

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

CONDENSED FINANCIAL STATEMENTS
UNAUDITED INCOME STATEMENTS
FOR THE FIRST QUARTER ENDED 31 MARCH 2014

<u>Group</u>	Note	First Quarter Ended		Cumulative 3 Months Ended	
		31 March 2014 RM'000	31 March 2013 RM'000	31 March 2014 RM'000	31 March 2013 RM'000
Interest income	A17	4,215,997	3,942,264	4,215,997	3,942,264
Interest expense	A18	(1,823,166)	(1,514,869)	(1,823,166)	(1,514,869)
Net interest income		2,392,831	2,427,395	2,392,831	2,427,395
Income from Islamic Banking Scheme operations	A32a	808,404	619,318	808,404	619,318
		3,201,235	3,046,713	3,201,235	3,046,713
Net income from insurance and takaful business	A19	1,786	(78,141)	1,786	(78,141)
		3,203,021	2,968,572	3,203,021	2,968,572
Non-interest income	A20	1,232,128	1,364,235	1,232,128	1,364,235
Net income		4,435,149	4,332,807	4,435,149	4,332,807
Overhead expenses	A21	(2,168,398)	(2,157,960)	(2,168,398)	(2,157,960)
Operating profit before impairment losses		2,266,751	2,174,847	2,266,751	2,174,847
Allowances for impairment losses on loans, advances and financing, net	A22	(210,102)	(85,994)	(210,102)	(85,994)
Writeback of impairment losses on financial investments, net		114,669	2,415	114,669	2,415
Operating profit		2,171,318	2,091,268	2,171,318	2,091,268
Share of profits in associates and joint ventures		36,470	35,458	36,470	35,458
Profit before taxation and zakat		2,207,788	2,126,726	2,207,788	2,126,726
Taxation and zakat	B5	(573,289)	(568,431)	(573,289)	(568,431)
Profit for the period		1,634,499	1,558,295	1,634,499	1,558,295
Attributable to:					
Equity holders of the Bank		1,601,585	1,506,214	1,601,585	1,506,214
Non-controlling interests		32,914	52,081	32,914	52,081
		1,634,499	1,558,295	1,634,499	1,558,295
Earnings per share attributable to equity holders of the Bank	B13				
Basic		18.09 sen	17.87 sen	18.09 sen	17.87 sen
Fully diluted		18.09 sen	17.85 sen	18.08 sen	17.85 sen

(These unaudited condensed financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2013 and the accompanying explanatory notes attached to the interim financial statements)

MALAYAN BANKING BERHAD
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CONDENSED FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FIRST QUARTER ENDED 31 MARCH 2014

<u>Group</u>	First Quarter Ended		Cumulative 3 Months Ended	
	31 March 2014 RM'000	31 March 2013 RM'000	31 March 2014 RM'000	31 March 2013 RM'000
Profit for the period	1,634,499	1,558,295	1,634,499	1,558,295
Other comprehensive income/(loss):				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Defined benefit plan actuarial loss	(11,851)	-	(11,851)	-
Income tax effect	3,284	-	3,284	-
	(8,567)	-	(8,567)	-
<i>Items that may be reclassified subsequently to profit or loss</i>				
Net gain/(loss) on financial investments available-for-sale	45,852	(156,684)	45,852	(156,684)
Foreign currency translation	585,081	93,974	585,081	93,974
Income tax effect	(7,337)	34,987	(7,337)	34,987
Other reserves	(4,668)	(3,662)	(4,668)	(3,662)
	618,928	(31,385)	618,928	(31,385)
Other comprehensive income/(loss) for the period, net of tax	610,361	(31,385)	610,361	(31,385)
Total comprehensive income for the period	2,244,860	1,526,910	2,244,860	1,526,910
Total comprehensive income for the period attributable to:				
Equity holders of the Bank	2,220,036	1,485,619	2,220,036	1,485,619
Non-controlling interests	24,824	41,291	24,824	41,291
	2,244,860	1,526,910	2,244,860	1,526,910

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CONDENSED FINANCIAL STATEMENTS
UNAUDITED INCOME STATEMENTS
FOR THE FIRST QUARTER ENDED 31 MARCH 2014

<u>Bank</u>	Note	First Quarter Ended		Cumulative 3 Months Ended	
		31 March 2014 RM'000	31 March 2013 RM'000	31 March 2014 RM'000	31 March 2013 RM'000
Interest income	A17	3,121,391	2,755,918	3,121,391	2,755,918
Interest expense	A18	(1,327,141)	(1,127,628)	(1,327,141)	(1,127,628)
Net interest income		1,794,250	1,628,290	1,794,250	1,628,290
Non-interest income	A20	1,231,313	873,631	1,231,313	873,631
Net income		3,025,563	2,501,921	3,025,563	2,501,921
Overhead expenses	A21	(1,106,449)	(1,084,615)	(1,106,449)	(1,084,615)
Operating profit before impairment losses		1,919,114	1,417,306	1,919,114	1,417,306
Allowances for impairment losses on loans, advances and financing, net	A22	(113,758)	(70,368)	(113,758)	(70,368)
Writeback of impairment losses on financial investments, net		39,785	20,601	39,785	20,601
Profit before taxation and zakat		1,845,141	1,367,539	1,845,141	1,367,539
Taxation and zakat	B5	(406,885)	(331,009)	(406,885)	(331,009)
Profit for the period		1,438,256	1,036,530	1,438,256	1,036,530

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CONDENSED FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FIRST QUARTER ENDED 31 MARCH 2014

<u>Bank</u>	First Quarter Ended		Cumulative 3 Months Ended	
	31 March	31 March	31 March	31 March
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Profit for the period	1,438,256	1,036,530	1,438,256	1,036,530
Other comprehensive income/(loss):				
<i>Items that may be reclassified subsequently to profit or loss</i>				
Net gain/(loss) on financial investments available-for-sale	68,921	(64,339)	68,921	(64,339)
Foreign currency translation	(14,925)	18,248	(14,925)	18,248
Income tax effect	(17,234)	16,085	(17,234)	16,085
Other comprehensive income/(loss) for the period, net of tax	36,762	(30,006)	36,762	(30,006)
Total comprehensive income for the period	1,475,018	1,006,524	1,475,018	1,006,524

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MALAYAN BANKING BERHAD
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CONDENSED FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2014

	Note	Group		Bank	
		31 March 2014 RM'000	31 December 2013 RM'000	31 March 2014 RM'000	31 December 2013 RM'000
ASSETS					
Cash and short-term funds		50,676,555	48,067,358	31,293,540	29,320,984
Deposits and placements with financial institutions		9,433,367	7,156,749	16,577,845	15,723,864
Financial assets purchased under resale agreements		1,003,696	20,558	1,003,696	20,558
Financial assets at fair value through profit or loss	A10(i)	19,256,236	19,166,565	4,937,564	5,546,091
Financial investments available-for-sale	A10(ii)	86,774,600	82,836,922	67,935,892	64,532,797
Financial investments held-to-maturity	A10(iii)	7,287,320	5,668,174	7,050,598	5,354,097
Loans, advances and financing	A11	360,120,560	355,617,527	240,687,983	237,971,279
Derivative assets	A29	3,065,440	3,944,692	2,989,393	3,760,133
Reinsurance/retakaful assets and other insurance receivables		3,781,203	2,349,995	-	-
Other assets	A12	9,254,501	8,505,918	5,129,309	5,319,437
Investment properties		584,203	583,257	-	-
Statutory deposits with central banks		13,900,993	13,742,874	7,243,227	7,327,996
Investment in subsidiaries		-	-	20,032,232	19,505,514
Interest in associates and joint ventures		2,643,915	2,465,341	451,518	451,518
Property, plant and equipment		2,654,001	2,614,309	1,361,982	1,363,898
Intangible assets		6,290,124	6,041,056	495,022	527,268
Deferred tax assets		1,279,366	1,661,931	887,481	1,053,598
TOTAL ASSETS		578,006,080	560,443,226	408,077,282	397,779,032
LIABILITIES					
Deposits from customers	A13	395,658,621	395,610,810	275,050,481	273,670,380
Deposits and placements from financial institutions	A14	50,188,639	42,139,081	40,665,087	37,582,577
Obligations on financial assets sold under repurchase agreements		4,712,767	4,300,055	4,712,767	4,300,055
Bills and acceptances payable		2,947,636	1,987,089	2,330,386	1,442,612
Derivative liabilities	A29	2,956,289	3,937,380	2,699,667	3,632,464
Insurance/takaful contract liabilities and other insurance payables		23,300,459	21,800,139	-	-
Other liabilities	A16	11,225,810	8,285,702	11,079,144	9,485,349
Recourse obligation on loans and financing sold to Cagamas		1,223,204	1,277,269	648,421	656,293
Provision for taxation and zakat		563,123	836,527	522,989	578,100
Deferred tax liabilities		661,197	639,285	-	-
Borrowings	A15(i)	14,333,131	13,321,805	10,123,951	9,318,389
Subordinated obligations	A15(ii)	14,263,516	12,644,576	12,001,849	10,404,418
Capital securities	A15(iii)	5,942,808	5,920,909	6,225,221	6,208,623
TOTAL LIABILITIES		527,977,200	512,700,627	366,059,963	357,279,260

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	Note	Group		Bank	
		31 March 2014 RM'000	31 December 2013 RM'000	31 March 2014 RM'000	31 December 2013 RM'000
EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE BANK					
Share capital		8,867,759	8,862,079	8,867,759	8,862,079
Share premium		19,078,308	19,030,227	19,078,308	19,030,227
Shares held-in-trust		(121,827)	(107,248)	(121,827)	(107,248)
Retained profits		13,346,726	11,747,484	4,913,430	3,478,214
Other reserves		7,089,006	6,464,865	9,279,649	9,236,500
		48,259,972	45,997,407	42,017,319	40,499,772
Non-controlling interests		1,768,908	1,745,192	-	-
		50,028,880	47,742,599	42,017,319	40,499,772
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY					
		578,006,080	560,443,226	408,077,282	397,779,032
COMMITMENTS AND CONTINGENCIES	A27	496,067,268	433,829,033	461,095,663	399,786,232
<u>CAPITAL ADEQUACY</u>					
A28					
Based on credit, market and operational risk:					
CET1 capital ratio		10.987%	11.253%	15.640%	15.925%
Tier 1 capital ratio		12.538%	13.059%	15.640%	15.925%
Total capital ratio		15.331%	15.664%	15.640%	15.925%
Net assets per share attributable to equity holders of the Bank					
		RM5.44	RM5.19	RM4.74	RM4.57

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CONDENSED FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE FIRST QUARTER ENDED 31 MARCH 2014

◀===== 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	Other Reserves RM'000	Retained Profits RM'000	Total Shareholders' Equity RM'000	Non- controlling Interests RM'000	Total Equity RM'000
At 1 January 2014	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
Profit for the period	-	-	-	-	-	-	-	-	-	-	-	-	1,601,585	1,601,585	32,914	1,634,499
Other comprehensive income/(loss)	-	-	-	-	-	52,404	580,131	12	-	-	(9,421)	(4,675)	-	618,451	(8,090)	610,361
Total comprehensive income/(loss) for the period	-	-	-	-	-	52,404	580,131	12	-	-	(9,421)	(4,675)	1,601,585	2,220,036	24,824	2,244,860
Share-based payment under Employees' Share Scheme ("ESS")	-	-	-	-	-	-	-	-	17,573	-	-	-	-	17,573	-	17,573
Effect of changes in corporate structure within the Group	-	-	-	-	(697)	-	-	-	-	-	-	-	697	-	(1,047)	(1,047)
Issue of shares pursuant to ESS (Note A8(i)(a)(A))	2,848	23,815	-	-	-	-	-	-	(1,707)	-	-	-	-	24,956	-	24,956
Issue of shares pursuant to Restricted Shares Unit ("RSU") (Note A8(i)(a)(B))	2,832	24,266	(14,579)	-	-	-	-	-	(9,479)	-	-	-	(3,040)	-	-	-
Dividends paid (Note A9(b))	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(61)	(61)
Total transactions with shareholders	5,680	48,081	(14,579)	-	(697)	-	-	-	6,387	-	-	-	(2,343)	42,529	(1,108)	41,421
At 31 March 2014	8,867,759	19,078,308	(121,827)	9,540,136	13,557	(551,708)	(2,147,662)	11,738	284,618	34,456	(91,454)	(4,675)	13,346,726	48,259,972	1,768,908	50,028,880

¹ The retained profits of the Group include the non-distributable non-par surplus from an insurance subsidiary amounted to RM837.5 million (net of tax). 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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CONDENSED FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE FIRST QUARTER ENDED 31 MARCH 2014

<===== 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	(1,876,684)	7,986	226,142	34,456	(124,322)	11,104,837	42,095,358	1,719,440	43,814,798
Profit for the period	-	-	-	-	-	-	-	-	-	-	-	1,506,214	1,506,214	52,081	1,558,295
Other comprehensive (loss)/income	-	-	-	-	(3,242)	(104,687)	87,321	13	-	-	-	-	(20,595)	(10,790)	(31,385)
Total comprehensive (loss)/income for the period	-	-	-	-	(3,242)	(104,687)	87,321	13	-	-	-	1,506,214	1,485,619	41,291	1,526,910
Share-based payment under Employees' Share Scheme ("ESS")	-	-	-	-	-	-	-	-	21,221	-	-	-	21,221	-	21,221
Effect of changes in corporate structure within the Group	-	-	-	-	-	-	-	-	-	-	-	(303)	(303)	2,977	2,674
Transfer to statutory reserves	-	-	-	258,068	-	-	-	-	-	-	-	(258,068)	-	-	-
Issue of shares pursuant to ESS	876	7,161	-	-	-	-	-	-	-	-	-	-	8,037	-	8,037
Dividends payable	-	-	-	-	-	-	-	-	-	-	-	(337,637)	(337,637)	(8,948)	(346,585)
Total transactions with shareholders	876	7,161	-	258,068	-	-	-	-	21,221	-	-	(596,008)	(308,682)	(5,971)	(314,653)
At 31 March 2013	8,440,922	15,646,807	(102,405)	8,281,780	11,012	603,003	(1,789,363)	7,999	247,363	34,456	(124,322)	12,015,043	43,272,295	1,754,760	45,027,055

¹ The retained profits of the Group include the non-distributable non-par surplus from an insurance subsidiary amounted to RM727.0 million (net of tax). 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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CONDENSED FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE FIRST QUARTER ENDED 31 MARCH 2014

	<===== Non-Distributable =====>							Distributable Retained Profits RM'000	Total Equity RM'000
	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		
Bank									
At 1 January 2014	8,862,079	19,030,227	(107,248)	9,026,745	(653,690)	585,214	278,231	3,478,214	40,499,772
Profit for the period	-	-	-	-	-	-	-	1,438,256	1,438,256
Other comprehensive income/(loss)	-	-	-	-	51,687	(14,925)	-	-	36,762
Total comprehensive income/(loss) for the period	-	-	-	-	51,687	(14,925)	-	1,438,256	1,475,018
Share-based payment under Employees' Share Scheme ("ESS")	-	-	-	-	-	-	17,573	-	17,573
Issue of shares pursuant to ESS (Note A8(i)(a)(A))	2,848	23,815	-	-	-	-	(1,707)	-	24,956
Issue of shares pursuant to Restricted Shares Unit ("RSU") (Note A8(i)(a)(B))	2,832	24,266	(14,579)	-	-	-	(9,479)	(3,040)	-
Total transactions with shareholders	5,680	48,081	(14,579)	-	-	-	6,387	(3,040)	42,529
At 31 March 2014	8,867,759	19,078,308	(121,827)	9,026,745	(602,003)	570,289	284,618	4,913,430	42,017,319

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	<===== Non-Distributable =====>							Distributable Retained Profits RM'000	Total Equity RM'000
	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		
Bank									
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 period	-	-	-	-	-	-	-	1,036,530	1,036,530
Other comprehensive (loss)/income	-	-	-	-	(48,254)	18,248	-	-	(30,006)
Total comprehensive (loss)/income for the period	-	-	-	-	(48,254)	18,248	-	1,036,530	1,006,524
Share-based payment under Employees' Share Scheme ("ESS")	-	-	-	-	-	-	21,221	-	21,221
Transfer to statutory reserves	-	-	-	258,082	-	-	-	(258,082)	-
Issue of shares pursuant to ESS	876	7,161	-	-	-	-	-	-	8,037
Dividends payable	-	-	-	-	-	-	-	(337,637)	(337,637)
Total transactions with shareholders	876	7,161	-	258,082	-	-	21,221	(595,719)	(308,379)
At 31 March 2013	8,440,922	15,646,807	(102,405)	8,063,424	345,032	332,016	247,363	4,620,293	37,593,452

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CONDENSED FINANCIAL STATEMENTS
UNAUDITED CASH FLOW STATEMENTS
FOR THE FIRST QUARTER ENDED 31 MARCH 2014

	Group		Bank	
	31 March 2014 RM'000	31 March 2013 RM'000	31 March 2014 RM'000	31 March 2013 RM'000
Cash flows from operating activities				
Profit before taxation and zakat	2,207,788	2,126,726	1,845,141	1,367,539
Adjustments for non-operating and non-cash items:				
Depreciation of property, plant and equipment	76,048	65,171	39,900	34,139
Share of profits in associates and joint ventures	(36,470)	(35,458)	-	-
Amortisation of intangible assets	53,614	46,890	26,382	22,103
Net gain on disposal of financial assets at fair value through profit or loss	(47,379)	(116,257)	(24,549)	(72,920)
Net gain on disposal of financial investments available-for-sale	(214,580)	(318,615)	(48,948)	(99,828)
Net (gain)/loss on redemption of financial investments held-to-maturity	(14)	1	(14)	1
Unrealised loss/(gain) on revaluation of financial assets at fair value through profit or loss and derivatives	58,475	222,245	(51,157)	159,685
Allowances for impairment losses on loans, advances and financing, net	398,835	284,772	274,967	223,280
Allowance made for other debts	4,651	(14,289)	1,570	94
Dividend income	(16,835)	(20,383)	(403,715)	(208,785)
ESS expenses	17,893	21,174	13,092	17,336
Writeback of impairment losses on financial investments, net	(114,669)	(2,415)	(39,785)	(20,601)
Other adjustments for non-operating and non-cash items	(1,354)	17,289	(3,205)	(18,242)
Operating profit before working capital changes	<u>2,386,003</u>	<u>2,276,851</u>	<u>1,629,679</u>	<u>1,403,801</u>
Change in deposits and placements with financial institutions	1,524,943	(1,532,096)	1,620,355	(5,788,590)
Change in financial investments portfolio	(5,330,169)	(5,490,300)	(4,289,196)	(2,656,778)
Change in loans, advances and financing	(4,901,868)	(4,929,411)	(2,991,670)	(573,268)
Change in statutory deposits with central banks	(158,120)	(685,339)	84,769	(195,094)
Change in deposits from customers	47,810	8,284,361	1,380,101	8,310,786
Change in deposits and placements from financial institutions	8,049,557	3,404,162	3,082,510	2,132,342
Change in reinsurance/retakaful assets and other insurance receivables	(1,431,208)	1,179,158	-	-
Change in insurance/takaful contract liabilities and other insurance payables	1,500,320	(1,235,845)	-	-
Change in other operating activities	2,522,506	1,255,670	2,010,364	635,676
Exchange fluctuation	365,712	245,761	50,114	(39,886)
Cash generated from operations	<u>4,575,486</u>	<u>2,772,972</u>	<u>2,577,026</u>	<u>3,228,989</u>
Taxes and zakat paid	(427,858)	(566,732)	(313,173)	(298,681)
Net cash generated from operating activities	<u>4,147,628</u>	<u>2,206,240</u>	<u>2,263,853</u>	<u>2,930,308</u>

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CONDENSED FINANCIAL STATEMENTS
UNAUDITED CASH FLOW STATEMENTS
FOR THE FIRST QUARTER ENDED 31 MARCH 2014

	Group		Bank	
	31 March 2014 RM'000	31 March 2013 RM'000	31 March 2014 RM'000	31 March 2013 RM'000
Cash flows from investing activities				
Dividend received				
- from financial investments portfolio	16,835	20,383	2,967	764
- from subsidiaries	-	-	400,748	208,021
Purchase of property, plant and equipment	(97,008)	(65,393)	(38,529)	(46,058)
Proceeds from disposal of property, plant and equipment	685	1,224	168	93
Purchase of intangible assets	(66,375)	(63,973)	(8,997)	(60,842)
Purchase of additional ordinary shares in new and existing subsidiaries	-	-	(526,718)	(335,800)
Proceeds from transactions with non-controlling interests	-	2,674	1,667	-
Net cash used in investing activities	(145,863)	(105,085)	(168,694)	(233,822)
Cash flows from financing activities				
Proceeds from shares issuance	24,956	8,037	24,956	8,037
Net drawdown of borrowings	886,995	622,355	838,140	24,450
Issuance of subordinated obligations	1,600,000	-	1,600,000	-
Loans sold to Cagamas, net	(54,065)	(162,963)	(7,873)	(7,659)
Dividends paid to non-controlling interests	(61)	(8,948)	-	-
Net cash generated from financing activities	2,457,825	458,481	2,455,223	24,828
Net change in cash and cash equivalents	6,459,590	2,559,636	4,550,382	2,721,314
Cash and cash equivalents at beginning of period *	50,821,501	42,327,981	32,326,864	25,755,639
Cash and cash equivalents at end of period	57,281,091	44,887,617	36,877,246	28,476,953

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

	Group		Bank	
	31 March 2014 RM'000	31 March 2013 RM'000	31 March 2014 RM'000	31 March 2013 RM'000
Cash and short-term funds	50,676,555	43,155,120	31,293,540	27,255,514
Deposits with financial institutions maturing within 1 month	6,604,536	1,732,497	5,583,706	1,221,439
	57,281,091	44,887,617	36,877,246	28,476,953
* Cash and cash equivalents at beginning of period:				
Cash and short-term funds as previously reported	50,870,333	42,180,023	32,430,352	25,634,415
Effects of foreign exchange rate changes	(48,832)	147,958	(103,488)	121,224
As restated	50,821,501	42,327,981	32,326,864	25,755,639

(These unaudited condensed financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2013 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 unaudited 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 unaudited 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 unaudited condensed interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2013. These explanatory notes attached to the unaudited condensed interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group and the Bank since the financial year ended 31 December 2013.

The unaudited condensed interim financial statements of the Group 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 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 2013 except for adoption of the following amendments to Malaysian Financial Reporting Standards ("MFRSs") and Interpretation of the Issues Committee ("IC Interpretation") with effective date of 1 January 2014:

- 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)
- MFRS 127 *Separate Financial Statements - Investment Entities* (Amendments to MFRS 127)
- MFRS 132 *Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities* (Amendments to MFRS 132)
- MFRS 136 *Impairment of Assets - Recoverable Amount Disclosures for Non-Financial Assets* (Amendments to MFRS 136)
- MFRS 139 *Financial Instruments: Recognition and Measurement - Novation of Derivatives and Continuation of Hedge*
- IC Interpretation 21 *Levies*

The adoption of the above amendments to MFRSs and IC Interpretation would not have any material impact to the Group's and the Bank's financial performance.

Guidance issued by Bank Negara Malaysia ("BNM")

On 4 February 2014, Bank Negara Malaysia ("BNM") issued a letter requiring banking institutions to maintain, in aggregate, collective impairment allowance and regulatory reserve of no less than 1.20% of total outstanding loans/financing, net of individual impairment allowance, pursuant to paragraph 13 of the BNM's Policy Document on Classification and Impairment Provisions for Loans/Financing. The regulatory reserve is maintained in addition to the collective impairment allowance required under MFRS, and it will be set aside from the retained profits to a separate reserve within equity as an additional credit risk absorbent. Banking institutions are required to comply with this requirement by 31 December 2015. The adoption of this new regulatory requirement is not expected to have any financial impact to the profit or loss of the Group and of the Bank.

A2. Significant Accounting Policies

The audited financial statements of the Group and the Bank for the financial year ended 31 December 2013 were prepared in accordance with MFRS and International Financial Reporting Standards ("IFRS") and the requirements of the Companies Act, 1965 in Malaysia. The significant accounting policies adopted in preparing these unaudited condensed interim financial statements are consistent with those of the audited financial statements for the financial year ended 31 December 2013.

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A3. Significant Accounting Estimates and Judgments

The preparation of unaudited condensed interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the 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.

In preparing these unaudited condensed interim financial statements, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the audited financial statements for the financial year ended 31 December 2013.

A4. Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the audited annual financial statements for the financial year ended 31 December 2013 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 in the first quarter ended 31 March 2014.

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

During the first quarter ended 31 March 2014, 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 first quarter ended 31 March 2014.

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 three-month ended 31 March 2014:

(a) **Issuance of Shares**

The issued and paid-up share capital of the Bank increased from RM8,862,079,081 as at 31 December 2013 to RM8,867,758,790 as at 31 March 2014 via:

(A) issuance of 2,848,200 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; and

(B) issuance of 2,831,509 new ordinary shares of RM1 each, to eligible employees under the Restricted Share Unit ("RSU") which is part of the current Maybank Group ESS.

(b) **Redemption of bonds by subsidiaries of PT Bank Internasional Indonesia Tbk**

On 4 March 2014, PT Wahana Ottomitra Multiartha Tbk, a subsidiary of PT Bank Internasional Indonesia Tbk, which in turn, an indirect subsidiary of Maybank, redeemed Bonds V Series C of IDR366 billion (equivalent to RM105.4 million). The Bonds issued on 4 March 2011 under Bonds V WOM Finance Year 2011 With Fixed Interest Rate.

(c) **Redemption of medium term notes by Maybank Kim Eng Holdings Limited and its subsidiary**

On 28 January 2014, Maybank Kim Eng Holdings Limited, a subsidiary of Maybank, redeemed medium term notes amounting to SGD100 million (equivalent to RM259.2 million) under its 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 three-month ended 31 March 2014 (cont'd.):

(d) 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.

(e) 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 had completed the issuance of JPY30.0 billion Senior Fixed Rate Notes with tenure of 5 years pursuant to 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 first quarter ended 31 March 2014 and have not been reflected in the financial statements for the first quarter ended 31 March 2014:

(a) Issuance of Tier 2 Capital Subordinated Sukuk Murabahah of RM1.5 billion in nominal value ("Subordinated Sukuk Murabahah") pursuant to a Subordinated Sukuk Murabahah Programme of up to RM10.0 billion in nominal value ("Subordinated Sukuk Programme")

On 7 April 2014, Maybank Islamic Berhad, a subsidiary of Maybank, had completed the issuance of RM1.5 billion Basel III-compliant Tier 2 Subordinated Sukuk Murabahah with tenure of 10 years on a 10 non-callable 5 basis pursuant to the Subordinated Sukuk Programme established in March 2014.

(b) Issuance of AUD56.0 million Senior Floating Notes in nominal value pursuant to the USD5.0 billion Multicurrency Medium Term Note Programme

On 5 May 2014, Maybank had completed the issuance of AUD56.0 million Senior Floating Notes with tenure of 5 years under the USD5.0 billion Multicurrency Medium Term Note Programme.

(c) Issuance of USD50.0 million Senior Floating Rate Notes in nominal value pursuant to the USD5.0 billion Multicurrency Medium Term Note Programme

On 12 May 2014, Maybank had completed the issuance of USD50.0 million Senior Floating Rate Notes with tenure of 3 years under the USD5.0 billion Multicurrency Medium Term Note Programme.

(d) Issuance of USD50.0 million Senior Fixed Rate Notes in nominal value pursuant to the USD5.0 billion Multicurrency Medium Term Note Programme

On 20 May 2014, Maybank had completed the issuance of USD50.0 million Senior Fixed Rate Notes with tenure of 5 years under the USD5.0 billion Multicurrency Medium Term Note Programme.

(e) Issuance of JPY31.1 billion Senior Fixed Rate Notes in nominal value pursuant to the USD5.0 billion Multicurrency Medium Term Note Programme

On 22 May 2014, Maybank had completed the issuance of JPY31.1 billion Senior Fixed Rate Notes with tenure of 3 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.

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A9. Dividends Paid

- (a) There was no dividend paid during the first quarter ended 31 March 2014.

During the Annual General Meeting held on 7 April 2014, a final dividend in respect of the financial year ended 31 December 2013 of 31 sen single-tier dividend per ordinary share of RM1.00 each, amounting to a net dividend payable of RM2,747,244,515 (based on 8,862,079,081 ordinary shares of RM1.00 each in issue as at 31 December 2013) was approved by the shareholders.

The dividend consists of cash portion of 4 sen single-tier dividend per ordinary share of RM1.00 each and an electable portion of 27 sen per ordinary share of RM1.00 each.

The financial statements for the current financial quarter do not reflect the final dividend as approval from shareholders have yet been obtained as at 31 March 2014.

- (b) Dividends paid by Maybank's subsidiaries to non-controlling interest amounting to RM60,898 during the quarter ended 31 March 2014.

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A10. Financial Investments Portfolio

	Note	Group		Bank	
		31 March 2014 RM'000	31 December 2013 RM'000	31 March 2014 RM'000	31 December 2013 RM'000
Financial assets at fair value through profit or loss	(i)	19,256,236	19,166,565	4,937,564	5,546,091
Financial investments available-for-sale	(ii)	86,774,600	82,836,922	67,935,892	64,532,797
Financial investments held-to-maturity	(iii)	7,287,320	5,668,174	7,050,598	5,354,097
		113,318,156	107,671,661	79,924,054	75,432,985

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

	Group		Bank	
	31 March 2014 RM'000	31 December 2013 RM'000	31 March 2014 RM'000	31 December 2013 RM'000
(a) Financial assets designated upon initial recognition	10,998,002	11,177,612	-	-
(b) Financial assets held-for-trading	8,258,234	7,988,953	4,937,564	5,546,091
	19,256,236	19,166,565	4,937,564	5,546,091

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

	Group		Bank	
	31 March 2014 RM'000	31 December 2013 RM'000	31 March 2014 RM'000	31 December 2013 RM'000
At fair value				
Money market instruments:				
Malaysian Government Securities	384,928	284,447	-	-
Malaysian Government Investment Issues	897,412	1,048,283	-	-
Negotiable Islamic Certificates of Deposits	239,003	237,013	-	-
	1,521,343	1,569,743	-	-
Unquoted securities:				
Private and Islamic debt securities in Malaysia	9,321,472	9,375,999	-	-
Structured deposits	155,187	231,870	-	-
	9,476,659	9,607,869	-	-
Total financial assets designated upon initial recognition	10,998,002	11,177,612	-	-

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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:

	Group		Bank	
	31 March 2014 RM'000	31 December 2013 RM'000	31 March 2014 RM'000	31 December 2013 RM'000
At fair value				
Money market instruments:				
Malaysian Government Securities	924,846	545,022	894,819	545,022
Malaysian Government Treasury Bills	1,648	9,701	1,648	9,701
Malaysian Government Investment Issues	634,518	233,270	234,093	20,292
Bank Negara Malaysia Bills and Notes	327,633	2,096,486	327,633	2,096,486
Khazanah Bonds	42,220	44,950	42,220	44,950
Bank Negara Malaysia Monetary Notes	712,831	1,121,248	339,444	797,797
Foreign Government Treasury Bills	339,155	1,127	339,155	1,127
Foreign Government Securities	1,857,307	418,568	1,209,707	261,875
Cagamas Bonds	10,213	10,128	10,213	10,128
Negotiable instruments of deposits	15,368	15,238	-	-
	4,865,739	4,495,738	3,398,932	3,787,378
Quoted securities:				
In Malaysia:				
Shares, warrants, trust units and loan stocks	535,329	476,290	-	-
Outside Malaysia:				
Shares, warrants, trust units and loan stocks	173,297	158,774	-	-
	708,626	635,064	-	-
Unquoted securities:				
Private and Islamic debt securities in Malaysia	645,616	1,416,190	346,088	1,066,773
Foreign private debt securities	618,197	661,092	356,851	487,645
Foreign Government Bonds	835,693	204,295	835,693	204,295
Credit linked note	388,605	386,954	-	-
Structured Deposits	195,758	189,620	-	-
	2,683,869	2,858,151	1,538,632	1,758,713
Total financial assets held- for-trading	8,258,234	7,988,953	4,937,564	5,546,091

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A10. Financial Investments Portfolio (cont'd.)

(ii) Financial investments available-for-sale

	Group		Bank	
	31 March 2014 RM'000	31 December 2013 RM'000	31 March 2014 RM'000	31 December 2013 RM'000
At fair value, or at cost less impairment losses for certain unquoted equity instruments				
Money market instruments:				
Malaysian Government Securities	6,065,189	5,376,329	6,001,490	5,334,570
Cagamas Bonds	332,910	335,958	332,910	335,958
Foreign Government Securities	7,936,020	7,123,882	4,708,097	4,198,384
Malaysian Government Investment Issues	13,702,364	12,873,722	8,385,670	7,304,355
Foreign Government Treasury Bills	6,987,624	8,464,589	6,987,624	8,464,589
Negotiable instruments of deposits	4,274,719	2,973,885	4,675,359	3,991,945
Bankers' acceptances and Islamic accepted bills	1,809,175	1,782,763	1,809,175	1,756,523
Khazanah Bonds	2,020,796	1,764,019	1,944,706	1,664,091
Malaysian Government Treasury Bills	23,324	28,153	23,324	28,153
Foreign Certificates of Deposits	31,805	32,292	31,805	32,292
	43,183,926	40,755,592	34,900,160	33,110,860
Quoted securities:				
In Malaysia:				
Shares, warrants, trust units and loan stocks	2,948,727	2,605,959	71,040	85,400
Outside Malaysia:				
Shares, warrants, trust units and loan stocks	131,039	271,424	3,429	8,112
	3,079,766	2,877,383	74,469	93,512
Unquoted securities:				
Shares, trust units and loan stocks in Malaysia	531,730	696,820	288,438	379,536
Shares, trust units and loan stocks outside Malaysia	20,883	8,247	18,658	6,026
Private and Islamic debt securities in Malaysia	16,484,173	15,826,042	10,627,675	9,945,610
Malaysian Government Bonds	1,040,751	1,049,980	848,513	857,172
Foreign Government Bonds	5,751,085	5,526,754	5,747,155	5,442,869
Foreign private and Islamic debt securities	16,642,199	16,038,018	15,430,824	14,697,212
Structured deposits	40,087	58,086	-	-
	40,510,908	39,203,947	32,961,263	31,328,425
Total financial investments available-for-sale	86,774,600	82,836,922	67,935,892	64,532,797

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A10. Financial Investments Portfolio (cont'd.)

(iii) Financial investments held-to-maturity

	Group		Bank	
	31 March 2014 RM'000	31 December 2013 RM'000	31 March 2014 RM'000	31 December 2013 RM'000
At amortised cost less impairment losses				
Money market instruments:				
Malaysian Government Securities	1,475,003	337,658	1,474,897	337,551
Foreign Government Securities	346,147	376,652	-	-
Malaysian Government Investment Issues	1,588,399	1,362,378	1,588,399	1,362,378
Foreign Government Treasury Bills	410,676	468,262	-	-
Khazanah Bonds	925,899	813,573	925,899	813,573
Foreign Certificate of Deposit	126,403	91,260	-	-
	4,872,527	3,449,783	3,989,195	2,513,502
Unquoted securities:				
Private and Islamic debt securities in Malaysia	2,344,491	2,113,241	3,034,414	2,795,425
Foreign Government Bonds	87,413	122,425	44,039	62,220
Foreign private and Islamic debt securities	16,696	16,500	-	-
Others	2,044	2,044	2,044	2,044
	2,450,644	2,254,210	3,080,497	2,859,689
Accumulated impairment losses	(35,851)	(35,819)	(19,094)	(19,094)
Total financial investments held-to-maturity	7,287,320	5,668,174	7,050,598	5,354,097

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A11. Loans, Advances and Financing

	Group		Bank	
	31 March 2014 RM'000	31 December 2013 RM'000	31 March 2014 RM'000	31 December 2013 RM'000
Overdrafts/cashline	18,015,116	17,765,336	10,899,305	10,935,875
Term loans				
- Housing loans/financing	96,733,716	88,740,412	40,839,092	40,332,480
- Syndicated loans/financing	25,468,962	25,671,242	24,022,152	22,323,927
- Hire purchase receivables	53,211,536	52,431,837	21,848,468	22,830,752
- Lease receivables	20,988	20,929	3,272	3,272
- Other loans/financing	184,675,914	181,341,680	97,363,819	94,617,421
Credit card receivables	6,310,714	6,509,680	5,307,718	5,514,077
Bills receivables	6,934,607	5,216,010	6,785,243	5,135,423
Trust receipts	3,880,407	3,835,055	3,235,838	2,986,724
Claims on customers under acceptance credits	10,457,991	11,310,833	6,273,041	6,890,688
Loans/financing to financial institutions (Note (x))	3,529,046	4,337,601	11,256,322	12,105,137
Revolving credits	31,318,873	32,981,166	18,748,699	20,172,891
Staff loans	2,788,224	2,777,136	1,051,374	1,078,108
Loans to				
- Executive directors of subsidiaries	4,844	4,495	536	346
Others	2,912,673	2,673,826	-	-
	<u>446,263,611</u>	<u>435,617,238</u>	<u>247,634,879</u>	<u>244,927,121</u>
Unearned interest and income	<u>(80,183,937)</u>	<u>(74,237,088)</u>	<u>(2,383,305)</u>	<u>(2,568,362)</u>
Gross loans, advances and financing	<u>366,079,674</u>	<u>361,380,150</u>	<u>245,251,574</u>	<u>242,358,759</u>
Allowances for impaired loans, advances and financing				
- Individual allowance	(1,939,809)	(1,939,320)	(1,485,327)	(1,502,010)
- Collective allowance	(4,019,305)	(3,823,303)	(3,078,264)	(2,885,470)
Net loans, advances and financing	<u>360,120,560</u>	<u>355,617,527</u>	<u>240,687,983</u>	<u>237,971,279</u>

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

	Group		Bank	
	31 March 2014 RM'000	31 December 2013 RM'000	31 March 2014 RM'000	31 December 2013 RM'000
Domestic banking institutions	1,914	1,912	7,376,864	7,320,684
Domestic non-banking financial institutions				
- Stockbroking companies	-	364	-	364
- Others	16,464,917	16,199,389	13,918,811	14,354,628
Domestic business enterprises				
- Small and medium enterprises	64,767,288	67,988,292	45,998,918	50,143,013
- Others	77,631,528	75,691,335	53,650,716	52,282,888
Government and statutory bodies	8,618,394	8,745,359	2,367,104	2,433,691
Individuals	163,572,416	159,668,593	90,709,922	90,745,812
Other domestic entities	5,483,754	3,553,363	2,873,617	348,604
Foreign entities	29,539,463	29,531,543	28,355,622	24,729,075
Gross loans, advances and financing	<u>366,079,674</u>	<u>361,380,150</u>	<u>245,251,574</u>	<u>242,358,759</u>

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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 March 2014 RM'000	31 December 2013 RM'000	31 March 2014 RM'000	31 December 2013 RM'000
Malaysia	223,943,830	224,392,074	141,661,642	145,129,943
Singapore	82,104,888	81,162,326	81,353,883	80,410,679
Indonesia	30,360,111	28,576,749	-	-
Labuan Offshore	8,815,010	6,799,926	6,595,583	1,551,035
Hong Kong SAR	10,190,384	9,310,531	9,994,002	9,126,352
United States of America	792,861	954,907	792,401	954,445
People's Republic of China	2,871,180	2,796,912	2,871,180	2,796,912
Vietnam	388,111	388,768	316,149	340,355
United Kingdom	971,033	1,397,833	970,949	1,397,754
Brunei	326,158	318,179	326,158	318,179
Cambodia	898,113	895,358	-	-
Bahrain	321,626	287,965	321,626	287,965
Philippines	2,819,365	2,781,552	-	-
Papua New Guinea	182,790	167,495	-	-
Thailand	1,014,543	1,072,617	-	-
Laos	48,001	45,140	48,001	45,140
Others	31,670	31,818	-	-
Gross loans, advances and financing	366,079,674	361,380,150	245,251,574	242,358,759

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

	Group		Bank	
	31 March 2014 RM'000	31 December 2013 RM'000	31 March 2014 RM'000	31 December 2013 RM'000
Fixed rate				
- Housing loans/financing	13,750,398	13,906,768	11,337,621	11,221,554
- Hire purchase receivables	46,927,015	46,181,266	20,188,714	21,015,764
- Other fixed rate loans/financing	54,927,747	56,572,652	39,215,995	41,692,920
Variable rate				
- Base lending rate plus	132,344,792	129,042,645	89,935,725	89,281,956
- Cost plus	46,794,548	48,681,566	42,483,751	43,204,043
- Other variable rates	71,335,174	66,995,253	42,089,768	35,942,522
Gross loans, advances and financing	366,079,674	361,380,150	245,251,574	242,358,759

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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 March 2014 RM'000	31 December 2013 RM'000	31 March 2014 RM'000	31 December 2013 RM'000
Purchase of securities	32,513,831	31,545,546	13,766,800	12,824,405
Purchase of transport vehicles	48,693,984	47,901,056	20,068,881	20,865,446
Purchase of landed properties				
- Residential	67,398,744	65,773,530	48,814,828	48,640,714
- Non-residential	29,142,609	29,271,455	23,535,926	24,169,305
Purchase of fixed assets (excluding landed properties)	4,693,408	4,692,156	4,605,936	4,609,831
Personal use	8,272,699	8,137,882	6,283,290	6,285,258
Credit card	6,510,768	6,717,193	5,513,100	5,726,412
Purchase of consumer durables	180,171	452,606	179,576	451,881
Constructions	13,046,940	13,206,415	9,346,940	9,526,319
Mergers and acquisitions	3,923,568	3,922,495	3,923,568	3,922,495
Working capital	128,724,424	126,731,269	92,925,386	90,334,005
Others	22,978,528	23,028,547	16,287,343	15,002,688
Gross loans, advances and financing	366,079,674	361,380,150	245,251,574	242,358,759

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

	Group		Bank	
	31 March 2014 RM'000	31 December 2013 RM'000	31 March 2014 RM'000	31 December 2013 RM'000
Within one year	101,034,952	103,617,415	74,502,568	77,819,709
One year to three years	49,052,607	48,189,831	37,879,405	36,423,888
Three years to five years	50,049,468	50,776,490	36,195,990	35,223,650
After five years	165,942,647	158,796,414	96,673,611	92,891,512
Gross loans, advances and financing	366,079,674	361,380,150	245,251,574	242,358,759

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

	Group		Bank	
	31 March 2014 RM'000	31 December 2013 RM'000	31 March 2014 RM'000	31 December 2013 RM'000
Gross impaired loans at 1 January	5,360,903	5,654,352	3,776,831	4,162,301
Newly impaired	1,052,558	4,485,865	583,084	2,687,492
Reclassified as non-impaired	(224,158)	(1,260,300)	(108,326)	(661,304)
Amount recovered	(445,438)	(1,840,674)	(254,677)	(1,270,299)
Amount written off	(188,257)	(1,579,965)	(115,555)	(1,105,782)
Converted to financial investments available-for-sale	(67,830)	(152,544)	(67,830)	(152,544)
Transferred from a subsidiary	-	-	17,168	-
Exchange differences and expenses debited	73,384	54,169	15,713	116,967
Gross impaired loans at 31 March 2014/ 31 December 2013	5,561,162	5,360,903	3,846,408	3,776,831
Less: Individual allowance	(1,939,809)	(1,939,320)	(1,485,327)	(1,502,010)
Net impaired loans, advances and financing	3,621,353	3,421,583	2,361,081	2,274,821
Ratio of net impaired loans	0.99%	0.95%	0.97%	0.94%

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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 March 2014 RM'000	31 December 2013 RM'000	31 March 2014 RM'000	31 December 2013 RM'000
Purchase of securities	65,259	66,448	30,579	31,499
Purchase of transport vehicles	262,365	227,798	105,809	96,811
Purchase of landed properties				
- Residential	461,575	454,877	350,214	343,461
- Non-residential	115,795	119,014	88,753	95,277
Purchase of fixed assets (excluding landed properties)	-	346	-	-
Personal use	120,169	120,696	50,657	49,749
Credit card	81,178	76,022	53,698	49,433
Purchase of consumer durables	9	8	6	6
Constructions	332,871	197,055	271,069	153,846
Working capital	3,695,013	3,542,034	2,618,508	2,549,415
Others	426,928	556,605	277,115	407,334
Impaired loans, advances and financing	5,561,162	5,360,903	3,846,408	3,776,831

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

	Group		Bank	
	31 March 2014 RM'000	31 December 2013 RM'000	31 March 2014 RM'000	31 December 2013 RM'000
Malaysia	3,973,524	3,795,548	3,406,065	3,258,707
Singapore	246,870	243,157	232,933	229,187
Indonesia	898,492	797,355	-	-
Labuan Offshore	44,306	46,349	17,273	-
Hong Kong SAR	17,183	17,601	16,292	16,706
United States of America	460	462	-	-
People's Republic of China	1,593	1,598	1,593	1,598
Vietnam	15,355	15,437	15,355	15,437
United Kingdom	141,664	241,583	141,664	241,583
Brunei	8,261	6,567	8,261	6,567
Cambodia	49,411	52,689	-	-
Bahrain	6,972	7,046	6,972	7,046
Philippines	102,581	80,933	-	-
Papua New Guinea	680	754	-	-
Thailand	25,596	25,478	-	-
Others	28,214	28,346	-	-
Impaired loans, advances and financing	5,561,162	5,360,903	3,846,408	3,776,831

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

(ix) Movements in the allowances for impaired loans, advances and financing are as follows:

	Group		Bank	
	31 March 2014 RM'000	31 December 2013 RM'000	31 March 2014 RM'000	31 December 2013 RM'000
Individual Allowance				
At 1 January	1,939,320	2,228,535	1,502,010	1,719,455
Allowance made	184,687	920,763	131,556	722,580
Amount written back	(111,887)	(324,954)	(92,047)	(270,734)
Amount written off	(71,153)	(872,595)	(62,656)	(678,686)
Transferred from/(to) collective allowance	970	(13,663)	(10,501)	(12,001)
Transferred from a subsidiary	-	-	17,168	-
Exchange differences	(2,128)	1,234	(203)	21,396
At 31 March 2014/31 December 2013	1,939,809	1,939,320	1,485,327	1,502,010
	Group		Bank	
	31 March 2014 RM'000	31 December 2013 RM'000	31 March 2014 RM'000	31 December 2013 RM'000
Collective Allowance				
At 1 January	3,823,303	3,744,994	2,885,470	2,726,849
Allowance made	308,303	845,532	216,455	550,371
Amount written back	(10,344)	(37,769)	-	-
Amount written off	(117,104)	(707,370)	(52,899)	(427,096)
Transferred (to)/from individual allowance	(970)	13,663	10,501	12,001
Transferred from a subsidiary	-	-	19,931	-
Exchange differences	16,117	(35,747)	(1,194)	23,345
At 31 March 2014/31 December 2013	4,019,305	3,823,303	3,078,264	2,885,470
As a percentage of total loans less individual allowance	1.10%	1.06%	1.26%	1.20%

(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 RM8,386.7 million (31 December 2013: RM8,336.6 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 March 2014 RM'000	31 December 2013 RM'000	31 March 2014 RM'000	31 December 2013 RM'000
Other debtors	5,896,430	5,989,578	4,673,767	4,862,054
Amount due from brokers and clients	2,237,688	1,536,260	-	-
Development properties	57,198	75,251	-	-
Prepayments and deposits	924,063	787,472	419,513	421,354
Tax recoverable	29,385	27,253	-	-
Foreclosed properties	109,737	90,104	36,029	36,029
	9,254,501	8,505,918	5,129,309	5,319,437

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A13. Deposits from Customers

(i) By type of deposit

	Group		Bank	
	31 March 2014 RM'000	31 December 2013 RM'000	31 March 2014 RM'000	31 December 2013 RM'000
	Fixed deposits and negotiable instruments of deposits			
- One year or less	220,173,031	220,782,166	141,527,750	142,237,799
- More than one year	15,503,617	14,760,420	14,766,593	14,075,299
	235,676,648	235,542,586	156,294,343	156,313,098
Money market deposits	14,272,146	14,177,439	14,272,146	14,177,439
Savings deposits	58,792,738	56,735,219	40,596,671	39,300,089
Demand deposits	82,988,610	86,001,254	60,541,342	61,212,708
Structured deposits *	3,928,479	3,154,312	3,345,979	2,667,046
	395,658,621	395,610,810	275,050,481	273,670,380

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

(ii) By type of customer

	Group		Bank	
	31 March 2014 RM'000	31 December 2013 RM'000	31 March 2014 RM'000	31 December 2013 RM'000
	Business enterprises	178,418,253	183,775,722	127,587,646
Individuals	167,088,885	162,631,813	128,436,719	125,901,762
Government and statutory bodies	16,746,035	17,908,268	5,170,469	5,464,782
Others	33,405,448	31,295,007	13,855,647	13,460,828
	395,658,621	395,610,810	275,050,481	273,670,380

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

	Group		Bank	
	31 March 2014 RM'000	31 December 2013 RM'000	31 March 2014 RM'000	31 December 2013 RM'000
	Due within six months	180,897,118	176,430,070	114,010,210
Six months to one year	39,275,913	44,352,096	27,517,540	30,574,457
One year to three years	15,004,724	14,272,102	14,657,121	13,954,438
Three years to five years	498,893	488,318	109,472	120,861
	235,676,648	235,542,586	156,294,343	156,313,098

A14. Deposits and Placements from Financial Institutions

	Group		Bank	
	31 March 2014 RM'000	31 December 2013 RM'000	31 March 2014 RM'000	31 December 2013 RM'000
	Licensed banks	45,537,932	38,230,867	37,135,583
Licensed finance companies	480,914	405,180	224,630	239,360
Licensed investment banks	145,019	66,778	73,519	66,778
Other financial institutions	4,024,774	3,436,256	3,231,355	2,990,556
	50,188,639	42,139,081	40,665,087	37,582,577

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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 March 2014 RM'000	31 December 2013 RM'000	31 March 2014 RM'000	31 December 2013 RM'000
One year or less	48,353,960	39,547,359	38,859,556	35,105,495
More than one year	1,834,679	2,591,722	1,805,531	2,477,082
	50,188,639	42,139,081	40,665,087	37,582,577

A15. Borrowings, Subordinated Obligations and Capital Securities

	Group		Bank	
	31 March 2014 RM'000	31 December 2013 RM'000	31 March 2014 RM'000	31 December 2013 RM'000
(i) Borrowings				
Secured				
- Less than one year				
Denominated in:				
- THB	-	259,138	-	-
- PHP	1,939	3,530	-	-
- SGD	1,380	-	-	-
- IDR	287,846	292,697	-	-
- VND	-	1,631	-	-
	291,165	556,996	-	-
- More than one year				
Denominated in:				
- SGD	380,646	383,087	-	-
- PHP	834	914	-	-
- IDR	1,161,671	1,025,832	-	-
	1,543,151	1,409,833	-	-
Total secured borrowings	1,834,316	1,966,829	-	-
Unsecured				
(a) Borrowings				
- Less than one year				
Denominated in:				
- USD	405,144	325,810	166,954	226,884
- CNY	159,568	215,632	159,568	215,632
- SGD	273,029	220,550	-	-
- THB	554,249	294,834	-	-
- HKD	71,077	-	-	-
- IDR	142,964	217,052	-	-
- VND	67	-	-	-
- PHP	28,657	21,626	-	-
	1,634,755	1,295,504	326,522	442,516
- More than one year				
Denominated in:				
- USD	3,316,513	3,337,900	3,316,513	3,337,900
- SGD	90,717	-	-	-
- IDR	845,799	792,754	-	-
	4,253,029	4,130,654	3,316,513	3,337,900

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

	Group		Bank	
	31 March 2014 RM'000	31 December 2013 RM'000	31 March 2014 RM'000	31 December 2013 RM'000
	(i) Borrowings (cont'd.)			
Unsecured (cont'd.)				
(b) Medium Term Notes				
- Less than one year				
Denominated in:				
- USD	1,643,113	1,641,750	1,643,113	1,641,750
- HKD	4,374	-	4,374	-
- SGD	130,115	390,845	-	-
- JPY	3,598	-	3,598	-
	<u>1,781,200</u>	<u>2,032,595</u>	<u>1,651,085</u>	<u>1,641,750</u>
- More than one year				
Denominated in:				
- USD	1,960,500	1,970,100	1,960,500	1,970,100
- HKD	1,441,346	1,456,623	1,441,346	1,456,623
- JPY	1,427,985	469,500	1,427,985	469,500
	<u>4,829,831</u>	<u>3,896,223</u>	<u>4,829,831</u>	<u>3,896,223</u>
Total unsecured borrowings	<u>12,498,815</u>	<u>11,354,976</u>	<u>10,123,951</u>	<u>9,318,389</u>
Total borrowings	<u>14,333,131</u>	<u>13,321,805</u>	<u>10,123,951</u>	<u>9,318,389</u>
(ii) Subordinated obligations				
Unsecured				
- More than one year				
Denominated in:				
- RM	8,233,256	6,649,102	6,753,367	5,143,014
- USD	2,616,171	2,649,720	2,616,171	2,649,720
- SGD	2,632,311	2,611,684	2,632,311	2,611,684
- IDR	781,778	734,070	-	-
	<u>14,263,516</u>	<u>12,644,576</u>	<u>12,001,849</u>	<u>10,404,418</u>
(iii) Capital Securities				
Unsecured				
- More than one year				
Denominated in:				
- RM	4,379,215	4,332,172	4,661,628	4,619,886
- SGD	1,563,593	1,588,737	1,563,593	1,588,737
	<u>5,942,808</u>	<u>5,920,909</u>	<u>6,225,221</u>	<u>6,208,623</u>

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A16. Other Liabilities

	Group		Bank	
	31 March 2014 RM'000	31 December 2013 RM'000	31 March 2014 RM'000	31 December 2013 RM'000
Due to brokers and clients	2,046,413	1,459,900	-	-
Deposits, other creditors and accruals	8,612,947	6,289,871	10,915,359	9,326,572
Defined benefit pension plans	391,876	356,842	-	-
Provisions for commitments and contingencies	76,558	76,421	73,545	73,086
Profit equalisation reserves (IBS operations)	7,776	16,977	-	-
Finance lease liabilities	90,240	85,691	90,240	85,691
	11,225,810	8,285,702	11,079,144	9,485,349

A17. Interest Income

Group	First Quarter Ended		Cumulative 3 Months Ended	
	31 March 2014 RM'000	31 March 2013 RM'000	31 March 2014 RM'000	31 March 2013 RM'000
Loans, advances and financing	3,307,394	3,173,908	3,307,394	3,173,908
Money at call and deposits and placements with financial institutions	122,078	122,836	122,078	122,836
Financial assets purchased under resale agreements	2,425	2,116	2,425	2,116
Financial assets at FVTPL	161,935	125,079	161,935	125,079
Financial investments available-for-sale	571,599	519,839	571,599	519,839
Financial investments held-to-maturity	49,924	17,310	49,924	17,310
	4,215,355	3,961,088	4,215,355	3,961,088
Accretion of discounts / (amortisation of premiums), net	642	(18,824)	642	(18,824)
	4,215,997	3,942,264	4,215,997	3,942,264

Bank	First Quarter Ended		Cumulative 3 Months Ended	
	31 March 2014 RM'000	31 March 2013 RM'000	31 March 2014 RM'000	31 March 2013 RM'000
Loans, advances and financing	2,377,989	2,258,370	2,377,989	2,258,370
Money at call and deposits and placements with financial institutions	175,818	97,256	175,818	97,256
Financial assets purchased under resale agreements	147	340	147	340
Financial assets at FVTPL	18,710	20,254	18,710	20,254
Financial investments available-for-sale	487,923	379,111	487,923	379,111
Financial investments held-to-maturity	58,940	18,115	58,940	18,115
	3,119,527	2,773,446	3,119,527	2,773,446
Accretion of discounts / (amortisation of premiums), net	1,864	(17,528)	1,864	(17,528)
	3,121,391	2,755,918	3,121,391	2,755,918

Included in interest income for the three-month financial period ended 31 March 2014 was interest on impaired assets amounting to approximately RM40,506,000 (31 March 2013: RM40,627,000) for the Group and RM31,619,000 (31 March 2013: RM33,011,000) for the Bank.

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A18. Interest Expense

Group	First Quarter Ended		Cumulative 3 Months Ended	
	31 March	31 March	31 March	31 March
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Deposits and placements from financial institutions	85,306	89,324	85,306	89,324
Deposits from customers	1,449,696	1,141,577	1,449,696	1,141,577
Floating rate certificates of deposits	9,594	3,527	9,594	3,527
Borrowings	110,878	104,053	110,878	104,053
Subordinated notes	118,978	120,209	118,978	120,209
Subordinated bonds	5,092	18,646	5,092	18,646
Capital securities	95,575	98,693	95,575	98,693
Net interest on derivatives	(51,953)	(61,160)	(51,953)	(61,160)
	1,823,166	1,514,869	1,823,166	1,514,869

Bank	First Quarter Ended		Cumulative 3 Months Ended	
	31 March	31 March	31 March	31 March
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Deposits and placements from financial institutions	92,722	92,642	92,722	92,642
Deposits from customers	1,045,503	846,425	1,045,503	846,425
Floating rate certificates of deposits	9,594	3,527	9,594	3,527
Borrowings	43,004	35,093	43,004	35,093
Subordinated notes	98,219	96,351	98,219	96,351
Subordinated bonds	-	18,646	-	18,646
Capital securities	99,691	98,693	99,691	98,693
Net interest on derivatives	(61,592)	(63,749)	(61,592)	(63,749)
	1,327,141	1,127,628	1,327,141	1,127,628

A19. Net Income from Insurance and Takaful Business

Group	First Quarter Ended		Cumulative 3 Months Ended	
	31 March	31 March	31 March	31 March
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Gross earned premiums	1,538,888	1,770,621	1,538,888	1,770,621
Premium ceded to reinsurers	(616,661)	(643,754)	(616,661)	(643,754)
Net earned premiums	922,227	1,126,867	922,227	1,126,867
Gross benefits and claims paid	(1,162,953)	(805,211)	(1,162,953)	(805,211)
Claims ceded to reinsurers	514,552	43,078	514,552	43,078
Gross change to contract liabilities	(1,263,274)	(344,237)	(1,263,274)	(344,237)
Change in contract liabilities ceded to reinsurers	1,081,114	13,390	1,081,114	13,390
Net benefits and claims	(830,561)	(1,092,980)	(830,561)	(1,092,980)
Net fee and commission expenses	(61,359)	(74,581)	(61,359)	(74,581)
Change in expense liabilities	(11,970)	(22,527)	(11,970)	(22,527)
Taxation of life and takaful fund	(16,551)	(14,920)	(16,551)	(14,920)
Net fee and commission expenses, change in expense liabilities and taxation of life and takaful fund	(89,880)	(112,028)	(89,880)	(112,028)
Total net income from insurance and takaful business	1,786	(78,141)	1,786	(78,141)

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A20. Non-Interest Income

Group	First Quarter Ended		Cumulative 3 Months Ended	
	31 March	31 March	31 March	31 March
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
(a) Fee income:				
Commission	261,675	229,703	261,675	229,703
Service charges and fees	279,128	303,094	279,128	303,094
Underwriting fees	12,658	14,263	12,658	14,263
Brokerage income	136,534	229,695	136,534	229,695
Fees on loans, advances and financing	95,016	82,815	95,016	82,815
	785,011	859,570	785,011	859,570
(b) Investment income:				
Net gain on disposal of financial assets at FVTPL	47,379	116,257	47,379	116,257
Net gain on disposal of financial investments available-for-sale	214,580	318,615	214,580	318,615
Net gain/(loss) on redemption of financial investments held-to-maturity	14	(1)	14	(1)
	261,973	434,871	261,973	434,871
(c) Gross dividend income from financial investments portfolio	16,835	20,383	16,835	20,383
(d) Unrealised (loss)/gain on revaluation of:				
Financial assets at FVTPL	(106,029)	(15,579)	(106,029)	(15,579)
Derivatives	47,554	(206,666)	47,554	(206,666)
	(58,475)	(222,245)	(58,475)	(222,245)
(e) Other income:				
Foreign exchange gain, net	190,035	192,686	190,035	192,686
Rental income	9,735	5,481	9,735	5,481
Gain on disposal of property, plant and equipment	231	814	231	814
Gain on disposal of foreclosed properties	960	743	960	743
Sale of development properties	1,537	844	1,537	844
Others	24,286	71,088	24,286	71,088
	226,784	271,656	226,784	271,656
Total non-interest income	1,232,128	1,364,235	1,232,128	1,364,235

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

Bank	First Quarter Ended		Cumulative 3 Months Ended	
	31 March	31 March	31 March	31 March
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
(a) Fee income:				
Commission	229,338	198,723	229,338	198,723
Service charges and fees	224,266	234,853	224,266	234,853
Underwriting fees	10,615	10,934	10,615	10,934
Brokerage income	3	54	3	54
Fees on loans, advances and financing	53,945	26,699	53,945	26,699
	518,167	471,263	518,167	471,263
(b) Investment income:				
Net gain on disposal of financial assets at FVTPL	24,549	72,920	24,549	72,920
Net gain on disposal of financial investments available-for-sale	48,948	99,828	48,948	99,828
Net gain/(loss) on redemption of financial investments held-to-maturity	14	(1)	14	(1)
Net gain on disposal of subsidiaries	-	700	-	700
Gain on liquidation of an associate	1,667	-	1,667	-
	75,178	173,447	75,178	173,447
(c) Gross dividend income from:				
Financial investments portfolio	2,967	764	2,967	764
Subsidiaries	400,748	208,021	400,748	208,021
	403,715	208,785	403,715	208,785
(d) Unrealised gain/(loss) on revaluation of:				
Financial assets at FVTPL	17,794	748	17,794	748
Derivatives	33,363	(160,433)	33,363	(160,433)
	51,157	(159,685)	51,157	(159,685)
(e) Other income:				
Foreign exchange gain, net	163,211	160,706	163,211	160,706
Rental income	6,385	5,366	6,385	5,366
Gain on disposal of property, plant and equipment	152	32	152	32
Others	13,348	13,717	13,348	13,717
	183,096	179,821	183,096	179,821
Total non-interest income	1,231,313	873,631	1,231,313	873,631

A21. Overhead Expenses

Group	First Quarter Ended		Cumulative 3 Months Ended	
	31 March	31 March	31 March	31 March
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
(a) Personnel expenses				
Salaries, allowances and bonuses	934,423	940,959	934,423	940,959
Pension costs - defined contribution plan	112,287	110,562	112,287	110,562
ESS expenses	17,893	21,174	17,893	21,174
Other staff related expenses	172,678	148,767	172,678	148,767
	1,237,281	1,221,462	1,237,281	1,221,462

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A21. Overhead Expenses (cont'd.)

Group (cont'd.)	First Quarter Ended		Cumulative 3 Months Ended	
	31 March	31 March	31 March	31 March
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
(b) Establishment costs				
Depreciation of property, plant and equipment	76,048	65,171	76,048	65,171
Amortisation of intangible assets	53,614	46,890	53,614	46,890
Rental of leasehold land and premises	65,801	65,780	65,801	65,780
Repairs and maintenance of property, plant and equipment	33,827	33,045	33,827	33,045
Information technology expenses	105,905	142,497	105,905	142,497
Others	26,246	(545)	26,246	(545)
	361,441	352,838	361,441	352,838
(c) Marketing expenses				
Advertisement and publicity	79,960	122,865	79,960	122,865
Others	55,382	39,920	55,382	39,920
	135,342	162,785	135,342	162,785
(d) Administration and general expenses				
Fees and brokerage	160,689	145,014	160,689	145,014
Administrative expenses	152,283	133,706	152,283	133,706
General expenses	114,019	137,334	114,019	137,334
Cost of development property	1,022	579	1,022	579
Others	6,321	4,242	6,321	4,242
	434,334	420,875	434,334	420,875
Total overhead expenses	2,168,398	2,157,960	2,168,398	2,157,960
Cost to income ratio ("CIR")¹	48.6%	49.4%	48.6%	49.4%

¹ Cost to income ratio ("CIR") is computed using the total cost over the net income. 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	First Quarter Ended		Cumulative 3 Months Ended	
	31 March	31 March	31 March	31 March
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
(a) Personnel expenses				
Salaries, allowances and bonuses	598,192	573,885	598,192	573,885
Pension costs - defined contribution plan	87,067	84,304	87,067	84,304
ESS expenses	13,092	17,336	13,092	17,336
Other staff related expenses	102,361	77,494	102,361	77,494
	800,712	753,019	800,712	753,019
(b) Establishment costs				
Depreciation of property, plant and equipment	39,900	34,139	39,900	34,139
Amortisation of intangible assets	26,382	22,103	26,382	22,103
Rental of leasehold land and premises	29,152	25,710	29,152	25,710
Repairs and maintenance of property, plant and equipment	17,806	15,664	17,806	15,664
Information technology expenses	150,329	111,145	150,329	111,145
Others	1,806	1,470	1,806	1,470
	265,375	210,231	265,375	210,231

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A21. Overhead Expenses (cont'd.)

	First Quarter Ended		Cumulative 3 Months Ended	
	31 March 2014 RM'000	31 March 2013 RM'000	31 March 2014 RM'000	31 March 2013 RM'000
Bank (cont'd.)				
(c) Marketing expenses				
Advertisement and publicity	35,420	62,098	35,420	62,098
Others	47,603	34,129	47,603	34,129
	83,023	96,227	83,023	96,227
(d) Administration and general expenses				
Fees and brokerage	101,865	113,541	101,865	113,541
Administrative expenses	59,467	55,016	59,467	55,016
General expenses	43,502	48,093	43,502	48,093
Others	5,503	3,957	5,503	3,957
	210,337	220,607	210,337	220,607
(e) Overhead expenses allocated to subsidiaries	(252,998)	(195,469)	(252,998)	(195,469)
Total overhead expenses	1,106,449	1,084,615	1,106,449	1,084,615
Cost to income ratio ("CIR")²	36.6%	43.4%	36.6%	43.4%

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

	First Quarter Ended		Cumulative 3 Months Ended	
	31 March 2014 RM'000	31 March 2013 RM'000	31 March 2014 RM'000	31 March 2013 RM'000
Group				
Allowances for loans, advances and financing:				
- collective allowance made, net	297,959	166,858	297,959	166,858
- individual allowance made	184,687	166,834	184,687	166,834
- individual allowance written back	(111,887)	(74,398)	(111,887)	(74,398)
Bad debts and financing written off	28,076	25,478	28,076	25,478
Bad debts and financing recovered	(193,384)	(184,489)	(193,384)	(184,489)
Allowance for other debts	4,651	(14,289)	4,651	(14,289)
	210,102	85,994	210,102	85,994
Bank				
Allowances for loans, advances and financing:				
- collective allowance made, net	216,455	125,031	216,455	125,031
- individual allowance made	131,556	127,311	131,556	127,311
- individual allowance written back	(92,047)	(51,755)	(92,047)	(51,755)
Bad debts and financing written off	19,003	22,693	19,003	22,693
Bad debts and financing recovered	(162,779)	(153,006)	(162,779)	(153,006)
Allowance for other debts	1,570	94	1,570	94
	113,758	70,368	113,758	70,368

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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

SME 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 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.

(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 including 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 GB. For the purpose of management 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

Three-Month Ended 31 March 2014	<----- Business Segments ----->							Total RM'000
	<----- GB ----->							
	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	
Net interest income and income from IBS								
- External	1,413,831	408,680	199,199	45,633	996,856	210,060	(73,024)	3,201,235
- Inter-segment	-	-	-	(199)	(4,571)	19,153	(14,383)	-
	1,413,831	408,680	199,199	45,434	992,285	229,213	(87,407)	3,201,235
Net interest income and income from IBS	1,413,831	408,680	199,199	45,434	992,285	229,213	(87,407)	3,201,235
Net income from insurance and takaful business	-	-	-	-	-	1,786	-	1,786
Non-interest income	371,245	143,441	219,556	205,889	398,876	102,253	(209,132)	1,232,128
Net income	1,785,076	552,121	418,755	251,323	1,391,161	333,252	(296,539)	4,435,149
Overhead expenses	(894,097)	(127,604)	(58,913)	(223,735)	(696,777)	(167,272)	-	(2,168,398)
Operating profit before impairment losses	890,979	424,517	359,842	27,588	694,384	165,980	(296,539)	2,266,751
Writeback of/(allowances for) impairment losses on loans, advances and financing, net	63,197	(200,297)	-	6,940	(78,257)	(1,685)	-	(210,102)
Writeback of impairment losses on financial investments, net	-	-	39,409	1,735	71,990	1,535	-	114,669
Operating profit	954,176	224,220	399,251	36,263	688,117	165,830	(296,539)	2,171,318
Share of profits in associates and joint ventures	-	-	-	(146)	36,576	40	-	36,470
Profit before taxation and zakat	954,176	224,220	399,251	36,117	724,693	165,870	(296,539)	2,207,788
Taxation and zakat								(573,289)
Profit after taxation and zakat								1,634,499
Non-controlling interests								(32,914)
Profit for the period								1,601,585
Included in overhead expenses are:								
Depreciation of property, plant and equipment	(26,439)	(4,554)	(2,527)	(10,807)	(28,059)	(3,662)	-	(76,048)
Amortisation of intangible assets	(17,992)	(3,320)	(2,062)	(9,898)	(15,830)	(4,512)	-	(53,614)

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A23. Segment Information (cont'd.)

By Business Segments (cont'd.)

Three-Month Ended 31 March 2013	<===== Business Segments =====>							Total RM'000
	<===== GB =====>							
	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	
Net interest income and income from IBS								
- External	1,385,755	410,068	187,561	65,100	952,838	218,896	(173,505)	3,046,713
- Inter-segment	-	-	-	(1,015)	(6,110)	7,659	(534)	-
	<u>1,385,755</u>	<u>410,068</u>	<u>187,561</u>	<u>64,085</u>	<u>946,728</u>	<u>226,555</u>	<u>(174,039)</u>	<u>3,046,713</u>
Net interest income and income from IBS	1,385,755	410,068	187,561	64,085	946,728	226,555	(174,039)	3,046,713
Net income from insurance and takaful business	-	-	-	-	-	(78,141)	-	(78,141)
Non-interest income	354,041	142,641	239,514	331,037	373,031	207,382	(283,411)	1,364,235
Net income	<u>1,739,796</u>	<u>552,709</u>	<u>427,075</u>	<u>395,122</u>	<u>1,319,759</u>	<u>355,796</u>	<u>(457,450)</u>	<u>4,332,807</u>
Overhead expenses	(879,334)	(99,066)	(59,369)	(256,160)	(696,406)	(167,625)	-	(2,157,960)
Operating profit before impairment losses	<u>860,462</u>	<u>453,643</u>	<u>367,706</u>	<u>138,962</u>	<u>623,353</u>	<u>188,171</u>	<u>(457,450)</u>	<u>2,174,847</u>
(Allowances for)/writeback of impairment losses on loans, advances and financing, net	(29,990)	1,267	-	(147)	(73,700)	16,576	-	(85,994)
Writeback of/(allowances for) impairment losses on financial investments, net	-	-	20,346	(7,918)	(1,574)	(8,439)	-	2,415
Operating profit	<u>830,472</u>	<u>454,910</u>	<u>388,052</u>	<u>130,897</u>	<u>548,079</u>	<u>196,308</u>	<u>(457,450)</u>	<u>2,091,268</u>
Share of profits in associates and joint ventures	-	-	-	390	35,068	-	-	35,458
Profit before taxation and zakat	<u>830,472</u>	<u>454,910</u>	<u>388,052</u>	<u>131,287</u>	<u>583,147</u>	<u>196,308</u>	<u>(457,450)</u>	<u>2,126,726</u>
Taxation and zakat								(568,431)
Profit after taxation and zakat								<u>1,558,295</u>
Non-controlling interests								(52,081)
Profit for the period								<u>1,506,214</u>
Included in overhead expenses are:								
Depreciation of property, plant and equipment	(24,216)	(2,007)	(1,293)	(10,623)	(23,720)	(3,312)	-	(65,171)
Amortisation of intangible assets	(12,953)	(2,819)	(3,067)	(10,296)	(14,360)	(3,395)	-	(46,890)

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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 2013.

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

There were no changes to the composition of the Group during the first quarter ended 31 March 2014.

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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 March 2014			As at 31 December 2013		
	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
Contingent liabilities						
Direct credit substitutes	12,324,157	11,671,812	6,629,989	12,294,758	11,889,416	7,616,259
Certain transaction-related contingent items	14,460,059	7,116,362	4,834,797	14,849,519	7,341,034	4,687,252
Short-term self-liquidating trade-related contingencies	5,731,869	1,158,862	822,488	4,133,782	939,225	653,222
Obligations under underwriting agreements	444,704	15,000	3,000	30,000	15,000	3,000
	32,960,789	19,962,036	12,290,274	31,308,059	20,184,675	12,959,733
Commitments						
Irrevocable commitments to extend credit:						
- Maturity within one year	104,527,410	9,604,361	6,270,022	102,118,957	15,282,805	10,240,767
- Maturity exceeding one year	30,142,536	22,260,073	10,362,864	26,685,600	22,230,898	9,877,562
	134,669,946	31,864,434	16,632,886	128,804,557	37,513,703	20,118,329
Miscellaneous commitments and contingencies	11,690,383	849,040	644,481	10,429,751	438,052	211,879
Total credit-related commitments and contingencies	179,321,118	52,675,510	29,567,641	170,542,367	58,136,430	33,289,941
Derivative financial instruments						
Foreign exchange related contracts:						
- Less than one year	164,322,960	3,035,167	774,907	131,531,710	3,256,512	867,241
- One year to less than five years	16,775,720	3,092,757	1,166,770	16,198,153	3,033,341	1,072,652
- Five years and above	1,717,527	12,923	9,492	1,959,984	15,189	11,113
	182,816,207	6,140,847	1,951,169	149,689,847	6,305,042	1,951,006
Interest rate related contracts:						
- Less than one year	29,885,082	790,489	288,192	22,432,115	735,818	277,530
- One year to less than five years	81,875,581	3,104,332	878,986	70,825,618	2,162,852	748,432
- Five years and above	20,285,024	2,077,885	703,166	18,581,046	2,191,070	871,753
	132,045,687	5,972,706	1,870,344	111,838,779	5,089,740	1,897,715
Equity and commodity related contracts:						
- Less than one year	728,926	-	-	801,936	-	-
- One year to less than five years	1,121,667	67,143	31,863	922,441	14,011	7,219
- Five years and above	33,663	-	-	33,663	-	-
	1,884,256	67,143	31,863	1,758,040	14,011	7,219
Total treasury-related commitments and contingencies	316,746,150	12,180,696	3,853,376	263,286,666	11,408,793	3,855,940
Total commitments and contingencies	496,067,268	64,856,206	33,421,017	433,829,033	69,545,223	37,145,881

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A27. Commitments and Contingencies (cont'd.)

Bank	As at 31 March 2014			As at 31 December 2013		
	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	10,407,718	10,263,218	5,483,964	10,344,133	9,957,772	5,799,117
Certain transaction-related contingent items	12,529,901	5,949,969	3,677,170	12,775,293	6,322,016	3,754,051
Short-term self-liquidating trade-related contingencies	5,374,877	1,017,464	682,515	3,739,333	777,478	494,551
	28,312,496	17,230,651	9,843,649	26,858,759	17,057,266	10,047,719
<u>Commitments</u>						
Irrevocable commitments to extend credit:						
- Maturity within one year	87,165,672	7,148,381	4,469,962	84,328,505	12,991,311	8,569,659
- Maturity exceeding one year	22,991,768	18,577,352	8,625,492	19,612,994	18,532,016	8,112,467
	110,157,440	25,725,733	13,095,454	103,941,499	31,523,327	16,682,126
Miscellaneous commitments and contingencies	10,823,913	661,039	522,614	10,261,298	246,154	89,410
Total credit-related commitments and contingencies	149,293,849	43,617,423	23,461,717	141,061,556	48,826,747	26,819,255
<u>Derivative financial instruments</u>						
Foreign exchange related contracts:						
- Less than one year	160,798,045	2,916,361	717,942	128,323,975	3,154,265	792,147
- One year to less than five years	16,595,244	3,037,174	1,103,069	15,139,124	2,874,342	968,379
- Five years and above	2,125,267	12,923	9,492	3,201,700	15,189	11,113
	179,518,556	5,966,458	1,830,503	146,664,799	6,043,796	1,771,639
Interest rate related contracts:						
- Less than one year	30,870,975	711,540	268,172	23,397,950	620,364	261,083
- One year to less than five years	79,687,246	2,998,751	826,014	69,313,334	2,034,705	660,798
- Five years and above	20,817,699	2,077,885	703,166	18,506,046	2,191,070	871,753
	131,375,920	5,788,176	1,797,352	111,217,330	4,846,139	1,793,634
Equity and commodity related contracts:						
- Less than one year	580,633	-	-	705,972	-	-
- One year to less than five years	326,705	67,143	31,863	136,575	14,011	7,219
	907,338	67,143	31,863	842,547	14,011	7,219
Total treasury-related commitments and contingencies	311,801,814	11,821,777	3,659,718	258,724,676	10,903,946	3,572,492
Total commitments and contingencies	461,095,663	55,439,200	27,121,435	399,786,232	59,730,693	30,391,747

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

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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 March 2014, the amount of credit risk in the Group, measured in terms of the cost to replace the profitable contracts, was RM3,065.4 million (31 December 2013: RM3,944.7 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 March 2014, the Group and the Bank have posted cash collateral of RM529.0 million (31 December 2013: RM850.4 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 4.0%, 5.5% and 8.0% of total RWA for the current financial year ending 31 December 2014.

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 4.0%, 5.5% and 8.0% of total RWA for the current financial year ending 31 December 2014.

- (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 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 requirements for CET1, Tier 1 and Total Capital are 4.0%, 5.5% and 8.0% of total RWA for the current financial year ending 31 December 2014.

- (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 of the Bank as at the following reporting dates:

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.

During the Annual General Meeting held on 7 April 2014, a final dividend in respect of the financial year ended 31 December 2013 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 was approved by the shareholders. The electable portion can be elected to be reinvested by shareholders in new Maybank Shares in accordance with the DRP.

The final dividend was not reflected in the calculation of CET1 Capital as approval from shareholders have yet been obtained as at 31 March 2014.

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

	Group		Bank	
	31 March 2014	31 December 2013	31 March 2014	31 December 2013
CET1 Capital Ratio	10.987%	11.253%	15.640%	15.925%
Tier 1 Capital Ratio	12.538%	13.059%	15.640%	15.925%
Total Capital Ratio	15.331%	15.664%	15.640%	15.925%

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A28. Capital Adequacy (cont'd.)

(d) Components of capital:

	Group		Bank	
	31 March 2014 RM'000	31 December 2013 RM'000	31 March 2014 RM'000	31 December 2013 RM'000
CET1 Capital				
Paid-up share capital	8,867,759	8,862,079	8,867,759	8,862,079
Share premium	19,078,308	19,030,227	19,078,308	19,030,227
Retained profits	8,908,590	8,908,590	4,257,076	4,257,076
Other reserves	7,043,478	6,382,362	9,285,268	9,268,717
Qualifying non-controlling interests	125,130	112,628	-	-
Less: Shares held-in-trust	(121,827)	(107,248)	(121,827)	(107,248)
CET1 capital before regulatory adjustments	43,901,438	43,188,638	41,366,584	41,310,851
Less: Regulatory adjustments applied on CET1 Capital:				
Capital:	(8,736,403)	(8,449,692)	(5,613,695)	(5,364,790)
Deferred tax assets	(1,235,353)	(1,623,489)	(887,481)	(1,053,598)
Goodwill	(5,209,055)	(4,924,662)	(81,015)	(81,015)
Other intangibles	(1,053,823)	(1,088,882)	(414,555)	(446,805)
Profit equalisation reserve	(34,456)	(34,456)	-	-
Shortfall of total eligible provision over total expected loss	(577,871)	(778,203)	-	(39,421)
Investment in ordinary shares of unconsolidated financial and insurance/takaful entities ²	(625,845)	-	(4,055,505)	-
Regulatory adjustments due to insufficient Additional Tier 1 and Tier 2 Capital	-	-	(175,139)	(3,743,951)
Total CET1 Capital	35,165,035	34,738,946	35,752,889	35,946,061
Additional Tier 1 Capital				
Capital securities	4,880,864	5,490,972	4,880,864	5,490,972
Qualifying CET1 and Additional Tier 1 capital instruments held by third parties	85,867	82,848	-	-
Less: Regulatory adjustment due to insufficient Tier 2 Capital	-	-	(4,880,864)	(5,490,972)
Total Tier 1 Capital	40,131,766	40,312,766	35,752,889	35,946,061
Tier 2 Capital				
Subordinated obligations	10,838,880	10,319,618	10,838,880	10,319,618
Qualifying CET1, Additional Tier 1 and Tier 2 capital instruments held by third parties	13,953	12,099	-	-
Collective allowance ¹	587,447	535,331	243,473	247,746
Surplus of total eligible provision over total expected loss	-	-	134,849	-
Less: Regulatory adjustment not deducted from CET1 Capital or Additional Tier 1 Capital provided under the transitional arrangements ²	(2,503,381)	(2,824,682)	(11,217,202)	(10,567,364)
Total Tier 2 Capital	8,936,899	8,042,366	-	-
Total Capital	49,068,665	48,355,132	35,752,889	35,946,061

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

² For the Bank, the regulatory adjustment includes 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 RM10,845,000, as its assets are included in the Bank's RWA. For the Group, the regulatory adjustment includes cost of investment in insurance/takaful entities and carrying amount of associates.

The capital adequacy ratios of the Group consist of Total Capital and RWA derived from consolidated balances of the Bank and its subsidiaries, except for insurance/takaful entities and associates.

The capital adequacy ratios of the Bank consist of Total Capital and RWA derived from the Bank and its wholly-owned offshore banking subsidiary, Maybank International (L) Ltd.

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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 March 2014</u>			
CET1 Capital Ratio	11.789%	32.464%	-
Tier 1 Capital Ratio	11.789%	32.464%	-
Total Capital Ratio	<u>13.479%</u>	<u>32.464%</u>	<u>13.287%</u>
<u>At 31 December 2013</u>			
CET1 Capital Ratio	11.761%	33.133% #	-
Tier 1 Capital Ratio	11.761%	33.133% #	-
Total Capital Ratio	<u>13.711%</u>	<u>33.133% #</u>	<u>12.716%</u>

Comparatives for prior year have been restated to conform with current year's presentation.

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A28. Capital Adequacy (cont'd.)

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

At 31 March 2014

	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	47,280,795	20,912,893	4,285,236	860,007	28,369,742
Internal Ratings-Based Approach exposure after scaling factor	229,777,383	179,468,614	42,956,353	-	-
Total RWA for credit risk	277,058,178	200,381,507	47,241,589	860,007	28,369,742
Total RWA for credit risk absorbed by Malayan Banking Berhad*	-	-	(1,086,961)	-	-
Total RWA for market risk	11,590,822	8,430,429	699,132	159,597	332,338
Total RWA for operational risk	31,419,572	19,790,112	3,674,673	892,849	3,871,842
Total RWA	320,068,572	228,602,048	50,528,433	1,912,453	32,573,922

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	765,298 #	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	765,298	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	1,838,501	30,513,680

* 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.

Comparatives for prior year have been restated to conform with current year's presentation.

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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			Bank		
	Principal Amount RM'000	<---- Fair Value ---->		Principal Amount RM'000	<---- Fair Value ---->	
	Assets Amount RM'000	Liabilities Amount RM'000		Assets Amount RM'000	Liabilities Amount RM'000	
At 31 March 2014						
Trading derivatives						
<u>Foreign exchange related contracts</u>						
Currency forwards:						
- Less than one year	35,875,709	979,234	(869,169)	32,414,335	944,690	(851,192)
- One year to three years	418,443	6,112	(10,900)	418,443	6,112	(10,900)
- More than three years	236,312	3,384	(9,321)	236,312	3,384	(9,321)
	<u>36,530,464</u>	<u>988,730</u>	<u>(889,390)</u>	<u>33,069,090</u>	<u>954,186</u>	<u>(871,413)</u>
Currency swaps:						
- Less than one year	103,943,280	186,374	(102,809)	103,891,333	171,971	(34,585)
- One year to three years	297,761	7,571	(135)	297,761	7,571	(135)
- More than three years	173,579	9,882	-	173,579	9,882	-
	<u>104,414,620</u>	<u>203,827</u>	<u>(102,944)</u>	<u>104,362,673</u>	<u>189,424</u>	<u>(34,720)</u>
Currency spots:						
- Less than one year	15,270,093	5,734	(4,954)	15,318,504	5,804	(5,006)
Currency options:						
- Less than one year	3,417,483	19,972	(16,236)	3,417,483	19,972	(16,236)
Cross currency interest rate swaps:						
- Less than one year	4,764,444	85,152	(157,042)	4,845,280	100,495	(141,641)
- One year to three years	6,695,987	965,967	(218,612)	6,440,360	941,146	(187,512)
- More than three years	8,528,782	137,688	(192,978)	9,011,672	167,299	(192,978)
	<u>19,989,213</u>	<u>1,188,807</u>	<u>(568,632)</u>	<u>20,297,312</u>	<u>1,208,940</u>	<u>(522,131)</u>
<u>Interest rate related contracts</u>						
Interest rate swaps:						
- Less than one year	24,487,701	22,403	(46,761)	25,343,594	26,198	(46,761)
- One year to three years	35,035,115	153,067	(199,709)	34,607,386	144,617	(197,084)
- More than three years	50,347,394	382,656	(545,735)	51,157,807	397,144	(554,089)
	<u>109,870,210</u>	<u>558,126</u>	<u>(792,205)</u>	<u>111,108,787</u>	<u>567,959</u>	<u>(797,934)</u>
Interest rate futures:						
- Less than one year	3,645,946	1,377	(21)	3,775,946	1,377	(21)
- One year to three years	11,213,987	-	-	11,213,987	-	-
	<u>14,859,933</u>	<u>1,377</u>	<u>(21)</u>	<u>14,989,933</u>	<u>1,377</u>	<u>(21)</u>
Interest rate options:						
- Less than one year	653,581	2,495	-	653,581	2,495	-
- One year to three years	1,978,034	809	(13,656)	1,978,034	808	(13,656)
- More than three years	1,939,804	3,801	(292,473)	1,279,804	3,801	(192,744)
	<u>4,571,419</u>	<u>7,105</u>	<u>(306,129)</u>	<u>3,911,419</u>	<u>7,104</u>	<u>(206,400)</u>

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A29. Derivative Financial Instruments (cont'd.)

	Group			Bank		
	Principal Amount RM'000	<---- Fair Value ---->		Principal Amount RM'000	<---- Fair Value ---->	
At 31 March 2014 (cont'd.)	Assets Amount RM'000	Liabilities Amount RM'000	Assets Amount RM'000	Liabilities Amount RM'000	Assets Amount RM'000	Liabilities Amount RM'000
Trading derivatives (cont'd.)						
<u>Equity related derivatives</u>						
Index futures:						
- Less than one year	18,820	22	(29)	-	-	-
- More than three years	33,664	4,632	-	-	-	-
	<u>52,484</u>	<u>4,654</u>	<u>(29)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Equity options:						
- Less than one year	164,276	1,625	(23,960)	34,805	1,625	(1,625)
- One year to three years	662,781	15,838	(4,536)	98,307	4,274	(4,274)
- More than three years	9,559	919	-	-	-	-
	<u>836,616</u>	<u>18,382</u>	<u>(28,496)</u>	<u>133,112</u>	<u>5,899</u>	<u>(5,899)</u>
<u>Commodity related contracts</u>						
Commodity options:						
- Less than one year	15,684	-	-	15,684	-	-
- One year to three years	220,929	4	-	-	-	-
	<u>236,613</u>	<u>4</u>	<u>-</u>	<u>15,684</u>	<u>-</u>	<u>-</u>
Commodity swaps:						
- Less than one year	530,146	5,061	(4,960)	530,144	5,061	(4,960)
- One year to three years	228,399	513	(513)	228,398	513	(513)
	<u>758,545</u>	<u>5,574</u>	<u>(5,473)</u>	<u>758,542</u>	<u>5,574</u>	<u>(5,473)</u>
Hedging derivatives						
<u>Interest rate related contracts</u>						
Interest rate swaps:						
- Less than one year	1,097,854	4,653	(32,975)	1,097,854	4,653	(32,975)
- One year to three years	884,870	10,971	(17,846)	251,589	209	(17,846)
- More than three years	761,400	3,257	(7,247)	16,337	-	100
	<u>2,744,124</u>	<u>18,881</u>	<u>(58,068)</u>	<u>1,365,780</u>	<u>4,862</u>	<u>(50,721)</u>
<u>Foreign exchange related contracts</u>						
Cross currency interest rate swaps:						
- Less than one year	1,051,951	44,267	(23,250)	911,110	18,292	(23,251)
- One year to three years	1,730,996	-	(89,350)	1,730,996	-	(89,350)
- More than three years	411,386	-	(71,112)	411,389	-	(71,112)
	<u>3,194,333</u>	<u>44,267</u>	<u>(183,712)</u>	<u>3,053,495</u>	<u>18,292</u>	<u>(183,713)</u>
Total derivative assets / (liabilities)	<u>316,746,150</u>	<u>3,065,440</u>	<u>(2,956,289)</u>	<u>311,801,814</u>	<u>2,989,393</u>	<u>(2,699,667)</u>

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A29. Derivative Financial Instruments (cont'd.)

	Group			Bank		
	Principal Amount RM'000	<---- Fair Value ---->		Principal Amount RM'000	<---- Fair Value ---->	
<u>At 31 December 2013</u>	Assets Amount RM'000	Liabilities Amount RM'000		Assets Amount RM'000	Liabilities Amount RM'000	
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)
Currency options:						
- Less than one year	1,668,456	22,892	(13,790)	1,668,456	22,892	(13,790)
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		
	Principal Amount RM'000	<---- Fair Value ---->		Principal Amount RM'000	<---- Fair Value ---->	
At 31 December 2013 (cont'd.)	Assets Amount RM'000	Liabilities Amount RM'000	Assets Amount RM'000	Liabilities Amount RM'000	Assets Amount RM'000	Liabilities Amount RM'000
Trading derivatives (cont'd.)						
<u>Equity related contracts</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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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 (unadjusted) in active markets for identical assets and liabilities

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 for which all significant inputs are, or are based on, observable market data

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 for which significant inputs are not based on observable market data

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

The following tables show 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 March 2014 and 31 December 2013.

Group	<u>Valuation technique using</u>			Total
	Quoted Market Price (Level 1) RM'000	Observable Inputs (Level 2) RM'000	Unobservable Inputs (Level 3) RM'000	
At 31 March 2014				
Financial assets measured at fair value:				
Financial assets held-for-trading	646,032	7,223,597	388,605	8,258,234
Money market instruments	-	4,865,739	-	4,865,739
Non-money market instruments	646,032	2,357,858	388,605	3,392,495
Financial assets designated at fair value through profit or loss	-	10,998,002	-	10,998,002
Money market instruments	-	1,521,343	-	1,521,343
Non-money market instruments	-	9,476,659	-	9,476,659
Financial investments available-for-sale	3,029,567	83,323,159	421,874	86,774,600
Money market instruments	-	43,183,926	-	43,183,926
Non-money market instruments	3,029,567	40,139,233	421,874	43,590,674
Derivative assets	22	3,038,327	27,091	3,065,440
Foreign exchange related contracts	-	2,450,680	657	2,451,337
Interest rate related contracts	-	581,155	4,334	585,489
Equity and commodity related contracts	22	6,492	22,100	28,614
	3,675,621	104,583,085	837,570	109,096,276

Financial liabilities measured at fair value:

Derivative liabilities	14,596	2,637,549	304,144	2,956,289
Foreign exchange related contracts	-	1,765,243	625	1,765,868
Interest rate related contracts	-	858,803	297,620	1,156,423
Equity and commodity related contracts	14,596	13,503	5,899	33,998

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

Group	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	
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.)

Bank At 31 March 2014	<u>Valuation technique using</u>			Total RM'000
	Quoted Market Price (Level 1) RM'000	Observable Inputs (Level 2) RM'000	Unobservable Inputs (Level 3) RM'000	
Financial assets measured at fair value:				
Financial assets held-for-trading	-	4,937,564	-	4,937,564
Money market instruments	-	3,398,932	-	3,398,932
Non-money market instruments	-	1,538,632	-	1,538,632
Financial investments available-for-sale	74,469	67,614,518	246,905	67,935,892
Money market instruments	-	34,900,160	-	34,900,160
Non-money market instruments	74,469	32,714,358	246,905	33,035,732
Derivative assets	-	2,979,068	10,325	2,989,393
Foreign exchange related contracts	-	2,395,993	625	2,396,618
Interest rate related contracts	-	577,501	3,801	581,302
Equity and commodity related contracts	-	5,574	5,899	11,473
	74,469	75,531,150	257,230	75,862,849

Financial liabilities measured at fair value:

Derivative liabilities	-	2,495,252	204,415	2,699,667
Foreign exchange related contracts	-	1,632,594	625	1,633,219
Interest rate related contracts	-	857,185	197,891	1,055,076
Equity and commodity related contracts	-	5,473	5,899	11,372

Bank At 31 December 2013	<u>Valuation technique using</u>			Total RM'000
	Quoted Market Price (Level 1) RM'000	Observable Inputs (Level 2) RM'000	Unobservable Inputs (Level 3) RM'000	
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

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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 2014 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 March 2014 RM'000
Financial assets held-for-trading											
Non-money market instruments	576,574	(93)	3,779	-	-	(2,035)	-	-	-	(189,620)	388,605
	576,574	(93)	3,779	-	-	(2,035)	-	-	-	(189,620)	388,605
Financial assets designated at fair value through profit or loss											
Non-money market instruments	156,937	-	-	-	-	-	-	-	-	(156,937)	-
	156,937	-	-	-	-	-	-	-	-	(156,937)	-
Financial investments available-for-sale											
Non-money market instruments	666,340	106,968	-	107	83,105	(9,048)	(340,073)	(505)	31	(85,051)	421,874
	666,340	106,968	-	107	83,105	(9,048)	(340,073)	(505)	31	(85,051)	421,874
Derivative assets											
Foreign exchange related contracts	1,754	(2,507)	1,111	-	1,071	-	(772)	-	-	-	657
Interest rate related contracts	-	-	4,334	-	-	-	-	-	-	-	4,334
Equity and commodity related contracts	30,097	820	(3,824)	-	-	-	(4,993)	-	-	-	22,100
	31,851	(1,687)	1,621	-	1,071	-	(5,765)	-	-	-	27,091
Total Level 3 financial assets	1,431,702	105,188	5,400	107	84,176	(11,083)	(345,838)	(505)	31	(431,608)	837,570
Derivative liabilities											
Foreign exchange related contracts	(2,033)	2,599	(1,104)	-	(1,071)	-	984	-	-	-	(625)
Interest rate related contracts	(302,074)	-	18,340	-	(13,886)	-	-	-	-	-	(297,620)
Equity and commodity related contracts	(12,087)	(820)	2,015	-	-	-	4,993	-	-	-	(5,899)
Total Level 3 financial liabilities	(316,194)	1,779	19,251	-	(14,957)	-	5,977	-	-	-	(304,144)
Total net Level 3 financial assets/ (liabilities)	1,115,508	106,967	24,651	107	69,219	(11,083)	(339,861)	(505)	31	(431,608)	533,426

* Included within 'Non-interest income'.

** The settlement amount of financial investments available-for-sale for the financial period ended 31 March 2014 comprised redemption of loan stocks of RM340.1million.

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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 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
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 and commodity 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 and commodity 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 settlement amount 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):

Bank	At 1 January	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 March
At 31 March 2014	2014	statements*	statements*	comprehensive income	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	2014
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Financial investments available-for-sale											
Non-money market instruments	332,271	33,872	-	-	16,957	-	(135,690)	(505)	-	-	246,905
	332,271	33,872	-	-	16,957	-	(135,690)	(505)	-	-	246,905
Derivative assets											
Foreign exchange related contracts	1,729	(2,507)	1,104	-	1,071	-	(772)	-	-	-	625
Interest rate related contracts	-	-	3,801	-	-	-	-	-	-	-	3,801
Equity and commodity related contracts	12,087	820	(2,015)	-	-	-	(4,993)	-	-	-	5,899
	13,816	(1,687)	2,890	-	1,071	-	(5,765)	-	-	-	10,325
Total Level 3 financial assets	346,087	32,185	2,890	-	18,028	-	(141,455)	(505)	-	-	257,230
Derivative liabilities											
Foreign exchange related contracts	(1,729)	2,507	(1,104)	-	(1,071)	-	772	-	-	-	(625)
Interest rate related contracts	(212,726)	-	14,835	-	-	-	-	-	-	-	(197,891)
Equity and commodity related contracts	(12,087)	(820)	2,015	-	-	-	4,993	-	-	-	(5,899)
Total Level 3 financial liabilities	(226,542)	1,687	15,746	-	(1,071)	-	5,765	-	-	-	(204,415)
Total net Level 3 financial assets/ (liabilities)	119,545	33,872	18,636	-	16,957	-	(135,690)	(505)	-	-	52,815

* Included within 'Non-interest income'.

** The settlement amount of financial investments available-for-sale for the financial period ended 31 March 2014 comprised redemption of loan stocks of RM135.7 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):

Bank	At 1 January	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[^]	Transfer in to Level 3	Transfer out of Level 3	At 31 December 2013
At 31 December 2013	2013	recognised in	recognised in	comprehensive	RM'000	RM'000	RM'000	RM'000	RM'000	2013
	RM'000	income	income	income	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
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
	<u>463,036</u>	<u>(3,844)</u>	<u>-</u>	<u>-</u>	<u>24,310</u>	<u>-</u>	<u>(11,762)</u>	<u>-</u>	<u>(139,469)</u>	<u>332,271</u>
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
	<u>13,826</u>	<u>2,298</u>	<u>(6,097)</u>	<u>-</u>	<u>12,980</u>	<u>-</u>	<u>(9,191)</u>	<u>-</u>	<u>-</u>	<u>13,816</u>
Total Level 3 financial assets	<u>476,862</u>	<u>(1,546)</u>	<u>(6,097)</u>	<u>-</u>	<u>37,290</u>	<u>-</u>	<u>(20,953)</u>	<u>-</u>	<u>(139,469)</u>	<u>346,087</u>
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	<u>(138,972)</u>	<u>(20,886)</u>	<u>10,260</u>	<u>-</u>	<u>(171,683)</u>	<u>-</u>	<u>94,739</u>	<u>-</u>	<u>-</u>	<u>(226,542)</u>
Total net Level 3 financial assets/ (liabilities)	<u>337,890</u>	<u>(22,432)</u>	<u>4,163</u>	<u>-</u>	<u>(134,393)</u>	<u>-</u>	<u>73,786</u>	<u>-</u>	<u>(139,469)</u>	<u>119,545</u>

* Included within 'Non-interest income'.

[^] The settlement amount 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.)

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 first quarter ended 31 March 2014.

Movements in Level 3 financial instruments measured at fair value

The Group has transferred certain financial assets held-for-trading, financial assets designated at fair value through profit or loss and 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. Unaudited 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 unaudited 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) Unaudited Income Statements for the First Quarter Ended 31 March 2014

Group Three-Month Ended	Life Fund		Family Takaful Fund		General Takaful Fund		Shareholders' and General Fund		Total	
	31 March 2014	31 March 2013	31 March 2014	31 March 2013	31 March 2014	31 March 2013	31 March 2014	31 March 2013	31 March 2014	31 March 2013
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Interest income	103,013	106,682	77,077	77,252	13,003	10,658	40,059	31,588	233,152	226,180
Interest expense	-	-	-	-	-	-	(5,092)	-	(5,092)	-
Net interest income	103,013	106,682	77,077	77,252	13,003	10,658	34,967	31,588	228,060	226,180
Net income from insurance and takaful business	(107,129)	(167,183)	(65,462)	(113,697)	(14,112)	(25,213)	164,948	200,279	(21,755)	(105,814)
Non-interest income	37,927	95,542	(1,994)	45,215	1,880	16,128	40,336	42,627	78,149	199,512
Net income	33,811	35,041	9,621	8,770	771	1,573	240,251	274,494	284,454	319,878
Overhead expenses	(34,340)	(34,304)	(10,575)	(7,435)	(259)	(235)	(98,885)	(94,204)	(144,059)	(136,178)
Operating profit before impairment losses	(529)	737	(954)	1,335	512	1,338	141,366	180,290	140,395	183,700
Allowances for impairment losses on loans, advances and financing, net	(895)	471	1,542	4,651	(510)	(987)	(2,000)	12,441	(1,863)	16,576
Impairment losses on financial investments, net	1,424	(1,208)	(588)	(5,986)	(2)	(351)	701	(893)	1,535	(8,438)
Operating profit	-	-	-	-	-	-	140,067	191,838	140,067	191,838
Share of profits in associates	-	-	-	-	-	-	40	-	40	-
Profit before taxation and zakat	-	-	-	-	-	-	140,107	191,838	140,107	191,838
Taxation and zakat	-	-	-	-	-	-	(36,447)	(68,085)	(36,447)	(68,085)
Profit for the period	-	-	-	-	-	-	103,660	123,753	103,660	123,753

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A31. Unaudited 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 Unaudited 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) Unaudited Statements of Financial Position as at 31 March 2014

Group	Life Fund		Family Takaful Fund		General Takaful Fund		Shareholders' and General Fund		Total	
	As at 31 March 2014	As at 31 December 2013	As at 31 March 2014	As at 31 December 2013	As at 31 March 2014	As at 31 December 2013	As at 31 March 2014	As at 31 December 2013	As at 31 March 2014	As at 31 December 2013
	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	63,852	55,313	66,326	90,009	33,481	53,033	124,112	140,250	287,771	338,605
Deposits and placements with financial institutions	898,487	902,179	353,677	493,643	192,047	319,559	1,360,799	1,379,348	2,805,010	3,094,729
Financial assets at fair value through profit or loss	8,651,145	8,546,946	4,233,250	4,571,735	-	-	-	-	12,884,395	13,118,681
Financial investments available-for-sale	1,022,372	1,190,548	3,234,402	2,781,462	1,112,853	1,039,781	3,255,060	3,165,842	8,624,687	8,177,633
Loans, advances and financing	275,925	276,629	5,650	7,309	-	-	32,484	33,181	314,059	317,119
Derivative assets	16,232	18,035	-	-	-	-	-	-	16,232	18,035
Reinsurance/retakaful assets and other insurance receivables	87,223	66,498	184,868	155,836	371,454	282,157	3,137,658	1,845,504	3,781,203	2,349,995
Other assets	22,117	33,576	62,416	4,216	1,207	7,671	(3,790)	89,232	81,950	134,695
Investment properties	525,402	524,392	-	-	-	-	51,058	51,062	576,460	575,454
Interest in associates and joint ventures	-	-	-	-	-	-	9,107	9,110	9,107	9,110
Property, plant and equipment	62,924	61,007	-	-	-	-	82,239	74,364	145,163	135,371
Intangible assets	14,324	15,961	-	67	-	3	12,922	11,482	27,246	27,513
Deferred tax assets	1,528	1,692	6,178	5,544	11,403	10,303	24,903	20,903	44,012	38,442
TOTAL ASSETS	11,641,531	11,692,776	8,146,767	8,109,821	1,722,445	1,712,507	8,086,552	6,820,278	29,597,295	28,335,382
LIABILITIES										
Derivative liabilities	2,265	2,961	-	-	-	-	-	-	2,265	2,961
Insurance/takaful contract liabilities and other insurance payables	9,759,944	9,811,717	7,912,258	7,779,115	1,585,147	1,485,201	4,043,110	2,724,106	23,300,459	21,800,139
Other liabilities #	1,816,641	1,822,276	225,413	326,024	132,532	222,254	(1,415,863)	(1,369,185)	758,723	1,001,369
Provision for taxation and zakat	28,874	12,054	6,330	(1,805)	(318)	(318)	(67,223)	21,934	(32,337)	31,865
Deferred tax liabilities	33,807	43,768	2,766	6,487	5,084	5,370	405,175	359,345	446,832	414,970
Subordinated obligations	-	-	-	-	-	-	504,809	510,184	504,809	510,184
TOTAL LIABILITIES	11,641,531	11,692,776	8,146,767	8,109,821	1,722,445	1,712,507	3,470,008	2,246,384	24,980,751	23,761,488
EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE SUBSIDIARIES										
Share capital	-	-	-	-	-	-	252,005	252,005	252,005	252,005
Other reserves	-	-	-	-	-	-	4,364,539	4,321,889	4,364,539	4,321,889
	-	-	-	-	-	-	4,616,544	4,573,894	4,616,544	4,573,894
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	11,641,531	11,692,776	8,146,767	8,109,821	1,722,445	1,712,507	8,086,552	6,820,278	29,597,295	28,335,382

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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A32. The Operations of Islamic Banking Scheme

A32a. Unaudited Income Statements for the First Quarter Ended 31 March 2014

Group	First Quarter Ended		Cumulative 3 Months Ended	
	31 March 2014 RM'000	31 March 2013 RM'000	31 March 2014 RM'000	31 March 2013 RM'000
Income derived from investment of depositors' funds	1,258,969	1,017,568	1,258,969	1,017,568
Income derived from investment of Islamic Banking Funds	83,413	70,355	83,413	70,355
(Allowance for)/Writeback of impairment losses on financing and advances	(19,495)	6,781	(19,495)	6,781
Total distributable income	1,322,887	1,094,704	1,322,887	1,094,704
Income attributable to the depositors	(703,160)	(497,795)	(703,160)	(497,795)
Total net income	619,727	596,909	619,727	596,909
Finance cost	(10,549)	(10,549)	(10,549)	(10,549)
Overhead expenses	(283,539)	(223,520)	(283,539)	(223,520)
Profit before taxation and zakat	325,639	362,840	325,639	362,840
Taxation	(79,491)	(87,248)	(79,491)	(87,248)
Zakat	(5,261)	(3,229)	(5,261)	(3,229)
Profit for the period	240,887	272,363	240,887	272,363

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

Group	First Quarter Ended		Cumulative 3 Months Ended	
	31 March 2014 RM'000	31 March 2013 RM'000	31 March 2014 RM'000	31 March 2013 RM'000
Income derived from investment of depositors' funds	1,258,969	1,017,568	1,258,969	1,017,568
Income derived from investment of Islamic Banking Funds	83,413	70,355	83,413	70,355
Total income before allowance for impairment losses on financing and advances and overhead expenses	1,342,382	1,087,923	1,342,382	1,087,923
Income attributable to the depositors	(703,160)	(497,795)	(703,160)	(497,795)
	639,222	590,128	639,222	590,128
Finance cost	(10,549)	(10,549)	(10,549)	(10,549)
Net of intercompany income and expenses	179,731	39,739	179,731	39,739
Income from Islamic Banking Scheme	808,404	619,318	808,404	619,318

A32b. Unaudited Statements of Comprehensive Income for the First Quarter Ended 31 March 2014

Group	First Quarter Ended		Cumulative 3 Months Ended	
	31 March 2014 RM'000	31 March 2013 RM'000	31 March 2014 RM'000	31 March 2013 RM'000
Profit for the period	240,887	272,363	240,887	272,363
Other comprehensive income/(loss):				
<i>Items that may be reclassified subsequently to profit or loss</i>				
Net gain/(loss) on financial investments available-for-sale	3,956	(7,492)	3,956	(7,492)
Foreign currency translation	24,655	38,360	24,655	38,360
Income tax effect	(1,199)	1,846	(1,199)	1,846
Other comprehensive income for the period, net of tax	27,412	32,714	27,412	32,714
Total comprehensive income for the period	268,299	305,077	268,299	305,077

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A32. The Operations of Islamic Banking Scheme (cont'd.)

A32c. Unaudited Statements of Financial Position as at 31 March 2014

<u>Group</u>	Note	31 March 2014 RM'000	31 December 2013 RM'000
ASSETS			
Cash and short-term funds		17,012,258	17,763,716
Deposits and placements with financial institutions		128,276	63,380
Financial investments portfolio		9,045,296	9,193,509
Financing and advances	A32e	90,285,161	87,395,117
Derivative assets		93,394	134,141
Other assets		8,609,578	9,101,475
Statutory deposit with central banks		3,181,000	3,084,000
Property, plant and equipment		1,202	1,203
Intangible assets		1,385	1,520
Deferred tax assets		65,330	268,231
Total Assets		128,422,880	127,006,292
LIABILITIES			
Deposits from customers	A32f	84,743,169	83,376,255
Deposits and placements from financial institutions		33,271,451	33,431,855
Bills and acceptances payable		93,168	62,124
Derivatives liabilities		219,651	247,952
Other liabilities		389,550	278,481
Recourse obligation on financing sold to Cagamas		574,782	620,976
Provision for taxation and zakat		43,698	206,479
Subordinated sukuk	A32g	1,000,231	1,010,782
Total Liabilities		120,335,700	119,234,904
ISLAMIC BANKING CAPITAL FUNDS			
Islamic Banking Funds		1,377,871	1,278,853
Share premium		4,099,343	3,725,969
Retained profits		2,286,232	2,445,492
Other reserves		323,734	321,074
		8,087,180	7,771,388
Total Liabilities and Islamic Banking Capital Funds		128,422,880	127,006,292
COMMITMENTS AND CONTINGENCIES			
		34,487,280	34,079,257

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A32. The Operations of Islamic Banking Scheme (cont'd.)

A32d. Unaudited Statements of Changes in Islamic Banking Capital Fund for the First Quarter Ended 31 March 2014

<u>Group</u>	←----- Non-distributable ----->									
	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 2014	1,278,853	3,725,969	(124,889)	328	409,672	1,697	34,456	(190)	2,445,492	7,771,388
Profit for the period	-	-	-	-	-	-	-	-	240,887	240,887
Other comprehensive income	-	-	2,757	24,655	-	-	-	-	-	27,412
Total comprehensive income for the period	-	-	2,757	24,655	-	-	-	-	240,887	268,299
Transfer from/(to) Head Office	71,644	-	-	(24,752)	-	-	-	-	601	47,493
Issue of ordinary shares	27,374	373,374	-	-	-	-	-	-	-	400,748
Dividends paid	-	-	-	-	-	-	-	-	(400,748)	(400,748)
At 31 March 2014	1,377,871	4,099,343	(122,132)	231	409,672	1,697	34,456	(190)	2,286,232	8,087,180

<u>Group</u>	←----- Non-distributable ----->									
	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	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 period	-	-	-	-	-	-	-	-	272,363	272,363
Other comprehensive (loss)/income	-	-	(5,646)	38,360	-	-	-	-	-	32,714
Total comprehensive (loss)/income for the period	-	-	(5,646)	38,360	-	-	-	-	272,363	305,077
Transfer from/(to) Head Office	28,547	-	-	(37,293)	-	-	-	-	(205)	(8,951)
At 31 March 2013	892,266	2,687,480	31,105	34	147,338	1,697	34,456	(190)	1,987,135	5,781,321

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

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A32. The Operations of Islamic Banking Scheme (cont'd.)

A32e. Financing and Advances

Group	Bai'	Murabahah	Musyarakah	Al-Ijarah Thummah	Ijarah	Istisna'	Others	Total Financing and Advances
As at 31 March 2014	RM'000	RM'000	RM'000	Al-Bai (AITAB) RM'000	RM'000	RM'000	RM'000	RM'000
Cashline	-	2,718,985	-	-	-	488	-	2,719,473
Term financing								
- Housing financing	23,635,471	24,787,871	2,764,713	-	-	-	-	51,188,055
- Syndicated financing	-	273,890	18,911	-	-	-	-	292,801
- Hire purchase receivables	-	-	-	27,904,116	-	-	-	27,904,116
- Other term financing	45,975,971	25,639,869	1,916,379	-	200,950	179,763	1,235	73,914,167
Bills receivables	-	403	-	-	-	-	-	403
Trust receipts	-	173,125	-	-	-	-	-	173,125
Claims on customers under acceptance credits	-	3,699,850	-	-	-	-	-	3,699,850
Staff financing	1,053,880	264,806	9,687	105,304	-	-	34,746	1,468,423
Credit card receivables	-	-	-	-	-	-	375,793	375,793
Revolving credit	-	6,479,480	-	-	-	-	-	6,479,480
	70,665,322	64,038,279	4,709,690	28,009,420	200,950	180,251	411,774	168,215,686
Unearned income								(77,147,559)
Gross financing and advances*								91,068,127
Allowances for impaired financing and advances:								
- Individual allowance								(181,225)
- Collective allowance								(601,741)
Net financing and advances								90,285,161

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A32. The Operations of Islamic Banking Scheme (cont'd.)

A32e. Financing and Advances (cont'd.)

Group	Bai'	Murabahah	Musyarakah	Al-Ijarah Thummah	Ijarah	Istisna'	Others	Total Financing and Advances
As at 31 December 2013	RM'000	RM'000	RM'000	Al-Bai (AITAB) RM'000	RM'000	RM'000	RM'000	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
	<u>70,206,001</u>	<u>56,904,505</u>	<u>4,713,437</u>	<u>26,532,561</u>	<u>214,442</u>	<u>180,836</u>	<u>463,240</u>	<u>159,215,022</u>
Unearned income								(71,055,879)
Gross financing and advances*								<u>88,159,143</u>
Allowances for impaired financing and advances:								
- Individual allowance								(172,880)
- Collective allowance								(591,146)
Net financing and advances								<u>87,395,117</u>

* Included in gross financing and advances are exposures to Restricted Profit Sharing Investment Accounts ("RPSIA") amounting to RM8,363.7 million (31 December 2013: RM8,328.8 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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A32. The Operations of Islamic Banking Scheme (cont'd.)

A32e. Financing and Advances (cont'd.)

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

<u>Group</u>	31 March 2014 RM'000	31 December 2013 RM'000
Gross impaired financing and advances at 1 January 2014/2013	531,627	531,048
Newly impaired	156,645	533,271
Reclassified as non-impaired	(54,582)	(218,605)
Amount recovered	(56,827)	(245,716)
Amount written off	(17,465)	(73,313)
Expenses debited to customers' accounts	1,315	4,942
Gross impaired financing and advances at 31 March 2014/31 December 2013	560,713	531,627
Less: Individual allowance	(181,225)	(172,880)
Net impaired financing and advances at 31 March 2014/31 December 2013	379,488	358,747
Gross financing and advances (excluding RPSIA financing)	82,704,384	79,830,300
Less: Individual allowance	(181,225)	(172,880)
Net financing and advances	82,523,159	79,657,420
Net impaired financing and advances as a percentage of net financing and advances	0.46%	0.45%

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A32. The Operations of Islamic Banking Scheme (cont'd.)

A32e. Financing and Advances (cont'd.)

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

<u>Group</u>	31 March 2014 RM'000	31 December 2013 RM'000
<u>Individual allowance</u>		
At 1 January 2014/2013	172,880	95,836
Allowance made	23,953	97,931
Amount written back in respect of recoveries	(7,825)	(19,419)
Amount written off	(8,490)	-
Transferred to collective allowance	-	(74)
Exchange differences	707	(1,394)
At 31 March 2014/31 December 2013	<u>181,225</u>	<u>172,880</u>
<u>Collective allowance</u>		
At 1 January 2014/2013	591,146	607,837
Allowance made *	19,337	56,839
Amount written off	(8,975)	(73,313)
Transferred from individual allowance	-	74
Exchange differences	233	(291)
At 31 March 2014/31 December 2013	<u>601,741</u>	<u>591,146</u>
As a percentage of gross financing and advances (excluding RPSIA financing) less individual allowance	<u>0.73%</u>	<u>0.74%</u>

* As at 31 March 2014, the gross exposures to RPSIA financing of RM8,363.7 million (31 December 2013: RM8,328.8 million) is excluded from gross financing and advances for the individual and collective allowances computation. The collective allowance relating to this RPSIA amounting to RM26.2 million (31 December 2013: RM27.8 million) is recognised in the Group's conventional operations. There is no individual allowance provided for this RPSIA financing.

A32f. Deposits from Customers

<u>Group</u>	31 March 2014 RM'000	31 December 2013 RM'000
Savings deposit		
Wadiah	9,662,141	8,878,413
Mudharabah	823,840	741,952
	<u>10,485,981</u>	<u>9,620,365</u>
Demand deposit		
Wadiah	7,547,793	8,178,609
Mudharabah	9,427,591	9,221,790
	<u>16,975,384</u>	<u>17,400,399</u>
Term deposit		
Murabahah	39,516,567	40,652,099
Negotiable Islamic Debt Certificated (NIDC)		
- Mudharabah	145,348	143,345
Hybrid (Bai' Bithaman Ajil and Murabahah)	600,466	505,255
General investment account		
- Mudharabah	17,019,423	15,054,792
	<u>57,281,804</u>	<u>56,355,491</u>
Total deposits from customers	<u>84,743,169</u>	<u>83,376,255</u>

A32g. Subordinated Sukuk

<u>Group</u>	31 March 2014 RM'000	31 December 2013 RM'000
RM1.0 billion Islamic subordinated sukuk due in 2021	<u>1,000,231</u>	<u>1,010,782</u>

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

B1. Performance Review

Current Quarter and Period-to-Date vs Previous Corresponding Quarter and Period-to-Date

The Group posted profit after tax attributable to equity holders of RM1,601.6 million for the three-month financial period ended 31 March 2014, an increase of RM95.4 million or 6.3% over the corresponding three-month financial period ended 31 March 2013.

The Group's net interest income and Islamic Banking income for the three-month financial period ended 31 March 2014 increased by RM154.5 million or 5.1% to RM3,201.2 million compared to the corresponding three-month financial period ended 31 March 2013. This was largely due to the 13.8% year-on-year growth in the Group's net loans, advances and financing, mainly contributed from Islamic Banking operations.

The Group's net income from insurance and takaful business for the three-month financial period ended 31 March 2014 increased by RM79.9 million compared to the corresponding three-month financial period ended 31 March 2013. The increase was mainly attributable to lower net benefits and claims of RM262.4 million. However, this was mitigated by lower net earned premiums of RM204.6 million.

Non-interest income of the Group for the three-month financial period ended 31 March 2014 recorded a decrease of RM132.1 million or 9.7% to RM1,232.1 million. The decrease was mainly due to lower gain on disposal of financial investments available-for-sale of RM104.0 million, lower gain on disposal of financial assets at fair value through profit or loss ("FVTPL") of RM68.9 million and lower fee income of RM74.6 million. The decrease was, however, mitigated by lower unrealised loss on revaluation of financial assets at FVTPL and derivatives of RM163.8 million.

The Group's overhead expenses for the three-month financial period ended 31 March 2014 recorded a slight increase of RM10.4 million or 0.5% to RM2,168.4 million compared to the corresponding three-month financial period ended 31 March 2013. The increase in overhead expenses was mainly due to higher personnel cost of RM15.8 million, higher establishment costs of RM8.6 million and higher administration and general expenses of RM13.5 million. The increase was, however, mitigated by lower marketing expenses of RM27.4 million.

The Group's allowance for impairment losses on loans, advances and financing increased by RM124.1 million to RM210.1 million for the three-month financial period ended 31 March 2014. The increase was mainly due to higher collective allowance ("CA") made for the three-month financial period ended 31 March 2014. Hence, the Group's CA ratio increased to 1.10% as at 31 March 2014 compared to 1.06% as at 31 December 2013.

The Group's recorded a significant writeback of impairment losses on financial investments of RM114.7 million for the three-month financial period ended 31 March 2014 due to recoveries from impaired loan stocks.

The improvement in the Group's profit before tax for the three-month financial period ended 31 March 2014 compared to the corresponding three-month financial period ended 31 March 2013 is discussed by the operating segments of the Group as follows:

Community Financial Services ("CFS"), Malaysia

CFS' profit before tax increased by RM123.7 million or 14.9% to RM954.2 million for the three-month financial period ended 31 March 2014 from RM830.5 million for the corresponding three-month financial period ended 31 March 2013. The increase was driven by writeback of impairment losses on loans, advances and financing of RM93.2 million, higher net interest income and Islamic Banking income of RM28.1 million which arising from strong year-on-year loan growth in other retail loans of 28.8%, unit trust loans of 15.5%, and auto finance of 12.3% and higher non-interest income of RM17.2 million. This increase was, however, offset by higher overhead expenses of RM14.8 million.

Global Banking

a) Corporate Banking, Malaysia

Corporate Banking's profit before tax decreased by RM230.7 million or 50.7% to RM224.2 million for the three-month financial period ended 31 March 2014 from RM454.9 million for the corresponding three-month financial period ended 31 March 2013. The decrease was due to higher allowance for impairment losses on loans, advances and financing of RM201.6 million and higher overhead expenses of RM28.5 million.

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B1. Performance Review (cont'd.)

Current Quarter and Period-to-Date vs Previous Corresponding Quarter and Period-to-Date (cont'd.)

Global Banking (cont'd.)

b) Global Markets, Malaysia

Global Markets' profit before tax increased by RM11.2 million or 2.9% to RM399.3 million for the three-month financial period ended 31 March 2014 from RM388.1 million for the corresponding three-month financial period ended 31 March 2013. The increase was driven by higher writeback of impairment losses on financial investments of RM19.1 million and higher net interest income of RM11.6 million. This increase was, however, offset by lower non-interest income of RM20.0 million arising mainly from lower gains on trading activities from securities portfolio, interest rate derivatives and rates trading.

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

Investment Banking's profit before tax decreased by RM95.2 million to RM36.1 million for the three-month financial period ended 31 March 2014 from RM131.3 million for the corresponding three-month financial period ended 31 March 2013. The decrease was driven by lower non-interest income of RM125.1 million primarily from lower income from brokerage fees and trading profits, and lower net interest income of RM18.7 million. This decrease was, however, mitigated by lower overhead expenses of RM32.4 million, higher writeback of impairment losses on financial investments of RM9.7 million and higher writeback of impairment losses on loans, advances and financing of RM7.1 million.

International Banking

International Banking's profit before tax increased by RM141.6 million or 24.3% to RM724.7 million for the three-month financial period ended 31 March 2014 from RM583.1 million for the corresponding three-month financial period ended 31 March 2013. The increase was driven by higher writeback of impairment losses on financial investments of RM73.6 million, higher net interest income of RM45.6 million and higher non-interest income of RM25.8 million. This increase was, however, offset by higher allowance for impairment losses on loans, advances and financing of RM4.6 million.

Higher net interest income was supported by strong year-on-year loan growth of 71.7% at Maybank Labuan operations, 41.8% at Indochina and 44.8% at Greater China.

Insurance, Takaful and Asset Management

Insurance, Takaful and Asset Management registered a decrease in profit before tax by RM30.4 million or 15.5% to RM165.9 million for the three-month financial period ended 31 March 2014 from RM196.3 million for the corresponding three-month financial period ended 31 March 2013. The decrease was due to lower non-interest income of RM105.1 million and higher allowance for impairment losses on loans, advances and financing of RM18.3 million. This was, however, mitigated by higher net income from insurance and takaful business of RM79.9 million, higher writeback of impairment losses on financial investments of RM10.0 million and higher net interest income of RM2.7 million.

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B2. Variation of Current Quarter Results Against Preceding Quarter

The Group's profit after tax attributable to equity holders in this quarter ended 31 March 2014 decreased by RM130.5 million or 7.5% to RM1,601.6 million when compared with the preceding quarter ended 31 December 2013.

The Group's net interest income for the quarter ended 31 March 2014 increased by RM9.4 million or 0.4% to RM2,392.8 million against the preceding quarter of RM2,383.5 million. Income from Islamic Banking Scheme operations increased by RM18.6 million to RM808.4 million for the quarter ended 31 March 2014.

The Group's net income from insurance and takaful business for the quarter ended 31 March 2014 decreased by RM183.0 million to RM1.8 million compared to RM184.8 million in the preceding quarter ended 31 December 2013.

Non-interest income of the Group for the quarter ended 31 March 2014 decreased by RM95.3 million or 7.2% to RM1,232.1 million compared to RM1,327.4 million in the preceding quarter ended 31 December 2013. The decrease was mainly due to lower service charges and fees income of RM144.3 million and lower net foreign exchange gain of RM50.3 million. This decrease was, however, mitigated by higher gain on disposal of financial investments available-for-sale and lower unrealised loss on revaluation of financial assets at FVTPL and derivatives of RM119.2 million and RM78.5 million respectively.

The Group posted a decrease of RM165.8 million or 7.1% in overhead expenses to RM2,168.4 million in the quarter ended 31 March 2014 compared to RM2,334.2 million in the preceding quarter ended 31 December 2013.

The Group's allowance for impairment losses on loans, advances and financing for the quarter ended 31 March 2014 increased by RM264.6 million over the preceding quarter ended 31 December 2013. The increase was mainly due to higher collective allowance ("CA") made during the quarter ended 31 March 2014. Hence, the Group's CA ratio increased to 1.10% as at 31 March 2014 compared to 1.06% as at 31 December 2013.

The Group posted a writeback of impairment losses on financial investments of RM114.7 million for the quarter ended 31 March 2014 compared to impairment losses made on financial investments of RM121.8 million in the preceding quarter ended 31 December 2013. The writeback of impairment losses on financial investments was attributable to recoveries from impaired loan stocks.

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B3. Prospects

The global economy is expected to grow by 3.5% in 2014 from 3.0% in 2013. The major advanced economies – US, Europe and Japan – simultaneously expand for the first time since 2010 amid continued sub-8% expansion in China and the generally lackluster growth in other large emerging economies. Economic growth trends in ASEAN are expected to be mixed, reflecting the tailwinds from firmer external demand and headwinds to domestic demand that include structural challenges, macroeconomic policy adjustments and political uncertainty.

Malaysia's macroeconomic outlook appears positive given the steady growth momentum (GDP 2014E: 5.4%; 2013: 4.7%), clarity and credibility in tightened fiscal policy to address the budget deficit by reduction in energy subsidies and the impending implementation of Goods and Services Tax ("GST"), in the midst of sustainable current account surplus. However, these measures are expected to create some near term inflationary pressures. Consequently, we expect the Overnight Policy Rate to be raised between 25bps to 50bps in the second half of 2014.

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 throughout 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, the banking system's loans growth came in at 10.6% YoY in December 2013, supported by household loans growth of 12% YoY. For 2014, the industry is expected to grow at 9%-10% on the back of an improved GDP outlook, though tempered in part by expectations of a moderation in household loan demand. Nonetheless, Maybank's operations are expected to perform ahead of the industry.

In Singapore, GDP growth is forecasted to be sustained at 3.7% in 2014 after a better-than-expected 4.1% in 2013, benefitting from a pick-up in external demand owing 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 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 rolling out regional financial services and solutions, including wealth management, cash management and global markets.

In Indonesia, GDP growth is maintained (2014E: 5.6%; 2013: 5.8%) while awaiting the outcome of the Parliament and Presidential elections in April 2014 and July 2014 respectively. PT Bank Internasional Indonesia Tbk ("BII") will continue to realise 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 focus on controlling cost and improving productivity to enhance profit.

The Group will continue to maintain healthy capital levels above the regulatory minimum capital requirements as prescribed under Bank Negara Malaysia's Capital Adequacy Framework (Capital Components) issued on 28 November 2012. With prudent capital planning and active capital management across the Group, the Group is confident that its common equity Tier 1 ("CET1") capital ratio will be well ahead of the minimum level of 7% (inclusive of capital conservation buffer) as required by 2019.

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%. Barring any unforeseen circumstances, the Group expects its financial performance for the financial year ending 31 December 2014 to remain satisfactory.

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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 first quarter ended 31 March 2014.

B5. Tax Expense and Zakat

The analysis of the tax expense for the first quarter ended 31 March 2014 are as follows:

	First Quarter Ended		Cumulative 3 Months Ended	
	31 March 2014 RM'000	31 March 2013 RM'000	31 March 2014 RM'000	31 March 2013 RM'000
Group				
Malaysian income tax	300,438	490,008	300,438	490,008
Foreign income tax	16,634	83,265	16,634	83,265
	<u>317,072</u>	<u>573,273</u>	<u>317,072</u>	<u>573,273</u>
Over provision in respect of prior period:				
Malaysian income tax	(168,424)	(1,695)	(168,424)	(1,695)
Foreign income tax	(755)	(5,459)	(755)	(5,459)
	<u>147,893</u>	<u>566,119</u>	<u>147,893</u>	<u>566,119</u>
Deferred tax expense				
- Origination and reversal of temporary differences	418,835	(2,027)	418,835	(2,027)
	<u>418,835</u>	<u>(2,027)</u>	<u>418,835</u>	<u>(2,027)</u>
Tax expense for the period	566,728	564,092	566,728	564,092
Zakat	6,561	4,339	6,561	4,339
	<u>573,289</u>	<u>568,431</u>	<u>573,289</u>	<u>568,431</u>

The Group's effective tax rate for the three-month ended 31 March 2014 was higher than the statutory tax rate due to the effects of certain non-deductible expenses.

	First Quarter Ended		Cumulative 3 Months Ended	
	31 March 2014 RM'000	31 March 2013 RM'000	31 March 2014 RM'000	31 March 2013 RM'000
Bank				
Malaysian income tax	224,413	348,886	224,413	348,886
Foreign income tax	409	5,891	409	5,891
	<u>224,822</u>	<u>354,777</u>	<u>224,822</u>	<u>354,777</u>
Under provision in respect of prior period:				
Malaysian income tax	33,240	-	33,240	-
	<u>258,062</u>	<u>354,777</u>	<u>258,062</u>	<u>354,777</u>
Deferred tax expense				
- Origination and reversal of temporary differences	148,823	(23,768)	148,823	(23,768)
	<u>406,885</u>	<u>331,009</u>	<u>406,885</u>	<u>331,009</u>
Tax expense for the period	406,885	331,009	406,885	331,009
Zakat	-	-	-	-
	<u>406,885</u>	<u>331,009</u>	<u>406,885</u>	<u>331,009</u>

The Bank's effective tax rate for the three-month ended 31 March 2014 was lower than the statutory tax rate due to certain income not subject to tax.

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

There are no corporate proposals announced but not completed during the three-month ended 31 March 2014 .

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.

B10. Changes in Material Litigation

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 delivered its decision (“Decision”) wherein it had, among others, 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.

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

The Issuer's Chief Executive Officer and associate companies of the said Chief Executive Officer have filed an application for the Federal Court to review its Decision against them ("Review Application"). The hearing date for the Review Application has been fixed on 30 June 2014. 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.

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 March 2014 RM'000	31 December 2013 RM'000
Retained profits of the Group:		
- Realised	10,553,460	8,266,525
- Unrealised	1,582,742	2,251,983
	<u>12,136,202</u>	<u>10,518,508</u>
Share of retained profits from associates:		
- Realised	386,288	349,817
- Unrealised	-	-
	<u>386,288</u>	<u>349,817</u>
Consolidation adjustments	824,236	879,159
Total Group's retained profits	<u>13,346,726</u>	<u>11,747,484</u>

B12. Proposed Dividend

No interim dividend has been recommended during the first quarter ended 31 March 2014.

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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 quarter/period attributable to equity holders of the Bank by the weighted average number of ordinary shares in issue during the period.

	First Quarter Ended		Cumulative 3 Months Ended	
	31 March 2014	31 March 2013	31 March 2014	31 March 2013
Net profit for the quarter/period (RM'000)	1,601,585	1,506,214	1,601,585	1,506,214
Weighted average number of ordinary shares in issue ('000)	8,852,688	8,428,948	8,852,688	8,428,948
Basic earnings per share	18.09 sen	17.87 sen	18.09 sen	17.87 sen

Diluted

The diluted EPS of the Group is calculated by dividing the net profit for the quarter/period 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") and the Dividend Reinvestment Plan ("DRP").

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 and the electable portion of the dividends issued under the DRP were exercised into 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 quarter/period) based on the monetary value of the ESS entitlement attached to the outstanding RSU granted and the number of shares that could have been issued at an assumed price (determined as the 5-day average price of the Bank's shares as at 31 March 2013) based on the electable portion of the final dividend for financial year ended 31 December 2012 issued under the DRP. 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 quarter/period.

The final dividend under the DRP for the financial year ended 31 December 2013 have not been included in the calculation of diluted earnings per share, as the final dividend was only approved by the shareholders on 7 April 2014.

	First Quarter Ended		Cumulative 3 Months Ended	
	31 March 2014	31 March 2013	31 March 2014	31 March 2013
Net profit for the quarter/period (RM'000)	1,601,585	1,506,214	1,601,585	1,506,214
Weighted average number of ordinary shares in issue ('000)	8,852,688	8,428,948	8,852,688	8,428,948
Effects of dilution ('000)	2,858	10,527	3,625	10,527
Adjusted weighted average number of ordinary shares in issue ('000)	8,855,546	8,439,475	8,856,313	8,439,475
Diluted earnings per share	18.09 sen	17.85 sen	18.08 sen	17.85 sen

By Order of the Board

Mohd Nazlan Mohd Ghazali
LS0008977
Company Secretary
29 May 2014