

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

CONDENSED FINANCIAL STATEMENTS
UNAUDITED INCOME STATEMENTS
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2015

| <u>Group</u> | Note | Third Quarter Ended | | Cumulative 9 Months Ended | |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|
| | | 30 September 2015 RM'000 | 30 September 2014 RM'000 | 30 September 2015 RM'000 | 30 September 2014 RM'000 |
| Interest income | A20 | 5,067,209 | 4,487,146 | 14,511,038 | 13,068,367 |
| Interest expense | A21 | (2,170,390) | (2,025,555) | (6,329,314) | (5,806,525) |
| Net interest income | | <u>2,896,819</u> | <u>2,461,591</u> | <u>8,181,724</u> | <u>7,261,842</u> |
| Income from Islamic Banking Scheme operations | A38a | 1,084,623 | 848,045 | 2,984,472 | 2,465,696 |
| Net earned insurance premiums | A22 | 1,008,528 | 967,507 | 3,045,951 | 2,919,168 |
| Other operating income | A24 | 1,365,550 | 1,396,104 | 4,121,554 | 3,993,136 |
| Total operating income | | <u>6,355,520</u> | <u>5,673,247</u> | <u>18,333,701</u> | <u>16,639,842</u> |
| Net insurance benefits and claims incurred, net fee and commission expenses, change in expense liabilities and taxation of life and takaful fund | A25 | (608,284) | (1,135,663) | (2,710,551) | (3,187,749) |
| Net operating income | | <u>5,747,236</u> | <u>4,537,584</u> | <u>15,623,150</u> | <u>13,452,093</u> |
| Overhead expenses | A26 | (2,601,416) | (2,283,583) | (7,509,322) | (6,538,387) |
| Operating profit before impairment losses | | <u>3,145,820</u> | <u>2,254,001</u> | <u>8,113,828</u> | <u>6,913,706</u> |
| Allowances for impairment losses on loans, advances, financing and other debts, net (Allowances for)/writeback of impairment losses on financial investments, net | A27 A28 | (667,936) (129,149) | (70,537) (1,994) | (1,216,841) (273,834) | (434,992) 83,622 |
| Operating profit | | <u>2,348,735</u> | <u>2,181,470</u> | <u>6,623,153</u> | <u>6,562,336</u> |
| Share of profits in associates and joint ventures | | 34,214 | 44,525 | 152,292 | 118,261 |
| Profit before taxation and zakat | | <u>2,382,949</u> | <u>2,225,995</u> | <u>6,775,445</u> | <u>6,680,597</u> |
| Taxation and zakat | B5 | (457,262) | (578,629) | (1,516,388) | (1,779,906) |
| Profit for the period | | <u>1,925,687</u> | <u>1,647,366</u> | <u>5,259,057</u> | <u>4,900,691</u> |
| Attributable to: | | | | | |
| Equity holders of the Bank | | 1,898,938 | 1,608,106 | 5,183,857 | 4,785,222 |
| Non-controlling interests | | 26,749 | 39,260 | 75,200 | 115,469 |
| | | <u>1,925,687</u> | <u>1,647,366</u> | <u>5,259,057</u> | <u>4,900,691</u> |
| Earnings per share attributable to equity holders of the Bank | B13 | | | | |
| Basic | | 19.93 sen | 17.62 sen | 54.98 sen | 53.17 sen |
| Fully diluted | | <u>19.88 sen</u> | <u>17.58 sen</u> | <u>54.84 sen</u> | <u>53.05 sen</u> |

(These unaudited condensed interim financial statements should be read in conjunction with the audited annual financial statements for the financial year ended 31 December 2014 and the accompanying explanatory notes attached to the interim financial statements)

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CONDENSED FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2015

| <u>Group</u> | Third Quarter Ended | | Cumulative 9 Months Ended | |
|----------------------------------------------------------------------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|
| | 30 September 2015 RM'000 | 30 September 2014 RM'000 | 30 September 2015 RM'000 | 30 September 2014 RM'000 |
| Profit for the period | 1,925,687 | 1,647,366 | 5,259,057 | 4,900,691 |
| Other comprehensive income/(loss): | | | | |
| <i>Items that will not be reclassified subsequently to profit or loss:</i> | | | | |
| Defined benefit plan actuarial gain/(loss) | 1,710 | 97 | 36,797 | (12,210) |
| Income tax effect | - | (26) | (8,049) | 3,064 |
| Share of change in associates' reserve | - | - | - | 1 |
| | 1,710 | 71 | 28,748 | (9,145) |
| <i>Items that may be reclassified subsequently to profit or loss:</i> | | | | |
| Net (loss)/gain on financial investments available-for-sale | (695,143) | 241,188 | (392,135) | 587,048 |
| Income tax effect | 191,482 | (59,360) | 119,238 | (145,968) |
| Net gain/(loss) on foreign exchange translation | 2,632,519 | (8,458) | 3,758,173 | (153,091) |
| Net gain/(loss) on cash flow hedge | 1,991 | 1,141 | 3,089 | (2,901) |
| Net (loss)/gain on net investment hedge | (395,422) | 2,129 | (608,704) | 20,715 |
| Net gain on revaluation reserve | 18 | 12 | 46 | 36 |
| Share of change in associates' reserve | 350,613 | (157,926) | 609,741 | (93,155) |
| | 2,086,058 | 18,726 | 3,489,448 | 212,684 |
| Other comprehensive income for the period, net of tax | 2,087,768 | 18,797 | 3,518,196 | 203,539 |
| Total comprehensive income for the period | 4,013,455 | 1,666,163 | 8,777,253 | 5,104,230 |
| Other comprehensive income for the period attributable to: | | | | |
| Equity holders of the Bank | 2,100,162 | 13,892 | 3,524,809 | 214,017 |
| Non-controlling interests | (12,394) | 4,905 | (6,613) | (10,478) |
| | 2,087,768 | 18,797 | 3,518,196 | 203,539 |
| Total comprehensive income for the period attributable to: | | | | |
| Equity holders of the Bank | 3,999,100 | 1,621,998 | 8,708,666 | 4,999,239 |
| Non-controlling interests | 14,355 | 44,165 | 68,587 | 104,991 |
| | 4,013,455 | 1,666,163 | 8,777,253 | 5,104,230 |

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CONDENSED FINANCIAL STATEMENTS
UNAUDITED INCOME STATEMENTS
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2015

| <u>Bank</u> | Note | Third Quarter Ended | | Cumulative 9 Months Ended | |
|-------------------------------------------------------------------------------------------------------------------------------------------------------|------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|
| | | 30 September 2015 RM'000 | 30 September 2014 RM'000 | 30 September 2015 RM'000 | 30 September 2014 RM'000 |
| Interest income | A20 | 3,788,529 | 3,351,851 | 10,876,107 | 9,667,553 |
| Interest expense | A21 | (1,611,365) | (1,499,744) | (4,696,917) | (4,277,482) |
| Net interest income | | 2,177,164 | 1,852,107 | 6,179,190 | 5,390,071 |
| Dividends from subsidiaries and associates | A23 | 635,921 | 406,338 | 1,238,689 | 1,603,584 |
| Other operating income | A24 | 1,181,842 | 704,595 | 2,610,552 | 2,254,653 |
| | | 1,817,763 | 1,110,933 | 3,849,241 | 3,858,237 |
| Net operating income | | 3,994,927 | 2,963,040 | 10,028,431 | 9,248,308 |
| Overhead expenses | A26 | (1,463,295) | (1,261,545) | (4,089,696) | (3,293,429) |
| Operating profit before impairment losses (Allowances for)/writeback of impairment losses on loans, advances, financing and other debts, net | A27 | (384,477) | 166,435 | (483,546) | 35,606 |
| Writeback of impairment losses on financial investments, net | A28 | 12,399 | 3,452 | 38,548 | 36,528 |
| Profit before taxation and zakat | | 2,159,554 | 1,871,382 | 5,493,737 | 6,027,013 |
| Taxation and zakat | B5 | (221,046) | (346,149) | (906,482) | (1,172,591) |
| Profit for the period | | 1,938,508 | 1,525,233 | 4,587,255 | 4,854,422 |

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CONDENSED FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2015

| <u>Bank</u> | Third Quarter Ended | | Cumulative 9 Months Ended | |
|-----------------------------------------------------------------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|
| | 30 September 2015 RM'000 | 30 September 2014 RM'000 | 30 September 2015 RM'000 | 30 September 2014 RM'000 |
| Profit for the period | 1,938,508 | 1,525,233 | 4,587,255 | 4,854,422 |
| Other comprehensive income/(loss): | | | | |
| <i>Items that may be reclassified subsequently to profit or loss:</i> | | | | |
| Net (loss)/gain on financial investments available-for-sale | (573,690) | 197,285 | (351,117) | 577,002 |
| Income tax effect | 141,964 | (49,321) | 87,779 | (144,250) |
| Net gain/(loss) on foreign exchange translation | 1,227,855 | 19,860 | 1,843,621 | (71,034) |
| Other comprehensive income for the period, net of tax | 796,129 | 167,824 | 1,580,283 | 361,718 |
| Total comprehensive income for the period | 2,734,637 | 1,693,057 | 6,167,538 | 5,216,140 |

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MALAYAN BANKING BERHAD
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CONDENSED FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2015

| | Note | Group | | Bank | |
|---------------------------------------------------------------------|----------|--------------------------------|-------------------------------|--------------------------------|-------------------------------|
| | | 30 September 2015 RM'000 | 31 December 2014 RM'000 | 30 September 2015 RM'000 | 31 December 2014 RM'000 |
| ASSETS | | | | | |
| Cash and short-term funds | | 40,311,417 | 52,852,860 | 32,091,297 | 34,778,324 |
| Deposits and placements with financial institutions | | 18,004,601 | 16,106,137 | 19,086,063 | 15,811,015 |
| Financial assets purchased under resale agreements | | 1,416,836 | 3,625,291 | 1,416,836 | 3,625,291 |
| Financial assets at fair value through profit or loss | A10(i) | 17,068,700 | 23,705,323 | 5,193,390 | 9,425,390 |
| Financial investments available-for-sale | A10(ii) | 90,508,475 | 82,630,704 | 75,919,470 | 73,630,705 |
| Financial investments held-to-maturity | A10(iii) | 14,292,279 | 9,574,538 | 14,035,847 | 9,100,155 |
| Loans, advances and financing | A11 | 458,463,705 | 403,513,121 | 297,766,142 | 264,524,441 |
| Derivative assets | A35 | 12,507,555 | 4,544,001 | 12,651,810 | 4,533,709 |
| Reinsurance/retakaful assets and other insurance receivables | A12 | 4,513,785 | 4,972,063 | - | - |
| Other assets | A13 | 14,587,650 | 10,659,736 | 10,102,574 | 6,488,988 |
| Investment properties | | 714,346 | 595,493 | - | - |
| Statutory deposits with central banks | | 15,911,043 | 15,141,244 | 7,287,118 | 7,576,028 |
| Investment in subsidiaries | | - | - | 21,013,243 | 20,450,502 |
| Interest in associates and joint ventures | | 3,228,087 | 2,527,940 | 451,518 | 451,518 |
| Property, plant and equipment | | 2,784,482 | 2,688,140 | 1,328,699 | 1,308,775 |
| Intangible assets | | 6,809,440 | 6,261,415 | 497,294 | 506,267 |
| Deferred tax assets | | 1,060,352 | 901,950 | 448,140 | 348,350 |
| TOTAL ASSETS | | 702,182,753 | 640,299,956 | 499,289,441 | 452,559,458 |
| LIABILITIES | | | | | |
| Deposits from customers | A14 | 477,492,576 | 439,569,384 | 329,823,881 | 306,938,972 |
| Investment Account | | 3,486,144 | - | - | - |
| Deposits and placements from financial institutions | A15 | 48,003,232 | 57,387,398 | 45,556,912 | 47,500,184 |
| Obligations on financial assets sold under repurchase agreements | | 4,541,819 | 3,166,372 | 4,541,819 | 3,166,372 |
| Bills and acceptances payable | | 2,125,391 | 2,017,579 | 1,333,065 | 1,187,310 |
| Derivative liabilities | A35 | 11,164,103 | 5,320,499 | 11,107,843 | 5,173,575 |
| Insurance/takaful contract liabilities and other insurance payables | A17 | 23,816,852 | 24,798,833 | - | - |
| Other liabilities | A18 | 15,728,694 | 11,147,565 | 12,573,375 | 8,789,557 |
| Recourse obligation on loans and financing sold to Cagamas | | 1,228,464 | 1,058,860 | 1,228,464 | 1,058,860 |
| Provision for taxation and zakat | | 354,129 | 325,192 | 274,258 | 275,373 |
| Deferred tax liabilities | | 721,887 | 702,660 | - | - |
| Borrowings | A16(i) | 29,141,837 | 18,521,899 | 22,853,144 | 13,846,812 |
| Subordinated obligations | A16(ii) | 16,939,710 | 15,640,057 | 13,525,004 | 12,264,578 |
| Capital securities | A16(iii) | 6,037,076 | 5,902,483 | 6,146,262 | 6,185,060 |
| TOTAL LIABILITIES | | 640,781,914 | 585,558,781 | 448,964,027 | 406,386,653 |

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UNAUDITED STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2015

| | Note | Group | | Bank | |
|--------------------------------------------------------------------------|------|--------------------------------|-------------------------------|--------------------------------|-------------------------------|
| | | 30 September 2015 RM'000 | 31 December 2014 RM'000 | 30 September 2015 RM'000 | 31 December 2014 RM'000 |
| EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE BANK | | | | | |
| Share capital | | 9,539,292 | 9,319,030 | 9,539,292 | 9,319,030 |
| Share premium | | 24,455,382 | 22,747,922 | 24,455,382 | 22,747,922 |
| Shares held-in-trust | | (117,069) | (113,463) | (117,069) | (113,463) |
| Retained profits | | 12,903,526 | 12,387,977 | 3,788,843 | 3,600,804 |
| Reserves | | 12,892,539 | 8,633,103 | 12,658,966 | 10,618,512 |
| | | 59,673,670 | 52,974,569 | 50,325,414 | 46,172,805 |
| Non-controlling interests | | 1,727,169 | 1,766,606 | - | - |
| | | 61,400,839 | 54,741,175 | 50,325,414 | 46,172,805 |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | | | | | |
| | | 702,182,753 | 640,299,956 | 499,289,441 | 452,559,458 |
| COMMITMENTS AND CONTINGENCIES | A33 | 774,320,572 | 551,960,251 | 736,360,225 | 519,485,629 |
| <u>CAPITAL ADEQUACY</u> | | | | | |
| | A34 | | | | |
| The capital adequacy ratios of the Group and of the Bank are as follows: | | | | | |
| CET1 Capital Ratio | | 11.200% | 11.747% | 13.746% | 16.275% |
| Tier 1 Capital Ratio | | 12.816% | 13.539% | 14.541% | 16.275% |
| Total Capital Ratio | | 15.038% | 16.235% | 14.541% | 16.275% |
| Net assets per share attributable to equity holders of the Bank | | | | | |
| | | RM6.26 | RM5.68 | RM5.28 | RM4.95 |

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CONDENSED FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2015

<===== 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 2015 | 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 |
| Profit for the period | - | - | - | - | - | - | - | - | - | 5,183,857 | 5,183,857 | 75,200 | 5,259,057 |
| Other comprehensive (loss)/income | - | - | - | - | - | (224,981) | 4,232,213 | - | (482,423) | - | 3,524,809 | (6,613) | 3,518,196 |
| Defined benefit plan actuarial gain | - | - | - | - | - | - | - | - | 27,944 | - | 27,944 | 804 | 28,748 |
| Share of change in associates' reserve | - | - | - | - | - | 40,184 | 474,355 | - | 95,202 | - | 609,741 | - | 609,741 |
| Net gain on foreign exchange translation | - | - | - | - | - | - | 3,757,858 | - | - | - | 3,757,858 | 315 | 3,758,173 |
| Net loss on financial investments available-for-sale | - | - | - | - | - | (265,165) | - | - | - | - | (265,165) | (7,732) | (272,897) |
| Net loss on net investment hedge | - | - | - | - | - | - | - | - | (608,704) | - | (608,704) | - | (608,704) |
| Net gain on cash flow hedge | - | - | - | - | - | - | - | - | 3,089 | - | 3,089 | - | 3,089 |
| Net gain on revaluation reserve | - | - | - | - | - | - | - | - | 46 | - | 46 | - | 46 |
| Total comprehensive (loss)/income for the period | - | - | - | - | - | (224,981) | 4,232,213 | - | (482,423) | 5,183,857 | 8,708,666 | 68,587 | 8,777,253 |
| Carried forward | 9,319,030 | 22,747,922 | (113,463) | 10,396,000 | 274,500 | (546,823) | 2,314,713 | 298,366 | (578,844) | 17,571,834 | 61,683,235 | 1,835,193 | 63,518,428 |

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UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2015

| <u>Group</u> | <----- 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 ¹ RM'000 | Retained Profits ² RM'000 | Total Shareholders' Equity RM'000 | Non-Controlling Interests RM'000 | Total Equity RM'000 |
| Brought forward | 9,319,030 | 22,747,922 | (113,463) | 10,396,000 | 274,500 | (546,823) | 2,314,713 | 298,366 | (578,844) | 17,571,834 | 61,683,235 | 1,835,193 | 63,518,428 |
| Share-based payment under Employees' Share Scheme ("ESS") | - | - | - | - | - | - | - | 49,163 | - | - | 49,163 | - | 49,163 |
| Effect of changes in corporate structure within the Group | - | - | - | - | - | - | - | - | - | 5,364 | 5,364 | (30,569) | (25,205) |
| Transfer to regulatory reserve | - | - | - | - | 705,870 | - | - | - | - | (705,870) | - | - | - |
| Transfer to statutory reserves | - | - | - | 11,366 | - | - | - | - | - | (11,366) | - | - | - |
| Issue of shares pursuant to ESS (Note A8(i)(a)(A)) | 13,835 | 115,576 | - | - | - | - | - | (8,229) | - | - | 121,182 | - | 121,182 |
| Issue of shares pursuant to Restricted Share Unit ("RSU") (Note A8(i)(a)(B)) | 2,784 | 23,769 | 9 | - | - | - | - | (22,555) | - | (4,007) | - | - | - |
| Issue of shares pursuant to Supplemental Restricted Share Unit ("SRSU") (Note A8(i)(a)(C)) | 110 | 910 | - | - | - | - | - | (988) | - | (32) | - | - | - |
| Issue of shares pursuant to Dividend Reinvestment Plan ("DRP") (Note A8(i)(a)(D)) | 203,533 | 1,567,205 | (3,615) | - | - | - | - | - | - | - | 1,767,123 | - | 1,767,123 |
| Dividends paid (Note A9(a) & (c)) | - | - | - | - | - | - | - | - | - | (3,072,720) | (3,072,720) | (77,455) | (3,150,175) |
| Dividends payable (Note A9(b)) | - | - | - | - | - | - | - | - | - | (879,677) | (879,677) | - | (879,677) |
| Total transactions with shareholders/ other equity movements | 220,262 | 1,707,460 | (3,606) | 11,366 | 705,870 | - | - | 17,391 | - | (4,668,308) | (2,009,565) | (108,024) | (2,117,589) |
| At 30 September 2015 | 9,539,292 | 24,455,382 | (117,069) | 10,407,366 | 980,370 | (546,823) | 2,314,713 | 315,757 | (578,844) | 12,903,526 | 59,673,670 | 1,727,169 | 61,400,839 |

¹ The further breakdown and movement of other reserves are disclosed in Note A19.

² The retained profits of the Group include the non-distributable non-par surplus from an insurance subsidiary amounted to RM1,032.2 million (net of tax). This non-distributable non-par surplus is only available for distribution to shareholder on the amount recommended by the Appointed Actuary in accordance with the Financial Services Act 2013.

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CONDENSED FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2015

<===== 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 RM'000 ¹ | Retained Profits RM'000 ² | 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 period | - | - | - | - | - | - | - | - | - | 4,785,222 | 4,785,222 | 115,469 | 4,900,691 |
| Other comprehensive income/(loss) | - | - | - | - | - | 469,959 | (264,045) | - | 8,103 | - | 214,017 | (10,478) | 203,539 |
| Defined benefit plan actuarial loss | - | - | - | - | - | - | - | - | (9,748) | - | (9,748) | 602 | (9,146) |
| Share of change in associates' reserve | - | - | - | - | - | 17,666 | (110,821) | - | 1 | - | (93,154) | - | (93,154) |
| Net loss on foreign exchange translation | - | - | - | - | - | - | (153,224) | - | - | - | (153,224) | 133 | (153,091) |
| Net gain on financial investments available-for-sale | - | - | - | - | - | 452,293 | - | - | - | - | 452,293 | (11,213) | 441,080 |
| Net gain on net investment hedge | - | - | - | - | - | - | - | - | 20,715 | - | 20,715 | - | 20,715 |
| Net loss on cash flow hedge | - | - | - | - | - | - | - | - | (2,901) | - | (2,901) | - | (2,901) |
| Net gain on revaluation reserve | - | - | - | - | - | - | - | - | 36 | - | 36 | - | 36 |
| Total comprehensive income/(loss) for the period | - | - | - | - | - | 469,959 | (264,045) | - | 8,103 | 4,785,222 | 4,999,239 | 104,991 | 5,104,230 |
| Carried forward | 8,862,079 | 19,030,227 | (107,248) | 9,540,136 | - | (134,153) | (2,991,838) | 278,231 | (13,494) | 16,532,706 | 50,996,646 | 1,850,183 | 52,846,829 |

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CONDENSED FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2015

| 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 Reserves¹ RM'000 | Retained Profits² 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 | - | (134,153) | (2,991,838) | 278,231 | (13,494) | 16,532,706 | 50,996,646 | 1,850,183 | 52,846,829 |
| Share-based payment under Employees' Share Scheme ("ESS") | - | - | - | - | - | - | - | 55,866 | - | - | 55,866 | - | 55,866 |
| Effect of changes in corporate structure within the Group | - | - | - | - | - | - | - | - | (697) | 697 | - | (17,624) | (17,624) |
| Transfer to statutory reserves | - | - | - | 853,063 | - | - | - | - | - | (853,063) | - | - | - |
| Issue of shares pursuant to ESS | 55,798 | 467,909 | - | - | - | - | - | (33,504) | - | - | 490,203 | - | 490,203 |
| Issue of shares pursuant to Restricted Share Unit ("RSU") | 2,832 | 24,266 | (351) | - | - | - | - | (20,253) | - | (6,494) | - | - | - |
| Issue of shares pursuant to Supplemental Restricted Share Unit ("SRSU") | 200 | 1,768 | - | - | - | - | - | (1,404) | - | (564) | - | - | - |
| Issue of shares pursuant to Dividend Reinvestment Plan ("DRP") | 229,810 | 1,826,992 | (3,326) | - | - | - | - | - | - | - | 2,053,476 | - | 2,053,476 |
| Dividends paid | - | - | - | - | - | - | - | - | - | (2,745,942) | (2,745,942) | (27,127) | (2,773,069) |
| Dividends payable | - | - | - | - | - | - | - | - | - | (840,218) | (840,218) | - | (840,218) |
| Total transactions with shareholders/ other equity movements | 288,640 | 2,320,935 | (3,677) | 853,063 | - | - | - | 705 | (697) | (4,445,584) | (986,615) | (44,751) | (1,031,366) |
| At 30 September 2014 | 9,150,719 | 21,351,162 | (110,925) | 10,393,199 | - | (134,153) | (2,991,838) | 278,936 | (14,191) | 12,087,122 | 50,010,031 | 1,805,432 | 51,815,463 |

¹ The further breakdown and movement of other reserves are disclosed in Note A19.

² The retained profits of the Group include the non-distributable non-par surplus from an insurance subsidiary amounted to RM916.7 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 unaudited condensed interim financial statements should be read in conjunction with the audited annual financial statements for the financial year ended 31 December 2014 and the accompanying explanatory notes attached to the interim financial statements)

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FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2015

| <u>Bank</u> | <===== Non-Distributable =====> | | | | | | | | Distributable | | Total Equity RM'000 |
|-----------------------------------------------------------------------------------------------|---------------------------------|----------------------------|-----------------------------------|--------------------------------|---------------------------------|---------------------------------------------|----------------------------------------------|--------------------------|-------------------------------|-------------|---------------------------|
| | 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 | Retained Profits RM'000 | | |
| At 1 January 2015 | 9,319,030 | 22,747,922 | (113,463) | 9,860,875 | - | (362,553) | 821,824 | 298,366 | 3,600,804 | 46,172,805 | |
| Profit for the period | - | - | - | - | - | - | - | - | 4,587,255 | 4,587,255 | |
| Other comprehensive (loss)/income | - | - | - | - | - | (263,338) | 1,843,621 | - | - | 1,580,283 | |
| Net gain on foreign exchange translation | - | - | - | - | - | - | 1,843,621 | - | - | 1,843,621 | |
| Net loss on financial investments available-for-sale | - | - | - | - | - | (263,338) | - | - | - | (263,338) | |
| Total comprehensive (loss)/income for the period | - | - | - | - | - | (263,338) | 1,843,621 | - | 4,587,255 | 6,167,538 | |
| Share-based payment under Employees' Share Scheme ("ESS") | - | - | - | - | - | - | - | 49,163 | - | 49,163 | |
| Transfer to statutory reserve | - | - | - | 280 | - | - | - | - | (280) | - | |
| Transfer to regulatory reserve | - | - | - | - | 442,500 | - | - | - | (442,500) | - | |
| Issue of shares pursuant to ESS (Note A8(i)(a)(A)) | 13,835 | 115,576 | - | - | - | - | - | (8,229) | - | 121,182 | |
| Issue of shares pursuant to Restricted Share Unit ("RSU") (Note A8(i)(a)(B)) | 2,784 | 23,769 | 9 | - | - | - | - | (22,555) | (4,007) | - | |
| Issue of shares pursuant to Supplemental Restricted Share Unit ("SRSU") (Note A8(i)(a)(C)) | 110 | 910 | - | - | - | - | - | (988) | (32) | - | |
| Issue of shares pursuant to Dividend Reinvestment Plan ("DRP") (Note A8(i)(a)(D)) | 203,533 | 1,567,205 | (3,615) | - | - | - | - | - | - | 1,767,123 | |
| Dividends paid (Note A9(a)) | - | - | - | - | - | - | - | - | (3,072,720) | (3,072,720) | |
| Dividends payable (Note A9(b)) | - | - | - | - | - | - | - | - | (879,677) | (879,677) | |
| Total transactions with shareholders/ other equity movements | 220,262 | 1,707,460 | (3,606) | 280 | 442,500 | - | - | 17,391 | (4,399,216) | (2,014,929) | |
| At 30 September 2015 | 9,539,292 | 24,455,382 | (117,069) | 9,861,155 | 442,500 | (625,891) | 2,665,445 | 315,757 | 3,788,843 | 50,325,414 | |

(These unaudited condensed interim financial statements should be read in conjunction with the audited annual financial statements for the financial year ended 31 December 2014 and the accompanying explanatory notes attached to the interim financial statements)

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CONDENSED FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2015

| <u>Bank</u> | <===== Non-Distributable =====> | | | | | | Distributable | | 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 | Retained Profits 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 period | - | - | - | - | - | - | - | 4,854,422 | 4,854,422 |
| Other comprehensive income/(loss) | - | - | - | - | 432,752 | (71,034) | - | - | 361,718 |
| Net loss on foreign exchange translation | - | - | - | - | - | (71,034) | - | - | (71,034) |
| Net gain on financial investments available-for-sale | - | - | - | - | 432,752 | - | - | - | 432,752 |
| Total comprehensive income/(loss) for the period | - | - | - | - | 432,752 | (71,034) | - | 4,854,422 | 5,216,140 |
| Share-based payment under Employees' Share Scheme ("ESS") | - | - | - | - | - | - | 55,866 | - | 55,866 |
| Transfer to statutory reserves | - | - | - | 832,303 | - | - | - | (832,303) | - |
| Issue of shares pursuant to ESS | 55,798 | 467,909 | - | - | - | - | (33,504) | - | 490,203 |
| Issue of shares pursuant to Restricted Share Unit ("RSU") | 2,832 | 24,266 | (351) | - | - | - | (20,253) | (6,494) | - |
| Issue of shares pursuant to Supplemental Restricted Share Unit ("SRSU") | 200 | 1,768 | - | - | - | - | (1,404) | (564) | - |
| Issue of shares pursuant to Dividend Reinvestment Plan ("DRP") | 229,810 | 1,826,992 | (3,326) | - | - | - | - | - | 2,053,476 |
| Dividends paid | - | - | - | - | - | - | - | (2,745,942) | (2,745,942) |
| Dividends payable | - | - | - | - | - | - | - | (840,218) | (840,218) |
| Total transactions with shareholders/ other equity movements | 288,640 | 2,320,935 | (3,677) | 832,303 | - | - | 705 | (4,425,521) | (986,615) |
| At 30 September 2014 | 9,150,719 | 21,351,162 | (110,925) | 9,859,048 | (220,938) | 514,180 | 278,936 | 3,907,115 | 44,729,297 |

(These unaudited condensed interim financial statements should be read in conjunction with the audited annual financial statements for the financial year ended 31 December 2014 and the accompanying explanatory notes attached to the interim financial statements)

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CONDENSED FINANCIAL STATEMENTS
UNAUDITED CASH FLOW STATEMENTS
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2015

| | Group | | Bank | |
|-------------------------------------------------------------------------------------------------------------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|
| | 30 September 2015 RM'000 | 30 September 2014 RM'000 | 30 September 2015 RM'000 | 30 September 2014 RM'000 |
| Cash flows from operating activities | | | | |
| Profit before taxation and zakat | 6,775,445 | 6,680,597 | 5,493,737 | 6,027,013 |
| Adjustments for non-operating and non-cash items: | | | | |
| Depreciation of property, plant and equipment | 280,846 | 240,766 | 140,619 | 129,698 |
| Share of profits in associates and joint ventures | (152,292) | (118,261) | - | - |
| Amortisation of intangible assets | 208,558 | 166,409 | 81,421 | 76,550 |
| Net gain on disposal of subsidiaries | (197,308) | - | (522,019) | - |
| Net gain on disposal of financial assets at fair value through profit or loss | (128,131) | (128,509) | (10,813) | (69,196) |
| Net gain on disposal of financial investments available-for-sale | (303,445) | (512,407) | (191,076) | (106,425) |
| Net gain on redemption of financial investments held-to-maturity | (133) | (25) | (133) | (25) |
| Unrealised loss/(gain) on revaluation of financial assets at fair value through profit or loss and derivatives | 755,995 | (180,232) | 496,649 | (86,594) |
| Allowances for/(writeback of) impairment losses on loans, advances and financing, net | 1,604,238 | 1,157,432 | 793,418 | 578,684 |
| Allowances for/(writeback of) impairment losses on other debts | 1,355 | (11,362) | (1,940) | 299 |
| Dividend income | (107,084) | (76,079) | (1,246,646) | (1,608,707) |
| ESS expenses | 50,040 | 56,910 | 35,346 | 39,860 |
| Allowances for/(writeback of) impairment losses on financial investments, net | 273,834 | (83,622) | (38,548) | (36,528) |
| Other adjustments for non-operating and non-cash items | (49,971) | (17,208) | (109,774) | 5,870 |
| Operating profit before working capital changes | <u>9,011,947</u> | <u>7,174,409</u> | <u>4,920,241</u> | <u>4,950,499</u> |
| Change in deposits and placements with financial institutions | (8,308,106) | (9,073,571) | (9,734,861) | (2,776,557) |
| Change in financial investments portfolio | (5,765,534) | (10,132,928) | (1,928,037) | (17,888,539) |
| Change in loans, advances and financing | (56,777,049) | (26,419,851) | (34,035,119) | (11,484,414) |
| Change in statutory deposits with central banks | (837,989) | (827,189) | 288,910 | (116,105) |
| Change in deposits from customers | 42,413,837 | 24,614,609 | 22,884,909 | 21,598,894 |
| Change in deposits and placements from financial institutions | (9,384,166) | 13,083,712 | (1,943,272) | 5,490,514 |
| Change in reinsurance/retakaful assets and other insurance receivables | 477,939 | (2,569,764) | - | - |
| Change in insurance/takaful contract liabilities and other insurance payables | (1,001,641) | 3,169,729 | - | - |
| Change in other operating activities | (831,567) | (1,044,309) | (829,922) | (2,663,855) |
| Exchange fluctuation | 1,590,097 | 538,100 | 1,230,174 | (127,600) |
| Cash used in operations | <u>(29,412,232)</u> | <u>(1,487,053)</u> | <u>(19,146,977)</u> | <u>(3,017,163)</u> |
| Taxes and zakat paid | (1,449,245) | (1,554,122) | (922,236) | (854,000) |
| Net cash used in operating activities | <u>(30,861,477)</u> | <u>(3,041,175)</u> | <u>(20,069,213)</u> | <u>(3,871,163)</u> |

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CONDENSED FINANCIAL STATEMENTS
UNAUDITED CASH FLOW STATEMENTS
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2015

| | Group | | Bank | |
|-------------------------------------------------------------------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|
| | 30 September 2015 RM'000 | 30 September 2014 RM'000 | 30 September 2015 RM'000 | 30 September 2014 RM'000 |
| Cash flows from investing activities | | | | |
| Dividends received from: | | | | |
| - financial investments portfolio | 107,084 | 76,079 | 7,957 | 5,123 |
| - associates | - | 24,825 | 788 | 3,572 |
| - subsidiaries | - | - | 1,384,929 | 1,600,012 |
| Purchase of property, plant and equipment | (222,145) | (258,659) | (107,373) | (135,877) |
| Purchase of investment properties | 21,221 | (11,503) | - | - |
| Proceeds from disposal of property, plant and equipment | 29,148 | 9,074 | 13,931 | 7,002 |
| Purchase of intangible assets | (135,702) | (125,059) | (78,074) | (47,387) |
| Purchase of additional ordinary shares in existing subsidiaries | - | - | (576,486) | (526,718) |
| Transfer of intangible assets to a subsidiaries, net | - | - | 2,578 | - |
| Net effect arising from disposal of subsidiaries | 493,192 | - | 535,764 | - |
| Redemption of non-convertible bonds and capital repayment in associates | - | - | - | 3,531 |
| Net effect arising from transaction with non-controlling interests | (25,206) | (88) | - | - |
| Net cash generated from/(used in) investing activities | 267,592 | (285,331) | 1,184,014 | 909,258 |
| Cash flows from financing activities | | | | |
| Proceeds from issuance of shares | 1,888,305 | 2,543,679 | 1,888,305 | 2,543,679 |
| Drawdown of borrowings, net | 6,654,322 | 2,834,935 | 5,381,357 | 2,200,663 |
| Redemption of capital securities | (241,303) | (3,437,000) | (241,303) | (3,437,000) |
| Issuance of subordinated obligations and capital securities | - | 6,115,000 | - | 5,100,000 |
| Recourse obligation on loans and financing sold to Cagamas, net | 169,603 | (64,732) | 169,603 | 556,243 |
| Dividends paid | (3,072,720) | (2,745,942) | (3,072,720) | (2,745,942) |
| Dividends paid to non-controlling interests | (77,455) | (27,127) | - | - |
| Net cash generated from financing activities | 5,320,752 | 5,218,813 | 4,125,242 | 4,217,643 |
| Net change in cash and cash equivalents | (25,273,133) | 1,892,307 | (14,759,957) | 1,255,738 |
| Cash and cash equivalents at beginning of period * | 68,285,487 | 50,555,219 | 48,986,647 | 32,204,059 |
| Cash and cash equivalents at end of period | 43,012,354 | 52,447,526 | 34,226,690 | 33,459,797 |

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

| | Group | | Bank | |
|----------------------------------------------------------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|
| | 30 September 2015 RM'000 | 30 September 2014 RM'000 | 30 September 2015 RM'000 | 30 September 2014 RM'000 |
| Cash and short-term funds | 40,311,417 | 49,989,570 | 32,091,297 | 31,985,548 |
| Deposits with financial institutions maturing within one month | 2,700,937 | 2,457,956 | 2,135,393 | 1,474,249 |
| | 43,012,354 | 52,447,526 | 34,226,690 | 33,459,797 |

* Cash and cash equivalents at beginning of period:

| | | | | |
|--------------------------------------------------|-------------------|-------------------|-------------------|-------------------|
| Cash and short-term funds as previously reported | 61,546,595 | 50,870,333 | 43,373,531 | 32,430,352 |
| Effects of foreign exchange rate changes | 6,738,892 | (315,114) | 5,613,116 | (226,293) |
| As restated | 68,285,487 | 50,555,219 | 48,986,647 | 32,204,059 |

(These unaudited condensed interim financial statements should be read in conjunction with the audited annual financial statements for the financial year ended 31 December 2014 and the accompanying explanatory notes attached to the interim financial statements)

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

A1. Basis of Preparation

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

The unaudited condensed interim financial statements have been prepared in accordance with the requirements of Chapter 9, part K of the Listing Requirements of Bursa Malaysia Securities Berhad, MFRS 134 *Interim Financial Reporting* and IAS 34 *Interim Financial Reporting*.

The unaudited condensed interim 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 2014. These explanatory notes attached to the unaudited condensed interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group and of the Bank since the financial year ended 31 December 2014.

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

The significant accounting policies and methods of computation applied by the Group and the Bank are consistent with those adopted in the most recent audited annual financial statements for the financial year ended 31 December 2014 except for adoption of the following amendments to Malaysian Financial Reporting Standards ("MFRSs") and annual improvements to MFRSs with effective date of 1 July 2014:

- MFRS 119 *Employee Benefits* - Defined Benefits Plans: Employee Contributions (Amendments to MFRS 119)
- Annual Improvements to MFRSs 2010 - 2012 Cycle
- Annual Improvements to MFRSs 2011 - 2013 Cycle

The adoption of the above amendments to MFRSs and annual improvements to MFRSs do not have any material impact to the Group's and the Bank's financial statements.

Revised Bank Negara Malaysia's ("BNM") Policy Document on Classification and Impairment Provisions for Loans/Financing

On 6 April 2015, BNM issued a revised Policy Document on Classification and Impairment Provisions for Loans/Financing. This policy applies to banking institutions in Malaysia that covers licensed bank, licensed Islamic bank and licensed investment bank. The issuance of this revised policy document has superseded two guidelines issued by BNM previously, namely Classification and Impairment Provisions for Loans/Financing dated 9 November 2011 and Classification and Impairment Provisions for Loans/Financing – Maintenance of Regulatory Reserves dated 4 February 2014.

The requirements in this revised Policy Document are effective on 1 January 2015, except for the following:

- (i) the requirement to classify loans/financing as rescheduled and restructured in the Central Credit Reference Information System ("CCRIS") will be effective on or after 1 April 2015;

The local banking institutions in the Group and the Bank have completed the assessment and complied with the requirements as at 30 June 2015.

and

- (ii) the requirement for a banking institution to maintain, in aggregate, collective impairment allowance and regulatory reserves of no less than 1.2% of total outstanding loans/financing, net of individual impairment allowance will be effective beginning 31 December 2015.

The local banking institutions in the Group have early adopted this requirement in the previous financial year ended 31 December 2014 based on the existing guideline issued then where it resulted in the Group making a transfer of RM274.5 million from its retained profits to regulatory reserve. The revised policy document will not have any impact to the profit or loss of the Group. The regulatory reserve is not qualified as Common Equity Tier 1 ("CET1") capital under BNM's Capital Adequacy Framework (Capital Components).

During the 9 months financial period ended 30 September 2015, the Group and the Bank have transferred RM705.9 million and RM442.5 million respectively from its retained profits to regulatory reserve.

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A1. Basis of Preparation (cont'd)

Presentation of mudharabah Investment Account as a separate line item on face of the Group's Statements of Financial Position

On 14 March 2014, BNM issued a policy document on Investment Account ("IA") where it requires the Islamic Financial Institution ("IFI") to distinguish IA from Islamic deposit. IA is defined by the application of Shariah contracts as investment with non-principal guarantee feature. Under the Islamic Financial Services Act, 2013, the priority payment for IA upon liquidation of IFI is treated separately from Islamic deposit, in accordance with the rights and obligations accrued to the investment account holders.

During the third quarter ended 30 September 2015, the Bank's Islamic subsidiary has introduced mudharabah IA as a new product to its customers. For presentation purpose, the mudharabah IA is presented as a separate line item on the face of the Group's Statements of Financial Position as at 30 September 2015.

A2. Significant Accounting Policies

The audited annual financial statements of the Group and of the Bank for the financial year ended 31 December 2014 were prepared in accordance with MFRS and International Financial Reporting Standards ("IFRS") and the requirements of the Companies Act, 1965 in Malaysia. The significant accounting policies adopted in preparing these unaudited condensed interim financial statements are consistent with those of the audited annual financial statements for the financial year ended 31 December 2014.

A3. Significant Accounting Estimates and Judgements

The preparation of unaudited condensed interim 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 unaudited condensed interim 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 2014.

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 2014 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 third quarter ended 30 September 2015.

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

During the third quarter ended 30 September 2015, 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 third quarter ended 30 September 2015.

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 third quarter ended 30 September 2015:

(a) **Issuance of Shares**

The issued and paid-up share capital of the Bank increased from RM9,319,029,941 as at 31 December 2014 to RM9,539,292,368 as at 30 September 2015 via:

- (A) issuance of 13,835,100 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 2,784,242 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 110,000 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; and

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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 third quarter ended 30 September 2015 (cont'd.):

(a) **Issuance of Shares (cont'd)**

(D) issuance of 203,533,085 new ordinary shares (including 415,502 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 23 sen in respect of the financial year ended 31 December 2014.

(b) **Redemption/issuance of bonds by subsidiaries of PT Bank Maybank Indonesia Tbk (formerly known as PT Bank Internasional Indonesia Tbk)**

(A) On 4 March 2015, PT Wahana Ottomitra Multiartha Tbk, a subsidiary of PT Bank Maybank Indonesia Tbk (formerly known as PT Bank Internasional Indonesia Tbk), which in turn an indirect subsidiary of Maybank, redeemed Bond V WOM Series D of IDR619.9 million. The Bonds issued on 4 March 2011 under Bonds V WOM Finance Year 2011 With Fixed Interest Rate.

(B) On 2 April 2015, PT Wahana Ottomitra Multiartha Tbk, a subsidiary of PT Bank Maybank Indonesia Tbk (formerly known as PT Bank Internasional Indonesia Tbk), which in turn an indirect subsidiary of Maybank, had issued Shelf Bonds I WOM Finance Tranche III Year 2015 Series A of IDR140.0 billion. The Bond is under Shelf Bonds I WOM Finance Tranche III year 2015 With Fixed Interest Rate.

(C) On 2 April 2015, PT Wahana Ottomitra Multiartha Tbk, a subsidiary of PT Bank Maybank Indonesia Tbk (formerly known as PT Bank Internasional Indonesia Tbk), which in turn an indirect subsidiary of Maybank, had issued Shelf Bonds I WOM Finance Tranche III Year 2015 Series B of IDR860.0 billion. The Bond is under Shelf Bonds I WOM Finance Tranche III year 2015 With Fixed Interest Rate.

(D) On 7 June 2015, PT BII Finance Center, a subsidiary of PT Bank Maybank Indonesia Tbk (formerly known as PT Bank Internasional Indonesia Tbk), which in turn an indirect subsidiary of Maybank, redeemed Bonds I BII Finance Year 2012 with Fixed Interest Rates Series B of IDR381.0 billion. The Bonds issued on 7 June 2012 under Bonds I BII Finance Year 2012 with Fixed Interest Rates.

(E) On 2 July 2015, PT Wahana Ottomitra Multiartha Tbk, a subsidiary of PT Bank Maybank Indonesia Tbk (formerly known as PT Bank Internasional Indonesia Tbk), which in turn an indirect subsidiary of Maybank, redeemed Shelf Bonds I WOM Finance Tranche I Year 2014 Series A of IDR397.0 billion. The Bonds issued on 25 June 2014 under Shelf Bonds I WOM Finance Tranche I Year 2014.

(c) **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 was cancelled.

(d) **Issuance of Floating and Fixed Rate Notes pursuant to the USD5.0 billion Multicurrency Medium Term Note Programme**

| Programme | Issuance Date | Amount | Note Type | Tenure |
|---------------------------------------------------------|-----------------|------------------|----------------------------|-----------|
| USD5.0 billion Multicurrency Medium Term Note Programme | 29 January 2015 | USD50.0 million | Floating Rate Notes | 1.5 years |
| | 5 March 2015 | CNH410.0 million | Fixed Rate Notes | 5 years |
| | 10 April 2015 | SGD50.0 million | Fixed Rate Notes | 2 years |
| | 10 June 2015 | JPY12.0 billion | Fixed Rate Notes | 1 year |
| | 26 June 2015 | SGD54.0 million | Fixed Rate Notes | 3 years |
| | 7 July 2015 | USD160.0 million | Callable Zero Coupon Notes | 30 years |
| | 10 July 2015 | SGD50.0 million | Fixed Rate Notes | 1 year |
| | 23 July 2015 | SGD277.8 million | Fixed Rate Notes | 1 year |
| | 24 July 2015 | SGD102.0 million | Fixed Rate Notes | 1 year |
| | 11 August 2015 | CNY323.0 million | Fixed Rate Notes | 3 years |

(e) **Issuance of Samurai Bonds**

| Programme | Issuance Date | Amount | Note Type | Tenure |
|---------------|---------------|-----------------|------------------|---------|
| Samurai Bonds | 30 April 2015 | JPY18.5 billion | Fixed Rate Notes | 3 years |
| | 30 April 2015 | JPY12.8 billion | Fixed Rate Notes | 5 years |

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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 third quarter ended 30 September 2015 (cont'd.):

- (f) **Issuance of Commercial Papers pursuant to the Euro-Commercial Paper Programme of up to USD5.0 billion or its equivalent in alternative currencies in nominal value**

| Programme | Issuance Date | Amount | Note Type | Tenure |
|----------------------------------------------------------------------------------------------------------------------|----------------|------------------|-------------------|----------|
| Euro-Commercial Paper Programme of up to USD5.0 billion or its equivalent in alternative currencies in nominal value | 20 July 2015 | USD10.0 million | Commercial Papers | 3 Months |
| | 20 August 2015 | EURO20.0 million | Commercial Papers | 3 Months |

- (ii) The following are the changes in debt securities that were issued by the Group and the Bank subsequent to the third quarter ended 30 September 2015 and have not been reflected in the financial statements for the third quarter ended 30 September 2015:

- (a) **Issuance of Subordinated Notes pursuant to the RM7.0 billion in nominal value Subordinated Note Programme**

| Programmes | Issuance Date | Amount | Note Type | Tenure |
|-------------------------------------------|-----------------|---------------|-------------------|---------------------------------------|
| RM7.0 billion Subordinated Note Programme | 19 October 2015 | RM2.2 billion | Subordinated Note | 10 years on a 10 non-callable 5 basis |
| | 27 October 2015 | RM1.1 billion | Subordinated Note | 10 years on a 10 non-callable 5 basis |

- (b) **Issuance of Commercial Papers pursuant to the US-Commercial Paper Programme of up to USD500.0 million or its equivalent in nominal value**

On 3 November 2015, Maybank had established a CP Programme under which Maybank may issue and have outstanding at any time US-commercial paper notes ("USCP Notes") of up to USD500.0 million or its equivalent in nominal value.

The outstanding amount as at 18 November 2015 (latest practicable date from the date of issue of the quarterly report) is USD356.6 million, with maturity tenure of 6 days to 180 days.

- (c) **Issuance of Floating and Fixed Rate Notes pursuant to the USD5.0 billion Multicurrency Medium Term Note Programme**

| Programme | Issuance Date | Amount | Note Type | Tenure |
|---------------------------------------------------------|------------------|------------------|------------------|---------|
| USD5.0 billion Multicurrency Medium Term Note Programme | 20 November 2015 | HKD435.0 million | Fixed Rate Notes | 3 years |

- (d) **Issuance of RM MTN pursuant to the Senior MTN Programme of up to RM10.0 billion in nominal value**

On 2 September 2015, Maybank had established a Senior MTN Programme under which Maybank may issue and have outstanding at any time of up to RM10.0 billion in nominal value.

| Programme | Issuance Date | Amount | Note Type | Tenure |
|-------------------------------------|------------------|-----------------|-------------|---------------------------------------|
| RM10.0 billion Senior MTN Programme | 24 November 2015 | RM220.0 million | Senior Note | 10 years on a 10 non-callable 3 basis |

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.

A9. Dividends Paid and Payable

Dividends paid and payable during the 9 months financial period ended 30 September 2015 are as follows:

- (a) During the Annual General Meeting held on 7 April 2015, a final dividend in respect of the financial year ended 31 December 2014 of 33 sen single-tier dividend per ordinary share of RM1.00 each was approved by the shareholders.

The dividend consists of cash portion of 10 sen single-tier dividend per ordinary share of RM1.00 each amounting to RM932,698,976 and an electable portion of 23 sen per ordinary share of RM1.00 each amounting to RM2,145,207,646 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 shares under the DRP was completed on 26 May 2015.

- (b) A single-tier interim dividend, in respect of the financial year ending 31 December 2015 of 24 sen per ordinary share, was declared by the Bank on 27 August 2015.

The dividend consist of 4 sen to be paid in cash amounting to RM381,571,695 and an electable portion of 20 sen amounting to RM1,907,858,474 which can be elected to be reinvested in new ordinary shares in accordance with the DRP.

The financial statements for the current financial quarter ended 30 September 2015 record 4 sen cash portion and a portion of an electable portion of the dividends assumed to be paid in cash.

The Book Closure date and the payment date for the single-tier interim dividend and DRP were fixed on 12 October 2015 and 11 November 2015 respectively.

- (c) Dividends paid by Maybank's subsidiaries to non-controlling interest amounting to RM77,455,000 during the 9 months financial period ended 30 September 2015.

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A10. Financial Investments Portfolio

| | Note | Group | | Bank | |
|-------------------------------------------------------|-------|--------------------------------|-------------------------------|--------------------------------|-------------------------------|
| | | 30 September 2015 RM'000 | 31 December 2014 RM'000 | 30 September 2015 RM'000 | 31 December 2014 RM'000 |
| Financial assets at fair value through profit or loss | (i) | 17,068,700 | 23,705,323 | 5,193,390 | 9,425,390 |
| Financial investments available-for-sale | (ii) | 90,508,475 | 82,630,704 | 75,919,470 | 73,630,705 |
| Financial investments held-to-maturity | (iii) | 14,292,279 | 9,574,538 | 14,035,847 | 9,100,155 |
| | | 121,869,454 | 115,910,565 | 95,148,707 | 92,156,250 |

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

| | Group | | Bank | |
|----------------------------------------------------------|--------------------------------|-------------------------------|--------------------------------|-------------------------------|
| | 30 September 2015 RM'000 | 31 December 2014 RM'000 | 30 September 2015 RM'000 | 31 December 2014 RM'000 |
| (a) Financial assets designated upon initial recognition | 9,637,702 | 11,235,695 | - | - |
| (b) Financial assets held-for-trading | 7,430,998 | 12,469,628 | 5,193,390 | 9,425,390 |
| | 17,068,700 | 23,705,323 | 5,193,390 | 9,425,390 |

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

| | Group | | Bank | |
|-------------------------------------------------------------------|--------------------------------|-------------------------------|--------------------------------|-------------------------------|
| | 30 September 2015 RM'000 | 31 December 2014 RM'000 | 30 September 2015 RM'000 | 31 December 2014 RM'000 |
| At fair value | | | | |
| Money market instruments: | | | | |
| Malaysian Government Securities | 151,617 | 143,255 | - | - |
| Malaysian Government Investment Issues | 264,044 | 477,627 | - | - |
| Negotiable Islamic Certificates of Deposits | 244,128 | 241,010 | - | - |
| Foreign Government Securities | 17,615 | 1,212 | - | - |
| | 677,404 | 863,104 | - | - |
| Quoted securities: | | | | |
| In Malaysia: | | | | |
| Shares, warrants, trust units and loan stocks | 21,018 | - | - | - |
| Outside Malaysia: | | | | |
| Shares, warrants, trust units and loan stocks | 18,202 | - | - | - |
| | 39,220 | - | - | - |
| Unquoted securities: | | | | |
| Foreign private and Islamic debt securities | 271,747 | 158,179 | - | - |
| Private and Islamic debt securities in Malaysia | 8,323,328 | 10,041,991 | - | - |
| Structured deposits | 326,003 | 172,421 | - | - |
| | 8,921,078 | 10,372,591 | - | - |
| Total financial assets designated upon initial recognition | 9,637,702 | 11,235,695 | - | - |

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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 | |
|-------------------------------------------------|--------------------------------|-------------------------------|--------------------------------|-------------------------------|
| | 30 September 2015 RM'000 | 31 December 2014 RM'000 | 30 September 2015 RM'000 | 31 December 2014 RM'000 |
| At fair value | | | | |
| Money market instruments: | | | | |
| Malaysian Government Securities | 440,919 | 283,831 | 422,709 | 272,059 |
| Malaysian Government Investment Issues | 53,034 | 63,001 | - | - |
| Negotiable instruments of deposits | 223,755 | 14,026 | 223,609 | 41,097 |
| Foreign Government Securities | 1,728,642 | 1,326,126 | 1,367,053 | 1,221,189 |
| Malaysian Government Treasury Bills | - | 155,055 | - | 155,055 |
| Bank Negara Malaysia Bills and Notes | 4,942 | 3,361,824 | 4,942 | 3,361,824 |
| Bank Negara Malaysia Monetary Notes | - | 2,232,015 | - | 1,026,617 |
| Foreign Government Treasury Bills | 130,610 | 122,860 | 130,610 | 122,860 |
| | 2,581,902 | 7,558,738 | 2,148,923 | 6,200,701 |
| Quoted securities: | | | | |
| In Malaysia: | | | | |
| Shares, warrants, trust units and loan stocks | 644,595 | 651,809 | 5,862 | - |
| Private and Islamic debt securities | 6,982 | 9,008 | 6,982 | 9,008 |
| Outside Malaysia: | | | | |
| Shares, warrants, trust units and loan stocks | 735,845 | 674,598 | - | - |
| | 1,387,422 | 1,335,415 | 12,844 | 9,008 |
| Unquoted securities: | | | | |
| Foreign private and Islamic debt securities | 1,395,393 | 828,552 | 1,724,628 | 1,418,725 |
| Private and Islamic debt securities in Malaysia | 1,154,658 | 778,073 | 977,411 | 407,083 |
| Foreign Government Bonds | 327,942 | 1,397,132 | 327,942 | 1,389,873 |
| Malaysian Government Bonds | 1,642 | - | 1,642 | - |
| Credit linked note | 395,767 | 388,230 | - | - |
| Structured deposits | 186,272 | 183,488 | - | - |
| | 3,461,674 | 3,575,475 | 3,031,623 | 3,215,681 |
| Total financial assets held-for-trading | 7,430,998 | 12,469,628 | 5,193,390 | 9,425,390 |

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A10. Financial Investments Portfolio (cont'd.)

(ii) Financial investments available-for-sale

| | Group | | Bank | |
|----------------------------------------------------------------------------------------------------------------------|--------------------------------|-------------------------------|--------------------------------|-------------------------------|
| | 30 September 2015 RM'000 | 31 December 2014 RM'000 | 30 September 2015 RM'000 | 31 December 2014 RM'000 |
| At fair value | | | | |
| Money market instruments: | | | | |
| Malaysian Government Securities | 6,639,660 | 5,408,214 | 6,548,220 | 5,397,916 |
| Malaysian Government Investment Issues | 12,193,552 | 13,121,165 | 7,465,089 | 8,241,282 |
| Negotiable instruments of deposits | 4,873,492 | 2,872,883 | 7,917,484 | 11,925,585 |
| Foreign Government Securities | 9,819,747 | 5,912,940 | 8,196,977 | 3,545,709 |
| Foreign Government Treasury Bills | 9,589,599 | 9,926,497 | 9,589,599 | 9,926,497 |
| Khazanah Bonds | 2,244,066 | 2,144,817 | 2,177,090 | 2,079,790 |
| Cagamas Bonds | 185,163 | 257,795 | 185,163 | 257,795 |
| Bankers' acceptances and Islamic accepted bills | 405,021 | 807,490 | 405,021 | 807,490 |
| Foreign Certificates of Deposits | 412,518 | 34,462 | 412,518 | 34,462 |
| | 46,362,818 | 40,486,263 | 42,897,161 | 42,216,526 |
| Quoted securities: | | | | |
| In Malaysia: | | | | |
| Shares, warrants, trust units and loan stocks | 3,925,499 | 3,525,946 | 140,739 | 139,515 |
| Outside Malaysia: | | | | |
| Shares, warrants, trust units and loan stocks | 253,987 | 150,768 | 1,055 | 1,874 |
| Private and Islamic debt securities | 80,761 | 3,856 | - | - |
| Foreign Government Bonds | 12,503 | - | - | - |
| | 4,272,750 | 3,680,570 | 141,794 | 141,389 |
| 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 | 223,485 | 364,848 | 270,532 | 198,617 |
| Shares, trust units and loan stocks outside Malaysia | 188,095 | 19,075 | 6,144 | 4,880 |
| Foreign private and Islamic debt securities | 19,829,732 | 16,316,731 | 19,503,444 | 16,068,034 |
| Private and Islamic debt securities in Malaysia | 16,401,852 | 19,026,035 | 9,965,256 | 12,344,365 |
| Foreign Government Bonds | 2,675,430 | 1,906,897 | 2,675,430 | 1,902,802 |
| Malaysian Government Bonds | 552,948 | 829,778 | 459,709 | 754,092 |
| Structured deposits | 1,365 | 507 | - | - |
| | 39,872,907 | 38,463,871 | 32,880,515 | 31,272,790 |
| Total financial investments available-for-sale | 90,508,475 | 82,630,704 | 75,919,470 | 73,630,705 |

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A10. Financial Investments Portfolio (cont'd.)

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

(a) Movements in the allowances for impairment losses on financial investments available-for-sale are as follows:

| | Group | | Bank | |
|----------------------------------------------|--------------------------------|-------------------------------|--------------------------------|-------------------------------|
| | 30 September 2015 RM'000 | 31 December 2014 RM'000 | 30 September 2015 RM'000 | 31 December 2014 RM'000 |
| <u>Individual allowance</u> | | | | |
| At 1 January 2015/2014 | 1,061,952 | 1,158,127 | 736,022 | 842,487 |
| Allowance made | 313,455 | 219,308 | 33 | 21,947 |
| Amount written back in respect of recoveries | (38,593) | (134,651) | (37,553) | (45,423) |
| Amount written-off | (521,080) | (200,122) | (356,860) | (95,518) |
| Exchange differences | 52,505 | 19,290 | 27,144 | 12,529 |
| At 30 September 2015 /31 December 2014 | 868,239 | 1,061,952 | 368,786 | 736,022 |

(iii) Financial investments held-to-maturity

| | Group | | Bank | |
|-------------------------------------------------------------|--------------------------------|-------------------------------|--------------------------------|-------------------------------|
| | 30 September 2015 RM'000 | 31 December 2014 RM'000 | 30 September 2015 RM'000 | 31 December 2014 RM'000 |
| At amortised cost less accumulated impairment losses | | | | |
| Money market instruments: | | | | |
| Malaysian Government Securities | 2,010,326 | 1,660,142 | 2,010,220 | 1,660,036 |
| Malaysian Government Investment Issues | 4,387,328 | 2,294,446 | 4,387,328 | 2,294,446 |
| Foreign Government Securities | 645,127 | 389,890 | - | - |
| Foreign Government Treasury Bills | 45,514 | 415,501 | - | - |
| Khazanah Bonds | 980,187 | 952,620 | 980,187 | 952,620 |
| Foreign Certificates of Deposits | 14,546 | 154,688 | - | - |
| | 8,083,028 | 5,867,287 | 7,377,735 | 4,907,102 |
| Unquoted securities: | | | | |
| Foreign private and Islamic debt securities | 1,065,657 | 153,754 | 882,927 | - |
| Private and Islamic debt securities in Malaysia | 5,046,245 | 3,483,836 | 5,741,510 | 4,169,448 |
| Foreign Government Bonds | 120,076 | 90,181 | 35,480 | 26,438 |
| Others | 2,044 | 2,044 | 2,044 | 2,044 |
| | 6,234,022 | 3,729,815 | 6,661,961 | 4,197,930 |
| Accumulated impairment losses | (24,771) | (22,564) | (3,849) | (4,877) |
| Total financial investments held-to-maturity | 14,292,279 | 9,574,538 | 14,035,847 | 9,100,155 |

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A10. Financial Investments Portfolio (cont'd.)

(iii) Financial investments held-to-maturity (cont'd.)

(a) Movements in the allowances for impairment losses on financial investments held-to-maturity are as follows:

| | Group | | Bank | |
|----------------------------------------------|--------------------------------|-------------------------------|--------------------------------|-------------------------------|
| | 30 September 2015 RM'000 | 31 December 2014 RM'000 | 30 September 2015 RM'000 | 31 December 2014 RM'000 |
| <u>Individual allowance</u> | | | | |
| At 1 January 2015/2014 | 22,564 | 35,819 | 4,877 | 19,094 |
| Amount written back in respect of recoveries | (1,028) | (14,217) | (1,028) | (14,217) |
| Exchange differences | 3,235 | 962 | - | - |
| At 30 September 2015 /31 December 2014 | 24,771 | 22,564 | 3,849 | 4,877 |

A11. Loans, Advances and Financing

| | Group | | Bank | |
|---------------------------------------------------------|--------------------------------|-------------------------------|--------------------------------|-------------------------------|
| | 30 September 2015 RM'000 | 31 December 2014 RM'000 | 30 September 2015 RM'000 | 31 December 2014 RM'000 |
| Overdrafts/cashline | 19,429,056 | 18,138,149 | 10,696,308 | 10,945,779 |
| Term loans: | | | | |
| - Housing loans/financing | 138,603,634 | 119,889,076 | 54,334,462 | 44,672,509 |
| - Syndicated loans/financing | 43,044,290 | 32,855,680 | 40,815,556 | 31,601,404 |
| - Hire purchase receivables | 60,795,397 | 56,406,850 | 19,650,153 | 19,857,032 |
| - Lease receivables | 46,541 | 39,392 | - | - |
| - Other loans/financing | 227,788,659 | 206,684,859 | 116,198,555 | 106,823,910 |
| Credit card receivables | 7,468,402 | 7,038,186 | 6,155,311 | 5,876,466 |
| Bills receivables | 5,111,501 | 4,601,837 | 5,002,932 | 4,495,008 |
| Trust receipts | 4,419,055 | 4,653,912 | 3,662,180 | 3,863,025 |
| Claims on customers under acceptance credits | 10,710,105 | 11,250,193 | 6,142,566 | 6,381,035 |
| Loans/financing to financial institutions (Note A11(x)) | 3,378,379 | 3,717,830 | 13,666,307 | 12,416,328 |
| Revolving credits | 41,679,169 | 37,123,629 | 26,407,633 | 23,099,870 |
| Staff loans | 3,355,738 | 2,997,192 | 947,732 | 931,413 |
| Loans to: | | | | |
| - Executive directors of the Bank | 240 | 103 | 240 | 103 |
| - Executive directors of subsidiaries | 2,354 | 2,136 | 357 | 152 |
| Others | 3,570,667 | 2,943,423 | - | - |
| | 569,403,187 | 508,342,447 | 303,680,292 | 270,964,034 |
| Unearned interest and income | (104,820,108) | (98,870,771) | (1,906,796) | (2,062,021) |
| Gross loans, advances and financing | 464,583,079 | 409,471,676 | 301,773,496 | 268,902,013 |
| Allowances for impaired loans, advances and financing | | | | |
| - Individual allowance | (1,878,125) | (1,989,856) | (990,798) | (1,437,215) |
| - Collective allowance | (4,241,249) | (3,968,699) | (3,016,556) | (2,940,357) |
| Net loans, advances and financing | 458,463,705 | 403,513,121 | 297,766,142 | 264,524,441 |

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

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

| | Group | | Bank | |
|---------------------------------------------|--------------------------------|-------------------------------|--------------------------------|-------------------------------|
| | 30 September 2015 RM'000 | 31 December 2014 RM'000 | 30 September 2015 RM'000 | 31 December 2014 RM'000 |
| Domestic banking institutions | 5,620,673 | 1,666 | 16,106,684 | 8,433,335 |
| Domestic non-banking financial institutions | 21,855,326 | 19,998,134 | 18,353,085 | 16,402,458 |
| Domestic business enterprises: | | | | |
| - Small and medium enterprises | 72,771,581 | 67,993,975 | 51,441,131 | 47,097,025 |
| - Others | 104,725,447 | 92,127,010 | 67,894,679 | 64,524,510 |
| Government and statutory bodies | 10,719,039 | 9,553,278 | 3,647,961 | 2,341,914 |
| Individuals | 205,019,566 | 180,121,112 | 106,029,394 | 94,818,974 |
| Other domestic entities | 4,018,307 | 3,371,488 | 440,186 | 407,566 |
| Foreign entities | 39,853,140 | 36,305,013 | 37,860,376 | 34,876,231 |
| Gross loans, advances and financing | 464,583,079 | 409,471,676 | 301,773,496 | 268,902,013 |

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

| | Group | | Bank | |
|-------------------------------------|--------------------------------|-------------------------------|--------------------------------|-------------------------------|
| | 30 September 2015 RM'000 | 31 December 2014 RM'000 | 30 September 2015 RM'000 | 31 December 2014 RM'000 |
| Malaysia | 256,721,496 | 244,171,063 | 141,020,262 | 144,980,885 |
| Singapore | 118,639,744 | 93,566,023 | 117,877,613 | 92,899,424 |
| Indonesia | 35,169,588 | 31,380,558 | - | - |
| Labuan Offshore | 20,001,790 | 13,489,148 | 18,306,896 | 11,465,169 |
| Hong Kong SAR | 16,400,739 | 13,257,612 | 15,967,759 | 12,919,971 |
| United States of America | 1,203,865 | 1,115,815 | 1,203,244 | 1,115,321 |
| People's Republic of China | 4,208,892 | 3,048,730 | 4,208,892 | 3,048,730 |
| Vietnam | 543,025 | 485,113 | 431,208 | 365,772 |
| United Kingdom | 1,676,368 | 1,327,806 | 1,676,298 | 1,327,770 |
| Brunei | 512,543 | 367,737 | 512,543 | 367,737 |
| Cambodia | 1,982,479 | 1,234,426 | - | - |
| Bahrain | 439,772 | 322,310 | 439,772 | 322,310 |
| Philippines | 5,327,238 | 3,905,254 | - | - |
| Papua New Guinea | - | 230,485 | - | - |
| Thailand | 1,583,773 | 1,446,612 | - | - |
| Laos | 129,009 | 88,924 | 129,009 | 88,924 |
| Others | 42,758 | 34,060 | - | - |
| Gross loans, advances and financing | 464,583,079 | 409,471,676 | 301,773,496 | 268,902,013 |

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

| | Group | | Bank | |
|-------------------------------------|--------------------------------|-------------------------------|--------------------------------|-------------------------------|
| | 30 September 2015 RM'000 | 31 December 2014 RM'000 | 30 September 2015 RM'000 | 31 December 2014 RM'000 |
| Fixed rate: | | | | |
| - Housing loans/financing | 23,255,897 | 15,987,881 | 21,650,740 | 13,762,224 |
| - Hire purchase receivables | 54,436,801 | 49,969,818 | 18,593,955 | 18,687,300 |
| - Other fixed rate loans/financing | 64,573,074 | 63,187,850 | 46,998,355 | 43,073,166 |
| Variable rate: | | | | |
| - Base rate/base lending rate plus | 161,515,734 | 145,279,666 | 89,685,262 | 91,738,308 |
| - Cost plus | 61,267,131 | 55,496,388 | 57,175,866 | 49,983,378 |
| - Other variable rates | 99,534,442 | 79,550,073 | 67,669,318 | 51,657,637 |
| Gross loans, advances and financing | 464,583,079 | 409,471,676 | 301,773,496 | 268,902,013 |

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

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

| | Group | | Bank | |
|-----------------------------------------------------------|--------------------------------|-------------------------------|--------------------------------|-------------------------------|
| | 30 September 2015 RM'000 | 31 December 2014 RM'000 | 30 September 2015 RM'000 | 31 December 2014 RM'000 |
| Purchase of securities | 35,947,957 | 35,534,953 | 14,408,039 | 15,765,694 |
| Purchase of transport vehicles | 55,102,201 | 50,806,098 | 18,021,922 | 18,081,840 |
| Purchase of landed properties: | | | | |
| - Residential | 90,765,203 | 75,963,811 | 62,041,004 | 52,285,810 |
| - Non-residential | 40,022,576 | 33,489,178 | 30,035,087 | 25,708,907 |
| Purchase of fixed assets (excluding landed properties) | 6,681,362 | 4,874,553 | 6,635,028 | 4,834,934 |
| Personal use | 9,756,312 | 9,065,147 | 6,771,838 | 6,533,709 |
| Credit card | 7,636,539 | 7,180,708 | 6,295,158 | 6,025,445 |
| Purchase of consumer durables | 108,734 | 136,852 | 108,139 | 136,134 |
| Constructions | 17,870,279 | 15,764,885 | 13,099,325 | 11,603,307 |
| Mergers and acquisitions | 459,694 | 1,479,670 | 373,506 | 1,401,701 |
| Working capital | 158,785,218 | 142,597,773 | 110,032,001 | 101,740,182 |
| Others | 41,447,004 | 32,578,048 | 33,952,449 | 24,784,350 |
| Gross loans, advances and financing | 464,583,079 | 409,471,676 | 301,773,496 | 268,902,013 |

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

| | Group | | Bank | |
|-------------------------------------|--------------------------------|-------------------------------|--------------------------------|-------------------------------|
| | 30 September 2015 RM'000 | 31 December 2014 RM'000 | 30 September 2015 RM'000 | 31 December 2014 RM'000 |
| Within one year | 114,976,058 | 111,129,455 | 79,307,364 | 79,973,150 |
| One year to three years | 67,754,871 | 59,591,260 | 54,870,870 | 43,262,972 |
| Three years to five years | 61,726,846 | 45,374,115 | 41,684,559 | 33,146,625 |
| After five years | 220,125,304 | 193,376,846 | 125,910,703 | 112,519,266 |
| Gross loans, advances and financing | 464,583,079 | 409,471,676 | 301,773,496 | 268,902,013 |

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

| | Group | | Bank | |
|---------------------------------------------------------------------------------------|--------------------------------|-------------------------------|--------------------------------|-------------------------------|
| | 30 September 2015 RM'000 | 31 December 2014 RM'000 | 30 September 2015 RM'000 | 31 December 2014 RM'000 |
| Gross impaired loans, advances and financing at 1 January 2015/2014 | 6,234,161 | 5,360,903 | 4,249,829 | 3,776,831 |
| Impaired during the financial period/year | 5,044,347 | 4,825,540 | 2,505,378 | 2,650,307 |
| Reclassified as non-impaired | (962,273) | (1,157,767) | (417,533) | (542,225) |
| Amount recovered | (1,710,445) | (1,692,643) | (938,082) | (1,056,243) |
| Amount written-off | (1,669,839) | (1,087,768) | (1,311,312) | (535,199) |
| Converted to financial investments available-for-sale | (2,540) | (84,500) | (676) | (84,500) |
| Transferred from a subsidiary | - | - | - | 18,366 |
| Disposal of a subsidiary | (5,110) | - | - | - |
| Exchange differences | 238,399 | 70,396 | 109,203 | 22,492 |
| Gross impaired loans, advances and financing at 30 September 2015/31 December 2014 | 7,166,700 | 6,234,161 | 4,196,807 | 4,249,829 |
| Less: Individual allowance | (1,878,125) | (1,989,856) | (990,798) | (1,437,215) |
| Net impaired loans, advances and financing | 5,288,575 | 4,244,305 | 3,206,009 | 2,812,614 |

Calculation of ratio of net impaired loans:

| | | | | |
|--------------------------------------------------------|--------------------|--------------------|--------------------|--------------------|
| Gross loans, advances and financing | 464,583,079 | 409,471,676 | 301,773,496 | 268,902,013 |
| Less: Individual allowance | (1,878,125) | (1,989,856) | (990,798) | (1,437,215) |
| Net loans, advances and financing | 462,704,954 | 407,481,820 | 300,782,698 | 267,464,798 |
| Ratio of net impaired loans, advances and financing | 1.14% | 1.04% | 1.07% | 1.05% |

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

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

| | Group | | Bank | |
|--------------------------------------------------------|--------------------------------|-------------------------------|--------------------------------|-------------------------------|
| | 30 September 2015 RM'000 | 31 December 2014 RM'000 | 30 September 2015 RM'000 | 31 December 2014 RM'000 |
| Purchase of securities | 248,423 | 90,425 | 181,949 | 34,603 |
| Purchase of transport vehicles | 475,790 | 269,361 | 264,592 | 106,169 |
| Purchase of landed properties: | | | | |
| - Residential | 498,090 | 392,267 | 309,005 | 271,851 |
| - Non-residential | 173,562 | 123,213 | 111,271 | 77,436 |
| Purchase of fixed assets (excluding landed properties) | 615 | - | - | - |
| Personal use | 146,284 | 141,800 | 101,945 | 67,409 |
| Credit card | 102,103 | 73,348 | 71,057 | 45,948 |
| Purchase of consumer durables | 8 | 14 | - | 6 |
| Constructions | 1,372,449 | 1,119,133 | 1,027,263 | 962,682 |
| Working capital | 3,712,875 | 3,499,917 | 1,890,662 | 2,481,390 |
| Others | 436,501 | 524,683 | 239,063 | 202,335 |
| Impaired loans, advances and financing | 7,166,700 | 6,234,161 | 4,196,807 | 4,249,829 |

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

| | Group | | Bank | |
|----------------------------------------|--------------------------------|-------------------------------|--------------------------------|-------------------------------|
| | 30 September 2015 RM'000 | 31 December 2014 RM'000 | 30 September 2015 RM'000 | 31 December 2014 RM'000 |
| Malaysia | 4,364,419 | 4,527,493 | 3,432,034 | 3,835,383 |
| Singapore | 508,944 | 230,236 | 485,606 | 210,755 |
| Indonesia | 1,675,039 | 1,019,853 | - | - |
| Labuan Offshore | 35,151 | 36,274 | 19,153 | 15,169 |
| Hong Kong SAR | 13,794 | 15,884 | 13,794 | 15,884 |
| United States of America | 621 | 495 | - | - |
| People's Republic of China | 96,786 | 8,781 | 96,786 | 8,781 |
| Vietnam | 51,486 | 20,510 | 51,466 | 20,510 |
| United Kingdom | 54,570 | 126,535 | 54,570 | 126,535 |
| Brunei | 14,566 | 11,536 | 14,566 | 11,536 |
| Cambodia | 62,692 | 53,607 | - | - |
| Bahrain | - | 5,276 | - | 5,276 |
| Philippines | 190,896 | 120,194 | - | - |
| Thailand | 30,813 | 27,143 | - | - |
| Others | 66,923 | 30,344 | 28,832 | - |
| Impaired loans, advances and financing | 7,166,700 | 6,234,161 | 4,196,807 | 4,249,829 |

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

| | Group | | Bank | |
|--------------------------------------------|--------------------------------|-------------------------------|--------------------------------|-------------------------------|
| | 30 September 2015 RM'000 | 31 December 2014 RM'000 | 30 September 2015 RM'000 | 31 December 2014 RM'000 |
| Individual Allowance | | | | |
| At 1 January 2015/2014 | 1,989,856 | 1,939,320 | 1,437,215 | 1,502,010 |
| Allowance made | 1,105,840 | 774,901 | 692,082 | 350,055 |
| Amount written back | (148,333) | (235,824) | (115,935) | (198,312) |
| Amount written-off | (1,158,032) | (507,946) | (1,066,986) | (239,488) |
| Transferred (to)/from collective allowance | (13,671) | 842 | (8,971) | (7,985) |
| Transferred from a subsidiary | - | - | - | 18,366 |
| Exchange differences | 102,465 | 18,563 | 53,393 | 12,569 |
| At 30 September 2015/31 December 2014 | 1,878,125 | 1,989,856 | 990,798 | 1,437,215 |

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

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

| | Group | | Bank | |
|-----------------------------------------------------------------------------------------|--------------------------------|-------------------------------|--------------------------------|-------------------------------|
| | 30 September 2015 RM'000 | 31 December 2014 RM'000 | 30 September 2015 RM'000 | 31 December 2014 RM'000 |
| Collective Allowance | | | | |
| At 1 January 2015/2014 | 3,968,699 | 3,823,303 | 2,940,357 | 2,885,470 |
| Allowance made | 582,299 | 676,123 | 171,356 | 295,219 |
| Amount written back | (14,754) | - | - | - |
| Amount written-off | (511,807) | (579,822) | (244,326) | (295,711) |
| Transferred from/(to) individual allowance | 13,671 | (842) | 8,971 | 7,985 |
| Transferred from a subsidiary | - | - | - | 21,321 |
| Disposal of a subsidiary | (2,245) | - | - | - |
| Exchange differences | 205,386 | 49,937 | 140,198 | 26,073 |
| At 30 September 2015/31 December 2014 | <u>4,241,249</u> | <u>3,968,699</u> | <u>3,016,556</u> | <u>2,940,357</u> |
| As a percentage of total loans less individual allowance (including Regulatory Reserve) | <u>1.13%</u> | <u>1.04%</u> | <u>1.15%</u> | <u>1.10%</u> |

(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 RM11,358.7 million (31 December 2014: RM9,521.9 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 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.

A12. Reinsurance/Retakaful Assets and Other Insurance Receivables

| | Note | Group | |
|---------------------------------------------------------------|------|--------------------------------|-------------------------------|
| | | 30 September 2015 RM'000 | 31 December 2014 RM'000 |
| Reinsurance/retakaful assets | (i) | 3,992,931 | 4,387,302 |
| Other insurance receivables | (ii) | <u>520,854</u> | <u>584,761</u> |
| | | <u>4,513,785</u> | <u>4,972,063</u> |
| (i) Reinsurance/retakaful assets | | | |
| | | Group | |
| | | 30 September 2015 RM'000 | 31 December 2014 RM'000 |
| Reinsurers' share of: | | 3,734,938 | 4,119,939 |
| Life insurance contract liabilities | | <u>23,799</u> | <u>25,865</u> |
| General insurance contract liabilities | | <u>3,711,139</u> | <u>4,094,074</u> |
| Retakaful operators' share of: | | 259,426 | 267,363 |
| Family takaful certificate liabilities | | <u>28,098</u> | <u>14,799</u> |
| General takaful certificate liabilities | | <u>231,328</u> | <u>252,564</u> |
| Allowance for impairment losses | | <u>(1,433)</u> | <u>-</u> |
| | | <u>3,992,931</u> | <u>4,387,302</u> |
| (ii) Other insurance receivables | | | |
| | | Group | |
| | | 30 September 2015 RM'000 | 31 December 2014 RM'000 |
| Due premium including agents/brokers and co-insurers balances | | 298,317 | 476,334 |
| Due from reinsurers and cedants/retakaful operators | | <u>265,509</u> | <u>156,458</u> |
| | | <u>563,826</u> | <u>632,792</u> |
| Allowance for impairment losses | | <u>(42,972)</u> | <u>(48,031)</u> |
| | | <u>520,854</u> | <u>584,761</u> |

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A13. Other Assets

| | Group | | Bank | |
|-------------------------------------|--------------------------------|-------------------------------|--------------------------------|-------------------------------|
| | 30 September 2015 RM'000 | 31 December 2014 RM'000 | 30 September 2015 RM'000 | 31 December 2014 RM'000 |
| Other debtors | 10,863,811 | 7,392,566 | 9,360,830 | 5,964,158 |
| Amount due from brokers and clients | 2,086,639 | 2,101,414 | - | - |
| Prepayments and deposits | 1,437,474 | 1,023,569 | 707,316 | 488,961 |
| Tax recoverable | 46,168 | 16,533 | - | - |
| Foreclosed properties | 153,558 | 125,654 | 34,428 | 35,869 |
| | 14,587,650 | 10,659,736 | 10,102,574 | 6,488,988 |

A14. Deposits from Customers

(i) By type of deposit

| | Group | | Bank | |
|-------------------------------------------------------|--------------------------------|-------------------------------|--------------------------------|-------------------------------|
| | 30 September 2015 RM'000 | 31 December 2014 RM'000 | 30 September 2015 RM'000 | 31 December 2014 RM'000 |
| Fixed deposits and negotiable instruments of deposits | | | | |
| - One year or less | 278,379,142 | 239,932,370 | 181,183,040 | 153,969,752 |
| - More than one year | 15,447,745 | 17,185,803 | 14,458,348 | 16,402,258 |
| | 293,826,887 | 257,118,173 | 195,641,388 | 170,372,010 |
| Money market deposits | 12,099,265 | 22,091,040 | 12,099,265 | 22,091,040 |
| Savings deposits | 60,127,819 | 59,282,330 | 39,113,049 | 40,685,239 |
| Demand deposits | 107,173,219 | 95,565,804 | 79,587,823 | 69,023,934 |
| Structured Deposits | 4,265,386 | 5,512,037 | 3,382,356 | 4,766,749 |
| | 477,492,576 | 439,569,384 | 329,823,881 | 306,938,972 |

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

(ii) By type of customer

| | Group | | Bank | |
|---------------------------------|--------------------------------|-------------------------------|--------------------------------|-------------------------------|
| | 30 September 2015 RM'000 | 31 December 2014 RM'000 | 30 September 2015 RM'000 | 31 December 2014 RM'000 |
| Business enterprises | 220,016,634 | 197,053,516 | 160,206,101 | 144,105,454 |
| Individuals | 198,164,047 | 180,008,070 | 146,235,413 | 136,944,899 |
| Government and statutory bodies | 28,853,452 | 25,405,709 | 8,124,785 | 9,782,117 |
| Others | 30,458,443 | 37,102,089 | 15,257,582 | 16,106,502 |
| | 477,492,576 | 439,569,384 | 329,823,881 | 306,938,972 |

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

| | Group | | Bank | |
|---------------------------|--------------------------------|-------------------------------|--------------------------------|-------------------------------|
| | 30 September 2015 RM'000 | 31 December 2014 RM'000 | 30 September 2015 RM'000 | 31 December 2014 RM'000 |
| Within six months | 218,207,943 | 197,389,967 | 128,905,121 | 120,140,244 |
| Six months to one year | 60,171,199 | 42,542,403 | 52,277,919 | 33,829,508 |
| One year to three years | 14,843,742 | 16,692,031 | 14,393,703 | 16,340,185 |
| Three years to five years | 604,003 | 493,772 | 64,645 | 62,073 |
| | 293,826,887 | 257,118,173 | 195,641,388 | 170,372,010 |

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A15. Deposits and Placements from Financial Institutions

| | Group | | Bank | |
|------------------------------|--------------------------------|-------------------------------|--------------------------------|-------------------------------|
| | 30 September 2015 RM'000 | 31 December 2014 RM'000 | 30 September 2015 RM'000 | 31 December 2014 RM'000 |
| Licensed banks | 44,139,831 | 53,954,068 | 43,120,549 | 44,877,881 |
| Licensed finance companies | 524,683 | 465,563 | 83,935 | 228,000 |
| Licensed investment banks | 150,715 | 290,215 | 150,715 | 290,215 |
| Other financial institutions | 3,188,003 | 2,677,552 | 2,201,713 | 2,104,088 |
| | 48,003,232 | 57,387,398 | 45,556,912 | 47,500,184 |

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

| | Group | | Bank | |
|--------------------|--------------------------------|-------------------------------|--------------------------------|-------------------------------|
| | 30 September 2015 RM'000 | 31 December 2014 RM'000 | 30 September 2015 RM'000 | 31 December 2014 RM'000 |
| One year or less | 46,279,176 | 56,205,468 | 44,648,104 | 46,323,458 |
| More than one year | 1,724,056 | 1,181,930 | 908,808 | 1,176,726 |
| | 48,003,232 | 57,387,398 | 45,556,912 | 47,500,184 |

A16. Borrowings, Subordinated Obligations and Capital Securities

| | Group | | Bank | |
|--------------------------|--------------------------------|-------------------------------|--------------------------------|-------------------------------|
| | 30 September 2015 RM'000 | 31 December 2014 RM'000 | 30 September 2015 RM'000 | 31 December 2014 RM'000 |
| (i) Borrowings | | | | |
| Secured | | | | |
| - Less than one year | | | | |
| Denominated in: | | | | |
| - SGD | 1,701 | 1,454 | - | - |
| - PHP | 31,025 | 10,111 | - | - |
| - IDR | 930,300 | 846,922 | - | - |
| | 963,026 | 858,487 | - | - |
| - More than one year | | | | |
| Denominated in: | | | | |
| - SGD | 454,331 | 388,489 | - | - |
| - PHP | 509 | 619 | - | - |
| - IDR | 1,040,365 | 1,052,950 | - | - |
| | 1,495,205 | 1,442,058 | - | - |
| Total secured borrowings | 2,458,231 | 2,300,545 | - | - |
| Unsecured | | | | |
| (a) Borrowings | | | | |
| - Less than one year | | | | |
| Denominated in: | | | | |
| - USD | 5,000,882 | 946,123 | 4,947,247 | 703,075 |
| - CNY | - | 114,409 | - | 114,409 |
| - SGD | 998,821 | 302,164 | - | - |
| - THB | 983,043 | 775,320 | - | - |
| - HKD | 75,261 | 9,952 | - | - |
| - IDR | 787,027 | 249,823 | - | - |
| - VND | - | 4,696 | - | - |
| - PHP | 44,738 | 13,714 | - | - |
| - JPY | 24,206 | - | - | - |
| - EURO - CP Programme | 98,868 | - | 98,868 | - |
| | 8,012,846 | 2,416,201 | 5,046,115 | 817,484 |

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A16. Borrowings, Subordinated Obligations and Capital Securities (cont'd.)

| | Group | | Bank | |
|--------------------------------------|--------------------------------|-------------------------------|--------------------------------|-------------------------------|
| | 30 September 2015 RM'000 | 31 December 2014 RM'000 | 30 September 2015 RM'000 | 31 December 2014 RM'000 |
| (i) Borrowings (cont'd.) | | | | |
| Unsecured (cont'd.) | | | | |
| (a) Borrowings (cont'd.) | | | | |
| - More than one year | | | | |
| Denominated in: | | | | |
| - USD | 1,100,250 | 3,443,068 | 1,100,250 | 3,443,068 |
| - JPY | 2,620 | - | - | - |
| - PHP | 23,358 | - | - | - |
| - IDR | 668,364 | 626,614 | - | - |
| - THB | 169,389 | 149,211 | - | - |
| | 1,963,981 | 4,218,893 | 1,100,250 | 3,443,068 |
| (b) Medium Term Notes | | | | |
| - Less than one year | | | | |
| Denominated in: | | | | |
| - USD | 229,863 | 4,609 | 229,863 | 4,609 |
| - HKD | 898,767 | 16,116 | 898,767 | 16,116 |
| - SGD | 1,334,658 | - | 1,334,658 | - |
| - JPY | 442,312 | 4,178 | 442,312 | 4,178 |
| - AUD | 905 | 984 | 905 | 984 |
| - CNH | 3,389 | 132 | 3,389 | 132 |
| | 2,909,894 | 26,019 | 2,909,894 | 26,019 |
| - More than one year | | | | |
| Denominated in: | | | | |
| - USD | 6,183,405 | 4,351,898 | 6,183,405 | 4,351,898 |
| - HKD | 1,801,843 | 2,128,399 | 1,801,843 | 2,128,399 |
| - JPY | 4,670,450 | 2,807,149 | 4,670,450 | 2,807,149 |
| - SGD | 321,738 | - | 321,738 | - |
| - AUD | 172,753 | 160,357 | 172,753 | 160,357 |
| - CNH | 646,696 | 112,438 | 646,696 | 112,438 |
| | 13,796,885 | 9,560,241 | 13,796,885 | 9,560,241 |
| Total unsecured borrowings | 26,683,606 | 16,221,354 | 22,853,144 | 13,846,812 |
| Total borrowings | 29,141,837 | 18,521,899 | 22,853,144 | 13,846,812 |
| (ii) Subordinated Obligations | | | | |
| Unsecured | | | | |
| - More than one year | | | | |
| Denominated in: | | | | |
| - RM | 9,298,589 | 9,325,035 | 6,768,228 | 6,776,549 |
| - USD | 3,616,109 | 2,828,715 | 3,616,109 | 2,828,715 |
| - SGD | 3,140,667 | 2,659,314 | 3,140,667 | 2,659,314 |
| - IDR | 884,345 | 826,993 | - | - |
| | 16,939,710 | 15,640,057 | 13,525,004 | 12,264,578 |
| (iii) Capital Securities | | | | |
| Unsecured | | | | |
| - More than one year | | | | |
| Denominated in: | | | | |
| - RM | 4,417,870 | 4,281,802 | 4,527,056 | 4,564,379 |
| - SGD | 1,619,206 | 1,620,681 | 1,619,206 | 1,620,681 |
| | 6,037,076 | 5,902,483 | 6,146,262 | 6,185,060 |

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A17. Insurance/Takaful Contract Liabilities and Other Insurance Payables

| Group | Note | 30 September | 31 December |
|----------------------------------------|------|-------------------|-------------------|
| | | 2015 | 2014 |
| | | RM'000 | RM'000 |
| Insurance/takaful contract liabilities | (i) | 23,306,661 | 24,257,364 |
| Other insurance payables | (ii) | 510,191 | 541,469 |
| | | <u>23,816,852</u> | <u>24,798,833</u> |

(i) Insurance/takaful contract liabilities

| | Gross contract liabilities | Reinsurance/retakaful assets | Net contract liabilities |
|-----------------------------------|----------------------------|------------------------------|--------------------------|
| | RM'000 | RM'000 | RM'000 |
| At 30 September 2015 | | | |
| Life insurance/family takaful | 16,993,404 | (51,897) | 16,941,507 |
| General insurance/general takaful | 6,313,257 | (3,941,034) | 2,372,223 |
| | <u>23,306,661</u> | <u>(3,992,931)</u> | <u>19,313,730</u> |

| | Gross contract liabilities | Reinsurance/retakaful assets | Net contract liabilities |
|-----------------------------------|----------------------------|------------------------------|--------------------------|
| | RM'000 | RM'000 | RM'000 |
| At 31 December 2014 | | | |
| Life insurance/family takaful | 17,708,771 | (40,664) | 17,668,107 |
| General insurance/general takaful | 6,548,593 | (4,346,638) | 2,201,955 |
| | <u>24,257,364</u> | <u>(4,387,302)</u> | <u>19,870,062</u> |

(ii) Other insurance payables

| | 30 September | 31 December |
|----------------------------------|----------------|----------------|
| | 2015 | 2014 |
| | RM'000 | RM'000 |
| Due to agents and intermediaries | 56,816 | 82,658 |
| Due to reinsurers and cedants | 384,262 | 386,357 |
| Due to retakaful operators | 69,113 | 72,454 |
| | <u>510,191</u> | <u>541,469</u> |

A18. Other Liabilities

| | Group | | Bank | |
|-----------------------------------------------|-------------------|-------------------|-------------------|------------------|
| | 30 September | 31 December | 30 September | 31 December |
| | 2015 | 2014 | 2015 | 2014 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Due to brokers and clients | 2,120,013 | 2,231,478 | - | - |
| Deposits, other creditors and accruals | 13,063,431 | 8,383,355 | 12,519,519 | 8,734,808 |
| Defined benefit pension plans | 453,254 | 419,304 | - | - |
| Provisions for commitments and contingencies | 53,856 | 58,695 | 53,856 | 54,749 |
| Profit equalisation reserves (IBS operations) | 5,648 | 5,157 | - | - |
| Finance lease liabilities | 32,492 | 49,576 | - | - |
| | <u>15,728,694</u> | <u>11,147,565</u> | <u>12,573,375</u> | <u>8,789,557</u> |

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A19. 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 2015 | 13,557 | 11,774 | 34,456 | (89,017) | (67,191) | (96,421) |
| Other comprehensive income/(loss) | - | 95,248 | - | 27,944 | (605,615) | (482,423) |
| Defined benefit plan actuarial gain | - | - | - | 27,944 | - | 27,944 |
| Net loss on net investment hedge | - | - | - | - | (608,704) | (608,704) |
| Net gain on cash flow hedge | - | - | - | - | 3,089 | 3,089 |
| Net gain on revaluation reserve | - | 46 | - | - | - | 46 |
| Share of change in associates' reserve | - | 95,202 | - | - | - | 95,202 |
| Total comprehensive income/(loss) for the period | - | 95,248 | - | 27,944 | (605,615) | (482,423) |
| At 30 September 2015 | 13,557 | 107,022 | 34,456 | (61,073) | (672,806) | (578,844) |
| <===== 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) | - | 36 | - | (9,747) | 17,814 | 8,103 |
| Defined benefit plan actuarial loss | - | - | - | (9,748) | - | (9,748) |
| Net gain on net investment hedge | - | - | - | - | 20,715 | 20,715 |
| Net loss on cash flow hedge | - | - | - | - | (2,901) | (2,901) |
| Net gain on revaluation reserve | - | 36 | - | - | - | 36 |
| Share of change in associates' reserve | - | - | - | 1 | - | 1 |
| Total comprehensive income/(loss) for the period | - | 36 | - | (9,747) | 17,814 | 8,103 |
| Effect of changes in corporate structure within the Group | (697) | - | - | - | - | (697) |
| Total transactions with shareholders/other equity movement | (697) | - | - | - | - | (697) |
| At 30 September 2014 | 13,557 | 11,762 | 34,456 | (91,780) | 17,814 | (14,191) |

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A20. Interest Income

| Group | Third Quarter Ended | | Cumulative 9 Months Ended | |
|--------------------------------------------------------------------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|
| | 30 September 2015 RM'000 | 30 September 2014 RM'000 | 30 September 2015 RM'000 | 30 September 2014 RM'000 |
| Loans, advances and financing | 3,938,061 | 3,439,411 | 11,250,923 | 10,095,751 |
| Money at call and deposits and placements with financial institutions | 174,417 | 119,807 | 521,711 | 370,448 |
| Financial assets purchased under resale agreements | 3,150 | 1,095 | 6,515 | 4,043 |
| Financial assets at FVTPL | 155,954 | 221,961 | 501,228 | 586,321 |
| Financial investments available-for-sale | 647,739 | 618,151 | 1,844,860 | 1,800,618 |
| Financial investments held-to-maturity | 131,489 | 76,059 | 367,962 | 192,994 |
| | 5,050,810 | 4,476,484 | 14,493,199 | 13,050,175 |
| Accretion of discounts/ (amortisation of premiums), net | 16,399 | 10,662 | 17,839 | 18,192 |
| | 5,067,209 | 4,487,146 | 14,511,038 | 13,068,367 |

| Bank | Third Quarter Ended | | Cumulative 9 Months Ended | |
|--------------------------------------------------------------------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|
| | 30 September 2015 RM'000 | 30 September 2014 RM'000 | 30 September 2015 RM'000 | 30 September 2014 RM'000 |
| Loans, advances and financing | 2,834,568 | 2,521,299 | 8,123,542 | 7,297,334 |
| Money at call and deposits and placements with financial institutions | 159,817 | 151,299 | 469,646 | 486,875 |
| Financial assets purchased under resale agreements | 2,915 | 137 | 6,043 | 808 |
| Financial assets at FVTPL | 36,409 | 51,903 | 117,264 | 118,343 |
| Financial investments available-for-sale | 576,309 | 531,004 | 1,642,052 | 1,532,866 |
| Financial investments held-to-maturity | 139,023 | 78,848 | 391,767 | 208,667 |
| | 3,749,041 | 3,334,490 | 10,750,314 | 9,644,893 |
| Accretion of discounts/ (amortisation of premiums), net | 39,488 | 17,361 | 125,793 | 22,660 |
| | 3,788,529 | 3,351,851 | 10,876,107 | 9,667,553 |

Included in interest income for the nine-month financial period ended 30 September 2015 was interest on impaired assets amounting to approximately RM187,417,000 (30 September 2014: RM163,560,000) for the Group and RM132,383,000 (30 September 2014: RM130,042,000) for the Bank.

A21. Interest Expense

| Group | Third Quarter Ended | | Cumulative 9 Months Ended | |
|-----------------------------------------------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|
| | 30 September 2015 RM'000 | 30 September 2014 RM'000 | 30 September 2015 RM'000 | 30 September 2014 RM'000 |
| Deposits and placements from financial institutions | 135,703 | 86,183 | 430,732 | 252,650 |
| Deposits from customers | 1,602,000 | 1,557,695 | 4,748,192 | 4,503,943 |
| Floating rate certificates of deposits | 6,762 | 8,120 | 21,409 | 26,625 |
| Loans sold to Cagamas | 9,335 | - | 26,237 | - |
| Borrowings | 184,113 | 117,600 | 493,929 | 336,223 |
| Subordinated notes | 162,259 | 150,702 | 471,262 | 422,668 |
| Subordinated bonds | 8,623 | 8,620 | 25,587 | 20,052 |
| Capital securities | 93,909 | 98,762 | 284,435 | 291,172 |
| Net interest on derivatives | (32,314) | (2,127) | (172,469) | (46,808) |
| | 2,170,390 | 2,025,555 | 6,329,314 | 5,806,525 |

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A21. Interest Expense (cont'd.)

| | Third Quarter Ended | | Cumulative 9 Months Ended | |
|-----------------------------------------------------|----------------------|----------------------|---------------------------|----------------------|
| | 30 September 2015 | 30 September 2014 | 30 September 2015 | 30 September 2014 |
| Bank | RM'000 | RM'000 | RM'000 | RM'000 |
| Deposits and placements from financial institutions | 126,573 | 90,175 | 409,459 | 265,557 |
| Deposits from customers | 1,183,845 | 1,140,678 | 3,506,898 | 3,266,782 |
| Floating rate certificates of deposits | 6,762 | 8,120 | 21,409 | 26,625 |
| Loans sold to Cagamas | 9,335 | - | 26,237 | - |
| Borrowings | 92,648 | 41,049 | 236,020 | 122,986 |
| Subordinated notes | 127,490 | 119,352 | 370,097 | 349,083 |
| Capital securities | 97,211 | 102,969 | 296,013 | 303,658 |
| Net interest on derivatives | (32,499) | (2,599) | (169,216) | (57,209) |
| | 1,611,365 | 1,499,744 | 4,696,917 | 4,277,482 |

A22. Net Earned Insurance Premiums

| | Third Quarter Ended | | Cumulative 9 Months Ended | |
|-------------------------------------|----------------------|----------------------|---------------------------|----------------------|
| | 30 September 2015 | 30 September 2014 | 30 September 2015 | 30 September 2014 |
| Group | RM'000 | RM'000 | RM'000 | RM'000 |
| Gross earned premiums | 1,272,485 | 1,204,499 | 3,896,843 | 3,656,306 |
| Premiums ceded to reinsurers | (263,957) | (236,992) | (850,892) | (737,138) |
| Total net earned insurance premiums | 1,008,528 | 967,507 | 3,045,951 | 2,919,168 |

A23. Dividends from Subsidiaries and Associates

| | Third Quarter Ended | | Cumulative 9 Months Ended | |
|-----------------------------|----------------------|----------------------|---------------------------|----------------------|
| | 30 September 2015 | 30 September 2014 | 30 September 2015 | 30 September 2014 |
| Bank | RM'000 | RM'000 | RM'000 | RM'000 |
| Gross dividend income from: | | | | |
| Subsidiaries | 635,921 | 406,338 | 1,237,901 | 1,600,012 |
| Associates | - | - | 788 | 3,572 |
| | 635,921 | 406,338 | 1,238,689 | 1,603,584 |

A24. Other Operating Income

| | Third Quarter Ended | | Cumulative 9 Months Ended | |
|------------------------------------------------------------------|----------------------|----------------------|---------------------------|----------------------|
| | 30 September 2015 | 30 September 2014 | 30 September 2015 | 30 September 2014 |
| Group | RM'000 | RM'000 | RM'000 | RM'000 |
| (a) Fee income: | | | | |
| Commission | 242,454 | 264,084 | 828,317 | 780,191 |
| Service charges and fees | 382,170 | 357,605 | 1,120,000 | 953,783 |
| Underwriting fees | 13,011 | 30,169 | 66,040 | 91,546 |
| Brokerage income | 140,542 | 183,618 | 488,766 | 485,412 |
| Fees on loans, advances and financing | 90,245 | 122,264 | 248,245 | 333,624 |
| | 868,422 | 957,740 | 2,751,368 | 2,644,556 |
| (b) Investment income: | | | | |
| Net gain on disposal of financial assets at FVTPL | 12,398 | 40,265 | 128,131 | 128,509 |
| Net gain on disposal of financial investments available-for-sale | 10,457 | 161,134 | 303,445 | 512,407 |
| Net gain on redemption of financial investments held-to-maturity | 2,325 | - | 133 | 25 |
| Net gain/(loss) on disposal/liquidation of subsidiaries | 197,308 | - | 197,308 | (94) |
| | 222,488 | 201,399 | 629,017 | 640,847 |

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A24. Other Operating Income (cont'd.)

| Group (cont'd.) | Third Quarter Ended | | Cumulative 9 Months Ended | |
|----------------------------------------------------------------------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|
| | 30 September 2015 RM'000 | 30 September 2014 RM'000 | 30 September 2015 RM'000 | 30 September 2014 RM'000 |
| (c) Gross dividend income from financial investments portfolio | 42,553 | 24,835 | 107,084 | 76,079 |
| (d) Unrealised (loss)/gain on revaluation of: Financial assets at FVTPL | | | | |
| - Designated upon initial recognition | (239,042) | 137,365 | (170,677) | 31,774 |
| - Held-for-trading | (85,681) | 4,392 | (79,012) | 45,533 |
| Derivatives | (164,252) | (159,977) | (506,306) | 102,925 |
| | (488,975) | (18,220) | (755,995) | 180,232 |
| (e) Other income: | | | | |
| Foreign exchange gain, net | 608,268 | 173,850 | 1,115,025 | 285,197 |
| Rental income | 12,134 | 9,573 | 31,380 | 31,399 |
| Gain on disposal of property, plant and equipment | 5,541 | (3,028) | 8,132 | 1,999 |
| Gain on disposal of foreclosed properties | 69 | 691 | 1,399 | 2,877 |
| Sale of development properties | - | 3,068 | - | 6,909 |
| Others | 95,050 | 46,196 | 234,144 | 123,041 |
| | 721,062 | 230,350 | 1,390,080 | 451,422 |
| Total other operating income | 1,365,550 | 1,396,104 | 4,121,554 | 3,993,136 |
| | | | | |
| Bank | 30 September 2015 RM'000 | 30 September 2014 RM'000 | 30 September 2015 RM'000 | 30 September 2014 RM'000 |
| (a) Fee income: | | | | |
| Commission | 226,747 | 233,400 | 734,020 | 687,825 |
| Service charges and fees | 265,888 | 242,687 | 876,847 | 707,783 |
| Underwriting fees | 6,951 | 13,841 | 27,050 | 35,771 |
| Brokerage income | - | 34 | 10 | 37 |
| Fees on loans, advances and financing | 65,955 | 87,516 | 176,017 | 208,291 |
| | 565,541 | 577,478 | 1,813,944 | 1,639,707 |
| (b) Investment income: | | | | |
| Net (loss)/gain on disposal of financial assets at FVTPL | (15,444) | 28,562 | 10,813 | 69,196 |
| Net gain on disposal of financial investments available-for-sale | 28,932 | 67,911 | 191,076 | 106,425 |
| Net gain on redemption of financial investments held-to-maturity | 2,325 | - | 133 | 25 |
| Net gain/(loss) on disposal/liquidation of subsidiaries | 522,019 | (10) | 522,019 | (10) |
| Gain on liquidation of an associate | - | 1,864 | - | 3,531 |
| | 537,832 | 98,327 | 724,041 | 179,167 |
| (c) Gross dividend income from: Financial investments portfolio | 1,266 | 380 | 7,957 | 5,123 |
| (d) Unrealised (loss)/gain on revaluation of: Financial assets at FVTPL | | | | |
| - Held-for-trading | 2,497 | (9,665) | (6,032) | 1,573 |
| Derivatives | (178,839) | (152,985) | (490,617) | 85,021 |
| | (176,342) | (162,650) | (496,649) | 86,594 |
| (e) Other income: | | | | |
| Foreign exchange gain, net | 173,056 | 180,042 | 433,639 | 285,103 |
| Rental income | 7,658 | 6,967 | 23,774 | 20,402 |
| Gain/(loss) on disposal of property, plant and equipment | 5,497 | (3,575) | 5,506 | 1,282 |
| Others | 67,334 | 7,626 | 98,340 | 37,275 |
| | 253,545 | 191,060 | 561,259 | 344,062 |
| Total other operating income | 1,181,842 | 704,595 | 2,610,552 | 2,254,653 |

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A25. Net Insurance Benefits and Claims Incurred, Net Fee and Commission Expenses, Change in Expense Liabilities and Taxation of Life and Takaful Fund

| Group | Third Quarter Ended | | Cumulative 9 Months Ended | |
|--------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|
| | 30 September 2015 RM'000 | 30 September 2014 RM'000 | 30 September 2015 RM'000 | 30 September 2014 RM'000 |
| Gross benefits and claims paid | 898,398 | 1,234,364 | 3,366,894 | 3,361,427 |
| Claims ceded to reinsurers | (112,584) | (513,283) | (438,926) | (1,223,024) |
| Gross change to contract liabilities | (204,328) | 1,100,251 | (910,095) | 3,114,037 |
| Change in contract liabilities ceded to reinsurers | 46,914 | (789,140) | 502,428 | (2,324,578) |
| Net insurance benefits and claims incurred | 628,400 | 1,032,192 | 2,520,301 | 2,927,862 |
| Net fee and commission expenses | 45,837 | 68,094 | 183,811 | 170,320 |
| Change in expense liabilities | (4,313) | 2,947 | 23,995 | 17,057 |
| Taxation of life and takaful fund | (61,640) | 32,430 | (17,556) | 72,510 |
| Net fee and commission expenses, change in expense liabilities and taxation of life and takaful fund | (20,116) | 103,471 | 190,250 | 259,887 |
| Total net insurance benefits and claims incurred, net fee and commission expenses, change in expense liabilities and taxation of life and takaful fund | 608,284 | 1,135,663 | 2,710,551 | 3,187,749 |

A26. Overhead Expenses

| Group | Third Quarter Ended | | Cumulative 9 Months Ended | |
|----------------------------------------------------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|
| | 30 September 2015 RM'000 | 30 September 2014 RM'000 | 30 September 2015 RM'000 | 30 September 2014 RM'000 |
| (a) Personnel expenses | | | | |
| Salaries, allowances and bonuses | 1,050,986 | 999,324 | 3,155,936 | 2,811,120 |
| Social security cost | 9,118 | 7,635 | 26,173 | 22,907 |
| Pension costs - defined contribution plan | 117,991 | 115,603 | 358,942 | 300,922 |
| ESS expenses | 20,315 | 18,980 | 50,040 | 56,910 |
| Other staff related expenses | 187,343 | 145,910 | 587,373 | 475,677 |
| | 1,385,753 | 1,287,452 | 4,178,464 | 3,667,536 |
| (b) Establishment costs | | | | |
| Depreciation of property, plant and equipment | 96,502 | 83,799 | 280,846 | 240,766 |
| Amortisation of intangible assets | 72,352 | 58,281 | 208,558 | 166,409 |
| Rental of leasehold land and premises | 82,105 | 67,637 | 230,289 | 198,448 |
| Repairs and maintenance of property, plant and equipment | 36,032 | 36,189 | 107,323 | 102,462 |
| Information technology expenses | 230,397 | 116,142 | 447,120 | 376,426 |
| Fair value adjustments on investments properties | (56,803) | 60 | (101,622) | 180 |
| Others | 12,925 | 13,078 | 38,773 | 51,995 |
| | 473,510 | 375,186 | 1,211,287 | 1,136,686 |
| (c) Marketing expenses | | | | |
| Advertisement and publicity | 87,578 | 24,668 | 241,475 | 237,125 |
| Others | 53,769 | 59,372 | 254,576 | 174,853 |
| | 141,347 | 84,040 | 496,051 | 411,978 |

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A26. Overhead Expenses (cont'd.)

| Group (cont'd.) | Third Quarter Ended | | Cumulative 9 Months Ended | |
|-------------------------------------------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|
| | 30 September 2015 RM'000 | 30 September 2014 RM'000 | 30 September 2015 RM'000 | 30 September 2014 RM'000 |
| (d) Administration and general expenses | | | | |
| Fees and brokerage | 230,966 | 199,858 | 622,138 | 518,759 |
| Administrative expenses | 133,276 | 167,143 | 469,091 | 442,646 |
| General expenses | 217,186 | 132,347 | 472,042 | 321,699 |
| Cost of development property | - | 2,047 | - | 4,593 |
| Others | 19,378 | 35,510 | 60,249 | 34,490 |
| | 600,806 | 536,905 | 1,623,520 | 1,322,187 |
| Total overhead expenses | 2,601,416 | 2,283,583 | 7,509,322 | 6,538,387 |
| Cost to income ratio ("CIR")¹ | 45.1% | 50.1% | 47.9% | 48.3% |

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 Maybank Indonesia Tbk (formerly known as 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 | Third Quarter Ended | | Cumulative 9 Months Ended | |
|----------------------------------------------------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|
| | 30 September 2015 RM'000 | 30 September 2014 RM'000 | 30 September 2015 RM'000 | 30 September 2014 RM'000 |
| (a) Personnel expenses | | | | |
| Salaries, allowances and bonuses | 669,111 | 612,264 | 1,963,741 | 1,698,576 |
| Social security cost | 3,735 | 3,431 | 11,695 | 10,216 |
| Pension costs - defined contribution plan | 93,676 | 88,310 | 280,756 | 219,957 |
| ESS expenses | 14,568 | 12,615 | 35,346 | 39,860 |
| Other staff related expenses | 109,084 | 84,412 | 329,153 | 269,977 |
| | 890,174 | 801,032 | 2,620,691 | 2,238,586 |
| (b) Establishment costs | | | | |
| Depreciation of property, plant and equipment | 48,100 | 45,821 | 140,619 | 129,698 |
| Amortisation of intangible assets | 30,225 | 25,365 | 81,421 | 76,550 |
| Rental of leasehold land and premises | 37,225 | 29,901 | 104,900 | 89,144 |
| Repairs and maintenance of property, plant and equipment | 19,848 | 19,969 | 57,446 | 54,788 |
| Information technology expenses | 248,400 | 173,683 | 578,895 | 509,149 |
| Others | 1,658 | 2,255 | 5,843 | 6,412 |
| | 385,456 | 296,994 | 969,124 | 865,741 |
| (c) Marketing expenses | | | | |
| Advertisement and publicity | 49,011 | 41,789 | 131,625 | 138,812 |
| Others | 44,518 | 47,486 | 227,572 | 146,221 |
| | 93,529 | 89,275 | 359,197 | 285,033 |
| (d) Administration and general expenses | | | | |
| Fees and brokerage | 159,431 | 131,331 | 439,465 | 342,241 |
| Administrative expenses | 72,449 | 70,133 | 226,675 | 154,869 |
| General expenses | 97,962 | 45,859 | 168,565 | 69,698 |
| Others | 4,545 | 35,331 | 43,241 | 36,597 |
| | 334,387 | 282,654 | 877,946 | 603,405 |
| (e) Overhead expenses allocated to subsidiaries | (240,251) | (208,410) | (737,262) | (699,336) |
| Total overhead expenses | 1,463,295 | 1,261,545 | 4,089,696 | 3,293,429 |
| Cost to income ratio ("CIR")² | 36.6% | 42.6% | 40.8% | 35.6% |

² Cost to income ratio ("CIR") is computed using the total cost over the net operating income.

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A27. Allowances for Impairment Losses on Loans, Advances, Financing and Other Debts, net

| Group | Third Quarter Ended | | Cumulative 9 Months Ended | |
|-----------------------------------------------------------------------------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|
| | 30 September 2015 RM'000 | 30 September 2014 RM'000 | 30 September 2015 RM'000 | 30 September 2014 RM'000 |
| Allowances for/(writeback of) impairment losses on loans, advances and financing: | | | | |
| - collective allowance made, net | 477,999 | 136,938 | 567,545 | 617,794 |
| - individual allowance made | 371,928 | 301,187 | 1,105,840 | 649,106 |
| - individual allowance written back | (81,561) | (54,673) | (148,333) | (199,448) |
| Bad debts and financing written-off | 25,330 | 25,452 | 79,186 | 89,980 |
| Bad debts and financing recovered | (125,182) | (321,624) | (388,752) | (711,078) |
| (Writeback of)/allowances for impairment losses on other debts | (578) | (16,743) | 1,355 | (11,362) |
| | <u>667,936</u> | <u>70,537</u> | <u>1,216,841</u> | <u>434,992</u> |

| Bank | Third Quarter Ended | | Cumulative 9 Months Ended | |
|-----------------------------------------------------------------------------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|
| | 30 September 2015 RM'000 | 30 September 2014 RM'000 | 30 September 2015 RM'000 | 30 September 2014 RM'000 |
| Allowances for/(writeback of) impairment losses on loans, advances and financing: | | | | |
| - collective allowance made, net | 328,016 | 33,095 | 171,356 | 346,745 |
| - individual allowance made | 218,977 | 122,075 | 692,082 | 335,932 |
| - individual allowance written back | (73,431) | (46,936) | (115,935) | (166,523) |
| Bad debts and financing written-off | 15,022 | 16,003 | 45,915 | 62,530 |
| Bad debts and financing recovered | (100,347) | (289,127) | (307,932) | (614,589) |
| (Writeback of)/allowances for impairment losses on other debts | (3,760) | (1,545) | (1,940) | 299 |
| | <u>384,477</u> | <u>(166,435)</u> | <u>483,546</u> | <u>(35,606)</u> |

A28. Allowances for/(Writeback of) Impairment Losses on Financial Investments, net

| Group | Third Quarter Ended | | Cumulative 9 Months Ended | |
|---------------------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|
| | 30 September 2015 RM'000 | 30 September 2014 RM'000 | 30 September 2015 RM'000 | 30 September 2014 RM'000 |
| Financial investments AFS | 129,149 | 16,161 | 274,862 | (69,455) |
| Financial investments HTM | - | (14,167) | (1,028) | (14,167) |
| | <u>129,149</u> | <u>1,994</u> | <u>273,834</u> | <u>(83,622)</u> |

| Bank | Third Quarter Ended | | Cumulative 9 Months Ended | |
|---------------------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|
| | 30 September 2015 RM'000 | 30 September 2014 RM'000 | 30 September 2015 RM'000 | 30 September 2014 RM'000 |
| Financial investments AFS | (12,399) | 10,715 | (37,520) | (22,361) |
| Financial investments HTM | - | (14,167) | (1,028) | (14,167) |
| | <u>(12,399)</u> | <u>(3,452)</u> | <u>(38,548)</u> | <u>(36,528)</u> |

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A29. 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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A29. 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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A29. Segment Information (cont'd.)

By Business Segments

| Nine Months Ended 30 September 2015 | <===== 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 | 4,815,242 | 1,354,681 | 730,551 | 178,248 | 5,825 | 3,880,630 | 627,003 | (425,984) | 11,166,196 |
| - Inter-segment | - | - | - | (2,923) | (7,001) | (21,208) | 47,168 | (16,036) | - |
| | 4,815,242 | 1,354,681 | 730,551 | 175,325 | (1,176) | 3,859,422 | 674,171 | (442,020) | 11,166,196 |
| Net interest income and income from IBS | 4,815,242 | 1,354,681 | 730,551 | 175,325 | (1,176) | 3,859,422 | 674,171 | (442,020) | 11,166,196 |
| Net earned insurance premiums | - | - | - | - | - | - | 3,045,951 | - | 3,045,951 |
| Other operating income | 1,282,023 | 431,290 | 614,857 | 761,691 | 67,351 | 614,278 | 142,046 | 208,018 | 4,121,554 |
| Total operating income | 6,097,265 | 1,785,971 | 1,345,408 | 937,016 | 66,175 | 4,473,700 | 3,862,168 | (234,002) | 18,333,701 |
| Net insurance benefits and claims incurred, net fee and commission expenses, change in expense liabilities and taxation of life and takaful fund | - | - | - | - | - | - | (2,710,551) | - | (2,710,551) |
| Net operating income | 6,097,265 | 1,785,971 | 1,345,408 | 937,016 | 66,175 | 4,473,700 | 1,151,617 | (234,002) | 15,623,150 |
| Overhead expenses | (3,156,437) | (456,381) | (212,488) | (764,439) | (81,448) | (2,413,792) | (424,337) | - | (7,509,322) |
| Operating profit before impairment losses | 2,940,828 | 1,329,590 | 1,132,920 | 172,577 | (15,273) | 2,059,908 | 727,280 | (234,002) | 8,113,828 |
| Allowances for impairment losses on loans, advances, financing and other debts, net | (384,967) | (184,754) | - | (2,718) | - | (636,902) | (7,500) | - | (1,216,841) |
| Writeback of/(allowances for) impairment losses on financial investments, net | - | - | 27,793 | (1,278) | (1,910) | 2,137 | (300,576) | - | (273,834) |
| Operating profit | 2,555,861 | 1,144,836 | 1,160,713 | 168,581 | (17,183) | 1,425,143 | 419,204 | (234,002) | 6,623,153 |
| Share of profits in associates and joint ventures | - | - | - | 1,051 | - | 153,073 | (1,832) | - | 152,292 |
| Profit before taxation and zakat | 2,555,861 | 1,144,836 | 1,160,713 | 169,632 | (17,183) | 1,578,216 | 417,372 | (234,002) | 6,775,445 |
| Taxation and zakat | | | | | | | | | (1,516,388) |
| Profit after taxation and zakat | | | | | | | | | 5,259,057 |
| Non-controlling interests | | | | | | | | | (75,200) |
| Profit for the period - attributable to equity holders of the Bank | | | | | | | | | 5,183,857 |
| Included in overhead expenses are: | | | | | | | | | |
| Depreciation of property, plant and equipment | (95,000) | (15,907) | (9,189) | (38,939) | (740) | (106,392) | (14,679) | - | (280,846) |
| Amortisation of intangible assets | (68,750) | (11,313) | (5,676) | (32,553) | (941) | (69,484) | (19,841) | - | (208,558) |

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A29. Segment Information (cont'd.)

By Business Segments (cont'd.)

| Nine Months Ended 30 September 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 | 4,443,632 | 1,233,533 | 574,900 | 138,919 | 3,690 | 3,088,548 | 647,382 | (437,574) | 9,693,031 |
| - Inter-segment | - | - | - | (2,248) | (1,202) | (18,315) | 56,273 | - | 34,507 |
| | <u>4,443,632</u> | <u>1,233,533</u> | <u>574,900</u> | <u>136,671</u> | <u>2,488</u> | <u>3,070,233</u> | <u>703,655</u> | <u>(437,574)</u> | <u>9,727,538</u> |
| Net interest income and income from IBS | 4,443,632 | 1,233,533 | 574,900 | 136,671 | 2,488 | 3,070,233 | 703,655 | (437,574) | 9,727,538 |
| Net earned insurance premiums | - | - | - | - | - | - | 2,919,168 | - | 2,919,168 |
| Other operating income | 1,121,583 | 518,336 | 667,215 | 820,256 | 56,632 | 1,138,670 | 614,707 | (944,263) | 3,993,136 |
| Total operating income | <u>5,565,215</u> | <u>1,751,869</u> | <u>1,242,115</u> | <u>956,927</u> | <u>59,120</u> | <u>4,208,903</u> | <u>4,237,530</u> | <u>(1,381,837)</u> | <u>16,639,842</u> |
| Net insurance benefits and claims incurred, net fee and commission expenses, change in expense liabilities and taxation of life and takaful fund | - | - | - | - | - | - | (3,187,749) | - | (3,187,749) |
| Net operating income | <u>5,565,215</u> | <u>1,751,869</u> | <u>1,242,115</u> | <u>956,927</u> | <u>59,120</u> | <u>4,208,903</u> | <u>1,049,781</u> | <u>(1,381,837)</u> | <u>13,452,093</u> |
| Overhead expenses | <u>(2,647,528)</u> | <u>(362,375)</u> | <u>(149,404)</u> | <u>(758,792)</u> | <u>(62,302)</u> | <u>(2,107,510)</u> | <u>(450,476)</u> | <u>-</u> | <u>(6,538,387)</u> |
| Operating profit before impairment losses | <u>2,917,687</u> | <u>1,389,494</u> | <u>1,092,711</u> | <u>198,135</u> | <u>(3,182)</u> | <u>2,101,393</u> | <u>599,305</u> | <u>(1,381,837)</u> | <u>6,913,706</u> |
| Writeback of/(allowances for) impairment losses on loans, advances, financing and other debts, net | 274,499 | (223,134) | - | 11,723 | 178 | (513,327) | 15,069 | - | (434,992) |
| Writeback of/(allowances for) impairment losses on financial investments, net | - | - | 43,210 | 4,443 | - | 65,235 | (29,266) | - | 83,622 |
| Operating profit | <u>3,192,186</u> | <u>1,166,360</u> | <u>1,135,921</u> | <u>214,301</u> | <u>(3,004)</u> | <u>1,653,301</u> | <u>585,108</u> | <u>(1,381,837)</u> | <u>6,562,336</u> |
| Share of profits in associates and joint ventures | - | - | - | 236 | - | 117,765 | 260 | - | 118,261 |
| Profit before taxation and zakat | <u>3,192,186</u> | <u>1,166,360</u> | <u>1,135,921</u> | <u>214,537</u> | <u>(3,004)</u> | <u>1,771,066</u> | <u>585,368</u> | <u>(1,381,837)</u> | <u>6,680,597</u> |
| Taxation and zakat | | | | | | | | | <u>(1,779,906)</u> |
| Profit after taxation and zakat | | | | | | | | | <u>4,900,691</u> |
| Non-controlling interests | | | | | | | | | <u>(115,469)</u> |
| Profit for the period - attributable to equity holders of the Bank | | | | | | | | | <u>4,785,222</u> |
| Included in overhead expenses are: | | | | | | | | | |
| Depreciation of property, plant and equipment | (84,013) | (14,360) | (7,835) | (33,874) | (606) | (88,001) | (12,077) | - | (240,766) |
| Amortisation of intangible assets | (56,463) | (10,270) | (5,733) | (30,109) | (343) | (49,565) | (13,926) | - | (166,409) |

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A30. 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 2014.

A31. Subsequent Events

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

A32. Changes in the Composition of the Group

There were no significant changes to the composition of the Group during the third quarter ended 30 September 2015, other than as disclosed in Note B6.

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A33. 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 of the Bank as at the following reporting dates are as follows:

| Group | As at 30 September 2015 | | | As at 31 December 2014 | | |
|------------------------------------------------------------|------------------------------|-------------------------------------------|----------------------------------------|------------------------------|-------------------------------------------|----------------------------------------|
| | Full commitment RM'000 | Credit equivalent amount* RM'000 | Risk- weighted amount* RM'000 | Full commitment RM'000 | Credit equivalent amount* RM'000 | Risk- weighted amount* RM'000 |
| Contingent liabilities | | | | | | |
| Direct credit substitutes | 12,948,129 | 11,781,929 | 7,295,471 | 12,187,201 | 9,936,606 | 6,666,024 |
| Certain transaction-related contingent items | 17,345,499 | 8,433,891 | 6,150,139 | 16,785,821 | 7,184,856 | 4,977,193 |
| Short-term self-liquidating trade-related contingencies | 4,994,016 | 1,112,120 | 840,410 | 7,821,190 | 1,009,034 | 769,542 |
| Obligations under underwriting agreements | - | - | - | 116,731 | 15,000 | 3,000 |
| | 35,287,644 | 21,327,940 | 14,286,020 | 36,910,943 | 18,145,496 | 12,415,759 |
| Commitments | | | | | | |
| Irrevocable commitments to extend credit: | | | | | | |
| - Maturity within one year | 109,396,154 | 12,375,404 | 6,980,503 | 104,064,366 | 10,622,636 | 7,050,985 |
| - Maturity exceeding one year | 44,085,292 | 37,066,754 | 21,450,500 | 32,517,024 | 25,106,218 | 12,403,146 |
| | 153,481,446 | 49,442,158 | 28,431,003 | 136,581,390 | 35,728,854 | 19,454,131 |
| Miscellaneous commitments and contingencies | 8,341,855 | 644,199 | 288,147 | 9,421,308 | 2,348,939 | 384,405 |
| Total credit-related commitments and contingencies | 197,110,945 | 71,414,297 | 43,005,170 | 182,913,641 | 56,223,289 | 32,254,295 |
| Derivative financial instruments | | | | | | |
| Foreign exchange related contracts: | | | | | | |
| - Less than one year | 279,346,803 | 2,960,341 | 2,468,498 | 176,403,495 | 3,540,491 | 1,199,324 |
| - One year to less than five years | 27,229,625 | 1,504,676 | 722,983 | 23,388,062 | 2,579,961 | 916,983 |
| - Five years and above | 5,825,450 | 1,555,999 | 859,937 | 4,383,218 | 696,938 | 562,525 |
| | 312,401,878 | 6,021,016 | 4,051,418 | 204,174,775 | 6,817,390 | 2,678,832 |
| Interest rate related contracts: | | | | | | |
| - Less than one year | 90,516,104 | 864,961 | 453,428 | 35,185,558 | 173,406 | 148,405 |
| - One year to less than five years | 115,195,399 | 3,335,496 | 1,417,285 | 90,984,134 | 2,563,632 | 873,378 |
| - Five years and above | 55,529,667 | 3,563,860 | 2,134,243 | 36,052,649 | 2,291,274 | 1,048,738 |
| | 261,241,170 | 7,764,317 | 4,004,956 | 162,222,341 | 5,028,312 | 2,070,521 |
| Equity and commodity related contracts: | | | | | | |
| - Less than one year | 2,673,882 | 374,499 | 188,855 | 1,904,917 | 5,335 | 1,062 |
| - One year to less than five years | 859,034 | 35,662 | 8,827 | 710,914 | 5,123 | 893 |
| - Five years and above | 33,663 | - | - | 33,663 | - | - |
| | 3,566,579 | 410,161 | 197,682 | 2,649,494 | 10,458 | 1,955 |
| Total treasury-related commitments and contingencies | 577,209,627 | 14,195,494 | 8,254,056 | 369,046,610 | 11,856,160 | 4,751,308 |
| Total commitments and contingencies | 774,320,572 | 85,609,791 | 51,259,226 | 551,960,251 | 68,079,449 | 37,005,603 |

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A33. Commitments and Contingencies (cont'd.)

The risk-weighted exposures of the Group and of the Bank as at the following reporting dates are as follows (cont'd.):

| Bank | As at 30 September 2015 | | | As at 31 December 2014 | | |
|------------------------------------------------------------|------------------------------|-------------------------------------------|----------------------------------------|------------------------------|-------------------------------------------|----------------------------------------|
| | 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 | 11,128,618 | 10,347,560 | 5,675,302 | 10,695,235 | 8,827,871 | 5,841,881 |
| Certain transaction-related contingent items | 15,176,734 | 7,125,546 | 4,911,217 | 14,889,745 | 6,159,173 | 4,012,308 |
| Short-term self-liquidating trade-related contingencies | 4,590,638 | 926,622 | 620,449 | 7,551,016 | 852,141 | 625,394 |
| | 30,895,990 | 18,399,728 | 11,206,968 | 33,135,996 | 15,839,185 | 10,479,583 |
| <u>Commitments</u> | | | | | | |
| Irrevocable commitments to extend credit: | | | | | | |
| - Maturity within one year | 90,800,740 | 8,076,935 | 4,302,362 | 88,702,119 | 7,512,199 | 4,973,650 |
| - Maturity exceeding one year | 34,012,866 | 29,194,725 | 16,662,294 | 24,165,790 | 20,092,805 | 10,482,536 |
| | 124,813,606 | 37,271,660 | 20,964,656 | 112,867,909 | 27,605,004 | 15,456,186 |
| Miscellaneous commitments and contingencies | 7,939,274 | 351,256 | 149,198 | 9,151,530 | 2,118,400 | 219,942 |
| Total credit-related commitments and contingencies | 163,648,870 | 56,022,644 | 32,320,822 | 155,155,435 | 45,562,589 | 26,155,711 |
| <u>Derivative financial instruments</u> | | | | | | |
| Foreign exchange related contracts: | | | | | | |
| - Less than one year | 276,227,681 | 7,100,764 | 2,165,135 | 173,109,347 | 3,462,027 | 1,199,964 |
| - One year to less than five years | 28,226,111 | 1,427,076 | 696,468 | 24,267,821 | 2,422,782 | 885,140 |
| - Five years and above | 5,825,450 | 1,299,343 | 685,897 | 4,383,218 | 505,407 | 456,174 |
| | 310,279,242 | 9,827,183 | 3,547,500 | 201,760,386 | 6,390,216 | 2,541,278 |
| Interest rate related contracts: | | | | | | |
| - Less than one year | 90,852,224 | 817,693 | 440,623 | 35,205,558 | 125,769 | 56,074 |
| - One year to less than five years | 113,811,658 | 3,228,601 | 1,354,846 | 89,144,837 | 2,481,986 | 863,438 |
| - Five years and above | 55,471,577 | 3,700,988 | 2,172,914 | 36,614,812 | 2,393,656 | 1,077,580 |
| | 260,135,459 | 7,747,282 | 3,968,383 | 160,965,207 | 5,001,411 | 1,997,092 |
| Equity and commodity related contracts: | | | | | | |
| - Less than one year | 1,639,872 | 374,499 | 188,855 | 1,252,749 | 5,335 | 1,062 |
| - One year to less than five years | 656,782 | 35,662 | 8,827 | 351,852 | 5,123 | 893 |
| | 2,296,654 | 410,161 | 197,682 | 1,604,601 | 10,458 | 1,955 |
| Total treasury-related commitments and contingencies | 572,711,355 | 17,984,626 | 7,713,565 | 364,330,194 | 11,402,085 | 4,540,325 |
| Total commitments and contingencies | 736,360,225 | 74,007,270 | 40,034,387 | 519,485,629 | 56,964,674 | 30,696,036 |

* 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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A33. 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 30 September 2015, the amount of credit risk in the Group, measured in terms of the cost to replace the profitable contracts, was RM12,507.6 million (31 December 2014: RM4,544.0 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 30 September 2015, the Group and the Bank have posted cash collateral of RM3,496.7 million (31 December 2014: RM2,266.2 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.

A34. 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 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 are not subjected to any further capital charges in the computation of RWA.

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A34. 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 4.5%, 6.0% and 8.0% of total RWA for the current financial year ending 31 December 2015.

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 4.5%, 6.0% and 8.0% of total RWA for the current financial year ending 31 December 2015.

- (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 4.5%, 6.0% and 8.0% of total RWA for the current financial year ending 31 December 2015.

- (iii) For PT Bank Maybank Indonesia Tbk (formerly known as 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 Maybank Indonesia Tbk (formerly known as PT Bank Internasional Indonesia Tbk) is 9% - 10% of total RWA.

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A34. 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 dividend, upon declaration will be deducted in the calculation of CET1 Capital.

During the financial half year ended 30 June 2015, the Bank has declared a single-tier interim dividend of 24 sen, which consists of a cash portion of 4 sen and an electable portion of 20 sen per ordinary share of RM1.00 each. The electable portion can be elected to be reinvested in new ordinary shares in accordance with the DRP.

Pursuant to Note A9(b), in arriving the capital adequacy ratios for the 9 months financial period ended 30 September 2015, the cash portion and a portion of the electable portion of declared dividend which assumed to be paid in cash have been deducted from the calculation of CET1 Capital.

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

| | Group | | Bank | |
|----------------------|------------------------------|-----------------------------|------------------------------|-----------------------------|
| | 30 September 2015 | 31 December 2014 | 30 September 2015 | 31 December 2014 |
| CET1 Capital Ratio | 11.200% | 11.747% | 13.746% | 16.275% |
| Tier 1 Capital Ratio | 12.816% | 13.539% | 14.541% | 16.275% |
| Total Capital Ratio | 15.038% | 16.235% | 14.541% | 16.275% |

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A34. Capital Adequacy (cont'd.)

(d) Components of capital:

| | Group | | Bank | |
|----------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------|-------------------------------|--------------------------------|-------------------------------|
| | 30 September 2015 RM'000 | 31 December 2014 RM'000 | 30 September 2015 RM'000 | 31 December 2014 RM'000 |
| CET1 Capital | | | | |
| Paid-up share capital | 9,539,292 | 9,319,030 | 9,539,292 | 9,319,030 |
| Share premium | 24,455,382 | 22,747,922 | 24,455,382 | 22,747,922 |
| Retained profits ¹ | 7,608,452 | 9,173,105 | 2,381,458 | 4,052,916 |
| Other reserves ¹ | 12,842,828 | 8,600,064 | 12,667,196 | 10,629,085 |
| Qualifying non-controlling interests | 91,947 | 124,884 | - | - |
| Less: Shares held-in-trust | (117,069) | (113,463) | (117,069) | (113,463) |
| CET1 Capital before regulatory adjustments | 54,420,832 | 49,851,542 | 48,926,259 | 46,635,490 |
| Less: Regulatory adjustments applied on CET1 Capital: | (10,379,144) | (8,391,750) | (9,891,349) | (5,328,480) |
| Deferred tax assets | (950,796) | (835,018) | (448,140) | (348,350) |
| Goodwill | (5,784,808) | (5,144,128) | (81,015) | (81,015) |
| Other intangibles | (988,040) | (1,080,868) | (416,279) | (425,252) |
| Profit equalisation reserve | (34,456) | (34,456) | - | - |
| Regulatory reserve | (980,370) | (274,500) | (442,500) | - |
| Shortfall of total eligible provision to total expected loss | (155,315) | (420,130) | - | - |
| Investment in ordinary shares of unconsolidated financial and insurance/takaful entities ³ | (1,485,359) | (602,650) | (8,503,415) | (4,139,159) |
| Regulatory adjustments due to insufficient Additional Tier 1 and Tier 2 Capital | - | - | - | (334,704) |
| Total CET1 Capital | 44,041,688 | 41,459,792 | 39,034,910 | 41,307,010 |
| Additional Tier 1 Capital | | | | |
| Capital securities | 6,274,787 | 6,246,181 | 6,274,787 | 6,246,181 |
| Qualifying CET1 and Additional Tier 1 capital instruments held by third parties | 83,146 | 80,409 | - | - |
| Less: Regulatory adjustments due to insufficient Tier 2 Capital | - | - | (4,017,402) | (6,246,181) |
| Total Tier 1 Capital | 50,399,621 | 47,786,382 | 41,292,295 | 41,307,010 |
| Tier 2 Capital | | | | |
| Subordinated obligations | 9,684,020 | 10,838,880 | 9,684,020 | 10,838,880 |
| Qualifying CET1, Additional Tier 1 and Tier 2 capital instruments held by third parties | 582,576 | 530,022 | - | - |
| Collective allowance ² | 697,557 | 555,142 | 285,032 | 214,426 |
| Surplus of total eligible provision over total expected loss | - | - | 45,880 | 81,949 |
| Less: Regulatory adjustments not deducted from CET1 Capital or Additional Tier 1 Capital provided under the transitional arrangements ³ | (2,228,039) | (2,410,601) | (10,014,932) | (11,135,255) |
| Total Tier 2 Capital | 8,736,114 | 9,513,443 | - | - |
| Total Capital | 59,135,735 | 57,299,825 | 41,292,295 | 41,307,010 |

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) Maybank 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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A34. Capital Adequacy (cont'd.)

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

| | Maybank Islamic Berhad | Maybank Investment Bank Berhad | PT Bank Maybank Indonesia Tbk |
|------------------------------------|-----------------------------------|-------------------------------------------|------------------------------------------|
| <u>At 30 September 2015</u> | | | |
| CET1 Capital Ratio | 11.214% | 34.862% | - |
| Tier 1 Capital Ratio | 11.214% | 34.862% | - |
| Total Capital Ratio | 15.179% | 34.862% | 14.888% |
| <u>At 31 December 2014</u> | | | |
| CET1 Capital Ratio | 12.003% | 30.902% | - |
| Tier 1 Capital Ratio | 12.003% | 30.902% | - |
| Total Capital Ratio | 16.088% | 30.902% | 15.724% |

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A34. Capital Adequacy (cont'd.)

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

At 30 September 2015

| | Group RM'000 | Bank RM'000 | Maybank Islamic Berhad RM'000 | Maybank Investment Bank Berhad RM'000 | PT Bank Maybank Indonesia Tbk RM'000 |
|------------------------------------------------------------------|--------------------|--------------------|-------------------------------------|---------------------------------------------|--------------------------------------------|
| Standardised Approach exposure | 47,914,425 | 24,042,731 | 5,780,411 | 405,468 | 30,949,463 |
| Internal Ratings-Based Approach exposure after scaling factor | <u>297,442,370</u> | <u>229,459,356</u> | <u>57,563,032</u> | - | - |
| Total RWA for credit risk | 345,356,795 | 253,502,087 | 63,343,443 | 405,468 | 30,949,463 |
| Total RWA for credit risk absorbed by Malayan Banking Berhad* | - | - | (5,498,326) | - | - |
| Total RWA for market risk | 13,741,032 | 9,694,554 | 1,046,967 | 167,128 | 238,108 |
| Total RWA for operational risk | 34,147,549 | 20,780,999 | 4,762,157 | 884,165 | 4,375,593 |
| Total RWA | <u>393,245,376</u> | <u>283,977,640</u> | <u>63,654,241</u> | <u>1,456,761</u> | <u>35,563,164</u> |

At 31 December 2014

| | Group RM'000 | Bank RM'000 | Maybank Islamic Berhad RM'000 | Maybank Investment Bank Berhad RM'000 | PT Bank Maybank 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> |

* In accordance with BNM's guideline on the recognition and measurement of Restricted Profit-Sharing Investment Account ("RPSIA") as Risk Absorbent, the credit risk on the assets funded by the RPSIA are excluded from the capital adequacy ratios calculation.

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A35. 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 RM'000 | | Principal Amount RM'000 | <---- Fair Value ----> Assets RM'000 | |
| | | Liabilities RM'000 | | | Liabilities RM'000 | |
| At 30 September 2015 | | | | | | |
| Trading derivatives | | | | | | |
| <u>Foreign exchange related contracts</u> | | | | | | |
| Currency forwards: | | | | | | |
| - Less than one year | 40,447,708 | 1,573,879 | (600,940) | 34,330,527 | 1,189,803 | (565,174) |
| - One year to three years | 1,408,864 | 46,615 | (107,650) | 1,408,864 | 46,615 | (107,650) |
| - More than three years | 110,328 | 8,009 | (30,368) | 110,328 | 8,009 | (30,368) |
| | <u>41,966,900</u> | <u>1,628,503</u> | <u>(738,958)</u> | <u>35,849,719</u> | <u>1,244,427</u> | <u>(703,192)</u> |
| Currency swaps: | | | | | | |
| - Less than one year | 207,442,958 | 4,725,269 | (4,058,890) | 210,570,737 | 5,129,155 | (4,131,702) |
| - One year to three years | 1,239,666 | 79,911 | (879) | 1,239,666 | 79,911 | (879) |
| - More than three years | 80,616 | 24,490 | - | 80,616 | 24,490 | - |
| | <u>208,763,240</u> | <u>4,829,670</u> | <u>(4,059,769)</u> | <u>211,891,019</u> | <u>5,233,556</u> | <u>(4,132,581)</u> |
| Currency spots: | | | | | | |
| - Less than one year | 8,108,121 | 30,860 | (32,479) | 8,334,867 | 31,391 | (33,045) |
| Currency options: | | | | | | |
| - Less than one year | 13,052,907 | 220,395 | (80,927) | 13,052,907 | 220,395 | (80,927) |
| - One year to three years | 24,207 | 2,365 | - | 24,207 | 2,365 | - |
| | <u>13,077,114</u> | <u>222,760</u> | <u>(80,927)</u> | <u>13,077,114</u> | <u>222,760</u> | <u>(80,927)</u> |
| Cross currency interest rate swaps: | | | | | | |
| - Less than one year | 9,407,479 | 1,810,806 | (782,072) | 9,051,013 | 1,805,029 | (737,757) |
| - One year to three years | 12,139,133 | 786,816 | (1,209,372) | 11,725,025 | 723,131 | (1,139,934) |
| - More than three years | 13,847,023 | 1,419,637 | (1,134,122) | 15,257,617 | 1,653,662 | (1,258,931) |
| | <u>35,393,635</u> | <u>4,017,259</u> | <u>(3,125,566)</u> | <u>36,033,655</u> | <u>4,181,822</u> | <u>(3,136,622)</u> |
| <u>Interest rate related contracts</u> | | | | | | |
| Interest rate swaps: | | | | | | |
| - Less than one year | 86,063,072 | 129,850 | (172,409) | 86,279,192 | 128,951 | (172,581) |
| - One year to three years | 59,987,213 | 309,332 | (349,867) | 60,238,678 | 307,618 | (356,145) |
| - More than three years | 99,515,706 | 1,571,150 | (1,655,995) | 99,765,814 | 1,560,872 | (1,666,746) |
| | <u>245,565,991</u> | <u>2,010,332</u> | <u>(2,178,271)</u> | <u>246,283,684</u> | <u>1,997,441</u> | <u>(2,195,472)</u> |
| Interest rate futures: | | | | | | |
| - Less than one year | 2,145,488 | 1,982 | (3,595) | 2,265,488 | 1,982 | (3,595) |
| Interest rate options: | | | | | | |
| - Less than one year | 2,047,883 | 1,183 | (5,436) | 2,047,883 | 1,198 | (5,436) |
| - One year to three years | 1,329,531 | 3,038 | (42,116) | 929,532 | 3,038 | (8,438) |
| - More than three years | 7,962,106 | 33,265 | (254,176) | 7,887,106 | 33,265 | (239,645) |
| | <u>11,339,520</u> | <u>37,486</u> | <u>(301,728)</u> | <u>10,864,521</u> | <u>37,501</u> | <u>(253,519)</u> |

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A35. Derivative Financial Instruments (cont'd.)

| At 30 September 2015 (cont'd.) | Group | | | Bank | | |
|-------------------------------------------|----------------------------------------|-------------------------------------|---------------------|----------------------------------------|-------------------------------------|---------------------|
| | Principal Amount RM'000 | <---- Fair Value ----> | | Principal Amount RM'000 | <---- Fair Value ----> | |
| | 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 | 9,116 | 2 | (45) | - | - | - |
| - More than three years | 33,663 | 2,595 | - | - | - | - |
| | <u>42,779</u> | <u>2,597</u> | <u>(45)</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Equity options: | | | | | | |
| - Less than one year | 491,278 | 1,854 | (26,412) | 53,950 | 1,459 | (1,459) |
| - One year to three years | 296,402 | 9,306 | (6,298) | 94,150 | 7,233 | (6,172) |
| | <u>787,680</u> | <u>11,160</u> | <u>(32,710)</u> | <u>148,100</u> | <u>8,692</u> | <u>(7,631)</u> |
| Equity swaps: | | | | | | |
| - Less than one year | 587,566 | 21,275 | (38,353) | - | - | - |
| <u>Commodity related contracts</u> | | | | | | |
| Commodity options: | | | | | | |
| - Less than one year | 125,825 | 21 | (21) | 125,825 | 21 | (21) |
| Commodity swaps: | | | | | | |
| - Less than one year | 1,460,097 | 150,262 | (150,735) | 1,460,097 | 150,262 | (150,735) |
| - One year to three years | 529,283 | 60,891 | (60,165) | 529,283 | 60,891 | (60,165) |
| - More than three years | 33,349 | 635 | (589) | 33,349 | 635 | (589) |
| | <u>2,022,729</u> | <u>211,788</u> | <u>(211,489)</u> | <u>2,022,729</u> | <u>211,788</u> | <u>(211,489)</u> |
| Hedging derivatives | | | | | | |
| <u>Foreign exchange related contracts</u> | | | | | | |
| Cross currency interest rate swaps: | | | | | | |
| - Less than one year | 887,630 | - | (382,622) | 887,630 | - | (382,622) |
| - One year to three years | 2,723,948 | 5,863 | (329,552) | 2,723,948 | 5,863 | (329,552) |
| - More than three years | 1,481,290 | 787 | (183,872) | 1,481,290 | 787 | (183,872) |
| | <u>5,092,868</u> | <u>6,650</u> | <u>(896,046)</u> | <u>5,092,868</u> | <u>6,650</u> | <u>(896,046)</u> |
| <u>Interest rate related contracts</u> | | | | | | |
| Interest rate swaps: | | | | | | |
| - Less than one year | 259,661 | 328 | (3,516) | 259,661 | 328 | (3,482) |
| - One year to three years | 1,182,340 | 1,581 | (11,248) | 44,010 | 148 | (5,532) |
| - More than three years | 748,170 | 28,614 | (4,693) | 418,095 | 28,614 | - |
| | <u>2,190,171</u> | <u>30,523</u> | <u>(19,457)</u> | <u>721,766</u> | <u>29,090</u> | <u>(9,014)</u> |
| Netting effects under MFRS 132 Amendments | | | | | | |
| | - | (555,311) | 555,311 | - | (555,311) | 555,311 |
| Total | <u>577,209,627</u> | <u>12,507,555</u> | <u>(11,164,103)</u> | <u>572,711,355</u> | <u>12,651,810</u> | <u>(11,107,843)</u> |

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A35. Derivative Financial Instruments (cont'd.)

| <u>At 31 December 2014</u> | Group | | | Bank | | |
|-------------------------------------------|-------------------------------|------------------------|--------------------|-------------------------------|------------------------|--------------------|
| | Principal Amount RM'000 | <---- Fair Value ----> | | Principal Amount RM'000 | <---- Fair Value ----> | |
| | Assets RM'000 | Liabilities RM'000 | | Assets RM'000 | Liabilities RM'000 | |
| 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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A35. Derivative Financial Instruments (cont'd.)

| At 31 December 2014 (cont'd.) | Group | | | Bank | | |
|-------------------------------------------|----------------------------------------|-------------------------------------|--------------------|----------------------------------------|-------------------------------------|--------------------|
| | Principal Amount RM'000 | <---- Fair Value ----> | | Principal Amount RM'000 | <---- Fair Value ----> | |
| | 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 | - | - | - | - |
| | <u>112,594</u> | <u>3,972</u> | <u>(38)</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| 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) |
| | <u>848,971</u> | <u>24,637</u> | <u>(22,540)</u> | <u>179,948</u> | <u>11,886</u> | <u>(11,890)</u> |
| 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) |
| - One year to three years | 24,095 | 2,838 | (2,791) | 24,095 | 2,838 | (2,791) |
| | <u>1,224,544</u> | <u>156,049</u> | <u>(155,716)</u> | <u>1,224,544</u> | <u>156,049</u> | <u>(155,716)</u> |
| 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) |
| | <u>4,674,809</u> | <u>19,225</u> | <u>(566,484)</u> | <u>4,674,809</u> | <u>19,225</u> | <u>(566,484)</u> |
| <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) | - | - | - |
| | <u>1,621,285</u> | <u>3,417</u> | <u>(33,324)</u> | <u>286,633</u> | <u>3,324</u> | <u>(24,886)</u> |
| Netting effects under MFRS 132 Amendments | | | | | | |
| | - | (547,990) | 547,990 | - | (547,990) | 547,990 |
| Total | <u>369,046,610</u> | <u>4,544,001</u> | <u>(5,320,499)</u> | <u>364,330,194</u> | <u>4,533,709</u> | <u>(5,173,575)</u> |

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A36. Fair Value Measurements of Financial Instruments

Fair value hierarchy

For disclosure purposes, the level in the hierarchy within which the instruments are classified in its entirety is based on the lowest level input that is significant to the position's 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 for which all significant inputs are, or are based on, observable market data

Refers to inputs other than quoted prices included 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 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 30 September 2015 and 31 December 2014.

| Group | <u>Valuation technique using</u> | | | Total |
|-------------------------------------------------------------------------|-----------------------------------------------|---------------------------------------------|-----------------------------------------------|--------------------|
| | Quoted Market Price (Level 1) RM'000 | Observable Inputs (Level 2) RM'000 | Unobservable Inputs (Level 3) RM'000 | |
| At 30 September 2015 | | | | |
| Financial assets measured at fair value: | | | | |
| Financial assets held-for-trading | 1,387,422 | 6,043,576 | - | 7,430,998 |
| Money market instruments | - | 2,581,902 | - | 2,581,902 |
| Quoted securities | 1,387,422 | - | - | 1,387,422 |
| Unquoted securities | - | 3,461,674 | - | 3,461,674 |
| Financial assets designated at fair value through profit or loss | 22,108 | 9,615,594 | - | 9,637,702 |
| Money market instruments | - | 677,404 | - | 677,404 |
| Quoted securities | 22,108 | 17,112 | - | 39,220 |
| Unquoted securities | - | 8,921,078 | - | 8,921,078 |
| Financial investments available-for-sale | 4,272,750 | 85,787,182 | 448,543 | 90,508,475 |
| Money market instruments | - | 46,362,818 | - | 46,362,818 |
| Quoted securities | 4,272,750 | - | - | 4,272,750 |
| Unquoted securities | - | 39,424,364 | 448,543 | 39,872,907 |
| Derivative assets | 342 | 12,498,499 | 8,714 | 12,507,555 |
| Foreign exchange related contracts | - | 10,735,702 | - | 10,735,702 |
| Interest rate related contracts | - | 2,080,323 | - | 2,080,323 |
| Equity and commodity related contracts | 342 | 237,785 | 8,714 | 246,841 |
| Netting effects under MFRS 132 Amendments | - | (555,311) | - | (555,311) |
| | 5,682,622 | 113,944,851 | 457,257 | 120,084,730 |

Financial liabilities measured at fair value:

| | | | | |
|-------------------------------------------|-----|------------|--------|------------|
| Derivative liabilities | 746 | 11,087,834 | 75,523 | 11,164,103 |
| Foreign exchange related contracts | - | 8,933,745 | - | 8,933,745 |
| Interest rate related contracts | - | 2,435,181 | 67,870 | 2,503,051 |
| Equity and commodity related contracts | 746 | 274,219 | 7,653 | 282,618 |
| Netting effects under MFRS 132 Amendments | - | (555,311) | - | (555,311) |

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A36. 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 | |
| At 31 December 2014 | | | | |
| 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) |
| | <u>5,039,939</u> | <u>105,406,788</u> | <u>433,301</u> | <u>110,880,028</u> |
| 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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A36. Fair Value Measurements of Financial Instruments (cont'd.)

| Bank At 30 September 2015 | <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 | 12,844 | 5,180,546 | - | 5,193,390 |
| Money market instruments | - | 2,148,923 | - | 2,148,923 |
| Quoted securities | 12,844 | - | - | 12,844 |
| Unquoted securities | - | 3,031,623 | - | 3,031,623 |
| Financial investments available-for-sale | 141,794 | 75,414,296 | 363,380 | 75,919,470 |
| Money market instruments | - | 42,897,161 | - | 42,897,161 |
| Quoted securities | 141,794 | - | - | 141,794 |
| Unquoted securities | - | 32,517,135 | 363,380 | 32,880,515 |
| Derivative assets | - | 12,643,096 | 8,714 | 12,651,810 |
| Foreign exchange related contracts | - | 10,920,606 | - | 10,920,606 |
| Interest rate related contracts | - | 2,066,014 | - | 2,066,014 |
| Equity and commodity related contracts | - | 211,787 | 8,714 | 220,501 |
| Netting effects under MFRS 132 Amendments | - | (555,311) | - | (555,311) |
| | 154,638 | 93,237,938 | 372,094 | 93,764,670 |

Financial liabilities measured at fair value:

| | | | | |
|-------------------------------------------|---|------------|--------|------------|
| Derivative liabilities | - | 11,080,529 | 27,314 | 11,107,843 |
| Foreign exchange related contracts | - | 8,982,413 | - | 8,982,413 |
| Interest rate related contracts | - | 2,441,939 | 19,661 | 2,461,600 |
| Equity and commodity related contracts | - | 211,488 | 7,653 | 219,141 |
| Netting effects under MFRS 132 Amendments | - | (555,311) | - | (555,311) |

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A36. 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 MFRS132 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 MFRS132 Amendments | - | (547,990) | - | (547,990) |

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.

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A36. 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 2015 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 from Level 3 RM'000 | At 30 September 2015 RM'000 |
|--------------------------------------------------------------|-----------------------------------------|-------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------|-----------------------------|-------------------------|---------------------------------|--------------------------------------------|---------------------------------------------|-------------------------------------------------|------------------------------------------------|
| Financial investments available-for-sale | | | | | | | | | | | |
| Unquoted securities | 418,789 | (223) | - | 6,986 | 84,593 | (60,234) | (12,678) | 23,060 | - | (11,750) | 448,543 |
| | 418,789 | (223) | - | 6,986 | 84,593 | (60,234) | (12,678) | 23,060 | - | (11,750) | 448,543 |
| Derivative assets | | | | | | | | | | | |
| Interest rate related contracts | - | 1,002 | - | - | - | - | (1,002) | - | - | - | - |
| Equity and commodity related contracts | 14,512 | 139 | (8,689) | - | 3,848 | - | (1,096) | - | - | - | 8,714 |
| | 14,512 | 1,141 | (8,689) | - | 3,848 | - | (2,098) | - | - | - | 8,714 |
| Total Level 3 financial assets | 433,301 | 918 | (8,689) | 6,986 | 88,441 | (60,234) | (14,776) | 23,060 | - | (11,750) | 457,257 |
| Derivative liabilities | | | | | | | | | | | |
| Interest rate related contracts | (223,086) | (69,119) | 84,748 | - | - | - | 139,587 | - | - | - | (67,870) |
| Equity and commodity related contracts | (14,512) | (139) | 8,689 | - | (2,787) | - | 1,096 | - | - | - | (7,653) |
| Total Level 3 financial liabilities | (237,598) | (69,258) | 93,437 | - | (2,787) | - | 140,683 | - | - | - | (75,523) |
| Total net Level 3 financial assets/ (liabilities) | 195,703 | (68,340) | 84,748 | 6,986 | 85,654 | (60,234) | 125,907 | 23,060 | - | (11,750) | 381,734 |

* Included within 'Other operating income'.

** The settlement amount of financial investments available-for-sale for the 9 months financial period ended 30 September 2015 was mainly comprised of redemption of loan stocks of RM12.1 million.

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A36. 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 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 | 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) | - | - | - | - |
| 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 financial year ended 31 December 2014 included a redemption of loan stock of RM342.1 million.

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A36. 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 2015 | 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 30 September 2015 |
|--------------------------------------------------------------|------------------------------|-------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------|------------------|---------------|----------------------|---------------------------------|----------------------------------|------------------------------------|-------------------------------------|
| At 30 September 2015 | 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 | 269,634 | (223) | - | 7,272 | 84,483 | - | (12,678) | 14,892 | - | - | 363,380 |
| | 269,634 | (223) | - | 7,272 | 84,483 | - | (12,678) | 14,892 | - | - | 363,380 |
| Derivative assets | | | | | | | | | | | |
| Interest rate related contracts | - | 877 | - | - | - | - | (877) | - | - | - | - |
| Equity and commodity related contracts | 14,512 | 139 | (8,689) | - | 3,848 | - | (1,096) | - | - | - | 8,714 |
| | 14,512 | 1,016 | (8,689) | - | 3,848 | - | (1,973) | - | - | - | 8,714 |
| Total Level 3 financial assets | 284,146 | 793 | (8,689) | 7,272 | 88,331 | - | (14,651) | 14,892 | - | - | 372,094 |
| Derivative liabilities | | | | | | | | | | | |
| Interest rate related contracts | (138,057) | (57,771) | 68,571 | - | - | - | 107,596 | - | - | - | (19,661) |
| Equity and commodity related contracts | (14,512) | (139) | 8,689 | - | (2,787) | - | 1,096 | - | - | - | (7,653) |
| Total Level 3 financial liabilities | (152,569) | (57,910) | 77,260 | - | (2,787) | - | 108,692 | - | - | - | (27,314) |
| Total net Level 3 financial assets/ (liabilities) | 131,577 | (57,117) | 68,571 | 7,272 | 85,544 | - | 94,041 | 14,892 | - | - | 344,780 |

* Included within 'Other operating income'.

** The settlement amount of financial investments available-for-sale for the 9 months financial period ended 30 September 2015 was mainly comprised of redemption of loan stocks of RM12.1 million.

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A36. 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 2014 | 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 from Level 3 | At 31 December 2014 |
|--------------------------------------------------------------|------------------------------|-------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------|------------------|---------------|--------------------------------|---------------------------------|----------------------------------|--------------------------------------|------------------------------------|
| At 31 December 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 financial year ended 31 December 2014 included a redemption of loan stock of RM139.2 million.

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 9 months financial period ended 30 September 2015.

Movements in Level 3 financial instruments measured at fair value

The Group has transferred certain financial investments available-for-sale 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 its fair value. Prior to the transfer, the fair value of the financial instruments was determined using unobservable market transactions or binding broker quotes for the same or similar instruments. Since the transfer, these financial instruments have been valued using valuation models incorporating significant observable market inputs.

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A37. Unaudited Income Statements and Statements of Financial Position of Insurance and Takaful Business

Pursuant to Paragraph 10.5(iv) of Bank Negara Malaysia's Financial Reporting Policy issued on 28 January 2015, the breakdown of Unaudited Income Statements and Statements of Financial Position of Insurance and Takaful Business into Life Fund, Family Takaful Fund, General Takaful Fund, Shareholders' and General Fund are disclosed as follows:

(a) Unaudited Income Statements for the Third Quarter Ended 30 September 2015

| Group | Life Fund | | Family Takaful Fund | | General Takaful Fund | | Shareholders' and General Fund | | Total | |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------|-------------------|---------------------|-------------------|----------------------|-------------------|--------------------------------|-------------------|-------------------|-------------------|
| | 30 September 2015 | 30 September 2014 | 30 September 2015 | 30 September 2014 | 30 September 2015 | 30 September 2014 | 30 September 2015 | 30 September 2014 | 30 September 2015 | 30 September 2014 |
| Nine-Month Ended | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| Interest income | 290,550 | 326,872 | 236,040 | 228,987 | 45,112 | 42,141 | 120,354 | 125,706 | 692,056 | 723,706 |
| Interest expense | - | - | - | - | - | - | (25,587) | (20,052) | (25,587) | (20,052) |
| Net interest income | 290,550 | 326,872 | 236,040 | 228,987 | 45,112 | 42,141 | 94,767 | 105,654 | 666,469 | 703,654 |
| Net earned insurance premiums | 775,766 | 745,845 | 901,362 | 819,023 | 677,419 | 582,504 | 691,404 | 771,796 | 3,045,951 | 2,919,168 |
| Other operating income | 10,258 | 277,192 | 48,211 | 211,080 | 7,145 | 6,992 | 76,423 | 119,445 | 142,037 | 614,709 |
| Total operating income | 1,076,574 | 1,349,909 | 1,185,613 | 1,259,090 | 729,676 | 631,637 | 862,594 | 996,895 | 3,854,457 | 4,237,531 |
| Net insurance benefits and claims incurred, net fee and commission expenses, change in expense liabilities and taxation of life and takaful fund | (863,525) | (1,237,503) | (1,030,888) | (1,225,563) | (723,359) | (632,042) | (170,197) | (165,272) | (2,787,969) | (3,260,380) |
| Net operating income | 213,049 | 112,406 | 154,725 | 33,527 | 6,317 | (405) | 692,397 | 831,623 | 1,066,488 | 977,151 |
| Overhead expenses | (101,158) | (103,910) | (25,911) | (29,486) | (861) | (844) | (298,500) | (319,414) | (426,430) | (453,654) |
| Operating profit before impairment losses (Allowances for)/writeback of impairment losses on loans, advances and financing, net | 111,891 | 8,496 | 128,814 | 4,041 | 5,456 | (1,249) | 393,897 | 512,209 | 640,058 | 523,497 |
| Allowances for impairment losses on financial investments, net | (527) | 2,237 | 1,843 | 10,665 | (3,655) | 1,377 | (5,160) | 790 | (7,499) | 15,069 |
| Operating profit | (111,364) | (10,733) | (130,657) | (14,706) | (1,801) | (128) | (56,754) | (3,699) | (300,576) | (29,266) |
| Share of (losses)/profits in associates | - | - | - | - | - | - | 331,983 | 509,300 | 331,983 | 509,300 |
| Profit before taxation and zakat | - | - | - | - | - | - | (1,832) | 260 | (1,832) | 260 |
| Taxation and zakat | - | - | - | - | - | - | 330,151 | 509,560 | 330,151 | 509,560 |
| Profit for the period | - | - | - | - | - | - | (125,277) | (158,731) | (125,277) | (158,731) |
| | - | - | - | - | - | - | 204,874 | 350,829 | 204,874 | 350,829 |

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A37. Unaudited Income Statements and Statements of Financial Position of Insurance and Takaful Business (cont'd.)

Pursuant to Paragraph 10.5(iv) of Bank Negara Malaysia's Financial Reporting Policy issued on 28 January 2015, the breakdown of Unaudited Income Statements and Statements of Financial Position of Insurance and Takaful Business into Life Fund, Family Takaful Fund, General Takaful Fund, Shareholders' and General Fund are disclosed as follows (cont'd.):

(b) Unaudited Statements of Financial Position as at 30 September 2015

| Group | Life Fund | | Family Takaful Fund | | General Takaful Fund | | Shareholders' and General Fund | | Total | |
|---------------------------------------------------------------------|-------------------|-------------------|---------------------|------------------|----------------------|------------------|--------------------------------|------------------|-------------------|-------------------|
| | 30 September 2015 | 31 December 2014 | 30 September 2015 | 31 December 2014 | 30 September 2015 | 31 December 2014 | 30 September 2015 | 31 December 2014 | 30 September 2015 | 31 December 2014 |
| | 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 | 94,656 | 53,254 | 92,779 | 50,364 | 114,290 | 49,612 | 225,860 | 140,400 | 527,585 | 293,630 |
| Deposits and placements with financial institutions | 1,104,204 | 598,475 | 656,740 | 374,121 | 78,560 | 118,495 | 718,149 | 616,214 | 2,557,653 | 1,707,305 |
| Financial assets at fair value through profit or loss | 7,256,317 | 8,977,758 | 4,109,145 | 4,490,284 | - | - | - | - | 11,365,462 | 13,468,042 |
| Financial investments available-for-sale | 1,363,271 | 1,056,052 | 3,770,816 | 3,361,546 | 1,441,390 | 1,349,788 | 3,751,511 | 3,849,271 | 10,326,988 | 9,616,657 |
| Loans, advances and financing | 271,481 | 276,085 | 4,300 | 7,300 | - | - | 29,886 | 30,646 | 305,667 | 314,031 |
| Derivative assets | 2,982 | 14,936 | - | - | - | - | - | - | 2,982 | 14,936 |
| Reinsurance/retakaful assets and other insurance receivables | 67,951 | 64,153 | 98,513 | 121,948 | 325,261 | 339,827 | 4,022,060 | 4,446,135 | 4,513,785 | 4,972,063 |
| Other assets | 79,593 | 108,217 | 39,808 | 112,213 | 5,432 | 2,056 | 107,910 | 202,718 | 232,743 | 425,204 |
| Investment properties | 607,010 | 536,895 | - | - | - | - | 100,466 | 51,035 | 707,476 | 587,930 |
| Interest in associates | - | - | - | - | - | - | 152 | 10,974 | 152 | 10,974 |
| Property, plant and equipment | 75,826 | 77,070 | - | - | - | - | 70,910 | 72,916 | 146,736 | 149,986 |
| Intangible assets | 10,247 | 12,967 | - | - | - | - | 26,345 | 23,451 | 36,592 | 36,418 |
| Deferred tax assets | 22,943 | 6,581 | 24,331 | 16,027 | 12,167 | 8,761 | 50,115 | 35,563 | 109,556 | 66,932 |
| TOTAL ASSETS | 10,956,481 | 11,782,443 | 8,796,432 | 8,533,803 | 1,977,100 | 1,868,539 | 9,103,364 | 9,479,323 | 30,833,377 | 31,664,108 |
| LIABILITIES | | | | | | | | | | |
| Derivative liabilities | 66,411 | 15,135 | - | - | - | - | - | - | 66,411 | 15,135 |
| Insurance/takaful contract liabilities and other insurance payables | 8,504,732 | 9,544,425 | 8,530,647 | 8,217,200 | 1,717,191 | 1,650,190 | 5,064,282 | 5,387,018 | 23,816,852 | 24,798,833 |
| Other liabilities # | 2,323,637 | 2,162,437 | 265,252 | 309,793 | 254,670 | 206,533 | (1,603,791) | (1,759,346) | 1,239,768 | 919,417 |
| Provision for taxation and zakat | 30,544 | 26,429 | 50 | 5,445 | - | 7,012 | (83,444) | (64,430) | (52,850) | (25,544) |
| Deferred tax liabilities | 31,157 | 34,017 | 483 | 1,365 | 5,239 | 4,804 | 488,253 | 460,814 | 525,132 | 501,000 |
| Subordinated obligations | - | - | - | - | - | - | 809,566 | 811,334 | 809,566 | 811,334 |
| TOTAL LIABILITIES | 10,956,481 | 11,782,443 | 8,796,432 | 8,533,803 | 1,977,100 | 1,868,539 | 4,674,866 | 4,835,390 | 26,404,879 | 27,020,175 |
| EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE SUBSIDIARIES | | | | | | | | | | |
| Share capital | - | - | - | - | - | - | 252,005 | 252,005 | 252,005 | 252,005 |
| Other reserves | - | - | - | - | - | - | 4,176,493 | 4,391,928 | 4,176,493 | 4,391,928 |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | 10,956,481 | 11,782,443 | 8,796,432 | 8,533,803 | 1,977,100 | 1,868,539 | 9,103,364 | 9,479,323 | 30,833,377 | 31,664,108 |

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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A38. The Operations of Islamic Banking Scheme

A38a. Unaudited Income Statements for the Third Quarter Ended 30 September 2015

| Group | Third Quarter Ended | | Cumulative 9 Months Ended | |
|------------------------------------------------------------|----------------------------|--------------------------|----------------------------------|--------------------------|
| | 30 September 2015 | 30 September 2014 | 30 September 2015 | 30 September 2014 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Income derived from investment of depositors' funds | 1,779,253 | 1,414,117 | 5,031,489 | 3,980,185 |
| Income derived from investment of Islamic Banking Funds | 88,633 | 81,921 | 268,537 | 245,657 |
| Allowances for impairment losses on financing and advances | (116,975) | (36,262) | (287,056) | (93,782) |
| Total distributable income | 1,750,911 | 1,459,776 | 5,012,970 | 4,132,060 |
| Income attributable to the depositors | (954,751) | (774,010) | (2,847,543) | (2,190,833) |
| Total net income | 796,160 | 685,766 | 2,165,427 | 1,941,227 |
| Finance cost | (22,965) | (25,468) | (69,524) | (62,971) |
| Overhead expenses | (290,859) | (239,120) | (864,961) | (790,494) |
| Profit before taxation and zakat | 482,336 | 421,178 | 1,230,942 | 1,087,762 |
| Taxation | (124,828) | (119,118) | (319,002) | (277,899) |
| Zakat | (1,275) | (3,346) | (7,798) | (14,100) |
| Profit for the period | 356,233 | 298,714 | 904,142 | 795,763 |

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

| Group | Third Quarter Ended | | Cumulative 9 Months Ended | |
|------------------------------------------------------------------------------------------------------|----------------------------|--------------------------|----------------------------------|--------------------------|
| | 30 September 2015 | 30 September 2014 | 30 September 2015 | 30 September 2014 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Income derived from investment of depositors' funds | 1,779,253 | 1,414,117 | 5,031,489 | 3,980,185 |
| Income derived from investment of Islamic Banking Funds | 88,633 | 81,921 | 268,537 | 245,657 |
| Total income before allowances for impairment losses on financing and advances and overhead expenses | 1,867,886 | 1,496,038 | 5,300,026 | 4,225,842 |
| Income attributable to the depositors | (954,751) | (774,010) | (2,847,543) | (2,190,833) |
| | 913,135 | 722,028 | 2,452,483 | 2,035,009 |
| Finance cost | (22,965) | (25,468) | (69,524) | (62,971) |
| Net of intercompany income and expenses | 194,453 | 151,485 | 601,513 | 493,658 |
| Income from Islamic Banking Scheme | 1,084,623 | 848,045 | 2,984,472 | 2,465,696 |

A38b. Unaudited Statements of Comprehensive Income for the Third Quarter Ended 30 September 2015

| Group | Third Quarter Ended | | Cumulative 9 Months Ended | |
|----------------------------------------------------------------------|----------------------------|--------------------------|----------------------------------|--------------------------|
| | 30 September 2015 | 30 September 2014 | 30 September 2015 | 30 September 2014 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Profit for the period | 356,233 | 298,714 | 904,142 | 795,763 |
| Other comprehensive income: | | | | |
| <i>Items that may be reclassified subsequently to profit or loss</i> | | | | |
| Net gain on foreign exchange translation | 140,616 | 14,503 | 127,379 | 6,385 |
| Net (loss)/gain on financial investments available-for-sale | (71,176) | 37,622 | (5,269) | 54,980 |
| Income tax effect | 17,794 | (9,405) | 1,317 | (14,492) |
| Other comprehensive income for the period, net of tax | 87,234 | 42,720 | 123,427 | 46,873 |
| Total comprehensive income for the period | 443,467 | 341,434 | 1,027,569 | 842,636 |

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A38. The Operations of Islamic Banking Scheme (cont'd.)

A38c. Unaudited Statement of Financial Position as at 30 September 2015

| <u>Group</u> | Note | 30 September 2015 RM'000 | 31 December 2014 RM'000 |
|------------------------------------------------------------|------|--------------------------------|-------------------------------|
| ASSETS | | | |
| Cash and short-term funds | | 3,488,791 | 17,893,965 |
| Deposits and placements with financial institutions | | 583 | 763 |
| Financial investments portfolio | | 8,627,408 | 9,464,746 |
| Financing and advances | A38e | 127,176,311 | 108,814,883 |
| Derivative assets | | 925,211 | 169,535 |
| Other assets | | 4,042,637 | 7,981,518 |
| Statutory deposit with central banks | | 4,202,000 | 3,778,000 |
| Property, plant and equipment | | 921 | 1,162 |
| Intangible assets | | 131 | 658 |
| Deferred tax assets | | 37,977 | 35,963 |
| Total Assets | | 148,501,970 | 148,141,193 |
| LIABILITIES | | | |
| Deposits from customers | A38f | 109,300,984 | 99,996,856 |
| Investment Account | | 3,486,144 | - |
| Deposits and placements from financial institutions | | 22,582,826 | 36,625,916 |
| Bills and acceptances payable | | 30,446 | 5,947 |
| Derivatives liabilities | | 1,000,852 | 273,865 |
| Other liabilities | | 306,216 | 288,384 |
| Provision for taxation and zakat | | 109,806 | 54,994 |
| Subordinated sukuk | A38g | 2,534,667 | 2,527,629 |
| Total Liabilities | | 139,351,941 | 139,773,591 |
| ISLAMIC BANKING CAPITAL FUNDS | | | |
| Islamic Banking Funds | | 1,235,772 | 1,175,774 |
| Share premium | | 4,658,232 | 4,099,344 |
| Retained profits | | 2,377,795 | 2,470,137 |
| Other reserves | | 878,230 | 622,347 |
| | | 9,150,029 | 8,367,602 |
| Total Liabilities and Islamic Banking Capital Funds | | 148,501,970 | 148,141,193 |
| COMMITMENTS AND CONTINGENCIES | | | |
| | | 50,504,549 | 37,876,493 |

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A38. The Operations of Islamic Banking Scheme (cont'd.)

A38d. Unaudited Statements of Changes in Islamic Banking Capital Funds for the Third Quarter Ended 30 September 2015

| <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 2015 | 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 |
| Profit for the period | - | - | - | - | - | - | - | - | - | 904,142 | 904,142 |
| Other comprehensive (loss)/income | - | - | (3,952) | 127,379 | - | - | - | - | - | - | 123,427 |
| Net gain on foreign exchange translation | - | - | - | 127,379 | - | - | - | - | - | - | 127,379 |
| Net loss on financial investments available-for-sale | - | - | (3,952) | - | - | - | - | - | - | - | (3,952) |
| Total comprehensive (loss)/ income for the period | - | - | (3,952) | 127,379 | - | - | - | - | - | 904,142 | 1,027,569 |
| Transfer from/(to) conventional banking operations | 42,401 | - | - | (127,494) | - | - | - | - | - | 9,941 | (75,152) |
| Transfer to regulatory reserve | - | - | - | - | - | - | - | 259,950 | - | (259,950) | - |
| Issue of ordinary shares | 17,597 | 558,888 | - | - | - | - | - | - | - | - | 576,485 |
| Dividends paid | - | - | - | - | - | - | - | - | - | (746,475) | (746,475) |
| At 30 September 2015 | 1,235,772 | 4,658,232 | (103,570) | 1,715 | 409,672 | 1,697 | 34,456 | (190) | 534,450 | 2,377,795 | 9,150,029 |

* 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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A38. The Operations of Islamic Banking Scheme (cont'd.)

A38d. Unaudited Statements of Changes in Islamic Banking Capital Funds for the Third Quarter Ended 30 September 2015

| <u>Group</u> | ----- Non-distributable -----> | | | | | | | | | | <u>Total</u> RM'000 |
|------------------------------------------------------|----------------------------------------|--------------------------------|---------------------------------------------|-----------------------------------------------|------------------------------------|----------------------------------------------------------------|----------------------------------------------|------------------------------------------|-------------------------------------|-------------------------------------------------|------------------------|
| | <u>Islamic Banking Funds</u> RM'000 | <u>Share Premium</u> RM'000 | <u>Available-for-sale Reserve</u> RM'000 | <u>Exchange Fluctuation Reserve</u> RM'000 | <u>Statutory Reserve</u> RM'000 | <u>*Equity contribution from the holding company</u> RM'000 | <u>Profit Equalisation Reserve</u> RM'000 | <u>Defined Benefit Reserve</u> RM'000 | <u>Regulatory Reserve</u> RM'000 | <u>Distributable Retained Profits</u> RM'000 | |
| At 1 January 2014 | 1,278,853 | 3,725,969 | (124,889) | 328 | 409,672 | 1,697 | 34,456 | (190) | - | 2,445,492 | 7,771,388 |
| Profit for the period | - | - | - | - | - | - | - | - | - | 795,763 | 795,763 |
| Other comprehensive income | - | - | 40,488 | 6,385 | - | - | - | - | - | - | 46,873 |
| Net gain on foreign exchange translation | - | - | - | 6,385 | - | - | - | - | - | - | 6,385 |
| Net gain on financial investments available-for-sale | - | - | 40,488 | - | - | - | - | - | - | - | 40,488 |
| Total comprehensive income for the period | - | - | 40,488 | 6,385 | - | - | - | - | - | 795,763 | 842,636 |
| Transfer from/(to) conventional banking operations | 66,117 | - | - | (7,003) | - | - | - | - | - | (194) | 58,920 |
| Issue of ordinary shares | 27,374 | 373,374 | - | - | - | - | - | - | - | - | 400,748 |
| Dividends paid | - | - | - | - | - | - | - | - | - | (867,352) | (867,352) |
| At 30 September 2014 | 1,372,344 | 4,099,343 | (84,401) | (290) | 409,672 | 1,697 | 34,456 | (190) | - | 2,373,709 | 8,206,340 |

* 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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A38. The Operations of Islamic Banking Scheme (cont'd.)

A38e. Financing and Advances

| Group | Bai' | Murabahah | Musyarakah | Al-Ijarah Thummah | Ijarah | Istisna' | Others | Total Financing and Advances |
|----------------------------------------------------|-------------------|--------------------|-------------------|----------------------------------|----------------|-----------------|----------------|-------------------------------------------------|
| As at 30 September 2015 | RM'000 | RM'000 | RM'000 | Al-Bai (AITAB) RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| Cashline | - | 3,475,488 | - | - | - | - | - | 3,475,488 |
| Term financing | | | | | | | | |
| - Housing financing | 21,079,918 | 54,359,844 | 2,760,059 | - | - | - | - | 78,199,821 |
| - Syndicated financing | - | 850,448 | - | - | - | - | - | 850,448 |
| - Hire purchase receivables | - | - | - | 35,759,187 | - | - | - | 35,759,187 |
| - Other term financing | 37,538,814 | 55,976,652 | 1,673,998 | - | 548,488 | 168,759 | 50,057 | 95,956,768 |
| Bills receivables | - | - | - | - | - | - | 596 | 596 |
| Trust receipts | - | 203,046 | - | - | - | - | - | 203,046 |
| Claims on customers under acceptance credits | - | 3,789,914 | - | - | - | - | - | 3,789,914 |
| Staff financing | 878,092 | 1,019,656 | 11,567 | 146,996 | - | - | 40,889 | 2,097,200 |
| Credit card receivables | - | - | - | - | - | - | 543,324 | 543,324 |
| Revolving credit | - | 9,427,981 | - | - | - | - | - | 9,427,981 |
| | 59,496,824 | 129,103,029 | 4,445,624 | 35,906,183 | 548,488 | 168,759 | 634,866 | 230,303,773 |
| Unearned income | | | | | | | | (102,088,461) |
| Gross financing and advances* | | | | | | | | 128,215,312 |
| Allowances for impaired financing and advances: | | | | | | | | |
| - Individual allowance | | | | | | | | (304,965) |
| - Collective allowance | | | | | | | | (734,036) |
| Net financing and advances | | | | | | | | 127,176,311 |

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A38. The Operations of Islamic Banking Scheme (cont'd.)

A38e. Financing and Advances (cont'd.)

| Group | Bai' | Murabahah | Musarakah | 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 |
| | <u>67,209,255</u> | <u>100,556,547</u> | <u>4,639,247</u> | <u>32,470,488</u> | <u>161,882</u> | <u>174,983</u> | <u>516,113</u> | <u>205,728,515</u> |
| Unearned income | | | | | | | | (96,088,908) |
| Gross financing and advances* | | | | | | | | <u>109,639,607</u> |
| Allowances for impaired financing and advances: | | | | | | | | |
| - Individual allowance | | | | | | | | (212,945) |
| - Collective allowance | | | | | | | | (611,779) |
| Net financing and advances | | | | | | | | <u>108,814,883</u> |

* Included in gross financing and advances are exposures to Restricted Profit Sharing Investment Accounts ("RPSIA") amounting to RM11,316.6 million (31 December 2014: RM9,548.2 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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A38. The Operations of Islamic Banking Scheme (cont'd.)

A38e. Financing and Advances (cont'd.)

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

| <u>Group</u> | 30 September 2015 RM'000 | 31 December 2014 RM'000 |
|--------------------------------------------------------------------------------------|-----------------------------------------|----------------------------------------|
| Gross impaired financing and advances at 1 January 2015/2014 | 697,954 | 531,627 |
| Newly impaired | 833,540 | 728,670 |
| Reclassified as non-impaired | (237,980) | (285,316) |
| Amount recovered | (150,804) | (153,007) |
| Amount written-off | (117,988) | (124,020) |
| Gross impaired financing and advances at 30 September 2015/ 31 December 2014 | <u>1,024,722</u> | <u>697,954</u> |
| Less: Individual allowance | (304,965) | (212,945) |
| Net impaired financing and advances at 30 September 2015/ 31 December 2014 | <u>719,757</u> | <u>485,009</u> |
| Gross financing and advances (excluding RPSIA and IA financing) | 116,898,680 | 100,091,424 |
| Less: Individual allowance | (304,965) | (212,945) |
| Net financing and advances | <u>116,593,715</u> | <u>99,878,479</u> |
| Net impaired financing and advances as a percentage of net financing and advances | <u>0.62%</u> | <u>0.49%</u> |

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

| <u>Group</u> | 30 September 2015 RM'000 | 31 December 2014 RM'000 |
|------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------|----------------------------------------|
| <u>Individual allowance</u> | | |
| At 1 January 2015/2014 | 212,945 | 172,880 |
| Allowance made | 158,176 | 123,302 |
| Amount written back in respect of recoveries | (16,031) | (12,071) |
| Amount written-off | (45,305) | (69,249) |
| Transferred to collective allowance | (4,821) | (2,356) |
| Exchange differences | 1 | 439 |
| At 30 September 2015/31 December 2014 | <u>304,965</u> | <u>212,945</u> |
| <u>Collective allowance</u> | | |
| At 1 January 2015/2014 | 611,779 | 591,146 |
| Allowance made * | 187,530 | 84,488 |
| Amount written-off | (72,683) | (65,700) |
| Transferred from individual allowance | 4,821 | 2,356 |
| Transferred to holding company | - | (1,224) |
| Exchange differences | 2,589 | 713 |
| At 30 September 2015/31 December 2014 | <u>734,036</u> | <u>611,779</u> |
| As a percentage of gross financing and advances (excluding RPSIA and IA financing) less individual allowance (including Regulatory Reserve) | <u>1.09%</u> | <u>0.89%</u> |

* As at 30 September 2015, the gross exposures to RPSIA financing is RM11,316.6 million (31 December 2014: RM9,548.2 million) which is excluded from gross financing and advances for the individual and collective allowances computation. The collective allowance relating to this RPSIA amounting to RM81.1 million (31 December 2014: RM43.2 million) is recognised in the Group's conventional operations. There is no individual allowance provided on this RPSIA financing.

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A38. The Operations of Islamic Banking Scheme (cont'd.)

A38f. Deposits from Customers

| <u>Group</u> | 30 September 2015 RM'000 | 31 December 2014 RM'000 |
|---------------------------------------------|-----------------------------------------|----------------------------------------|
| Savings deposit | | |
| Wadiah | 11,951,809 | 9,977,407 |
| Mudharabah | 1 | 888,056 |
| | <u>11,951,810</u> | <u>10,865,463</u> |
| Demand deposit | | |
| Wadiah | 20,670,857 | 8,282,093 |
| Mudharabah | 12,083 | 12,780,538 |
| | <u>20,682,940</u> | <u>21,062,631</u> |
| Term deposit | | |
| Murabahah | 75,464,659 | 53,655,446 |
| Negotiable Islamic Debt Certificated (NIDC) | | |
| - Bai al-inah | 142,106 | 151,380 |
| Hybrid (Bai' Bithaman Ajil and Murabahah) | 902,566 | 763,556 |
| General investment account | | |
| - Mudharabah | 156,903 | 13,498,380 |
| | <u>76,666,234</u> | <u>68,068,762</u> |
| Total deposits from customers | <u>109,300,984</u> | <u>99,996,856</u> |

A38g. Subordinated Sukuk

| <u>Group</u> | 30 September 2015 RM'000 | 31 December 2014 RM'000 |
|----------------------------------------------------------------|-----------------------------------------|----------------------------------------|
| RM1.0 billion Islamic subordinated Sukuk due in 2021 | 1,000,116 | 1,010,841 |
| RM1.5 billion Islamic subordinated Sukuk Murabahah due in 2024 | 1,534,551 | 1,516,788 |
| | <u>2,534,667</u> | <u>2,527,629</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) Current Period-to-Date vs Previous Corresponding Period-to-Date

The Group posted profit after tax attributable to equity holders of RM5,183.9 million for the nine-month financial period ended 30 September 2015, an increase of RM398.6 million or 8.3% compared to the corresponding nine-month financial period ended 30 September 2014.

The Group's net interest income and Islamic Banking income for the nine-month financial period ended 30 September 2015 increased by RM1,438.7 million or 14.8% to RM11,166.2 million compared to the corresponding nine-month financial period ended 30 September 2014. This was largely due to the growth in the Group's gross loans, advances and financing.

The Group's net earned insurance premiums from the Insurance and Takaful subsidiaries increased by RM126.8 million to RM3,046.0 million for the nine-month financial period ended 30 September 2015 compared to the corresponding nine-month financial period ended 30 September 2014.

Other operating income of the Group for the nine-month financial period ended 30 September 2015 was RM4,121.6 million, an increase of RM128.5 million or 3.2% from RM3,993.1 million in the corresponding nine-month financial period ended 30 September 2014. The increase was mainly attributable to net gain on disposal of subsidiaries of RM197.3 million, higher foreign exchange gain of RM829.8 million and higher fee income of RM106.8 million. The increase was, however, offset by unrealised mark-to-market loss on revaluation of financial assets at fair value through profit or loss ("FVTPL") and derivatives of RM756.0 million, compared to unrealised mark-to-market gain on revaluation of financial assets at fair value through profit or loss ("FVTPL") and derivatives of RM180.2 million in the corresponding nine-month financial period ended 30 September 2014 and lower net gain on sale of securities of RM209.3 million.

The Group's overhead expenses for the nine-month financial period ended 30 September 2015 recorded an increase of RM970.9 million or 14.8% to RM7,509.3 million compared to the corresponding nine-month financial period ended 30 September 2014. The increase in overhead expenses was mainly due to higher personnel expenses of RM510.9 million and higher administration and general expenses of RM301.3 million.

The Group's allowance for impairment losses on loans, advances, financing and other debts increased by RM781.8 million to RM1,216.8 million for the nine-month financial period ended 30 September 2015. The increase was mainly due to higher individual allowance ("IA") made and lower bad debts and financing recovered during the nine-month financial period ended 30 September 2015. The Group's CA ratio (including Regulatory Reserve) was 1.13% as at 30 September 2015, compared to 1.04% as at 31 December 2014.

The Group's posted an allowance for impairment losses on financial investments of RM273.8 million compared to a writeback of impairment losses on financial investments of RM83.6 million in the corresponding nine-month financial period ended 30 September 2014.

The improvement in the Group's profit before tax for the nine-month financial period ended 30 September 2015 compared to the corresponding nine-month financial period ended 30 September 2014 is further segmented based on the operating segments of the Group as follows:

Community Financial Services ("CFS"), Malaysia

CFS' profit before tax decreased by RM636.3 million or 19.9% to RM2,555.9 million for the nine-month financial period ended 30 September 2015 from RM3,192.2 million for the corresponding nine-month financial period ended 30 September 2014. The decrease was mainly contributed by allowance for impairment losses on loans, advances and financing of RM385.0 million, compared to writeback of impairment losses on loans, advances and financing of RM274.5 million in the corresponding nine-month financial period ended 30 September 2014 and higher overhead expenses of RM508.9 million. This decrease was, however, mitigated by higher net interest income and Islamic Banking income of RM371.6 million arising from strong year-on-year loan growth in mortgage of 14.6%, SME / BB of 11.8% and auto finance of 8.2%, and higher other operating income of RM160.4 million.

Global Banking

a) Corporate Banking, Malaysia

Corporate Banking's profit before tax decreased by RM21.6 million or 1.8% to RM1,144.8 million for the nine-month financial period ended 30 September 2015 from RM1,166.4 million for the corresponding nine-month financial period ended 30 September 2014. The decrease was mainly due to higher overhead expenses of RM94.0 million and lower other operating income of RM87.0 million. This decrease was, however, mitigated by higher net interest income and Islamic Banking income of RM121.1 million and lower allowance for impairment losses on loans, advances and financing of RM38.4 million.

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B1. Performance Review (cont'd.)

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

Global Banking (cont'd.)

b) Global Markets, Malaysia

Global Markets' profit before tax increased by RM24.8 million or 2.2% to RM1,160.7 million for the nine-month financial period ended 30 September 2015 from RM1,135.9 million for the corresponding nine-month financial period ended 30 September 2014. The increase was driven by higher net interest income and Islamic Banking income of RM155.7 million. This increase was, however, offset by higher overhead expenses of RM63.1 million, lower other operating income of RM52.4 million and lower writeback of impairment losses on financial investments of RM15.4 million.

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

Investment Banking's profit before tax decreased by RM44.9 million or 20.9% to RM169.6 million for the nine-month financial period ended 30 September 2015 from RM214.5 million for the corresponding nine-month financial period ended 30 September 2014. The decrease was mainly due to lower other operating income of RM58.6 million, allowance for impairment losses on loans, advances and financing of RM2.7 million, compared to writeback of impairment losses on loans, advances and financing of RM11.7 million in the corresponding nine-month financial period ended 30 September 2014, allowance for impairment losses on financial investments of RM1.3 million, compared to writeback of impairment losses on financial investments of RM4.4 million in the corresponding nine-month financial period ended 30 September 2014 and higher overhead expenses of RM5.6 million. This decrease was, however, mitigated by higher net interest income and Islamic Banking income of RM38.7 million.

d) Asset Management

Asset Management's loss increased by RM14.2 million to RM17.2 million for the nine-month financial period ended 30 September 2015 from RM3.0 million in the corresponding nine-month financial period ended 30 September 2014. The increase was due to higher overhead expenses of RM19.1 million, higher net interest expense of RM3.7 million, and allowance for impairment losses on financial investments of RM1.9 million. The increase was, however, offset by higher other operating income of RM10.7 million.

International Banking

International Banking's profit before tax decreased by RM192.9 million or 10.9% to RM1,578.2 million for the nine-month financial period ended 30 September 2015 from RM1,771.1 million for the corresponding nine-month financial period ended 30 September 2014. The decrease was contributed by lower other operating income of RM524.4 million, higher overhead expenses of RM306.3 million, higher allowance for impairment losses on loans, advances and financing of RM123.6 million and lower writeback of impairment losses on financial investments of RM63.1 million. This decrease was, however, mitigated by higher net interest income and Islamic Banking income of RM789.2 million.

Higher net interest income was contributed by strong year-on-year loan growth of 72.3% at Labuan, 43.5% at Greater China, 33.1% at Singapore and 18.5% at Maybank Indonesia.

Insurance and Takaful

Insurance and Takaful profit before tax decreased by RM168.0 million or 28.7% to RM417.4 million for the nine-month financial period ended 30 September 2015 from RM585.4 million for the corresponding nine-month financial period ended 30 September 2014. The decrease was contributed mainly by lower other operating income of RM472.7 million, higher allowance made for impairment losses on financial investments of RM271.3 million, lower net interest income of RM29.5 million and higher impairment losses on loans, advances and financing of RM22.6 million. The decrease was, however, mitigated by higher net earned insurance premiums of RM126.8 million and lower net insurance benefits and claims incurred, net fee and commission expenses, change in expense liabilities and taxation of life and takaful fund of RM477.2 million.

(ii) Current Quarter vs Previous Period Corresponding Quarter

The Group posted profit after tax attributable to equity holders of RM1,898.9 million for the quarter ended 30 September 2015, an increase of RM290.8 million or 18.1% over the previous period corresponding quarter ended 30 September 2014.

The Group's net interest income and Islamic Banking income for the quarter ended 30 September 2015 increased by RM671.8 million or 20.3% compared to the previous period corresponding quarter ended 30 September 2014. This was largely due to the growth in the Group's gross loans, advances and financing.

The Group's other operating income for the quarter ended 30 September 2015 decreased by RM30.6 million or 2.2% to RM1,365.6 million for the quarter ended 30 September 2015 compared to the previous period corresponding quarter ended 30 September 2014. The decrease was mainly contributed by higher unrealised mark-to-market loss on revaluation of financial assets at FVTPL and derivatives of RM470.8 million, lower net gain on sale of securities of RM178.5 million and lower fee income of RM89.3 million. The decrease was, however, mitigated by higher foreign exchange gain of RM434.4 million and net gain on disposal of subsidiaries of RM197.3 million.

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B1. Performance Review (cont'd.)

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

The Group's net insurance benefits and claims incurred, net fee and commission expenses, change in expense liabilities and taxation of life and takaful fund decreased by RM527.4 million to RM608.3 million for the quarter ended 30 September 2015, compared to the previous period corresponding quarter ended 30 September 2014. The decrease was mainly attributable to lower net insurance benefits and claims incurred by the Insurance and Takaful subsidiaries of RM403.8 million.

The Group's overhead expenses for the quarter ended 30 September 2015 increased by RM317.8 million or 13.9% compared to the previous period corresponding quarter ended 30 September 2014. The increase was mainly contributed by the increase in personnel expenses of RM98.3 million, establishment costs of RM98.3 million, administration and general expenses of RM63.9 million and marketing expenses of RM57.3 million.

The Group's allowance for impairment losses on loans, advances, financing and other debts for the quarter ended 30 September 2015 increased by RM597.4 million compared to the previous period corresponding quarter ended 30 September 2014. The increase was mainly due to higher net CA made of RM341.1 million and lower bad debts and financing recovered of RM196.4 million.

The Group's allowance for impairment losses on financial investments for the quarter ended 30 September 2015 increased by RM127.2 million compared to the previous period corresponding quarter ended 30 September 2014.

The improvement in the Group's profit before tax for the quarter ended 30 September 2015 as compared to the previous period corresponding quarter ended 30 September 2014 is further segmented based on the operating segments of the Group as follows:

Community Financial Services ("CFS"), Malaysia

CFS' profit before tax decreased by RM554.9 million or 46.0% to RM650.5 million for the quarter ended 30 September 2015 from RM1,205.4 million for the previous period corresponding quarter ended 30 September 2014. The decrease was mainly due to allowance for impairment losses on loans, advances and financing of RM268.0 million, compared to writeback of impairment losses on loans, advances and financing of RM207.6 million in the previous period corresponding quarter ended 30 September 2014, higher overhead expenses of RM187.9 million. The decrease was, however, mitigated by higher net interest income and Islamic Banking income of RM120.1 million arising from strong year-on-year loan growth in mortgage of 14.6%, SME / BB of 11.8% and auto finance of 8.2%.

Global Banking

a) Corporate Banking, Malaysia

Corporate Banking's profit before tax decreased by RM135.6 million or 27.6% to RM356.1 million for the quarter ended 30 September 2015 from RM491.7 million for the previous period corresponding quarter ended 30 September 2014. The decrease was mainly due to allowance for impairment losses on loans, advances and financing of RM134.0 million, compared to writeback of impairment losses on loans, advances and financing of RM11.1 million in the previous period corresponding quarter ended 30 September 2014, lower other operating income of RM42.6 million and higher overhead expenses of RM32.0 million. The decrease was, however, mitigated by higher net interest income and Islamic Banking income of RM84.0 million.

b) Global Markets, Malaysia

Global Markets' profit before tax decreased by RM44.6 million or 11.3% to RM349.8 million for the quarter ended 30 September 2015 from RM394.4 million for the previous period corresponding quarter ended 30 September 2014. The decrease was due to lower other operating income of RM158.5 million and higher overhead expenses of RM24.7 million. The decrease was, however, mitigated by higher net interest income and Islamic Banking income of RM140.0 million.

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

Investment Banking's profit before tax decreased by RM49.6 million or 49.6% to RM50.3 million for the quarter ended 30 September 2015 from RM99.9 million for the previous period corresponding quarter ended 30 September 2014. The decrease was mainly due to lower other operating income of RM76.2 million, allowance for impairment losses on financial investments of RM0.7 million, compared to writeback of impairment losses on financial investments of RM8.6 million in the previous period corresponding quarter ended 30 September 2014, and allowance for impairment losses on loans, advances and financing of RM1.7 million, compared to writeback of impairment losses on loans, advances and financing of RM5.6 million in the previous period corresponding quarter ended 30 September 2014. The decrease was, however, mitigated by lower overhead expenses of RM32.0 million and higher net interest income and Islamic Banking income of RM11.1 million.

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B1. Performance Review (cont'd.)

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

Global Banking (cont'd.)

d) Asset Management

Asset Management's loss increased by RM18.3 million to RM23.4 million for the quarter ended 30 September 2015 from RM5.2 million in the previous period corresponding quarter ended 30 September 2014. The increase was mainly contributed by lower other operating income of RM15.3 million and allowance for impairment losses on financial investments of RM1.4 million.

International Banking

International Banking's profit before tax decreased by RM91.4 million or 20.8% to RM348.1 million for the quarter ended 30 September 2015 from RM439.5 million for the previous period corresponding quarter ended 30 September 2014. The decrease was mainly due to lower other operating income of RM372.3 million and higher overhead expenses of RM128.9 million. The decrease was, however, mitigated by higher net interest income and Islamic Banking income of RM371.2 million, lower allowance made for impairment losses on loans, advances and financing of RM46.1 million.

Higher net interest income was contributed by strong year-on-year loan growth of 72.3% at Labuan, 43.5% at Greater China, 33.1% at Singapore and 18.5% at Maybank Indonesia.

Insurance and Takaful

Insurance and Takaful profit before tax decreased by RM23.8 million or 12.0% to RM175.1 million for the quarter ended 30 September 2015 from RM199.0 million for the previous period corresponding quarter ended 30 September 2014. The decrease was mainly contributed by lower other operating income of RM470.5 million, higher allowance made for impairment losses on financial investments of RM117.4 million, and lower net interest income of RM12.1 million. The decrease was, however, mitigated by higher net earned insurance premiums of RM41.0 million, lower of net insurance benefits and claims incurred, net fee and commission expenses, change in expense liabilities and taxation of life and takaful fund of RM527.4 million and lower overhead expenses of RM23.9 million.

B2. Variation of Current Quarter Results Against Preceding Quarter

The Group's profit after tax attributable to equity holders in this quarter ended 30 September 2015 increased by RM314.4 million or 19.8% to RM1,898.9 million against the preceding quarter ended 30 June 2015.

The Group's net interest income for the quarter ended 30 September 2015 increased by RM216.8 million to RM2,896.8 million against the preceding quarter of RM2,680.0 million. Income from Islamic Banking Scheme operations increased by RM117.5 million to RM1,084.6 million for the quarter ended 30 September 2015 compared to RM967.1 million in the preceding quarter ended 30 June 2015.

The Group's net earned insurance premiums for the quarter ended 30 September 2015 decreased by RM41.8 million to RM1,008.5 million compared to RM1,050.3 million in the preceding quarter ended 30 June 2015.

Other operating income of the Group for the quarter ended 30 September 2015 increased by RM170.2 million or 14.2% to RM1,365.6 million compared to RM1,195.4 million in the preceding quarter ended 30 June 2015. The increase was mainly attributable to higher net foreign exchange gain of RM524.1 million and net gain on disposal of subsidiaries of RM197.3 million. This increase was, however, offset by higher unrealised mark-to-market loss on revaluation of financial investments at FVTPL and derivatives of RM312.5 million, lower net gain on disposal of financial assets at FVTPL of RM25.7 million, lower net gain on disposal of financial investment AFS of RM144.2 million and lower fee income of RM77.6 million.

The Group's net insurance benefits and claims incurred, net fee and commission expenses, change in expense liabilities and taxation of life and takaful fund decreased by RM396.2 million to RM608.3 million for the quarter ended 30 September 2015 compared to RM1,004.5 million in the preceding quarter ended 30 June 2015. The decrease was mainly due to lower net insurance benefits and claims incurred and taxation of life and takaful fund amounting to RM279.7 million and RM76.7 million respectively.

The Group posted an increase of RM182.8 million or 7.6% in overhead expenses to RM2,601.4 million for the quarter ended 30 September 2015 compared to RM2,418.6 million in the preceding quarter ended 30 June 2015. The increase was mainly due to higher establishment cost of RM114.1 million and higher administration and general expenses of RM98.4 million. The increase was, however, mitigated by lower marketing expenses of RM42.0 million.

The Group's allowance for impairment losses on loans, advances, financing and other debts increased by RM366.9 million to RM667.9 million in the quarter ended 30 September 2015 compared to RM301.0 million in the preceding quarter ended 30 June 2015.

The Group's allowance for impairment losses on financial investments increased by RM35.1 million to RM129.1 million for the quarter ended 30 September 2015 compared to RM94.0 million in the preceding quarter ended 30 June 2015.

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B3. Prospects

Amidst the current global financial market and currency volatility, the world GDP growth is expected to moderate to 3.1% in 2015 (3.4% in 2014) as sustained growth and recovery momentum in the major advanced economies are tempered by the downturns in the emerging economies. While US growth appeared to be holding up, China's growth rate is expected to slightly miss the official target of 7%. ASEAN-6 economies are expected to have a stable real GDP growth of 4.5% (4.5% in 2014) amid firmer growth in the Philippines, Thailand and Vietnam while growth in the Group's core markets of Malaysia, Singapore and Indonesia are expected to moderate.

The world economy and global markets has entered into a period of greater volatility since August, following the 3% depreciation of the Renminbi (Yuan) against the US Dollar and a sharp drop in China's stock markets which amplified concerns about China's economic outlook. This accelerated the outflow of funds from emerging markets that was triggered by expectation of a Federal Reserve rate hike which is now widely expected to take place in December 2015. Regional currencies by and large depreciated sharply and remain volatile, as have their stock markets. Malaysia's Ringgit depreciation has been among the sharpest. Even as China and other emerging economies try to stabilise this increased volatility, it is likely that growth in the real economies would be impacted.

Malaysia's real GDP growth is expected to slow to 4.9% in 2015 (6.0% in 2014) on the impact of lower commodity prices (oil, palm oil and rubber in particular), the introduction of the Goods and Services Tax (GST) in April as well as the volatile financial markets and currency exchange rates on consumer spending, business expenditure and exports. Bank Negara Malaysia is expected to keep the Overnight Policy Rate (OPR) unchanged at 3.25% in 2016.

Likewise, Indonesia's real GDP growth is expected to be slightly lower (4.8% vs 5.0% in 2014), affected by soft commodity prices, constrains on interest rate cut due to the inflationary risk from Rupiah weakness, and the slower than expected progress in government spending for various planned infrastructure projects, although there are signs of pick up in implementation. The Group's subsidiary, PT Bank Maybank Indonesia (BMI), will continue to grow its retail and business banking segments and develop its fee income from transaction banking, cash management and global market transactions.

In Singapore, real GDP growth is also expected to slow down from 2.9% in 2014 to 2.0% this period amid a challenging global and local environment, with the Group targeting slower loan growth for Singapore while trying to seek regional deals via our banking and investment banking franchise.

Meanwhile, the Group will also continue to develop its franchise in other ASEAN economies and facilitate trade flows between ASEAN and Greater China. This effort is being enhanced by the setting up of branches in Kunming and Myanmar.

To sustain performance amidst this more challenging environment and market conditions, the Group will continue to focus on managing its balance sheet and liquidity, being more selective on asset growth, and emphasise on the proactive management of asset quality while redoubling its efforts at raising operational and capital efficiencies. The Group continues to maintain strong capital levels, well above regulatory requirements.

Barring any unforeseen circumstances, the Group expects its financial performance for 2015 to be satisfactory in a more challenging regional environment. The Group has set two Headline Key Performance Indicators ("KPI") of Return on Equity ("ROE") of between 12% to 13% and Group Loans Growth of 8% to 9%.

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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 third quarter ended 30 September 2015.

B5. Taxation and Zakat

The analysis of the tax expense for the third quarter ended 30 September 2015 are as follows:

| Group | Third Quarter Ended | | Cumulative 9 Months Ended | |
|-----------------------------------------------------------------|------------------------------|------------------------------|----------------------------------|------------------------------|
| | 30 September 2015 | 30 September 2014 | 30 September 2015 | 30 September 2014 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Malaysian income tax | 470,179 | 670,858 | 1,341,774 | 1,404,302 |
| Foreign income tax | 38,165 | (10,958) | 129,528 | 75,991 |
| | 508,344 | 659,900 | 1,471,302 | 1,480,293 |
| Under/(over) provision in respect of prior period: | | | | |
| Malaysian income tax | 696 | (551,567) | 696 | (686,751) |
| Foreign income tax | (1,913) | (1,357) | (951) | (197) |
| | 507,127 | 106,976 | 1,471,047 | 793,345 |
| Deferred tax | | | | |
| - Relating to origination and reversal of temporary differences | (51,056) | 468,224 | 31,318 | 968,884 |
| | (51,056) | 468,224 | 31,318 | 968,884 |
| Tax expense for the financial period | 456,071 | 575,200 | 1,502,365 | 1,762,229 |
| Zakat | 1,191 | 3,429 | 14,023 | 17,677 |
| | 457,262 | 578,629 | 1,516,388 | 1,779,906 |

The Group's effective tax rate for the third quarter and nine-month financial period ended 30 September 2015 was lower than the statutory tax rate due to certain income not subject to tax.

| Bank | Third Quarter Ended | | Cumulative 9 Months Ended | |
|-----------------------------------------------------------------|------------------------------|------------------------------|----------------------------------|------------------------------|
| | 30 September 2015 | 30 September 2014 | 30 September 2015 | 30 September 2014 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Malaysian income tax | 307,034 | 507,521 | 926,081 | 1,054,005 |
| Foreign income tax | (1,277) | 377 | 4,117 | 1,838 |
| | 305,757 | 507,898 | 930,198 | 1,055,843 |
| Over provision in respect of prior period: | | | | |
| Malaysian income tax | (9,009) | (562,738) | (9,009) | (496,258) |
| Foreign income tax | (3) | - | (69) | - |
| | 296,745 | (54,840) | 921,120 | 559,585 |
| Deferred tax | | | | |
| - Relating to origination and reversal of temporary differences | (75,699) | 400,989 | (14,638) | 613,006 |
| | (75,699) | 400,989 | (14,638) | 613,006 |
| Tax expense for the financial period | 221,046 | 346,149 | 906,482 | 1,172,591 |
| Zakat | - | - | - | - |
| | 221,046 | 346,149 | 906,482 | 1,172,591 |

The Bank's effective tax rate for the third quarter and nine-month financial period ended 30 September 2015 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

Proposed disposal of the entire equity interest in Maybank (PNG) Limited and Mayban Property (PNG) Limited

On 18 May 2015, Malayan Banking Berhad ("Maybank") announced the proposed disposal of Maybank's entire equity interest in Maybank (PNG) Limited ("MPNG") and Mayban Property (PNG) Limited ("MPPNG") to Kina Ventures ("Proposed Disposal").

The Proposed Disposal involves the sale of Maybank's entire equity interest in MPNG and MPPNG to Kina Ventures for a total cash consideration of approximately Kina 319.0 million (equivalent to approximately RM418.0 million based on the exchange rate of Kina 1 = RM1.31 as at 18 May 2015), plus the difference in the value of the net assets of MPNG as at the completion of the Proposed Disposal compared to 31 December 2014. The completion of the Proposed Disposal is expected to occur in the second half of year 2015, upon achieving IT and operational readiness as prescribed in the share sale agreement ("SSA").

MPNG and MPPNG, wholly-owned subsidiaries of Maybank, were incorporated in Papua New Guinea and are involved in commercial banking activities and property investment respectively. The Proposed Disposal is undertaken as part of Maybank's continuous effort to evaluate its international operations with a specific focus on maximising capital use as well as optimising resources in the most efficient manner.

The Proposed Disposal is subject to the approval of the Bank of Papua New Guinea, which was obtained on 12 May 2015. MPNG and MPPNG will cease to be subsidiaries of Maybank with effect from the completion of the Proposed Disposal.

On 30 September 2015 ("Completion Date"), Maybank announced that the Proposed Disposal had been completed after having achieved IT and operational readiness as prescribed in the SSA and as a result, effective 1 October 2015, MPNG and MPPNG ceased to be subsidiaries of Maybank.

Accordingly, Kina Ventures has paid, and Maybank has received, a total cash consideration of Kina 352.8 million (equivalent to approximately RM546.8 million based on the exchange rate of Kina 1 = RM1.55 as at 30 September 2015). Following a completion audit as prescribed in the SSA, a purchase price adjustment shall be made to reflect the changes to the net asset value of MPNG to the Completion Date.

The completion of disposal of MPNG and MPPNG will not have any effect on the issued and paid-up share capital and shareholdings of the substantial shareholders of Maybank, and it is not expected to have material effect on the earnings per share, net assets per share and gearing of the Group for the financial year ending 31 December 2015.

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 A14, A15 and A16.

B9. Derivative Financial Instruments

Please refer to Note A35.

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.

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

(a) (cont'd.)

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.

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.

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

(b) (cont'd.)

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 has been fixed for hearing on 3 December 2015 after several adjournments. Maybank IB's solicitors are of the view that the Review Application is without merit.

The actions for recovery of the loan sums will still continue as there is no stay of the Court of Appeal decision on 27 September 2013 in favour of Maybank IB.

The corporate borrower has been wound up by way of an order filed in the Court of Appeal and an Official Receiver has been appointed as liquidator of the corporate borrower. On 3 March 2015, the corporate borrower had obtained a stay of the Court of Appeal's winding-up order pending disposal of its application to the Federal Court for leave to appeal against the winding-up order.

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.

| | 30 September 2015 RM'000 | 31 December 2014 RM'000 |
|-----------------------------------------------------------------|-----------------------------------------|----------------------------------------|
| Retained profits of the Group: | | |
| - Realised | 11,690,601 | 11,014,533 |
| - Unrealised | 65,370 | 382,111 |
| - in respect of deferred tax recognised in the income statement | 58,506 | 38,569 |
| - in respect of other items of income and expense | 6,864 | 343,542 |
| | 11,755,971 | 11,396,644 |
| Share of retained profits from associates and joint ventures: | | |
| - Realised | 604,365 | 422,306 |
| - Unrealised | - | - |
| | 604,365 | 422,306 |
| Consolidation adjustments | 543,190 | 569,027 |
| Total Group's retained profits | 12,903,526 | 12,387,977 |

B12. Proposed Interim Dividend

No interim dividend has been recommended during the third quarter ended 30 September 2015.

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

| | Third Quarter Ended | | Cumulative 9 Months Ended | |
|---------------------------------------------------------------------------------------|----------------------------|---------------------|----------------------------------|---------------------|
| | 30 September | 30 September | 30 September | 30 September |
| | 2015 | 2014 | 2015 | 2014 |
| Net profit for the quarter/period attributable to equity holders of the Bank (RM'000) | 1,898,938 | 1,608,106 | 5,183,857 | 4,785,222 |
| Weighted average number of ordinary shares in issue ('000) | 9,525,788 | 9,128,329 | 9,428,529 | 9,000,429 |
| Basic earnings per share | 19.93 sen | 17.62 sen | 54.98 sen | 53.17 sen |

Diluted EPS

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

In the diluted EPS calculation, it was assumed that certain number of ordinary shares under the ESS relating to the RSU were vested and awarded to employees through issuance of additional ordinary shares and the electable portion of the dividends issued under the DRP were exercised into ordinary shares. A calculation is done to determine the number of ordinary shares that could have been issued at fair value (determined as the average price of the Bank's ordinary shares during the quarter/period) based on the monetary value of the ESS entitlement attached to the outstanding RSU granted and the number of shares that could have been issued at an assumed price (determined as the 5-day average price of the Bank's ordinary shares as at 30 September 2015 and 30 September 2014) based on the electable portion of the dividends issued under the DRP. These calculations serve to determine the number of dilutive shares to be added to the weighted average ordinary shares in issue for the purpose of computing the dilution. No adjustment was made to the net profit for the quarter/period.

| | Third Quarter Ended | | Cumulative 9 Months Ended | |
|---------------------------------------------------------------------------------------|----------------------------|---------------------|----------------------------------|---------------------|
| | 30 September | 30 September | 30 September | 30 September |
| | 2015 | 2014 | 2015 | 2014 |
| Net profit for the quarter/period attributable to equity holders of the Bank (RM'000) | 1,898,938 | 1,608,106 | 5,183,857 | 4,785,222 |
| Weighted average number of ordinary shares in issue ('000) | 9,525,788 | 9,128,329 | 9,428,529 | 9,000,429 |
| Effects of dilution ('000) | 24,297 | 20,540 | 24,545 | 20,574 |
| Adjusted weighted average number of ordinary shares in issue ('000) | 9,550,085 | 9,148,869 | 9,453,074 | 9,021,003 |
| Diluted earnings per share | 19.88 sen | 17.58 sen | 54.84 sen | 53.05 sen |

By Order of the Board

Wan Marzimin Wan Muhammad
LS0009924
Company Secretary
26 November 2015