-	415,569	-	-	-	-	-	415,569	83,114
50%	-	-	2,828	65	-	-	-	2,893	1,447
75%	-	-	-	30,210	-	-	-	30,210	22,658
100%	-	-	41	85,120	-	169,737	13,314	268,212	268,212
150%	-	-	-	-	52,535	-	-	52,535	78,803
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 weights	0%	20%	4%	93%	150%	100%	100%	56%	

22. COMMITMENT AND CONTINGENCIES

Group and Bank	30 September 2010			30 June 2010		
	Principal RM'000	Credit equivalent* RM'000	Risk weighted amount RM'000	Principal RM'000	Credit equivalent* RM'000	Risk weighted amount RM'000
Obligations under underwriting agreements (#)	311,580	155,790	400,485	59,160	29,580	53,408
Irrevocable commitments to extend credit:						
- Maturity not exceeding one year	439,180	-	-	350,996	-	-
	750,760	155,790	400,485	410,156	29,580	53,408

* 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.

The RWA amount of RM311.6million is made up of RM30 million of PDS and RM281.6 million of shares.

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 30 June 2010, there were no contracts subject to credit risk.

23. COMMITMENT AND CONTINGENCIES (CONTD.)**Contingent liabilities**

	Group and Bank	
	30 Sept 2010 RM'000	30 June 2010 RM'000
Unsecured		
(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
	<u>11,091</u>	<u>11,091</u>

* 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.

(iii) A corporate borrower had issued a writ of summons against the Bank in 2005 in its capacity as agent bank for the 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 RM450.0 million.

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

Pursuant to an agreement dated 19 December 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 24 June 2009, the Court granted a stay order pending the affixture of appeal. The borrower had on 24 June 2009 filed an appeal against the decision on the stay to the Court of Appeal.

On 23 November 2009, the Court of Appeal dismissed the Appeal against the stay order. Case management was fixed on 3 June 2010 at the Court of Appeal for the Bank's appeal against the judgement obtained on 6 May 2009 at the High Court. On 3 June 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 29 July 2010 pending issuance of the notes of proceeding and the ground's of judgements.

At the case management on 29 July 2010, the Court has fixed the Defendants said application for futher case management on 13 August 2010 to ensure that all cause papers with regard to the said application are in the Court file and to enable parties to submit their written submissions to the Court on that day as well. The Court has fixed the application for hearing on 20 August 2010."

The bank's solicitors attended court (Court of Appeal) on 14 September 2010 for case management. Due to Notes of Evidence and Grounds of Judgment not being ready, the Court has now fixed 28 October 2010 for case management pending extraction of the Notes and Grounds of Judgment.

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.

23. INTEREST RATE RISK

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

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

Group 30 September 2010	Up to 1 month RM'000	> 1 - 3 month RM'000	> 3 - 12 month 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	125,197	-	-	-	-	120,887	-	246,084	2.65
Deposits and placements with banks and other financial institutions	-	20	1,138	-	2,160	8,812	-	12,131	2.50
Securities available-for-sale	4,995	-	-	-	-	114,702	-	119,697	5.20
Securities held-to-maturity	-	-	-	-	-	33	-	33	0.00
Loans and advances									
- performing	100,702	-	31,516	3,219	7,669	3,116	-	146,222	6.57
- non-performing *	-	-	-	-	-	1,863	-	1,863	
Other assets	-	-	-	-	-	364,078	-	364,078	
Other non-interest sensitive balances	-	-	-	-	-	22,365	-	22,365	
Total assets	230,894	20	32,654	3,219	9,829	635,856	-	912,473	

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

23. INTEREST RATE RISK (Contd.)

Group (Contd.) 30 September 2010	Up to 1 month RM'000	> 1 - 3 month RM'000	> 3 - 12 month 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 %
Liabilities and equity									
Other liabilities	-	-	-	-	-	471,145	-	471,145	
Provision for taxation	-	-	-	-	-	739	-	739	
Total liabilities	-	-	-	-	-	471,884	-	471,884	
Share capital	-	-	-	-	-	50,116	-	50,116	
Reserves	-	-	-	-	-	390,474	-	390,474	
Total equity	-	-	-	-	-	440,590	-	440,590	
Total liabilities and equity	-	-	-	-	-	912,473	-	912,473	
On-balance sheet interest sensitivity gap	230,894	20	32,654	3,219	9,829	(269,857)	-	-	
Total interest sensitivity gap	230,894	20	32,654	3,219	9,829	(269,857)	-	-	
Cumulative interest rate sensitivity gap	230,894	230,914	263,568	266,788	276,617	-	-		

23. INTEREST RATE RISK (Contd.)

Group 30 June 2010	Up to 1 month RM'000	> 1 - 3 month RM'000	> 3 - 12 month 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 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	

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

23. INTEREST RATE RISK (Contd.)

Group (Contd.) 30 June 2010	Up to 1 month RM'000	> 1 - 3 month RM'000	> 3 - 12 month 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 %
Liabilities and equity									
Other liabilities	-	-	-	-	-	492,946	-	492,946	-
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)	-	-	-
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	-	-		

23. INTEREST RATE RISK (Contd.)

Bank 30 September 2010	Up to 1 month RM'000	> 1 - 3 month RM'000	> 3 - 12 month 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	101,743	-	-	-	-	117,379	-	219,122	2.71%
Deposits and placements with banks and other financial institutions	-	-	-	-	-	8,812	-	8,812	-
Securities available-for-sale	4,996	-	-	-	-	60,649	-	65,644	5.20%
Securities held-to-maturity	-	-	-	-	33	-	-	33	-
Loans and advances									
- performing	100,702	-	31,516	3,219	7,669	3,116	-	146,222	6.57%
- non-performing *	-	-	-	-	-	1,863	-	1,863	
Other assets	-	-	-	-	-	355,623	-	355,623	-
Other non-interest sensitive balances	-	-	-	-	-	252,117	-	252,117	
Total assets	207,440	-	31,516	3,219	7,702	799,559	-	1,049,437	

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

23. INTEREST RATE RISK (Contd.)

Bank (Contd.) 30 September 2010	Up to 1 month RM'000	> 1 - 3 month RM'000	> 3 - 12 month 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 %
Liabilities and equity									
Other liabilities	-	-	-	-	-	634,780	-	634,780	-
Total liabilities	-	-	-	-	-	634,780	-	634,780	
Share capital	-	-	-	-	-	50,116	-	50,116	-
Reserves	-	-	-	-	-	364,541	-	364,541	-
Total equity	-	-	-	-	-	414,657	-	414,657	
Total liabilities and equity	-	-	-	-	-	1,049,437	-	1,049,437	
On-balance sheet interest sensitivity gap	-	-	31,516	3,219	7,702	(249,878)	-	-	
Total interest sensitivity gap	207,440	-	31,516	3,219	7,702	(249,878)	-	-	
Cumulative interest rate sensitivity gap	207,440	207,440	238,956	242,175	249,878	-	-		

23. INTEREST RATE RISK (Contd.)

Bank 30 June 2010	Up to 1 month RM'000	> 1 - 3 month RM'000	> 3 - 12 month 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 available-for-sale	4,996	-	-	-	-	60,949.00	-	65,945	5.20
Securities held-to-maturity	-	-	-	-	33.00	-	-	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	

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

23. INTEREST RATE RISK (Contd.)

Bank (Contd.) 30 June 2010	Up to 1 month RM'000	> 1 - 3 month RM'000	> 3 - 12 month 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 %
Other liabilities	-	-	-	-	-	661,974	-	661,974	-
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)	-	-	
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	-	-		

24. THE OPERATIONS OF ISLAMIC BANKING SCHEME (IBS)**CONDENSED FINANCIAL STATEMENTS
UNAUDITED BALANCE SHEETS AS AT 30 SEPTEMBER 2010**

	Note	Group and Bank	
		30 Sept 2010 RM'000	30 Sept 2009 RM'000
ASSETS			
Cash and short-term funds		79	63,000
Other assets	(a)	14,958	3
Deferred tax assets		-	171
TOTAL ASSETS		15,037	63,174
LIABILITIES AND ISLAMIC BANKING FUND			
Other liabilities	(b)	3	46,181
Provision for taxation and zakat		739	3,315
TOTAL LIABILITIES		742	49,496
Islamic banking capital fund		5,000	5,000
Reserves		9,294	8,678
		14,294	13,678
TOTAL LIABILITIES AND ISLAMIC BANKING FUND		15,037	63,174

24. THE OPERATIONS OF ISLAMIC BANKING SCHEME (IBS) (Contd.)

CONDENSED FINANCIAL STATEMENTS
UNAUDITED INCOME STATEMENT
FOR FIRST FINANCIAL QUARTER ENDED 30 SEPTEMBER 2010

	Note	1st Quarter ended		Cumulative 3 months ended	
		30 Sept 2010 RM'000	30 Sept 2009 RM'000	30 Sept 2010 RM'000	30 Sept 2009 RM'000
Income derived from investment of					
depositors' funds and others	(g)	-	1,983	-	1,983
Gross attributable income		-	1,983	-	1,983
Income attributable to depositors	(h)	-	(477)	-	(477)
		-	1,506	-	1,506
Income derived from investment of Islamic					
banking capital funds	(i)	-	43	-	43
Income attributable to the Group and the Bank		-	1,549	-	1,549
Overhead expenses	(j)	-	(81)	-	(81)
Profit before taxation and zakat		-	1,468	-	1,468
Taxation		-	(368)	-	(368)
Zakat		-	(14)	-	(14)
Net profit for the period		-	1,086	-	1,086

	1st Quarter ended		Cumulative 3 months ended	
	30 Sept 2010 RM'000	30 Sept 2009 RM'000	30 Sept 2010 RM'000	30 Sept 2009 RM'000
Profit After Tax	-	1,086	-	1,086
<i>Other Comprehensive Income</i>				
Net gain on available-for-sale financial assets				
- Gain on fair value changes	-	(232)	-	-
Other comprehensive income for the year, net of tax.	-	(232)	-	-
	-	854	-	1,086

24. THE OPERATIONS OF ISLAMIC BANKING SCHEME (IBS)**CONDENSED FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE FIRST FINANCIAL QUARTER ENDED 30 SEPTEMBER 2010****Group and Bank**

	Islamic banking fund RM'000	Non-distributable Unrealised holdings reserves RM'000	Distributable retained profits RM'000	Total RM'000
At 1 July 2010	5,000	-	9,295	14,295
Effects of adopting FRS 139	-	-	-	-
	5,000	-	9,295	14,295
Net profit for the period	-	-	-	-
Other comprehensive income	-	-	-	-
Total other comprehensive income	-	-	-	-
At 30 September 2010	5,000	-	9,295	14,295
At 1 July 2009	5,000	232	7,592	12,824
Net increase in fair value of securities	-	(232)	-	(232)
Net profit for the period	-	-	1,703	1703
At 30 June 2010	5,000	-	9,295	14,295

24. THE OPERATIONS OF ISLAMIC BANKING SCHEME (IBS) (Contd.)

**CONDENSED FINANCIAL STATEMENTS
UNAUDITED CONDENSED CASH FLOW STATEMENTS
FOR THE FIRST FINANCIAL QUARTER ENDED 30 SEPTEMBER 2010**

	Group and Bank	
	30 Sept 2010 RM'000	30 Sept 2009 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation and zakat	-	1,086
Adjustments for:		
Accretion of discounts less amortisation of premiums	-	129
Gain on sale of dealing and investment securities	129	(644)
Operating profit before working capital changes	129	571
Increase in deposits and placements with financial institution		
(Increase)/Decrease in securities	129	159,031
(Increase)/Decrease in receivables	(14,955)	1,196
Decrease in payables	(48,226)	39
Increase/(Decrease) in deposits from customers and banks and other financial institutions	-	(607,877)
Net cash generated from operating activities	(62,922)	(447,039)
NET INCREASE IN CASH AND CASH EQUIVALENTS	(62,922)	(447,039)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	63,001	510,040
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	79	63,001

24. THE OPERATIONS OF ISLAMIC BANKING SCHEME (IBS) (Contd.)**(a) OTHER ASSETS**

	Group and Bank	
	30 Sept	30 Sept
	2010	2009
	RM'000	RM'000
Income receivables	<u>14,958</u>	<u>3</u>

(b) OTHER LIABILITIES

	Group and Bank	
	30 Sept	30 June
	2010	2009
	RM'000	RM'000
Profit equalisation reserve (PER)	-	683
Provisions and accruals	<u>3</u>	<u>45,498</u>
	<u>3</u>	<u>46,181</u>

The movements in PER are as follows:

Balance at beginning of period	683	683
Amount arising during the period	<u>(683)</u>	<u>-</u>
Balance at end of period	<u>-</u>	<u>683</u>

(c) CAPITAL ADEQUACY

	Group and Bank	
	30 Sept 2010 (Basel II) %	30 June 2010 (Basel II) %
(I) Capital ratios		
Core capital ratios:		
Credit risk	95.57	95.57
Credit, market and operational risks	<u>67.40</u>	<u>64.28</u>
Risk-weighted capital ratio:		
Credit risk	95.57	95.57
Credit, market and operational risks	<u>67.40</u>	<u>64.28</u>

	Group and Bank	
	30 Sept 2010 RM'000	30 June 2010 RM'000
Tier 1 capital		
Islamic banking capital fund	5,000	5,000
Retained profits	9,295	9,295
Total tier 1 capital	14,295	14,295
Capital base	<u>14,295</u>	<u>14,295</u>

(II) The breakdown of risk-weighted assets ("RWA") by exposures in each major risk category are as follow:

Bank	Gross exposures RM'000	Net exposures RM'000	Risk-weighted assets RM'000	Capital requirements RM'000
30 September 2010				
Exposure Class				
(i) Credit Risk				
On-balance sheet exposures:				
Sovereigns / Central banks	79	79	-	-
Other assets	14,958	14,958	14,958	14,958
Total on-balance sheet exposures	<u>15,037</u>	<u>15,037</u>	<u>14,958</u>	<u>14,958</u>
Total on and off-balance sheet exposures	<u>15,037</u>	<u>15,037</u>	<u>14,958</u>	<u>14,958</u>
(ii) Market Risk	-	-	-	-
(iii) Operational Risk	-	-	6,251	500
Total RWA and capital	<u>15,037</u>	<u>15,037</u>	<u>21,209</u>	<u>15,458</u>

Bank	Gross	Net	Risk-weighted	Capital
30 June 2010	exposures	exposures	assets	requirements
Exposure Class	RM'000	RM'000	RM'000	RM'000
(i) <u>Credit Risk</u>				
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
Total on and off-balance sheet exposures	15,037	15,037	14,958	1,197
(ii) <u>Market Risk</u>	-	-	-	-
(iii) <u>Operational Risk</u>	-	-	7,279	582
Total RWA and capital	15,037	15,037	22,237	1,779

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

Bank	Exposures after Netting and Credit Risk Mitigation								
	Sovereigns / Central Banks	Banks, DFIs and MDBs	Corporates	Regulatory retail	Higher risk assets	Other assets	Equity exposures	Total exposures after netting and credit risk mitigation	Total risk- weighted assets
30 September 2010									
Risk Weights	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
0%	79	-	-	-	-	-	-	79	-
100%	-	-	-	-	-	14,958	-	14,958	14,958
Total exposures	79	-	-	-	-	14,958	-	15,037	14,958
Risk-weighted assets by exposures	-	-	-	-	-	14,958	14,424	14,958	
Average risk weights	0%	0%	0%	0%	0%	100%	0%	100%	

Bank	Exposures after Netting and Credit Risk Mitigation								
	Sovereigns / Central Banks	Banks, DFIs and MDBs	Corporates	Regulatory retail	Higher risk assets	Other assets	Equity exposures	Total exposures after netting and credit risk mitigation	Total risk- weighted assets
30 June 2010									
Risk Weights	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
0%	79	-	-	-	-	-	-	79	-
100%	-	-	-	-	-	14,958	-	14,958	14,958
Total exposures	79	-	-	-	-	14,958	-	15,037	14,958
Risk-weighted assets by exposures	-	-	-	-	(1)	14,958	-	14,958	
Average risk weights	0%	0%	0%	0%	0%	100%	0%	100%	

24. THE OPERATIONS OF ISLAMIC BANKING SCHEME (IBS) (Contd.)**(d) INCOME DERIVED FROM INVESTMENT OF DEPOSITORS' FUNDS AND OTHERS**

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

	1st Quarter ended		Cumulative 3 month ended	
	30 Sept 2010	30 Sept 2009	30 Sept 2010	30 Sept 2009
	RM'000	RM'000	RM'000	RM'000
Gross income from:				
- Securities available-for-sale	-	710	-	710
- Securities held-to-maturity	-	393	-	393
- Deposit and placement with financial institut	-	376	-	376
Accretion of discounts less amortisation of premiums	-	(126)	-	(126)
	-	1,353	-	1,353
Gain from sale of investment:				
- Securities	-	630	-	630
	-	1,983	-	1,983

(e) INCOME ATTRIBUTABLE TO DEPOSITORS

	1st Quarter ended		Cumulative 3 month ended	
	30 Sept 2010	30 Sept 2009	30 Sept 2010	30 Sept 2009
	RM'000	RM'000	RM'000	RM'000
Deposits from customers				
- Mudharabah fund	-	2	-	2
Deposits and placements of banks and other financial institutions				
- Mudharabah fund	-	475	-	475
	-	477	-	477

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

	1st Quarter ended		Cumulative 3 month ended	
	30 Sept 2010	30 Sept 2009	30 Sept 2010	30 Sept 2009
	RM'000	RM'000	RM'000	RM'000
Gross income from:				
- Securities available-for-sale	-	15	-	15
- Securities held-to-maturity	-	9	-	9
- Deposit and placement with financial institutions	-	8	-	8
- Gain from sale of investment securities	-	14	-	14
- Accretion of discounts less amortisation of premiums	-	(3)	-	(3)
	-	43	-	43

(g) OVERHEAD EXPENSES

	1st Quarter ended		Cumulative 3 month ended	
	30 Sept 2010	30 Sept 2009	30 Sept 2010	30 Sept 2009
	RM'000	RM'000	RM'000	RM'000
Establishment costs	-	81	-	81
	-	81	-	81

24. THE OPERATIONS OF ISLAMIC BANKING SCHEME (IBS) (Contd.)

(h) 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.

Group and Bank 30 September 2010	Up to 1 month RM'000	>1 - 3 months RM'000	>3 - 12 months RM'000	1 - 5 years RM'000	Over 5 years RM'000	Non-yield/ profit rate sensitive RM'000	Trading book RM'000	Total RM'000	Effective yield/profit 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 rate sensitive balances	-	-	-	-	-	742	-	742	-
Total liabilities	-	-	-	-	-	742	-	742	
Reserves	-	-	-	-	-	14,294	-	14,294	-
Total Islamic banking fund	-	-	-	-	-	14,294	-	14,294	
Total liabilities and Islamic banking fund	-	-	-	-	-	15,037	-	15,037	
Total yield/profit rate sensitivity gap	-	-	-	-	-	-	-	-	
Cumulative yield/profit rate sensitivity gap	-	-	-	-	-	-	-	-	

24. THE OPERATIONS OF ISLAMIC BANKING SCHEME (IBS) (Contd.)

(h) YIELD/ PROFIT RATE RISK ON IBS PORTFOLIO (CONTD.)

Group and Bank 30 June 2010	Up to 1 month RM'000	>1 - 3 months RM'000	>3 - 12 months RM'000	1 - 5 years RM'000	Over 5 years RM'000	Non-yield/ profit rate sensitive RM'000	Trading book RM'000	Total RM'000	Effective yield/profit 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 rate 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	-	-	-	-	-	-	-	-	

24. THE OPERATIONS OF ISLAMIC BANKING SCHEME (IBS) (Contd.)

(i) 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

(j) 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 institutions in calculating and deriving the rate of return for the depositors.

(k) 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

24. THE OPERATIONS OF ISLAMIC BANKING SCHEME (IBS) (Contd.)

(k) Shariah committee (contd.)

(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 application to BNM for new product approval

(vii)

Assist in providing explanation on matters referred to BNM or SAC of BNM at their requests

(viii) Participate in the in-house training programmes of the Group and the Bank

The Group and the Bank presently have three Shariah consultants.