

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

**CONDENSED FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2012**

|   | Notes    | Group                     |                               | Bank                      |                               |
|---|----------|---------------------------|-------------------------------|---------------------------|-------------------------------|
|   |          | 30 June<br>2012<br>RM'000 | 31 December<br>2011<br>RM'000 | 30 June<br>2012<br>RM'000 | 31 December<br>2011<br>RM'000 |
| <b>ASSETS</b>   |          |                           |                               |                           |                               |
| Cash and short-term funds   | 13       | 1,441,157                 | 1,200,265                     | 1,411,080                 | 1,169,338                     |
| Deposits and placements with banks and other financial institutions | 14       | 31,115                    | 12,590                        | 25,052                    | 9,199                         |
| Securities portfolio held-for-trading                               | 15 (i)   | 287,483                   | 18,238                        | 287,483                   | 18,238                        |
| Securities portfolio available-for-sale                             | 15 (ii)  | 129,604                   | 578,196                       | 85,744                    | 531,600                       |
| Securities portfolio held-to-maturity                               | 15 (iii) | 33                        | 33                            | 33                        | 33                            |
| Loans and advances  | 16       | 303,468                   | 209,437                       | 303,468                   | 209,437                       |
| Other assets  | 17       | 551,463                   | 426,262                       | 541,696                   | 425,230                       |
| Statutory deposits with Bank Negara Malaysia                        |          | 105                       | 105                           | 105                       | 105                           |
| Investment in subsidiaries  |          | -                         | -                             | 233,279                   | 233,279                       |
| Investment in associates  |          | 6,491                     | 10,407                        | 4,200                     | 4,200                         |
| Property, plant and equipment                                       |          | 15,806                    | 13,641                        | 15,652                    | 13,484                        |
| Intangible assets   |          | 7,102                     | 6,028                         | 7,102                     | 6,028                         |
| Deferred tax assets   |          | 17,999                    | 5,524                         | 17,999                    | 5,524                         |
| <b>TOTAL ASSETS</b>   |          | <b>2,791,826</b>          | <b>2,480,726</b>              | <b>2,932,893</b>          | <b>2,625,695</b>              |
| <b>LIABILITIES</b>  |          |                           |                               |                           |                               |
| Deposits and placements of a licensed bank                          |          | 286,331                   | 606,414                       | 286,331                   | 606,414                       |
| Other liabilities   | 18       | 1,788,827                 | 1,351,328                     | 1,953,396                 | 1,518,432                     |
| Derivative liabilities  | 19       | 44,897                    | 7,508                         | 44,897                    | 7,508                         |
| Deferred tax liabilities  |          | 1,101                     | 773                           | -                         | -                             |
| <b>TOTAL LIABILITIES</b>  |          | <b>2,121,156</b>          | <b>1,966,023</b>              | <b>2,284,624</b>          | <b>2,132,354</b>              |
| <b>SHAREHOLDER'S EQUITY</b>   |          |                           |                               |                           |                               |
| Share capital   |          | 50,116                    | 50,116                        | 50,116                    | 50,116                        |
| Reserves  |          | 620,554                   | 464,587                       | 598,153                   | 443,225                       |
| <b>TOTAL EQUITY</b>   |          | <b>670,670</b>            | <b>514,703</b>                | <b>648,269</b>            | <b>493,341</b>                |
| <b>TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY</b>                   |          | <b>2,791,826</b>          | <b>2,480,726</b>              | <b>2,932,893</b>          | <b>2,625,695</b>              |
| <b>COMMITMENTS AND CONTINGENCIES</b>                                | 26       | <b>518,754</b>            | 492,641                       | <b>518,754</b>            | 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)*

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**CONDENSED FINANCIAL STATEMENTS**  
**UNAUDITED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**FOR THE SECOND QUARTER ENDED 30 JUNE 2012**

| <u>Group</u>  | Notes | Quarter Ended             |                           | Cumulative 6 Months Ended |                           |
|---|-------|---------------------------|---------------------------|---------------------------|---------------------------|
|   |       | 30 June<br>2012<br>RM'000 | 30 June<br>2011<br>RM'000 | 30 June<br>2012<br>RM'000 | 30 June<br>2011<br>RM'000 |
| Interest income   | 20    | 8,703                     | 5,981                     | 16,671                    | 10,126                    |
| Interest expense  | 21    | (3,486)                   | (1,201)                   | (6,949)                   | (1,467)                   |
| Net interest income   |       | 5,217                     | 4,780                     | 9,722                     | 8,659                     |
| Net income from Islamic<br>Banking Scheme operations                    | 28    | 63,440                    | 24,044                    | 141,201                   | 36,409                    |
| Non-interest income   | 22    | 171,310                   | 62,986                    | 225,610                   | 122,659                   |
| Net income  |       | 239,967                   | 91,810                    | 376,533                   | 167,727                   |
| Overhead expenses   | 23    | (85,109)                  | (50,851)                  | (145,718)                 | (96,635)                  |
| Operating profit  |       | 154,858                   | 40,959                    | 230,815                   | 71,092                    |
| Writeback of impairment on loans and<br>advances and other debtors, net | 24    | 392                       | 578                       | 810                       | 175                       |
|   |       | 155,250                   | 41,537                    | 231,625                   | 71,267                    |
| Share of results of associate   |       | (89)                      | 217                       | (3,916)                   | 218                       |
| <b>Profit before taxation and zakat</b>                                 |       | 155,161                   | 41,754                    | 227,709                   | 71,485                    |
| Taxation and zakat  |       | (38,708)                  | (8,055)                   | (59,362)                  | (15,373)                  |
| <b>Net profit for the period</b>  |       | 116,453                   | 33,699                    | 168,347                   | 56,112                    |
| Basic earnings per share (sen)  |       | 232                       | 67                        | 336                       | 112                       |

| <u>Group</u>   | Quarter Ended             |                           | Cumulative 6 Months Ended |                           |
|--|---------------------------|---------------------------|---------------------------|---------------------------|
|  | 30 June<br>2012<br>RM'000 | 30 June<br>2011<br>RM'000 | 30 June<br>2012<br>RM'000 | 30 June<br>2011<br>RM'000 |
| <b>Net profit for the period</b>   | 116,453                   | 33,699                    | 168,347                   | 56,112                    |
| <b>Other comprehensive loss:</b>   |                           |                           |                           |                           |
| Net loss on securities available-for-sale  |                           |                           |                           |                           |
| - loss on fair value changes, net of tax   | (9,426)                   | (1,536)                   | (12,539)                  | (4,226)                   |
| Foreign currency translation   | 1,769                     | (38)                      | 159                       | (806)                     |
| <b>Other comprehensive loss for the period,<br/>net of tax</b>                                   | (7,657)                   | (1,574)                   | (12,380)                  | (5,032)                   |
| <b>Total comprehensive income for the period<br/>attributable to equity holder of the parent</b> | 108,796                   | 32,125                    | 155,967                   | 51,080                    |

*(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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**CONDENSED FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME**  
**FOR THE SECOND QUARTER ENDED 30 JUNE 2012**

| <u>Bank</u>  | Notes | Quarter Ended  |               | Cumulative 6 Months Ended |               |
|--|-------|----------------|---------------|---------------------------|---------------|
|  |       | 30 June        | 30 June       | 30 June                   | 30 June       |
|  |       | 2012           | 2011          | 2012                      | 2011          |
|  |       | RM'000         | RM'000        | RM'000                    | RM'000        |
| Interest income  | 20    | 8,419          | 5,795         | 16,262                    | 9,761         |
| Interest expense   | 21    | (3,486)        | (1,201)       | (6,949)                   | (1,467)       |
| Net interest income  |       | 4,933          | 4,594         | 9,313                     | 8,294         |
| Net income from Islamic Banking Scheme operations                    | 28    | 63,440         | 24,044        | 141,201                   | 36,409        |
| Non-interest income  | 22    | 160,202        | 63,022        | 214,563                   | 122,231       |
| Net income   |       | 228,575        | 91,660        | 365,077                   | 166,934       |
| Overhead expenses  | 23    | (84,572)       | (50,373)      | (144,348)                 | (95,687)      |
| Operating profit   |       | 144,003        | 41,287        | 220,729                   | 71,247        |
| Writeback of impairment on loans and advances and other debtors, net | 24    | 392            | 578           | 810                       | 175           |
| <b>Profit before taxation and zakat</b>                              |       | <b>144,395</b> | <b>41,865</b> | <b>221,539</b>            | <b>71,422</b> |
| Taxation and zakat   |       | (36,562)       | (8,325)       | (57,199)                  | (15,618)      |
| <b>Net profit for the period</b>                                     |       | <b>107,833</b> | <b>33,540</b> | <b>164,340</b>            | <b>55,804</b> |
| Basic earnings per share (sen)                                       |       | 215            | 67            | 328                       | 111           |

| <u>Bank</u>  | Quarter Ended  |               | Cumulative 6 Months Ended |               |
|--|----------------|---------------|---------------------------|---------------|
|  | 30 June        | 30 June       | 30 June                   | 30 June       |
|  | 2012           | 2011          | 2012                      | 2011          |
|  | RM'000         | RM'000        | RM'000                    | RM'000        |
| <b>Net profit for the period</b>   | <b>107,833</b> | <b>33,540</b> | <b>164,340</b>            | <b>55,804</b> |
| <b>Other comprehensive loss:</b>   |                |               |                           |               |
| Net loss on securities available-for-sale  |                |               |                           |               |
| - Loss on fair value changes, net of tax   | (1,730)        | (18)          | (9,412)                   | -             |
| <b>Other comprehensive loss for the period, net of tax</b>                                 | <b>(1,730)</b> | <b>(18)</b>   | <b>(9,412)</b>            | <b>-</b>      |
| <b>Total comprehensive income for the period attributable to equity holder of the Bank</b> | <b>106,103</b> | <b>33,522</b> | <b>154,928</b>            | <b>55,804</b> |

*(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 SECOND QUARTER ENDED 30 JUNE 2012**

|   | Group                     |                           | Bank                      |                           |
|---|---------------------------|---------------------------|---------------------------|---------------------------|
|   | 30 June<br>2012<br>RM'000 | 30 June<br>2011<br>RM'000 | 30 June<br>2012<br>RM'000 | 30 June<br>2011<br>RM'000 |
| Profit before taxation and zakat                              | 227,709                   | 71,485                    | 221,539                   | 71,422                    |
| Adjustment for non-operating and non-cash items               | 5,267                     | (1,277)                   | 2,586                     | (1,863)                   |
| Operating profit before working capital changes               | <u>232,976</u>            | <u>70,208</u>             | <u>224,125</u>            | <u>69,559</u>             |
| Changes in working capital:                                   |                           |                           |                           |                           |
| Net changes in operating assets                               | (328,324)                 | 208,824                   | (317,839)                 | 179,124                   |
| Net changes in operating liabilities                          | 108,912                   | (191,433)                 | 107,666                   | (167,158)                 |
| Net taxes paid  | (22,388)                  | (54,958)                  | (21,935)                  | (53,199)                  |
| <b>Net cash (used in)/generated from operations</b>           | <u>(8,824)</u>            | <u>32,641</u>             | <u>(7,983)</u>            | <u>28,326</u>             |
| <b>Net cash used in investing activities</b>                  | <u>(5,635)</u>            | <u>(5,665)</u>            | <u>(5,626)</u>            | <u>(6,061)</u>            |
| <b>Net cash used in financing activities - dividends paid</b> | <u>-</u>                  | <u>(100,000)</u>          | <u>-</u>                  | <u>(100,000)</u>          |
| <b>Net decrease in cash and cash equivalents</b>              | <u>(14,459)</u>           | <u>(73,024)</u>           | <u>(13,609)</u>           | <u>(77,735)</u>           |
| <b>Cash and cash equivalents at beginning of the period</b>   | <u>320,898</u>            | <u>200,107</u>            | <u>289,971</u>            | <u>172,907</u>            |
| <b>Cash and cash equivalents at end of the period</b>         | <u>306,439</u>            | <u>127,083</u>            | <u>276,362</u>            | <u>95,172</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  | 1,441,157      | 1,322,342      | 1,411,080      | 1,290,431     |
| Less: Monies held in trust | (1,134,718)    | (1,195,259)    | (1,134,718)    | (1,195,259)   |
|                            | <u>306,439</u> | <u>127,083</u> | <u>276,362</u> | <u>95,172</u> |

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**CONDENSED FINANCIAL STATEMENTS**  
**UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE SECOND QUARTER ENDED 30 JUNE 2012**

| <u>Group</u>                                     | ←-----Non-distributable-----> |                            |                                   |                               |   |   | Exchange<br>fluctuation<br>reserve<br>RM'000 | Distributable<br>retained<br>earnings<br>RM'000 | Total<br>RM'000 |
|--|-------------------------------|----------------------------|-----------------------------------|-------------------------------|---|---|--|---|-----------------|
|  | Share<br>capital<br>RM'000    | Share<br>premium<br>RM'000 | Statutory<br>reserves *<br>RM'000 | Capital<br>Reserves<br>RM'000 | Unrealised<br>holding<br>reserves<br>RM'000 | Unrealised<br>holding<br>reserves<br>RM'000 |  |   |                 |
| <b>At 1 January 2012</b>                         | 50,116                        | 172,669                    | 50,116                            | -                             | 21,871                                      | (4,526)                                     | 224,457                                      | 514,703   |                 |
| Profit for the period                            | -                             | -                          | -                                 | -                             | -   | -   | 168,347                                      | 168,347   |                 |
| Other comprehensive (loss)/income                | -                             | -                          | -                                 | -                             | (12,539)                                    | 159   | -  | (12,380)  |                 |
| Total comprehensive (loss)/income for the period | -                             | -                          | -                                 | -                             | (12,539)                                    | 159   | 168,347                                      | 155,967   |                 |
| <b>At 30 June 2012</b>                           | <b>50,116</b>                 | <b>172,669</b>             | <b>50,116</b>                     | <b>-</b>                      | <b>9,332</b>                                | <b>(4,367)</b>                              | <b>392,804</b>                               | <b>670,670</b>                                  |                 |
| <b>At 1 July 2010</b>                            | 50,116                        | 172,669                    | 50,116                            | -                             | 18,762                                      | (3,788)                                     | 116,348                                      | 404,223   |                 |
| Effects of adopting FRS 139                      | -                             | -                          | -                                 | -                             | -   | -   | 15,911                                       | 15,911  |                 |
| <b>At 1 July 2010</b>                            | 50,116                        | 172,669                    | 50,116                            | -                             | 18,762                                      | (3,788)                                     | 132,259                                      | 420,134   |                 |
| Profit for the period                            | -                             | -                          | -                                 | -                             | -   | -   | 62,458                                       | 62,458  |                 |
| Other comprehensive (loss)/income                | -                             | -                          | -                                 | (33)                          | 11,455                                      | (2,324)                                     | 20   | 9,118   |                 |
| Total comprehensive (loss)/income for the period | -                             | -                          | -                                 | (33)                          | 11,455                                      | (2,324)                                     | 62,478                                       | 71,576  |                 |
| <b>At 31 December 2010</b>                       | 50,116                        | 172,669                    | 50,116                            | (33)                          | 30,217                                      | (6,112)                                     | 194,737                                      | 491,710   |                 |
| <b>At 1 January 2011</b>                         | 50,116                        | 172,669                    | 50,116                            | (33)                          | 30,217                                      | (6,112)                                     | 194,737                                      | 491,710   |                 |
| Profit for the period                            | -                             | -                          | -                                 | -                             | -   | -   | 56,112                                       | 56,112  |                 |
| Other comprehensive loss                         | -                             | -                          | -                                 | -                             | (4,226)                                     | (806)                                       | -  | (5,032)   |                 |
| Total comprehensive (loss)/income for the period | -                             | -                          | -                                 | -                             | (4,226)                                     | (806)                                       | 56,112                                       | 51,080  |                 |
| <b>Transactions with owner</b>                   |                               |                            |                                   |                               |   |   |  |   |                 |
| Dividends  | -                             | -                          | -                                 | -                             | -   | -   | (100,000)                                    | (100,000)                                       |                 |
| <b>Total transactions with owner</b>             | -                             | -                          | -                                 | -                             | -   | -   | (100,000)                                    | (100,000)                                       |                 |
| <b>At 30 June 2011</b>                           | 50,116                        | 172,669                    | 50,116                            | (33)                          | 25,991                                      | (6,918)                                     | 150,849                                      | 442,790   |                 |

\* 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)*

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**CONDENSED FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE SECOND QUARTER ENDED 30 JUNE 2012**

| <b>Bank</b>                                      | <-----Non-distributable----->       |                                     |  |   | <b>Distributable<br/>retained<br/>earnings</b> | <b>Total<br/>RM'000</b> |
|--|-------------------------------------|-------------------------------------|--|---|--|-------------------------|
|  | <b>Share<br/>capital<br/>RM'000</b> | <b>Share<br/>premium<br/>RM'000</b> | <b>Statutory<br/>reserves *<br/>RM'000</b> | <b>Unrealised<br/>holding<br/>reserves<br/>RM'000</b> |  |                         |
| <b>At 1 January 2012</b>                         | 50,116                              | 172,669                             | 50,116                                     | 7,249   | 213,191  | 493,341                 |
| Profit for the period                            | -                                   | -                                   | -  | -   | 164,340  | 164,340                 |
| Other comprehensive loss                         | -                                   | -                                   | -  | (9,412)   | -  | (9,412)                 |
| Total comprehensive (loss)/income for the period | -                                   | -                                   | -  | (9,412)   | 164,340  | 154,928                 |
| <b>At 30 June 2012</b>                           | <b>50,116</b>                       | <b>172,669</b>                      | <b>50,116</b>                              | <b>(2,163)</b>  | <b>377,531</b>                                 | <b>648,269</b>          |
| <b>At 1 July 2010</b>                            | 50,116                              | 172,669                             | 50,116                                     | 5,777   | 109,753  | 388,431                 |
| Effects of adopting FRS 139                      | -                                   | -                                   | -  | -   | 15,911   | 15,911                  |
| <b>At 1 July 2010</b>                            | 50,116                              | 172,669                             | 50,116                                     | 5,777   | 125,664  | 404,342                 |
| Profit for the period                            | -                                   | -                                   | -  | -   | 58,203   | 58,203                  |
| Other comprehensive loss                         | -                                   | -                                   | -  | (5,777)   | -  | (5,777)                 |
| Total comprehensive (loss)/income for the period | -                                   | -                                   | -  | (5,777)   | 58,203   | 52,426                  |
| <b>At 31 December 2010</b>                       | 50,116                              | 172,669                             | 50,116                                     | -   | 183,867  | 456,768                 |
| <b>At 1 January 2011</b>                         | 50,116                              | 172,669                             | 50,116                                     | -   | 183,867  | 456,768                 |
| Profit for the period                            | -                                   | -                                   | -  | -   | 55,804   | 55,804                  |
| Total comprehensive income for the period        | -                                   | -                                   | -  | -   | 55,804   | 55,804                  |
| <b>Transactions with owner</b>                   |                                     |                                     |  |   |  |                         |
| Dividends  | -                                   | -                                   | -  | -   | (100,000)                                      | (100,000)               |
| <b>Total transactions with owner</b>             | -                                   | -                                   | -  | -   | (100,000)                                      | (100,000)               |
| <b>At 30 June 2011</b>                           | 50,116                              | 172,669                             | 50,116                                     | -   | 139,671  | 412,572                 |

\* 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.

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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 30 June 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 31 December 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") as modified by Bank Negara Malaysia Guidelines. 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 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 and 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 (i.e. the transition date to MFRS). In respect of acquisitions prior to the date of transition;

- (a) The classification of former business combinations under FRS is maintained;
- (b) There is no re-measurement of original fair values determined at the time of business combination (date of acquisition); and
- (c) The carrying amount of goodwill recognised under FRS is not adjusted.

(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)

In the previous quarter ended 31 March 2012, the Group and the Bank have considered to opt for the abovementioned optional exemption as allowed under MFRS 1. After several assessments and due deliberations, it was noted that the benefits/advantages derived from applying the exemption will not fully benefit the Group and the Bank. Hence, the Group and the Bank have decided not to apply the abovementioned exemption.

- (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.

In the previous quarter ended 31 March 2012, the Group and the Bank have considered to opt for the abovementioned optional exemption as allowed under MFRS 1. After several assessments and due deliberations, it was noted that the benefits/advantages derived from applying the exemption will not fully benefit the Group and the Bank. Hence, the Group and the Bank have decided not to apply the abovementioned exemption.

The above 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.

**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 of 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)), Available-for-sale (Note 15 (ii)) and Derivative Financial Instruments (Note 19)**

The fair value of securities and derivatives that are not traded in an active market are determined using valuation techniques based on assumptions of market conditions existing at the 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 recognised based on estimates of whether additional taxes will be payable. The estimation process includes seeking expert advice where appropriate. Where the final liability for taxation is different from the amounts that were initially recorded, the differences will affect the income tax and deferred tax provisions in the period 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 (such as the performance of different individual groups) 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 Group and 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; and
- (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 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; and
- (ii) Determination of "significant" or "prolonged" requires judgement and management evaluation on 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 second quarter ended 30 June 2012.

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

During the quarter ended 30 June 2012, there were no unusual items affecting the assets, liabilities, equity, net income or cash flows of the Group and the Bank.

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**7. Significant Events During and Subsequent to The Quarter**

The Bank had on 9 April 2012 entered into a conditional Share Purchase Agreement ("SPA") with Al Numu Real Estate Co and Anfaal Capital ("Anfaal") for the following :-

- i. Proposed acquisition of 858,499 ordinary shares of SAR10 each in Anfaal ("Anfaal Shares"), representing approximately 17.17% of the ordinary share capital of Anfaal for a cash consideration of SAR10,516,613 (RM8,907,571) being SAR12.25 for each Anfaal Share; and
- ii. Proposed assignment of the subordinated loan of SAR2,070,000 (RM1,753,290) from Al Numu to Maybank IB, which is intended to be converted into 207,000 new Anfaal Shares.

In addition to the above, the Board of the Bank in its meeting held on 23 August 2011 and 21 October 2011, approved the proposed subscription of 459,000 new Anfaal Shares pursuant to the proposed rights issue of SAR8,500,000 (RM7,199,500) at SAR10 per share for total consideration of SAR4,590,000 (RM3,887,730) on the basis of 17 new shares held prior to the conversion of subordinated loan.

The Bank currently holds 900,000 Anfaal Shares, representing 18.00% equity interest in Anfaal. The Bank will hold 35.17% equity interest in Anfaal upon completion of the proposed acquisition and 37.59% equity interest in Anfaal upon completion of the proposed subscription of rights issue and proposed conversion of the subordinated loan.

**8. Changes in Estimates**

There were no material changes in estimates during the quarter ended 30 June 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 30 June 2012.

**11. Performance Review**

For the 6 months period ended 30 June 2012, the Group recorded 124.5% and 224.7% growth in revenue and operating profit respectively despite the challenging business environment.

Net interest income increased by 12.3% or RM1.1 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 RM141.2 million (RM36.4 million in corresponding 6 months ended last year) due to sizeable debt market transactions. Non-interest income was higher by 83.9% or RM103.0 million to RM225.6 million due to higher fee-based income mainly from investment banking. Net income rose by RM208.8 million or 124.5% to RM376.5 million.

Overhead expenses rose by 50.8% or RM49.1 million to RM145.7 million from RM96.6 million last year. This was largely attributable to the increase in personnel related costs, namely, salaries (RM9.7 million), bonus (RM25.7 million), Employee Share Option Scheme (RM3.1 million) and pension costs (RM1.7 million).

The Group's profit before taxation and zakat registered an increase of 218.5% or RM156.2 million to RM227.7 million. Net profit improved by 200.0% or RM112.2 million to RM168.3 million for the period ended 30 June 2012 compared to the previous corresponding period.

**12. Prospects**

The global economy is forecast to slowdown with a GDP growth of 3.0% in 2012 from an estimated growth of 3.9% in 2011 due to recession in Eurozone and lackluster growth in other major advanced economies. Asia ex-Japan, however, is expected to outperform the advanced economies with ASEAN growth expected to be resilient.

In Malaysia, domestic investment, led by the implementation of major infrastructure projects and industry investments under the Economic Transformation Programme (ETP) is the key driver for growth.

Considering the above factors, the Group expects 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                      |                               |
|--|---------------------------|-------------------------------|---------------------------|-------------------------------|
|  | 30 June<br>2012<br>RM'000 | 31 December<br>2011<br>RM'000 | 30 June<br>2012<br>RM'000 | 31 December<br>2011<br>RM'000 |
| Cash and bank balances with a licensed bank  | 1,185,445                 | 933,324                       | 1,158,518                 | 906,397                       |
| Deposit placements maturing within one month | 255,712                   | 266,941                       | 252,562                   | 262,941                       |
|  | <u>1,441,157</u>          | <u>1,200,265</u>              | <u>1,411,080</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 RM1,134,718,000 (31 December 2011: RM879,367,000) in respect of the stockbroking business.

**14. Deposits and placements with banks and other financial institutions**

|               | Group                     |                               | Bank                      |                               |
|---------------|---------------------------|-------------------------------|---------------------------|-------------------------------|
|               | 30 June<br>2012<br>RM'000 | 31 December<br>2011<br>RM'000 | 30 June<br>2012<br>RM'000 | 31 December<br>2011<br>RM'000 |
| Licensed bank | 31,115                    | 12,590                        | 25,052                    | 9,199                         |

Included in deposits and placements of the Group and of the Bank are monies held in trust of RM25,052,000 (31 December 2011: RM9,199,000) in respect of the stockbroking business.

**15. Securities portfolio**

|                               |          | Group                     |                               | Bank                      |                               |
|-------------------------------|----------|---------------------------|-------------------------------|---------------------------|-------------------------------|
|                               |          | 30 June<br>2012<br>RM'000 | 31 December<br>2011<br>RM'000 | 30 June<br>2012<br>RM'000 | 31 December<br>2011<br>RM'000 |
| Securities held-for-trading   | 15 (i)   | 287,483                   | 18,238                        | 287,483                   | 18,238                        |
| Securities available-for-sale | 15 (ii)  | 129,604                   | 578,196                       | 85,744                    | 531,600                       |
| Securities held-to-maturity   | 15 (iii) | 33                        | 33                            | 33                        | 33                            |
| Total securities portfolio    |          | <u>417,120</u>            | <u>596,467</u>                | <u>373,260</u>            | <u>549,871</u>                |

**15 (i) Securities held-for-trading**

| At fair value                            | Group                     |                               | Bank                      |                               |
|--|---------------------------|-------------------------------|---------------------------|-------------------------------|
|  | 30 June<br>2012<br>RM'000 | 31 December<br>2011<br>RM'000 | 30 June<br>2012<br>RM'000 | 31 December<br>2011<br>RM'000 |
| <b>Quoted Securities:</b>                |                           |                               |                           |                               |
| Corporate bonds                          | 207,612                   | -                             | 207,612                   | -                             |
| Shares in Malaysia                       | 79,871                    | 18,238                        | 79,871                    | 18,238                        |
| <b>Total securities held-for-trading</b> | <u>287,483</u>            | <u>18,238</u>                 | <u>287,483</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<br>for certain unquoted equity instruments | Group           |                     | Bank            |                     |
|--|-----------------|---------------------|-----------------|---------------------|
|  | 30 June<br>2012 | 31 December<br>2011 | 30 June<br>2012 | 31 December<br>2011 |
|  | RM'000          | RM'000              | RM'000          | RM'000              |
| <b>Quoted Securities:</b>  |                 |                     |                 |                     |
| Shares in Malaysia   | 45,658          | 67,596              | 45,658          | 67,596              |
| Shares outside Malaysia  | 41,830          | 44,547              | 170             | 151                 |
|  | <u>87,488</u>   | <u>112,143</u>      | <u>45,828</u>   | <u>67,747</u>       |
| <b>Unquoted Securities:</b>  |                 |                     |                 |                     |
| Shares and loan stocks in Malaysia   | 37,626          | 37,626              | 35,426          | 35,426              |
| Shares and loan stocks outside Malaysia  | 4,490           | 4,491               | 4,490           | 4,491               |
| Private debt securities in Malaysia  | -               | 110,495             | -               | 110,495             |
| Islamic private debt securities in Malaysia  | -               | 313,441             | -               | 313,441             |
|  | <u>42,116</u>   | <u>466,053</u>      | <u>39,916</u>   | <u>463,853</u>      |
| <b>Total securities available-for-sale</b>   | <b>129,604</b>  | <b>578,196</b>      | <b>85,744</b>   | <b>531,600</b>      |

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

| At amortised Cost                        | Group and Bank  |                     |
|--|-----------------|---------------------|
|  | 30 June<br>2012 | 31 December<br>2011 |
|  | RM'000          | RM'000              |
| <b>Unquoted Securities:</b>              |                 |                     |
| Corporate bond                           | 33              | 33                  |
| <b>Total securities held-to-maturity</b> | <b>33</b>       | <b>33</b>           |

**16. Loans and advances**

| At amortised cost                 | Group and Bank  |                     |
|-----------------------------------|-----------------|---------------------|
|                                   | 30 June<br>2012 | 31 December<br>2011 |
|                                   | RM'000          | RM'000              |
| Term loans                        |                 |                     |
| - Syndicated term loan            | 6,209           | 6,209               |
| - Other term loan                 | 1,096           | 1,096               |
| Margin accounts                   | 285,086         | 191,389             |
| Foreign currency loans            | 1,525           | 1,525               |
| Staff loans                       | 15,827          | 15,485              |
| Gross loans and advances          | <u>309,743</u>  | <u>215,704</u>      |
| Less: Allowance for impairment    |                 |                     |
| - Individual assessment allowance | (6,275)         | (6,267)             |
| Net loans and advances            | <u>303,468</u>  | <u>209,437</u>      |

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**16. Loans and advances (Cont'd)**

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

|                               | <b>Group and Bank</b> |                    |
|-------------------------------|-----------------------|--------------------|
|                               | <b>30 June</b>        | <b>31 December</b> |
|                               | <b>2012</b>           | <b>2011</b>        |
|                               | <b>RM'000</b>         | <b>RM'000</b>      |
| Domestic business enterprises | 147,212               | 85,955             |
| Individuals                   | 161,006               | 128,224            |
| Foreign entities              | 1,525                 | 1,525              |
| Gross loans and advances      | <u>309,743</u>        | <u>215,704</u>     |

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

|                             | <b>Group and Bank</b> |                    |
|-----------------------------|-----------------------|--------------------|
|                             | <b>30 June</b>        | <b>31 December</b> |
|                             | <b>2012</b>           | <b>2011</b>        |
|                             | <b>RM'000</b>         | <b>RM'000</b>      |
| Fixed rate                  |                       |                    |
| - Housing loans             | 10,160                | 9,938              |
| - Hire purchase receivables | 5,341                 | 5,334              |
| - Other fixed rate loans    | 326                   | 213                |
| Variable rate               |                       |                    |
| - BLR-plus                  | 8,830                 | 8,830              |
| - Cost-plus                 | 285,086               | 191,389            |
| Gross loans and advances    | <u>309,743</u>        | <u>215,704</u>     |

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

|   | <b>Group and Bank</b> |                    |
|---|-----------------------|--------------------|
|   | <b>30 June</b>        | <b>31 December</b> |
|   | <b>2012</b>           | <b>2011</b>        |
|   | <b>RM'000</b>         | <b>RM'000</b>      |
| Purchase of securities                  | 285,086               | 191,389            |
| Purchase of transport vehicles          | 5,502                 | 5,497              |
| Purchase of residential landed property | 11,095                | 10,871             |
| Personal use                            | 322                   | 213                |
| Working capital                         | 7,738                 | 7,734              |
| Gross loans and advances                | <u>309,743</u>        | <u>215,704</u>     |

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

|                           | <b>Group and Bank</b> |                    |
|---------------------------|-----------------------|--------------------|
|                           | <b>30 June</b>        | <b>31 December</b> |
|                           | <b>2012</b>           | <b>2011</b>        |
|                           | <b>RM'000</b>         | <b>RM'000</b>      |
| Maturing within one year  | 292,958               | 199,416            |
| One year to three years   | 358                   | 464                |
| Three years to five years | 5,063                 | 4,124              |
| After five years          | 11,364                | 11,700             |
| Gross loans and advances  | <u>309,743</u>        | <u>215,704</u>     |

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**16. Loans and advances (Cont'd)**

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

|   | <b>Group and Bank</b>              |  |
|---|------------------------------------|--|
|   | <b>30 June<br/>2012<br/>RM'000</b> | <b>31 December<br/>2011<br/>RM'000</b> |
| Gross balance at beginning of the period  | 6,786                              | 8,471                                  |
| Impaired during the period  | 28                                 | 2,226                                  |
| Recovered/regularised during the period   | (19)                               | (3,991)                                |
| Exchange differences  | -                                  | 80                                     |
| Gross balance at end of the period  | 6,795                              | 6,786                                  |
| Less:   |                                    |  |
| Individual assessment   | (6,275)                            | (6,267)                                |
| Net balance at end of the period  | 520                                | 519                                    |
| Net impaired loans as % of gross loans and<br>advances less individual assessment | <b>0.17%</b>                       | <b>0.25%</b>                           |

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

|   | <b>Group and Bank</b>              |  |
|---|------------------------------------|--|
|   | <b>30 June<br/>2012<br/>RM'000</b> | <b>31 December<br/>2011<br/>RM'000</b> |
| Purchase of securities                  | 16                                 | -                                      |
| Purchase of transport vehicles          | 156                                | 156                                    |
| Purchase of residential landed property | 414                                | 421                                    |
| Working capital                         | 6,209                              | 6,209                                  |
|   | 6,795                              | 6,786                                  |

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

|  | <b>Group and Bank</b>              |  |
|--|------------------------------------|--|
|  | <b>30 June<br/>2012<br/>RM'000</b> | <b>31 December<br/>2011<br/>RM'000</b> |
| <b>Individual assessment allowance:</b>      |                                    |  |
| Balance at beginning of the period           | 6,267                              | 7,941                                  |
| Allowance made during the period             | 21                                 | 210                                    |
| Amount written back in respect of recoveries | (13)                               | (1,884)                                |
| Balance at end of the period                 | 6,275                              | 6,267                                  |

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**17. Other assets**

|  | Group                     |                               | Bank                      |                               |
|--|---------------------------|-------------------------------|---------------------------|-------------------------------|
|  | 30 June<br>2012<br>RM'000 | 31 December<br>2011<br>RM'000 | 30 June<br>2012<br>RM'000 | 31 December<br>2011<br>RM'000 |
| Tax recoverable                          | -                         | 421                           | -                         | -                             |
| Amount due from brokers and clients      |                           |                               |                           |                               |
| - Non-margin accounts (a)                | <b>456,271</b>            | 377,286                       | <b>456,271</b>            | 377,286                       |
| Amount due from ultimate holding company | <b>42,232</b>             | 25,941                        | <b>42,232</b>             | 25,941                        |
| Other debtors, deposits and prepayment   | <b>60,330</b>             | 30,034                        | <b>48,276</b>             | 27,297                        |
|  | <b>558,833</b>            | 433,682                       | <b>546,779</b>            | 430,524                       |
| Less: Allowance for doubtful debts       | <b>(7,370)</b>            | (7,420)                       | <b>(5,083)</b>            | (5,294)                       |
|  | <b>551,463</b>            | 426,262                       | <b>541,696</b>            | 425,230                       |

- (a) Amount due from brokers and clients represents net amount receivable from non-margin clients, which include outstanding purchase contracts entered into on behalf of clients, contra losses and 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.

**18. Other liabilities**

|                                       | Group                     |                               | Bank                      |                               |
|---------------------------------------|---------------------------|-------------------------------|---------------------------|-------------------------------|
|                                       | 30 June<br>2012<br>RM'000 | 31 December<br>2011<br>RM'000 | 30 June<br>2012<br>RM'000 | 31 December<br>2011<br>RM'000 |
| Provisions and accruals               | <b>150,453</b>            | 49,290                        | <b>145,963</b>            | 45,003                        |
| Amount due to brokers and clients (a) | <b>987,714</b>            | 1,187,517                     | <b>987,714</b>            | 1,187,517                     |
| Deposits and other creditors          | <b>601,565</b>            | 110,440                       | <b>771,913</b>            | 281,831                       |
| Provision for taxation and zakat      | <b>49,095</b>             | 4,081                         | <b>47,806</b>             | 4,081                         |
|                                       | <b>1,788,827</b>          | 1,351,328                     | <b>1,953,396</b>          | 1,518,432                     |

- (a) Amount due to brokers and clients represents net amount payable to margin and non-margin clients, which include outstanding sales contracts entered into on behalf of clients, contra gains and clients' trust monies.

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.



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**19. Derivative liabilities**

|                                    | Group and Bank                            |                         |   |                         |
|------------------------------------|---|-------------------------|---|-------------------------|
|                                    | 30 June<br>2012                           |                         | 31 December<br>2011                       |                         |
|                                    | Contract/<br>Notional<br>amount<br>RM'000 | Fair<br>value<br>RM'000 | Contract/<br>Notional<br>amount<br>RM'000 | Fair<br>value<br>RM'000 |
| <b>Equity related derivatives:</b> |   |                         |   |                         |
| Equity options                     | 153,024                                   | 44,798                  | 28,952                                    | 7,508                   |
| Index futures                      | 4,657                                     | 99                      | -   | -                       |
|                                    | <b>157,681</b>                            | <b>44,897</b>           | 28,952                                    | 7,508                   |

The Group and the Bank have recognised the fair value changes of the derivative liabilities as follows:

|                                    | Group and Bank            |                           |                           |                           |
|------------------------------------|---------------------------|---------------------------|---------------------------|---------------------------|
|                                    | Quarter Ended             |                           | Cumulative 6 Months Ended |                           |
|                                    | 30 June<br>2012<br>RM'000 | 30 June<br>2011<br>RM'000 | 30 June<br>2012<br>RM'000 | 30 June<br>2011<br>RM'000 |
| <b>Equity related derivatives:</b> |                           |                           |                           |                           |
| Equity options                     | 731                       | -                         | 5,253                     | -                         |
| Index futures                      | (99)                      | -                         | (99)                      | -                         |
|                                    | <b>632</b>                | -                         | <b>5,154</b>              | -                         |

Futures are derivatives whose value are derived from the underlying assets they are based on. All futures contracts are listed on futures exchanges and regulated by their respective regulators.

The Bank traded futures on KLCI index as it needs to hedge its market making activities on the options on KLCI Index. The Bank also trades the futures contract as part of our hedging activities for products linked to the index sold to our customers, as well as an overall hedge to our relevant Bank's portfolio.

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**20. Interest income**

| <u>Group</u>   | Quarter Ended |              | Cumulative 6 Months Ended |               |
|--|---------------|--------------|---------------------------|---------------|
|  | 30 June       | 30 June      | 30 June                   | 30 June       |
|  | 2012          | 2011         | 2012                      | 2011          |
|  | RM'000        | RM'000       | RM'000                    | RM'000        |
| Loans and advances   |               |              |                           |               |
| - Interest income other than recoveries from impaired loans                      | 4,693         | 3,708        | 8,404                     | 6,308         |
| - Recoveries from impaired loans   | 17            | 14           | 34                        | 116           |
| Money at call and deposit placements with banks and other financial institutions | 3,127         | 2,222        | 6,474                     | 3,328         |
| Securities held-for-trading  | 178           | -            | 178                       | -             |
| Securities available-for-sale  | 688           | 37           | 1,581                     | 374           |
| <b>Total interest income</b>   | <b>8,703</b>  | <b>5,981</b> | <b>16,671</b>             | <b>10,126</b> |

| <u>Bank</u>  | Quarter Ended |              | Cumulative 6 Months Ended |              |
|--|---------------|--------------|---------------------------|--------------|
|  | 30 June       | 30 June      | 30 June                   | 30 June      |
|  | 2012          | 2011         | 2012                      | 2011         |
|  | RM'000        | RM'000       | RM'000                    | RM'000       |
| Loans and advances   |               |              |                           |              |
| - Interest income other than recoveries from impaired loans                      | 4,693         | 3,708        | 8,404                     | 6,308        |
| - Recoveries from impaired loans   | 17            | 14           | 34                        | 116          |
| Money at call and deposit placements with banks and other financial institutions | 2,801         | 2,036        | 6,065                     | 2,963        |
| Securities held-for-trading  | 178           | -            | 178                       | -            |
| Securities available-for-sale  | 730           | 37           | 1,581                     | 374          |
| <b>Total interest income</b>   | <b>8,419</b>  | <b>5,795</b> | <b>16,262</b>             | <b>9,761</b> |

**21. Interest expense**

|  | Group and Bank |         | Group and Bank            |         |
|--|----------------|---------|---------------------------|---------|
|  | Quarter Ended  |         | Cumulative 6 Months Ended |         |
|  | 30 June        | 30 June | 30 June                   | 30 June |
|  | 2012           | 2011    | 2012                      | 2011    |
|  | RM'000         | RM'000  | RM'000                    | RM'000  |
| Deposits and placements from a licensed bank | 3,486          | 1,201   | 6,949                     | 1,467   |

**22. Non-interest income**

| <u>Group</u>                      | Quarter Ended  |               | Cumulative 6 Months Ended |                |
|-----------------------------------|----------------|---------------|---------------------------|----------------|
|                                   | 30 June        | 30 June       | 30 June                   | 30 June        |
|                                   | 2012           | 2011          | 2012                      | 2011           |
|                                   | RM'000         | RM'000        | RM'000                    | RM'000         |
| <b>Fee and commission income:</b> |                |               |                           |                |
| Arranger and upfront fees         | 25,052         | 15,782        | 24,367                    | 17,082         |
| Brokerage income                  | 36,561         | 30,859        | 70,575                    | 67,588         |
| Corporate advisory fees           | 52,515         | 3,590         | 60,025                    | 7,088          |
| Placement fees                    | 35,510         | 6,507         | 40,270                    | 10,756         |
| Underwriting commission           | 8,710          | 584           | 11,493                    | 584            |
| Other fee income                  | 7,487          | 1,898         | 12,190                    | 5,610          |
|                                   | <b>165,835</b> | <b>59,220</b> | <b>218,920</b>            | <b>108,708</b> |

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

| <u>Group</u>  | Quarter Ended             |                           | Cumulative 6 Months Ended |                           |
|---|---------------------------|---------------------------|---------------------------|---------------------------|
|   | 30 June<br>2012<br>RM'000 | 30 June<br>2011<br>RM'000 | 30 June<br>2012<br>RM'000 | 30 June<br>2011<br>RM'000 |
| <b>Investment income:</b>   |                           |                           |                           |                           |
| Realised loss from sale of securities held-for-trading, net               | (5,076)                   | -                         | (3,973)                   | -                         |
| Unrealised gain/(loss) on revaluation of securities held-for-trading, net | 4,265                     | -                         | (1,059)                   | -                         |
| Realised gain from sale of derivative financial instruments, net          | 2,904                     | -                         | 2,924                     | -                         |
| Unrealised gain on revaluation of derivative financial instruments, net   | 632                       | -                         | 5,154                     | -                         |
| Gain from sale of securities available-for-sale, net                      | -                         | 1,659                     | 900                       | 3,575                     |
| Impairment loss on securities, net  | -                         | (226)                     | -                         | (598)                     |
| Gross dividends from securities available-for-sale                        |                           |                           |                           |                           |
| - Quoted in Malaysia  | 592                       | 1,142                     | 641                       | 1,142                     |
| - Quoted outside Malaysia   | 774                       | -                         | 779                       | -                         |
|   | <b>4,091</b>              | <b>2,575</b>              | <b>5,366</b>              | <b>4,119</b>              |
| <b>Other income:</b>  |                           |                           |                           |                           |
| Unrealised foreign exchange gain  | 1,605                     | 115                       | 1,016                     | 1                         |
| Gain on disposal of property, plant and equipment                         | -                         | 27                        | -                         | 29                        |
| Others  | (221)                     | 1,049                     | 308                       | 9,802                     |
|   | <b>1,384</b>              | <b>1,191</b>              | <b>1,324</b>              | <b>9,832</b>              |
| <b>Total non-interest income</b>  | <b>171,310</b>            | <b>62,986</b>             | <b>225,610</b>            | <b>122,659</b>            |

| <u>Bank</u>   | Quarter Ended             |                           | Cumulative 6 Months Ended |                           |
|---|---------------------------|---------------------------|---------------------------|---------------------------|
|   | 30 June<br>2012<br>RM'000 | 30 June<br>2011<br>RM'000 | 30 June<br>2012<br>RM'000 | 30 June<br>2011<br>RM'000 |
| <b>Fee and commission income:</b>   |                           |                           |                           |                           |
| Arranger and upfront fees   | 25,052                    | 15,782                    | 24,367                    | 17,082                    |
| Brokerage income  | 34,824                    | 30,859                    | 70,575                    | 67,588                    |
| Corporate advisory fees   | 42,737                    | 3,590                     | 50,247                    | 7,088                     |
| Placement fees  | 35,510                    | 6,507                     | 40,270                    | 10,756                    |
| Underwriting commission   | 10,447                    | 584                       | 11,493                    | 584                       |
| Other fee income  | 7,487                     | 1,669                     | 12,190                    | 4,915                     |
|   | <b>156,057</b>            | <b>58,991</b>             | <b>209,142</b>            | <b>108,013</b>            |
| <b>Investment income:</b>   |                           |                           |                           |                           |
| Realised loss from sale of securities held-for-trading, net               | (5,076)                   | -                         | (3,973)                   | -                         |
| Unrealised gain/(loss) on revaluation of securities held-for-trading, net | 4,265                     | -                         | (1,059)                   | -                         |
| Realised gain from sale of derivative financial instruments, net          | 2,904                     | -                         | 2,924                     | -                         |
| Unrealised gain on revaluation of derivative financial instruments, net   | 632                       | -                         | 5,154                     | -                         |
| Gain from sale of securities available-for-sale, net                      | -                         | 1,659                     | 900                       | 3,575                     |
| Impairment loss on securities, net  | -                         | 1,326                     | -                         | 954                       |
| Gross dividends from securities available-for-sale                        |                           |                           |                           |                           |
| - Quoted in Malaysia  | 592                       | 671                       | 641                       | 671                       |
|   | <b>3,317</b>              | <b>3,656</b>              | <b>4,587</b>              | <b>5,200</b>              |

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

|   | Quarter Ended   |                 | Cumulative 6 Months Ended |                 |
|---|-----------------|-----------------|---------------------------|-----------------|
|   | 30 June<br>2012 | 30 June<br>2011 | 30 June<br>2012           | 30 June<br>2011 |
| <u>Bank</u>                                       | RM'000          | RM'000          | RM'000                    | RM'000          |
| <b>Other income:</b>                              |                 |                 |                           |                 |
| Unrealised foreign exchange gain                  | 772             | 115             | 548                       | 1               |
| Gain on disposal of property, plant and equipment | -               | 27              | -                         | 29              |
| Others  | 56              | 233             | 286                       | 8,988           |
|   | <u>828</u>      | <u>375</u>      | <u>834</u>                | <u>9,018</u>    |
| <b>Total non-interest income</b>                  | <u>160,202</u>  | <u>63,022</u>   | <u>214,563</u>            | <u>122,231</u>  |

**23. Overhead expenses**

|  | Quarter Ended   |                 | Cumulative 6 Months Ended |                 |
|--|-----------------|-----------------|---------------------------|-----------------|
|  | 30 June<br>2012 | 30 June<br>2011 | 30 June<br>2012           | 30 June<br>2011 |
| <u>Group</u>   | RM'000          | RM'000          | RM'000                    | RM'000          |
| <b>Personnel expenses</b>                                  |                 |                 |                           |                 |
| - Salaries, allowances and bonuses                         | 61,958          | 39,187          | 98,809                    | 62,969          |
| - Pension costs - defined contribution plan                | 3,420           | 1,996           | 5,679                     | 3,963           |
| - Other staff related expenses                             | 1,673           | 3,769           | 3,117                     | 5,439           |
| - Dealers' incentives                                      | 4,160           | 7,716           | 9,053                     | 11,265          |
| - Employee Share Scheme expenses                           | 1,646           | -               | 3,074                     | -               |
|  | <u>72,857</u>   | <u>52,668</u>   | <u>119,732</u>            | <u>83,636</u>   |
| <b>Establishment costs</b>                                 |                 |                 |                           |                 |
| - Depreciation of property, plant and equipment            | 799             | 793             | 1,591                     | 1,634           |
| - Amortisation of computer software                        | 400             | 194             | 805                       | 367             |
| - Rental   | 2,377           | 867             | 4,485                     | 2,676           |
| - Repairs and maintenance of property, plant and equipment | 1,609           | 1,907           | 3,124                     | 2,988           |
| - Information technology expenses                          | 802             | 602             | 1,135                     | 1,121           |
| - Service chargeback                                       | (6,395)         | (7,015)         | (7,312)                   | (3,234)         |
| - Others   | 2,969           | 2,313           | 4,988                     | 3,735           |
|  | <u>2,561</u>    | <u>(339)</u>    | <u>8,816</u>              | <u>9,287</u>    |
| <b>Marketing costs</b>                                     |                 |                 |                           |                 |
| - Advertisement and publicity                              | 2,714           | 1,559           | 4,302                     | 2,732           |
| - Others   | 2,636           | 853             | 3,639                     | 1,856           |
|  | <u>5,350</u>    | <u>2,412</u>    | <u>7,941</u>              | <u>4,588</u>    |
| <b>Administration and general expenses</b>                 |                 |                 |                           |                 |
| - Fee and brokerage  | 3,411           | 3,128           | 6,252                     | 5,485           |
| - Administrative expenses                                  | 685             | 1,240           | 2,379                     | 1,774           |
| - General expenses <sup>^</sup>                            | 245             | (8,258)         | 598                       | (8,135)         |
|  | <u>4,341</u>    | <u>(3,890)</u>  | <u>9,229</u>              | <u>(876)</u>    |
| <b>Total</b>   | <u>85,109</u>   | <u>50,851</u>   | <u>145,718</u>            | <u>96,635</u>   |

<sup>^</sup> Included in general expenses in the previous financial period was a reversal of provision relating to a legal case amounting to approximately RM8.3 million.

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**23. Overhead expenses (Cont'd)**

| <u>Bank</u>   | Quarter Ended             |                           | Cumulative 6 Months Ended |                           |
|---|---------------------------|---------------------------|---------------------------|---------------------------|
|   | 30 June<br>2012<br>RM'000 | 30 June<br>2011<br>RM'000 | 30 June<br>2012<br>RM'000 | 30 June<br>2011<br>RM'000 |
| <b>Personnel expenses</b>                                     |                           |                           |                           |                           |
| - Salaries, allowances and bonuses                            | 61,958                    | 39,287                    | 98,809                    | 62,969                    |
| - Pension costs - defined contribution plan                   | 3,420                     | 1,996                     | 5,679                     | 3,963                     |
| - Other staff related expenses                                | 1,670                     | 3,759                     | 3,102                     | 5,424                     |
| - Dealers' incentives   | 4,160                     | 7,716                     | 9,053                     | 11,265                    |
| - Employee Share Scheme expenses                              | 1,646                     | -                         | 3,074                     | -                         |
|   | <u>72,854</u>             | <u>52,758</u>             | <u>119,717</u>            | <u>83,621</u>             |
| <b>Establishment costs</b>                                    |                           |                           |                           |                           |
| - Depreciation of property, plant and equipment               | 794                       | 772                       | 1,579                     | 1,594                     |
| - Amortisation of computer software                           | 400                       | 197                       | 805                       | 369                       |
| - Rental  | 2,376                     | 838                       | 4,447                     | 2,617                     |
| - Repairs and maintenance of property,<br>plant and equipment | 1,609                     | 1,907                     | 3,124                     | 2,988                     |
| - Information technology expenses                             | 802                       | 602                       | 1,135                     | 1,121                     |
| - Service chargeback  | (6,395)                   | (7,015)                   | (7,312)                   | (3,234)                   |
| - Others  | 2,382                     | 2,329                     | 3,762                     | 3,967                     |
|   | <u>1,968</u>              | <u>(370)</u>              | <u>7,540</u>              | <u>9,422</u>              |
| <b>Marketing costs</b>  |                           |                           |                           |                           |
| - Advertisement and publicity                                 | 2,714                     | 1,559                     | 4,302                     | 2,732                     |
| - Others  | 2,636                     | 850                       | 3,639                     | 1,853                     |
|   | <u>5,350</u>              | <u>2,409</u>              | <u>7,941</u>              | <u>4,585</u>              |
| <b>Administration and general expenses</b>                    |                           |                           |                           |                           |
| - Fee and brokerage   | 3,391                     | 2,625                     | 6,213                     | 4,490                     |
| - Administrative expenses                                     | 668                       | 1,231                     | 2,340                     | 1,766                     |
| - General expenses <sup>^</sup>                               | 341                       | (8,280)                   | 597                       | (8,197)                   |
|   | <u>4,400</u>              | <u>(4,424)</u>            | <u>9,150</u>              | <u>(1,941)</u>            |
| <b>Total</b>  | <u><b>84,572</b></u>      | <u><b>50,373</b></u>      | <u><b>144,348</b></u>     | <u><b>95,687</b></u>      |

<sup>^</sup> Included in general expenses in the previous financial period was a reversal of provision relating to a legal case amounting to approximately RM8.3 million.

**24. Writeback of impairment on loans and advances and other debtors, net**

|  | Group and Bank<br>Quarter Ended |                           | Group and Bank<br>Cumulative 6 Months Ended |                           |
|--|---------------------------------|---------------------------|---|---------------------------|
|  | 30 June<br>2012<br>RM'000       | 30 June<br>2011<br>RM'000 | 30 June<br>2012<br>RM'000                   | 30 June<br>2011<br>RM'000 |
| Allowance for impaired loans and advances:                       |                                 |                           |   |                           |
| Individual assessment  |                                 |                           |   |                           |
| - Made during the period   | (13)                            | (417)                     | (21)  | (1,421)                   |
| - Written back during the period                                 | 5                               | 4                         | 13  | 8                         |
| Bad debts recovered  | 588                             | 621                       | 1,029                                       | 621                       |
| Bad debts written-off  | -                               | -                         | -   | (1)                       |
| (Allowance for)/writeback of impairment on<br>other debtors, net | <u>(188)</u>                    | <u>-</u>                  | <u>(211)</u>                                | <u>598</u>                |
|  | <u><b>392</b></u>               | <u><b>208</b></u>         | <u><b>810</b></u>                           | <u><b>(195)</b></u>       |

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**25. 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                 |                          |
|---|----------------------|--------------------------|----------------------|--------------------------|
|   | 30 June<br>2012<br>% | 31 December<br>2011<br>% | 30 June<br>2012<br>% | 31 December<br>2011<br>% |
| <b>Capital ratios</b>                         |                      |                          |                      |                          |
| <b>Core capital ratio</b>                     |                      |                          |                      |                          |
| Credit risk                                   | 51.28                | 47.97                    | 48.49                | 44.62                    |
| Credit, market and operational risks          | 24.44                | 21.58                    | 22.79                | 19.60                    |
| <b>Risk-weighted capital ratio</b>            |                      |                          |                      |                          |
| Credit risk                                   | 51.28                | 47.97                    | 48.49                | 44.62                    |
| Credit, market and operational risks          | 24.44                | 21.58                    | 22.79                | 19.60                    |
| <b>Tier 1 capital</b>                         |                      |                          |                      |                          |
| 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                                | 387,804              | 219,457                  | 372,531              | 208,191                  |
| Less: Deferred tax assets <sup>1</sup>        | (17,999)             | (5,524)                  | (17,999)             | (5,524)                  |
| Total Tier 1 capital/Total capital            | 647,706              | 491,834                  | 632,433              | 480,568                  |
| Less: Investment in subsidiaries <sup>2</sup> | -                    | -                        | (61,804)             | (61,804)                 |
| <b>Capital base</b>                           | <b>647,706</b>       | 491,834                  | <b>570,629</b>       | 418,764                  |

<sup>1</sup> Under Bank Negara Malaysia Guidelines, deferred tax is excluded from Tier 1 capital.

<sup>2</sup> 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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**25. 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<br>RM'000 | Net exposures<br>RM'000 | Risk-weighted assets<br>RM'000 | Capital requirements<br>RM'000 |
|---|---------------------------|-------------------------|--------------------------------|--------------------------------|
| <b>30 June 2012</b>   |                           |                         |                                |                                |
| <b>Exposure Class</b>   |                           |                         |                                |                                |
| <b>(i) Credit Risk</b>  |                           |                         |                                |                                |
| <b>On-balance sheet exposures:</b>  |                           |                         |                                |                                |
| Sovereigns/Central banks  | 281                       | 281                     | -                              | -                              |
| Banks, Development Financial Institutions ("DFIs") and Multilateral Development Bank ("MDBs") | 1,472,684                 | 1,472,684               | 294,715                        | 23,577                         |
| Corporates  | 553,977                   | 553,977                 | 552,544                        | 44,204                         |
| Regulatory retail   | 199,800                   | 199,800                 | 150,557                        | 12,045                         |
| Higher risk assets  | 90,268                    | 90,268                  | 135,402                        | 10,832                         |
| Other assets  | 126,866                   | 126,866                 | 126,859                        | 10,149                         |
| Equity exposures  | 55                        | 55                      | 55                             | 4                              |
| <b>Total on-balance sheet exposures</b>   | <b>2,443,931</b>          | <b>2,443,931</b>        | <b>1,260,132</b>               | <b>100,811</b>                 |
| <b>Off-balance sheet exposures:</b>   |                           |                         |                                |                                |
| Underwriting of short-term debt securities exposures  | 30,000                    | 30,000                  | 3,000                          | 240                            |
| Credit-related off-balance sheet exposures  | 488,754                   | 488,754                 | -                              | -                              |
| <b>Total off-balance sheet exposures</b>  | <b>518,754</b>            | <b>518,754</b>          | <b>3,000</b>                   | <b>240</b>                     |
| <b>Total on and off-balance sheet exposures</b>   | <b>2,962,685</b>          | <b>2,962,685</b>        | <b>1,263,132</b>               | <b>101,051</b>                 |
| <b>(ii) Market Risk</b>   |                           |                         |                                |                                |
| Interest rate risk  | -                         | -                       | 218,375                        | 17,470                         |
| Equity position risk  | -                         | -                       | 139,845                        | 11,188                         |
| Foreign currency risk   | -                         | -                       | 63,705                         | 5,096                          |
| Options risk  | -                         | -                       | 262,327                        | 20,986                         |
| <b>Total</b>  | <b>-</b>                  | <b>-</b>                | <b>684,252</b>                 | <b>54,740</b>                  |
| <b>(iii) Operational Risk</b>   | <b>-</b>                  | <b>-</b>                | <b>703,255</b>                 | <b>56,260</b>                  |
| <b>Total RWA and capital requirements</b>   | <b>2,962,685</b>          | <b>2,962,685</b>        | <b>2,650,639</b>               | <b>212,051</b>                 |

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25. Capital adequacy (Cont'd)

| <u>Group</u>  | <b>Gross</b>     | <b>Net exposures</b> | <b>Risk-weighted</b> | <b>Capital</b>      |
|---|------------------|----------------------|----------------------|---------------------|
| <b>31 December 2011</b>   | <b>exposures</b> | <b>RM'000</b>        | <b>assets</b>        | <b>requirements</b> |
| <b>Exposure Class</b>   | <b>RM'000</b>    | <b>RM'000</b>        | <b>RM'000</b>        | <b>RM'000</b>       |
| <b>(i) <u>Credit Risk</u></b>   |                  |                      |                      |                     |
| <b>On-balance sheet exposures:</b>  |                  |                      |                      |                     |
| 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                   |
| <b>Total on-balance sheet exposures</b>   | <b>1,968,206</b> | <b>1,968,206</b>     | <b>1,010,361</b>     | <b>80,829</b>       |
| <b>Off-balance sheet exposures:</b>   |                  |                      |                      |                     |
| 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              | -                    | -                   |
| <b>Total off-balance sheet exposures</b>  | <b>492,141</b>   | <b>492,141</b>       | <b>15,000</b>        | <b>1,200</b>        |
| <b>Total on and off-balance sheet exposures</b>   | <b>2,460,347</b> | <b>2,460,347</b>     | <b>1,025,361</b>     | <b>82,029</b>       |
| <b>(ii) <u>Market Risk</u></b>  |                  |                      |                      |                     |
| 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               |
| <b>Total</b>  | <b>-</b>         | <b>-</b>             | <b>713,316</b>       | <b>57,065</b>       |
| <b>(iii) <u>Operational Risk</u></b>  |                  |                      |                      |                     |
|   | -                | -                    | 540,741              | 43,259              |
| <b>Total RWA and capital requirements</b>   | <b>2,460,347</b> | <b>2,460,347</b>     | <b>2,279,418</b>     | <b>182,353</b>      |



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25. 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  | Net exposures    | Risk-weighted assets | Capital requirements |
|---|------------------|------------------|----------------------|----------------------|
| 30 June 2012<br>Exposure Class  | RM'000           | RM'000           | RM'000               | RM'000               |
| <b>(i) <u>Credit Risk</u></b>   |                  |                  |                      |                      |
| <b>On-balance sheet exposures:</b>  |                  |                  |                      |                      |
| Sovereigns/Central banks  | 281              | 281              | -                    | -                    |
| Banks, Development Financial Institutions ("DFIs") and Multilateral Development Bank ("MDBs") | 1,436,543        | 1,436,543        | 287,487              | 22,999               |
| Corporates  | 553,977          | 553,977          | 552,544              | 44,204               |
| Regulatory retail   | 199,800          | 199,800          | 150,557              | 12,045               |
| Higher risk assets  | 44,117           | 44,117           | 66,176               | 5,294                |
| Other assets  | 116,949          | 116,949          | 116,943              | 9,355                |
| Equity exposures  | 55               | 55               | 55                   | 4                    |
| <b>Total on-balance sheet exposures</b>   | <b>2,351,722</b> | <b>2,351,722</b> | <b>1,173,762</b>     | <b>93,901</b>        |
| <b>Off-balance sheet exposures:</b>   |                  |                  |                      |                      |
| Underwriting of short-term debt securities exposures  | 30,000           | 30,000           | 3,000                | 240                  |
| Credit-related off-balance sheet exposures  | 488,754          | 488,754          | -                    | -                    |
| <b>Total off-balance sheet exposures</b>  | <b>518,754</b>   | <b>518,754</b>   | <b>3,000</b>         | <b>240</b>           |
| <b>Total on and off-balance sheet exposures</b>   | <b>2,870,476</b> | <b>2,870,476</b> | <b>1,176,762</b>     | <b>94,141</b>        |
| <b>(ii) <u>Market Risk</u></b>  |                  |                  |                      |                      |
| Interest rate risk  | -                | -                | 218,375              | 17,470               |
| Equity position risk  | -                | -                | 139,845              | 11,188               |
| Foreign currency risk   | -                | -                | 17,478               | 1,398                |
| Options risk  | -                | -                | 262,327              | 20,986               |
|   | -                | -                | 638,025              | 51,042               |
| <b>(iii) <u>Operational Risk</u></b>  |                  |                  |                      |                      |
|   | -                | -                | 689,151              | 55,132               |
| <b>Total RWA and capital requirements</b>   | <b>2,870,476</b> | <b>2,870,476</b> | <b>2,503,938</b>     | <b>200,315</b>       |

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25. Capital adequacy (Cont'd)

| <u>Bank</u>   | <b>Gross</b>     | <b>Net exposures</b> | <b>Risk-weighted</b> | <b>Capital</b>      |
|---|------------------|----------------------|----------------------|---------------------|
| <b>31 December 2011</b>   | <b>exposures</b> | <b>RM'000</b>        | <b>assets</b>        | <b>requirements</b> |
| <b>Exposure Class</b>   | <b>RM'000</b>    | <b>RM'000</b>        | <b>RM'000</b>        | <b>RM'000</b>       |
| <b>(i) <u>Credit Risk</u></b>   |                  |                      |                      |                     |
| <b>On-balance sheet exposures:</b>  |                  |                      |                      |                     |
| 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                   |
| <b>Total on-balance sheet exposures</b>   | <b>1,879,894</b> | <b>1,879,894</b>     | <b>923,531</b>       | <b>73,883</b>       |
| <b>Off-balance sheet exposures:</b>   |                  |                      |                      |                     |
| 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              | -                    | -                   |
| <b>Total off-balance sheet exposures</b>  | <b>492,141</b>   | <b>492,141</b>       | <b>15,000</b>        | <b>1,200</b>        |
| <b>Total on and off-balance sheet exposures</b>   | <b>2,372,035</b> | <b>2,372,035</b>     | <b>938,531</b>       | <b>75,083</b>       |
| <b>(ii) <u>Market Risk</u></b>  |                  |                      |                      |                     |
| 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               |
| <b>Total</b>  | <b>-</b>         | <b>-</b>             | <b>664,851</b>       | <b>53,188</b>       |
| <b>(iii) <u>Operational Risk</u></b>  |                  |                      |                      |                     |
|   | -                | -                    | 532,780              | 42,622              |
| <b>Total RWA and capital requirements</b>   | <b>2,372,035</b> | <b>2,372,035</b>     | <b>2,136,162</b>     | <b>170,893</b>      |

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**25. Capital adequacy (Cont'd)**

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

| <b>Group</b>          | <b>30 June 2012</b>                    |                         | <b>31 December 2011</b>                |                         |
|-----------------------|--|-------------------------|--|-------------------------|
|                       | <b>Risk-weighted assets equivalent</b> | <b>Capital required</b> | <b>Risk-weighted assets equivalent</b> | <b>Capital required</b> |
|                       | <b>RM'000</b>                          | <b>RM'000</b>           | <b>RM'000</b>                          | <b>RM'000</b>           |
| Interest rate risk    | 218,375                                | 17,470                  | 433,832                                | 34,707                  |
| Equity position risk  | 139,845                                | 11,188                  | 187,493                                | 14,999                  |
| Foreign currency risk | 63,705                                 | 5,096                   | 78,391                                 | 6,271                   |
| Options risk          | 262,327                                | 20,986                  | 13,600                                 | 1,088                   |
| <b>Total</b>          | <b>684,252</b>                         | <b>54,740</b>           | <b>713,316</b>                         | <b>57,065</b>           |

| <b>Bank</b>           | <b>30 June 2012</b>                    |                         | <b>31 December 2011</b>                |                         |
|-----------------------|--|-------------------------|--|-------------------------|
|                       | <b>Risk-weighted assets equivalent</b> | <b>Capital required</b> | <b>Risk-weighted assets equivalent</b> | <b>Capital required</b> |
|                       | <b>RM'000</b>                          | <b>RM'000</b>           | <b>RM'000</b>                          | <b>RM'000</b>           |
| Interest rate risk    | 218,375                                | 17,470                  | 433,832                                | 34,707                  |
| Equity position risk  | 139,845                                | 11,188                  | 187,493                                | 14,999                  |
| Foreign currency risk | 17,478                                 | 1,398                   | 29,926                                 | 2,394                   |
| Options risk          | 262,327                                | 20,986                  | 13,600                                 | 1,088                   |
| <b>Total</b>          | <b>638,025</b>                         | <b>51,042</b>           | <b>664,851</b>                         | <b>53,188</b>           |

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**25. Capital adequacy (Cont'd)**

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

| Group                                    | Exposures after Netting and Credit Risk Mitigation |                         |                |                      |                       |                |                     |  |                                   |
|--|--|-------------------------|----------------|----------------------|-----------------------|----------------|---------------------|--|-----------------------------------|
|  | Sovereigns/<br>Central banks                       | Banks, DFIs<br>and MDBs | Corporates     | Regulatory<br>retail | Higher risk<br>assets | Other assets   | Equity<br>exposures | Total<br>Exposures<br>after netting<br>and credit risk<br>mitigation | Total risk-<br>weighted<br>assets |
| <b>30 June 2012</b>                      |  |                         |                |                      |                       |                |                     |  |                                   |
| <b>Risk weights</b>                      | <b>RM'000</b>                                      | <b>RM'000</b>           | <b>RM'000</b>  | <b>RM'000</b>        | <b>RM'000</b>         | <b>RM'000</b>  | <b>RM'000</b>       | <b>RM'000</b>  | <b>RM'000</b>                     |
| 0%                                       | 281  | -                       | -              | -                    | -                     | 7              | -                   | 288  | -                                 |
| 20%                                      | -  | 1,472,091               | -              | -                    | -                     | -              | -                   | 1,472,091  | 294,418                           |
| 50%                                      | -  | 593                     | 2,866          | 77                   | -                     | -              | -                   | 3,536  | 1,768                             |
| 75%                                      | -  | -                       | -              | 197,570              | -                     | -              | -                   | 197,570  | 148,177                           |
| 100%                                     | -  | -                       | 551,111        | 1,775                | -                     | 126,859        | 55                  | 679,800  | 679,800                           |
| 150%                                     | -  | -                       | -              | 378                  | 90,268                | -              | -                   | 90,646   | 135,969                           |
| <b>Total exposures</b>                   | <b>281</b>   | <b>1,472,684</b>        | <b>553,977</b> | <b>199,800</b>       | <b>90,268</b>         | <b>126,866</b> | <b>55</b>           | <b>2,443,931</b>   | <b>1,260,132</b>                  |
| <b>Risk-weighted assets by exposures</b> | <b>-</b>   | <b>294,715</b>          | <b>552,544</b> | <b>150,557</b>       | <b>135,402</b>        | <b>126,859</b> | <b>55</b>           | <b>1,260,132</b>   |                                   |
| <b>Average risk weights</b>              | <b>0%</b>  | <b>20%</b>              | <b>100%</b>    | <b>75%</b>           | <b>150%</b>           | <b>100%</b>    | <b>100%</b>         | <b>52%</b>   |                                   |

| Group                                    | Exposures after Netting and Credit Risk Mitigation |                         |               |                      |                       |               |                     |  |                                   |
|--|--|-------------------------|---------------|----------------------|-----------------------|---------------|---------------------|--|-----------------------------------|
|  | Sovereigns/<br>Central banks                       | Banks, DFIs<br>and MDBs | Corporates    | Regulatory<br>retail | Higher risk<br>assets | Other assets  | Equity<br>exposures | Total<br>Exposures<br>after netting<br>and credit risk<br>mitigation | Total risk-<br>weighted<br>assets |
| <b>31 December 2011</b>                  |  |                         |               |                      |                       |               |                     |  |                                   |
| <b>Risk weights</b>                      | <b>RM'000</b>                                      | <b>RM'000</b>           | <b>RM'000</b> | <b>RM'000</b>        | <b>RM'000</b>         | <b>RM'000</b> | <b>RM'000</b>       | <b>RM'000</b>  | <b>RM'000</b>                     |
| 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                           |
| <b>Total exposures</b>                   | <b>703</b>   | <b>1,213,721</b>        | <b>3,932</b>  | <b>576,324</b>       | <b>96,908</b>         | <b>76,560</b> | <b>58</b>           | <b>1,968,206</b>   | <b>1,010,361</b>                  |
| <b>Risk-weighted assets by exposures</b> | <b>-</b>   | <b>242,922</b>          | <b>2,749</b>  | <b>542,716</b>       | <b>145,362</b>        | <b>76,554</b> | <b>58</b>           | <b>1,010,361</b>   |                                   |
| <b>Average risk weights</b>              | <b>0%</b>  | <b>20%</b>              | <b>70%</b>    | <b>94%</b>           | <b>150%</b>           | <b>100%</b>   | <b>100%</b>         | <b>51%</b>   |                                   |

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25. Capital adequacy (Cont'd)

| Bank                                     | Exposures after Netting and Credit Risk Mitigation |                         |                |                      |                       |                |                     |  |                                   |
|--|--|-------------------------|----------------|----------------------|-----------------------|----------------|---------------------|--|-----------------------------------|
|  | Sovereigns/<br>Central banks                       | Banks, DFIs<br>and MDBs | Corporates     | Regulatory<br>retail | Higher risk<br>assets | Other assets   | Equity<br>exposures | Total<br>exposures<br>after netting<br>and credit risk<br>mitigation | Total risk-<br>weighted<br>assets |
| 30 June 2012                             | RM'000   | RM'000                  | RM'000         | RM'000               | RM'000                | RM'000         | RM'000              | RM'000   | RM'000                            |
| Risk weights                             |  |                         |                |                      |                       |                |                     |  |                                   |
| 0%                                       | 281  | -                       | -              | -                    | -                     | 6              | -                   | 287  | -                                 |
| 20%                                      | -  | 1,435,950               | -              | -                    | -                     | -              | -                   | 1,435,950  | 287,190                           |
| 50%                                      | -  | 593                     | 2,866          | 77                   | -                     | -              | -                   | 3,536  | 1,768                             |
| 75%                                      | -  | -                       | -              | 197,570              | -                     | -              | -                   | 197,570  | 148,177                           |
| 100%                                     | -  | -                       | 551,111        | 1,775                | -                     | 116,943        | 55                  | 669,884  | 669,884                           |
| 150%                                     | -  | -                       | -              | 378                  | 44,117                | -              | -                   | 44,495   | 66,743                            |
| <b>Total exposures</b>                   | <b>281</b>   | <b>1,436,543</b>        | <b>553,977</b> | <b>199,800</b>       | <b>44,117</b>         | <b>116,949</b> | <b>55</b>           | <b>2,351,722</b>   | <b>1,173,762</b>                  |
| <b>Risk-weighted assets by exposures</b> | <b>-</b>   | <b>287,487</b>          | <b>552,544</b> | <b>150,557</b>       | <b>66,176</b>         | <b>116,943</b> | <b>55</b>           | <b>1,173,762</b>   |                                   |
| <b>Average risk weights</b>              | <b>0%</b>  | <b>20%</b>              | <b>100%</b>    | <b>75%</b>           | <b>150%</b>           | <b>100%</b>    | <b>100%</b>         | <b>50%</b>   |                                   |

| Bank                                     | Exposures after Netting and Credit Risk Mitigation |                         |              |                      |                       |               |                     |  |                                   |
|--|--|-------------------------|--------------|----------------------|-----------------------|---------------|---------------------|--|-----------------------------------|
|  | Sovereigns/<br>Central banks                       | Banks, DFIs<br>and MDBs | Corporates   | Regulatory<br>retail | Higher risk<br>assets | Other assets  | Equity<br>exposures | Total<br>exposures<br>after netting<br>and credit risk<br>mitigation | Total risk-<br>weighted<br>assets |
| 31 December 2011                         | RM'000   | RM'000                  | RM'000       | RM'000               | RM'000                | RM'000        | RM'000              | RM'000   | RM'000                            |
| Risk weights                             |  |                         |              |                      |                       |               |                     |  |                                   |
| 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                            |
| <b>Total exposures</b>                   | <b>280</b>   | <b>1,179,405</b>        | <b>3,932</b> | <b>576,324</b>       | <b>44,118</b>         | <b>75,777</b> | <b>58</b>           | <b>1,879,894</b>   | <b>923,531</b>                    |
| <b>Risk-weighted assets by exposures</b> | <b>-</b>   | <b>236,059</b>          | <b>2,749</b> | <b>542,716</b>       | <b>66,177</b>         | <b>75,772</b> | <b>58</b>           | <b>923,531</b>   |                                   |
| <b>Average risk weights</b>              | <b>0%</b>  | <b>20%</b>              | <b>70%</b>   | <b>94%</b>           | <b>150%</b>           | <b>100%</b>   | <b>100%</b>         | <b>49%</b>   |                                   |

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**26. Commitments and Contingencies**

| Group and Bank                            | As at<br>30 June 2012        |   |                                       | As at<br>31 December 2011    |   |                                       |
|---|------------------------------|---|---------------------------------------|------------------------------|---|---------------------------------------|
|   | Notional<br>amount<br>RM'000 | Credit<br>equivalent<br>amount*<br>RM'000 | Risk-<br>weighted<br>amount<br>RM'000 | Notional<br>amount<br>RM'000 | Credit<br>equivalent<br>amount*<br>RM'000 | Risk-<br>weighted<br>amount<br>RM'000 |
| Obligations under underwriting agreements | 30,000                       | 15,000                                    | 3,000                                 | 30,500                       | 15,250                                    | 15,688                                |
| Irrevocable commitments to extend credit: |                              |   |                                       |                              |   |                                       |
| - Maturity not exceeding one year         | 488,754                      | -   | -                                     | 462,141                      | -   | -                                     |
|   | <b>518,754</b>               | <b>15,000</b>                             | <b>3,000</b>                          | <b>492,641</b>               | <b>15,250</b>                             | <b>15,688</b>                         |

\* 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            |                               |
|---|---------------------------|-------------------------------|
|   | 30 June<br>2012<br>RM'000 | 31 December<br>2011<br>RM'000 |
| <b>Unsecured</b>  |                           |                               |
| (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                        |
|   | <b>11,091</b>             | <b>11,091</b>                 |

\* 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 partly heard on 19 June 2012 and the Court has fixed to continue the hearing on 3 August 2012. the Bank's solicitors are of the view that the Bank has a more than even chance of succeeding in the Appeal against the said Judgment.

(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.

The individual is applying for leave from the Federal Court against the Court of Appeal's decision in favour of Maybank Trustees Berhad.

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**27. 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.

| <b>Group</b>  | <b>Up to 1</b> | <b>&gt; 1 - 3</b> | <b>&gt; 3 - 12</b> | <b>1 - 5</b>  | <b>Over 5</b> | <b>Non-</b>      | <b>Trading</b> | <b>Total</b>     | <b>Effective</b> |
|---|----------------|-------------------|--------------------|---------------|---------------|------------------|----------------|------------------|------------------|
| <b>30 June 2012</b>   | <b>month</b>   | <b>months</b>     | <b>months</b>      | <b>years</b>  | <b>years</b>  | <b>interest</b>  | <b>book</b>    | <b>RM'000</b>    | <b>interest</b>  |
|   | <b>RM'000</b>  | <b>RM'000</b>     | <b>RM'000</b>      | <b>RM'000</b> | <b>RM'000</b> | <b>sensitive</b> | <b>RM'000</b>  | <b>RM'000</b>    | <b>rate</b>      |
|   |                |                   |                    |               |               | <b>RM'000</b>    |                |                  | <b>%</b>         |
| <b>Assets</b>   |                |                   |                    |               |               |                  |                |                  |                  |
| Cash and short-term funds   | 277,340        | -                 | -                  | -             | -             | 1,163,817        | -              | 1,441,157        | 2.88             |
| Deposits and placements<br>with banks and other<br>financial institutions | 2,625          | -                 | 3,371              | -             | -             | 25,119           | -              | 31,115           | 1.93             |
| Securities held-for-trading   | -              | -                 | -                  | -             | -             | -                | 287,483        | 287,483          | -                |
| Securities available-for-sale   | -              | -                 | -                  | -             | -             | 129,604          | -              | 129,604          | -                |
| Securities held-to-maturity   | -              | -                 | -                  | -             | 33            | -                | -              | 33               | -                |
| Loans and advances  |                |                   |                    |               |               |                  |                |                  |                  |
| - performing  | 287,124        | -                 | 2                  | 640           | 10,422        | 4,760            | -              | 302,948          | 7.03             |
| - impaired *  | -              | -                 | -                  | -             | -             | 520              | -              | 520              | -                |
| Other assets  | -              | -                 | -                  | -             | -             | 551,463          | -              | 551,463          | -                |
| Other non-interest sensitive<br>balances                                  | -              | -                 | -                  | -             | -             | 47,503           | -              | 47,503           | -                |
| <b>Total assets</b>   | <b>567,089</b> | <b>-</b>          | <b>3,373</b>       | <b>640</b>    | <b>10,455</b> | <b>1,922,786</b> | <b>287,483</b> | <b>2,791,826</b> |                  |

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



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**27. Interest rate risk (Cont'd)**

| <u>Group (cont'd)</u><br>30 June 2012               | Up to 1<br>month<br>RM'000 | > 1 - 3<br>months<br>RM'000 | > 3 - 12<br>months<br>RM'000 | 1 - 5<br>years<br>RM'000 | Over 5<br>years<br>RM'000 | Non-<br>interest<br>sensitive<br>RM'000 | Trading<br>book<br>RM'000 | Total<br>RM'000 | Effective<br>interest<br>rate<br>% |
|---|----------------------------|-----------------------------|------------------------------|--------------------------|---------------------------|---|---------------------------|-----------------|------------------------------------|
| <b>Liabilities and equity</b>                       |                            |                             |                              |                          |                           |   |                           |                 |                                    |
| Deposits and placements of<br>a licensed bank       | -                          | 100,000                     | 185,000                      | -                        | -                         | 1,331                                   | -                         | 286,331         | 3.30                               |
| Derivative liabilities                              | -                          | -                           | -                            | -                        | -                         | -                                       | 44,897                    | 44,897          | -                                  |
| Other liabilities                                   | -                          | -                           | -                            | -                        | -                         | 1,788,827                               | -                         | 1,788,827       | -                                  |
| Other non-interest sensitive<br>balances            | -                          | -                           | -                            | -                        | -                         | 1,101                                   | -                         | 1,101           | -                                  |
| <b>Total liabilities</b>                            | -                          | 100,000                     | 185,000                      | -                        | -                         | 1,791,259                               | 44,897                    | 2,121,156       |                                    |
| Share capital                                       | -                          | -                           | -                            | -                        | -                         | 50,116                                  | -                         | 50,116          | -                                  |
| Reserves  | -                          | -                           | -                            | -                        | -                         | 620,554                                 | -                         | 620,554         | -                                  |
| <b>Total equity</b>                                 | -                          | -                           | -                            | -                        | -                         | 670,670                                 | -                         | 670,670         |                                    |
| <b>Total liabilities and equity</b>                 | -                          | 100,000                     | 185,000                      | -                        | -                         | 2,461,929                               | 44,897                    | 2,791,826       |                                    |
| On-balance sheet interest<br>sensitivity gap        | 567,089                    | (100,000)                   | (181,627)                    | 640                      | 10,455                    | (539,143)                               | 242,586                   | -               |                                    |
| <b>Total interest sensitivity<br/>gap</b>           | 567,089                    | (100,000)                   | (181,627)                    | 640                      | 10,455                    | (539,143)                               | 242,586                   | -               |                                    |
| <b>Cumulative interest rate<br/>sensitivity gap</b> | 567,089                    | 467,089                     | 285,462                      | 286,102                  | 296,557                   | (242,586)                               | -                         |                 |                                    |

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**27. Interest rate risk (Cont'd)**

| <u>Group</u>  | Up to 1        | > 1 - 3      | > 3 - 12     | 1 - 5          | Over 5         | Non-             | Trading       | Total            | Effective |
|---|----------------|--------------|--------------|----------------|----------------|------------------|---------------|------------------|-----------|
| 31 December 2011  | 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           |               |                  | %         |
| <b>Assets</b>   |                |              |              |                |                |                  |               |                  |           |
| Cash and short-term funds   | 293,867        | -            | -            | -              | -              | 906,398          | -             | 1,200,265        | 2.99      |
| Deposits and placements<br>with banks and other<br>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<br>balances                                  | -              | -            | -            | -              | -              | 35,705           | -             | 35,705           | -         |
| <b>Total assets</b>   | <b>485,775</b> | <b>1,545</b> | <b>3,373</b> | <b>141,212</b> | <b>291,479</b> | <b>1,539,104</b> | <b>18,238</b> | <b>2,480,726</b> |           |

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

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**27. Interest rate risk (Cont'd)**

| <u>Group (cont'd)</u><br>31 December 2011           | Up to 1<br>month<br>RM'000 | > 1 - 3<br>months<br>RM'000 | > 3 - 12<br>months<br>RM'000 | 1 - 5<br>years<br>RM'000 | Over 5<br>years<br>RM'000 | Non-<br>interest<br>sensitive<br>RM'000 | Trading<br>book<br>RM'000 | Total<br>RM'000  | Effective<br>interest<br>rate<br>% |
|---|----------------------------|-----------------------------|------------------------------|--------------------------|---------------------------|---|---------------------------|------------------|------------------------------------|
| <b>Liabilities and equity</b>                       |                            |                             |                              |                          |                           |   |                           |                  |                                    |
| Deposits and placements of<br>a licensed bank       | 195,000                    | 270,000                     | 140,000                      | -                        | -                         | 1,414                                   | -                         | 606,414          | 2.57                               |
| Derivative liabilities                              | -                          | -                           | -                            | -                        | -                         | -                                       | 7,508                     | 7,508            | -                                  |
| Other liabilities                                   | -                          | -                           | -                            | -                        | -                         | 1,351,328                               | -                         | 1,351,328        | -                                  |
| Other non-interest sensitive<br>balances            | -                          | -                           | -                            | -                        | -                         | 773                                     | -                         | 773              | -                                  |
| <b>Total liabilities</b>                            | <b>195,000</b>             | <b>270,000</b>              | <b>140,000</b>               | <b>-</b>                 | <b>-</b>                  | <b>1,353,515</b>                        | <b>7,508</b>              | <b>1,966,023</b> |                                    |
| Share capital                                       | -                          | -                           | -                            | -                        | -                         | 50,116                                  | -                         | 50,116           | -                                  |
| Reserves  | -                          | -                           | -                            | -                        | -                         | 464,587                                 | -                         | 464,587          | -                                  |
| <b>Total equity</b>                                 | <b>-</b>                   | <b>-</b>                    | <b>-</b>                     | <b>-</b>                 | <b>-</b>                  | <b>514,703</b>                          | <b>-</b>                  | <b>514,703</b>   |                                    |
| <b>Total liabilities and equity</b>                 | <b>195,000</b>             | <b>270,000</b>              | <b>140,000</b>               | <b>-</b>                 | <b>-</b>                  | <b>1,868,218</b>                        | <b>7,508</b>              | <b>2,480,726</b> |                                    |
| On-balance sheet interest<br>sensitivity gap        | 290,775                    | (268,455)                   | (136,627)                    | 141,212                  | 291,479                   | (329,114)                               | 10,730                    | -                |                                    |
| <b>Total interest sensitivity<br/>gap</b>           | <b>290,775</b>             | <b>(268,455)</b>            | <b>(136,627)</b>             | <b>141,212</b>           | <b>291,479</b>            | <b>(329,114)</b>                        | <b>10,730</b>             | <b>-</b>         |                                    |
| <b>Cumulative interest rate<br/>sensitivity gap</b> | <b>290,775</b>             | <b>22,320</b>               | <b>(114,307)</b>             | <b>26,905</b>            | <b>318,384</b>            | <b>(10,730)</b>                         | <b>-</b>                  |                  |                                    |

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**27. Interest rate risk (Cont'd)**

| <u>Bank</u><br>30 June 2012   | Up to 1<br>month<br>RM'000 | > 1 - 3<br>months<br>RM'000 | > 3 - 12<br>months<br>RM'000 | 1 - 5<br>years<br>RM'000 | Over 5<br>years<br>RM'000 | Non-<br>interest<br>sensitive<br>RM'000 | Trading<br>book<br>RM'000 | Total<br>RM'000  | Effective<br>interest<br>rate<br>% |
|---|----------------------------|-----------------------------|------------------------------|--------------------------|---------------------------|---|---------------------------|------------------|------------------------------------|
| <b>Assets</b>   |                            |                             |                              |                          |                           |   |                           |                  |                                    |
| Cash and short-term funds   | 252,528                    | -                           | -                            | -                        | -                         | 1,158,552                               | -                         | 1,411,080        | 2.89                               |
| Deposits and placements<br>with banks and other<br>financial institutions | -                          | -                           | -                            | -                        | -                         | 25,052                                  | -                         | 25,052           | -                                  |
| Securities held-for-trading   | -                          | -                           | -                            | -                        | -                         | -                                       | 287,483                   | 287,483          | -                                  |
| Securities available-for-sale   | -                          | -                           | -                            | -                        | -                         | 85,744                                  | -                         | 85,744           | -                                  |
| Securities held-to-maturity   | -                          | -                           | -                            | -                        | 33                        | -                                       | -                         | 33               | -                                  |
| Loans and advances  |                            |                             |                              |                          |                           |   |                           |                  |                                    |
| - performing  | 287,124                    | -                           | 2                            | 640                      | 10,422                    | 4,760                                   | -                         | 302,948          | 7.03                               |
| - impaired *  | -                          | -                           | -                            | -                        | -                         | 520                                     | -                         | 520              | -                                  |
| Other assets  | -                          | -                           | -                            | -                        | -                         | 541,696                                 | -                         | 541,696          | -                                  |
| Other non-interest sensitive<br>balances                                  | -                          | -                           | -                            | -                        | -                         | 278,337                                 | -                         | 278,337          | -                                  |
| <b>Total assets</b>   | <b>539,652</b>             | <b>-</b>                    | <b>2</b>                     | <b>640</b>               | <b>10,455</b>             | <b>2,094,661</b>                        | <b>287,483</b>            | <b>2,932,893</b> |                                    |

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

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27. Interest rate risk (Cont'd)

| <u>Bank (cont'd)</u><br>30 June 2012                | Up to 1<br>month<br>RM'000 | > 1 - 3<br>months<br>RM'000 | > 3 - 12<br>months<br>RM'000 | 1 - 5<br>years<br>RM'000 | Over 5<br>years<br>RM'000 | Non-<br>interest<br>sensitive<br>RM'000 | Trading<br>book<br>RM'000 | Total<br>RM'000 | Effective<br>interest<br>rate<br>% |
|---|----------------------------|-----------------------------|------------------------------|--------------------------|---------------------------|---|---------------------------|-----------------|------------------------------------|
| <b>Liabilities and equity</b>                       |                            |                             |                              |                          |                           |   |                           |                 |                                    |
| Deposits and placements of<br>a licensed bank       | -                          | 100,000                     | 185,000                      | -                        | -                         | 1,331                                   | -                         | 286,331         | 3.30                               |
| Derivative liabilities                              | -                          | -                           | -                            | -                        | -                         | -                                       | 44,897                    | 44,897          | -                                  |
| Other liabilities                                   | -                          | -                           | -                            | -                        | -                         | 1,953,396                               | -                         | 1,953,396       | -                                  |
| <b>Total liabilities</b>                            | -                          | 100,000                     | 185,000                      | -                        | -                         | 1,954,727                               | 44,897                    | 2,284,624       |                                    |
| Share capital                                       | -                          | -                           | -                            | -                        | -                         | 50,116                                  | -                         | 50,116          | -                                  |
| Reserves  | -                          | -                           | -                            | -                        | -                         | 598,153                                 | -                         | 598,153         | -                                  |
| <b>Total equity</b>                                 | -                          | -                           | -                            | -                        | -                         | 648,269                                 | -                         | 648,269         |                                    |
| <b>Total liabilities and equity</b>                 | -                          | 100,000                     | 185,000                      | -                        | -                         | 2,602,996                               | 44,897                    | 2,932,893       |                                    |
| On-balance sheet interest<br>sensitivity gap        | 539,652                    | (100,000)                   | (184,998)                    | 640                      | 10,455                    | (508,335)                               | 242,586                   | -               |                                    |
| <b>Total interest sensitivity<br/>gap</b>           | 539,652                    | (100,000)                   | (184,998)                    | 640                      | 10,455                    | (508,335)                               | 242,586                   | -               |                                    |
| <b>Cumulative interest rate<br/>sensitivity gap</b> | 539,652                    | 439,652                     | 254,654                      | 255,294                  | 265,749                   | (242,586)                               | -                         |                 |                                    |

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**27. Interest rate risk (Cont'd)**

| <u>Bank</u>   | Up to 1        | > 1 - 3      | > 3 - 12 | 1 - 5          | Over 5         | Non-             | Trading       | Total            | Effective |
|---|----------------|--------------|----------|----------------|----------------|------------------|---------------|------------------|-----------|
| 31 December 2011  | 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           |               |                  | %         |
| <b>Assets</b>   |                |              |          |                |                |                  |               |                  |           |
| Cash and short-term funds   | 262,940        | -            | -        | -              | -              | 906,398          | -             | 1,169,338        | 3.03      |
| Deposits and placements<br>with banks and other<br>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<br>balances                                  | -              | -            | -        | -              | -              | 262,620          | -             | 262,620          | -         |
| <b>Total assets</b>   | <b>454,848</b> | <b>1,525</b> | <b>2</b> | <b>141,212</b> | <b>291,479</b> | <b>1,718,391</b> | <b>18,238</b> | <b>2,625,695</b> |           |

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

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27. Interest rate risk (Cont'd)

| <u>Bank (cont'd)</u><br>31 December 2011            | Up to 1<br>month<br>RM'000 | > 1 - 3<br>months<br>RM'000 | > 3 - 12<br>months<br>RM'000 | 1 - 5<br>years<br>RM'000 | Over 5<br>years<br>RM'000 | Non-<br>interest<br>sensitive<br>RM'000 | Trading<br>book<br>RM'000 | Total<br>RM'000  | Effective<br>interest<br>rate<br>% |
|---|----------------------------|-----------------------------|------------------------------|--------------------------|---------------------------|---|---------------------------|------------------|------------------------------------|
| <b>Liabilities and equity</b>                       |                            |                             |                              |                          |                           |   |                           |                  |                                    |
| Deposits and placements of<br>a licensed bank       | 195,000                    | 270,000                     | 140,000                      | -                        | -                         | 1,414                                   | -                         | 606,414          | 2.57                               |
| Derivative liabilities                              | -                          | -                           | -                            | -                        | -                         | -                                       | 7,508                     | 7,508            | -                                  |
| Other liabilities                                   | -                          | -                           | -                            | -                        | -                         | 1,518,432                               | -                         | 1,518,432        | -                                  |
| <b>Total liabilities</b>                            | <b>195,000</b>             | <b>270,000</b>              | <b>140,000</b>               | <b>-</b>                 | <b>-</b>                  | <b>1,519,846</b>                        | <b>7,508</b>              | <b>2,132,354</b> |                                    |
| Share capital                                       | -                          | -                           | -                            | -                        | -                         | 50,116                                  | -                         | 50,116           | -                                  |
| Reserves  | -                          | -                           | -                            | -                        | -                         | 443,225                                 | -                         | 443,225          | -                                  |
| <b>Total equity</b>                                 | <b>-</b>                   | <b>-</b>                    | <b>-</b>                     | <b>-</b>                 | <b>-</b>                  | <b>493,341</b>                          | <b>-</b>                  | <b>493,341</b>   |                                    |
| <b>Total liabilities and equity</b>                 | <b>195,000</b>             | <b>270,000</b>              | <b>140,000</b>               | <b>-</b>                 | <b>-</b>                  | <b>2,013,187</b>                        | <b>7,508</b>              | <b>2,625,695</b> |                                    |
| On-balance sheet interest<br>sensitivity gap        | 259,848                    | (268,475)                   | (139,998)                    | 141,212                  | 291,479                   | (294,796)                               | 10,730                    | -                |                                    |
| <b>Total interest sensitivity<br/>gap</b>           | <b>259,848</b>             | <b>(268,475)</b>            | <b>(139,998)</b>             | <b>141,212</b>           | <b>291,479</b>            | <b>(294,796)</b>                        | <b>10,730</b>             | <b>-</b>         |                                    |
| <b>Cumulative interest rate<br/>sensitivity gap</b> | <b>259,848</b>             | <b>(8,627)</b>              | <b>(148,625)</b>             | <b>(7,413)</b>           | <b>284,066</b>            | <b>(10,730)</b>                         | <b>-</b>                  |                  |                                    |

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**28. Net income from Islamic Banking Scheme operations**

**Unaudited Statements of Financial Position as at 30 June 2012**

|   | Notes | Group and Bank            |                               |
|---|-------|---------------------------|-------------------------------|
|   |       | 30 June<br>2012<br>RM'000 | 31 December<br>2011<br>RM'000 |
| <b>ASSETS</b>                                     |       |                           |                               |
| Cash and short-term funds                         |       | 23,109                    | 10,258                        |
| Securities portfolio - held-for-trading           | (a)   | 187,093                   | -                             |
| Securities portfolio - available-for-sale         | (b)   | -                         | 30,000                        |
| Other assets                                      | (c)   | 237,162                   | 53,893                        |
| <b>Total assets</b>                               |       | <b>447,364</b>            | <b>94,151</b>                 |
| <b>LIABILITIES</b>                                |       |                           |                               |
| Other liabilities                                 | (d)   | 249,934                   | 5                             |
| Provision for taxation and zakat                  |       | 49,332                    | 22,632                        |
| <b>Total liabilities</b>                          |       | <b>299,266</b>            | <b>22,637</b>                 |
| <b>ISLAMIC BANKING FUND</b>                       |       |                           |                               |
| Islamic banking capital fund                      |       | 5,000                     | 5,000                         |
| Reserves  |       | 143,098                   | 66,514                        |
|   |       | <b>148,098</b>            | <b>71,514</b>                 |
| <b>Total Liabilities and Islamic Banking Fund</b> |       | <b>447,364</b>            | <b>94,151</b>                 |



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**28. Net income from Islamic Banking Scheme operations (Cont'd)**

**Condensed Financial Statements**  
**Unaudited Statements of Comprehensive Income**  
**For the Period Ended 30 June 2012**

| Group and Bank  | Notes | Quarter Ended             |                           | Cumulative 6 Months Ended |                           |
|---|-------|---------------------------|---------------------------|---------------------------|---------------------------|
|   |       | 30 June<br>2012<br>RM'000 | 30 June<br>2011<br>RM'000 | 30 June<br>2012<br>RM'000 | 30 June<br>2011<br>RM'000 |
| Income derived from investment of Islamic banking capital funds | (e)   | <b>63,440</b>             | 24,044                    | <b>141,201</b>            | 36,409                    |
| <b>Income attributable to the Group and the Bank</b>            |       | <b>63,440</b>             | 24,044                    | <b>141,201</b>            | 36,409                    |
| Overhead expenses   | (f)   | <b>(18,344)</b>           | (6,777)                   | <b>(37,917)</b>           | (13,680)                  |
| <b>Profit before taxation and zakat</b>                         |       | <b>45,096</b>             | 17,267                    | <b>103,284</b>            | 22,729                    |
| Taxation  |       | <b>(11,273)</b>           | (4,291)                   | <b>(25,821)</b>           | (5,657)                   |
| Zakat   |       | <b>(384)</b>              | (152)                     | <b>(879)</b>              | (193)                     |
| <b>Profit for the period</b>                                    |       | <b>33,439</b>             | 12,824                    | <b>76,584</b>             | 16,879                    |
| <b>Total comprehensive income for the period</b>                |       | <b>33,439</b>             | 12,824                    | <b>76,584</b>             | 16,879                    |

**Unaudited Consolidated Statements of Changes in Equity**  
**For the Second Quarter Ended 30 June 2012**

| Group and Bank                            | Islamic banking capital fund<br>RM'000 | Distributable retained profits<br>RM'000 | Total<br>RM'000 |
|---|--|--|-----------------|
| At 1 January 2012                         | 5,000                                  | 66,514                                   | 71,514          |
| Profit for the period                     | -                                      | 76,584                                   | 76,584          |
| Total comprehensive income for the period | -                                      | 76,584                                   | 76,584          |
| <b>At 30 June 2012</b>                    | <b>5,000</b>                           | <b>143,098</b>                           | <b>148,098</b>  |
| 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          |
| <b>At 31 December 2010</b>                | <b>5,000</b>                           | <b>21,318</b>                            | <b>26,318</b>   |
| At 1 January 2011                         | 5,000                                  | 21,318                                   | 26,318          |
| Profit for the period                     | -                                      | 16,879                                   | 16,879          |
| Total comprehensive income for the period | -                                      | 16,879                                   | 16,879          |
| <b>At 30 June 2011</b>                    | <b>5,000</b>                           | <b>38,197</b>                            | <b>43,197</b>   |

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**28. Net income from Islamic Banking Scheme operations (Cont'd)**

**Condensed Financial Statements**  
**Unaudited Cash Flow Statements**  
**For the Second Quarter Ended 30 June 2012**

|   | <b>Group and Bank</b>              |  |
|---|------------------------------------|--|
|   | <b>30 June<br/>2012<br/>RM'000</b> | <b>30 June<br/>2011<br/>RM'000</b>     |
| <b>Cash flows from operating activities</b>               |                                    |  |
| Profit before taxation and zakat                          | 103,284                            | 22,729                                 |
| Decrease in securities                                    | (157,093)                          | -                                      |
| Increase in receivables                                   | (183,269)                          | (25,795)                               |
| Increase in payables                                      | 249,929                            | 19,000                                 |
| Net cash generated from operating activities              | 12,851                             | 15,934                                 |
| <b>Net increase in cash and cash equivalents</b>          | <b>12,851</b>                      | <b>15,934</b>                          |
| <b>Cash and cash equivalents at beginning of the year</b> | <b>10,258</b>                      | <b>79</b>                              |
| <b>Cash and cash equivalents at end of the period</b>     | <b>23,109</b>                      | <b>16,013</b>                          |
| <br>  |                                    |  |
| <b>(a) Securities portfolio - held-for-trading</b>        | <b>Group and Bank</b>              |  |
|   | <b>30 June<br/>2012<br/>RM'000</b> | <b>31 December<br/>2011<br/>RM'000</b> |
| <b>Quoted Securities:</b>                                 |                                    |  |
| Corporate bond  | 187,093                            | -                                      |
| <br>  |                                    |  |
| <b>(b) Securities portfolio - available-for-sale</b>      | <b>Group and Bank</b>              |  |
|   | <b>30 June<br/>2012<br/>RM'000</b> | <b>31 December<br/>2011<br/>RM'000</b> |
| <b>Quoted Securities:</b>                                 |                                    |  |
| Corporate bond  | -                                  | 30,000                                 |
| <br>  |                                    |  |
| <b>(c) Other assets</b>                                   | <b>Group and Bank</b>              |  |
|   | <b>30 June<br/>2012<br/>RM'000</b> | <b>31 December<br/>2011<br/>RM'000</b> |
| Profit receivable   | -                                  | 18                                     |
| Debtors and prepayments                                   | 237,162                            | 53,875                                 |
|   | 237,162                            | 53,893                                 |
| <br>  |                                    |  |
| <b>(d) Other liabilities</b>                              | <b>Group and Bank</b>              |  |
|   | <b>30 June<br/>2012<br/>RM'000</b> | <b>31 December<br/>2011<br/>RM'000</b> |
| Provisions and accruals                                   | 249,934                            | 5                                      |

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**28. Net income from Islamic Banking Scheme operations (Cont'd)**

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

|  | Group and Bank<br>Quarter Ended |                 | Group and Bank<br>Cumulative 6 Months Ended |                 |
|--|---------------------------------|-----------------|---|-----------------|
|  | 30 June<br>2012                 | 30 June<br>2011 | 30 June<br>2012                             | 30 June<br>2011 |
|  | RM'000                          | RM'000          | RM'000                                      | RM'000          |
| Gross income from:   |                                 |                 |   |                 |
| - Securities-held-for-trading  | 119                             | -               | 119   | -               |
| - Securities-available-for-sale                                      | -                               | -               | 206   | -               |
| - Deposit and placement with financial institutions                  | 338                             | 85              | 553   | 85              |
| - Gain from sale of investment securities                            | 7,885                           | 17,050          | 76,843                                      | 17,050          |
| - Unrealised gain on revaluation of securities held-for-trading, net | 1,975                           | -               | 1,975                                       | -               |
| Fee and commission income from:                                      |                                 |                 |   |                 |
| - Arranger and upfront fee   | 50,991                          | 5,346           | 57,984                                      | 16,997          |
| - Corporate advisory fee   | 150                             | -               | 330   | 100             |
| - Underwriting commission  | 120                             | 120             | 120   | 120             |
| - Brokerage income   | 503                             | 626             | 1,261                                       | 1,603           |
| - Other fee income   | 1,359                           | 817             | 1,810                                       | 454             |
|  | <b>63,440</b>                   | <b>24,044</b>   | <b>141,201</b>                              | <b>36,409</b>   |

**(f) Overhead expenses**

|                                     | Group and Bank<br>Quarter Ended |                 | Group and Bank<br>Cumulative 6 Months Ended |                 |
|-------------------------------------|---------------------------------|-----------------|---|-----------------|
|                                     | 30 June<br>2012                 | 30 June<br>2011 | 30 June<br>2012                             | 30 June<br>2011 |
|                                     | RM'000                          | RM'000          | RM'000                                      | RM'000          |
| Personnel expenses                  | 18,035                          | 5,524           | 42,790                                      | 10,873          |
| Establishment costs                 |                                 |                 |   |                 |
| - Service chargeback                | (1,520)                         | 364             | (9,457)                                     | 589             |
| - Other establishment costs         | 733                             | 491             | 1,999                                       | 1,228           |
| Marketing costs                     | 587                             | 218             | 1,199                                       | 514             |
| Administration and general expenses | 509                             | 180             | 1,386                                       | 476             |
|                                     | <b>18,344</b>                   | <b>6,777</b>    | <b>37,917</b>                               | <b>13,680</b>   |

**(g) Capital adequacy**

| Group and Bank  |                     |
|-----------------|---------------------|
| 30 June<br>2012 | 31 December<br>2011 |
| %               | %                   |

**(l) Capital ratios**

**Core capital ratios:**

|                                      |              |              |
|--------------------------------------|--------------|--------------|
| Credit risk                          | 61.26        | 127.85       |
| Credit, market and operational risks | <b>24.51</b> | <b>53.62</b> |

**Tier 1 capital**

|                              | Group and Bank  |                     |
|------------------------------|-----------------|---------------------|
|                              | 30 June<br>2012 | 31 December<br>2011 |
|                              | RM'000          | RM'000              |
| Islamic banking capital fund | 5,000           | 5,000               |
| Retained profits             | 143,098         | 66,514              |
| <b>Total tier 1 capital</b>  | <b>148,098</b>  | <b>71,514</b>       |
| <b>Capital base</b>          | <b>148,098</b>  | <b>71,514</b>       |

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28. Net income from Islamic Banking Scheme operations (Cont'd)

(g) 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   |                |                |                |               |
|--|----------------|----------------|----------------|---------------|
| 30 June 2012   | Gross          | Net            | Risk-weighted  | Capital       |
| Exposure Class   | exposures      | exposures      | assets         | requirements  |
|  | RM'000         | RM'000         | RM'000         | RM'000        |
| <b>(i) <u>Credit Risk</u></b>  |                |                |                |               |
| <b>On-balance sheet exposures:</b>   |                |                |                |               |
| Sovereigns/Central banks   | 106            | 106            | -              | -             |
| Banks, Development Financial Institutions ("DFIs")<br>and Multilateral Development Bank ("MDBs") | 23,004         | 23,004         | 4,601          | 368           |
| Other assets   | 237,164        | 237,164        | 237,164        | 18,973        |
| <b>Total on-balance sheet exposures</b>  | <b>260,274</b> | <b>260,274</b> | <b>241,765</b> | <b>19,341</b> |
| <b>Total off-balance sheet exposures</b>   | <b>-</b>       | <b>-</b>       | <b>-</b>       | <b>-</b>      |
| <b>Total on and off-balance sheet exposures</b>  | <b>260,274</b> | <b>260,274</b> | <b>241,765</b> | <b>19,341</b> |
| <b>(ii) <u>Market Risk</u></b>   | <b>-</b>       | <b>-</b>       | <b>199,375</b> | <b>15,950</b> |
| <b>(iii) <u>Operational Risk</u></b>   | <b>-</b>       | <b>-</b>       | <b>163,156</b> | <b>13,052</b> |
| <b>Total RWA and capital requirements</b>  | <b>260,274</b> | <b>260,274</b> | <b>604,296</b> | <b>48,343</b> |

| Group and Bank   |               |               |                |               |
|--|---------------|---------------|----------------|---------------|
| 31 December 2011   | Gross         | Net           | Risk-weighted  | Capital       |
| Exposure Class   | exposures     | exposures     | assets         | requirements  |
|  | RM'000        | RM'000        | RM'000         | RM'000        |
| <b>(i) <u>Credit Risk</u></b>  |               |               |                |               |
| <b>On-balance sheet exposures:</b>   |               |               |                |               |
| Sovereigns/Central banks   | 58            | 58            | -              | -             |
| Banks, Development Financial Institutions ("DFIs")<br>and Multilateral Development Bank ("MDBs") | 10,206        | 10,206        | 2,041          | 163           |
| Other assets   | 53,893        | 53,893        | 53,893         | 4,311         |
| <b>Total on-balance sheet exposures</b>  | <b>64,157</b> | <b>64,157</b> | <b>55,934</b>  | <b>4,474</b>  |
| <b>Total off-balance sheet exposures</b>   | <b>-</b>      | <b>-</b>      | <b>-</b>       | <b>-</b>      |
| <b>Total on and off-balance sheet exposures</b>  | <b>64,157</b> | <b>64,157</b> | <b>55,934</b>  | <b>4,474</b>  |
| <b>(ii) <u>Market Risk</u></b>   | <b>-</b>      | <b>-</b>      | <b>19,683</b>  | <b>1,575</b>  |
| <b>(iii) <u>Operational Risk</u></b>   | <b>-</b>      | <b>-</b>      | <b>77,429</b>  | <b>6,194</b>  |
| <b>Total RWA and capital requirements</b>  | <b>64,157</b> | <b>64,157</b> | <b>153,046</b> | <b>12,243</b> |

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28. Net income from Islamic Banking Scheme operations (Cont'd)

(g) 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/<br>Central banks                       | Banks, DFIs<br>and MDBs | Corporates | Regulatory<br>retail | Higher risk<br>assets | Other assets   | Equity<br>exposures | Total<br>Exposures<br>after netting<br>and credit risk<br>mitigation | Total risk-<br>weighted<br>assets |
| 30 June 2012                      |  |                         |            |                      |                       |                |                     |  |                                   |
| Risk weights                      | RM'000   | RM'000                  | RM'000     | RM'000               | RM'000                | RM'000         | RM'000              | RM'000   | RM'000                            |
| 0%                                | 106  | -                       | -          | -                    | -                     | -              | -                   | 106  | -                                 |
| 20%                               | -  | 23,004                  | -          | -                    | -                     | -              | -                   | 23,004   | 4,601                             |
| 100%                              | -  | -                       | -          | -                    | -                     | 237,164        | -                   | 237,164  | 237,164                           |
| <b>Total exposures</b>            | <b>106</b>   | <b>23,004</b>           | <b>-</b>   | <b>-</b>             | <b>-</b>              | <b>237,164</b> | <b>-</b>            | <b>260,274</b>   | <b>241,765</b>                    |
| Risk-weighted assets by exposures | -  | 4,601                   | -          | -                    | -                     | 237,164        | -                   | 241,765  |                                   |
| Average risk weights              | 0%   | 20%                     | 0%         | 0%                   | 0%                    | 100%           | 0%                  | 93%  |                                   |

| Group and Bank                    | Exposures after Netting and Credit Risk Mitigation |                         |            |                      |                       |               |                     |  |                                   |
|-----------------------------------|--|-------------------------|------------|----------------------|-----------------------|---------------|---------------------|--|-----------------------------------|
|                                   | Sovereigns/<br>Central banks                       | Banks, DFIs<br>and MDBs | Corporates | Regulatory<br>retail | Higher risk<br>assets | Other assets  | Equity<br>exposures | Total<br>Exposures<br>after netting<br>and credit risk<br>mitigation | Total risk-<br>weighted<br>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                            |
| <b>Total exposures</b>            | <b>58</b>  | <b>10,206</b>           | <b>-</b>   | <b>-</b>             | <b>-</b>              | <b>53,893</b> | <b>-</b>            | <b>64,157</b>  | <b>55,934</b>                     |
| 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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**28. Net income from Islamic Banking Scheme operations (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.

| <u>Group and Bank</u><br>30 June 2012               | Up to 1<br>month<br>RM'000 | > 1 - 3<br>months<br>RM'000 | > 3 - 12<br>months<br>RM'000 | 1 - 5<br>years<br>RM'000 | Over 5<br>years<br>RM'000 | Non-yield/<br>profit rate<br>sensitive<br>RM'000 | Trading<br>book<br>RM'000 | Total<br>RM'000 | Effective<br>yield/profit<br>rate<br>% |
|---|----------------------------|-----------------------------|------------------------------|--------------------------|---------------------------|--|---------------------------|-----------------|--|
| <b>Assets</b>                                       |                            |                             |                              |                          |                           |  |                           |                 |  |
| Cash and short-term funds                           | 23,000                     | -                           | -                            | -                        | -                         | 109  | -                         | 23,109          | 2.95                                   |
| Securities held-for-trading                         | -                          | -                           | -                            | -                        | -                         | -  | 187,093                   | 187,093         | -                                      |
| Other assets  | -                          | -                           | -                            | -                        | -                         | 237,162  | -                         | 237,162         | -                                      |
| <b>Total assets</b>                                 | <b>23,000</b>              | <b>-</b>                    | <b>-</b>                     | <b>-</b>                 | <b>-</b>                  | <b>237,271</b>                                   | <b>187,093</b>            | <b>447,364</b>  |  |
| <b>Liabilities and Islamic banking fund</b>         |                            |                             |                              |                          |                           |  |                           |                 |  |
| Provision for taxation and zakat                    | -                          | -                           | -                            | -                        | -                         | 49,332   | -                         | 49,332          | -                                      |
| Other liabilities                                   | -                          | -                           | -                            | -                        | -                         | 249,934  | -                         | 249,934         | -                                      |
| <b>Total liabilities</b>                            | <b>-</b>                   | <b>-</b>                    | <b>-</b>                     | <b>-</b>                 | <b>-</b>                  | <b>299,266</b>                                   | <b>-</b>                  | <b>299,266</b>  |  |
| Reserves  | -                          | -                           | -                            | -                        | -                         | 143,098  | -                         | 143,098         | -                                      |
| Islamic banking fund                                | -                          | -                           | -                            | -                        | -                         | 5,000  | -                         | 5,000           | -                                      |
| Total Islamic banking fund                          | -                          | -                           | -                            | -                        | -                         | 148,098  | -                         | 148,098         |  |
| <b>Total liabilities and Islamic banking fund</b>   | <b>-</b>                   | <b>-</b>                    | <b>-</b>                     | <b>-</b>                 | <b>-</b>                  | <b>447,364</b>                                   | <b>-</b>                  | <b>447,364</b>  |  |
| <b>Total yield/profit rate sensitivity gap</b>      | <b>23,000</b>              | <b>-</b>                    | <b>-</b>                     | <b>-</b>                 | <b>-</b>                  | <b>(210,093)</b>                                 | <b>187,093</b>            | <b>-</b>        |  |
| <b>Cumulative yield/profit rate sensitivity gap</b> | <b>23,000</b>              | <b>23,000</b>               | <b>23,000</b>                | <b>23,000</b>            | <b>23,000</b>             | <b>(187,093)</b>                                 | <b>-</b>                  | <b>-</b>        |  |

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**28. Net income from Islamic Banking Scheme operations (Cont'd)**

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

| <u>Group and Bank</u><br>31 December 2011               | Up to 1<br>month<br>RM'000 | > 1 - 3<br>months<br>RM'000 | > 3 - 12<br>months<br>RM'000 | 1 - 5<br>years<br>RM'000 | Over 5<br>years<br>RM'000 | Non-yield/<br>profit rate<br>sensitive<br>RM'000 | Trading<br>book<br>RM'000 | Total<br>RM'000 | Effective<br>yield/profit<br>rate<br>% |
|---|----------------------------|-----------------------------|------------------------------|--------------------------|---------------------------|--|---------------------------|-----------------|--|
| <b>Assets</b>   |                            |                             |                              |                          |                           |  |                           |                 |  |
| 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          | -                                      |
| <b>Total assets</b>                                     | <b>10,200</b>              | <b>-</b>                    | <b>-</b>                     | <b>-</b>                 | <b>-</b>                  | <b>83,951</b>                                    | <b>-</b>                  | <b>94,151</b>   |  |
| <b>Liabilities and Islamic banking<br/>fund</b>         |                            |                             |                              |                          |                           |  |                           |                 |  |
| Provision for taxation and zakat                        | -                          | -                           | -                            | -                        | -                         | 22,632   | -                         | 22,632          | -                                      |
| Other liabilities                                       | -                          | -                           | -                            | -                        | -                         | 5  | -                         | 5               | -                                      |
| <b>Total liabilities</b>                                | <b>-</b>                   | <b>-</b>                    | <b>-</b>                     | <b>-</b>                 | <b>-</b>                  | <b>22,637</b>                                    | <b>-</b>                  | <b>22,637</b>   |  |
| Reserves  | -                          | -                           | -                            | -                        | -                         | 66,514   | -                         | 66,514          | -                                      |
| Islamic banking fund                                    | -                          | -                           | -                            | -                        | -                         | 5,000  | -                         | 5,000           | -                                      |
| Total Islamic banking fund                              | -                          | -                           | -                            | -                        | -                         | 71,514   | -                         | 71,514          |  |
| <b>Total liabilities and<br/>Islamic banking fund</b>   | <b>-</b>                   | <b>-</b>                    | <b>-</b>                     | <b>-</b>                 | <b>-</b>                  | <b>94,151</b>                                    | <b>-</b>                  | <b>94,151</b>   |  |
| <b>Total yield/profit rate<br/>sensitivity gap</b>      | <b>10,200</b>              | <b>-</b>                    | <b>-</b>                     | <b>-</b>                 | <b>-</b>                  | <b>(10,200)</b>                                  | <b>-</b>                  | <b>-</b>        |  |
| <b>Cumulative yield/profit rate<br/>sensitivity gap</b> | <b>10,200</b>              | <b>10,200</b>               | <b>10,200</b>                | <b>10,200</b>            | <b>10,200</b>             | <b>-</b>   | <b>-</b>                  | <b>-</b>        |  |

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**(15938-H)**  
**(Incorporated in Malaysia)**

**28. Net income from Islamic Banking Scheme operations (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 statement of financial position.

**(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 institution 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 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 (31 December 2011: five) Shariah consultants.