

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

**CONDENSED FINANCIAL STATEMENTS**  
**INCOME STATEMENTS**  
**FOR THE 4TH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2015**

<u>Group</u>	Note	Unaudited		Audited	
		31 December 2015	31 December 2014	Cumulative 12 Months Ended 31 December 2015	31 December 2014
		RM'000	RM'000	RM'000	RM'000
Interest income	A20	5,281,783	4,783,321	19,792,821	17,851,688
Interest expense	A21	(2,349,362)	(2,341,460)	(8,678,676)	(8,147,985)
Net interest income		2,932,421	2,441,861	11,114,145	9,703,703
Income from Islamic Banking Scheme operations	A39a	954,165	805,515	3,938,637	3,271,211
Net earned insurance premiums	A22	1,150,748	1,026,900	4,196,699	3,946,068
Other operating income	A24	1,651,313	1,547,303	5,772,867	5,540,439
Total operating income		6,688,647	5,821,579	25,022,348	22,461,421
Net insurance benefits and claims incurred, net fee and commission expenses, change in expense liabilities and taxation of life and takaful fund	A25	(1,073,876)	(743,070)	(3,784,427)	(3,930,819)
Net operating income		5,614,771	5,078,509	21,237,921	18,530,602
Overhead expenses	A26	(2,775,718)	(2,572,925)	(10,285,040)	(9,111,312)
Operating profit before impairment losses (Allowances for)/writeback of impairment losses on loans, advances, financing and other debts, net	A27	(466,716)	34,600	(1,683,557)	(400,392)
Allowances for impairment losses on financial investments, net	A28	(55,188)	(154,062)	(329,022)	(70,440)
Operating profit		2,317,149	2,386,122	8,940,302	8,948,458
Share of profits in associates and joint ventures		58,954	44,864	211,246	163,125
<b>Profit before taxation and zakat</b>		<b>2,376,103</b>	<b>2,430,986</b>	<b>9,151,548</b>	<b>9,111,583</b>
Taxation and zakat	B5	(648,772)	(420,634)	(2,165,160)	(2,200,540)
<b>Profit for the period/year</b>		<b>1,727,331</b>	<b>2,010,352</b>	<b>6,986,388</b>	<b>6,911,043</b>
<b>Attributable to:</b>					
Equity holders of the Bank		1,652,082	1,931,233	6,835,939	6,716,455
Non-controlling interests		75,249	79,119	150,449	194,588
		<b>1,727,331</b>	<b>2,010,352</b>	<b>6,986,388</b>	<b>6,911,043</b>
<b>Earnings per share attributable to equity holders of the Bank</b>	B13				
Basic		17.08 sen	20.75 sen	72.03 sen	74.15 sen
Fully diluted		17.08 sen	20.75 sen	72.03 sen	74.14 sen

(These audited condensed 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 these financial statements)

**MALAYAN BANKING BERHAD**  
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**CONDENSED FINANCIAL STATEMENTS**  
**STATEMENTS OF COMPREHENSIVE INCOME**  
**FOR THE 4TH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2015**

<u>Group</u>	Unaudited		Audited	
	4th Quarter Ended		Cumulative 12 Months Ended	
	31 December	31 December	31 December	31 December
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
<b>Profit for the period/year</b>	<b>1,727,331</b>	2,010,352	<b>6,986,388</b>	6,911,043
<b>Other comprehensive income/(loss):</b>				
<i>Items that will not be reclassified subsequently to profit or loss:</i>				
Defined benefit plan actuarial gain/(loss)	10,326	7,214	47,123	(4,996)
Income tax effect	(96)	(4,401)	(8,145)	(1,337)
Share of change in associates' reserve	-	(1)	-	-
	<b>10,230</b>	2,812	<b>38,978</b>	(6,333)
<i>Items that may be reclassified subsequently to profit or loss:</i>				
Net gain/(loss) on financial investments available-for-sale	107,695	(277,925)	(284,440)	309,123
Income tax effect	(43,072)	64,727	76,166	(81,241)
Net (loss)/gain on foreign exchange translation	(65,914)	1,041,640	3,692,259	888,549
Net (loss)/gain on cash flow hedge	(308)	1,277	2,781	(1,624)
Net gain/(loss) on net investment hedge	209,390	(86,283)	(399,314)	(65,567)
Net gain on revaluation reserve	16	12	62	48
Share of change in associates' reserve	(98,639)	55,612	511,102	(37,543)
	<b>109,168</b>	799,060	<b>3,598,616</b>	1,011,745
Other comprehensive income for the period/year, net of tax	<b>119,398</b>	801,872	<b>3,637,594</b>	1,005,412
<b>Total comprehensive income for the period/year</b>	<b>1,846,729</b>	2,812,224	<b>10,623,982</b>	7,916,455
<b>Other comprehensive income for the period/year attributable to:</b>				
Equity holders of the Bank	96,964	804,419	3,621,773	1,018,436
Non-controlling interests	22,434	(2,547)	15,821	(13,024)
	<b>119,398</b>	801,872	<b>3,637,594</b>	1,005,412
<b>Total comprehensive income for the period/year attributable to:</b>				
Equity holders of the Bank	1,749,046	2,735,651	10,457,712	7,734,891
Non-controlling interests	97,683	76,573	166,270	181,564
	<b>1,846,729</b>	2,812,224	<b>10,623,982</b>	7,916,455

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**INCOME STATEMENTS**  
**FOR THE 4TH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2015**

<u>Bank</u>	Note	Unaudited		Audited	
		31 December 2015	31 December 2014	Cumulative 12 Months Ended 31 December 2015	Cumulative 12 Months Ended 31 December 2014
		RM'000	RM'000	RM'000	RM'000
Interest income	A20	3,875,428	3,455,995	14,751,535	13,123,548
Interest expense	A21	(1,726,246)	(1,778,166)	(6,423,163)	(6,055,648)
Net interest income		2,149,182	1,677,829	8,328,372	7,067,900
Dividends from subsidiaries and associates	A23	295,344	147,028	1,534,033	1,750,612
Other operating income	A24	779,083	843,426	3,389,635	3,098,079
		1,074,427	990,454	4,923,668	4,848,691
Net operating income		3,223,609	2,668,283	13,252,040	11,916,591
Overhead expenses	A26	(1,540,205)	(1,540,543)	(5,629,901)	(4,833,972)
Operating profit before impairment losses (Allowances for)/writeback of impairment losses on loans, advances, financing and other debts, net	A27	(193,169)	188,509	(676,715)	224,115
Writeback of impairment losses on financial investments, net	A28	563	1,165	39,111	37,693
<b>Profit before taxation and zakat</b>		<b>1,490,798</b>	<b>1,317,414</b>	<b>6,984,535</b>	<b>7,344,427</b>
Taxation and zakat	B5	(243,766)	(268,821)	(1,150,248)	(1,441,412)
<b>Profit for the period/year</b>		<b>1,247,032</b>	<b>1,048,593</b>	<b>5,834,287</b>	<b>5,903,015</b>

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**CONDENSED FINANCIAL STATEMENTS**  
**STATEMENTS OF COMPREHENSIVE INCOME**  
**FOR THE 4TH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2015**

<u>Bank</u>	Unaudited		Audited	
	4th Quarter Ended		Cumulative 12 Months Ended	
	31 December	31 December	31 December	31 December
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
<b>Profit for the period/year</b>	<b>1,247,032</b>	1,048,593	<b>5,834,287</b>	5,903,015
<b>Other comprehensive income/(loss):</b>				
<i>Items that may be reclassified subsequently to profit or loss:</i>				
Net gain/(loss) on financial investments available-for-sale	33,636	(188,819)	(317,481)	388,183
Income tax effect	(8,409)	47,204	79,370	(97,046)
Net (loss)/gain on foreign exchange translation	(251,391)	307,644	1,592,230	236,610
Other comprehensive income for the period/year, net of tax	(226,164)	166,029	1,354,119	527,747
<b>Total comprehensive income for the period/year</b>	<b>1,020,868</b>	1,214,622	<b>7,188,406</b>	6,430,762

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**MALAYAN BANKING BERHAD**  
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**CONDENSED FINANCIAL STATEMENTS**  
**AUDITED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2015**

	Note	Group		Bank	
		31 December 2015 RM'000	31 December 2014 RM'000	31 December 2015 RM'000	31 December 2014 RM'000
<b>ASSETS</b>					
Cash and short-term funds		55,647,407	52,852,860	41,278,089	34,778,324
Deposits and placements with financial institutions		13,618,339	16,106,137	14,748,271	15,811,015
Financial assets purchased under resale agreements		7,692,165	3,625,291	7,490,808	3,625,291
Financial assets at fair value through profit or loss	A10(i)	17,222,595	23,705,323	4,221,895	9,425,390
Financial investments available-for-sale	A10(ii)	90,261,673	82,630,704	74,950,070	73,630,705
Financial investments held-to-maturity	A10(iii)	14,682,130	9,574,538	14,329,231	9,100,155
Loans, advances and financing	A11	453,492,587	403,513,121	287,056,974	264,524,441
Derivative assets	A35	8,283,647	4,544,001	8,334,598	4,533,709
Reinsurance/retakaful assets and other insurance receivables	A12	4,355,654	4,972,063	-	-
Other assets	A13	12,388,512	10,659,736	8,373,774	6,488,988
Investment properties		716,818	595,493	-	-
Statutory deposits with central banks		16,266,412	15,141,244	7,855,379	7,576,028
Investment in subsidiaries		-	-	21,026,955	20,450,502
Interest in associates and joint ventures		3,120,548	2,527,940	451,518	451,518
Property, plant and equipment		2,661,472	2,688,140	1,322,097	1,308,775
Intangible assets		6,958,462	6,261,415	509,480	506,267
Deferred tax assets		976,082	901,950	441,814	348,350
<b>TOTAL ASSETS</b>		<b>708,344,503</b>	<b>640,299,956</b>	<b>492,390,953</b>	<b>452,559,458</b>
<b>LIABILITIES</b>					
Deposits from customers	A14	478,150,533	439,569,384	330,626,519	306,938,972
Investment Account	A39g	17,657,893	-	-	-
Deposits and placements from financial institutions	A15	39,013,916	57,387,398	37,904,688	47,500,184
Obligations on financial assets sold under repurchase agreements		4,498,574	3,166,372	4,498,574	3,166,372
Bills and acceptances payable		1,803,180	2,017,579	1,114,387	1,187,310
Derivative liabilities	A35	7,877,458	5,320,499	7,696,334	5,173,575
Insurance/takaful contract liabilities and other insurance payables	A17	23,839,341	24,798,833	-	-
Other liabilities	A18	13,029,588	11,147,565	9,921,177	8,789,557
Recourse obligation on loans and financing sold to Cagamas		1,174,345	1,058,860	1,174,345	1,058,860
Provision for taxation and zakat		85,224	325,192	-	275,373
Deferred tax liabilities		755,851	702,660	-	-
Borrowings	A16(i)	30,643,652	18,521,899	24,873,211	13,846,812
Subordinated obligations	A16(ii)	20,252,116	15,640,057	16,750,738	12,264,578
Capital securities	A16(iii)	6,049,375	5,902,483	6,212,597	6,185,060
<b>TOTAL LIABILITIES</b>		<b>644,831,046</b>	<b>585,558,781</b>	<b>440,772,570</b>	<b>406,386,653</b>

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**AUDITED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2015**

	Note	Group		Bank	
		31 December 2015 RM'000	31 December 2014 RM'000	31 December 2015 RM'000	31 December 2014 RM'000
<b>EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE BANK</b>					
Share capital		9,761,751	9,319,030	9,761,751	9,319,030
Share premium		25,900,476	22,747,922	25,900,476	22,747,922
Shares held-in-trust		(119,745)	(113,463)	(119,745)	(113,463)
Retained profits		12,833,004	12,387,977	3,252,638	3,600,804
Reserves		13,319,504	8,633,103	12,823,263	10,618,512
		<b>61,694,990</b>	52,974,569	<b>51,618,383</b>	46,172,805
<b>Non-controlling interests</b>		<b>1,818,467</b>	1,766,606	-	-
		<b>63,513,457</b>	54,741,175	<b>51,618,383</b>	46,172,805
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>					
		<b>708,344,503</b>	640,299,956	<b>492,390,953</b>	452,559,458
<b>COMMITMENTS AND CONTINGENCIES</b>	A33	<b>719,694,730</b>	551,960,251	<b>679,351,319</b>	519,485,629
<b><u>CAPITAL ADEQUACY</u></b>					
	A34				
The capital adequacy ratios of the Group and of the Bank are as follows:					
CET1 Capital Ratio		12.780%	11.747%	15.781%	16.275%
Tier 1 Capital Ratio		14.471%	13.539%	17.969%	16.275%
Total Capital Ratio		17.743%	16.235%	17.969%	16.275%
Net assets per share attributable to equity holders of the Bank		<b>RM6.32</b>	RM5.68	<b>RM5.29</b>	RM4.95

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**CONDENSED FINANCIAL STATEMENTS**  
**AUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015**

<u>Group</u>	<===== Attributable to equity holders of the Bank =====>											Non-Controlling Interests RM'000	Total Equity RM'000
	<===== Non-Distributable =====>					Available-for-sale Reserve RM'000	Exchange Fluctuation Reserve RM'000	ESS Reserve RM'000	Other Reserves <sup>1</sup> RM'000	Retained Profits <sup>2</sup> RM'000	Total Shareholders' 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								
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 financial year	-	-	-	-	-	-	-	-	-	6,835,939	6,835,939	150,449	6,986,388
Other comprehensive (loss)/income	-	-	-	-	-	(181,206)	4,162,544	-	(359,565)	-	3,621,773	15,821	3,637,594
Defined benefit plan actuarial gain	-	-	-	-	-	-	-	-	36,906	-	36,906	2,072	38,978
Share of associates' reserve	-	-	-	-	-	36,914	474,188	-	-	-	511,102	-	511,102
Net gain on foreign exchange translation	-	-	-	-	-	-	3,688,356	-	-	-	3,688,356	3,903	3,692,259
Net loss on financial investments available-for-sale	-	-	-	-	-	(218,120)	-	-	-	-	(218,120)	9,846	(208,274)
Net loss on net investment hedge	-	-	-	-	-	-	-	-	(399,314)	-	(399,314)	-	(399,314)
Net gain on cash flow hedge	-	-	-	-	-	-	-	-	2,781	-	2,781	-	2,781
Net gain on revaluation reserve	-	-	-	-	-	-	-	-	62	-	62	-	62
<b>Total comprehensive (loss)/income for the financial year</b>	-	-	-	-	-	(181,206)	4,162,544	-	(359,565)	6,835,939	10,457,712	166,270	10,623,982
Carried forward	9,319,030	22,747,922	(113,463)	10,396,000	274,500	(503,048)	2,245,044	298,366	(455,986)	19,223,916	63,432,281	1,932,876	65,365,157

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**CONDENSED FINANCIAL STATEMENTS**  
**AUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015**

<b>Group (cont'd.)</b>	<===== Attributable to equity holders of the Bank =====>										Total Shareholders' Equity RM'000	Non- Controlling Interests RM'000	Total Equity RM'000
	<===== Non-Distributable =====>					Available- for-sale Reserve RM'000	Exchange Fluctuation Reserve RM'000	ESS Reserve RM'000	Other Reserves RM'000 <sup>1</sup>	Retained Profits RM'000 <sup>2</sup>			
	Share Capital RM'000	Share Premium RM'000	Shares Held-in-trust RM'000	Statutory Reserve RM'000	Regulatory Reserve RM'000								
<b>Brought forward</b>	9,319,030	22,747,922	(113,463)	10,396,000	274,500	(503,048)	2,245,044	298,366	(455,986)	19,223,916	63,432,281	1,932,876	65,365,157
Share-based payment under Employees' Share Scheme ("ESS")	-	-	-	-	-	-	-	62,933	-	-	62,933	-	62,933
Effect of changes in corporate structure within the Group	-	-	-	-	-	-	-	-	-	5,537	5,537	(15,366)	(9,829)
Transfer to regulatory reserve	-	-	-	-	973,009	-	-	-	-	(973,009)	-	-	-
Transfer to statutory reserves	-	-	-	60,462	-	-	-	-	-	(60,462)	-	-	-
Issue of shares pursuant to ESS (Note A8(i)(a)(A))	13,842	115,626	-	-	-	-	-	(8,233)	-	-	121,235	-	121,235
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) & (E))	425,985	3,012,249	(6,291)	-	-	-	-	-	-	-	3,431,943	-	3,431,943
Dividends (Note A9(a), (b) & (c))	-	-	-	-	-	-	-	-	-	(5,358,939)	(5,358,939)	(99,043)	(5,457,982)
<b>Total transactions with shareholders/ other equity movements</b>	<b>442,721</b>	<b>3,152,554</b>	<b>(6,282)</b>	<b>60,462</b>	<b>973,009</b>	<b>-</b>	<b>-</b>	<b>31,157</b>	<b>-</b>	<b>(6,390,912)</b>	<b>(1,737,291)</b>	<b>(114,409)</b>	<b>(1,851,700)</b>
<b>At 31 December 2015</b>	<b>9,761,751</b>	<b>25,900,476</b>	<b>(119,745)</b>	<b>10,456,462</b>	<b>1,247,509</b>	<b>(503,048)</b>	<b>2,245,044</b>	<b>329,523</b>	<b>(455,986)</b>	<b>12,833,004</b>	<b>61,694,990</b>	<b>1,818,467</b>	<b>63,513,457</b>

<sup>1</sup> The further breakdown and movement of other reserves are disclosed in Note A19.

<sup>2</sup> The retained profits of the Group include the non-distributable non-par surplus from an insurance subsidiary amounted to RM1,074.0 million (net of tax). This non-distributable non-par surplus is only available for distribution to shareholder on the amount recommended by the Appointed Actuary in accordance with the Financial Services Act 2013.

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**AUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015**

<u>Group</u>	←===== Attributable to equity holders of the Bank =====→												
	←===== Non-Distributable =====→						Available-	Exchange	ESS	<sup>1</sup> Other	<sup>2</sup> Retained	Total	Non-
	Share	Share	Shares	Statutory	Regulatory	for-sale	Fluctuation	Reserve	Reserves	Profits	Shareholders'	Controlling	Equity
	Capital	Premium	Held-in-trust	Reserve	Reserve	Reserve	Reserve	Reserve	Reserves	Profits	Shareholders'	Controlling	Equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>At 1 January 2014</b>	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 financial year	-	-	-	-	-	-	-	-	-	6,716,455	6,716,455	194,588	6,911,043
Other comprehensive income/(loss)	-	-	-	-	-	282,270	810,293	-	(74,127)	-	1,018,436	(13,024)	1,005,412
Defined benefit plan actuarial loss	-	-	-	-	-	-	-	-	(6,984)	-	(6,984)	651	(6,333)
Share of associates' reserve	-	-	-	-	-	30,566	(68,109)	-	-	-	(37,543)	-	(37,543)
Net gain on foreign exchange translation	-	-	-	-	-	-	878,402	-	-	-	878,402	10,147	888,549
Net gain on financial investments available-for-sale	-	-	-	-	-	251,704	-	-	-	-	251,704	(23,822)	227,882
Net loss on net investment hedge	-	-	-	-	-	-	-	-	(65,567)	-	(65,567)	-	(65,567)
Net loss on cash flow hedge	-	-	-	-	-	-	-	-	(1,624)	-	(1,624)	-	(1,624)
Net gain on revaluation reserve	-	-	-	-	-	-	-	-	48	-	48	-	48
<b>Total comprehensive income/(loss) for the financial year</b>	-	-	-	-	-	282,270	810,293	-	(74,127)	6,716,455	7,734,891	181,564	7,916,455
<b>Carried forward</b>	8,862,079	19,030,227	(107,248)	9,540,136	-	(321,842)	(1,917,500)	278,231	(95,724)	18,463,939	53,732,298	1,926,756	55,659,054

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**CONDENSED FINANCIAL STATEMENTS**  
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<b>Group (cont'd.)</b>	Attributable to equity holders of the Bank												
	Non-Distributable												
	Share Capital RM'000	Share Premium RM'000	Shares Held-in-trust RM'000	Statutory Reserve RM'000	Regulatory Reserve RM'000	Available- for-sale Reserve RM'000	Exchange Fluctuation Reserve RM'000	ESS Reserve RM'000	Other Reserves RM'000 <sup>1</sup>	Retained Profits RM'000 <sup>2</sup>	Total Shareholders' Equity RM'000	Non- Controlling Interests RM'000	Total Equity RM'000
<b>Brought forward</b>	8,862,079	19,030,227	(107,248)	9,540,136	-	(321,842)	(1,917,500)	278,231	(95,724)	18,463,939	53,732,298	1,926,756	55,659,054
Share-based payment under Employees' Share Scheme ("ESS")	-	-	-	-	-	-	-	77,814	-	-	77,814	-	77,814
Effect of changes in corporate structure within the Group	-	-	-	-	-	-	-	-	(697)	697	-	30,900	30,900
Effect of rights issue of a subsidiary	-	-	-	-	-	-	-	-	-	-	-	7,152	7,152
Transfer to statutory reserves	-	-	-	855,864	-	-	-	-	-	(855,864)	-	-	-
Transfer to regulatory reserves	-	-	-	-	274,500	-	-	-	-	(274,500)	-	-	-
Issue of shares pursuant to ESS	58,680	491,563	-	-	-	-	-	(35,218)	-	-	515,025	-	515,025
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")	300	2,643	-	-	-	-	-	(2,208)	-	(735)	-	-	-
Issue of shares pursuant to Dividend Reinvestment Plan ("DRP")	395,139	3,199,223	(5,864)	-	-	-	-	-	-	-	3,588,498	-	3,588,498
Dividends	-	-	-	-	-	-	-	-	-	(4,939,066)	(4,939,066)	(198,202)	(5,137,268)
<b>Total transactions with shareholders/ other equity movements</b>	<b>456,951</b>	<b>3,717,695</b>	<b>(6,215)</b>	<b>855,864</b>	<b>274,500</b>	<b>-</b>	<b>-</b>	<b>20,135</b>	<b>(697)</b>	<b>(6,075,962)</b>	<b>(757,729)</b>	<b>(160,150)</b>	<b>(917,879)</b>
<b>At 31 December 2014</b>	<b>9,319,030</b>	<b>22,747,922</b>	<b>(113,463)</b>	<b>10,396,000</b>	<b>274,500</b>	<b>(321,842)</b>	<b>(1,917,500)</b>	<b>298,366</b>	<b>(96,421)</b>	<b>12,387,977</b>	<b>52,974,569</b>	<b>1,766,606</b>	<b>54,741,175</b>

<sup>1</sup> The further breakdown and movement of other reserves are disclosed in Note A19.

<sup>2</sup> The retained profits of the Group include the non-distributable non-par surplus from an insurance subsidiary amounted to RM973.5 million (net of tax). This non-distributable non-par surplus is only available for distribution to shareholder on the amount recommended by the Appointed Actuary in accordance with the Financial Services Act 2013.

(These audited condensed 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 these financial statements)

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<u>Bank</u>	Attributable to equity holders of the Bank									
	Non-Distributable					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	Retained Profits RM'000	
<b>At 1 January 2015</b>	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 financial year	-	-	-	-	-	-	-	-	5,834,287	5,834,287
Other comprehensive (loss)/income	-	-	-	-	-	(238,111)	1,592,230	-	-	1,354,119
Net gain on foreign exchange translation	-	-	-	-	-	-	1,592,230	-	-	1,592,230
Net loss on financial investments available-for-sale	-	-	-	-	-	(238,111)	-	-	-	(238,111)
<b>Total comprehensive (loss)/income for the financial year</b>	-	-	-	-	-	(238,111)	1,592,230	-	5,834,287	7,188,406
Share-based payment under Employees' Share Scheme ("ESS")	-	-	-	-	-	-	-	62,933	-	62,933
Transfer to statutory reserve	-	-	-	5,675	-	-	-	-	(5,675)	-
Transfer to regulatory reserve	-	-	-	-	813,800	-	-	-	(813,800)	-
Issue of shares pursuant to ESS (Note A8(i)(a)(A))	13,842	115,626	-	-	-	-	-	(8,233)	-	121,235
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) & (E))	425,985	3,012,249	(6,291)	-	-	-	-	-	-	3,431,943
Dividends (Note A9(a) & (b))	-	-	-	-	-	-	-	-	(5,358,939)	(5,358,939)
<b>Total transactions with shareholders/ other equity movements</b>	442,721	3,152,554	(6,282)	5,675	813,800	-	-	31,157	(6,182,453)	(1,742,828)
<b>At 31 December 2015</b>	9,761,751	25,900,476	(119,745)	9,866,550	813,800	(600,664)	2,414,054	329,523	3,252,638	51,618,383

(These audited condensed 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 these financial statements)

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**CONDENSED FINANCIAL STATEMENTS**  
**AUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
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<u>Bank</u>	Attributable to equity holders of the Bank								
	Non-Distributable								
	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	Distributable Retained Profits RM'000	Total Equity RM'000
<b>At 1 January 2014</b>	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 financial year	-	-	-	-	-	-	-	5,903,015	5,903,015
Other comprehensive income	-	-	-	-	291,137	236,610	-	-	527,747
Net gain on foreign exchange translation	-	-	-	-	-	236,610	-	-	236,610
Net gain on financial investments available-for-sale	-	-	-	-	291,137	-	-	-	291,137
<b>Total comprehensive income for the financial year</b>	-	-	-	-	291,137	236,610	-	5,903,015	6,430,762
Share-based payment under Employees' Share Scheme ("ESS")	-	-	-	-	-	-	77,814	-	77,814
Transfer to statutory reserve	-	-	-	834,130	-	-	-	(834,130)	-
Issue of shares pursuant to ESS	58,680	491,563	-	-	-	-	(35,218)	-	515,025
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")	300	2,643	-	-	-	-	(2,208)	(735)	-
Issue of shares pursuant to Dividend Reinvestment Plan ("DRP")	395,139	3,199,223	(5,864)	-	-	-	-	-	3,588,498
Dividends	-	-	-	-	-	-	-	(4,939,066)	(4,939,066)
<b>Total transactions with shareholders/ other equity movements</b>	456,951	3,717,695	(6,215)	834,130	-	-	20,135	(5,780,425)	(757,729)
<b>At 31 December 2014</b>	9,319,030	22,747,922	(113,463)	9,860,875	(362,553)	821,824	298,366	3,600,804	46,172,805

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

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**CONDENSED FINANCIAL STATEMENTS**  
**AUDITED CASH FLOW STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015**

	Group		Bank	
	31 December 2015 RM'000	31 December 2014 RM'000	31 December 2015 RM'000	31 December 2014 RM'000
<b>Cash flows from operating activities</b>				
Profit before taxation and zakat	9,151,548	9,111,583	6,984,535	7,344,427
Adjustments for non-operating and non-cash items:				
Depreciation of property, plant and equipment	374,649	331,175	189,828	163,768
Share of profits in associates and joint ventures	(211,246)	(163,125)	-	-
Amortisation of intangible assets	265,597	231,503	112,277	101,366
Net gain on disposal of subsidiaries	(189,037)	(26,120)	(513,748)	(14)
Net gain on disposal of financial assets at fair value through profit or loss	(157,700)	(206,996)	(20,976)	(139,922)
Net gain on disposal of financial investments available-for-sale	(353,906)	(659,809)	(221,110)	(180,089)
Net gain on redemption of financial investments held-to-maturity	(308)	(304)	(308)	(304)
Unrealised loss on revaluation of financial assets at fair value through profit or loss and derivatives	506,658	57,337	369,415	104,642
Allowances for impairment losses on loans, advances and financing, net	2,216,538	1,385,626	1,076,421	532,149
Allowances for/(writeback of) impairment losses on other debts	8,350	(48,862)	1,472	3,388
Dividend income	(141,436)	(118,717)	(1,548,701)	(1,762,795)
ESS expenses	64,109	79,303	45,935	54,590
Allowances for/(writeback of) impairment losses on financial investments, net	329,022	70,440	(39,111)	(37,693)
Other adjustments for non-operating and non-cash items	(310,322)	(70,306)	(142,925)	(83,310)
Operating profit before working capital changes	<u>11,552,516</u>	<u>9,972,728</u>	<u>6,293,004</u>	<u>6,100,203</u>
Change in deposits and placements with financial institutions with original maturity of more than three months	2,174,960	(7,318,950)	616,617	(1,833,781)
Change in cash and short-term funds with original maturity of more than three months	1,492,364	(5,408,179)	1,780,395	(5,355,948)
Change in financial investments portfolio	(6,881,333)	(7,013,055)	(1,247,261)	(15,890,628)
Change in loans, advances and financing	(27,310,724)	(43,843,891)	(1,943,041)	(24,152,584)
Change in statutory deposits with central banks	(1,193,358)	(1,398,370)	(279,350)	(248,032)
Change in deposits from customers	16,190,976	39,956,522	3,019,334	30,144,850
Change in investment account introduced during the financial year	17,657,893	-	-	-
Change in deposits and placements from financial institutions	(18,373,482)	15,248,317	(9,595,496)	9,917,607
Change in reinsurance/retakaful assets and other insurance receivables	616,409	(2,622,068)	-	-
Change in insurance/takaful contract liabilities and other insurance payables	(956,227)	2,979,912	-	-
Change in other operating activities	(4,869,718)	(3,252,488)	(4,670,391)	(5,936,563)
Cash used in operations	<u>(9,899,724)</u>	<u>(2,699,522)</u>	<u>(6,026,189)</u>	<u>(7,254,876)</u>
Taxes and zakat paid	(2,333,528)	(1,919,739)	(1,671,246)	(1,135,937)
Net cash used in operating activities	<u>(12,233,252)</u>	<u>(4,619,261)</u>	<u>(7,697,435)</u>	<u>(8,390,813)</u>

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**CONDENSED FINANCIAL STATEMENTS**  
**AUDITED CASH FLOW STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015**

	Group		Bank	
	31 December 2015 RM'000	31 December 2014 RM'000	31 December 2015 RM'000	31 December 2014 RM'000
<b>Cash flows from investing activities</b>				
Dividends received from:				
- financial investments portfolio	141,436	118,717	14,668	12,183
- associates	-	90,637	788	3,572
- subsidiaries	-	-	1,613,679	1,600,012
Purchase of property, plant and equipment	(341,727)	(374,478)	(158,502)	(197,203)
Purchase of investment properties	(27,039)	(12,503)	-	-
Proceeds from disposal of property, plant and equipment	325,920	33,015	18,530	5,199
Purchase of intangible assets	(187,012)	(253,581)	(100,972)	(112,829)
Purchase of additional ordinary shares in existing subsidiaries	-	-	(590,198)	(944,974)
Transfer of intangible assets to a subsidiary, net	-	-	-	27,906
Transfer of property, plant and equipment to a subsidiary, net	-	-	(1,142)	99,873
Net effect arising from disposal of subsidiaries	484,921	65,043	527,493	-
Redemption of non-convertible bonds and capital repayment in associates	-	8,284	-	8,284
Net effect arising from transaction with non-controlling interests	(9,836)	32,418	-	-
Net cash generated from/(used in) investing activities	<b>386,663</b>	<b>(292,448)</b>	<b>1,324,344</b>	<b>502,023</b>
<b>Cash flows from financing activities</b>				
Proceeds from issuance of shares	3,553,178	4,103,523	3,553,178	4,103,523
Drawdown of borrowings, net	8,295,115	3,133,709	7,627,220	3,976,384
Redemption of capital securities	(241,303)	(3,437,000)	(241,303)	(3,437,000)
Issuance of subordinated obligations and capital securities	3,300,000	6,196,837	3,300,000	5,100,000
Rights issuance exercised by non-controlling interests	-	7,152	-	-
Recourse obligation on loans and financing sold to Cagamas, net	115,484	(218,409)	115,484	402,567
Dividends paid	(5,358,939)	(4,939,066)	(5,358,939)	(4,939,066)
Dividends paid to non-controlling interests	(99,043)	(198,202)	-	-
Net cash generated from financing activities	<b>9,564,492</b>	<b>4,648,544</b>	<b>8,995,640</b>	<b>5,206,408</b>
Net change in cash and cash equivalents	<b>(2,282,097)</b>	<b>(263,165)</b>	<b>2,622,549</b>	<b>(2,682,382)</b>
Cash and cash equivalents at beginning of year	<b>49,075,119</b>	<b>48,067,358</b>	<b>30,785,116</b>	<b>32,430,352</b>
Effects of foreign exchange rate changes	<b>6,256,170</b>	<b>1,270,926</b>	<b>5,211,484</b>	<b>1,037,146</b>
Cash and cash equivalents at end of year	<b>53,049,192</b>	<b>49,075,119</b>	<b>38,619,149</b>	<b>30,785,116</b>

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

	Group		Bank	
	31 December 2015 RM'000	31 December 2014 RM'000	31 December 2015 RM'000	31 December 2014 RM'000
Cash and short-term funds	55,647,407	52,852,860	41,278,089	34,778,324
Deposits and placements with other financial institutions	13,618,339	16,106,137	14,748,271	15,811,015
	<b>69,265,746</b>	<b>68,958,997</b>	<b>56,026,360</b>	<b>50,589,339</b>
Less:				
Cash and short-term funds and deposit and placements with financial institutions, with original maturity of more than three months	(16,216,554)	(19,883,878)	(17,407,211)	(19,804,223)
Cash and cash equivalents at end of year	<b>53,049,192</b>	<b>49,075,119</b>	<b>38,619,149</b>	<b>30,785,116</b>

(These audited condensed 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 these financial statements)

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

**A1. Basis of Preparation**

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

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

The audited condensed financial statements do not include all the information and disclosures required in the audited annual financial statements, and should be read in conjunction with the audited annual financial statements for the financial year ended 31 December 2014. These explanatory notes attached to the audited condensed financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group and of the Bank since the financial year ended 31 December 2014.

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

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

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

The nature and impact of these amendments to MFRSs and annual improvements to MFRSs are disclosed below:

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

The amendments to MFRS 119 clarify how an entity should account for contributions made by employees or third parties to defined benefit plans, based on whether those contributions are dependent on the number of years of service provided by the employee. For contributions that are independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service. For contributions that are dependent on the number of years of service, the entity is required to attribute them to the employees' periods of service.

The affected subsidiaries of the Bank do not have contributions from employees (or third parties) to their defined benefit plans. Thus, adoption of these amendments did not have any financial implications to the financial statements of the Group.

**Annual Improvements to MFRSs 2010 - 2012 Cycle**

**(i) MFRS 2 *Share-based Payment***

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

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

The amendment is effective for share-based payment transactions for which the grant date is on or after 1 July 2014. This is consistent with the Group's and the Bank's current accounting policy and thus, this amendment did not have any financial implications to the financial statements of the Group and the Bank.

**(ii) MFRS 3 *Business Combinations***

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

The amendment is effective for business combination for which the acquisition date is on or after 1 July 2014. There was no business acquisition during the financial year ended 31 December 2015. Thus, this amendment did not have any financial implications to the financial statements of the Group and the Bank.

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**A1. Basis of Preparation (cont'd.)**

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

**(iii) MFRS 8 *Operating Segments***

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

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

The Group did not apply the aggregation criteria as mentioned above. Thus, this amendment did not have any financial implications to the financial statements of the Group.

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

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

The amendment is merely a clarification on Basis for Conclusions. Thus, this amendment did not have any financial implications to the financial statements of the Group and the Bank.

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

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

The Group and the Bank applied cost model for measurement of property, plant and equipment and intangible assets. Thus, this amendment did not have any financial implications to the financial statements of the Group and the Bank.

**(vi) MFRS 124 *Related Party Disclosures***

The amendment to MFRS 124 is applied retrospectively and clarifies that a management entity providing key management personnel services to a reporting entity is a related party of the reporting entity. The reporting entity should disclose as related party transactions the amounts incurred for the service paid or payable to the management entity for the provision of key management personnel services.

This amendment is not applicable to the Group and the Bank.

**Annual Improvements to MFRSs 2011 - 2013 Cycle**

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

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

The amendment is merely a clarification on Basis for Conclusions and it is not applicable to the Group and the Bank.

**(ii) MFRS 3 *Business Combinations***

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

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

This amendment is not applicable to the Group and the Bank.

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

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

This amendment is not applicable to the Group and the Bank.



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**A1. Basis of Preparation (cont'd.)**

**Annual Improvements to MFRSs 2011 - 2013 Cycle (cont'd.)**

**(iv) MFRS 140 Investment Property**

The amendment to MFRS 140 is applied prospectively and it clarifies that an entity acquiring investment property must determine whether:

- the property meets the definition of investment property in terms of MFRS 140; and
- the transaction meets the definition of a business combination under MFRS 3, to determine if the transaction is a purchase of an asset or is a business combination.

There was no acquisition of investment properties by the Group and the Bank during the financial year ended 31 December 2015. Thus, this amendment did not have any financial implications to the financial statements of the Group and the Bank.

**Revised Policy Document on Classification and Impairment Provisions for Loans/Financing issued by Bank Negara Malaysia ("BNM")**

On 6 April 2015, BNM issued a Revised Policy Document on Classification and Impairment Provisions for Loans/Financing ("Revised Policy Document"). This Revised Policy Document 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 as follows:

- (i) the requirement to classify loans/financing as rescheduled and restructured in the Central Credit Reference Information System ("CCRIS") is 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.

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 by 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 guideline issued on 4 February 2014 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 financial year ended 31 December 2015, the Group and the Bank have transferred RM973.0 million (2014: RM274.5 million) and RM813.8 million (2014: Nil) respectively from its retained profits to regulatory reserve.

The financial impact to the Group and the Bank upon complying with the Revised Policy Document are disclosed as follows:

	Group		Bank	
	31 December 2015 RM'000	31 December 2014 RM'000	31 December 2015 RM'000	31 December 2014 RM'000
Regulatory reserve as at 1 January	274,500	-	-	-
Transfer from retained profits during the financial year	973,009	274,500	813,800	-
Regulatory reserve as at 31 December	<u>1,247,509</u>	<u>274,500</u>	<u>813,800</u>	<u>-</u>
Collective allowance ratio	<u>0.90%</u>	<u>0.97%</u>	<u>0.92%</u>	<u>1.10%</u>
Collective allowance ratio	<u>1.19%*</u>	<u>1.04%^</u>	<u>1.20%*</u>	<u>1.10%</u>
Loan loss coverage	<u>71.99%</u>	<u>95.58%</u>	<u>75.01%</u>	<u>103.01%</u>
Loan loss coverage	<u>86.58%*</u>	<u>99.98%^</u>	<u>90.08%*</u>	<u>103.01%</u>

\* Collective allowance ratio and loan loss coverage are computed after taking into consideration the additional regulatory reserve and classification of rescheduled and restructured loans, advances and financing as impaired in accordance with the requirements of Revised Policy Document issued by BNM.

^ Collective allowance ratio and loan loss coverage are computed after taking into consideration the additional regulatory reserve in accordance with the requirement of *Classification and Impairment Provisions for Loans/Financing – Maintenance of Regulatory Reserves* dated 4 February 2014 issued by BNM.

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**A1. Basis of Preparation (cont'd.)**

**Guideline on Investment Account**

The Islamic Financial Services Act 2013 ("IFSA") distinguishes Investment Account ("IA") from Islamic deposit, where IA is defined by the application of Shariah contracts with non-principal guaranteed feature for the purpose of investment. The Guideline on IA was subsequently issued in March 2014 providing a two-year transition period up to 30 June 2015 for Islamic banking institutions to comply with IFSA's requirements on IA.

During the financial year, Maybank Islamic Berhad, a wholly-owned subsidiary of the Bank, introduced new non-principal guaranteed Mudharabah IA product that comply with the requirements of the Guidelines on IA to its customers.

As the nature of the IA is non-principal guaranteed, any impairment allowances required on the assets are not recognised in the income statements but charged to and borne by the investors. All assets funded by the IA pool are excluded from the computation of capital ratio as disclosed in Note A34(f).

For presentation purpose, the Mudharabah IA is presented as a separate line item on the face of the Consolidated Statements of Financial Position as at 31 December 2015.

**Standards and annual improvements to standards issued but not yet effective**

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

<b>Description</b>	<b>Effective for annual periods beginning on or after</b>
MFRS 9 <i>Financial Instruments</i> (IFRS 9 issued by IASB in July 2014)	1 January 2018
MFRS 10 <i>Consolidated Financial Statements - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> (Amendments to MFRS 10)	To be announced by MASB
MFRS 10 <i>Consolidated Financial Statements - Investment Entities: Applying the Consolidation Exception</i> (Amendments to MFRS 10)	1 January 2016
MFRS 11 <i>Joint Arrangements - Accounting for Acquisitions of Interests in Joint Operations</i> (Amendments to MFRS 11)	1 January 2016
MFRS 12 <i>Disclosure of Interests in Other Entities - Investment Entities: Applying the Consolidation Exception</i> (Amendments to MFRS 12)	1 January 2016
MFRS 14 <i>Regulatory Deferral Accounts</i>	1 January 2016
MFRS 15 <i>Revenue from Contracts with Customers</i>	1 January 2018
MFRS 101 <i>Presentation of Financial Statements - Disclosure Initiative</i> (Amendments to MFRS 101)	1 January 2016
MFRS 116 <i>Property, Plant and Equipment - Clarification of Acceptable Methods of Depreciation and Amortisation</i> (Amendments to MFRS 116)	1 January 2016
MFRS 116 <i>Property, Plant and Equipment - Agriculture: Bearer Plants</i> (Amendments to MFRS 116)	1 January 2016
MFRS 127 <i>Separate Financial Statements - Equity Method in Separate Financial Statements</i> (Amendments to MFRS 127)	1 January 2016
MFRS 128 <i>Investments in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> (Amendments to MFRS 128)	To be announced by MASB
MFRS 128 <i>Investments in Associates and Joint Ventures - Investment Entities: Applying the Consolidation Exception</i> (Amendments to MFRS 128)	1 January 2016
MFRS 138 <i>Intangible Assets - Clarification of Acceptable Methods of Depreciation and Amortisation</i> (Amendments to MFRS 138)	1 January 2016
MFRS 141 <i>Agriculture - Agriculture: Bearer Plants</i> (Amendments to MFRS 141)	1 January 2016
Annual Improvements to MFRSs 2012–2014 Cycle	1 January 2016

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**A1. Basis of Preparation (cont'd.)**

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

**MFRS 9 *Financial Instruments***

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

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

**(i) Classification and measurement**

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

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

**(ii) Impairment**

The MFRS 9 impairment requirements are based on an Expected Credit Loss ("ECL") model that replaces the Incurred Loss model under the current accounting standard. The Group and the Bank will be generally required to recognise either a 12-month or lifetime ECL, depending on whether there has been a significant increase in credit risk since initial recognition. The ECL model applies to financial assets measured at amortised cost or at FVOCI, irrevocable loan commitments and financial guarantee contracts, which will include loans, advances and financing and debt instruments held by the Group and the Bank. The ECL model also applies to contract assets under MFRS 15 *Revenue from Contracts with Customers* and lease receivables under MFRS 117 *Leases*. MFRS 9 will change the Group's and the Bank's current methodology for calculating allowances for impairment, in particular for individual and collective assessment and provisioning.

**(iii) Hedge accounting**

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

The Group has established a project team with assistance from consultants to plan and manage the implementation of MFRS 9. This implementation project consists of the following phases:

**(a) Phase 1 - Impact assessment and solution development**

This phase involves the following:

- (i) Provide a clear understanding of the new accounting requirements via training;
- (ii) Perform gap and impact assessment;
- (iii) Understand the interdependencies with other projects; and
- (iv) Develop MFRS 9 blue-print.

**(b) Phase 2 - Build, test and deploy**

This phase aims to:

- (i) Develop detailed implementation plan;
- (ii) Determine accounting policies to be adopted by the Group and the Bank; and
- (iii) Identify optimal solutions for the Group.

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**A1. Basis of Preparation (cont'd.)**

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

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

The Group has established a project team with assistance from consultants to plan and manage the implementation of MFRS 9. This implementation project consists of the following phases (cont'd.):

(c) Phase 3 - Go live

This phase will involve the following:

- (i) Parallel run and deployment of solution tools; and
- (ii) Re-assessment of solution tools and conclusion.

The implementation project is expected to run for 2 years. During the financial year ended 31 December 2015, the Group has embarked on Phase 1 of the implementation project.

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

The amendments address the conflict between MFRS 10 and MFRS 128 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture.

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

On 31 December 2015, MASB announced to defer the effective date of the amendments, except for the amendments which clarify how an entity should determine any gain or loss it recognises when assets are sold or contributed between the entity and an associate or joint venture in which it invests, where early application is still permitted. The deferment is in line with the IASB's recent decision which removed the requirement to apply Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to MFRS 10 and MFRS 128) by 2016. The IASB's reason for making the decision to defer the effective date is that the IASB is planning a broader review that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures.

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

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

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

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

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

The amendments apply to both the acquisition of the initial interest in joint operation and the acquisition of any additional interests in the same joint operation, in which the activity of the joint operation constitutes a business.

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**A1. Basis of Preparation (cont'd.)**

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

**MFRS 11 Joint Arrangements - Accounting for Acquisitions of Interests in Joint Operations (Amendments to MFRS 11) (cont'd.)**

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

**MFRS 14 Regulatory Deferral Accounts**

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

**MFRS 15 Revenue from Contracts with Customers**

MFRS 15 establishes a new five-step model that will apply to revenue arising from contracts with customers. Under MFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in MFRS 15 provide a more structured approach (i.e. five-step model) to measure and recognise revenue. The five-step model that will apply to revenue recognition under MFRS 15 is as follows:

- 1) Identify the contract(s) with a customer;
- 2) Identify the performance obligations in the contract;
- 3) Determine the transaction price;
- 4) Allocate the transaction price to the performance obligations in the contract; and
- 5) Recognise revenue when (or as) the entity satisfies a performance obligation.

The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies how to account for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. New disclosure requirements under MFRS 15 which include disaggregated information about revenue and information about the performance obligations remaining at the reporting date.

The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under MFRS (including MFRS 111 *Construction Contracts*, MFRS 118 *Revenue*, IC Interpretation 13 *Customer Loyalty Programmes*, IC Interpretation 15 *Agreements for the Construction of Real Estate*, IC Interpretation 18 *Transfers of Assets from Customers* and IC Interpretation 131 *Revenue – Barter Transactions Involving Advertising Services*).

The effective date of IFRS 15 on 1 January 2017 was removed by IASB. The amendments on new revenue standard issued by the IASB in September 2015 has confirmed that the effective date of IFRS 15 will be deferred by one year to 1 January 2018 and entities will continue to have the option to early adopt the new revenue standard. The IASB had proposed the deferral as it has tentatively decided to propose some targeted amendments to IFRS 15 that some entities may wish to apply at the same time as they first apply IFRS 15.

MFRS 15 is issued by the MASB in respect of its application in Malaysia. To coincide with the new effective date of IFRS 15 issued by IASB, MASB has also issued a notice on 28 October 2015 to defer the effective date of MFRS 15 to 1 January 2018. The Group and the Bank are in the process of assessing the financial implication for adopting the new standard.

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

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

*(i) Materiality*

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

*(ii) Disaggregation and subtotals*

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

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**A1. Basis of Preparation (cont'd.)**

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

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

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

*(ii) Disaggregation and subtotals (cont'd.)*

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

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

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

*(iii) Notes structure*

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

Examples of systematic ordering or groupings of the notes include:

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

*(iv) Disclosure of accounting policies*

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

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

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

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

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

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

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**A1. Basis of Preparation (cont'd.)**

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

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

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

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

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

**Annual Improvements to MFRSs**

The following amendments are effective for annual periods beginning on or after 1 January 2016 with earlier application is permitted:

**Annual Improvements to MFRSs 2012 - 2014 Cycle**

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

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

**(ii) MFRS 7 Financial Instruments: Disclosures**

**Servicing Contracts**

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

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

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

**(iii) MFRS 119 Employee Benefits**

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

**(iv) MFRS 134 Interim Financial Reporting**

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

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

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**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 audited condensed 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 audited condensed financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of income, expenses, assets, liabilities, the accompanying disclosures and the disclosure of contingent liabilities. Although these estimates and judgements are based on management's best knowledge of current events and actions, actual results may differ.

In preparing these audited condensed financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the audited annual financial statements for the financial year ended 31 December 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 fourth quarter and 12 months financial year ended 31 December 2015.

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

During the fourth quarter and 12 months financial year ended 31 December 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 fourth quarter and 12 months financial year ended 31 December 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 fourth quarter and 12 months financial year ended 31 December 2015:

(a) **Issuance of Ordinary Shares**

The issued and paid-up share capital of the Bank increased from RM9,319,029,941 as at 31 December 2014 to RM9,761,751,327 as at 31 December 2015 via:

- (A) issuance of 13,842,100 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;
- (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; and
- (E) issuance of 222,451,959 new ordinary shares (including 356,761 new ordinary shares issued to ESOS Trust Fund ("ETF") Pool) of RM1.00 each arising from the DRP relating to electable portion of the interim dividend of 20 sen in respect of the financial year ended 31 December 2015.



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

- (i) The following are the changes in debt and equity securities that were issued and redeemed by the Group and by the Bank during the fourth quarter and 12 months financial year ended 31 December 2015 (cont'd.):
- (b) **Redemption/issuance of bonds by PT Bank Maybank Indonesia Tbk (formerly known as PT Bank Internasional Indonesia Tbk) and its subsidiaries**
- (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 had been 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 Maybank Indonesia Finance (formerly known as 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 had been 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 had been issued on 25 June 2014 under Shelf Bonds I WOM Finance Tranche I Year 2014.
- (F) On 31 October 2015, PT Bank Maybank Indonesia Tbk (formerly known as PT Bank Internasional Indonesia Tbk), a subsidiary of Maybank, redeemed Shelf Bonds I Bank BII Tranche II Year 2012 Series A of IDR980.0 billion. The Bonds had been issued on 31 October 2012 under Shelf Bonds I Bank BII Tranche II Year 2012 With Fixed Interest Rate.
- (G) On 12 November 2015, PT Maybank Indonesia Finance (formerly known as 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, had issued Shelf Bonds I BII Finance Tranche I Year 2015 Series A of IDR300.0 billion. The Bond is under Shelf Bonds I BII Finance Tranche I Year 2015 With Fixed Interest Rate.
- (H) On 12 November 2015, PT Maybank Indonesia Finance (formerly known as 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, had issued Shelf Bonds I BII Finance Tranche I Year 2015 Series B of IDR200.0 billion. The Bond is under Shelf Bonds I BII Finance Tranche I Year 2015 With Fixed Interest Rate.
- (I) On 15 December 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 II Year 2014 Series A of IDR300.0 billion. The Bonds had been issued on 5 December 2014 under Shelf Bonds I WOM Finance Tranche II Year 2014.
- (J) On 22 December 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 IV Year 2015 Series A of IDR203.0 billion. The Bond is under Shelf Bonds I WOM Finance Tranche IV Year 2015 With Fixed Interest Rate.
- (K) On 22 December 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 IV Year 2015 Series B of IDR397.0 billion. The Bond is under Shelf Bonds I WOM Finance Tranche IV Year 2015 With Fixed Interest Rate.
- (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.

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

(i) The following are the changes in debt and equity securities that were issued and redeemed by the Group and by the Bank during the fourth quarter and 12 months financial year ended 31 December 2015 (cont'd.):

**(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	CNH323.0 million	Fixed Rate Notes	3 years
20 November 2015	HKD435.0 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

**(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	16 November 2015	EUR50.0 million	Commercial Papers	3 Months
	20 November 2015	EUR20.0 million	Commercial Papers	9 Months

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

Programme	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

**(h) 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

**(i) 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 31 December 2015 is USD380.0 million, with maturity tenure of 5 days to 244 days.

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

- (ii) The following are the changes in debt securities that were issued by the Bank subsequent to the fourth quarter and 12 months financial year ended 31 December 2015 and have not been reflected in the financial statements for the fourth quarter and 12 months financial year ended 31 December 2015:

(a) **Establishment of a Structured Note Programme of USD3.0 billion in nominal amount**

On 19 January 2016, the Bank successfully established a USD3.0 billion Structured Note Programme, which enables the Bank to widen its product offerings by issuing structured notes in various countries (outside of the United States and Malaysia) in accordance with applicable selling restrictions.

(b) **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	22 January 2016	HKD200.0 million	Fixed Rate Notes	2 years
	3 February 2016	USD347.0 million	Callable Zero Coupon Notes	30 years

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 12 months financial year ended 31 December 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 ordinary shares under the DRP was completed on 26 May 2015.

- (b) A single-tier interim dividend, in respect of the financial year ended 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 payment date for cash dividends and crediting of ordinary shares under the DRP was completed on 11 November 2015.

- (c) Dividends paid by Maybank's subsidiaries to non-controlling interest amounting to RM99,043,000 during the 12 months financial year ended 31 December 2015.

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**A10. Financial Investments Portfolio**

	Note	Group		Bank	
		31 December 2015 RM'000	31 December 2014 RM'000	31 December 2015 RM'000	31 December 2014 RM'000
Financial assets at fair value through profit or loss	(i)	17,222,595	23,705,323	4,221,895	9,425,390
Financial investments available-for-sale	(ii)	90,261,673	82,630,704	74,950,070	73,630,705
Financial investments held-to-maturity	(iii)	14,682,130	9,574,538	14,329,231	9,100,155
		<b>122,166,398</b>	<b>115,910,565</b>	<b>93,501,196</b>	<b>92,156,250</b>

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

	Group		Bank	
	31 December 2015 RM'000	31 December 2014 RM'000	31 December 2015 RM'000	31 December 2014 RM'000
(a) Financial assets designated upon initial recognition	10,314,285	11,235,695	-	-
(b) Financial assets held-for-trading	6,908,310	12,469,628	4,221,895	9,425,390
	<b>17,222,595</b>	<b>23,705,323</b>	<b>4,221,895</b>	<b>9,425,390</b>

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

	Group		Bank	
	31 December 2015 RM'000	31 December 2014 RM'000	31 December 2015 RM'000	31 December 2014 RM'000
<b>At fair value</b>				
<b>Money market instruments:</b>				
Malaysian Government Securities	80,193	143,255	-	-
Malaysian Government Investment Issues	299,030	477,627	-	-
Negotiable Islamic Certificates of Deposits	244,970	241,010	-	-
Foreign Government Securities	24,561	1,212	-	-
	<b>648,754</b>	<b>863,104</b>	<b>-</b>	<b>-</b>
<b>Quoted securities:</b>				
<b>In Malaysia:</b>				
Shares, warrants, trust units and loan stocks	28,209	-	-	-
<b>Outside Malaysia:</b>				
Shares, warrants, trust units and loan stocks	32,374	-	-	-
	<b>60,583</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Unquoted securities:</b>				
Foreign private and Islamic debt securities	276,036	158,179	-	-
Private and Islamic debt securities in Malaysia	8,998,074	10,041,991	-	-
Structured deposits	330,838	172,421	-	-
	<b>9,604,948</b>	<b>10,372,591</b>	<b>-</b>	<b>-</b>
<b>Total financial assets designated upon initial recognition</b>	<b>10,314,285</b>	<b>11,235,695</b>	<b>-</b>	<b>-</b>

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**A10. Financial Investments Portfolio (cont'd.)**

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

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

	Group		Bank	
	31 December 2015 RM'000	31 December 2014 RM'000	31 December 2015 RM'000	31 December 2014 RM'000
<b>At fair value</b>				
<b>Money market instruments:</b>				
Malaysian Government Securities	168,244	283,831	126,340	272,059
Malaysian Government Investment Issues	48,866	63,001	-	-
Negotiable instruments of deposits	74,155	14,026	74,009	41,097
Foreign Government Securities	377,965	1,326,126	170,094	1,221,189
Malaysian Government Treasury Bills	-	155,055	-	155,055
Bank Negara Malaysia Bills and Notes	7,123	3,361,824	7,123	3,361,824
Bank Negara Malaysia Monetary Notes	-	2,232,015	-	1,026,617
Foreign Government Treasury Bills	136,088	122,860	136,088	122,860
	<b>812,441</b>	<b>7,558,738</b>	<b>513,654</b>	<b>6,200,701</b>
<b>Quoted securities:</b>				
<b>In Malaysia:</b>				
Shares, warrants, trust units and loan stocks	722,157	651,809	5,535	-
Private and Islamic debt securities	7,303	9,008	7,303	9,008
<b>Outside Malaysia:</b>				
Shares, warrants, trust units and loan stocks	1,107,635	674,598	375	-
	<b>1,837,095</b>	<b>1,335,415</b>	<b>13,213</b>	<b>9,008</b>
<b>Unquoted securities:</b>				
Foreign private and Islamic debt securities	811,837	828,552	1,036,632	1,418,725
Private and Islamic debt securities in Malaysia	2,359,809	778,073	2,159,451	407,083
Foreign Government Bonds	500,409	1,397,132	498,945	1,389,873
Credit linked note	400,720	388,230	-	-
Structured deposits	185,999	183,488	-	-
	<b>4,258,774</b>	<b>3,575,475</b>	<b>3,695,028</b>	<b>3,215,681</b>
<b>Total financial assets held- for-trading</b>	<b>6,908,310</b>	<b>12,469,628</b>	<b>4,221,895</b>	<b>9,425,390</b>

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**A10. Financial Investments Portfolio (cont'd.)**

**(ii) Financial investments available-for-sale**

	Group		Bank	
	31 December 2015 RM'000	31 December 2014 RM'000	31 December 2015 RM'000	31 December 2014 RM'000
<b>At fair value</b>				
<b>Money market instruments:</b>				
Malaysian Government Securities	7,001,549	5,408,214	6,894,053	5,397,916
Malaysian Government Investment Issues	13,373,645	13,121,165	8,699,293	8,241,282
Negotiable instruments of deposits	4,974,362	2,872,883	6,353,044	11,925,585
Foreign Government Securities	9,881,501	5,912,940	7,851,418	3,545,709
Foreign Government Treasury Bills	11,305,798	9,926,497	11,305,798	9,926,497
Khazanah Bonds	2,274,565	2,144,817	2,206,761	2,079,790
Cagamas Bonds	185,986	257,795	185,986	257,795
Bankers' acceptances and Islamic accepted bills	-	807,490	-	807,490
Foreign Certificates of Deposits	402,380	34,462	402,380	34,462
	<b>49,399,786</b>	<b>40,486,263</b>	<b>43,898,733</b>	<b>42,216,526</b>
<b>Quoted securities:</b>				
<b>In Malaysia:</b>				
Shares, warrants, trust units and loan stocks	2,785,914	3,525,946	141,061	139,515
<b>Outside Malaysia:</b>				
Shares, warrants, trust units and loan stocks	95,799	150,768	1,046	1,874
Private and Islamic debt securities	77,376	3,856	-	-
Foreign Government Bonds	60,300	-	-	-
	<b>3,019,389</b>	<b>3,680,570</b>	<b>142,107</b>	<b>141,389</b>
<b>At fair value, or at cost for certain unquoted equity instruments, less accumulated impairment losses</b>				
<b>Unquoted securities:</b>				
Shares, trust units and loan stocks in Malaysia <sup>#</sup>	216,285	364,848	270,382	198,617
Shares, trust units and loan stocks outside Malaysia <sup>#</sup>	203,448	19,075	5,993	4,880
Foreign private and Islamic debt securities	17,051,365	16,316,731	16,889,443	16,068,034
Private and Islamic debt securities in Malaysia	16,940,647	19,026,035	10,421,961	12,344,365
Foreign Government Bonds	2,890,243	1,906,897	2,873,428	1,902,802
Malaysian Government Bonds	539,145	829,778	448,023	754,092
Structured deposits	1,365	507	-	-
	<b>37,842,498</b>	<b>38,463,871</b>	<b>30,909,230</b>	<b>31,272,790</b>
<b>Total financial investments available-for-sale</b>	<b>90,261,673</b>	<b>82,630,704</b>	<b>74,950,070</b>	<b>73,630,705</b>

# Stated at cost, net of impairment loss.

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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	
	31 December 2015 RM'000	31 December 2014 RM'000	31 December 2015 RM'000	31 December 2014 RM'000
At 1 January	1,061,952	1,158,127	736,022	842,487
Allowance made	370,101	219,308	33	21,947
Amount written back in respect of recoveries	(39,978)	(134,651)	(38,043)	(45,423)
Amount written-off/realised	(793,446)	(200,122)	(356,926)	(95,518)
Exchange differences	42,776	19,290	24,409	12,529
At 31 December	<b>641,405</b>	<b>1,061,952</b>	<b>365,495</b>	<b>736,022</b>

**(iii) Financial investments held-to-maturity**

	Group		Bank	
	31 December 2015 RM'000	31 December 2014 RM'000	31 December 2015 RM'000	31 December 2014 RM'000
<b>At amortised cost less accumulated impairment losses</b>				
<b>Money market instruments:</b>				
Malaysian Government Securities	2,013,210	1,660,142	2,013,104	1,660,036
Malaysian Government Investment Issues	4,416,726	2,294,446	4,416,726	2,294,446
Foreign Government Securities	710,147	389,890	-	-
Foreign Government Treasury Bills	47,098	415,501	-	-
Khazanah Bonds	989,959	952,620	989,959	952,620
Foreign Certificates of Deposits	45,893	154,688	-	-
	<b>8,223,033</b>	<b>5,867,287</b>	<b>7,419,789</b>	<b>4,907,102</b>
<b>Unquoted securities:</b>				
Foreign private and Islamic debt securities	1,096,913	153,754	871,902	-
Private and Islamic debt securities in Malaysia	5,315,312	3,483,836	6,004,508	4,169,448
Foreign Government Bonds	69,076	90,181	34,764	26,438
Others	2,044	2,044	2,044	2,044
	<b>6,483,345</b>	<b>3,729,815</b>	<b>6,913,218</b>	<b>4,197,930</b>
Accumulated impairment losses	<b>(24,248)</b>	<b>(22,564)</b>	<b>(3,776)</b>	<b>(4,877)</b>
<b>Total financial investments held-to-maturity</b>	<b>14,682,130</b>	<b>9,574,538</b>	<b>14,329,231</b>	<b>9,100,155</b>

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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	
	31 December 2015 RM'000	31 December 2014 RM'000	31 December 2015 RM'000	31 December 2014 RM'000
At 1 January	22,564	35,819	4,877	19,094
Amount written back in respect of recoveries	(1,101)	(14,217)	(1,101)	(14,217)
Exchange differences	2,785	962	-	-
At 31 December	<b>24,248</b>	<b>22,564</b>	<b>3,776</b>	<b>4,877</b>

**A11. Loans, Advances and Financing**

	Group		Bank	
	31 December 2015 RM'000	31 December 2014 RM'000	31 December 2015 RM'000	31 December 2014 RM'000
Overdrafts/cashline	20,272,001	18,138,149	10,905,016	10,945,779
Term loans:				
- Housing loans/financing	140,813,286	119,889,076	54,692,411	44,672,509
- Syndicated loans/financing	38,470,858	32,855,680	36,162,480	31,601,404
- Hire purchase receivables	60,296,159	56,406,850	19,391,920	19,857,032
- Lease receivables	46,902	39,392	-	-
- Other loans/financing	226,385,481	206,684,859	114,060,123	106,823,910
Credit card receivables	7,904,433	7,038,186	6,459,487	5,876,466
Bills receivables	3,555,619	4,601,837	3,426,268	4,495,008
Trust receipts	3,634,378	4,653,912	2,960,779	3,863,025
Claims on customers under acceptance credits	11,098,024	11,250,193	6,071,599	6,381,035
Loans/financing to financial institutions (Note A11(x))	2,575,573	3,717,830	12,395,197	12,416,328
Revolving credits	41,854,214	37,123,629	25,557,296	23,099,870
Staff loans	3,446,957	2,997,192	942,261	931,413
Loans to:				
- Executive directors of the Bank	96	103	96	103
- Executive directors of subsidiaries	2,304	2,136	352	152
Others	3,839,485	2,943,423	-	-
Unearned interest and income	564,195,770	508,342,447	293,025,285	270,964,034
Gross loans, advances and financing	<b>459,651,638</b>	<b>409,471,676</b>	<b>291,106,405</b>	<b>268,902,013</b>
Allowances for impaired loans, advances and financing				
- Individual allowance	(2,259,910)	(1,989,856)	(1,422,090)	(1,437,215)
- Collective allowance	(3,899,141)	(3,968,699)	(2,627,341)	(2,940,357)
Net loans, advances and financing	<b>453,492,587</b>	<b>403,513,121</b>	<b>287,056,974</b>	<b>264,524,441</b>



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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	
	31 December 2015 RM'000	31 December 2014 RM'000	31 December 2015 RM'000	31 December 2014 RM'000
Domestic banking institutions	3,412,473	1,666	13,734,622	9,505,615
Domestic non-banking financial institutions	20,889,568	19,998,134	17,113,433	16,402,458
Domestic business enterprises:				
- Small and medium enterprises	74,362,113	67,993,975	51,899,654	47,097,025
- Others	102,034,485	92,127,010	65,139,177	64,524,510
Government and statutory bodies	8,524,287	9,553,278	1,426,743	2,341,914
Individuals	209,508,236	180,121,112	106,678,469	94,818,974
Other domestic entities	4,537,567	3,371,488	434,281	407,566
Foreign entities	36,382,909	36,305,013	34,680,026	33,803,951
Gross loans, advances and financing	<b>459,651,638</b>	<b>409,471,676</b>	<b>291,106,405</b>	<b>268,902,013</b>

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

	Group		Bank	
	31 December 2015 RM'000	31 December 2014 RM'000	31 December 2015 RM'000	31 December 2014 RM'000
Malaysia	258,835,028	244,171,063	138,678,788	144,980,885
Singapore	113,879,820	93,566,023	113,065,698	92,899,424
Indonesia	36,605,343	31,380,558	-	-
Labuan Offshore	18,592,368	13,489,148	17,545,482	11,465,169
Hong Kong SAR	14,498,474	13,257,612	13,945,901	12,919,971
United States of America	1,254,222	1,115,815	1,253,615	1,115,321
People's Republic of China	3,476,593	3,048,730	3,476,593	3,048,730
Vietnam	647,590	485,113	514,127	365,772
United Kingdom	1,489,267	1,327,806	1,489,225	1,327,770
Brunei	524,153	367,737	524,153	367,737
Cambodia	2,090,821	1,234,426	-	-
Bahrain	495,372	322,310	495,372	322,310
Philippines	5,380,459	3,905,254	-	-
Papua New Guinea	-	230,485	-	-
Thailand	1,722,843	1,446,612	-	-
Laos	117,451	88,924	117,451	88,924
Others	41,834	34,060	-	-
Gross loans, advances and financing	<b>459,651,638</b>	<b>409,471,676</b>	<b>291,106,405</b>	<b>268,902,013</b>

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

	Group		Bank	
	31 December 2015 RM'000	31 December 2014 RM'000	31 December 2015 RM'000	31 December 2014 RM'000
Fixed rate:				
- Housing loans/financing	23,899,071	15,987,881	21,541,197	13,762,224
- Hire purchase receivables	53,478,839	49,969,818	18,257,901	18,687,300
- Other fixed rate loans/financing	62,221,454	63,187,850	44,438,627	43,073,166
Variable rate:				
- Base lending rate/Base financing rate/ Base rate plus	165,778,507	145,279,666	89,903,780	91,738,308
- Cost plus	58,456,828	55,496,388	53,719,016	49,983,378
- Other variable rates	95,816,939	79,550,073	63,245,884	51,657,637
Gross loans, advances and financing	<b>459,651,638</b>	<b>409,471,676</b>	<b>291,106,405</b>	<b>268,902,013</b>

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

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

	Group		Bank	
	31 December 2015 RM'000	31 December 2014 RM'000	31 December 2015 RM'000	31 December 2014 RM'000
Purchase of securities	36,511,402	35,534,953	14,169,013	15,765,694
Purchase of transport vehicles	54,805,959	50,806,098	17,840,248	18,081,840
Purchase of landed properties:				
- Residential	92,675,760	75,963,811	61,753,487	52,285,810
- Non-residential	40,122,292	33,489,178	29,525,937	25,708,907
Purchase of fixed assets (excluding landed properties)	6,958,403	4,874,553	6,912,560	4,834,934
Personal use	9,879,518	9,065,147	6,754,838	6,533,709
Credit card	8,099,601	7,180,708	6,623,893	6,025,445
Purchase of consumer durables	90,016	136,852	89,446	136,134
Constructions	18,051,879	15,764,885	13,180,349	11,603,307
Mergers and acquisitions	457,899	1,479,670	387,865	1,401,701
Working capital	153,301,419	142,597,773	102,417,252	101,740,182
Others	38,697,490	32,578,048	31,451,517	24,784,350
Gross loans, advances and financing	<b>459,651,638</b>	409,471,676	<b>291,106,405</b>	268,902,013

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

	Group		Bank	
	31 December 2015 RM'000	31 December 2014 RM'000	31 December 2015 RM'000	31 December 2014 RM'000
Within one year	111,421,771	111,129,455	74,409,215	79,973,150
One year to three years	64,964,161	59,591,260	52,199,770	43,262,972
Three years to five years	58,462,982	45,374,115	39,522,386	33,146,625
After five years	224,802,724	193,376,846	124,975,034	112,519,266
Gross loans, advances and financing	<b>459,651,638</b>	409,471,676	<b>291,106,405</b>	268,902,013

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

	Group		Bank	
	31 December 2015 RM'000	31 December 2014 RM'000	31 December 2015 RM'000	31 December 2014 RM'000
Gross impaired loans, advances and financing at 1 January	6,234,161	5,360,903	4,249,829	3,776,831
Impaired during the financial year	8,112,433	4,825,540	4,381,996	2,650,307
Reclassified as non-impaired	(1,413,133)	(1,157,767)	(593,678)	(542,225)
Amount recovered	(2,414,954)	(1,692,643)	(1,211,377)	(1,056,243)
Amount written-off	(2,223,253)	(1,087,768)	(1,534,265)	(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	267,403	70,396	106,797	22,492
Gross impaired loans, advances and financing at 31 December	<b>8,555,007</b>	6,234,161	<b>5,398,626</b>	4,249,829
Less: Individual allowance	(2,259,910)	(1,989,856)	(1,422,090)	(1,437,215)
Net impaired loans, advances and financing	<b>6,295,097</b>	4,244,305	<b>3,976,536</b>	2,812,614
<b>Calculation of ratio of net impaired loans:</b>				
Gross loans, advances and financing	459,651,638	409,471,676	291,106,405	268,902,013
Less: Individual allowance	(2,259,910)	(1,989,856)	(1,422,090)	(1,437,215)
Less: Funded by Investment Account*	(17,657,893)	-	-	-
Net loans, advances and financing	<b>439,733,835</b>	407,481,820	<b>289,684,315</b>	267,464,798
Ratio of net impaired loans, advances and financing	<b>1.43%</b>	1.04%	<b>1.37%</b>	1.05%

\* In the books of Maybank Islamic Berhad, a wholly-owned subsidiary of the Bank.

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

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

	Group		Bank	
	31 December 2015 RM'000	31 December 2014 RM'000	31 December 2015 RM'000	31 December 2014 RM'000
Purchase of securities	244,560	90,425	177,242	34,603
Purchase of transport vehicles	461,943	269,361	254,751	106,169
Purchase of landed properties:				
- Residential	518,734	392,267	320,213	271,851
- Non-residential	236,364	123,213	178,073	77,436
Purchase of fixed assets (excluding landed properties)	23,002	-	-	-
Personal use	143,845	141,800	100,318	67,409
Credit card	98,080	73,348	66,722	45,948
Purchase of consumer durables	8	14	-	6
Constructions	1,250,283	1,119,133	1,057,000	962,682
Working capital	4,960,851	3,499,917	3,095,332	2,481,390
Others	617,337	524,683	148,975	202,335
Impaired loans, advances and financing	<b>8,555,007</b>	6,234,161	<b>5,398,626</b>	4,249,829

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

	Group		Bank	
	31 December 2015 RM'000	31 December 2014 RM'000	31 December 2015 RM'000	31 December 2014 RM'000
Malaysia	4,695,622	4,527,493	3,805,711	3,835,383
Singapore	531,250	230,236	509,504	210,755
Indonesia	1,676,366	1,019,853	-	-
Labuan Offshore	201,218	36,274	18,709	15,169
Hong Kong SAR	848,090	15,884	848,090	15,884
United States of America	608	495	-	-
People's Republic of China	124,591	8,781	124,591	8,781
Vietnam	51,691	20,510	49,738	20,510
United Kingdom	-	126,535	-	126,535
Brunei	14,693	11,536	14,692	11,536
Cambodia	76,704	53,607	-	-
Bahrain	-	5,276	-	5,276
Philippines	238,863	120,194	-	-
Thailand	30,450	27,143	-	-
Others	64,861	30,344	27,591	-
Impaired loans, advances and financing	<b>8,555,007</b>	6,234,161	<b>5,398,626</b>	4,249,829

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

	Group		Bank	
	31 December 2015 RM'000	31 December 2014 RM'000	31 December 2015 RM'000	31 December 2014 RM'000
<b>Individual Allowance</b>				
At 1 January	1,989,856	1,939,320	1,437,215	1,502,010
Allowance made	1,863,135	774,901	1,261,093	350,055
Amount written back	(189,747)	(235,824)	(143,166)	(198,312)
Amount written-off	(1,501,415)	(507,946)	(1,193,343)	(239,488)
Transferred (to)/from collective allowance	(23,759)	842	(16,436)	(7,985)
Transferred from a subsidiary	-	-	-	18,366
Exchange differences	121,840	18,563	76,727	12,569
At 31 December	<b>2,259,910</b>	1,989,856	<b>1,422,090</b>	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	
	31 December 2015 RM'000	31 December 2014 RM'000	31 December 2015 RM'000	31 December 2014 RM'000
<b>Collective Allowance</b>				
At 1 January	3,968,699	3,823,303	2,940,357	2,885,470
Allowance made	572,638	676,123	-	295,219
Amount written back	(136,522)	-	(104,006)	-
Amount written-off	(721,838)	(579,822)	(340,922)	(295,711)
Transferred from/(to) individual allowance	23,759	(842)	16,436	7,985
Transferred from a subsidiary	-	-	-	21,321
Disposal of a subsidiary	(2,245)	-	-	-
Exchange differences	194,650	49,937	115,476	26,073
At 31 December	<b>3,899,141</b>	<b>3,968,699</b>	<b>2,627,341</b>	<b>2,940,357</b>
As a percentage of total loans, less individual allowance (including regulatory reserve)	<b>1.19%*</b>	1.04%	<b>1.20%*</b>	1.10%

\* The local banking institutions in the group are compliance with Revised Policy Document on Classification and Impairment Provisions for Loans/Financing issued by Bank Negara Malaysia ("BNM") on 6 April 2015.

(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 RM11,037.8 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	
		31 December 2015 RM'000	31 December 2014 RM'000
Reinsurance/retakaful assets	(i)	3,826,827	4,387,302
Other insurance receivables	(ii)	528,827	584,761
		<b>4,355,654</b>	<b>4,972,063</b>
<b>(i) Reinsurance/retakaful assets</b>			
Group			
		31 December 2015 RM'000	31 December 2014 RM'000
Reinsurers' share of:		3,588,295	4,119,939
Life insurance contract liabilities		22,138	25,865
General insurance contract liabilities		3,566,157	4,094,074
Retakaful operators' share of:		238,532	267,363
Family takaful certificate liabilities		36,130	14,799
General takaful certificate liabilities		202,402	252,564
		<b>3,826,827</b>	<b>4,387,302</b>
<b>(ii) Other insurance receivables</b>			
Group			
		31 December 2015 RM'000	31 December 2014 RM'000
Due premium including agents/brokers and co-insurers balances		360,850	476,334
Due from reinsurers and cedants/retakaful operators		210,098	156,458
		570,948	632,792
Allowance for impairment losses		(42,121)	(48,031)
		<b>528,827</b>	<b>584,761</b>

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**A13. Other Assets**

	Group		Bank	
	31 December 2015	31 December 2014	31 December 2015	31 December 2014
	RM'000	RM'000	RM'000	RM'000
Other debtors	8,569,352	7,392,566	7,493,783	5,964,158
Amount due from brokers and clients	1,975,007	2,101,414	-	-
Prepayments and deposits	1,322,292	1,023,569	617,210	488,961
Tax recoverable	344,903	16,533	228,370	-
Foreclosed properties	176,958	125,654	34,411	35,869
	<b>12,388,512</b>	<b>10,659,736</b>	<b>8,373,774</b>	<b>6,488,988</b>

**A14. Deposits from Customers**

**(i) By type of deposit**

	Group		Bank	
	31 December 2015	31 December 2014	31 December 2015	31 December 2014
	RM'000	RM'000	RM'000	RM'000
Fixed deposits and negotiable instruments of deposits				
- One year or less	288,602,726	239,932,370	188,629,371	153,969,752
- More than one year	11,334,267	17,185,803	10,446,084	16,402,258
	<b>299,936,993</b>	<b>257,118,173</b>	<b>199,075,455</b>	<b>170,372,010</b>
Money market deposits	12,617,076	22,091,040	12,617,076	22,091,040
Savings deposits	62,023,701	59,282,330	40,327,059	40,685,239
Demand deposits	99,214,935	95,565,804	75,155,434	69,023,934
Structured Deposits	4,357,828	5,512,037	3,451,495	4,766,749
	<b>478,150,533</b>	<b>439,569,384</b>	<b>330,626,519</b>	<b>306,938,972</b>

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

**(ii) By type of customer**

	Group		Bank	
	31 December 2015	31 December 2014	31 December 2015	31 December 2014
	RM'000	RM'000	RM'000	RM'000
Business enterprises	222,126,995	197,053,516	160,747,558	144,105,454
Individuals	199,761,403	180,008,070	147,532,143	136,944,899
Government and statutory bodies	26,547,957	25,405,709	8,657,495	9,782,117
Others	29,714,178	37,102,089	13,689,323	16,106,502
	<b>478,150,533</b>	<b>439,569,384</b>	<b>330,626,519</b>	<b>306,938,972</b>

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

	Group		Bank	
	31 December 2015	31 December 2014	31 December 2015	31 December 2014
	RM'000	RM'000	RM'000	RM'000
Within six months	235,062,494	197,389,967	144,342,976	120,140,244
Six months to one year	53,540,232	42,542,403	44,286,395	33,829,508
One year to three years	10,632,329	16,692,031	10,386,710	16,340,185
Three years to five years	701,938	493,772	59,374	62,073
	<b>299,936,993</b>	<b>257,118,173</b>	<b>199,075,455</b>	<b>170,372,010</b>

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**A15. Deposits and Placements from Financial Institutions**

	Group		Bank	
	31 December 2015 RM'000	31 December 2014 RM'000	31 December 2015 RM'000	31 December 2014 RM'000
Licensed banks	35,830,025	53,954,068	35,887,913	44,877,881
Licensed finance companies	38,458	465,563	38,458	228,000
Licensed investment banks	100,777	290,215	100,777	290,215
Other financial institutions	3,044,656	2,677,552	1,877,540	2,104,088
	<b>39,013,916</b>	<b>57,387,398</b>	<b>37,904,688</b>	<b>47,500,184</b>

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

	Group		Bank	
	31 December 2015 RM'000	31 December 2014 RM'000	31 December 2015 RM'000	31 December 2014 RM'000
One year or less	37,314,775	56,205,468	36,970,698	46,323,458
More than one year	1,699,141	1,181,930	933,990	1,176,726
	<b>39,013,916</b>	<b>57,387,398</b>	<b>37,904,688</b>	<b>47,500,184</b>

**A16. Borrowings, Subordinated Obligations and Capital Securities**

	Group		Bank	
	31 December 2015 RM'000	31 December 2014 RM'000	31 December 2015 RM'000	31 December 2014 RM'000
<b>(i) Borrowings</b>				
Secured				
- Less than one year				
Denominated in:				
- SGD	243,864	1,454	-	-
- PHP	37,218	10,111	-	-
- IDR	831,515	846,922	-	-
	<b>1,112,597</b>	<b>858,487</b>	<b>-</b>	<b>-</b>
- More than one year				
Denominated in:				
- SGD	-	388,489	-	-
- PHP	346	619	-	-
- IDR	1,489,264	1,052,950	-	-
	<b>1,489,610</b>	<b>1,442,058</b>	<b>-</b>	<b>-</b>
Total secured borrowings	<b>2,602,207</b>	<b>2,300,545</b>	<b>-</b>	<b>-</b>
Unsecured				
(a) Borrowings				
- Less than one year				
Denominated in:				
- USD	6,275,251	946,123	6,196,145	703,075
- CNY	-	114,409	-	114,409
- SGD	972,519	302,164	-	-
- THB	1,076,043	775,320	-	-
- HKD	110,323	9,952	-	-
- IDR	652,765	249,823	-	-
- VND	2,109	4,696	-	-
- PHP	57,169	13,714	-	-
- EURO - CP Programme	328,502	-	328,502	-
	<b>9,474,681</b>	<b>2,416,201</b>	<b>6,524,647</b>	<b>817,484</b>

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

	Group		Bank	
	31 December 2015 RM'000	31 December 2014 RM'000	31 December 2015 RM'000	31 December 2014 RM'000
<b>(i) Borrowings (cont'd.)</b>				
Unsecured (cont'd.)				
(a) Borrowings (cont'd.)				
- More than one year				
Denominated in:				
- USD	1,618,461	3,443,068	1,618,461	3,443,068
- JPY	2,549	-	-	-
- IDR	215,651	626,614	-	-
- THB	-	149,211	-	-
	<b>1,836,661</b>	<b>4,218,893</b>	<b>1,618,461</b>	<b>3,443,068</b>
(b) Medium Term Notes				
- Less than one year				
Denominated in:				
- USD	214,719	4,609	214,719	4,609
- HKD	878,874	16,116	878,874	16,116
- SGD	1,313,109	-	1,313,109	-
- JPY	428,365	4,178	428,365	4,178
- AUD	904	984	904	984
- CNH	2,187	132	2,187	132
- RM	217	-	217	-
	<b>2,838,375</b>	<b>26,019</b>	<b>2,838,375</b>	<b>26,019</b>
- More than one year				
Denominated in:				
- USD	6,031,665	4,351,898	6,031,665	4,351,898
- HKD	1,998,328	2,128,399	1,998,328	2,128,399
- JPY	4,542,027	2,807,149	4,542,027	2,807,149
- SGD	315,840	-	315,840	-
- AUD	175,630	160,357	175,630	160,357
- CNH	608,238	112,438	608,238	112,438
- RM	220,000	-	220,000	-
	<b>13,891,728</b>	<b>9,560,241</b>	<b>13,891,728</b>	<b>9,560,241</b>
Total unsecured borrowings	<b>28,041,445</b>	<b>16,221,354</b>	<b>24,873,211</b>	<b>13,846,812</b>
Total borrowings	<b>30,643,652</b>	<b>18,521,899</b>	<b>24,873,211</b>	<b>13,846,812</b>
	Group		Bank	
	31 December 2015 RM'000	31 December 2014 RM'000	31 December 2015 RM'000	31 December 2014 RM'000
<b>(ii) Subordinated Obligations</b>				
Unsecured				
- More than one year				
Denominated in:				
- RM	12,693,898	9,325,035	10,108,185	6,776,549
- USD	3,588,360	2,828,715	3,588,360	2,828,715
- SGD	3,054,193	2,659,314	3,054,193	2,659,314
- IDR	915,665	826,993	-	-
	<b>20,252,116</b>	<b>15,640,057</b>	<b>16,750,738</b>	<b>12,264,578</b>
	Group		Bank	
	31 December 2015 RM'000	31 December 2014 RM'000	31 December 2015 RM'000	31 December 2014 RM'000
<b>(iii) Capital Securities</b>				
Unsecured				
- More than one year				
Denominated in:				
- RM	4,435,867	4,281,802	4,599,089	4,564,379
- SGD	1,613,508	1,620,681	1,613,508	1,620,681
	<b>6,049,375</b>	<b>5,902,483</b>	<b>6,212,597</b>	<b>6,185,060</b>

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**A17. Insurance/Takaful Contract Liabilities and Other Insurance Payables**

Group	Note	31 December 2015 RM'000	31 December 2014 RM'000
Insurance/takaful contract liabilities	(i)	23,393,933	24,257,364
Other insurance payables	(ii)	445,408	541,469
		<b>23,839,341</b>	<b>24,798,833</b>

**(i) Insurance/takaful contract liabilities**

At 31 December 2015	Gross contract liabilities RM'000	Reinsurance/ retakaful assets RM'000	Net contract liabilities RM'000
Life insurance/family takaful	17,296,941	(58,268)	17,238,673
General insurance/general takaful	6,096,992	(3,768,559)	2,328,433
	<b>23,393,933</b>	<b>(3,826,827)</b>	<b>19,567,106</b>

At 31 December 2014	Gross contract liabilities RM'000	Reinsurance/ retakaful assets RM'000	Net contract liabilities RM'000
Life insurance/family takaful	17,708,771	(40,664)	17,668,107
General insurance/general takaful	6,548,593	(4,347,827)	2,200,766
	<b>24,257,364</b>	<b>(4,388,491)</b>	<b>19,868,873</b>

**(ii) Other insurance payables**

	31 December 2015 RM'000	31 December 2014 RM'000
Due to agents and intermediaries	52,790	82,658
Due to reinsurers and cedants	341,387	386,357
Due to retakaful operators	51,231	72,454
	<b>445,408</b>	<b>541,469</b>

**A18. Other Liabilities**

	Group		Bank	
	31 December 2015 RM'000	31 December 2014 RM'000	31 December 2015 RM'000	31 December 2014 RM'000
Due to brokers and clients	2,206,642	2,231,478	-	-
Deposits, other creditors and accruals	10,303,423	8,383,355	9,884,561	8,734,808
Defined benefit pension plans	466,768	419,304	-	-
Provisions for commitments and contingencies	36,616	58,695	36,616	54,749
Profit equalisation reserves (IBS operations)	5,157	5,157	-	-
Finance lease liabilities	10,982	49,576	-	-
	<b>13,029,588</b>	<b>11,147,565</b>	<b>9,921,177</b>	<b>8,789,557</b>



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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
<b>At 1 January 2015</b>	13,557	11,774	34,456	(89,017)	(67,191)	(96,421)
Other comprehensive income/(loss)	-	62	-	36,906	(396,533)	(359,565)
Defined benefit plan actuarial gain	-	-	-	36,906	-	36,906
Net loss on net investment hedge	-	-	-	-	(399,314)	(399,314)
Net gain on cash flow hedge	-	-	-	-	2,781	2,781
Net gain on revaluation reserve	-	62	-	-	-	62
<b>Total comprehensive income/(loss) for the financial year</b>	-	62	-	36,906	(396,533)	(359,565)
<b>At 31 December 2015</b>	13,557	11,836	34,456	(52,111)	(463,724)	(455,986)

<===== 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
<b>At 1 January 2014</b>	14,254	11,726	34,456	(82,033)	-	(21,597)
Other comprehensive income/(loss)	-	48	-	(6,984)	(67,191)	(74,127)
Defined benefit plan actuarial loss	-	-	-	(6,984)	-	(6,984)
Net loss on net investment hedge	-	-	-	-	(65,567)	(65,567)
Net loss on cash flow hedge	-	-	-	-	(1,624)	(1,624)
Net gain on revaluation reserve	-	48	-	-	-	48
<b>Total comprehensive income/(loss) for the financial year</b>	-	48	-	(6,984)	(67,191)	(74,127)
Effect of changes in corporate structure within the Group	(697)	-	-	-	-	(697)
<b>Total transactions with shareholders</b>	(697)	-	-	-	-	(697)
<b>At 31 December 2014</b>	13,557	11,774	34,456	(89,017)	(67,191)	(96,421)

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**A20. Interest Income**

Group	Unaudited		Audited	
	4th Quarter Ended		Cumulative 12 Months Ended	
	31 December 2015 RM'000	31 December 2014 RM'000	31 December 2015 RM'000	31 December 2014 RM'000
Loans, advances and financing	4,143,801	3,580,664	15,394,724	13,676,415
Money at call and deposits and placements with financial institutions	196,385	201,889	718,096	572,337
Financial assets purchased under resale agreements	4,367	1,865	10,882	5,908
Financial assets at FVTPL	139,027	203,272	640,255	789,593
Financial investments available-for-sale	654,130	667,552	2,498,990	2,468,170
Financial investments held-to-maturity	141,188	83,130	509,150	276,124
	<b>5,278,898</b>	<b>4,738,372</b>	<b>19,772,097</b>	<b>17,788,547</b>
Accretion of discounts/ (amortisation of premiums), net	2,885	44,949	20,724	63,141
	<b>5,281,783</b>	<b>4,783,321</b>	<b>19,792,821</b>	<b>17,851,688</b>

Bank	Unaudited		Audited	
	4th Quarter Ended		Cumulative 12 Months Ended	
	31 December 2015 RM'000	31 December 2014 RM'000	31 December 2015 RM'000	31 December 2014 RM'000
Loans, advances and financing	2,933,322	2,559,503	11,056,864	9,856,837
Money at call and deposits and placements with financial institutions	177,603	158,399	647,249	645,274
Financial assets purchased under resale agreements	1,434	(80)	7,477	728
Financial assets at FVTPL	25,953	49,489	143,217	167,832
Financial investments available-for-sale	581,514	547,152	2,223,566	2,080,018
Financial investments held-to-maturity	146,460	93,683	538,227	302,350
	<b>3,866,286</b>	<b>3,408,146</b>	<b>14,616,600</b>	<b>13,053,039</b>
Accretion of discounts/ (amortisation of premiums), net	9,142	47,849	134,935	70,509
	<b>3,875,428</b>	<b>3,455,995</b>	<b>14,751,535</b>	<b>13,123,548</b>

Included in interest income for the 12 months financial year ended 31 December 2015 was interest on impaired assets amounting to approximately RM257,815,000 (31 December 2014: RM210,640,000) for the Group and RM192,740,000 (31 December 2014: RM169,035,000) for the Bank.

**A21. Interest Expense**

Group	Unaudited		Audited	
	4th Quarter Ended		Cumulative 12 Months Ended	
	31 December 2015 RM'000	31 December 2014 RM'000	31 December 2015 RM'000	31 December 2014 RM'000
Deposits and placements from financial institutions	136,333	158,481	567,065	411,131
Deposits from customers	1,735,868	1,660,864	6,484,060	6,164,807
Floating rate certificates of deposits	7,282	8,079	28,691	34,704
Loans sold to Cagamas	9,788	9,823	36,025	9,823
Borrowings	198,871	124,812	692,800	461,035
Subordinated notes	198,782	156,514	670,044	579,182
Subordinated bonds	8,623	8,623	34,210	28,675
Capital securities	95,799	93,325	380,234	384,497
Net interest on derivatives	(41,984)	120,939	(214,453)	74,131
	<b>2,349,362</b>	<b>2,341,460</b>	<b>8,678,676</b>	<b>8,147,985</b>

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**A21. Interest Expense (cont'd.)**

	Unaudited		Audited	
	4th Quarter Ended		Cumulative 12 Months Ended	
	31 December 2015	31 December 2014	31 December 2015	31 December 2014
<b>Bank</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Deposits and placements from financial institutions	117,703	129,229	527,162	394,786
Deposits from customers	1,269,538	1,244,602	4,776,436	4,511,384
Floating rate certificates of deposits	7,282	8,079	28,691	34,704
Loans sold to Cagamas	9,788	9,823	36,025	9,823
Borrowings	104,002	44,344	340,022	167,330
Subordinated notes	161,777	124,028	531,874	473,111
Capital securities	98,260	97,534	394,273	401,192
Net interest on derivatives	(42,104)	120,527	(211,320)	63,318
	<b>1,726,246</b>	<b>1,778,166</b>	<b>6,423,163</b>	<b>6,055,648</b>

**A22. Net Earned Insurance Premiums**

	Unaudited		Audited	
	4th Quarter Ended		Cumulative 12 Months Ended	
	31 December 2015	31 December 2014	31 December 2015	31 December 2014
<b>Group</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Gross earned premiums	1,438,747	1,291,638	5,335,590	4,947,944
Premiums ceded to reinsurers	(287,999)	(264,738)	(1,138,891)	(1,001,876)
Total net earned insurance premiums	<b>1,150,748</b>	<b>1,026,900</b>	<b>4,196,699</b>	<b>3,946,068</b>

**A23. Dividends from Subsidiaries and Associates**

	Unaudited		Audited	
	4th Quarter Ended		Cumulative 12 Months Ended	
	31 December 2015	31 December 2014	31 December 2015	31 December 2014
<b>Bank</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Gross dividend income from:				
Subsidiaries	295,344	147,028	1,533,245	1,747,040
Associates	-	-	788	3,572
	<b>295,344</b>	<b>147,028</b>	<b>1,534,033</b>	<b>1,750,612</b>

**A24. Other Operating Income**

	Unaudited		Audited	
	4th Quarter Ended		Cumulative 12 Months Ended	
	31 December 2015	31 December 2014	31 December 2015	31 December 2014
<b>Group</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
(a) Fee income:				
Commission	420,686	280,097	1,249,003	1,060,288
Service charges and fees	392,368	479,655	1,512,368	1,433,438
Underwriting fees	21,949	25,743	87,989	117,289
Brokerage income	149,379	187,241	638,145	672,653
Fees on loans, advances and financing	84,778	93,242	333,023	426,866
	<b>1,069,160</b>	<b>1,065,978</b>	<b>3,820,528</b>	<b>3,710,534</b>
(b) Investment income:				
Net gain on disposal of financial assets at FVTPL	29,569	78,487	157,700	206,996
Net gain on disposal of financial investments available-for-sale	50,461	147,402	353,906	659,809
Net gain on redemption of financial investments held-to-maturity	175	279	308	304
Net (loss)/gain on disposal/liquidation of subsidiaries	(8,271)	26,214	189,037	26,120
Net gain on disposal of associates	-	222	-	222
	<b>71,934</b>	<b>252,604</b>	<b>700,951</b>	<b>893,451</b>

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**A24. Other Operating Income (cont'd.)**

	Unaudited		Audited	
	4th Quarter Ended	4th Quarter Ended	Cumulative 12 Months Ended	Cumulative 12 Months Ended
Group (cont'd.)	31 December 2015 RM'000	31 December 2014 RM'000	31 December 2015 RM'000	31 December 2014 RM'000
(c) Gross dividend income from financial investments portfolio	34,352	42,638	141,436	118,717
(d) Unrealised gain/(loss) on revaluation of: Financial assets at FVTPL				
- Designated upon initial recognition	55,840	16,907	(114,837)	48,681
- Held-for-trading	75,829	(69,201)	(3,183)	(23,668)
Derivatives	117,668	(185,275)	(388,638)	(82,350)
	<u>249,337</u>	<u>(237,569)</u>	<u>(506,658)</u>	<u>(57,337)</u>
(e) Other income:				
Foreign exchange (loss)/gain, net	(43,549)	302,432	1,071,476	587,629
Rental income	11,761	10,783	43,141	42,182
Gain on disposal of property, plant and equipment	157,716	18,946	165,848	20,945
Gain on disposal of foreclosed properties	21,628	3,228	23,027	6,105
Sale of development properties	-	2,201	-	9,110
Others	78,974	86,062	313,118	209,103
	<u>226,530</u>	<u>423,652</u>	<u>1,616,610</u>	<u>875,074</u>
Total other operating income	<u>1,651,313</u>	<u>1,547,303</u>	<u>5,772,867</u>	<u>5,540,439</u>
Bank	Unaudited	Unaudited	Audited	Audited
	4th Quarter Ended	4th Quarter Ended	Cumulative 12 Months Ended	Cumulative 12 Months Ended
	31 December 2015 RM'000	31 December 2014 RM'000	31 December 2015 RM'000	31 December 2014 RM'000
(a) Fee income:				
Commission	255,495	242,238	989,515	930,063
Service charges and fees	264,380	322,357	1,141,227	1,030,140
Underwriting fees	11,490	8,536	38,540	44,307
Brokerage income	-	15	10	52
Fees on loans, advances and financing	56,589	50,704	232,606	258,995
	<u>587,954</u>	<u>623,850</u>	<u>2,401,898</u>	<u>2,263,557</u>
(b) Investment income:				
Net gain on disposal of financial assets at FVTPL	10,163	70,726	20,976	139,922
Net gain on disposal of financial investments available-for-sale	30,034	73,664	221,110	180,089
Net gain on redemption of financial investments held-to-maturity	175	279	308	304
Net (loss)/gain on disposal/liquidation of subsidiaries	(8,271)	24	513,748	14
Gain on liquidation of an associate	-	4,753	-	8,284
	<u>32,101</u>	<u>149,446</u>	<u>756,142</u>	<u>328,613</u>
(c) Gross dividend income from: Financial investments portfolio	6,711	7,060	14,668	12,183
(d) Unrealised gain/(loss) on revaluation of: Financial assets at FVTPL				
- Held-for-trading	4,757	14,364	(1,275)	15,937
Derivatives	122,477	(205,600)	(368,140)	(120,579)
	<u>127,234</u>	<u>(191,236)</u>	<u>(369,415)</u>	<u>(104,642)</u>
(e) Other income:				
Foreign exchange gain, net	19,883	236,350	453,522	521,453
Rental income	8,504	7,197	32,278	27,599
Gain on disposal of property, plant and equipment	3,094	3,447	8,600	4,729
Others	(6,398)	7,312	91,942	44,587
	<u>25,083</u>	<u>254,306</u>	<u>586,342</u>	<u>598,368</u>
Total other operating income	<u>779,083</u>	<u>843,426</u>	<u>3,389,635</u>	<u>3,098,079</u>

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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	Unaudited		Audited	
	4th Quarter Ended		Cumulative 12 Months Ended	
	31 December 2015 RM'000	31 December 2014 RM'000	31 December 2015 RM'000	31 December 2014 RM'000
Gross benefits and claims paid	874,317	833,909	4,241,211	4,195,336
Claims ceded to reinsurers	(175,376)	(37,329)	(614,302)	(1,260,353)
Gross change to contract liabilities	123,841	(114,102)	(786,254)	2,999,935
Change in contract liabilities ceded to reinsurers	121,296	(26,992)	623,724	(2,351,570)
<b>Net insurance benefits and claims incurred</b>	<b>944,078</b>	<b>655,486</b>	<b>3,464,379</b>	<b>3,583,348</b>
Net fee and commission expenses	73,354	66,024	257,165	236,344
Change in expense liabilities	49,564	26,943	73,559	44,000
Taxation of life and takaful fund	6,880	(5,383)	(10,676)	67,127
<b>Net fee and commission expenses, change in expense liabilities and taxation of life and takaful fund</b>	<b>129,798</b>	<b>87,584</b>	<b>320,048</b>	<b>347,471</b>
Total net insurance benefits and claims incurred, net fee and commission expenses, change in expense liabilities and taxation of life and takaful fund	<b>1,073,876</b>	<b>743,070</b>	<b>3,784,427</b>	<b>3,930,819</b>

**A26. Overhead Expenses**

Group	Unaudited		Audited	
	4th Quarter Ended		Cumulative 12 Months Ended	
	31 December 2015 RM'000	31 December 2014 RM'000	31 December 2015 RM'000	31 December 2014 RM'000
(a) Personnel expenses				
Salaries, allowances and bonuses	1,189,996	997,318	4,345,932	3,808,438
Social security cost	9,545	7,728	35,718	30,635
Pension costs - defined contribution plan	143,259	116,906	502,201	417,828
ESS expenses	14,069	22,393	64,109	79,303
Other staff related expenses	229,814	207,415	817,187	683,092
	<b>1,586,683</b>	<b>1,351,760</b>	<b>5,765,147</b>	<b>5,019,296</b>
(b) Establishment costs				
Depreciation of property, plant and equipment	93,803	90,409	374,649	331,175
Amortisation of intangible assets	57,039	65,094	265,597	231,503
Rental of leasehold land and premises	85,767	68,939	316,056	267,387
Repairs and maintenance of property, plant and equipment	47,947	36,190	155,270	138,652
Information technology expenses	212,837	169,455	659,957	545,881
Fair value adjustments on investments properties	(228)	92	(101,850)	272
Others	12,641	19,382	51,414	71,377
	<b>509,806</b>	<b>449,561</b>	<b>1,721,093</b>	<b>1,586,247</b>
(c) Marketing expenses				
Advertisement and publicity	63,203	115,289	304,678	352,414
Others	48,059	62,176	302,635	237,029
	<b>111,262</b>	<b>177,465</b>	<b>607,313</b>	<b>589,443</b>

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**A26. Overhead Expenses (cont'd.)**

Group (cont'd.)	Unaudited		Audited	
	4th Quarter Ended		Cumulative 12 Months Ended	
	31 December 2015 RM'000	31 December 2014 RM'000	31 December 2015 RM'000	31 December 2014 RM'000
(d) Administration and general expenses				
Fees and brokerage	192,188	232,602	814,326	751,361
Administrative expenses	171,027	171,969	640,118	614,615
General expenses	209,979	133,723	682,021	455,422
Cost of development property	-	1,399	-	5,992
Others	(5,227)	54,446	55,022	88,936
	<u>567,967</u>	<u>594,139</u>	<u>2,191,487</u>	<u>1,916,326</u>
Total overhead expenses	<u>2,775,718</u>	<u>2,572,925</u>	<u>10,285,040</u>	<u>9,111,312</u>
Cost to income ratio ("CIR") <sup>1</sup>	<u>49.3%</u>	<u>50.4%</u>	<u>48.2%</u>	<u>48.9%</u>

<sup>1</sup> 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	Unaudited		Audited	
	4th Quarter Ended		Cumulative 12 Months Ended	
	31 December 2015 RM'000	31 December 2014 RM'000	31 December 2015 RM'000	31 December 2014 RM'000
(a) Personnel expenses				
Salaries, allowances and bonuses	797,095	632,332	2,760,836	2,330,908
Social security cost	3,742	3,431	15,437	13,647
Pension costs - defined contribution plan	112,009	90,568	392,765	310,525
ESS expenses	10,589	14,730	45,935	54,590
Other staff related expenses	129,420	120,892	458,573	390,869
	<u>1,052,855</u>	<u>861,953</u>	<u>3,673,546</u>	<u>3,100,539</u>
(b) Establishment costs				
Depreciation of property, plant and equipment	49,209	34,070	189,828	163,768
Amortisation of intangible assets	30,856	24,816	112,277	101,366
Rental of leasehold land and premises	36,968	31,429	141,868	120,573
Repairs and maintenance of property, plant and equipment	28,056	16,542	85,502	71,330
Information technology expenses	223,980	276,899	802,875	786,048
Others	2,113	1,815	7,956	8,227
	<u>371,182</u>	<u>385,571</u>	<u>1,340,306</u>	<u>1,251,312</u>
(c) Marketing expenses				
Advertisement and publicity	35,561	75,443	167,186	214,255
Others	39,636	52,351	267,208	198,572
	<u>75,197</u>	<u>127,794</u>	<u>434,394</u>	<u>412,827</u>
(d) Administration and general expenses				
Fees and brokerage	136,379	137,713	575,844	479,954
Administrative expenses	71,245	72,236	297,920	227,105
General expenses	67,823	54,908	236,388	124,606
Others	(3,743)	34,302	39,498	70,899
	<u>271,704</u>	<u>299,159</u>	<u>1,149,650</u>	<u>902,564</u>
(e) Overhead expenses allocated to subsidiaries	(230,733)	(133,934)	(967,995)	(833,270)
Total overhead expenses	<u>1,540,205</u>	<u>1,540,543</u>	<u>5,629,901</u>	<u>4,833,972</u>
Cost to income ratio ("CIR") <sup>2</sup>	<u>47.8%</u>	<u>57.7%</u>	<u>42.5%</u>	<u>40.6%</u>

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

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**A27. Allowances for/(Writeback of) Impairment Losses on Loans, Advances, Financing and Other Debts, net**

Group	Unaudited		Audited	
	4th Quarter Ended		Cumulative 12 Months Ended	
	31 December 2015 RM'000	31 December 2014 RM'000	31 December 2015 RM'000	31 December 2014 RM'000
Allowances for/(writeback of) impairment losses on loans, advances and financing:				
- collective allowance made, net	(131,429)	58,329	436,116	676,123
- individual allowance made	757,295	125,795	1,863,135	774,901
- individual allowance written back	(41,414)	(36,376)	(189,747)	(235,824)
Bad debts and financing written-off	27,848	80,446	107,034	170,426
Bad debts and financing recovered	(152,579)	(225,294)	(541,331)	(936,372)
Allowances for/(writeback of) impairment losses on other debts	6,995	(37,500)	8,350	(48,862)
	<b>466,716</b>	<b>(34,600)</b>	<b>1,683,557</b>	<b>400,392</b>

Bank	Unaudited		Audited	
	4th Quarter Ended		Cumulative 12 Months Ended	
	31 December 2015 RM'000	31 December 2014 RM'000	31 December 2015 RM'000	31 December 2014 RM'000
(Writeback of)/allowances for impairment losses on loans, advances and financing:				
- collective allowance made, net	(275,362)	(51,526)	(104,006)	295,219
- individual allowance made	569,011	14,123	1,261,093	350,055
- individual allowance written back	(27,231)	(31,789)	(143,166)	(198,312)
Bad debts and financing written-off	16,585	22,657	62,500	85,187
Bad debts and financing recovered	(93,246)	(145,063)	(401,178)	(759,652)
Allowances for impairment losses on other debts	3,412	3,089	1,472	3,388
	<b>193,169</b>	<b>(188,509)</b>	<b>676,715</b>	<b>(224,115)</b>

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

Group	Unaudited		Audited	
	4th Quarter Ended		Cumulative 12 Months Ended	
	31 December 2015 RM'000	31 December 2014 RM'000	31 December 2015 RM'000	31 December 2014 RM'000
Financial investments AFS	55,261	154,112	330,123	84,657
Financial investments HTM	(73)	(50)	(1,101)	(14,217)
	<b>55,188</b>	<b>154,062</b>	<b>329,022</b>	<b>70,440</b>

Bank	Unaudited		Audited	
	4th Quarter Ended		Cumulative 12 Months Ended	
	31 December 2015 RM'000	31 December 2014 RM'000	31 December 2015 RM'000	31 December 2014 RM'000
Financial investments AFS	(490)	(1,115)	(38,010)	(23,476)
Financial investments HTM	(73)	(50)	(1,101)	(14,217)
	<b>(563)</b>	<b>(1,165)</b>	<b>(39,111)</b>	<b>(37,693)</b>

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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.)**

**By business segments (cont'd.)**

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

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

Investment Banking comprises the investment banking and securities broking business. This segment focuses on business needs of mainly large corporate customers and financial institutions. The products and services offered to customers include corporate advisory services, bond issuance, equity issuance, syndicated acquisition advisory services, debt restructuring advisory services, and share and futures dealings.

(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 (cont'd.)**

	<----- Business Segments ----->								
	<----- GB ----->								
Twelve Months Ended 31 December 2015	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	Total RM'000
Net interest income and income from IBS									
- External	6,491,902	1,857,355	945,309	282,073	8,330	5,274,864	839,881	(646,932)	15,052,782
- Inter-segment	-	-	-	(3,856)	(10,402)	(29,179)	66,212	(22,775)	-
	<b>6,491,902</b>	<b>1,857,355</b>	<b>945,309</b>	<b>278,217</b>	<b>(2,072)</b>	<b>5,245,685</b>	<b>906,093</b>	<b>(669,707)</b>	<b>15,052,782</b>
Net interest income and income from IBS	6,491,902	1,857,355	945,309	278,217	(2,072)	5,245,685	906,093	(669,707)	15,052,782
Net earned insurance premiums	-	-	-	-	-	-	4,196,699	-	4,196,699
Other operating income	1,688,453	620,654	843,040	1,222,087	112,255	1,240,891	327,876	(282,389)	5,772,867
Total operating income	<b>8,180,355</b>	<b>2,478,009</b>	<b>1,788,349</b>	<b>1,500,304</b>	<b>110,183</b>	<b>6,486,576</b>	<b>5,430,668</b>	<b>(952,096)</b>	<b>25,022,348</b>
Net insurance benefits and claims incurred, net fee and commission expenses, change in expense liabilities and taxation of life and takaful fund	-	-	-	-	-	-	(3,784,427)	-	(3,784,427)
Net operating income	<b>8,180,355</b>	<b>2,478,009</b>	<b>1,788,349</b>	<b>1,500,304</b>	<b>110,183</b>	<b>6,486,576</b>	<b>1,646,241</b>	<b>(952,096)</b>	<b>21,237,921</b>
Overhead expenses	(4,234,498)	(636,239)	(292,309)	(1,082,140)	(115,639)	(3,344,461)	(579,754)	-	(10,285,040)
Operating profit before impairment losses	<b>3,945,857</b>	<b>1,841,770</b>	<b>1,496,040</b>	<b>418,164</b>	<b>(5,456)</b>	<b>3,142,115</b>	<b>1,066,487</b>	<b>(952,096)</b>	<b>10,952,881</b>
Allowances for impairment losses on loans, advances, financing and other debts, net	(346,391)	(150,224)	-	(7,958)	-	(1,171,265)	(7,719)	-	(1,683,557)
Writeback of/(allowances for) impairment losses on financial investments, net	-	-	28,028	(2,083)	(1,316)	(31,661)	(321,990)	-	(329,022)
Operating profit	<b>3,599,466</b>	<b>1,691,546</b>	<b>1,524,068</b>	<b>408,123</b>	<b>(6,772)</b>	<b>1,939,189</b>	<b>736,778</b>	<b>(952,096)</b>	<b>8,940,302</b>
Share of profits in associates and joint ventures	-	-	-	1,279	-	211,886	(1,919)	-	211,246
<b>Profit before taxation and zakat</b>	<b>3,599,466</b>	<b>1,691,546</b>	<b>1,524,068</b>	<b>409,402</b>	<b>(6,772)</b>	<b>2,151,075</b>	<b>734,859</b>	<b>(952,096)</b>	<b>9,151,548</b>
Taxation and zakat									(2,165,160)
<b>Profit after taxation and zakat</b>									<b>6,986,388</b>
Non-controlling interests									(150,449)
<b>Profit for the year - attributable to equity holders of the Bank</b>									<b>6,835,939</b>
<b>Included in overhead expenses are:</b>									
Depreciation of property, plant and equipment	(127,525)	(21,495)	(12,498)	(51,948)	(933)	(143,558)	(16,692)	-	(374,649)
Amortisation of intangible assets	(96,249)	(16,185)	(8,277)	(41,940)	(1,120)	(91,963)	(9,863)	-	(265,597)

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

**By business segments (cont'd.)**

<b>Twelve Months Ended</b> <b>31 December 2014</b>	<===== Business Segments =====>								<b>Total</b> <b>RM'000</b>
	Community <b>Financial Services</b> <b>RM'000</b>	Corporate <b>Banking</b> <b>RM'000</b>	Global <b>Markets</b> <b>RM'000</b>	Investment <b>Banking</b> <b>RM'000</b>	Asset <b>Management</b> <b>RM'000</b>	International <b>Banking</b> <b>RM'000</b>	Insurance and <b>Takaful</b> <b>RM'000</b>	Head Office <b>and Others</b> <b>RM'000</b>	
Net interest income and income from IBS									
- External	5,987,808	1,651,099	813,047	195,791	5,882	4,068,264	873,260	(620,237)	12,974,914
- Inter-segment	-	-	-	(4,544)	(2,794)	(27,517)	67,868	(33,013)	-
	<b>5,987,808</b>	<b>1,651,099</b>	<b>813,047</b>	<b>191,247</b>	<b>3,088</b>	<b>4,040,747</b>	<b>941,128</b>	<b>(653,250)</b>	<b>12,974,914</b>
Net interest income and income from IBS	5,987,808	1,651,099	813,047	191,247	3,088	4,040,747	941,128	(653,250)	12,974,914
Net earned insurance premiums	-	-	-	-	-	-	3,946,068	-	3,946,068
Other operating income	1,527,340	730,968	877,685	1,324,052	97,152	1,635,945	723,098	(1,375,801)	5,540,439
Total operating income	<b>7,515,148</b>	<b>2,382,067</b>	<b>1,690,732</b>	<b>1,515,299</b>	<b>100,240</b>	<b>5,676,692</b>	<b>5,610,294</b>	<b>(2,029,051)</b>	<b>22,461,421</b>
Net insurance benefits and claims incurred, net fee and commission expenses, change in expense liabilities and taxation of life and takaful fund	-	-	-	-	-	-	(3,930,819)	-	(3,930,819)
Net operating income	<b>7,515,148</b>	<b>2,382,067</b>	<b>1,690,732</b>	<b>1,515,299</b>	<b>100,240</b>	<b>5,676,692</b>	<b>1,679,475</b>	<b>(2,029,051)</b>	<b>18,530,602</b>
Overhead expenses	(3,714,844)	(545,360)	(245,515)	(1,041,345)	(94,090)	(2,848,356)	(621,802)	-	(9,111,312)
Operating profit before impairment losses	<b>3,800,304</b>	<b>1,836,707</b>	<b>1,445,217</b>	<b>473,954</b>	<b>6,150</b>	<b>2,828,336</b>	<b>1,057,673</b>	<b>(2,029,051)</b>	<b>9,419,290</b>
Writeback of/(allowances for) impairment losses on loans, advances, financing and other debts, net	471,242	(203,609)	-	5,973	178	(682,931)	8,755	-	(400,392)
Writeback of/(allowances for) impairment losses on financial investments, net	-	-	44,390	9,015	(5,568)	62,491	(180,768)	-	(70,440)
Operating profit	<b>4,271,546</b>	<b>1,633,098</b>	<b>1,489,607</b>	<b>488,942</b>	<b>760</b>	<b>2,207,896</b>	<b>885,660</b>	<b>(2,029,051)</b>	<b>8,948,458</b>
Share of profits in associates and joint ventures	-	-	-	212	-	162,239	674	-	163,125
<b>Profit before taxation and zakat</b>	<b>4,271,546</b>	<b>1,633,098</b>	<b>1,489,607</b>	<b>489,154</b>	<b>760</b>	<b>2,370,135</b>	<b>886,334</b>	<b>(2,029,051)</b>	<b>9,111,583</b>
Taxation and zakat									(2,200,540)
<b>Profit after taxation and zakat</b>									<b>6,911,043</b>
Non-controlling interests									(194,588)
<b>Profit for the year - attributable to equity holders of the Bank</b>									<b>6,716,455</b>
<b>Included in overhead expenses are:</b>									
Depreciation of property, plant and equipment	(116,271)	(19,853)	(10,834)	(45,663)	(858)	(120,792)	(16,904)	-	(331,175)
Amortisation of intangible assets	(78,933)	(14,339)	(7,970)	(40,815)	(624)	(69,419)	(19,403)	-	(231,503)

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**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 12 months financial year ended 31 December 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 31 December 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
<b>Contingent liabilities</b>						
Direct credit substitutes	12,385,389	10,934,760	6,533,559	12,187,201	9,936,606	6,666,024
Certain transaction-related contingent items	17,477,210	8,320,847	6,352,100	16,785,821	7,184,856	4,977,193
Short-term self-liquidating trade-related contingencies	5,052,863	1,017,790	698,293	7,821,190	1,009,034	769,542
Obligations under underwriting agreements	-	-	-	116,731	15,000	3,000
	<b>34,915,462</b>	<b>20,273,397</b>	<b>13,583,952</b>	<b>36,910,943</b>	<b>18,145,496</b>	<b>12,415,759</b>
<b>Commitments</b>						
Irrevocable commitments to extend credit:						
- Maturity within one year	110,008,009	15,334,840	9,106,253	104,064,366	10,622,636	7,050,985
- Maturity exceeding one year	41,962,165	31,219,364	15,149,538	32,517,024	25,106,218	12,403,146
	<b>151,970,174</b>	<b>46,554,204</b>	<b>24,255,791</b>	<b>136,581,390</b>	<b>35,728,854</b>	<b>19,454,131</b>
Miscellaneous commitments and contingencies	7,805,772	1,496,962	594,147	9,421,308	2,348,939	384,405
Total credit-related commitments and contingencies	<b>194,691,408</b>	<b>68,324,563</b>	<b>38,433,890</b>	<b>182,913,641</b>	<b>56,223,289</b>	<b>32,254,295</b>
<b>Derivative financial instruments</b>						
Foreign exchange related contracts:						
- Less than one year	220,960,854	5,202,974	1,732,068	176,403,495	3,540,491	1,199,324
- One year to less than five years	26,886,781	1,890,425	1,021,804	23,388,062	2,579,961	916,983
- Five years and above	5,398,071	1,324,095	752,040	4,383,218	696,938	562,525
	<b>253,245,706</b>	<b>8,417,494</b>	<b>3,505,912</b>	<b>204,174,775</b>	<b>6,817,390</b>	<b>2,678,832</b>
Interest rate related contracts:						
- Less than one year	100,472,139	555,190	364,604	35,185,558	173,406	148,405
- One year to less than five years	116,686,681	2,595,167	1,256,635	90,984,134	2,563,632	873,378
- Five years and above	52,084,809	1,596,160	828,209	36,052,649	2,291,274	1,048,738
	<b>269,243,629</b>	<b>4,746,517</b>	<b>2,449,448</b>	<b>162,222,341</b>	<b>5,028,312</b>	<b>2,070,521</b>
Equity and commodity related contracts:						
- Less than one year	1,999,738	20,601	12,739	1,904,917	5,335	1,062
- One year to less than five years	480,586	4,944	3,136	710,914	5,123	893
- Five years and above	33,663	-	-	33,663	-	-
	<b>2,513,987</b>	<b>25,545</b>	<b>15,875</b>	<b>2,649,494</b>	<b>10,458</b>	<b>1,955</b>
Total treasury-related commitments and contingencies	<b>525,003,322</b>	<b>13,189,556</b>	<b>5,971,235</b>	<b>369,046,610</b>	<b>11,856,160</b>	<b>4,751,308</b>
Total commitments and contingencies	<b>719,694,730</b>	<b>81,514,119</b>	<b>44,405,125</b>	<b>551,960,251</b>	<b>68,079,449</b>	<b>37,005,603</b>

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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 31 December 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
<b><u>Contingent liabilities</u></b>						
Direct credit substitutes	10,454,671	9,434,347	5,150,497	10,695,235	8,827,871	5,841,881
Certain transaction-related contingent items	15,229,018	6,879,503	4,867,603	14,889,745	6,159,173	4,012,308
Short-term self-liquidating trade-related contingencies	4,598,797	862,718	548,374	7,551,016	852,141	625,394
	<b>30,282,486</b>	<b>17,176,568</b>	<b>10,566,474</b>	<b>33,135,996</b>	<b>15,839,185</b>	<b>10,479,583</b>
<b><u>Commitments</u></b>						
Irrevocable commitments to extend credit:						
- Maturity within one year	90,296,506	10,326,949	5,732,497	88,702,119	7,512,199	4,973,650
- Maturity exceeding one year	31,410,946	22,146,579	9,469,321	24,165,790	20,092,805	10,482,536
	<b>121,707,452</b>	<b>32,473,528</b>	<b>15,201,818</b>	<b>112,867,909</b>	<b>27,605,004</b>	<b>15,456,186</b>
Miscellaneous commitments and contingencies	7,641,170	705,840	235,590	9,151,530	2,118,400	219,942
Total credit-related commitments and contingencies	<b>159,631,108</b>	<b>50,355,936</b>	<b>26,003,882</b>	<b>155,155,435</b>	<b>45,562,589</b>	<b>26,155,711</b>
<b><u>Derivative financial instruments</u></b>						
Foreign exchange related contracts:						
- Less than one year	217,659,439	5,104,708	1,678,254	173,109,347	3,462,027	1,199,964
- One year to less than five years	27,210,183	1,627,876	852,987	24,267,821	2,422,782	885,140
- Five years and above	5,398,071	1,092,748	600,693	4,383,218	505,407	456,174
	<b>250,267,693</b>	<b>7,825,332</b>	<b>3,131,934</b>	<b>201,760,386</b>	<b>6,390,216</b>	<b>2,541,278</b>
Interest rate related contracts:						
- Less than one year	100,337,975	525,454	354,312	35,205,558	125,769	56,074
- One year to less than five years	115,932,672	2,409,519	1,146,722	89,144,837	2,481,986	863,438
- Five years and above	52,084,809	1,722,257	863,822	36,614,812	2,393,656	1,077,580
	<b>268,355,456</b>	<b>4,657,230</b>	<b>2,364,856</b>	<b>160,965,207</b>	<b>5,001,411</b>	<b>1,997,092</b>
Equity and commodity related contracts:						
- Less than one year	640,564	20,601	12,739	1,252,749	5,335	1,062
- One year to less than five years	456,498	4,944	3,136	351,852	5,123	893
	<b>1,097,062</b>	<b>25,545</b>	<b>15,875</b>	<b>1,604,601</b>	<b>10,458</b>	<b>1,955</b>
Total treasury-related commitments and contingencies	<b>519,720,211</b>	<b>12,508,107</b>	<b>5,512,665</b>	<b>364,330,194</b>	<b>11,402,085</b>	<b>4,540,325</b>
Total commitments and contingencies	<b>679,351,319</b>	<b>62,864,043</b>	<b>31,516,547</b>	<b>519,485,629</b>	<b>56,964,674</b>	<b>30,696,036</b>

\* 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 31 December 2015, the amount of credit risk in the Group, measured in terms of the cost to replace the profitable contracts, was RM8,283.6 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 31 December 2015, the Group and the Bank have posted cash collateral of RM2,863.5 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%-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 ended 31 December 2015 (2014: 4.0%, 5.5% and 8.0% of total RWA).

On an entity level basis, the computation of capital adequacy ratios of the 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 ended 31 December 2015 (2014: 4.0%, 5.5% and 8.0% of total RWA).

- (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 ended 31 December 2015 (2014: 4.0%, 5.5% and 8.0% of total RWA).

- (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 is 9% - 10% (2014: 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 respect of the financial year ended 31 December 2015, the Board has proposed the payment of a final single-tier dividend of 30 sen per ordinary share of RM1.00 each, which consists of a cash portion of 6 sen and an electable portion of 24 sen per ordinary share. The electable portion can be elected to be reinvested by shareholders in new Maybank shares in accordance with the DRP. The proposed single-tier final dividend will be subject to shareholders' approval.

In arriving the capital adequacy ratios for the financial year ended 31 December 2015, the proposed final dividend has not been deducted from the calculation of CET1 Capital.

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

	<b>Group</b>		<b>Bank</b>	
	<b>31 December 2015</b>	<b>31 December 2014</b>	<b>31 December 2015</b>	<b>31 December 2014</b>
CET1 Capital Ratio	<b>12.780%</b>	11.747%	<b>15.781%</b>	16.275%
Tier 1 Capital Ratio	<b>14.471%</b>	13.539%	<b>17.969%</b>	16.275%
Total Capital Ratio	<b>17.743%</b>	16.235%	<b>17.969%</b>	16.275%

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

**(d) Components of capital:**

	Group		Bank	
	31 December 2015 RM'000	31 December 2014 RM'000	31 December 2015 RM'000	31 December 2014 RM'000
<b>CET1 Capital</b>				
Paid-up share capital	9,761,751	9,319,030	9,761,751	9,319,030
Share premium	25,900,476	22,747,922	25,900,476	22,747,922
Retained profits <sup>1</sup>	9,356,279	9,173,105	3,779,541	4,052,916
Other reserves <sup>1</sup>	13,231,479	8,600,064	12,830,702	10,629,085
Qualifying non-controlling interests	119,376	124,884	-	-
Less: Shares held-in-trust	<u>(119,745)</u>	<u>(113,463)</u>	<u>(119,745)</u>	<u>(113,463)</u>
CET1 Capital before regulatory adjustments	58,249,616	49,851,542	52,152,725	46,635,490
Less: Regulatory adjustments applied on CET1 Capital:				
Capital:	<b>(10,538,139)</b>	<b>(8,391,750)</b>	<b>(10,273,993)</b>	<b>(5,328,480)</b>
Deferred tax assets	(908,232)	(835,018)	(441,814)	(348,350)
Goodwill	(5,911,523)	(5,144,128)	(81,015)	(81,015)
Other intangibles	(994,076)	(1,080,868)	(428,464)	(425,252)
Profit equalisation reserve	(34,456)	(34,456)	-	-
Regulatory reserve	(1,247,509)	(274,500)	(813,800)	-
Shortfall of total eligible provision to total expected loss	-	(420,130)	-	-
Investment in ordinary shares of unconsolidated financial and insurance/takaful entities <sup>3</sup>	(1,442,343)	(602,650)	(8,508,900)	(4,139,159)
Regulatory adjustments due to insufficient Additional Tier 1 and Tier 2 Capital	-	-	-	(334,704)
<b>Total CET1 Capital</b>	<b>47,711,477</b>	<b>41,459,792</b>	<b>41,878,732</b>	<b>41,307,010</b>
<b>Additional Tier 1 Capital</b>				
Capital securities	6,245,496	6,246,181	6,245,496	6,246,181
Qualifying CET1 and Additional Tier 1 capital instruments held by third parties	67,719	80,409	-	-
Less: Regulatory adjustments due to insufficient Tier 2 Capital	-	-	(438,178)	(6,246,181)
<b>Total Tier 1 Capital</b>	<b>54,024,692</b>	<b>47,786,382</b>	<b>47,686,050</b>	<b>41,307,010</b>
<b>Tier 2 Capital</b>				
Subordinated obligations	12,984,020	10,838,880	12,984,020	10,838,880
Qualifying CET1, Additional Tier 1 and Tier 2 capital instruments held by third parties	529,368	530,022	-	-
Collective allowance <sup>2</sup>	452,504	555,142	160,737	214,426
Surplus of total eligible provision over total expected loss	414,103	-	470,242	81,949
Less: Regulatory adjustments not deducted from CET1 Capital or Additional Tier 1 Capital provided under the transitional arrangements <sup>3</sup>	<u>(2,163,515)</u>	<u>(2,410,601)</u>	<u>(13,614,999)</u>	<u>(11,135,255)</u>
<b>Total Tier 2 Capital</b>	<b>12,216,480</b>	<b>9,513,443</b>	<b>-</b>	<b>-</b>
<b>Total Capital</b>	<b>66,241,172</b>	<b>57,299,825</b>	<b>47,686,050</b>	<b>41,307,010</b>

<sup>1</sup> 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.

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

<sup>3</sup> 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 Maybank 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:**

	<b>Maybank Islamic Berhad</b>	<b>Maybank Investment Bank Berhad</b>	<b>PT Bank Maybank Indonesia Tbk</b>
<b><u>At 31 December 2015</u></b>			
CET1 Capital Ratio	12.435%	32.439%	-
Tier 1 Capital Ratio	12.435%	32.439%	-
Total Capital Ratio	<b>16.489%</b>	<b>32.439%</b>	<b>15.049%</b>
<b><u>At 31 December 2014</u></b>			
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 31 December 2015**

	<b>Group RM'000</b>	<b>Bank RM'000</b>	<b>Maybank Islamic Berhad RM'000</b>	<b>Maybank Investment Bank Berhad RM'000</b>	<b>PT Bank Maybank Indonesia Tbk RM'000</b>
Standardised Approach exposure	47,320,484	22,432,078	6,417,990	453,207	32,088,147
Internal Ratings-Based Approach exposure after scaling factor	279,836,231	212,545,150	59,046,097	-	-
Total RWA for credit risk	327,156,715	234,977,228	65,464,087	453,207	32,088,147
Total RWA for credit risk absorbed by Malayan Banking Berhad and Investment Account*	-	-	(9,098,255)	-	-
Total RWA for market risk	11,256,514	9,343,171	1,135,708	283,821	375,184
Total RWA for operational risk	34,913,799	21,054,721	4,943,708	892,802	4,529,765
Total RWA	373,327,028	265,375,120	62,445,248	1,629,830	36,993,096

**At 31 December 2014**

	<b>Group RM'000</b>	<b>Bank RM'000</b>	<b>Maybank Islamic Berhad RM'000</b>	<b>Maybank Investment Bank Berhad RM'000</b>	<b>PT Bank Maybank Indonesia Tbk RM'000</b>
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	257,422,482	201,894,673	51,473,277	-	-
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	352,944,454	253,810,913	57,094,313	1,596,583	32,433,657

\* In accordance with BNM's guideline on the recognition and measurement of Restricted Profit-Sharing Investment Account ("RPSIA") and Investment Account ("IA") as Risk Absorbent, the credit risk on the assets funded by the RPSIA and IA 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	
<b>At 31 December 2015</b>						
<b>Trading derivatives</b>						
<u>Foreign exchange related contracts</u>						
Currency forwards:						
- Less than one year	29,958,910	746,356	(261,273)	24,970,275	562,194	(244,662)
- One year to three years	1,517,018	33,500	(108,261)	1,517,018	33,500	(108,261)
- More than three years	88,539	1,080	(19,531)	88,539	1,080	(19,531)
	<u>31,564,467</u>	<u>780,936</u>	<u>(389,065)</u>	<u>26,575,832</u>	<u>596,774</u>	<u>(372,454)</u>
Currency swaps:						
- Less than one year	173,743,239	2,208,206	(1,989,835)	175,643,530	2,387,678	(1,963,151)
- One year to three years	775,413	53,313	(2,282)	775,413	53,313	(2,282)
- More than three years	70,816	19,718	-	70,816	19,718	-
	<u>174,589,468</u>	<u>2,281,237</u>	<u>(1,992,117)</u>	<u>176,489,759</u>	<u>2,460,709</u>	<u>(1,965,433)</u>
Currency spots:						
- Less than one year	901,864	867	(1,819)	937,901	892	(1,819)
Currency options:						
- Less than one year	7,645,551	64,130	(61,020)	7,645,551	64,130	(61,020)
- One year to three years	111,618	5,144	(2,987)	111,618	5,144	(2,987)
	<u>7,757,169</u>	<u>69,274</u>	<u>(64,007)</u>	<u>7,757,169</u>	<u>69,274</u>	<u>(64,007)</u>
Cross currency interest rate swaps:						
- Less than one year	8,152,602	1,562,963	(547,328)	7,903,494	1,557,485	(516,296)
- One year to three years	12,949,782	670,048	(1,169,785)	12,805,597	667,372	(1,122,286)
- More than three years	12,988,230	1,223,688	(1,020,107)	13,455,817	1,339,332	(1,121,683)
	<u>34,090,614</u>	<u>3,456,699</u>	<u>(2,737,220)</u>	<u>34,164,908</u>	<u>3,564,189</u>	<u>(2,760,265)</u>
<u>Interest rate related contracts</u>						
Interest rate swaps:						
- Less than one year	90,180,013	99,540	(149,213)	90,472,803	98,285	(149,605)
- One year to three years	53,808,589	219,724	(242,407)	54,050,329	217,255	(243,507)
- More than three years	104,797,443	1,388,716	(1,439,924)	105,098,669	1,385,076	(1,445,692)
	<u>248,786,045</u>	<u>1,707,980</u>	<u>(1,831,544)</u>	<u>249,621,801</u>	<u>1,700,616</u>	<u>(1,838,804)</u>
Interest rate futures:						
- Less than one year	7,565,066	5,768	(1,873)	7,565,066	5,768	(1,873)
- One year to three years	236,115	138	(73)	236,115	138	(73)
	<u>7,801,181</u>	<u>5,906</u>	<u>(1,946)</u>	<u>7,801,181</u>	<u>5,906</u>	<u>(1,946)</u>
Interest rate options:						
- Less than one year	2,003,887	625	(5,050)	2,003,887	625	(5,050)
- One year to three years	1,106,446	965	(36,560)	706,446	965	(5,859)
- More than three years	7,528,692	36,591	(219,010)	7,453,692	36,591	(206,316)
	<u>10,639,025</u>	<u>38,181</u>	<u>(260,620)</u>	<u>10,164,025</u>	<u>38,181</u>	<u>(217,225)</u>

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**A35. Derivative Financial Instruments (cont'd.)**

<b>At 31 December 2015 (cont'd.)</b>	<b>Group</b>			<b>Bank</b>		
	<b>Principal Amount RM'000</b>	<b>&lt;---- Fair Value ----&gt;</b>		<b>Principal Amount RM'000</b>	<b>&lt;---- Fair Value ----&gt;</b>	
	<b>Assets RM'000</b>	<b>Liabilities RM'000</b>		<b>Assets RM'000</b>	<b>Liabilities RM'000</b>	
<b>Trading derivatives (cont'd.)</b>						
<u>Equity related contracts</u>						
Index futures:						
- Less than one year	20,623	-	(64)	-	-	-
- More than three years	33,663	2,414	-	-	-	-
	54,286	2,414	(64)	-	-	-
Equity options:						
- Less than one year	599,625	6,363	(30,946)	45,600	954	(954)
- One year to three years	135,114	7,663	(6,430)	111,026	6,258	(5,197)
	734,739	14,026	(37,376)	156,626	7,212	(6,151)
Equity swaps:						
- Less than one year	791,020	34,722	(88,397)	6,494	615	(7)
<u>Commodity related contracts</u>						
Commodity options:						
- Less than one year	3,864	1,092	(1,864)	3,864	1,092	(1,864)
Commodity swaps:						
- Less than one year	584,606	107,220	(107,013)	584,606	107,220	(107,013)
- One year to three years	344,177	40,566	(40,096)	344,177	40,566	(40,096)
- More than three years	1,295	121	(118)	1,295	121	(118)
	930,078	147,907	(147,227)	930,078	147,907	(147,227)
<b>Hedging derivatives</b>						
<u>Foreign exchange related contracts</u>						
Cross currency interest rate swaps:						
- Less than one year	558,688	1,774	(100,282)	558,688	1,774	(100,282)
- One year to three years	2,334,285	8,865	(325,186)	2,334,285	8,865	(325,186)
- More than three years	1,449,151	420	(172,310)	1,449,151	420	(172,310)
	4,342,124	11,059	(597,778)	4,342,124	11,059	(597,778)
<u>Interest rate related contracts</u>						
Interest rate swaps:						
- Less than one year	723,173	1,511	(4,621)	296,219	336	(4,599)
- One year to three years	564,395	327	(5,147)	64,395	327	(1,464)
- More than three years	729,810	17,862	(4,999)	407,835	17,862	(3,644)
	2,017,378	19,700	(14,767)	768,449	18,525	(9,707)
Netting effects under MFRS 132 Amendments						
	-	(288,353)	288,353	-	(288,353)	288,353
<b>Total</b>	<b>525,003,322</b>	<b>8,283,647</b>	<b>(7,877,458)</b>	<b>519,720,211</b>	<b>8,334,598</b>	<b>(7,696,334)</b>

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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	
<b>Trading derivatives</b>						
<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.)**

<b>At 31 December 2014 (cont'd.)</b>	<b>Group</b>			<b>Bank</b>		
	<b>Principal Amount RM'000</b>	<b>&lt;---- Fair Value ----&gt;</b>		<b>Principal Amount RM'000</b>	<b>&lt;---- Fair Value ----&gt;</b>	
	<b>Assets RM'000</b>	<b>Liabilities RM'000</b>		<b>Assets RM'000</b>	<b>Liabilities RM'000</b>	
<b><u>Trading derivatives (cont'd.)</u></b>						
<b><u>Equity related contracts</u></b>						
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)	-	-	-
<b><u>Commodity related contracts</u></b>						
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>
<b><u>Hedging derivatives</u></b>						
<b><u>Foreign exchange related contracts</u></b>						
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>
<b><u>Interest rate related contracts</u></b>						
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
<b>Total</b>	<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 31 December 2015 and 31 December 2014.

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	
<b>At 31 December 2015</b>				
Non-financial assets measured at fair value:				
<b>Investment properties</b>	-	-	716,818	716,818
Financial assets measured at fair value:				
<b>Financial assets held-for-trading</b>	1,837,095	5,071,215	-	6,908,310
Money market instruments	-	812,441	-	812,441
Quoted securities	1,837,095	-	-	1,837,095
Unquoted securities	-	4,258,774	-	4,258,774
<b>Financial assets designated at fair value through profit or loss</b>	29,226	10,203,605	81,454	10,314,285
Money market instruments	-	648,754	-	648,754
Quoted securities	29,226	31,357	-	60,583
Unquoted securities	-	9,523,494	81,454	9,604,948
<b>Financial investments available-for-sale</b>	3,019,389	86,665,757	576,527	90,261,673
Money market instruments	-	49,399,786	-	49,399,786
Quoted securities	3,019,389	-	-	3,019,389
Unquoted securities	-	37,265,971	576,527	37,842,498
<b>Derivative assets</b>	29,516	8,245,827	8,304	8,283,647
Foreign exchange related contracts	-	6,600,072	-	6,600,072
Interest rate related contracts	-	1,771,767	-	1,771,767
Equity and commodity related contracts	29,516	162,341	8,304	200,161
Netting effects under MFRS 132 Amendments	-	(288,353)	-	(288,353)
	<b>4,915,226</b>	<b>110,186,404</b>	<b>666,285</b>	<b>115,767,915</b>
Financial liabilities measured at fair value:				
<b>Derivative liabilities</b>	26,353	7,781,146	69,959	7,877,458
Foreign exchange related contracts	-	5,782,006	-	5,782,006
Interest rate related contracts	-	2,046,934	61,943	2,108,877
Equity and commodity related contracts	26,353	240,559	8,016	274,928
Netting effects under MFRS 132 Amendments	-	(288,353)	-	(288,353)
	<b>26,353</b>	<b>7,781,146</b>	<b>69,959</b>	<b>7,877,458</b>

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**A36. Fair Value Measurements of Financial Instruments (cont'd.)**

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	
Non-financial assets measured at fair value:				
<b>Investment properties</b>	-	-	595,493	595,493
Financial assets measured at fair value:				
<b>Financial assets held-for-trading</b>	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
<b>Financial assets designated at fair value through profit or loss</b>	-	11,235,695	-	11,235,695
Money market instruments	-	863,104	-	863,104
Unquoted securities	-	10,372,591	-	10,372,591
<b>Financial investments available-for-sale</b>	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
<b>Derivative assets</b>	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:				
<b>Derivative liabilities</b>	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)
	<u>19,325</u>	<u>5,063,576</u>	<u>237,598</u>	<u>5,320,499</u>

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**A36. Fair Value Measurements of Financial Instruments (cont'd.)**

<b>Bank</b> <b>At 31 December 2015</b>	<u>Valuation technique using</u>			<b>Total</b> <b>RM'000</b>
	<b>Quoted</b> <b>Market Price</b> <b>(Level 1)</b> <b>RM'000</b>	<b>Observable</b> <b>Inputs</b> <b>(Level 2)</b> <b>RM'000</b>	<b>Unobservable</b> <b>Inputs</b> <b>(Level 3)</b> <b>RM'000</b>	
Financial assets measured at fair value:				
<b>Financial assets held-for-trading</b>	<b>13,213</b>	<b>4,208,682</b>	<b>-</b>	<b>4,221,895</b>
Money market instruments	-	513,654	-	513,654
Quoted securities	13,213	-	-	13,213
Unquoted securities	-	3,695,028	-	3,695,028
<b>Financial investments available-for-sale</b>	<b>142,107</b>	<b>74,444,286</b>	<b>363,677</b>	<b>74,950,070</b>
Money market instruments	-	43,898,733	-	43,898,733
Quoted securities	142,107	-	-	142,107
Unquoted securities	-	30,545,553	363,677	30,909,230
<b>Derivative assets</b>	<b>-</b>	<b>8,326,294</b>	<b>8,304</b>	<b>8,334,598</b>
Foreign exchange related contracts	-	6,702,897	-	6,702,897
Interest rate related contracts	-	1,763,228	-	1,763,228
Equity and commodity related contracts	-	148,522	8,304	156,826
Netting effects under MFRS 132 Amendments	-	(288,353)	-	(288,353)
	<b>155,320</b>	<b>86,979,262</b>	<b>371,981</b>	<b>87,506,563</b>
Financial liabilities measured at fair value:				
<b>Derivative liabilities</b>	<b>-</b>	<b>7,669,770</b>	<b>26,564</b>	<b>7,696,334</b>
Foreign exchange related contracts	-	5,761,756	-	5,761,756
Interest rate related contracts	-	2,049,134	18,548	2,067,682
Equity and commodity related contracts	-	147,233	8,016	155,249
Netting effects under MFRS 132 Amendments	-	(288,353)	-	(288,353)
	<b>-</b>	<b>7,669,770</b>	<b>26,564</b>	<b>7,696,334</b>

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**A36. Fair Value Measurements of Financial Instruments (cont'd.)**

<b>Bank</b> <b>At 31 December 2014</b>	<u>Valuation technique using</u>			<b>Total</b> <b>RM'000</b>
	<b>Quoted</b> <b>Market Price</b> <b>(Level 1)</b> <b>RM'000</b>	<b>Observable</b> <b>Inputs</b> <b>(Level 2)</b> <b>RM'000</b>	<b>Unobservable</b> <b>Inputs</b> <b>(Level 3)</b> <b>RM'000</b>	
Financial assets measured at fair value:				
<b>Financial assets held-for-trading</b>	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
<b>Financial investments available-for-sale</b>	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
<b>Derivative assets</b>	-	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:				
<b>Derivative liabilities</b>	-	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)
	-	5,021,006	152,569	5,173,575

**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 brokers.

*Investment properties*

The fair values of investment properties are determined by an accredited independent valuer using a variety of approaches such as comparison method and income capitalisation approach. Under the comparison method, fair value is estimated by considering the selling price per square foot of comparable investment properties sold adjusted for location, quality and finishes of the building, design and size of the building, title conditions, market trends and time factor. While income capitalisation approach considers the capitalisation of net income of the investment properties such as the gross rental less current maintenance expenses and outgoings. This process may consider the relationships including yield and discount rates.

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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:

<b>Group</b>	<b>At 1 January 2015 RM'000</b>	<b>Total realised gains/(losses) recognised in income statements*</b>	<b>Total unrealised gains/(losses) recognised in income statements*</b>	<b>Total unrealised gains/(losses) recognised in other comprehensive income RM'000</b>	<b>Purchases RM'000</b>	<b>Sales RM'000</b>	<b>Settlements** RM'000</b>	<b>Exchange differences RM'000</b>	<b>Transfer into Level 3 RM'000</b>	<b>Transfer out from Level 3 RM'000</b>	<b>At 31 December 2015 RM'000</b>
<b>Financial assets designated at fair value through profit or loss</b>											
Unquoted securities	-	200	2,077	-	-	(1,221)	-	-	80,398	-	81,454
	-	200	2,077	-	-	(1,221)	-	-	80,398	-	81,454
<b>Financial investments available-for-sale</b>											
Unquoted securities	418,789	4,513	-	11,985	103,369	(61,877)	(12,678)	15,246	108,205	(11,025)	576,527
	418,789	4,513	-	11,985	103,369	(61,877)	(12,678)	15,246	108,205	(11,025)	576,527
<b>Derivative assets</b>											
Interest rate related contracts	-	1,512	-	-	-	(877)	(635)	-	-	-	-
Equity and commodity related contracts	14,512	1,087	(10,183)	-	3,849	(961)	-	-	-	-	8,304
	14,512	2,599	(10,183)	-	3,849	(1,838)	(635)	-	-	-	8,304
<b>Total Level 3 financial assets</b>	<b>433,301</b>	<b>7,312</b>	<b>(8,106)</b>	<b>11,985</b>	<b>107,218</b>	<b>(64,936)</b>	<b>(13,313)</b>	<b>15,246</b>	<b>188,603</b>	<b>(11,025)</b>	<b>666,285</b>
<b>Derivative liabilities</b>											
Interest rate related contracts	(223,086)	21,967	(548)	-	-	107,597	32,127	-	-	-	(61,943)
Equity and commodity related contracts	(14,512)	(799)	10,183	-	(3,849)	961	-	-	-	-	(8,016)
<b>Total Level 3 financial liabilities</b>	<b>(237,598)</b>	<b>21,168</b>	<b>9,635</b>	<b>-</b>	<b>(3,849)</b>	<b>108,558</b>	<b>32,127</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(69,959)</b>
<b>Total net Level 3 financial assets/ (liabilities)</b>	<b>195,703</b>	<b>28,480</b>	<b>1,529</b>	<b>11,985</b>	<b>103,369</b>	<b>43,622</b>	<b>18,814</b>	<b>15,246</b>	<b>188,603</b>	<b>(11,025)</b>	<b>596,326</b>

\* Included within 'Other operating income'.

\*\* The settlement amount of financial investments available-for-sale for the 12 months financial year ended 31 December 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.):

<b>Group</b>	<b>At 1 January 2014 RM'000</b>	<b>Total realised gains/(losses) recognised in income statements*</b>	<b>Total unrealised gains/(losses) recognised in income statements*</b>	<b>Total unrealised gains/(losses) recognised in other comprehensive income</b>	<b>Purchases RM'000</b>	<b>Sales RM'000</b>	<b>Settlements<sup>^</sup> RM'000</b>	<b>Exchange differences RM'000</b>	<b>Transfer into Level 3 RM'000</b>	<b>Transfer out from Level 3 RM'000</b>	<b>At 31 December 2014 RM'000</b>
<b>Financial assets held-for-trading</b>											
Unquoted securities	576,574	(138)	5,295	-	-	(10,043)	-	-	-	(571,688)	-
	576,574	(138)	5,295	-	-	(10,043)	-	-	-	(571,688)	-
<b>Financial assets designated at fair value through profit or loss</b>											
Unquoted securities	156,937	-	-	-	-	-	-	-	-	(156,937)	-
	156,937	-	-	-	-	-	-	-	-	(156,937)	-
<b>Financial investments available-for-sale</b>											
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
<b>Derivative assets</b>											
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
<b>Total Level 3 financial assets</b>	<b>1,431,702</b>	<b>104,782</b>	<b>9,196</b>	<b>(2,122)</b>	<b>135,563</b>	<b>(23,990)</b>	<b>(382,313)</b>	<b>4,689</b>	<b>32,739</b>	<b>(876,945)</b>	<b>433,301</b>
<b>Derivative liabilities</b>											
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)
<b>Total Level 3 financial liabilities</b>	<b>(316,194)</b>	<b>15,344</b>	<b>52,033</b>	<b>-</b>	<b>(20,709)</b>	<b>-</b>	<b>31,928</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(237,598)</b>
<b>Total net Level 3 financial assets/ (liabilities)</b>	<b>1,115,508</b>	<b>120,126</b>	<b>61,229</b>	<b>(2,122)</b>	<b>114,854</b>	<b>(23,990)</b>	<b>(350,385)</b>	<b>4,689</b>	<b>32,739</b>	<b>(876,945)</b>	<b>195,703</b>

\* Included within 'Other operating income'.

<sup>^</sup> The settlement amount of financial investments available-for-sale for the financial year ended 31 December 2014 included a redemption of loan stock of RM346.3 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.):

<b>Bank</b>	<b>At 1 January</b>	<b>Total</b>	<b>Total</b>	<b>Total</b>				<b>Exchange</b>	<b>Transfer into</b>	<b>Transfer out from</b>	<b>At</b>
<b>At 31 December 2015</b>	<b>2015</b>	<b>realised</b>	<b>unrealised</b>	<b>unrealised</b>	<b>Purchases</b>	<b>Sales</b>	<b>Settlements**</b>	<b>differences</b>	<b>Level 3</b>	<b>Level 3</b>	<b>31 December</b>
	<b>RM'000</b>	<b>gains/(losses)</b>	<b>gains/(losses)</b>	<b>gains/(losses)</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>2015</b>
		<b>recognised in</b>	<b>recognised in</b>	<b>recognised in</b>							<b>RM'000</b>
		<b>income</b>	<b>income</b>	<b>other</b>							
		<b>statements*</b>	<b>statements*</b>	<b>comprehensive</b>							
		<b>RM'000</b>	<b>RM'000</b>	<b>income</b>							
				<b>RM'000</b>							
<b>Financial investments available-for-sale</b>											
Unquoted securities	269,634	4,320	-	9,487	84,483	-	(12,678)	8,581	-	(150)	363,677
	269,634	4,320	-	9,487	84,483	-	(12,678)	8,581	-	(150)	363,677
<b>Derivative assets</b>											
Interest rate related contracts	-	877	-	-	-	(877)	-	-	-	-	-
Equity and commodity related contracts	14,512	1,087	(10,183)	-	3,849	(961)	-	-	-	-	8,304
	14,512	1,964	(10,183)	-	3,849	(1,838)	-	-	-	-	8,304
<b>Total Level 3 financial assets</b>	<b>284,146</b>	<b>6,284</b>	<b>(10,183)</b>	<b>9,487</b>	<b>88,332</b>	<b>(1,838)</b>	<b>(12,678)</b>	<b>8,581</b>	<b>-</b>	<b>(150)</b>	<b>371,981</b>
<b>Derivative liabilities</b>											
Interest rate related contracts	(138,057)	23,688	(11,912)	-	-	107,597	136	-	-	-	(18,548)
Equity and commodity related contracts	(14,512)	(799)	10,183	-	(3,849)	961	-	-	-	-	(8,016)
<b>Total Level 3 financial liabilities</b>	<b>(152,569)</b>	<b>22,889</b>	<b>(1,729)</b>	<b>-</b>	<b>(3,849)</b>	<b>108,558</b>	<b>136</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(26,564)</b>
<b>Total net Level 3 financial assets/</b>											
<b>(liabilities)</b>	<b>131,577</b>	<b>29,173</b>	<b>(11,912)</b>	<b>9,487</b>	<b>84,483</b>	<b>106,720</b>	<b>(12,542)</b>	<b>8,581</b>	<b>-</b>	<b>(150)</b>	<b>345,417</b>

\* Included within 'Other operating income'.

\*\* The settlement amount of financial investments available-for-sale for the 12 months financial year ended 31 December 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.):

<b>Bank</b>	<b>At 1 January 2014</b>	<b>Total realised gains/(losses) recognised in income statements*</b>	<b>Total unrealised gains/(losses) recognised in income statements*</b>	<b>Total unrealised gains/(losses) recognised in other comprehensive income</b>	<b>Purchases</b>	<b>Sales</b>	<b>Settlements^</b>	<b>Exchange differences</b>	<b>Transfer into Level 3</b>	<b>Transfer out from Level 3</b>	<b>At 31 December 2014</b>
<b>At 31 December 2014</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Financial investments available-for-sale</b>											
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
<b>Derivative assets</b>											
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
<b>Total Level 3 financial assets</b>	<b>346,087</b>	<b>30,861</b>	<b>7,151</b>	<b>-</b>	<b>43,595</b>	<b>-</b>	<b>(177,834)</b>	<b>4,538</b>	<b>29,748</b>	<b>-</b>	<b>284,146</b>
<b>Derivative liabilities</b>											
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)
<b>Total Level 3 financial liabilities</b>	<b>(226,542)</b>	<b>15,254</b>	<b>33,829</b>	<b>-</b>	<b>(6,825)</b>	<b>-</b>	<b>31,715</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(152,569)</b>
<b>Total net Level 3 financial assets/ (liabilities)</b>	<b>119,545</b>	<b>46,115</b>	<b>40,980</b>	<b>-</b>	<b>36,770</b>	<b>-</b>	<b>(146,119)</b>	<b>4,538</b>	<b>29,748</b>	<b>-</b>	<b>131,577</b>

\* 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 12 months financial year ended 31 December 2015.

**Movements in Level 3 financial instruments measured at fair value**

During the financial year ended 31 December 2015, the Group transferred certain financial investments AFS and financial assets designated at fair value through profit or loss from Level 2 into Level 3 of the fair value hierarchy. The reason for the transfer is that inputs to the valuation models ceased to be observable. Prior to the transfer, the fair value of the instruments was determined using observable market transactions or binding broker quotes for the same or similar instruments. Since the transfer, these instruments have been valued using valuation models incorporating significant unobservable inputs.

The Group has transferred certain financial 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 quoted price in the exchange.



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**A37. Credit Exposure Arising from Credit Transactions with Connected Parties**

	Group		Bank	
	31 December 2015	31 December 2014	31 December 2015	31 December 2014
Outstanding credit exposures with connected parties (RM'000)	<b>23,923,271</b>	20,144,156	<b>25,459,081</b>	26,381,577
Percentage of outstanding credit exposures to connected parties as proportion of total credit exposures	<b>3.4%</b>	3.1%	<b>4.8%</b>	5.5%
Percentage of outstanding credit exposures to connected parties which is impaired or in default	-	-	-	-

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

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**A38. Audited 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 Audited Income Statements and Statements of Financial Position of Insurance and Takaful Business into Life Fund, Family Takaful Fund, General Takaful Fund, Shareholders' and General Fund are disclosed as follows:

**(a) Audited Income Statements for the Financial Year Ended 31 December 2015**

Group Twelve-Month Ended	Life Fund		Family Takaful Fund		General Takaful Fund		Shareholders' and General Fund		Total	
	31 December 2015 RM'000	31 December 2014 RM'000	31 December 2015 RM'000	31 December 2014 RM'000	31 December 2015 RM'000	31 December 2014 RM'000	31 December 2015 RM'000	31 December 2014 RM'000	31 December 2015 RM'000	31 December 2014 RM'000
Interest income	382,814	435,140	320,709	308,399	62,058	57,466	163,892	168,798	929,473	969,803
Interest expense	-	-	-	-	-	-	(34,210)	(28,675)	(34,210)	(28,675)
Net interest income	382,814	435,140	320,709	308,399	62,058	57,466	129,682	140,123	895,263	941,128
Net earned insurance premiums	995,584	984,224	1,132,279	1,017,700	943,327	772,264	1,125,509	1,171,880	4,196,699	3,946,068
Other operating income	117,639	288,991	94,027	272,473	9,553	9,517	106,650	150,652	327,869	721,633
Total operating income	1,496,037	1,708,355	1,547,015	1,598,572	1,014,938	839,247	1,361,841	1,462,655	5,419,831	5,608,829
Net insurance benefits and claims incurred, net fee and commission expenses, change in expense liabilities and taxation of life and takaful fund	(1,266,054)	(1,518,592)	(1,378,625)	(1,442,093)	(1,010,504)	(836,657)	(248,318)	(231,926)	(3,903,501)	(4,029,268)
Net operating income	229,983	189,763	168,390	156,479	4,434	2,590	1,113,523	1,230,729	1,516,330	1,579,561
Overhead expenses	(107,546)	(155,404)	(33,315)	(39,149)	(1,147)	(567)	(405,655)	(420,279)	(547,663)	(615,399)
Operating profit before impairment losses	122,437	34,359	135,075	117,330	3,287	2,023	707,868	810,450	968,667	964,162
Writeback of/(allowances for) impairment losses on loans, advances, financing and other debts, net	398	3,138	2,420	7,087	(1,404)	(1,683)	(9,133)	212	(7,719)	8,754
Allowances for impairment losses on financial investments, net	(122,835)	(37,497)	(137,495)	(124,417)	(1,883)	(340)	(59,776)	(18,515)	(321,989)	(180,769)
Operating profit	-	-	-	-	-	-	638,959	792,147	638,959	792,147
Share of (losses)/profits in associates	-	-	-	-	-	-	(1,919)	674	(1,919)	674
<b>Profit before taxation and zakat</b>	-	-	-	-	-	-	637,040	792,821	637,040	792,821
Taxation and zakat	-	-	-	-	-	-	(214,348)	(219,673)	(214,348)	(219,673)
<b>Profit for the year</b>	-	-	-	-	-	-	422,692	573,148	422,692	573,148

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**A38. Audited 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 Audited Income Statements and Statements of Financial Position of Insurance and Takaful Business into Life Fund, Family Takaful Fund, General Takaful Fund, Shareholders' and General Fund are disclosed as follows (cont'd.):

**(b) Audited Statements of Financial Position as at 31 December 2015**

Group	Life Fund		Family Takaful Fund		General Takaful Fund		Shareholders' and General Fund		Total	
	31 December 2015	31 December 2014	31 December 2015	31 December 2014	31 December 2015	31 December 2014	31 December 2015	31 December 2014	31 December 2015	31 December 2014
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>ASSETS</b>										
Cash and short-term funds	105,190	53,254	62,859	50,364	51,104	49,612	156,906	140,400	376,059	293,630
Deposits and placements with financial institutions	1,333,863	598,475	1,069,180	374,121	100,428	118,495	945,253	616,214	3,448,724	1,707,305
Financial assets at fair value through profit or loss	7,540,814	8,977,758	4,617,534	4,490,284	-	-	-	-	12,158,348	13,468,042
Financial investments available-for-sale	994,696	1,056,052	3,107,175	3,361,546	1,512,312	1,349,788	3,657,742	3,849,271	9,271,925	9,616,657
Loans, advances and financing	268,843	276,085	3,300	7,300	-	-	28,945	30,646	301,088	314,031
Derivative assets	5,217	14,936	-	-	-	-	-	-	5,217	14,936
Reinsurance/retakaful assets and other insurance receivables	64,804	64,153	125,862	121,948	292,692	339,827	3,872,296	4,446,135	4,355,654	4,972,063
Other assets	77,160	108,217	32,329	112,213	2,040	2,056	157,674	202,718	269,203	425,204
Investment properties	618,607	536,895	-	-	-	-	96,305	51,035	714,912	587,930
Interest in associates	-	-	-	-	-	-	152	10,974	152	10,974
Property, plant and equipment	80,781	77,070	-	-	-	-	71,691	72,916	152,472	149,986
Intangible assets	19,144	12,967	-	-	-	-	33,720	23,451	52,864	36,418
Deferred tax assets	14,517	6,581	9,115	16,027	11,310	8,761	32,909	35,563	67,851	66,932
<b>TOTAL ASSETS</b>	<b>11,123,636</b>	<b>11,782,443</b>	<b>9,027,354</b>	<b>8,533,803</b>	<b>1,969,886</b>	<b>1,868,539</b>	<b>9,053,593</b>	<b>9,479,323</b>	<b>31,174,469</b>	<b>31,664,108</b>
<b>LIABILITIES</b>										
Derivative liabilities	53,251	15,135	-	-	-	-	-	-	53,251	15,135
Insurance/takaful contract liabilities and other insurance payables	8,641,046	9,544,425	8,693,142	8,217,200	1,666,418	1,650,190	4,838,735	5,387,018	23,839,341	24,798,833
Other liabilities #	2,353,297	2,162,437	330,290	309,793	297,902	206,533	(1,815,558)	(1,759,346)	1,165,931	919,417
Provision for taxation and zakat	37,000	26,429	81	5,445	-	7,012	14,909	(64,430)	51,990	(25,544)
Deferred tax liabilities	39,042	34,017	3,841	1,365	5,566	4,804	512,092	460,814	560,541	501,000
Subordinated obligations	-	-	-	-	-	-	811,316	811,334	811,316	811,334
<b>TOTAL LIABILITIES</b>	<b>11,123,636</b>	<b>11,782,443</b>	<b>9,027,354</b>	<b>8,533,803</b>	<b>1,969,886</b>	<b>1,868,539</b>	<b>4,361,494</b>	<b>4,835,390</b>	<b>26,482,370</b>	<b>27,020,175</b>
<b>EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE SUBSIDIARIES</b>										
Share capital	-	-	-	-	-	-	252,005	252,005	252,005	252,005
Other reserves	-	-	-	-	-	-	4,440,094	4,391,928	4,440,094	4,391,928
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>11,123,636</b>	<b>11,782,443</b>	<b>9,027,354</b>	<b>8,533,803</b>	<b>1,969,886</b>	<b>1,868,539</b>	<b>9,053,593</b>	<b>9,479,323</b>	<b>31,174,469</b>	<b>31,664,108</b>

# 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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**A39. The Operations of Islamic Banking Scheme**

**A39a. Income Statements for the Fourth Quarter and Financial Year Ended 31 December 2015**

<b>Group</b>	<b>Unaudited</b>		<b>Audited</b>	
	<b>4th Quarter Ended</b>	<b>31 December</b>	<b>Cumulative 12 Months Ended</b>	<b>31 December</b>
	<b>31 December</b>	<b>31 December</b>	<b>31 December</b>	<b>31 December</b>
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Income derived from investment of depositors' and investment account funds	1,779,094	1,565,460	6,810,583	5,545,645
Income derived from investment of Islamic Banking Funds	112,008	79,530	380,545	325,187
(Allowances for)/writeback of impairment losses on financing and advances	(98,487)	8,897	(385,543)	(84,885)
<b>Total distributable income</b>	<b>1,792,615</b>	<b>1,653,887</b>	<b>6,805,585</b>	<b>5,785,947</b>
Income attributable to the depositors and investment account holders	(1,074,780)	(894,359)	(3,922,323)	(3,085,192)
<b>Total net income</b>	<b>717,835</b>	<b>759,528</b>	<b>2,883,262</b>	<b>2,700,755</b>
Finance cost	(44,257)	(30,103)	(113,781)	(93,074)
Overhead expenses	(324,815)	(206,901)	(1,189,776)	(997,395)
<b>Profit before taxation and zakat</b>	<b>348,763</b>	<b>522,524</b>	<b>1,579,705</b>	<b>1,610,286</b>
Taxation	(101,314)	(146,697)	(420,316)	(424,596)
Zakat	(1,582)	(5,472)	(9,380)	(19,572)
<b>Profit for the period/year</b>	<b>245,867</b>	<b>370,355</b>	<b>1,150,009</b>	<b>1,166,118</b>

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

<b>Group</b>	<b>Unaudited</b>		<b>Audited</b>	
	<b>4th Quarter Ended</b>	<b>31 December</b>	<b>Cumulative 12 Months Ended</b>	<b>31 December</b>
	<b>31 December</b>	<b>31 December</b>	<b>31 December</b>	<b>31 December</b>
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Income derived from investment of depositors' and investment account funds	1,779,094	1,565,460	6,810,583	5,545,645
Income derived from investment of Islamic Banking Funds	112,008	79,530	380,545	325,187
Total income before allowances for impairment losses on financing and advances and overhead expenses	1,891,102	1,644,990	7,191,128	5,870,832
Income attributable to the depositors and investment account holders	(1,074,780)	(894,359)	(3,922,323)	(3,085,192)
	816,322	750,631	3,268,805	2,785,640
Finance cost	(44,257)	(30,103)	(113,781)	(93,074)
Net of intercompany income and expenses	182,100	84,987	783,613	578,645
Income from Islamic Banking Scheme	954,165	805,515	3,938,637	3,271,211

**A39b. Statements of Comprehensive Income for the Fourth Quarter and Financial Year Ended 31 December 2015**

<b>Group</b>	<b>Unaudited</b>		<b>Audited</b>	
	<b>4th Quarter Ended</b>	<b>31 December</b>	<b>Cumulative 12 Months Ended</b>	<b>31 December</b>
	<b>31 December</b>	<b>31 December</b>	<b>31 December</b>	<b>31 December</b>
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Profit for the period/year</b>	<b>245,867</b>	<b>370,355</b>	<b>1,150,009</b>	<b>1,166,118</b>
<b>Other comprehensive income/(loss):</b>				
<i>Items that may be reclassified subsequently to profit or loss</i>				
Net (loss)/gain on foreign exchange translation	(10,045)	74,589	117,334	80,974
Net (loss)/gain on financial investments available-for-sale	(1,231)	(20,289)	(6,500)	34,691
Income tax effect	308	5,072	1,625	(9,420)
Other comprehensive income/(loss) for the period/year, net of tax	(10,968)	59,372	112,459	106,245
<b>Total comprehensive income for the period/year</b>	<b>234,899</b>	<b>429,727</b>	<b>1,262,468</b>	<b>1,272,363</b>

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**A39. The Operations of Islamic Banking Scheme (cont'd.)**

**A39c. Audited Statement of Financial Position as at 31 December 2015**

<u>Group</u>	Note	31 December 2015 RM'000	31 December 2014 RM'000
<b>ASSETS</b>			
Cash and short-term funds		8,844,863	17,893,965
Deposits and placements with financial institutions		12,448	763
Financial investments portfolio		9,468,692	9,464,746
Financing and advances	A39e	131,205,884	108,814,883
Derivative assets		497,905	169,535
Other assets		4,105,053	7,981,518
Statutory deposit with central banks		3,834,000	3,778,000
Property, plant and equipment		889	1,162
Intangible assets		108	658
Deferred tax assets		38,402	35,963
<b>Total Assets</b>		<b>158,008,244</b>	<b>148,141,193</b>
<b>LIABILITIES</b>			
Deposits from customers	A39f	106,078,321	99,996,856
Investment Account	A39g	17,657,893	-
Deposits and placements from financial institutions		21,350,739	36,625,916
Bills and acceptances payable		33,556	5,947
Derivatives liabilities		587,772	273,865
Other liabilities		398,686	288,384
Provision for taxation and zakat		24,419	54,994
Subordinated sukuk	A39h	2,527,960	2,527,629
<b>Total Liabilities</b>		<b>148,659,346</b>	<b>139,773,591</b>
<b>ISLAMIC BANKING CAPITAL FUNDS</b>			
Islamic Banking Funds		1,194,821	1,175,774
Share premium		4,658,233	4,099,344
Retained profits		2,728,172	2,470,137
Other reserves		767,672	622,347
		<b>9,348,898</b>	<b>8,367,602</b>
<b>Total Liabilities and Islamic Banking Capital Funds</b>		<b>158,008,244</b>	<b>148,141,193</b>
<b>COMMITMENTS AND CONTINGENCIES</b>			
		<b>49,744,091</b>	<b>37,876,493</b>

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**A39. The Operations of Islamic Banking Scheme (cont'd.)**

**A39d. Audited Statements of Changes in Islamic Banking Capital Funds for the Financial Year Ended 31 December 2015**

<u>Group</u>	←----- Non-distributable -----→										Total RM'000
	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	
<b>At 1 January 2015</b>	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 year	-	-	-	-	-	-	-	-	-	1,150,009	1,150,009
Other comprehensive (loss)/income	-	-	(4,875)	117,334	-	-	-	-	-	-	112,459
Net gain on foreign exchange translation	-	-	-	117,334	-	-	-	-	-	-	117,334
Net loss on financial investments available-for-sale	-	-	(4,875)	-	-	-	-	-	-	-	(4,875)
<b>Total comprehensive (loss)/ income for the year</b>	-	-	(4,875)	117,334	-	-	-	-	-	1,150,009	1,262,468
Transfer from/(to) conventional banking operations	1,450	-	-	(122,883)	-	-	-	-	-	10,250	(111,183)
Transfer to regulatory reserve	-	-	-	-	-	-	-	-	155,749	(155,749)	-
Issue of ordinary shares	17,597	558,889	-	-	-	-	-	-	-	-	576,486
Dividends paid	-	-	-	-	-	-	-	-	-	(746,475)	(746,475)
<b>At 31 December 2015</b>	<b>1,194,821</b>	<b>4,658,233</b>	<b>(104,493)</b>	<b>(3,719)</b>	<b>409,672</b>	<b>1,697</b>	<b>34,456</b>	<b>(190)</b>	<b>430,249</b>	<b>2,728,172</b>	<b>9,348,898</b>

\* 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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**A39. The Operations of Islamic Banking Scheme (cont'd.)**

**A39d. Audited Statements of Changes in Islamic Banking Capital Funds for the Financial Year Ended 31 December 2015**

<u>Group</u>	←----- Non-distributable ----->										<u>Total</u> RM'000
	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	
<b>At 1 January 2014</b>	1,278,853	3,725,969	(124,889)	328	409,672	1,697	34,456	(190)	-	2,445,492	7,771,388
Profit for the year	-	-	-	-	-	-	-	-	-	1,166,118	1,166,118
Other comprehensive income	-	-	25,271	80,974	-	-	-	-	-	-	106,245
Net gain on foreign exchange translation	-	-	-	80,974	-	-	-	-	-	-	80,974
Net gain on financial investments available-for-sale	-	-	25,271	-	-	-	-	-	-	-	25,271
<b>Total comprehensive income for the year</b>	-	-	25,271	80,974	-	-	-	-	-	1,166,118	1,272,363
Transfer (to)/from conventional banking operations	(130,453)	-	-	(79,472)	-	-	-	-	-	7,904	(202,021)
Transfer to regulatory reserve	-	-	-	-	-	-	-	-	274,500	(274,500)	-
Issue of ordinary shares	27,374	373,375	-	-	-	-	-	-	-	-	400,749
Dividends paid	-	-	-	-	-	-	-	-	-	(874,877)	(874,877)
<b>At 31 December 2014</b>	<b>1,175,774</b>	<b>4,099,344</b>	<b>(99,618)</b>	<b>1,830</b>	<b>409,672</b>	<b>1,697</b>	<b>34,456</b>	<b>(190)</b>	<b>274,500</b>	<b>2,470,137</b>	<b>8,367,602</b>

\* 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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**A39. The Operations of Islamic Banking Scheme (cont'd.)**

**A39e. Financing and Advances**

<b>Group</b>	<b>Bai<sup>^</sup></b>	<b>Murabahah</b>	<b>Musyarakah</b>	<b>Al-Ijarah Thummah</b>	<b>Ijarah</b>	<b>Istisna'</b>	<b>Others</b>	<b>Total Financing and Advances</b>
<b>As at 31 December 2015</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>Al-Bai (AITAB) RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Cashline	-	3,780,361	-	-	-	-	-	3,780,361
Term financing								
- Housing financing	20,673,308	55,978,143	2,729,517	-	-	-	-	79,380,968
- Syndicated financing	-	851,727	-	-	-	-	-	851,727
- Hire purchase receivables	-	-	-	35,493,985	-	-	-	35,493,985
- Other term financing	36,303,372	58,582,281	1,643,176	-	527,534	158,480	51,430	97,266,273
Bills receivables	-	905	-	-	-	-	290	1,195
Trust receipts	-	164,745	-	-	-	-	-	164,745
Claims on customers under acceptance credits	-	4,368,353	-	-	-	-	-	4,368,353
Staff financing	856,469	1,133,622	12,088	145,427	-	-	43,171	2,190,777
Credit card receivables	-	-	-	-	-	-	624,865	624,865
Revolving credit	-	9,931,330	-	-	-	-	-	9,931,330
	<b>57,833,149</b>	<b>134,791,467</b>	<b>4,384,781</b>	<b>35,639,412</b>	<b>527,534</b>	<b>158,480</b>	<b>719,756</b>	<b>234,054,579</b>
Unearned income								<b>(101,736,143)</b>
Gross financing and advances <sup>^^</sup>								<b>132,318,436</b>
Allowances for impaired financing and advances:								
- Individual allowance								<b>(356,555)</b>
- Collective allowance								<b>(755,997)</b>
Net financing and advances								<b>131,205,884</b>

<sup>^</sup> Bai' comprises of Bai-Bithaman Ajil, Bai Al-Inah and Bai-Al-Dayn

<sup>^^</sup> Included in financing and advances are the underlying assets under the Restricted Profit Sharing Investment Account ("RPSIA") and Investment Account ("IA").



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**A39. The Operations of Islamic Banking Scheme (cont'd.)**

**A39e. Financing and Advances (cont'd.)**

<b>Group</b>	<b>Bai'^</b>	<b>Murabahah</b>	<b>Musyarakah</b>	<b>Al-Ijarah Thummah</b>	<b>Ijarah</b>	<b>Istisna'</b>	<b>Others</b>	<b>Total Financing and Advances</b>
<b>As at 31 December 2014</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>Al-Bai (AITAB) RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
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
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								<u>(96,088,908)</u>
Gross financing and advances^^								109,639,607
Allowances for impaired financing and advances:								
- Individual allowance								(212,945)
- Collective allowance								(611,779)
Net financing and advances								<u>108,814,883</u>

^ Bai' comprises of Bai-Bithaman Ajil, Bai Al-Inah and Bai-Al-Dayn

^^ Included in financing and advances are the underlying assets under the Restricted Profit Sharing Investment Account ("RPSIA").

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**A39. The Operations of Islamic Banking Scheme (cont'd.)**

**A39e. Financing and Advances (cont'd.)**

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

<u>Group</u>	31 December 2015 RM'000	31 December 2014 RM'000
Gross impaired financing at 1 January	697,954	531,627
Newly impaired	1,026,496	728,670
Reclassified as non-impaired	(362,515)	(285,316)
Amount recovered	(122,687)	(153,007)
Amount written-off	(171,412)	(124,020)
Converted to financial investments available-for-sale	(1,864)	-
Gross impaired financing at 31 December	<u>1,065,972</u>	<u>697,954</u>
Less: Individual allowance	(356,555)	(212,945)
Net impaired financing at 31 December	<u>709,417</u>	<u>485,009</u>
 <u>Calculation of ratio of net impaired financing :</u>		
Gross financing and advances (excluding financing funded by RPSIA and IA)	103,795,391	100,091,424
Less: Individual allowance	(356,555)	(212,945)
Net financing and advances	<u>103,438,836</u>	<u>99,878,479</u>
 Net impaired financing as a percentage of net financing and advances	 <u>0.69%</u>	 <u>0.49%</u>

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

<u>Group</u>	31 December 2015 RM'000	31 December 2014 RM'000
<u>Individual allowance</u>		
At 1 January	212,945	172,880
Allowance made	241,304	123,302
Amount written back in respect of recoveries	(21,544)	(12,071)
Amount written-off	(78,116)	(69,249)
Transferred to collective allowance	(7,422)	(2,356)
Exchange differences	9,388	439
At 31 December	<u>356,555</u>	<u>212,945</u>
 <u>Collective allowance</u>		
At 1 January	611,779	591,146
Allowance made *	228,408	84,488
Amount written-off	(93,296)	(65,700)
Transferred from individual allowance	7,422	2,356
Transferred to holding company	-	(1,224)
Exchange differences	1,684	713
At 31 December	<u>755,997</u>	<u>611,779</u>
As a percentage of gross financing and advances (excluding financing funded by RPSIA and IA) less individual allowance (including Regulatory Reserve)	 <u>1.19%</u>	 <u>0.89%</u>

\* As at 31 December 2015, the gross exposure of the financing funded by RPSIA was RM10,999.0 million (31 December 2014: RM9,548.2 million). The collective allowance relating to these financing amounting to RM77.1 million (31 December 2014: RM43.2 million) is recognised in the Group's conventional banking operations. There was no individual allowance required on these financing in the financial year ended 31 December 2015 and 31 December 2014.

The gross exposure of the financing funded by IA as at 31 December 2015 was RM17,657.9 million. The related individual allowance and collective allowance related to financing funded by IA are not included in the financial statement of the Group.

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**A39. The Operations of Islamic Banking Scheme (cont'd.)**

**A39f. Deposits from Customers**

<u>Group</u>	31 December 2015 RM'000	31 December 2014 RM'000
<b>Savings deposit</b>		
Wadiah	12,173,656	9,977,407
Mudharabah	-	888,056
	<u>12,173,656</u>	<u>10,865,463</u>
<b>Demand deposit</b>		
Wadiah	17,351,539	8,282,093
Qard		
Mudharabah	11,980	12,780,538
	<u>17,363,519</u>	<u>21,062,631</u>
<b>Term deposit</b>		
Murabahah	75,261,088	53,655,446
Negotiable Islamic Debt Certificated (NIDC)		
- Bai al-inah	144,083	151,380
Hybrid (Bai' Bithaman Ajil and Murabahah)*	926,030	763,556
General investment account		
- Mudharabah	209,945	13,498,380
	<u>76,541,146</u>	<u>68,068,762</u>
Total deposits from customers	<u>106,078,321</u>	<u>99,996,856</u>

\* Hybrid term deposits are structured deposits which are Ringgit Malaysia time deposits with embedded foreign currency exchange option, commodity-linked time deposits and profit rate options.

**A39g. Investment Account**

(i) Movements in the investment account are as follows:

<u>Group</u>	31 December 2015 RM'000
<u>Funding inflows/outflows</u>	
New placement during the financial year	24,818,668
Redemption during the financial year	(7,180,631)
Income from investment	19,856
At 31 December	<u>17,657,893</u>

(ii) The allocations of investment asset are as follows:

<u>Group</u>	31 December 2015 RM'000
<b>Unrestricted Investment</b>	
Retail financing	13,691,213
Non-retail financing	3,832,880
Marketable securities	133,800
Total Investment	<u>17,657,893</u>

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**A39. The Operations of Islamic Banking Scheme (cont'd.)**

**A39g. Investment Account (cont'd.)**

(iii) Profit sharing ratio and rate of return are as follows:

<u>Group</u>	31 December 2015	
	Investment account holder	
	Average profit sharing ratio (%)	Average rate of return (%)
Investment account	64	3.47

**A39h. Subordinated Sukuk**

<u>Group</u>	31 December 2015	31 December 2014
	RM'000	RM'000
RM1.0 billion Islamic subordinated Sukuk due in 2021	1,010,782	1,010,841
RM1.5 billion Islamic subordinated Sukuk Murabahah due in 2024	1,517,178	1,516,788
	2,527,960	2,527,629

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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 RM6,835.9 million for the financial year ended 31 December 2015, an increase of RM119.5 million or 1.8% compared to the corresponding financial year ended 31 December 2014.

The Group's net interest income and Islamic Banking income for the financial year ended 31 December 2015 increased by RM2,077.9 million or 16.0% to RM15,052.8 million compared to the corresponding financial year ended 31 December 2014. This was largely due to the growth in the Group's gross loans, advances, financing and other debts.

The Group's net earned insurance premiums from the Insurance and Takaful subsidiaries increased by RM250.6 million to RM4,196.7 million for the financial year ended 31 December 2015 compared to the corresponding financial year ended 31 December 2014.

Other operating income of the Group for the financial year ended 31 December 2015 was RM5,772.9 million, an increase of RM232.5 million or 4.2% from RM5,540.4 million in the corresponding financial year ended 31 December 2014. The increase was mainly attributable to higher foreign exchange gain of RM483.8 million, higher net gain on disposal of property, plant and equipment of RM144.9 million, higher gain on disposal of subsidiaries of RM162.9 million and higher fee income of RM110.0 million. The increase was, however, offset by higher unrealised mark-to-market loss on revaluation of financial assets at fair value through profit or loss ("FVTPL") and derivatives of RM449.3 million, lower net gain on disposal of financial investments available-for-sale of RM305.9 million and lower net gain on disposal of financial assets at FVTPL of RM49.3 million.

The Group's overhead expenses for the financial year ended 31 December 2015 recorded an increase of RM1,173.7 million or 12.9% to RM10,285.0 million compared to the corresponding financial year ended 31 December 2014. The increase in overhead expenses was mainly due to higher personnel expenses of RM745.9 million, higher administration and general expenses of RM275.2 million and higher establishment costs of RM134.8 million.

The Group's allowance for impairment losses on loans, advances, financing and other debts increased by RM1,283.2 million to RM1,683.6 million for the financial year ended 31 December 2015. The increase was mainly due to higher individual allowance ("IA") made and lower bad debts and financing recovered during the financial year ended 31 December 2015. The Group's CA ratio (including Regulatory Reserve) was 1.19% as at 31 December 2015, compared to 1.04% as at 31 December 2014.

The Group posted an allowance for impairment losses on financial investments of RM329.0 million compared to RM70.4 million in the corresponding financial year ended 31 December 2014.

The improvement in the Group's profit before tax for the financial year ended 31 December 2015 compared to the corresponding financial year ended 31 December 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 RM672.0 million or 15.7% to RM3,599.5 million for the financial year ended 31 December 2015 from RM4,271.5 million for the corresponding financial year ended 31 December 2014. The decrease was driven by higher allowance for impairment losses on loans, advances, financing and other debts of RM817.6 million and higher overhead expenses of RM519.7 million. This decrease was, however, mitigated by higher net interest income and Islamic Banking income of RM504.1 million which arising from year-on-year strong loan growth in mortgage of 13.7%, SME and BB of 12.3% and credit cards of 9.6%, and higher other operating income of RM161.1 million.

**Global Banking**

**a) Corporate Banking, Malaysia**

Corporate Banking's profit before tax increased by RM58.4 million or 3.6% to RM1,691.5 million for the financial year ended 31 December 2015 from RM1,633.1 million for the corresponding financial year ended 31 December 2014. The increase was driven by higher net interest income and Islamic Banking income of RM206.3 million, lower allowance for impairment losses on loans, advances, financing and other debts of RM53.4 million. This increase was, however, offset by lower other operating income of RM110.3 million and higher overhead expenses of RM90.9 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 RM34.5 million or 2.3% to RM1,524.1 million for the financial year ended 31 December 2015 from RM1,489.6 million for the corresponding financial year ended 31 December 2014. The increase was driven by higher net interest income and Islamic Banking income of RM132.3 million. This increase was, however, offset by higher overhead expenses of RM46.8 million, lower other operating income of RM34.6 million and lower writeback of impairment losses on financial investments of RM16.4 million.

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

Investment Banking's profit before tax decreased by RM79.8 million or 16.3% to RM409.4 million for the financial year ended 31 December 2015 from RM489.2 million for the corresponding financial year ended 31 December 2014. The decrease was mainly due to lower other operating income of RM102.0 million, higher overhead expenses of RM40.8 million, higher allowance for impairment losses on financial investments of RM11.1 million and allowance for impairment losses on loans, advances, financing and other debts of RM8.0 million, compared to writeback of impairment losses on loans, advances, financing and other debts of RM6.0 million in the corresponding financial year ended 31 December 2014. This decrease was, however, mitigated by higher net interest income and Islamic Banking income of RM87.0 million.

**d) Asset Management**

Asset Management reported a loss before tax of RM6.8 million for the financial year ended 31 December 2015, compared to profit before tax of RM0.8 million in the corresponding financial year ended 31 December 2014. The loss was mainly due to higher overhead expenses of RM21.5 million. However, this was offset by higher other operating income of RM15.1 million and lower allowance for impairment losses on financial investments of RM4.3 million.

**International Banking**

International Banking's profit before tax decreased by RM219.0 million or 9.2% to RM2,151.1 million for the financial year ended 31 December 2015 from RM2,370.1 million for the corresponding financial year ended 31 December 2014. The decrease was mainly due to higher allowance for impairment losses on loans, advances, financing and other debts of RM488.3 million, higher overhead expenses of RM496.1 million, lower other operating income of RM395.1 million and higher allowance for impairment losses on financial investments of RM94.2 million. This decrease was, however, mitigated by higher net interest income and Islamic Banking income of RM1,204.9 million.

Higher net interest income was contributed by strong year-on-year loan growth of 31.4% at Maybank Labuan, 21.7% at Maybank Singapore, 16.2% at PT Bank Maybank Indonesia Tbk ("BMI") and 9.1% at Maybank Greater China.

**Insurance and Takaful**

Insurance and Takaful profit before tax decreased by RM151.4 million or 17.1% to RM734.9 million for the financial year ended 31 December 2015 from RM886.3 million for the corresponding financial year ended 31 December 2014. The decrease was mainly contributed by lower other operating income of RM395.2 million, higher allowance for impairment losses on financial investments of RM141.2 million, lower net interest income of RM35.0 million and higher allowance for impairment losses on loans, advances, financing and other debts of RM16.5 million. The decrease was, however, mitigated by higher net earned insurance premiums of RM250.6 million, lower net insurance benefits and claims incurred, net fee and commission expenses, change in expense liabilities and taxation of life and takaful fund of RM146.4 million and lower overhead expenses of RM42.0 million.

**(ii) Current Quarter vs Previous Period Corresponding Quarter**

The Group posted profit after tax attributable to equity holders of RM1,652.1 million for the quarter ended 31 December 2015, a decrease of RM279.2 million or 14.5% over the previous period corresponding quarter ended 31 December 2014.

The Group's net interest income and Islamic Banking income for the quarter ended 31 December 2015 increased by RM639.2 million or 19.7% compared to the previous period corresponding quarter ended 31 December 2014. This was largely due to the growth in the Group's gross loans, advances, financing and other debts.

The Group's other operating income increased by RM104.0 million or 6.7% to RM1,651.3 million for the quarter ended 31 December 2015 compared to the previous period corresponding quarter ended 31 December 2014. The increase was mainly contributed by unrealised mark-to-market gain on revaluation of financial assets at FVTPL and derivatives of RM249.3 million, compared to unrealised mark-to-market loss on revaluation of financial assets at FVTPL and derivatives of RM237.6 million in the previous period corresponding quarter ended 31 December 2014 and higher gain on disposal of property, plant and equipment of RM138.8 million. The increase was, however, offset by foreign exchange loss of RM43.5 million, compared to foreign exchange gain of RM302.4 million in the previous period corresponding quarter ended 31 December 2014 and lower gain on disposal of financial assets at FVTPL and financial investments available-for-sale of RM145.9 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 increased by RM330.8 million to RM1,073.9 million for the quarter ended 31 December 2015, compared to the previous period corresponding quarter ended 31 December 2014. The increase was mainly attributable to higher net insurance benefits and claims incurred by the Insurance and Takaful subsidiaries of RM288.6 million.

The Group's overhead expenses for the quarter ended 31 December 2015 increased by RM202.8 million or 7.9% compared to the previous period corresponding quarter ended 31 December 2014. The increase was mainly due to an increase in personnel expenses of RM234.9 million.

The Group's allowance for impairment losses on loans, advances, financing and other debts for the quarter ended 31 December 2015 increased by RM501.3 million compared to the previous period corresponding quarter ended 31 December 2014. The increase was mainly due to higher IA made of RM631.5 million and lower bad debts and financing recovered of RM72.7 million.

The Group's allowance for impairment losses on financial investments for the quarter ended 31 December 2015 decreased by RM98.9 million compared to the previous period corresponding quarter ended 31 December 2014.

The improvement in the Group's profit before tax for the quarter ended 31 December 2015 as compared to the previous period corresponding quarter ended 31 December 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 RM35.8 million or 3.3% to RM1,043.6 million for the quarter ended 31 December 2015 from RM1,079.4 million for the previous period corresponding quarter ended 31 December 2014. The decrease was mainly due to lower writeback of impairment losses on loans, advances, financing and other debts of RM158.2 million and higher overhead expenses of RM10.7 million. This decrease was, however, mitigated by higher net interest income and Islamic Banking income of RM132.5 million arising from strong year-on-year loan growth in mortgage of 13.7%, SME and BB of 12.3% and credit cards of 9.6%.

**Global Banking**

**a) Corporate Banking, Malaysia**

Corporate Banking's profit before tax increased by RM80.0 million or 17.1% to RM546.7 million for the quarter ended 31 December 2015 from RM466.7 million for the previous period corresponding quarter ended 31 December 2014. The increase was driven by higher net interest income and Islamic Banking income of RM85.1 million and higher writeback of impairment losses on loans, advances, financing and other debts of RM15.0 million. This increase was, however, offset by lower other operating income of RM23.3 million.

**b) Global Markets, Malaysia**

Global Markets' profit before tax increased by RM9.7 million or 2.7% to RM363.4 million for the quarter ended 31 December 2015 from RM353.7 million for the previous period corresponding quarter ended 31 December 2014. The increase was driven by higher other operating income of RM17.7 million and lower overhead expenses of RM16.3 million. This increase was, however, offset by lower net interest income and Islamic Banking income of RM23.4 million.

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

Investment Banking's profit before tax decreased by RM34.8 million or 12.7% to RM239.8 million for the quarter ended 31 December 2015 from RM274.6 million for the previous period corresponding quarter ended 31 December 2014. The decrease was mainly due to higher overhead expenses of RM35.1 million, lower other operating income of RM43.4 million and lower writeback of impairment losses on financial investments of RM5.4 million. This decrease was, however, mitigated by higher net interest income and Islamic Banking income of RM48.3 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 profit before tax increased by RM6.6 million to RM10.4 million for the quarter ended 31 December 2015 from RM3.8 million in the previous period corresponding quarter ended 31 December 2014. The increase was driven by lower allowance for impairment losses on financial investments of RM6.2 million and higher other operating income of RM4.4 million. This increase was, however, offset by higher overhead expenses of RM2.4 million.

**International Banking**

International Banking's profit before tax decreased by RM26.2 million or 4.4% to RM572.9 million for the quarter ended 31 December 2015 from RM599.1 million for the previous period corresponding quarter ended 31 December 2014. The decrease was due to higher overhead expenses of RM189.8 million, higher allowance for impairment losses on loans, advances, financing and other debts of RM364.8 million and higher allowance for impairment losses on financial investments of RM31.1 million. This decrease was, however, mitigated by higher net interest income and Islamic Banking income of RM415.7 million and higher other operating income of RM129.3 million.

Higher net interest income was contributed by strong year-on-year loan growth of 31.4% at Maybank Labuan, 21.7% at Maybank Singapore, 16.2% at BMI and 9.1% at Maybank Greater China.

**Insurance and Takaful**

Insurance and Takaful profit before tax increased by RM16.5 million or 5.5% to RM317.5 million for the quarter ended 31 December 2015 from RM301.0 million for the previous period corresponding quarter ended 31 December 2014. The increase was mainly contributed by lower allowance for impairment losses on financial investments of RM130.1 million, higher net earned insurance premiums of RM123.8 million, higher other operating income of RM77.4 million and lower overhead expenses of RM15.9 million. The increase was, however, offset by higher net insurance benefits and claims incurred, net fee and commission expenses, change in expense liabilities and taxation of life and takaful fund of RM330.8 million.

**B2. Variation of Current Quarter Results Against Preceding Quarter**

The Group's profit after tax attributable to equity holders in this quarter ended 31 December 2015 decreased by RM246.9 million or 13.0% to RM1,652.1 million against the preceding quarter ended 30 September 2015.

The Group's net interest income for the quarter ended 31 December 2015 increased by RM35.6 million to RM2,932.4 million against the preceding quarter of RM2,896.8 million. Income from Islamic Banking Scheme operations decreased by RM130.5 million to RM954.2 million for the quarter ended 31 December 2015 compared to RM1,084.6 million in the preceding quarter ended 30 September 2015.

The Group's net earned insurance premiums for the quarter ended 31 December 2015 increased by RM142.2 million to RM1,150.7 million compared to RM1,008.5 million in the preceding quarter ended 30 September 2015.

Other operating income of the Group for the quarter ended 31 December 2015 increased by RM285.7 million or 20.9% to RM1,651.3 million compared to RM1,365.6 million in the preceding quarter ended 30 September 2015. The increase was mainly attributable to unrealised mark-to-market gain on revaluation of financial investments at FVTPL and derivatives of RM249.3 million, compared to unrealised mark-to-market loss on revaluation of financial investments at FVTPL and derivatives of RM489.0 million in the preceding quarter ended 30 September 2015, higher fee income of RM200.7 million and higher net gain on disposal of property, plant and equipment of RM152.2 million. This increase was, however, offset by net foreign exchange loss of RM43.5 million, compared to net foreign exchange gain of RM608.3 million in the preceding quarter ended 30 September 2015.

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 increased by RM465.6 million to RM1,073.9 million for the quarter ended 31 December 2015 compared to RM608.3 million in the preceding quarter ended 30 September 2015. The increase was mainly due to higher net insurance benefits and claims incurred of RM315.7 million, change in expense liabilities of RM53.9 million and higher net fee and commission expenses of RM27.5 million.

The Group's overhead expenses increased by RM174.3 million or 6.7% to RM2,775.7 million for the quarter ended 31 December 2015 compared to RM2,601.4 million in the preceding quarter ended 30 September 2015. The increase was mainly due to higher personnel expenses of RM200.9 million. The increase was, however, mitigated by lower administration and general expenses of RM32.8 million and lower marketing expenses of RM30.1 million.

The Group's allowance for impairment losses on loans, advances, financing and other debts decreased by RM201.2 million to RM466.7 million in the quarter ended 31 December 2015 compared to RM667.9 million in the preceding quarter ended 30 September 2015.

The Group's allowance for impairment losses on financial investments decreased by RM73.9 million to RM55.2 million for the quarter ended 31 December 2015 compared to RM129.1 million in the preceding quarter ended 30 September 2015.



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**B3. Prospects**

The world real GDP growth is forecast to be 3.2% in 2016 (2015E: 3.1%) with major advanced economies expected to maintain their growth momentum (2016E: 1.9%; 2015E: 1.9%), underpinned by steady US growth and slow and struggling recoveries in Eurozone and Japan. In contrast, performance of the large emerging economies are mixed, with stable expansion in India, slowdown in China and recession in Brazil and Russia.

Growth is expected to be steady in the Asian NIEs (2016E: 2.3%; 2015: 2.1%) while the ASEAN-5 (2016E: 5.2%; 2015: 4.8%) is expected to be slightly better. The performance is uneven across the region with higher growth in South Korea, Indonesia, Thailand and Philippines, moderate growth in Malaysia, Hong Kong and Taiwan and relatively stable growth in Singapore and Vietnam.

Malaysia's real GDP growth is expected to ease to 4.3% (2015: 5.0%) on slower domestic demand from moderating consumer spending and private investment. However, public investment is expected to be sustained on the continuation of existing and rollout of new major infrastructure and investment projects notwithstanding a revision of the Budget 2016 in response to the fall in crude oil price. Meanwhile, the Overnight Policy Rate ("OPR") may be lowered by 25bps from current 3.25% despite higher inflation at 3.0%-3.5% (2015: 2.1%) as Bank Negara Malaysia leans towards supporting growth. Loans growth in Malaysia is likely to moderate further in 2016 to about 6%-7% from 7%-8% in 2015, as household loans growth continues to ease. Maybank Malaysia loans growth is expected to track industry loans growth and continue expansion of fee-income generating activities.

In Singapore, real GDP growth is expected to slow down to 1.7% in 2016 (2015: 2.0%). Growth is affected by the ongoing restructuring of the economy to reduce reliance on foreign labour and promote productivity, compounded by the slowdown in China that affect trade flow of manufacturing activities and the effect of lower crude oil price on oil-related activities. Nonetheless, services and construction are expected to be supportive of growth amid expectations of further easing in the Monetary Authority of Singapore's policy stance, supportive Budget 2016 and the potential reversal of property cooling measures. Maybank Singapore will be focusing on higher deposit acquisition, accelerating fee income by leveraging cash management and trade products while increasing collaboration with Maybank Kim Eng and Etiqa to drive investment banking and bancassurance income.

Indonesia's real GDP growth projection for 2016 is at 5.0% (2015: 4.8%), driven by higher government expenditure, economic stimulus packages and a total of 75bps interest rate cuts to spur infrastructure and industrial investment as well as consumer spending. PT Bank Maybank Indonesia (BMI) will focus on higher margin segments in growing its retail and business banking segments, accelerating fee income from transaction banking and cash management, and enhancing its synergy with other Maybank's entities in Indonesia.

With the Group's franchise across ASEAN, the Group's strategic priorities for 2016 will be to accelerate fee income growth, increase cross-sell and collaboration, improve network productivity, enhance automation and operational excellence, and invest in digital initiatives. Operationally, the Group will also continue to strengthen its balance sheet by managing liquidity and safeguarding asset quality while continued focus will be placed on preserving margins. The Group also seeks to maintain strong capital levels, well above regulatory requirements.

Barring any unforeseen circumstances, the Group expects its financial performance for 2016 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 11%-12% and Group Loans Growth of 8%-9%.

**B4. Profit Forecast or Profit Guarantee**

Neither the Group nor the Bank has made any profit forecast or issued any profit guarantee for the fourth quarter and 12 months financial year ended 31 December 2015.

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**B5. Taxation and Zakat**

The analysis of the tax expense for the fourth quarter and 12 months financial year ended 31 December 2015 are as follows:

<b>Group</b>	<b>Unaudited</b>		<b>Audited</b>	
	<b>4th Quarter Ended</b>		<b>Cumulative 12 Months Ended</b>	
	<b>31 December 2015</b>	<b>31 December 2014</b>	<b>31 December 2015</b>	<b>31 December 2014</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Malaysian income tax	635,073	541,319	1,976,847	1,945,621
Foreign income tax	16,248	118,579	145,776	194,570
	<b>651,321</b>	<b>659,898</b>	<b>2,122,623</b>	<b>2,140,191</b>
Over provision in respect of prior period/years:				
Malaysian income tax	(40,593)	(65,881)	(39,897)	(752,632)
Foreign income tax	(1,131)	(4,210)	(2,082)	(4,407)
	<b>609,597</b>	<b>589,807</b>	<b>2,080,644</b>	<b>1,383,152</b>
Deferred tax				
- Relating to origination and reversal of temporary differences	32,850	(181,327)	64,168	787,557
- Relating to reduction in tax rate	2,505	4,579	2,505	4,579
	<b>35,355</b>	<b>(176,748)</b>	<b>66,673</b>	<b>792,136</b>
Tax expense for the financial period/year	644,952	413,059	2,147,317	2,175,288
Zakat	3,820	7,575	17,843	25,252
	<b>648,772</b>	<b>420,634</b>	<b>2,165,160</b>	<b>2,200,540</b>

The Group's effective tax rate for the financial year ended 31 December 2015 was lower than the statutory tax rate due to certain income not subject to tax.

<b>Bank</b>	<b>Unaudited</b>		<b>Audited</b>	
	<b>4th Quarter Ended</b>		<b>Cumulative 12 Months Ended</b>	
	<b>31 December 2015</b>	<b>31 December 2014</b>	<b>31 December 2015</b>	<b>31 December 2014</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Malaysian income tax	314,806	338,922	1,240,887	1,392,927
Foreign income tax	(1,182)	733	2,935	2,571
	<b>313,624</b>	<b>339,655</b>	<b>1,243,822</b>	<b>1,395,498</b>
(Over)/under provision in respect of prior period/years:				
Malaysian income tax	(67,239)	(66,030)	(76,248)	(562,288)
Foreign income tax	(2)	-	(71)	-
	<b>246,383</b>	<b>273,625</b>	<b>1,167,503</b>	<b>833,210</b>
Deferred tax				
- Relating to origination and reversal of temporary differences	(5,122)	(6,648)	(19,760)	606,358
- Relating to reduction in tax rate	2,505	1,844	2,505	1,844
	<b>(2,617)</b>	<b>(4,804)</b>	<b>(17,255)</b>	<b>608,202</b>
Tax expense for the financial period/year	243,766	268,821	1,150,248	1,441,412
Zakat	-	-	-	-
	<b>243,766</b>	<b>268,821</b>	<b>1,150,248</b>	<b>1,441,412</b>

The Bank's effective tax rate for the financial year ended 31 December 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 audit have not been finalised as at the reporting date.

The completion of disposal of MPNG and MPPNG has no effect on the issued and paid-up share capital and shareholdings of the substantial shareholders of Maybank, and has no material effect on the earnings per share, net assets per share and gearing of the Group for the financial year ended 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) 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.

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

(a) (cont'd.)

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

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

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

On 29 January 2014, the Federal Court dismissed the leave application. On 20 November 2014, the corporate borrower and its guarantor filed a motion to the Federal Court for the Federal Court to review and set aside its own decision in dismissing the leave application on 29 January 2014 ('Review Application'). The Review Application was heard by the Federal Court on 3 December 2015 and was unanimously dismissed with costs of RM20,000. 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.

	<b>31 December 2015 RM'000</b>	<b>31 December 2014 RM'000</b>
Retained profits of the Group:		
- Realised	<b>12,458,038</b>	11,014,533
- Unrealised	<b>(473,742)</b>	382,111
- in respect of deferred tax recognised in the income statement	<b>(18,879)</b>	38,569
- in respect of other items of income and expense	<b>(454,863)</b>	343,542
	<b>11,984,296</b>	11,396,644
Share of retained profits from associates and joint ventures:		
- Realised	<b>509,815</b>	422,306
- Unrealised	<b>-</b>	-
	<b>509,815</b>	422,306
Consolidation adjustments	<b>338,893</b>	569,027
Total Group's retained profits	<b>12,833,004</b>	12,387,977

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**B12. Dividend**

**(i) Proposed final dividend**

The Board of Directors have proposed a final single-tier dividend in respect of the current financial year ended 31 December 2015 of 30 sen single-tier dividend on 9,761,751,327 ordinary shares of RM1.00 each, amounting to a net dividend payable of RM2,928,525,398 (31 December 2014: 33 sen single-tier dividend) for the shareholders' approval.

The proposed final single-tier dividend consists of cash portion of 6 sen per ordinary share to be paid in cash amounting to RM585,705,080 and an electable portion of 24 sen per ordinary share amounting to RM2,342,820,318.

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

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

**(ii) Total dividend**

Total dividend for the financial year ended 31 December 2015 are as follows:

- a) Single-tier interim dividend of 24 sen per ordinary share declared on 27 August 2015 and paid on 11 November 2015; and
- b) Proposed single-tier final dividend of 30 sen per ordinary share, subject to shareholders' approval.

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**B13. Earnings Per Share ("EPS")**

**Basic EPS**

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

	Unaudited 4th Quarter Ended		Audited Cumulative 12 Months Ended	
	31 December 2015	31 December 2014	31 December 2015	31 December 2014
Net profit for the period/year attributable to equity holders of the Bank (RM'000)	<b>1,652,082</b>	1,931,233	<b>6,835,939</b>	6,716,455
Weighted average number of ordinary shares in issue ('000)	<b>9,673,983</b>	9,305,404	<b>9,489,893</b>	9,057,541
Basic earnings per share	<b>17.08 sen</b>	20.75 sen	<b>72.03 sen</b>	74.15 sen

**Diluted EPS**

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

In the diluted EPS calculation, it was assumed that certain number of ordinary shares under the ESS relating to the RSU are vested and awarded to employees through issuance of additional ordinary shares. A calculation is done to determine the number of ordinary shares that could have been issued at fair value (determined as the average price of the Bank's ordinary shares during the period/year) based on the monetary value of the ESS entitlement attached to the outstanding RSU granted. This calculation serves to determine the number of dilutive ordinary shares to be added to the weighted average ordinary shares in issue for the purpose of computing the dilution. No adjustment is made to the net profit for the period/year.

	Unaudited 4th Quarter Ended		Audited Cumulative 12 Months Ended	
	31 December 2015	31 December 2014	31 December 2015	31 December 2014
Net profit for the period/year attributable to equity holders of the Bank (RM'000)	<b>1,652,082</b>	1,931,233	<b>6,835,939</b>	6,716,455
Weighted average number of ordinary shares in issue ('000)	<b>9,673,983</b>	9,305,404	<b>9,489,893</b>	9,057,541
Effects of dilution ('000)	<b>134</b>	189	<b>675</b>	1,287
Adjusted weighted average number of ordinary shares in issue ('000)	<b>9,674,117</b>	9,305,593	<b>9,490,568</b>	9,058,828
Diluted earnings per share	<b>17.08 sen</b>	20.75 sen	<b>72.03 sen</b>	74.14 sen

By Order of the Board

**Wan Marzimin Wan Muhammad**  
LS0009924  
Company Secretary  
25 February 2016