



Annual Report 2011

Total Assets
USD135 billion

Net Profit
USD1.5 billion

Market Capitalisation
USD22 billion



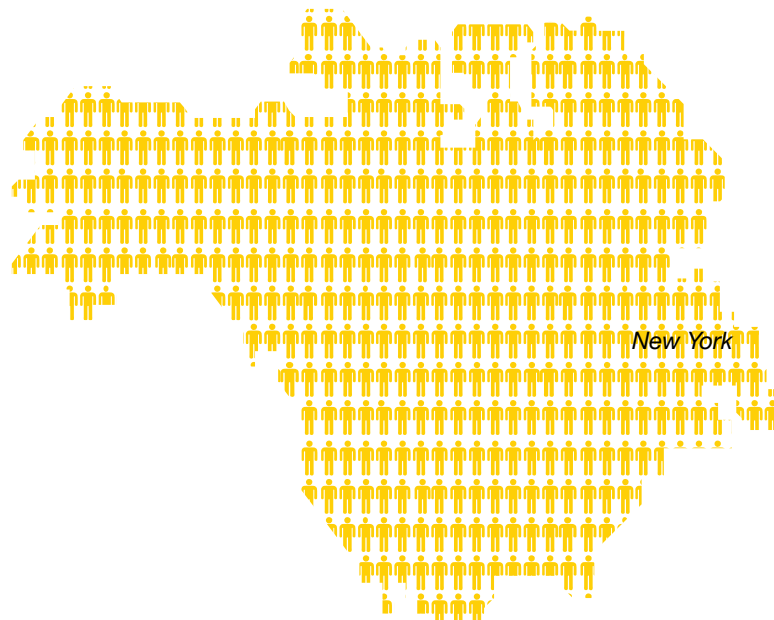
SERVICES

Our Mission – Humanising Financial Services Across Asia – guides every decision we take as our business continues to grow rapidly across the region. Our fundamentally held belief in the importance of always doing the right thing underpins our dedication to building sustainable, long term relationships founded on mutual respect. We are committed to working at the very heart of our communities, understanding that no one single decision applies to every situation, empowering our staff to operate flexibly within an agreed framework. Delivery, not just promise, is everything and our focus on objective and honest advice, and the continuing launch of innovative products and services clearly and thoroughly explained, ensures we meet the developing financial needs of all our customers from across the full range of our business.

Our team of Maybankers are enthusiastic, confident and passionate, dedicated to delivering the essential humanising ingredient that defines the very spirit of Maybank.

ACROSS

Asia



New York



Our vision

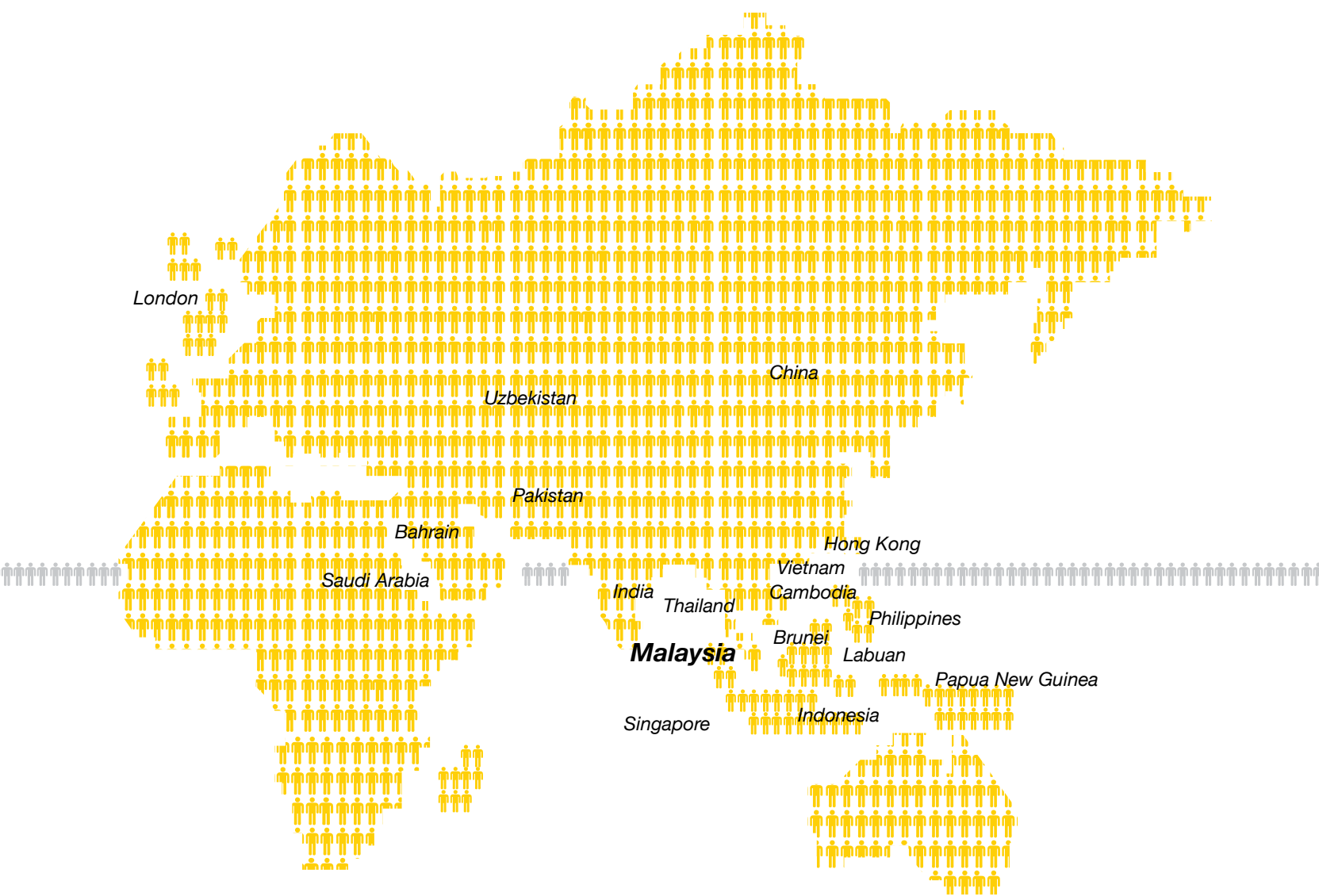
To be a Regional
Financial Services
Leader

Our mission

Humanising
Financial Services
Across Asia

Over **2,100** offices

17 countries



Our 2015 strategic objectives

1. Undisputed No.1 Retail Financial Services provider in Malaysia
2. Leading ASEAN wholesale bank eventually expanding further into Middle East, China & India
3. Sustainable champion for Insurance and Takaful
4. Truly regional organisation, with ~40% of pre-tax profit derived from international operations
5. Leading Islamic bank in ASEAN

42,000 Maybankers

21 million customers



Scholarships
RM4.5 million



**Maybank
Foundation**
RM50 million



Everyday in Asia...

Maybank plays a part in millions of lives. Helping people buy new homes, expand their businesses, get better education, save, invest and make plans for the future. By being at the heart of the communities we serve, by innovating better products, and by always putting our customers first, each and every day, 42,000 Maybankers around the world are **Humanising Financial Services Across Asia.**



21 million
customers

Everyday, over 21 million customers come to Maybank for their banking needs, from simple transactions to multi-million dollar deals.



Assets of over
USD 135 billion

Everyday, Maybank puts our financial strength and stability to work across the region, supporting initiatives and ideas that are shaping the future of Asia.



Global network of 2,100 offices

Everyday, our customers gain access to new markets and opportunities in 17 countries around the world, including 8 ASEAN countries and 5 major financial capitals such as London, New York and Hong Kong.



Over 50 years of experience

Everyday, we provide our customers with a wealth of international experience and local insight to help them pursue their ambitions across the region.



Maybank

USD 135 BILLION IN ASSETS

2,100 OFFICES IN 17 COUNTRIES

42,000 MAYBANKERS

HUMANISING FINANCIAL SERVICES ACROSS ASIA

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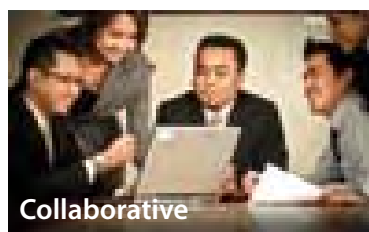


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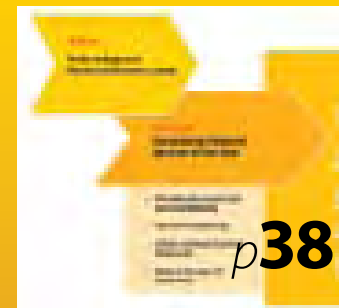
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51st

Annual General Meeting of Malayan Banking Berhad

Grand Ballroom
Level 1,
Sime Darby Convention Centre
1A, Jalan Bukit Kiara 1
60000 Kuala Lumpur

Wednesday, 29 September 2011 at 10.00am

Refer to page 544 for Annual General Meeting Information and Financial Calendar.

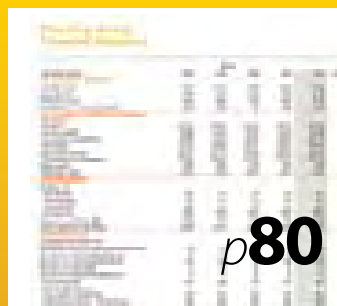


This annual report is available on the web at www.maybank.com/ar2011



To contact us, please refer to page 541 for Corporate Information and page 542 for Group Directory

Our Performance



Business Review



Corporate Responsibility



Financial Statements



Highlights of FY2011

Profit after tax and minority interest (PATAMI) reached another historical high. PATAMI came in at RM4.45 billion on top line growth across all business segments and with greater profit contribution from Community Financial Services (CFS), Global Wholesale Banking (GWB) and International.

Refer to page 90 for Group Financial Review.

Net Profit
RM4.45 billion
Up over 16%

Acquisition of Kim Eng accelerates the Group's objective of being a regional investment bank, a leap towards achieving our 2nd and 4th Strategic Objectives. Kim Eng is ASEAN's leading securities firm: ranked No. 1 in Thailand, second in the Philippines, third in Indonesia and fourth in Singapore.

Refer to page 120 for Investment Banking Business Review.



Dividend Reinvestment Plan well received with a higher reinvestment rate, reflecting overwhelming support by our shareholders. This plan continues to strengthen our capital position for future business expansion and regulatory capital requirement.

Refer to page 46 for Maybank Share.

Reinvestment Rate
91% 2nd DRP
89% 1st DRP

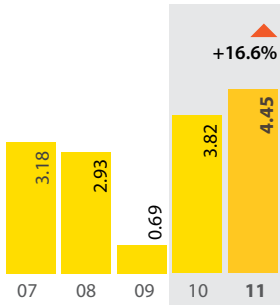
OPERATIONAL HIGHLIGHTS

- Record profit for the second successive year with broad based domestic growth and higher contribution from overseas
- The new House of Maybank accelerated the pace of growth and regional reach
- Heightened competition and effect of FRS139 led to compression in net interest margin
- Strongest loans growth since FY2001
- Gained market share in various market segments: auto finance rose to 2nd place
- Improvement in asset quality and lower losses on loans
- Capital position strengthened via issuance of SGD and RM sub-debts

FINANCIAL HIGHLIGHTS

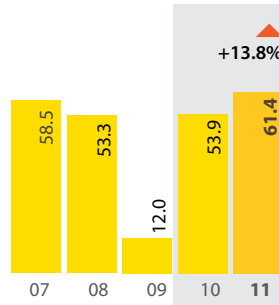
PATAMI

RM4.45 billion



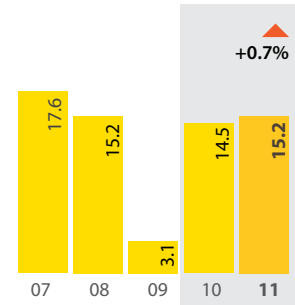
Earnings Per Share

61.4 sen



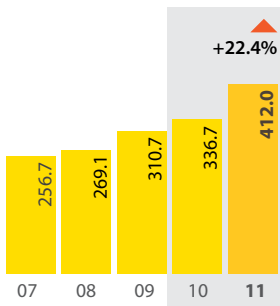
Return on Equity

15.2%



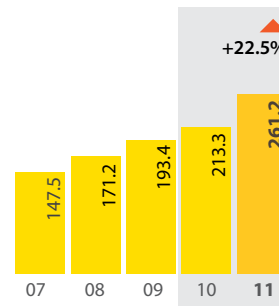
Total Assets

RM412.0 billion



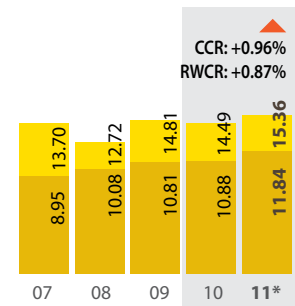
Total Gross Loans

RM261.2 billion



Capital Adequacy Ratio

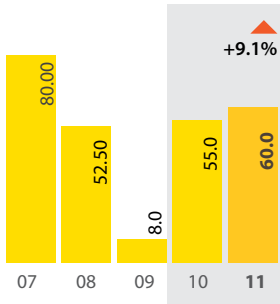
RWCR: 15.36%



* assuming full reinvestment of DRP

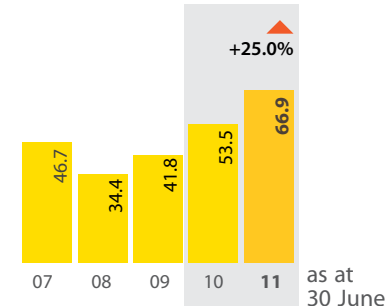
Dividend Per Share

60 sen



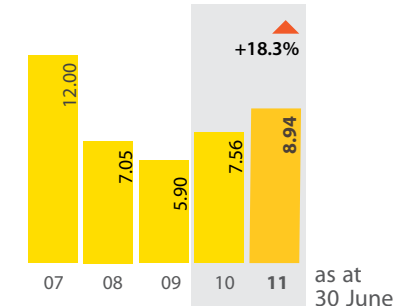
Market Capitalisation

RM66.9 billion



Share Price

RM8.94



Refer to page 80 for 5-year Financial Summary.

NON-FINANCIAL HIGHLIGHTS

Human Capital

42,000

Maybankers worldwide

Global Network

2,100

branches

17

countries

Customers

21 million

worldwide

Our Home Markets

In FY2011, we saw the economies of ASEAN and the region recovering from the recessionary conditions of the prior two years, providing a significant boost to business activities, loans and deposits growth across all our key customer segments and markets. With this view, we further strengthened our position in our three key home markets of Malaysia, Singapore and Indonesia, capitalising on various opportunities to grow our customer base and deepen our customer relationships by focusing on developing innovative products and enhancing our service delivery capabilities.

Our three home markets contributed 96% of revenue and 95% of profit before tax in FY2011.

MALAYSIA



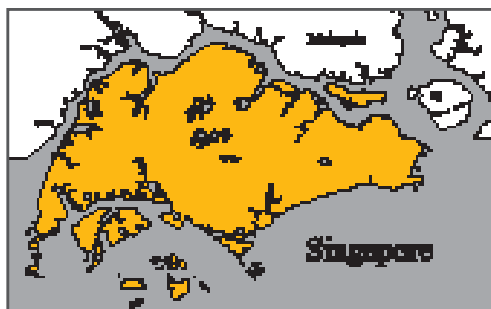
Maybank is the largest financial services group in Malaysia, our home base.

Our products and services are delivered through three distinct business pillars, namely Community Financial Services, Global Wholesale Banking, and Insurance & Takaful under the Etiqa brand.

We serve companies as they grow and become more international as well as individuals as they become wealthier and require more sophisticated financial services, such as wealth management. We operate as a universal bank offering a complete range of financial services for all customer segments.

Branches	386
Total Assets	RM281.0 billion
Total Loans	RM164.5 billion
Total Deposits	RM187.4 billion
Consumer/Business loan ratio	52:48
Revenue (Net Income)	RM9.1 billion
Profit before tax	RM4.8 billion
Contribution to Group Pre-Tax Profit	76%
Staff strength	25,500

SINGAPORE



Maybank Singapore began its operations in 1960, and was granted Qualifying Full Bank (QFB) status in December 2001. We operate one of the largest banking networks amongst foreign banks in Singapore, with 22 full service branches and five offsite ATMs. Maybank Singapore is part of atm5, Singapore's only shared ATM network among six QFBs with a combined reach of more than 140 ATMs. Maybank Singapore offers both consumer and wholesale banking businesses.

In FY2011, we acquired Kim Eng Holdings. This will further expand our investment banking and stockbroking not only in Singapore but across the region.

INDONESIA



Our operations in Indonesia is through our 97% stake in Bank Internasional Indonesia Tbk (BII). BII is one of the top ten banks in the country by assets, deposits and loans, and has one of the largest branch networks of 344 branches. PT Wahana Ottomitra Multiartha Tbk, our two wheeler motorcycle finance company, operates through 100 branches offering and servicing motorcycle financing to customers. In addition, Maybank offers Islamic banking products and services through Maybank Syariah Indonesia. With different strengths and distinct target segments, these complementary franchises enable us to seize multiple growth opportunities in Indonesia.

22	344
S\$29.2 billion	Rp84.6 trillion
S\$22.4 billion	Rp58.1 trillion
S\$22.7 billion	Rp66.5 trillion
42:58	34:66
S\$679.1 million	Rp6.1 trillion
S\$372.6 million	Rp0.8 trillion
14%	5%
1,400	7,600

Chairman's Statement



Dear shareholders,

In FY2011, our commitment to enhancing shareholder value by focusing on growth areas and delivering strong financial results made Maybank Malaysia's largest market-capitalised company. Our total shareholder returns continued to sustain double digit growth, recording 28.1% for the year.

We took full advantage of healthy economic conditions in the areas where we operate to capitalise on a range of opportunities. This once again enabled us to post a record net profit attributable to shareholders of RM4.45 billion, with over 90% coming from our three home markets of Malaysia, Singapore and Indonesia, where national GDP grew 5-8%. Assets climbed to RM412 billion, 22.4% up on the previous year; and we were heartened by an increase in our fee income ratio from 33.4% to 36.6%.

But to create shareholder value is not just about delivering financial returns. The new Group organisation we put in place on 1 July 2010 picked up momentum to strengthen capabilities for sustained performance longer term, driven by our mission to humanise financial services across Asia. This is being further reinforced by a newly-launched initiative to refresh the Maybank brand, which unites our people regionwide and clarifies to all our stakeholders how we are differentiated.

Our mission rests on the belief that the benefits of banking should be available to all, and that everyone deserves good advice and a fair deal. Underlying our mission is a pledge made by every member of staff: to Serve From Your HEART – which means serving our customers with Humility,

Efficiency, Appreciation, Respect, and Trust. During the year, we received many accolades from various quarters for the way we care for our customers. Our challenge now is to ensure the standards we have set for ourselves get implemented more uniformly across all our operations throughout Asia.

We also have a vital role to play in the community, and in 2010 we ended our first half century of existence with a variety of events that involved us with many diverse communities. Looking forward, to enable us to prosper all the communities we touch, we have set up the Maybank Foundation. The foundation will cover all aspects of human well-being – from social and medical welfare and community development to heritage preservation and environment conservation. The goal of the foundation is to do nothing less than transform lives, and underlying all its activities is the principle of sustainability.

A commitment to unity and community is fundamental to the way we operate, and appropriately, to symbolise the unity of all Malaysians, a 1Malaysia sculpture now stands in the grounds of our Kuala Lumpur headquarters to commemorate our Golden Anniversary in 2010.

We continue to build our capital base to sustain our growth in line with the new Basel III regulations. In this connection, we are grateful to our shareholders for the confidence in us you displayed through your very high participation in our two dividend reinvestment plans (DRP), of 89% and 91% respectively. We will continue the DRP for a

while to further strengthen our capital base. Given the robust results achieved in FY2011, we are proposing a final gross dividend of 32 sen per share, which would translate to a dividend payout ratio for the year of 75%.

Starting the second half-century of our journey, we further demonstrated our intent to become a regional financial services leader and to humanise financial services by acquiring Kim Eng Holdings in May 2011. This will greatly enhance our regional investment banking reach and capabilities, as part of improving further our regional wholesale banking franchise.

We will of course be mindful of the economic uncertainties that have appeared on the horizon in big markets such as Europe, Japan and the USA. Nevertheless, we remain in the world's region of growth and we expect the strong foundations we have laid in Southeast Asia to enable us to continue to grasp opportunities.

Once again, I would like to thank all our stakeholders for your support in our shared quest to create value for the benefit of all.



**TAN SRI DATO' MEGAT
ZAHARUDDIN MEGAT
MOHD NOR**

Chairman

President & CEO's Statement



Dear shareholders,

We delivered another record profit in FY2011 and exceeded our headline key performance indicators by healthy margins. This robust performance comes just a year after we reframed our strategic objectives in July 2010 by adopting a new organisation structure we called the new House of Maybank.

Group transformation initiatives achieved growth across all our key business areas, with loans growing at the fastest pace in a decade, driven by a greater contribution from Singapore and Indonesia. Together with our acquisition of Kim Eng Holdings, this is a testament to our success in expanding our regional contribution.

DELIVERING RESULTS

On the back of sustained economic growth in Malaysia and the region, FY2011 was another outstanding year. Profit after tax and minority interest (PATAMI) rose 16.6% to RM4.45 billion from RM3.82 billion the year before.

Group revenue advanced 8.9% to RM13.42 billion from RM12.32 billion with all key business segments posting higher revenue spurred by strong loans and non-interest income growth. Gross loans grew 21.7% supported by strong overseas loans growth of 29.4%, with both Singapore and Bank Internasional Indonesia (BII) recording 25.8%. Meanwhile, domestic loans growth of 16.8% was well above the industry average of 13.5%.

Net interest income rose 6.1% from RM6.77 billion to RM7.19 billion due to strong loans growth by Malaysia and BII, but was offset by lower margins as a result of intense competition.

Our three home markets of Malaysia, Singapore and Indonesia all posted strong results. In Malaysia, profit before tax improved from RM4.12 billion to RM4.75 billion; in Singapore from SGD338.0 million to SGD375.1 million; and in Indonesia from Rp607 billion to Rp782 billion.

Islamic Banking income rose 8.9% with strong financing growth of 35.1%. Islamic Banking now accounts for 27.4% of Group loans from 24.0% a year ago, while net income from insurance business recorded 31.2% growth owing to a higher transfer of actuarial surplus to insurance business income from both conventional insurance and takaful.

Non-interest income was up 11.4% to RM4.12 billion thanks to higher fee income including brokerage fees and the profit from sales of equity and debt securities in a buoyant market.

Overhead expenses rose 14.2% to RM6.65 billion, lower than the previous year's growth of 15.3%. Growth in expenses was largely the result of higher personnel costs on account of recruitment and performance-based incentives, which are investments in human capital that we are confident will translate into higher productivity and profitability.

At RM502.2 million, allowance for losses on loans was 59.0% lower than a year ago due to higher bad debt recovery and lower collective assessment.

President & CEO's Statement

With this financial performance, we surpassed our two headline key performance indicators (KPIs) with a return on equity of 15.2% exceeding the target of 14.0%, and a 22.6% growth in loans and debt securities, far ahead of our 12% target. For a detailed explanation of all our KPIs, please refer to page 44.

TRANSFORMING THE BUSINESS

Last year I mentioned that in July 2010 we reorganised our operations into three business pillars called the new House of Maybank. In line with this, we embedded our business initiatives – which had earlier been driven by the Transformation Office – into three sectors to enable a more coordinated and effective business execution. I am glad to say this sector-driven agenda has been embraced by the whole organisation and the initiatives are achieving fantastic results. Getting the sectors to drive change has unleashed the bank's latent energies and spurred synergies right across the Group. It has also enabled us to home in on humanising financial services and reach out to all the communities we touch through our activities.

The new organisation structure has accelerated the performance of both Community Financial Services (CFS) and Global Wholesale Banking (GWB). CFS is now strengthening our competitive position to make us the undisputed leader in retail financial services. GWB has two goals: to maintain its leadership of Malaysia's corporate banking sector; and to become a regional

wholesale banking powerhouse by 2015. Meanwhile, Etiqa, our Insurance and Takaful arm, is achieving sustainable and profitable growth and beefing up its leadership of the industry.

Watching our transformation, I am greatly encouraged by the tremendous response to the President's Innovative Idea Awards. Many of the more than 500 ideas contributed by staff from all divisions are already being implemented to enhance our customer service, products, processes and marketing. This is a real tribute to the creativity and enthusiasm of our people.

I am seeing a remarkable collaboration between sectors, maximising resources to deliver exceptional customer value, service and support. I am also seeing Maybankers initiating and leading change efforts and taking team responsibility for delivering results. This is what will keep us ahead of our competitors and enable us to enrich the communities around us.

For more information on our strategy, the House of Maybank and what we have accomplished, please refer to page 38.

EXPANDING ACROSS ASIA

Our regional expansion is well on track to deliver a 40% profit contribution to the Group by 2015. A major milestone along the road was the acquisition of Kim Eng, which became a subsidiary in May 2011. Kim Eng, a leading brokerage firm with operations

across the region, is a platform for us to build our regional investment banking presence in order to become a leading wholesale bank in ASEAN.

To achieve seamless delivery of our services internationally we launched global initiatives to integrate our systems and processes. We have regionalised various services such as internet banking and global ATM installation. We put in place regional transaction banking capabilities encompassing global cash management, trade finance and treasury services. And we strengthened our regional governance and enhanced the calibre of our human capital.

In Singapore, we are growing our SME segment and expanding our structured trade business. Besides this, we are focusing on boosting our income from wealth management and have just kick-started a regional wealth management programme.

In Indonesia, our goal is for BII to become an innovative relationship bank for businesses and communities. Last year, we opened 70 new branches and we will be expanding the network to 450 by the end of 2012. We continue to collaborate with BII on business initiatives and support functions to increase its contribution to Group earnings.

As part of our drive to expand across Asia, our Malaysian, Singaporean and Indonesian operations have been working closely together to develop products that can be replicated regionwide. This teamwork has already achieved results in the

areas of credit card, wealth management and remittances.

We are bullish about prospects in the Philippines, where we are providing increased capital to fuel growth, especially in the corporate, commercial and consumer segments. In Cambodia, we opened three new branches in FY2011 and plan to open a further two by the end of this year. We also aim to achieve local incorporation as soon as possible. In the longer term we plan to develop a presence in Thailand, India and the Middle East as well.

Our overseas associates MCB Bank (Pakistan's most profitable bank) and An Binh Bank (a fast-growing Vietnamese commercial joint-stock bank) again generated positive returns despite difficult macro-economic conditions. Our partnership with MCB involves strategic tie-ups in the areas of trade financing, remittances and Islamic banking. Meanwhile, with ABB – which further expanded its branch network during the year – we are pursuing synergistic growth by enhancing ABB's trade financing capabilities.

In China, we will be converting our representative office in Beijing into a fully-fledged commercial banking branch by the end of 2011 or early 2012.

PUTTING ISLAMIC FIRST

As part of our strategy to be ASEAN's leading Islamic bank by 2015, we introduced our Islamic First strategy last year and I am glad to report we have been

successful in growing our Islamic assets at double the rate of conventional assets in Malaysia. By cross-selling and bundling products and services in collaboration with CFS and GWB, we have grown our Islamic financing to 27% of domestic loans, well on the way to account for a third of the Group's domestic financing portfolio by 2015.

Islamic banking is now being developed with a global approach. We are pursuing growth in Indonesia, the country with the world's biggest Muslim population, through our conversion of PT Bank Maybank Indocorp into an Islamic Bank, renamed PT Bank Maybank Syariah Indonesia. We are also leveraging on our relationship with our associate company, MCB, to develop Islamic banking business in Pakistan.

HUMANISING OUR SERVICES

Humanising financial services across Asia means that customer welfare comes first. Our commitment to humanising our services is based on three key principles: providing people with access to funding; offering fair terms and pricing; and advising customers based on their needs.

To achieve these ends we have the most extensive financial network in Malaysia, with 386 branches and 4,596 self-service terminals. In remote rural areas we provide mobile bus banking, and in 18 rural areas we are the only bank there is. We also have the nation's biggest internet banking presence, with a 55% market share. Meanwhile, our Islamic First policy

is proving to be an appropriate and effective driver behind our commitment to fairness.

To ensure our customers enjoy consistent and exemplary service wherever we operate, we have centralised our service units under a new service quality department with a remit to catalyse service transformation and coordinate and streamline customer service initiatives Groupwide.

TOUCHING COMMUNITIES

Humanising our services also means being at the heart of the community. It means being a responsible corporate citizen committed to building a sustainable future for the ASEAN region through long-term social and economic development. It means enriching the lives of the communities we serve and advocating a greener earth.

As an example of how this works in practice, we have now installed user-friendly facilities for physically-challenged customers at many of our branches. Then, on 20 November last year, we held a Maybank Global CSR Day that saw Maybankers participate in group-wide volunteerism.

With the newly set-up Maybank Foundation, we will be able to execute our corporate responsibility (CR) role by engaging with communities across Asia to develop sustainable solutions. In so doing, our intention is that the foundation will offer hope, meet needs, inspire lives, and support aspiration.

President & CEO's Statement

NURTURING TALENT

Humanising our services begins at home. In FY2011 we continued to focus on communicating our vision, mission and strategies to our staff, so as to achieve a real cultural transformation fuelled by our shared TIGER values of Teamwork, Integrity, Growth, Excellence & Efficiency and Relationship Building.

Maybank is a great place to work. Many initiatives have been launched to nurture talent, to boost efficiency, effectiveness, productivity and innovation, and to inculcate the spirit of service. All these initiatives are based on the recognition that each of our employees is an important asset with a part to play in our long-term sustainable future. We hire the best people for the job and strive to retain, motivate, empower and reward them for their contribution. In this way, and through our shared, humanising spirit, I believe our people find meaning in their work and will strive to serve from the heart.

SUPPORTING THE TRANSFORMATION

Our mission to humanise financial services by transforming our business is supported by Enterprise Transformation Services (ETS), which is currently spearheading two vital initiatives involving service quality and information technology.

In FY2010, we embarked on a three-year sustainable service programme. In year one, we focused on developing our service culture and improving governance

and process enablement. In years two and three, we will continue to invigorate our processes and systems, always moving in the direction of more humanised banking.

Meanwhile, in July 2010 we launched a five-year IT Transformation Programme (ITTP) encompassing system, process and control changes, and designed to give us an edge over our competitors. We have completed system evaluation and implementation is ongoing.

KEY MANAGEMENT CHANGES

Several key management changes were made during the year to strengthen our leadership. At the Group Executive Committee level we appointed Muzaffar Hisham as Chief Executive Officer of Maybank Islamic Berhad and Head of Group Islamic Banking; Hans De Cuyper as Head, Etiqa Insurance & Takaful and Chief Executive Officer of Mayban Ageas Holdings Berhad; and Dr. John Lee Hin Hock as Group Chief Risk Officer. Other senior management positions were filled by the appointment of Eliza Mohamed as Head of Corporate Affairs and Mohamed Adam Wee Abdullah as Chief Marketing Officer.

REFRESHING THE BRAND

In FY2011, we embarked on a project to refresh the Maybank brand. This involves reviewing our Group corporate architecture and identity to better align our brand

strategy with our business vision. The project will enable us to leverage more effectively on Maybank's brand equity through a more consistent interpretation and communication of our brand proposition to all stakeholders across Asia. It will also allow us to maintain and celebrate our brand heritage and at the same time rejuvenate the brand so as to boost its relevance and appeal to both existing and new customers. We are pleased to introduce the new Maybank logo as part of enhancing our brand, which will become an ever more valuable asset and a key tool in building enduring customer relationships.

CAPITAL MANAGEMENT

Efficient capital management is a priority in anticipation of the more stringent capital requirements of Basel III. As part of our ongoing capital optimisation initiatives, we raised capital equivalent to more than RM6 billion through capital raising exercises and through our dividend reinvestment plans for the last two dividend payments. We maintained healthy capital levels after the acquisition of Kim Eng with our core capital ratio and risk weighted capital ratio at 11.84% and 15.36% respectively as at 30 June 2011.

PROSPECTS

Economic prospects for Malaysia and the ASEAN region remain positive, supported by resilient domestic demand, despite uncertainties and challenges in the US, the Eurozone and Japan.

We expect the Malaysian economy to record GDP growth of 5.1% in 2011 and 5.5% in 2012.

Singapore's GDP growth is forecast at 5.2% in 2011 and 4.4% in 2012, while growth in Indonesia is expected to be 6.2% in 2011 and 6.5% in 2012.

As a result, we anticipate loans growth in our three home markets to remain strong. Robust expansion in the corporate segment should offset the more moderate pace of consumer demand due to rising inflation and regulatory measures to rein in household debt levels. In Malaysia, the gradual rollout of projects as part of the Government's Economic Transformation Programme will support corporate loans growth and capital market activities. Loans growth in Indonesia is expected to be the strongest in the Group, while in Singapore we anticipate further broad-based but moderate growth. We expect credit costs to rise with loans growth and stabilisation of FRS 139.

Competition will remain intense, partly due to industry liberalisation and the consolidation of the domestic banking industry in the light of the imminent introduction of the second Financial Sector Masterplan. As a result, net interest margins could still be under pressure as competition for loans and deposits becomes more challenging.

We will continue to expand non-interest income through growth in our insurance and investment banking business, which will leverage on the regional investment banking platform of

Key Performance Indicators for six months ending 31 December 2011

Headline KPIs

Return on Equity	16%
Loans and Debt Securities Growth	12%

Other KPIs

Group Loans Growth	12%
● Malaysia	12%
● Singapore	8%
● Bank Internasional Indonesia	24%
Group Deposits Growth	14%
Risk Weighted Capital Ratio	>12%

Note: Loans growth for Singapore and Bank Internasional Indonesia are in local currency

Kim Eng and the expertise of Maybank-IB to boost the Group's fee-based income.

Overall, we are confident of recording a still better financial performance for the current financial year which will be six months ending 31 December 2011 as we change to a December financial year end. Our headline KPIs for the period are a return on equity of 16% and loans and debt securities growth of 12%. Other KPIs are listed in the table above.

GIVING THANKS

Everything we are today, everything we stand for, and everything we achieved last year is a tribute to the commitment of our stakeholders. We are profoundly grateful for the dedication of all our Group staff and the loyalty of our customers, the trust of our partners and associates, and the support of Bank Negara Malaysia, the Securities Commission and the

other regulatory authorities that have guided us over the years.

On a personal note, my heartfelt thanks to our Chairman and Board members for their support and guidance and for entrusting me to continue to lead the Maybank Group. Likewise, my thanks also to my fellow management colleagues for their support and commitment in steering the Group forward.

Meanwhile, buoyed by the outstanding results achieved in FY2011 and strengthened by the backing of our stakeholders, our transformation will continue as we journey to become a regional financial services leader by humanising financial services across Asia.



DATO' SRI ABDUL WAHID OMAR

President & CEO



Courageous

With the pride, courage and tenacity of the Tiger, Maybank has always been the leader in financial services in Malaysia, and is rapidly becoming a more visible presence across Asia. Restless and determined to achieve more, Maybankers are constantly searching for new opportunities to stay ahead in the ever changing and challenging 21st century, unwilling to accept today as reflective of the future, and bringing their unique brand of personal relationships to the world of financial services.



Vision, Mission and Core Values

VISION

To Be A Regional Financial Services Leader

MISSION

Humanising Financial Services Across Asia

CORE VALUES



Teamwork

We work together as a team based on mutual respect and dignity

Integrity

We are honest, professional and ethical in all our dealings

Growth

We are passionate about constant improvement and innovation

Excellence & Efficiency

We are committed to delivering outstanding performance and superior service

Relationship Building

We continuously build long-term and mutually beneficial partnerships

Code of Ethics and Conduct

Maybank, as a custodian of public funds, has a responsibility to safeguard its integrity and credibility. It is on this understanding that the organisation sets out clearly the code of ethics and conduct for its staff. The code stipulates the sound principles that will guide all Maybank staff in discharging their duties. It sets out the standards of good banking practice.

The purpose of the code is to:

1. Uphold the good name of the Maybank Group and to maintain public confidence in the Maybank Group.
2. Maintain public confidence in the security and integrity of the banking system.
3. Maintain an impartial and unbiased relationship between the Maybank Group and its customers.
4. Uphold the high standards of personal integrity and professionalism of Maybank Group staff.

The code stipulates that staff should not:

1. Engage directly or indirectly in any business activity that competes or is in conflict with the Bank's interest.
2. Misuse or abuse their positions in the Bank for their personal benefit or for the benefit of other persons.
3. Misuse information. Staff should not copy, remove or make use of any information obtained in the course of business for the direct or indirect benefit of themselves or of any other persons.

In addition to these, staff should:

1. Ensure the integrity and accuracy of records and/or transactions.
2. Ensure fair and equitable treatment in all business dealings on behalf of the Bank.
3. Maintain the highest standard of service in their relationship with customers.
4. Maintain confidentiality of all relations and dealings between the Bank and its customers. However, confidential information concerning a customer may be given or made available to third parties only with the prior written consent of the customer or when disclosure is authorised under the Banking and Financial Institutions Act, 1989.
5. Manage their financial matters well and not subject themselves to pecuniary embarrassment.
6. Observe and comply with laws and regulations relating to the operations of the Bank.

Corporate Profile & Global Network

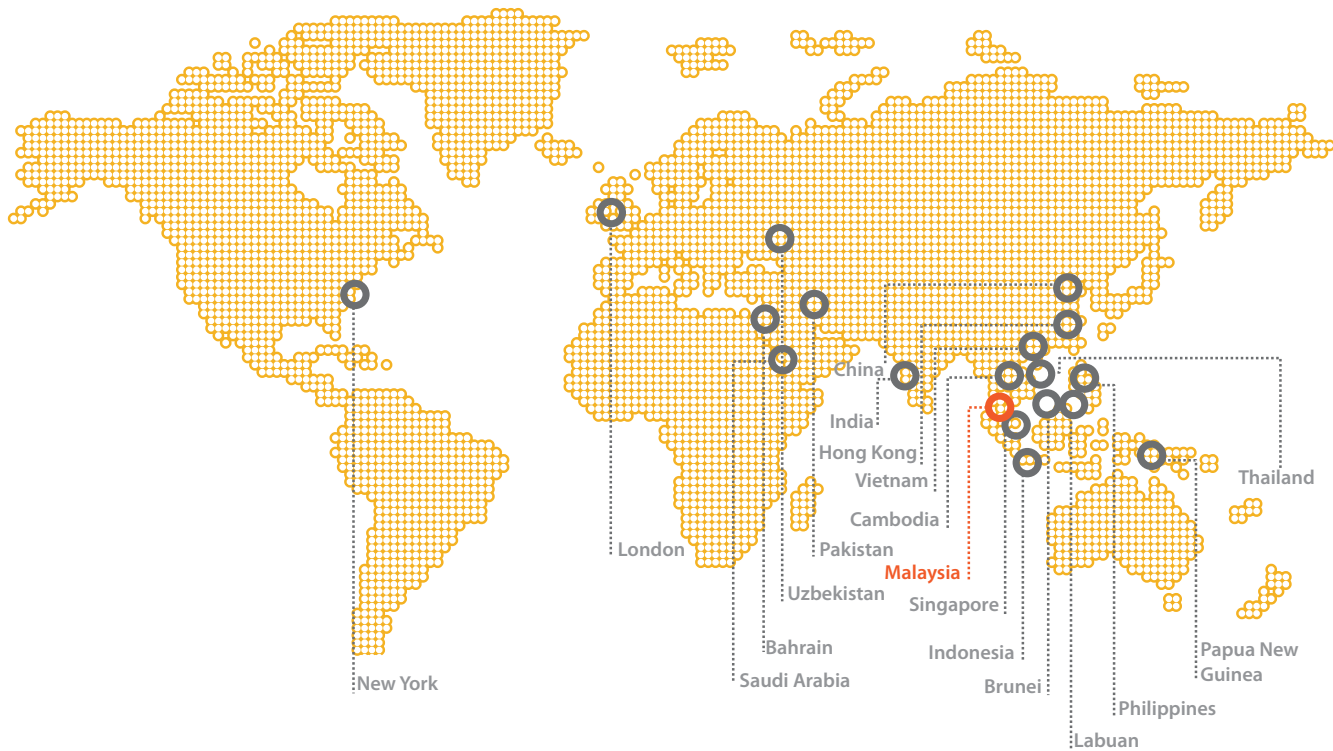


Kuala Lumpur main branch in Menara Maybank.

- Over **2,100** offices
- **17** countries
- **42,000** employees
- Serving **21 million** customers
- Market capitalisation of **USD22 billion**
- Total assets of **USD135 billion**
- Net profit of **USD1.5 billion**

The Maybank Group is Malaysia's financial services leader with a network of over 2,100 offices in 17 countries worldwide. The Bank was incorporated on 31 May 1960 and commenced operations on 12 September of the same year. It quickly expanded its network and was listed on the Kuala Lumpur Stock Exchange (now Bursa Malaysia) on 17 February 1962. By its second anniversary on 12 September 1962, Maybank had branches operational in numerous parts of Malaysia as well as Singapore, Brunei, Hong Kong and London.

Maybank's objective at the time of incorporation was to support the development of the then newly independent Malaya by financing economic growth and bringing modern banking services to its people. Over the years, it played a key role in meeting this objective and expanded both in network as well as products and services. Maybank was in fact one of the



● Bahrain 1 branch ● Brunei 3 branches ● Cambodia 10 branches ● China 1 branch, 1 representative office ● Hong Kong 1 branch, 1 branch via Kim Eng ● Indonesia 1 branch via Maybank Syariah Indonesia, 344 branches via 97.5% owned BII, 5 branches via Kim Eng ● India 1 branch via Kim Eng ● Labuan 1 branch ● London 1 branch, 1 branch via Kim Eng ● New York 1 branch, 1 branch via Kim Eng ● Malaysia 386 branches ● Papua New Guinea 2 branches ● Pakistan 1,134 branches via 20% owned MCB Bank, 4 branches via 25% owned Pak-Kuwait Takaful Company ● Philippines 50 branches, 2 branches via Kim Eng ● Singapore 22 branches, 3 branches via Kim Eng ● Thailand 44 branches via Kim Eng ● Uzbekistan 1 office via 35% owned Uzbek Leasing International ● Vietnam 2 branches, 122 branches via 20% owned An Binh Bank, 7 branches via Kim Eng ● Saudi Arabia 1 office via Anfaal Capital

key drivers in supporting the country's economic transformation and setting new benchmarks in financial services for Malaysia.

The next few decades of Maybank's operations were periods of aggressive expansion and continuous innovation that saw it evolve into a major financial services group, offering a comprehensive range of products to customers as well as supporting Malaysians who ventured abroad for trade and investment through offices in key markets they were in. Along the way, the Group achieved numerous firsts leading the way for the Malaysian banking industry and making Maybank one of the leading Malaysian brands.

Today, Maybank has grown to become the largest company by market capitalisation on Bursa Malaysia and is recognised as one of the region's leading banking groups. It offers an array of financial services including commercial banking, investment banking, stock broking, insurance and takaful, trustee services, offshore banking, asset management and Islamic banking. Maybank has been recognised through numerous local and international awards for its leadership, innovation, technology and corporate responsibility. It is the leading Malaysian listed company in the Forbes Global 2000 List, as well as top Malaysian bank and 134th amongst global banks in The Banker's list of top 1,000 banks in the world. Maybank's Islamic banking subsidiary - Maybank Islamic Berhad - is the largest

Islamic commercial bank in Asia Pacific and ranked 17th worldwide.

With over half a century of experience and an ever expanding network, Maybank now has set its sights on becoming a regional financial services leader by 2015. The Group's mission is to humanise financial services across Asia – reaffirming its commitment to provide the people access to financial services at fair terms and pricing as well as to be at the heart of the community.

As it journeys on to achieve its vision, Maybank will always remain true to its founding objectives – which is to enrich the lives of all its stakeholders and to be a continued channel for economic progress and the growth of communities it serves.

Key Business Entities



Malayan Banking Berhad is the holding company and listed entity for the Maybank Group with branches in Malaysia, Singapore and other international financial centres such as London, New York, Hong Kong and Bahrain.

Maybank's key overseas units subsidiaries are PT Bank Internasional Indonesia Tbk (BII), Maybank Philippines Inc, Maybank (PNG) Ltd in Papua New Guinea and Maybank International (L) Ltd in the offshore centre of Labuan.

The major operating subsidiaries are Maybank Investment Bank Berhad, Maybank Islamic Berhad and Etika Insurance Berhad. Maybank has associate companies in Pakistan (through 20%-owned MCB Bank) and in Vietnam (through 20%-owned An Binh Bank).



Maybank Investment Bank Berhad

A wholly-owned subsidiary and the investment banking division of Maybank. It offers a complete range of investment solutions from corporate finance to debt capital markets, equity markets to research and strategic advisory.



Kim Eng Holdings Ltd

A wholly-owned subsidiary of Maybank. Kim Eng is a regional securities powerhouse with successful franchises across Asian financial markets. It is the leading securities firm in Thailand and in the Philippines.



Maybank Islamic Berhad

Maybank Group's wholly-owned, full-fledged licensed Islamic bank. Maybank Islamic is the largest provider of Islamic financial services in the Asia Pacific region and ranked 17th among the world's Islamic financial institutions in terms of Shariah-compliant assets.



Bank Internasional Indonesia Tbk

A 97%-owned subsidiary of Maybank. It is 8th largest commercial bank by assets and is listed on the Jakarta Stock Exchange (Ticker: BNII) The bank provides a full range of financial services for SME/Commercial, Consumer and Corporate Banking customers.



Etiqua

Etiqua is the brand for Maybank Group's insurance business which offers all types and classes of Life and General conventional insurance as well as Family and General Takaful plans via a robust agency force of over 21,900 agents complemented by a wide bancassurance and bancatakaful network.

Key Associate Companies



MCB Bank Ltd

A 20% owned associate company of Maybank. It is one of the leading banks in Pakistan with total assets of over Rs.500 billion, a customer base of over 4 million and a nationwide network of over 1,000 branches and over 450 ATMs. MCB Bank was the recipient of The Strongest Bank award for 2010 by Asian Banker for being Pakistan's best-performing financial institution.



An Binh Bank

A 20% owned associate company of Maybank. It offers a full range of commercial banking products and services and is strong in the small and medium enterprises (SME) sector. Its consumer banking market share is also growing with the introduction of innovative mortgage, automobile financing and personal loan products and services.

Network Partnership



Maybank is the sole issuer and merchant acquirer of the American Express Cards in Malaysia

Maybank Firsts

maybank2u.com

No. 1 internet banking website in Malaysia with 3.8 million registered users, leading the market share by over 54%

Maybank Money Express

First instant international money transfer service owned by a Malaysian bank available through Malaysia, Singapore, Indonesia, Brunei, the Philippines, Cambodia, Vietnam and Pakistan

Overseas Mortgage Loan Scheme

Maybank was the first to offer a local mortgage for properties in London

History, Innovation & Leadership

Maybank's journey over the years has been marked by one milestone after another. From its incorporation in 1960 and throughout its 51 years of operations, the Group has demonstrated its commitment to excellence and innovation as it charted its course to becoming Malaysia's regional financial services leader. As it moves into its sixth decade, the Group is committed to blazing new heights as it seeks to ensure a better future for all.

1960

- Maybank is incorporated on May 31 and begins operations at Mansion House in High Street in the heart of Kuala Lumpur on September 12.
- Malayan Finance Corporation (later Mayban Finance) is established, the first wholly bank-owned finance company to be set up at a time when the Malayan economy was dependent on rubber and tin.
- On November 28, Maybank's first overseas branch opens in Brunei Darussalam. Two more branches were later opened in Brunei — in Seria in 1983 and Gadong in 1999.
- Branches are opened in Singapore, with the first on South Bridge Road in December.

1962

- The Hong Kong branch opens on February 12, followed by a branch in London on September 12.
- On February 17, Maybank lists on the Kuala Lumpur Stock Exchange.

1973

- In September, Maybank sets up its investment banking arm — Asian and Euro-American Merchant Bankers Bhd (Aseambankers). The bank is renamed Maybank Investment Bank in 2009.

1974

- First to introduce a rural credit scheme in 1974.
- Maybank introduces the first Rural Credit Scheme in Malaysia with 10 project field officers. The scheme aimed to bring the Bank and its services to the people in rural sectors, and to play its role in financing viable small-scale industries and businesses as well as Bumiputeras and Bumiputera concerns in line with the government's objectives to correct the economic imbalance among the populace.

1976

- First to introduce mobile bus banking services in 1976.
- As part of the Bank's continuing policy to provide financial services to rural communities, the first mobile bank unit is set up in Johor.

1977

- In June, Mayban-Phoenix Assurance Bhd — with the Bank holding 70% equity — is incorporated offering underwriting general insurance risks with an authorised capital of up to \$10 million. The remaining 30% is held by British Phoenix Assurance. On October 10, 1986, Mayban-Phoenix Assurance is renamed Mayban Assurance.

1978

- Pioneer in computerisation of banking operations in Malaysia in 1978.
- In October, the Kuala Lumpur main branch is computerised, making Maybank the first Malaysian bank to computerise its savings and current accounts services.

1980

- In December, Maybank launches its first credit card — the Maybank Visa Classic card.

1981

- First Malaysian bank to set up ATMs in Malaysia in 1981.
- In September, Maybank becomes the first Malaysian bank to set up an ATM at its Ampang branch in Kuala Lumpur.

1983

- Prime Minister Datuk Seri Dr Mahathir Mohamad lays the foundation stone of Menara Maybank — Maybank's headquarters — in September.

1984

- Maybank's New York branch opens in September.

1986

- Maybank introduces the nation's first integrated and largest ATM network — Automated Banking Consortium or ABC linking Kwong Yik Bank, Mayban Finance and Maybank in Malaysia and Singapore, a total of 296 ATMs.
- Maybank launches the first joint pilot EFTPOS service with a number of participating petrol stations.

1988

- In January, Balai Seni Maybank and the Maybank Numismatic Museum are officially opened by Tan Sri Dato' Jaffar Hussein, Governor of Bank Negara Malaysia. This is followed by the official opening of Menara Maybank in June 1988 by the Prime Minister.
- Maybank becomes the first financial institution to introduce payment for new IPOs through ATMs.



History, Innovation & Leadership

1990

- Maybank sets up an offshore bank in Labuan International Offshore Financial Centre in October.

1992

- In January, Mayban Securities is formed.

1992

- In September, Maybank Autophone is launched, making it the first local bank in the country to offer customers the convenience of conducting their banking transactions and payment of selected utility bills through a computerised telephone service.

1993

- Mayban Ventures begins operations in February. In September, Aseam Leasing and Credit Bhd is incorporated, offering leasing and hire purchase activities.

1994

- Maybank (PNG) Ltd opens for business in Port Moresby in October, with a second branch opened in Lae in 1997.
- In November, Prime Minister Datuk Seri Dr Mahathir Mohamad officially launches PT Maybank Nusa Internasional, a joint venture with PT Bank Nusa Internasional of Indonesia.

- A branch is opened in Phnom Penh, Cambodia, and two representative offices are opened in Beijing and Tashkent, capital of Uzbekistan in Central Asia.

1996

- In March, the Hanoi branch and a representative office in Ho Chi Minh City are officially opened. In October 2005 Ho Chi Minh City becomes an official branch making it the second branch in Vietnam.
- Pioneer in bancassurance in South East Asia in March 1996.
- In March, Deputy Finance Minister Wong See Wah launches Maybank Bankassurans, the first such service in Southeast Asia offering insurance products to customers at bank branches.
- Maybank sells Kwong Yik Bank to Rashid Hussain Berhad in December.

1997

- First to offer the convenience of ticket-less travel for domestic flights on MAS through MAS Electronic Ticketing (MASET) in 1997.
- In July, Maybank becomes the first bank to launch the Malaysia Airlines Electronic Ticketing or MASET, marking the birth of ticketless air travel via payment at any Maybank Group ATM.
- Maybank acquires a 60% stake in PNB-Republic Bank of the Philippines, and renames it Maybank Philippines Inc.



2000

- First to introduce View & Pay service in Malaysia using credit card and direct debit via Internet with Mesiniaga Bhd in 2000.
- First in Malaysia and South East Asia to offer common ATM and over-the-counter services in Malaysia, Singapore, Brunei and the Philippines in 2000.
- First Malaysian bank to open a branch in Shanghai, People's Republic of China in 2000.
- Pioneer in Internet Banking services in Malaysia in 2000.
- Maybank launches Maybank2u.com in June, making it the first bank in Malaysia to introduce Internet banking services.
- Maybank acquires Pacific Bank Bhd and Phileo Allied Bank Bhd. In 2001, they were merged into Maybank's operations.

2001

- Maybank and Fortis International NV, one of the largest providers of integrated financial services in Europe, collaborate to set up Mayban Fortis Holdings Bhd. The partnership, with Maybank holding a 70% stake and Fortis 30%, sees the grouping of all Maybank's insurance companies under Mayban Fortis Holdings Bhd (now Mayban Ageas Holdings Bhd).
- In July, Maybank Tower, the new headquarters of Maybank Singapore, is officially opened by the republic's Deputy Prime Minister Brig-Gen (Rtd) Lee Hsien Loong.
- In November, Deputy Prime Minister Datuk Seri Abdullah Ahmad Badawi launches Dataran Maybank in Kuala Lumpur. Dataran Maybank houses the head offices of Mayban Finance, Mayban General Assurance, Mayban Fortis Holdings, Mayban Life Assurance, Mayban Life International, Mayban Securities and Mayban Futures.



2002

- In July, Mayban Takaful commences operations, making it the first Takaful company owned by a conventional bank in Malaysia. Its products are sold via Maybank and Mayban Finance branches under the bancassurance model.

2003

- First to launch Malaysia's Internet banking kiosk, Maybank2u.com Internet Kiosk in 2003.
- Maybank officially launches its Bahrain branch, the first Malaysian bank to operate there.

2004

- First bank at a petrol station in 2004.
- In February, Maybank is the first local bank to introduce e-Dividend via Maybank2e, a comprehensive dividend payment system that streamlines dividend processing and payment through the Bank's enterprise cash management system, Maybank2e.net.
- In October, the entire operations and business of Mayban Finance Bhd is vested into Maybank.

2005

- The acquisition of Malaysia National Insurance Bhd, Malaysia's largest national insurer and its subsidiary, Takaful Nasional Sdn Bhd, Malaysia's premier Takaful provider, catapults Mayban Fortis to the position of second largest insurer in Malaysia. The merger culminates in the rebranding of the entire Insurance and Takaful group which takes the new brand name of Etiqa in November 2007.

History, Innovation & Leadership



2006

- First to offer online mobile banking via SMS followed by M2U Mobile Services using GPRS/3G phones in 2006.
- In August, Maybank signs a business transfer agreement with American Express to be the sole issuer and manager of the American Express charge card and merchant acquiring businesses in Malaysia.
- Maybank becomes the first Malaysian bank to provide its Region Link services for over-the-counter-cash withdrawal services in its offices in Malaysia, Singapore, Brunei Darussalam and the Philippines.
- Maybank took on the title sponsorship of the Maybank Malaysian Golf Open for a five year period. This sponsorship was later renewed for another five years beginning 2011.

2007

- First to introduce the structured commodity financing solution for business customers in 2007.
- First to launch complete mobile money service in Malaysia with Maxis in 2007.
- Maybank Group launches Etiqa, the new brand name for its conventional and takaful businesses under Mayban Fortis Holdings.

2008

- First to launch Malaysia's dual purpose Bankcard in partnership with Visa International in 2008.
- Malaysia's Most Valuable Brand in 2008 & 2007.
- Maybank establishes its Islamic banking subsidiary, Maybank Islamic Berhad, in January.
- Maybank expands its international network with strategic acquisitions of stakes in Bank Internasional Indonesia, An Binh Bank of Vietnam and MCB Bank Ltd of Pakistan.

2009

- First to launch online facility for making additional investments in ASB units with PNB in 2009.
- Maybank launches the country's first wireless (mobile) payment terminal facility to accept credit or debit payment at the point of delivery with Pizza Hut. Later in the year, Maybank, in partnership with Maxis, Nokia, Touch n Go and Visa, launches the first-in-the-world, contactless mobile payments using near field communications (NFC) via Nokia phones.
- In April, Maybank and Permodalan Nasional Berhad jointly launch Malaysia's first-ever service for making additional investments in ASB units via Internet banking.
- Maybank successfully completes a RM6 billion rights issue – the largest in Malaysian corporate history.

2010

- In March, Maybank becomes the first public listed company on Bursa Malaysia to announce a dividend reinvestment plan that allows shareholders of Maybank to reinvest their dividend into new ordinary shares of Maybank.
- First Malaysian bank to achieve more than USD100 billion in total asset size and USD1 billion in profit after tax.
- First to launch disabled friendly banking branches for wheelchair bound users nationwide.
- Maybank launches 50th anniversary celebrations in January.
- Launches TradeConnex, first local bank in Malaysia to offer a comprehensive suite of conventional trade finance products online.
- Maybank Islamic launches Waqf, first structured community giving programme for customers by a financial institution in Malaysia.
- Maybank Singapore launches the first Islamic financing package for SMEs in Singapore offering fixed rates beyond the conventional three year period.
- Launches Malaysia and Asia's first co-brand credit card with a healthcare service provider with the launch of the Pantai American Express Credit Card.
- PT Bank Maybank Indocorp, Maybank's subsidiary in Indonesia, is converted to a full-fledged Islamic bank and renamed Maybank Syariah Indonesia.
- In December, the Group announced the setting up of the Maybank Foundation with an initial RM50 million allocation, to spearhead the Group's Corporate Responsibility initiatives in the region.



History, Innovation & Leadership

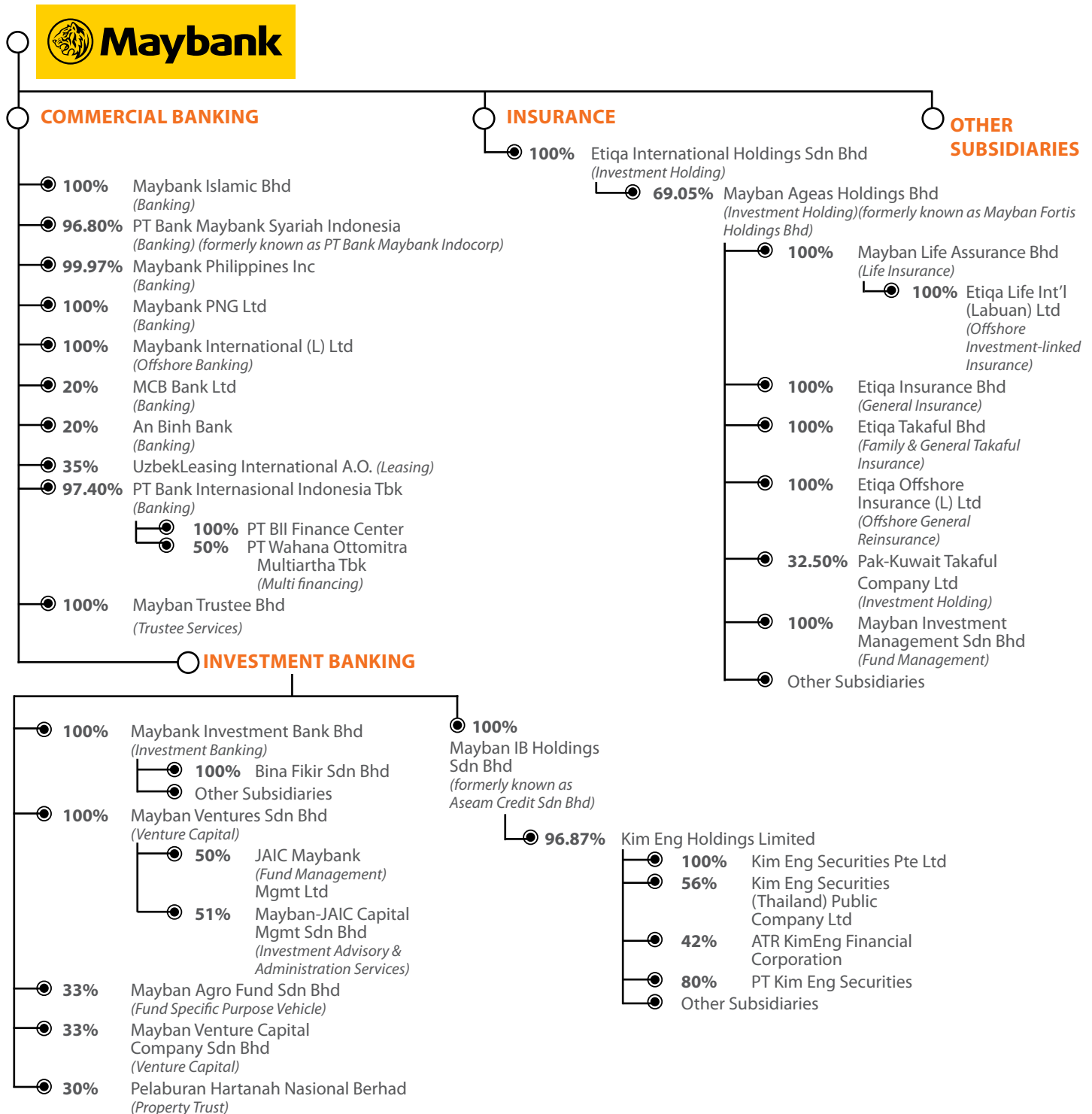


2011

- First Malaysian bank to launch an “Overseas Mortgage Loan Scheme”, offering Malaysians a local mortgage loan facility in Ringgit for purchases of property in London.
- Maybank announces the acquisition of stake in Kim Eng Holdings Ltd, a Singapore-listed investment banking group with a strong regional platform.
- Launches a strategic partnership via Shared Banking Services with Pos Malaysia Berhad. This service enables customers in Malaysia, especially in rural areas, to conduct selected Maybank services at more than 400 Pos Malaysia outlets nationwide.
- First in Malaysia to launch “Maybank 2 Cards” which offers an innovative feature providing two credit cards together to a card member with only one sign-up.
- The first Qualifying Full Bank in Singapore to launch a Platinum Debit Card with the NETS FlashPay feature which allows cardholders to pay for public transport and small ticket purchases, as well as withdraw cash from ATMs and Singapore Post outlets.

Group Corporate Structure

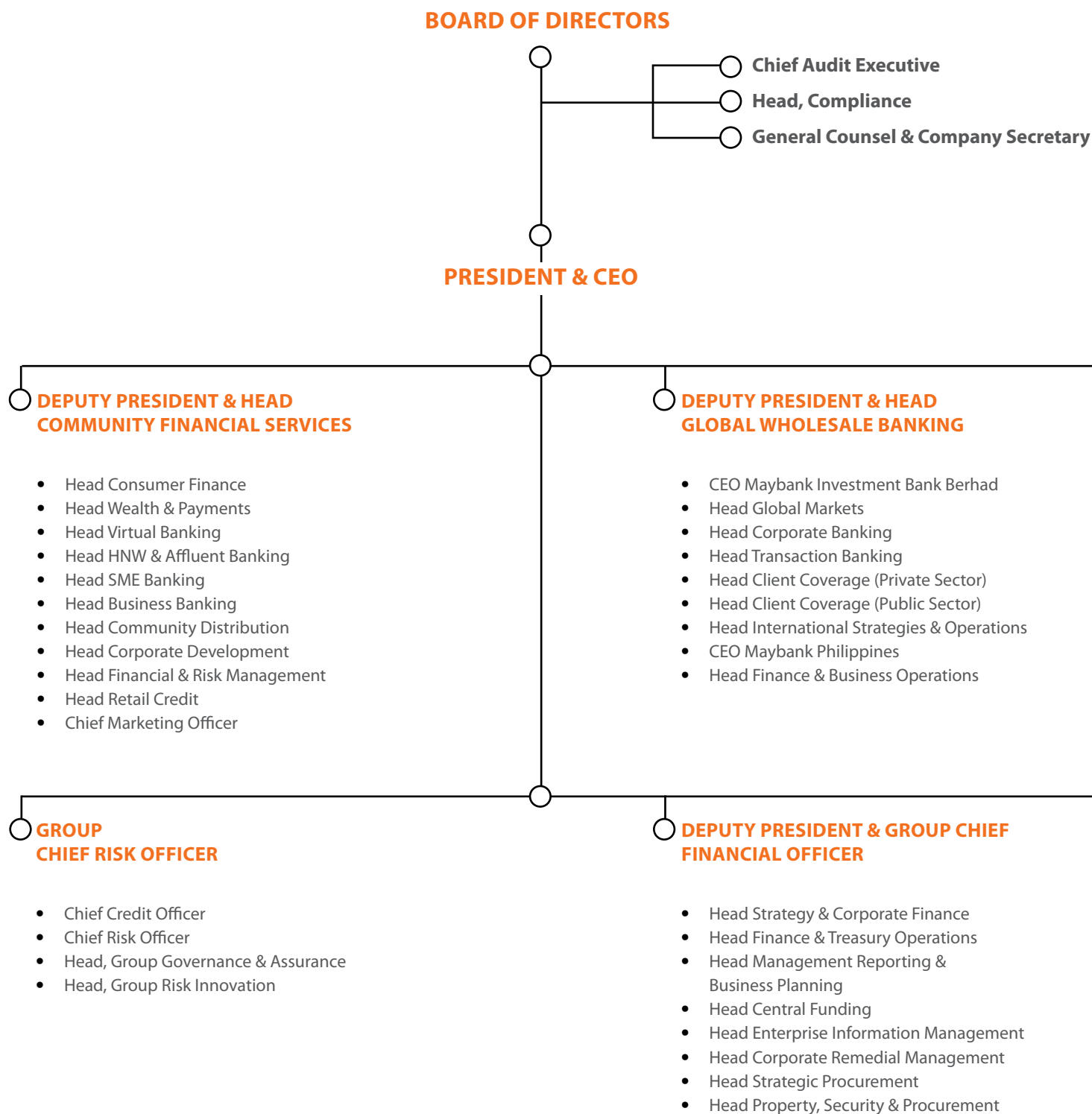
as at 30 June 2011



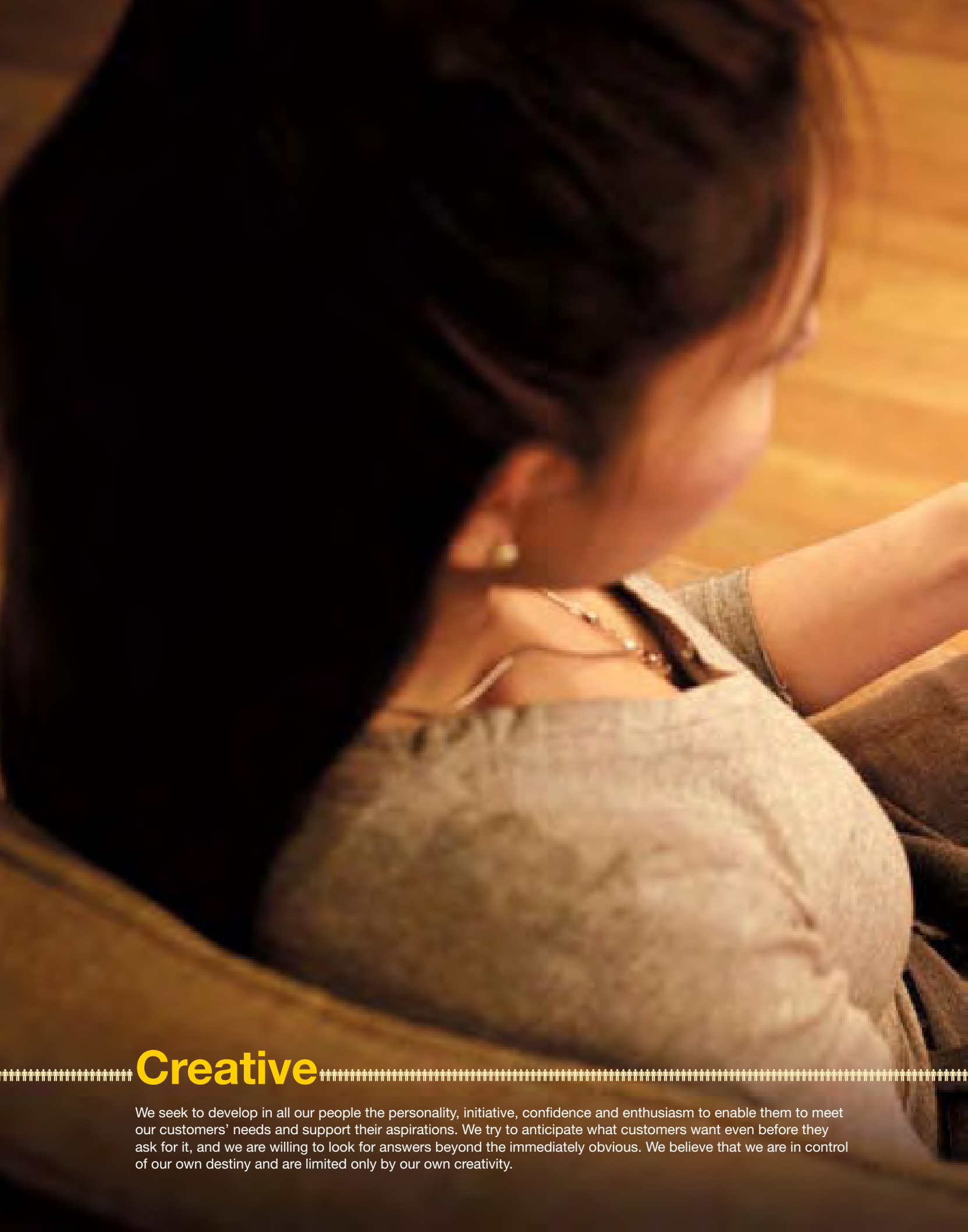
Note:

- Where investment holding companies are omitted, shareholdings are shown as effective interest.
- Companies that are not shown include those dormant, under member's voluntary liquidation, have ceased operations or provide nominee services.
- Refer to pages 431 to 440 for the complete list of Maybank subsidiaries and associate companies.

Group Organisation Structure







Creative

We seek to develop in all our people the personality, initiative, confidence and enthusiasm to enable them to meet our customers' needs and support their aspirations. We try to anticipate what customers want even before they ask for it, and we are willing to look for answers beyond the immediately obvious. We believe that we are in control of our own destiny and are limited only by our own creativity.



Our Strategy

VISION

To Be A Regional
Financial Services Leader

MISSION

Humanising Financial
Services across Asia

- *Providing the people with access to financing*
- *Fair terms and pricing*
- *Advise customers based on their needs*
- *Being at the heart of community*

2015 STRATEGIC OBJECTIVES

- 
- 1 Undisputed No. 1 retail financial services provider in Malaysia
 - 2 Leading ASEAN wholesale bank and eventually to expand into the Middle East, China and India
 - 3 Sustainable champion for Insurance and Takaful
 - 4 Truly regional organisation, with ~40% of pre-tax profit derived from international operations
 - 5 Leading Islamic bank in ASEAN

Our Strategy

In FY2011, starting in July 2010, the Group reframed its transformation programme so as to further strengthen our leadership of Malaysia's financial services industry and to drive our regional expansion. To make us a regional financial services leader by 2015, we have adopted five strategic objectives that will make us:

1. Undisputed No. 1 Retail Financial Services Provider in Malaysia

In Malaysia, we aim to maintain our No.1 ranking in terms of overall market share across all our core retail financing products, including mortgages, automobile financing, credit cards, unit trust financing, and individual deposits.

We intend to reinforce our leadership position in touch points and distribution network as a key community destination and focal point. Our Customer Value Proposition centres around convenience and serving the needs of the community, including individuals, small and medium enterprises (SME) and commercial customers; and we are committed to the values of a One Stop Shop, Needs Based Selling and World Class Services.

We will leverage on a shared distribution model across all parts of the Group network, and will customise and differentiate our product offerings by segment to meet the needs of our four different types of customers: High Net Worth, Affluent, Mass and SME. The Group will also capitalise on technology to achieve high performance in processing times and customer service. Innovation will further drive the Group's differentiation in the market.

2. Leading ASEAN Wholesale Bank and eventually to expand into the Middle East, China and India

We plan to become the leading ASEAN wholesale bank by building domestic leadership while aggressively pursuing regional expansion. This will involve enhancing our corporate relationship model. Strategic initiatives will include:

- Improving domestic and regional market position for corporate and non-retail deposits
- Building a regional investment bank
- Increasing contributions to revenue from non-domestic markets and increasing the fee to income ratio contribution

We also intend eventually to expand into the Middle East, China and India.

3. Sustainable Champion for Insurance and Takaful

We seek to be the domestic insurance champion and an emerging regional player by 2015 through the growth of our life, general insurance and takaful business, carried under the Etiqa brand. The objective is to build a sustainable and profitable business. For general insurance and takaful, the Group will keep pace with industry growth while maintaining a healthy portfolio mix and supporting a better combined ratio compared to the market.

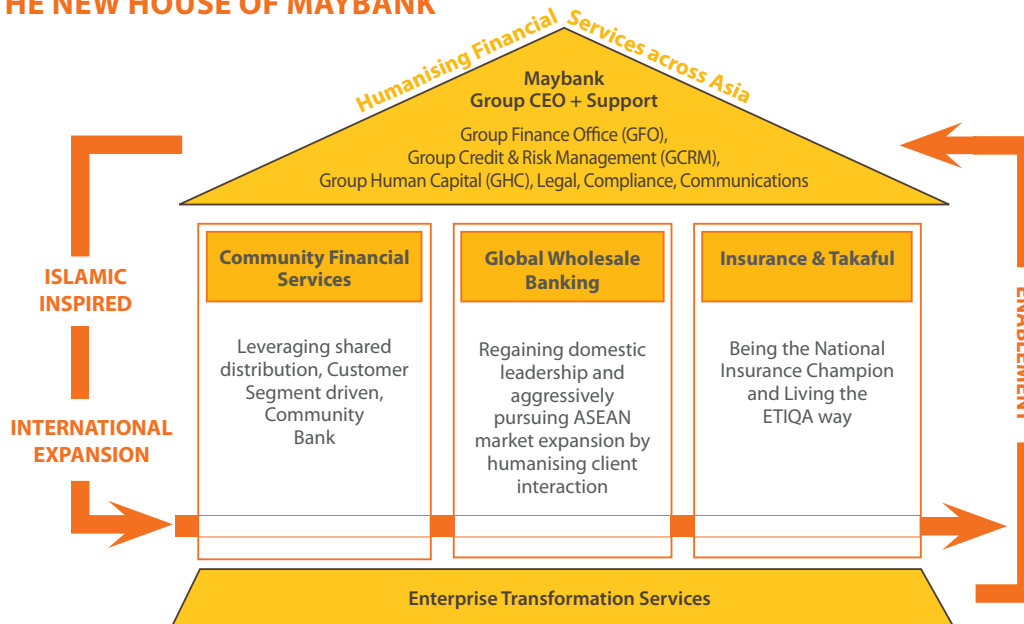
To achieve organic growth in life/family business, we are aggressively growing the assets under management (AUM) of our life/family funds through product innovation. This will drive the build-up of surpluses attributable to shareholders. On the asset management front, the strategy of our asset management subsidiary is to build a leading asset management brand by

Our Transformation Journey

In FY2009, the Group embarked on a transformation programme named LEAP30 (Lead, Execute, Achieve, Progress) involving 30 initiatives designed to secure our leading position in the Malaysian financial services industry and to expand our regional presence by 2015. To transform the Group, we introduced both strategic and tactical initiatives to stimulate sales; strengthen client relationship management; improve our processes and internal systems; enhance our talent pool; and raise customer service standards.

In FY2010, with the re-alignment of the organisation into three business pillars, the 30 initiatives launched under LEAP30 were embedded into the relevant pillars and sectors to continue to drive these initiatives. The previous LEAP30 Transformation Office was renamed Transformation Office and became part of Enterprise Transformation Services (ETS), a larger unit providing support in transforming the bank.

THE NEW HOUSE OF MAYBANK



providing strong investment management support for Etiqa funds, wholesale funds and institutional mandates as well as by leveraging on Maybank's extensive distribution network.

4. Truly Regional Organisation

Our aspiration is to become a truly regional organisation with approximately 40% of loans and pre-tax profit derived from international operations by 2015. This will be driven by our key markets of Indonesia and Singapore. At the same time, we are developing a presence in the Philippines, Cambodia, Vietnam and China by building scale and scope in these growth markets.

5. Leading Islamic Bank in ASEAN

Our target is to have one-third of our domestic financing backed by Islamic financial assets by 2015. To achieve this, our Islamic banking operations will take full advantage of Maybank's huge domestic branch network as well as its electronic banking platforms and the various distribution outlets of our strategic partners. We also aim to grow our Islamic business in markets like Indonesia and Singapore as part of our focus on the ASEAN region.

Our Islamic banking operations, meanwhile, will focus on delivering innovative and globally accepted products and services that differentiate us from other Islamic financial institutions.

THE NEW HOUSE OF MAYBANK

To realise the Group's vision of becoming the Regional Financial Services Leader by 2015 and to support the Group's five strategic objectives, in July 2010, the Group's organisation structure was re-aligned into three business pillars which allow for a more coordinated and effective business execution: Community Financial Services, Global Wholesale Banking and Insurance and Takaful.

COMMUNITY FINANCIAL SERVICES (CFS)

The CFS business pillar was created to extend the former consumer banking business to also serve SME and Commercial/Business Banking customers from all our branches in Malaysia. This will better enable us to entrench our customer value proposition, which centres around convenience and serving the needs of the community. This sector's transformation has four main thrusts:

- Reposition as a Community Financial Services provider focusing on convenience and serving the needs of individuals, SMEs and commercial customers
- Move to a segment-driven model for customisation and differentiation in products, services, pricing, channels and process mix

Our Strategy

- Industrialise and drive innovation to further differentiate ourselves in the market
- Embed credit into the business to speed up turnaround time and achieve customer fulfilment without compromising on asset quality

The year saw a transformation of all branches to One-Stop-Shops, providing a comprehensive range of financial services within a single touch point. The branch transformation enables SME customers to be served by the entire branch network in Malaysia of 386 branches, instead of only 39 business centres previously. This allows us to engage with, retain and deliver better service experience to our customers. Other changes at the branch saw the beginnings of the 'Hip and Cool' approach to increase our urban clientele.

During the year, we also extended our contact points via POS Malaysia offices and made inroads into rural areas through our mobile micro payment facility.

Refer to page 106 for Community Financial Services.

GLOBAL WHOLESALE BANKING (GWB)

GWB was created to streamline corporate banking, transaction banking, global markets and investment banking under a single business pillar. This allows us to serve corporate customers through a Client Coverage Model, with a client relationship manager responsible for meeting all of the client's various product needs regionwide.

The sector is now strengthening its regional network, with our regional expansion supporting that of our clients. A significant milestone was the acquisition of Kim Eng Holdings, which enables us to extend our investment banking operations by leveraging on Kim Eng's regional platform to provide comprehensive services for our corporate customers across the region.

In November 2010, we restructured Trade Finance to improve our ability to service wholesale clients. Our transformation means focusing on business growth and improving customer experience by being prepared to explore trade business beyond the norm, and by providing competitive financing.

Refer to page 116 for Global Wholesale Banking

INSURANCE AND TAKAFUL

We operate Insurance and Takaful through several life and general as well as conventional and Islamic insurance companies under the Etiqa brand name. Our initiatives to expand product offerings and widen distribution through expanding the agency force aim to make Etiqa the country's largest insurer. Our key focus is on:

- Building a productive agency force in Conventional and Takaful insurance
- Driving Maybank business through product innovation (Savings, Investment & Protection)
- Building a profitable portfolio for Group and Health insurance
- Strengthening branches, third party business, direct, enterprise and corporate distribution channels
- Growing third party assets under management

During the year, new initiatives were launched to expand the agency business, including the recruitment of new agents, generating over RM350 million in new premiums. Meanwhile, to increase effectiveness in end-to-end processing and business efficiency, we are upgrading our IT infrastructure.

Refer to page 131 for Insurance and Takaful

Apart from operating businesses vertically within the pillars, we are also focusing on the growth of our International and Islamic banking offerings across these business pillars.

INTERNATIONAL EXPANSION

To support our international expansion, we launched regionalisation initiatives for both the consumer and corporate segments. To capture the growing market for cross-border payments, we introduced a money transfer service known as Maybank Money Express (MME). Then, for trade finance and cash management services, the Group's Transaction Banking rolled out and expanded its web-based trade finance service, TradeConnex, to regional offices in ASEAN countries.

Refer to page 142 for International Banking

ISLAMIC BANKING

As the largest Islamic bank in Malaysia, Maybank Islamic seeks to grow domestically through better collaboration with the three business pillars and also plans to expand into the key markets of Indonesia, Brunei, Singapore, the Philippines and Hong Kong/China. During the year, Maybank Islamic worked to grow its retail and wholesale business in close partnership with Bank Internasional Indonesia (BII) and the newly established Maybank Syariah Indonesia (MSI).

Refer to page 137 for Islamic Banking

ENTERPRISE TRANSFORMATIONAL SERVICES

Operationally, our business pillars are supported by the Group's Enterprise Transformational Services providing overall support for transformation initiatives, information technology and operations, with the aim of continually improving operational efficiencies. Two areas which underwent major changes during the year are Information Technology and Service Quality.

IT TRANSFORMATION PROGRAMME (ITTP)

ITTP undertook a transformation initiative to replace the Bank's legacy system. It rolled out a five-year strategic roadmap to be deployed across the region, aimed at improving service channels, product design capabilities and business support. The system is designed to be agile, leveraging on capabilities to out-execute the competition.

The regional capabilities of our technology transformation will boost collaboration, data sharing and knowledge management between countries as we pursue ASEAN expansion.

Refer to page 162 for IT Transformation Programme (ITTP)

SERVICE QUALITY

Service Quality was also transformed, to improve both internal and external customer service. FY2011 saw a centralisation of service units, maximising the strengths of service teams across the Bank.

Efforts to improve levels of customer service at the branches continued. Soft skills and the image of front line staff improved, and Mystery Shopping scores pushed from 73% in May 2010 to 87% in February 2011.

We will continue to measure internal and external customer satisfaction and benchmark our performance against the market. To embed a quality service culture, we will measure the service performance of all Maybankers.

Refer to page 165 for Service Quality

RE-IGNITING INNOVATION

To remain competitive and always ready for change, we are building a culture of innovation, which we are nurturing as a mindset and capability in all Maybankers.

Harnessing the experience and the creative talents of Maybankers, the President's Innovative Idea Awards was reframed and relaunched, inviting active participation across sectors. The new framework ensures Maybankers continually rethink established processes, add value to our products and services, find solutions to challenges, and implement the best solutions.

More than 500 ideas have been submitted since January 2011, encompassing process, product, marketing and customer service enhancements. Winning ideas were immediately scheduled for implementation.

This phase of the transformation has seen an active involvement by all sectors, with Maybankers initiating and leading change efforts and taking team responsibility for delivering results. There was also a remarkable collaboration between sectors, maximising resources to deliver exceptional customer value, service and support.

Looking ahead, our transformation journey will continue, ensuring that we keep ahead of the market, delivering exceptional customer value and enriching the communities around us.

Key Performance Indicators

To assess the Group's performance and ensure that it meets its strategic objectives, the Group has identified several key performance indicators (KPIs). These measures are set out below.

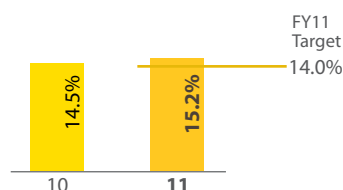
Headline KPIs

Return on Equity (ROE)

14%

ROE is defined as profit after tax and minority interest (PATAMI) divided by the average shareholders' equity for the financial year. Shareholders' equity is made up of share capital, retained earnings and other reserves.

We have a long term target of 18% to be achieved by 2015



15.2%

Target exceeded due to growth in profit and greater efficiency in capital utilisation.

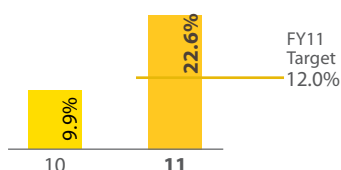
Our ROE was below the industry ROE of 18% due to equity capital expansion following several Maybank acquisitions since 2008.



Loans and Debt Securities Growth

12%

Loans and debt securities (financial assets) growth measures the total increase in gross loans and other debt or security issuances.



22.6%

Far exceeded target mainly due to strong domestic loans growth of 16.8%, and overseas loans growth of 29.4%.



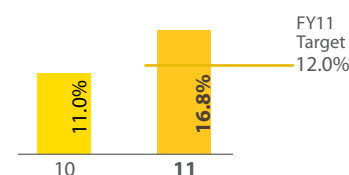
Other KPIs

Loans Growth

Malaysia

12%

Loans growth for Malaysia is defined as domestic gross loans growth i.e. in Malaysia only.



16.8%

Domestic loans growth due mainly to corporate loans growth of 25.6% underpinned by Government's economic programmes.

Our loans growth was above industry growth of 13.5% due to strong growth in large corporate loans.

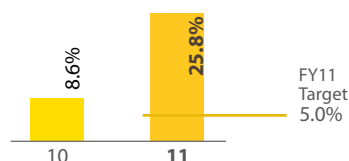


Loans Growth

Singapore

5%

Loans growth for Singapore defined as gross loans growth reported by Maybank Singapore in Singapore Dollar (SGD).



25.8%

Driven by 33% growth in business loans, up from 25% in the previous year. Consumer loans 16%.

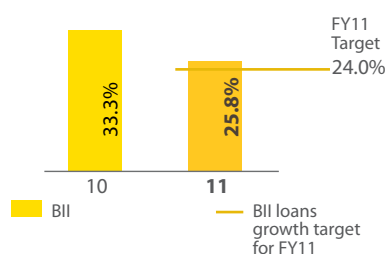


Other KPIs (continued)**Achievement****Target Met****Loans Growth**

Bank Internasional Indonesia (BII)

24%

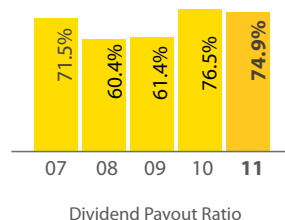
Defined as gross loans growth captured by BII, including its subsidiary WOM Finance, in Rupiah

**25.8%**

Exceeded the target of 24% due to strong consumer and SME loan growth and boosted by the addition of 70 branches during the year.

**Dividend Payout Ratio****40-60%**

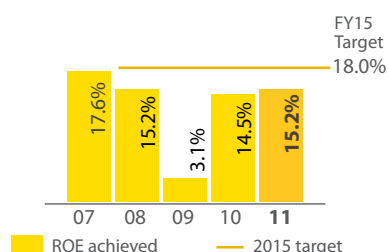
Maybank has a dividend policy of paying dividends equivalent to between 40-60% of annual profit after tax and minority interest

**74.9%**

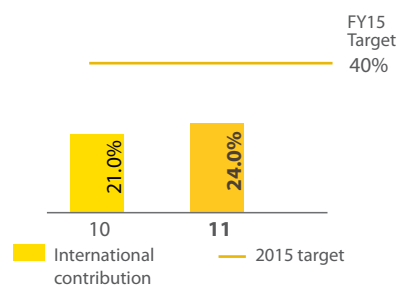
Dividend payout ratio for FY2010 of 74.9% again surpassed the 40-60%. To preserve capital, a Dividend Reinvestment Plan (DRP) was introduced last year.



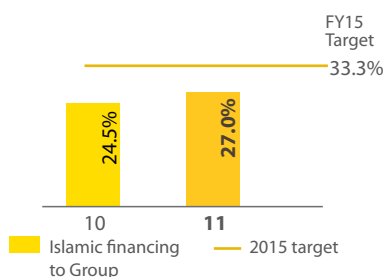
Refer to page 48 for DRP

Long Term Targets by 2015**On Track****Return on Equity (ROE)****18%****15.2%**

ROE of 15.2% for FY11 shows that we are on track to achieve our long term target of 18%.

**International contribution to Group profit before tax****40%****24%**

Maybank's international contribution was 24% as at June 2011 with major contributors still being Singapore (14%) and Indonesia (5%).

**Islamic Financing to Maybank domestic loans****33%****27%**

Maybank's Islamic First aspiration is set to focus on Islamic product offerings to customers as the first option. Islamic financing formed 27% of Maybank's group loans and advances. This is on track to achieve our long term target of 33%.



Maybank Share

SUMMARY

- Maybank's Total Shareholder Return (TSR) for FY2011 was 28.1%, outperforming the benchmark FBM KLCI TSR of 24.8% but lower than the KL Finance Index TSR of 32.9%.
- Maybank share price experienced an overall upward trend, reaching to a high of RM9.29 in November 2010. The share rose 18.3% compared to the previous financial year.
- Total dividend of 60 sen per share was declared for the financial year, an increase of 9.1% year-on-year.
- Two Dividend Reinvestment Plans (DRP) were successfully implemented with high reinvestment rate of 88.6% (1st DRP) and 91.1% (2nd DRP) respectively, reflecting shareholders' confidence in Maybank.

TOTAL SHAREHOLDER RETURN (TSR)

TSR is the measure of our enhancement of value to our shareholders. It consists of capital gains (share price increase) and dividends.

In terms of TSR, Maybank outperformed the FBM KLCI Index by 3.3% by registering a return of 28.1% compared to the broader index's 24.8% rise. However, Maybank's TSR is lower compared to the KL Finance Index which rose 32.9%.

HIGHLIGHTS

**Dividend Per Share
FY2010** **60 sen**
55 sen
+9.1%

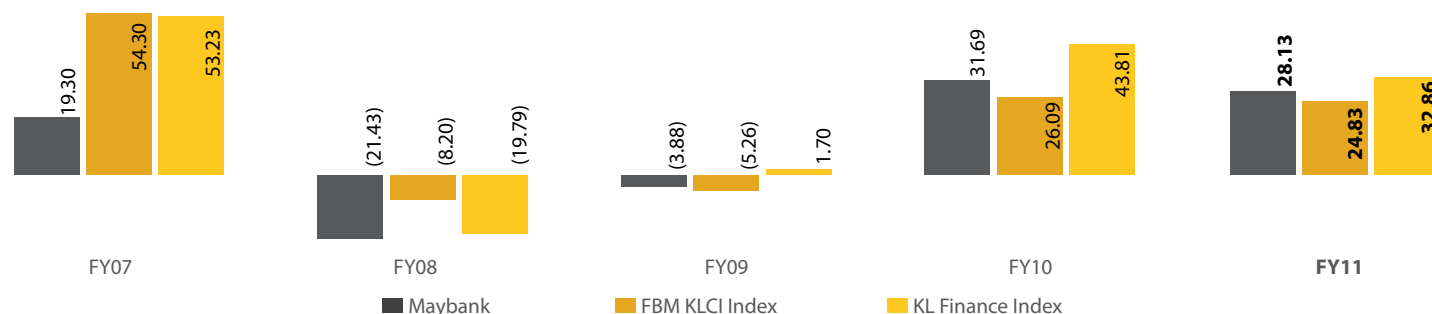
**Share Price
FY2010** **RM8.94**
RM7.56
+18.3%

**Market Capitalisation
FY2010** **RM66.9b**
RM53.5b
+25.0%

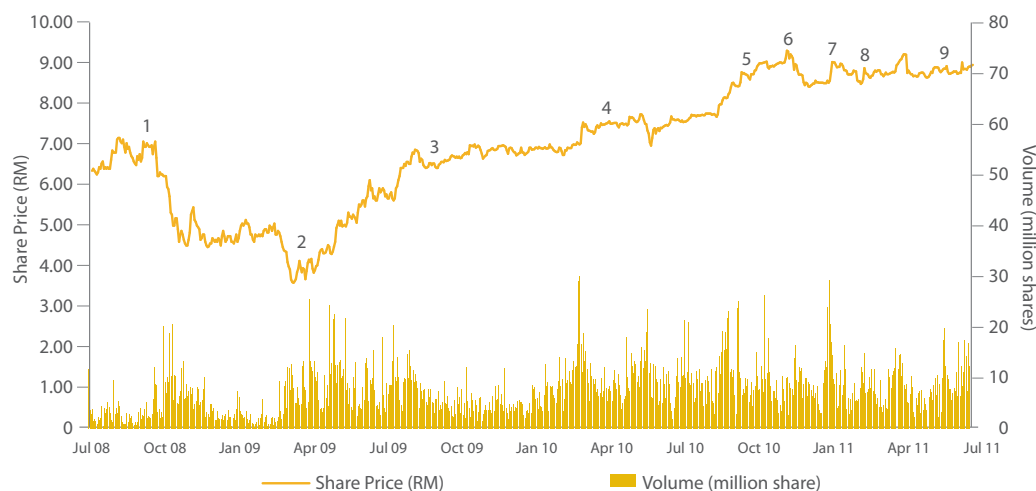
**Earnings Per Share
FY2010** **61.4 sen**
53.9 sen
+13.8%

**Total Shareholder Return
FY2010** **28.13%**
31.69%
-3.6%

TOTAL SHAREHOLDER RETURN (%)



MAYBANK SHARE PRICE AND VOLUME



1	30 Sep 08	Completes acquisition of BII
2	29 April 09	Maybank completes rights issue of RM6 billion
3	25 Aug 09	Announces FY09 results
4	21 Apr 10	BII completes rights issue of Rp1.4 trillion
5	20 Aug 10	Announces FY10 results

6	12 Nov 10	Announces 1QFY11 results
7	6 Jan 11	Kim Eng acquisition announced
8	21 Feb 11	Announces 2QFY11 results
9	12 May 11	Announces 3QFY11 results
10	22 Aug 11	Announces FY11 results

MAYBANK SHARE PRICE VS BENCHMARK

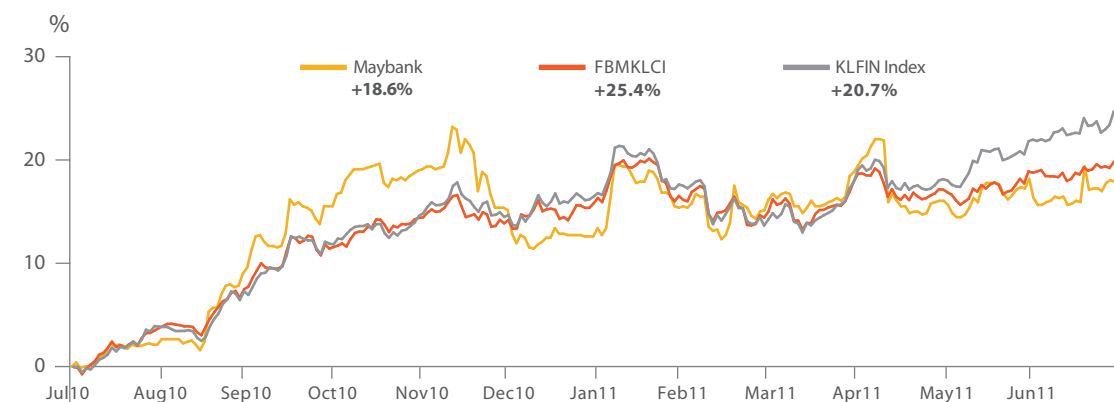


Chart: Maybank share price vs FBM KLCI Index and KL Financial Index (1 July 2010 - 30 June 2011)

- In FY2011, Maybank's share price rose by 18.6% from RM7.54 on 30 June 2010 to RM8.94 on 30 June 2011.
- At the start of the financial year, Maybank's share price staged a sharp rise to a high of RM9.29 on November 9, 2010 following a strong financial results in the previous financial year and the anticipation of dividend payout.
- The share price then fell amid economic uncertainty brought by the triple disaster in Japan and European debt crisis, in line with the broader index.
- However, a string of positive news flow such as the roll out of Economic Transformation Project (ETP), stabilising European debt crisis and improving economic condition in the US shored up the share price to end on a positive note.
- A comparison with the broader index saw Maybank's share to be in line with FBM KLCI Index but underperformed against KL Finance Index which increased by 20.65% and 25.38% respectively.

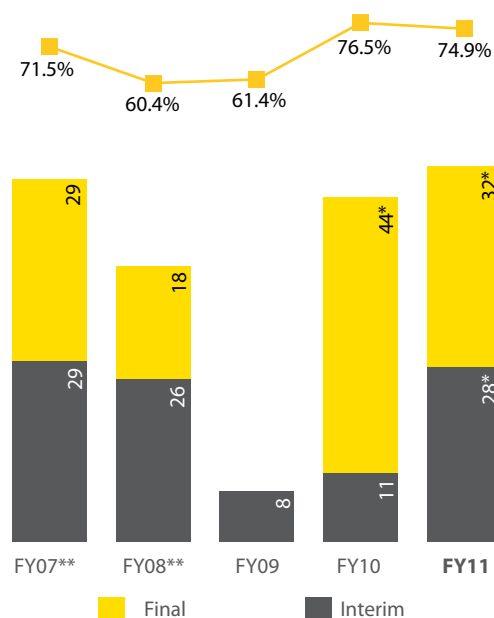
Maybank Share

DIVIDEND AND DIVIDEND REINVESTMENT PLAN

- The Group adopts a high dividend policy with a Dividend Payout Ratio based on reported earnings attributable to shareholders for the year of 40-60%.
- For FY2011, the Board of Directors proposed a gross dividend 60 sen which is 9.1% higher compared to the previous year as a result of a second successive record net profit. This translates to a dividend payout ratio of 74.9%, exceeding our payout ratio policy.
- We continue to reward shareholders with a high dividend payout ratio but at the same time being prudent with capital management. Hence, the introduction of Dividend Reinvestment Plan (DRP), which rewards shareholders while preserving capital. Through our DRP, eligible shareholders have the option of reinvesting their electable dividend portion into Maybank shares at a discount of up to 10%. Both the first DRP and second DRP achieved high reinvestment rate of 88.6 and 91.1% respectively, reflecting shareholders' confidence in Maybank. The Dividend Reinvestment Plan (DRP) will continue to be an integral part of Maybank's strategy to preserve equity capital whilst providing healthy dividend income to shareholders.

Refer to page 52 for history of dividends and page 240 for capital management.

Gross Dividend (sen) and Payout Ratio (%)



* subject to Dividend Reinvestment Plan

** adjusted for 1:4 Bonus Issue in February 2008 and 9:20 Right Issue at RM2.74 in March 2009

Financial Year End

30 June (31 December starting 1 July 2011)

Foreign Shareholding

30 June 2011	13.49%
30 June 2010	12.66%

Ticker Code

Bursa Malaysia	MYX : 1155
Bloomberg	MAY MK EQUITY
Reuters	MBBM.KL

American Depositary Receipts (ADR)

Bloomberg	MLYBY US
Reuters	MLYBY.PK

Share Registrar for the 51st AGM

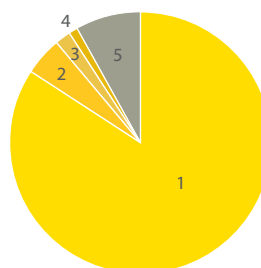
Tricor Investor Services Sdn Bhd
Level 17, The Gardens
North Tower, Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur
Malaysia

SHAREHOLDER ANALYSIS

- With over 60,000 shareholders around the globe, Maybank has a diversified shareholder base.
- Analysis of the shareholder structure showed that 84.21% of the shareholding emanates from Asia, followed by 4.72% from North America, 2.06% from UK, 1.06% from Europe (excluding UK), and 7.95% from other geographical locations.
- Maybank shares are mostly held by institutional investors at 91.36% while private investors hold the remaining 8.64%
- Foreign shareholding rose to 13.49% in June 2011 from 12.66% a year ago.

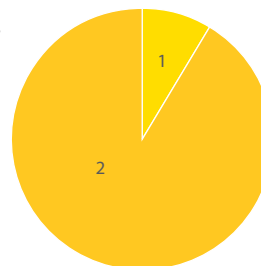
Shareholding by region

- Asia
84.21%
- North America
4.72%
- UK
2.06%
- Euro excluding UK
1.06%
- Others
7.95%



Shareholding by type

- Private Investor
8.64%
- Institutional Investor
91.36%



Note: Private investor figure is based on assumption of the remaining figures not analysed

Maybank Share

OWNERSHIP STRUCTURE

Principal Shareholders

- Permodalan Nasional Berhad, the largest investment management company in Malaysia, and its funds are major shareholders of Maybank.

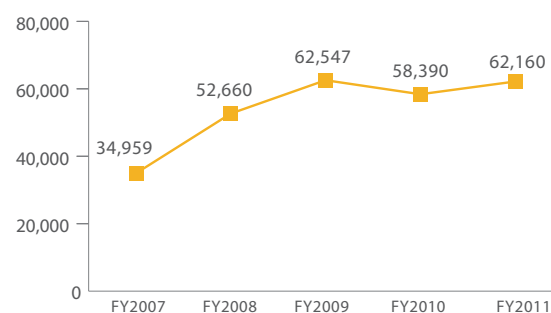
	No. of Shares (million)	2011 Shareholding (%)
Permodalan Nasional Berhad and its funds*	4,127.0	55.17
Employees Provident Fund Board	841.9	11.26
Kumpulan Wang Persaraan (Diperbadankan)	206.5	2.76
Lembaga Tabung Angkatan Tentera	199.8	2.68
Valuecap Sdn Bhd	162.9	2.18
State Street Bank & Trust Company (West CIt OD67))	74.6	1.00
Great Eastern Life Assurance (Malaysia) Berhad (Par 1))	67.6	0.90
Vanguard Emerging Markets Stock Index Fund	53.2	0.71
Prudential Fund Management Berhad	51.3	0.69
JPMorgan Chase Bank National Association (Norges BK Lend)	46.5	0.62

* Funds include those held by AmanahRaya Trustees Berhad

Foreign Shareholding



Number of Shareholders



AMERICAN DEPOSITARY RECEIPTS (ADRs)

To diversify and increase US ownership and improve Maybank's profile in the US market, Maybank is also traded in the United States through an NYSE-listed sponsored ADR facility since 2005 with The Bank of New York Mellon as the depositary. The ADRs are traded on the New York Stock Exchange under the ticker MLYBY US on Bloomberg and MLYBY.PK on Reuters.

CREDIT RATINGS

- Maybank continued to retain its credit ratings on par with Malaysia's sovereign rating during the financial year with strong fundamentals.
- The outlook for the long-term credit ratings for Maybank was maintained as **Stable** throughout the financial year by all five rating agencies.
- Maybank is regularly in contact with its credit rating agencies as well as regulators to ensure continued adoption of prudent capital management practices and remains committed towards maintaining its investment grade credit ratings.

Standard and Poor's	A-
Fitch Ratings	A-
Moody's Investors Services	A3
RAM Ratings	AAA
Malaysian Rating Corporation	AAA

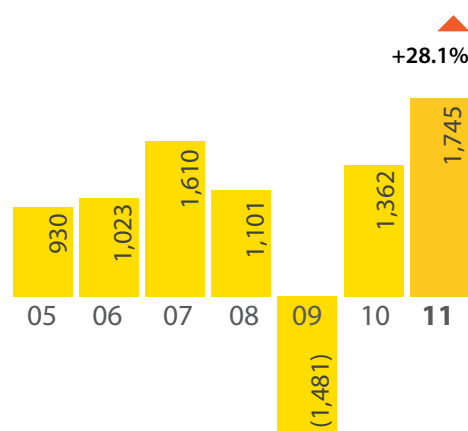
Refer to page 53 for more details on credit ratings.

ECONOMIC PROFIT

Khazanah's Transformation Programme for Government-linked Companies (GLCs) is an initiative to develop high-performing entities for the future prosperity of the country. Being part of the transformation programme, Maybank has tracked the performance of its Economic Profit since 2005. Economic Profit is a key measurement of value creation to shareholders by showing a company's return over and above its cost of capital.

For FY2011, Maybank's Economic Profit increased 28.1% to RM1.75 billion from RM1.36 billion in the previous year. The increase was attributable to higher profit for the year despite the expanded equity base.

Economic Profit
(RM million)



Maybank Share

SHARE RELATED KEY FIGURES

	FY2007	FY2008	FY2009	FY2010	FY2011
Market Capitalisation (RM billion)	46.7	34.4	41.8	53.5	66.9
Total Shareholder Return, TSR (%)	19.3	(21.4)	(3.9)	31.7	28.1
Dividend per share (sen)	57.5	44.0	8.0	55.0	60.0
Dividend yield (%)	6.7	7.4	1.4	7.3	6.7
Closing Price, 30 June (RM)	8.62	6.33	5.90	7.56	8.94
Average share price (RM)	8.46	8.00	5.25	6.94	8.60
Highest closing share price (RM)	9.84	9.20	7.14	7.72	9.29
Lowest closing share price (RM)	7.47	6.33	3.57	5.60	7.53
Basic EPS (sen)	58.5	53.3	12.0	53.9	61.4

Note: Adjusted for 1:4 Bonus Issue in February 2008 and 9:20 Rights Issue at RM2.74 in March 2009

DIVIDEND HISTORY

		Dividend per share (sen)		Declaration	Ex-Date	Record	Payment Date
		Actual	Adjusted for capital changes				
FY2007	Interim	40.0	28.7	21 Feb 2007	10 Apr 2007	12 Apr 2007	26 Apr 2007
	Final	40.0	28.7	29 Aug 2007	30 Oct 2007	1 Nov 2007	15 Nov 2007
	Total	80.0	57.5				
FY2008	1st Interim	17.5	12.6	15 Nov 2008	31 Dec 2007	3 Jan 2008	16 Jan 2008
	1:4 Bonus			24 Jan 2008	18 Feb 2008	20 Feb 2008	20 Feb 2008
	2nd Interim	15.0	13.5	20 Feb 2008	24 Mar 2008	26 Mar 2008	7 Apr 2008
	Final	20.0	18.0	27 Aug 2008	7 Oct 2008	9 Oct 2008	21 Oct 2008
	Total	52.5	44.0				
FY2009	9:20 Rights			1 Mar 2009	31 Mar 2009	2 Apr 2009	
	Final	8.0	8.0	25 Aug 2009	13 Oct 2009	15 Oct 2009	27 Oct 2009
	Total	8.0	8.0				
FY2010	Interim	11.0	11.0	9 Feb 2010	2 Mar 2010	4 Mar 2010	16 Mar 2010
	Final	44.0	44.0	11 Oct 2010	18 Nov 2010	22 Nov 2010	20 Dec 2010
	Total	55.0	55.0				
FY2011	Interim	28.0	28.0	31 Mar 2011	12 Apr 2011	14 Apr 2011	12 May 2011
	Final	32.0	32.0	22 Aug 2011	–	–	–
	Total	60.0	60.0				

Note: Adjusted for 1:4 Bonus Issue in February 2008 and 9:20 Rights Issue at RM2.74 in March 2009

MAJOR CHANGES IN SHARE CAPITAL

Date	Event	No. of new shares	Total no. of shares outstanding
23 Oct 2001	Bonus Issue 1:2	1,179,868,307	3,539,604,721
20 Feb 2008	Bonus Issue 1:4	976,057,505	4,880,287,526
27 Apr 2009	Rights Issue (9:20) at RM2.74 per share	2,196,516,217	7,077,663,368
21 Dec 2010	New share issue pursuant to DRP	244,257,623	7,322,240,391
13 May 2011	New share issue pursuant to DRP	155,965,676	7,478,206,067

Refer to page 536 for complete list of changes in share capital

ANALYSIS OF SHAREHOLDINGS

As at 9 August 2011

Authorised Share Capital : 10,000,000,000
 Paid-Up Share Capital : 7,478,214,767
 Class of Shares : Ordinary Share of RM1 each
 Voting Right : 1 vote per Ordinary Share

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares Held	% of Issued Capital
Less than 100	2,013	3.27	51,812	0.00
100 to 1,000 shares	12,114	19.68	8,562,970	0.11
1,001 to 10,000 shares	35,841	58.23	126,189,182	1.69
10,001 to 100,000 shares	10,158	16.50	266,392,359	3.56
100,001 to less than 5% of issued shares	1,424	2.31	2,485,386,472	33.24
5% and above of issued shares	3	0.01	4,591,631,972	61.40
TOTAL	61,553	100.00	7,478,214,767	100.00

Refer to page 534 for more on analysis of shareholdings.

CREDIT RATINGS

Rating Agency	Rating Classification	Ratings
Standard & Poor's	Long Term Counterparty	A-
	Short Term Counterparty	A-2
	Outlook	Stable
	Bank Fundamental Strength Rating (Local Currency)	B
	Certificate of Deposit	A- / A-2
	Preferred Stock (1 issues)	BBB
	Subordinated (2 issues)	BBB+
Moody's Investors Service	LT Foreign Currency Bank Deposit/Outlook	A3/Stable
	ST Foreign Currency Bank Deposit	P-1/Stable
	LT Local Currency Bank Deposit/Outlook	A1/Stable
	ST Local Currency Bank Deposit	P-1/Stable
	Foreign Currency Tier 1 Capital/Outlook	Baa2/Stable
	Foreign Currency Subordinated Debt/Outlook	A3/Stable
	Bank Financial Strength Rating/Outlook	C/Stable
Fitch Ratings	Foreign Long Term Issuer Default Rating	A-/Stable
	Local Long Term Issuer Default Rating	A-/Stable
	Individual	B/C
	Support Rating	2
	Support Rating Floor	BBB
	Sub Debt	BBB+
RAM Ratings	Long Term Financial Institution Ratings	AAA
	Short Term Financial Institution Ratings	P1
	Tier-1 Capital Securities	AA2
	Subordinated Bonds	AA1
	Outlook (Long Term)	Stable
MARC	Long Term Financial Institution Ratings	AAA
	Short Term Financial Institution Ratings	MARC-1
	Outlook	Stable

Maybank in the News

Maybank aims for higher level of equities market share

Maybank in Indonesia for the long term

Record RM3.8b profit

Maybank affirms Indonesia as main revenue driver for FY11

Banks to help fund projects worth RM1.4t

Maybank TreatsFair promotes cashless transactions

Maybank opens ninth branch in Cambodia

Maybank celebrates 50th Anniversary

Manassero – Malaysian Open's youngest winner

Maybank expects higher healthcare spending by cre

KUALA LUMPUR: Malaysian Banking Bhd (Maybank) expects healthcare to account for 12% of total on its credit cards in the first half of 2011, up from less than 5% in the first half of 2010.

Banking on the tiger

Maybank to step in as sponsors for BAM

Maybank organises milestone CSR event

Over 10,000 employees worldwide get together for community work

Maybank offers ringgit-based loans for UK properties

Maybank continues support for M'sian Open C'ship

Maybank continues support for M'sian Open C'ship

Maybank continues support for M'sian Open C'ship

Maybank continues support for M'sian Open C'ship

Maybank wins two Asian Banker awards



Maybank acquires Kim Eng

In it for the long run

In an interview with *TeeTimes*, Tan Sri Dato' Megat Zaharuddin Megat Mohd Nor, the Chairman of Maybank assesses the bank's involvement with the national Open.

Q: This is the golden jubilee of the Malaysian Open and the sixth edition of which Maybank is the title sponsor. Surely, during these six years, the Open has grown tremendously. As the title sponsor who has a direct influence in the championship, how would you describe the growth of the Maybank Malaysian Open?

A: The championship's growth has been very encouraging not only in terms of the crowds but also the players who have participated. It is evident that crowds have grown strongly year by year, and many of our players have gone on to win other tournaments on the Tour worldwide, which speaks volumes about the status of this event and the standard of players.



Arguably the best Open yet

Some observers, though, questioned the decision to fork out huge

Bank gives 27 new scholarship awards

RM1.8mil allocated annually to deserving undergrads

Maybank sasar kenaikan 100%



Partners Alula Wafid (right) exchanging documents with Li Jiating the Chairman of Beijing.

Strategic partnership

Milestone in financial and media ties

Maybank IB closes RM1.2b loan deal



Pos Malaysia, Maybank bekerjasama

UJALA LUMPAH 6 Jun - Pos Malaysia Bhd. (Pos Malaysia) dan Maybank Bhd. (Maybank) telah menandatangani perjanjian kerjasama strategik untuk memperkukuh hubungan antara kedua-dua syarikat.

Perjanjian ini adalah sebahagian daripada strategi kerjasama dalam perkhidmatan kewangan sebagai akses mudah kepada semua pelanggan dan meningkatkan lagi 17 buah cabang Maybank di Sabah.

Katanya, perkhidmatan perbankan Maybank di kawasan Pos Malaysia akan menjadi nadi kepada komuniti pelbagai agensi masyarakat.

"Kami berharap perkhidmatan yang disediakan seperti pengalihan dan simpanan surat dan

ini menjadi sebahagian daripada strategi kerjasama dalam perkhidmatan kewangan sebagai akses mudah kepada semua pelanggan dan meningkatkan lagi 17 buah cabang Maybank di Sabah.

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"Kami berharap perkhidmatan yang disediakan seperti pengalihan dan simpanan surat dan

Maybank sets price of DRP shares

New shares under dividend reinvestment plan at RM7.70 each

Maybank to reach freq customers via new pre

UJALA LUMPAH Maybank aims to reach 100% of its customers who are frequent by the year 2015. To achieve this, the bank has launched a new pre-emptive strategy to reach out to its customers.



Events Highlights

July 2010

02 JUL, 2010

Maybank Islamic launched Waqf, a structured community-giving initiative that allows customers to place deposits as waqf contribution. The Bank was the first financial institution in the country to offer such an integrated waqf solution to customers. ▼



03 JUL, 2010

Maybank holds first-ever TIGER Fun Run at the Mall of Asia grounds. Participated in by Maybankers and key customers, the run was able to raise php100,000.00 for Gawad Kalinga. ▼



6 JUL, 2010

Maybank Islamic received the Islamic Retail Bank of the Year Award at The Asset Asian Awards 2010 event held in Kuala Lumpur. ►

07 JUL, 2010

Maybank unveiled its premium Maybankard World MasterCard that provides top of the range benefits and privileges. The card offers frequent fliers the highest number of Treats AirMiles when used for everyday purchases.

13 JUL, 2010

Maybank revised its Base Lending Rate (BLR) from 6.05% p.a. to 6.30% p.a.. The Base Financing Rate (BFR) of Maybank Islamic Berhad was similarly revised from 6.05 % p.a. to 6.30 % p.a.

14 JUL, 2010

Maybank achieved a rare three Asiamoney Annual Private Banking Poll 2010 Awards for a Malaysian private banking services provider. Maybank captured for the second consecutive year the Best Domestic Private Banking in Malaysia and Overall Best Domestic Private Bank for the US\$1 million - US\$5 million Asset under Management (AUM) category respectively. Maybank was also voted as Overall Best Private Bank in Malaysia for the AUM US\$5.01 million – US\$25 million category.



14 JUL, 2010

The World Takaful Conference under a strategic partnership with Etiqa organised the 1st Family Takaful Summit in Kuala Lumpur.

21 JUL, 2010

Maybank launched its enhanced Mobile Banking Service or M2U Mobile, offering joint marketing campaigns with telecommunication operators such as Celcom, Maxis and DiGi. The enhanced M2U Mobile enables customers to access the bank's portal Maybank2u.com using any phone model or telco operator for their banking, bill payment or e-commerce transactions. ▼

**23 JUL, 2010**

An Etiqa Green Day was held to emphasise the importance of being environmentally friendly.

26 JUL & 9 AUG, 2010

Etiqa Academy with LIMRA organised the Regional Officers School (ROS) workshop, a program designed for company managers responsible for business development working closely with agency managers.

30 JUL, 2010

With the Singapore Innovation Class (I-Class) certification, Maybank became the first Bank in Singapore to achieve all four standards in Business Excellence (BE) - Singapore Quality Class (SQC), Singapore Service Class (S-Class), People Developer (PD) and Singapore Innovation Class (I-Class) at an enterprise level. The BE initiative was given out by the Standards, Productivity and Innovation Board (SPRING) Singapore to organisations which have attained a commendable level of performance.

August 2010**02 AUG, 2010**

Maybank launched an innovative web-based trade finance service, TradeConnex, the first local bank in Malaysia to offer a comprehensive suite of conventional trade finance products online. ▼

**03 AUG, 2010**

Etiqa won the KLIFF Award for Most Outstanding Takaful Company for the third time.

03-05 AUG, 2010

Maybank was one of the exhibitors in the first Malaysian Solo Fair, a trade exhibition organised by the Malaysia External Trade Development Corporation (MATRADE), the export promotion agency of the Government of Malaysia. The exhibition was opened by Dato' Seri Dr. Ibrahim Saad, Ambassador of Malaysia to the Philippines and Honorable Alfredo Lim, Mayor of Manila. The event also featured a Briefing on "Doing Business in the Philippines," with Maybank Philippines PCEO Amos Ong as one of the Resource Speakers and Panelists. ▼



Events Highlights

08 AUG, 2010

Maybank presented cash awards for academic and co-curriculum excellence to 15 students at its two schools in Penang which are under the PINTAR programme. In addition, the bank also presented 10 computers each to the two schools to supplement existing facilities and support computer literacy among students.

10 AUG, 2010

Maybank Islamic was honoured at the Kuala Lumpur Islamic Finance Forum (KLIFF) Awards 2010 as the Most Outstanding Islamic Retail Bank, the third consecutive year received an award at it KLIFF. ▼



13 AUG, 2010

Maybank Investment Bank was Joint Principal Adviser, Joint Lead Arranger and Joint Lead Manager for Celcom's RM4.2 billion Sukuk Programme.

20 AUG, 2010

Maybank announced record Group pre-tax profit of RM5.37 billion compared to RM1.67 billion posted in 2009. Net profit after tax and minority interest (PATAMI) jumped to RM3.82 billion from RM691.9 million previously. In the last financial year, the Group's results were impacted by the RM1.97 billion impairment charge on its investment in Bank Internasional Indonesia (BII) and MCB Bank.

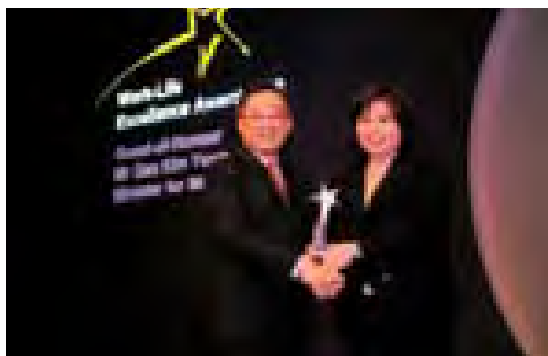
27 AUG, 2010

Maybank Islamic staff joined orphans from Rumah Amal Belaian Kasih for an "Iftar" held at Dataran Maybank. ▼



27 AUG, 2010

Maybank Singapore was conferred the Work-Life Excellence Award by the Tripartite Committee on Work-Life Strategy in recognition of the Bank's commitment towards a balanced work-life culture. Maybank Singapore was the only Bank to receive this award three times in a row in 2006, 2008 and 2010. ▼



September 2010

02 SEP, 2010

BII launched its Superkidz Center, which is a mobile banking service where BII teams visit selected schools to educate students on savings.

03 SEP, 2010

Maybank Singapore officially opened its Geylang Serai Branch offering Islamic banking products and services. ▼



22 SEP, 2010

BII and IFC signed an agreement for SMEs for Women's Business. IFC also provided advisory services for BII in extending loans for women in business. ▼



23 SEP, 2010

American Express and Maybank teamed up with Pantai Holdings Berhad, the holding company of Pantai Hospitals and Gleneagles Hospital Kuala Lumpur to launch the Pantai American Express Credit Card, Malaysia and Asia's first co-brand credit card with a healthcare service provider. The card was also the first such co-brand credit card issued on the American Express global network targeting consumers in Malaysia and within the region.

28 SEP, 2010

Maybank Investment Bank signed an agreement with Standard & Poor's to offer S&P's Global Research Reports to Maybank IB clients.

October 2010

02 OCT, 2010

Maybank Singapore organised the Maybank NightWalk as part of its 50th Anniversary celebrations and in support of the Maybank Family Fund launched in July 2010. All the registration fees collected from this event was donated to the Maybank Family Fund, administered by Central Singapore Community Development Council. ▼



05 OCT, 2010

Maybank Islamic contributed RM100,000 worth of foldable bags for Hajj pilgrims in support of the Annual Sahabat Korporat Tabung Haji.

Events Highlights

8 OCT, 2010

BII conducted a Wheelchair Tennis Tournament 2010 to support the paraplegic community. A total of 45 wheelchair tennis athletes from different clubs in Jakarta, Bogor, Tangerang, Bekasi, Central Java and Yogyakarta participated in the tournament. ▼



08 OCT, 2010

Etiqa Oneline was awarded the prestigious Silver Award for having the Best Contact Centre Manager and Bronze Award for the Best Contact Center at the Contact Centre Association of Malaysia Awards 2010.

12 OCT, 2010

Maybank Philippines and Home Guarantee Corporation (HGC) signed a Php1.5 Billion Contract of Guaranty agreement. Under the agreement, Maybank extends loans to individual housing loan borrowers, as well as provide financing facility to real estate developers through assignment or purchase of Contract-to-Sell accounts while HGC insures the mortgages and contract-to-sell receivables of Maybank against non-payment of borrowers. ▼



13 OCT, 2010

Etiqa Alor Setar was one of the 14 centres involved in a nationwide Blood Donation Drive themed 'Donate Blood - Your Gift of Life' to help replenish supplies for the National Blood Bank.

18 OCT, 2010

BII conducted its annual Public Expose as required by the stock exchange. ▼



21 OCT, 2010

Maybank opened its ninth branch in Cambodia, located in Sihanoukville, south west of the country.

22 OCT, 2010

Eighty deserving students from Universitas Gadjah Mada received scholarships from BII, the third year the bank offered scholarships to the university's students. ▼



22 OCT, 2010

Etiqa Academy welcomed 53 agents and staff into its off-campus Risk Management and Insurance bachelor's degree program. The program is a collaboration between Etiqa and Universiti Utara Malaysia.

28 OCT, 2010

BII held a draw for the Grand Prize of "Biingkisan Beruntun 2010" Period 1, and launched the "Biingkisan Beruntun 2010" Period 2. Biingkisan Beruntun is a loyalty program for savings products. ▼

**29 OCT, 2010**

Maybank Singapore was one of the mandated lead arrangers for a S\$750 million murabaha facilities agreement for healthcare services provider, Parkway Holdings. The facilities, for Parkway's general working capital and refinancing of its existing loans, was the company's first shariah-compliant funding exercise.

29 OCT, 2010

PT Bank Internasional Indonesia Tbk announced net profit of Rp415 billion for the first nine months ended 30 September 2010, a significant turnaround from the net loss of Rp183 billion in the previous corresponding period ended 30 September 2009.

29 OCT, 2010

Maybank Islamic hosted a study visit by 30 students from Islamic Science University of Malaysia who were presented with an overview of the bank as well as Islamic banking products and services in Malaysia. ▼

**November 2010****01 NOV, 2010**

Etiqa Insurance and Takaful launched their 'A Lifetime of Love in One Simple Gift' campaign to encourage members of the public to purchase an insurance or takaful plan as a lifelong gift of protection and savings for their loved ones.

01 NOV, 2010

Tunku Kurshiah College, one of the top residential colleges in Malaysia as well as a Malaysia Smart School, was the first residential college to participate in the Maybank-MoneyTree Financial Literacy Programme. This project, a joint effort between Maybank and MoneyTree, aimed at helping secondary school students aged 13 – 17 understand the importance of financial planning and developing them into financial savvy individuals.

Events Highlights

03 NOV, 2010

BII received an award for being the first bank to launch a savings product for Women (Woman One) from the Record Bisnis Indonesia. ▼



10 NOV, 2010

BII added eight Sharia Office Channels in the Greater Jakarta area.

12 NOV, 2010

Maybank announced a 21.5% rise in Group pre-tax profit for the first quarter ended September 2010 to RM1.40 billion compared to RM1.16 billion in the corresponding period ended September 2009. Profit after tax and minority interest (PATAMI) for the quarter rose 16.6% to RM1.03 billion from RM881.8 million previously.

20 NOV, 2010

More than 10,000 Maybank Group employees globally joined together for the first time in a global CSR initiative through the Group employee volunteerism programme under the Cahaya Kasih banner. The programme which was part of Maybank's 50th anniversary celebration themed 'Close to You', created a milestone as it was the first Malaysian financial institution to organise such an event across its global network.

22 NOV, 2010

American Express launched its 15% cash back campaign, offering cardmembers 15% cash back on purchases using its cards at 14 malls nationwide. This campaign was aimed at rewarding cardmembers and was part of the Bank's 50th anniversary celebrations.

26 NOV, 2010

Maybank Singapore was one of the mandated lead arrangers for a S\$1,618 million 5-year term loan facilities extended to property developer, Orchard Turn Retail Investment Pte. Ltd. for refinancing a construction loan used for the development of ION Orchard shopping mall, one of Singapore's newest and most upmarket malls.

27 NOV, 2010

Twenty young Malaysians aged 7-12, demonstrated the 1Malaysia spirit at a Maybank Story Telling Contest, with stories taken from a Maybank publication entitled "Stories for our Future". The contest which aimed to promote the values of 1Malaysia among the young generation, and was graced by YABhg Datin Paduka Seri Rosmah Mansor, wife of the Prime Minister of Malaysia.

At the event, Datin Paduka Seri Rosmah also read a specially written "Story for the Children of 1Malaysia" produced by Maybank for all children. ▼



December 2010

02 DEC, 2010

Bill presented the grand prize of a Jaguar car to the winner of its 'Biingkisan Beruntun' campaign.

07 DEC, 2010

Maybank Islamic was one of the corporate partners of TV Al-Hijrah which was launched by the Prime Minister of Malaysia, Dato' Seri Mohd Najib Tun Abdul Razak. ▼



09 DEC, 2010

Maybank announced a disaster relief assistance programme offering a moratorium on monthly installment payments and waiver of certain charges on a case-to-case basis for customers affected by floods in Perlis, Kedah and Kelantan.

Events Highlights

14 DEC, 2010

Maybank hosted an art exhibition entitled “Expressions of the Malayan Tiger” showcasing 50 works by Malaysian artists who participated in an art competition held in conjunction with Maybank’s 50th anniversary celebration. The aim of the competition was to encourage the development of art as well as create greater awareness on tiger conservation. ►



17 DEC, 2010

PT Bank Maybank Indocorp (BMI) was officially renamed PT Maybank Syariah Indonesia (MSI), following its conversion to a full fledged Islamic bank in Indonesia in October 2010. This was part of the Group’s aspiration to extend its Islamic banking operations regionally. ◀

22 DEC, 2010

Maybank’s 50th anniversary celebrations drew to a close on a high note with the launch of the Maybank Foundation and the unveiling of a specially commissioned 1Malaysia sculpture called “Segerak, One Movement 1Malaysia” by Prime Minister YAB Dato’ Sri Mohd Najib Bin Tun Abdul Razak, at a Maybank Gala Dinner. About 1,000 guests attended the glittering event. The Maybank Foundation, with a RM50 million initial fund, will spearhead the Group’s CR activities throughout its network. ►



January 2011

06 JAN, 2011

BII opened 12 new branches in Semarang, West Java.

06 JAN, 2011

Maybank, through its wholly-owned subsidiary, Aseam Credit Sdn Bhd ("ACSB"), entered into conditional sale and purchase agreements with Mr. Ronald Anthony Ooi Thean Yat and Yuanta Securities Asia Financial Services Ltd. for the acquisition of 15.4% and 29.2% stakes in Kim Eng Holdings Limited respectively. The shares were acquired at a price of S\$3.10/share, amounting to a total purchase consideration of S\$798 million (approximately RM1.90 billion).

13 JAN, 2011

Maybank launched its 'Overseas Mortgage Loan Scheme', the first Malaysian bank to offer Malaysians a local mortgage loan facility in Ringgit for purchases of property in London, United Kingdom.

18 JAN, 2011

Maybank launched its "Maybankard 2 Cards" targetting half a million new cardmembers within 12 months. The Maybankard 2 Cards offer an innovative feature, a first in Malaysia, of providing two credits cards together to a cardmember with only one sign-up.

24 JAN, 2011

Pos Malaysia Berhad and Maybank launched a strategic partnership to provide Shared Banking convenience for customers to conduct selected Maybank services at more than 400 Pos Malaysia outlets nationwide. The ceremony was held at Pos Malaysia Benut, Pontian, Johor. ▼



31 JAN, 2011

PT Bank Internasional Indonesia Tbk reported a net profit of Rp461 billion for the full year of 2010, a significant turnaround from the net loss of Rp41 billion in the previous corresponding period.



February 2011

11 FEB, 2011

Maybank Islamic Berhad signed an agreement to provide a RM100 Million Commodity Murabahah Term Financing-i (CMTF-i) facility to Universiti Teknologi Malaysia (UTM), Skudai. The facility was to be used to redeem UTM's existing term loans for the construction of hostel facilities at its Skudai campus. ◀

Events Highlights

17 FEB, 2011

Maybank Philippines handed over children's books contributed by Maybank staff in addition to a cash donation to Maharlika Elementary School, for the improvement of the public school's library. ▼



21 FEB, 2011

Maybank announced a 16% rise in Group pre-tax profit for the six months ended December 2010 to RM2.97 billion compared to RM2.56 billion in the previous corresponding period ended December 2009. Profit after tax and minority interest (PATAMI) for the period rose to RM2.15 billion compared with RM1.88 billion previously. ▼



23 FEB, 2011

Maybank entered into a strategic partnership with Xinhua News Agency, the most important information authority in the People's Republic of China to enable the Bank have greater exposure and news coverage in the People's Republic of China. Xinhua will also benefit from this tie-up by having access to information on the Malaysian and ASEAN financial sector from Maybank. ▼



01 MAR, 2011

Maybank won Euromoney's "Best Private Banking Services Overall in Malaysia" for the third consecutive year. ▼



06 – 09 MAR, 2011

Maybank Islamic participated in the Malaysia International Halal Showcase for the 7th consecutive year. ▼



07 MAR, 2011

Maybank Islamic opened its 13th branch in i-City, Shah Alam making it the first bank to begin operations in the area. ▼

**08 MAR, 2011**

Maybank joined forces with the Ministry of Women, Family and Community Development to celebrate International Women's Day (IWD). The Bank and its IT outsourcing partner CSC Malaysia teamed up to contribute 200 refreshed computers to single mothers nationwide under the Rumah Nur programme managed by the Ministry.

15 MAR, 2011

Maybank signed a USD700 million 5 year syndicated term loan facility underwritten and arranged by mandated lead arrangers and bookrunners comprising Australia and New Zealand Banking Group Limited, The Hongkong and Shanghai Banking Corporation Limited, Labuan Branch, Mizuho Corporate Bank Ltd., Labuan Branch and Standard Chartered Bank Labuan Branch which saw a total of 22 banks (including the mandated lead arrangers and bookrunners) joining the transaction. The Facility was upsized from the original amount of USD500 million to USD700 million to accommodate part of the oversubscription during syndication.

16 MAR, 2011

Maybank Islamic hosted a study visit by 30 students of Babson College, USA to provide them a better understanding of Islamic banking. ▼

**21 MAR, 2011**

Maybank Islamic opened its 14th branch in Gunung Rapat, Perak.

Events Highlights

21 MAR, 2011

Maybank further strengthened its presence in the Philippines by making the big move to the Clark Freeport Zone. The newly-opened Maybank Clark branch was positioned as a one-stop financial shop offering customers a portfolio of products and services suited to meet a variety of needs. Located within the BerthaPhil Clark Center Compound, Maybank Clark is right in the heart of an emerging community that features, at full build-out, an information technology business park, commercial shopping centers, entertainment complexes, condominiums and a school campus. ▼



26 MAR, 2011

Etiqa Takaful made a zakat contribution of RM286,781 to Madrasah Darul Atiq at Ulu Yam, which provides assistance and shelter to single mothers and abandoned children.

28 MAR, 2011

In a move to further boost operational capability and service delivery, Maybank relocated its Biñan Branch to a more visible location that offer high potential for business growth.

Maybank Biñan is now located right in front of Pavilion Mall, along National Highway, a prominent area being primed for growth and development in Binan City. ►

29 MAR, 2011

Maybank won two awards, the prestigious Country Award for 'Best Retail Bank in Malaysia' and the Products and Processes Award for 'Best Deposit and Liability Business' in The Asian Banker's International Excellence in Retail Financial Services Awards 2011 held in Kuala Lumpur.

30 MAR, 2011

Maybank Philippines started offering Merchant Acquiring services, with a pilot run on 5 accredited merchants. By June 2011, a total of 70 Maybank Point-of-Sales (POS) terminals have been installed. ▼



31 MAR, 2011

Maybank held a prize presentation ceremony for the final phase of its RM2 million Rewards Campaign held in conjunction with Maybank's 50th anniversary celebrations which included a RM500,000 grand prize.

31 MAR, 2011

Maybank Islamic Berhad issued its maiden Tier 2 Capital Islamic Subordinated Sukuk of RM1.0 billion, based on the Islamic principle of Musyarakah. It was rated AA-IS (outlook stable) by Malaysian Rating Corporation Berhad (MARC) and carried a tenure of 10 years from the issue date on a 10 non-callable 5 basis.

April 2011**APR, 2011**

Maybank Singapore collaborated with Central Singapore Community Development Council to launch a matched savings scheme for low-income families called C.A.S.H.UP (Cultivate A Savings Habit). In this nine month programme, Maybank Singapore matched dollar-for-dollar, up to a maximum of \$1,000 at the end of the savings period, any C.A.S.H.UP Savings Account opened by a family. ▼

**07 APR, 2011**

Two hundred and forty Formula One fans were part of the exciting 2011 Formula One PETRONAS Malaysia Grand Prix at the Sepang International Circuit on April 9 – 10 April, 2011 courtesy of Maybank cards. ▼

**09 APR, 2011**

Maybank and Pos Malaysia Berhad achieved another milestone in their strategic partnership by extending their Shared Banking services to East Malaysia commencing in Belaga, Sarawak. It was among the 51 locations identified in Sarawak and Sabah for the Shared Banking services to reach a larger base of customers, especially the under-served segment in rural areas, by leveraging on the extensive reach of Pos Malaysia outlets.

11 APR, 2011

BII held its Grand Prize Lucky Draw for its "Biingkisan Beruntun" 2010 programme.

12 APR, 2011

Maybank and Xinhua News Agency officially launched the Xinhua08 Malaysia webpage at Invest Malaysia 2011. The webpage, available in Mandarin at <http://maybank.xinhua08.com> provides readers especially in China, the opportunity to follow up-to-date business and financial news covering Malaysia and the ASEAN region.

12 APR, 2011

Maybank Philippines conducted a contest-and-fund-raising drive for Operation Smile Foundation, a charitable institution dedicated to treating children with cleft lip or palate and other facial deformities.

Events Highlights

14 APR, 2011

BII conducted a Public Expose for its Subordinated Bonds. The issuance of this subdebt raised an additional Rp 1.5 trillion Tier 2 Capital.

14 – 17 APR, 2011

The Maybank Malaysian Open was held at the Kuala Lumpur Golf & Country Club. This 50th edition of the Open saw the participation of renowned golfers from the European and Asian tours, led by World No. 1 Martin Kaymer. ▼



21 APR, 2011

Maybank launched a "Debit & Drive Home A Volkswagen Polo" campaign which aimed to create greater awareness on the convenience of debit cards, while rewarding customers with two Grand Prizes of a Volkswagen Polo car each as well as one daily cash prize of RM500 for the highest number of transactions for the day. The launch of the campaign was held in conjunction with Permodalan Nasional Berhad's Minggu Saham Amanah Malaysia 2011 (MSAM) held in Ipoh.

21 APR, 2011

Maybank announced that it had successfully priced a SGD1.0 billion subordinated notes programme, the Bank's maiden issue under the US\$2.0 billion Multicurrency Medium Term Note Programme.

27 APR, 2011

BII and Garuda Indonesia signed an agreement for ticketing Cash Management payment via BII CoOLPAY.

May 2011

05 MAY, 2011

Maybank won the Malaysian Institute of Directors 'Innovative Leadership in Globalisation' Award in the "Banking & Finance" category. ▼



05 MAY, 2011

Maybank announced its intention to make a mandatory unconditional cash offer to acquire all the ordinary shares of Kim Eng Holdings Limited, other than those already owned by Mayban IB Holdings, its related corporations and their respective nominees, at a price of S\$3.10 per share.

06 MAY, 2011

A groundbreaking ceremony was held on the future site of Maybank Corporate Center, soon to become the hub of the Bank's operations in the Philippines. ▼



09 MAY, 2011

Maybank Malabon was relocated to Governor Pascual Avenue, a commercial site in Malabon City developed as a flood-free zone area. ▼

**10 MAY, 2011**

BII strengthened its electronic network with the launch of its 1,000th ATM. BII's ATMs are connected with more than 35,000 ATMs under ATM PRIMA, ATM BERSAMA, ALTO, CIRRUS, and Malaysia's MEPS network, and to more than 2,800 Maybank ATMs in Malaysia and Singapore.

10 MAY, 2011

Maybank announced that it had completed the acquisition of a 44.6% stake in Kim Eng. Together with the market purchases on January 7, 2011 and January 10, 2011 for approximately 5.6% stake, Maybank now owned a majority interest of 50.2% in Kim Eng.

10 MAY, 2011

Maybank revised its base lending rate (BLR) upwards from 6.30% p.a. to 6.60% p.a. The base financing rate (BFR) of Maybank Islamic Berhad was similarly revised to 6.60 % from 6.30%.

10 MAY, 2011

Maybank Islamic distributed a total of RM7.07 million to 15 State Zakat centers as well as to charity bodies in Malaysia, an increase of RM2.06 million compared to the 2009 financial year. ▼

**12 MAY, 2011**

Maybank announced a 13.4% rise in Group profit after tax and minority interest (PATAMI) for the nine months ended March 2011 to RM3.3 billion compared with the RM2.91 billion recorded in the previous corresponding period ended March 2010. Group pre-tax profit rose 13.2% to RM4.54 billion compared to RM4.01 billion previously.

13 MAY, 2011

BII held its Annual General Meeting.

14 MAY, 2011

Etiqa Takaful made a zakat contribution of RM 237,900 to Madrasah Darul Istiqamah, Muar to build new hostels for its students.

15 MAY, 2011

BII celebrated its 52nd anniversary with a series of sports, writing and singing competitions as well as CSR activities.

Events Highlights

19 MAY, 2011

During Invest Malaysia in New York from 17-18 May 2011, Maybank President and CEO Dato' Sri Abdul Wahid Omar was interviewed by Pimm Fox on Bloomberg Television's "Taking Stock" on a wide range of economic and banking issues. ▼



23 MAY, 2011

Maybank Islamic clinched the "Top SMI Supporter for Islamic Bank Category" award at the Credit Guarantee Corporation (CGC) Top SMI Supporter Award 2010.

23 MAY, 2011

Maybank Makati Avenue Branch was opened for business, located near the corner of Makati Avenue and Kalayaan Avenue, beside St. Giles Hotel. It is the 3rd Maybank branch to be opened in Makati City. ▼



24 MAY, 2011

Maybank hosted a month long art exhibition featuring works by Selangor-born artist Goh Ah Ang, renowned for his Chinese paintings on diminutive subjects, such as insects.

The exhibition entitled 'Art and Ants' was officially launched by Tan Sri Amirsham A Aziz, Chairman, National Economic Advisory Council at Balai Seni Maybank, Menara Maybank. ▼



June 2011

JUN, 2011

Maybank Singapore was one of two corporations which clinched the Excellence Award at the People's Association Community Spirit (PACS) Awards 2011 of recognition of its community partnership efforts. Working with the Central Singapore Community Development Council, Maybank had launched initiatives such as the Maybank Family Fund, which addresses the needs of low-income families, and raised over half a million dollars within months of the launch. ▼

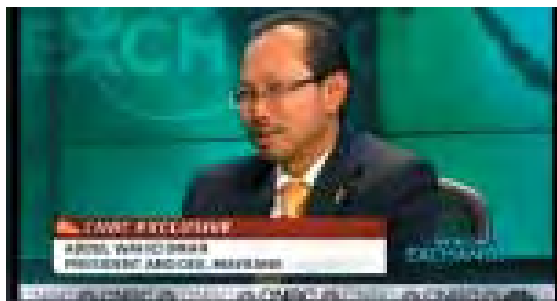


JUN, 2011

Maybank Investment Bank was Joint Principal Adviser, Joint Lead Arranger and Joint Lead Manager for Westports Malaysia's Sukuk Musharakah Programme of up to RM2.0 billion. The issue was the largest Islamic securities programme established by a port operator in Malaysia.

01 JUN, 2011

Dato' Sri Abdul Wahid Omar, President & CEO of Maybank, was interviewed on CNBC on various issues pertaining to the growth of Maybank. ▼



01 JUN, 2011

Maybank Singapore launched "CashOut", a service that allows customers to withdraw cash while paying bills using their Maybank ATM card or credit card linked to a Savings or Current Account. Customers also enjoy greater convenience by having more access points for withdrawing cash at all 62 Singapore Post outlets nationwide.

02 JUN, 2011

- Maybank Singapore embarked on a series of M2U touch-point innovations to further engage customers. Under the eBusiness C.I.D (Convenience, Innovation and Differentiation) initiative, new additions to M2U include M2U Touch, a touch-screen based channel for branch-visiting customers; M2U Roar, Maybank Singapore's very own Augmented Reality Application for smart phones and M2U TV, a web-based platform for sharing of investment knowledge.
- Maybank Singapore launched iSAVVY on Facebook, targetting the online-savvy youth segment. Maybank offers an online appointment booking service, iAppointment, to time-conscious customers to further complement their mobile lifestyle. ▼



Events Highlights

06 JUN, 2011

Pos Malaysia Berhad and Maybank extended their shared banking services to Sabah with a target to cover 26 selected post offices in Sabah.

The launch, held in Kota Marudu was officiated by TandeK state assembly member, Ms Anita Baranting.

The Shared Banking Service allows customers, particularly in rural communities, to access Maybank's banking services using Pos Malaysia's extensive branch network across the country.

07 JUN, 2011

Fifty Maybankard MasterCard Platinum Debit customers were presented a holiday package each to Resorts World Sentosa Singapore courtesy of Maybank and MasterCard Worldwide. The winners were among the first successful applications of the Maybankard MasterCard Platinum Debit Campaign held from December 2010 to February 2011. ▼



08 – 09 JUN, 2011

Maybank Islamic was platinum strategic partner at the 2nd Annual World Islamic Banking Conference – Asian Summit in Singapore. The Chief Executive Officer, Muzaffar Hisham was one of the keynote speakers at the event. ▼



16 JUN, 2011

BII was ranked second among banks in Indonesia for "Bank Service Excellence Award" for 2010 and 2011 by Marketing Research Indonesia (MRI) and Infobank magazine. This was the second consecutive year it won the award.

18 JUN, 2011

Etiqa Takaful made a zakat contribution of RM157,280 to Rumah Amal Raudhatul Ikhwan, a home which provides shelter to the poor and needy in Rompin.

21 JUN, 2011

BII launched its Mobile Banking service, making it one of the most connected banks in Indonesia. BII Mobile Banking allows customers to perform banking transactions through shortcut SMS, SIM Tools Kit, Java at BlackBerry and UMB Banking.

21 JUN, 2011

Maybank joined six other banks in signing a USD175-million six-year term loan for Energy development Corporation (EDC), a Philippine company engaged in exploration, development and operation of geothermal energy.

29 JUN, 2011

Maybank Singapore launched the Ar Rihla Regular Savings Account-i (RSA-i) for Muslims going on the Hajj. Savers with this Syariah-compliant account would be rewarded with a bonus gift (hibah) at the end of each 12-month period. ▼

30 JUN, 2011

Maybank became the first Qualifying Full Bank in Singapore to launch the new Maybank Platinum Debit Card with the NETS FlashPay feature. This allows cardholders to pay for public transport as well as small ticket items at over 12,000 retail points. In addition, customers can withdraw cash from ATMs and Singapore Post outlets, and sign for their purchases via the MasterCard network. ▼



NEW SERVICES
available @ Post Offices

EPiNS
for Cash Withdrawal
(with max. SGD purchase)

EPiNS
for Bill Payment
Pay any bill with your Maybank ATMCard now

Maybank

Awards & Recognition



2011

● RAM RATINGS AWARD (MAYBANK INVESTMENT BANK)

- RAM Lead Manager Award 2010 - Number of Issues – 2nd Place
- RAM Lead Manager Award 2010 (Islamic) – Joint 1st Place
- RAM Blueprint Award 2010 - New Structured - Finance Benchmark Deal
- RAM Special Merit Awards 2010 – Malaysia Top Lead Manager 2010 (Corporate Sukuk Market)

● READER'S DIGEST TRUSTED BRANDS AWARD

- Credit Card Issuing Bank – Gold Award
- Islamic Financial Services – Gold Award

● MALAYSIAN INSTITUTE OF DIRECTORS

- Innovative Leadership in Globalisation' Award - Banking & Finance – Maybank

● MALAYSIAN TAKAFUL ASSOCIATION (ETIQA TAKAFUL BERHAD)

- Best Group Business Operator

● THE ASIAN BANKER. INTERNATIONAL EXCELLENCE IN RETAIL FINANCIAL SERVICES AWARDS

- Best Retail Bank in Malaysia
- Best Deposit and Liability Business

● THE ASIAN BANKER ACHIEVEMENT AWARDS – TECHNOLOGY IMPLEMENTATIONS AWARDS

- Best Retail Payments Implementation

● EUROMONEY AWARDS

- Best Private Banking Services Overall in Malaysia

● ASSOCIATION OF ACCREDITED ADVERTISING AGENTS MALAYSIA/ MALAYSIA'S MOST VALUABLE BRANDS – PUTRA BRAND AWARDS 2011 – THE PEOPLE'S CHOICE

- Finance Gold Award: Maybank

● THE ASSET TRIPLE A AWARD

- Best Domestic Trade Transaction Banking
- Best E-commerce Bank
- Best Domestic Cash Management Bank
- Best SME Bank
- Best Domestic Trade Finance Bank

● NEF-AWANI ICT AWARDS

- Favourite Online Banking Service Provider



● **BANKING & PAYMENTS ASIA TRAILBLAZER AWARDS**

- Product Excellence Award – Best in Category

● **ASIA PACIFIC BRANDS FOUNDATION**

- Societe Awards Best Brands – Corporate Responsibility

● **THE BRAND LAUREATE MASTERS AWARDS**

- Best Brands in Banking

● **KLIFF ISLAMIC FINANCE AWARDS**

- Most Outstanding Retail Islamic Bank Award (Maybank Islamic Berhad)
- Most Outstanding Takaful Company

● **MPC PRODUCTIVITY AWARD**

- Services Category 2

● **PHILIP KOTLER CENTER – MALAYSIA SERVICE TO CARE CHAMPION**

- Credit Card
- Conventional Banking (Asset > USD20 Billion)

● **CCAM EXCELLENCE AWARD**

- Best Contact Centre Manager – Silver Award
- Best InHouse Contact Centre – Bronze Award

● **VISA MALAYSIA BANK AWARD**

- Largest Consumer Credit Card Issuer

● **LARGEST CONSUMER PRODUCT PURCHASE VOLUME – VISA CREDIT & VISA DEBIT**

- Most Innovative Use of Visa Asset
- Largest Debit Card Issuer
- Largest Debit Card Purchase Volume

● **GLOBAL NETWORK SERVICES MARKETING AWARD**

- Outstanding Merchant Marketing Campaign (Amex)

● **KLIFF ISLAMIC FINANCE AWARDS**

- Most Outstanding Takaful Company (Etiqa Takaful Berhad)

● **ASIAN BANKING & FINANCE AWARDS**

- Best Corporate Social Responsibility Program – Silver (Maybank Singapore)

● **RECOGNITION AS MODEL COMPANY ON RE-EMPLOYMENT EFFORTS AND PRACTICES (NTUC) (MAYBANK SINGAPORE)**

● **ASIAN BANKING & FINANCE AWARDS**

- Best Corporate Social Responsibility Program – Silver (Maybank Singapore)

● **PEOPLE'S ASSOCIATION COMMUNITY AWARDS**

- Excellence Award (Corporate Partner) (Maybank Singapore)

Awards & Recognition

2010

- **MALAYSIAN INSTITUTE OF HUMAN RESOURCE MANAGEMENT**
 - HR Excellence Category (Gold Award)
 - HR Innovation Category (Silver Award)
- **MALAYSIAN RATING CORPORATION BERHAD**
 - Top Lead Managers Award (Jan-Jun 2010)
 - No. 1 by Issue Count
 - No. 1 by Issue Value
- **ASIAMONEY PRIVATE BANKING POLL**
 - Best Domestic Private Banking in Malaysia
 - Overall Best Domestic Private Bank in Malaysia (Asset under management of US\$1 million – US\$5 million)
 - Overall Best Private Bank in Malaysia (Asset under management of US\$5.01 million – US\$25 million)
- **CREDIT GUARANTEE CORPORATION MALAYSIA**
 - Top SMI Supporter Award
 - Commercial Bank Category
 - Bumiputera SMI Supporter
 - Best Financial Partner
 - Best Financial Partner Award
- **READER'S DIGEST TRUSTED BRANDS AWARDS**
 - Bank Category – Gold Award
 - Credit Card Issuing Bank – Gold Award
- **ASSOCIATION OF ACCREDITED ADVERTISING AGENTS MALAYSIA / MALAYSIA'S MOST VALUABLE BRANDS – PUTRA BRAND AWARDS 2010**
 - Finance Gold Award : Maybank
- **THE ASSET TRIPLE A AWARD**
 - Best SME Bank in Malaysia
 - Best e-Commerce Bank in Malaysia
- **ASIAN BANKER EXCELLENCE IN RETAIL FINANCIAL SERVICES AWARDS**
 - Excellence in Employee Engagement for Asia Pacific, Central Asia and Gulf Regions (Maybank Singapore)
- **ASIAMONEY AWARDS**
 - Best FX Bank in Indonesia (Bank Internasional Indonesia)

- **EUROMONEY AWARDS**
 - Best Private Banking Services Overall – Malaysia
- **KLIFF ISLAMIC FINANCE AWARDS**
 - Most Outstanding Retail Islamic Bank Award (Maybank Islamic Berhad)
- **FRIEND OF HERITAGE AWARD (MAYBANK SINGAPORE)**
- **EXCELLENT SERVICE AWARD (MAYBANK SINGAPORE)**
- **WORK-LIFE EXCELLENCE AWARD (MAYBANK SINGAPORE)**
- **DISTINGUISHED DEFENCE PARTNER AWARD (DDPA) (MAYBANK SINGAPORE)**
- **EXEMPLARY EMPLOYER AWARD – TRIPARTITE ALLIANCE FOR FAIR EMPLOYMENT PRACTICES (TAFEP) (MAYBANK SINGAPORE)**

2009

- **MALAYSIAN RATING CORPORATION BERHAD**
 - Top Lead Managers Award (Jan-Dec 2009)
 - No. 1 by Issue Count
 - No. 2 by Issue Value
- **FINANCE ASIA COUNTRY AWARDS**
 - Best Cash Management Bank
 - Best Trade Finance Bank
- **EUROMONEY AWARDS**
 - Best Local Bank – Malaysia
 - Best Private Banking Services Overall – Malaysia
- **THE ASSET TRIPLE A AWARD**
 - Best Cash Management Bank in Malaysia
- **THE ASSET TRIPLE A AWARD – ISLAMIC FINANCE AWARD (MAYBANK INVESTMENT BANK)**
 - Most Innovative Islamic Finance Deals – WCT Engineering Berhad RM300 million Sukuk Musyarakah with warrants
 - Best Innovative Islamic finance deals – Cagamas RM2 billion Sukuk Commodity Murabahah

- **GLOBAL FINANCE**
 - Best Foreign Exchange Bank in Malaysia
 - Best Trade Finance Provider in Malaysia
 - Best Sub-Custodian Bank in Malaysia
- **INTERNATIONAL TAKAFUL AWARD**
 - Best Bancassurance Takaful Award (Etika Takaful Berhad)
- **KLIFF ISLAMIC FINANCE AWARDS**
 - Most Outstanding Islamic Bank Award (Maybank Islamic Berhad)
 - Most Outstanding Takaful Company (Etika Takaful Berhad)
 - Most Innovative Deal of the Year & Tawarruq Deal of the Year – Cagamas Berhad's RM915 million Medium Term Notes (Maybank Investment Bank)
 - Sovereign Deal of the Year & Indonesia Deal of the Year – Republic of Indonesia; Perusahaan Penerbit SBSN Indonesia I USD650 million Global Sukuk Indonesia (Maybank Investment Bank)
 - Ijarah Deal of the Year & Qatar Deal of the Year – Qatar Airways Syndicated Financing Islamic Finance Facility (Maybank Investment Bank)
- **INVESTOR MAGAZINE**
 - Best Bank for asset size Rp1 trillion – Rp10 trillion category (Maybank Indocorp)
- **MINISTRY OF HUMAN RESOURCES, MALAYSIA**
 - Caring Employer Award – Winner
- **ASIAMONEY PRIVATE BANKING POLL**
 - Overall Best Domestic Private Bank in Malaysia (Asset under management of USD1 million and above)
- **TRADE FINANCE MAGAZINE AWARDS FOR EXCELLENCE**
 - Best Local Trade Bank in Malaysia
 - Best Islamic Trade Bank in Asia (Maybank Islamic Berhad)
- **READER'S DIGEST TRUSTED BRANDS AWARD**
 - Bank – Gold Award
 - Credit Card Issuing Bank – Gold Award
 - Islamic Financial services – Gold Award (Maybank Islamic Berhad)
- **RAM LEAD MANAGERS ISLAMIC AWARD (MAYBANK INVESTMENT BANK)**
 - Issue Value (2008) – 1st position
 - Number of Deals (2008) – 3rd position
- **RAM LEAD MANAGERS ISLAMIC AWARD (MAYBANK INVESTMENT BANK)**
 - Number of Deals (2008) – 3rd position
 - Issue Value (2008) – 2nd position
- **LAFFERTY CARDS AWARD**
 - Best New Product for Maybankard Visa Debit
 - Best Debit Card for Maybankard Visa Debit
- **BEST VISA PROGRAM INNOVATION – MAYBANK MOBILE NFC**
- **CARRE (CENTER FOR CUSTOMER SATISFACTION & LOYALTY) CALL CENTER AWARD**
 - Service Excellence for Credit Card Customers (BII)
- **MARKETING MAGAZINE AND CARRE – CENTER FOR CUSTOMER SATISFACTION AND LOYALTY SERVICE QUALITY AWARD**
 - Gold Award (BII)
- **INDONESIAN INSTITUTE FOR CORPORATE DIRECTORSHIP, CENTRE FOR INTERNATIONAL PRIVATE ENTERPRISE WASHINGTON, DC AND BUSINESS REVIEW MAGAZINE – GOOD CORPORATE GOVERNANCE AWARD**
 - The Best Individual Indicators Responsibility of the Board (BII)
- **SWA MAGAZINE AND STERN STEWART & CO. (100 PUBLIC COMPANIES RANK IN THE SWA 100 2009). INDONESIA BEST WEALTH CREATORS AWARD**
 - One of the Best Public Companies Based On WAITM (Wealth Added Index) Method (BII)
- **INFOBANK AND MRI AWARDS (BII)**
 - Best Banking Service Excellence Monitor Award – 2nd Placing
 - Best ATM – 3rd Placing
 - Best Phone Handling, Phone Banking Machine – 2nd Placing
 - The Best Phone Banking Officer
- **INFOBANK MAGAZINE GOLDEN TROPHY 2009**
 - "Very Good" Financial Performance 2004-2008 (BII)

Refer to page 532 for Award & Recognition for 2006-2008.

Five-Year Group Financial Summary

	Group					
Year ended 30 June	2007	2008	2009	2010	2011	YoY Change
OPERATING RESULT (RM' Million) ¹						
Operating revenue	15,179	16,154	17,586	18,560	21,040	13.4%
Operating profit	4,370	4,571	3,064	5,249	6,135	16.9%
Profit before taxation	4,364	4,086	1,674	5,370	6,270	16.8%
Profit after taxation and minority interest	3,178	2,928	692	3,818	4,450	16.6%
KEY STATEMENTS OF FINANCIAL POSITION DATA (RM' Million) ¹						
Total assets	256,667	269,101	310,739	336,700	411,959	22.4%
Securities portfolio	33,692	36,551	57,727	54,170	61,039	12.7%
Loans, advances and financing	140,865	164,614	185,783	205,555	253,976	23.6%
Total liabilities	236,799	249,009	284,971	308,035	379,488	23.2%
Deposit from customers	163,677	187,112	212,599	236,910	281,976	19.0%
Commitments and contingencies	175,392	204,217	221,587	232,273	292,202	25.8%
Paid-up capital	3,889	4,881	7,078	7,078	7,478	5.7%
Shareholders' equity	19,198	19,302	24,899	27,877	31,461	12.9%
SHARE INFORMATION ¹						
Per share (sen)						
Basic earnings ³	58.5	53.3	12.0	53.9	61.4	13.9%
Diluted earnings ³	58.3	53.3	12.0	53.9	61.4	13.9%
Gross dividend	80.0	52.5	8.0	55.0	60.0	9.1%
Net assets (sen)	493.6	395.5	351.8	393.9	420.7	6.8%
Share price as at 30 June (RM)	12.00	7.05	5.90	7.56	8.94	18.3%
Market capitalisation (RM' Million)	46,668	34,411	41,760	53,510	66,853	24.9%
FINANCIAL RATIOS (%) ¹						
Profitability Ratios/Market Share						
Net interest margin on average interest-earning assets	2.8	2.7	2.8	2.9	2.6	(0.3)
Net interest on average risk-weighted assets	3.7	3.5	3.4	3.5	3.6	0.1
Net return on average shareholders' funds	17.6	15.2	3.1	14.5	15.2	0.5
Net return on average assets	1.3	1.1	0.2	1.2	1.2	–
Net return on average risk-weighted assets	2.0	1.6	0.3	1.6	1.8	0.2
Cost to income ratio	42.8	44.4	52.8	47.3	49.6	2.3
Domestic market share in :						
Loans, advances and financing	19.6	18.1	17.8	17.6	18.1	0.5
Deposits from customers – Savings Account	30.6	28.0	26.6	27.7	27.9	0.2
Deposits from customers – Current Account	21.4	21.5	21.3	20.5	20.7	0.2
CAPITAL ADEQUACY RATIOS (%) ¹						
(after deducting proposed final dividend) ²						
Core capital ratio ⁵	9.0	10.1	10.8	10.1-11.0	11.2-11.8	0.8-1.1
Risk-weighted capital ratio ⁵	13.7	12.7	14.8	13.7-14.6	14.7-15.4	0.8-1.0
ASSET QUALITY RATIOS ¹						
Net impaired loans / non-performing loans ratio (%)	3.0	1.9	1.6	1.2	2.3	1.1
Loan loss coverage (%)	80.3	101.1	112.9	124.5	82.3	(42.2)
Net loan to deposit ratio (%)	86.1	88.0	87.4	86.8	90.1	3.3
Deposits to shareholders' fund (times)	8.5	9.7	8.5	8.5	8.5	–
VALUATIONS ON SHARE ¹						
Gross dividend yield (%)	6.7	7.4	1.4	7.3	6.7	(0.6)
Dividend payout ratio (%)	71.5	60.4	61.4	76.5	74.9	(1.6)
Price to earnings multiple (times) ⁴	20.5	13.2	49.2	14.0	14.6	0.5
Price to book multiple (times)	2.4	1.8	1.7	1.9	2.1	0.2

¹ Comparative figures were reclassified to conform with current year presentation.

² In compliances with Bank Negara Malaysia Guidelines Risk Weighted Capital Adequacy Framework.

³ Adjusted for rights issue completed on 30 April 2009 and bonus issue of 1:4 completed on February 2008 and Maybank Group Employee Share Scheme relating to the Restricted Share Unit as at 30 June 2011.

⁴ Price to earnings multiple (times); (2009) 12.8 times (before impairment of goodwill/ associate).

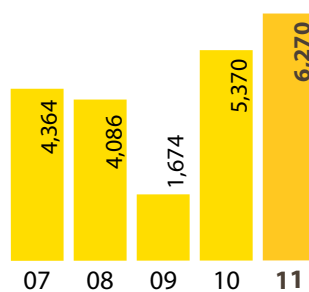
⁵ The capital adequacy ratios for 2011 and 2010 present the two range of extreme possibilities, i.e.

(i) Where the full electable portion is not reinvested; and
(ii) Where the full electable portion is reinvested in new ordinary shares in accordance with the Dividend Reinvestment Plan.

Bank		
2010	2011	YoY Change
13,280	13,588	2.3%
4,787	4,561	(4.7%)
4,787	4,561	(4.7%)
3,553	3,359	(5.5%)
248,392	293,661	18.2%
47,544	51,486	8.3%
151,470	181,573	19.9%
223,135	265,662	19.1%
175,380	201,465	14.9%
213,216	265,846	24.7%
7,078	7,478	5.7%
25,257	27,998	10.9%
50.2	46.3	(7.8%)
50.2	46.3	(7.8%)
55	60	9.1%
356.8	374.4	4.9%
-	-	-
-	-	-
2.4	2.2	(0.2)
2.9	2.9	-
14.9	12.6	(2.3)
1.5	1.2	0.3
1.9	1.8	(0.1)
41.9	45.7	3.8
17.6	18.1	0.5
27.7	27.9	0.2
20.5	20.7	0.2
13.8 - 14.9	12.5 - 13.3	(1.3) - (1.6)
13.8 - 14.9	12.5 - 13.3	(1.3) - (1.6)
1.3	2.3	1.0
120.9	83.0	(37.9)
86.4	90.1	3.7
6.9	7.2	0.3
-	-	-
-	-	-
-	-	-
-	-	-

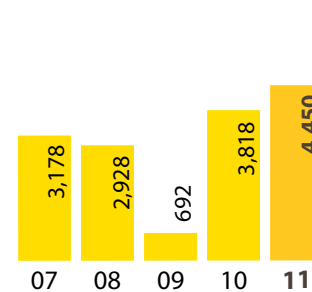
Profit Before Taxation

RM million



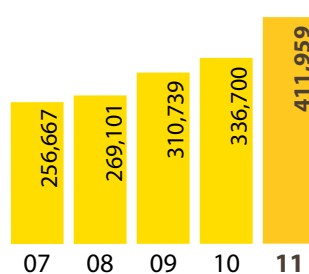
PATAMI

RM million



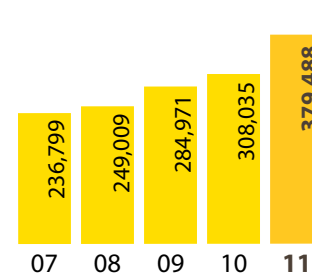
Total Assets

RM million



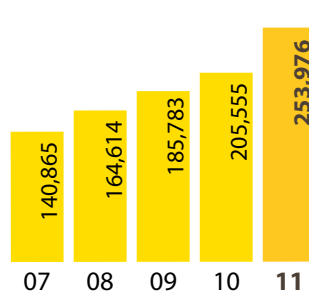
Total Liabilities

RM million



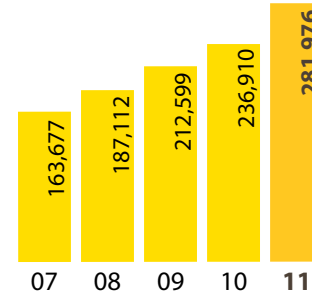
Loans, Advances And Financing

RM million



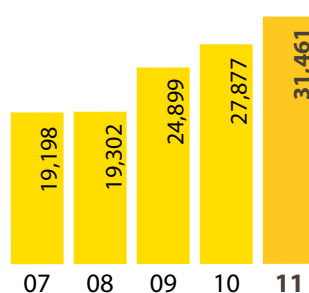
Deposit from Customers

RM million



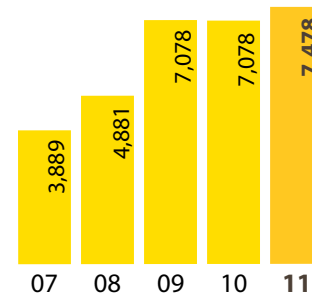
Shareholders' Equity

RM million



Paid-up Capital

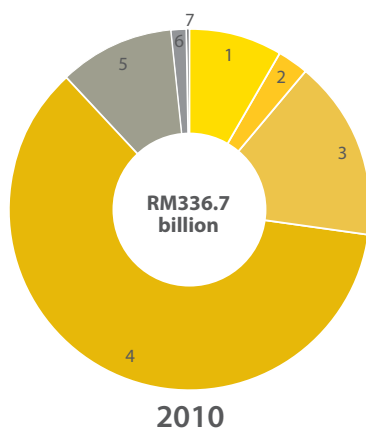
RM million



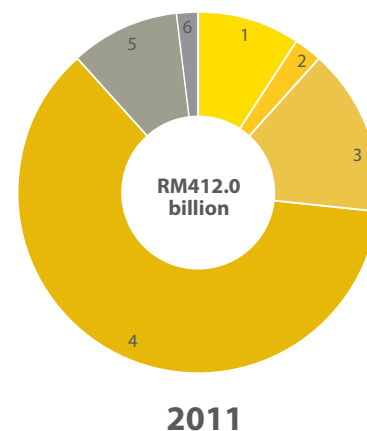
Simplified Group Statements of Financial Position

Asset

- 1 Cash and short-term funds **8.5%**
- 2 Deposits and placements with financial institutions **2.7%**
- 3 Securities portfolio **16.1%**
- 4 Loans, advances and financing **61.0%**
- 5 Others assets **10.3%**
- 6 Statutory deposits with Central Banks **1.3%**
- 7 Securities purchased under resale agreements **0.1%**

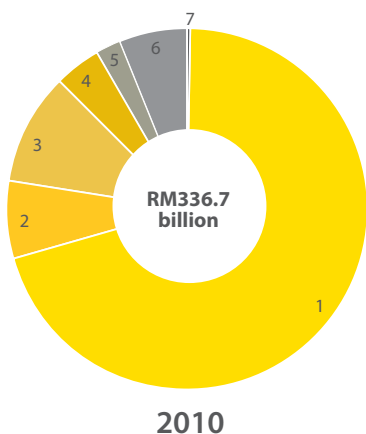


- 1 Cash and short-term funds **9.4%**
- 2 Deposits and placements with financial institutions **2.5%**
- 3 Securities portfolio **14.8%**
- 4 Loans, advances and financing **61.7%**
- 5 Others assets **9.7%**
- 6 Statutory deposits with Central Banks **1.9%**

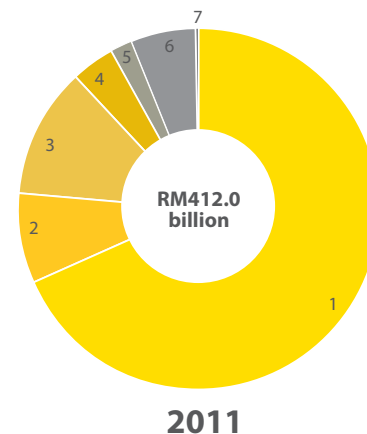


Liabilities & Shareholders' Equity

- 1 Deposits for customers **70.4%**
- 2 Deposits and placements of banks and other financial institutions **6.9%**
- 3 Obligations on securities sold under repurchase agreements, bills and acceptances payable and other liabilities **10.0%**
- 4 Subordinated obligations and Capital securities **4.2%**
- 5 Share capital **2.1%**
- 6 Reserves **6.2%**
- 7 Non-controlling interests **0.2%**



- 1 Deposits for customers **68.4%**
- 2 Deposits and placements of banks and other financial institutions **8.1%**
- 3 Obligations on securities sold under repurchase agreements, bills and acceptances payable and other liabilities **11.6%**
- 4 Subordinated obligations and Capital securities **4.1%**
- 5 Share capital **1.8%**
- 6 Reserves **5.8%**
- 7 Non-controlling interests **0.2%**



Group Quarterly Financial Performance

2011

RM million	Q1	Q2	Q3	Q4	YEAR
Operating revenue	5,002	5,189	5,128	5,721	21,040
Net interest income (including income from Islamic banking business)	2,113	2,206	2,159	2,270	8,748
Net income from insurance business	87	41	84	345	557
Operating profit	1,373	1,524	1,550	1,688	6,135
Profit before taxation and zakat	1,404	1,562	1,576	1,728	6,270
Net profit attributable to equity holders of the Bank	1,028	1,125	1,143	1,154	4,450
Earnings per share (sen)	14.54	15.72	15.61	15.54	61.41
Dividend per share (sen)	–	28.00	–	32.00	60.00

2010

RM million	Q1	Q2	Q3	Q4	YEAR
Operating revenue	4,565	4,671	4,587	4,737	18,560
Net interest income (including income from Islamic banking business)	2,009	2,039	2,010	2,148	8,206
Net income from insurance business	72	82	102	169	425
Operating profit	1,131	1,365	1,429	1,324	5,249
Profit before taxation and zakat	1,156	1,400	1,455	1,359	5,370
Net profit attributable to equity holders of the Bank	882	994	1,030	912	3,818
Earnings per share (sen)	12.46	14.04	14.55	12.89	53.94
Dividend per share (sen)	–	11.00	–	44.00	55.00

Key Interest Bearing Assets and Liabilities

	2010			2011		
	As at 30 June RM'million	Effective Interest Rate %	Interest RM'million	As at 30 June RM'million	Effective Interest Rate %	Interest RM'million
Interest earning assets						
Loans, advances and financing	205,555	6.22	10,228	253,976	6.52	11,632
Cash and short-term fund & deposits and placements with financial institutions	37,623	1.43	486	49,095	1.82	572
Securities held-for-trading	2,651	3.39	62	4,142	3.39	91
Securities available-for-sale	42,576	4.18	1,688	47,259	4.07	1,736
Securities held-to-maturity	8,943	4.97	425	9,639	3.98	439
Interest bearing liabilities						
Deposits from customers	236,910	1.63	3,524	281,976	1.94	4,368
Deposits and placements of banks and other financial institutions	23,258	1.24	405	33,304	1.83	626
Borrowings	2,825	3.19	165	5,447	3.67	213
Subordinated obligations	8,069	3.87	358	10,801	3.88	300
Capital securities	5,979	6.56	398	6,121	6.54	397

Statement of Value Added

	2010 RM'000	2011 RM'000	YoY Change
VALUE ADDED			
Net interest income	6,770,873	7,185,930	6.1%
Net income from Islamic Banking business	1,434,744	1,561,873	8.9%
Net income from insurance business	424,907	557,306	31.2%
Other operating income	3,692,680	4,114,655	11.4%
Operating expenses excluding staff costs, depreciation and amortisation	(2,572,325)	(2,796,302)	8.7%
Allowance for losses on loans, advances and financing	(1,226,067)	(502,166)	(59.0%)
Impairment (loss)/written back	(23,030)	(129,955)	464.3%
Share of results of associated companies	121,835	135,008	10.8%
Value added available for distribution	8,623,617	10,126,349	17.4%

DISTRIBUTION OF VALUE ADDED

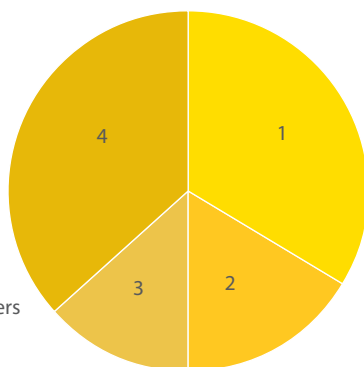
To employees:			
Personnel costs	2,918,421	3,567,754	22.2%
To the Government:			
Taxation	1,401,958	1,650,709	17.7%
To providers of capital:			
Dividends paid to shareholders	1,008,613	3,873,404	284.0%
Minority interests	150,283	169,480	12.8%
To reinvest to the Group:			
Depreciation and amortisation	334,788	288,128	(13.9%)
Retained profits	2,809,554	576,874	(79.5%)
Value added available for distribution	8,623,617	10,126,349	17.4%

① To Employees
Personnel costs
2,918,421

② To The Government
Taxation
1,401,958

③ To Providers of Capital
Dividends paid to Shareholders
Minority Interest
1,158,896

④ To Reinvest in the Group
Depreciation and amortisation
Retained profits
3,144,342



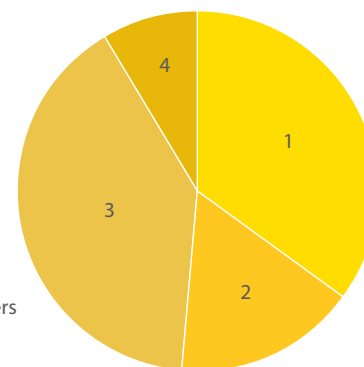
2010

① To Employees
Personnel costs
3,567,754

② To The Government
Taxation
1,650,709

③ To Providers of Capital
Dividends paid to Shareholders
Minority Interest
4,042,884

④ To Reinvest in the Group
Depreciation and amortisation
Retained profits
865,002



2011

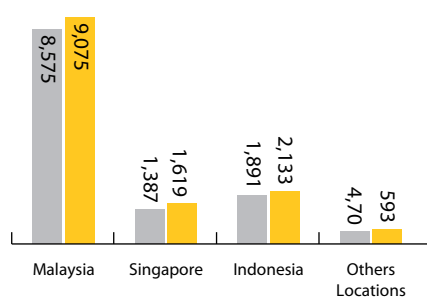
Segmental Information

Analysis by Geographical Location

	2010		2011		YoY Change
	RM'000	Composition	RM'000	Composition	
NET INCOME					
1. Malaysia	8,574,604	70%	9,075,257	68%	6%
2. Singapore	1,387,340	11%	1,618,698	12%	17%
3. Indonesia	1,890,875	15%	2,133,125	16%	13%
4. Other Locations	470,385	4%	592,684	4%	26%
Group	12,323,204	100%	13,419,764	100%	9%
PROFIT BEFORE TAXATION					
1. Malaysia	4,119,567	77%	4,751,383	76%	15%
2. Singapore	818,301	15%	888,242	14%	9%
3. Indonesia	255,230	5%	289,711	5%	14%
4. Other Locations	177,310	3%	341,131	5%	92%
Group	5,370,408	100%	6,270,467	100%	17%

Net Income

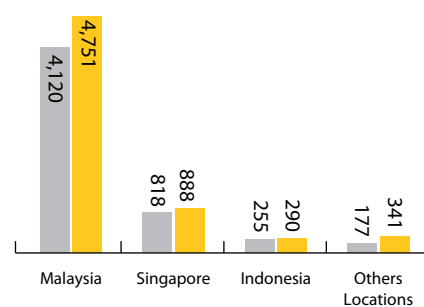
RM million



FY10 FY11

Profit Before Taxation

RM million



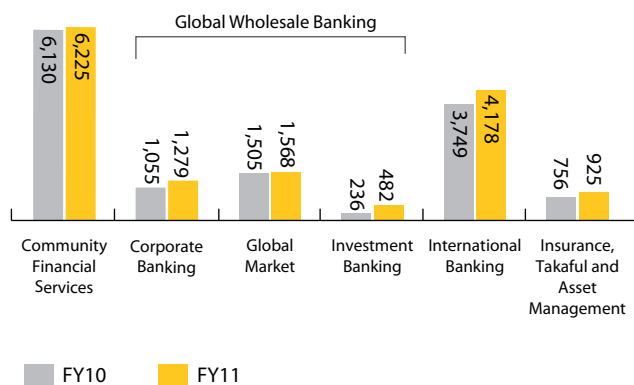
FY10 FY11

Analysis by Activity

	2010	2011	YoY Change
NET INCOME (RM'000)			
Community Financial Services	6,129,500	6,224,830	1.6%
Global Wholesale Banking	2,796,100	3,329,864	19.1%
International Banking	3,748,600	4,177,800	11.4%
Insurance, Takaful and Asset Management	755,656	924,788	22.4%
Head Office and Others	(1,106,652)	(1,237,518)	11.8%
Total	12,323,204	13,419,764	8.9%
PROFIT BEFORE TAXATION (RM'000)			
Community Financial Services	2,781,942	2,990,044	7.5%
Global Wholesale Banking	2,002,706	2,540,851	26.9%
International Banking	1,250,842	1,489,469	19.1%
Insurance, Takaful and Asset Management	441,570	487,621	10.4%
Head Office and Others	(1,106,652)	(1,237,518)	11.8%
Total	5,370,408	6,270,467	16.8%

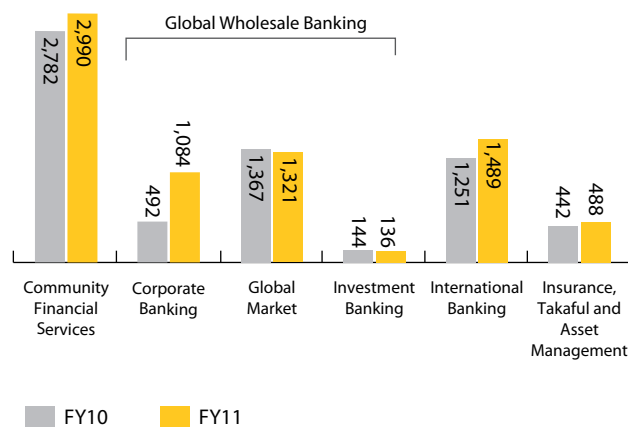
Net Income

RM million



Profit Before Taxation

RM million





Collaborative

Our approach to customers and staff alike is to build mutually beneficial long-term relationships. We seek to understand our customers' ever-evolving and frequently different needs, and we work with our customers to explore and deliver the best possible solutions with their personal interests in mind. We work as a team with our customers, always offering them optimum support and advice.



Group Financial Review



"Amid heightened competition both in domestic and overseas operations, our results were ahead of expectations and reflect sustainability and responsible growth and expansion in our Group business model. The Group fundamentals remain strong going forward."

Khairussaleh Ramli

Deputy President and
Group Chief Financial Officer

FY2011 Highlights

- > PATAMI grew 16.6% YoY to a record RM4.45 billion
- > Strong business performance across most business segments contributed 13.8% growth in earnings per share to 61.4 sen
- > Net Interest Margin declined 9bps (normalised) due to intense competition
- > Asset Quality continued to improve with net impaired loan ratio declining to 2.25% in June 2011
- > Full-year dividend rose by 9.1% to 60 sen per share

PATAMI

RM4.45 billion

2010: RM3.82 billion

Capital Raising

1.7x

Oversubscription of SGD1 billion
Subordinated Notes

Return on Equity

15.2%

2010: 14.5%

Cost to Income Ratio

49.6%

2010: 47.3%

Gross Loans Growth

21.7%

2010: 10.3%

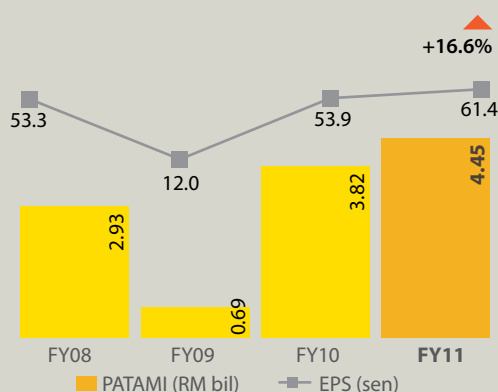
Risk-Weighted Capital Ratio

15.36%*

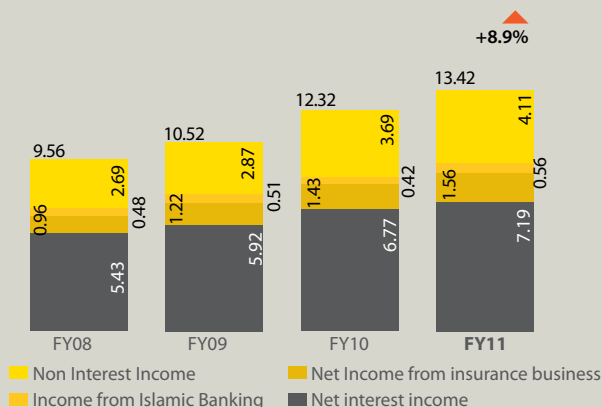
2010: 14.49%**

* Assuming full reinvestment of DRP
** After actual electable portion reinvested

PATAMI (RM billion) & EPS (sen)



Revenue (RM billion)



PATAMI rose 16.6% to RM4.45 billion

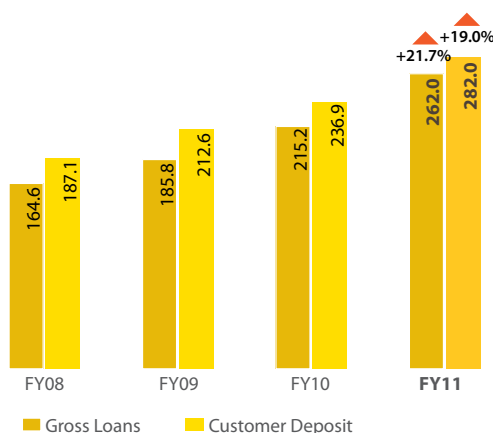
- The Group continued to deliver a strong financial performance in FY2011, with profit before tax and profit after tax and minority interest (PATAMI) rising by 16.8% and 16.6% respectively while earnings per share was up by 13.8% to 61.4 sen. Growth in profit was contributed by higher net income which grew by 8.9% and a decline of 59.0% in allowance for losses on loans despite a higher growth of 14.2% in overhead expenses.
- Net income grew 8.9% on the back of 6.1% growth in net interest income as a result of stronger loans and deposits growth, 8.9% growth in Islamic Banking due to strong financing growth and 31.2% growth in Insurance income as a result of higher transfer of actuarial surplus and expansion in the Takaful business. Non-interest income grew 11.4% resulting from higher commission fees and higher investment and trading income.
- Overhead expenses increased 14.2% mainly due to higher personnel costs which grew by 22.2%. The Group's cost to income ratio rose to 49.6% from 47.3% in FY2010 owing to higher costs growth as compared to income growth. The first time consolidation of Kim Eng added overhead cost of RM150 million.
- Allowance for losses on loans declined 59.0% attributable to high bad debt recovery in Malaysia and Bank Internasional Indonesia and lower collective assessment for Corporate and Business Banking.
- Asset quality continued to improve with net impaired loan ratio declining to 2.25% in June 2011 from 2.99% in September 2010.
- Earnings per share rose 13.8% to 61.4 sen from 53.9 sen in FY2010. Return on Equity (ROE) increased to 15.2% from 14.5% the previous year, exceeding the targeted Return on Equity of 14%.

- The Board of Directors proposed a final dividend of 32 sen per share less 25% taxation, comprising of an electable portion of 28 sen (21 sen net per share) and a cash portion of 4 sen (3 sen net per share). Total dividend for the year was 9.1% higher at 60 sen per share, equivalent to a payout ratio of 74.9%, exceeding the dividend payout policy ratio of 40–60%.

Income Statement

RM million	FY11	FY10	Growth
Net interest income	7,186	6,771	6.1%
Income from Islamic Banking	1,562	1,435	8.9%
Net income from insurance business	557	425	31.2%
Non-interest income	4,115	3,693	11.4%
Net income	13,420	12,323	8.9%
Overhead expenses	(6,652)	(5,826)	14.2%
Operating Profit before allowances for losses on loans	6,768	6,498	4.2%
Allowance for losses on loans	(502)	(1,226)	-59.0%
Impairment losses on securities, net	(130)	(23)	464.3%
Operating Profit	6,135	5,249	16.9%
Share of profits in associates	135	122	10.8%
Profit before taxation and zakat	6,270	5,370	16.8%
Profit after Tax and Minority Interest	4,450	3,818	16.6%
EPS (sen)	61.4	53.9	13.8%

Gross Loans & Customer Deposits (RM billion)



Group Financial Review

Higher growth in most business segments

- In FY2011, all segments reported topline revenue growth. The Group's business segments recorded a healthy growth in profit before tax (PBT) with the exception of Global Market and Investment Banking. Community Financial Services (CFS) PBT, forming 47.7% the Group's PBT, rose 7.5% year-on-year to RM2.99 billion on the back of 13% loans growth supported by double digit growth in all consumer portfolios.
- Global Wholesale Banking (GWB) PBT rose 26.9% contributed by the following businesses:
 - Corporate Banking PBT rose sharply by 120.2% to RM1.08 billion as a result of robust growth of 66% in trade finance and 17.4% in term and working capital loans
 - Investment Banking reported a decline in PBT of 5.8% mainly due to higher overhead expenses including acquisition expenses for Kim Eng.
- PBT for International Banking increased by 19.1%. The growth was driven by strong overseas loans growth of 30% especially from Singapore, Indonesia and the Philippines.
- Insurance, Takaful & Asset Management saw a growth of 10.4% in PBT due to higher surplus transfer from the Life fund and strong investment performance.

Revenue by Business Segment

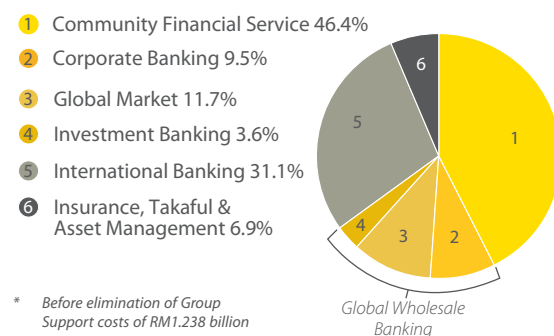
RM million	FY11	FY10	YoY Change
Community Financial Services	6,225	6,130	1.6%
Global Wholesale Banking	3,330	2,796	19.1%
International Banking	4,178	3,749	11.4%
Insurance, Takaful & Asset Management	925	756	22.4%
Head Office & Others	(1,238)	(1,108)	11.8%
Total	13,420	12,323	8.9%

Profit Before Tax by Business Segment

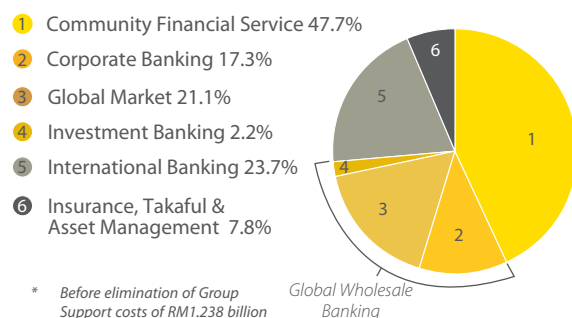
RM million	FY11	FY10	YoY Change
Community Financial Services	2,990	2,782	7.5%
Global Wholesale Banking	2,541	2,003	26.8%
International Banking	1,489	1,251	19.1%
Insurance, Takaful & Asset Management	488	442	10.4%
Head Office & Others	(1,238)	(1,108)	11.8%
Total	6,270	5,370	16.8%

Composition of Revenue and Profit before tax by Business Segment

Revenue



Profit before tax

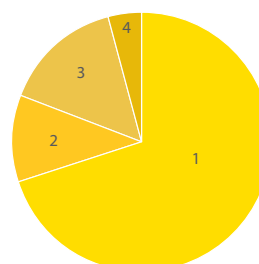
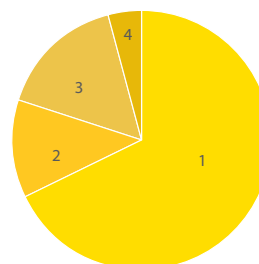


Growing contribution from overseas

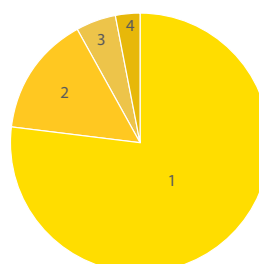
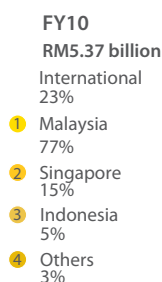
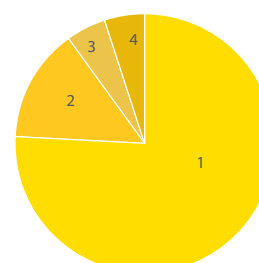
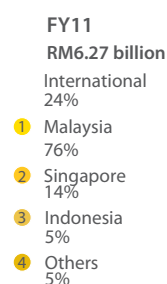
- Domestic operations accounted for a sizeable portion of the Group's revenue and PBT of 68% and 76% respectively in FY2011.
- Overseas operations made up the remaining portion of 32% and 24% of the Group's revenue and PBT respectively.
- Overseas operations contribution in revenue and PBT increase from 30% to 32% and from 23% to 24% respectively due to the Group's focus to expand international operations.
- Singapore's operations saw contribution in revenue increased from 11% to 12% while profit before tax decreased from 15% to 14%.
- Indonesia's operations recorded higher contribution in revenue from 15% to 16% while PBT contribution remain at 5%.
- Other markets operations contribution saw revenue remain at 4% while PBT increased from 3% to 5%.

Revenue and PBT by Geography

Gross Revenue



Profit Before Tax



Group Financial Review

Balance sheet continued to strengthen

- The Group's total assets expanded by RM75.3 billion or 22.4% to RM412.0 billion from RM336.7 billion as at 30 June 2010. The growth in total assets was attributed to higher growth in net loans, advances and financing, securities portfolio and cash and short term funds.
- Total gross loans grew 21.7% YoY to RM262.0 billion from RM215.2 billion on the back of higher overseas loans growth of 29.4%.
- Deposits from customers grew by 19.0% to RM282.0 billion from RM236.9 billion a year ago driven mainly by growth in Malaysia and Indonesia.
- As a result of higher loans growth, relative to customer deposits growth, the Group's loan-to-deposit ratio rose from 86.8% to 90.1% as at 30 June 2011.
- Shareholders' funds posted a growth of 12.9% year-on-year to RM31.5 billion from RM27.9 billion. The expansion was due to the contribution of net profit for the financial year and the enlarged share capital base from RM7.08 billion to RM7.48 billion arising from the Dividend Reinvestment Plan.

Gross Loans

RM billion	Jun 2011	Jun 2010	Variance	YoY Growth
Community Financial Services	114.3	101.3	13.0	12.9%
Consumer	88.3	76.4	11.9	15.6%
Mortgage	38.6	34.6	4.0	11.6%
Auto Finance	26.0	22.8	3.2	14.3%
Credit Cards	4.8	4.1	0.6	15.6%
Unit Trust	17.1	13.7	3.4	25.2%
Other Retail Loans	1.8	1.3	0.5	42.8%
Business Banking + SME	26.0	24.9	1.2	4.7%
Global Wholesale Banking (Malaysia Ops)	56.2	44.7	11.5	25.6%
Total Domestic	170.5	146.0	24.5	16.8%
International	89.4	69.1	20.3	29.4%
Singapore (SGD billion)	22.1	17.5	4.5	25.8%
BII (Rupiah trillion)	59.5	47.3	10.8	25.8%
Others	16.3	11.8	4.5	38.6%
Gross Loans	262.0	215.2	46.3	21.7%

Stronger loans growth in most business segments and key home markets

- The Group's gross loans posted a higher growth of 21.7% compared to a 10.3% growth in FY2010. The growth in gross loans to RM262.0 billion was driven by strong overseas loans growth of 29.4% due to the strengthening of the Singaporean Dollar and Indonesian Rupiah against the Malaysia Ringgit.
- Maybank Singapore saw a healthy loans growth of 25.8% to SGD22.1 billion, outpacing the industry's growth of 14.8%. The growth was attributed to business loans growth of 33%. Corporate loans made up of 58% of the total loans while Consumer loans formed the remaining 42%.
- In Indonesia, Bank Internasional Indonesia's loans growth rose 25.8% to IDR59.5 trillion. This was due to strong growth across all business segments.

- On the domestic front, gross loans growth of 16.8% was above the industry's growth of 13.5% which was attributable to stronger business and corporate loans contribution by Global Wholesale Banking (GWB) loans growth of 25.6%.
- For the domestic Consumer loans segment, which grew by 15.6%, mortgage loans formed the largest chunk of 43.7%. Mortgage loans rose by 11.6% amid a strong demand for property loan.
- Automobile financing grew by 14.3% largely due to strong vehicle sales for most of the financial year despite slowing down in the later part of the year due to the tsunami in Japan and Government measures. Market share for automobile financing increased to 18.8% from 17.6%
- Credit cards also recorded a strong growth of 15.6% despite new regulations introduced by Bank Negara Malaysia of higher minimum salary requirements for credit card application eligibility and annual fee of RM50. Credit cards receivables were up by 15.6% on a yearly basis, higher than the industry's growth of 12.4% as strong promotion and branding of the Group's credit cards were introduced. Market share for credit cards receivables rose from 14.41% to 14.93%.
- Business Banking and SME segment loans saw a smaller growth of 4.7% but was a recovery from last year's contraction due to new initiatives to expand SME business through Maybank entire branch network.

Deposits grew faster in FY11

	Malaysia		Singapore		BII		Group	
	RM billion	YoY Growth	SGD billion	YoY Growth	Rupiah trillion	YOY Growth	RM billion	YoY Growth
Saving Deposits	31.4	11.4%	2.8	9.9%	14.6	18.3%	44.0	13.7%
Current Accounts	46.7	16.8%	2.5	17.6%	12.1	34.2%	57.9	18.7%
Fixed Deposits	83.2	20.8%	17.1	4.2%	39.2	36.0%	152.5	17.1%
Others	26.6	44.3%	0.4	13.8%	–	0.0%	27.6	43.8%
Total Deposits	187.8	20.8%	22.7	6.4%	65.8	31.3%	282.0	19.0%
Low cost funds (CASA)	41.6%		23.2%		40.5%		36.8%	
LD Ratio	87.7%		96.4%		88.1%		90.1%	

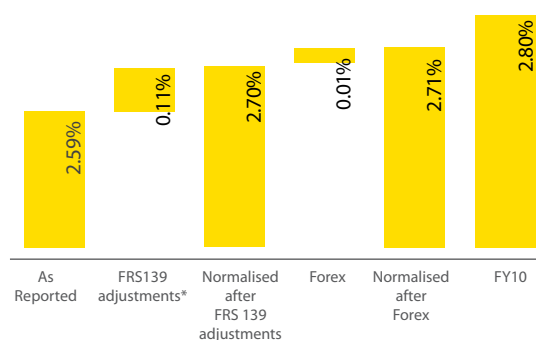
- The Group's customer deposits grew by 19.0% to RM282.0 billion on 30 June 2011. The growth was higher than the previous year's growth of 11.5%. Deposits growth for the Group was the result of healthy deposits growth across all markets. Domestic operations deposit recorded growth of 20.8%, while Singapore and Indonesia's deposits in their respective currency terms recorded growth of 6.4% and 31.3% respectively.
- Overall, deposits growth for the Group can be attributed to the strategy of sourcing deposits via branch expansion in Indonesia, and aggressive deposit drive promotions in Malaysia and Singapore.
- The Group continued to prioritise growing its low cost funds current accounts and savings accounts through various strategies to optimise utilisation of low cost funds.
- 66.6% of the Group's deposits came from domestic operations. The Group's domestic operations deposit growth of 20.8% outpaced the industry growth of 11.5% as of June 2011.
- Loan-to-deposit ratio for the Group, rose to 90.1% in June 2011 from 86.8% a year ago. The Group seeks to maintain its loan-to-deposit ratio at 90% or below for its three home markets.

Group Financial Review

Net interest margin continued to be under pressure

- Net interest margin for the Group declined 21 basis points to 2.59% from 2.80% in FY2010 due to heightened competition despite the two Overnight Policy Rate (OPR) hikes in July 2010 and May 2011 during the financial year, and the effect of FRS 139 implementation.
- Net interest margin normalised for FRS 139 was at 2.71%, a decline of 9 basis points YoY.

Net interest margin: 2.71% on normalised basis

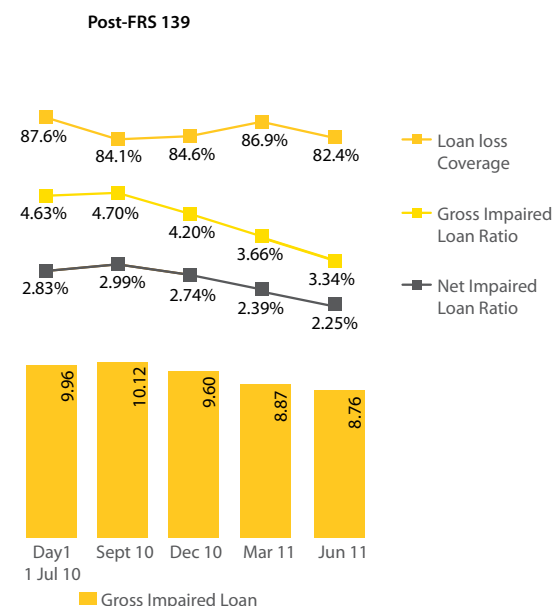


*Adjustment for Effective Interest Rate and Unwinding of interest

Asset Quality continued to improve

- The Group adopted the more stringent criteria of impaired loans classifications with the implementation of FRS 139 effective 1 July 2010. Asset quality continued to improve over the four quarters: from 2.99% in September 2010, 2.74% in December 2010, and 2.39% in March 2011. As of June 2011, net impaired loan ratio was 2.25%. This reflected the Group's practice of prudent credit lending and active management of asset quality.

Group Impaired Loans Ratio



Refer to page 232 for Risk Management.

Capital adequacy remains strong

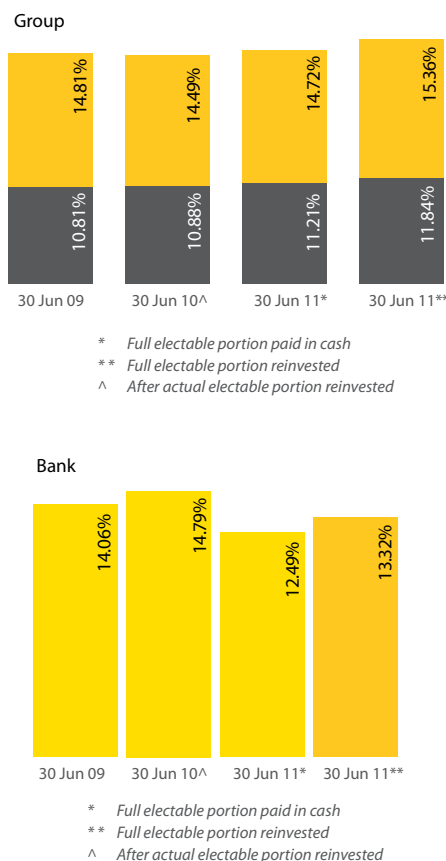
- The Group's capital adequacy ratios, core capital ratio (CCR) and risk-weighted capital ratio (RWCR) remained strong at 11.84% and 15.36% respectively as at 30 June 2011, based on full electable portion reinvested.
- A significant portion of the Group's capital (approximately 60%) is held in the form of equity (paid-up capital, share premium, retained earnings, reserves), being the highest quality of capital in terms of capacity to absorb losses. The remaining, approximately 40%, was held in the form of hybrid securities and subordinated debt.
- The Group is proactive in ensuring its capital position will remain strong by having a policy of maintaining a core capital ratio of above 10% which is viewed as necessary for the Group to be well positioned to meet the stringent capital requirements under Basel III moving forward.
- The introduction of a Dividend Reinvestment Plan since 2010, is one of the Group's long-term strategy of strengthening its capital position whereby dividends from distributable net profits are reinvested into new Maybank shares at a discounted price and therefore enlarging its share capital base.

Capital Raising Exercise

The Group undertook the following capital raising exercises during the financial year ended 30 June 2011:

Maybank	– 15 April 2011 – Established USD2.0 billion EMTN Programme. – 28 April 2011 – Raised SGD1 billion 10 non-callable 5 Subordinated Notes due in 2021. – 30 May 2011 – Established RM3.0 billion Lower Tier 2 Capital Subordinated Bonds.
Maybank Islamic Berhad	– 31 March 2011 – RM1.0 billion 10 non-callable 5 subordinated sukuk.
Bank Internasional Indonesia	– 19 May 2011 – IDR1.5 trillion subordinated debt due in May 2018.

Capital Adequacy improved on proforma basis after Kim Eng's acquisition and SGD1 billion sub-debt



- With the subordinated debts issued during the year and the ongoing capital optimisation initiatives, our capital position remained strong after the acquisition of Kim Eng.

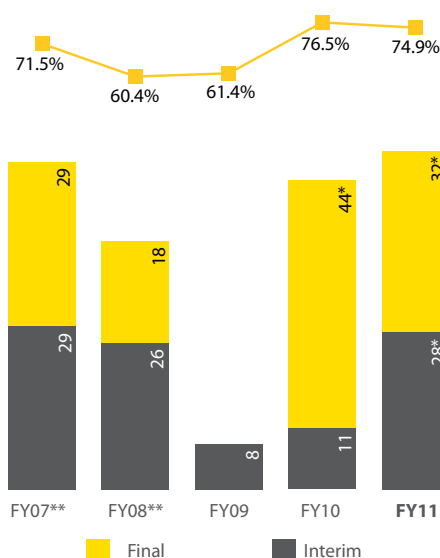
Refer to page 396 for Capital Management and 398 for Capital Adequacy.

Group Financial Review

Consistently rewarding shareholders with high dividend payout ratio

- A final dividend of 32 sen per share subject to the Dividend Reinvestment Plan has been proposed by the Board of Directors to be distributed to eligible shareholders. Continuing to consistently reward our shareholders, the total dividend for FY2011 of 60 sen per share was equivalent to a payout ratio of 74.9% which exceeds the dividend payout policy of between 40–60%.
- Dividend Reinvestment Plans, were well received with a high reinvestment rate of 89% and 91% in the first and second Dividend Reinvestment Plan respectively.
- The Dividend Reinvestment Plan will continue to be the Group's strategy for conserving capital through high reinvestment in new shares whilst rewarding shareholders.

Gross Dividend (sen) and Payout Ratio (%)



* subject to Dividend Reinvestment Plan

** adjusted for 1:4 Bonus Issue in February 2008 and 9:20 Right Issue at RM2.74 in March 2009

Key Ratios

	FY2011	FY2010
Net Interest Margin	2.59% ^a	2.80%
Return on Equity	15.2%	14.5%
Fee to Income Ratio	36.6%	33.4%
Cost to Income [#]	49.6%	47.3%
Loan-to-Deposit Ratio	90.1%	86.8%

Asset Quality

Gross Impaired Loan Ratio/NPL Ratio	3.34%	2.90%
Net Impaired Loan Ratio/NPL Ratio	2.25%	1.22%
Loan Loss Coverage	82.4%	124.5%
Charge off rate (bps)	23	53

Capital Adequacy (Group)

Core Capital Ratio	11.84% [^]	10.88%*
Risk Weighted Capital Ratio	15.36% [^]	14.49%*

* After electable portion dividend reinvested

[#] Total cost excludes amortisation of intangibles

[^] Assuming full reinvestment of DRP

^a Normalised NIM for FY11 is 2.71%

Conclusion

- The Group's fundamentals remain strong with a strong capital management policy in place.
- The Group targets to further grow its fund based income by growing loans and deposits with pricing discipline.
- The Group is also targeting to grow fee-based income, particularly from Global Wholesale Banking businesses and the regional investment banking platform of Maybank IB/Kim Eng.
- Cost management will continue to be a major focus but in doing so will not be at the expense of future growth. The Group will continue to invest in upgrading systems and human capital.
- The Group continues to prepare itself for the upcoming capital management regulations to be introduced by the central bank, to be in compliance with Basel III.

Economic & Banking Industry Review

Overall, the Maybank Group's home market countries – Malaysia, Singapore and Indonesia – sustained their growth momentum in FY2011 as global economic recovery gathered momentum.

Global economic growth accelerated to 4.1% in FY2011 after rebounding by 1.9% in FY2010 from the 1.9% contraction in FY2009 as recovery from the 2008-2009 global financial crisis and world recession gathered momentum.

The Malaysian economy grew by 4.7% (FY2010: 5.4%) on growth in private consumption and sustained robust expansion in gross fixed capital formation amid the consolidation in Government outlays and moderate external trade growth.

Singapore's real GDP growth was 7.9% in the financial year under review compared with 10.5% in the preceding financial year, thanks to the sustained growth in external trade and consumer spending, while growth in Government spending and gross fixed capital formation continued at slower pace.

Malaysia	Growth (% chg)		
	FY09	FY10	FY11
Real GDP	(3.4)	10.5	7.9
By Demand			
Final Consumption Expenditure	3.9	4.3	5.2
Private Consumption Expenditure	3.4	3.9	6.5
Government Consumption Expenditure	6.1	5.9	0.3
Gross Fixed Capital Formation	(7.5)	27.6	17.0
Net Exports of Goods & Services	(6.5)	(18.1)	(23.3)
Exports of Goods & Services	(10.1)	5.3	3.5
Imports of Goods & Services	(10.6)	8.7	6.4
By Sectors			
Agriculture, Forestry & Fishing	0.3	3.8	1.4
Mining & Quarrying	(5.3)	(2.6)	(3.8)
Manufacturing	(9.9)	6.5	5.3
Construction	3.3	7.4	3.2
Services	3.8	6.4	6.0

Source: CEIC

Singapore	Growth (% chg)		
	FY09	FY10	FY11
Real GDP	(3.4)	10.5	7.9
By Demand			
Private Consumption Expenditure	(1.3)	4.5	4.6
Government Consumption Expenditure	5.8	8.9	5.5
Gross Fixed Capital Formation	(4.0)	4.1	3.3
Net Exports of Goods & Services	(25.7)	59.2	15.7
Export of Goods & Services	(8.2)	10.5	10.2
Import of Goods & Services	(5.9)	5.4	9.3
By Sectors			
Manufacturing	(11.8)	22.4	11.0
Construction	23.0	11.8	2.0
Utilities	0.9	3.7	4.1
Other Goods Industries	(7.3)	2.4	1.0
Services Producing Industries	(1.1)	6.8	7.6

Source: CEIC

Economic & Banking Industry Review

Indonesia registered 6.4% economic expansion in FY2011 after the 5.3% increase in FY2010, spearheaded by domestic demand as growth in consumer, business and Government spending picked up, which in turn boosted import growth, while exports were buoyed by firm commodity prices.

Indonesia	Growth (% chg)		
	FY09	FY10	FY11
Real GDP	5.1	5.3	6.4
By Demand			
Final Consumption Expenditure	6.5	4.4	4.7
Private Consumption Expenditure	5.2	4.4	4.7
Government Consumption Expenditure	16.3	4.1	5.2
Gross Fixed Capital Formation	6.8	5.8	8.6
Export of Goods & Services	(5.8)	6.6	13.9
Import of Goods & Services	(10.0)	5.1	15.2
By Sectors			
Agriculture, Livestock, Forestry and Fisheries	4.2	3.4	3.2
Mining & Quarrying	2.7	4.7	3.0
Manufacturing Industries	2.3	3.5	5.2
Electricity, Gas & Water Supply	11.8	10.7	4.0
Construction	6.5	7.6	6.6
Trade, Hotel & Restaurant	3.7	5.2	8.6
Transport & Communication	16.4	13.3	13.2
Financial, Ownership & Business	6.9	4.8	6.6
Services	6.7	5.5	6.7

Source: CEIC

CHALLENGING OUTLOOK FOR FY2012

Despite the stronger FY2011 growth performance noted above, global real GDP growth decelerated to 3.6% in the second half from 4.7% in the first half, reflecting the dampening impact of rising commodity prices and inflation that prompted interest rate hikes especially in the emerging and developing economies, plus the diminishing effect of the earlier fiscal stimuli, as well as the output and trade shock from Japan's earthquake and tsunami on 11 March 2011 which disrupted the global supply chain. These were followed by several developments at end-FY2011 and early-FY2012 that further elevate the risks to global economic outlook.

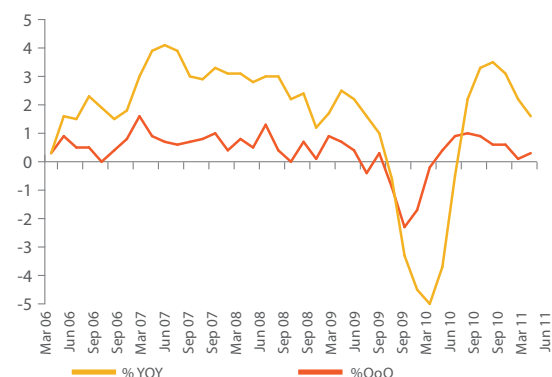
Global: Quarterly Real GDP Growth (% YoY)

	2010				2011	
	1Q	2Q	3Q	4Q	1Q	2Q
WORLD	4.9	5.2	5.0	4.5	3.9	3.3
US	2.2	3.3	3.5	3.1	2.2	1.6
Eurozone	0.9	2.0	2.0	2.0	2.5	1.8
Japan	5.7	3.1	5.0	2.1	(1.0)	(1.0)
UK	(0.3)	1.6	2.5	1.5	1.6	0.7
Canada	3.0	4.1	3.6	3.4	2.8	2.2
Australia	2.3	3.2	2.5	2.7	1.0	NA
China	11.9	10.3	9.6	9.8	9.7	9.5
India	9.4	9.3	8.9	8.3	7.8	NA
Russia	3.5	5.0	3.1	4.5	4.1	3.4
Brazil	9.3	9.2	6.7	5.0	4.2	NA
S. Korea	8.5	7.5	4.4	4.7	4.2	3.4
Taiwan	13.6	12.9	10.7	7.1	6.2	5.0
Hong Kong	8.1	6.4	6.7	6.4	7.5	5.1
Singapore	16.4	19.4	10.5	12.0	9.3	0.9
Indonesia	5.6	6.1	5.8	6.9	6.5	6.5
Thailand	12.0	9.2	6.6	3.8	3.0	NA
Malaysia	10.1	8.9	5.3	4.8	4.9	4.0
Philippines	7.8	8.2	6.3	7.1	4.9	NA
Vietnam	5.9	6.3	7.4	7.2	5.4	5.7

Sources: Bloomberg, CEIC, Maybank IB

The Eurozone sovereign debt crisis – triggered by concerns over the sustainability of budget deficits and government debts – intensified towards the end of FY2011 and at the start of FY2012. The crisis, initially contained in the smaller economies of Greece, Ireland and Portugal, now threatens to engulf the larger economies of France, Italy and Spain with potential fallout on the banking sector on exposure and counterparty risks. In response, the European Union announced a slew of measures on 21 July 2011 that included a second bailout for Greece; voluntary restructuring and buybacks of Greek debt; and expanding the scopes as well as improving the terms and conditions for the utilisation of the European Financial Stability Facility (EFSF), while the European Central Bank (ECB) intervened in the region's bond market in early-August 2011 to ease the stress on the Italian and Spanish bonds.

US: Quarterly Real GDP Growth



Source: Bloomberg

At the same time, there is the fear of a double-dip recession in the US on signs that the economy's recovery is losing momentum following the deceleration in quarterly real GDP growth, and as the Federal Reserve's second quantitative easing (QE2) enacted in November 2010 ended in June 2011. The US is also under pressures to reduce budget deficit and contain government debt after the downgrade in its sovereign credit rating to "AA+" from "AAA" by the rating agency Standard & Poor's on 5 August 2011.

The downside risks facing the global economy were also amplified going into FY2012 as the global manufacturing purchasing managers' index (PMI) continued its downward trajectory for the fifth consecutive month as of July 2011. The heightened concerns about growth prospects resulted in the global stock market plunge in early August 2011.

Current global real GDP growth forecasts for the calendar year 2011 and 2012 are based on the assumptions that the US economy stays on the growth path, the Eurozone sovereign debt crisis will be contained and resolved, China will achieve a growth "soft landing", and growth in the emerging market economies will be sustained by strong fundamentals and positive socioeconomic dynamics.

Global: Annual Real GDP (% chg)

	2007	2008	2009	2010	2011E	2012E
World	5.4	2.9	(0.5)	5.1	4.3	4.5
Advanced Economies	2.7	0.2	(3.4)	3.0	2.2	2.6
US	1.9	0.0	(2.6)	2.9	2.5	2.7
Eurozone	3.2	0.7	(4.1)	1.8	2.0	1.7
Japan	2.4	(1.2)	(6.3)	4.0	(0.7)	2.9
UK	2.7	(0.1)	(4.9)	1.3	1.5	2.3
Canada	2.2	0.5	(2.5)	3.2	2.9	2.6
Developing & Emerging Economies	8.8	6.1	2.7	7.4	6.6	6.4
BRIC						
Brazil	6.1	5.2	(0.6)	7.5	4.1	3.6
Russia	8.5	5.2	(7.8)	4.0	4.8	4.5
India	9.9	6.2	6.8	10.4	8.2	7.8
China	14.2	9.6	9.2	10.3	9.6	9.5
Asian NIEs	5.9	1.8	(0.8)	8.4	5.1	4.5
South Korea	5.1	2.3	0.2	6.1	4.5	4.2
Taiwan	6.0	0.7	(1.9)	10.8	5.4	5.2
Hong Kong	6.4	2.3	(2.7)	6.8	5.4	4.2
Singapore	8.8	1.5	(0.8)	14.5	5.2	4.4
Asean-5	6.4	4.7	1.7	6.9	5.4	5.7
Indonesia	6.3	6.0	4.6	6.1	6.3	6.6
Thailand	5.0	2.5	(2.3)	7.8	4.0	4.5
Malaysia	6.5	4.7	(1.7)	7.2	5.1	5.5
Vietnam	8.5	6.3	5.3	6.8	6.3	6.8
Philippines	7.1	3.7	1.1	7.3	5.0	5.0

Sources: IMF (World Economic Outlook Update June 2011), Maybank IB, BII

Economic & Banking Industry Review

Bearing in mind the above caveats, the Malaysian economy is projected to grow by 5.5% in 2012 after the forecast of 5.1% in 2011. Domestic demand is key to sustaining growth amid the external uncertainties. Infrastructure construction and business spending will be the major drivers with the rollout of the Mass Rapid Transit (MRT) project and the implementation of investments in sectors and industries such as oil & gas, electrical & electronics, agriculture (plantation and food-based), tourism, healthcare, education and business services, all of which have been identified and confirmed under the Economic Transformation Programme (ETP). At the close of FY2011, a total of 65 projects with investment values totaling RM169.8b were committed under the ETP. Gradual reduction in food, fuel and energy subsidies plus measures to address the public concern over the rising cost of living should keep the inflation rate in check and limit the downsides to consumer spending. In addition, monetary policy is expected to remain accommodative to support business and consumer spending amid fiscal consolidation. This was signaled by Bank Negara Malaysia's decision to keep the Overnight Policy Rate (OPR) at 3% in the first Monetary Policy Committee (MPC) meeting of FY2012 on 5 July 2011. OPR is expected to stay at this level until the middle of 2012 at least.

Singapore's real GDP is projected to slow to 4.4% in 2012 from 5.2% in 2011, reflecting the high degree of economic openness for a global trade and finance oriented economy, and the impact of high living costs. To ensure the economy stays on the growth path, the Monetary Authority of Singapore's current exchange rate policy of gradual appreciation in the Singapore Dollar is expected to be maintained, and the country's strong fiscal position will be utilised to support domestic demand.

Indonesia's economic expansion is expected to be sustained at 6.6% in 2012 (2011: 6.3%), as domestic economic reforms and restructuring as well as its emerging economy status draws in capital flows, especially foreign direct investment (FDI), boosting output, employment and income, and in turn lifting domestic demand. Monetary policy is also expected to remain supportive of domestic demand amid recent indications of moderating inflationary pressures, with Bank Indonesia's reference rate likely to remain stable into the foreseeable future, having stayed at the current rate of 6.75% since February 2011.

BANKING SECTOR REVIEW

FY2011 – July 2010 to June 2011

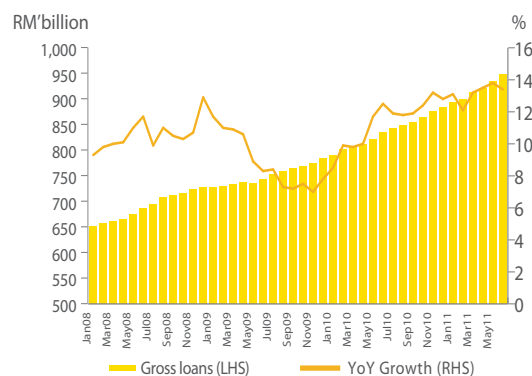
Banking system loans growth remained firm during the period under review, expanding 13.4% in FY2011 to RM947.7 billion as at end-June 2011, versus a growth of 12.5% in FY2010. While household loan growth remained robust, non-household loan growth noticeably gathered momentum towards the latter few months and outpaced household loan growth. For FY2011, household loans expanded 12.8% YoY to RM519.6 billion while non-household loans increased at a rate of 14.2% YoY to RM428.1 billion. Household loans made up 55% of system loans as at end-June 2011.

While compliance with FRS139 resulted in a jump in impaired loans during the year, overall industry health remained fundamentally strong, with the net impaired loans ratio of the banking system coming in at a relatively low 2% as at end-June 2011. Industry loan loss coverage dipped during the year but ended the year at a comfortable 94.5%.

The banking system continued to be well capitalised in FY2011. Core capital and risk weighted capital ratios were 12.3% and 13.9% respectively as at end-June 2011.

During the year, however, competition for both loans and deposits remained elevated and contributed to margin compression, which in turn muted profitability for the banking system. Earnings growth, nevertheless, was sustained on the back of lower credit charge-off rates.

Gross Loans Growth



Source: Bloomberg

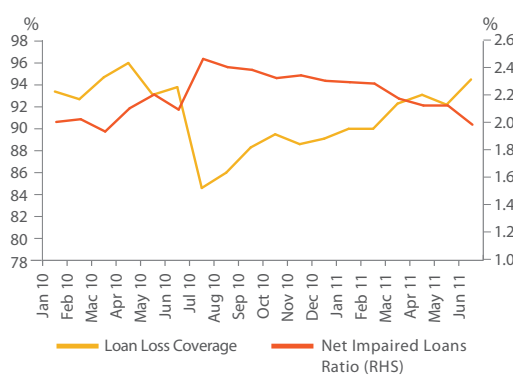
BANKING SECTOR OUTLOOK – MALAYSIA

FY2012– July 2011 to June 2012

Uncertainties in the global economies cloud the outlook for the domestic economy. Nevertheless, we expect system loans to expand further with project system loan growth of 10-12% in FY2012. Household loan growth is likely to moderate, in our view, with inflationary pressures and rising interest rates likely to temper demand. Nevertheless, we expect business loan growth to pick up the slack, riding on loan demand for projects under the Economic Transformation Programme (ETP). The kick-off of projects under the ETP should also serve to benefit the debt/equity capital markets, with flowthrough benefits to investment banks.

Price competition within the industry is unlikely to ease anytime soon and, as such, any recovery in net interest margins is likely to be muted, in our view. Nevertheless, asset quality is expected to remain healthy and charge-off rates should remain relatively benign, barring major economic disruptions.

Asset Quality



Source: Bloomberg

It has been a decade since the 10-year Financial Sector Masterplan (FSMP) was introduced in 2001 and the journey continues with the expected unveiling of the 2nd Financial Sector Masterplan (FSMP2) in the coming months. Liberalisation of the domestic financial sector was a key emphasis in the FSMP and we expect it to be an ongoing theme in FSMP2.

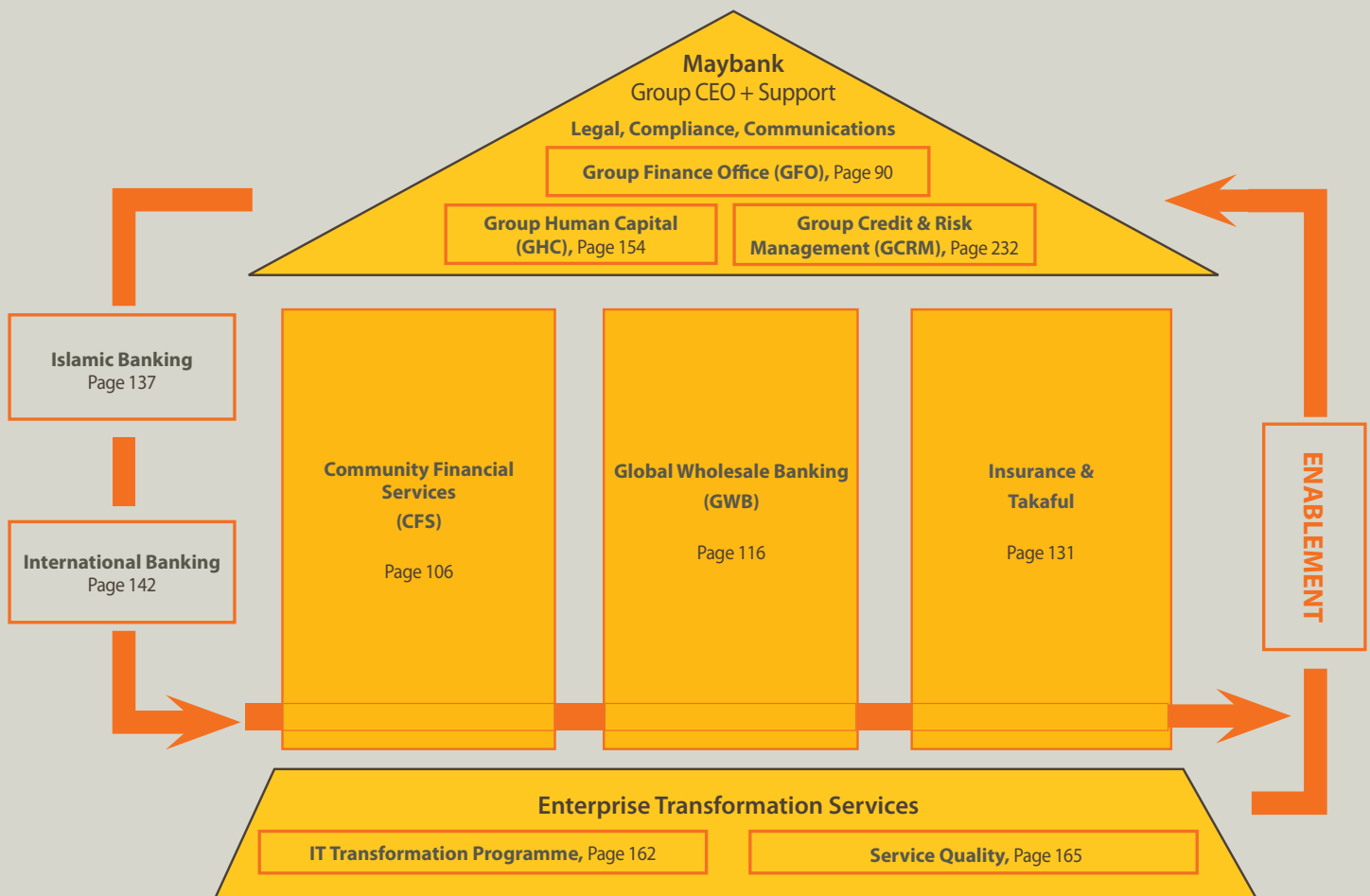
The recently completed EON Capital-Hong Leong Bank merger has resulted in one less financial institution in the industry but Bank Negara Malaysia believes that there is room for further consolidation among the domestic banks and financial institutions, particularly as the sector continues to liberalise. To this end, M&As are likely to be a prevalent theme into the coming year.

With Malaysia being a fairly mature market, banks are increasingly pushing abroad for incremental earnings growth and this is a trend that is likely to persist. In fact, a common thread running through the ETP and Bank Negara's Financial Stability and Payment Systems Report 2010 is the need to facilitate the push by local financial institutions beyond Malaysian shores for incremental growth. To this end, the Central Bank will proactively seek to open up opportunities abroad through bilateral and multilateral agreements. As at the end of 2010, six of the domestic banking groups had operations in 19 countries, with overseas operations contributing RM250 billion in total assets and almost RM2 billion in profits.

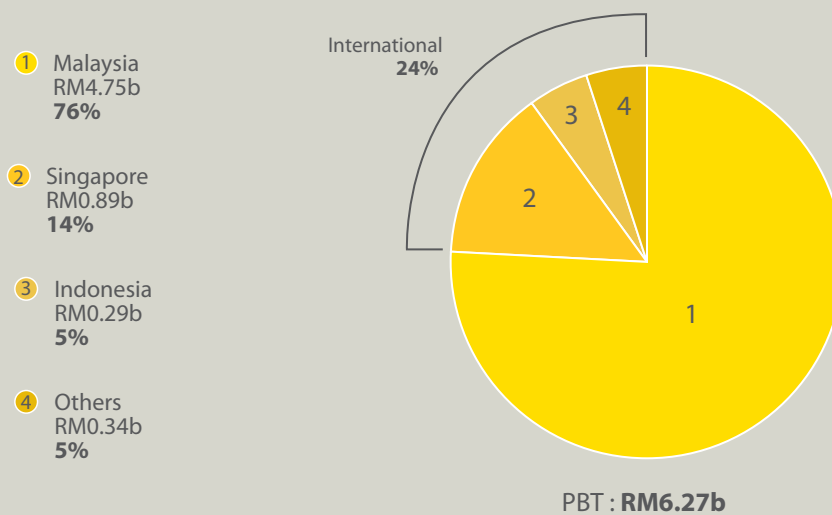
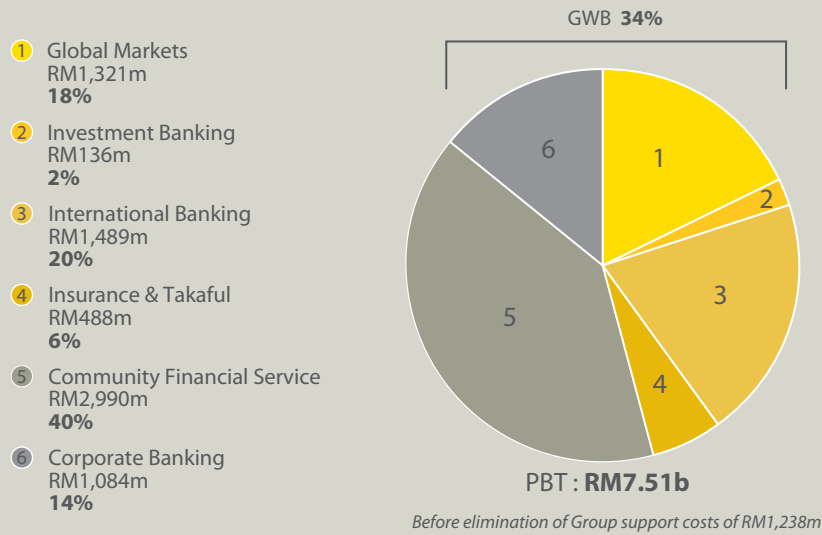
Business Review: Overview

- The Maybank Group's business operations are organised into three business pillars with Islamic Banking and International operating across the pillars. These are supported by Enterprise Transformation Services, Group Finance Office, Group Credit & Risk Management, Group Human Capital and other support functions.
- Refer to the pages indicated in the diagram for the business review of the respective sectors.
- For further information on the new House of Maybank, refer to page 38 on strategy.

THE NEW HOUSE OF MAYBANK



Profit Contribution by Business Segment



Community Financial Services



"Despite the tough business environment, the new House of Maybank has laid a solid foundation for CFS to strengthen its capacity and capabilities so as to generate accelerated growth across-the-board in all our key business lines."

Lim Hong Tat

Deputy President and
Head, Community Financial Services

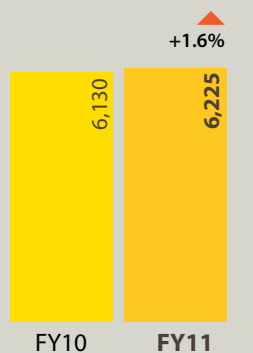
In Malaysia, Community Financial Services (CFS) has expanded from Consumer Banking to encompass SME and Business Banking. We now aspire to attain the undisputed No. 1 position in Retail Financial Services by 2015 by achieving community banking leadership in all areas where we operate, and by becoming an employer of choice.

Highlights

- > We achieved the best overall CFS performance in recent years with the highest loans and deposits growth
- > Profit before tax (PBT) hit RM3.0 billion and revenue rose to RM6.2 billion
- > Loans growth was in double digits across all key business lines and was up 13% overall (2010: + 12.5%) to RM114 billion. Lending to households market share improved from 15.9% to 16.4% and to SMEs from 15.5% to 17.0%
- > Total deposits was up 17% to RM155 billion (2010: +8%) with consumer Current Accounts & Savings Accounts (CASA) deposits up 14.4% or RM5.1 billion to achieve a market share of 24.5% while SME and Business Banking deposits was up 19.5% or RM11.4 billion
- > Credit asset quality improved, with gross impaired loan ratio declining from 4.7% to 3.0%, of which consumer dipped from 2.8% to 1.7%

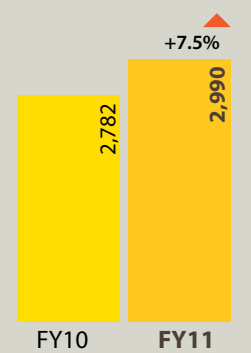
Revenue

RM million



Profit Before Tax

RM million



OVERVIEW

Over the years, our dedication to enhance our customers' experience has won CFS ten million individual, SME and Business Banking customers. What makes our service so distinctive is that we regularly make product and service innovations that really fulfill customer needs; and we are constantly reinventing both our distribution network and alternative channels to provide customers with unparalleled access and convenience.

KEY TRANSFORMATION & STRATEGIC THRUSTS

We aspire to be the community financial services leader in Malaysia by serving our customers from the heart and by becoming part of every community where we operate. By humanising banking, we are reigniting our legacy as a truly Malaysian bank which customers can depend on in both good times and bad.

We empower our customers with innovative financial solutions. We enrich community life by promoting wider ownership of homes, vehicles and financial assets, and by supporting local business growth. In all these ways, we help boost the local economy and contribute to a higher standard of living.

We have undertaken a strategic transformation plan, anchored on four strategic thrusts to enable us to achieve our aspiration:

Reposition Maybank as a CFS provider

- Provide exceptional service and convenience via our One Stop Shop, Hip and Cool Branches, Needs Based Selling and World Class Services initiatives
- Seamlessly connect all our operations via our shared distribution network

Move to a customer-segment-driven model

- Operate a customised strategy for each of our five segments: High Net Worth (HNW), Affluent, Mass, SME and Business Banking
- Establish segment-ownership to drive business strategies for HNW and Affluent customers
- Serve customer segments via a combination of products, services, pricing, channels and processes

Enhance Maybank's operating model

- Leverage on technology to enhance processing times and customer services
- Operate a customer-centric distribution strategy, with only customer-facing processes carried out at customer contact points
- Implement a hub-and-spoke model with seamless, straight-through, end-to-end processing
- Innovate to enhance market differentiation

Embed credit decisions-making

- Speed up credit application turnaround time without compromising asset quality

Community Financial Services

FY2011: A Year of Transformation

RM billion	June 11	June 10	Growth
CFS Gross Loans, Advances & Financing	114.3	101.3	12.9%
Core Product			
● Mortgage	38.6	34.6	11.6%
● Auto Loans	26.0	22.8	14.3%
● Retail Loans	18.9	14.9	25.8%
● Cards	4.8	4.1	15.6%
● SME & Business Banking	26.0	24.9	4.7%
CFS Deposits	155.5	133.4	16.6%
● Consumer Deposits	83.6	75.2	11.1%
Gross Impaired Loans Ratio	3.0%	4.7%	-1.7%
● Consumer Loans	1.7%	2.8%	-1.1%

OVERALL PERFORMANCE

During the year under review, CFS reported a profit before tax of RM3.0 billion with a revenue of RM6.2 billion.

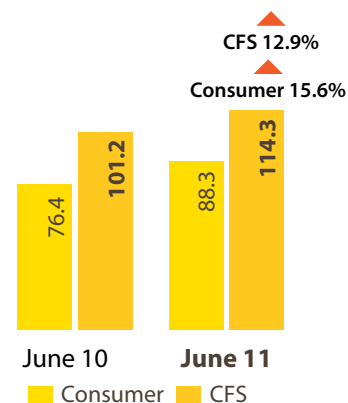
Driven by key strategic initiatives, loans growth was up 13% to RM114 billion, while consumer banking shot up 15.6% to RM88 billion despite the competitive business environment. All consumer loan portfolios registered strong double digit growth on the back of high performance in mortgage (+12%), auto finance (+14%), retail finance (+26%) and credit cards (+16%).

Mortgage, automobile, unit trust and card financing remained the key contributors to the consumer loan segment, making up 98% of the total portfolio. Mortgage financing alone accounted for 45% of our total consumer financing portfolio. Meanwhile, Current Account & Savings Account (CASA) deposits (up 14.4%) and fixed deposits (+ 8.2%) pushed retail deposits up 11.1%.

Overall, CFS recorded a gross impaired loans ratio of 3.0%. The Consumer segment, in particular, achieved a steady improvement from a high of 6.6% in 2007 to just 1.7%. This was mainly due to proactive loan management, aggressive rescheduling and restructuring, and the acquisition of quality loans at source.

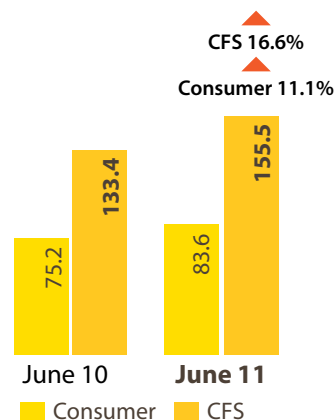
CFS Loans

RM billion



CFS Deposits

RM billion



MARKET POSITION

With our unmatched distribution network and strong virtual banking presence, we are well placed to reach our ten million customers in Malaysia. During the year, we further consolidated our market dominance by maintaining our No. 1 market positions as the:

- No.1** Commercial Bank in terms of total assets, deposits and loans
- No.1** Retail Islamic Bank
- No.1** Distribution network in terms of branches and ATMs/Self Service Terminals (SSTs)
- No.1** Internet Banking website with the highest number of active users, payee corporations and transaction volumes
- No.1** Mobile Banking provider with the largest number of users and transaction volumes
- No.1** In Credit Card customer base, billings and merchant sales
- No.1** In Debit Card customer base and transactions
- No.1** In Unit Trust Financing
- No.1** In Dealer finance with floor stocking and block discounting
- No.1** In retail CASA and core deposits

LINES OF BUSINESS PERFORMANCE

Mortgage Financing

- Mortgage financing up 11.6% (2010: 9.8%) to RM38.6 billion
- Market share steady at 13.0%
- Housing loans up 10.6%
- Shophouse loans up 19.1%
- Loan origination, approval and acceptance up 44%, 48% and 43% respectively
- Gross impaired loan ratio down from 5.43% to 3.25%

Mortgage financing rose significantly in FY2011 despite both the fiercely competitive environment and the Central Bank's measure to curb speculation and rising household debts by limiting the loan to value (LTV) ratio to 70% for the financing of the third home. Progress was underpinned by a comprehensive



Flexibility with Maxi Home loan packages.

review of our mortgage business value chain that enabled us to streamline and simplify the process from origination to recovery. This will materially benefit our customers.

Meanwhile, the high quality of our credit assets was demonstrated by a further drop in our gross impaired loan ratio spurred by improved underwriting standards, faster approval turnaround time, more aggressive collection via our Early Care Centres (ECC) and a rebalancing of our portfolio from primary to secondary and owner-occupied properties.

In our drive to humanise financial services, we launched a series of products to meet new customer needs. The Overseas Mortgage Loan helps High Net Worth and Private Banking customers purchase properties in London. This is the market's first Ringgit-denominated loan product dedicated to the purchase of residential property overseas. Meanwhile, the Skim Rumah Pertamaku (My First Home Scheme), backed by Cagamas, caters specifically to first time buyers, in line with the Government objective to promote greater home ownership.

Community Financial Services

In addition, Maxiplan was enhanced to provide SMEs and business owners with an attractive shophouse and commercial property financing package.

We also expanded our mortgage origination channels by building alliances with mortgage direct sales forces, real estate agents and mortgage brokers during the year.

Automobile Financing

- Loans growth up 14.3% (2010: 12.2%) to RM26.0 billion, outpacing the industry's 8.4%
- Auto market share up from 17.5% to 18.8%
- 80% floor stocking market share
- 76% block discounting market share
- No.1 in Islamic Auto Finance
- Islamic Hire Purchase up 18% to RM16 billion with a 32% market share
- Sole provider of Islamic floor stocking and Islamic block discounting

During the year, we launched new products, services and promotions for the younger affluent segment. Graduate Ezy HP Auto Product allows students, undergraduates and young graduates/professionals to step-up repayment; while Online HP finance application via M2U makes owning a car 'Just a Click Away'.

We also implemented several strategic alliances: with Honda Malaysia Sdn Bhd for the Honda Nationwide Roadshows; with Youth Asia Sdn Bhd for Youth'10 at PWTC; and with TV3's Jom Heboh team to promote Maybank 'Close 2 U'. Meanwhile, our Free for a Year campaign (part of our customer loyalty and retention programme) gave winners a full year free of financing instalments.

Credit Card

- No.1 in customer cardbase (1.47 million cardholders with a 17.6% market share)
- No.1 in billings (up 19.0% to RM18.2 billion with a 22.6% market share)
- No.1 in merchant sales (up 12.3% to RM25.5 billion with a 29.2% market share)
- Gross impaired loans ratio down from 1.35% to 1.24% (industry average 1.70%)
- Receivables up 15.6%

Encouragingly, in FY2011 we achieved a rise in receivables to RM4.8 billion in the face of the dampening effect of the new RM50-per-card service tax on the industry's growth. Inevitably, the introduction of the new tax, plus tighter credit card lending guidelines, reduced the number of cards in circulation, which dropped by 8%. But we bucked the industry trend by expanding in all areas via new campaigns and promotions designed to boost activation, spend, receivables and loyalty.



Maybank's EzyAuto Graduate Financing plan comes with repayment plans starting from as low as RM268 per month.

Having issued over three million Visa Debit cards in just over three years, we rolled out regional card marketing initiatives in Singapore, Indonesia and the Philippines during the year. In addition, Maybankard introduced three innovative new products: Maybankard MasterCard World Card; Amex Pantai CoBrand Card; and Maybankard 2 Cards. Of these, the second and third were market firsts, and all offer our customers major benefits and tremendous value.



Maybank Visa debit allows direct debit purchases at Visa merchant outlets.

Retail Financing

- *No.1 Unit Trust Financier in Malaysia with a 65.1% market share*
- *25% growth in Unit Trust Loan financing to top RM17.1 billion, mainly for Amanah Saham Bumiputera (ASB)*
- *First to launch ASB Account Online, enabling customers to top-up investments via Maybank2u.com*
- *Straight through Processing for ASB Loan Online Application launched via M2U*

FY2011 saw us promote not just Unit Trust finance (which accounts for the bulk of our total retail finance portfolio) but other high yield loans, such as salary and other consumer loans. As well as enhancing existing products (Maybank Study Loans and Salary Financing for Government employees) we launched two new ones: Salary Financing and Other Consumer Loans for Government Link Company (GLC) employees; and Amanah Hartanah Bumiputera unit trust financing.

At the same time, we initiated several marketing campaigns including the highly successful Invest & Win Campaign, and participated in major events such as the Perbadanan Nasional Bhd Minggu Saham Amanah Malaysia (PNB MSAM) in Perak and Media Prima's Jom Heboh.

Funding & Deposits

- *No.1 in retail CASA with a 24.5% market share*
- *No.1 in total deposits CASA with a 23.0% market share*
- *Loans to deposits ratio (LDR) healthy at 74.3% despite the robust growth in our lending portfolio*

FY2011 witnessed a major growth in CASA, thanks not just to an overwhelming response to our promotions, but to the improvements in customer experience brought about by process enhancements and new product launches.

During the year, our aim was to grow our low cost CASA from the retail, SME and Business Banking segments. To this end, we launched two new products; leveraged on our one-stop branch network; introduced deposits champions at branches; and streamlined business processes to complement our touch points (i.e. our 386 branches, our 24x7 Self Service Terminals, and M2U.com). We also ran a series of aggressive and highly successful marketing campaigns.

Of our new products, m2u Savers is an online savings account riding on m2u, while the Master Foreign Currency Account is a single account supporting multiple currencies that also rewards loyal customers with special rates.

We also streamlined our account opening processes for various deposits products. For m2u.Premier, new account opening requires only a single customer visit to the branch. Meanwhile, for Foreign Currency Account and Foreign Currency Placement, our Simplified Opening of Accounts (SOA), does away with the need to fill in account opening forms which can now be done using MyKad.

For our consumer segment, we rolled out two thematic campaigns that brought in more than RM2 billion and four tactical campaigns that attracted over RM1 billion. This was achieved despite the competition from rival banks offering higher rates, other investment instruments promising greater returns, and a general expectation of higher returns in line with the predicted rise in inflation. Meanwhile, to acquire and retain customers from the SME and Business Banking segments, we launched direct marketing initiatives including several Payroll Campaigns.

Community Financial Services

Investment

- *Net asset value (NAV) of unit trust funds up 68% to RM3.0 billion*
- *RM572 million exposure to structured products*

In line with our strategy to provide a wide range of wealth management products, we act as distributors for selected third party fund houses.

We introduced 15 new unit trust funds during the year. We also became the sole distributor of the Amanah Hartanah Bumiputera (AHB) fund, and hit our sales target by achieving about RM 1 billion in sales. In addition, to intensify our marketing activities, we launched ten marketing campaigns, including the FD Linked campaign and the DCI-'i-rush' Campaign.

Major process improvement projects included a multi-currency function for MIAS and the development of a FinIQ straight-through process for DCI.

Bancassurance

- *No. 1 in Bancassurance business with a market share of 27% based on full year 2010*
- *Total new business premium of RM701.98 million*
- *Regular Ordinary Life sales up 25% to RM112 million*
- *National champion of NIAM Bijak Malaysia for third consecutive year*

In FY2011, we celebrated the 15th anniversary of becoming the first bank in Malaysia to introduce Bancassurance, providing comprehensive protection and investment financial advisory services.

Our strategic priorities centred on sales process improvements and marketing activities. We streamlined documentation so as to improve sales efficiency, and ran six sales campaigns – two each for single premium, regular life and general insurance.

Payment Systems

- *Fee-based income rose to RM433 million*
- *Strong growth in remittances and Forex*
- *Maybank Money Express (MME) extended to seven countries*
- *Foreign currency notes (FCN) business up 12.7%*

We continued to focus on dominating Malaysia's Payments market and on driving regional expansion in the areas of payment services, remittances and FCN. Our growth strategy is based on aggressive product innovation and on providing alternative channels to generate new revenue streams.

Payment Services

To support unit trust management companies we have established an integrated e-payment platform including e-dividend. For business enterprises and SMEs we are developing an enhanced Auto Credit Payment System with an integrated HR e-payment solution. We are now designing similar e-payment solutions to support the Government's goal of a cashless society.

Remittances

We are the first bank in Malaysia to provide a home grown web-based remittance service for instant international money transfer. Maybank Money Express provides a swift, affordable and secure money transfer service for migrant workers. It is already available in seven countries and will be extended to another three countries by the end of 2011.

ATM Services

We continued to strengthen our SST service offerings. To enable customers to better manage their bankcard fees we introduced the option of a single bankcard annual fee. At the same time, we waived the cross-border fee for ATM regional transactions for Malaysia, Singapore, Indonesia, the Philippines, Vietnam, Brunei and Cambodia. Looking ahead, we will be providing interbank payments and transfer services to derive new revenue streams from Malaysian Electronic Payments System (MEPS) ATMs – including those at the entrances of locally incorporated foreign banks that join the MEPS system.

Forex Business

We have the largest number of Forex booths in Malaysia – some 61 in all. In FY2011, our FCN business grew 12.5% with the introduction of a more competitive and affordable pricing model which is now being extended to all key branches.



Maybank self-service terminals and ATMs offer a host of banking facilities as well as various other payment services 24/7.



Bureau de Change/Money Exchange outlets provide foreign exchange services for 27 currencies.

SME & Business Banking

We define SMEs as businesses with turnover of up to RM25 million, while private limited businesses with a turnover of above RM25 million are managed under Business Banking.

For the convenience of customers, we have aligned all SME and Businesses Banking under CFS. This enables us to leverage on our vast domestic branch network, business centres and our online delivery channels, Maybank2u and Maybank2e.net.

We have also invested in skilled personnel, dedicated infrastructure and innovative products and services to become a one-stop financial solutions provider.

SME Banking

- Over 30,000 borrowers
- Loans outstanding of RM6.8 billion
- Total Bank's SME market share of 17%

In line with Government policy and aspirations, SME Banking provides local SMEs with the financial solutions, services and advice that will nurture their growth into larger enterprises with capabilities to compete in the global market.

The SME business focus is in the development of a robust scorecard and a vigorous usage of template based lending to improve our service delivery for loan processing. Our strategy of targeting growth sectors and improving asset quality will enable the Group to improve further our risk management.

Business Banking

- Over 3,800 borrowing customers
- Loans outstanding of RM19 billion
- Leader for Business Enterprise loans with a market share of 19.7%

In FY2011 we once again focused on deepening relationships with our existing customers, acquiring new customers and penetrating growth sectors. Our key achievements were in loans growth, lowering of the cost to income and stale rating ratios and the improving trend for asset quality.

We are confident of improving our leadership position in the Business Enterprise segment with an aspirational marketing strategy, supported by a comprehensive asset quality strategy. Key asset quality practices include portfolio management, quality loan sourcing, fraud detection and continuous upskilling of core credit staff.

Virtual Banking

- Over 50% virtual banking market share for more than a decade
- 799 million transactions worth RM60.8 billion
- Over 50% internet banking market share for 11 years running
- Over 400,000 phone banking calls per month

Community Financial Services

Internet Banking – Maybank2u.com (M2U)

In FY2011, M2U active users grew by a hefty 20% to 1.72 million. More than 50,000 SMEs used the M2U Biz services, while Mobile Banking users shot up by 122% to more than 100,000.

M2U has consistently dominated the virtual banking space for 11 years now. During that time, we have regularly introduced innovative on-line products and services such as M2U Savers, M2U Mobile and M2U Secure, a real-time, risk-based authentication and fraud detection security module.

To maintain our virtual banking leadership in the growing business segment, we offer an M2U Biz service and have also expanded our virtual services regionally with the launch of an online banking service for our Philippines accountholders. Meanwhile, we established strategic alliances with premium brands, adding new payees to the Maybank2u.com merchant programme.

Maybank Group Customer Care (MGCC)

During the year, customers made increasing use of our state of the art call centre which received an average of over 450,000 calls per month. The MGCC team implemented a structural transformation programme by setting up a Customer Operations Performance Centre (COPC) and a Work Force Management (WFM) system. Together with enhancements to the cost efficiency of our processes,

this resulted in an improvement in our service levels, with over 80% of calls being answered within 30 seconds and an abandonment rate of 5%, in line with best practice standards.

Telesales

More than 100 people have joined the telesales team during the year, bringing the total number of its fully trained sales personnel to over 200.

High Net Worth & Affluent Banking Segment (HAB)

- Customer growth of 11.6% for HNW and 9.9% for Affluent
- Total financial assets (TFA) growth of 16.1% for HNW and 14.6% for Affluent

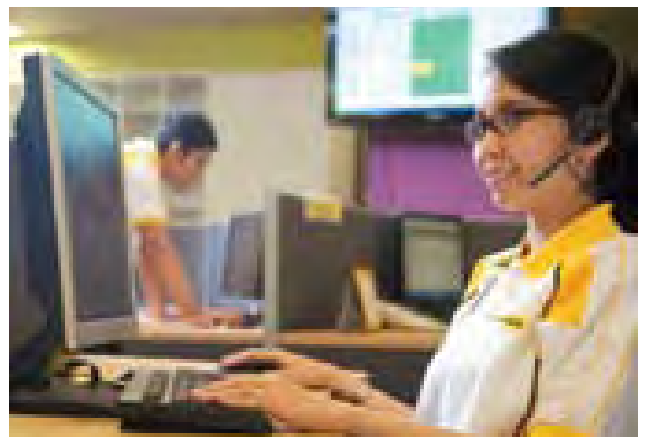
Based on the bank's new customer segmentation model, HAB now makes up about 4% of Maybank's total customers. During the year, we shifted from a product-centric to a customer-centric model to provide not just best-in-class financial service but an exceptional customer experience to the high net worth and affluent customer segment.

Channel Management

- 386 branches with a 19% market share
- 2,828 ATM and SSTs with a 25% market share



Maybank currently has five disabled-friendly branches as well as 11 other branches with partial disabled-friendly facilities.



MGCC is a world class customer care centre at Bukit Jelutong which handles more than 450,000 calls per month.

During the year, under our Branch Transformation programme, we redesigned our branch model to reposition Maybank branches as the key community destination for financial services and solutions. Futuristic and inviting, the new branches aim to be the best in Malaysia for community banking. The design strategy encompasses space planning and zoning, interior and furniture design, and visually appealing marketing communication and merchandising. The design will also raise the profile of our highly distinctive Islamic banking brand both at fully-fledged Islamic branches and conventional branches. We are currently pilot-testing the design at five prototype branches.

Meanwhile, we opened two Service Centres at Kota Kinabalu Airport, Sabah and i-City, Shah Alam; and we provided access to banking for the previously un-banked through a strategic partnership with POS Malaysia.

AWARDS

Maybank Malaysia

- 10th International Excellence in Retail Financial Services Awards Programme (2011)
 - Best Retail Bank in Malaysia
 - Best Deposit & Liability Business
- 5th Asian Banker Technology Implementation Awards (2011)
 - Best Retail Payments Implementation Award

Cards

- Brand Laureate Awards
 - Best Brand for Premium Card Payment in Malaysia
- Reader's Digest Gold Awards
 - Best Credit Card Issuer
- Visa Malaysia Bank Awards
 - Bank of the Year
 - Largest Consumer Products Purchase Volume
 - Largest Consumer Credit Card Issuer
 - Largest Debit Card Issuer
 - Largest Debit Card Purchase Volume
 - Most Innovative Use of Visa Assets – Sony Card
- MasterCard Hall of Fame Award
 - Best Activation Campaign (Maybankard World MasterCard)

Funding & Deposits

- Asian Banker
 - Best Deposits & Liability Business
- Banking & Payments Asia Trailblazer Awards
 - Product Excellence Award, Best in Category (Maybank2u Premier)

CGC Awards 2010

- Top SMI Supporter Award, Commercial Banks category
- Best Financial Partner Award
- Top Bumiputera SMI Supporter Award

M2U

- NEF-Awani ICT Awards Facebook Fan Page
 - Favorite Online Banking Service from Provider

High Networth & Affluent Banking

- Euromoney Private Banking Survey 2011
 - Best Private Banking Services Overall in Malaysia
- Asiamoney Private Banking Polls 2011
 - Best Domestic Private Bank in Malaysia

OUTLOOK

The global economic outlook is uncertain, and locally pre-emptive credit-tightening measures have been introduced in response to rising household debt and the forecast increase in inflationary pressures. Nevertheless, we are cautiously optimistic about the prospects for FY2012.

We have already achieved much during the first year of our five-year transformation journey, as demonstrated by higher growth in the second-half of the financial year. We are confident that we will not only sustain our growth momentum but accelerate into the medium and long term as we realise our aspiration to become the undisputed No.1 retail financial services provider by 2015.

For FY2012, we will continue to roll out strategic and business initiatives, evaluating them in terms of value creation and capture. We will further enhance the strength and capabilities of our systems and structure; and we will focus on developing the skills, shared values and management style of our people.

Global Wholesale Banking



"GWB has taken the step in transforming itself with the single objective of bringing Maybank closer to its clients."

Abdul Farid Alias

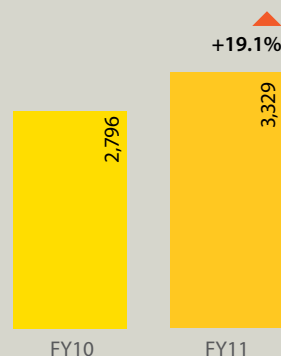
Deputy President and
Head of Global Wholesale Banking

Global Wholesale Banking (GWB) was formed in July 2010 as a result of Maybank reframing its strategic mission to humanise financial services across ASEAN. Key to this new operating model is Client Coverage which provides a single point of contact for all clients supported by Maybank's wholesale banking businesses (Investment Banking, Corporate Banking, Global Markets and Transaction Banking) as the product specialists. This holistic approach provides our clients with end to end financial solutions from origination to execution.

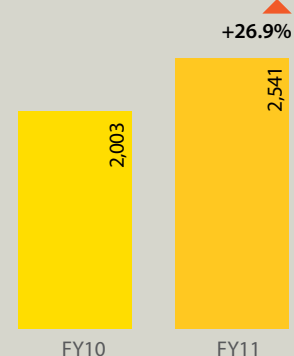
Highlights

- > GWB posted growth of more than 20% in loans and 25% in deposits
- > The rise in business volumes and improving market share across all the lines of businesses assisted us to record year-on-year loans growth exceeding the industry average of 13.5%
- > Profit before tax increased by 26.9% year-on-year

Revenue
RM million



Profit Before Tax
RM million



OVERVIEW

The new structure of GWB reflects the strategic intention to better respond to the needs of our corporate and institutional clients.

- Our Client Coverage division focuses on building long-term relationships with our clients and delivering customised solutions to our clients
- Investment Banking offers services ranging from financial advisory, mergers and acquisitions and IPOs to issuance of equity or debt, derivatives, equity trading and share margin financing
- Global Markets provides market making in fixed income securities, money market instruments and foreign exchange as well as structuring interest rates, currency and other structured products for clients
- Corporate Banking provides funding solutions to all types of requirements for our clients including working capital and capital investments as well as complex project financing and acquisition financing
- Transaction Banking caters to all our clients' transactional needs such as cash management and trade finance (including structured trade), factoring, custody, trustee services as well as linking with our correspondent banks

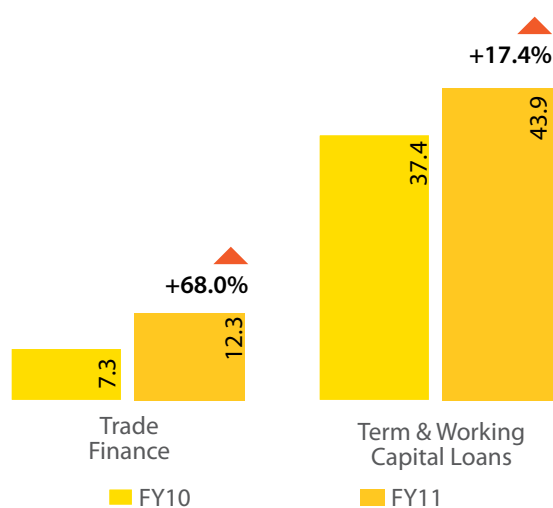
The new way of engagement in GWB is meant to provide our clients a seamless offering across all our product offerings, giving clients a complete view encompassing all their needs. We will continue to improve our level of service as well as our product capabilities as we expand our scope across the region.

FINANCIAL PERFORMANCE

The new Client Coverage operating model has led towards a much improved performance for GWB, reflected in the growth of profit before tax (PBT) to RM2.5 billion, up 26.9% from the previous financial year. Growth in profit was contributed primarily by higher non-interest income which grew by 35% owing to higher commission fees, advisory, brokerage and trading income and also due to the decline of 65% in allowances for losses on loans.

Total GWB loans

RM billion



Asset quality continued to improve, reflected by the reduction in net impaired loan ratio. This is due to our continuous effort to adopt prudent credit lending, better risk management and also much improved debt recovery.

Notwithstanding the continued pressure on net interest margin, net interest income grew 8% on the back of stronger loans and deposits growth.

We recorded stronger loans growth for corporates of more than 20% year-on-year surpassing the industry growth of 13.5%. Trade finance continued to reflect increasing market share trend, reaching 24% in April 2011.

We recorded double digit growth in deposits of 25% which outpaced the industry growth of 11.5% as at June 2011.

Commercial FX market share continued to rise. Meanwhile we maintained our leadership in Islamic bonds despite a lacklustre bond market performance in the first half of the financial year.

Global Wholesale Banking



The FY2011 GWB Leadership Team (Back row left to right: Fairuz Radi, Tengku Dato' Zafrul, Amos Ong, Lee Tien Poh, Hamzah Bachee, Abdul Farid Alias, John Wong, Kua Kee Tui, Leslie Foo. Front row left to right: Hasli Hashim, Khalijah Ismail, John Chong).

STRATEGIC THRUST AND INITIATIVES

To achieve our goal of becoming a leading regional wholesale bank by 2015, we have embarked on a five-year strategy to re-invent our corporate relationship model to humanise financial services, pursue ASEAN expansion, and enhance productivity by integrating and streamlining GWB businesses and instilling a high performance culture. We have defined strategic initiatives with clear business benefits as part of the five-year transformation roadmap.

Our focus in the first year has been to operationalise the GWB operating model in Malaysia. The strategic initiatives include establishing and enabling the Client Coverage model, transforming the business model and enhancing product execution capabilities for Corporate Banking and the newly-formed Transaction Banking business particularly the Cash Management and Trade Finance businesses. On the regional front, the Global Markets priority was the setting up of the regional centre of excellence for derivatives products. The Investment Banking focus, meanwhile, was on increasing competitiveness in the domestic market and pursuing regional expansion through organic and inorganic growth.

During the next financial year, our priority will be on the integration of our regional business. This includes operationalising the regional governance structure and regional coverage, and enabling product execution capabilities to drive wholesale banking

business growth in our home markets of Malaysia, Singapore and Indonesia, as well as the growth markets of the Philippines and Greater China. Investment Banking's main focus will be to integrate Kim Eng Holdings Limited (Kim Eng) and synergise their business activities with other parts of GWB. Global Markets will continue to focus on improving their product capabilities across the region. We will also be embarking on the implementation of a regional infrastructure for Transaction Banking. On the domestic front, we will continue to improve turnaround time, product offering and productivity.

ACHIEVEMENTS

Several key factors have changed the market landscape. Firstly, there have been a number of regulatory changes concerning liquidity and capital requirements introduced subsequent to the 2008 financial crisis. Secondly, Asia has emerged as a significant growth market for global financial institutions. Thirdly, the need for more regional financial institutions has become even more pertinent. All of this has resulted in stiff competition in both the domestic wholesale banking market and the regional wholesale banking arena.

A year into GWB's five-year transformation roadmap, we successfully rolled out global wholesale banking in Malaysia. In addition, the acquisition of Kim Eng, a leading independent Asian securities and investment

banking group with a 38-year track record expanded our Investment Banking presence in eight out of ten ASEAN countries.

On the Transaction Banking front, we have completed the rollout of a new trade finance business model nationwide, resulting in an increase in productivity and speed of delivery.

For Global Markets, we successfully launched a treasury platform in Malaysia that allows straight through processing and thus provides our clients with greater ease of transaction.

Regionally, we have established a sizeable ASEAN footprint and now derive 34% of our wholesale banking revenue from regional markets. We have also launched the Global ATM platform overseas, thus providing us with a more efficient way to manage our clients' transactions. This has allowed us to set up our ATM machines at all our overseas locations globally so that our customers can use their Maybank ATM card at any of these locations.

With the new structure, it becomes very apparent that our people are a key differentiator for service excellence and therefore a major priority was to provide relevant training programmes to boost staff skills and expertise alongside clear targeted recruitment and succession planning.

To help our people, in GWB we have established a set of business principles which defines how we interact with our clients, our community and internally with each other.

CLIENT COVERAGE

Central to GWB is our Client Coverage division which consists of relationship managers who are a team of dedicated professionals with diverse banking and capital markets experience responsible for crafting tailored financial solutions and interfacing between our clients and the bank. Its main focus is to build long-term relationships with clients, with personalised management based on a single point of contact model that is product neutral. Client Coverage collaborates with GWB product partners and synergises amongst the different business sectors

Business Principles

We aspire to become a great regional banking institution with humanised values as our core competency

- Our bank will have the most sought-after financial advisors who treat people with respect and help customers succeed financially, while leaving behind a legacy for our children's children

Our leaders will be responsible stewards

- Our leaders will always look after the interests of the bank, building its value and reputation, keeping in mind the need to pass on a successful franchise to future generations
- We will manage and protect our customers' funds at all costs

We stand united as a team

- Work excellence is second nature for our team
- We take collective credit for our accomplishments and are accountable for all our actions

We keep our promises to all our stakeholders

- We aspire to be a leading regional financial institution, and a top employer, with exceptional customer service levels, excellent return on equity, impeccable return on assets and outstanding growth in revenue and profitability

We will not compromise integrity and honesty

- Our approach to putting the soul into banking and the values we bring to our business is paramount
- Our people will be steadfast in upholding our values in their dealings with our customers at all times

We have a GLOCAL mindset

- As we aspire to grow regionally, we will carry beyond our borders our local values of humility and a passion for service

What it means to our Clients

- Our clients' interests come first
- We will provide exemplary customer service at all our touch points
- Our customers will have complete faith and trust in our abilities to serve them well

What it means to our Community

- We will improve the lives of the communities we serve
- We will give back to the community
- We will advocate a greener earth

What it means to our People

- We will hire the best people for the job
- Our team will find meaning in their work
- We will provide a great work environment

What it means to our Stakeholders

- Our goal is to ensure above average returns to shareholders
- We will build an outstanding brand name

across the Maybank Group to offer the full suite of products and solutions to our Clients. Products marketed by Client Coverage include corporate banking credit facilities, treasury solutions, trade finance and cash management and other transaction banking products, and investment banking solutions such as debt capital markets, advisory, mergers and acquisitions, equity fund raising and initial public offerings (IPO). In FY2011 we implemented a segment-based global relationship model, deployed our client coverage teams, rebalanced our client portfolio mix, and sharpened our focus on integrated product offerings through a cross-product account-planning platform. We have since received much positive feedback as well as winning new corporate clients. We will continue to strengthen the capabilities of our client coverage teams and expand our coverage model to serve our clients throughout the region.

Global Wholesale Banking



"We are building a strong regional investment banking platform with our acquisition of Kim Eng. With the expanded leadership team, we are excited to take the integrated Maybank IB – Kim Eng Group to new regional heights."

Tengku Dato' Zafrul Tengku Abd Aziz

Head, Investment Banking

Chief Executive Officer, Maybank Investment Bank Bhd

INVESTMENT BANKING (MAYBANK IB)

Within Investment Banking, we provide a wide range of services to a large and diverse client base that includes corporations, financial institutions, governments and high net worth individuals. Our vision is to become a regional financial powerhouse by 2015. Our key units are:

- Corporate Finance and Investment Banking, which facilitates the seamless execution of transactions, and provides advice on mergers, acquisitions, restructurings, reorganisations, equity, equity-linked fund-raising and issuances and structured solutions
- Debt Markets, which advises on, arranges and distributes debt market instruments
- Equities / Brokerage, which facilitates trading of local and foreign securities via its network of dealers, remisiers, Equities Investment Centres and Maybank2u.com, and is supported by Research
- Equity Capital Markets, which provides services such as sales and distribution of equity, equity-linked and equity-derivative products, and underwriting of IPOs
- Strategic Advisory, which provides financial advice and also policy and strategy advice, with a focus on the energy, infrastructure and utilities sectors
- Venture Capital/Private Equity, which assists institutional and high net worth individuals to invest in private companies with high growth potential

We are growing fast on strong foundations laid during the year. We have revamped our infrastructure to enable future growth, and in FY2011, we successfully completed the phase one upgrade of our back office system. Meanwhile, achievements by each of our key business units were supported by a stream of initiatives that enhanced synergies between units and the Maybank Group to deliver an improved level of service.

We continuously strive to explore new ways to increase our revenue streams by enhancing our product capabilities. Thus we initiated, a new unit to develop equity and commodity solutions for our Malaysian clients.

A major milestone, this year, was the acquisition of Kim Eng. Listed on the Singapore Exchange, Kim Eng is among the top five brokers in Singapore, Thailand, Indonesia and the Philippines, with a growing

presence in Vietnam as well as in global financial centres such as Hong Kong, London and New York. The Kim Eng acquisition gives Maybank a complementary investment banking business and an expanded reach that includes 200,000 clients across the region. Post-acquisition, Investment Banking will become a much bigger business driver within the Maybank Group.

The integration of Kim Eng to capture synergy opportunities has also begun and is expected to be completed over the next two years. This effort is led by the new leadership team that will take the investment banking business to new regional heights. Some early successes have already been achieved, including collaboration on loan syndication deals and IPO deals as well as the rerouting of inbound and outbound equity trades through Maybank IB and Kim Eng.

In FY2011, Investment Banking's net income grew 104.6% to RM482.1 million, compared to RM235.6 million the year before, while PBT stood at RM135.5 million against RM143.8 million previously – a decline of 5.8% due to corporate internal allocation. Performance was driven by 147.1% jump in fee-based income. Key contributors were Equities – improved by 133.9%, Debt Markets – grew by 63.9%, and Equity Capital Markets – increased by 328.9%.

The newly acquired Kim Eng Group also contributed its maiden results (two months post acquisition) to Investment Banking's performance for 30 June 2011. The new Group posted a PBT of RM29.9 million on the back of RM166.8 million in revenue. The brokerage income registered RM88.6 million or 53.1% of the total revenue.

Some of our key deals during the year were:

- Privatisation of Tanjong Public Limited Company via a Voluntary General Offer made by Tanjong Capital Sdn Bhd (RM8.8 billion)
- Privatisation of Titan Chemical Corporation Berhad via a Mandatory General Offer made by Honam Petrochemical Corporation (RM4.1 billion)
- Acquisition of a 44.6% equity interest in Kim Eng and Mandatory General Offer (RM4.3 billion)
- Sunway REIT's IPO which raised approximately RM1.5 billion, for which we were Joint Bookrunner and Joint Underwriter
- Malaysia Marine and Heavy Engineering Holdings Berhad's IPO, which raised approximately RM2.0 billion, for which we were

Principal Advisor, Financial Advisor, Sole Underwriter, Joint Global Co-ordinator and Joint Bookrunner (this transaction was rated Best IPO of the Year (2010) by The Edge)

- Establishment of Amanah Hartanah Bumiputera, Malaysia's first Shariah-compliant fixed-price real estate-backed unit trust fund, for which we were Principal Adviser
- Placement of 178.9 million shares in Telekom Malaysia Berhad, which raised RM581.3 million for Khazanah Nasional Berhad, for which we were Joint Placement Agent (this was the second largest share placement in 2010)

Corporate Finance and Investment Banking

Corporate Finance and Investment Banking facilitates the seamless execution of transactions right through to documentation and regulatory approvals. We seek to deliver holistic, bespoke and innovative solutions based on an in-depth understanding of both client needs and the corporate environment.

In 2011, we increased the capacity of our Corporate Finance and Investment Banking team to cater for both large and mid market deals and major mergers and acquisition (M&A) transactions. We also enhanced and expanded our offerings in Singapore, Indonesia, Thailand, the Philippines and the rest of emerging Asia through the acquisition of Kim Eng.

Mergers & Acquisition

	Rank	Market Share (%)	Amount (USD bil)
CIMB Investment	1	36.8	13.4
RHB Investment	2	32.2	11.7
Maybank IB	3	25.9	9.3
AmlInvestment	4	16.4	5.9
Kenanga Investment	5	1.3	0.5

Source: Bloomberg

Looking forward, the Government's Economic Transformation Programme (ETP) and Entry Point Projects are expected to generate more M&A and financing deals. In the current environment where equity prices are still within fair valuation and given the relatively cheaper cost of borrowing, we believe more companies will seek the option to be privatised and delisted, especially in the property and plantation sectors. Nevertheless, we also believe that there are still many corporates that wish to issue more equity capital to strengthen their capital base which will lead to more equity issues including IPOs and Real Estate Investment Trusts (REITs).

Global Wholesale Banking

Debt Markets

We provide comprehensive debt capital raising services including origination, structuring, execution, sales and distribution. We have also built a solid Debt Capital Markets franchise with in-depth experience of the capital market instruments and financing structures available in the bond and loan market. In FY2011, we arranged 19 domestic transactions with a nominal value of RM23.5 billion and three offshore transactions with a nominal value of approximately RM4.3 billion, plus monitoring of related bond facilities.

Malaysian Domestic Bonds

Underwriter	Rank	Market Share (%)	Amount (RM bil)	Issues
CIMB	1	27.4	17.0	109
Maybank IB	2	26.3	16.3	134
AmlInvestment	3	13.5	8.4	67
RHB	4	8.0	5.0	29
HSBC	5	7.1	4.4	27

Source: Bloomberg

Malaysian Ringgit Islamic Bonds

Underwriter	Rank	Market Share (%)	Amount (RM bil)	Issues
Maybank IB	1	35.4	16.0	121
CIMB	2	26.6	12.1	76
AmlInvestment	3	9.8	4.4	48
HSBC Bank	4	8.9	4.0	24
RHB	5	8.0	3.6	19

Source: Bloomberg

Malaysian Mandated Arranger

Underwriter	Rank	Market Share (%)	Amount (USD bil)	Issues
Maybank IB	1	16.6	2.0	18
OCBC	2	15.7	1.9	19
RHB	3	9.8	1.2	13
CIMB	4	9.7	1.2	14
HSBC Bank	5	7.4	0.9	12

Source: Bloomberg

- No. 1 by amount issued in the Bloomberg Underwriter Rankings for Malaysian Ringgit Islamic Bonds, with a market share of 35.4%
- No. 2 by amount issued in the Bloomberg Underwriter Rankings for Malaysian Domestic

Bonds, with a market share of 26.3%

- No. 1 by amount issued in the Malaysian Mandated Arranger League Tables, with a market share of 16.6%

In FY2011 we garnered an array of recognitions and awards:

- Top Lead Manager in Islamic Sukuk Award, and one of the top two in Conventional Bonds (number of issues category) at the RAM Rating Services Lead Manager Awards 2010
- RAM Award Distinction 2010 - Blueprint Award, for our RM150.0 million New Structured Finance Benchmark Deal for the Medium Term Notes issued by Domayne Asset Corporation Berhad
- Special Merit Award as Malaysia's Top Lead Manager, for our accomplishments in the Malaysian Debt Capital Market, based on the value of Corporate Sukuk deals closed
- One of the top two Lead Managers in the Islamic Sukuk issue count and issue value categories in the Malaysian Rating Corporation league tables
- Top in Bloomberg's 2010 RM Islamic Bonds Lead Managers league tables, with a market share of 33.0%
- Second in Bloomberg's 2010 Global Islamic Bonds league tables by amount raised, with a global market share of 17.7%
- Ijarah Deal of the Year Award 2010 from Islamic Finance News for Celcom Transmission Sdn Bhd's RM4.2 billion Unrated Islamic Medium Term Notes Programme

Equity Capital Markets

During the last financial year, we ranked second in advising clients for IPOs in terms of amount. During the year, we advised on transactions involving a total value of RM2.7 billion which gives us a market share of 9.7%.

Initial Public Offering

	Rank	No. of Deals	Amount (RM bil)
CIMB	1	4	15.4
Maybank IB	2	2	2.8
RHB	3	2	1.7
AmlInvestment	4	8	0.6
OSK Investment	5	8	0.2

Source: Bloomberg

Fund Raising-Equity & Rights Offering

Underwriter	Rank	Market Share (%)	Amount (RM bil)	Issues
CIMB	1	37.4	10.2	14
Deutsche Bank	2	16.2	4.4	1
Morgan Stanley	3	16.2	4.4	1
Maybank IB	4	9.7	2.7	9
JP Morgan	5	4.9	1.3	24

Source: Bloomberg

Notable equity transactions we advised on and lead-managed during the year included:

- CapitaMalls Malaysia Trust – the listing of the largest ‘pure-play’ shopping mall REIT in Malaysia with a market capitalisation of RM1.4 billion on listing day
- Malaysia Marine & Heavy Engineering – the largest Malaysian IPO and equity offering in 2010 with a market capitalisation of RM5.0 billion on listing day, for which we were the principal adviser, sole underwriter, joint global co-ordinator, and joint bookrunner

Notable placements we handled in FY2011 included:

- Telekom Malaysia – the largest non-marketed placement as at the point of pricing
- Kencana Petroleum – with the tightest pricing discount over the trailing 12 months
- SP Setia – the largest single client demand and allocation for a primary placement

To ensure healthy after-market performance we focus on sensibly-priced transactions. In FY2011 all of the main board IPOs in which we participated remained above their IPO prices – a feat achieved by no other Top 5 issuer by deal value (of at least two transactions).

Strategic Advisory

BinaFikir Sdn Bhd, the Strategic Advisory division of Investment Banking, provides advice on policy and strategy matters as well as more general financial advisory services, focusing especially on the energy, infrastructure and utilities sectors.

FY2011 was challenging for BinaFikir, but business was buoyed by the Government’s ETP initiatives. BinaFikir anticipates a further increase in private-sector led projects and privatisation-linked advisory work in 2012.

BinaFikir was involved in 13 transactions during the year including:

- The completion of a study on amending the Amendment of the Highway Authority Malaysia (Incorporation) Act 1980 to reposition and enable the Malaysian Highway Authority with new powers and functions
- The completion of submissions to the Unit Kerjasama Awam Swasta, the Governmental authority responsible for privatisations, relating to a proposal to renegotiate and extend a concession for a major port operator in Malaysia
- Assistance in the structuring and formulating of incentives for foreign direct investment for a targeted foreign investor on behalf of Malaysian Biotechnology Corporation Sdn Bhd, for submission to the Economic Council of Malaysia, culminating in a grant of a USD130 million Syndicated Term Loan Facility to Biocon Sdn Bhd

Equities / Brokerage

We deliver fully-fledged brokerage services – including trading, financing, research and risk management – plus access to Maybank’s nationwide branch network. In FY2011 our market share grew to 7.0% from 6.9% the year before.

Performance during the year reflected the success of the merger of our investment banking brokerage business with Maybank’s retail broking operations.

FY2011 witnessed both an expansion of Maybank IB’s institutional dealing franchise across the region, and considerable growth in its share of the local funds and government linked company (GLC) market. This was supported by a landmark deal with Standard & Poor’s to distribute exclusive, co-branded international research reports to Maybank customers.

Global Wholesale Banking

To further enhance performance, we launched an initiative to expand our trading services to regional equity markets. We also set up a China Desk and are now working closely with Chinese regulators and building relationships with institutional funds in China and Hong Kong. Meanwhile, we expect the integration of Kim Eng to boost retail trading both locally and regionally.

Brokerage

Broker	Rank	Market Share (%)	Trading Value (RM bil)
CIMB IB	1	10.0	90.6
HwangDBS IB	2	8.3	75.3
Maybank IB	3	7.0	63.5
AmlInvestment	4	7.0	63.1
RHB IB	5	6.8	61.9
OSK IB	6	6.7	60.5
Credit Suisse	7	6.1	55.4
Kenanga IB	8	5.4	48.9
TA Securities	9	4.5	40.6
ECM Libra	10	4.0	36.3

Source: Bloomberg

GLOBAL MARKETS

Our Global Markets division caters to our customers' treasury needs. We provide products and services involving Foreign Exchange, Money Market, Fixed Income Markets, Derivatives and other structured products. We also play a pivotal role in identifying new markets, products and business opportunities to increase market share and advance Maybank's regional presence, whilst ensuring a holistic and integrated trading strategy across all the Group's treasury centres region wide.

Since the launch of our ASEAN mission last year, we have been laying the groundwork to build our business across the region. This included launching a regional centre of excellence for derivatives in Singapore to support an integrated regional sales network, automating deals to improve efficiency and continuing to implement a single seamless Straight Through Processing Global Markets Risk Management System across all trading centres. The system roll-out

will be staggered across Malaysia, Singapore, Indonesia and China over this and next year.

At the same time, we explored cross-border product capabilities, specifically foreign exchange and interest rates derivatives, as a means to grow our non-interest income.

Spearheaded by strong regional sales and our strength in rates trading, revenue climbed to RM1,568 million, an advance of 4.2%. The composition of net interest income to non interest income ratio improved from a ratio of 55:45 in FY2010 to 46:54, keeping pace with other leading regional players. Global Markets accounted for 11.7% and 21.1% of Maybank Group revenue and PBT respectively for FY2011.

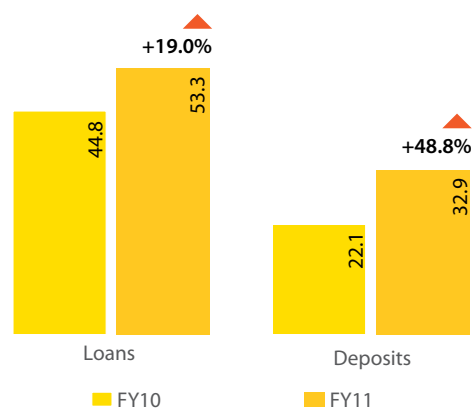
CORPORATE BANKING

Our Corporate Banking division provides our clients with value added advisory associated with their required credit facilities. We structure high quality loans based on viable business and repayment capabilities. We specialise in loan origination, trade finance and cross-border project financing. We provide lending solutions for all types of corporate clients, including GLCs, large Malaysian corporate groups and multinational corporations as well as subsidiaries, associate companies and key sponsors. During the year, we focused on strengthening our origination structure through greater collaboration with both Etiqa and Community Financial Services (CFS) to enable sophisticated, innovative, comprehensive and customer-centric solutions. We also launched various initiatives to improve asset quality and increase productivity. To enhance customer service, we boosted productivity to approximately 14.7% (as at March 2011) and reduced turnaround time by streamlining our processes.

Our team was also successful in rolling out the opening of regional corporate offices in Sabah, Sarawak, Johor and Penang. This has allowed us to be closer to our clients and accelerate our response time in addressing their needs and requirements.

Corporate Banking Loans and Deposits

RM billion



Whilst improving our asset quality, we achieved a growth of 19% in loans and more than 25% in deposits. As at June 2011, our year-on-year loans growth exceeded the industry average of 13.5%.

TRANSACTION BANKING

Transaction Banking comprises six distinct and interlinked business units which are involved in manufacturing and provision of transaction banking services across all client segments. This includes Cash Management, Trade Finance, Financial Institutions, Factoring Solutions, Custody Services and Trustee Services under Mayban Trustees Berhad.



Launch of TradeConnex, August 2010.

As a newly established unit, our focus in FY2011 was mainly on amalgamating the six operations into a single, cohesive organisation, and strengthening domestic capabilities in cash management and trade finance. We scaled the capacity of our cash management system, launched tactical programmes to recapture corporate and commercial deposits, and reengineered our trade finance operating model to boost trade finance performance. This resulted in a 34.5% jump in domestic corporate and commercial deposits and an 1.7% increase to more than 24% in domestic Trade Finance market share.

We also won multiple accolades during the year:

- Asset Triple A Transaction Banking Awards 2011
 - Best Transaction Bank
 - Best Cash Management Bank
 - Best Trade Finance Bank
- Asian Banker Transaction Banking Awards 2011
 - Asian Banker Achievement Award for Trade Finance
- Trade Finance Magazine 2010
 - Best Malaysian Trade Bank
- Asia Money
 - Best Local Cash Management Bank
- Finance Asia
 - Best Trade Finance Bank
- Global Custodian
 - Top rated Cross Border Clients
 - Commended Domestic Clients

For the year ahead, we will establish a platform to expand our Transaction Banking services across ASEAN as well as building our strength in other areas such as Supply Chain Financing, Factoring, Custody, Financial Institution and Trustee services. We will realign and promote the Transaction Banking business in Singapore, Indonesia, Greater China (comprising offices in Hong Kong, Shanghai and Beijing), the Philippines, Cambodia, Vietnam and Brunei. This will be the year when we will be developing the regional engine and IT platform for Cash Management and continue with the rollout of our electronic trade finance platform (Trade Connex) at overseas branches/subsidiaries. Transaction Banking will work towards creating a centralised hub for processing and operations while building the working capital sales model for Cash Management and Trade in these ASEAN countries.

Global Wholesale Banking

OUTLOOK

We have done relatively well in the first year of GWB setup to realise some quick wins, and achieve our business targets while concurrently setting up and stabilising the new GWB structure.

Key to this success is the establishment of the GWB leadership team and structure setup, utilising talents identified internally or brought in externally. These experts provide experienced views of how this model has been successfully implemented in other local and regional banks.

To take our performance to the next level, we will drive regional growth, align strategies and realise cross-border synergies throughout the wholesale business units. To this end, we will continue to implement the regional client coverage and governance structure requiring the hiring and grooming of the right talent to operate at a regional level. We will also continue to streamline and centralise our front, middle and back office processes to promote operational agility and one integrated seamless platforms.

On a macro level, next year, the Malaysian Government's various fiscal stimulus packages will continue to spur corporate lending activities and drive the growth of non-household loans. We will embark on further product innovation and bundling across our various wholesale banking products to tap these opportunities.

Regionally, increase in trade between the ASEAN countries and Greater China is expected particularly by Vietnam and Indonesia which are enhancing their trading and settlement infrastructures. Another factor is the emphasis placed by various ASEAN governments on expanding their capital markets. This, coupled with the gradual liberalisation of financial markets, will positively impact the financial services industry. The growing number of corporates that are capitalising on this rise in regional trade will require the support of financial institutions strong in cross-border and regional solutions.

Against this backdrop, we will be strengthening our regional footprint to continue servicing our customers' expansion needs.



The GWB team together all striped as one.

REGIONAL DEALS IN FY2011



- **Syndicated Term Loan Facility for Genting Hong Kong Limited**
- Role : Joint Co-ordinator / Joint Mandated Lead Arranger
- Size : USD600.00 million
- **RMB Bond Issue for Genting Hong Kong Limited**
- Role : Joint Malaysian Adviser / Joint Lead Manager / Joint Bookrunner
- Size : RMB1.38 billion



- **Wakala Global Sukuk for Government of Malaysia**
- Role : Joint Lead Arranger / Joint Lead Manager / Joint Bookrunner
- Size : USD2.00 billion



- **Sukuk issue for Pengurusan Aset Air Berhad**
- Role : Joint Lead Manager
- Size : RM5.80 billion



- **Sukuk IMTN Programme for Senai Desaru Expressway Berhad**
- Role : Principal Adviser / Lead Arranger
- Size : RM5.58 billion



- **Syndicated Term Loan Facility for Tanjong Capital Sdn Bhd**
- Role : Joint Mandated Lead Arranger
- Size : RM5.00 billion
- **Privatisation of Tanjong PLC via Conditional Take-Over Offer made by Tanjong Capital Sdn Bhd**
- Role : Joint Financial Adviser
- Size : RM4.70 billion
- **Voted "Deal of the Year – Best M&A" by The Edge Malaysia**



- **Acquisitions of a total of 44.6% equity interest in Kim Eng Holdings Limited and a Mandatory General Offer for the remaining shares not owned by Maybank**
- Role : Joint Financial Adviser
- Size : RM4.26 billion

Global Wholesale Banking



- **Sukuk issue for Celcom Transmission (M) Sdn Bhd**
- Role : Joint Principal Adviser / Joint Lead Arranger / Joint Lead Manager
- Size : RM4.20 billion
- **Voted "Ijarah Deal of the Year Award 2010" by Islamic Finance News**



- **IPO for Malaysia Marine and Heavy Engineering Holdings Berhad**
- Role : Principal Adviser / Sole Underwriter / Joint Global Co-ordinator / Joint Bookrunner
- Size : RM2.03 billion
- **Voted "Best IPO of 2010" by The Edge**



- **Sukuk Musharakah Programme for Westports Malaysia Sdn Bhd**
- Role : Joint Principal Adviser / Joint Lead Arranger / Joint Lead Manager / Joint Bookrunner
- Size : RM2.00 billion



- **IPO of Sunway Real Estate Investment Trust**
- Role : Joint Bookrunner / Joint Underwriter
- Size : RM1.53 billion



- **Privatisation of MTD Capital Berhad via Unconditional Take-Over Offer by Nikvest Sdn Bhd, Alloy Consolidated Sdn Bhd, Alloy Concrete Engineering Sdn Bhd and Alloy Capital Sdn Bhd**
- Role : Principal Adviser
- Size : RM1.29 billion



- **Syndicated Term Loan Facility for The Intermark Sdn Bhd**
- Role : Mandated Lead Arranger / Bookrunner
- Size : RM1.20 billion



- **Sukuk issue for National Bank of Abu Dhabi**
- Role : Joint Lead Manager
- Size : RM1.00 billion



- **Establishment of Shariah-compliant Amanah Hartanah Bumiputera Investment Fund**
- Role : Principle Adviser
- Size : RM1.00 billion



- **IPO for MSM Malaysia Holdings Berhad**

- Role : Joint Bookrunner / Joint Managing Underwriter / Joint Underwriter
- Size : RM891 million



- **Primary share placement for SP Setia Berhad**

- Role : Co-Manager
- Size : RM884 million



- **IPO for CapitaMalls Malaysia Trust**

- Role : Joint Principal Adviser / Joint Bookrunner / Joint Underwriter
- Size : RM785 million



- **Syndicated Islamic Financing Facilities for AuraBayu Sdn Bhd**

- Role : Mandated Lead Arranger
- Size : RM740 million



- **Financial Guaranteed Sukuk Musyarakah for Ranhill Power Sdn Bhd**

- Role : Principal Adviser / Lead Arranger / Lead Manager
- Size : RM800 million

- **Islamic Medium Term Notes Programme for Ranhill Powertron II Sdn Bhd**

- Role : Joint Principal Adviser / Joint Lead Arranger / Joint Lead Manager
- Size : RM710 million



- **Secondary share placement for Telekom Malaysia Berhad by Khazanah Nasional Berhad**

- Role : Joint Placement Agent
- Size : RM581 million



- **Privatisation of Measat Global Berhad via Conditional Take-Over Offer made by Measat Global Network Systems Sdn Bhd**

- Role : Joint Financial Adviser
- Size : RM662 million

- **Syndicated Term Loan Facility for Measat Global Network Systems Sdn Bhd**

- Role : Joint Mandated Lead Arranger
- Size : RM660 million

Global Wholesale Banking



- **Privatisation of Berjaya Retail Berhad via Unconditional Take-Over Offer by Premier Merchandise Sdn Bhd**

- Role : Principal Adviser
- Size : RM402 million



- **Sukuk issue for Bank Muamalat Malaysia Berhad**

- Role : Joint Principal Adviser / Joint Lead Manager / Joint Bookrunner
- Size : RM400 million



- **Primary share placement for Kencana Petroleum Berhad**

- Role : Joint Adviser / Joint Placement Agent
- Size : RM396 million



- **Syndicated Term Financing for Tanjung Kapal Sdn Bhd, a subsidiary of Tanjung Offshore Berhad**

- Role : Mandated Lead Arranger
- Size : RM240 million



- **Private placement for Axis Real Estate Investment Trust**

- Role : Adviser / Joint Placement Agent
- Size : RM136 million



- **Acquisition of equity stake in Mutiara Goodyear Development Berhad and Unconditional Take-Over Offer by Atis Corporation Berhad and Atis IDR Ventures Sdn Bhd**

- Role : Principal Adviser
- Size : RM136 million

Insurance & Takaful



"Etiqa's dedication to building a sustainable and profitable business is enhanced further by living up to our brand promise to humanise insurance and takaful. Leading the industry by numbers is not enough. Our aspiration is to lead by serving our customers from our hearts."

Hans De Cuyper
Head, Insurance & Takaful

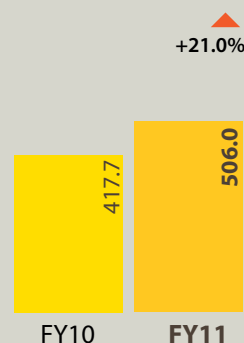
Etiqa is the single master brand for all Maybank's insurance businesses, and operates via two anchor subsidiaries – Etiqa Insurance Berhad (for conventional insurance) and Etiqa Takaful Berhad. We are driven by our passion for humanising insurance and takaful, and for helping our customers protect their assets, maintain their lifestyle and build a secure and prosperous future.

Highlights

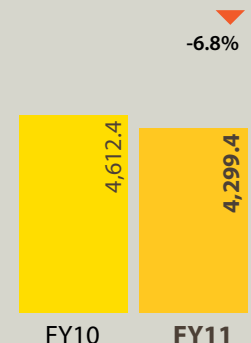
- > Profit before tax (PBT) rose by 21% to RM506 million and we successfully beat our PBT merger target of RM500 million*
- > Takaful continued its positive momentum with its gross contribution surpassing the RM2 billion mark, equating to 48% of Etiqa's total gross premium/contribution for the year
- > Etiqa maintained the No.1 ranking in life/family new business, general insurance/takaful, and overall takaful business

* PBT reported above is before adjustments for consolidation at Group level.

Profit Before Tax RM million



Gross Premium/Contribution RM million



Insurance & Takaful

OVERVIEW

We are a true multi-channel distributor, providing our customers with unmatched accessibility and convenience. We have an agency force of over 21,000 and 28 insurance and takaful branches – not to mention other distribution channels including over 386 Maybank branches, ATMs and other third-party banks. In addition, we service customers via both our Etiqa Online call centre and online at www.motortakaful.com.

Etiqa offers a comprehensive array of products ranging from general takaful products to general insurance as well as life and family takaful plans. As a customer-centric business, we tailor our products to match the needs of our customers, be they individuals or corporate clients. Believing that no client is too big or too small, the premiums/contributions we charge range from just RM10 to millions.

In FY2011, we not only retained our pole position in life/family new business, general insurance/takaful, and overall takaful business, we also increased our market share in all three areas. As the industry's No.1 player in these segments, we accounted for 18.3% of all Malaysian life/family new business and 11.5% of general insurance/takaful business, as well as 44.7% of overall takaful business (family takaful: 45.0% and general takaful: 44.1%).

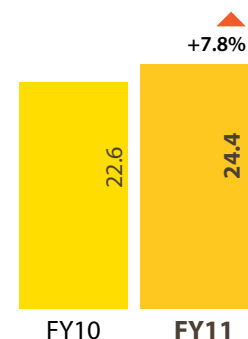
FINANCIAL PERFORMANCE

Etiqa is one of Malaysia's top three insurance companies in term of profitability. For FY2011, we posted 21% growth in profit before tax (PBT), which climbed to RM506.0 million on the back of an improved surplus transfer from our Life Fund and strong investment performance. We also beat our PBT merger target of RM500 million. Meanwhile, total assets rose 8% to RM24.4 billion from RM22.6 billion in the previous year.

For FY2011, total regular premium life/family business grew 2% from RM1.03 billion to RM1.05 billion year on year. For Maybank Bancassurance, total regular premium life/family business advanced 7% from RM316 million to RM340 million. However, a slight decline in life insurance from the previous year was

Total Assets

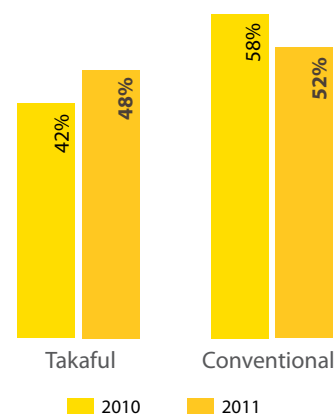
RM billion



caused by the relatively poor performance of our single premium product due to the unfavourable interest environment. General insurance grew 15%, with Marine, Aviation and Transit (MAT) achieving strong results.

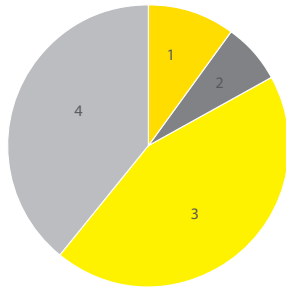
For takaful, gross contribution surpassed the RM2.0 billion mark, equating to 48% of Etiqa's total gross premium/contribution for the year compared to 42% previously. Overall, takaful continued its positive momentum, increasing 7% over last year with a market share of 44.7%. Our takaful business has expanded commendably over the years, with the growth in family takaful and general takaful consistently outstripping the market. General takaful posted 30% growth, driven by the motor takaful segment, while a dip in family takaful was due to low contributions from Group business.

Percentage of Total Gross Premium/Contribution by Business Segments



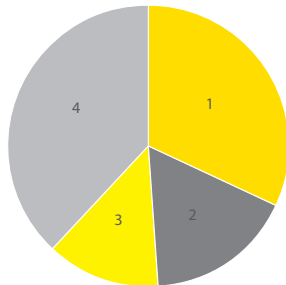
Premium/Contribution: Life/Family Business

- ① Group 10%
- ② Single Premium 7%
- ③ Regular Premium 44%
- ④ Credit 39%



Premium/Contribution: General Business

- ① MAT* 32%
- ② Miscellaneous 17%
- ③ Fire 13%
- ④ Motor 38%



* Marine, Aviation & Transit

STRATEGIC THRUSTS

Etiqua's Vision

To be a True Champion for Insurance & Takaful and Asset Management

Looking ahead, Etiqa aspires to become a true insurance, takaful and asset management champion. This means being recognised by the market for the excellence of our products and services through:

- Humanising towards a true customer experience
- Having the widest distribution footprint
- Being the champion in revenues

OPERATIONAL EXCELLENCE

We have now almost finished implementing our IT blueprint. During the year, we launched Core Group Life, bringing us a step closer to full rollout of our Core Life Solution. We also automated data entry, billing and claims processing, slashing turn-around time and speeding up data entry. The net result is a vastly improved customer experience.

Business Process Innovation

Process innovation creates value for Etiqa by enhancing customer satisfaction, boosting efficiency and creating a responsive, well-informed and responsible workforce. We have embarked on process innovation in three main areas: general business, life business and branch management. We have identified more than 170 improvement initiatives, of which we have already completed over 60. The results include faster issuing of policies and lower printing and mailing costs.

Key Products

During the year, we launched a range of new products:

- **Flexi PA/Takaful Flexi PA** provides 24 hour personal accident cover and humanises insurance and takaful by settling outstanding hire purchase loans when a mishap befalls the insured
- **Mustika** is a savings plan that also provides protection, offering participants an affordable contribution amount for six years, and providing a fixed annual cash payment for the first ten years of the policy and protection for 20 years
- **VIP 50** combines a guaranteed savings plan (VIP 50 PCI) with a flexible investment plan (VIP 50 Invest) to meet the need for a balanced investment portfolio

Enhancing Customer Experience

We are wholeheartedly committed to humanising insurance so as to provide our customers with an experience that is not only highly efficient but genuinely personal. We have therefore embarked on a number of initiatives to enhance customer service in the three key areas of customer touch points, post sales support, and customer experience.

We also encourage a continuous communication with the customers through customer-related activities such as:

- A quarterly E-newsletter – Etiqa in Touch
- Monthly Customer Day at all branches nationwide
- Customer survey call

Insurance & Takaful

INTERNATIONAL PRESENCE

In line with Maybank's aspiration to be the top regional player, we are working on expanding our presence abroad – with the main focus especially in countries where Maybank operates. We already have a presence in Singapore, Brunei and Pakistan.

Etika Insurance Berhad (EIB) Singapore

In FY2011, 56% of EIB Singapore's Gross Premium Written (GPW) came from the agency force, while the bancassurance contribution increased to 18% from 8% the year before. Enhancing overall portfolio balance, the motor segment contribution dropped from 47% to 36% of GPW, while there were significant rises in the miscellaneous segment (from 38% to 43%), the fire segment (from 12% to 17%) and the MAT segment (from 3% to 4%). Meanwhile, to boost our customer base and enhance our bottom line, we continued to develop products for the retail and SME markets.

Etika Insurance Berhad (EIB) Brunei

Our Brunei operation has successfully recorded slight increases in GPW year on year. Its business is mainly agency-driven and focuses chiefly on corporate and project risk. Looking ahead, we aim to grow our retail business primarily in the motor class in view of our favourable claims experience in this market. We are also planning to launch incentives to reward agents for helping us achieve our aspirations.

Pak-Kuwait Takaful Company Limited (PKTCL) Pakistan

Through our 32.5% shareholding in PKTCL, Etika Oversea Insurance Private Limited (EOIPL) has emerged as the single largest investor in Pakistan's first takaful company. In FY2011, despite many challenges, the company grew all its business segments by 10.4%.



Pak-Kuwait Takaful Company receives Brand of the Year Award-2010

OUTLOOK

The Government is implementing major investment programmes with the aim of doubling GDP per capita and turning Malaysia into a high income country by 2020. Driven by the New Economic Model, the Economic Transformation Programme and the Tenth Malaysia Plan, the insurance sector is expected to flourish. Such initiatives as the Employee Insurance Scheme, the Private Pension Scheme and the Foreign Workers Health Insurance Scheme will all intensify Malaysia's insurance sector development.

Moving forward, we are confident that Etika's operational strengths, multi-channel network and powerful brand will ensure that we achieve our aim to become a true champion of insurance, takaful and asset management.

MAYBAN INVESTMENT MANAGEMENT (MIM)

OVERVIEW

MIM is the fund management arm of the Maybank Group. With more than 30 years' experience in the asset management industry, MIM focuses on providing investment solutions across asset classes such as equities, fixed income and money market. Today, our customers include corporates and institutions, insurance companies, high net-worth individuals, unit trust funds and wholesale funds.

FINANCIAL PERFORMANCE

During the period under review, our operating revenue grew by 18% to RM38.4 million from RM32.5 million whilst our PBT grew by 11% to RM18.5 million from RM16.7 million and shareholders' funds grew by 52% to RM39.7 million from RM26.2 million.

Our assets under management (AUM) advanced 16% from RM20.5 billion to RM23.8 billion, underpinned by continuous marketing efforts, improved fund performance and new product launches. There was strong growth in new accounts from corporates and high net worth individuals generating a total injection of over RM1.5 billion. MIM and Pelaburan Hartanah Berhad (PHB) jointly launched Amanah Hartanah Bumiputera unit trust fund worth RM1 billion.

In addition to our seven existing wholesale funds, the AUM of our wholesale funds climbed 17% to RM1.9 million from RM0.7 million.

New Funds launched in FY2011

No.	Fund	Fund Type	Approved Fund Size (units)
1.	MIM Money Market Fund	Income	1 billion
2.	Q-Opportunities Fund	Capital Growth	150 million
3.	Q-Income Fund	Income	500 million
4.	Q-Target Return Fund	Mixed Assets	500 million

STRATEGIC THRUSTS

We share Etiqa's aspiration to become a true insurance, takaful and asset management champion. Through this aspiration, we aim to become a top three asset management company and achieve first quartile investment performance.

OPERATIONAL EXCELLENCE

During the year, we implemented a number of broad-based enhancement initiatives. We realigned our organisation structure and business processes, enhanced our systems, and built up our human capital. Some of the major changes include:

- Realignment and expansion of our portfolio management, research and funds performance activities to enhance stability and consistency in funds performance
- Realignment and expansion of marketing teams to improve the efficiency and effectiveness of our client management and to extract greater value from Maybank distribution platforms
- Realignment and expansion of product development activities to ensure greater focus and accelerate the development of global product offerings while expanding our Shariah-compliant and domestic product offerings
- An initiative to enhance and transform our information system framework

Insurance & Takaful

Some of our key strategic milestones for FY2011 were:

- Investment and Research: initiating research on foreign securities
- Compliance and Risk Management: setting up a compliance limit module
- IT: upgrading our back office systems and integrating them with the front office systems
- Product Development: launching four new wholesale funds with a combined approved fund size of one billion units
- Distribution: creating a new distribution channel to improve access to market and market share

OUTLOOK

Moving forward, by leveraging on the strengths of both Etiqa and the Maybank Group, we aspire to become a leading regional asset management company. To realise this aspiration, our strategic intent and initiatives for the year under review and over the next two to three years are, firstly, to be recognised as a domestic leader, secondly, to fully tap the Islamic asset management segment and opportunities and, thirdly, to extend our capabilities into the ASEAN region.

AWARDS

Reinforcing our brand platform of humanising insurance and takaful, we once again garnered an array of prestigious awards in recognition of our excellent service and outstanding performance.

- 11th CCAM Annual Contact Centre Awards
 - Best Contact Centre Manager (below 100 seats) – Silver Award
- 11th CCAM Annual Contact Centre Awards
 - Best In House Contact Centre (below 100 seats) – Bronze Award
- Malaysian Takaful Association Industry Awards 2011
 - Best Group Business Operator
- Malaysian Takaful Association Industry Awards 2011
 - Best Bancatakaful Operator
- Kuala Lumpur Islamic Finance Forum 2010
 - Most Outstanding Takaful Company
- Service to Care Award 2011
 - Champion, Best of Malaysia Service to Care (Life Insurance category)

Islamic Banking



"The phenomenal growth potential for Islamic banking has enabled MIB to consistently achieve double digit growth in revenue. We foresee that this will continue through income-stream diversification via Islamic investment banking, Islamic wealth management and our International Business Currency Unit (ICBU). Moving forward, we are strengthening our presence in markets that have the potential to carry the Islamic banking industry to the next level."

Muzaffar Hisham

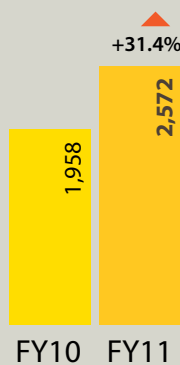
Chief Executive Officer, Maybank Islamic Berhad and Head, Group Islamic banking

Maybank Islamic Banking Group (MIBG) is the Islamic banking arm of the Maybank Group. In alignment with the Group's aspirations, our strategy is to become the leading Islamic Bank in ASEAN by 2015. MIBG which focuses on managing and setting strategies for the overall Group Islamic banking business, is strongly supported by the House of Maybank and is driven by both the Group's Islamic First policy and by our growth targets for Islamic business.

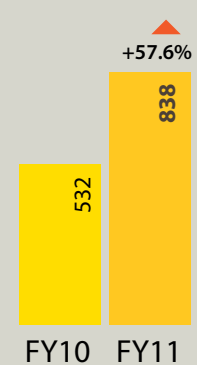
Highlights

- > In FY2011, MIB's gross attributable income and profit before zakat and tax increased by 31% and 58% to RM2.6 billion and RM838.5 million respectively
- > Financing grew by 35% to RM46.8 billion, accounting for 27.4% of the Group's total domestic financing portfolio, and surpassing Bank Negara Malaysia's target of 20% as laid out in the Financial Sector Masterplan 1
- > Total deposits rose to RM48.3 billion – a major increment of 40.0%
- > We were the largest issuer of single Islamic junior sukuk of RM1 billion for regulatory capital purposes

Operating Revenue RM million



Profit Before Tax & Zakat RM million



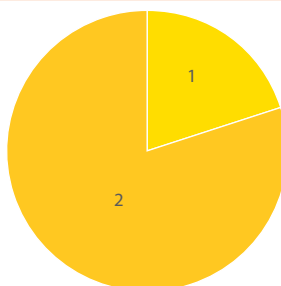
Islamic Banking

In Malaysia, Maybank Islamic Berhad (MIB) dominates the Islamic banking industry with a leading market share in the retail financing and deposits segments. Regionally, we are the largest Islamic bank in ASEAN with a total asset size of RM66.0 billion (as at 30 June 2011). On the global front, the Group's Global Wholesale Banking is recognised as the largest global sukuk manager both for sukuk in all currencies – with a market share of 31.9% – and for RM-denominated sukuk – with a market share of 35.4% (Bloomberg league table, 12-month period ended 30 June 2011).

MIB Contribution to Maybank Group Domestic as at 30 June 2011

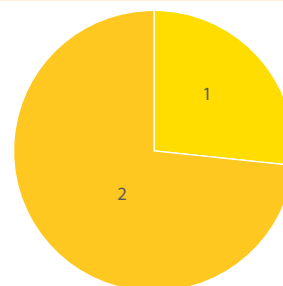
Profit Before Tax

- ① MIB (RM0.8bil)
20.0%
- ② MBB Group Domestic (excluding MIB)
(RM3.4bil)
80.0%



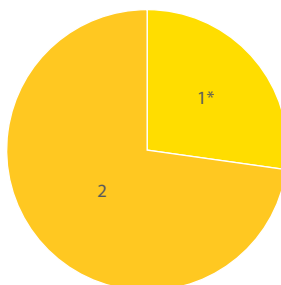
Customer Deposit

- ① MIB (RM48.3bil)
26.7%
- ② MBB Group Domestic (excluding MIB)
(RM132.2bil)
73.3%



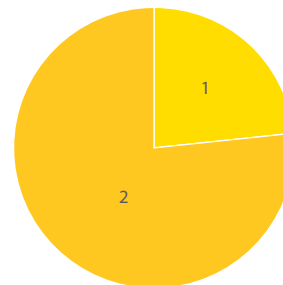
Financing

- ① MIB (RM46.8bil)
27.4% *
- ② MBB Group Domestic (excluding MIB)
(RM123.8bil)
72.6%



Total Assets

- ① MIB (RM66.0bil)
23.5%
- ② MBB Group Domestic (excluding MIB)
(RM215.4bil)
76.5%



The chart above shows that MIB is well on the way to achieving a one-third Islamic financing contribution to the Group's total domestic loans and advances by 2015, with the year's contribution already at 27.4% as at June 2011.

House of Maybank – Strategic Objective: Leading Islamic bank in ASEAN

By strengthening intra-group linkages and capitalising on the strategic objective of becoming a leading Islamic bank in ASEAN under the House of Maybank, Islamic Banking continues to build business sustainability through stronger collaboration with Community Financial Services (CFS) Global Wholesale Banking (GWB) and Enterprise Transformation Services (ETS). This has resulted in more innovative cross-selling and bundling of products and services, allowing greater market penetration and network expansion of Islamic Banking business domestically and overseas.

BUSINESS LINES

MIBG's business offers comprehensive Shariah-compliant financial solutions to cater to the needs of its customers, cutting across the House of Maybank's pillars, namely CFS and GWB. In Malaysia, CFS is the core contributor to MIB's total financing, accounting for approximately 66% as at 30 June 2011.

We offer Islamic banking expertise both regionally and globally, while Maybank's recent strategic acquisition of Kim Eng Holdings will enable us to further entrench our leadership in the capital markets and investment banking services.

Key Accomplishments and Innovative Products

Malaysia:

We are a market leader in Malaysia's Islamic banking industry. With over four million customers, we are the nation's largest Islamic commercial bank. Our achievements for the year include the following:

- We dominated the automobile sector gross financing portfolio with a contribution of 32.0% to the Group.
- Our automobile sector grew 21.0% and continued to lead the industry with a 33.6% market share.
- Maybank Investment Bank acted as joint bookrunners and joint lead managers for the USD2 billion Wakala Global Sukuk offering by the Government of Malaysia.
- We secured a major financing deal under our ICBU and a cross border transaction totalling approximately USD362.1 million.

- We launched our Islamic HOT stock broking service which allows customers to open accounts trading in Shariah-compliant equities.
- We offered other innovative products including:
 - Commodity Murabahah-based deposits (Profit Now Account-i)
 - Islamic Foreign Currency deposits and remittances
 - Promissory FX – FX Spot, FX forward and FX swaps
 - Islamic Profit Rate Swap
 - Islamic Cross Currency Profit Rate Swap
- We opened two new branches, in iCity, Shah Alam and Gunung Rapat, Ipoh.

Singapore:

Singapore launched its first Shariah-compliant savings account for pilgrims going on the Hajj – the Muslim pilgrimage to Mecca – and also an Islamic financing package for small and medium enterprises (SMEs) seeking financing for completed commercial and industrial properties.

Indonesia:

We currently have two vehicles in Indonesia, namely PT Bank Internasional Indonesia TBK (BII) and Maybank Syariah Indonesia (MSI). BII has its own Unit Usaha Syariah dealing mostly in retail financing, while MSI deals with the corporate and wholesale segments. During the year, BII launched a Traveller Saving Account-i based on Mudharabah principles, that provides travellers with both an ATM card and a Debit Card.

Islamic Banking

STRATEGIC THRUST

**To be the
Leading
Islamic
Bank
in ASEAN**

Our expansion plans focus on key ASEAN markets, though ultimately we also aim to expand into the opportunistic markets of London, Hong Kong/China and the Middle East.

- The Malaysian market will remain our core market, with our Islamic First strategy driving growth in both retail and global wholesale banking.
- In Indonesia, the opportunities are vast, and we will continue to pursue our growth strategy through BII's Unit Usaha Syariah and Maybank Syariah Indonesia.
- The Singapore market has shown positive growth since its inception and we are one of the few banks offering universal Islamic banking products and services.

We offer consumer, wholesale and investment banking products and services not only in Malaysia but in many locations in Asia, as well as in key financial centres such as Indonesia, Singapore, London and the Middle East.



AWARDS

- Kuala Lumpur Islamic Finance Forum (KLIFF) Islamic Finance Awards
 - Most Outstanding Islamic Retail Bank
- Asset Triple A Islamic Finance Awards
 - Islamic Retail Bank of the Year
- Credit Guarantee Corporation (CGC): Top SMI Supporter Award 2010
 - Islamic Bank Category

SHARIAH COMMITTEE



**TAN SRI DATO' SERI
(DR) HJ. HARUSSANI
HJ ZAKARIA**

(Chairman)
Mufti of Perak State
Government

Tan Sri Dato' Seri Dr. Hj. Harussani obtained a PhD in 2001 from University of Malaya. He is a member of the Meeting Council, Islamic Council and Malay Customs for the Government of Perak and the Chairman for the State Shariah Committee. He also sits on the Board of Directors of the State Islamic Economic Development Corporation. He has served Takaful Nasional Berhad since 1993 as one of its Shariah Advisory Council members. Concurrently, he is also a Shariah Committee member of Bank Pembangunan & Infrastruktur Malaysia Berhad and Amanah Raya Berhad.



**DR MOHAMMAD DEEN
MOHD NAPIAH**

(Member)
Assistant Professor, Ahmad
Ibrahim Kulliyah Of Laws at the
International Islamic University
of Malaysia (IIUM)

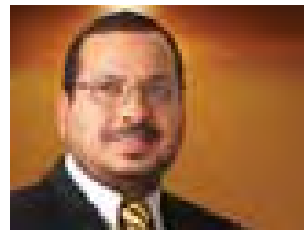
Dr Mohammad Deen Mohd Napih is currently an Assistant Professor at Ahmad Ibrahim Kulliyah of Laws at the IIUM. He holds a Doctorate of Philosophy from Glasgow Caledonian University, Scotland. Prior to his appointment as a member of the Shariah Committee of Maybank in 2007, he was the Shariah Advisor for EON Bank Berhad from 1997 to 2003. He is also currently an Academic Assessor for the National Accreditation Council since 2001.



**DR ISMAIL BIN MOHD
@ ABU HASSAN**

Assistant Professor, Ahmad
Ibrahim Kulliyah Of Laws at
the International Islamic
University of Malaysia (IIUM)

Dr Ismail bin Mohd @ Abu Hassan is an Assistant Professor at the Department of Islamic Law of IIUM. He holds a 1st class honors first degree in Shariah from University Malaya in 1989 and obtained a Law Degree from SOAS, University of London in 1992. He pursued his PhD at Manchester University, England and obtained his doctorate in 1997. He has been lecturing at the Department of Islamic Law for more than 10 years since 1989. Prior to his appointment as Shariah Committee member of Maybank in 2007, he was in the Shariah Committees of Takaful Nasional Berhad and CIMB Group.



**DR. AHCENE
LAHSASNA**

Graduate Studies Advisor,
Shariah and Legal Studies
Department, INCEIF

Dr. Ahcene Lahsasna is a lecturer in the Shariah and Legal Studies Department, INCEIF and has been appointed as the new Graduate Students Advisor, effective 1 October 2008. He was appointed a member of the Shariah Committee of Maybank Islamic/Maybank Group in June 2009. Dr. Ahcene Lahsasna holds a Masters and Ph.D in Islamic Law & Islamic Jurisprudence (Fiqh and Usul Fiqh) from the International Islamic University Malaysia. Prior to joining INCEIF, he was with the Islamic Science University of Malaysia, lecturing Shariah and law.



**ENCIK SARIP BIN
ADUL**

Lecturer at University
Malaysia Sabah

Encik Sarip is a lecturer at University Malaysia Sabah with expertise in Shariah and specialising in Muamalat Islam and Islamic Finance. Prior to that, he was a lecturer at International Islamic University Malaysia (IIUM) for 7 years. He was appointed a Shariah Committee member of Maybank Islamic/Maybank Group effective May 2011. He obtained his first degree in Shariah from the University of Al-Azhar, Egypt and Master in Fiqh and Usul Al-Fiqh from University of Jordan, Amman, Jordan. He is pursuing his PhD in Shariah at Universiti Kebangsaan Malaysia (UKM) and is also an advisor for the graduate student programme. He is currently a member of Majlis Fatwa Negeri Sabah.

International Banking

INTERNATIONAL

Outside Malaysia, our commercial banking business operates in 13 countries, of which seven are in ASEAN and the rest in strategic markets such as China, the Middle East, the United Kingdom and the USA. Though our international business is largely wholesale, we are also active in consumer business in our home markets of Singapore and Indonesia, as well as the expanding markets of the Philippines and Cambodia.

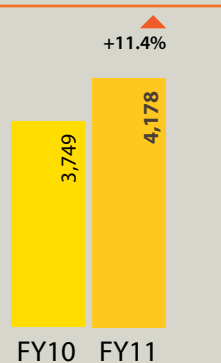
Our intention is to grow our footprint, especially in the ASEAN region, introduce both retail and wholesale banking, and offer consistent product delivery throughout the whole region using a single brand that our customers can identify with.

FY2011 was a challenging year with net interest margin narrowing across the region. Despite this, we delivered 19% growth in profit before tax, driven by better engagement with our clients and higher fee-based income.

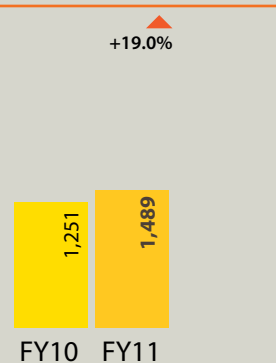
Highlights

- > Gross Loans Growth was up 30%
- > We expanded our footprint in Indonesia, Cambodia and Philippines
- > We achieved service excellence awards in Singapore and Indonesia
- > We achieved regional ATM link-up
- > We set up a full-fledged Islamic Banking subsidiary in Indonesia

Revenue
RM million

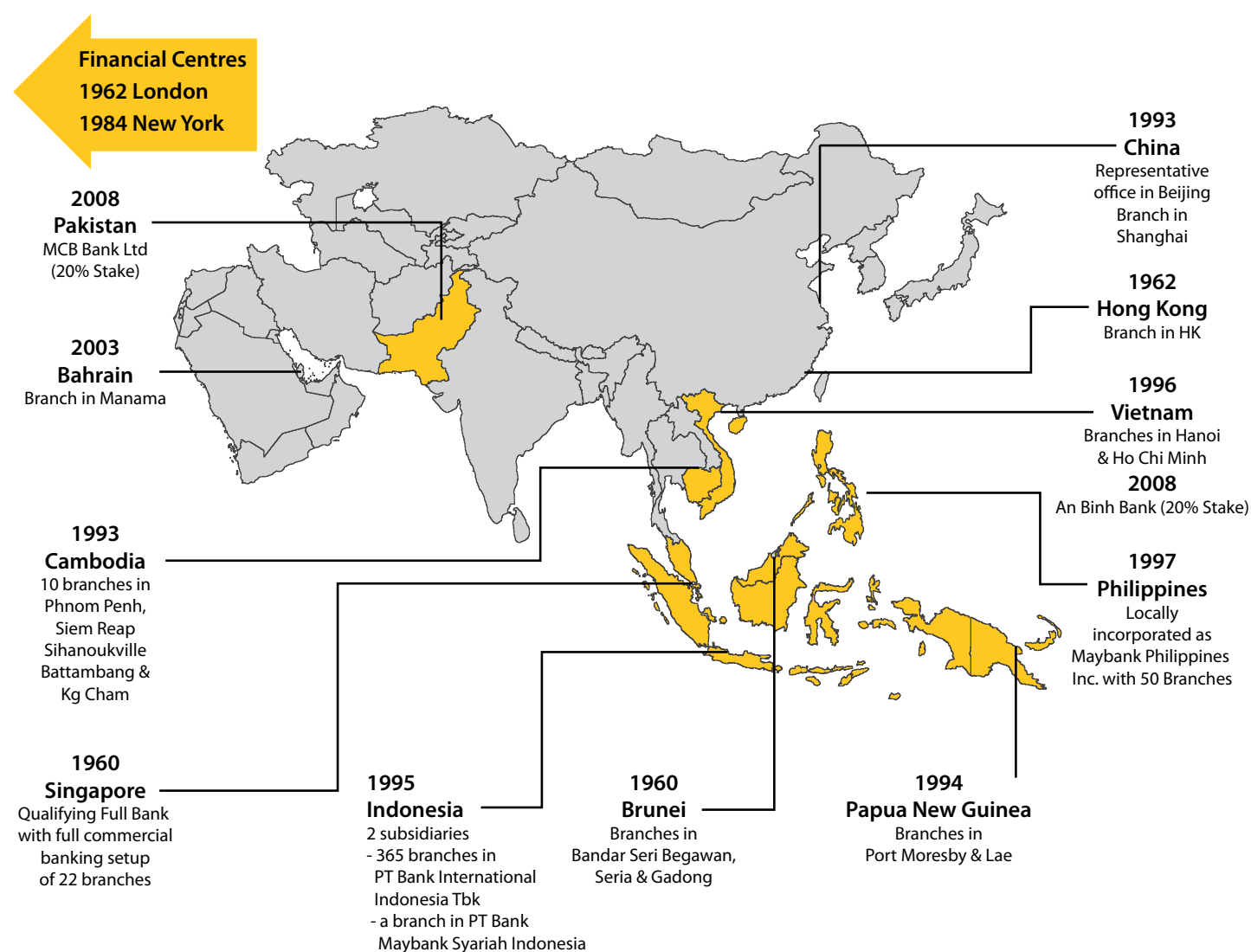


Profit Before Tax
RM million



Our International Presence

In addition to our branches and subsidiaries, we have a 20% equity interest in MCB Bank Ltd. (MCB) in Pakistan, and 20% equity interest in An Binh Joint Stock Commercial Bank (ABB) in Vietnam.



International Banking



Financial Performance

FY2011 saw profit before tax (PBT) rise 19.0% to RM1.49 billion, due to higher loans growth and non-interest income and lower loan loss provisions, partially offset by a strengthening of the ringgit against major currencies. This represents a contribution of 25% to the Group's overall PBT.

Loans – mainly by our Singapore, Indonesia and Philippines operations – grew by 30% to RM89.9 billion, making up some 34% of the Group's total loans. Asset quality also improved, with the non-performing loan ratio contained at 1.30% compared to 1.63% in FY2010.

Strategic Thrusts

We aspire to be a leading regional financial services provider by 2015, with 40% of pre-tax profit to be derived from international operations. As part of Global Wholesale Banking, we play a major role in providing a consistent customer experience via quality service offerings around the region, in line with our vision to humanise financial services.

To meet the demands of increasingly inter-connected countries around the region and in the countries where we operate, we continue to expand our overseas branch network and international product offerings, and at the same time continuously enhance our global capabilities and resources.

Achievements

FY2011 was marked by several milestones outside Malaysia.

Regional expansion is well on track. We opened 72 new branches in Indonesia and three in Cambodia. In addition, our Greater China operations received a boost after the China Banking Regulatory Commission (CBRC) provisionally approved our application to operate a fully-fledged commercial banking branch in the capital city of Beijing, which is slated to be up and running in 2012.

We continued to leverage on synergies with PT Bank Internasional Indonesia (BII) in terms of both business initiatives and support functions. Ongoing business initiatives include the channelling of remittances business and trade finance services, as well as the implementation of ATM regional link and strategic IT collaboration.



One notable corporate exercise completed during the financial year was the conversion in October 2010 of our Indonesia-based 96.8% subsidiary, PT Bank Maybank Indocorp, into an Islamic Bank. It has since been renamed PT Maybank Syariah Indonesia (MSI). Leveraging on Maybank's strength in Islamic finance, MSI is well positioned to grow Islamic finance in the country with the world's biggest Muslim population.

Several other key initiatives were successfully rolled-out during the financial year. We have gone to great lengths to enhance our regional governance structure. At the same time, we have been boosting our human capital capabilities via the recruitment, development and deployment of talents with global skills and exposure. We also continued to implement initiatives to integrate systems and processes around the globe.

Meanwhile, the regionalisation of various services has been successfully completed, and will be extended to cover all our markets in the future. We have successfully implemented Global ATM which links ATMs overseas to a centralised operation in Malaysia. This initiative benefits customers, who will be able to perform ATM transactions free of charge outside Malaysia. It also enhances the banking experience as well as improves operating efficiencies. In addition, we have set up internet banking overseas and implemented regional transaction banking capabilities covering global cash management, trade finance and global market services.

International Banking



"Amidst challenging and volatile market conditions, we implemented several short term action plans to capitalise on market opportunities without losing sight of our overall strategic direction. Our continual focus on customer-centricity and employee engagement also underpinned our success in achieving another record-profit year."

Pollie Sim Sio Hoong

Chief Executive Officer, Maybank Singapore

SINGAPORE

With an asset size of SGD41.5 billion and 1,400 staff, Maybank Singapore is one of the few banks to have Qualifying Full Bank (QFB) status and a significant presence in retail and wholesale banking.

MAYBANK SINGAPORE

We have one of the largest networks of full-service branches of all the foreign banks in Singapore. Together with five offsite ATMs, we are part of atm5, Singapore's only shared ATM network among the six QFBs with a combined total of 140 ATMs.

We provide a full range of consumer, commercial and corporate banking products and services, with strengths in selected niche areas.

Financial Performance

Maybank Singapore contributed close to 57% profit before tax of Maybank's international PBT. PBT climbed 11% in FY2011 to reach SGD375 million, driven by an increase in non-interest income and a lower impairment allowance. A sizeable rise in consumer and business loans pushed loans to SGD22 billion, 25% up on the previous financial year. We also successfully maintained asset quality, achieving a gross impaired loans ratio of 0.46% as at 30 June 2011 – a 0.17% improvement on the year before.

Strategy and Objectives

Maybank Singapore strives to improve portfolio profitability and to focus on building on our core strengths of:

- Consumer segment – auto and housing loans
- Business segment – construction, real estate, shipping and property development

We are opening new frontiers by introducing an array of products and services and entering strategic alliances to generate fresh revenue streams and higher fee-based income.

Achievements

We continued to build our capabilities by developing our human capital and leveraging new technology and tools to enhance efficiency and innovation. We have invested in critical technology and infrastructure in the key areas of straight-through processing initiatives, enterprise content management, and branch re-engineering to raise overall efficiency and effectiveness as well as to support innovation and business growth.

Meanwhile, we have employed various acquisition tools to build a strong customer base. Improving eChannel functionalities enabled us to win more internet-savvy customers. We have simultaneously capitalised on our cross-border network and resources to manage, monitor and better serve customers with international portfolios, such as the high net worth individuals segment.

Customer service excellence and corporate social responsibility initiatives continue to be part of our continuous efforts to humanise our service delivery and at the same time raise market profile and visibility.

During the year, Maybank Singapore garnered several awards, namely:

- I-Class Certification (July 2010), from the Standards, Productivity & Innovation Board (SPRING) Singapore to organisations which have attained a commendable level of performance
- Work-Life Excellence Award (August 2010) for the third consecutive time, awarded once every two years by the Tripartite Committee on Work-Life Strategy
- Excellence Award for People's Association Community Spirit (PACS) Awards (June 2011), a testament to our community partnership efforts.

Working with the Central Singapore Community Development Council, we launched several initiatives, such as the Maybank Family Fund, to extend a helping hand to low-income families. Within months of the launch, we raised over half a million dollars for the Fund.



The Maybank Tower in Singapore is a prominent landmark in Singapore's skyline.

Outlook

With economic growth predicted to moderate in FY2012, we expect total bank lending to grow at a slower rate of 8%. Housing loans are not likely to repeat the exceptional growth seen in 2010, given the cooling measures implemented this year, which will weigh on both property transactions and prices.

Our strategy for the coming financial year is to sustain our business portfolio growth by enlarging our share of the SME segment and further penetrating our presence in consumer lending.

International Banking



"The steady track of growth BII achieved throughout the year signifies our hard work in fixing basic fundamentals and setting the right foundation for BII. We have now revitalised its growth momentum, though there is still much to accomplish in our quest for greater growth and higher market share."

Rahardja Alimhamzah

Acting President Director, Bank Internasional Indonesia

INDONESIA

Our subsidiary in Indonesia, PT Bank Internasional Indonesia Tbk (BII) is one of the top ten largest banks in Indonesia.

PT BANK INTERNASIONAL INDONESIA TBK

BII is present in 30 of Indonesia's 33 provinces, with 334 domestic branches, five Syariah branches and three international branches. Operating 1,017 ATMs and 15 cash deposit machines (CDM) across Indonesia, we are one of the few banks that connect to all networks in Indonesia, namely ATM PRIMA, ATM BERSAMA, ALTO, and CIRRUS, and Malaysia's MEPS network as well as 2,800 Maybank ATMs in Malaysia and Singapore. We also have two overseas branches in Mauritius and the Cayman Islands, and are in the process of re-activating our branch in Mumbai. We are a prominent provider of a broad range of banking and financial services in Indonesia covering retail/consumer, corporate, Syariah, SME and commercial and treasury.

Our subsidiaries are PT Wahana Ottomitra Multiartha Tbk (WOM Finance), a motorcycle financing company and BII Finance Center, a car financing company.

Financial Performance

In FY2011, profit before tax increased by 29% to Rp781 billion. Net interest income rose 22% to Rp4,033 billion on the back of higher interest margin earned through the growth of high-yielding assets (especially loans), combined with optimal composition of funding.

Non-interest income grew by 14% to Rp2,006 billion, driven by income generated from bancaassurance, remittances, treasury transactions and other retail transactions. This was supported by loans growth of 26% which had risen to Rp59,828 billion as at 30 June 2011. Meanwhile, current account & savings account (CASA), which provides lower cost of funding, contributed 41% of total customer deposits.

Strategy and Objectives

Aspiring to be the best financial services provider in the markets we serve, we are striving to become the top bank in selected business segments.

With our mission to humanise financial services from the heart of Indonesia, we believe that providing excellent service begins with our relationships and partnerships. Positioning ourselves as offering innovative, relationship banking for business and communities, our goal is to ensure that all our customers can access the financial services they need in ways that deliver real and lasting benefits.

Achievements

In FY2011, we invested heavily in expanding and upgrading our delivery network. In 2010 we opened 72 new offices and 165 ATMs throughout Indonesia, as well as enhanced our IT infrastructure to improve service delivery to customers. Meanwhile, the successful launch of mobile banking further deepened our engagement with our customers. We also introduced new products to the market, and continued to leverage on synergies with Maybank to deliver mutual benefits, especially in the area of remittances.

In May 2011, we successfully completed the issuance of sub debt, raising an additional Rp1.5 trillion of Tier 2 capital to support working capital needs and future business growth.

Our relentless efforts to grow the business and enhance customer service quality won us an array of awards throughout the year:

- Award from Bank Indonesia (BI) as the most active bank in using the settlement mechanism of USD/IDR Payment-versus-Payment (PVP) on BI RTGS system, (June 2010)
- The Best in Class Straight Through Processing (STP) Rates from J.P. Morgan, Citibank, Standard Chartered Bank and Bony Melon (June and July 2010)
- Most Admired Bank in Mortgage Loan Facilities from Indonesia Property & Bank Awards, (July 2010)
- Best Percentage Growth in the Number of ATM Transactions from ATM Prima Network, (October 2010)
- Best Percentage Growth in the Number of Transfer Transactions (Issuer) from ATM PRIMA Network, (October 2010)
- First Bank to Launch Savings Product for Women from Rekor Bisnis Indonesia, (November 2010)
- Best in Market Driving for Woman One savings product from Marketing Award 2010, (November 2010)
- First place in The Best 10 Banks in Service Quality 2010 in all categories from the Institute of Service Management Studies (ISMS) and Infobank magazine, (December 2010)



Bank Internasional Indonesia's headquarters in Central Jakarta.

- Indonesia Service to Care Award 2011 based on service with care survey in 2010 conducted by Marketeers magazine, (January 2011)
- Call Center Service Excellence Award 2011 with Excellence predicate from the Care-Center for Customer Satisfaction & Loyalty (CCSL), (March 2011)
- For the second consecutive year, BI was recognised as the Second Best in the Bank Service Excellence Award 2011 by Marketing Research Indonesia and Infobank magazine, (June 2011)

Notwithstanding the successes we have achieved so far, global economic uncertainties and a highly competitive market mean that plenty of challenges remain. To ensure that our asset quality remains intact, we have strengthened our risk management and credit controls while speeding up loan restructuring programmes and more closely monitoring existing borrowers.

Outlook

Despite the global economic weakness following the banking and sub-debt crisis in the US and Europe, which has now turned into sovereign credit weakening, and measures to curb inflation in China, we remain optimistic in our outlook for Indonesia. Solid domestic demand and a relatively accommodating economic policy are supported by a healthy government budget. Economic activity is manageable, inflation is less than 6%, and the currency remains stable and is expected to strengthen on the back of a strong capital flow.

With this positive domestic economic outlook, we are poised for further growth, and hand-in-hand with Maybank, will work hard to realize the Group's regional aspirations.

International Banking



MAYBANK PHILIPPINES, INC.

As a full-service commercial bank, Maybank Philippines Inc (MPI) provides a wide array of products and services to meet the financial needs of our retail and institutional customers. Our nationwide network of 50 branches is the most extensive of any of the country's foreign banks, 25 branches being located in Metro Manila and 25 in the key cities of Luzon, Visayas and Mindanao. With 54 onsite and offsite ATMs and 13 auto lending centres, the Bank is growing its presence in key segments of the consumer market such as auto, housing and personal loans, as well as selected segments of the corporate/commercial market.

During the year under review, profit before tax rose 48% to P250.6 million from last year's P168.8 million. Net interest income advanced 31% to P1.4 billion while non-interest income leapt 49% to P443.8 million. Loans grew by an impressive 38%, from P14.03 billion to P19.30 billion while deposits climbed to P26.53 billion, 20% up on the previous financial year.

In April 2011, we restructured ourselves to reflect the transformation that has taken place in Malaysia. This will significantly enhance our ability to cross-sell and bundle products. Our business units are now grouped into three clusters: a Wholesale Banking Group, a Retail Business Group and an Investment & Asset Management Group.

To expand our presence in the retail customer segment, in March 2011 we successfully rolled out a credit card acquiring programme as part of the Group's regional credit card initiative. We are actively signing up new merchants and deploying point-of-sale terminals. To enhance our customers' banking experience, internet banking (retail suite) was launched in June 2011.

Though the economic outlook is generally positive, we expect the business environment to remain challenging, with interest rates likely to rise in response to higher inflationary pressures. Despite this, we remain optimistic about economic growth in the Philippines and will take advantage of the growing economy to increase our presence.

MAYBANK CAMBODIA

Maybank set up its first branch in Cambodia in 1993, with the initial objective of supporting Malaysian and Singaporean companies with business operations in Phnom Penh. We have since expanded our customer base to serve local Cambodian businesses as well.

In April 2011, we expanded our branch network by opening our tenth branch at Kampong Cham, a trading district with a population of two million. We aim to follow this by establishing an eleventh branch in Phnom Penh City by the end of 2011.



With a wide range of banking products and services on offer, Maybank Cambodia is focused on meeting the needs of our SME, commercial and corporate customers. At the same time, we are growing our retail financing portfolio, particularly with our housing loan offerings.

During the year under review, we successfully implemented Trade Connex (a web-based system which facilitates the centralised processing of trade finance transactions) and introduced Global ATMs. Another milestone was passed when loans breached the USD100 million mark in the second half of FY2011, driven by our core business of consumer and commercial lending.

In FY2012, we will capitalise on our strengths in transaction banking (especially trade finance), remittances (Maybank Money Express) and cash management. This will enable us to generate further growth, while at the same time increasing our presence in Cambodia.

MAYBANK VIETNAM

In 1995, Maybank established its presence in Vietnam by setting up a branch in Hanoi, followed in 1996 by a representative office – which has since been converted into a fully-fledged branch – in Ho Chi Minh City.

Maybank Vietnam provides full commercial and corporate banking services, with a wide range of financing and trade finance products to suit customers' needs. Other services include remittances, treasury and foreign exchange.

During the year, Vietnam faced a certain amount of macro-economic uncertainty. The State Bank of Vietnam has taken steps to address the situation by introducing measures to curb inflation, including capping annual loans growth by banking institutions at 20%. Despite these challenges, we managed to boost our trade financing and cash management capabilities in the area of business banking, thereby achieving a slight growth in our loan portfolio.

We are positive about the country's long-term economic outlook, and given Vietnam's past track record of robust economic growth, we are confident that the current correction will be transitory.

GREATER CHINA

Maybank opened a representative office in Beijing in 1993, and in 2000, opened its first full-service branch in Shanghai. Together with Maybank's treasury centre in Hong Kong, these make up Maybank's Greater China operations.

International Banking

Our Shanghai branch provides wholesale banking solutions with a focus on Malaysian, Singaporean and ASEAN commercial and corporate customers with a business presence in China. Meanwhile, our Hong Kong branch primarily engages in wholesale banking, concentrating on corporate lending, treasury and capital markets.

Our Greater China aspiration received a major boost in May 2011, when Maybank obtained provisional approval from CBRC to operate a fully-fledged commercial banking branch in the capital city, Beijing. This will considerably enhance our ability to tap into the massive opportunities on offer, and will support the Bank's long-term vision to build a significant presence in Greater China via local incorporation. Meanwhile, we will continue to facilitate business development between Hong Kong and China, and will simultaneously enhance our trade finance and cash management capabilities.

OTHER OVERSEAS UNITS

In addition to acting as listening posts, Maybank's treasury centres in London and New York continued to bring the Bank business referrals and opportunities. Meanwhile, our Bahrain operation acts as our listening post in the Middle East and during the year focused on driving investment banking and boosting our treasury and Islamic banking capabilities.

With the conversion of PT Bank Maybank Indocorp into Maybank Syariah Indonesia, we aspire to expand Islamic banking beyond Malaysia. Our Papua New Guinea operations also prospered in FY2011 to register total assets growth of 24.4%, as well as a 25.9% increase in net interest income as compared to FY2010.

Looking ahead, the medium to long-term economic outlook for the emerging economies of the ASEAN nations remains positive. We aim to penetrate regional markets where we have yet to establish a presence, and at the same time boost brand awareness so as to improve our visibility among the international community.

ASSOCIATES

Despite the challenging macro-economic conditions, our overseas associates of MCB and ABB continued to generate positive returns since the acquisition of 20% strategic stakes in both banks in 2008. Maybank is wholeheartedly committed to support the growth and development of both banks. Our involvement in local governance allows us to share our views with the board members in charting the future strategic directions of the banks.

With a strong command of the domestic deposit segment, MCB, the largest bank in Pakistan by market capitalisation, is the most profitable bank in Pakistan. For the half year to 30 June 2011, the bank recorded, a 32% jump in PBT to Pakistan Rupee 16.1 billion. MCB Bank was recently voted as 2011 Best Bank in Pakistan by Euromoney and 2010 Strongest Bank in Pakistan by The Asian Banker. Maybank's continuous partnership with MCB Bank has been a success with strategic tie-ups in the areas of trade financing, remittances and Islamic banking. Strategic collaborations are ongoing, with both banks fully committed to leverage on each others' strengths for growth.

Since its establishment in May 1993, ABB has now become a leading Vietnamese commercial joint-stock bank. For the half year to 30 June 2011, the bank posted a PBT of Vietnamese Dong 270.6 billion. Maybank is actively supporting ABB, pursuing growth by collaboration coupled with an enhancement to ABB's trade financing capabilities.

Building Relationships. Creating Value Regionally.

The vital ingredient in every recipe for success is having the right partner by your side.

to build for
China
Partnership for Logistics
Singapore
April 2010 - 2011



Successful partnerships mean always having each other's back and door.

to build for
Singapore
Partnership for Logistics
Singapore
April 2010 - 2011



The road to success is made smoother with the right partner by your side.

to build for
Singapore
Partnership for Logistics
Singapore
April 2010 - 2011



Some of the world's most beautiful homes are built from more than brick and mortar. They are built from true partnerships.

Maybank
Singapore and SE
to build for Logistics
Singapore
April 2010 - 2011

Humanising financial services across Asia



Group Human Capital



"Our initiatives hinge on our signature integrated talent management platform that serves as the pulse of the organisation and drives, motivates and enables our people to make a difference. Our future focus will be to ensure consistent quality of implementation and regionalisation of this platform to position our talents to serve the different communities across all the markets where we are present."

Nora Abd. Manaf

Head, Group Human Capital

Our focus last year was on humanising the management and development of our people to ensure that the Group's transformation will be sustainable, and to create a high performance culture driven by our corporate values.

Highlights

- > Net income per head and profit before tax per head improved from last year and employee engagement levels remained high compared with the Towers Watson Global High Performing Companies Norm
- > We enhanced our group rewards and recognition strategy, which is benchmarked against the market to ensure competitiveness and is now complemented by the introduction of a long term incentive plan
- > A culture of performance management-enabled by the enhanced Maybank performance management system and disciplined, effective consequence management contributed to greater growth across the Group
- > Group talent management system was rolled out regionally, with increased visibility of talents through the multi-level talent review platform resulting in greater of cross-border movements and accelerated talent development
- > We intensified our focus on strengthening leadership capability and on deepening employee core functional skills Groupwide
- > There was improved impactful dialogue across the Group through varied channels of communication to drive innovation and creativity

OVERVIEW

With the Group stepping up the regionalisation of its business strategy, Group Human Capital initiatives continued to focus on building capacity and confidence to keep up the momentum and employees' resilience in pursuit of the transformation agenda. The shared philosophy of these initiatives is to unite all Maybankers behind our common mission of humanising financial services across Asia. Finding the right employees, developing them, rewarding them and retaining them are some of our highest priorities. Our talent management strategy is a multi-pronged one that includes a compelling employee value proposition with a competitive reward package.

Our aim is to build a workforce that is globally adaptable, as well as geographically and culturally diverse. The focus continues to be on building capability from a core banking perspective as well as a talent management and leadership perspective. We will continue to implement and execute our strategy to build a regional talent pool that will be at the forefront of our regional expansion.

BUILDING A COMMON CULTURE

The culture we are building is driven by our TIGER values of Teamwork, Integrity, Growth, Excellence & Efficiency and Relationship Building. By living and breathing these values, we put customer service at the heart of our operations. Appropriately, our customer service commitment is encapsulated in our mantra, Serve From Your HEART (Humility, Efficiency, Appreciation, Respect, Trust).

Meritocracy is applied to all performance management and talent management processes in sustaining a high performance culture. Our Cultural Transformation Plan (CTP) incorporates our corporate values and call to serve with a HEART. These initiatives are well accepted as the DNA of our culture that tightly synchronizes and aligns Maybank's strategy, marketing, operations and leadership across the regions.

Alignment begins with leadership. Our leaders are charged with evolving the Group's strategy and ensuring clarity throughout the organisation. It is they

who set the right direction and establish the right climate to inculcate shared beliefs, values and ways of working.

To support Group transformation, during the year, our Executive Committee (EXCO) initiated two-way communication about our vision, mission, values, strategies and expectations. We encouraged honest, open and trusting (HOT) conversations and dialogue to explore ideas, share feedback, clarify perceptions and resolve doubts. In carrying out this exercise, many different channels were employed including print, electronic and, most importantly, face to face.

Improved productivity indicators

Net Income per head increased from RM306,853 (FY2010) to RM320,389 (FY2011).

PBT per headcount increased from RM133,725 (FY2010) to RM149,704 (FY2011).

Employees

41,886

Senior Management	2%
Middle Management	11%
Executive	53%
Non-Executive	34%

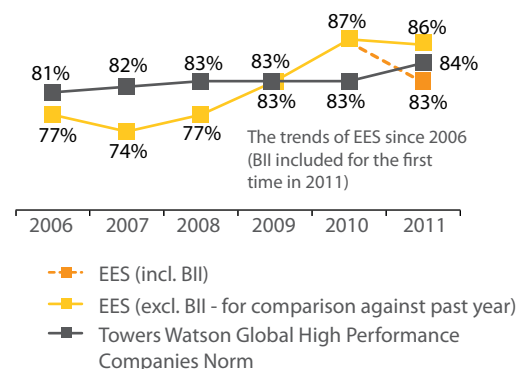
Average age of workforce **36.22 years old**

Average tenure **8 years**

Female Representation in Senior Management **27.36%**

Employee Engagement Index 2011 (excluding BII) **86% ***

Employee Engagement Survey Result Trend



* Employee Engagement levels remain high when compared to the Towers Watson Global High Performance Companies Norm. 92% of Maybank Group employees participated, while for BII, 95% responded to the survey.

Group

Human Capital

GHC 5-Year Roadmap Traction and Plan

The Pilot Years 2009 – 2010

Maybank, THE employer for people to achieve their aspirations



- Market Competitive Rewards – Base Pay correction & Significant Variable Bonus
- Skilling Factory, Maybank Great Manager Programme (MGM) SEARCH Pipeline, CTC, Workforce Reprofiting
- Organisational Improvement (Span of Control & Delaying)
- Human Capital Workshop and Maybank Group Leadership Model
- People Policies, Processes, Terms of Reference and Delegation of Authorities

2011 – 2013

Begin to Realize the Potential

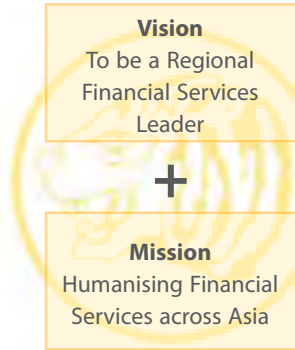
Productivity and Performance Improvement

- Regionalising Talent Management
- Regional Employer Value Proposition
- Organisational Climate Change (Culture Transformation)
- Focus on Key Staff Productivity Indicators (revenue/staff cost, etc)
- HRIS System to support Regional Talent Management Framework
- Market Competitive Rewards – including Long Term Incentive Plan

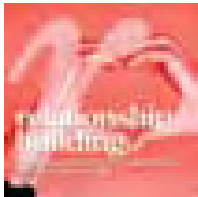
2014 – 2015

Recognition as Leading Regional Employer

- Preferred Employer
- Leading in Staff Productivity
- Reputation for Providing Talent
- Continuous Leadership Engagement



Workplace practices, behaviour, unwritten rules reflect desired culture in action



Our five-year people plan is aligned to our corporate strategy to maximise shareholder value.



Breakfast Session
with the PCEO.



Conversation session with the Chairman.



PIIA Game show.

Following the launch of House of Maybank, EXCO visited all branches, service centres, regional offices and departments in a nationwide 'Igniting the TIGER Spirit' roadshow. The roadshow focused on elaborating the operations and synergy of the new House of Maybank reorganisation, reviewing Maybank's progress and strategic direction, and obtaining feedback.

The Chairman of the Board and EXCO held various sessions to highlight opportunities for improvement and to foster upward communication, with issues that surfaced being addressed immediately.

All these forums acted as role models for leadership behaviour, and helped eliminate barriers to promote open communication and dialogue between senior management and employees.

SPARKING IDEAS

Meanwhile, the President's Innovative Ideas Award (PIIA) scheme was revamped to inculcate a culture of innovation and lateral thinking. As a result of the revamp, the number of ideas jumped 169% from the previous year.

A 'One Sector, One Innovation, One Month' campaign was introduced in February 2011 offering a monthly reward to winners from each sector. A quarterly game show was also held to showcase the best ideas. The game show incorporated elements of fun, creativity and teamwork with audience participation which accounted for 20% of the judging scores.

Number of ideas received

FY2010	FY2011
350	943

President's Innovative Ideas Award

Group Human Capital

ENHANCING LEADERSHIP

In FY2011, leadership teams Groupwide continued to benefit from programmes to ensure convergence and energise the teams to perform at peak levels. These programmes included best in class leadership development, team and individual coaching sessions, and Maybank Great Manager (MGM) & Maybank Great Leaders (MGL) modules.

During FY2011, all identified managers completed the MGM programmes that was designed to hone leadership skills against Maybank Group leadership competencies SEARCH (Strategic Visioning, Engaging & Developing Leaders, Spirit of Achievement, Cultivating Relationship, Customer Centricity and Innovation & cHange).

We have also implemented a culture of coaching and have dedicated coaches to support, guide and help our employees navigate through the transformation journey. The dedicated coaches have conducted 306 coaching sessions and 23 team engagements to date. Mentors have also been assigned to the various talents across the organisation and act as sounding boards for their mentees to help them acclimatise to the changes in the organisation and deliver on expectations.

Throughout the year, 82% of mission critical position (MCP) successors (as against 65% in FY2010) took part in experiential development activities such as executive coaching, special projects, job enlargements, and international assignments.

We also achieved increasing success in retaining key employees, with the rate of regrettable losses improving from 48% in FY2010 to 23% in FY2011.

DEVELOPING TALENT

We continue to aggressively deploy the multi-level talent review platform to identify highly talented employees who are ready for accelerated development. We have also regionalised our talent platforms to promote cross-sector and cross-border mobility. With the development of a talent pool with

more transferable skills, in FY2011, inter-sectoral employee transfers increased to 7.4% from 4.6% the year before. Cross-border moves have also increased by 24% year-on-year.

For leadership development acceleration, an in-house programme, Transitioning Leaders to CEOs (TLC) was introduced to create a pool of talents capable of assuming CEO or CEO-like positions. The programme includes best-in-class learning modules, top team engagement, international exposure, experiential development and opportunities to network with business leaders in development programmes overseas. So far, 58 talents have completed year one of the three year programme, achieving an overall 60% improvement in their team engagement levels.

ENABLING LEARNING

We constantly up-skill our people to enable a culture that thrives on innovation, high customer engagement and fast problem resolution. Training and development opportunities cater to the diverse needs and aspirations of employees; and detailed personal development plans (PDP) form a key element of performance management.

Our total learning budget for FY2011 was RM84.94 million. Our learning facilities include the Maybank Academy, our flagship learning centre, and are supported by MyCampus, our 24/7 online e-learning tool. The curriculum includes technical and functional skills, managerial and leadership development, and experiential development.

These facilities are complemented by management luncheons, townhalls, leader-led sessions and coaching as well as our quarterly 'guru series,' which offers insights into global best practice.

REWARDING PERFORMANCE

Our total rewards strategy has evolved with our business transformation. Basic pay is benchmarked against the market to ensure competitiveness, and the 2010 variable bonus demonstrated our pay-for-performance approach. In June 2011, we launched an employee share scheme (ESS) based on a portfolio approach that combines an employee share option scheme (ESOS) with a performance-based restricted share unit (RSU) scheme. This ESS gives employees at all levels the chance to benefit from the growth in value of Maybank shares and to participate in the Group's success. The ESS completes and complements the total compensation component of our rewards strategy which comprises base pay, fixed and variable cash and the long term incentive plan.

On top of this, we have platforms which provide recognition for exemplary performance, we offer career development opportunities, and we are dedicated to our employees' well-being. To boost motivation, we also recognise and reward top performers, long service employees, best managers, executives and non-executives, core values

champions, and top corporate social responsibility volunteers. Every year, we celebrate their achievements at the Maybank Group Awards Night, the annual sports carnival and other events.

PROMOTING EQUAL OPPORTUNITIES

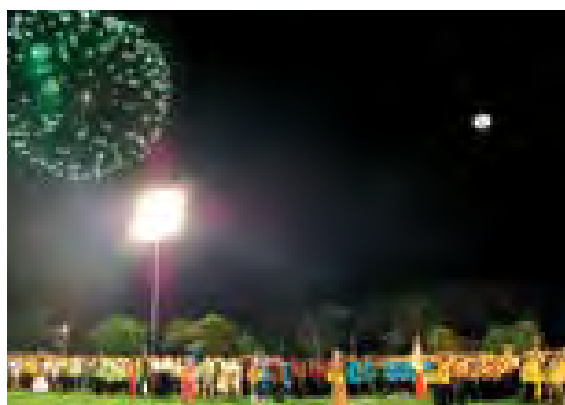
Our policy is to provide equal employment opportunities – whether for recruitment, promotion, transfer or development – with meritocracy and fairness as the underlying principles. In FY2011, female to male ratios in senior management positions increased to 27.36%, while the percentage of female representation in middle management increased to 39.82%.

Gender Representation: % Female

Job Level	FY2010	FY2011
Senior Management	15.68%	27.36%
Middle Management	38.23%	39.82%



Maybank Group Awards Night.



Pesta Sukan at Maybank Academy.



Group Human Capital

FOSTERING HEALTH

Health and safety measures are in place to ensure that our people have an optimum work environment. During the year, we ran a variety of safety and wellness activities such as safe riding and driving training, Parenting@work workshops, Total wellness and health promotion programmes, trim and fit programmes, blood donation drives, regular health talks, and healthy lifestyle carnivals, as well as regular OSH awareness programmes and audits at the regions and branches. The Bank also extended the maternity leave from 60 days to 90 days for its employees in Malaysia.

The OSH regional secretaries meet centrally twice a year to report progress of OSH implementations at the respective regions.

SUPPORTING EDUCATION

We also recognise children of employees who excel in their examinations, and we provide financial assistance for employees in lower income brackets whose children are entering schools and universities. In December 2010, as a caring employer, we donated over RM350,000 in back-to-school financial assistance to 1,799 eligible employees.

Maybank Group Staff's Children Academic Excellence Award

Year – PMR, SPM & STPM	Total Recipients	Total Amount (RM)
FY2010	422	234,100
FY2011	559	287,000

Meanwhile, the Maybank Scholarship Awards offer scholarships to outstanding achievers and the opportunity for employment with the Group after graduation. For the first time, the Awards sponsored candidates pursuing studies in private institutions of higher learning in Malaysia apart from local universities. In 2011, a total of RM1 million of scholarship awards was disbursed to sponsor 125 Maybank scholars, of whom 27 were new scholars.

EMPLOYEE VOLUNTEERISM AND CORPORATE RESPONSIBILITY

Our Cahaya Kasih programmes enables Maybankers throughout Malaysia to contribute their time and talents to create a positive impact on the various Corporate Responsibility (CR) initiatives organised by the Group. In 2011, the total number of hours volunteered was approximately 1,497.5.

During the year, two key campaigns were organised. In October 2010, Maybank launched a milestone Global CSR Day where the Bank was the first local financial institution to undertake a simultaneous one day Global CSR programme involving more than 10,000 Maybankers across the Group's global network. In March 2011, Maybank was also the first Malaysian financial institution to hold a joint International Women's Day Celebration with the Ministry of Women, Family and Community Development.

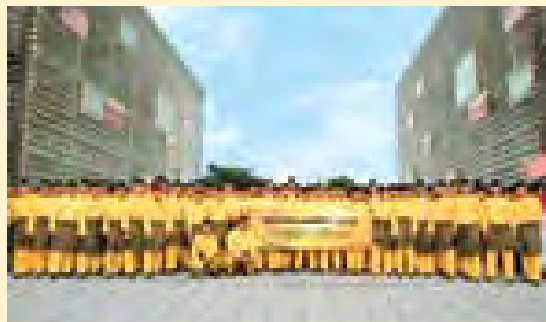
Details of our employee volunteerism initiatives can be found in Corporate Responsibility section in this annual report.



Over 10,000 Maybankers participated in Global CSR Day under our Cahaya Kasih volunteerism programme.



Celebrating International Women's Day with the Minister of Women, Family & Community Development.



Dedicating time and energy to national community events.



IT Transformation Programme (ITTP)



"Our IT Transformation Programme will provide Maybank with a key advantage in driving business differentiation to surpass our competitors and provide superior customer experience."

Geoffrey Stecyk

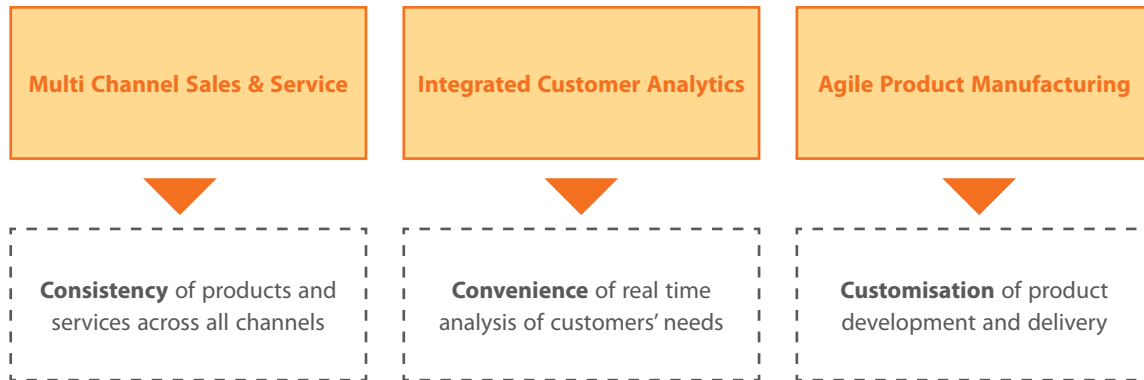
Head, Enterprise Transformation Services

Aligning and re-prioritising our business and information technology initiatives is a crucial element in Maybank's transformation.

Our IT Transformation Programme (ITTP) is the technology enabler for Maybank to achieve its strategic aspirations by providing an IT platform for it to achieve sustainable leading capability. The new platform encompasses system, process and control changes that support regional business transformation. Spanning five years, the programme provides tactical business solutions which align with the longer-term strategic business system replacements that will facilitate business differentiation and business flexibility.

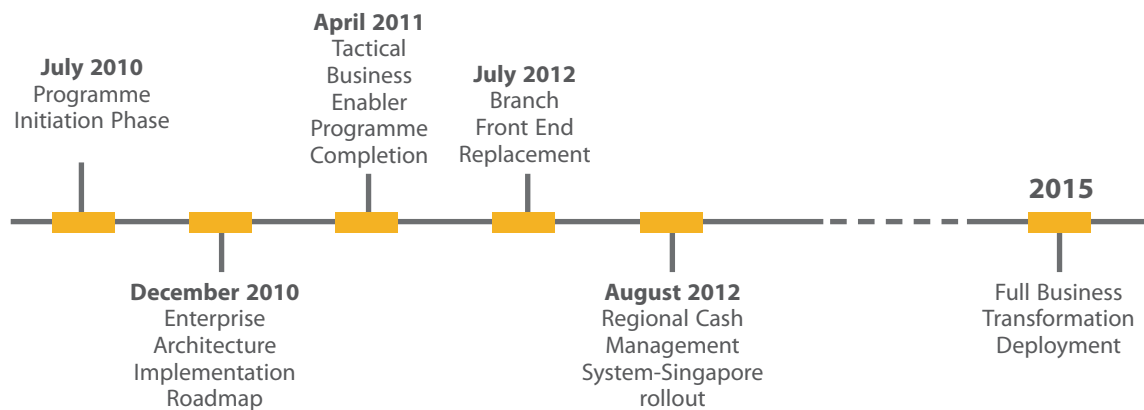
Essential Advantage

Business and IT are collaborating in developing Maybank Essential Advantage - the ability to surpass our competitors and provide superior customer experience. Through a standardised regional technology platform, Maybank will benefit from Essential Advantage by delivering three core capabilities that will drive business differentiation, namely: Multi Channel Sales and Service, Integrated Customer Analytics, and Agile Product Manufacturing.



Launched in July 2010, the business transformation journey moved from initiation to implementation phase after establishing an Enterprise Architecture Implementation Roadmap in December 2010. As the target technology state for Maybank, the Enterprise Architecture covers Infrastructure & Technology, Information & Data, and Applications & Systems.

Maybank IT Transformation Journey



2011 is witnessing the Implementation phase of the journey, with the first half showing promising progress marked by the completion of the Tactical Business Enabler Programme.

The priorities of the Tactical Business Enabler Programme are to boost revenue, cut costs, and enhance customer experience. One key project delivered by the programme created a system that offers customers the convenience of a Master Foreign Currency Account (MFCA) which handles multiple currencies. In April 2011, some 20 projects were successfully delivered on time, within budget, signifying a major milestone.

IT Transformation Programme (ITTP)



GWB Customer Relationship Management

Another significant achievement was the new Customer Relationship Management (CRM) system for Global Wholesale Banking (GWB) that went live in April 2011. Officially launched on 27 June, this tactical initiative provides GWB with a customer relationship management information tool to support the consistent management of GWB customer data. The system enables users, especially Customer Relationship Managers, to share information from initial customer contact right through to post-transaction customer support.

- Create a consistent customer banking experience, as multi-channel sales and services move towards a customer segment driven model with centralised business data
- Provide flexible and agile product and service offerings through competitive pricing, personalised product bundling, and localised decision making
- Enhance collaboration, data sharing and knowledge management between regions as Maybank pursues expansion across ASEAN
- Industrialise Maybank's Operating Model to optimise productivity and costs
- Re-invent our corporate and commercial relationship model around the principle of humanising financial services

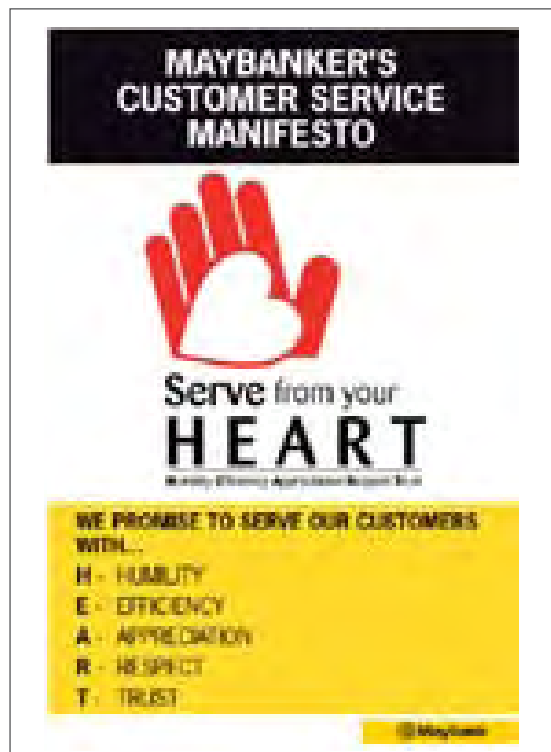
Serving the House of Maybank

To serve the House of Maybank in the coming years, business and IT will deliver enabling technology for new products and channels which will increase business effectiveness and efficiency in meeting customer expectations. This will:

The pace of innovation and change will continue with the business and ITTP team striving to meet the Group's transformation aspirations and deliver increased value. As a catalyst of change, both business and IT will bring people, process and technology together to support Maybank's Vision to become a Regional Financial Services Leader and its Mission to Humanise Financial Services from the Heart of ASEAN.

Service Quality

The House of Maybank transformation journey is supported by Enterprise Transformation Services, which is specifically dedicated to delivering effective, differentiated services and to accelerating operational efficiency and performance.



Maybanker's Customer Service Manifesto for service excellence.

To support its customer service transformation initiatives, Maybank has put in place a Service Quality Department. The centralisation of service units within this new structure streamlines all customer service strategies and operations. The remit of our Department is to be a centre of excellence and a catalyst for service transformation – which means that our ultimate goal is to achieve 100% customer satisfaction. We are committed to understanding our customers' expectations, using quality service to differentiate our business from the competition by enhancing our service delivery as well as setting and achieving high service standards.

We have developed a three-year sustainable service strategy that will form the basis of our future success. During our first year, we focused on developing a

service culture that appreciates customer criticism and takes personal accountability. It also involves improving governance and process enablement. We trained and empowered our staff to know what is right and have given them the authority to do what is right for our customers. This further helped us to ensure our customers' experience will continue to improve.

In years two and three, we will continue to enhance processes and systems so as to deliver on our vision of humanising banking.

Serve From Your HEART

Serve From Your HEART is a bank-wide service pledge that emphasises the importance of delivering consistent and excellent customer service. The HEART acronym means we promise that we will serve our customers with Humility, Efficiency, Appreciation, Respect, and Trust. Serve From Your HEART workshops ensure that employees bank-wide develop the skills and mindset to serve in a sincere and genuine manner.

Customer Engagement Survey

Our Customer Engagement Survey is an annual survey that measures our customer engagement index, and is targeted at mass affluent groups. This survey gives us insights into critical improvement areas, telling us what our customers want and areas where they wish to see improvements. We are committed to our promise to listen to and act on their feedback immediately. While we have seen improvements in engagement levels, more still need to be done to accelerate this process.

We also conducted an internal employee survey to gauge team effectiveness amongst internal support groups. Results indicate that there are opportunities to further improve the quality of our products, processes and procedures, as well as customer service, problem resolution and the speed with which we respond to changes in the marketplace.



Maybankers pledge “to deliver unbeatable service to our customers with a smile.”

In our quest to enhance customer service, we have raised the customer service weightage for staff KPIs Bank-wide to at least 15%. In addition, for the branches, the nationwide LEAP30 Transformation-Improved Customer Service Level (ICSL) initiative focuses on delivering differentiated, best-in-class service experience. Front-liners have also been provided with uniforms that reflect Maybank's professionalism and create a common identity. The new uniforms have not only enhanced the staff's image but greatly boosted morale.

All these initiatives support our commitment to transform Maybank into an organisation that delivers an unsurpassed customer experience.

Measurement of Service Quality at Branches

The measurement of service quality at the branches includes real time performance measures relating to average waiting time, the effectiveness of problem resolution, Mystery Shopping and Mystery Calls.



Front-liners in Sarawak in their new uniforms.



Maybankers are ever ready to serve our customers from our HEARTs.

Mystery Shopping entails an independent evaluator posing as a customer and performing live transactions at the branches to gauge and track consistency of service levels. This also allows benchmarking against our main competitors in terms of the staffs' soft skills, product knowledge and work etiquette. The Mystery Shopping results improved significantly from a baseline of 73% in November 2010 to 88.7% in June 2011.

Other key initiatives designed to meet customers' rising expectations and fulfil employees' career goals included a Customer Service Transformation Lab and an Improve Problem Resolution programme.

Customer Service Transformation Lab

Conducted in September to November of 2010, the lab focused on bridging process gaps and resolving problems highlighted by our customers via various feedback channels.



Service Guidebook.



Maybankers working diligently to identify areas for improvement.

For a full eight weeks, 51 dedicated Maybankers took on the challenge of a structured approach to delivering quick and tangible results for Customer Service Improvement. Rolling up their sleeves, the team worked through each process to identify opportunities for improvements that would deliver 'Big Fast Results' on 26 quick wins and 22 big tickets.

Working in close collaboration with colleagues outside the Lab, Lab members generated some 48 initiatives including intense syndication and buy-in from key business leaders and stakeholders. Some key results to-date are:

- 70% reduction in annual cash jam incidents at our cash deposit machines (CDMs) from 29,496 to 9,072.
- 82% (63,140 of 77,000) of annual CDM refunds were made within one working day, down from the previous average of four days.
- 30% reduction from 11,500 to 8,043 in undelivered mails for current and savings accounts with the address clean-up exercise done by branches.



Working as a team to develop lab initiatives.

Other Key Initiatives

In 2011, we launched a Best Service Staff award nationwide to promote a culture of service recognition and to motivate and reward employees who go the extra mile for our customers. A self audit checklist tool called the Branch Monitoring Scorecard was also introduced to focus not just on staff skills and product knowledge but on branch façade and appearance.

Looking Forward

We confidently anticipate a continuous rise in service quality standards. With our transformation journey well underway, Service Quality's ultimate aim is to ensure that Maybank customers will enjoy a consistent experience of service excellence across all regions where we operate. The achievement of this aim will be a key contributor to fulfilling Maybank's aspiration to be a leading regional financial services provider by 2015.



Empathetic

Each and every Maybanker knows exactly what it is like to be a customer, and we treat our customers in the way we would like to be treated ourselves. We do our best to go beyond merely understanding their needs and, over time, to develop a personal relationship built on trust and mutual respect.



Corporate Responsibility



One of the Global CSR Day outreach programmes at a refugee centre in Kuala Lumpur.

As part of our mission to be a leader in responsible corporate citizenship, Maybank seeks to collaborate with organisations that provide opportunities for economic, environmental and social development. In addition to creating opportunities and growth through our business, we aim to fulfil our social responsibility by fostering unique and sustainable values that have a positive impact on society.

We also recognise that the single most important force in our organisation is our employees, who have helped to transform Maybank from a domestic leader into a strong regional corporate citizen.

Our Corporate Responsibility (CR) initiatives and programmes focus on the four pillars of Community, Environment, Workplace and Marketplace. We are committed to meeting community needs, to conserving the environment, and to nurturing our employees. Through our mission to humanise financial services across Asia, we aspire to become a regional financial services leader.

THE MAYBANK FOUNDATION

Maybank employees have worked tirelessly to support Malaysia in its continuing efforts to promote social and economic development. From 2011, these efforts will be coordinated within the Maybank Foundation which has been set up to implement the Group's Corporate Responsibility (CR) initiatives and programmes.

Focusing on community investments and environmental conservation with an initial pledge of RM50 million over three years, the Maybank Foundation aims to set a new standard in CR activities that goes beyond philanthropy to deliver meaningful programmes with lasting impact.

Moving forward, the Maybank Foundation hopes to initiate and support programmes with various non-governmental organisations (NGOs), biodiversity and conservation projects across the region and the continuation of our Cahaya Kasih programme for volunteering at children's homes around the country.

COMMUNITY

Cahaya Kasih

Under the banner Cahaya Kasih, our employee volunteerism programme allows employees to volunteer their time and share their knowledge with various less fortunate community groups. In partnership with the Ministry of Women, Family and Community Development's Rumah Singgahan Kasih Maybank, various CR programmes were launched,



A children's story telling competition to promote national unity.

providing our employees with opportunities to participate in impactful community development work. Our volunteers engage with residents of the adopted homes through activities aimed at promoting social care, education, skill-building and improving quality of life.

PINTAR Foundation

Our partnership with PINTAR Foundation saw the adoption of our two schools into its third year, bringing a variety of incentives and encouragement in recognition of the academic achievements and excellence in sports to the indigent students of the schools. This is in addition to our contribution of computers to enhance computer literacy amongst the students and conducting English courses for the teachers to improve their English proficiency and capabilities. Our adopted schools are Sekolah Menengah Kebangsaan Sungai Ara and Sekolah Kenbangsaan Sungai Duri both located in Pulau Pinang.

We are also happy the schools and students have been receptive to the various programmes to improve their overall academic performance. Among the academic achievements was an increase in the number of students who obtained their SPM, from 71.9% in 2009 to 88.4% in 2010.

Corporate Responsibility

Rumah Kanak-Kanak Tengku Budriah

Rumah Kanak-Kanak Tengku Budriah (RKKTB) in Cheras, Kuala Lumpur is just one of the seven homes adopted by Maybank under our home adoption programme. During the adoption period, we have provided educational support and nurture, general health and hygiene sessions, and academic excellence rewards to the children of the home.

The tutorial sessions are now being conducted in Menara Maybank, which also gives the children the excitement of visiting the Head Office of the country's leading financial institution. This is in addition to our material contributions and upgrading of the home's premises.

Visits to RKKTB are organised on festive occasions to deliver clothing and food to the residents, and special educational as well as recreational outings are also on the agenda. Some of the children of RKKTB have found themselves mentors in our employees and have progressed in their studies and personal development. We intend to track the children's progress going forward as part of our commitment to continue with our adoption of RKKTB beyond 2011.

Close To You

On 20 November 2010, we became the first Malaysian financial institution to conduct a simultaneous global CSR event involving some 10,000 Maybank employees worldwide. This momentous occasion saw our employees carry out CSR activities in every location where Maybank operates, including Singapore, Indonesia, the Philippines, Brunei, Cambodia, Vietnam, Hong Kong, Beijing, Shanghai, Bahrain, London, New York and Papua New Guinea. Themed 'Close To You', the programme focused on five key areas: education, welfare, sports, environment and health/medical needs.

In preparation for the inaugural event, our employees contributed their own funds and organised various fund raising activities for their respective projects to underline our mission to humanise financial services globally. Projects ranged from hosting a Children's Day in a resettlement community to donations of school supplies to the Maharlika Elementary School and assisting in the ongoing medical mission in Manila.

Some 100 families in San Fernando, Pamapanga were recipients of food and grocery packs while Maybankers in the Vis-Min region visited the Padre Pio House of Children and brought toiletries, basic food items and other necessities needed by the orphanage.

International Women's Day

As Malaysia's leading financial institution, we believe we have a role to play in setting the standard for good CR practices with regard to support for women. This is aligned to our policy that accords equal employment opportunities with meritocracy and fairness as the underlying principles. Over the years, we have adopted strategies to acknowledge our female employees' contribution. 2011 saw us collaborating with the Ministry of Women, Family and Community Development on a number of sustainable initiatives to empower women in society.

We celebrated this year's International Women's Day, the first by a financial institution with the Ministry. The Bank and its IT outsourcing partner CSC in Malaysia, teamed up and contributed 200 refreshed computers to single mothers nationwide under the Rumah Nur programme managed by the Department of Women's Development, Ministry of Women, Family and Community Development to improve their computer literacy skills. Maybank employees nationwide also contributed their time to educate the women on the effective use of computers as well as broaden their boundaries in communication and networking.

Other activities organised at our Head Office around the three day celebration were:

- A forum entitled 'Empowering Women to Challenges : Change and Financial Independence' where various issues relating to women's contribution to the economy were addressed.
- A sales carnival that featured products made by single mothers from the Rumah Nur centres in the Federal Territory and Selangor to create greater awareness of the single mothers' efforts and to generate income for themselves.
- Talks that covered topics from women's sexuality and financial independence to self-defence for women.



Being at the heart of the community through various social and educational projects.



their self support upon release. The half day activity with inmates and their chargers also gave extended reconciliation time to inmates with their family members outside the scheduled visits. Maybankers raised funds to donate two shoe sewing machines to help them acquire new marketable skills for economic independence and empowerment when they return to society. Three electronic Qurans were also donated for their spiritual needs.

SPORTS

Maybank supports and promotes programmes that encourage the holistic development of the next generation of future leaders and those aspiring to be sportspersons. This year 2011 also saw us renewing our support for the nation's premier golf tournament following our five-year sponsorship of the Maybank Malaysian Open between 2006 and 2010. The confirmation of our commitment for another five years as the title sponsor of the Malaysian Open brought about the participation of young sensations like Louis Oosthuizen and Charl Schwartzel from South Africa and Rory McIlroy from Ireland.

Mother's Day Celebration with Inmates of Kajang Prison

During the year, another initiative for women's emancipation was organised for female inmates at Kajang Prison. Fifty five Maybank volunteers touched the hearts of many when they volunteered to celebrate Mother's Day with 49 female inmates and their family members at Kajang prison.

The visit was an occasion for Maybankers to remember a segment of the society undergoing correctional rehabilitation and provide assistance for

Corporate Responsibility

The tournament prize money was also increased to US\$2.5 million, while the number of Malaysian golfers in the draw rose from 17 to 22. Meanwhile, we appointed Danny Chia and Mohd Shaaban Hussin as the ambassadors of the Maybank Malaysian Open 2011 to help them realise their potential and hopefully become international champions in the future.

We also brought immense joy to some 20,000 school children from our adopted schools round the country when we enabled them to watch the football match between England's Chelsea FC and our very own Harimau Muda in July 2011 in Putra Stadium Bukit Jalil.

This sponsorship is in line with our CR programmes and our holistic approach to engagement with our adopted schools, combining the development of education with sports and activities.

ENVIRONMENT

Biodiversity

The Maybank-MYCAT partnership for tiger conservation in Malaysia involves scientific and research studies, outreach programmes and enforcement support. Maybankers volunteered at the tiger conservation outreach event held at Kiara Park Taman Tun Dr Ismail, highlighting the drastic decline of tigers worldwide. This event raised awareness of the plight of the Malayan tiger and the need to protect tigers to maintain the ecological balance. Our RM1 million grant will assist in the implementation of the National Tiger Action Plan, which aims to have about 1,000 wild tigers in the Central Forest Spine by 2020.

Disaster Relief

With floods hitting the northern region of the country towards the end of 2010, we felt the need to provide relief assistance to the thousands of Malaysians who were forced to leave their homes. Once again, we offered a six-month moratorium on monthly instalment payments and a waiver of certain charges on a case-to-case basis for our fellow Malaysians affected by the floods. The moratorium was extended to businesses, SMEs and consumer customers and was the fourth moratorium we have offered to customers struck by natural disasters since 2007.

Aimed at relieving the difficulties faced by our customers, our disaster relief programme is yet another of our humanitarian programmes and reflects our commitment to humanise financial services. Our insurance arm, Etiqa, reported processing claims in excess of RM13.10 million from flood-affected policyholders in Kedah and Perlis. Maybankers played their part by pooling over RM270,000 to help colleagues who were affected by the floods.

Following the deadly earthquake and tsunami in Japan which claimed tens of thousands of lives and rendered millions homeless, we at Maybank wasted no time in setting up a fund with The Malaysian Girl Guide Association. Known as The Malaysian Girl Guides Maybank Disaster Fund, this was an initiative to lend a hand to the Japanese people struck by the tragedy. The Malaysian public was extremely enthusiastic in their response and within a short period of time the collection rose to over RM2 million, making it the highest collection for charity by a group ever recorded in the Malaysian Book of Records.

Green Technology Financing

With awareness of green technology gaining prominence in Malaysia, we at Maybank play our part in support of the Government's Green Technology Financing Scheme. Some of the green projects financed locally by us include waste water treatment plants, solid waste recycling plants, an oil palm biomass steam powered generator, and the construction of green buildings. We have also financed green projects in our operations in the Philippines, Indonesia, China and Vietnam.

In recognition of our efforts and contribution, we received the Best Financial Planner Award from the Credit Guarantee Corporation.

MARKETPLACE

Maybank continues its efforts to rigorously adhere to responsible business practices when engaging with its stakeholders – particularly its customers, suppliers and investors – so as to provide a clear understanding of Maybank's performance and enhance their experience with us.



Getting closer to communities helps us to enrich the lives of people around us.

Marketing and Communications

Maybank's marketing policy complies with the Product Transparency and Disclosure guideline set by Bank Negara Malaysia (BNM) and other statutory bodies such as the Public Islamic Dividend Fund (PIDF). The guideline aims to enhance disclosure quality, and requires disclosures to be made in a clear, concise and timely manner. More than ten training sessions were conducted during FY2011 to ensure that Maybank's officers are familiar with and understand our products and services.

Customers

Customers are core to Maybank's sustainability strategy and we are conscious of our responsibility to provide both our business and individual customers with quality products and services. We offer honest advice and treat all customers fairly in accordance with our Code of Conduct, ensuring transparency in our dealings and transactions with them.

We conduct an External Customer Engagement Survey (ECES) to gather valuable customer feedback and input on our products and services. Our ECES rating increased from 34% to 40% in 2011 due to a higher customer satisfaction level with our Community Financial Services (CFS) division.

We manage customers' feedback and complaints through various monitoring systems and websites. The channels by which customers may lodge complaints include Maybank's branches, contact centres and stores. The contact details of the centralised complaint unit of Maybank are also available on the Maybank and BNM websites.

Products and Services

Maybank actively seeks to promote environmental and socially responsible products and services in its pursuit of business. Among our socially responsible products are ATMs for the disabled, housing loans for the poor, microfinance, a clean energy fund, a Green Technology Financing Scheme (GTFS) and Maybank e-statements, which reduce paper use dramatically.

Vendors

Maybank is committed to world-class procurement practices that support the Group's business, financial and strategic objectives. We are committed to working with key suppliers towards the goal of continual improvement in environmental, social and ethical performance.

Corporate Responsibility

We assess our suppliers on these issues and expect the strict implementation of a management system which indirectly influences all vendor processes. All suppliers must comply with the Company's declaration of conflict of interest. In addition, employees must adhere to the Maybank Code of Ethics. Any approach by a vendor that goes beyond the bounds of courtesy, or involves the offer or receipt of gifts, is reported to the employee's superior.

Prevention of Corruption

Maybank's Anti-Fraud Framework provides policy, strategy and a broad set of principles to enable the Group to prevent fraud and to promote a high standard of integrity. It also highlights roles and responsibilities at every level for preventing and responding to fraud. Additionally, the framework educates employees about what channels of communication should be employed when communicating with external parties, and proposes methods to be employed in safeguarding sensitive and confidential information.

Investor Relations

We engage in constant dialogue with our investors and shareholders through Annual General Meetings (AGMs), Extraordinary General Meetings (EGMs), group conferences and various investor relations programmes. Our AGMs and EGMs are the primary platform for direct two-way interaction between the board and the management of the Group and our shareholders. We keep investors updated on the Group's performance, KPIs, strategies and key business activities including quarterly financial announcements. Information about the Group's financial performance is available on our website.

In 2011, we administered our first Group-wide Employee Survey. The 2011 survey showed :

- High employees' participation in the survey where 92% of Maybank Group employees participated and BII for the first time participated with 95% responding to the survey.
- Employees Engagement levels remain high when compared against Towers Watson Global High Performance Companies Norm.

Health and Safety at Work

Maybank is committed to providing a safe, healthy, secure and conducive workplace for all its employees, contractors, visitors and customers. Our commitment to the effective implementation of our Occupational Safety and Health (OSH) policy will help us achieve a work environment of zero harm for all people that work within or visit our workplaces.

Our OSH programmes and campaigns focus on strengthening our OSH management structure and increasing OSH awareness within Maybank. Recent campaigns have focused primarily on healthy lifestyle and health talks to educate employees on ways to maintain a sense of well-being.

Training and Career Development

Please refer to Group Human Capital Section.

For the second consecutive year, we are producing a standalone Sustainability Report on our Corporate Responsibility initiatives and programmes. Focusing on the four pillars of Community, Environment, Workplace and Marketplace, they will be reported on an annual basis to keep our stakeholders abreast of our Corporate Responsibility efforts.

WORKPLACE

Relationship with Employees

We believe an engaged workforce has the capability to deliver sustainable financial performance and a significant competitive advantage. We survey to measure the level of employee engagement within the Group. It enables management to identify what needs immediate attention to address gaps and issues as well as to act on the insights.



Maybankers are ever ready to make a difference in the community.

Investor Relations

Investor Relations (IR) continued its efforts to engage the investment community effectively through various communication channels.

The IR team is tasked with providing stakeholders with insights into Maybank's performance and business operations. In FY2011, in enhancing IR effectiveness and in the light of the global economic crisis, we stepped up communication with the investment community and financial markets, emphasising the strength of Maybank's franchise, our business outlook and risk mitigation. We also undertook a host of activities in line with corporate developments.

Highlights

- We participated in more roadshows to enhance engagement with stakeholders
- We improved the integration and coordination of IR within the Group
- We initiated share register analysis to better understand our shareholders
- We attracted greater analyst coverage
- We received more buy recommendations and higher target price

Analyst Briefings

As in previous years, for the half year and full year results we ran media and analyst briefings, complemented by conference call facilities, while for the first and third quarters we ran conference calls. For the results announcement, presentations and other relevant documents are made available on the corporate website. In addition, we have started to announce results during lunch time since 2nd Quarter FY2011 and conducted media and analyst briefings immediately thereafter to allow analysts to prepare their report in time for market trading and media printing the next day.

Key Events

Results Announcement

	Date
First Quarter	12 Nov 10
Second Quarter	21 Feb 11
Third Quarter	12 May 11
Fourth Quarter	22 Aug 11

Other Events

Annual General Meeting for FY2010	29 Sep 10
Kim Eng acquisition announcement	6 Jan 11
Extraordinary General Meeting on employee share scheme and update on Kim Eng acquisition	13 Jun 11

	FY2011	FY2010
Results Announcement: Analyst briefings	2	2
Results Announcement: Teleconferences	2	2
Number of companies met (in-house meetings and roadshows)	238	233
Number of analysts/fund managers met (in-house meetings and roadshows)	325	281
Non-deal roadshows	6	5



In-House Meetings

Growing interest from the investment community has led to more requests for meetings with senior management. The Group met 325 analysts and fund managers in 238 meetings, up 15.7% and 2.2% respectively from the year before.

Roadshows and Conferences

To provide a better understanding of the Group's performance, development and future direction, we regularly take part in local and international conferences and roadshows, including such high profile events as:

- The 17th CLSA Investors' Forum 2010 in Hong Kong
- Invest Malaysia Kuala Lumpur 2011
- Invest Malaysia New York/San Francisco 2011

At these events, senior management updated participants on Group strategy and initiatives. A key update for FY2011 was on the acquisition of Kim Eng Holdings.

Investor Relations



Venue	Event	Date	Organiser
Hong Kong	17th CLSA Investors' Forum 2010	14 – 17 September 2010	CLSA
UK	Non-deal roadshow	6-8 October 2010	Nomura
Singapore	Singapore roadshow	12 October 2010	Citigroup
Singapore	Non-deal roadshow	10 January 2011	UBS
Tokyo	Non-deal roadshow	31 January 2011	Nomura
Singapore	Non-deal roadshow	3 – 4 March 2011	Nomura
Kuala Lumpur	BII roadshow	4 March 2011	Maybank/BII
Kuala Lumpur	Invest Malaysia Kuala Lumpur 2011	12 – 13 April 2011	Maybank-IB
NewYork/ San Francisco	Invest Malaysia NewYork/ San Francisco 2011	17 – 19 May 2011	Maybank-IB/CIMB/ JP Morgan

AGM/EGM

Our 50th Annual General Meeting was held on 29 September 2010. We also held an Extraordinary General Meeting on 13 June 2011 to obtain shareholder approval for the proposed Employee Share Scheme (ESS) and to update shareholders on the progress of the Kim Eng acquisition.

Website

The Maybank corporate website at www.maybank.com recorded increased hits and queries from both local and foreign visitors. One important initiative covered by the website was the Dividend Reinvestment Plan (DRP). A DRP micro-site was developed to provide vital

information including dividend details, key dates and announcements, as well as a DRP calculator to enable shareholders to compute their dividend entitlement.

Share Register Analysis

We initiated Share Register Analysis, which provides a breakdown of shareholders by profile, amount of shareholding, investment style and geographical location. This helps us better understand our shareholders and enables us to organise investor meetings, conferences and roadshows more effectively.

CREDIT RATING

As part of our policy of providing both stakeholders and the public with independent information, we maintain credit ratings with five rating agencies: RAM Ratings, Malaysian Rating Corporation (MARC), Standard and Poor's (S&P), Fitch Ratings and Moody's Investors Services.

UPDATES TO SHAREHOLDERS

Key events we reported in FY2011 included:

- A second consecutive year of record profit after tax and minority interest (PATAMI), which rose to RM4.45 billion despite the competitive banking landscape and a weaker outlook for economic growth.
- The acquisition of Kim Eng announced on 6 January 2011. We expect Kim Eng to drive the Group's investment banking business and increase profit contribution from overseas.
- The progress of the Group's transformation programme and strategic objectives which will carry the business to a higher level.
- The House of Maybank structure providing greater alignment of business units and increased efficiency.
- The success of our capital-raising exercise, with our subordinated notes of SGD1 billion oversubscribed 1.7 times. This was the largest ever single tranche transaction for a Malaysian borrower in Singapore.
- A 74.9% dividend payout ratio, well above our payout ratio policy of 40-60%.
- The success of our DRP, which achieved a reinvestment rate of 91%, reflecting shareholder confidence in the Group.
- A final dividend of 32 sen, bringing the total dividend for FY2011 to 60 sen per share, as against 55 sen in FY2010.

Analyst Coverage

As at June 2011, Maybank was covered by 29 research houses. Kim Eng Research Sdn Bhd ceased coverage after it became part of the Group while Goldman Sachs (Singapore) Pte started coverage in May 2011. During the year, broader coverage by local and foreign sell-side equity research houses reflected greater interest in the Group.

No.	Research House	No.	Research House
1	Affin Securities	16	JP Morgan
2	Alliance Research	17	KAF Seagroatt & Campbell
3	AmResearch Sdn Bhd	18	Kenanga Investment Bank
4	BNP Paribas	19	Macquarie
5	BOA Merrill Lynch	20	MIDF Research
6	CIMB	21	MIMB
7	Citigroup	22	Nomura Securities
8	CLSA Asia Pacific	23	OSK Research
9	Credit Suisse	24	RHB Research Institute
10	Deutsche Bank	25	Standard and Poor's
11	ECM Libra Avenue	26	Standard Chartered
12	Goldman Sachs	27	TA Securities
13	Hong Leong Investment Bank	28	UBS Securities
14	HwangDBS Vickers	29	UOB Kay Hian
15	Inter-Pacific Research		

Analyst Recommendations

We received 20 Buy calls compared to 16 last year with only 2 Sell calls from 5 last year. Analysts also increased their target price. On average, Maybank's target price was raised from RM9.98 from RM8.16, an increase of 22%.

Refer to page 216 for Investor Relations and Shareholders Communication, and page 46 for Maybank Share.

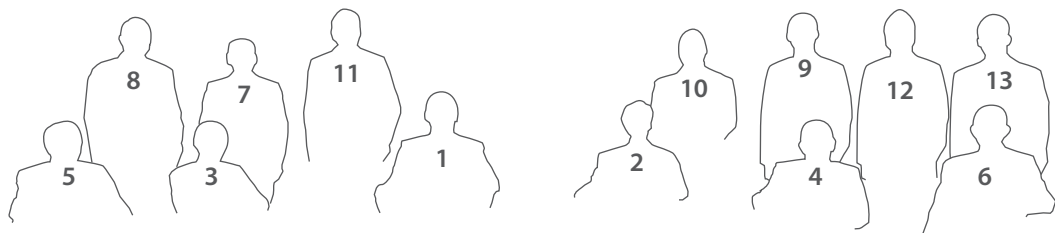


Genuine

We are honest, candid and sincere in all our dealings with our customers, speaking from our heart as well as our head. We always strive genuinely to do the right thing – and make sure we explain the reasons why. Our products and services are clear and easy to understand with no hidden surprises.



Board of Directors





1 Tan Sri Dato' Megat Zaharuddin Megat Mohd Nor

2 Dato' Mohd Salleh Haji Harun

3 Dato' Sri Abdul Wahid Omar

4 Tan Sri Datuk Dr. Hadenan A. Jalil

5 Dato' Seri Ismail Shahudin

6 Dato' Dr. Tan Tat Wai

7 Zainal Abidin Jamal

8 Alister Maitland

9 Cheah Teik Seng

10 Dato' Johan Ariffin

11 Sreesanthan Eliathamby

12 Datuk Mohaiyani Shamsudin

13 Mohd Nazlan Mohd Ghazali
(General Counsel & Company Secretary)

Board of Directors Profile



TAN SRI DATO' MEGAT ZAHARUDDIN MEGAT MOHD NOR

(62 years of age - Malaysian)

B.Sc (Hons) in Mining Engineering, Imperial College of Science & Technology, University of London; Associate of the Royal School of Mines, UK
Non-Independent Non-Executive Director (Chairman)

Tan Sri Dato' Megat Zaharuddin Megat Mohd Nor was appointed as a Director and Chairman of Maybank on 1 October 2009. He was an Independent Non-Executive Director of Maybank from July 2004 to February 2009.

He built an outstanding career in the oil and gas industry for 31 years with the Royal Dutch Shell Group of Companies and was the Regional Business Chief Executive Officer and Managing Director, Shell Exploration and Production B.V. prior to his retirement in early 2004. He was also the Chairman of Maxis Communications Berhad from January 2004 to November 2007, Etiqa Insurance & Takaful from January 2006 until February 2009, Malaysian Rubber Board from February 2009 to May 2010, Director of Capital Market Development Fund from January 2004 to January 2010 and Director of Woodside Petroleum Ltd, a company listed on the Australian Securities Exchange, from December 2007 to April 2011.

His current directorships in companies within the Maybank Group include being Chairman of Maybank Investment Bank Berhad and President Commissioner of PT Bank Internasional Indonesia Tbk. He is also a Director of the ICLIF Leadership and Governance Centre.

He attended all 22 Board Meetings held in the financial year ended 30 June 2011.

Tan Sri Dato' Megat Zaharuddin has no family relationship with any director and is a nominee of Permodalan Nasional Berhad, a major shareholder of Maybank. He has no conflict of interest with Maybank and has never been charged for any offence.



DATO' MOHD SALLEH HAJI HARUN

(67 years of age - Malaysian)

Member of the Malaysian Institute of Certified Public Accountants; Fellow of the Institute of Bankers Malaysia

Independent Non-Executive Director (Vice Chairman)

Dato' Salleh was appointed as a Director and Vice Chairman of Maybank on 18 November 2009. He serves as Chairman of the Nomination and Remuneration and Employee Share Scheme Committees of the Board. Prior to that he was Chairman of the Credit Review Committee of the Board.

He started his career as a Senior Accountant with the Treasury between 1971 and 1974 prior to joining the Maybank Group in 1974 as Investment Manager in Aseambankers Malaysia Berhad (now known as Maybank Investment Bank Berhad), before moving to Bank Rakyat for a short stint in 1978. Thereafter, Dato' Salleh returned to the Maybank Group where he served in various senior capacities culminating as Executive Director of Maybank from 1994 to 2000. He was then appointed as a Deputy Governor of Bank Negara Malaysia, a post he held up to 2004. Since then, he had held directorships in the RHB Group including as Chairman of RHB Insurance Berhad until November 2009.

His current directorships in companies within the Maybank Group include being Chairman of Mayban Ageas Holdings Berhad (formerly known as Mayban Fortis Holdings Berhad), Etiqa Insurance Berhad, Etiqa Takaful Berhad, Mayban Investment Management Sdn Bhd and Maybank Philippines Inc. He is also a Director of Scicom (MSC) Berhad and Asia Capital Reinsurance Malaysia Sdn Bhd.

He attended all 22 Board Meetings held in the financial year ended 30 June 2011.

Dato' Salleh has no family relationship with any director and/or major shareholder of Maybank. He has no conflict of interest with Maybank and has never been charged for any offence.

Board of Directors Profile



DATO' SRI ABDUL WAHID OMAR

(47 years of age – Malaysian)

Fellow of the Association of Chartered Certified Accountants (UK);

Member of the Malaysian Institute of Accountants

Non-Independent Executive Director

Dato' Sri Abdul Wahid Omar was appointed as the President & CEO and Executive Director of Maybank on 1 May 2008. He serves as Chairman of the Group Executive Committee and as a member of the Credit Review Committee of the Board.

Prior to joining Maybank, he was the Group CEO of Telekom Malaysia Berhad from July 2004 to April 2008. He was also formerly the Managing Director/Chief Executive Officer of the UEM Group Berhad and UEM World Berhad as well as the Executive Vice Chairman of PLUS Expressways Berhad. This was preceded by serving at Telekom Malaysia Berhad as the Chief Financial Officer in 2001. He was previously a Director of Group Corporate Services cum Divisional Director, Capital Market & Securities of Amanah Capital Partners Berhad, Chairman of Amanah Short Deposits Berhad as well as a Director of Amanah Merchant Bank Berhad and several other financial services companies.

His current directorships in companies within the Maybank Group include as Director of Mayban Ageas Holdings Berhad (formerly known as Mayban Fortis Holdings Berhad), Maybank Investment Bank Berhad and PT Bank Internasional Indonesia Tbk. His directorships in other companies include as Chairman of Malaysia Electronic Payment System Sdn Bhd and as Director of Cagamas Holdings Berhad and ASEAN Finance Corporation Limited.

Dato' Sri Abdul Wahid Omar is also currently the Chairman of the Association of Banks in Malaysia, Vice Chairman of the Institute of Banks Malaysia, and a member of Investment Panel of Lembaga Tabung Haji and Kumpulan Wang Persaraan (KWAP).

He attended all 22 Board Meetings held during the financial year ended 30 June 2011.

Dato' Sri Abdul Wahid Omar has no family relationship with any director and/or major shareholder of Maybank. He has no conflict of interest with Maybank and has never been charged for any offence.



TAN SRI DATUK DR HADENAN A. JALIL

(65 years of age – Malaysian)

PhD, Henley Management College, UK;

Master of Business Management, Asian Institute of Management, Philippines; Bachelor of Economics, University of Malaya

Independent Non-Executive Director

Tan Sri Datuk Dr Hadenan A. Jalil was appointed as a Director of Maybank on 15 July 2009. He serves as Chairman of the Audit Committee and as a member of the Nomination and Remuneration, and Employee Share Scheme Committees of the Board.

Tan Sri Datuk Dr Hadenan A. Jalil was Auditor General from 2000 to 2006. He served with the Government for 36 years in various capacities in the Treasury, the Ministry of International Trade and Industry and the Ministry of Works prior to his appointment as Auditor General.

His current directorships in companies within the Maybank Group include as Director of Maybank Islamic Berhad. He is also Chairman of ICB Islamic Bank Ltd (Bangladesh), Protasco Berhad and its subsidiary, and PNB Commercial Sdn Bhd and its subsidiaries. In addition, he sits on the boards of THP-Sinar Sdn Bhd, Unilever (Malaysia) Holdings Sdn Bhd and University Tun Abdul Razak Sdn Bhd as well as being a member of the Audit Committee, Johor Corporation.

He attended 20 of the 22 Board Meetings held in the financial year ended 30 June 2011.

Tan Sri Datuk Dr Hadenan A. Jalil has no family relationship with any director and/or major shareholder of Maybank. He has no conflict of interest with Maybank and has never been charged for any offence.



DATO' SERI ISMAIL SHAHUDIN

(60 years of age – Malaysian)

Bachelor of Economics, University of Malaya

Independent Non-Executive Director

Dato' Seri Ismail Shahudin was appointed as a Director of Maybank on 15 July 2009. He serves as Chairman of the Credit Review Committee of the Board.

He was Chairman of Bank Muamalat Malaysia Berhad from 2004 until his retirement in July 2008. He has held senior positions in Citibank, serving both in Malaysia and New York, United Asian Bank and Maybank where he was appointed Executive Director in 1997. He left Maybank in 2002 to assume the position of Group Chief Executive Officer of MMC Corporation Berhad prior to his appointment to the Board of Bank Muamalat Malaysia Berhad.

His current directorships in companies within the Maybank Group include as Chairman of Maybank Islamic Berhad and as director of MCB Bank Limited, Pakistan. He is also a director of several public listed companies which include PLUS Expressways Berhad, Mutiara Goodyear Development Berhad, SMPC Corporation Berhad, EP Manufacturing Berhad, Opus International Consultants Ltd and Aseana Properties Limited, a company listed on the London Stock Exchange.

He attended 20 of the 22 Board Meetings held in the financial year ended 30 June 2011.

Dato' Seri Ismail Shahudin has no family relationship with any director and/or major shareholder of Maybank. He has no conflict of interest with Maybank and has never been charged for any offence.

Board of Directors Profile



DATO' DR TAN TAT WAI

(64 years of age – Malaysian)

PhD DMPN

PhD in Economics, Harvard University, USA;

Master of Economics, University of Wisconsin (Madison), USA;

Bachelor of Science in Electrical Engineering & Economics,

Massachusetts Institute of Technology, USA

Independent Non-Executive Director

Dato' Dr Tan Tat Wai was appointed as a Director of Maybank on 15 July 2009. He serves as Chairman of the Risk Management Committee and as a member of the Nomination and Remuneration, and Employee Share Scheme Committees of the Board.

He started his career with Bank Negara Malaysia in 1978, undertaking research in economic policies. Subsequently, he assumed the role of a consultant to Bank Negara Malaysia, World Bank and the United Nations University for several years. He served as the Secretary and a member on the Council of Malaysian Invisible Trade, set up to formulate policies to reduce Malaysia's deficit in service trade. He was a member of the Government appointed Malaysian Business Council, the Corporate Malaysia Roundtable, the Penang Industrial Council, the Industrial Co-ordination Council (ICC) and the National Committee on Business Competitiveness (NCBC) set up by the Ministry of International Trade and Industry. He represented Malaysia as a member of the APEC Business Advisory Council (ABAC) and sat on the Council of Wawasan Open University.

Within the Maybank Group, he is a Director of Maybank Investment Bank Berhad and Mayban Trustees Berhad. He is the Group Managing Director of Southern Steel Berhad, a post he has held since December 1993. He also sits on the Boards of Shangri-La Hotels (M) Bhd, Titan Chemicals Corp Sdn Bhd, Natsteel Ltd, a plc in Singapore and Starglow Investments Ltd, and among several other private limited companies. He is also the President of the not-for-profit Lam Wah Ee Hospital.

He attended all 22 Board Meetings held during the financial year ended 30 June 2011.

Dato' Dr Tan has no family relationship with any director and/or major shareholder of Maybank. He has no conflict of interest with Maybank and has never been charged for any offence.



ZAINAL ABIDIN JAMAL

(57 years of age – Malaysian)

LL.B (Honours), University of Singapore

Non-Independent Non-Executive Director

Zainal Abidin Jamal was appointed as a Director of Maybank on 22 July 2009. He serves as a member of the Credit Review, Nomination and Remuneration, and Employee Share Scheme Committees of the Board.

He is a practising corporate and commercial lawyer and established his firm, Zainal Abidin & Co in 1987, where he is the Founder and Senior Partner. He was enrolled as an Advocate & Solicitor of the High Court of Malaya in 1986. Between 1983 and 1986, he served as the Company Secretary of Harrisons Malaysian Plantations Berhad. Prior to that, he had practised in Singapore where he was enrolled in 1980 as an Advocate and Solicitor of the Supreme Court of Singapore and had also served as a First Class Magistrate in Brunei Darussalam.

His current directorships in companies within the Maybank Group include as Chairman of Mayban Trustees Berhad and Director of Etiqa Insurance Berhad, Etiqa Takaful Berhad, Maybank Islamic Berhad, Maybank International (L) Limited, and Mayban International Trust (L) Ltd. He also serves on the Boards of Lam Soon (M) Berhad, Kesas Holdings Berhad, PNB Asset Management (Japan) Co Ltd, PNB International Limited, PNB-SBI ASEAN Gateway Investment Management Limited and several other private limited companies.

He attended all 22 Board Meetings held in the financial year ended 30 June 2011.

Zainal Abidin Jamal has no family relationship with any director and is a nominee of Permodalan Nasional Berhad, a major shareholder of Maybank. He has no conflict of interest with Maybank and has never been charged for any offence.



ALISTER MAITLAND

(70 years of age – Australian)

Degree in commerce from Victoria University, NZ;

AMP Graduate, Harvard Business School, USA

Independent Non-Executive Director

Alister Maitland was appointed as a Director of Maybank on 26 August 2009. He serves as a member of the Nomination and Remuneration, Risk Management and Employee Share Scheme Committees of the Board.

In his career spanning 35 years in Australia, New Zealand and the UK, he has held many key roles within the ANZ Banking Group Ltd including that of Chief Economist and Managing Director of ANZ New Zealand. In his last six years with the ANZ Group, he served on the main board of ANZ Bank as Executive Director International, directly responsible for ANZ Group's operations in 42 countries.

His current directorship within the Maybank Group includes as Chairman of Maybank (PNG) Ltd.

He attended all 22 Board Meetings held in the financial year ended 30 June 2011.

Alister Maitland has no family relationship with any director and/or major shareholder of Maybank. He has no conflict of interest with Maybank and has never been charged for any offence.



CHEAH TEIK SENG

(57 years of age – Malaysian)

Bachelor of Science, University of Manchester, UK;

Fellow of the Institute of Chartered Accountants in England and Wales

Independent Non-Executive Director

Cheah Teik Seng was appointed as a Director of Maybank on 26 August 2009. He serves as a member of the Audit and Risk Management Committees of the Board.

As a federal government Public Services Department scholarship holder, he served in the civil service in the early '80s. After leaving government service, he took on various roles in the banking and financial services industry both locally as well as in London, Hong Kong and Singapore. He held positions in Public Bank, Chase Manhattan Bank, Merrill Lynch, Goldman Sachs, UBS and in BNP Paribas holding the position of Managing Director for a tenure of nine years. He was appointed as CEO-designate of ECM Libra Avenue Group in 2006. He is currently a Director and partner of Aktis Capital Singapore Pte Ltd.

His current directorships in companies within the Maybank Group include as Chairman of Mayban Ventures Sdn Bhd, Mayban-JAIC Capital Management Sdn Bhd, Mayban Ventures Capital Company Sdn Bhd, Mayban Agro Fund Sdn Bhd, Mayban-JAIC Management Ltd as well as Director of Maybank Investment Bank Berhad.

Mr Cheah sits on the boards of Kumpulan Wang Persaraan (KWAP) and of various private equity companies in Hong Kong, China and Malaysia. He is also an Independent Non-Executive Director of two hedge funds.

He attended all 22 Board Meetings held in the financial year ended 30 June 2011.

Cheah Teik Seng has no family relationship with any director and/or major shareholder of Maybank. He has no conflict of interest with Maybank and has never been charged for any offence.

Board of Directors Profile



DATO' JOHAN ARIFFIN

(52 years of age – Malaysian)
B.A. Economics, Indiana University, USA;
MBA, University of Miami, USA
Independent Non-Executive Director

Dato' Johan Ariffin was appointed as Director of Maybank on 26 August 2009. He serves as a member of the Audit and Credit Review Committees of the Board.

He started his career in the real estate division of Citibank. Thereafter, he held various senior positions in several subsidiaries of public listed companies while venturing into his own successful marketing and advertising consultancy and property development business. He then headed Danaharta's Property Division as Senior General Manager before moving on to head TTDI Development Sdn Bhd up to January 2009.

His current directorships in companies within the Maybank Group include as Chairman of Maybank International (L) Limited and Mayban International Trust (L) Ltd as well as Director of Mayban Ageas Holdings Berhad (formerly known as Mayban Fortis Holdings Berhad), Etiqa Insurance Berhad and Etiqa Takaful Berhad.

He is currently also Chairman of Mitraland Properties Sdn Bhd and Director of Sime Darby Property Berhad, and a National Council member of the Real Estate Housing Developers' Association Malaysia (REHDA).

He attended 21 of the 22 Board Meetings held in the financial year ended 30 June 2011.

Dato' Johan Ariffin has no family relationship with any director and/or major shareholder of Maybank. He has no conflict of interest with Maybank and has never been charged for any offence.



SREESANTHAN ELIATHAMBY

(50 years of age – Malaysian)
LLB (Hons), University of Malaya;
BCL (Postgrad degree in Law), University of Oxford, UK
Non-Independent Non-Executive Director

Sreesanthan Eliathamby was appointed as a Director of Maybank on 26 August 2009. He serves as a member of the Risk Management and Audit Committees of the Board.

He is an Advocate & Solicitor and a Partner with the legal firm of Messrs Kadir, Andri & Partners. He was formerly a Legal Assistant and later a Partner with the legal firm of Messrs Zain & Co.

Within the Maybank Group, he sits on the boards of Maybank (PNG) Ltd, Mayban Ventures Sdn Bhd, Mayban-JAIC Capital Management Sdn Bhd, Mayban Ventures Capital Company Sdn Bhd, Mayban Agro Fund Sdn Bhd and Mayban-JAIC Management Ltd as well as a member of the Supervisory Committee of An Binh Bank in Vietnam, an associate company of Maybank.

He is also a member of the Investment Committee of Amanah Saham Wawasan 2020 Fund, Bursa Malaysia Listing Committee and the Investigating Tribunal Panel of the Advocates and Solicitors' Disciplinary Board. He currently sits on the boards of the Scomi Group Berhad, Guinness Anchor Berhad and Sime Darby Berhad.

He attended 21 of the 22 Board Meetings held in the financial year ended 30 June 2011.

Sreesanthan Eliathamby has no family relationship with any director and is a nominee of Permodalan Nasional Berhad, a major shareholder of Maybank. He has no conflict of interest with Maybank and has never been charged for any offence.



DATUK MOHAIYANI SHAMSUDIN

(63 years of age – Malaysian)

MBA (Finance) Cornell University, Ithaca, New York, USA

BA (Economics) Knox College, Galesburg, Illinois, USA

Independent Non-Executive Director

Datuk Mohaiyani was appointed as a Director of Maybank on 22 August 2011.

She was with Amanah Chase Merchant Bank Berhad before starting her own stockbroking company, Mohaiyani Securities Sdn Bhd, in 1985. During her active involvement in the stockbroking industry, she was appointed as Deputy Chairman of Kuala Lumpur Stock Exchange (now known as Bursa Malaysia Berhad) and Chairman of Association of Stockbroking Companies Malaysia. In addition, she had been appointed as a member of several high level national working groups such as National Economic Action Council (NEAC), National Economic Consultative Council II (MAPEN II), National Information Technology Council (NITC) and Ministry of Finance High Level Finance Committee for Corporate Governance.

At present, she sits on the board of Aberdeen Asset Management Sdn Bhd and serves as a Director of Capital Market Development Fund. She is also a member of the National Advisory Council for Women, Ministry of Women, Family and Community Development and Panel Usahawan Wanita, SME Corp Malaysia as well being a member and trustee of the National Heart Institute Foundation.

Datuk Mohaiyani has no family relationship with any director and/or major shareholder of Maybank. She has no conflict of interest with Maybank and has never been charged for any offence.



MOHD NAZLAN MOHD GHAZALI

Mohd Nazlan is the General Counsel & Company Secretary of Maybank, and is also its Head of Corporate & Legal Services. He graduated with a Bachelor of Arts in Jurisprudence as well as Master of Arts, both from the University of Oxford. He is also a Barrister at Law (Lincoln's Inn) and an Advocate & Solicitor of the High Court of Malaya.

He was a Partner and Head of Equity Capital Markets at Zaid Ibrahim & Co, specialising mainly on corporate, financial services and securities law matters, particularly in respect of corporate transactions such as capital raisings and M&As before joining Maybank in 2005. Prior to that, he was with the Securities Commission of Malaysia (SC) for about 7 years until 2000 and his last position was the General Manager of the Enforcement Division, with overall responsibility over the investigation, prosecution and complaints departments. He had also earlier served the Executive Chairman's Office and the Issues & Investment Division whilst at the SC. Mohd Nazlan started his working career in 1991 at Messrs Shook Lin & Bok, handling corporate, conveyancing and banking law matters.

Group Executive Committee



DATO' SRI ABDUL WAHID OMAR – Age 47
President & CEO

Dato' Sri Abdul Wahid Omar has helmed Maybank Group as its President & CEO since May 2008.

Experience

Dato' Sri Abdul Wahid has extensive track record in corporate and financial management beginning with Bumiputra Merchant Bankers Berhad from January 1988 to April 1991, Kumpulan FIMA Berhad from April 1991 to August 1994 and Amanah Capital Group from August 1994 to February 2001. He also served as Chief Financial Officer of Telekom Malaysia Berhad from March to September 2001 before his appointment as Managing Director/CEO of UEM Group (and subsequently as Executive Vice Chairman of PLUS Expressways Berhad) from October 2001 to June 2004. Dato' Sri Wahid returned to Telekom Malaysia as its Group CEO in July 2004 and helmed the Group until its demerger exercise in April 2008.

Responsibility

Dato' Sri Abdul Wahid is responsible for driving the overall management and growth of the Group.

Qualification

Fellow of the Association of Chartered Certified Accountants, United Kingdom. Chartered Member of the Malaysian Institute of Accountants.

Committee Membership/Appointments

Dato' Sri Abdul Wahid is a Board member of Maybank Ageas Holdings Berhad, Maybank Investment Bank Berhad and PT Bank Internasional Indonesia Tbk. He is also the Chairman of the Association of Banks in Malaysia and Malaysian Electronic Payment System Sdn Bhd, as well as a Director of Cagamas Holdings Berhad. In addition to that, he is also the Vice Chairman of Institute of Banks in Malaysia and member of the Investment Panels of Kumpulan Wang Persaraan and Lembaga Tabung Haji.



KHAIRUSSALEH RAMLI – Age 43
*Deputy President &
Group Chief Financial Officer*

Khairussaleh Ramli became Group Chief Financial Officer of Maybank Group in November 2008.

Experience

Prior to joining Maybank, Khairussaleh served Telekom Malaysia Berhad (TM) for about two years. His last position there was as Group Chief Strategy Officer where he was responsible for the overall group strategy, business development and corporate finance, and the strategic management of a portfolio of subsidiaries. He sat on the Boards of VADS Berhad and Measat Global Berhad. He was also the Project Director for the demerger exercise of the TM Group.

Khairussaleh spent eight years with Bursa Malaysia Berhad from 1998 to 2006, holding various positions before rising to the position of Chief Financial Officer in 2004. He was a key team member in the consolidation of exchanges and clearing houses, the Joint Project Director for the exchange demutualisation exercise and led the IPO and listing of Bursa Malaysia on the exchange. Khairussaleh served the Public Bank Group for seven years from 1990 to 1997, gaining experience in corporate banking, stock broking and research and futures broking. His last position in the group was Executive Director of PB Futures Sdn Bhd.

Khairussaleh was voted Malaysia's CFO of the Year for the second consecutive time in a poll conducted by Finance Asia in 2011.

Responsibility

Khairussaleh is responsible for the Group's financial, capital and funding management. He oversees Finance & Treasury Operations, Management Reporting & Business Planning, Strategy & Corporate Finance, Central Funding, Enterprise Information Management, Corporate Remedial Management, Strategic Procurement and Property and Security.

Qualification

Bachelor of Science in Business Administration, Washington University, USA.

Committee Membership/Appointments
Nil.



LIM HONG TAT – Age 52

Deputy President

Head, Community Financial Services

Lim Hong Tat is the Deputy President and Head of Community Financial Services.

Experience

Being a Maybank scholar, he joined the bank upon graduation in 1981. He has 30 years of experience covering all aspects of banking, having managed branches, regional banking, credit cards and international banking operations including holding senior management positions as Director/President and CEO of Maybank Philippines Inc, Head of International Banking and Head of Consumer Banking in Maybank Group.

Responsibility

As Head of Community Financial Services, he is responsible for the overall management and performance of the Bank's SME, Business Banking and Consumer segments as well as sales and distribution. This covers community banking, product innovation and industrialisation, customer segmentation, virtual banking, wealth management and payment services, sales and distribution and business strategy, planning and development.

Qualification

Bachelor of Economics (Business Administration) (Hons), University of Malaya. Diploma in Marketing & Selling Bank Services, International Management Centre.

Committee Membership/Appointments

He is the Chairman of FPX Gateway Sdn Bhd, a subsidiary of MEPS and a Director of Credit Bureau Malaysia Sdn Bhd.



ABDUL FARID ALIAS – Age 43

Deputy President &

Head, Global Wholesale Banking

Abdul Farid Alias was appointed as Deputy President & Head, Global Wholesale Banking of Maybank Group on 1 July 2010.

Experience

Farid has over 20 years of experience in investment banking and capital markets, having served with various merchant and investment banks such as Aseambankers Malaysia Berhad from 1992 to 1994, Schroders from 1994 to 1995, Malaysia International Merchant Bankers Berhad from 1996 to 1997, and JPMorgan from 1997 to 2005. He was attached to Khazanah Nasional Berhad from 2005 to 2008 as Director of Investments. In Khazanah, he sat on the Board of Commissioners/Directors of several publicly listed companies. These include PT Bank Lippo Tbk, PT Excelcomindo Pratama Tbk, UEM World Berhad, PLUS Expressways Berhad and UEM Builders Berhad. He also sat on the Boards of MCB Bank Limited and An Bin Bank as a nominee of Maybank until 2010.

Responsibility

His areas of responsibility comprise of corporate banking, investment banking, transaction banking, client coverage, and global markets, which form the businesses under Global Wholesale Banking. In addition to that he is also responsible for international business.

Qualification

Bachelor of Science in Accounting, Pennsylvania State University, University Park, USA. Masters in Business Administration, Finance, Denver University, USA.

Committee Membership/Appointments

He is currently a member of the Boards of Directors of Maybank Investment Bank Berhad, Maybank Philippines Incorporated, Maybank International Labuan Limited and Kim Eng Holdings Ltd. He is the Chairperson for the Permanent Committee on ASEAN Inter-Regional Relations, ASEAN Banking Council (ABC) and is a member of the ABA Policy Advocacy Committee of the Asian Bankers Association. Recently, he was appointed as a member of the Malaysia – Pakistan Business Council.

Group Executive Committee



DR. JOHN LEE HIN HOCK – Age 45
Group Chief Risk Officer

Dr. Lee is appointed as Group Chief Risk Officer since January 2011.

Experience

Dr. Lee was previously with Amanah Merchant Bank and the Kuala Lumpur Options and Financial Futures Exchange (KLOFFE). Prior to his appointment in Maybank, he served in financial services consulting and advisory, where he was a partner with KPMG Business Advisory for the past 13 years, assisting numerous financial institutions across the Asia Pacific markets. He has in-depth financial industry and risk management expertise with a specialisation in Islamic finance, business strategy, risk management and performance management, which will be an asset to the Maybank Group, in particular embedding international standard risk practices across the Maybank Group.

Responsibility

Dr. Lee is responsible for credit and risk management across the Group.

Qualification

Bachelor of Economics, Monash University, Australia. Doctorate of Philosophy in Economics, Monash University, Australia. Fellow Certified Practising Accountant of the Australian Society of CPAs. Member of the American Finance Association, Econometrics Society and Society of Financial Studies.

Committee Membership/Appointments

Dr. Lee was the Malaysian representative on the Risk Management Working Group and is currently a member of the Liquidity Risk Management Working Group of the Islamic Financial Services Board (IFSB).



GEOFFREY STECYK – Age 41
Head, Enterprise Transformation Services

Geoff Stecyk is the Head of Enterprise Transformation Services (ETS) since 1 July 2010.

Experience

He joined Maybank in November 2008 as Chief Transformation Officer leading the LEAP30 Performance Improvement Programme. Prior to joining Maybank, he was National Head of Bancassurance with American International Assurance (AIA) China from 2006 to 2008. Prior to that, he was Executive Vice President, Business Integration with Southern Bank Berhad from 2001 to 2004. He was involved in the transformation of the bank which covered all major areas of the retail and SME banking with an emphasis on driving immediate earnings growth to fund the structural transformation over the medium term.

Responsibility

He strategises, directs and drives the enterprise operations of the new House of Maybank having created a platform comprising Information Technology, Operations and Service Quality that supports the Group's Transformation and long-term strategic objectives.

Qualification

Bachelor of Commerce (Marketing/Finance), University of Alberta, Canada.

Committee Membership/Appointments

Nil.



NORA ABD MANAF – Age 46
Head, Group Human Capital

Nora Abd Manaf has been the Head, Group Human Capital of Maybank Group since September 2008.

Experience

Prior to joining Maybank, she was with the Standard Chartered Group for over nine years, where her last held position was Head of Human Resources, Scope International, a subsidiary of Standard Chartered Group UK Plc. Her other roles in Standard Chartered Group included as EVP, Head Strategic Initiatives, PT Bank Permata in Indonesia prior to returning to Malaysia in 2008, a leadership development head role in London as well as roles in Standard Chartered Bank Malaysia and integration work in Hong Kong post Standard Chartered Bank's acquisition of Chase Retail bank. Prior to Standard Chartered, Nora worked in diverse disciplines and industries ranging from semiconductor and telecommunications through to education and consulting as well as finance.

Responsibility

Nora's responsibilities encompass direction setting for Group Human Capital and guiding Maybank's People and Culture Transformation initiatives.

Qualification

Chartered Accountant, registered with Malaysian Institute of Accountants. Bachelor of Accounting, University Institute Technology MARA. Postgraduate Certificate in Human Resource Development from Cornell University, USA. Certified Trainer Gallup Strengths Level II Coach.

Committee Membership/Appointments

Nora is currently the Chairman of the Malaysian Commercial Banks' Association (MCBA) and Chairman of the Human Resource Management and Development Group (HRMDG). She is also a Council Member of the Malaysian Employers Federation (MEF). In 2010, Nora was appointed as Pakar Rujuk – Projek Blueprint (Academic High End Industrial Relations), Ministry of Higher Education. In May 2011, Nora was also appointed into the Mesyuarat Peringkat Tertinggi Malaysia's National Policy on Women (Ministry of Women, Family and Community Development).



TENGKU DATO' ZAFRUL TENGKU ABD AZIZ – Age 38

Head, Investment Banking

Chief Executive Officer, Maybank Investment Bank Bhd

Tengku Dato' Zafrul Tengku Abdul Aziz was appointed Chief Executive Officer of Maybank Investment Bank in June 2010.

Experience

He has wide investment banking and corporate experience, having served in leadership positions in key institutions over the last 14 years. Prior to joining Maybank Investment Bank Bhd, Tengku Dato' Zafrul was the Group Director of K & N Kenanga Holdings Berhad from January 2009 to June 2010, a board member of Kenanga Investment Bank Berhad from October 2009 to June 2010, Kenanga Capital Sdn Bhd from January 2009 to June 2010, and Capital Investment Bank (Labuan) Limited from (April 2009 – June 2010). He was appointed a Director of Credit Agricole in the early years of his career. He has also previously served as CEO of Tune Money Sdn Bhd, Head of Investment Banking in Citigroup Malaysia, Group Managing Director of ECM Avenue Berhad and CEO of Avenue Securities.

Responsibility

Tengku Dato' Zafrul is responsible for driving Maybank Investment Bank to new heights.

Qualification

BSc (Hons) in Economics and Accounting Bristol University, United Kingdom. Master of Finance & Economics, Exeter University, United Kingdom.

Committee Membership/Appointments

Tengku Dato' Zafrul is the Chairman of Leaders for Tomorrow, and Deputy President of the Kuala Lumpur Business Club. He is also a council member of the Malaysian Investment Banks Association (MIBA).

Group Executive Committee



MUZAFFAR HISHAM – Age 39

Head Islamic Banking

Chief Executive Officer, Maybank Islamic Berhad

Muzaffar Hisham is currently the Chief Executive Officer of Maybank Islamic Berhad effective 30 March 2011 and Head of the Group Islamic Banking Division.

Experience

Muzaffar, has collectively 16 years of experience in the banking and financial services. He started his career in Asian International Merchant Bankers Berhad in the Corporate Banking Division. He later joined Amanah Merchant Bank Berhad and Amanah Short Deposits Berhad where he was involved extensively in Corporate Debt and Financing businesses from debt syndication to advising on private debt securities. He was also involved in various debt and corporate restructuring exercises during the 1997 / 1998 financial crisis. During his tenure in CIMB Investment Bank and HSBC Amanah, he was involved in the investment banking business.

Prior to joining Maybank, he was the Deputy Chief Executive Officer of CIMB Islamic Bank Berhad. He was previously a member of the Board of Directors of CIMB Insurance Brokers Sdn Bhd.

Responsibility

He is responsible in managing and setting the various key strategies for the overall Group Islamic Banking business.

Qualification

Bachelor of Science (Hons) in Economics and Accounting, University of Bristol, United Kingdom.

Committee Membership/Appointments

Muzaffar is the Chairman, Standards Committee, Association of Islamic Banking Institutions Malaysia (AIBIM).



HANS DE CUYPER – Age 42

Head, Insurance & Takaful

Chief Executive Officer of Mayban Ageas Holdings Berhad

Hans De Cuyper was appointed as the Head, Insurance & Takaful and Chief Executive Officer of Mayban Ageas Holdings Berhad (MAHB) on 7 April 2011.

Experience

Hans was previously the Chief Financial Officer of MAHB. With an experience spanning across 20 years in the insurance industry with 7 years in Asia, he has in-depth industry expertise and regional knowledge. Prior to assuming the position at Mayban Ageas Holdings Berhad, he was attached with Fortis Insurance International in Hong Kong as the Managing Director of Risk & Finance for Asia. He was also with ING Group for more than a decade holding various positions.

Responsibility

He is responsible for the growth of Insurance & Takaful and Asset Management pillar in the House of Maybank.

Qualification

Masters in Mathematics, Catholic University Louvain, Belgium. Masters in Actuarial Science, Catholic University Louvain, Belgium. Executive MBA in Financial Services Industry, Vlerick Management School.

Committee Membership/Appointments

He is a member of the Board of Directors of Mayban Ageas Holdings Bhd. and its subsidiaries which include Mayban Investment Management Sdn Bhd, Etiqa Insurance Berhad, Etiqa Overseas Investment Pte Ltd, Etiqa Life International (L) Ltd, Sri MLAB Berhad, Peram Ranum Berhad and Etiqa Takaful Berhad.



POLLIE SIM SIO HOONG – Age 49
Chief Executive Officer, Maybank Singapore

Pollie Sim took the helm of Maybank Singapore in July 2006.

Experience

Pollie has more than 20 years of experience in the banking and financial industry and has held many senior positions within Maybank Group in Consumer Banking & Business Banking, Corporate Planning, Human Resources, Accounts & Finance and IT. She was instrumental in leading and developing Maybank's consumer banking business in Singapore, which today accounts for about 50% of Maybank Singapore's earnings. Prior to Maybank Singapore, Pollie was Chief Executive Officer of Mayban Finance (S) Ltd.

Responsibility

Pollie is responsible for driving the overall profitability and growth of Maybank Singapore.

Qualification

Diploma in Management Studies, Singapore Institute of Management. Master of Business Administration, Brunel University of West London, United Kingdom.

Committee Membership/Appointments

Her current key appointments include that of Director of Mayban Nominees (S) Pte Ltd, a subsidiary of Maybank, Director of Singapore Unit Trusts Ltd, Bosbury Pte Ltd, Sorak Financial Holdings Pte Ltd and Heartware Network. She is also a Council Member of the Association of Banks in Singapore and Chairman of the Singapore Unit Trust Investment Committee. Pollie also sits on the Executive Council of Employer Alliance (EA), a network of corporations committed to create an enabling work environment to enhance work life integration and best practices as a business strategy to manage talent and boost productivity.



RAHARDJA ALIMHAMZAH – Age 45
Acting President Director PT Bank Internasional Indonesia Tbk

Bapak Rahardja Alimhamzah, also known as Pak Frans, has been Acting CEO of PT Bank Internasional Indonesia Tbk (BII), a Maybank subsidiary in Indonesia, since early July 2011.

Experience

Pak Frans is also BII's Director of Corporate Banking. Prior to joining BII, Frans was the Director, Head of Corporate Banking and Investment Banking of PT Bank Rabobank International Indonesia since 2003 where he managed the Corporate Banking business, which includes Corporate Relationship Management, Structured Trade & Commodity Finance, Corporate Finance, Financial Institutions and Food & Agri Strategic Advisory. He was also actively involved in Rabobank Indonesia's acquisition of two local banks in Indonesia as part of Rabobank Indonesia's business growth strategy into Retail and Consumer segments. He was also with Bank Summa, Standard Chartered Bank, American Express Bank as well as Citibank where his last held position was Vice President in Corporate Banking and Remedial Management.

Responsibility

Pak Frans is responsible to oversee the banking operations and drive the overall growth of BII.

Qualification

Master of Accounting and Finance, University of Indonesia, Indonesia. Bachelor of Industrial Engineering, University of New South Wales, Australia.

Committee Membership/Appointments

Nil.

Statement on Corporate Governance

INTRODUCTION

The purpose of this Corporate Governance Statement is to provide investors with an important insight into the corporate governance practices of the Group.

Maybank Group's corporate governance model adopts the following requirements and guidelines:

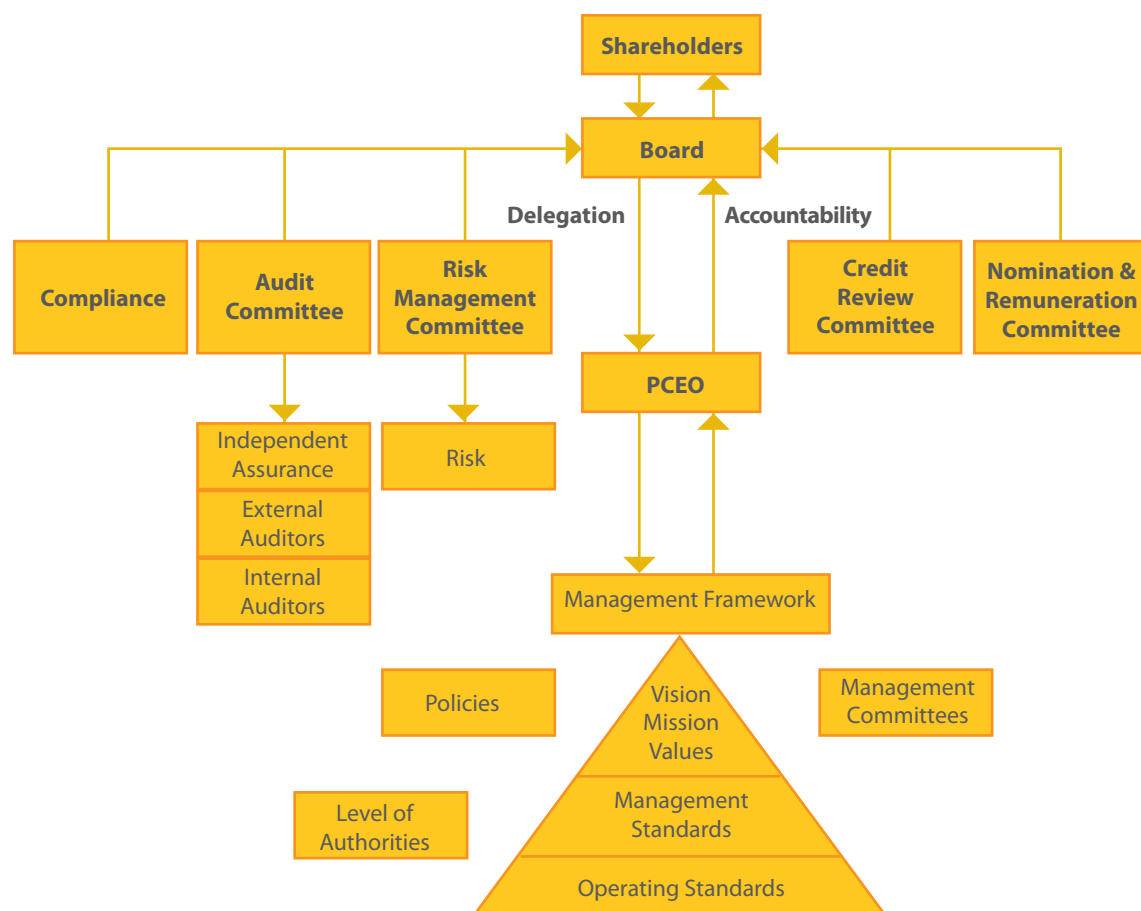
- (i) Revised Malaysian Code on Corporate Governance ("the Code");
- (ii) Bank Negara Malaysia ("BNM")'s Revised Guidelines on Corporate Governance for Licensed Institutions ("BNM/GP1");
- (iii) Bursa Malaysia Securities Berhad ("Bursa Securities")'s Main Market Listing Requirements ("Listing Requirements");
- (iv) "Green Book on Enhancing Board Effectiveness" ("Green Book") by the Putrajaya Committee on Government Linked Companies ("GLCs") High Performance;
- (v) Corporate Governance Guide ("CG Guide") by Bursa Malaysia; and
- (vi) Minority Shareholders Watchdog Group ("MSWG") Corporate Governance guidelines.

The Board is committed to maintaining high standards of corporate governance with a view to enhancing stakeholder value, increasing investor

confidence, establishing customer trust and building a competitive organisation to pursue the Group's corporate vision to be a regional financial services leader by 2015. The Board's fundamental approach in this regard is to ensure that the right executive leadership, strategy and internal controls for risk management are well in place. Additionally, the Board is committed to achieving the highest standards of business integrity, ethics and professionalism across all of the Group's activities.

Maybank also examines developments in corporate governance standards of leading and reputable organisations and institutions in the region and around the world to ensure its approach in Malaysia and in countries the Group has presence is in line with the latest international best practices.

The Board continuously reviews its governance model to ensure its relevance and ability to meet the challenges of the future.



Statement on Corporate Governance

The Board informs the shareholders on the application of its corporate governance model for the financial year ended 30 June 2011, as set out hereunder.

THE BOARD OF DIRECTORS

Board Charter

In discharging its duties, the Board of Directors of Maybank is constantly mindful of the need to safeguard the interests of the Group's shareholders, customers, and all other stakeholders. In order to facilitate the effective discharge of its duties, the Board is guided by the Board Manual ("Manual"), which provides reference for directors in relation to the Board's role, powers, duties and functions.

The Manual reflects not only current best practices and the applicable rules and regulations, but also outlines processes and procedures to ensure the Group's boards' and their committees' effectiveness and efficiency. It is a dynamic document to be updated from time to time to reflect changes to the Bank's policies, procedures and processes as well as amended relevant rules and regulations, or to be reviewed at least once in two years, whichever is earlier.

The Board encourages the Group's subsidiaries and associates' boards to adopt similar manuals for their respective corporate entities.

The Manual comprises, amongst others, well defined terms of reference as well as authority limits for the Board and its committees, and the various relevant internal policies.

The chapters covered under the Manual are as follows:

- (i) Group's standard of business conduct
- (ii) Directors' duties and obligations
- (iii) Appointment and resignation of Directors
- (iv) Governance structure
- (v) Board and board committee proceedings
- (vi) Remuneration and benefits for Directors
- (vii) Supply of information to the Board
- (viii) Training and induction programmes
- (ix) Annual Board assessment

- (x) Conflict of interest and related party transactions
- (xi) Other key policies of the Bank and the Group

Roles and responsibilities of the Board

The Board has the responsibility to periodically review and approve the overall strategies, business, organisation, and significant policies of the Bank and the Group. The Board also sets the Group's core values and adopts proper standards to ensure that the Bank operates with integrity and complies with the relevant rules and regulations.

The Board has a formal schedule of matters reserved for its decision which include, amongst others, the following:

- Reviewing and approving the strategic business plans for the Bank and Group;
- Identifying and managing principal risks affecting the Group;
- Reviewing the adequacy and integrity of the Group's internal control systems;
- Overseeing the conduct and the performance of the Group's businesses;
- Approving the appointment and compensation of senior management staff;
- Approving new policies pertaining to staff salary and benefits;
- Approving changes to the corporate organisation structure;
- Approving the appointment of Directors and Directors' emoluments and benefits in accordance with relevant statutes; and
- Approving policies relating to corporate branding, public relations, investor relations and shareholder communication programmes.

Other than as specifically reserved to the Board in the Board's Terms of Reference, the responsibility of managing Maybank's business activities is delegated to the President & Chief Executive Officer ("PCEO") of the Bank, who is accountable to the Board.

Board composition and balance

The Board of Maybank currently comprises 12 Directors. Eight Directors are Independent Non-Executive Directors, three are Non-Independent Non-Executive Directors (nominees of Permodalan Nasional Berhad ("PNB")) and one who is a Non-Independent Executive Director (the PCEO).

The current composition of the Board is in compliance with Chapter 15.02 of the Listing Requirements as more than half of its members are Independent Directors.

The Board is committed to ensure diversity and inclusiveness in its deliberations.

The Directors bring to the Board a wealth of knowledge, experience and skills in the key areas of accountancy, law, international business operations and development, finance and risk management, amongst others. A brief profile of each member of the Board is presented on pages 186 to 193 of this Annual Report.

The Board affirms that the selection of Directors is based on merit, and guided by the criteria outlined in the Group's Policy on Fit and Proper Criteria for Appointment as Chairman, Directors and Chief Executive Officers of Licensed Institutions in Maybank Group ("Fit and Proper Policy") as duly assessed by the Nomination and Remuneration Committee ("NRC").

Director independence and Independent Non-Executive Directors

The current composition of the Board, with a high proportion of Independent Non-Executive Directors, ensures and provides strong and meaningful oversight over management. The composition also reflects the interest of the Bank's majority shareholder which is adequately represented by the appointment of its nominee directors, balancing the interest of the minority shareholders. The Non-Executive Directors do not participate in the day-to-day management of the Bank and do not engage in any business dealing or other relationships with the Bank (other than in situations permitted by the applicable regulations) in order to ensure that they remain truly capable of exercising independent judgement and act in the best interests of the Group and its shareholders. Further, the Board is satisfied and assured that no individual or group of Directors has unfettered powers of decision that could create a potential conflict of interest.

The Non-Executive Directors of Maybank continue to proactively engage with senior management and other relevant parties such as the external/internal auditors as well as the Bank's Compliance and Risk

units, to ensure that the various concerns and issues relevant to the management and oversight of the business and operations of the Bank and the Group are properly addressed. The Board's commitment to ensure good governance in its deliberation of key issues is evident with the introduction of "Board Time Without Management" as a permanent item in the monthly Board meeting agenda (at the end of each meeting).

BNM/GP1 further outlines that an Independent Non-Executive Director, amongst others, shall not have more than 5% equity interest in the licensed institution or in its related companies, or be connected to a substantial shareholder of the licensed institution. Currently, all of the Bank's Independent Non-Executive Directors comply with this requirement.

In addition to the aforesaid requirements, the Board ensures that all Independent Non-Executive Directors possess the following qualities:

- Ability to challenge the assumptions, beliefs or viewpoints of others with intelligent questioning, constructive and rigorous debating, and dispassionate decision making in the interest of the Bank;
- Willingness to stand up and defend his own views, beliefs and opinions for the ultimate good of the Bank; and
- A good understanding of the Bank's business activities in order to appropriately provide responses on the various strategic and technical issues confronted by the Board.

The Board considers that the eight Independent Non-Executive Directors ("NEDs"), namely Dato' Mohd Salleh bin Hj Harun, Tan Sri Datuk Dr Hadenan bin A. Jalil, Dato' Seri Ismail bin Shahudin, Dato' Dr Tan Tat Wai, Dato' Johan bin Ariffin, Mr Cheah Teik Seng, Mr Alistair Maitland and Datuk Mohaiyani binti Shamsudin; meet the said requirements.

Senior Independent Non-Executive Director

In line with best practices on corporate governance, Tan Sri Datuk Dr Hadenan bin A. Jalil continues to play his role as the Senior Independent Director ("SID") of the Board to whom concerns of shareholders and stakeholders may be conveyed. He is responsible for addressing concerns that may be raised by the shareholders.

Statement on Corporate Governance

He can be contacted at his email address:

adenan.aj@maybank.com.my.

Board appointment process

There is a formal and transparent procedure for the appointment of new Directors to the Board, the primary responsibility of which has been delegated to the Nomination and Remuneration Committee ("NRC"), formerly two separate Board Committees, namely the Nomination Committee and the Remuneration & Establishment Committee. The NRC comprises exclusively Non-Executive Directors, with its Chairman and the majority of whom are independent. This composition ensures that any decisions made are impartial and are in the best interest of the Bank. Guided by the Group's Fit and Proper Policy (which has been implemented since August 2006) and in line with BNM/GP1, the NRC recommends to the Board suitable candidates for directorships and appointment of key senior management of the Bank and relevant subsidiaries. The NRC also ensures candidates satisfy the requisite skills and core competencies to be deemed fit and proper, and to be appointed as Director in accordance with the Fit and Proper Policy.

The Fit and Proper Policy outlines the attributes and qualifications required of a candidate to determine his/her suitability, amongst others, in respect of his/her management and leadership experience, which has to be at the most senior level in a reputable local or international financial services group, public corporation or professional firm/body. In respect of the candidate's skills, expertise and background, the candidate should ideally and to the extent available, possess a diverse range of skills, including in particular, business, legal and financial expertise, professional knowledge and financial industry experience, as well as experience in regional and international markets.

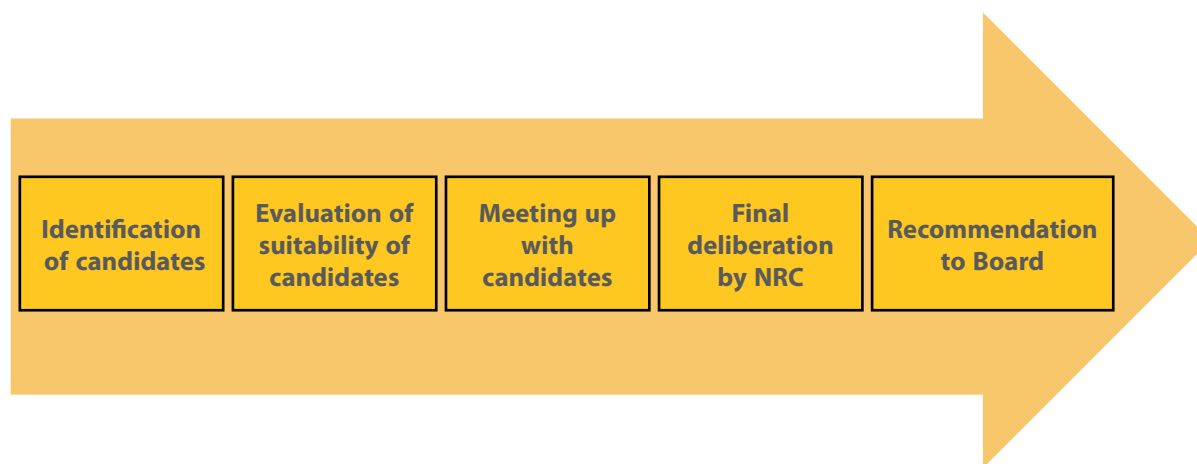
In making the selection, the Board as assisted by the NRC also considers the following aspects:

- (i) Probity, personal integrity and reputation – the person must have the personal qualities such as honesty, integrity, diligence, independence of mind and fairness.

- (ii) Competence and capability – the person must have the necessary skills, ability and commitment to carry out the role.
- (iii) Financial integrity – the person must manage his/her debts or financial affairs prudently.

The Fit and Proper Policy is also critical as a guiding mechanism to identify the gaps in skills of the composition of the Board. The Fit and Proper Policy outlines the requirement for Non-Executive Directors of Maybank who have reached the age of 70 and above, and those who have served the Board for 12 years or more to submit their resignation letters annually to the NRC six months before the Annual General Meeting ("AGM"), for appropriate recommendations to be made to the Board. The Board acknowledges the view of the Minority Shareholders Watchdog Group among others that an appropriate term for Independent Non-Executive Directors should not be more than nine years and may consider this in the next review of the Fit and Proper Policy. One director, Mr Alister Maitland, who turned 70 this year, has been recommended by the NRC and the Board to be re-appointed based on the need for his continued invaluable contribution to the Board and the Group, in light of his wide international experience as a former banker.

The Policy on the Nomination Process for the Appointment of Chairman, Director and CEO of Licensed Institutions in the Group ("Policy on Nomination Process") sets out a clear and transparent nomination process on the same. The nomination process involves the following five stages:-



Upon the approval by the relevant boards in the Group, the application for the appointment of such candidates would thereafter be submitted to BNM for the requisite approval under the Banking and Financial Institutions Act, 1989 (BAFIA), Insurance Act 1996 and Takaful Act 1984, as the case may be.

The appointment process for Executive Directors would in essence include the identification process of potential candidates by a special committee of the Board based on the expectation of the roles and capabilities described and required by the Board. This is subsequently followed by a submission to the NRC for deliberation to be followed by the final recommendation to the Board for approval, and ultimately submission to BNM for approval.

Directors' retirement and re-election

All directors of the Bank, including the PCEO, are subject to re-election by the shareholders at their first opportunity after their appointment, and are subject to re-election at least once every three years in accordance with the Bank's Articles of Association. Board support for a Director's re-election is not automatic and is subject to satisfactory assessment of performance.

Directors who are due for re-election at the AGM will be first assessed by the NRC, which will then submit its recommendation to the Board for deliberation and approval. Upon obtaining the Board's endorsement, the relevant submission including the justifications for such re-appointment is thereafter made to BNM for

approval if the relevant director's BNM's term of appointment is expiring.

The Board has determined that the five Directors who are due for re-election and re-appointment at the forthcoming AGM have continued to perform in an exemplary manner as demonstrated by inter alia their contribution to the Board's deliberations and have met the Board's expectations.

Board and Individual Director's effectiveness

Annually, the NRC provides a formal and transparent procedure for the assessment of the effectiveness of individual Directors, the Board as a whole and its committees, as well as the performance of the PCEO in respect of their respective skills and experience.

The Board and Peer Annual Assessment exercise is primarily based on answers to a detailed questionnaire prepared internally by Corporate & Legal Services of Maybank. The assessment questionnaire is distributed to all the respective Board members and covers topics which include, amongst others, the responsibilities of the Board in relation to strategic planning, risk management, performance management, financial reporting, audit and internal process, human capital management, corporate social responsibility, communication, corporate governance, and shareholders' interest and value. Other areas being assessed include Board composition and size, the contribution of each and every member of the Board at meetings, the Board's decision-making and output, information and support rendered to the Board as well as meeting arrangements.

Statement on Corporate Governance

The results of the Board and committee assessment are reviewed at the NRC and Board and actionable improvement programmes identified, which may include training needs of individual Directors, to be reviewed quarterly thereafter. The Chairman would discuss with individual members on the peer assessment whilst the Chairman of the NRC would discuss with the Chairman of the Board on the latter's assessment results.

The Board has considered its composition and is satisfied with it to ensure an efficient and effective conduct of board deliberation pursuant to BNM/GP1. The current Board size enables the Board to discharge its function in a professional manner in consideration of the size, breadth and complexity of the Group's business activities, domestically as well as internationally. Future changes to the Board may be made to enhance complementarity of skills or enable proper succession planning.

The Chairman always tries to ensure that the Board's decisions are based on consensus (failing which, reflect the will of the majority), and any concern or dissenting view expressed by any Director on any matter deliberated at meetings of the Board or any of its Committees as well as the meeting's decision, will accordingly be addressed and duly recorded in the relevant minutes of meetings.

Role and responsibilities of the Chairman and the President & Chief Executive Officer

In line with the best practices and to ensure appropriate supervision of the Management, the roles and responsibilities of the Chairman and the PCEO are separated with clear division of responsibilities, defined and documented as approved by the Board. This distinction allows for a better understanding and distribution of jurisdictional responsibilities and accountabilities. The clear hierarchical structure with its focused approach and attendant authority limits also facilitates efficiency and expedites informed decision-making.

Chairman

Tan Sri Dato Megat Zaharuddin Megat Mohd Nor is the Chairman of Maybank. Prior to his appointment as the Chairman of Maybank on 1 October 2009, he was an Independent Non-Executive Director of Maybank from July 2004 until February 2009. He has never assumed an executive position in Maybank.

Previously, he has also chaired two other public listed companies, namely Shell Refining Company Berhad and Maxis Communications Berhad.

The Chairman leads the Board and is also responsible for the effective performance of the Board. The Chairman continuously works together with the rest of the Board in setting the policy framework and strategies to align the business activities driven by the senior management with the Group's objectives and aspirations, and monitors its implementation.

The Chairman ensures orderly conduct and proceedings of the Board, where healthy debate on issues being deliberated is encouraged to reflect an appropriate level of scepticism and independence.

The Chairman takes the lead to ensure the appropriateness and effectiveness of the succession-planning programme for the Board and senior management levels. He also promotes a healthy working relationship with the PCEO and provides the necessary support and advice as appropriate. He continues to demonstrate the highest standards of corporate governance practices and ensures that these practices are regularly communicated to the stakeholders.

The President & CEO

Dato' Sri Abdul Wahid bin Omar has been the PCEO and Executive Director of Maybank since May 2008.

As PCEO, he has been delegated certain responsibilities by the Board and is primarily accountable for overseeing the day-to-day operations to ensure the smooth and effective running of the Group. Furthermore, he is responsible for mapping the medium to longer term plans for Board approval, and is accountable for implementing the policies and decisions of the Board, as well as coordinating the development and implementation of business and corporate strategies, specifically by making sure that they are carried through to their desired outcomes, especially in the institution of remedial measures to address identified shortcomings. He is also responsible for developing and translating the strategies into a set of manageable goals and priorities, and setting the overall strategic policy and direction of the business operations, investment and other activities based on effective risk management controls.

The PCEO ensures that the financial management practice is performed at the highest level of integrity and transparency for the benefit of the shareholders and that the business and affairs of the Bank are carried out in an ethical manner and in full compliance with the relevant laws and regulations. His other responsibilities include ensuring that whilst the ultimate objective is maximising total shareholders return, social and environmental factors are not neglected, and also developing and maintaining strong communication programmes and dialogues with the shareholders, investors, analysts as well as employees, and providing the effective leadership to the Group organisation. He is also responsible for ensuring high management competency as well as the emplacement of an effective management succession plan to sustain continuity of operations. The PCEO, by virtue of his position as a Board member, also functions as the intermediary between the Board and senior management.

Board meetings

The Board meets every month with additional meetings convened as and when urgent issues and/or important decisions are required to be taken between the scheduled meetings. During the financial year ended 30 June 2011, the Board met 22 times to deliberate and consider a variety of significant matters that required its guidance and approval.

All Directors have complied with the requirement that Directors must attend at least 75% of Board meetings held in the financial year in accordance with BNM/GP1, and attended at least 50% of Board meetings held in the financial year pursuant to the Listing Requirements.

Additionally, three of the 22 Board meetings were held at regional offices located outside of Kuala Lumpur, to enable the members to visit the numerous operations centres not only to provide more effective oversight but also to better understand the Group's operations and customer needs and issues as well as meet with the management and staff at Group and regional level at sessions and events organised in conjunction with the Board meetings.

The current practice of appointing Board members to sit on subsidiary boards, in particular the key overseas subsidiaries, is continued in order to maintain oversight and ensure the operations of the respective subsidiaries are aligned with the Group's strategies and objectives.

During the financial year, a Board Offsite session was held on 25 November 2010 in Singapore, whereby the Board took the opportunity to discuss key matters in relation to its role in promoting organisational innovation and monitoring strategy execution, and initiatives to further enhance Board effectiveness and processes, as well as how the Board could work better with senior management to achieve shared goals.

Statement on Corporate Governance

Details of attendance of each Director on the Board and respective Board Committees during the financial year ended 30 June 2011 are as follows:

Name of Directors	Board Number of Meetings			CRC Number of Meetings			ACB Number of Meetings		
	Held	Attended	%	Held	Attended	%	Held	Attended	%
Tan Sri Dato' Megat Zaharuddin bin Megat Mohd Nor	22	22	100	–	–	–	–	–	–
Dato' Mohd Salleh bin Hj Harun	22	22	100	50	44	88	–	–	–
Dato' Sri Abdul Wahid bin Omar	22	22	100	50	31	62	–	–	–
Tan Sri Dr Hadenan bin A. Jalil	22	20	91	–	–	–	16	15	94
Dato' Seri Ismail bin Shahudin ¹	22	20	91	50	32	64	1	1	100
Dato' Dr Tan Tat Wai	22	22	100	–	–	–	–	–	–
Encik Zainal Abidin bin Jamal ²	22	22	100	50	37	74	5	4	80
Mr Alister Maitland	22	22	100	–	–	–	–	–	–
Mr Cheah Tek Seng	22	22	100	–	–	–	16	15	94
Dato' Johan bin Ariffin	22	21	95	50	35	70	11	10	91
Mr. E. Sreesanthan ³	22	21	95	–	–	–	11	10	91

Name of Directors	RMC Number of Meetings			NRC Number of Meetings			ESS Committee Number of Meetings		
	Held	Attended	%	Held	Attended	%	Held	Attended	%
Tan Sri Dr Hadenan bin A. Jalil	–	–	–	12	10	83	1	1	100
Dato' Seri Ismail bin Shahudin	4	4	100	12	12	100	1	1	100
Dato' Dr Tan Tat Wai	12	12	100	12	12	100	1	1	100
Encik Zainal Abidin bin Jamal	–	–	–	12	10	83	1	1	100
Mr Alister Maitland ⁴	3	2	66	12	10	83	1	0	0
Mr Cheah Tek Seng	12	11	92	–	–	–	–	–	–
Mr. E. Sreesanthan	12	10	83	–	–	–	–	–	–

Note:-

¹ Appointed as a member of the CRC with effect from 6 July 2010. Subsequently, he resigned as a member of the ACB and RMC with effect from 16 July 2010 and 22 October 2010.

² Resigned as a member of the ACB with effect from 27 October 2010.

³ Appointed as a member of the ACB with effect from 27 October 2010.

⁴ Appointed as a member of the RMC with effect from 31 March 2011.

⁵ Datuk Mohaiyani Shamsudin, who is not included in the above summary of attendance, was appointed as Director on 22 August 2011.

Directors' Remuneration

Directors' remuneration is generally determined at levels which would continue to attract and retain Directors of such calibre to provide the necessary skills and experience as required and commensurate with the responsibilities for the effective management and operations of the Group.

For the Executive Director, the component parts of remuneration are structured so as to link short and long-term rewards to corporate and individual performance. A significant portion of the Executive Director's compensation package has been made variable in nature to be determined by the Group's performance during the year against the individual Key Performance Indicators in a scorecard aligned with the corporate objectives, and approved by the Board.

For Non-Executive Directors ("NEDs"), the level of remuneration generally reflects the experience and level of responsibilities undertaken. The determination of remuneration packages for NEDs including the non-executive Chairman, is a matter for the Board as a whole following the relevant recommendation made by the NRC.

The current remuneration policy of the Directors comprises the following:-

- (a) Basic salary
Basic salary of the Executive Director is based on the recommendation of the NRC.
- (b) Director's fees and meeting allowances (effective 1 July 2010)
For the Board of Directors, RM300,000 per annum for the Chairman, RM285,000 per annum for the Vice Chairman and RM190,000 per annum for each NED. The meeting allowance for the Board is RM1,500 per meeting.

For the Board Committees, RM45,000 per annum for the Board Committee Chairman and RM30,000 per annum for each Committee member. The meeting allowance for Board Committees is RM1,000 per meeting.

(c) Benefits-in-kind and emoluments

Benefits for NEDs include medical coverage, insurance coverage (Group Personal Accident, Group Term Life and Directors & Officers' Liability), travel benefits, mobile electronic devices and use of Maybank holiday apartments/ bungalows.

The Chairman is also paid monthly other emoluments which commensurate with responsibilities befitting his position, for example in representing the Group and facilitating organisation capability building.

The Board in 2007 had approved certain benefits for retired NEDs which would be enjoyed by Directors who have served on the Board for five years or more, amongst others banking products at privileged rates and use of the Maybank holiday apartments/ bungalows.

At the Extraordinary General Meeting of Maybank held on 13 June 2011, its shareholders had approved the Employees' Share Scheme ("ESS") which provides for the offer and grant of options to eligible employees. The EGM also approved the allocation of options and/or grant of shares to the PCEO, to subscribe up to a maximum of 5,000,000 Maybank Shares. The number of shares to be offered to the PCEO, being an eligible employee, under the ESS will be based on the Group as well as his performance achievement at the end of financial year, as specified in the Group/PCEO Balance Score Card.

The Bank's previous Employees' Share Option Scheme ("ESOS") which was also applicable to certain eligible NEDs had lapsed in August 2009, following a decision made in May 2006 to discontinue it for fiscal reasons. The NEDs are not eligible to participate in the current ESS.

Statement on Corporate Governance

A summary of the total remuneration of the Directors, distinguishing between Executive and Non-Executive Directors, in aggregate with categorisation into appropriate components for the financial year ended 30 June 2011 are as follows:-

	Salary (RM)	Bonus (RM)	Directors' Fees (RM)	Other Emoluments (RM)	Benefits in kind (RM)	ESS	Total (RM)
Executive Directors							
Dato' Sri Abdul Wahid bin Omar	1,156,000	1,920,000		637,160	45,024	323,000	4,081,184
TOTAL	1,156,000	1,920,000		637,160	45,024	323,000	4,081,184
Non-Executive Directors							
Tan Sri Dato' Megat Zaharuddin bin Megat Mohd Nor			315,781	583,250	39,360		938,391
Dato' Mohd Salleh bin Hj Harun			330,000	71,250	34,970		436,220
Tan Sri Dr Hadenan bin A. Jalil			295,000	49,750			344,750
Dato' Seri Ismail bin Shahudin			330,795	72,250			403,045
Dato' Dr Tan Tat Wai			295,000	52,000			347,000
Zainal Abidin bin Jamal			287,562	79,250			366,812
Alister Maitland			257,479	40,750			298,229
Cheah Teik Seng			260,521	58,000			318,521
Dato' Johan bin Ariffin			250,000	74,750			324,750
Sreesanthan Eliathamby			240,384	47,250			287,634
TOTAL			2,862,522	1,128,500	74,330		4,065,352
GRAND TOTAL	1,156,000	1,920,000	2,862,522	1,765,660	119,354	323,000	8,146,536

Notes:

Executive Director's Other Emoluments include allowance, EPF, SOCSO and EPF on bonus.

Quality and supply of information to the Board

The Board has full and unrestricted access to all information pertaining to the Group's businesses and affairs to enable it to discharge its duties effectively. Directors also have full and unrestricted access to the advice and services of the senior management of the Group. In addition to formal Board meetings, the Chairman maintains regular contact with the PCEO to discuss specific matters, and the latter assisted by the Company Secretary ensures that frequent and timely communication between the senior management and the Board is maintained at all times as appropriate.

Directors are also regularly updated and apprised of any new regulations and guidelines, as well as any amendments thereto issued by Bank Negara Malaysia, Bursa Malaysia Securities Berhad, Securities Commission, the Companies Commission of Malaysia

and other relevant regulatory authorities including recommendations on corporate law reform in respect of Malaysian as well as relevant foreign jurisdictions, particularly the effects of such new or amended regulations and guidelines on directors specifically, and the Bank and the Group generally.

Board meetings for the ensuing financial year are scheduled in advance before the end of the financial year, specifically before the end of the calendar year, so as to allow members of the Board to plan ahead and fit the coming year's Board and Board Committees meetings into their respective schedules.

The mechanism of the Annual Board Outline Agenda (developed in the last financial year) aims to highlight to the Board and relevant Board Committees as well as the senior management subject matters other than 'routine' for the year to facilitate better planning and for greater time effectiveness of various parties. It also

gives a greater sense of discipline on the part of senior management to commit to the said outline. At the same time, such focus allows the Board to deliberate on and contribute towards achieving a higher level of value-added discussions on such identified issues and other relevant matters.

Prior to each Board meeting, an agenda together with appropriate papers for each agenda item to be discussed is forwarded to each Director at least five clear days before the scheduled meeting to enable the Directors to obtain further clarification or explanation, where necessary, in order to be adequately apprised before the meeting.

Further, the Bank's minutes of meetings of the Board and various Board Committees incorporate the discussions of the members at the meetings in arriving at decisions and are concise and accurate in accordance with the recommendations of the Code. The draft minutes of the meeting are circulated within one week of the meetings to the Board for early feedback and suggestions prior to tabling at the subsequent meetings for formal confirmation.

Senior management members are invited to attend Board meetings to report on matters relating to their areas of responsibility, and also to brief and present details to the Directors on recommendations submitted for the Board's consideration. Additional information or clarification may be required to be furnished, particularly in respect of complex and technical issues tabled to the Board.

Company Secretary

The General Counsel & Company Secretary, in his function as the Company Secretary, is responsible for advising the Board on issues relating to corporate compliance with the relevant laws, rules, procedures and regulations affecting the Board and the Group, as well as best practices of governance. He is also responsible for advising the Directors of their obligations and duties to disclose their interest in securities, disclosure of any conflict of interest in a transaction involving the Bank, prohibition on dealing in securities and restrictions on disclosure of price-sensitive information.

The duties of the Company Secretary also include, amongst others, the following:

- Attending Board and Board Committee meetings and ensuring that the proceedings of Board and Board Committee meetings and decisions made thereof, are accurately and sufficiently recorded;
- Ensuring that minutes of meetings are properly kept for the purposes of meeting statutory obligations, as well as obligations arising from the Listing Requirements, Bank Negara Malaysia and other regulatory requirements;
- Communicating the decisions of the Board for senior management's attention and further action;
- Ensuring all appointments and re-appointments of Directors are in accordance with the relevant legislations;
- Handling company share transactions, such as issuance of new shares and arranging for the payment of dividends;
- Advising Directors on regulatory compliance issues relevant to Directors' duties, including on the closed period for trading in Maybank shares, pursuant to Chapter 14 on Dealings in Securities of the Listing Requirements; and
- Managing the necessary preparation and arrangements for general meetings of the Bank to ensure smooth proceedings and compliance with the relevant regulations.

All Directors have access to the advice and services of the Company Secretary.

Independent professional advice

Individual Directors may seek independent professional advice at the Bank's expense where necessary, in the furtherance of their duties in accordance with the Bank's Policy and Procedure on Access to Independent Professional Advice, Senior Management and Company Secretary by Directors of Maybank Group. Copies of any reports, advice and recommendations provided by the independent professional adviser to the relevant Director, would be forwarded by the said Director to the Company Secretary, who will, where appropriate, circulate them to other Directors to ensure that they are kept informed of pertinent issues, which may have an impact on the Group's interest growth and performance.

Statement on Corporate Governance

In the financial year, none of the Directors had invoked this process for independent professional advice.

Board Satisfaction Index ("BSI")

The BSI demonstrates an important initiative to ensure continuing adequate support is provided to the Board, to assist Directors in discharging their duties effectively. The BSI exercise was conducted in July 2011 for the financial year ended 30 June 2011. The areas of assessment cover transactional and operational efficiency, which includes the quality of the minutes of the Board and Board Committees, of papers and meeting arrangements, and of training and knowledge management, as well as advisory services on matters concerning Directors' duties, such as disclosure of interests and prohibition against trading.

Based on feedback received from Board members, the Board was generally satisfied with the support provided for the period under review and several areas had been identified for further improvement.

Structured Training Programme for Directors

The Board is responsible for further enhancing the skills and knowledge of its members on relevant new laws and regulations and changing commercial risks, as well as to keep abreast with developments in the financial services industry through a Structured Training Programme for Directors ("STPD"). The STPD requires that each Director attend at least one training programme, which is to be specifically developed by the organisation for its Directors during the financial year.

For the period under review, all Board members have complied with the aforesaid internal policy by attending various training programmes and workshops on issues relevant to the Group, which were organised internally, as well as in collaboration with external training providers. The main training programme for the year was organised by Bank Negara Malaysia – namely the Financial Institutions Directors' Education ("FIDE") programmes. Besides attending the core training modules organised by FIDE, directors are also encouraged to attend elective training programmes which are being offered by FIDE throughout its training calendar year.

A comprehensive induction programme coordinated by Corporate & Legal Services for new Directors is usually conducted to provide new Directors with the necessary information and overview to assist them in understanding the Group's operations and appreciating the challenges and issues the Group faces in achieving its objectives. The programme covers subject matters, amongst others, the Group's business and strategy, work processes and Board Committees, and the duties and responsibilities of Directors of financial institutions.

The key areas of focus for training programmes attended by the Directors for the period ended 30 June 2011 are as follows:-

Board Effectiveness:-

- BNM – FIDE Programme (Module 1 on effective boardroom deliberations)
- BNM – FIDE (Module 4 on building effective Board team)

Corporate Governance:-

- 2nd Annual Corporate Governance Summit 2010
- Corporate Directors Conference 2011

Risk Management:-

- BNM – FIDE programme (Module 2 on enterprise risk management)
- BNM – FIDE programme (Module 3 on internal controls and audit oversight)

As at the end of the financial year, all Directors have attended and successfully completed the Mandatory Accreditation Programme in compliance with the Listing Requirements.

Apart from attending the various training programmes, some of the Directors have also been invited to speak at conferences and seminars organised by regulatory bodies and professional associations.

BOARD PROFESSIONALISM

Directorships in other Companies

Pursuant to the Listing Requirements, each member of the Board holds less than 10 directorships in public listed companies and less than 15 directorships in non-public listed companies. Furthermore, the Directors also comply with the best practices recommendation of the Green Book which states that directors should not sit on the boards of more than five listed companies to ensure that their commitment, resources and time are more focused to enable them to discharge their duties effectively.

The Board values the experience and perspective gained by the Non-Executive Directors from their services on the boards of other companies, organisations and associations. However, prior to the acceptance of any relevant external appointments such as directorship of other listed companies, the Board Manual stipulates that Non-Executive Directors should first consult the Chairman to ensure that such appointments would not unduly affect their time commitments and responsibilities to the Maybank Board and the Group's schedules and activities.

Further, although the Independent Non-Executive Directors hold directorships in several companies in the Maybank Group, the NRC assesses the independence of the said Directors pursuant to a declaration made that they are not taking instructions from any person including Maybank. In this respect, all the Independent Non-Executive Directors of Maybank complied with the relevant requirements of BNM/GP1. In addition, the respective key subsidiaries within the Group also appoint Independent Non-Executive Directors who are not members of the Maybank Board to ensure an optimal balance between board members in terms of independent internal and external directors.

Conflict of Interest

In line with various statutory requirements on the disclosure of director's interest, it has been the practice of Maybank that members of the Board make a declaration to that effect at the Board meeting in the event they have interest in proposals being considered by the Board, including where such interest arises through close family members. Any interested Directors would then abstain from

deliberations and decisions of the Board on the subject proposal and, where appropriate, excuse themselves from being present in the deliberations.

Insider trading

In accordance with the Listing Requirements and the relevant provisions of the Capital Markets & Services Act 2007, Directors, key management personnel and principal officers of the Maybank Group are prohibited from trading in securities or any kind of property based on price sensitive information and knowledge which have not been publicly announced. Notices on the closed period for trading in Maybank's securities are circulated to Directors, key management personnel and principal officers who are deemed to be privy to any price sensitive information and knowledge, in advance of whenever the closed period is applicable.

Directors' and Officers' Insurance

Directors and officers of the Maybank Group are covered against liabilities arising from holding office as Directors by virtue of the Directors' and Officers' Insurance coverage which is put in place by the Bank. The policy covers personal liability of Directors in the form of professional indemnity insurance, which includes any breach of trust, breach of duty, neglect, error, omission, misstatement, misleading statements, breach of warranty or authority committed in their capacity as Directors. Even though the Directors contribute a part of the premium paid for the insurance policy annually, such policy does not provide coverage in the event the Directors are proven to have acted fraudulently, dishonestly or maliciously.

BOARD COMMITTEES

The Board delegates certain of its governance responsibilities to the following Board Committees, which operate within clearly defined terms of references, primarily to assist the Board in the execution of its duties and responsibilities. Although the Board has granted such discretionary authority to these Board Committees to deliberate and decide on certain operational matters, the ultimate responsibility for final decision on all matters lies with the entire Board.

Statement on Corporate Governance

Audit Committee

The Audit Committee is authorised by the Board to investigate any activities within its Terms of Reference and has unrestricted access to both the internal and external auditors and members of the senior management of the Group. The activities carried out by the Audit Committee, which met 16 times during the year under review, are summarised in the Audit Committee Report and its Terms of Reference as stated on page 226 of this Annual Report. Members of the Audit Committee are as indicated on page 226 of this Annual Report.

Credit Review Committee

The responsibilities of the Credit Review Committee include, amongst others, the following:

- (i) To review/veto all loans approved by the Group Management Credit Committee ("GMCC") in respect of applications for fresh or additional facilities exceeding GMCC's discretionary power;
- (ii) To review/veto, with powers to object or to support proposals recommended by the GMCC to the Board for approval or affirmation, including statute and policy loans eg. any Director and Staff-related loans.

The Committee meets weekly and during the financial year under review, the Committee had met 50 times. Members of the Credit Review Committee and details of attendance of meetings by members are stated on page 208 of this Annual Report.

Nomination and Remuneration Committee ("NRC")

The NRC comprises exclusively Non-Executive Directors.

The broad responsibilities of the NRC as outlined in its Terms of Reference are as follows:

1. To provide a formal and transparent procedure for the appointment of Directors and CEO as well as assessment of effectiveness of individual Directors, Board as a whole and the performance of the CEO and key senior management officers; and
2. To provide a formal and transparent procedure for developing a remuneration policy for Directors, CEO and key senior management

officers and ensuring that compensation is competitive and consistent with the licensed institution's culture, objectives and strategy.

The specific responsibilities of the NRC include, amongst others, the following:

- (i) To recommend to the Maybank Board, the appointment, promotion and remuneration as well as compensation policies for executives in key management positions;
- (ii) To recommend to the Maybank Board, a Leadership Development framework for the Group;
- (iii) To oversee the general composition of the Maybank Board (size, skill and balance between Executive Directors and Non-Executive Directors);
- (iv) To recommend to the Maybank Board, a framework of remuneration for Directors, covering fees, allowances and benefits-in-kind in their work as Directors of all boards and committees;
- (v) To recommend to the Maybank Board a policy regarding the period of service for the Executive and Non-Executive Directors;
- (vi) To assess the performance and effectiveness of individuals and collective members of the Boards and Board Committees of the Group and its subsidiaries, as well as the procedure for the assessment.
- (vii) To recommend measures to upgrade the effectiveness of the Boards and Board Committees;
- (viii) To recommend to the Maybank Board, a Performance Management framework/model, including setting of the appropriate performance target parameters and benchmark for the Group Balanced Scorecard at the start of each financial year;
- (ix) To oversee the succession planning, management and performance evaluation of executives in key management positions;
- (x) To consider and recommend solutions on issues of conflict of interest affecting Directors; and
- (xi) To assess annually that Directors and key senior management executives are not disqualified under section 56 of the BAFIA.

The NRC held twelve meetings during the financial year under review.

Members of the NRC and details of attendance of meetings by members are stated on page 208 of this Annual Report.

Risk Management Committee

The responsibilities of the Risk Management Committee for risk oversight include, amongst others, the following:

- (i) To develop and foster a risk aware culture within the Bank;
- (ii) To review and approve risk management strategies, risk frameworks, policies, risk tolerance and risk appetite limits;
- (iii) To review and assess adequacy of risk management policies and framework in identifying, measuring, monitoring and controlling risks and the extent to which they operate effectively;
- (iv) To ensure infrastructure, resources and systems are in place for risk management, i.e. that the staff responsible for implementing risk management systems perform those duties independently of the financial institution's risk taking activities;
- (v) To review and assess the appropriate levels of capital for the Bank, vis-à-vis its risk profile;
- (vi) To review and recommend strategic actions to be taken by the Bank arising from Basel II implementation for Board's approval;
- (vii) To review and approve new products and ensure compliance with the prevailing guidelines issued by BNM or other relevant regulatory body;
- (viii) To oversee the resolution of BNM Composite Risk Rating findings for Maybank Group;
- (ix) To oversee the specific risk management concerns in the business units that leverage on the Embedded Risk Units in the business units; and
- (x) To review and approve model risk management and validation framework.

The RMC meets monthly with additional meetings convened to attend to urgent matters that require its deliberation. During the financial year under review, 12 meetings were held. The Chairman and a majority

of the Committee's members are Independent Non-Executive Directors. Members of the RMC and details of attendance of meetings by members are stated on page 208 of this Annual Report.

Employees' Share Scheme Committee

At an Extraordinary General Meeting held on 13 June 2011, shareholders had approved the establishment of an Employees' Share Scheme ("ESS") which shall be valid for seven years from 23 June 2011 to 22 June 2018. The introduction of the ESS is intended to serve as a long-term incentive plan as well as to align the interests of employees with the objectives of Maybank Group to create sustainable value enhancement for the organisation and the shareholders.

The Board had delegated to the ESS Committee, which had been established on 28 April 2011, the responsibility of determining all questions of policy and expediency arising from the administration of ESS and to generally undertake the necessary to promote the Bank's best interest.

The ESS Committee is also tasked to review the rules and regulations relating to ESS and to ensure the Scheme is implemented in accordance with the Bye-Laws, amongst others, in respect of the terms on eligibility, the offer and date of offer, basis of allotment, termination and appeals.

All members of the ESS Committee are Non-Executive Directors. Meetings are held as and when the ESS Committee is required to deliberate on urgent matters.

One meeting of the ESS Committee was held during the financial year under review.

The members of the Employees' Share Scheme Committee are as follows:

Dato' Mohd Salleh Hj Harun (Chairman)
Tan Sri Dr Hadenan A. Jalil
Dato' Dr Tan Tat Wai
Encik Zainal Abidin Jamal
Mr Alister Maitland

Statement on Corporate Governance

Board IT Steering Committee

The Board IT Steering Committee was formalised on 26 August 2010 and was responsible for overseeing activities and the outcomes of the strategic planning within the IT Transformation Programme. The Committee was formed on an interim basis to provide a platform for Management to deliberate and receive guidance and advice on strategic IT initiatives.

The members of the Board IT Steering Committee were as follows:-

Tan Sri Dato' Megat Zaharuddin Megat Mohd Nor
Dato' Sri Abdul Wahid Omar
Dato' Seri Ismail Shahudin
Mr Cheah Teik Seng

The Committee was disbanded on 16 December 2010 and the oversight function over the Group's IT initiatives was thereafter continued by the executive level Group IT Steering Committee. From time to time, updates on the progress of the Group's IT Transformation Programme are tabled to the Board for deliberation.

EXECUTIVE LEVEL MANAGEMENT COMMITTEES ("ELC")

The PCEO, with Board support, has established various ELCs and delegated some of his authority to assist and support the relevant Board Committees in the operations of the Bank. The key ELCs, which are mostly chaired by the PCEO or the Group Chief Financial Officer, are as follows:-

- Group Executive Committee
- Group Management Credit Committee
- Internal Audit Committee
- Executive Risk Committee
- Asset and Liability Management Committee
- Group Staff Committee
- Group Procurement Committee
- Group IT Steering Committee

INVESTOR RELATIONS AND SHAREHOLDERS COMMUNICATION

Investor Relations ("IR") is an important part of Maybank's corporate governance framework to ensure that shareholders, stakeholders, investors and the investment community, both local and international, are provided with relevant, timely and comprehensive information about the Group. Maybank's dedicated IR unit is committed to providing effective and open communication in order to improve disclosure and transparency.

Maybank is guided by its Investor Relations Policy which provides a framework of procedures and processes upon which Maybank can successfully implement its Investor Relations programme while providing guidance for communication through its designated spokespersons. An Investor Relations programme is carried during the year to ensure a planned sequence of activities are conducted throughout the year in communicating its financial results and material developments to Bursa Malaysia Securities Berhad, analysts, investors, shareholders and other stakeholders in a timely, open and comprehensive manner. The IR unit also engages with its counterparts in other countries, eg. in Indonesia, to coordinate IR activities for analysts and investors seeking meetings with the management of Maybank's subsidiary, Bank Internasional Indonesia.

Quarterly Results

For its quarterly financial results, the Group convenes media and analyst briefings and/or conference calls. Media and analyst briefings are conducted with concurrent conference calls facilities during the half-year and full year financial results while conference calls are conducted for the first and third quarter. Presentation slides are publicly available and can be downloaded via the corporate website at www.maybank.com to provide stakeholders with a better understanding of Maybank's performance.

Conferences and Roadshow

Stakeholders engagement are also done through conferences and roadshow conducted locally or overseas whereby senior management will communicate the Group's strategy, progress of its various initiatives and updates for stakeholders to understand Maybank's operations better.

Website

Maybank's corporate website is also another channel of communication to better engage with the stakeholders. The website houses information of the Group at www.maybank.com which includes corporate profile, senior management, investor information, financial results, corporate news and Maybank's subsidiaries. Visitors can also get the latest updates on Maybank by email and RSS. Bursa Link is another source of information to the stakeholders which is available on Bursa Malaysia website at www.bursamalaysia.com.

Annual Report

Maybank's annual report provides a comprehensive report on the Group's direction and financial performance. The annual report provides full disclosure and is in compliance with the relevant regulation to ensure greater transparency. The annual reports are also printed in summary form together with a CD-ROM. An online version of the Annual Report is also available at Maybank's corporate website.

Media coverage

Media coverage on the Group and senior management, either through print media or TV coverage is also initiated proactively at regular intervals to provide wider publicity and improve general understanding of the Group's business among investors and the public.

Credit Rating

Maybank maintains its credit ratings by rating agencies Standard and Poor's, Fitch Ratings and Moody's Investors Services, RAM Ratings and MARC as part of providing an independent flow of information to stakeholders as well as to the general public.

For more information on the investor relations activities conducted during the year, please refer to page 178.

Contact Details of IR Spokesperson

Khairussaleh Ramli
Group Chief Financial Officer
Contact: (6)03 2074 4288
Email: khairul@maybank.com.my

Hazimi Kassim
Head, Strategy and Corporate Finance
Contact: (6)03 2074 8101
Email: hazimik@maybank.com.my

Raja Indra Putra Raja Ismail
Head, Investor Relations
Contact: (6)03 2074 8582
Email: rajaindra@maybank.com.my

GENERAL MEETINGS

The Group's EGMs and AGMs represent the primary platforms for direct two-way interaction between the shareholders, Board and Management of the Group. In deference to shareholder democracy and the transparency policy adopted by the Group, shareholders' approval is required on all material issues including, but not limited to, the election and appointment of Directors, material mergers, acquisitions and divestments exercises, as well as the appointment of auditors and dividend payments.

The attendance of shareholders at the Group's general meetings has always been high as evidenced by the presence of about 2,000 shareholders at the AGM for the FY2011 and the EGM in June 2011 despite the institutional bias in the investor base.

In addition to the AGMs and EGMs, shareholders and market observers are also welcomed to raise queries at any time through the Corporate Affairs and Strategy and Corporate Finance Divisions.

OWNERSHIP STRUCTURE

The shares of Maybank are widely held with institutional shareholders dominating the ownership structure of Maybank. As at 30 June 2011, the top three shareholders are Skim Amanah Saham Bumiputra (ASB) with 45.13%, Employees Provident Fund Board with 10.68% and Permodalan Nasional Berhad (PNB) with 5.73%, accounting in aggregate for a combined 61.54%.

Statement on Corporate Governance

Although the three top shareholders of Maybank accounted for more than half of the total paid up share capital of Maybank, Maybank is not subject to any biased influence from these shareholders and they do not hold management positions within the organisation. This arrangement ensures a high level of corporate governance and permits the Group to focus on continuously building value for all its shareholders.

Maybank's shareholding structure is transparent and is disclosed on pages 49, 50 and 534 of this Annual Report. Any updates on the shareholding structure can be obtained on request from the designated management personnel on Investors Relations matters. The existing share structure consists entirely of Ordinary Shares and there are no different classes of Ordinary Shares. There is no foreign shareholding limit and the Bank's Memorandum and Articles of Association does not have any explicit provision(s) that may discourage any acquisition. However, the Bank is subject to BAFIA, which contains certain restrictions on share ownership.

As part of Maybank's effort to expand its liquidity and shareholder base, it has established a Sponsored Level 1 American Depositary Receipt Programme (ADR) which is traded Over-the-Counter in United States of America since May 2005 on the basis of 1 ADR equivalent to 2 Maybank shares. Maybank Custody Services holds the securities for Maybank and the total number of ADRs outstanding is 6,759,683 as at 30 June 2011. The percentage of the securities for which the ADRs are issued against Maybank's issued and paid-up share capital is 0.09%.

ACCOUNTABILITY AND AUDIT

Financial Reporting and Disclosure

The Board has a fiduciary responsibility and takes it upon itself to present to the shareholders and the public at large, a clear, balanced and meaningful evaluation of the Group's financial position, performance and prospects. In order to meet the fiduciary responsibility expected of the Board, the Board with the assistance of the Audit Committee oversees the financial reporting process and the quality of the Group's financial statements to ensure that the reports present a true and fair view of the Group's performance.

The Board also ensures that the financial treatment of the consolidated accounts under the Group is based on the more stringent requirements and that the financial statements of Maybank are in compliance with the Malaysian Accounting Standards Board ("MASB")'s requirements, which in turn are in accordance with the International Accounting Standards ("IAS").

The scope of the disclosure includes a review of the main sources of revenue by business activity and geography, past year performance analysis and financial adequacy, together with detailed explanation of the changes in the Balance Sheet and Profit and Loss Statement, to facilitate better understanding of the Group's operations. In addition to the Audited Report, the Group also releases its unaudited quarterly financial results on a timely basis. These are accessible on Maybank and Bursa Malaysia's websites.

Directors' Responsibility Statement in respect of the preparation of the Annual Financial Statements

The Board is responsible for ensuring that the financial statements of the Group give a true and fair view of the state of affairs of the Group and of the Bank as at the end of the accounting period and of the profit and loss and cashflow for the period then ended.

In preparing the financial statements, the Directors have applied suitable accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent. The Directors have also ensured that all applicable accounting standards have been followed and prepared financial statements on a going concern basis as the Directors have a reasonable expectation, having made enquiries, that the Group has adequate resources to continue in operational existence for the foreseeable future.

The Directors also have responsibility for ensuring that the Bank keeps accounting records which disclose with reasonable accuracy the financial position of the Group and of the Bank and which enable them to ensure that the financial statements comply with the provisions of the Companies Act, 1965. The Directors generally have the duty to take

such steps as are reasonably open to them to safeguard the assets of the Group to prevent and detect fraud and other irregularities.

Internal Controls

The Board has overall responsibility for maintaining sound internal control systems that cover financial controls, operational and compliance controls and risk management to ensure shareholders' investments, customers' interests and the Group's assets are safeguarded.

The systems of internal controls are continuously reviewed to ensure that they are working via the ongoing review through internal audit process. The Audit Committee (AC) regularly evaluates the effectiveness and adequacy of the Group's internal control systems by reviewing the actions taken on internal control issues identified in reports prepared by Group Internal Audit during its monthly meetings. The AC also reviews audit recommendations and management's responses to these recommendations.

The Statement on Internal Control is furnished on page 222 of this Annual Report, and this provides an overview of the state of internal controls within the Group.

Whistleblowing Policy

The Board is satisfied that an adequate framework on whistleblowing, specifically the Fraud Reporting Policy is in place, which had been implemented in 2004. All employees can raise their concerns regarding fraud, criminal activities, dishonesty and malpractice committed by another employee or any person who has dealings with the Group via the following Fraud Reporting Hotline established by the Bank:-

- (i) Toll Free Message Recording Line
1-800-38-8833
- (ii) Protected email address
fraudline@maybank.com.my
- (iii) Secured P. O. Box Mail Address
P. O. Box 11635, 50752 Kuala Lumpur

The above mechanism protects employees who contemplate to "blow the whistle" against victimisation or harassment. The confidentiality of all matters raised and the identity of the whistleblower are protected under the Policy. Concerns raised anonymously may also be considered provided they are clear and specific. Further details of the Fraud Reporting Policy are set out on page 223 of this Annual Report.

Relationship with the Auditors

Internal Auditors

The Group Internal Audit function is independent of the activities or operations of other operating units and reports functionally to the Audit Committee (AC) of the Bank and has unrestricted access to the AC. The Group Internal Audit regularly audits the risk management, operating effectiveness of internal controls, compliance with internal and regulatory requirements across the Bank and the Group. The audit reports which provide the results of the audit conducted along with audit recommendations and management's responses to these recommendations are tabled to the AC on monthly basis. The Chief Audit Executive is invited to attend the AC meetings to facilitate the deliberation of the audit reports. The minutes of the AC meetings are subsequently tabled to the Board for information and serve as useful references especially if there are pertinent issues that the AC members wish to highlight to the full Board.

External Auditors

The AC and the Board place great emphasis on the objectivity and independence of the Bank's Auditors, namely Messrs. Ernst & Young, in providing the relevant and transparent reports to the shareholders. As a measure of ensuring full disclosure of matters, the Bank's Auditors are regularly invited to attend the AC meetings (as well as the Annual General Meetings), apart from the twice yearly discussions with the AC without the presence of the senior management.

A full report of the AC outlining its role in relation to the internal and external auditors is set out on pages 226-231 of this Annual Report.

Statement on Corporate Governance

Maybank Group's Code of Ethics and Conduct

Apart from the Directors' Code of Ethics as set out in the BNM/GP7-Part 1 Code of Ethics: Guidelines on the Code of Conduct for Directors, Officers and Employees in the Banking Industry, and the Company Directors' Code of Ethics established by the Companies Commission of Malaysia, the Group also has a Code of Ethics and Conduct that sets out the sound principles and standards of good practice in the financial services industry, which are observed by the Directors and employees. Both Directors and employees are required to uphold the highest integrity in discharging their duties and in dealings with stakeholders, customers, fellow employees and regulators. This is in line with the Group's Core Values which give emphasis on behavioural ethics when dealing with third parties and fellow employees.

The Group communicates the Code to all employees upon commencement of their employment and is deemed to be part of the Terms and Conditions of Service. Further details of the Code of Ethics and Conduct can be found on page 21 of this Annual Report.

During the year, the Bank organised various activities and workshops conducted by the relevant departments/units to reinforce and renew the commitment of the Directors and employees to uphold the Code as a reflection of professionalism and a lasting impression when dealing with customers, colleagues, shareholders, suppliers, communities and the environment.

Corporate Responsibility

The Board is satisfied that a good balance has been achieved between value creation and corporate responsibility. Details of the Group's corporate responsibility initiatives are set out on pages 170-176 of this Annual Report.

ADDITIONAL COMPLIANCE INFORMATION AS AT 30 JUNE 2011

1. Utilisation of Proceeds

- (a) Maybank Islamic Berhad ("MIB")'s Issuance of Tier 2 Capital Islamic Subordinated Sukuk of RM1.0 billion in Nominal Value ("Subordinated Sukuk") – issued on 31 March 2011.

The proceeds from the issuance of the Subordinated Sukuk will be used for MIB's working capital, general banking, business banking, business expansion programme, and other corporate purposes.

- (b) SGD1.0 billion Tier 2 Capital Subordinated Notes – issued on 28 April 2011.

The proceeds raised from the SGD Subordinated Notes will be utilised to fund Maybank's working capital, general banking, and other corporate purposes.

- (c) Dividend Reinvestment Plan ("DRP") – Ongoing

The net proceeds from the DRP (after deducting estimated expenses for the DRP) will be utilised to fund the continuing growth and expansion of the Maybank Group.

- (d) Bank International Indonesia ("BII")'s issuance of IDR1.5 trillion subordinated debt due in May 2018 – issued on 19 May 2011.

The proceeds from the issuance of the subordinated debt will be used for BII's working capital and general banking requirements.

2. Share Buy-back

Maybank did not make any proposal for share buy-back during the financial year under review.

3. Options, warrants or convertible securities

Maybank did not issue any options, warrants or convertible securities during the financial year ended 30 June 2011, save and except for the options issued pursuant to the Employees' Share Scheme.

4. Imposition of sanctions and/or penalties

There were no sanctions and/or penalties imposed on Maybank and its subsidiaries, directors or management by the relevant regulatory bodies, which were made public during the financial year under review.

5. Non-audit fees

Non-audit fees payable to the external auditors, Ernst & Young, for the year amounted to RM3,863,000 for the Group and RM3,161,000 for the Bank.

6. Variation in results

There was no profit forecast issued by Maybank and its subsidiary companies during the year.

7. Profit guarantee

There was no profit guarantee issued by Maybank and its subsidiary companies during the year.

8. Material Contracts

There were no material contracts entered into by the Company and its subsidiaries involving Directors and substantial shareholders, either still subsisting at the end of the financial year under review or entered into since the end of the previous financial year.

9. Valuation Policy

The Company does not value its landed properties classified as Property and Equipment. The revaluation policy on landed properties classified as Investment Properties are disclosed in Note 3 (xii) of the financial statements.

10. Recurrent Related Party Transactions of a Revenue or Trading Nature ("RRPT")

The Company did not seek any mandate from its shareholders nor enter into RRPT, which are necessary for its day-to-day operation on terms not more favourable to the related party than those generally available to the public and are not to the detriment of the minority shareholders for the financial year under review.

This statement is made in accordance with a resolution of the Board dated 22 August 2011.



**Tan Sri Dato' Megat Zaharuddin
Megat Mohd Nor**

Chairman of the Board

Statement on Internal Control

Introduction

This Statement on Internal Control is made pursuant to Bursa Malaysia Securities Berhad Listing Requirements requires the Board to include in its Company Annual Report a statement about the state of its internal control. The revised Malaysian Code on Corporate Governance (2007) requires all listed companies to maintain a sound system of internal control to safeguard shareholders' investment and the company's assets.

Accordingly, the Board is pleased to provide the Statement on Internal Control ("Statement") that was prepared in accordance with the "Guidance for Directors of Public Listed Company" issued by Bursa Malaysia Securities Berhad which outlines the processes to be adopted by the Board in reviewing the adequacy and integrity of the system of internal control of the Group.

RESPONSIBILITY

The Board acknowledges its overall responsibility for maintaining sound internal control systems to safeguard the shareholders' interest and the Group's assets. The Board is of the view that the internal control framework is designed to manage the Group's risks within an acceptable risk profile, rather than eliminate the risk of failure to achieve the policies, goals and objectives of the Group. It can therefore only provide reasonable, rather than absolute assurance of effectiveness against material misstatement of management and financial information or against financial losses and fraud.

The Board has established appropriate control structure and process for identifying, evaluating, monitoring and managing significant risks that may affect the achievement of business objectives. The control structure and process which has been instituted throughout the Group is updated and reviewed from time to time to suit the changes in the business environment and this on-going process has been in place for the whole financial year under review.

The role of Management includes:

- identifying and evaluating the risks faced; formulating related policies and procedures to manage these risks;
- designing, operating and monitoring a suitable system of internal controls; and
- implementing the policies approved by the Board

CONTROL STRUCTURE

The key processes that the Board have established in reviewing the adequacy and integrity of the system of internal controls include the following:-

Risk Management Framework

- The Board has established an organisation structure with clearly defined lines of responsibility, authority limits and accountability aligned to business and operations requirements which support the maintenance of a strong control environment. It has extended the responsibilities of the Audit Committee ("AC") to include the assessment of internal controls, through the Internal Audit ("IA") function.
- The Board has also delegated the responsibility of reviewing the effectiveness of risk management to the Risk Management Committee ("RMC"). The effectiveness of the risk management system is monitored and evaluated by the Group Risk Management function, on an ongoing basis. The RMC assists the Board to review and oversee the effectiveness of the risk management of the Bank, wherein the Group Risk Management function would facilitate to institutionalise the continuous monitoring and evaluating of the bank's risk management system. Any approved policy and framework formulated to identify, measure and monitor various risk components would be reviewed and recommended by the RMC to the Board. Additionally, the RMC reviews and assesses the adequacy of these risks management policies and ensures infrastructure, resources and systems are emplaced for risk management.
- During the year, the Risk Management function was strengthened with the recruitment of a Group Chief Risk Officer ("GCRO"). The GCRO has an oversight of credit and risk management across the Group, as the Group expands its business regionally. The GCRO's role is also to better align risk management to the business to make risk management more strategic within the Group.
- Risk management principles, policies, procedures and practices are updated regularly to ensure relevance and compliance with current/ applicable laws and regulations, and are made available to all employees. The Group also adopted a whistle blowing policy, providing an avenue for employees to report actual or suspected malpractice, misconduct or violations of the Group's policies and regulations in a safe and confidential manner.
- A written Management Control Policy (MCP) and Internal Control Policy (ICP) from Management are in place. The MCP outlines the specific responsibilities of the various parties i.e. the Management, the Internal Audit Committee and the Audit Committee of the Board pertaining to internal control for Maybank Group. The ICP is to create awareness among all the employees with regards to the internal control components and the basic control policy of Maybank Group.
- There is an Anti-Fraud Framework implemented which provides broad principles, strategy and policy for the Group to adopt in relation to fraud in order to promote high standard of integrity. The Framework establishes robust and comprehensive programmes and controls for the Group as well as highlights the roles and responsibilities at every level for preventing and responding to fraud.
- Establishment of the three (3) lines of Defence concept – risk taking units, risk control units and internal audit. The risk taking units manage the day-to-day management of risks inherent in their business activities while the risk control units are responsible for setting the risk management framework and developing tools and methodologies. Complementing this is internal audit, which provides independent assurance of the effectiveness of the risk management approach.

Statement on Internal Control

Internal Audit Function

- The Internal Audit function includes undertaking regular reviews of the Group's operations, the systems of internal control by performing regular reviews of the business processes to examine and evaluate the adequacy and efficiency of financial and operating controls and highlights significant risks and non compliance impacting the Group. Where applicable, they provide recommendations to improve on the effectiveness of risk management, control and governance process. Management will follow up and review the status of actions on recommendations made by the internal and external auditors. Audits are carried out on units that are identified premised on a risk based approach, in cognisance with the Group's objectives and policies in the context of its evolving business and regulatory environment, taking into consideration input of the senior management and the Board.
- The Internal Audit Committee (IAC) is a management committee chaired by the GCFO and comprises senior level representatives from a broad range of business and support units of the Bank. The IAC meets every fortnight to deliberate on the findings of all signed audit and investigation reports and decide on the appropriate action required to resolve audit issues covering all aspects of the Bank's business and operations. Where required, representatives from the parties being audited are requested to attend the IAC meeting to enable more detailed deliberation and speedy resolution of the matter at hand. Minutes of the IAC meeting are then tabled to the ACB together with the audit reports. The IAC also follows up on the actions required by the ACB.
- The Audit Committee of the Board (ACB) meets on a monthly basis to review the internal control issues identified in reports prepared by Internal Audit, the external auditors, regulatory authorities and further evaluates the effectiveness and adequacy of the Group's internal control system. The ACB has active oversight on the internal audit's independence, scope of work and resources. It also reviews the

Internal Audit function, particularly the scope of the annual audit plan and frequency of the internal audit activities. The minutes of the Audit Committee meetings are tabled to the Board on a monthly basis. The details of the activities undertaken by the ACB are highlighted in the Audit Committee Report.

Other key elements of internal control

The other key elements of the procedures established by the Board that provides effective internal control include:-

- An annual business plan and budget is submitted to the Board for approval. Actual performances are reviewed against the targeted results on a monthly basis allowing timely responses and corrective actions to be taken to mitigate risks. The Board reviews regular reports from the management on the key operating statistics, as well as legal and regulatory matters. The Board also approves any changes or amendments to the Group's policies.
- Several Board Committees are set up to assist the Board to perform its oversight function namely Credit Review Committee, Nomination and Remuneration Committee and Employee Share Scheme Committee. Specific responsibilities have been delegated to these Board Committees, all of which have formalised terms of reference. These Committees have the authority to examine all matters within their scope and report to the Board with their recommendations. For more details on the various Board Committees, please refer to pages 213 to 216.
- Various Executive Level Management Committees (ELC) are also established by Management to assist and support the various Board Committees to oversee the core areas of business operations. These ELCs include the Group Executive Committee, Group Management Credit Committee, Executive Risk Committee, Asset & Liability Management Committee, Group Procurement Committee, Group IT Steering Committee, Group Staff Committee and Human Resource Disciplinary Committee.

- Recruitment and promotion policies/guidelines within the Group are established to ensure appropriate persons of calibre are selected to fill available positions. Formal training programmes either face-to-face or through e-learning, semi and annual performance appraisals and other relevant procedures are in place to ensure that staff are competent and adequately trained to enable them to discharge their duties and responsibilities effectively. Proper guidelines are also drawn up for termination of staff.
- A clearly defined framework with appropriate empowerment and authority limits has been approved by the Board for acquisitions and disposals of assets, awarding tenders, writing off operational and credit items, donations, as well as approving general and operational expenses.
- There are policies and procedures in place to ensure compliance with internal control and the prescribed laws and regulations. These policies and procedures are set out in the Group's Standard Practice Instruction and are updated from time to time in tandem with changes to the business environment or regulatory guidelines.

RPG 5 does not require the external auditors to consider whether the Directors' Statement on Internal Control covers all risks and controls, or to form an opinion on the effectiveness of the Group's risk and control procedures. RPG 5 also does not require the external auditors to consider whether the processes described to deal with material internal control aspects of any significant matters disclosed in the annual report will, in fact, mitigate the risks identified or remedy the potential problems.

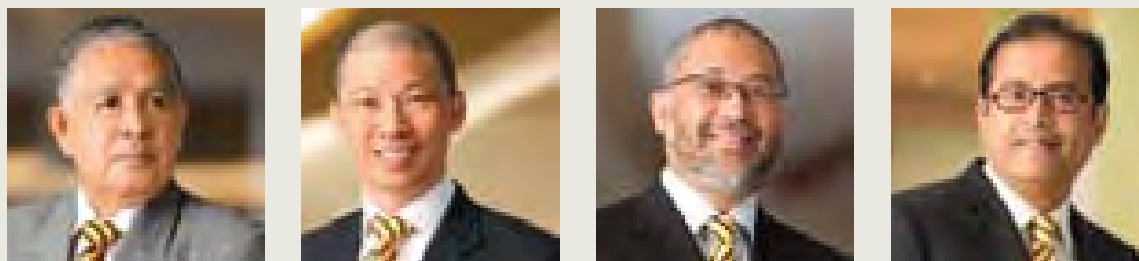
Based on their review, the external auditors have reported to the Board that nothing had come to their attention that causes them to believe that the Statement on Internal Control is inconsistent with their understanding of the processes the Board have adopted in the review of the adequacy and integrity of the internal control of the Group.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

The external auditors have reviewed this Statement on Internal Control for inclusion in the annual report for the financial year ended 30 June 2011.

The external auditors conducted the review in accordance with the "Recommended Practice Guide 5: Guidance for Auditors on the Review of Directors' Statement on Internal Control" ("RPG 5") issued by the Malaysian Institute of Accountants. The review has been conducted to assess whether the Statement on Internal Control is both supported by the documentation prepared by or for the Directors and appropriately reflects the processes the Directors had adopted in reviewing the adequacy and integrity of the system of internal controls of the Group.

Audit Committee Report



The Audit Committee Members of Maybank from left to right: Tan Sri Datuk Hadenan A. Jalil (Chairman), Cheah Teik Seng (Member), Dato' Johan Ariffin (Member) and Sreesanthan Eliathamby (Member)

A. COMPOSITION AND TERMS OF REFERENCE

Composition

1. The Committee shall be appointed by the Board of Directors from amongst its non-executive directors and shall consist of at least (3) three members. The Chairman and the majority of the Audit Committee members must be independent directors and at least one (1) member of the committee must be:-
 - a member of the Malaysian Institute of Accountants (MIA); or
 - if he is not a member of the MIA, he must have at least three (3) years working experience; and
 - i. he must have passed the examinations specified in Part I of the First Schedule of the Accountants Act, 1967; or
 - ii he must be a member of one (1) of the associations of accountants specified in Part II of the First Schedule of the Accountants Act, 1967.

2. Where the Chairman is unable to attend the meeting, the members shall elect a person among themselves as Chairman.
3. Review of membership is undertaken once every three (3) years. This review pertains to the terms of office and performance of the members.

Meetings

1. Meetings shall be held at least once a month or at a frequency to be decided by the Committee and the Committee may invite any person to be in attendance to assist in its deliberations. At least once a year, the Committee shall meet with the external auditor without the presence of Management.
2. The Committee will regulate its own procedure particularly with regard to the calling of meetings, the notice to be given of such meetings, the voting and proceedings of such meetings, the keeping of minutes, and, the custody, production and inspection of such minutes.
3. Upon the request of the external auditor, a meeting is to be convened to consider any matter that the auditor believes should be brought to the attention of the directors and shareholders.

Quorum

The quorum shall be two (2), *both* of whom are to be independent directors.

Secretary

The General Counsel & Company Secretary, En. Mohd Nazlan bin Mohd Ghazali is the Secretary to the ACB.

Authority

The Committee is authorised by the Board to:

- 1 Investigate any activity or matter within its terms of reference.
- 2 Promptly report to Bursa Malaysia Securities Berhad ("Bursa Securities") matters which have not been resolved satisfactorily, thus, resulting in a breach of the Bursa Securities Listing Requirements.
- 3 Obtain external independent professional advice, legal or otherwise deemed necessary.
- 4 Maintain direct communication channels with external auditors, person(s) carrying out the internal audit function or activity, and with senior management of the Bank and its subsidiaries.
- 5 Convene meetings with internal and external auditors, without the attendance of the management, whenever deemed necessary.

In discharging the above functions, the ACB has also been empowered by the Board to have:-

- Necessary resources which are required to perform its duties.
- Full and unrestricted access to any information and documents relevant to its activities.

B. DUTIES & RESPONSIBILITIES

The primary duties and responsibilities of the ACB with regards to the Maybank Group's Internal Audit function, external auditors, financial reporting, related party transactions, annual reporting and investigation are as follows:-

1. Internal Audit

- Review the adequacy of the internal audit scope and plan, functions and resources of the internal audit function, Internal Audit Charter and that it has the necessary authority to carry out its work.
- Review the internal audit reports and to ensure that appropriate and prompt remedial action is taken by Management on lapses in controls or procedures that are identified by internal audit.
- Approve the appointment or termination of the Chief Audit Executive and Heads of Department of Internal Audit.
- Assess the performance of the internal auditor; determine/approve the remuneration and annual increment of the internal auditor.
- Take cognisance of resignation of internal audit staff and the reason for resigning.

2. External Audit

- Review the appointment and performance of external auditors, the audit fee and any question of resignation or dismissal and to make recommendations to the Board.
- Assess the qualification, expertise, resources and effectiveness of the external auditors.
- Monitor the effectiveness of the external auditors' performance and their independence and objectivity.
- Review the external auditors' audit scope and plan, including any changes to the planned scope of the audit plan.
- Review major audit findings raised by the external auditors and Management's responses, including the status of previous audit recommendations.

Audit Committee Report

- Review the assistance given by the Group's officers to the external auditors and any difficulties encountered in the course of the audit work, including any restrictions on the scope of activities or access to required information.
- Approve non audit services provided by the external auditors.

3. Financial Reporting

Review the quarterly and year-end financial statements focusing on:-

- any changes in accounting policy and practices.
- significant and unusual events and
- compliance with applicable Financial Reporting Standards and other legal and regulatory requirements.

4. Related Party Transactions

Review any related party transactions and conflict of interest situations that may arise within the Bank or Maybank Group including transactions, procedures or courses of conducts that may raise questions of Management's integrity.

5. Annual Report

Report the Audit Committee's activities for the financial year.

6. Investigation

Instruct the conduct of investigation into any activity or matter within its terms of reference.

7. Other Matters

Other matters as the Committee considers appropriate or as authorised by the Board of Directors.

C. ACTIVITIES OF THE AUDIT COMMITTEE DURING THE YEAR

During the year under review, the Audit Committee in the discharge of its duties and functions carried out the following activities:

Attendance of meetings

A total of sixteen (16) meetings were held during the Financial Year. The details of attendance of each of the member at the Committee meetings held during the year are as follows:-

	Composition and name of committee member	No. of meetings attended whilst in office
1.	Tan Sri Datuk Dr Hadenan A. Jalil (Chairman) – Appointed on 15/7/2009 – Independent Non-Executive Director	15/16
2.	En Cheah Teik Seng (member) – Appointed on 26/8/2009 – Independent Non-Executive Director	15/16
3.	Dato' Johan Ariffin (member) – Appointed on 26/8/2009 – Independent Non-Executive Director	14/16
4.	En Sreesanthan Eliathamby (member) – Appointed on 27/10/2010 – Non-Independent Non-Executive Director	10/11
5.	En Zainal Abidin Jamal (member) – Appointed on 22/7/2009 and ceased to be a member w.e.f. 27/10/2010 – Non-Independent Non-Executive Director	4/5
6.	Dato' Seri Ismail Shahudin (member) – Appointed on 15/7/2009 and ceased to be a member w.e.f. 16/7/2010 – Independent Non-Executive Director	1/1

The Audit Committee consists of three (3) Independent Non-Executive Directors and one (1) Non-Independent Non-Executive Director. One of the members (En Cheah Teik Seng) is a Fellow of the Institute of Chartered Accountants in England and Wales. This meets the requirement of the Bursa

Securities Listing Requirements which requires at least one qualified accountant as a member of the Audit Committee.

The Audit Committee meets on a scheduled basis at least once a month. The Group Chief Financial Officer (GCFO) and the Chief Audit Executive (CAE) are invited to attend the meetings. The External Auditors are also invited to discuss their management letters, Audit Planning Memorandum and other matters deemed relevant.

In addition to the monthly scheduled meetings, the members of the Audit Committee also had two (2) one-to-one sessions with the External Auditors without the presence of the Management as required.

The Audit Committee also meets to discuss and review the quarterly unaudited financial results and the annual audited financial statements of the Bank and the Maybank Group. The President & Chief Executive Officer (PCEO) and the Group Chief Financial Officer (GCFO) are invited to attend these meetings, together with the External Auditors.

Internal Audit (IA)

1. Reviewed the annual internal audit plan for FY2011 to ensure adequate scope, coverage over the activities of the Bank and the Group and the resource requirements of internal audit to carry out its functions.
2. Reviewed the internal audit reports, audit recommendations and management's responses to these recommendations.
3. Reviewed the status report on Management's efforts to rectify the outstanding audit issues to ensure control lapses are addressed.
4. Reviewed the monthly audit performance reports to ensure the adequacy, performance, progress, achievement, coverage of the internal audit functions and noted the reasons for the resignation of audit staff.
5. Reviewed the audit reports issued by regulatory authorities, Management's responses to the Regulators' recommendations and the remedial actions taken to rectify the weaknesses detected.

6. Reviewed the minutes of meetings of the subsidiary companies' ACB for an overview of the risk management and internal control systems of those subsidiary companies.
7. Provided independent evaluation on the performance and remuneration package of audit staff in accordance with the regulatory requirements.
8. Instructed the conduct of investigation into any activity or matter within its terms of reference.
9. Reviewed the Audit Committee Report and Statement on Internal Control.
10. Reviewed the minutes of meetings of the Internal Audit Committee for an overview of the deliberation and remedial actions taken by Management on the control lapses raised by internal auditors.

Financial Reporting

11. Reviewed the quarterly unaudited financial results and the annual audited financial statements of the Bank and the Maybank Group to ensure that the financial reporting and disclosure requirements are in compliance with accounting standards, with special focus placed on changes in accounting policy, as well as significant and unusual events/transactions.

External Audit

12. Reviewed with the external auditors:-
 - The Audit Planning Memorandum and scope of work for the year.
 - The results of the audit, the relevant audit reports and Management Letters together with Management's responses/comments to the findings.
13. Approved the non-audit services provided by the external auditors.
14. Evaluated the performance of the external auditors and made recommendations to the Board on their nomination or re-appointment, scope of work and audit fees, as well as change of external auditor(s) where appropriate.

Audit Committee Report

Employee Share Scheme (ESS)

15. Reviewed the allocation to ensure that it is consistent with the approved matrix.

Directors' Training

16. The training attended by the Committees is reported under the Statement on Corporate Governance in page 212.

D. INTERNAL AUDIT FUNCTION

The Group has a well established in-house Internal Audit (IA) to assist the Board of Directors to oversee that Management has in place a sound risk management, internal control and governance system. The total costs incurred for maintaining the IA function for the year under review was approximately RM33.0 million, comprising mainly salaries, travelling and accommodation expenses and subsistence allowances for audit assignments.

The internal audit function is guided by its Audit Charter and reports functionally to the ACB of the Bank and administratively to the President & Chief Executive Officer, and is independent of the activities or operations of other operating units. The principal responsibility of IA is to undertake regular and systematic reviews of the systems of internal control, so as to provide reasonable assurance that such systems continue to operate efficiently and effectively. The scope of coverage of IA encompasses all units and operations of the Bank, including the subsidiaries. The selection of the units to be audited from the audit universe leading to the formulation of the audit plan is premised on a risk based approach and it is the responsibility of the IA to provide the ACB with an independent and objective report on the state of affairs of the risk management, internal control and governance processes.

The internal audit function for Maybank operations and its subsidiary companies in Malaysia and Papua New Guinea is organised on a Group basis within Maybank. Technical support in the areas of credit risk, market risk, information technology systems and developmental initiatives are centrally driven to ensure consistency of standards and applications. When approving the Annual Audit Plan, the ACB reviews Maybank IA's human resource requirements to ensure that the function is adequately and

appropriately resourced. The internal audit functions for the respective subsidiary companies in Philippines, Indonesia, Singapore and Thailand are organised and supported by the respective resident internal audit teams with direct accountability to the respective Board Audit Committees of these subsidiary companies.

The audit reports which provide the results of the audit conducted in terms of the risk management of the unit, operating effectiveness of internal controls, compliance with internal and regulatory requirements and overall management of the unit are submitted to the respective ACB for their review. Key control issues, significant risks and recommendations are highlighted, along with Management's responses and action plans for improvement and/or rectification, where applicable. This enables the ACB to execute its oversight function by forming an opinion on the adequacy of measures undertaken by Management.

The International Professional Practices Framework (IPPF) issued by The Institute of Internal Auditors (IIA), the Practice Advisories issued by the IIA, the Guidelines on Internal Audit Functions, Bank Negara Malaysia's Guidelines on Internal Audit Function of Licensed Institutions and Guidelines on Management of IT Environment are used where relevant as authoritative guides for internal auditing procedures.

During the year under review, the following activities were carried out by IA:-

1. Executed independent assurance role through programmed reviews of units and operations identified on a risk based audit approach in the annual audit plan, to evaluate and improve the effectiveness of risk management, internal control and governance processes.
2. Reviewed the adequacy and appropriateness of the internal controls and risk exposures in the new products/financing packages.
3. Ascertained the extent of compliance with established policies and procedures and statutory requirements.

4. Besides the risk assurance activities, IA also conducts audits on computer hardware, operating and application systems as well as the information communication technology (ICT) network of Maybank Group.
5. Carried out ad hoc assignments and special reviews as instructed by the ACB.
6. Recommended improvements and enhancements to the existing system of internal control and work procedures/processes.
7. Developed an annual audit plan premised on a risk based approach and in cognisance with the Group's objectives and policies in the context of its evolving business environment, taking into consideration input from Senior Management and the ACB.
8. Carried out audit investigation into activities or matters as instructed by the ACB and Senior Management.
9. Witnessed the tender opening process for procurement of services.
10. Preparation of Audit Committee Report and Statement on Internal Control for the Company's FY2011 Annual Report.

Risk Management



"We are strengthening our risk management foundation and building from our current capabilities to align and work more effectively with our business to embed risk management into the DNA of the organisation so that we are able to better optimise our risk-returns to create value and to serve our customers better across the Group"

Dr John Lee

Group Chief Risk Officer

Key Highlights:

- > Migrated successfully to Basel II Internal Ratings Based approach for credit risk for risk weighted assets computation;
- > Improved collaboration with business to streamline our credit policies for better management of our credit risk and reviewed our lending authority limits to be more responsive to our customers;
- > Strengthened our capital management framework to ensure we have a robust capital structure in view of our growth plans, and to better prepare for the Basel III regime; and
- > Enhanced our stress testing framework to better plan and prepare the Group for unanticipated events that could have an impact on the Group, particularly given the current volatile environments.

Overview

The Maybank Group takes proactive measures to manage various risks posed by the rapidly changing business environment. These risks, which include credit risk, market risk, liquidity risk, reputational risk, business risk, strategic risk and operational risk, are systematically managed within the Group's risk governance, infrastructure and tools.

During the year, some of the major risk factors impacting the Group's business operations include:

Regulatory Landscape	● Stricter capital requirements in terms of quality and quantity under the new Basel III regime. ● Greater regulation of financial services industry. ● Increased focus on Pillar 2 and internal capital management process.
External Competitive Environment	● Increasing competition locally and regionally. ● Global deleveraging process to continue to soften recovery of financial sector. ● Inflationary pressures are expected to increase. ● Volatile commodity and energy markets are expected.
Key Banking Trends	● Leading players gaining traction regionally. ● Enhanced consumer protection rules. ● Competition for cheaper sources of funding regionally. ● Focus on the higher risk SME sector.

The Group continues to plan, monitor and respond to these internal and external risk factors in an anticipative manner.

Some of the key risk achievements and measures undertaken by the Group during the year include:

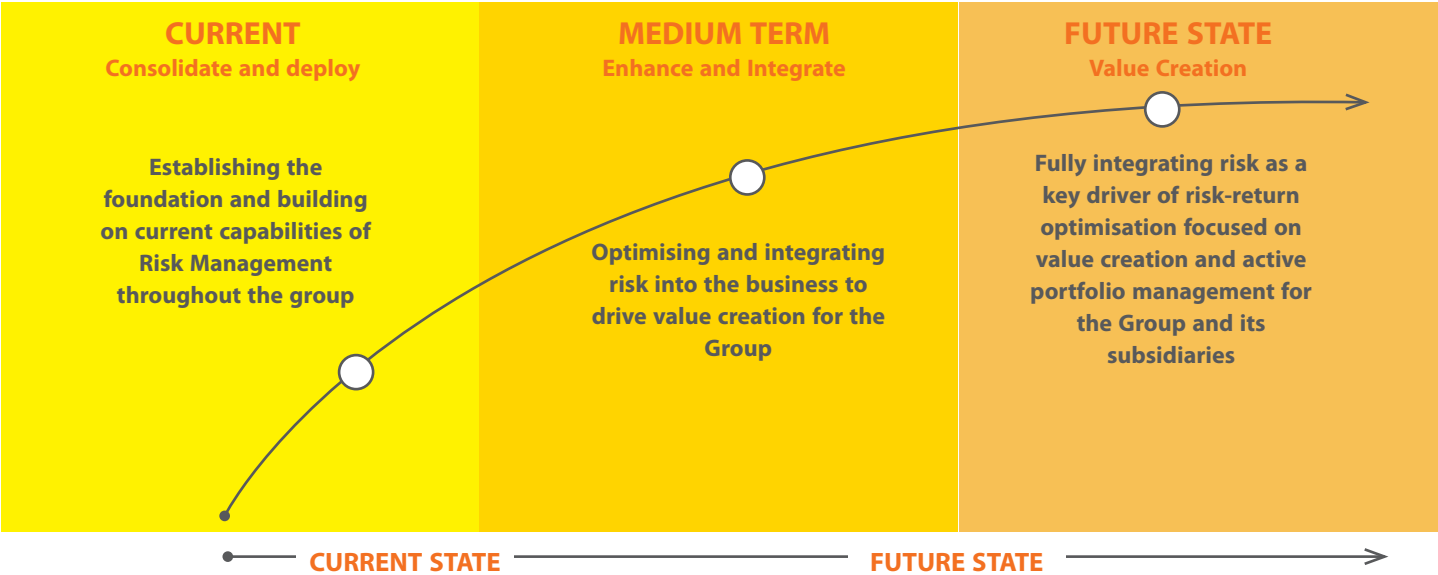
- Bank Negara Malaysia (BNM) formally approved Maybank and Maybank Islamic's application to migrate fully to the Basel II Internal Ratings Based (IRB) approach for credit risk from 1 July 2010.
- The Bank and its Malaysian subsidiaries successfully implemented the Risk Weighted Capital Adequacy Framework (RWCAF) reporting based on Basel II to BNM.
- The Bank and its Malaysian subsidiaries implemented Pillar 3 disclosures based on IRB approach.
- The Bank and its Malaysian subsidiaries have embedded the Internal Capital Adequacy Assessment Process (ICAAP) in stages since 2008.
- The Group has integrated robust and regular stress testing to help plan and prepare for future events that could have an impact on the organisation, particularly in volatile environments.
- The Group has further enhanced its tools and frameworks to cater for prudent liquidity management and diversification of funding (by tenor, product and customer type). During the year, Maybank was awarded the Asian Bankers Best Deposit Product and Liability Management Award for the Asia Pacific region.
- The Group continues to actively benchmark against leading practices as announced by major institutions such as the Basel Committee for Banking Supervisors, Institute of International Finance and international regulators, to produce the best in house practice and stay ahead of the curve.

Risk Management

Moving On FY2012

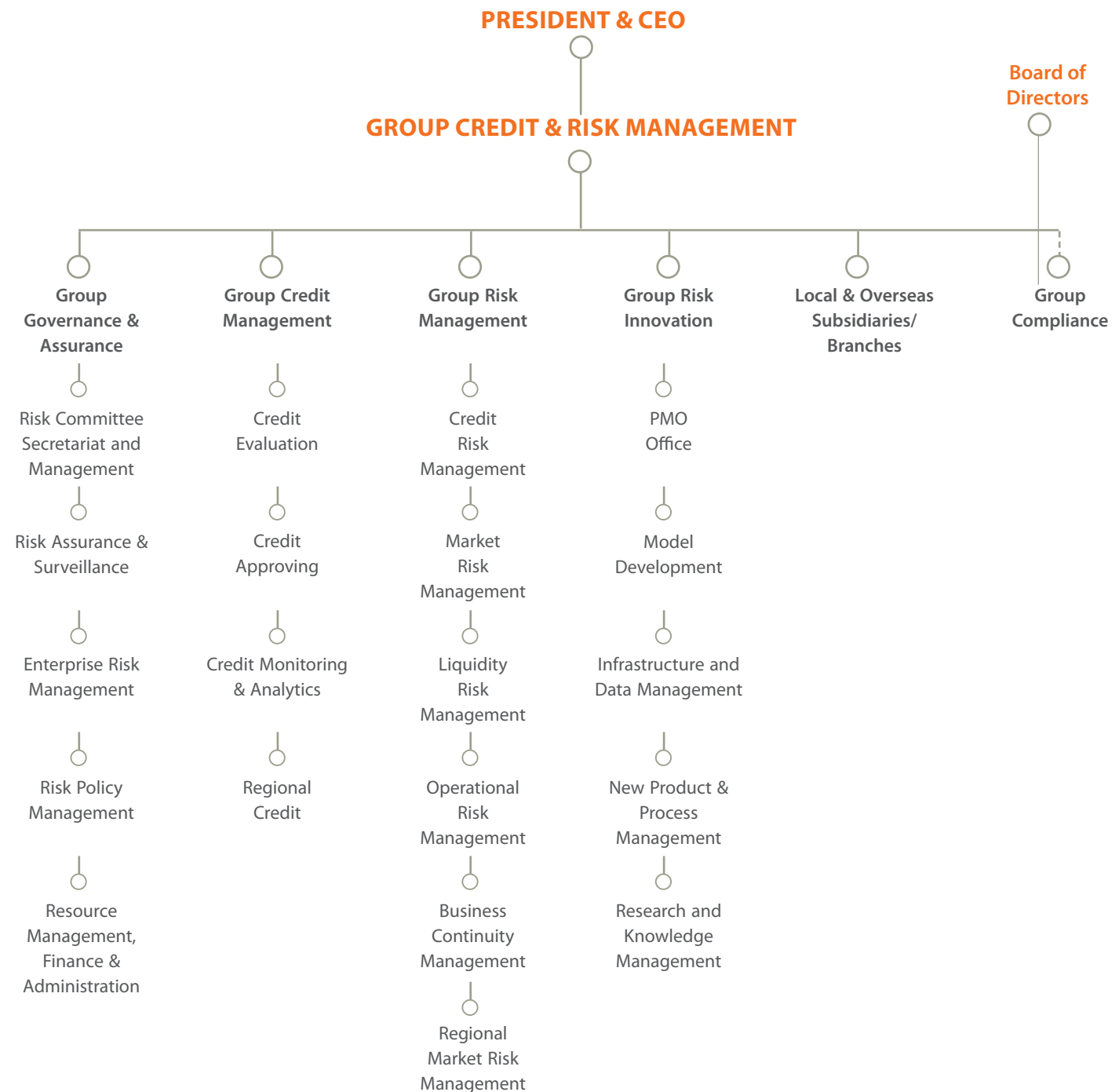
As part of our risk management strategic initiatives, Maybank Group has embarked on a Risk Transformation Programme (“RTP”).

The key objectives of the RTP is to redesign the current state risk architecture of the Group to align the capabilities of the Group risk function to the strategic aspirations of the Group. The RTP is aimed at enhancing our overall risk management processes globally, increase our ability to manage risks in all markets that we operate in, improve business responsiveness, optimise our risk-return capabilities, and be a market leader and thought leader in risk management in the region.



Enhanced Risk Governance at Group Credit & Risk Management

Effective 1 July 2011, the Group Credit & Risk Management team was re-organised to provide a more robust and aligned platform with enhanced capabilities to further strengthen the risk management functions across the Group in support of the Group's regional business aspirations.



Risk Governance Structures

The following chart illustrates the risk governance structures of Maybank Group.



The ERC, ALCO and GMCC are Management Level committees responsible for the management of all material risks within the Bank. The scope of the ERC encompasses all risk types except market and liquidity risks, which are within the purview of the ALCO. GMCC is empowered as the centralised loans approval committee for the Group.

The Risk function is independent of the origination and sales functions to ensure that the necessary balance in risk/return decisions is not in any way compromised by business pressures to generate revenues. This is particularly crucial given that revenues are recognised immediately while losses arising from risk positions only manifest themselves over time.

The Risk function is also responsible for implementing and maintaining the Group’s Risk Management Framework, ensuring that it remains relevant and appropriate to the Group’s activities. Other functions include administering risk-related governance and reporting processes.

Holistic Enterprise Risk Management Approach

In light of the Group’s operating structure and geographic expansion, the Group continuously enhances its integrated risk management approach towards the effective management of enterprise-wide risks in the Group. Key components of the Enterprise Risk Management (ERM) framework include:

- Structured risk governance model incorporating Board and Senior Management oversight;
- Sound capital management processes;
- Risk appetite statement formulation;
- Review of risk-reward matrix under a risk-adjusted performance measurement framework;
- Comprehensive assessment of material risks;

- Rigorous and regular controls, reviews, monitoring and reporting; and
- Independent reviews by internal auditors, external auditors and the relevant supervisory authorities.

The Group views the ERM process as a structured and disciplined approach to align strategies, policies, processes, people and technology with the specific purpose of evaluating all risks in line with enhancing shareholder value.

In line with the ERM, the Group has adopted and consistently practised the Seven Broad Principles of Risk Management to ensure integration in purpose, policy, methodology and risk culture across its regional footprint.

Maybank Group's Seven Broad Principles of Risk Management

The **Seven Broad Principles** define the key principles on accountability, independence, structure and scope.

No. Principles

- 1 The risk management approach is premised on three lines of defence – risk taking units, risk control units and internal audit.
- 2 The risk taking units are responsible for the day-to-day management of risks inherent in their business activities while the risk control units are responsible for setting the risk management frameworks and developing tools and methodologies for the identification, measurement, monitoring, control and pricing of risk. Complementing this is internal audit which provides independent assurance of the effectiveness of the risk management approach.
- 3 Risk management provides risk oversight for the major risk categories including credit risk, market risk, liquidity risk, operational risk, reputational risk, business and strategic risk, model risk and other industry-specific risks.

No. Principles

- 4 Risk management ensures that the core risk policies of the Group are consistent, sets the risk tolerance level and facilitates the implementation of an integrated risk-adjusted measurement framework.
- 5 Risk management is functionally and organisationally independent of the business sectors and other risk taking units within the Group.
- 6 The Board, through the Board Risk Management Committee, maintains overall responsibility for risk oversight within the Group.
- 7 Risk management is responsible for the execution of various risk policies and related business decisions empowered by the Board.

Three Lines of Defence Concept in Managing Risks across the Group Entities

Approach to Managing Risk	Organisational Units
1 st Line of Defence	Business and Support Pillars
2 nd Line of Defence	Risk Management and Compliance
3 rd Line of Defence	Internal Audit

The 1st Line of Defence is primarily responsible for managing specific risks assumed by them in their day-to-day activities.

The 2nd Line of Defence provides the specialised resources for developing risk frameworks, policies, methodologies and tools for the management of material risks taken by the Group as a whole.

The 3rd Line of Defence involves internal audit, whose task would be to independently review on the adequacy and effectiveness of the risk management process.

Risk Management

With growing emphasis on risk management to be managed at the source, the Group has reinforced the 1st Line of Defence through the formalisation of embedded risk management units within the Business sectors.

The principal risk types facing Maybank Group are addressed within the policies and processes as highlighted below:

Risk Type	Definition of Risk Type	Risk Mitigation Strategies
Credit Risk	Credit Risk is the risk that the Bank will suffer a financial loss in the event a customer or counterparty fails to make a contractual payment.	The Group has a strong credit culture which incorporates a clear credit policy, robust credit evaluation and approval and sound credit portfolio management. Credit risk in the portfolio is continuously evaluated and reviewed by business together with risk units. Senior management and the Board has good oversight of the credit risks and plays an active role in credit risk management.
Market Risk	Market risk is the risk of losses in earnings and capital resulting from movements in market factors such as interest rates, forex and credit spreads.	The Group measures, manages and controls its market risk exposure by using tools such as VaR, PV01, Greek limits, Net Open Position Limit, and so forth. Where appropriate, the Group also mitigates/offsets the effect of its currency exposures through the use of various hedging instruments.
Operational Risk	Operational risk is defined as the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. It includes legal risk, but excludes strategic and reputational risk.	The ORM Framework is aimed at managing operational risk throughout the Group. It is periodically reviewed and aligned against the Group's business strategy and directions ensuring the business objectives and operational risk management objectives are aligned and consistent. Various tools and techniques are used to minimise operational risk to an acceptable level.
Liquidity & Funding Risk	Liquidity risk arises when a bank is unable to make a timely payment on any of its financial obligations to customers or counterparties in any currency. This may be due to the bank's inability to liquidate assets or to obtain funding to meet its liquidity needs in a timely manner.	The Group uses a range of tools to monitor and control liquidity risk exposure such as liquidity gap, early warning signals, liquidity indicators and stress testing. The liquidity positions of the Bank are monitored regularly against the established policies, procedures and limits.

Risk Type	Definition of Risk Type	Risk Mitigation Strategies
Reputational Risk	The risk that a bank's reputation is damaged by one or more than one reputation event, as reflected from negative publicity about the bank's business practices, conduct or financial condition. Such negative publicity, whether true or not, may impair public confidence in the bank, result in costly litigation, or lead to a decline in its customer base, business or revenue.	The Group's reputation is preserved through managing all the risks that affect the Group's reputation through good corporate governance, effective risk management processes and a structured management of reputation events when they occur.
Model Risk	Model Risk is defined as the risk that models used in calculation of regulatory capital do not meet the required standards set.	This risk is managed through ensuring there is appropriate governance and standards on model development, control over model implementation and effective model validation process and setting of model accuracy thresholds.
Credit Concentration Risk	Credit concentration risk refers to the concentration to any single exposure or group of exposures that has the potential to produce losses large enough to undermine the financial health of the bank.	The Group adopts a proactive, robust and controlled policy-driven approach in portfolio policy development. The Group's guiding principle in its lending activity is to diversify its loan portfolio mix and avoid any undue concentration of credit risks in its portfolio. Independent assessment on the Group's portfolio profile is undertaken to mitigate concentration risk.
Business/Strategic Risk	The risk of current or prospective impact on a bank's earnings, capital, reputation or standing arising from changes in the operating environment, adverse strategic decisions, improper implementation of decisions or lack of responsiveness to industry, economic or technological changes.	The Group has a well-established risk governance structure and team that reviews the overall risk appetite that is approved by the Board. The Group adopts the 'Treat' or 'Tolerate' strategies to balance risk and return taking account of changing conditions through the economic cycle and monitor economic trends in market closely and continuously review the suitability of our risk policies and controls. The Group keeps a close watch on key regulatory developments in order to anticipate changes and potential impact on performance with the focus of continuously improving our risk governance structure and framework.

Risk Management

Risk Type	Definition of Risk Type	Risk Mitigation Strategies
Compliance Risk	These are risks arising from non-compliance with laws, rules, regulations or other standards applicable to the bank.	The Compliance sector of the Group continually reviews, enhances and implements policies, procedures and operations to ensure that all regulatory requirements are complied with. The setting up of the Risk Assurance & Surveillance function further strengthens this mitigation process.

Effective Capital Management Strategies

A strong capital position is essential to the Group's business strategy and competitive position. The Group's capital strategy focuses on long-term stability, which enables it to build and invest in market leading businesses.

The Group's objective in managing its capital resources is to maintain sufficient and adequate capital resources given current and future requirements.

Detailed discussion on Capital Management can be found in Note 48, page 396 of the financial statements.

Internal Capital Adequacy Assessment Process (ICAAP)

At Maybank Group, the overall capital adequacy in relation to its risk profile is assessed through a process articulated in the ICAAP. The ICAAP Framework has been formalised and approved by the Board for consistency and has been implemented within the organisation to ensure all material risks are identified, measured and reported, and adequate capital levels consistent with the risk profiles are held.

In line with Bank Negara Malaysia's Guideline on ICAAP, the Group's ICAAP closely integrates the risk and capital assessment processes. The ICAAP framework is designed to ensure that adequate levels, including capital buffers, are held to support the Group's current and projected demand for capital under existing and stressed conditions.

Detailed discussion on ICAAP can be found in Note 49, page 397 of the financial statements.

Regular Stress Testing

The Group's stress testing programme is embedded in the risk and capital management process of the Group and it is a key focus area during the capital planning and business planning processes.

Detailed discussion on Regular Stress Testing can be found in Note 49 (c), page 397 of the financial statements.

For detailed disclosures on Risk Management refer to page 442 for Basel II Pillar 3 Disclosures.

Anti-Money Laundering/ Counter Financing of Terrorism Policy

Maybank Group is at the forefront of the Government and Bank Negara Malaysia's continuous initiatives and efforts in the prevention of the use of the banking system for illicit, laundering and terrorism financing activities.

The Group demonstrates its full commitment and support to high standards of compliance with the Anti-Money Laundering/Counter Financing of Terrorism (AML/CFT) requirements by establishing robust and comprehensive policy, procedures, processes and systems for the prevention and detection of money laundering and terrorist financing activities.

The enterprise-wide AML/CFT programme is subject to periodic reviews to ensure that it remains robust and complies with the requirements of the Anti-Money Laundering and Anti-Terrorism Financing Act 2001 (AMLATFA 2001), the Financial Action Task Force (FATF) Recommendations as well as International best practices.

Key measures undertaken in Maybank Group include having in place the following:

- Policy and procedures which outline the roles and responsibilities as well as establish clear accountability of all employees within the Group;
- Customer Due Diligence measures which emphasise the importance of ascertaining customer's identity and establishing the ultimate economic beneficiary via documentary and/or non documentary mechanisms;

- Sophisticated filtering and effective detection system to scrutinise customers' transactions for reporting of suspicious activities to the Financial Intelligence Unit, Bank Negara Malaysia on timely basis;
- Provision of full and timely disclosure of suspicious transactions/circumstances to the relevant authorities as provided under all applicable laws/respective jurisdictions;
- Record keeping of all identification/transaction details obtained for the purpose of customer identification as well as of all documents in accordance with statutory requirements; and
- Regular communication, supplemented with latest updates on AML/CFT and training programs through various channels were undertaken to raise staff awareness at all levels within the Group.

The extensive infrastructure and resources invested reaffirms the Group's full commitment and strong support to international efforts in combating money laundering, the financing of terrorism and other criminal activities.

Entities within the Group, regardless of geographic locations, are strongly committed in ensuring compliance with the Group-wide AML/CFT Policy as well as applicable AML/CFT legislations within the jurisdiction they operate in adopting the most rigorous standards.

The Group fully co-operates with the enforcement agencies and competent authority in the investigation of money laundering and/or financial crime.

Financial Statements



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Statement of Directors' Responsibility

In Respect of the Audited Financial Statements

The directors are required by the Companies Act, 1965 and the Bursa Malaysia's Listing Requirements to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Group and the Bank at the end of the financial year and of their results and cash flows for the financial year then ended.

In preparing the financial statements, the directors have:

- considered the applicable approved accounting standards in Malaysia;
- adopted and consistently applied appropriate accounting policies;
- made judgements and estimates that are prudent and reasonable; and
- prepared the financial statements on a going concern basis as the Directors have a reasonable expectation, having made enquiries, that the Group and the Bank have adequate resources to continue in operational existence for the foreseeable future.

The directors have the responsibility for ensuring that the Group and the Bank keep accounting records which disclose with reasonable accuracy the financial position of the Group and the Bank which will enable them to ensure that the financial statements comply with the Companies Act, 1965 and the Bursa Malaysia's Listing Requirements.

The directors have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and the Bank and to prevent and detect fraud and other irregularities.

Analysis of Financial Statements

ANALYSIS OF SIGNIFICANT BALANCE SHEET MOVEMENTS

RM billion	Jun 11	Jun 10	Variance	% Change
Cash and short-term funds	38.8	28.7	10.1	35.2%
Deposits and placements with Financial Institutions	10.3	8.9	1.4	15.4%
Securities Portfolio	61.0	54.2	6.8	12.7%
Loans, advances and financing	254.0	205.6	48.4	23.6%
Life, General Takaful and Family Takaful Fund Assets	19.2	18.0	1.2	6.9%
Other Assets	28.7	21.4	7.3	33.9%
Total Assets	412.0	336.7	75.3	22.4%
Deposits from customers	282.0	236.9	45.1	19.0%
Deposits and placements of banks and Financial Institutions	33.3	23.3	10.0	43.2%
Borrowings	5.4	2.8	2.6	92.8%
Subordinated debts	10.8	8.1	2.7	33.6%
Capital Securities	6.1	6.0	0.1	2.8%
Insurance & Takaful liabilities & policyholders' funds	19.2	18.0	1.2	6.9%
Other liabilities	22.6	13.0	9.6	73.7%
Total Liabilities	379.5	308.0	71.5	23.2%
Equity attributable to equity holder of the Bank	31.5	27.9	3.6	12.9%
Total Liabilities and Equity	412.0	336.7	75.3	22.4%
Loan-to-deposit Ratio	90.1%	86.8%	3.3%	-

Total Assets

For the financial year ended 30 June 2011, the Group's total assets grew by 22.4% or RM75.3 billion to RM412.0 billion. At the Bank level the total assets rose by 18.2% or RM45.3 billion. The corresponding growth for the previous year at the Group and Bank level were 8.4% and 4.2% respectively.

The Group's total assets growth was contributed mainly by growth in net loans and advances of RM48.4 billion or 23.6% followed by growth in cash and short-term funds of RM10.1 billion or 35.2% and securities portfolio of RM6.8 billion or 12.7%.

The bulk of the Group's total assets consist of 61.7% in net loans and advances which was higher as compared to 61.0% as at end June 2010.

Securities Portfolio

The Group's securities portfolio increased by RM6.8 billion or 12.7% mainly due to increase in securities relating to government related papers. Around 77.4% of the securities portfolio comprised securities Available-for-Sale, followed by 15.8% of securities Held-to-Maturity and 6.8% of securities Held-for-Trading.

Deposits and Placements with Financial Institutions

The Group's deposits and placements with financial institutions grew by RM1.4 billion to RM10.3 billion or 15.4%.

Life, General Takaful and Family Takaful Fund Assets

This balance sheet item grew by 6.9% to RM19.2 billion as at June 2011, in line with the growing Insurance and Takaful business of the Group.

Loans, Advances and Financing

The Group's net loans, advances and financing for FY2011 grew 23.6% to RM254.0 billion compared to a growth of 10.6% in the previous financial year. The Group's gross loans grew at a faster pace of 21.7% compared to 10.3% in the previous year as both domestic and overseas loans grew by double digit of 16.8% and 29.4% respectively.

The domestic operations growth of 16.8% was better than the 11.0% recorded in the previous year driven by healthy loans growth in Community Financial Services (CFS) and domestic Global Wholesale Banking of 12.9% and 25.6% respectively. The Group's domestic gross loans growth of 16.8% was above the industry growth of 13.5%.

Mortgage loans grew by RM4.0 billion or 11.6% compared to 9.8% in the previous year with market share at 13.0% compared to 13.2% the previous year.

Credit card receivables for the financial year rose RM0.6 billion or 15.6%, outperforming the industry's 12.4% growth leading to market share rising to 14.9% from 14.4% the previous year.

Automobile financing for domestic operations recorded a growth of 14.3% compared to 12.2% in the previous financial year. As the growth exceeded the industry's growth, market share for financing of motor vehicles rose to 18.8% from 17.6% in June 2010.

As at June 2011, the overseas operations loan book accounted for 34.1% of the Group's loan base from 32.3% in the previous year.

The gross loans book for Singapore recorded a growth of 25.8% or SGD4.53 billion after registering a growth of 3.4% in FY2010. Indonesia's gross loans, which was driven mainly by Bank Internasional Indonesia recorded a growth of 25.8% or Rp12.2 trillion. Gross loans in other overseas locations saw a growth of 38.6% or RM4.54 billion compared to a contraction of 3.7% in the previous year.

The Group's Islamic gross financing and advances grew by 36.0% or RM12.5 billion during the year. Islamic banking constitutes a growing portion of the Group's banking business, accounting for 18.0% of total gross loans and financing from 16.3% in the previous year. Islamic banking gross financing accounted for 28.1% of total domestic financing and advances compared with 24.3% in June 2010.

Post FRS139 net impaired loan ratio declined from 2.99% in September 2010 to 2.74% in December 2010, 2.39% in March 2011 and 2.25% in June 2011.

Total Liabilities

Outstanding liabilities of the Group grew by 23.2% or RM71.5 billion to RM379.5 billion. The bulk of the overall increase was attributed to a growth in deposits from customers.

Deposits from Customers

The Group's customer deposits grew 19.0% or RM45.1 billion to RM282.0 billion while at the Bank level it rose by 14.9% or RM26.1 billion to RM201.5 billion.

The Group's focus on growing deposits contributed to a growth of 18.3% for demand deposits and 13.8% for savings deposits. The Bank's domestic operations remained the leader in both demand and savings deposits with market shares of 20.5% and 27.9% compared to 20.5% and 27.7% respectively in the previous year. Fixed deposits grew by 17.0% compared to 10.0% in the previous year.

The Group's overall deposit funding mix shifted to a higher reliance on money market deposits which grew 52.2% to RM24.6 billion. Although the Group's 'higher cost' fixed deposits declined to 54.2% from 55.1% of total customer deposits in June 2010, lower cost fund consisting of savings and demand deposits as a proportion of total customer deposits dipped slightly to 36.1% from 37.0% in June 2010.

Deposits and Placements of Banks and Financial Institutions

This item rose by 43.2% or RM10.0 billion due to the need to access the interbank market to fund the strong loans growth.

Shareholders' Equity

The Group's shareholders' equity rose by 12.9% or RM3.6 billion to RM31.5 billion mainly due to increase in share premium and share capital due to shares issued pursuant to the Dividend Reinvestment Plans.

ANALYSIS OF INCOME STATEMENT

Revenue (Net Income)

The Group's revenue (net income) registered a growth of 8.9% to RM13.4 billion in FY2011 from RM 12.3 billion in FY2010. The growth was attributed to the growth in key component revenue generator mainly net interest income (6.1%), income from Islamic Banking (8.9%), net income from Insurance business (31.2%) and non-interest income (11.4%).

RM million	FY11	FY10	YoY Change	
			Variance	% Change
Net interest income	7,185.9	6,770.9	415.0	6.1%
Income from Islamic Banking	1,561.9	1,434.7	127.2	8.9%
Net income from insurance business	557.3	424.9	132.4	31.2%
Non-interest income	4,114.7	3,692.7	422.0	11.4%
Net income	13,419.8	12,323.2	1,096.6	8.9%
Overhead expenses	(6,652.2)	(5,825.5)	(826.7)	14.2%
Operating Profit before allowances for losses on loans	6,767.6	6,497.7	269.9	4.2%
Allowance for losses on loan	(502.2)	(1,226.1)	723.9	-59.0%
Impairment losses on securities, net	(130.0)	(23.0)	(107.0)	465.0%
Operating Profit	6,135.5	5,248.6	886.9	16.9%
Share of profits in associates	135.0	121.8	13.2	10.8%
Profit before taxation and zakat	6,270.5	5,370.4	900.1	16.8%
Taxation & Zakat	(1,650.7)	(1,402.0)	(248.7)	17.7%
Minority Interest	(169.5)	(150.3)	(19.2)	12.8%
Profit after Tax and Minority Interest (PATAMI)	4,450.3	3,818.2	632.1	16.6%
EPS (sen)	61.41	53.94	7.47	13.8%

Net Interest Income

Net interest income for the Group rose moderately by RM415.0 million or 6.1% even as the Group loans and debt securities grew 17.2%. This is largely due to the narrowing in net interest margin which declined by 21 basis points to 2.59% as a result of heightened competition for assets and deposits in all key markets, as well as the effect of the implementation of Financial Reporting Standards 139.

Islamic Banking

Income from Islamic Banking operations continued to grow, increasing by RM127.1 million or 8.9% to RM1,561.9 million. This was attributed to the growth of fund and fee based incomes of 53.3% and a decline in allowance for losses on financing by 96.9%. The growth in Islamic Banking business can be seen in its financing and advances which constituted 28.1% of total domestic financing and advances in Malaysia as at 30 June 2011, compared with 24.3% as at 30 June 2010.

Net Income from Insurance business

Net income from insurance business for FY2011 increased by RM132.4 million or 31.2% to RM557.3 million due to higher transfer of actuarial surplus from insurance and takaful revenue account, and also the significant improvement in the takaful businesses.

Non-Interest Income

Non-interest income continued to expand by RM422.0 million or 11.4% to RM4,114.7 million compared to the previous corresponding financial year. This was mainly due to growth in investment & trading income by 48.4%, commission, service charges and fees (12.8%), foreign exchange profit (8.6%) and other income (11.2%). However, this was mitigated by lower net unrealised gain on revaluation of securities held-for-trading and derivatives.

Overhead Expenses

Overhead expenses of the Group increased by RM826.7 million or 14.2% year-on-year compared to the previous period. Higher overhead expenses was mainly contributed by personnel cost which grew by 22.3% to RM3,567.8 million. Other expenses component included IT expenses which rose 6.4%, marketing expenses (9.0%) and administration, general expenses and fees & brokerage (5.4%). The Group's cost to income ratio rose to 49.6% from 47.3% previously as growth in expenses outpaced net income growth.

Loan and Financing Loss and Provisions

Allowance for losses on loans, advances and financing decreased significantly by RM723.9 million or 59.0% to RM502.2 million. The decline was mainly due to higher recoveries and lower allowances in the domestic banking operations as a result of lower individual allowance and improvement in the collective allowance. Asset quality continued to improve with net impaired loans ratio improving to 2.25% as at 30 June 2011, compared to 2.99% as at 30 Sept 2010.

Profit after Tax and Minority Interest (PATAMI)

The Group's PATAMI for FY2011 rose 16.6% to a record RM4.45 billion contributed by 8.9% growth in net income and 59.0% decline in allowance for losses on loans. This resulted in higher earnings per share of 61.4 sen compared to 53.9 sen in FY2010.

Taxation

The effective tax rate of the Group is 26.3% which is higher than the statutory tax rate of 25% due to non-deductible expenses.

Directors' Report

The directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Bank for the financial year ended 30 June 2011.

PRINCIPAL ACTIVITIES

The Bank is principally engaged in the business of banking and finance in all its aspects.

The subsidiaries are principally engaged in the businesses of banking and finance, Islamic banking, investment banking including stock broking, general and life insurance, general and family takaful, trustee and nominee services, asset management and venture capital.

There were no significant changes in these activities during the financial year.

RESULTS

	Group RM'000	Bank RM'000
Profit before taxation and zakat	6,270,467	4,561,429
Tax expense and zakat	(1,650,709)	(1,202,730)
Profit for the year	4,619,758	3,358,699
Attributable to:		
Equity holders of the Bank	4,450,278	3,358,699
Non-controlling interests	169,480	–
	4,619,758	3,358,699

There were no material transfers to or from reserves or provisions during the financial year other than as disclosed in the financial statements.

In the opinion of the directors, the results of the operations of the Group and the Bank during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature other than the changes in accounting policies as disclosed in Note 3(ii) of the financial statements.

DIVIDENDS

The amount of dividends paid by the Bank since 30 June 2010 were as follows:

	RM'000
In respect of the financial year ended 30 June 2010 as reported in the directors' report of that year:	
Final dividend of 44 sen less 25% taxation consist of cash portion of 4 sen (net 3 sen) per ordinary share and an electable portion of 40 sen (net 30 sen) ordinary shares, on 7,077,982,768 ordinary shares, declared on 29 September 2010 and paid on 20 December 2010.	2,335,734

The reinvestment rate subsequent to the completion of the above was 88.59%.

In respect of the financial year ended 30 June 2011:

First interim dividend of 28 sen less 25% taxation consist of cash portion of 4 sen (net 3 sen) per ordinary shares and electable portion of 24 sen (net 18 sen) per ordinary share, on 7,322,240,391 ordinary shares declared on 21 February 2011 and paid on 12 May 2011.

1,537,670

The reinvestment rate subsequent to the completion of the above was 91.13%.

At the forthcoming Annual General Meeting, a final dividend in respect of the financial year ended 30 June 2011 of 32 sen less 25% taxation on 7,478,206,067 ordinary shares, amounting to a net dividend payable of RM1,794,769,456 (net 24 sen per ordinary share) will be proposed for the shareholders' approval.

The proposed gross dividend consists of cash portion of 4 sen (net 3 sen) per ordinary share to be paid in cash amounting to RM224,346,182 and an electable portion of 28 sen (net 21 sen) per ordinary share amounting to RM1,570,423,274 which can be elected to be reinvested in new ordinary shares in accordance with the Dividend Reinvestment Plan as disclosed in Note 29(b) to the financial statements and subject to the relevant regulatory approvals as well as shareholders' approval at the forthcoming Annual General Meeting.

The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained profits in the next financial period ending 31 December 2011. As disclosed in Note 53, the Bank would change its financial year end from 30 June to 31 December which will be implemented after the close of the current financial year ended 30 June 2011.

MAYBANK GROUP EMPLOYEES' SHARE SCHEME ("ESS")

The Maybank Group Employees' Share Scheme ("ESS") is governed by the by-laws approved by the shareholders at an Extraordinary General Meeting held on 13 June 2011. The ESS was implemented on 23 June 2011 and is in force for a maximum period of seven (7) years from the effective date. The ESS consists of two (2) types of performance-based awards in the form of Employee Share Option Scheme ("ESOS") and Restricted Share Unit ("RSU").

During the financial year, the Bank granted five (5) tranches of ESOS amounting to 405, 308, 500 options based on the assumption that the eligible employees met average performance target. The first tranche of ESOS amounting to 80, 871, 000 options have been vested and exercisable as at 30 June 2011, while the remaining tranches of ESOS and the corresponding number of ESOS will be vested and exercisable upon fulfillment of predetermined vesting conditions including service period, performance targets and performance period. Each option has an exercise price of RM8.82 and will expire on 23 June 2016.

During the financial year, the Bank also granted a total of 3,590,000 "RSU". The RSU will be vested and awarded upon fulfillment of predetermined vesting conditions including service period, performance targets and performance period. The RSU will expire on 23 June 2018.

The maximum number of ordinary shares of RM1 each in the Bank available under the ESS should not exceed 10% of the total number of issued and paid-up capital of the Bank at any point of time during the duration of the scheme. Other principal features of the ESS are disclosed in Note 29(d) to the financial statements.

The Bank has been granted exemption by the Companies Commission of Malaysia from having to disclose the names of employees who have been granted options which have been vested to subscribe for less than 150,000 ordinary shares of RM1 each during the financial year. The option holders with the number of options granted which have been vested in respect of the ESS of 150,000 shares of RM1 each or above during the financial year include certain directors of the Bank whose names and the number of options granted are disclosed in the section on Directors' Interests in this report.

The names of option holders who are granted options which have been vested to subscribe for more than 150,000 ordinary shares of RM1 each during the financial year are as follows:

Name	Implementation on 23.6.2011 '000	Granted and Vested '000	30.6.2011 '000	Name	Implementation on 23.6.2011 '000	Granted and Vested '000	30.6.2011 '000
Dato' Sri Abdul Wahid bin Omar	-	500	500	Tengku Zafrul bin Tengku Abdul Aziz	-	192	192
Lim Hong Tat	-	200	200	Sim Sio Hoong	-	150	150
Abdul Farid bin Alias	-	200	200	Ahmad Shahril Azuar bin Jimin	-	150	150
Khairussaleh bin Ramli	-	200	200	Normala @ Noraziah binti A. Manaf	-	150	150
John Chong Eng Chuan	-	200	200	Mohd Din bin Merican	-	150	150
Hans de Cuyper	-	200	200	Geoffrey Micheal Steyck	-	150	150

All the options were granted on 23.06.2011 at an exercise price RM8.82.

ISSUE OF SHARE CAPITAL

During the financial year, the Bank increased its issued and paid up capital from:

- RM7,077,982,768 to RM7,322,240,391 via the issuance of 244,257,623 new ordinary shares of RM1 each arising from the Dividend Reinvestment Plan ("DRP") relating to the final dividend of 44 sen less 25% taxation in respect of financial year ended 30 June 2010, as disclosed in Note 29 (a) and (b).
- RM7,322,240,391 to RM7,478,206,067 via the issuance of 155,965,676 new ordinary shares of RM1 each arising from the Dividend Reinvestment Plan ("DRP") relating to the interim dividend of 28 sen less 25% taxation in respect of financial year ended 30 June 2011, as disclosed in Note 29 (a) and (b).

The new ordinary shares issued during the financial year rank pari passu in all respects with the existing shares of the Bank.

DIRECTORS

The directors who served since the date of the last report and the date of this report are:

Tan Sri Dato' Megat Zaharuddin bin Megat Mohd Nor (Chairman)
 Dato' Mohd Salleh bin Hj Harun (Vice Chairman)
 Dato' Sri Abdul Wahid bin Omar (President and Chief Executive Officer)
 Tan Sri Datuk Dr Hadenan bin A. Jalil
 Dato' Seri Ismail bin Shahudin
 Dato' Dr Tan Tat Wai
 Encik Zainal Abidin bin Jamal
 Mr Sreesanthan Eliathamby
 Dato' Johan bin Ariffin
 Mr Cheah Teik Seng
 Mr Alister Maitland
 Datuk Mohaiyani binti Shamsudin (appointed with effect from 22 August 2011)

Directors' Report

DIRECTORS' BENEFITS

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Bank or its subsidiary was a party, whereby the directors might acquire benefits by means of acquisition of shares in or debentures of the Bank or any other body corporate, other than as may arise from the share options and shares granted pursuant to the ESS.

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the directors from the Bank and related corporations, or the fixed salary of a full time employee of the Bank as disclosed in Note 37 to the financial statements) by reason of a contract made by the Bank or a related corporation with the director or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

DIRECTORS' INTERESTS

According to the register of directors' shareholdings, the interests of directors in office at the end of the financial year in shares, share options and RSU of the Bank during the financial year were as follows:

Number of ordinary shares of RM1 each				
	1.7.2010	Acquired	Issued pursuant to DRP	30.6.2011
Direct interest				
Tan Sri Dato' Megat Zaharuddin bin Megat Mohd Nor	32,950	–	2,082	35,032
Dato' Mohd Salleh bin Hj Harun	287,781	–	18,200	305,981
Dato' Seri Ismail bin Shahudin	21,250	–	1,343	22,593
Mr Sreesanthan Eliathamby	50,000	–	1,948	51,948
Dato' Johan bin Ariffin	70,000	47,273	5,532	122,805
Indirect interest*				
Tan Sri Dato' Megat Zaharuddin bin Megat Mohd Nor	24,400	–	1,542	25,942
Dato' Dr Tan Tat Wai	5,000	–	315	5,315

*Interest by virtue of shares held by spouse.

Number of options over ordinary shares of RM1 each						
	Exercise Price	Granted during year	Implementation on 23.6.2011	Vested	Exercised	30.6.2011
Dato' Sri Abdul Wahid bin Omar	8.82	2,500,000	–	500,000	–	500,000

Number of Restricted Share Units ("RSU") of ordinary shares of RM1 each					
	Granted during year	Implementation on 23.6.2011	Vested	Awarded	30.6.2011
Dato' Sri Abdul Wahid bin Omar	200,000	–	–	–	–

As at 30 June 2011, 500,000 of the total options granted to the director during the financial year have been vested and exercisable while no RSU granted during the financial year has been vested and awarded. The remaining ESOS and the RSU will be vested and exercisable or awarded upon fulfillment of vesting conditions or predetermined performance metrics including service period, performance targets and performance period.

None of the other directors in office at the end of the financial year had any interest in shares in the Bank or its related corporations during the financial year.

RATING BY EXTERNAL RATING AGENCIES

Details of the Bank's ratings are as follows:

Rating agency	Date	Rating classification	Rating received
Moody's Investors Service	17 January 2010	Long-term Foreign Currency Bank Deposit/Outlook	A3/Stable
		Short-term Foreign Currency Bank Deposit	P-1/Stable
		Long-term Local Currency Bank Deposit/Outlook	A1/Stable
		Short-term Local Currency Bank Deposit	P-1/Stable
		Foreign Currency Tier 1 Capital/Outlook	Baa2/Stable
		Foreign Currency Subordinated Debt/Outlook	A3/Stable
		Bank Financial Strength Rating/Outlook	C/Stable
Standard & Poor's	27 December 2010	Long-term counterparty	A-
		Short-term counterparty	A-2
		Certificate of Deposit	A-/A-2
		Preferred Stock (1 Issue)	BBB
		Subordinated (2 Issues)	BBB+
		Bank Fundamental Strength Rating (Local Currency) Outlook	B Stable
Fitch Ratings	19 April 2011	Foreign Long-term Issuer Default Rating	A-/Stable
		Local Long-term Issuer Default Rating	A-/Stable
		Individual Rating	B/C
		Support Rating	2
		Support Rating Floor	BBB
		USD Sub Debt	BBB+
		SGD Tier 1 Capital Securities	BBB
RAM Ratings Services Bhd	6 December 2010	Long-term Financial Institution Ratings	AAA
		Short-term Financial Institution Ratings	P1
		Tier-1 Capital Securities	AA2
		Subordinated Bonds	AA1
		Outlook (Long-term)	Stable
Malaysian Rating Corporate Bhd	23 March 2011	Long-term Financial Institution Ratings	AAA
		Short-term Financial Institution Ratings	MARC-1
		Outlook	Stable

Directors' Report

BUSINESS OUTLOOK

The Group has recently announced the change in financial year end from 30 June to 31 December, whereby the next financial period will be from 1 July 2011 to 31 December 2011, covering a 6-month period.

For the current financial period ending 31 December 2011, Maybank's business momentum is expected to continue. In the three home markets, Malaysia's GDP is expected to grow 5.1% in 2011 and 5.5% in 2012, though downward risk is possible, while Singapore's GDP is expected to grow at 5.0% and 6.0% in 2011 and 2012 respectively. Indonesia's GDP growth is expected to be 6.3% and 6.6% in 2011 and 2012 respectively. However, the group remains cautiously optimistic in view of the challenging global economic environment and outlook, potentially changing regulatory environment and the threat of rising inflation. The pressure for interest rate increase has lessened slightly in view of potentially slower than expected economic growth and stiffer competition.

Demand for credit in Malaysia is expected to be led by the corporate segment, where the gradual rollout of Economic Transformation Programme projects will start to be visible. The retail businesses are expected to grow, albeit at a moderate pace, amidst intense competition and the expectation of further introduction of regulatory measures to reign on the household debt levels. Loan growth rate in Indonesia is expected to be the highest for the Group while in Singapore, demand remains to be broad based but the growth rate is expected to moderate.

The integrated Maybank Investment Bank Berhad ("Maybank IB") and Kim Eng Holdings Limited ("Kim Eng") organisational structure and set up is in place and is focused towards realising the synergy potentials, particularly leveraging on the regional investment banking platform of Kim Eng and the expertise Maybank IB has to further boost the Group's fee income base.

Shariah-based financial services and products will continue to feature prominently in our growth plan, with greater contribution expected from Indonesia and the wholesale market segment.

The implementation of FRS 139 had a positive impact to the Group's credit costs for the financial year ended 30 June 2011. However, the Group expects credit costs to rise with expected growth in loans.

Insurance and Takaful remains focused on driving their business through product innovation and an expanded agency force.

Maybank is committed to investing in people and upgrading its information technologies to build capabilities and drive implementation of business initiatives. To sustain its strong asset quality, Maybank will remain focused on its sound credit risk management policies and practices. It will also ensure that a healthy capital level is maintained at all times by regularly monitoring the development and impact of Basel III.

Barring any unforeseen circumstances, the Group expects its financial performance for the financial period ending 31 December 2011 to be better than the last financial year. The Group has set two Key Performance Indicators (KPIs) for the six-month financial period ending 31 December 2011, Return on Equity of 16.0% (FY 30 June 2011 : 15.2%) and growth in financial assets of 12.0% (FY 30 June 2011 : 22.6%).

OTHER STATUTORY INFORMATION

- (a) Before the statements of financial position and income statements of the Group and of the Bank were made out, the directors took reasonable steps:
 - (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowances had been made for doubtful debts; and
 - (ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Group and of the Bank which would render:
 - (i) the amount written off for bad debts or the amount of the allowances for doubtful debts in the financial statements of the Group and the Bank inadequate to any substantial extent; and
 - (ii) the values attributed to current assets in the financial statements of the Group and of the Bank misleading.
- (c) At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Bank misleading or inappropriate.
- (d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Group and of the Bank which would render any amount stated in the financial statements misleading.
- (e) As at the date of this report, there does not exist:
 - (i) any charge on the assets of the Group and of the Bank which has arisen since the end of the financial year which secures the liabilities of any other person; or
 - (ii) any contingent liability of the Group or of the Bank which has arisen since the end of the financial year other than those arising in the normal course of business of the Group and of the Bank.
- (f) In the opinion of the directors:
 - (i) no contingent liability or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group and of the Bank to meet their obligations as and when they fall due; and
 - (ii) no item or transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Bank for the financial year in which this report is made.

OTHER STATUTORY INFORMATION (CONT'D.)

- (g) Pursuant to Section 168 of the Companies Act, 1965, the financial year end of subsidiary is required to coincide with the financial year end of the holding company within two (2) years from date of acquisition. Approval from Companies Commission of Malaysia ("CCM") was obtained for the financial year end of a subsidiary, PT Bank Internasional Indonesia Tbk ("BII") to be non-coterminous with the financial year end of the Bank as at 30 June 2011.

For the purpose of the preparation of the consolidated financial statements of the Group for the financial year ended 30 June 2011, an audit was performed on the financial statements of BII.

SIGNIFICANT AND SUBSEQUENT EVENTS

The significant and subsequent events are as disclosed in Note 52 and 53 respectively to the financial statements.

AUDITORS

The auditors, Ernst & Young, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the directors dated 22 August 2011.



Megat Zaharuddin bin Megat Mohd Nor

Kuala Lumpur, Malaysia



Abdul Wahid bin Omar

Statement by Directors

Pursuant to Section 169(15) of the Companies Act, 1965

We, Megat Zaharuddin bin Megat Mohd Nor and Abdul Wahid bin Omar, being two of the directors of Malayan Banking Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 254 to 441 are drawn up in accordance with the provisions of the Companies Act, 1965 and Financial Reporting Standards in Malaysia as modified by Bank Negara Malaysia Guidelines so as to give a true and fair view of the financial position of the Group and of the Bank as at 30 June 2011 and of the results and the cash flows of the Group and of the Bank for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors dated 22 August 2011.



Megat Zaharuddin bin Megat Mohd Nor



Abdul Wahid bin Omar

Kuala Lumpur, Malaysia

Statutory Declaration

Pursuant to Section 169(16) of the Companies Act, 1965

I, Khairussaleh bin Ramli, being the officer primarily responsible for the financial management of Malayan Banking Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 254 to 441 are in my opinion correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by
the abovenamed Khairussaleh bin Ramli
at Kuala Lumpur in the Federal
Territory on 22 August 2011



Khairussaleh bin Ramli

Before me,



Independent Auditors' Report

to the members of Malayan Banking Berhad (Incorporated in Malaysia)

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of Malayan Banking Berhad, which comprise the statements of financial position as at 30 June 2011 of the Group and of the Bank, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Bank for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 254 to 441.

Directors' responsibility for the financial statements

The directors of the Bank are responsible for the preparation of financial statements that give a true and fair view in accordance with the Financial Reporting Standards as modified by Bank Negara Malaysia Guidelines, and the Companies Act, 1965 in Malaysia, and for such internal control as the directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Bank's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with the Companies Act, 1965 and Financial Reporting Standards in Malaysia as modified by Bank Negara Malaysia Guidelines so as to give a true and fair view of the financial position of the Group and of the Bank as at 30 June 2011 and of their financial performances and cash flows for the year then ended.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Bank and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.
- (b) We have considered the financial statements and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 57 (a) to the financial statements, being financial statements that have been included in the consolidated financial statements.
- (c) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the financial statements of the Bank are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.
- (d) The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification and in respect of the subsidiaries incorporated in Malaysia, did not include any comment required to be made under Section 174(3) of the Act.

Other matters

The supplementary information set out in Note 59 on page 441 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the directive of Bursa Malaysia Securities Berhad.

This report is made solely to the members of the Bank, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Ernst & Young
AF: 0039
Chartered Accountants

Chan Hooi Lam
No. 2844/02/12(J)
Chartered Accountant

Kuala Lumpur, Malaysia
22 August 2011

Statements of Financial Position

As at 30 June 2011

		Group		Bank	
		2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Assets	Note				
Cash and short-term funds	5	38,803,519	28,707,992	25,803,796	19,403,616
Deposits and placements with financial institutions	6	10,291,513	8,915,375	7,644,471	7,098,198
Securities purchased under resale agreements	7(a)	–	371,237	–	371,237
Securities held-for-trading	8	4,141,978	2,651,103	2,884,895	2,241,928
Securities available-for-sale	9	47,258,558	42,576,235	40,262,042	37,446,841
Securities held-to-maturity	10	9,638,714	8,942,708	8,339,494	7,855,322
Loans, advances and financing	11	253,976,426	205,555,067	181,572,844	151,469,585
Derivative assets	12	1,652,182	1,306,769	1,626,415	1,281,682
Other assets	13	6,735,522	5,111,362	1,420,365	3,749,648
Investment properties	14	45,051	45,324	–	–
Statutory deposits with Central Banks	15	7,698,425	4,471,382	4,313,116	1,932,981
Investment in subsidiaries	16	–	–	17,070,392	12,653,377
Interest in associates	17	2,439,654	2,471,438	454,412	418,700
Property, plant and equipment	18	2,168,986	1,568,038	1,170,183	1,160,265
Intangible assets	19	6,509,048	4,480,714	177,270	160,710
Deferred tax assets	25	1,402,705	1,564,963	920,837	1,148,176
Life, general takaful and family takaful fund assets	54	19,196,413	17,960,059	–	–
Total assets		411,958,694	336,699,766	293,660,532	248,392,266

The accompanying notes form an integral part of the financial statements.

	Note	Group		Bank	
		2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Liabilities					
Deposits from customers	20	281,976,379	236,909,788	201,465,408	175,379,741
Deposits and placements of banks and other financial institutions	21	33,303,655	23,257,868	31,441,675	22,929,822
Obligations on securities sold under repurchase agreements	7(b)	373,562	407,056	373,562	–
Bills and acceptances payable		8,513,401	3,061,586	7,115,673	2,898,997
Derivative liabilities	12	1,533,935	1,346,242	1,446,311	1,291,498
Other liabilities	22	11,311,854	6,951,520	4,240,156	3,555,869
Recourse obligation on loans sold to Cagamas	23	528,285	649,977	528,285	649,977
Provision for taxation and zakat	24	134,620	466,889	–	283,353
Deferred tax liabilities	25	247,892	151,109	–	–
Borrowings	26	5,447,120	2,824,864	3,420,499	2,098,317
Subordinated obligations	27	10,800,539	8,069,116	9,509,786	8,069,116
Capital securities	28	6,120,774	5,978,752	6,120,774	5,978,752
Life, general takaful and family takaful fund liabilities	54	5,408,600	5,021,911	–	–
Life, general takaful and family takaful policy holders' funds	54	13,787,813	12,938,148	–	–
Total liabilities		379,488,429	308,034,826	265,662,129	223,135,442
Equity attributable to equity holders of the Bank					
Share capital	29	7,478,206	7,077,983	7,478,206	7,077,983
Reserves	30	23,983,293	20,799,193	20,520,197	18,178,841
		31,461,499	27,877,176	27,998,403	25,256,824
Non-controlling interests		1,008,766	787,764	–	–
		32,470,265	28,664,940	27,998,403	25,256,824
Total liabilities and shareholders' equity		411,958,694	336,699,766	293,660,532	248,392,266
Commitments and contingencies	44	292,201,755	232,273,335	265,846,025	213,216,362

The accompanying notes form an integral part of the financial statements.

Income Statements

For the year ended 30 June 2011

	Note	Group		Bank	
		2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Operating revenue	32	21,039,643	18,560,232	13,588,308	13,280,253
Interest income	33	12,037,987	10,955,220	9,194,938	8,555,239
Interest expense	34	(4,852,057)	(4,184,347)	(3,654,518)	(3,160,604)
Net interest income		7,185,930	6,770,873	5,540,420	5,394,635
Income from Islamic Banking Scheme operations					
Gross operating income		1,653,190	1,393,102	–	–
Profit equalisation reserves		(91,317)	41,642	–	–
	56	1,561,873	1,434,744	–	–
		8,747,803	8,205,617	5,540,420	5,394,635
Net income from insurance business					
Income from insurance business		883,153	721,481	–	–
Claims incurred		(325,847)	(296,574)	–	–
		557,306	424,907	–	–
		9,305,109	8,630,524	5,540,420	5,394,635
Dividends from subsidiaries and associates		–	–	357,604	878,425
Other operating income		4,114,655	3,692,680	2,709,297	2,591,749
Total non-interest income	35	4,114,655	3,692,680	3,066,901	3,470,174
Net income		13,419,764	12,323,204	8,607,321	8,864,809
Overhead expenses	36	(6,652,184)	(5,825,534)	(3,933,798)	(3,714,809)
		6,767,580	6,497,670	4,673,523	5,150,000
Allowance for losses on loans, advances and financing, net	38	(502,166)	(1,226,067)	(2,196)	(347,956)
Impairment losses on securities, net	39	(129,955)	(23,030)	(109,898)	(15,500)
Operating profit		6,135,459	5,248,573	4,561,429	4,786,544
Share of profits of associates		135,008	121,835	–	–
Profit before taxation and zakat		6,270,467	5,370,408	4,561,429	4,786,544
Taxation and zakat	40	(1,650,709)	(1,401,958)	(1,202,730)	(1,233,859)
Profit for the year		4,619,758	3,968,450	3,358,699	3,552,685
Attributable to:					
Equity holders of the Bank		4,450,278	3,818,167	3,358,699	3,552,685
Non-controlling interests		169,480	150,283	–	–
		4,619,758	3,968,450	3,358,699	3,552,685
Earnings per share attributable to equity holders of the Bank					
Basic (sen)	42	61.4	53.9		
Diluted (sen)	42	61.4	53.9		
Net dividends per ordinary share held by equity holders of the Bank in respect of financial year (sen)					
Paid – First Interim	43			21.00	8.25
Proposed – Final	43			24.00	33.00

The accompanying notes form an integral part of the financial statements.

Statements of Comprehensive Income

For the year ended 30 June 2011

	Note	Group		Bank	
		2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Profit for the year		4,619,758	3,968,450	3,358,699	3,552,685
Other comprehensive income:					
Net gain on available-for-sale financial assets		175,030	702,073	67,162	469,292
Income tax relating to components of other comprehensive income	25	(43,297)	(193,595)	(16,950)	(116,843)
Foreign currency translation		(74,171)	(281,780)	251,756	(152,266)
Revaluation reserve from investment properties		–	9,145	–	–
Effects on adoption of Risk Based Capital ("RBC") Framework for insurance subsidiaries		–	(11,470)	–	–
Other comprehensive income for the year, net of tax		57,562	224,373	301,968	200,183
Total comprehensive income for the year		4,677,320	4,192,823	3,660,667	3,752,868
Other comprehensive income attributable to:					
Equity holders of the Bank		65,507	209,798	301,968	200,183
Non-controlling interests		(7,945)	14,575	–	–
		57,562	224,373	301,968	200,183
Total comprehensive income for the year attributable to:					
Equity holders of the Bank		4,515,785	4,027,965	3,660,667	3,752,868
Non-controlling interests		161,535	164,858	–	–
		4,677,320	4,192,823	3,660,667	3,752,868

The accompanying notes form an integral part of the financial statements.

Consolidated Statement of Changes in Equity

For the year ended 30 June 2011

Group

	Non-distributable											
	Share Capital RM'000	Share Premium RM'000	Statutory Reserve RM'000	Capital Reserve RM'000	Unrealised Holding Reserve/ (Deficit) RM'000	Exchange Fluctuation Reserve RM'000	ESS Reserve RM'000	Revaluation Reserve RM'000	Distributable Retained Profits RM'000	Total Shareholders' Equity RM'000	Non-controlling Interests RM'000	Total Equity RM'000
At 1 July 2010												
– as previously stated	7,077,983	5,903,497	5,553,999	15,250	340,936	(949,434)	–	9,057	9,925,888	27,877,176	787,764	28,664,940
– effect of adopting FRS 139 (Note 55 (b))	–	–	–	–	(47,921)	–	–	–	(172,088)	(220,009)	(5,786)	(225,795)
– effect of adopting FRS 4 (Note 55 (b))	–	–	–	–	–	–	–	–	1,800	1,800	807	2,607
At 1 July 2010, as restated	7,077,983	5,903,497	5,553,999	15,250	293,015	(949,434)	–	9,057	9,755,600	27,658,967	782,785	28,441,752
Profit for the year	–	–	–	–	–	–	–	–	4,450,278	4,450,278	169,480	4,619,758
Other comprehensive income	–	–	–	–	124,050	(58,543)	–	–	–	65,507	(7,945)	57,562
Total comprehensive income for the year	–	–	–	–	124,050	(58,543)	–	–	4,450,278	4,515,785	161,535	4,677,320
Share-based payment under ESS (Note 29(d))	–	–	–	–	–	–	65,000	–	–	65,000	–	65,000
Effect of net acquisition/disposal to non-controlling interests	–	–	–	–	–	–	–	–	14,714	14,714	3,415	18,129
Effect of acquisition of subsidiaries (Note 16)	–	–	–	–	–	–	–	–	–	–	112,741	112,741
Effect of Redemption on Redeemable Convertible Preference Shares ("RCPS")	–	–	–	–	–	–	–	–	–	–	(46,500)	(46,500)
Transfer to statutory reserves	–	–	855,923	–	–	–	–	–	(855,923)	–	–	–
Issue of shares pursuant to Dividend Reinvestment Plan ("DRP") (Note 29(b))	400,223	2,680,214	–	–	–	–	–	–	–	3,080,437	–	3,080,437
Dividends (Note 43)	–	–	–	–	–	–	–	–	(3,873,404)	(3,873,404)	(5,210)	(3,878,614)
Total transactions with shareholders	400,223	2,680,214	855,923	–	–	–	65,000	–	(4,714,613)	(713,253)	64,446	(648,807)
At 30 June 2011	7,478,206	8,583,711	6,409,922	15,250	417,065	(1,007,977)	65,000	9,057	9,491,265	31,461,499	1,008,766	32,470,265

The accompanying notes form an integral part of the financial statements.

Group

	<----- Non-distributable ----->											
	Share Capital RM'000	Share Premium RM'000	Statutory Reserve RM'000	Capital Reserve RM'000	Unrealised Holding Reserve/ (Deficit) RM'000	Exchange Fluctuation Reserve RM'000	Share option Reserve RM'000	Revaluation Reserve RM'000	Distributable Retained Profits RM'000	Total Shareholders' Equity RM'000	Non- controlling Interests RM'000	Total Equity RM'000
At 1 July 2009	7,077,663	5,901,692	4,664,983	15,250	(148,388)	(666,885)	63,191	2,742	7,988,498	24,898,746	869,231	25,767,977
Profit for the year	-	-	-	-	-	-	-	-	3,818,167	3,818,167	150,283	3,968,450
Other comprehensive income	-	-	-	-	489,324	(282,549)	-	6,315	(3,292)	209,798	14,575	224,373
Total comprehensive income for the year	-	-	-	-	489,324	(282,549)	-	6,315	3,814,875	4,027,965	164,858	4,192,823
Effect of acquisition from non-controlling interests	-	-	-	-	-	-	-	-	(43,047)	(43,047)	(246,325)	(289,372)
Transfer to statutory reserves	-	-	889,016	-	-	-	-	-	(889,016)	-	-	-
Issue of shares pursuant to ESOS 2004/2009	320	1,805	-	-	-	-	-	-	-	2,125	-	2,125
Transfer from share option reserve	-	-	-	-	-	-	(63,191)	-	63,191	-	-	-
Dividends (Note 43)	-	-	-	-	-	-	-	-	(1,008,613)	(1,008,613)	-	(1,008,613)
Total transactions with shareholders	320	1,805	889,016	-	-	-	(63,191)	-	(1,877,485)	(1,049,535)	(246,325)	(1,295,860)
At 30 June 2010	7,077,983	5,903,497	5,553,999	15,250	340,936	(949,434)	-	9,057	9,925,888	27,877,176	787,764	28,664,940

The accompanying notes form an integral part of the financial statements.

Statement of Changes in Equity

For the year ended 30 June 2011

Bank

	<----- Non-distributable ----->							
	Share Capital RM'000	Share Premium RM'000	Statutory Reserve RM'000	Unrealised Holding Reserve/ (Deficit) RM'000	Exchange Fluctuation Reserve RM'000	ESS Reserve RM'000	Distributable Retained Profits RM'000	Total Equity RM'000
At 1 July 2010								
– as previously stated	7,077,983	5,903,497	5,372,770	269,016	(12,495)	–	6,646,053	25,256,824
– effect of adopting FRS 139 (Note 55 (b))	–	–	–	(40,368)	–	–	(150,753)	(191,121)
At 1 July 2010, as restated	7,077,983	5,903,497	5,372,770	228,648	(12,495)	–	6,495,300	25,065,703
Profit for the year	–	–	–	–	–	–	3,358,699	3,358,699
Other comprehensive income	–	–	–	50,212	251,756	–	–	301,968
Total comprehensive income for the year	–	–	–	50,212	251,756	–	3,358,699	3,660,667
Share-based payment under ESS (Note 29(d))	–	–	–	–	–	65,000	–	65,000
Transfer to statutory reserve	–	–	839,690	–	–	–	(839,690)	–
Issue of shares pursuant to Dividend Reinvestment Plan ("DRP") (Note 29(b))	400,223	2,680,214	–	–	–	–	–	3,080,437
Dividends (Note 43)	–	–	–	–	–	–	(3,873,404)	(3,873,404)
Total transactions with shareholders	400,223	2,680,214	839,690	–	–	65,000	(4,713,094)	(727,967)
At 30 June 2011	7,478,206	8,583,711	6,212,460	278,860	239,261	65,000	5,140,905	27,998,403

	<----- Non-distributable ----->							
	Share Capital RM'000	Share Premium RM'000	Statutory Reserve RM'000	Unrealised Holding Reserve/ (Deficit) RM'000	Exchange Fluctuation Reserve RM'000	Share Option Reserve RM'000	Distributable Retained Profits RM'000	Total Equity RM'000
At 1 July 2009	7,077,663	5,901,692	4,483,770	(83,433)	139,771	63,191	4,927,790	22,510,444
Profit for the year	–	–	–	–	–	–	3,552,685	3,552,685
Other comprehensive income	–	–	–	352,449	(152,266)	–	–	200,183
Total comprehensive income for the year	–	–	–	352,449	(152,266)	–	3,552,685	3,752,868
Transfer to statutory reserve	–	–	889,000	–	–	–	(889,000)	–
Transfer from share option reserve	–	–	–	–	–	(63,191)	63,191	–
Issue of ordinary shares pursuant to ESOS 2004/2009	320	1,805	–	–	–	–	–	2,125
Dividends (Note 43)	–	–	–	–	–	–	(1,008,613)	(1,008,613)
Total transactions with shareholders	320	1,805	889,000	–	–	(63,191)	(1,834,422)	(1,006,488)
At 30 June 2010	7,077,983	5,903,497	5,372,770	269,016	(12,495)	–	6,646,053	25,256,824

The accompanying notes form an integral part of the financial statements.

Statements of Cash Flows

For the year ended 30 June 2011

	Group		Bank	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Cash flows from operating activities				
Profit before taxation and zakat	6,270,467	5,370,408	4,561,429	4,786,544
Adjustments for:				
Share of profits of associates	(135,008)	(121,835)	–	–
Depreciation and amortisation of property, plant and equipment (Note 36)	173,213	183,009	117,638	131,692
Amortisation of computer software (Note 36)	61,389	58,742	48,773	44,429
Amortisation of Core Deposit Intangibles (Note 36)	53,526	93,037	–	–
Gain on disposal of property, plant and equipment (Note 35)	(16,631)	(19,115)	(14,414)	(12,883)
Gain on disposal of foreclosed properties (Note 35)	(3,926)	(66)	(93)	–
Gain on liquidation of subsidiaries (Note 35)	–	(659)	(595)	(29)
Net gain on disposal of held-for-trading securities (Note 35)	(1,784)	(28,612)	(11,019)	(14,320)
Net gain on disposal of available-for-sale securities (Note 35)	(341,934)	(191,045)	(276,304)	(123,752)
Net gain on redemption of held-to-maturity securities (Note 35)	(439)	(2,267)	(439)	(1,838)
Amortisation of premiums less accretion of discounts, net (Note 33)	(16,111)	(46,404)	(20,980)	(50,200)
Unrealised gain on revaluation of securities held-for-trading and derivatives (Note 35)	(235,524)	(311,297)	(245,982)	(326,350)
Impairment losses on securities, net (Note 39)	129,955	23,030	109,898	15,500
Loan and financing loss and allowances (Note 38)	1,167,775	1,809,637	407,400	729,728
Allowance for other debts (Note 38)	36,858	3,056	11,793	2,967
Interest income clawed back/suspended (Note 33)	–	38,522	–	38,522
Dividend income (Note 35)	(31,205)	(30,427)	(373,545)	(902,804)
Share options granted under ESS (Note 36)	65,000	–	65,000	–
Property, plant and equipment written off (Note 36)	6,631	3,189	340	466
Profit equalisation reserves	91,317	(41,642)	–	–
Impairment of property, plant and equipment	19	–	–	–
Expense related to acquisition of subsidiaries	35,000	–	–	–
Amortisation of transaction cost in relation to issuance of Stapled Capital Securities	(24,997)	(3,389)	(24,997)	(3,389)
Transfer of life, general takaful and family takaful fund surplus	(321,208)	(191,401)	–	–
Operating profit before working capital changes	6,962,383	6,594,471	4,353,903	4,314,283
Change in securities purchased under resale agreements	371,237	(24,775)	371,237	(24,775)
Change in deposits and placements with banks and other financial institutions	(1,288,798)	(1,757,675)	(626,455)	1,202,354
Change in securities portfolio	(5,795,415)	4,462,321	(3,785,576)	120,629
Change in loans, advances and financing	(48,163,251)	(21,620,062)	(30,240,402)	(7,806,038)
Change in other assets	808,212	(10,434)	2,411,836	(8,084)
Change in statutory deposits with Central Banks	(3,227,043)	(420,450)	(2,380,135)	177,162
Change in deposits from customers	45,066,591	24,311,199	26,085,667	11,926,811
Change in deposits and placements of banks and other financial institutions	10,045,787	(5,523,995)	8,511,853	(7,192,094)
Change in obligations on securities sold under repurchase agreements	(33,494)	407,056	373,562	–
Change in bills and acceptances payable	5,451,815	1,591,523	4,216,676	1,570,718
Change in other liabilities	(3,269,149)	443,946	790,381	302,513
Change in life, general takaful and family takaful fund assets	(915,146)	(986,757)	–	–
Change in life, general takaful and family takaful fund liabilities and policy holders' funds	1,236,355	1,178,158	–	–
Exchange fluctuation	458,466	671,135	361,739	658,547
Cash generated from operations	7,708,550	9,315,661	10,444,286	5,242,026
Taxes and zakat paid	(2,166,363)	(1,178,589)	(1,666,114)	(1,020,629)
Net cash generated from operating activities	5,542,187	8,137,072	8,778,172	4,221,397

Statements of Cash Flows

For the year ended 30 June 2011 (cont'd.)

	Group		Bank	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Cash flows from investing activities				
Purchase of property, plant and equipment (Note 18)	(318,320)	(207,445)	(184,401)	(138,444)
Purchase of intangible assets (Note 19)	(17,521)	(28,942)	(2,633)	(11,318)
Proceeds from transaction with non-controlling interest	18,129	–	–	–
Subscription to additional ordinary shares in new and existing subsidiaries	–	–	(4,524,920)	(1,112,055)
Acquisition of subsidiaries (Note 16(a)(iii))	(2,155,896)	–	–	–
Purchase of non-redeemable preference shares in a subsidiary	–	(125,970)	–	(125,970)
Subscription to additional ordinary shares and private debt securities in associates	(37,819)	(78,907)	(35,712)	(75,651)
Redemption of preference shares from a non-controlling interest and the Bank by a subsidiary	(46,500)	(105,000)	108,500	245,000
Proceeds from disposal of property, plant and equipment	25,395	24,949	25,313	16,649
Dividends received				
– from securities	31,205	30,427	15,942	24,379
– from associates	65,560	67,806	5,913	8,563
– from subsidiaries	–	–	351,690	869,862
Net cash used in investing activities	(2,435,767)	(423,082)	(4,240,308)	(298,985)
Cash flows from financing activities				
Proceeds from issuance of shares	3,080,437	14,502	3,080,437	2,125
Drawdown of borrowings	2,775,879	391,960	1,482,821	689,590
Issuance/(redemption) of subordinated obligations	2,817,275	(520,135)	1,543,782	–
Loans sold to Cagamas, net	(121,692)	133,712	(121,692)	133,712
Dividends paid	(3,873,404)	(1,008,613)	(3,873,404)	(1,008,613)
Dividends paid to non-controlling interest	(5,210)	–	–	–
Net cash generated from/(used in) financing activities	4,673,285	(988,574)	2,111,944	(183,186)
Net increase in cash and cash equivalents	7,779,705	6,725,416	6,649,808	3,739,226
Cash and cash equivalents at beginning of year *	29,119,951	22,549,455	19,810,389	16,400,973
Cash and cash equivalents at end of the year	36,899,656	29,274,871	26,460,197	20,140,199
Cash and short-term funds (Note 5)	38,803,519	28,707,992	25,803,796	19,403,616
Deposits with financial institutions maturing within 1 month (Note 45(d)(4))	954,598	867,258	656,401	736,583
	39,758,117	29,575,250	26,460,197	20,140,199
Less: Monies held in trusts (Notes 5 and 6)	(2,858,461)	(300,379)	–	–
	36,899,656	29,274,871	26,460,197	20,140,199
* Cash and cash equivalents at beginning of year:				
– As previously reported	29,274,871	23,607,979	20,140,199	17,448,312
– Effects of foreign exchange rate changes	(154,920)	(1,058,524)	(329,810)	(1,047,339)
	29,119,951	22,549,455	19,810,389	16,400,973

The accompanying notes form an integral part of the financial statements.

Notes to the Financial Statements

30 June 2011

1. CORPORATE INFORMATION

The Bank is principally engaged in all aspects of commercial banking and related financial services.

The subsidiaries are principally engaged in the businesses of banking and finance, Islamic banking, investment banking including stock broking, underwriting of general and life insurance, general and family takaful, trustee and nominee services, asset management and venture capital.

There were no significant changes in these activities during the financial year.

The Bank is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad. The registered office of the Bank is located at 14th Floor, Menara Maybank, 100, Jalan Tun Perak, 50050 Kuala Lumpur.

These financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 22 August 2011.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The financial statements of the Group and of the Bank have been prepared in accordance with the provisions of the Companies Act, 1965 and Financial Reporting Standards ("FRSs") in Malaysia as modified by Bank Negara Malaysia ("BNM") Guidelines.

The financial statements are presented in Ringgit Malaysia ("RM") and rounded to the nearest thousand (RM'000), unless otherwise stated.

3. SIGNIFICANT ACCOUNTING POLICIES

(i) Basis of accounting

The financial statements of the Group and of the Bank have been prepared under the historical cost convention unless otherwise indicated in the accounting policies below.

The financial statements incorporate all activities relating to the Islamic banking which have been undertaken by the Group. Islamic banking refers generally to the acceptance of deposits, granting of financing and delivering in Islamic Securities under the Shariah principles.

(ii) Changes in accounting policies and effects arising from adoption of new and revised FRSs, amendments to FRSs and interpretations

(a) Amendments to FRSs, Interpretations of the Issues Committee ("IC Interpretations") and Technical Release ("TR") effective from financial period commencing 1 July 2010

The significant accounting policies and methods of computation applied by the Group and the Bank are consistent with those adopted in the most recent audited annual financial statements for the year ended 30 June 2010 except for adoption of the following Financial Reporting Standards ("FRSs"):

- (i) FRS 1: First-time Adoption of Financial Reporting Standards
- (ii) FRS 3: Business Combinations
- (iii) FRS 4: Insurance Contracts
- (iv) FRS 7: Financial Instruments-Disclosures
- (v) FRS 101: Presentation of Financial Statements
- (vi) FRS 123: Borrowing Costs
- (vii) FRS 139: Financial Instruments - Recognition and Measurement
- (viii) Amendments to FRS 1 First-time Adoption of Financial Reporting Standards and FRS 127: Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
- (ix) Amendments to FRS 2: Share-based Payment
- (x) Amendments to FRS 2: Share-based Payment – Vesting Conditions and Cancellations
- (xi) Amendments to FRS 5: Non-current Assets Held for Sale and Discontinued Operations
- (xii) Amendments to FRS 127: Consolidated and Separate Financial Statements
- (xiii) Amendments to FRS 132: Financial Instruments: Presentation
- (xiv) Amendments to FRS 138: Intangible Assets
- (xv) Amendments to FRS 139: Financial Instruments: Recognition and Measurement, FRS 7: Financial Instruments: Disclosure and IC Interpretation 9: Reassessment of Embedded Derivatives
- (xvi) Amendments to FRSs contained in the document entitled "Improvements to FRSs (2009)" including amendments to FRS 117: Leases
- (xvii) Interpretation 9: Reassessment of Embedded Derivatives
- (xviii) Amendments to FRS132: Financial Instruments: Presentation (Classification of Rights Issues)
- (xix) IC Interpretation 10: Interim Financial Reporting and Impairment
- (xx) IC Interpretation 11: FRS 2 - Group and Treasury Share Transactions
- (xxi) IC Interpretation 12: Service Concession Arrangements

Notes to the Financial Statements

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3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(ii) Changes in accounting policies and effects arising from adoption of new and revised FRSs, amendments to FRSs and interpretations (cont'd.)

(a) Amendments to FRSs, Interpretations of the Issues Committee ("IC Interpretations") and Technical Release ("TR") effective from financial period commencing 1 July 2010 (cont'd.)

- (xxii) IC Interpretation 13: Customer Loyalty Programmes
- (xxiii) IC Interpretation 14 FRS 119: The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
- (xxiv) Amendments to IC Interpretation 15: Agreements for the Construction of Real Estate
- (xxv) IC Interpretation 16: Hedges of a Net Investment in a Foreign Operation
- (xxvi) IC Interpretation 17: Distributions of Non-cash Assets to Owners
- (xxvii) Amendments to IC Interpretation 9: Reassessment of Embedded Derivatives
- (xxviii) TR 3: Guidance on Disclosures of Transition to IFRSs
- (xxix) TR i-3: Presentation of Financial Statements of Islamic Financial Institutions
- (xxx) SOP i-1: Financial Reporting from an Islamic Perspective

In addition to these, the Group and the Bank have also adopted BNM's Revised Guidelines for Financial Reporting for Banking Institutions revised on 10 March 2010 and Revised Guidelines for Classification and Impairment Provision for Loans/Financing revised in December 2010, January 2011 and May 2011. The effects of adopting these Guidelines are consistent with the application of FRS 139 and are disclosed in Note 55.

(b) Effects of adoption

The adoption of the above FRSs, amendments to FRSs and IC Interpretations did not have any material impact on the financial statements of the Group and the Bank, except for the following:

- (1) the changes in accounting policies arising from the adoption of FRS 139 and its related amendments to FRSs, IC Interpretations and relevant Bank Negara Malaysia ("BNM") Guidelines

This standard establishes the principles for the recognition, derecognition and measurement of an entity's financial instruments and for hedge accounting. However, since the adoption of Bank Negara Malaysia's ("BNM") revised BNM/GP8 - Guidelines on Financial Reporting for Licensed Financial Institutions on 1 July 2005, certain principles

in connection with the recognition, derecognition and measurement of financial instruments, including derivative financial instruments, and hedge accounting which are similar to those prescribed by FRS 139 have already been adopted by the Group and the Bank since then.

Therefore, the adoption of FRS 139 and its related amendments, IC interpretations and relevant BNM Guidelines resulted in changes in accounting policies pertaining to the following:

- impairment and classification of loans, advances and financing ("loans") - the Group and the Bank now assess at the end of each reporting period whether there is any objective evidence that a loan or a group of loans is impaired, as a result of one or more events that have occurred after initial recognition. Allowances for loan impairment are determined either via individual assessment or collective assessment basis. Revised accounting policies are disclosed in Note 3(vi)(d).
- interest and profit income recognition - financial assets classified as held-to-maturity and loans and receivables are measured at amortised cost using the effective interest or profit method. Interest and profit income on loans, advances and financing which were previously recognised on contractual interest and profit rates are now recognised using effective interest or profit rates. Interest and profit-in-suspense are also no longer recognised on loans, advances and financing. Revised accounting policies are disclosed in Note 3(xxiv).
- classification of loans, advances and financing as impaired - loans are classified as impaired when there is objective evidence of impairment, in which, the criteria are disclosed in Note 3(vi)(d).

The adoption is effected prospectively on 1 July 2010 and the details of the financial impact are disclosed in Note 55.

- (2) the adoption of FRS 7 and amendments to FRS 132 which resulted in changes in presentation of the financial statements and its relevant notes, but did not affect the earnings, retained earnings or other reserves

FRS 7 requires disclosure on qualitative and quantitative information about exposure to risks arising from financial instruments and the management thereof, including credit risk, market risk and liquidity risk.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(ii) Changes in accounting policies and effects arising from adoption of new and revised FRSs, amendments to FRSs and interpretations (cont'd.)

(b) Effects of adoption (cont'd.)

- (2) the adoption of FRS 7 and amendments to FRS 132 which resulted in changes in presentation of the financial statements and its relevant notes, but did not affect the earnings, retained earnings or other reserves (cont'd.)

The adoption is effected prospectively for positions as at 30 June 2011 and the details of disclosure are mainly disclosed in Note 45 and the relevant financial instruments notes to the financial statements.

- (3) the adoption of FRS 101 and TRI-3 which resulted in changes in presentation of the financial statements and its relevant notes, but did not affect the earnings, retained earnings or other reserves

The revised FRS 101 introduces changes as follows:

- separation of owner and non owner changes in equity
- statement of comprehensive income, either in one single statement or two linked statements presenting all non-owner changes in equity
- statement of financial position at the beginning of earliest comparative period following a change in accounting policy, error or reclassification of items in financial statements
- disclosure on capital management

The adoption is effected retrospectively, whereby the Group and the Bank had elected to present the statement of comprehensive income in two linked statements while the disclosures on capital management are disclosed in Note 48, 49 and 50.

- (4) FRS 4: Insurance Contracts

This standard specifies the financial reporting requirements for insurance contracts by any entity that issues such contracts ("insurers"). In particular, it requires disclosures that identify and explain the amounts in an insurer's financial statements arising from insurance contracts and helps users of those financial statements understand the amount, timing and uncertainty of future cash flows from insurance contracts. The financial impact of adopting FRS 4 is disclosed in Note 55.

- (5) Revised FRS 3 Business Combinations and Amendments to FRS 127 Consolidated and Separate Financial Statements

The revised FRS 3 introduces a number of changes in the accounting for business combinations occurring after 1 July 2010. These changes will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs, and future reported results. The Amendments to FRS 127 require that a change in the ownership interest of a subsidiary (without loss of control) is accounted for as an equity transaction. Therefore, such transactions will no longer give rise to goodwill, nor will they give rise to a gain or loss. Furthermore, the amended standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary. The changes from revised FRS 3 and Amendments to FRS 127 are similar to existing accounting policies of the Group, which have been applied to acquisitions during the year and will affect future acquisitions or loss of control and transactions with non-controlling interests.

- (6) Leases

Prior to 1 July 2010, for all leases of land and buildings, if title is not expected to pass to the lessee by the end of the lease term, the lessee normally does not receive substantially the entire risks and rewards incidental to ownership. Hence, all leasehold land held for own use was classified by the Group as operating lease and where necessary, the minimum lease payments or the up-front payments made were allocated between the land and the buildings elements in proportion to the relative fair values for leasehold interests in the land element and buildings element of the lease at the inception of the lease. The up-front payment represented prepaid lease payments and were amortised on a straight-line basis over the lease term.

The amendments to FRS 117 require leasehold land which is in substance finance leases to be classified as property, plant and equipment or investment property as appropriate. The Group has reassessed and determined that all leasehold land of the Group are in substance finance leases and has reclassified all leasehold land to property, plant and equipment. The change in accounting policy has been applied retrospectively in accordance with the transitional provisions of the amendment. The effects to the consolidated statement of financial positions as at 30 June 2011 arising from the above changes in accounting policies are further explained in Note 55.

Notes to the Financial Statements

30 June 2011

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(iii) Basis of consolidation

(a) Subsidiaries

Subsidiaries are entities over which the Group has the power to govern the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has such power over another entity.

In the Bank's separate financial statements, investments in subsidiaries are stated at cost less impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 3(xvii) below. On disposal of such investments, the difference between the net disposal proceeds and their carrying amounts is included in income statement.

(b) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Bank and its subsidiaries as at the reporting date. The financial statements of the subsidiaries are prepared for the same reporting date as the Bank. Consistent accounting policies are applied to like transaction and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gain and losses resulting from intra-group transactions are eliminated in full.

Acquisitions of subsidiaries are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

In business combinations achieved in stages, previously held equity interests in the acquiree are re-measured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

The Group elects for each individual business combination, whether non-controlling interest in the acquiree (if any) is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree net identifiable assets.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's

identifiable assets and liabilities is recorded as goodwill in the statement of financial position. The accounting policy for goodwill is set out in Note 3(v). In instances where the latter amount exceeds the former, the excess is recognised as a gain on bargain purchase in profit or loss on the acquisition date.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control effectively ceases.

The accounting policies for business combination and goodwill are disclosed in Note 3(v)(a).

(c) Transactions with non-controlling interests ("NCI")

Non-controlling interests ("NCI") represent the portion of profit or loss and net assets in subsidiaries not held directly or indirectly by the Group. NCI are presented separately in profit or loss of the Group and within equity in the consolidated statements of financial position, separately from parent shareholders' equity.

Where losses applicable to the minority in a subsidiary company exceed the NCI in the equity of that subsidiary company, the excess and any further losses applicable to the minority are attributable against the Group's interest except to the extent that the minority has a binding obligation to, and is able to make additional investment to cover the losses. If the subsidiary company subsequently reports profits, such profits are allocated to the Group's interest until the minority's share of losses previously absorbed by the Group has been recovered.

Acquisitions of NCI are accounted for using the parent entity extension method, whereby the difference between the consideration and the fair value of the share of the net assets acquired is recognised as equity.

(iv) Associates

Associates are entities in which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but not in control or joint control over those policies.

Investments in associates are accounted for in the consolidated financial statements using the equity method of accounting. Under the equity method, the investment in associate is carried in the consolidated statement of financial position at cost adjusted for post-acquisition changes in the Group's share of net assets of the associate. The Group's share of the net profit or loss of the associate is recognised in the consolidated profit or loss. Where there has been a change recognised directly in the equity of the associate, the Group recognises its share of such changes.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(iv) Associates (cont'd.)

In applying the equity method, unrealised gains and losses on transactions between the Group and the associate are eliminated to the extent of the Group's interest in the associate. After application of the equity method, the Group determines whether it is necessary to recognise any additional impairment loss with respect to the Group's net investment in the associate. The associate is equity accounted for from the date the Group obtains significant influence until the date the Group ceases to have significant influence over the associate.

Goodwill relating to an associate is included in the carrying amount of the investment and is not amortised. Any excess of the Group's share of the net fair value of the associate's identifiable assets, liabilities and contingent liabilities over the cost of the investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of the associate's profit or loss in the period in which the investment is acquired.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any long-term interests that, in substance, form part of the Group's net investment in the associates, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

The most recent available audited financial statements of the associates are used by the Group in applying the equity method. Where the dates of the audited financial statements used are not coterminous with those of the Group, the share of results is arrived at from the last audited financial statements available and management financial statements to the end of the accounting period. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

In the Bank's separate financial statements, investments in associates are stated at cost less impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 3(xvii) below. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in income statement.

(v) Goodwill and Intangible assets

(a) Business Combination and Goodwill

Business combinations are accounted for using the purchase method of accounting. This involves recognising identifiable assets (including previously unrecognised intangible assets) and liabilities including contingent liabilities but excluding future restructuring liabilities of the acquired business at fair value. Any excess of the cost of acquisition over the fair values of the identifiable net assets (net fair value of identifiable assets, liabilities and

contingent liabilities) acquired is recognised as goodwill. If the cost of acquisition is less than the fair values of the identifiable net assets acquired, the discount on acquisition is recognised directly in the income statement in the year of acquisition.

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less accumulated impairment losses. Goodwill is reviewed for impairment annually, or more frequently, if events or changes in circumstances indicate that the carrying value may be impaired.

For the purpose of impairment testing, goodwill acquired is allocated, from the acquisition date, to each of the Group's cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Each unit to which the goodwill is allocated represents the lowest level within the Bank at which the goodwill is monitored for internal management purposes and is not larger than an operating segment in accordance with the Group's operating segment as disclosed in Note 3(xxxi) and Note 51.

Where goodwill forms part of a cash-generating unit and part of the operation within that cash-generating unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative fair values of the operations disposed of and the portion of the cash-generating unit retained.

When subsidiaries are sold, the difference between the selling price and the net assets plus cumulative translation differences and goodwill is recognised in the income statement.

Goodwill and fair value adjustments arising on the acquisition of foreign operations on or after 1 January 2006 are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated in accordance with accounting policy set out in Note 3(xx).

Goodwill and fair value adjustments which arose on the acquisition of foreign subsidiaries before 1 January 2006 are deemed to be assets and liabilities of the parent entity and are recorded in RM at the rates prevailing at the date of acquisition.

Notes to the Financial Statements

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3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(v) Goodwill and Intangible assets (cont'd.)

(b) Other intangible assets

Other intangible assets include customer core deposits intangible acquired in business combination and value of computer software.

An intangible asset is recognised only when its cost can be measured reliably and it is probable that the expected future economic benefits that are attributable to it will flow to the Group and the Bank.

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

The useful lives of intangible assets are assessed to be either finite or infinite. Intangible assets with finite lives are amortised over the useful economic life. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, and treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the income statement in the expense category consistent with the function of the intangible asset.

Intangible assets are amortised over their finite useful lives as follows:

Computer softwares	3 – 5 years
Core deposit intangibles	8 years

(vi) Financial assets

(a) Date of recognition

All financial assets are initially recognised on the trade date i.e. the date that the Group and the Bank become a party to the contractual provision of the instruments.

(b) Initial recognition and subsequent measurement

The Group and the Bank determine the classification of financial assets at initial recognition and the categories include Financial Assets at Fair Value Through Profit and Loss ("FVTPL"), loans and receivables, held-to-maturity ("HTM") and available-for-sale securities ("AFS") in which the details are disclosed below.

The classification of financial instruments at initial recognition depends on the purpose and the management's intention for which the financial assets were acquired and their characteristics. When financial assets are recognised initially, they are measured at fair value for FVTPL and fair value plus directly attributable transaction costs for financial assets other than FVTPL.

Included in financial assets are the following:

(1) Financial Assets at Fair Value Through Profit and Loss ("FVTPL")

Financial assets are classified as FVTPL if they are held-for-trading ("HFT") or are designated as such upon initial recognition. The Group and the Bank do not have any financial instruments designated at FVTPL upon initial recognition.

Subsequent to initial recognition, HFT are measured at fair value. Any gains or losses arising from changes in fair value are recognised in profit and loss under the caption of non-interest income.

(2) Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Financial assets classified in this category include cash and balances with banks, reverse repurchase agreements and loans, advances and financing. These financial assets are initially recognised at fair value, including direct and incremental transaction costs, and subsequently measured at amortised cost using the effective interest method.

(3) Held to Maturity ("HTM") Financial Assets

Financial assets with fixed or determinable payments and fixed maturity are classified as HTM when the Group and the Bank have the intention and ability to hold to maturity.

Subsequent to initial recognition, HTM are measured at amortised cost using effective interest method. Amortisation of premium, accretion of discount, impairment and gain or loss arising from derecognition of securities HTM are recognised in the income statement.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(vi) Financial assets (cont'd.)

(b) Initial recognition and subsequent measurement (cont'd.)

(4) Available for Sale ("AFS") Financial Assets

AFS are financial assets that are designated as available for sale or are not classified in any of the three (3) preceding categories.

AFS investments include equity and debt securities. AFS investments include financial assets that are intended to be held for an indefinite period of time and which may be sold in response to liquidity needs or changes in market condition.

After initial recognition, AFS are measured at fair value. Any gain or loss arising from a change in fair value after applying amortised cost method are recognised directly in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised in profit or loss. Dividends on an AFS instrument are recognised in profit or loss when the Group's and the Bank's right to receive payment is established.

(c) Derecognition

A financial asset is derecognised when:

- The rights to receive cash flows from the asset have expired;
- The Group and the Bank has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass through" arrangement; and either:
 - the Group and the Bank has transferred substantially all the risks and rewards of the asset, or
 - the Group and the Bank has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group and the Bank has transferred its rights to receive cash flows from an asset or has entered into a pass through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised

to the extent of the Group's and the Bank's continuing involvement in the asset. In that case, the Group and the Bank also recognises an associated liability. The transferred asset and associated liability are measured on a basis that reflects the rights and obligations that the Group and the Bank has retained.

(d) Impairment of financial assets

The Group and the Bank assesses at each reporting date whether there is any objective evidence that a financial assets, including security or group of securities (other than held-for-trading financial assets) is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred loss event) and that loss event(s) has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the borrower or a group of borrowers is experiencing significant financial difficulty, the probability that they will enter bankruptcy or other financial reorganisation, default or delinquency in interest or principal payments and where observable data indicates that there is a measureable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

(1) Loans and receivables

Classification of loans, advances and financing as impaired

Prior to the adoption of FRS 139

Loans were classified as non-performing when principal or interest/profit or both are past due for three (3) months or more.

Upon the adoption of FRS 139

Loans are classified as impaired when:

- principal or interest/profit or both are past due for three (3) months or more; or
- where loans in arrears for less than three (3) months exhibit indications of credit weaknesses, whether or not impairment loss has been provided for; or
- where an impaired loan has been rescheduled or restructured, the loan will continue to be classified as impaired until repayments based on the revised and/or restructured terms have been observed continuously for a period of six (6) months.

Notes to the Financial Statements

30 June 2011

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(vi) Financial assets (cont'd.)

(d) Impairment of financial assets (cont'd.)

(1) Loans and receivables (cont'd.)

Impairment Process – Individual assessment

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

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

Impairment Process – Collective assessment

Loans which are not individually significant and loans that have been individually assessed with no evidence of impairment loss are grouped together for portfolio impairment assessment. These loans are grouped within similar credit risk characteristics for collective assessment, whereby data from the loan portfolio (such as credit quality, levels of arrears, credit utilisation, loan to collateral ratios etc.) and concentrations of risks (such as the performance of different individual groups) are taken into consideration.

Future cash flows in a group of financial assets that are collectively evaluated for impairment are estimated on the basis of the contractual cash flows of the assets in the Group and the Bank and historical loss experience for assets with credit risk characteristics similar to those in the Group and the Bank. Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions that did not affect the period on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not currently exist.

Estimates of changes in future cash flows for groups of assets should reflect and be directionally consistent with changes in related observable data from period to period. The methodology and assumptions used for estimating future cash flows are reviewed regularly by the Group and the Bank to reduce any differences between loss estimates and actual loss experience.

Impairment Process – Written off accounts

Where a loan is uncollectible, it is written off against the related allowance for loan impairment. Such loans are written off after the necessary procedures have been completed and the amount of the loss has been determined. Subsequent recoveries of the amounts previously written off are recognised in the income statement.

Allowances for doubtful debts – Prior to implementation of FRS 139

Specific allowances are made for doubtful debts which have been individually reviewed and specifically identified as bad and doubtful. Additional allowances are made for long outstanding non-performing loans aged more than five (5) years.

In addition, a general allowance based on a certain percentage of total risk-weighted assets for credit risk, which takes into account all statement of financial position items and their perceived credit risk levels, is maintained.

The allowance for doubtful debts and financing of the Group and the Bank are computed based on the requirements of BNM/GP3, which is consistent with the adoption made in the previous audited annual financial statements.

(2) Available-for-Sale ("AFS")

For AFS securities, the Group and the Bank assess at each reporting date whether there is objective evidence that an investment is impaired.

In the case of debt instruments classified as AFS, the Group and the Bank assess individually whether there is objective evidence of impairment based on the same criteria as financial assets carried at amortised cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in the income statement. Future interest income is based on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(vi) Financial assets (cont'd.)

(d) Impairment of financial assets (cont'd.)

(2) Available-for-Sale ("AFS") (cont'd.)

In the case of equity investments classified as AFS, the objective evidence would also include a significant or prolonged decline in the fair value of the investment below its cost. The Group and the Bank treats significant generally as 25% and for consecutive quarters. Where there is evidence of impairment, the cumulative loss measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the income statement is removed from equity and recognised in the income statement.

Impairment losses on equity investments are not reversed through the income statement; increases in the fair value after impairment are recognised in other comprehensive income.

(1) Held to Maturity ("HTM")

For securities carried at amortised cost in which there are objective evidence of impairment, impairment loss is measured as the difference between the securities' carrying amount and the present value of the estimated future cash flows discounted at the securities' original effective interest rate. The amount of the impairment loss is recognised in the income statement.

Subsequent reversals in the impairment loss is recognised when the decrease can be objectively related to an event occurring after the impairment loss was recognised, to the extent that the securities' carrying amount does not exceed its amortised cost at the reversal date. The reversal is recognised in the income statement.

For unquoted equity securities carried at cost, impairment loss is measured as the difference between the securities' carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for similar securities. The amount of impairment loss is recognised in the income statement and such impairment losses are not reversed subsequent to its recognition.

(e) Reclassification of financial assets

The Group and the Bank may choose to reclassify non-derivative assets out from the held-for-trading category, in rare circumstances, where the financial assets are no longer held for the purpose of selling or repurchasing in the short term. In addition, the Group and the Bank may also choose to reclassify financial assets that would meet the definition of loans and receivables out of the held-for-trading or available-for-sale categories if the Group and the Bank have the intention and ability to hold the financial asset for the foreseeable future or until maturity.

Reclassifications are made at fair value as at the reclassification date, whereby the fair value becomes the new cost or amortised cost, as applicable. Any fair value gains or losses previously recognised in the income statement are not reversed.

(f) Determination of fair value

For financial instruments measured at fair value, the fair value is determined by reference to quoted market prices or by using valuation models. For financial instruments with observable market prices which are traded in active markets, the fair values are based on their quoted market price or dealer price quotations. These include listed equity securities and broker quotes from Bloomberg and Reuters.

For all other financial instruments, fair value is determined using appropriate valuation techniques. In such cases, the fair values are estimated using discounted cash flow models and option pricing models, and based on observable data in respect of similar financial instruments and using inputs (such as yield curves) existing as at the reporting date. The Group and the Bank generally use widely recognised valuation models with market observable inputs for the determination of fair values, due to the low complexity of financial instruments held.

Investments in unquoted equity instruments whose fair value cannot be reliably measured are measured at cost, and assessed for impairment at each reporting date.

(vii) Financial liabilities

(a) Date of recognition

All financial liabilities are initially recognised on the trade date i.e. the date that the Group and the Bank become a party to the contractual provision of the instruments.

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3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(vii) Financial liabilities (cont'd.)

(b) Initial recognition and subsequent measurement

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

Financial liabilities, within the scope of FRS 139, are recognised in the statement of financial position when, and only when, the Group and the Bank become a party to the contractual provisions of the financial instrument. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

• Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities held for trading include derivatives entered into by the Group and the Bank that do not meet the hedge accounting criteria. Derivative liabilities are initially measured at fair value and subsequently stated at fair value, with any resultant gains or losses recognised in profit or loss. Net gains or losses on derivatives include exchange differences.

The Group and the Bank have not designated any financial liabilities as at fair value through profit or loss.

• Other financial liabilities

The Group's and the Bank's other financial liabilities include deposits from customers, deposits and placements of banks and financial institutions, debt securities (including borrowings), payables, bills and acceptance payable and other liabilities.

(1) Deposits from customers, deposits and placements of banks and financial institutions

Deposits from customers, deposits and placements of banks and financial institutions are stated at placement values.

(2) Debt securities

Debt securities issued are classified as financial liabilities or equity in accordance with the substance of the contractual terms of the instruments. The Group's debt securities issued consist mainly of subordinated notes, Innovative Tier I capital securities and borrowings.

These debt securities are classified as liabilities in the statement of financial position as there is a contractual obligation by the Group and the Bank to make cash payments of either principal or interest or both to holders of the debt securities and that the Group and the Bank is contractually obliged to settle the financial instrument in cash or another financial instrument.

Subsequent to initial recognition, debt securities issued are recognised at amortised cost, with any difference between proceeds net of transaction costs and the redemption value being recognised in the income statement over the period of the borrowings on an effective interest method.

(3) Payables

Payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

(4) Bills and acceptance payable

Bills and acceptances payable represent the Group's and the Bank's own bills and acceptances rediscounted and outstanding in the market.

(5) Other liabilities

Other liabilities are stated at cost which is the fair value of the consideration expected to be paid in the future for goods and services received.

(c) Derecognition

A financial liability is derecognised when the obligation under the liability is redeemed or otherwise extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

(viii) Derivative instruments and hedge accounting

(a) Derivative instruments

The Group and the Bank use and trade derivatives such as interest rate swap and futures, credit default swaps, cross currency swaps, forward foreign exchange contracts and options on interest rates, foreign currencies and equities.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(viii) Derivative instruments and hedge accounting (cont'd.)

(a) Derivative instruments (cont'd.)

Derivative instruments are initially recognised at fair value, which is normally zero or negligible at inception for non-option derivatives and equivalent to the market premium paid or received for purchased or written options. The derivatives are subsequently re-measured at their fair value. Fair values are obtained from quoted market prices in active markets, including recent market transactions, and valuation techniques that include discounted cash flow models and option pricing models, as appropriate. All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative. Changes in the fair value of any derivatives that do not qualify for hedge accounting are recognised immediately in the income statement.

(b) Hedge accounting

The Group and the Bank use derivative instruments to manage exposures to interest rate, foreign currency and credit risks. In order to manage particular risks, the Group and the Bank applies hedge accounting for transactions which meet specified criteria.

At the inception of the hedge relationship, the Group and the Bank formally documents the relationship between the hedged item and the hedging instrument, including the nature of the risk, the objective and strategy for undertaking the hedge and the method that will be used to assess the effectiveness of the hedging relationship.

(1) *Fair value hedge*

Where a derivative financial instrument hedges the changes in fair value of a recognised asset or liability, any gain or loss on the hedging instrument is recognised in the income statement. The hedged item is also stated at fair value in respect of the risk being hedged, with any gain or loss being recognised in the income statement.

If the hedging instrument expired or is sold, terminated or exercised or where the hedge no longer meets the criteria for hedge accounting, the hedge relationship is terminated. For hedged items recorded at amortised cost, the difference between the carrying value of the hedged item on termination and the face value is amortised over the remaining term of the original hedge using the effective interest rate. If the hedged item is derecognised, the unamortised fair value adjustment is recognised immediately in the income statement.

(2) *Cash flow hedge*

For designated and qualifying cash flow hedges, the effective portion of the gain or loss on the hedging instrument is initially recognised directly in equity in the cash flow hedge reserve. The ineffective portion of the gain or loss on the hedging instrument is recognised immediately in non-interest income.

When the hedged cash flow affects the income statement, the gain or loss on the hedging instrument is recorded in the corresponding income or expense line of the income statement.

When a hedging instrument expires, or is sold, terminated, exercised or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in other comprehensive income at that time remains in other comprehensive income and is recognised when the hedged forecast transaction is ultimately recognised in the income statement.

When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in other comprehensive income is immediately transferred to income statement.

The Group and the Bank did not apply cash flow hedge as at the financial year end.

(3) *Hedge of net investments in foreign operations*

Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges. Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in the income statement.

On disposal of the foreign operations, the cumulative value of any such gains or losses recognised in other comprehensive income is transferred to the income statement.

The Group and the Bank did not apply hedge of net investments in foreign operations as at the financial year end.

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3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(ix) Embedded derivatives

Derivatives embedded in other financial instruments are treated as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contract, and the host contract is not itself held for trading or designated at fair value through profit or loss. The embedded derivatives separated from the host are carried at fair value in the trading portfolio with changes in fair value recognised in the income statement.

(x) Other financial assets and financial liabilities: Repurchase agreements

Securities purchased under resale agreements are securities which the Group and the Bank had purchased with a commitment to resell at future dates. The commitments to resell the securities are reflected as assets on the statement of financial position.

Conversely, obligations on securities sold under repurchase agreements are securities which the Group and the Bank had sold from its portfolio, with a commitment to repurchase at future dates. Such financing transactions and corresponding obligations to purchase the securities are reflected as liabilities on the statement of financial position.

(xi) Property, plant and equipment and depreciation

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Subsequent to recognition, plant and equipment and furniture and fixtures are measured at cost less accumulated depreciation and accumulated impairment losses. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred. Freehold land and buildings are measured at fair value less accumulated depreciation on buildings and impairment losses recognised after the date of the revaluation. Valuations are performed with sufficient regularity to ensure that the carrying amount does not differ materially from the fair value of the freehold land and buildings at the reporting date.

Any revaluation surplus is recognised in other comprehensive income and accumulated in equity under the asset revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss, in which case the increase is recognised in profit or loss. A revaluation deficit is recognised in profit or loss, except to the extent that it offsets an existing surplus on the same asset carried in the asset revaluation reserve.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. The revaluation surplus included in the asset revaluation reserve in respect of an asset is transferred directly to retained earnings on retirement or disposal of the asset.

Freehold land has an unlimited useful life and therefore is not depreciated. Buildings-in-progress are also not depreciated as these assets are not available for use. Leasehold land is depreciated over the period of the respective leases which ranges from 35 to 999 years. The remaining period of respective leases ranges from 6 to 906 years.

Depreciation of other property, plant and equipment is computed on a straight-line basis over its estimated useful life at the following annual rates:

Buildings on freehold land	50 years
Buildings on leasehold land	50 years or remaining life of the lease, whichever is shorter
Office furniture, fittings, equipment and renovations	10% - 25%
Computers and peripherals	14% - 25%
Electrical and security equipment	8% - 25%
Motor vehicles	20% - 25%

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any and the net carrying amount is recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(xii) Investment properties

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Such properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value which reflects market conditions at the reporting date. Fair value is arrived at by reference to market evidence of transaction prices for similar properties and is performed by registered independent valuers having an appropriate recognised professional qualification and recent experience in the location and category of the properties being valued.

Gains or losses arising from changes in the fair values of investment properties are recognised in profit or loss in the year in which they arise.

A property interest under an operating lease is classified and accounted for as an investment property on a property-by-property basis when the Group holds it to earn rentals or for capital appreciation or both. Any such property interest under an operating lease classified as an investment property is carried at fair value.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. For a transfer from owner-occupied property to investment property, the property is accounted for in accordance with the accounting policy for property, plant and equipment set out in Note 3(xi) up to the date of change in use.

(xiii) Other assets

Other assets are carried at anticipated realisable values. Bad debts are written off when identified. An estimate is made for doubtful debts based on a review of all outstanding amounts as at the reporting date.

(xiv) Development properties for sale

Development properties are those properties which are held with the intention of development and sale in the ordinary course of business.

Development properties that are unsold are carried at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less cost to complete the development and selling expenses.

The cost of properties under development comprise specifically identified costs, including acquisition costs, development expenditure, borrowing costs and other related expenditure. Borrowing costs payable on loans funding development

properties are also capitalised, on a specific identification basis, as part of the cost of the development properties until the completion of the development.

Revenue from the sale of development properties is recognised on the transfer of risk and rewards of ownership.

The Group uses the Completion of Contract method to recognise revenue from the sale of development properties.

(xv) Foreclosed properties

Foreclosed properties are those acquired in full or partial satisfaction of debts and are stated at the lower of cost and fair value.

(xvi) Cash and cash equivalents

For the purpose of the cash flow statements, cash and cash equivalents include cash and bank balances and short-term funds with remaining maturity of less than one month.

(xvii) Impairment of non-financial assets

The carrying amounts of assets, other than securities portfolio, goodwill, intangible assets with indefinite useful life, investment properties and deferred tax, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated to determine the amount of impairment loss.

For goodwill, intangible assets that have an indefinite useful life and intangible assets that are not yet available for use, the recoverable amount is estimated at each reporting date or more frequently when indicators of impairment are identified.

For the purpose of impairment testing of these assets, recoverable amount is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the cash-generating unit (CGU) to which the asset belongs to. Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's CGUs, or groups of CGUs, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

(xviii) Provisions for liabilities

Provisions for liabilities are recognised when the Group and the Bank have a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made.

Notes to the Financial Statements

30 June 2011

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(xviii) Provisions for liabilities (cont'd.)

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of the provision is the present value of the expenditure expected to be required to settle the obligation.

(xix) Profit equalisation reserves ("PER") on IBS operations

PER is the amount appropriated out of the total gross income in order to maintain a certain level of return to depositors in conformity with Bank Negara Malaysia's "The Framework of the Rate of Return" (BNM/GP2-i). PER is appropriated from and written back to the total gross income in deriving the net distributable gross income. The amount appropriated is shared by the depositors and the Group. The PER is deducted at a rate which does not exceed the maximum amount of the total of 15% of monthly gross income, monthly net trading income, other income and irregular income. PER is maintained up to the maximum of 30% of total Islamic banking capital fund.

(xx) Foreign currencies

(a) Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia (RM), which is also the Bank's functional currency.

(b) Foreign currency transactions

Transactions in foreign currencies are measured in the respective functional currencies of the Bank and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items denominated in foreign currencies measured at fair value are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is

reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

(c) Foreign operations

The results and financial position of foreign operations that have a functional currency different from the presentation currency (RM) of the consolidated financial statements are translated into RM as follows:

- Assets and liabilities of foreign operations are translated at the closing rate prevailing at the reporting date;
- Income and expenses for each income statement are translated at average exchange rates for the year, which approximates the exchange rates at the dates of the transactions; and
- All resulting exchange differences are taken directly to other comprehensive income through the foreign currency translation reserve.

On disposal of a foreign operation, the cumulative amount recognised in other comprehensive income and accumulated in equity under foreign currency translation reserve relating to that particular foreign operation is recognised in the profit or loss.

Goodwill and fair value adjustments arising on the acquisition of foreign operations on or after 1 January 2006 are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the reporting date. Goodwill and fair value adjustments which arose on the acquisition of foreign subsidiaries before 1 January 2006 are deemed to be assets and liabilities of the parent entity and are recorded in RM at the rates prevailing at the date of acquisition.

(xxi) Income tax and zakat

(a) Income tax

Income tax on the profit or loss for the year comprises current and deferred taxes. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted at the reporting date.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(xxi) Income tax and zakat (cont'd.)

(a) Income tax (cont'd.)

Deferred tax is provided for using the liability method. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Deferred tax is not recognised if the temporary difference arises from goodwill or negative goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the reporting date. Deferred tax is recognised as income or an expense and included in the profit or loss for the period, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also recognised directly in equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or the amount of any excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of the combination.

(b) Zakat

This represent business zakat payable by the Group in compliance with Shariah principles and as approved by the Group's Shariah Committee.

(xxii) Leases

(a) Classification

A lease is recognised as a finance lease if it transfers substantially to the Group all the risks and rewards incidental to ownership. Leases of land and buildings are classified as operating or finance leases in the same way as leases of other assets and the land and buildings elements of a lease of land and buildings are considered separately for the purposes of lease classification. All leases that do not transfer substantially all the risks and rewards are classified as operating leases, with the following exceptions:

- Property held under operating leases that would otherwise meet the definition of an investment property is classified as an investment property on a property-by-property basis and, if classified as investment property, is accounted for as if held under a finance lease and

- Land held for own use under an operating lease, the fair value of which cannot be measured separately from the fair value of the building situated thereon at the inception of the lease, is accounted for as being held under a finance lease, unless the building is also clearly held under an operating lease.

(b) Finance lease – the Group as lessee

Assets acquired by way of hire purchase or finance leases are stated at an amount equal to the lower of their fair values and the present value of the minimum lease payments at the inception of the leases, less accumulated depreciation and impairment losses. The corresponding liability is included in the statement of financial position as borrowings. In calculating the present value of the minimum lease payments, the discount factor used is the interest rate implicit in the lease, when it is practical to determine; otherwise, the Bank's incremental borrowing rate is used. Any initial direct costs are also added to the carrying amount of such assets.

Lease payments are apportioned between the finance costs and the reduction of the outstanding liability. Finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are recognised in the profit or loss over the term of the relevant lease so as to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

The depreciation policy for leased assets is in accordance with that for depreciable property, plant and equipment as described in Note 3(xi).

(c) Operating lease – the Group as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the term of the relevant lease. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

In the case of a lease of land and buildings, the minimum lease payments or the up-front payments made are allocated, whenever necessary, between the land and the buildings elements in proportion to the relative fair values for leasehold interests in the land element and building element of the lease at the inception of the lease. The up-front payment represents prepaid lease payments and are amortised on a straight-line basis over the lease term.

Notes to the Financial Statements

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3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(xxii) Leases (cont'd.)

(d) Operating lease – the Group as lessor

Assets leased out under operating leases are presented on the statement of financial positions according to the nature of the assets. Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

(xxiii) Insurance

(a) Life funds

The Life funds consist of long-term liabilities to policyholders, determined by an annual actuarial valuation, as well as accumulated surplus. Surplus is transferred to the shareholders, and recognised in the income statement as determined by the Appointed Actuary.

(b) Takaful funds

The Group's Takaful funds are operated under the Mudharabah and Wakalah models and are maintained in accordance with the requirements of the Takaful Act, 1984 and comply with the principles of Shariah.

(c) Premium liabilities, unearned premium reserves and unearned contribution reserves and unexpired risk reserves

(1) Premium and contribution liabilities

Premium and contribution liabilities is determined as the higher of the aggregate of the Unearned Premium Reserves ("UPR") or the Unearned Contribution Reserves ("UCR") for all lines of business and the best estimate value of the Unexpired Risk Reserves ("URR") with a provision of risk margin for adverse deviation calculated at least 75% confidence level at the overall subsidiary level.

(2) Unearned premium reserves and unearned contribution reserves

Unearned Premium Reserves ("UPR") and Unearned Contribution Reserves ("UCR") represent the portion of the net premiums and contribution of insurance policies and takaful certificates written that relate to the unexpired periods of policies and certificates at the end of the financial year. In determining the UPR and UCR at the reporting date, the method that most accurately reflect the actual unearned premium is used as follows:

- 25% method for marine cargo and aviation cargo, and transit business.

- 1/24th method for other classes of Malaysian general policies and 1/365th method for all classes of general takaful within Malaysia, reduced by the corresponding percentage of accounted gross direct business commissions and agency-related expenses not exceeding limits specified by Bank Negara Malaysia as follows:

Motor and bonds	10%
Fire, engineering, aviation and marine hull	15%
Medical health	
– Standalone individuals	15%
– Group of 3 or more	10%
Workmen compensation and employers' liability	
– Foreign workers	10%
– Others	25%
Other classes	25%
- 1/8th method for all classes of overseas inward treaty business with a deduction of 20% for commissions.
- Bond policies and non-annual certificates are time-apportioned over the periods of the risks.

(3) Unexpired risk reserves

The URR is the prospective estimate of the expected future payments arising from future events insured under policies/certificates in force as at the valuation date and also includes allowance for expenses, including overheads and cost of reinsurance/retakaful, expected to be incurred during the unexpired period in administering these policies/certificates and settling the relevant claims, and expected future premium/contribution refunds.

(d) Family Takaful fund

The Family Takaful fund consists of the amounts attributable to participants as determined by the annual actuarial valuation, the accumulated surplus attributable to participants and AFS reserves pertaining to investments of the Family Takaful fund. Any deficit in the general takaful fund will be made good by the shareholder's funds via a benevolent loan or Qardhul Hassan. Surplus distributable to participants is distributed in accordance with the terms and conditions prescribed by the Shariah Committee of the takaful subsidiary.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(xxiii) Insurance (cont'd.)

(e) General Takaful fund

The General Takaful fund consists of unearned contribution reserves, the accumulated surplus attributable to participants and AFS reserves pertaining to investments of the General Takaful fund. Any deficit in the General Takaful fund will be made good by the shareholder's funds via a benevolent loan or Qardhul Hassan. Surplus distributable to participants is distributed in accordance with the terms and conditions prescribed by the Shariah Committee of the respective takaful subsidiary.

(f) Claims liabilities/provision for outstanding claims

For general insurance and general takaful businesses, a liability for outstanding claims is recognised in respect of both direct insurance and inward reinsurance. The amount of outstanding claims is the best estimate of the expenditure required together with related expenses less recoveries to settle the present obligation at the reporting date. Provision is also made for the cost of claims together with related expenses incurred but not reported ("IBNR") at the reporting date. These are based on an actuarial valuation by a qualified actuary, using a mathematical method of estimation based on, amongst others, actual claims development patterns.

For life insurance and family takaful businesses, claims and settlement costs that are incurred during the financial period are recognised when a claimable event occurs and/or the insurer is notified.

Claims and provisions for claims arising on life insurance and family takaful policies, including settlement costs, are accounted for using the case basis method and for this purpose, the benefits payable under a life insurance policy are recognised as follows:

- (i) maturity or other policy benefit payments due on specified dates are treated as claims payable on the due dates;
- (ii) death, surrender and other benefits without due dates are treated as claims payable, on the date of receipt of intimation of death of the assured or occurrence of the contingency covered.

(xxiv) Recognition of interest, financing and profit income and expense

For all financial instruments measured at amortised cost and interest/profit-bearing financial assets classified as held-for-trading and available-for-sale, interest income and expense for all interest-bearing financial instruments are recognised within "interest income" and "interest expense" in the profit or loss using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instruments or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Group takes into account all contractual terms of the financial instrument and includes any fees or incremental costs that are directly attributable to the instrument and are an integral part of the effective interest rate, but does not consider future credit losses.

Interest on impaired financial assets is recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

Income and expense from Islamic banking business is recognised on an accrual basis in accordance with the principles of Shariah.

(xxv) Recognition of fee and other income

Loan arrangement, management and participation fees, factoring commissions, underwriting commissions, brokerage fees and guarantee fees are recognised as income based on accrual on time apportionment method. Fees from advisory and corporate finance activities are recognised net of service taxes and discounts on completion of each stage of the assignment.

Dividend income is recognised when the shareholder's right to receive payment is established.

Premiums and contributions from general insurance and general takaful businesses, respectively, are recognised as income in a financial period in respect of risks assumed during that particular financial period. Inward treaty reinsurance premiums are recognised on the basis of periodic advices received from ceding insurers.

Premiums and contributions for life assurance and family takaful businesses, respectively, are recognised as income on assumption of risks and subsequent premiums are recognised on due dates. Premiums outstanding at reporting date are recognised as income for the period, provided they are still within the grace period allowed for payment. Contribution income on long term policies is recognised as earned based on the time-apportionment method.

Notes to the Financial Statements

30 June 2011

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(xxv) Recognition of fee and other income (cont'd.)

Gross contributions for takaful business are accounted for on accrual basis in accordance with the Principles of Shariah as advised by Etiqa Takaful Berhad's Shariah Committee. Unrealised income is deferred and receipts in advance are treated as liabilities in the statement of financial position.

Rollover fees on margin accounts and management fees from asset management are recognised on an accrual basis.

(xxvi) Employee benefits

(a) Short-term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Group and the Bank. Short-term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short-term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(b) Defined contribution plans

As required by law, companies in Malaysia make contributions to the Employees Provident Fund ("EPF"). Certain foreign branches of the Bank and subsidiaries make contributions to their respective countries' statutory pension schemes. Such contributions are recognised as an expense in the income statement when incurred.

(c) Share-based compensation

(i) ESOS

The ESOS is an equity-settled share-based compensation plan that allows the Group's Directors and employees to acquire shares of the Bank. The total fair value of share options granted to employees is recognised as an employee cost with a corresponding increase in the share option reserve within equity over the vesting period and taking into account the probability that the options will vest. The fair value of share options is measured at grant date, taking into account, if any, the market vesting conditions upon which the options were granted but excluding the impact of any non-market vesting conditions. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable on vesting date.

At each reporting date, the Group revises its estimates of the number of options that are expected to become exercisable on vesting date. It recognises the impact of the revision of original estimates, if any, in the profit or loss, and a corresponding adjustment to equity over the remaining vesting period. The equity amount is recognised in the share option reserve.

The proceeds received net of any directly attributable transaction costs are credited to share capital when the options are exercised. The share option reserve is transferred to retained earnings upon expiry of the share option.

(ii) Restricted share units ("RSU")

Senior management personnel of the Group are entitled to performance-based restricted shares as consideration for services rendered. The RSU may be settled by way of issuance and transfer of new Maybank Shares or by cash at the absolute discretion of the ESS Committee. The total fair value of RSU granted to senior management employees is recognised as an employee cost with a corresponding increase in the reserve within equity over the vesting period and taking into account the probability that the RSU will vest. The fair value of RSU is measured at grant date, taking into account, the market vesting conditions upon which the RSU were granted but excluding the impact of any non-market vesting conditions. Non-market vesting conditions are included in assumptions about the number of share that are expected to be awarded on the vesting date.

At each reporting date, the Group revises its estimates of the number of RSU that are expected to be awarded on vesting date. It recognises the impact of the revision of original estimates, if any, in the profit or loss, and a corresponding adjustment to equity over the remaining vesting period. The equity amount is recognised in the ESS reserve.

(xxvii) Non-current assets held-for-sale and discontinued operation

Non-current assets are classified as held-for-sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. The condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition subject only to terms that are usual and customary.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(xxvii) Non-current assets held-for-sale and discontinued operation (cont'd.)

Immediately before classification as held-for-sale, the measurement of the non-current assets is brought up-to-date in accordance with applicable FRSs. Then, on initial classification as held-for-sale, non-current assets (other than the investment properties, deferred tax assets, employees' benefits assets, financial assets and inventories) are measured in accordance with FRS 5 that is at the lower of carrying amount and fair value less costs to sell. Any differences are included in profit or loss.

A component of the Bank is classified as a discontinued operation when the criteria to be classified as held-for-sale have been met or it has been disposed off and such a component represents a separate major line of business or geographical area of operations, is part of a single co-ordinated major line of business or geographical area of operations or a subsidiary acquired exclusively with a view to resale.

(xxviii) Share capital and dividends declared

Ordinary share are clasified as equity when there is no contracted obligation to transfer cash on other financial assets. Cost directly attributable to the issuance of new equity shares are taken for equity as a deduction for the proceeds.

Dividends declared on ordinary shares are accounted for as an appropriation of retained profits in the period in which all relevant approvals have been obtained.

(xxix) Contingent liabilities and contingent assets

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability or outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one of more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

A contingent asset is a possible asset that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group. The Group does not recognise contingent assets but discloses its existence where inflows of economic benefits are probable, but not virtually certain.

(xxx) Earnings per share

The Group presents basic and diluted (where applicable) earnings per share ("EPS") date for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Bank by the weighted average number or ordinary shares outstanding during the period net of treasury

shares. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares. No adjustment is made for anti-dilutive potential ordinary shares.

(xxxi) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker is the person or group that allocates resources to and assesses the performance of the operating segments of an entity. The Group has determined the Group Executive Committee as its chief operating decision-maker.

All transactions between business segments are conducted on an arm's length basis, with intra-segment revenue and costs being eliminated in head office. Income and expenses directly associated with each segment are included in determining business segment performance.

(xxxii) Standards and interpretations issued but not yet effective

At the date of authorisation of these financial statements, the following new FRSs, amendments to FRS and Interpretations of the Issues Committee ("IC Interpretations") have been issued but are not yet effective and have not been adopted by the Group and the Bank:

- (i) Amendments to FRS 1: Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters
- (ii) Amendments to FRS 7: Improving Disclosures about Financial Instruments
- (iii) Amendments to FRSs [Improvements to FRSs (2010)]
- (iv) Additional Exemptions for First-time Adopters (Amendments to FRS 1)
- (v) Group Cash-Settled Share-based Payment Transactions (Amendments to FRS 2)
- (vi) FRS 124: Related Party Disclosures
- (vii) Amendments to IC Interpretation 13 [Improvements to FRSs (2010)]
- (viii) Amendments to IC Interpretation 14: Prepayments of a Minimum Funding Requirement (Amendments to IC Interpretation 14)
- (ix) IC Interpretation 18: Transfers of Assets from Customers
- (x) IC Interpretation 4: Determining Whether an Arrangement contains a Lease
- (xi) IC Interpretation 19: Extinguishing Financial Liabilities with Equity Instruments
- (xii) TR i-4: Shariah Compliant Sale Contracts

The Group and the Bank plan to adopt the above pronouncements when they become effective in the respective financial period. These pronouncements are expected to have no significant impact to the financial statements of the Group and the Bank upon their initial application.

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4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements requires 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 8), securities available-for-sale (Note 9) and derivative financial instruments (Note 12)

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 flow method.

(ii) Valuation of investment properties (Note 14)

The measurement of the fair value for investment properties is arrived at by reference to market evidence of transaction prices for similar properties and is performed by independent professional valuers.

(iii) Impairment of goodwill (Note 19)

The Group tests annually whether the goodwill that has an indefinite life has suffered any impairment by measuring the recoverable amount of the goodwill based on the value-in-use method, which requires the use of estimates of cash flow projections, growth rates and discount rates. Changes to the assumptions used by management, particularly the discount rate and the terminal value, may affect the results of the impairment assessment.

(iv) Impairment of other intangible assets (Note 19)

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.

(v) Liabilities of insurance business (Note 54)

(a) Life fund

With effect from 1 January 2010, liabilities of the life insurance business are determined in accordance with BNM's Risk-Based Capital Framework for insurers and valued using an actuarial valuation methodology, which is defined by the Framework as the Gross Premium Valuation method. The expected future cash flows are determined using best estimate assumptions with a provision of risk margin for adverse deviation on a 75% confidence level at the overall subsidiary level.

(b) Family Takaful fund

Liabilities of the Family Takaful fund is determined based on annual actuarial valuation whereby estimates are made for future deaths, disabilities, maturities, instruments returns, voluntary terminations and expenses in accordance with contractual and regulatory requirements.

(c) General Insurance and General Takaful Businesses

The establishment of technical provisions for general insurance and general takaful businesses, including unearned premium/contribution reserves, unexpired risk reserves and claim liabilities/provision for outstanding claims, are based on specific methodologies as described in Note 3(xxiii). The eventual development of premium/contribution and claim liabilities may vary from initial estimates due to uncertainties including but not restricted to inflation, economic conditions, judicial interpretations and legislative changes.

(vi) Deferred tax (Note 25) and income taxes (Note 40)

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 in which the estimate is revised or the final liability is established.

(vii) Impairment of investment in subsidiaries (Note 16) and interest in associates (Note 17)

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

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D.)

(vii) Impairment of investment in subsidiaries (Note 16) and interest in associates (Note 17) (cont'd.)

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

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

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

Sensitivity to changes in assumptions

Management believes that no reasonably expected possible change in the key assumptions described above would cause the carrying amounts of the investments to materially exceed their recoverable amounts.

(viii) Impairment of securities portfolio (Notes 8, 9 and 10)

The Group and the Bank review the Securities Portfolio of HFT, AFS and HTM 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 issuer or obligors, the disappearance of an active trading market and deterioration of the credit quality of the issuers or obligors.
- (ii) Determination of "significant" or "prolonged" requires judgement and management evaluation on various factors, such as historical fair value movement and the significant reduction in fair value.

5. CASH AND SHORT-TERM FUNDS

	Group		Bank	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Cash balances and deposits with banks and other financial institutions	38,697,294	28,629,055	25,780,477	19,403,616
Money at call	106,225	78,937	23,319	–
	38,803,519	28,707,992	25,803,796	19,403,616

Included in cash and short-term funds of the Group are monies held in trust of RM2,288,415,000 (2010: RM291,646,000) in respect of the stockbroking business.

6. DEPOSITS AND PLACEMENTS WITH FINANCIAL INSTITUTIONS

	Group		Bank	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Licensed banks (a)	9,141,989	7,901,083	6,535,522	6,164,976
Bank Negara Malaysia	438,018	393,648	397,443	313,178
Other financial institutions (b)	711,506	620,644	711,506	620,044
	10,291,513	8,915,375	7,644,471	7,098,198

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6. DEPOSITS AND PLACEMENTS WITH FINANCIAL INSTITUTIONS (CONT'D.)

- (a) Included in deposits and placements with licensed banks of the Group are monies held in trusts of RM570,046,000 (2010: RM8,733,000) in respect of the stockbroking business.
- (b) Included in deposits and placements with other financial institutions in satisfaction of capital equivalency deposit requirements are as follows:
- (i) USD10.0 million (2010: USD10.0 million) or Ringgit Malaysia equivalent of RM30.2 million (2010: RM32.4 million) pledged with the New York State Banking Department;
 - (ii) SGD73.1 million (2010: SGD69.9 million) or Ringgit Malaysia equivalent of RM179.7 million (2010: RM161.8 million) placed with Monetary Authority of Singapore; and
 - (iii) USD73.6 million (2010: USD57.0 million) or Ringgit Malaysia equivalent of RM222.7 million (2010: RM184.6 million) placed with National Bank of Cambodia.

7. SECURITIES PURCHASED UNDER RESALE AGREEMENTS AND OBLIGATIONS ON SECURITIES SOLD UNDER REPURCHASE AGREEMENTS

- (a) The underlying securities purchased under resale agreements are as follows:

	Group		Bank	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Malaysian Government Securities	–	371,237	–	371,237

- (b) The securities sold under repurchase agreements are as follows:

	Group		Bank	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Securities held-for-trading (Note 8(a))	275,415	–	275,415	–
Securities available-for-sale (Note 9(b))	98,147	407,056	98,147	–
	373,562	407,056	373,562	–

8. SECURITIES HELD-FOR-TRADING

	Group		Bank	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
At fair value				
Money market instruments:				
Malaysian Government Securities	311,479	267,762	311,479	267,762
Malaysian Government Treasury Bills	111,888	25,727	111,888	25,727
Malaysian Government Investment Issues	50,537	50,818	20,256	25,453
Bank Negara Malaysia Bills and Notes	3,658	–	3,658	–
Khazanah Bonds	59,953	–	59,953	–
Bank Negara Malaysia Monetary Notes	251,412	605,006	9,060	581,545
Foreign Government Treasury Bills	155,361	509,037	155,360	509,037
Foreign Government Securities	315,915	90,780	–	–
Foreign Certificates of Deposits	240,590	228,598	–	–
Sukuk Ijarah Bonds	–	69,902	–	49,930
	1,500,793	1,847,630	671,654	1,459,454

8. SECURITIES HELD-FOR-TRADING (CONT'D.)

	Group		Bank	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Quoted securities:				
Shares	358,871	22,802	12,104	22,802
	358,871	22,802	12,104	22,802
Unquoted securities:				
Foreign private debt securities	1,172,900	185,855	1,091,723	164,856
Private and Islamic Debt Securities in Malaysia	1,109,414	594,816	1,109,414	594,816
	2,282,314	780,671	2,201,137	759,672
Total securities held-for-trading	4,141,978	2,651,103	2,884,895	2,241,928

(a) Included in security held-for-trading are securities sold under repurchase agreements

	Group		Bank	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Private debt securities	275,415	–	275,415	–

9. SECURITIES AVAILABLE-FOR-SALE

	Group		Bank	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
At fair value, or at cost less impairment losses for certain unquoted equity instruments				
Money market instruments:				
Malaysian Government Securities	3,750,910	5,284,696	3,679,217	5,195,698
Sukuk BNM Ijarah	11,104	–	–	–
Cagamas Bonds	1,526,312	1,978,555	1,342,316	1,746,559
Foreign Government Securities	9,053,992	7,357,037	6,751,494	5,012,151
Malaysian Government Investment Issues	7,070,669	5,655,221	3,349,048	3,153,796
Foreign Government Treasury Bills	1,157,497	2,489,382	842,567	2,352,420
Negotiable instruments of deposits	775,683	1,304,946	4,798,186	5,021,821
Bankers' acceptances and Islamic accepted bills	588,285	1,104,706	367,352	1,026,207
Khazanah Bonds	1,173,829	830,758	867,407	578,002
Bank Negara Malaysia Monetary Notes	–	99,890	–	99,890
	25,108,281	26,105,191	21,997,587	24,186,544
Quoted securities:				
In Malaysia:				
Shares, warrants, trust units and loan stocks	406,380	407,559	104,814	182,936
Outside Malaysia:				
Shares, warrants, trust units and loan stocks	311,845	82,056	18,722	35,387
	718,225	489,615	123,536	218,323

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9. SECURITIES AVAILABLE-FOR-SALE (CONT'D.)

	Group		Bank	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
At fair value, or at cost less impairment losses for certain unquoted equity instruments (cont'd.)				
Unquoted securities:				
Shares, trust units and loan stocks in Malaysia	571,573	701,289	376,358	447,159
Shares, trust units and loan stocks outside Malaysia	36,112	27,449	13,908	17,024
Private and Islamic Debt Securities in Malaysia	9,791,228	9,925,149	7,633,368	8,156,657
Malaysian Government Bonds	135,336	144,475	135,336	144,475
Foreign Government Bonds	1,329,748	110,006	1,248,718	–
Credit linked notes (Note 9(a))	75,439	151,784	75,439	151,784
Foreign Islamic private debt securities	9,284,751	4,713,610	8,612,607	4,091,929
Malaysia Global Sukuk	162,485	207,667	45,185	32,946
Structured Deposits	45,380	–	–	–
	21,432,052	15,981,429	18,140,919	13,041,974
Total securities available-for-sale	47,258,558	42,576,235	40,262,042	37,446,841

- (a) Included in securities available-for-sale are credit linked notes with a face value of USD25,000,000 (2010: USD50,000,000) or Ringgit Malaysia equivalent to RM75,575,000 (2010: RM161,825,000) with embedded credit default swaps. The notes would be redeemed at face values on their respective maturity dates provided there is no occurrence of a specified credit event affecting the reference entities or their obligations. If there is an occurrence of a credit event, the underlying asset (the reference obligation of the reference entity), or a cash settlement amount to be determined with reference to the market value of the underlying asset in accordance with the terms of the contract, would be delivered by the issuer of the note.
- (b) Included in security available-for-sale are securities sold under repurchase agreements

	Group		Bank	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Private debt securities	98,147	–	98,147	–
Foreign government securities	–	407,056	–	–
	98,147	407,056	98,147	–

- (c) The maturity structure of money market instruments, available-for-sale are as follows:

	Group		Bank	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Maturing within one year	3,769,819	6,221,687	3,880,055	5,611,005
One year to three years	2,496,567	5,791,080	3,715,602	8,103,252
Three years to five years	10,879,178	2,901,588	9,534,955	2,671,492
After five years	7,962,717	11,190,836	4,866,975	7,800,795
	25,108,281	26,105,191	21,997,587	24,186,544

10. SECURITIES HELD-TO-MATURITY

	Group		Bank	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
At amortised cost				
Money market instruments:				
Malaysian Government Securities (Note 10(b))	6,275,068	6,237,200	6,274,961	6,237,092
Cagamas Bonds	11,738	11,794	11,738	11,794
Foreign Government Securities	801,772	824,404	–	–
Malaysian Government Investment Issues	495,864	527,466	353,971	377,000
Khazanah Bonds	17,362	16,603	17,362	16,603
	7,601,804	7,617,467	6,658,032	6,642,489
Unquoted securities:				
Private and Islamic Debt Securities in Malaysia	1,451,903	953,988	1,421,871	923,955
Malaysian Government Bonds	6,056	6,761	6,056	6,761
Foreign Government Bonds	49,438	–	49,162	–
Foreign Islamic private debt securities	558,757	394,513	233,616	312,135
Others	2,044	2,044	2,044	2,044
	2,068,198	1,357,306	1,712,749	1,244,895
Accumulated impairment losses	(31,288)	(32,065)	(31,287)	(32,062)
Total securities held-to-maturity	9,638,714	8,942,708	8,339,494	7,855,322

(a) Indicative value of unquoted securities held-to-maturity are as follows:

	Group		Bank	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Malaysian Government Securities	6,390,445	6,356,914	6,390,338	6,356,809
Cagamas Bonds	11,735	11,829	11,735	11,829
Malaysian Government Investment Issues	499,138	530,545	355,772	378,808
Foreign Government Securities	801,772	827,187	–	–
Khazanah Bonds	17,778	16,960	17,778	16,960
Private and Islamic Debt Securities in Malaysia	1,463,679	956,182	1,433,448	926,026
Malaysian Government Bonds	6,056	6,875	6,056	6,875
Foreign Government Bonds	49,438	–	49,162	–
Foreign Islamic private debt securities	567,359	409,800	242,219	330,204
Others	2,044	2,013	2,044	2,013

(b) Included in Malaysian Government Securities in securities held-to-maturity of the Group and the Bank above is an amount of RM350,000,000 (2010: RM Nil) pledged with the Bank Negara Malaysia in satisfaction of capital equivalency deposit requirements.

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10. SECURITIES HELD-TO-MATURITY (CONT'D.)

(c) The maturity structure of money market instruments, held-to-maturity are as follows:

	Group		Bank	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Maturing within one year	452,690	86,947	336,801	25,554
One year to three years	3,999,022	1,832,492	3,821,348	1,656,264
Three years to five years	2,035,275	2,631,339	1,892,156	2,455,908
After five years	1,114,817	3,066,689	607,727	2,504,763
	7,601,804	7,617,467	6,658,032	6,642,489

11. LOANS, ADVANCES AND FINANCING

	Group		Bank	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Overdrafts	15,602,979	15,393,797	11,130,114	11,442,783
Term loans				
– Housing loans/financing	42,588,643	36,293,612	33,710,861	28,805,714
– Syndicated loans/financing	16,156,890	13,053,818	13,020,361	10,487,792
– Hire purchase receivables*	46,847,564	40,748,909	23,088,371	21,414,413
– Lease receivables	4,495	3,462	3,264	3,272
– Other loans/financing	107,382,363	74,264,535	62,659,172	44,827,809
Credit card receivables	5,773,326	4,973,369	4,863,738	4,233,074
Bills receivable	4,069,296	2,289,004	4,038,085	2,256,164
Trust receipts	2,394,297	2,250,995	1,976,949	1,826,866
Claims on customers under acceptance credits	12,201,913	10,316,581	8,554,699	7,434,317
Loans/financing to banks and other financial institutions	6,714,542	10,406,605	7,255,622	10,232,000
Revolving credits	25,876,169	20,853,403	18,392,134	15,930,021
Staff loans	1,976,167	1,636,344	1,001,750	959,607
	287,588,644	232,484,434	189,695,120	159,853,832
Loans to:				
– Executive directors of the Bank	–	–	–	–
– Executive directors of subsidiaries	3,416	839	123	435
Others	1,764,438	348,403	–	–
	289,356,498	232,833,676	189,695,243	159,854,267
Unearned interest and income	(28,176,735)	(19,575,236)	(2,826,729)	(2,775,394)
Gross loans, advances and financing	261,179,763	213,258,440	186,868,514	157,078,873
Allowances for impaired loans and financing				
– Individual	(2,932,129)	–	(2,115,897)	–
– Collective	(4,271,208)	–	(3,179,773)	–
– Specific	–	(3,864,832)	–	(2,842,531)
– General	–	(3,838,541)	–	(2,766,757)
Net loans, advances and financing	253,976,426	205,555,067	181,572,844	151,469,585

* The hire purchase receivables of a subsidiary of RM487,122,592 (2010: RM221,346,000) are pledged as collateral to the secured borrowing as disclosed in Note 26(a)(i).

11. LOANS, ADVANCES AND FINANCING (CONT'D.)

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

	Group		Bank	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Domestic banking institutions	55,754	62,033	55,896	62,033
Domestic non-bank financial institutions				
– Stockbroking companies	662	149,044	664	148,864
– Others	17,649,116	16,228,487	13,026,400	13,102,740
Domestic business enterprise				
– Small and medium enterprise	45,677,647	32,103,764	39,498,099	27,940,298
– Others	57,198,653	51,359,497	38,861,878	35,600,785
Government and statutory bodies	2,973,103	2,470,659	2,638,335	2,403,508
Individuals	119,733,544	97,938,204	79,854,546	68,428,192
Other domestic entities	1,785,113	1,657,466	497,646	281,718
Foreign entities	16,106,171	11,289,286	12,435,050	9,110,735
Gross loans, advances and financing	261,179,763	213,258,440	186,868,514	157,078,873

(ii) Loans, advances and financing analysed by geographical distribution are as follows:

	Group		Bank	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Malaysia	169,773,543	144,271,765	123,380,078	109,508,669
Singapore	54,830,450	40,588,966	54,283,692	40,588,966
Indonesia	21,328,288	17,102,481	–	–
Labuan offshore	3,875,185	3,268,810	–	–
Hong Kong SAR	4,471,402	3,068,938	4,347,640	3,068,938
United States of America	1,176,644	753,244	1,176,644	753,244
People's Republic of China	986,362	1,017,861	986,362	1,017,861
Vietnam	524,916	480,568	524,916	480,568
United Kingdom	1,357,952	994,784	1,357,952	994,784
Brunei	159,334	158,352	159,334	158,352
Cambodia	425,790	270,905	425,790	270,905
Bahrain	226,106	236,586	226,106	236,586
Philippines	1,419,000	969,478	–	–
Papua New Guinea	115,297	75,702	–	–
Thailand	466,214	–	–	–
Others	43,280	–	–	–
Gross loans, advances and financing	261,179,763	213,258,440	186,868,514	157,078,873

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11. LOANS, ADVANCES AND FINANCING (CONT'D.)

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

	Group		Bank	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Fixed rate				
– Housing loans/financing	11,855,759	12,681,639	9,147,350	9,534,313
– Hire purchase receivables	35,588,698	30,943,085	19,968,614	18,263,418
– Other fixed rate loans/financing	23,960,007	22,327,061	13,826,800	14,004,422
Variable rate				
– Base lending rate plus	94,310,265	75,881,193	78,337,866	65,916,914
– Cost plus	31,832,925	22,753,403	27,507,286	19,510,888
– Other variable rates	63,632,109	48,672,059	38,080,598	29,848,918
Gross loans, advances and financing	261,179,763	213,258,440	186,868,514	157,078,873

(iv) Loans, advances and financing analysed by economic purpose are as follows:

	Group		Bank	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Purchase of securities	20,743,919	14,913,407	11,575,901	10,761,268
Purchase of transport vehicles	39,687,127	34,863,190	19,967,508	17,960,857
– Less: Islamic transport vehicles sold to Cagamas	(682,679)	(1,137,321)	–	–
Purchase of landed properties				
– Residential	46,621,777	37,684,964	38,190,785	30,447,644
– Non-residential	14,623,280	9,163,803	13,435,251	8,231,420
Purchase of fixed assets (exclude landed properties)	2,966,538	2,543,374	2,963,248	2,543,167
Personal use	6,362,067	5,061,634	5,456,581	4,303,538
Credit card	5,772,335	4,974,295	4,874,082	4,233,084
Purchase of consumer durables	254,111	77,583	254,744	76,463
Construction	13,861,422	12,489,787	11,526,219	11,213,226
Merger and acquisition	52,272	45,229	52,405	45,229
Working capital	96,753,084	79,384,139	71,342,270	59,186,942
Others	14,164,510	13,194,356	7,229,520	8,076,035
Gross loans, advances and financing	261,179,763	213,258,440	186,868,514	157,078,873

(v) The maturity structure of loans, advances and financing are as follows:

	Group		Bank	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Maturing within one year	75,170,061	69,370,810	58,385,457	56,025,479
One year to three years	27,181,422	18,691,972	17,817,419	10,608,438
Three years to five years	35,685,924	18,941,903	22,244,753	9,460,481
After five years	123,142,356	106,253,755	88,420,885	80,984,475
Gross loans, advances and financing	261,179,763	213,258,440	186,868,514	157,078,873

11. LOANS, ADVANCES AND FINANCING (CONT'D.)

(vi) Movements in impaired loans, advances and financing ("impaired loans") (2010: "non-performing loans") are as follows:

Movements in impaired loans, advances and financing

	Group		Bank	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
At 1 July				
– as previously stated	6,186,320	6,715,232	4,639,731	5,036,313
– effect of adopting FRS 139	3,772,543	–	3,189,043	–
At 1 July, as restated	9,958,863	6,715,232	7,828,774	5,036,313
Impaired during the year	5,929,985	4,622,381	3,211,874	2,795,711
Reclassified as performing	(2,730,159)	(2,190,759)	(1,677,728)	(1,525,988)
Recovered during the year	(2,004,428)	(1,430,570)	(1,420,027)	(874,761)
Amount written off	(2,610,648)	(1,682,059)	(1,624,278)	(925,144)
Converted to securities	(37,863)	–	(37,863)	–
Amount transferred from other debts	–	97,095	–	97,095
Exchange differences and expenses debited	89,751	55,000	96,744	36,505
Acquisition of subsidiaries	161,361	–	–	–
At 30 June	8,756,862	6,186,320	6,377,496	4,639,731
Less:				
– Individual allowance	(2,932,129)	–	(2,115,897)	–
on impaired loans	(2,932,129)	–	(2,115,897)	–
Less:				
– Specific allowance	–	(3,864,832)	–	(2,842,531)
on non-performing loans	–	(3,619,792)	–	(2,602,091)
on performing loans	–	(245,040)	–	(240,440)
Net impaired loans, advances and financing	5,824,733	2,321,488	4,261,599	1,797,200
Net loans, advances and financing				
Gross loans, advances and financing	261,179,763	213,258,440	186,868,514	157,078,873
Add: Islamic loans sold to Cagamas	682,679	1,137,321	–	–
	261,862,442	214,395,761	186,868,514	157,078,873
Less:				
– Individual allowance	(2,932,129)	–	(2,115,897)	–
Less:				
– Specific allowance	–	(3,864,832)	–	(2,842,531)
Net loans, advances and financing (including Islamic loans sold to Cagamas)	258,930,313	210,530,929	184,752,617	154,236,342

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11. LOANS, ADVANCES AND FINANCING (CONT'D.)

(vi) Movements in impaired loans, advances and financing ("impaired loans") (2010: "non-performing loans") are as follows: (cont'd.)

Ratio of net impaired loans (2010: non-performing loans)

	Group		Bank	
	2011	2010	2011	2010
Post FRS 139	2.25%	–	2.31%	–
Pre FRS 139				
– Including specific allowance on performing loans	–	1.10%	–	1.17%
– Excluding specific allowance on performing loans	–	1.22%	–	1.32%

(vii) Impaired (2010: non-performing) loans, advances and financing by economic purpose are as follows:

	Group		Bank	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Purchase of securities	116,667	47,268	82,257	39,213
Purchase of transport vehicles	276,671	239,296	111,271	131,263
Purchase of landed properties				
– Residential	1,277,777	1,754,048	1,058,965	1,391,121
– Non-residential	290,538	331,100	264,828	300,608
Personal use	126,271	168,062	111,542	137,982
Credit card	77,764	68,790	53,642	50,203
Purchase of consumer durables	1,163	1,635	1,159	1,632
Construction	523,361	511,676	433,545	415,140
Working capital	5,575,238	2,824,549	3,996,647	2,057,314
Others	491,412	239,896	263,640	115,255
	8,756,862	6,186,320	6,377,496	4,639,731

11. LOANS, ADVANCES AND FINANCING (CONT'D.)

(viii) Impaired (2010: non-performing) loans, advances and financing by geographical distribution are as follows:

	Group		Bank	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Malaysia	6,712,570	5,129,136	5,769,484	4,183,641
Singapore	402,468	209,550	242,169	209,550
Indonesia	873,692	483,397	-	-
Labuan Offshore	351,094	79,900	-	-
Hong Kong SAR	84,853	114,136	84,853	114,136
Brunei	2,613	2,056	2,613	2,056
Vietnam	75,692	17,500	75,692	17,500
United Kingdom	141,478	68,511	141,478	68,511
People's Republic of China	-	20,290	-	20,290
Cambodia	12,499	24,047	12,499	24,047
Papua New Guinea	-	1,909	-	-
Philippines	50,733	35,888	-	-
Bahrain	48,708	-	48,708	-
Thailand	462	-	-	-
	8,756,862	6,186,320	6,377,496	4,639,731

(ix) Movements in the allowances for impaired (2010: non-performing) loans, advances and financing are as follows:

	Group		Bank	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Individual Allowance				
At 1 July				
- as previously stated	-	-	-	-
- effect of adopting FRS 139	3,981,073	-	2,909,013	-
At 1 July, as restated	3,981,073	-	2,909,013	-
Allowance made during the year (Note 38)	651,725	-	471,883	-
Amount written back (Note 38)	(291,066)	-	(207,265)	-
Amount written off	(1,185,904)	-	(936,464)	-
Transferred to impairment losses in securities	(51,475)	-	(51,475)	-
Transferred to collective allowance	(173,038)	-	(57,227)	-
Acquisition of subsidiaries	50,315	-	-	-
Exchange differences	(49,501)	-	(12,568)	-
At 30 June	2,932,129	-	2,115,897	-

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11. LOANS, ADVANCES AND FINANCING (CONT'D.)

(ix) Movements in the allowances for impaired (2010: non-performing) loans, advances and financing are as follows: (cont'd.)

	Group		Bank	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Collective Allowance				
At 1 July				
– as previously stated	–	–	–	–
– effect of adopting FRS 139	4,741,229	–	3,665,506	–
At 1 July, as restated	4,741,229	–	3,665,506	–
Allowance made during the year (Note 38)	774,955	–	117,091	–
Amount written back (Note 38)	(42)	–	–	–
Amount written off	(1,424,744)	–	(687,814)	–
Transferred from impairment losses in securities	13,612	–	13,612	–
Transferred from individual allowance	173,038	–	57,227	–
Exchange differences	(6,840)	–	14,151	–
At 30 June	4,271,208	–	3,179,773	–
As a percentage of total loans (including Islamic loans sold to Cagamas), less individual allowance	1.65%	–	1.72%	–
As a percentage of total risk-weighted assets for credit risk	2.05%	–	1.98%	–

	Group		Bank	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Specific allowance:				
At 1 July				
– as previously stated	3,864,832	3,854,026	2,842,531	2,847,031
– effect of adopting FRS 139	(3,864,832)	–	(2,842,531)	–
At 1 July, as restated	–	3,854,026	–	2,847,031
Allowance made during the year (Note 38)	–	2,148,300	–	1,307,829
Amount written back in respect of recoveries (Note 38)	–	(516,138)	–	(452,438)
Amount written off	–	(1,682,059)	–	(925,144)
Transferred to general allowance	–	(1,278)	–	–
Amount transferred from other debts	–	97,095	–	97,095
Exchange differences	–	(35,114)	–	(31,842)
At 30 June	–	3,864,832	–	2,842,531

11. LOANS, ADVANCES AND FINANCING (CONT'D.)

(ix) Movements in the allowances for impaired (2010: non-performing) loans, advances and financing are as follows: (cont'd.)

	Group		Bank	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
General allowance:				
At 1 July				
– as previously stated	3,838,541	3,725,599	2,766,757	2,937,055
– effect of adopting FRS 139	(3,838,541)	–	(2,766,757)	–
At 1 July, as restated	–	3,725,599	–	2,937,055
Allowance made during the year (Note 38)	–	477,569	–	–
Amount written back (Note 38)	–	(331,891)	–	(155,815)
Transferred from specific allowance	–	1,278	–	–
Exchange differences	–	(34,014)	–	(14,483)
At 30 June	–	3,838,541	–	2,766,757
As a percentage of total loans (including Islamic loans sold to Cagamas), less specific allowance	–	1.82%	–	1.79%
As a percentage of total risk-weighted assets for credit risk excluding deferred tax assets	–	1.76%	–	1.68%

12. DERIVATIVE FINANCIAL INSTRUMENTS

	Group			Bank		
	Principal Amount RM'000	Fair Value Assets Amount RM'000	Liabilities Amount RM'000	Principal Amount RM'000	Fair Value Assets Amount RM'000	Liabilities Amount RM'000
2011 (cont'd.)						
Trading derivatives						
Foreign exchange related contracts:						
Currency forward						
– Less than one year	22,154,987	115,780	(128,485)	17,215,104	78,689	(91,170)
– One year to three years	428,114	11,639	(13,146)	428,114	11,639	(13,146)
– More than three years	290,945	18,349	(111)	290,945	18,349	(111)
	22,874,046	145,768	(141,742)	17,934,163	108,677	(104,427)
Currency swaps						
– Less than one year	43,497,687	298,339	(228,440)	43,497,687	298,339	(228,440)
– One year to three years	589,231	19,791	(7,071)	589,231	19,791	(7,071)
– More than three years	290,944	123	(17,160)	290,945	123	(17,160)
	44,377,862	318,253	(252,671)	44,377,863	318,253	(252,671)
Currency spots						
– Less than one year	2,305,804	8,571	(15,047)	2,203,170	8,541	(14,977)
– One year to three years	–	–	–	–	–	–
– More than three years	–	–	–	–	–	–
	2,305,804	8,571	(15,047)	2,203,170	8,541	(14,977)

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12. DERIVATIVE FINANCIAL INSTRUMENTS (CONT'D.)

	Group			Bank		
	Principal	Fair Value		Principal	Fair Value	
	Amount	Assets	Liabilities	Amount	Assets	Liabilities
	RM'000	Amount	Amount	Amount	Amount	Amount
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2011 (cont'd.)						
Currency options						
– Less than one year	4,546,215	13,388	(8,344)	4,546,215	13,388	(8,344)
– One year to three years	–	–	–	–	–	–
– More than three years	–	–	–	–	–	–
	4,546,215	13,388	(8,344)	4,546,215	13,388	(8,344)
Cross currency interest rate swaps						
– Less than one year	607,365	26,284	(26,006)	607,365	26,284	(26,006)
– One year to three years	3,495,130	182,155	(53,499)	3,495,130	182,155	(53,499)
– More than three years	5,307,678	87,568	(162,431)	5,307,678	87,568	(162,431)
	9,410,173	296,007	(241,936)	9,410,173	296,007	(241,936)
Interest rate derivatives						
Interest rate swaps						
– Less than one year	12,300,584	105,386	(113,058)	10,700,584	104,483	(112,623)
– One year to three years	23,972,146	162,163	(183,755)	23,972,146	162,163	(183,755)
– More than three years	21,713,328	191,563	(233,589)	21,713,328	206,964	(233,588)
	57,986,058	459,112	(530,402)	56,386,058	473,610	(529,966)
Interest rate futures						
– Less than one year	1,252,719	281	–	1,252,719	243	–
– One year to three years	–	–	–	–	–	–
– More than three years	–	–	–	–	–	–
	1,252,719	281	–	1,252,719	243	–
Interest rate options						
– Less than one year	610,117	2,431	(44,206)	36,813	–	–
– One year to three years	1,483,240	14,548	–	1,483,240	14,548	–
– More than three years	872,904	1,110	(105,905)	872,904	1,110	(105,905)
	2,966,261	18,089	(150,111)	2,392,957	15,658	(105,905)
Equity related derivatives						
Equity options						
– Less than one year	808,651	1,686	(6,443)	808,654	1,011	(1,011)
– One year to three years	44,468	2,231	(2,231)	44,468	2,231	(2,231)
– More than three years	55,074	5,822	(5,822)	55,074	5,822	(5,822)
	908,193	9,739	(14,496)	908,196	9,064	(9,064)
Commodity options						
– Less than one year	–	–	–	–	–	–
– One year to three years	–	–	–	–	–	–
– More than three years	56,065	4,766	(4,766)	56,065	4,766	(4,766)
	56,065	4,766	(4,766)	56,065	4,766	(4,766)
Hedging derivatives						
Interest rate swaps						
– Less than one year	532,917	1	(46,117)	411,020	1	(45,951)
– One year to three years	516,860	1	(46,539)	441,263	1	(46,539)
– More than three years	1,886,165	324	(79,661)	1,580,744	324	(79,661)
	2,935,942	326	(172,317)	2,433,027	326	(172,151)

12. DERIVATIVE FINANCIAL INSTRUMENTS (CONT'D.)

	Group			Bank		
	Principal Amount RM'000	Fair Value Assets Amount RM'000	Liabilities Amount RM'000	Principal Amount RM'000	Fair Value Assets Amount RM'000	Liabilities Amount RM'000
2011 (cont'd.)						
Cross currency interest rate swaps						
– Less than one year	–	–	–	–	–	–
– One year to three years	2,472,085	316,017	(2,103)	2,472,085	316,017	(2,104)
– More than three years	607,900	61,865	–	607,900	61,865	–
	3,079,985	377,882	(2,103)	3,079,985	377,882	(2,104)
Total derivative assets/(liabilities)	152,699,323	1,652,182	(1,533,935)	144,980,591	1,626,415	(1,446,311)

	Group			Bank		
	Principal Amount RM'000	Fair Value Assets Amount RM'000	Liabilities Amount RM'000	Principal Amount RM'000	Fair Value Assets Amount RM'000	Liabilities Amount RM'000
2010						
Trading derivatives						
Foreign exchange related contracts:						
Currency forward	41,805,095	108,229	(201,492)	26,480,036	97,537	(190,803)
Currency swaps	10,549,470	343,019	(134,592)	18,659,934	343,019	(134,592)
Currency spots	932,180	955	(927)	932,181	955	(927)
Currency options	1,282,234	3,161	(2,507)	1,282,235	3,161	(2,507)
Cross currency interest rate swaps	4,504,621	135,038	(90,031)	4,504,621	135,038	(90,031)
	59,073,600	590,402	(429,549)	51,859,007	579,710	(418,860)
Interest rate derivatives						
Interest rate swaps	45,080,147	526,539	(554,438)	49,475,908	526,539	(554,438)
Interest rate futures	1,100,000	–	(8,113)	1,100,000	–	(8,113)
Interest rate options	686,086	14,601	(46,214)	233,836	852	(30,823)
	46,866,233	541,140	(608,765)	50,809,744	527,391	(593,374)
Equity related derivatives						
Equity options	752,306	230	(229)	752,303	229	(228)
Commodity options	581,323	1,709	(1,710)	581,323	1,709	(1,710)
	1,333,629	1,939	(1,939)	1,333,626	1,938	(1,938)
Hedging derivatives						
Interest rate swaps	4,738,383	645	(303,071)	3,221,400	–	(274,408)
Cross currency interest rate swaps	4,057,340	172,643	(2,918)	4,057,340	172,643	(2,918)
	8,795,723	173,288	(305,989)	7,278,740	172,643	(277,326)
Total derivative assets/(liabilities)	116,069,185	1,306,769	(1,346,242)	111,281,117	1,281,682	(1,291,498)

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12. DERIVATIVE FINANCIAL INSTRUMENTS (CONT'D.)

Included within hedging derivatives are derivatives where the Group and Bank apply hedge accounting. The principal amount and fair values of derivatives where hedge accounting is applied by the Group and Bank are as follows:

	Group			Bank		
	Principal Amount RM'000	Fair Value Assets Amount RM'000	Liabilities Amount RM'000	Principal Amount RM'000	Fair Value Assets Amount RM'000	Liabilities Amount RM'000
2011						
Interest rate swaps	707,382	–	(55,947)	707,382	–	(55,947)

Fair value hedges

Fair value hedges are used by the Group and the Bank to protect them against changes in the fair value of financial assets due to movements in interest rates. The financial instruments hedged for interest rate risk include the Group's and the Bank's available-for-sale debt securities.

For the year ended 30 June 2011, the Group and the Bank recognised a net gain of RM43,229,164 on the hedging instruments. The total net loss on the hedged items attributable to the hedged risk amounted to RM20,434,522.

13. OTHER ASSETS

	Group		Bank	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Other debtors	3,643,484	3,064,999	1,146,591	2,494,749
Amount due from brokers and clients	2,016,672	146,372	–	–
Development properties for sale (Note a)	345,616	–	–	–
Prepayments and deposits	330,525	390,089	71,098	250,400
Tax recoverable	274,266	113,029	159,874	–
Foreclosed properties	124,959	131,592	42,802	41,709
Interest receivables	–	1,265,281	–	962,790
	6,735,522	5,111,362	1,420,365	3,749,648

(a) Development properties for sale

Group	Freehold Land RM'000	Development Costs RM'000	Total RM'000
At 1 July 2010	–	–	–
Acquisition of subsidiaries (Note 16)	156,660	164,378	321,038
Cost incurred during the year	–	19,389	19,389
Exchange differences	2,531	2,658	5,189
At 30 June 2011	159,191	186,425	345,616

- (i) Borrowing costs of RM215,000 (2010: RM Nil) arising on financing specifically entered into for the development of properties for sale were capitalised during the financial year and are included in the development properties. A capitalisation rate of 2.1% (2010: RM Nil) per annum was used, representing the borrowing costs of the loans used to finance the project.

13. OTHER ASSETS (CONT'D.)

(ii) Details of development properties are as follows:

	Tenure of land	Expected completion date	Site area/ gross floor area (sq metres)	Group's effective interest in the property
Beacon Heights		Second		
A residential development comprising 212 units of condominium apartments in Singapore	Freehold	quarter 2012	5,903/ 19,164	96.87%

As at 30 June 2011, reinforced concrete framework for the development properties has been completed.

14. INVESTMENT PROPERTIES

	Group	
	2011 RM'000	2010 RM'000
At 1 July 2010/2009	45,324	26,578
Fair value adjustment (Note 36)	(220)	(209)
Revaluation reserve (Note 30(c))	–	9,057
Reclassification from property, plant and equipment (Note 18)	–	11,028
Disposal	–	(1,063)
Exchange differences	(53)	(67)
At 30 June	45,051	45,324

The following investment properties are held under lease terms:

	Group	
	2011 RM'000	2010 RM'000
Leasehold land	31,000	31,000
Buildings	6,710	6,764
	37,710	37,764

15. STATUTORY DEPOSITS WITH CENTRAL BANKS

	Group		Bank	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
With Bank Negara Malaysia (Note a)	3,626,161	676,053	2,712,156	522,948
With other Central Banks (Note b)	4,072,264	3,795,329	1,600,960	1,410,033
	7,698,425	4,471,382	4,313,116	1,932,981

- (a) The non-interest-bearing statutory deposits maintained with Bank Negara Malaysia are in compliance with Section 37(1)(c) of the Central Bank of Malaysia Act, 1958 (Revised 1994), the amount of which are determined as set percentages of total eligible liabilities.
- (b) The statutory deposits of the foreign branches and subsidiaries are denominated in foreign currencies and maintained with the Central Banks of respective countries, in compliance with the applicable legislations.

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16. INVESTMENT IN SUBSIDIARIES

	Bank	
	2011 RM'000	2010 RM'000
Unquoted shares, at cost		
– In Malaysia	19,146,742	14,887,252
– Outside Malaysia	1,054,369	896,844
	20,201,111	15,784,096
Less: Accumulated impairment losses	(3,130,719)	(3,130,719)
	17,070,392	12,653,377

- (a) On 10 May 2011, the Bank via its wholly owned subsidiary, Maybank IB Holdings Sdn Bhd (formerly known as Aseam Credit Sdn Bhd) acquired Kim Eng Holdings Limited ("Kim Eng") and its subsidiaries ("KEH Group"), as disclosed in Note 52(b). Kim Eng is incorporated in Singapore and is involved in the stockbroking, futures broking, investment advisory, provision of corporate finance services, margin financing, money lending, fund management, provision of nominees and fiduciary services, investment holding, property investment and real estate development.

The Group acquired various tranches of shareholdings in KEH Group from 7 January 2011 to 30 June 2011, resulting in a shareholding of 96.87% as at 30 June 2011.

As at 30 June 2011, Kim Eng was listed but pursuant to the compulsory acquisition exercise, Kim Eng has become a wholly-owned subsidiary of the Group as at 29 July 2011. Kim Eng was also delisted from the official list of Singapore Exchange on 4 August 2011.

- (i) The total cost of the business combination is as follows:

	RM'000
Total cost of business combination	4,223,650

- (ii) The fair values of the identifiable assets and liabilities of KEH Group as at the date of acquisition were:

	Pre-acquisition carrying amounts RM'000	Provisional fair value adjustments RM'000	Recognised acquisition values RM'000
Cash and cash equivalents	2,102,754	–	2,102,754
Property, plant and equipment	343,591	171,149	514,740
Securities portfolio	716,404	–	716,404
Loans, advances and financing	1,428,213	–	1,428,213
Derivative assets	5,348	–	5,348
Trade and other receivables	1,978,504	–	1,978,504
Development properties for sale (Note 13(a))	321,038	–	321,038
Interest in associates	109,123	–	109,123
Intangible assets	18,335	173,038	191,373
	7,023,310	344,187	7,367,497
Trade and other payables	(4,316,758)	–	(4,316,758)
Derivative liabilities	(2,479)	–	(2,479)
Deferred tax (Note 25)	(3,070)	(70,250)	(73,320)
Provision for taxation	(64,194)	–	(64,194)
	(4,386,501)	(70,250)	(4,456,751)
Net identifiable assets			2,910,746
Non-controlling interest			(112,741)
Non-controlling interest re-classified as financial liabilities*			(256,031)
			2,541,974
Goodwill on acquisition representing Maybank's portion			1,681,676
Goodwill attributable to non-controlling interest			247,460
			1,929,136
Add: Existing goodwill in Kim Eng's books			18,335
Total goodwill recognised (Note 19)			1,947,471

* Financial liabilities refer to amounts payable in relation to the outstanding mandatory general offers of Kim Eng and Kim Eng Securities (Thailand) Public Company Limited as at 30 June 2011.

16. INVESTMENT IN SUBSIDIARIES (CONT'D.)

(a) (cont'd.)

(iii) The effect of the acquisition on cash flows is as follows:

	RM'000
Purchase consideration satisfied by cash	4,223,650
Direct costs attributable to the acquisition, paid in cash	35,000
Net cash outflow of the Bank	4,258,650
Cash and cash equivalents of subsidiaries acquired	(2,102,754)
Net cash outflow of the Group	2,155,896

(iv) The newly acquired subsidiaries contributed the following results to the Group.

	RM'000
Revenue	171,279
Profit after tax and non-controlling interest	12,192

(v) Provisional accounting for the acquisition of KEH Group.

As at 30 June 2011, the Group has accounted for the acquisition of KEH Group on a provisional basis as the purchase price allocation ("PPA") exercise and allocation of goodwill to specific cash generating units ("CGU") are still on-going.

The fair values of the identifiable assets and liabilities of KEH Group, the intangible assets in the form of agency force and customer relationship, and the residual goodwill are applied on best estimates based on all relevant information available.

The Group anticipates to be able to complete the PPA and allocation of goodwill exercises by the next financial period ending 31 December 2011.

Upon the completion of these exercise, the carrying amount of the intangible assets i.e. agency force and customer relationship, and residual goodwill will be adjusted accordingly on a retrospective basis.

(b) Capital injection into Maybank Philippines Incorporated ("MPI")

On 29 November 2010, the Bank injected additional capital of USD50,000,000 (or equivalent amount of approximately RM157,525,000) to meet the minimum capital requirement of Bangko Sentral ng Pilipinas ("BSP"), the Central Bank of Philippines.

(c) Redemption of Redeemable Convertible Preference Shares ("RCPS") of Mayban Ageas Holdings Berhad (formerly known as Mayban Fortis Holdings Berhad, a subsidiary).

On 15 December 2010, Mayban Ageas Holdings Berhad redeemed 155,000,000 RCPS of RM1 each at RM1.00 per RCPS. The Bank received RM108,500,000 from the redemption.

(d) Details of subsidiaries are disclosed in Note 57(a).

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17. INTEREST IN ASSOCIATES

	Group		Bank	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Equity interest				
Unquoted shares, at cost	591,224	476,036	473,000	468,700
Quoted shares, at cost	2,864,864	2,864,864	–	–
Unquoted foreign mandatory convertible private debt securities	19,038	–	19,038	–
Exchange differences	(828,697)	(580,523)	–	–
	2,646,429	2,760,377	492,038	468,700
Share of post-acquisition reserves	134,408	64,208	–	–
	2,780,837	2,824,585	492,038	468,700
Less: Accumulated impairment losses	(353,557)	(353,147)	(50,000)	(50,000)
	2,427,280	2,471,438	442,038	418,700
Other interest in associates				
Unquoted foreign private debt securities	12,374	–	12,374	–
	2,439,654	2,471,438	454,412	418,700
Market value of quoted shares	969,669	922,358		

(a) The summarised financial information of the associates are as follows:

	Group	
	2011 RM'000	2010 RM'000
Total assets	27,353,797	26,307,746
Total liabilities	(23,662,716)	(22,356,472)
Operating revenue	3,138,700	2,899,032
Profit after tax	678,004	604,285

(b) Details of the associates are disclosed in Note 57(b).

(c) The financial year end of the above associates is coterminous with those of the Group, except for UzbekLeasing International A.O., Pelaburan Hartanah Nasional Berhad, An Binh Commercial Joint Stock Bank, Asian Forum Inc. and MCB Bank Limited, which all have a financial year end of 31 December to conform with their holding companies' financial year end and/or regulatory requirement. For the purpose of applying the equity method of accounting, the financial statements of UzbekLeasing International A.O., Pelaburan Hartanah Nasional Berhad, An Binh Commercial Joint Stock Bank, Asian Forum Inc. and MCB Bank Limited for the year ended 31 December 2010 have been used and appropriate adjustments have been made for the effects of significant transactions between 31 December 2010 and 30 June 2011.

(d) The details of goodwill included within the Group's carrying amount of interest in associates are as follows:

	2011 RM'000	2010 RM'000
As at 1 July 2010/2009	1,785,307	2,060,601
Arising from interest in associates	–	15,909
Exchange differences	(170,652)	(291,203)
As at 30 June	1,614,655	1,785,307

18. PROPERTY, PLANT AND EQUIPMENT

Group	*Properties RM'000	Office Furniture, Fittings, Equipment and Renovations RM'000	Computers and Peripherals RM'000	Electrical and Security Equipment RM'000	Motor Vehicles RM'000	Buildings- in-Progress RM'000	Total RM'000
As at 30 June 2011							
Cost							
At 1 July 2010, as restated	1,429,144	779,848	1,167,293	145,017	28,961	64,287	3,614,550
Acquisition of subsidiaries (Note 16)	524,582	94,094	95,104	5,897	11,847	–	731,524
Additions	54,860	60,197	147,446	1,741	7,471	46,605	318,320
Disposals	(13,972)	(4,726)	(5,083)	(95)	(2,552)	(201)	(26,629)
Write-offs (Note 36)	(5,336)	(20,418)	(83,064)	(978)	(613)	–	(110,409)
Transfers	19,576	(87,194)	111,035	10,613	–	(54,030)	–
Reclassification to intangible assets (Note 19)	–	–	(62,117)	–	–	–	(62,117)
Exchange differences	23,888	416	2,595	707	(75)	8	27,539
Balance at 30 June 2011	2,032,742	822,217	1,373,209	162,902	45,039	56,669	4,492,778
Accumulated depreciation and impairment losses							
At 1 July 2010, as restated	359,637	558,225	985,254	128,748	14,648	–	2,046,512
Acquisition of subsidiaries (Note 16)	46,472	78,402	79,975	4,691	7,244	–	216,784
Charge for the year (Note 36)	30,791	76,133	54,353	5,217	6,719	–	173,213
Impairment losses	19	–	–	–	–	–	19
Disposals	(5,912)	(4,651)	(5,092)	(90)	(2,117)	–	(17,862)
Write-offs (Note 36)	(723)	(18,633)	(82,838)	(971)	(613)	–	(103,778)
Transfers	–	(94,886)	94,826	60	–	–	–
Exchange differences	5,212	1,010	2,132	458	92	–	8,904
Balance at 30 June 2011	435,496	595,600	1,128,610	138,113	25,973	–	2,323,792
Analysed as:							
Accumulated depreciation	428,169	595,596	1,128,610	138,113	25,973	–	2,316,461
Accumulated impairment losses	7,327	4	–	–	–	–	7,331
	435,496	595,600	1,128,610	138,113	25,973	–	2,323,792
Net carrying amount							
At 30 June 2011	1,597,246	226,617	244,599	24,789	19,066	56,669	2,168,986

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18. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

Group	*Properties RM'000	Office Furniture, Fittings, Equipment and Renovations RM'000	Computers and Peripherals RM'000	Electrical and Security Equipment RM'000	Motor Vehicles RM'000	Buildings- in-Progress RM'000	Total RM'000
As at 30 June 2010							
Cost							
At 1 July 2009							
– as previously stated	1,229,202	731,883	1,145,977	147,119	25,288	30,548	3,310,017
– effect of adopting FRS 117 (revised)	237,575	–	–	–	–	–	237,575
At 1 July 2009, as restated	1,466,777	731,883	1,145,977	147,119	25,288	30,548	3,547,592
Additions	1,468	53,190	68,916	1,796	9,063	73,012	207,445
Disposals	(8,683)	(7,383)	(12,627)	(3,140)	(5,163)	–	(36,996)
Write-offs (Note 36)	(1,693)	(38,836)	(2,956)	(451)	(99)	–	(44,035)
Transfers	–	38,226	(1,531)	197	6	(36,898)	–
Reclassification to investment properties (Note 14)	(11,004)	(24)	–	–	–	–	(11,028)
Reclassification to intangible assets (Note 19)	–	–	(26,266)	–	–	(2,375)	(28,641)
Exchange differences	(17,721)	2,792	(4,220)	(504)	(134)	–	(19,787)
Balance at 30 June 2010	1,429,144	779,848	1,167,293	145,017	28,961	64,287	3,614,550
Accumulated depreciation and impairment losses							
At 1 July 2009							
– as previously stated							
Accumulated depreciation	306,402	507,437	954,653	125,091	13,560	–	1,907,143
Accumulated impairment losses	7,308	4	–	–	–	–	7,312
– effect of adopting FRS 117 (revised)	27,893	–	–	–	–	–	27,893
At 1 July 2009, as restated	341,603	507,441	954,653	125,091	13,560	–	1,942,348
Charge for the year (Note 36)	28,618	92,583	48,504	7,470	5,834	–	183,009
Disposals	(2,878)	(7,337)	(12,624)	(3,140)	(4,455)	–	(30,434)
Write-offs (Note 36)	(408)	(36,972)	(2,955)	(448)	(63)	–	(40,846)
Transfers	–	(112)	82	30	–	–	–
Exchange differences	(7,298)	2,622	(2,406)	(255)	(228)	–	(7,565)
Balance at 30 June 2010	359,637	558,225	985,254	128,748	14,648	–	2,046,512
Analysed as:							
Accumulated depreciation	352,329	558,221	985,254	128,748	14,648	–	2,039,200
Accumulated impairment losses	7,308	4	–	–	–	–	7,312
	359,637	558,225	985,254	128,748	14,648	–	2,046,512
Net carrying amount							
At 30 June 2010	1,069,507	221,623	182,039	16,269	14,313	64,287	1,568,038

18. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

Group	Buildings on Leasehold Land						Total RM'000
	Freehold Land RM'000	Buildings on Freehold Land RM'000	Buildings on Leasehold Land		Prepaid Land Lease		
			Less Than 50 Years RM'000	50 Years or More RM'000	Less Than 50 Years RM'000	50 Years or More RM'000	
* Properties consist of:							
Cost							
At 1 July 2010, as restated	111,016	431,862	152,088	497,288	120,340	116,550	1,429,144
Acquisition of subsidiaries	3,721	4,108	–	223,793	43,058	249,902	524,582
Additions	–	24,100	3,428	23,515	3,817	–	54,860
Disposals	(2,581)	(5,271)	(6,078)	–	(42)	–	(13,972)
Write-offs	–	–	(43)	(546)	(1,430)	(3,317)	(5,336)
Transfers	(230)	230	197,478	(187,216)	4,917	4,397	19,576
Exchange differences	853	983	159	20,207	(1,547)	3,233	23,888
Balance at 30 June 2011	112,779	456,012	347,032	577,041	169,113	370,765	2,032,742
Accumulated depreciation and impairment losses							
At 1 July 2010, as restated	–	165,867	36,045	129,021	2,995	25,709	359,637
Acquisition of subsidiaries	–	2,633	–	38,849	–	4,990	46,472
Charge for the year	–	10,398	11,564	7,150	615	1,064	30,791
Impairment losses	–	19	–	–	–	–	19
Disposals	–	(3,715)	(2,197)	–	–	–	(5,912)
Write-offs	–	–	(25)	(71)	(10)	(617)	(723)
Transfers	–	–	64,794	(64,794)	8,616	(8,616)	–
Exchange differences	–	317	999	3,438	–	458	5,212
Balance at 30 June 2011	–	175,519	111,180	113,593	12,216	22,988	435,496
Analysed as:							
Accumulated depreciation	–	169,486	110,858	112,621	12,216	22,988	428,169
Accumulated impairment losses	–	6,033	322	972	–	–	7,327
	–	175,519	111,180	113,593	12,216	22,988	435,496
Net carrying amount							
At 30 June 2011	112,779	280,493	235,852	463,448	156,897	347,777	1,597,246

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18. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

Group	Buildings on Leasehold Land						Total RM'000
	Freehold Land RM'000	Buildings on Freehold Land RM'000	Land		Prepaid Land Lease		
			Less Than 50 Years RM'000	50 Years or More RM'000	Less Than 50 Years RM'000	50 Years or More RM'000	
* Properties consist of:							
Cost							
At 1 July 2009							
– as previously stated	112,756	449,077	152,501	514,868	–	–	1,229,202
– effect of adopting FRS 117 (revised)	–	–	–	–	116,121	121,454	237,575
At 1 July 2009, as restated	112,756	449,077	152,501	514,868	116,121	121,454	1,466,777
Additions	69	111	964	44	280	–	1,468
Disposals	(1,140)	(4,833)	–	(1,769)	–	(941)	(8,683)
Write-offs	–	–	(1,351)	–	(342)	–	(1,693)
Transfers	–	(3,599)	–	3,599	2,933	(2,933)	–
Reclassification to investment properties	–	(6,171)	–	(4,833)	–	–	(11,004)
Exchange differences	(669)	(2,723)	(26)	(14,621)	1,348	(1,030)	(17,721)
Balance at 30 June 2010	111,016	431,862	152,088	497,288	120,340	116,550	1,429,144
Accumulated depreciation and impairment losses							
At 1 July 2009							
– as previously stated							
Accumulated depreciation	–	154,352	28,316	123,734	–	–	306,402
Accumulated impairment losses	–	6,014	322	972	–	–	7,308
– effect of adopting FRS 117 (revised)							
Accumulated depreciation	–	–	–	–	2,801	25,092	27,893
At 1 July 2009, as restated	–	160,366	28,638	124,706	2,801	25,092	341,603
Charge for the year	–	9,166	7,624	10,461	194	1,173	28,618
Disposals	–	(1,980)	–	(685)	–	(213)	(2,878)
Write-offs	–	–	(408)	–	–	–	(408)
Transfers	–	(278)	–	278	–	–	–
Exchange differences	–	(1,407)	191	(5,739)	–	(343)	(7,298)
Balance at 30 June 2010	–	165,867	36,045	129,021	2,995	25,709	359,637
Analysed as:							
Accumulated depreciation	–	159,853	35,723	128,049	2,995	25,709	352,329
Accumulated impairment losses	–	6,014	322	972	–	–	7,308
	–	165,867	36,045	129,021	2,995	25,709	359,637
Net carrying amount							
At 30 June 2010	111,016	265,995	116,043	368,267	117,345	90,841	1,069,507

18. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

Bank	*Properties RM'000	Office Furniture, Fittings, Equipment and Renovations RM'000	Computers and Peripherals RM'000	Electrical and Security Equipment RM'000	Motor Vehicles RM'000	Buildings- in-Progress RM'000	Total RM'000
As at 30 June 2011							
Cost							
At 1 July 2010, as restated	1,093,465	536,588	1,031,964	123,819	11,085	59,617	2,856,538
Additions	23,056	13,887	119,004	1,587	1,112	25,755	184,401
Disposals	(17,110)	(115)	(23)	(87)	(625)	–	(17,960)
Write-offs (Note 36)	(43)	(6,931)	(82,863)	(978)	(579)	–	(91,394)
Transfers	19,576	7,961	–	10,613	–	(38,150)	–
Reclassification to intangible assets (Note 19)	–	–	(62,117)	–	–	–	(62,117)
Exchange differences	19,639	3,481	2,006	575	(51)	24	25,674
Balance at 30 June 2011	1,138,583	554,871	1,007,971	135,529	10,942	47,246	2,895,142
Accumulated depreciation							
At 1 July 2010, as restated	314,898	403,933	859,319	110,394	7,729	–	1,696,273
Charge for the year (Note 36)	21,799	45,346	45,159	3,868	1,466	–	117,638
Disposals	(6,467)	(97)	(13)	(85)	(625)	–	(7,287)
Write-offs (Note 36)	(25)	(6,825)	(82,654)	(971)	(579)	–	(91,054)
Exchange differences	4,535	3,035	1,485	361	(27)	–	9,389
Balance at 30 June 2011	334,740	445,392	823,296	113,567	7,964	–	1,724,959
Net carrying amount							
At 30 June 2011	803,843	109,479	184,675	21,962	2,978	47,246	1,170,183

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18. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

Bank	*Properties RM'000	Office Furniture, Fittings, Equipment and Renovations RM'000	Computers and Peripherals RM'000	Electrical and Security Equipment RM'000	Motor Vehicles RM'000	Buildings- in-Progress RM'000	Total RM'000
As at 30 June 2010							
Cost							
At 1 July 2009							
– as previously stated	1,012,556	531,274	1,011,840	125,936	10,820	29,764	2,722,190
– effect of adopting FRS 117 (revised)	105,800	–	–	–	–	–	105,800
At 1 July 2009, as restated	1,118,356	531,274	1,011,840	125,936	10,820	29,764	2,827,990
Additions	224	16,389	61,075	1,738	2,003	57,015	138,444
Disposals	(7,191)	(5,203)	(8,633)	(3,140)	(1,410)	–	(25,577)
Write-offs (Note 36)	–	(28,578)	(2,912)	(451)	(8)	–	(31,949)
Transfers	–	26,958	–	204	–	(27,162)	–
Reclassification to intangible assets (Note 19)	–	–	(26,266)	–	–	–	(26,266)
Exchange differences	(17,924)	(4,252)	(3,140)	(468)	(320)	–	(26,104)
Balance at 30 June 2010	1,093,465	536,588	1,031,964	123,819	11,085	59,617	2,856,538
Accumulated depreciation							
At 1 July 2009, as restated							
– as previously stated	281,000	382,162	827,089	108,916	7,883	–	1,607,050
– effect of adopting FRS 117 (revised)	20,463	–	–	–	–	–	20,463
At 1 July 2009, as restated	301,463	382,162	827,089	108,916	7,883	–	1,627,513
Charge for the year (Note 36)	20,457	58,363	46,189	5,363	1,320	–	131,692
Disposals	(2,878)	(5,182)	(8,633)	(3,140)	(1,249)	–	(21,082)
Write-offs (Note 36)	–	(28,119)	(2,912)	(448)	(4)	–	(31,483)
Exchange differences	(4,144)	(3,291)	(2,414)	(297)	(221)	–	(10,367)
Balance at 30 June 2010	314,898	403,933	859,319	110,394	7,729	–	1,696,273
Net carrying amount							
At 30 June 2010	778,567	132,655	172,645	13,425	3,356	59,617	1,160,265

18. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

Bank	Buildings on Leasehold Land						Total RM'000
	Freehold Land RM'000	Buildings on Freehold Land RM'000	Land		Prepaid Land Lease		
			Less Than 50 Years RM'000	50 Years or More RM'000	Less Than 50 Years RM'000	50 Years or More RM'000	
* Properties consist of:							
Cost							
At 1 July 2010, as restated	107,597	386,926	70,899	424,214	9,881	93,948	1,093,465
Additions	–	23,056	–	–	–	–	23,056
Disposals	(2,581)	(5,272)	(6,050)	–	(475)	(2,732)	(17,110)
Write-offs	–	–	(43)	–	–	–	(43)
Transfers	(230)	230	197,478	(187,216)	4,917	4,397	19,576
Exchange differences	813	513	1,611	15,437	–	1,265	19,639
Balance at 30 June 2011	105,599	405,453	263,895	252,435	14,323	96,878	1,138,583
Accumulated depreciation							
At 1 July 2010, as restated	–	155,737	26,824	111,176	2,995	18,166	314,898
Charge for the year	–	8,970	6,378	5,226	615	610	21,799
Disposals	–	(3,715)	(2,188)	–	(10)	(554)	(6,467)
Write-offs	–	–	(25)	–	–	–	(25)
Transfers	–	–	64,794	(64,794)	8,616	(8,616)	–
Exchange differences	–	220	1,050	2,895	–	370	4,535
Balance at 30 June 2011	–	161,212	96,833	54,503	12,216	9,976	334,740
Net carrying amount							
At 30 June 2011	105,599	244,241	167,062	197,932	2,107	86,902	803,843

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18. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

Bank	Buildings on Leasehold Land						Total RM'000
	Freehold Land RM'000	Buildings on Freehold Land RM'000	Land		Prepaid Land Lease		
			Less Than 50 Years RM'000	50 Years or More RM'000	Less Than 50 Years RM'000	50 Years or More RM'000	
* Properties consist of:							
Cost							
At 1 July 2009, as restated							
– as previously stated	109,195	390,708	73,264	439,389	–	–	1,012,556
– effect of adopting FRS 117 (revised)	–	–	–	–	6,948	98,852	105,800
At 1 July 2009, as restated	109,195	390,708	73,264	439,389	6,948	98,852	1,118,356
Additions	69	111	–	44	–	–	224
Disposals	(1,005)	(3,476)	–	(1,769)	–	(941)	(7,191)
Transfers	–	–	–	–	2,933	(2,933)	–
Exchange differences	(662)	(417)	(2,365)	(13,450)	–	(1,030)	(17,924)
Balance at 30 June 2010	107,597	386,926	70,899	424,214	9,881	93,948	1,093,465
Accumulated depreciation							
At 1 July 2009							
– as previously stated	–	150,144	24,440	106,416	–	–	281,000
– effect of adopting FRS 117 (revised)	–	–	–	–	2,801	17,662	20,463
At 1 July 2009, as restated	–	150,144	24,440	106,416	2,801	17,662	301,463
Charge for the year	–	7,745	2,464	9,040	194	1,014	20,457
Disposals	–	(1,980)	–	(685)	–	(213)	(2,878)
Exchange differences	–	(172)	(80)	(3,595)	–	(297)	(4,144)
Balance at 30 June 2010	–	155,737	26,824	111,176	2,995	18,166	314,898
Net carrying amount							
At 30 June 2010	107,597	231,189	44,075	313,038	6,886	75,782	778,567

19. INTANGIBLE ASSET

Group	Goodwill RM'000	Core Deposit Intangibles RM'000	Agency Force RM'000	Customer Relationship RM'000	Computer Software RM'000	Total RM'000
As at 30 June 2011						
Cost						
As at 1 July 2010	5,774,003	380,562	–	–	474,024	6,628,589
Acquisition of subsidiaries (Note 16)	1,947,471	–	82,742	90,296	–	2,120,509
Additions	–	–	–	–	17,521	17,521
Write-offs	–	–	–	–	(28,144)	(28,144)
Reclassification from property, plant and equipment (Note 18)	–	–	–	–	62,117	62,117
Exchange differences	(52,056)	(5,330)	–	–	3,263	(54,123)
As at 30 June 2011	7,669,418	375,232	82,742	90,296	528,781	8,746,469
Accumulated amortisation						
As at 1 July 2010	–	168,433	–	–	359,924	528,357
Amortisation charged (Note 36)	–	53,526	–	–	61,389	114,915
Write-offs	–	–	–	–	(28,144)	(28,144)
Exchange differences	–	(1,713)	–	–	4,488	2,775
As at 30 June 2011	–	220,246	–	–	397,657	617,903
Accumulated impairment loss						
As at 1 July 2010/30 June 2011	1,619,518	–	–	–	–	1,619,518
Net carrying amount	6,049,900	154,986	82,742	90,296	131,124	6,509,048
As at 30 June 2010						
Cost						
As at 1 July 2009	5,582,728	367,770	–	–	420,554	6,371,052
Additions	–	–	–	–	28,942	28,942
Disposals	–	–	–	–	(298)	(298)
Write-offs	–	–	–	–	(1,288)	(1,288)
Reclassification from property, plant and equipment (Note 18)	–	–	–	–	28,641	28,641
Exchange differences	191,275	12,792	–	–	(2,527)	201,540
As at 30 June 2010	5,774,003	380,562	–	–	474,024	6,628,589
Accumulated amortisation						
As at 1 July 2009	–	73,140	–	–	304,384	377,524
Amortisation charged (Note 36)	–	93,037	–	–	58,742	151,779
Disposals	–	–	–	–	(298)	(298)
Write-offs	–	–	–	–	(1,288)	(1,288)
Exchange differences	–	2,256	–	–	(1,616)	640
As at 30 June 2010	–	168,433	–	–	359,924	528,357
Accumulated impairment loss						
As at 1 July 2009/30 June 2010	1,619,518	–	–	–	–	1,619,518
Net carrying amount	4,154,485	212,129	–	–	114,100	4,480,714

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19. INTANGIBLE ASSET (CONT'D.)

Bank	Goodwill RM'000	Computer Software RM'000	Total RM'000
As at 30 June 2010			
Cost			
As at 1 July 2010	81,015	354,953	435,968
Additions	–	2,633	2,633
Write-offs	–	(28,144)	(28,144)
Reclassification from property, plant and equipment (Note 18)	–	62,117	62,117
Exchange differences	–	4,012	4,012
As at 30 June 2011	81,015	395,571	476,586
Accumulated amortisation			
As at 1 July 2010	–	275,258	275,258
Amortisation charged (Note 36)	–	48,773	48,773
Write-offs	–	(28,144)	(28,144)
Exchange differences	–	3,429	3,429
As at 30 June 2011	–	299,316	299,316
Net carrying amount	81,015	96,255	177,270

Bank	Goodwill RM'000	Computer Software RM'000	Total RM'000
As at 30 June 2010			
Cost			
As at 1 July 2009	81,015	322,443	403,458
Additions	–	11,318	11,318
Write-offs	–	(1,272)	(1,272)
Reclassification from property, plant and equipment (Note 18)	–	26,266	26,266
Exchange differences	–	(3,802)	(3,802)
As at 30 June 2010	81,015	354,953	435,968
Accumulated amortisation			
As at 1 July 2009	–	235,326	235,326
Amortisation charged (Note 36)	–	44,429	44,429
Write-offs	–	(1,272)	(1,272)
Exchange differences	–	(3,225)	(3,225)
As at 30 June 2010	–	275,258	275,258
Net carrying amount	81,015	79,695	160,710

(a) Goodwill

Goodwill has been allocated to the Group's Cash-Generating Units ("CGU") identified according to the following business segments:

	2011		2010	
Cash Generating Unit	Group RM'000	Bank RM'000	Group RM'000	Bank RM'000
American Express ("AMEX") card services business in Malaysia (i)	81,015	81,015	81,015	81,015
Acquisition of BII Group	5,807,085	–	5,807,085	–
Impairment loss (ii)	(1,619,518)	–	(1,619,518)	–
	4,187,567	–	4,187,567	–
Acquisition of KEH Group (iii)	1,947,471	–	–	–
	1,947,471	–	–	–
Less: Foreign exchange fluctuation	(166,153)	–	(114,097)	–
	6,049,900	81,015	4,154,485	81,015

Goodwill is allocated to the Group's CGUs expected to benefit from the synergies of the acquisitions. The recoverable amount of the CGUs are assessed based on value-in-use and compared to the carrying value of the CGU to determine whether any impairment exists. Impairment is recognised in the income statement when the carrying amount of the CGU exceeds its recoverable amount.

- (i) The value-in-use calculations apply discounted cash flow projections prepared and approved by management, covering a 10 year period.

The other key assumptions for the computation of value-in-use are as follows:

- (a) The Bank expects the AMEX card services business to be a going concern;
- (b) The growth in business volume is expected to be equivalent to the current industry growth rate of 13% per annum;

19. INTANGIBLE ASSET (CONT'D.)

(a) Goodwill (cont'd.)

- (c) The discount rate applied is the internal weighted average cost of capital of the Bank at the time of assessment, which is estimated to be 7.98% per annum.
- (ii) The value-in-use calculations discounted cash flow model using free cash flow to equity ("FCFE") projections prepared and approved by management covering a 10 year period. The compounded annual growth rate ("CAGR") of BII's FCFE projections was 22.84%.
- The other key assumptions for the computation of value-in-use are as follows:
- (a) The Bank expects the BII banking business operations to be a going concern;
- (b) The discount rate applied is based on current specific country risks which is estimated to be approximately 16.5% per annum;
- (c) Terminal value whereby cash flow growth rate of 6%, consistent with the Gross Domestic Product rates of Indonesia.
- (iii) The allocation of goodwill exercise for KEH Group is provisional in nature, as at 30 June 2011, as disclosed in Note 16(a).

Included in the goodwill of acquisition of KEH Group is an existing amount of goodwill recorded in KEH Group's books of RM18,335,000.

Management believes that any reasonably possible changes in any of the above key assumptions would not cause the carrying value of the CGU to exceed its recoverable amount. Based on the above review, there is no evidence of impairment on the Group's and Bank's goodwill, other than an impairment loss incurred previously.

(b) Core Deposits Intangible ("CDI")

Core deposits intangible arises from the acquisition of BII banking business operations. The CDI is deemed to have a finite useful life of 8 years and the CDI is amortised based on reducing balance method.

(c) Agency force

As disclosed in Note 16(a), the PPA exercise is provisional on best estimate based on all relevant information available. The estimated agency force is deemed to have a finite useful life of approximately 11 years and will be amortised based on reducing balance method.

(d) Customer relationship

As disclosed in Note 16(a) the PPA exercise is provisional on best estimate based on all relevant information available. The estimated customer relationship is deemed to have a finite useful life of approximately 9 years and will be amortised based on reducing balance method.

20. DEPOSITS FROM CUSTOMERS

	Group		Bank	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Fixed deposits and negotiable instruments of deposits				
– One year or less	147,568,388	126,868,356	94,306,204	87,694,148
– More than one year	5,307,137	3,777,611	4,547,863	2,485,808
	152,875,525	130,645,967	98,854,067	90,179,956
Money market deposits	24,614,815	16,175,570	24,614,815	16,175,570
Savings deposits	44,128,596	38,779,000	32,024,849	28,860,081
Demand deposits	57,696,718	48,779,470	43,853,536	38,084,642
Structured deposits*	2,660,725	2,529,781	2,118,141	2,079,492
	281,976,379	236,909,788	201,465,408	175,379,741

* Structured deposits represent time deposits with embedded foreign exchange, and commodity-linked time deposits.

The maturity structure of fixed deposits and negotiable instruments of deposits are as follows:

	Group		Bank	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Due within six months	121,375,160	102,449,544	70,896,420	65,061,280
Six months to one year	26,193,228	24,418,812	23,409,784	22,632,868
One year to three years	4,876,438	3,298,907	4,414,265	2,377,628
Three years to five years	424,590	343,318	133,598	91,880
After five years	6,109	135,386	–	16,300
	152,875,525	130,645,967	98,854,067	90,179,956

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20. DEPOSITS FROM CUSTOMERS (CONT'D.)

The deposits are sourced from the following types of customers:

	Group		Bank	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Business enterprises	125,471,400	102,732,216	88,232,244	74,625,538
Individuals	123,589,127	111,773,287	96,557,071	91,052,361
Government and statutory bodies	10,418,229	10,566,271	3,464,642	3,770,907
Others	22,497,623	11,838,014	13,211,451	5,930,935
	281,976,379	236,909,788	201,465,408	175,379,741

21. DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

	Group		Bank	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Licensed banks	23,712,986	13,116,287	24,816,195	14,072,624
Licensed finance companies	41,326	347,957	30,652	214,524
Licensed investment banks	429,662	990,017	429,663	990,017
Other financial institutions	9,119,681	8,803,607	6,165,165	7,652,657
	33,303,655	23,257,868	31,441,675	22,929,822

The maturity structure of deposits and placements of banks and other financial institutions are as follows:

	Group		Bank	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
One year or less	27,731,454	17,429,944	26,060,606	17,331,142
More than one year	5,572,201	5,827,924	5,381,069	5,598,680
	33,303,655	23,257,868	31,441,675	22,929,822

22. OTHER LIABILITIES

	Group		Bank	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Due to brokers and clients	4,200,630	511,829	–	–
Deposits and other creditors	3,870,733	2,680,035	2,631,835	1,134,818
Provisions and accruals	2,356,192	2,006,024	1,608,321	1,563,740
Provision for outstanding claims	464,123	437,200	–	–
Unearned premium reserves	324,929	317,570	–	–
Profit equalisation reserves (IBS operations) (Note 56(r))	95,247	4,228	–	–
Interest/profit payable	–	994,634	–	857,311
	11,311,854	6,951,520	4,240,156	3,555,869

Movements in provision for outstanding claims are as follows:

	Group	
	2011 RM'000	2010 RM'000
Balance at beginning of year	437,200	441,712
Net provision/(utilisation) during the year	19,188	(650)
Exchange differences	7,735	(3,862)
Balance at end of year	464,123	437,200

23. RECOURSE OBLIGATION ON LOANS SOLD TO CAGAMAS

	Group and Bank	
	2011 RM'000	2010 RM'000
At 1 July 2010/2009	649,977	516,265
Amount sold during the year	–	250,000
Repayment forwarded	(121,692)	(116,288)
At 30 June	528,285	649,977

Recourse obligation on loans sold to Cagamas represents those acquired from the originators and sold to Cagamas Berhad with recourse. Under the agreement, the Bank undertakes to administer the loans on behalf of Cagamas Berhad and to buy back any loans which are regarded as defective based on pre-determined and agreed-upon prudential criteria with recourse against the originators.

24. PROVISION FOR TAXATION AND ZAKAT

	Group		Bank	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Taxation	128,874	462,572	–	283,353
Zakat	5,746	4,317	–	–
	134,620	466,889	–	283,353

25. DEFERRED TAX

	Group		Bank	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
At 1 July 2010/2009				
– as previously stated	(1,413,854)	(1,435,702)	(1,148,176)	(1,194,897)
– effect of adopting FRS 139	257,022	–	302,715	–
– effect of adopting FRS 4	694	–	–	–
At 1 July 2010/2009, as restated	(1,156,138)	(1,435,702)	(845,461)	(1,194,897)
Acquisition of subsidiaries (Note 16)	73,320	–	–	–
Recognised in profit or loss (net) (Note 40)	(119,191)	(166,355)	(92,192)	(70,122)
Recognised in other comprehensive income (net)	43,297	193,595	16,950	116,843
Exchange differences	3,899	(5,392)	(134)	–
At 30 June	(1,154,813)	(1,413,854)	(920,837)	(1,148,176)
Presented after appropriate offsetting as follows:				
Deferred tax assets	(1,402,705)	(1,564,963)	(920,837)	(1,148,176)
Deferred tax liabilities	247,892	151,109	–	–
	(1,154,813)	(1,413,854)	(920,837)	(1,148,176)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set-off current tax assets against current tax liabilities and when the deferred income taxes relates to the same fiscal authority.

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25. DEFERRED TAX (CONT'D.)

The components and movements of deferred tax assets and liabilities during the financial year prior to offsetting are as follows:

Deferred tax assets of the Group:

	Loans loss and allowances RM'000	Unrealised holding reserve, impairment loss on securities and amortisation of premium RM'000	Provision for liabilities RM'000	Other temporary differences RM'000	Total RM'000
30 June 2011					
At 1 July 2010					
– as previously stated	(905,919)	–	(427,152)	(231,892)	(1,564,963)
– effect of adopting FRS 139	269,837	(12,815)	–	–	257,022
– effect of adopting FRS 4	694	–	–	–	694
At 1 July 2010, as restated	(635,388)	(12,815)	(427,152)	(231,892)	(1,307,247)
Acquisition of subsidiaries	–	–	–	(8,991)	(8,991)
Recognised in profit or loss	35,263	7,994	(48,426)	(114,976)	(120,145)
Recognised in other comprehensive income	–	13,775	–	16,398	30,173
Exchange differences	75	84	830	2,516	3,505
At 30 June 2011	(600,050)	9,038	(474,748)	(336,945)	(1,402,705)
30 June 2010					
At 1 July 2009	(896,973)	(24,485)	(330,041)	(241,633)	(1,493,132)
Recognised in profit or loss	(7,907)	(15,666)	(98,486)	(25,288)	(147,347)
Recognised in other comprehensive income	–	40,248	2,090	37,782	80,120
Exchange differences	(1,039)	(97)	(715)	(2,753)	(4,604)
At 30 June 2010	(905,919)	–	(427,152)	(231,892)	(1,564,963)

Deferred tax liabilities of the Group:

	Accelerated capital allowance RM'000	Unrealised holding reserve and accretion of discounts RM'000	Other temporary differences RM'000	Total RM'000
30 June 2011				
At 1 July 2010	43,465	72,019	35,625	151,109
Acquisition of subsidiaries	1,415	–	80,896	82,311
Recognised in profit or loss	53	1,567	(666)	954
Recognised in other comprehensive income	–	176	12,948	13,124
Exchange differences	21	2	371	394
At 30 June 2011	44,954	73,764	129,174	247,892

25. DEFERRED TAX (CONT'D.)

Deferred tax liabilities of the Group: (cont'd.)

	Accelerated capital allowance RM'000	Unrealised holding reserve and accretion of discounts RM'000	Other temporary differences RM'000	Total RM'000
30 June 2010				
At 1 July 2009	44,344	(16,434)	29,520	57,430
Recognised in profit or loss	3,102	1,259	(23,369)	(19,008)
Recognised in other comprehensive income	(3,982)	87,207	30,250	113,475
Exchange differences	1	(13)	(776)	(788)
At 30 June 2010	43,465	72,019	35,625	151,109

Deferred tax assets of the Bank:

	Loans loss and allowances RM'000	Unrealised holding reserve, impairment loss on securities and amortisation of premium RM'000	Provision for liabilities RM'000	Other temporary differences RM'000	Total RM'000
30 June 2011					
At 1 July 2010					
– as previously stated	(781,724)	(28,257)	(387,060)	(77,458)	(1,274,499)
– effect of adopting FRS 139	315,530	–	–	–	315,530
At 1 July 2010, as restated	(466,194)	(28,257)	(387,060)	(77,458)	(958,969)
Recognised in profit or loss	41,065	–	(24,351)	(110,273)	(93,559)
Exchange differences	–	–	–	(134)	(134)
At 30 June 2011	(425,129)	(28,257)	(411,411)	(187,865)	(1,052,662)
30 June 2010					
At 1 July 2010	(806,815)	(53,634)	(300,800)	(71,564)	(1,232,813)
Recognised in profit or loss	25,091	(2,435)	(86,260)	(5,894)	(69,498)
Recognised in other comprehensive income	–	27,812	–	–	27,812
At 30 June 2011	(781,724)	(28,257)	(387,060)	(77,458)	(1,274,499)

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25. DEFERRED TAX (CONT'D.)

Deferred tax liabilities of the Bank:

	Accelerated capital allowance RM'000	Unrealised holding reserve RM'000	Total RM'000
30 June 2011			
At 1 July 2010			
– as previously stated	37,292	89,031	126,323
– effect of adopting FRS 139	–	(12,815)	(12,815)
At 1 July 2010, as restated	37,292	76,216	113,508
Recognised in profit or loss	1,367	–	1,367
Recognised in other comprehensive income	–	16,950	16,950
At 30 June 2011	38,659	93,166	131,825
30 June 2010			
At 1 July 2010	37,916	–	37,916
Recognised in profit or loss	(624)	–	(624)
Recognised in other comprehensive income	–	89,031	89,031
At 30 June 2011	37,292	89,031	126,323

Deferred tax assets have not been recognised in respect of the following items:

	Group	
	2011 RM'000	2010 RM'000
Unutilised tax losses	49,152	49,053
Unabsorbed capital allowances	992	992
Loan loss and provisions and interest suspended	53,618	53,464
Others	83,627	81,076
	187,389	184,585

The unutilised tax losses and unabsorbed capital allowances are available for offset against future taxable profits of the respective subsidiaries in which those items arose. Deferred tax assets have not been recognised in respect of those items as they may not be used to offset taxable profits of other subsidiaries of the Group. They have arisen in subsidiaries that have past losses of which the deferred tax assets are recognised to the extent that future taxable profits will be available.

26. BORROWINGS

		Group		Bank	
	Note	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Secured:	(a)				
– less than one year		727,523	137,042	–	–
– more than one year		666,667	353,211	–	–
		1,394,190	490,253	–	–
Unsecured:	(b)				
(i) Borrowings					
– less than one year		335,474	1,324,515	120,920	1,289,192
– more than one year		3,299,579	1,010,096	3,299,579	809,125
(ii) Medium Term Notes					
– less than one year		294,972	–	–	–
– more than one year		122,905	–	–	–
		4,052,930	2,334,611	3,420,499	2,098,317
		5,447,120	2,824,864	3,420,499	2,098,317

26. BORROWINGS (CONT'D.)

(a) Secured borrowings

The secured borrowings are secured against the following collaterals:

- (i) fiduciary transfer of a subsidiary's receivables from third parties in connection with the financing of the purchases of motor vehicles with an aggregate amount of not less than specific amount of the principal bonds issued;
- (ii) fiduciary transfer of account receivables amounting to specific balances;
- (iii) fiduciary transfer of consumer financing receivables with an aggregate amount if not less than 100% to 125% of total outstanding loan; and
- (iv) specific collaterals as follows:
 - (1) certain trade receivables.
 - (2) by a first legal mortgage over the development properties for sale (Note 13(a)); and/or assignment of all rights and benefits with respect to the development properties and a continuing corporate guarantee.
 - (3) first mortgage over the land located at 50 North Canal Road and the building to be erected thereon, assignment of rights and benefits of all tenancy agreements to be entered into between one of the subsidiaries and the tenants, assignment of all insurance proceeds and construction contracts in relation to the building, and a corporate guarantee from a subsidiary.

The interest rates of these borrowings range from 5.0% to 16.0% per annum (2010: 7.3% to 17.0%) and have maturity ranging from 0.5 month to 44 months (2010: 3 months to 24 months).

(b) Unsecured borrowings

- (i) The unsecured borrowings are term loans and Banker's Acceptance denominated in US Dollar and IDR Rupiah. The borrowings are unsecured and bear interest rates ranging between 0.84% to 10.29% (2010: ranging between 0.52% and 10.3%) per annum for IDR Loans.
- (ii) Multi-currency medium term notes ("MTN")

In November 2006, two entities that have become subsidiaries during the year jointly established a SGD300 million Multi-currency Medium Term Notes ("MTN") Programme. The maximum aggregate principal amount of notes that may be issued under the programme was increased to SGD800 million with effect from 18 June 2010. Under this MTN Programme, the subsidiaries may from time to time issue notes in series or tranches, which may be denominated in Singapore Dollars or any other currency deemed appropriate at the time. Each series or tranche of notes may be issued in various amounts and tenors, and may bear fixed, floating, variable or hybrid rates of interest or may not bear interest. The Notes constitute direct, unconditional, unsubordinated and unsecured obligations of the subsidiaries, and rank pari passu, without any preference or priority among themselves, and pari passu with all other present and future unsecured obligations of the subsidiaries.

The interest rate of these borrowings range from 2.2% to 2.4% per annum and have maturity ranging from 3 months to 12 months.

27. SUBORDINATED OBLIGATIONS

	Note	Group		Bank	
		2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
RM1,000 million subordinated Islamic bonds due in 2015	(i)	–	1,000,000	–	1,000,000
RM1,500 million subordinated Islamic bonds due in 2018	(ii)	1,469,579	1,500,000	1,509,579	1,500,000
RM1,500 million subordinated bonds due in 2017	(iii)	1,512,986	1,500,000	1,512,986	1,500,000
USD300 million subordinated certificates due in 2017	(iv)	907,272	969,116	907,272	969,116
RM3,100 million subordinated Term Loan due in 2023	(v)	3,110,871	3,100,000	3,110,871	3,100,000
SGD1,000 million capital subordinated notes due in 2021	(vi)	2,469,078	–	2,469,078	–
RM1,000 million subordinated sukuk due in 2021	(vii)	1,010,637	–	–	–
BII subordinated Bond due in 2018	(viii)	320,116	–	–	–
USD150 million subordinated notes due in 2015	(ix)	–	–	–	–
		10,800,539	8,069,116	9,509,786	8,069,116

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27. SUBORDINATED OBLIGATIONS (CONT'D.)

- (i) On 24 November 2005, the Bank issued RM1.0 billion nominal value Islamic Subordinated Bonds under the Shariah principle of Bai' Bithaman Ajil. The Bonds were under a 10 non-callable 5 basis feature, payable semi-annually in arrears in May and November each year, and are due in November 2015. Under the 10 non-callable 5 basis feature, the Bank has the option to redeem the Bonds on the 5th anniversary or any semi-annual date thereafter. Should the Bank decide not to exercise its option to redeem the Bonds, the holders of the Bonds will be entitled to an annual incremental step-up profit rate ranging from 10 to 40 basis points from the beginning of the 6th year to the final maturity date.

The subordinated bonds were fully redeemed on 24 November 2010.

- (ii) On 15 May 2006, the Bank issued RM1.5 billion nominal value Islamic Subordinated Bonds under the Shariah principle of Bai' Bithaman Ajil. The Bonds are under a 12 non-callable 7 basis feature, payable semi-annually in arrears in May and November each year, and are due in May 2018. Under the 12 non-callable 7 basis feature, the Bank has the option to redeem the Bonds on the 7th anniversary or any semi-annual date thereafter. Should the Bank decide not to exercise its option to redeem the Bonds, the holders of the Bonds will be entitled to a permissible step-up profit rate ranging from 0 to 70 basis points from the beginning of the 8th year to the final maturity date.
- (iii) On 11 April 2007, the Bank issued RM1.5 billion nominal value Subordinated Bonds payable semi-annually in arrears in April and October each year, subject to the revision of interest explained below and are due in 2017. The Bank may, subject to the prior consent of Bank Negara Malaysia, redeem the Notes, in whole but not in part, any time on or after the 5th anniversary of the issue date and on every semi-annual date thereafter at par together with accrued interest due on the redemption date. Should the Bank decide not to exercise its call option, the holders of the Bonds are entitled to a step-up in the coupon rate of 100 basis points from the beginning of the 6th year to the final maturity date.
- (iv) On 25 April 2007, MBB Sukuk Inc., the Issuer, (a Special Purpose Vehicle ("SPV") formed solely for the purpose of participating in this transaction and issuing the subordinated certificates) issued USD300 million Subordinated Certificates with a distribution rate based on 6 months LIBOR plus a margin of 0.33% per annum payable semi-annually in arrears in April and October each year. The proceeds from the Subordinated Certificates are paid to Premier Sukuk Inc., another SPV incorporated for this transaction, and ultimately paid to the Bank. In return, the Bank transfers the beneficial ownership of a portfolio of assets (comprising hire purchase contracts and cash) by way of an equitable assignment to Premier Sukuk and subsequently to the Issuer. The portfolio assets are managed by the Bank pursuant to a Management Agreement.

The Subordinated Certificates are due in 2017. The Issuer may, subject to the prior consent of Bank Negara Malaysia, redeem the Certificates, in whole but not in part, on the 5th anniversary of the issue date or at any semi-annual distribution payment date thereafter.

Should the Issuer decide not to exercise its call option, the Certificate holders are entitled to a step-up margin of 1.33% per annum from the beginning of the 6th year to the final maturity date.

The Certificate holders will have recourse on a subordinated basis to the Bank pursuant to the Sale and Purchase Undertaking Deeds.

- (v) On 28 November 2008, the Bank ("Borrower") secured RM3.1 billion Tier 2 Capital Subordinated Term Loan Facility ("the Facility") for a term of fifteen (15) years from the drawdown date, with an option by the Borrower to redeem the Facility on the Optional Redemption Date or such other period as may be agreed between the Lender and Borrower. The Optional Redemption Date is the tenth (10th) anniversary from the drawdown date or any semi-annual interest payment date thereafter.

The Facility bears a fixed interest rate payment, payable semi-annually in arrears. On the 10th anniversary of the issue date, there will be a one-time step-up in the interest rate which shall be equivalent to the aggregate of one hundred (100) basis points and the then prevailing market rate to be agreed between the Lender and the Borrower based on the then Borrower's prevailing credit rating for a Tier 2 subordinated bond and upon having considered amongst others, the yield for a five (5) year bond maturity and last traded yields for Tier 2 subordinated bonds and other comparables of equivalent ratings.

The Facility qualifies as Tier 2 Capital of the Bank in accordance with the capital adequacy requirements issued by Bank Negara Malaysia.

- (vi) On 28 April 2011, the Bank issued SGD1.0 billion nominal value Subordinated Notes under the MTN Programme which is payable semi-annually in arrears in April and October each year, subject to the revision of interest explained below and are due in 2021. The Bank may, subject to the prior consent of Bank Negara Malaysia, redeem the Notes, in whole but not in part, on 28 April 2016 (first Optional Redemption Date) and each semi-annual interest payment date thereafter at par together with accrued interest due on the redemption date. Should the Bank decide not to exercise its call option, the holders of the Subordinated Notes are entitled to a revised interest rate from the first Optional Redemption Date to (but excluding) the maturity date, being the sum of (i) the initial spread; and (ii) the ask rate for 5 year Swap Offer Rate on the first Optional Redemption Date.

27. SUBORDINATED OBLIGATIONS (CONT'D.)

(vii) On 31 March 2011, Maybank Islamic Berhad, a wholly owned subsidiary of the Bank, issued RM1.0 billion nominal value Tier 2 Islamic subordinated sukuk under the Shariah Principle of Musyarakah. The sukuk carries a tenure of 10 years from issue date on 10 non-callable 5 basis, with a profit rate of 4.22% per annum payable semi-annually in arrears in March and September each year, and is due in March 2021. The subsidiary has the option to redeem the sukuk on any semi-annual distribution date on or after the 5th anniversary from the issue date. Should the subsidiary decide not to exercise its option to redeem the sukuk, the sukuk shall continue to be outstanding until the final maturity date.

(viii) On 19 May 2011, a subsidiary, BII, issued IDR1.5 trillion subordinated notes, of which IDR0.6 trillion is held by the Bank. The notes are not guaranteed with specific guarantee, but guaranteed with all assets of BII, whether present or future fixed or non-fixed assets. The notes will mature on 19 May 2018.

The notes bear interest at the Fixed rate of 10.75% per annum, payable quarterly, the first coupon payment will be made on 19 August 2011. The notes have been approved by Bank Indonesia through its letter dated 23 June 2011 to be qualified as Tier 2 Capital of the subsidiary.

(ix) On 28 April 2005, a subsidiary, BII, through its Cayman Island branch, issued USD 150,000,000 subordinated notes (the Subordinated Notes) which is listed on the Singapore Stock Exchange. The Subordinated Notes are unsecured and subordinated to all other obligations of BII. The Subordinated Notes will mature on 28 April 2015, with an option to call by BII on 28 April 2010 subject to an approval from Bank Indonesia.

The Subordinated Notes bear interest at the rate of 7.75% per annum, payable semi-annually in arrears on 28 April and 28 October. Unless previously redeemed, on 28 April 2010, the interest rate will be reset at the U.S. Treasury Rate plus 7.424% per annum from that date. The trustee of the Subordinated Notes issuance is The Bank of New York.

On 28 April 2010, the subsidiary exercised the option to call the Subordinated Notes.

The coupon rates for all the subordinated instruments above range between 4.00% and 6.13% per annum.

All the subordinated instruments above constitute unsecured liabilities of the Group and the Bank and are subordinated to the senior indebtedness of the Group and the Bank in accordance with the respective terms and conditions of their issues.

28. CAPITAL SECURITIES

Group and Bank		
	2011 RM'000	2010 RM'000
RM3,500 million 6.85% Stapled Capital Securities ("NCPCS")	3,502,620	3,500,000
Less: Transaction cost	(2,686)	(2,686)
Add: Accumulated amortisation of transaction cost	631	407
(a)	3,500,565	3,497,721
SGD600 million 6.00% Innovative Tier 1 Capital Securities ("SGD600 million IT1CS")	1,508,921	1,389,180
Less: Transaction cost	(8,514)	(8,514)
Add: Accumulated amortisation of transaction cost	2,024	1,282
(b)	1,502,431	1,381,948
RM1,100 million 6.30% Innovative Tier 1 Capital Securities ("RM1.1 billion IT1CS")	1,118,607	1,100,000
Less: Transaction cost	(1,063)	(1,063)
Add: Accumulated amortisation of transaction cost	234	146
(c)	1,117,778	1,099,083
	6,120,774	5,978,752

(a) NCPCS

On 27 June 2008, the Group issued RM3,500 million in nominal value comprising:

- (a) Non-Cumulative Perpetual Capital Securities ("NCPCS"), which are issued by the Bank and stapled to the Subordinated Notes described below; and
- (b) Subordinated Notes ("Sub-Notes"), which are issued by Cepak Mentari Berhad ("CMB"), a wholly-owned subsidiary of the Bank.

(collectively known as "Stapled Capital Securities").

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28. CAPITAL SECURITIES (CONT'D.)

(a) NCPCS (cont'd.)

Until an assignment event occurs, the Stapled Capital Securities cannot be transferred, dealt with or traded separately. Upon occurrence of an assignment event, the Stapled Capital Securities will unstaple, leaving the investors to hold only the NCPCS while ownership of the Sub-Notes will be re-assigned to the Bank pursuant to a forward purchase contract entered into by the Bank. Unless there is an earlier occurrence of any other events stated under the terms of the Stapled Capital Securities, the assignment event would occur on the 20th interest payment date or 10 years from the issuance date of the Sub-Notes.

Each of the NCPCS and Sub-Notes has a fixed interest rate of 6.85% per annum. However, the NCPCS distribution will not begin to accrue until the Sub-Notes are re-assigned to the Bank as referred to above. Thus effectively, the Stapled Capital Securities are issued by the Bank at a fixed rate of 6.85% per annum. Interest is payable semi-annually in arrears.

The NCPCS are issued in perpetuity unless redeemed under the terms of the NCPCS. The NCPCS are redeemable at the option of Maybank on the 20th interest payment date or 10 years from the issuance date of the Sub-Notes, or any NCPCS distribution date thereafter, subject to redemption conditions being satisfied. The Sub-Notes have a tenure of 30 years unless redeemed earlier under the terms of the Sub-Notes. The Sub-Notes are redeemable at the option of CMB on any interest payment date, which cannot be earlier than the occurrence of an assignment event, subject to redemption conditions being satisfied.

The Stapled Capital Securities comply with Bank Negara Malaysia's Guidelines on Non-Innovative Tier 1 capital instruments. They constitute unsecured and subordinated obligations of the Group. Claims in respect of the NCPCS rank pari passu and without preference among themselves, other Tier 1 capital securities of the Bank and with the most junior class of preference shares of the Bank but in priority to the rights and claims of the ordinary shareholders of the Bank. The Sub-Notes rank pari passu and without preference among themselves and with the most junior class of notes or preference shares of CMB.

An "assignment event" means the occurrence of any of the following events:

- (a) The Bank is in breach of Bank Negara Malaysia's minimum capital adequacy ratio requirements applicable to the NCPCS Issuer; or
- (b) Commencement of a winding up proceeding in respect of the Bank or CMB; or

- (c) Appointment of an administrator in connection with a restructuring of the Bank; or
- (d) Occurrence of a default of the NCPCS distribution payments or Sub-Notes interest payments; or
- (e) CMB ceases to be, directly or indirectly, a wholly-owned subsidiary of the Bank; or
- (f) Bank Negara Malaysia requires that an assignment event occur; or
- (g) The Bank elects that an assignment event occurs; or
- (h) The 20th Interest Payment Date of the Sub-Notes; or
- (i) 60 days after a regulatory event (means at any time there is more than an insubstantial risk, as determined by the Bank, that the NCPCS will no longer qualify as Non-Innovative Tier 1 capital of the Bank for the purposes of Bank Negara Malaysia's capital adequacy requirements under any applicable regulations) has occurred, subject to such regulatory event continuing to exist at the end of such 60 days; or
- (j) Any deferral of interest payment of the Sub-Notes; or
- (k) 30 years from the issue date of the Sub-Notes.

In addition to the modes of redemption, the NCPCS and the Sub-Notes can be redeemed in the following circumstances:

- (a) If the NCPCS and the Sub-Notes were issued for the purpose of funding a merger or acquisition which is subsequently aborted, at the option of the Bank and CMB subject to Bank Negara Malaysia's prior approval;
- (b) At any time if there is more than an insubstantial risk in relation to changes in applicable tax regulations, as determined by the Bank or CMB, that could result in the Bank or CMB paying additional amounts or will no longer be able to deduct interest in respect of the Sub-Notes or the inter-company loan (between the Bank and CMB) for taxation purposes;
- (c) At any time if there is more than an insubstantial risk in relation to changes in applicable regulatory capital requirements, as determined by the Bank or CMB, that could disqualify the NCPCS to be regarded as part of Non-Innovative Tier 1 capital for the purpose of regulatory capital requirements.

28. CAPITAL SECURITIES (CONT'D.)

(b) SGD600 million IT1CS

On 11 August 2008, the Bank issued SGD600 million IT1CS callable with step-up in 2018 at a fixed rate of 6.00%.

The SGD IT1CS bears a fixed interest rate payment from and including 11 August 2008 to (but excluding) 11 August 2018 (the First Reset Date), payable semi-annually in arrears on 11 February and 11 August in each year commencing on 11 February 2009. The SGD IT1CS has a principal stock settlement mechanism to redeem the IT1CS on the 60th year from the date of issuance. The Bank, however, has the option to redeem the IT1CS on the 10th anniversary of the issue date and on any interest payment date thereafter. On the 10th anniversary of the issue date, there will be a step-up in the interest rate to a floating rate, reset quarterly, at the initial credit spread plus 100 basis points above the three month SGD Swap Offer Rate.

The IT1CS will constitute direct, unsecured and subordinated obligations of the Bank and will rank pari passu and without any preference among themselves, and will rank pari passu with other Tier 1 securities.

(c) RM1.1 billion IT1CS

On 25 September 2008, the Bank issued RM1.1 billion IT1CS callable with step-up in 2018 at a fixed rate of 6.30% under its RM4.0 billion Innovative Tier 1 Capital Securities. The RM1.1 billion IT1CS which matures on 25 September 2068 also bears a fixed interest rate and is callable on 25 September 2018 and on every interest payment date thereafter. On the 10th anniversary of the issue date, there will be a step-up in the interest rate to a floating rate, reset quarterly, at the initial credit spread plus 100 basis points above the Kuala Lumpur Inter-Bank Offer Rate for 3-months RM deposits.

The IT1CS will constitute direct, unsecured and subordinated obligations of the Bank and will rank pari passu and without any preference among themselves, and will rank pari passu with other Tier 1 securities.

29. SHARE CAPITAL

	Number of ordinary shares of RM1 each		Amount	
	2011 '000	2010 '000	2011 RM'000	2010 RM'000
Authorised:				
At 1 July 2010/2009	10,000,000	10,000,000	10,000,000	10,000,000
Created during the year	–	–	–	–
At 30 June	10,000,000	10,000,000	10,000,000	10,000,000
Issued and fully paid:				
At 1 July 2010/2009	7,077,983	7,077,663	7,077,983	7,077,663
Shares issued under the:				
– Dividend Reinvestment Plan ("DRP"):				
Issued on:				
– 20 December 2010	244,257	–	244,257	–
– 13 May 2011	155,966	–	155,966	–
– Maybank Group Employees' Share Option Scheme 2004/2009	–	320	–	320
At 30 June	7,478,206	7,077,983	7,478,206	7,077,983

Notes to the Financial Statements

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29. SHARE CAPITAL (CONT'D.)

(a) Increase in issued and paid-up capital

During the year, the Bank increased its issued and paid up capital from:

- (i) RM7,077,982,768 to RM7,322,240,391 via the issuance of 244,257,623 new ordinary shares of RM1.00 each arising from the DRP relating to electable portion of the final dividend of 44 sen less 25% taxation in respect of financial year ended 30 June 2010.
- (ii) RM7,322,240,391 to RM7,478,206,067 via the issuance of 155,965,676 new ordinary shares of RM1.00 each arising from the DRP relating to electable portion of the interim dividend of 28 sen less 25% taxation in respect of financial year ended 30 June 2011.

(b) Dividend Reinvestment Plan ("DRP")

Maybank via the announcement on 25 March 2010 proposed to undertake a recurrent and optional dividend reinvestment plan that allows shareholders of Maybank ("Shareholders") to reinvest their Dividend (as defined below) into new ordinary share(s) of RM1.00 each in Maybank ("Maybank Shares") ("Dividend Reinvestment Plan").

The rationale of Maybank embarking on the Dividend Reinvestment Plan are as follows:

- (i) To enhance and maximise shareholders' value via the subscription of new Maybank Shares where the issue price of a new Maybank Share shall be at a discount;
- (ii) To provide the shareholders with greater flexibility in meeting their investment objectives, as they would have the choice of receiving cash or reinvesting in the Bank through subscription of additional Maybank Shares without having to incur material transaction or other related costs; and
- (iii) To benefit from the participation by shareholders in the Dividend Reinvestment Plan to the extent that if the shareholders elect to reinvest into new Maybank Shares, the cash which would otherwise be payable by way of dividend will be reinvested to fund the continuing business growth of the Group. The Dividend Reinvestment Plan will not only enlarge Maybank's share capital base and strengthen its capital position, but will also add liquidity of Maybank Shares on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities").

Whenever a cash dividend (either an interim, final, special or other dividend) is announced, the Board may, in its absolute discretion, determine that the Dividend Reinvestment Plan will apply to the whole or a portion of the cash dividend ("Electable Portion") and where applicable any remaining portion of the dividend will be paid in cash.

- (iv) Each shareholder has the following options in respect of the Electable Portion:
 - (1) elect to receive the Electable Portion in cash; or
 - (2) elect to reinvest the entire Electable Portion into new Maybank Shares credited as fully paid-up at an issue price to be determined on a price fixing date subsequent to the receipt of all relevant regulatory approvals.

(c) Employees' Share Option Scheme ("ESOS") 2004/2009

ESOS movement in financial year ended 2010 related to the previous ESOS governed under by-laws approved in EGM held on 11 August 2004. The ESOS expired on 26 August 2009 (collectively known as "ESOS 2004/2009").

Grant Date 2010	Outstanding at 1 July 2009	Movement During the Year				Outstanding at 30 June 2010	Exercisable at 30 June 2010
		Granted	Exercised	Forfeited	Expired		
		(Adjusted for and vested Rights issue)					
	'000	'000	'000	'000	'000	'000	'000
1.9.2004	16,984	–	(299)	–	(16,685)	–	–
15.10.2004	4,926	–	(3)	–	(4,923)	–	–
30.6.2005	210	–	–	–	(210)	–	–
14.11.2005	10,379	–	(6)	–	(10,373)	–	–
14.11.2006	17,890	–	(12)	–	(17,878)	–	–
	50,389	–	(320)	–	(50,069)	–	–
Weighted Average Exercise Price ("WAEP")	7.00	–	6.65	–	7.01	–	–

29. SHARE CAPITAL (CONT'D.)

(d) Employees' Share Scheme ("ESS")

The Maybank Group Employees' Share Scheme ("ESS") is governed by the by-laws approved by the shareholders at an Extraordinary General Meeting held on 13 June 2011. The ESS was implemented on 23 June 2011 and is in force for a maximum period of seven (7) years from the effective date.

The maximum number of ordinary shares of RM1.00 each in the Bank available under the ESS should not exceed 10% of the total number of issued and paid-up capital of the Bank at any point of time during the duration of the scheme. Other principal features of the ESS are as follows:

- (i) The employees eligible to participate in the ESS must be employed on a full time basis and on the payroll of the Participating Maybank Group and is confirmed in service.

Participating Maybank Group includes the Bank and its branches and subsidiaries in Malaysia, but exclude listed subsidiaries, overseas subsidiaries and dormant subsidiaries;

- (ii) The entitlement under the ESS for the Executive Directors, including any persons connected to the directors, is subject to the approval of the shareholders of the Bank in a general meeting;

- (iii) The ESS shall be in force for a maximum period of seven (7) years from the effective date;

Notwithstanding the above, the Bank may terminate the ESS at any time during the duration of the scheme subject to:

- consent of Maybank's shareholders at a general meeting, wherein at least a majority of the shareholders, present and voting, vote in favour of termination; and
- written consent of all participants of ESS who have yet to exercise their ESS option either in part or in whole, and all participants whose Restricted Shares Unit ("RSU") Agreement are still subsisting.

Upon the termination of the ESS all unexercised ESS and/or unvested RSU shall be deemed to have been cancelled and be null and void.

- (iv) ESS consists of two (2) types of performance-based awards i.e. Employee Share Option Scheme ("ESOS") and Restricted Shares Unit ("RSU").

Under the ESOS award, the Bank may from time to time within the offer period, offer to eligible employees a certain number of options at the Offer Date. Subject to the acceptance of the participants, the participants will be granted the ESOS options which can then be exercised within a period of five (5) years to subscribe for fully paid-up ordinary shares of RM1.00 each in the Bank, provided all the conditions including performance-related conditions are duly and fully satisfied.

Under the RSU award, the Bank may from time to time within the offer period, invite selected participants to enter into an agreement with the Bank, whereupon the Bank shall agree to award the scheme shares to the participants, subject to fulfilling the relevant service and performance objectives and provided all performance-related conditions are duly and fully satisfied. The scheme shares as specified under the RSU award will only vest based on a three (3) year cliff vesting schedule or a two (2) year cliff vesting schedule in the case of supplemental RSU award, provided all the RSU vesting conditions are fully and duly satisfied.

- (v) Key features of the ESOS award are as follows:

- During the financial year, the Bank granted five (5) tranches of ESOS amounting to 405,308,500 options based on the assumption that the eligible employees met average performance target. The first tranche of ESOS amounting to 80,871,000 options have been vested and exercisable as at 30 June 2011, while the remaining tranches of ESOS and the corresponding number of ESOS will be vested and exercisable upon fulfillment of predetermined vesting conditions including service period, performance targets and performance period.
- The new ordinary shares in the Bank allotted upon any exercise of options under the scheme will upon allotment, rank pari passu in all aspects with the then existing ordinary shares in the Bank, except that the new ordinary shares so issued will not rank for any dividends or other distribution declared, made or paid to shareholders prior to the date of allotment of such new ordinary shares, and will be subject to all the provisions of the Article of Association of the Bank relating to transfer, transmission and otherwise.
- The subscription price of the ESOS shall be at the Volume Weighted Average Market Price ("VWAMP") of Maybank Shares for the five (5) market days immediately preceding the offer date with no entitlement to any discount.

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30 June 2011

29. SHARE CAPITAL (CONT'D.)

(d) Employees' Share Scheme ("ESS") (cont'd.)

(v) Key features of the ESOS award are as follows: (cont'd.)

- In the implementation of ESS, the ESS Committee subject to compliance can decide whether the scheme shares be satisfied by way of issuance and/or transfer of new Maybank Shares. The Bank will establish a Trust to be administered by the Trustee. To enable the Trustee to subscribe for new shares for the purposes of the ESS implementation, the Trustee will be entitled from time to time to accept funding and/or assistance from the Bank.
- The first tranche of ESOS shall be exercisable by way of self-funding by the respective eligible employees within twelve (12) months from the ESOS commencement date.
- Subsequent tranches and any ESOS unexercised after the initial twelve (12) months from the ESOS commencement date may be exercised during the remainder of the ESOS option period by way of self funding or ESOS Trust Funding ("ETF") mechanism. The ETF mechanism is the Trust funding mechanism for the ESOS award involving an arrangement under which Maybank will fund a certain quantum of money for the subscription of Maybank Shares by the Trustee to be held in a pool for the benefit of eligible employees and set aside and held in an omnibus Central Depository System ("CDS") account of the Trustee or an authorised nominee, to facilitate the exercise of ESOS options by the eligible employees and at the request of selected employees whereupon part of the proceeds of such sale shall be utilised towards payment of the ESOS option price and the related costs.

(vi) Key features of the RSU award are as follows:

- The RSU granted will be vested and awarded upon fulfillment of predetermined vesting conditions including service period, performance targets and performance period.
- The scheme shares on RSU may be settled by way of issuance and transfer of new Maybank Shares or by cash at the absolute discretion of the ESS Committee. The new Maybank Shares to be issued and transferred to the eligible employees pursuant to physical settlement will not require any payment to the Bank by the RSU participants.
- In the case of settlement by way of cash, the RSU vesting price will be based on the value of the scheme shares with no entitlement to any discount, taking into account the VWAMP of Maybank Shares for the five (5) market days immediately preceding the RSU vesting date.

(e) Details of share options

(i) Details of share options granted at the end of the financial year ended 30 June 2011:

Grant date	Number of share options ('000)	Exercise price RM	Exercise period
23.6.2011	405,309	8.82	30.6.2011 30.6.2016

The following table illustrates the number and weighted average exercise price ("WAEP") of, and movements in, share options during the year:

Grant Date 2011	Number of Share Options				
	Granted during year '000	Implementation on 23.6.2011 '000	Vested '000	Exercised '000	30.6.2011 '000
23.6.2011	405,309	–	80,871	1	80,870
WAEP	8.82	–	8.82	8.93	8.93

(ii) Share options exercised during the year

As disclosed above, options exercised during the year resulted in the issuance of approximately 1,000 (2010: 319,400) ordinary shares as at 30 June 2011 at an average price of RM8.82 (2010: RM6.65) each. The option was exercised on 30 June 2011 and the corresponding ordinary shares were issued and listed on 6 July 2011. The related weighted average share price at the date of exercise was RM8.93 (2010: RM6.54).

29. SHARE CAPITAL (CONT'D.)

(e) Details of share options (cont'd.)

(iii) Fair value of share options granted on 23 June 2011

The fair value of share options granted on 23 June 2011 was estimated by an external valuer using a Binomial-Lattice model, taking into account the terms and conditions upon which the options were granted. The fair value of share options measured and the assumptions were as follows:

Fair value of share options (RM)	
– granted on 23 June 2011 and vested as at 30 June 2011	0.627
– granted on 23 June 2011 but not vested	0.687 – 0.769
Weighted average share price (RM)	8.93
Weighted average exercise price (RM)	8.82
Expected volatility (%)	0.1459
Expected life (years)	3 – 5
Risk free rate (%)	3.24 – 3.64%
Expected dividend yield (%)	0.0449

The expected life of the options was based on historical data and was not necessarily indicative of exercise patterns that may occur. The expected volatility reflected the assumption that the historical volatility were indicative of future trends, which may also not necessarily be the actual outcome. No other features of the option grant were incorporated into the measurement of fair value.

(f) Details of RSU

(i) RSU granted during the year

On 23 June 2011, a total of 3,590,000 RSU shares, with a fair value of RM7.247 has been granted but not vested. The vesting date of RSU is based on 3-year cliff vesting from the grant date and performance metrics. None of the RSU has been vested as at 30 June 2011.

(ii) Fair value of RSU granted on 23 June 2011

The fair value of share options granted on 23 June 2011 was estimated by an external valuer using a Monte-Carlo Simulation model, taking into account the terms and conditions upon which the RSU were granted. The fair value of RSU measured and the assumptions were as follows:

Fair value of RSU (RM)	7.247
Weighted average share price (RM)	8.93
Weighted average exercise price (RM)	8.82
Expected volatility (%)	14.59%
Expected life (years)	3
Risk free rate (%)	3.31%
Expected dividend yield (%)	4.49%

30. RESERVES

		Group		Bank	
	Note	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Non-distributable:					
Share premium		8,583,711	5,903,497	8,583,711	5,903,497
Statutory reserve	(a)	6,409,922	5,553,999	6,212,460	5,372,770
Capital reserve	(b)	15,250	15,250	–	–
Unrealised holding reserve		417,065	340,936	278,860	269,016
Exchange fluctuation reserve		(1,007,977)	(949,434)	239,261	(12,495)
ESS reserve		65,000	–	65,000	–
Revaluation reserve	(c)	9,057	9,057	–	–
		14,492,028	10,873,305	15,379,292	11,532,788
Distributable:					
Retained profits (Note 31)		9,491,265	9,925,888	5,140,905	6,646,053
Total reserves		23,983,293	20,799,193	20,520,197	18,178,841

- (a) The statutory reserves are maintained in compliance with the requirements of Bank Negara Malaysia and certain Central Banks of the respective countries in which the Group and the Bank operate and are not distributable as cash dividends.
- (b) The capital reserve of the Group arose from the capitalisation of bonus issue in certain subsidiaries in previous years.
- (c) Revaluation reserve relates to the transfer of self-occupied properties to investment properties subsequent to the change on occupation intention.

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31. RETAINED PROFITS

Prior to the year of assessment 2009, Malaysian companies adopted the full imputation system. In accordance with the Finance Act, 2007 which was gazetted on 28 December 2007, companies shall not be entitled to deduct tax on dividend paid, credited or distributed to its shareholders, and such dividends will be exempted from tax in the hands of the shareholders ("single tier system"). However, there is a transitional period of six years, expiring on 31 December 2013, to allow companies to pay franked dividends to their shareholders under limited circumstances. Companies also have an irrevocable option to disregard the Section 108 balance and opt to pay dividends under the single tier system. The change in the tax legislation also provides for the Section 108 balance to be locked-in as at 31 December 2007 in accordance with Section 39 of the Finance Act, 2007.

The Bank did not elect for the irrevocable option to disregard the Section 108 balance. Accordingly, during the transitional period, the Bank may utilise the credit in the Section 108 balance as at 30 June 2011 to distribute cash dividend payments to ordinary shareholdings as defined under the Finance Act, 2007. As at 30 June 2011, the Bank has sufficient credit in the Section 108 balance to pay franked dividends out of its entire retained earnings.

32. OPERATING REVENUE

Operating revenue of the Group comprises all types of revenue derived from the business of banking, income from Islamic Banking Scheme operations, finance, investment banking, general and life insurance (including takaful), stock broking, leasing and factoring, trustee and nominee services, asset management and venture capital but excluding all transactions between related companies.

Operating revenue of the Bank comprises gross interest income, fee and commission income, investment income, gross dividends and other income derived from banking and finance operations.

33. INTEREST INCOME

	Group		Bank	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Loans, advances and financing	9,538,327	8,599,892	7,040,484	6,568,933
Money at call and deposits and placements with financial institutions	428,458	411,668	354,306	344,712
Securities purchased under resale agreements	10,695	5,817	67	600
Securities held-for-trading	88,785	59,930	76,293	52,671
Securities available-for-sale	1,555,760	1,543,461	1,376,684	1,336,057
Securities held-to-maturity	432,073	419,378	368,084	340,988
	12,054,098	11,040,146	9,215,918	8,643,961
Amortisation of premiums less accretion of discounts	(16,111)	(46,404)	(20,980)	(50,200)
Net interest income clawed back/suspended	–	(38,522)	–	(38,522)
	12,037,987	10,955,220	9,194,938	8,555,239

Included in interest income for the current financial year was interest on impaired assets amounting to approximately RM345.3 million.

34. INTEREST EXPENSE

	Group		Bank	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Deposits and placements of banks and other financial institutions	357,708	191,008	355,418	193,627
Deposits from customers	3,527,148	2,913,339	2,537,891	2,084,960
Loans sold to Cagamas	1,121	5,100	1,121	5,100
Floating rate certificates of deposits	2,017	1,075	2,017	1,075
Borrowings	213,001	164,984	26,723	20,890
Subordinated notes	149,080	137,995	149,080	137,995
Subordinated bonds	150,423	220,113	152,774	179,800
Capital securities	397,258	397,927	397,258	397,927
Net interest on derivatives	54,301	152,806	32,236	139,230
	4,852,057	4,184,347	3,654,518	3,160,604

35. NON-INTEREST INCOME

	Group		Bank	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Fee income:				
Commission	705,594	663,387	626,850	569,303
Service charges and fees	1,028,009	951,169	737,584	716,528
Guarantee fees	135,734	134,090	118,160	113,546
Underwriting fees	57,094	41,508	23,492	30,134
Brokerage income	219,767	89,060	235	57
Fees on loans, advances and financing	524,313	487,584	125,226	135,647
	2,670,511	2,366,798	1,631,547	1,565,215
Investment income:				
Net gain on sale of held-for-trading securities	1,784	28,612	11,019	14,320
Net gain on sale of available-for-sale securities	341,934	191,045	276,304	123,752
Net gain on redemption of held-to-maturity securities	439	2,267	439	1,838
Gain on liquidation of subsidiaries	–	659	595	29
	344,157	222,583	288,357	139,939

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35. NON-INTEREST INCOME (CONT'D.)

	Group		Bank	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Gross dividends from:				
Securities available-for-sale				
– Quoted outside Malaysia	1,333	1,408	–	–
– Quoted in Malaysia	15,329	14,002	6,869	10,919
– Unquoted outside Malaysia	4,348	1,096	196	909
– Unquoted in Malaysia	10,195	13,921	8,877	12,551
Sub-total	31,205	30,427	15,942	24,379
Subsidiaries	–	–	351,690	869,862
Associates	–	–	5,913	8,563
	31,205	30,427	373,545	902,804
Unrealised (loss)/gain on revaluation of:				
– Securities held-for-trading	(47,958)	5,060	(31,761)	11,322
– Derivatives	283,482	306,237	277,743	315,028
	235,524	311,297	245,982	326,350
Other income:				
Foreign exchange gain	561,508	517,220	456,028	442,345
Rental income	23,169	24,175	22,035	23,449
Gain on disposal of property, plant and equipment	16,631	19,115	14,414	12,883
Gain on disposal of foreclosed properties	3,926	66	93	–
Sale of development properties	37,929	–	–	–
Other operating income	164,511	176,836	2,455	30,984
Other non-operating income	25,584	24,163	32,445	26,205
	833,258	761,575	527,470	535,866
	4,114,655	3,692,680	3,066,901	3,470,174

36. OVERHEAD EXPENSES

	Group		Bank	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Personnel expenses				
– Salaries, allowances and bonuses	2,691,440	2,265,710	1,889,916	1,703,243
– Social security cost	16,050	12,427	13,598	11,652
– Pension costs – Defined contribution plan	300,408	278,299	261,920	257,950
– Share options granted under ESS	65,000	–	65,000	–
– Other staff related expenses	494,856	361,985	316,136	211,457
Sub-total	3,567,754	2,918,421	2,546,570	2,184,302

36. OVERHEAD EXPENSES (CONT'D.)

	Group		Bank	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Establishment costs				
– Depreciation of property, plant and equipment (Note 18)	173,213	183,009	117,638	131,692
– Amortisation of core deposit intangibles (Note 19)	53,526	93,037	–	–
– Amortisation of computer software (Note 19)	61,389	58,742	48,773	44,429
– Rental of leasehold land and premises	174,916	158,538	88,314	81,454
– Repairs and maintenance of property, plant and equipment	122,633	111,533	64,988	68,916
– Information technology expenses	510,130	479,322	465,280	443,473
– Fair value adjustment on investment properties (Note 14)	220	209	–	–
– Others	16,921	24,102	10,569	15,907
Sub-total	1,112,948	1,108,492	795,562	785,871
Marketing costs				
– Advertisement and publicity	375,240	363,459	218,776	221,396
– Others	102,785	75,000	95,516	56,891
Sub-total	478,025	438,459	314,292	278,287
Administration and general expenses				
– Fees and brokerage	505,198	420,405	361,714	380,215
– Administrative expenses	466,650	398,793	245,685	213,235
– General expenses	453,192	508,394	138,578	219,469
– Cost of development property	32,235	–	–	–
– Others	36,182	32,570	9,543	30,521
Sub-total	1,493,457	1,360,162	755,520	843,440
Overhead expenses allocated to subsidiary company	–	–	(478,146)	(377,091)
Total	6,652,184	5,825,534	3,933,798	3,714,809
Included in overhead expenses are:				
Directors' fees and remuneration (Note 37)	19,809	15,526	8,027	8,682
Rental of equipment	13,438	6,286	11,466	4,607
Direct operating expenses of investment properties:				
– Revenue generating	413	198	–	–
Auditors' remuneration:				
Statutory audit:	9,486	8,167	5,388	4,285
– Ernst & Young Malaysia	4,882	3,948	3,014	2,150
– Other member firms of Ernst & Young Global	3,572	3,321	1,468	1,365
– Other auditors*	1,032	898	906	770
Non-audit services:	3,863	3,452	3,161	2,543
– Reporting accountants, review engagements and regulatory-related services	3,535	2,659	2,920	2,031
– Other services	328	793	241	512
Property, plant and equipment written off (Note 18)	6,631	3,189	340	466

* Relates to fees paid and payable to accounting firms other than the Bank's auditors.

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37. DIRECTORS' FEES AND REMUNERATION

	Group		Bank	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Directors of the Bank:				
Executive directors:				
Salary	1,156	1,080	1,156	1,080
Fees	598	631	–	–
Bonuses	1,920	2,160	1,920	2,160
Pension cost – defined contribution plan	528	652	528	652
ESS costs	323	–	323	–
Other remuneration	114	95	109	91
Estimated money value of benefits-in-kind	45	79	45	79
	4,684	4,697	4,081	4,062
Non-executive directors:				
Fees	4,559	4,381	2,863	2,892
Pension cost – defined contribution plan	–	15	–	15
Other remuneration	1,243	1,897	1,128	1,792
Estimated money value of benefits-in-kind	74	36	74	36
	5,876	6,329	4,065	4,735
Sub-total for directors of the Bank	10,560	11,026	8,146	8,797
Directors of the subsidiaries:				
Executive directors:				
Salary and other remuneration, including meeting allowance	2,566	2,371	–	–
Bonuses	2,671	995	–	–
Pension cost – defined contribution plan	300	512	–	–
ESS costs	159	–	–	–
Estimated money value of benefits-in-kind	98	38	–	–
	5,794	3,916	–	–
Non-executive directors:				
Fees	2,992	615	–	–
Other remuneration	164	122	–	–
ESS costs	516	–	–	–
	3,672	737	–	–
Sub-total for directors of the subsidiaries	9,466	4,653	–	–
Total	20,026	15,679	8,146	8,797
Total (excluding benefits-in-kind)	19,809	15,526	8,027	8,682

37. DIRECTORS' FEES AND REMUNERATION (CONT'D.)

The remuneration attributable to the President/Chief Executive Officer of the Bank including benefits-in-kind during the year amounted to RM4,812,439 (2010: RM4,697,263).

The total directors' fees and remuneration of the Group above has excluded the amount of RM409,242 (2010: RM315,493) which has been allocated to the life, general takaful and family takaful funds.

The total remuneration (including benefits-in-kind) of the Directors of the Bank are as follows:

	Salary RM'000	Fees RM'000	Bonus RM'000	Pension Cost RM'000	Other Emolument*	Benefits-In-Kind		Bank Total RM'000	Fees RM'000	Other Emolument RM'000	Subsidiaries Total RM'000	Group Total RM'000
						ESS RM'000	Others RM'000					
2011												
Executive Directors:												
Dato' Sri Abdul Wahid bin Omar	1,156	–	1,920	528	109	323	45	4,081	598	5	603	4,684
Existing Non-Executive Directors:												
Tan Sri Dato' Megat Zaharuddin bin Megat Mohd Nor	–	316	–	–	583	–	39	938	609	–	609	1,547
Dato' Mohd Salleh Harun	–	330	–	–	71	–	35	436	330	12	342	778
Tan Sri Hadenan A. Jalil	–	295	–	–	50	–	–	345	43	9	52	397
Dato' Seri Ismail Shahudin	–	331	–	–	72	–	–	403	66	9	75	478
Dato' Dr Tan Tat Wai	–	295	–	–	52	–	–	347	193	6	199	546
Encik Zainal Abidin Jamal	–	288	–	–	79	–	–	367	89	26	115	482
Mr Sreesanthan Eliathamby	–	240	–	–	47	–	–	287	25	14	39	326
Dato' Johan Ariffin	–	250	–	–	75	–	–	325	110	23	133	458
Mr Cheah Teik Seng	–	261	–	–	58	–	–	319	231	3	234	553
Mr Alister Maitland	–	257	–	–	41	–	–	298	–	13	13	311
	–	2,863	–	–	1,128	–	74	4,065	1,696	115	1,811	5,876
Total Directors Remuneration	1,156	2,863	1,920	528	1,237	323	119	8,146	2,294	120	2,414	10,560

* Includes duty allowances, social allowance, leave passage, staff mess, EPF, retention sum and retirement gratuity.

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37. DIRECTORS' FEES AND REMUNERATION (CONT'D.)

	Salary RM'000	Fees RM'000	Bonus RM'000	Pension Cost RM'000	Other Emolument* RM'000	Benefits-In-Kind		Bank Total RM'000	Fees RM'000	Other Emolument RM'000	Subsidiaries Total RM'000	Group Total RM'000
						ESOS RM'000	Others RM'000					
2010												
Executive Directors:												
Dato' Sri Abdul Wahid bin Omar	1,080	–	2,160	652	91	–	79	4,062	631	4	635	4,697
Existing Non-Executive Directors:												
Tan Sri Dato' Megat Zaharuddin bin Megat Mohd Nor	–	231	–	–	399	–	27	657	247	–	247	904
Dato' Mohd Salleh Harun	–	203	–	–	62	–	–	265	44	6	50	315
Tan Sri Hadenan A. Jalil	–	338	–	–	130	–	–	468	6	2	8	476
Dato' Seri Ismail Shahudin	–	363	–	–	105	–	–	468	9	2	11	479
Dato' Dr Tan Tat Wai	–	280	–	–	69	–	–	349	15	3	18	367
Dato' Johan Ariffin	–	217	–	–	90	–	–	307	38	11	49	356
Encik Zainal Abidin Jamal	–	318	–	–	131	–	–	449	38	11	49	498
Mr Sreesanthan Eliathamby	–	186	–	–	44	–	–	230	16	12	28	258
Mr Cheah Teik Seng	–	209	–	–	58	–	–	267	24	2	26	293
Mr Alister Maitland	–	218	–	–	48	–	–	266	6	13	19	285
	–	2,563	–	–	1,136	–	27	3,726	443	62	505	4,231
Retired/Resigned Non-Executive Directors:												
Tan Sri Mohamed Basir bin Ahmad	–	87	–	15	581	–	9	692	287	3	290	982
Tuan Hj Mohd Hashir bin Hj Abdullah	–	16	–	–	4	–	–	20	75	4	79	99
Dato' Zainun Aishah binti Ahmad	–	21	–	–	5	–	–	26	7	2	9	35
Datuk Syed Tamim Ansari Syed Mohamed	–	85	–	–	22	–	–	107	74	12	86	193
Tan Sri Dato' Sri Chua Hock Chin	–	12	–	–	–	–	–	12	–	–	–	12
Spencer Lee Tien Chye	–	108	–	–	44	–	–	152	603	22	625	777
	–	329	–	15	656	–	9	1,009	1,046	43	1,089	2,098
Total Directors Remuneration	1,080	2,892	2,160	667	1,883	–	115	8,797	2,120	109	2,229	11,026

* Includes duty allowances, social allowance, leave passage, staff mess, EPF, retention sum and retirement gratuity.

38. ALLOWANCES FOR LOSSES ON LOANS, ADVANCES AND FINANCING, NET

	Group		Bank	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Allowances for impaired loans and financing:				
– Individual allowance (Note11(ix)):				
Made in the year	651,725	–	471,883	–
Written back	(291,066)	–	(207,265)	–
Net	360,659	–	264,618	–
– Collective allowance (Note11(ix))	774,913	–	117,091	–
– Specific allowance (Note11(ix)):				
Made in the year	–	2,148,300	–	1,307,829
Written back	–	(516,138)	–	(452,438)
Net	–	1,632,162	–	855,391
– General allowance (Note11(ix))	–	145,678	–	(155,815)
Bad debts and financing:				
– Written off	32,203	31,797	25,691	30,152
– Recovered	(702,467)	(586,626)	(416,997)	(384,739)
	465,308	1,223,011	(9,597)	344,989
Allowance for other debts	36,858	3,056	11,793	2,967
	502,166	1,226,067	2,196	347,956

39. IMPAIRMENT LOSSES/(WRITEBACK OF IMPAIRMENT LOSSES) OF SECURITIES, NET

	Group		Bank	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Securities available-for-sale	130,182	8,623	110,125	1,088
Securities held-to-maturity	(227)	14,407	(227)	14,412
	129,955	23,030	109,898	15,500

40. TAXATION AND ZAKAT

	Group		Bank	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Malaysian income tax	1,657,985	1,597,595	1,342,701	1,406,212
Foreign tax	346,006	121,847	179,168	50,930
Less: Double taxation relief	(175,189)	(40,064)	(175,189)	(40,064)
	1,828,802	1,679,378	1,346,680	1,417,078
Overprovision in respect of prior years:				
Malaysian income tax	(22,551)	(8,546)	–	–
Foreign income tax	(51,856)	(113,097)	(51,856)	(113,097)
	1,754,395	1,557,735	1,294,824	1,303,981

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40. TAXATION AND ZAKAT (CONT'D.)

	Group		Bank	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Deferred tax (Note 25):				
Relating to originating and reversal of temporary differences (net)	(119,191)	(165,611)	(92,192)	(69,378)
Overprovision in prior years	–	(744)	–	(744)
	(119,191)	(166,355)	(92,192)	(70,122)
Tax expense for the year	1,635,204	1,391,380	1,202,632	1,233,859
Zakat	15,505	10,578	98	–
	1,650,709	1,401,958	1,202,730	1,233,859

Domestic income tax is calculated at the Malaysian statutory tax rate of 25% (2010: 25%) of the estimated chargeable profit for the year.

Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

A reconciliation of income tax expense applicable to profit before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Bank is as follows:

	2011 RM'000	2010 RM'000
Group		
Profit before taxation	6,270,467	5,370,408
Taxation at Malaysian statutory tax rate of 25% (2010: 25%)	1,567,617	1,342,602
Different tax rates in other countries	15,715	10,866
Income not subject to tax	(111,393)	(115,330)
Expenses not deductible for tax purposes	237,672	275,629
Overprovision in deferred tax in prior years	–	(744)
Overprovision in tax expense in prior years	(74,407)	(121,643)
Tax expense for the year	1,635,204	1,391,380
Bank		
Profit before taxation	4,561,429	4,786,544
Taxation at Malaysian statutory tax rate of 25% (2010: 25%)	1,140,357	1,196,636
Different tax rates in other countries	12,014	10,866
Income not subject to tax	(93,386)	(73,063)
Expenses not deductible for tax purposes	195,503	213,261
Overprovision in deferred tax in prior years	–	(744)
Overprovision in tax expense in prior years	(51,856)	(113,097)
Tax expense for the year	1,202,632	1,233,859

41. SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES

- (a) In addition to the transactions detailed else where in the financial statements, the Bank has the following transactions with related parties during the financial year:

	Bank	
	2011 RM'000	2010 RM'000
Transactions with subsidiaries and associates:		
Income:		
Interest on deposits	74,048	128,230
Dividend income	357,603	878,425
Rental of premises	2,403	2,403
Other income	576,309	465,712
	1,010,363	1,474,770
Expenditure:		
Interest on deposits	288,113	280,432
Other expenses	8,959	10,587
	297,072	291,019

- (b) Included in the statement of financial position of the Bank are amounts due from/(to) subsidiaries represented by the following:

	Bank	
	2011 RM'000	2010 RM'000
Amounts due from subsidiaries:		
Current accounts and deposits	2,218,541	321,847
Negotiable instruments deposits	4,886,333	4,236,292
Loans, advances and financing	131,856	–
Interest and other receivable on deposits	2,239,152	934,176
Private debt securities	211,916	–
	9,687,798	5,492,315
Amounts due to subsidiaries:		
Current accounts and deposits	6,219,839	3,013,391
Private debt securities	40,808	–
Interest payable on deposits	15,956	19,259
Deposits and other creditors	8,261,501	4,270,589
	14,538,104	7,303,239

- (c) Key management personnel compensation

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group and the Bank directly or indirectly. The key management personnel of the Group and the Bank include all the directors and chief executive officers of the Group and the Bank.

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41. SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (CONT'D.)

The remuneration of key management personnel during the year are as follows:

	Group		Bank	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Short-term employee benefits				
– Fees	8,161	5,675	2,863	2,892
– Salaries, allowances and bonuses	14,670	14,270	4,313	5,123
– Contribution to Employees Provident Fund ("EPF")	2,574	1,460	528	667
– Other staff benefits	1,002	552	119	115
Share-based payment				
– ESS costs	1,267	–	323	–
Post employment benefits				
– Retirement gratuity	–	250	–	–
	27,674	22,207	8,146	8,797

Included in the total key management personnel compensation are:

	Group		Bank	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Directors' remuneration including benefits-in-kind (Note 37)	20,026	15,679	8,146	8,797

The movement in number of share options granted and vested to key management personnel is as follows:

	Group		Bank	
	2011 '000	2010 '000	2011 '000	2010 '000
Granted during year	9,825	–	2,500	–
At 1 July 2010/2009	–	2,026	–	1,300
Vested and exercisable	1,965	–	500	–
Expired	–	(2,026)	–	(1,300)
At 30 June	1,965	–	500	–

The share options in financial year ended 30 June 2010 were granted on the same terms and conditions as those offered to other employees of the Group, as disclosed in Note 29(c) and expired on 26 August 2009.

The share option in financial year ended 30 June 2011 were also granted on the same terms and condition as those offered to other employees of the Group, as disclosed in Note 29(d).

41. SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (CONT'D.)

The movement in number of RSU granted to key management personnel is as follows:

	Group		Bank	
	2011 '000	2010 '000	2011 '000	2010 '000
Granted during the year	3,750	–	1,000	–

None of the RSU granted was vested and awarded as at the end of the financial year.

(d) Credit exposure arising from credit transactions with connected parties

	Group		Bank	
	2011	2010	2011	2010
Outstanding credit exposure with connected parties (RM'000)	26,226,304	5,020,680	21,934,288	4,814,535
Percentage of outstanding credit exposures to connected parties as proportion of total credit exposures	10.3%	2.5%	12.1%	3.2%
Percentage of outstanding credit exposures to connected parties which is non-performing or in default	–	–	–	–

The credit exposure above are based on paragraph 9.1 of Bank Negara Malaysia's revised guidelines on Credit Transactions and Exposures with Connected Parties.

Based on these guidelines, a connected party refers to the following:

- (i) Directors of the Bank and their close relatives;
- (ii) Controlling shareholder of the Bank and his close relatives;
- (iii) Executive officer, being a member of management having authority and responsibility for planning, directing and/or controlling activities of the Bank, and his close relatives;
- (iv) Officers who are responsible for or have the authority to appraise and/or approve credit transactions or review the status of existing credit transactions, either as a member of a committee or individually, and their close relatives;
- (v) Firms, partnerships, companies or any legal entities which control, or are controlled by any person listed in (i) to (iv) above, or in which they have an interest, as a director, partner, executive officer, agent or guarantor, and their subsidiaries or entities controlled by them;
- (vi) Any person for whom the persons listed in (i) to (iv) above is a guarantor; and
- (vii) Subsidiary of or an entity controlled by the Bank and its connected parties.

Credit transactions and exposures to connected parties as disclosed above include the extension of credit facilities and/or off-balance sheet credit exposures such as guarantees, trade-related facilities and loan commitments.

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42. EARNINGS PER SHARE ("EPS")

(a) Basic

The basic EPS of the Group and the Bank are calculated by dividing the net profit for the year by the weighted average number of ordinary shares in issue during the financial year.

	Group		Bank	
	2011	2010	2011	2010
Net profit for the year attributable to equity holders of the Bank (RM'000)	4,450,278	3,818,167	3,358,699	3,552,685
Weighted average number of ordinary shares in issue ('000)	7,246,461	7,077,957	7,246,461	7,077,957
Basic earnings per share (sen)	61.4	53.9	46.3	50.2

(b) Diluted

The diluted EPS of the Group and the Bank is calculated by dividing the net profit for the financial year by the weighted average number of ordinary shares in issue, which has been adjusted for the number of shares that could have been issued under the Maybank Group Employee Share Scheme ("ESS"), details are as disclosed in Note 29(d).

In the diluted EPS calculation, it was assumed that the ESS relating to the RSU were vested and awarded to employees through issuance of additional ordinary shares. A calculation is done to determine the number of shares that could have been issued at fair value (determined as the average price of the Bank's shares during the financial year) based on the monetary value of the ESS entitlement attached to the outstanding RSU granted. This calculation serves to determine the number of dilutive shares to be added to the weighted average ordinary shares in issue for the purpose of computing the dilution. No adjustment was made to the net profit for the financial year.

	Group		Bank	
	2011	2010	2011	2010
Net profit for the year attributable to equity holders of the Bank (RM'000)	4,450,278	3,818,167	3,358,699	3,552,685
Weighted average number of ordinary shares in issue ('000)	7,246,461	7,077,957	7,246,461	7,077,957
Effects of dilution ('000)	15	–	15	–
Adjusted weighted average number of ordinary shares in shares in issue ('000)	7,246,476	7,077,957	7,246,476	7,077,957
Fully diluted earnings per share (sen)	61.4	53.9	46.3	50.2

Share options granted to employees under the ESS have not been included in the calculation of diluted earnings per share because they are anti-dilutive.

43. DIVIDENDS

	Group and Bank		Net dividend per share	
	2011 RM'000	2010 RM'000	2011 Sen	2010 Sen
Final dividend of 44 sen less 25% taxation in respect of the financial year ended 30 June 2010 (Note c(i))	2,335,734	–	33.00	–
First interim dividend of 28 sen less 25% taxation in respect of the financial year ended 30 June 2011 (Note c(ii))	1,537,670	–	21.00	–
Final dividend of 8 sen less 25% taxation in respect of the financial year ended 30 June 2009	–	424,679	–	6.00
First interim dividend of 11 sen less 25% taxation in respect of the financial year ended 30 June 2010	–	583,934	–	8.25
	3,873,404	1,008,613	54.00	14.25

(a) Proposed final dividend

At the forthcoming Annual General Meeting, a final dividend in respect of the financial year ended 30 June 2011 of 32 sen less 25% taxation on 7,478,206,067 ordinary shares, amounting to a net dividend payable of RM1,794,769,456 (net 24 sen per ordinary share) will be proposed for the shareholders' approval.

The proposed gross dividend consists of an electable portion of 28 sen (net 21 sen per ordinary share) which can be elected to be reinvested in new ordinary shares in accordance with the Dividend Reinvestment Plan as disclosed in Note 29(b) to the financial statements and subject to the relevant regulatory approvals as well as shareholders' approval for the issuance and allotment of new shares at the forthcoming Annual General Meeting.

The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained profits in the next financial period ending 31 December 2011.

(b) Dividend Reinvestment Plan ("DRP")

The Bank via the announcement on 25 March 2010 proposed to undertake a recurrent and optional dividend reinvestment plan that allows shareholders of the bank to reinvest electable portion of their dividends into new ordinary share(s) of RM1.00 each in the Bank.

Details of the DRP are disclosed in Note 29(b).

(c) Dividends paid during financial year

- (i) The dividend consists of cash portion of 4 sen (net 3 sen) per ordinary share to be paid in cash amounting to RM212,339,483 and an electable portion of 40 sen (net 30 sen) per ordinary share amounting to RM2,123,394,830 which could be elected to be reinvested in new Maybank Shares in accordance with the DRP.

The reinvestment rate subsequent to the completion of the dividend payment was 88.59%.

- (ii) The dividend consists of cash portion of 4 sen (net 3 sen) per ordinary share to be paid in cash amounting to RM219,667,211 and an electable portion of 24 sen (net 18 sen) per ordinary share amounting to RM1,318,003,270 which could be elected to be reinvested in new Maybank Shares in accordance with the DRP.

The reinvestment rate subsequent to the completion of the dividend payment was 91.13%.

(d) Dividends paid by Maybank's subsidiaries to non-controlling interest

Dividends paid by Maybank's subsidiaries to non-controlling interest amounted to RM5,210,000 during the year.

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44. COMMITMENTS AND CONTINGENCIES

- (a) In the normal course of business, the Bank and its subsidiaries make various commitments and incur certain contingent liabilities with legal recourse to their customers. No material losses are anticipated as a result of these transactions.

The risk-weighted exposures of the Bank and its subsidiaries as at 30 June, are as follows:

Group	2011			2010		
	Full commitment RM'000	Credit equivalent amount* RM'000	Risk weighted amount* RM'000	Full commitment RM'000	Credit equivalent amount* RM'000	Risk weighted amount* RM'000
Credit-related						
Direct credit substitutes	6,752,978	6,227,511	4,099,984	5,209,922	5,209,922	4,151,936
Certain transaction-related contingent items	11,877,557	5,432,538	4,249,138	11,443,670	5,721,837	5,062,677
Short-term self-liquidating trade-related contingencies	2,568,575	823,220	466,841	3,137,785	627,557	487,491
Islamic hire purchase financing sold to Cagamas Berhad	682,679	623,084	226,105	1,137,321	1,137,321	1,137,321
Obligations under underwriting agreements	–	–	–	123,871	46,936	9,387
Irrevocable commitments to extend credit:						
– maturity within one year	90,585,383	3,377,523	1,577,558	79,635,652	–	–
– maturity exceeding one year	17,429,274	6,027,366	2,818,245	10,950,125	5,475,064	5,296,484
Miscellaneous commitments and contingencies	9,605,986	95,365	71,442	4,565,804	–	–
Total credit-related commitment and contingencies	139,502,432	22,606,607	13,509,313	116,204,150	18,218,637	16,145,296
Derivative Financial Instruments						
Foreign exchange related contracts:						
– less than one year	73,596,336	999,219	341,316	52,397,492	882,747	251,119
– one year to less than five years	12,391,864	98,952	65,569	2,280,351	43,330	15,103
– five years and above	605,885	54,096	52,937	–	–	–
	86,594,085	1,152,267	459,822	54,677,843	926,077	266,222
Interest rate related contracts:						
– less than one year	42,098,665	625,318	389,499	41,784,791	1,815,893	440,726
– one year to less than five years	17,922,122	2,944,133	1,495,547	15,615,090	459,891	143,487
– five years and above	5,120,193	733,014	316,936	2,657,835	433,752	158,705
	65,140,980	4,302,465	2,201,982	60,057,716	2,709,536	742,918
Equity and commodity related contracts:						
– less than one year	808,651	–	–	1,333,626	–	–
– one year to less than five years	155,607	–	–	–	–	–
	964,258	–	–	1,333,626	–	–
Total treasury-related commitments and contingencies	152,699,323	5,454,732	2,661,804	116,069,185	3,635,613	1,009,140
	292,201,755	28,061,339	16,171,117	232,273,335	21,854,250	17,154,436

44. COMMITMENTS AND CONTINGENCIES (CONT'D.)

- (a) In the normal course of business, the Bank and its subsidiaries make various commitments and incur certain contingent liabilities with legal recourse to their customers. No material losses are anticipated as a result of these transactions. (cont'd.)

	2011			2010		
Bank	Full commitment RM'000	Credit equivalent amount* RM'000	Risk weighted amount* RM'000	Full commitment RM'000	Credit equivalent amount* RM'000	Risk weighted amount* RM'000
Credit-related						
Direct credit substitutes	4,649,552	4,649,552	2,664,930	3,659,767	3,659,767	3,269,184
Certain transaction-related contingent items	10,543,747	4,935,629	3,801,327	10,618,480	5,309,241	4,683,204
Short-term self-liquidating trade-related contingencies	2,408,875	760,622	431,034	2,961,992	592,399	461,530
Obligations under underwriting agreements	–	–	–	93,871	46,936	9,387
Irrevocable commitments to extend credit:						
– maturity within one year	78,255,915	2,613,454	1,366,897	70,392,423	–	–
– maturity exceeding one year	15,431,262	5,632,158	2,648,543	9,663,589	4,831,795	4,684,632
Miscellaneous commitments and contingencies	9,576,083	95,365	71,442	4,545,123	–	–
Total credit-related commitment and contingencies	120,865,434	18,686,780	10,984,173	101,935,245	14,440,138	13,107,937
Derivative Financial Instruments						
Foreign exchange related contracts:						
– less than one year	69,241,688	974,508	330,847	49,578,656	860,175	246,408
– one year to less than five years	11,703,995	98,952	65,569	2,280,351	43,330	15,103
– five years and above	605,885	54,096	52,937	–	–	–
	81,551,568	1,127,556	449,353	51,859,007	903,505	261,511
Interest rate related contracts:						
– less than one year	39,794,395	618,202	386,088	41,625,767	1,815,310	440,580
– one year to less than five years	17,674,164	2,899,881	1,473,840	14,047,226	419,989	133,449
– five years and above	4,996,206	733,014	344,942	2,415,491	418,729	151,194
	62,464,765	4,251,097	2,204,870	58,088,484	2,654,028	725,223
Equity and commodity related contracts:						
– less than one year	808,651	–	–	1,333,626	–	–
– one year to less than five years	155,607	–	–	–	–	–
	964,258	–	–	1,333,626	–	–
Total treasury-related commitments and contingencies	144,980,591	5,378,653	2,654,223	111,281,117	3,557,533	986,734
	265,846,025	24,065,433	13,638,396	213,216,362	17,997,671	14,094,671

* The credit equivalent amount and the risk weighted amount are arrived at using the credit conversion factors and risk weights, respectively as specified by Bank Negara Malaysia.

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44. COMMITMENTS AND CONTINGENCIES (CONT'D.)

- (a) In the normal course of business, the Bank and its subsidiaries make various commitments and incur certain contingent liabilities with legal recourse to their customers. No material losses are anticipated as a result of these transactions. (cont'd.)

- (i) The Group's and the Bank's derivative financial instruments are subject to market, credit and liquidity risk, as follows:

- Market risk on derivatives is the potential loss to the value of these contracts due to changes in price of the underlying items such as equities, interest rates, foreign exchange, credit spreads, commodities or other indices. The notional or contractual amounts provide only the volume of transactions outstanding at the reporting date and do not represent the amount at risk. Exposure to market risk may be reduced through offsetting items from on and off-balance sheet positions.
- Credit risk arises from the possibility that a counterparty may be unable to meet the terms of a contract in which the Bank and certain subsidiaries have a gain position. As at 30 June 2011, the amount of credit risk in the Group and the Bank, measured in terms of the cost to replace the profitable contracts, was RM435.4 million (30 June 2010: RM509.2 million). This amount will increase or decrease over the life of the contracts, mainly as a function of maturity dates and market rates or prices.
- Liquidity risk on derivatives is the risk that the derivative position cannot be closed out promptly. Exposure to liquidity risk is reduced through contracting derivatives where the underlying items are widely traded.

- (ii) There have been no changes since the end of the previous financial year in respect of the following:

- the types of derivative financial contracts entered into and the rationale for entering into such contracts, as well as the expected benefits accruing from these contracts;
- the risk management policies in place for mitigating and controlling the risks associated with these financial derivative contracts; and
- the related accounting policies.

- (b) The Group is contingently liable in respect of loans sold to Cagamas Berhad on the condition that they undertake to administer the loans on behalf of Cagamas Berhad and to buy back any loans which are regarded as defective based on pre-determined and agreed-upon prudential criteria.

- (c) Contingent liabilities

- (i) In 2004, Etiqa Takaful Berhad ("ETB"), commenced a civil suit against a borrower ("the 1st Defendant") and three guarantors, for the sum of approximately RM25.8 million, following the recall of the relevant facility which was preceded by the 1st Defendant's failure to pay monthly installments.

The 1st Defendant counterclaimed for loss and damage amounting to approximately RM284 million as a result of ETB's alleged failure to release the balance of the facility of RM7.5 million. It is alleged that the 1st Defendant was unable to carry on its project and therefore suffered loss and damage. ETB are proceeding with their claim and are resisting the 1st Defendant's counterclaim. ETB had filed its Defence to the counterclaim and applied to strike out the counterclaim.

On 14 May 2009, the Court allowed ETB's application for summary judgment, but directed that a rebate be given if there is early settlement. The Court has also dismissed the 1st Defendant's counterclaim against ETB with costs. The 1st, 2nd and 4th Defendants filed their application for stay of execution of the summary judgment through their solicitors and the 3rd Defendant filed its application for stay of execution of the summary judgment through its own solicitors. Both applications for stay of execution were dismissed by the Kuala Lumpur High Court with costs.

All four Defendants then filed an appeal against the decision of the High Court at the Court of Appeal. On 4 March 2010 the Court of Appeal reversed the decision of the High Court and ordered that the matter be returned to the High Court for full hearing. Accordingly, the summary judgement obtained against all four Defendants is no longer operative. The full trial including the counterclaim had since proceeded and recently concluded on 4 May 2011. Oral submissions by both parties were heard on 29 June 2011 and the matter is fixed for decision on 21 September 2011.

ETB's solicitors are of the view that ETB has a good chance of succeeding in this action.

44. COMMITMENTS AND CONTINGENCIES (CONT'D.)

(c) Contingent liabilities (cont'd.)

- (ii) A corporate borrower had issued a writ of summons and statement of claim against a subsidiary, Maybank Investment Bank Berhad ("Maybank IB"), in 2005 in the latter's capacity as agent bank for three financial institutions, claiming general, special and exemplary damages arising from alleged breach of duty owed by Maybank IB in connection with a syndicated facility.

The credit facilities consist of a bridging loan of RM58.5 million and a revolving credit facility of RM4 million which were granted by Maybank IB and the three syndicated lenders. The loan was subsequently restructured to RM38 million with terms for repayment. In 2006, Maybank IB and the three syndicated lenders filed a suit against the corporate borrower for the recovery of the said credit facilities. The 2 claims were heard together.

The High Court on 6 May 2009 entered judgment against Maybank IB as agent for the syndicated lenders for, inter alia, a sum of RM115.5 million with interest at 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 recovery action by Maybank IB and the three syndicated lenders was also dismissed.

At this juncture, Maybank as one of the syndicated lenders has an exposure of RM48 million out of the RM115.5 million awarded pursuant to the Judgment.

Maybank IB filed an appeal against the Judgment ("Appeal") and an application for stay of execution of the Judgment on 8 May 2009. On 24 June 2009, Maybank IB successfully obtained a stay order for execution of the Judgment pending the disposal of the Appeal against the Judgment. The corporate borrower's appeal to the Court of Appeal against the decision on the stay order was dismissed on 23 November 2009.

The Appeal is now fixed for case management before the Court of Appeal on 29 September 2011 pending the issuance of the notes of proceedings.

Maybank IB's solicitors are of the view that Maybank IB has a more than even chance of succeeding in its Appeal against the said Judgment.

- (iii) Mayban Trustees Berhad ("MTB"), as Trustee and Maybank Investment Bank Berhad ("Maybank IB") as Security Agent for the Senior Bonds and Junior Notes issued by a corporation were served with a Writ of Summons, Statement of Claim and Amended Statement of Claim on 29 December 2010 and 30 December 2010 respectively.

An individual as the sole Junior Noteholder of the Junior Notes issued, claimed against both MTB and Maybank IB, the sum of RM556.5 million together with interests and costs arising from the declaration made by MTB of an Event Of Default of the Senior Bonds and subsequent Event Of Default of the Junior Notes and for an alleged breach of fiduciary duties and duty of care by Maybank IB. MTB and Maybank IB do not admit any liability to this claim and will defend the suit. The trial has concluded and the decision is fixed for 30 September 2011.

The solicitors are of the view that both Maybank IB and MTB have a very good chance of success in defending this claim against them.

- (iv) On 8 April 2010, a corporate borrower ("the Plaintiff") had filed a civil suit against Malayan Banking Berhad ("Maybank") and two other Defendants at the Johor Bahru High Court ("JB High Court Suit") alleging that Maybank was in breach of its obligations to the Plaintiff under several banking facilities between them for refusing to allow the drawdown and/or refusing to allow the further drawdown of the banking facilities.

Maybank had offered several banking facilities to finance the Plaintiff's development in a mixed development project. Amongst the many securities granted were several debentures which gave Maybank a right to appoint a receiver and manager over the Plaintiff in the event of default of the banking facilities.

The 2nd and 3rd Defendants were receivers and managers ("R&M") appointed by Maybank under debentures given by the Plaintiff.

The Plaintiff had defaulted under the banking facilities granted by Maybank resulting in Maybank appointing the R&M.

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44. COMMITMENTS AND CONTINGENCIES (CONT'D.)

(c) Contingent liabilities (cont'd.)

(iv) (cont'd.)

Concurrent with this suit, the Plaintiff also filed an application for an interlocutory injunction to restrain Maybank from exercising its right to appoint a R&M. The application was heard on 23 November 2010 and allowed.

Maybank has filed an application to strike out the JB High Court Suit and the said application was dismissed by the JB High Court on 12 April 2011. Maybank's solicitors had filed an appeal on 25 April 2011. Maybank has also filed a counterclaim in the JB High Court Suit against the Plaintiff and its guarantors to recover all sums due and owing under the banking facilities granted to the Plaintiff. Pursuant thereto, Maybank has also filed an application for summary judgment against the Plaintiff and its guarantors that was fixed for case management on 13 May 2011. The case management was deferred to 31 May 2011 where the JB High Court has allowed Maybank's application to transfer the JB High Court Suit to KL High Court to be heard with the KL High Court Suit described below. As for the appeal, Maybank had requested the Court of Appeal to fix an early hearing date thereto.

Maybank was also subsequently served with a Writ of Summons and Statement of Claim on 25 March 2011 by the Plaintiff at the Kuala Lumpur High Court ("KL High Court Suit") for a sum of RM1.2 billion alleging that the appointment of the R&M was mala fide and with malice and that as a consequence thereof, it has purportedly suffered loss and damages.

The KL High Court has fixed trial dates for the KL High Court Suit on 21, 22 and 28 September 2011. Maybank has filed an application to strike out the KL High Court Suit which is fixed for hearing on 1 December 2011.

Maybank has been advised by its solicitors that there are no merits to the KL High Court Suit and it is frivolous and vexatious.

(v) In 2005, a subsidiary, Mayban Trustees Berhad ("MTB") and eleven other defendants were served with a writ of summons by ten plaintiffs/bondholders all of which are institutions, for an amount of approximately RM149.3 million. MTB was alleged to have acted in breach of trust and negligently in its capacity as Trustee for the bonds issued. MTB has defended the suit.

On 7 July 2008, the plaintiffs entered judgment by consent against certain defendants for the sum of RM149.3 million. The entering of the said judgment by consent is not in any way an admission of liability on the part of MTB.

On 4 August 2008, a defendant served a counterclaim on MTB for approximately RM535 million being losses allegedly incurred by it as a result of MTB unlawfully declaring an Event Of Default on the bonds. The defendant had however on 25 August 2009 withdrawn the counterclaim against MTB.

The High Court on 30 June 2010 awarded judgement against MTB and another defendant, being the Arranger for the bonds, for RM149.3 million. The judgment sum in favour of the plaintiffs/bondholders was apportioned at 40% against MTB and 60% against the other defendant. The High Court also dismissed MTB's other claims.

MTB had on 26 July 2010 filed the respective Notices of Appeal against the entire decision of the High Court. On 19 August 2010, MTB's solicitors filed an application for a joint hearing of MTB's appeals (hereinafter referred to as "Application"). The other defendant (the Arranger for the bonds) served its Notice of Appeal against the entire decision of the High Court on 27 July 2010.

The Application was fixed for hearing on 22 September 2010 and the Court granted order in terms for the Application. MTB's Record Of Appeal has been filed on 1 December 2010. The Plaintiffs have on 9 December 2010 served on MTB's lawyers their Notice Of Cross Appeal wherein the Plaintiffs have sought to vary the judgement of the High Court to include pre-judgement interest at 8% from 1 October 2005 to 29 June 2010.

44. COMMITMENTS AND CONTINGENCIES (CONT'D.)

(c) Contingent liabilities (cont'd.)

(v) (cont'd.)

The Court of Appeal had on 15 April 2011, fixed the hearing of MTB's appeals as well as the appeals of the Plaintiffs and the other defendant (the Arranger for the bonds) on 20 September 2011 to 23 September 2011 and 26 September 2011 to 30 September 2011.

The above contingent liability is covered by an existing Banker Blanket Bond Policy between the Bank and a subsidiary, Etiqa Insurance Berhad, which had entered into a facultative reinsurance contract for an insured sum of RM150 million with three (3) other re-insurers.

- (c) Risk Management provides risk oversight for the major risk categories including credit, market, liquidity, operational and other industry-specific risk types (e.g. insurance and stockbroking risks).
- (d) Risk Management ensures that the core risk policies of the Group are consistent, sets the risk tolerance level and facilitates the implementation of an integrated risk-adjusted measurement framework.
- (e) Risk Management is functionally and organisationally independent of business sectors and other risk taking units within the Group.
- (f) The Maybank Board, through the Risk Management Committee, maintains overall responsibility for the risk oversight function within the Group.
- (g) Risk Management ensures the execution of various risk policies and related decisions of the Board.

45. FINANCIAL RISK MANAGEMENT POLICIES

(a) **Financial risk management overview**

Risk Management is a critical pillar of the Group's operating model, complementing the other two pillars, which are business sector and support sector. A dedicated Board-level Risk Management Committee provides risk oversight of all material risks across the Maybank Group.

At the management level, the Executive Risk Committee and the Asset and Liability Management Committee ensure all key risks are managed in line with their respective Terms of Reference.

The Group's approach to risk management is premised on the following Seven Broad Principles of Risk Management:

- (a) The risk management approach is premised on the three lines of defence concept – risk taking units, risk control units and internal audit.
- (b) The risk taking units are responsible for the day-to-day management of risks inherent in their business activities while the risk control units are responsible for setting the risk management frameworks and developing tools and methodologies for the identification, measurement, monitoring, control and pricing of risks. Complementing this is Internal Audit which provides independent assurance of the effectiveness of the risk management approach.

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45. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D.)

(b) Financial instrument by category

Group 2011	Held-for- trading RM'000	Available- for-sale RM'000	Held-to- maturity RM'000	Loans and receivables RM'000	Sub-total RM'000	Assets not in scope of FRS 139 RM'000	Total RM'000
Assets							
Cash and short-term funds	-	-	-	38,803,519	38,803,519	-	38,803,519
Deposits and placements with financial institutions	-	-	-	10,291,513	10,291,513	-	10,291,513
Securities portfolio	4,141,978	47,258,558	9,638,714	-	61,039,250	-	61,039,250
Loans, advances and financing	-	-	-	253,976,426	253,976,426	-	253,976,426
Derivative assets	1,652,182	-	-	-	1,652,182	-	1,652,182
Other assets	-	-	-	5,660,156	5,660,156	1,075,366	6,735,522
Investment properties	-	-	-	-	-	45,051	45,051
Statutory deposits with Central Banks	-	-	-	7,698,425	7,698,425	-	7,698,425
Interest in associates	-	-	-	-	-	2,439,654	2,439,654
Property, plant and equipment	-	-	-	-	-	2,168,986	2,168,986
Intangible assets	-	-	-	-	-	6,509,048	6,509,048
Deferred tax assets	-	-	-	-	-	1,402,705	1,402,705
Life, general takaful and family takaful fund assets	-	-	-	-	-	19,196,413	19,196,413
TOTAL ASSETS	5,794,160	47,258,558	9,638,714	316,430,039	379,121,471	32,837,223	411,958,694

Group 2011	Held-for- trading RM'000	Other financial liabilities RM'000	Sub-total RM'000	Liabilities not in scope of FRS 139 RM'000	Total RM'000
Liabilities					
Deposits from customers	-	281,976,379	281,976,379	-	281,976,379
Deposits and placements of banks and other financial institutions	-	33,303,655	33,303,655	-	33,303,655
Obligations on securities sold under repurchase agreements	-	373,562	373,562	-	373,562
Bills and acceptances payable	-	8,513,401	8,513,401	-	8,513,401
Derivative liabilities	1,533,935	-	1,533,935	-	1,533,935
Other liabilities	-	8,071,363	8,071,363	3,240,491	11,311,854
Recourse obligation on loans sold to Cagamas	-	528,285	528,285	-	528,285
Provision for taxation and zakat	-	-	-	134,620	134,620
Deferred tax liabilities	-	-	-	247,892	247,892
Borrowings	-	5,447,120	5,447,120	-	5,447,120
Subordinated obligations	-	10,800,539	10,800,539	-	10,800,539
Capital securities	-	6,120,774	6,120,774	-	6,120,774
Life, general takaful and family takaful fund liabilities	-	-	-	5,408,600	5,408,600
Life, general takaful and family takaful policy holders' fund	-	-	-	13,787,813	13,787,813
TOTAL LIABILITIES	1,533,935	355,135,078	356,669,013	22,819,416	379,488,429

45. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D.)

(b) Financial instrument by category (cont'd.)

Bank 2011	Held-for- trading RM'000	Available- for-sale RM'000	Held-to- maturity RM'000	Loans and receivables RM'000	Sub-total RM'000	Assets not in scope of FRS 139 RM'000	Total RM'000
Assets							
Cash and short-term funds	-	-	-	25,803,796	25,803,796	-	25,803,796
Deposits and placements with financial institutions	-	-	-	7,644,471	7,644,471	-	7,644,471
Securities portfolio	2,884,895	40,262,042	8,339,494	-	51,486,431	-	51,486,431
Loans, advances and financing	-	-	-	181,572,844	181,572,844	-	181,572,844
Derivative assets	1,626,415	-	-	-	1,626,415	-	1,626,415
Other assets	-	-	-	1,146,591	1,146,591	273,774	1,420,365
Statutory deposits with Central Banks	-	-	-	4,313,116	4,313,116	-	4,313,116
Investment in subsidiaries	-	-	-	-	-	17,070,392	17,070,392
Interest in associates	-	-	-	-	-	454,412	454,412
Property, plant and equipment	-	-	-	-	-	1,170,183	1,170,183
Intangible assets	-	-	-	-	-	177,270	177,270
Deferred tax assets	-	-	-	-	-	920,837	920,837
TOTAL ASSETS	4,511,310	40,262,042	8,339,494	220,480,818	273,593,664	20,066,868	293,660,532

Bank 2011	Held-for- trading RM'000	Other financial liabilities RM'000	Sub-total RM'000	Liabilities not in scope of FRS 139 RM'000	Total RM'000
Liabilities					
Deposits from customers	-	201,465,408	201,465,408	-	201,465,408
Deposits and placements of banks and other financial institutions	-	31,441,675	31,441,675	-	31,441,675
Obligations on securities sold under repurchase agreements	-	373,562	373,562	-	373,562
Bills and acceptances payable	-	7,115,673	7,115,673	-	7,115,673
Derivative liabilities	1,446,311	-	1,446,311	-	1,446,311
Other liabilities	-	2,631,835	2,631,835	1,608,321	4,240,156
Recourse obligation on loans sold to Cagamas	-	528,285	528,285	-	528,285
Borrowings	-	3,420,499	3,420,499	-	3,420,499
Subordinated obligations	-	9,509,786	9,509,786	-	9,509,786
Capital Securities	-	6,120,774	6,120,774	-	6,120,774
TOTAL LIABILITIES	1,446,311	262,607,497	264,053,808	1,608,321	265,662,129

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45. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D.)

(c) Credit risk management

1. Credit risk management overview

Risk appetite for credit risk is an expression of the amount of risk that the Group is willing to take in pursuing its strategic objectives. It reflects the Group's capacity to sustain potential losses arising from a range of potential consequences under different stress scenarios. This is defined in terms of both impact to earnings and maintenance of minimum regulatory capital requirements.

These are used as a basis for establishing the risk parameters within which businesses must operate, including policies, concentration limits and business mix. Credit concentration risk is managed within concentration caps set by counterparties, industry sector and country. Additional monitoring on concentration by credit rating, credit exposures and external trends are also being conducted regularly for proactive management of our credit portfolio.

Credit risk definition

Credit risk arises as a result of customers or counter-parties' failure or unwillingness to fulfill their financial and contractual obligations as and when they arise. These obligations arise from the Group's direct lending operations, trade finance and its funding, investment and trading activities undertaken by the Group. As the Group's primary business is in commercial banking, the Group's exposure to credit risk is primarily from its lending activities and financing to consumer retail, small and medium-sized enterprises ("SMEs") and corporate customers. Other activities such as trading or holding of debt securities, settlement of transactions, also expose the Group to credit risk and counterparty credit risk.

Management of credit risk

Corporate and institutional credit risks are assessed by business units and approved by various level of authorities, highest being Group Credit Management Committee. Each customer is assigned a credit rating based on the assessment of relevant factors including customer's financial position, types of facilities and securities offered.

Reviews are conducted at least once a year with updated information on customer's financial position, market position, industry and economic condition and account conduct. Corrective actions are taken when the accounts show signs of credit deterioration.

A two-pronged approach is adopted:

- i) Managing the credit risk
- ii) Managing the credit portfolio

To manage large exposures, the Group has in place, amongst others, the following limits and related lending guidelines to avoid undue concentration of credit risk in its loan portfolio:

- Countries
- Business Segments
- Economic Sectors
- Single Customer Groups
- Banks & Non-Bank Financial Institutions
- Counterparties
- Collaterals

To effectively manage vulnerable corporate and institutional credits of the Group, there are dedicated teams comprising Corporate Remedial Management at Head Office and Loan Management Centres at Regional Offices. Vulnerable consumer credits are managed by the Recovery Management Unit at Head Office and Asset Quality Management Centres at Regional Offices. Special attention is given to these vulnerable credits where more frequent and intensive reviews are performed in order to accelerate remedial action.

A post-approval evaluation of credit facilities is emplaced and performed by the Credit Review team, with checks to ensure that credit facilities are properly appraised and approved. The team also reviews credit applications with overrides and/or policy breaches to assess the adequacy of justification and mitigation when approving such overrides/breaches. This is to ensure that the Group's credit evaluation process is properly benchmarked against best practices and that credit policies and product guidelines are continuously enhanced to ensure that they remain relevant in managing credit risks. Findings of the Credit Review team are tabled at the risk committees for review and remedial actions.

A dedicated Credit Risk Management team designs strategies to achieve a desired ideal portfolio risk tolerance level. The teams also prepares regular credit risk reports which are submitted to the various risk committees as part of on-going monitoring and review of borrowers and loan portfolios. Periodic credit stress testing exercises under selected scenarios are also performed and the results reported.

45. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D.)

(c) Credit risk management (cont'd.)

1. Credit risk management overview (cont'd.)

Credit risk management (CRM) Framework

The Credit Risk Management framework includes comprehensive credit risk policies, frameworks, tools and methodologies for identification, measurement, monitoring and control of credit risk on a consistent basis. Components of the CRM framework constitute:

- Strong emphasis in creating and enhancing credit risk awareness.
- Comprehensive selection and training of lending personnel in the management of credit risk.
- Leveraging on knowledge sharing tools including e-learning courses to enhance credit skills within the Group.

The Group's credit approving process encompasses pre-approval evaluation, approval and post-approval evaluation. The Credit Risk Management sub-sector (CRM) is responsible for developing, enhancing and communicating an effective and consistent credit risk management framework across the Group to ensure appropriate credit policies are in place to identify, measure, control and monitor such risks.

In view that authority limits are directly related to the risk levels of the borrower and transaction, a Risk-Based Authority Limit structure was implemented based on the Expected Loss framework and internally developed Credit Risk Rating System (CRRS).

2. Maximum exposure to credit risk

The following analysis represents the Group's maximum exposure to credit risk of on-balance sheet financial assets and off-balance sheet exposures, without taking into account of any collateral held or other credit enhancements. For on-balance sheet financial assets, the exposure to credit risk equals their carrying amount. For off-balance sheet exposures, the maximum exposure to credit risk is the maximum amount that the Group would have to pay if the obligations of the instruments issued are called upon and/or the full amount of the undrawn credit facilities granted to customers.

	Maximum exposure	
	Group 2011 RM'000	Bank 2010 RM'000
Credit exposure for on-balance sheet assets:		
Cash and short-term funds	38,803,519	25,803,796
Deposits and placements with financial institutions	10,291,513	7,644,471
Securities portfolio	59,962,155	51,350,790
Loans, advances and financing	253,976,426	181,572,844
Derivative assets	1,652,182	1,626,415
Other assets	5,660,156	1,146,591
Statutory deposits with Central Banks	7,698,425	4,313,116
	378,044,376	273,458,023
Credit exposure for off-balance sheet items:		
Direct credit substitutes	6,752,978	4,649,552
Certain transaction-related contingent items	11,877,557	10,543,747
Short-term self-liquidating trade-related contingencies	2,568,575	2,408,875
Islamic hire purchase financial sold to Cagamas	682,679	–
Irrevocable commitments to extend credit	108,014,657	93,687,177
Miscellaneous	9,605,986	9,576,083
	139,502,432	120,865,434
Total maximum credit risk exposure	517,546,808	394,323,457

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45. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D.)

(c) Credit risk management (cont'd.)

3. Credit risk concentration profile

A concentration of credit risk exists when a number of counterparties are engaged in similar activities and have similar economic characteristics that would cause their ability to meet contractual obligations to be similarly affected by changes in economic or other conditions. The Group analysed the concentration credit risk by geographic purpose and industry segment as follows:

- (a) Concentration of credit risk for both on-balance sheet financial assets and off-balance sheet exposures analysed by geographic purpose are as follows:

Group 2011	Cash and short-term funds RM'000	Deposits and placements with financial institutions RM'000	Securities portfolio RM'000	Loans, advances and financing RM'000	Derivative assets RM'000	Other assets RM'000	Statutory deposits with Central Banks RM'000	Total RM'000	Commitment and contingencies RM'000
Malaysia	28,261,629	3,937,844	39,984,918	167,618,176	1,054,685	3,548,113	3,607,104	248,012,469	105,237,593
Singapore	3,572,065	1,352,591	10,340,991	54,725,102	570,338	602,114	1,523,923	72,687,124	24,578,168
Indonesia	1,996,092	836,193	3,484,158	21,154,585	26,642	585,088	1,975,346	30,058,104	1,407,711
Labuan offshore	1,218,224	1,405,747	776,995	3,661,171	–	1,634	–	7,063,771	1,781,069
Hong Kong SAR	1,996,787	1,222,740	2,679,524	4,394,796	394	308,241	–	10,602,482	2,963,321
United States of America	171,394	779,690	978,011	1,176,644	–	140,341	–	3,246,080	1,381,451
People's Republic of China	93,423	58,656	–	986,362	–	1,078	–	1,139,519	407,443
Vietnam	52,746	38,643	–	516,692	–	272	1,460	609,813	446,890
United Kingdom	1,114,072	235,305	322,506	1,257,980	–	38,344	–	2,968,207	996,906
Philippines	86,470	3,956	867,019	1,396,499	–	60,766	486,700	2,901,410	21,266
Brunei	16,025	55,087	49,162	159,334	–	13	19,056	298,677	124,617
Cambodia	66,685	249,565	–	419,304	–	–	75,577	811,131	115,012
Bahrain	202	–	209,994	184,690	–	–	–	394,886	–
Papua New Guinea	–	–	265,516	115,297	–	8,543	9,259	398,615	40,985
Thailand	49,529	23,725	–	437,722	–	302,685	–	813,661	–
India	6,905	30,268	–	–	–	1,282	–	38,455	–
Others	101,271	61,503	3,361	43,280	123	61,642	–	271,180	–
	38,803,519	10,291,513	59,962,155	258,247,634	1,652,182	5,660,156	7,698,425	382,315,584	139,502,432
Less: Collective allowance	–	–	–	(4,271,208)	–	–	–	(4,271,208)	–
	38,803,519	10,291,513	59,962,155	253,976,426	1,652,182	5,660,156	7,698,425	378,044,376	139,502,432

45. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D.)

(c) Credit risk management (cont'd.)

3. Credit risk concentration profile (cont'd.)

- (a) Concentration of credit risk for both on-balance sheet financial assets and off-balance sheet exposures analysed by geographic purpose are as follows: (cont'd.)

Bank 2011	Cash and short-term funds RM'000	Deposits and placements with financial institutions RM'000	Securities portfolio RM'000	Loans, advances and financing RM'000	Derivative assets RM'000	Other assets RM'000	Statutory deposits with Central Banks RM'000	Total RM'000	Commitment and contingencies RM'000
Malaysia	19,501,134	4,100,957	36,780,833	121,591,575	1,055,683	993,986	2,693,100	186,717,268	89,851,626
Singapore	3,022,319	1,187,932	10,330,760	54,188,181	570,338	141,292	1,523,923	70,964,745	24,578,168
Hong Kong SAR	1,909,860	1,091,041	2,679,524	4,271,855	394	5,671	-	9,958,345	2,963,321
United States of America	140,004	695,827	978,011	1,176,644	-	5,214	-	2,995,700	1,381,451
People's Republic of China	86,865	52,347	-	986,362	-	19	-	1,125,593	407,443
Vietnam	49,032	34,487	-	516,692	-	288	1,460	601,959	446,890
United Kingdom	1,017,323	209,996	322,506	1,257,980	-	107	-	2,807,912	996,906
Brunei	14,932	49,162	49,162	159,334	-	14	19,056	291,660	124,617
Cambodia	62,139	222,722	-	419,304	-	-	75,577	779,742	115,012
Bahrain	188	-	209,994	184,690	-	-	-	394,872	-
	25,803,796	7,644,471	51,350,790	184,752,617	1,626,415	1,146,591	4,313,116	276,637,796	120,865,434
Less: Collective allowance	-	-	-	(3,179,773)	-	-	-	(3,179,773)	-
	25,803,796	7,644,471	51,350,790	181,572,844	1,626,415	1,146,591	4,313,116	273,458,023	120,865,434

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45. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D.)

(c) Credit risk management (cont'd.)

3. Credit risk concentration profile (cont'd.)

(b) Concentration of credit risk for both on-balance sheet financial assets and off-balance sheet exposures analysed by industry sector are as follows:

Group 2011	Cash and short-term funds RM'000	Deposits and placements with financial institutions RM'000	Securities portfolio RM'000	Loans, advances and financing RM'000	Derivative assets RM'000	Other assets RM'000	Statutory deposits with Central Banks RM'000	Total RM'000	Commitment and contingencies RM'000
Agriculture	-	-	255,679	4,716,612	-	-	-	4,972,291	1,814,330
Mining and quarrying	-	-	23,050	1,311,519	-	-	-	1,334,569	486,968
Manufacturing	-	-	399,863	26,406,978	-	-	-	26,806,841	9,781,499
Construction	-	-	827,304	19,514,562	-	-	-	20,341,866	10,255,527
Electricity, gas and water supply	-	-	2,827,977	6,457,513	-	-	-	9,285,490	3,388,165
Wholesale, retail trade, restaurants and hotels	-	-	265,247	22,026,618	-	-	-	22,291,865	8,134,038
Finance, insurance, real estate and business	38,803,264	10,288,635	47,181,345	41,427,342	1,652,182	5,634,658	7,698,425	152,685,851	55,713,260
Transport, storage and communication	-	-	2,641,323	10,842,967	-	-	-	13,484,290	4,920,258
Education, health and others	-	-	11,008	4,735,128	-	-	-	4,746,136	2,292,071
Household	-	-	81,542	110,616,466	-	-	-	110,698,008	40,392,393
Others	255	2,878	5,447,817	10,191,929	-	25,498	-	15,668,377	2,323,923
	38,803,519	10,291,513	59,962,155	258,247,634	1,652,182	5,660,156	7,698,425	382,315,584	139,502,432
Less: Collective allowance	-	-	-	(4,271,208)	-	-	-	(4,271,208)	-
	38,803,519	10,291,513	59,962,155	253,976,426	1,652,182	5,660,156	7,698,425	378,044,376	139,502,432

45. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D.)

(c) Credit risk management (cont'd.)

3. Credit risk concentration profile (cont'd.)

(b) Concentration of credit risk for both on-balance sheet financial assets and off-balance sheet exposures analysed by industry sector are as follows: (cont'd.)

Bank 2011	Cash and short-term funds RM'000	Deposits and placements with financial institutions RM'000	Securities portfolio RM'000	Loans, advances and financing RM'000	Derivative assets RM'000	Other assets RM'000	Statutory deposits with Central Banks RM'000	Total RM'000	Commitment and contingencies RM'000
Agriculture	-	-	154,753	3,076,615	-	-	-	3,231,368	1,411,812
Mining and quarrying	-	-	22,807	591,234	-	-	-	614,041	268,280
Manufacturing	-	-	319,944	18,244,673	-	-	-	18,564,617	8,111,041
Construction	-	-	672,218	17,571,166	-	-	-	18,243,384	7,970,691
Electricity, gas and water supply	-	-	2,267,142	5,072,218	-	-	-	7,339,360	3,206,630
Wholesale, retail trade, restaurants and hotels	-	-	256,655	16,004,572	-	-	-	16,261,227	7,104,670
Finance, insurance, real estate and business	25,803,796	7,644,471	42,649,592	33,606,866	1,626,415	1,121,993	4,313,116	116,766,249	51,016,179
Transport, storage and communication	-	-	2,492,814	7,218,438	-	-	-	9,711,252	4,242,930
Education, health and others	-	-	10,639	4,066,687	-	-	-	4,077,326	1,781,419
Household	-	-	10,676	77,684,310	-	-	-	77,694,986	33,945,608
Others	-	-	2,493,550	1,615,838	-	24,598	-	4,133,986	1,806,174
	25,803,796	7,644,471	51,350,790	184,752,617	1,626,415	1,146,591	4,313,116	276,637,796	120,865,434
Less: Collective allowance	-	-	-	(3,179,773)	-	-	-	(3,179,773)	-
	25,803,796	7,644,471	51,350,790	181,572,844	1,626,415	1,146,591	4,313,116	273,458,023	120,865,434

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45. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D.)

(c) Credit risk management (cont'd.)

4. Collateral

The main types of collateral obtained by the Group and the Bank to mitigate credit risk are as follows:

- For mortgages – charges over residential properties
- For auto loans and financing – ownership claims over the vehicles financed
- For share margin financing – pledges over securities from listed exchanges
- For commercial property loans and financing – charges over the properties being financed
- For other loans and financing – charges over business assets such as premises, inventories, trade receivables or deposits

5. Credit quality of financial assets

Credit classification for financial assets

For the purposes of disclosure relating to FRS 7, all financial assets are categorised into the following:

- neither past due nor impaired
- past due but not impaired
- past due and impaired

The four credit quality categories set out and defined below, from very low to high, apart from impaired, describe the credit quality of the Group's lending. These classifications encompass a range of more granular, internal gradings assigned to loans, advances and financing whilst external gradings are applied to securities. There is no direct correlation between the internal and external ratings at a granular level, except the extent each falls within a single credit quality band.

Risk Category	Probability of default ("PD") Grade	External credit ratings based on S&P's ratings	External credit ratings based on RAM's ratings
Very low	1–5	AAA to A-	AAA to AA
Low	6–10	A- to BBB-	AA to A
Moderate	11–15	BB+ to B+	A to BBB
High	16–21	B+ to CCC	BBB to C

Risk category is as described below:

Very Low:	Obligors rated in this category have an excellent capacity to meet financial commitments with very low credit risk.
Low:	Obligors rated in this category have a good capacity to meet financial commitments with very low credit risk.
Moderate:	Obligors rated in this category have a fairly acceptable capacity to meet financial commitments with moderate credit risk.
High:	Obligors rated in this category have uncertain capacity to meet financial commitments and are subject to high credit risk.

Other than the above rated risk categories, other categories used internally are as follows:

Impaired/default:	Obligors with objective evidence of impairment as a result of one or more events that has an impact on the estimated future cash flows of the obligors that can be reliably estimated. The detailed definition is further disclosed in Note 3(vi) (d) to the financial statements.
Unrated:	Refer to borrower which are currently not assigned with borrowers' ratings due to unavailability of ratings models.
Sovereign:	Refer to obligors which are governments and/or government-related agencies.

45. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D.)

(c) Credit risk management (cont'd.)

6. Credit quality of financial assets – gross loans, advances and financing

Group 2011	Neither past due nor impaired RM'000	Due within 30 days RM'000	Past due but not impaired		Total RM'000	Impaired RM'000	Total RM'000
			Due within 31 to 60 days RM'000	Due within 61 to 90 days RM'000			
Overdrafts	13,378,291	182,653	119,516	105,072	407,241	1,817,447	15,602,979
Term loans	163,850,472	9,840,170	1,876,128	3,621,787	15,338,085	5,620,290	184,808,847
Others	54,545,446	3,618,463	833,448	451,455	4,903,366	1,319,125	60,767,937
Gross loans, advances and financing	231,774,209	13,641,286	2,829,092	4,178,314	20,648,692	8,756,862	261,179,763
Less:							
– Individual allowance							(2,932,129)
– Collective allowance							(4,271,208)
							(7,203,337)
							253,976,426
As a percentage of total gross loans, advances and financing	88.74%	5.22%	1.08%	1.60%	7.91%	3.35%	100.00%

Summary of risk categories of gross loans, advances and financing of the Group are assessed based on credit quality classification as described in Note 45 (c) (5).

Group 2011	Neither past due but not impaired					Total RM'000
	Very low RM'000	Low RM'000	Moderate RM'000	High RM'000	Unrated RM'000	
Overdrafts	824,877	2,638,928	5,837,043	2,391,226	1,686,217	13,378,291
Term loans	34,106,825	54,165,935	35,569,505	12,168,441	27,839,766	163,850,472
Others	11,230,198	15,618,229	12,879,015	2,487,354	12,330,650	54,545,446
– neither past due nor impaired	46,161,900	72,423,092	54,285,563	17,047,021	41,856,633	231,774,209
As a percentage of total gross loans, advances and financing	17.67%	27.73%	20.78%	6.53%	16.03%	88.74%

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45. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D.)

(c) Credit risk management (cont'd.)

6. Credit quality of financial assets – gross loans, advances and financing (cont'd.)

Bank 2011	Neither past due nor impaired RM'000	Due within 30 days RM'000	Past due but not impaired		Total RM'000	Impaired RM'000	Total RM'000
			Due within 31 to 60 days RM'000	Due within 61 to 90 days RM'000			
Overdrafts	9,333,680	150,386	108,449	31,624	290,459	1,505,975	11,130,114
Term loans	112,192,258	8,664,481	1,616,355	3,052,737	13,333,573	4,129,469	129,655,300
Others	44,970,781	228,654	65,589	76,024	370,267	742,052	46,083,100
Gross loans, advances and financing	166,496,719	9,043,521	1,790,393	3,160,385	13,994,299	6,377,496	186,868,514
Less:							
– Individual allowance							(2,115,897)
– Collective allowance							(3,179,773)
							(5,295,670)
							181,572,844
As a percentage of total gross loans, advances and financing	89.10%	4.84%	0.96%	1.69%	7.49%	3.41%	100.00%

Summary of risk categories of gross loans, advances and financing of the Bank are assessed based on credit quality classification as described in Note 45 (c) (5).

Bank 2011	Neither past due but not impaired					Total RM'000
	Very low RM'000	Low RM'000	Moderate RM'000	High RM'000	Unrated RM'000	
Overdrafts	238,841	1,636,716	4,290,654	1,817,916	1,349,553	9,333,680
Term loans	16,819,459	41,934,966	23,589,832	6,785,164	23,062,837	112,192,258
Others	11,176,776	12,947,582	10,417,123	2,128,517	8,300,783	44,970,781
– neither past due nor impaired	28,235,076	56,519,264	38,297,609	10,731,597	32,713,173	166,496,719
As a percentage of total gross loans, advances and financing	15.11%	30.25%	20.49%	5.74%	17.51%	89.10%

45. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D.)

(c) Credit risk management (cont'd.)

7. Credit quality of financial assets–securities portfolio and other financial assets

Group 2011	Neither past due nor impaired RM'000	Impaired RM'000	Total RM'000	Impairment allowance RM'000	Net Total RM'000
Cash and short-term funds	38,803,519	–	38,803,519	–	38,803,519
Deposits and placements with financial institutions	10,291,513	–	10,291,513	–	10,291,513
Securities portfolio	58,985,122	2,000,020	60,985,142	(1,022,987)	59,962,155
Derivative assets	1,652,182	–	1,652,182	–	1,652,182
Other assets	5,640,516	82,606	5,723,122	(62,966)	5,660,156
Statutory deposits with Central Banks	7,698,425	–	7,698,425	–	7,698,425
	123,071,277	2,082,626	125,153,903	(1,085,953)	124,067,950
As percentage of gross balances	98.34%	1.66%	100.00%		

Summary of risk categories of securities portfolio and other financial assets of the Group are assessed based on credit quality classification as described in Note 45 (c) (5).

Group 2011	Sovereign RM'000	Very low RM'000	Low RM'000	Moderate RM'000	High RM'000	Unrated RM'000	Total RM'000
Cash and short-term funds	21,061,621	5,484,862	3,477,722	628,067	35,200	8,116,047	38,803,519
Deposits and placements with financial institutions	941,785	213,031	3,530,608	602,263	33,255	4,970,571	10,291,513
Securities portfolio	30,332,971	23,182,421	1,347,087	1,001,434	464,456	2,656,753	58,985,122
Derivative assets	6,250	772,185	595,941	238,969	808	38,029	1,652,182
Other assets	–	–	–	–	–	5,640,516	5,640,516
Statutory deposits with Central Banks	7,698,425	–	–	–	–	–	7,698,425
	60,041,052	29,652,499	8,951,358	2,470,733	533,719	21,421,916	123,071,277
As percentage of gross balances	47.97%	23.69%	7.15%	1.97%	0.43%	17.12%	98.34%

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45. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D.)

(c) Credit risk management (cont'd.)

7. Credit quality of financial assets–securities portfolio and other financial assets (cont'd.)

Bank 2011	Neither past due nor impaired RM'000	Impaired RM'000	Total RM'000	Impairment allowance RM'000	Net Total RM'000
Cash and short-term funds	25,803,796	–	25,803,796	–	25,803,796
Deposits and placements with financial institutions	7,644,471	–	7,644,471	–	7,644,471
Securities portfolio	50,433,902	1,887,843	52,321,745	(970,955)	51,350,790
Derivative assets	1,626,415	–	1,626,415	–	1,626,415
Other assets	1,126,951	82,606	1,209,557	(62,966)	1,146,591
Statutory deposits with Central Banks	4,313,116	–	4,313,116	–	4,313,116
	90,948,651	1,970,449	92,919,100	(1,033,921)	91,885,179
As percentage of gross balances	97.88%	2.12%	100.00%		

Summary of risk categories of securities portfolio and other financial assets of the Bank are assessed based on credit quality classification as described in Note 45 (c) (5).

Bank 2011	Sovereign RM'000	Very low RM'000	Low RM'000	Moderate RM'000	High RM'000	Unrated RM'000	Total RM'000
Cash and short-term funds	11,142,491	5,190,781	3,462,945	351,855	–	5,655,724	25,803,796
Deposits and placements with financial institutions	186,032	100,778	3,523,722	198,828	–	3,635,111	7,644,471
Securities portfolio	23,685,785	21,785,476	837,056	510,068	246,179	3,369,338	50,433,902
Derivative assets	–	703,791	567,372	226,518	768	127,966	1,626,415
Other assets	–	–	–	–	–	1,126,951	1,126,951
Statutory deposits with Central Banks	4,313,116	–	–	–	–	–	4,313,116
	39,327,424	27,780,826	8,391,095	1,287,269	246,947	13,915,090	90,948,651
As percentage of gross balances	42.32%	29.90%	9.03%	1.39%	0.27%	14.98%	97.88%

45. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D.)

(c) Credit risk management (cont'd.)

8. Credit quality of impaired financial assets

(i) Impaired financial assets analysed by geographic purpose are as follows:

Group 2011	Loans, advances and financing RM'000	Securities portfolio RM'000	Other assets RM'000	Total RM'000
Malaysia	6,712,570	1,676,022	82,606	8,471,198
Singapore	402,468	–	–	402,468
Indonesia	873,692	62,501	–	936,193
Labuan offshore	351,094	–	–	351,094
Hong Kong SAR	84,853	49,254	–	134,107
United States of America	–	30,230	–	30,230
Vietnam	75,692	–	–	75,692
United Kingdom	141,478	127,179	–	268,657
Philippines	50,733	13,204	–	63,937
Brunei	2,613	–	–	2,613
Cambodia	12,499	–	–	12,499
Bahrain	48,708	34,005	–	82,713
Thailand	462	–	–	462
Others	–	7,625	–	7,625
	8,756,862	2,000,020	82,606	10,839,488

Bank 2011	Loans, advances and financing RM'000	Securities portfolio RM'000	Other assets RM'000	Total RM'000
Malaysia	5,769,484	1,647,175	82,606	7,499,265
Singapore	242,169	–	–	242,169
Hong Kong SAR	84,853	49,254	–	134,107
United States of America	–	30,230	–	30,230
Vietnam	75,692	–	–	75,692
United Kingdom	141,478	127,179	–	268,657
Brunei	2,613	–	–	2,613
Cambodia	12,499	–	–	12,499
Bahrain	48,708	34,005	–	82,713
	6,377,496	1,887,843	82,606	8,347,945

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45. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D.)

(c) Credit risk management (cont'd.)

8. Credit quality of impaired financial assets (cont'd.)

(ii) Impaired financial assets analysed by industry sectors are as follows:

Group 2011	Loans, advances and financing RM'000	Securities portfolio RM'000	Other assets RM'000	Total RM'000
Agriculture	154,061	27,560	–	181,621
Mining and quarrying	210,375	–	–	210,375
Manufacturing	2,526,157	56,567	–	2,582,724
Construction	852,027	90,803	–	942,830
Electricity, gas and water supply	434,290	251,405	–	685,695
Wholesale, retail trade, restaurants and hotels	877,377	–	–	877,377
Finance, insurance, real estate and business	501,392	349,865	82,606	933,863
Transport, storage and communication	904,040	46,271	–	950,311
Education, health and others	124,549	–	–	124,549
Household	1,303,994	–	–	1,303,994
Others	868,600	1,177,549	–	2,046,149
	8,756,862	2,000,020	82,606	10,839,488

Bank 2011	Loans, advances and financing RM'000	Securities portfolio RM'000	Other assets RM'000	Total RM'000
Agriculture	140,765	–	–	140,765
Mining and quarrying	5,940	–	–	5,940
Manufacturing	1,971,066	56,567	–	2,027,633
Construction	720,305	90,349	–	810,654
Electricity, gas and water supply	411,533	251,405	–	662,938
Wholesale, retail trade, restaurants and hotels	693,278	–	–	693,278
Finance, insurance, real estate and business	315,683	335,828	82,606	734,117
Transport, storage and communication	578,221	–	–	578,221
Education, health and others	41,237	–	–	41,237
Household	1,266,969	–	–	1,266,969
Others	232,499	1,153,694	–	1,386,193
	6,377,496	1,887,843	82,606	8,347,945

9. Fair value of collateral held

Financial assets past due but not impaired

The fair value of collateral held as security in respect of financial assets past due but not impaired is not disclosed by the Group and the Bank as it is not practicable to do so.

Impaired financial assets

2011	Group RM'000	Bank RM'000
Gross impaired financial assets		
– Loans, advances and financing	8,756,862	6,377,496
– Securities portfolio	2,000,020	1,887,843
– Others	82,606	82,606
	10,839,488	8,347,945
Fair value of collateral	5,790,680	4,571,591

45. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D.)

(c) Credit risk management (cont'd.)

10. Renegotiated financial assets for neither past due nor impaired financial assets

2011	Group RM'000	Bank RM'000
Financial assets that would have been past due or impaired had they not been renegotiated	947,111	546,676

11. Possessed collateral

Assets obtained by taking possession of collateral held as security against loans, advances and financing, and held as at the end of the year are as follows:

2011	Group RM'000	Bank RM'000
Residential properties	14,946	1,575
Non residential properties	110,013	41,227
	124,959	42,802

Reposessed collateral are sold as soon as practicable. Reposessed collateral are included under other assets on the statement of financial position. The Group and the Bank do not occupy reposessed properties for its business use.

12. Reconciliation of allowance account

Movements in allowances for impairment losses for financial assets are as follows:

Group	Loans, advances and financing RM'000	Securities available- for-sale RM'000	Securities held-to- maturity RM'000	Other assets RM'000	Total RM'000
<u>Individual allowance</u>					
At 1 July 2010					
– as previously stated	–	839,365	32,062	64,689	936,116
– effect of adopting FRS 139	3,981,073	35,460	–	–	4,016,533
At 1 July 2010, as restated	3,981,073	874,825	32,062	64,689	4,952,649
Allowance made during the year	651,725	151,530	6,597	4,432	814,284
Amount written back	(291,066)	(54,865)	(775)	–	(346,706)
Amount written off	(1,185,904)	(16,184)	–	(2,739)	(1,204,827)
Transferred (to)/from impairment losses in securities	(51,475)	37,864	–	–	(13,611)
Transferred to collective allowance	(173,038)	–	–	–	(173,038)
Acquisition of subsidiaries	50,315	–	–	–	50,315
Exchange differences	(49,501)	(8,067)	–	(3,416)	(60,984)
At 30 June 2011	2,932,129	985,103	37,884	62,966	4,018,082

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45. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D.)

(c) Credit risk management (cont'd.)

12. Reconciliation of allowance account (cont'd.)

Movements in allowances for impairment losses for financial assets are as follows: (cont'd.)

Group	Loans, advances and financing RM'000	Securities available- for-sale RM'000	Securities held-to- maturity RM'000	Other assets RM'000	Total RM'000
<u>Collective allowance</u>					
At 1 July 2010					
– as previously stated	–	–	–	–	–
– effect of adopting FRS 139	4,741,229	–	–	–	4,741,229
At 1 July 2010, as restated	4,741,229	–	–	–	4,741,229
Allowance made during the year	774,955	–	–	–	774,955
Amount written back	(42)	–	–	–	(42)
Amount written off	(1,424,744)	–	–	–	(1,424,744)
Transferred from impairment losses in securities	13,612	–	–	–	13,612
Transferred from individual allowance	173,038	–	–	–	173,038
Exchange differences	(6,840)	–	–	–	(6,840)
At 30 June 2011	4,271,208	–	–	–	4,271,208

Movements in allowances for impairment losses for financial assets are as follows:

Bank	Loans, advances and financing RM'000	Securities available-for- sale RM'000	Securities held-to- maturity RM'000	Other assets RM'000	Total RM'000
<u>Individual allowance</u>					
At 1 July 2010					
– as previously stated	–	794,664	32,062	64,689	891,415
– effect of adopting FRS 139	2,909,013	35,460	–	–	2,944,473
At 1 July 2010, as restated	2,909,013	830,124	32,062	64,689	3,835,888
Allowance made during the year	471,883	150,796	–	4,432	627,111
Amount written back	(207,265)	(54,865)	(775)	–	(262,905)
Amount written off	(936,464)	(16,184)	–	(2,739)	(955,387)
Transferred (to)/from impairment losses in securities	(51,475)	37,863	–	–	(13,612)
Transferred to collective allowance	(57,227)	–	–	–	(57,227)
Exchange differences	(12,568)	(8,066)	–	(3,416)	(24,050)
At 30 June 2011	2,115,897	939,668	31,287	62,966	3,149,818

45. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D.)

(c) Credit risk management (cont'd.)

12. Reconciliation of allowance account (cont'd.)

Movements in allowances for impairment losses for financial assets are as follows: (cont'd.)

Bank	Loans, advances and financing RM'000	Securities available-for- sale RM'000	Securities held-to- maturity RM'000	Other assets RM'000	Total RM'000
<u>Collective allowance</u>					
At 1 July 2010					
– as previously stated	–	–	–	–	–
– effect of adopting FRS 139	3,665,506	–	–	–	3,665,506
At 1 July 2010, as restated	3,665,506	–	–	–	3,665,506
Allowance made during the year	117,091	–	–	–	117,091
Amount written off	(687,814)	–	–	–	(687,814)
Transferred from impairment losses in securities	13,612	–	–	–	13,612
Transferred from individual allowance	57,227	–	–	–	57,227
Exchange differences	14,151	–	–	–	14,151
At 30 June 2011	3,179,773	–	–	–	3,179,773

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45. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D.)

(d) Market risk management

1. Market risk management overview

Market risk management

Maybank Group recognises market risk as the risk of losses in earnings and capital resulting from changes in market prices and interest rates. The Group's market risk exposures are primarily from the proprietary trading and customer driven activities. The primary categories of market risk for Maybank Group are:

- (i) Interest rate risk : arising from changes in yield curves, credit spreads and implied volatilities on interest rate options;
- (ii) Foreign exchange rate risk : arising from changes in exchange rates and implied volatilities on foreign exchange options;
- (iii) Commodity price risk : arising from changes in commodity prices and commodity option implied volatilities; and
- (iv) Equity price risk : arising from changes in the prices of equities, equity indices, equity baskets and implied volatilities on related options.

2. Management of market risk

The Risk Management Committee ("RMC") approves the Group's market risk management framework and market risk appetite taking into account of business volumes, targeted returns, market volatility and ranges of products and services.

The Asset and Liability Management Committee ("ALCO") is responsible, under the authority delegated by the RMC, for setting market risk limits by entity, business level, geographical location and portfolio level. ALCO is also responsible for policies, limits and control standards for the managing market risk and overseeing their effective implementation. The Group has an approved Trading Book Policy Statement with clearly defined policies and procedures to determine exposures arising from trading activities for regulatory capital calculation. This is in accordance to Bank Negara Malaysia's requirement as per Risk Weighted Capital Adequacy Framework (Basel II – Risk Weighted Asset Computation) guidelines dated 30 June 2007.

Market Risk Management ("MRM") is the independent risk control unit and is responsible for ensuring efficient implementation of market risk management frameworks and that adequate risk controls are in place to support business growth. Its primary objective is to facilitate risk/return decisions, reduce volatility in earnings, highlight transparent market risk and liquidity risk profile to senior management, ALCO, RMC, Board of Directors and regulators.

3. Market risk management framework

The market risk management framework covers key risk management activities such as identification, measurement, monitoring, control and reporting of the market risk exposures, which are benchmarked against industry best practices and regulatory requirements. The principles mentioned under the framework are intended for trading and non-trading activities.

Measurement and monitoring

The risk measurement techniques employed by the Group comprise of both quantitative and qualitative measures.

Value at risk

Value at Risk ("VaR") measures the potential loss of future value resulting from adverse movement in market rates over a specified period of time within a specified confidence level, under a normal business situation. The Group's VaR is computed based on the Historical Simulation approach on a 10-day holding period at 99% confidence for 1 year observation period as per Bank Negara Malaysia/ Basel requirement. To ensure the relevancy and accuracy of the VaR computation, VaR is back tested on a daily basis against actual clean profit and loss. It is also validated by an independent model validation team.

Besides VaR as risk management tools, additional measures such as interest rate sensitivity e.g. exposure to one basis point increase in yields ("PV01"), net open position limit for managing foreign currency exposure, greek limits for controlling options risk, etc are utilised.

Stress Testing

To supplement the valuable insight from VaR measurement, the Group performs stress testing to assess its ability to withstand any changes/stress economic and financial conditions that could have unfavourable effects on the Group's profitability and capital base. By identifying and evaluating the business risk profile, the Group is able to undertake appropriate measures. Stress test scenarios should cover a range of factors that can create extraordinary losses or gains in trading portfolios, or make the control of risk in those portfolios very difficult.

Qualitative Measures

The goal of the risk measurement process is to attempt to quantify the risk exposures. However, not all risks are quantifiable. Where risk quantification is not an effective option, qualitative/judgmental measures are applied, e.g. notification alert upon 75% utilisation of risk limits, monitoring of large ticket items, etc.

45. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D.)

(d) Market risk management (cont'd.)

4. Interest rate risk

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

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

Group 2011	Up to 1 month RM'000	>1-3 months RM'000	>3-12 months RM'000	>1-5 years RM'000	Over 5 years RM'000	Non-interest sensitive RM'000	Trading books RM'000	Total RM'000	Effective interest rate %
Assets									
Cash and short-term funds	30,103,738	-	-	-	-	8,699,781	-	38,803,519	2.34
Deposits and placements with financial institutions	954,598	6,055,102	2,769,943	52,328	-	459,542	-	10,291,513	1.29
Securities purchased under resale agreements	-	-	-	-	-	-	-	-	-
Securities held-for-trading	-	-	-	-	-	-	4,141,978	4,141,978	3.39
Securities available-for-sale	1,075,999	625,224	2,136,362	14,840,056	20,961,984	4,221,517	3,397,416	47,258,558	4.07
Securities held-to-maturity	161,580	174,352	927,425	4,569,448	3,710,916	94,993	-	9,638,714	3.98
Loans, advances and financing									
- Non-impaired	138,477,553	25,527,648	24,505,384	29,940,783	33,971,533	-	-	252,422,901	6.52
- Impaired*	5,824,733	-	-	-	-	-	-	5,824,733	-
- Collective allowance	-	-	-	-	-	(4,271,208)	-	(4,271,208)	-
Derivative assets	-	-	-	-	-	-	1,652,182	1,652,182	-
Other assets	-	-	-	-	-	6,735,522	-	6,735,522	-
Other non-interest sensitive balances	-	-	-	-	-	20,263,869	-	20,263,869	-
Life, general takaful and family takaful fund assets	-	-	-	-	-	19,196,413	-	19,196,413	-
Total Assets	176,598,201	32,382,326	30,339,114	49,402,615	58,644,433	55,400,429	9,191,576	411,958,694	

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45. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D.)

(d) Market risk management (cont'd.)

4. Interest rate risk (cont'd.)

Group 2011 (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 books RM'000	Total RM'000	Effective interest rate %
Liabilities and Shareholders' Equity									
Deposits from customers	117,849,709	45,679,943	65,466,779	49,041,307	6,110	3,932,531	-	281,976,379	1.94
Deposits and placements of banks and other financial institutions	16,477,657	7,656,832	4,861,121	1,531,225	11,904	2,764,916	-	33,303,655	1.83
Obligation on securities sold under repurchase agreement	373,562	-	-	-	-	-	-	373,562	0.85
Bills and acceptances payable	2,897,085	3,417,788	586,991	-	-	1,611,537	-	8,513,401	3.09
Derivative liabilities	-	-	-	-	-	-	1,533,935	1,533,935	-
Other liabilities	-	-	-	-	-	11,311,854	-	11,311,854	-
Recourse obligation on loans sold to Cagamas	-	9,357	-	518,928	-	-	-	528,285	4.96
Borrowings	200,948	104,366	1,166,489	2,791,840	1,183,477	-	-	5,447,120	3.67
Subordinated obligations	-	-	2,400,880	3,935,470	4,464,189	-	-	10,800,539	3.83
Capital securities	-	-	-	-	6,120,774	-	-	6,120,774	6.54
Other non-interest sensitive balances	-	-	-	-	-	382,512	-	382,512	-
Life, general takaful and family takaful fund liabilities	-	-	-	-	-	5,408,600	-	5,408,600	-
Life, general takaful and family takaful policy holders' funds	-	-	-	-	-	13,787,813	-	13,787,813	-
Total Liabilities	137,798,961	56,868,286	74,482,260	57,818,770	11,786,454	39,199,763	1,533,935	379,488,429	
Shareholders' equity	-	-	-	-	-	31,461,499	-	31,461,499	-
Non-controlling interests	-	-	-	-	-	1,008,766	-	1,008,766	-
	-	-	-	-	-	32,470,265	-	32,470,265	
Total Liabilities and Shareholders' Equity	137,798,961	56,868,286	74,482,260	57,818,770	11,786,454	71,670,028	1,533,935	411,958,694	
On-balance sheet interest sensitivity gap	38,799,240	(24,485,960)	(44,143,146)	(8,416,155)	46,857,979	(16,269,599)	7,657,641		
Off-balance sheet interest sensitivity gap (interest rate swaps)	(1,649,323)	5,999,105	3,581,821	(5,025,062)	(2,906,541)	-	-		
Total interest sensitivity gap	37,149,917	(18,486,855)	(40,561,325)	(13,441,217)	43,951,438	(16,269,599)	7,657,641		
Cumulative interest rate sensitivity gap	37,149,917	18,663,062	(21,898,263)	(35,339,480)	8,611,958	(7,657,641)	-		

* This is arrived after reducing the individual allowance from gross impaired loans.

45. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D.)

(d) Market risk management (cont'd.)

4. Interest rate risk (cont'd.)

Group 2010	Up to 1 month RM'000	>1-3 months RM'000	>3-12 months RM'000	>1-5 years RM'000	Over 5 years RM'000	Non-interest sensitive RM'000	Trading books RM'000	Total RM'000	Effective interest rate %
Assets									
Cash and short-term funds	25,097,194	-	-	-	-	3,610,798	-	28,707,992	1.65
Deposits and placements with banks and other financial institutions	867,258	6,426,270	1,141,060	51,331	-	429,456	-	8,915,375	1.20
Securities purchased under resale agreements	371,237	-	-	-	-	-	-	371,237	2.21
Securities held-for-trading	-	-	-	-	-	-	2,651,103	2,651,103	3.39
Securities available-for-sale	-	-	301,579	4,401,848	3,371,150	3,246,745	31,254,913	42,576,235	4.18
Securities held-to-maturity	67,904	657	128,141	5,126,154	3,523,210	96,642	-	8,942,708	4.97
Loans, advances and financing									
- Performing	93,071,656	16,915,742	20,496,595	29,631,508	46,956,619	-	-	207,072,120	6.22
- Non-performing*	-	-	-	-	-	(1,517,053)	-	(1,517,053)	-
Derivative assets	-	-	-	-	-	-	1,306,769	1,306,769	-
Other assets	-	-	-	-	-	5,111,362	-	5,111,362	-
Other non-interest sensitive balances	-	-	-	-	-	14,601,859	-	14,601,859	-
Life, general takaful and family takaful fund assets	-	-	-	-	-	17,960,059	-	17,960,059	-
Total Assets	119,475,249	23,342,669	22,067,375	39,210,841	53,850,979	43,539,868	35,212,785	336,699,766	

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45. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D.)

(d) Market risk management (cont'd.)

4. Interest rate risk (cont'd.)

Group 2010 (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 books RM'000	Total RM'000	Effective interest rate %
Liabilities and Shareholders' Equity									
Deposits from customers	92,181,901	35,935,301	53,587,986	51,204,076	209,509	3,791,015	–	236,909,788	1.63
Deposits and placements of banks and other financial institutions	12,820,856	2,495,075	954,840	1,894,099	3,513,079	1,579,919	–	23,257,868	1.24
Obligations on securities sold under repurchase agreement	54,252	352,804	–	–	–	–	–	407,056	7.00
Bills and acceptances payable	293,803	1,568,520	18,297	–	–	1,180,966	–	3,061,586	2.60
Derivative liabilities	–	–	–	–	–	–	1,346,242	1,346,242	–
Other liabilities	–	–	–	–	–	6,951,520	–	6,951,520	–
Recourse obligation on loans sold to Cagamas	–	15,952	114,446	519,579	–	–	–	649,977	4.83
Borrowings	2,636	43,976	1,300,695	181,096	809,125	487,336	–	2,824,864	3.19
Subordinated obligations	969,116	–	1,000,000	3,000,000	3,100,000	–	–	8,069,116	3.87
Capital securities	–	–	–	–	5,978,752	–	–	5,978,752	6.55
Other non-interest sensitive balances	–	–	–	–	–	617,998	–	617,998	–
Life, general takaful and family takaful fund liabilities	–	–	–	–	–	5,021,911	–	5,021,911	–
Life, general takaful and family takaful policy holders' funds	–	–	–	–	–	12,938,148	–	12,938,148	–
Total Liabilities	106,322,564	40,411,628	56,976,264	56,798,850	13,610,465	32,568,813	1,346,242	308,034,826	
Shareholders' equity	–	–	–	–	–	27,877,176	–	27,877,176	–
Non-controlling interests	–	–	–	–	–	787,764	–	787,764	–
	–	–	–	–	–	28,664,940	–	28,664,940	
Total Liabilities and Shareholders' Equity	106,322,564	40,411,628	56,976,264	56,798,850	13,610,465	61,233,753	1,346,242	336,699,766	
On-balance sheet interest sensitivity gap	13,152,685	(17,068,959)	(34,908,889)	(17,588,009)	40,240,514	(17,693,885)	33,866,543		
Off-balance sheet interest sensitivity gap (interest rate swaps)	(2,461,179)	6,807,288	558,053	(4,593,964)	(310,198)	–	–		
Total interest sensitivity gap	10,691,506	(10,261,671)	(34,350,836)	(22,181,973)	39,930,316	(17,693,885)	33,866,543		
Cumulative interest rate sensitivity gap	10,691,506	429,835	(33,921,001)	(56,102,974)	(16,172,658)	(33,866,543)	–		

* This is arrived after deducting the general allowance and specific allowance from gross non-performing loans outstanding.

45. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D.)

(d) Market risk management (cont'd.)

4. Interest rate risk (cont'd.)

Bank 2011	Up to 1 month RM'000	>1-3 months RM'000	>3-12 months RM'000	>1-5 years RM'000	Over 5 years RM'000	Non-interest sensitive RM'000	Trading books RM'000	Total RM'000	Effective interest rate %
Assets									
Cash and short-term funds	20,838,402	-	-	-	-	4,965,394	-	25,803,796	1.92
Deposits and placements with financial institutions	656,401	4,302,746	2,243,674	52,328	-	389,322	-	7,644,471	0.97
Securities purchased under resale agreements	-	-	-	-	-	-	-	-	-
Securities held-for-trading	-	-	-	-	-	-	2,884,895	2,884,895	3.16
Securities available-for-sale	689,224	126,834	1,646,715	11,380,274	17,621,897	3,783,380	5,013,718	40,262,042	3.46
Securities held-to-maturity	6,056	74,173	788,875	4,171,522	3,203,780	95,088	-	8,339,494	3.38
Loans, advances and financing									
– Non-impaired	108,846,234	22,432,329	19,730,461	18,462,127	11,019,867	-	-	180,491,018	6.12
– Impaired*	4,261,599	-	-	-	-	-	-	4,261,599	-
– Collective allowance	-	-	-	-	-	(3,179,773)	-	(3,179,773)	-
Derivative assets	-	-	-	-	-	-	1,626,415	1,626,415	-
Other assets	-	-	-	-	-	1,420,365	-	1,420,365	-
Other non-interest sensitive balances	-	-	-	-	-	24,106,210	-	24,106,210	-
Total Assets	135,297,916	26,936,082	24,409,725	34,066,251	31,845,544	31,579,986	9,525,028	293,660,532	
Liabilities and Shareholders' Equity									
Deposits from customers	80,875,288	29,673,901	51,998,559	33,835,232	-	5,082,428	-	201,465,408	1.45
Deposits and placements with of banks and other financial institutions	14,862,256	8,651,518	5,273,576	1,264,687	6,904	1,382,734	-	31,441,675	1.33
Obligation on securities sold under repurchase agreement	373,562	-	-	-	-	-	-	373,562	0.85
Bills and acceptances payable	2,202,596	2,810,320	545,812	-	-	1,556,945	-	7,115,673	3.15
Derivative liabilities	-	-	-	-	-	-	1,446,311	1,446,311	-
Other liabilities	-	-	-	-	-	4,240,156	-	4,240,156	-
Recourse obligation on loans sold to Cagamas	-	9,357	-	518,928	-	-	-	528,285	4.96
Borrowings	-	-	120,920	2,116,100	1,183,479	-	-	3,420,499	1.08
Subordinated obligations	-	-	2,400,880	3,975,470	3,133,436	-	-	9,509,786	3.80
Capital securities	-	-	-	-	6,120,774	-	-	6,120,774	6.54
Total Liabilities	98,313,702	41,145,096	60,339,747	41,710,417	10,444,593	12,262,263	1,446,311	265,662,129	

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45. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D.)

(d) Market risk management (cont'd.)

4. Interest rate risk (cont'd.)

Bank 2011(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 books RM'000	Total RM'000	Effective interest rate %
Shareholders' equity	-	-	-	-	-	27,998,403	-	27,998,403	-
Total Liabilities and Shareholders' Equity	98,313,702	41,145,096	60,339,747	41,710,417	10,444,593	40,260,666	1,446,311	293,660,532	
On-balance sheet interest sensitivity gap	36,984,214	(14,209,014)	(35,930,022)	(7,644,166)	21,400,951	(8,680,680)	8,078,717		
Off-balance sheet interest sensitivity gap (interest rate swaps)	(1,798,551)	5,962,829	3,640,359	(4,928,326)	(2,876,311)	-	-		
Total interest sensitivity gap	35,185,663	(8,246,185)	(32,289,663)	(12,572,492)	18,524,640	(8,680,680)	8,078,717		
Cumulative interest rate sensitivity gap	35,185,663	26,939,478	(5,350,185)	(17,922,677)	601,963	(8,078,717)	-		

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

Bank 2010	Up to 1 month RM'000	>1-3 months RM'000	>3-12 months RM'000	>1-5 years RM'000	Over 5 years RM'000	Non-interest sensitive RM'000	Trading books RM'000	Total RM'000	Effective interest rate %
Assets									
Cash and short-term funds	16,299,554	-	-	-	-	3,104,062	-	19,403,616	1.35
Deposits and placements with financial institutions	736,583	5,486,942	450,177	1,331	-	423,165	-	7,098,198	1.24
Securities purchased under resale agreements	371,237	-	-	-	-	-	-	371,237	2.21
Securities held-for-trading	-	-	-	-	-	-	2,241,928	2,241,928	2.86
Securities available-for- sale	-	-	-	3,094,311	1,919,633	3,277,430	29,155,467	37,446,841	3.46
Securities held-to- maturity	-	-	100,254	4,663,816	2,993,839	97,413	-	7,855,322	4.61
Loans, advances and financing									
– Performing	80,324,502	14,651,808	17,403,803	19,000,062	21,058,968	-	-	152,439,143	5.72
– Non-performing*	-	-	-	-	-	(969,558)	-	(969,558)	-
Derivative assets	-	-	-	-	-	-	1,281,682	1,281,682	-
Other assets	-	-	-	-	-	3,749,648	-	3,749,648	-
Other non-interest sensitive balances	-	-	-	-	-	17,474,209	-	17,474,209	-
Total Assets	97,731,876	20,138,750	17,954,234	26,759,520	25,972,440	27,156,369	32,679,077	248,392,266	

45. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D.)

(d) Market risk management (cont'd.)

4. Interest rate risk (cont'd.)

Bank 2010 (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 books RM'000	Total RM'000	Effective interest rate %
Liabilities and									
Shareholders' Equity									
Deposits from customers	62,970,728	24,909,776	45,995,966	37,732,497	85,050	3,685,724	-	175,379,741	1.21
Deposits and placements of banks and other financial institutions	13,358,591	2,421,057	809,502	1,607,321	3,508,079	1,225,272	-	22,929,822	1.17
Bills and acceptances payable	176,856	1,568,520	18,297	-	-	1,135,324	-	2,898,997	2.66
Derivative liabilities	-	-	-	-	-	-	1,291,498	1,291,498	-
Other liabilities	-	-	-	-	-	3,555,869	-	3,555,869	-
Recourse obligation on loans sold to Cagamas	-	15,952	114,446	519,579	-	-	-	649,977	4.83
Borrowings	-	-	1,289,192	-	809,125	-	-	2,098,317	0.68
Subordinated obligations	969,116	-	1,000,000	3,000,000	3,100,000	-	-	8,069,116	3.87
Capital securities	-	-	-	-	5,978,752	-	-	5,978,752	6.55
Other non-interest sensitive balances	-	-	-	-	-	283,353	-	283,353	-
Total Liabilities	77,475,291	28,915,305	49,227,403	42,859,397	13,481,006	9,885,542	1,291,498	223,135,442	
Shareholders' equity	-	-	-	-	-	25,256,824	-	25,256,824	
Total Liabilities and Shareholders' Equity	77,475,291	28,915,305	49,227,403	42,859,397	13,481,006	35,142,366	1,291,498	248,392,266	
On-balance sheet interest sensitivity gap	20,256,585	(8,776,555)	(31,273,169)	(16,099,877)	12,491,434	(7,985,997)	31,387,579		
Off-balance sheet interest sensitivity gap (interest rate swaps)	(2,640,977)	6,768,450	519,710	(4,440,554)	(206,629)	-	-		
Total interest sensitivity gap	17,615,608	(2,008,105)	(30,753,459)	(20,540,431)	12,284,805	(7,985,997)	31,387,579		
Cumulative interest rate sensitivity gap	17,615,608	15,607,503	(15,145,956)	(35,686,387)	(23,401,582)	(31,387,579)	-		

* This is arrived after deducting the general allowance and specific allowance from gross non-performing loans outstanding.

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45. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D.)

(d) Market risk management (cont'd.)

5. Yield/profit rate risk on IBS portfolio

The Group and Bank are exposed to the risk 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 profit rates that affect the value of financial instruments under the IBS portfolio. Yield/profit rate risk is monitored and managed by the Asset and Liability Management Committee ("ALCO") to protect the income from IBS operations.

The table below summarises the Group's and Bank's exposure to yield/profit rate risk for the IBS operations. The table indicates effective average yield/profit rates at the reporting date and the periods in which the financial instruments either reprice or mature, whichever is earlier.

Group 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 books RM'000	Total RM'000	Effective yield/profit rate %
Assets									
Cash and short-term funds	8,159,131	-	-	-	-	1,525,038	-	9,684,169	3.04
Deposits and placements with banks and other financial institutions	-	366,796	-	-	-	27,340	-	394,136	3.29
Securities held-for-trading	-	-	-	-	-	-	513,225	513,225	0.27
Securities available-for-sale	275,350	354,743	373,665	2,463,437	2,671,079	-	-	6,138,274	3.79
Securities held-to-maturity	-	-	50,543	30,000	91,350	-	-	171,893	3.83
Financing and advances									
- Performing	16,146,530	2,004,103	1,044,383	5,379,513	21,676,459	-	-	46,250,988	5.33
- Impaired*	573,861	-	-	-	-	-	-	573,861	-
- Collective allowance	-	-	-	-	-	(580,818)	-	(580,818)	-
Derivative assets	-	-	-	-	-	-	14,646	14,646	-
Other assets	-	-	-	-	-	4,737,314	-	4,737,314	-
Other non-yield/profit sensitive balances	-	-	-	-	-	1,076,715	-	1,076,715	-
Total Assets	25,154,872	2,725,642	1,468,591	7,872,950	24,438,888	6,785,589	527,871	68,974,403	
Liabilities and Islamic Banking Fund									
Deposits from customers	24,701,773	7,486,042	8,111,720	8,436,309	-	2,154,426	-	50,890,270	2.56
Deposits and placements of banks and other financial institutions	3,785,981	66,373	1,598,485	2,338,657	564,515	2,938,066	-	11,292,077	2.79
Bills and acceptances payable	370,242	607,467	42,147	-	-	95,494	-	1,115,350	2.94
Derivative liabilities	-	-	-	-	-	-	53,504	53,504	-
Other liabilities	-	-	-	-	-	175,494	-	175,494	-
Other non-yield/profit sensitive balances	-	-	-	-	-	52,931	-	52,931	-
Subordinated sukuk	-	-	-	-	1,010,637	-	-	1,010,637	4.22
Total Liabilities	28,857,996	8,159,882	9,752,352	10,774,966	1,575,152	5,416,411	53,504	64,590,263	

45. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D.)

(d) Market risk management (cont'd.)

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

Group 2011 (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-yield/ Profit rate sensitive RM'000	Trading books RM'000	Total RM'000	Effective yield/profit rate %
Islamic banking fund	-	-	-	-	-	4,384,140	-	4,384,140	
Total Liabilities and Islamic Banking Fund	28,857,996	8,159,882	9,752,352	10,774,966	1,575,152	9,800,551	53,504	68,974,403	
On-balance sheet yield/ profit rate sensitivity gap	(3,703,124)	(5,434,240)	(8,283,761)	(2,902,016)	22,863,736	(3,014,962)	474,367	-	
Cumulative yield/ profit rate sensitivity gap	(3,703,124)	(9,137,364)	(17,421,125)	(20,323,141)	2,540,595	(474,367)	-		

* This is arrived after deducting the individual allowance from gross impaired financing outstanding.

Group 2010	Up to 1 month RM'000	>1-3 months RM'000	>3-12 months RM'000	>1-5 years RM'000	Over 5 years RM'000	Non-yield/ Profit rate sensitive RM'000	Trading books RM'000	Total RM'000	Effective yield/profit rate %
Assets									
Cash and short-term funds	5,705,840	-	-	-	-	112,228	-	5,818,068	2.47
Deposits and placements of banks and other financial institutions	-	-	-	-	-	707	-	707	-
Securities held-for-trading	-	-	-	-	-	-	68,796	68,796	2.30
Securities available-for- sale	-	-	301,579	1,536,648	1,451,518	-	1,161,912	4,451,657	3.45
Securities held-to- maturity	-	-	10,037	170,429	-	-	-	180,466	3.83
Financing and advances									
- Performing	2,151,192	1,463,529	613,960	5,042,647	24,480,298	-	-	33,751,626	5.18
- Non-performing*	-	-	-	-	-	(235,240)	-	(235,240)	-
Derivative assets	-	-	-	-	-	-	17,513	17,513	-
Other assets	-	-	-	-	-	222,559	-	222,559	-
Other non-yield/profit sensitive balances	-	-	-	-	-	232,712	-	232,712	-
Total Assets	7,857,032	1,463,529	925,576	6,749,724	25,931,816	332,966	1,248,221	44,508,864	

Liabilities and Islamic Banking Fund

Deposits from customers	14,500,557	6,521,003	5,281,742	8,261,883	112,976	15,452	-	34,693,613	1.88
Deposits and placements of banks and other financial institutions	259,500	552,311	3,656	3,876,232	5,000	354,647	-	5,051,346	3.27

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45. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D.)

(d) Market risk management (cont'd.)

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

Group 2010 (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-yield/ Profit rate sensitive RM'000	Trading books RM'000	Total RM'000	Effective yield/profit rate %
Bills and acceptances payable	-	-	-	-	-	28,175	-	28,175	-
Derivative liabilities	-	-	-	-	-	-	20,775	20,775	-
Other liabilities	-	-	-	-	-	1,235,875	-	1,235,875	-
Other non-yield/profit sensitive balances	-	-	-	-	-	31,607	-	31,607	-
Total Liabilities	14,760,057	7,073,314	5,285,398	12,138,115	117,976	1,665,756	20,775	41,061,391	
Islamic banking fund	-	-	-	-	-	3,447,473	-	3,447,473	-
Total Liabilities and Islamic Banking Fund	14,760,057	7,073,314	5,285,398	12,138,115	117,976	5,113,229	20,775	44,508,864	
On-balance sheet yield/ profit rate sensitivity gap	(6,903,025)	(5,609,785)	(4,359,822)	(5,388,391)	25,813,840	(4,780,263)	1,227,446	-	
Cumulative yield/ profit rate sensitivity gap	(6,903,025)	(12,512,810)	(16,872,632)	(22,261,023)	3,552,817	(1,227,446)	-		

* This is arrived after deducting the general allowance and specific allowance from gross non-performing financing outstanding.

6. Sensitivity analysis for interest rate risk

The table below shows the sensitivity of the Group's and Bank's profit and reserve to up and down 100 basis point parallel rate shock.

	Group		Bank	
	+ 100 basis point RM'000	- 100 basis point RM'000	+ 100 basis point RM'000	- 100 basis point RM'000
Impact to profit before tax	67,424	(67,424)	183,973	(183,973)
Impact to profit after tax	25%	50,568	(50,568)	137,980

Impact to profit is measured using Earnings-at-Risk (EaR) methodology on Statements of Financial Position which is simulated based on a set of standardised rate shock on the interest rate gap profile. The interest rate gap is the mismatch of rate sensitive assets and rate sensitive liabilities taking consideration the earlier of repricing or remaining maturity, behavioural assumptions of certain indeterminate maturities products such as current and savings deposits, to reflect the actual sensitivity behaviour of these interest bearing liabilities.

Impact to reserve is assessed by applying rate shock to the yield curve to model the impact on mark-to-market for financial assets of Available-for-Sale (AFS) portfolio.

	Group		Bank	
	+ 100 basis point RM'000	- 100 basis point RM'000	+ 100 basis point RM'000	- 100 basis point RM'000
Impact to reserves	2,041,772	(2,041,772)	1,774,311	(1,774,311)

45. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D.)

(d) Market risk management (cont'd.)

7. Foreign exchange risk

Foreign exchange risk is the risk to earnings and value of foreign currency assets, liabilities and derivative financial instruments caused by fluctuations in foreign exchange rates.

The banking activities of providing financial products and services to customers expose the Group and the Bank to foreign exchange risk. Foreign exchange risk is managed by treasury function, and monitored by Group Risk Management against delegated limits. The Group's policy is to ensure, where appropriate and practical, that its capital is protected from foreign exchange exposures. Hedging against foreign exchange exposures is mainly to protect the real economic value, rather than to avoid the short-term accounting impact.

The table below analyses the net foreign exchange positions of the Group and the Bank by major currencies, which are mainly in Ringgit Malaysia, Singapore Dollar, the Great Britain Pound, Hong Kong Dollar, US Dollar, Indonesia Rupiah and Euro. The "others" foreign exchange risk include mainly exposure to Japanese Yen, Renminbi, Philippines Peso, Papua New Guinea Kina and Brunei Dollars.

Group 2011	Malaysian Ringgit RM'000	Singapore Dollar RM'000	Great Britain Pound RM'000	Hong Kong Dollar RM'000	United States Dollar RM'000	Indonesia Rupiah RM'000	Euro RM'000	Others RM'000	Total RM'000
Assets									
Cash and short-term funds	24,378,320	1,589,663	248,560	222,243	8,571,232	1,412,497	483,983	1,897,021	38,803,519
Deposits and placements with banks and other financial institutions	926,841	1,289,991	-	145,366	6,438,102	730,574	28,838	731,801	10,291,513
Securities purchased under resale agreements	-	-	-	-	-	-	-	-	-
Securities portfolio	35,815,014	8,734,979	7,815	466,788	8,986,894	3,273,998	781,469	2,972,293	61,039,250
Loans, advances and financing	156,451,343	46,562,954	532,854	1,682,008	29,712,949	16,179,917	68,919	2,785,482	253,976,426
Derivative assets	5,520,302	2,038,415	3,084	-	(6,076,457)	1,450	2,640	162,748	1,652,182
Other assets	3,196,235	1,655,031	226,984	1,095,323	(1,067,212)	564,691	70,833	993,637	6,735,522
Investment properties	45,051	-	-	-	-	-	-	-	45,051
Statutory deposits with Central Banks	3,607,105	1,523,923	-	-	616,312	1,435,613	-	515,472	7,698,425
Investment in associates	41,084	-	-	-	11,024	-	-	2,387,546	2,439,654
Property, plant and equipment	944,806	818,159	23,726	2,181	18,425	311,155	-	50,534	2,168,986
Intangible assets	175,647	928,558	-	157,710	133	4,227,488	-	1,019,512	6,509,048
Deferred tax assets	1,179,075	19,807	(16,677)	8,962	8,888	189,883	-	12,767	1,402,705
Life, general takaful and family takaful fund assets	18,926,832	-	-	-	269,581	-	-	-	19,196,413
Total Assets	251,207,655	65,161,480	1,026,346	3,780,581	47,489,871	28,327,266	1,436,682	13,528,813	411,958,694

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45. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D.)

(d) Market risk management (cont'd.)

7. Foreign exchange risk (cont'd.)

Group 2011 (cont'd.)	Malaysian Ringgit RM'000	Singapore Dollar RM'000	Great Britain Pound RM'000	Hong Kong Dollar RM'000	United States Dollar RM'000	Indonesia Rupiah RM'000	Euro RM'000	Others RM'000	Total RM'000
Liabilities									
Deposits from customers	180,290,310	50,827,474	2,192,017	291,285	26,377,848	17,179,087	732,139	4,086,219	281,976,379
Deposits and placements of banks and other financial institutions	15,837,470	715,867	765,707	2,401,238	8,269,081	193,189	3,555,792	1,565,311	33,303,655
Obligations on securities sold under repurchase agreements	-	98,147	-	-	-	-	275,415	-	373,562
Bills and acceptances payable	7,968,587	194,069	85	467	303,127	23,219	540	23,307	8,513,401
Derivative liabilities	1,213,381	1,204,635	(4,828)	(21)	(1,013,629)	(2,392)	(7,507)	144,296	1,533,935
Other liabilities	4,631,624	2,872,467	24,197	611,963	199,773	1,341,826	34,031	1,595,973	11,311,854
Recourse obligation on loans sold to Cagamas	528,285	-	-	-	-	-	-	-	528,285
Provision for taxation and zakat	(68,778)	213,163	(27,186)	22,752	101	(47,698)	-	42,266	134,620
Deferred tax liabilities	129,401	83,491	-	-	(2,364)	21,952	-	15,412	247,892
Borrowings	1,551	532,738	2,093	-	3,551,063	1,281,066	-	78,609	5,447,120
Subordinated obligations	7,155,503	2,424,039	-	-	900,880	320,117	-	-	10,800,539
Capital securities	4,611,853	1,508,921	-	-	-	-	-	-	6,120,774
Life, general takaful and family takaful fund liabilities	5,406,865	-	-	-	1,735	-	-	-	5,408,600
Life, general takaful and family takaful fund policy holders' funds	13,782,967	-	-	-	4,846	-	-	-	13,787,813
Total Liabilities	241,489,019	60,675,011	2,952,085	3,327,684	38,592,461	20,310,366	4,590,410	7,551,393	379,488,429
On-balance sheet open position	9,718,636	4,486,469	(1,925,739)	452,897	8,897,410	8,016,900	(3,153,728)	5,977,420	32,470,265
Less: Derivative assets	(5,520,302)	(2,038,415)	(3,084)	-	6,076,457	(1,450)	(2,640)	(162,748)	(1,652,182)
Add: Derivative liabilities	1,213,381	1,204,635	(4,828)	(21)	(1,013,629)	(2,392)	(7,507)	144,296	1,533,935
Add: Net forward position	4,447,897	181,791	1,797,621	125,949	(15,535,771)	289,193	2,690,517	(1,217,605)	(7,220,408)
Net open position	9,859,612	3,834,480	(136,030)	578,825	(1,575,533)	8,302,251	(473,358)	4,741,363	25,131,610
Net structural currency exposure	-	4,741,076	(34,681)	685,693	639,475	6,982,262	(29)	4,415,872	17,429,668

45. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D.)

(d) Market risk management (cont'd.)

7. Foreign exchange risk (cont'd.)

Group 2010	Malaysian Ringgit RM'000	Singapore Dollar RM'000	Great Britain Pound RM'000	Hong Kong Dollar RM'000	United States Dollar RM'000	Indonesia Rupiah RM'000	Euro RM'000	Others RM'000	Total RM'000
Assets									
Cash and short-term funds	13,883,040	1,523,771	268,452	18,984	9,724,451	422,882	2,154,750	711,662	28,707,992
Deposits and placements with banks and other financial institutions	1,790,720	2,743,989	29,141	–	4,152,023	11,122	98	188,282	8,915,375
Securities purchased under resale agreements	–	371,237	–	–	–	–	–	–	371,237
Securities portfolio	36,284,010	8,416,190	810	270,325	5,758,046	3,236,547	700	203,418	54,170,046
Loans, advances and financing	135,002,745	34,902,967	192,513	1,543,395	18,695,575	13,040,600	65,548	2,111,724	205,555,067
Derivative assets	991,747	125,727	6,101	–	180,369	–	279	2,546	1,306,769
Other assets	4,211,271	194,099	210,365	253,205	(503,594)	546,284	20,539	179,193	5,111,362
Investment properties	45,324	–	–	–	–	–	–	–	45,324
Statutory deposits with Central Banks	658,205	1,351,883	–	–	1,409,102	661,735	–	390,457	4,471,382
Investment in associates	34,983	–	–	–	9,664	–	–	2,426,791	2,471,438
Property, plant and equipment	964,916	283,199	5,720	1,310	10,448	268,196	–	34,249	1,568,038
Intangible assets	163,836	14,847	–	582	471	4,300,459	–	519	4,480,714
Deferred tax assets	1,351,611	(9,003)	–	–	12,149	205,543	–	4,663	1,564,963
Life, general takaful and family takaful fund assets	17,931,764	–	–	–	28,295	–	–	–	17,960,059
Total Assets	213,314,172	49,918,906	713,102	2,087,801	39,476,999	22,693,368	2,241,914	6,253,504	336,699,766
Liabilities									
Deposits from customers	151,037,764	43,181,680	2,095,442	189,394	23,315,016	12,533,460	723,172	3,833,860	236,909,788
Deposits and placements of banks and other financial institutions	10,878,706	559,966	457,022	1,505,929	4,275,015	1,185,605	2,949,372	1,446,253	23,257,868
Obligations on securities sold under repurchase agreements	–	–	–	–	–	407,056	–	–	407,056
Bills and acceptances payable	2,751,256	164,436	432	106	110,285	7,444	1,344	26,283	3,061,586
Derivative liabilities	792,389	174,304	6,021	156,948	219,571	–	(717)	(2,274)	1,346,242
Other liabilities	4,461,326	896,439	12,170	1,088	768,379	731,154	17,277	63,687	6,951,520
Recourse obligation on loans sold to Cagamas	649,977	–	–	–	–	–	–	–	649,977
Provision for taxation and zakat	172,975	192,791	–	10,776	3,148	75,360	–	11,839	466,889
Deferred tax liabilities	125,761	893	–	–	–	11,576	–	12,879	151,109

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45. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D.)

(d) Market risk management (cont'd.)

7. Foreign exchange risk (cont'd.)

Group 2010 (cont'd.)	Malaysian Ringgit RM'000	Singapore Dollar RM'000	Great Britain Pound RM'000	Hong Kong Dollar RM'000	United States Dollar RM'000	Indonesia Rupiah RM'000	Euro RM'000	Others RM'000	Total RM'000
Borrowings	–	–	–	–	2,098,317	726,547	–	–	2,824,864
Subordinated obligations	7,100,000	–	–	–	969,116	–	–	–	8,069,116
Capital securities	4,589,572	1,389,180	–	–	–	–	–	–	5,978,752
Life, general takaful and family takaful fund liabilities	5,020,171	–	–	–	1,740	–	–	–	5,021,911
Life, general takaful and family takaful fund policy holders' funds	12,932,630	–	–	–	5,518	–	–	–	12,938,148
Total Liabilities	200,512,527	46,559,689	2,571,087	1,864,241	31,766,105	15,678,202	3,690,448	5,392,527	308,034,826
On-balance sheet open position	12,801,645	3,359,217	(1,857,985)	223,560	7,710,894	7,015,166	(1,448,534)	860,977	28,664,940
Less: Derivative assets	(991,747)	(125,727)	(6,101)	–	(180,369)	–	(279)	(2,546)	(1,306,769)
Add: Derivative liabilities	792,389	174,304	6,021	156,948	219,571	–	(717)	(2,274)	1,346,242
Add: Net forward position	4,354,839	979,120	1,653,504	(48,111)	(9,402,770)	(61,267)	1,421,744	1,379,762	276,821
Net open position	16,957,126	4,386,914	(204,561)	332,397	(1,652,674)	6,953,899	(27,786)	2,235,919	28,981,234
Net structural currency exposures	–	3,709,686	(37,261)	263,951	601,585	6,915,406	31	2,910,405	14,363,803

Bank 2011	Malaysian Ringgit RM'000	Singapore Dollar RM'000	Great Britain Pound RM'000	Hong Kong Dollar RM'000	United States Dollar RM'000	Indonesia Rupiah RM'000	Euro RM'000	Others RM'000	Total RM'000
Assets									
Cash and short-term funds	13,866,500	760,416	203,623	51,515	9,143,271	24,052	297,895	1,456,524	25,803,796
Deposits and placements with banks and other financial institutions	509,940	1,187,932	–	–	5,681,045	–	28,838	236,716	7,644,471
Securities portfolio	31,670,315	8,419,914	7,815	330,064	6,960,488	906,419	688,796	2,502,620	51,486,431
Loans, advances and financing	112,189,452	45,932,056	532,854	1,559,067	20,202,559	–	68,314	1,088,542	181,572,844
Derivative assets	5,514,619	2,037,088	2,421	–	(6,091,473)	–	1,190	162,570	1,626,415
Other assets	723,563	624,961	237,897	906,048	(1,458,726)	(20,205)	88,022	318,805	1,420,365
Statutory deposits with Central Banks	2,693,100	1,523,923	–	–	76,579	–	–	19,514	4,313,116
Investment in subsidiaries	3,466,028	2,509,623	–	517,347	71,844	6,725,145	–	3,780,405	17,070,392
Investment in associates	13,215	–	–	–	6,140	–	–	435,057	454,412

45. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D.)

(d) Market risk management (cont'd.)

7. Foreign exchange risk (cont'd.)

Bank 2011 (cont'd.)	Malaysian Ringgit RM'000	Singapore Dollar RM'000	Great Britain Pound RM'000	Hong Kong Dollar RM'000	United States Dollar RM'000	Indonesia Rupiah RM'000	Euro RM'000	Others RM'000	Total RM'000
Property, plant and equipment	838,227	296,406	23,383	1,047	8,929	-	-	2,191	1,170,183
Intangible assets	160,794	15,867	-	436	77	-	-	96	177,270
Deferred tax assets	905,462	19,807	(16,732)	8,436	(3,261)	-	-	7,125	920,837
Total Assets	172,551,215	63,327,993	991,261	3,373,960	34,597,472	7,635,411	1,173,055	10,010,165	293,660,532
Liabilities									
Deposits from customers	133,173,509	50,786,058	2,158,896	292,031	12,224,258	-	379,654	2,451,002	201,465,408
Deposits and placements of banks and other financial institutions	11,610,175	715,867	764,837	2,401,928	11,203,191	-	3,230,595	1,515,082	31,441,675
Obligations on securities sold under repurchase agreements	-	98,147	-	-	-	-	275,415	-	373,562
Bills and acceptances payable	6,914,978	194,039	84	467	1,888	1,463	211	2,543	7,115,673
Derivative liabilities	1,168,739	1,204,635	(5,360)	(28)	(1,080,199)	(2,461)	(7,603)	168,588	1,446,311
Other liabilities	2,923,922	1,256,698	21,967	67,907	(121,493)	101	(11,312)	102,366	4,240,156
Deferred tax liabilities	-	-	-	-	(2,472)	-	-	2,472	-
Recourse obligation on loans sold to Cagamas	528,285	-	-	-	-	-	-	-	528,285
Provision for taxation and zakat	(184,522)	195,363	(27,283)	16,558	(584)	-	-	468	-
Borrowings	1,551	-	-	-	3,418,948	-	-	-	3,420,499
Subordinated obligations	6,184,867	2,424,039	-	-	900,880	-	-	-	9,509,786
Capital securities	4,611,853	1,508,921	-	-	-	-	-	-	6,120,774
Total Liabilities	166,933,357	58,383,767	2,913,141	2,778,863	26,544,417	(897)	3,866,960	4,242,521	265,662,129
On-balance sheet open position	5,617,858	4,944,226	(1,921,880)	595,097	8,053,055	7,636,308	(2,693,905)	5,767,644	27,998,403
Less: Derivative assets	(5,514,619)	(2,037,088)	(2,421)	-	6,091,473	-	(1,190)	(162,570)	(1,626,415)
Add: Derivative liabilities	1,168,739	1,204,635	(5,360)	(28)	(1,080,199)	(2,461)	(7,603)	168,588	1,446,311
Add: Net forward position	4,447,897	183,912	1,811,055	126,386	(15,216,381)	19,704	2,680,518	(1,205,679)	(7,152,588)
Net open position	5,719,875	4,295,685	(118,606)	721,455	(2,152,052)	7,653,551	(22,180)	4,567,983	20,665,711
Net structural currency exposures	-	4,624,181	(34,681)	797,507	98,311	6,725,145	(29)	4,378,948	16,589,382

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45. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D.)

(d) Market risk management (cont'd.)

7. Foreign exchange risk (cont'd.)

Bank 2010	Malaysian Ringgit RM'000	Singapore Dollar RM'000	Great Britain Pound RM'000	Hong Kong Dollar RM'000	United States Dollar RM'000	Indonesia Rupiah RM'000	Euro RM'000	Others RM'000	Total RM'000
Assets									
Cash and short-term funds	8,108,993	1,492,500	262,754	17,550	7,227,692	10,199	1,671,807	612,121	19,403,616
Deposits and placements with banks and other financial institutions	1,731,480	2,673,408	29,141	–	2,501,537	–	98	162,534	7,098,198
Securities purchased under resale agreements	–	371,237	–	–	–	–	–	–	371,237
Securities portfolio	34,524,835	8,299,187	810	229,197	4,377,450	84,303	700	27,609	47,544,091
Loans, advances and financing	101,698,686	34,837,065	192,513	1,543,395	11,858,508	–	65,449	1,273,969	151,469,585
Derivative assets	977,352	125,727	4,209	–	171,837	–	11	2,546	1,281,682
Other assets	3,885,457	277,427	204,455	252,038	(989,507)	–	18,395	101,383	3,749,648
Statutory deposits with Central Banks	505,100	1,351,883	–	–	57,617	–	–	18,381	1,932,981
Investment in subsidiaries	3,576,538	146	–	–	74,996	6,523,559	–	2,478,138	12,653,377
Investment in associates	8,915	–	–	–	6,140	–	–	403,645	418,700
Property, plant and equipment	862,003	281,765	5,720	1,310	9,073	–	–	394	1,160,265
Intangible assets	144,998	14,736	–	582	347	–	–	47	160,710
Deferred tax assets	1,155,952	(9,003)	–	–	–	–	–	1,227	1,148,176
Total Assets	157,180,309	49,716,078	699,602	2,044,072	25,295,690	6,618,061	1,756,460	5,081,994	248,392,266
Liabilities									
Deposits from customers	117,394,181	43,061,763	2,070,705	190,232	9,905,094	4	513,220	2,244,542	175,379,741
Deposits and placements of banks and other financial institutions	11,051,324	559,966	456,966	1,505,814	5,434,054	–	2,651,205	1,270,493	22,929,822
Bills and acceptances payable	2,722,976	162,264	432	106	2,823	3,039	922	6,435	2,898,997
Derivative liabilities	771,613	174,304	4,444	156,947	188,013	–	(1,022)	(2,801)	1,291,498
Other liabilities	2,465,296	726,587	11,524	455	327,831	–	4,936	19,240	3,555,869
Recourse obligation on loans sold to Cagamas	649,977	–	–	–	–	–	–	–	649,977
Provision for taxation and zakat	78,802	190,713	–	10,778	3,058	–	–	2	283,353
Borrowings	–	–	–	–	2,098,317	–	–	–	2,098,317
Subordinated obligations	7,100,000	–	–	–	969,116	–	–	–	8,069,116
Capital securities	4,589,572	1,389,180	–	–	–	–	–	–	5,978,752
Total Liabilities	146,823,741	46,264,777	2,544,071	1,864,332	18,928,306	3,043	3,169,261	3,537,911	223,135,442

45. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D.)

(d) Market risk management (cont'd.)

7. Foreign exchange risk (cont'd.)

Bank 2010 (cont'd.)	Malaysian Ringgit RM'000	Singapore Dollar RM'000	Great Britain Pound RM'000	Hong Kong Dollar RM'000	United States Dollar RM'000	Indonesia Rupiah RM'000	Euro RM'000	Others RM'000	Total RM'000
On-balance sheet open position	10,356,568	3,451,301	(1,844,469)	179,740	6,367,384	6,615,018	(1,412,801)	1,544,083	25,256,824
Less: Derivative assets	(977,352)	(125,727)	(4,209)	–	(171,837)	–	(11)	(2,546)	(1,281,682)
Add: Derivative liabilities	771,613	174,304	4,444	156,947	188,013	–	(1,022)	(2,801)	1,291,498
Add: Net forward position	4,354,839	934,837	1,639,346	(46,010)	(8,816,596)	(517)	1,405,271	1,441,851	913,021
Net open position	14,505,668	4,434,715	(204,888)	290,677	(2,433,036)	6,614,501	(8,563)	2,980,587	26,179,661
Net structural currency exposures	–	3,709,693	(37,261)	206,751	107,861	6,523,559	31	3,060,004	13,570,638

Net structural foreign currency position represents the Group's and the Bank's net investment in overseas operations. This position comprises the net assets of the Group's and the Bank's overseas branches, investments in overseas subsidiaries and long term investments in overseas properties.

Where possible, the Group and the Bank mitigate the effect of currency exposures by funding the overseas operations with borrowings and deposits received in the same functional currencies of the respective overseas locations. The foreign currency exposures are also hedged using foreign exchange derivatives.

The structural currency exposures of the Group and the Bank as at the reporting dates are as follows:

Group Currency of structural exposures	Structural currency exposures in overseas operations RM'000	Hedges by funding in respective currencies RM'000	Net structural currency exposures RM'000
2011			
Singapore Dollar	7,280,196	(2,539,120)	4,741,076
Great Britain Pound	(34,681)	–	(34,681)
Hong Kong Dollar	685,693	–	685,693
United States Dollar	1,010,032	(370,557)	639,475
Indonesia Rupiah	6,982,262	–	6,982,262
Others	4,415,843	–	4,415,843
	20,339,345	(2,909,677)	17,429,668
2010			
Singapore Dollar	3,737,615	(27,929)	3,709,686
Great Britain Pound	(37,261)	–	(37,261)
Hong Kong Dollar	263,951	–	263,951
United States Dollar	942,231	(340,646)	601,585
Indonesia Rupiah	6,915,406	–	6,915,406
Others	2,910,436	–	2,910,436
	14,732,378	(368,575)	14,363,803

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45. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D.)

(d) Market risk management overview (cont'd.)

7. Foreign exchange risk (cont'd.)

Bank Currency of structural exposures	Structural currency exposures in overseas operations RM'000	Hedges by funding in respective currencies RM'000	Net structural currency exposures RM'000
2011			
Singapore Dollar	7,163,301	(2,539,120)	4,624,181
Great Britain Pound	(34,681)	–	(34,681)
Hong Kong Dollar	797,507	–	797,507
United States Dollar	468,867	(370,556)	98,311
Indonesia Rupiah	6,725,145	–	6,725,145
Others	4,378,919	–	4,378,919
	19,499,058	(2,909,676)	16,589,382
2010			
Singapore Dollar	3,737,622	(27,929)	3,709,693
Great Britain Pound	(37,261)	–	(37,261)
Hong Kong Dollar	206,751	–	206,751
United States Dollar	448,507	(340,646)	107,861
Indonesia Rupiah	6,523,559	–	6,523,559
Others	3,060,035	–	3,060,035
	13,939,213	(368,575)	13,570,638

8. Sensitivity analysis for foreign exchange risk

Foreign currency risk

Foreign exchange risk arises from the movements in exchange rates that adversely affect the revaluation of the Group and the foreign currency positions. Considering that other risk variables remain constant, the foreign currency revaluation sensitivity for the Group and the Bank on their unhedged position is as follows:

	Group		Bank	
	1% appreciation RM'000	1% depreciation RM'000	1% appreciation RM'000	1% depreciation RM'000
2011				
Impact to profit after tax	(65,563)	65,563	(8,839)	8,839

Interpretation of Impact

The Group and the Bank measure the foreign exchange sensitivity based on the foreign exchange net open positions (including foreign exchange structural position) under an adverse movement in all foreign currencies against reporting currency (MYR). The result implies that the Group and the Bank may be subject to additional translation (loss)/gain if MYR appreciated/depreciated against other currencies and vice versa.

45. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D.)

(e) Liquidity risk management

1. Liquidity risk management overview

Liquidity management

Liquidity is the ability of the Group to fund increases in assets and meet obligations as they come due, without incurring unacceptable losses.

Generally, there are two types of liquidity risk which are funding liquidity risk and market liquidity risk. Funding liquidity risk is the risk that the firm will not be able to meet efficiently both expected and unexpected current and future cash flow needs without affecting either daily operations or the financial condition of the firm. Market liquidity risk is the risk that a firm cannot easily offset or eliminate a position at the market price because of inadequate market depth or market disruption.

Liquidity risk management framework

The Group employs BNM's Liquidity Framework and leading practices as a foundation to manage and measure its liquidity risk exposure. The Group also uses a range of tools to monitor and limit liquidity risk exposure such as liquidity gap, early warning signals, liquidity indicators and stress testing. The liquidity positions of the Group are monitored regularly against the established policies, procedures and limits.

Diversification of liquidity sources

Sources of liquidity are regularly reviewed to maintain a wide diversification by currency, provider, product and term. The Group has a diversified liability structure to meet its funding requirements. The primary source of funding include customer deposits, interbank deposits, debt securities, swap market, bank loan syndication and medium term funds. The Group also reviews, initiates and implements strategic fund raising programmes as well as institutes standby lines with external parties on a need basis.

The Group's funding diversification is augmented with monitoring of concentration by maturity to avoid having many debt repayments at any one time.

The stable growth in deposits is attained through Maybank's large branch network and its reputation as one of the leading financial institution in the domestic market. Based on customer behavioural profiling study, the rollover rate of traditional deposits has been consistent, hence providing the Group with a steady source of funding. The Group's financial strength and strong credit rating also provide the basis for continued customer confidence and long-term growth in the years to come. In addition, as a member of the Malaysian Deposit Insurance Corporation or Perbadanan Insurans Deposit Malaysia ("PIDM"), customer deposits with the Bank and MIB are fully guaranteed by PIDM until December 2010. The temporary government deposit guarantee has lapsed as scheduled at the end of 2010, the deposit insurance limit has been raised to RM250,000 effective 2011 from the previous RM60,000.

Liquidity Buffers

Maybank Group maintains a portfolio of highly liquid instruments on its statement of financial position that can be drawn upon when needed. These liquid assets include cash and government bonds and high credit quality private securities that can be sold or funded on a secured basis as protection against any unforeseen interruption to cash flow.

Stress Testing and Contingency Funding Plan

The Group uses stress testing and scenario analysis to evaluate the impact of sudden stress events on liquidity position. Scenarios are based on hypothetical events that include bank specific crisis and general market crisis scenarios. The stress test result provides an insight of the Group's funding requirements during different level of stress environment and is closely linked to the Group's Contingency Funding Plan (CFP), which provides a systemic approach in handling any unexpected liquidity disruptions. The plan encompasses strategies, decision-making authorities, internal and external communication and courses of action to be taken under different liquidity crisis scenarios. The CFP is being tested regularly to ensure the effectiveness and robustness of the plan.

The Group performs CFP test regularly to ensure the effectiveness and operational feasibility of the CFP. The key aspects of the testing are to focus on the preparedness of key senior management and their respective alternate in handling a simulated distress funding situation. It also provides exposure and develops capabilities on how to respond to a liquidity crisis situation and operate effectively with each other under challenging circumstances.

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45. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D.)

(e) Liquidity risk management (cont'd.)

2. Contractual maturity of total assets and liabilities

The table below analyses assets and liabilities (inclusive of non-financial instruments) of the Group and the Bank in the relevant maturity tenures based on remaining contractual maturities.

The disclosure is made in accordance with the requirement of revised BNM GP8 "Guidelines on Financial Reporting for Banking Institutions":

Group 2011	Up to 1 month RM'000	>1 to 3 months RM'000	>3 to 6 months RM'000	>6 months to 1 year RM'000	>1 to 3 years RM'000	>3 to 5 years RM'000	Over 5 years RM'000	No-specific maturity RM'000	Total RM'000
Assets									
Cash and short-term funds	37,054,615	937,154	664,676	147,074	-	-	-	-	38,803,519
Deposits and placements with financial institutions	2,752,873	5,378,824	2,042,325	116,778	713	-	-	-	10,291,513
Securities purchased under resale agreements	-	-	-	-	-	-	-	-	-
Securities portfolio	2,786,934	1,453,069	1,959,278	3,507,012	14,035,987	13,068,107	22,957,403	1,271,460	61,039,250
Loans, advances and financing	29,815,968	13,971,886	11,117,363	13,061,507	27,181,422	35,685,924	123,142,356	-	253,976,426
Derivative assets	90,627	82,537	44,030	396,334	316,841	259,718	462,095	-	1,652,182
Other assets	2,740,460	51,982	74,606	2,434,556	140,908	-	-	1,293,010	6,735,522
Investment properties	-	-	-	-	-	-	-	45,051	45,051
Statutory deposits with Central Banks	-	-	-	-	-	-	-	7,698,425	7,698,425
Interest in associates	-	-	-	-	-	-	-	2,439,654	2,439,654
Property, plant and equipment	-	-	-	-	-	-	-	2,168,986	2,168,986
Intangible assets	-	-	-	-	-	-	-	6,509,048	6,509,048
Deferred tax assets	-	-	-	-	-	-	-	1,402,705	1,402,705
Life, general takaful and family takaful fund assets	-	-	-	-	-	-	-	19,196,413	19,196,413
Total assets	75,241,477	21,875,452	15,902,278	19,663,261	41,675,871	49,013,749	146,561,854	42,024,752	411,958,694
Liabilities									
Deposits from customers	184,435,267	41,861,138	22,648,482	26,475,249	5,148,338	1,306,602	101,303	-	281,976,379
Deposits and placements of banks and other financial institutions	15,237,315	9,068,513	2,092,054	1,333,571	1,343,668	856,547	3,371,987	-	33,303,655
Obligations on securities sold under repurchase agreements	373,562	-	-	-	-	-	-	-	373,562
Bills and acceptances payable	4,318,064	3,462,596	635,917	96,824	-	-	-	-	8,513,401
Derivative liabilities	115,560	76,569	55,820	71,731	136,139	398,886	679,230	-	1,533,935
Other liabilities	6,921,874	68,413	865,608	176,535	280,561	192,734	-	2,806,129	11,311,854
Recourse obligation on loans sold to Cagamas	-	9,357	-	-	248,934	269,994	-	-	528,285

45. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D.)

(e) Liquidity risk management (cont'd.)

2. Contractual maturity of total assets and liabilities (cont'd.)

Group 2011 (cont'd.)	Up to 1 month RM'000	>1 to 3 months RM'000	>3 to 6 months RM'000	>6 months to 1 year RM'000	>1 to 3 years RM'000	>3 to 5 years RM'000	Over 5 years RM'000	No-specific maturity RM'000	Total RM'000
Provision for taxation and zakat	112,597	9,372	63	12,586	2	-	-	-	134,620
Deferred tax liabilities	-	-	-	-	-	-	-	247,892	247,892
Borrowings	133,077	181,468	539,807	209,286	34,604	303,642	4,045,236	-	5,447,120
Subordinated obligations	-	-	-	-	-	-	10,800,539	-	10,800,539
Capital securities	-	-	-	-	-	-	6,120,774	-	6,120,774
Life, general takaful and family takaful fund liabilities	-	-	-	-	-	-	-	5,408,600	5,408,600
Life, general takaful and family takaful policy holders' fund	-	-	-	-	-	-	-	13,787,813	13,787,813
Total liabilities	211,647,316	54,737,426	26,837,751	28,375,782	7,192,246	3,328,405	25,119,069	22,250,434	379,488,429
Net liquidity gap	(136,405,839)	(32,861,974)	(10,935,473)	(8,712,521)	34,483,625	45,685,344	121,442,785	19,774,318	32,470,265

The table below analyses assets and liabilities (inclusive of non-financial instruments) of the Group and the Bank in the relevant maturity tenures based on remaining contractual maturities. The disclosure is made in accordance with the requirement of revised BNM GP8 "Guidelines on Financial Reporting for Banking Institutions":

Bank 2011	Up to 1 month RM'000	>1 to 3 months RM'000	>3 to 6 months RM'000	>6 months to 1 year RM'000	>1 to 3 years RM'000	>3 to 5 years RM'000	Over 5 years RM'000	No-specific maturity RM'000	Total RM'000
Assets									
Cash and short-term funds	24,054,891	937,154	664,676	147,075	-	-	-	-	25,803,796
Deposits and placements with financial institutions	2,676,004	3,434,411	1,426,511	107,545	-	-	-	-	7,644,471
Securities purchased under resale agreements	-	-	-	-	-	-	-	-	-
Securities portfolio	1,859,155	888,107	1,668,987	2,852,441	12,871,901	8,585,286	22,218,555	541,999	51,486,431
Loans, advances and financing	24,339,786	10,734,153	9,343,833	8,672,015	17,817,419	22,244,753	88,420,885	-	181,572,844
Derivative assets	85,880	73,792	37,196	396,326	311,408	259,718	462,095	-	1,626,415
Other assets	916,048	11,850	17,774	35,549	-	-	-	439,144	1,420,365
Statutory deposits with Central Banks	-	-	-	-	-	-	-	4,313,116	4,313,116
Investment in subsidiaries	-	-	-	-	-	-	-	17,070,392	17,070,392
Interest in associates	-	-	-	-	-	-	-	454,412	454,412

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45. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D.)

(e) Liquidity risk management (cont'd.)

2. Contractual maturity of total assets and liabilities (cont'd.)

Bank 2011 (cont'd.)	Up to 1 month RM'000	>1 to 3 months RM'000	>3 to 6 months RM'000	>6 months to 1 year RM'000	>1 to 3 years RM'000	>3 to 5 years RM'000	Over 5 years RM'000	No-specific maturity RM'000	Total RM'000
Property, plant and equipment	-	-	-	-	-	-	-	1,170,183	1,170,183
Intangible assets	-	-	-	-	-	-	-	177,270	177,270
Deferred tax assets	-	-	-	-	-	-	-	920,837	920,837
Total assets	53,931,764	16,079,467	13,158,977	12,210,951	31,000,728	31,089,757	111,101,535	25,087,353	293,660,532
Liabilities									
Deposits from customers	127,748,337	27,154,741	16,765,085	23,781,801	4,975,638	938,502	101,304	-	201,465,408
Deposits and placements of banks and other financial institutions	15,237,161	8,997,797	1,586,637	239,011	1,201,968	815,610	3,363,491	-	31,441,675
Obligations on securities sold under repurchase agreements	373,562	-	-	-	-	-	-	-	373,562
Bills and acceptances payable	3,727,614	2,810,320	544,435	33,304	-	-	-	-	7,115,673
Derivative liabilities	95,028	64,024	52,690	68,014	129,372	357,952	679,231	-	1,446,311
Other liabilities	3,382,945	12,522	550,067	5,130	-	-	-	289,492	4,240,156
Recourse obligation on loans sold to Cagamas	-	9,357	-	-	248,934	269,994	-	-	528,285
Borrowings	1,551	-	120,920	-	-	-	3,298,028	-	3,420,499
Subordinated obligations	-	-	-	-	-	-	9,509,786	-	9,509,786
Capital securities	-	-	-	-	-	-	6,120,774	-	6,120,774
Total liabilities	150,566,198	39,048,761	19,619,834	24,127,260	6,555,912	2,382,058	23,072,614	289,492	265,662,129
Net liquidity gap	(96,634,434)	(22,969,294)	(6,460,857)	(11,916,309)	24,444,816	28,707,699	88,028,921	24,797,861	27,998,403

45. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D.)

(e) Liquidity risk management (cont'd.)

3. Contractual maturity of financial liabilities on an undiscounted basis

The tables below present the cash flows payable by the Group and the Bank under non-derivative financial liabilities by remaining contractual maturities at the end of the reporting period. The amounts disclosed in the table are the contractual undiscounted cash flow.

Group 2011	Up to 1 month RM'000	>1 to 3 months RM'000	>3 to 6 months RM'000	>6 months to 1 year RM'000	>1 to 3 years RM'000	>3 to 5 years RM'000	Over 5 years RM'000	Total RM'000
Non-derivative liabilities								
Deposits from customers	184,657,240	42,752,183	23,630,825	28,260,661	5,163,257	1,322,278	216,159	286,002,603
Deposits and placements of banks and other financial institutions	32,365,605	10,090,645	2,245,936	1,450,330	3,561,292	442,716	7,013,407	57,169,931
Obligations on securities sold under repurchase agreements	373,729	-	-	-	-	-	-	373,729
Bills and acceptance payables	5,872,170	6,404,670	2,192,330	75,080	-	-	-	14,544,250
Other liabilities	3,289,476	144,089	422,471	596,311	406,513	11,282	4,142,608	9,012,750
Recourse obligation on loans sold to Cagamas	-	-	11,935	-	20,297	577,228	-	609,460
Borrowings	695,971	305,202	967,198	322,802	569,939	2,457,896	1,799,851	7,118,859
Subordinated obligations	-	21,100	116,189	199,004	796,970	798,326	11,668,680	13,600,269
Capital securities	-	34,935	118,233	154,758	618,100	618,947	12,160,826	13,705,799
	227,254,191	59,752,824	29,705,117	31,058,946	11,136,368	6,228,673	37,001,531	402,137,650
Commitment and contingencies								
Direct credit substitutes	2,994,850	1,210,726	620,113	1,363,887	1,016,806	154,790	180,952	7,542,124
Certain transaction-related contingent items	1,320,976	603,131	972,100	1,667,369	3,945,342	1,948,523	1,420,116	11,877,557
Short-term self-liquidating trade-related contingencies	586,968	405,898	537,087	197,079	129,359	712,184	-	2,568,575
Islamic housing and hire purchase loans sold to Cagamas Berhad	-	-	-	-	682,679	-	-	682,679
Irrevocable commitments to extend credit	13,195,000	318,204	110,770	76,961,407	17,429,276	-	-	108,014,657
Miscellaneous	8,359,527	1,213,521	-	32,938	-	-	-	9,605,986
	26,457,321	3,751,480	2,240,070	80,222,680	23,203,462	2,815,497	1,601,068	140,291,578

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45. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D.)

(e) Liquidity risk management (cont'd.)

3. Contractual maturity of financial liabilities on an undiscounted basis (cont'd.)

The tables below present the cash flows payable by the Group and the Bank under non-derivative financial liabilities by remaining contractual maturities at the end of the reporting period. The amounts disclosed in the table are the contractual undiscounted cash flow.

Bank 2011	Up to 1 month RM'000	>1 to 3 months RM'000	>3 to 6 months RM'000	>6 months to 1 year RM'000	>1 to 3 years RM'000	>3 to 5 years RM'000	Over 5 years RM'000	Total RM'000
Non-derivative liabilities								
Deposits from customers	128,015,714	27,211,576	16,800,174	23,831,576	4,986,052	940,466	101,512	201,887,070
Deposits and placements of banks and other financial institutions	24,668,380	10,010,809	1,626,885	317,842	913,209	399,423	3,787,645	41,724,193
Obligations on securities sold under repurchase agreements	373,729	–	–	–	–	–	–	373,729
Bills and acceptances payable	5,144,058	5,797,202	2,150,184	75,080	–	–	–	13,166,524
Other liabilities	142,817	81,422	83,892	470,855	51,361	–	–	830,347
Recourse obligation on loans sold to Cagamas	–	–	11,935	–	20,297	577,228	–	609,460
Borrowings	492,498	154,446	144,662	24,431	122,176	2,189,992	1,246,118	4,374,323
Subordinated obligations	–	–	116,189	177,904	712,570	713,926	10,457,680	12,178,269
Capital securities	–	34,935	118,233	154,758	618,100	618,947	12,160,826	13,705,799
	158,837,196	43,290,390	21,052,154	25,052,446	7,423,765	5,439,982	27,753,781	288,849,714
Commitment and contingencies								
Direct credit substitutes	180,794	1,155,985	620,113	1,363,887	993,042	154,779	180,952	4,649,552
Certain transaction-related contingent items	602,298	603,131	972,100	1,667,369	3,713,781	1,905,714	1,079,354	10,543,747
Short-term self-liquidating trade-related contingencies	372,527	460,639	537,087	197,079	129,359	712,184	–	2,408,875
Irrevocable commitments to extend credit	865,532	318,204	110,770	76,961,407	15,431,264	–	–	93,687,177
Miscellaneous	8,329,624	1,213,521	–	32,938	–	–	–	9,576,083
	10,350,775	3,751,480	2,240,070	80,222,680	20,267,446	2,772,677	1,260,306	120,865,434

45. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D.)

(e) Liquidity risk management (cont'd.)

3. Contractual maturity of financial liabilities on an undiscounted basis (cont'd.)

The table below analyses the Group's and the Bank's derivative financial liabilities that will be settled on a net basis into relevant maturity groupings by remaining contractual maturities at the end of the reporting period. The amounts disclosed in the table are the contractual undiscounted cash flow.

Group 2011	Up to 1 month RM'000	>1 to 3 months RM'000	>3 to 6 months RM'000	>6 months to 1 year RM'000	>1 to 3 years RM'000	>3 to 5 years RM'000	Over 5 years RM'000	Total RM'000
Net settled derivatives								
Derivative financial liabilities								
Trading derivatives								
– Foreign exchange derivatives	(565)	(3,463)	(2,465)	(4,946)	(20)	(103)	(209)	(11,771)
– Interest rate derivatives	(55,193)	(41,937)	(26,079)	(60,283)	(108,158)	(11,471)	(83,767)	(386,888)
– Equity related derivatives	–	(10,240)	19	18	2,231	(10,588)	–	(18,560)
Hedging derivatives								
– Interest rate derivatives	(8,447)	(19,725)	(22,730)	(44,476)	(102,706)	(22,732)	1,001	(219,815)
	(64,205)	(75,365)	(51,255)	(109,687)	(208,653)	(44,894)	(82,975)	(637,034)
Gross settled derivatives								
Derivative financial liabilities								
Trading derivatives								
Derivatives:								
– Outflow	(22,413,199)	(8,689,012)	(2,339,673)	(1,289,268)	(3,208,930)	(1,543,054)	(379,056)	(39,862,192)
– Inflow	20,947,754	6,608,649	2,984,267	2,115,372	2,030,605	3,032,414	587,515	38,306,576
Hedging derivatives								
Derivatives:								
– Outflow	–	–	(262)	(1,111)	(3,328)	(57,221)	–	(61,922)
– Inflow	96	–	1,118	1,158	4,865	56,896	–	64,133
	(1,465,349)	(2,080,363)	645,450	826,151	(1,176,788)	1,489,035	208,459	(1,553,405)

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45. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D.)

(e) Liquidity risk management (cont'd.)

3. Contractual maturity of financial liabilities on an undiscounted basis (cont'd.)

The table below analyses the Group's and the Bank's derivative financial liabilities that will be settled on a net basis into relevant maturity groupings by remaining contractual maturities at the end of the reporting period. The amounts disclosed in the table are the contractual undiscounted cash flow.

	Up to 1 month	>1 to 3 months	>3 to 6 months	>6 months to 1 year	>1 to 3 years	>3 to 5 years	Over 5 years	Total
Bank 2011	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Net settled derivatives								
Derivative financial liabilities								
Trading derivatives								
– Foreign exchange derivatives	(565)	(3,463)	(1,426)	(4,946)	(20)	(103)	(210)	(10,733)
– Interest rate derivatives	(11,523)	(41,937)	(25,997)	(60,199)	(108,158)	(11,471)	(83,767)	(343,052)
– Equity related derivatives	–	–	19	18	2,231	(10,588)	–	(8,320)
Hedging derivatives								
– Interest rate derivatives	(8,447)	(18,999)	(22,355)	(43,975)	(102,859)	(23,937)	1,001	(219,571)
	(20,535)	(64,399)	(49,759)	(109,102)	(208,806)	(46,099)	(82,976)	(581,676)
Bank 2011								
Gross settled derivatives								
Derivative financial liabilities								
Trading derivatives								
Derivatives:								
– Outflow	(20,464,241)	(7,897,455)	(1,855,706)	(1,289,005)	(3,208,930)	(1,543,054)	(379,057)	(36,637,448)
– Inflow	18,987,956	5,833,390	2,627,313	2,115,131	2,030,605	3,032,414	587,515	35,214,324
Hedging derivatives								
Derivatives:								
– Outflow	–	–	(262)	(1,111)	(3,328)	(57,221)	–	(61,922)
– Inflow	96	–	1,118	1,158	4,865	56,896	–	64,133
	(1,476,189)	(2,064,065)	772,463	826,173	(1,176,788)	1,489,035	208,458	(1,420,913)

45. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D.)

(f) Operational risk management

Under the Group's three lines of defence concept, risk taking units (Business/Support Sectors) constitute an integral part of the operational risk management framework and are primarily responsible for the management of day-to-day operational risks inherent in their respective business and functional areas. They are responsible for putting in place and maintaining their respective operational manuals and ensuring that activities undertaken by them comply with Maybank Group's operational risk management framework.

The Operational Risk Management team, as the second line of defence, is responsible for the formulation and implementation of operational risk management framework within Maybank Group, which encompasses the operational risk governance structure, policies and processes. The above also include the maintenance and analysis of operational loss database, development and implementation of various operational risk management tools and methodologies to identify, measure, mitigate and monitor operational risks.

Finally, Internal Audit acts as the third line of defence by overseeing compliance in respect of day-to-day management of operational risks at all organisational levels by providing independent assurance in respect of the overall effectiveness of the operational risk management process.

Further information on the risk management practices of the Group are disclosed in the Section on Risk Management in the Annual Report.

46. FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

Financial instruments comprise financial assets, financial liabilities and also derivatives. The fair value of a financial instrument is the amount at which the instrument could be exchanged or settled between knowledgeable and willing parties in an arm's length transaction, other than in a forced or liquidation sale. The information presented herein represents best estimates of fair values of financial instruments at the reporting date.

For loans, advances and financing to customers, where such market prices are not available, various methodologies have been used to estimate the approximate fair values of such instruments. These methodologies are significantly affected by the assumptions used and judgements made regarding risk characteristics of various financial instruments, discount rates, estimates of future cash flows, future expected loss experience and other factors. Changes in the assumptions could significantly affect these estimates and the resulting fair value estimates. Therefore, for a significant portion of the Group's and the Bank's financial instruments, including loans, advances and financing to customers, their respective fair value estimates do not purport to represent, nor should they be construed to represent, the amounts that the Group and the Bank could realise in a sale transaction at the reporting date. The fair value information presented herein should also in no way be construed as representative of the underlying value of the Group and the Bank as a going concern.

The on-balance sheet financial assets and financial liabilities of the Group and the Bank whose fair values are required to be disclosed in accordance with FRS132 comprise all its assets and liabilities with the exception of investments in subsidiaries, investments in associates, property, plant and equipment, provision for current and deferred taxation, life, general takaful and family takaful fund assets, and life, general takaful and family takaful fund liabilities. The information on the fair values of financial assets and financial liabilities of the life, general takaful and family takaful fund is disclosed in Note 54.

The estimated fair values of those on-balance sheet financial assets and financial liabilities as at the balance sheet date approximate their carrying amounts as shown in the balance sheets, except for the following financial assets and liabilities:

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46. FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES (CONT'D.)

Group	2011		2010	
	Carrying value RM'000	Fair value RM'000	Carrying value RM'000	Fair value RM'000
Financial assets				
Securities held-to-maturity	9,638,714	9,809,443	8,942,708	9,118,305
Loans, advances and financing*	258,247,634	283,556,227	209,393,607	209,411,458
Financial liabilities				
Deposits from customers	281,976,379	282,699,577	236,909,788	236,927,836
Deposits and placements of banks and other financial institutions	33,303,655	38,100,861	23,257,868	23,177,261
Recourse obligation on loans sold to Cagamas	528,285	570,332	649,977	687,193
Borrowings	5,447,120	5,447,120	2,824,864	2,831,215
Subordinated obligations	10,800,539	9,576,819	8,069,116	7,751,326
Capital securities	6,120,774	7,156,337	5,978,752	6,712,227

Bank	2011		2010	
	Carrying value RM'000	Fair value RM'000	Carrying value RM'000	Fair value RM'000
Financial assets				
Securities held-to-maturity	8,339,494	8,508,551	7,855,322	8,029,524
Loans, advances and financing*	184,752,617	209,580,430	154,236,342	154,111,646
Financial liabilities				
Deposits from customers	201,465,408	200,875,634	175,379,741	175,369,226
Deposits and placements of banks and other financial institutions	31,441,675	30,848,183	22,929,822	22,854,214
Recourse obligation on loans sold to Cagamas	528,285	570,332	649,977	687,193
Borrowings	3,420,499	3,420,499	2,098,317	2,098,317
Subordinated obligations	9,509,786	9,279,515	8,069,116	7,751,326
Capital securities	6,120,774	7,156,337	5,978,752	6,712,227

* The collective impairment/general allowance for the Group and the Bank amounting to RM4,271,208,000 (2010: RM3,838,541,000) and RM3,179,773,000 (2010: RM2,766,757,000) respectively have been added back to arrive at the carrying value of the loans, advances and financing.

The following methods and assumptions are used to estimate the fair values of the following classes of financial instruments:

46. FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES (CONT'D.)

(a) Cash and short-term funds

The carrying amount approximates fair value due to the relatively short maturity of the financial instruments.

(b) Deposits and placements with financial institutions, securities purchased under resale agreement, obligations on securities sold under repurchase agreement and bills and acceptances payable

The fair values of those financial instruments with remaining maturities of less than one year approximate their carrying values due to their relatively short maturities. For those financial instruments with maturities of more than one year, the fair values are estimated based on discounted cash flows using applicable prevailing market rates of similar remaining maturities at the reporting date.

(c) Securities

Fair values of securities that are actively traded is determined by quoted bid prices. For non-actively traded securities, independent broker quotations are obtained. Fair values of equity securities are estimated using a number of methods, including earnings multiples and discounted cash flow analysis. Where discounted cash flow technique is used, the estimated future cash flows are discounted using applicable prevailing market or indicative rates of similar instruments at the reporting date.

(d) Loans, advances and financing

The fair values of variable rate loans are estimated to approximate their carrying values. For fixed rate loans and Islamic financing, the fair values are estimated based on expected future cash flows of contractual instalment payments, discounted at applicable and prevailing rates at reporting date offered for similar facilities to new borrowers with similar credit profiles. In respect of impaired or non-performing loans, the fair values are deemed to approximate the carrying values which are net of interest/income-in-suspense and specific allowance for bad and doubtful debts and financing.

(e) Deposits from customers, deposits and placements of banks and other financial institutions

The fair values of deposits payable on demand and deposits and placements with maturities of less than one year approximate their carrying values due to the relatively short maturity of these instruments. The fair values of fixed deposits and placements with remaining maturities of more than one year are estimated based on discounted cash flows using applicable rates currently

offered for deposits and placements with similar remaining maturities. The fair value of Islamic deposits are estimated to approximate their carrying values as the profit rates are determined at the end of their holding periods based on the actual profits generated from the assets invested.

(f) Recourse obligation on loans sold to Cagamas

The fair values of recourse obligation on housing and hire purchase loans sold to Cagamas are determined based on the discounted cash flows of future instalment payments at applicable prevailing Cagamas rates as at reporting date.

(g) Subordinated obligations

The fair values of subordinated obligations are estimated by discounting the expected future cash flows using the applicable prevailing interest rates for borrowings with similar risks profiles.

(h) Derivative financial instruments

Fair values of non-option derivative instruments are normally zero or negligible at inception and the subsequent change in value is favourable (assets) or unfavourable (liabilities) as a result of fluctuations in market interest rates, foreign exchange rates or other applicable reference rates relative to their terms. Fair value of derivatives which are net purchased or written options are equivalent to the market premiums paid or received at inception, and the subsequent change in value would increase or reduce the fair values of these derivative assets (for net purchased options) or derivatives liabilities (for net written options) as a result of fluctuation of the underlying market rates. The fair values of the Group's and the Bank's derivative instruments are estimated by reference to quoted market prices. Internal models are used where no market price is available. The derivatives held by the Group and the Bank are already carried at fair values on the statements of financing position.

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47. CAPITAL AND OTHER COMMITMENTS

- (a) Capital expenditure approved by directors but not provided for in the financial statements amounted to:

	Group		Bank	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Approved and contracted for	506,118	185,816	410,884	176,730
Approved but not contracted for	207,846	149,181	207,846	147,810
	713,964	334,997	618,730	324,540

	Group		Bank	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
(b) Uncalled capital in shares of subsidiaries	—	—	150	150

48. CAPITAL MANAGEMENT

A strong capital position is essential to the Group's business strategy and competitive position. The Group's capital strategy focuses on long-term stability, which enables it to build and invest in market leading businesses. The Group considers the implications on the capital strength prior to making any decision on future business activities. In addition to considering the earnings outlook, the Group evaluates all sources and uses of capital and makes decisions to vary any source or use to preserve the Group's capital strength.

The Group's objective in managing its capital resources is to maintain sufficient and adequate capital resources given current and future requirements. The Group manages requirements for capital from organic and inorganic growth which ensures that resources remain in excess of minimum regulatory requirements and internal targets (which provide a buffer above minimum requirements).

The Group's capital management activities seek to maximise shareholders' value by optimising the level and mix of its capital resources.

The Group's capital management objectives are to hold capital sufficient to:

- Maintain Core Capital Ratio and Risk Weighted Capital Ratio at levels sufficiently above the current minimum requirements of the relevant regulatory;
- Support the Group's credit rating;
- Ensure regulated subsidiaries can meet their minimum capital requirements;
- Allocate capital to businesses to support the Group's strategic objectives and optimise returns on capital;
- Remain flexible to take advantage of future growth opportunities;
- Build and invest in businesses, even in a reasonably stressed environment;
- Optimise returns to shareholders; and
- Withstand capital demands under market shocks and stress conditions.

The quality and composition of capital are key factors in the evaluation of the Group's capital adequacy. The Group strongly emphasises the quality of its capital and, accordingly, holds a significant amount of its capital in the form of equity.

The Group's capital management policies are to diversify its sources of capital; to allocate capital efficiently, guided by the need to maintain a prudent relationship between available capital and the risks of its underlying businesses; and to meet the expectations of key stakeholders, including investors, regulators and rating agencies.

Capital management plans are drawn up annually covering at least a three year horizon and are approved by the Board. The capital management plan ensures that adequate levels of capital and an optimum mix of the different components of capital are maintained by the Group to support its business strategy.

In its pursuit of an efficient and healthy capital structure, the following initiatives were undertaken by the Group:

(a) Gearing up of capital

The Group issued various capital instruments including subordinated Bonds/certificates/Notes, equity, Non-Innovative Tier 1 Capital Securities, and Innovative Tier 1 Capital Securities to strengthen its capital position as disclosed in Notes 27 and 28 to the financial statements.

(b) Dividend reinvestment plan ("DRP") and Basel III

The Bank had on 25 March 2010 announced a recurrent and optional DRP that allows shareholders of the Bank to reinvest electable portions of their dividends into new ordinary shares of RM1.00 each in the Bank. The DRP is part of the Bank's strategy to preserve equity capital ahead of the regulations under Basel III as well as to grow its businesses whilst providing healthy dividend income to shareholders. Details of the DRP is disclosed in Note 29(b) and dividend payout is disclosed in Note 43.

48. CAPITAL MANAGEMENT (cont'd.)

(b) Dividend reinvestment plan ("DRP") and Basel III (cont'd.)

Equity capital requirements are expected to increase moving forward under Basel III, the rules of which were published in December 2010 by the Basel Committee on Banking Supervision ("BCBS"). The Basel III reforms increases the minimum quantity and quality of capital which the Group is obliged to maintain and expect systemically important banks to have higher loss absorbing capacity beyond the minimum standards. These proposed reforms are expected to be implemented by the beginning of 2013. However the requirements are subject to a series of transitional arrangements and will be phased in over a period of time, to be fully effective by 2019. The approach and local implementation of Basel III in Malaysia will depend on Bank Negara Malaysia ("BNM")'s pronouncement to the minimum capital standards set by the BCBS.

In line with industry best practices, the Group shall quantify its risks using methodologies that have been reasonably tested and deemed to be accepted in the industry.

Where risks may not be easily quantified due to the lack of commonly accepted risk measurement techniques, expert's judgment is used to determine the size of risk. The focus of the Group's ICAAP would be on the qualitative controls in managing such risks. These qualitative measures include the following:

- Adequate governance process;
- Adequate systems, procedures and internal controls;
- Effective risk mitigation strategies; and
- Regular monitoring and reporting.

(c) Regular stress testing

The Group's stress testing programme is embedded in the risk and capital management process of the Group and it is a key focus area during the capital planning and business planning processes. The programme serves as a risk and capital management tool to understand our risk profile under extreme but plausible conditions. Such conditions may arise from economic, political and environmental factors.

Under Maybank Group Stress Test Framework, which was approved by the Board of Directors, we consider the potential unfavourable effects of stress scenarios on the Group's profitability, asset quality, risk weighted assets and capital adequacy.

Specifically, the stress test programme is designed to:

- Highlight the dynamics of stress events and their potential implications on the Group's trading and banking book exposures, liquidity positions and likely reputational impacts;
- Produce stress results as inputs into the Group's ICAAP in the determination of capital adequacy and capital buffers; and
- Identify proactively key strategies to mitigate the effects of stress events.

Stress test themes reviewed by the Stress Test Working Group in the past include a repeat of Asian Financial Crisis, US dollar depreciation, pandemic flu, asset price collapse, interest rate hikes, a global double-dip recession scenario and Japan disasters among others.

The Stress Test Working Group, which comprises of business and risk management teams, tables the stress test reports at the Senior Management and Board committees and discusses the results with regulators on a regular basis.

49. INTERNAL CAPITAL ADEQUACY ASSESSMENT PROCESS ("ICAAP")

(a) General

The Group's the overall capital adequacy in relation to its risk profile is assessed through a process articulated in the ICAAP. The ICAAP Framework has been formalised and approved by the Board of Directors and has been implemented within the organisation to ensure all material risks are identified, measured and reported, and adequate capital levels consistent with the risk profiles are held.

In line with BNM's Guideline on ICAAP, the Group's ICAAP closely integrates the risk and capital assessment processes. The ICAAP framework is designed to ensure that adequate levels, including capital buffers, are held to support the Group's current and projected demand for capital under existing and stressed conditions. Regular ICAAP reports are submitted to the Executive Risk Committee and the Board Risk Management Committee for comprehensive review of all material risks faced by the Group and assessment of the adequacy of capital to support them.

(b) Comprehensive risk assessment under ICAAP Framework

Under the Group's ICAAP methodology, the following risk types are identified and measured:

- Risks captured under Pillar 1 (credit risk, market risk and operational risk).
- Risks not fully captured under Pillar 1 (e.g. model risk).
- Risks not taken into account by Pillar 1 (e.g. interest rate risk in banking book, liquidity risk, business/strategic risk, reputational risk and credit concentration risk).
- External factors, including changes in economic environment, regulations, and accounting rules.

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50. CAPITAL ADEQUACY

(a) Compliance and application of capital adequacy ratios

On 29 June 2010, the Bank and its subsidiary, Maybank Islamic Berhad ("MIB") have received approval from Bank Negara Malaysia ("BNM") to migrate to Internal Ratings-Based (IRB) approach for credit risk under Basel II Risk Weighted Capital Adequacy Framework (RWCAF) from 1 July 2010 onwards.

With effect from 1 January 2010, for Maybank Investment Bank Berhad and 1 July 2010 for other regulated entities, the capital adequacy ratios are computed as follows:

- (a) Group, Bank and Maybank Islamic Berhad ("MIB") ratios are computed in accordance with BNM's Basel II RWCAF issued on 1 April 2010 as follows:
- (i) Credit risk under Internal-Ratings Based Approach
 - (ii) Market risk under Standardised Approach
 - (iii) Operational risk under Basic Indicator Approach

The minimum regulatory capital adequacy requirement remains at 8% for the risk-weighted capital ratios.

- (b) Maybank Investment Bank Berhad ("Maybank IB") on a standalone basis is computed in accordance with BNM's Basel II RWCAF issued on 1 April 2010 under Standardised Approach for credit and market risks, whereas operational risk is under the Basic Indicator Approach. The minimum regulatory capital adequacy requirement is 8% for the risk-weighted capital ratios.
- (c) PT Bank Internasional Indonesia Tbk ("BII") on a standalone basis is computed in accordance with local requirements, which is based on the Basel I capital accord. The minimum regulatory capital adequacy requirement is 8% for the risk-weighted capital ratios. However, for disclosure at Maybank Group level, the computation was based on the capital adequacy rules of the overseas jurisdiction (parent company) namely Maybank Group, using Basel II RWCAF rules, as BII is considered a significant overseas subsidiary.

The comparative capital adequacy ratios for 30 June 2010 were in compliance with Basel I Risk-Weighted Capital Adequacy Framework and have not been restated in accordance with Para 7.2(1) of the Basel II RWCAF, which does not require disclosures in respect of previous period upon first time adoption.

(b) The capital adequacy ratios of the Group and the Bank

The proposed final dividend consisting of an electable portion of 28 sen (21 sen net per ordinary share) can be elected to be reinvested in new ordinary shares in accordance with the Dividend Reinvestment Plan as disclosed in Note 29(b).

As such, there will be a range of extreme possibilities that the full electable portion is reinvested in new ordinary shares or the full electable portion is not reinvested but paid in cash.

Based on the above, the range of capital adequacy ratios of the Group and the Bank before and after deducting the proposed dividend are as follows:

The capital adequacy ratios of the Group and the Bank as at 30 June:

Basel II	Group		Bank	
	2011	2010	2011	2010
(i) Before deducting proposed dividend*:				
Core capital ratio	11.93%	–	13.44%	–
Risk-weighted capital ratio	15.45%	–	13.44%	–
(ii) After deducting proposed dividend:				
Core capital ratio				
– full electable portion paid in cash	11.21%	–	12.49%	–
– full electable portion reinvested	11.84%	–	13.32%	–
Risk-weighted capital ratio				
– full electable portion paid in cash	14.72%	–	12.49%	–
– full electable portion reinvested	15.36%	–	13.32%	–

50. CAPITAL ADEQUACY (CONT'D.)

(b) The capital adequacy ratios of the Group and the Bank (cont'd.)

	Group		Bank	
	2011	2010	2011	2010
Basel I				
(iii) Before deducting proposed dividend*:				
Core capital ratio	–	11.06%	–	15.02%
Risk-weighted capital ratio	–	14.67%	–	15.02%
(iv) After deducting proposed dividend:				
Core capital ratio				
– full electable portion paid in cash	–	10.10%	–	13.78%
– full electable portion reinvested	–	10.97%	–	14.91%
Risk-weighted capital ratio				
– full electable portion paid in cash	–	13.71%	–	13.78%
– full electable portion reinvested	–	14.58%	–	14.91%

* In arriving at the capital base used in the ratio calculations of the Group and the Bank, the proposed dividends for respective financial years were not deducted.

(c) Components of Tier 1 and Tier 2 capital:

	Group		Bank	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Tier 1 capital				
Paid-up share capital	7,478,206	7,077,983	7,478,206	7,077,983
Share premium	8,583,711	5,903,497	8,583,711	5,903,497
Other reserves	14,779,856	13,813,992	11,790,065	12,506,193
Capital securities	6,065,486	5,978,752	6,065,486	5,978,752
Less: Deferred tax assets ¹	(1,383,388)	(1,564,963)	(920,837)	(1,148,176)
Goodwill ¹	(6,049,900)	(4,154,486)	(81,015)	(81,015)
Total Tier 1 capital	29,473,971	27,054,775	32,915,616	30,237,234
Tier 2 capital				
Subordinated obligations	10,732,475	8,069,116	9,458,980	8,069,116
Collective (2010: general) allowance for bad and doubtful debts ⁴	995,632	3,838,541	449,884	3,015,865
Total Tier 2 capital	11,728,107	11,907,657	9,908,864	11,084,981
Total capital	41,202,078	38,962,432	42,824,480	41,322,215
Less: Investment in subsidiaries and associates ²	(2,924,965)	(3,065,249)	(17,457,434)	(13,009,007)
Less: Other deductions:				
Liquidity reserve	(1,492)	(18,060)	(1,492)	(18,051)
Securitisation exposure held in the banking book	(16,796)	–	(16,796)	–
Excess of EL over EP ³	(108,217)	–	(37,149)	–
Capital base	38,150,608	35,879,123	25,311,609	28,295,157

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50. CAPITAL ADEQUACY (CONT'D.)

(c) Components of Tier 1 and Tier 2 capital: (cont'd.)

- ¹ Under Bank Negara Malaysia Guidelines, deferred tax and goodwill are required to be excluded from Tier I capital.
- ² Excludes the cost of investment in subsidiary companies and associates, except for: (i) Myfin Berhad of RM18,993,759, as its business, assets and liabilities have been transferred to the Bank; (ii) Maybank International (L) Ltd. of RM27,060,000, as its asset are included in the Bank's risk-weighted assets. For the Group, the cost of investment in insurance companies and associates are deducted from capital base.
- ³ EP is defined as eligible provision and EL is defined as expected loss.
- ⁴ Excluding collective allowance for certain loans, advances and financing for current financial year.

The capital adequacy ratios of the Group consist of capital base and risk-weighted assets derived from consolidated balances of the Bank and its subsidiaries, excluding the investments in insurance entities and associates.

The capital adequacy ratios of the Bank consist of capital base and risk-weighted assets derived from the Bank and its wholly-owned offshore banking subsidiary company, Maybank International (L) Ltd., excluding the cost of investment in subsidiary companies and associates (except for Myfin Behad and Maybank International (L) Ltd. as disclosed above).

(d) The capital adequacy ratios of the banking subsidiaries of Group are as follows:

	Maybank Islamic Berhad	Maybank Investment Bank Berhad	PT Bank Internasional Indonesia Tbk
30 June 2011			
<u>Before deducting interim dividends:</u>			
Core capital ratio	10.31%	24.72%	–
Risk-weighted capital ratio	13.02%	24.72%	13.06%
<u>After deducting interim dividends:</u>			
Core capital ratio	9.46%	24.72%	–
Risk-weighted capital ratio	12.17%	24.72%	13.06%
30 June 2010			
<u>Before deducting interim dividends:</u>			
Core capital ratio	9.14%	35.60%	–
Risk-weighted capital ratio	10.66%	37.37%	14.87%
<u>After deducting interim dividends:</u>			
Core capital ratio	8.57%	35.60%	–
Risk-weighted capital ratio	10.09%	37.37%	14.87%

50. CAPITAL ADEQUACY (CONT'D.)

(e) The breakdown of Assets and Credit Equivalent values (including Off-Balance Sheet items) according to Risk-Weights is as follows:

	Group RM'000	Bank RM'000	Maybank Islamic Berhad RM'000	Maybank Investment Bank Berhad RM'000	PT Bank Internasional Indonesia Tbk RM'000
At 30 June 2011 – Basel II					
Standardised Approach exposure	60,236,549	31,459,666	3,753,922	1,040,223	21,381,949
Internal Ratings-Based Approach exposure after scaling factor	147,528,075	129,381,636	23,571,746	–	–
Total risk-weighted assets for credit risk	207,764,624	160,841,302	27,325,668	1,040,223	21,381,949
Total risk-weighted assets for credit risk absorbed by Malayan Banking Berhad*	–	–	(206,402)	–	–
Total risk-weighted assets for market risk	15,991,249	9,692,832	149,810	156,475	270,737
Total risk-weighted assets for operational risk	23,223,860	17,738,110	2,334,044	476,309	3,215,865
Additional risk-weighted assets due to capital floor	–	–	7,154,554	–	–
Total risk-weighted assets	246,979,733	188,272,244	36,757,674	1,673,007	24,868,551

* In accordance with BNM's guideline on the recognition and measurement of Restricted Profit Sharing Investment Account ("RPSIA") as Risk Absorbent, the credit risk on the assets funded by the RPSIA are excluded from the risk weighted capital ratio ("RWCR") calculation.

	Group RM'000	Bank RM'000	Maybank Islamic Berhad RM'000	Maybank Investment Bank Berhad RM'000	PT Bank Internasional Indonesia Tbk RM'000
At 30 June 2011 – Basel I					
0%	–	–	–	–	–
10%	35,853	2,668	28,000	–	–
20%	6,812,838	7,104,318	375,211	88,944	–
50%	18,129,592	14,603,632	2,640,748	1,446	–
75%	–	–	–	22,658	–
100%	192,475,276	143,201,723	31,473,796	311,157	–
150%	–	–	–	90,718	–
Total risk-weighted assets for credit risk	217,453,559	164,912,341	34,517,755	514,923	17,053,004
Total risk-weighted assets for market risk	27,081,304	23,431,606	483,259	112,576	173,353
Total risk-weighted assets for operational risk	–	–	–	425,635	965,181
Total risk-weighted assets	244,534,863	188,343,947	35,001,014	1,053,134	18,191,538

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51. SEGMENT INFORMATION

Segment information are presented in respect of the Group's business segments and geographical locations.

(i) By business segments

The Group determines and presents operating segments based on information provided to the board and senior management of the Group.

The Group is organised into three (3) segments based on services and products available within the group resulting from the change in New House of Maybank commencing 1 July 2010 as follows. Resulting from the change, the comparative segment information has been restated to conform with the current year's presentation.

(a) Community Financial Services ("CFS")

- (i) **Consumer banking**
Consumer banking comprises the full range of products and services offered to individuals in Malaysia, including savings and fixed deposits, remittance services, current accounts, consumer loans such as housing loans and personal loans, hire purchases, unit trusts, bancassurance products and credit cards.
- (ii) **Small, Medium Enterprise ("SME") Banking**
Small, Medium Enterprise banking comprises the full range of products and services offered to small and medium enterprises in Malaysia. The products and services offered include long-term loans such as project financing, short-term credit such as overdrafts and trade financing, and fee-based services such as cash management and custodian services.
- (iii) **Business Banking**
Business banking comprises the full range of products and services offered to commercial enterprises in Malaysia. The products and services offered include long-term loans such as project financing, short-term credit such as overdrafts and trade financing, and fee-based services such as cash management and custodian services.

(b) Global Wholesale Banking ("GWB")

- (i) **Corporate Banking Malaysia**
Corporate Banking comprises the full range of products and services offered to business customers in the region, ranging from large corporate and the public sector. The products and services offered include long-term loans such as project financing, short-term credit such as overdrafts and trade financing, and fee-based services such as cash management and custodian services.
- (ii) **Global Markets Malaysia**
Global markets comprise the full range of products and services relating to treasury activities and services, including foreign exchange, money market, derivatives and trading of capital market.
- (iii) **Investment banking (Maybank IB and Kim Eng Group)**
Investment banking comprises the investment banking and securities broking business. This segment focuses on business needs of mainly large corporate customers and financial institutions. The products and services offered to customers include corporate, advisory services, bond issuance, equity issuance, syndicated acquisitions advisory services, debt restructuring advisory services, and share and futures dealings.

(c) Insurance, Takaful and Asset Management

Insurance, takaful and asset management comprise the business of underwriting all classes of general and life insurance businesses, offshore investment life insurance business, general takaful and family takaful businesses, asset and fund management, nominee and trustee services and custodian services.

(d) International banking

On the international front, the domestic CFS business is driven in-country whilst the wholesale banking for each country has a reporting line to the Global Wholesale Banking ("GWB"). For purpose of the management information reporting, the GWB performance is shown separately and comprises Corporate Banking, and Global Market in Malaysia as well as the investment banking business and the international banking performance comprises both the wholesale banking and CFS banking outside of Malaysia for example, Singapore and Indonesia.

51. SEGMENT INFORMATION (CONT'D.)

(i) By business segments (cont'd.)

Group 2011	Business Segments							Total RM'000
	Community Financial Services RM'000	GWB				Insurance, Takaful and Asset Management RM'000	Head Office and Others RM'000	
		Corporate Banking RM'000	Global Markets RM'000	Investment Banking RM'000	International Banking RM'000			
Net interest income and Islamic banking income:								
– external	4,659,970	852,220	702,770	85,831	2,760,233	70,952	(384,173)	8,747,803
– Inter-segment	–	–	–	3,069	(3,733)	19,848	(19,184)	–
	4,659,970	852,220	702,770	88,900	2,756,500	90,800	(403,357)	8,747,803
Net interest income and Islamic banking income	4,659,970	852,220	702,770	88,900	2,756,500	90,800	(403,357)	8,747,803
Net income from insurance business	–	–	–	–	–	557,306	–	557,306
Non-interest income	1,564,860	427,280	865,480	393,214	1,421,300	276,682	(834,161)	4,114,655
Net income	6,224,830	1,279,500	1,568,250	482,114	4,177,800	924,788	(1,237,518)	13,419,764
Overhead expenses	(3,285,296)	(205,618)	(145,253)	(338,509)	(2,270,962)	(406,546)	–	(6,652,184)
Allowance for losses on loans, advances and financing	50,510	10,166	–	5,288	(544,305)	(23,825)	–	(502,166)
Impairment losses on securities, net	–	–	(101,705)	(13,382)	(8,072)	(6,796)	–	(129,955)
Operating Profit	2,990,044	1,084,048	1,321,292	135,511	1,354,461	487,621	(1,237,518)	6,135,459
Share of profits in associates	–	–	–	–	135,008	–	–	135,008
Profit before taxation and zakat	2,990,044	1,084,048	1,321,292	135,511	1,489,469	487,621	(1,237,518)	6,270,467
Taxation and zakat								(1,650,709)
Profit after taxation and zakat								4,619,758
Non-controlling interest								(169,480)
Profit for the year attributable to equity holders of the Bank								4,450,278

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51. SEGMENT INFORMATION (CONT'D.)

(i) By business segments (cont'd.)

Group 2010	Business Segments							Total RM'000
	GWB					Insurance, Takaful and Asset Management RM'000	Head Office and Others RM'000	
	Community Financial Services RM'000	Corporate Banking RM'000	Global Markets RM'000	Investment Banking RM'000	International Banking RM'000			
Net interest income and Islamic banking income								
– external	4,631,800	693,900	827,200	25,149	2,558,828	106,281	(637,541)	8,205,617
– Inter-segment	–	–	–	3,651	2,172	(19,001)	13,178	–
	4,631,800	693,900	827,200	28,800	2,561,000	87,280	(624,363)	8,205,617
Net interest income and Islamic banking income	4,631,800	693,900	827,200	28,800	2,561,000	87,280	(624,363)	8,205,617
Net income from insurance business	–	–	–	–	–	424,907	–	424,907
Non-interest income	1,497,700	361,500	677,900	206,800	1,187,600	243,469	(482,289)	3,692,680
Net income	6,129,500	1,055,400	1,505,100	235,600	3,748,600	755,656	(1,106,652)	12,323,204
Overhead expenses	(3,122,195)	(140,185)	(98,653)	(112,709)	(2,038,919)	(312,873)	–	(5,825,534)
Allowance for losses on loans, advances and financing	(225,363)	(422,917)	–	20,900	(597,474)	(1,213)	–	(1,226,067)
Impairment losses on securities, net	–	–	(39,830)	–	16,800	–	–	(23,030)
Operating Profit	2,781,942	492,298	1,366,617	143,791	1,129,007	441,570	(1,106,652)	5,248,573
Share of profits in associates	–	–	–	–	121,835	–	–	121,835
Profit before taxation and zakat	2,781,942	492,298	1,366,617	143,791	1,250,842	441,570	(1,106,652)	5,370,408
Taxation and zakat								(1,401,958)
Profit after taxation and zakat								3,968,450
Non-controlling interest								(150,283)
Profit for the year attributable to equity holders of the Bank								3,818,167

(ii) By geographical locations

The Group has operations in Malaysia, Singapore, Indonesia, Philippines, Papua New Guinea, Brunei Darussalam, People's Republic of China, Hong Kong SAR, Vietnam, United Kingdom, United States of America, Cambodia and Bahrain.

With the exception of Malaysia, Singapore and Indonesia, no other individual country contributed more than 10% of the consolidated revenue before operating expenses and of total assets.

Revenue, net interest income, profit before tax and zakat and non-current assets based on geographical locations of customers and assets respectively are as follows:

51. SEGMENT INFORMATION (CONT'D.)

	Operating revenue RM'000	Net income RM'000	Profit before taxation and zakat RM'000	Non-current assets RM'000
2011				
Malaysia	15,328,262	9,611,370	5,251,502	8,012,735
Singapore	2,121,883	1,619,827	888,242	312,272
Indonesia	3,291,045	2,133,124	289,711	326,711
Others	945,338	632,354	310,057	71,367
	21,686,528	13,996,675	6,739,512	8,723,085
Elimination *	(646,885)	(576,911)	(469,045)	–
Group	21,039,643	13,419,764	6,270,467	8,723,085
2010				
Malaysia	14,294,778	9,719,759	5,270,446	5,579,501
Singapore	1,911,001	1,387,340	818,301	296,501
Indonesia	2,838,432	1,874,054	238,410	164,015
Others	759,085	462,476	70,339	54,059
	19,803,296	13,443,629	6,397,496	6,094,076
Elimination *	(1,243,064)	(1,120,425)	(1,027,088)	–
Group	18,560,232	12,323,204	5,370,408	6,094,076

* Inter-segment revenues are eliminated on consolidation.

52. SIGNIFICANT EVENTS

(a) Proposed Conversion to Syariah Banking and Capital Reduction of PT Bank Maybank Indocorp (Indonesia) ("Proposed Conversion")

Maybank has on 23 June 2010 announced the proposed conversion to Syariah Banking, and corresponding reduction of share capital of its 96.83% owned subsidiary incorporated in Indonesia, PT Bank Maybank Indocorp ("BMI"), based on an earlier decision by BMI's shareholders and subject to approval by the Indonesian central bank, Bank Indonesia ("BI").

On 1 October 2010, BMI has received the approval from BI on the conversion of BMI's business activities from Conventional Banking to Syariah Banking.

With effect from 23 September 2010, BMI has changed its name to PT Bank Maybank Syariah Indonesia ("MSI") and BMI's business activities have been converted from Conventional Banking to Syariah Banking. The performance of MSI is being reported under the Islamic Banking Scheme ("IBS") operations.

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52. SIGNIFICANT EVENTS (CONT'D.)

- (b) (i) **Proposed Acquisition by Mayban IB Holdings Sdn Bhd (formerly known as Aseam Credit Sdn Bhd ("Mayban IB Holdings" or "Offeror"), a wholly-owned subsidiary of Maybank, of an aggregate of 257,559,264 ordinary shares in Kim Eng Holdings Ltd ("Kim Eng"), representing 44.63% of the issued and paid up share capital of Kim Eng**
- (ii) **Possible mandatory conditional cash offer for all the remaining ordinary shares of Kim Eng not already owned by Mayban IB Holdings, its related corporations and their respective nominees ("Offer Shares") subject to completion of the Proposed Acquisition as defined herein**

On 6 January 2011, Maybank announced that Mayban IB Holdings, a wholly-owned subsidiary of Maybank has entered into separate conditional Share Purchase Agreements ("SPAs") with each of Mr Ronald Anthony Ooi Thean Yat ("Ronald Ooi") and Yuanta Securities Asia Financial Services Limited ("Yuanta Securities") (collectively the "Vendors") (the "Announcement"), pursuant to which, inter alia;

- (a) Ronald Ooi has agreed to sell and procure the sale of, and Mayban IB Holdings has agreed to purchase, 89,082,698 ordinary shares ("RO Sale Share") in the capital of Kim Eng Holdings Limited ("Kim Eng"), representing approximately 15.44% of the ordinary shares ("Kim Eng Shares") in the capital of Kim Eng in issue as at the date of the Announcement, for an aggregate cash consideration of Singapore Dollar ("SGD") 276,156,363.80 ("RO Consideration"), being SGD3.10 in cash for each RO Sale Share; and
- (b) Yuanta Securities has agreed to sell, and Mayban IB Holdings has agreed to purchase, 168,476,566 Kim Eng Shares ("Yuanta Sale Shares"), and together with the RO Sale Shares, ("Sale Shares"), representing approximately 29.19% of the Kim Eng Shares in issue as at the date of the Announcement, for an aggregate cash consideration of SGD522,277,354.60 ("Yuanta Consideration"), being SGD3.10 in cash for each Yuanta Sale Share.

The total cash consideration payable by Mayban IB Holdings for the Sale Shares is SGD798.4 million (equivalent of approximately RM1,899.5 million) ("Aggregate Consideration").

The total cash consideration per Kim Eng Share of SGD3.10 (equivalent of approximately RM7.37) was arrived at on a willing buyer-willing seller basis after taking into consideration the following:

- (i) the unaudited consolidated shareholders' equity of Kim Eng for the 9-month financial period ended 30 September 2010 of SGD937.64 million (equivalent of approximately RM2,230.65 million);

- (ii) the price-to-book multiple of 1.91 times and 1.91 times based on the consideration price per Kim Eng of SGD3.10 (equivalent of approximately RM7.37) and the audited consolidated shareholders' equity of SGD938.98 million (equivalent of approximately RM2,233.83 million) as of 31 December 2009 and the unaudited consolidated shareholders' equity of SGD937.64 million (equivalent of approximately RM2,230.65 million) for the 9-month financial period ended 30 September 2010 respectively;
- (iii) a premium of 18.3% to the five (5)-day volume-weighted average market price of Kim Eng Shares of SGD2.62 up to and including 5 January 2011, being the last trading day of Kim Eng Shares on the SGX-ST preceding the date of the Announcement; and
- (iv) earnings potential of Kim Eng and its subsidiaries ("Kim Eng Group") and the potential benefits to Maybank Group.

There are no liabilities including contingent liabilities and guarantees to be assumed by Maybank under the Proposed Acquisition, other than those arising in the ordinary course of business of Kim Eng in the event the financial statements of Kim Eng Group are consolidated into financial statements of Maybank Group after completion of the Proposed Acquisition.

Upon completion of the SPAs, Maybank through Mayban IB Holdings will emerge as the single largest shareholder of Kim Eng. As Mayban IB Holdings' shareholdings in Kim Eng exceeds 30% of the issued and paid-up share capital of Kim Eng upon completion of the Proposed Acquisition, Mayban IB Holdings is obliged to extend a mandatory general offer for all the Kim Eng Shares, other than those already owned by Mayban IB Holdings, its related corporations and their respective nominees, pursuant to Section 139 of the Securities and Futures Act, Chapter 289 and Rule 14.1 of the Singapore Code on Take-overs and Mergers.

On 6 January 2011, Nomura Singapore Limited ("Nomura") announced for and on behalf of Mayban IB Holdings that Mayban IB Holdings intends to make a mandatory conditional cash offer ("Offer") for all the Kim Eng Shares, other than the Kim Eng Shares already owned by Mayban IB Holdings, its related corporations and their respective nominees ("Offer Shares"), subject to the completion of the Proposed Acquisition, on the following terms:

- (i) For each Offer Share : SGD3.10 in cash ("Offer Price")
- (ii) The Offer Shares will be acquired (i) fully paid, (ii) free from all claims, charges, mortgages, liens, options, equity, power of sale, hypothecation, retention of title, rights of pre-emption, rights of first refusal or other third party rights or security interests of any kind or any agreements, arrangements or obligations to create any of the foregoing and (iii) together with all rights, benefits and entitlements attached thereto as at the date of the Announcement and hereafter attaching thereto, including the right to receive and retain all dividends, rights and other distributions (if any) declared, paid or made by Kim Eng on or after the date of the Announcement.

52. SIGNIFICANT EVENTS (CONT'D.)

(b) (cont'd.)

If any dividend, rights or other distribution is announced, declared, paid or made by Kim Eng on or after the date of the Announcement, the Offer Price will be reduced by the amount of such dividend, rights or other distribution.

- (iii) The Offer, if and when made, will be conditional upon Mayban IB Holdings having received valid acceptances in respect of and/or acquired such number of Offer Shares which will result in the Offeror and parties acting in concert with it holding such number of Shares carrying more than 50% of the voting rights attributable to the issued share capital of Kim Eng.

In the event the Offeror acquires 100% equity interest in Kim Eng, the total cash consideration would be SGD1,789 million (equivalent to approximately RM4,256 million).

The Proposed Acquisition will not have any effect on the issued and paid-up share capital, the substantial shareholders' shareholding and the consolidated net assets per share position of Maybank as the Proposed Acquisition will be satisfied entirely by cash.

On 5 May 2011, Maybank announced that the pre-condition to the making of the Offer ("Pre-Condition"), which was the satisfaction of certain key conditions (including obtaining approvals from Bank Negara Malaysia and the Monetary Authority of Singapore) in accordance with the terms, and subject to the conditions of the SPAs, had been satisfied. Pursuant to the satisfaction of the Pre-Condition, Nomura had on 5 May 2011 announced on the SGX-ST, for and on behalf of Mayban IB Holdings, Mayban IB Holdings' firm intention to make the Offer.

Upon completion of the Proposed Acquisition, Mayban IB Holdings would hold approximately 50.22 per cent. of Kim Eng and therefore, in accordance with the Notification of the Securities and Exchange Commission No. KorChor. 53/2545, Mayban IB Holdings would be required to make an offer for all the issued shares in Kim Eng Securities (Thailand) Public Company Limited ("KEST") ("Thai Tender Offer"). Mayban IB Holdings would, following completion, announce its intention to make the Thai Tender Offer at an offer price of Baht 16.00 for each share in KEST.

On 10 May 2011, Maybank announced that the Proposed Acquisition had been completed.

Capital Nomura Securities Public Company Limited has announced, on behalf of Mayban IB Holdings, the intention of Mayban IB Holdings to make an offer to acquire all the issued shares in Kim Eng Securities (Thailand) Public Company Limited ("KEST") ("Thai Tender Offer") (form 247-3) at an offer price of Baht16.00 for each share in KEST.

As at 17 June 2011, Mayban IB Holdings had received valid acceptances in respect of an aggregate of 260,704,264 Kim Eng Shares, representing approximately 45.18% of the ordinary shares ("Kim Eng Shares") in the capital of Kim Eng, which, when taken together with the Kim Eng Shares held by Mayban IB Holdings as at the date of the offer document ("Offer Document"), comprise an aggregate of 550,511,528 Kim Eng Shares representing approximately 95.39% of the Kim Eng Shares in issue as at 17 June 2011.

Nomura Singapore Limited ("Nomura") has on 28 Jun 2011 announced on the SGX-ST, that Mayban IB Holdings has given notice to the dissenting shareholders whereby the dissenting shareholders may, within three (3) months (i.e. by 28 September 2011), give notice to Mayban IB Holdings requiring it to acquire their Kim Eng Shares at the Offer Price of S\$3.10 for each Kim Eng Share and on the same terms as those offered under the Offer. Mayban IB Holdings intends to exercise its right of compulsory acquisition to acquire all the Kim Eng Shares held by the dissenting shareholders on or after 29 July 2011.

On 4 July 2011, pursuant to Rule 28.1 of the Singapore Code on Take-overs and Mergers, on the Final Closing Date, Mayban IB Holdings has received valid acceptances in respect of an aggregate of 270,948,494 Kim Eng Shares, representing approximately 46.95% of the Kim Eng Shares in issue as at 4 July 2011. On 29 July 2011, Maybank announced that Mayban IB Holdings had on even date exercise the right of compulsory acquisition under Section 215(1) of the Companies Act to acquire all the Kim Eng share held by dissenting shareholders. Following the compulsory acquisition Kim Eng would become a wholly owned company of Mayban IB holdings and will be delisted from the Official List of the SGX-ST on 4 August 2011.

On 25 July 2011, Maybank announced that following the close of the Thai Tender Offer on 18 July, Mayban IB Holdings received valid acceptance of approximately 27.99% of KEST shares. As such, the Mayban IB Holdings group's aggregate shareholding in KEST is approximately 83.74%.

In addition to the above, Kim Eng had on 29 June 2011 entered into a conditional sale and purchase agreement ("CSPA") with ATR Holdings, Inc. ("ATRH") in relation to the sale by ATRH, and the purchase by Kim Eng, of 344,427,134 issued common shares in ATR Kim Eng Financial Corporation ("ATRKE"), representing approximately 32.24% of the total number of issued common shares of ATR KE ("ATR KE Shares").

The execution of the CSPA will trigger an obligation by Kim Eng to undertake a mandatory tender offer for the ATR KE Shares other than those already owned, controlled or agreed to be acquired by Kim Eng.

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52. SIGNIFICANT EVENTS (CONT'D.)

(b) (cont'd.)

The acquisition of ATR KE shares by Kim Eng was completed on 17 August 2011. Following the completion of the said acquisition, Kim Eng now holds approximately 74.64% of the total number of issued common shares of ATR KE. Pursuant to the provisions of the Implementing Rules and Regulations of the Securities Regulation Code and any other issuance of the Securities and Exchange Commission, the executive of the said acquisition will trigger an obligation by Kim Eng to undertake a mandatory tender offer for the issued common shares in ATR KE other than those already owned, controlled or agreed to be acquired by Kim Eng.

(c) **Proposed Establishment of an Employees' Share Scheme of Up to Ten Percent (10%) of the Issued and Paid-up Ordinary Share Capital of the Company at any Point in Time. ("Proposed ESS")**

Maybank via the announcement on 19 April 2011 proposed to establish and implement an employees' share scheme ("ESS") of up to ten percent (10%) of the issued and paid-up share capital of Maybank at any point in time for the option(s) to subscribe for and/or award of new ordinary shares of RM1.00 each in Maybank ("Maybank Shares" or "Scheme Shares") to the following:

- (i) eligible employees and executive director(s) of Maybank and its branches and subsidiaries in Malaysia, excluding listed subsidiaries, overseas subsidiaries and subsidiaries which are dormant;
- (ii) eligible employees of overseas branches of Maybank; and
- (iii) top management and selected key eligible personnel of PT Bank Internasional Indonesia Tbk ("BII"),

(collectively referred to as "Participating Maybank Group")

Maybank proposes to establish and implement the Proposed ESS which will be valid for a period of seven (7) years. The Proposed ESS will be administered by the ESS Committee which is established by the Board. The Proposed ESS is intended to reward and retain Eligible Employees as well as to attract new talents in the future.

The proposed ESS is a portfolio approach with two (2) main vehicles as follows:

(i) **Proposed Employee Share Option Scheme ("ESOS")**

Under the proposed ESOS, an Eligible Employee may, within the period of the Proposed ESS ("ESOS Option Period"), at the discretion of the ESS Committee, be offered a certain number of options ("ESOS Options") at the offer date ("ESOS Offer Date"), subject to applicable terms and conditions ("ESOS Offer"). If the Eligible Employee decides to accept the ESOS Offer, he/she will be granted the ESOS Options, which can then be exercised, within a period of up to five (5) years, to subscribe for new Maybank Shares ("Proposed ESOS").

(ii) **Proposed Performance-Based Restricted Share Unit ("RSU")**

Under the proposed RSU, Maybank may from time to time, within the period of the Proposed ESS, at the discretion of the ESS Committee, invite a selected senior management personnel ("Selected Senior Management") to enter into an agreement with Maybank pursuant to the By-Laws whereupon Maybank shall agree to grant the Selected Senior Management an award of Scheme Shares ("RSU Grant") at future dates ("RSU Grant Dates"), subject to fulfilling the relevant service objectives and performance targets that have been set by the ESS Committee ("Proposed RSU").

The Scheme Shares under the Proposed RSU, will be granted over a five (5)-year period and will be vested on a three (3)-year cliff vesting schedule whereby the Selected Senior Management will be assessed based on, among others, the return on equity, relative total shareholders' return and individual performance, over a period of three (3) financial years as set out by the ESS Committee.

In the event that the Selected Senior Management does not meet the above targets over the said period set by the ESS Committee, the Scheme Shares will not be vested to him at the end of the three (3) financial years.

The Scheme Shares on the RSU Vesting Dates shall be settled by way of issuance and transfer of new Maybank Shares or by cash.

The Proposed ESS is subject to the approvals being obtained from the following:

- (i) Bursa Securities, for the listing of and quotation for the new Maybank Shares to be issued pursuant to the Proposed ESS;
- (ii) Bursa Depository for the transfer of Scheme Shares from the Trustee to the Scheme Participants;
- (iii) Bank Negara Malaysia for the increase in the issued and paid-up share capital of Maybank pursuant to the Proposed ESS;
- (iv) the shareholders of Maybank at an extraordinary general meeting ("EGM") to be convened; and
- (v) any other relevant regulatory authorities, where applicable.

On 12 May 2011, Maybank announced that Bursa Malaysia Securities Berhad had, vide its letter dated 11 May 2011 approved the listing of such number of additional new ordinary shares of RM1.00 each to be issued under the Proposed ESS, representing up to ten percent (10%) of the issued and paid-up ordinary share capital of Maybank.

On 13 June 2011, Maybank announced that the ordinary resolutions for the Proposed ESS as set out in the Notice of Extraordinary General Meeting ("EGM") dated 30 May 2011 and tabled at the EGM of Maybank were duly approved by the shareholders of Maybank.

52. SIGNIFICANT EVENTS (CONT'D.)

(c) (cont'd.)

On 23 June 2011, Maybank announced that Bank Negara Malaysia had vide its letter dated 22 June 2011, approved the increase of the issued and paid-up share capital of Maybank up to ten percent (10%), pursuant to the ESS.

(d) Possible Merger of the Businesses of Malayan Banking Berhad and RHB Capital Berhad

On 31 May 2011, Maybank announced that Bank Negara Malaysia ("BNM") has, vide its letter dated 31 May 2011, stated that it has no objection in principle to Maybank commencing preliminary negotiations with RHB Capital Berhad ("RHB Capital") and its major shareholders for a possible merger of the businesses of the two banking groups. The approval from BNM to commence negotiations is valid for 3 months from 31 May 2011.

On 23 June 2011, Maybank announced that it has decided not to pursue with the negotiation for the possible merger at this juncture.

(e) Maybank Islamic Berhad's Issuance of Tier 2 Capital Islamic Subordinated Sukuk of RM1.0 billion in Nominal Value ("Subordinated Sukuk")

On 31 March 2011, Maybank Islamic Berhad ("MIB"), a wholly owned subsidiary of Maybank, had successfully completed the issuance of RM1.0 billion Tier 2 Capital Islamic Subordinated Sukuk.

Approval for the issuance of the Subordinated Sukuk was obtained from the Securities Commission on 25 February 2011.

The Subordinated Sukuk which is based on the Islamic principle of Musyarakah, is rated AA+ (outlook stable) by Malaysian Rating Corporation Berhad (MARC) and carries tenure of 10 years from the issue date on a 10 non-callable 5 basis and qualifies as Tier 2 capital for the purpose of Malaysian capital adequacy regulation.

The proceeds from the issue will be used for MIB's working capital, general banking, business expansion programme and other corporate purposes.

(f) Establishment of Subordinated Note Programme of up to RM3.0 billion in Nominal Value ("Subordinated Note Programme")

On 30 May 2011, Maybank announced that it has obtained approval from the Securities Commission vide their letter dated 25 May 2011 for the establishment of the Subordinated Note Programme and the issue of subordinated notes ("Subordinated Notes") thereunder. In addition, the approval from Bank Negara Malaysia ("BNM") for the issuance of Subordinated Notes has also been obtained on 14 April 2011 (upon terms and conditions therein contained).

The Subordinated Notes issued under the Subordinated Note Programme will qualify as Tier 2 capital of Maybank subject to compliance with the requirements as specified in the Risk Weighted Capital Adequacy Framework and Capital Adequacy Framework for Islamic Banks by BNM.

The tenor of the Subordinated Note Programme is up to 20 years from the date of first issue of subordinated notes under the Subordinated Note Programme and each Subordinated Note issued shall have a tenor of either the following; 10-year non-callable basis; 15 years on a 15 non-callable 10 basis; 12 years on a 12 non-callable 7 basis or 10 years on a 10 non-callable 5 basis.

Each issuance of subordinated notes under the Subordinated Note Programme, save and except for subordinated notes issued on a 10-year non-callable basis, shall have a callable option allowing Maybank, and subject to the redemption conditions being satisfied, redeem (in whole, but not in part) that tranche of subordinated notes on the call date at their principal amount together with accrued but unpaid coupon (if any) ("Optional Redemption"). Further to the Optional Redemption, Maybank may also, at its option and subject to the redemption conditions being satisfied, redeem a tranche of Subordinated Notes (in whole, but not in part) if a regulatory event occurs at the principal amount together with accrued but unpaid coupon (if any) ("Regulatory Redemption"). The Optional Redemption and Regulatory Redemption of one tranche of the subordinated notes shall not trigger the redemption of other tranches of subordinated notes.

The net proceeds from the issuance of the subordinated notes will be utilised to fund Maybank's working capital, general banking and other corporate purposes.

Maybank had on 15 August 2011 issued RM2.0 billion of subordinated notes ("Subordinated Notes") under the Subordinated Notes Programme, which has been accorded a long term rating of AA1 by RAM Rating Services Berhad. The Subordinated Notes issued shall have tenure of 10 years on a 10 non-callable 5 basis and will mature on 16 August 2021. It is callable on 15 August 2016 and on every interest payment date thereafter. The Subordinated Notes offering was priced at 4.10%

53. SUBSEQUENT EVENT

- (a) On 11 July 2011, the Bank announced the change in financial year end of the Bank and its subsidiaries from 30 June to 31 December, which shall be implemented after the close of financial year ended 30 June 2011. The next financial period will be from 1 July 2011 to 31 December 2011, covering a period of six (6) months. Thereafter, the financial year shall revert to twelve (12) months ending 31 December of each subsequent year.

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54. LIFE, GENERAL TAKAFUL AND FAMILY TAKAFUL FUNDS' STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2011

Group	2011				2010			
	Life Fund RM'000	Family Takaful Fund RM'000	General Takaful Fund RM'000	Total RM'000	Life Fund RM'000	Family Takaful Fund RM'000	General Takaful Fund RM'000	Total RM'000
Assets								
Property, plant and equipment	72,850	9	537	73,396	73,530	16	13	73,559
Investment properties	480,470	1,235	40	481,745	453,460	–	–	453,460
Intangible assets	15	–	–	15	38	2,276	102	2,416
Investments	9,173,836	6,205,050	966,291	16,345,177	8,654,084	5,268,543	792,545	14,715,172
Loans	284,070	53,486	1,625	339,181	279,819	57,374	1,699	338,892
Receivables	183,080	137,624	118,798	439,502	170,630	197,357	88,333	456,320
Cash and bank balances	78,786	19,931	29,060	127,777	34,686	37,497	39,492	111,675
Investment-linked business assets	1,237,828	151,792	–	1,389,620	1,477,196	331,369	–	1,808,565
	11,510,935	6,569,127	1,116,351	19,196,413	11,143,443	5,894,432	922,184	17,960,059
Liabilities								
Provision for outstanding claims	64,532	104,725	206,731	375,988	47,037	87,272	254,947	389,256
Other liabilities	826,508	3,355,873	850,231	5,032,612	800,279	3,228,785	603,591	4,632,655
	891,040	3,460,598	1,056,962	5,408,600	847,316	3,316,057	858,538	5,021,911
Life, general takaful and family takaful policy holders' funds	10,619,895	3,108,529	59,389	13,787,813	10,296,127	2,578,375	63,646	12,938,148
	11,510,935	6,569,127	1,116,351	19,196,413	11,143,443	5,894,432	922,184	17,960,059

- (i) The operating revenue generated from the life insurance, general takaful and family takaful businesses of the Group for the financial year amounted to approximately RM5,156,058,000 (2010: RM5,407,765,000).

55. CHANGES IN ACCOUNTING POLICIES AND COMPARATIVES

(a) Changes in Accounting Policies

As disclosed in Note 3(ii)(a), the adoption of new FRSs, amendments to FRSs, IC Interpretations and TR during the financial year have resulted in the following key changes in accounting policies:

- (i) FRS 139 Financial Instruments: Recognition and Measurement
- (ii) IC Interpretation 9 Reassessment of Embedded Derivatives
- (iii) Amendments to FRS 139 Financial Instruments: Recognition and Measurement, FRS 7 Financial Instruments: Disclosures and IC Interpretation 9 Reassessment of Embedded Derivatives
- (iv) Amendments to FRS 139 Financial Instruments: Recognition and Measurement
- (v) FRS 4 Insurance Contracts

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

The changes in accounting policy above have been accounted for prospectively, in line with the transitional arrangements under para 103AA of FRS 139, with adjustments to the carrying values of financial assets and liabilities at the beginning of the current financial year being adjusted to opening retained profits and/ or unrealised holding reserves/ (deficit) as appropriate. Details of the adjustments are disclosed in Note 55(b).

55. CHANGES IN ACCOUNTING POLICIES AND COMPARATIVES (CONT'D.)

(a) Changes in Accounting Policies (cont'd.)

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

(1) Impairment of loans, advances and financing

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

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

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

Loans which are not individually significant and loans that have been individually assessed with no evidence of impairment loss are grouped together for portfolio impairment assessment. These loans are grouped within similar credit and characteristics for collective assessment, whereby data from the loan portfolio (such as credit quality, levels of arrears, credit utilisation, loan to collateral ratios etc.), concentrations of risks and economic data (including levels of unemployment, real estate prices indices, country risk and the performance of different individual groups) are taken into consideration.

(2) Classification of loans, advances and financing as impaired

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

(3) Interest and profit income recognition

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

(4) Embedded derivatives

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

(5) Impairment of insurance receivables

The adoption of FRS 4 requires retrospective adjustment to be applied. The Group has adopted FRS 4 as an adjustment to retained earnings as at 1 July 2010 as the application of this standard did not have a material impact on the financial results of the Group. The adjustment to retained earnings as at 1 July 2010 arising from the adoption of FRS 4 is in relation to impairment of insurance receivables. If there is objective evidence that the insurance receivable is impaired, the Group reduces the carrying amount of the insurance receivable accordingly and recognises that impairment loss in profit or loss. The Group gathers the objective evidence that an insurance receivable is impaired using the same process adopted for financial assets carried at amortised cost. The impairment loss is calculated under the same method used for these financial assets.

(6) Fair value measurement of investment securities

The adoption of FRS 139 has resulted to a change in the reference used in determining the fair value of the Group's and the Bank's investment securities from the previous bases used to bid-prices.

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55. CHANGES IN ACCOUNTING POLICIES AND COMPARATIVES (CONT'D.)

(b) Adjustments due to Change in Accounting Policies

	Group RM'000	Bank RM'000
Effects on retained profits attributable to equity holders of the Bank:		
At 1 July, as previously stated	9,925,888	6,646,053
Effects of adopting FRS 139	(172,088)	(150,753)
Effects of adopting FRS 4	1,800	–
At 1 July 2010, as restated	9,755,600	6,495,300
Effects on other reserves attributable to equity holders of the Bank:		
At 1 July, as previously stated	340,936	269,016
Effects of adopting FRS 139	(47,921)	(40,368)
At 1 July 2010, as restated	293,015	228,648
Effects on non-controlling interests:		
At 1 July, as previously stated	787,764	–
Effects of adopting FRS 139	(5,786)	–
Effects of adopting FRS 4	807	–
At 1 July 2010, as restated	782,785	–

(c) Restatement of comparatives

The adoption of specific FRSs resulted in restatements of comparative figures as follows:

(i) FRS 101 Presentation of Financial Statements

As a result of the adoption of the revised FRS 101, income statements of the Group and the Bank for the comparative financial period ended 30 June 2010 have been re-presented as two separate statements, ie. an income statement displaying components of profit or loss and a statement of comprehensive income. All non-owner changes in equity which were previously presented in the statement of changes in equity are now included in the statement of other comprehensive income. Consequently, components of other comprehensive income are not presented in the statement of changes in equity. Since these changes only affect presentation aspects, there is no impact on earnings per ordinary share.

(ii) FRS 7 Financial Instruments: Disclosures

The adoption of FRS 7 during the financial period has resulted in some changes to the disclosure of financial instruments, whereby the disclosure are now made by categories of financial assets and liabilities. The disclosure of comparative figures in the statement of financial positions as at 30 June 2010 and the income statement for the financial period ended 30 June 2010 have been restated to conform with the current period's presentation.

Since these changes only affect the presentation of disclosure items, there is no impact on the financial position as at 30 June 2010 or the financial results of the Group and the Bank for the comparative period.

(iii) FRS 117 Leases

The adoption of amendments FRS 117 during the financial year had resulted in the reclassification of leasehold land which are in substance finance leases to property, plant and equipment from pre-paid lease payments in other assets

30 June 2010			
Statements of financial position	As previously stated RM'000	Adjustments RM'000	As restated RM'000
Group			
Other assets	5,319,548	(208,186)	5,111,362
Property, plant and equipment	1,359,852	208,186	1,568,038
Bank			
Other assets	3,832,316	(82,668)	3,749,648
Property, plant and equipment	1,077,597	82,668	1,160,265

(d) Reclassification/restatement to conform to current year's presentation

30 June 2010			
Income statement	As previously stated RM'000	Adjustments RM'000	As restated RM'000
Group			
Other operating income	4,666,035	(973,355)	3,692,680
Overhead expenses	(6,412,072)	586,538	(5,825,534)
Allowance for losses on loans, advances and financing	(1,187,977)	(38,090)	(1,226,067)
Net income from Insurance business	–	424,907	424,907
Bank			
Other operating income	2,843,624	(251,875)	2,591,749
Overhead expenses	(4,004,773)	289,964	(3,714,809)
Allowance for losses on loans, advances and financing	(309,867)	(38,089)	(347,956)

56. THE OPERATIONS OF ISLAMIC BANKING SCHEME ("IBS")

(a) Statements of financial position as at 30 June 2011

	Note	Group	
		2011 RM'000	2010 RM'000
Assets			
Cash and short-term funds	(f)	9,684,169	5,818,068
Deposits and placements with banks and other financial institutions	(g)	394,136	707
Securities portfolio	(h)	6,823,392	4,700,919
Financing and advances	(i)	46,244,031	33,516,386
Deferred tax assets	(j)	161,550	79,712
Derivative assets	(k)	14,646	17,513
Other assets	(l)	4,737,314	222,559
Statutory deposits with Bank Negara Malaysia	(m)	913,900	153,000
Intangible asset	(n)	918	–
Property, plant and equipment	(o)	347	–
		68,974,403	44,508,864
Liabilities			
Deposits from customers	(p)	50,890,270	34,693,613
Deposits and placements of banks and other financial institutions	(q)	11,292,077	5,051,346
Bills and acceptances payable		1,115,350	28,175
Derivative liabilities	(k)	53,504	20,775
Other liabilities	(r)	175,494	1,235,875
Provision for taxation and zakat	(t)	52,931	31,607
Subordinated sukuk	(u)	1,010,637	–
		64,590,263	41,061,391
Islamic banking capital funds			
Islamic banking funds		459,287	207,410
Reserves		3,924,853	3,240,063
		4,384,140	3,447,473
		68,974,403	44,508,864
Commitments and contingencies	(bb)	18,643,612	13,627,916

The accompanying notes form an integral part of the financial statements.

Notes to the Financial Statements

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56. THE OPERATIONS OF ISLAMIC BANKING SCHEME ("IBS") (CONT'D.)

(b) Income statement for the year ended 30 June 2011

Group			
	Note	2011 RM'000	2010 RM'000
Income derived from investment of depositors' funds	(v)	2,538,614	1,822,872
Expenses directly attributable to depositors and Islamic Banking Funds		(24,842)	(15,493)
Transfer from profit equalisation reserve		(91,317)	41,642
Gross attributable income		2,422,455	1,849,021
Allowances for losses on financing and advances	(w)	(10,720)	(350,363)
Total attributable income		2,411,735	1,498,658
Income attributable to the depositors	(x)	(1,054,681)	(671,956)
Income attributable to the Group		1,357,054	826,702
Income derived from investment of Islamic Banking Funds:			
Gross investment income	(y)	131,257	137,157
Net income from investment of Islamic Banking Funds		131,257	137,157
		1,488,311	963,859
Finance cost		(10,637)	–
Overhead expenses	(z)	(573,471)	(428,821)
Profit before taxation and zakat		904,203	535,038
Taxation	(aa)	(217,239)	(121,005)
Zakat		(9,435)	(7,091)
Profit for the year		677,529	406,942
For consolidation and amalgamation with the conventional operations, net income from Islamic Banking Scheme comprises the following items:			
Gross attributable income		2,422,455	1,849,021
Net income from investment Islamic Banking Funds		131,257	137,157
Total income before allowances for financing and advances and overhead expenses		2,553,712	1,986,178
Income attributable to the depositors		(1,054,681)	(671,956)
		1,499,031	1,314,222
Finance cost		(10,637)	–
Net of intercompany income and expenses		73,479	120,522
Income from Islamic Banking Scheme operations reported in the Group-wide income statement		1,561,873	1,434,744

(c) Statement of comprehensive income for the year ended 30 June 2011

Group		
	2011 RM'000	2010 RM'000
Profit for the year	677,529	406,942
Other comprehensive income/(loss):		
Currency translation differences in respect of foreign operations	(2,665)	23
Net gain on revaluation of financial investments available-for-sale	9,237	49,881
Income tax relating to components of other comprehensive income	379	(11,042)
Other comprehensive income for the year, net of tax	6,951	38,862
Total comprehensive income for the year	684,480	445,804

The accompanying notes form an integral part of the financial statements.

56. THE OPERATIONS OF ISLAMIC BANKING SCHEME ("IBS") (CONT'D.)

(d) Statements of changes in Islamic Banking Fund

Group	Non-distributable					Equity contribution from the holding company		Distributable Retained Profits	Total
	Islamic Banking Fund RM'000	Share Premium RM'000	Unrealised Holding Reserve RM'000	Exchange Fluctuation Reserve RM'000	Statutory Reserve RM'000	RM'000	RM'000		
At 1 July 2010									
– as previously stated	207,410	2,488,400	15,148	21	147,338	(2,536)	591,692	3,447,473	
– effect of adopting FRS 139	–	–	(5,882)	–	–	–	45,627	39,745	
At 1 July 2010 (restated)	207,410	2,488,400	9,266	21	147,338	(2,536)	637,319	3,487,218	
Profit for the year	–	–	–	–	–	–	677,529	677,529	
Other comprehensive (income/loss)	–	–	9,616	(2,665)	–	–	–	6,951	
Total comprehensive income for the year	–	–	9,616	(2,665)	–	–	677,529	684,480	
Transfer to Retained Profits	–	–	–	–	–	4,233	(4,233)	–	
Transfer from Head Office	251,877	–	–	–	–	–	–	251,877	
Transfer from MSI (Note 52(a))	–	–	–	–	–	–	(39,435)	(39,435)	
At 30 June 2011	459,287	2,488,400	18,882	(2,644)	147,338	1,697	1,271,180	4,384,140	
At 1 July 2009	197,476	1,988,500	(23,691)	(2)	147,338	(2,536)	389,270	2,696,355	
Profit for the year	–	–	–	–	–	–	406,942	406,942	
Other comprehensive income	–	–	38,839	23	–	–	–	38,862	
Total comprehensive income for the year	–	–	38,839	23	–	–	406,942	445,804	
Issue of ordinary shares during the year	100	499,900	–	–	–	–	–	500,000	
Transfer from/(to) Head Office	9,834	–	–	–	–	–	(4,334)	5,500	
Dividend payable	–	–	–	–	–	–	(200,186)	(200,186)	
At 30 June 2010	207,410	2,488,400	15,148	21	147,338	(2,536)	591,692	3,447,473	

* Arose from waiver of intercompany balance between respective subsidiaries on the instruction of the holding company.

Notes to the Financial Statements

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56. THE OPERATIONS OF ISLAMIC BANKING SCHEME ("IBS") (CONT'D.)

(e) Statement of cash flows for the year ended 30 June 2011

	Group	
	2011 RM'000	2010 RM'000
Cash flows from operating activities		
Profit before taxation and zakat	904,203	535,038
Adjustments for:		
Allowances for losses on financing and advances	75,264	389,460
Accretion of discounts less amortisation of premiums of investment securities, net	599	(3,981)
Profit equalisation reserves	(91,317)	(41,642)
Operating profit before working capital changes	888,749	878,875
Change in deposits and placements with banks and other financial institutions	(393,429)	48,952
Change in financing and advances	(12,786,605)	(8,473,289)
Change in derivative assets	2,867	6,128
Change in other assets	(4,514,756)	(13,314)
Change in statutory deposit with Central Banks	(760,900)	53,000
Change in deferred tax asset	45,058	–
Change in deposits from customers	16,196,657	9,914,895
Change in deposits and placements of banks and other financial institutions	6,240,731	(1,101,820)
Change in bills and acceptances payable	1,087,175	25,244
Net purchase of securities portfolio	(2,122,397)	(333,550)
Change in derivative liabilities	32,729	(6,363)
Change in other liabilities	(958,427)	56,494
Cash generated from operations	2,957,452	1,055,252
Taxes and zakat paid	(302,528)	(146,401)
Net cash generated from operating activities	2,654,924	908,851
Cash flows from financing activities		
Proceeds from issuance of Tier 2 Capital Subordinated Sukuk	1,000,000	–
Retained profits transferred from MSI from conventional book (Note 52(a))	(39,435)	–
Funds transferred from Head Office	251,877	5,500
Proceeds from issuance of ordinary shares	–	500,000
Net cash generated from financing activities	1,212,442	505,500
Cash flows from investing activities		
Purchase of property, plant and equipment	(918)	–
Purchase of intangible asset	(347)	–
Net cash used in financing activities	(1,265)	–
Net increase in cash and cash equivalents	3,866,101	1,414,351
Cash and cash equivalents at beginning of year	5,818,068	4,403,717
Cash and cash equivalents at end of year	9,684,169	5,818,068
Cash and cash equivalents comprise:		
Cash and short-term funds	9,684,169	5,818,068

The accompanying notes form an integral part of the financial statements.

56. THE OPERATIONS OF ISLAMIC BANKING SCHEME ("IBS") (CONT'D.)

(f) Cash and short-term funds

	Group	
	2011 RM'000	2010 RM'000
Cash, balances and deposits with banks and other financial institutions	1,517,079	5,705,919
Money at call and interbank placements with remaining maturity not exceeding one month	8,167,090	112,149
	9,684,169	5,818,068

(g) Deposits and placements with banks and other financial institutions

	Group	
	2011 RM'000	2010 RM'000
Licensed banks	393,799	–
Bank Negara Malaysia	337	707
	394,136	707

(h) Securities portfolio

		Group	
	Note	2011 RM'000	2010 RM'000
Securities held-for-trading	(i)	513,225	68,796
Securities available-for-sale	(ii)	6,138,274	4,451,657
Securities held-to-maturity	(iii)	171,893	180,466
		6,823,392	4,700,919

(i) Securities held-for-trading

	Group	
	2011 RM'000	2010 RM'000
At fair value		
Money market instruments:-		
Malaysian Government Investment Issues	30,281	25,365
Sukuk Ijarah bonds	–	19,972
Foreign Certificates of Deposits	240,592	–
Bank Negara Malaysia Monetary Notes	242,352	23,459
Total securities held-for-trading	513,225	68,796

(ii) Securities available-for-sale

	Group	
	2011 RM'000	2010 RM'000
At fair value		
Money market instruments:-		
Cagamas bonds	183,997	231,996
Bank Negara Malaysia Sukuk Ijarah bonds	11,104	–
Malaysian Government Investment Issues	3,696,550	2,446,888
Foreign Government Treasury Bills	49,414	–
Negotiable instruments of deposits	249,219	429,386
Bankers' acceptances and Islamic accepted bills	220,933	78,499
Khazanah bonds	236,252	186,560
	4,647,469	3,373,329
Unquoted securities:-		
Private and Islamic debt securities in Malaysia	1,322,519	849,217
Foreign Islamic debt securities	50,986	54,390
Malaysia Global Sukuk	117,300	174,721
	1,490,805	1,078,328
Total securities available-for-sale	6,138,274	4,451,657

Notes to the Financial Statements

30 June 2011

56. THE OPERATIONS OF ISLAMIC BANKING SCHEME ("IBS") (CONT'D.)

(h) Securities portfolio (cont'd.)

(iii) Securities held-to-maturity

	Group	
	2011 RM'000	2010 RM'000
At amortised		
Money market instruments:-		
Malaysian Government		
Investment Issues	141,893	150,466
Unquoted securities:-		
Private and Islamic debt securities in Malaysia	30,000	30,000
Total securities held-to-maturity	171,893	180,466

The maturity structure of money market instruments, securities available-for-sale and securities held-to-maturity are as follows:

	Group	
	2011 RM'000	2010 RM'000
Maturing within one year	941,973	668,611
One year to three years	454,051	740,697
Three years to five years	1,138,278	559,389
After five years	2,255,060	1,555,098
	4,789,362	3,523,795

(i) Financing and advances

	Group	
	2011 RM'000	2010 RM'000
Cashline	2,027,371	2,092,616
Term financing		
– House financing	6,237,944	5,465,917
– Syndicated financing	235,582	177,389
– Hire purchase receivables	18,198,072	15,028,210
– Other term financing	37,591,734	23,512,351
Bills receivables	2,201	5,004
Trust receipts	170,724	126,423
Claims on customers under acceptance credit	3,648,182	2,881,944
Staff financing	782,675	455,891
Credit/charge cards	307,454	193,113
Revolving credit	3,319,247	1,540,800
	72,521,186	51,479,658
Unearned income	(25,341,649)	(16,796,539)
Gross financing and advances*	47,179,537	34,683,119
Allowances for bad and doubtful debts and financing		
– Individual	(354,688)	–
– Collective	(580,818)	–
– Specific	–	(633,025)
– General	–	(533,708)
Net financing and advances	46,244,031	33,516,386

* Included in financing and advances are exposures to Restricted Profit Sharing Investment Accounts ("RPSIA") as part of an arrangement between Maybank Islamic Berhad ("MIB") and the bank. The Group conventional operations are exposed to risks and rewards on RPSIA financing and will account for all the collective and individual allowances for impaired financing arising thereon.

56. THE OPERATIONS OF ISLAMIC BANKING SCHEME ("IBS") (CONT'D.)

(i) Financing and advances (cont'd.)

- (i) Financing and advances analysed by concepts are as follows:

	Group	
	2011 RM'000	2010 RM'000
Bai' Bithaman Ajil	17,932,184	13,712,133
Ijarah	15,179,894	12,399,343
Murabahah	11,859,082	6,938,773
Al-Ijarah Muntahiyah Bi Tamleek	235,581	177,389
Musharakah Mutanaqisah	1,625,386	1,255,688
Other concepts	347,410	199,793
Gross financing and advances	47,179,537	34,683,119

- (ii) Financing and advances analysed by type of customers are as follows:

	Group	
	2011 RM'000	2010 RM'000
Domestic non-banking institutions	4,428,924	2,921,405
Domestic business enterprises		
– Small and medium enterprises	4,364,401	2,418,673
– Others	7,209,199	6,705,571
Government and statutory bodies	295,958	21,439
Individuals	29,991,373	22,386,011
Other domestic entities	9,454	7,986
Foreign entities	880,228	222,034
Gross financing and advances	47,179,537	34,683,119

- (iii) Financing and advances analysed by profit rate sensitivity are as follows:

	Group	
	2011 RM'000	2010 RM'000
Fixed rate		
– Housing financing	2,669,618	3,094,989
– Hire purchase receivables	15,188,904	12,399,743
– Other financing	5,737,136	4,858,881

Group

	2011 RM'000	2010 RM'000
Variable rate		
– Housing financing	2,682,324	1,719,045
– Other financing	20,901,555	12,610,461
Gross financing and advances	47,179,537	34,683,119

- (iv) Financing and advances analysed by their economic purposes are as follows:

Group

	2011 RM'000	2010 RM'000
Purchase of securities	7,970,308	4,020,840
Purchase of transport vehicles	15,903,267	13,585,853
Less: Islamic hire purchase receivables sold to Cagamas	(682,679)	(1,137,321)
Purchase of landed properties		
– Residential	6,386,760	5,566,632
– Non-residential	901,487	750,607
Personal use	864,989	702,426
Consumer durables	13	1,113
Construction	1,714,608	769,318
Working capital	13,215,089	10,117,332
Credit cards	307,454	193,113
Other purpose	598,241	113,206
Gross financing and advances	47,179,537	34,683,119

- (v) The maturity structure of financing and advances is as follows:

Group

	2011 RM'000	2010 RM'000
Maturing within one year	7,297,630	5,911,689
One year to three years	1,555,742	1,657,436
Three years to five years	7,738,631	5,250,190
After five years	30,587,534	21,863,804
Gross financing and advances	47,179,537	34,683,119

Notes to the Financial Statements

30 June 2011

56. THE OPERATIONS OF ISLAMIC BANKING SCHEME ("IBS") (CONT'D.)

(i) Financing and advances (cont'd.)

- (vi) Movements in the impaired (2010: non-performing) financing and advances are as follows:

Movements in impaired financing and advances

	Group	
	2011 RM'000	2010 RM'000
At 1 July		
– as previously stated	931,493	1,045,712
– effect of adopting FRS 139	224,146	–
At 1 July, as restated	1,155,639	1,045,712
Classified during the year	770,551	639,433
Recovered/regularised during the year	(700,306)	(547,871)
Expenses debited to customers' accounts	29,545	14,498
Amount written off	(326,880)	(220,279)
Gross balance at end of year	928,549	931,493
Less:		
– Individual allowance	(354,688)	–
– Specific allowance	–	(633,025)
on non-performing financing	–	(628,424)
on performing financing	–	(4,601)
Net balance	573,861	298,468
Net financing and advances		
Gross financing and advances (excluding RPSIA financing)	46,529,537	34,683,119
Less:		
– Individual allowance	(354,688)	–
– Specific allowance	–	(633,025)
Net financing and advances	46,174,849	34,050,094

	Group	
	2011	2010
Ratio of net impaired (2010: non-performing) financing		
Post FRS 139	1.24%	–
Pre FRS 139		
– Including specific allowance on performing financing	–	0.88%
– Excluding specific allowance on performing financing	–	0.89%

- (vii) Impaired (2010: non-performing) financing and advances analysed by their economic purposes are as follows:

	Group	
	2011 RM'000	2010 RM'000
Purchase of securities	4,514	6,739
Purchase of transport vehicles	50,791	40,757
Purchase of landed properties:		
– Residential	201,824	342,569
– Non-residential	22,981	27,656
Personal use	12,101	26,574
Consumer durables	3	3
Construction	73,657	86,167
Working capital	557,794	398,194
Credit cards	4,884	2,834
	928,549	931,493

- (viii) Movements in the allowances for bad and doubtful financing accounts are as follows:

	Group	
	2011 RM'000	2010 RM'000
Individual allowance		
At 1 July		
– as previously stated	–	–
– effect of adopting FRS 139	473,823	–
At 1 July, as restated	473,823	–
Allowance made during the year	94,775	–
Amount written back	(41,822)	–
Amount written off	(165,650)	–
Amount transfer to collective allowance	(6,438)	–
At 30 June	354,688	–
Collective allowance		
At 1 July		
– as previously stated	–	–
– effect of adopting FRS 139	713,938	–
At 1 July, as restated	713,938	–
At 1 Oct (Amount transfer from MSI from conventional banking (Note 52(a)))	3,925	–
Allowance made during the year*	17,668	–

56. THE OPERATIONS OF ISLAMIC BANKING SCHEME ("IBS") (CONT'D.)

(i) Financing and advances (cont'd.)

(viii) Movements in the allowances for bad and doubtful financing accounts are as follows: (cont'd.)

	Group	
	2011 RM'000	2010 RM'000
Collective allowance		
Amount written off	(161,230)	–
Amount transfer from individual allowance	6,438	–
Exchange difference	79	–
At 30 June	580,818	–

	Group	
	2011	2010
As a percentage of total financing and advances (less individual allowance)	1.26%	–

* As at 30 June 2011, the gross exposures to RPSIA financing is RM650.0 million (2010: RM Nil) is excluded from gross financing and advances for the individual and collective allowance computation. The collective allowance relating to this RPSIA amounting RM1.8 million (2010: RM Nil) is recognised in the Group's conventional operations. There was no individual allowance provided on this RPSIA financing.

	Group	
	2011 RM'000	2010 RM'000
Specific allowance		
At 1 July		
– as previously stated	633,025	561,520
– effect of adopting FRS 139	(633,025)	–
At 1 July, as restated	–	561,520

	Group	
	2011 RM'000	2010 RM'000
Allowance made during the year	–	351,462
Amount written back	–	(59,678)
Amount written off	–	(220,279)
At 30 June	–	633,025

General allowance

At 1 July		
– as previously stated	533,708	436,446
– effect of adopting FRS 139	(533,708)	–
At 1 July, as restated	–	436,446
Allowance made during the year	–	230,930
Amount written back	–	(133,668)
At 30 June	–	533,708

	Group	
	2011	2010
As a percentage of total financing and advances (less specific allowance)	–	1.57%
As a percentage of total risk-weighted assets for credit risk, excluding deferred tax assets	–	1.55%

(j) Deferred tax assets

	Group	
	2011 RM'000	2010 RM'000
At 1 July		
– as previously stated	(79,712)	(58,397)
– effect of adopting FRS139	(47,019)	–
At 1 July, as restated	(126,731)	(58,397)
Recognised in profit or loss (Note 56(aa))	(33,734)	(32,357)
Recognised in other comprehensive income	(1,085)	11,042
At 30 June	(161,550)	(79,712)

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56. THE OPERATIONS OF ISLAMIC BANKING SCHEME ("IBS") (CONT'D.)

(k) Deferred tax assets (cont'd.)

Group	Allowances for losses on financing and advances RM'000	Unrealised holding reserve, impairment loss on securities and amortisation of premium RM'000	Other temporary difference RM'000	Total RM'000
At 1 July 2010				
- as previously stated	(84,780)	6,074	(1,006)	(79,712)
- effect of adopting FRS139	(47,019)	–	–	(47,019)
At 1 July 2010, as restated	(131,799)	6,074	(1,006)	(126,731)
Recognised in profit or loss	(10,646)	(22,585)	(503)	(33,734)
Recognised in other comprehensive income	(113)	(379)	(593)	(1,085)
At 30 June 2011	(142,558)	(16,890)	(2,102)	(161,550)
At 1 July 2009	(51,283)	(4,968)	(2,146)	(58,397)
Recognised in profit or loss	(33,497)	–	1,140	(32,357)
Recognised in other comprehensive income	–	11,042	–	11,042
At 30 June 2010	(84,780)	6,074	(1,006)	(79,712)

(k) Derivative financial instruments

Group	2011			2010		
	Fair value			Fair value		
	Principal Amount RM'000	Assets Amount RM'000	Liabilities Amount RM'000	Principal Amount RM'000	Assets Amount RM'000	Liabilities Amount RM'000
Trading derivatives						
Foreign exchange related contracts:						
Currency forward						
- Less than one year	926,730	8,902	(8,792)	685,223	3,119	2,743
- One year year to three years	–	–	–	–	–	–
- More than three years	–	–	–	–	–	–
	926,730	8,902	(8,792)	685,223	3,119	2,743
Currency spots						
- Less than one year	102,634	30	(70)	–	–	–
- One year year to three years	–	–	–	–	–	–
- More than three years	–	–	–	–	–	–
	102,634	30	(70)	–	–	–

56. THE OPERATIONS OF ISLAMIC BANKING SCHEME ("IBS") (CONT'D.)

(k) Derivative financial instruments (cont'd.)

Group	2011			2010		
	Fair value			Fair value		
	Principal Amount RM'000	Assets Amount RM'000	Liabilities Amount RM'000	Principal Amount RM'000	Assets Amount RM'000	Liabilities Amount RM'000
<u>Profit rate derivatives</u>						
Profit rate options						
- Less than one year	573,300	2,462	(44,206)	465,050	13,749	15,391
- One year to three years	-	-	-	-	-	-
- More than three years	-	-	-	-	-	-
	573,300	2,462	(44,206)	465,050	13,749	15,391
<u>Credit-related contract</u>						
Profit rate swaps						
- Less than one year	-	-	-	-	-	-
- One year to three years	1,600,000	3,252	(436)	898,800	645	2,641
- More than three years	-	-	-	-	-	-
	1,600,000	3,252	(436)	898,800	645	2,641
Total derivatives assets / (liabilities)	3,202,664	14,646	(53,504)	2,049,073	17,513	20,775

(l) Other assets

	Group	
	2011 RM'000	2010 RM'000
Profit receivable	-	90,500
Amount due from holding company	3,770,088	20
Prepayment and deposit	51,286	2,072
Other debtors	915,940	129,967
	4,737,314	222,559

(m) Statutory deposits with Bank Negara Malaysia

The non-interest bearing statutory deposits maintained with Bank Negara Malaysia are in compliance with Section 37(1)(c) of the Central Bank of Malaysia Act, 1958 (revised 1994), the amounts of which are determined as set percentages of total eligible liabilities.

(n) Intangible asset

	Group	
	2011 RM'000	2010 RM'000
Computer Software		
Cost:		
At 1 July	-	-
Transfer from MSI (Note 52(a))	1,549	-
	1,549	-
Additions	1,145	-
Exchange differences	(22)	-
At 30 June	2,672	-
Accumulated amortisation:		
At 1 July	-	-
Transfer from MSI (Note 52(a))	1,497	-
	1,497	-
Amortisation charged	278	-
Exchange differences	(21)	-
At 30 June	1,754	-
Net carrying amount	918	-

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30 June 2011

56. THE OPERATIONS OF ISLAMIC BANKING SCHEME ("IBS") (CONT'D.)

(o) Property, plant and equipment

	Office Furniture, Fittings, Equipment and Renovations RM'000	Computers and Peripherals RM'000	Motor Vehicles RM'000	Total RM'000
Group				
As at 30 June 2011				
Cost				
Balance at 1 July 2010	–	–	–	–
Transfer from MSI (Note 52(a))	1,194	1,449	992	3,635
	1,194	1,449	992	3,635
Additions	185	32	–	217
Balance at 30 June 2011	1,379	1,481	992	3,852
Accumulated depreciation and impairment losses				
Balance at 1 July 2010	–	–	–	–
Transfer from MSI (Note 52(a))	1,123	1,287	811	3,221
	1,123	1,287	811	3,221
Charge for the year	140	83	61	284
Balance at 30 June 2011	1,263	1,370	872	3,505
Analysed as:				
Accumulated depreciation	1,263	1,370	872	3,505
	1,263	1,370	872	3,505
Net carrying amount	116	111	120	347

(p) Deposits from customers

	Group	
	2011 RM'000	2010 RM'000
Mudharabah Fund		
Demand deposits	3,777,414	2,870,838
Savings deposits	423,091	258,018
General Investment deposits	17,146,396	13,895,924
Negotiable instruments of deposits	242,829	656,815
	21,589,730	17,681,595
Non-Mudharabah Fund		
Demand deposits	5,734,190	4,447,704
Savings deposits	6,178,284	5,029,645
Fixed return investment deposits	16,845,483	7,084,380
Structured deposits	542,583	450,289
	29,300,540	17,012,018
	50,890,270	34,693,613

(i) The maturity structure of general investment deposits, negotiable instruments of deposits and fixed return investment deposits are as follows:

	Group	
	2011 RM'000	2010 RM'000
Due within six months	31,271,526	19,218,013
Six months to one year	2,662,796	1,540,761
One year to three years	139,286	649,292
Three years to five years	161,100	116,076
After five years	–	112,977
	34,234,708	21,637,119

56. THE OPERATIONS OF ISLAMIC BANKING SCHEME ("IBS") (CONT'D.)

(p) Deposits from customers (cont'd.)

(ii) The deposits are sourced from the following customers:

	Group	
	2011 RM'000	2010 RM'000
Business enterprises	20,062,432	12,825,607
Individuals	13,884,343	9,544,610
Government and statutory bodies	6,775,033	6,649,935
Others	10,168,462	5,673,461
	50,890,270	34,693,613

(q) Deposits and placements of banks and other financial institutions

	Group	
	2011 RM'000	2010 RM'000
Mudharabah Fund		
Licensed banks	6,119,038	4,507,758
Other financial institutions	2,781,429	232,289
	8,900,467	4,740,047
Non-Mudharabah Fund		
Licensed banks	2,202,728	122,358
Other financial institutions	188,882	188,941
	2,391,610	311,299
	11,292,077	5,051,346

Included in the deposits and placements of licensed banks is the Restricted Profit Sharing Investment Account ("RPSIA") placed by the Group's Conventional operations amounting to RM650 million (2010: RM Nil). These deposits are used to fund certain specific financing. The RPSIA is a contract based on the Mudharabah principle between two parties to finance a financing where the investor solely provides capital and the business venture is managed solely by the entrepreneur. The profit of the business venture is shared between both parties based on pre-agreed ratios. Losses shall be borne by the depositors.

(r) Other liabilities

	Group	
	2011 RM'000	2010 RM'000
Profit payable	–	114,119
Profit equalisation reserves (Note 56(s))	95,247	4,228
Due to Head Office	28,326	1,044,510
Other creditors, provisions and accruals	51,921	73,018
	175,494	1,235,875

(s) Profit equalisation reserves ("PER")

	Group	
	2011 RM'000	2010 RM'000
At 1 July	4,228	46,477
Provision made	91,708	31,544
Amount written back	(410)	(73,541)
Exchange difference	(279)	(252)
At 30 June	95,247	4,228

(t) Provision for taxation and zakat

	Group	
	2011 RM'000	2010 RM'000
Taxation	33,024	24,182
Zakat	19,907	7,425
	52,931	31,607

(u) Subordinated sukuk

	Group	
	2011 RM'000	2010 RM'000
RM1,000 million subordinated sukuk due in 2021	1,010,637	–

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56. THE OPERATIONS OF ISLAMIC BANKING SCHEME ("IBS") (CONT'D.)

(u) Subordinated sukuk (cont'd.)

On 31 March 2011, Maybank Islamic Berhad, a wholly owned subsidiary of the Bank, issued RM1.0 billion nominal value Tier 2 Islamic subordinated sukuk under the Shariah Principle of Musyarakah. The sukuk carries a tenure of 10 years from issue date on 10 non-callable 5 basis, with a profit rate of 4.22% per annum payable semi-annually in arrears in March and September each year, and is due in March 2021. The subsidiary has the option to redeem the sukuk on any semi-annual distribution date on or after the 5th anniversary from the issue date. Should the subsidiary decide not to exercise its option to redeem the sukuk, the sukuk shall continue to be outstanding until the final maturity date.

(v) Income derived from investment of depositors' funds

	Group	
	2011 RM'000	2010 RM'000
Income from investment of:		
(i) General investment deposits	1,689,763	1,099,999
(ii) Other deposits	848,851	722,873
	2,538,614	1,822,872

(i) Income derived from investment of general investment deposits

	Group	
	2011 RM'000	2010 RM'000
Finance income and hibah		
Financing and advances	1,308,076	913,560
Securities available-for-sale	115,588	82,083
Securities held-to-maturity	4,286	3,600
Securities held-for-trading	1,199	1,436
Money at call and deposits with financial institutions	88,741	41,761
	1,517,890	1,042,440
Amortisation of premium less accretion of discount	377	2,184
Total finance income and hibah	1,518,267	1,044,624

	Group	
	2011 RM'000	2010 RM'000
Other operating income:		
(a) Fees income	131,838	55,547
(b) Gain on sale on securities held-for-trading	548	802
(c) Gain on sale on securities available-for-sale	29,748	2,195
(d) Unrealised loss on revaluation of derivatives	1,626	(155)
(e) Unrealised gain on foreign exchange translation	7,001	534
(f) Unrealised loss on securities held-for-trading	735	(634)
(g) Impairment losses on securities	–	(2,914)
	1,689,763	1,099,999

(ii) Income derived from investment of other deposits:

	Group	
	2011 RM'000	2010 RM'000
Finance income and hibah		
Financing and advances	681,333	600,511
Securities available-for-sale	56,393	52,641
Securities held-to-maturity	2,285	2,106
Securities held-for-trading	639	946
Money at call and deposits with financial institutions	47,313	27,266
	787,963	683,470
Amortisation of premium less accretion of discount	192	1,510
Total finance income and hibah	788,155	684,980

56. THE OPERATIONS OF ISLAMIC BANKING SCHEME ("IBS") (CONT'D.)

(v) Income derived from investment of depositors' funds (cont'd.)

(ii) Income derived from investment of other deposits: (cont'd.)

	Group	
	2011 RM'000	2010 RM'000
Other operating income:		
(a) Fees income	48,752	36,550
(b) Gain on sale on securities held-for-trading	292	528
(c) Gain on sale of securities available-for-sale	6,770	1,021
(d) Unrealised loss on revaluation of derivatives	867	(102)
(e) Unrealised gain on foreign exchange translation	3,624	313
(f) Unrealised loss on securities held-for-trading	391	(417)
	848,851	722,873

(w) Allowances for losses on financing and advances

	Group	
	2011 RM'000	2010 RM'000
Allowance for bad and doubtful financing:		
Individual allowance		
- Made	94,775	-
- Written back	(41,822)	-
Collective allowance made	17,668	-
Specific allowance		
- Made	-	351,462
- Written back	-	(59,678)
General allowance made	-	97,262
Bad and doubtful financing:		
- Written off	4,643	414
- Recovered	(64,544)	(39,097)
	10,720	350,363

(x) Income attributable to depositors

	Group	
	2011 RM'000	2010 RM'000
Deposits from customers		
- Mudharabah Fund	434,269	312,541
- Non-Mudharabah Fund	352,287	145,726
Deposits and placements of banks and other financial institutions		
- Mudharabah Fund	265,117	209,999
- Non-Mudharabah Fund	3,008	3,690
	1,054,681	671,956

(y) Gross investment income

	Group	
	2011 RM'000	2010 RM'000
Financing and advances	105,354	113,940
Securities held-for-trading	99	179
Securities available-for-sale	8,720	9,988
Securities held-to-maturity	353	400
Money at call and deposits with financial institutions	7,316	5,173
	121,842	129,680
Amortisation of premium less accretion of discount	30	287
Total finance income and hibah	121,872	129,967
Other operating income:		
(a) Fees income		
- Commissions	4,305	3,642
- Service charges and fees	3,159	3,125
- Other fee income	74	168
(b) Gain on sale of securities held-for-trading	45	100
(c) Gain on sale of securities available-for-sale	1,047	194
(d) Unrealised gain/(loss) on revaluation of derivatives	134	(19)
(e) Unrealised gain on foreign exchange translation	560	59
(f) Unrealised gain/(loss) on securities held-for-trading	61	(79)
	131,257	137,157

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56. THE OPERATIONS OF ISLAMIC BANKING SCHEME ("IBS") (CONT'D.)

(z) Overhead expenses

	Group	
	2011 RM'000	2010 RM'000
Personnel expenses		
- Salaries and wages	15,570	6,560
- Social security cost	42	28
- Pension cost		
- defined contribution plan	1,798	1,069
- Other staff related expenses	3,166	1,490
Sub-total	20,576	9,147
Establishment costs		
- Depreciation	587	571
- Information technology expenses	20,531	1,263
- Others	1,416	11
Sub-total	22,534	1,845
Marketing costs		
- Advertisement and publicity	9,832	13,739
- Others	88	14
Sub-total	9,920	13,753
Administration and general expenses		
- Fees and brokerage	12,938	12,871
- Administrative expenses	7,354	5,792
- General expenses	22,003	8,322
Sub-total	42,295	26,985
Shared service cost paid/payable to Head Office	478,146	377,091
Total	573,471	428,821
Included in overhead expenses are:		
Shariah Committee Members' fee and remuneration	280	260

(aa) Taxation

	Group	
	2011 RM'000	2010 RM'000
Tax expense for the year	250,973	153,362
Deferred tax in relation to originating and reversal of temporary differences (Note 56(j))	(33,734)	(32,357)
	217,239	121,005

56. THE OPERATIONS OF ISLAMIC BANKING SCHEME ("IBS") (CONT'D.)

(bb) Commitments and contingencies

In the normal course of business, the Group make various commitments and incur certain contingent liabilities with legal recourse to their customers. No material losses are anticipated as a result of these transactions.

The risk-weighted exposures of the Group as at 30 June, are as follows:

Group	2011			2010		
	Full commitment RM'000	Credit Equivalent Amount* RM'000	Risk Weighted Amount* RM'000	Full Commitment RM'000	Credit Equivalent Amount* RM'000	Risk Weighted Amount* RM'000
Direct credit substitutes	258,825	258,825	153,932	231,467	231,467	197,308
Certain transaction-related contingent items	955,563	475,622	425,774	578,250	289,125	261,531
Short-term self-liquidating trade-related contingencies	104,555	20,869	14,814	141,549	28,310	25,121
Islamic hire purchase financing sold to Cagamas Berhad	682,679	682,679	226,105	1,137,321	1,137,321	1,137,321
Irrevocable commitments to extend credit:						
- maturity within one year	11,852,846	173,764	58,462	8,490,457	–	–
- maturity exceeding one year	1,573,404	345,905	208,332	993,810	496,905	465,488
Foreign exchange related contract:						
- less than one year	1,029,364	18,174	3,635	685,223	22,572	4,711
Profit rate related contracts:						
- one year to less than five years	2,173,300	51,059	10,212	1,363,850	33,532	6,706
Miscellaneous	13,076	–	–	5,989	–	–
	18,643,612	2,026,897	1,101,266	13,627,916	2,239,232	2,098,186

* The credit equivalent amount and risk-weighted amount are arrived at using the credit conversion factors and risk weights, respectively as specified by Bank Negara Malaysia

(cc) Capital adequacy

The capital adequacy ratios of the Group as at 30 June

Group		
	2011	2010
Basel II		
Core capital ratio	11.04%	–
Risk-weighted capital ratio	13.71%	–
Basel II		
Core capital ratio	–	9.53%
Risk-weighted capital ratio	–	11.05%

Group		
	2011 RM'000	2010 RM'000
Tier 1 capital		
Islamic banking fund	448,264	207,410
Share premium	2,488,400	2,488,400
Other reserves	1,366,209	736,494
Less: Deferred tax assets	(161,550)	(79,712)
Total Tier 1 capital	4,141,323	3,352,592

Group		
	2011 RM'000	2010 RM'000
Tier 2 capital		
Subordinated sukuk	1,000,000	–
Collective allowance on financing and advances ²	101,480	–
General allowance for bad and doubtful financing	–	533,708
Total Tier 2 capital	1,101,480	533,708
Less: Other deduction	–	(9)
Less: Excess of total EL over total EP ¹	(101,883)	–
Capital base	5,140,920	3,886,291

¹ EL is defined as expected loss and EP is defined as eligible provision.

² Excluding collective allowance for certain financing and advances.

Notes to the Financial Statements

30 June 2011

56. THE OPERATIONS OF ISLAMIC BANKING SCHEME ("IBS") (CONT'D.)

(cc) Capital adequacy (cont'd.)

The breakdown of Assets and Credit Equivalent values (including off-balance sheet items) according to Risk-Weights is as follows:

Basel II

	2011 RM'000
Standardised Approach exposure	4,269,621
Internal Ratings-Based Approach exposure after scaling factor	23,571,746
Total risk-weighted asset for credit risk	27,841,367
Total risk-weighted asset for credit risk absorbed by Malayan Banking Berhad*	(206,402)
Total risk-weighted asset for market risk	294,658
Total risk-weighted asset for operational risk	2,426,561
Additional risk-weighted asset due to capital floor	7,145,554
Total risk-weighted asset	37,501,738

* In accordance with Bank Negara Malaysia's guideline on the recognition and measurement of Restricted Profit Sharing Investment Account ("RPSIA") as Risk Absorbent, the credit risk on the assets funded by the RPSIA are excluded from the risk weighted capital ratio ("RWCR") calculation of the IBS operations.

Basel I

	2010 RM'000
0%	—
10%	28,000
20%	375,211
50%	2,640,748
100%	31,642,561
Total risk-weighted assets for credit risk	34,686,520
Total risk-weighted assets for market risk	483,259
Total risk-weighted assets for credit and market risk	35,169,779

(dd) Fair values of financial assets and liabilities

The estimated fair values of financial assets and financial liabilities as at the reporting date approximate their carrying amounts as shown in the statements of financial position, except for the following financial assets and liabilities:

Group	2011		2010	
	Carrying value RM'000	Fair value RM'000	Carrying value RM'000	Fair value RM'000
Financial assets				
Securities held-to-maturity	171,893	172,053	180,466	181,861
Financing and advances*	46,824,849	48,202,346	34,050,094	34,381,095
Financial liabilities				
Deposits from customers	50,890,270	50,911,773	34,693,613	34,724,770
Deposits and placements of banks and other financial institutions	11,292,077	11,348,363	5,051,346	5,243,769

* The collective allowance for the Group amounting to RM580,818,421 (2010: general allowance of RM533,707,714) has been added back to arrive at the carrying value of the financing and advances.

The methods and assumptions used to estimate the fair values of the financial assets and financial liabilities of IBS operations are as stated in Note 46.

56. THE OPERATIONS OF ISLAMIC BANKING SCHEME ("IBS") (CONT'D.)

(ee) Shariah committee

The operation of IBS is governed by Section 124(3) of the Banking and Financial Institutions Act, 1989 ("the Act"), which stipulates that "any licence 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 Part B of BNM's "Guidelines on the Governance of Shariah Committee for The Islamic Financial Institutions" known as the Shariah Governance Framework ("SGF") (which supersedes the BNM/GPS 1), which, stipulates that "Every Islamic institution is required to establish a Shariah Committee".

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

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

- (a) To advise the Board on Shariah matters in its business operations.
- (b) To endorse Shariah Compliance Manuals.
- (c) To endorse and validate relevant documentations.
- (d) To assist related parties on Shariah matters for advice upon request.
- (e) To advise on matters to be referred to the SAC.
- (f) To provide written Shariah opinion.
- (g) To assist the SCC on reference for advice.

The Shariah Committee at the Group level has four members. All of them are also members of Shariah Committee of Etiqa Takaful Berhad.

(ff) Allocation of income

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

57. DETAILS OF SUBSIDIARIES AND ASSOCIATES

- (a) Details of the subsidiaries are as follows:

Name of Company	Principal Activities	Country of Incorporation	Issued and Paid-up Share Capital		Effective Interest	
			2011 RM	2010 RM	2011 %	2010 %
Banking						
Maybank Islamic Berhad	Islamic banking	Malaysia	110,600,000	110,600,000	100.00	100.00
PT Bank Maybank Syariah Indonesia (formerly known as PT Bank Maybank Indocorp) ¹¹	Banking	Indonesia	945,069,000,000 ¹	945,069,000,000 ¹	96.80	96.80
Maybank International (L) Ltd.	Offshore banking	Malaysia	10,000,000 ²	10,000,000 ²	100.00	100.00
Maybank (PNG) Limited ¹²	Banking	Papua New Guinea	5,000,000 ³	5,000,000 ³	100.00	100.00
Maybank Philippines, Incorporated ¹¹	Banking	Philippines	4,046,065,749 ⁴	4,046,065,749 ⁴	99.97	99.97
PT Bank Internasional Indonesia Tbk ¹¹	Banking	Indonesia	3,407,411,000,000 ¹	3,407,411,000,000 ¹	97.40	97.50

Notes to the Financial Statements

30 June 2011

57. DETAILS OF SUBSIDIARIES AND ASSOCIATES (CONT'D.)

(a) Details of the subsidiaries are as follows: (cont'd.)

Name of Company	Principal Activities	Country of Incorporation	Issued and Paid-up Share Capital		Effective Interest	
			2011 RM	2010 RM	2011 %	2010 %
Finance						
Myfin Berhad	Ceased operations	Malaysia	551,250,000	551,250,000	100.00	100.00
Aseamlease Berhad	Leasing	Malaysia	20,000,000	20,000,000	100.00	100.00
Mayban Allied Credit & Leasing Sdn. Bhd.	Financing	Malaysia	10,000,000	10,000,000	100.00	100.00
PT BII Finance Centre ¹¹	Multi-financing	Indonesia	15,000,000,000 ¹	15,000,000,000 ¹	97.50	97.50
PT Wahana Ottomitra Multiartha Tbk ¹	Multi-financing	Indonesia	200,000,000,000 ¹	200,000,000,000 ¹	48.80	48.80
Kim Eng Finance (Singapore) Pte. Ltd. ¹²	Money lending	Singapore	2 ⁵	–	96.87	–
Insurance						
Mayban Ageas Holdings Berhad (formerly known as Mayban Fortis Holdings Berhad)	Investment holding	Malaysia	239,430,446	239,430,446	69.05	69.05
Mayban Life Assurance Bhd.	Life insurance	Malaysia	100,000,000	100,000,000	69.05	69.05
Etiqa Life International (L) Ltd.	Offshore investment-linked insurance	Malaysia	3,500,000 ²	3,500,000 ²	69.05	69.05
Sri MGAB Berhad	Under member's voluntary liquidation	Malaysia	2	2	69.05	69.05
Etiqa Insurance Berhad	Composite insurance	Malaysia	152,151,399	152,151,399	69.05	69.05
Etiqa Takaful Berhad	Family & general takaful	Malaysia	100,000,000	100,000,000	69.05	69.05
Etiqa Offshore Insurance (L) Ltd.	Offshore general reinsurance	Malaysia	2,500,000 ²	2,500,000 ²	69.05	69.05
Etiqa International Holdings Sdn. Bhd.	Investment holding	Malaysia	359,340,914	359,340,914	100.00	100.00

57. DETAILS OF SUBSIDIARIES AND ASSOCIATES (CONT'D.)

(a) Details of the subsidiaries are as follows: (cont'd.)

Name of Company	Principal Activities	Country of Incorporation	Issued and Paid-up Share Capital		Effective Interest	
			2011 RM	2010 RM	2011 %	2010 %
Investment Banking						
Maybank Investment Bank Berhad	Investment banking	Malaysia	50,116,000	50,116,000	100.00	100.00
Maysec Sdn. Bhd.	Investment holding	Malaysia	162,000,000	162,000,000	100.00	100.00
Maysec (KL) Sdn. Bhd.	Dormant	Malaysia	124,000,000	124,000,000	100.00	100.00
Maydis Berhad	Dormant	Malaysia	45,000,000	45,000,000	100.00	100.00
Mayban Futures Sdn. Bhd.	Dormant	Malaysia	10,000,000	10,000,000	100.00	100.00
Mayban Securities (HK) Limited ¹¹	Dormant	Hong Kong	30,000,000 ⁶	30,000,000 ⁶	100.00	100.00
Mayban Securities (Jersey) Limited ¹²	Investment holding	United Kingdom	2 ⁷	2 ⁷	100.00	100.00
PhileoAllied Securities (Philippines) Inc. ¹²	Dormant	Philippines	21,875,000 ⁴	21,875,000 ⁴	100.00	100.00
Budaya Tegas Sdn. Bhd.	Investment holding	Malaysia	2	2	100.00	100.00
BinaFikir Sdn. Bhd.	Business/ Economic consultancy and advisory	Malaysia	650,000	650,000	100.00	100.00
Mayban IB Holdings Sdn. Bhd. (formerly known as Aseam Credit Sdn. Bhd.)	Investment holding	Malaysia	25,000,000	25,000,000	100.00	100.00
Kim Eng Holdings Limited ¹²	Investment holding	Singapore	244,451,176 ⁵	–	96.87	–
Kim Eng Securities Pte. Ltd. ¹²	Dealing in securities	Singapore	75,000,000 ⁵	–	96.87	–
Kim Eng Corporate Finance Pte. Ltd. ¹²	Provision of corporate finance & advisory services	Singapore	1,000,000 ⁵	–	96.87	–
PT Kim Eng Securities ¹²	Dealing in securities	Indonesia	50,000,000,000 ¹	–	77.50	–
Kim Eng Research Sdn. Bhd. ¹²	Provision of research services	Malaysia	500,000	–	67.81	–
Kim Eng Securities (Thailand) Public Company Ltd. ¹²	Dealing in securities	Thailand	2,854,072,500 ⁸	–	54.25	–

Notes to the Financial Statements

30 June 2011

57. DETAILS OF SUBSIDIARIES AND ASSOCIATES (CONT'D.)

(a) Details of the subsidiaries are as follows: (cont'd.)

Name of Company	Principal Activities	Country of Incorporation	Issued and Paid-up Share Capital		Effective Interest	
			2011 RM	2010 RM	2011 %	2010 %
Investment Banking (cont'd.)						
Kim Eng Securities (London) Ltd. ¹²	Dealing in securities	United Kingdom	600,000 ⁷	–	96.87	–
Kim Eng Securities USA Inc. ¹²	Dealing in securities	United States of America	9,500,000 ²	–	96.87	–
Kim Eng Securities India Pte. Ltd. ¹²	Dealing in securities	India	290,000,000 ⁹	–	72.65	–
Kim Eng Equities Malaysia Sdn. Bhd. ¹²	Dormant	Malaysia	100	–	67.81	–
Ong Asia Limited ¹²	Investment holding	Singapore	63,578,072 ⁵	–	96.87	–
ATR KimEng Fixed Income, Inc. ¹²	Fund raising advisers	Philippines	190,064,400 ⁴	–	77.50	–
Ong Asia Securities (H.K.) Ltd. ¹²	Securities Trading	Hong Kong	30,000,000 ⁶	–	96.87	–
Kim Eng Research Pte. Ltd. ¹²	Provision of research services	Singapore	300,000 ⁵	–	96.87	–
Kim Eng Securities (Hong Kong) Limited ¹²	Dealing in securities	Hong Kong	55,000,000 ⁶	–	96.87	–
Kim Eng Futures (Hong Kong) Limited ¹²	Futures contracts broker	Hong Kong	6,000,000 ⁶	–	96.87	–
KE India Securities Private Limited ¹²	Dormant	India	78,800,000 ⁹	–	72.65	–
Asset Management/Trustees/Custody						
Mayban Indonesia Berhad	Dormant	Malaysia	5,000,000	5,000,000	100.00	100.00
Cekap Mentari Berhad	Securities issuer	Malaysia	2	2	100.00	100.00
Mayban International Trust (Labuan) Berhad	Investment holding	Malaysia	156,030	156,030	100.00	100.00
Mayban Offshore Corporate Services (Labuan) Sdn. Bhd.	Investment holding	Malaysia	30,006	30,006	100.00	100.00
Mayban Trustees Berhad	Trustee services	Malaysia	500,000	500,000	100.00	100.00
Mayban Ventures Sdn. Bhd.	Venture capital	Malaysia	14,000,000	14,000,000	100.00	100.00

57. DETAILS OF SUBSIDIARIES AND ASSOCIATES (CONT'D.)

(a) Details of the subsidiaries are as follows: (cont'd.)

Name of Company	Principal Activities	Country of Incorporation	Issued and Paid-up Share Capital		Effective Interest	
			2011 RM	2010 RM	2011 %	2010 %
Asset Management/Trustees/Custody (cont'd.)						
Mayban-JAIC Capital Management Sdn. Bhd.	Investment advisory and administration services	Malaysia	2,000,000	2,000,000	51.00	51.00
Mayban Investment Management Sdn. Bhd.	Fund management	Malaysia	5,000,000	5,000,000	69.05	69.05
Philmay Property, Inc. ¹¹	Property leasing and trading	Philippines	100,000,000 ⁴	100,000,000 ⁴	60.00	60.00
Mayban (Nominees) Sendirian Berhad	Nominee services	Malaysia	31,000	31,000	100.00	100.00
Mayban Nominees (Tempatan) Sdn. Bhd.	Nominee services	Malaysia	10,000	10,000	100.00	100.00
Mayban Nominees (Asing) Sdn. Bhd.	Nominee services	Malaysia	10,000	10,000	100.00	100.00
Mayban Nominees (Singapore) Private Limited ¹¹	Nominee services	Singapore	60,000 ⁵	60,000 ⁵	100.00	100.00
Mayban Nominees (Hong Kong) Limited ¹¹	Nominee services	Hong Kong	3 ⁶	3 ⁶	100.00	100.00
Aseam Malaysia Nominees (Tempatan) Sdn. Bhd.	Nominee services	Malaysia	10,000	10,000	100.00	100.00
Aseam Malaysia Nominees (Asing) Sdn. Bhd.	Nominee services	Malaysia	10,000	10,000	100.00	100.00
Mayfin Nominees (Tempatan) Sdn. Bhd.	Under member's voluntary liquidation	Malaysia	10,000	10,000	100.00	100.00
Mayban Securities Nominees (Tempatan) Sdn. Bhd.	Nominee services	Malaysia	10,000	10,000	100.00	100.00
Mayban Securities Nominees (Asing) Sdn. Bhd.	Nominee services	Malaysia	10,000	10,000	100.00	100.00
AFMB Nominees (Tempatan) Sdn. Bhd.	Under member's voluntary liquidation	Malaysia	10,000	10,000	100.00	100.00
Mayban Allied Berhad	Investment holding	Malaysia	753,908,638	753,908,638	100.00	100.00

Notes to the Financial Statements

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57. DETAILS OF SUBSIDIARIES AND ASSOCIATES (CONT'D.)

(a) Details of the subsidiaries are as follows: (cont'd.)

Name of Company	Principal Activities	Country of Incorporation	Issued and Paid-up Share Capital		Effective Interest	
			2011 RM	2010 RM	2011 %	2010 %
Asset Management/Trustees/Custody (cont'd.)						
Anfin Berhad	Under member's voluntary liquidation	Malaysia	106,000,000	106,000,000	100.00	100.00
Dourado Tora Holdings Sdn. Bhd. (formerly known as Mayban Allied Property Holdings Sdn. Bhd.)	Dormant	Malaysia	2,000,000	2,000,000	100.00	100.00
Maysec (Ipoh) Sdn. Bhd.	Dormant	Malaysia	100,000,000	100,000,000	100.00	100.00
Aurea Lakra Holdings Sdn. Bhd. (formerly known as Mayban P.B. Holdings Sdn. Bhd.)	Property investment	Malaysia	1,000,000	1,000,000	100.00	100.00
Mayban Property (PNG) Limited ¹²	Property investment	Papua New Guinea	2,125,000 ³	2,125,000 ³	100.00	100.00
Mayban International Trust (Labuan) Ltd.	Trustee services	Malaysia	40,000 ²	40,000 ²	100.00	100.00
MNI Holdings Berhad	Under member's voluntary liquidation	Malaysia	2	2	69.05	69.05
KBB Nominees (Tempatan) Sdn. Bhd.	Nominee services	Malaysia	10,000	10,000	100.00	100.00
KBB Properties Sdn. Bhd.	Ceased operations	Malaysia	410,000	410,000	100.00	100.00
Sri MTB Berhad	Under member's voluntary liquidation	Malaysia	12,000,000	12,000,000	69.05	69.05
Etiga Overseas Investment Pte. Ltd.	Investment holding	Malaysia	1 ²	1 ²	69.05	69.05
Peram Ranum Berhad	Dormant	Malaysia	60,000,000	60,000,000	69.05	69.05
Double Care Sdn. Bhd.	Under member's voluntary liquidation	Malaysia	35,000,000	35,000,000	69.05	69.05
Sorak Financial Holdings Pte. Ltd. ¹²	Investment holding	Singapore	5,928,556 ⁵	5,928,556 ⁵	100.00	100.00

57. DETAILS OF SUBSIDIARIES AND ASSOCIATES (CONT'D.)

(a) Details of the subsidiaries are as follows (cont'd.):

Name of Company	Principal Activities	Country of Incorporation	Issued and Paid-up Share Capital		Effective Interest	
			2011 RM	2010 RM	2011 %	2010 %
Asset Management/Trustees/Custody (cont'd.)						
Rezan Pte. Ltd. ¹²	Investment holding	Singapore	2 ⁵	–	96.87	–
KE Strategic Pte. Ltd. ¹²	Investment holding	Singapore	2 ⁵	–	96.87	–
Pinnakell Asset Management Pte. Ltd. ¹²	Under members' voluntary liquidation	Singapore	688,180 ⁵	–	96.87	–
Kim Eng Properties Pte. Ltd. ¹²	Property investment	Singapore	8,000,000 ⁵	–	96.87	–
Heritage Fiduciary Services Pte. Ltd. ¹²	Provision of secretarial and consultancy services	Singapore	500,000 ⁵	–	58.12	–
Strategic Acquisitions Pte. Ltd. ¹²	Investment holding	Singapore	1 ⁵	–	96.87	–
Kim Eng Investment Limited ¹²	Investment holding	Hong Kong	160,000,000 ⁶	–	96.87	–
KE Sovereign Limited ¹²	Investment holding	British Virgin Islands	5,000,000 ²	–	96.87	–
FDXS Learning Group Pte. Ltd. ¹²	Financial education	Singapore	200,000 ⁵	–	96.87	–
Ong & Company Private Limited ¹²	Dormant	Singapore	53,441,173 ⁵	–	96.87	–
Ong Nominees Private Limited ¹²	Under members' voluntary liquidation	Singapore	3,003 ⁵	–	96.87	–
Kim Eng Securities Nominees Pte. Ltd. ¹²	Acting as nominee for beneficiary shareholders	Singapore	10,000 ⁵	–	96.87	–
St. Michael's Development Pte. Ltd. ¹²	Real estate development	Singapore	5,000,000 ⁵	–	96.87	–
KE Capital Partners Pte. Ltd. ¹²	Fund Management	Singapore	5,000,000 ⁵	–	77.50	–
PT Kim Eng Asset Management ¹²	Dormant	Indonesia	25,800,000,000 ¹	–	82.34	–

Notes to the Financial Statements

30 June 2011

57. DETAILS OF SUBSIDIARIES AND ASSOCIATES (CONT'D.)

(a) Details of the subsidiaries are as follows (cont'd.):

Name of Company	Principal Activities	Country of Incorporation	Issued and Paid-up Share Capital		Effective Interest	
			2011 RM	2010 RM	2011 %	2010 %
Asset Management/Trustees/Custody (cont'd.)						
Kim Eng Consultant Limited (China) ¹²	Under members' voluntary liquidation	China	828,748 ¹⁰	–	96.87	–
Kim Eng Nominees (Hong Kong) Limited ¹²	Nominee services	Hong Kong	2 ⁶	–	96.87	–
Kim Eng Properties USA Inc. ¹²	Property investment	United States of America	3,000,000 ²	–	96.87	–
Kim Eng Asset Management (Thailand) Co., Ltd. ¹²	Asset management	Thailand	100,000,000 ⁸	–	54.25	–
Heritage Trust Company Limited ¹²	Provision of fiduciary services	Brunei	48,860 ²	–	58.12	–
Heritage Corporate Services (HK) Limited ¹²	Provision of fiduciary services	Hong Kong	1,315 ²	–	58.12	–
Heritage Trust Services Pte. Ltd. ¹²	Provision of trust services	Singapore	188,516 ²	–	58.12	–
Heritage Singapore (Switzerland) S.A. ¹²	Dormant	Switzerland	1 ²	–	58.12	–
Heritage Trust Services (NZ) Limited ¹²	Dormant	New Zealand	1 ²	–	58.12	–
PT Prosperindo ¹²	Investment holding	Indonesia	20,160,000,000 ¹	–	100.00	–

57. DETAILS OF SUBSIDIARIES AND ASSOCIATES (CONT'D.)

(b) Details of the associates are as follows:

Name of Company	Principal Activities	Country of Incorporation	Effective Interest	
			2011 %	2010 %
Held by the Bank				
UzbekLeasing International A. O.	Leasing	Uzbekistan	35	35
Philmay Holding, Inc.	Investment holding	Philippines	33	33
Pelaburan Hartanah Nasional Berhad	Property trust	Malaysia	30	30
Mayban Agro Fund Sdn. Bhd.	Fund specific purpose vehicle	Malaysia	33	33
Mayban Venture Capital Company Sdn. Bhd.	Venture Capital	Malaysia	33	33
An Binh Commercial Joint Stock Bank	Banking	Vietnam	20	20
Held through subsidiaries				
Baiduri Securities Sdn. Bhd.	Dormant	Brunei	39	39
Pak-Kuwait Takaful Company Limited	Investment holding	Pakistan	22	22
MCB Bank Limited	Banking	Pakistan	20	20
Maybank JAIC Management Ltd.	Fund management	Malaysia	50	50
Asian Forum Inc.	Offshore captive insurance	Malaysia	23	23
Maybank MEACP Pte. Ltd.	Fund management	Singapore	50	50
ATR KimEng Financial Corporation	Investment holding	Philippines	41	–
Kim Eng Vietnam Securities Joint Stock Company	Dealing in securities	Vietnam	46	–

Notes to the Financial Statements

30 June 2011

57. DETAILS OF SUBSIDIARIES AND ASSOCIATES (CONT'D.)

(b) Details of the associates are as follows:

Name of Company	Principal Activities	Country of Incorporation	Effective Interest	
			2011 %	2010 %
Held through subsidiaries (cont'd.)				
ATR KimEng Capital Partners, Inc.	Corporate finance & financial and investment advisory	Philippines	41	—
ATR KimEng Land, Inc.	Real estate investment	Philippines	15	—
AsianLife & General Assurance Corporation	Insurance provider	Philippines	41	—
ATR KimEng Securities, Inc.	Dealing in securities	Philippines	41	—
ATR KimEng AMG Holdings Inc.	Stock trading	Philippines	34	—
ATR KimEng Fixed Income, Inc.	Fund raising advisers	Philippines	8	—
AsianLife Financial Assurance Corporation	Insurance provider	Philippines	29	—
ATR KimEng Asset Management, Inc.	Investment management	Philippines	39	—
ATR KimEng Insurance Brokers, Inc.	Insurance brokers	Singapore	41	—

Note:

- (1) Indonesia Rupiah (IDR)
- (2) United States Dollars (USD)
- (3) Papua New Guinea Kina (Kina)
- (4) Philippines Peso (Peso)
- (5) Singapore Dollars (SGD)
- (6) Hong Kong Dollars (HKD)
- (7) Great Britain Pound (GBP)
- (8) Thailand Bahts (THB)
- (9) Indian Rupee (INR)
- (10) Chinese Renminbi (CNY)
- (11) Audited by other member firms of Ernst & Young Global
- (12) Audited by firms of auditors other than Ernst & Young

58. CURRENCY

All amounts are in Ringgit Malaysia unless otherwise stated.

59. DISCLOSURE OF REALISED AND UNREALISED RETAINED EARNINGS

Pursuant to the Paragraphs 2.06 and 2.23 of Bursa Malaysia Securities Berhad's Main Market Listing Requirements with the guidance notes from Malaysian Institute of Accountants ("MIA") issued on 20 December 2010, the key items contributing to the realised and unrealised retained earnings of the Group and the Bank are disclosed as follows:

	Group 2011 RM'000	Bank 2011 RM'000
Retained profits:		
- Realised	8,213,749	4,447,882
- Unrealised	925,779	693,023
Share of retained profits from associates		
- Realised	351,737	–
- Unrealised	–	–
	351,737	–
Total retained profits:	9,491,265	5,140,905

Basel II

Pillar 3 Disclosure

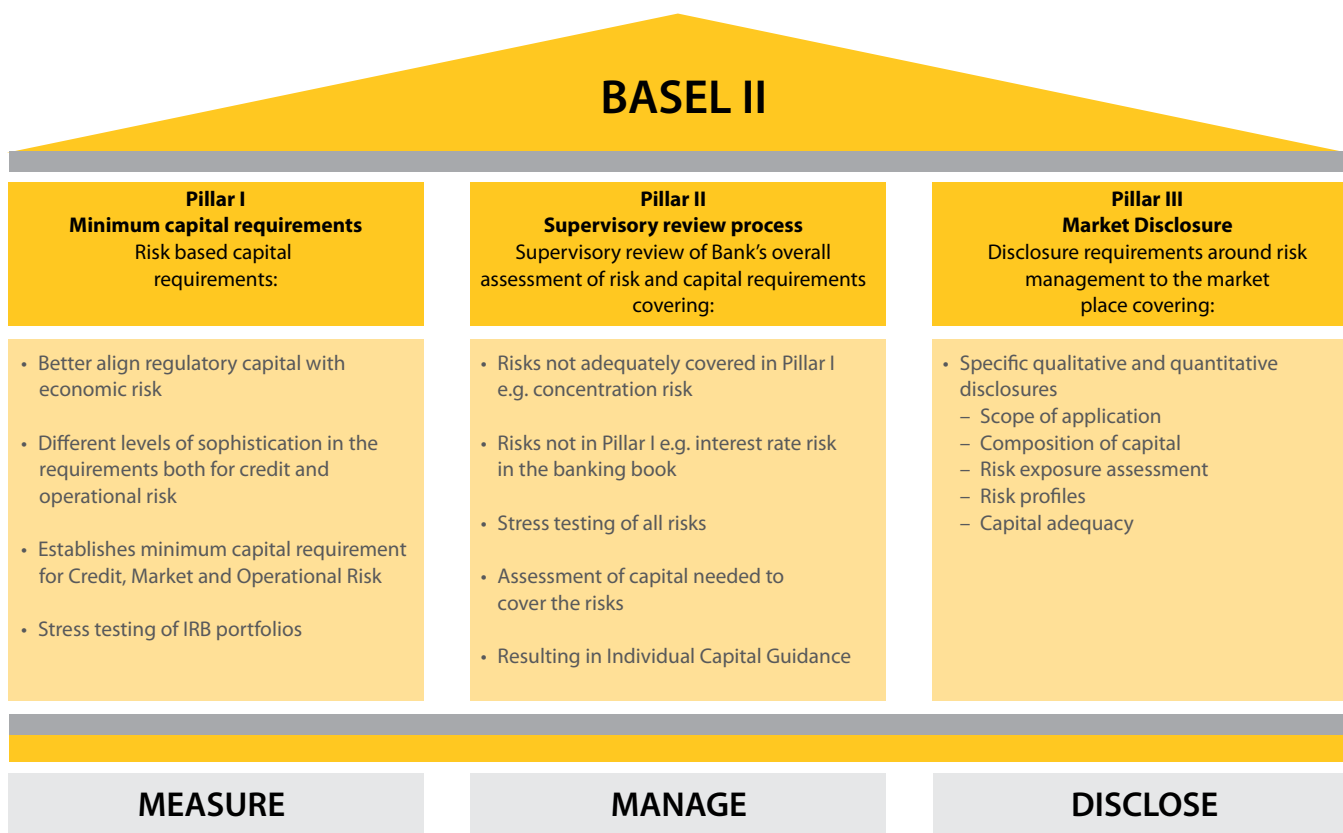
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Overview

The Pillar 3 Disclosure for financial year ending 30th June 2011 for Maybank Group (the Group) complies with the Bank Negara Malaysia's (BNM) "Risk Weighted Capital Adequacy Framework (RWCAF) – Disclosure Requirements (Pillar 3)", which is the equivalent of that issued by the Basel Committee on Banking Supervision (BCBS) entitled "International Convergence of Capital Measurement and Capital Standards" (commonly referred to as Basel II). In December 2009, BNM had issued the final requirements and guidance on the adoption of the Internal Ratings-Based (IRB) Approach for credit risk under the RWCAF for banking institutions and the Capital Adequacy Framework for Islamic Banks (CAFIB). BNM has approved Maybank and Maybank Islamic Berhad to migrate fully to the Basel II IRB Approach for credit risk from 1 July 2010.

The Group also made reference to other regulators' guidelines on Pillar 3, namely, from Monetary Authority of Singapore (MAS), Hong Kong Monetary Authority (HKMA), Committee of European Banking Supervisors (CEBS) and Financial Services Authority, UK (FSA) when preparing this document.

Basel II is structured and developed around three pillars as illustrated in the following diagram:



Overview

- Pillar 1 sets out the minimum regulatory capital requirements – the minimum amount of regulatory capital banks must hold against the risks that they assume. It focuses on the measurement methodologies and their respective qualifying criteria to use various specified approaches available to calculate the risk weighted assets (RWA) for credit, market and operational risks.
- Pillar 2 provides the key principles for supervisory review of a bank's risk management framework and its capital adequacy. It sets out the requirements for banks to make their own internal assessments of capital adequacy vis-à-vis their risk profile, and to have a comprehensive strategy in place for maintaining their appropriate capital levels. It further sets out specific oversight responsibilities for the Board of Directors (Board) and senior management, thus reinforcing principles of internal control and other corporate governance practices.
- Pillar 3, as covered in this document, aims to bolster market discipline by developing a set of disclosure requirements, which allows market participants to assess certain specified information on the scope of application of Basel II, capital, particular risk exposures and risk assessment processes and hence, the capital adequacy of the institution. Disclosures consist of both quantitative and qualitative information and are provided at the consolidated level.

Basel II provides three approaches of increasing sophistication to the calculation of credit risk capital, namely, the Standardised Approach, the Foundation IRB Approach (FIRB) and the Advanced IRB Approach (AIRB). Basel II also introduced capital requirements for operational risk for the first time.

The IRB Approach for credit risk allows banks to use internal estimates of risk parameters, namely, the probability of default (PD), loss given default (LGD) and exposure at default (EAD) to determine regulatory capital requirements under Basel II.

The table below illustrates the various approaches that are available to be adopted for capital requirements calculation under Basel II in relation to the various risk types under Pillar 1:

Types of Approaches

Credit Risk	Market Risk	Operational Risk
1. Standardised Approach (SA)	Standardised Approach (SA)	Basic Indicator Approach (BIA)
2. Foundation Internal Ratings-Based Approach (FIRB)	Internal Models Approach (IMA)	The Standardised Approach (TSA)
3. Advanced Internal Ratings-Based Approach (AIRB)		Advanced Measurement Approach (AMA)

The Group has adopted the FIRB Approach and supervisory slotting criteria to calculate credit risk weighted assets for major non-retail portfolios, and the AIRB Approach for major retail portfolios. Other credit portfolios, especially those in the Bank's subsidiaries and some overseas units, are on the Standardised Approach and will be progressively migrated to the internal ratings-based approaches.

For market risk, the Group has adopted the Standardised Approach (SA) whereas for operational risk, the Basic Indicator Approach (BIA) is currently being adopted pending migration to The Standardised Approach (TSA) once approval has been obtained from BNM.

The Group's Pillar 3 Disclosure is governed by the Policy on Basel II Risk-Weighted Capital Adequacy Framework – Pillar 3, which sets out the minimum disclosure standards, the approach in determining the appropriateness of information disclosed and the internal controls over the disclosure process, which cover the verification and review of the accuracy of information disclosed.

The information provided herein has been verified and approved internally by the Group. At the present, there is no requirement for independent external audit of this disclosure under BNM's Pillar 3 Disclosure guidelines.

The qualitative disclosures in this document are updated and published on an annual basis and will be updated more frequently in the event of significant changes to policies and regulatory requirements. The capital structure and capital adequacy disclosures are published on a quarterly basis. All other quantitative disclosures are published semi-annually (limited specific requirements), whilst the full quantitative disclosure requirements will be published annually.

Medium and Location of Disclosure

The Group's Pillar 3 disclosure will be made available under the Investor Relations section of the Group's website at www.maybank2u.com.my and as a separate report in the annual and half-yearly financial reports, after the notes to the financial statements. Where the disclosure requirements of the BNM's Pillar 3 guidelines are reported in the financial reports or notes to the financial statements as required under Financial Reporting Standard (FRS) 7, such disclosures are deemed to have met the Pillar 3 requirements.

Basis of Disclosure

This Pillar 3 disclosure document has been designed to be in compliance with the BNM's Pillar 3 Guidelines, and is to be read in conjunction with the Group's and Bank's Financial Statements for financial year ending 30th June 2011. Whilst this document discloses the Group's assets both in terms of exposures and capital requirements, the information disclosed herein may not be directly comparable with the information in the Financial Statements 2011 published by the Group.

This is most apparent for credit risk disclosures, where the risk arising from credit exposures are estimated by using parameters specified under Basel II. The term "credit exposure" used in this document is a prescribed definition by BNM based on the RWCAF – Disclosure Requirements (Pillar 3) and CAFIB – Disclosure Requirements (Pillar 3). Credit exposure is defined as the maximum amount a banking institution may be exposed to a counterparty in the event of a default.

This differs from similar terms applied in the financial year ending 30th June 2011 financial statements as the definition of credit exposures within the ambit of accounting standards represents the balance outstanding as per the balance sheet date and does not take into account the expected undrawn contractual commitments. This is one of the main reasons why exposure values in the Pillar 3 Disclosure document may differ from asset values in the published financial statements.

Comparative Information

Although BNM requires that comparative information regarding quantitative disclosures must be reported, the following exceptions are permitted:

- i. For first time adoption and disclosure of RWCAF where there are no corresponding disclosures in the previous reporting periods; and
- ii. For banking institutions that adopt a different approach (subject to approval obtained from BNM) to compute its regulatory capital for credit, market or operational risks from that used in the preceding reporting period.

Since this is the first year of disclosure by the Group, there is no corresponding disclosure in the preceding reporting period.

Scope of Application

In this Pillar 3 document, Malayan Banking Berhad's (Maybank) information is presented on a consolidated basis, namely Maybank Group covering Maybank, its subsidiaries and overseas branches.

For regulatory reporting purposes, Maybank establishes two main levels of reporting namely at Maybank Group (the Group) level, covering Maybank Malaysia, Maybank International Labuan Limited (MILL), overseas units and subsidiaries, and at Maybank Global (the Bank) level covering Maybank Malaysia, overseas units and MILL.

This Pillar 3 disclosure is at the former level. In this Pillar 3 document, Malayan Banking Berhad, its subsidiaries and overseas branches are referred to as "Maybank Group" or "the Group". The Group offers Islamic banking financial services via its wholly-owned subsidiary company, Maybank Islamic Berhad (MIB).

Information on subsidiary and associated companies of the Group is available in the notes to the financial statements. The basis of consolidation for financial accounting purposes is described in the notes segment of the financial statements, and differs from that used for regulatory capital reporting purposes.

The Group manages its capital resources to ensure that those Group entities that are subject to local capital adequacy regulation in individual jurisdictions meet their minimum capital requirements. The Bank is the primary provider of equity capital to its subsidiaries. Each subsidiary manages its own capital to support its planned business growth and meet its local regulatory requirements. Injections of capital resources into Group entities are approved by the Board. The Group's policy is for capital held in Group entities in excess of local regulatory requirements to be repatriated to the Bank in the form of dividends and/or capital repatriation, subject to local regulatory requirements, exchange controls and tax implications.

Capital in branches and subsidiaries is maintained on the basis of the host regulators' regulatory requirements. Suitable processes and controls are in place to monitor and manage capital adequacy and ensure compliance with local regulatory ratios in all our legal entities. These processes are designed to ensure that the Group has sufficient capital available to meet local regulatory requirements at all times.

The Group is not aware of any material, practical impediments to the prompt transfer of capital resources in excess of those required for regulatory purposes or repayment of intra-group liabilities when due.

Regulators have set a range of minimum levels for regulatory capital ratios. There are also limits relating to the structure and quality of capital resources. The Group ensures that it maintains sufficient buffers above these regulatory minimums at all times.

Capital Management

Introduction

A strong capital position is essential to the Group's business strategy and competitive position. The Group's capital strategy focuses on long-term stability, which enables it to build and invest in market leading businesses. Senior management considers the implications on the Group's capital strength prior to making any decisions on future business activities. In addition to considering the Group's earnings outlook, senior management evaluates all sources and uses of capital and makes strategic decisions to regulate the supply and demand of its capital to preserve the Group's overall capital strength and position.

The Group's objective in managing its capital is to maintain sufficient and adequate capital resources given current and future requirements. The Group manages its requirements for capital from organic and inorganic growth, and ensures that resources remain in excess of minimum regulatory requirements and internal targets (which provide a buffer above minimum requirements).

The Group's capital management activities seek to maximise shareholders' value by optimising the level and mix of its capital resources.

The Group's capital management objectives are to hold capital sufficient to:

- Maintain Core Capital Ratio and Risk Weighted Capital Ratio at levels sufficiently above the current minimum requirements of BNM;
- Support the Group's credit rating;
- Ensure regulated subsidiaries can meet their minimum capital requirements;
- Allocate capital to businesses to support the Group's strategic objectives and optimise returns on capital;
- Remain flexible to take advantage of future opportunities;
- Build and invest in businesses, even in a reasonably stressed environment; and
- Optimise returns to shareholders.

The Group also seeks to maintain adequate levels of capital and an optimum mix of the different components of capital are important in order to:

- Support the underlying risks of the Group's business;
- Optimise growth; and
- Be able to withstand capital demands under market shocks and stress condition.

The quality and composition of capital are key factors in senior management's evaluation of the Group's capital adequacy. The Group strongly emphasises the quality of its capital and, accordingly, holds a significant amount of its capital in the form of equity.

The Group's capital management policies are to diversify its sources of capital; to allocate capital efficiently, guided by the need to maintain a prudent relationship between available capital and the risks of its underlying businesses; and to meet the expectations of key stakeholders, including investors, regulators and rating agencies.

Strategic, business and capital plans are drawn up annually covering a three year horizon and approved by the Board. The capital plan ensures that adequate levels of capital and an optimum mix of the different components of capital are maintained by the Group to support its strategy. The capital plan takes the following into account:

- Regulatory capital requirements;
- Future demand for capital to support the credit ratings;
- Increases in demand for capital due to business growth, market shocks or stresses;
- Available supply of capital and capital raising options;
- Continuous enhancement of the efficient usage of capital;
- Measure the performance of business sectors based on return on capital and return on equity;
- Growing non-interest income sources which are less capital intensive;
- Significant focus on measuring risk adjusted return on capital in evaluating business proposals; and
- Continuous monitoring of the robustness of its capital position and an efficient mix of capital through a 3-year capital management plan.

In its pursuit of an efficient and healthy capital structure, the following initiatives were undertaken by the Group:

Capital Management

Gearing up of capital

The Group has issued various capital instruments including equity, Non-Innovative Tier 1 Capital Securities, Innovative Tier 1 Capital Securities and Subordinated Bonds/Certificates/Notes to strengthen its capital position. Details of the said various capital instruments are as follows:

Tier I capital

The Group has RM3.5 billion Non-Innovative Tier 1 Capital Securities as well as Innovative Tier 1 Capital Securities of RM1.1 billion and SGD600 million outstanding as at 30 June 2011.

During the financial year, the share capital of the Group increased by RM400,223,299 arising from issuance of new ordinary shares of Maybank pursuant to the Dividend Reinvestment Plan (DRP).

Tier II capital

In November 2010, the Group redeemed the RM1.0 billion Islamic Subordinated Bonds, which was issued in November 2005 on a 10 non-callable 5 basis feature. The following Subordinated Bonds/Certificates/Notes are outstanding as at 30 June 2011, including 2 new issuances during the financial year:

No	Name	Issue Date
1	RM1.5 billion subordinated Islamic bonds due in 2018	15 May 2006
2	RM1.5 billion subordinated bonds due in 2017	11 April 2007
3	USD300 million subordinated certificates due in 2017	25 April 2007
4	RM3.1 billion Subordinated Term Loan due in 2019	28 November 2008
5	RM1.0 billion subordinated sukuk due in 2021	31 March 2010
6	SGD1.0 billion subordinated notes due in 2021	28 April 2011
7	IDR1.5 trillion subordinated debt due in 2018	19 May 2011

Brief terms and conditions of the Tier II capital instruments issued during the current financial year are as follows:

- i. RM1.0 billion Subordinated Sukuk issued by MIB due in 2021.

On 31 March 2011, MIB issued RM1.0 billion nominal value Tier 2 Capital Islamic Subordinated Sukuk under the Shariah principle of Musyarakah. The Sukuk are under a 10 non-callable 5 basis feature, payable semi-annually in arrears in September and March each year, and are due in March 2021. Under the 10 non-callable 5 basis feature, MIB has the option to redeem the Subordinated Sukuk on the 5th anniversary.

- ii. SGD1.0 billion Subordinated Notes issued by Maybank due in 2021.

On 28 April 2011, Maybank issued SGD1.0 billion nominal value Tier 2 Subordinated Notes under the USD2 billion Multicurrency Medium Term Notes Programme. The Subordinated Notes are under a 10 non-callable 5 basis feature, payable semi-annually in arrears in April and October each year, and are due in April 2021. Under the 10 non-callable 5 basis feature, Maybank has the option to redeem the subordinated notes on the 5th anniversary or any semi-annual interest payment date thereafter.

- iii. IDR1.5 trillion Subordinated Debt issued by PT Bank Internasional Indonesia Tbk (BII) due in 2018.

On 19 May 2011, BII issued IDR1.5 trillion nominal value Subordinated Debt. The Subordinated Debt is for a tenure of 7 years, payable quarterly, and will mature on 19 May 2018.

Dividend payout

The Bank had on 25 March 2010 announced a recurrent and optional DRP that allows shareholders of the Bank to reinvest their dividends into new ordinary shares of RM1.00 each in the Bank. The DRP is part of Group's strategy to preserve equity capital ahead of the regulations under Basel III as well as to grow its business whilst providing healthy dividend income to its shareholders.

DRP for the final dividend in respect of financial year ended 30 June 2010 was a success with 89% reinvestment rate.

For the current financial year, the Bank paid an interim cash dividend of 28 sen per share less 25% taxation on 12 May 2011, amounting to net dividend paid of RM1,537,670,482. The DRP applies to this interim cash dividend in which the electable portion of 24 sen (18 sen net) per ordinary share amounting to RM1,318,003,270 can be elected to be reinvested into new Maybank shares and the remaining portion of 4 sen (3 sen net) per ordinary share amounting to RM219,667,212 will be paid in cash. The reinvestment rate achieved on the electable portion was 91.13%.

The Board has proposed the payment of final dividend in respect of the financial year ended 30 June 2011 of 32 sen per share less 25% tax, out of which 4 sen (3 sen net) per ordinary share will be paid in cash while the balance 28 sen (21 sen net) per ordinary share will be the portion which can be elected to be reinvested in new Maybank shares in accordance with the DRP, subject to the relevant regulatory approvals, as well as, shareholders' approval at the forthcoming Annual General Meeting.

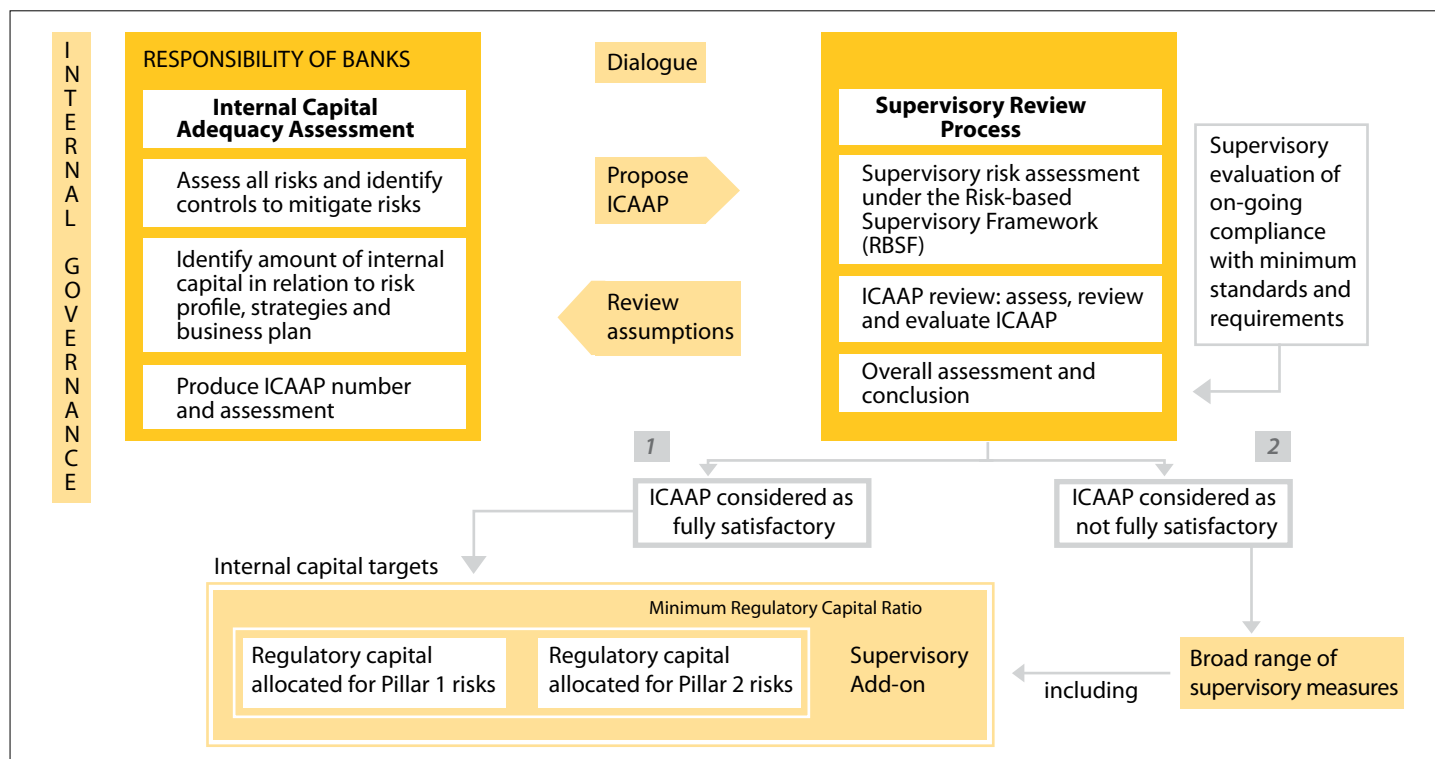
Capital requirements are expected to increase moving forward under Basel III, the rules of which were published in December 2010 by the Basel Committee on Banking Supervision (BCBS). The Basel III reforms increases the minimum quantity and quality of capital that the Group is obliged to maintain and expects systemically important banks to have higher loss absorbing capacity beyond the minimum standards. These proposed reforms are expected to be implemented by the beginning of 2013, however the requirements are subject to a series of transitional arrangements and will be phased in over a period of time, to be fully effective by 2019. The approach and local implementation of Basel III in Malaysia will depend on BNM's response to the minimum capital standards set by the BCBS.

Internal Capital Adequacy Assessment Process (ICAAP)

At the Group, the overall capital adequacy in relation to its risk profile is assessed through a process articulated in the ICAAP. The ICAAP Framework has been formalised and approved by the Board in April 2008, and has been implemented within the organisation to ensure all material risks are identified, measured and reported, and adequate capital levels consistent with the risk profiles are held.

In line with BNM's Guideline on ICAAP issued in December 2010, the Group's ICAAP closely integrates the risk and capital assessment processes. The ICAAP framework is designed to ensure that adequate levels, including capital buffers, are held to support the Group's current and projected demand for capital under existing and stressed conditions. Regular ICAAP reports are submitted on half yearly basis to the Executive Risk Committee (ERC), the Board Risk Management Committee (RMC) and the Board for comprehensive review of all material risks faced by the Group and assessment of the adequacy of capital to support them.

ICAAP framework



Supplementing the ICAAP reports is the Group Capital Plan, which is updated on annual basis where the internal capital targets are set and reviewed, among others as part of sound capital.

Capital Management

Comprehensive Risk Assessment under ICAAP Framework

Under the Group's ICAAP methodology, the following risk types are identified and measured:

- Risks captured under Pillar 1 (credit risk, market risk and operational risk);
- Risks not fully captured under Pillar 1 (e.g. model risk);
- Risks not taken into account by Pillar 1 (e.g. interest rate risk in banking book, liquidity risk, business/strategic risk, reputational risk and credit concentration risk); and
- External factors, including changes in economic environment, regulations, and accounting rules.

A key process emplaced within the Group sets to identify material risks that may arise through introduction of new products and services. Material risks are defined as "risks which would materially impact the financial performance of the bank should the risk occur". In the Group's ICAAP Framework, the Material Risk Assessment Process (MRAP) is designed to create an ability to estimate the impact of risk drivers on earnings and capital. New material risks, if any, are reviewed on a quarterly basis and incorporated in the regular ICAAP reports tabled to the ERC and the RMC.

Assessment of Pillar 1 and Pillar 2 Risks

In line with industry best practices, the Group quantifies its risks using methodologies that have been reasonably tested and deemed to be accepted in the industry.

Where risks may not be easily quantified due to the lack of commonly accepted risk measurement techniques, expert judgment is used to determine the size and materiality of risk. The Group's ICAAP would then focus on the qualitative controls in managing such material non-quantifiable risks. These qualitative measures include the following:

- Adequate governance process;
- Adequate systems, procedures and internal controls;
- Effective risk mitigation strategies; and
- Regular monitoring and reporting.

Regular Stress Testing

The Group's stress testing programme is embedded in the risk and capital management process of the Group and is a key function of capital planning and business planning processes. The programme serves as a forward-looking risk and capital management tool to understand our risk profile under extreme but plausible conditions. Such conditions may arise from economic, political and environmental factors.

Under Maybank Group Stress Test Framework, which was approved by the Board in December 2006, it considers the potential unfavourable effects of stress scenarios on the Group's profitability, asset quality, risk weighted assets and capital adequacy.

Specifically, the stress test programme is designed to:

- Highlight the dynamics of stress events and their potential implications on the Group's trading and banking book exposures, liquidity positions and likely reputational impacts;
- Identify proactively key strategies to mitigate the effects of stress events; and
- Produce stress results as inputs into the Group's ICAAP in the determination of capital adequacy and capital buffers.

Stress test themes reviewed by the Stress Test Working Group in the past include a repeat of Asian Financial Crisis, US dollar depreciation, pandemic flu, asset price collapse, interest rate hikes, a global double-dip recession scenario, Japan disasters, the Eurozone and US debt crises, amongst others.

The Stress Test Working Group, which comprises of business and risk management teams, tables the stress test reports at the Senior Management and Board committees and discusses the results with regulators on a regular basis.

Capital Adequacy Ratios

On 29 June 2010, the Bank and its subsidiary, MIB received approval from BNM to migrate to IRB Approach for credit risk under Basel II RWCAF from 1 July 2010 onwards.

With effect from 1 July 2010, the capital adequacy ratios are computed as follows:

- Group, Bank and MIB ratios are computed in accordance with BNM's Basel II RWCAF issued on 1 April 2010 as follows:
 - Credit risk under IRB Approach;
 - Market risk under Standardised Approach; and
 - Operational risk under Basic Indicator Approach.

The minimum regulatory capital adequacy requirement remains at 8% for the risk-weighted capital ratios.

- (b) Maybank Investment Bank Berhad ("Maybank IB") on a standalone basis is computed in accordance with BNM's Basel II RWCAF issued on 1 April 2010 under Standardised Approach for credit and market risks, whereas operational risk is under the Basic Indicator Approach. The minimum regulatory capital adequacy requirement is 8% for the risk-weighted capital ratios.
- (c) BII on a standalone basis is computed in accordance with its local requirements, which is based on the Basel I capital accord. The minimum regulatory capital adequacy requirement is 8% for the risk-weighted capital ratios. However, for disclosure at the Group level, the computation was based on the capital adequacy rules of BNM, using Basel II RWCAF rules, as BII is considered a significant overseas subsidiary.

Table 1: Capital Adequacy Ratios for Maybank Group, Maybank and Maybank Islamic Berhad as at 30th June 2011 (RM'000)

Capital Adequacy Ratios	Group	Maybank	Maybank Islamic
Before deducting electable portion dividend to be re-invested :	11.93%	13.44%	10.31%
Core capital ratio			
Risk-weighted capital ratio	15.45%	13.44%	13.02%
Expressed in RM ('000)			
Capital Base	38,150,608	25,311,609	4,784,522
Credit RWA	207,764,624	160,841,302	27,119,266
Market RWA	15,991,249	9,692,832	149,810
Operational RWA	23,223,860	17,738,110	2,334,044
Additional risk-weighted assets due to capital floor	–	–	7,154,554
Total RWA	246,979,733	188,272,244	36,757,674

Note: * RWCR is computed by dividing capital base over total RWA.

The risk-weighted capital ratio of the Group as at 30th June 2011, stood at 15.45%, which is an increase from the previous financial year's ratio of 14.67% that was computed under Basel I regime.

The Capital Structures of the Group, the Bank and MIB are shown in Tables 2 through 4 respectively. The risk-weighted capital ratio at 15.45% against the Group's total RWA is testament of the Group's resilience and strength in meeting its obligations. Similarly, at entity level, the Bank's RWCR remain strong at 13.44% and MIB registered a healthy ratio of 13.02%.

Capital Management

Table 2: Disclosure on Capital Structure for Maybank Group as at 30th June 2011 (RM'000)

Eligible Tier 1 Capital

Paid-up ordinary share capital/ Islamic banking fund		7,478,206
Share premium		8,583,711
Retained profit/loss brought forward from the previous financial year		6,767,469
Statutory reserve fund		6,409,922
Capital redemption reserve		–
Total non-innovative Tier 1 (non-IT1) and innovative Tier 1 (IT1) capital		6,065,486
Non-innovative Tier 1 capital	3,497,945	
Total innovative Tier 1 capital	2,567,541	
RM innovative Tier 1 capital	1,099,171	
RM Approved innovative debt capital instruments issued	1,099,171	
FX Approved innovative debt capital instruments issued	1,468,370	
Minority interest in shares of non-wholly owned subsidiaries		2,19,077
Total Tier 1 capital		35,523,871

Less:

Goodwill	(6,049,900)	
ELIGIBLE TIER 1 CAPITAL		29,473,971

Eligible Tier 2 Capital

Maximum allowable subordinated debt capital		10,732,475
RM subordinated debt capital	7,373,495	
FX subordinated debt capital	3,358,980	
Collective Allowance for SA approach		9,95,632
Total Tier 2 capital		11,728,107
Total Tier 2 capital (subject to limits)		11,728,107

Less:

Investment in subsidiaries companies	2,924,965	
Securitisation exposures subject to deductions	16,796	
Securitisation exposures held in the banking book	16,796	
Excess of total EL over total EP under the IRB approach	108,217	
Liquidity reserve	1,492	
Total deductions	3,051,470	

Total deductions from Tier 2 Capital		3,051,470

ELIGIBLE TIER 2 CAPITAL		8,676,637

CAPITAL BASE		38,150,608

Table 3: Disclosure on Capital Structure for Maybank as at 30th June 2011 (RM'000)**Eligible Tier 1 Capital**

Paid-up ordinary share capital/Islamic banking fund		7,478,206
Share premium		8,583,711
Retained profit/loss brought forward from the previous financial year		4,656,768
Statutory reserve fund		6,212,460
Total non-innovative Tier 1 (non-IT1) and innovative Tier 1 (IT1) capital		6,065,486
Non-innovative Tier 1 capital	3,497,945	
Total innovative Tier 1 capital	2,567,541	
RM innovative Tier 1 capital	1,099,171	
RM Approved innovative debt capital instruments issued	1,099,171	
FX Approved innovative debt capital instruments issued	1,468,370	

Total Tier 1 capital

32,996,631

Less:

Goodwill	81,015
Deductions in excess of Tier 2 capital	7,604,007

ELIGIBLE TIER 1 CAPITAL**25,311,609****Eligible Tier 2 Capital**

Maximum allowable subordinated debt capital		9,458,980
RM subordinated debt capital	6,100,000	
FX subordinated debt capital	3,358,980	
Collective Allowance for SA Approach		449,884

Total Tier 2 capital

9,908,864

Total Tier 2 capital (subject to limits)

9,908,864

Less:

Investment in subsidiaries companies	17,457,434
Securitisation exposures subject to deductions	16,796
Securitisation exposures held in the banking book	16,796
Excess of total EL over total EP under the IRB approach	37,149
Liquidity reserve	1,492
Total deductions	17,512,871

Total deductions from Tier 2 Capital

9,908,864

ELIGIBLE TIER 2 CAPITAL

-

CAPITAL BASE**25,311,609**

Capital Management

Table 4: Disclosure on Capital Structure for Maybank Islamic as at 30th June 2011 (RM'000)

Eligible Tier 1 Capital		
Paid-up ordinary share capital/ Islamic banking fund		110,600
Share premium		2,488,400
Retained profit/loss brought forward from the previous financial year		1,041,814
Statutory reserve fund		1 47,338
General reserve fund		1,696
Total Tier 1 capital		3,789,848
Less:		
Goodwill	–	
Deductions in excess of Tier 2 capital	–	
ELIGIBLE TIER 1 CAPITAL		3,789,848
Eligible Tier 2 Capital		
Maximum allowable subordinated debt capital		1,096,557
RM subordinated debt capital	1,000,000	
Collective Allowance for SA Approach	96,557	
Total Tier 2 capital		1,096,557
Total Tier 2 capital (subject to limits)		1,096,557
Less:		
Excess of total EL over total EP under the IRB approach	101,883	
Total deductions	101,883	
Total deductions from Tier 2 Capital		101,883
ELIGIBLE TIER 2 CAPITAL		994,674
CAPITAL BASE		4,784,522

Risk Management

Introduction

The management of risk lies at the heart of the Group's business. All of the Group's activities involve, to varying degrees, the measurement, evaluation, acceptance and management of risks or combination of risk types. The Group takes proactive measures to manage the various risks posed by the rapidly changing business environment in which it operates. These risks, which include credit risk, market risk, liquidity risk and operational risk, are comprehensively dealt with and systematically managed within established limits and controls.

The risk environment in which the Group operates in, changes continuously, caused by a range of factors, from the transactional level to macro geopolitical events. The risk environment requires continuous monitoring and assessment in an integrated manner in order to understand and manage the complex risk interactions across the Group. Initiatives under the Group's Basel II programme have also been a major catalyst and contributor to the enhancement of risk management practices within the Group, further embedding the risk culture and best practice methodologies in the Group's operations. The risk management framework that the Group has put in place is designed to meet these challenges. Various aspects are described below.

Risk Governance Structure

The following chart illustrates the risk governance structures of the Group:

Board Of Directors

The Board of Directors is Maybank Group's "ultimate governing body" who has overall risk oversight responsibility. It approves the Group's risk management framework, risk appetite, plans and performance targets for the Group and its principal operating subsidiaries, the appointment of senior officers, the delegation of authorities for credit and other risks and the establishment of effective control procedures.

Board Level Committee

Risk Management Committee (RMC)

The RMC is a dedicated Board Committee responsible for the risk oversight function within the Bank. It is principally responsible to review and approve key risk frameworks and policies for the various categories of risks.

Credit Review Committee (CRC)

The Credit Review Committee (CRC) is tasked by the Board to review fresh or additional loan applications subject to pre-determined authority limits and credit risk ratings as may be recommended by the GMCC.

Management Level Committee

Executive Risk Committee (ERC)

Asset & Liability Mgt. Committee (ALCO)

Group Mgt. Credit Committee (GMCC)

The ERC, ALCO, GMCC are Management Level committees responsible for the management of all material risks within The Bank. The scope of the ERC encompasses all risk types except market and liquidity risks, which are within the purview of the ALCO. GMCC is empowered as the centralised loans approval committee for the Group.

Risk Management

Risk Strategy

The Group's risk management strategy is targeted at ensuring:

a) Pre-emptive Risk Planning

Economic and Industry Research

Close monitoring of major and relevant economies including Malaysia through selective economic indicators are used as early warning signals to manage the Group's exposures. These indicators are also taken into account to develop the Group's long term lending strategy and asset growth planning. At the tactical level, medium term industry trend information is used by the relationship managers to develop appropriate actions in making risk informed business decisions.

New Supervisory Requirements

The Group also assesses the impact of various regulatory changes in Malaysia and markets which the Group has presence. The thematic assessments deliberated include the impact of new liquidity requirements issued by the BCBS and Financial Services Authority, United Kingdom to strengthen liquidity management as well as the impact on capital requirements based on Basel III.

b) Risk Discovery and Preventive Measures

The Group continues to drive a robust enhancement of control measures to manage people, products and processes through granular risk discovery and root cause analysis. This enables the Group to tailor a differentiated risk policy as well as business action plan that is relevant and competitive. Enhancements to preventive and deterrence measures and controls on fraud are amongst the thematic initiatives undertaken for this financial year.

c) Capital Management

The impact of the overall net risk earnings and adequacy of the Group's capital to support the risk taking activities is assessed through group wide and business level stress testing as well as periodic review and update of the stress events library. Relevant business units are alerted on possible defensive actions.

Holistic Enterprise Risk Management Approach

In light of the Group's operating structure and geographic expansion, the Group continuously enhances its integrated risk management approach towards the effective management of enterprise-wide risks in the Group. Key components of the Enterprise Risk Management (ERM) framework include:

- Structured risk governance model incorporating Board and Senior Management oversight across the Group;
- Sound capital management processes of all operating entities;
- Comprehensive assessment of material risks;
- Rigorous and regular controls, reviews, monitoring and reporting; and
- Independent reviews by internal auditors, external auditors and the relevant supervisory authorities.

The Group views the ERM process as a structured and disciplined approach to align strategies, policies, processes, people and technology with the specific purpose of evaluating all risks in line with enhancing shareholder value.

In line with the ERM, the Group has adopted and consistently practised the Seven Broad Principles of Risk Management to ensure integration in purpose, policy, methodology and risk culture.

The Group's Seven Broad Principles of Risk Management

The **Seven Broad Principles** define the key principles on accountability, independence, structure and scope.

No Principles

- 1 The risk management approach is premised on three lines of defence – risk taking units, risk control units and internal audit.
- 2 The risk taking units are responsible for the day-to-day management of risks inherent in their business activities while the risk control units are responsible for setting the risk management frameworks and developing tools and methodologies for the identification, measurement, monitoring, control and pricing of risk. Complementing this is internal audit which provides independent assurance of the effectiveness of the risk management approach.
- 3 Risk management provides risk oversight for the major risk categories including credit risk, market risk, liquidity risk, operational risk and other industry-specific risks.
- 4 Risk management ensures that the core risk policies of the Group are consistent, sets the risk tolerance level and facilitates the implementation of an integrated risk-adjusted measurement framework.
- 5 Risk management is functionally and organisationally independent of the business sectors and other risk taking units within the Maybank Group.
- 6 The Maybank Board, through the Board Risk Management Committee, maintains overall responsibility for risk oversight within the Group.
- 7 Risk management is responsible for the execution of various risk policies and related business decisions empowered by the Board.

- The 1st Line of Defence is primarily responsible for managing specific risks assumed by them in their day-to-day activities;
- The 2nd Line of Defence provides the specialised resources for developing risk frameworks, policies, methodologies and tools for the management of material risks taken by the Group as a whole; and
- The 3rd Line of Defence involves internal audit, whose task would be to independently review on the adequacy and effectiveness of the risk management process.
- To strengthen the risk culture within the Group, the Group has established the following:

i. Embedded Risk Management Units

The RMC had approved the establishment of embedded risk management units (ERU) within the selected key business sectors. The approved terms of reference of the ERU include assessment and review of material risks faced by the business sector as guided by the overall risk management approach of the Bank.

In line with deepening risk ownership and visibility, the ERU plays a pivotal role towards effective risk management within the Business Sector by strengthening the first line of defense.

The ERU have an indirect reporting line to the Group Chief Risk Officer and collaborates with independent risk management function to review the impact of risk on capital adequacy, profitability, asset quality and other risk indicators, including stress testing exercises on a periodic basis.

ii. Specialist Islamic Finance Risk Management

To enhance the management of Islamic finance risk, the Group established a Risk Management department within MIB since financial year 2008/09. MIB adopts the same principles and standards as the Group in setting its risk management framework while ensuring the framework is consistent with Shariah requirements set out by the Islamic Financial Services Board (IFSB) and BNM.

The Group Risk Governance Structure

For effective risk governance, the Group adopts a three-line of defence concept.

Three Lines of Defence Concept in Managing Risks across the Group Entities

Approach to Managing Risk	Organisational Units
1 st Line of Defence	Business and Support Units
2 nd Line of Defence	Risk Management and Compliance
3 rd Line of Defence	Internal Audit

Risk Management

iii. Risk Appetite

The formulation of risk appetite takes into consideration the Group's risk taking-capacity, its financial position, the strength of its core earnings and the resilience of its reputation and brand. The risk appetite is cascaded down further to the key risks of the Group.

• Credit Risk Management

Risk appetite for credit risk is an expression of the amount of risk that the Group is willing to take in pursuing its strategic objectives. It reflects the Group's capacity to sustain potential losses arising from a range of potential consequences under different stress scenarios. This is defined in terms of both impact to earnings and maintenance of minimum regulatory capital requirements.

These are used as a basis for establishing the risk parameters within which businesses must operate, including policies, concentration limits and business mix. Credit concentration risk of the Group is managed within the concentration limits set by counterparties, industry sector and country segments. Additional monitoring of concentration by credit rating, credit exposures and external trends are also conducted regularly for proactive management of our credit portfolio.

• Market Risk Management

The Group's willingness to accept risk is influenced by various factors including market volatility, business direction, macro-economic and subjective factors. The Group adopts both quantitative and qualitative models to measure the risk and potential losses over a given period. This is managed and contained through relevant market risk limits and policies governed under the approved risk management framework and regulatory compliance.

• Operational Risk Management

The Group's operational risk appetite is defined and expressed through the following measures and limits:

- a) Impact and Materiality Table in terms of limits;
- b) Tolerance and thresholds that reflects Maybank Group's risk appetite/tolerance; and
- c) Profile for the purpose of identifying material operational risks and losses.

To support the Group's risk tolerance, each business / support sector is required to set their respective risk appetite within the limits and loss tolerances established by the Group, and facilitated by the operational risk management tools.

Credit Risk

Credit Risk Definition

Credit risk arises as a result of customers or counter-parties' failure or unwillingness to fulfill their financial and contractual obligations as and when they arise. These obligations arise from the Group's direct lending operations, trade finance and its funding, investment and trading activities undertaken by the Group. As the Group's primary business is in commercial banking, the Group's exposure to credit risk is primarily from its lending activities and financing to consumer retail, small and medium-sized enterprises ("SMEs") and corporate customers. Other activities such as trading or holding of debt securities, settlement of transactions, also expose the Group to credit risk and counterparty credit risk.

Regulatory Capital Requirements

Of the various types of risks which the Group engage in, credit risk generates the largest regulatory capital requirement.

Tables 5 through 7 present the minimum regulatory capital requirement for credit risk under the IRB approach for the Group, the Bank and MIB, respectively. These tables tabulate the total RWA under the various exposure classes under the IRB approach and apply the minimum capital requirement at 8% as set by BNM to ascertain the minimum capital required for each of the portfolios assessed.

Credit Risk

Table 5: Disclosure on Capital Adequacy under IRB Approach for Maybank Group as at 30th June 2011 (RM'000)

Item	Exposure Class	Gross Exposures / EAD before CRM	Net Exposures / EAD after CRM	Risk Weighted Assets	Risk Weighted Assets Absorbed by PSIA	Total Risk Weighted Assets after effects of PSIA	Minimum Capital Requirement at 8%
1.0	Credit Risk						
1.1	Exempted Exposures (Standardised Approach)						
	<u>On-Balance-Sheet Exposures</u>						
	Sovereigns/Central Banks	54,705,562	54,705,562	5,127,947	–	5,127,947	410,236
	Public Sector Entities	1,151,834	1,145,602	1,020,937	–	1,020,937	81,675
	Banks, Development Financial Institutions & MDBs	4,488,478	4,270,772	2,094,216	–	2,094,216	167,537
	Insurance cos, Securities Firms & Fund Managers	824,292	823,651	808,454	–	808,454	64,676
	Corporates	40,029,502	29,525,046	26,563,283	–	26,563,283	2,125,063
	Regulatory Retail	23,403,352	20,473,769	15,342,043	–	15,342,043	1,227,363
	Residential Mortgage	4,484,692	4,402,458	2,036,140	–	2,036,140	162,891
	Higher Risk Assets	668,565	668,565	1,002,848	–	1,002,848	80,228
	Other Assets	21,407,711	21,407,711	2,781,176	–	2,781,176	222,494
	Specialised Financing/Investment	–	–	–	–	–	–
	Securitisation Exposures	608,477	608,477	446,441	–	446,441	35,715
	Equity Exposure	118,047	118,046	147,889	–	147,889	11,831
	Defaulted Exposures	419,670	413,021	523,349	–	523,349	41,868
	Total On-Balance Sheet Exposures	152,310,181	138,562,680	57,894,724	–	57,894,724	4,631,578
	<u>Off-Balance-Sheet Exposures</u>						
	OTC Derivatives	276,090	276,090	115,932	–	115,932	9,275
	Credit Derivatives	–	–	–	–	–	–
	Off balance sheet exposures other than OTC derivatives or credit derivatives	3,458,709	3,210,262	2,225,751	–	2,225,751	178,060
	Defaulted Exposures	112	112	144	–	144	11
	Total Off-Balance Sheet Exposures	3,734,911	3,486,464	2,341,826	–	2,341,826	187,346
	Total On and Off-Balance Sheet Exposures	156,045,093	142,049,144	60,236,549	–	60,236,549	4,818,924
1.2	Exposures under the IRB Approach						
	<u>On-Balance-Sheet Exposures</u>						
	Sovereigns/Central Banks	–	–	–	–	–	–
	Public Sector Entities	–	–	–	–	–	–
	Banks, Development Financial Institutions & MDBs	39,066,005	39,066,005	12,226,840	–	12,226,840	978,147
	Insurance cos, Securities Firms & Fund Managers	–	–	–	–	–	–
	Corporate Exposures	110,094,051	110,094,051	77,807,688	–	77,807,688	6,224,615
	a) Corporates (excluding Specialised Lending and firm-size adjustments)	61,517,760	61,517,760	43,828,077	–	43,828,077	3,506,246
	b) Corporates (with firm-size adjustment)	47,851,331	47,851,330	33,452,822	–	33,452,822	2,676,226
	c) Qualifying Purchased Corporate Receivables	–	–	–	–	–	–
	d) Specialised Lending (Own PD Approach)	–	–	–	–	–	–
	i) Project Finance	–	–	–	–	–	–
	ii) Object Finance	–	–	–	–	–	–
	iii) Commodity Finance	–	–	–	–	–	–
	iv) Income Producing Real Estate	–	–	–	–	–	–
	v) High Volatility Commercial Real Estate	–	–	–	–	–	–

Table 5: Disclosure on Capital Adequacy under IRB Approach for Maybank Group as at 30th June 2011 (RM'000) (cont'd.)

Item	Exposure Class	Gross Exposures / EAD before CRM	Net Exposures / EAD after CRM	Risk Weighted Assets	Risk Weighted Assets Absorbed by PSIA	Total Risk Weighted Assets after effects of PSIA	Minimum Capital Requirement at 8%
	Corporate Exposures (cont'd.)						
	e) Specialised Lending (Slotting Approach)	724,961	724,961	526,788	–	526,788	42,143
	i) Project Finance	724,961	724,961	526,788	–	526,788	42,143
	ii) Object Finance	–	–	–	–	–	–
	iii) Commodity Finance	–	–	–	–	–	–
	iv) Income Producing Real Estate	–	–	–	–	–	–
	v) High Volatility Commercial Real Estate	–	–	–	–	–	–
	Retail Exposures	90,908,875	90,908,875	34,370,929	–	34,370,929	2,749,674
	a) Residential Mortgages	32,090,708	32,090,708	14,510,668	–	14,510,668	1,160,853
	b) Qualifying Revolving Retail Exposures	4,233,154	4,233,154	2,428,234	–	2,428,234	194,259
	c) Qualifying Purchased Retail Receivables	–	–	–	–	–	–
	d) Hire Purchase Exposures	30,356,492	30,356,492	11,497,228	–	11,497,228	919,778
	e) Other Retail Exposures	24,228,521	24,228,521	5,934,799	–	5,934,799	474,784
	Securitisation Exposures	–	–	–	–	–	–
	Equity Exposure	–	–	–	–	–	–
	Defaulted Exposures	4,080,641	4,080,641	942,682	–	942,682	75,415
	Total On-Balance Sheet Exposures	244,149,572	244,149,572	125,348,140	–	125,348,140	10,027,851
	<u>Off-Balance-Sheet Exposures</u>						
	OTC Derivatives	5,163,650	5,163,650	2,541,719	–	2,541,719	203,338
	Credit Derivatives	–	–	–	–	–	–
	Off balance sheet exposures other than OTC derivatives or credit derivatives	19,067,868	19,067,868	11,287,492	–	11,287,492	902,999
	Defaulted Exposures	94,911	94,911	79	–	79	6
	Total Off-Balance Sheet Exposures	24,326,429	24,326,429	13,829,290	–	13,829,290	1,106,343
	Total On and Off-Balance Sheet Exposures	268,476,001	268,476,001	139,177,430	–	139,177,430	11,134,194
	Total IRB Approach after Scaling Factor of 1.06			147,528,075		147,528,075	11,802,246
	Total (Exposures under Standardised Approach & IRB Approach)	424,521,094	410,525,145	207,764,624	–	207,764,624	16,621,170
2.0	Large Exposures Risk Requirement						
3.0	Market Risk						
	Interest Rate Risk			6,738,977	–	6,738,977	539,118
	Foreign Currency Risk			9,094,481	–	9,094,481	727,558
	Equity Risk			9,964	–	9,964	797
	Commodity Risk			52,163	–	52,163	4,173
	Option Risk			95,664	–	95,664	7,653
	Inventory Risk			–	–	–	–
4.0	Operational Risk			23,223,860		23,223,860	1,857,909
5.0	Total RWA and Capital Requirements			246,979,733	–	246,979,733	19,758,379

Credit Risk

Table 6: Disclosure on Capital Adequacy under IRB Approach for Maybank as at 30th June 2011 (RM'000)

item	Exposure Class	Gross Exposures / EAD before CRM	Net Exposures / EAD after CRM	Risk Weighted Assets	Risk Weighted Assets Absorbed by PSIA	Total Risk Weighted Assets after effects of PSIA	Minimum Capital Requirement at 8%
1.0	Credit Risk						
1.1	Exempted Exposures (Standardised Approach)						
	<u>On-Balance-Sheet Exposures</u>						
	Sovereigns/Central Banks	34,024,308	34,024,308	595,281	–	595,281	47,622
	Public Sector Entities	1,021,772	1,019,474	907,635	–	907,635	72,611
	Banks, Development Financial Institutions & MDBs	–	–	–	–	–	–
	Insurance cos, Securities Firms & Fund Managers	64,000	63,359	48,163	–	48,163	3,853
	Corporates	13,699,173	13,349,450	12,586,774	–	12,586,774	1,006,942
	Regulatory Retail	9,317,368	8,925,846	6,691,423	–	6,691,423	535,314
	Residential Mortgage	2,118,081	2,117,874	1,179,060	–	1,179,060	94,325
	Higher Risk Assets	481,634	481,634	722,451	–	722,451	57,796
	Other Assets	23,114,178	23,114,178	5,762,690	–	5,762,690	461,015
	Specialised Financing/Investment	–	–	–	–	–	–
	Securitisation Exposures	608,477	608,477	446,441	–	446,441	35,715
	Equity Exposure	60,071	60,071	60,071	–	60,071	4,806
	Defaulted Exposures	225,090	219,887	251,096	–	251,096	20,088
	Total On-Balance Sheet Exposures	84,734,152	83,984,559	29,251,086	–	29,251,086	2,340,087
	<u>Off-Balance-Sheet Exposures</u>						
	OTC Derivatives	276,090	276,090	115,925	–	115,925	9,274
	Credit Derivatives	–	–	–	–	–	–
	Off balance sheet exposures other than OTC derivatives or credit derivatives	2,629,745	2,438,450	2,092,512	–	2,092,512	167,401
	Defaulted Exposures	112	112	144	–	144	11
	Total Off-Balance Sheet Exposures	2,905,947	2,714,653	2,208,580	–	2,208,580	176,686
	Total On and Off-Balance Sheet Exposures	87,640,099	86,699,211	31,459,666	–	31,459,666	2,516,773
1.2	Exposures under the IRB Approach						
	<u>On-Balance-Sheet Exposures</u>						
	Sovereigns/Central Banks	–	–	–	–	–	–
	Public Sector Entities	–	–	–	–	–	–
	Banks, Development Financial Institutions & MDBs	42,667,209	42,667,209	15,609,873	–	15,609,873	1,248,790
	Insurance cos, Securities Firms & Fund Managers	–	–	–	–	–	–
	Corporate Exposures	96,600,425	96,600,425	68,153,331	–	68,153,331	5,452,266
	a) Corporates (excluding Specialised Lending and firm-size adjustments)	54,262,574	54,262,574	38,860,907	–	38,860,907	3,108,873
	b) Corporates (with firm-size adjustment)	41,631,135	41,631,135	28,778,407	–	28,778,407	2,302,273
	c) Qualifying Purchased Corporate Receivables	–	–	–	–	–	–
	d) Specialised Lending (Own PD Approach)	–	–	–	–	–	–
	i) Project Finance	–	–	–	–	–	–
	ii) Object Finance	–	–	–	–	–	–
	iii) Commodity Finance	–	–	–	–	–	–
	iv) Income Producing Real Estate	–	–	–	–	–	–
	v) High Volatility Commercial Real Estate	–	–	–	–	–	–

Table 6: Disclosure on Capital Adequacy under IRB Approach for Maybank as at 30th June 2011 (RM'000) (cont'd.)

Item	Exposure Class	Gross Exposures / EAD before CRM	Net Exposures / EAD after CRM	Risk Weighted Assets	Risk Weighted Assets Absorbed by PSIA	Total Risk Weighted Assets after effects of PSIA	Minimum Capital Requirement at 8%
	Corporate Exposures (cont'd.)						
	e) Specialised Lending (Slotting Approach)	706,716	706,716	514,017	–	514,017	41,121
	i) Project Finance	706,716	706,716	514,017	–	514,017	41,121
	ii) Object Finance	–	–	–	–	–	–
	iii) Commodity Finance	–	–	–	–	–	–
	iv) Income Producing Real Estate	–	–	–	–	–	–
	v) High Volatility Commercial Real Estate	–	–	–	–	–	–
	Retail Exposures	62,465,358	62,465,358	24,805,445	–	24,805,445	1,984,436
	a) Residential Mortgages	27,597,061	27,597,061	11,940,513	–	11,940,513	955,241
	b) Qualifying Revolving Retail Exposures	3,944,010	3,944,010	2,253,379	–	2,253,379	180,270
	c) Qualifying Purchased Retail Receivables	–	–	–	–	–	–
	d) Hire Purchase Exposures	16,099,325	16,099,325	6,696,465	–	6,696,465	535,717
	e) Other Retail Exposures	14,824,961	14,824,961	3,915,087	–	3,915,087	313,207
	Securitisation Exposures	–	–	–	–	–	–
	Equity Exposure	–	–	–	–	–	–
	Defaulted Exposures	3,456,143	3,456,143	749,438	–	749,438	59,955
	Total On-Balance Sheet Exposures	205,189,136	205,189,135	109,318,087	–	109,318,087	8,745,447
	<u>Off-Balance-Sheet Exposures</u>						
	OTC Derivatives	5,094,597	5,094,597	2,508,837	–	2,508,837	200,707
	Credit Derivatives	–	–	–	–	–	–
	Off balance sheet exposures other than OTC derivatives or credit derivatives	17,326,367	17,326,367	10,231,145	–	10,231,145	818,492
	Defaulted Exposures	94,911	94,911	79	–	79	6
	Total Off-Balance Sheet Exposures	22,515,875	22,515,875	12,740,061	–	12,740,061	1,019,205
	Total On and Off-Balance Sheet Exposures	227,705,011	227,705,010	122,058,147	–	122,058,147	9,764,652
	Total IRB Approach after Scaling Factor of 1.06			129,381,636		129,381,636	10,350,531
	Total (Exposures under Standardised Approach & IRB Approach)	315,345,110	314,404,222	160,841,302	–	160,841,302	12,867,304
2.0	Large Exposures Risk Requirement	–	–	–			–
3.0	Market Risk						
	Interest Rate Risk			6,296,375	–	6,296,375	503,710
	Foreign Currency Risk			3,325,150	–	3,325,150	266,012
	Equity Risk			9,963	–	9,963	797
	Commodity Risk			52,163	–	52,163	4,173
	Option Risk			9,182	–	9,182	735
	Inventory Risk			–	–	–	–
4.0	Operational Risk			17,738,110		17,738,110	1,419,049
5.0	Total RWA and Capital Requirements			188,272,244	–	188,272,244	15,061,779

Credit Risk

Table 7: Disclosure on Capital Adequacy under IRB Approach for Maybank Islamic as at 30th June 2011 (RM'000)

item	Exposure Class	Gross Exposures / EAD before CRM	Net Exposures / EAD after CRM	Risk Weighted Assets	Risk Weighted Assets Absorbed by PSIA	Total Risk Weighted Assets after effects of PSIA	Minimum Capital Requirement at 8%
1.0	Credit Risk						
1.1	Exempted Exposures (Standardised Approach)						
	<u>On-Balance-Sheet Exposures</u>						
	Sovereigns/Central Banks	14,148,422	14,148,422	12,092	-	12,092	967
	Public Sector Entities	92,791	88,857	76,031	-	76,031	6,082
	Banks, Development Financial Institutions & MDBs	-	-	-	-	-	-
	Insurance cos, Securities Firms & Fund Managers	377	377	377	-	377	30
	Corporates	1,847,808	1,843,838	1,966,718	-	1,966,718	157,337
	Regulatory Retail	1,266,916	1,252,018	939,013	-	939,013	75,121
	Residential Mortgage	193,166	193,166	113,807	-	113,807	9,105
	Higher Risk Assets	22,781	22,781	34,171	-	34,171	2,734
	Other Assets	1,631,593	1,631,593	569,738	-	569,738	45,579
	Specialised Financing/Investment	-	-	-	-	-	-
	Securitisation Exposures	-	-	-	-	-	-
	Equity Exposure	-	-	-	-	-	-
	Defaulted Exposures	10,949	9,905	10,911	-	10,911	873
	Total On-Balance Sheet Exposures	19,214,803	19,190,956	3,722,857	-	3,722,857	297,829
	<u>Off-Balance-Sheet Exposures</u>						
	OTC Derivatives	-	-	-	-	-	-
	Credit Derivatives	-	-	-	-	-	-
	Off balance sheet exposures other than OTC derivatives or credit derivatives	155,588	153,945	31,065	-	31,065	2,485
	Defaulted Exposures	-	-	-	-	-	-
	Total Off-Balance Sheet Exposures	155,588	153,945	31,065	-	31,065	2,485
	Total On and Off-Balance Sheet Exposures	19,370,391	19,344,901	3,753,922	-	3,753,922	300,314
1.2	Exposures under the IRB Approach						
	<u>On-Balance-Sheet Exposures</u>						
	Sovereigns/Central Banks	-	-	-	-	-	-
	Public Sector Entities	-	-	-	-	-	-
	Banks, Development Financial Institutions & MDBs	4,204,353	4,204,353	1,735,181	-	1,735,181	138,815
	Insurance cos, Securities Firms & Fund Managers	-	-	-	-	-	-
	Corporate Exposures	13,442,575	13,442,575	9,654,357	194,718	9,459,639	756,771
	a) Corporates (excluding Specialised Lending and firm-size adjustments)	7,204,135	7,204,135	4,967,171	194,718	4,772,453	381,796
	b) Corporates (with firm-size adjustment)	6,220,196	6,220,196	4,674,415	-	4,674,415	373,953
	c) Qualifying Purchased Corporate Receivables	-	-	-	-	-	-
	d) Specialised Lending (Own PD Approach)	-	-	-	-	-	-
	i) Project Finance	-	-	-	-	-	-
	ii) Object Finance	-	-	-	-	-	-
	iii) Commodity Finance	-	-	-	-	-	-
	iv) Income Producing Real Estate	-	-	-	-	-	-
	v) High Volatility Commercial Real Estate	-	-	-	-	-	-

Table 7: Disclosure on Capital Adequacy under IRB Approach for Maybank Islamic as at 30th June 2011 (RM'000) (cont'd.)

item	Exposure Class	Gross Exposures / EAD before CRM	Net Exposures / EAD after CRM	Risk Weighted Assets	Risk Weighted Assets Absorbed by PSIA	Total Risk Weighted Assets after effects of PSIA	Minimum Capital Requirement at 8%
	Corporate Exposures (cont'd.)						
	e) Specialised Lending (Slotting Approach)	18,245	18,245	12,772	–	12,772	1,022
	i) Project Finance	18,245	18,245	12,772	–	12,772	1,022
	ii) Object Finance	–	–	–	–	–	–
	iii) Commodity Finance	–	–	–	–	–	–
	iv) Income Producing Real Estate	–	–	–	–	–	–
	v) High Volatility Commercial Real Estate	–	–	–	–	–	–
	Retail Exposures	28,443,517	28,443,517	9,565,477	–	9,565,477	765,238
	a) Residential Mortgages	4,493,647	4,493,647	2,570,155	–	2,570,155	205,612
	b) Qualifying Revolving Retail Exposures	289,144	289,144	174,855	–	174,855	13,988
	c) Qualifying Purchased Retail Receivables	–	–	–	–	–	–
	d) Hire Purchase Exposures	14,257,167	14,257,167	4,800,756	–	4,800,756	384,060
	e) Other Retail Exposures	9,403,559	9,403,559	2,019,713	–	2,019,713	161,577
	Securitisation Exposures	–	–	–	–	–	–
	Equity Exposure	–	–	–	–	–	–
	Defaulted Exposures	675,550	675,550	193,244	–	193,244	15,460
	Total On-Balance Sheet Exposures	46,765,995	46,765,995	21,148,260	194,718	20,953,542	1,676,283
	<u>Off-Balance-Sheet Exposures</u>						
	OTC Derivatives	69,053	69,053	32,882	–	32,882	2,631
	Credit Derivatives	–	–	–	–	–	–
	Off balance sheet exposures other than OTC derivatives	1,741,501	1,741,501	1,056,354	–	1,056,354	84,508
	Defaulted Exposures	–	–	–	–	–	–
	Total Off-Balance Sheet Exposures	1,810,554	1,810,554	1,089,236	–	1,089,236	87,139
	Total On and Off-Balance Sheet Exposures	48,576,548	48,576,548	22,237,497	194,718	22,042,779	1,763,422
	Total IRB Approach after Scaling Factor of 1.06			23,571,746	206,402	23,365,344	1,869,228
	Total (Exposures under Standardised Approach & IRB Approach)						
2.0	Large Exposures Risk Requirement	67,946,939	67,921,449	27,325,669	206,402	27,119,266	2,169,541
3.0	Market Risk	–	–	–	–	–	–
	Bench Mark Rate Risk			40,325	–	40,325	3,226
	Equity Risk			–	–	–	–
	Foreign Exchange Risk			109,485	–	109,485	8,759
	Option Risk			–	–	–	–
	Inventory Risk			–	–	–	–
4.0	Operational Risk			2,334,044	–	2,334,044	186,724
5.0	Total RWA and Capital Requirements			7,154,554	–	7,154,554	572,364
6.0	Total RWA and Capital Requirements			36,964,076	206,402	36,757,674	2,940,614

Credit Risk

Management of Credit Risk

Corporate and institutional credit risks are assessed by business units and evaluated by an independent party (Group Credit Management) where each customer is assigned a credit rating based on the assessment of relevant factors including customer's financial position, types of facilities and securities offered before the credits are approved by the relevant approving parties.

Credit reviews are conducted at least once a year with updated information on customer's financial position, market position, industry and economic condition and account conduct. Corrective actions are taken when the accounts show signs of credit deterioration.

A two-pronged approach is adopted:

- Managing the Credit Risk; and
- Managing the Credit Portfolio

To manage large exposures, the Group has in place, amongst others, the following limits and related lending guidelines to avoid undue concentration of credit risk in its loan portfolio:

- Countries
- Business Segments
- Economic Sectors
- Single Customer Groups
- Banks & Non-Bank Financial Institutions
- Counterparties; and
- Collaterals

To effectively manage vulnerable corporate and institutional credits of the Group, there are dedicated teams comprising of Corporate Remedial Management at Head Office and SME Loan Management Centres at Regional Offices. Vulnerable consumer credits are managed by the Recovery Management Unit at Head Office and Asset Quality Management Centres at Regional Offices. Special attention is given to these vulnerable credits where more frequent and intensive reviews are performed in order to accelerate remedial action.

A post-approval evaluation of credit facilities is emplaced and performed by the Credit Review team, with checks to ensure that credit facilities are properly appraised and approved. The team also reviews credit applications with overrides and/or policy breaches to assess the adequacy of justification and mitigation when approving such overrides/breaches. This is to ensure that the Group's credit evaluation process is properly benchmarked against best practices and that credit policies and product guidelines are continuously enhanced to ensure that they remain relevant in managing credit risks. Findings of the Credit Review team are tabled at the risk committees for review and remedial actions.

The Credit Risk Management within Risk Management designs strategies to achieve a desired ideal portfolio risk tolerance level. The team also prepares regular credit risk reports which are submitted to the various risk committees as part of on-going monitoring and review of borrowers and loan portfolios. Periodic credit stress testing exercises under selected scenarios are also performed and the results reported.

Credit Risk Management (CRM) Framework

The Credit Risk Management framework includes comprehensive credit risk policies, frameworks, tools and methodologies for identification, measurement, monitoring and control of credit risk on a consistent basis. Components of the CRM framework constitute:

- Strong emphasis in creating and enhancing credit risk awareness;
- Comprehensive selection and training of lending personnel in the management of credit risk; and
- Leveraging on knowledge sharing tools including e-learning courses to enhance credit skills within the Group.

The Group's credit approving process encompasses pre-approval evaluation, approval and post-approval evaluation. Credit Risk Management is responsible for developing, enhancing and communicating an effective and consistent credit risk management framework across the Group to ensure appropriate credit policies are in place to identify, measure, control and monitor such risks.

In view that authority limits are directly related to the risk levels of the borrower and transaction, a Risk-Based Authority Limit structure was implemented based on the Expected Loss framework and internally developed Credit Risk Rating System (CRRS).

Tables 8 through 10 present the geographic analysis and distribution of exposures under both the SA and IRB approaches for the Group, the Bank and MIB respectively. These tables show the geographic distribution and the proportion of credit exposures assessed under the SA and IRB approaches.

Tables 11 through 13 present the disclosure on credit risk exposures by the various industries for the Group, the Bank and MIB, respectively.

In Tables 14 through 16, the credit risk exposures are presented by maturity periods of one year or less, one to five years and over five years for the Group, the Bank and MIB, respectively.

Table 8: Disclosure on Credit Risk Exposure – Geographic Analysis for Maybank Group as at 30th June 2011 (RM'000)

Exposure Class	Malaysia (1)	Singapore (2)	Indonesia (3)	Others i.e. Oversea Units (4)	Total (5)
Exposures under Standardised Approach					
Sovereigns/Central Banks	39,396,346	8,394,130	5,648,671	1,572,868	55,012,015
Public Sector Entities	826,495	292,051	–	50,475	1,169,021
Banks, Development Financial Institutions & MDBs	447,776	2,423,175	1,393,786	316,311	4,581,048
Insurance cos, Securities Firms & Fund Managers	25,235	759,915	–	236,142	1,021,292
Corporates	6,588,115	3,126,717	23,192,621	9,665,127	42,572,580
Regulatory Retail	10,026,750	3,269,086	10,141,183	698,754	24,135,773
Residential Mortgage	2,221,875	148,357	2,172,788	17,819	4,560,839
Higher Risk Assets	691,518	56,145	–	1,556	749,219
Other Assets	11,252,908	8,217,131	1,449,841	596,900	21,516,781
Specialised Financing/Investment	–	–	–	–	–
Securitisation Exposures	608,477	–	–	–	608,477
Equity Exposure	13,369	60,071	44,606	–	118,047
Total Standardised Approach	72,098,865	26,746,779	44,043,496	13,155,953	156,045,093
Exposures under IRB Approach					
Sovereigns/Central Banks	–	–	–	–	–
Public Sector Entities	–	–	–	–	–
Banks, Development Financial Institutions & MDBs	20,850,630	9,292,608	–	14,775,639	44,918,878
Insurance cos, Securities Firms & Fund Managers	–	–	–	–	–
Corporate Exposures	91,075,510	28,781,820	–	7,785,863	127,643,193
a) Corporates (excluding Specialised Lending and firm-size adjustments)	51,045,726	11,616,771	–	7,785,863	70,448,361
b) Corporates (with firm-size adjustment)	39,277,752	17,165,049	–	–	56,442,800
c) Qualifying Purchased Corporate Receivables	–	–	–	–	–
d) Specialised Lending (Own PD Approach)	–	–	–	–	–
i) Project Finance	–	–	–	–	–
ii) Object Finance	–	–	–	–	–
iii) Commodity Finance	–	–	–	–	–
iv) Income Producing Real Estate	–	–	–	–	–
v) High Volatility Commercial Real Estate	–	–	–	–	–

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Table 8: Disclosure on Credit Risk Exposure – Geographic Analysis for Maybank Group as at 30th June 2011 (RM'000) (cont'd.)

Exposure Class	Malaysia	Singapore	Indonesia	Others i.e. Oversea Units	Total
	(1)	(2)	(3)	(4)	(5)
e) Specialised Lending (Slotting Approach)	752,032	–	–	–	752,032
i) Project Finance	752,032	–	–	–	752,032
ii) Object Finance	–	–	–	–	–
iii) Commodity Finance	–	–	–	–	–
iv) Income Producing Real Estate	–	–	–	–	–
v) High Volatility Commercial Real Estate	–	–	–	–	–
Retail Exposures	73,059,644	22,854,287	–	–	95,913,931
a) Residential Mortgages	22,060,912	10,773,487	–	–	32,834,399
b) Qualifying Revolving Retail Exposures	5,173,940	2,375,977	–	–	7,549,916
c) Qualifying Purchased Retail Receivables	–	–	–	–	–
d) Hire Purchase Exposures	22,700,232	8,233,312	–	–	30,933,544
e) Other Retail Exposures	23,124,560	1,471,511	–	–	24,596,071
Securitisation Exposures	–	–	–	–	–
Equity Exposure	–	–	–	–	–
Total IRB Approach	184,985,784	60,928,714	–	22,561,502	268,476,001
Total Standardised and IRB Approaches	257,084,649	87,675,494	44,043,496	35,717,456	424,521,094

Table 9: Disclosure on Credit Risk Exposure – Geographic Analysis for Maybank as at 30th June 2011 (RM'000)

Exposure Class	Malaysia	Singapore	Indonesia	Others i.e. Oversea Units	Total
	(1)	(2)	(3)	(4)	(5)
Exposures under Standardised Approach					
Sovereigns/Central Banks	25,217,979	8,366,479	–	746,304	34,330,762
Public Sector Entities	732,764	292,051	–	–	1,024,815
Banks, Development Financial Institutions & MDBs	–	–	–	–	–
Insurance cos, Securities Firms & Fund Managers	24,282	–	–	236,142	260,424
Corporates	4,538,082	2,913,689	–	8,411,090	15,862,861
Regulatory Retail	7,763,508	1,470,174	–	292,435	9,526,117
Residential Mortgage	2,024,197	148,357	–	17,819	2,190,374
Higher Risk Assets	557,758	867	–	–	558,625
Other Assets	16,164,172	6,765,696	–	287,704	23,217,572
Specialised Financing/Investment	–	–	–	–	–
Securitisation Exposures	608,477	–	–	–	608,477
Equity Exposure	–	60,071	–	–	60,071
Total Standardised Approach	57,631,221	20,017,384	–	9,991,495	87,640,099
Exposures under IRB Approach					
Sovereigns/Central Banks	–	–	–	–	–
Public Sector Entities	–	–	–	–	–
Banks, Development Financial Institutions & MDBs	24,380,782	9,292,608	–	14,775,639	48,449,029
Insurance cos, Securities Firms & Fund Managers	–	–	–	–	–
Corporate Exposures	75,983,080	28,781,820	–	7,785,863	112,550,763
a) Corporates (excluding Specialised Lending and firm-size adjustments)	43,381,778	11,616,771	–	7,785,863	62,784,412
b) Corporates (with firm-size adjustment)	31,892,956	17,165,049	–	–	49,058,004
c) Qualifying Purchased Corporate Receivables	–	–	–	–	–
d) Specialised Lending (Own PD Approach)	–	–	–	–	–
i) Project Finance	–	–	–	–	–
ii) Object Finance	–	–	–	–	–
iii) Commodity Finance	–	–	–	–	–
iv) Income Producing Real Estate	–	–	–	–	–
v) High Volatility Commercial Real Estate	–	–	–	–	–

Credit Risk

Table 9: Disclosure on Credit Risk Exposure – Geographic Analysis for Maybank as at 30th June 2011 (RM'000) (cont'd.)

Exposure Class	Malaysia	Singapore	Indonesia	Others i.e. Oversea Units	Total
	(1)	(2)	(3)	(4)	(5)
e) Specialised Lending (Slotting Approach)	708,346	–	–	–	708,346
i) Project Finance	708,346	–	–	–	708,346
ii) Object Finance	–	–	–	–	–
iii) Commodity Finance	–	–	–	–	–
iv) Income Producing Real Estate	–	–	–	–	–
v) High Volatility Commercial Real Estate	–	–	–	–	–
Retail Exposures	43,850,932	22,854,287	–	–	66,705,219
a) Residential Mortgages	17,453,453	10,773,487	–	–	28,226,939
b) Qualifying Revolving Retail Exposures	4,818,183	2,375,977	–	–	7,194,160
c) Qualifying Purchased Retail Receivables	–	–	–	–	–
d) Hire Purchase Exposures	7,962,824	8,233,312	–	–	16,196,137
e) Other Retail Exposures	13,616,472	1,471,511	–	–	15,087,983
Securitisation Exposures	–	–	–	–	–
Equity Exposure	–	–	–	–	–
Total IRB Approach	144,214,794	60,928,714	–	22,561,502	227,705,011
Total Standardised and IRB Approaches	201,846,014	80,946,098	–	32,552,997	315,345,110

Table 10: Disclosure on Credit Risk Exposure – Geographic Analysis for Maybank Islamic as at 30th June 2011 (RM'000)

Exposure Class	Malaysia (1)	Singapore (2)	Indonesia (3)	Others i.e. Oversea Units (4)	Total (5)
Exposures under Standardised Approach					
Sovereigns/Central Banks	14,148,422	–	–	–	14,148,422
Public Sector Entities	93,730	–	–	–	93,730
Banks, Development Financial Institutions & MDBs	–	–	–	–	–
Insurance cos, Securities Firms & Fund Managers	953	–	–	–	953
Corporates	2,002,864	–	–	–	2,002,864
Regulatory Retail	1,269,365	–	–	–	1,269,365
Residential Mortgage	197,020	–	–	–	197,020
Higher Risk Assets	26,444	–	–	–	26,444
Other Assets	1,631,593	–	–	–	1,631,593
Specialised Financing/Investment	–	–	–	–	–
Securitisation Exposures	–	–	–	–	–
Equity Exposure	–	–	–	–	–
Total Standardised Approach	19,370,391	–	–	–	19,370,391
Exposures under IRB Approach					
Sovereigns/Central Banks	–	–	–	–	–
Public Sector Entities	–	–	–	–	–
Banks, Development Financial Institutions & MDBs	4,275,405	–	–	–	4,275,405
Insurance cos, Securities Firms & Fund Managers	–	–	–	–	–
Corporate Exposures	15,092,431	–	–	–	15,092,431
a) Corporates (excluding Specialised Lending and firm-size adjustments)	7,663,949	–	–	–	7,663,949
b) Corporates (with firm-size adjustment)	7,384,796	–	–	–	7,384,796
c) Qualifying Purchased Corporate Receivables	–	–	–	–	–
d) Specialised Lending (Own PD Approach)	–	–	–	–	–
i) Project Finance	–	–	–	–	–
ii) Object Finance	–	–	–	–	–
iii) Commodity Finance	–	–	–	–	–
iv) Income Producing Real Estate	–	–	–	–	–
v) High Volatility Commercial Real Estate	–	–	–	–	–

Credit Risk

Table 10: Disclosure on Credit Risk Exposure – Geographic Analysis for Maybank Islamic as at 30th June 2011 (RM'000) (cont'd.)

Exposure Class	Malaysia	Singapore	Indonesia	Others i.e. Oversea Units	Total
	(1)	(2)	(3)	(4)	(5)
e) Specialised Lending (Slotting Approach)	43,686	–	–	–	43,686
i) Project Finance	43,686	–	–	–	43,686
ii) Object Finance	–	–	–	–	–
iii) Commodity Finance	–	–	–	–	–
iv) Income Producing Real Estate	–	–	–	–	–
v) High Volatility Commercial Real Estate	–	–	–	–	–
Retail Exposures	29,208,712	–	–	–	29,208,712
a) Residential Mortgages	4,607,460	–	–	–	4,607,460
b) Qualifying Revolving Retail Exposures	355,756	–	–	–	355,756
c) Qualifying Purchased Retail Receivables	–	–	–	–	–
d) Hire Purchase Exposures	14,737,407	–	–	–	14,737,407
e) Other Retail Exposures	9,508,088	–	–	–	9,508,088
Securitisation Exposures	–	–	–	–	–
Equity Exposure	–	–	–	–	–
Total IRB Approach	48,576,548	–	–	–	48,576,548
Total Standardised and IRB Approaches	67,946,938	–	–	–	67,946,938

Table 11: Disclosure on Credit Risk Exposure – Industry Analysis for Maybank Group as at 30th June 2011 (RM'000)

Exposure Class	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
Exposure Class	Agriculture	Mining & Quarrying	Manu- facturing	Construc- tion	Electricity, Gas & Water Supply	Wholesale, Retail trade, restaurants & hotels	Finance, Insurance, Real Estate & Business	Transport, Storage & Communi- cation	Education, health & others	Household	NEC	Total
Approach	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
Exposures under Standardised Approach												
Sovereigns/Central Banks	-	14,990	-	-	-	555	46,804,150	-	2,854,119	-	5,338,201	55,012,015
Public Sector Entities	-	-	-	616	440	-	932,844	10,474	186,875	-	37,771	1,169,021
Banks, Development Financial Institutions & MDBs	-	-	-	-	-	-	4,581,048	-	-	-	-	4,581,048
Insurance Cos, Securities Firms & Fund Managers	-	2,051	14	-	-	-	236,846	22,465	-	-	759,915	1,021,292
Corporates	1,686,635	1,531,752	5,308,442	2,259,976	1,953,346	6,821,250	5,213,328	6,511,988	753,558	5,702,589	4,829,715	42,572,580
Regulatory Retail	345,485	43,913	1,142,274	434,005	8,893	2,416,164	713,113	250,940	3,779,147	14,333,242	668,597	24,135,773
Residential Mortgage	-	-	866	-	-	212	591	137	-	4,558,279	753	4,560,839
Higher Risk Assets	-	-	1,263	-	-	-	224,266	-	-	359,721	163,969	749,219
Other Assets	163,305	534,204	1,263,840	49,389	2,735	4,120,703	1,343,329	9,401	11,600	-	13,918,275	21,516,782
Specialised Financing/Investment	-	-	-	-	-	-	-	-	-	-	-	-
Securitisation Exposures	-	-	-	-	-	-	-	-	-	-	653,083	653,083
Equity Exposure	-	-	28,525	24,209	-	96	7,300	-	-	-	13,311	73,441
Total Standardised Approach	2,195,425	2,126,910	7,745,226	2,768,195	1,965,414	13,358,980	60,056,815	6,805,406	7,685,300	24,953,832	26,383,590	156,045,093
Exposures under IRB Approach												
Sovereigns/Central Banks	-	-	-	-	-	-	-	-	-	-	-	-
Public Sector Entities	-	-	-	-	-	-	-	-	-	-	-	-
Banks, Development Financial Institutions & MDBs	-	-	-	-	10,949,903	-	31,810,942	-	-	-	2,158,033	44,918,878
Insurance Cos, Securities Firms & Fund Managers	-	-	-	-	-	-	-	-	-	-	-	-
Corporate Exposures	3,716,770	1,033,960	25,350,299	14,491,891	5,547,775	16,507,534	44,317,789	9,323,665	1,761,159	-	5,592,353	127,643,193
a) Corporates (excluding firm-size adjustments)	1,239,423	810,532	15,158,096	6,682,745	4,727,693	5,557,699	26,184,103	5,269,433	661,988	-	4,156,647	70,448,361
b) Corporates (with firm-size adjustment)	2,477,347	223,428	10,192,203	7,809,146	820,081	10,949,835	18,133,685	4,054,232	1,099,170	-	683,673	56,442,800
c) Qualifying Purchased Corporate Receivables	-	-	-	-	-	-	-	-	-	-	-	-

Credit Risk

Table 11: Disclosure on Credit Risk Exposure – Industry Analysis for Maybank Group as at 30th June 2011 (RM'000) (cont'd.)

Exposure Class	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
	Agriculture	Mining & Quarrying	Manu- facturing	Construc- tion	Electricity, Gas & Water Supply	Wholesale, Retail trade, restaurants & hotels	Finance, Insurance, Real Estate & Business	Transport, Storage & Communi- cation	Education, health & others	Household	NEC	Total
d) Specialised Lending (Own PD Approach)	-	-	-	-	-	-	-	-	-	-	-	-
i) Project Finance	-	-	-	-	-	-	-	-	-	-	-	-
ii) Object Finance	-	-	-	-	-	-	-	-	-	-	-	-
iii) Commodity Finance	-	-	-	-	-	-	-	-	-	-	-	-
iv) Income Producing Real Estate	-	-	-	-	-	-	-	-	-	-	-	-
v) High Volatility Commercial Real Estate	-	-	-	-	-	-	-	-	-	-	-	-
e) Specialised Lending (Slotting Approach)	-	-	-	-	-	-	-	-	-	-	752,032	752,032
i) Project Finance	-	-	-	-	-	-	-	-	-	-	752,032	752,032
ii) Object Finance	-	-	-	-	-	-	-	-	-	-	-	-
iii) Commodity Finance	-	-	-	-	-	-	-	-	-	-	-	-
iv) Income Producing Real Estate	-	-	-	-	-	-	-	-	-	-	-	-
v) High Volatility Commercial Real Estate	-	-	-	-	-	-	-	-	-	-	-	-
Retail Exposures	-	-	-	-	-	-	-	-	-	95,913,931	-	95,913,931
a) Residential Mortgages	-	-	-	-	-	-	-	-	-	32,834,399	-	32,834,399
b) Qualifying Revolving Retail Exposures	-	-	-	-	-	-	-	-	-	7,549,916	-	7,549,916
c) Qualifying Purchased Retail Receivables	-	-	-	-	-	-	-	-	-	-	-	-
d) Hire Purchase Exposures	-	-	-	-	-	-	-	-	-	30,933,544	-	30,933,544
e) Other Retail Exposures	-	-	-	-	-	-	-	-	-	24,596,071	-	24,596,071
Securitisation Exposures	-	-	-	-	-	-	-	-	-	-	-	-
Equity Exposure	-	-	-	-	-	-	-	-	-	-	-	-
Total IRB Approach	3,716,770	1,033,960	25,350,299	14,491,891	16,497,678	16,507,534	76,128,730	9,323,665	1,761,159	95,913,931	7,750,386	268,476,001
Total Standardised and IRB Approaches	5,912,195	3,160,870	33,095,525	17,260,086	18,463,092	29,866,513	136,185,546	16,129,071	9,446,459	120,867,763	34,133,976	424,521,094

Table 12: Disclosure on Credit Risk Exposure – Industry Analysis for Maybank as at 30th June 2011 (RM'000)

Exposure Class	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
	Agriculture	Mining & Quarrying	Manu- facturing	Construc- tion	Electricity, Gas & Water Supply	Wholesale, Retail trade, restaurants & hotels	Finance, Insurance, Real Estate & Business	Transport, Storage & Communi- cation	Education, health & others	Household	NEC	Total
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
Exposures under Standardised Approach												
Sovereigns/Central Banks	-	14,990	-	-	-	555	30,575,261	-	2,847,016	-	892,940	34,330,762
Public Sector Entities	-	-	-	-	440	-	812,391	10,474	165,494	-	36,016	1,024,815
Banks, Development Financial Institutions & MDBs	-	-	-	-	-	-	-	-	-	-	-	-
Insurance Cos, Securities Firms & Fund Managers	-	2,051	14	-	-	-	236,846	21,513	-	-	-	260,424
Corporates	564,477	139,536	1,751,468	882,663	1,273,221	1,434,951	1,439,008	2,237,324	285,119	1,961,782	3,893,312	15,862,861
Regulatory Retail	434	-	-	462	325	2,407	150,674	370	547	9,278,672	92,224	9,526,117
Residential Mortgage	-	-	866	-	-	212	591	137	-	2,187,814	753	2,190,374
Higher Risk Assets	-	-	1,263	-	-	-	115,394	-	-	333,277	108,690	558,625
Other Assets	155,160	529,707	1,008,529	28,673	2,735	3,619,563	1,271,562	2,396	41,002	-	16,558,245	23,217,572
Specialised Financing/Investment	-	-	-	-	-	-	-	-	-	-	-	-
Securitisation Exposures	-	-	-	-	-	-	-	-	-	-	608,477	608,477
Equity Exposure	-	-	28,525	24,209	-	96	7,242	-	-	-	-	60,071
Total Standardised Approach	720,072	686,285	2,790,665	936,008	1,276,722	5,057,783	34,608,968	2,272,214	3,339,178	13,761,545	22,190,658	87,640,099
Exposures under IRB Approach												
Sovereigns/Central Banks	-	-	-	-	-	-	-	-	-	-	-	-
Public Sector Entities	-	-	-	-	-	-	-	-	-	-	-	-
Banks, Development Financial Institutions & MDBs	-	-	-	-	10,949,902	-	35,425,721	-	-	-	2,073,405	48,449,029
Insurance Cos, Securities Firms & Fund Managers	-	-	-	-	-	-	-	-	-	-	-	-
Corporate Exposures	3,132,965	1,010,609	21,101,580	12,419,678	5,136,501	14,756,133	40,127,668	8,056,571	1,426,881	-	5,382,176	112,550,763
a) Corporates (excluding Specialised Lending and firm-size adjustments)	832,248	809,331	12,745,346	5,393,029	4,676,377	4,815,264	23,711,523	5,055,746	658,670	-	4,086,878	62,784,412
b) Corporates (with firm-size adjustment)	2,300,717	201,278	8,356,234	7,026,650	460,124	9,940,869	16,416,145	3,000,825	768,210	-	586,952	49,058,004
c) Qualifying Purchased Corporate Receivables	-	-	-	-	-	-	-	-	-	-	-	-

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Table 12: Disclosure on Credit Risk Exposure – Industry Analysis for Maybank as at 30th June 2011 (RM'000) (cont'd.)

Exposure Class	Agriculture (1)	Mining & Quarrying (2)	Manu- facturing (3)	Construc- tion (4)	Electricity, Gas & Water Supply (5)	Wholesale, Retail trade, restaurants & hotels (6)	Finance, Insurance, Real Estate & Business (7)	Transport, Storage & Communi- cation (8)	Education, health & others (9)	Household (10)	NEC (11)	Total (12)
d) Specialised Lending (Own PD Approach)												
i) Project Finance	-	-	-	-	-	-	-	-	-	-	-	-
ii) Object Finance	-	-	-	-	-	-	-	-	-	-	-	-
iii) Commodity Finance	-	-	-	-	-	-	-	-	-	-	-	-
iv) Income Producing Real Estate	-	-	-	-	-	-	-	-	-	-	-	-
v) High Volatility Commercial Real Estate	-	-	-	-	-	-	-	-	-	-	-	-
e) Specialised Lending (Slotting Approach)												
i) Project Finance	-	-	-	-	-	-	-	-	-	-	708,346	708,346
ii) Object Finance	-	-	-	-	-	-	-	-	-	-	708,346	708,346
iii) Commodity Finance	-	-	-	-	-	-	-	-	-	-	-	-
iv) Income Producing Real Estate	-	-	-	-	-	-	-	-	-	-	-	-
v) High Volatility Commercial Real Estate	-	-	-	-	-	-	-	-	-	-	-	-
Retail Exposures												
a) Residential Mortgages	-	-	-	-	-	-	-	-	-	66,705,219	-	66,705,219
b) Qualifying Revolving Retail Exposures	-	-	-	-	-	-	-	-	-	28,226,939	-	28,226,939
c) Qualifying Purchased Retail Receivables	-	-	-	-	-	-	-	-	-	7,194,160	-	7,194,160
d) Hire Purchase Exposures	-	-	-	-	-	-	-	-	-	-	-	-
e) Other Retail Exposures	-	-	-	-	-	-	-	-	-	16,196,137	-	16,196,137
Securitisation Exposures												
Equity Exposure	-	-	-	-	-	-	-	-	-	-	-	-
Total IRB Approach	3,132,965	1,010,609	21,101,580	12,419,678	16,086,403	14,756,133	75,553,390	8,056,571	1,426,881	66,705,219	7,455,581	227,705,011
Total Standardised and IRB Approaches	3,853,037	1,696,894	23,892,246	13,355,686	17,363,125	19,813,917	110,162,358	10,328,785	4,766,059	80,466,764	29,646,239	315,345,110

Table 13: Disclosure on Credit Risk Exposure – Industry Analysis for Maybank Islamic as at 30th June 2011 (RM'000)

Exposure Class	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
		Mining & Quarrying	Manu- facturing	Construc- tion	Electricity, Gas & Water Supply	Wholesale, Retail trade, restaurants & hotels	Finance, Insurance, Real Estate & Business	Transport, Storage & Communi- cation	Education, health & others	Household	NEC	Total
Exposures under Standardised Approach												
Sovereigns/Central Banks	-	-	-	-	-	-	11,837,962	-	-	-	2,310,460	14,148,422
Public Sector Entities	-	-	-	616	-	-	84,753	-	6,606	-	1,754	93,730
Banks, Development Financial Institutions & MDBs	-	-	-	-	-	-	-	-	-	-	-	-
Insurance Cos, Securities Firms & Fund Managers	-	-	-	-	-	-	-	953	-	-	-	953
Corporates	74,362	2,887	79,814	279,325	101,709	89,263	67,520	682,738	66,885	142,462	415,896	2,002,864
Regulatory Retail	-	-	-	-	-	-	-	-	-	1,269,365	-	1,269,365
Residential Mortgage	-	-	-	-	-	-	-	-	-	197,020	-	197,020
Higher Risk Assets	-	-	-	-	-	-	-	-	-	26,444	-	26,444
Other Assets	-	-	6,618	-	-	4,534	-	-	743	-	1,619,699	1,631,593
Specialised Financing/Investment	-	-	-	-	-	-	-	-	-	-	-	-
Securitisation Exposures	-	-	-	-	-	-	-	-	-	-	-	-
Equity Exposure	-	-	-	-	-	-	-	-	-	-	-	-
Total Standardised Approach	74,362	2,887	86,431	279,941	101,709	93,797	11,990,235	683,691	74,234	1,635,291	4,347,810	19,370,391
Exposures under IIRB Approach												
Sovereigns/Central Banks	-	-	-	-	-	-	-	-	-	-	-	-
Public Sector Entities	-	-	-	-	-	-	-	-	-	-	-	-
Banks, Development Financial Institutions & MDBs	-	-	-	-	-	-	4,190,777	-	-	-	84,628	4,275,405
Insurance Cos, Securities Firms & Fund Managers	-	-	-	-	-	-	-	-	-	-	-	-
Corporate Exposures	583,805	23,351	4,248,719	2,072,212	411,274	1,751,401	4,190,120	1,267,094	334,278	-	210,177	15,092,431
a) Corporates (excluding Specialised Lending and firm-size adjustments)	407,176	1,201	2,412,750	1,289,716	51,316	742,434	2,472,580	213,687	3,318	-	69,770	7,663,949
b) Corporates (with firm-size adjustment)	176,629	22,151	1,835,968	782,496	359,958	1,008,966	1,717,540	1,053,406	330,960	-	96,721	7,384,796
c) Qualifying Purchased Corporate Receivables	-	-	-	-	-	-	-	-	-	-	-	-

Credit Risk

Table 13: Disclosure on Credit Risk Exposure – Industry Analysis for Maybank Islamic as at 30th June 2011 (RM'000) (cont'd.)

Exposure Class	Wholesale, Finance, Transport, Electricity, Retail trade, Real Estate & Community, Gas & Water Supply, Education, health & others											
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
d) Specialised Lending (Own PD Approach)	-	-	-	-	-	-	-	-	-	-	-	-
i) Project Finance	-	-	-	-	-	-	-	-	-	-	-	-
ii) Object Finance	-	-	-	-	-	-	-	-	-	-	-	-
iii) Commodity Finance	-	-	-	-	-	-	-	-	-	-	-	-
iv) Income Producing Real Estate	-	-	-	-	-	-	-	-	-	-	-	-
v) High Volatility Commercial Real Estate	-	-	-	-	-	-	-	-	-	-	-	-
e) Specialised Lending (Slotting Approach)	-	-	-	-	-	-	-	-	-	-	43,686	43,686
i) Project Finance	-	-	-	-	-	-	-	-	-	-	43,686	43,686
ii) Object Finance	-	-	-	-	-	-	-	-	-	-	-	-
iii) Commodity Finance	-	-	-	-	-	-	-	-	-	-	-	-
iv) Income Producing Real Estate	-	-	-	-	-	-	-	-	-	-	-	-
v) High Volatility Commercial Real Estate	-	-	-	-	-	-	-	-	-	-	-	-
Retail Exposures	-	-	-	-	-	-	-	-	-	29,208,712	-	29,208,712
a) Residential Mortgages	-	-	-	-	-	-	-	-	-	4,607,460	-	4,607,460
b) Qualifying Revolving Retail Exposures	-	-	-	-	-	-	-	-	-	355,756	-	355,756
c) Qualifying Purchased Retail Receivables	-	-	-	-	-	-	-	-	-	-	-	-
d) Hire Purchase Exposures	-	-	-	-	-	-	-	-	-	14,737,407	-	14,737,407
e) Other Retail Exposures	-	-	-	-	-	-	-	-	-	9,508,088	-	9,508,088
Securitisation Exposures	-	-	-	-	-	-	-	-	-	-	-	-
Equity Exposure	-	-	-	-	-	-	-	-	-	-	-	-
Total IRB Approach	583,805	23,351	4,248,719	2,072,212	411,274	1,751,401	8,380,898	1,267,094	334,278	29,208,712	294,805	48,576,548
Total Standardised and IRB Approaches	658,167	26,238	4,335,150	2,352,154	512,984	1,845,198	20,371,133	1,950,785	408,512	30,844,002	4,642,615	67,946,938

Table 14: Disclosure on Credit Risk Exposure – Maturity Analysis for Maybank Group as at 30th June 2011 (RM'000)

Exposure Class	One year or less (1)	One to five years (2)	Over five years (3)	Total (4)
Standardised Approach				
Sovereigns/Central Banks	5,300,553	13,126,394	36,585,068	55,012,015
Public Sector Entities	142,020	810,108	216,893	1,169,021
Banks, Development Financial Institutions & MDBs	2,208,392	2,372,656	–	4,581,048
Insurance Cos, Securities Firms & Fund Managers	15,013	1,004,516	1,763	1,021,292
Corporates	13,264,737	24,728,588	4,579,255	42,572,581
Regulatory Retail	9,763,533	6,895,038	7,477,201	24,135,773
Residential Mortgage	576,652	790,123	3,194,065	4,560,839
Higher Risk Assets	130,761	405,916	212,542	749,219
Other Assets	13,345,422	7,971,849	199,510	21,516,781
Specialised Financing/Investment	–	–	–	–
Securitisation Exposures	–	–	608,477	608,477
Equity Exposure	–	118,047	–	118,047
Total Standardised Approach	44,747,082	58,223,236	53,074,774	156,045,093
IRB Approach				
Sovereigns/Central Banks	–	–	–	–
Public Sector Entities	–	–	–	–
Banks, Development Financial Institutions & MDBs	21,310,171	19,348,685	4,260,022	44,918,878
Insurance Cos, Securities Firms & Fund Managers	–	–	–	–
Corporate Exposures	57,172,974	40,121,859	30,348,360	127,643,193
a) Corporates (excluding Specialised Lending and firm-size adjustments)	31,141,383	24,452,754	14,854,224	70,448,361
b) Corporates (with firm-size adjustment)	26,004,520	15,669,105	14,769,175	56,442,800
c) Qualifying Purchased Corporate Receivables	–	–	–	–
d) Specialised Lending (Own PD Approach)	–	–	–	–
i) Project Finance	–	–	–	–
ii) Object Finance	–	–	–	–
iii) Commodity Finance	–	–	–	–
iv) Income Producing Real Estate	–	–	–	–
v) High Volatility Commercial Real Estate	–	–	–	–
e) Specialised Lending (Slotting Approach)	27,071	–	724,961	752,032
i) Project Finance	27,071	–	724,961	752,032
ii) Object Finance	–	–	–	–
iii) Commodity Finance	–	–	–	–
iv) Income Producing Real Estate	–	–	–	–
v) High Volatility Commercial Real Estate	–	–	–	–
Retail Exposures	1,065,564	18,770,104	76,078,263	95,913,931
a) Residential Mortgages	29,944	1,267,761	31,536,694	32,834,399
b) Qualifying Revolving Retail Exposures	559,253	6,117,896	872,768	7,549,916
c) Qualifying Purchased Retail Receivables	–	–	–	–
d) Hire Purchase Exposures	307,170	9,813,681	20,812,693	30,933,544
e) Other Retail Exposures	169,197	1,570,765	22,856,109	24,596,071
Securitisation Exposures	–	–	–	–
Equity Exposure	–	–	–	–
Total IRB Approach	79,548,709	78,240,648	110,686,645	268,476,001
Total Standardised and IRB Approaches	124,295,792	136,463,884	163,761,419	424,521,094

Credit Risk

Table 15: Disclosure on Credit Risk Exposure – Maturity Analysis for Maybank as at 30th June 2011 (RM'000)

Exposure Class	One year or less (1)	One to five years (2)	Over five years (3)	Total (4)
Standardised Approach				
Sovereigns/Central Banks	1,489,000	8,039,577	24,802,184	34,330,762
Public Sector Entities	68,710	757,267	198,838	1,024,815
Banks, Development Financial Institutions & MDBs	–	–	–	–
Insurance Cos, Securities Firms & Fund Managers	15,003	243,658	1,763	260,424
Corporates	3,923,763	10,105,082	1,834,017	15,862,861
Regulatory Retail	2,039,379	1,530,596	5,956,142	9,526,117
Residential Mortgage	506,948	159,787	1,523,639	2,190,374
Higher Risk Assets	123,824	240,381	194,420	558,625
Other Assets	22,252,685	792,208	172,679	23,217,572
Specialised Financing/Investment	–	–	–	–
Securitisation Exposures	–	–	608,477	608,477
Equity Exposure	–	60,071	–	60,071
Total Standardised Approach	30,419,313	21,928,627	35,292,160	87,640,099
IRB Approach				
Sovereigns/Central Banks	–	–	–	–
Public Sector Entities	–	–	–	–
Banks, Development Financial Institutions & MDBs	24,990,513	19,203,506	4,255,011	48,449,030
Insurance Cos, Securities Firms & Fund Managers	–	–	–	–
Corporate Exposures	49,571,728	37,446,222	25,532,813	112,550,763
a) Corporates (excluding Specialised Lending and firm-size adjustments)	26,591,872	23,216,891	12,975,649	62,784,412
b) Corporates (with firm-size adjustment)	22,978,226	14,229,331	11,850,448	49,058,004
c) Qualifying Purchased Corporate Receivables	–	–	–	–
d) Specialised Lending (Own PD Approach)	–	–	–	–
i) Project Finance	–	–	–	–
ii) Object Finance	–	–	–	–
iii) Commodity Finance	–	–	–	–
iv) Income Producing Real Estate	–	–	–	–
v) High Volatility Commercial Real Estate	–	–	–	–
e) Specialised Lending (Slotting Approach)	1,630	–	706,716	708,346
i) Project Finance	1,630	–	706,716	708,346
ii) Object Finance	–	–	–	–
iii) Commodity Finance	–	–	–	–
iv) Income Producing Real Estate	–	–	–	–
v) High Volatility Commercial Real Estate	–	–	–	–
Retail Exposures	979,372	14,398,945	51,326,902	66,705,219
a) Residential Mortgages	25,319	1,051,912	27,149,709	28,226,939
b) Qualifying Revolving Retail Exposures	555,807	5,769,200	869,153	7,194,160
c) Qualifying Purchased Retail Receivables	–	–	–	–
d) Hire Purchase Exposures	234,575	6,419,229	9,542,333	16,196,137
e) Other Retail Exposures	163,671	1,158,604	13,765,708	15,087,983
Securitisation Exposures	–	–	–	–
Equity Exposure	–	–	–	–
Total IRB Approach	75,541,613	71,048,672	81,114,726	227,705,011
Total Standardised and IRB Approaches	105,960,925	92,977,299	116,406,886	315,345,110

Table 16: Disclosure on Credit Risk Exposure – Maturity Analysis for Maybank Islamic as at 30th June 2011 (RM'000)

Exposure Class	One year or less (1)	One to five years (2)	Over five years (3)	Total (4)
Standardised Approach				
Sovereigns/Central Banks	368,999	3,735,753	10,043,669	14,148,422
Public Sector Entities	73,310	2,366	18,055	93,730
Banks, Development Financial Institutions & MDBs	–	–	–	–
Insurance Cos, Securities Firms & Fund Managers	9	944	–	953
Corporates	525,685	771,733	705,446	2,002,864
Regulatory Retail	79,364	90,674	1,099,327	1,269,365
Residential Mortgage	4,977	11,604	180,438	197,020
Higher Risk Assets	6,937	1,384	18,122	26,444
Other Assets	1,631,593	–	–	1,631,593
Specialised Financing/Investment	–	–	–	–
Securitisation Exposures	–	–	–	–
Equity Exposure	–	–	–	–
Total Standardised Approach	2,690,875	4,614,458	12,065,057	19,370,391
IRB Approach				
Sovereigns/Central Banks	–	–	–	–
Public Sector Entities	–	–	–	–
Banks, Development Financial Institutions & MDBs	4,125,215	145,179	5,011	4,275,405
Insurance Cos, Securities Firms & Fund Managers	–	–	–	–
Corporate Exposures	7,601,246	2,675,637	4,815,547	15,092,431
a) Corporates (excluding Specialised Lending and firm-size adjustments)	4,549,511	1,235,863	1,878,575	7,663,949
b) Corporates (with firm-size adjustment)	3,026,295	1,439,774	2,918,727	7,384,796
c) Qualifying Purchased Corporate Receivables	–	–	–	–
d) Specialised Lending (Own PD Approach)	–	–	–	–
i) Project Finance	–	–	–	–
ii) Object Finance	–	–	–	–
iii) Commodity Finance	–	–	–	–
iv) Income Producing Real Estate	–	–	–	–
v) High Volatility Commercial Real Estate	–	–	–	–
e) Specialised Lending (Slotting Approach)	25,441	–	18,245	43,686
i) Project Finance	25,441	–	18,245	43,686
ii) Object Finance	–	–	–	–
iii) Commodity Finance	–	–	–	–
iv) Income Producing Real Estate	–	–	–	–
v) High Volatility Commercial Real Estate	–	–	–	–
Retail Exposures	86,192	4,371,159	24,751,360	29,208,712
a) Residential Mortgages	4,625	215,850	4,386,984	4,607,460
b) Qualifying Revolving Retail Exposures	3,446	348,696	3,615	355,756
c) Qualifying Purchased Retail Receivables	–	–	–	–
d) Hire Purchase Exposures	72,595	3,394,453	11,270,360	14,737,407
e) Other Retail Exposures	5,526	412,162	9,090,401	9,508,088
Securitisation Exposures	–	–	–	–
Equity Exposure	–	–	–	–
Total IRB Approach	11,812,654	7,191,976	29,571,918	48,576,548
Total Standardised and IRB Approaches	14,503,529	11,806,434	41,636,975	67,946,938

Credit Risk

Credit Impairment Policy Classification and Impairment Provisions for Loans/Financing

BNM has issued its new guidelines – Classification and Impairment Provisions for Loans/Financing (hereafter referred to as “Impairment Guidelines”).

The Impairment Guidelines set out the minimum requirement on the classification of impaired loans/financing and provision for loan/financing impairment with the adoption of the FRS 139-Financial Instruments: Recognition and Measurement issued by Malaysian Accounting Standards Board, which requires the new impairment provision reporting to take effect on 1 July, 2010.

The Impairment Guidelines supersede the BNM GP3 on classification of non-performing loans and provisions for substandard, doubtful and bad debts and is to take effect from the financial years beginning on and after 1 January 2010 (Note: The Bank's Impairment Guidelines is to take effect for the financial year beginning on 1 July, 2010).

The Group has implemented a Credit Impairment Policy consistent with these guidelines.

Methods of assessment under FRS 139 comprising Individual Assessment (IA) and Collective Assessment (CA)

a) Individual Assessment (IA)

Individual assessment is more accurate and commonly used for significant loans like Corporate Loans. For individually significant borrowers/loans that meet the threshold limit of above RM5.0 million, each loan is subject to the impairment process on quarterly basis. The need for impairment is triggered by certain/pre-determined events (Triggering Events).

b) Collective Assessment (CA)

Due to the nature and size of the consumer loan portfolio, it is considered appropriate and practical to assess them collectively. The impairment loss process shall be on a portfolio basis whereby the loans

are grouped among loans that share similar credit risk characteristics.

This impairment model shall also apply to:

- Non-significant loans that do not meet the threshold limit of above RM5.0 million; and
- Individually significant loan with no objective evidence of impairment.

For this assessment, the loans shall be grouped (segmentation) and impaired collectively using statistical techniques. Each segment will be assigned with one PD and loss rate.

Trigger Events under the Two Assessments

Under FRS 139, a loan can be impaired only if it has objective evidence for impairment. The Group has to assess at balance sheet date whether a loan or group of loans has any of the objective evidence. For both assessments, early detection of impairment is based on objective evidences known as “trigger events”:

- For IA – A comprehensive list of trigger events have been developed by the Focus Group of the Group as warning signals and for early impairment detection.
- For CA – portfolio trigger needs to be linked to a certain delinquency bucket as well as to clearly defined, non-judgmental impairment assessment.

The criterion of 3 months in arrears is mandatory event for non-consumer and consumer loans where the loans need to be impaired. The trigger events will be reviewed by the Group as and when required to ensure the listing of events for impairment remain appropriate to the Group's business environment.

Tables 17 through 18(b) below show the impaired loans, advances and financing by economic purpose for Group, the Bank, and MIB, respectively.

Table 17: Impaired loans, advances and financing by industry for Maybank Group as at 30th June 2011 (RM'000)

	Impaired loans, advances and financing Past	Past Due Loans	Individual Allowance	Collective Impairment	Charges /Write Back	Write-Offs	Total
Agriculture	154,061		56,304		4,754	2,627	210,365
Mining & quarrying	210,375		45,267		36,061	1,372	255,642
Manufacturing	2,526,157		923,647		208,008	578,362	3,449,804
Construction	852,027		275,659		1,689	124,996	1,127,686
Electricity, gas & water supply	434,290		291,849		18,412	118,334	726,139
Wholesale, retail trade, restaurants & hotels	877,377		290,717		36,945	245,040	1,168,094
Finance, insurance, real estate & business	501,392		720,222		49,262	65,039	1,221,614
Transport, storage & communication	904,040		200,752		54,331	30,421	1,104,792
Education, health & others	124,549		40,934		38,888	35	165,483
Household	1,303,994		33,092		152	6,405	1,337,086
Others	868,600		53,686		21,102	13,273	922,286
Total	8,756,862	29,405,553	2,932,129	4,271,208	360,658	1,185,904	11,688,991

Table 18(a): Impaired loans, advances and financing by industry for Maybank as at 30th June 2011 (RM'000)

	Impaired loans, advances and financing		Individual	Collective	Charges/Write		
	Past	Past Due Loans	Allowance	Impairment	Back	Write-Offs	Total
Agriculture	140,765		39,164		13,513	451	179,929
Mining & quarrying	5,940		–		–	–	5,940
Manufacturing	1,971,066		623,805		157,477	468,575	2,594,871
Construction	720,305		199,543		5,036	77,173	919,848
Electricity, gas & water supply	411,533		282,560		18,483	118,334	694,093
Wholesale, retail trade, restaurants & hotels	693,278		257,041		29,697	209,953	950,319
Finance, insurance, real estate & business	315,683		571,721		31,041	43,919	887,404
Transport, storage & communication	578,221		88,559		22,460	–	666,780
Education, health & others	41,237		5,040		2,994	35	46,277
Household	1,266,969		202		114	4,955	1,267,171
Others	232,499		48,262		20,997	13,070	280,761
Total	6,377,496	20,371,793	2,115,897	3,179,773	264,618	936,465	8,493,393

Table 18(b): Impaired loans, advances and financing by industry for Maybank Islamic as at 30th June 2011 (RM'000)

	Impaired loans, advances and financing		Individual	Collective	Charges/Write		
	Past	Past Due Loans	Allowance	Impairment	Back	Write-Offs	Total
Agriculture	10,040		16,930		8,750	–	26,970
Mining & quarrying	–		–		–	–	–
Manufacturing	80,949		105,477		4,716	72,421	186,426
Construction	69,819		55,556		9,395	47,823	125,375
Electricity, gas & water supply	1,310		–		–	–	1,310
Wholesale, retail trade, restaurants & hotels	55,976		3,315		3,159	22,987	59,291
Finance, insurance, real estate & business	62,922		111,4		668,811	–	174,388
Transport, storage & communication	126,828		26,049		9,160	22,419	152,877
Education, health & others	80,590		35,894		35,894	–	116,484
Household	798		–		–	–	798
Others	439,317		–		–	–	439,317
Total	928,549	2,638,136	354,687	575,895	52,953	165,650	1,283,236

Credit Risk

Table 19 below presents the reconciliation of changes to loan impairment provisions for the Group, the Bank and Maybank Islamic.

Table 19: Reconciliation of changes to loan impairment provisions as at 30th June 2011 (RM'000)

	Group	Maybank	Maybank Islamic
Individual Allowance			
At 1 July			
- as previously stated	-	-	
- effect of adopting FRS 139	3,981,073	2,909,013	473,823
At 1 July, as restated	3,981,073	2,909,013	473,823
Allowance made during the year	651,725	471,883	94,775
Amount written back	(291,066)	(207,265)	(41,822)
Amount written off	(1,185,904)	(936,464)	(165,650)
Transferred to impairment losses in securities	(51,475)	(51,475)	-
Transferred to collective allowance	(173,038)	(57,227)	(6,438)
Acquisition of subsidiaries	50,315	-	-
Exchange differences	(49,501)	(12,568)	
Balance at end of year	2,932,129	2,115,897	354,688
Collective Allowance			
At 1 July			
- as previously stated	-	-	-
- effect of adopting FRS 139	4,741,229	3,665,506	713,938
At 1 July, as restated	4,741,229	3,665,506	713,938
Allowance made during the year	774,955	117,091	16,749
Amount written back	(42)	-	-
Amount written off	(1,424,744)	(687,814)	(161,230)
Transferred from impairment losses in securities	13,612	13,612	-
Transferred from individual allowance	173,038	57,227	6,438
Exchange differences	(6,840)	14,151	-
Balance at end of year	4,271,208	3,179,773	575,895

Non-Retail Portfolios

The Group has obtained BNM's approval to use internal credit models for evaluating the majority of its credit risk exposures. For Corporate and Bank portfolios, the Group has adopted the FIRB Approach, which allows the Group to use its internal PD estimates to determine an asset risk weighting.

In line with Basel II requirements for capital adequacy purposes, the parameters are calibrated to a full economic cycle experience to reflect long-run, cycle-neutral estimations:

i. Probability of Default (PD)

PD represents the probability of a borrower defaulting within the next 12 months time horizon. The first level estimation is based on portfolio's Observed Default Rate of the more recent years' data. The average long run default experience covering crisis periods including the major Asian crisis in 1997 is reflected through Central Tendency calibration for the Basel estimated PD.

ii. Loss Given Default (LGD)

LGD measures the economic loss the bank would incur in the event of borrower defaulting. Among others, it takes into account post default pathways, cure probability, direct and indirect costs associated with the workout and recoveries from borrower and collateral liquidation.

For Basel II purposes, LGD is calibrated to loss experiences during period of economic crisis whereby for most portfolios, the estimated loss during crisis years is expected to be higher than that during normal economy period. The crisis period LGD, known as Downturn LGD, is used as input for RWA calculations.

iii. Exposure at Default (EAD)

EAD is linked to facility risk; namely the expected gross exposure of a facility should a borrower default. The "race-to-default" is captured by Credit Conversion Factor (CCF), which should reflect the expected increase in exposure amount due to additional drawdown by borrower facing financial difficulties leading to default.

Internal experience during crisis period is being taken into consideration for EAD estimations and where there is a material difference in EAD during downturn period as compared to normal period, Downturn EAD would be used in RWA computation.

Corporate exposures comprised corporate, commercial, small business, Real Estate, Non-Bank Financial Institutions (NBFIs) and Specialised Lending portfolios, while, for bank exposures, they include other commercial banks and Development Financial Institutions (DFIs) portfolios.

The Group employs a variety of techniques in developing its PD models. In each case, the appropriate approach is dictated by the availability and appropriateness of the Group's internal data.

The general approach adopted by the Group can be categorised into the following three categories:

- **Default History Based ("Good-Bad" analysis)** – This approach is adopted when the Group has sufficient default data. Under this approach, statistical method is employed to determine the likelihood of default on existing exposures. The Group's Credit Risk Rating System (CRRS) models were developed using this approach;
- **Shadow Rating Approach** – This approach is usually applied when there are few or no defaults data available or also known as "low default portfolio" category. The objective of this methodology is to replicate the risk ranking applied by external rating agency. The Group's Bank Risk Rating Scorecards (BRRS) were developed using this approach; and
- **Experts Judgment Approach** – The default experience for some exposures, for example Holding Companies and Specialised Lending is insufficient for the Group to perform the required analyses to develop a robust statistical model. Another approach known as experts' judgment approach is therefore opted to develop the scorecard. Under this approach, the qualitative, quantitative and factor weights were determined by the Group's credit experts.

Credit Risk Models and Tools

Credit Risk Rating System (CRRS)

The development of CRRS for the Bank (including Singapore Operations) and Maybank IB allows the Group to identify, assess and measure corporate, commercial and small business borrowers' credit risk.

CRRS is a statistical default prediction model. The models were developed and recalibrated to suit the Group's banking environment using internal data. The model development process was conducted and documented in line with specific criteria for model development in accordance to Basel II. The EL framework employed in the Group enables the calculation of expected loss using PD estimate facilitated by the CRRS, LGD and EAD.

To account for differences in risk due to industry and size, CRRS is designed to rate all corporate and commercial borrowers by their respective industry segments (i.e. manufacturing, services, trading, contractors, property developers (single project) and property investors (single property)).

The CRRS comprises two components, namely, the Borrower Risk Rating (BRR) and Facility Risk Rating (FRR). The BRR is a borrower-specific rating component that provides an estimate on the likelihood of the borrower going into default over the next twelve months. The BRR estimates the borrower risk and is independent of the type/nature of facilities and collaterals offered.

The BRR is generated from a structured rating process which consists of quantitative and qualitative factors. From raw rating, the rating is then capped at policy rating if any. Then the group support matrix is used to objectively measure the impact of the group relationship on the raw rating of a borrower (where relevant). In view that the risk rating is based on historical financial data, judgmental override is allowed on the BRR by the relevant parties. Rating judgmental override is permissible but subject to maximum 3 notches upgrade to be decided by rating approval party and unlimited downgrade (subject to the worst performing grade of grade 21) that can be performed by the business units.

Credit Risk

In line with the Group's application for FIRB Approach under Basel II, the existing CRRS Scorecard was enhanced and recalibrated in June 2009. The BRR in the New Corporate Rating Masterscale now comprises of 21 performing grades compared to 10 performing grades in the previous masterscale.

For reference, each grade can be mapped to external agency ratings, like Standard & Poor's (S&P), as per Table A below:

Table A

Risk Category	Non Retail CRRS Grade	S & P Equivalent
Very Low	1	AA TO AAA
	2	AA-
	3	A+
	4	A
	5	A-
Low	6	BBB+ TO A-
	7	BBB TO BBB+
	8	BBB
	9	BBB- TO BBB
	10	BB+ TO BBB-
Moderate	11	BB+
	12	BB
	13	BB- TO BB
	14	BB-
	15	B+ TO BB-
High	16	B TO B+
	17	B
	18	B- TO B
	19	B-
	20	CCC TO B-
	21	CCC

Rating Coverage for Corporate Exposures

The CRRS has been implemented by the Group since 2005. Subsequently, more scorecards were developed to rate corporate exposures. With the implementation of these scorecards, the Group was able to rate about 95% of its corporate exposures at Maybank Malaysia, 93% at Maybank Singapore and 87% at MIB, respectively as at 30 June 2011.

Bank Risk Rating Scorecard (BRRS)

In addition to quantifying the risk of corporate borrowers, the Group has developed BRRS to risk grade the Group's counterparties and banks as borrowers based on the FIRB Approach. The BRRS is able to rate commercial banks, investment, savings and cooperative banks except central banks.

As the Group's portfolio falls under low default portfolio category, normal statistical modelling such as good-bad analysis could not be applied. Instead, a shadow-bond rating technique was used in developing the scorecards.

Generally, the objective of such methodology is to replicate the risk ranking implied by external rating agency. In this technique, a set of input/independent variables are regressed against an output/dependent variable to produce estimates to predict the output variable. The input variables are the financial ratios and qualitative factors while the output variable is the external rating.

A different masterscale known as Global Masterscale is used to map the PD generated from BRRS to the scale. There are altogether 17 performing grades in the BRRS masterscale with Grade 1 being the best performing grade and Grade 17 being the worst performing grade. For defaulted borrowers, the applicable grade is Grade 18. The BRRS Global Masterscale and its mapping to S&P's and RAM rating is shown in Table B below.

Table B

BRRS GRADE	S&P Equivalent	RAM Equivalent
1,2,3	AA TO AAA	
4	AA-	AAA
5	A+	AAA
6	A	AAA
7	A-	AA TO AAA
8	BBB+	AA
8	BBB+	AA
9	BBB	AA
10	BBB-	A TO AA
10	BBB-	A
11	BB+	A
12	BB	BBB TO A
12	BB	BBB
13	BB-	BBB
14	B+	BB TO BBB
15	B	BB
15	B	BB
15	B	BB
16	B-	BB TO B
16	B-	B
17	CCC	C TO B

Similar to CRRS, business users are allowed to perform judgmental override in BRRS.

There are two separate scorecards available in BRRS namely Developed Countries Model and Emerging Countries Model, which distinguishes the model to be applied for banks in developed countries and that of banks in emerging countries.

Project Finance Scorecard (Specialised Lending)

Project Finance is one of the five sub-classes (other sub-classes are object finance, commodities finance, income-producing real estate and high volatility commercial real estate) of Specialised Lending and forms part of the corporate asset class under the IRB Approach. The Group has developed Project Finance scorecard to enable it to rate its borrowers. The scorecard was developed based on the supervisory slotting criteria approach. The scorecard has been designed to output eight internal grades which will then be mapped to the four BNM slotting grades to derive the respective risk weights for RWA computation.

Project Finance, as defined by Basel II and BNM, is a method of funding in which:

- The banking institution looks primarily to the revenues generated by a single project, both as the source of repayment and as security for the exposure. In contrast, if repayment of the exposure depends primarily on a well established, diversified, credit-worthy, contractually obligated end user for repayment, it is considered a collateralised claim on the corporate;
- Is usually for large, complex and expensive installations that might include, for example, power plants, chemical processing plants, mines, transportation infrastructure, environment, telecommunications infrastructure (mainly immovable assets);
- May also take the form of financing of the construction of a new capital installation, or refinancing of an existing installation, with or without improvements; and
- The lender is usually paid solely or almost exclusively from the proceeds generated by the project being financed.

Credit Risk

The objectives of developing this scorecard are:

- To develop and implement a Project Finance rating template based on and mapped to Basel II/BNM Supervisory Slotting Approach to achieve an IRB compliance;
- To enhance credit risk management processes to achieve:
 - i. Consistency in credit risk assessment and business management for project finance portfolios; and
 - ii. Improvement in turnaround time; and
- To facilitate better pricing of borrowers based on risk class.

The rating tool for Project Finance lending is applicable at both Maybank IB and the Bank's Project Finance Portfolios (bonds and loans).

Application of internal ratings (use test)

Since the development and implementation of the Group's internal rating models, the Group has been using internal ratings in the following essential areas:

- **Credit approval** – the determination on the level of approval for a loan application is determined based on the internal rating of the borrower;
- **Policy** – Policy has been formulated to allow low risk borrowers rated grade 1 to grade 9 in the Corporate Masterscale be put under the fast track process flow for loan application;
- **Reporting** – regular reporting on the risk rating portfolio distribution and sectoral outlook vs borrower risk profile within sector are being produced and monitored by the Group;
- **Capital Management** – the Group has put in place risk-based capital management ICAAP programme. The use of RWA and regulatory capital charge for decision making and capital charge information for budget process are currently being practised by the Group;
- **Risk Governance** – Internal ratings are also being used for various risk governance activities such as the setting of group exposure under the Maybank Group Exposure Limit (MGEL), threshold limit for CRC review, sectoral limit framework, sampling methodology for credit review and policy breach framework; and
- **Pricing Decision** – authority is given for credit approver to vary pricing based on the riskiness of the borrower as reflected by the borrowers' ratings.

Tables 20 through 22 show the exposures by PD bands for Non-Retail Portfolios of the Group, the Bank and MIB, respectively as at 30th June 2011. A summary of the PD distribution of these exposures are also provided.

Table 20: Disclosure on Exposures by PD Band (IRB Approach) for Non-Retail for Maybank Group as at 30th June 2011 (RM'000)

PD Range (%)	EAD Post CRM	Exposure Weighted Average LGD (%)	Exposure Weighted Average Risk Weight (%)	Undrawn commitments	RWA
Non-Retail Exposures					
Bank					
0.0000 - 0.0715	12,542,464	45.32	20.59	12	2,582,372
0.0715 - 0.3335	26,946,971	45.07	31.22	5,634	8,413,508
0.3335 - 4.8305	5,173,465	45.31	71.46	3,781	3,696,875
4.8305 - 24.0203	67,592	49.12	251.27	-	169,839
100	188,385	37.50	-	-	-
Total for Bank Exposures	44,918,877			9,427	14,862,594
Insurance Cos, Securities Firms & Fund Managers					
0.0000 - 0.1200	-	-	-	-	-
0.1200 - 0.6440	-	-	-	-	-
0.6440 - 2.4750	-	-	-	-	-
2.4750 - 100	-	-	-	-	-
100	-	-	-	-	-
Total for Insurance Cos, Securities Firms & Fund Managers	-		-	-	
Exposures					
Corporate (excluding Specialised Lending and firm-size adjustments)					
0.0000 - 0.1200	18,428,983	45.00	26.24	776,972	4,834,888
0.1200 - 0.6440	20,070,889	44.75	52.83	672,217	10,604,444
0.6440 - 2.4750	21,377,969	45.14	96.14	425,841	20,552,848
2.4750 - 100	8,117,376	49.34	159.22	92,177	12,924,834
100	2,453,143	36.62	0.13	9,996	3,104
Total for Corporate (excluding Specialised Lending and firm-size adjustments)	70,448,361			1,977,204	48,920,118
Corporate (with firm-size adjustment)					
0.0000 - 0.1200	3,010,216	44.43	20.50	423,058	617,058
0.1200 - 0.6440	18,218,133	41.31	43.83	939,857	7,985,117
0.6440 - 2.4750	22,070,414	42.93	75.57	704,909	16,678,494
2.4750 - 100	10,942,001	42.42	118.13	166,326	12,925,324
100	2,202,037	42.60	-	9,577	-
Total for Corporate (with firm-size adjustment)	56,442,800			2,243,726	38,205,993
Total Non-Retail Exposures	171,810,038			4,230,357	101,988,705

Credit Risk

Table 21: Disclosure on Exposures by PD Band (IRB Approach) for Non-Retail for Maybank as at 30th June 2011 (RM'000)

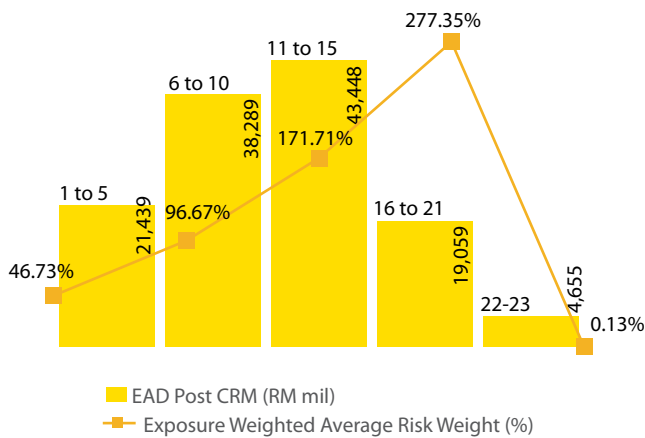
PD Range (%)	EAD Post CRM	Exposure Weighted Average LGD (%)	Exposure Weighted Average Risk Weight (%)	Undrawn commitments	RWA
Non-Retail Exposures					
Bank					
0.0000 – 0.0715	11,125,669	45.63	20.55	12	2,286,506
0.0715 - 0.3335	30,603,386	45.14	34.10	5,634	10,437,229
0.3335 - 4.8305	6,443,325	45.61	81.78	2,500	5,269,137
4.8305 - 24.0203	88,264	53.24	247.27	–	218,247
100	188,385	30.00	–	–	–
Total for Bank Exposures	48,449,029			8,146	18,211,119
Insurance Cos, Securities Firms & Fund Managers					
0.0000 - 0.1200	–	–	–	–	–
0.1200 - 0.6440	–	–	–	–	–
0.6440 - 2.4750	–	–	–	–	–
2.4750 - 100	–	–	–	–	–
100	–	–	–	–	–
Total for Insurance Cos, Securities Firms & Fund Managers	–			–	–
Exposures					
Corporate (excluding Specialised Lending and firm-size adjustments)					
0.0000 - 0.1200	15,990,254	45.00	26.02	645,871	4,160,873
0.1200 - 0.6440	18,135,057	44.41	52.76	603,402	9,567,411
0.6440 - 2.4750	19,241,884	44.90	96.73	337,312	18,613,170
2.4750 - 100	7,115,872	53.83	159.61	89,081	11,357,331
100	2,301,345	29.30	0.13	9,996	2,974
Total for Corporate (excluding Specialised Lending and firm-size adjustments)	62,784,412			1,685,662	43,701,759
Corporate (with firm-size adjustment)					
0.0000 - 0.1200	2,570,553	44.00	20.62	396,356	530,066
0.1200 - 0.6440	15,372,746	42.27	44.43	870,343	6,829,603
0.6440 - 2.4750	19,799,374	42.08	74.91	653,123	14,832,079
2.4750 - 100	9,476,973	41.36	113.98	156,720	10,801,547
100	1,838,358	41.69	–	9,203	–
Total for Corporate (with firm-size adjustment)	49,058,004			2,085,746	32,993,296
Total Non-Retail Exposures	160,291,445			3,779,553	94,906,174

Table 22: Disclosure on Exposures by PD Band (IRB Approach) for Non-Retail for Maybank Islamic as at 30th June 2011 (RM'000)

PD Range (%)	EAD Post CRM	Exposure Weighted Average LGD (%)	Exposure Weighted Average Risk Weight (%)	Undrawn commitments	RWA
Non-Retail Exposures					
Bank					
0.0000 - 0.0715	1,416,795	45.00	20.88	-	295,866
0.0715 - 0.3335	1,836,785	45.00	36.30	-	666,675
0.3335 - 4.8305	1,020,698	45.00	78.87	1,281	805,003
4.8305 - 24.0203	1,127	45.00	190.40	-	2,146
100	-	45.00	-	-	-
Total for Bank Exposures	4,275,405			1,281	1,769,690
Insurance Cos, Securities Firms & Fund Managers					
0.0000 - 0.1200	-	-	-	-	-
0.1200 - 0.6440	-	-	-	-	-
0.6440 - 2.4750	-	-	-	-	-
2.4750 - 100	-	-	-	-	-
100	-	-	-	-	-
Total for Insurance Cos, Securities Firms & Fund Managers	-	-	-	-	-
Exposures					
Corporate (excluding Specialised Lending and firm-size adjustments)					
0.0000 - 0.1200	2,438,729	45.00	27.64	131,102	674,015
0.1200 - 0.6440	1,935,832	45.09	53.57	68,816	1,037,033
0.6440 - 2.4750	2,136,086	45.38	90.81	88,529	1,939,677
2.4750 - 100	1,001,504	44.85	156.51	3,096	1,567,503
100	151,798	43.94	0.09	-	130
Total for Corporate (excluding Specialised Lending and firm-size adjustments)	7,663,949			291,543	5,218,359
Corporate (with firm-size adjustment)					
0.0000 - 0.1200	439,663	44.85	19.79	26,702	86,992
0.1200 - 0.6440	2,845,387	40.35	40.61	69,514	1,155,514
0.6440 - 2.4750	2,271,039	43.77	81.30	51,785	1,846,415
2.4750 - 100	1,465,027	43.49	144.97	9,605	2,123,777
100	363,679	43.50	-	374	-
Total for Corporate (with firm-size adjustment)	7,384,796			157,981	5,212,698
Total Non-Retail Exposures	19,324,150			450,804	12,200,746

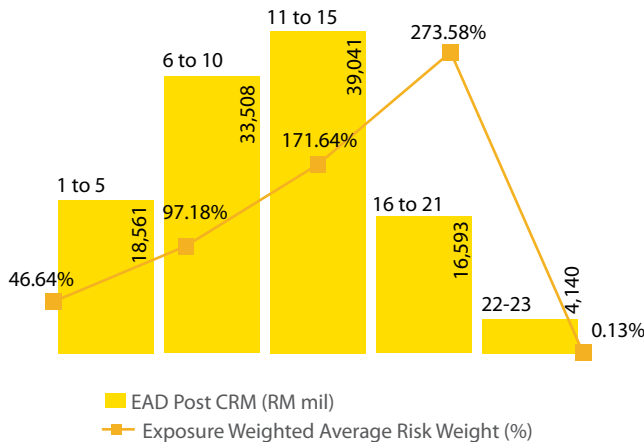
Credit Risk

Corporate Exposures by PD Bands for Maybank Group



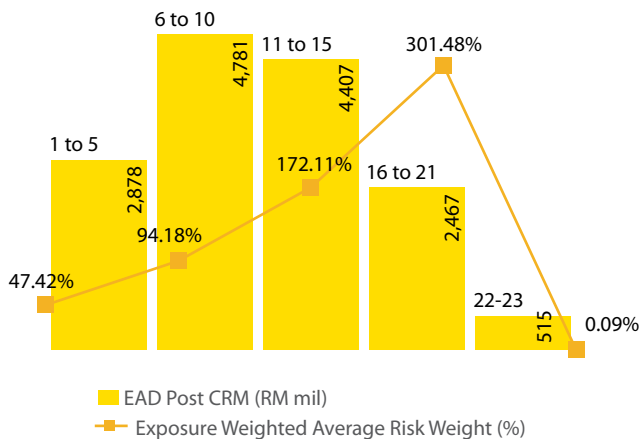
Most of the Group's corporate exposures, amounting to 47.07% are concentrated on the better PD ranges of 0.00% to 0.64%, and another 47.79% of the exposures are from PD ranges of >0.64% to 18.64%, whilst a mere 1.43% are in the worst performing grade of 21. Grades 22 and 23 are bad grades.

Corporate Exposures by PD Bands for Maybank



Similarly at Bank level, about 46.55% of the corporate exposures are concentrated on the better PD ranges of 0.00% to 0.64%, and another 48.53% of the exposures are from PD ranges of >0.64% to 18.64%, whilst a mere 1.16% are in the worst performing grade of 21.

Corporate Exposures by PD Bands for Maybank Islamic



For MIB, about 50.90% of the corporate exposures are concentrated on the better PD ranges of 0.00% to 0.64%, and another 42.28% of the exposures are from PD ranges of >0.64% to 18.64%, whilst 3.40% are in the worst performing grade of 21.

Retail Portfolios

The Group's Retail portfolios are under Basel II AIRB Approach. This approach calls for more extensive reliance on the Bank's own internal experience whereby estimations for all the three components of RWA calculation namely PD, EAD and LGD are based on its own historical data.

Separate PD, EAD and LGD statistical models were developed at portfolio level; each model covering borrowers with fundamentally similar risk profiles in a portfolio. The estimations derived from the models are used as input for RWA calculations.

AIRB coverage for Retail portfolios

Currently the following material retail portfolios are under Retail IRB:

Basel II Retail sub-portfolio category	Maybank Retail Portfolios
Residential Mortgage	• Housing Loan (Malaysia & Singapore)
Qualifying Revolving Retail Exposure (QRRE)	• Credit Card (Malaysia & Singapore)
Other Retail	• Auto Loan (Malaysia & Singapore) • Unit Trust Loan (Malaysia)

The above portfolios represent about 85% of total Bank's retail exposures. Whilst currently the rest of Group's retail portfolios are under Standardised Approach (SA), efforts are under way to bring the other material retail portfolios under the AIRB Approach.

Retail Masterscale

A retail masterscale with mapping to PD and external ratings like S&P's and Rating Agency Malaysia (RAM) is used to promote a common risk language across the Group's retail portfolios as per Table C below:

Table C

Risk Category	PD Grade	Rating Definition	Likely S&P rating Equivalent	Likely RAM rating Equivalent
Very Low	R1	Excellent	BBB to AAA	A to AAA
	R2	Very Strong	BBB-	A
Low	R3	Strong	BB+	
	R4	Very Strong	BB- to BB	
	R5	Good	BB-	BBB
Moderate	R6	Moderate	B to B+	
	R7	Satisfactory	B- to B	BB
	R8	Weak	CCC to B-	B
High	R9	Risky	CCC	C to B
	R10	Very Risky		
	R11	Extremely Risky	C	D

Other Risk Measurement for Retail Portfolios

Besides having the Basel II Retail IRB models, application and behaviour scorecards are widely used for business management purposes. Scorecards assess the probability that the customer will fail to make full and timely repayment of credit obligations. Business decisions and strategies are then built around the scores.

Where relevant, both application and behavioural scorecards are used as input into Retail IRB PD models.

Application Scorecard

With application scorecards, at the point of time when an applicant applies for the credit facility, each applicant is assigned a score that corresponds to the odds of future repayment. Scores are designed to rank-order the riskiness of the applicants, whereby higher score represents lower risk.

With proper utilisation, the application scorecards benefit both risk management and business acquisition process through:

- Consistency in credit risk assessment
- Improved turnaround time
- Better management control of the portfolios; and
- Improved revenue and profit through the identification and acceptance of additional business

Currently, application scorecards are deployed for all the major retail portfolios in Malaysia and Singapore.

Behavioral Scorecard

The product nature of credit card is subject to variable utilisation and payment pattern. A customer is able to utilise any portion of the granted limit and pay any amount of the outstanding balance. Due to the volatile nature of the product, a more robust risk measurement tool is required to manage the portfolio.

Behavioural Scorecards were therefore developed for Credit Card portfolios both in Malaysia and Singapore. Behaviour score measures the borrower riskiness based on transaction information and behavioural pattern of customer's utilisation and payment of the credit card. The scores are generated on monthly basis and among others, are being used for the following purposes:

- Collection Strategies
- Limit Management
- Transaction Authorisation

With the use of Behaviour score, credit card portfolio is able to closely manage the accounts to reduce defaulters, increase collection and ultimately increase the profitability.

Tables 23 through 25 show the exposures by PD bands for Retail Portfolios of the Group, the Bank and MIB, respectively as at 30th June 2011. A summary of the PD distribution of these exposures are also provided.

Credit Risk

Table 23: Disclosure on Exposures by PD Band (IRB Approach) for Retail for Maybank Group as at 30th June 2011 (RM'000)

PD Range (%)	EAD Post CRM	Exposure Weighted Average LGD (%)	Exposure Weighted Average Risk Weight (%)	Undrawn commitments	RWA
Retail Exposures					
Residential Mortgages					
0.0000 - 0.5900	7,497,184	21.93	15.85	–	1,188,356
0.5900 - 3.3330	20,014,843	27.70	43.42	–	8,689,470
3.3330 - 18.750	3,631,548	27.02	96.82	–	3,516,184
18.750 - 100	947,134	21.39	117.90	–	1,116,659
100	743,691	74.34	68.16	–	506,910
Total for Residential Mortgages Exposures	32,834,399			–	15,017,578
Qualifying Revolving Retail Exposure					
0.0000 - 0.5900	2,983,507	77.73	13.03	1,766,357	388,846
0.5900 - 3.3330	3,239,662	77.14	40.05	1,261,666	1,297,442
3.3330 - 18.750	1,010,330	75.79	114.24	158,679	1,154,202
18.750 - 100	311,262	76.46	226.06	62,332	703,647
100	5,155	74.74	48.89	63	2,520
Total for Qualifying Revolving Retail Exposures	7,549,916			3,249,097	3,546,658
Hire Purchase Exposure					
0.0000 - 0.5900	17,910,058	50.78	21.94	–	3,929,234
0.5900 - 3.3330	9,534,102	52.52	54.04	–	5,152,356
3.3330 - 18.750	2,961,143	47.34	74.05	–	2,192,795
18.750 - 100	384,943	47.84	116.63	–	448,940
100	143,298	95.86	60.23	–	86,307
Total Hire Purchase Exposures	30,933,544			–	11,809,632
Other Retail Exposure					
0.0000 - 0.5900	896,370	28.48	19.63	3,917	175,949
0.5900 - 3.3330	8,945,042	22.29	28.32	2,683	2,532,876
3.3330 - 18.750	12,124,957	12.20	20.36	744	2,468,225
18.750 - 100	2,268,597	15.73	33.76	1,620	765,974
100	361,104	71.67	90.30	–	326,091
Total Other Retail Exposures	24,596,071			8,964	6,269,116
Total Retail Exposures	95,913,931			3,258,061	36,642,984

Table 24: Disclosure on Exposures by PD Band (IRB Approach) for Retail for Maybank as at 30th June 2011 (RM'000)

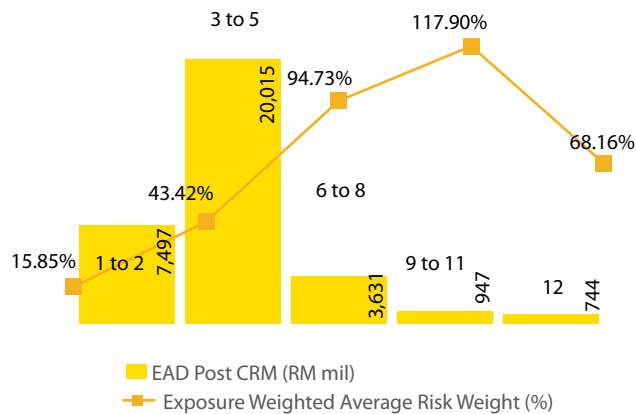
PD Range (%)	EAD Post CRM	Exposure Weighted Average LGD (%)	Exposure Weighted Average Risk Weight (%)	Undrawn commitments	RWA
Retail Exposures					
Residential Mortgages					
0.0000 - 0.5900	7,185,217	22.70	15.82	–	1,136,477
0.5900 - 3.3330	16,783,188	27.78	42.71	–	7,168,595
3.3330 - 18.750	2,879,773	26.60	95.94	–	2,762,839
18.750 - 100	748,884	20.82	116.52	–	872,603
100	629,878	75.09	68.14	–	429,220
Total for Residential Mortgages Exposures	28,226,939			–	12,369,734
Qualifying Revolving Retail Exposure					
0.0000 - 0.5900	2,889,165	80.82	13.08	1,766,357	378,001
0.5900 - 3.3330	3,067,332	79.66	40.09	1,261,666	1,229,679
3.3330 - 18.750	940,210	76.95	114.38	158,679	1,075,410
18.750 - 100	292,923	78.28	226.65	62,332	663,915
100	4,530	74.85	45.34	63	2,054
Total for Qualifying Revolving Retail Exposures	7,194,160			3,249,097	3,349,059
Hire Purchase Exposure					
0.0000 - 0.5900	7,396,531	49.01	22.29	–	1,648,797
0.5900 - 3.3330	6,529,513	49.18	52.19	–	3,407,801
3.3330 - 18.750	1,961,856	45.20	71.61	–	1,404,868
18.750 - 100	211,426	44.81	111.15	–	234,999
100	96,811	95.25	59.32	–	57,429
Total Hire Purchase Exposures	16,196,137			–	6,753,894
Other Retail Exposure					
0.0000 - 0.5900	831,636	29.74	19.73	3,917	164,062
0.5900 - 3.3330	7,020,807	23.23	28.91	2,683	2,029,931
3.3330 - 18.750	6,149,544	13.31	21.60	744	1,328,338
18.750 - 100	829,333	20.57	48.32	1,620	400,754
100	256,663	73.94	93.91	–	241,044
Total Other Retail Exposures	15,087,983			8,964	4,164,129
Total Retail Exposures	66,705,219			3,258,061	26,636,815

Credit Risk

Table 25: Disclosure on Exposures by PD Band (IRB Approach) for Retail for Maybank Islamic as at 30th June 2011 (RM'000)

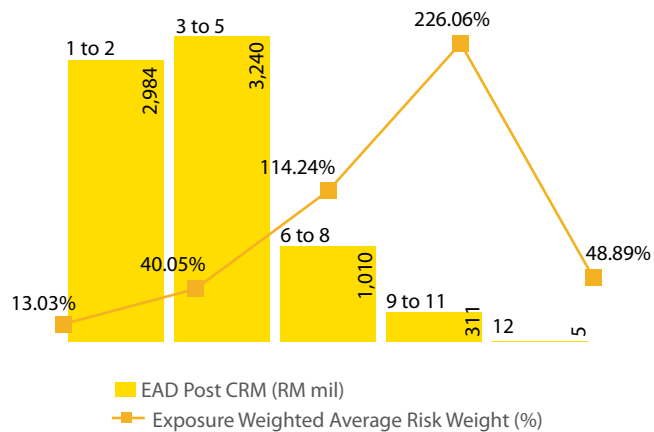
PD Range (%)	EAD Post CRM	Exposure Weighted Average LGD (%)	Exposure Weighted Average Risk Weight (%)	Undrawn commitments	RWA
Retail Exposures					
Residential Mortgages					
0.0000 - 0.5900	311,967	21.16	16.63	–	51,879
0.5900 - 3.3330	3,231,654	27.62	47.06	–	1,520,875
3.3330 - 18.750	751,775	27.44	100.21	–	753,345
18.750 - 100	198,250	21.96	123.10	–	244,055
100	113,813	73.60	68.26	–	77,690
Total for Residential Mortgages Exposures	4,607,460			–	2,647,844
Qualifying Revolving Retail Exposure					
0.0000 - 0.5900	94,343	74.63	11.50	–	10,845
0.5900 - 3.3330	172,330	74.63	39.32	–	67,764
3.3330 - 18.750	70,120	74.63	112.37	–	78,792
18.750 - 100	18,339	74.63	216.65	–	39,732
100	625	74.63	74.64	–	467
Total for Qualifying Revolving Retail Exposures	355,756			–	197,600
Hire Purchase Exposure					
0.0000 - 0.5900	10,513,527	52.55	21.69	–	2,280,437
0.5900 - 3.3330	3,004,589	55.87	58.06	–	1,744,555
3.3330 - 18.750	999,287	49.49	78.85	–	787,926
18.750 - 100	173,518	50.88	123.30	–	213,941
100	46,487	96.46	62.12	–	28,878
Total Hire Purchase Exposures	14,737,407			–	5,055,738
Other Retail Exposure					
0.0000 - 0.5900	64,734	27.22	18.36	–	11,888
0.5900 - 3.3330	1,924,236	21.35	26.14	–	502,946
3.3330 - 18.750w	5,975,414	11.09	19.08	–	1,139,887
18.750 - 100	1,439,264	10.89	25.38	–	365,220
100	104,441	69.40	81.43	–	85,047
Total Other Retail Exposures	9,508,088			–	2,104,987
Total Retail Exposures	29,208,712			–	10,006,169

Residential Mortgages by PD Bands for Maybank Group



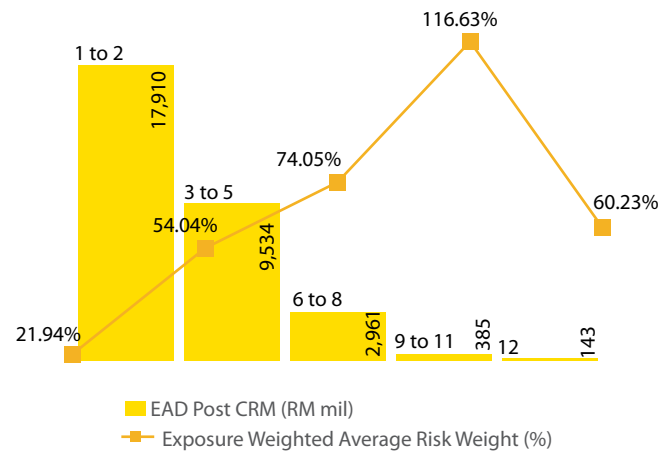
Maybank Group's residential mortgages profile are concentrated in the better grades of 1 to 5, with PD ranges of 0.00 – 3.33%.

Qualifying Revolving Retail Exposures (Credit Cards) by PD Bands for Maybank Group



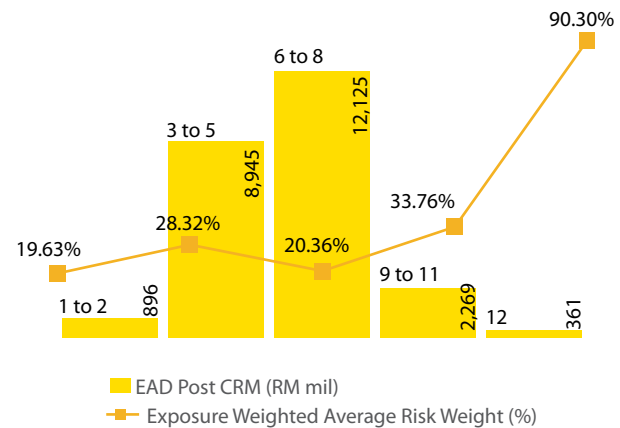
For Qualifying Revolving Retail Exposures (Credit Cards), again the Group's profile are concentrated in the better grades of 1 to 5, with PD ranges of 0.00 – 3.33%.

Hire Purchase Exposures by PD Bands for Maybank Group



For Hire Purchase portfolio, the majority of the exposure are concentrated in the better grades of 1 to 2, with PD range of 0.00 – 0.59%.

Other Retail Exposures by PD Bands for Maybank Group



Credit Risk

Independent Model Validation

At the Group, credit IRB models are validated at the initial development, and at least annually thereafter, by an independent validation team which is separate from the model development teams.

Model validation findings are presented to the Model Validation and Acceptance Committee (MVAC) for deliberation and subsequently to the ERC for endorsement and RMC for approval.

Validation techniques include both quantitative and qualitative analyses to test the appropriateness and effectiveness of the IRB models used.

Scope and Frequency of Model Validation

Validation of credit risk models refers to a range of processes and activities that evaluates and examines the rating system and the estimation process and methods for deriving the risk components, namely PD, LGD and EAD. This involves validating that the risk models are capable of discriminating ('discriminatory or rank ordering power') and deriving consistent and predictive estimates ('calibration') of the relevant risk parameters.

The validation of models would be conducted at two stages. Pre-implementation model validation is to be conducted prior to launch of the model. Post-implementation validation must be done at least annually from the model implementation date or from the previous validation date. However, more frequent validation may be done, where required.

The validation processes are also subject to an independent review by the Internal Auditors, which is performed on a regular basis.

Credit Risk Mitigation

The Group takes a holistic approach when granting credit facilities and do so very much based on the repayment capacity of the borrower, rather than place primary dependency on credit risk mitigation. As a fundamental credit principle, the Group generally does not grant facilities solely on the basis of collateral provided. Credit facilities are granted based on the credit standing of the borrower, source of repayment and debt servicing ability.

Depending on a customer's standing and the type of product, facilities may be provided unsecured. Nevertheless, collateral is taken whenever possible to mitigate the credit risk assumed. The Group's general policy is to promote the use of credit risk mitigation, justified by commercial prudence and good practice as well as capital efficiency. The value of collateral taken is also monitored periodically. The frequency of valuation depends on the type, liquidity and volatility of the collateral value. The main types of collateral taken by the Group include cash, marketable securities, real estate, equipment, inventory and receivables. For IRB purposes, personal guarantees are not recognised as an eligible credit risk protection.

Corporate guarantees are often obtained when the borrower's credit worthiness is not sufficient to accommodate an extension of credit. To recognise the effects of guarantees under the FIRB Approach, the Group adopts the PD substitution approach whereby an exposure guaranteed by an eligible guarantor will utilise the PD of the guarantor in the computation of its capital requirement.

As a general rule-of-thumb, the following eligibility criteria must be met before collateral can be accepted for IRB purposes:

- Legal certainty - The documentation must be legally binding and enforceable in all relevant jurisdictions;
- Material positive correlation - The value of the collateral must not be significantly affected by the deterioration of the borrower's credit worthiness; and
- Third-party custodian - The collateral that is held by a third-party custodian must be segregated from the custodian's own assets.

Tables 26 through 28 show the credit risk mitigation analysis under SA approach for the Group, the Bank and MIB, respectively, whilst Tables 29 through 31 show the credit risk mitigation analysis under the IRB approach.

Table 26: Disclosure on Credit Risk Mitigation Analysis (SA Approach) for Maybank Group as at 30th June 2011 (RM'000)

Exposure Class	Exposures before CRM (1)	Exposures Covered by Guarantees/Credit Derivatives (2)	Exposures Covered by Eligible Financial Collateral (3)	Exposures Covered by Other Eligible Collateral (4)
Credit Risk				
<u>On-Balance Sheet Exposures</u>				
Sovereigns/Central Banks	54,705,562	-	-	5,407,598
Public Sector Entities	1,151,834	-	6,233	-
Banks, Development Financial Institutions & MDBs	4,488,478	-	4,622	1,020,903
Insurance Cos, Securities Firms & Fund Managers	824,292	-	641	-
Corporates	40,029,502	1,907,750	3,539,262	-
Regulatory Retail	23,403,352	-	1,845,737	8,623,194
Residential Mortgage	4,484,692	-	909	2,172,086
Higher Risk Assets	668,565	-	-	-
Other Assets	21,407,711	-	387,043	420,454
Specialised Financing/Investment	-	-	-	-
Securitisation Exposures	608,477	-	-	-
Equity Exposure	118,047	-	-	-
Defaulted Exposures	419,670	60,232	6,650	-
Total On-Balance Sheet Exposures	152,310,182	1,967,982	5,791,095	17,644,234
<u>Off-Balance-Sheet Exposures</u>				
OTC Derivatives	276,090	-	-	-
Credit Derivatives	-	-	-	-
Off balance sheet exposures other than OTC derivatives or credit derivatives	3,458,709	69	166,899	114,421
Defaulted Exposures	112	-	-	-
Total for Off-Balance Sheet Exposures	3,734,911	69	166,899	114,421
Total On and Off-Balance Sheet Exposures	156,045,093	1,968,052	5,957,995	17,758,655

Credit Risk

Table 27: Disclosure on Credit Risk Mitigation Analysis (SA Approach) for Maybank as at 30th June 2011 (RM'000)

Exposure Class	Exposures before CRM (1)	Exposures Covered by Guarantees/Credit Derivatives (2)	Exposures Covered by Eligible Financial Collateral (3)	Exposures Covered by Other Eligible Collateral (4)
Credit Risk				
<u>On-Balance Sheet Exposures</u>				
Sovereigns/Central Banks	34,024,308	-	-	-
Public Sector Entities	1,021,772	-	2,298	-
Banks, Development Financial Institutions & MDBs	-	-	-	-
Insurance Cos, Securities Firms & Fund Managers	64,000	-	641	-
Corporates	13,699,173	215,594	370,705	-
Regulatory Retail	9,317,368	-	396,578	-
Residential Mortgage	2,118,081	-	207	-
Higher Risk Assets	481,634	-	-	-
Other Assets	23,114,178	-	-	-
Specialised Financing/Investment	-	-	-	-
Securitisation Exposures	608,477	-	-	-
Equity Exposure	60,071	-	-	-
Defaulted Exposures	225,090	56,887	5,203	-
Total On-Balance Sheet Exposures	84,734,152	272,481	775,631	-
<u>Off-Balance-Sheet Exposures</u>				
OTC Derivatives	276,090	-	-	-
Credit Derivatives	-	-	-	-
Off balance sheet exposures other than OTC derivatives or credit derivatives	2,629,745	69	165,256	-
Defaulted Exposures	112	-	-	-
Total for Off-Balance Sheet Exposures	2,905,947	69	165,256	-
Total On and Off-Balance Sheet Exposures	87,640,099	272,550	940,888	-

Table 28: Disclosure on Credit Risk Mitigation Analysis (SA Approach) for Maybank Islamic as at 30th June 2011 (RM'000)

Exposure Class	Exposures before CRM (1)	Exposures Covered by Guarantees/Credit Derivatives (2)	Exposures Covered by Eligible Financial Collateral (3)	Exposures Covered by Other Eligible Collateral (4)
Credit Risk				
<i>On-Balance Sheet Exposures</i>				
Sovereigns/Central Banks	14,148,422	-	-	-
Public Sector Entities	92,791	-	3,935	-
Banks, Development Financial Institutions & MDBs	-	-	-	-
Insurance Cos, Securities Firms & Fund Managers	377	-	-	-
Corporates	1,847,808	2,865	3,970	-
Regulatory Retail	1,266,916	-	14,898	-
Residential Mortgage	193,166	-	-	-
Higher Risk Assets	22,781	-	-	-
Other Assets	1,631,593	-	-	-
Specialised Financing/Investment	-	-	-	-
Securitisation Exposures	-	-	-	-
Equity Exposure	-	-	-	-
Defaulted Exposures	10,949	3,345	1,044	-
Total On-Balance Sheet Exposures	19,214,803	6,210	23,847	-
<i>Off-Balance-Sheet Exposures</i>				
OTC Derivatives	-	-	-	-
Credit Derivatives	-	-	-	-
Off balance sheet exposures other than OTC derivatives or credit derivatives	155,588	-	1,643	-
Defaulted Exposures	-	-	-	-
Total for Off-Balance Sheet Exposures	155,588	-	1,643	-
Total On and Off-Balance Sheet Exposures	19,370,391	6,210	25,490	-

Credit Risk

Table 29: Disclosure on Credit Risk Mitigation Analysis (IRB Approach) for Maybank Group as at 30th June 2011 (RM'000)

Exposure Class	Exposures before CRM (1)	Exposures Covered by Guarantees / Credit Derivatives (2)	Exposures Covered by Eligible Financial Collateral (3)	Exposures Covered by Other Eligible Collateral (4)
Credit Risk				
<u>On-Balance Sheet Exposures</u>				
Sovereigns/Central Banks	-	-	-	-
Public Sector Entities	-	-	-	-
Banks, Development Financial Institutions & MDBs	39,066,005	-	-	-
Insurance Cos, Securities Firms & Fund Managers	-	-	-	-
Corporate Exposures	110,094,051	641,778	1,987,753	12,387,953
a) Corporates (excluding Specialised Lending and firm-size adjustments)	61,517,760	626,613	190,552	4,716,568
b) Corporates (with firm-size adjustment)	47,851,331	15,166	1,797,201	7,671,385
c) Qualifying Purchased Corporate Receivables	-	-	-	-
d) Specialised Lending (Own PD Approach)		-	-	-
i) Project Finance	-	-	-	-
ii) Object Finance	-	-	-	-
iii) Commodity Finance	-	-	-	-
iv) Income Producing Real Estate	-	-	-	-
v) High Volatility Commercial Real Estate	-	-	-	-
e) Specialised Lending (Slotting Approach)	724,961	-	-	-
i) Project Finance	724,961	-	-	-
ii) Object Finance	-	-	-	-
iii) Commodity Finance	-	-	-	-
iv) Income Producing Real Estate	-	-	-	-
v) High Volatility Commercial Real Estate	-	-	-	-
Retail Exposures	90,908,875	-	-	-
a) Residential Mortgages	32,090,708	-	-	-
b) Qualifying Revolving Retail Exposures	4,233,154	-	-	-
c) Qualifying Purchased Retail Receivables	-	-	-	-
d) Hire Purchase Exposures	30,356,492	-	-	-
e) Other Retail Exposures	24,228,521	-	-	-
Securitisation Exposures	-	-	-	-
Equity Exposure	-	-	-	-
Defaulted Exposures	4,080,641	4,715	3,756	31,542
Total On-Balance Sheet Exposures	244,149,572	646,494	1,991,509	12,419,495
<u>Off-Balance-Sheet Exposures</u>				
OTC Derivatives	5,163,650	-	-	-
Credit Derivatives	-	-	-	-
Off balance sheet exposures other than OTC derivatives or credit derivatives	19,067,868	13,027	275,058	289,893
Defaulted Exposures	94,911	-	-	583
Total for Off-Balance Sheet Exposures	24,326,429	13,027	275,058	290,475
Total On and Off-Balance Sheet Exposures	268,476,001	659,520	2,266,568	12,709,970

Table 30: Disclosure on Credit Risk Mitigation Analysis (IRB Approach) for Maybank as at 30th June 2011 (RM'000)

Exposure Class	Exposures before CRM (1)	Exposures Covered by Guarantees / Credit Derivatives (2)	Exposures Covered by Eligible Financial Collateral (3)	Exposures Covered by Other Eligible Collateral (4)
Credit Risk				
<u>On-Balance Sheet Exposures</u>				
Sovereigns/Central Banks	-	-	-	-
Public Sector Entities	-	-	-	-
Banks, Development Financial Institutions & MDBs	42,715,334	-	-	-
Insurance Cos, Securities Firms & Fund Managers	-	-	-	-
Corporate Exposures	97,912,704	610,155	1,649,393	11,716,186
a) Corporates (excluding Specialised Lending and firm-size adjustments)	55,574,853	594,990	177,324	4,687,875
b) Corporates (with firm-size adjustment)	41,631,135	15,166	1,472,069	7,028,310
c) Qualifying Purchased Corporate Receivables	-	-	-	-
d) Specialised Lending (Own PD Approach)	-	-	-	-
i) Project Finance	-	-	-	-
ii) Object Finance	-	-	-	-
iii) Commodity Finance	-	-	-	-
iv) Income Producing Real Estate	-	-	-	-
v) High Volatility Commercial Real Estate	-	-	-	-
e) Specialised Lending (Slotting Approach)	706,716	-	-	-
i) Project Finance	706,716	-	-	-
ii) Object Finance	-	-	-	-
iii) Commodity Finance	-	-	-	-
iv) Income Producing Real Estate	-	-	-	-
v) High Volatility Commercial Real Estate	-	-	-	-
Retail Exposures	62,465,358	-	-	-
a) Residential Mortgages	27,597,061	-	-	-
b) Qualifying Revolving Retail Exposures	3,944,010	-	-	-
c) Qualifying Purchased Retail Receivables	-	-	-	-
d) Hire Purchase Exposures	16,099,325	-	-	-
e) Other Retail Exposures	14,824,961	-	-	-
Securitisation Exposures	-	-	-	-
Equity Exposure	-	-	-	-
Defaulted Exposures	3,408,119	-	-	-
Total On-Balance Sheet Exposures	206,501,515	610,155	1,649,393	11,716,186
<u>Off-Balance-Sheet Exposures</u>				
OTC Derivatives	5,013,674	-	-	-
Credit Derivatives	-	-	-	-
Off balance sheet exposures other than OTC derivatives or credit derivatives	16,094,912	11,142	261,645	284,611
Defaulted Exposures	94,911	-	-	583
Total for Off-Balance Sheet Exposures	21,203,496	11,142	261,645	285,194
Total On and Off-Balance Sheet Exposures	227,705,011	621,297	1,911,038	12,001,379

Credit Risk

Table 31: Disclosure on Credit Risk Mitigation Analysis (IRB Approach) for Maybank Islamic as at 30th June 2011 (RM'000)

Exposure Class	Exposures before CRM (1)	Exposures Covered by Guarantees / Credit Derivatives (2)	Exposures Covered by Eligible Financial Collateral (3)	Exposures Covered by Other Eligible Collateral (4)
Credit Risk				
<u>On-Balance Sheet Exposures</u>				
Sovereigns/Central Banks	–	–	–	–
Public Sector Entities	–	–	–	–
Banks, Development Financial Institutions & MDBs	4,204,353	–	–	–
Insurance Cos, Securities Firms & Fund Managers	–	–	–	–
Corporate Exposures	13,489,062	31,623	338,360	671,767
a) Corporates (excluding Specialised Lending and firm-size adjustments)	7,036,720	31,623	13,228	28,692
b) Corporates (with firm-size adjustment)	6,434,097	–	325,132	643,075
c) Qualifying Purchased Corporate Receivables	–	–	–	–
d) Specialised Lending (Own PD Approach)	–	–	–	–
i) Project Finance	–	–	–	–
ii) Object Finance	–	–	–	–
iii) Commodity Finance	–	–	–	–
iv) Income Producing Real Estate	–	–	–	–
v) High Volatility Commercial Real Estate	–	–	–	–
e) Specialised Lending (Slotting Approach)	18,245	–	–	–
i) Project Finance	18,245	–	–	–
ii) Object Finance	–	–	–	–
iii) Commodity Finance	–	–	–	–
iv) Income Producing Real Estate	–	–	–	–
v) High Volatility Commercial Real Estate	–	–	–	–
Retail Exposures	28,877,270	–	–	–
a) Residential Mortgages	4,493,647	–	–	–
b) Qualifying Revolving Retail Exposures	289,144	–	–	–
c) Qualifying Purchased Retail Receivables	–	–	–	–
d) Hire Purchase Exposures	14,690,920	–	–	–
e) Other Retail Exposures	9,403,559	–	–	–
Securitisation Exposures	–	–	–	–
Equity Exposure	–	–	–	–
Defaulted Exposures	675,550	4,715	3,756	31,542
Total On-Balance Sheet Exposures	47,246,235	36,338	342,116	703,309
<u>Off-Balance-Sheet Exposures</u>				
OTC Derivatives	69,053	–	–	–
Credit Derivatives	–	–	–	–
Off balance sheet exposures other than OTC derivatives or credit derivatives	1,261,260	1,885	13,414	5,282
Defaulted Exposures	–	–	–	–
Total for Off-Balance Sheet Exposures	1,330,313	1,885	13,414	5,282
Total On and Off-Balance Sheet Exposures	48,576,548	38,223	355,530	708,591

Credit Exposures Subject to Standardised Approach (SA)

The Standardised Approach (SA) is applied to portfolios that are classified as permanently exempt from the IRB approach, and those portfolios that are currently in transition to the IRB approach in accordance to the Group's Basel II Master Plan.

The SA approach to credit risk measures credit risk pursuant to fixed risk weights and is the least sophisticated of the capital calculation methodologies. The risk weights applied under SA is prescribed by BNM and is based on the asset class to which the exposure is assigned. For exposures subject to SA, approved External Credit Assessment Agencies (ECAI) ratings and the prescribed risk weights based on asset classes are used in the computation of regulatory capital.

The ECAI used by the Group include Fitch Ratings, Moody's Investor Services, S&P, RAM and Malaysia Rating Corporation (MARC). Assessments provided by approved ECAIs are mapped to credit quality grades prescribed by the regulator.

Tables 32 through 34 show the disclosure on risk weights under SA for the Group, the Bank and MIB, respectively as at 30th June 2011.

Tables 35 through 37 further show the rated exposures by ECAIs for the Group, the Bank and MIB, respectively as at 30th June 2011.

Credit Risk

Table 32: Disclosure on Credit Risk: Disclosures on Risk Weights under the Standardised Approach for Maybank Group as at 30th June 2011 (RM'000)

Exposures after Netting and Credit Risk Mitigation															
Risk Weight	Sovereigns & Central Banks				Insurance Cos, Securities Firms & Fund Managers				Specialised Financing/ Investment				Total Exposures after Netting & Credit Risk Mitigation		Total Risk Weighted Assets
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	
0%	49,616,495	-	-	-	2,767,694	247,794	1,601	-	16,998,439	-	-	-	69,632,022	-	
10%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
20%	317,184	156,740	1,627,801	-	356,417	10,093	151	-	2,234,020	-	-	-	4,702,407	940,481	
35%	-	-	-	-	-	-	3,085,595	-	-	-	-	-	3,085,595	1,079,958	
50%	27,651	-	1,887,727	30,393	1,320,412	23,440	151,489	-	-	-	-	-	3,441,113	1,720,556	
75%	-	-	-	-	-	19,812,252	1,158,197	-	-	-	-	-	20,970,449	15,727,837	
90%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
100%	5,050,685	992,689	815,978	990,244	27,298,010	580,295	81,572	-	2,313,823	-	61,013	38,184,308	38,184,308	38,184,308	
110%	-	-	-	-	-	479	-	-	-	-	-	479	-	527	
125%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
135%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
150%	-	13,204	30,414	-	531,783	27,537	-	749,219	14,220	-	57,917	1,424,293	2,136,440	2,136,440	
270%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
350%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
400%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
625%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
937.5%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
1250.0%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total	55,012,015	1,162,633	4,361,919	1,020,637	32,274,315	20,701,890	4,478,605	749,219	21,560,502	-	608,477	118,930	142,049,144	60,236,549	
Deduction from Capital Base											16,797	-			

Credit Risk

Table 34: Disclosure on Credit Risk: Disclosures on Risk Weights under the Standardised Approach for Maybank Islamic as at 30th June 2011 (RM'000)

[illegible]

Table 35: Disclosures on Rated Exposures according to Ratings by ECAs for Maybank Group as at 30th June 2011 (RM'000)

Exposure Class	Ratings of Corporate by Approved ECAs					
	Moody's	Aaa to Aa3	A1 to A3	Baa1 to Ba3	B1 to C	Unrated
	S&P	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
	Fitch	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
	RAM	AAA to AA3	A1 to A3	BBB1 to BB3	B to D	Unrated
	MARC	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
	Rating & Investment Inc	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
	(1)	(2)	(3)	(4)	(5)	(6)
On and Off Balance-Sheet Exposures						
Credit Exposures (using Corporate Risk Weights)						
Public Sector Entities (applicable for entities risk weighted based on their external ratings as corporates)		156,740	–	–	–	1,005,892
Insurance Cos, Securities Firms & Fund Managers		–	30,393	–	–	990,244
Corporates		356,417	1,320,412	94,755	204,319	27,530,528
Total Exposures		513,158	1,350,805	94,755	204,319	29,526,665
Exposure Class	Short term Ratings of Banking Institutions and Corporate by Approved ECAs					
	Moody's	P-1	P-2	P-3	Others	Unrated
	S&P	A-1	A-2	A-3	Others	Unrated
	Fitch	F1+,F1	F2	F3	B to D	Unrated
	RAM	P-1	P-2	P-3	NP	Unrated
	MARC	MARC-1	MARC-2	MARC-3-	MARC-4	Unrated
	Rating & Investment Inc	a-1+,a-1	a-2	a-3	b,c	Unrated
	(1)	(2)	(3)	(4)	(5)	(6)
On and Off Balance-Sheet Exposures						
Banks, MDBs and FDIs		411,685	1,677	30,414	–	–
Rated Credit Exposures (using Corporate Risk Weights)						
Public Sector Entities (applicable for entities risk weighted based on their external ratings as corporates)		–	–	–	–	–
Insurance Cos, Securities Firms & Fund Managers		–	–	–	–	–
Corporates		–	–	–	–	–
Total Exposures		411,685	1,677	30,414	–	–

Credit Risk

Table 35: Disclosures on Rated Exposures according to Ratings by ECAs for Maybank Group as at 30th June 2011 (RM'000) (cont'd.)

Exposure Class	Ratings of Sovereigns and Central Banks by Approved ECAs						
	Moody's	Aaa to Aa3	A1 to A3	Baa1 to Baa3	Ba1 to B3	Caa1 to C	Unrated
	S&P	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
	Fitch	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
	Rating & Investment Inc	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
On and Off Balance-Sheet Exposures							
Sovereigns and Central Banks		47,618,064	317,185	27,651	3,154,768	–	3,894,348
Total Exposures		47,618,064	317,185	27,651	3,154,768	–	3,894,348

Exposure Class	Ratings of Banking Institutions by Approved ECAs						
	Moody's	Aaa to Aa3	A1 to A3	Baa1 to Baa3	Ba1 to B3	Caa1 to C	Unrated
	S&P	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
	Fitch	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
	RAM	AAA to AA3	A1 to A3	BBB1 to BBB3	BB1 to B3	C1 to D	Unrated
	MARC	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	C+ to D	Unrated
	Rating & Investment Inc	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to C	Unrated
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
On and Off Balance-Sheet Exposures							
Banks, MDBs and FDIs		1,246,530	211,026	21,743	785,563	–	1,653,281
Total Exposures		1,246,530	211,026	21,743	785,563	–	1,653,281

Table 36: Disclosures on Rated Exposures according to Ratings by ECAs for Maybank as at 30th June 2011 (RM'000)

Exposure Class	Ratings of Corporate by Approved ECAs					
	Moodys	Aaa to Aa3	A1 to A3	Baa1 to Ba3	B1 to C	Unrated
	S&P	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
	Fitch	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
	RAM	AAA to AA3	A1 to A3	BBB1 to BB3	B to D	Unrated
	MARC	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
	Rating & Investment Inc	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
	(1)	(2)	(3)	(4)	(5)	(6)
On and Off Balance-Sheet Exposures						
Credit Exposures (using Corporate Risk Weights)						
Public Sector Entities (applicable for entities risk weighted based on their external ratings as corporates)		140,708	–	–	–	881,654
Insurance Cos, Securities Firms & Fund Managers		–	30,393	–		229,376
Corporates		223,956	1,254,755	–	56,471	13,774,396
Total Exposures		364,664	1,285,149	–	56,471	14,885,427
Exposure Class	Short term Ratings of Banking Institutions and Corporate by Approved ECAs					
	Moodys	P-1	P-2	P-3	Others	Unrated
	S&P	A-1	A-2	A-3	Others	Unrated
	Fitch	F1+,F1	F2	F3	B to D	Unrated
	RAM	P-1	P-2	P-3	NP	Unrated
	MARC	MARC-1	MARC-2	MARC-3-	MARC-4	Unrated
	Rating & Investment Inc	a-1+,a-1	a-2	a-3	b,c	Unrated
	(1)	(2)	(3)	(4)	(5)	(6)
On and Off Balance-Sheet Exposures						
Banks, MDBs and FDIs		–	–	–	–	–
Rated Credit Exposures (using Corporate Risk Weights)						
Public Sector Entities (applicable for entities risk weighted based on their external ratings as corporates)		–	–	–	–	–
Insurance Cos, Securities Firms & Fund Managers		–	–	–	–	–
Corporates		–	–	–	–	–
Total Exposures		–	–	–	–	–

Credit Risk

Table 36: Disclosures on Rated Exposures according to Ratings by ECAs for Maybank as at 30th June 2011 (RM'000) (cont'd.)

Exposure Class	Ratings of Sovereigns and Central Banks by Approved ECAs						
	Moody's	Aaa to Aa3	A1 to A3	Baa1 to Baa3	Ba1 to B3	Caa1 to C	Unrated
	S&P	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
	Fitch	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
	Rating & Investment Inc	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
On and Off Balance-Sheet Exposures							
Sovereigns and Central Banks		33,530,102	256,725	–	–	–	543,936
Total Exposures		33,530,102	256,725	–	–	–	543,936

Exposure Class	Ratings of Banking Institutions by Approval ECAs						
	Moody's	Aaa to Aa3	A1 to A3	Baa1 to Baa3	Ba1 to B3	Caa1 to C	Unrated
	S&P	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
	Fitch	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
	RAM	AAA to AA3	A1 to A3	BBB1 to BBB3	BB1 to B3	C1 to D	Unrated
	MARC	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	C+ to D	Unrated
	Rating & Investment Inc	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to C	Unrated
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
On and Off Balance-Sheet Exposures							
Banks, MDBs and FDIs		–	–	–	–	–	–
Total Exposures		–	–	–	–	–	–

Table 37: Disclosures on Rated Exposures according to Ratings by ECAs for Maybank Islamic as at 30th June 2011 (RM'000)

Exposure Class	Ratings of Corporate by Approved ECAs					
	Moody's	Aaa to Aa3	A1 to A3	Baa1 to Ba3	B1 to C	Unrated
	S&P	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
	Fitch	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
	RAM	AAA to AA3	A1 to A3	BBB1 to BB3	B to D	Unrated
	MARC	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
	Rating & Investment Inc	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
	(1)	(2)	(3)	(4)	(5)	(6)
On and Off Balance-Sheet Exposures						
Credit Exposures (using Corporate Risk Weights)						
Public Sector Entities (applicable for entities risk weighted based on their external ratings as corporates)		16,033	-	-	-	73,763
Insurance Cos, Securities Firms & Fund Managers		-	-	-	-	953
Corporates		-	-	-	-	1,997,258
Total Exposures		16,033	-	-	-	2,071,974
Exposure Class	Short term Ratings of Banking Institutions and Corporate by Approved ECAs					
	Moody's	P-1	P-2	P-3	Others	Unrated
	S&P	A-1	A-2	A-3	Others	Unrated
	Fitch	F1+,F1	F2	F3	B to D	Unrated
	RAM	P-1	P-2	P-3	NP	Unrated
	MARC	MARC-1	MARC-2	MARC-3-	MARC-4	Unrated
	Rating & Investment Inc	a-1+,a-1	a-2	a-3	b,c	Unrated
	(1)	(2)	(3)	(4)	(5)	(6)
On and Off Balance-Sheet Exposures						
Banks, MDBs and FDIs		-	-	-	-	-
Rated Credit Exposures (using Corporate Risk Weights)						
Public Sector Entities (applicable for entities risk weighted based on their external ratings as corporates)		-	-	-	-	-
Insurance Cos, Securities Firms & Fund Managers		-	-	-	-	-
Corporates		-	-	-	-	-
Total Exposures		-	-	-	-	-

Credit Risk

Table 37: Disclosures on Rated Exposures according to Ratings by ECAs for Maybank Islamic as at 30th June 2011 (RM'000) (cont'd.)

Exposure Class	Ratings of Sovereigns and Central Banks by Approved ECAs						
	Moody's	Aaa to Aa3	A1 to A3	Baa1 to Baa3	Ba1 to B3	Caa1 to C	Unrated
	S&P	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
	Fitch	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
	Rating & Investment Inc	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
On and Off Balance-Sheet Exposures							
Sovereigns and Central Banks		14,087,962	60,460	–	–	–	–
Total Exposures		14,087,962	60,460	–	–	–	–

Exposure Class	Ratings of Banking Institutions by Approval ECAs						
	Moody's	Aaa to Aa3	A1 to A3	Baa1 to Baa3	Ba1 to B3	Caa1 to C	Unrated
	S&P	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
	Fitch	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
	RAM	AAA to AA3	A1 to A3	BBB1 to BBB3	BB1 to B3	C1 to D	Unrated
	MARC	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	C+ to D	Unrated
	Rating & Investment Inc	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to C	Unrated
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
On and Off Balance-Sheet Exposures							
Banks, MDBs and FDIs		–	–	–	–	–	–
Total Exposures		–	–	–	–	–	–

Counterparty Risk Management

Counterparty credit risk is the risk of the Group's counterparty defaulting in transactions involving financial instruments transactions such as foreign exchange, interest rate, commodity, equity and derivatives prior to the successful completion of the said transaction. Counterparty credit risk occurs both in the trading and banking books and arises for Over-the-Counter (OTC) derivatives.

Limits

Counterparty credit risk exposures are managed via limits that are set up as counterparty limits on a counterparty group basis in line with BNM's guidelines. These exposures are actively monitored to protect the Bank's balance sheet in the event of counterparty default. The Group monitors and manages its exposures to counterparties in OTC derivatives on a day-to-day basis.

Exposure Calculation Method

The current exposure method is used to calculate the Group's exposure applying the mark-to-market exposures with the appropriate add-on factor for potential future exposures. The add-on factors are as prescribed by BNM in line with Basel II requirements.

Risk Mitigation

Counterparty credit risk exposures are further mitigated via master netting arrangements, for example, ISDA Master Agreement with counterparties where appropriate. In the event of a default, all amounts with the counterparty (derivative assets and liabilities) are settled on a net basis or offset. The ISDA Master Agreement is used for documenting OTC derivatives. It provides the contractual framework within which trade activities across a full range of OTC products are conducted and contractually binds both parties to apply close-out netting across all outstanding transactions covered by an agreement if either party defaults or other predetermined events occur.

Credit Support Annexes (CSA) which are the collateral documents, are negotiated with counterparties on a case to case basis to provide flexibility to meet the parties' requirements. The terms are vetted, reviewed and negotiated and where applicable, feedback from units in charge of credit policy, operational, market and legal risk are sought. The collateral held by the Bank is mainly in cash or government securities.

Tables 38 through 40 show the off-balance sheet and counter-party credit risk exposures for the Group, the Bank and MIB, respectively as at 30th June 2011.

Credit Risk

Table 38: Disclosure on Off Balance Sheet and Counterparty Credit Risk Exposure for Maybank Group as at 30th June 2011 (RM'000)

Nature of Item	Principal/ Notional Amount (1)	Credit Equivalent Amount (2)	RWA (3)
Direct credit substitutes	6,228,691	6,227,511	4,099,984
Transaction related contingent items	10,865,076	5,432,538	4,249,138
Short term self liquidating trade related contingencies	4,132,780	823,220	466,841
Assets sold with recourse	623,085	623,085	226,105
Forward asset purchases, forward deposits, partly paid shares and securities which represent commitments with certain drawdowns	–	–	–
NIFs and obligations under an ongoing underwriting agreement	–	–	–
Lending of banks' securities or the posting of securities as collateral by banks, including instances where these arise out of repo-style transactions (i.e. repurchase/reverse repurchase and securities lending/borrowing transactions), and commitment to buy-back Islamic securities under Sell and Buy Back	–	–	–
Foreign exchange related contracts	86,594,085	1,152,267	459,821
One year or less	73,596,336	999,219	341,316
Over one year to five years	12,391,864	98,952	65,569
Over five years	605,885	54,096	52,937
Interest/profit rate related contracts	65,140,980	4,302,465	2,201,983
One year or less	42,098,665	625,318	389,499
Over one year to five years	17,922,122	2,944,133	1,495,547
Over five years	5,120,193	733,014	316,936
Equity related contracts	964,258	–	–
One year or less	808,651	–	–
Over one year to five years	155,607	–	–
Over five years	–	–	–
Precious metal contracts	–	–	–
One year or less	–	–	–
Over one year to five years	–	–	–
Over five years	–	–	–
Commodity contracts	–	–	–
One year or less	–	–	–
Over one year to five years	–	–	–
Over five years	–	–	–
Credit derivative contracts	–	–	–
One year or less	–	–	–
Over one year to five years	–	–	–
Over five years	–	–	–

Table 38: Disclosure on Off Balance Sheet and Counterparty Credit Risk Exposure for Maybank Group as at 30th June 2011 (RM'000) (cont'd.)

Nature of Item	Principal/ Notional Amount (1)	Credit Equivalent Amount (2)	RWA (3)
OTC derivative transactions and credit derivative contracts subject to valid bilateral netting agreements	-	-	-
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	30,229,097	6,027,366	2,818,245
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	16,888,745	3,377,523	1,577,558
Any commitments that are unconditionally cancellable at any time by the bank without prior notice or that effectively provide for automatic cancellation due to deterioration in a borrower's creditworthiness	9,679,934	-	-
Unutilised credit card lines (for portfolios under the standardised approach subject to 20% CCF)	476,824	95,365	71,442
Off-balance sheet securitisation exposures (adjusted for maximum capital requirement due to early amortisation provision)	-	-	-
Total	231,823,555	28,061,340	16,171,116

Credit Risk

Table 39: Disclosure on Off Balance Sheet and Counterparty Credit Risk Exposure for Maybank as at 30th June 2011 (RM'000)

Nature of Item	Principal/ Notional Amount (1)	Credit Equivalent Amount (2)	RWA (3)
Direct credit substitutes	5,900,949	5,899,769	3,915,147
Transaction related contingent items	9,871,258	4,935,629	3,801,327
Short term self liquidating trade related contingencies	3,880,483	772,760	443,172
Assets sold with recourse	-	-	-
Forward asset purchases, forward deposits, partly paid shares and securities which represent commitments with certain drawdowns	-	-	-
NIFs and obligations under an ongoing underwriting agreement	-	-	-
Lending of banks' securities or the posting of securities as collateral by banks, including instances where these arise out of repo-style transactions (i.e. repurchase/reverse repurchase and securities lending/borrowing transactions), and commitment to buy-back Islamic securities under Sell and Buy Back	-	-	-
Foreign exchange related contracts	81,551,568	1,127,556	449,353
One year or less	69,241,688	974,508	330,847
Over one year to five years	11,703,995	98,952	65,569
Over five years	605,885	54,096	52,937
Interest/profit rate related contracts	62,464,765	4,251,097	2,176,864
One year or less	39,794,395	618,202	386,088
Over one year to five years	17,674,164	2,899,881	1,473,840
Over five years	4,996,206	733,014	316,936
Equity related contracts	964,258	-	-
One year or less	808,651	-	-
Over one year to five years	155,607	-	-
Over five years	-	-	-
Precious metal contracts	-	-	-
One year or less	-	-	-
Over one year to five years	-	-	-
Over five years	-	-	-
Commodity contracts	-	-	-
One year or less	-	-	-
Over one year to five years	-	-	-
Over five years	-	-	-
Credit derivative contracts	-	-	-
One year or less	-	-	-
Over one year to five years	-	-	-
Over five years	-	-	-

Table 39: Disclosure on Off Balance Sheet and Counterparty Credit Risk Exposure for Maybank as at 30th June 2011 (RM'000) (cont'd.)

Nature of Item	Principal/ Notional Amount (1)	Credit Equivalent Amount (2)	RWA (3)
OTC derivative transactions and credit derivative contracts subject to valid bilateral netting agreements	-	-	-
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	28,619,320	5,723,864	2,722,111
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	13,078,910	2,615,782	1,369,225
Any commitments that are unconditionally cancellable at any time by the bank without prior notice or that effectively provide for automatic cancellation due to deterioration in a borrower's creditworthiness	8,033,577	-	-
Unutilised credit card lines (for portfolios under the standardised approach subject to 20% CCF)	476,824	95,365	71,442
Off-balance sheet securitisation exposures (adjusted for maximum capital requirement due to early amortisation provision)	-	-	-
Total	214,841,912	25,421,822	14,948,641

Credit Risk

Table 40: Disclosure on Off Balance Sheet and Counterparty Credit Risk Exposure for Maybank Islamic as at 30th June 2011 (RM'000)

Nature of Item	Principal/ Notional Amount (1)	Credit Equivalent Amount (2)	RWA (3)
Direct credit substitutes	258,825	258,825	153,932
Transaction related contingent items	949,627	474,813	425,774
Short term self liquidating trade related contingencies	103,480	20,696	14,814
Assets sold with recourse	623,084	623,085	226,105
Forward asset purchases, forward deposits, partly paid shares and securities which represent commitments with certain drawdowns	–	–	–
NIFs and obligations under an ongoing underwriting agreement	–	–	–
Lending of banks' securities or the posting of securities as collateral by banks, including instances where these arise out of repo-style transactions (i.e. repurchase/reverse repurchase and securities lending/borrowing transactions), and commitment to buy-back Islamic securities under Sell and Buy Back	–	–	–
Foreign exchange related contracts	1,009,539	17,994	7,837
One year or less	1,009,539	17,994	7,837
Over one year to five years	–	–	–
Over five years	–	–	–
Interest/profit rate related contracts	2,173,300	51,059	25,046
One year or less	323,300	6,806	3,339
Over one year to five years	1,850,000	44,252	21,707
Over five years	–	–	–
Equity related contracts	–	–	–
One year or less	–	–	–
Over one year to five years	–	–	–
Over five years	–	–	–
Precious metal contracts	–	–	–
One year or less	–	–	–
Over one year to five years	–	–	–
Over five years	–	–	–
Commodity contracts	–	–	–
One year or less	–	–	–
Over one year to five years	–	–	–
Over five years	–	–	–
Credit derivative contracts	–	–	–
One year or less	–	–	–
Over one year to five years	–	–	–
Over five years	–	–	–

Table 40: Disclosure on Off Balance Sheet and Counterparty Credit Risk Exposure for Maybank Islamic as at 30th June 2011 (RM'000) (cont'd.)

Nature of Item	Principal/ Notional Amount (1)	Credit Equivalent Amount (2)	RWA (3)
OTC derivative transactions and credit derivative contracts subject to valid bilateral netting agreements	-	-	-
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	961,089	173,764	58,462
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	1,730,655	345,905	208,332
Any commitments that are unconditionally cancellable at any time by the bank without prior notice or that effectively provide for automatic cancellation due to deterioration in a borrower's creditworthiness	1,646,357	-	-
Unutilised credit card lines (for portfolios under the standardised approach subject to 20% CCF)	-	-	-
Off-balance sheet securitisation exposures (adjusted for maximum capital requirement due to early amortisation provision)	-	-	-
Total	9,455,956	1,966,142	1,120,301

Market Risk

Introduction

The Group recognises market risk as the risk of losses in earnings and capital resulting from changes in market prices and interest rates. The Group's market risk exposures are primarily from the proprietary trading and customer driven activities. The primary categories of market risk for the Group are:

- Interest rate risk - arising from changes in yield curves, credit spreads and implied volatilities on interest rate options;
- Foreign exchange rate risk - arising from changes in exchange rates and implied volatilities on foreign exchange options;
- Commodity price risk - arising from changes in commodity prices and commodity option implied volatilities; and
- Equity price risk - arising from changes in the prices of equities, equity indices, equity baskets and implied volatilities on related options.

Management of Market Risk

The RMC approves the Group's market risk management framework and market risk appetite taking into account of business volumes, targeted returns, market volatility and range of products and services.

The ALCO is responsible, under the authority delegated by the RMC, for setting market risk limits by entity, business level, geographical location and portfolio level. ALCO is also responsible for policies, limits and control standards for managing market risk and overseeing their effective implementation. The Group has an approved Trading Book Policy Statement that clearly defines policies and procedures to determine exposures arising from trading and non-trading activities.

Market Risk Management (MRM) is the independent risk control unit that is responsible for ensuring efficient implementation of market risk management frameworks and risk controls to support business growth. Its primary objective is to facilitate risk/return decisions, reduce volatility in earnings, highlight transparent market risk and liquidity risk profile to senior management, ALCO, RMC, Board and regulators.

Market Risk Management Framework

The MRM Framework serves as the base for overall and consistent management of market risk. The Market Risk Management Framework covers key risk management activities such as identification, measurement, monitoring, control and reporting of the market risk exposures, which are benchmarked against industry leading practices and regulatory requirements. This framework facilitates the Group to manage its market risk exposures in a systematic and consistent manner. The principles mentioned under the framework are intended for trading and non-trading activities. Major market risk classes are Price Risk (Traded), Interest Rate Risk/ Rate of Return in the Banking Book and Liquidity Risk.

Measurement and Monitoring

The risk measurement techniques employed by the Group comprise of both quantitative and qualitative measures.

Value at Risk

Value at Risk ("VaR") measures the potential loss of future value resulting from adverse movement in market factors over a specified period of time within a specified confidence level, under a normal business situation. The Group's regulatory VaR is computed based on the Historical Simulation approach on a ten-days holding period at 99% confidence for one-year observation period as per Regulatory/Basel requirement. The Group's Proprietary Trading VaR is computed daily using a one-day holding period with other parameters remain unchanged. To ensure the relevancy and accuracy of the VaR computation, VaR is back-tested on a daily basis. The VaR is also subject to periodic independent validation.

Risk Sensitivities

Besides VaR, the Group utilises other non-statistical risk measures, such as interest rate sensitivity, e.g., exposure to a one basis point increase in yields ("PV01"), net open position limit for managing foreign currency exposure and Greek limits for controlling options risk. These measures provide granular information on the Group's market risk exposures and are used for control and monitoring limits purposes.

Valuation

All trading positions are marked to market on a consistent and daily basis using quoted prices within active markets. Where this is not possible, positions are marked to model using models, which have been independently validated. The valuations are reviewed on a regular basis and there are valuation adjustments to incorporate counterparty risk, bid/ask spreads and market liquidity, which is in line with FRS 139 standards.

Stress Testing

The Group performs Stress Test to further augment and measure the losses arising beyond the VaR confidence interval. By evaluating the size of the unexpected losses, the Group is able to understand the risk profiles and potential exposures to unlikely but plausible events in abnormal markets using multiple scenarios and undertake the appropriate measures. Scenarios are updated dynamically and may be redefined on an ongoing basis to reflect current market conditions. The Stress Test results, trends and explanations are reported to Senior Management to facilitate and manage risk with more transparency.

Management of Trading Activities

The Group's policies, processes and controls are designed to achieve a balance between exploiting trading opportunities and managing earnings volatility within a framework of sound and prudent practices.

The strategies to manage risk include transferring the risk to another party such as entering into a back-to-back deal with external counterparty, avoiding the risk, reducing the negative effect or probability of the risk through offsetting positions, or even accepting some or all of the consequences of a particular risk.

The Group emplaces risk management controls such as stop-loss limits, VaR limits, sensitivities limits, Greek limits and FX NOP limits to cap the size of potential and actual loss arising from the trading activities.

Where the above risk management tools and controls tend to be preemptive, the Group enforces business continuity plan (BCP) to deal with the consequences of realised residual risks. BCP test that involves the full involvement from the front office, middle office and back office is conducted periodically to ensure that business continuity is sustainable.

Management of Interest Rate / Rate of Return Risk in the Banking Book (the "IRR/RoR")

Interest rate risk ("IRR") (or rate of return risk ("RoR") in the case of MIB) in the banking book arises from the changes in market interest rates that adversely impact the Group's financial condition in terms of economic value or earnings, based on the risk profile of the balance sheet. The Group emphasizes on the importance of managing interest rate risk / rate of return risk in the banking book as most of the balance sheet items of the Group generate interest income and interest expense, which are indexed to interest rates. Volatility of earnings can pose a threat to the Group's profitability while economic value provides a more comprehensive view of the potential long term effects on the Group's overall capital adequacy.

IRR/RoR in the banking book encompasses of repricing risk, yield curve risk, basis risk arising from different interest rate benchmarks and embedded optionality. The objective of the Group's IRR/RoR in the banking book framework is to ensure that all IRR/RoR in the banking book is managed within its risk appetite. IRR/RoR in the banking book is measured and monitored proactively, using the following principal measurement techniques:

Repricing Gap Analysis

The Group quantifies IRR/RoR in the banking book by analysing the repricing mismatch between rate sensitive assets and rate sensitive liabilities. One of the challenges in this analysis is about the quality and validity of the underlying assumptions with embedded optionality of certain products such as prepayment of housing loans and hire purchase loans and effective duration of liabilities which are contractually repayable on demand such as current accounts and saving accounts.

Dynamic Simulation

Another critical element of the IRR/RoR in the banking book management is the monitoring of the sensitivity of projected net interest income/net fund base income under varying interest rate scenarios (including the standardised rate shock of ± 200 basis points per Basel II requirements) from the Bank's pro-forma balance sheet. The analysis incorporates business assumptions obtained from various lines of business and behavioral assumptions established based on statistical and non-statistical methods for the Bank. The impact on earnings is measured against the approved Earnings-at-Risk (EaR) limit where new business and hedging strategies are carried out to mitigate the increasing IRR/ROR.

Economic Value at Risk

By taking a more holistic view to the potential long term effects for the Group's overall exposure, the impact on economic value is also measured under ± 200 basis points rate shock. This measurement focuses on how the economic value of assets, liabilities and off balance sheet instruments changes with movement in interest rate. It requires all futures cash flows associated with the Group's assets, liabilities and off balance sheet positions to be discounted at relevant market rates and then summed to determine an overall net present value figure for the Group. The impact on economic value for the Bank is well below the internal limit and way below the Basel's recommended 20% of total Tier 1 and Tier 2 capital.

Stress Testing

The vulnerability under stressed market conditions like abrupt changes in the level of the term structure of interest rate is also measured by performing stress testing on the Bank's current position on a regular basis.

Proactive IRR/RoR In The Banking Book Management

The Bank also proactively manage the IRR/RoR by applying Funds Transfer Pricing ("FTP") to transfer interest rate risk to books managed by Central Funding Unit ("CFU") with supervision of the ALCO. IRR/RoR in the banking book is proactively managed where hedging strategies and mitigating actions are regularly reviewed to achieve a balance between risks, earnings and capital against tolerance limits. Various strategies adopted include adjusting the maturity tenor or repricing tenor of assets and liabilities, re-strategising new business growth, securing long term fixed rate funding and entering into interest rate derivative contracts.

Market Risk

Tables 41 (a) – (c) show the impact of changes in interest rate/ rate of return to net earnings and economic value for the Group, the Bank and MIB, respectively for positions as at 30th June 2011.

Table 41 (a): Interest Rate Risk in the Banking Book for Maybank Group as at 30th June 2011 (RM'000)

Currency	Impact on Global Position + 200 bps parallel shock	
	Potential Earning Volatility (PEV)	Impact on Economic Value (IEV)
MYR	157,132	1,798,896
USD	122,655	167,645
SGD	143,795	242,157
IDR	23,072	-7,269
Others *	-89,176	135,691
Total	357,479	2,337,120

Table 41 (b): Interest Rate Risk in the Banking Book for Maybank as at 30th June 2011 (RM'000)

Currency	Impact on Global Position + 200 bps parallel shock	
	Potential Earning Volatility (PEV)	Impact on Economic Value (IEV)
MYR	227,759	1,545,387
USD	95,061	413
SGD	143,795	242,157
Others *	-98,049	76,985
Total	368,567	1,864,943

Table 41 (c): Rate of Return Risk in the Banking Book for Maybank Islamic as at 30th June 2011 (RM'000)

Currency	Impact on Global Position + 200 bps parallel shock	
	Potential Earning Volatility (PEV)	Impact on Economic Value (IEV)
Total	167,098	975,118

Equity Exposures in Banking Book

The objective of Equity Exposure is to determine the nature and extent of the Group's exposure to investment risk arising from equity positions and instruments held in its banking book.

The Group holds investments in equity securities with the purpose of gaining strategic advantage as well as capital appreciation on sale thereof.

Equity Risk is the risk of decline in the particular investments arising from unfavourable movements in the stock market dynamics or other specific factors.

- **Publicly Traded** – Holding of equity investments comprises of quoted shares which are traded actively in the stock exchange. All publicly traded equity exposures are stated at fair value.
- **Privately Held** – Privately held equity are unquoted investments whose fair value cannot be reliably measured which are carried at cost less impairment losses, if any.

Capital Treatment for Market Risk

At the Group and Global consolidated level, Maybank also computes the minimum capital requirements against market risk in the trading portfolio per BNM's RWCAF under Standardised Approach. This is imperative as the capital serves as a financial buffer to withstand from any adverse market risk movements. Interest rate risk, foreign currency risk and options risk are the primary risk factor experienced in the Group's trading and non-trading activities. Other risk factors such as commodity and equity are generally attributed to structured products which are on a back to back basis.

Table 42 shows the Market Risk RWA and Minimum Capital Charge for the Group, the Bank and MIB, respectively for positions as at 30th June 2011.

Market Risk Categories	Maybank Group (RM'000)		Maybank (RM'000)	
	RWA	Capital	RWA	Capital
Interest Rate Risk	6,738,977	539,118	6,296,375	503,710
Foreign Currency Risk	9,094,481	727,558	3,325,150	266,012
Equity Risk	9,964	797	9,963	797
Commodity Risk	52,163	4,173	52,163	4,173
Options Risk	95,664	7,653	9,182	735

Market Risk Categories	Maybank Islamic (RM'000)	
	RWA	Capital
Benchmark Rate Risk	40,325	3,226
Foreign Currency Risk	109,488	8,759
Equity Risk	–	–
Options Risk	–	–

Market Risk

Liquidity Risk Management

Liquidity is the ability of the bank to fund increases in assets and meet obligations as they come due, without incurring unacceptable losses.

Generally, there are two types of liquidity risk which are funding liquidity risk and market liquidity risk. Funding liquidity risk is the risk that the firm will not be able to meet efficiently both expected and unexpected current and future cash flow needs without affecting either daily operations or the financial condition of the firm. Market liquidity risk is the risk that a firm cannot easily offset or eliminate a position at the market price because of inadequate market depth or market disruption.

Liquidity Risk Governance

Liquidity policies and frameworks are reviewed annually and endorsed by ALCO and approved by RMC prior to implementation. The Group liquidity risk position is actively discussed and managed at the ALCO and RMC on a monthly basis in line with the approved guidelines and policies.

Liquidity Risk Management Approach

The Group has taken BNM's Liquidity Framework and leading practices as a foundation to manage and measure its liquidity risk exposure. The Group also uses a range of tools to monitor and control liquidity risk exposure such as liquidity gap, early warning signals, liquidity indicators and stress testing. The liquidity positions of the Group are monitored regularly against the established policies, procedures and limits.

Generally, the Group has a diversified liability structure to meet its funding requirements. The primary source of funding include customer deposits, interbank deposits, debt securities, swap market, bank loan syndication and medium term funds. The Group also initiates and implements strategic fund raising programmes as well as institutes standby lines with external parties on a need basis. Sources of liquidity are regularly reviewed to maintain a wide diversification by currency, provider, product and term.

In terms of day-to-day liquidity management, the treasury operations will ensure sufficient funding to meet its intraday payment and settlement obligations on a timely basis.

Besides that, the process of managing liquidity risk also includes:

- Maintaining a sufficient amount of unencumbered high quality liquidity buffer as a protection against any unforeseen interruption to cash flow;
- Managing short- and long-term cash flow via maturity mismatch report and various indicators;
- Monitoring depositor concentration at entity and Group level to avoid undue reliance on large depositors;
- Managing liquidity exposure by domestic and significant foreign currencies;
- Diversifying funding sources to ensure proper funding mix;
- Conducting liquidity stress testing under various scenarios as part of prudent liquidity control;
- Maintaining a robust contingency funding plan that includes strategies, decision-making authorities, internal and external communication and courses of action to be taken under different liquidity crisis scenarios; and
- Conducting CFP testing to examine the effectiveness and robustness of the plans.

The recent global financial crisis has resulted in a significant change in the regulation and supervision of liquidity risk in financial institutions. Arising from the Basel III liquidity risk management requirements, two ratios have been recommended to manage liquidity risks, which are Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR). These measures will be phased in from 1 January 2015 and 1 January 2018 respectively. Even though, the formal observation period commences on 1 January 2012, the preliminary ratios are already been computed and presented to the ALCO and the RMC on a monthly basis.

Operational Risk

Operational Risk

Operational risk is defined as the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. This definition includes legal risk, but excludes strategic and reputational risk.

Management of Operational Risk

The Operational Risk Management Unit (ORM) is responsible for the formulation and implementation of the operational risk framework within the Group, which encompasses the operational risk management strategy and governance structure. Another key function is the development and implementation of operational risk management tools and methodologies to identify, measure, monitor and control operational risks.

Risk taking units (Business/Support Sectors) constitute an integral part of the operational risk management framework and are primarily responsible for the day-to-day management of operational risk. These units are responsible for establishing and maintaining their respective operational manuals and ensuring that activities undertaken comply with the Group's operational risk management framework.

Risk Officers and Risk Representatives have been appointed within the various Business and Support Sectors (BSSs) of the Group and are responsible for implementing and executing the operational risk management processes and tools. They are also responsible for the investigation of operational losses, monitoring and analysis of risk trends and staff training on operational risk management practices and governance.



Operational Risk

Operational Risk Management Framework

The Group's Operational Risk Management Framework focuses on the five causal factors of operational risk, i.e., internal processes, people, systems, external events and legal. It provides a transparent and formalised framework aligned to business objectives within which the Board, management teams, staff and contractors can discharge their operational risk management responsibilities.

Operational Risk Management Methodology and Tools

A variety of methodologies and tools have been implemented to effectively identify, assess, measure and report operational risk exposures on a timely basis, thereby serving as tools to facilitate decision-making and enhance the operational risk management process.

Operational Risk Identification and Assessment

- Risk identification is the recognition of operational risk scenarios that may give rise to operational losses. For example, under the Group's product approval programme, all risks inherent in new/enhanced products/services and financing packages are identified prior to the launch of the product/services and financing package, with risk mitigation measures emplaced.
- Risk-profiling and self-assessment exercises are also conducted as part of the operational risk management process.

The above exercises enable risk taking units to identify inherent operational risks specific to their environment and assist them in assessing the effectiveness of controls in place.

Operational Risk Measurement and Monitoring

The key methods and tools used to measure and monitor operational risks are as follows:

- **Risk & Control Self Assessment (RCSA)**
RCSA is a process of continual assessment of inherent operational risks and controls to identify control gaps and to develop action plans to close the gaps. It is a risk profiling tool which facilitates effective operational risk management for the Group.

BSSs undertake the RCSA exercise to give due focus in the review of business processes to enhance critical operations and controls, especially those assessed to be in the 'Caution' and 'Alert' categories.

The sector level risk profiling exercises are compiled to establish the Group Risk Profile on a half-yearly basis. The consolidated Risk Profile is presented to the ERC and RMC.

- **Key Risk Indicators (KRIs)**
KRIs are embedded into critical processes to provide early warning signals of increasing risk and/or control failures by flagging up given frequencies of events as a mechanism for continuous risk assessment/monitoring.

BSSs monitor their risk exposures via KRIs and are required to develop specific and concrete action plans for those indicators that fall under 'Caution' and 'Alert'. ORM assists the BSSs to develop and validate the KRIs to ensure appropriate thresholds are set.

KRIs are tracked at Group, Business and Operating levels. The main sources of KRIs are from the periodic RCSA process, Incident Management & Data Collection (IMDC) database, BSS experiences, internal/external audit findings and BNM examination findings.

Incident Management & Data Collection (IMDC)

IMDC provides a structured process and system to identify and focus attention on operational 'hotspots' and facilitates the minimisation of risk impact.

With the implementation of the IMDC and the availability of a centralised operational risk loss database, ORM and BSSs are able to analyse operational incidents based on causal factors as well as Basel II loss event types and identify 'operational hotspots' for appropriate action plans to address the critical areas.

Operational Risk Mitigation and Control

Risk Mitigation tools and techniques are used to minimise risk to an acceptable level and are focused on:

- Faster resumption of business in the event of a disaster / incident; and
- Decreasing the impact on the business, should it occur.

The control tools and techniques to mitigate operational risk are as follows:

i. Business Continuity Management (BCM)

The Group had developed Business Continuity Management (BCM) Framework based on the BNM's BCM Guidelines and internationally best BCM practices. The BCM includes integrated processes and responsibilities which covers the following:

- Emergency Response Plan (ERP);
- Business Continuity Plan (BCP) and Pandemic Plan;
- Crisis Management; and
- Disaster Recovery Plan (DRP)

The Group BCM Programme aims in ensuring business continuity and people safety in event of disruptions and disaster. The programme covers the implementation of various BCM initiatives that have been developed in line with BNM's requirements and BCM best practices.

Under BCM implementation, Business Continuity Plans (BCPs) have been developed for all critical sectors, including subsidiaries and overseas operations. The BCP documents and exercises are reviewed on a yearly basis. The Board also provides attestation on the BCM readiness for Malaysia and Singapore operations.

To coordinate the crisis escalation procedures and recovery efforts, we have established the BCM Command Centre and Recovery Centres that are able to provide minimum service level for business units in the event of disaster or operational disruption.

Apart from regular Crisis Simulation Exercise (CSE) for each sector, there were 2 successful CSEs conducted at enterprise level in the Group since 2005, involving all critical business functions with participants close to 400 staff mobilised to various alternate sites within Klang Valley. The exercises demonstrated the readiness of people and also the workability of business processes and system infrastructure.

Apart from BCM documentation, BCM channels such as BCM Wallet Card, e-Learning and BCM articles were introduced to complement the BCM programme in the Group.

Key Benefits of the BCM Programme include:

- Ensuring continuity of critical business functions and essential services within a specified timeframe in the event of disruptions/disaster;
- Mitigating and minimising impact of the incident to the Group;
- Inculcating an effective BCM culture;
- Instilling customer confidence in the Group's processes; and
- Complying with BNM requirements.

By having a proper BCM Programme in place, we are able to respond effectively and in a structured manner in the event of disruptions/disaster, hence ensuring the Group's business continuity.

ii. Outsourcing

Outsourcing is a technique used by the Group mainly for the purposes of reducing fixed and/or current expenditure and to concentrate on the Group's core business with a view to enhance operational efficiency.

Several key functions outsourced by the Group include IT infrastructure services, ATM cash replenishment, cash management processes as well as processing of outward clearing cheques.

For effective operational risk management, the Group's Outsourcing Policy which is designed in accordance with local regulatory requirements and international leading practices has been put in place. All new outsource services introduced is subject to rigorous risk review by the risk taking unit proposing the outsourcing service and independent risk review by ORM.

Continuous review, monitoring and reporting to the ERC and RMC are also carried out by Risk Management to ensure integrity and service quality of service providers are not compromised.

iii. Anti-Fraud Management

The Group aims to ensure that the risks arising from fraud are reduced to the lowest possible level and develop effective fraud management approach to deal with fraud incidences in a decisive, timely and systematic manner.

The Group has established an Anti-Fraud Framework that provides robust and comprehensive anti-fraud programmes and controls for the Group. It serves as the broad principle, strategy and policy for the Group to adopt in relation to fraud in order to promote high standard of integrity. It also highlights the roles and responsibilities at every level for preventing and responding to fraud. Following this, several initiatives have been undertaken by the Group such as Anti-Fraud Roadshow and Awareness Programme, Introduction of Anti-Fraud Rules and enhancement of fraud management system.

The Fraud Reporting Policy provides all employees of the Group a framework and avenue to report actual or suspected misconduct or violations of the Group's policies and regulations in a safe and protected manner. The purpose of implementing a fraud reporting hotline is to promote a culture where it is safe and acceptable for all employees to raise concerns regarding fraud, criminal activities, dishonesty and malpractice committed by another employee via dedicated reporting mechanism.

Treatment for Operational Risk (OR) Capital Charge

Operational Risk capital charge is calculated using the BIA as per BNM RWCAF. The BIA for operational risk capital charge calculation applies an alpha (15%) to the average of positive gross income that was achieved over the previous three years by the Group. The RWA amount is computed by multiplying the minimum capital required with a multiplier of 12.5 (reciprocal of 8%).

The Group is aiming to move towards The Standardised Approach (TSA) for Operational Risk Capital Charge Calculation in due course. For this purpose, the Group has mapped its business activities into the eight business lines as prescribed by Basel II and the BNM RWCAF TSA requirements.

The Group has also automated the operational risk capital charge calculation process to produce accurate and reliable Operational Risk capital charge figures across the Group under both the BIA and TSA.

Shariah Governance

Shariah Governance

The Shariah Compliance Framework (SCF) was formulated to enable MIB to communicate its strategies towards the effective and efficient Shariah compliance risk management throughout the organisation in line with the Shariah principles, a requirement under the Islamic Banking Act 1983, and rules and regulations of BNM and Securities Commission (SC).

SCF is the enterprise-wide Shariah Management plan consisting of Shariah Governance Structure, systems processes and control to be undertaken by relevant business entities across the group. The implementation of SCF is effected through the following functions:

- Shariah Review;
- Shariah Advisory & Research;
- Shariah Audit; and
- Shariah Secretariat.

Shariah Committee

The operation of the Islamic Subsidiaries is governed by Section 3 subsection 5(b) of Islamic Banking Act, 1983, which stipulates that any licensed Islamic bank is required to provide for the establishment of Shariah advisory body to advise the bank 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 Part B of BNM Guidelines on the "Governance of Shariah Committee for the Islamic Institutions" known as BNM/GPS 1, stipulates that every Islamic Financial Institution is required to establish a Shariah Committee.

Amongst other roles of the Shariah Committee in monitoring the Group's activities include:

- To advise the Board on Shariah matters in its business operations;
- To endorse Shariah Compliance Manual and Framework;
- To endorse and validate relevant documentations;
- To advise the MIB on the computation and distribution of Zakat;
- To assist related parties on Shariah matters for advise upon request;
- To advise on the matters to be referred to the Shariah Advisory Council (SAC) of BNM; and
- To provide written Shariah opinion.

Rectification Process of Shariah Non-Compliance Income

The control structure for handling and reporting of the Shariah non-compliance and Potential Shariah Non-compliance has already been put in place.

Key measures undertaken by the bank for managing Shariah Compliance risk include having in place the following processes:

- Awareness and Communication;
- Identification and assessment;
- Mitigation and control; and
- Monitoring and reporting.

Forward Looking Statements

Forward Looking Statements

This document could or may contain certain forward looking statements that are based on current expectations or beliefs, as well as assumptions or anticipation of future events. These forward-looking statements can be identified by the fact that they do not relate only to historical or current facts. Forward-looking statements often use words such as anticipate, target, expects, estimate, plan, goal, believe, will, may, would, could, potentially, intends or other words of similar expressions. Undue reliance should not be placed solely on any of such statements because, by their very nature, they are subject to known and unknown risks and uncertainties and can be affected by other factors that could cause actual results, and the Maybank Group's plans and objectives, to differ materially from those expressed or implied in the forward looking statements.

Forward looking statements speak only as of the date they are made, and it should not be assumed that they have been revised or updated in the light of changes in the global, political, economic, business, competitive, market and regulatory forces, future exchange and interest rates, changes in tax rates and future business combinations and dispositions.

The Group undertakes no obligation to revise or update any forward looking statements contained in this document, regardless of whether those statements are affected as a result of new information, future events or otherwise.

Awards & Recognition

Refer to page 76 for Awards & Recognition for 2009-2011.

2008

- **ALPHA SOUTHEAST ASIA**
 - Best Merger & Acquisition (M&A) Deal in South-East Asia
 - Best Trade Finance in Malaysia
 - Best Cash Management in Malaysia
 - Best Financial Supply Chain Bank in Malaysia
- **GLOBAL FINANCE**
 - Best Bank in Malaysia
 - Best Trade Finance Bank in Malaysia
 - Best Foreign Exchange Bank in Malaysia
 - Best Sub-Custodian Bank in Malaysia
- **2008 ASIAMONEY POLLS**
 - Best Local Currency Cash Management Services
- **FINANCE ASIA COUNTRY AWARDS FOR ACHIEVEMENT**
 - Best Cash Management Bank
 - Best Trade Finance Bank
 - Best Foreign Exchange Bank
- **TRADE FINANCE MAGAZINE**
 - Best Local Trade Bank in Malaysia
- **THE ASSET TRIPLE A TRANSACTIONAL BANKING AWARDS**
 - Best Cash Management Bank for Malaysia
 - Best Trade Finance Bank for Malaysia
- **ASIAN BANKER EXCELLENCE IN RETAIL FINANCIAL SERVICES AWARD**
 - Excellence in Automobile Lending in the Asia Pacific, Gulf Region and Central Asia Asiamoney
- **ASIAMONEY**
 - Best Domestic Provider for Structured Currency Products, Malaysia
 - Best Local Currency Cash Management Services, Malaysian Ringgit
 - Best Local Cash Management Bank, Malaysia as voted by small and medium corporates
- **READER'S DIGEST TRUSTED BRANDS**
 - Bank – Gold Award
 - Credit Card Issuing Bank – Gold Award
- **CGC TOP SMI SUPPORTER AWARD**
- **ASIA PACIFIC BRANDS FOUNDATION – THE BRANDLAUREATE AWARDS**
 - Best Brands in Premium Payment Cards (American Express)
 - Best Brands in Services, Insurance and Takaful (Etiqa)
- **LAFFERTY ASIA BANK CORPORATE REPORTING AWARDS**
 - Best Annual Report – Malaysia

- **ASSOCIATION OF ACCREDITED ADVERTISING AGENTS MALAYSIA / INTERBRAND**
 - Malaysia's Most Valuable Brands 2008 (Top placing)
- **ASIA PACIFIC BRANDS FOUNDATION – THE BRANDLAUREATE AWARDS**
 - Best Brands – Banking Online (Maybank2u.com)
- **CONTACT CENTRE ASSOCIATION MALAYSIA – NATIONAL GOLD AWARD (MAYBANK2U.COM)**
 - Best In-House Contact Centre (Over 50 seats)
 - Best Mystery Call Shopper Excellence Award
- **EUROMONEY ISLAMIC BANK AWARD**
 - Best Sukuk Deal (Maybank Investment Bank)
- **KLIFF ISLAMIC FINANCE AWARDS**
 - Most Outstanding Islamic Retail Banking (Maybank Islamic Berhad)
 - Most Outstanding Takaful Company (Etiqa Takaful)
- **INTERNATIONAL TAKAFUL AWARD 2008**
 - Best Takaful Marketing (Etiqa Takaful)
- **ISLAMIC FINANCE NEWS AWARDS 2008**
 - Most Innovative Deal of the Year – WCT Berhad RM300.0 million Islamic Serial Redeemable Sukuk with Detachable Warrants

2007

- **ALPHA SOUTHEAST ASIA**
 - Best Trade Finance Bank in Malaysia
- **ASIA PACIFIC BRANDS FOUNDATION – THE BRAND LAUREATE AWARDS**
 - SMEs Best Supporters Award 2007
- **ASSOCIATION OF ACCREDITED ADVERTISING AGENTS MALAYSIA/ INTERBRAND**
 - Malaysia's Most Valuable Brands 2007 (Top placing)
- **PRIME MINISTER'S CSR AWARDS 2007**
 - Outstanding Work in Best Workplace Practices (Honourable Mention)
- **ASIAMONEY CASH MANAGEMENT POLL 2007**
 - Best Local Currency Cash Management Services (By Currency) – Malaysia: MYR
 - Best Local Cash Management Bank in Malaysia as voted by Small-Sized and Medium-Sized Corporates
- **MALAYSIAN BUSINESS**
 - Corporate Governance Award 2006 – CSR Award Winner
 - Corporate Governance Award – Merit Award
- **THE ASSET TRIPLE A AWARD**
 - Best Cash Management Bank in Malaysia

- **GLOBAL FINANCE**
 - Best Trade Finance in Malaysia
- **GLOBAL CUSTODIAN MAGAZINE**
 - "Top Rated" Cross Border and "Commended" Domestic under the Emerging Markets Agent Bank Review
- **CGC TOP SMI SUPPORTER AWARD**
- **NATIONAL COUNCIL FOR OCCUPATIONAL SAFETY AND HEALTH AWARD**
 - Finance, Real Estate & Insurance Sector Award
 - OSH Excellence Award
- **READER'S DIGEST TRUSTED BRAND GOLD AWARD**
- **BEST @ SHOW AWARDS – MALAYSIAN E-BANKING AWARDS '07**
 - Best e-Banking Leader & Best e-Payment Channel (Maybank2u.com)
- **MALAYSIAN RATING CORPORATION BERHAD**
 - Islamic Bonds Issue Count – 1st Place
 - Islamic Bonds Issue Value – 3rd Place
- **RAM LEAD MANAGER AWARDS – ISLAMIC (MAYBANK INVESTMENT BANK)**
 - Number of Deals – 2nd Place
 - Issue Value – 3rd Place
- **RAM LEAD MANAGER AWARDS – LEAD MANAGER (ASEAMBANKERS MALAYSIA BERHAD)**
 - Number of Deals – 2nd Place
 - Issue Value – 3rd Place
- **RAM AWARDS OF DISTINCTION (ASEAMBANKERS MALAYSIA BERHAD)**
 - Industry Recognition Award
 - Blue Print Awards – New Structured Finance Benchmark Deal
- **RAM LEAD MANAGER AWARDS – ISLAMIC (ASEAMBANKERS MALAYSIA BERHAD)**
 - Number of Deals – 2nd Place
 - Issue Value – 3rd Place
- **ISLAMIC FINANCE NEWS AWARDS: DEALS OF THE YEAR**
 - Best Country Deals Malaysia (Aseambankers Malaysia Berhad)
- **IRD AWARDS**
 - Asian Deal of the Year Award (Aseambankers Malaysia Berhad)
- **IFR ASIA AWARDS**
 - Malaysia Capital Markets Deal of the Year Award (Aseambankers Malaysia Berhad)

- **THE ASSET TRIPLE A**
 - Best Domestic Securitisation Deal of the Year Award (Aseambankers Malaysia Berhad)

2006

- **DEWAN BAHASA DAN PUSTAKA – ANUGERAH CITRA LAPORAN TAHUNAN 2006**
- **CORPORATE GOVERNANCE ASIA ANNUAL RECOGNITION AWARD 2006**
- **GLOBAL FINANCE AWARD**
 - Best Foreign Exchange Bank in Malaysia
- **THE ASSET ASIAN AWARD**
 - Best Cash Management Bank
- **MALAYSIAN INSTITUTE OF HUMAN RESOURCE MANAGEMENT & KELLY SERVICES MALAYSIA**
 - Outstanding HR Achievement Award
- **SHEIKH MOHAMMED BIN RASHID AL MAKTOUM ISLAMIC FINANCE AWARD**
 - Global Continuing Contribution to Islamic Retail Development
- **READER'S DIGEST TRUSTED BRAND GOLD AWARD**
- **MALAYSIAN BUSINESS AWARDS**
 - Best Corporate Social Responsibility Award
 - Best Corporate Governance Award (Second placing)
- **CGC TOP SMI SUPPORTER AWARD**
- **EUROMONEY AWARD FOR EXCELLENCE**
 - Best M&A House in Malaysia (Aseambankers Malaysia Berhad)
- **ISLAMIC FINANCE NEWS AWARD. DEAL OF THE YEAR**
 - Mudharabah Deal of the Year (Aseambankers Malaysia Berhad)
- **SHEIKH MOHAMMED BIN RASHID AL MAKTOUM ISLAMIC FINANCE AWARD**
 - Regional Continuing Contribution to Islamic Finance R&D (Asia) (Aseambankers Malaysia Berhad)
- **RAM LEAGUE AWARD (ASEAMBANKERS MALAYSIA BERHAD)**
 - Islamic – 1st Place (Issue Value) – 3rd (Number of Deals)
 - 3rd Place (Number of Deals)
 - 3rd Place (Issue Value)
- **IR MAGAZINE**
 - Best IR in Singapore market by a Malaysian company (Maybank Singapore)

Analysis of Shareholdings

As at 9 August 2011

Refer to pages 49 and 53 for more on Analysis of Shareholdings.

Substantial Shareholders as per the Register of Substantial Shareholders

No.	Name of Shareholders	No. of Shares Held	% of Shares
1.	AmanahRaya Trustees Berhad (Skim Amanah Saham Bumiputera)	3,423,138,825	45.77
2.	Citigroup Nominees (Tempatan) Sdn Bhd (Employees Provident Fund Board)	751,259,946	10.05
3.	Permodalan Nasional Berhad	417,233,201	5.58

Top Thirty Shareholders as per the Record of Depositors

No.	Name of Shareholders	No. of Shares Held	% of Shares
1.	AmanahRaya Trustees Berhad (Skim Amanah Saham Bumiputera)	3,423,138,825	45.77
2.	Citigroup Nominees (Tempatan) Sdn Bhd (Employees Provident Fund Board)	751,259,946	10.05
3.	Permodalan Nasional Berhad	417,233,201	5.58
4.	Kumpulan Wang Persaraan (Diperbadankan)	224,500,974	3.00
5.	Lembaga Kemajuan Tanah Persekutuan (FELDA)	168,638,313	2.26
6.	Valuecap Sdn Bhd	158,407,837	2.12
7.	AmanahRaya Trustees Berhad (Amanah Saham Malaysia)	130,469,127	1.74
8.	AmanahRaya Trustees Berhad (Amanah Saham Wawasan 2020)	109,363,591	1.46
9.	Cartaban Nominees (Asing) Sdn Bhd (Exempt AN for State Street Bank & Trust Company (West Clt OD67))	80,298,693	1.07
10.	AmanahRaya Trustees Berhad (AS 1Malaysia)	68,745,701	0.92
11.	Malaysia Nominees (Tempatan) Sendirian Berhad (Great Eastern Life Assurance (Malaysia) Berhad (Par 1))	67,601,740	0.90
12.	HSBC Nominees (Asing) Sdn Bhd (BBH and Co Boston for Vanguard Emerging Markets Stock Index Fund)	53,994,353	0.72
13.	Citigroup Nominees (Tempatan) Sdn Bhd (Exempt AN for Prudential Fund Management Berhad)	49,945,890	0.67
14.	HSBC Nominees (Asing) Sdn Bhd (Exempt AN for JPMorgan Chase Bank, National Association (Norges BK Lend))	45,010,296	0.60
15.	Cartaban Nominees (Asing) Sdn Bhd (Government of Singapore Investment Corporation Pte Ltd for Government of Singapore (C))	35,206,083	0.47
16.	Lembaga Tabung Angkatan Tentera	32,133,266	0.43
17.	Citigroup Nominees (Tempatan) Sdn Bhd (Exempt AN for American International Assurance Berhad)	31,705,057	0.42
18.	HSBC Nominees (Asing) Sdn Bhd (Exempt AN for The Bank of New York Mellon (Mellon Acct))	27,671,171	0.37
19.	HSBC Nominees (Asing) Sdn Bhd (Exempt AN for JPMorgan Chase Bank, National Association (U.A.E))	27,101,573	0.36
20.	Pertubuhan Keselamatan Sosial	23,107,916	0.31
21.	Citigroup Nominees (Tempatan) Sdn Bhd (Employees Provident Fund Board (NOMURA))	18,258,695	0.24

Top Thirty Shareholders as per the Record of Depositors

No.	Name of Shareholders	No. of Shares Held	% of Shares
22.	HSBC Nominees (Asing) Sdn Bhd (Exempt AN for JPMorgan Chase Bank, National Association (U.S.A))	17,264,187	0.23
23.	Citigroup Nominees (Asing) Sdn Bhd (Legal & General Assurance (Pensions Management) Limited (A/C 1125250001))	17,062,758	0.23
24.	Citigroup Nominees (Tempatan) Sdn Bhd (Employees Provident Fund Board (PHEIM))	15,457,452	0.21
25.	Yong Siew Yoon	15,118,060	0.20
26.	Citigroup Nominees (Tempatan) Sdn Bhd (Employees Provident Fund Board (CIMB Prin))	14,770,186	0.20
27.	HSBC Nominees (Asing) Sdn Bhd (BNY Brussels for Wisdomtree Emerging Markets Equity Income Fund)	13,907,700	0.19
28.	AmanahRaya Trustees Berhad (Sekim Amanah Saham Nasional)	13,086,169	0.18
29.	Tokio Marine Life Insurance Malaysia Bhd (As Beneficial Owner (PF))	12,822,883	0.17
30.	Citigroup Nominees (Asing) Sdn Bhd (CBLDN for Stichting PGGM Depository)	12,594,026	0.17
TOTAL		6,075,875,669	81.24

Classification of Shareholders

As at 9 August 2011

Category	No. of Shareholders		No. of Shareholdings		% of Total Shareholdings	
	Malaysian	Foreign	Malaysian	Foreign	Malaysian	Foreign
INDIVIDUAL						
a. Bumiputera	3,476		25,260,344		0.34	
b. Chinese	41,781		305,548,670		4.09	
c. Indian	1,669		10,306,746		0.14	
d. Others	248	2,132	1,754,605	49,145,825	0.02	0.66
BODY CORPORATE						
a. Banks/Finance	98	2	4,620,670,003	736,287	61.79	0.01
b. Investment/Trust	10		1,048,847		0.01	
c. Societies	18		755,995		0.01	
d. Industrial	727	51	104,185,613	20,172,767	1.39	0.27
GOVERNMENT AGENCIES/ INSTITUTION						
	14		206,973,577		2.77	
NOMINEES						
	8,022	3,305	1,195,072,736	936,582,752	15.98	12.52
TOTAL	56,063	5,490	6,471,577,136	1,006,637,631	86.54	13.46

Changes in Share Capital

Authorised Share Capital

The present authorised share capital of the Bank is RM10,000,000,000 divided into 10,000,000,000 ordinary shares of RM1.00 each. Details of changes in its authorised share capital since its incorporation are as follows:-

Date	Increase in Authorised Share Capital	Total Authorised Share Capital
31-05-1960	20,000,000	20,000,000
06-09-1962	30,000,000	50,000,000
09-04-1977	150,000,000	200,000,000
17-01-1981	300,000,000	500,000,000
06-10-1990	500,000,000	1,000,000,000
09-10-1993	1,000,000,000	2,000,000,000
19-06-1998	2,000,000,000	4,000,000,000
11-08-2004	6,000,000,000	10,000,000,000

Issued and Paid-Up Share Capital

Details of changes in the Bank's issued and paid-up share capital since its incorporation are as follows:-

Date of Allotment	No. of Ordinary Shares Allotted	Par Value RM	Consideration	Resultant Total Issued and Paid-Up Capital RM'000
31-05-1960	1,500,000	5.00	Cash	7,500,000
18-05-1961	500,000	5.00	Cash	10,000,000
31-05-1962	1,000,000	5.00	Rights Issue (1:2) at RM7.00 per share	15,000,000
21-08-1968	1,500,000	5.00	Rights Issue (1:2) at RM7.00 per share	22,500,000
04-01-1971	22,500,000	1.00*	Rights Issue (1:1) at RM1.50 per share	45,000,000
06-05-1977	15,000,000	1.00	Capitalisation of Share Premium Account (Bonus Issue 1:3)	60,000,000
23-06-1977	30,000,000	1.00	Rights Issue (1:2) at RM3.00 per share	90,000,000
21-02-1981	30,000,000	1.00	Capitalisation of Share Premium Account (Bonus Issue 1:3)	120,000,000
10-04-1981	60,000,000	1.00	Rights Issue (1:2) at RM4.00 per share	180,000,000
14-11-1984	45,000,000	1.00	Capitalisation of Share Premium Account (Bonus Issue 1:4)	225,000,000
28-12-1984	45,000,000	1.00	Rights Issue (1:4) at RM6.00 per share	270,000,000
31-11-1985	68,249	1.00	Conversion of Unsecured Notes	270,068,249
15-11-1986	9,199,999	1.00	Issued in exchange for purchase of Kota Discount Berhad (<i>Now known as Mayban Discount Berhad</i>)	279,268,248
01-12-1986	10,550	1.00	Conversion of Unsecured Notes	279,278,798
29-07-1987 to 20-10-1987	90,000	1.00	Exercise of Employees' Share Option Scheme ("ESOS")	279,368,798

Date of Allotment	No. of Ordinary Shares Allotted	Par Value RM	Consideration	Resultant Total Issued and Paid-Up Capital RM'000
30-11-1987	11,916	1.00	Conversion of Unsecured Notes	279,380,714
08-06-1988	27,938,071	1.00	Capitalisation of Share Premium Account (Bonus Issue 1:10)	307,318,785
30-11-1988	10,725	1.00	Conversion of Unsecured Notes	307,329,510
16-03-1989 to 21-06-1989	9,198,206	1.00	Exchange for Kwong Yik Bank Berhad ("KYBB") shares	316,527,716
11-07-1989 to 23-11-1989	7,555,900	1.00	Exercise of Employees' Share Option Scheme ("ESOS")	324,083,616
30-11-1989	46,174,316	1.00	Conversion of Unsecured Notes	370,257,932
01-12-1989 to 24-10-1990	4,508,900	1.00	Exercise of Employees' Share Option Scheme ("ESOS")	374,766,832
16-11-1990	187,383,416	1.00	Capitalisation of Share Premium Account (Bonus Issue 1:2)	562,150,248
27-11-1990	11,550	1.00	Exercise of Employees' Share Option Scheme ("ESOS")	562,161,798
30-11-1990	280,497	1.00	Conversion of Unsecured Notes	562,442,295
03-01-1991	3,300	1.00	Exercise of Employees' Share Option Scheme ("ESOS")	562,445,595
03-01-1991	188,991,002	1.00	Rights Issue (1:2) at RM5.00 per share	751,436,597
04-01-1991	4,950	1.00	Rights Issue (1:2) upon ESOS at RM5.00 per share	751,441,547
25-01-1991 to 28-11-1991	726,000	1.00	Exercise of Employees' Share Option Scheme ("ESOS")	752,167,547
30-11-1991	35,197	1.00	Conversion of Unsecured Notes	752,202,744
11-12-1991 to 20-05-1992	5,566,000	1.00	Exercise of Employees' Share Option Scheme ("ESOS")	757,768,744
30-11-1992 to 30-11-1993	3,153,442	1.00	Conversion of Unsecured Notes	760,922,186
18-01-1994	380,461,093	1.00	Capitalisation of Share Premium Account (Bonus Issue 1:2)	1,141,383,279
29-12-1994	2,030,428	1.00	Conversion of Unsecured Notes	1,143,413,707
19-06-1998	1,143,413,707	1.00	Capitalisation of Share Premium and Retained Profit Account (Bonus Issue 1:1)	2,286,827,414
21-09-1998 to 09-10-2001	72,909,000	1.00	Exercise of Employees' Share Option Scheme ("ESOS")	2,359,736,414
23-10-2001	1,179,868,307	1.00	Capitalisation of Retained Profit Account (Bonus Issue 1:2)	3,539,604,721
25-10-2001 to 05-08-2003	60,567,200	1.00	Exercise of Employees' Share Option Scheme ("ESOS")	3,600,171,921
29-09-2004 to 10-08-2007	290,898,600	1.00	Exercise of Employees' Share Option Scheme ("ESOS")	3,891,070,521
17-08-2007 to 06-02-2008	13,159,500	1.00	Exercise of Employees' Share Option Scheme ("ESOS")	3,904,230,021

Changes in Share Capital

Date of Allotment	No. of Ordinary Shares Allotted	Par Value RM	Consideration	Resultant Total Issued and Paid-Up Capital RM'000
20-02-2008	976,057,505	1.00	Capitalisation of Share Premium Account (Bonus Issue 1:4)	4,880,287,526
22-02-2008 to 24-10-2008	859,625	1.00	Exercise of Employees' Share Option Scheme ("ESOS")	4,881,147,151
27-04-2009	2,196,516,217	1.00	Rights Issue (9:20) at RM2.74 per share	7,077,663,368
29-07-2009 to 26-08-2009	319,400	1.00	Exercise of Employees' Share Option Scheme ("ESOS")	7,077,982,768
20-12-2010	244,257,623	1.00	Dividend Reinvestment Plan ("DRP") at RM7.70 per share	7,322,240,391
12-05-2011	155,965,676	1.00	Dividend Reinvestment Plan ("DRP") at RM7.70 per share	7,478,206,067
05-07-2011 to 25-07-2011	8,700	1.00	Exercise of Employees' Share Option Scheme ("ESOS")	7,478,214,767

* The par value of the Bank's shares was changed from RM5.00 to RM1.00 on 25 November 1968

Properties Owned by Maybank Group

Area	No. of Properties		Land Area (sq. m.)	Book Value as at 30.6.2011 (RM)
	Freehold	Leasehold		
Maybank				
Kuala Lumpur	11	13	48,546.58	204,719,088.33
Johor Darul Takzim	29	10	18,716.86	56,289,879.26
Kedah Darul Aman	11	6	6,361.83	10,213,959.28
Kelantan Darul Naim	1	4	1,953.00	2,801,899.75
Melaka	1	4	3,253.00	5,070,821.65
Negeri Sembilan Darul Khusus	12	5	23,655.20	8,245,032.80
Pahang Darul Makmur	9	15	16,471.80	12,617,184.12
Perak Darul Ridzuan	13	8	9,828.85	13,488,862.56
Perlis Indera Kayangan	1	3	1,475.00	1,666,644.80
Pulau Pinang	24	3	13,903.26	25,952,574.15
Sabah	–	17	15,102.36	14,276.92
Sarawak	9	14	6,962.97	20,228,313.69
Selangor Darul Ehsan	29	18	105,442.97	126,795,012.12
Terengganu Darul Iman	6	2	4,329.00	4,502,718.91
Hong Kong	–	2	193.00	HKD1,207,413.91
London	1	5	1,215.00	GBP4,348,000.46
Singapore	11	12	20,858.00	SGD105,965,079.88
Aurea Lakra Holdings Sdn Bhd				
(Formerly known as Mayban P.B. Holdings Sdn Bhd)				
Kuala Lumpur	–	1	294.00	793,638.00
Johor Darul Takzim	2	1	1,330.00	2,303,127.94
Pahang Darul Makmur	1	2	595.42	1,034,395.58
Perak Darul Ridzuan	1	1	857.74	2,529,446.85
Pulau Pinang	1	–	445.93	793,930.39
Sabah	–	1	257.62	1,102,661.00
Sarawak	–	1	314.00	934,543.57
Selangor Darul Ehsan	2	1	1,269.13	3,228,285.76
Maybank International (L) Ltd				
W.P. Labuan	–	3	1,089.81	USD192,137.71
Maybank Investment Bank Berhad				
Negeri Sembilan Darul Khusus	1	2	549.25	445,056.27
Pahang Darul Makmur	1	1	229.11	318,514.13
Pulau Pinang	1	–	84.04	146,940.00
Perak Darul Ridzuan	–	1	260.00	231,865.90
ETIQA				
Kuala Lumpur	2	4	24,258.47	552,393,529.00
Johor Darul Takzim	2	–	464.00	1,039,090.00
Kedah Darul Aman	2	1	1,127.97	1,264,864.00
Melaka	–	1	452.00	1,200,000.00
Negeri Sembilan Darul Khusus	3	1	1,659.64	2,607,640.00
Pahang Darul Makmur	1	2	18,334.57	2,843,238.00
Pulau Pinang	1	1	624.00	3,400,000.00
Sabah	–	1	222.22	1,344,184.00
Selangor Darul Ehsan	1	1	38,927.49	32,466,494.00

List of Top 10 Properties Owned by Maybank Group

As at 30 June 2011

Location	Description	Current Use	Tenure	Remaining Lease Period (Expiry Date)	Age of Building	Land Area (sq.m.)	Year of Acquisition	Net Book Value (RM)
Etiqa Twins No. 11 Jalan Pinang Kuala Lumpur	27-storey Twin Office Buildings	Office & Rented out	Freehold	–	16 years	6,612	1994	320,000,000.00
2 Battery Road Maybank Tower Singapore	32-storey Office Building	Office	Leasehold 999 years	816 years (expiring 2825)	9 years	1,135.70	1962	SGD69,943,515.20
Dataran Maybank No. 1 Jalan Maarof Bangsar	2 Blocks of 20 storey and a block 22 storey Office Buildings	Office & Rented out	Leasehold 99 years	75 years (expiring 3.12.2085)	10 years	9,918	2000	136,329,290.56
Menara Maybank 100 Jalan Tun Perak Kuala Lumpur	58-storey Office Building	Head office & Rented out	Freehold	–	23 years	35,494	1978	129,101,407.70
Akademi Etiqa 23, Jalan Melaka Kuala Lumpur	25-storey Office Building	Office & Rented out	Leasehold 99 years	56 years (expiring 2065)	15 years	1,960.47	1994	55,000,000.00
Lot 153 Section 44 Jalan Ampang Kuala Lumpur	Commercial Land	Vacant	Freehold	–	–	3,829.00	2008	50,000,000.00
1079 Section 13 Shah Alam	Commercial Land	Vacant	Leasehold 99 years	93 years (expiring 11.3.2102)	–	38,417.00	1994	31,000,000.00
Johor Bahru City Square Level 1 (M1-22) Level 2 (M2-15) Level 3 (podium) Level 8 (podium) Level 8 (office tower)	Retail Units-	Office	Leasehold 99 years	82 years (expiring 14.6.2091)	10 years	3,972	2000	27,037,004.25
Lot 379 Section 96 Bangsar Kuala Lumpur	Vacant Land	Rented out	Leasehold 99 years	56 years (expiring 25.7.2065)	–	4,645.00	1975	27,000,000.00
Jalan Air Itam Bangi, Kajang Selangor	5-storey Building	Maybank Academy	Leasehold 99 years	77 years (expiring 18.12.2086)	23 years	80,692	1987	23,446,037.36

Corporate Information

BOARD OF DIRECTORS

TAN SRI DATO' MEGAT ZAHARUDDIN MEGAT MOHD NOR

DPCM, PJN, PSM

Non-Independent Non-Executive Chairman

DATO' MOHD SALLEH HJ HARUN

DSDK

Independent Non-Executive Vice Chairman

DATO' SRI ABDUL WAHID OMAR

SSAP, DSAP

Non-Independent Executive Director (President and Chief Executive Officer)

TAN SRI DATUK DR HADENAN A. JALIL

PSM, PNBS, SIMP, DMSM, JMN, KMN, AMN

Independent Non-Executive Director

DATO' SERI ISMAIL SHAHUDIN

SPMP

Independent Non-Executive Director

DATO' DR TAN TAT WAI

PhD DMPN

Independent Non-Executive Director

ENCIK ZAINAL ABIDIN JAMAL

Non-Independent Non-Executive Director

MR ALISTER MAITLAND

Independent Non-Executive Director

MR CHEAH TEIK SENG

Independent Non-Executive Director

DATO' JOHAN ARIFFIN

DPTJ

Independent Non-Executive Director

MR SREESANTHAN ELIATHAMBY

Non-Independent Non-Executive Director

DATUK MOHAIYANI BINTI SHAMSUDIN

PJN

(Appointed on 22 August 2011)

Independent Non-Executive Director

MOHD NAZLAN MOHD GHAZALI

(LS0008977)

General Counsel & Company Secretary

GROUP EXECUTIVE COMMITTEE

DATO' SRI ABDUL WAHID OMAR

President & Chief Executive Officer

KHAIRUSSALEH RAMLI

Deputy President & Group Chief Financial Officer

LIM HONG TAT

Deputy President & Head, Community Financial Services

ABDUL FARID ALIAS

Deputy President & Head, Global Wholesale Banking

TENGKU DATO' ZAFRUL TENGKU ABD AZIZ

Head, Investment Banking & Chief Executive Officer,
Maybank Investment Bank Bhd

MUZAFFAR HISHAM

Head Islamic Banking & Chief Executive Officer,
Maybank Islamic Berhad

HANS DE CUYPER

Head, Insurance & Takaful

Chief Executive Officer, Mayban Ageas Holdings
Berhad

DR. JOHN LEE HIN HOCK

Group Chief Risk Officer

GEOFFREY STECYK

Head, Enterprise Transformation Services

NORA ABD MANAF

Head, Group Human Capital

POLLIE SIM SIO HOONG

Chief Executive Officer, Maybank Singapore

RAHARDJA ALIMHAMZAH

Acting President Director, PT Bank Internasional
Indonesia TBK

REGISTERED OFFICE

14th Floor, Menara Maybank

100, Jalan Tun Perak

50050 Kuala Lumpur, Malaysia

Telephone : (6)03-2070 8833

Facsimile : (6)03-2031 5949

(Investor Relations)

: (6)03-2711 3421

(Customer Feedback

Management)

: 1300-88-8899

(Maybank Group

Customer Care)

: (6)03-2031 0071

(Group Corporate

Secretarial)

SWIFT : MBBEMYKL

Website : <http://www.maybank.com>

E-Mail : publicaffairs@maybank.com.my

SHARE REGISTRAR

Malayan Banking Berhad

14th Floor, Menara Maybank

100, Jalan Tun Perak

50050 Kuala Lumpur, Malaysia

Telephone : (6)03-2074 7822

Facsimile : (6)03-2072 0079

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad

(Listed since 17 February 1962)

EXTERNAL AUDITORS

Messrs. Ernst & Young

(AF : 0039)

Chartered Accountants

Level 23A, Menara Milenium

Jalan Damanlela

Pusat Bandar Damansara

50490 Kuala Lumpur, Malaysia

Telephone : (6)03-7495 8000

Facsimile : (6)03-2095 9076/78

AGM Helpdesk

Telephone : (6)03-2264 3883

(Tricor Investor Services Sdn Bhd)

: (6)03-2074 8256

(Group Corporate Secretarial,
Maybank)

Group Directory

COMMERCIAL BANKING

Malayan Banking Berhad

14th Floor, Menara Maybank
100, Jalan Tun Perak
50050 Kuala Lumpur
Tel: (6)03-2070 8833
Fax: (6)03-2031 0071
Corporate website: www.maybank.com
Email: publicaffairs@maybank.com.my

Maybank Islamic Berhad

14th Floor, Menara Maybank
100, Jalan Tun Perak
50050 Kuala Lumpur
Tel: (6)03-2070 8833
Fax: (6)03-2031 0071
Website: www.maybankislamic.com.my

P.T. Bank Maybank Syariah Indonesia (formerly known as P.T. Bank Maybank Indocorp)

1st Floor – 3rd Floor, Sona Topas Tower
Jalan Jenderal Sudirman Kav. 26
Jakarta 12920
Indonesia
Tel: (62)-21-250 6446
Fax: (62)-21-250 6445
Corporate website: www.maybank.com

Maybank Philippines Incorporated

Legaspi Towers 300
Roxas Boulevard
Manila 1004
Philippines
Tel: (632)-523 7777
Fax: (632)-521 8513
Website: www.maybank2u.com.ph

Maybank (PNG) Ltd

Corner Waigani Road/Islander Drive
P.O. Box 882 Waigani, National Capital District
Papua New Guinea
Tel: (675)-325 0101
Fax: (675)-325 6128
Corporate website: www.maybank.com
Email: maybankpom@datec.net.pg

Maybank International (L) Ltd

Level 16 (B), Main Office Tower
Financial Park Labuan
Jalan Merdeka
87000 Wilayah Persekutuan Labuan
Tel: (6)087-414 406
Fax: (6)087-414 806
Corporate website: www.maybank.com
Email: millmit@streamyx.com

P.T. Bank Internasional Indonesia Tbk

Plaza BII, Tower 2, 6th Floor
Jl.MH.Thamrin No. 51
Jakarta 10350
Indonesia
Tel: (62)-21-230 0888
Fax: (62)-21-230 1380
Website: www.bii.co.id
Email: cs@bii.co.id

INVESTMENT BANKING

Maybank Investment Bank Berhad

33rd Floor, Menara Maybank
100, Jalan Tun Perak
50050 Kuala Lumpur
Tel: (6)03-2059 1888
Fax: (6)03-2078 4194
Website: www.maybank-ib.com
Email: helpdesk@maybank-ib.com

Mayban IB Holdings Sdn Bhd

(formerly known as Aseam Credit Sdn Bhd)
32nd Floor, Menara Maybank
100, Jalan Tun Perak
50050 Kuala Lumpur
Tel: (6)03-2059 1888
Fax: (6)03-2031 5633

Kim Eng Holdings Limited

Kim Eng Securities Pte Ltd

9 Temasek Boulevard
#39-00 Suntec Tower Two
Singapore 038989
Tel: (65)-6336 9090
Fax: (65)-6339 6003
Website: www.kimeng.com or www.kimeng.com.sg
Email: helpdesk@kimeng.com

Kim Eng Securities (Thailand) Public Company Limited

999/9 The Offices at Central World
20th-21st, 24th Floor Rama 1 Road Pathumwan
Bangkok, 10330 Thailand
Tel: (+66)-2 6586 300
Fax: (+66)-2 6586 301
Website: www.kimeng.com
Email: CorporateCommunication@kimeng.co.th

ATR KimEng Financial Corporation

Unit 811, Tower One & Exchange Plaza
Ayala Triangle, Ayala Avenue
Makati City, Philippines
Tel: (632)-893 1150, 810 0106
Fax: (632)-893 1145
Website: www.atrkimengfinancial.com
Email: atrke_financial@atr.com.ph

PT Kim Eng Securities

Plaza Bapindo-Citibank Tower 17th Floor
Jalan Jenderal Sudirman Kav 54-55
Jakarta 12190 Indonesia
Tel: (62)-21-2557-1188
Fax: (62)-21-2557-1189
Website: www.kimeng.com
Email: cs@kimeng.co.id

INSURANCE**Mayban Ageas Holdings Berhad**

(formerly known as Mayban Fortis Holdings Berhad)

Level 19, Tower C
Dataran Maybank
No. 1, Jalan Maarof
59000 Kuala Lumpur
Tel: (6)03-2297 3888
Fax: (6)03-2297 3800
Website: www.etiqa.com.my
Email: info@etiqa.com.my

**Etiqua Life International (L) Ltd
Etiqua Offshore Insurance (L) Ltd**

Level 11B, Block 4 Office Tower
Financial Park Complex
Jalan Merdeka
87000 Wilayah Persekutuan Labuan
Tel: (6)087-582 588
Fax: (6)087-583 588
Website: www.etiqa.com.my
Email: info@etiqa.com.my

**Etiqua Insurance Berhad
Etiqua Takaful Berhad**

Level 19, Tower C
Dataran Maybank
No. 1, Jalan Maarof
59000 Kuala Lumpur
Tel: (6)03-2297 3888
Fax: (6)03-2297 3800
Website: www.etiqa.com.my
Email: info@etiqa.com.my

OTHERS**Mayban Investment Management Sdn Bhd**

Level 13, Tower C
Dataran Maybank
No. 1, Jalan Maarof
59000 Kuala Lumpur
Tel: (6)03-2297 7888
Fax: (6)03-2297 7880
Corporate website: www.maybank.com

Mayban Trustees Berhad

34th Floor, Menara Maybank
100, Jalan Tun Perak
50050 Kuala Lumpur
Tel: (6)03-2078 8363
Fax: (6)03-2070 9387
Corporate website: www.maybank.com
Email: mtb@maybank.com.my

Mayban Ventures Sdn Bhd**Mayban Venture Capital Company Sdn Bhd**

41st Floor, Menara Maybank
100, Jalan Tun Perak
50050 Kuala Lumpur
Tel: (6)03-2032 2188
Fax: (6)03-2031 2188
Website: www.mayban-ventures.com.my

Mayban-JAIC Capital Management Sdn Bhd**Mayban-JAIC Management Ltd****Mayban Agro Fund Sdn Bhd**

41st Floor, Menara Maybank
100 Jalan Tun Perak
50050 Kuala Lumpur
Tel: (6)03-2032 2188
Fax: (6)03-2031 2188

Mayban (Nominees) Sendirian Berhad**Mayban Nominees (Tempatan) Sdn Bhd****Mayban Nominees (Asing) Sdn Bhd**

14th Floor, Menara Maybank
100, Jalan Tun Perak
50050 Kuala Lumpur
Tel: (6)03-2070 8833
Fax: (6)03-2031 0071
Website: www.mayban.com

**Mayban Securities Nominees (Tempatan)
Sdn. Bhd.****Mayban Securities Nominees (Asing)
Sdn. Bhd.**

Level 8, Tower C
Dataran Maybank
No.1, Jalan Maarof
59000 Kuala Lumpur
Tel: (6)03-2297 8888
Fax: (6)03-2282 5136

Notice of the 51st Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the 51st Annual General Meeting of Malayan Banking Berhad (Maybank/the Company) will be held at the Grand Ballroom, Level 1, Sime Darby Convention Centre, 1A Jalan Bukit Kiara 1, 60000 Kuala Lumpur on Thursday, 29 September 2011 at 10.00 a.m. for the following businesses:-

AS ORDINARY BUSINESS:

1. To receive the Audited Financial Statements for the financial year ended 30 June 2011 together with the Reports of the Directors and Auditors thereon.

(Ordinary Resolution 1)

2. To approve the payment of a Final Dividend of 32 sen per ordinary share less 25% income tax, for the financial year ended 30 June 2011 as recommended by the Board.

(Ordinary Resolution 2)

3. To re-elect the following Directors, each of whom retires by rotation in accordance with Articles 96 and 97 of the Company's Articles of Association:-

i) Dato' Dr Tan Tat Wai (Ordinary Resolution 3)

ii) Encik Zainal Abidin bin Jamal

(Ordinary Resolution 4)

iii) Mr Cheah Teik Seng (Ordinary Resolution 5)

4. To re-elect Datuk Mohaiyani binti Shamsudin who retires in accordance with Article 100 of the Company's Articles of Association.

(Ordinary Resolution 6)

5. To consider and, if thought fit, to pass the following resolution in accordance with Section 129(6) of the Companies Act, 1965:-

"That Mr Alister Maitland, retiring pursuant to Section 129(6) of the Companies Act, 1965, be re-appointed a Director of the Company to hold office until the next Annual General Meeting." (Ordinary Resolution 7)

6. To approve directors' remuneration as follows:-

- (a) payment of directors' fees amounting to RM300,000 per annum for the Non-Executive

Chairman, RM285,000 per annum for the Non-Executive Vice Chairman and RM190,000 per annum for each Non-Executive Director with effect from 1 July 2010; and

- (b) payment of directors' fees in respect of Board Committees amounting to RM45,000 per Committee per annum for the Non-Executive Committee Chairman and RM30,000 per Committee per annum for each Non-Executive Director with effect from 1 July 2010.

(Ordinary Resolution 8)

7. To re-appoint Messrs Ernst & Young as Auditors of the Company for the 6-month financial period ending 31 December 2011 and to authorise the Directors to fix their remuneration.

(Ordinary Resolution 9)

AS SPECIAL BUSINESS:

To consider, and if thought fit, to pass the following ordinary resolution:-

8. AUTHORITY TO DIRECTORS TO ISSUE SHARES

"THAT subject always to the Companies Act, 1965, the Company's Articles of Association and approval of the relevant government/regulatory authorities, the Directors be and are hereby authorised pursuant to Section 132D of the Companies Act, 1965, to issue shares in the Company at any time until the conclusion of the next Annual General Meeting and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion deem fit, provided that the aggregate number of shares to be issued does not exceed 10% of the issued share capital of the Company for the time being."

(Ordinary Resolution 10)

9. **ALLOTMENT AND ISSUANCE OF NEW ORDINARY SHARES OF RM1.00 EACH IN MAYBANK ("MAYBANK SHARES") IN RELATION TO THE RECURRENT AND OPTIONAL DIVIDEND REINVESTMENT PLAN THAT ALLOWS SHAREHOLDERS OF MAYBANK ("SHAREHOLDERS") TO REINVEST THEIR DIVIDEND TO WHICH THE DIVIDEND REINVESTMENT PLAN APPLIES, IN NEW ORDINARY SHARES OF RM1.00 EACH IN MAYBANK ("DIVIDEND REINVESTMENT PLAN")**

"THAT pursuant to the Dividend Reinvestment Plan as approved by the Shareholders at the Extraordinary General Meeting held on 14 May 2010, approval be and is hereby given to the Company to allot and issue such number of new Maybank Shares for the Dividend Reinvestment Plan until the conclusion of the next AGM upon such terms and conditions and to such persons as the Directors may, in their absolute discretion, deem fit and in the interest of the Company PROVIDED THAT the issue price of the said new Maybank Shares shall be fixed by the Directors at not more than ten percent (10%) discount to the adjusted five (5)-day volume weighted average market price ("VWAMP") of Maybank Shares immediately prior to the price-fixing date, of which the VWAMP shall be adjusted ex-dividend before applying the aforementioned discount in fixing the issue price;

AND THAT the Directors and the Secretary of the Company be and are hereby authorised to do all such acts and enter into all such transactions, arrangements and documents as may be necessary or expedient in order to give full effect to the Dividend Reinvestment Plan with full power to assent to any conditions, modifications, variations and/or amendments (if any) as may be imposed or agreed to by any relevant authorities or consequent upon the implementation of the said conditions, modifications, variations and/or amendments or at the discretion of the Directors in the best interest of the Company."

(Ordinary Resolution 11)

10. To transact any other business of the Company for which due notice shall have been received in accordance with the Companies Act, 1965.

BY ORDER OF THE BOARD

MOHD NAZLAN MOHD GHAZALI

LS0008977

Company Secretary

Kuala Lumpur

7 September 2011

Notes:

1. A member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and on a show of hands or on a poll, to vote in his stead. A proxy shall be a member of the Company, an Advocate, an approved Company Auditor or a person approved by the Companies Commission of Malaysia. The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing, or if the appointor is a corporation, under its common seal or in some other manner approved by its directors.
2. A member shall not be entitled to appoint more than two (2) proxies to attend and vote at the meeting provided that where a member is an authorised nominee as defined under the Securities Industry (Central Depository) Act 1991, it may appoint at least one proxy but not more than two proxies each in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account.
3. Duly completed Form of Proxy must be deposited at the office of the appointed share registrar for this AGM, Tricor Investor Services Sdn Bhd at Level 17, The Gardens North Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur no later than 27 September 2011 at 10.00 a.m.
4. For a Form of Proxy executed outside Malaysia, the signature must be attested by a Solicitor, Notary Public, Consul or Magistrate.
5. Only members registered in the Record of Depositors as at 23 September 2011 shall be eligible to attend the AGM or appoint proxy to attend and vote on their behalf.
6. If the proxy or proxies appointed is/are not a member of Maybank, please ensure that the proof of eligibility (referred to in Note 1 above) of the proxy or proxies is/are enclosed with the Form of Proxy submitted and the original counterpart of such proof of eligibility is/are presented by your proxy or proxies for verification purposes during the registration process.

Notice of the 51st Annual General Meeting

Payment of Final Dividend

7. The proposed gross dividend as per Resolution 2 consists of an electable portion of 28 sen (21 sen net per ordinary share) which can be elected to be reinvested in new ordinary shares in accordance with the Dividend Reinvestment Plan as disclosed in Note 29 (b) to the financial statements.

Pursuant to Paragraph 8.26 of the Main Market Listing Requirements of Bursa Securities Malaysia Berhad the final dividend, if approved, will be paid no later than three (3) months from the date of the shareholders' approval. The Book Closure Date will be announced by the Company after the AGM.

Absentation from Voting

8. All the Non-Executive Directors who are shareholders of the Company will abstain from voting on Resolution 8 in relation to the remuneration of Non-Executive Directors at the 51st AGM.
9. Explanatory notes on Special Business :-

Ordinary Resolution 10 - Authority to Directors to Issue Shares

The Company has not issued any new shares under the general mandate for issuance and allotment of shares up to 10% of the issued and paid-up capital of the Company, which was approved at the 50th AGM held on 29 September 2010 and which will lapse at the conclusion of the 51st AGM held on 29 September 2011. A renewal of this mandate is sought at the 51st AGM under proposed Ordinary Resolution 10.

The proposed Ordinary Resolution 10, if passed, will give powers to the Directors to issue ordinary shares in the capital of the Company up to an aggregate amount not exceeding 10% of the issued and paid-up share capital of the Company for the time being without having to convene a general meeting. This authority, unless revoked or varied at a general meeting, will expire at the next AGM.

The purpose of the proposed mandate from shareholders is to provide the Company flexibility to undertake any share issuance during the financial year that is not material in nature under exceptional circumstances i.e. in the event of any strategic opportunities involving equity deals which may require the Company to allot and issue new shares on urgent basis - and which is only to be undertaken if the Board considers it to be in the best interest of the Company.

10. Statement Accompanying the Notice of Annual General Meeting

Additional information pursuant to Paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad is set out in Annexure A in Maybank Annual Report 2011.

Annexure A

Statement Accompanying Notice of the 51st Annual General Meeting

(Pursuant to Paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad)

The Profile of the Directors who are standing for re-election (as per Ordinary Resolutions 3 to 7 as stated above) at the 51st Annual General Meeting of Malayan Banking Berhad which will be held at Grand Ballroom, Level 1, Sime Darby Convention Centre, 1A Jalan Bukit Kiara 1, 60000 Kuala Lumpur on Thursday, 29 September 2011 at 10.00 a.m. are stated on pages 186 to 193 of the Annual Report 2011.

The details of any interest in the securities of Maybank and its subsidiaries (if any) held by the said Directors are stated on page 250 of the Annual Report 2011.

Financial Calendar

20 AUGUST 2010

Announcement of the audited results of Maybank and of the Group and announcement of the final dividend for the financial year ended 30 June 2010

7 SEPTEMBER 2010

Notice of the 50th Annual General Meeting and issuance of annual report for the financial year ended 30 June 2010

29 SEPTEMBER 2010

50th Annual General Meeting

12 NOVEMBER 2010

Announcement of the unaudited results of Maybank and the Group for the first quarter of the financial year ended 30 June 2011

23 NOVEMBER 2010

Book closure for determining the entitlement of the dividends

20 DECEMBER 2010

Date of payment of the final cash dividend of 44 sen per share (less 25% Malaysian Income Tax) of which the Dividend Reinvestment Plan was applied to the dividend payment, and the gross electable portion is 40 sen per Maybank Share held in respect of the financial year ended 30 June 2010

21 FEBRUARY 2011

Announcement of the unaudited results of Maybank and the Group for the second quarter of the financial year ended 30 June 2011

15 APRIL 2011

Book closure for determining the entitlement of the dividends

12 MAY 2011

Date of payment of interim cash dividend of 28 sen per share (less 25% Malaysian Income Tax) of which the Dividend Reinvestment Plan was applied to the dividend payment, and the gross electable portion is 24 sen per Maybank Share held in respect of the financial year ended 30 June 2011

12 MAY 2011

Announcement of the unaudited results of Maybank and the Group for the third quarter of the financial year ended 30 June 2011

30 MAY 2011

Notice of Extraordinary General Meeting in relation to the proposed establishment of an Employees' Share Scheme (ESS) of up to ten percent (10%) of the issued and paid-up share capital of the Company at any point in time and proposed allocation of options and/or grant of Maybank Shares to Dato' Sri Abdul Wahid Omar

13 JUNE 2011

Extraordinary General Meeting in relation to the proposed establishment of an Employees' Share Scheme (ESS) of up to ten percent (10%) of the issued and paid-up share capital of the Company at any point in time and proposed allocation of options and/or grant of Maybank Shares to Dato' Sri Abdul Wahid Omar

22 AUGUST 2011

Announcement of the audited results of Maybank and of the Group and announcement of the final dividend for the financial year ended 30 June 2011

7 SEPTEMBER 2011

Notice of the 51st Annual General Meeting and issuance of annual report for the financial year ended 30 June 2011

29 SEPTEMBER 2011

51st Annual General Meeting

**Maybank**

MALAYAN BANKING BERHAD
(Company No. 3813-K)
(Incorporated in Malaysia)

For the 51st **Form of**
ANNUAL **Proxy**
GENERAL MEETING

Number of shares held	CDS Account No.												
				-				-					

Please refer to the notes below before completing this Form of Proxy.

I/We _____ (full name in block letters) NRIC/Passport/Co. No. _____

of _____ (full address) Telephone No. _____

a shareholder/shareholders of MALAYAN BANKING BERHAD, hereby appoint

_____ (full name in block letters) NRIC/Passport/Co. No. _____

of _____ (full address)

or failing him/her _____ (full name in block letters) NRIC/Passport/Co. No. _____

of _____ (full address)

or failing him/her, the Chairman of the meeting, as my/our proxy to vote for me/us on my/our behalf at the 51st Annual General Meeting of Malayan Banking Berhad to be held at Grand Ballroom, Level 1, Sime Darby Convention Centre, 1A Jalan Bukit Kiara 1, 60000 Kuala Lumpur on Thursday, 29 September 2011 at 10.00 a.m. and at any adjournment thereof for the following resolutions as set out in the Notice of Annual General Meeting:-

No.	Resolution	For	Against
	Ordinary resolutions:		
1	Receipt of Audited Financial Statements and Reports.		
2	Declaration of Final Dividend.		
	Re-election of the following Directors in accordance with Articles 96 and 97:-		
3	i. Dato' Dr Tan Tat Wai		
4	ii. Encik Zainal Abidin Jamal		
5	iii. Mr Cheah Teik Seng		
	Re-election of the following Director in accordance with Article 100:-		
6	i. Datuk Mohaiyani Shamsudin		
	Re-appointment of the following Director in accordance with Section 129(6) of the Companies Act, 1965:-		
7	i. Mr Alister Maitland		
8	To approve the following directors' remuneration:-		
	(a) payment of directors' fees amounting to RM300,000 per annum for the Non-Executive Chairman, RM285,000 per annum for the Non-Executive Vice Chairman and RM190,000 per annum for each Non-Executive Director with effect from 1 July 2010; and		
	(b) payment of director's fees in respect of Board Committees amounting to RM45,000 per Committee per annum for the Non-Executive Committee Chairman and RM30,000 per Committee per annum for each Non-Executive Director with effect from 1 July 2010.		
9	Re-appointment of Messrs Ernst & Young as Auditors.		
10	Authorisation for Directors to issue shares pursuant to Section 132D of Companies Act, 1965.		
11	Allotment and issuance of new ordinary shares Of RM1.00 each in Maybank in relation to the recurrent and optional dividend reinvestment plan (Dividend Reinvestment Plan).		

My/Our proxy is to vote on the resolutions as indicated by an "X" in the appropriate space above. If no indication is given, my/our proxy shall vote or abstain as he/she thinks fit.

Dated this _____ day of _____ 2011

Signature(s) of shareholder(s)

Notes:

1. A member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and on a show of hands or on a poll, to vote in his stead. A proxy shall be a member of the Company, an Advocate, an approved Company Auditor or a person approved by the Companies Commission of Malaysia. The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing, or if the appointor is a corporation, under its common seal or in some other manner approved by its directors.
2. A member shall not be entitled to appoint more than two (2) proxies to attend and vote at the meeting provided that where a member is an authorised nominee as defined under the Securities Industry (Central Depository) Act 1991, it may appoint at least one proxy but not more than two proxies each in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account.
3. Duly completed Form of Proxy must be deposited at the office of the appointed share registrar for this AGM, Tricor Investor Services Sdn Bhd at Level 17, The Gardens North Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur no later than 27 September 2011 at 10.00 a.m.
4. For a Form of Proxy executed outside Malaysia, the signature must be attested by a Solicitor, Notary Public, Consul or Magistrate.
5. Only members registered in the Record of Depositors as at 23 September 2011 shall be eligible to attend the AGM or appoint proxy to attend and vote on their behalf.
6. If the proxy or proxies appointed is/are not a member of Maybank, please ensure that the proof of eligibility (referred to in Note 1 above) of the proxy or proxies is/are enclosed with the Form of Proxy submitted and the original counterpart of such proof of eligibility is/are presented by your proxy or proxies for verification purposes during the registration process.

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Affix Stamp

Share Registrar for Maybank's 51st AGM

Tricor Investor Services Sdn Bhd

Level 17, The Gardens

North Tower, Mid Valley City

Lingkaran Syed Putra

59200 Kuala Lumpur

Malaysia

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MALAYAN BANKING BERHAD (3813-K)

14th Floor, Menara Maybank, 100 Jalan Tun Perak,
50050 Kuala Lumpur, Malaysia

Telephone: (6)03-2070 8833

Website: www.maybank.com

E-mail: publicaffairs@maybank.com.my