

Maybank Investment Bank Berhad [15938-H]
(Incorporated in Malaysia)

Condensed Financial Statements
Unaudited Statements of Financial Position as at 31 December 2010

	Notes	Group		Bank	
		31 December 2010 RM'000	30 June 2010 RM'000	31 December 2010 RM'000	30 June 2010 RM'000
Assets					
Cash and short-term funds	11	1,645,446	432,824	1,618,246	406,990
Deposits and placements with banks and other financial institutions	12	12,513	12,052	9,169	8,733
Securities portfolio	13	110,725	111,307	49,744	65,978
Loans and advances	14	145,304	128,042	145,304	128,042
Other assets	15	433,791	176,730	401,817	177,147
Statutory deposits with Bank Negara Malaysia		105	105	105	105
Investment in subsidiaries		-	-	233,279	233,279
Investment in associates		7,898	9,944	4,200	4,200
Property, plant and equipment		8,601	9,397	8,407	9,163
Intangible assets		1,512	1,823	1,512	1,823
Deferred tax assets (net)		6,662	14,945	6,662	14,945
Total assets		2,372,557	897,169	2,478,445	1,050,405
Liabilities and equity					
Other liabilities	16	1,879,278	492,380	2,020,694	661,974
Deferred tax liabilities		573	566	-	-
Total liabilities		1,879,851	492,946	2,020,694	661,974
Share capital		50,116	50,116	50,116	50,116
Reserves		442,590	354,107	407,635	338,315
Total equity		492,706	404,223	457,751	388,431
Total liabilities and equity		2,372,557	897,169	2,478,445	1,050,405
Commitments and contingencies					
	23	30,000	410,156	30,000	410,156

Maybank Investment Bank Berhad [15938-H]
(Incorporated in Malaysia)

Condensed Financial Statements
Consolidated Unaudited Statements of Comprehensive Income
For the Half Year Ended 31 December 2010

Group	Notes	2nd quarter ended		Cumulative 6 months ended	
		31 December 2010 RM'000	31 December 2009 RM'000	31 December 2010 RM'000	31 December 2009 RM'000
Interest income	17	4,216	5,379	7,788	34,446
Interest expense	18	(17)	(14)	(27)	(12,399)
Net interest income		4,199	5,365	7,761	22,047
Net income from Islamic Banking Scheme operations	25	21,188	636	21,188	2,185
Non-interest income	19	76,199	57,121	125,884	104,986
Net income		101,586	63,122	154,833	129,218
Overhead expenses	20	(39,484)	(28,392)	(71,860)	(52,823)
Operating profit		62,102	34,730	82,973	76,395
Write back/(allowance) of losses on loans and advances	21	292	360	(121)	17,519
		62,394	35,090	82,852	93,914
Share of results in associates		477	-	495	219
Profit before taxation		62,871	35,090	83,347	94,133
Taxation and zakat		(11,821)	(6,066)	(19,870)	(20,851)
Profit for the period		51,050	29,024	63,477	73,282
Basic earnings per share (sen)		102	58	127	146

Group	2nd quarter ended		Cumulative 6 months ended	
	31 December 2010 RM'000	31 December 2009 RM'000	31 December 2010 RM'000	31 December 2009 RM'000
Profit for the period	51,050	29,024	63,477	73,282
Other comprehensive income/(loss):				
Net gain on available-for-sale financial assets				
- Gain on fair value changes	1,291	-	11,422	-
Foreign currency translation	(223)	-	(2,324)	-
Other comprehensive income for the period, net of tax	1,068	-	9,097	-
Total comprehensive income for the period	52,118	29,024	72,574	73,282
Total comprehensive income for the period attributable to owner of the parent	52,118	29,024	72,574	73,282

Maybank Investment Bank Berhad [15938-H]
(Incorporated in Malaysia)

Condensed Financial Statements
Unaudited Statements of Comprehensive Income
For the Half Year Ended 31 December 2010

<u>Bank</u>	Notes	2nd quarter ended		Cumulative 6 months ended	
		31 December	31 December	31 December	31 December
		2010	2009	2010	2009
		RM'000	RM'000	RM'000	RM'000
Interest income	17	4,042	5,281	7,450	34,250
Interest expense	18	(17)	(14)	(27)	(12,399)
Net interest income		4,025	5,267	7,423	21,851
Net income from Islamic Banking Scheme operations	25	21,188	636	21,188	2,185
Non-interest income	19	73,230	61,022	120,280	108,301
Net income		98,443	66,925	148,891	132,337
Overhead expenses	20	(38,665)	(26,028)	(70,729)	(50,260)
Operating profit		59,778	40,897	78,162	82,077
Write back/(allowance) of losses on loans and advances	21	292	360	(121)	17,519
Profit before taxation		60,071	41,257	78,041	99,596
Taxation and zakat		(11,191)	(6,471)	(18,855)	(20,592)
Profit for the period		48,880	34,786	59,186	79,004
Basic earnings per share (sen)		98	69	118	158

<u>Bank</u>	2nd quarter ended		Cumulative 6 months ended	
	31 December	31 December	31 December	31 December
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
Profit for the period	48,880	34,786	59,186	79,004
Other comprehensive income/(loss):				
Net gain on available-for-sale financial assets				
- (Loss)/gain on fair value changes	(5,785)	23,118	(5,777)	23,118
Other comprehensive income for the period, net of tax	(5,785)	23,118	(5,777)	23,118
Total comprehensive income for the period	43,095	57,904	53,409	102,122

Maybank Investment Bank Berhad [15938-H]
(Incorporated in Malaysia)

Condensed Financial Statements
Unaudited Consolidated Statement of Changes in Equity
For the Half Year Ended 31 December 2010

<-----Non-distributable----->

<u>Group</u>	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	Distributable retained profits RM'000	Total 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
At 1 July 2010, as restated	50,116	172,669	50,116	-	18,762	-	(3,788)	132,259	420,134
Profit for the period	-	-	-	-	-	-	-	63,477	63,477
Other comprehensive income	-	-	-	(33)	11,437	-	(2,324)	16	9,095
Total comprehensive income for the period	-	-	-	(33)	11,437	-	(2,324)	63,493	72,572
At 31 December 2010	50,116	172,669	50,116	(33)	30,199	-	(6,112)	195,752	492,706
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	-
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 [15938-H]
(Incorporated in Malaysia)

Condensed Financial Statements
Unaudited Statement of Changes in Equity
For the Half Year Ended 31 December 2010

<-----Non-distributable----->

<u>Bank</u>	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	Distributable retained profits RM'000	Total 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
At 1 July 2010, as restated	50,116	172,669	50,116	-	5,777	-	125,664	404,342
Profit for the period	-	-	-	-	-	-	59,186	59,186
Other comprehensive income	-	-	-	-	(5,777)	-	-	(5,777)
Total comprehensive income for the period	-	-	-	-	(5,777)	-	59,186	53,409
At 31 December 2010	50,116	172,669	50,116	-	-	-	184,849	457,751
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	-
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 [15938-H]
(Incorporated in Malaysia)

Condensed Financial Statements
Unaudited Condensed Cash Flow Statements
For the Half Year Ended 31 December 2010

	Group		Bank	
	31 December 2010 RM'000	31 December 2009 RM'000	31 December 2010 RM'000	31 December 2009 RM'000
Profit before taxation	83,347	94,133	78,041	99,596
Adjustment for non-operating and non-cash items	1,473	(19,168)	1,595	(18,276)
Operating profit before working capital changes	<u>84,820</u>	<u>74,965</u>	<u>79,636</u>	<u>81,320</u>
Changes in working capital :				
Net changes in operating assets	(1,429,408)	(3,746,659)	(1,399,120)	(3,735,582)
Net changes in operating liabilities	1,384,580	3,453,565	1,358,720	3,452,342
Tax expense	19,870	-	18,855	-
Net cash generated from/(used in) operations	<u>59,862</u>	<u>(218,129)</u>	<u>58,091</u>	<u>(201,920)</u>
Net cash (used in)/generated from investing activities	(933)	4,959	(527)	772
Net change in cash and cash equivalents	58,929	(213,170)	57,564	(201,148)
Cash and cash equivalents at beginning of the period	141,178	735,400	115,343	712,266
Cash and cash equivalents at end of the period	<u>200,107</u>	<u>522,230</u>	<u>172,907</u>	<u>511,118</u>
Cash and cash equivalents comprise:				
Cash and short-term funds	1,645,446	609,892	1,618,246	598,780
Less: Monies held in trust	<u>(1,445,339)</u>	<u>(87,662)</u>	<u>(1,445,339)</u>	<u>(87,662)</u>
	<u>200,107</u>	<u>522,230</u>	<u>172,907</u>	<u>511,118</u>

Maybank Investment Bank Berhad [15938-H]
(Incorporated in Malaysia)

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 2010:

FRS, Amendments to FRS and Interpretations

- (i) FRS 4 Insurance Contracts
- (ii) FRS 7 Financial Instruments-Disclosures
- (iii) FRS 101 Presentation of Financial Statements
- (iv) FRS 123 Borrowing Costs
- (v) FRS 139 Financial Instruments – Recognition and Measurement
- (vi) Amendments to FRS 127 Consolidated and Separate Financial Statements
- (vii) Amendments to FRS 2 Share-based Payment – Vesting Conditions and Cancellations
- (viii) Amendments to FRS 132 Financial Instruments Presentation
Amendments to FRS 139 Financial Instruments: Recognition and Measurement,
FRS 7 Financial Instruments: Disclosures
- (ix) Amendments to FRSs 'Improvements to FRSs (2009)
- (x) IC Interpretation 9: Reassessment of Embedded Derivatives
- (xi) IC Interpretation 10: Interim Financial Reporting and Impairment
- (xii) IC Interpretation 11: FRS 2 – Group and Treasury Share Transactions
- (xiv) IC Interpretation 13: Customer Loyalty Programmes
- (xv) IC Interpretation 14: FRS 119 – The Limit on a Defined Benefit Asset,
Minimum Funding Requirements and their Interaction
- (xvi) TR i-3 Presentation of Financial Statements of Islamic Financial Institutions
- (xvii) SOP i-1 Financial Reporting from an Islamic Perspective

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

Maybank Investment Bank Berhad [15938-H]
(Incorporated in Malaysia)

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 second quarter ended 31 December 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 31 December 2010.

5. Subsequent Events

There were no material subsequent events during the quarter ended 31 December 2010.

6. Changes in Estimates

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

9. Performance Review

The Bank and the Group recorded a pre-tax profit of RM78.0 million and RM83.3 million respectively for the half year ended 31 December 2010 as compared to RM99.6 million and RM94.1 million accordingly in the previous corresponding period. This was attributable to RM17.3 million general provision write-back for the half year ended 31 December 2009 (arising from the transfer of loan/securities portfolio to Maybank) which was non-recurring, as well as the lower interest income received during the half year ended 31 December 2010.

10. Strategic Direction & Prospects

Maybank Investment Bank Berhad envisages to remain resilient and the proposed acquisition of Kim Eng Holdings Limited by Maybank Group would enable the Bank immediately to gain a strong foothold and instant access to clientele, platform and talents in many key markets in core ASEAN countries among others, Singapore, Indonesia and Thailand as a regional player. The proposed acquisition accelerates the build-out of the Bank's investment banking and equities platform in the region which is a perfect complement to our existing strengths in investment banking and the equities market.

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

Maybank Investment Bank Berhad [15938-H]
(Incorporated in Malaysia)

11. Cash and short-term funds

	Group		Bank	
	31 December 2010 RM'000	30 June 2010 RM'000	31 December 2010 RM'000	30 June 2010 RM'000
Cash and bank balances with licensed commercial banks and other licensed financial institutions	1,481,261	315,330	1,479,291	312,650
Deposit placements maturing within one month	164,185	117,494	138,955	94,340
	1,645,446	432,824	1,618,246	406,990

Included in cash and short-term funds of the Group and of the Bank are monies held in trust of RM1,445,339,000 (30 June 2010: RM291,646,000).

12. Deposits and placements with Banks and other financial institutions

	Group		Bank	
	31 December 2010 RM'000	30 June 2010 RM'000	31 December 2010 RM'000	30 June 2010 RM'000
Licensed banks	12,513	12,052	9,169	8,733
	12,513	12,052	9,169	8,733

13. Securities portfolio

		Group		Bank	
		31 December 2010 RM'000	30 June 2010 RM'000	31 December 2010 RM'000	30 June 2010 RM'000
Securities available-for-sale	13 (i)	110,692	111,274	49,711	65,945
Securities held-to-maturity	13 (ii)	33	33	33	33
Total securities portfolio		110,725	111,307	49,744	65,978

Maybank Investment Bank Berhad [15938-H]
(Incorporated in Malaysia)

13. Securities portfolio (Cont'd)

13 (i) Securities Available-for-Sale

	Group		Bank	
	31 December 2010 RM'000	30 June 2010 RM'000	31 December 2010 RM'000	30 June 2010 RM'000
Quoted Securities:				
Shares, Warrants, Unit Trusts and Loan Stocks in Malaysia	11,200	12,614	50	12,614
Shares, Warrants, Unit Trusts and Loan Stocks outside Malaysia	58,781	43,129	-	-
	69,981	55,743	50	12,614
Unquoted Securities:				
Shares, Unit Trusts and Loan Stocks in Malaysia	34,475	44,338	43,425	42,138
Shares, Unit Trusts and Loan Stocks outside Malaysia	6,236	6,197	6,236	6,197
Private and Islamic Debt Securities in Malaysia	-	4,996	-	4,996
	40,711	55,531	49,661	53,331
Total securities available-for-sale	110,692	111,274	49,711	65,945

13 (ii) Securities Held-to-Maturity

	Group and Bank	
	31 December 2010 RM'000	30 June 2010 RM'000
At Amortised Cost		
Unquoted Securities:		
Corporate Bonds	33	33
Total securities held-to-maturity	33	33

Maybank Investment Bank Berhad [15938-H]
(Incorporated in Malaysia)

14. Loans and advances

	Group and Bank	
	31 December 2010	30 June 2010
	RM'000	RM'000
Term loans		
- Syndicated term loan	6,209	6,209
- Other term loan	32,591	31,013
Amount due from brokers and clients		
- Margin accounts	100,879	101,299
Staff loans	13,475	14,499
Foreign currency loans	-	1,553
Gross loans and advances	<u>153,154</u>	<u>154,573</u>
Less: Allowance for bad and doubtful debts		
- Collective assessment	-	-
- General allowance	-	(18,685)
- Individual assessment	(7,850)	-
- Specific allowance	-	(7,846)
Net loans and advances	<u>145,304</u>	<u>128,042</u>

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

	Group and Bank	
	31 December 2010	30 June 2010
	RM'000	RM'000
Domestic business enterprises	59,036	59,046
Individuals	92,639	93,974
Foreign entities	1,479	1,553
Gross loans and advances	<u>153,154</u>	<u>154,573</u>

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

	Group and Bank	
	31 December 2010	30 June 2010
	RM'000	RM'000
Fixed rate		
- Housing loans	10,384	11,873
- Hire purchase receivables	2,895	2,587
- Other fixed rate loans	196	39
Variable rate		
- BLR-plus	38,800	38,776
- Cost-plus	100,879	101,298
Gross loans and advances	<u>153,154</u>	<u>154,573</u>

Maybank Investment Bank Berhad [15938-H]
(Incorporated in Malaysia)

14. Loans and advances (Cont'd)

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

	Group and Bank	
	31 December	30 June
	2010	2010
	RM'000	RM'000
Purchase of securities	130,879	131,298
Purchase of transport vehicles	3,148	2,743
Purchase of residential landed property	11,243	12,730
Personal use	190	32
Consumer durables	6	8
Others	7,688	7,762
Gross loans and advances	153,154	154,573

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

	Group and Bank	
	31 December	30 June
	2010	2010
	RM'000	RM'000
Maturing within one year	137,443	139,131
One year to three years	2,146	1,367
Three years to five years	2,006	1,115
After five years	11,559	12,960
Gross loans and advances	153,154	154,573

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

	Group and Bank	
	31 December	30 June
	2010	2010
	RM'000	RM'000
Gross balance at beginning of period	9,784	57,201
Non-performing during the period	546	14,333
Recovered/regularised during the period	(544)	(16,766)
Amount written off	-	(45,035)
Exchange differences	(74)	51
Gross balance at end of period	9,712	9,784
Less:		
Individual assessment/Specific allowance	(7,850)	(7,846)
Net balance	1,862	1,938
Net non-performing loans as % of gross loans and advances less specific allowance	1.28%	1.32%

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

	Group and Bank	
	31 December	30 June
	2010	2010
	RM'000	RM'000
Purchase of securities	1,323	1,316
Purchase of residential landed property	544	550
Others	7,845	7,918
Gross balance at end of period	9,712	9,784

Maybank Investment Bank Berhad [15938-H]
(Incorporated in Malaysia)

14. Loans and advances (Cont'd)

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

	Group and Bank	
	31 December 2010 RM'000	30 June 2010 RM'000
Individual assessment allowance:		
At 1 July		
- effect of adopting FRS 139	7,846	-
At 1 July, as restated	7,846	-
Allowance made during the period / year	233	-
Amount written back in respect of recoveries	(229)	-
Closing balance	<u>7,850</u>	<u>-</u>
Collective assessment allowance:		
At 1 July		
- transfer from general allowance	18,685	-
- effect of adopting FRS 139	(18,685)	-
Closing balance	<u>-</u>	<u>-</u>
As a % of gross loans, advances and financing less individual assessment allowance	<u>0.00%</u>	<u>NA</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)	-
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>NA</u>	<u>12.73%</u>
As a % of total risk-weighted assets, excluding deferred tax assets		
- Group	<u>NA</u>	<u>1.77%</u>
- Bank	<u>NA</u>	<u>1.98%</u>

Maybank Investment Bank Berhad [15938-H]
(Incorporated in Malaysia)

15. Other assets

	Group		Bank	
	31 December 2010 RM'000	30 June 2010 RM'000	31 December 2010 RM'000	30 June 2010 RM'000
Tax recoverable	10,478	18,444	15,530	18,444
Interest/Income receivables	5,006	3,704	53	50
Amount due from brokers and clients				
- Non-margin accounts (a)	1,559,151	146,372	1,530,424	146,372
Other debtors, deposits and prepayment	<u>(1,138,169)</u>	15,635	<u>(1,142,545)</u>	18,675
	436,466	184,155	403,462	183,541
Less: Individual assessment allowance				
- Allowance for doubtful debts	<u>(2,675)</u>	<u>(7,425)</u>	<u>(1,645)</u>	<u>(6,394)</u>
	<u>433,791</u>	176,730	<u>401,817</u>	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.

16. Other liabilities

	Group		Bank	
	31 December 2010 RM'000	30 June 2010 RM'000	31 December 2010 RM'000	30 June 2010 RM'000
Provisions and accruals	37,235	23,625	36,869	50,083
Amount due to brokers and clients (a)	1,761,295	194,286	1,732,605	193,079
Deposits and other creditors	75,096	273,567	246,289	418,073
Provisions for taxation	5,652	163	4,931	-
Provisions for taxation (IBS operations)	-	739	-	739
	<u>1,879,278</u>	492,380	<u>2,020,694</u>	661,974

(a) 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.

Maybank Investment Bank Berhad [15938-H]
(Incorporated in Malaysia)

17. Interest income

Group	2nd quarter ended		Cumulative 6 months ended	
	31 December 2010 RM'000	31 December 2009 RM'000	31 December 2010 RM'000	31 December 2009 RM'000
Loans and advances				
- Interest income other than recoveries from non-performing loans	2,963	3,174	5,382	7,265
- Recoveries from non-performing loans	95	115	191	124
Money at call and deposit placements with banks and other financial institutions	1,137	1,930	2,116	3,460
Securities held-for-trading	-	(1)	-	1,130
Securities available-for-sale	17	97	25	17,167
Securities held-to-maturity	-	-	-	4,397
Others	-	-	-	7
	4,212	5,315	7,714	33,550
Add/(less):				
Amortisation of premiums and accretion of discounts	4	64	74	896
Total interest income	4,216	5,379	7,788	34,446

Bank	2nd quarter ended		Cumulative 6 months ended	
	31 December 2010 RM'000	31 December 2009 RM'000	31 December 2010 RM'000	31 December 2009 RM'000
Loans and advances				
- Interest income other than recoveries from non-performing loans	2,963	3,174	5,383	7,265
- Recoveries from non-performing loans	95	115	191	124
Money at call and deposit placements with banks and other financial institutions	963	1,833	1,777	3,264
Securities held-for-trading	-	(1)	-	1,130
Securities available-for-sale	17	97	25	17,167
Securities held-to-maturity	-	-	-	4,397
Others	-	(1)	-	7
	4,038	5,217	7,376	33,354
Add/(less):				
Amortisation of premiums and accretion of discounts	4	64	74	896
Total interest income	4,042	5,281	7,450	34,250

Maybank Investment Bank Berhad [15938-H]
(Incorporated in Malaysia)

18. Interest expense

	Group and Bank		Group and Bank	
	2nd quarter ended		Cumulative 6 months ended	
	31 December 2010 RM'000	31 December 2009 RM'000	31 December 2010 RM'000	31 December 2009 RM'000
Deposits and placements of banks and other financial institutions	17	14	27	10,632
Deposits from customers	-	-	-	1,767
	17	14	27	12,399

19. Non-interest income

<u>Group</u>	2nd quarter ended		Cumulative 6 months ended	
	31 December 2010 RM'000	31 December 2009 RM'000	31 December 2010 RM'000	31 December 2009 RM'000
	Fee income:			
Corporate advisory fees	31,817	34,074	50,740	51,984
Underwriting commission	11,039	4,741	13,309	4,741
Brokerage income	31,566	20,598	58,273	43,898
Other fee income	2,097	1	2,621	39
	76,519	59,414	124,943	100,662
Investment income:				
Gain from sale of securities held-for-trading, net	-	-	-	2,089
(Loss)/gain from sale of securities available-for-sale, net	(669)	(883)	(262)	2,623
Early redemption gain from securities held-to-maturity, net	-	-	-	429
Impairment loss on securities, net	(85)	-	(85)	-
Gross dividends from securities available-for-sale				
- Quoted in Malaysia	-	-	-	269
- Quoted outside Malaysia	-	631	-	990
- Unquoted in Malaysia	99	-	99	-
	(655)	(252)	(248)	6,400
Other income:				
Foreign exchange gain/(loss) - unrealised	184	91	174	(163)
Net gain on disposal of property, plant and equipment	2	-	4	-
Goodwill written off	-	(2,323)	-	(2,323)
Others	149	191	1,011	410
	335	(2,041)	1,189	(2,076)
Total non-interest income	76,199	57,121	125,884	104,986

Maybank Investment Bank Berhad [15938-H]
(Incorporated in Malaysia)

19. Non-interest income (Cont'd)

Bank	2nd quarter ended		Cumulative 6 months ended	
	31 December 2010 RM'000	31 December 2009 RM'000	31 December 2010 RM'000	31 December 2009 RM'000
Fee income:				
Corporate advisory fees	28,878	32,265	45,786	50,217
Underwriting commission	11,039	4,741	13,309	4,741
Brokerage income	31,566	20,597	58,273	43,897
Other fee income	2,097	1	2,621	39
	73,580	57,604	119,989	98,894
Investment income:				
Gain from sale of securities held-for-trading, net	-	-	-	2,089
(Loss)/gain from sale of securities available-for-sale, net	(669)	3,197	(262)	2,623
Early redemption gain from securities held-to-maturity, net	-	-	-	429
Impairment loss on securities, net	(85)	-	(85)	-
Gross dividends from securities available-for-sale				
- Quoted in Malaysia	-	-	-	269
- Unquoted in Malaysia	99	94	99	330
- Subsidiaries	-	-	-	3,575
	(655)	3,291	(248)	9,315
Other income:				
Foreign exchange gain/(loss) - unrealised	184	91	174	(163)
Net gain on disposal of property, plant and equipment	2	-	4	-
Others	120	36	361	255
	306	127	539	92
Total non-interest income	73,231	61,022	120,280	108,301

Maybank Investment Bank Berhad [15938-H]
(Incorporated in Malaysia)

20. Overhead expenses

Group	2nd quarter ended		Cumulative 6 months ended	
	31 December 2010 RM'000	31 December 2009 RM'000	31 December 2010 RM'000	31 December 2009 RM'000
Personnel expenses				
- Salaries, allowances and bonuses	16,956	12,702	31,506	23,998
- Pension costs - defined contribution plan	1,759	1,460	3,315	2,613
- Other staff related expenses	1,379	511	2,295	1,194
- Dealers' incentives	3,313	2,575	6,219	5,459
	23,407	17,248	43,335	33,264
Establishment costs				
- Depreciation of property, plant and equipment	841	879	1,662	1,345
- Amortisation of computer software	188	-	380	308
- Rental	1,837	1,685	3,707	3,421
- Repairs and maintenance of property, plant and equipment	1,277	791	1,666	1,555
- Information technology expenses	301	282	555	630
- Others	5,106	1,855	9,443	3,907
	9,550	5,492	17,413	11,166
Marketing costs				
- Advertisement and publicity	1,075	717	1,891	1,136
- Others	1,253	437	1,929	830
	2,328	1,154	3,820	1,966
Administration and general expenses				
- Fee and brokerage	3,412	1,705	5,755	3,223
- Administrative expenses	655	757	1,285	1,120
- General expenses	132	2,036	252	2,084
	4,199	4,498	7,292	6,427
Total	39,484	28,392	71,860	52,823

Maybank Investment Bank Berhad [15938-H]
(Incorporated in Malaysia)

20. Overhead expenses (Cont'd)

Bank	2nd quarter ended		Cumulative 6 months ended	
	31 December 2010 RM'000	31 December 2009 RM'000	31 December 2010 RM'000	31 December 2009 RM'000
Personnel expenses				
- Salaries, allowances and bonuses	16,956	12,702	31,506	23,998
- Pension costs - defined contribution plan	1,759	1,460	3,315	2,613
- Other staff related expenses	1,355	513	2,268	1,194
- Dealers' incentives	3,313	2,575	6,219	5,459
	23,383	17,250	43,308	33,264
Establishment costs				
- Depreciation of property, plant and equipment	820	848	1,621	1,289
- Amortisation of computer software	188	-	378	308
- Rental	1,807	1,714	3,647	3,421
- Repairs and maintenance of property, plant and equipment	1,277	784	1,666	1,555
- Information technology expenses	301	282	555	630
- Others	5,181	1,654	10,030	3,368
	9,574	5,282	17,897	10,571
Marketing costs				
- Advertisement and publicity	1,075	717	1,891	1,136
- Others	1,252	439	1,928	830
	2,327	1,156	3,819	1,966
Administration and general expenses				
- Fee and brokerage	2,656	1,713	4,278	3,223
- Administrative expenses	645	559	1,272	1,120
- General expenses	80	68	155	116
	3,381	2,340	5,705	4,459
Total	38,665	26,028	70,729	50,260

Maybank Investment Bank Berhad [15938-H]
(Incorporated in Malaysia)

21. (Write-back)/allowance of losses on loans and advances

	Group and Bank		Group and Bank	
	2nd quarter ended		Cumulative 6 months ended	
	31 December 2010 RM'000	31 December 2009 RM'000	31 December 2010 RM'000	31 December 2009 RM'000
Allowance for/(write back) of bad and doubtful debts:				
(a) Specific allowance / Individual assessment				
- Made during the period	219	14	232	759
- Written back during the period	(223)	(319)	(230)	(2,784)
(b) General allowance / Collective assessment				
- Made during the period	-	-	-	572
- Written back during the period	-	(710)	-	(18,286)
Bad debts written-off	355	(2,953)	770	(1,210)
Allowance for other debtors	232	3,667	516	6,058
Write back of allowance for other debtors	(875)	(59)	(1,167)	(2,628)
	(292)	(360)	121	(17,519)

22. Capital adequacy

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

	Group		Bank	
	31 December 2010 (Basel II) %	30 June 2010 (Basel II) %	31 December 2010 (Basel II) %	30 June 2010 (Basel II) %
Capital ratios				
Core capital ratio				
Credit risk	38.82%	72.80%	36.96%	71.46%
Credit, market and operational risks	25.27%	35.60%	24.00%	34.31%
Risk-weighted capital ratio				
Credit risk	38.82%	76.43%	36.96%	71.46%
Credit, market and operational risks	25.27%	37.37%	24.00%	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	137,791	116,348	131,196	109,753
Less: Deferred tax assets (net)	(14,379)	(14,379)	(14,945)	(14,945)
Total Tier 1 capital	396,313	374,870	389,152	367,709
Tier 2 capital				
General allowance for bad and doubtful debts	-	18,685	-	18,685
Total capital fund	396,313	393,555	389,152	386,394
Less: Investment in subsidiaries (#)	-	-	(61,804)	(61,804)
Capital base	396,313	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.

Maybank Investment Bank Berhad [15938-H]
(Incorporated in Malaysia)

22. Capital adequacy (Cont'd)

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

Group 31 December 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	20,697	20,697	-	-
Banks, Development Financial Institutions ("DFIs") and Multilateral Development Bank ("MDBs")	1,658,421	1,658,421	331,862	26,549
Corporates	33,191	33,191	1,592	127
Regulatory retail	450,142	450,142	425,518	34,041
Higher risk assets	118,539	118,539	177,809	14,225
Other assets	84,071	84,071	84,067	6,725
Equity exposures	58	58	58	5
Total on-balance sheet exposures	2,365,119	2,365,119	1,020,906	81,672
Total on and off-balance sheet exposures	2,365,119	2,365,119	1,020,906	81,672
(ii) Market Risk				
Interest rate risk	-	-	7,688	615
Foreign currency risk	-	-	77,514	6,201
Options risk	-	-	5,625	450
Total	-	-	90,827	7,266
(iii) Operational Risk				
	-	-	456,581	36,526
Total RWA and capital requirements	2,365,119	2,365,119	1,568,314	125,464

Maybank Investment Bank Berhad [15938-H]
(Incorporated in Malaysia)

22. Capital adequacy (Cont'd)

<u>Group</u> 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

Maybank Investment Bank Berhad [15938-H]
(Incorporated in Malaysia)

22. Capital adequacy (Cont'd)

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

Bank 31 December 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	20,697	20,697	-	-
Banks, Development Financial Institutions ("DFIs") and Multilateral Development Bank ("MDBs")	1,627,877	1,627,877	325,753	26,060
Corporates	33,191	33,191	1,592	127
Regulatory retail	450,142	450,142	425,518	34,041
Higher risk assets	53,860	53,860	80,790	6,463
Other assets	51,904	51,904	51,900	4,152
Equity exposures	58	58	58	5
Total on-balance sheet exposures	2,237,729	2,237,729	885,611	70,848
Total on and off-balance sheet exposures	2,237,729	2,237,729	885,611	70,848
(ii) Market Risk				
Interest rate risk	-	-	7,688	615
Foreign currency risk	-	-	15,414	1,233
Options risk	-	-	5,625	450
Total	-	-	28,727	2,298
(iii) Operational Risk				
	-	-	449,809	35,985
Total RWA and capital requirements	2,237,729	2,237,729	1,364,147	109,131

Maybank Investment Bank Berhad [15938-H]
(Incorporated in Malaysia)

22. Capital adequacy (Cont'd)

<u>Bank</u> 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

Maybank Investment Bank Berhad [15938-H]
(Incorporated in Malaysia)

22. Capital adequacy (Cont'd)

(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

	31 December 2010		30 June 2010	
	Risk-weighted assets equivalent RM'000	Capital required RM'000	Risk-weighted assets equivalent RM'000	Capital required RM'000
Group				
Interest rate risk				
- General interest rate risk	7,688	615	7,812	625
- Specific interest rate risk	-	-	5,000	400
	7,688	615	12,812	1,025
Foreign exchange risk	77,514	6,201	54,044	4,324
Option risk	5,625	450	45,720	3,658
Total	90,827	7,266	112,576	9,007
	31 December 2010		30 June 2010	
	Risk-weighted assets equivalent RM'000	Capital required RM'000	Risk-weighted assets equivalent RM'000	Capital required RM'000
Bank				
Interest rate risk				
- General interest rate risk	7,688	615	7,812	625
- Specific interest rate risk	-	-	5,000	400
	7,688	615	12,812	1,025
Foreign exchange risk	15,414	1,233	7,610	609
Option risk	5,625	450	45,720	3,658
Total	28,727	2,298	66,142	5,292

Maybank Investment Bank Berhad [15938-H]
(Incorporated in Malaysia)

22. Capital adequacy (Cont'd)

(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
31 December 2010	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Risk weights									
0%	20,697	-	30,047	-	-	4	-	50,747	-
20%	-	1,657,828	-	-	-	-	-	1,657,828	331,566
50%	-	593	3,103	284	-	-	-	3,980	1,990
75%	-	-	-	98,882	-	-	-	98,882	74,162
100%	-	-	41	350,500	-	84,067	58	434,666	434,666
150%	-	-	-	477	118,539	-	-	119,016	178,524
Total exposures	20,697	1,658,421	33,191	450,143	118,539	84,071	58	2,365,119	1,020,907
Risk-weighted	-	331,862	1,593	425,519	177,809	84,067	58	1,020,907	
Average risk	0%	20%	5%	95%	150%	100%	100%	43%	

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
30 June 2010	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Risk weights									
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	-	88,944	1,455	107,810	90,718	212,682	13,314	514,923	
Average risk	0%	20%	4%	93%	150%	100%	100%	58%	

Maybank Investment Bank Berhad [15938-H]
(Incorporated in Malaysia)

22. Capital adequacy (Cont'd)

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
31 December 2010	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Risk weights									
0%	20,697	-	30,047	-	-	4	-	50,748	-
20%	-	1,627,284	-	-	-	-	-	1,627,284	325,457
50%	-	593	3,103	284	-	-	-	3,980	1,990
75%	-	-	-	98,882	-	-	-	98,882	74,162
100%	-	-	41	350,500	-	51,900	58	402,499	402,499
150%	-	-	-	477	53,860	-	-	54,337	81,506
Total exposures	20,697	1,627,877	33,191	450,143	53,860	51,904	58	2,237,730	885,613
Risk-weighted	-	325,753	1,593	425,519	80,790	51,900	58	885,613	
Average risk	0%	20%	5%	95%	150%	100%	100%	40%	

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	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Risk Weights									
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	-	83,114	1,455	107,810	78,802	169,737	13,314	454,232	
Average risk	0%	20%	4%	93%	150%	100%	100%	56%	

Maybank Investment Bank Berhad [15938-H]
(Incorporated in Malaysia)

23. Commitments and contingencies

Group and Bank	31 December 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 (#)	30,000	15,000	13,313	59,160	29,580	53,408
Irrevocable commitments to extend credit:						
- Maturity not exceeding one year	-	-	-	350,996	-	-
	30,000	15,000	13,313	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 RM13.3 million is made up of RM30 million of PDS.

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 31 December 2010, there were no contracts subject to credit risk.

Maybank Investment Bank Berhad [15938-H]
(Incorporated in Malaysia)

23. Commitments and contingencies (Cont'd)

Contingent liabilities

	Group and Bank	
	31 December	30 June
	2010	2010
	RM'000	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 Security Agent 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 RM54.5 million and a revolving credit facility of RM4.0 million were granted to the borrower by the Bank and three other financial institutions as the syndicated lenders. The loan was subsequently restructured to RM38.0 million with terms for repayment. In 2006, the Bank and three other syndicated lenders filed a counterclaim against the corporate borrower for recovery of the 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 Court on 6 May 2009 entered judgement against the Bank as the security agent for the syndicated lenders for an estimated RM115.5 million with interest at 6% per annum from date of disbursement to realisation.

The balance of the judgement claim (including general damages) against the Bank as Security Agent for the syndicated lenders were ordered to be assessed by the Senior Assistant Registrar, and it was determined that the Bank's exposure was RM48 million out of the RM115.5 million judgement. The Bank filed a notice of appeal and an application for stay of execution of the judgement sum on 8 May 2009. On 24 June 2009, the Court granted a stay order pending the appeal. Subsequently the borrower had on the same date filed a counter appeal against the stay order, however the borrower's counter appeal has thereafter been dismissed by the Court of Appeal on 23 November 2009.

A hearing date has yet to be fixed for the Bank's appeal due to inavailability of notes of evidence and grounds of judgement by the High Court. The appeal is still undergoing case management. The Court has fixed another case management date for the suit pending the availability of notes of evidence and grounds of judgement.

(iv) Mayban Trustees Berhad ("MTB"), as Trustee and Maybank Investment Bank Berhad ("Maybank IB") as Security Agent for the Senior Bonds and Junior Notes issued by a corporation were served with a Writ of Summons, Statement of Claim and Amended Statement of Claim on 29 December 2010 and 30 December 2010 respectively wherein an individual as the sole Junior Noteholder of the Junior Notes issued, claimed against both MTB and Maybank IB, the sum of RM556,500,000 together with interests and costs arising from the declaration made by MTB of an Event Of Default of the Senior Bonds and subsequent Event Of Default of the Junior Notes and for an alleged breach of fiduciary duties and duty of care by Maybank IB. MTB and Maybank IB do not admit any liability to this claim and will defend the suit. Case management is fixed on 2 March 2011.

(v) Maybank IB was on 30 December 2010 served with Writ of Summons, Statement of Claim and Amended Statement of Claim in a suit by a corporation, being the Issuer of a bonds programme, for alledged breach of fiduciary duties and duty of care. The plaintiff has requested for the losses and damages to be assessed by the court. Maybank IB does not admit any liability to this claim and will defend the suit. The case management is fixed on 11 February 2011.

In the aforementioned legal suit Maybank IB has been named as a defendant together with 2 individuals.

Maybank Investment Bank Berhad [15938-H]
(Incorporated in Malaysia)

24. 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.

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.

<u>Group</u>	Up to 1	> 1 - 3	> 3 - 12	1 - 5	Over 5	Non-	Trading	Total	Effective
31 December 2010	month	month	month	years	years	interest	book	RM'000	interest
	RM'000	RM'000	RM'000	RM'000	RM'000	sensitive	RM'000	RM'000	rate
						RM'000			%
Assets									
Cash and short-term funds	164,185	-	-	-	-	1,481,261	-	1,645,446	2.55%
Deposits and placements with banks and other financial institutions	-	20	2,160	1,165	-	9,169	-	12,513	2.69%
Securities available-for-sale	-	-	-	-	-	110,692	-	110,692	5.20%
Securities held-to-maturity	-	-	-	-	-	33	-	33	-
Loans and advances									
- performing	129,967	-	-	3,458	7,244	2,773	-	143,442	6.74%
- non-performing *	-	-	-	-	-	1,862	-	1,862	
Other assets	-	-	-	-	-	433,791	-	433,791	
Other non-interest sensitive balances	-	-	-	-	-	24,778	-	24,778	
Total assets	294,152	20	2,160	4,623	7,244	2,064,359	-	2,372,557	

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

Maybank Investment Bank Berhad [15938-H]
(Incorporated in Malaysia)

24. Interest rate risk (Cont'd)

Group (Cont'd)	Up to 1 month	> 1 - 3 month	> 3 - 12 month	1 - 5 years	Over 5 years	Non- interest sensitive	Trading book	Total	Effective interest rate %
31 December 2010	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
Liabilities and equity									
Other liabilities	-	-	-	-	-	1,874,920	-	1,874,920	
Provision for taxation	-	-	-	-	-	4,931	-	4,931	
Total liabilities	-	-	-	-	-	1,879,851	-	1,879,851	
Share capital	-	-	-	-	-	50,116	-	50,116	
Reserves	-	-	-	-	-	442,590	-	442,590	
Total equity	-	-	-	-	-	492,706	-	492,706	
Total liabilities and equity	-	-	-	-	-	2,372,557	-	2,372,557	
On-balance sheet interest sensitivity gap	294,152	20	2,160	4,623	7,244	(308,198)	-	-	
Total interest sensitivity gap	294,152	20	2,160	4,623	7,244	(308,198)	-	-	
Cumulative interest rate sensitivity gap	294,152	294,172	296,332	300,955	308,198	-	-		

Maybank Investment Bank Berhad [15938-H]
(Incorporated in Malaysia)

24. Interest rate risk (Cont'd)

Group	Up to 1	> 1 - 3	> 3 - 12	1 - 5	Over 5	Non-	Trading	Total	Effective
30 June 2010	month	month	month	years	years	interest	book	RM'000	interest
	RM'000	RM'000	RM'000	RM'000	RM'000	sensitive	RM'000	RM'000	rate
						RM'000			%
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.

Maybank Investment Bank Berhad [15938-H]
(Incorporated in Malaysia)

24. Interest rate risk (Cont'd)

Group (Cont'd) 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	-	-		

Maybank Investment Bank Berhad [15938-H]
(Incorporated in Malaysia)

24. Interest rate risk (Cont'd)

Bank	Up to 1	> 1 - 3	> 3 - 12	1 - 5	Over 5	Non-	Trading	Total	Effective
31 December 2010	month	month	month	years	years	interest	book	RM'000	interest
	RM'000	RM'000	RM'000	RM'000	RM'000	sensitive	RM'000	RM'000	rate
						RM'000			%
Assets									
Cash and short-term funds	138,955	-	-	-	-	1,479,291	-	1,618,246	2.58%
Deposits and placements with banks and other financial institutions	-	-	-	-	-	9,169	-	9,169	-
Securities available-for-sale	-	-	-	-	-	49,711	-	49,711	-
Securities held-to-maturity	-	-	-	-	33	-	-	33	-
Loans and advances									
- performing	98,289	-	-	35,136	7,244	2,773	-	143,442	6.57%
- non-performing *	-	-	-	-	-	1,862	-	1,862	-
Other assets	-	-	-	-	-	401,817	-	401,817	-
Other non-interest sensitive balances	-	-	-	-	-	254,165	-	254,165	-
Total assets	237,244	-	-	35,136	7,277	2,198,788	-	2,478,445	

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

Maybank Investment Bank Berhad [15938-H]
(Incorporated in Malaysia)

24. Interest rate risk (Cont'd)

Bank (Cont'd)	Up to 1	> 1 - 3	> 3 - 12	1 - 5	Over 5	Non-	Trading	Total	Effective
31 December 2010	month	month	month	years	years	interest	book	RM'000	interest
	RM'000	RM'000	RM'000	RM'000	RM'000	sensitive	RM'000	RM'000	rate
						RM'000			%
Liabilities and equity									
Other liabilities	-	-	-	-	-	2,020,694	-	2,020,694	-
Total liabilities	-	-	-	-	-	2,020,694	-	2,020,694	-
Share capital	-	-	-	-	-	50,116	-	50,116	-
Reserves	-	-	-	-	-	407,635	-	407,635	-
Total equity	-	-	-	-	-	457,751	-	457,751	-
Total liabilities and equity	-	-	-	-	-	2,478,445	-	2,478,445	-
On-balance sheet interest sensitivity gap	237,244	-	-	35,136	7,277	(279,657)	-	-	-
Off-balance sheet interest sensitivity gap (interest rate swaps)	-	-	-	-	-	-	-	-	-
Total interest sensitivity gap	237,244	-	-	35,136	7,277	(279,657)	-	-	-
Cumulative interest rate sensitivity gap	237,244	237,244	237,244	272,380	279,657	-	-	-	-

Maybank Investment Bank Berhad [15938-H]
(Incorporated in Malaysia)

24. Interest rate risk (Cont'd)

Bank	Up to 1	> 1 - 3	> 3 - 12	1 - 5	Over 5	Non-	Trading	Total	Effective
30 June 2010	month	month	month	years	years	interest	book	RM'000	interest
	RM'000	RM'000	RM'000	RM'000	RM'000	sensitive	RM'000	RM'000	rate
						RM'000			%
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	-	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	

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

Maybank Investment Bank Berhad [15938-H]
(Incorporated in Malaysia)

24. Interest rate risk (Cont'd)

Bank (Cont'd)	Up to 1 month	> 1 - 3 month	> 3 - 12 month	1 - 5 years	Over 5 years	Non- interest sensitive	Trading book	Total	Effective interest rate %
30 June 2010	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
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	-	-		

Maybank Investment Bank Berhad [15938-H]
(Incorporated in Malaysia)

25. The operations of Islamic Banking Scheme (IBS)

Condensed Financial Statements
Unaudited Statements of Financial Position as at 31 December 2010

	Notes	Group and Bank	
		31 December 2010 RM'000	30 June 2010 RM'000
Assets			
Cash and short-term funds		78	62,953
Other assets	(a)	<u>31,367</u>	<u>3</u>
Total assets		<u>31,445</u>	<u>62,956</u>
Liabilities and Islamic banking fund			
Other liabilities	(b)	196	45,498
Provision for taxation and zakat		<u>4,931</u>	<u>3,450</u>
Total liabilities		<u>5,127</u>	<u>48,948</u>
Islamic banking capital fund		5,000	5,000
Reserves		<u>21,318</u>	<u>9,008</u>
Total liabilities and Islamic banking fund		<u>31,445</u>	<u>62,956</u>

Maybank Investment Bank Berhad [15938-H]
(Incorporated in Malaysia)

25. The operations of Islamic Banking Scheme (IBS) (Cont'd)

Condensed Financial Statements
Unaudited Statements of Comprehensive Income
For the Half Year Ended 31 December 2010

	Notes	2nd quarter ended		Cumulative 6 months ended	
		31 December 2010	31 December 2009	31 December 2010	31 December 2009
		RM'000	RM'000	RM'000	RM'000
Income derived from investment of depositors' funds and others	(c)	21,188	263	21,188	2,246
Transfer to profit equalisation reserves		-	328	-	328
Gross attributable income		21,188	591	21,188	2,574
Income attributable to depositors	(d)	-	-	-	(477)
		21,188	591	21,188	2,097
Income derived from investment of Islamic banking capital funds	(e)	-	45	-	88
Income attributable to the Group and the Bank		21,188	636	21,188	2,185
Overhead expenses	(f)	(4,973)	-	(4,973)	(81)
Profit before taxation and zakat		16,215	636	16,215	2,104
Taxation		(4,054)	(302)	(4,054)	(670)
Zakat		(138)	(4)	(138)	(18)
Profit for the period		12,023	330	12,023	1,416

		2nd quarter ended		Cumulative 6 months ended	
		31 December 2010	31 December 2009	31 December 2010	31 December 2009
		RM'000	RM'000	RM'000	RM'000
Profit for the period		12,023	330	12,023	1,416
Other comprehensive income:					
Net gain on available-for-sale financial assets					
- Gain on fair value changes		-	232	-	-
Other comprehensive income for the year		-	232	-	-
Total comprehensive income for the period		12,023	562	12,023	1,416

Maybank Investment Bank Berhad [15938-H]
(Incorporated in Malaysia)

25. The operations of Islamic banking scheme (IBS) (Cont'd)

Condensed Financial Statements
Unaudited Consolidated Statements of Changes in Equity
For the Half Year Ended 31 December 2010

Group and Bank	Islamic banking fund RM'000	Non-distributable		Total RM'000
		Unrealised holdings reserves RM'000	Distributable retained profits RM'000	
At 1 July 2010	5,000	-	9,295	14,295
Profit for the period	-	-	12,023	12,023
Total comprehensive income for the period	-	-	12,023	12,023
At 31 December 2010	5,000	-	21,318	26,318
At 1 July 2009	5,000	232	7,592	12,824
Net increase in fair value of securities	-	(232)	-	(232)
Profit for the period	-	-	1,703	1,703
At 30 June 2010	5,000	-	9,295	14,295

Maybank Investment Bank Berhad [15938-H]
(Incorporated in Malaysia)

25. The operations of Islamic Banking Scheme (IBS) (Cont'd)

**Condensed Financial Statements
Unaudited Condensed Cash Flow Statements
For the Half Year Ended 31 December 2010**

	Group and Bank	
	31 December 2010 RM'000	31 December 2009 RM'000
Cash flows from operating activities		
Profit before taxation and zakat	16,215	2,104
Adjustments for:		
Accretion of discounts less amortisation of premiums	-	129
Gain on sale of dealing and investment securities	-	(644)
Operating profit before working capital changes	<u>16,215</u>	<u>1,589</u>
Decrease in securities	-	157,929
(Increase)/decrease in receivables	(16,410)	1,145
Decrease in payables	194	127
Increase/(decrease) in deposits from customers and banks and other financial institutions	-	(607,877)
Net cash used for operating activities	<u>(1)</u>	<u>(447,086)</u>
Net increase in cash and cash equivalents	(1)	(447,086)
Cash and cash equivalents at beginning of the period	79	510,040
Cash and cash equivalents at end of the period	78	62,953

Maybank Investment Bank Berhad [15938-H]
(Incorporated in Malaysia)

25. The operations of Islamic Banking Scheme (IBS) (Cont'd)

(a) Other assets

	Group and Bank	
	31 December	30 June
	2010	2010
	RM'000	RM'000
Income receivables	31,367	3

(b) Other liabilities

	Group and Bank	
	31 December	30 June
	2010	2010
	RM'000	RM'000
Provisions and accruals	196	3
	196	3

The movements in PER are as follows:

Balance at beginning of period	683	683
Amount reversed during the period	(683)	-
Balance at end of period	-	683

Maybank Investment Bank Berhad [15938-H]
(Incorporated in Malaysia)

25. The operations of Islamic Banking Scheme (IBS) (Cont'd)

(c) Income derived from investment of depositors' funds and others

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

	2nd quarter ended		Cumulative 6 month ended	
	31 December 2010 RM'000	31 December 2009 RM'000	31 December 2010 RM'000	31 December 2009 RM'000
Gross income from:				
- Securities available-for-sale	-	(12)	-	698
- Securities held-to-maturity	-	(6)	-	387
- Deposit and placement with financial institutions	-	279	-	655
Fee Income	21,188	-	21,188	-
Accretion of discounts less amortisation of premiums	-	2	-	(124)
	<u>21,188</u>	<u>263</u>	<u>21,188</u>	<u>1,616</u>
Gain from sale of investment:				
- Securities	-	-	-	630
	<u>21,188</u>	<u>263</u>	<u>21,188</u>	<u>2,246</u>

(d) Income attributable to depositors

	2nd quarter ended		Cumulative 6 month ended	
	31 December 2010 RM'000	31 December 2009 RM'000	31 December 2010 RM'000	31 December 2009 RM'000
Deposits from customers				
- Mudharabah fund	-	-	-	2
Deposits and placements of banks and other financial institutions				
- Mudharabah fund	-	-	-	475
	<u>-</u>	<u>-</u>	<u>-</u>	<u>477</u>

(e) Income derived from investment of Islamic banking capital funds

	2nd quarter ended		Cumulative 6 month ended	
	31 December 2010 RM'000	31 December 2009 RM'000	31 December 2010 RM'000	31 December 2009 RM'000
Gross income from:				
- Securities available-for-sale	-	-	-	15
- Securities held-to-maturity	-	-	-	9
- Deposit and placement with financial institutions	-	45	-	53
- Gain from sale of investment securities	-	-	-	14
- Accretion of discounts less amortisation of premiums	-	-	-	(3)
	<u>-</u>	<u>45</u>	<u>-</u>	<u>88</u>

Maybank Investment Bank Berhad [15938-H]
(Incorporated in Malaysia)

25. The operations of Islamic Banking Scheme (IBS) (Cont'd)

(f) Overhead expenses

	2nd quarter ended		Cumulative 6 month ended	
	31 December 2010 RM'000	31 December 2009 RM'000	31 December 2010 RM'000	31 December 2009 RM'000
Personnel expenses	3,555	-	3,555	-
Establishment costs	1,183	-	1,183	81
Marketing costs	156	-	156	-
Administration and general expenses	79	-	79	-
	4,973	-	4,973	81

Maybank Investment Bank Berhad [15938-H]
(Incorporated in Malaysia)

25. The operations of Islamic Banking Scheme (IBS) (Cont'd)

(g) Capital adequacy

		Group and Bank	
		31 December	30 June
		2010	2010
		(Basel II)	(Basel II)
		%	%
(l) Capital ratios			
Core capital ratios:			
Credit risk		45.57	95.57
Credit, market and operational risks		28.55	64.28
Risk-weighted capital ratio:			
Credit risk		45.57	95.57
Credit, market and operational risks		28.55	64.28
		Group and Bank	
		31 December	30 June
		2010	2010
		RM'000	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		14,295	14,295

Maybank Investment Bank Berhad [15938-H]
(Incorporated in Malaysia)

25. The operations of Islamic Banking Scheme (IBS) (Cont'd)

(g) Capital adequacy (Cont'd)

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

Bank 31 December 2010 Exposure Class	Gross exposures RM'000	Net exposures RM'000	Risk- assets RM'000	Capital requirements RM'000
(i) <u>Credit Risk</u>				
On-balance sheet exposures:				
Sovereigns / Central banks	78	78	-	-
Other assets	31,367	31,367	31,367	2,509
Total on-balance sheet exposures	31,445	31,445	31,367	2,509
Total off-balance sheet exposures	-	-	-	-
Total on and off-balance sheet	31,445	31,445	31,367	2,509
(ii) <u>Market Risk</u>				
	-	-	-	-
(iii) <u>Operational Risk</u>				
	-	-	18,705	1,496
Total RWA and capital requirements	31,445	31,445	50,072	4,005
Bank 30 June 2010 Exposure Class	Gross exposures RM'000	Net exposures RM'000	Risk- assets RM'000	Capital requirements 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 off-balance sheet exposures	-	-	-	-
Total on and off-balance sheet	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 requirements	15,037	15,037	22,237	1,779

Maybank Investment Bank Berhad [15938-H]
(Incorporated in Malaysia)

25. The operations of Islamic Banking Scheme (IBS) (Cont'd)

(g) Capital adequacy (Cont'd)

(III) 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
31 December 2010									
Risk Weights	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
0%	78	-	-	-	-	-	-	78	-
100%	-	-	-	-	-	31,367	-	31,367	31,367
Total exposures	78	-	-	-	-	31,367	-	31,445	31,367
Risk-weighted assets by exposures	-	-	-	-	-	31,367	14,424	31,367	
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	-	-	-	-	-	14,958	-	14,958	
Average risk weights	0%	0%	0%	0%	0%	100%	0%	100%	

Maybank Investment Bank Berhad [15938-H]
(Incorporated in Malaysia)

25. The operations of Islamic Banking Scheme (IBS) (Cont'd)

(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	Up to 1	>1 - 3	>3 - 12	1 - 5	Over 5	Non-yield/ profit rate	Trading	Total	Effective
31 December 2010	month	months	months	years	years	sensitive	book	RM'000	yield/profit
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	rate
									%
Assets									
Cash and short-term funds	-	-	-	-	-	78	-	78	-
Other assets	-	-	-	-	-	31,367	-	31,367	-
Total assets	-	-	-	-	-	31,445	-	31,445	
Liabilities and Islamic banking fund									
Other non-yield/profit rate sensitive balances	-	-	-	-	-	5,127	-	5,127	-
Total liabilities	-	-	-	-	-	5,127	-	5,127	
Reserves	-	-	-	-	-	26,318	-	26,318	-
Total Islamic banking fund	-	-	-	-	-	26,318	-	26,318	
Total liabilities and Islamic banking fund	-	-	-	-	-	31,445	-	31,445	
Total yield/profit rate sensitivity gap	-	-	-	-	-	-	-	-	
Cumulative yield/profit rate sensitivity gap	-	-	-	-	-	-	-	-	

Maybank Investment Bank Berhad [15938-H]
(Incorporated in Malaysia)

25. The operations of Islamic Banking Scheme (IBS) (Cont'd)

(h) Yield / profit rate risk on IBS portfolio (Cont'd)

<u>Group and Bank</u> 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	-	-	-	-	-	-	-	-	

Maybank Investment Bank Berhad [15938-H]
(Incorporated in Malaysia)

25. The operations of Islamic Banking Scheme (IBS) (Cont'd)

(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

Maybank Investment Bank Berhad [15938-H]
(Incorporated in Malaysia)

25. The operations of Islamic Banking Scheme (IBS) (Cont'd)

(k) Shariah committee (cont'd)

(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 four Shariah consultants.

Maybank Investment Bank Berhad [15938-H]
(Incorporated in Malaysia)

26. Changes in Accounting Policies

As disclosed in Note 1, the adoption of new FRSs, amendments to FRSs, IC Interpretations and TR during the financial period have resulted in the following changes in accounting policies:

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

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

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

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

1) Impairment of loans, advances and financing (inclusive receivables (non-margin))

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

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

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

For margin and non-margin accounts to refer to note 2.

Loans which are not individually significant and loans that have been individually assessed with no evidence of impairment loss are grouped together for portfolio impairment assessment.

2) Classification of loans, advances and financing as impaired

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

For margin and non-margin, the classification of impaired accounts are to follow the Bursa Malaysia Guidelines under Schedule 7 Chapter 11.

Maybank Investment Bank Berhad [15938-H]
(Incorporated in Malaysia)

26. Changes in Accounting Policies (Cont'd)

3) Interest and Profit Income Recognition

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

4) Recognition of Embedded Derivatives

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