

MAYBANK INVESTMENT BANK BERHAD
(15938-H)
(Incorporated in Malaysia)

CONDENSED FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2012

	Notes	Group		Bank	
		31 March 2012 RM'000	31 December 2011 RM'000	31 March 2012 RM'000	31 December 2011 RM'000
ASSETS					
Cash and short-term funds	13	1,668,541	1,200,265	1,639,311	1,169,338
Deposits and placements with banks and other financial institutions	14	50,274	12,590	44,328	9,199
Securities portfolio - held-for-trading	15 (i)	65,783	18,238	65,783	18,238
Securities portfolio - available-for-sale	15 (ii)	146,172	578,196	97,056	531,600
Securities portfolio - held-to-maturity	15 (iii)	33	33	33	33
Loans and advances	16	228,491	209,437	228,491	209,437
Other assets	17	988,798	426,262	988,219	425,230
Statutory deposits with Bank Negara Malaysia		105	105	105	105
Investment in subsidiaries		-	-	233,279	233,279
Investment in associates		6,581	10,407	4,200	4,200
Property, plant and equipment		14,068	13,641	13,918	13,484
Intangible assets		7,133	6,028	7,133	6,028
Deferred tax assets		7,447	5,524	7,447	5,524
TOTAL ASSETS		3,183,426	2,480,726	3,329,303	2,625,695
LIABILITIES					
Deposits and placements of a licensed bank		290,000	605,000	290,000	605,000
Other liabilities	18 (i)	2,311,089	1,352,742	2,477,435	1,519,846
Derivative liabilities	18 (ii)	19,702	7,508	19,702	7,508
Deferred tax liabilities		761	773	-	-
TOTAL LIABILITIES		2,621,552	1,966,023	2,787,137	2,132,354
SHAREHOLDER'S EQUITY					
Share capital		50,116	50,116	50,116	50,116
Reserves		511,758	464,587	492,050	443,225
TOTAL EQUITY		561,874	514,703	542,166	493,341
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY		3,183,426	2,480,726	3,329,303	2,625,695
COMMITMENTS AND CONTINGENCIES					
	25	547,322	492,641	547,322	492,641

(These unaudited condensed financial statements should be read in conjunction with the audited financial statements for the financial period ended 31 December 2011 and the accompanying explanatory notes attached to the interim financial statements)

MAYBANK INVESTMENT BANK BERHAD
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(Incorporated in Malaysia)

CONDENSED FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FIRST QUARTER ENDED 31 MARCH 2012

<u>Group</u>	Notes	Quarter Ended		Cumulative 3 Months Ended	
		31 March 2012 RM'000	31 March 2011 RM'000	31 March 2012 RM'000	31 March 2011 RM'000
Interest income	19	7,968	4,145	7,968	4,145
Interest expense	20	(3,463)	(266)	(3,463)	(266)
Net interest income		4,505	3,879	4,505	3,879
Net income from Islamic Banking Scheme operations	27	77,761	12,365	77,761	12,365
Non-interest income	21	54,665	59,673	54,665	59,673
Net income		136,931	75,917	136,931	75,917
Overhead expenses	22	(60,974)	(45,784)	(60,974)	(45,784)
Operating profit		75,957	30,133	75,957	30,133
Writeback of/(allowance for) impairment on loans and advances and other debtors, net	23	418	(403)	418	(403)
		76,375	29,730	76,375	29,730
Share of results of associates		(3,827)	1	(3,827)	1
Profit before taxation and zakat		72,548	29,731	72,548	29,731
Taxation and zakat		(20,654)	(7,318)	(20,654)	(7,318)
Net profit for the period		51,894	22,413	51,894	22,413
Basic earnings per share (sen)		104	45	104	45

<u>Group</u>	Quarter Ended		Cumulative 3 Months Ended	
	31 March 2012 RM'000	31 March 2011 RM'000	31 March 2012 RM'000	31 March 2011 RM'000
Net profit for the period	51,894	22,413	51,894	22,413
Other comprehensive loss:				
Net loss on securities available-for-sale				
- loss on fair value changes, net of tax	(3,113)	(2,690)	(3,113)	(2,690)
Foreign currency translation	(1,610)	(768)	(1,610)	(768)
Other comprehensive loss for the period, net of tax	(4,723)	(3,458)	(4,723)	(3,458)
Total comprehensive income for the period attributable to equity holder of the parent	47,171	18,955	47,171	18,955

(These unaudited condensed financial statements should be read in conjunction with the audited financial statements for the financial period ended 31 December 2011 and the accompanying explanatory notes attached to the interim financial statements)

MAYBANK INVESTMENT BANK BERHAD
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CONDENSED FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FIRST QUARTER ENDED 31 MARCH 2012

<u>Bank</u>	Notes	Quarter Ended		Cumulative 3 Months Ended	
		31 March 2012 RM'000	31 March 2011 RM'000	31 March 2012 RM'000	31 March 2011 RM'000
Interest income	19	7,843	3,966	7,843	3,966
Interest expense	20	(3,463)	(266)	(3,463)	(266)
Net interest income		4,380	3,700	4,380	3,700
Net income from Islamic Banking Scheme operations	27	77,761	12,365	77,761	12,365
Non-interest income	21	54,361	59,209	54,361	59,209
Net income		136,502	75,274	136,502	75,274
Overhead expenses	22	(59,776)	(45,314)	(59,776)	(45,314)
Operating profit		76,726	29,960	76,726	29,960
Writeback of/(allowance for) impairment on loans and advances and other debtors, net	23	418	(403)	418	(403)
Profit before taxation and zakat		77,144	29,557	77,144	29,557
Taxation and zakat		(20,637)	(7,293)	(20,637)	(7,293)
Net profit for the period		56,507	22,264	56,507	22,264
Basic earnings per share (sen)		113	44	113	44

<u>Bank</u>	Quarter Ended		Cumulative 3 Months Ended	
	31 March 2012 RM'000	31 March 2011 RM'000	31 March 2012 RM'000	31 March 2011 RM'000
Net profit for the period	56,507	22,264	56,507	22,264
Other comprehensive (loss)/income:				
Net (loss)/gain on securities available-for-sale				
- (loss)/gain on fair value changes, net of tax	(7,682)	18	(7,682)	18
Other comprehensive loss for the period, net of tax	(7,682)	18	(7,682)	18
Total comprehensive income for the period attributable to equity holder of the Bank	48,825	22,282	48,825	22,282

(These unaudited condensed financial statements should be read in conjunction with the audited financial statements for the financial period ended 31 December 2011 and the accompanying explanatory notes attached to the interim financial statements)

MAYBANK INVESTMENT BANK BERHAD
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CONDENSED FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE FIRST QUARTER ENDED 31 MARCH 2012

<u>Group</u>	-----Non-distributable----->							Total RM'000
	Share capital RM'000	Share premium RM'000	Statutory reserves * RM'000	Capital Reserves RM'000	Equity Unrealised holding reserves RM'000	Exchange fluctuation reserve RM'000	Distributable retained earnings RM'000	
At 1 January 2012	50,116	172,669	50,116	-	21,871	(4,526)	224,457	514,703
Profit for the period	-	-	-	-	-	-	51,894	51,894
Other comprehensive loss	-	-	-	-	(3,113)	(1,610)	-	(4,723)
Total comprehensive (loss)/income for the period	-	-	-	-	(3,113)	(1,610)	51,894	47,171
At 31 March 2012	50,116	172,669	50,116	-	18,758	(6,136)	276,351	561,874
At 1 July 2010	50,116	172,669	50,116	-	18,762	(3,788)	132,259	420,134
Profit for the period	-	-	-	-	-	-	63,554	63,554
Other comprehensive (loss)/income	-	-	-	(33)	11,456	(2,324)	20	9,119
Total comprehensive (loss)/income for the period	-	-	-	(33)	11,456	(2,324)	63,574	72,673
At 31 December 2010	50,116	172,669	50,116	(33)	30,218	(6,112)	195,833	492,807
At 1 January 2011	50,116	172,669	50,116	(33)	30,218	(6,112)	195,833	492,807
Profit for the period	-	-	-	-	-	-	22,413	22,413
Other comprehensive loss	-	-	-	-	(2,690)	(768)	-	(3,458)
Total comprehensive (loss)/income for the period	-	-	-	-	(2,690)	(768)	22,413	18,955
At 31 March 2011	50,116	172,669	50,116	(33)	27,528	(6,880)	218,246	511,762

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CONDENSED FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF CHANGES IN EQUITY
FOR THE FIRST QUARTER ENDED 31 MARCH 2012

	<-----Non-distributable----->			Unrealised holding reserves	Distributable retained earnings	Total RM'000
	Share capital RM'000	Share premium RM'000	Statutory reserves * RM'000			
Bank						
At 1 January 2012	50,116	172,669	50,116	7,249	213,191	493,341
Profit for the period	-	-	-	-	56,507	56,507
Other comprehensive loss	-	-	-	(7,682)	-	(7,682)
Total comprehensive (loss)/income for the period	-	-	-	(7,682)	56,507	48,825
At 31 March 2012	50,116	172,669	50,116	(433)	269,698	542,166
At 1 July 2010	50,116	172,669	50,116	5,777	125,664	404,342
Profit for the period	-	-	-	-	59,187	59,187
Other comprehensive loss	-	-	-	(5,777)	-	(5,777)
Total comprehensive (loss)/income for the period	-	-	-	(5,777)	59,187	53,410
At 31 December 2010	50,116	172,669	50,116	-	184,851	457,752
At 1 January 2011	50,116	172,669	50,116	-	184,851	457,752
Profit for the period	-	-	-	-	22,264	22,264
Other comprehensive income	-	-	-	18	-	18
Total comprehensive income for the period	-	-	-	18	22,264	22,282
At 31 March 2011	50,116	172,669	50,116	18	207,115	480,034

* 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.

(These unaudited condensed financial statements should be read in conjunction with the audited financial statements for the financial period ended 31 December 2011 and the accompanying explanatory notes attached to the interim financial statements)

MAYBANK INVESTMENT BANK BERHAD
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CONDENSED FINANCIAL STATEMENTS
UNAUDITED CASH FLOW STATEMENTS
FOR THE FIRST QUARTER ENDED 31 MARCH 2012

	Group		Bank	
	31 March 2012 RM'000	31 March 2011 RM'000	31 March 2012 RM'000	31 March 2011 RM'000
Profit before taxation and zakat	72,548	29,731	77,144	29,557
Adjustment for non-operating and non-cash items	6,300	(3,546)	2,472	(1,191)
Operating profit before working capital changes	<u>78,848</u>	<u>26,185</u>	<u>79,616</u>	<u>28,366</u>
Changes in working capital:				
Net changes in operating assets	(564,350)	532,721	(562,259)	499,647
Net changes in operating liabilities	630,144	(605,530)	628,860	(577,471)
Net taxes refunded/(paid)	5,164	(7,299)	5,286	(6,914)
Net cash generated from/(used in) operations	<u>149,806</u>	<u>(53,923)</u>	<u>151,503</u>	<u>(56,372)</u>
Net cash used in investing activities	<u>(2,729)</u>	<u>(1,747)</u>	<u>(2,729)</u>	<u>(1,772)</u>
Net increase/(decrease) in cash and cash equivalents	<u>147,077</u>	<u>(55,670)</u>	<u>148,774</u>	<u>(58,144)</u>
Cash and cash equivalents at beginning of the period	<u>320,898</u>	<u>200,107</u>	<u>289,971</u>	<u>172,907</u>
Cash and cash equivalents at end of the period	<u>467,975</u>	<u>144,437</u>	<u>438,745</u>	<u>114,763</u>

Cash and cash equivalents included in the cash flow statements comprise the following in Statement of Financial Position amounts:

Cash and short-term funds	1,668,541	1,002,047	1,639,311	972,373
Less: Monies held in trust	(1,200,566)	(857,610)	(1,200,566)	(857,610)
	<u>467,975</u>	<u>144,437</u>	<u>438,745</u>	<u>114,763</u>

(These unaudited condensed financial statements should be read in conjunction with the audited financial statements for the financial period ended 31 December 2011 and the accompanying explanatory notes attached to the interim financial statements)

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Explanatory Notes Pursuant to Malaysian Financial Reporting Standard 134 ("MFRS 134") Interim Financial Reporting

1. Basis of Preparation

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

The unaudited condensed interim financial statements have been prepared in accordance with MFRS 134 *Interim Financial Reporting*, except for the comparative figures for income statements, statements of comprehensive income, statements of changes in equity and cash flows statements, in which the comparable interim period (i.e. the quarter ended 31 March 2011) is in respect of a comparable period in the preceding calendar year (and which is of the previous financial year of 30 June 2011), instead of the quarter ended 30 September 2011 of the immediately preceding financial period of 31 December 2011 as required under MFRS 134. The departure is mainly due to the Group and the Bank have changed their financial year-end from 30 June to 31 December in the last financial period. For the periods up to and including the six-month financial period ended 31 December 2011, the Group and the Bank prepared its financial statements in accordance with Financial Reporting Standards ("FRS"). These unaudited condensed interim financial statements also comply with IAS 34 *Interim Financial Reporting* issued by the International Accounting Standards Board except for as mentioned above.

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements for six-month financial period ended 31 December 2011. These explanatory notes attached to the unaudited 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 financial period ended 31 December 2011.

The unaudited condensed interim financial statements incorporated those activities relating to the Islamic banking business which have been undertaken by the Group. Islamic banking business refers generally to capital market and stockbroking activities under the principles of Shariah.

First-time adoption of Malaysian Financial Reporting Standards ("MFRS")

These are the Group's and the Bank's first unaudited condensed interim financial statements for part of the period covered by first MFRS Framework annual financial statements of the Group and the Bank for the year ending 31 December 2012. MFRS 1 *First-time Adoption of Malaysian Financial Reporting Standards* has been applied.

As required by MFRS 1, the resulting adjustments arose from events and transactions before the date of transition to MFRS were recognised directly through retained earnings (or another category of equity, where appropriate) as at 1 July 2011 (the date of transition). This is the effect of the general rule of MFRS 1 which is to apply MFRSs retrospectively. There are some mandatory exceptions provided and some exemptions permitted by MFRS 1. The Group's and the Bank's first time adoption decisions regarding these exemptions are detailed below. Other optional exemptions available under MFRS 1, which are not discussed here, are not applicable to the Group and the Bank.

(i) Business combinations

MFRS 1 indicates that a first-time adopter may elect not to apply MFRS 3 *Business Combinations* retrospectively to business combinations that occurred before the date of transition to MFRS.

The Group and the Bank will take advantage of this election and has elected not to restate business combinations that took place prior to the 1 July 2011 transition date.

(ii) Fair value or revaluation as deemed cost for Property, Plant and Equipment ("PPE")

A first-time adopter may elect to measure individual items of PPE at fair value at the date of transition to MFRS and use that fair value as deemed cost at that date.

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1. First-time adoption of Malaysian Financial Reporting Standards ("MFRS") (Cont'd)

- (ii) Fair value or revaluation as deemed cost for Property, Plant and Equipment ("PPE") (Cont'd)

The Group and the Bank are assessing if the option is to be adopted in measuring certain properties at fair value and to use the fair value as deemed cost at the transition date of 1 July 2011, including obtaining feedback from the regulator and the auditors. The Group and the Bank expect to be in the position to make a decision before the end of the financial year ending 31 December 2012.

- (iii) Investments in subsidiaries, jointly controlled entities and associates

MFRS 1 allows the first-time adopter (a parent entity or investor) to measure its subsidiaries, jointly controlled entities and associates in its separate financial statements at one of the following amounts on date of transition: a) cost, in accordance with MFRS 127 *Consolidated and Separate Financial Statements*; or b) deemed cost. The deemed cost of such an investment shall be either: i) fair value at the entity's date of transition to MFRS in its separate financial statements; or ii) the previous GAAP carrying amount at that date.

The Group and the Bank have elected to measure all its investments in subsidiaries and associates in its separate financial statements at their FRS carrying amounts at 1 July 2011 (i.e. the transition date to MFRS).

- (iv) Designation of previously recognised financial instruments

MFRS 1 allows a first-time adopter to designate eligible financial assets as available-for-sale at the date of transition.

The Group and the Bank are assessing if the option is to be adopted to re-designate certain of its previously recognised held-to-maturity securities as available-for-sale securities at the transition date of 1 July 2011, including obtaining feedback from the regulator and the auditors. The Group and the Bank expect to be in the position to make a decision before the end of the financial year ending 31 December 2012.

Except possibly for the options and exemptions as mentioned in (ii) and (iv) above, the other elected optional exemptions will not materially impact the opening MFRS Statement of Financial Position as at 1 July 2011 of the Group and the Bank.

Explanation of how the transition from FRS to MFRS affects the Group's and the Bank's financial position, financial performances and cash flows will be set out in the Group's and the Bank's interim report and financial statements for the financial year ending 31 December 2012 after the assessments of the options and exemptions stated above are completed and the decisions have been made. The explanation will include reconciliations of equity, profit or loss and total comprehensive income for comparative periods and of equity at the date of transition reported under FRS to those reported for those periods and at the date of transition under MFRS. The transition from FRS to MFRS is expecting not to have a material impact on the statement of cash flows.

Estimates

The estimates at 1 July 2011 and at 31 December 2011 are consistent with those made for the same dates in accordance with FRS. The estimates used by the Group and the Bank to present these amounts in accordance with MFRS reflect conditions at 1 July 2011, the date transition to MFRS and as of 31 December 2011.

2. Significant Accounting Policies and Application of MFRS 1

The audited financial statements of the Group and the Bank for the six-month financial period ended 31 December 2011 were prepared in accordance with FRS. Except for certain differences, the requirements under FRS and MFRS are similar. The significant accounting policies adopted in preparing these unaudited condensed interim financial statements are consistent with those of the audited financial statements for financial period ended 31 December 2011 except for those exemptions elected as discussed in Note 1 above.

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3. Significant Accounting Estimates and Judgements

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

(i) Fair Value Estimation of Securities Held-for-trading (Note 15 (i)) and Available-for-sale (Note 15 (ii))

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

(ii) Impairment of Other Intangible Assets

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

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

(iii) Deferred Tax and Income Taxes

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

(iv) Impairment Losses on Loans, Advances and Financing

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

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

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3. Significant Accounting Estimates and Judgements (Cont'd)

(v) Impairment of Investments in Subsidiaries and Interest in Associates

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

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

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

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

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

(vi) Impairment of Securities Portfolio

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

The impairment review comprises the following judgement made by management:

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

4. Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the audited financial statements for the financial period ended 31 December 2011 was not qualified.

5. 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 31 March 2012.

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

During the quarter ended 31 March 2012, there were no unusual items affecting the assets, liabilities, equity, net income or cash flows of the Group and the Bank.

7. Subsequent Events

There were no material events subsequent to quarter ended 31 March 2012.

8. Changes in Estimates

There were no material changes in estimates during the quarter ended 31 March 2012.

9. 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.

10. Dividend Paid

No dividend has been proposed for the quarter ended 31 March 2012.

11. Performance Review

For the period ended 31 March 2012, the Group recorded growth in revenue and operating profit despite the challenging business environment.

Net interest income increased by 16.1% or RM0.6 million due to higher interest income from share margin financing as well as placement of deposits. In support of "Islamic First" strategy, Islamic Banking income recorded a huge jump to RM77.8 million (RM12.4 million in corresponding 3 months ended last year) due to sizeable debt capital market transactions. Non-interest income was lower by 8.4% or RM5.0 million to RM54.7 million due to lower fee-based income mainly from investment banking. Net income rose by RM61.0 million or 80.4% to RM136.9 million.

Overhead expenses rose by 33.2% or RM15.2 million to RM61.0 million from RM45.8 million last year. This was largely attributable to the increase in personnel related costs for salaries (RM5.1 million), bonus (RM7.3 million), Employee Share Option Scheme (RM1.4 million) and dealers incentives (RM1.3 million).

The Group's profit before taxation and zakat registered an increase of 144.0% or RM42.8 million to RM72.5 million. Net profit improved by 131.5% or RM29.5 million to RM51.9 million for the period ended 31 March 2012 compared to the previous corresponding period.

12. Prospects

The global economy is forecast to record a slower GDP growth 3.0% in 2012 from an expected growth of 3.8% in 2011 due to a recession in Eurozone and lackluster growth in other major advanced economies. Asia ex-Japan, however, is expected to outperform the advanced economies and with ASEAN growth expected to be resilient.

In Malaysia, domestic investment, led by the implementation of various projects under the Economic Transformation Programme (ETP) should be the key drivers for growth. Considering the above factors, the Group anticipates to see reasonable growth in its business for the financial year ending 31 December 2012. In addition, the Group will adopt a strategy of responsible growth with equal focus on managing asset quality, liquidity and capital through sound risk management practices.

Barring any unforeseen circumstances, the Group expects to maintain its satisfactory financial performance for the financial year ending 31 December 2012.

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13. Cash and short-term funds

	Group		Bank	
	31 March 2012 RM'000	31 December 2011 RM'000	31 March 2012 RM'000	31 December 2011 RM'000
Cash and bank balances with a licensed bank	1,313,984	933,324	1,288,494	906,397
Deposit placements maturing within one month	354,557	266,941	350,817	262,941
	<u>1,668,541</u>	<u>1,200,265</u>	<u>1,639,311</u>	<u>1,169,338</u>

Included in cash and short-term funds of the Group and of the Bank are monies held in trust of RM1,200,566,000 (31 December 2011: RM879,367,000) in respect of the stockbroking business.

14. Deposits and placements with banks and other financial institutions

	Group		Bank	
	31 March 2012 RM'000	31 December 2011 RM'000	31 March 2012 RM'000	31 December 2011 RM'000
Licensed bank	50,274	12,590	44,328	9,199

Included in deposits and placements of the Group and of the Bank are monies held in trust of RM9,192,000 (31 December 2011: RM9,199,000) in respect of the stockbroking business.

15. Securities portfolio

		Group		Bank	
		31 March 2012 RM'000	31 December 2011 RM'000	31 March 2012 RM'000	31 December 2011 RM'000
Securities held-for-trading	15 (i)	65,783	18,238	65,783	18,238
Securities available-for-sale	15 (ii)	146,172	578,196	97,056	531,600
Securities held-to-maturity	15 (iii)	33	33	33	33
Total securities portfolio		<u>211,988</u>	<u>596,467</u>	<u>162,872</u>	<u>549,871</u>

15 (i) Securities held-for-trading

At fair value	Group		Bank	
	31 March 2012 RM'000	31 December 2011 RM'000	31 March 2012 RM'000	31 December 2011 RM'000
Quoted Securities:				
Shares in Malaysia	65,783	18,238	65,783	18,238
Total securities held-for-trading	<u>65,783</u>	<u>18,238</u>	<u>65,783</u>	<u>18,238</u>

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15. **Securities portfolio (Cont'd)**

15 (ii) **Securities available-for-sale**

At fair value, or cost less impairment losses for certain unquoted equity instruments	Group		Bank	
	31 March 2012 RM'000	31 December 2011 RM'000	31 March 2012 RM'000	31 December 2011 RM'000
Quoted Securities:				
Shares in Malaysia	57,123	67,596	57,123	67,596
Shares outside Malaysia	47,090	44,547	174	151
	<u>104,213</u>	<u>112,143</u>	<u>57,297</u>	<u>67,747</u>
Unquoted Securities:				
Shares and loan stocks in Malaysia	37,627	37,626	35,427	35,426
Shares and loan stocks outside Malaysia	4,332	4,491	4,332	4,491
Private debt securities in Malaysia	-	110,495	-	110,495
Islamic private debt securities in Malaysia	-	313,441	-	313,441
	<u>41,959</u>	<u>466,053</u>	<u>39,759</u>	<u>463,853</u>
Total securities available-for-sale	<u>146,172</u>	<u>578,196</u>	<u>97,056</u>	<u>531,600</u>

15 (iii) **Securities held-to-maturity**

At amortised Cost	Group and Bank	
	31 March 2012 RM'000	31 December 2011 RM'000
Unquoted Securities:		
Corporate Bonds	33	33
Total securities held-to-maturity	<u>33</u>	<u>33</u>

16. **Loans and advances**

At amortised cost	Group and Bank	
	31 March 2012 RM'000	31 December 2011 RM'000
Term loans		
- Syndicated term loan	6,209	6,209
- Other term loan	1,228	1,096
Margin accounts	209,568	191,389
Foreign currency loans	1,471	1,525
Staff loans	16,282	15,485
Gross loans and advances	<u>234,758</u>	<u>215,704</u>
Less: Allowance for impairment		
- Individual assessment allowance	(6,267)	(6,267)
Net loans and advances	<u>228,491</u>	<u>209,437</u>

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

	Group and Bank	
	31 March 2012 RM'000	31 December 2011 RM'000
Domestic business enterprises	89,205	85,955
Individuals	144,082	128,224
Foreign entities	1,471	1,525
Gross loans and advances	<u>234,758</u>	<u>215,704</u>

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16. Loans and advances (Cont'd)

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

	Group and Bank	
	31 March 2012 RM'000	31 December 2011 RM'000
Fixed rate		
- Housing loans	10,402	9,938
- Hire purchase receivables	5,733	5,334
- Other fixed rate loans	147	213
Variable rate		
- BLR-plus	8,908	8,830
- Cost-plus	209,568	191,389
Gross loans and advances	<u>234,758</u>	<u>215,704</u>

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

	Group and Bank	
	31 March 2012 RM'000	31 December 2011 RM'000
Purchase of securities	209,568	191,389
Purchase of transport vehicles	5,894	5,497
Purchase of residential landed property	11,468	10,871
Personal use	148	213
Working capital	7,680	7,734
Gross loans and advances	<u>234,758</u>	<u>215,704</u>

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

	Group and Bank	
	31 March 2012 RM'000	31 December 2011 RM'000
Maturing within one year	217,447	199,416
One year to three years	500	464
Three years to five years	4,852	4,124
After five years	11,959	11,700
Gross loans and advances	<u>234,758</u>	<u>215,704</u>

(v) Movement in impaired loans and advances ("impaired loans") are as follows:

	Group and Bank	
	31 March 2012 RM'000	31 December 2011 RM'000
Gross balance at beginning of the period	6,786	8,471
Impaired during the period	7	2,226
Recovered/regularised during the period	(13)	(3,991)
Exchange differences	-	80
Gross balance at end of the period	<u>6,780</u>	<u>6,786</u>
Less:		
Individual assessment	<u>(6,267)</u>	<u>(6,267)</u>
Net balance at end of the period	<u>513</u>	<u>519</u>
Net impaired loans as % of gross loans and advances less individual assessment	<u>0.22%</u>	<u>0.25%</u>

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16. Loans and advances (Cont'd)

(vi) Impaired loans and advances analysed by economic purpose are as follows:

	Group and Bank	
	31 March	31 December
	2012	2011
	RM'000	RM'000
Purchase of transport vehicles	156	156
Purchase of residential landed property	415	421
Working capital	6,209	6,209
	<u>6,780</u>	<u>6,786</u>

(vii) Movements in the individual assessment are as follows:

	Group and Bank	
	31 March	31 December
	2012	2011
	RM'000	RM'000
Individual assessment allowance:		
Balance at beginning of the period	6,267	7,941
Allowance made during the period	8	210
Amount written back in respect of recoveries	(8)	(1,884)
Balance at end of the period	<u>6,267</u>	<u>6,267</u>

17. Other assets

	Group		Bank	
	31 March	31 December	31 March	31 December
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Tax recoverable	-	421	-	-
Amount due from brokers and clients				
- Non-margin accounts (a)	928,595	377,286	928,595	377,286
Other debtors, deposits and prepayment	67,600	55,975	64,895	53,238
	<u>996,195</u>	<u>433,682</u>	<u>993,490</u>	<u>430,524</u>
Less: Allowance for doubtful debts	(7,397)	(7,420)	(5,271)	(5,294)
	<u>988,798</u>	<u>426,262</u>	<u>988,219</u>	<u>425,230</u>

(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.

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18 (i) Other liabilities

	Group		Bank	
	31 March 2012 RM'000	31 December 2011 RM'000	31 March 2012 RM'000	31 December 2011 RM'000
Provisions and accruals	5,877	50,704	1,960	46,417
Amount due to brokers and clients (a)	2,018,314	1,187,517	2,018,314	1,187,517
Deposits and other creditors	257,420	110,440	427,157	281,831
Provision for taxation and zakat	29,478	4,081	30,004	4,081
	<u>2,311,089</u>	<u>1,352,742</u>	<u>2,477,435</u>	<u>1,519,846</u>

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

18 (ii) Derivatives liabilities

	Group and Bank			
	31 March 2012		31 December 2011	
	Contract/ Notional amount RM'000	Fair value RM'000	Contract/ Notional amount RM'000	Fair value RM'000
Structured warrants	<u>84,405</u>	<u>19,702</u>	<u>28,952</u>	<u>7,508</u>

During the financial period ended December 2011, the Bank issued European styled, non-collateralised, cash-settled call warrants over the underlying shares of certain quoted companies. The structured warrants have a short-term maturity period which is less than a year.

A Structured Warrants Program allows an approved financial institution to issue warrants including Call Warrants. Call Warrants are listed call options that give the buyer the right but not the obligation to purchase the underlying instrument at a pre-determined price within a pre-determined time. The underlying instrument is usually a blue chip share, a basket of shares or an index. These are leveraged bull market instruments that are designed for trading.

The Group and the Bank have recognised the fair value changes of the structured warrants as follows:

	Group and Bank			
	Quarter Ended		Cumulative 3 Months Ended	
	31 March 2012 RM'000	31 March 2011 RM'000	31 March 2012 RM'000	31 March 2011 RM'000
Structured warrants	<u>1,414</u>	<u>-</u>	<u>1,414</u>	<u>-</u>

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19. Interest income

<u>Group</u>	Quarter Ended		Cumulative 3 Months Ended	
	31 March	31 March	31 March	31 March
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Loans and advances				
- Interest income other than recoveries from impaired loans	3,711	2,601	3,711	2,601
- Recoveries from impaired loans	17	102	17	102
Money at call and deposit placements with banks and other financial institutions	3,347	1,105	3,347	1,105
Securities available-for-sale	893	337	893	337
Total interest income	7,968	4,145	7,968	4,145

<u>Bank</u>	Quarter Ended		Cumulative 3 Months Ended	
	31 March	31 March	31 March	31 March
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Loans and advances				
- Interest income other than recoveries from impaired loans	3,711	2,600	3,711	2,600
- Recoveries from impaired loans	17	102	17	102
Money at call and deposit placements with banks and other financial institutions	3,264	927	3,264	927
Securities available-for-sale	851	337	851	337
Total interest income	7,843	3,966	7,843	3,966

20. Interest expense

	Group and Bank		Group and Bank	
	Quarter Ended		Cumulative 3 Months Ended	
	31 March	31 March	31 March	31 March
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Deposits and placements from a licensed bank	3,463	266	3,463	266

21. Non-interest income

<u>Group</u>	Quarter Ended		Cumulative 3 Months Ended	
	31 March	31 March	31 March	31 March
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Fee income:				
Corporate advisory fees	13,021	7,304	13,021	7,304
Underwriting commission	2,783	1,960	2,783	1,960
Brokerage income	34,014	34,769	34,014	34,769
Other fee income	3,267	5,455	3,267	5,455
	53,085	49,488	53,085	49,488

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21. **Non-interest income (Cont'd)**

<u>Group</u>	Quarter Ended		Cumulative 3 Months Ended	
	31 March 2012 RM'000	31 March 2011 RM'000	31 March 2012 RM'000	31 March 2011 RM'000
Investment income:				
Realised gain from sale of securities held-for-trading, net	1,864	-	1,864	-
Unrealised loss on revaluation of securities held-for-trading, net	(1,543)	-	(1,543)	-
Gain from sale of securities available-for-sale, net	900	1,916	900	1,916
Impairment loss on securities, net	-	(372)	-	(372)
Gross dividends from securities available-for-sale				
- Quoted in Malaysia	49	-	49	-
- Quoted outside Malaysia	5	-	5	-
	<u>1,275</u>	<u>1,544</u>	<u>1,275</u>	<u>1,544</u>
Other income:				
Unrealised foreign exchange loss from securities available-for-sale, net	(224)	(114)	(224)	(114)
Gain on disposal of property, plant and equipment	-	2	-	2
Others	529	8,753	529	8,753
	<u>305</u>	<u>8,641</u>	<u>305</u>	<u>8,641</u>
Total non-interest income	<u>54,665</u>	<u>59,673</u>	<u>54,665</u>	<u>59,673</u>
	31 March 2012 RM'000	31 March 2011 RM'000	31 March 2012 RM'000	31 March 2011 RM'000
<u>Bank</u>				
Fee income:				
Corporate advisory fees	13,021	6,839	13,021	6,839
Underwriting commission	2,783	1,960	2,783	1,960
Brokerage income	34,014	34,769	34,014	34,769
Other fee income	3,267	5,454	3,267	5,454
	<u>53,085</u>	<u>49,022</u>	<u>53,085</u>	<u>49,022</u>
Investment income:				
Realised gain from sale of securities held-for-trading, net	1,864	-	1,864	-
Unrealised loss on revaluation of securities held-for-trading, net	(1,543)	-	(1,543)	-
Gain from sale of securities available-for-sale, net	900	1,916	900	1,916
Impairment loss on securities, net	-	(372)	-	(372)
Gross dividends from securities available-for-sale				
- Quoted in Malaysia	49	-	49	-
	<u>1,270</u>	<u>1,544</u>	<u>1,270</u>	<u>1,544</u>

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21. **Non-interest income (Cont'd)**

<u>Bank</u>	Quarter Ended		Cumulative 3 Months Ended	
	31 March	31 March	31 March	31 March
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Other income:				
Unrealised foreign exchange loss from securities available-for-sale, net	(224)	(114)	(224)	(114)
Gain on disposal of property, plant and equipment	-	2	-	2
Others	230	8,755	230	8,755
	<u>6</u>	<u>8,643</u>	<u>6</u>	<u>8,643</u>
Total non-interest income	54,361	59,209	54,361	59,209

22. **Overhead expenses**

<u>Group</u>	Quarter Ended		Cumulative 3 Months Ended	
	31 March	31 March	31 March	31 March
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Personnel expenses				
- Salaries, allowances and bonuses	36,851	23,782	36,851	23,782
- Pension costs - defined contribution plan	2,259	1,967	2,259	1,967
- Other staff related expenses	1,444	1,670	1,444	1,670
- Dealers' incentives	4,893	3,549	4,893	3,549
- Employee Share Scheme expenses	1,428	-	1,428	-
	<u>46,875</u>	<u>30,968</u>	<u>46,875</u>	<u>30,968</u>
Establishment costs				
- Depreciation of property, plant and equipment	792	841	792	841
- Amortisation of computer software	405	173	405	173
- Rental	2,108	1,809	2,108	1,809
- Repairs and maintenance of property, plant and equipment	1,515	1,081	1,515	1,081
- Information technology expenses	333	519	333	519
- Others	1,102	5,203	1,102	5,203
	<u>6,255</u>	<u>9,626</u>	<u>6,255</u>	<u>9,626</u>
Marketing costs				
- Advertisement and publicity	1,588	1,173	1,588	1,173
- Others	1,002	1,003	1,002	1,003
	<u>2,590</u>	<u>2,176</u>	<u>2,590</u>	<u>2,176</u>
Administration and general expenses				
- Fee and brokerage	2,841	2,357	2,841	2,357
- Administrative expenses	1,694	534	1,694	534
- General expenses	719	123	719	123
	<u>5,254</u>	<u>3,014</u>	<u>5,254</u>	<u>3,014</u>
Total	60,974	45,784	60,974	45,784

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22. Overhead expenses (Cont'd)

<u>Bank</u>	Quarter Ended		Cumulative 3 Months Ended	
	31 March	31 March	31 March	31 March
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Personnel expenses				
- Salaries, allowances and bonuses	36,851	23,682	36,851	23,682
- Pension costs - defined contribution plan	2,259	1,967	2,259	1,967
- Other staff related expenses	1,432	1,665	1,432	1,665
- Dealers' incentives	4,893	3,549	4,893	3,549
- Employee Share Scheme expenses	1,428	-	1,428	-
	<u>46,863</u>	<u>30,863</u>	<u>46,863</u>	<u>30,863</u>
Establishment costs				
- Depreciation of property, plant and equipment	785	822	785	822
- Amortisation of computer software	405	172	405	172
- Rental	2,071	1,779	2,071	1,779
- Repairs and maintenance of property, plant and equipment	1,515	1,081	1,515	1,081
- Information technology expenses	333	519	333	519
- Others	463	5,419	463	5,419
	<u>5,572</u>	<u>9,792</u>	<u>5,572</u>	<u>9,792</u>
Marketing costs				
- Advertisement and publicity	1,588	1,173	1,588	1,173
- Others	1,003	1,003	1,003	1,003
	<u>2,591</u>	<u>2,176</u>	<u>2,591</u>	<u>2,176</u>
Administration and general expenses				
- Fee and brokerage	2,822	1,865	2,822	1,865
- Administrative expenses	1,672	535	1,672	535
- General expenses	256	83	256	83
	<u>4,750</u>	<u>2,483</u>	<u>4,750</u>	<u>2,483</u>
Total	<u>59,776</u>	<u>45,314</u>	<u>59,776</u>	<u>45,314</u>

23. Writeback of/(allowance for) impairment on loans and advances and other debtors, net

	Group and Bank		Group and Bank	
	Quarter Ended		Cumulative 3 Months Ended	
	31 March	31 March	31 March	31 March
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Allowance for impaired loans and advances:				
Individual assessment				
- Made during the period	(8)	(1,004)	(8)	(1,004)
- Written back during the period	8	4	8	4
Bad debts recovered	441	-	441	-
Bad debts written-off	-	(1)	-	(1)
(Allowance for)/writeback of impairment on other debtors, net	(23)	598	(23)	598
	<u>418</u>	<u>(403)</u>	<u>418</u>	<u>(403)</u>

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24. Capital adequacy

- (I) The capital adequacy ratios of the Group consists of capital base and risk-weighted assets derived from consolidated balances of the Bank and its subsidiaries companies. The capital adequacy ratios of the Bank consist of capital base and risk-weighted assets derived from the Bank.

The capital adequacy ratio of the Group and the Bank are computed in accordance with Bank Negara Malaysia's revised Risk Weighted Capital Adequacy Framework (RWCAF-Basel II). The Group and the Bank have adopted the Standardised Approach for Credit Risk and Market Risk, and the Basic Indicator Approach for Operational Risk. The minimum regulatory capital adequacy requirement is 8.0% (31 December 2011:8.0%) for the risk weighted capital ratio.

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

	Group		Bank	
	31 March 2012 %	31 December 2011 %	31 March 2012 %	31 December 2011 %
Capital ratios				
Core capital ratio				
Credit risk	29.25	47.97	26.23	44.62
Credit, market and operational risks	19.34	21.58	17.45	19.60
Risk-weighted capital ratio				
Credit risk	29.25	47.97	26.23	44.62
Credit, market and operational risks	19.34	21.58	17.45	19.60
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
Islamic banking capital fund	5,000	5,000	5,000	5,000
Other reserves	219,457	219,457	208,191	208,191
Less: Deferred tax assets ¹	(5,524)	(5,524)	(5,524)	(5,524)
Total Tier 1 capital/Total capital	491,834	491,834	480,568	480,568
Less: Investment in subsidiaries ²	-	-	(61,804)	(61,804)
Capital base	491,834	491,834	418,764	418,764

¹ Under Bank Negara Malaysia Guidelines, deferred tax is required to be excluded from Tier 1 capital.

² Excludes the cost of investment in a subsidiary, Maysec (KL) Sdn. Bhd. of RM171,475,000 as its business, assets and liabilities had been transferred to the Bank on 30 December 2006.

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24. Capital adequacy (Cont'd)

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

<u>Group</u>	Gross exposures	Net exposures	Risk-weighted assets	Capital requirements
31 March 2012 Exposure Class	RM'000	RM'000	RM'000	RM'000
(i) <u>Credit Risk</u>				
On-balance sheet exposures:				
Sovereigns/Central banks	54,942	54,942	-	-
Banks, Development Financial Institutions ("DFIs") and Multilateral Development Bank ("MDBs")	1,664,559	1,664,559	333,090	26,647
Corporates	4,019	4,019	2,766	221
Regulatory retail	1,146,422	1,146,422	1,108,700	88,696
Higher risk assets	95,456	95,456	143,184	11,455
Other assets	90,561	90,561	90,554	7,244
Equity exposures	63	63	63	5
Total on-balance sheet exposures	3,056,022	3,056,022	1,678,357	134,268
Off-balance sheet exposures:				
Underwriting of short-term debt securities exposures	30,000	30,000	3,000	240
Credit-related off-balance sheet exposures	516,822	516,822	-	-
Total off-balance sheet exposures	546,822	546,822	3,000	240
Total on and off-balance sheet exposures	3,602,844	3,602,844	1,681,357	134,508
(ii) <u>Market Risk</u>				
Equity position risk	-	-	169,198	13,536
Foreign currency risk	-	-	60,838	4,867
Options risk	-	-	27,207	2,177
Total	-	-	257,243	20,580
(iii) <u>Operational Risk</u>				
Total RWA and capital requirements	3,602,844	3,602,844	2,543,674	203,494

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24. Capital adequacy (Cont'd)

<u>Group</u>	Gross exposures RM'000	Net exposures RM'000	Risk-weighted assets RM'000	Capital requirements RM'000
31 December 2011				
Exposure Class				
(i) <u>Credit Risk</u>				
On-balance sheet exposures:				
Sovereigns/Central banks	703	703	-	-
Banks, Development Financial Institutions ("DFIs") and Multilateral Development Bank ("MDBs")	1,213,721	1,213,721	242,922	19,434
Corporates	3,932	3,932	2,749	220
Regulatory retail	576,324	576,324	542,716	43,417
Higher risk assets	96,908	96,908	145,362	11,629
Other assets	76,560	76,560	76,554	6,124
Equity exposures	58	58	58	5
Total on-balance sheet exposures	1,968,206	1,968,206	1,010,361	80,829
Off-balance sheet exposures:				
Underwriting of short-term debt securities exposures	30,000	30,000	15,000	1,200
Credit-related off-balance sheet exposures	462,141	462,141	-	-
Total off-balance sheet exposures	492,141	492,141	15,000	1,200
Total on and off-balance sheet exposures	2,460,347	2,460,347	1,025,361	82,029
(ii) <u>Market Risk</u>				
Interest rate risk	-	-	433,832	34,707
Equity position risk	-	-	187,493	14,999
Foreign currency risk	-	-	78,391	6,271
Options risk	-	-	13,600	1,088
Total	-	-	713,316	57,065
(iii) <u>Operational Risk</u>	-	-	540,741	43,259
Total RWA and capital requirements	2,460,347	2,460,347	2,279,418	182,353

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24. Capital adequacy (Cont'd)

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

<u>Bank</u>	Gross exposures RM'000	Net exposures RM'000	Risk-weighted assets RM'000	Capital requirements RM'000
31 March 2012				
Exposure Class				
(i) <u>Credit Risk</u>				
On-balance sheet exposures:				
Sovereigns/Central banks	54,942	54,942	-	-
Banks, Development Financial Institutions ("DFIs") and Multilateral Development Bank ("MDBs")	1,629,383	1,629,383	326,055	26,084
Corporates	4,019	4,019	2,766	221
Regulatory retail	1,146,422	1,146,422	1,108,700	88,696
Higher risk assets	43,959	43,959	65,939	5,275
Other assets	89,831	89,831	89,825	7,186
Equity exposures	63	63	63	5
Total on-balance sheet exposures	2,968,619	2,968,619	1,593,348	127,467
Off-balance sheet exposures:				
Underwriting of short-term debt securities exposures	30,000	30,000	3,000	240
Credit-related off-balance sheet exposures	516,822	516,822	-	-
Total off-balance sheet exposures	546,822	546,822	3,000	240
Total on and off-balance sheet exposures	3,515,441	3,515,441	1,596,348	127,707
(ii) <u>Market Risk</u>				
Equity position risk	-	-	169,198	13,536
Foreign currency risk	-	-	9,971	798
Options risk	-	-	27,207	2,177
	-	-	206,376	16,511
(iii) <u>Operational Risk</u>	-	-	596,917	47,753
Total RWA and capital requirements	3,515,441	3,515,441	2,399,641	191,971

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24. Capital adequacy (Cont'd)

<u>Bank</u>	Gross	Net exposures	Risk-weighted	Capital
31 December 2011	exposures	exposures	assets	requirements
Exposure Class	RM'000	RM'000	RM'000	RM'000
(i) Credit Risk				
On-balance sheet exposures:				
Sovereigns/Central banks	280	280	-	-
Banks, Development Financial Institutions ("DFIs") and Multilateral Development Bank ("MDBs")	1,179,405	1,179,405	236,059	18,885
Corporates	3,932	3,932	2,749	220
Regulatory retail	576,324	576,324	542,716	43,417
Higher risk assets	44,118	44,118	66,177	5,294
Other assets	75,777	75,777	75,772	6,062
Equity exposures	58	58	58	5
Total on-balance sheet exposures	1,879,894	1,879,894	923,531	73,883
Off-balance sheet exposures:				
Underwriting of short-term debt securities exposures	30,000	30,000	15,000	1,200
Credit-related off-balance sheet exposures	462,141	462,141	-	-
Total off-balance sheet exposures	492,141	492,141	15,000	1,200
Total on and off-balance sheet exposures	2,372,035	2,372,035	938,531	75,083
(ii) Market Risk				
Interest rate risk	-	-	433,832	34,707
Equity position risk	-	-	187,493	14,999
Foreign currency risk	-	-	29,926	2,394
Options risk	-	-	13,600	1,088
Total	-	-	664,851	53,188
(iii) Operational Risk				
	-	-	532,780	42,622
Total RWA and capital requirements	2,372,035	2,372,035	2,136,162	170,893

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24. Capital adequacy (Cont'd)

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

Group	31 March 2012		31 December 2011	
	Risk-weighted assets equivalent	Capital required	Risk-weighted assets equivalent	Capital required
	RM'000	RM'000	RM'000	RM'000
Interest rate risk	-	-	433,832	34,707
Equity position risk	169,198	13,536	187,493	14,999
Foreign currency risk	60,838	4,867	78,391	6,271
Options risk	27,207	2,177	13,600	1,088
Total	257,243	20,580	713,316	57,065

Bank	31 March 2012		31 December 2011	
	Risk-weighted assets equivalent	Capital required	Risk-weighted assets equivalent	Capital required
	RM'000	RM'000	RM'000	RM'000
Interest rate risk	-	-	433,832	34,707
Equity position risk	169,198	13,536	187,493	14,999
Foreign currency risk	9,971	798	29,926	2,394
Options risk	27,207	2,177	13,600	1,088
Total	206,376	16,511	664,851	53,188

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24. Capital adequacy (Cont'd)

(IV) 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 March 2012									
Risk weights	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
0%	54,942	-	-	-	-	7	-	54,949	-
20%	-	1,663,966	-	-	-	-	-	1,663,966	332,793
50%	-	593	2,507	74	-	-	-	3,174	1,587
75%	-	-	-	151,486	-	-	-	151,486	113,615
100%	-	-	1,512	994,488	-	90,554	63	1,086,617	1,086,617
150%	-	-	-	374	95,456	-	-	95,830	143,745
Total exposures	54,942	1,664,559	4,019	1,146,422	95,456	90,561	63	3,056,022	1,678,357
Risk-weighted assets by exposures	-	333,090	2,766	1,108,700	143,184	90,554	63	1,678,357	
Average risk weights	0%	20%	69%	97%	150%	100%	100%	55%	

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 2011									
Risk weights	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
0%	703	-	-	-	-	6	-	709	-
20%	-	1,213,128	-	-	-	-	-	1,213,128	242,626
50%	-	593	2,366	72	-	-	-	3,031	1,515
75%	-	-	-	135,036	-	-	-	135,036	101,277
100%	-	-	1,566	440,842	-	76,554	58	519,020	519,020
150%	-	-	-	374	96,908	-	-	97,282	145,923
Total exposures	703	1,213,721	3,932	576,324	96,908	76,560	58	1,968,206	1,010,361
Risk-weighted assets by exposures	-	242,922	2,749	542,716	145,362	76,554	58	1,010,361	
Average risk weights	0%	20%	70%	94%	150%	100%	100%	51%	

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24. 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 March 2012									
Risk weights	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
0%	54,942	-	-	-	-	6	-	54,948	-
20%	-	1,628,790	-	-	-	-	-	1,628,790	325,758
50%	-	593	2,507	74	-	-	-	3,174	1,587
75%	-	-	-	151,486	-	-	-	151,486	113,615
100%	-	-	1,512	994,488	-	89,825	63	1,085,888	1,085,888
150%	-	-	-	374	43,959	-	-	44,333	66,500
Total exposures	54,942	1,629,383	4,019	1,146,422	43,959	89,831	63	2,968,619	1,593,348
Risk-weighted assets by exposures	-	326,055	2,766	1,108,700	65,939	89,825	63	1,593,348	
Average risk weights	0%	20%	69%	97%	150%	100%	100%	54%	

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 2011									
Risk weights	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
0%	280	-	-	-	-	5	-	285	-
20%	-	1,178,812	-	-	-	-	-	1,178,812	235,762
50%	-	593	2,366	72	-	-	-	3,031	1,516
75%	-	-	-	135,036	-	-	-	135,036	101,277
100%	-	-	1,566	440,842	-	75,772	58	518,238	518,238
150%	-	-	-	374	44,118	-	-	44,492	66,738
Total exposures	280	1,179,405	3,932	576,324	44,118	75,777	58	1,879,894	923,531
Risk-weighted assets by exposures	-	236,059	2,749	542,716	66,177	75,772	58	923,531	
Average risk weights	0%	20%	70%	94%	150%	100%	100%	49%	

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25. Commitments and Contingencies

Group and Bank	As at 31 March 2012			As at 31 December 2011		
	Notional amount RM'000	Credit equivalent amount* RM'000	Risk- weighted amount RM'000	Notional amount RM'000	Credit equivalent amount* RM'000	Risk- weighted amount RM'000
Obligations under underwriting agreements	30,500	15,250	3,688	30,500	15,250	15,688
Irrevocable commitments to extend credit:						
- Maturity not exceeding one year	516,822	-	-	462,141	-	-
	547,322	15,250	3,688	492,641	15,250	15,688

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

Contingent liabilities

	Group and Bank	
	31 March 2012 RM'000	31 December 2011 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
	11,091	11,091

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

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25. Commitments and Contingencies (Cont'd)

Contingent liabilities (cont'd)

(iii) A corporate borrower had on 12 May 2005 issued a writ of summons and statement of claim against the Bank, as agent bank for three financial institutions, claiming general, special and exemplary damages and costs arising from an alleged breach of duty owned by the Bank.

In 2006, the Bank and the three financial institutions filed a counterclaim against the said corporate borrower for the recovery of the relevant credit facilities. The two claims were then heard together.

Pursuant to an agreement and a court vesting order dated 21 May 2007, the Bank had transferred its exposure under this credit facilities to its holding company.

The Court on 6 May 2009 entered judgement ("The Judgement") against the Bank for, inter alia, a sum of RM115.5 million with interest at six percent (6%) per annum from date of disbursement to realisation, with the balance of the corporate borrower's claim (including general damages) ordered to be assessed at a later date. In the same Judgment, the counterclaim against the corporate borrower was also dismissed.

The Bank filed an appeal against the Judgement and an application for stay of execution of the Judgment on 8 May 2009 ("Appeal"). On 24 June 2009, the Bank successfully obtained a stay order for execution on the Judgment pending the disposal of the Appeal against the Judgment. The High Court had on 6 October 2011 produced the draft notes of proceedings, for final review of both parties.

The Appeal was called up for hearing on 12 December 2011 and 10 February 2012 but did not proceed. The corporate borrower has requested for a court mediation which took place on 9 March 2012. As the parties were unable to reach a consensus during the aforesaid mediation, the Appeal is now fixed for hearing on 19 June 2012.

(iv) A junior noteholder commenced an action against the Bank and another defendant claiming for the sum of RM556.5 million as damages suffered in relation to the junior serial notes issued by a corporation. The claim against the Bank is premised on the alleged breach of duties by the Bank as security agent, in exercising its right of enforcement following from an event of default declared by the relevant trustee.

The Bank does not admit any liability to this claim and will defend the suit. The trial was completed on 15 August 2011 and the judgment was delivered on 30 September 2011. The Court had dismissed the junior noteholder's claim against the Bank and the other defendant, with cost of RM200,000, collectively. The junior noteholder had then filed his appeal to the Court of Appeal on 6 October 2011. The appeal is scheduled for hearing before the Court of Appeal on 5 March 2012.

Upon hearing submissions of Counsels on 5 March 2012 and 6 March 2012, the Court of Appeal had on 7 March 2012 by a majority decision, dismissed the junior noteholder's appeal with costs of RM75,000 to the Bank and the other respondent. The junior note holder has 30 days to file an application for leave to appeal to the Federal Court, if he is dissatisfied with the decision of the Court of Appeal.

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26. 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 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		Effective
31 March 2012	month	months	months	years	years	interest	book	Total	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	375,180	-	-	-	-	1,293,361	-	1,668,541	3.54
Deposits and placements with banks and other financial institutions	39,708	-	-	1,196	-	9,370	-	50,274	2.96
Securities held-for-trading	-	-	-	-	-	-	65,783	65,783	-
Securities available-for-sale	-	-	-	-	-	146,172	-	146,172	-
Securities held-to-maturity	-	-	-	-	33	-	-	33	-
Loans and advances									
- performing	211,678	-	2	494	10,566	5,238	-	227,978	6.79
- impaired *	-	-	-	-	-	513	-	513	-
Other assets	-	-	-	-	-	988,798	-	988,798	-
Other non-interest sensitive balances	-	-	-	-	-	35,334	-	35,334	-
Total assets	626,566	-	2	1,690	10,599	2,478,786	65,783	3,183,426	

* This is arrived at after deducting the individual allowance and interest/income-in-suspense from gross impaired loans outstanding.

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26. Interest rate risk (Cont'd)

<u>Group (cont'd)</u> 31 March 2012	Up to 1 month RM'000	> 1 - 3 months RM'000	> 3 - 12 months RM'000	1 - 5 years RM'000	Over 5 years RM'000	Non- interest sensitive RM'000	Trading book RM'000	Total RM'000	Effective interest rate %
Liabilities and equity									
Deposits and placements of a licensed bank	140,000	50,000	100,000	-	-	-	-	290,000	3.26
Derivative liabilities	-	-	-	-	-	-	19,702	19,702	-
Other liabilities	-	-	-	-	-	2,311,089	-	2,311,089	-
Other non-interest sensitive balances	-	-	-	-	-	761	-	761	-
Total liabilities	140,000	50,000	100,000	-	-	2,311,850	19,702	2,621,552	
Share capital	-	-	-	-	-	50,116	-	50,116	-
Reserves	-	-	-	-	-	511,758	-	511,758	-
Total equity	-	-	-	-	-	561,874	-	561,874	
Total liabilities and equity	140,000	50,000	100,000	-	-	2,873,724	19,702	3,183,426	
On-balance sheet interest sensitivity gap	486,566	(50,000)	(99,998)	1,690	10,599	(394,938)	46,081	-	
Total interest sensitivity gap	486,566	(50,000)	(99,998)	1,690	10,599	(394,938)	46,081	-	
Cumulative interest rate sensitivity gap	486,566	436,566	336,568	338,258	348,857	(46,081)	-		

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26. Interest rate risk (Cont'd)

<u>Group</u> 31 December 2011	Up to 1 month RM'000	> 1 - 3 months RM'000	> 3 - 12 months RM'000	1 - 5 years RM'000	Over 5 years RM'000	Non- interest sensitive RM'000	Trading book RM'000	Total RM'000	Effective interest rate %
Assets									
Cash and short-term funds	293,867	-	-	-	-	906,398	-	1,200,265	2.99
Deposits and placements with banks and other financial institutions	-	20	3,371	-	-	9,199	-	12,590	3.02
Securities held-for-trading	-	-	-	-	-	-	18,238	18,238	-
Securities available-for-sale	-	-	-	140,777	281,394	156,025	-	578,196	5.32
Securities held-to-maturity	-	-	-	-	33	-	-	33	-
Loans and advances									
- performing	191,908	1,525	2	435	10,052	4,996	-	208,918	6.70
- non-performing *	-	-	-	-	-	519	-	519	-
Other assets	-	-	-	-	-	426,262	-	426,262	-
Other non-interest sensitive balances	-	-	-	-	-	35,705	-	35,705	-
Total assets	485,775	1,545	3,373	141,212	291,479	1,539,104	18,238	2,480,726	

* This is arrived at after deducting the individual allowance and interest/income-in-suspense from gross impaired loans outstanding.

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26. Interest rate risk (Cont'd)

<u>Group (cont'd)</u>	Up to 1 month RM'000	> 1 - 3 months RM'000	> 3 - 12 months RM'000	1 - 5 years RM'000	Over 5 years RM'000	Non- interest sensitive RM'000	Trading book RM'000	Total RM'000	Effective interest rate %
31 December 2011									
Liabilities and equity									
Deposits and placements of a licensed bank	195,000	270,000	140,000	-	-	-	-	605,000	2.57
Derivative liabilities	-	-	-	-	-	-	7,508	7,508	-
Other liabilities	-	-	-	-	-	1,352,742	-	1,352,742	-
Other non-interest sensitive balances	-	-	-	-	-	773	-	773	-
Total liabilities	195,000	270,000	140,000	-	-	1,353,515	7,508	1,966,023	
Share capital	-	-	-	-	-	50,116	-	50,116	-
Reserves	-	-	-	-	-	464,587	-	464,587	-
Total equity	-	-	-	-	-	514,703	-	514,703	
Total liabilities and equity	195,000	270,000	140,000	-	-	1,868,218	7,508	2,480,726	
On-balance sheet interest sensitivity gap	290,775	(268,455)	(136,627)	141,212	291,479	(329,114)	10,730	-	
Total interest sensitivity gap	290,775	(268,455)	(136,627)	141,212	291,479	(329,114)	10,730	-	
Cumulative interest rate sensitivity gap	290,775	22,320	(114,307)	26,905	318,384	(10,730)	-		

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26. Interest rate risk (Cont'd)

<u>Bank</u> 31 March 2012	Up to 1 month RM'000	> 1 - 3 months RM'000	> 3 - 12 months RM'000	1 - 5 years RM'000	Over 5 years RM'000	Non- interest sensitive RM'000	Trading book RM'000	Total RM'000	Effective interest rate %
Assets									
Cash and short-term funds	350,240	-	-	-	-	1,289,071	-	1,639,311	3.59
Deposits and placements with banks and other financial institutions	35,000	-	-	-	-	9,328	-	44,328	3.13
Securities held-for-trading	-	-	-	-	-	-	65,783	65,783	-
Securities available-for-sale	-	-	-	-	-	97,056	-	97,056	-
Securities held-to-maturity	-	-	-	-	33	-	-	33	-
Loans and advances									
- performing	211,678	-	2	494	10,566	5,238	-	227,978	6.79
- impaired *	-	-	-	-	-	513	-	513	-
Other assets	-	-	-	-	-	988,219	-	988,219	-
Other non-interest sensitive balances	-	-	-	-	-	266,082	-	266,082	-
Total assets	596,918	-	2	494	10,599	2,655,507	65,783	3,329,303	

* This is arrived at after deducting the individual allowance and interest/income-in-suspense from gross impaired loans outstanding.

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26. Interest rate risk (Cont'd)

Bank (cont'd)	Up to 1	> 1 - 3	> 3 - 12	1 - 5	Over 5	Non-	Trading	Total	Effective
31 March 2012	month	months	months	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									
Deposits and placements of a licensed bank	140,000	50,000	100,000	-	-	-	-	290,000	3.26
Derivative liabilities	-	-	-	-	-	-	19,702	19,702	-
Other liabilities	-	-	-	-	-	2,477,435	-	2,477,435	-
Other non-interest sensitive balances	-	-	-	-	-	-	-	-	-
Total liabilities	140,000	50,000	100,000	-	-	2,477,435	19,702	2,787,137	
Share capital	-	-	-	-	-	50,116	-	50,116	-
Reserves	-	-	-	-	-	492,050	-	492,050	-
Total equity	-	-	-	-	-	542,166	-	542,166	
Total liabilities and equity	140,000	50,000	100,000	-	-	3,019,601	19,702	3,329,303	
On-balance sheet interest sensitivity gap	456,918	(50,000)	(99,998)	494	10,599	(364,094)	46,081	-	
Total interest sensitivity gap	456,918	(50,000)	(99,998)	494	10,599	(364,094)	46,081	-	
Cumulative interest rate sensitivity gap	456,918	406,918	306,920	307,414	318,013	(46,081)	-		

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26. Interest rate risk (Cont'd)

<u>Bank</u> 31 December 2011	Up to 1 month RM'000	> 1 - 3 months RM'000	> 3 - 12 months RM'000	1 - 5 years RM'000	Over 5 years RM'000	Non- interest sensitive RM'000	Trading book RM'000	Total RM'000	Effective interest rate %
Assets									
Cash and short-term funds	262,940	-	-	-	-	906,398	-	1,169,338	3.03
Deposits and placements with banks and other financial institutions	-	-	-	-	-	9,199	-	9,199	-
Securities held-for-trading	-	-	-	-	-	-	18,238	18,238	-
Securities available-for-sale	-	-	-	140,777	281,394	109,429	-	531,600	5.32
Securities held-to-maturity	-	-	-	-	33	-	-	33	-
Loans and advances									
- performing	191,908	1,525	2	435	10,052	4,996	-	208,918	6.70
- non-performing *	-	-	-	-	-	519	-	519	-
Other assets	-	-	-	-	-	425,230	-	425,230	-
Other non-interest sensitive balances	-	-	-	-	-	262,620	-	262,620	-
Total assets	454,848	1,525	2	141,212	291,479	1,718,391	18,238	2,625,695	

* This is arrived at after deducting the individual assessment allowance from gross impaired loans outstanding.

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26. Interest rate risk (Cont'd)

Bank (cont'd)	Up to 1 month RM'000	> 1 - 3 months RM'000	> 3 - 12 months RM'000	1 - 5 years RM'000	Over 5 years RM'000	Non- interest sensitive RM'000	Trading book RM'000	Total RM'000	Effective interest rate %
31 December 2011									
Liabilities and equity									
Deposits and placements of a licensed bank	195,000	270,000	140,000	-	-	-	-	605,000	2.57
Derivative liabilities	-	-	-	-	-	-	7,508	7,508	-
Other liabilities	-	-	-	-	-	1,519,846	-	1,519,846	-
Total liabilities	195,000	270,000	140,000	-	-	1,519,846	7,508	2,132,354	
Share capital	-	-	-	-	-	50,116	-	50,116	-
Reserves	-	-	-	-	-	443,225	-	443,225	-
Total equity	-	-	-	-	-	493,341	-	493,341	
Total liabilities and equity	195,000	270,000	140,000	-	-	2,013,187	7,508	2,625,695	
On-balance sheet interest sensitivity gap	259,848	(268,475)	(139,998)	141,212	291,479	(294,796)	10,730	-	
Total interest sensitivity gap	259,848	(268,475)	(139,998)	141,212	291,479	(294,796)	10,730	-	
Cumulative interest rate sensitivity gap	259,848	(8,627)	(148,625)	(7,413)	284,066	(10,730)	-		

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27. The Operations of Islamic Banking Scheme
Unaudited Statements of Financial Position as at 31 March 2012

	Notes	Group and Bank	
		31 March 2012 RM'000	31 December 2011 RM'000
ASSETS			
Cash and short-term funds		46,256	10,258
Other assets	(a)	191,816	53,893
Securities portfolio - available-for-sale		-	30,000
Total assets		238,072	94,151
LIABILITIES			
Other liabilities	(b)	85,738	5
Provision for taxation and zakat		37,675	22,632
Total liabilities		123,413	22,637
ISLAMIC BANKING FUND			
Islamic banking capital fund		5,000	5,000
Reserves		109,659	66,514
		114,659	71,514
Total Liabilities and Islamic Banking Fund		238,072	94,151

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27. The Operations of Islamic Banking Scheme (Cont'd)

Condensed Financial Statements
Unaudited Statements of Comprehensive Income
For the First Quarter Ended 31 March 2012

Group and Bank	Notes	Quarter Ended		Cumulative 3 Months Ended	
		31 March 2012 RM'000	31 March 2011 RM'000	31 March 2012 RM'000	31 March 2011 RM'000
Income derived from investment of Islamic banking capital funds	(c)	77,761	12,365	77,761	12,365
Income attributable to the Group and the Bank		77,761	12,365	77,761	12,365
Overhead expenses	(d)	(19,573)	(6,903)	(19,573)	(6,903)
Profit before taxation and zakat		58,188	5,462	58,188	5,462
Taxation		(14,548)	(1,366)	(14,548)	(1,366)
Zakat		(495)	(41)	(495)	(41)
Profit for the period		43,145	4,055	43,145	4,055
Total comprehensive income for the period		43,145	4,055	43,145	4,055

Unaudited Consolidated Statements of Changes in Equity
For the First Quarter Ended 31 March 2012

Group and Bank	Islamic banking capital fund RM'000	Distributable retained profits RM'000	Total RM'000
At 1 January 2012	5,000	66,514	71,514
Profit for the period	-	43,145	43,145
Total comprehensive income for the period	-	43,145	43,145
At 31 March 2012	5,000	109,659	114,659
At 1 July 2010	5,000	9,295	14,295
Profit for the period	-	12,023	12,023
Total comprehensive income for the year	-	12,023	12,023
At 31 December 2010	5,000	21,318	26,318
At 1 January 2011	5,000	21,318	26,318
Profit for the period	-	4,055	4,055
Total comprehensive income for the year	-	4,055	4,055
At 31 March 2011	5,000	25,373	30,373

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27. The Operations of Islamic Banking Scheme (Cont'd)

Condensed Financial Statements
Unaudited Cash Flow Statements
For the First Quarter Ended 31 March 2012

	Group and Bank	
	31 March 2012	31 March 2011
	RM'000	RM'000
Cash flows from operating activities		
Profit before taxation and zakat	58,188	5,462
Decrease in securities	30,000	-
Increase in receivables	(137,923)	(17,898)
Increase in payables	85,733	12,428
Net cash used in operating activities	35,998	(8)
Net increase/(decrease) in cash and cash equivalents	35,998	(8)
Cash and cash equivalents at beginning of the year	10,258	78
Cash and cash equivalents at end of the period	46,256	70

(a) Other assets

	Group and Bank	
	31 March 2012	31 December 2011
	RM'000	RM'000
Profit receivable	-	18
Debtors and prepayments	191,816	53,875
	191,816	53,893

(b) Other liabilities

	Group and Bank	
	31 March 2012	31 December 2011
	RM'000	RM'000
Provisions and accruals	85,738	5
	85,738	5

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27. The Operations of Islamic Banking Scheme (Cont'd)

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

	Group and Bank Quarter Ended		Group and Bank Cumulative 3 Months Ended	
	31 March 2012 RM'000	31 March 2011 RM'000	31 March 2012 RM'000	31 March 2011 RM'000
	Gross income from:			
- Securities-available-for-sale	206	-	206	-
- Deposit and placement with financial institutions	215	-	215	-
- Gain from sale of investment securities	68,958	-	68,958	-
Fee income from:				
- Corporate advisory fee	7,623	11,387	7,623	11,387
- Brokerage income	759	978	759	978
	77,761	12,365	77,761	12,365

(d) Overhead expenses

	Group and Bank Quarter Ended		Group and Bank Cumulative 3 Months Ended	
	31 March 2012 RM'000	31 March 2011 RM'000	31 March 2011 RM'000	31 March 2010 RM'000
	Personnel expenses	24,755	5,349	24,755
Establishment costs [^]	(6,671)	962	(6,671)	962
Marketing costs	612	296	612	296
Administration and general expenses	877	296	877	296
	19,573	6,903	19,573	6,903

[^] Included in establishment cost is service chargeback amounting to RM7,937,000.

(e) Capital adequacy

Group and Bank	
31 March 2012 %	31 December 2011 %

(l) Capital ratios

Core capital ratios:

Credit risk	35.57	127.85
Credit, market and operational risks	21.93	53.62

Tier 1 capital

	Group and Bank	
	31 March 2012 RM'000	31 December 2011 RM'000
	Islamic banking capital fund	5,000
Retained profits	66,514	66,514
Total tier 1 capital	71,514	71,514
Capital base	71,514	71,514

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27. The Operations of Islamic Banking Scheme (Cont'd)

(e) Capital adequacy (cont'd)

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

Group and Bank				
31 March 2012	Gross		Risk-weighted	Capital
Exposure Class	exposures	Net exposures	assets	requirements
	RM'000	RM'000	RM'000	RM'000
(i) <u>Credit Risk</u>				
On-balance sheet exposures:				
Sovereigns/Central banks	50	50	-	-
Banks, Development Financial Institutions ("DFIs") and Multilateral Development Bank ("MDBs")	46,207	46,207	9,241	739
Other assets	191,816	191,816	191,816	15,345
Total on-balance sheet exposures	238,073	238,073	201,057	16,084
Total off-balance sheet exposures	-	-	-	-
Total on and off-balance sheet exposures	238,073	238,073	201,057	16,084
(ii) <u>Operational Risk</u>	-	-	125,071	10,006
Total RWA and capital requirements	238,073	238,073	326,128	26,090

Group and Bank				
31 December 2011	Gross		Risk-weighted	Capital
Exposure Class	exposures	Net exposures	assets	requirements
	RM'000	RM'000	RM'000	RM'000
(i) <u>Credit Risk</u>				
On-balance sheet exposures:				
Sovereigns/Central banks	58	58	-	-
Banks, Development Financial Institutions ("DFIs") and Multilateral Development Bank ("MDBs")	10,206	10,206	2,041	163
Other assets	53,893	53,893	53,893	4,311
Total on-balance sheet exposures	64,157	64,157	55,934	4,474
Total off-balance sheet exposures	-	-	-	-
Total on and off-balance sheet exposures	64,157	64,157	55,934	4,474
(ii) <u>Operational Risk</u>	-	-	77,429	6,194
Total RWA and capital requirements	64,157	64,157	133,363	10,668

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27. The Operations of Islamic Banking Scheme (Cont'd)

(e) Capital adequacy (cont'd)

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

Group and 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 March 2012									
Risk weights	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
0%	50	-	-	-	-	-	-	50	-
20%	-	46,207	-	-	-	-	-	46,207	9,241
100%	-	-	-	-	-	191,816	-	191,816	191,816
Total exposures	50	46,207	-	-	-	191,816	-	238,073	201,057
Risk-weighted assets by exposures	-	9,241	-	-	-	191,816	-	201,057	
Average risk weights	0%	20%	0%	0%	0%	100%	0%	84%	

Group and 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 2011									
Risk weights	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
0%	58	-	-	-	-	-	-	58	-
20%	-	10,206	-	-	-	-	-	10,206	2,041
100%	-	-	-	-	-	53,893	-	53,893	53,893
Total exposures	58	10,206	-	-	-	53,893	-	64,157	55,934
Risk-weighted assets by exposures	-	2,041	-	-	-	53,893	-	55,934	
Average risk weights	0%	20%	0%	0%	0%	100%	0%	87%	

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27. The Operations of Islamic Banking Scheme (Cont'd)

(f) 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 31 March 2012	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	46,200	-	-	-	-	56	-	46,256	2.95
Other assets	-	-	-	-	-	191,816	-	191,816	-
Total assets	46,200	-	-	-	-	191,872	-	238,072	
Liabilities and Islamic banking fund									
Provision for taxation and zakat	-	-	-	-	-	37,675	-	37,675	-
Other liabilities	-	-	-	-	-	85,738	-	85,738	-
Total liabilities	-	-	-	-	-	123,413	-	123,413	
Reserves	-	-	-	-	-	109,659	-	109,659	-
Islamic banking fund	-	-	-	-	-	5,000	-	5,000	-
Total Islamic banking fund	-	-	-	-	-	114,659	-	114,659	
Total liabilities and Islamic banking fund	-	-	-	-	-	238,072	-	238,072	
Total yield/profit rate sensitivity gap	46,200	-	-	-	-	(46,200)	-	-	
Cumulative yield/profit rate sensitivity gap	46,200	46,200	46,200	46,200	46,200	-	-		

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27. The Operations of Islamic Banking Scheme (Cont'd)

(f) Yield/profit rate risk on IBS portfolio (cont'd)

<u>Group and Bank</u> 31 December 2011	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	10,200	-	-	-	-	58	-	10,258	3.00
Securities available-for-sale	-	-	-	-	-	30,000	-	30,000	4.10
Other assets	-	-	-	-	-	53,893	-	53,893	-
Total assets	10,200	-	-	-	-	83,951	-	94,151	
Liabilities and Islamic banking fund									
Provision for taxation and zakat	-	-	-	-	-	22,632	-	22,632	-
Other liabilities	-	-	-	-	-	5	-	5	-
Total liabilities	-	-	-	-	-	22,637	-	22,637	
Reserves	-	-	-	-	-	66,514	-	66,514	-
Islamic banking fund	-	-	-	-	-	5,000	-	5,000	-
Total Islamic banking fund	-	-	-	-	-	71,514	-	71,514	
Total liabilities and Islamic banking fund	-	-	-	-	-	94,151	-	94,151	
Total yield/profit rate sensitivity gap	10,200	-	-	-	-	(10,200)	-	-	
Cumulative yield/profit rate sensitivity gap	10,200	10,200	10,200	10,200	10,200	-	-	-	

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

(g) 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 balance sheet.

(h) Allocation of income

The policy of allocation of income to the various types of deposits and investments is subject to "The Framework of Rate of Return" issued by Bank Negara Malaysia in October 2001. The objective is to set the minimum standard and terms of reference for the Islamic banking institution in calculating and deriving the rate of return for the depositors.

(i) Shariah committee

The operation of IBS is governed by Section 124(3) of the Banking and Financial Institution Act, 1989 ("the Act"), which stipulates that "any licensed institution carrying on Islamic financial business, in addition to its existing licensed business may, from time to time seek the advise of the Shariah Advisory Council ("SAC") established under subsection (7) of the Act, on the operations of its business in order to ensure that it does not involve any element which is not approved by the Religion of Islam" and Section IV of BNM's "Guidelines on the Governance of Shariah Committee for the Islamic Financial Institutions" known as BNM/GPS 1, stipulates that "Every Islamic institution is required to establish a Shariah Committee".

Based on the above, the duties and responsibilities of the Group's and the Bank's Shariah Committee are to advise on the overall Islamic Banking operations of the Group's and the Bank's business in order to ensure compliance with the Shariah requirements.

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

- (i) To advise the Board on Shariah matters in its business operations
- (ii) To endorse Shariah Compliance Manuals
- (iii) To endorse and validate relevant documentations
- (iv) To assist related parties on Shariah matters for advice upon request
- (v) To advise on matters to be referred to the SAC
- (vi) Provide written Shariah opinion:
 - When the Group and the Bank make references to SAC of BNM for advice on unresolved Shariah issues
 - When the Group and the Bank submit 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 five Shariah consultants.