

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

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

		Group		Bank	
		30 June 2012	31 December 2011	30 June 2012	31 December 2011
Notes		RM'000	RM'000	RM'000	RM'000
ASSETS					
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
TOTAL ASSETS		2,791,826	2,480,726	2,932,893	2,625,695
LIABILITIES					
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	-	-
TOTAL LIABILITIES		2,121,156	1,966,023	2,284,624	2,132,354
SHAREHOLDER'S EQUITY					
Share capital		50,116	50,116	50,116	50,116
Reserves		620,554	464,587	598,153	443,225
TOTAL EQUITY		670,670	514,703	648,269	493,341
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY		2,791,826	2,480,726	2,932,893	2,625,695
COMMITMENTS AND CONTINGENCIES					
	26	518,754	492,641	518,754	492,641

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

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

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 2012 RM'000	30 June 2011 RM'000	30 June 2012 RM'000	30 June 2011 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 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 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
Profit before taxation and zakat		155,161	41,754	227,709	71,485
Taxation and zakat		(38,708)	(8,055)	(59,362)	(15,373)
Net profit for the period		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 2012 RM'000	30 June 2011 RM'000	30 June 2012 RM'000	30 June 2011 RM'000
Net profit for the period	116,453	33,699	168,347	56,112
Other comprehensive loss:				
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)
Other comprehensive loss for the period, net of tax	(7,657)	(1,574)	(12,380)	(5,032)
Total comprehensive income for the period attributable to equity holder of the parent	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)

MAYBANK INVESTMENT BANK BERHAD

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(Incorporated in Malaysia)

**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 2012 RM'000	30 June 2011 RM'000	30 June 2012 RM'000	30 June 2011 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
Profit before taxation and zakat		144,395	41,865	221,539	71,422
Taxation and zakat		(36,562)	(8,325)	(57,199)	(15,618)
Net profit for the period		107,833	33,540	164,340	55,804
Basic earnings per share (sen)		215	67	328	111

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

(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	30 June	30 June	30 June
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	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	232,976	70,208	224,125	69,559
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)
Net cash (used in)/generated from operations	(8,824)	32,641	(7,983)	28,326
Net cash used in investing activities	(5,635)	(5,665)	(5,626)	(6,061)
Net cash used in financing activities - dividends paid	-	(100,000)	-	(100,000)
Net decrease in cash and cash equivalents	(14,459)	(73,024)	(13,609)	(77,735)
Cash and cash equivalents at beginning of the period	320,898	200,107	289,971	172,907
Cash and cash equivalents at end of the period	306,439	127,083	276,362	95,172
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)
	306,439	127,083	276,362	95,172

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

MAYBANK INVESTMENT BANK BERHAD
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CONDENSED FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE SECOND QUARTER ENDED 30 JUNE 2012

Group	<-----Non-distributable----->							Total RM'000
	Share capital RM'000	Share premium RM'000	Statutory reserves * RM'000	Capital Reserves RM'000	Unrealised holding reserves RM'000	Exchange fluctuation reserve RM'000	Distributable retained earnings RM'000	
At 1 January 2012	50,116	172,669	50,116	-	21,871	(4,526)	224,457	514,703
Profit for the period	-	-	-	-	-	-	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
At 30 June 2012	50,116	172,669	50,116	-	9,332	(4,367)	392,804	670,670
At 1 July 2010	50,116	172,669	50,116	-	18,762	(3,788)	116,348	404,223
Effects of adopting FRS 139	-	-	-	-	-	-	15,911	15,911
At 1 July 2010	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
At 31 December 2010	50,116	172,669	50,116	(33)	30,217	(6,112)	194,737	491,710
At 1 January 2011	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
Transactions with owner								
Dividends	-	-	-	-	-	-	(100,000)	(100,000)
Total transactions with owner	-	-	-	-	-	-	(100,000)	(100,000)
At 30 June 2011	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)

MAYBANK INVESTMENT BANK BERHAD
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CONDENSED FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF CHANGES IN EQUITY
FOR THE SECOND QUARTER ENDED 30 JUNE 2012

	<-----Non-distributable----->					
Bank	Share capital	Share premium	Statutory reserves *	Unrealised holding reserves	Distributable retained earnings	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2012	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
At 30 June 2012	50,116	172,669	50,116	(2,163)	377,531	648,269
At 1 July 2010	50,116	172,669	50,116	5,777	109,753	388,431
Effects of adopting FRS 139	-	-	-	-	15,911	15,911
At 1 July 2010	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
At 31 December 2010	50,116	172,669	50,116	-	183,867	456,768
At 1 January 2011	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
Transactions with owner						
Dividends	-	-	-	-	(100,000)	(100,000)
Total transactions with owner	-	-	-	-	(100,000)	(100,000)
At 30 June 2011	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 2012 RM'000	31 December 2011 RM'000	30 June 2012 RM'000	31 December 2011 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 2012 RM'000	31 December 2011 RM'000	30 June 2012 RM'000	31 December 2011 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 2012 RM'000	31 December 2011 RM'000	30 June 2012 RM'000	31 December 2011 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

	Group		Bank	
At fair value	30 June 2012 RM'000	31 December 2011 RM'000	30 June 2012 RM'000	31 December 2011 RM'000
Quoted Securities:				
Corporate bonds	207,612	-	207,612	-
Shares in Malaysia	79,871	18,238	79,871	18,238
Total securities held-for-trading	<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 for certain unquoted equity instruments	Group		Bank	
	30 June	31 December	30 June	31 December
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Quoted Securities:				
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>
Unquoted Securities:				
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>
Total securities available-for-sale	<u>129,604</u>	<u>578,196</u>	<u>85,744</u>	<u>531,600</u>

15 (iii) Securities held-to-maturity

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

16. Loans and advances

At amortised cost	Group and Bank	
	30 June	31 December
	2012	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:

	Group and Bank	
	30 June 2012	31 December 2011
	RM'000	RM'000
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:

	Group and Bank	
	30 June 2012	31 December 2011
	RM'000	RM'000
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:

	Group and Bank	
	30 June 2012	31 December 2011
	RM'000	RM'000
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:

	Group and Bank	
	30 June 2012	31 December 2011
	RM'000	RM'000
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:

	Group and Bank	
	30 June	31 December
	2012	2011
	RM'000	RM'000
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 advances less individual assessment	0.17%	0.25%

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

	Group and Bank	
	30 June	31 December
	2012	2011
	RM'000	RM'000
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:

	Group and Bank	
	30 June	31 December
	2012	2011
	RM'000	RM'000
Individual assessment allowance:		
Balance at beginning of the period	6,267	7,941
Allowance made during the period	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	31 December	30 June	31 December
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Tax recoverable	-	421	-	-
Amount due from brokers and clients				
- Non-margin accounts (a)	456,271	377,286	456,271	377,286
Amount due from ultimate holding company	42,232	25,941	42,232	25,941
Other debtors, deposits and prepayment	60,330	30,034	48,276	27,297
	558,833	433,682	546,779	430,524
Less: Allowance for doubtful debts	(7,370)	(7,420)	(5,083)	(5,294)
	551,463	426,262	541,696	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	31 December	30 June	31 December
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Provisions and accruals	150,453	49,290	145,963	45,003
Amount due to brokers and clients (a)	987,714	1,187,517	987,714	1,187,517
Deposits and other creditors	601,565	110,440	771,913	281,831
Provision for taxation and zakat	49,095	4,081	47,806	4,081
	1,788,827	1,351,328	1,953,396	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 2012		31 December 2011	
	Contract/ Notional amount RM'000	Fair value RM'000	Contract/ Notional amount RM'000	Fair value RM'000
Equity related derivatives:				
Equity options	153,024	44,798	28,952	7,508
Index futures	4,657	99	-	-
	157,681	44,897	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 2012	30 June 2011	30 June 2012	30 June 2011
	RM'000	RM'000	RM'000	RM'000
Equity related derivatives:				
Equity options	731	-	5,253	-
Index futures	(99)	-	(99)	-
	632	-	5,154	-

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
Total interest income	8,703	5,981	16,671	10,126

<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
Total interest income	8,419	5,795	16,262	9,761

21. Interest expense

	Group and Bank Quarter Ended		Group and Bank 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
Fee and commission income:				
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
	165,835	59,220	218,920	108,708

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22. Non-interest income (Cont'd)

	Quarter Ended		Cumulative 6 Months Ended	
	30 June 2012 RM'000	30 June 2011 RM'000	30 June 2012 RM'000	30 June 2011 RM'000
<u>Group</u>				
Investment income:				
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	-
	4,091	2,575	5,366	4,119
Other income:				
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
	1,384	1,191	1,324	9,832
Total non-interest income	171,310	62,986	225,610	122,659

	Quarter Ended		Cumulative 6 Months Ended	
	30 June 2012 RM'000	30 June 2011 RM'000	30 June 2012 RM'000	30 June 2011 RM'000
<u>Bank</u>				
Fee and commission income:				
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
	156,057	58,991	209,142	108,013

Investment income:				
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
	3,317	3,656	4,587	5,200

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22. Non-interest income (Cont'd)

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

23. Overhead expenses

	Quarter Ended		Cumulative 6 Months Ended	
	30 June 2012 RM'000	30 June 2011 RM'000	30 June 2012 RM'000	30 June 2011 RM'000
<u>Group</u>				
Personnel expenses				
- 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	-
	72,857	52,668	119,732	83,636
Establishment costs				
- 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
	2,561	(339)	8,816	9,287
Marketing costs				
- Advertisement and publicity	2,714	1,559	4,302	2,732
- Others	2,636	853	3,639	1,856
	5,350	2,412	7,941	4,588
Administration and general expenses				
- Fee and brokerage	3,411	3,128	6,252	5,485
- Administrative expenses	685	1,240	2,379	1,774
- General expenses^	245	(8,258)	598	(8,135)
	4,341	(3,890)	9,229	(876)
Total	85,109	50,851	145,718	96,635

^ 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)

	Quarter Ended		Cumulative 6 Months Ended	
	30 June 2012 RM'000	30 June 2011 RM'000	30 June 2012 RM'000	30 June 2011 RM'000
<u>Bank</u>				
Personnel expenses				
- 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	-
	72,854	52,758	119,717	83,621
Establishment costs				
- 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, 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
	1,968	(370)	7,540	9,422
Marketing costs				
- Advertisement and publicity	2,714	1,559	4,302	2,732
- Others	2,636	850	3,639	1,853
	5,350	2,409	7,941	4,585
Administration and general expenses				
- Fee and brokerage	3,391	2,625	6,213	4,490
- Administrative expenses	668	1,231	2,340	1,766
- General expenses^	341	(8,280)	597	(8,197)
	4,400	(4,424)	9,150	(1,941)
Total	84,572	50,373	144,348	95,687

^ 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 Quarter Ended		Group and Bank Cumulative 6 Months Ended	
	30 June 2012 RM'000	30 June 2011 RM'000	30 June 2012 RM'000	30 June 2011 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 other debtors, net	(188)	-	(211)	598
	392	208	810	(195)

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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 2012	31 December 2011	30 June 2012	31 December 2011
	%	%	%	%
Capital ratios				
Core capital ratio				
Credit risk	51.28	47.97	48.49	44.62
Credit, market and operational risks	24.44	21.58	22.79	19.60
Risk-weighted capital ratio				
Credit risk	51.28	47.97	48.49	44.62
Credit, market and operational risks	24.44	21.58	22.79	19.60
Tier 1 capital				
Paid-up share capital	50,116	50,116	50,116	50,116
Share premium	172,669	172,669	172,669	172,669
Statutory reserves	50,116	50,116	50,116	50,116
Islamic banking capital fund	5,000	5,000	5,000	5,000
Other reserves	387,804	219,457	372,531	208,191
Less: Deferred tax assets ¹	(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 ²	-	-	(61,804)	(61,804)
Capital base	647,706	491,834	570,629	418,764

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

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

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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>	<u>Gross exposures</u>	<u>Net exposures</u>	<u>Risk-weighted assets</u>	<u>Capital requirements</u>
30 June 2012 Exposure Class	RM'000	RM'000	RM'000	RM'000
(i) <u>Credit Risk</u>				
On-balance sheet exposures:				
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
Total on-balance sheet exposures	2,443,931	2,443,931	1,260,132	100,811
Off-balance sheet exposures:				
Underwriting of short-term debt securities exposures	30,000	30,000	3,000	240
Credit-related off-balance sheet exposures	488,754	488,754	-	-
Total off-balance sheet exposures	518,754	518,754	3,000	240
Total on and off-balance sheet exposures	2,962,685	2,962,685	1,263,132	101,051
(ii) <u>Market Risk</u>				
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
Total	-	-	684,252	54,740
(iii) <u>Operational Risk</u>				
	-	-	703,255	56,260
Total RWA and capital requirements	2,962,685	2,962,685	2,650,639	212,051

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25. Capital adequacy (Cont'd)

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

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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>	<u>Gross</u>	<u>Net exposures</u>	<u>Risk-weighted</u>	<u>Capital</u>
<u>30 June 2012</u>	<u>exposures</u>	<u>exposures</u>	<u>assets</u>	<u>requirements</u>
<u>Exposure Class</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
(i) <u>Credit Risk</u>				
On-balance sheet exposures:				
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
Total on-balance sheet exposures	2,351,722	2,351,722	1,173,762	93,901
Off-balance sheet exposures:				
Underwriting of short-term debt securities exposures	30,000	30,000	3,000	240
Credit-related off-balance sheet exposures	488,754	488,754	-	-
Total off-balance sheet exposures	518,754	518,754	3,000	240
Total on and off-balance sheet exposures	2,870,476	2,870,476	1,176,762	94,141
(ii) <u>Market Risk</u>				
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
(iii) <u>Operational Risk</u>				
	-	-	689,151	55,132
Total RWA and capital requirements	2,870,476	2,870,476	2,503,938	200,315

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25. Capital adequacy (Cont'd)

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

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25. Capital adequacy (Cont'd)

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

Group	30 June 2012		31 December 2011	
	Risk-weighted assets equivalent RM'000	Capital required RM'000	Risk-weighted assets equivalent RM'000	Capital required RM'000
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
Total	684,252	54,740	713,316	57,065

Bank	30 June 2012		31 December 2011	
	Risk-weighted assets equivalent RM'000	Capital required RM'000	Risk-weighted assets equivalent RM'000	Capital required RM'000
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
Total	638,025	51,042	664,851	53,188

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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/ Central banks	Banks, DFIs and MDBs	Corporates	Regulatory retail	Higher risk assets	Other assets	Equity exposures	Total Exposures after netting and credit risk mitigation	Total risk- weighted assets
30 June 2012									
Risk weights	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
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
Total exposures	281	1,472,684	553,977	199,800	90,268	126,866	55	2,443,931	1,260,132
Risk-weighted assets by exposures	-	294,715	552,544	150,557	135,402	126,859	55	1,260,132	
Average risk weights	0%	20%	100%	75%	150%	100%	100%	52%	

Group	Exposures after Netting and Credit Risk Mitigation								
	Sovereigns/ Central banks	Banks, DFIs and MDBs	Corporates	Regulatory retail	Higher risk assets	Other assets	Equity exposures	Total Exposures after netting and credit risk mitigation	Total risk- weighted assets
31 December 2011									
Risk weights	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
0%	703	-	-	-	-	6	-	709	-
20%	-	1,213,128	-	-	-	-	-	1,213,128	242,626
50%	-	593	2,366	72	-	-	-	3,031	1,515
75%	-	-	-	135,036	-	-	-	135,036	101,277
100%	-	-	1,566	440,842	-	76,554	58	519,020	519,020
150%	-	-	-	374	96,908	-	-	97,282	145,923
Total exposures	703	1,213,721	3,932	576,324	96,908	76,560	58	1,968,206	1,010,361
Risk-weighted assets by exposures	-	242,922	2,749	542,716	145,362	76,554	58	1,010,361	
Average risk weights	0%	20%	70%	94%	150%	100%	100%	51%	

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25. Capital adequacy (Cont'd)

Bank	Exposures after Netting and Credit Risk Mitigation								
	Sovereigns/ Central banks	Banks, DFIs and MDBs	Corporates	Regulatory retail	Higher risk assets	Other assets	Equity exposures	Total exposures after netting and credit risk mitigation	Total risk- weighted assets
30 June 2012									
Risk weights	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
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
Total exposures	281	1,436,543	553,977	199,800	44,117	116,949	55	2,351,722	1,173,762
Risk-weighted assets by exposures	-	287,487	552,544	150,557	66,176	116,943	55	1,173,762	
Average risk weights	0%	20%	100%	75%	150%	100%	100%	50%	

Bank	Exposures after Netting and Credit Risk Mitigation								
	Sovereigns/ Central banks	Banks, DFIs and MDBs	Corporates	Regulatory retail	Higher risk assets	Other assets	Equity exposures	Total exposures after netting and credit risk mitigation	Total risk- weighted assets
31 December 2011									
Risk weights	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
0%	280	-	-	-	-	5	-	285	-
20%	-	1,178,812	-	-	-	-	-	1,178,812	235,762
50%	-	593	2,366	72	-	-	-	3,031	1,516
75%	-	-	-	135,036	-	-	-	135,036	101,277
100%	-	-	1,566	440,842	-	75,772	58	518,238	518,238
150%	-	-	-	374	44,118	-	-	44,492	66,738
Total exposures	280	1,179,405	3,932	576,324	44,118	75,777	58	1,879,894	923,531
Risk-weighted assets by exposures	-	236,059	2,749	542,716	66,177	75,772	58	923,531	
Average risk weights	0%	20%	70%	94%	150%	100%	100%	49%	

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26. Commitments and Contingencies

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

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

Contingent liabilities

	Group and Bank	
	30 June 2012 RM'000	31 December 2011 RM'000
Unsecured		
(i) Guarantee given to the holding company for banking facilities extended to Bursa Malaysia Securities Clearing Berhad	1,000	1,000
(ii) Claims under litigation*	10,091	10,091
	11,091	11,091

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

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25. Commitments and Contingencies (Cont'd)

Contingent liabilities (cont'd)

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

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

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

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

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

The Appeal was 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.

Group	Up to 1	> 1 - 3	> 3 - 12	1 - 5	Over 5	Non-	Trading	Total	Effective
30 June 2012	month	months	months	years	years	interest	book	RM'000	interest
	RM'000	RM'000	RM'000	RM'000	RM'000	sensitive	RM'000		rate
						RM'000			%
Assets									
Cash and short-term funds	277,340	-	-	-	-	1,163,817	-	1,441,157	2.88
Deposits and placements with banks and other 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 balances	-	-	-	-	-	47,503	-	47,503	-
Total assets	567,089	-	3,373	640	10,455	1,922,786	287,483	2,791,826	

* 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> 30 June 2012	Up to 1 month RM'000	> 1 - 3 months RM'000	> 3 - 12 months RM'000	1 - 5 years RM'000	Over 5 years RM'000	Non- interest sensitive RM'000	Trading book RM'000	Total RM'000	Effective interest rate %
Liabilities and equity									
Deposits and placements of a licensed bank	-	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 balances	-	-	-	-	-	1,101	-	1,101	-
Total liabilities	-	100,000	185,000	-	-	1,791,259	44,897	2,121,156	
Share capital	-	-	-	-	-	50,116	-	50,116	-
Reserves	-	-	-	-	-	620,554	-	620,554	-
Total equity	-	-	-	-	-	670,670	-	670,670	
Total liabilities and equity	-	100,000	185,000	-	-	2,461,929	44,897	2,791,826	
On-balance sheet interest sensitivity gap	567,089	(100,000)	(181,627)	640	10,455	(539,143)	242,586	-	
Total interest sensitivity gap	567,089	(100,000)	(181,627)	640	10,455	(539,143)	242,586	-	
Cumulative interest rate sensitivity gap	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		rate
						RM'000			%
Assets									
Cash and short-term funds	293,867	-	-	-	-	906,398	-	1,200,265	2.99
Deposits and placements with banks and other financial institutions	-	20	3,371	-	-	9,199	-	12,590	3.02
Securities held-for-trading	-	-	-	-	-	-	18,238	18,238	-
Securities available-for-sale	-	-	-	140,777	281,394	156,025	-	578,196	5.32
Securities held-to-maturity	-	-	-	-	33	-	-	33	-
Loans and advances								-	
- performing	191,908	1,525	2	435	10,052	4,996	-	208,918	6.70
- non-performing *	-	-	-	-	-	519	-	519	-
Other assets	-	-	-	-	-	426,262	-	426,262	-
Other non-interest sensitive balances	-	-	-	-	-	35,705	-	35,705	-
Total assets	485,775	1,545	3,373	141,212	291,479	1,539,104	18,238	2,480,726	

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

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27. Interest rate risk (Cont'd)

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

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27. Interest rate risk (Cont'd)

Bank	Up to 1	> 1 - 3	> 3 - 12	1 - 5	Over 5	Non-	Trading	Total	Effective
30 June 2012	month	months	months	years	years	interest	book	RM'000	interest
	RM'000	RM'000	RM'000	RM'000	RM'000	sensitive	RM'000		rate
						RM'000			%
Assets									
Cash and short-term funds	252,528	-	-	-	-	1,158,552	-	1,411,080	2.89
Deposits and placements with banks and other 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 balances	-	-	-	-	-	278,337	-	278,337	-
Total assets	539,652	-	2	640	10,455	2,094,661	287,483	2,932,893	

* 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)

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

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27. Interest rate risk (Cont'd)

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

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

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27. Interest rate risk (Cont'd)

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

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28. Net income from Islamic Banking Scheme operations

Unaudited Statements of Financial Position as at 30 June 2012

		Group and Bank	
		30 June	31 December
		2012	2011
	Notes	RM'000	RM'000
ASSETS			
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
Total assets		447,364	94,151
LIABILITIES			
Other liabilities	(d)	249,934	5
Provision for taxation and zakat		49,332	22,632
Total liabilities		299,266	22,637
ISLAMIC BANKING FUND			
Islamic banking capital fund		5,000	5,000
Reserves		143,098	66,514
		148,098	71,514
Total Liabilities and Islamic Banking Fund		447,364	94,151

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

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

Group and Bank	Islamic banking capital fund RM'000	Distributable retained profits RM'000	Total RM'000
At 1 January 2012	5,000	66,514	71,514
Profit for the period	-	76,584	76,584
Total comprehensive income for the period	-	76,584	76,584
At 30 June 2012	5,000	143,098	148,098
At 1 July 2010	5,000	9,295	14,295
Profit for the period	-	12,023	12,023
Total comprehensive income for the period	-	12,023	12,023
At 31 December 2010	5,000	21,318	26,318
At 1 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
At 30 June 2011	5,000	38,197	43,197

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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

	Group and Bank	
	30 June	30 June
	2012	2011
	RM'000	RM'000
Cash flows from operating activities		
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
Net increase in cash and cash equivalents	12,851	15,934
Cash and cash equivalents at beginning of the year	10,258	79
Cash and cash equivalents at end of the period	23,109	16,013

(a) Securities portfolio - held-for-trading	Group and Bank	
	30 June	31 December
	2012	2011
	RM'000	RM'000
Quoted Securities:		
Corporate bond	187,093	-

(b) Securities portfolio - available-for-sale	Group and Bank	
	30 June	31 December
	2012	2011
	RM'000	RM'000
Quoted Securities:		
Corporate bond	-	30,000

(c) Other assets	Group and Bank	
	30 June	31 December
	2012	2011
	RM'000	RM'000
Profit receivable	-	18
Debtors and prepayments	237,162	53,875
	237,162	53,893

(d) Other liabilities	Group and Bank	
	30 June	31 December
	2012	2011
	RM'000	RM'000
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 Quarter Ended		Group and Bank Cumulative 6 Months Ended	
	30 June 2012 RM'000	30 June 2011 RM'000	30 June 2012 RM'000	30 June 2011 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
	63,440	24,044	141,201	36,409

(f) Overhead expenses

	Group and Bank Quarter Ended		Group and Bank Cumulative 6 Months Ended	
	30 June 2012 RM'000	30 June 2011 RM'000	30 June 2012 RM'000	30 June 2011 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
	18,344	6,777	37,917	13,680

(g) Capital adequacy

Group and Bank	
30 June 2012 %	31 December 2011 %

(l) Capital ratios

Core capital ratios:

Credit risk	61.26	127.85
Credit, market and operational risks	24.51	53.62

Tier 1 capital

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

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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
(i) <u>Credit Risk</u>				
On-balance sheet exposures:				
Sovereigns/Central banks	106	106	-	-
Banks, Development Financial Institutions ("DFIs") and Multilateral Development Bank ("MDBs")	23,004	23,004	4,601	368
Other assets	237,164	237,164	237,164	18,973
Total on-balance sheet exposures	260,274	260,274	241,765	19,341
Total off-balance sheet exposures	-	-	-	-
Total on and off-balance sheet exposures	260,274	260,274	241,765	19,341
(ii) <u>Market Risk</u>	-	-	199,375	15,950
(iii) <u>Operational Risk</u>	-	-	163,156	13,052
Total RWA and capital requirements	260,274	260,274	604,296	48,343
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
(i) <u>Credit Risk</u>				
On-balance sheet exposures:				
Sovereigns/Central banks	58	58	-	-
Banks, Development Financial Institutions ("DFIs") and Multilateral Development Bank ("MDBs")	10,206	10,206	2,041	163
Other assets	53,893	53,893	53,893	4,311
Total on-balance sheet exposures	64,157	64,157	55,934	4,474
Total off-balance sheet exposures	-	-	-	-
Total on and off-balance sheet exposures	64,157	64,157	55,934	4,474
(ii) <u>Market Risk</u>	-	-	19,683	1,575
(iii) <u>Operational Risk</u>	-	-	77,429	6,194
Total RWA and capital requirements	64,157	64,157	153,046	12,243

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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/ Central banks	Banks, DFIs and MDBs	Corporates	Regulatory retail	Higher risk assets	Other assets	Equity exposures	Total Exposures after netting and credit risk mitigation	Total risk- weighted assets
30 June 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
Total exposures	106	23,004	-	-	-	237,164	-	260,274	241,765
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/ Central banks	Banks, DFIs and MDBs	Corporates	Regulatory retail	Higher risk assets	Other assets	Equity exposures	Total Exposures after netting and credit risk mitigation	Total risk- weighted assets
31 December 2011									
Risk weights	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
0%	58	-	-	-	-	-	-	58	-
20%	-	10,206	-	-	-	-	-	10,206	2,041
100%	-	-	-	-	-	53,893	-	53,893	53,893
Total exposures	58	10,206	-	-	-	53,893	-	64,157	55,934
Risk-weighted assets by exposures	-	2,041	-	-	-	53,893	-	55,934	
Average risk weights	0%	20%	0%	0%	0%	100%	0%	87%	

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

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

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

Group and Bank 31 December 2011	Up to 1 month RM'000	> 1 - 3 months RM'000	> 3 - 12 months RM'000	1 - 5 years RM'000	Over 5 years RM'000	Non-yield/ profit rate sensitive RM'000	Trading book RM'000	Total RM'000	Effective yield/profit rate %
Assets									
Cash and short-term funds	10,200	-	-	-	-	58	-	10,258	3.00
Securities available-for-sale	-	-	-	-	-	30,000	-	30,000	4.10
Other assets	-	-	-	-	-	53,893	-	53,893	-
Total assets	10,200	-	-	-	-	83,951	-	94,151	
Liabilities and Islamic banking fund									
Provision for taxation and zakat	-	-	-	-	-	22,632	-	22,632	-
Other liabilities	-	-	-	-	-	5	-	5	-
Total liabilities	-	-	-	-	-	22,637	-	22,637	
Reserves	-	-	-	-	-	66,514	-	66,514	-
Islamic banking fund	-	-	-	-	-	5,000	-	5,000	-
Total Islamic banking fund	-	-	-	-	-	71,514	-	71,514	
Total liabilities and Islamic banking fund	-	-	-	-	-	94,151	-	94,151	
Total yield/profit rate sensitivity gap	10,200	-	-	-	-	(10,200)	-	-	
Cumulative yield/profit rate sensitivity gap	10,200	10,200	10,200	10,200	10,200	-	-		

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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 advice 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.