

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

CONDENSED FINANCIAL STATEMENTS
INCOME STATEMENTS
FOR THE 4TH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2014

<u>Group</u>	Note	Unaudited		Audited	
		4th Quarter Ended 31 December 2014 RM'000	31 December 2013 RM'000	Cumulative 12 Months Ended 31 December 2014 RM'000	31 December 2013 RM'000
Interest income	A18	4,783,321	4,170,878	17,851,688	16,306,471
Interest expense	A19	(2,341,460)	(1,787,410)	(8,147,985)	(6,721,191)
Net interest income		2,441,861	2,383,468	9,703,703	9,585,280
Income from Islamic Banking Scheme operations	A37a	805,515	789,854	3,271,211	2,810,182
Net earned insurance premiums	A20	1,026,900	866,115	3,946,068	3,941,346
Other operating income	A22	1,547,303	1,327,377	5,540,439	5,882,062
Total operating income		5,821,579	5,366,814	22,461,421	22,218,870
Net insurance benefits and claims incurred, net fee and commission expenses, change in expense liabilities and taxation of life and takaful fund	A23	(743,070)	(681,356)	(3,930,819)	(3,680,510)
Net operating income		5,078,509	4,685,458	18,530,602	18,538,360
Overhead expenses	A24	(2,572,925)	(2,334,247)	(9,111,312)	(8,927,925)
Operating profit before impairment losses		2,505,584	2,351,211	9,419,290	9,610,435
Writeback of/(allowances for) impairment losses on loans, advances, financing and other debts, net	A25	34,600	54,535	(400,392)	(729,586)
Allowances for impairment losses on financial investments, net		(154,062)	(121,811)	(70,440)	(150,522)
Operating profit		2,386,122	2,283,935	8,948,458	8,730,327
Share of profits in associates and joint ventures		44,864	17,664	163,125	139,267
Profit before taxation and zakat		2,430,986	2,301,599	9,111,583	8,869,594
Taxation and zakat	B5	(420,634)	(505,288)	(2,200,540)	(2,098,261)
Profit for the period/year		2,010,352	1,796,311	6,911,043	6,771,333
Attributable to:					
Equity holders of the Bank		1,931,233	1,732,100	6,716,455	6,552,391
Non-controlling interests		79,119	64,211	194,588	218,942
		2,010,352	1,796,311	6,911,043	6,771,333
Earnings per share attributable to equity holders of the Bank	B13				
Basic		20.75 sen	19.58 sen	74.15 sen	75.79 sen
Fully diluted		20.75 sen	19.56 sen	74.14 sen	75.72 sen

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

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CONDENSED FINANCIAL STATEMENTS
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE 4TH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2014

<u>Group</u>	Unaudited		Audited	
	4th Quarter Ended		Cumulative 12 Months Ended	
	31 December	31 December	31 December	31 December
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Profit for the period/year	2,010,352	1,796,311	6,911,043	6,771,333
Other comprehensive income/(loss):				
<i>Items that will not be reclassified subsequently to profit or loss:</i>				
Defined benefit plan actuarial gain/(loss)	7,214	61,209	(4,996)	60,831
Income tax effect	(4,401)	(18,608)	(1,337)	(18,608)
Share of associates' reserve	(1)	-	-	-
	2,812	42,601	(6,333)	42,223
<i>Items that may be reclassified subsequently to profit or loss:</i>				
Net (loss)/gain on financial investments available-for-sale	(277,925)	(662,838)	309,123	(1,951,995)
Net gain/(loss) on foreign exchange translation	1,041,640	(340,515)	888,549	(904,391)
Net gain/(loss) on net cash flow hedge	1,277	-	(1,624)	-
Net loss on net investment hedge	(86,283)	-	(65,567)	-
Income tax effect	64,727	166,034	(81,241)	461,600
Net gain on revaluation reserve	12	3,399	48	3,568
Share of change in associates' reserve	55,612	216,095	(37,543)	193,885
	799,060	(617,825)	1,011,745	(2,197,333)
Other comprehensive income/(loss) for the period/year, net of tax	801,872	(575,224)	1,005,412	(2,155,110)
Total comprehensive income for the period/year	2,812,224	1,221,087	7,916,455	4,616,223
Total comprehensive income for the period/year attributable to:				
Equity holders of the Bank	2,735,651	1,157,575	7,734,891	4,435,509
Non-controlling interests	76,573	63,512	181,564	180,714
	2,812,224	1,221,087	7,916,455	4,616,223

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<u>Bank</u>	Note	Unaudited		Audited	
		31 December 2014	31 December 2013	Cumulative 12 Months Ended 31 December 2014	Cumulative 12 Months Ended 31 December 2013
		RM'000	RM'000	RM'000	RM'000
Interest income	A18	3,455,995	3,112,406	13,123,548	11,744,776
Interest expense	A19	(1,778,166)	(1,365,546)	(6,055,648)	(5,096,985)
Net interest income		1,677,829	1,746,860	7,067,900	6,647,791
Dividends from subsidiaries and associates	A21	147,028	536,100	1,750,612	1,000,075
Other operating income	A22	843,426	814,336	3,098,079	3,684,042
		990,454	1,350,436	4,848,691	4,684,117
Net operating income		2,668,283	3,097,296	11,916,591	11,331,908
Overhead expenses	A24	(1,540,543)	(1,249,239)	(4,833,972)	(4,591,331)
Operating profit before impairment losses		1,127,740	1,848,057	7,082,619	6,740,577
Writeback of/(allowances for) impairment losses on loans, advances, financing and other debts, net	A25	188,509	99,029	224,115	(502,144)
Writeback of/(allowances for) impairment losses on financial investments, net		1,165	(148,069)	37,693	(111,493)
Profit before taxation and zakat		1,317,414	1,799,017	7,344,427	6,126,940
Taxation and zakat	B5	(268,821)	(304,360)	(1,441,412)	(1,241,324)
Profit for the period/year		1,048,593	1,494,657	5,903,015	4,885,616

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CONDENSED FINANCIAL STATEMENTS
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE 4TH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2014

<u>Bank</u>	Unaudited		Audited	
	4th Quarter Ended		Cumulative 12 Months Ended	
	31 December	31 December	31 December	31 December
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Profit for the period/year	1,048,593	1,494,657	5,903,015	4,885,616
Other comprehensive (loss)/income:				
<i>Items that may be reclassified subsequently to profit or loss:</i>				
Net (loss)/gain on financial investments available-for-sale	(188,819)	(468,211)	388,183	(1,395,968)
Net gain/(loss) on foreign exchange translation	307,644	(10,074)	236,610	271,446
Income tax effect	47,204	122,359	(97,046)	348,992
Other comprehensive income/(loss) for the period/year, net of tax	166,029	(355,926)	527,747	(775,530)
Total comprehensive income for the period/year	1,214,622	1,138,731	6,430,762	4,110,086

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MALAYAN BANKING BERHAD
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CONDENSED FINANCIAL STATEMENTS
AUDITED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2014

	Note	Group			Bank		
		31 December 2014	31 December 2013 (Restated)	1 January 2013 (Restated)	31 December 2014	31 December 2013 (Restated)	1 January 2013 (Restated)
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
ASSETS							
Cash and short-term funds		52,852,860	48,067,358	40,018,633	34,778,324	29,320,984	23,153,242
Deposits and placements with financial institutions		16,106,137	7,156,749	11,949,150	15,811,015	15,723,864	10,039,999
Financial assets purchased under resale agreements		3,625,291	20,558	798,180	3,625,291	20,558	650,314
Financial assets at fair value through profit or loss	A10(i)	23,705,323	19,166,565	29,156,692	9,425,390	5,546,091	10,719,937
Financial investments available-for-sale	A10(ii)	82,630,704	82,836,922	60,792,374	73,630,705	64,532,797	47,366,309
Financial investments held-to-maturity	A10(iii)	9,574,538	5,668,174	2,870,768	9,100,155	5,354,097	2,556,849
Loans, advances and financing	A11	403,513,121	355,617,527	311,824,735	264,524,441	237,971,279	214,852,046
Derivative assets	A32	4,544,001	3,383,700	2,421,132	4,533,709	3,199,141	2,352,788
Reinsurance/retakaful assets and other insurance receivables		4,972,063	2,349,995	2,555,727	-	-	-
Other assets	A12	10,659,736	8,942,468	6,985,377	6,488,988	5,706,874	2,944,465
Investment properties		595,493	583,257	572,662	-	-	-
Statutory deposits with central banks		15,141,244	13,742,874	12,298,362	7,576,028	7,327,996	6,888,916
Investment in subsidiaries		-	-	-	20,450,502	19,505,514	17,634,469
Interest in associates and joint ventures		2,527,940	2,465,341	2,235,233	451,518	451,518	456,512
Property, plant and equipment		2,688,140	2,614,309	2,402,821	1,308,775	1,363,898	1,205,788
Intangible assets		6,261,415	6,041,056	6,531,336	506,267	527,268	697,066
Deferred tax assets		901,950	1,661,931	1,343,541	348,350	1,053,598	810,015
TOTAL ASSETS		640,299,956	560,318,784	494,756,723	452,559,458	397,605,477	342,328,715
LIABILITIES							
Deposits from customers	A13	439,569,384	395,610,810	347,155,510	306,938,972	273,670,380	237,402,079
Deposits and placements from financial institutions	A14	57,387,398	42,139,081	33,887,376	47,500,184	37,582,577	29,198,776
Obligations on financial assets sold under repurchase agreements		3,166,372	4,300,055	-	3,166,372	4,300,055	-
Bills and acceptances payable		2,017,579	1,987,089	2,269,513	1,187,310	1,442,612	1,553,312
Derivative liabilities	A32	5,320,499	3,376,388	1,917,619	5,173,575	3,071,472	1,784,257
Insurance/takaful contract liabilities and other insurance payables		24,798,833	21,800,139	21,928,872	-	-	-
Other liabilities	A16	11,147,565	8,722,252	10,088,733	8,789,557	9,872,786	8,876,825
Recourse obligation on loans and financing sold to Cagamas		1,058,860	1,277,269	1,592,974	1,058,860	656,293	687,793
Provision for taxation and zakat		325,192	836,527	1,051,798	275,373	578,100	758,446
Deferred tax liabilities		702,660	639,285	674,872	-	-	-
Borrowings	A15(i)	18,521,899	13,321,805	10,714,266	13,846,812	9,318,389	7,382,719
Subordinated obligations	A15(ii)	15,640,057	12,644,576	13,510,041	12,264,578	10,404,418	11,638,850
Capital securities	A15(iii)	5,902,483	5,920,909	6,150,351	6,185,060	6,208,623	6,150,351
TOTAL LIABILITIES		585,558,781	512,576,185	450,941,925	406,386,653	357,105,705	305,433,408

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AUDITED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2014

	Note	Group			Bank		
		31 December 2014 RM'000	31 December 2013 (Restated) RM'000	1 January 2013 (Restated) RM'000	31 December 2014 RM'000	31 December 2013 (Restated) RM'000	1 January 2013 (Restated) RM'000
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE BANK							
Share capital		9,319,030	8,862,079	8,440,046	9,319,030	8,862,079	8,440,046
Share premium		22,747,922	19,030,227	15,639,646	22,747,922	19,030,227	15,639,646
Shares held-in-trust		(113,463)	(107,248)	(102,405)	(113,463)	(107,248)	(102,405)
Retained profits		12,387,977	11,747,484	11,104,837	3,600,804	3,478,214	4,179,482
Reserves		8,633,103	6,464,865	7,013,234	10,618,512	9,236,500	8,738,538
		52,974,569	45,997,407	42,095,358	46,172,805	40,499,772	36,895,307
Non-controlling interests		1,766,606	1,745,192	1,719,440	-	-	-
		54,741,175	47,742,599	43,814,798	46,172,805	40,499,772	36,895,307
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY							
		640,299,956	560,318,784	494,756,723	452,559,458	397,605,477	342,328,715
COMMITMENTS AND CONTINGENCIES	A30	551,960,251	433,829,033	379,695,035	519,485,629	399,786,232	338,799,380
CAPITAL ADEQUACY							
	A31						
The capital adequacy ratios of the Group and of the Bank are as follows:							
CET1 Capital Ratio		11.747%	11.253%	-	16.275%	15.925%	-
Tier 1 Capital Ratio		13.539%	13.059%	-	16.275%	15.925%	-
Total Capital Ratio		16.235%	15.664%	-	16.275%	15.925%	-
Before deducting proposed dividend:							
Core capital ratio		-	-	13.66%	-	-	17.43%
Risk-weighted capital ratio		-	-	17.47%	-	-	17.43%
After deducting proposed dividend:							
Core capital ratio:							
- full electable portion paid in cash		-	-	12.81%	-	-	16.27%
- full electable portion reinvested		-	-	13.54%	-	-	17.27%
Risk-weighted capital ratio:							
- full electable portion paid in cash		-	-	16.62%	-	-	16.27%
- full electable portion reinvested		-	-	17.35%	-	-	17.27%
Net assets per share attributable to equity holders of the Bank		RM5.68	RM5.19	RM4.99	RM4.95	RM4.57	RM4.37

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CONDENSED FINANCIAL STATEMENTS
AUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

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

<u>Group</u>	Share Capital RM'000	Share Premium RM'000	Shares Held-in-trust RM'000	Statutory Reserve RM'000	Regulatory Reserve RM'000	Available- for-sale Reserve RM'000	Exchange Fluctuation Reserve RM'000	ESS Reserve RM'000	Other Reserves ¹ RM'000	Retained Profits ² 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	-	(604,112)	(2,727,793)	278,231	(21,597)	11,747,484	45,997,407	1,745,192	47,742,599
Profit for the year	-	-	-	-	-	-	-	-	-	6,716,455	6,716,455	194,588	6,911,043
Other comprehensive income/(loss)	-	-	-	-	-	282,270	810,293	-	(74,127)	-	1,018,436	(13,024)	1,005,412
Defined benefit plan actuarial loss	-	-	-	-	-	-	-	-	(6,984)	-	(6,984)	651	(6,333)
Share of associates' reserve	-	-	-	-	-	30,566	(68,109)	-	-	-	(37,543)	-	(37,543)
Net gain on foreign exchange translation	-	-	-	-	-	-	878,402	-	-	-	878,402	10,147	888,549
Net gain on financial investments available-for-sale	-	-	-	-	-	251,704	-	-	-	-	251,704	(23,822)	227,882
Net loss on net investment hedge	-	-	-	-	-	-	-	-	(65,567)	-	(65,567)	-	(65,567)
Net loss on net cash flow hedge	-	-	-	-	-	-	-	-	(1,624)	-	(1,624)	-	(1,624)
Net gain on revaluation reserve	-	-	-	-	-	-	-	-	48	-	48	-	48
Total comprehensive income/(loss) for the year	-	-	-	-	-	282,270	810,293	-	(74,127)	6,716,455	7,734,891	181,564	7,916,455
Carried forward	8,862,079	19,030,227	(107,248)	9,540,136	-	(321,842)	(1,917,500)	278,231	(95,724)	18,463,939	53,732,298	1,926,756	55,659,054

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Group	<----- Non-Distributable ----->												
	Share Capital RM'000	Share Premium RM'000	Shares Held-in-trust RM'000	Statutory Reserve RM'000	Regulatory Reserve RM'000	Available-for-sale Reserve RM'000	Exchange Fluctuation Reserve RM'000	ESS 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
Brought forward	8,862,079	19,030,227	(107,248)	9,540,136	-	(321,842)	(1,917,500)	278,231	(95,724)	18,463,939	53,732,298	1,926,756	55,659,054
Share-based payment under Employees' Share Scheme ("ESS")	-	-	-	-	-	-	-	77,814	-	-	77,814	-	77,814
Effect of changes in corporate structure within the Group	-	-	-	-	-	-	-	-	(697)	697	-	30,900	30,900
Effect of rights issue of a subsidiary	-	-	-	-	-	-	-	-	-	-	-	7,152	7,152
Transfer to statutory reserves	-	-	-	855,864	-	-	-	-	-	(855,864)	-	-	-
Transfer to regulatory reserve	-	-	-	-	274,500	-	-	-	-	(274,500)	-	-	-
Issue of shares pursuant to ESS (Note A8(i)(a)(A))	58,680	491,563	-	-	-	-	-	(35,218)	-	-	515,025	-	515,025
Issue of shares pursuant to Restricted Share Unit ("RSU") (Note A8(i)(a)(B))	2,832	24,266	(351)	-	-	-	-	(20,253)	-	(6,494)	-	-	-
Issue of shares pursuant to Supplemental Restricted Share Unit ("SRSU") (Note A8(i)(a)(C))	300	2,643	-	-	-	-	-	(2,208)	-	(735)	-	-	-
Issue of shares pursuant to Dividend Reinvestment Plan ("DRP") (Note A8(i)(a)(D)&(E))	395,139	3,199,223	(5,864)	-	-	-	-	-	-	-	3,588,498	-	3,588,498
Dividends (Note A9(a),(b) & (c))	-	-	-	-	-	-	-	-	-	(4,939,066)	(4,939,066)	(198,202)	(5,137,268)
Total transactions with shareholders	456,951	3,717,695	(6,215)	855,864	274,500	-	-	20,135	(697)	(6,075,962)	(757,729)	(160,150)	(917,879)
At 31 December 2014	9,319,030	22,747,922	(113,463)	10,396,000	274,500	(321,842)	(1,917,500)	298,366	(96,421)	12,387,977	52,974,569	1,766,606	54,741,175

¹ The further breakdown and movement of other reserves are disclosed in Note A17.

² The retained profits of the Group include the non-distributable non-par surplus from an insurance subsidiary amounted to RM973.5 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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AUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

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

<u>Group</u>	Share Capital RM'000	Share Premium RM'000	Shares Held-in-trust RM'000	Statutory Reserve RM'000	Available- for-sale Reserve RM'000	Exchange Fluctuation Reserve RM'000	ESS 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 2013	8,440,046	15,639,646	(102,405)	8,023,712	707,690	(1,876,684)	226,142	(67,626)	11,104,837	42,095,358	1,719,440	43,814,798
Profit for the year	-	-	-	-	-	-	-	-	6,552,391	6,552,391	218,942	6,771,333
Other comprehensive (loss)/income	-	-	-	-	(1,311,802)	(851,109)	-	46,029	-	(2,116,882)	(38,228)	(2,155,110)
Defined benefit plan actuarial gain	-	-	-	-	-	-	-	42,289	-	42,289	(66)	42,223
Share of associates' reserve	-	-	-	-	151,017	42,868	-	-	-	193,885	-	193,885
Net loss on foreign exchange translation	-	-	-	-	-	(893,977)	-	-	-	(893,977)	(10,414)	(904,391)
Net loss on financial investments available-for-sale	-	-	-	-	(1,462,819)	-	-	-	-	(1,462,819)	(27,576)	(1,490,395)
Net gain on revaluation reserve	-	-	-	-	-	-	-	3,740	-	3,740	(172)	3,568
Total comprehensive (loss)/income for the year	-	-	-	-	(1,311,802)	(851,109)	-	46,029	6,552,391	4,435,509	180,714	4,616,223
Share-based payment under Employees' Share Scheme ("ESS")	-	-	-	-	-	-	104,168	-	-	104,168	-	104,168
Effect of changes in corporate structure within the Group	-	-	-	-	-	-	-	-	(27,839)	(27,839)	(102,670)	(130,509)
Effect of rights issue by a subsidiary	-	-	-	-	-	-	-	-	-	-	8,159	8,159
Transfer to statutory reserves	-	-	-	1,516,424	-	-	-	-	(1,516,424)	-	-	-
Issue of shares pursuant to ESS	90,239	750,458	-	-	-	-	(52,079)	-	-	788,618	-	788,618
Issue of shares pursuant to Dividend Reinvestment Plan ("DRP")	331,790	2,640,092	(4,808)	-	-	-	-	-	-	2,967,074	-	2,967,074
Issue of shares pursuant to ESOS Trust Fund ("ETF")	4	31	(35)	-	-	-	-	-	-	-	-	-
Dividends	-	-	-	-	-	-	-	-	(4,365,481)	(4,365,481)	(60,451)	(4,425,932)
Total transactions with shareholders	422,033	3,390,581	(4,843)	1,516,424	-	-	52,089	-	(5,909,744)	(533,460)	(154,962)	(688,422)
At 31 December 2013	8,862,079	19,030,227	(107,248)	9,540,136	(604,112)	(2,727,793)	278,231	(21,597)	11,747,484	45,997,407	1,745,192	47,742,599

¹ The further breakdown and movement of other reserves are disclosed in Note A17.

² The retained profits of the Group include the non-distributable non-par surplus from an insurance subsidiary amounted to RM820.8 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.

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

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CONDENSED FINANCIAL STATEMENTS
AUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

<u>Bank</u>	<===== 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	Available- for-sale Reserve RM'000	Exchange Fluctuation Reserve RM'000	ESS Reserve RM'000		
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 year	-	-	-	-	-	-	-	5,903,015	5,903,015
Other comprehensive income	-	-	-	-	291,137	236,610	-	-	527,747
Net gain on foreign exchange translation	-	-	-	-	-	236,610	-	-	236,610
Net gain on financial investments available-for-sale	-	-	-	-	291,137	-	-	-	291,137
Total comprehensive income for the year	-	-	-	-	291,137	236,610	-	5,903,015	6,430,762
Share-based payment under Employees' Share Scheme ("ESS")	-	-	-	-	-	-	77,814	-	77,814
Transfer to statutory reserve	-	-	-	834,130	-	-	-	(834,130)	-
Issue of shares pursuant to ESS (Note A8(i)(a)(A))	58,680	491,563	-	-	-	-	(35,218)	-	515,025
Issue of shares pursuant to Restricted Share Unit ("RSU") (Note A8(i)(a)(B))	2,832	24,266	(351)	-	-	-	(20,253)	(6,494)	-
Issue of shares pursuant to Supplemental Restricted Share Unit ("SRSU") (Note A8(i)(a)(C))	300	2,643	-	-	-	-	(2,208)	(735)	-
Issue of shares pursuant to Dividend Reinvestment Plan ("DRP") (Note A8(i)(a)(D)&(E))	395,139	3,199,223	(5,864)	-	-	-	-	-	3,588,498
Dividends (Note A9(a) & (b))	-	-	-	-	-	-	-	(4,939,066)	(4,939,066)
Total transactions with shareholders	456,951	3,717,695	(6,215)	834,130	-	-	20,135	(5,780,425)	(757,729)
At 31 December 2014	9,319,030	22,747,922	(113,463)	9,860,875	(362,553)	821,824	298,366	3,600,804	46,172,805

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

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CONDENSED FINANCIAL STATEMENTS
AUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

<u>Bank</u>	<===== 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	Available- for-sale Reserve RM'000	Exchange Fluctuation Reserve RM'000	ESS Reserve RM'000		
At 1 January 2013	8,440,046	15,639,646	(102,405)	7,805,342	393,286	313,768	226,142	4,179,482	36,895,307
Profit for the year	-	-	-	-	-	-	-	4,885,616	4,885,616
Other comprehensive (loss)/income	-	-	-	-	(1,046,976)	271,446	-	-	(775,530)
Net gain on foreign exchange translation	-	-	-	-	-	271,446	-	-	271,446
Net loss on financial investments available-for-sale	-	-	-	-	(1,046,976)	-	-	-	(1,046,976)
Total comprehensive (loss)/income for the year	-	-	-	-	(1,046,976)	271,446	-	4,885,616	4,110,086
Share-based payment under Employees' Share Scheme ("ESS")	-	-	-	-	-	-	104,168	-	104,168
Transfer to statutory reserves	-	-	-	1,221,403	-	-	-	(1,221,403)	-
Issue of shares pursuant to ESS	90,239	750,458	-	-	-	-	(52,079)	-	788,618
Issue of shares pursuant to Dividend Reinvestment Plan ("DRP")	331,790	2,640,092	(4,808)	-	-	-	-	-	2,967,074
Issue of shares pursuant to ESOS Trust Fund ("ETF")	4	31	(35)	-	-	-	-	-	-
Dividends	-	-	-	-	-	-	-	(4,365,481)	(4,365,481)
Total transactions with shareholders	422,033	3,390,581	(4,843)	1,221,403	-	-	52,089	(5,586,884)	(505,621)
At 31 December 2013	8,862,079	19,030,227	(107,248)	9,026,745	(653,690)	585,214	278,231	3,478,214	40,499,772

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

MALAYAN BANKING BERHAD
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CONDENSED FINANCIAL STATEMENTS
AUDITED CASH FLOW STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

	Group		Bank	
	31 December 2014	31 December 2013	31 December 2014	31 December 2013
	RM'000	RM'000	RM'000	RM'000
Cash flows from operating activities				
Profit before taxation and zakat	9,111,583	8,869,594	7,344,427	6,126,940
Adjustments for non-operating and non-cash items:				
Depreciation of property, plant and equipment	331,175	268,692	163,768	142,546
Share of profits of associates and joint ventures	(163,125)	(139,267)	-	-
Amortisation of intangible assets	231,503	206,483	101,366	100,210
Net gain on disposal of financial assets at fair value through profit or loss	(206,996)	(281,508)	(139,922)	(137,636)
Net gain on disposal of financial investments available-for-sale	(659,809)	(917,780)	(180,089)	(306,577)
Net (gain)/loss on redemption of financial investments held-to-maturity	(304)	1	(304)	1
Unrealised loss of financial assets at fair value through profit or loss and derivatives	57,337	943,004	104,642	471,495
Allowances for impairment losses on loans, advances and financing, net	1,385,626	1,550,151	532,149	1,092,746
(Writeback of)/allowances for other debts	(48,862)	5,586	3,388	2,294
Dividend income	(118,717)	(101,790)	(1,762,795)	(1,008,594)
ESS expenses	79,303	105,584	54,590	79,458
Allowances for/(writeback of) impairment losses on financial investments, net	70,440	150,522	(37,693)	111,493
Other adjustments for non-operating and non-cash items	(96,426)	56,944	(83,324)	40,533
Operating profit before working capital changes	<u>9,972,728</u>	<u>10,716,216</u>	<u>6,100,203</u>	<u>6,714,909</u>
Change in deposits and placements with financial institutions	(3,058,628)	5,433,987	5,398,686	(5,055,669)
Change in financial investments portfolio	(7,013,055)	(16,143,229)	(15,890,628)	(15,938,134)
Change in loans, advances and financing	(49,281,220)	(45,342,944)	(27,085,311)	(24,211,981)
Change in statutory deposits with central banks	(1,398,370)	(1,444,512)	(248,032)	(439,080)
Change in deposits from customers	43,958,574	48,455,300	33,268,592	36,268,301
Change in deposits and placements from financial institutions	15,248,317	8,251,705	9,917,607	8,383,801
Change in reinsurance/retakaful assets and other insurance receivables	(2,622,068)	205,732	-	-
Change in insurance/takaful contract liabilities and other insurance payables	2,979,912	(128,733)	-	-
Change in other operating activities	(3,252,488)	1,289,583	(5,936,563)	3,056,943
Exchange fluctuation	1,651,316	(517,433)	(57,267)	(38,533)
Cash generated from operations	<u>7,185,018</u>	<u>10,775,672</u>	<u>5,467,287</u>	<u>8,740,557</u>
Taxes and zakat paid	(1,919,739)	(2,218,263)	(1,135,937)	(1,316,085)
Net cash generated from operating activities	<u>5,265,279</u>	<u>8,557,409</u>	<u>4,331,350</u>	<u>7,424,472</u>

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CONDENSED FINANCIAL STATEMENTS
AUDITED CASH FLOW STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

	Group		Bank	
	31 December 2014	31 December 2013	31 December 2014	31 December 2013
	RM'000	RM'000	RM'000	RM'000
Cash flows from investing activities				
Dividends received from:				
- financial investments portfolio	118,717	101,790	12,183	8,519
- associates	90,637	84,297	3,572	9,641
- subsidiaries	-	-	1,600,012	990,434
Purchase of property, plant and equipment	(374,478)	(504,313)	(197,203)	(331,838)
Purchase of investment properties	(12,503)	(2,042)	-	-
Proceeds from disposal of property, plant and equipment	33,015	8,138	5,199	3,055
Purchase of intangible assets	(253,581)	(394,314)	(112,829)	(343,641)
Purchase of additional ordinary shares in existing subsidiaries	-	-	(944,974)	(1,869,860)
Transfer of intangible assets to a subsidiaries, net	-	-	27,906	414,096
Transfer of property, plant and equipment to a subsidiaries, net	-	-	99,873	42,424
Net effect arising from acquisition of subsidiaries	-	(30,067)	-	-
Net effect arising from disposal of subsidiaries	65,043	(37,122)	-	-
Redemption of non-convertible bonds and capital repayment in associates	8,284	4,994	8,284	29,660
Net effect arising from transaction with non-controlling interests	32,418	(111,251)	-	-
Net cash (used in)/generated from investing activities	(292,448)	(879,890)	502,023	(1,047,510)
Cash flows from financing activities				
Proceeds from issuance of shares	4,103,523	3,755,692	4,103,523	3,755,692
Drawdown of borrowings, net	3,133,709	2,024,382	3,976,384	1,489,144
Redemption of subordinated obligations	-	(1,500,000)	-	(1,500,000)
Redemption of capital securities	(3,437,000)	-	(3,437,000)	-
Issuance of subordinated obligations and capital securities	6,196,837	500,000	5,100,000	-
Recourse obligation on loans and financing sold to Cagamas, net	(218,409)	(315,705)	402,567	(31,500)
Rights issuance exercised by non-controlling interests	7,152	8,159	-	-
Dividends paid	(4,939,066)	(4,365,481)	(4,939,066)	(4,365,481)
Dividends paid to non-controlling interests	(198,202)	(60,451)	-	-
Net cash generated from/(used in) financing activities	4,648,544	46,596	5,206,408	(652,145)
Net change in cash and cash equivalents	9,621,375	7,724,115	10,039,781	5,724,817
Cash and cash equivalents at beginning of year *	51,925,220	43,146,218	33,333,749	26,705,536
Cash and cash equivalents at end of year	61,546,595	50,870,333	43,373,530	32,430,353

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

	Group		Bank	
	31 December 2014	31 December 2013	31 December 2014	31 December 2013
	RM'000	RM'000	RM'000	RM'000
Cash and short-term funds	52,852,860	48,067,358	34,778,324	29,320,984
Deposits with financial institutions maturing within one month	8,693,735	2,802,975	8,595,206	3,109,369
	61,546,595	50,870,333	43,373,530	32,430,353
* Cash and cash equivalents at beginning of year:				
Cash and short-term funds as previously reported	50,870,333	42,180,023	32,430,353	25,634,415
Effects of foreign exchange rate changes	1,054,887	966,195	903,396	1,071,121
As restated	51,925,220	43,146,218	33,333,749	26,705,536

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

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

A1. Basis of Preparation

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

The audited condensed 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*.

The audited condensed financial statements do not include all the information and disclosures required in the audited annual financial statements, and should be read in conjunction with the audited annual financial statements for the financial year ended 31 December 2013. These explanatory notes attached to the audited condensed 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 audited condensed 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 annual 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 Accounting (Amendments to MFRS 139)
- IC Interpretation 21 *Levies*

The nature and the impact of the above amendments to standards and IC interpretation are described below:-

(i) Investment entities (Amendments to MFRS 10, MFRS 12 and MFRS 127)

These amendments provide an exception to the consolidation requirement for entities that meet the definition of an investment entity under MFRS 10 and must be applied retrospectively, subject to certain transition relief. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss.

None of the entities in the Group including the Bank qualify as an investment entity under MFRS 10. Thus, adoption of these amendments did not have any impact to the financial statements of the Group.

(ii) Offsetting financial assets and financial liabilities (Amendments to MFRS 132)

The amendments clarify the meaning of 'currently has a legally enforceable right to set-off' and the criteria for non-simultaneous settlement mechanisms of clearing houses to qualify for offsetting and retrospective application is required.

Upon adoption of the amendments, the Group and the Bank have grossed up certain financial assets and financial liabilities in the statement of financial position of the Group and of the Bank (mainly "Other assets" and "Other liabilities") that were previously reported net for position as at 31 December 2013 and 1 January 2013. Details of the reclassification are disclosed in Note A35.

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A1. Basis of Preparation (cont'd.)

(iii) Novation of derivatives and continuation of hedge accounting (Amendments to MFRS 139)

The amendments provide relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria and retrospective application is required.

The Group and the Bank have not novated derivatives during current financial year and have assessed that the novation of derivatives in prior years did not meet the criteria required under the amendments to MFRS 139. Hence, the adoption of the above amendments have no impact on the Group and the Bank.

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

The amendments require the disclosure of recoverable amounts for the assets or Cash-Generating Units ("CGUs") for which impairment loss has been recognised or reversed during the period and retrospective application is required.

(v) IC Interpretation 21 *Levies*

The interpretation clarifies that an entity recognises a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be anticipated before the specified minimum threshold is reached. Retrospective application is required. The Group and the Bank have assessed that the adoption of the interpretation did not have any impact to the financial statements of the Group and of the Bank.

Guidance issued by Bank Negara Malaysia on Maintenance of Regulatory Reserve

On 4 February 2014, 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 that has been assessed and recognised in accordance with 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 new regulatory requirement by 31 December 2015.

Upon adoption of this requirement, there will be no impact to the income statements of the Group and of the Bank and any resulted impact will be recorded in the statement of changes in equity of the Group and of the Bank. During the financial year ended 31 December 2014, Maybank Islamic Berhad, the Bank's subsidiary, has made a first transfer of RM274.5 million from its retained profits to regulatory reserve. The transfer is made to ensure compliance with BNM's requirement by 31 December 2015.

Standards and annual improvements to standards issued but not yet effective

The following are standards and annual improvements to standards issued by Malaysian Accounting Standards Board ("MASB"), but not yet effective, up to the date of issuance of the Group's and the Bank's financial statements. The Group and the Bank intend to adopt these standards and annual improvements to standards, if applicable, when they become effective:

Description	Effective for annual periods beginning on or after
MFRS 9 <i>Financial Instruments</i> (IFRS 9 issued by IASB in July 2014)	1 January 2018
MFRS 10 <i>Consolidated Financial Statements - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> (Amendments to MFRS 10)	1 January 2016
MFRS 10 <i>Consolidated Financial Statements - Investment Entities: Applying the Consolidation Exception</i> (Amendments to MFRS 10)	1 January 2016
MFRS 12 <i>Disclosure of Interests in Other Entities - Investment Entities: Applying the Consolidation Exception</i> (Amendments to MFRS 12)	1 January 2016
MFRS 11 <i>Joint Arrangements - Accounting for Acquisitions of Interests in Joint Operations</i> (Amendments to MFRS 11)	1 January 2016

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A1. Basis of Preparation (cont'd.)

Standards and annual improvements to standards issued but not yet effective (cont'd.)

The following are standards and annual improvements to standards issued by Malaysian Accounting Standards Board ("MASB"), but not yet effective, up to the date of issuance of the Group's and the Bank's financial statements. The Group and the Bank intend to adopt these standards and annual improvements to standards, if applicable, when they become effective (cont'd.):

Description	Effective for annual periods beginning on or after
MFRS 14 <i>Regulatory Deferral Accounts</i>	1 January 2016
MFRS 15 <i>Revenue from Contracts with Customers</i>	1 January 2017
MFRS 101 <i>Presentation of Financial Statements</i> - Disclosure Initiative (Amendments to MFRS 101)	1 January 2016
MFRS 116 <i>Property, Plant and Equipment</i> - Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to MFRS 116)	1 January 2016
MFRS 116 <i>Property, Plant and Equipment</i> - Agriculture: Bearer Plants (Amendments to MFRS 116)	1 January 2016
MFRS 119 <i>Employee Benefits</i> - Defined Benefits Plans: Employee Contributions (Amendments to MFRS 119)	1 July 2014
MFRS 127 <i>Separate Financial Statements</i> - Equity Method in Separate Financial Statements (Amendments to MFRS 127)	1 January 2016
MFRS 128 <i>Investment in Associates and Joint Ventures</i> - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to MFRS 128)	1 January 2016
MFRS 128 <i>Investments in Associates and Joint Ventures</i> - Investment Entities: Applying the Consolidation Exception (Amendments to MFRS 128)	1 January 2016
MFRS 138 <i>Intangible Assets</i> - Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to MFRS 138)	1 January 2016
MFRS 141 <i>Agriculture</i> - Agriculture: Bearer Plants (Amendments to MFRS 141)	1 January 2016
Annual Improvements to MFRSs 2010 - 2012 Cycle	1 July 2014
Annual Improvements to MFRSs 2011 - 2013 Cycle	1 July 2014
Annual Improvements to MFRSs 2012–2014 Cycle	1 January 2016

MFRS 9 *Financial Instruments*

In July 2014, the International Accounting Standards board ("IASB") issued the final version of IFRS 9 *Financial Instruments* which reflects all phases of the financial instruments project and replaces IAS 39 *Financial Instruments: Recognition and Measurement* and all previous version of IFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required, but restatement of comparative information is not compulsory. Early application of previous versions of IFRS 9 (2009, 2010 and 2013) is permitted if the date of initial application is before 1 February 2015.

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A1. Basis of Preparation (cont'd.)

Standards and annual improvements to standards issued but not yet effective (cont'd.)

The following are standards and annual improvements to standards issued by Malaysian Accounting Standards Board ("MASB"), but not yet effective, up to the date of issuance of the Group's and the Bank's financial statements. The Group and the Bank intend to adopt these standards and annual improvements to standards, if applicable, when they become effective (cont'd.):

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

MFRS 9 is issued by the MASB in respect of its application in Malaysia. It is equivalent to IFRS 9 as issued by IASB, including the effective and issuance dates. The areas with expected significant impact from application of MFRS 9 are summarised below:

(i) Classification and measurement

The classification and measurement of financial assets is determined on the basis of the contractual cash flow characteristics and the objective of the business model associated with holding the assets. Key changes include:

- The held-to-maturity ("HTM") and available-for-sale ("AFS") asset categories will be removed;
- A new asset category measured at fair value through other comprehensive income ("FVOCI") is introduced. This applies to debt instruments with contractual cash flow characteristics that are solely payments of principal and interest and held in a model whose objective is achieved by both collecting contractual cash flows and selling financial assets;
- A new asset category for non-traded equity investments measured at FVOCI is introduced; and
- Classification of financial liabilities will remain largely unchanged, other than the fair value gains and losses attributable to changes in 'own credit risk' for financial liabilities designated and measured at fair value through profit or loss to be presented in other comprehensive income.

The adoption of MFRS 9 will have an effect on the classification and measurement of the Group's and the Bank's financial assets, and may have no impact on the classification and measurement of the Group's and the Bank's financial liabilities.

(ii) Impairment

The MFRS 9 impairment requirements are based on an expected credit loss model ("ECL") that replaces the incurred loss model under the current accounting standard. The Group and the Bank will be generally required to recognise either a 12-month or lifetime ECL, depending on whether there has been a significant increase in credit risk since initial recognition. The ECL model will apply to financial assets measured at amortised cost or at FVOCI, irrevocable loan commitments and financial guarantee contracts, which will include loans, advances and financing and debt instruments held by the Group and the Bank. MFRS 9 will change the Group's and the Bank's current methodology for calculating allowances for impairment, in particular for individual and collective assessment and provisioning.

(iii) Hedge accounting

The requirements for general hedge accounting have been simplified for hedge effectiveness testing and may result in more designations of hedged items for accounting purposes.

The Group and the Bank are in the process of assessing the financial implications for adopting the new standard.

MFRS 10 *Consolidated Financial Statements - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to MFRS 10)* and MFRS 128 *Investment in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to MFRS 128)*

The amendments require the full gain to be recognised when the assets transferred to associate or joint venture meeting the definition of a business as defined in MFRS 3 *Business Combinations*. Any gain or loss on assets transferred to associate or joint venture that do not meet the definition of a business would be recognised only to the extent of the unrelated investors' interest in the associate or joint venture. The amendments are applied prospectively effective for periods beginning on or after 1 January 2016, with early application is permitted. The Group and the Bank do not anticipate significant impact to the financial statements upon adoption of the amendments.

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A1. Basis of Preparation (cont'd.)

Standards and annual improvements to standards issued but not yet effective (cont'd.)

The following are standards and annual improvements to standards issued by Malaysian Accounting Standards Board ("MASB"), but not yet effective, up to the date of issuance of the Group's and the Bank's financial statements. The Group and the Bank intend to adopt these standards and annual improvements to standards, if applicable, when they become effective (cont'd.):

MFRS 10 Consolidated Financial Statements - Investment Entities: Applying the Consolidation Exception (Amendments to MFRS 10), MFRS 12 Disclosures of Interests in Other Entities - Investment Entities: Applying the Consolidation Exception (Amendments to MFRS 12) and MFRS 128 Investments in Associates and Joint Ventures - Investment Entities: Applying the Consolidation Exception (Amendments to MFRS 128)

The amendments address three issues arising in practice in the application of the investment entities consolidation exception.

- Amendments to MFRS 10 clarify that the exemption from presenting consolidated financial statements applies to parent entity that is a subsidiary of an investment entity, when the investment entity measures all of its subsidiaries at fair value. It also clarifies that only a subsidiary that is not an investment entity itself and provides support services to the investment entity is consolidated. All subsidiaries that are themselves investment entities are measured at fair value through profit or loss.
- Amendments to MFRS 12 clarify the application of the standard to investment entities. An investment entity that prepares financial statements in which all of its subsidiaries are measured at fair value through profit or loss, is required to present the disclosures in respect of investment entities required by MFRS 12.
- Amendments to MFRS 128 allow an entity that is not itself an investment entity, and that has an interest in an investment entity associate or joint venture, to retain the fair value measurement applied by the investment entity associate or joint venture to its interests in subsidiaries.

The amendments are applied retrospectively effective for annual periods beginning on or after 1 January 2016, with early application is permitted. The Group and the Bank do not anticipate significant impact to the financial statements upon adoption of the amendments.

MFRS 11 Joint Arrangements - Accounting for Acquisitions of Interests in Joint Operations (Amendments to MFRS 11)

The amendments require that a joint operator accounts for the acquisition of an interest in a joint operation, in which the activity of the joint operation constitutes a business, must apply the relevant MFRS 3 principles for business combinations accounting, and other MFRSs that do not conflict with MFRS 11. It also clarifies that a previously held interest in a joint operation is not remeasured on the acquisition of an additional interest in the same joint operation while joint control is retained. In addition, a scope exclusion has been added to MFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party. The amendments apply to both the acquisition of the initial interest in joint operation and the acquisition of any additional interests in the same joint operation, in which the activity of the joint operation constitutes a business. The amendments are applied prospectively effective for annual periods beginning on or after 1 January 2016, with early adoption is permitted. The Group and the Bank do not anticipate significant financial impact to the financial statements upon adoption of the amendments.

MFRS 14 Regulatory Deferral Accounts

MFRS 14 is an optional standard that allows an entity, whose activities are subject to rate-regulation, to continue applying most of its existing accounting policies for regulatory deferral account balances upon its first-time adoption of MFRS. Entities that adopt MFRS 14 must present the regulatory deferral accounts as separate line items on the statement of financial position and present movements in these account balances as separate line items in the income statements and other comprehensive income. The standard requires disclosures on the nature of, and risks associated with, the entity's rate-regulation and the effects of that rate-regulation on its financial statements. MFRS 14 is effective for annual periods beginning on or after 1 January 2016. Since the Group and the Bank are existing MFRS preparers, this standard would not apply.

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A1. Basis of Preparation (cont'd.)

Standards and annual improvements to standards issued but not yet effective (cont'd.)

The following are standards and annual improvements to standards issued by Malaysian Accounting Standards Board ("MASB"), but not yet effective, up to the date of issuance of the Group's and the Bank's financial statements. The Group and the Bank intend to adopt these standards and annual improvements to standards, if applicable, when they become effective (cont'd.):

MFRS 15 Revenue from Contracts with Customers

MFRS 15 was issued in May 2014 and establishes a new five-step model that will apply to revenue arising from contracts with customers. Under MFRS 15 revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in MFRS 15 provide a more structured approach to measuring and recognising revenue. This new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under MFRS. Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2017, with early adoption permitted. The Group and the Bank are in the process of assessing the financial implications for adopting this new standard.

MFRS 101 Presentation of Financial Statements - Disclosure Initiative (Amendments to MFRS 101)

The amendments are part of a major initiative to improve disclosure requirements in MFRS financial statements. These amendments include narrow-focus improvements in five areas as follows:

(i) Materiality

The amendments clarify that an entity must not reduce the understandability of its financial statements by obscuring material information with immaterial information or by aggregating material items that have different natures or functions. It also re-emphasises that, when a standard requires a specific disclosure, the information must be assessed to determine whether it is material and, consequently, whether presentation or disclosure of that information is warranted.

(ii) Disaggregation and subtotals

The amendments clarify that specific line items in the statements of profit or loss and other comprehensive income and statement of financial position may be disaggregated.

It also introduces requirements for how an entity should present additional subtotals (in addition to those already required in MFRS) in the statements of profit or loss and other comprehensive income and statement of financial position, where the additional subtotals must:

- be comprised of line items made up of amounts recognised and measured in accordance with MFRS;
- be presented and labelled in a manner that makes the line items that constitute the subtotal clear and understandable;
- be consistent from period to period; and
- not be displayed with more prominence than the subtotals and totals currently required in MFRS for the statement of financial position or statements of profit or loss and other comprehensive income.

For additional subtotals presented in the statements of profit or loss and other comprehensive income, an entity must present the line items that reconcile any such subtotals with the subtotals or totals currently required in MFRS for such statements.

(iii) Notes structure

The amendments clarify that entities have flexibility as to the order in which they present the notes to financial statements, but also emphasise that understandability and comparability should be considered when deciding on that order.

Examples of systematic ordering or groupings of the notes include:

- Giving prominence to the areas of its activities that the entity considers to be most relevant to an understanding of its financial performance and financial position;
- Grouping together information about items measured similarly, such as assets measured at fair value; or
- Following the order of the line items in statements of profit or loss and other comprehensive income and statement of financial position, similar to the order listed in current paragraph 114 of MFRS 101.

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A1. Basis of Preparation (cont'd.)

Standards and annual improvements to standards issued but not yet effective (cont'd.)

The following are standards and annual improvements to standards issued by Malaysian Accounting Standards Board ("MASB"), but not yet effective, up to the date of issuance of the Group's and the Bank's financial statements. The Group and the Bank intend to adopt these standards and annual improvements to standards, if applicable, when they become effective (cont'd.):

MFRS 101 Presentation of Financial Statements - Disclosure Initiative (Amendments to MFRS 101) (cont'd.)

The amendments are part of a major initiative to improve disclosure requirements in MFRS financial statements. These amendments include narrow-focus improvements in five areas as follows (cont'd.):

(iv) Disclosure of accounting policies

The amendments remove the examples of significant accounting policies in the current paragraph 20 of MFRS 101, i.e. the income taxes accounting policy and the foreign currency accounting policy, as these were considered unhelpful in illustrating what significant accounting policies could be.

(v) Presentation of items of Other Comprehensive Income ("OCI") arising from equity accounted investments.

The amendments clarify that the share of OCI of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, classified between those items that will or will not be subsequently reclassified to profit or loss.

The amendments are applicable for annual periods beginning on or after 1 January 2016, with early application is permitted. The Group and the Bank do not anticipate significant impact to the financial statements upon adoption of the amendments.

MFRS 116 Property, Plant and Equipment - Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to MFRS 116) and MFRS 138 Intangible Assets - Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to MFRS 138)

The amendments clarify the principle in MFRS 116 and MFRS 138 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets. The amendments are effective prospectively for annual periods beginning on or after 1 January 2016, with early adoption permitted. The Group and the Bank do not anticipate any financial impact to the financial statements upon adoption of the amendments as the Group and the Bank have not used a revenue-based method to depreciate the non-current assets.

MFRS 116 Property, Plant and Equipment - Agriculture: Bearer Plants (Amendments to MFRS 116) and MFRS 141 Agriculture - Agriculture: Bearer Plants (Amendments to MFRS 141)

The amendments change the accounting requirements for biological assets that meet the definition of bearer plants. Under the amendments, biological assets that meet the definition of bearer plants will no longer be within the scope of MFRS 141. Instead, MFRS 116 will apply. After initial recognition, bearer plants will be measured under MFRS 116 at accumulated cost (before maturity) and using either the cost model or revaluation model (after maturity). The amendments also require that produce that grows on bearer plants will remain in the scope of MFRS 141 measured at fair value less costs to sell. For government grants related to bearer plants, MFRS 120 *Accounting for Government Grants and Disclosure of Government Assistance* will apply. The amendments are retrospectively effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments are not applicable to the Group and the Bank.

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

The amendments to MFRS 119 requires an entity to consider contributions from employees or third parties when accounting for defined benefit plans. Where the contributions are linked to service, they should be attributed to periods of service as a negative benefit. These amendments clarify that, if the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction in the service cost in the period in which the related service is rendered, instead of attributing the contributions to the periods of service. The amendments are effective for annual periods beginning on or after 1 July 2014. The Group does not anticipate significant financial impact to the financial statements upon adoption of the amendments.

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A1. Basis of Preparation (cont'd.)

Standards and annual improvements to standards issued but not yet effective (cont'd.)

The following are standards and annual improvements to standards issued by Malaysian Accounting Standards Board ("MASB"), but not yet effective, up to the date of issuance of the Group's and the Bank's financial statements. The Group and the Bank intend to adopt these standards and annual improvements to standards, if applicable, when they become effective (cont'd.):

MFRS 127 *Separate Financial Statements - Equity Method in Separate Financial Statements (Amendments to MFRS 127)*

The amendments will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. Entities already applying MFRS and electing to change to the equity method in its separate financial statements will have to apply that change retrospectively. For first-time adopters of MFRS electing to use the equity method in its separate financial statements, they will be required to apply this method from the date of transition to MFRS. The amendments are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments will not have any impact on the Group's consolidated financial statements and the Bank does not anticipate significant financial impact to the financial statements upon adoption of the amendments.

Annual Improvements to MFRSs

- (a) The following amendments are effective for annual periods beginning on or after 1 July 2014 with early application is permitted:

Annual Improvements to MFRSs 2010 - 2012 Cycle

(i) MFRS 2 *Share-based Payment*

This improvement is applied prospectively and clarifies various issues relating to the definitions of performance and service conditions which are vesting conditions, including:

- A performance condition must contain a service condition;
- A performance target must be met while the counterparty is rendering service;
- A performance target may relate to the operations or activities of an entity, or to those of another entity in the same group;
- A performance condition may be a market or non-market condition;
- If the counterparty, regardless of the reason, ceases to provide service during the vesting period, the service condition is not satisfied.

The amendment is effective for share-based payment transactions for which the grant date is on or after 1 July 2014.

(ii) MFRS 3 *Business Combinations*

The amendment to MFRS 3 is applied prospectively and it clarifies that when contingent consideration meets the definition of financial instrument, its classification as a liability or equity is determined by reference to MFRS 132 *Financial Instruments: Presentation*. The amendment also clarifies that contingent consideration that is classified as an asset or a liability should be subsequently measured at fair value through profit or loss at each reporting date (whether or not they fall within the scope of MFRS 9 or MFRS 139, as applicable) and changes in fair value should be recognised in the income statements.

The amendment is effective for business combination for which the acquisition date is on or after 1 July 2014.

(iii) MFRS 8 *Operating Segments*

The amendment to MFRS 8 is applied retrospectively and clarifies that:-

- An entity must disclose the judgements made by management in applying the aggregation criteria in paragraph 12 of MFRS 8, including a brief description of operating segments that have been aggregated and the economic characteristics (e.g., sales and gross margins) used to assess whether the segments are 'similar'; and
- The reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker, similar to the required disclosure for segment liabilities.

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A1. Basis of Preparation (cont'd.)

Standards and annual improvements to standards issued but not yet effective (cont'd.)

The following are standards and annual improvements to standards issued by Malaysian Accounting Standards Board ("MASB"), but not yet effective, up to the date of issuance of the Group's and the Bank's financial statements. The Group and the Bank intend to adopt these standards and annual improvements to standards, if applicable, when they become effective (cont'd.):

Annual Improvements to MFRS (cont'd.)

- (a) The following amendments are effective for annual periods beginning on or after 1 July 2014 with early application is permitted (cont'd.):

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

(iv) MFRS 13 *Fair Value Measurement*

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

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

The amendments are applied retrospectively and clarify that the asset may be revalued by reference to observable data on either the gross or the net carrying amount. In addition, the accumulated depreciation or amortisation is the difference between the gross carrying amount and the carrying amount of the asset after taking into account accumulated impairment losses.

(vi) MFRS 124 *Related Party Disclosures*

The amendment to MFRS 124 is applied retrospectively and clarifies that a management entity (an entity that provides key management personnel services) is a related party and subject to the related party disclosures. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services.

Annual Improvements to MFRSs 2011 - 2013 Cycle

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

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

(ii) MFRS 3 *Business Combinations*

The amendment to MFRS 3 is applied prospectively and clarifies for the scope exceptions within MFRS 3 that:

- Joint arrangements, not just joint ventures, are outside the scope of MFRS 3; and
- This scope exception applies only to the accounting in the financial statements of the joint arrangement itself.

(iii) MFRS 13 *Fair Value Measurement*

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

(iv) MFRS 140 *Investment Property*

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

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A1. Basis of Preparation (cont'd.)

Standards and annual improvements to standards issued but not yet effective (cont'd.)

The following are standards and annual improvements to standards issued by Malaysian Accounting Standards Board ("MASB"), but not yet effective, up to the date of issuance of the Group's and the Bank's financial statements. The Group and the Bank intend to adopt these standards and annual improvements to standards, if applicable, when they become effective (cont'd.):

Annual Improvements to MFRSs (cont'd.)

- (b) The following amendments are effective for annual periods beginning on or after 1 January 2016 with early application is permitted:

Annual Improvements to MFRSs 2012–2014 Cycle

(i) MFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*

The amendment to MFRS 5 is applied prospectively and it clarifies that changing of disposal methods from held for sale to distribution to owners or vice versa should not be considered as a new plan of disposal, rather it is a continuation of the original plan. It also clarifies that changing of the disposal method does not change the date of classification which means the sale or distribution to owner must be completed within one year from the original date of classification.

(ii) MFRS 7 *Financial Instruments: Disclosures*

Servicing Contracts

An entity is required to provide disclosures for any continuing involvement in a transferred asset that is derecognised in its entirety. The amendment clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An entity is required to assess the nature of the fee and arrangement against the guidance for continuing involvement in MFRS 7 in order to assess whether the disclosures are required. The amendment is applied retrospectively. However, the required disclosures would not need to be provided for any period beginning before the annual period in which the entity first applies the amendment.

Applicability of the amendments to MFRS 7 to condensed interim financial statements

The amendment is applied retrospectively and it removes the phrase "and interim periods within those annual periods" from paragraph 44R, clarifying that the disclosures on offsetting of financial assets and financial liabilities are not required in the condensed interim financial statements.

(iii) MFRS 119 *Employee Benefits*

The amendment to MFRS 119 clarifies that market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. When there is no deep market for high quality corporate bonds in that currency, government bonds denominated in that currency must be used.

(iv) MFRS 134 *Interim Financial Reporting*

The amendment to MFRS 134 is applied retrospectively and it clarifies the meaning of 'elsewhere in the interim financial report'. It states that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the greater interim financial report (e.g. in the management commentary or risk report). The other information within the interim financial report must be available to users on the same terms as the interim financial statements and at the same time.

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

A2. Significant Accounting Policies

The audited annual 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 audited condensed financial statements are consistent with those of the audited annual financial statements for the financial year ended 31 December 2013.

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A3. Significant Accounting Estimates and Judgements

The preparation of audited condensed financial statements requires management to make judgements, 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 judgements are based on management's best knowledge of current events and actions, actual results may differ.

In preparing these audited condensed financial statements, the significant judgements 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 annual financial statements for the financial year ended 31 December 2013.

A4. Auditors' Report on Preceding Audited 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 during the fourth quarter and 12 months financial year ended 31 December 2014.

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

During the fourth quarter and 12 months financial year ended 31 December 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 fourth quarter and 12 months financial year ended 31 December 2014.

A8. Changes in Debt and Equity Securities

(i) The following are the changes in debt and equity securities that were issued and redeemed by the Group and by the Bank during the fourth quarter and 12 months financial year ended 31 December 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 RM9,319,029,941 as at 31 December 2014 via:

- (A) issuance of 58,680,500 new ordinary shares of RM1.00 each, to eligible employees who exercised their options under the current Maybank Group Employees' Share Scheme ("ESS") which commenced on 23 June 2011, for a period of 7 years;
- (B) issuance of 2,831,509 new ordinary shares of RM1.00 each, to eligible employees under the Restricted Share Unit ("RSU") which is part of the current Maybank Group ESS;
- (C) issuance of 299,533 new ordinary shares of RM1.00 each, to eligible employees under the Supplemental Restricted Share Unit ("SRSU") which is part of the current Maybank Group ESS;
- (D) issuance of 229,810,271 new ordinary shares (including 371,620 new ordinary shares issued to ESOS Trust Fund ("ETF") Pool) of RM1.00 each arising from the Dividend Reinvestment Plan ("DRP") relating to electable portion of the final dividend of 27 sen in respect of the financial year ended 31 December 2013; and
- (E) issuance of 165,329,047 new ordinary shares (including 272,905 new ordinary shares issued to ESOS Trust Fund ("ETF") Pool) of RM1.00 each arising from the DRP relating to electable portion of the interim dividend of 20 sen in respect of the financial year ended 31 December 2014.

(b) **Issuance/redemption of bonds by subsidiaries of PT Bank Internasional Indonesia Tbk**

- (A) 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 RM98.4 million). The Bonds issued on 4 March 2011 under Bonds V WOM Finance Year 2011 With Fixed Interest Rate.

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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 and redeemed by the Group and by the Bank during the fourth quarter and 12 months financial year ended 31 December 2014:

(b) Issuance/redemption of bonds by subsidiaries of PT Bank Internasional Indonesia Tbk (cont'd.)

(B) On 25 June 2014, PT Wahana Ottomitra Multiartha Tbk, a subsidiary of PT Bank Internasional Indonesia Tbk, which in turn an indirect subsidiary of Maybank, had issued Shelf Bonds I Tranche I Series A of IDR397 billion (equivalent to RM106.7 million). The Bond is under Shelf Bonds I WOM Finance Tranche I Year 2014 With Fixed Interest Rate.

(C) On 25 June 2014, PT Wahana Ottomitra Multiartha Tbk, a subsidiary of PT Bank Internasional Indonesia Tbk, which in turn an indirect subsidiary of Maybank, had issued Shelf Bonds I Tranche I Series B of IDR203 billion (equivalent to RM54.6 million). The Bond is under Shelf Bonds I WOM Finance Tranche I Year 2014 With Fixed Interest Rate.

(D) Issuance of IDR1.5 trillion Subordinated Bond under Shelf Subordinated Bonds II Bank BII Tranche I Year 2014

On 8 July 2014, PT Bank Internasional Indonesia Tbk, an indirect subsidiary of Maybank, had issued Subordinated Bond of IDR1.5 trillion under Shelf Subordinated Bonds II Bank BII Tranche I Year 2014.

(E) Issuance of IDR300 billion Sukuk Mudharabah under Shelf Sukuk Mudharabah I Bank BII Tranche I Year 2014

On 8 July 2014, PT Bank Internasional Indonesia Tbk, an indirect subsidiary of Maybank, had issued Sukuk Mudharabah of IDR300 billion under Shelf Sukuk Mudharabah I Bank BII Tranche I Year 2014.

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

(A) On 28 January 2014, Maybank Kim Eng Holdings Limited, an indirect subsidiary of Maybank, redeemed medium term notes amounting to SGD100 million (equivalent to RM257.0 million) under its SGD800 million Multicurrency Medium Term Note Programme.

(B) On 28 May 2014, Maybank Kim Eng Securities Pte. Ltd., an indirect subsidiary of Maybank, redeemed medium term notes amounting to SGD50 million (equivalent to RM128.5 million) under its SGD800 million Multicurrency Medium Term Note Programme.

(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.

(f) 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.

(g) 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.

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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 and redeemed by the Group and by the Bank during the fourth quarter and 12 months financial year ended 31 December 2014:

(h) **Redemption of USD500.0 million Senior Notes under the USD2.0 billion Multicurrency Medium Term Note Programme**

On 8 May 2014, Maybank fully redeemed the USD500.0 million Senior Notes. The Senior Notes were issued on 8 May 2012.

(i) **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.

(j) **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.

(k) **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.

(l) **Issuance of Tier-2 Capital Subordinated Sukuk Musharakah of RM300.0 million in nominal value by Etiqa Takaful Berhad**

On 30 May 2014, Etiqa Takaful Berhad, an indirect subsidiary of Maybank, had completed the issuance of its Tier-2 Capital Subordinated Sukuk Musharakah of RM300.0 million in nominal value with a tenure of 10 years on a 10 non-callable 5 basis.

(m) **Issuance of USD45.0 million Senior Fixed Rate Notes in nominal value pursuant to the USD5.0 billion Multicurrency Medium Term Note Programme**

On 18 June 2014, Maybank had completed the issuance of USD45.0 million Senior Fixed Rate Notes in nominal value with a tenure of 15 years under the USD5.0 billion Multicurrency Medium Term Note Programme.

(n) **Issuance of HKD284.0 million Senior Fixed Rate Notes in nominal value pursuant to the USD5.0 billion Multicurrency Medium Term Note Programme**

On 27 June 2014, Maybank had completed the issuance of HKD284.0 million Senior Fixed Rate Notes in nominal value with a tenure of 5 years under the USD5.0 billion Multicurrency Medium Term Note Programme.

(o) **Issuance of HKD707.0 million Senior Fixed Rate Notes in nominal value pursuant to the USD5.0 billion Multicurrency Medium Term Note Programme**

On 15 August 2014, Maybank had completed the issuance of HKD707.0 million Senior Fixed Rate Notes in nominal value with a tenure of 10 years under the USD5.0 billion Multicurrency Medium Term Note Programme.

(p) **Issuance of JPY20.0 billion Senior Fixed Rate Notes in nominal value pursuant to the USD5.0 billion Multicurrency Medium Term Note Programme**

On 21 August 2014, Maybank had completed the issuance of JPY20.0 billion Senior Fixed Rate Notes in nominal value with a tenure of 5 years under the USD5.0 billion Multicurrency Medium Term Note Programme.

(q) **Issuance of Tier 1 Capital Securities ("AT1CS") of RM3.5 billion in nominal value pursuant to the AT1CS Programme of up to RM10.0 billion and/or its foreign currency equivalent in nominal value ("AT1CS Programme")**

On 10 September 2014, Maybank had completed the issuance of Basel III-compliant AT1CS of RM3.5 billion in nominal value with a tenure of Perpetual Non-Callable 5 years pursuant to the AT1CS Programme established on 19 August 2014.

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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 and redeemed by the Group and by the Bank during the fourth quarter and 12 months financial year ended 31 December 2014:

(r) **Partial Redemption of Non-Innovative Tier 1 Capital of RM3.437 billion in nominal value**

On 10 September 2014, Maybank had completed a partial redemption of Non-Innovative Tier 1 Capital of RM3.437 billion in nominal value comprising Non-Cumulative Perpetual Capital Securities ("NCPCS") which are stapled to Subordinated Notes issued by Cekap Mentari Berhad, a wholly-owned subsidiary of Maybank.

(s) **Issuance of HKD310.0 million Senior Fixed Rate Notes in nominal value pursuant to the USD5.0 billion Multicurrency Medium Term Note Programme**

On 10 November 2014, Maybank had completed the issuance of HKD310.0 million Senior Fixed Rate Notes in nominal value with a tenure of 5 years under the USD5.0 billion Multicurrency Medium Term Note Programme.

(t) **Issuance of USD500.0 million 30 years Callable Zero Coupon Notes pursuant to the USD5.0 billion Multicurrency Medium Term Note Programme**

On 28 November 2014, Maybank had completed the issuance of USD500.0 million 30 years Callable Zero Coupon Notes under the USD5.0 billion Multicurrency Medium Term Note Programme.

(u) **Issuance of CNH200.0 million 1.5Y Fixed Rate Note pursuant to the USD5.0 billion Multicurrency Medium Term Note Programme**

On 19 December 2014, Maybank had completed the issuance of CNH200.0 million 1.5Y Fixed Rate Note with a tenure of 1.5 years under the USD5.0 billion Multicurrency Medium Term Note Programme.

(v) **Repayment of USD700.0 million Syndicated Term Loan Facility**

On 29 December 2014, Maybank had early repaid its USD700.0 million syndicated term loan facility.

(w) **Drawdown of USD700.0 million Term Loan Facility**

On 29 December 2014, Maybank had secured a USD700.0 million new term loan facility with a tenure of 15 months.

(ii) The following are the changes in debt securities that were issued by the Bank subsequent to the fourth quarter and 12 months financial year ended 31 December 2014 and have not been reflected in the financial statements for the fourth quarter and 12 months financial year ended 31 December 2014:

(a) **SGD600.0 million 6% Capital Securities Callable with Step-Up in 2018 Issued by the Bank pursuant to its RM4.0 billion Innovative Tier 1 Capital Securities Programme ("IT1CS")**

On 21 January 2015, Maybank had purchased SGD78.0 million out of the SGD600.0 million IT1CS through a private treaty arrangement. The SGD78.0 million IT1CS bought back will be cancelled.

(b) **Issuance of USD50.0 million Floating Rate Note pursuant to the USD5.0 billion Multicurrency Medium Term Note Programme**

On 29 January 2015, Maybank had completed the issuance of USD50.0 million Floating Rate Note with a tenure of 1.5 years under the USD5.0 billion Multicurrency Medium Term Note Programme.

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

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A9. Dividends Paid

Dividends paid during the 12 months financial year ended 31 December 2014 are as follows:

- (a) 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 on 8,870,196,423 ordinary shares of RM1.00 each, amounting to a net dividend paid of RM2,749,760,891 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 where the electable portion could be elected to be reinvested in new Maybank shares in accordance with the Dividend Reinvestment Plan ("DRP").

The payment date for cash dividends and crediting of ordinary shares under the DRP was completed on 30 May 2014.

- (b) A single-tier interim dividend, in respect of the financial year ended 31 December 2014 of 24 sen per ordinary share, was declared by the Bank on 28 August 2014.

The dividend consists of 4 sen to be paid in cash amounting to RM366,028,316 and an electable portion of 20 sen amounting to RM1,830,141,579 which can be elected to be reinvested in new ordinary shares in accordance with the DRP.

The payment date for cash dividends and crediting of shares under DRP was completed on 28 October 2014.

- (c) Dividends paid by Maybank's subsidiaries to non-controlling interest amounting to RM198,202,000 during the 12 months financial year ended 31 December 2014.

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A10. Financial Investments Portfolio

	Note	Group		Bank	
		31 December 2014 RM'000	31 December 2013 RM'000	31 December 2014 RM'000	31 December 2013 RM'000
Financial assets at fair value through profit or loss	(i)	23,705,323	19,166,565	9,425,390	5,546,091
Financial investments available-for-sale	(ii)	82,630,704	82,836,922	73,630,705	64,532,797
Financial investments held-to-maturity	(iii)	9,574,538	5,668,174	9,100,155	5,354,097
		115,910,565	107,671,661	92,156,250	75,432,985

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

	Group		Bank	
	31 December 2014 RM'000	31 December 2013 RM'000	31 December 2014 RM'000	31 December 2013 RM'000
(a) Financial assets designated upon initial recognition	11,235,695	11,177,612	-	-
(b) Financial assets held-for-trading	12,469,628	7,988,953	9,425,390	5,546,091
	23,705,323	19,166,565	9,425,390	5,546,091

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

	Group		Bank	
	31 December 2014 RM'000	31 December 2013 RM'000	31 December 2014 RM'000	31 December 2013 RM'000
At fair value				
Money market instruments:				
Malaysian Government Securities	143,255	284,447	-	-
Malaysian Government Investment Issues	477,627	1,048,283	-	-
Negotiable Islamic Certificates of Deposits	241,010	237,013	-	-
Foreign Government Securities	1,212	-	-	-
	863,104	1,569,743	-	-
Unquoted securities:				
Foreign private and Islamic debt securities	158,179	-	-	-
Private and Islamic debt securities in Malaysia	10,041,991	9,375,999	-	-
Structured deposits	172,421	231,870	-	-
	10,372,591	9,607,869	-	-
Total financial assets designated upon initial recognition	11,235,695	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 December 2014 RM'000	31 December 2013 RM'000	31 December 2014 RM'000	31 December 2013 RM'000
At fair value				
Money market instruments:				
Malaysian Government Securities	283,831	545,022	272,059	545,022
Malaysian Government Investment Issues	63,001	233,270	-	20,292
Negotiable instruments of deposits	14,026	15,238	41,097	-
Foreign Government Securities	1,326,126	418,568	1,221,189	261,875
Malaysian Government Treasury Bills	155,055	9,701	155,055	9,701
Bank Negara Malaysia Bills and Notes	3,361,824	2,096,486	3,361,824	2,096,486
Bank Negara Malaysia Monetary Notes	2,232,015	1,121,248	1,026,617	797,797
Foreign Government Treasury Bills	122,860	1,127	122,860	1,127
Khazanah Bonds	-	44,950	-	44,950
Cagamas Bonds	-	10,128	-	10,128
	7,558,738	4,495,738	6,200,701	3,787,378
Quoted securities:				
In Malaysia:				
Shares, warrants, trust units and loan stocks	651,809	476,290	-	-
Private and Islamic Debt Securities	9,008	12,550	9,008	12,550
Outside Malaysia:				
Shares, warrants, trust units and loan stocks	674,598	158,774	-	-
	1,335,415	647,614	9,008	12,550
Unquoted securities:				
Foreign private and Islamic debt securities	828,552	661,092	1,418,725	487,645
Private and Islamic debt securities in Malaysia	778,073	1,403,640	407,083	1,054,223
Foreign Government Bonds	1,397,132	204,295	1,389,873	204,295
Credit linked note	388,230	386,954	-	-
Structured deposits	183,488	189,620	-	-
	3,575,475	2,845,601	3,215,681	1,746,163
Total financial assets held- for-trading	12,469,628	7,988,953	9,425,390	5,546,091

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A10. Financial Investments Portfolio (cont'd.)

(ii) Financial investments available-for-sale

	Group		Bank	
	31 December 2014 RM'000	31 December 2013 RM'000	31 December 2014 RM'000	31 December 2013 RM'000
At fair value				
Money market instruments:				
Malaysian Government Securities	5,408,214	5,376,329	5,397,916	5,334,570
Malaysian Government Investment Issues	13,121,165	12,873,722	8,241,282	7,304,355
Negotiable instruments of deposits	2,872,883	2,973,885	11,925,585	3,991,945
Foreign Government Securities	5,912,940	7,088,643	3,545,709	4,198,384
Malaysian Government Treasury Bills	-	28,153	-	28,153
Foreign Government Treasury Bills	9,926,497	8,464,589	9,926,497	8,464,589
Khazanah Bonds	2,144,817	1,764,019	2,079,790	1,664,091
Cagamas Bonds	257,795	335,958	257,795	335,958
Bankers' acceptances and Islamic accepted bills	807,490	1,782,763	807,490	1,756,523
Foreign Certificate of Deposits	34,462	32,292	34,462	32,292
	40,486,263	40,720,353	42,216,526	33,110,860
Quoted securities:				
In Malaysia:				
Shares, warrants, trust units and loan stocks	3,525,946	2,748,746	139,515	163,080
Outside Malaysia:				
Shares, warrants, trust units and loan stocks	150,768	272,416	1,874	8,112
Private and Islamic debt securities	3,856	-	-	-
	3,680,570	3,021,162	141,389	171,192
At fair value, or at cost for certain unquoted equity instruments, less accumulated impairment losses				
Unquoted securities:				
Shares, trust units and loan stocks in Malaysia	364,848	554,033	198,617	301,856
Shares, trust units and loan stocks outside Malaysia	19,075	8,247	4,880	6,026
Foreign private and Islamic debt securities	16,316,731	16,072,265	16,068,034	14,697,212
Private and Islamic debt securities in Malaysia	19,026,035	15,826,042	12,344,365	9,945,610
Foreign Government Bonds	1,906,897	5,526,754	1,902,802	5,442,869
Malaysian Government Bonds	829,778	1,049,980	754,092	857,172
Structured deposits	507	58,086	-	-
	38,463,871	39,095,407	31,272,790	31,250,745
Total financial investments available-for-sale	82,630,704	82,836,922	73,630,705	64,532,797

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A10. Financial Investments Portfolio (cont'd.)

(iii) Financial investments held-to-maturity

	Group		Bank	
	31 December 2014 RM'000	31 December 2013 RM'000	31 December 2014 RM'000	31 December 2013 RM'000
At amortised cost less accumulated impairment losses				
Money market instruments:				
Malaysian Government Securities	1,660,142	337,658	1,660,036	337,551
Malaysian Government Investment Issues	2,294,446	1,362,378	2,294,446	1,362,378
Foreign Government Securities	389,890	341,031	-	-
Foreign Government Treasury Bills	415,501	468,262	-	-
Khazanah Bonds	952,620	813,573	952,620	813,573
Foreign Certificates of Deposit	154,688	91,260	-	-
	5,867,287	3,414,162	4,907,102	2,513,502
Unquoted securities:				
Foreign private and Islamic debt securities	153,754	52,121	-	-
Private and Islamic debt securities in Malaysia	3,483,836	2,113,241	4,169,448	2,795,425
Foreign Government Bonds	90,181	122,425	26,438	62,220
Others	2,044	2,044	2,044	2,044
	3,729,815	2,289,831	4,197,930	2,859,689
Accumulated impairment losses	(22,564)	(35,819)	(4,877)	(19,094)
Total financial investments held-to-maturity	9,574,538	5,668,174	9,100,155	5,354,097

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A11. Loans, Advances and Financing

	Group		Bank	
	31 December 2014 RM'000	31 December 2013 RM'000	31 December 2014 RM'000	31 December 2013 RM'000
Overdrafts/cashline	18,138,149	17,765,336	10,945,779	10,935,875
Term loans				
- Housing loans/financing	119,889,076	88,740,412	44,672,509	40,332,480
- Syndicated loans/financing	32,855,680	25,671,242	31,601,404	22,323,927
- Hire purchase receivables	56,406,850	52,431,837	19,857,032	22,830,752
- Lease receivables	39,392	20,929	-	3,272
- Other loans/financing	206,684,859	181,341,680	106,823,910	94,617,421
Credit card receivables	7,038,186	6,509,558	5,876,466	5,513,955
Bills receivables	4,601,837	5,216,010	4,495,008	5,135,423
Trust receipts	4,653,912	3,835,055	3,863,025	2,986,724
Claims on customers under acceptance credits	11,250,193	11,310,833	6,381,035	6,890,688
Loans/financing to financial institutions (Note A11(x))	3,717,830	4,337,601	12,416,328	12,105,137
Revolving credits	37,123,629	32,981,166	23,099,870	20,172,891
Staff loans	2,997,192	2,777,136	931,413	1,078,108
Loans to				
- Executive directors of the Bank	103	122	103	122
- Executive directors of subsidiaries	2,136	4,495	152	346
Others	2,943,423	2,673,826	-	-
	<u>508,342,447</u>	435,617,238	<u>270,964,034</u>	244,927,121
Unearned interest and income	<u>(98,870,771)</u>	(74,237,088)	<u>(2,062,021)</u>	(2,568,362)
Gross loans, advances and financing	<u>409,471,676</u>	361,380,150	<u>268,902,013</u>	242,358,759
Allowances for impaired loans, advances and financing				
- Individual allowance	(1,989,856)	(1,939,320)	(1,437,215)	(1,502,010)
- Collective allowance	(3,968,699)	(3,823,303)	(2,940,357)	(2,885,470)
Net loans, advances and financing	<u>403,513,121</u>	<u>355,617,527</u>	<u>264,524,441</u>	<u>237,971,279</u>

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

	Group		Bank	
	31 December 2014 RM'000	31 December 2013 RM'000	31 December 2014 RM'000	31 December 2013 RM'000
Domestic banking institutions	1,666	1,912	8,433,335	7,320,684
Domestic non-banking financial institutions:				
- Stockbroking companies	-	364	-	364
- Others	19,998,134	16,199,389	16,402,458	14,354,628
Domestic business enterprises:				
- Small and medium enterprises	67,993,975	67,988,292	47,097,025	50,143,013
- Others	92,127,010	76,836,223	64,524,510	52,282,888
Government and statutory bodies	9,553,278	8,745,359	2,341,914	2,433,691
Individuals	180,121,112	159,668,593	94,818,974	90,745,812
Other domestic entities	3,371,488	2,408,475	407,566	348,604
Foreign entities	36,305,013	29,531,543	34,876,231	24,729,075
Gross loans, advances and financing	<u>409,471,676</u>	361,380,150	<u>268,902,013</u>	242,358,759

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

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

	Group		Bank	
	31 December 2014 RM'000	31 December 2013 RM'000	31 December 2014 RM'000	31 December 2013 RM'000
Malaysia	244,171,063	224,392,074	144,980,885	145,129,943
Singapore	93,566,023	81,162,326	92,899,424	80,410,679
Indonesia	31,380,558	28,576,749	-	-
Labuan Offshore	13,489,148	6,799,926	11,465,169	1,551,035
Hong Kong SAR	13,257,612	9,310,531	12,919,971	9,126,352
United States of America	1,115,815	954,907	1,115,321	954,445
People's Republic of China	3,048,730	2,796,912	3,048,730	2,796,912
Vietnam	485,113	388,768	365,772	340,355
United Kingdom	1,327,806	1,397,833	1,327,770	1,397,754
Brunei	367,737	318,179	367,737	318,179
Cambodia	1,234,426	895,358	-	-
Bahrain	322,310	287,965	322,310	287,965
The Philippines	3,905,254	2,781,552	-	-
Papua New Guinea	230,485	167,495	-	-
Thailand	1,446,612	1,072,617	-	-
Laos	88,924	45,140	88,924	45,140
Others	34,060	31,818	-	-
Gross loans, advances and financing	409,471,676	361,380,150	268,902,013	242,358,759

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

	Group		Bank	
	31 December 2014 RM'000	31 December 2013 RM'000	31 December 2014 RM'000	31 December 2013 RM'000
Fixed rate:				
- Housing loans/financing	15,987,881	13,906,768	13,762,224	11,221,554
- Hire purchase receivables	49,969,818	46,181,266	18,687,300	21,015,764
- Other fixed rate loans/financing	63,187,850	56,572,652	43,073,166	41,692,920
Variable rate:				
- Base lending rate plus	145,279,666	129,042,645	91,738,308	89,281,956
- Cost plus	55,496,388	48,681,566	49,983,378	43,204,043
- Other variable rates	79,550,073	66,995,253	51,657,637	35,942,522
Gross loans, advances and financing	409,471,676	361,380,150	268,902,013	242,358,759

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

	Group		Bank	
	31 December 2014 RM'000	31 December 2013 RM'000	31 December 2014 RM'000	31 December 2013 RM'000
Purchase of securities	35,534,953	31,545,546	15,765,694	12,824,405
Purchase of transport vehicles	50,806,098	47,901,056	18,081,840	20,865,446
Purchase of landed properties:				
- Residential	75,963,811	65,773,530	52,285,810	48,640,714
- Non-residential	33,489,178	29,271,455	25,708,907	24,169,305
Purchase of fixed assets (excluding landed properties)	4,874,553	4,692,156	4,834,934	4,609,831
Personal use	9,065,147	8,137,882	6,533,709	6,285,258
Credit card	7,180,708	6,717,193	6,025,445	5,726,412
Purchase of consumer durables	136,852	452,606	136,134	451,881
Constructions	15,764,885	13,206,415	11,603,307	9,526,319
Mergers and acquisitions	1,479,670	3,922,495	1,401,701	3,922,495
Working capital	142,597,773	126,731,269	101,740,182	90,334,005
Others	32,578,048	23,028,547	24,784,350	15,002,688
Gross loans, advances and financing	409,471,676	361,380,150	268,902,013	242,358,759

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

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

	Group		Bank	
	31 December 2014 RM'000	31 December 2013 RM'000	31 December 2014 RM'000	31 December 2013 RM'000
Within one year	111,129,455	103,617,415	79,973,150	77,819,709
One year to three years	59,591,260	48,189,831	43,262,972	36,423,888
Three years to five years	45,374,115	50,776,490	33,146,625	35,223,650
After five years	193,376,846	158,796,414	112,519,266	92,891,512
Gross loans, advances and financing	409,471,676	361,380,150	268,902,013	242,358,759

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

	Group		Bank	
	31 December 2014 RM'000	31 December 2013 RM'000	31 December 2014 RM'000	31 December 2013 RM'000
Gross impaired loans, advances and financing at 1 January 2014/2013	5,360,903	5,654,352	3,776,831	4,162,301
Impaired during the year	4,825,540	4,544,843	2,650,307	2,741,528
Reclassified as non-impaired	(1,157,767)	(1,260,300)	(542,225)	(661,304)
Amount recovered	(1,692,643)	(1,840,674)	(1,056,243)	(1,270,299)
Amount written off	(1,087,768)	(1,579,965)	(535,199)	(1,105,782)
Converted to financial investments available-for-sale	(84,500)	(152,544)	(84,500)	(152,544)
Transferred from a subsidiary	-	-	18,366	-
Exchange differences	70,396	(4,809)	22,492	62,931
Gross impaired loans, advances and financing at 31 December 2014/2013	6,234,161	5,360,903	4,249,829	3,776,831
Less: Individual allowance	(1,989,856)	(1,939,320)	(1,437,215)	(1,502,010)
Net impaired loans, advances and financing	4,244,305	3,421,583	2,812,614	2,274,821
Ratio of net impaired loans, advances and financing	1.04%	0.95%	1.05%	0.94%

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

	Group		Bank	
	31 December 2014 RM'000	31 December 2013 RM'000	31 December 2014 RM'000	31 December 2013 RM'000
Purchase of securities	90,425	66,448	34,603	31,499
Purchase of transport vehicles	269,361	227,798	106,169	96,811
Purchase of landed properties:				
- Residential	392,267	454,877	271,851	343,461
- Non-residential	123,213	119,014	77,436	95,277
Purchase of fixed assets (excluding landed properties)	-	346	-	-
Personal use	141,800	120,696	67,409	49,749
Credit card	73,348	76,022	45,948	49,433
Purchase of consumer durables	14	8	6	6
Constructions	1,119,133	197,055	962,682	153,846
Working capital	3,499,917	3,542,034	2,481,390	2,549,415
Others	524,683	556,605	202,335	407,334
Impaired loans, advances and financing	6,234,161	5,360,903	4,249,829	3,776,831

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

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

	Group		Bank	
	31 December 2014 RM'000	31 December 2013 RM'000	31 December 2014 RM'000	31 December 2013 RM'000
Malaysia	4,527,493	3,795,548	3,835,383	3,258,707
Singapore	230,236	243,157	210,755	229,187
Indonesia	1,019,853	797,355	-	-
Labuan Offshore	36,274	46,349	15,169	-
Hong Kong SAR	15,884	17,601	15,884	16,706
United States of America	495	462	-	-
People's Republic of China	8,781	1,598	8,781	1,598
Vietnam	20,510	15,437	20,510	15,437
United Kingdom	126,535	241,583	126,535	241,583
Brunei	11,536	6,567	11,536	6,567
Cambodia	53,607	52,689	-	-
Bahrain	5,276	7,046	5,276	7,046
The Philippines	120,194	80,933	-	-
Papua New Guinea	-	754	-	-
Thailand	27,143	25,478	-	-
Others	30,344	28,346	-	-
Impaired loans, advances and financing	6,234,161	5,360,903	4,249,829	3,776,831

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

	Group		Bank	
	31 December 2014 RM'000	31 December 2013 RM'000	31 December 2014 RM'000	31 December 2013 RM'000
Individual Allowance				
At 1 January 2014/2013	1,939,320	2,228,535	1,502,010	1,719,455
Allowance made	774,901	920,763	350,055	722,580
Amount written back	(235,824)	(324,954)	(198,312)	(270,734)
Amount written off	(507,946)	(872,595)	(239,488)	(678,686)
Transferred from/(to) collective allowance	842	(13,663)	(7,985)	(12,001)
Transferred from a subsidiary	-	-	18,366	-
Exchange differences	18,563	1,234	12,569	21,396
At 31 December 2014/2013	1,989,856	1,939,320	1,437,215	1,502,010

	Group		Bank	
	31 December 2014 RM'000	31 December 2013 RM'000	31 December 2014 RM'000	31 December 2013 RM'000
Collective Allowance				
At 1 January 2014/2013	3,823,303	3,744,994	2,885,470	2,726,849
Allowance made	676,123	845,532	295,219	550,371
Amount written back	-	(37,769)	-	-
Amount written off	(579,822)	(707,370)	(295,711)	(427,096)
Transferred (to)/from individual allowance	(842)	13,663	7,985	12,001
Transferred from a subsidiary	-	-	21,321	-
Exchange differences	49,937	(35,747)	26,073	23,345
At 31 December 2014/2013	3,968,699	3,823,303	2,940,357	2,885,470

As a percentage of total loans less individual allowance (including Regulatory Reserve)	1.04%	1.06%	1.10%	1.20%
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(x) Included in the Bank's loans/financing to financial institutions is financing granted to Maybank Islamic Berhad ("MIB"), a subsidiary of the Bank, under Restricted Profit-Sharing Investment Account ("RPSIA") amounting to RM9,521.9 million (31 December 2013: RM8,336.3 million). The RPSIA is a contract based on the Mudharabah principle between two parties to finance a financing where the Bank acts as the investor who solely provides capital to MIB and whereas 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.

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A12. Other Assets

	Group		
	31 December 2014	31 December 2013 (Restated)	1 January 2013 (Restated)
	RM'000	RM'000	RM'000
Other debtors	7,392,566	6,377,015	4,269,964
Amount due from brokers and clients	2,101,414	1,585,373	2,074,831
Development properties for sale	-	75,251	60,287
Prepayments and deposits	1,023,569	787,472	469,615
Tax recoverable	16,533	27,253	1,070
Foreclosed properties	125,654	90,104	109,610
	10,659,736	8,942,468	6,985,377
		Bank	
	31 December 2014	31 December 2013 (Restated)	1 January 2013 (Restated)
	RM'000	RM'000	RM'000
Other debtors	5,964,158	5,249,491	2,760,216
Prepayments and deposits	488,961	421,354	148,248
Foreclosed properties	35,869	36,029	36,001
	6,488,988	5,706,874	2,944,465

A13. Deposits from Customers

(i) By type of deposit

	Group		Bank	
	31 December 2014	31 December 2013	31 December 2014	31 December 2013
	RM'000	RM'000	RM'000	RM'000
Fixed deposits and negotiable instruments of deposits				
- One year or less	239,932,370	220,782,166	153,969,752	142,237,799
- More than one year	17,185,803	14,760,420	16,402,258	14,075,299
	257,118,173	235,542,586	170,372,010	156,313,098
Money market deposits	22,091,040	14,177,439	22,091,040	14,177,439
Savings deposits	59,282,330	56,735,219	40,685,239	39,300,089
Demand deposits	95,565,804	86,001,254	69,023,934	61,212,708
Structured deposits *	5,512,037	3,154,312	4,766,749	2,667,046
	439,569,384	395,610,810	306,938,972	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 December 2014	31 December 2013	31 December 2014	31 December 2013
	RM'000	RM'000	RM'000	RM'000
Business enterprises	197,053,516	183,775,722	144,105,454	128,843,008
Individuals	180,008,070	162,631,813	136,944,899	125,901,762
Government and statutory bodies	25,405,709	17,908,268	9,782,117	5,464,782
Others	37,102,089	31,295,007	16,106,502	13,460,828
	439,569,384	395,610,810	306,938,972	273,670,380

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A13. Deposits from Customers (cont'd.)

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

	Group		Bank	
	31 December 2014 RM'000	31 December 2013 RM'000	31 December 2014 RM'000	31 December 2013 RM'000
Within six months	197,389,967	176,430,070	120,140,244	111,663,342
Six months to one year	42,542,403	44,352,096	33,829,508	30,574,457
One year to three years	16,692,031	14,272,102	16,340,185	13,954,438
Three years to five years	493,772	488,318	62,073	120,861
	257,118,173	235,542,586	170,372,010	156,313,098

A14. Deposits and Placements from Financial Institutions

	Group		Bank	
	31 December 2014 RM'000	31 December 2013 RM'000	31 December 2014 RM'000	31 December 2013 RM'000
Licensed banks	53,954,068	38,230,867	44,877,881	34,285,883
Licensed finance companies	465,563	405,180	228,000	239,360
Licensed investment banks	290,215	66,778	290,215	66,778
Other financial institutions	2,677,552	3,436,256	2,104,088	2,990,556
	57,387,398	42,139,081	47,500,184	37,582,577

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

	Group		Bank	
	31 December 2014 RM'000	31 December 2013 RM'000	31 December 2014 RM'000	31 December 2013 RM'000
One year or less	56,205,468	39,547,359	46,323,458	35,105,495
More than one year	1,181,930	2,591,722	1,176,726	2,477,082
	57,387,398	42,139,081	47,500,184	37,582,577

A15. Borrowings, Subordinated Obligations and Capital Securities

	Group		Bank	
	31 December 2014 RM'000	31 December 2013 RM'000	31 December 2014 RM'000	31 December 2013 RM'000
(i) Borrowings				
Secured				
- Less than one year				
Denominated in:				
- SGD	1,454	-	-	-
- THB	-	259,138	-	-
- PHP	10,111	3,530	-	-
- IDR	846,922	292,697	-	-
- VND	-	1,631	-	-
	858,487	556,996	-	-
- More than one year				
Denominated in:				
- SGD	388,489	383,087	-	-
- PHP	619	914	-	-
- IDR	1,052,950	1,025,832	-	-
	1,442,058	1,409,833	-	-
Total secured borrowings	2,300,545	1,966,829	-	-

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

	Group		Bank	
	31 December 2014 RM'000	31 December 2013 RM'000	31 December 2014 RM'000	31 December 2013 RM'000
(i) Borrowings				
Unsecured				
(a) Borrowings				
- Less than one year				
Denominated in:				
- USD	946,123	325,810	703,075	226,884
- CNY	114,409	215,632	114,409	215,632
- SGD	302,164	220,550	-	-
- THB	775,320	294,834	-	-
- HKD	9,952	-	-	-
- IDR	249,823	217,052	-	-
- VND	4,696	-	-	-
- PHP	13,714	21,626	-	-
	2,416,201	1,295,504	817,484	442,516
- More than one year				
Denominated in:				
- USD	3,443,068	3,337,900	3,443,068	3,337,900
- IDR	626,614	792,754	-	-
- THB	149,211	-	-	-
	4,218,893	4,130,654	3,443,068	3,337,900
(b) Medium Term Notes				
- Less than one year				
Denominated in:				
- USD	4,609	1,641,750	4,609	1,641,750
- HKD	16,116	-	16,116	-
- SGD	-	390,845	-	-
- JPY	4,178	-	4,178	-
- AUD	984	-	984	-
- CNH	132	-	132	-
	26,019	2,032,595	26,019	1,641,750
- More than one year				
Denominated in:				
- USD	4,351,898	1,970,100	4,351,898	1,970,100
- HKD	2,128,399	1,456,623	2,128,399	1,456,623
- JPY	2,807,149	469,500	2,807,149	469,500
- AUD	160,357	-	160,357	-
- CNH	112,438	-	112,438	-
	9,560,241	3,896,223	9,560,241	3,896,223
Total unsecured borrowings	16,221,354	11,354,976	13,846,812	9,318,389
Total borrowings	18,521,899	13,321,805	13,846,812	9,318,389

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

	Group		Bank	
	31 December 2014	31 December 2013	31 December 2014	31 December 2013
	RM'000	RM'000	RM'000	RM'000
(ii) Subordinated Obligations				
Unsecured				
- More than one year				
Denominated in:				
- RM	9,325,035	6,649,102	6,776,549	5,143,014
- USD	2,828,715	2,649,720	2,828,715	2,649,720
- SGD	2,659,314	2,611,684	2,659,314	2,611,684
- IDR	826,993	734,070	-	-
	15,640,057	12,644,576	12,264,578	10,404,418

	Group		Bank	
	31 December 2014	31 December 2013	31 December 2014	31 December 2013
	RM'000	RM'000	RM'000	RM'000
(iii) Capital Securities				
Unsecured				
- More than one year				
Denominated in:				
- RM	4,281,802	4,332,172	4,564,379	4,619,886
- SGD	1,620,681	1,588,737	1,620,681	1,588,737
	5,902,483	5,920,909	6,185,060	6,208,623

A16. Other Liabilities

	Group		
	31 December 2014	31 December 2013 (Restated)	1 January 2013 (Restated)
	RM'000	RM'000	RM'000
Due to brokers and clients	2,231,478	1,509,013	1,915,000
Deposits, other creditors and accruals	8,383,355	6,677,308	7,561,595
Defined benefit pension plans	419,304	356,842	451,737
Provisions for commitments and contingencies	58,695	76,421	100,549
Profit equalisation reserves (IBS operations)	5,157	16,977	59,852
Finance lease liabilities	49,576	85,691	-
	11,147,565	8,722,252	10,088,733
	Bank		
	31 December 2014	31 December 2013 (Restated)	1 January 2013 (Restated)
	RM'000	RM'000	RM'000
Deposits, other creditors and accruals	8,734,808	9,714,009	8,776,457
Provisions for commitments and contingencies	54,749	73,086	100,368
Finance lease liabilities	-	85,691	-
	8,789,557	9,872,786	8,876,825

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A17. Other Reserves

The breakdown and movement of other reserves are as follows:

<===== Non-Distributable =====>						
<u>Group</u>	Capital Reserve RM'000	Revaluation Reserve RM'000	Profit Equalisation Reserve RM'000	Defined Benefit Reserve RM'000	Net Investment Hedge and Cash Flow Hedge Reserve RM'000	Total Other Reserves RM'000
At 1 January 2014	14,254	11,726	34,456	(82,033)	-	(21,597)
Other comprehensive income/(loss)	-	48	-	(6,984)	(67,191)	(74,127)
Defined benefit plan actuarial loss	-	-	-	(6,984)	-	(6,984)
Net loss on net investment hedge	-	-	-	-	(65,567)	(65,567)
Net loss on net cash flow hedge	-	-	-	-	(1,624)	(1,624)
Net gain on revaluation reserve	-	48	-	-	-	48
Total comprehensive income/(loss) for the year	-	48	-	(6,984)	(67,191)	(74,127)
Effect of changes in corporate structure within the Group	(697)	-	-	-	-	(697)
Total transactions with shareholders	(697)	-	-	-	-	(697)
At 31 December 2014	13,557	11,774	34,456	(89,017)	(67,191)	(96,421)

<===== Non-Distributable =====>						
<u>Group</u>	Capital Reserve RM'000	Revaluation Reserve RM'000	Profit Equalisation Reserve RM'000	Defined Benefit Reserve RM'000	Net Investment Hedge and Cash Flow Hedge Reserve RM'000	Total Other Reserves RM'000
At 1 January 2013	14,254	7,986	34,456	(124,322)	-	(67,626)
Other comprehensive income/(loss)	-	3,740	-	42,289	-	46,029
Defined benefit plan actuarial gain	-	-	-	42,289	-	42,289
Net gain on revaluation reserve	-	3,740	-	-	-	3,740
Total comprehensive income for the year	-	3,740	-	42,289	-	46,029
At 31 December 2013	14,254	11,726	34,456	(82,033)	-	(21,597)

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A18. Interest Income

Group	Unaudited 4th Quarter Ended		Audited Cumulative 12 Months Ended	
	31 December 2014 RM'000	31 December 2013 RM'000	31 December 2014 RM'000	31 December 2013 RM'000
Loans, advances and financing	3,580,664	3,277,148	13,676,415	12,913,228
Money at call and deposits and placements with financial institutions	201,889	141,855	572,337	606,921
Financial assets purchased under resale agreements	1,865	2,249	5,908	10,958
Financial assets at FVTPL	203,272	155,978	789,593	675,163
Financial investments available-for-sale	667,552	571,050	2,468,170	2,072,035
Financial investments held-to-maturity	83,130	38,813	276,124	104,637
	<u>4,738,372</u>	<u>4,187,093</u>	<u>17,788,547</u>	<u>16,382,942</u>
Accretion of discounts / (amortisation of premiums), net	44,949	(16,215)	63,141	(76,471)
	<u>4,783,321</u>	<u>4,170,878</u>	<u>17,851,688</u>	<u>16,306,471</u>

Bank	Unaudited 4th Quarter Ended		Audited Cumulative 12 Months Ended	
	31 December 2014 RM'000	31 December 2013 RM'000	31 December 2014 RM'000	31 December 2013 RM'000
Loans, advances and financing	2,559,503	2,355,812	9,856,837	9,189,785
Money at call and deposits and placements with financial institutions	158,399	235,503	645,274	739,917
Financial assets purchased under resale agreements	(80)	220	728	1,809
Financial assets at FVTPL	49,489	17,644	167,832	71,890
Financial investments available-for-sale	547,152	478,314	2,080,018	1,706,857
Financial investments held-to-maturity	93,683	38,423	302,350	101,759
	<u>3,408,146</u>	<u>3,125,916</u>	<u>13,053,039</u>	<u>11,812,017</u>
Accretion of discounts / (amortisation of premiums), net	47,849	(13,510)	70,509	(67,241)
	<u>3,455,995</u>	<u>3,112,406</u>	<u>13,123,548</u>	<u>11,744,776</u>

Included in interest income for the 12 months financial year ended 31 December 2014 was interest on impaired assets amounting to approximately RM210,640,000 (31 December 2013: RM149,347,000) for the Group and RM169,035,000 (31 December 2013: RM117,375,000) for the Bank.

A19. Interest Expense

Group	Unaudited 4th Quarter Ended		Audited Cumulative 12 Months Ended	
	31 December 2014 RM'000	31 December 2013 RM'000	31 December 2014 RM'000	31 December 2013 RM'000
Deposits and placements from financial institutions	158,481	71,643	411,131	280,692
Deposits from customers	1,660,864	1,423,345	6,164,807	5,158,190
Floating rate certificates of deposits	8,079	8,575	34,704	22,645
Loans sold to Cagamas	9,823	-	9,823	-
Borrowings	124,812	107,107	461,035	432,379
Subordinated notes	156,514	119,465	579,182	482,643
Subordinated bonds	8,623	5,205	28,675	35,955
Capital securities	93,325	84,350	384,497	384,562
Net interest on derivatives	120,939	(32,280)	74,131	(75,875)
	<u>2,341,460</u>	<u>1,787,410</u>	<u>8,147,985</u>	<u>6,721,191</u>

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A19. Interest Expense (cont'd.)

	Unaudited		Audited	
	4th Quarter Ended		Cumulative 12 Months Ended	
	31 December 2014 RM'000	31 December 2013 RM'000	31 December 2014 RM'000	31 December 2013 RM'000
Bank				
Deposits and placements from financial institutions	129,229	81,054	394,786	301,250
Deposits from customers	1,244,602	1,058,521	4,511,384	3,872,671
Loans sold to Cagamas	9,823	-	9,823	-
Floating rate certificates of deposits	8,079	8,575	34,704	22,645
Borrowings	44,344	38,131	167,330	152,333
Subordinated notes	124,028	100,227	473,111	391,887
Subordinated bonds	-	-	-	27,762
Capital securities	97,534	101,889	401,192	402,101
Net interest on derivatives	120,527	(22,851)	63,318	(73,664)
	1,778,166	1,365,546	6,055,648	5,096,985

A20. Net Earned Insurance Premiums

	Unaudited		Audited	
	4th Quarter Ended		Cumulative 12 Months Ended	
	31 December 2014 RM'000	31 December 2013 RM'000	31 December 2014 RM'000	31 December 2013 RM'000
Group				
Gross earned premiums	1,291,638	984,573	4,947,944	4,927,794
Premiums ceded to reinsurers	(264,738)	(118,458)	(1,001,876)	(986,448)
Total net earned premiums	1,026,900	866,115	3,946,068	3,941,346

A21. Dividends from Subsidiaries and Associates

	Unaudited		Audited	
	4th Quarter Ended		Cumulative 12 Months Ended	
	31 December 2014 RM'000	31 December 2013 RM'000	31 December 2014 RM'000	31 December 2013 RM'000
Bank				
Gross dividend income from:				
Subsidiaries	147,028	536,100	1,747,040	990,434
Associates	-	-	3,572	9,641
	147,028	536,100	1,750,612	1,000,075

A22. Other Operating Income

	Unaudited		Audited	
	4th Quarter Ended		Cumulative 12 Months Ended	
	31 December 2014 RM'000	31 December 2013 RM'000	31 December 2014 RM'000	31 December 2013 RM'000
Group				
(a) Fee income:				
Commission	280,097	241,597	1,060,288	941,806
Service charges and fees	479,655	423,474	1,433,438	1,365,211
Underwriting fees	25,743	56,776	117,289	125,120
Brokerage income	187,241	149,682	672,653	762,630
Fees on loans, advances and financing	93,242	97,152	426,866	349,140
	1,065,978	968,681	3,710,534	3,543,907

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A22. Other Operating Income (cont'd.)

Group (cont'd.)	Unaudited		Audited	
	4th Quarter Ended		Cumulative 12 Months Ended	
	31 December	31 December	31 December	31 December
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
(b) Investment income:				
Net gain on disposal of financial assets at FVTPL	78,487	61,451	206,996	281,508
Net gain on disposal of financial investments available-for-sale	147,402	95,382	659,809	917,780
Net gain/(loss) on redemption of financial investments held-to-maturity	279	-	304	(1)
Net gain/(loss) on disposal and liquidation of subsidiaries	26,214	(9,338)	26,120	(9,338)
Net gain on disposal of associates	222	-	222	-
	252,604	147,495	893,451	1,189,949
(c) Gross dividend income from financial investments portfolio	42,638	20,694	118,717	101,790
(d) Unrealised gain/(loss) on revaluation of:				
Financial assets at FVTPL				
- Designated upon initial recognition	16,907	(163,239)	48,681	(504,990)
- Held-for-trading	(69,201)	15,382	(23,668)	14,131
Derivatives	(185,275)	10,906	(82,350)	(452,145)
	(237,569)	(136,951)	(57,337)	(943,004)
(e) Other income:				
Foreign exchange gain, net	302,432	240,347	587,629	1,732,308
Rental income	10,783	11,062	42,182	38,153
Gain on disposal of property, plant and equipment	18,946	4,083	20,945	4,303
Gain on disposal of foreclosed properties	3,228	16,487	6,105	25,470
Sale of development properties	2,201	930	9,110	3,287
Others	86,062	54,549	209,103	185,899
	423,652	327,458	875,074	1,989,420
Total other operating income	1,547,303	1,327,377	5,540,439	5,882,062
Bank	Unaudited		Audited	
	4th Quarter Ended		Cumulative 12 Months Ended	
	31 December	31 December	31 December	31 December
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
(a) Fee income:				
Commission	242,238	209,379	930,063	820,187
Service charges and fees	322,357	261,568	1,030,140	986,170
Underwriting fees	8,536	17,434	44,307	60,344
Brokerage income	15	16	52	109
Fees on loans, advances and financing	50,704	53,119	258,995	150,718
	623,850	541,516	2,263,557	2,017,528
(b) Investment income:				
Net gain on disposal of financial assets at FVTPL	70,726	12,909	139,922	137,636
Net gain on disposal of financial investments available-for-sale	73,664	15,667	180,089	306,577
Net gain/(loss) on redemption of financial investments held-to-maturity	279	-	304	(1)
Net gain on disposal/liquidation of subsidiaries	24	484	14	1,184
Gain on liquidation of an associate	4,753	-	8,284	24,667
	149,446	29,060	328,613	470,063

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A22. Other Operating Income (cont'd.)

	Unaudited		Audited	
	4th Quarter Ended 31 December 2014 RM'000	31 December 2013 RM'000	Cumulative 12 Months Ended 31 December 2014 RM'000	31 December 2013 RM'000
Bank (cont'd.)				
(c) Gross dividend income from: Financial investments portfolio	7,060	1,110	12,183	8,519
(d) Unrealised gain/(loss) on revaluation of: Financial assets at FVTPL - Held-for-trading	14,364	5,140	15,937	(17,755)
Derivatives	(205,600)	7,939	(120,579)	(453,740)
	<u>(191,236)</u>	<u>13,079</u>	<u>(104,642)</u>	<u>(471,495)</u>
(e) Other income:				
Foreign exchange gain, net	236,350	206,730	521,453	1,587,217
Rental income	7,197	6,033	27,599	23,175
Gain on disposal of property, plant and equipment	3,447	3,524	4,729	2,499
Others	7,312	13,284	44,587	46,536
	<u>254,306</u>	<u>229,571</u>	<u>598,368</u>	<u>1,659,427</u>
Total other operating income	<u>843,426</u>	<u>814,336</u>	<u>3,098,079</u>	<u>3,684,042</u>

A23. Net Insurance Benefits and Claims Incurred, Net Fee and Commission Expenses, Change in Expense Liabilities and Taxation of Life and Takaful Fund

	Unaudited		Audited	
	4th Quarter Ended 31 December 2014 RM'000	31 December 2013 RM'000	Cumulative 12 Months Ended 31 December 2014 RM'000	31 December 2013 RM'000
Group				
Gross benefits and claims paid	833,909	920,630	4,195,336	3,409,164
Claims ceded to reinsurers	(37,329)	(152,158)	(1,260,353)	(347,217)
Gross change to contract liabilities	(114,102)	(341,427)	2,999,935	183,857
Change in contract liabilities ceded to reinsurers	(26,992)	169,672	(2,351,570)	59,954
Net insurance benefits and claims incurred	<u>655,486</u>	<u>596,717</u>	<u>3,583,348</u>	<u>3,305,758</u>
Net fee and commission expenses	66,024	57,346	236,344	284,639
Change in expense liabilities	26,943	33,480	44,000	51,615
Taxation of life and takaful fund	(5,383)	(6,187)	67,127	38,498
Net fee and commission expenses, change in expense liabilities and taxation of life and takaful fund	<u>87,584</u>	<u>84,639</u>	<u>347,471</u>	<u>374,752</u>
Total net insurance benefits and claims incurred, net fee and commission expenses and taxation of life and takaful fund	<u>743,070</u>	<u>681,356</u>	<u>3,930,819</u>	<u>3,680,510</u>

A24. Overhead Expenses

	Unaudited		Audited	
	4th Quarter Ended 31 December 2014 RM'000	31 December 2013 RM'000	Cumulative 12 Months Ended 31 December 2014 RM'000	31 December 2013 RM'000
Group				
(a) Personnel expenses				
Salaries, allowances and bonuses	997,318	919,799	3,808,438	3,712,214
Pension costs - defined contribution plan	116,906	101,207	417,828	420,441
ESS expenses	22,393	25,984	79,303	105,584
Other staff related expenses	215,143	161,656	713,727	705,645
	<u>1,351,760</u>	<u>1,208,646</u>	<u>5,019,296</u>	<u>4,943,884</u>

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A24. Overhead Expenses (cont'd.)

Group (cont'd.)	Unaudited		Audited	
	4th Quarter Ended		Cumulative 12 Months Ended	
	31 December 2014 RM'000	31 December 2013 RM'000	31 December 2014 RM'000	31 December 2013 RM'000
(b) Establishment costs				
Depreciation of property, plant and equipment	90,409	70,246	331,175	268,692
Amortisation of intangible assets	65,094	64,695	231,503	206,483
Rental of leasehold land and premises	68,939	68,349	267,387	253,988
Repairs and maintenance of property, plant and equipment	36,190	31,961	138,652	145,294
Information technology expenses	169,455	148,308	545,881	633,896
Others	19,474	18,254	71,649	38,285
	449,561	401,813	1,586,247	1,546,638
(c) Marketing expenses				
Advertisement and publicity	115,289	162,224	352,414	505,362
Others	62,176	49,576	237,029	205,271
	177,465	211,800	589,443	710,633
(d) Administration and general expenses				
Fees and brokerage	232,602	207,199	751,361	664,026
Administrative expenses	171,969	179,158	614,615	637,987
General expenses	133,723	106,114	455,422	386,662
Cost of development property	1,399	640	5,992	2,145
Others	54,446	18,877	88,936	35,950
	594,139	511,988	1,916,326	1,726,770
Total overhead expenses	2,572,925	2,334,247	9,111,312	8,927,925
Cost to income ratio ("CIR") ¹	50.4%	49.5%	48.9%	47.8%

¹ Cost to income ratio ("CIR") is computed using the total cost over the net operating 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 operating income amount, as stated on the face of income statement.

Bank	Unaudited		Audited	
	4th Quarter Ended		Cumulative 12 Months Ended	
	31 December 2014 RM'000	31 December 2013 RM'000	31 December 2014 RM'000	31 December 2013 RM'000
(a) Personnel expenses				
Salaries, allowances and bonuses	632,332	544,728	2,330,908	2,248,921
Pension costs - defined contribution plan	90,568	72,047	310,525	318,527
ESS expenses	14,730	16,462	54,590	79,458
Other staff related expenses	124,323	116,388	404,516	366,348
	861,953	749,625	3,100,539	3,013,254
(b) Establishment costs				
Depreciation of property, plant and equipment	34,070	40,638	163,768	142,546
Amortisation of intangible assets	24,816	32,813	101,366	100,210
Rental of leasehold land and premises	31,429	34,940	120,573	113,406
Repairs and maintenance of property, plant and equipment	16,542	18,232	71,330	70,481
Information technology expenses	276,899	172,292	786,048	615,457
Others	1,815	1,681	8,227	5,881
	385,571	300,596	1,251,312	1,047,981

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A24. Overhead Expenses (cont'd.)

	Unaudited		Audited	
	4th Quarter Ended		Cumulative 12 Months Ended	
	31 December	31 December	31 December	31 December
	2014	2013	2014	2013
Bank (cont'd.)	RM'000	RM'000	RM'000	RM'000
(c) Marketing expenses				
Advertisement and publicity	75,443	92,416	214,255	246,052
Others	52,351	39,240	198,572	170,854
	<u>127,794</u>	<u>131,656</u>	<u>412,827</u>	<u>416,906</u>
(d) Administration and general expenses				
Fees and brokerage	137,713	141,895	479,954	469,001
Administrative expenses	72,236	76,070	227,105	256,313
General expenses	54,908	36,324	124,606	151,453
Others	34,302	12,219	70,899	23,372
	<u>299,159</u>	<u>266,508</u>	<u>902,564</u>	<u>900,139</u>
(e) Overhead expenses allocated to subsidiaries	(133,934)	(199,146)	(833,270)	(786,949)
Total overhead expenses	<u>1,540,543</u>	<u>1,249,239</u>	<u>4,833,972</u>	<u>4,591,331</u>
Cost to income ratio ("CIR")²	57.7%	40.3%	40.6%	40.5%

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

A25. (Writeback of)/Allowances for Impairment Losses on Loans, Advances and Financing, net

	Unaudited		Audited	
	4th Quarter Ended		Cumulative 12 Months Ended	
	31 December	31 December	31 December	31 December
	2014	2013	2014	2013
Group	RM'000	RM'000	RM'000	RM'000
Allowances for/(writeback of) impairment losses on loans, advances and financing:				
- collective allowance made, net	58,329	18,599	676,123	807,763
- individual allowance made	125,795	255,471	774,901	920,763
- individual allowance written back	(36,376)	(196,494)	(235,824)	(324,954)
Bad debts and financing written off	80,446	64,660	170,426	146,579
Bad debts and financing recovered	(225,294)	(213,393)	(936,372)	(826,151)
(Writeback of)/allowances for impairment losses on other debts	(37,500)	16,622	(48,862)	5,586
	<u>(34,600)</u>	<u>(54,535)</u>	<u>400,392</u>	<u>729,586</u>

	Unaudited		Audited	
	4th Quarter Ended		Cumulative 12 Months Ended	
	31 December	31 December	31 December	31 December
	2014	2013	2014	2013
Bank	RM'000	RM'000	RM'000	RM'000
Allowances for/(writeback of) impairment losses on loans, advances and financing:				
- collective allowance made, net	(51,526)	(2,721)	295,219	550,371
- individual allowance made	14,123	183,895	350,055	722,580
- individual allowance written back	(31,789)	(167,002)	(198,312)	(270,734)
Bad debts and financing written off	22,657	18,919	85,187	90,529
Bad debts and financing recovered	(145,063)	(132,129)	(759,652)	(592,896)
Allowances for impairment losses on other debts	3,089	9	3,388	2,294
	<u>(188,509)</u>	<u>(99,029)</u>	<u>(224,115)</u>	<u>502,144</u>

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A26. 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, trustee services 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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A26. 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.

(iv) Asset Management

Asset Management comprises the asset and fund management services, providing a diverse range of conventional and Islamic investment solutions to retail, corporate and institutional clients.

(c) Insurance and Takaful

Insurance and Takaful comprise the business of underwriting all classes of general and life insurance businesses, offshore investment life insurance business, general takaful and family takaful businesses.

(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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A26. Segment Information (cont'd.)

By Business Segments

Twelve Months Ended 31 December 2014	<===== Business Segments =====>								Total RM'000
	<===== GB =====>								
	Community Financial Services RM'000	Corporate Banking RM'000	Global Markets RM'000	Investment Banking RM'000	Asset Management RM'000	International Banking RM'000	Insurance and Takaful RM'000	Head Office and Others RM'000	
Net interest income and income from IBS									
- External	5,987,808	1,651,099	813,047	195,791	5,882	4,068,264	873,260	(620,237)	12,974,914
- Inter-segment	-	-	-	(4,544)	(2,794)	(27,517)	67,868	(33,013)	-
	5,987,808	1,651,099	813,047	191,247	3,088	4,040,747	941,128	(653,250)	12,974,914
Net interest income and income from IBS	5,987,808	1,651,099	813,047	191,247	3,088	4,040,747	941,128	(653,250)	12,974,914
Net earned insurance premiums	-	-	-	-	-	-	3,946,068	-	3,946,068
Other operating income	1,527,340	730,968	877,685	1,324,052	97,152	1,635,945	723,098	(1,375,801)	5,540,439
Total operating income	7,515,148	2,382,067	1,690,732	1,515,299	100,240	5,676,692	5,610,294	(2,029,051)	22,461,421
Net insurance benefits and claims incurred, net fee and commission expenses, change in expense liabilities and taxation of life and takaful fund	-	-	-	-	-	-	(3,930,819)	-	(3,930,819)
Net operating income	7,515,148	2,382,067	1,690,732	1,515,299	100,240	5,676,692	1,679,475	(2,029,051)	18,530,602
Overhead expenses	(3,714,844)	(545,360)	(245,515)	(1,051,688)	(94,090)	(2,848,356)	(611,459)	-	(9,111,312)
Operating profit before impairment losses	3,800,304	1,836,707	1,445,217	463,611	6,150	2,828,336	1,068,016	(2,029,051)	9,419,290
Writeback of/(allowances for) impairment losses on loans, advances and financing, net	471,242	(203,609)	-	5,973	178	(682,931)	8,755	-	(400,392)
Writeback of/(allowances for) impairment losses on financial investments, net	-	-	44,390	9,015	(5,568)	62,491	(180,768)	-	(70,440)
Operating profit	4,271,546	1,633,098	1,489,607	478,599	760	2,207,896	896,003	(2,029,051)	8,948,458
Share of profits in associates and joint ventures	-	-	-	212	-	162,239	674	-	163,125
Profit before taxation and zakat	4,271,546	1,633,098	1,489,607	478,811	760	2,370,135	896,677	(2,029,051)	9,111,583
Taxation and zakat									(2,200,540)
Profit after taxation and zakat									6,911,043
Non-controlling interests									(194,588)
Profit for the year - attributable to equity holders of the Bank									6,716,455
Included in overhead expenses are:									
Depreciation of property, plant and equipment	(116,271)	(19,853)	(10,834)	(45,663)	(858)	(120,792)	(16,904)	-	(331,175)
Amortisation of intangible assets	(78,933)	(14,339)	(7,970)	(40,815)	(624)	(69,419)	(19,403)	-	(231,503)

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A26. Segment Information (cont'd.)

By Business Segments (cont'd.)

Twelve Months Ended 31 December 2013	<----- Business Segments ----->								Total RM'000
	<----- GB ----->								
	Community Financial Services RM'000	Corporate Banking RM'000	Global Markets RM'000	Investment Banking RM'000	Asset Management RM'000	International Banking RM'000	Insurance and Takaful RM'000	Head Office and Others RM'000	
Net interest income and income from IBS									
- External	5,818,529	1,649,605	847,536	209,072	1,953	3,718,720	864,169	(714,122)	12,395,462
- Inter-segment	-	-	-	2,396	2,023	(27,433)	63,171	(40,157)	-
	<u>5,818,529</u>	<u>1,649,605</u>	<u>847,536</u>	<u>211,468</u>	<u>3,976</u>	<u>3,691,287</u>	<u>927,340</u>	<u>(754,279)</u>	<u>12,395,462</u>
Net interest income and income from IBS	5,818,529	1,649,605	847,536	211,468	3,976	3,691,287	927,340	(754,279)	12,395,462
Net earned insurance premiums	-	-	-	-	-	-	3,941,346	-	3,941,346
Other operating income	1,499,494	620,819	847,980	1,324,807	68,575	1,638,938	291,032	(409,583)	5,882,062
Total operating income	<u>7,318,023</u>	<u>2,270,424</u>	<u>1,695,516</u>	<u>1,536,275</u>	<u>72,551</u>	<u>5,330,225</u>	<u>5,159,718</u>	<u>(1,163,862)</u>	<u>22,218,870</u>
Net insurance benefits and claims incurred, net fee and commission expenses, change in expense liabilities and taxation of life and takaful fund	-	-	-	-	-	-	(3,680,510)	-	(3,680,510)
Net operating income	<u>7,318,023</u>	<u>2,270,424</u>	<u>1,695,516</u>	<u>1,536,275</u>	<u>72,551</u>	<u>5,330,225</u>	<u>1,479,208</u>	<u>(1,163,862)</u>	<u>18,538,360</u>
Overhead expenses	(3,699,767)	(418,407)	(239,924)	(1,060,218)	(50,874)	(2,762,770)	(695,965)	-	(8,927,925)
Operating profit before impairment losses (Allowances for)/writeback of impairment losses on loans, advances and financing, net	<u>3,618,256</u>	<u>1,852,017</u>	<u>1,455,592</u>	<u>476,057</u>	<u>21,677</u>	<u>2,567,455</u>	<u>783,243</u>	<u>(1,163,862)</u>	<u>9,610,435</u>
Allowances for impairment losses on financial investments, net	(393,788)	(237,911)	-	(2,537)	(185)	(102,686)	7,521	-	(729,586)
Operating profit	<u>-</u>	<u>-</u>	<u>(58,978)</u>	<u>(12,451)</u>	<u>-</u>	<u>(65,727)</u>	<u>(13,366)</u>	<u>-</u>	<u>(150,522)</u>
Share of profits in associates and joint ventures	3,224,468	1,614,106	1,396,614	461,069	21,492	2,399,042	777,398	(1,163,862)	8,730,327
	-	-	-	738	-	137,665	864	-	139,267
Profit before taxation and zakat	<u>3,224,468</u>	<u>1,614,106</u>	<u>1,396,614</u>	<u>461,807</u>	<u>21,492</u>	<u>2,536,707</u>	<u>778,262</u>	<u>(1,163,862)</u>	<u>8,869,594</u>
Taxation and zakat									(2,098,261)
Profit after taxation and zakat									<u>6,771,333</u>
Non-controlling interests									(218,942)
Profit for the year - attributable to equity holders of the Bank									<u>6,552,391</u>
Included in overhead expenses are:									
Depreciation of property, plant and equipment	(98,864)	(8,792)	(5,598)	(40,309)	(456)	(100,664)	(14,009)	-	(268,692)
Amortisation of intangible assets	(61,321)	(12,662)	(7,488)	(40,022)	(287)	(58,062)	(26,641)	-	(206,483)

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A27. 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.

A28. Subsequent Events

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

A29. Changes in the Composition of the Group

There were no significant changes to the composition of the Group during the 12 months financial year ended 31 December 2014.

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A30. 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 their customers. No material losses are anticipated as a result of these transactions.

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

Group	As at 31 December 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	12,187,201	9,936,606	6,666,024	12,294,758	11,889,416	7,616,259
Certain transaction-related contingent items	16,785,821	7,184,856	4,977,193	14,849,519	7,341,034	4,687,252
Short-term self-liquidating trade-related contingencies	7,821,190	1,009,034	769,542	4,133,782	939,225	653,222
Obligations under underwriting agreements	116,731	15,000	3,000	30,000	15,000	3,000
	36,910,943	18,145,496	12,415,759	31,308,059	20,184,675	12,959,733
<u>Commitments</u>						
Irrevocable commitments to extend credit:						
- Maturity within one year	104,064,366	10,622,636	7,050,985	102,118,957	15,282,805	10,240,767
- Maturity exceeding one year	32,517,024	25,106,218	12,403,146	26,685,600	22,230,898	9,877,562
	136,581,390	35,728,854	19,454,131	128,804,557	37,513,703	20,118,329
Miscellaneous commitments and contingencies	9,421,308	2,348,939	384,405	10,429,751	438,052	211,879
Total credit-related commitments and contingencies	182,913,641	56,223,289	32,254,295	170,542,367	58,136,430	33,289,941
<u>Derivative financial instruments</u>						
Foreign exchange related contracts:						
- Less than one year	176,403,495	3,540,491	1,199,324	131,531,710	3,256,512	867,241
- One year to less than five years	23,388,062	2,579,961	916,983	16,198,153	3,033,341	1,072,652
- Five years and above	4,383,218	696,938	562,525	1,959,984	15,189	11,113
	204,174,775	6,817,390	2,678,832	149,689,847	6,305,042	1,951,006
Interest rate related contracts:						
- Less than one year	35,185,558	173,406	148,405	22,432,115	735,818	277,530
- One year to less than five years	90,984,134	2,563,632	873,378	70,825,618	2,162,852	748,432
- Five years and above	36,052,649	2,291,274	1,048,738	18,581,046	2,191,070	871,753
	162,222,341	5,028,312	2,070,521	111,838,779	5,089,740	1,897,715
Equity and commodity related contracts:						
- Less than one year	1,904,917	5,335	1,062	801,936	-	-
- One year to less than five years	710,914	5,123	893	922,441	14,011	7,219
- Five years and above	33,663	-	-	33,663	-	-
	2,649,494	10,458	1,955	1,758,040	14,011	7,219
Total treasury-related commitments and contingencies	369,046,610	11,856,160	4,751,308	263,286,666	11,408,793	3,855,940
Total commitments and contingencies	551,960,251	68,079,449	37,005,603	433,829,033	69,545,223	37,145,881

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A30. Commitments and Contingencies (cont'd.)

Bank	As at 31 December 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	10,695,235	8,827,871	5,841,881	10,344,133	9,957,772	5,799,117
Certain transaction-related contingent items	14,889,745	6,159,173	4,012,308	12,775,293	6,322,016	3,754,051
Short-term self-liquidating trade-related contingencies	7,551,016	852,141	625,394	3,739,333	777,478	494,551
	33,135,996	15,839,185	10,479,583	26,858,759	17,057,266	10,047,719
<u>Commitments</u>						
Irrevocable commitments to extend credit:						
- Maturity within one year	88,702,119	7,512,199	4,973,650	84,328,505	12,991,311	8,569,659
- Maturity exceeding one year	24,165,790	20,092,805	10,482,536	19,612,994	18,532,016	8,112,467
	112,867,909	27,605,004	15,456,186	103,941,499	31,523,327	16,682,126
Miscellaneous commitments and contingencies	9,151,530	2,118,400	219,942	10,261,298	246,154	89,410
Total credit-related commitments and contingencies	155,155,435	45,562,589	26,155,711	141,061,556	48,826,747	26,819,255
<u>Derivative financial instruments</u>						
Foreign exchange related contracts:						
- Less than one year	173,109,347	3,462,027	1,199,964	128,323,975	3,154,265	792,147
- One year to less than five years	24,267,821	2,422,782	885,140	15,139,124	2,874,342	968,379
- Five years and above	4,383,218	505,407	456,174	3,201,700	15,189	11,113
	201,760,386	6,390,216	2,541,278	146,664,799	6,043,796	1,771,639
Interest rate related contracts:						
- Less than one year	35,205,558	125,769	56,074	23,397,950	620,364	261,083
- One year to less than five years	89,144,837	2,481,986	863,438	69,313,334	2,034,705	660,798
- Five years and above	36,614,812	2,393,656	1,077,580	18,506,046	2,191,070	871,753
	160,965,207	5,001,411	1,997,092	111,217,330	4,846,139	1,793,634
Equity and commodity related contracts:						
- Less than one year	1,252,749	5,335	1,062	705,972	-	-
- One year to less than five years	351,852	5,123	893	136,575	14,011	7,219
	1,604,601	10,458	1,955	842,547	14,011	7,219
Total treasury-related commitments and contingencies	364,330,194	11,402,085	4,540,325	258,724,676	10,903,946	3,572,492
Total commitments and contingencies	519,485,629	56,964,674	30,696,036	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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A30. Commitments and Contingencies (cont'd.)

- (i) The Group's and the Bank's derivative financial instruments are subject to market, credit and liquidity risks, 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 rates, credit spreads, commodities or other indices. The notional or contractual amounts provide only the volume of transactions outstanding at the reporting date and do not represent the amount at risk. Exposure to market risk may be reduced through offsetting items from on and off-balance sheet positions.

Credit Risk

Credit risk arises from the possibility that a counterparty may be unable to meet the terms of a contract in which the Bank and certain subsidiaries have a gain position. As at 31 December 2014, the amount of credit risk in the Group, measured in terms of the cost to replace the profitable contracts, was RM4,544.0 million (31 December 2013: RM3,383.7 million; 1 January 2013: 2,421.1 million). This amount will increase or decrease over the life of the contracts, mainly as a function of maturity dates and market rates or prices.

Liquidity Risk

Liquidity risk on derivatives is the risk that the derivative position cannot be closed out promptly. Exposure to liquidity risk is reduced through contracting derivatives where the underlying items are widely traded.

- (ii) Cash requirements of the derivatives

Cash requirements of the derivatives may arise from margin requirements to post cash collateral with counterparties as fair value moves beyond the agreed upon threshold limits in the counterparties' favour, or upon downgrade in the Bank's credit ratings. As at 31 December 2014, the Group and the Bank have posted cash collateral of RM2,266.2 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.

A31. Capital Adequacy

(a) Capital Adequacy Framework

- (i) Under the Bank Negara Malaysia's ("BNM") Capital Adequacy Framework (Capital Components) and Capital Adequacy Framework for Islamic Banks (Capital Components) issued on 28 November 2012 on the computation of capital and capital adequacy ratios for conventional banks and Islamic banks respectively, the minimum regulatory capital adequacy ratios based on transitional arrangements are set out as follows:

Calendar Year	Common Equity Tier 1 (CET1)	Tier 1 Capital	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%

* Excluding Capital Conservation Buffer of 2.5% of total risk-weighted assets ("RWA") which is subject to phase-in arrangement effective on 1 January 2016 as well as Countercyclical Capital Buffer ranging between 0% and 2.5% of total RWA and any other capital buffers which may be introduced by BNM.

- (ii) Total risk-weighted assets ("RWA") is 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 is 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 is not subjected to any further capital charges in the computation of RWA.

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A31. Capital Adequacy (cont'd.)

(b) Compliance and application of capital adequacy ratios

The capital adequacy ratios of the Group and of the Bank are computed in accordance with BNM's 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; and
- (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 ended 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 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; and
- (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 ended 31 December 2014.

- (ii) For Maybank Investment Bank Berhad, the computation of capital adequacy ratios are based on BNM's 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; and
- (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 ended 31 December 2014.

- (iii) For PT Bank Internasional Indonesia Tbk, the computation of capital adequacy ratios are 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; and
- (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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A31. Capital Adequacy (cont'd.)

(c) The capital adequacy ratios of the Group and of the Bank

With effect from 30 June 2013, the amount of declared dividend to be deducted in the calculation of CET1 Capital under a 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 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 interim dividend, upon declaration will be deducted in the calculation of CET1 Capital.

In respect of the financial year ended 31 December 2014, the Board has proposed the payment of a final single-tier interim dividend of 33 sen per ordinary share of RM1.00 each, which consists of a cash portion of 10 sen and an electable portion of 23 sen per ordinary share. The electable portion can be elected to be reinvested by shareholders in new Maybank shares in accordance with the DRP. The proposed single-tier final dividend will be subject to shareholders' approval.

In arriving the capital adequacy ratios for the financial year ended 31 December 2014, the proposed final dividend has not been deducted from the calculation of CET1 Capital.

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

	Group		Bank	
	31 December 2014	31 December 2013	31 December 2014	31 December 2013
CET1 Capital Ratio	11.747%	11.253%	16.275%	15.925%
Tier 1 Capital Ratio	13.539%	13.059%	16.275%	15.925%
Total Capital Ratio	16.235%	15.664%	16.275%	15.925%

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A31. Capital Adequacy (cont'd.)

(d) Components of capital:

	Group		Bank	
	31 December 2014 RM'000	31 December 2013 RM'000	31 December 2014 RM'000	31 December 2013 RM'000
CET1 Capital				
Paid-up share capital	9,319,030	8,862,079	9,319,030	8,862,079
Share premium	22,747,922	19,030,227	22,747,922	19,030,227
Retained profits ¹	9,173,105	8,908,590	4,052,916	4,257,076
Other reserves ¹	8,600,064	6,382,362	10,629,085	9,268,717
Qualifying non-controlling interests	124,884	112,628	-	-
Less: Shares held-in-trust	(113,463)	(107,248)	(113,463)	(107,248)
CET1 Capital before regulatory adjustments	49,851,542	43,188,638	46,635,490	41,310,851
Less: Regulatory adjustments applied on CET1 Capital:				
Capital:	(8,391,750)	(8,449,692)	(5,328,480)	(5,364,790)
Deferred tax assets	(835,018)	(1,623,489)	(348,350)	(1,053,598)
Goodwill	(5,144,128)	(4,924,662)	(81,015)	(81,015)
Other intangibles	(1,080,868)	(1,088,882)	(425,252)	(446,805)
Profit equalisation reserve	(34,456)	(34,456)	-	-
Regulatory reserve	(274,500)	-	-	-
Shortfall of total eligible provision to total expected loss	(420,130)	(778,203)	-	(39,421)
Investment in ordinary shares of unconsolidated financial and insurance/takaful entities ³	(602,650)	-	(4,139,159)	-
Regulatory adjustments due to insufficient Additional Tier 1 and Tier 2 Capital	-	-	(334,704)	(3,743,951)
Total CET1 Capital	41,459,792	34,738,946	41,307,010	35,946,061
Additional Tier 1 Capital				
Capital securities	6,246,181	5,490,972	6,246,181	5,490,972
Qualifying CET1 and Additional Tier 1 capital instruments held by third parties	80,409	82,848	-	-
Less: Regulatory adjustment due to insufficient Tier 2 Capital	-	-	(6,246,181)	(5,490,972)
Total Tier 1 Capital	47,786,382	40,312,766	41,307,010	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	530,022	12,099	-	-
Collective allowance ²	555,142	535,331	214,426	247,746
Surplus of total eligible provision over total expected loss	-	-	81,949	-
Less: Regulatory adjustment not deducted from CET1 Capital or Additional Tier 1 Capital provided under the transitional arrangements ³	(2,410,601)	(2,824,682)	(11,135,255)	(10,567,364)
Total Tier 2 Capital	9,513,443	8,042,366	-	-
Total Capital	57,299,825	48,355,132	41,307,010	35,946,061

¹ For the Group, the amount excludes retained profits and other reserves from insurance and takaful business. For the Bank, the amount includes retained profits and other reserves of Maybank International (L) Ltd.

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

³ 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 carrying amount of associates and investment in insurance and takaful entities.

The capital adequacy ratios of the Group is derived from consolidated balances of the Bank and its subsidiaries, excluding the investments in insurance and takaful entities and associates.

The capital adequacy ratios of the Bank is derived from the Bank and its wholly-owned offshore banking subsidiary, Maybank International (L) Ltd., excluding the investments in subsidiaries and associates (except for Myfin Berhad, Maybank International (L) Ltd. and Mayban Agro Fund Sdn. Bhd. as disclosed above).

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A31. Capital Adequacy (cont'd.)

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

	Maybank Islamic Berhad	Maybank Investment Bank Berhad	PT Bank Internasional Indonesia Tbk
<u>At 31 December 2014</u>			
CET1 Capital Ratio	12.003%	30.902%	-
Tier 1 Capital Ratio	12.003%	30.902%	-
Total Capital Ratio	<u>16.088%</u>	<u>30.902%</u>	<u>15.724%</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>

With effect from 30 June 2014, the credit RWA for margin and non-margin exposures were computed to include credit risk mitigation and unsettled trades respectively. Comparatives were restated without the impact of credit risk mitigation and unsettled trades.

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A31. Capital Adequacy (cont'd.)

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

At 31 December 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	48,784,842	22,551,830	4,831,718	441,295	28,534,411
Internal Ratings-Based Approach exposure after scaling factor	<u>257,422,482</u>	<u>201,894,673</u>	<u>51,473,277</u>	-	-
Total RWA for credit risk	306,207,324	224,446,503	56,304,995	441,295	28,534,411
Total RWA for credit risk absorbed by Malayan Banking Berhad*	-	-	(3,930,555)	-	-
Total RWA for market risk	14,168,153	9,452,839	573,921	170,661	120,167
Total RWA for operational risk	32,568,977	19,911,571	4,145,952	984,627	3,779,079
Total RWA	<u>352,944,454</u>	<u>253,810,913</u>	<u>57,094,313</u>	<u>1,596,583</u>	<u>32,433,657</u>

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	<u>226,139,730</u>	<u>178,911,435</u>	<u>42,043,918</u>	-	-
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	<u>308,703,651</u>	<u>225,727,875</u>	<u>49,084,768</u>	<u>1,838,501</u>	<u>30,513,680</u>

* 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.

With effect from 30 June 2014, the credit RWA for margin and non-margin exposures were computed to include credit risk mitigation and unsettled trades respectively. Comparatives were restated without the impact of credit risk mitigation and unsettled trades.

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A32. 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 ----> Assets Liabilities RM'000 RM'000		Principal Amount RM'000	<---- Fair Value ----> Assets Liabilities RM'000 RM'000	
At 31 December 2014						
Trading derivatives						
<u>Foreign exchange related contracts</u>						
Currency forwards:						
- Less than one year	41,076,794	588,348	(294,309)	36,811,722	482,628	(273,422)
- One year to three years	596,017	21,806	(13,270)	596,017	21,806	(13,270)
- More than three years	144,093	677	(16,515)	144,093	677	(16,515)
	<u>41,816,904</u>	<u>610,831</u>	<u>(324,094)</u>	<u>37,551,832</u>	<u>505,111</u>	<u>(303,207)</u>
Currency swaps:						
- Less than one year	116,377,076	1,339,128	(2,205,414)	117,345,817	1,428,352	(2,212,153)
- One year to three years	637,081	15,316	(361)	637,081	15,316	(361)
- More than three years	146,926	16,982	-	146,926	16,982	-
	<u>117,161,083</u>	<u>1,371,426</u>	<u>(2,205,775)</u>	<u>118,129,824</u>	<u>1,460,650</u>	<u>(2,212,514)</u>
Currency spots:						
- Less than one year	7,295,726	6,337	(8,745)	7,337,074	6,382	(8,770)
Currency options:						
- Less than one year	4,596,069	80,948	(23,938)	4,596,069	80,948	(23,938)
Cross currency interest rate swaps:						
- Less than one year	5,599,660	343,988	(258,596)	5,560,495	343,988	(249,846)
- One year to three years	9,788,547	1,035,022	(375,081)	9,455,307	1,010,158	(341,753)
- More than three years	13,241,977	448,987	(441,727)	14,454,976	487,643	(443,349)
	<u>28,630,184</u>	<u>1,827,997</u>	<u>(1,075,404)</u>	<u>29,470,778</u>	<u>1,841,789</u>	<u>(1,034,948)</u>
<u>Interest rate related contracts</u>						
Interest rate swaps:						
- Less than one year	33,384,830	50,224	(49,983)	33,384,830	50,903	(49,983)
- One year to three years	46,517,549	156,692	(185,068)	46,990,591	154,774	(192,655)
- More than three years	70,733,033	755,098	(883,333)	70,977,509	762,423	(885,519)
	<u>150,635,412</u>	<u>962,014</u>	<u>(1,118,384)</u>	<u>151,352,930</u>	<u>968,100</u>	<u>(1,128,157)</u>
Interest rate futures:						
- Less than one year	903,965	130	(421)	923,965	130	(421)
- One year to three years	349,550	-	-	349,550	-	-
	<u>1,253,515</u>	<u>130</u>	<u>(421)</u>	<u>1,273,515</u>	<u>130</u>	<u>(421)</u>
Interest rate options:						
- Less than one year	791,897	747	(423)	791,897	747	(423)
- One year to three years	2,816,393	5,873	(74,644)	2,416,393	5,873	(31,619)
- More than three years	5,103,839	15,680	(254,793)	4,843,839	18,863	(215,970)
	<u>8,712,129</u>	<u>22,300</u>	<u>(329,860)</u>	<u>8,052,129</u>	<u>25,483</u>	<u>(248,012)</u>

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A32. Derivative Financial Instruments (cont'd.)

	Group			Bank		
	Principal Amount RM'000	<---- Fair Value ---->		Principal Amount RM'000	<---- Fair Value ---->	
At 31 December 2014 (cont'd.)	Assets RM'000	Liabilities RM'000	Assets RM'000	Liabilities RM'000	Assets RM'000	Liabilities RM'000
Trading derivatives (cont'd.)						
<u>Equity related contracts</u>						
Index futures:						
- Less than one year	78,931	-	(38)	-	-	-
- More than three years	33,663	3,972	-	-	-	-
	112,594	3,972	(38)	-	-	-
Equity options:						
- Less than one year	351,720	874	(11,394)	41,759	810	(810)
- One year to three years	497,251	23,763	(11,146)	138,189	11,076	(11,080)
	848,971	24,637	(22,540)	179,948	11,886	(11,890)
Equity swaps:						
- Less than one year	42,346	86	(1,144)	-	-	-
<u>Commodity related contracts</u>						
Commodity options:						
- Less than one year	421,039	2,622	(2,622)	200,109	2,622	(2,622)
Commodity swaps:						
- Less than one year	1,010,881	125,310	(125,194)	1,010,881	125,310	(125,194)
- One year to three years	189,568	27,901	(27,731)	189,568	27,901	(27,731)
- More than three years	24,095	2,838	(2,791)	24,095	2,838	(2,791)
	1,224,544	156,049	(155,716)	1,224,544	156,049	(155,716)
Hedging derivatives						
<u>Foreign exchange related contracts</u>						
Cross currency interest rate swaps:						
- Less than one year	1,458,170	-	(142,278)	1,458,170	-	(142,278)
- One year to three years	1,869,608	6,561	(290,251)	1,869,608	6,561	(290,251)
- More than three years	1,347,031	12,664	(133,955)	1,347,031	12,664	(133,955)
	4,674,809	19,225	(566,484)	4,674,809	19,225	(566,484)
<u>Interest rate related contracts</u>						
Interest rate swaps:						
- Less than one year	104,866	2,721	(11,135)	104,866	2,721	(11,135)
- One year to three years	1,254,256	696	(22,053)	181,767	603	(13,751)
- More than three years	262,163	-	(136)	-	-	-
	1,621,285	3,417	(33,324)	286,633	3,324	(24,886)
Netting effects under MFRS 132 Amendments (Note A35(i))						
	-	(547,990)	547,990	-	(547,990)	547,990
Total	369,046,610	4,544,001	(5,320,499)	364,330,194	4,533,709	(5,173,575)

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A32. Derivative Financial Instruments (cont'd.)

	Group			Bank		
	Principal Amount	<---- Fair Value ---->		Principal Amount	<---- Fair Value ---->	
<u>At 31 December 2013</u>	RM'000	Assets (Restated) RM'000	Liabilities (Restated) RM'000	RM'000	Assets (Restated) RM'000	Liabilities (Restated) 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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A32. Derivative Financial Instruments (cont'd.)

	Principal Amount	Group <---- Fair Value ---->		Principal Amount	Bank <---- Fair Value ---->	
		Assets (Restated)	Liabilities (Restated)		Assets (Restated)	Liabilities (Restated)
<u>At 31 December 2013 (cont'd.)</u>	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<u>Trading derivatives (cont'd.)</u>						
<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>Hedging derivatives</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>
<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>
Netting effects under MFRS 132 Amendments (Note A35(i))						
	-	(560,992)	560,992	-	(560,992)	560,992
Total	<u>263,286,666</u>	<u>3,383,700</u>	<u>(3,376,388)</u>	<u>258,724,676</u>	<u>3,199,141</u>	<u>(3,071,472)</u>

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A32. Derivative Financial Instruments (cont'd.)

	Group			Bank		
	Principal Amount	<---- Fair Value ---->		Principal Amount	<---- Fair Value ---->	
<u>At 1 January 2013</u>	RM'000	Assets (Restated) RM'000	Liabilities (Restated) RM'000	RM'000	Assets (Restated) RM'000	Liabilities (Restated) RM'000
Trading derivatives						
<u>Foreign exchange related contracts</u>						
Currency forward						
- Less than one year	17,931,505	55,353	(121,763)	15,004,518	50,619	(102,114)
- One year to three years	307,943	4,128	(3,954)	307,943	4,128	(3,954)
- More than three years	236,062	2,322	(1,248)	236,062	2,322	(1,248)
	<u>18,475,510</u>	<u>61,803</u>	<u>(126,965)</u>	<u>15,548,523</u>	<u>57,069</u>	<u>(107,316)</u>
Currency swaps						
- Less than one year	64,567,969	961,146	(759,016)	62,457,833	953,162	(763,205)
- One year to three years	342,969	6,887	(7,283)	319,497	6,704	(7,283)
- More than three years	219,423	1,770	(2,044)	219,423	1,770	(2,044)
	<u>65,130,361</u>	<u>969,803</u>	<u>(768,343)</u>	<u>62,996,753</u>	<u>961,636</u>	<u>(772,532)</u>
Currency spots						
- Less than one year	6,340,973	979	(2,355)	6,340,973	979	(2,360)
Currency options						
- Less than one year	2,984,579	8,617	(5,668)	2,984,579	8,617	(5,668)
Cross currency interest rate swaps						
- Less than one year	2,174,209	86,411	(13,332)	2,031,990	61,234	-
- One year to three years	9,119,061	277,161	(147,441)	8,426,014	255,495	(123,314)
- More than three years	7,108,208	456,930	(38,661)	6,807,708	456,930	(38,661)
	<u>18,401,478</u>	<u>820,502</u>	<u>(199,434)</u>	<u>17,265,712</u>	<u>773,659</u>	<u>(161,975)</u>
<u>Interest rate related contracts</u>						
Interest rate swaps						
- Less than one year	14,669,864	54,680	(24,895)	14,654,014	51,680	(38,980)
- One year to three years	27,815,331	127,052	(150,011)	26,207,026	127,787	(145,252)
- More than three years	44,295,713	514,800	(731,117)	44,164,209	544,443	(732,653)
	<u>86,780,908</u>	<u>696,532</u>	<u>(906,023)</u>	<u>85,025,249</u>	<u>723,910</u>	<u>(916,885)</u>
Interest rate futures						
- Less than one year	1,217,263	2	-	1,217,263	2	-
- One year to three years	764,613	1	-	764,613	1	-
	<u>1,981,876</u>	<u>3</u>	<u>-</u>	<u>1,981,876</u>	<u>3</u>	<u>-</u>
Interest rate options						
- Less than one year	2,695,396	10,029	(499)	2,695,396	10,029	(499)
- One year to three years	375,270	1,400	(440)	375,270	1,400	(440)
- More than three years	1,651,417	4,395	(191,387)	1,251,417	4,395	(128,992)
	<u>4,722,083</u>	<u>15,824</u>	<u>(192,326)</u>	<u>4,322,083</u>	<u>15,824</u>	<u>(129,931)</u>

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A32. Derivative Financial Instruments (cont'd.)

	Group			Bank		
	Principal Amount	<---- Fair Value ---->		Principal Amount	<---- Fair Value ---->	
<u>At 1 January 2013 (cont'd.)</u>	RM'000	Assets (Restated) RM'000	Liabilities (Restated) RM'000	RM'000	Assets (Restated) RM'000	Liabilities (Restated) RM'000
<u>Trading derivatives (cont'd.)</u>						
<u>Equity related contracts</u>						
<u>Index futures</u>						
- More than three years	30,198	4,545	-	-	-	-
<u>Equity options</u>						
- Less than one year	222,813	582	(22,577)	222,813	548	-
- One year to three years	53,841	6,092	(6,779)	53,841	6,092	(6,779)
- More than three years	48,246	322	(322)	48,245	322	(322)
	<u>324,900</u>	<u>6,996</u>	<u>(29,678)</u>	<u>324,899</u>	<u>6,962</u>	<u>(7,101)</u>
<u>Commodity related contracts</u>						
<u>Commodity options</u>						
- One year to three years	263,559	3,121	(3,035)	42,630	3,035	(3,035)
<u>Commodity swaps</u>						
- Less than one year	38,094	590	(590)	38,094	590	(590)
<u>Credit-related contracts</u>						
<u>Credit default swaps</u>						
- More than three years	21,388	-	(2,015)	-	-	-
<u>Hedging derivatives</u>						
<u>Foreign exchange related contracts</u>						
<u>Cross currency interest rate swaps</u>						
- Less than one year	1,679,795	191,777	-	1,679,795	191,777	-
- One year to three years	2,179,835	71,600	(10,766)	1,921,203	61,758	(10,767)
- More than three years	913,992	6,328	(21,941)	913,993	6,329	(21,939)
	<u>4,773,622</u>	<u>269,705</u>	<u>(32,707)</u>	<u>4,514,991</u>	<u>259,864</u>	<u>(32,706)</u>
<u>Interest rate related contracts</u>						
<u>Interest rate swaps</u>						
- Less than one year	818,983	-	(1,869)	218,983	-	(1,869)
- One year to three years	2,234,750	-	(80,089)	1,384,750	-	(80,089)
- More than three years	2,978,117	21,472	(25,882)	321,157	-	(21,560)
	<u>6,031,850</u>	<u>21,472</u>	<u>(107,840)</u>	<u>1,924,890</u>	<u>-</u>	<u>(103,518)</u>
<u>Netting effects under MFRS 132 Amendments (Note A35(i))</u>						
	-	(459,360)	459,360	-	(459,360)	459,360
Total	<u>216,301,379</u>	<u>2,421,132</u>	<u>(1,917,619)</u>	<u>203,311,252</u>	<u>2,352,788</u>	<u>(1,784,257)</u>

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A33. 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 inputs. The valuation techniques used are consistent with the Level 2 but 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 December 2014 and 31 December 2013.

Group	<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	
Non-financial assets measured at fair value:				
Investment properties	-	595,493	-	595,493
Financial assets measured at fair value:				
Financial assets held-for-trading	1,359,305	11,110,323	-	12,469,628
Money market instruments	23,890	7,534,848	-	7,558,738
Quoted securities	1,335,415	-	-	1,335,415
Unquoted securities	-	3,575,475	-	3,575,475
Financial assets designated at fair value through profit or loss	-	11,235,695	-	11,235,695
Money market instruments	-	863,104	-	863,104
Unquoted securities	-	10,372,591	-	10,372,591
Financial investments available-for-sale	3,680,570	78,531,345	418,789	82,630,704
Money market instruments	-	40,486,263	-	40,486,263
Quoted securities	3,680,570	-	-	3,680,570
Unquoted securities	-	38,045,082	418,789	38,463,871
Derivative assets	64	4,529,425	14,512	4,544,001
Foreign exchange related contracts	-	3,916,764	-	3,916,764
Interest rate related contracts	-	987,861	-	987,861
Equity and commodity related contracts	64	172,790	14,512	187,366
Netting effects under MFRS 132 Amendments	-	(547,990)	-	(547,990)
	5,039,939	105,406,788	433,301	110,880,028
Financial liabilities measured at fair value:				
Derivative liabilities	19,325	5,063,576	237,598	5,320,499
Foreign exchange related contracts	-	4,204,440	-	4,204,440
Interest rate related contracts	-	1,258,903	223,086	1,481,989
Equity and commodity related contracts	19,325	148,223	14,512	182,060
Netting effects under MFRS 132 Amendments	-	(547,990)	-	(547,990)

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A33. Fair Value Measurements of Financial Instruments (cont'd.)

Group	<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	
Non-financial assets measured at fair value:				
Investment properties	-	583,257	-	583,257
Financial assets measured at fair value:				
Financial assets held-for-trading	647,614	6,764,765	576,574	7,988,953
Money market instruments	-	4,495,738	-	4,495,738
Quoted securities	647,614	-	-	647,614
Unquoted securities	-	2,269,027	576,574	2,845,601
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
Quoted securities	-	9,450,932	156,937	9,607,869
Financial investments available-for-sale	3,021,162	79,149,420	666,340	82,836,922
Money market instruments	-	40,720,353	-	40,720,353
Quoted securities	3,021,162	-	-	3,021,162
Unquoted securities	-	38,429,067	666,340	39,095,407
Derivative assets	69	3,351,780	31,851	3,383,700
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
Netting effects under MFRS 132 Amendments	-	(560,992)	-	(560,992)
	<u>3,668,845</u>	<u>100,286,640</u>	<u>1,431,702</u>	<u>105,387,187</u>
Financial liabilities measured at fair value:				
Derivative liabilities	9,791	3,050,403	316,194	3,376,388
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
Netting effects under MFRS 132 Amendments	-	(560,992)	-	(560,992)

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A33. Fair Value Measurements of Financial Instruments (cont'd.)

Bank At 31 December 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	9,008	9,416,382	-	9,425,390
Money market instruments	-	6,200,701	-	6,200,701
Quoted securities	9,008	-	-	9,008
Unquoted securities	-	3,215,681	-	3,215,681
Financial investments available-for-sale	141,389	73,219,682	269,634	73,630,705
Money market instruments	-	42,216,526	-	42,216,526
Quoted securities	141,389	-	-	141,389
Unquoted securities	-	31,003,156	269,634	31,272,790
Derivative assets	-	4,519,197	14,512	4,533,709
Foreign exchange related contracts	-	3,914,105	-	3,914,105
Interest rate related contracts	-	997,037	-	997,037
Equity and commodity related contracts	-	156,045	14,512	170,557
Netting effects under MFRS 132 Amendments	-	(547,990)	-	(547,990)
	150,397	87,155,261	284,146	87,589,804

Financial liabilities measured at fair value:

Derivative liabilities	-	5,021,006	152,569	5,173,575
Foreign exchange related contracts	-	4,149,861	-	4,149,861
Interest rate related contracts	-	1,263,419	138,057	1,401,476
Equity and commodity related contracts	-	155,716	14,512	170,228
Netting effects under MFRS 132 Amendments	-	(547,990)	-	(547,990)

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A33. Fair Value Measurements of Financial Instruments (cont'd.)

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	12,550	5,533,541	-	5,546,091
Money market instruments	-	3,787,378	-	3,787,378
Quoted securities	12,550	-	-	12,550
Unquoted securities	-	1,746,163	-	1,746,163
Financial investments available-for-sale	171,192	64,029,334	332,271	64,532,797
Money market instruments	-	33,110,860	-	33,110,860
Quoted securities	171,192	-	-	171,192
Unquoted securities	-	30,918,474	332,271	31,250,745
Derivative assets	69	3,185,256	13,816	3,199,141
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
Netting effects under MFRS132 Amendments	-	(560,992)	-	(560,992)
	183,811	72,748,131	346,087	73,278,029

Financial liabilities measured at fair value:

Derivative liabilities	-	2,844,930	226,542	3,071,472
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
Netting effects under MFRS132 Amendments	-	(560,992)	-	(560,992)

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.

Investment properties

The fair values of investment properties are determined at the end of the reporting period based on the opinion of qualified independent valuer and valuations are performed using either the residual method approach or discounted cash flows approach, as deemed appropriate by the valuer.

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A33. 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*	Total unrealised gains/(losses) recognised in income statements*	Total unrealised gains/(losses) recognised in other comprehensive income RM'000	Purchases RM'000	Sales RM'000	Settlements** RM'000	Exchange differences RM'000	Transfer into Level 3 RM'000	Transfer out of Level 3 RM'000	At 31 December 2014 RM'000
Financial assets held-for-trading											
Unquoted securities	576,574	(138)	5,295	-	-	(10,043)	-	-	-	(571,688)	-
	576,574	(138)	5,295	-	-	(10,043)	-	-	-	(571,688)	-
Financial assets designated at fair value through profit or loss											
Unquoted securities	156,937	-	-	-	-	-	-	-	-	(156,937)	-
	156,937	-	-	-	-	-	-	-	-	(156,937)	-
Financial investments available-for-sale											
Unquoted securities	666,340	111,099	-	(2,122)	128,738	(13,947)	(375,148)	4,689	32,739	(133,599)	418,789
	666,340	111,099	-	(2,122)	128,738	(13,947)	(375,148)	4,689	32,739	(133,599)	418,789
Derivative assets											
Foreign exchange related contracts	1,754	(2,421)	438	-	1,565	-	(1,336)	-	-	-	-
Interest rate related contracts	-	-	-	-	-	-	-	-	-	-	-
Equity and commodity related contracts	30,097	(3,758)	3,463	-	5,260	-	(5,829)	-	-	(14,721)	14,512
	31,851	(6,179)	3,901	-	6,825	-	(7,165)	-	-	(14,721)	14,512
Total Level 3 financial assets	1,431,702	104,782	9,196	(2,122)	135,563	(23,990)	(382,313)	4,689	32,739	(876,945)	433,301
Derivative liabilities											
Foreign exchange related contracts	(2,033)	2,557	(438)	-	(1,565)	-	1,479	-	-	-	-
Interest rate related contracts	(302,074)	9,050	59,184	-	(13,885)	-	24,639	-	-	-	(223,086)
Equity and commodity related contracts	(12,087)	3,737	(6,713)	-	(5,259)	-	5,810	-	-	-	(14,512)
Total Level 3 financial liabilities	(316,194)	15,344	52,033	-	(20,709)	-	31,928	-	-	-	(237,598)
Total net Level 3 financial assets/ (liabilities)	1,115,508	120,126	61,229	(2,122)	114,854	(23,990)	(350,385)	4,689	32,739	(876,945)	195,703

* Included within 'Other operating income'.

** The settlement amount of financial investments available-for-sale for the 12 months financial year ended 31 December 2014 was mainly comprised of redemption of loan stocks of RM342.1 million.

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A33. 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 into Level 3 RM'000	Transfer out of Level 3 RM'000	At 31 December 2013 RM'000
Financial assets held-for-trading											
Unquoted securities	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											
Unquoted securities	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)	-
Unquoted securities	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 'Other operating 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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A33. 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 into Level 3	Transfer out of Level 3	At 31 December
At 31 December 2014	2014	recognised in	recognised in	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											
Unquoted securities	332,271	37,065	-	-	36,770	-	(170,758)	4,538	29,748	-	269,634
	332,271	37,065	-	-	36,770	-	(170,758)	4,538	29,748	-	269,634
Derivative assets											
Foreign exchange related contracts	1,729	(2,466)	438	-	1,565	-	(1,266)	-	-	-	-
Equity and commodity related contracts	12,087	(3,738)	6,713	-	5,260	-	(5,810)	-	-	-	14,512
	13,816	(6,204)	7,151	-	6,825	-	(7,076)	-	-	-	14,512
Total Level 3 financial assets	346,087	30,861	7,151	-	43,595	-	(177,834)	4,538	29,748	-	284,146
Derivative liabilities											
Foreign exchange related contracts	(1,729)	2,466	(438)	-	(1,565)	-	1,266	-	-	-	-
Interest rate related contracts	(212,726)	9,050	40,980	-	-	-	24,639	-	-	-	(138,057)
Equity and commodity related contracts	(12,087)	3,738	(6,713)	-	(5,260)	-	5,810	-	-	-	(14,512)
Total Level 3 financial liabilities	(226,542)	15,254	33,829	-	(6,825)	-	31,715	-	-	-	(152,569)
Total net Level 3 financial assets/ (liabilities)	119,545	46,115	40,980	-	36,770	-	(146,119)	4,538	29,748	-	131,577

* Included within 'Other operating income'.

** The settlement amount of financial investments available-for-sale for the 12 months financial year ended 31 December 2014 was mainly comprised of redemption of loan stocks of RM139.2 million.

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A33. 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 into 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
Financial investments available-for-sale										
Money market instruments	139,232	-	-	-	-	-	-	-	(139,232)	-
Unquoted securities	323,804	(3,844)	-	-	24,310	-	(11,762)	-	(237)	332,271
	463,036	(3,844)	-	-	24,310	-	(11,762)	-	(139,469)	332,271
Derivative assets										
Foreign exchange related contracts	404	(1,779)	(4,509)	-	10,018	-	(2,405)	-	-	1,729
Interest rate related contracts	3,920	4,077	(1,421)	-	210	-	(6,786)	-	-	-
Equity and commodity related contracts	9,502	-	(167)	-	2,752	-	-	-	-	12,087
	13,826	2,298	(6,097)	-	12,980	-	(9,191)	-	-	13,816
Total Level 3 financial assets	476,862	(1,546)	(6,097)	-	37,290	-	(20,953)	-	(139,469)	346,087
Derivative liabilities										
Foreign exchange related contracts	(404)	1,779	4,509	-	(10,018)	-	2,405	-	-	(1,729)
Interest rate related contracts	(128,379)	(22,665)	4,897	-	(158,913)	-	92,334	-	-	(212,726)
Equity and commodity related contracts	(10,189)	-	854	-	(2,752)	-	-	-	-	(12,087)
Total Level 3 financial liabilities	(138,972)	(20,886)	10,260	-	(171,683)	-	94,739	-	-	(226,542)
Total net Level 3 financial assets/ (liabilities)	337,890	(22,432)	4,163	-	(134,393)	-	73,786	-	(139,469)	119,545

* Included within 'Other operating 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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A33. Fair Value Measurements of Financial Instruments (cont'd.)

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

There were no transfers between Level 1 and Level 2 for the Group and the Bank during the 12 months financial year ended 31 December 2014.

Movements in Level 3 financial instruments measured at fair value

During the 12 months financial year ended 31 December 2014, the Group and the Bank transferred certain financial investments available-for-sale from Level 2 into Level 3 of the fair value hierarchy. The reason for the transfer is that inputs to the valuation models ceased to be observable. Prior to the transfer, the fair value of the instruments was determined using observable market transactions or binding broker quotes for the same or similar instruments. Since the transfer, these instruments have been valued using valuation models incorporating significant unobservable inputs.

The Group has transferred certain financial assets held-for-trading, financial assets designated at fair value through profit or loss, financial investments available-for-sale and derivatives out from Level 3 due to the market for some instruments 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 inputs 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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A34. Credit Exposure Arising from Credit Transactions with Connected Parties

	Group		Bank	
	31 December 2014	31 December 2013	31 December 2014	31 December 2013
Outstanding credit exposures with connected parties (RM'000)	20,144,156	14,252,988	26,381,577	14,503,489
Percentage of outstanding credit exposures to connected parties as proportion of total credit exposures	3.1%	2.4%	5.5%	3.3%
Percentage of outstanding credit exposures to connected parties which is impaired or in default	-	-	-	-

The credit exposures above are based on requirement of Paragraph 9.1 of Bank Negara Malaysia's revised Guidelines on Credit Transactions and Exposures with Connected Parties.

A35. Changes in Accounting Policies and Restatement of Prior Year Figures

(i) Offsetting financial assets and financial liabilities (Amendments to MFRS 132)

The amendments clarify the meaning of 'currently has a legally enforceable right to set-off' and the criteria for non-simultaneous settlement mechanisms of clearing houses to qualify for offsetting and retrospective application is required.

Upon adoption of the amendments, the Group and the Bank have grossed up certain financial assets and financial liabilities in the statement of financial position of the Group and of the Bank (mainly "Other assets" and "Other liabilities") that were previously reported net for position as at 31 December 2013 and 1 January 2013. Details of the reclassification are disclosed in Note A35(ii).

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A35. Changes in Accounting Policies and Restatement of Prior Year Figures (cont'd.)

(ii) Financial effects arising from changes in accounting policies and restatement of comparative information

The following are reconciliations of statements of financial position of the Group as at 1 January 2013 and as at 31 December 2013:

<u>Group</u>	31 December 2013 (As previously stated) RM'000	Note A35(i) RM'000	31 December 2013 (Restated) RM'000	1 January 2013 (As previously stated) RM'000	Note A35(i) RM'000	1 January 2013 (Restated) RM'000
ASSETS						
Cash and short-term funds	48,067,358	-	48,067,358	40,018,633	-	40,018,633
Deposits and placements with financial institutions	7,156,749	-	7,156,749	11,949,150	-	11,949,150
Financial assets purchased under resale agreements	20,558	-	20,558	798,180	-	798,180
Financial assets at fair value through profit or loss	19,166,565	-	19,166,565	29,156,692	-	29,156,692
Financial investments available-for-sale	82,836,922	-	82,836,922	60,792,374	-	60,792,374
Financial investments held-to-maturity	5,668,174	-	5,668,174	2,870,768	-	2,870,768
Loans, advances and financing	355,617,527	-	355,617,527	311,824,735	-	311,824,735
Derivative assets	3,944,692	(560,992)	3,383,700	2,880,492	(459,360)	2,421,132
Reinsurance/retakaful assets and other insurance receivables	2,349,995	-	2,349,995	2,555,727	-	2,555,727
Other assets	8,505,918	436,550	8,942,468	6,680,257	305,120	6,985,377
Investment properties	583,257	-	583,257	572,662	-	572,662
Statutory deposits with central banks	13,742,874	-	13,742,874	12,298,362	-	12,298,362
Interest in associates and joint ventures	2,465,341	-	2,465,341	2,235,233	-	2,235,233
Property, plant and equipment	2,614,309	-	2,614,309	2,402,821	-	2,402,821
Intangible assets	6,041,056	-	6,041,056	6,531,336	-	6,531,336
Deferred tax assets	1,661,931	-	1,661,931	1,343,541	-	1,343,541
TOTAL ASSETS	560,443,226	(124,442)	560,318,784	494,910,963	(154,240)	494,756,723

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A35. Changes in Accounting Policies and Restatement of Prior Year Figures (cont'd.)

(ii) Financial effects arising from changes in accounting policies and restatement of comparative information (cont'd.)

The following are reconciliations of statements of financial position of the Group as at 1 January 2013 and as at 31 December 2013 (cont'd.):

<u>Group (cont'd.)</u>	31 December 2013 (As previously stated) RM'000	Note A35(i) RM'000	31 December 2013 (Restated) RM'000	1 January 2013 (As previously stated) RM'000	Note A35(i) RM'000	1 January 2013 (Restated) RM'000
LIABILITIES						
Deposits from customers	395,610,810	-	395,610,810	347,155,510	-	347,155,510
Deposits and placements from financial institutions	42,139,081	-	42,139,081	33,887,376	-	33,887,376
Obligations on financial assets sold under repurchase agreements	4,300,055	-	4,300,055	-	-	-
Bills and acceptances payable	1,987,089	-	1,987,089	2,269,513	-	2,269,513
Derivative liabilities	3,937,380	(560,992)	3,376,388	2,376,979	(459,360)	1,917,619
Insurance/takaful contract liabilities and other insurance payables	21,800,139	-	21,800,139	21,928,872	-	21,928,872
Other liabilities	8,285,702	436,550	8,722,252	9,783,613	305,120	10,088,733
Recourse obligation on loans and financing sold to Cagamas	1,277,269	-	1,277,269	1,592,974	-	1,592,974
Provision for taxation and zakat	836,527	-	836,527	1,051,798	-	1,051,798
Deferred tax liabilities	639,285	-	639,285	674,872	-	674,872
Borrowings	13,321,805	-	13,321,805	10,714,266	-	10,714,266
Subordinated obligations	12,644,576	-	12,644,576	13,510,041	-	13,510,041
Capital securities	5,920,909	-	5,920,909	6,150,351	-	6,150,351
TOTAL LIABILITIES	512,700,627	(124,442)	512,576,185	451,096,165	(154,240)	450,941,925
EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE BANK						
Share capital	8,862,079	-	8,862,079	8,440,046	-	8,440,046
Share premium	19,030,227	-	19,030,227	15,639,646	-	15,639,646
Shares held-in-trust	(107,248)	-	(107,248)	(102,405)	-	(102,405)
Retained profits	11,747,484	-	11,747,484	11,104,837	-	11,104,837
Reserves	6,464,865	-	6,464,865	7,013,234	-	7,013,234
	45,997,407	-	45,997,407	42,095,358	-	42,095,358
Non-controlling interests	1,745,192	-	1,745,192	1,719,440	-	1,719,440
	47,742,599	-	47,742,599	43,814,798	-	43,814,798
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	560,443,226	(124,442)	560,318,784	494,910,963	(154,240)	494,756,723

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A35. Changes in Accounting Policies and Restatement of Prior Year Figures (cont'd.)

(ii) Financial effects arising from changes in accounting policies and restatement of comparative information (cont'd.)

The following are reconciliations of statements of financial position of the Bank as at 1 January 2013 and as at 31 December 2013:

<u>Bank</u>	31 December 2013 (As previously stated) RM'000	Note A35(i) RM'000	31 December 2013 (Restated) RM'000	1 January 2013 (As previously stated) RM'000	Note A35(i) RM'000	1 January 2013 (Restated) RM'000
ASSETS						
Cash and short-term funds	29,320,984	-	29,320,984	23,153,242	-	23,153,242
Deposits and placements with financial institutions	15,723,864	-	15,723,864	10,039,999	-	10,039,999
Financial assets purchased under resale agreements	20,558	-	20,558	650,314	-	650,314
Financial assets at fair value through profit or loss	5,546,091	-	5,546,091	10,719,937	-	10,719,937
Financial investments available-for-sale	64,532,797	-	64,532,797	47,366,309	-	47,366,309
Financial investments held-to-maturity	5,354,097	-	5,354,097	2,556,849	-	2,556,849
Loans, advances and financing	237,971,279	-	237,971,279	214,852,046	-	214,852,046
Derivative assets	3,760,133	(560,992)	3,199,141	2,812,148	(459,360)	2,352,788
Other assets	5,319,437	387,437	5,706,874	2,713,063	231,402	2,944,465
Statutory deposits with central banks	7,327,996	-	7,327,996	6,888,916	-	6,888,916
Investment in subsidiaries	19,505,514	-	19,505,514	17,634,469	-	17,634,469
Interest in associates and joint ventures	451,518	-	451,518	456,512	-	456,512
Property, plant and equipment	1,363,898	-	1,363,898	1,205,788	-	1,205,788
Intangible assets	527,268	-	527,268	697,066	-	697,066
Deferred tax assets	1,053,598	-	1,053,598	810,015	-	810,015
TOTAL ASSETS	397,779,032	(173,555)	397,605,477	342,556,673	(227,958)	342,328,715

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A35. Changes in Accounting Policies and Restatement of Prior Year Figures (cont'd.)

(ii) Financial effects arising from changes in accounting policies and restatement of comparative information (cont'd.)

The following are reconciliations of statements of financial position of the Bank as at 1 January 2013 and as at 31 December 2013 (cont'd.):

Bank (cont'd.)	31 December 2013 (As previously stated) RM'000	Note A35(i) RM'000	31 December 2013 (Restated) RM'000	1 January 2013 (As previously stated) RM'000	Note A35(i) RM'000	1 January 2013 (Restated) RM'000
LIABILITIES						
Deposits from customers	273,670,380	-	273,670,380	237,402,079	-	237,402,079
Deposits and placements from financial institutions	37,582,577	-	37,582,577	29,198,776	-	29,198,776
Obligations on financial assets sold under repurchase agreements	4,300,055	-	4,300,055	-	-	-
Bills and acceptances payable	1,442,612	-	1,442,612	1,553,312	-	1,553,312
Derivative liabilities	3,632,464	(560,992)	3,071,472	2,243,617	(459,360)	1,784,257
Other liabilities	9,485,349	387,437	9,872,786	8,645,423	231,402	8,876,825
Recourse obligation on loans and financing sold to Cagamas	656,293	-	656,293	687,793	-	687,793
Provision for taxation and zakat	578,100	-	578,100	758,446	-	758,446
Borrowings	9,318,389	-	9,318,389	7,382,719	-	7,382,719
Subordinated obligations	10,404,418	-	10,404,418	11,638,850	-	11,638,850
Capital securities	6,208,623	-	6,208,623	6,150,351	-	6,150,351
TOTAL LIABILITIES	357,279,260	(173,555)	357,105,705	305,661,366	(227,958)	305,433,408
EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE BANK						
Share capital	8,862,079	-	8,862,079	8,440,046	-	8,440,046
Share premium	19,030,227	-	19,030,227	15,639,646	-	15,639,646
Shares held-in-trust	(107,248)	-	(107,248)	(102,405)	-	(102,405)
Retained profits	3,478,214	-	3,478,214	4,179,482	-	4,179,482
Reserves	9,236,500	-	9,236,500	8,738,538	-	8,738,538
	40,499,772	-	40,499,772	36,895,307	-	36,895,307
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	397,779,032	(173,555)	397,605,477	342,556,673	(227,958)	342,328,715

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A36. Audited Income Statements and Statements of Financial Position of Insurance and Takaful Business

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

(a) Audited Income Statements for the Financial Year Ended 31 December 2014

Group Twelve-Month Ended	Life Fund		Family Takaful Fund		General Takaful Fund		Shareholders' and General Fund		Total	
	31 December 2014 RM'000	31 December 2013 RM'000	31 December 2014 RM'000	31 December 2013 RM'000	31 December 2014 RM'000	31 December 2013 RM'000	31 December 2014 RM'000	31 December 2013 RM'000	31 December 2014 RM'000	31 December 2013 RM'000
Interest income	435,140	433,258	308,399	314,292	57,466	44,621	168,798	145,297	969,803	937,468
Interest expense	-	-	-	-	-	-	(28,675)	(10,184)	(28,675)	(10,184)
Net interest income	435,140	433,258	308,399	314,292	57,466	44,621	140,123	135,113	941,128	927,284
Net earned insurance premiums	984,224	785,452	1,017,700	1,332,479	772,264	707,087	1,171,880	1,116,328	3,946,068	3,941,346
Other operating income	288,991	123,205	272,473	(39,974)	9,517	64,935	150,652	142,866	721,633	291,032
Total operating income	1,708,355	1,341,915	1,598,572	1,606,797	839,247	816,643	1,462,655	1,394,307	5,608,829	5,159,662
Net insurance benefits and claims incurred, net fee and commission expenses, change in expense liabilities and taxation of life and takaful fund	(1,518,592)	(1,191,097)	(1,442,093)	(1,563,284)	(836,657)	(814,769)	(231,926)	(201,399)	(4,029,268)	(3,770,549)
Net operating income	189,763	150,818	156,479	43,513	2,590	1,874	1,230,729	1,192,908	1,579,561	1,389,113
Overhead expenses	(155,404)	(148,202)	(39,149)	(33,908)	(567)	(1,356)	(420,279)	(417,878)	(615,399)	(601,344)
Operating profit before impairment losses	34,359	2,616	117,330	9,605	2,023	518	810,450	775,030	964,162	787,769
Writeback of/(allowances for) impairment losses on loans, advances and financing, net	3,138	(441)	7,087	(2,079)	(1,683)	89	212	9,952	8,754	7,521
Allowances for impairment losses on financial investments, net	(37,497)	(2,175)	(124,417)	(7,526)	(340)	(607)	(18,515)	(3,058)	(180,769)	(13,366)
Operating profit	-	-	-	-	-	-	792,147	781,924	792,147	781,924
Share of profits in associates	-	-	-	-	-	-	674	864	674	864
Profit before taxation and zakat	-	-	-	-	-	-	792,821	782,788	792,821	782,788
Taxation and zakat	-	-	-	-	-	-	(219,673)	(165,375)	(219,673)	(165,375)
Profit for the year	-	-	-	-	-	-	573,148	617,413	573,148	617,413

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A36. Audited Income Statements and Statements of Financial Position of Insurance and Takaful Business (cont'd.)

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

(b) Audited Statements of Financial Position as at 31 December 2014

Group	Life Fund		Family Takaful Fund		General Takaful Fund		Shareholders' and General Fund		Total	
	As at 31 December 2014	As at 31 December 2013	As at 31 December 2014	As at 31 December 2013	As at 31 December 2014	As at 31 December 2013	As at 31 December 2014	As at 31 December 2013	As at 31 December 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	53,254	55,313	50,364	90,009	49,612	53,033	140,400	140,250	293,630	338,605
Deposits and placements with financial institutions	598,475	902,179	374,121	493,643	118,495	319,559	616,214	1,379,348	1,707,305	3,094,729
Financial assets at fair value through profit or loss	8,977,758	8,546,946	4,490,284	4,571,735	-	-	-	-	13,468,042	13,118,681
Financial investments available-for-sale	1,056,052	1,190,548	3,361,546	2,781,462	1,349,788	1,039,781	3,849,271	3,165,842	9,616,657	8,177,633
Loans, advances and financing	276,085	276,629	7,300	7,309	-	-	30,646	33,181	314,031	317,119
Derivative assets	14,936	18,035	-	-	-	-	-	-	14,936	18,035
Reinsurance/retakaful assets and other insurance receivables	64,153	66,498	121,948	155,836	339,827	282,157	4,446,135	1,845,504	4,972,063	2,349,995
Other assets	108,217	33,576	112,213	4,216	2,056	7,671	202,718	89,232	425,204	134,695
Investment properties	536,895	524,392	-	-	-	-	51,035	51,062	587,930	575,454
Interest in associates	-	-	-	-	-	-	10,974	9,110	10,974	9,110
Property, plant and equipment	77,070	61,007	-	-	-	-	72,916	74,364	149,986	135,371
Intangible assets	12,967	15,961	-	67	-	3	23,451	11,482	36,418	27,513
Deferred tax assets	6,581	1,692	16,027	5,544	8,761	10,303	35,563	20,903	66,932	38,442
TOTAL ASSETS	11,782,443	11,692,776	8,533,803	8,109,821	1,868,539	1,712,507	9,479,323	6,820,278	31,664,108	28,335,382
LIABILITIES										
Derivative liabilities	15,135	2,961	-	-	-	-	-	-	15,135	2,961
Insurance/takaful contract liabilities and other insurance payables	9,544,425	9,811,717	8,217,200	7,779,115	1,650,190	1,485,201	5,387,018	2,724,106	24,798,833	21,800,139
Other liabilities #	2,162,437	1,822,276	309,793	326,024	206,533	222,254	(1,759,346)	(1,369,185)	919,417	1,001,369
Provision for taxation and zakat	26,429	12,054	5,445	(1,805)	7,012	(318)	(64,430)	21,934	(25,544)	31,865
Deferred tax liabilities	34,017	43,768	1,365	6,487	4,804	5,370	460,814	359,345	501,000	414,970
Subordinated obligations	-	-	-	-	-	-	811,334	510,184	811,334	510,184
TOTAL LIABILITIES	11,782,443	11,692,776	8,533,803	8,109,821	1,868,539	1,712,507	4,835,390	2,246,384	27,020,175	23,761,488
EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE SUBSIDIARIES										
Share capital	-	-	-	-	-	-	252,005	252,005	252,005	252,005
Other reserves	-	-	-	-	-	-	4,391,928	4,321,889	4,391,928	4,321,889
	-	-	-	-	-	-	4,643,933	4,573,894	4,643,933	4,573,894
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	11,782,443	11,692,776	8,533,803	8,109,821	1,868,539	1,712,507	9,479,323	6,820,278	31,664,108	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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A37. The Operations of Islamic Banking Scheme

A37a. Income Statements for the Fourth Quarter and Financial Year Ended 31 December 2014

<u>Group</u>	Unaudited		Audited	
	4th Quarter Ended 31 December 2014 RM'000	31 December 2013 RM'000	Cumulative 12 Months Ended 31 December 2014 RM'000	31 December 2013 RM'000
Income derived from investment of depositors' funds	1,565,460	1,211,010	5,545,645	4,489,860
Income derived from investment of Islamic Banking Funds	79,530	116,012	325,187	318,017
Writeback of/(allowances for) impairment losses on financing and advances	8,897	50,559	(84,885)	(8,509)
Total distributable income	1,653,887	1,377,581	5,785,947	4,799,368
Income attributable to the depositors	(894,359)	(708,245)	(3,085,192)	(2,369,879)
Total net income	759,528	669,336	2,700,755	2,429,489
Finance cost	(30,103)	(10,666)	(93,074)	(42,200)
Overhead expenses	(206,901)	(235,151)	(997,395)	(913,231)
Profit before taxation and zakat	522,524	423,519	1,610,286	1,474,058
Taxation	(146,697)	(99,216)	(424,596)	(336,466)
Zakat	(5,472)	(9,590)	(19,572)	(22,247)
Profit for the period/year	370,355	314,713	1,166,118	1,115,345

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

<u>Group</u>	Unaudited		Audited	
	4th Quarter Ended 31 December 2014 RM'000	31 December 2013 RM'000	Cumulative 12 Months Ended 31 December 2014 RM'000	31 December 2013 RM'000
Income derived from investment of depositors' funds	1,565,460	1,211,010	5,545,645	4,489,860
Income derived from investment of Islamic Banking Funds	79,530	116,012	325,187	318,017
Total income before allowances for impairment losses on financing and advances and overhead expenses	1,644,990	1,327,022	5,870,832	4,807,877
Income attributable to the depositors	(894,359)	(708,245)	(3,085,192)	(2,369,879)
	750,631	618,777	2,785,640	2,437,998
Finance cost	(30,103)	(10,666)	(93,074)	(42,200)
Net of intercompany income and expenses	84,987	181,743	578,645	414,384
Income from Islamic Banking Scheme	805,515	789,854	3,271,211	2,810,182

A37b. Statements of Comprehensive Income for the Fourth Quarter and Financial Year Ended 31 December 2014

<u>Group</u>	Unaudited		Audited	
	4th Quarter Ended 31 December 2014 RM'000	31 December 2013 RM'000	Cumulative 12 Months Ended 31 December 2014 RM'000	31 December 2013 RM'000
Profit for the period/year	370,355	314,713	1,166,118	1,115,345
Other comprehensive income/(loss):				
<i>Items that may be reclassified subsequently to profit or loss</i>				
Net gain/(loss) on foreign exchange translation	74,589	(5,676)	80,974	21,483
Net (loss)/gain on financial investments available-for-sale	(20,289)	(83,335)	34,691	(214,691)
Income tax relating to components of other comprehensive income	5,072	20,737	(9,420)	53,051
Other comprehensive income/(loss) for the period/year, net of tax	(15,217)	(62,598)	25,271	(161,640)
Total comprehensive income for the period/year	355,138	252,115	1,191,389	953,705

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A37. The Operations of Islamic Banking Scheme (cont'd.)

A37c. Audited Statements of Financial Position as at 31 December 2014

<u>Group</u>	Note	31 December 2014 RM'000	31 December 2013 RM'000
ASSETS			
Cash and short-term funds		17,893,965	17,763,716
Deposits and placements with financial institutions		763	63,380
Financial investments portfolio		9,464,746	9,193,509
Financing and advances	A37e	108,814,883	87,395,117
Derivative assets		169,535	134,141
Other assets		7,981,518	9,101,475
Statutory deposit with central banks		3,778,000	3,084,000
Property, plant and equipment		1,162	1,203
Intangible assets		658	1,520
Deferred tax assets		35,963	268,231
Total Assets		148,141,193	127,006,292
LIABILITIES			
Deposits from customers	A37f	99,996,856	83,376,255
Deposits and placements from financial institutions		36,625,916	33,431,855
Bills and acceptances payable		5,947	62,124
Derivatives liabilities		273,865	247,952
Other liabilities		288,384	278,481
Recourse obligation on financing sold to Cagamas		-	620,976
Provision for taxation and zakat		54,994	206,479
Subordinated sukuk	A37g	2,527,629	1,010,782
Total Liabilities		139,773,591	119,234,904
ISLAMIC BANKING CAPITAL FUNDS			
Islamic Banking Funds		1,175,774	1,278,853
Share premium		4,099,344	3,725,969
Retained profits		2,470,137	2,445,492
Other reserves		622,347	321,074
		8,367,602	7,771,388
Total Liabilities and Islamic Banking Capital Funds		148,141,193	127,006,292
COMMITMENTS AND CONTINGENCIES			
		37,876,493	34,079,257

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A37. The Operations of Islamic Banking Scheme (cont'd.)

A37d. Audited Statements of Changes in Islamic Banking Capital Funds for the Financial Year Ended 31 December 2014

<u>Group</u>	----- Non-distributable -----										
	Islamic Banking Funds RM'000	Share Premium RM'000	Available-for-sale 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	Regulatory 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 year	-	-	-	-	-	-	-	-	-	1,166,118	1,166,118
Other comprehensive income	-	-	25,271	80,974	-	-	-	-	-	-	106,245
Total comprehensive income for the year	-	-	25,271	80,974	-	-	-	-	-	1,166,118	1,272,363
Transfer (to)/from conventional banking operations	(130,453)	-	-	(79,472)	-	-	-	-	-	7,904	(202,021)
Issue of ordinary shares	27,374	373,375	-	-	-	-	-	-	-	-	400,749
Dividends paid	-	-	-	-	-	-	-	-	-	(874,877)	(874,877)
Transfer to regulatory reserve	-	-	-	-	-	-	-	-	274,500	(274,500)	-
At 31 December 2014	1,175,774	4,099,344	(99,618)	1,830	409,672	1,697	34,456	(190)	274,500	2,470,137	8,367,602

<u>Group</u>	----- Non-distributable -----										
	Islamic Banking Funds RM'000	Share Premium RM'000	Available-for-sale 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	Regulatory 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 year	-	-	-	-	-	-	-	-	-	1,115,345	1,115,345
Other comprehensive (loss)/income	-	-	(161,640)	21,483	-	-	-	-	-	-	(140,157)
Total comprehensive (loss)/income for the year	-	-	(161,640)	21,483	-	-	-	-	-	1,115,345	975,188
Transfer (to)/from conventional banking operations	328,866	-	-	(20,122)	-	-	-	-	-	2,261	311,005
Issue of ordinary shares	86,268	1,038,489	-	-	-	-	-	-	-	-	1,124,757
Dividends paid	-	-	-	-	-	-	-	-	-	(124,757)	(124,757)
Transfer to statutory reserve	-	-	-	-	262,334	-	-	-	-	(262,334)	-
At 31 December 2013	1,278,853	3,725,969	(124,889)	328	409,672	1,697	34,456	(190)	-	2,445,492	7,771,388

* This equity contribution reserve from holding company is pertaining to waiver of intercompany balance between respective subsidiaries and its holding company.

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A37. The Operations of Islamic Banking Scheme (cont'd.)

A37e. Financing and Advances

Group	Bai'	Murabahah	Musyarakah	Al-Ijarah Thummah	Ijarah	Istisna'	Others	Total Financing and Advances
As at 31 December 2014	RM'000	RM'000	RM'000	Al-Bai (AITAB) RM'000	RM'000	RM'000	RM'000	RM'000
Cashline	-	2,423,156	-	-	-	-	-	2,423,156
Term financing								
- Housing financing	22,413,253	44,643,817	2,823,380	-	-	-	-	69,880,450
- Syndicated financing	-	35,105	-	-	-	-	-	35,105
- Hire purchase receivables	-	-	-	32,340,140	-	-	-	32,340,140
- Other term financing	43,829,655	39,773,412	1,806,647	-	161,882	174,983	528	85,747,107
Bills receivables	-	-	-	-	-	-	-	-
Trust receipts	-	193,885	-	-	-	-	-	193,885
Claims on customers under acceptance credits	-	4,080,986	-	-	-	-	-	4,080,986
Staff financing	966,347	605,961	9,220	130,348	-	-	39,881	1,751,757
Credit card receivables	-	-	-	-	-	-	475,704	475,704
Revolving credit	-	8,800,225	-	-	-	-	-	8,800,225
	67,209,255	100,556,547	4,639,247	32,470,488	161,882	174,983	516,113	205,728,515
Unearned income								(96,088,908)
Gross financing and advances*								109,639,607
Allowances for impaired financing and advances:								
- Individual allowance								(212,945)
- Collective allowance								(611,779)
Net financing and advances								108,814,883

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A37. The Operations of Islamic Banking Scheme (cont'd.)

A37e. 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 RM9,548.2 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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A37. The Operations of Islamic Banking Scheme (cont'd.)

A37e. Financing and Advances (cont'd.)

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

<u>Group</u>	31 December 2014 RM'000	31 December 2013 RM'000
Gross impaired financing and advances at 1 January 2014/2013	531,627	531,048
Newly impaired	728,670	538,213
Reclassified as non-impaired	(285,316)	(218,605)
Amount recovered	(153,007)	(245,716)
Amount written off	(124,020)	(73,313)
Gross impaired financing and advances at 31 December 2014/ 31 December 2013	<u>697,954</u>	<u>531,627</u>
Less: Individual allowance	(212,945)	(172,880)
Net impaired financing and advances at 31 December 2014/ 31 December 2013	<u>485,009</u>	<u>358,747</u>
Gross financing and advances (excluding RPSIA financing)	100,091,424	79,830,300
Less: Individual allowance	(212,945)	(172,880)
Net financing and advances	<u>99,878,479</u>	<u>79,657,420</u>
Net impaired financing and advances as a percentage of net financing and advances	<u>0.49%</u>	<u>0.45%</u>

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

<u>Group</u>	31 December 2014 RM'000	31 December 2013 RM'000
<u>Individual allowance</u>		
At 1 January 2014/2013	172,880	95,836
Allowance made	123,302	97,931
Amount written back in respect of recoveries	(12,071)	(19,419)
Amount written off	(69,249)	-
Transferred to collective allowance	(2,356)	(74)
Exchange differences	439	(1,394)
At 31 December 2014/2013	<u>212,945</u>	<u>172,880</u>
<u>Collective allowance</u>		
At 1 January 2014/2013	591,146	607,837
Allowance made *	84,488	56,839
Amount written off	(65,700)	(73,313)
Transferred from individual allowance	2,356	74
Transferred to holding company	(1,224)	-
Exchange differences	713	(291)
At 31 December 2014/2013	<u>611,779</u>	<u>591,146</u>
As a percentage of gross financing and advances (excluding RPSIA financing) less individual allowance (including Regulatory Reserve)	<u>0.89%</u>	<u>0.74%</u>

* As at 31 December 2014, the gross exposures to RPSIA financing is RM9,548.2 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 RM43.2 million (31 December 2013: RM27.8 million) is recognised in the Group's conventional operations. There is no individual allowance provided on this RPSIA financing.

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A37. The Operations of Islamic Banking Scheme (cont'd.)

A37f. Deposits from Customers

<u>Group</u>	31 December 2014 RM'000	31 December 2013 RM'000
Savings deposit		
Wadiah	9,977,407	8,878,413
Mudharabah	<u>888,056</u>	<u>741,952</u>
	<u>10,865,463</u>	<u>9,620,365</u>
Demand deposit		
Wadiah	8,282,093	8,178,609
Mudharabah	<u>12,780,538</u>	<u>9,221,790</u>
	<u>21,062,631</u>	<u>17,400,399</u>
Term deposit		
Murabahah	40,309,504	40,652,099
Negotiable Islamic Debt Certificated (NIDC)		
- Mudharabah	151,380	143,345
Hybrid (Bai' Bithaman Ajil and Murabahah)	763,556	505,255
General investment account		
- Mudharabah	<u>26,844,322</u>	<u>15,054,792</u>
	<u>68,068,762</u>	<u>56,355,491</u>
Total deposits from customers	<u>99,996,856</u>	<u>83,376,255</u>

A37g. Subordinated Sukuk

<u>Group</u>	31 December 2014 RM'000	31 December 2013 RM'000
RM1.0 billion Islamic subordinated Sukuk due in 2021	1,010,841	1,010,782
RM1.5 billion Islamic subordinated Sukuk Murabahah due in 2024	<u>1,516,788</u>	<u>-</u>
	<u>2,527,629</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

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

The Group posted profit after tax attributable to equity holders of RM6,716.5 million for the financial year ended 31 December 2014, an increase of RM164.1 million or 2.5% compared to corresponding financial year ended 31 December 2013.

The Group's net interest income and Islamic Banking income for the financial year ended 31 December 2014 increased by RM579.5 million or 4.7% to RM12,974.9 million compared to the corresponding financial year ended 31 December 2013. This was largely due to the growth in the Group's gross loans, advances and financing, mainly contributed from the Conventional and Islamic Banking operations.

Other operating income of the Group for the financial year ended 31 December 2014 recorded a decrease of RM341.6 million or 5.8% to RM5,540.4 million. The decrease was mainly due to lower foreign exchange gain of RM1,144.7 million in which this was mitigated by higher unrealised mark-to-market gain on financial assets at fair value through profit or loss ("FVTPL") and derivatives of RM885.7 million. The decrease in other operating income was also due to lower gain on disposal of financial investments available-for-sale and financial assets at FVTPL of RM258.0 million and RM74.5 million respectively. The decrease was, however, mitigated by higher fee income of RM166.6 million.

The Group's net insurance benefits and claims incurred, net fee and commission expenses and taxation of life and takaful fund increased by RM250.3 million to RM3,930.8 million compared to the corresponding financial year ended 31 December 2013. The increase was mainly attributable to higher net benefits and claims incurred by the Insurance subsidiary of RM277.6 million.

The Group's overhead expenses for the financial year ended 31 December 2014 recorded an increase of RM183.4 million or 2.1% to RM9,111.3 million compared to the corresponding financial year ended 31 December 2013. The increase in overhead expenses was mainly due to higher administration and general expenses of RM189.6 million, higher personnel expenses of RM75.4 million and higher establishment costs of RM39.6 million. However, this was mitigated by lower marketing expenses of RM121.2 million incurred during the financial year ended 31 December 2014.

The Group's allowance for impairment losses on loans, advances and financing decreased by RM329.2 million to RM400.4 million for the financial year ended 31 December 2014. The decrease was mainly due to lower collective allowance ("CA") charge, lower individual allowance ("IA") charge and higher bad debts and financing recovered during the financial year ended 31 December 2014. The Group's CA ratio (including Regulatory Reserve) was 1.04% as at 31 December 2014 compared to 1.06% as at 31 December 2013.

The Group's allowance for impairment losses on financial investments decreased by RM80.1 million to RM70.4 million for the financial year ended 31 December 2014 due to recoveries from impaired loan stocks.

The improvement in the Group's profit before tax for the financial year ended 31 December 2014 as compared to the corresponding financial year ended 31 December 2013 is further segmented based on the operating segments of the Group as follows:

Community Financial Services ("CFS"), Malaysia

CFS' profit before tax increased by RM1,047.1 million or 32.5% to RM4,271.5 million for the financial year ended 31 December 2014 from RM3,224.5 million in the corresponding financial year ended 31 December 2013. The increase was driven by writeback of impairment losses on loans, advances and financing of RM865.0 million, higher net interest income and Islamic Banking income of RM169.3 million arising from strong year-on-year loan growth in mortgage of 13.3%, auto finance of 10.5% and unit trust loans of 7.4%.

Global Banking

a) Corporate Banking, Malaysia

Corporate Banking's profit before tax increased by RM19.0 million or 1.2% to RM1,633.1 million for the financial year ended 31 December 2014 from RM1,614.1 million in the corresponding financial year ended 31 December 2013. The increase was driven by higher other operating income of RM110.1 million and lower allowance made for impairment losses on loans, advances and financing of RM34.3 million. The increase was, however, offset by higher overhead expenses of RM127.0 million.

b) Global Markets, Malaysia

Global Markets' profit before tax increased by RM93.0 million or 6.7% to RM1,489.6 million for the financial year ended 31 December 2014 from RM1,396.6 million in the corresponding financial year ended 31 December 2013. The increase was driven by writeback of impairment losses on financial investments of RM103.4 million and higher other operating income of RM29.7 million. The increase was, however, offset by lower net interest income of RM34.5 million.

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B1. Performance Review (cont'd.)

(i) Year-to-Date vs Previous Corresponding Year-to-Date (cont'd.)

Global Banking (cont'd.)

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

Investment Banking's profit before tax increased by RM17.0 million or 3.7% to RM478.8 million for the financial year ended 31 December 2014 from RM461.8 million in the corresponding financial year ended 31 December 2013. The increase was due to writeback of impairment losses on financial investments of RM21.5 million, writeback of impairment losses on loans, advances and financing of RM8.5 million and lower overhead expenses of RM8.5 million. The increase was, however, offset by lower net interest income and Islamic Banking income of RM20.2 million.

d) Asset Management

Asset Management's profit before tax decreased by RM20.7 million to RM0.8 million for the financial year ended 31 December 2014 from RM21.5 million in the corresponding financial year ended 31 December 2013. The decrease was mainly due to higher overhead expenses of RM43.2 million and higher allowance made for impairment losses on financial investments of RM5.6 million. This decrease was, however, mitigated by higher other operating income of RM28.6 million.

International Banking

International Banking's profit before tax decreased by RM166.6 million or 6.6% to RM2,370.1 million for the financial year ended 31 December 2014 from RM2,536.7 million in the corresponding financial year ended 31 December 2013. The decrease was mainly attributable to higher allowance made for impairment losses on loans, advances and financing of RM580.2 million, higher overhead expenses of RM85.6 million and lower other operating income of RM3.0 million. This decrease was, however, mitigated by higher net interest income of RM349.5 million and writeback of impairment losses on financial investments of RM128.2 million.

Higher net interest income was contributed by strong year-on-year loan growth of 98.4% at Labuan, 33.9% at Greater China and 15.5% at Singapore.

Insurance and Takaful

Insurance and Takaful registered an increase in profit before tax of RM118.4 million or 15.2% to RM896.7 million for the financial year ended 31 December 2014 from RM778.3 million in the corresponding financial year ended 31 December 2013. The increase was mainly attributable to higher other operating income of RM432.1 million, lower overhead expenses of RM84.5 million and higher net interest income of RM13.8 million. The increase was, however, offset by higher net insurance benefits and claims incurred of RM277.6 million and higher allowance made for impairment losses on financial investments of RM167.4 million.

(ii) Current Quarter vs Previous Period Corresponding Quarter

The Group posted profit after tax attributable to equity holders of RM1,931.2 million for the quarter ended 31 December 2014, an increase of RM199.1 million or 11.5% compared to previous period corresponding quarter ended 31 December 2013.

The Group's net interest income and Islamic Banking income for the quarter ended 31 December 2014 increased by RM74.1 million or 2.3% compared to the previous period corresponding quarter ended 31 December 2013. This was largely due to the growth in the Group's gross loans, advances and financing, mainly contributed from the Conventional and Islamic Banking operations.

The Group's net earned insurance premiums from the Insurance and Takaful subsidiaries increased by RM160.8 million to RM1,026.9 million for the quarter ended 31 December 2014 compared to the previous period corresponding quarter ended 31 December 2013.

The Group's other operating income for the quarter ended 31 December 2014 increased by RM219.9 million or 16.6% compared to the previous period corresponding quarter ended 31 December 2013. The increase was mainly contributed by higher fee income of RM97.3 million, higher net foreign exchange gain of RM62.1 million and higher gain on disposal of financial investments available-for-sale of RM52.0 million. The increase was, however, offset by higher unrealised mark-to-market loss on financial assets at FVTPL and derivatives of RM100.6 million.

The Group's net insurance benefits and claims incurred, net fee and commission expenses and taxation of life and takaful fund increased by RM61.7 million to RM743.1 million compared to the previous period corresponding quarter ended 31 December 2013. The increase was mainly attributable to higher net benefits and claims incurred by the Insurance and Takaful subsidiaries of RM58.8 million.

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B1. Performance Review (cont'd.)

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

The Group's overhead expenses for the quarter ended 31 December 2014 increased by RM238.7 million or 10.2% compared to the previous period corresponding quarter ended 31 December 2013. The increase was due mainly to higher personnel expenses of RM143.1 million, higher administration and general expenses of RM82.2 million and higher establishment costs of RM47.7 million. The increase was mitigated by a decrease in marketing expenses of RM34.3 million.

The increase in the Group's profit before tax for the quarter ended 31 December 2014 as compared to the previous period corresponding quarter ended 31 December 2013 is further segmented based on the operating segments of the Group as follows:

Community Financial Services ("CFS"), Malaysia

CFS' profit before tax increased by RM64.7 million or 6.4% to RM1,079.2 million for the quarter ended 31 December 2014 from RM1,014.5 million in the previous period corresponding quarter ended 31 December 2013. The increase was driven by writeback of impairment losses on loans, advances and financing of RM115.6 million, higher net interest income and Islamic Banking income of RM24.1 million arising from strong year-on-year loan growth in mortgage of 13.3%, auto finance of 10.5% and unit trust loans of 7.4%. The increase was, however, offset by higher overhead expenses of RM84.0 million.

Global Banking

a) Corporate Banking, Malaysia

Corporate Banking's profit before tax increased by RM43.4 million or 10.3% to RM466.7 million for the quarter ended 31 December 2014 from RM423.3 million in the previous period corresponding quarter ended 31 December 2013. The increase was due to writeback of impairment losses on loans, advances and financing of RM65.4 million and higher other operating income of RM42.5 million. The increase was, however, offset by higher overhead expenses of RM56.3 million.

b) Global Markets, Malaysia

Global Markets' profit before tax increased by RM66.6 million or 23.2% to RM353.7 million for the quarter ended 31 December 2014 from RM287.1 million in the previous period corresponding quarter ended 31 December 2013. The increase was attributable to writeback of impairment losses on financial investments of RM89.6 million and higher other operating income of RM4.6 million. The increase was, however, offset by higher overhead expenses of RM29.6 million.

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

Investment Banking's profit before tax increased by RM58.4 million or 28.4% to RM264.3 million for the quarter ended 31 December 2014 from RM205.9 million in the previous period corresponding quarter ended 31 December 2013. The increase was mainly attributable to higher other operating income of RM71.7 million. This increase was, however, offset by higher overhead expenses of RM9.3 million and lower net interest income and Islamic Banking income of RM4.5 million.

d) Asset Management

Asset Management's profit before tax increased by RM4.6 million to RM3.3 million for the quarter ended 31 December 2014 from a loss before tax of RM1.3 million in the previous period corresponding quarter ended 31 December 2013. The increase was driven by higher non-interest income of RM24.6 million. This increase was, however, offset by higher overhead expenses of RM13.2 million, higher allowance made for impairment losses on financial investments of RM5.6 million.

International Banking

International Banking's profit before tax decreased by RM110.3 million or 15.5% to RM599.1 million for the quarter ended 31 December 2014 from RM709.4 million in the previous period corresponding quarter ended 31 December 2013. The decrease was mainly due to higher allowance made for impairment losses on loans, advances and financing of RM195.0 million and higher overhead expenses of RM87.8 million. The decrease was, however, mitigated by higher other operating income of RM73.9 million, higher net interest income of RM38.4 million and lower allowance made for impairment losses on financial investments of RM33.1 million.

Higher net interest income was contributed by strong year-on-year loan growth of 98.4% at Labuan, 33.9% at Greater China and 15.5% at Singapore.

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B1. Performance Review (cont'd.)

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

Insurance and Takaful

Insurance and Takaful registered an increase in profit before tax of RM104.3 million or 50.3% to RM311.8 million for the quarter ended 31 December 2014 from RM207.5 million in the previous period corresponding quarter ended 31 December 2013. The increase was mainly due to higher net earned insurance premiums of RM160.8 million, higher other operating income of RM132.2 million and lower overhead expenses of RM41.6 million. This was, however, offset by higher allowance made for impairment losses on financial investments of RM151.9 million, higher net insurance benefits and claims incurred of RM58.8 million and lower net interest income of RM12.7 million.

B2. Variation of Current Quarter Results Against Preceding Quarter

The Group's profit after tax attributable to equity holders in this quarter ended 31 December 2014 increased by RM323.1 million or 20.1% to RM1,931.2 million against the preceding quarter ended 30 September 2014.

The Group's net interest income for the quarter ended 31 December 2014 decreased by RM19.7 million to RM2,441.9 million against the preceding quarter of RM2,461.6 million. Income from Islamic Banking Scheme operations decreased by RM42.5 million to RM805.5 million for the quarter ended 31 December 2014.

The Group's net earned insurance premiums for the quarter ended 31 December 2014 increased by RM59.4 million to RM1,026.9 million compared to RM967.5 million in the preceding quarter ended 30 September 2014.

Other operating income of the Group for the quarter ended 31 December 2014 increased by RM151.2 million or 10.8% to RM1,547.3 million compared to RM1,396.1 million in the preceding quarter ended 30 September 2014. The increase was mainly attributable to higher net foreign exchange gain of RM128.6 million, higher fee income of RM108.2 million and higher gain on disposal of financial investments at FVTPL of RM38.2 million. This increase was, however, offset by higher unrealised mark-to-market loss on financial assets at FVTPL and derivatives of RM219.3 million.

The Group's net insurance benefits and claims incurred, net fee and commission expenses and taxation of life and takaful fund decreased by RM392.6 million to RM743.1 million for the quarter ended 31 December 2014 compared to RM1,135.7 million in the preceding quarter ended 30 September 2014. The decrease was mainly due to lower net benefits and claims incurred of RM376.7 million.

The Group posted an increase of RM289.3 million or 12.7% in overhead expenses to RM2,572.9 million for the quarter ended 31 December 2014 compared to RM2,283.6 million in the preceding quarter ended 30 September 2014. The increase was mainly due to higher marketing expenses of RM93.4 million, higher establishment costs of RM74.4 million, higher administration and general expenses of RM57.2 million and higher personnel expenses of RM64.3 million.

The Group posted a writeback of impairment losses on loans, advances and financing of RM34.6 million for the quarter ended 31 December 2014 compared to allowance made for impairment losses on loans, advances and financing of RM70.5 million in the preceding quarter ended 30 September 2014.

The Group's allowance for impairment losses on financial investments decreased by RM152.1 million to RM154.1 million for the quarter ended 31 December 2014.

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B3. Prospects

The global economic growth is expected to record a modest pickup of 3.6% in 2015 from an estimated growth of 3.3% in 2014, led by stronger US growth amid subdued growth in the Eurozone and Japan, and continued slowdown in China. On an aggregate basis, the ASEAN-6 is expected to perform better in 2015 with higher GDP growth in Indonesia, Philippines, Thailand and Vietnam amid steady growth in Singapore and slower growth in Malaysia.

GDP growth for Malaysia is expected to grow at 4.5% in 2015 reflecting the impact of lower commodity prices and fiscal reforms (Goods and Services Tax (GST) and removal of fuel subsidies) on consumer and government spending. The decline in crude oil prices also poses risks to the Government budget, trade balance, exchange rate and oil & gas activities.

Despite the inflation rate estimated at 3%-4% in 2015 (2014: 3.2%), Bank Negara Malaysia is expected to keep the Overnight Policy Rate (OPR) at 3.25% for 2015 as it shifts its monetary policy bias towards sustaining growth.

Loans growth in Malaysia is likely to moderate slightly in 2015 with industry loans growth projected at 7%-8% from 8.7% in 2014 due to household loans growth easing to 8% (2014: 10%) on the continued impact from Bank Negara Malaysia's tighter lending criteria to curb excessive household debt while non-household loans are expected to remain stable at around 7% (2014: 7%). Maybank Malaysia will target to perform in line with industry growth and continue expanding fee-income generating activities.

Singapore's GDP growth is expected to ease to 2.5% in 2015 (2014: 2.9%) but will see support from the projected US-driven improvement in external trade given the moderate pick up in the global economy, which will counter the soft property market, and existing domestic structural and cost issues. Maybank Singapore will continue to focus on loan growth in its target segments supported by the domestic franchise, and collaboration on corporate and regional deals with Maybank Kim Eng.

Despite the lower commodity prices, Indonesia's GDP growth is forecast to improve to 5.5% in 2015 from an estimated 4.8% in 2014 upon post-election normalisation, positive economic fundamentals and increase in infrastructure and government spending. Interest rates are expected to remain high but stable at 7.5% with a potential increase of 25 bps later this year. Bank Internasional Indonesia (BII) will continue growing its retail and business banking segments, and selected growth in the corporate segment. Fee income growth will mainly be from transaction banking, cash management and global market transactions.

Aside from the three home markets highlighted above, the Group will continue to strengthen its regionalisation focus, particularly in Greater China, the Philippines and Indochina markets, which are expected to see favourable GDP growth between 6.0% - 8.5% in 2015.

In Greater China - where Maybank is represented in Hong Kong, Shanghai, Beijing, and more recently Kunming - the Group will focus on facilitating China-ASEAN flows, launching Private Wealth in this region and strengthening the South China-Indochina coverage, in line with our growth agenda in Indochina. The Indochina franchise will be further augmented with our new Myanmar branch in 2015, along with plans of deepening our consumer banking footprint in Cambodia and Laos. In the Philippines, the Group will continue to expand our suite of consumer banking services and global banking business, by leveraging on the strength of our regional capabilities.

In 2015, the Group will intensify focus on fee income business activities in its key markets. This will include capturing regional deal and trade finance opportunities, building our wealth management business and expanding our insurance business. Maybank Kim Eng, Transaction Banking, Private Wealth, Insurance & Takaful and Asset Management are among the businesses that make up the Group's fee income platform.

The Group is now in its second year of operating on a matrix structure that supports cross-selling and market collaboration across all business segments. The Group's business segments – Community Financial Services, Global Banking, Insurance & Takaful, International Operations and Islamic Banking are all working as global business units. The Group's support centres including risk management, IT, finance, operations and human capital are also on track with the development of their respective centres of excellence to support Maybank's regional strategy, manage asset quality and increase productivity across the Group.

We will continue to remain proactive in capital management and maintain capital at levels above the regulatory requirements prescribed by Bank Negara Malaysia. Barring any unforeseen circumstances, the Group expects its financial performance for the financial year ending 31 December 2015 to remain satisfactory. The Group has set two Headline Key Performance Indicators ("KPI") of Return on Equity ("ROE") between 13% to 14% and Group Loans Growth between 9% to 10%.

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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 fourth quarter and 12 months financial year ended 31 December 2014.

B5. Taxation and Zakat

The analysis of the tax expense for the fourth quarter and 12 months financial year ended 31 December 2014 are as follows:

Group	Unaudited		Audited	
	4th Quarter Ended	31 December	Cumulative 12 Months Ended	31 December
	31 December	31 December	31 December	31 December
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Malaysian income tax	541,319	788,151	1,945,621	2,176,881
Foreign income tax	118,579	(104,664)	194,570	82,278
	659,898	683,487	2,140,191	2,259,159
Overprovision in respect of prior period/years:				
Malaysian income tax	(65,881)	(71,190)	(752,632)	(267,295)
Foreign income tax	(4,210)	(13,460)	(4,407)	(19,743)
	589,807	598,837	1,383,152	1,972,121
Deferred tax				
- Relating to origination and reversal of temporary differences	(181,327)	(111,687)	787,557	95,345
- Relating to reduction in tax rate	4,579	-	4,579	-
	(176,748)	(111,687)	792,136	95,345
Tax expense for the financial period/year	413,059	487,150	2,175,288	2,067,466
Zakat	7,575	18,138	25,252	30,795
	420,634	505,288	2,200,540	2,098,261

The Group's effective tax rate for the fourth quarter and 12 months financial year ended 31 December 2014 was lower than the statutory tax rate due to certain income not subject to tax.

Bank	Unaudited		Audited	
	4th Quarter Ended	31 December	Cumulative 12 Months Ended	31 December
	31 December	31 December	31 December	31 December
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Malaysian income tax	338,922	404,891	1,392,927	1,384,018
Foreign income tax	733	328	2,571	3,375
	339,655	405,219	1,395,498	1,387,393
Overprovision in respect of prior period/years:				
Malaysian income tax	(66,030)	(59,947)	(562,288)	(238,240)
Foreign income tax	-	(13,414)	-	(13,414)
	273,625	331,858	833,210	1,135,739
Deferred tax				
- Relating to origination and reversal of temporary differences	(6,648)	(27,498)	606,358	105,585
- Relating to reduction in tax rate	1,844	-	1,844	-
	(4,804)	(27,498)	608,202	105,585
Tax expense for the financial period/year	268,821	304,360	1,441,412	1,241,324
Zakat	-	-	-	-
	268,821	304,360	1,441,412	1,241,324

The Bank's effective tax rate for the fourth quarter and 12 months financial year ended 31 December 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 chargeable profit for the financial year. 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 fourth quarter and 12 months financial year ended 31 December 2014.

B7. Status of Utilisation of Proceeds Raised from Corporate Proposal

The proceeds raised from the issuance of subordinated obligations and capital securities 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 A32.

B10. Changes in Material Litigation

(a) In 2005, a subsidiary, Maybank Trustees Berhad (“MTB”) and eleven other defendants were served with a writ of summons by ten plaintiffs/bondholders all of which are institutions, for an amount of approximately RM149.3 million. MTB was alleged to have acted in breach of trust and negligently in its capacity as Trustee for the bonds issued. MTB has defended the suit.

On 7 July 2008, the plaintiffs entered judgment by consent against certain defendants (which included the issuer of the bonds but not MTB) for the sum of RM149.3 million. The entering of the said judgment by consent is not in any way an admission of liability on the part of MTB.

On 4 August 2008, a defendant (the issuer of the bonds) served a counterclaim on MTB for approximately RM535.0 million being losses allegedly incurred by it as a result of MTB unlawfully declaring an Event Of Default on the bonds. The defendant had however on 25 August 2009 withdrawn the counterclaim against MTB.

The High Court on 30 June 2010 awarded judgment against MTB and another defendant, being the Arranger for the bonds, for RM149.3 million. The judgment sum in favour of the plaintiffs/bondholders was apportioned at 40% against MTB and 60% against the other defendant. The High Court also dismissed MTB’s other claims.

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

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

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

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

The Federal Court had on 10 February 2014 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 Review Application was withdrawn on 29 September 2014 as the said Review Application cannot be heard by the Federal Court until the court order in respect of the Decision is sealed. The Federal Court allowed the withdrawal of the Review Application.

The above contingent liability is covered by an existing Banker Blanket Bond Policy between the Bank and a subsidiary, Etiqa Insurance Berhad, which had entered into a facultative reinsurance contract for an insured sum of RM150.0 million with three (3) other re-insurers.

- (b) A corporate borrower had issued a writ of summons and statement of claim against a subsidiary, Maybank Investment Bank Berhad ("Maybank IB"), in 2005 in the latter's capacity as agent bank for three financial institutions, claiming general, special and exemplary damages arising from alleged breach of duty owed by Maybank IB in connection with a syndicated facility.

The credit facilities consisted of a bridging loan of RM58.5 million and a revolving credit facility of RM4.0 million which were granted by Maybank IB and the three syndicated lenders. Maybank IB's rights as lender were subsequently vested to Malayan Banking Berhad, one of the other three syndicated lenders. Maybank IB retained its agency role. The loan was subsequently restructured to RM38.0 million with terms for repayment. In 2006, Maybank IB and the three syndicated lenders filed a suit against the corporate borrower and a guarantor for the recovery of the said credit facilities. The two claims were heard together.

The High Court on 6 May 2009 entered judgment against Maybank IB (as agent for the syndicated lenders) and the syndicated lenders for, inter alia, a sum of RM115.5 million with interest at 6% per annum from date of disbursement to realisation, with the balance of the corporate borrower's claim (including general damages) ordered to be assessed at a later date ("Judgment"). In the same Judgment, the recovery action by Maybank IB and the three syndicated lenders was also dismissed.

Maybank IB and the three syndicated lenders then filed an appeal against the Judgment ("Appeal") and an application for stay of execution of the Judgment on 8 May 2009. On 24 June 2009, Maybank IB and the three syndicated lenders successfully obtained a stay order for execution of the Judgment pending the disposal of the Appeal against the Judgment. The corporate borrower's appeal to the Court of Appeal against the decision on the stay order was dismissed on 23 November 2009.

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

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

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

On 29 January 2014, the Federal Court dismissed the leave application. On 20 November 2014, the corporate borrower and its guarantor filed a motion to the Federal Court for the Federal Court to review and set aside its own decision in dismissing the leave application on 29 January 2014 ("Review Application"). The Review Application is now fixed for hearing on 30 March 2015. Maybank IB's solicitors are of the view that the Review Application is without merit.

Separately, upon the petition and appeal of third parties, by way of an order of the Court of Appeal on 22 January 2015, the corporate borrower has been wound up and the Official Receiver has been appointed as liquidator of the corporate borrower. To-date, there is no indication whether the corporate borrower has obtained sanction to proceed with the Review Application.

The actions for recovery of the loan sums will still continue, as there is no stay of the Court of Appeal Order dated 27 September 2013.

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B11. Disclosure of Realised and Unrealised Retained Earnings

The breakdown of the retained profits of the Group as at the statements of financial position date into realised and unrealised profits is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad dated 25 March 2010 and prepared in accordance with Guidance on Special Matter No. 1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, as issued by the Malaysian Institute of Accountants.

	31 December 2014 RM'000	31 December 2013 RM'000
Retained profits of the Group:		
- Realised	11,014,533	8,266,525
- Unrealised	382,111	2,251,983
- in respect of deferred tax recognised in the income statement	38,569	780,683
- in respect of other items of income and expense	343,542	1,471,300
	11,396,644	10,518,508
Share of retained profits from associates and joint ventures:		
- Realised	422,306	349,817
Consolidation adjustments	569,027	879,159
Total Group's retained profits	12,387,977	11,747,484

B12. Dividend

(i) Proposed final dividend

The Board of Directors have proposed a final single-tier dividend in respect of the current financial year ended 31 December 2014 of 33 sen single-tier dividend on 9,319,029,941 ordinary shares of RM1.00 each, amounting to a net dividend payable of RM3,075,279,881 (31 December 2013: 31 sen single-tier dividend) for the shareholders' approval.

The proposed final single-tier dividend consists of cash portion of 10 sen per ordinary share to be paid in cash amounting to RM931,902,994 and an electable portion of 23 sen per ordinary share amounting to RM2,143,376,887.

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

The Book Closure Date will be announced by the Bank at a later date.

(ii) Total dividend

Total dividend for the financial year ended 31 December 2014 are as follows:

- a) Single-tier interim dividend of 24 sen per ordinary share declared on 28 August 2014 and paid on 28 October 2014; and
- b) Proposed single-tier final dividend of 33 sen per ordinary share, subject to shareholders' approval.

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B13. Earnings Per Share ("EPS")

Basic EPS

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

	Unaudited		Audited	
	31 December 2014	31 December 2013	31 December 2014	31 December 2013
Net profit for the quarter/year attributable to equity holders of the Bank (RM'000)	1,931,233	1,732,100	6,716,455	6,552,391
Weighted average number of ordinary shares in issue ('000)	9,305,404	8,847,526	9,057,541	8,645,760
Basic earnings per share	20.75 sen	19.58 sen	74.15 sen	75.79 sen

Diluted EPS

The diluted EPS of the Group is calculated by dividing the net profit for the quarter/year attributable to equity holders of the Bank by the weighted average number of ordinary shares in issue, which has been adjusted for the number of shares that could have been issued under the Maybank Group Employee Share Scheme ("ESS").

In the diluted EPS calculation, it was assumed that certain number of ordinary shares under the ESS relating to the RSU are vested and awarded to employees through issuance of additional ordinary shares. A calculation is done to determine the number of ordinary shares that could have been issued at fair value (determined as the average price of the Bank's shares during the quarter/year) based on the monetary value of the ESS entitlement attached to the outstanding RSU granted. This 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 is made to the net profit for the quarter/year.

	Unaudited		Audited	
	31 December 2014	31 December 2013	31 December 2014	31 December 2013
Net profit for the quarter/year attributable to equity holders of the Bank (RM'000)	1,931,233	1,732,100	6,716,455	6,552,391
Weighted average number of ordinary shares in issue ('000)	9,305,404	8,847,526	9,057,541	8,645,760
Effects of dilution ('000)	189	7,269	1,287	7,426
Adjusted weighted average number of ordinary shares in issue ('000)	9,305,593	8,854,795	9,058,828	8,653,186
Diluted earnings per share	20.75 sen	19.56 sen	74.14 sen	75.72 sen

By Order of the Board

Mohd Nazlan Mohd Ghazali
LS0008977
Company Secretary
26 February 2015