

MALAYAN BANKING BERHAD
(3813-K)
(Incorporated in Malaysia)

CONDENSED FINANCIAL STATEMENTS
AUDITED INCOME STATEMENTS
FOR THE 4TH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2013

<u>Group</u>	<u>Note</u>	4th Quarter Ended		Cumulative 12 Months Ended	
		31 December 2013	31 December 2012 (Restated)	31 December 2013	31 December 2012 (Restated)
		RM'000	RM'000	RM'000	RM'000
Interest income	A17	4,170,878	4,002,480	16,306,471	15,651,709
Interest expense	A18	(1,787,410)	(1,599,593)	(6,721,191)	(6,355,024)
Net interest income		2,383,468	2,402,887	9,585,280	9,296,685
Income from Islamic Banking Scheme operations	A33a	789,854	526,455	2,810,182	2,196,259
		3,173,322	2,929,342	12,395,462	11,492,944
Net income from insurance and takaful business	A19	184,759	191,584	260,836	(48,336)
		3,358,081	3,120,926	12,656,298	11,444,608
Non-interest income	A20	1,327,377	1,163,324	5,882,062	5,328,710
Net income		4,685,458	4,284,250	18,538,360	16,773,318
Overhead expenses	A21	(2,334,247)	(2,110,186)	(8,927,925)	(8,232,419)
Operating profit before impairment losses		2,351,211	2,174,064	9,610,435	8,540,899
Allowances for impairment losses on loans, advances and financing, net	A22	54,535	(210,695)	(729,586)	(679,247)
Impairment losses on financial investments, net		(121,811)	(47,676)	(150,522)	(117,826)
Operating profit		2,283,935	1,915,693	8,730,327	7,743,826
Share of profits in associates and joint ventures		17,664	34,058	139,267	152,476
Profit before taxation and zakat		2,301,599	1,949,751	8,869,594	7,896,302
Taxation and zakat	B5	(505,288)	(411,890)	(2,098,261)	(1,977,618)
Profit for the period/year		1,796,311	1,537,861	6,771,333	5,918,684
Attributable to:					
Equity holders of the Bank		1,732,100	1,459,891	6,552,391	5,745,920
Non-controlling interests		64,211	77,970	218,942	172,764
		1,796,311	1,537,861	6,771,333	5,918,684
Earnings per share attributable to equity holders of the Bank	B13				
Basic		19.58 sen	17.30 sen	75.79 sen	72.69 sen
Fully diluted		19.56 sen	17.30 sen	75.72 sen	72.69 sen

(These audited condensed financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2012 and the accompanying explanatory notes attached to the interim financial statements)

MALAYAN BANKING BERHAD
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CONDENSED FINANCIAL STATEMENTS
AUDITED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE 4TH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2013

<u>Group</u>	4th Quarter Ended		Cumulative 12 Months Ended	
	31 December 2013	31 December 2012 (Restated)	31 December 2013	31 December 2012 (Restated)
	RM'000	RM'000	RM'000	RM'000
Profit for the period/year	1,796,311	1,537,861	6,771,333	5,918,684
Other comprehensive income/(loss):				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Defined benefit plan actuarial gain/(loss)	61,209	(9,173)	60,831	(25,082)
Income tax effect	(18,608)	2,967	(18,608)	7,793
	<u>42,601</u>	<u>(6,206)</u>	<u>42,223</u>	<u>(17,289)</u>
<i>Items that may be reclassified subsequently to profit or loss</i>				
Net (loss)/gain on financial investments available-for-sale	(511,821)	143,340	(1,800,978)	52,715
Foreign currency translation	(275,437)	(99,862)	(861,523)	(931,947)
Income tax effect	166,034	(26,553)	461,600	(2,522)
Other reserves	3,399	(799)	3,568	(547)
	<u>(617,825)</u>	<u>16,126</u>	<u>(2,197,333)</u>	<u>(882,301)</u>
Other comprehensive (loss)/income for the period/year, net of tax	<u>(575,224)</u>	<u>9,920</u>	<u>(2,155,110)</u>	<u>(899,590)</u>
Total comprehensive income for the period/year	1,221,087	1,547,781	4,616,223	5,019,094
Total comprehensive income for the period/year attributable to:				
Equity holders of the Bank	1,157,575	1,462,749	4,435,509	4,833,708
Non-controlling interests	63,512	85,032	180,714	185,386
	<u>1,221,087</u>	<u>1,547,781</u>	<u>4,616,223</u>	<u>5,019,094</u>

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AUDITED INCOME STATEMENTS
FOR THE 4TH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2013

<u>Bank</u>	Note	4th Quarter Ended		Cumulative 12 Months Ended	
		31 December 2013 RM'000	31 December 2012 RM'000	31 December 2013 RM'000	31 December 2012 RM'000
Interest income	A17	3,112,406	2,848,429	11,744,776	11,194,494
Interest expense	A18	(1,365,546)	(1,225,660)	(5,096,985)	(4,959,002)
Net interest income		1,746,860	1,622,769	6,647,791	6,235,492
Non-interest income	A20	1,350,436	1,263,523	4,684,117	3,932,215
Net income		3,097,296	2,886,292	11,331,908	10,167,707
Overhead expenses	A21	(1,249,239)	(1,104,302)	(4,591,331)	(4,403,790)
Operating profit before impairment losses		1,848,057	1,781,990	6,740,577	5,763,917
Allowances for impairment losses on loans, advances and financing, net	A22	99,029	(70,643)	(502,144)	(268,844)
Impairment losses on financial investments, net		(148,069)	(1,405)	(111,493)	3,085
Profit before taxation and zakat		1,799,017	1,709,942	6,126,940	5,498,158
Taxation and zakat	B5	(304,360)	(267,649)	(1,241,324)	(1,192,254)
Profit for the period/year		1,494,657	1,442,293	4,885,616	4,305,904

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CONDENSED FINANCIAL STATEMENTS
AUDITED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE 4TH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2013

<u>Bank</u>	4th Quarter Ended		Cumulative 12 Months Ended	
	31 December	31 December	31 December	31 December
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Profit for the period/year	1,494,657	1,442,293	4,885,616	4,305,904
Other comprehensive income/(loss):				
<i>Items that may be reclassified subsequently to profit or loss</i>				
Net (loss)/gain on financial investments available-for-sale	(468,211)	85,492	(1,395,968)	(31,892)
Foreign currency translation	(10,074)	3,781	271,446	85,996
Income tax effect	122,359	(21,373)	348,992	7,973
Other comprehensive (loss)/income for the period/year, net of tax	(355,926)	67,900	(775,530)	62,077
Total comprehensive income for the period/year	1,138,731	1,510,193	4,110,086	4,367,981

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CONDENSED FINANCIAL STATEMENTS
AUDITED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2013

		31 December 2013	Group 31 December 2012 (Restated) RM'000	1 January 2012 (Restated) RM'000	31 December 2013	Bank 31 December 2012 RM'000	1 January 2012 RM'000
Note		RM'000		RM'000	RM'000		
ASSETS							
		48,067,358	40,018,633	49,387,882	29,320,984	23,153,242	35,966,579
		7,156,749	11,949,150	7,161,651	15,723,864	10,039,999	6,246,093
		20,558	798,180	1,397,235	20,558	650,314	1,397,235
		19,166,565	29,156,692	18,393,752	5,546,091	10,719,937	7,325,466
		82,836,922	60,792,374	63,585,045	64,532,797	47,366,309	46,514,200
		5,668,174	2,870,768	2,689,806	5,354,097	2,556,849	2,115,933
		355,617,527	311,824,735	276,252,853	237,971,279	214,852,046	194,174,085
		3,944,692	2,880,492	1,987,502	3,760,133	2,812,148	1,949,344
		2,349,995	2,555,727	2,173,794	-	-	-
		8,505,918	6,680,257	4,749,820	5,319,437	2,713,063	2,240,433
		583,257	572,662	542,477	-	-	-
		13,742,874	12,298,362	10,577,416	7,327,996	6,888,916	6,095,129
		-	-	-	19,505,514	17,634,469	17,230,202
		2,465,341	2,235,233	2,406,462	451,518	456,512	456,512
		2,614,309	2,402,821	2,217,483	1,363,898	1,205,788	1,083,279
		6,041,056	6,531,336	6,748,053	527,268	697,066	389,545
		1,661,931	1,343,541	1,361,045	1,053,598	810,015	815,573
		560,443,226	494,910,963	451,632,276	397,779,032	342,556,673	323,999,608
LIABILITIES							
		395,610,810	347,155,510	314,692,245	273,670,380	237,402,079	222,895,293
		42,139,081	33,887,376	36,760,978	37,582,577	29,198,776	35,555,592
		4,300,055	-	267,652	4,300,055	-	267,652
		1,987,089	2,269,513	4,472,872	1,442,612	1,553,312	3,610,141
		3,937,380	2,376,979	2,162,709	3,632,464	2,243,617	2,072,731
		21,800,139	21,928,872	20,090,908	-	-	-
		8,285,702	9,783,613	6,571,587	9,485,349	8,645,423	6,351,178
		1,277,269	1,592,974	2,214,873	656,293	687,793	715,603
		836,527	1,051,798	382,562	578,100	758,446	-
		639,285	674,872	670,633	-	-	-
		13,321,805	10,714,266	7,185,230	9,318,389	7,382,719	4,208,282
		12,644,576	13,510,041	14,160,553	10,404,418	11,638,850	12,574,919
		5,920,909	6,150,351	6,113,761	6,208,623	6,150,351	6,113,761
		512,700,627	451,096,165	415,746,563	357,279,260	305,661,366	294,365,152

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AUDITED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2013

		Group			Bank	
	31 December	31 December	1 January	31 December	31 December	1 January
	2013	2012	2012	2013	2012	2012
		(Restated)	(Restated)			
Note	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE BANK						
Share capital	8,862,079	8,440,046	7,639,437	8,862,079	8,440,046	7,639,437
Share premium	19,030,227	15,639,646	9,598,847	19,030,227	15,639,646	9,598,847
Shares held-in-trust	(107,248)	(102,405)	-	(107,248)	(102,405)	-
Retained profits	11,747,484	11,104,837	10,382,374	3,478,214	4,179,482	4,895,012
Other reserves	6,464,865	7,013,234	6,716,005	9,236,500	8,738,538	7,501,160
	45,997,407	42,095,358	34,336,663	40,499,772	36,895,307	29,634,456
Non-controlling interests	1,745,192	1,719,440	1,549,050	-	-	-
	47,742,599	43,814,798	35,885,713	40,499,772	36,895,307	29,634,456
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY						
	560,443,226	494,910,963	451,632,276	397,779,032	342,556,673	323,999,608
COMMITMENTS AND CONTINGENCIES	A27 433,829,033	379,695,035	369,791,836	399,786,232	338,799,380	336,480,160
CAPITAL ADEQUACY						
	A28					
Based on credit, market and operational risk:						
CET1 capital ratio	11.253%	-	-	15.925%	-	-
Tier 1 capital ratio	13.059%	-	-	15.925%	-	-
Total capital ratio	15.664%	-	-	15.925%	-	-
Before deducting proposed dividend:						
Core capital ratio	-	13.66%	11.74%	-	17.43%	15.80%
Risk-weighted capital ratio	-	17.47%	16.46%	-	17.43%	15.80%
After deducting proposed dividend:						
Core capital ratio:						
- full electable portion paid in cash	-	12.81%	10.95%	-	16.27%	14.73%
- full electable portion reinvested	-	13.54%	11.65%	-	17.27%	15.68%
Risk-weighted capital ratio:						
- full electable portion paid in cash	-	16.62%	15.66%	-	16.27%	14.73%
- full electable portion reinvested	-	17.35%	16.37%	-	17.27%	15.68%
Net assets per share attributable to equity holders of the Bank	RM5.19	RM4.99	RM4.49	RM4.57	RM4.37	RM3.88

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CONDENSED FINANCIAL STATEMENTS
AUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE 4TH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2013

<===== Non-Distributable =====>

<u>Group</u>	Share Capital RM'000	Share Premium RM'000	Shares Held-in-trust RM'000	Statutory Reserve RM'000	Capital Reserve RM'000	Unrealised Holding Reserve RM'000	Exchange Fluctuation Reserve RM'000	Revaluation Reserve RM'000	ESS Reserve RM'000	Profit Equalisation Reserve RM'000	Defined Benefit Reserve RM'000	Retained Profits RM'000	Total Shareholders' Equity RM'000	Non- controlling Interests RM'000	Total Equity RM'000
At 1 January 2013	8,440,046	15,639,646	(102,405)	8,023,712	14,254	707,690	(1,877,640)	7,986	226,142	34,456	-	11,115,006	42,228,893	1,725,464	43,954,357
- as previously stated															
- effect of adopting MFRS 119 (Revised 2011) (Note A32(iii)(c))	-	-	-	-	-	-	956	-	-	-	(124,322)	(10,169)	(133,535)	(6,024)	(139,559)
At 1 January 2013, as restated	8,440,046	15,639,646	(102,405)	8,023,712	14,254	707,690	(1,876,684)	7,986	226,142	34,456	(124,322)	11,104,837	42,095,358	1,719,440	43,814,798
Profit for the year	-	-	-	-	-	-	-	-	-	-	-	6,552,391	6,552,391	218,942	6,771,333
Other comprehensive (loss)/income	-	-	-	-	-	(1,311,802)	(851,109)	3,740	-	-	42,289	-	(2,116,882)	(38,228)	(2,155,110)
Total comprehensive (loss)/income for the year	-	-	-	-	-	(1,311,802)	(851,109)	3,740	-	-	42,289	6,552,391	4,435,509	180,714	4,616,223
Share-based payment under Employees' Share Scheme ("ESS")	-	-	-	-	-	-	-	-	104,168	-	-	-	104,168	-	104,168
Effect of changes in corporate structure within the Group	-	-	-	-	-	-	-	-	-	-	-	(27,839)	(27,839)	(102,670)	(130,509)
Effect of rights issue exercise of a subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	-	8,159	8,159
Transfer to statutory reserves	-	-	-	1,516,424	-	-	-	-	-	-	-	(1,516,424)	-	-	-
Issue of shares pursuant to ESS (Note A8(i)(a)(A)&(B))	90,239	750,458	-	-	-	-	-	-	(52,079)	-	-	-	788,618	-	788,618
Issue of shares pursuant to Dividend Reinvestment Plan ("DRP") (Note A8(i)(a)(C) & (D))	331,790	2,640,092	(4,808)	-	-	-	-	-	-	-	-	-	2,967,074	-	2,967,074
Issue of shares pursuant to ESOS Trust Fund ("ETF") (Note A8(i)(a)(E))	4	31	(35)	-	-	-	-	-	-	-	-	-	-	-	-
Dividends paid (Note A9(i),(ii)&(iii))	-	-	-	-	-	-	-	-	-	-	-	(4,365,481)	(4,365,481)	(60,451)	(4,425,932)
Total transactions with shareholders	422,033	3,390,581	(4,843)	1,516,424	-	-	-	-	52,089	-	-	(5,909,744)	(533,460)	(154,962)	(688,422)
At 31 December 2013	8,862,079	19,030,227	(107,248)	9,540,136	14,254	(604,112)	(2,727,793)	11,726	278,231	34,456	(82,033)	11,747,484	45,997,407	1,745,192	47,742,599

¹ The retained profits of the Group include the non-distributable non-par surplus from an insurance subsidiary, net of tax at 25% which amounted to RM820.8 million. This non-distributable non-par surplus is only available for distribution to shareholder on the amount recommended by the Appointed Actuary in accordance with the Financial Services Act 2013.

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FOR THE 4TH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2013

<===== Non-Distributable =====>

<u>Group</u>	Share Capital RM'000	Share Premium RM'000	Shares Held-in-trust RM'000	Statutory Reserve RM'000	Capital Reserve RM'000	Unrealised Holding Reserve RM'000	Exchange Fluctuation Reserve RM'000	Revaluation Reserve RM'000	ESS Reserve RM'000	Profit Equalisation Reserve RM'000	Defined Benefit Reserve RM'000	Retained Profits RM'000	Shareholders' Equity RM'000	Non- controlling Interests RM'000	Total Equity RM'000
At 1 January 2012															
- as previously stated	7,639,437	9,598,847	-	6,926,383	15,250	681,351	(969,382)	8,817	127,317	34,456	-	10,393,767	34,456,243	1,554,320	36,010,563
- effect of adopting MFRS 119 (Revised 2011) (Note A32(iii)(c))	-	-	-	-	-	-	-	-	-	-	(108,187)	(11,393)	(119,580)	(5,270)	(124,850)
At 1 January 2012, as restated	7,639,437	9,598,847	-	6,926,383	15,250	681,351	(969,382)	8,817	127,317	34,456	(108,187)	10,382,374	34,336,663	1,549,050	35,885,713
 Profit for the year	-	-	-	-	-	-	-	-	-	-	-	5,745,920	5,745,920	172,764	5,918,684
Other comprehensive (loss)/income	-	-	-	(445)	(673)	26,339	(920,467)	(831)	-	-	(16,135)	-	(912,212)	12,622	(899,590)
Total comprehensive (loss)/income for the year	-	-	-	(445)	(673)	26,339	(920,467)	(831)	-	-	(16,135)	5,745,920	4,833,708	185,386	5,019,094
 Share-based payment under Employees' Share Scheme ("ESS")	-	-	-	-	-	-	-	-	99,763	-	-	-	99,763	-	99,763
Effect of changes in corporate structure within the Group	-	-	-	-	(323)	-	13,165	-	-	-	-	19,275	32,117	27,524	59,641
Transfer to statutory reserves	-	-	-	1,097,774	-	-	-	-	-	-	-	(1,097,774)	-	-	-
Issue of shares pursuant to ESS	1,156	9,659	-	-	-	-	-	-	(938)	-	-	-	9,877	-	9,877
Issue of shares pursuant to Dividend Reinvestment Plan ("DRP")	375,998	2,696,035	(2,405)	-	-	-	-	-	-	-	-	-	3,069,628	-	3,069,628
Issue of shares pursuant to ESOS Trust Fund ("ETF")	11,455	88,545	(100,000)	-	-	-	-	-	-	-	-	-	-	-	-
Issue of shares pursuant to Private Placement	412,000	3,246,560	-	-	-	-	-	-	-	-	-	-	3,658,560	-	3,658,560
Dividends paid	-	-	-	-	-	-	-	-	-	-	-	(3,944,958)	(3,944,958)	(42,520)	(3,987,478)
Total transactions with shareholders	800,609	6,040,799	(102,405)	1,097,774	(323)	-	13,165	-	98,825	-	-	(5,023,457)	2,924,987	(14,996)	2,909,991
At 31 December 2012	8,440,046	15,639,646	(102,405)	8,023,712	14,254	707,690	(1,876,684)	7,986	226,142	34,456	(124,322)	11,104,837	42,095,358	1,719,440	43,814,798

¹ The retained profits of the Group include the non-distributable non-par surplus from an insurance subsidiary, net of tax at 25% which amounted to RM698.1 million. This non-distributable non-par surplus is only available for distribution to shareholder on the amount recommended by the Appointed Actuary in accordance with the Financial Services Act 2013.

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FOR THE 4TH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2013

Bank	<===== Non-Distributable =====>								
	Share Capital RM'000	Share Premium RM'000	Shares Held-in-trust RM'000	Statutory Reserve RM'000	Unrealised Holding Reserve RM'000	Exchange Fluctuation Reserve RM'000	ESS Reserve RM'000	Distributable Retained Profits RM'000	Total Equity RM'000
At 1 January 2013	8,440,046	15,639,646	(102,405)	7,805,342	393,286	313,768	226,142	4,179,482	36,895,307
Profit for the year	-	-	-	-	-	-	-	4,885,616	4,885,616
Other comprehensive (loss)/income	-	-	-	-	(1,046,976)	271,446	-	-	(775,530)
Total comprehensive (loss)/income for the year	-	-	-	-	(1,046,976)	271,446	-	4,885,616	4,110,086
Share-based payment under Employees' Share Scheme ("ESS")	-	-	-	-	-	-	104,168	-	104,168
Transfer to statutory reserve	-	-	-	1,221,403	-	-	-	(1,221,403)	-
Issue of shares pursuant to ESS (Note A8(i)(a)(A)&(B))	90,239	750,458	-	-	-	-	(52,079)	-	788,618
Issue of shares pursuant to Dividend Reinvestment Plan ("DRP") (Note A8(i)(a)(C) & (D))	331,790	2,640,092	(4,808)	-	-	-	-	-	2,967,074
Issue of shares pursuant to ESOS Trust Fund ("ETF") (Note A8(i)(a)(E))	4	31	(35)	-	-	-	-	-	-
Dividends paid (Note A9(i)&(ii))	-	-	-	-	-	-	-	(4,365,481)	(4,365,481)
Total transactions with shareholders	422,033	3,390,581	(4,843)	1,221,403	-	-	52,089	(5,586,884)	(505,621)
At 31 December 2013	8,862,079	19,030,227	(107,248)	9,026,745	(653,690)	585,214	278,231	3,478,214	40,499,772

(These audited condensed financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2012 and the accompanying explanatory notes attached to the interim financial statements)

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CONDENSED FINANCIAL STATEMENTS
AUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE 4TH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2013

Bank	<===== Non-Distributable =====>								
	Share Capital RM'000	Share Premium RM'000	Shares Held-in-trust RM'000	Statutory Reserve RM'000	Unrealised Holding Reserve RM'000	Exchange Fluctuation Reserve RM'000	ESS Reserve RM'000	Distributable Retained Profits RM'000	Total Equity RM'000
At 1 January 2012	7,639,437	9,598,847	-	6,728,866	417,205	227,772	127,317	4,895,012	29,634,456
Profit for the year	-	-	-	-	-	-	-	4,305,904	4,305,904
Other comprehensive (loss)/income	-	-	-	-	(23,919)	85,996	-	-	62,077
Total comprehensive (loss)/income for the year	-	-	-	-	(23,919)	85,996	-	4,305,904	4,367,981
Share-based payment under Employees' Share Scheme ("ESS")	-	-	-	-	-	-	99,763	-	99,763
Transfer to statutory reserves	-	-	-	1,076,476	-	-	-	(1,076,476)	-
Issue of shares pursuant to ESS	1,156	9,659	-	-	-	-	(938)	-	9,877
Issue of shares pursuant to Dividend Reinvestment Plan ("DRP")	375,998	2,696,035	(2,405)	-	-	-	-	-	3,069,628
Issue of shares pursuant to ESOS Trust Fund ("ETF")	11,455	88,545	(100,000)	-	-	-	-	-	-
Issue of shares pursuant to Private Placement	412,000	3,246,560	-	-	-	-	-	-	3,658,560
Dividends paid	-	-	-	-	-	-	-	(3,944,958)	(3,944,958)
Total transactions with shareholders	800,609	6,040,799	(102,405)	1,076,476	-	-	98,825	(5,021,434)	2,892,870
At 31 December 2012	8,440,046	15,639,646	(102,405)	7,805,342	393,286	313,768	226,142	4,179,482	36,895,307

(These audited condensed financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2012 and the accompanying explanatory notes attached to the interim financial statements)

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CONDENSED FINANCIAL STATEMENTS
AUDITED CASH FLOW STATEMENTS
FOR THE 4TH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2013

	Group		Bank	
	31 December 2013	31 December 2012 (Restated)	31 December 2013	31 December 2012
	RM'000	RM'000	RM'000	RM'000
Cash flows from operating activities				
Profit before taxation and zakat	8,869,594	7,896,302	6,126,940	5,498,158
Adjustments for non-operating and non-cash items:				
Depreciation of property, plant and equipment	268,692	223,646	142,546	119,155
Share of profits in associates and joint ventures	(139,267)	(152,476)	-	-
Amortisation of intangible assets	206,483	146,221	100,210	47,629
Net gain on disposal of financial assets at fair value through profit or loss	(281,508)	(309,153)	(137,636)	(135,607)
Net gain on disposal of financial investments available-for-sale	(917,780)	(693,719)	(306,577)	(372,298)
Net loss on redemption of financial investments held-to-maturity	1	62	1	62
Unrealised loss/(gain) on revaluation of financial assets at fair value through profit or loss and derivatives	943,004	(78,237)	471,495	(31,100)
Allowances for impairment losses on loans, advances and financing, net	1,550,151	1,482,738	1,092,746	926,589
Allowance made for other debts	5,586	48,231	2,294	2,646
Dividend income	(101,790)	(106,240)	(1,008,594)	(867,714)
ESS expenses	105,584	99,902	79,458	79,274
Allowances for/(writeback of) impairment losses on financial investments, net	150,522	117,826	111,493	(3,085)
Other adjustments for non-operating and non-cash items	56,944	(189,267)	40,533	(133,692)
Operating profit before working capital changes	10,716,216	8,485,836	6,714,909	5,130,017
Change in deposits and placements with financial institutions	5,433,987	(4,261,093)	(5,055,669)	(2,378,057)
Change in financial investments portfolio	(16,143,229)	(7,058,485)	(15,938,134)	(4,058,243)
Change in loans, advances and financing	(45,342,944)	(37,055,269)	(24,211,981)	(21,604,550)
Change in statutory deposits with central banks	(1,444,512)	(1,720,946)	(439,080)	(793,787)
Change in deposits from customers	48,455,300	32,463,265	36,268,301	14,506,786
Change in deposits and placements from financial institutions	8,251,705	(2,873,602)	8,383,801	(6,356,816)
Change in reinsurance/retakaful assets and other insurance receivables	205,732	(381,933)	-	-
Change in insurance/takaful contract liabilities and other insurance payables	(128,733)	1,837,964	-	-
Change in other operating activities	1,289,583	(1,228,314)	3,056,943	(480,920)
Exchange fluctuation	(517,433)	(296,032)	(38,533)	450,392
Cash generated from/(used in) operations	10,775,672	(12,088,609)	8,740,557	(15,585,178)
Taxes and zakat paid	(2,218,263)	(1,287,096)	(1,316,085)	(323,965)
Net cash generated from/(used in) operating activities	8,557,409	(13,375,705)	7,424,472	(15,909,143)

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CONDENSED FINANCIAL STATEMENTS
AUDITED CASH FLOW STATEMENTS
FOR THE 4TH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2013

	Group		Bank	
	31 December 2013	31 December 2012 (Restated)	31 December 2013	31 December 2012
	RM'000	RM'000	RM'000	RM'000
Cash flows from investing activities				
Dividend received				
- from securities	101,790	106,240	8,519	11,665
- from associates	84,297	75,683	9,641	7,106
- from subsidiaries	-	-	990,434	848,943
Purchase of property, plant and equipment	(504,313)	(439,635)	(331,838)	(247,028)
Purchase of investment properties	(2,042)	-	-	-
Proceeds from disposal of property, plant and equipment	8,138	18,625	3,055	8,830
Purchase of intangible assets	(394,314)	(391,668)	(343,641)	(354,487)
Purchase of additional ordinary shares in new and existing subsidiaries	-	-	(1,869,860)	(403,926)
Transfer of intangible assets to a subsidiary	-	-	414,096	-
Transfer of property, plant and equipment to a subsidiary	-	-	42,424	7,363
Net effect from acquisition of subsidiaries	(30,067)	(47,676)	-	-
Proceeds from disposal of subsidiaries	(37,122)	24,905	-	-
Redemption of non-convertible bonds and capital repayment in associates	4,994	-	29,660	-
Proceeds from transaction with non-controlling interests	(111,251)	67,834	-	-
Net cash used in investing activities	(879,890)	(585,692)	(1,047,510)	(121,534)
Cash flows from financing activities				
Proceeds from share issuance	3,755,692	6,738,065	3,755,692	6,738,065
Net drawdown of borrowings	2,024,382	4,308,732	1,489,144	3,343,593
Redemption of subordinated obligations	(1,500,000)	(5,517,550)	(1,500,000)	(5,517,550)
Issuance of subordinated obligations	500,000	4,832,966	-	4,551,634
Loans sold to Cagamas, net	(315,705)	(621,899)	(31,500)	(27,810)
Rights issuance exercised by non-controlling interests	8,159	-	-	-
Dividends paid	(4,365,481)	(3,944,958)	(4,365,481)	(3,944,958)
Dividends paid to non-controlling interests	(60,451)	(42,520)	-	-
Net cash generated from/(used in) financing activities	46,596	5,752,836	(652,145)	5,142,974
Net change in cash and cash equivalents	7,724,115	(8,208,561)	5,724,817	(10,887,703)
Cash and cash equivalents at beginning of period *	43,146,218	50,388,584	26,705,536	36,522,118
Cash and cash equivalents at end of period	50,870,333	42,180,023	32,430,353	25,634,415

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

	Group		Bank	
	31 December 2013	31 December 2012	31 December 2013	31 December 2012
	RM'000	RM'000	RM'000	RM'000
Cash and short-term funds	48,067,358	40,018,633	29,320,984	23,153,242
Deposits with financial institutions maturing within 1 month	2,802,975	2,161,390	3,109,369	2,481,173
	50,870,333	42,180,023	32,430,353	25,634,415
* Cash and cash equivalents at beginning of period:				
Cash and short-term funds as previously reported	42,180,023	51,022,866	25,634,415	37,031,903
Effects of foreign exchange rate changes	966,195	(634,282)	1,071,121	(509,785)
As restated	43,146,218	50,388,584	26,705,536	36,522,118

(These audited condensed financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2012 and the accompanying explanatory notes attached to the interim financial statements)

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

A1. Basis of Preparation

The audited condensed interim financial statements for the Group and the Bank have been prepared under the historical cost convention except for the following assets and liabilities that are stated at fair values: financial investments available-for-sale, financial assets at fair value through profit or loss, derivative financial instruments and investment properties.

The audited condensed interim financial statements have been prepared in accordance with the requirements of Chapter 9, part K of the Listing Requirements of Bursa Malaysia Securities Berhad, MFRS 134 *Interim Financial Reporting* and IAS 34 *Interim Financial Reporting* issued by the International Accounting Standards Board ("IASB").

The audited condensed interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2012. These explanatory notes attached to the audited condensed interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group and the Bank since the financial year ended 31 December 2012.

The audited condensed interim financial statements include Islamic banking and insurance business. Islamic banking refers generally to the acceptance of deposits, granting of financing and dealing in Islamic securities under the Shariah principles. Insurance business refers to the underwriting of general and life insurance business, the management of general and family takaful business and investment-linked business.

The audited condensed interim financial statements provide comparative information in respect of the previous financial year. However, when there is a retrospective application of an accounting policy, a retrospective restatement, or a reclassification of items in financial statements in the current financial year, the Group presents an additional statement of financial position at the beginning of the earliest period presented. In the current financial year, an additional statement of financial position as at 1 January 2012 is presented in the audited condensed interim financial statements due to the adoption of a revised accounting standard that resulted in changes in certain accounting policies which requires retrospective application. Further details are disclosed in Note A32.

To facilitate users of audited condensed interim financial statements in understanding the financial implication as a result of the changes made during the financial year, the Group has voluntarily disclosed and presented the related note to the opening statement of financial position as at 1 January 2012 in Note A16.

In addition, the Bank has also voluntarily presented additional statement of financial position as at 1 January 2012 and the related note to the opening statement of financial position as at 1 January 2012 in Note A16 for consistency in presentation with the Group.

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 financial statements for the financial year ended 31 December 2012 except for adoption of the following Malaysian Financial Reporting Standards ("MFRSs"), amendments to MFRSs, Interpretations of the Issues Committee ("IC Interpretations") and Annual Improvements 2009-2011 Cycle with effective dates of 1 July 2012 and 1 January 2013:

- MFRS 1 *First-time Adoption of Malaysian Financial Reporting Standards* - Government Loans (Amendments to MFRS 1)
- MFRS 3 *Business Combinations* (IFRS Business Combinations issued by IASB March 2004)
- MFRS 7 *Financial Instruments: Disclosures* - Offsetting Financial Assets and Financial Liabilities (Amendments to MFRS 7)
- MFRS 10 *Consolidated Financial Statements*
- MFRS 11 *Joint Arrangements*
- MFRS 12 *Disclosure of Interests in Other Entities*
- MFRS 13 *Fair Value Measurement*
- MFRS 101 *Presentation of Financial Statements* - Presentation of Items of Other Comprehensive Income (Amendments to MFRS 101)
- MFRS 119 *Employee Benefits* (IAS 19 as amended by IASB in June 2011)
- MFRS 127 *Consolidated and Separate Financial Statements* (IAS 27 Consolidated and Separate Financial Statements revised by IASB in December 2013)
- MFRS 127 *Separate Financial Statements* (IAS 27 as amended by IASB in May 2011)
- MFRS 128 *Investments in Associates and Joint Ventures* (IAS 28 as amended by IASB in May 2011)
- IC Interpretation 20 *Stripping Costs in the Production Phase of a Surface Mine*

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A1. Basis of Preparation (cont'd.)

Annual Improvements 2009-2011 Cycle:

- MFRS 1 *First-time Adoption of Malaysian Financial Reporting Standards* - Repeated application of MFRS 1 and borrowing costs
- MFRS 101 *Presentation of Financial Statements* - Clarification of the requirements for comparative information
- MFRS 116 *Property, Plant and Equipment* - Classification of servicing equipment
- MFRS 132 *Financial Instruments: Presentation* - Tax effect of distribution to holders of equity instruments
- MFRS 134 *Interim Financial Reporting* - Interim financial reporting and segment information for total assets and liabilities

Adoption of the above MFRSs, amendments to MFRSs, IC Interpretations and Annual Improvements 2009-2011 Cycle did not have any effect on the financial performance or position of the Group and the Bank, except for those discussed below:

MFRS 101 *Presentation of Financial Statements* - Presentation of Items of Other Comprehensive Income (Amendments to MFRS 101)

The amendments to MFRS 101 introduce a grouping of items presented in other comprehensive income in statements of comprehensive income. Items that will be reclassified ("recycled") to profit or loss at a future point in time (e.g., net gain or loss on financial investments AFS) have to be presented separately from items that will not be reclassified (e.g., revaluation of land and buildings).

The amendments affected presentation only and had no impact on the Group's and the Bank's financial position or performance.

MFRS 10 *Consolidated Financial Statements* ("MFRS 10")

MFRS 10 replaces part of MFRS 127 *Consolidated and Separate Financial Statements* that deals with consolidated financial statements and IC Interpretation 112 *Consolidation* – Special Purpose Entities. Under MFRS 10, an investor controls an investee when (a) the investor has power over an investee, (b) the investor has exposure, or rights, to variable returns from its investment with the investee, and (c) the investor has ability to use its power over the investee to affect the amount of the investor's returns. Under MFRS 127 Consolidated and Separate Financial Statements, control was defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

MFRS 10 includes detailed guidance to explain when an investor that owns less than 50 per cent of the voting shares in an investee has control over the investee. MFRS 10 requires the investor to take into account all relevant facts and circumstances, particularly the size of the investor's holding of voting rights relative to the size and dispersion of holdings of the other vote holders. The change in accounting policy has been made retrospectively and in accordance with the transitional provision of MFRS 10. The Group has assessed that adoption of MFRS 10 did not have any significant impact to the financial statements of the Group.

MFRS 13 *Fair Value Measurement* ("MFRS 13")

MFRS 13 establishes a single source of guidance under MFRS for all fair value measurements. MFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under MFRS. MFRS 13 defines fair value as an exit price. As a result of the guidance in MFRS 13, the Group re-assessed its policies for measuring fair values, in particular, its valuation inputs such as non-performance risk for fair value measurement of liabilities. MFRS 13 also requires fair value disclosures for financial instruments to be included in the interim financial report.

The fair value disclosures for financial instruments are disclosed in Note A30.

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A1. Basis of Preparation (cont'd.)

MFRS 119 *Employee Benefits* (IAS 19 as amended by IASB in June 2011)

The Group applied MFRS 119 (Revised 2011) retrospectively in the current year in accordance with the transitional provisions set out in the revised standard. The opening statement of financial position of the earliest comparative period presented is 1 January 2012 and the comparative information have been accordingly restated.

MFRS 119 (Revised 2011) changes, amongst other things, the accounting for defined benefit plans. Some of the key changes that impacted the Group include the following:

- All past service costs are recognised at the earlier of when the amendment/curtailment occurs or when the related restructuring or termination costs are recognised. As a result, unvested past service costs can no longer be deferred and recognised over the future vesting period.
- The interest cost and expected return on plan assets used in the previous version of MFRS 119 are replaced with a net-interest amount under MFRS 119 (Revised 2011), which is calculated by applying the discount rate to the net defined benefit liability or asset at the start of each annual reporting period.

MFRS 119 (Revised 2011) has been applied retrospectively, with following permitted exceptions:

- The carrying amounts of other assets have not been adjusted for changes in employee benefit costs that were included before 1 January 2012.
- Sensitivity disclosures for the defined benefit obligation for comparative period (year ended 31 December 2012) have not been provided.

The financial impact of the adoption of this amendment on the Group's financial statements are disclosed in Note A32.

Change in Presentation of "Net income from insurance and takaful business" in income statement of the Group

In prior years, the Group reported other income (mainly comprised of investment income, realised gains/losses and fair value gains/losses) and other expenses (mainly comprised of management expenses and other operating expenses) relating to insurance and takaful business in the "Net income from insurance and takaful business", a line item on the face of the income statement of the Group.

Upon adoption of the new standards such as MFRS 10 *Consolidated Financial Statements* and MFRS 12 *Disclosure of Interests in Other Entities*, the Group decided to improve the presentation of "Net income from insurance and takaful business" by reclassifying other income (RM3.36 billion) and other expenses (RM4.06 billion) that form part of "Net income from insurance and takaful business" to respective line items in the income statement of the Group for the financial year ended 31 December 2012. The effects of reclassification are disclosed in Note A32.

New policy documents on Financial Reporting issued by Bank Negara Malaysia ("BNM")

The Financial Services Act 2013 ("FSA") and the Islamic Financial Services Act 2013 ("IFSA") came into force on 30 June 2013. The FSA and IFSA amalgamate several separate laws to govern the financial sector under a single legislative framework for the conventional and Islamic financial sectors respectively, namely, the Banking and Financial Institutions Act 1989, Islamic Banking Act 1983, Insurance Act 1996, Takaful Act 1984, Payment Systems Act 2003 and Exchange Control Act 1953 which are repealed on 30 June 2013.

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A1. Basis of Preparation (cont'd.)

New policy documents on Financial Reporting issued by Bank Negara Malaysia ("BNM") (cont'd.)

Pursuant to the FSA and IFSA, BNM has issued new policy documents on Financial Reporting which set out the financial reporting requirements for both banking institutions (includes conventional and Islamic), and insurers and takaful operators. Banking institutions are required to comply with the new policy documents effective on 30 June 2013. While for insurers and takaful operators, the effective date to apply the new policy document is for financial year beginning on and after 30 June 2013, which is for the financial year beginning on 1 January 2014 for Maybank Group insurance and takaful business entities.

The main changes introduced and additional disclosures to be made under the new policy documents are:

- Statement of financial position and statement of comprehensive income for insurance and takaful businesses are required to be disclosed in interim reports and annual reports of banking institutions with insurance and takaful businesses, separately by the life business, family takaful business, general business and general takaful business;
- Presentation for Islamic financing and deposits from customer are required to be broken down by Shariah contracts; and
- Shariah non-compliance reporting is required to be included in the annual report of Islamic banking institutions.

The impact to the Group's and the Bank's financial statements as a result of these new policy documents is mainly additional disclosures which do not have any financial effects to the Group's and the Bank's financial results or financial position for the current financial year. The additional disclosures on operations of Islamic Banking Scheme and insurance and takaful businesses-related information are disclosed in Note A33 and Note A34, respectively.

Capital Adequacy Framework (Capital Components) and Capital Adequacy Framework for Islamic Banks (Capital Components) - updated as of 28 November 2012

BNM has released the updated guidelines for Capital Adequacy Framework (Capital Components) and Capital Adequacy Framework for Islamic Banks (Capital Components) ("the Guidelines") on the computation of capital and capital adequacy ratios for conventional banks and Islamic banks respectively. All banking institutions are required to comply with the Guidelines effective from 1 January 2013 and subject to transitional arrangements.

The Group and the Bank have computed the new capital adequacy ratios for the current financial year in accordance with the Guidelines as disclosed in A28. The Group and the Bank are not required to restate their comparative capital adequacy ratios.

Standards and interpretations issued but not yet effective

The following are standards and interpretations issued by MASB, but not yet effective, up to the date of issuance of the Group's and the Bank's financial statements. The Group and the Bank intend to adopt these standards and interpretations, if applicable, when they become effective:

Description	Effective for annual periods beginning on or after
MFRS 9 <i>Financial Instruments</i> (IFRS 9 issued by IASB in November 2009)	To be announced by MASB
MFRS 9 <i>Financial Instruments</i> (IFRS 9 issued by IASB in October 2010)	To be announced by MASB

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A1. Basis of Preparation (cont'd.)

Standards and interpretations issued but not yet effective (cont'd.)

Description	Effective for annual periods beginning on or after
MFRS 9 <i>Mandatory Effective Date of MFRS 9 and Transition Disclosures</i> (Amendments to MFRS 9 and MFRS 7)	To be announced by MASB
MFRS 9 <i>Financial Instruments</i> (Hedge Accounting and amendments to MFRS 9, MFRS 7 and MFRS 139)	To be announced by MASB
MFRS 10 <i>Consolidated Financial Statements</i> - Investment Entities (Amendments to MFRS 10)	1 January 2014
MFRS 12 <i>Disclosure of Interest in Other Entities</i> - Investment Entities (Amendments to MFRS 12)	1 January 2014
MFRS 119 <i>Employee Benefits</i> - Defined Benefits Plans: Employee Contributions (Amendments to MFRS 119)	1 July 2014
MFRS 127 <i>Separate Financial Statements</i> - Investment Entities (Amendments to MFRS 127)	1 January 2014
MFRS 132 <i>Financial Instruments: Presentation</i> - Offsetting Financial Assets and Financial Liabilities (Amendments to MFRS 132)	1 January 2014
MFRS 136 <i>Impairment of Assets</i> - Recoverable Amount Disclosures for Non-Financial Assets (Amendments to MFRS 136)	1 January 2014
MFRS 139 <i>Financial Instruments: Recognition and Measurement</i> - Novation of Derivatives and Continuation of Hedge Accounting (Amendments to MFRS 139)	1 January 2014
IC Interpretation 21 <i>Levies</i>	1 January 2014
Annual Improvements to MFRS 2010 - 2012 Cycle	1 July 2014
Annual Improvements to MFRS 2011 - 2013 Cycle	1 July 2014

MFRS 9 *Financial Instruments*

MFRS 9 reflects the work on the replacement of MFRS 139 and the first phase applies to classification and measurement of financial assets and financial liabilities as defined in MFRS 139. The first phase of the standard was initially effective for annual periods beginning on or after 1 January 2013 but Amendments to MFRS 9: Mandatory Effective Date of MFRS 9 and Transitional Disclosures, issued in March 2012, moved the mandatory effective date to 1 January 2015 (see below for the latest amendment on the mandatory effective date). The adoption of the first phase of MFRS 9 will have an effect on the classification and measurement of the Group's financial assets, but will not have impact on classification and measurement of the Group's financial liabilities.

The new hedge accounting model under phase three of the standard, together with corresponding disclosures about risk management activity under MFRS 7 were developed in response to concerns raised by preparers of financial statements about the difficulty of appropriately reflecting their risk management activities. The new model represents a substantial overhaul of hedge accounting that will enable entities to better reflect their risk management activities in their financial statements. The MFRS 9 hedge accounting model, if adopted, applies prospectively with limited exceptions.

As part of the Amendments issued in February 2014, an entity is now allowed to change the accounting for liabilities that it has to measure at fair value, before applying any of the other requirements in MFRS 9. This change in accounting would mean that gains or loss caused by a change in the entity's own credit risk on such liabilities are no longer recognised in profit or loss. The Group and the Bank currently do not have any financial liabilities measured at fair value, other than derivatives.

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A1. Basis of Preparation (cont'd.)

Standards and interpretations issued but not yet effective (cont'd.)

MFRS 9 *Financial Instruments* (cont'd.)

The Amendments in February 2014 also remove the mandatory effective date from MFRS 9. The IASB has decided that a mandatory date of 1 January 2015 would not allow sufficient time for entities to prepare and to apply the new standard because the second phase of the standard, i.e. the impairment methodology phase of IFRS 9 has not yet been completed. On 24 July 2013, the IASB tentatively decided to defer the mandatory effective date of IFRS 9 and that the mandatory effective date should be left open pending finalisation of the impairment and classification and measurement requirements. Nevertheless, IFRS 9 would still be available for early adoption.

The Group and the Bank will assess the financial implications of the new standard when the final standard including all phases are issued.

MFRS 10 *Consolidated Financial Statements - Investment Entities (Amendments to MFRS 10)*, MFRS 12 *Disclosure of Interest in Other Entities - Investment Entities (Amendments to MFRS 12)* and MFRS 127 *Separate Financial Statements - Investment Entities (Amendments to MFRS 127)*

These amendments are effective for annual periods beginning on or after 1 January 2014 provide an exception to the consolidation requirement for entities that meet the definition of an investment entity under MFRS 10. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss. The Group and the Bank do not anticipate significant impact to the financial statements upon adoption of this amendment as the Bank would not be qualified as an investment entity under amendments to MFRS 10.

MFRS 119 *Employee Benefits - Defined Benefits Plans: Employee Contributions (Amendments to MFRS 119)*

The amendments to MFRS 119 provide a practical expedient in accounting for contributions from employees or third parties to defined benefit plans. If the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction in the service cost in the period in which the related service is rendered, instead of attributing the contributions to the periods of service. However, if the amount of the contributions is dependent on the number of years of service, an entity is required to attribute those contributions to periods of service using the same attribution method required by MFRS 119 for the gross benefit (i.e. either based on the plan's contribution formula or on a straight-line basis). The amendments are effective for annual periods beginning on or after 1 July 2014 with earlier application is permitted.

MFRS 132 *Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities (Amendments to MFRS 132)*

The amendments clarify the meaning of "currently has a legally enforceable right to set-off". It will be necessary to assess the impact to the Group and the Bank by reviewing settlement procedures and legal documentation to ensure that offsetting is still possible in cases where it has been achieved in the past. In certain cases, offsetting may no longer be achieved. In other cases, contracts may have to be renegotiated. The requirement that the right of set-off be available for all counterparties to the netting agreement may prove to be a challenge for contracts where only one party has the right to offset in the event of default.

The amendments also clarify the application of the MFRS 132 offsetting criteria to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. Offsetting on the grounds of simultaneous settlement is particularly relevant for the Group and the Bank as to where it engages in large numbers of sale and repurchase transactions. Currently, transactions settled through clearing systems are, in most cases, deemed to achieve simultaneous settlement. While many settlement systems are expected to meet the new criteria, some may not. Any changes in offsetting are expected to impact leverage ratios, regulatory capital requirements, etc. The Group and the Bank do not anticipate significant impact to the financial statements upon adoption of these amendments.

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A1. Basis of Preparation (cont'd.)

Standards and interpretations issued but not yet effective (cont'd.)

MFRS 136 *Impairment of Assets* - Recoverable Amount Disclosures for Non-financial Assets (Amendments to MFRS 136)

The amendments address the unintended consequences of MFRS 13 on the disclosures required under MFRS 136. The amendments require the disclosure of recoverable amounts for the assets or CGUs for which impairment loss has been recognised or reversed during the period. The amendments are effective retrospectively for annual periods beginning on or after 1 January 2014 with earlier application permitted, provided MFRS 13 is also applied. The Group and the Bank do not anticipate significant impact to the financial statements upon adoption of the amendments, except for the additional disclosure requirements.

MFRS 139 *Financial Instruments: Recognition and Measurement* - Novation of Derivatives and Continuation of Hedge Accounting (Amendments to MFRS 139)

The amendments provide relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria. These amendments are effective for annual periods beginning on or after 1 January 2014. The Group has not novated its derivatives during the current financial year. However, the amendments will be considered for future novations, if any.

IC Interpretation 21 *Levies*

The interpretation clarifies that an entity recognises a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be anticipated before the specified minimum threshold is reached. The Group and the Bank do not expect that the interpretation will have material financial impact in future financial statements.

Annual Improvements to MFRS

The following amendments are effective for annual periods beginning on or after 1 July 2014 with earlier application is permitted.

Annual Improvements to MFRS 2010 - 2012 Cycle

(i) MFRS 2 *Share-based Payment*

The amendment to MFRS 2 clarifies the definition of 'vesting conditions' by separately defining 'performance condition' and 'service condition' to ensure consistent classification of conditions attached to a share-based payment.

(ii) MFRS 3 *Business Combinations*

The amendment to MFRS 3 clarifies that when contingent consideration meets the definition of financial instrument, its classification as a liability or equity is determined by reference to MFRS 132 *Financial Instruments: Presentation*. The amendment also clarifies that contingent consideration that is classified as an asset or a liability shall be subsequently measured at fair value at each reporting date and changes in fair value shall be recognised in profit or loss.

(iii) MFRS 8 *Operating Segments*

The amendment to MFRS 8 requires the disclosure of judgements made in applying the aggregation criteria to operating segments. This includes a brief description of the operating segments that have been aggregated and the economic indicators that have been assessed in determining that the aggregated operating segments share similar economic characteristics. The amendment also clarifies that reconciliation of the total reportable segments' assets to the entity's assets is required if that amount is regularly provided to the chief operating decision maker.

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A1. Basis of Preparation (cont'd.)

Standards and interpretations issued but not yet effective (cont'd.)

Annual Improvements to MFRS 2010 - 2012 Cycle (cont'd.)

(iv) MFRS 13 *Fair Value Measurement*

The amendment relates to the IASB's Basis for Conclusions which is not an integral part of the Standard. The Basis for Conclusions clarifies that when IASB issued IFRS 13, it did not remove the practical ability to measure short-term receivables and payables with no stated interest rate at invoice amounts without discounting, if the effect of discounting is immaterial.

(v) MFRS 116 *Property, Plant and Equipment* and MFRS 138 *Intangible Assets*

The amendments clarify the accounting for the accumulated depreciation/ amortisation when an asset is revalued. It clarifies that:

- the gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount of the asset; and
- the accumulated depreciation / amortisation is calculated as the difference between the gross carrying amount and the carrying amount of the asset after taking into account accumulated impairment losses.

(vi) MFRS 124 *Related Party Disclosures*

The amendment to MFRS 124 extends the definition of 'related party' to include an entity, or any member of a group of which it is a part, that provides key management personnel services to the reporting entity or to the parent of the reporting entity.

Annual Improvements to MFRS 2011 - 2013 Cycle

(i) MFRS 1 *First-time Adoption of Malaysian Financial Reporting Standards*

The amendment relates to the IASB's Basis for Conclusions which is not an integral part of the Standard. The Basis for Conclusions clarifies that a first-time adopter is permitted but not required to apply a new or revised Standard that is not yet mandatory but is available for early application.

(ii) MFRS 3 *Business Combinations*

The amendment to MFRS 3 clarifies that MFRS 3 excludes from its scope the accounting for the formation of all types of joint arrangements (as defined in MFRS 11 *Joint Arrangements*) in the financial statements of the joint arrangement itself, but not to the parties to the joint arrangement for their interests in the joint arrangement.

(iii) MFRS 13 *Fair Value Measurement*

The amendment to MFRS 13 clarifies that the scope of the portfolio exception of MFRS 13 includes all contracts accounted for within the scope of MFRS 139 *Financial Instruments: Recognition and Measurement* or MFRS 9 *Financial Instruments*, regardless of whether they meet the definition of financial assets or financial liabilities as defined in MFRS 132 *Financial Instruments: Presentation*.

(iv) MFRS 140 *Investment Property*

The amendment to MFRS 140 clarifies that the determination of whether an acquisition of investment property meets the definition of both a business combination as defined in MFRS 3 and investment property as defined in MFRS 140 requires the separate application of both Standards independently of each other.

The Group and the Bank do not expect that the amendments on the annual improvements for the above standards will have a significant financial implications in future financial statements.

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A2. Significant Accounting Policies

The audited financial statements of the Group and the Bank for the financial year ended 31 December 2012 were prepared in accordance with MFRS and International Financial Reporting Standards ("IFRS"). The significant accounting policies adopted in preparing these audited condensed interim financial statements are consistent with those of the audited financial statements for the financial year ended 31 December 2012 except for those as disclosed in Note A1 above.

A3. Significant Accounting Estimates and Judgments

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of income, expenses, assets, liabilities, the accompanying disclosures and the disclosure of contingent liabilities. Although these estimates and judgments are based on management's best knowledge of current events and actions, actual results may differ. The most significant uses of judgments and estimates are as follows:

(i) Fair Value Estimation of Financial Assets at Fair Value Through Profit or Loss (Note A10(i)), Financial Investments Available-For-Sale (Note A10(ii)) and Derivative Financial Instruments (Note A29)

The fair value of financial assets and derivatives that are not traded in an active market are determined using appropriate valuation techniques. Valuation techniques include the discounted cash flows method, options pricing models, credit models and other relevant valuation models.

(ii) Valuation of Investment Properties

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 valuers who hold a recognised and relevant professional qualification and recent experience in the locations and category of the properties being valued.

(iii) Impairment of Goodwill

The Group tests annually whether the goodwill that has an indefinite life is impaired by measuring the recoverable amount of the goodwill based on the value-in-use method, which requires the use of estimates of future cash flow projections, terminal 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) Amortisation of Other Intangible Assets

The Group's and the Bank's intangible assets that can be separated and sold, and have a finite useful life are amortised over their estimated useful life. The determination of the estimated useful life of these intangible assets requires management's judgment which includes analysing the circumstances, the industry and market practice.

(v) Liabilities of Insurance Business

(a) Life insurance and family takaful businesses

There are several sources of uncertainty that need to be considered in the estimation of life insurance and family takaful liabilities.

The main assumptions used relate to mortality, morbidity, longevity, expenses, withdrawal rates and discount rates.

These estimates, adjusted when appropriate to reflect the subsidiary's unique risk exposure, provide the basis for the valuation of future policy benefits payable.

For family takaful certificates, estimates are made for future deaths, disabilities, maturities, investment returns in accordance with the subsidiary's experience. The family takaful fund bases the estimate of expected number of deaths on applied mortality tables, adjusted where appropriate to reflect the fund's unique risk exposures. The estimated number of deaths determines the value of possible future benefits to be paid out, which will be factored into ensuring sufficient cover by reserves, which in return is monitored against current and future contributions.

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A3. Significant Accounting Estimates and Judgments (cont'd.)

(v) Liabilities of Insurance Business (cont'd.)

(a) Life insurance and family takaful businesses (cont'd.)

For those certificates that cover risks related to disability, estimates are made based on recent past experience and emerging trends.

At each reporting date, these estimates are reassessed for adequacy and changes will be reflected as adjustments to the liability.

(b) General insurance and general takaful businesses

The principal uncertainty in the general insurance and general takaful businesses arises from the technical provisions which include the premium/contribution liabilities and claim liabilities.

Generally, claim liabilities are determined based upon historical claims experience, existing knowledge of events, the terms and conditions of the relevant policies and interpretation of circumstances. Particularly relevant is past experience with similar cases, historical claims, development trends, legislative changes, judicial decisions, economic conditions and claims handling procedures. It is certain that actual future contribution and claim liabilities will not exactly develop as projected and may vary from the projections.

(vi) Deferred Tax and Income Taxes

The Group and the Bank are subject to income taxes in many jurisdictions and significant judgment 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 advice on the tax treatment 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.

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 future taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits, together with future tax planning strategies.

(vii) Impairment Losses on Loans, Advances and Financing

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

Loans, advances and financing that have been assessed individually but for which no impairment is required and all individually insignificant loans, advances and financing are then assessed collectively, in groups of assets with similar credit risk characteristics, to determine whether allowances should be made due to incurred loss events for which there is objective evidence but whose effects of which are not yet evident. The collective assessment takes account of data from the loans, advances and financing portfolio (such as credit quality, levels of arrears, credit utilisation, loan to collateral ratios, etc.) and judgments on the effects of concentrations of risks (such as the performance of different individual groups).

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A3. Significant Accounting Estimates and Judgments (cont'd.)

(viii) Impairment of Investments in Subsidiaries and Interests in Associates and Joint Ventures

The Group assesses whether there is any indication that its investment in subsidiaries and interest in associates and joint ventures may be impaired at each reporting date.

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

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

- (a) The Group determines whether its investments are impaired following certain indicators 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 in the economic environment; and
- (b) Depending on their nature and the location in which the investments relate to, judgments are made by management to select suitable methods of valuation such as, amongst others, discounted future cash flows or estimated fair value based on quoted market price of the most recent transactions.

Once a suitable method of valuation is selected, management makes certain assumptions concerning the future to estimate the recoverable amount of the specific individual 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, terminal value, discount rate used for purposes of discounting future cash flows which incorporates the relevant risks, and expected future outcome of certain past trends.

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.

(ix) Impairment of Financial Investments Portfolio

The Group and the Bank reviews their financial investments AFS and financial investments HTM at each reporting date to assess whether there is any objective evidence that these investments are impaired. If there are indicators or objective evidence, the investments are subject to impairment review.

In carrying out the impairment review, the following management's judgment are required:

- (a) Determination whether the investment is impaired based on certain indicators such as, amongst others, prolonged decline in fair value, significant financial difficulties of the issuers or obligors, the disappearance of an active trading market and deterioration of the credit quality of the issuers or obligors; and
- (b) Determination of "significant" or "prolonged" requires judgment and management evaluation on various factors, such as historical fair value movement, the duration and extent of reduction in fair value.

A4. Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the audited annual financial statements for the financial year ended 31 December 2012 was not qualified.

A5. Seasonal or Cyclical Factors

The operations of the Group and of the Bank were not materially affected by any seasonal or cyclical factors during the 4th quarter and 12 months ended 31 December 2013.

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A6. Unusual Items Due to Their Nature, Size or Incidence

During the 4th quarter and 12 months ended 31 December 2013, save as disclosed in Note A8 below, there were no unusual items affecting the assets, liabilities, equity, net income or cash flows of the Group and of the Bank.

A7. Changes in Estimates

There were no material changes in estimates during the 4th quarter and 12 months ended 31 December 2013.

A8. Changes in Debt and Equity Securities

- (i) The following are the changes in debt and equity securities that were issued by the Group and the Bank during the 4th quarter and 12 months ended 31 December 2013:

(a) Issuance of Shares

The issued and paid-up share capital of the Bank increased from RM8,440,046,735 as at 31 December 2012 to RM8,862,079,081 as at 31 December 2013 via:

- (A) issuance of 90,116,800 new ordinary shares of RM1 each, to eligible employees who exercised their options under the current Maybank Group Employees' Share Scheme ("ESS") which commenced on 23 June 2011, for a period of 7 years;
- (B) issuance of 121,700 new ordinary shares of RM1 each, to eligible employees under the Supplemental Restricted Share Unit ("SRSU") which is part of the current Maybank Group ESS;
- (C) issuance of 201,462,948 new ordinary shares (including 326,881 new ordinary shares issued to ESOS Trust Fund ("ETF") Pool) of RM1 each arising from the Dividend Reinvestment Plan ("DRP") relating to electable portion of the final dividend of 24.5 sen (net), comprising a franked dividend of 13.5 sen (net) and a single-tier dividend of 11 sen in respect of the financial year ended 31 December 2012;
- (D) issuance of 130,326,898 new ordinary shares (including 209,946 new ordinary shares issued to ETF Pool) of RM1 each arising from the DRP relating to electable portion of the first single-tier interim dividend of 16.0 sen in respect of the financial year ended 31 December 2013; and
- (E) issuance of 4,000 new ordinary shares of RM1 each to be held in the ETF Pool pursuant to the current ESS.

(b) Issuance of USD200.0 million Senior Notes under USD5.0 billion Multicurrency Medium Term Note Programme

On 15 May 2013, Maybank issued USD200.0 million Senior Notes in nominal value under the USD5.0 billion Multicurrency Medium Term Note Programme.

(c) Redemption of Islamic Subordinated Bonds of RM1.5 billion with a tenure of 12 years from issue date on a 12 non-callable 7 basis

On 15 May 2013, Maybank had fully redeemed the Islamic Subordinated Bonds of RM1.5 billion. The Islamic Subordinated Bonds were issued on 15 May 2006 under the Shariah principle of Bai' Bithaman Ajil.

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A8. Changes in Debt and Equity Securities (cont'd.)

- (i) The following are the changes in debt and equity securities that were issued by the Group and the Bank during the 4th quarter and 12 months ended 31 December 2013 (cont'd.):

(d) Issuance/redemption of bonds and medium term notes by subsidiaries of PT Bank Internasional Indonesia Tbk

The issuance/redemption of bonds and medium term notes by subsidiaries of PT Bank Internasional Indonesia Tbk during the 12 months ended 31 December 2013 are as follows:

- (A) On 26 February 2013, PT BII Finance Center, a subsidiary of PT Bank Internasional Indonesia Tbk, which in turn a subsidiary of Maybank, issued Medium-term Notes V (MTN V) BII Finance with a nominal value of IDR200.0 billion (equivalent to RM54.0 million).
- (B) On 4 March 2013, PT Wahana Ottomitra Multiartha Tbk, a subsidiary of PT Bank Internasional Indonesia Tbk, which in turn a subsidiary of Maybank, redeemed Bonds V Series B of IDR120.0 billion (equivalent to RM32.4 million). The Bonds issued on 4 March 2011 under Bonds V WOM Finance Year 2011 With Fixed Interest Rate.
- (C) On 17 May 2013, PT BII Finance Center, a subsidiary of PT Bank Internasional Indonesia Tbk, which in turn a subsidiary of Maybank, redeemed Medium-term Notes IV of IDR300.0 billion (equivalent to RM81.0 million). The Medium-term Notes IV issued on 17 November 2011 under Medium-term notes IV BII Finance.
- (D) On 12 June 2013, PT BII Finance Center, a subsidiary of PT Bank Internasional Indonesia Tbk, which in turn a subsidiary of Maybank, redeemed Bonds I Series A of IDR101.0 billion (equivalent to RM27.3 million). The Bonds issued on 7 June 2012 under Bonds I BII Finance Year 2012 with Fixed Interest Rates.
- (E) On 19 June 2013, PT BII Finance Center, a subsidiary of PT Bank Internasional Indonesia Tbk, which in turn a subsidiary of Maybank, issued Bonds II BII Finance Year 2013 with a nominal value of IDR1,300.0 billion (equivalent to RM351.0 million). These Bonds II are series bonds consisting of Bonds II Series A with a nominal value of IDR775.0 billion (equivalent to RM209.3 million) and Bonds II Series B with a nominal value of IDR525.0 billion (equivalent to RM141.8 million).

(e) Issuance/redemption of medium term notes by Maybank Kim Eng Holdings Limited and its subsidiary

The issuance/redemption of medium term notes by Maybank Kim Eng Holdings Limited and its subsidiary during the 12 months ended 31 December 2013 are as follows:

- (A) On 28 January 2013, Maybank Kim Eng Holdings Limited, a subsidiary of Maybank, issued medium term notes amounting to SGD100 million (equivalent to RM259.5 million) under the SGD800 million Multicurrency Medium Term Note Programme.
- (B) On 28 May 2013, Maybank Kim Eng Securities Pte. Ltd., a subsidiary of Maybank Kim Eng Holdings Limited which in turn is a subsidiary of Maybank, issued medium term notes amounting to SGD50 million (equivalent to RM129.7 million) under the SGD800 million Multicurrency Medium Term Note Programme.
- (C) On 21 June 2013, Maybank Kim Eng Holdings Limited, a subsidiary of Maybank, redeemed medium term notes amounting to SGD150 million (equivalent to RM389.2 million) under the SGD800 million Multicurrency Medium Term Note Programme.

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A8. Changes in Debt and Equity Securities (cont'd.)

- (i) The following are the changes in debt and equity securities that were issued by the Group and the Bank during the 4th quarter and 12 months ended 31 December 2013 (cont'd.):

(f) Issuance of Tier 2 Capital Subordinated Bonds of RM500.0 million by Etiqa Insurance Berhad

On 5 July 2013, Etiqa Insurance Berhad, an indirect subsidiary of Maybank, issued Tier 2 Capital Subordinated Bonds of RM500.0 million in nominal value with a tenure of 10 years on a 10 non-callable 5 basis.

(g) Issuance of HKD1.55 billion Senior Notes under USD5.0 billion Multicurrency Medium Term Note Programme

On 23 September 2013, Maybank Hong Kong branch issued HKD1.55 billion Senior Notes in nominal value under the USD5.0 billion Multicurrency Medium Term Note Programme.

- (ii) The following are the changes in debt and equity securities that were issued by the Group and the Bank subsequent to the 4th quarter and 12 months ended 31 December 2013 and have not been reflected in the financial statements for the 4th quarter and 12 months ended 31 December 2013:

(a) Issuance of Tier 2 Subordinated Notes of RM1.6 billion pursuant to the RM7.0 billion Subordinated Note Programme

On 29 January 2014, Maybank issued RM1.6 billion Basel III-compliant Tier 2 Subordinated Notes with tenure of 10 years on a 10 non-callable 5 basis under the revised Subordinated Note Programme.

(b) Issuance of JPY30.0 billion Senior Fixed Rate Notes in nominal value pursuant to the USD5.0 billion Multicurrency Medium Term Note Programme

On 6 February 2014, Maybank issued JPY30.0 billion Senior Fixed Rate Notes with tenure of 5 years under the USD5.0 billion Multicurrency Medium Term Note Programme.

Save as disclosed above, there were no cancellations, share buy-backs, resale of shares bought back and repayment of debt and equity securities by the Group and the Bank.

A9. Dividends Paid

Dividends paid during the 4th quarter and 12 months ended 31 December 2013 are as follows:

- (i) During the Annual General Meeting held on 28 March 2013, a final dividend in respect of the financial year ended 31 December 2012 of 18 sen less 25% taxation and 15 sen single-tier dividend on 8,449,810,735 ordinary shares of RM1.00 each, amounting to a net dividend paid of RM2,408,196,164 (net 28.5 sen per ordinary share) was approved by the shareholders.

The dividend consists of cash portion of 4 sen single-tier dividend per ordinary share and an electable portion of 29 sen (net 24.5 sen) per ordinary share, where the electable portion comprises of 11 sen single-tier dividend and 18 sen (net 13.5 sen) franked dividend per ordinary share of RM1.00 each. The electable portion could be elected to be reinvested in new Maybank shares in accordance with the Dividend Reinvestment Plan ("DRP").

The payment date for cash dividends and crediting of shares under the Dividend Reinvestment Plan was completed on 29 May 2013.

- (ii) A first single-tier interim dividend, in respect of the financial year ending 31 December 2013 of 22.5 sen per share, was declared by the Bank on 21 August 2013.

The dividend consists of 6.5 sen to be paid in cash amounting to RM567,189,076 and an electable portion of 16.0 sen amounting to RM1,396,157,725 which can be elected to be reinvested in new ordinary shares in accordance with the DRP.

The payment date for cash dividends and crediting of shares under the Dividend Reinvestment Plan was completed on 25 October 2013.

- (iii) Dividends paid by Maybank's subsidiaries to non-controlling interest amounting to RM60,451,000 during the 12 months ended 31 December 2013.

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A10. Financial Investments Portfolio

		Group		Bank	
		31 December	31 December	31 December	31 December
		2013	2012	2013	2012
	Note	RM'000	RM'000	RM'000	RM'000
Financial assets at fair value through profit or loss	(i)	19,166,565	29,156,692	5,546,091	10,719,937
Financial investments available-for-sale	(ii)	82,836,922	60,792,374	64,532,797	47,366,309
Financial investments held-to-maturity	(iii)	5,668,174	2,870,768	5,354,097	2,556,849
		107,671,661	92,819,834	75,432,985	60,643,095

(i) Financial assets at fair value through profit or loss

		Group		Bank	
		31 December	31 December	31 December	31 December
		2013	2012	2013	2012
		RM'000	RM'000	RM'000	RM'000
(a) Financial assets designated upon initial recognition		11,177,612	12,436,881	-	-
(b) Financial assets held-for-trading		7,988,953	16,719,811	5,546,091	10,719,937
		19,166,565	29,156,692	5,546,091	10,719,937

(a) Financial assets designated upon initial recognition are as follows:

		Group		Bank	
		31 December	31 December	31 December	31 December
		2013	2012	2013	2012
		RM'000	RM'000	RM'000	RM'000
At fair value					
Money market instruments:					
Malaysian Government Securities		284,447	383,210	-	-
Malaysian Government Investment Issues		1,048,283	1,015,317	-	-
Negotiable Islamic Certificates of Deposits		237,013	409,798	-	-
		1,569,743	1,808,325	-	-
Quoted securities:					
In Malaysia:					
Shares, warrants, trust units and loan stocks		-	33,024	-	-
Outside Malaysia:					
Shares, warrants, trust units and loan stocks		-	57,783	-	-
		-	90,807	-	-

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A10. Financial Investments Portfolio (cont'd.)

(i) Financial assets at fair value through profit or loss (cont'd.)

(a) Financial assets designated upon initial recognition are as follows (cont'd.):

	Group		Bank	
	31 December 2013 RM'000	31 December 2012 RM'000	31 December 2013 RM'000	31 December 2012 RM'000
Unquoted securities:				
Shares, trust units and loan stocks in Malaysia	-	53,683	-	-
Private and Islamic debt securities in Malaysia	9,375,999	10,309,201	-	-
Structured deposits	231,870	174,865	-	-
	9,607,869	10,537,749	-	-
Total financial assets designated upon initial recognition	11,177,612	12,436,881	-	-

(b) Financial assets held-for-trading are as follows:

	Group		Bank	
	31 December 2013 RM'000	31 December 2012 RM'000	31 December 2013 RM'000	31 December 2012 RM'000
At fair value				
Money market instruments:				
Malaysian Government Securities	545,022	273,752	545,022	273,752
Malaysian Government Treasury Bills	9,701	-	9,701	-
Malaysian Government Investment Issues	233,270	86,256	20,292	10,098
Bank Negara Malaysia Bills and Notes	2,096,486	5,945,044	2,096,486	5,945,044
Khazanah Bonds	44,950	50,399	44,950	50,399
Bank Negara Malaysia Monetary Notes	1,121,248	6,945,597	797,797	2,897,212
Foreign Government Treasury Bills	1,127	-	1,127	-
Foreign Government Securities	418,568	196,235	261,875	-
Foreign Certificates of Deposits	-	132,982	-	-
Cagamas Bonds	10,128	43,781	10,128	43,781
Negotiable instruments of deposits	15,238	15,389	-	-
	4,495,738	13,689,435	3,787,378	9,220,286
Quoted securities:				
In Malaysia:				
Shares, warrants, trust units and loan stocks	476,290	412,620	-	4,269
Outside Malaysia:				
Shares, warrants, trust units and loan stocks	158,774	165,125	-	-
	635,064	577,745	-	4,269

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A10. Financial Investments Portfolio (cont'd.)

(i) Financial assets at fair value through profit or loss (cont'd.)

(b) Financial assets held-for-trading are as follows (cont'd.):

	Group		Bank	
	31 December 2013 RM'000	31 December 2012 RM'000	31 December 2013 RM'000	31 December 2012 RM'000
Unquoted securities:				
Private and Islamic debt securities in Malaysia	1,416,190	1,474,973	1,066,773	952,615
Foreign private debt securities	661,092	696,590	487,645	539,532
Foreign Government Bonds	204,295	-	204,295	-
Malaysian Government Bonds	-	3,235	-	3,235
Credit linked note	386,954	261,960	-	-
Equity linked note	-	7,731	-	-
Structured Deposits	189,620	-	-	-
Mutual funds	-	8,142	-	-
	2,858,151	2,452,631	1,758,713	1,495,382
Total financial assets held-for-trading	7,988,953	16,719,811	5,546,091	10,719,937

(ii) Financial investments available-for-sale

	Group		Bank	
	31 December 2013 RM'000	31 December 2012 RM'000	31 December 2013 RM'000	31 December 2012 RM'000
At fair value, or at cost less impairment losses for certain unquoted equity instruments				
Money market instruments:				
Malaysian Government Securities	5,376,329	5,121,448	5,334,570	5,095,673
Sukuk Bank Negara Malaysia Ijarah	-	7,013	-	7,013
Cagamas Bonds	335,958	323,934	335,958	293,349
Foreign Government Securities	7,123,882	8,294,004	4,198,384	5,602,205
Malaysian Government Investment Issues	12,873,722	3,783,570	7,304,355	1,453,972
Foreign Government Treasury Bills	8,464,589	5,170,641	8,464,589	4,735,477
Negotiable instruments of deposits	2,973,885	1,441,463	3,991,945	4,557,768
Bankers' acceptances and Islamic accepted bills	1,782,763	1,930,357	1,756,523	1,409,568
Khazanah Bonds	1,764,019	1,710,195	1,664,091	1,530,073
Bank Negara Malaysia Monetary Notes	-	771,005	-	503,994
Malaysian Government Treasury Bills	28,153	65,113	28,153	65,113
Foreign Certificates of Deposits	32,292	69,762	32,292	69,762
	40,755,592	28,688,505	33,110,860	25,323,967

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A10. Financial Investments Portfolio (cont'd.)

(ii) Financial investments available-for-sale (cont'd.)

	Group		Bank	
	31 December 2013 RM'000	31 December 2012 RM'000	31 December 2013 RM'000	31 December 2012 RM'000
Quoted securities:				
In Malaysia:				
Shares, warrants, trust units and loan stocks	2,605,959	2,470,261	85,400	77,318
Outside Malaysia:				
Shares, warrants, trust units and loan stocks	271,424	267,440	8,112	15,045
	2,877,383	2,737,701	93,512	92,363
Unquoted securities:				
Shares, trust units and loan stocks in Malaysia	696,820	636,886	379,536	382,884
Shares, trust units and loan stocks outside Malaysia	8,247	15,703	6,026	5,711
Private and Islamic debt securities in Malaysia	15,826,042	14,216,359	9,945,610	8,343,202
Malaysian Government Bonds	1,049,980	387,805	857,172	202,172
Foreign Government Bonds	5,526,754	1,263,050	5,442,869	1,181,207
Foreign private and Islamic debt securities	16,038,018	12,818,785	14,697,212	11,834,803
Structured deposits	58,086	27,580	-	-
	39,203,947	29,366,168	31,328,425	21,949,979
Total financial investments available-for-sale	82,836,922	60,792,374	64,532,797	47,366,309

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A10. Financial Investments Portfolio (cont'd.)

(iii) Financial investments held-to-maturity

	Group		Bank	
	31 December 2013 RM'000	31 December 2012 RM'000	31 December 2013 RM'000	31 December 2012 RM'000
At amortised cost less impairment losses				
Money market instruments:				
Malaysian Government Securities	337,658	101,423	337,551	101,314
Foreign Government Securities	376,652	303,894	-	-
Malaysian Government Investment Issues	1,362,378	40,907	1,362,378	40,907
Foreign Government Treasury Bills	468,262	-	-	-
Khazanah Bonds	813,573	784,033	813,573	784,033
Foreign Certificate of Deposit	91,260	-	-	-
	3,449,783	1,230,257	2,513,502	926,254
Unquoted securities:				
Private and Islamic debt securities in Malaysia	2,113,241	1,578,372	2,795,425	1,578,338
Foreign Government Bonds	122,425	70,246	62,220	69,993
Foreign private and Islamic debt securities	16,500	22,954	-	-
Others	2,044	2,044	2,044	2,044
	2,254,210	1,673,616	2,859,689	1,650,375
Accumulated impairment losses	(35,819)	(33,105)	(19,094)	(19,780)
Total financial investments held-to-maturity	5,668,174	2,870,768	5,354,097	2,556,849

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A11. Loans, Advances and Financing

	Group		Bank	
	31 December 2013 RM'000	31 December 2012 RM'000	31 December 2013 RM'000	31 December 2012 RM'000
Overdrafts/cashline	17,765,336	16,805,906	10,935,875	10,846,799
Term loans				
- Housing loans/financing	88,740,412	67,536,750	40,332,480	36,797,266
- Syndicated loans/financing	25,671,242	23,784,574	22,323,927	20,055,951
- Hire purchase receivables	52,431,837	52,768,286	22,830,752	26,773,064
- Lease receivables	20,929	18,952	3,272	3,272
- Other loans/financing	181,341,680	140,635,475	94,617,421	86,136,841
Credit card receivables	6,509,680	6,141,586	5,514,077	5,193,373
Bills receivables	5,216,010	5,239,068	5,135,423	5,123,928
Trust receipts	3,835,055	3,025,183	2,986,724	2,457,392
Claims on customers under acceptance credits	11,310,833	11,591,582	6,890,688	7,885,049
Loans/financing to financial institutions (Note x)	4,337,601	3,498,525	12,105,137	3,137,467
Revolving credits	32,981,166	27,321,888	20,172,891	16,902,982
Staff loans	2,777,136	2,504,766	1,078,108	1,173,765
Loans to				
- Executive directors of subsidiaries	4,495	3,633	346	89
Others	2,673,826	2,384,062	-	-
	435,617,238	363,260,236	244,927,121	222,487,238
Unearned interest and income	(74,237,088)	(45,461,972)	(2,568,362)	(3,188,888)
Gross loans, advances and financing	361,380,150	317,798,264	242,358,759	219,298,350
Allowances for impaired loans, advances and financing				
- Individual allowance	(1,939,320)	(2,228,535)	(1,502,010)	(1,719,455)
- Collective allowance	(3,823,303)	(3,744,994)	(2,885,470)	(2,726,849)
Net loans, advances and financing	355,617,527	311,824,735	237,971,279	214,852,046

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

	Group		Bank	
	31 December 2013 RM'000	31 December 2012 RM'000	31 December 2013 RM'000	31 December 2012 RM'000
Domestic banking institutions	1,912	32,783	7,320,684	32,783
Domestic non-banking financial institutions				
- Stockbroking companies	364	328	364	328
- Others	16,199,389	13,945,361	14,354,628	11,984,198
Domestic business enterprise				
- Small and medium enterprise	67,988,292	58,977,824	50,143,013	44,736,984
- Others	75,691,335	71,497,651	52,282,888	50,738,758
Government and statutory bodies	8,745,359	6,127,317	2,433,691	2,541,100
Individuals	159,668,593	140,187,914	90,745,812	89,603,634
Other domestic entities	3,553,363	2,693,646	348,604	240,043
Foreign entities	29,531,543	24,335,440	24,729,075	19,420,522
Gross loans, advances and financing	361,380,150	317,798,264	242,358,759	219,298,350

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A11. Loans, Advances and Financing (cont'd.)

(ii) Loans, advances and financing analysed by geographical location are as follows:

	Group		Bank	
	31 December 2013 RM'000	31 December 2012 RM'000	31 December 2013 RM'000	31 December 2012 RM'000
Malaysia	224,392,074	201,304,578	145,129,943	139,271,620
Singapore	81,162,326	68,857,389	80,410,679	68,234,190
Indonesia	28,576,749	26,319,888	-	-
Labuan Offshore	6,799,926	5,157,739	1,551,035	-
Hong Kong SAR	9,310,531	7,130,389	9,126,352	7,039,787
United States of America	954,907	1,014,176	954,445	1,013,744
People's Republic of China	2,796,912	1,448,137	2,796,912	1,448,137
Vietnam	388,768	409,880	340,355	379,544
United Kingdom	1,397,833	1,315,839	1,397,754	1,315,781
Brunei	318,179	288,102	318,179	288,102
Cambodia	895,358	732,966	-	-
Bahrain	287,965	307,445	287,965	307,445
Philippines	2,781,552	2,396,795	-	-
Papua New Guinea	167,495	152,330	-	-
Thailand	1,072,617	934,561	-	-
Laos	45,140	-	45,140	-
Others	31,818	28,050	-	-
Gross loans, advances and financing	361,380,150	317,798,264	242,358,759	219,298,350

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

	Group		Bank	
	31 December 2013 RM'000	31 December 2012 RM'000	31 December 2013 RM'000	31 December 2012 RM'000
Fixed rate				
- Housing loans/financing	13,906,768	11,752,382	11,221,554	8,777,190
- Hire purchase receivables	46,181,266	43,062,478	21,015,764	23,746,588
- Other fixed rate loans/financing	56,572,652	50,705,753	41,692,920	34,011,928
Variable rate				
- Base lending rate plus	129,042,645	113,308,022	89,281,956	87,141,642
- Cost plus	48,681,566	42,241,585	43,204,043	37,316,635
- Other variable rates	66,995,253	56,728,044	35,942,522	28,304,367
Gross loans, advances and financing	361,380,150	317,798,264	242,358,759	219,298,350

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A11. Loans, Advances and Financing (cont'd.)

(iv) Loans, advances and financing analysed by economic purpose are as follows:

	Group		Bank	
	31 December 2013 RM'000	31 December 2012 RM'000	31 December 2013 RM'000	31 December 2012 RM'000
Purchase of securities	31,545,546	25,836,241	12,824,405	13,308,681
Purchase of transport vehicles	47,901,056	44,540,248	20,865,446	23,287,778
Purchase of landed properties				
- Residential	65,773,530	57,851,502	48,640,714	44,803,229
- Non-residential	29,271,455	23,967,059	24,169,305	20,748,526
Purchase of fixed assets (excluding landed properties)	4,692,156	4,350,342	4,609,831	4,298,286
Personal use	8,137,882	7,786,900	6,285,258	6,334,909
Credit card	6,717,193	6,433,326	5,726,412	5,450,367
Purchase of consumer durables	452,606	316,948	451,881	316,338
Construction	13,206,415	13,913,607	9,526,319	10,878,595
Mergers and acquisitions	3,922,495	3,989,396	3,922,495	3,989,396
Working capital	126,731,269	111,828,565	90,334,005	75,121,156
Others	23,028,547	16,984,130	15,002,688	10,761,089
Gross loans, advances and financing	361,380,150	317,798,264	242,358,759	219,298,350

(v) The maturity profile of loans, advances and financing are as follows:

	Group		Bank	
	31 December 2013 RM'000	31 December 2012 RM'000	31 December 2013 RM'000	31 December 2012 RM'000
Within one year	103,617,415	87,158,292	77,819,709	66,393,924
One year to three years	48,189,831	44,301,625	36,423,888	32,875,684
Three years to five years	50,776,490	44,782,443	35,223,650	28,706,237
After five years	158,796,414	141,555,904	92,891,512	91,322,505
Gross loans, advances and financing	361,380,150	317,798,264	242,358,759	219,298,350

(vi) Movements in impaired loans, advances and financing ("impaired loans") are as follows:

	Group		Bank	
	31 December 2013 RM'000	31 December 2012 RM'000	31 December 2013 RM'000	31 December 2012 RM'000
Gross impaired loans at 1 January	5,654,352	8,036,844	4,162,301	6,245,836
Newly impaired	4,485,865	4,154,947	2,687,492	2,651,324
Reclassified as non-impaired	(1,260,300)	(2,144,303)	(661,304)	(1,509,585)
Amount recovered	(1,840,674)	(2,106,649)	(1,270,299)	(1,691,603)
Amount written off	(1,579,965)	(2,291,938)	(1,105,782)	(1,533,675)
Converted to financial investments available-for-sale	(152,544)	(13,792)	(152,544)	(13,792)
Exchange differences and expenses debited	54,169	21,457	116,967	53,289
Disposal of a subsidiary	-	(2,214)	-	-
Transferred to a newly incorporated subsidiary	-	-	-	(39,493)
Gross impaired loans at 31 December	5,360,903	5,654,352	3,776,831	4,162,301
Less: Individual allowance	(1,939,320)	(2,228,535)	(1,502,010)	(1,719,455)
Net impaired loans, advances and financing	3,421,583	3,425,817	2,274,821	2,442,846
Ratio of net impaired loans	0.95%	1.09%	0.94%	1.12%

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A11. Loans, Advances and Financing (cont'd.)

(vii) Impaired loans, advances and financing by economic purpose are as follows:

	Group		Bank	
	31 December 2013 RM'000	31 December 2012 RM'000	31 December 2013 RM'000	31 December 2012 RM'000
Purchase of securities	66,448	69,999	31,499	39,201
Purchase of transport vehicles	227,798	228,932	96,811	88,835
Purchase of landed properties				
- Residential	454,877	566,412	343,461	464,062
- Non-residential	119,014	139,013	95,277	86,285
Purchase of fixed assets (excluding landed properties)	346	-	-	-
Personal use	120,696	121,789	49,749	76,925
Credit card	76,022	77,528	49,433	58,058
Purchase of consumer durables	8	232	6	230
Construction	197,055	227,472	153,846	136,180
Working capital	3,542,034	3,504,561	2,549,415	2,697,689
Others	556,605	718,414	407,334	514,836
Impaired loans, advances and financing	<u>5,360,903</u>	<u>5,654,352</u>	<u>3,776,831</u>	<u>4,162,301</u>

(viii) Impaired loans, advances and financing by geographical distribution are as follows:

	Group		Bank	
	31 December 2013 RM'000	31 December 2012 RM'000	31 December 2013 RM'000	31 December 2012 RM'000
Malaysia	3,795,548	4,007,515	3,258,707	3,469,194
Singapore	243,157	363,344	229,187	289,364
Indonesia	797,355	572,768	-	-
Labuan Offshore	46,349	138,160	-	-
Hong Kong SAR	17,601	16,367	16,706	15,531
United States of America	462	431	-	-
People's Republic of China	1,598	-	1,598	-
Vietnam	15,437	19,051	15,437	19,051
United Kingdom	241,583	277,477	241,583	277,477
Brunei	6,567	2,107	6,567	2,107
Cambodia	52,689	31,653	-	-
Bahrain	7,046	89,577	7,046	89,577
Philippines	80,933	83,971	-	-
Papua New Guinea	754	-	-	-
Thailand	25,478	25,486	-	-
Others	28,346	26,445	-	-
Impaired loans, advances and financing	<u>5,360,903</u>	<u>5,654,352</u>	<u>3,776,831</u>	<u>4,162,301</u>

A11. Loans, Advances and Financing (cont'd.)

	Group		Bank	
	31 December 2013 RM'000	31 December 2012 RM'000	31 December 2013 RM'000	31 December 2012 RM'000
Individual Allowance				
At 1 January	2,228,535	2,813,107	1,719,455	2,102,421
Allowance made	920,763	1,172,015	722,580	985,402
Amount written back	(324,954)	(437,932)	(270,734)	(368,351)
Amount written off	(872,595)	(1,222,716)	(678,686)	(904,764)
Transferred to collective allowance	(13,663)	(60,216)	(12,001)	(57,882)
Disposal of a subsidiary	-	(2,720)	-	-
Transferred to a newly incorporated subsidiary	-	-	-	(36,822)
Exchange differences	1,234	(33,003)	21,396	(549)
At 31 December	1,939,320	2,228,535	1,502,010	1,719,455

As a percentage of total loans less individual allowance	1.06%	1.19%	1.20%	1.25%
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(x) Included in the Bank's loans/financing to financial institutions are the financing granted to Maybank Islamic Berhad ("MIB"), a subsidiary of the Bank under Restricted Profit-Sharing Investment Account ("RPSIA") amounting to RM8,336.6 million (31 December 2012: RM685.0 million). The RPSIA is a contract based on the Mudharabah principle between two parties to provide financing where the Bank acts as the investor who solely provides capital to MIB and the business venture is managed solely by MIB as an entrepreneur. The profit of the business venture is shared between both parties based on pre-agreed ratios. Losses, if any, are borne by the Bank.

A12. Other Assets

	Group		Bank	
	31 December 2013 RM'000	31 December 2012 RM'000	31 December 2013 RM'000	31 December 2012 RM'000
Other debtors	5,989,578	4,038,562	4,862,054	2,528,814
Amount due from brokers and clients	1,536,260	2,001,113	-	-
Development properties	75,251	60,287	-	-
Prepayments and deposits	787,472	469,615	421,354	148,248
Tax recoverable	27,253	1,070	-	-
Foreclosed properties	90,104	109,610	36,029	36,001
	8,505,918	6,680,257	5,319,437	2,713,063

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A13. Deposits from Customers

(i) By type of deposit

	Group		Bank	
	31 December 2013 RM'000	31 December 2012 RM'000	31 December 2013 RM'000	31 December 2012 RM'000
Fixed deposits and negotiable instruments of deposits				
- One year or less	220,782,166	196,782,059	142,237,799	125,296,329
- More than one year	14,760,420	8,647,667	14,075,299	7,880,567
	235,542,586	205,429,726	156,313,098	133,176,896
Money market deposits	14,177,439	16,650,666	14,177,439	16,650,666
Savings deposits	56,735,219	50,360,812	39,300,089	35,261,690
Demand deposits	86,001,254	71,743,387	61,212,708	49,689,559
Structured deposits *	3,154,312	2,970,919	2,667,046	2,623,268
	395,610,810	347,155,510	273,670,380	237,402,079

* Structured deposits represent time deposits with embedded foreign exchange and commodity-linked time deposits.

(ii) By type of customer

	Group		Bank	
	31 December 2013 RM'000	31 December 2012 RM'000	31 December 2013 RM'000	31 December 2012 RM'000
Business enterprises	183,775,722	157,471,152	128,843,008	106,585,963
Individuals	162,631,813	151,607,808	125,901,762	114,881,786
Government and statutory bodies	17,908,268	15,575,973	5,464,782	5,596,117
Others	31,295,007	22,500,577	13,460,828	10,338,213
	395,610,810	347,155,510	273,670,380	237,402,079

(iii) The maturity structure of fixed deposits and negotiable instruments of deposits are as follows:

	Group		Bank	
	31 December 2013 RM'000	31 December 2012 RM'000	31 December 2013 RM'000	31 December 2012 RM'000
Due within six months	176,430,070	164,637,372	111,663,342	100,671,865
Six months to one year	44,352,096	32,144,687	30,574,457	24,624,463
One year to three years	14,272,102	8,111,389	13,954,438	7,733,734
Three years to five years	488,318	536,278	120,861	146,834
	235,542,586	205,429,726	156,313,098	133,176,896

A14. Deposits and Placements from Financial Institutions

	Group		Bank	
	31 December 2013 RM'000	31 December 2012 RM'000	31 December 2013 RM'000	31 December 2012 RM'000
Licensed banks	38,230,867	30,144,507	34,285,883	26,106,904
Licensed finance companies	405,180	383,162	239,360	337,539
Licensed investment banks	66,778	236,162	66,778	218,162
Other financial institutions	3,436,256	3,123,545	2,990,556	2,536,171
	42,139,081	33,887,376	37,582,577	29,198,776

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A14. Deposits and Placements from Financial Institutions (cont'd.)

The maturity structure of deposits and placements from financial institutions are as follows:

	Group		Bank	
	31 December 2013 RM'000	31 December 2012 RM'000	31 December 2013 RM'000	31 December 2012 RM'000
One year or less	39,547,359	32,037,435	35,105,495	27,524,525
More than one year	2,591,722	1,849,941	2,477,082	1,674,251
	42,139,081	33,887,376	37,582,577	29,198,776

A15. Borrowings, Subordinated Obligations and Capital Securities

	Group		Bank	
	31 December 2013 RM'000	31 December 2012 RM'000	31 December 2013 RM'000	31 December 2012 RM'000
(i) Borrowings				
(a) Secured				
- Less than one year				
- Denominated in THB	259,138	-	-	-
- Denominated in PHP	3,530	7,058	-	-
- Denominated in SGD	-	146,856	-	-
- Denominated in IDR	292,697	286,822	-	-
- Denominated in VND	1,631	-	-	-
	556,996	440,736	-	-
- More than one year				
- Denominated in SGD	383,087	-	-	-
- Denominated in PHP	914	-	-	-
- Denominated in IDR	1,025,832	879,005	-	-
	1,409,833	879,005	-	-
Total secured borrowings	1,966,829	1,319,741	-	-
(b) Unsecured				
- Less than one year				
- Denominated in USD	1,967,560	266,013	1,868,634	162,140
- Denominated in CNY	215,632	-	215,632	-
- Denominated in SGD	611,395	476,228	-	-
- Denominated in THB	294,834	217,551	-	-
- Denominated in HKD	-	4,732	-	-
- Denominated in IDR	217,052	-	-	-
- Denominated in VND	-	4,998	-	-
- Denominated in PHP	21,626	-	-	-
	3,328,099	969,522	2,084,266	162,140
- More than one year				
- Denominated in USD	5,308,000	6,056,400	5,308,000	5,939,872
- Denominated in HKD	1,456,623	747,264	1,456,623	747,264
- Denominated in JPY	469,500	533,443	469,500	533,443
- Denominated in SGD	-	87,563	-	-
- Denominated in IDR	792,754	999,653	-	-
- Denominated in PHP	-	680	-	-
	8,026,877	8,425,003	7,234,123	7,220,579
Total unsecured borrowings	11,354,976	9,394,525	9,318,389	7,382,719
Total borrowings	13,321,805	10,714,266	9,318,389	7,382,719

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A15. Borrowings, Subordinated Obligations and Capital Securities (cont'd.)

	Group		Bank	
	31 December	31 December	31 December	31 December
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
(ii) Subordinated obligations				
Unsecured				
- More than one year				
- Denominated in RM	6,649,102	7,663,139	5,143,014	6,652,357
- Denominated in USD	2,649,720	2,468,888	2,649,720	2,468,888
- Denominated in SGD	2,611,684	2,517,605	2,611,684	2,517,605
- Denominated in IDR	734,070	860,409	-	-
	12,644,576	13,510,041	10,404,418	11,638,850
(iii) Capital Securities				
Unsecured				
- More than one year				
- Denominated in RM	4,332,172	4,619,518	4,619,886	4,619,518
- Denominated in SGD	1,588,737	1,530,833	1,588,737	1,530,833
	5,920,909	6,150,351	6,208,623	6,150,351

A16. Other Liabilities

	Group		
	31 December	31 December	1 January
	2013	2012	2012
	RM'000	(Restated)	(Restated)
	RM'000	RM'000	RM'000
Due to brokers and clients	1,459,900	1,841,282	1,216,056
Deposits, other creditors and accruals	6,289,871	7,330,193	4,808,852
Defined benefit pension plans	356,842	451,737	378,749
Provisions for commitments and contingencies	76,421	100,549	108,078
Profit equalisation reserves (IBS operations)	16,977	59,852	59,852
Finance lease liabilities	85,691	-	-
	8,285,702	9,783,613	6,571,587
	Bank		
	31 December	31 December	1 January
	2013	2012	2012
	RM'000	RM'000	RM'000
Deposits, other creditors and accruals	9,412,263	8,545,055	6,243,291
Provisions for commitments and contingencies	73,086	100,368	107,887
	9,485,349	8,645,423	6,351,178

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A17. Interest Income

Group	4th Quarter Ended		Cumulative 12 Months Ended	
	31 December 2013	31 December 2012 (Restated)	31 December 2013	31 December 2012 (Restated)
	RM'000	RM'000	RM'000	RM'000
Loans, advances and financing	3,277,148	3,204,042	12,913,228	12,338,824
Money at call and deposits and placements with financial institutions	141,855	107,804	606,921	573,167
Financial assets purchased under resale agreements	2,249	1,060	10,958	3,835
Financial assets at FVTPL	155,978	167,917	675,163	684,174
Financial investments available-for-sale	571,050	477,870	2,072,035	1,636,381
Financial investments held-to-maturity	38,813	36,657	104,637	294,653
	4,187,093	3,995,350	16,382,942	15,531,034
(Amortisation of premiums) / accretion of discounts, net	(16,215)	7,130	(76,471)	120,675
	4,170,878	4,002,480	16,306,471	15,651,709

Bank	4th Quarter Ended		Cumulative 12 Months Ended	
	31 December 2013	31 December 2012	31 December 2013	31 December 2012
	RM'000	RM'000	RM'000	RM'000
Loans, advances and financing	2,355,812	2,319,026	9,189,785	8,888,091
Money at call and deposits and placements with financial institutions	235,503	100,095	739,917	540,712
Financial assets purchased under resale agreements	220	584	1,809	1,508
Financial assets at FVTPL	17,644	11,943	71,890	89,337
Financial investments available-for-sale	478,314	388,045	1,706,857	1,305,724
Financial investments held-to-maturity	38,423	22,998	101,759	240,699
	3,125,916	2,842,691	11,812,017	11,066,071
(Amortisation of premiums) / accretion of discounts, net	(13,510)	5,738	(67,241)	128,423
	3,112,406	2,848,429	11,744,776	11,194,494

Included in interest income for the 12 months financial year ended 31 December 2013 was interest on impaired assets amounting to approximately RM149,347,000 (31 December 2012: RM145,373,000) for the Group and RM117,375,000 (31 December 2012: RM111,339,000) for the Bank.

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A18. Interest Expense

Group	4th Quarter Ended		Cumulative 12 Months Ended	
	31 December 2013	31 December 2012 (Restated)	31 December 2013	31 December 2012 (Restated)
	RM'000	RM'000	RM'000	RM'000
Deposits and placements from financial institutions	71,643	96,691	280,692	511,490
Deposits from customers	1,423,345	1,161,206	5,158,190	4,537,756
Floating rate certificates of deposits	8,575	3,880	22,645	9,477
Borrowings	107,107	98,855	432,379	389,155
Subordinated notes	119,465	121,980	482,643	429,075
Subordinated bonds	5,205	18,909	35,955	91,374
Capital securities	84,350	101,165	384,562	401,286
Net interest on derivatives	(32,280)	(3,093)	(75,875)	(14,589)
	<u>1,787,410</u>	<u>1,599,593</u>	<u>6,721,191</u>	<u>6,355,024</u>

Bank	4th Quarter Ended		Cumulative 12 Months Ended	
	31 December 2013	31 December 2012 (Restated)	31 December 2013	31 December 2012 (Restated)
	RM'000	RM'000	RM'000	RM'000
Deposits and placements from financial institutions	81,054	98,263	301,250	505,239
Deposits from customers	1,058,521	874,146	3,872,671	3,494,521
Floating rate certificates of deposits	8,575	3,880	22,645	9,477
Borrowings	38,131	35,519	152,333	134,435
Subordinated notes	100,227	100,079	391,887	355,246
Subordinated bonds	-	18,909	27,762	91,374
Capital securities	101,889	101,165	402,101	401,286
Net interest on derivatives	(22,851)	(6,301)	(73,664)	(32,576)
	<u>1,365,546</u>	<u>1,225,660</u>	<u>5,096,985</u>	<u>4,959,002</u>

A19. Net Income from Insurance and Takaful Business

Group	4th Quarter Ended		Cumulative 12 Months Ended	
	31 December 2013	31 December 2012 (Restated)	31 December 2013	31 December 2012 (Restated)
	RM'000	RM'000	RM'000	RM'000
Gross earned premiums	984,573	1,403,006	4,927,794	5,472,743
Premium ceded to reinsurers	(118,458)	(183,526)	(986,448)	(954,774)
Net earned premiums	<u>866,115</u>	<u>1,219,480</u>	<u>3,941,346</u>	<u>4,517,969</u>
Gross benefits and claims paid	(920,630)	(652,313)	(3,409,164)	(2,906,725)
Claims ceded to reinsurers	152,158	144,756	347,217	259,179
Gross change to contract liabilities	341,427	(556,161)	(183,857)	(2,009,116)
Change in contract liabilities ceded to reinsurers	(169,672)	147,268	(59,954)	572,957
Net benefits and claims	<u>(596,717)</u>	<u>(916,450)</u>	<u>(3,305,758)</u>	<u>(4,083,705)</u>
Net fee and commission expenses	(57,346)	(87,245)	(284,639)	(354,231)
Change in expense liabilities	(33,480)	(12,828)	(51,615)	(84,155)
Taxation of life and takaful fund	6,187	(11,373)	(38,498)	(44,214)
Net fee and commission expenses, change in expense liabilities and taxation of life and takaful fund	<u>(84,639)</u>	<u>(111,446)</u>	<u>(374,752)</u>	<u>(482,600)</u>
Total net income from insurance and takaful business	<u>184,759</u>	<u>191,584</u>	<u>260,836</u>	<u>(48,336)</u>

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A20. Non-Interest Income

Group	4th Quarter Ended		Cumulative 12 Months Ended	
	31 December 2013	31 December 2012 (Restated)	31 December 2013	31 December 2012 (Restated)
	RM'000	RM'000	RM'000	RM'000
(a) Fee income:				
Commission	241,597	217,478	941,806	815,654
Service charges and fees	423,474	347,471	1,365,211	1,272,984
Underwriting fees	56,776	23,490	125,120	90,642
Brokerage income	149,682	134,550	762,630	539,826
Fees on loans, advances and financing	97,152	108,515	349,140	453,465
	<u>968,681</u>	<u>831,504</u>	<u>3,543,907</u>	<u>3,172,571</u>
(b) Investment income:				
Net gain on disposal of financial assets at FVTPL	61,451	94,548	281,508	309,153
Net gain on disposal of financial investments available-for-sale	95,382	83,962	917,780	693,719
Net loss on redemption of financial investments held-to-maturity	-	(16,615)	(1)	(62)
Net gain on disposal of associates	-	319	-	8,989
Net (loss)/gain on disposal of subsidiaries	(9,338)	(8,149)	(9,338)	806
	<u>147,495</u>	<u>154,065</u>	<u>1,189,949</u>	<u>1,012,605</u>
(c) Gross dividend income from financial investments portfolio	20,694	33,889	101,790	106,240
(d) Unrealised (loss)/gain on revaluation of:				
Financial assets at FVTPL	(147,857)	57,289	(490,859)	50,479
Derivatives	10,906	(92,191)	(452,145)	27,758
	<u>(136,951)</u>	<u>(34,902)</u>	<u>(943,004)</u>	<u>78,237</u>
(e) Other income:				
Foreign exchange gain, net	240,347	70,447	1,732,308	579,288
Rental income	11,062	11,677	38,153	42,930
Gain on disposal of property, plant and equipment	4,083	629	4,303	7,638
Gain on disposal of foreclosed properties	16,487	2,286	25,470	2,747
Sale of development properties	930	4,124	3,287	20,347
Others	54,549	89,605	185,899	306,107
	<u>327,458</u>	<u>178,768</u>	<u>1,989,420</u>	<u>959,057</u>
Total non-interest income	<u>1,327,377</u>	<u>1,163,324</u>	<u>5,882,062</u>	<u>5,328,710</u>

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A20. Non-Interest Income (cont'd.)

Bank	4th Quarter Ended		Cumulative 12 Months Ended	
	31 December 2013	31 December 2012	31 December 2013	31 December 2012
	RM'000	RM'000	RM'000	RM'000
(a) Fee income:				
Commission	209,379	191,518	820,187	717,311
Service charges and fees	261,568	265,917	986,170	990,463
Underwriting fees	17,434	9,020	60,344	50,105
Brokerage income	16	548	109	1,725
Fees on loans, advances and financing	53,119	49,249	150,718	182,084
	<u>541,516</u>	<u>516,252</u>	<u>2,017,528</u>	<u>1,941,688</u>
(b) Investment income:				
Net gain on disposal of financial assets at FVTPL	12,909	70,548	137,636	135,607
Net gain on disposal of financial investments available-for-sale	15,667	43,487	306,577	372,298
Net loss on redemption of financial investments held-to-maturity	-	(16,615)	(1)	(62)
Net gain on disposal of subsidiaries	484	341	1,184	341
Gain on liquidation of an associate	-	-	24,667	-
	<u>29,060</u>	<u>97,761</u>	<u>470,063</u>	<u>508,184</u>
(c) Gross dividend income from:				
Financial investments portfolio	1,110	4,979	8,519	11,665
Subsidiaries	536,100	596,002	990,434	848,943
Associates	-	654	9,641	7,106
	<u>537,210</u>	<u>601,635</u>	<u>1,008,594</u>	<u>867,714</u>
(d) Unrealised gain/(loss) on revaluation of:				
Financial assets at FVTPL	5,140	5,126	(17,755)	21,794
Derivatives	7,939	(73,690)	(453,740)	9,306
	<u>13,079</u>	<u>(68,564)</u>	<u>(471,495)</u>	<u>31,100</u>
(e) Other income:				
Foreign exchange gain, net	206,730	50,568	1,587,217	445,441
Rental income	6,033	5,741	23,175	23,067
Gain on disposal of property, plant and equipment	3,524	66	2,499	4,928
Gain on disposal of foreclosed properties	-	-	-	85
Others	13,284	60,064	46,536	110,008
	<u>229,571</u>	<u>116,439</u>	<u>1,659,427</u>	<u>583,529</u>
Total non-interest income	<u>1,350,436</u>	<u>1,263,523</u>	<u>4,684,117</u>	<u>3,932,215</u>

A21. Overhead Expenses

Group	4th Quarter Ended		Cumulative 12 Months Ended	
	31 December 2013	31 December 2012 (Restated)	31 December 2013	31 December 2012 (Restated)
	RM'000	RM'000	RM'000	RM'000
(a) Personnel expenses				
Salaries, allowances and bonuses	919,799	838,097	3,712,214	3,548,526
Pension costs - defined contribution plan	101,207	94,825	420,441	399,760
ESS expenses	25,984	20,837	105,584	99,902
Other staff related expenses	161,656	163,160	705,645	660,700
	<u>1,208,646</u>	<u>1,116,919</u>	<u>4,943,884</u>	<u>4,708,888</u>

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A21. Overhead Expenses (cont'd.)

Group (cont'd.)	4th Quarter Ended		Cumulative 12 Months Ended	
	31 December 2013	31 December 2012 (Restated)	31 December 2013	31 December 2012 (Restated)
	RM'000	RM'000	RM'000	RM'000
(b) Establishment costs				
Depreciation of property, plant and equipment	70,246	58,574	268,692	223,646
Amortisation of intangible assets	64,695	32,487	206,483	146,221
Rental of leasehold land and premises	68,349	66,928	253,988	249,529
Repairs and maintenance of property, plant and equipment	31,961	42,035	145,294	140,792
Information technology expenses	148,308	166,369	633,896	574,434
Others	18,254	(39,377)	38,285	(23,803)
	401,813	327,016	1,546,638	1,310,819
(c) Marketing expenses				
Advertisement and publicity	162,224	144,454	505,362	432,469
Others	49,576	85,084	205,271	196,471
	211,800	229,538	710,633	628,940
(d) Administration and general expenses				
Fees and brokerage	207,199	138,911	664,026	544,362
Administrative expenses	179,158	149,265	637,987	522,571
General expenses	106,114	140,901	386,662	514,375
Cost of development property	640	3,202	2,145	13,924
Others	18,877	4,434	35,950	(11,460)
	511,988	436,713	1,726,770	1,583,772
Total overhead expenses	2,334,247	2,110,186	8,927,925	8,232,419
Cost to income ratio ("CIR") ¹	49.5%	48.8%	47.8%	48.6%

¹ Cost to income ratio ("CIR") is computed using the total cost over the net income and after incorporating the effect of change in presentation of "Net income from insurance and takaful business" in the income statement. Total cost of the Group is the total overhead expenses, excluding amortisation of intangible assets for PT Bank Internasional Indonesia Tbk and Maybank Kim Eng Holdings Limited. Income refers to net income amount, as stated on the face of income statement.

Bank	4th Quarter Ended		Cumulative 12 Months Ended	
	31 December 2013	31 December 2012	31 December 2013	31 December 2012
	RM'000	RM'000	RM'000	RM'000
(a) Personnel expenses				
Salaries, allowances and bonuses	544,728	503,784	2,248,921	2,237,359
Pension costs - defined contribution plan	72,047	73,995	318,527	322,647
ESS expenses	16,462	16,660	79,458	79,274
Other staff related expenses	116,388	86,659	366,348	355,384
	749,625	681,098	3,013,254	2,994,664
(b) Establishment costs				
Depreciation of property, plant and equipment	40,638	31,872	142,546	119,155
Amortisation of intangible assets	32,813	16,009	100,210	47,629
Rental of leasehold land and premises	34,940	27,442	113,406	104,742
Repairs and maintenance of property, plant and equipment	18,232	22,439	70,481	68,714
Information technology expenses	172,292	124,447	615,457	453,575
Others	1,681	1,484	5,881	6,152
	300,596	223,693	1,047,981	799,967

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A21. Overhead Expenses (cont'd.)

	4th Quarter Ended		Cumulative 12 Months Ended	
	31 December 2013	31 December 2012	31 December 2013	31 December 2012
Bank (cont'd.)	RM'000	RM'000	RM'000	RM'000
(c) Marketing expenses				
Advertisement and publicity	92,416	92,851	246,052	222,810
Others	39,240	76,778	170,854	168,990
	<u>131,656</u>	<u>169,629</u>	<u>416,906</u>	<u>391,800</u>
(d) Administration and general expenses				
Fees and brokerage	141,895	117,778	469,001	436,067
Administrative expenses	76,070	70,767	256,313	244,838
General expenses	36,324	16,315	151,453	126,386
Others	12,219	(2,389)	23,372	1,505
	<u>266,508</u>	<u>202,471</u>	<u>900,139</u>	<u>808,796</u>
(e) Overhead expenses allocated to subsidiaries	(199,146)	(172,589)	(786,949)	(591,437)
Total overhead expenses	<u>1,249,239</u>	<u>1,104,302</u>	<u>4,591,331</u>	<u>4,403,790</u>
Cost to income ratio ("CIR") ²	40.3%	38.3%	40.5%	43.3%

² Cost to income ratio ("CIR") is computed using the total cost over the net income. Income refers to net income amount, as stated on the face of income statement.

A22. Allowances for Impairment Losses on Loans, Advances and Financing, net

	4th Quarter Ended		Cumulative 12 Months Ended	
	31 December 2013	31 December 2012 (Restated)	31 December 2013	31 December 2012 (Restated)
Group	RM'000	RM'000	RM'000	RM'000
Allowances for loans, advances and financing:				
- collective allowance made, net	18,599	43,858	807,763	628,222
- individual allowance made	255,471	380,789	920,763	1,172,015
- individual allowance written back	(196,494)	(72,693)	(324,954)	(437,932)
Bad debts and financing written off	64,660	35,492	146,579	120,433
Bad debts and financing recovered	(245,093)	(274,573)	(826,151)	(851,722)
Allowance for other debts	48,322	97,822	5,586	48,231
	<u>(54,535)</u>	<u>210,695</u>	<u>729,586</u>	<u>679,247</u>
	4th Quarter Ended		Cumulative 12 Months Ended	
	31 December 2013	31 December 2012	31 December 2013	31 December 2012
Bank	RM'000	RM'000	RM'000	RM'000
Allowances for loans, advances and financing:				
- collective allowance made, net	(2,721)	(51,259)	550,371	205,091
- individual allowance made	183,895	347,424	722,580	985,402
- individual allowance written back	(167,002)	(57,721)	(270,734)	(368,351)
Bad debts and financing written off	18,919	25,332	90,529	104,447
Bad debts and financing recovered	(132,129)	(195,025)	(592,896)	(660,391)
Allowance for other debts	9	1,892	2,294	2,646
	<u>(99,029)</u>	<u>70,643</u>	<u>502,144</u>	<u>268,844</u>

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A23. Segment Information

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 four (4) operating segments based on services and products available within the Group as follows:

(a) Community Financial Services ("CFS"), Malaysia

(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 including 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 including 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 Banking ("GB")

(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.

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A23. Segment Information (cont'd.)

(b) Global Banking ("GB") (cont'd.)

(iii) Investment Banking (Maybank IB and Maybank Kim Eng)

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 acquisition 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 Banking ("GB"). For purpose of management information reporting, the GB performance is shown separately and comprises Corporate Banking and Global Markets in Malaysia as well as the Investment Banking business, whilst the International Banking performance comprises both the wholesale banking and CFS business outside of Malaysia, for example, Singapore and Indonesia.

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A23. Segment Information (cont'd.)

By Business Segments

	<===== Business Segments =====>							
	<===== GB =====>							
Twelve Months Ended 31 December 2013	Community Financial Services RM'000	Corporate Banking RM'000	Global Markets RM'000	Investment Banking RM'000	International Banking RM'000	Insurance, Takaful and Asset Management RM'000	Head Office and Others RM'000	Total RM'000
Net interest income and income from IBS								
- External	5,818,529	1,649,605	847,536	209,072	3,718,720	866,122	(714,122)	12,395,462
- Inter-segment	-	-	-	2,396	(27,433)	65,194	(40,157)	-
	5,818,529	1,649,605	847,536	211,468	3,691,287	931,316	(754,279)	12,395,462
Net interest income and income from IBS	5,818,529	1,649,605	847,536	211,468	3,691,287	931,316	(754,279)	12,395,462
Net income from insurance and takaful business	-	-	-	-	-	260,836	-	260,836
Non-interest income	1,499,494	620,819	847,980	1,324,807	1,638,938	359,607	(409,583)	5,882,062
Net income	7,318,023	2,270,424	1,695,516	1,536,275	5,330,225	1,551,759	(1,163,862)	18,538,360
Overhead expenses	(3,699,767)	(418,407)	(239,924)	(1,060,218)	(2,762,770)	(746,839)	-	(8,927,925)
Operating profit before impairment losses	3,618,256	1,852,017	1,455,592	476,057	2,567,455	804,920	(1,163,862)	9,610,435
(Allowances for)/writeback of impairment losses								
on loans, advances and financing, net	(393,788)	(237,911)	-	(2,537)	(102,686)	7,336	-	(729,586)
Allowances for impairment losses on								
financial investments, net	-	-	(58,978)	(12,451)	(65,727)	(13,366)	-	(150,522)
Operating profit	3,224,468	1,614,106	1,396,614	461,069	2,399,042	798,890	(1,163,862)	8,730,327
Share of profits in associates and joint ventures	-	-	-	738	137,665	864	-	139,267
Profit before taxation and zakat	3,224,468	1,614,106	1,396,614	461,807	2,536,707	799,754	(1,163,862)	8,869,594
Taxation and zakat								(2,098,261)
Profit after taxation and zakat								6,771,333
Non-controlling interests								(218,942)
Profit for the year								6,552,391
Included in overhead expenses are:								
Depreciation of property, plant and equipment	(98,864)	(8,792)	(5,598)	(40,309)	(100,664)	(14,465)	-	(268,692)
Amortisation of intangible assets	(61,321)	(12,662)	(7,488)	(40,022)	(58,062)	(26,928)	-	(206,483)

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A23. Segment Information (cont'd.)

By Business Segments (cont'd.)

	Business Segments							
	GB							
Twelve Months Ended 31 December 2012	Community Financial Services RM'000	Corporate Banking RM'000	Global Markets RM'000	Investment Banking RM'000	International Banking RM'000	Insurance, Takaful and Asset Management RM'000	Head Office and Others RM'000	Total RM'000
Net interest income and income from IBS								
- External	5,385,159	1,624,966	731,744	261,965	3,544,969	846,802	(902,661)	11,492,944
- Inter-segment	-	-	-	2,508	(25,897)	23,049	340	-
	5,385,159	1,624,966	731,744	264,473	3,519,072	869,851	(902,321)	11,492,944
Net interest income and income from IBS	5,385,159	1,624,966	731,744	264,473	3,519,072	869,851	(902,321)	11,492,944
Net income from insurance and takaful business	-	-	-	-	-	(48,336)	-	(48,336)
Non-interest income	1,485,365	676,051	979,720	1,014,562	1,617,994	580,986	(1,025,968)	5,328,710
Net income	6,870,524	2,301,017	1,711,464	1,279,035	5,137,066	1,402,501	(1,928,289)	16,773,318
Overhead expenses	(3,546,727)	(403,703)	(232,825)	(928,602)	(2,508,000)	(612,562)	-	(8,232,419)
Operating profit before impairment losses	3,323,797	1,897,314	1,478,639	350,433	2,629,066	789,939	(1,928,289)	8,540,899
(Allowances for)/writeback of impairment losses on loans, advances and financing, net	(299,559)	92,066	-	3,860	(445,931)	(29,683)	-	(679,247)
Allowances for impairment losses on financial investments, net	-	-	(5,092)	(9,757)	(39,805)	(63,172)	-	(117,826)
Operating profit	3,024,238	1,989,380	1,473,547	344,536	2,143,330	697,084	(1,928,289)	7,743,826
Share of profits in associates and joint ventures	-	-	-	1,684	150,275	517	-	152,476
Profit before taxation and zakat	3,024,238	1,989,380	1,473,547	346,220	2,293,605	697,601	(1,928,289)	7,896,302
Taxation and zakat								(1,977,618)
Profit after taxation and zakat								5,918,684
Non-controlling interests								(172,764)
Profit for the year								5,745,920
Included in overhead expenses are:								
Depreciation of property, plant and equipment	(85,071)	(6,640)	(3,181)	(39,163)	(83,787)	(5,804)	-	(223,646)
Amortisation of intangible assets	(27,369)	(5,855)	(5,415)	(44,523)	(57,833)	(5,226)	-	(146,221)

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A24. Carrying Amount of Revalued Assets

The Group's and the Bank's property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any. There was no change in the valuation of property and equipment that were brought forward from the previous audited annual financial statements for the financial year ended 31 December 2012.

A25. Subsequent Events

There were no material events subsequent to the reporting date, other than as disclosed in Note A8(ii) and B6.

A26. Changes in the Composition of the Group

The changes to the composition of the Group during the 12 months ended 31 December 2013 are as follows:

- (i) (a) **Proposed acquisition of 858,499 ordinary shares of Saudi Riyal ("SAR") 10 each in Anfaal Capital ("Anfaal") by Maybank Investment Bank Berhad ("Maybank IB"), a wholly-owned subsidiary of Maybank, representing 17.17% of the ordinary share capital of Anfaal; and**
- (b) **Proposed assignment of the subordinated loan of SAR2,070,000 from Al Numu Real Estate Company ("Al Numu") to Maybank IB**

[(a) and (b) collectively referred to as the "Proposals"]

Maybank had on 19 September 2013 announced that all the conditions precedent in the Share Purchase Agreement ("SPA") in relation to the Proposals had been fulfilled. As such, the Proposals have been completed on 30 September 2013, being the completion date agreed upon between Maybank IB, Al Numu and Anfaal in accordance with the terms of the SPA.

Further details of the acquisition are disclosed in Note B6.

- (ii) **Acquisition of PT Maybank GMT Asset Management (formerly known as PT GMT Aset Manajemen)**

Maybank had on 26 August 2013 announced that Maybank Asset Management Sdn Bhd ("MAM"), a wholly owned subsidiary of Maybank Asset Management Group Berhad (formerly known as Aseamlease Berhad) ("MAMG"), had on even date, completed the acquisition of 31,680 ordinary shares of PT Maybank GMT Asset Management (formerly known as PT GMT Aset Manajemen) ("GMT") representing 99% of the issued and paid up share capital of GMT ("Acquisition"). MAMG is a wholly owned subsidiary of Maybank.

The Acquisition is not expected to have any material impact on the earnings, net assets and gearing of Maybank for the financial year ended 31 December 2013.

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A27. Commitments and Contingencies

In the normal course of business, the Group and the Bank make various commitments and incur certain contingent liabilities with legal recourse to its customers. No material losses are anticipated as a result of these transactions.

The risk-weighted exposures of the Group and the Bank as at the following reporting dates are as follows:

Group	As at 31 December 2013			As at 31 December 2012		
	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
<u>Contingent liabilities</u>						
Direct credit substitutes	12,294,758	11,889,416	7,616,259	9,835,215	9,330,230	5,923,432
Certain transaction-related contingent items	14,849,519	7,341,034	4,687,252	12,386,664	6,086,424	4,548,217
Short-term self-liquidating trade-related contingencies	4,133,782	939,225	653,222	4,149,665	968,455	702,003
Obligations under underwriting agreements	30,000	15,000	3,000	30,000	15,000	3,000
	31,308,059	20,184,675	12,959,733	26,401,544	16,400,109	11,176,652
<u>Commitments</u>						
Irrevocable commitments to extend credit:						
- Maturity within one year	102,118,957	15,282,805	10,240,767	92,616,125	15,352,562	9,652,404
- Maturity exceeding one year	26,685,600	22,230,898	9,877,562	34,602,180	20,418,739	8,169,932
	128,804,557	37,513,703	20,118,329	127,218,305	35,771,301	17,822,336
Miscellaneous commitments and contingencies	10,429,751	438,052	211,879	9,773,807	798,322	201,617
Total credit-related commitments and contingencies	170,542,367	58,136,430	33,289,941	163,393,656	52,969,732	29,200,605
<u>Derivative financial instruments</u>						
Foreign exchange related contracts:						
- Less than one year	131,531,710	3,256,512	867,241	95,679,030	1,897,261	520,511
- One year to less than five years	16,198,153	3,033,341	1,072,652	18,646,950	3,391,757	1,444,007
- Five years and above	1,959,984	15,189	11,113	1,780,543	1,780,543	891,778
	149,689,847	6,305,042	1,951,006	116,106,523	7,069,561	2,856,296
Interest rate related contracts:						
- Less than one year	22,432,115	735,818	277,530	19,401,506	550,359	199,287
- One year to less than five years	70,825,618	2,162,852	748,432	63,714,009	1,824,999	569,365
- Five years and above	18,581,046	2,191,070	871,753	16,401,202	9,974	2,286
	111,838,779	5,089,740	1,897,715	99,516,717	2,385,332	770,938
Equity and commodity related contracts:						
- Less than one year	801,936	-	-	260,907	-	-
- One year to less than five years	922,441	14,011	7,219	365,646	-	-
- Five years and above	33,663	-	-	30,198	-	-
	1,758,040	14,011	7,219	656,751	-	-
Credit related contracts:						
- Five years and above	-	-	-	21,388	-	-
Total treasury-related commitments and contingencies	263,286,666	11,408,793	3,855,940	216,301,379	9,454,893	3,627,234
Total commitments and contingencies	433,829,033	69,545,223	37,145,881	379,695,035	62,424,625	32,827,839

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A27. Commitments and Contingencies (cont'd.)

Bank	As at 31 December 2013			As at 31 December 2012		
	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
<u>Contingent liabilities</u>						
Direct credit substitutes	10,344,133	9,957,772	5,799,117	7,442,874	7,442,874	4,459,633
Certain transaction-related contingent items	12,775,293	6,322,016	3,754,051	10,752,852	5,156,128	3,749,803
Short-term self-liquidating trade-related contingencies	3,739,333	777,478	494,551	3,775,633	652,838	390,388
	26,858,759	17,057,266	10,047,719	21,971,359	13,251,840	8,599,824
<u>Commitments</u>						
Irrevocable commitments to extend credit:						
- Maturity within one year	84,328,505	12,991,311	8,569,659	74,529,072	12,760,456	7,776,780
- Maturity exceeding one year	19,612,994	18,532,016	8,112,467	29,371,486	16,843,478	6,482,755
	103,941,499	31,523,327	16,682,126	103,900,558	29,603,934	14,259,535
Miscellaneous commitments and contingencies	10,261,298	246,154	89,410	9,616,211	613,053	149,236
Total credit-related commitments and contingencies	141,061,556	48,826,747	26,819,255	135,488,128	43,468,827	23,008,595
<u>Derivative financial instruments</u>						
Foreign exchange related contracts:						
- Less than one year	128,323,975	3,154,265	792,147	90,499,688	1,842,737	501,780
- One year to less than five years	15,139,124	2,874,342	968,379	17,371,300	3,289,005	1,354,451
- Five years and above	3,201,700	15,189	11,113	1,780,543	1,780,543	890,710
	146,664,799	6,043,796	1,771,639	109,651,531	6,912,285	2,746,941
Interest rate related contracts:						
- Less than one year	23,397,950	620,364	261,083	18,785,656	510,253	188,501
- One year to less than five years	69,313,334	2,034,705	660,798	58,128,406	1,589,845	393,724
- Five years and above	18,506,046	2,191,070	871,753	16,340,036	9,974	2,286
	111,217,330	4,846,139	1,793,634	93,254,098	2,110,072	584,511
Equity and commodity related contracts:						
- Less than one year	705,972	-	-	260,907	-	-
- One year to less than five years	136,575	14,011	7,219	144,716	-	-
	842,547	14,011	7,219	405,623	-	-
Total treasury-related commitments and contingencies	258,724,676	10,903,946	3,572,492	203,311,252	9,022,357	3,331,452
Total commitments and contingencies	399,786,232	59,730,693	30,391,747	338,799,380	52,491,184	26,340,047

* The credit equivalent amount and the risk-weighted amount are arrived at using credit conversion factors and risk-weights respectively as specified by Bank Negara Malaysia.

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A27. Commitments and Contingencies (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

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

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 31 December 2013, the amount of credit risk in the Group, measured in terms of the cost to replace the profitable contracts, was RM3,944.7 million (31 December 2012: RM2,880.5 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

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) Cash requirements of the derivatives

Cash requirements of the derivatives may arise from margin requirements to post cash collateral with counterparties as fair value moves beyond the agreed upon threshold limits in the counterparties' favour, or upon downgrade in the Bank's credit ratings. As at 31 December 2013, the Group and the Bank have posted cash collateral of RM850.4 million (31 December 2012: RM321.0 million) on their derivative contracts.

- (iii) There have been no changes since the end of the previous financial year in respect of the following:

- (a) 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;
- (b) the risk management policies in place for mitigating and controlling the risks associated with these derivative financial contracts; and
- (c) the related accounting policies.

A28. Capital Adequacy

(a) Capital Adequacy Framework

- (i) Bank Negara Malaysia ("BNM") had on 28 November 2012 released the updated guidelines for Capital Adequacy Framework (Capital Components) and Capital Adequacy Framework for Islamic Banks (Capital Components) on the computation of capital and capital adequacy ratios for conventional banks and Islamic banks respectively commencing from 1 January 2013 and subjected to transitional arrangements as set out in paragraphs 36.1 to 36.17 of the said frameworks.
- (ii) The minimum regulatory capital adequacy ratios are set out as follows:

Calendar Year	Common Equity Tier 1 (CET1) Capital Ratio	Tier 1 Capital Ratio	Total Capital Ratio
2013	3.5%	4.5%	8.0%
2014	4.0%	5.5%	8.0%
2015 onwards	4.5%	6.0%	8.0%

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A28. Capital Adequacy (cont'd.)

(a) Capital Adequacy Framework (cont'd.)

- (iii) Total risk-weighted assets ("RWA") shall be calculated as the sum of credit RWA, market RWA, operational RWA and large exposure risk requirements as determined in accordance with the Capital Adequacy Framework (Basel II - Risk Weighted Assets) and Capital Adequacy Framework for Islamic Banks (Risk-Weighted Assets) issued by BNM on 28 November 2012 for conventional banks and Islamic banks respectively.

The sum of the above shall be further adjusted to take into account any profit-sharing investment accounts ("PSIA") recognised as risk absorbent for capital adequacy purposes, in the manner stipulated under the Guidelines on Recognition and Measurement of PSIA as Risk Absorbent as updated by BNM on 26 July 2011.

Any exposures which are deducted in the calculation of CET1 Capital, Tier 1 Capital and Total Capital shall not be subjected to any further capital charges in the computation of RWA.

(b) Compliance and Application of Capital Adequacy Ratios

The capital adequacy ratios of the Group and the Bank are computed in accordance with BNM's updated guidelines for Capital Adequacy Framework (Capital Components) and Capital Adequacy Framework (Basel II - Risk Weighted Assets) issued on 28 November 2012. The total RWA are computed based on the following approaches:

- (A) Credit risk under Internal Ratings-Based Approach
- (B) Market risk under Standardised Approach
- (C) Operational risk under Basic Indicator Approach

The minimum regulatory capital adequacy requirements for CET1, Tier 1 and Total Capital are 3.5%, 4.5% and 8% of total RWA.

On an entity level basis, the computation of capital adequacy ratios of the banking subsidiaries of the Group are as follows:

- (i) For Maybank Islamic Berhad, the computation of capital adequacy ratios are based on BNM's updated guidelines for Capital Adequacy Framework for Islamic Banks (Capital Components) and Capital Adequacy Framework for Islamic Banks (Risk-Weighted Assets) issued on 28 November 2012. The total RWA are computed based on the following approaches:

- (A) Credit risk under Internal Ratings-Based Approach
- (B) Market risk under Standardised Approach
- (C) Operational risk under Basic Indicator Approach

The minimum regulatory capital adequacy requirements for CET1, Tier 1 and Total Capital are 3.5%, 4.5% and 8% of total RWA.

- (ii) For Maybank Investment Bank Berhad, the computation of capital adequacy ratios are based on BNM's updated guidelines for Capital Adequacy Framework (Capital Components) and Capital Adequacy Framework (Basel II - Risk - Weighted Assets) issued on 28 November 2012. The RWA are computed based on the following approaches:

- (A) Credit risk under Standardised Approach
- (B) Market risk under Standardised Approach
- (C) Operational risk under Basic Indicator Approach

The minimum regulatory capital adequacy requirements for CET1, Tier 1 and Total Capital are 3.5%, 4.5% and 8% of total RWA.

- (iii) For PT Bank Internasional Indonesia Tbk, the computation of capital adequacy ratio is in accordance with local requirements, which is based on the Basel II capital accord. The total RWA are computed based on the following approaches:

- (A) Credit risk under Standardised Approach
- (B) Market risk under Standardised Approach
- (C) Operational risk under Basic Indicator Approach

The minimum regulatory capital adequacy requirement for PT Bank Internasional Indonesia Tbk is 9% - 10% of total RWA.

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A28. Capital Adequacy (cont'd.)

(c) The capital adequacy ratios of the Group and the Bank as at the following dates:

Capital adequacy disclosures relating to dates prior to 1 January 2013 are calculated in accordance with the then prevailing BNM's Risk-Weighted Capital Adequacy Framework and are thus not directly comparable to those pertaining to 31 December 2012 which are calculated in accordance with BNM's updated guidelines for Capital Adequacy Framework (Capital Components) and Capital Adequacy Framework for Islamic Banks (Capital Components).

With effect from 30 June 2013, the amount of declared dividend to be deducted in the calculation of CET1 Capital under a Dividend Reinvestment Plan ("DRP") shall be determined in accordance with BNM's Implementation Guidance on Capital Adequacy Framework (Capital Components) ("Implementation Guidance") issued on 8 May 2013. Under the said Implementation Guidance, where a portion of the dividend may be reinvested under a DRP (the electable portion), the amount of declared dividend to be deducted in the calculation of CET1 Capital may be reduced as follows:

- (i) where an irrevocable written undertaking from the shareholder has been obtained to reinvest the electable portion of the dividend; or
- (ii) where there is no irrevocable written undertaking provided, the average of the preceding 3-year take-up rates subject to the amount being not more than 50% of the total electable portion of the dividend.

In addition, the cash portion of the declared dividend will be deducted in the calculation of CET1.

In respect of the financial year ended 31 December 2013, the Board has proposed the payment of a final single-tier dividend of 31 sen per ordinary share, which consists of cash portion of 4 sen and an electable portion of 27 sen per ordinary share of RM1.00 each. The electable portion can be elected to be reinvested by shareholders in new Maybank Shares in accordance with the DRP.

Based on the above, the capital adequacy ratios of the Group and the Bank are as follows:

	Group		Bank	
	31 December 2013	31 December 2012	31 December 2013	31 December 2012
CET1 Capital Ratio	11.253%	-	15.925%	-
Tier 1 Capital Ratio	13.059%	-	15.925%	-
Total Capital Ratio	15.664%	-	15.925%	-
Before deducting proposed dividend:				
Core Capital Ratio	-	13.66%	-	17.43%
Risk-Weighted Capital Ratio	-	17.47%	-	17.43%
After deducting proposed dividend:				
Core Capital Ratio:				
- full electable portion paid in cash	-	12.81%	-	16.27%
- full electable portion reinvested	-	13.54%	-	17.27%
Risk-Weighted Capital Ratio:				
- full electable portion paid in cash	-	16.62%	-	16.27%
- full electable portion reinvested	-	17.35%	-	17.27%

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A28. Capital Adequacy (cont'd.)

(d) Components of capital:

<u>At 31 December 2013</u>	Group RM'000	Bank RM'000
CET1 Capital		
Paid-up share capital	8,862,079	8,862,079
Share premium	19,030,227	19,030,227
Retained profits	8,908,590	4,257,076
Other reserves	6,382,362	9,268,717
Qualifying non-controlling interests	112,628	-
Less: Shares held-in-trust	<u>(107,248)</u>	<u>(107,248)</u>
CET1 capital before regulatory adjustments	43,188,638	41,310,851
Less: Regulatory adjustments applied on CET1 Capital:	<u>(8,449,692)</u>	<u>(5,364,790)</u>
Deferred tax assets	(1,623,489)	(1,053,598)
Goodwill	(4,924,662)	(81,015)
Other intangibles	(1,088,882)	(446,805)
Profit equalisation reserve	(34,456)	-
Shortfall of total eligible provision over total expected loss	(778,203)	(39,421)
Regulatory adjustments due to insufficient Additional Tier 1 and Tier 2 Capital	-	(3,743,951)
Total CET1 Capital	<u>34,738,946</u>	<u>35,946,061</u>
Additional Tier 1 Capital		
Capital securities	5,490,972	5,490,972
Qualifying CET1 and Additional Tier 1 capital instruments held by third parties	82,848	-
Less: Regulatory adjustment due to insufficient Tier 2 Capital	<u>-</u>	<u>(5,490,972)</u>
Total Tier 1 Capital	<u>40,312,766</u>	<u>35,946,061</u>
Tier 2 Capital		
Subordinated obligations	10,319,618	10,319,618
Qualifying CET1, Additional Tier 1 and Tier 2 capital instruments held by third parties	12,099	-
Collective allowance ¹	535,331	247,746
Less: Regulatory adjustment not deducted from CET1 Capital or Additional Tier 1 Capital provided under the transitional arrangements ²	<u>(2,824,682)</u>	<u>(10,567,364)</u>
Total Tier 2 Capital	<u>8,042,366</u>	<u>-</u>
Total Capital	<u>48,355,132</u>	<u>35,946,061</u>

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A28. Capital Adequacy (cont'd.)

(d) Components of capital (cont'd.):

<u>At 31 December 2012</u>	Group RM'000	Bank RM'000
Eligible Tier 1 Capital		
Paid-up share capital	8,440,046	8,440,046
Share premium	15,639,646	15,639,646
Other reserves	15,354,878	13,139,299
Capital securities	6,093,421	6,093,421
Less: Shares held-in-trust	(102,405)	(102,405)
Total Tier 1 Capital	45,425,586	43,210,007
Less: Deferred tax assets	(1,281,136)	(810,015)
Goodwill	(5,588,553)	(81,015)
Deductions in excess of Tier 2 Capital	-	(6,299,127)
Total Eligible Tier 1 Capital	38,555,897	36,019,850
Eligible Tier 2 Capital		
Subordinated obligations	13,394,620	11,546,020
Collective allowance ¹	728,806	294,552
Surplus of total expected loss over total eligible provision	(664,291)	(267,512)
Total Tier 2 Capital (subject to limits)	13,459,135	11,573,060
Less: Investment in subsidiaries and associates ²	(2,709,503)	(17,872,187)
Total deductions	(2,709,503)	(17,872,187)
Total deductions from Tier 2 Capital	(2,709,503)	(11,573,060)
Total Eligible Tier 2 Capital	10,749,632	-
Capital base	49,305,529	36,019,850

¹ Excludes collective allowance for impaired loans, advances and financing restricted from Tier 2 Capital / Eligible Tier 2 Capital of the Group and the Bank.

² Included in current financial year's Tier 2 regulatory adjustments, and comparative year's deduction from Total Tier 2 Capital are the cost of investment in subsidiaries and associates, except for: (i) Myfin Berhad of RM18,994,000 as its business, assets and liabilities have been transferred to the Bank; (ii) Maybank International (L) Ltd. of RM176,385,000 and (iii) Mayban Agro Fund Sdn Bhd of RM11,041,000, as its assets are included in the Bank's RWA. For the Group, the cost of investment in insurance entities and associates are deducted from Total Capital / capital base.

The capital adequacy ratios of the Group consist of Total Capital / capital base and RWA 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 Total Capital / capital base and RWA derived from the Bank and its wholly-owned offshore banking subsidiary, Maybank International (L) Ltd., excluding the cost of investment in subsidiaries and associates (except for Myfin Berhad, Maybank International (L) Ltd. and Mayban Agro Fund Sdn Bhd as disclosed above).

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A28. Capital Adequacy (cont'd.)

(e) The capital adequacy ratios of the banking subsidiaries of the Group are as follows:

	Maybank Islamic Berhad	Maybank Investment Bank Berhad	PT Bank Internasional Indonesia Tbk
<u>At 31 December 2013</u>			
CET1 Capital Ratio	11.761%	45.920%	-
Tier 1 Capital Ratio	11.761%	45.920%	-
Total Capital Ratio	13.711%	45.920%	12.716%

At 31 December 2012

Before deducting proposed dividends*:

Core Capital Ratio	10.83%	40.30%	-
Risk-Weighted Capital Ratio	12.59%	40.30%	12.83%

After deducting proposed dividends:

Core Capital Ratio	10.83%	30.10%	-
Risk-Weighted Capital Ratio	12.59%	30.10%	12.83%

* In arriving at the capital base used in the ratio calculations of banking subsidiaries of the Group, the proposed dividend for the respective financial year were not deducted.

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A28. Capital Adequacy (cont'd.)

(f) The breakdown of RWA by each major risk categories are as follows:

At 31 December 2013

	Group RM'000	Bank RM'000	Maybank Islamic Berhad RM'000	Maybank Investment Bank Berhad RM'000	PT Bank Internasional Indonesia Tbk RM'000
Standardised Approach exposure	43,834,264	22,077,993	3,902,334	253,347	27,053,526
Internal Ratings-Based Approach exposure after scaling factor	226,139,730	178,911,435	42,043,918	-	-
Total RWA for credit risk	269,973,994	200,989,428	45,946,252	253,347	27,053,526
Total RWA for credit risk absorbed by Malayan Banking Berhad*	-	-	(1,210,230)	-	-
Total RWA for market risk	7,928,149	5,338,195	729,512	196,959	232,889
Total RWA for operational risk	30,801,508	19,400,252	3,619,234	876,244	3,227,265
Total RWA	308,703,651	225,727,875	49,084,768	1,326,550	30,513,680

At 31 December 2012

	Group RM'000	Bank RM'000	Maybank Islamic Berhad RM'000	Maybank Investment Bank Berhad RM'000	PT Bank Internasional Indonesia Tbk RM'000
Standardised Approach exposure	60,849,458	27,460,623	2,411,358	813,260	24,835,685
Internal Ratings-Based Approach exposure after scaling factor	184,779,754	154,769,118	32,563,904	-	-
Total RWA for credit risk	245,629,212	182,229,741	34,975,262	813,260	24,835,685
Total RWA for credit risk absorbed by Malayan Banking Berhad*	-	-	(127,317)	-	-
Total RWA for market risk	8,913,850	6,200,948	747,905	200,322	637,943
Total RWA for operational risk	27,685,920	18,180,446	2,959,425	716,690	3,282,868
Additional RWA due to capital floor	-	-	968,148	-	-
Total RWA	282,228,982	206,611,135	39,523,423	1,730,272	28,756,496

* 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 capital adequacy ratios calculation.

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A29. Derivative Financial Instruments

The following tables summarise the contractual or underlying principal amounts of trading derivatives and financial instruments held for hedging purposes. The principal or contractual amounts of these instruments reflect the volume of transactions outstanding at the reporting date, and do not represent amounts at risk.

Derivative financial instruments are revalued on a gross position basis and the unrealised gains or losses are reflected in "Derivative Financial Instruments" Assets and Liabilities respectively.

	Group <---- Fair Value ---->			Bank <---- 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
At 31 December 2013						
Trading derivatives						
<u>Foreign exchange related contracts</u>						
Currency forwards:						
- Less than one year	19,029,752	391,278	(125,097)	16,125,005	274,429	(101,681)
- One year to three years	403,658	6,902	(14,537)	403,577	6,901	(14,537)
- More than three years	260,669	5,253	(12,386)	260,669	5,253	(12,386)
	<u>19,694,079</u>	<u>403,433</u>	<u>(152,020)</u>	<u>16,789,251</u>	<u>286,583</u>	<u>(128,604)</u>
Currency swaps:						
- Less than one year	91,496,189	1,459,828	(1,600,516)	91,374,670	1,440,008	(1,504,364)
- One year to three years	844,032	9,608	(381)	844,032	9,608	(381)
- More than three years	186,622	12,952	-	186,622	12,952	-
	<u>92,526,843</u>	<u>1,482,388</u>	<u>(1,600,897)</u>	<u>92,405,324</u>	<u>1,462,568</u>	<u>(1,504,745)</u>
Currency spots:						
- Less than one year	14,757,296	3,668	(9,014)	14,786,077	3,718	(9,044)
	<u>14,757,296</u>	<u>3,668</u>	<u>(9,014)</u>	<u>14,786,077</u>	<u>3,718</u>	<u>(9,044)</u>
Currency options:						
- Less than one year	1,668,456	22,892	(13,790)	1,668,456	22,892	(13,790)
	<u>1,668,456</u>	<u>22,892</u>	<u>(13,790)</u>	<u>1,668,456</u>	<u>22,892</u>	<u>(13,790)</u>
Cross currency interest rate swaps:						
- Less than one year	4,067,782	868,421	(211,248)	3,857,532	836,839	(183,344)
- One year to three years	7,009,536	253,935	(236,446)	6,927,934	255,795	(189,430)
- More than three years	6,665,397	139,447	(241,220)	7,071,297	166,405	(241,220)
	<u>17,742,715</u>	<u>1,261,803</u>	<u>(688,914)</u>	<u>17,856,763</u>	<u>1,259,039</u>	<u>(613,994)</u>
<u>Interest rate related contracts</u>						
Interest rate swaps:						
- Less than one year	15,329,470	25,585	(43,202)	16,185,305	26,970	(43,203)
- One year to three years	32,388,613	162,138	(225,915)	31,507,494	160,220	(208,782)
- More than three years	45,961,585	463,117	(579,248)	46,945,901	486,182	(595,142)
	<u>93,679,668</u>	<u>650,840</u>	<u>(848,365)</u>	<u>94,638,700</u>	<u>673,372</u>	<u>(847,127)</u>
Interest rate futures:						
- Less than one year	5,380,100	4,189	(22)	5,490,100	4,189	(22)
- One year to three years	5,877,399	-	(150)	5,897,399	-	(150)
	<u>11,257,499</u>	<u>4,189</u>	<u>(172)</u>	<u>11,387,499</u>	<u>4,189</u>	<u>(172)</u>
Interest rate options:						
- Less than one year	554,073	1,744	-	554,073	1,744	-
- One year to three years	1,954,192	2,108	(9,355)	1,954,192	2,108	(9,355)
- More than three years	1,820,126	-	(302,172)	1,245,126	-	(212,824)
	<u>4,328,391</u>	<u>3,852</u>	<u>(311,527)</u>	<u>3,753,391</u>	<u>3,852</u>	<u>(222,179)</u>

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A29. Derivative Financial Instruments (cont'd.)

	Group			Bank		
	<---- 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
At 31 December 2013 (cont'd.)						
Trading derivatives (cont'd.)						
<u>Equity related derivatives</u>						
Index futures:						
- Less than one year	20,184	228	-	-	-	-
- More than three years	33,663	4,757	-	-	-	-
	<u>53,847</u>	<u>4,985</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Equity options:						
- Less than one year	124,080	5,062	(14,785)	48,300	5,062	(4,992)
- One year to three years	465,942	16,132	(5,739)	101,005	5,208	(5,208)
- More than three years	200,000	2,325	-	-	-	-
	<u>790,022</u>	<u>23,519</u>	<u>(20,524)</u>	<u>149,305</u>	<u>10,270</u>	<u>(10,200)</u>
<u>Commodity related contracts</u>						
Commodity options:						
- Less than one year	27,580	1	(1)	27,580	1	(1)
- One year to three years	256,499	1,890	(1,885)	35,570	1,885	(1,885)
	<u>284,079</u>	<u>1,891</u>	<u>(1,886)</u>	<u>63,150</u>	<u>1,886</u>	<u>(1,886)</u>
Commodity swaps:						
- Less than one year	630,092	9,582	(9,366)	630,092	9,582	(9,366)
	<u>630,092</u>	<u>9,582</u>	<u>(9,366)</u>	<u>630,092</u>	<u>9,582</u>	<u>(9,366)</u>
Hedging derivatives						
<u>Interest rate related contracts</u>						
Interest rate swaps:						
- Less than one year	1,168,472	3,853	(48,152)	1,168,472	3,853	(48,107)
- One year to three years	436,849	1,305	(21,080)	252,849	-	(19,475)
- More than three years	967,900	12,344	(7,910)	16,419	297	(12)
	<u>2,573,221</u>	<u>17,502</u>	<u>(77,142)</u>	<u>1,437,740</u>	<u>4,150</u>	<u>(67,594)</u>
<u>Foreign exchange related contracts</u>						
Cross currency interest rate swaps:						
- Less than one year	512,235	5,319	(29,593)	512,235	5,319	(29,593)
- One year to three years	2,083,822	43,482	(97,699)	1,942,292	7,366	(97,699)
- More than three years	704,401	5,347	(76,471)	704,401	5,347	(76,471)
	<u>3,300,458</u>	<u>54,148</u>	<u>(203,763)</u>	<u>3,158,928</u>	<u>18,032</u>	<u>(203,763)</u>
Total derivative assets / (liabilities)	<u>263,286,666</u>	<u>3,944,692</u>	<u>(3,937,380)</u>	<u>258,724,676</u>	<u>3,760,133</u>	<u>(3,632,464)</u>

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A29. Derivative Financial Instruments (cont'd.)

	Group			Bank		
	<---- 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
At 31 December 2012						
Trading derivatives						
Foreign exchange related contracts						
Currency forward						
- Less than one year	17,931,505	55,353	(121,763)	15,004,518	50,619	(102,114)
- One year to three years	307,943	4,128	(3,954)	307,943	4,128	(3,954)
- More than three years	236,062	2,322	(1,248)	236,062	2,322	(1,248)
	<u>18,475,510</u>	<u>61,803</u>	<u>(126,965)</u>	<u>15,548,523</u>	<u>57,069</u>	<u>(107,316)</u>
Currency swaps						
- Less than one year	64,567,969	961,146	(759,016)	62,457,833	953,162	(763,205)
- One year to three years	342,969	6,887	(7,283)	319,497	6,704	(7,283)
- More than three years	219,423	1,770	(2,044)	219,423	1,770	(2,044)
	<u>65,130,361</u>	<u>969,803</u>	<u>(768,343)</u>	<u>62,996,753</u>	<u>961,636</u>	<u>(772,532)</u>
Currency spots						
- Less than one year	6,340,973	979	(2,355)	6,340,973	979	(2,360)
Currency options						
- Less than one year	<u>2,984,579</u>	<u>8,617</u>	<u>(5,668)</u>	<u>2,984,579</u>	<u>8,617</u>	<u>(5,668)</u>
Cross currency interest rate swaps						
- Less than one year	2,174,209	86,411	(13,332)	2,031,990	61,234	-
- One year to three years	9,119,061	277,161	(147,441)	8,426,014	255,495	(123,314)
- More than three years	7,108,208	456,930	(38,661)	6,807,708	456,930	(38,661)
	<u>18,401,478</u>	<u>820,502</u>	<u>(199,434)</u>	<u>17,265,712</u>	<u>773,659</u>	<u>(161,975)</u>
Interest rate related contracts						
Interest rate swaps						
- Less than one year	14,669,864	54,680	(24,895)	14,654,014	51,680	(38,980)
- One year to three years	27,815,331	127,052	(150,011)	26,207,026	127,787	(145,252)
- More than three years	44,295,713	514,800	(731,117)	44,164,209	544,443	(732,653)
	<u>86,780,908</u>	<u>696,532</u>	<u>(906,023)</u>	<u>85,025,249</u>	<u>723,910</u>	<u>(916,885)</u>
Interest rate futures						
- Less than one year	1,217,263	2	-	1,217,263	2	-
- One year to three years	764,613	1	-	764,613	1	-
	<u>1,981,876</u>	<u>3</u>	<u>-</u>	<u>1,981,876</u>	<u>3</u>	<u>-</u>
Interest rate options						
- Less than one year	2,695,396	10,029	(499)	2,695,396	10,029	(499)
- One year to three years	375,270	1,400	(440)	375,270	1,400	(440)
- More than three years	1,651,417	4,395	(191,387)	1,251,417	4,395	(128,992)
	<u>4,722,083</u>	<u>15,824</u>	<u>(192,326)</u>	<u>4,322,083</u>	<u>15,824</u>	<u>(129,931)</u>

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A29. Derivative Financial Instruments (cont'd.)

	Group			Bank		
	<---- 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
At 31 December 2012 (cont'd.)						
<u>Trading derivatives (cont'd.)</u>						
<u>Equity related contracts</u>						
Index futures						
- More than three years	30,198	4,545	-	-	-	-
Equity options						
- Less than one year	222,813	582	(22,577)	222,813	548	-
- One year to three years	53,841	6,092	(6,779)	53,841	6,092	(6,779)
- More than three years	48,246	322	(322)	48,245	322	(322)
	324,900	6,996	(29,678)	324,899	6,962	(7,101)
<u>Commodity related contracts</u>						
Commodity options						
- One year to three years	263,559	3,121	(3,035)	42,630	3,035	(3,035)
Commodity swaps						
- Less than one year	38,094	590	(590)	38,094	590	(590)
<u>Credit-related contract</u>						
Credit default swaps						
- More than three years	21,388	-	(2,015)	-	-	-
<u>Hedging derivatives</u>						
<u>Interest rate related contracts</u>						
Interest rate swaps						
- Less than one year	818,983	-	(1,869)	218,983	-	(1,869)
- One year to three years	2,234,750	-	(80,089)	1,384,750	-	(80,089)
- More than three years	2,978,117	21,472	(25,882)	321,157	-	(21,560)
	6,031,850	21,472	(107,840)	1,924,890	-	(103,518)
<u>Foreign exchange related contracts</u>						
Cross currency interest rate swaps						
- Less than one year	1,679,795	191,777	-	1,679,795	191,777	-
- One year to three years	2,179,835	71,600	(10,766)	1,921,203	61,758	(10,767)
- More than three years	913,992	6,328	(21,941)	913,993	6,329	(21,939)
	4,773,622	269,705	(32,707)	4,514,991	259,864	(32,706)
Total derivative assets / (liabilities)	216,301,379	2,880,492	(2,376,979)	203,311,252	2,812,148	(2,243,617)

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A30. Fair Value Measurements of Financial Instruments

Fair value hierarchy

The Group and the Bank classify its financial instruments measured at fair value according to the following hierarchy, reflecting the significance of the inputs in making the fair value measurements:

(a) Level 1: Quoted prices

Refers to financial instruments which are regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, and those prices which represent actual and regularly occurring market transactions in an arm's length basis. Such financial instruments include actively traded government securities, listed derivatives and cash products traded on exchange.

(b) Level 2: Valuation techniques using observable inputs

Refers to inputs other than quoted prices included those within Level 1 that are observable for the asset or liability, either directly (i.e. prices) or indirectly (i.e. derived from prices). Examples of Level 2 financial instruments include over-the-counter ("OTC") derivatives, corporate and other government bonds and illiquid equities.

(c) Level 3: Valuation techniques using significant unobservable inputs

Refers to financial instruments where fair value is measured using significant unobservable market inputs. The valuation technique is consistent with the Level 2. The chosen valuation technique incorporates the Banks' own assumptions and data. Examples of Level 3 instruments include corporate bonds in illiquid markets and private equity investments.

The following table shows the Group's and the Bank's financial assets and financial liabilities that are measured at fair value analysed by level within the fair value hierarchy as at 31 December 2013 and 31 December 2012.

Group	Valuation technique using			Total
	Quoted Market Price (Level 1) RM'000	Observable Inputs (Level 2) RM'000	Unobservable Inputs (Level 3) RM'000	
At 31 December 2013				
Financial assets measured at fair value:				
Financial assets held-for-trading	722,702	6,689,677	576,574	7,988,953
Money market instruments	-	4,495,738	-	4,495,738
Non-money market instruments	722,702	2,193,939	576,574	3,493,215
Financial assets designated at fair value through profit or loss	-	11,020,675	156,937	11,177,612
Money market instruments	-	1,569,743	-	1,569,743
Non-money market instruments	-	9,450,932	156,937	9,607,869
Financial investments available-for-sale	2,906,759	79,263,823	666,340	82,836,922
Money market instruments	-	40,755,592	-	40,755,592
Non-money market instruments	2,906,759	38,508,231	666,340	42,081,330
Derivative assets	69	3,912,772	31,851	3,944,692
Foreign exchange related contracts	-	3,226,578	1,754	3,228,332
Interest rate related contracts	-	676,383	-	676,383
Equity and commodity related contracts	69	9,811	30,097	39,977
	3,629,530	100,886,947	1,431,702	105,948,179
Financial liabilities measured at fair value:				
Derivative liabilities	9,791	3,611,395	316,194	3,937,380
Foreign exchange related contracts	-	2,666,365	2,033	2,668,398
Interest rate related contracts	-	935,132	302,074	1,237,206
Equity and commodity related contracts	9,791	9,898	12,087	31,776

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A30. Fair Value Measurements of Financial Instruments (cont'd.)

Group	Valuation technique using			Total
	Quoted Market Price (Level 1) RM'000	Observable Inputs (Level 2) RM'000	Unobservable Inputs (Level 3) RM'000	
At 31 December 2012				RM'000
Financial assets measured at fair value:				
Financial assets held-for-trading	727,817	15,722,302	269,692	16,719,811
Money market instruments	-	13,689,435	-	13,689,435
Non-money market instruments	727,817	2,032,867	269,692	3,030,376
Financial assets designated at fair value through profit or loss	90,807	12,117,527	228,547	12,436,881
Money market instruments	-	1,808,325	-	1,808,325
Non-money market instruments	90,807	10,309,202	228,547	10,628,556
Financial investments available-for-sale	2,667,882	57,339,653	784,839	60,792,374
Money market instruments	-	28,549,272	139,233	28,688,505
Non-money market instruments	2,667,882	28,790,381	645,606	32,103,869
Derivative assets	-	2,861,433	19,059	2,880,492
Foreign exchange related contracts	-	2,130,403	1,006	2,131,409
Interest rate related contracts	-	729,911	3,920	733,831
Equity and commodity related contracts	-	1,119	14,133	15,252
	<u>3,486,506</u>	<u>88,040,915</u>	<u>1,302,137</u>	<u>92,829,558</u>
Financial liabilities measured at fair value:				
Derivative liabilities	-	2,175,613	201,366	2,376,979
Foreign exchange related contracts	-	1,135,068	404	1,135,472
Interest rate related contracts	-	1,015,416	190,773	1,206,189
Equity and commodity related contracts	-	23,114	10,189	33,303
Credit related contracts	-	2,015	-	2,015

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A30. Fair Value Measurements of Financial Instruments (cont'd.)

	Quoted Market Price (Level 1) RM'000	Valuation technique using		Total RM'000
		Observable Inputs (Level 2) RM'000	Unobservable Inputs (Level 3) RM'000	
Bank				
At 31 December 2013				
Financial assets measured at fair value:				
Financial assets held-for-trading	-	5,546,091	-	5,546,091
Money market instruments	-	3,787,378	-	3,787,378
Non-money market instruments	-	1,758,713	-	1,758,713
Financial investments available-for-sale	171,192	64,029,334	332,271	64,532,797
Money market instruments	-	33,110,860	-	33,110,860
Non-money market instruments	171,192	30,918,474	332,271	31,421,937
Derivative assets	69	3,746,248	13,816	3,760,133
Foreign exchange related contracts	-	3,051,103	1,729	3,052,832
Interest rate related contracts	-	685,563	-	685,563
Equity and commodity related contracts	69	9,582	12,087	21,738
	171,261	73,321,673	346,087	73,839,021

Financial liabilities measured at fair value:

Derivative liabilities	-	3,405,922	226,542	3,632,464
Foreign exchange related contracts	-	2,472,211	1,729	2,473,940
Interest rate related contracts	-	924,346	212,726	1,137,072
Equity and commodity related contracts	-	9,365	12,087	21,452

	Quoted Market Price (Level 1) RM'000	Valuation technique using		Total RM'000
		Observable Inputs (Level 2) RM'000	Unobservable Inputs (Level 3) RM'000	
Bank				
At 31 December 2012				
Financial assets measured at fair value:				
Financial assets held-for-trading	4,269	10,715,668	-	10,719,937
Money market instruments	-	9,220,286	-	9,220,286
Non-money market instruments	4,269	1,495,382	-	1,499,651
Financial investments available-for-sale	158,003	46,745,270	463,036	47,366,309
Money market instruments	-	25,184,735	139,232	25,323,967
Non-money market instruments	158,003	21,560,535	323,804	22,042,342
Derivative assets	-	2,798,322	13,826	2,812,148
Foreign exchange related contracts	-	2,061,420	404	2,061,824
Interest rate related contracts	-	735,817	3,920	739,737
Equity and commodity related contracts	-	1,085	9,502	10,587
	162,272	60,259,260	476,862	60,898,394

Financial liabilities measured at fair value:

Derivative liabilities	-	2,104,645	138,972	2,243,617
Foreign exchange related contracts	-	1,082,153	404	1,082,557
Interest rate related contracts	-	1,021,955	128,379	1,150,334
Equity and commodity related contracts	-	537	10,189	10,726

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A30. Fair Value Measurements of Financial Instruments (cont'd.)

Valuation techniques

The valuation techniques used for the financial instruments that are not determined by reference to quoted prices (Level 1), are described below:

Derivatives

The fair values of the Group's and the Bank's derivative instruments are derived using discounted cash flows analysis, option pricing and benchmarking models.

Financial assets designated at fair value through profit or loss, financial assets held-for-trading and financial investments available-for-sale

The fair values of financial assets and financial investments are determined by reference to prices quoted by independent data providers and independent broker quotations.

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A30. Fair Value Measurements of Financial Instruments (cont'd.)

Reconciliation of fair value measurements in level 3 of the fair value hierarchy:

Group	At 1 January 2013 RM'000	Total realised gains/(losses) recognised in income statements* RM'000	Total unrealised gains/(losses) recognised in income statements* RM'000	Total unrealised gains/(losses) recognised in other comprehensive income RM'000	Purchases RM'000	Sales** RM'000	Settlements RM'000	Exchange differences RM'000	Transfer in to Level 3 RM'000	Transfer out of Level 3 RM'000	At 31 December 2013 RM'000
At 31 December 2013											
Financial assets held-for-trading											
Non-money market instruments	269,692	1,664	(13,909)	-	329,759	(10,632)	-	-	-	-	576,574
	269,692	1,664	(13,909)	-	329,759	(10,632)	-	-	-	-	576,574
Financial assets designated at fair value through profit or loss											
Non-money market instruments	228,547	(3,528)	7,073	-	-	(75,155)	-	-	-	-	156,937
	228,547	(3,528)	7,073	-	-	(75,155)	-	-	-	-	156,937
Financial investments available-for-sale											
Money market instruments	139,233	-	-	-	-	-	-	-	-	(139,233)	-
Non-money market instruments	645,606	(3,918)	-	(32,434)	79,310	(8,902)	(11,762)	(1,144)	10,613	(11,029)	666,340
	784,839	(3,918)	-	(32,434)	79,310	(8,902)	(11,762)	(1,144)	10,613	(150,262)	666,340
Derivative assets											
Foreign exchange related contracts	1,006	(2,535)	(5,088)	-	10,018	-	(1,647)	-	-	-	1,754
Interest rate related contracts	3,920	4,077	(1,421)	-	210	-	(6,786)	-	-	-	-
Equity related contracts	14,133	-	(1,963)	-	17,927	-	-	-	-	-	30,097
	19,059	1,542	(8,472)	-	28,155	-	(8,433)	-	-	-	31,851
Total Level 3 financial assets	1,302,137	(4,240)	(15,308)	(32,434)	437,224	(94,689)	(20,195)	(1,144)	10,613	(150,262)	1,431,702
Derivative liabilities											
Foreign exchange related contracts	(404)	1,779	4,510	-	(10,323)	-	2,405	-	-	-	(2,033)
Interest rate related contracts	(190,773)	(22,662)	8,898	-	(189,871)	-	92,334	-	-	-	(302,074)
Equity related contracts	(10,189)	-	854	-	(2,752)	-	-	-	-	-	(12,087)
Total Level 3 financial liabilities	(201,366)	(20,883)	14,262	-	(202,946)	-	94,739	-	-	-	(316,194)
Total net Level 3 financial assets/ (liabilities)	1,100,771	(25,123)	(1,046)	(32,434)	234,278	(94,689)	74,544	(1,144)	10,613	(150,262)	1,115,508

* Included within 'Non-interest income'.

** The amount of the sales of financial investments available-for-sale for the financial year ended 31 December 2013 included a redemption of capital investment of RM6.5 million.

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A30. Fair Value Measurements of Financial Instruments (cont'd.)

Reconciliation of fair value measurements in level 3 of the fair value hierarchy: (cont'd):

Group	At 1 January 2012	Total realised gains/(losses) recognised in income statements*	Total unrealised gains/(losses) recognised in income statements*	Total unrealised gains/(losses) recognised in other comprehensive income	Purchases	Sales	Settlements	Exchange differences	Transfer in to Level 3	Transfer out of Level 3	At 31 December 2012
At 31 December 2012	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Financial assets held-for-trading											
Non-money market instruments	8,506	(4,430)	1,053	-	266,103	(1,540)	-	-	-	-	269,692
	8,506	(4,430)	1,053	-	266,103	(1,540)	-	-	-	-	269,692
Financial assets designated at fair value through profit or loss											
Non-money market instruments	254,183	(10)	7,935	-	50,000	(83,561)	-	-	-	-	228,547
	254,183	(10)	7,935	-	50,000	(83,561)	-	-	-	-	228,547
Financial investments available-for-sale											
Money market instruments	2,359,034	-	-	-	-	-	(43,584)	-	-	(2,176,217)	139,233
Non-money market instruments	1,171,384	31,754	-	14,459	17,866	(589,359)	(450)	-	-	(48)	645,606
	3,530,418	31,754	-	14,459	17,866	(589,359)	(44,034)	-	-	(2,176,265)	784,839
Derivative assets											
Foreign exchange related contracts	32,979	-	(31,973)	-	-	-	-	-	-	-	1,006
Interest rate related contracts	7,890	1	(3,248)	-	-	-	(723)	-	-	-	3,920
Equity related contracts	10,859	(16,415)	14,406	-	5,406	-	(123)	-	-	-	14,133
	51,728	(16,414)	(20,815)	-	5,406	-	(846)	-	-	-	19,059
Total Level 3 financial assets	3,844,835	10,900	(11,827)	14,459	339,375	(674,460)	(44,880)	-	-	(2,176,265)	1,302,137
Derivative liabilities											
Foreign exchange related contracts	-	-	(404)	-	-	-	-	-	-	-	(404)
Interest rate related contracts	(89,074)	(7,674)	5,780	-	(204,291)	-	104,486	-	-	-	(190,773)
Equity related contracts	(10,831)	-	642	-	-	-	-	-	-	-	(10,189)
Total Level 3 financial liabilities	(99,905)	(7,674)	6,018	-	(204,291)	-	104,486	-	-	-	(201,366)
Total net Level 3 financial assets/(liabilities)	3,744,930	3,226	(5,809)	14,459	135,084	(674,460)	59,606	-	-	(2,176,265)	1,100,771

* Included within 'Non-interest income'.

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A30. Fair Value Measurements of Financial Instruments (cont'd.)

Reconciliation of fair value measurements in level 3 of the fair value hierarchy: (cont'd):

	At 1 January 2013 RM'000	Total realised gains/(losses) recognised in income statements*	Total unrealised gains/(losses) recognised in income statements*	Total unrealised gains/(losses) recognised in other comprehensive income RM'000	Purchases RM'000	Sales** RM'000	Settlements RM'000	Transfer in to Level 3 RM'000	Transfer out of Level 3 RM'000	At 31 December 2013 RM'000
Bank										
At 31 December 2013										
Financial investments available-for-sale										
Money market instruments	139,232	-	-	-	-	-	-	-	(139,232)	-
Non-money market instruments	323,804	(3,844)	-	-	24,310	-	(11,762)	-	(237)	332,271
	463,036	(3,844)	-	-	24,310	-	(11,762)	-	(139,469)	332,271
Derivative assets										
Foreign exchange related contracts	404	(1,779)	(4,509)	-	10,018	-	(2,405)	-	-	1,729
Interest rate related contracts	3,920	4,077	(1,421)	-	210	-	(6,786)	-	-	-
Equity related contracts	9,502	-	(167)	-	2,752	-	-	-	-	12,087
	13,826	2,298	(6,097)	-	12,980	-	(9,191)	-	-	13,816
Total Level 3 financial assets	476,862	(1,546)	(6,097)	-	37,290	-	(20,953)	-	(139,469)	346,087
Derivative liabilities										
Foreign exchange related contracts	(404)	1,779	4,509	-	(10,018)	-	2,405	-	-	(1,729)
Interest rate related contracts	(128,379)	(22,665)	4,897	-	(158,913)	-	92,334	-	-	(212,726)
Equity related contracts	(10,189)	-	854	-	(2,752)	-	-	-	-	(12,087)
Total Level 3 financial liabilities	(138,972)	(20,886)	10,260	-	(171,683)	-	94,739	-	-	(226,542)
Total net Level 3 financial assets/ (liabilities)	337,890	(22,432)	4,163	-	(134,393)	-	73,786	-	(139,469)	119,545

* Included within 'Non-interest income'.

** The amount of the sales of financial investments available-for-sale for the financial year ended 31 December 2013 included a redemption of capital investment of RM6.5 million.

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A30. Fair Value Measurements of Financial Instruments (cont'd.)

Reconciliation of fair value measurements in level 3 of the fair value hierarchy: (cont'd):

	At 1 January 2012 RM'000	Total realised gains/(losses) recognised in income statements*	Total unrealised gains/(losses) recognised in income statements*	Total unrealised gains/(losses) recognised in other comprehensive income RM'000	Purchases RM'000	Sales RM'000	Settlements RM'000	Transfer in to Level 3 RM'000	Transfer out of Level 3 RM'000	At 31 December 2012 RM'000
Bank										
At 31 December 2012										
Financial investments available-for-sale										
Money market instruments	2,359,033	-	-	-	-	-	(43,584)	-	(2,176,217)	139,232
Non-money market instruments	847,265	(2,618)	-	(5,113)	17,867	(533,597)	-	-	-	323,804
	3,206,298	(2,618)	-	(5,113)	17,867	(533,597)	(43,584)	-	(2,176,217)	463,036
Derivative assets										
Foreign exchange related contracts	-	-	404	-	-	-	-	-	-	404
Interest rate related contracts	7,168	-	(3,248)	-	-	-	-	-	-	3,920
Equity related contracts	10,831	-	(1,329)	-	-	-	-	-	-	9,502
	17,999	-	(4,173)	-	-	-	-	-	-	13,826
Total Level 3 financial assets	3,224,297	(2,618)	(4,173)	(5,113)	17,867	(533,597)	(43,584)	-	(2,176,217)	476,862
Derivative liabilities										
Foreign exchange related contracts	-	-	(404)	-	-	-	-	-	-	(404)
Interest rate related contracts	(48,193)	(7,674)	8,592	-	(117,961)	-	36,857	-	-	(128,379)
Equity related contracts	(10,831)	-	642	-	-	-	-	-	-	(10,189)
Total Level 3 financial liabilities	(59,024)	(7,674)	8,830	-	(117,961)	-	36,857	-	-	(138,972)
Total net Level 3 financial assets/ (liabilities)	3,165,273	(10,292)	4,657	(5,113)	(100,094)	(533,597)	(6,727)	-	(2,176,217)	337,890

* Included within 'Non-interest income'.

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A30. Fair Value Measurements of Financial Instruments (cont'd.)

The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as of the end of the reporting period.

There were no transfers between Level 1 and Level 2 for the Group and the Bank during the 12 months ended 31 December 2013.

Movements in Level 3 financial instruments measured at fair value

During the 12 months ended 31 December 2013, the Group transferred certain financial investments available-for-sale from Level 2 into Level 3 of the fair value hierarchy. The reason for the transfer is that inputs to the valuation models ceased to be observable. Prior to the transfer, the fair value of the instruments was determined using observable market transactions or binding broker quotes for the same or similar instruments. Since the transfer, these instruments have been valued using valuation models incorporating significant unobservable market inputs.

The Group has transferred certain financial investments available-for-sale out from Level 3 due to the market for some securities became more liquid, which led to a change in the method used to determine fair value. Prior to the transfer, the fair value of the instruments was determined using unobservable market transactions or binding broker quotes for the same or similar instruments. Since the transfer, these instruments have been valued using valuation models incorporating significant observable market inputs.

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A31. Credit Exposure Arising from Credit Transactions with Connected Parties

	Group		Bank	
	31 December 2013	31 December 2012	31 December 2013	31 December 2012
Outstanding credit exposures with connected parties (RM'000)	<u>14,252,988</u>	<u>24,145,302</u>	<u>14,503,489</u>	<u>23,472,554</u>
Percentage of outstanding credit exposures to connected parties as proportion of total credit exposures	<u>4.0%</u>	<u>7.8%</u>	<u>6.1%</u>	<u>10.9%</u>
Percentage of outstanding credit exposures to connected parties which is impaired or in default	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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.

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A32. Changes in Accounting Policies and Restatement of Prior Year Figures

(i) Adoption of MFRS 119 *Employee Benefits* (as amended by IASB in June 2011) ("Revised MFRS 119")

The adoption of the revised MFRS 119 affected the accounting treatment of certain items such as the timing of the recognition of certain gains and losses arising from defined benefit plans and the presentation of changes in defined benefit liability or asset. The key changes to the accounting policy and financial impact to the Group are as follows:

- Actuarial gains and losses (renamed as 'remeasurements') are recognised immediately in other comprehensive income, and are not subsequently recycled to the income statement. The corridor approach for accounting for unrecognised actuarial gain is removed.
- Past service costs, whether unvested or already vested, are recognised immediately in the income statement as incurred. Pension costs for a funded benefit plan will include net interest expense or income, calculated by applying the discount rate to the net defined benefit asset or liability. This will replace the interest cost and expected return on plan assets.

The revised MFRS 119 has resulted in changes to the recognition and measurement of defined pension expense. This change in accounting policy has been accounted for retrospectively and the financial effects of the adoption of revised MFRS 119 on the Group's financial statements are disclosed in Note A32(iii).

(ii) Restatement of Prior Year Figures as a Result of Change in Presentation of "Net income from insurance and takaful business" in Income Statement of the Group

As stated in Note A1, upon adoption of new standards such as MFRS 10 *Consolidated Financial Statements* and MFRS 12 *Disclosure of Interests in Other Entities*, the Group has decided to improve the presentation of "Net income from insurance and takaful business" by reclassifying other income and other expenses that form part of "Net income from insurance and takaful business" to respective line items in the income statements of the Group. The effects of the reclassification for period/year ended 31 December 2012 are disclosed in Note A32(iii).

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A32. Changes in Accounting Policies and Restatement of Prior Year Figures (cont'd.)

(iii) Financial Effects Arising from Changes in Accounting Policies and Restatement of Prior Year Figures

(a) The following are reconciliations of income statements of the Group for the 4th quarter and financial year ended 31 December 2012:

Group	31 December 2012	4th Quarter Ended		31 December 2012	31 December 2012	Cumulative 12 Months Ended		31 December 2012
	RM'000	Note A32(i)	Note A32(ii)	(Restated) RM'000	RM'000	Note A32(i)	Note A32(ii)	(Restated) RM'000
Interest income	3,797,173	-	205,307	4,002,480	14,847,018	-	804,691	15,651,709
Interest expense	(1,602,314)	-	2,721	(1,599,593)	(6,366,301)	-	11,277	(6,355,024)
Net interest income	2,194,859	-	208,028	2,402,887	8,480,717	-	815,968	9,296,685
Income from Islamic Banking Scheme operations	526,455	-	-	526,455	2,196,259	-	-	2,196,259
	2,721,314	-	208,028	2,929,342	10,676,976	-	815,968	11,492,944
Net income from insurance and takaful business	304,155	-	(112,571)	191,584	652,445	-	(700,781)	(48,336)
	3,025,469	-	95,457	3,120,926	11,329,421	-	115,187	11,444,608
Non-interest income	1,205,353	-	(42,029)	1,163,324	5,273,749	-	54,961	5,328,710
Net income	4,230,822	-	53,428	4,284,250	16,603,170	-	170,148	16,773,318
Overhead expenses	(2,137,012)	426	26,400	(2,110,186)	(8,158,120)	1,703	(76,002)	(8,232,419)
Operating profit before impairment losses	2,093,810	426	79,828	2,174,064	8,445,050	1,703	94,146	8,540,899
Allowance for impairment losses on loans, advances and financing, net	(159,983)	-	(50,712)	(210,695)	(642,711)	-	(36,536)	(679,247)
Impairment losses on financial investments, net	(18,560)	-	(29,116)	(47,676)	(60,216)	-	(57,610)	(117,826)
Operating profit	1,915,267	426	-	1,915,693	7,742,123	1,703	-	7,743,826
Share of profits in associates	34,058	-	-	34,058	152,476	-	-	152,476
Profit before taxation and zakat	1,949,325	426	-	1,949,751	7,894,599	1,703	-	7,896,302
Taxation and zakat	(411,812)	(78)	-	(411,890)	(1,977,306)	(312)	-	(1,977,618)
Profit for the period/year	1,537,513	348	-	1,537,861	5,917,293	1,391	-	5,918,684
Attributable to:								
Equity holders of the Bank	1,459,585	306	-	1,459,891	5,744,696	1,224	-	5,745,920
Non-controlling interest	77,928	42	-	77,970	172,597	167	-	172,764
	1,537,513	348	-	1,537,861	5,917,293	1,391	-	5,918,684

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A32. Changes in Accounting Policies and Restatement of Prior Year Figures (cont'd.)

(iii) Financial Effects Arising from Changes in Accounting Policies and Restatement of Prior Year Figures (cont'd.)

(b) The following are reconciliations of statements of comprehensive income of the Group for the 4th quarter and financial year ended 31 December 2012:

	31 December 2012	4th Quarter Ended Note A32(i)	31 December 2012 (Restated)	Cumulative 12 Months Ended 31 December 2012	Note A32(i)	31 December 2012 (Restated)
Group	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Profit for the period/year	1,537,513	348	1,537,861	5,917,293	1,391	5,918,684
Other comprehensive income/(loss):						
Items that will not be reclassified subsequently to profit or loss						
Defined benefit plan actuarial loss	-	(9,173)	(9,173)	-	(25,082)	(25,082)
Income tax effect	-	2,967	2,967	-	7,793	7,793
	-	(6,206)	(6,206)	-	(17,289)	(17,289)
Items that may be reclassified subsequently to profit or loss						
Net gain on financial investments available-for-sale	143,340	-	143,340	52,715	-	52,715
Foreign currency translation	(99,891)	29	(99,862)	(933,136)	1,189	(931,947)
Income tax effect	(26,553)	-	(26,553)	(2,522)	-	(2,522)
Other reserves	(799)	-	(799)	(547)	-	(547)
	16,097	29	16,126	(883,490)	1,189	(882,301)
Other comprehensive income/(loss) for the period/year, net of tax	16,097	(6,177)	9,920	(883,490)	(16,100)	(899,590)
Total comprehensive income for the period/year	1,553,610	(5,829)	1,547,781	5,033,803	(14,709)	5,019,094
Total comprehensive income for the period/year attributable to:						
Equity holders of the Bank	1,468,094	(5,345)	1,462,749	4,847,663	(13,955)	4,833,708
Non-controlling interest	85,516	(484)	85,032	186,140	(754)	185,386
	1,553,610	(5,829)	1,547,781	5,033,803	(14,709)	5,019,094

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A32. Changes in Accounting Policies and Restatement of Prior Year Figures (cont'd.)

(iii) Financial Effects Arising from Changes in Accounting Policies and Restatement of Prior Year Figures (cont'd.)

(c) The following are reconciliations of statements of financial position of the Group as at 1 January 2012 and as at 31 December 2012:

Group	31 December 2012 RM'000	Note A32(i) RM'000	31 December 2012 (Restated) RM'000	1 January 2012 RM'000	Note A32(i) RM'000	1 January 2012 (Restated) RM'000
ASSETS						
Cash and short-term funds	40,018,633	-	40,018,633	49,387,882	-	49,387,882
Deposits and placements with financial institutions	11,949,150	-	11,949,150	7,161,651	-	7,161,651
Financial assets purchased under resale agreements	798,180	-	798,180	1,397,235	-	1,397,235
Financial assets at fair value through profit or loss	29,156,692	-	29,156,692	18,393,752	-	18,393,752
Financial investments available-for-sale	60,792,374	-	60,792,374	63,585,045	-	63,585,045
Financial investments held-to-maturity	2,870,768	-	2,870,768	2,689,806	-	2,689,806
Loans, advances and financing	311,824,735	-	311,824,735	276,252,853	-	276,252,853
Derivative assets	2,880,492	-	2,880,492	1,987,502	-	1,987,502
Reinsurance/retakaful assets and other insurance receivables	2,555,727	-	2,555,727	2,173,794	-	2,173,794
Other assets	6,680,257	-	6,680,257	4,749,820	-	4,749,820
Investment properties	572,662	-	572,662	542,477	-	542,477
Statutory deposits with central banks	12,298,362	-	12,298,362	10,577,416	-	10,577,416
Interest in associates and joint ventures	2,235,233	-	2,235,233	2,406,462	-	2,406,462
Property, plant and equipment	2,402,821	-	2,402,821	2,217,483	-	2,217,483
Intangible assets	6,531,336	-	6,531,336	6,748,053	-	6,748,053
Deferred tax assets	1,298,871	44,670	1,343,541	1,323,606	37,439	1,361,045
TOTAL ASSETS	494,866,293	44,670	494,910,963	451,594,837	37,439	451,632,276

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A32. Changes in Accounting Policies and Restatement of Prior Year Figures (cont'd.)

(iii) Financial Effects Arising from Changes in Accounting Policies and Restatement of Prior Year Figures (cont'd.)

(c) The following are reconciliations of statements of financial position of the Group as at 1 January 2012 and as at 31 December 2012 (cont'd.):

<u>Group (cont'd.)</u>	31 December 2012	Note A32(i)	31 December 2012 (Restated)	1 January 2012	Note A32(i)	1 January 2012 (Restated)
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
LIABILITIES						
Deposits from customers	347,155,510	-	347,155,510	314,692,245	-	314,692,245
Deposits and placements from financial institutions	33,887,376	-	33,887,376	36,760,978	-	36,760,978
Obligations on financial assets sold under repurchase agreements	-	-	-	267,652	-	267,652
Bills and acceptances payable	2,269,513	-	2,269,513	4,472,872	-	4,472,872
Derivative liabilities	2,376,979	-	2,376,979	2,162,709	-	2,162,709
Insurance/takaful contract liabilities and other insurance payables	21,928,872	-	21,928,872	20,090,908	-	20,090,908
Other liabilities	9,597,742	185,871	9,783,613	6,407,906	163,681	6,571,587
Recourse obligation on loans and financing sold to Cagamas	1,592,974	-	1,592,974	2,214,873	-	2,214,873
Provision for taxation and zakat	1,051,798	-	1,051,798	382,562	-	382,562
Deferred tax liabilities	676,514	(1,642)	674,872	672,025	(1,392)	670,633
Borrowings	10,714,266	-	10,714,266	7,185,230	-	7,185,230
Subordinated obligations	13,510,041	-	13,510,041	14,160,553	-	14,160,553
Capital securities	6,150,351	-	6,150,351	6,113,761	-	6,113,761
TOTAL LIABILITIES	450,911,936	184,229	451,096,165	415,584,274	162,289	415,746,563
EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE BANK						
Share capital	8,440,046	-	8,440,046	7,639,437	-	7,639,437
Share premium	15,639,646	-	15,639,646	9,598,847	-	9,598,847
Shares held-in-trust	(102,405)	-	(102,405)	-	-	-
Retained profits	11,115,006	(10,169)	11,104,837	10,393,767	(11,393)	10,382,374
Other reserves	7,136,600	(123,366)	7,013,234	6,824,192	(108,187)	6,716,005
	42,228,893	(133,535)	42,095,358	34,456,243	(119,580)	34,336,663
Non-controlling interests	1,725,464	(6,024)	1,719,440	1,554,320	(5,270)	1,549,050
	43,954,357	(139,559)	43,814,798	36,010,563	(124,850)	35,885,713
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	494,866,293	44,670	494,910,963	451,594,837	37,439	451,632,276

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A32. Changes in Accounting Policies and Restatement of Prior Year Figures (cont'd.)

(iii) Financial Effects Arising from Changes in Accounting Policies and Restatement of Prior Year Figures (cont'd.)

(d) The following are reconciliations of income statements of the operations of Islamic Banking Scheme for the 4th quarter and financial year ended 31 December 2012:

<u>Group</u>	4th Quarter Ended			Cumulative 12 Months Ended		
	31 December 2012	Note A32(i)	31 December 2012 (Restated)	31 December 2012	Note A32(i)	31 December 2012 (Restated)
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Income derived from investment of depositors' funds	921,380	-	921,380	3,557,278	-	3,557,278
Expenses directly attributable to depositors and Islamic Banking Funds	(69,876)	-	(69,876)	(69,876)	-	(69,876)
Gross attributable income	851,504	-	851,504	3,487,402	-	3,487,402
Writeback of impairment losses on financing and advances	13,229	-	13,229	33,701	-	33,701
Total attributable income	864,733	-	864,733	3,521,103	-	3,521,103
Income attributable to the depositors	(484,967)	-	(484,967)	(1,757,225)	-	(1,757,225)
Income attributable to the Group	379,766	-	379,766	1,763,878	-	1,763,878
Income derived from investment of Islamic Banking Funds	51,846	-	51,846	310,838	-	310,838
	431,612	-	431,612	2,074,716	-	2,074,716
Finance cost	(10,666)	-	(10,666)	(41,913)	-	(41,913)
Overhead expenses	(201,233)	4	(201,229)	(710,799)	17	(710,782)
Profit before taxation and zakat	219,713	4	219,717	1,322,004	17	1,322,021
Taxation	(51,379)	(1)	(51,380)	(315,846)	(4)	(315,850)
Zakat	(2,102)	-	(2,102)	(16,613)	-	(16,613)
Profit for the period/year	166,232	3	166,235	989,545	13	989,558

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A32. Changes in Accounting Policies and Restatement of Prior Year Figures (cont'd.)

(iii) Financial Effects Arising from Changes in Accounting Policies and Restatement of Prior Year Figures (cont'd.)

- (e) The following are reconciliations of statements of comprehensive income of the operations of Islamic Banking Scheme for the 4th quarter and financial year ended 31 December 2012:

<u>Group</u>	4th Quarter Ended			Cumulative 12 Months Ended		
	31 December 2012	Note A32(i)	31 December 2012 (Restated)	31 December 2012	Note A32(i)	31 December 2012 (Restated)
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Profit for the period/year	166,232	3	166,235	989,545	13	989,558
Other comprehensive income/(loss):						
<i>Items that will not be reclassified subsequently to profit or loss</i>						
Defined benefit plan actuarial gain	-	59	59	-	233	233
Income tax effect	-	(14)	(14)	-	(58)	(58)
	-	45	45	-	175	175
<i>Items that may be reclassified subsequently to profit or loss</i>						
Net loss on financial investments available-for-sale	(7,998)	-	(7,998)	(27,049)	-	(27,049)
Foreign currency translation	15,588	-	15,588	(33,499)	-	(33,499)
Income tax effect	1,938	-	1,938	6,148	-	6,148
	9,528	-	9,528	(54,400)	-	(54,400)
Other comprehensive income/(loss) for the period/year, net of tax	9,528	45	9,573	(54,400)	175	(54,225)
Total comprehensive income for the period/year	175,760	48	175,808	935,145	188	935,333

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A32. Changes in Accounting Policies and Restatement of Prior Year Figures (cont'd.)

(iii) Financial Effects Arising from Changes in Accounting Policies and Restatement of Prior Year Figures (cont'd.)

(f) The following are reconciliations of statements of financial position of the operations of Islamic Banking Scheme as at 1 January 2012 and as at 31 December 2012:

	31 December 2012	Note A32(i)	31 December 2012 (Restated)	1 January 2012	Note A32(i)	1 January 2012 (Restated)
Group	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
ASSETS						
Cash and short-term funds	13,026,886	-	13,026,886	8,971,617	-	8,971,617
Deposits and placements with financial institutions	293,552	-	293,552	429,910	-	429,910
Financial investments portfolio	9,810,498	-	9,810,498	8,644,047	-	8,644,047
Financing and advances	62,230,793	-	62,230,793	52,425,274	-	52,425,274
Derivative assets	48,227	-	48,227	28,198	-	28,198
Other assets	4,891,200	-	4,891,200	4,492,748	-	4,492,748
Statutory deposit with central banks	2,399,000	-	2,399,000	1,834,800	-	1,834,800
Property, plant and equipment	1,808	-	1,808	2,551	-	2,551
Intangible assets	3,117	-	3,117	3,701	-	3,701
Deferred tax assets	199,408	67	199,475	177,369	129	177,498
Total Assets	92,904,489	67	92,904,556	77,010,215	129	77,010,344
LIABILITIES						
Deposits from customers	71,319,635	-	71,319,635	59,090,400	-	59,090,400
Deposits and placements from financial institutions	13,206,242	-	13,206,242	9,449,458	-	9,449,458
Bills and acceptances payable	419,749	-	419,749	504,237	-	504,237
Derivatives liabilities	113,980	-	113,980	96,179	-	96,179
Other liabilities	281,481	268	281,749	193,515	518	194,033
Recourse obligation on financing sold to Cagamas	905,181	-	905,181	1,499,270	-	1,499,270
Provision for taxation and zakat	162,043	-	162,043	109,256	-	109,256
Subordinated sukuk	1,010,782	-	1,010,782	1,010,723	-	1,010,723
Total Liabilities	87,419,093	268	87,419,361	71,953,038	518	71,953,556
ISLAMIC BANKING CAPITAL FUNDS						
Islamic Banking Funds	863,719	-	863,719	943,296	-	943,296
Share premium	2,687,480	-	2,687,480	2,488,400	-	2,488,400
Retained profits	1,714,988	(11)	1,714,977	1,383,544	(24)	1,383,520
Other reserves	219,209	(190)	219,019	241,937	(365)	241,572
	5,485,396	(201)	5,485,195	5,057,177	(389)	5,056,788
Total Liabilities and Islamic Banking Funds	92,904,489	67	92,904,556	77,010,215	129	77,010,344

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A33. The Operations of Islamic Banking Scheme

A33a. Audited Income Statements for the 4th Quarter and Financial Year Ended 31 December 2013

<u>Group</u>	4th Quarter Ended		Cumulative 12 Months Ended	
	31 December 2013	31 December 2012 (Restated)	31 December 2013	31 December 2012 (Restated)
	RM'000	RM'000	RM'000	RM'000
Income derived from investment of depositors' funds	1,211,010	921,380	4,489,860	3,557,278
Expenses directly attributable to depositors and Islamic Banking Funds	-	(69,876)	-	(69,876)
Gross attributable income	1,211,010	851,504	4,489,860	3,487,402
Writeback of/(Allowance for) impairment losses on financing and advances	50,559	13,229	(8,509)	33,701
Total attributable income	1,261,569	864,733	4,481,351	3,521,103
Income attributable to the depositors	(708,245)	(484,967)	(2,369,879)	(1,757,225)
Income attributable to the Group	553,324	379,766	2,111,472	1,763,878
Income derived from investment of Islamic Banking Funds	116,012	51,846	318,017	310,838
	669,336	431,612	2,429,489	2,074,716
Finance cost	(10,666)	(10,666)	(42,200)	(41,913)
Overhead expenses	(235,151)	(201,229)	(913,231)	(710,782)
Profit before taxation and zakat	423,519	219,717	1,474,058	1,322,021
Taxation	(99,216)	(51,380)	(336,466)	(315,850)
Zakat	(9,590)	(2,102)	(22,247)	(16,613)
Profit for the period/year	314,713	166,235	1,115,345	989,558

For consolidation and amalgamation with the conventional operations, net income from Islamic Banking Scheme comprises the following items:

<u>Group</u>	4th Quarter Ended		Cumulative 12 Months Ended	
	31 December 2013	31 December 2012	31 December 2013	31 December 2012
	RM'000	RM'000	RM'000	RM'000
Gross attributable income	1,211,010	851,504	4,489,860	3,487,402
Income derived from investment of Islamic Banking Funds	116,012	51,846	318,017	310,838
Total income before allowance for impairment on financing and advances and overhead expenses	1,327,022	903,350	4,807,877	3,798,240
Income attributable to the depositors	(708,245)	(484,967)	(2,369,879)	(1,757,225)
	618,777	418,383	2,437,998	2,041,015
Finance cost	(10,666)	(10,666)	(42,200)	(41,913)
Net of intercompany income and expenses	181,743	118,738	414,384	197,157
Income from Islamic Banking Scheme	789,854	526,455	2,810,182	2,196,259

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A33. The Operations of Islamic Banking Scheme (cont'd.)

A33b. Audited Statements of Comprehensive Income for the 4th Quarter and Financial Year Ended 31 December 2013

	4th Quarter Ended		Cumulative 12 Months Ended	
	31 December 2013	31 December 2012 (Restated)	31 December 2013	31 December 2012 (Restated)
	RM'000	RM'000	RM'000	RM'000
<u>Group</u>				
Profit for the period/year	314,713	166,235	1,115,345	989,558
Other comprehensive income/(loss):				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Defined benefit plan actuarial gain	-	59	-	233
Income tax effect	-	(14)	-	(58)
	-	45	-	175
<i>Items that may be reclassified subsequently to profit or loss</i>				
Net loss on financial investments available-for-sale	(83,335)	(7,998)	(214,691)	(27,049)
Foreign currency translation	(5,676)	15,588	21,483	(33,499)
Income tax effect	20,737	1,938	53,051	6,148
	(68,274)	9,528	(140,157)	(54,400)
Other comprehensive (loss)/income for the period/year, net of tax	(68,274)	9,573	(140,157)	(54,225)
Total comprehensive income for the period/year	246,439	175,808	975,188	935,333

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A33. The Operations of Islamic Banking Scheme (cont'd.)

A33c. Audited Statements of Financial Position as at 31 December 2013

<u>Group</u>	<u>Note</u>	31 December 2013	31 December 2012	1 January 2012
		RM'000	(Restated) RM'000	(Restated) RM'000
ASSETS				
Cash and short-term funds		17,763,716	13,026,886	8,971,617
Deposits and placements with financial institutions		63,380	293,552	429,910
Financial investments portfolio		9,193,509	9,810,498	8,644,047
Financing and advances	A33e	87,395,117	62,230,793	52,425,274
Derivative assets		134,141	48,227	28,198
Other assets		9,101,475	4,891,200	4,492,748
Statutory deposit with central banks		3,084,000	2,399,000	1,834,800
Property, plant and equipment		1,203	1,808	2,551
Intangible assets		1,520	3,117	3,701
Deferred tax assets		268,231	199,475	177,498
Total Assets		127,006,292	92,904,556	77,010,344
LIABILITIES				
Deposits from customers	A33f	83,376,255	71,319,635	59,090,400
Deposits and placements from financial institutions		33,431,855	13,206,242	9,449,458
Bills and acceptances payable		62,124	419,749	504,237
Derivatives liabilities		247,952	113,980	96,179
Other liabilities		278,481	281,749	194,033
Recourse obligation on financing sold to Cagamas		620,976	905,181	1,499,270
Provision for taxation and zakat		206,479	162,043	109,256
Subordinated sukuk	A33g	1,010,782	1,010,782	1,010,723
Total Liabilities		119,234,904	87,419,361	71,953,556
ISLAMIC BANKING CAPITAL FUNDS				
Islamic Banking Funds		1,278,853	863,719	943,296
Share premium		3,725,969	2,687,480	2,488,400
Retained profits		2,445,492	1,714,977	1,383,520
Other reserves		321,074	219,019	241,572
		7,771,388	5,485,195	5,056,788
Total Liabilities and Islamic Banking Capital Funds		127,006,292	92,904,556	77,010,344
COMMITMENTS AND CONTINGENCIES				
		34,079,257	29,167,879	21,354,255

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A33. The Operations of Islamic Banking Scheme (cont'd.)

A33d. Audited Statements of Changes in Islamic Banking Capital Fund for the 4th Quarter and Financial Year Ended 31 December 2013

<----- Non-distributable ----->										
<u>Group</u>	Islamic Banking Funds RM'000	Share Premium RM'000	Unrealised Holding Reserve RM'000	Exchange Fluctuation Reserve RM'000	Statutory Reserve RM'000	*Equity contribution from the holding company RM'000	Profit Equalisation Reserve RM'000	Defined Benefit Reserve RM'000	Distributable Retained Profits RM'000	Total RM'000
At 1 January 2013										
- as previously stated	863,719	2,687,480	36,751	(1,033)	147,338	1,697	34,456	-	1,714,988	5,485,396
- effect of adopting revised MFRS 119	-	-	-	-	-	-	-	(190)	(11)	(201)
At 1 January 2013, as restated	863,719	2,687,480	36,751	(1,033)	147,338	1,697	34,456	(190)	1,714,977	5,485,195
Profit for the year	-	-	-	-	-	-	-	-	1,115,345	1,115,345
Other comprehensive (loss)/income	-	-	(161,640)	21,483	-	-	-	-	-	(140,157)
Total comprehensive (loss)/income for the year	-	-	(161,640)	21,483	-	-	-	-	1,115,345	975,188
Transfer from/(to) Head Office	328,866	-	-	(20,122)	-	-	-	-	2,261	311,005
Transfer to statutory reserve	-	-	-	-	262,334	-	-	-	(262,334)	-
Issue of ordinary shares	86,268	1,038,489	-	-	-	-	-	-	-	1,124,757
Dividends paid	-	-	-	-	-	-	-	-	(124,757)	(124,757)
At 31 December 2013	1,278,853	3,725,969	(124,889)	328	409,672	1,697	34,456	(190)	2,445,492	7,771,388
<----- Non-distributable ----->										
<u>Group</u>	Islamic Banking Funds RM'000	Share Premium RM'000	Unrealised Holding Reserve RM'000	Exchange Fluctuation Reserve RM'000	Statutory Reserve RM'000	*Equity contribution from the holding company RM'000	Profit Equalisation Reserve RM'000	Defined Benefit Reserve RM'000	Distributable Retained Profits RM'000	Total RM'000
At 1 January 2012										
- as previously stated	943,296	2,488,400	57,652	794	147,338	1,697	34,456	-	1,383,544	5,057,177
- effect of adopting revised MFRS 119	-	-	-	-	-	-	-	(365)	(24)	(389)
At 1 January 2012, as restated	943,296	2,488,400	57,652	794	147,338	1,697	34,456	(365)	1,383,520	5,056,788
Profit for the year	-	-	-	-	-	-	-	-	989,558	989,558
Other comprehensive (loss)/income	-	-	(20,901)	(33,499)	-	-	-	175	-	(54,225)
Total comprehensive (loss)/income for the year	-	-	(20,901)	(33,499)	-	-	-	175	989,558	935,333
Transfer (to)/from Head Office	(101,697)	-	-	31,672	-	-	-	-	(2,907)	(72,932)
Issue of ordinary shares	22,120	199,080	-	-	-	-	-	-	-	221,200
Dividends paid	-	-	-	-	-	-	-	-	(655,194)	(655,194)
At 31 December 2012	863,719	2,687,480	36,751	(1,033)	147,338	1,697	34,456	(190)	1,714,977	5,485,195

* Arose from waiver of intercompany balance between respective subsidiaries on the instruction of the holding company.

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A33. The Operations of Islamic Banking Scheme (cont'd.)

A33e. Financing and Advances

<u>Group</u> As at 31 December 2013	Bai' RM'000	Murabahah RM'000	Musarakah RM'000	Al-Ijarah Thummah Al-Bai (AITAB) RM'000	Ijarah RM'000	Istisna' RM'000	Others RM'000	Total Financing and Advances RM'000
Cashline	-	2,762,316	-	-	-	630	-	2,762,946
Term financing								
- Housing financing	22,881,526	18,521,856	2,726,672	-	-	-	-	44,130,054
- Syndicated financing	-	420,933	24,071	-	-	-	-	445,004
- Hire purchase receivables	-	-	-	26,432,037	-	-	-	26,432,037
- Other term financing	46,254,057	24,733,658	1,953,048	-	214,442	180,206	934	73,336,345
Bills receivables	-	3,241	-	-	-	-	474	3,715
Trust receipts	-	198,607	-	-	-	-	-	198,607
Claims on customers under acceptance credits	-	3,978,452	-	-	-	-	-	3,978,452
Staff financing	1,070,418	188,580	9,646	100,524	-	-	37,407	1,406,575
Credit card receivables	-	-	-	-	-	-	424,425	424,425
Revolving credit	-	6,096,862	-	-	-	-	-	6,096,862
	70,206,001	56,904,505	4,713,437	26,532,561	214,442	180,836	463,240	159,215,022
Unearned income								(71,055,879)
Gross financing and advances*								88,159,143
Allowances for impaired financing and advances:								
- Individual allowance								(172,880)
- Collective allowance								(591,146)
Net financing and advances								87,395,117

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A33. The Operations of Islamic Banking Scheme (cont'd.)

A33e. Financing and Advances (cont'd.)

Group	Bai'	Murabahah	Musarakah	Al-Ijarah	Ijarah	Istisna'	Others	Total
As at 31 December 2012	RM'000	RM'000	RM'000	Al-Bai (AITAB)	RM'000	RM'000	RM'000	Financing and Advances
				RM'000				RM'000
Cashline	-	2,327,525	-	-	-	-	-	2,327,525
Term financing								
- Housing financing	18,905,248	2,924,409	2,306,624	-	-	-	-	24,136,281
- Syndicated financing	-	254,628	37,662	-	-	-	-	292,290
- Hire purchase receivables	-	-	-	20,072,695	-	-	-	20,072,695
- Other term financing	34,092,967	12,026,600	1,975,216	-	266,261	149,197	-	48,510,241
Bills receivables	-	123	-	-	-	-	-	123
Trust receipts	-	184,782	-	-	-	-	-	184,782
Claims on customers under acceptance credits	-	3,706,533	-	-	-	-	-	3,706,533
Staff financing	955,798	8,453	10,107	74,157	-	-	77	1,048,592
Credit card receivables	-	-	-	-	-	-	365,908	365,908
Revolving credit	-	4,554,279	-	-	-	-	-	4,554,279
	53,954,013	25,987,332	4,329,609	20,146,852	266,261	149,197	365,985	105,199,249
Unearned income								(42,264,783)
Gross financing and advances*								62,934,466
Allowances for impaired financing and advances:								
- Individual allowance								(95,836)
- Collective allowance								(607,837)
Net financing and advances								62,230,793

* Included in gross financing and advances are exposures to Restricted Profit Sharing Investment Accounts ("RPSIA") amounting to RM8,328.8 million (31 December 2012: RM650.0 million), an arrangement between Maybank Islamic Berhad ("MIB") and the Bank, where the risks and rewards of the RPSIA will be accounted for by the Bank including the individual and collective allowances for the impaired financing arising thereon.

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A33. The Operations of Islamic Banking Scheme (cont'd.)

A33e. Financing and Advances (cont'd.)

(i) Movements in impaired financing and advances ("impaired financing") are as follows:

<u>Group</u>	31 December 2013 RM'000	31 December 2012 RM'000
Gross impaired financing and advances at 1 January 2013/2012	531,048	811,973
Newly impaired	533,271	554,416
Reclassified as non-impaired	(218,605)	(241,010)
Amount recovered	(245,716)	(319,372)
Amount written off	(73,313)	(299,925)
Expenses debited to customers' accounts	4,942	24,966
Gross impaired financing and advances at 31 December 2013/2012	531,627	531,048
Less: Individual allowance	(172,880)	(95,836)
Net impaired financing and advances at 31 December 2013/2012	358,747	435,212
 Gross financing and advances (excluding RPSIA financing)	 79,830,300	 62,284,466
Less: Individual allowance	(172,880)	(95,836)
Net financing and advances	79,657,420	62,188,630
 Net impaired financing and advances as a percentage of net financing and advances	 0.45%	 0.70%

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A33. The Operations of Islamic Banking Scheme (cont'd.)

A33e. Financing and Advances (cont'd.)

(ii) Movements in the allowances for impaired financing and advances are as follows:

<u>Group</u>	31 December 2013 RM'000	31 December 2012 RM'000
<u>Individual allowance</u>		
At 1 January 2013/2012	95,836	298,840
Allowance made	97,931	63,616
Amount written back in respect of recoveries	(19,419)	(61,863)
Amount written off	-	(204,688)
Transferred to collective allowance	(74)	-
Exchange differences	(1,394)	(69)
At 31 December 2013/2012	<u>172,880</u>	<u>95,836</u>
<u>Collective allowance</u>		
At 1 January 2013/2012	607,837	647,427
Allowance made *	56,839	56,496
Amount written off	(73,313)	(95,237)
Transferred from individual allowance	74	-
Exchange differences	(291)	(849)
At 31 December 2013/2012	<u>591,146</u>	<u>607,837</u>
As a percentage of gross financing and advances (excluding RPSIA financing) less individual allowance	<u>0.74%</u>	<u>0.98%</u>

* As at 31 December 2013, the gross exposures to RPSIA financing of RM8,328.8 million (31 December 2012: RM650.0 million) is excluded from gross financing and advances for the individual and collective allowances computation. The collective allowance relating to this RPSIA amounting to RM27.8 million (31 December 2012: RM0.8 million) is recognised in the Group's conventional operations. There is no individual allowance provided for this RPSIA financing.

A33f. Deposits from Customers

<u>Group</u>	31 December 2013 RM'000	31 December 2012 RM'000
Savings deposit		
Wadiah	8,878,413	8,011,365
Mudharabah	741,952	579,823
	<u>9,620,365</u>	<u>8,591,188</u>
Demand deposit		
Wadiah	8,178,609	7,961,813
Mudharabah	9,221,790	7,044,116
	<u>17,400,399</u>	<u>15,005,929</u>
Term deposit		
Murabahah	40,652,099	31,223,265
Negotiable Islamic Debt Certificated (NIDC)		
- Mudharabah	143,345	242,623
Hybrid (Bai' Bithaman Ajil and Murabahah)	505,255	347,614
General investment account		
- Mudharabah	15,054,792	15,909,016
	<u>56,355,491</u>	<u>47,722,518</u>
Total deposits from customers	<u>83,376,255</u>	<u>71,319,635</u>

A33g. Subordinated Sukuk

<u>Group</u>	31 December 2013 RM'000	31 December 2012 RM'000
RM1.0 billion Islamic subordinated sukuk due in 2021	<u>1,010,782</u>	<u>1,010,782</u>

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A34. Audited Income Statements and Statements of Financial Position of Insurance and Takaful Business

Pursuant to Paragraph 11.5(iv) of Bank Negara Malaysia's Financial Reporting Policy issued on 28 June 2013, the breakdown of Audited Income Statements and Statements of Financial Position of Insurance and Takaful Business into Life Fund, Family Takaful Fund, General Takaful Fund, Shareholders' and General Fund are disclosed as follows:

(a) Audited Income Statements for the Financial Year Ended 31 December 2013

Group Twelve Months Ended	Life Fund		Family Takaful Fund		General Takaful Fund		Shareholders' and General Fund		Total	
	31 December 2013 RM'000	31 December 2012 RM'000	31 December 2013 RM'000	31 December 2012 RM'000	31 December 2013 RM'000	31 December 2012 RM'000	31 December 2013 RM'000	31 December 2012 RM'000	31 December 2013 RM'000	31 December 2012 RM'000
Interest income	433,258	435,829	314,292	285,396	44,621	38,377	145,297	110,366	937,468	869,968
Interest expense	-	-	-	-	-	-	(10,184)	-	(10,184)	-
Net interest income	433,258	435,829	314,292	285,396	44,621	38,377	135,113	110,366	927,284	869,968
Net income from insurance and takaful business	(405,645)	(627,357)	(230,805)	(335,967)	(107,682)	(50,737)	914,929	888,644	170,797	(125,417)
	27,613	(191,528)	83,487	(50,571)	(63,061)	(12,360)	1,050,042	999,010	1,098,081	744,551
Non-interest income	123,205	298,864	(39,974)	175,008	64,935	24,280	142,866	93,291	291,032	591,443
Net income	150,818	107,336	43,513	124,437	1,874	11,920	1,192,908	1,092,301	1,389,113	1,335,994
Overhead expenses	(148,202)	(98,415)	(33,908)	(66,132)	(1,356)	(889)	(417,878)	(383,327)	(601,344)	(548,763)
Operating profit before impairment losses	2,616	8,921	9,605	58,305	518	11,031	775,030	708,974	787,769	787,231
Allowances for impairment losses on loans, advances and financing, net	(441)	8,906	(2,079)	(26,552)	89	(3,757)	9,952	(8,280)	7,521	(29,683)
Impairment losses on financial investments, net	(2,175)	(17,827)	(7,526)	(31,753)	(607)	(7,274)	(3,058)	(6,317)	(13,366)	(63,171)
Operating profit	-	-	-	-	-	-	781,924	694,377	781,924	694,377
Share of profits in associates	-	-	-	-	-	-	864	517	864	517
Profit before taxation and zakat	-	-	-	-	-	-	782,788	694,894	782,788	694,894
Taxation and zakat	-	-	-	-	-	-	(165,375)	(179,938)	(165,375)	(179,938)
Profit for the year	-	-	-	-	-	-	617,413	514,956	617,413	514,956

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A34. Audited Income Statements and Statements of Financial Position of Insurance and Takaful Business (cont'd.)

Pursuant to Paragraph 11.5(iv) of Bank Negara Malaysia's Financial Reporting Policy issued on 28 June 2013, the breakdown of Audited Income Statements and Statements of Financial Position of Insurance and Takaful Business into Life Fund, Family Takaful Fund, General Takaful Fund, Shareholders' and General Fund are disclosed as follows (cont'd.):

(b) Audited Statements of Financial Position as at 31 December 2013

Group	Life Fund		Family Takaful Fund		General Takaful Fund		Shareholders' and General Fund		Total	
	As at	As at	As at	As at	As at	As at	As at	As at	As at	As at
	31 December 2013	31 December 2012	31 December 2013	31 December 2012	31 December 2013	31 December 2012	31 December 2013	31 December 2012	31 December 2013	31 December 2012
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
ASSETS										
Cash and short-term funds	55,313	70,922	90,009	40,041	53,033	20,240	140,250	93,626	338,605	224,829
Deposits and placements with financial institutions	902,179	594,154	493,643	639,623	319,559	211,070	1,379,348	952,297	3,094,729	2,397,144
Financial assets at fair value through profit or loss	8,546,946	8,809,459	4,571,735	4,456,361	-	-	-	-	13,118,681	13,265,820
Financial investments available-for-sale	1,190,548	1,277,288	2,781,462	2,225,372	1,039,781	1,040,792	3,165,842	2,748,772	8,177,633	7,292,224
Loans, advances and financing	276,629	255,702	7,309	16,922	-	-	33,181	33,704	317,119	306,328
Derivative assets	18,035	267,170	-	-	-	-	-	23	18,035	267,193
Reinsurance/retakaful assets and other insurance receivables	66,498	64,924	155,836	115,883	282,157	376,169	1,845,504	1,998,751	2,349,995	2,555,727
Other assets	33,576	175,142	4,216	116,326	7,671	20,426	89,232	165,386	134,695	477,280
Investment properties	524,392	518,240	-	-	-	-	51,062	46,379	575,454	564,619
Interest in associates and joint ventures	-	-	-	-	-	-	9,110	7,108	9,110	7,108
Property, plant and equipment	61,007	65,833	-	-	-	1	74,364	75,034	135,371	140,868
Intangible assets	15,961	22,964	67	473	3	18	11,482	10,507	27,513	33,962
Deferred tax assets	1,692	2,974	5,544	-	10,303	-	20,903	9,712	38,442	12,686
TOTAL ASSETS	11,692,776	12,124,772	8,109,821	7,611,001	1,712,507	1,668,716	6,820,278	6,141,299	28,335,382	27,545,788
LIABILITIES										
Derivative liabilities	2,961	-	-	-	-	-	-	-	2,961	-
Insurance/takaful contract liabilities and other insurance payables	9,811,717	10,164,136	7,779,115	7,369,892	1,485,201	1,481,069	2,724,106	2,913,775	21,800,139	21,928,872
Other liabilities #	1,822,276	1,912,294	326,024	231,345	222,254	184,954	(1,369,185)	(1,405,295)	1,001,369	923,298
Provision for taxation and zakat	12,054	(10,825)	(1,805)	9,697	(318)	2,693	21,934	39,588	31,865	41,153
Deferred tax liabilities	43,768	59,167	6,487	67	5,370	-	359,345	388,315	414,970	447,549
Subordinated obligations	-	-	-	-	-	-	510,184	-	510,184	-
TOTAL LIABILITIES	11,692,776	12,124,772	8,109,821	7,611,001	1,712,507	1,668,716	2,246,384	1,936,383	23,761,488	23,340,872
EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE SUBSIDIARIES										
Share capital	-	-	-	-	-	-	252,005	252,005	252,005	252,005
Other reserves	-	-	-	-	-	-	4,321,889	3,952,911	4,321,889	3,952,911
	-	-	-	-	-	-	4,573,894	4,204,916	4,573,894	4,204,916
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	11,692,776	12,124,772	8,109,821	7,611,001	1,712,507	1,668,716	6,820,278	6,141,299	28,335,382	27,545,788

Included in other liabilities are the amounts due to/(from) life, general and investment-linked funds which are unsecured, not subject to any interest elements and are repayable on demand.

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Part B: Explanatory Notes Pursuant to Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad

B1. Performance Review

(i) Year-to-Date vs Previous Corresponding Year-to-Date

The Group posted profit after tax attributable to equity holders of RM6,552.4 million for the financial year ended 31 December 2013, an increase of RM806.5 million or 14.0% over the corresponding financial year ended 31 December 2012.

The Group's net interest income and Islamic Banking income for the financial year ended 31 December 2013 increased by RM902.5 million or 7.9% compared to the corresponding financial year ended 31 December 2012. This was largely due to the 14.0% year-on-year growth in the Group's net loans and advances (including Islamic finance).

The Group's net income from insurance and takaful business for the financial year ended 31 December 2013 increased by RM309.2 million compared to the corresponding financial year ended 31 December 2012. The increase was mainly due to lower net benefits and claims of RM777.9 million, lower net fee and commission expenses of RM69.6 million and lower expense liability incurred of RM32.5 million. The decrease in costs was, however, offset by lower premium earned of RM576.6 million.

Non-interest income of the Group for the financial year ended 31 December 2013 recorded an increase of RM553.4 million or 10.4% to RM5,882.1 million. The increase was mainly due to higher net foreign exchange gain of RM1,153.0 million, higher fee income of RM371.3 million and higher gain on disposal of financial investments available-for-sale of RM224.1 million. The increase was, however, offset by higher unrealised loss on revaluation of financial assets at fair value through profit or loss ("FVTPL") and derivatives of RM1,021.2 million.

The Group's overhead expenses for the financial year ended 31 December 2013 increased by RM695.5 million or 8.4% compared to the corresponding financial year ended 31 December 2012. The major contributors to the increase in overhead expenses were Maybank Kim Eng, PT Bank Internasional Indonesia Tbk ("BII"), ETIQA Insurance, Maybank Philippines and the Bank itself. The Group's personnel costs increased by RM235.0 million and formed 33.8% of the total increase in Group's overhead expenses. The increase in personnel costs was in line with the Group's expansionary business growth.

The Group's allowance for impairment losses on loans, advances and financing increased by RM50.3 million to RM729.6 million for the financial year ended 31 December 2013. The increase was mainly due to higher collective allowance made for the financial year ended 31 December 2013. The Group's net impaired loans ratio improved to 0.90% as at 31 December 2013, comparing to 1.09% as at 31 December 2012.

The improvement in the Group's profit before tax for the financial year ended 31 December 2013 as compared to the corresponding financial year ended 31 December 2012 is analysed based on the operating segments of the Group as follows:

Community Financial Services ("CFS"), Malaysia

CFS' profit before tax increased by RM200.3 million or 6.6% to RM3,224.5 million for the financial year ended 31 December 2013 from RM3,024.2 million for the corresponding financial year ended 31 December 2012. The increase was driven by higher net interest income and Islamic Banking income of RM433.4 million or 8.0% arising from strong year-on-year loan growth in SME loans of 23.1%, unit trust loans of 20.5%, and auto finance of 12.0%. This increase was, however, offset by higher overhead expenses of RM153.0 million and higher allowance for impairment losses on loans, advances and financing of RM94.2 million.

Global Banking

a) Corporate Banking, Malaysia

Corporate Banking's profit before tax decreased by RM375.3 million or 18.9% to RM1,614.1 million for the financial year ended 31 December 2013 from RM1,989.4 million for financial year ended 31 December 2012. The decrease was attributable to higher allowance for impairment losses on loans, advances and financing of RM330.0 million, lower non-interest income of RM55.2 million and higher overhead expenses of RM14.7 million. This decrease was, however, mitigated by higher net interest income and Islamic Banking income of RM24.6 million.

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B1. Performance Review (cont'd.)

(i) Year-to-Date vs Previous Corresponding Year-to-Date

Global Banking (cont'd.)

b) Global Markets, Malaysia

Global Market's profit before tax decreased by RM76.9 million or 5.2% to RM1,396.6 million for the financial year ended 31 December 2013 from RM1,473.5 million for the corresponding financial year ended 31 December 2012. The decrease was attributable to lower non-interest income of RM131.7 million mainly due to lower gain on trading activities from securities portfolio, interest rate derivatives and rates trading, higher impairment losses on financial investments of RM53.9 million and higher overhead expenses of RM7.1 million. This decrease was, however, mitigated by higher net interest income and Islamic Banking income of RM115.8 million.

c) Investment Banking (Maybank IB and Maybank Kim Eng)

Investment Banking's profit before tax increased by RM115.6 million or 33.4% to RM461.8 million for the financial year ended 31 December 2013 from RM346.2 million for the corresponding financial year ended 31 December 2012. The increase was driven by higher non-interest income of RM310.2 million primarily from higher brokerage and underwriting income. This was, however, partially offset by higher overhead expenses of RM131.6 million and lower net interest income and Islamic Banking income of RM53.0 million. Maybank Kim Eng recorded profit before tax of RM191.3 million for the financial year ended 31 December 2013, mainly attributable to brokerage income of RM594.8 million.

International Banking

International Banking's profit before tax increased by RM243.1 million or 10.6% to RM2,536.7 million for the financial year ended 31 December 2013 from RM2,293.6 million for the corresponding financial year ended 31 December 2012. The increase was driven by lower allowance for impairment losses on loans, advances and financing of RM343.2 million, higher net interest income of RM172.2 million or 4.9% arising from year-on-year loan growth of 17.6% and higher non-interest income of RM20.9 million. This increase was, however, mitigated by higher overhead expenses of RM254.8 million.

The increase in profit before tax for International Banking was primarily contributed by the increase in profit before tax from PT Bank Internasional Indonesia Tbk ("BII") and London branch of RM117.0 million and RM44.7 million respectively.

Higher net interest income was supported by strong year-on-year loan growth of 40.5% at Greater China, 31.8% at Labuan, 17.8% at Singapore and 8.9% at BII.

Insurance, Takaful and Asset Management

Insurance, Takaful and Asset Management registered an increase in profit before tax by RM102.2 million or 14.6% to RM799.8 million for the financial year ended 31 December 2013 from RM697.6 million for the corresponding financial year ended 31 December 2012. The increase was driven by higher net income from insurance and takaful business of RM309.2 million, lower allowance for impairment losses on loans, advances and financing of RM37.0 million, lower impairment losses on financial investments of RM49.8 million and higher net interest income of RM61.5 million. This increase was, however, offset by higher overhead expenses of RM134.3 million and lower non-interest income of RM221.4 million.

(ii) Current Quarter vs Previous Period Corresponding Quarter

The Group posted profit after tax attributable to equity holders of RM1,732.1 million for the quarter ended 31 December 2013, an increase of RM272.2 million or 18.7% over the previous period corresponding quarter ended 31 December 2012.

The Group's net interest income and Islamic Banking income for the quarter ended 31 December 2013 increased by RM244.0 million or 8.3% compared to the previous period corresponding quarter ended 31 December 2012. This was largely due to the growth in Group's net loans and advances (including Islamic finance).

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B1. Performance Review (cont'd.)

(ii) Current Quarter vs Previous Period Corresponding Quarter (cont'd.)

Non-interest income of the Group for the quarter ended 31 December 2013 increased by RM164.1 million or 14.1% compared to the previous period corresponding quarter ended 31 December 2012. The increase were mainly contributed by higher net foreign exchange gain of RM169.9 million and higher fee income of RM137.2 million. The increase was, however, offset by higher unrealised loss on revaluation of financial assets at FVTPL and derivatives of RM102.0 million and lower gain on disposal of financial assets at FVTPL of RM33.1 million.

The Group's overhead expenses for the quarter ended 31 December 2013 recorded an increase of RM224.1 million or 10.6% compared to the previous period corresponding quarter ended 31 December 2012. The increase in overhead expenses was contributed by the increase in personnel expenses, establishment costs and administration and general expenses of RM91.7 million, RM74.8 million and RM75.3 million respectively. The increase was, however, mitigated by lower marketing expenses of RM17.7 million.

The Group's allowance for impairment losses on loans, advances and financing for the quarter ended 31 December 2013 decreased by RM265.2 million compared to the previous period corresponding quarter ended 31 December 2012. The decrease was mainly due to lower net individual allowance made of RM249.1 million for the quarter ended 31 December 2013. The Group's net impaired loans ratio improved to 0.90% as at 31 December 2013 comparing to 1.09% as at 31 December 2012.

The improvement in the Group's profit before tax for the quarter ended 31 December 2013 as compared to the previous period corresponding quarter ended 31 December 2012 is analysed based on the operating segments of the Group as follows:

Community Financial Services ("CFS"), Malaysia

CFS' profit before tax increased by RM148.4 million or 17.1% to RM1,014.6 million for the quarter ended 31 December 2013 from RM866.2 million for the previous period corresponding quarter ended 31 December 2012. The increase was driven by lower allowance for impairment losses on loans, advances and financing of RM213.7 million and higher net interest income and Islamic Banking income of RM24.9 million arising from strong year-on-year loan growth in SME loans of 23.1%, unit trust loans of 20.5%, and auto finance of 12.0%. This increase was, however, offset by higher overhead expenses of RM88.9 million.

Global Banking

a) Corporate Banking, Malaysia

Corporate Banking's profit before tax decreased by RM262.3 million or 38.3% to RM423.1 million for the quarter ended 31 December 2013 from RM685.4 million for the previous period corresponding quarter ended 31 December 2012. The decrease was mainly due to lower net interest income and Islamic Banking income of RM154.3 million and higher allowance for impairment losses on loans, advances and financing of RM98.9 million.

b) Global Markets, Malaysia

Global Markets' profit before tax decreased by RM56.9 million or 16.5% to RM287.0 million for the quarter ended 31 December 2013 from RM343.9 million for the previous period corresponding quarter ended 31 December 2012. The decrease was attributable to higher impairment losses on financial investments of RM86.9 million, lower non-interest income of RM14.9 million and higher overhead expenses of RM9.4 million. This decrease was, however, mitigated by higher net interest income and Islamic Banking income of RM54.4 million.

c) Investment Banking (Maybank IB and Maybank Kim Eng)

Investment Banking's profit before tax increased by RM178.9 million to RM205.9 million for the quarter ended 31 December 2013 from RM27.0 million for the previous period corresponding quarter ended 31 December 2012. The increase was driven by higher non-interest income of RM144.7 million (which primarily from higher gain on disposal of securities portfolio, higher brokerage and underwriting income), higher net interest income and Islamic Banking income of RM67.3 million and lower impairment losses on financial investments of RM10.6 million. This increase was, however, offset by higher overhead expenses of RM40.4 million.

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B1. Performance Review (cont'd.)

(ii) Current Quarter vs Previous Period Corresponding Quarter (cont'd.)

International Banking

International Banking's profit before tax increased by RM136.1 million or 23.7% to RM710.5 million for the quarter ended 31 December 2013 from RM574.4 million for the previous period corresponding quarter ended 31 December 2012. The increase was driven by higher net interest income of RM51.4 million, higher non-interest income of RM52.1 million and lower allowance for impairment losses on loans, advances and financing of RM105.4 million. This increase was, however, offset by higher overhead expenses of RM25.5 million and higher impairment losses on financial investments of RM31.0 million.

The increase in profit before tax for International Banking was primarily contributed by the increase in profit before tax from PT Bank Internasional Indonesia Tbk ("BII"), Hong Kong branch and Singapore branch of RM55.4 million, RM40.4 million and RM37.0 million respectively.

Higher net interest income was supported by strong year-on-year loan growth of 40.5% at Greater China, 31.8% at Labuan, 17.8% at Singapore and 8.9% at BII.

Insurance, Takaful and Asset Management

Insurance, Takaful and Asset Management registered a decrease in profit before tax by RM55.6 million or 21.3% to RM205.2 million for the quarter ended 31 December 2013 from RM260.7 million for the previous period corresponding quarter ended 31 December 2012. The decrease was due to higher overhead expenses of RM55.2 million and lower non-interest income of RM103.6 million. This was, however, mitigated by higher net interest income of RM28.7 million, lower allowance for impairment losses on loans, advances and financing of RM48.0 million and lower impairment losses on financial investments of RM33.1 million.

B2. Variation of Current Quarter Results Against Preceding Quarter

The Group's profit after tax attributable to equity holders decreased by RM14.2 million or 0.8% to RM1,732.1 million over the preceding quarter ended 30 September 2013.

The Group's net interest income and Islamic Banking income for the quarter ended 31 December 2013 increased by RM45.5 million or 1.5% to RM3,173.3 million against the preceding quarter of RM3,127.8 million. Income from Islamic Banking Scheme operations recorded an increase of RM55.0 million to RM789.9 million for the quarter ended 31 December 2013 compared to RM734.9 million recorded in the preceding quarter ended 30 September 2013.

The Group's net income from insurance and takaful business for the quarter ended 31 December 2013 decreased by RM24.5 million to RM184.8 million compared to RM209.3 million recorded in the preceding quarter ended 30 September 2013.

Non-interest income of the Group for the quarter ended 31 December 2013 decreased by RM157.7 million or 10.6% to RM1,327.4 million compared to RM1,485.1 million recorded in the preceding quarter ended 30 September 2013. The decrease was mainly due to lower net foreign exchange gain of RM651.1 million. This decrease was, however, mitigated by higher fee income and higher unrealised gain on revaluation of financial assets at FVTPL and derivatives of RM147.5 million and RM369.0 million respectively.

The Group recorded an increase of RM112.8 million or 5.1% in overhead expenses to RM2,334.2 million in the quarter ended 31 December 2013 compared to RM2,221.4 million in the preceding quarter ended 30 September 2013.

The Group's allowance for impairment losses on loans, advances and financing for the quarter ended 31 December 2013 decreased by RM325.1 million over the preceding quarter ended 30 September 2013. The decrease was mainly due to lower collective allowance made during the quarter ended 31 December 2013.

The Group's impairment losses on financial investments was higher by RM99.5 million for the quarter ended 31 December 2013 compared to the preceding quarter ended 30 September 2013.

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B3. Prospects

The global economy is expected to grow by 3.5% in 2014 from an estimated 3.1% in 2013 as the major advanced economies – US, Europe and Japan – simultaneously expand for the first time since 2011. Amid continued sub-8% expansion in China, economic growth trends in ASEAN are expected to be mixed with Malaysia and Singapore experiencing favourable impact from a rebound in external demand while Thailand and the Philippines being affected by domestic macroeconomic turbulence, political uncertainty and a recovery period post natural disasters in 2013.

Malaysia's macroeconomic outlook appears more promising given the steady growth momentum (GDP 2014E: 5%; 2013: 4.7%), clarity and credibility in fiscal policy to address the budget deficit via spending and tax measures, and sustainable current account surplus. However, domestic consumer spending is vulnerable to inflationary pressures arising from the Government's actions to address the fiscal deficit through subsidy rationalisation and price adjustments. Bank Negara Malaysia is also expected to keep the benchmark Overnight Policy Rate unchanged at 3.00% to support domestic demand growth amid fiscal consolidation and lingering downside risk to global growth and hence external demand given current financial market volatility, especially the selloff in the emerging market.

In 2014, one of the Group's strategic priorities is to accelerate the pace of regionalisation. In line with this, an enhanced organisation structure was introduced on 1 January 2014, which was designed to improve synergies between banking and non-banking entities in the Maybank Group through the establishment of global/country business and functional roles. The enhanced responsibility framework within the new matrix structure will extend to other levels within the organisation to ensure that greater value and collaboration is achieved in the markets that we operate in. It will also be supported by greater alignment of information technology, operating policies and processes.

In Malaysia, loan growths in the country's banking system is forecast at 9%-10% on the back of an improved GDP outlook this year. In line with this, Maybank's operations are expected to perform ahead of the system supported by retail, SME, business banking and corporate lending activities across our extensive network.

In Singapore, GDP growth is forecasted to improve to 4.0% in 2014 from 3.6% in 2013, benefitting from a pick-up in external demand due to the recovery in global economic conditions. Industry loan growth is expected to moderate to 9-10% in 2014 due to slower housing loan growth at 4-6%, reflecting a slowing property market, but will be compensated by a reasonably strong business loan growth of 12-14%. The Group will continue to implement strategies to capture greater synergies across its Singapore-based entities to optimise business opportunities from its combined customer base. It will focus on enlarging domestic and regional client coverage, as well as roll out regional financial services and solutions, including wealth management, cash management and global markets.

In Indonesia, GDP growth momentum is expected to remain stable (2014E: 5.6%, 2013: 5.8%) as monetary policy remains tight, and investors and businesses await for greater certainty after the Parliament and Presidential elections in April and July 2014 respectively. PT Bank Internasional Indonesia Tbk (BII) will continue to realise the opportunities from an expanded network and drive loan and deposit growth across all its business segments.

The deepening of Maybank's business portfolio in the region is another near-term priority for the Group in 2014. It will include improving client interface within the Global Banking business, providing cross border banking solutions via the Maybank Islamic business and expansion of insurance and takaful services in other markets. Additionally, the Group will continue its focus on productivity and effectiveness, including reinforcing its strategic cost management programme, developing a high performance culture, and optimising the asset book, capital and pricing.

The Group will maintain a sound capital position, above the minimum capital requirement under Bank Negara Malaysia's Capital Adequacy Framework (Capital Components) issued on 28 November 2012. With the continued conservation of capital from the Dividend Reinvestment Plan coupled with active capital management across the Group, Common Equity Tier 1 capital ("CET1") ratio will be maintained well ahead of the minimum level of 7% (inclusive of capital conservation buffer) as required by 2019.

Maybank's dividend policy shall be retained with a payout ratio of between 40% to 60% of net profit in conjunction with the dividend reinvestment plan.

Barring any unforeseen circumstances, the Group expects its financial performance for the financial year ending 31 December 2014 to remain satisfactory. The Group has set two Headline Key Performance Indicators ("KPI") of Return on Equity ("ROE") of 15.0% and Group Loans Growth of 13.0%.

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B4. Profit Forecast or Profit Guarantee

Neither the Group nor the Bank has made any profit forecast or issued any profit guarantee for the 4th quarter and 12 months ended 31 December 2013.

B5. Tax Expense and Zakat

The analysis of the tax expense for the 4th quarter and 12 months ended 31 December 2013 are as follows:

Group	4th Quarter Ended		Cumulative 12 Months Ended	
	31 December 2013	31 December 2012 (Restated)	31 December 2013	31 December 2012 (Restated)
	RM'000	RM'000	RM'000	RM'000
Malaysian income tax	788,151	329,249	2,176,881	1,811,717
Foreign income tax	(104,664)	94,547	82,278	270,697
	683,487	423,796	2,259,159	2,082,414
(Over)/under provision in respect of prior period:				
Malaysian income tax	(71,190)	(86,031)	(267,295)	(140,772)
Foreign income tax	(13,460)	(241)	(19,743)	294
	598,837	337,524	1,972,121	1,941,936
Deferred tax expense				
- Origination and reversal of temporary differences	(111,687)	67,357	95,345	10,979
Tax expense for the period/year	487,150	404,881	2,067,466	1,952,915
Zakat	18,138	7,009	30,795	24,703
	505,288	411,890	2,098,261	1,977,618

The Group's effective tax rate for the 12 months ended 31 December 2013 was lower than the statutory tax rate due to reversal of over provision of tax expense in respect of prior year.

Bank	4th Quarter Ended		Cumulative 12 Months Ended	
	31 December 2013	31 December 2012	31 December 2013	31 December 2012
	RM'000	RM'000	RM'000	RM'000
Malaysian income tax	404,891	137,318	1,384,018	1,264,001
Foreign income tax	328	5,947	3,375	22,593
	405,219	143,265	1,387,393	1,286,594
Over provision in respect of prior period:				
Malaysian income tax	(59,947)	(53,439)	(238,240)	(106,879)
	(13,414)	-	(13,414)	-
	331,858	89,826	1,135,739	1,179,715
Deferred tax expense				
- Origination and reversal of temporary differences	(27,498)	177,823	105,585	12,506
Tax expense for the period/year	304,360	267,649	1,241,324	1,192,221
Zakat	-	-	-	33
	304,360	267,649	1,241,324	1,192,254

The Bank's effective tax rate for the 12 months ended 31 December 2013 was lower than the statutory tax rate due to certain income not subject to tax and reversal of over provision of tax expense in respect of prior year.

Domestic income tax is calculated at the Malaysian statutory tax rate of 25% of the estimated assessable profit for the period. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

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B6. Status of Corporate Proposals Announced but Not Completed

- (a) (i) **Proposed acquisition of 858,499 ordinary shares of Saudi Riyal ("SAR") 10 each in Anfaal Capital ("Anfaal") by Maybank Investment Bank Berhad ("Maybank IB"), a wholly-owned subsidiary of Maybank, representing 17.17% of the ordinary share capital of Anfaal; and**
- (ii) **Proposed assignment of the subordinated loan of SAR2,070,000 from Al Numu Real Estate Company ("Al Numu") to Maybank IB**

On 9 April 2012, Maybank announced that Maybank IB, a wholly-owned subsidiary of Maybank, has entered into a conditional Share Purchase Agreement ("SPA") with Al Numu and Anfaal for the following:

- (i) proposed acquisition of 858,499 ordinary shares of SAR10 each in Anfaal ("Anfaal Shares"), representing approximately 17.17% of the ordinary share capital of Anfaal for a cash consideration of SAR10,516,613, being SAR12.25 for each Anfaal Share; and
- (ii) proposed assignment of the subordinated loan of SAR2,070,000 ("Subordinated Loan") from Al Numu to Maybank IB.

[(i) and (ii) collectively referred to as the "Proposals"].

Subject to the approval of the Capital Market Authority ("CMA") of the Kingdom of Saudi Arabia, the Subordinated Loan will be converted into 207,000 new Anfaal Shares at par and shall rank equally with the existing Anfaal Shares.

The total purchase consideration of SAR12,586,613 (equivalent to approximately RM10,300,000) for the Proposals is to be satisfied in cash ("Purchase Consideration").

The Proposals are subject to conditions precedent as spelt out in the SPA being fulfilled by 30 September 2012 or such other date as mutually agreed in writing by Al Numu and Maybank IB.

To the extent permitted by applicable laws, Maybank IB reserves the right to waive (in whole or in part) in writing the requirement to satisfy any of the conditions precedent and thereafter the parties may proceed to completion.

The Proposals will enable Maybank IB to increase its equity interest in Anfaal from 18.00% to 35.17%. It also represents a good opportunity for Maybank IB to increase its presence in Saudi Arabia and play a more significant role in unlocking Anfaal's potential, especially in the area of syndication, sukuk structuring and project financing in Saudi Arabia.

The Proposals are subject to approvals being obtained from the following:

- (i) SC;
- (ii) CMA; and
- (iii) Saudi Arabian General Investment Authority for the issuance of Anfaal's amended foreign investment licence.

Maybank had on 19 September 2013 announced that all the conditions precedent in the SPA in relation to the Proposals had been fulfilled. As such, the Proposals have been completed on 30 September 2013, being the completion date agreed upon between Maybank IB, Al Numu and Anfaal in accordance with the terms of the SPA.

B7. Status of Utilisation of Proceeds Raised from Corporate Proposal

The proceeds raised from the issuance of subordinated obligations and capital securities in prior years have been used for working capital, general banking and other corporate purposes, as intended.

B8. Deposits and Placements of Financial Institutions and Debt Securities

Please refer to note A13, A14 and A15.

B9. Derivative Financial Instruments

Please refer to note A29.

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B10. Changes in Material Litigation

- (a) In 2005, a subsidiary, Maybank 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 (which included the issuer of the bonds but not MTB) 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 (the issuer of the bonds) served a counterclaim on MTB for approximately RM535.0 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 judgment 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.

Upon appeal by the parties, the Court of Appeal on 8 November 2011 ruled that MTB and the other defendant were instead to be equally liable to the plaintiffs/bondholders. In addition, the Court of Appeal ordered them to pay penalty charges on the judgment sum at the rate of 3% from 30 September 2005 to date of judgment ("Penalty Charges"). However, the Court of Appeal allowed MTB and the other defendant to seek indemnity against the issuer of the bonds ("Issuer") for 2/3 of the total liability and also allowed MTB to seek indemnity against the Issuer's Chief Executive Officer, one of the Issuer's directors and associate companies of the said Chief Executive Officer and the said director (collectively the "Associated Defendants") for one half of the 2/3 of the total liability. Further, the Court of Appeal allowed MTB to seek an indemnity against one of the plaintiffs for 1/3 of its liability (after deducting the sum to be indemnified by the Issuer and the Associated Defendants) ("the 1/3 Indemnity"). The Federal Court had on 5 April 2012 granted MTB and the other parties to the suit leave to appeal against the decision of the Court of Appeal. The appeal concluded on 4 January 2013.

Separately, and unrelated to this suit, a third party had, pursuant to a winding-up petition against a defendant (the issuer of the bonds) (Winding-Up Petition), appointed a provisional liquidator against the said defendant on 16 February 2012 until 15 March 2012 for the purpose of monitoring and completing the sale of assets charged to the third party.

As a result of the appointment of the said provisional liquidator, all pending proceedings by all parties against the said defendant were effectively stayed and these initially included MTB's applications for leave at the Federal Court referred to above [Leave Applications]. Subsequently, MTB on 9 March 2012 obtained leave of the court to proceed with the successful Leave Applications.

Further to the Winding-Up Petition, the third party had on 22 March 2013 obtained the order of the High Court to wind up the said defendant. Subsequently, MTB had on 16 April 2013 obtained the leave of the High Court to continue with the pending actions against the said defendant given that the Federal Court has yet to deliver its decision.

The Federal Court had on 10 February 2014 allowed MTB a full indemnity against the Issuer and the Associated Defendants and reduced the judgment sum against MTB to RM107 million with no liability apportioned to the other defendant. The Federal Court also allowed MTB's appeal against the Penalty Charges. In addition, one of the plaintiffs was allowed to set aside the 1/3 Indemnity.

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 RM150.0 million with three (3) other re-insurers.

- (b) 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 quarterly installments.

The 1st Defendant counterclaimed for loss and damage amounting to approximately RM284.0 million as a result of ETB's alleged failure to release the balance of the facility of RM7.5 million. It was alleged that the 1st Defendant was unable to carry on its project and therefore suffered loss and damage.

On 14 May 2009, the Court allowed ETB's application for summary judgment, the Court had also dismissed the 1st Defendant's counterclaim against ETB with costs. All 4 Defendants filed their respective applications for stay of execution of the summary judgment. However, the stay applications were dismissed with costs on 1 September 2009.

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B10. Changes in Material Litigation (cont'd.)

(b) (cont'd.)

On 4 March 2010, the Court of Appeal reversed the decision of the High Court granting the earlier summary judgment and the dismissal of the 1st Defendant's counterclaim and ordered the matter to be reverted to the High Court for full trial. The full trial including the counterclaim concluded on 29 June 2011.

On 21 September 2011, the High Court entered judgment in favour of ETB and allowed ETB's claim (with costs) for the sum of approximately RM25.8 million less unearned profit as at the date of full settlement and dismissed the 1st Defendant's counterclaim (with costs). All 4 Defendants filed Notices of Appeal against the said decision and also applied for a stay of the judgment. The stay applications were dismissed with costs on 25 January 2012.

On 16 April 2013, the Court of Appeal dismissed all appeals with costs. The 4 Defendants' application for leave to appeal the decision of the Court of Appeal to the Federal Court has been withdrawn. This brings this case to a close.

(c) 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 consisted of a bridging loan of RM58.5 million and a revolving credit facility of RM4.0 million which were granted by Maybank IB and the three syndicated lenders. The loan was subsequently restructured to RM38.0 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 two 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 ("Judgment"). In the same Judgment, the recovery action by Maybank IB and the three syndicated lenders was also dismissed.

As one of the syndicated lenders, Maybank IB had an exposure of RM48.0 million out of the RM115.5 million awarded pursuant to the Judgment.

Maybank IB had then 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 came up for hearing on 10 February 2012, wherein all parties agreed for the matter to be mediated. As the parties could not come to any consensus at the mediation on 9 March 2012, they proceeded with the Appeal which concluded on 23 January 2013.

On 27 September 2013, the Court of Appeal delivered its judgment in favour of Maybank IB and allowed the Appeal by the lenders including Maybank with costs of RM120,000. Judgment was entered against the corporate borrower and its guarantor for the sum of RM47,232,496.11 as at 30 September 2008 (Maybank's portion being RM19,757,195.93) with interest of 2% per annum from 1 Oct 2008 until full settlement. The Court of Appeal also directed payment of Maybank IB's agency fees of RM50,000 as at 1 June 2008 and subsequent annual fees of RM50,000 to be paid every 1st June with interest of 8% per annum thereon from 2 June 2008 until full settlement.

On 25 October 2013, the corporate borrower filed its motion for leave to appeal to the Federal Court in respect of the decision of the Court of Appeal against the corporate borrower dated 27 September 2013.

On 29 January 2014, the Federal Court dismissed the leave application. This brings this matter to a close in respect of the claim against the lenders and Maybank IB. The actions for recovery of the loan sums will still continue, as the earlier order of the Court of Appeal of 22 November 2013 staying the enforcement of the judgment obtained by the lenders, has lapsed with the Federal Court's dismissal on 29 January 2014 of the borrower's application for leave to appeal to the Federal Court.

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B10. Changes in Material Litigation (cont'd.)

- (d) On 8 April 2010, a corporate borrower ("the Plaintiff") 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 had been 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&Ms") 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&Ms.

Concurrent with this suit, the Plaintiff had 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 by the Johor Bahru High Court ("JB High Court"). Maybank appealed against this decision. On 29 May 2012, the Court of Appeal allowed Maybank's appeal with costs of RM15,000 and ordered damages to be assessed by the registrar at the Kuala Lumpur High Court ("KL High Court"). On 28 June 2012, the Plaintiff served an unsealed copy of a Notice of Motion filed at the Federal Court for leave to appeal against the Court of Appeal's decision on 29 May 2012. That motion was fixed for case management on 9 October 2012. On 6 December 2012, the Federal Court struck out the motion with costs to Maybank.

The Plaintiff had also filed another civil suit against Maybank on 25 March 2011 at the Kuala Lumpur High Court ("KL High Court Suit") claiming a sum of approximately RM1.2 billion alleging that the appointment of the R&Ms was mala fide and that as a consequence thereof, the Plaintiff had purportedly suffered loss and damages.

Maybank 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. The JB High Court allowed Maybank's application to transfer the JB High Court Suit to the KL High Court, and consolidate the JB High Court Suit with the KL High Court Suit to be heard at the KL High Court.

On 24 October 2011, the KL High Court had allowed Maybank's counterclaim against the Plaintiff and the guarantors with costs on an indemnity basis, and dismissed the Plaintiff's actions against Maybank i.e. the KL High Court Suit and the JB High Court Suit, with costs on an indemnity basis. The Plaintiff filed an appeal at the Court of Appeal against this decision. The Plaintiff's application for a stay of execution of the decision of KL High Court on 24 October 2011 was dismissed by the KL High Court on 13 December 2011.

On 19 August 2013, the Court of Appeal affirmed the KL High Court's decision in, dismissing the Plaintiff's appeal in favour of Maybank with costs of RM50,000 to Maybank. On 23 September 2013, the Plaintiff filed a leave application to appeal to the Federal Court. Maybank has recorded its objection to this leave application on the ground that the application has been filed out of time as the deadline to file the said application was on 19 September 2013.

At the case management on 6 November 2013, it was put on record in the Federal Court that the Plaintiff has agreed to withdraw the said leave application with no liberty to file afresh and the Plaintiff will pay costs of RM6, 000. to Maybank for the leave application withdrawal upon payment of the redemption sum for the properties charged to Maybank for the banking facilities. The Registrar of the Federal Court then fixed the next case management on 21 November 2013 pending the withdrawal of the leave application by the Plaintiff.

The Plaintiff had filed a Notice of Discontinuance of its leave application on 20 November 2013 and as such, the case management fixed on 21 November 2013 was vacated by the Federal Court. This officially brings a final closure to the Plaintiff's actions against Maybank.

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B11. Disclosure of Realised and Unrealised Retained Earnings

The breakdown of the retained profits of the Group as at the statements of financial position date into realised and unrealised profits is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad dated 25 March 2010 and prepared 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.

	31 December 2013 RM'000	31 December 2012 (Restated) RM'000
Retained profits of the Group:		
- Realised	8,266,525	7,566,518
- Unrealised	2,251,983	2,195,259
	10,518,508	9,761,777
Share of retained profits from associates:		
- Realised	349,817	294,847
- Unrealised	-	-
	349,817	294,847
Consolidation adjustments	879,159	1,048,213
Total Group's retained profits	11,747,484	11,104,837

B12. Dividend

(i) Proposed final dividend

The Board of Directors have proposed a final single-tier dividend in respect of the current financial year ended 31 December 2013 of 31 sen single-tier dividend on 8,862,079,081 ordinary shares of RM1.00 each, amounting to a net dividend payable of RM2,747,244,515 (31 December 2012: final dividend of 18 sen per share less 25% taxation and 15 sen single-tier dividend) for the shareholders' approval.

The proposed final single-tier dividend consists of cash portion of 4 sen per ordinary share to be paid in cash amounting to RM354,483,163 and an electable portion of 27 sen per ordinary share amounting to RM2,392,761,352.

Pursuant to Section 8.26 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the final dividend, if approved, will be paid no later than three (3) months from the date of shareholders' approval.

The Books Closure Date will be announced by the Bank after the Annual General Meeting.

(ii) Total dividend

Total dividend for the financial year ended 31 December 2013 are as follows:

- a) Single-tier interim dividend of 22.5 sen per ordinary share declared on 21 August 2013 and paid on 25 October 2013; and
- b) Proposed single-tier final dividend of 31 sen per ordinary share, subject to shareholders' approval.

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B13. Earnings Per Share ("EPS")

Basic

The basic EPS of the Group is calculated by dividing the net profit for the period/year attributable to equity holders of the Bank by the weighted average number of ordinary shares in issue during the period/year.

	4th Quarter Ended		Cumulative 12 Months Ended	
	31 December 2013	31 December 2012	31 December 2013	31 December 2012
Net profit for the period/year (RM'000)	1,732,100	1,459,891	6,552,391	5,745,920
Weighted average number of ordinary shares in issue ('000)	8,847,526	8,439,594	8,645,760	7,904,374
Basic earnings per share	19.58 sen	17.30 sen	75.79 sen	72.69 sen

Diluted

The diluted EPS of the Group is calculated by dividing the net profit for the period/year attributable to equity holders of the Bank 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").

In the diluted EPS calculation, it was assumed that certain number of shares under 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 period/year) based on the monetary value of the ESS entitlement attached to the outstanding RSU granted. These calculations serve 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 period/year.

	4th Quarter Ended		Cumulative 12 Months Ended	
	31 December 2013	31 December 2012	31 December 2013	31 December 2012
Net profit for the period/year (RM'000)	1,732,100	1,459,891	6,552,391	5,745,920
Weighted average number of ordinary shares in issue ('000)	8,847,526	8,439,594	8,645,760	7,904,374
Effects of dilution ('000)	7,269	148	7,426	601
Adjusted weighted average number of ordinary shares in issue ('000)	8,854,795	8,439,742	8,653,186	7,904,975
Diluted earnings per share	19.56 sen	17.30 sen	75.72 sen	72.69 sen

By Order of the Board

Mohd Nazlan Mohd Ghazali
LS0008977
Company Secretary
27 February 2014