

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

CONDENSED FINANCIAL STATEMENTS
UNAUDITED INCOME STATEMENT
FOR THE FINANCIAL HALF YEAR ENDED 30 JUNE 2016

<u>Group</u>	Note	Second Quarter Ended		Cumulative 6 Months Ended	
		30 June 2016 RM'000	30 June 2015 RM'000	30 June 2016 RM'000	30 June 2015 RM'000
Interest income	A21	5,158,557	4,721,989	10,459,976	9,443,829
Interest expense	A22	(2,279,774)	(2,041,945)	(4,678,581)	(4,158,924)
Net interest income		<u>2,878,783</u>	<u>2,680,044</u>	<u>5,781,395</u>	<u>5,284,905</u>
Income from Islamic Banking Scheme operations	A40a	1,036,983	967,101	2,014,923	1,899,849
Net earned insurance premiums	A23	1,064,581	1,050,308	2,233,183	2,037,423
Other operating income	A25	1,441,292	1,195,409	3,107,696	2,756,004
Total operating income		<u>6,421,639</u>	<u>5,892,862</u>	<u>13,137,197</u>	<u>11,978,181</u>
Net insurance benefits and claims incurred, net fee and commission expenses, change in expense liabilities and taxation of life and takaful fund	A26	(1,075,686)	(1,004,460)	(2,399,476)	(2,102,267)
Net operating income		<u>5,345,953</u>	<u>4,888,402</u>	<u>10,737,721</u>	<u>9,875,914</u>
Overhead expenses	A27	(2,623,713)	(2,418,613)	(5,243,912)	(4,907,906)
Operating profit before impairment losses		<u>2,722,240</u>	<u>2,469,789</u>	<u>5,493,809</u>	<u>4,968,008</u>
Allowances for impairment losses on loans, advances, financing and other debts, net	A28	(981,682)	(300,955)	(1,846,751)	(548,905)
Allowances for impairment losses on financial investments, net	A29	(199,556)	(94,002)	(212,901)	(144,685)
Operating profit		<u>1,541,002</u>	<u>2,074,832</u>	<u>3,434,157</u>	<u>4,274,418</u>
Share of profits in associates and joint ventures		<u>42,987</u>	<u>75,651</u>	<u>81,177</u>	<u>118,078</u>
Profit before taxation and zakat		<u>1,583,989</u>	<u>2,150,483</u>	<u>3,515,334</u>	<u>4,392,496</u>
Taxation and zakat	B5	(384,687)	(529,122)	(865,131)	(1,059,126)
Profit for the period		<u>1,199,302</u>	<u>1,621,361</u>	<u>2,650,203</u>	<u>3,333,370</u>
Attributable to:					
Equity holders of the Bank		1,159,941	1,584,534	2,586,692	3,284,919
Non-controlling interests		39,361	36,827	63,511	48,451
		<u>1,199,302</u>	<u>1,621,361</u>	<u>2,650,203</u>	<u>3,333,370</u>
Earnings per share attributable to equity holders of the Bank	B13				
Basic		11.79 sen	16.76 sen	26.41 sen	35.02 sen
Fully diluted		11.79 sen	16.76 sen	26.41 sen	35.02 sen

(These unaudited condensed interim financial statements should be read in conjunction with the audited annual financial statements for the financial year ended 31 December 2015 and the accompanying explanatory notes attached to these financial statements)

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CONDENSED FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL HALF YEAR ENDED 30 JUNE 2016

<u>Group</u>	Second Quarter Ended		Cumulative 6 Months Ended	
	30 June 2016 RM'000	30 June 2015 RM'000	30 June 2016 RM'000	30 June 2015 RM'000
Profit for the period	1,199,302	1,621,361	2,650,203	3,333,370
Other comprehensive income/(loss):				
<i>Items that will not be reclassified subsequently to profit or loss:</i>				
Defined benefit plan actuarial (loss)/gain	(14,042)	30,202	(13,735)	35,087
Income tax effect	3,614	(6,825)	2,632	(8,049)
Share of change in associates' reserve	(12)	-	56	-
	(10,440)	23,377	(11,047)	27,038
<i>Items that may be reclassified subsequently to profit or loss:</i>				
Net gain/(loss) on financial investments available-for-sale	254,212	(187,011)	1,300,925	303,008
Income tax effect	(76,872)	49,291	(323,414)	(72,244)
Net gain/(loss) on foreign exchange translation	925,307	560,552	(787,520)	1,125,654
Net (loss)/gain on cash flow hedge	(132)	(904)	(1,119)	1,098
Net (loss)/gain on net investment hedge	(43,567)	(136,316)	103,880	(213,282)
Net gain on revaluation reserve	17	13	28	28
Share of change in associates' reserve	(5,418)	171,229	(287,015)	259,128
	1,053,547	456,854	5,765	1,403,390
Other comprehensive income/(loss) for the period, net of tax	1,043,107	480,231	(5,282)	1,430,428
Total comprehensive income for the period	2,242,409	2,101,592	2,644,921	4,763,798
Other comprehensive income/(loss) for the period attributable to:				
Equity holders of the Bank	1,034,217	508,359	(18,010)	1,424,647
Non-controlling interests	8,890	(28,128)	12,728	5,781
	1,043,107	480,231	(5,282)	1,430,428
Total comprehensive income for the period attributable to:				
Equity holders of the Bank	2,194,158	2,092,893	2,568,682	4,709,566
Non-controlling interests	48,251	8,699	76,239	54,232
	2,242,409	2,101,592	2,644,921	4,763,798

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CONDENSED FINANCIAL STATEMENTS
UNAUDITED INCOME STATEMENT
FOR THE FINANCIAL HALF YEAR ENDED 30 JUNE 2016

<u>Bank</u>	Note	Second Quarter Ended		Cumulative 6 Months Ended	
		30 June 2016 RM'000	30 June 2015 RM'000	30 June 2016 RM'000	30 June 2015 RM'000
Interest income	A21	3,730,239	3,561,974	7,609,102	7,087,578
Interest expense	A22	(1,702,019)	(1,519,180)	(3,469,789)	(3,085,552)
Net interest income		<u>2,028,220</u>	<u>2,042,794</u>	<u>4,139,313</u>	<u>4,002,026</u>
Dividends from subsidiaries & associates	A24	<u>1,656,625</u>	602,768	<u>1,733,831</u>	602,768
Other operating income	A25	<u>778,097</u>	530,446	<u>1,960,746</u>	1,428,710
		<u>2,434,722</u>	<u>1,133,214</u>	<u>3,694,577</u>	<u>2,031,478</u>
Net operating income		<u>4,462,942</u>	3,176,008	<u>7,833,890</u>	6,033,504
Overhead expenses	A27	(1,312,265)	(1,300,747)	(2,666,698)	(2,626,401)
Operating profit before impairment losses		<u>3,150,677</u>	<u>1,875,261</u>	<u>5,167,192</u>	<u>3,407,103</u>
Allowances for impairment losses on loans, advances, financing and other debts, net	A28	(558,328)	(66,812)	(1,256,233)	(99,069)
(Allowances for)/writeback of impairment losses on financial investments, net	A29	(183,105)	24,725	(182,476)	26,149
Profit before taxation and zakat		<u>2,409,244</u>	<u>1,833,174</u>	<u>3,728,483</u>	<u>3,334,183</u>
Taxation and zakat	B5	(172,457)	(325,214)	(475,829)	(685,436)
Profit for the period		<u>2,236,787</u>	<u>1,507,960</u>	<u>3,252,654</u>	<u>2,648,747</u>

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CONDENSED FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL HALF YEAR ENDED 30 JUNE 2016

<u>Bank</u>	Second Quarter Ended		Cumulative 6 Months Ended	
	30 June	30 June	30 June	30 June
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Profit for the period	2,236,787	1,507,960	3,252,654	2,648,747
Other comprehensive income/(loss):				
<i>Items that may be reclassified subsequently to profit or loss:</i>				
Net gain/(loss) on financial investments available-for-sale	287,208	(133,511)	1,087,348	222,573
Income tax effect	(68,424)	34,826	(268,466)	(54,185)
Net gain/(loss) on foreign exchange translation	362,483	388,175	(284,497)	615,766
Other comprehensive income for the period, net of tax	581,267	289,490	534,385	784,154
Total comprehensive income for the period	2,818,054	1,797,450	3,787,039	3,432,901

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CONDENSED FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2016

	Note	Group		Bank	
		30 June 2016 RM'000	31 December 2015 RM'000	30 June 2016 RM'000	31 December 2015 RM'000
ASSETS					
Cash and short-term funds		53,327,048	55,647,407	35,601,825	41,278,089
Deposits and placements with financial institutions		25,631,953	13,618,339	24,156,743	14,748,271
Financial assets purchased under resale agreements		5,697,332	7,692,165	5,444,956	7,490,808
Financial assets at fair value through profit or loss	A10(i)	23,203,947	17,222,595	7,806,859	4,221,895
Financial investments available-for-sale	A10(ii)	102,538,534	90,261,673	84,293,064	74,950,070
Financial investments held-to-maturity	A10(iii)	13,176,384	14,682,130	12,339,067	14,329,231
Loans, advances and financing	A11	443,885,736	453,492,587	273,357,390	287,056,974
Derivative assets	A36	7,500,241	8,283,647	7,464,292	8,334,598
Reinsurance/retakaful assets and other insurance receivables	A12	4,978,735	4,355,654	-	-
Other assets	A13	15,194,777	12,388,512	9,216,247	8,373,774
Investment properties		732,480	716,818	-	-
Statutory deposits with central banks		14,187,108	16,266,412	7,104,661	7,855,379
Investment in subsidiaries		-	-	21,026,955	21,026,955
Interest in associates and joint ventures		2,851,197	3,120,548	451,518	451,518
Property, plant and equipment		2,564,880	2,661,472	1,286,546	1,322,097
Intangible assets		6,764,623	6,958,462	493,125	509,480
Deferred tax assets		479,043	976,082	69,239	441,814
TOTAL ASSETS		722,714,018	708,344,503	490,112,487	492,390,953
LIABILITIES					
Deposits from customers	A14	479,124,842	478,150,533	331,953,980	330,626,519
Investment accounts of customers	A40g	30,964,031	17,657,893	-	-
Deposits and placements from financial institutions	A15	34,246,059	39,013,916	32,915,871	37,904,688
Obligations on financial assets sold under repurchase agreements		3,665,734	4,498,574	3,665,734	4,498,574
Financial liabilities at fair value through profit or loss	A16	2,191,117	-	1,702,437	-
Bills and acceptances payable		1,925,867	1,803,180	1,371,506	1,114,387
Derivative liabilities	A36	7,636,030	7,877,458	7,583,057	7,696,334
Insurance/takaful contract liabilities and other insurance payables	A18	24,816,484	23,839,341	-	-
Other liabilities	A19	17,019,334	13,029,588	10,120,261	9,921,177
Recourse obligation on loans and financing sold to Cagamas		1,099,484	1,174,345	1,099,484	1,174,345
Provision for taxation and zakat		68,494	85,224	-	-
Deferred tax liabilities		768,289	755,851	-	-
Borrowings	A17(i)	29,731,496	30,643,652	23,462,975	24,873,211
Subordinated obligations	A17(ii)	18,103,917	20,252,116	15,500,509	16,750,738
Capital securities	A17(iii)	6,146,055	6,049,375	6,203,813	6,212,597
TOTAL LIABILITIES		657,507,233	644,831,046	435,579,627	440,772,570

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	Note	Group		Bank	
		30 June 2016 RM'000	31 December 2015 RM'000	30 June 2016 RM'000	31 December 2015 RM'000
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE BANK					
Share capital		10,008,762	9,761,751	10,008,762	9,761,751
Share premium		27,726,766	25,900,476	27,726,766	25,900,476
Shares held-in-trust		(123,302)	(119,745)	(123,302)	(119,745)
Retained profits		12,941,964	12,833,004	3,727,681	3,252,638
Reserves		12,836,920	13,319,504	13,192,953	12,823,263
		63,391,110	61,694,990	54,532,860	51,618,383
Non-controlling interests		1,815,675	1,818,467	-	-
		65,206,785	63,513,457	54,532,860	51,618,383
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY					
		722,714,018	708,344,503	490,112,487	492,390,953
COMMITMENTS AND CONTINGENCIES	A34	750,633,285	719,694,730	707,920,095	679,351,319
<u>CAPITAL ADEQUACY</u>					
	A35				
The capital adequacy ratios of the Group and of the Bank are as follows:					
CET1 Capital Ratio		13.764%	12.780%	15.887%	15.781%
Tier 1 Capital Ratio		15.490%	14.471%	18.314%	17.969%
Total Capital Ratio		19.170%	17.743%	19.613%	17.969%
Net assets per share attributable to equity holders of the Bank					
		RM6.33	RM6.32	RM5.45	RM5.29

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CONDENSED FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL HALF YEAR ENDED 30 JUNE 2016

Group	Attributable to equity holders of the Bank												Total Equity RM'000
	Non-Distributable												
	Share Capital RM'000	Share Premium RM'000	Shares Held-in-trust RM'000	Statutory Reserve RM'000	Regulatory Reserve RM'000	Available- for-sale Reserve RM'000	Exchange Fluctuation Reserve RM'000	ESS Reserve RM'000	Other Reserves RM'000	Retained Profits RM'000	Total Shareholders' Equity RM'000	Non- Controlling Interests RM'000	
At 1 January 2016	9,761,751	25,900,476	(119,745)	10,456,462	1,247,509	(503,048)	2,245,044	329,523	(455,986)	12,833,004	61,694,990	1,818,467	63,513,457
Profit for the period	-	-	-	-	-	-	-	-	-	2,586,692	2,586,692	63,511	2,650,203
Other comprehensive income/(loss)	-	-	-	-	-	974,203	(1,084,684)	-	92,471	-	(18,010)	12,728	(5,282)
Defined benefit plan actuarial loss	-	-	-	-	-	-	-	-	(10,374)	-	(10,374)	(729)	(11,103)
Share of associates' reserve	-	-	-	-	-	7,383	(294,398)	-	56	-	(286,959)	-	(286,959)
Net loss on foreign exchange translation	-	-	-	-	-	-	(790,286)	-	-	-	(790,286)	2,766	(787,520)
Net gain on financial investments available-for-sale	-	-	-	-	-	966,820	-	-	-	-	966,820	10,691	977,511
Net gain on net investment hedge	-	-	-	-	-	-	-	-	103,880	-	103,880	-	103,880
Net loss on cash flow hedge	-	-	-	-	-	-	-	-	(1,119)	-	(1,119)	-	(1,119)
Net gain on revaluation reserve	-	-	-	-	-	-	-	-	28	-	28	-	28
Total comprehensive income/(loss) for the period	-	-	-	-	-	974,203	(1,084,684)	-	92,471	2,586,692	2,568,682	76,239	2,644,921
Carried forward	9,761,751	25,900,476	(119,745)	10,456,462	1,247,509	471,155	1,160,360	329,523	(363,515)	15,419,696	64,263,672	1,894,706	66,158,378

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UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL HALF YEAR ENDED 30 JUNE 2016

<u>Group (cont'd.)</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	Regulatory Reserve RM'000	Available- for-sale Reserve RM'000	Exchange Fluctuation Reserve RM'000	ESS Reserve RM'000	Other Reserves RM'000	¹ Retained Profits RM'000	² Total Shareholders' Equity RM'000	Non- Controlling Interests RM'000	Total Equity RM'000
Brought forward	9,761,751	25,900,476	(119,745)	10,456,462	1,247,509	471,155	1,160,360	329,523	(363,515)	15,419,696	64,263,672	1,894,706	66,158,378
Share-based payment under Employees' Share Scheme ("ESS")	-	-	-	-	-	-	-	20,071	-	-	20,071	-	20,071
Effect of changes in corporate structure within the Group	-	-	-	-	-	-	-	-	-	-	-	6,983	6,983
Transfer to statutory reserves	-	-	-	475,552	-	-	-	-	-	(475,552)	-	-	-
Transfer from regulatory reserve	-	-	-	-	(924,754)	-	-	-	-	924,754	-	-	-
Issue of shares pursuant to ESS (Note A8(i)(a)(A))	8,592	71,318	-	-	-	-	-	(4,704)	-	-	75,206	-	75,206
Issue of shares pursuant to Restricted Share Unit ("RSU") (Note A8(i)(a)(B))	3,156	25,687	(254)	-	-	-	-	(29,662)	-	1,073	-	-	-
Issue of shares pursuant to Supplemental Restricted Share Unit ("SRSU") (Note A8(i)(a)(C))	124	1,012	-	-	-	-	-	(1,077)	-	(59)	-	-	-
Issue of shares pursuant to Dividend Reinvestment Plan ("DRP") (Note A8(i)(a)(D))	235,139	1,728,273	(3,303)	-	-	-	-	-	-	-	1,960,109	-	1,960,109
Dividends (Note A9(a) & (b))	-	-	-	-	-	-	-	-	-	(2,927,948)	(2,927,948)	(86,014)	(3,013,962)
Total transactions with shareholders/ other equity movements	247,011	1,826,290	(3,557)	475,552	(924,754)	-	-	(15,372)	-	(2,477,732)	(872,562)	(79,031)	(951,593)
At 30 June 2016	10,008,762	27,726,766	(123,302)	10,932,014	322,755	471,155	1,160,360	314,151	(363,515)	12,941,964	63,391,110	1,815,675	65,206,785

¹ The further breakdown and movement of other reserves are disclosed in Note A20.

² The retained profits of the Group include the non-distributable non-par surplus from an insurance subsidiary amounted to RM1,106.0 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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UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL HALF YEAR ENDED 30 JUNE 2016

<u>Group</u>	<===== Attributable to equity holders of the Bank =====>												
	<===== Non-Distributable =====>						Available- for-sale Reserve RM'000	Exchange Fluctuation Reserve RM'000	ESS Reserve RM'000	¹ Other Reserves RM'000	² Retained Profits RM'000	Total Shareholders' Equity RM'000	Non- Controlling Interests RM'000
At 1 January 2015	9,319,030	22,747,922	(113,463)	10,396,000	274,500	(321,842)	(1,917,500)	298,366	(96,421)	12,387,977	52,974,569	1,766,606	54,741,175
Profit for the period	-	-	-	-	-	-	-	-	-	3,284,919	3,284,919	48,451	3,333,370
Other comprehensive income/(loss)	-	-	-	-	-	234,614	1,292,090	-	(102,057)	-	1,424,647	5,781	1,430,428
Defined benefit plan actuarial gain	-	-	-	-	-	-	-	-	26,280	-	26,280	758	27,038
Share of associates' reserve	-	-	-	-	-	12,445	162,864	-	83,819	-	259,128	-	259,128
Net gain on foreign exchange translation	-	-	-	-	-	-	1,129,226	-	-	-	1,129,226	(3,572)	1,125,654
Net gain on financial investments available-for-sale	-	-	-	-	-	222,169	-	-	-	-	222,169	8,595	230,764
Net loss on net investment hedge	-	-	-	-	-	-	-	-	(213,282)	-	(213,282)	-	(213,282)
Net gain on cash flow hedge	-	-	-	-	-	-	-	-	1,098	-	1,098	-	1,098
Net gain on revaluation reserve	-	-	-	-	-	-	-	-	28	-	28	-	28
Total comprehensive income/(loss) for the period	-	-	-	-	-	234,614	1,292,090	-	(102,057)	3,284,919	4,709,566	54,232	4,763,798
Carried forward	9,319,030	22,747,922	(113,463)	10,396,000	274,500	(87,228)	(625,410)	298,366	(198,478)	15,672,896	57,684,135	1,820,838	59,504,973

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Group (cont'd.)	<===== 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 ¹	Retained Profits RM'000 ²			
	Share Capital RM'000	Share Premium RM'000	Shares Held-in-trust RM'000	Statutory Reserve RM'000	Regulatory Reserve RM'000								
Brought forward	9,319,030	22,747,922	(113,463)	10,396,000	274,500	(87,228)	(625,410)	298,366	(198,478)	15,672,896	57,684,135	1,820,838	59,504,973
Share-based payment under Employees' Share Scheme ("ESS")	-	-	-	-	-	-	-	29,194	-	-	29,194	-	29,194
Effect of changes in corporate structure within the Group	-	-	-	-	-	-	-	-	-	5,080	5,080	(19,604)	(14,524)
Transfer to statutory reserves	-	-	-	10,569	-	-	-	-	-	(10,569)	-	-	-
Transfer to regulatory reserve	-	-	-	-	515,304	-	-	-	-	(515,304)	-	-	-
Issue of shares pursuant to ESS	11,539	96,393	-	-	-	-	-	(6,863)	-	-	101,069	-	101,069
Issue of shares pursuant to Restricted Share Unit ("RSU")	2,784	23,769	9	-	-	-	-	(22,555)	-	(4,007)	-	-	-
Issue of shares pursuant to Supplemental Restricted Share Unit ("SRSU")	110	910	-	-	-	-	-	(989)	-	(31)	-	-	-
Issue of shares pursuant to Dividend Reinvestment Plan ("DRP")	203,533	1,567,205	(3,615)	-	-	-	-	-	-	-	1,767,123	-	1,767,123
Dividends	-	-	-	-	-	-	-	-	-	(3,072,720)	(3,072,720)	(77,455)	(3,150,175)
Total transactions with shareholders/ other equity movements	217,966	1,688,277	(3,606)	10,569	515,304	-	-	(1,213)	-	(3,597,551)	(1,170,254)	(97,059)	(1,267,313)
At 30 June 2015	9,536,996	24,436,199	(117,069)	10,406,569	789,804	(87,228)	(625,410)	297,153	(198,478)	12,075,345	56,513,881	1,723,779	58,237,660

¹ The further breakdown and movement of other reserves are disclosed in Note A20.

² The retained profits of the Group include the non-distributable non-par surplus from an insurance subsidiary amounted to RM997.8 million (net of tax). This non-distributable non-par surplus is only available for distribution to shareholder on the amount recommended by the Appointed Actuary in accordance with the Financial Services Act 2013.

(These unaudited condensed interim financial statements should be read in conjunction with the audited annual financial statements for the financial year ended 31 December 2015 and the accompanying explanatory notes attached to these financial statements)

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CONDENSED FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL HALF YEAR ENDED 30 JUNE 2016

	<===== Attributable to equity holders of the Bank =====>									
	<===== Non-Distributable =====>									
Bank	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	Distributable Retained Profits RM'000	Total Equity RM'000
At 1 January 2016	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
Profit for the period	-	-	-	-	-	-	-	-	3,252,654	3,252,654
Other comprehensive income/(loss)	-	-	-	-	-	818,882	(284,497)	-	-	534,385
Net loss on foreign exchange translation	-	-	-	-	-	-	(284,497)	-	-	(284,497)
Net gain on financial investments available-for-sale	-	-	-	-	-	818,882	-	-	-	818,882
Total comprehensive income/(loss) for the period	-	-	-	-	-	818,882	(284,497)	-	3,252,654	3,787,039
Share-based payment under Employees' Share Scheme ("ESS")	-	-	-	-	-	-	-	20,071	-	20,071
Transfer to statutory reserve	-	-	-	458,277	-	-	-	-	(458,277)	-
Transfer from regulatory reserve	-	-	-	-	(607,600)	-	-	-	607,600	-
Issue of shares pursuant to ESS (Note A8(i)(a)(A))	8,592	71,318	-	-	-	-	-	(4,704)	-	75,206
Issue of shares pursuant to Restricted Share Unit ("RSU") (Note A8(i)(a)(B))	3,156	25,687	(254)	-	-	-	-	(29,662)	1,073	-
Issue of shares pursuant to Supplemental Restricted Share Unit ("SRSU") (Note A8(i)(a)(C))	124	1,012	-	-	-	-	-	(1,077)	(59)	-
Issue of shares pursuant to Dividend Reinvestment Plan ("DRP") (Note A8(i)(a)(D))	235,139	1,728,273	(3,303)	-	-	-	-	-	-	1,960,109
Dividends (Note A9(a))	-	-	-	-	-	-	-	-	(2,927,948)	(2,927,948)
Total transactions with shareholders/ other equity movements	247,011	1,826,290	(3,557)	458,277	(607,600)	-	-	(15,372)	(2,777,611)	(872,562)
At 30 June 2016	10,008,762	27,726,766	(123,302)	10,324,827	206,200	218,218	2,129,557	314,151	3,727,681	54,532,860

(These unaudited condensed interim financial statements should be read in conjunction with the audited annual financial statements for the financial year ended 31 December 2015 and the accompanying explanatory notes attached to these financial statements)

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CONDENSED FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL HALF YEAR ENDED 30 JUNE 2016

<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	Regulatory 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
At 1 January 2015	9,319,030	22,747,922	(113,463)	9,860,875	-	(362,553)	821,824	298,366	3,600,804	46,172,805
Profit for the period	-	-	-	-	-	-	-	-	2,648,747	2,648,747
Other comprehensive income	-	-	-	-	-	168,388	615,766	-	-	784,154
Net gain on foreign exchange translation	-	-	-	-	-	-	615,766	-	-	615,766
Net gain on financial investments available-for-sale	-	-	-	-	-	168,388	-	-	-	168,388
Total comprehensive income for the period	-	-	-	-	-	168,388	615,766	-	2,648,747	3,432,901
Share-based payment under Employees' Share Scheme ("ESS")	-	-	-	-	-	-	-	29,194	-	29,194
Transfer to statutory reserve	-	-	-	270	-	-	-	-	(270)	-
Transfer to regulatory reserve	-	-	-	-	363,500	-	-	-	(363,500)	-
Issue of shares pursuant to ESS	11,539	96,393	-	-	-	-	-	(6,863)	-	101,069
Issue of shares pursuant to Restricted Share Unit ("RSU")	2,784	23,769	9	-	-	-	-	(22,555)	(4,007)	-
Issue of shares pursuant to Supplemental Restricted Share Unit ("SRSU")	110	910	-	-	-	-	-	(989)	(31)	-
Issue of shares pursuant to Dividend Reinvestment Plan ("DRP")	203,533	1,567,205	(3,615)	-	-	-	-	-	-	1,767,123
Dividends	-	-	-	-	-	-	-	-	(3,072,720)	(3,072,720)
Total transactions with shareholders/ other equity movements	217,966	1,688,277	(3,606)	270	363,500	-	-	(1,213)	(3,440,528)	(1,175,334)
At 30 June 2015	9,536,996	24,436,199	(117,069)	9,861,145	363,500	(194,165)	1,437,590	297,153	2,809,023	48,430,372

(These unaudited condensed interim financial statements should be read in conjunction with the audited annual financial statements for the financial year ended 31 December 2015 and the accompanying explanatory notes attached to these financial statements)

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CONDENSED FINANCIAL STATEMENTS
UNAUDITED CASH FLOW STATEMENTS
FOR THE FINANCIAL HALF YEAR ENDED 30 JUNE 2016

	Group		Bank	
	30 June 2016 RM'000	30 June 2015 RM'000	30 June 2016 RM'000	30 June 2015 RM'000
Cash flows from operating activities				
Profit before taxation and zakat	3,515,334	4,392,496	3,728,483	3,334,183
Adjustments for non-operating and non-cash items:				
Depreciation of property, plant and equipment	186,477	184,344	92,539	92,519
Share of profits in associates and joint ventures	(81,177)	(118,078)	-	-
Amortisation of intangible assets	141,939	136,206	65,068	51,196
Net gain on disposal of financial assets at fair value through profit or loss	(117,940)	(115,733)	(68,628)	(26,257)
Net gain on disposal of financial investments available-for-sale	(310,555)	(292,988)	(232,260)	(162,144)
Net (gain)/loss on disposal/redemption of financial investments held-to-maturity	(11,397)	2,192	(11,397)	2,192
Unrealised (gain)/loss on revaluation of financial assets at fair value through profit or loss and derivatives	(561,479)	261,084	(376,191)	309,290
Unrealised loss on revaluation of financial liabilities at fair value through profit or loss	52,246	-	52,246	-
Allowances for impairment losses on loans, advances and financing, net	2,070,718	810,542	1,390,619	304,834
Allowances for impairment losses on other debts	4,292	1,933	688	1,820
Dividend income	(44,114)	(64,531)	(1,742,254)	(609,459)
ESS expenses	19,657	29,725	13,889	20,778
Allowances for/(writeback of) impairment losses on financial investments, net	212,901	144,685	182,476	(26,149)
Other adjustments for non-operating and non-cash items	(35,848)	(49,979)	(30,557)	(86,116)
Operating profit before working capital changes	<u>5,041,054</u>	<u>5,321,898</u>	<u>3,064,721</u>	<u>3,206,687</u>
Change in deposits and placements with financial institutions with original maturity of more than three months	(2,224,842)	7,808,033	(442,875)	5,268,504
Change in cash and short-term funds with original maturity of more than three months	853,325	879,909	2,013,962	1,125,342
Change in financial investments portfolio	(14,996,126)	(1,859,606)	(9,672,730)	(411,869)
Change in loans, advances and financing	1,319,891	(15,138,493)	7,785,437	(3,355,061)
Change in statutory deposits with central banks	2,079,304	(698,053)	750,718	245,356
Change in deposits from customers	7,566,164	4,102,537	6,239,424	(3,108,868)
Change in investment accounts of customers	13,306,138	-	-	-
Change in deposits and placements from financial institutions	(4,767,857)	(466,768)	(4,988,817)	(7,350,745)
Change in reinsurance/retakaful assets and other insurance receivables	(623,081)	98,578	-	-
Change in insurance/takaful contract liabilities and other insurance payables	977,143	(371,950)	-	-
Change in financial liabilities at fair value through profit or loss	2,138,871	-	1,650,191	-
Change in other operating activities	3,726,961	759,687	2,094,395	6,672,124
Cash generated from operations	<u>14,396,945</u>	<u>435,772</u>	<u>8,494,426</u>	<u>2,291,470</u>
Taxes and zakat paid	(811,361)	(829,593)	(461,011)	(533,476)
Net cash generated from/(used in) operating activities	<u>13,585,584</u>	<u>(393,821)</u>	<u>8,033,415</u>	<u>1,757,994</u>

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CONDENSED FINANCIAL STATEMENTS
UNAUDITED CASH FLOW STATEMENTS
FOR THE FINANCIAL HALF YEAR ENDED 30 JUNE 2016

	Group		Bank	
	30 June 2016 RM'000	30 June 2015 RM'000	30 June 2016 RM'000	30 June 2015 RM'000
Cash flows from investing activities				
Dividends received from:				
- financial investments portfolio	44,114	64,531	8,423	6,691
- associates	-	-	7,954	788
- subsidiaries	-	-	1,725,877	749,008
Purchase of property, plant and equipment	(127,851)	(128,309)	(69,529)	(64,173)
Purchase of investment properties	(15,880)	(9,415)	-	-
Proceeds from disposal of property, plant and equipment	31,987	4,695	133	15
Purchase of intangible assets	(82,457)	(65,826)	(53,148)	(41,477)
Transfer of intangible assets to a subsidiary, net	-	-	-	35
Net effect arising from transaction with non-controlling interests	6,983	(14,524)	-	-
Net cash (used in)/generated from investing activities	(143,104)	(148,848)	1,619,710	650,887
Cash flows from financing activities				
Proceeds from issuance of shares	2,035,315	1,868,192	2,035,315	1,868,192
(Repayment of)/drawdown of borrowings, net	(360,292)	3,747,794	(832,411)	2,600,690
Redemption of subordinated obligations	(3,986,474)	-	(2,986,474)	-
Redemption of capital securities	-	(218,876)	-	(218,876)
Issuance of subordinated obligations	2,014,750	-	2,014,750	-
Recourse obligation on loans and financing sold to Cagamas, net	(74,862)	52,561	(74,863)	52,560
Dividends paid	(2,927,948)	(3,072,720)	(2,927,948)	(3,072,720)
Dividends paid to non-controlling interests	(86,014)	(77,455)	-	-
Net cash (used in)/generated from financing activities	(3,385,525)	2,299,496	(2,771,631)	1,229,846
Net change in cash and cash equivalents	10,056,955	1,756,827	6,881,494	3,638,727
Cash and cash equivalents at beginning of period	53,049,192	49,075,119	38,619,148	30,785,116
Effects of foreign exchange rate changes	(1,735,216)	2,402,743	(1,578,198)	2,105,295
Cash and cash equivalents at end of period	61,370,931	53,234,689	43,922,444	36,529,138

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

	Group		Bank	
	30 June 2016 RM'000	30 June 2015 RM'000	30 June 2016 RM'000	30 June 2015 RM'000
Cash and short-term funds	53,327,048	47,661,583	35,601,825	32,680,641
Deposits and placements with other financial institutions	25,631,953	16,769,041	24,156,743	17,258,874
	78,959,001	64,430,624	59,758,568	49,939,515
Less:				
Cash and short-term funds and deposits and placements with financial institutions, with original maturity of more than three months	(17,588,070)	(11,195,935)	(15,836,124)	(13,410,377)
Cash and cash equivalents at end of period	61,370,931	53,234,689	43,922,444	36,529,138

(These unaudited condensed interim financial statements should be read in conjunction with the audited annual financial statements for the financial year ended 31 December 2015 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 unaudited condensed interim financial statements for the Group and the Bank have been prepared under the historical cost convention except for the following assets and liabilities that are stated at fair values: financial investments available-for-sale, financial assets and liabilities at fair value through profit or loss, derivative financial instruments and investment properties.

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

The unaudited condensed interim financial statements do not include all the information and disclosures required in the audited annual financial statements, and should be read in conjunction with the audited annual financial statements for the financial year ended 31 December 2015. These explanatory notes attached to the unaudited condensed interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group and of the Bank since the financial year ended 31 December 2015.

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

The significant accounting policies and methods of computation applied by the Group and the Bank are consistent with those adopted in the most recent audited annual financial statements for the financial year ended 31 December 2015 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 January 2016:

- MFRS 10 *Consolidated Financial Statements* - Investment Entities: Applying the Consolidation Exception (Amendments to MFRS 10)
- MFRS 11 *Joint Arrangements* - Accounting for Acquisitions of Interests in Joint Operations (Amendments to MFRS 11)
- MFRS 12 *Disclosure of Interests in Other Entities* - Investment Entities: Applying the Consolidation Exception (Amendments to MFRS 12)
- MFRS 14 *Regulatory Deferral Accounts*
- MFRS 101 *Presentation of Financial Statements* - Disclosure Initiative (Amendments to MFRS 101)
- MFRS 116 *Property, Plant and Equipment* - Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to MFRS 116)
- MFRS 116 *Property, Plant and Equipment* - Agriculture: Bearer Plants (Amendments to MFRS 116)
- MFRS 127 *Separate Financial Statements* - Equity Method in Separate Financial Statements (Amendments to MFRS 127)
- MFRS 128 *Investments in Associates and Joint Ventures* - Investment Entities: Applying the Consolidation Exception (Amendments to MFRS 128)
- MFRS 138 *Intangible Assets* - Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to MFRS 138)
- MFRS 141 *Agriculture* - Agriculture: Bearer Plants (Amendments to MFRS 141)
- Annual Improvements to MFRSs 2012 - 2014 Cycle

The adoption of the above amendments to MFRSs and annual improvements to MFRSs do not have any significant financial impact to the Group's and the Bank's financial statements, except for as disclosed below:

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.

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.

As at 30 June 2016, the Group and the Bank do not acquire any interest in joint operation.

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A1. Basis of Preparation (cont'd.)

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 ability to understand its financial statements by obscuring material information with immaterial information or by aggregating material items that have different natures or functions. It also re-emphasises that, when a standard requires a specific disclosure, the information must be assessed to determine whether it is material and, consequently, whether presentation or disclosure of that information is warranted.

(ii) Disaggregation and subtotals

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

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

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

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

(iii) Notes structure

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

Examples of systematic ordering or groupings of the notes include:

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

(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.

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A1. Basis of Preparation (cont'd.)

Revised Bank Negara Malaysia's ("BNM") Policy Document on Financial Reporting for Islamic Banking Institutions

On 5 February 2016, BNM issued a revised Policy Document on Financial Reporting for Islamic Banking Institutions ("revised policy document"). This revised policy document has taken effect on 5 February 2016 and it applies to all licensed Islamic banks and licensed banks which is carrying on Islamic banking businesses, except for licensed international Islamic bank. The issuance of this revised policy document has superseded the policy document issued by BNM previously, namely Financial Reporting for Islamic Banking Institutions dated 28 January 2015.

The requirements in this revised policy documents are as follows:

- (i) The requirement to present the carrying amount, income and expense related to Islamic deposit and investment account as separate line items in its financial statements;

As at 30 June 2016, Maybank Islamic Berhad ("MIB"), a subsidiary of the Bank has presented the required disclosures in Note A40(a) and Note A40(c).

- (ii) The requirement to disclose investment accounts of customers in annual financial statements with a breakdown by:

- types of investment account (e.g. unrestricted or restricted investment account) and further breakdown by Shariah contracts (e.g. *wakalah* and *mudarabah*);
- for investment accounts which qualify as unlisted capital market products under the *Capital Markets and Services Act 2007* ("CMSA"), to disclose the carrying amount of investment account by type of product;
- types of customers; and
- maturity structures of investment account with maturity.

As at 30 June 2016, MIB, a subsidiary of the Bank has presented the types of investment account in Note A40(g).

- (iii) The requirement to disclose investment account due to/from designated financial institutions with a breakdown by:

- types of investment account and further breakdown by Shariah contracts; and
- types of counterparty (e.g. licensed Islamic banks, licensed banks)

MIB, a subsidiary of the Bank did not have investment account that is due to/from designated financial institution as at 30 June 2016.

A2. Significant Accounting Policies

The audited annual financial statements of the Group and of the Bank for the financial year ended 31 December 2015 were prepared in accordance with MFRS and International Financial Reporting Standards ("IFRS") and the requirements of the Companies Act, 1965 in Malaysia. The significant accounting policies adopted in preparing these unaudited condensed interim financial statements are consistent with those of the audited annual financial statements for the financial year ended 31 December 2015 except for the following:

Adoption of Fair Value Option ("FVO") for certain financial liabilities under MFRS139 *Financial Instruments: Recognition and Measurement*

Effective on 1 January 2016, the Group and the Bank have designated certain financial liabilities namely, structured deposits and borrowings containing embedded derivatives at Fair Value Through Profit or Loss ("FVTPL") upon inception. This FVO adoption will be applied prospectively. As a result of this adoption, the Group and the Bank have presented "Financial liabilities at fair value through profit or loss", as a separate line item on the face of statements of financial position of the Group and the Bank. Details of the financial liabilities at FVTPL are disclosed in Note A16.

A3. Significant Accounting Estimates and Judgements

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

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

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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 2015 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 financial half year ended 30 June 2016.

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

During the financial half year ended 30 June 2016, 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 financial half year ended 30 June 2016.

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 financial half year ended 30 June 2016:

(a) **Issuance of Ordinary Shares**

The issued and paid-up share capital of the Bank increased from RM9,761,751,327 as at 31 December 2015 to RM10,008,761,982 as at 30 June 2016 via:

- (A) issuance of 8,591,800 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 3,155,659 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 124,000 new ordinary shares of RM1.00 each, to eligible employees under the Supplemental Restricted Share Unit ("SRSU") which is part of the current Maybank Group ESS; and
- (D) issuance of 235,139,196 new ordinary shares (including 395,585 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 24 sen in respect of the financial year ended 31 December 2015.

(b) **Redemption/issuance of bonds by PT Bank Maybank Indonesia Tbk and its subsidiaries**

- (A) On 26 February 2016, PT Maybank Indonesia Finance, a subsidiary of PT Bank Maybank Indonesia Tbk, which in turn an indirect subsidiary of Maybank, redeemed Medium-Term Notes V (MTN V) BII Finance of IDR200.0 billion. The Medium-Term Notes V were issued on 26 February 2013.
- (B) On 12 April 2016, PT Wahana Ottomitra Multiartha Tbk, a subsidiary of PT Bank Maybank Indonesia Tbk, which in turn an indirect subsidiary of Maybank, redeemed Shelf Bonds I WOM Finance Tranche III Year 2015 Series A of IDR140.0 billion. The Bonds had been issued on 2 April 2015 under Shelf Bonds I WOM Finance Tranche III Year 2015 With Fixed Interest Rate.
- (C) On 13 April 2016, PT Maybank Indonesia Finance, a subsidiary of PT Bank Maybank Indonesia Tbk, which in turn an indirect subsidiary of Maybank, had issued Shelf Bonds I BII Finance Tranche II Year 2016 Series A of IDR750.0 billion. The Bonds are under Shelf Bonds I BII Finance Tranche II Year 2016 with Fixed Interest Rates.
- (D) On 13 April 2016, PT Maybank Indonesia Finance, a subsidiary of PT Bank Maybank Indonesia Tbk, which in turn an indirect subsidiary of Maybank, had issued Shelf Bonds I BII Finance Tranche II Year 2016 Series B of IDR350.0 billion. The Bonds are under Shelf Bonds I BII Finance Tranche II Year 2016 with Fixed Interest Rates.
- (E) On 7 June 2016, PT Maybank Indonesia Finance, a subsidiary of PT Bank Maybank Indonesia Tbk, which in turn an indirect subsidiary of Maybank, redeemed Bonds I BII Finance Year 2012 with Fixed Interest Rates Series C of IDR143.0 billion. The Bonds had been issued on 7 June 2012 under Bonds I BII Finance Year 2012 with Fixed Interest Rates.

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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 financial half year ended 30 June 2016 (cont'd.):

(b) Redemption/issuance of bonds by PT Bank Maybank Indonesia Tbk and its subsidiaries (cont'd.)

- (F) On 10 June 2016, PT Bank Maybank Indonesia Tbk, a subsidiary of Maybank, had issued Shelf Mudharabah Sukuk I Bank Maybank Indonesia Tranche II Year 2016 of IDR700.0 billion.
- (G) On 10 June 2016, PT Bank Maybank Indonesia Tbk, a subsidiary of Maybank, had issued Shelf Subordinated Bonds II Bank Maybank Indonesia Tranche II Year 2016 of IDR800.0 billion.
- (H) On 19 June 2016, PT Maybank Indonesia Finance, a subsidiary of PT Bank Maybank Indonesia Tbk, which in turn an indirect subsidiary of Maybank, redeemed Bonds II BII Finance Year 2013 with Fixed Interest Rates Series A of IDR775.0 billion. The Bonds had been issued on 19 June 2013 under Bonds II BII Finance Year 2013 with Fixed Interest Rates.
- (I) On 24 June 2016, PT Wahana Ottomitra Multiartha Tbk, a subsidiary of PT Bank Maybank Indonesia Tbk, which in turn an indirect subsidiary of Maybank, had issued Shelf Bonds II WOM Finance Tranche I Year 2016 Series A of IDR442.0 billion. The Bonds are under Shelf Bonds II WOM Finance Tranche I Year 2016 With Fixed Interest Rate.
- (J) On 24 June 2016, PT Wahana Ottomitra Multiartha Tbk, a subsidiary of PT Bank Maybank Indonesia Tbk, which in turn an indirect subsidiary of Maybank, had issued Shelf Bonds II WOM Finance Tranche I Year 2016 Series B of IDR223.0 billion. The Bonds are under Shelf Bonds II WOM Finance Tranche I Year 2016 With Fixed Interest Rate.

(c) 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.

(d) Issuance of Zero-Coupon and Fixed Rate Notes pursuant to the USD15.0 billion Multicurrency Medium Term Note Programme (previously USD5.0 billion Multicurrency Medium Term Note Programme)

Issuance/Redemption	Issuance/Redemption Date	Amount	Note Type	Tenor
Issuance	22 January 2016	HKD200.0 million	Fixed Rate Notes	2 years
Issuance	3 February 2016	USD347.0 million	Callable Zero Coupon Notes	30 years

(e) Issuance of Tier 2 Capital Subordinated Sukuk Murabahah of RM1.0 billion in nominal value ("Subordinated Sukuk Murabahah") by Maybank Islamic Berhad, pursuant to a Subordinated Sukuk Murabahah Programme of up to RM10.0 billion in nominal value ("Subordinated Sukuk Programme")

On 15 February 2016, Maybank Islamic Berhad, a wholly-owned subsidiary of Maybank, had completed the issuance of RM1.0 billion Basel III-compliant Tier 2 Subordinated Sukuk Murabahah with profit rate of 4.65% per annum and tenor of 10 years on a 10 non-callable 5 basis pursuant to the Subordinated Sukuk Programme established in March 2014. The Subordinated Sukuk Murabahah was fully subscribed by Maybank.

(f) Redemption/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

Issuance/Redemption	Issuance/Redemption Date	Amount	Note Type	Tenor
Redemption	16 February 2016	EUR50.0 million	Commercial Papers	-
Issuance	18 February 2016	EUR19.0 million	Commercial Papers	6 Months
Issuance	14 April 2016	HKD150.0 million	Commercial Papers	12 Months
Issuance	17 May 2016	USD50.0 million	Commercial Papers	12 Months
Issuance	19 May 2016	USD80.0 million	Commercial Papers	12 Months

(g) Upsize of the RM7.0 billion Subordinated Note Programme to RM20.0 billion Subordinated Note Programme

On 15 March 2016, Maybank had increased the programme limit of the Subordinated Note Programme from the initial RM7.0 billion in nominal value to RM20.0 billion in nominal value. Additionally, Maybank had changed the tenor of the Subordinated Note Programme from 20 years to perpetual.

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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 financial half year ended 30 June 2016 (cont'd.):

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

Maybank had repaid its USD700.0 million syndicated term loan facility which matured on 22 March 2016.

(i) Redemption of Tier 2 Capital Islamic Subordinated Sukuk ("Subordinated Sukuk") of RM1.0 billion in nominal value by Maybank Islamic Berhad

On 31 March 2016, Maybank Islamic Berhad, a wholly-owned subsidiary of Maybank, had fully redeemed the Subordinated Sukuk of RM1.0 billion in nominal value. The Subordinated Sukuk were issued on 31 March 2011 under the Shariah principle of Musyarakah.

(j) Placement of USD400.0 million Syndicated Term Loan Facility (with Greenshoe Option)

On 13 April 2016, Maybank entered into a facility agreement ("Facility Agreement") for a USD400.0 million unsecured term loan facility (the "Facility"). The Facility has a 5-year maturity. The Facility Agreement contained a greenshoe option through which the total commitments can be upsized. On 26 May 2016, Maybank entered into a syndication and amendment agreement to, amongst other things, request an increase of the total commitments by USD450.0 million, so as to increase the total commitments to an aggregate of USD850.0 million. The entire amount of USD850.0million under the Facility has been drawdown.

(k) Update and upsize of the USD5.0 billion Multicurrency Medium Term Note Programme to USD15.0 billion Multicurrency Medium Term Note Programme

On 15 April 2016, Maybank had revised the terms and conditions to include terms relating to Basel III-compliant subordinated notes and upsized the Multicurrency Medium Term Note Programme from the initial USD5.0 billion (or its equivalent in other currencies) in nominal value to USD15.0 billion (or its equivalent in other currencies) in nominal value. The subordinated notes issued under the Multicurrency Medium Term Programme will qualify as Tier 2 capital of Maybank subject to compliance with the requirements as specified in the Capital Adequacy Framework (Capital Components) published by BNM on 13 October 2015, as amended from time to time.

(l) Issuance/redemption of Fixed and Floating Rate Notes pursuant to the USD15.0 billion Multicurrency Medium Term Note Programme (previously USD5.0 billion Multicurrency Medium Term Note Programme)

Issuance/Redemption	Issuance/Redemption Date	Amount	Note Type	Tenor
Issuance	27 April 2016	CNY180.0 million	Fixed Rate Notes	2 years
Issuance	27 April 2016	CNY190.0 million	Fixed Rate Notes	2 years
Issuance	13 May 2016	HKD300.0 million	Fixed Rate Notes	5 years
Issuance	16 May 2016	USD30.0 million	Floating Rate Notes	3 years
Issuance	8 June 2016	HKD220.0 million	Fixed Rate Notes	3 years
Issuance	8 June 2016	USD20.0 million	Floating Rate Notes	5 years
Redemption	10 June 2016	JPY12.0 billion	Fixed Rate Notes	1 year
Redemption	20 June 2016	CNY200.0 million	Fixed Rate Notes	1.5 year

(m) Redemption of Subordinated Notes of SGD1.0 billion under the USD2.0 billion in nominal value Multicurrency Medium Term Note Programme

On 28 April 2016, Maybank fully redeemed the SGD1.0 billion Subordinated Notes. The Subordinated Notes were issued on 28 April 2011.

(n) Issuance of USD500 million Tier 2 Fixed Rate Subordinated Notes pursuant to the USD15.0 billion Multicurrency Medium Term Note Programme (previously USD5.0 billion Multicurrency Medium Term Note Programme)

On 29 April 2016, Maybank issued USD500 million Basel III-compliant Tier 2 Fixed Rate Subordinated Notes with tenor of 10.5 years on a 10.5 non-callable 5.5 basis which bear fixed interest rate of 3.905% per annum via a syndicated offering.

(o) Issuance of Commercial Papers pursuant to the US-Commercial Paper Programme of up to USD500.0 million in nominal value

The outstanding amount as at 30 June 2016 of the US-Commercial Paper is USD495.6 million, with maturity tenor of 1 day to 120 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 and redeemed by the Bank subsequent to the financial half year ended 30 June 2016 and have not been reflected in the financial statements for the financial half year ended 30 June 2016:

(a) **Redemption/issuance of Fixed and Floating Rate Notes pursuant to the USD15.0 billion Multicurrency Medium Term Note Programme (previously USD5.0 billion Multicurrency Medium Term Note Programme)**

Issuance/Redemption	Issuance/Redemption Date	Amount	Note Type	Tenor
Redemption	11 July 2016	SGD50.0 million	Fixed Rate Notes	1 year
Issuance	18 July 2016	CNY500.0 million	Fixed Rate Notes	3 years
Issuance	19 July 2016	CNY130.0 million	Fixed Rate Notes	3 years
Redemption	25 July 2016	SGD277.8 million	Fixed Rate Notes	1 year
Redemption	25 July 2016	SGD102.0 million	Fixed Rate Notes	1 year
Redemption	29 July 2016	USD50.0 million	Floating Rate Notes	1.5 year
Issuance	1 August 2016	USD20.0 million	Floating Rate Notes	1 year
Issuance	2 August 2016	HKD200.0 million	Fixed Rate Notes	3 years

(b) **Issuance of Medium Term Notes pursuant to the RM10.0 billion Senior Medium Term Note Programme**

Issuance	Issuance Date	Amount	Note Type	Tenor
Issuance	20 July 2016	RM200.0 million	Zero Coupon Notes	1 year
Issuance	29 July 2016	RM200.0 million	Zero Coupon Notes	1 year 2 days
Issuance	4 August 2016	RM200.0 million	Zero Coupon Notes	1 year
Issuance	11 August 2016	RM200.0 million	Zero Coupon Notes	1 year

(c) **Redemption of Subordinated Notes of RM2.0 billion under the RM3.0 billion Subordinated Note Programme**

On 15 August 2016, Maybank fully redeemed the RM2.0 billion Subordinated Notes. The Subordinated Notes were issued on 15 August 2011.

(d) **Issuance/redemption 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**

Issuance/Redemption	Issuance/Redemption Date	Amount	Note Type	Tenor
Issuance	28 July 2016	HKD75.0 million	Commercial Papers	12 months
Issuance	8 August 2016	USD10.0 million	Commercial Papers	12 months
Redemption	18 August 2016	EUR19.0 million	Commercial Papers	6 months
Redemption	22 August 2016	EUR20.0 million	Commercial Papers	9 months

A9. Dividends Paid

Dividends paid during the financial half year ended 30 June 2016 are as follows:

(a) During the Annual General Meeting held on 7 April 2016, a final dividend in respect of the financial year ended 31 December 2015 of 30 sen single-tier dividend per ordinary share of RM1.00 each was approved by the shareholders.

The dividend consists of cash portion of 6 sen per ordinary share of RM1.00 each amounting to RM586,415,549 and an electable portion of 24 sen per ordinary share of RM1.00 each amounting to RM2,345,662,197 where the electable portion could be elected to be reinvested in new Maybank shares in accordance with the Dividend Reinvestment Plan ("DRP").

The payment date for cash dividends and crediting of shares under the DRP was completed on 6 June 2016.

(b) Dividends paid by Maybank's subsidiaries to non-controlling interest amounting to RM86,014,000 during the financial half year ended 30 June 2016.

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A10. Financial Investments Portfolio

	Note	Group		Bank	
		30 June 2016 RM'000	31 December 2015 RM'000	30 June 2016 RM'000	31 December 2015 RM'000
Financial assets at fair value through profit or loss	(i)	23,203,947	17,222,595	7,806,859	4,221,895
Financial investments available-for-sale	(ii)	102,538,534	90,261,673	84,293,064	74,950,070
Financial investments held-to-maturity	(iii)	13,176,384	14,682,130	12,339,067	14,329,231
		138,918,865	122,166,398	104,438,990	93,501,196

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

	Group		Bank	
	30 June 2016 RM'000	31 December 2015 RM'000	30 June 2016 RM'000	31 December 2015 RM'000
(a) Financial assets designated upon initial recognition	12,767,147	10,314,285	-	-
(b) Financial assets held-for-trading	10,436,800	6,908,310	7,806,859	4,221,895
	23,203,947	17,222,595	7,806,859	4,221,895

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

	Group		Bank	
	30 June 2016 RM'000	31 December 2015 RM'000	30 June 2016 RM'000	31 December 2015 RM'000
At fair value				
Money market instruments:				
Malaysian Government Securities	187,945	80,193	-	-
Malaysian Government Investment Issues	277,613	299,030	-	-
Negotiable Islamic Certificates of Deposits	248,441	244,970	-	-
Foreign Government Securities	83,239	24,561	-	-
	797,238	648,754	-	-
Quoted securities:				
In Malaysia:				
Shares, warrants, trust units and loan stocks	49,805	28,209	-	-
Outside Malaysia:				
Shares, warrants, trust units and loan stocks	166,710	32,374	-	-
	216,515	60,583	-	-
Unquoted securities:				
Foreign Corporate Bonds and Sukuk	335,072	276,036	-	-
Corporate Bonds and Sukuk in Malaysia	11,084,363	8,998,074	-	-
Structured deposits	333,959	330,838	-	-
	11,753,394	9,604,948	-	-
Total financial assets designated upon initial recognition	12,767,147	10,314,285	-	-

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A10. Financial Investments Portfolio (cont'd.)

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

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

	Group		Bank	
	30 June 2016 RM'000	31 December 2015 RM'000	30 June 2016 RM'000	31 December 2015 RM'000
At fair value				
Money market instruments:				
Malaysian Government Securities	778,785	168,244	749,870	126,340
Malaysian Government Investment Issues	122,031	48,866	392	-
Negotiable instruments of deposits	63,284	74,155	63,138	74,009
Foreign Government Securities	1,189,509	377,965	652,935	170,094
Bank Negara Malaysia Bills and Notes	-	7,123	-	7,123
Foreign Government Treasury Bills	67,438	136,088	67,438	136,088
	<u>2,221,047</u>	<u>812,441</u>	<u>1,533,773</u>	<u>513,654</u>
Quoted securities:				
In Malaysia:				
Shares, warrants, trust units and loan stocks	829,529	722,157	193,523	5,535
Corporate Bonds and Sukuk	40,093	7,303	40,093	7,303
Outside Malaysia:				
Shares, warrants, trust units and loan stocks	20,390	1,107,635	11,137	375
	<u>890,012</u>	<u>1,837,095</u>	<u>244,753</u>	<u>13,213</u>
Unquoted securities:				
Foreign Corporate Bonds and Sukuk	2,797,139	811,837	2,976,898	1,036,632
Corporate Bonds and Sukuk in Malaysia	2,265,560	2,359,809	2,010,692	2,159,451
Foreign Government Bonds	1,016,087	500,409	1,009,775	498,945
Malaysian Government Bonds	30,968	-	30,968	-
Credit linked note	-	400,720	-	-
Structured deposits	188,065	185,999	-	-
Others	1,027,922	-	-	-
	<u>7,325,741</u>	<u>4,258,774</u>	<u>6,028,333</u>	<u>3,695,028</u>
Total financial assets held-for-trading	<u>10,436,800</u>	<u>6,908,310</u>	<u>7,806,859</u>	<u>4,221,895</u>

(ii) Financial investments available-for-sale

	Group		Bank	
	30 June 2016 RM'000	31 December 2015 RM'000	30 June 2016 RM'000	31 December 2015 RM'000
At fair value				
Money market instruments:				
Malaysian Government Securities	9,432,198	7,001,549	9,432,198	6,894,053
Malaysian Government Investment Issues	13,356,820	13,373,645	8,323,133	8,699,293
Negotiable instruments of deposits	7,841,850	4,974,362	6,118,326	6,353,044
Foreign Government Securities	9,510,434	9,881,501	6,815,749	7,851,418
Foreign Government Treasury Bills	13,951,863	11,305,798	13,951,863	11,305,798
Khazanah Bonds	2,271,030	2,274,565	2,202,000	2,206,761
Cagamas Bonds	187,081	185,986	187,081	185,986
Bankers' acceptances and Islamic accepted bills	350,337	-	202,545	-
Foreign Certificates of Deposits	40,469	402,380	40,469	402,380
	<u>56,942,082</u>	<u>49,399,786</u>	<u>47,273,364</u>	<u>43,898,733</u>

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A10. Financial Investments Portfolio (cont'd.)

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

	Group		Bank	
	30 June 2016 RM'000	31 December 2015 RM'000	30 June 2016 RM'000	31 December 2015 RM'000
At fair value				
Quoted securities:				
In Malaysia:				
Shares, warrants, trust units and loan stocks	1,706,027	2,785,914	135,627	141,061
Outside Malaysia:				
Shares, warrants, trust units and loan stocks	111,575	95,799	1,395	1,046
Corporate Bonds and Sukuk	82,206	77,376	-	-
Foreign Government Bonds	78,265	60,300	-	-
	<u>1,978,073</u>	<u>3,019,389</u>	<u>137,022</u>	<u>142,107</u>
At fair value, or at cost for certain unquoted equity instruments, less accumulated impairment losses				
Unquoted securities:				
Shares, trust units and loan stocks in Malaysia [#]	348,107	216,285	268,772	270,382
Shares, trust units and loan stocks outside Malaysia [#]	69,229	203,448	5,625	5,993
Foreign Corporate Bonds and Sukuk	17,480,320	17,051,365	17,003,382	16,889,443
Corporate Bonds and Sukuk in Malaysia	17,129,457	16,940,647	11,131,991	10,421,961
Foreign Government Bonds	7,799,013	2,890,243	7,768,618	2,873,428
Malaysian Government Bonds	790,888	539,145	704,290	448,023
Structured deposits	1,365	1,365	-	-
	<u>43,618,379</u>	<u>37,842,498</u>	<u>36,882,678</u>	<u>30,909,230</u>
Total financial investments available-for-sale	<u>102,538,534</u>	<u>90,261,673</u>	<u>84,293,064</u>	<u>74,950,070</u>

[#] Stated at cost, net of impairment losses.

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

	Group		Bank	
	30 June 2016 RM'000	31 December 2015 RM'000	30 June 2016 RM'000	31 December 2015 RM'000
At 1 January 2016/2015	641,405	1,061,952	365,495	736,022
Allowance made	237,401	370,101	201,649	33
Amount written back in respect of recoveries	(24,500)	(39,978)	(19,173)	(38,043)
Amount written-off/realised	(181,612)	(793,446)	(56,317)	(356,926)
Exchange differences	(1,764)	42,776	(3,792)	24,409
At 30 June 2016/31 December 2015	<u>670,930</u>	<u>641,405</u>	<u>487,862</u>	<u>365,495</u>

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A10. Financial Investments Portfolio (cont'd.)

(iii) Financial investments held-to-maturity

	Group		Bank	
	30 June 2016 RM'000	31 December 2015 RM'000	30 June 2016 RM'000	31 December 2015 RM'000
At amortised cost less accumulated impairment losses				
Money market instruments:				
Malaysian Government Securities	2,015,244	2,013,210	2,015,139	2,013,104
Malaysian Government Investment Issues	2,520,694	4,416,726	2,520,694	4,416,726
Foreign Government Securities	1,039,194	710,147	-	-
Foreign Government Treasury Bills	61,809	47,098	-	-
Khazanah Bonds	1,008,670	989,959	1,008,670	989,959
Foreign Certificates of Deposits	67,330	45,893	-	-
	6,712,941	8,223,033	5,544,503	7,419,789
Unquoted securities:				
Foreign Corporate Bonds and Sukuk	1,029,855	1,096,913	818,385	871,902
Corporate Bonds and Sukuk in Malaysia	5,255,106	5,315,312	5,946,036	6,004,508
Foreign Government Bonds	199,566	69,076	31,875	34,764
Others	2,044	2,044	2,044	2,044
	6,486,571	6,483,345	6,798,340	6,913,218
Accumulated impairment losses	(23,128)	(24,248)	(3,776)	(3,776)
Total financial investments held-to-maturity	13,176,384	14,682,130	12,339,067	14,329,231

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

	Group		Bank	
	30 June 2016 RM'000	31 December 2015 RM'000	30 June 2016 RM'000	31 December 2015 RM'000
At 1 January 2016/2015	24,248	22,564	3,776	4,877
Amount written back in respect of recoveries	-	(1,101)	-	(1,101)
Exchange differences	(1,120)	2,785	-	-
At 30 June 2016/31 December 2015	23,128	24,248	3,776	3,776

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A11. Loans, Advances and Financing

	Group		Bank	
	30 June 2016 RM'000	31 December 2015 RM'000	30 June 2016 RM'000	31 December 2015 RM'000
Overdrafts/cashline	21,165,257	20,272,001	10,846,879	10,905,016
Term loans:				
- Housing loans/financing	141,250,266	140,813,286	53,680,533	54,692,411
- Syndicated loans/financing	34,696,613	38,470,858	32,217,535	36,162,480
- Hire purchase receivables	59,975,558	60,296,159	19,004,862	19,391,920
- Lease receivables	53,587	46,902	-	-
- Other loans/financing	213,607,679	226,385,481	103,718,053	114,060,123
Credit card receivables	7,771,141	7,904,433	6,284,030	6,459,487
Bills receivables	3,364,913	3,555,619	3,240,326	3,426,268
Trust receipts	3,748,678	3,634,378	3,098,434	2,960,779
Claims on customers under acceptance credits	10,588,972	11,098,024	5,739,890	6,071,599
Loans/financing to financial institutions (Note A11(x))	1,947,469	2,575,573	13,714,319	12,395,197
Revolving credits	46,949,405	41,854,214	27,342,923	25,557,296
Staff loans	3,478,229	3,446,957	903,216	942,261
Loans to:				
- Executive directors of the Bank	143	96	143	96
- Executive directors of subsidiaries	1,908	2,304	372	352
Others	3,748,284	3,839,485	-	-
	<u>552,348,102</u>	564,195,770	<u>279,791,515</u>	293,025,285
Unearned interest and income	<u>(101,007,248)</u>	(104,544,132)	<u>(1,360,843)</u>	(1,918,880)
Gross loans, advances and financing	<u>451,340,854</u>	459,651,638	<u>278,430,672</u>	291,106,405
Allowances for impaired loans, advances and financing				
- Individual allowance	(2,879,352)	(2,259,910)	(1,996,983)	(1,422,090)
- Collective allowance	(4,575,766)	(3,899,141)	(3,076,299)	(2,627,341)
Net loans, advances and financing	<u>443,885,736</u>	453,492,587	<u>273,357,390</u>	287,056,974

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

	Group		Bank	
	30 June 2016 RM'000	31 December 2015 RM'000	30 June 2016 RM'000	31 December 2015 RM'000
Domestic banking institutions	4,128,582	3,412,473	16,310,334	13,734,622
Domestic non-banking financial institutions	24,784,817	20,889,568	19,445,505	17,113,433
Domestic business enterprises:				
- Small and medium enterprises	73,247,439	74,362,113	50,985,409	51,899,654
- Others	95,885,945	102,034,485	57,237,748	65,139,177
Government and statutory bodies	9,171,016	8,524,287	1,536,745	1,426,743
Individuals	208,372,056	209,508,236	103,011,385	106,678,469
Other domestic entities	5,052,590	4,537,567	459,034	434,281
Foreign entities	30,698,409	36,382,909	29,444,512	34,680,026
Gross loans, advances and financing	<u>451,340,854</u>	459,651,638	<u>278,430,672</u>	291,106,405

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

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

	Group		Bank	
	30 June	31 December	30 June	31 December
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Malaysia	260,458,729	258,835,028	135,214,325	138,678,788
Singapore	110,376,388	113,879,820	109,554,849	113,065,698
Indonesia	37,367,591	36,605,343	-	-
Labuan Offshore	16,906,395	18,592,368	16,880,957	17,545,482
Hong Kong SAR	10,956,949	14,498,474	10,342,573	13,945,901
United States of America	833,812	1,254,222	833,244	1,253,615
People's Republic of China	2,801,950	3,476,593	2,801,950	3,476,593
Vietnam	675,409	647,590	502,942	514,127
United Kingdom	1,169,398	1,489,267	1,169,373	1,489,225
Brunei	554,270	524,153	554,270	524,153
Cambodia	2,100,639	2,090,821	-	-
Bahrain	475,814	495,372	475,814	495,372
Philippines	5,080,289	5,380,459	-	-
Thailand	1,443,758	1,722,843	-	-
Laos	96,937	117,451	96,937	117,451
Myanmar	3,438	-	3,438	-
Others	39,088	41,834	-	-
Gross loans, advances and financing	451,340,854	459,651,638	278,430,672	291,106,405

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

	Group		Bank	
	30 June	31 December	30 June	31 December
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Fixed rate:				
- Housing loans/financing	21,677,925	23,899,071	19,364,193	21,541,197
- Hire purchase receivables	53,319,551	53,478,839	17,887,605	18,257,901
- Other fixed rate loans/financing	61,907,930	62,221,454	45,021,400	44,438,627
Variable rate:				
- Base lending rate/Base financing rate/ Base rate plus	169,060,870	165,778,507	87,700,502	89,903,780
- Cost plus	54,287,294	58,456,828	49,732,111	53,719,016
- Other variable rates	91,087,284	95,816,939	58,724,861	63,245,884
Gross loans, advances and financing	451,340,854	459,651,638	278,430,672	291,106,405

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

	Group		Bank	
	30 June	31 December	30 June	31 December
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Purchase of securities	33,514,857	36,511,402	11,197,862	14,169,013
Purchase of transport vehicles	54,198,534	54,805,959	17,921,881	17,840,248
Purchase of landed properties:				
- Residential	92,380,002	92,675,760	58,998,453	61,753,487
- Non-residential	39,670,243	40,122,292	28,008,207	29,525,937
Purchase of fixed assets (excluding landed properties)	6,371,101	6,958,403	6,336,395	6,912,560
Personal use	10,008,447	9,879,518	6,627,434	6,754,838
Credit card	7,935,569	8,099,601	6,417,723	6,623,893
Purchase of consumer durables	4,369	90,016	4,024	89,446
Constructions	16,638,345	18,051,879	12,021,568	13,180,349
Mergers and acquisitions	397,941	457,899	339,181	387,865
Working capital	152,316,935	153,301,419	99,165,897	102,417,252
Others	37,904,511	38,697,490	31,392,047	31,451,517
Gross loans, advances and financing	451,340,854	459,651,638	278,430,672	291,106,405

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

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

	Group		Bank	
	30 June 2016 RM'000	31 December 2015 RM'000	30 June 2016 RM'000	31 December 2015 RM'000
Within one year	119,726,716	111,421,771	81,858,175	74,409,215
One year to three years	53,066,204	64,964,161	40,371,963	52,199,770
Three years to five years	57,026,668	58,462,982	38,889,731	39,522,386
After five years	221,521,266	224,802,724	117,310,803	124,975,034
Gross loans, advances and financing	451,340,854	459,651,638	278,430,672	291,106,405

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

	Group		Bank	
	30 June 2016 RM'000	31 December 2015 RM'000	30 June 2016 RM'000	31 December 2015 RM'000
Gross impaired loans, advances and financing at 1 January 2016/2015	8,555,007	6,234,161	5,398,626	4,249,829
Impaired during the financial period/year	4,785,657	8,112,433	2,715,692	4,381,996
Reclassified as non-impaired	(929,122)	(1,413,133)	(436,452)	(593,678)
Amount recovered	(1,086,757)	(2,414,954)	(527,974)	(1,211,377)
Amount written-off	(600,583)	(2,223,253)	(268,495)	(1,534,265)
Converted to financial investments available-for-sale	-	(2,540)	-	(676)
Transferred from a subsidiary	-	-	161,042	-
Disposal of a subsidiary	-	(5,110)	-	-
Exchange differences	(156,662)	267,403	(91,911)	106,797
Gross impaired loans, advances and financing at 30 June 2016/31 December 2015	10,567,540	8,555,007	6,950,528	5,398,626
Less: Individual allowance	(2,879,352)	(2,259,910)	(1,996,983)	(1,422,090)
Net impaired loans, advances and financing	7,688,188	6,295,097	4,953,545	3,976,536
<u>Calculation of ratio of net impaired loans:</u>				
Gross loans, advances and financing	451,340,854	459,651,638	278,430,672	291,106,405
Less: Individual allowance	(2,879,352)	(2,259,910)	(1,996,983)	(1,422,090)
Less: Funded by Investment Account*	(30,964,031)	(17,657,893)	-	-
Net loans, advances and financing	417,497,471	439,733,835	276,433,689	289,684,315
Ratio of net impaired loans, advances and financing	1.84%	1.43%	1.79%	1.37%

* 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	
	30 June 2016 RM'000	31 December 2015 RM'000	30 June 2016 RM'000	31 December 2015 RM'000
Purchase of securities	206,134	244,560	148,300	177,242
Purchase of transport vehicles	468,780	461,943	240,958	254,751
Purchase of landed properties:				
- Residential	582,404	518,734	317,135	320,213
- Non-residential	297,347	236,364	206,360	178,073
Purchase of fixed assets (excluding landed properties)	1,065,720	164,948	1,041,692	141,946
Personal use	140,029	143,845	102,736	100,318
Credit card	94,183	98,080	62,559	66,722
Purchase of consumer durables	20	8	12	-
Constructions	1,660,157	1,250,283	1,166,697	1,057,000
Working capital	5,607,566	4,960,851	3,450,676	3,095,332
Others	445,200	475,391	213,403	7,029
Impaired loans, advances and financing	10,567,540	8,555,007	6,950,528	5,398,626

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

	Group		Bank	
	30 June 2016 RM'000	31 December 2015 RM'000	30 June 2016 RM'000	31 December 2015 RM'000
Malaysia	5,903,063	4,695,622	4,266,533	3,805,711
Singapore	1,530,599	531,250	1,508,448	509,504
Indonesia	1,577,606	1,676,366	-	-
Labuan Offshore	191,860	201,218	191,860	18,709
Hong Kong SAR	791,085	848,090	791,086	848,090
United States of America	568	608	-	-
People's Republic of China	114,993	124,591	114,993	124,591
Vietnam	53,918	51,691	50,811	49,738
Brunei	17,723	14,693	17,723	14,693
Cambodia	78,608	76,704	-	-
Philippines	234,452	238,863	-	-
Thailand	29,168	30,450	-	-
Others	43,897	64,861	9,074	27,590
Impaired loans, advances and financing	10,567,540	8,555,007	6,950,528	5,398,626

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

	Group		Bank	
	30 June 2016 RM'000	31 December 2015 RM'000	30 June 2016 RM'000	31 December 2015 RM'000
Individual Allowance				
At 1 January 2016/2015	2,259,910	1,989,856	1,422,090	1,437,215
Allowance made	1,012,261	1,863,135	777,003	1,261,093
Amount written back	(102,730)	(189,747)	(65,271)	(143,166)
Amount written-off	(203,888)	(1,501,415)	(96,193)	(1,193,343)
Transferred to collective allowance	(5,130)	(23,759)	(4,325)	(16,436)
Exchange differences	(81,071)	121,840	(36,321)	76,727
At 30 June 2016/31 December 2015	2,879,352	2,259,910	1,996,983	1,422,090

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

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

	Group		Bank	
	30 June 2016 RM'000	31 December 2015 RM'000	30 June 2016 RM'000	31 December 2015 RM'000
Collective Allowance				
At 1 January 2016/2015	3,899,141	3,968,699	2,627,341	2,940,357
Allowance made	1,136,373	572,638	643,857	-
Amount written back	(30,029)	(136,522)	-	(104,006)
Amount written-off	(396,695)	(721,838)	(172,302)	(340,922)
Transferred from individual allowance	5,130	23,759	4,325	16,436
Disposal of a subsidiary	-	(2,245)	-	-
Exchange differences	(38,154)	194,650	(26,922)	115,476
At 30 June 2016/31 December 2015	<u>4,575,766</u>	<u>3,899,141</u>	<u>3,076,299</u>	<u>2,627,341</u>
As a percentage of total loans, less individual allowance (including regulatory reserve)	<u>1.19%*</u>	1.19%*	<u>1.20%*</u>	1.20%*

* The local banking institutions in the Group are in 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 RM12,881.2 million (31 December 2015: RM11,037.8 million). The RPSIA is a contract based on the Mudharabah principle between two parties to finance a financing where the Bank acts as the investor who solely provides capital to MIB whereas the business venture is managed solely by MIB as an entrepreneur. The profit of the business venture is shared between both parties based on pre-agreed ratios. Losses, if any, are borne by the Bank.

A12. Reinsurance/Retakaful Assets and Other Insurance Receivables

	Note	Group	
		30 June 2016 RM'000	31 December 2015 RM'000
Reinsurance/retakaful assets	(i)	4,306,075	3,826,827
Other insurance receivables	(ii)	672,660	528,827
		<u>4,978,735</u>	<u>4,355,654</u>
(i) Reinsurance/retakaful assets			
Group			
		30 June 2016 RM'000	31 December 2015 RM'000
Reinsurers' share of:		4,064,803	3,588,295
Life insurance contract liabilities		22,410	22,138
General insurance contract liabilities		<u>4,042,393</u>	<u>3,566,157</u>
Retakaful operators' share of:		241,272	238,532
Family takaful certificate liabilities		44,222	36,130
General takaful certificate liabilities		<u>197,050</u>	<u>202,402</u>
		<u>4,306,075</u>	<u>3,826,827</u>
(ii) Other insurance receivables			
Group			
		30 June 2016 RM'000	31 December 2015 RM'000
Due premium including agents/brokers and co-insurers balances		432,045	360,850
Due from reinsurers and cedants/retakaful operators		<u>281,593</u>	<u>210,098</u>
		<u>713,638</u>	<u>570,948</u>
Allowance for impairment losses		<u>(40,978)</u>	<u>(42,121)</u>
		<u>672,660</u>	<u>528,827</u>

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A13. Other Assets

	Group		Bank	
	30 June 2016 RM'000	31 December 2015 RM'000	30 June 2016 RM'000	31 December 2015 RM'000
Other debtors	9,824,679	8,569,352	8,159,298	7,493,783
Amount due from brokers and clients	3,170,836	1,975,007	-	-
Prepayments and deposits	1,555,398	1,322,292	704,480	617,210
Tax recoverable	455,599	344,903	318,073	228,370
Foreclosed properties	188,265	176,958	34,396	34,411
	15,194,777	12,388,512	9,216,247	8,373,774

A14. Deposits from Customers

(i) By type of deposit

	Group		Bank	
	30 June 2016 RM'000	31 December 2015 RM'000	30 June 2016 RM'000	31 December 2015 RM'000
Fixed deposits and negotiable instruments of deposits				
- One year or less	286,525,912	288,602,726	187,787,683	188,629,371
- More than one year	10,222,548	11,334,267	9,252,884	10,446,084
	296,748,460	299,936,993	197,040,567	199,075,455
Money market deposits	14,536,906	12,617,076	14,536,906	12,617,076
Savings deposits	62,953,656	62,023,701	39,737,955	40,327,059
Demand deposits	100,298,266	99,214,935	76,234,177	75,155,434
Structured deposits*	4,587,554	4,357,828	4,404,375	3,451,495
	479,124,842	478,150,533	331,953,980	330,626,519

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

(ii) By type of customer

	Group		Bank	
	30 June 2016 RM'000	31 December 2015 RM'000	30 June 2016 RM'000	31 December 2015 RM'000
Business enterprises	209,388,584	222,126,995	153,900,903	160,747,558
Individuals	207,174,394	199,761,403	152,053,386	147,532,143
Government and statutory bodies	33,018,366	26,547,957	13,354,516	8,657,495
Others	29,543,498	29,714,178	12,645,175	13,689,323
	479,124,842	478,150,533	331,953,980	330,626,519

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

	Group		Bank	
	30 June 2016 RM'000	31 December 2015 RM'000	30 June 2016 RM'000	31 December 2015 RM'000
Within six months	229,077,701	235,062,494	141,069,580	144,342,976
Six months to one year	57,448,211	53,540,232	46,718,103	44,286,395
One year to three years	9,375,753	10,632,329	9,190,193	10,386,710
Three years to five years	846,795	701,938	62,691	59,374
	296,748,460	299,936,993	197,040,567	199,075,455

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A15. Deposits and Placements from Financial Institutions

	Group		Bank	
	30 June 2016 RM'000	31 December 2015 RM'000	30 June 2016 RM'000	31 December 2015 RM'000
Licensed banks	30,548,811	35,830,025	30,749,507	35,887,913
Licensed finance companies	197,478	38,458	197,478	38,458
Licensed investment banks	138,143	100,777	138,143	100,777
Other financial institutions	3,361,627	3,044,656	1,830,743	1,877,540
	34,246,059	39,013,916	32,915,871	37,904,688

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

	Group		Bank	
	30 June 2016 RM'000	31 December 2015 RM'000	30 June 2016 RM'000	31 December 2015 RM'000
One year or less	31,815,270	37,314,775	31,510,598	36,970,698
More than one year	2,430,789	1,699,141	1,405,273	933,990
	34,246,059	39,013,916	32,915,871	37,904,688

A16. Financial liabilities at fair value through profit or loss

	Group		Bank	
	30 June 2016 RM'000	31 December 2015 RM'000	30 June 2016 RM'000	31 December 2015 RM'000
Structured deposits	729,766	-	241,086	-
Borrowings				
Unsecured				
Medium Term Notes				
- More than one year				
Denominated in:				
- USD	1,461,351	-	1,461,351	-
Total financial liabilities at fair value through profit or loss	2,191,117	-	1,702,437	-

The Group and the Bank have designated the above structured deposits and borrowings at fair value through profit or loss ("FVTPL"). This designation is permitted under MFRS 139 - *Financial Instruments: Recognition and Measurement* as it significantly reduces accounting mismatch. These instruments are managed by the Group and the Bank on the basis of its fair value and include terms that have substantive derivative characteristics.

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A17. Borrowings, Subordinated Obligations and Capital Securities

	Group		Bank	
	30 June 2016 RM'000	31 December 2015 RM'000	30 June 2016 RM'000	31 December 2015 RM'000
(i) Borrowings				
Secured				
- Less than one year				
Denominated in:				
- SGD	239,798	243,864	-	-
- PHP	9,066	37,218	-	-
- IDR	645,762	831,515	-	-
- VND	3,164	-	-	-
	897,790	1,112,597	-	-
- More than one year				
Denominated in:				
- PHP	191	346	-	-
- IDR	2,066,496	1,489,264	-	-
	2,066,687	1,489,610	-	-
Total secured borrowings	2,964,477	2,602,207	-	-
Unsecured				
(a) Borrowings				
- Less than one year				
Denominated in:				
- USD	3,579,312	6,275,251	3,324,026	6,196,145
- SGD	958,281	972,519	-	-
- THB	861,130	1,076,043	-	-
- HKD	208,163	110,323	77,903	-
- IDR	561,398	652,765	-	-
- VND	-	2,109	-	-
- PHP	61,904	57,169	-	-
- EURO	174,665	328,502	174,665	328,502
	6,404,853	9,474,681	3,576,594	6,524,647
- More than one year				
Denominated in:				
- USD	3,030,184	1,618,461	3,030,184	1,618,461
- JPY	2,645	2,549	-	-
- IDR	473,140	215,651	-	-
	3,505,969	1,836,661	3,030,184	1,618,461
(b) Medium Term Notes				
- Less than one year				
Denominated in:				
- USD	249,196	214,719	249,196	214,719
- HKD	829,406	878,874	829,406	878,874
- SGD	1,297,472	1,313,109	1,297,472	1,313,109
- JPY	1,497	428,365	1,497	428,365
- AUD	876	904	876	904
- CNH	3,579	2,187	3,579	2,187
- RM	975	217	975	217
	2,383,001	2,838,375	2,383,001	2,838,375

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A17. Borrowings, Subordinated Obligations and Capital Securities (cont'd.)

	Group		Bank	
	30 June 2016 RM'000	31 December 2015 RM'000	30 June 2016 RM'000	31 December 2015 RM'000
(i) Borrowings (cont'd.)				
Unsecured (cont'd.)				
(b) Medium Term Notes (cont'd.)				
- More than one year				
Denominated in:				
- USD	5,862,923	6,031,665	5,862,923	6,031,665
- HKD	2,247,757	1,998,328	2,247,757	1,998,328
- JPY	4,996,917	4,542,027	4,996,917	4,542,027
- SGD	310,593	315,840	310,593	315,840
- AUD	167,648	175,630	167,648	175,630
- CNH	667,358	608,238	667,358	608,238
- RM	220,000	220,000	220,000	220,000
	14,473,196	13,891,728	14,473,196	13,891,728
Total unsecured borrowings	26,767,019	28,041,445	23,462,975	24,873,211
Total borrowings	29,731,496	30,643,652	23,462,975	24,873,211
	Group		Bank	
	30 June 2016 RM'000	31 December 2015 RM'000	30 June 2016 RM'000	31 December 2015 RM'000
(ii) Subordinated Obligations				
Unsecured				
- More than one year				
Denominated in:				
- RM	11,682,002	12,693,898	10,107,087	10,108,185
- USD	5,393,422	3,588,360	5,393,422	3,588,360
- SGD	-	3,054,193	-	3,054,193
- IDR	1,028,493	915,665	-	-
	18,103,917	20,252,116	15,500,509	16,750,738
	Group		Bank	
	30 June 2016 RM'000	31 December 2015 RM'000	30 June 2016 RM'000	31 December 2015 RM'000
(iii) Capital Securities				
Unsecured				
- More than one year				
Denominated in:				
- RM	4,559,002	4,435,867	4,616,760	4,599,089
- SGD	1,587,053	1,613,508	1,587,053	1,613,508
	6,146,055	6,049,375	6,203,813	6,212,597

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A18. Insurance/Takaful Contract Liabilities and Other Insurance Payables

Group	Note	30 June	31 December
		2016	2015
		RM'000	RM'000
Insurance/takaful contract liabilities	(i)	24,211,969	23,393,933
Other insurance payables	(ii)	604,515	445,408
		24,816,484	23,839,341

(i) Insurance/takaful contract liabilities

	Gross contract liabilities	Reinsurance/retakaful assets	Net contract liabilities
	RM'000	RM'000	RM'000
At 30 June 2016			
Life insurance/family takaful	17,579,364	(66,632)	17,512,732
General insurance/general takaful	6,632,605	(4,239,443)	2,393,162
	24,211,969	(4,306,075)	19,905,894
At 31 December 2015			
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
	23,393,933	(3,826,827)	19,567,106

(ii) Other insurance payables

	30 June	31 December
	2016	2015
	RM'000	RM'000
Due to agents and intermediaries	65,834	52,790
Due to reinsurers and cedants	476,526	341,387
Due to retakaful operators	62,155	51,231
	604,515	445,408

A19. Other Liabilities

	Group		Bank	
	30 June	31 December	30 June	31 December
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Due to brokers and clients	3,638,070	2,206,642	-	-
Deposits, other creditors and accruals	12,831,988	10,303,423	10,078,614	9,884,561
Defined benefit pension plans	497,072	466,768	-	-
Provisions for commitments and contingencies	36,616	36,616	36,616	36,616
Profit equalisation reserves (IBS operations)	5,031	5,157	5,031	-
Finance lease liabilities	10,557	10,982	-	-
	17,019,334	13,029,588	10,120,261	9,921,177

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A20. Other Reserves

The breakdown and movement of other reserves are as follows:

<===== Non-Distributable =====>						
<u>Group</u>	Capital Reserve RM'000	Revaluation Reserve RM'000	Profit Equalisation Reserve RM'000	Defined Benefit Reserve RM'000	Net Investment Hedge and Cash Flow Hedge Reserve RM'000	Total Other Reserves RM'000
At 1 January 2016	13,557	11,836	34,456	(52,111)	(463,724)	(455,986)
Other comprehensive income/(loss)	-	28	-	(10,318)	102,761	92,471
Defined benefit plan actuarial loss	-	-	-	(10,374)	-	(10,374)
Net gain on net investment hedge	-	-	-	-	103,880	103,880
Net loss on cash flow hedge	-	-	-	-	(1,119)	(1,119)
Net gain on revaluation reserve	-	28	-	-	-	28
Share of associates' reserve	-	-	-	56	-	56
Total comprehensive income/(loss) for the period	-	28	-	(10,318)	102,761	92,471
At 30 June 2016	13,557	11,864	34,456	(62,429)	(360,963)	(363,515)

<===== Non-Distributable =====>						
<u>Group</u>	Capital Reserve RM'000	Revaluation Reserve RM'000	Profit Equalisation Reserve RM'000	Defined Benefit Reserve RM'000	Net Investment Hedge and Cash Flow Hedge Reserve RM'000	Total Other Reserves RM'000
At 1 January 2015	13,557	11,774	34,456	(89,017)	(67,191)	(96,421)
Other comprehensive income/(loss)	-	83,847	-	26,280	(212,184)	(102,057)
Defined benefit plan actuarial gain	-	-	-	26,280	-	26,280
Net loss on net investment hedge	-	-	-	-	(213,282)	(213,282)
Net gain on cash flow hedge	-	-	-	-	1,098	1,098
Net gain on revaluation reserve	-	28	-	-	-	28
Share of associates' reserve	-	83,819	-	-	-	83,819
Total comprehensive income/(loss) for the period	-	83,847	-	26,280	(212,184)	(102,057)
At 30 June 2015	13,557	95,621	34,456	(62,737)	(279,375)	(198,478)

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A21. Interest Income

Group	Second Quarter Ended		Cumulative 6 Months Ended	
	30 June 2016 RM'000	30 June 2015 RM'000	30 June 2016 RM'000	30 June 2015 RM'000
Loans, advances and financing	3,927,716	3,666,187	8,028,877	7,312,862
Money at call and deposits and placements with financial institutions	185,452	172,261	403,437	347,294
Financial assets purchased under resale agreements	15,719	2,107	32,353	3,365
Financial assets at FVTPL	198,096	158,675	377,089	345,274
Financial investments available-for-sale	686,541	600,864	1,341,511	1,197,121
Financial investments held-to-maturity	138,729	122,508	269,664	236,473
	5,152,253	4,722,602	10,452,931	9,442,389
Accretion of discounts/ (amortisation of premiums), net	6,304	(613)	7,045	1,440
	5,158,557	4,721,989	10,459,976	9,443,829

Bank	Second Quarter Ended		Cumulative 6 Months Ended	
	30 June 2016 RM'000	30 June 2015 RM'000	30 June 2016 RM'000	30 June 2015 RM'000
Loans, advances and financing	2,756,895	2,662,472	5,664,495	5,288,974
Money at call and deposits and placements with financial institutions	185,312	154,026	384,261	309,829
Financial assets purchased under resale agreements	379	2,046	1,943	3,128
Financial assets at FVTPL	46,780	38,521	98,462	80,855
Financial investments available-for-sale	596,075	537,951	1,163,057	1,065,743
Financial investments held-to-maturity	130,290	133,888	266,210	252,744
	3,715,731	3,528,904	7,578,428	7,001,273
Accretion of discounts, net	14,508	33,070	30,674	86,305
	3,730,239	3,561,974	7,609,102	7,087,578

Included in interest income for the six-month financial period ended 30 June 2016 was interest on impaired assets amounting to approximately RM173,858,000 (30 June 2015: RM118,930,000) for the Group and RM116,511,000 (30 June 2015: RM87,370,000) for the Bank.

A22. Interest Expense

Group	Second Quarter Ended		Cumulative 6 Months Ended	
	30 June 2016 RM'000	30 June 2015 RM'000	30 June 2016 RM'000	30 June 2015 RM'000
Deposits and placements from financial institutions	116,910	135,998	250,397	295,029
Deposits from customers	1,754,700	1,560,275	3,518,109	3,146,192
Floating rate certificates of deposits	6,999	6,759	13,865	14,647
Loans sold to Cagamas	8,831	8,585	17,906	16,902
Borrowings	210,589	155,004	412,900	309,816
Subordinated notes	199,881	154,881	403,448	309,003
Subordinated bonds	8,498	8,529	16,966	16,964
Capital securities	95,970	89,297	191,774	190,526
Net interest on derivatives	(122,604)	(77,383)	(146,784)	(140,155)
	2,279,774	2,041,945	4,678,581	4,158,924

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A22. Interest Expense (cont'd.)

	Second Quarter Ended		Cumulative 6 Months Ended	
	30 June	30 June	30 June	30 June
	2016	2015	2016	2015
Bank	RM'000	RM'000	RM'000	RM'000
Deposits and placements from financial institutions	107,415	128,118	229,596	282,886
Deposits from customers	1,325,176	1,151,013	2,608,547	2,323,053
Floating rate certificates of deposits	6,999	6,759	13,865	14,647
Loans sold to Cagamas	8,831	8,585	17,906	16,902
Borrowings	116,900	71,299	224,150	143,372
Subordinated notes	162,711	122,001	329,404	242,607
Capital securities	96,829	94,877	193,788	198,802
Net interest on derivatives	(122,842)	(63,472)	(147,467)	(136,717)
	1,702,019	1,519,180	3,469,789	3,085,552

A23. Net Earned Insurance Premiums

	Second Quarter Ended		Cumulative 6 Months Ended	
	30 June	30 June	30 June	30 June
	2016	2015	2016	2015
Group	RM'000	RM'000	RM'000	RM'000
Gross earned premiums	1,428,600	1,326,915	2,900,481	2,624,358
Premiums ceded to reinsurers	(364,019)	(276,607)	(667,298)	(586,935)
Total net earned insurance premiums	1,064,581	1,050,308	2,233,183	2,037,423

A24. Dividends from Subsidiaries and Associates

	Second Quarter Ended		Cumulative 6 Months Ended	
	30 June	30 June	30 June	30 June
	2016	2015	2016	2015
Bank	RM'000	RM'000	RM'000	RM'000
Gross dividend income from:				
Subsidiaries	1,648,671	601,980	1,725,877	601,980
Associates	7,954	788	7,954	788
	1,656,625	602,768	1,733,831	602,768

A25. Other Operating Income

	Second Quarter Ended		Cumulative 6 Months Ended	
	30 June	30 June	30 June	30 June
	2016	2015	2016	2015
Group	RM'000	RM'000	RM'000	RM'000
(a) Fee income:				
Commission	297,480	289,749	595,608	585,863
Service charges and fees	375,660	387,351	768,975	737,830
Underwriting fees	6,354	30,314	13,036	53,029
Brokerage income	131,729	162,617	279,324	348,224
Fees on loans, advances and financing	60,298	75,961	115,260	158,000
	871,521	945,992	1,772,203	1,882,946
(b) Investment income:				
Net gain on disposal of financial assets at FVTPL	50,203	38,060	117,940	115,733
Net gain on disposal of financial investments available-for-sale	168,780	154,637	310,555	292,988
Net gain/(loss) on disposal/redemption of financial investments held-to-maturity	3,110	-	11,397	(2,192)
	222,093	192,697	439,892	406,529

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A25. Other Operating Income (cont'd.)

Group (cont'd.)	Second Quarter Ended		Cumulative 6 Months Ended	
	30 June 2016 RM'000	30 June 2015 RM'000	30 June 2016 RM'000	30 June 2015 RM'000
(c) Gross dividend income from:				
Financial investments portfolio	27,078	40,621	44,114	64,531
(d) Unrealised gain/(loss) on revaluation of:				
Financial assets at FVTPL				
- Designated upon initial recognition	99,404	(775)	234,038	68,365
- Held-for-trading	(17,741)	(31,295)	(32,873)	6,669
Derivatives	373,492	(116,266)	360,314	(336,118)
Financial liabilities at FVTPL	(51,468)	-	(52,246)	-
	403,687	(148,336)	509,233	(261,084)
(e) Other income:				
Foreign exchange (loss)/gain, net	(161,345)	84,123	164,813	506,757
Rental income	11,109	12,409	22,301	19,246
(Loss)/gain on disposal of property, plant and equipment	(223)	255	28,286	2,591
(Loss)/gain on disposal of foreclosed properties	(367)	594	(273)	1,330
Others	67,739	67,054	127,127	133,158
	(83,087)	164,435	342,254	663,082
Total other operating income	1,441,292	1,195,409	3,107,696	2,756,004
Bank				
(a) Fee income:				
Commission	239,008	250,980	472,873	507,273
Service charges and fees	249,848	311,708	497,279	610,959
Underwriting fees	5,600	11,879	11,734	20,099
Brokerage income	-	-	-	10
Fees on loans, advances and financing	33,659	49,146	61,874	110,062
	528,115	623,713	1,043,760	1,248,403
(b) Investment income:				
Net gain/(loss) on disposal of financial assets at FVTPL	31,681	(20,396)	68,628	26,257
Net gain on disposal of financial investments available-for-sale	130,913	60,017	232,260	162,144
Net gain/(loss) on disposal/redemption of financial investments held-to-maturity	3,110	-	11,397	(2,192)
	165,704	39,621	312,285	186,209
(c) Gross dividend income from:				
Financial investments portfolio	7,412	6,011	8,423	6,691
(d) Unrealised (loss)/gain on revaluation of:				
Financial assets at FVTPL				
- Held-for-trading	(10,329)	(6,926)	17,232	(8,529)
Derivatives	388,660	(86,833)	358,959	(300,761)
Financial liabilities at FVTPL	(51,468)	-	(52,246)	-
	326,863	(93,759)	323,945	(309,290)
(e) Other income:				
Foreign exchange (loss)/gain, net	(262,536)	(64,592)	242,719	260,583
Rental income	7,640	9,226	15,749	16,116
(Loss)/gain on disposal of property, plant and equipment	(1,050)	6	(1,085)	9
Others	5,949	10,220	14,950	19,989
	(249,997)	(45,140)	272,333	296,697
Total other operating income	778,097	530,446	1,960,746	1,428,710

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A26. Net Insurance Benefits and Claims Incurred, Net Fee and Commission Expenses, Change in Expense Liabilities and Taxation of Life and Takaful Fund

Group	Second Quarter Ended		Cumulative 6 Months Ended	
	30 June 2016 RM'000	30 June 2015 RM'000	30 June 2016 RM'000	30 June 2015 RM'000
Gross benefits and claims paid	976,827	1,115,197	2,106,745	2,468,496
Claims ceded to reinsurers	(106,656)	(106,537)	(287,851)	(326,342)
Gross change to contract liabilities	592,270	(623,993)	813,622	(705,767)
Change in contract liabilities ceded to reinsurers	(470,119)	523,455	(429,328)	455,514
Net insurance benefits and claims incurred	992,322	908,122	2,203,188	1,891,901
Net fee and commission expenses	62,126	76,063	112,488	137,974
Change in expense liabilities	9,993	5,247	48,682	28,308
Taxation of life and takaful fund	11,245	15,028	35,118	44,084
Net fee and commission expenses, change in expense liabilities and taxation of life and takaful fund	83,364	96,338	196,288	210,366
Total net insurance benefits and claims incurred, net fee and commission expenses, change in expense liabilities and taxation of life and takaful fund	1,075,686	1,004,460	2,399,476	2,102,267

A27. Overhead Expenses

Group	Second Quarter Ended		Cumulative 6 Months Ended	
	30 June 2016 RM'000	30 June 2015 RM'000	30 June 2016 RM'000	30 June 2015 RM'000
(a) Personnel expenses				
Salaries, allowances and bonuses	1,077,775	1,050,152	2,134,569	2,104,950
Social security cost	9,692	8,492	19,275	17,055
Pension costs - defined contribution plan	119,453	112,999	237,403	240,951
ESS expenses	9,198	15,363	19,657	29,725
Other staff related expenses	202,236	186,348	421,595	400,030
	1,418,354	1,373,354	2,832,499	2,792,711
(b) Establishment costs				
Depreciation of property, plant and equipment	92,428	92,383	186,477	184,344
Amortisation of intangible assets	71,051	69,503	141,939	136,206
Rental of leasehold land and premises	88,460	76,577	177,987	148,184
Repairs and maintenance of property, plant and equipment	41,338	34,680	84,169	71,291
Information technology expenses	161,020	117,363	328,058	216,723
Fair value adjustments on investments properties	11	(44,879)	23	(44,819)
Others	11,047	13,818	22,581	25,848
	465,355	359,445	941,234	737,777
(c) Marketing expenses				
Advertisement and publicity	62,501	71,396	134,946	153,897
Others	72,653	111,980	140,206	200,807
	135,154	183,376	275,152	354,704

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A27. Overhead Expenses (cont'd.)

Group (cont'd.)	Second Quarter Ended		Cumulative 6 Months Ended	
	30 June	30 June	30 June	30 June
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
(d) Administration and general expenses				
Fees and brokerage	235,986	190,797	448,587	391,172
Administrative expenses	159,047	183,039	330,139	335,815
General expenses	200,907	124,565	396,256	254,856
Others	8,910	4,037	20,045	40,871
	604,850	502,438	1,195,027	1,022,714
Total overhead expenses	2,623,713	2,418,613	5,243,912	4,907,906
Cost to income ratio ("CIR")¹	48.9%	49.2%	48.7%	49.5%

¹ Cost to income ratio ("CIR") is computed using the total cost over the net operating income. Total cost of the Group is the total overhead expenses, excluding amortisation of intangible assets for PT Bank Maybank Indonesia Tbk and Maybank Kim Eng Holdings Limited. Income refers to net operating income amount as stated on the face of income statement.

Bank	Second Quarter Ended		Cumulative 6 Months Ended	
	30 June	30 June	30 June	30 June
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
(a) Personnel expenses				
Salaries, allowances and bonuses	659,541	659,513	1,280,294	1,294,630
Social security cost	4,128	3,768	8,282	7,960
Pension costs - defined contribution plan	90,522	88,994	179,539	187,080
ESS expenses	6,235	10,869	13,889	20,778
Other staff related expenses	115,369	103,835	250,589	220,069
	875,795	866,979	1,732,593	1,730,517
(b) Establishment costs				
Depreciation of property, plant and equipment	46,020	46,418	92,539	92,519
Amortisation of intangible assets	32,554	26,607	65,068	51,196
Rental of leasehold land and premises	37,798	35,848	74,893	67,675
Repairs and maintenance of property, plant and equipment	23,965	18,355	47,570	37,598
Information technology expenses	193,111	155,132	395,104	330,495
Others	2,117	2,684	4,176	4,185
	335,565	285,044	679,350	583,668
(c) Marketing expenses				
Advertisement and publicity	28,459	35,594	69,088	82,614
Others	64,171	102,568	125,325	183,054
	92,630	138,162	194,413	265,668
(d) Administration and general expenses				
Fees and brokerage	135,114	138,168	265,282	280,034
Administrative expenses	67,609	85,773	145,837	154,226
General expenses	77,259	25,810	150,921	70,603
Others	6,882	2,718	16,833	38,696
	286,864	252,469	578,873	543,559
(e) Overhead expenses allocated to subsidiaries	(278,589)	(241,907)	(518,531)	(497,011)
Total overhead expenses	1,312,265	1,300,747	2,666,698	2,626,401
Cost to income ratio ("CIR")²	29.4%	41.0%	34.0%	43.5%

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

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A28. Allowances for Impairment Losses on Loans, Advances, Financing and Other Debts, net

Group	Second Quarter Ended		Cumulative 6 Months Ended	
	30 June	30 June	30 June	30 June
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Allowances for/(writeback of) impairment losses on loans, advances and financing:				
- collective allowance made/(written back), net	335,312	(51,847)	1,106,344	89,546
- individual allowance made	783,833	508,842	1,012,261	733,912
- individual allowance written back	(36,779)	(30,217)	(102,730)	(66,772)
Bad debts and financing written-off	30,568	28,187	54,843	53,856
Bad debts and financing recovered	(133,132)	(146,584)	(228,259)	(263,570)
Allowances for/(writeback of) impairment losses on other debts	1,880	(7,426)	4,292	1,933
	<u>981,682</u>	<u>300,955</u>	<u>1,846,751</u>	<u>548,905</u>

Bank	Second Quarter Ended		Cumulative 6 Months Ended	
	30 June	30 June	30 June	30 June
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Allowances for/(writeback of) impairment losses on loans, advances and financing:				
- collective allowance made/(written back), net	38,206	(144,568)	643,857	(156,660)
- individual allowance made	596,704	330,919	777,003	473,105
- individual allowance written back	(22,219)	(18,977)	(65,271)	(42,504)
Bad debts and financing written-off	20,855	15,723	35,030	30,893
Bad debts and financing recovered	(76,079)	(116,454)	(135,074)	(207,585)
Allowances for impairment losses on other debts	861	169	688	1,820
	<u>558,328</u>	<u>66,812</u>	<u>1,256,233</u>	<u>99,069</u>

A29. Allowances for/(writeback of) Impairment Losses on Financial Investments, net

Group	Second Quarter Ended		Cumulative 6 Months Ended	
	30 June	30 June	30 June	30 June
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Financial investments AFS	199,556	94,002	212,901	145,713
Financial investments HTM	-	-	-	(1,028)
	<u>199,556</u>	<u>94,002</u>	<u>212,901</u>	<u>144,685</u>

Bank	Second Quarter Ended		Cumulative 6 Months Ended	
	30 June	30 June	30 June	30 June
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Financial investments AFS	183,105	(24,725)	182,476	(25,121)
Financial investments HTM	-	-	-	(1,028)
	<u>183,105</u>	<u>(24,725)</u>	<u>182,476</u>	<u>(26,149)</u>

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A30. Segment Information

By business segments

As of 1 January 2016, the Group changed its operating segments to Group Community Financial Services, Group Global Banking and Group Insurance and Takaful. The Group determines and presents operating segments based on information provided to the Board and senior management of the Group. Hence, comparative segment information has been restated to conform with current financial half year's presentation.

The three (3) operating segments based on services and products available within the Group are as follows:

(a) Group Community Financial Services ("CFS")

(i) Consumer Banking

Consumer Banking comprises the full range of products and services offered to individuals in the region, 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 the region. 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 the region. 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) Group Global Banking ("GB")

(i) Group Corporate Banking and Global Markets

Group Corporate Banking and Global Markets comprise of Corporate Banking and Global Markets business.

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.

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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A30. Segment Information (cont'd.)

By business segments (cont'd.)

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

(ii) Group 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.

(iii) Group 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) Group 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.

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A30. Segment Information (cont'd.)

By business segments (cont'd.)

Six Months Ended 30 June 2016	<===== Business Segments =====>						Total RM'000
	Group Community Financial Services RM'000	Group Corporate Banking & Global Markets RM'000	Group Investment Banking RM'000	Group Asset Management RM'000	Group Insurance and Takaful RM'000	Head Office and Others RM'000	
Net interest income and income from IBS							
- External	4,860,123	2,543,289	147,461	3,810	455,940	(214,305)	7,796,318
- Inter-segment	-	-	(4,732)	(6,513)	35,419	(24,174)	-
	<u>4,860,123</u>	<u>2,543,289</u>	<u>142,729</u>	<u>(2,703)</u>	<u>491,359</u>	<u>(238,479)</u>	<u>7,796,318</u>
Net interest income and income from IBS	4,860,123	2,543,289	142,729	(2,703)	491,359	(238,479)	7,796,318
Net earned insurance premiums	-	-	-	-	2,233,183	-	2,233,183
Other operating income	1,454,690	1,683,378	583,274	55,304	396,300	(1,065,250)	3,107,696
Total operating income	<u>6,314,813</u>	<u>4,226,667</u>	<u>726,003</u>	<u>52,601</u>	<u>3,120,842</u>	<u>(1,303,729)</u>	<u>13,137,197</u>
Net insurance benefits and claims incurred, net fee and commission expenses, change in expense liabilities and taxation of life and takaful fund	-	-	-	-	(2,399,476)	-	(2,399,476)
Net operating income	<u>6,314,813</u>	<u>4,226,667</u>	<u>726,003</u>	<u>52,601</u>	<u>721,366</u>	<u>(1,303,729)</u>	<u>10,737,721</u>
Overhead expenses	<u>(3,397,373)</u>	<u>(906,461)</u>	<u>(554,579)</u>	<u>(55,812)</u>	<u>(329,687)</u>	<u>-</u>	<u>(5,243,912)</u>
Operating profit before impairment losses	<u>2,917,440</u>	<u>3,320,206</u>	<u>171,424</u>	<u>(3,211)</u>	<u>391,679</u>	<u>(1,303,729)</u>	<u>5,493,809</u>
(Allowances for)/writeback of impairment losses on loans, advances, financing and other debts, net	<u>(759,669)</u>	<u>(1,081,871)</u>	<u>(7,128)</u>	<u>-</u>	<u>1,917</u>	<u>-</u>	<u>(1,846,751)</u>
(Allowances for)/Writeback of impairment losses on financial investments, net	<u>-</u>	<u>(182,064)</u>	<u>(1,780)</u>	<u>6,213</u>	<u>(35,270)</u>	<u>-</u>	<u>(212,901)</u>
Operating profit	<u>2,157,771</u>	<u>2,056,271</u>	<u>162,516</u>	<u>3,002</u>	<u>358,326</u>	<u>(1,303,729)</u>	<u>3,434,157</u>
Share of profits in associates and joint ventures	<u>-</u>	<u>80,867</u>	<u>310</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>81,177</u>
Profit before taxation and zakat	<u>2,157,771</u>	<u>2,137,138</u>	<u>162,826</u>	<u>3,002</u>	<u>358,326</u>	<u>(1,303,729)</u>	<u>3,515,334</u>
Taxation and zakat							<u>(865,131)</u>
Profit after taxation and zakat							<u>2,650,203</u>
Non-controlling interests							<u>(63,511)</u>
Profit for the period - attributable to equity holders of the Bank							<u>2,586,692</u>
Included in overhead expenses are:							
Depreciation of property, plant and equipment	<u>(119,449)</u>	<u>(31,638)</u>	<u>(27,245)</u>	<u>(432)</u>	<u>(7,713)</u>	<u>-</u>	<u>(186,477)</u>
Amortisation of intangible assets	<u>(92,315)</u>	<u>(22,261)</u>	<u>(22,533)</u>	<u>(116)</u>	<u>(4,714)</u>	<u>-</u>	<u>(141,939)</u>

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A30. Segment Information (cont'd.)

By business segments (cont'd.)

Six Months Ended 30 June 2015	<===== Business Segments =====>						Total RM'000
	Group Community Financial Services RM'000	Group Corporate Banking & Global Markets RM'000	Group Investment Banking RM'000	Group Asset Management RM'000	Group Insurance and Takaful RM'000	Head Office and Others RM'000	
Net interest income and income from IBS							
- External	4,226,991	2,372,865	102,333	3,509	425,990	53,066	7,184,754
- Inter-segment	-	-	(2,743)	(3,697)	32,596	(26,156)	-
	<u>4,226,991</u>	<u>2,372,865</u>	<u>99,590</u>	<u>(188)</u>	<u>458,586</u>	<u>26,910</u>	<u>7,184,754</u>
Net interest income and income from IBS	4,226,991	2,372,865	99,590	(188)	458,586	26,910	7,184,754
Net earned insurance premiums	-	-	-	-	2,037,423	-	2,037,423
Other operating income	1,527,514	1,186,068	536,794	66,370	319,102	(879,844)	2,756,004
Total operating income	<u>5,754,505</u>	<u>3,558,933</u>	<u>636,384</u>	<u>66,182</u>	<u>2,815,111</u>	<u>(852,934)</u>	<u>11,978,181</u>
Net insurance benefits and claims incurred, net fee and commission expenses, change in expense liabilities and taxation of life and takaful fund	-	-	-	-	(2,102,267)	-	(2,102,267)
Net operating income	<u>5,754,505</u>	<u>3,558,933</u>	<u>636,384</u>	<u>66,182</u>	<u>712,844</u>	<u>(852,934)</u>	<u>9,875,914</u>
Overhead expenses	(3,191,632)	(846,021)	(506,588)	(59,410)	(304,255)	-	(4,907,906)
Operating profit before impairment losses	<u>2,562,873</u>	<u>2,712,912</u>	<u>129,796</u>	<u>6,772</u>	<u>408,589</u>	<u>(852,934)</u>	<u>4,968,008</u>
Allowances for impairment losses on loans, advances, financing and other debts, net	(363,356)	(179,612)	(979)	-	(4,958)	-	(548,905)
Writeback of/(allowances for) impairment losses on financial investments, net	-	26,152	(622)	(519)	(169,696)	-	(144,685)
Operating profit	<u>2,199,517</u>	<u>2,559,452</u>	<u>128,195</u>	<u>6,253</u>	<u>233,935</u>	<u>(852,934)</u>	<u>4,274,418</u>
Share of profits in associates and joint ventures	-	118,558	642	-	(1,122)	-	118,078
Profit before taxation and zakat	<u>2,199,517</u>	<u>2,678,010</u>	<u>128,837</u>	<u>6,253</u>	<u>232,813</u>	<u>(852,934)</u>	<u>4,392,496</u>
Taxation and zakat	-	-	-	-	-	-	(1,059,126)
Profit after taxation and zakat	-	-	-	-	-	-	<u>3,333,370</u>
Non-controlling interests	-	-	-	-	-	-	(48,451)
Profit for the period - attributable to equity holders of the Bank	-	-	-	-	-	-	<u>3,284,919</u>
Included in overhead expenses are:							
Depreciation of property, plant and equipment	(119,541)	(29,625)	(25,566)	(276)	(9,336)	-	(184,344)
Amortisation of intangible assets	(80,111)	(17,643)	(24,357)	(132)	(13,963)	-	(136,206)

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A31. 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 2015.

A32. Subsequent Events

On 10 August 2016, Malayan Banking Berhad ("Maybank") announced that one of its subsidiaries, Maybank Asset Management Group Berhad ("MAMG") had sold 26,999,998 shares in Maybank Asset Management Thailand Co Ltd ("MAMT"), representing its 99.99% ownership in MAMT to a Thailand-based company named as Capital Link Holding Limited on 9 August 2016 ("Closing Date") ("the Sale").

The Sale was completed as part of MAMG's continuous effort and strategy to improve its regional business operations and optimise the company's current resources in the most efficient manner. MAMT ceased to be an indirect subsidiary of Maybank with effect from the Closing Date.

The Sale will not have any effect on the share capital of Maybank and substantial shareholders' shareholdings in Maybank and does not have any material effect on the consolidated earnings and net assets of the Group for the financial year ending 31 December 2016.

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

A33. Changes in the Composition of the Group

There were no significant changes to the composition of the Group during the financial half year ended 30 June 2016.

A34. Commitments and Contingencies

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

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

Group	As at 30 June 2016			As at 31 December 2015		
	Full commitment RM'000	Credit equivalent amount* RM'000	Risk- weighted amount* RM'000	Full commitment RM'000	Credit equivalent amount* RM'000	Risk- weighted amount* RM'000
<u>Contingent liabilities</u>						
Direct credit substitutes	12,329,140	10,533,764	5,829,441	12,385,389	10,934,760	6,533,559
Certain transaction-related contingent items	18,043,001	9,023,338	6,016,938	17,477,210	8,320,847	6,352,100
Short-term self-liquidating trade-related contingencies	4,455,398	992,265	694,099	5,052,863	1,017,790	698,293
Obligations arising out of rediscounting of bankers' acceptance	121,905	-	-	-	-	-
	34,949,444	20,549,367	12,540,478	34,915,462	20,273,397	13,583,952

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A34. 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.):

Group (cont'd.)	As at 30 June 2016			As at 31 December 2015		
	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
Commitments						
Irrevocable commitments to extend credit:						
- Maturity within one year	103,200,438	12,750,471	7,753,257	110,008,009	15,334,840	9,106,253
- Maturity exceeding one year	39,959,009	30,758,432	15,182,705	41,962,165	31,219,364	15,149,538
	143,159,447	43,508,903	22,935,962	151,970,174	46,554,204	24,255,791
Miscellaneous commitments and contingencies	7,046,152	933,752	428,879	7,805,772	1,496,962	594,147
Total credit-related commitments and contingencies	185,155,043	64,992,022	35,905,319	194,691,408	68,324,563	38,433,890
Derivative financial instruments						
Foreign exchange related contracts:						
- Less than one year	240,342,439	3,566,197	1,268,698	220,960,854	5,202,974	1,732,068
- One year to less than five years	23,993,711	2,118,297	1,051,879	26,886,781	1,890,425	1,021,804
- Five years and above	5,403,785	1,135,176	557,352	5,398,071	1,324,095	752,040
	269,739,935	6,819,670	2,877,929	253,245,706	8,417,494	3,505,912
Interest rate related contracts:						
- Less than one year	110,365,529	374,281	176,708	100,472,139	555,190	364,604
- One year to less than five years	122,898,070	2,552,682	947,925	116,686,681	2,595,167	1,256,635
- Five years and above	54,662,432	1,646,340	1,201,196	52,084,809	1,596,160	828,209
	287,926,031	4,573,303	2,325,829	269,243,629	4,746,517	2,449,448
Equity and commodity related contracts:						
- Less than one year	4,681,301	7,361	3,531	1,999,738	20,601	12,739
- One year to less than five years	3,097,312	-	-	480,586	4,944	3,136
- Five years and above	33,663	-	-	33,663	-	-
	7,812,276	7,361	3,531	2,513,987	25,545	15,875
Total treasury-related commitments and contingencies	565,478,242	11,400,334	5,207,289	525,003,322	13,189,556	5,971,235
Total commitments and contingencies	750,633,285	76,392,356	41,112,608	719,694,730	81,514,119	44,405,125
Bank						
Contingent liabilities						
Direct credit substitutes	10,081,727	9,149,412	4,637,319	10,454,671	9,434,347	5,150,497
Certain transaction-related contingent items	15,615,443	7,551,718	4,725,890	15,229,018	6,879,503	4,867,603
Short-term self-liquidating trade-related contingencies	4,004,853	798,335	504,913	4,598,797	862,718	548,374
	29,702,023	17,499,465	9,868,122	30,282,486	17,176,568	10,566,474

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A34. 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.):

	As at 30 June 2016			As at 31 December 2015		
	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
Bank (cont'd.)						
<u>Commitments</u>						
Irrevocable commitments to extend credit:						
- Maturity within one year	83,194,101	8,929,372	5,340,475	90,296,506	10,326,949	5,732,497
- Maturity exceeding one year	30,688,041	25,981,641	12,858,301	31,410,946	22,146,579	9,469,321
	113,882,142	34,911,013	18,198,776	121,707,452	32,473,528	15,201,818
Miscellaneous commitments and contingencies	5,689,567	650,958	286,705	7,641,170	705,840	235,590
Total credit-related commitments and contingencies	149,273,732	53,061,436	28,353,603	159,631,108	50,355,936	26,003,882
<u>Derivative financial instruments</u>						
Foreign exchange related contracts:						
- Less than one year	235,563,364	3,330,893	1,156,531	217,659,439	5,104,708	1,678,254
- One year to less than five years	24,758,976	2,073,405	1,170,774	27,210,183	1,627,876	852,987
- Five years and above	5,403,785	1,025,241	606,305	5,398,071	1,092,748	600,693
	265,726,125	6,429,539	2,933,610	250,267,693	7,825,332	3,131,934
Interest rate related contracts:						
- Less than one year	109,477,408	300,633	171,820	100,337,975	525,454	354,312
- One year to less than five years	121,986,049	1,998,915	975,733	115,932,672	2,409,519	1,146,722
- Five years and above	54,662,432	1,654,766	1,207,515	52,084,809	1,722,257	863,822
	286,125,889	3,954,314	2,355,068	268,355,456	4,657,230	2,364,856
Equity and commodity related contracts:						
- Less than one year	3,719,459	7,361	3,531	640,564	20,601	12,739
- One year to less than five years	3,074,890	-	-	456,498	4,944	3,136
	6,794,349	7,361	3,531	1,097,062	25,545	15,875
Total treasury-related commitments and contingencies	558,646,363	10,391,214	5,292,209	519,720,211	12,508,107	5,512,665
Total commitments and contingencies	707,920,095	63,452,650	33,645,812	679,351,319	62,864,043	31,516,547

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

(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.

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A34. 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 (cont'd.):

Credit Risk

Credit risk arises from the possibility that a counterparty may be unable to meet the terms of a contract in which the Bank and certain subsidiaries have a gain position. As at 30 June 2016, the amount of credit risk in the Group, measured in terms of the cost to replace the profitable contracts, was RM7,500.2 million (31 December 2015: RM8,283.6 million). This amount will increase or decrease over the life of the contracts, mainly as a function of maturity dates and market rates or prices.

Liquidity Risk

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

- (ii) Cash requirements of the derivatives

Cash requirements of the derivatives may arise from margin requirements to post cash collateral with counterparties as fair value moves beyond the agreed upon threshold limits in the counterparties' favour, or upon downgrade in the Bank's credit ratings. As at 30 June 2016, the Group and the Bank have posted cash collateral of RM1,867.1 million (31 December 2015: RM2,863.5 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.

A35. Capital Adequacy

(a) Capital Adequacy Framework

- (i) Bank Negara Malaysia's ("BNM") had on 13 October 2015 issued Capital Adequacy Framework (Capital Components) and Capital Adequacy Framework for Islamic Banks (Capital Components) on the computation of capital and capital adequacy ratios for Conventional banks and Islamic banks respectively. The policy documents come into effect on 1 January 2016 and superseded the Capital Adequacy Framework (Capital Components) and Capital Adequacy Framework for Islamic Banks (Capital Components) issued on 28 November 2012. All financial institutions shall hold and maintain at all times, the following minimum capital adequacy ratios:

Common Equity Tier 1 (CET1)	Tier 1 Capital Ratio	Total Capital Ratio
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 13 October 2015 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.

(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 13 October 2015. 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.

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A35. Capital Adequacy (cont'd.)

(b) Compliance and application of capital adequacy ratios (cont'd.)

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 13 October 2015. The total RWA are computed based on the following approaches:

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

The minimum regulatory capital adequacy requirements for CET1, Tier 1 and Total Capital are 4.5%, 6.0% and 8.0% of total RWA for the current financial year ending 31 December 2016.

- (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 13 October 2015. The total RWA are computed based on the following approaches:

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

The minimum regulatory capital adequacy requirements for CET1, Tier 1 and Total Capital are 4.5%, 6.0% and 8.0% of total RWA for the current financial year ending 31 December 2016.

- (iii) For PT Bank Maybank 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% of total RWA.

(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.

For the financial half year ended 30 June 2016, the Bank has proposed a single-tier interim dividend of 20 sen, which consists of a cash portion of 4 sen and an electable portion of 16 sen per ordinary share of RM1.00 each. The electable portion can be elected to be reinvested in new ordinary shares in accordance with the DRP.

In arriving the capital adequacy ratios for the financial half year ended 30 June 2016, the proposed single-tier interim 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:

	Group		Bank	
	30 June 2016	31 December 2015	30 June 2016	31 December 2015
CET1 Capital Ratio	13.764%	12.780%	15.887%	15.781%
Tier 1 Capital Ratio	15.490%	14.471%	18.314%	17.969%
Total Capital Ratio	19.170%	17.743%	19.613%	17.969%

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A35. Capital Adequacy (cont'd.)

(d) Components of capital:

	Group		Bank	
	30 June 2016 RM'000	31 December 2015 RM'000	30 June 2016 RM'000	31 December 2015 RM'000
CET1 Capital				
Paid-up share capital	10,008,762	9,761,751	10,008,762	9,761,751
Share premium	27,726,766	25,900,476	27,726,766	25,900,476
Retained profits ¹	9,531,237	9,356,279	3,562,108	3,779,541
Other reserves ¹	12,692,688	13,231,479	13,192,020	12,830,702
Qualifying non-controlling interests	133,756	119,376	-	-
Less: Shares held-in-trust	(123,302)	(119,745)	(123,302)	(119,745)
CET1 Capital before regulatory adjustments	<u>59,969,907</u>	<u>58,249,616</u>	<u>54,366,354</u>	<u>52,152,725</u>
Less: Regulatory adjustments applied on CET1 Capital:				
Capital:	(9,796,218)	(10,538,139)	(13,651,934)	(10,273,993)
Deferred tax assets	(450,339)	(908,232)	(69,239)	(441,814)
Goodwill	(5,779,986)	(5,911,523)	(81,015)	(81,015)
Other intangibles	(924,452)	(994,076)	(412,110)	(428,464)
Gains on financial instruments classified as 'available-for-sale'	(248,291)	-	(120,020)	-
Profit equalisation reserve	-	(34,456)	-	-
Regulatory reserve	(322,755)	(1,247,509)	(206,200)	(813,800)
Shortfall of total eligible provision to total expected loss	(68,582)	-	-	-
Investment in ordinary shares of unconsolidated financial and insurance/takaful entities ³	(2,001,813)	(1,442,343)	(12,763,350)	(8,508,900)
Regulatory adjustments due to insufficient Additional Tier 1 and Tier 2 Capital	-	-	-	-
Total CET1 Capital	<u>50,173,689</u>	<u>47,711,477</u>	<u>40,714,420</u>	<u>41,878,732</u>
Additional Tier 1 Capital				
Capital securities	6,219,703	6,245,496	6,219,703	6,245,496
Qualifying CET1 and Additional Tier 1 capital instruments held by third parties	71,775	67,719	-	-
Less: Regulatory adjustments due to insufficient Tier 2 Capital	-	-	-	(438,178)
Total Tier 1 Capital	<u>56,465,167</u>	<u>54,024,692</u>	<u>46,934,123</u>	<u>47,686,050</u>
Tier 2 Capital				
Subordinated obligations	13,840,871	12,984,020	13,840,871	12,984,020
Qualifying CET1, Additional Tier 1 and Tier 2 capital instruments held by third parties	458,724	529,368	-	-
Collective allowance ²	447,612	452,504	117,371	160,737
Surplus of total eligible provision over total expected loss	-	414,103	270,727	470,242
Less: Regulatory adjustments not deducted from CET1 Capital or Additional Tier 1 Capital provided under the transitional arrangements ³	(1,334,542)	(2,163,515)	(10,899,567)	(13,614,999)
Total Tier 2 Capital	<u>13,412,665</u>	<u>12,216,480</u>	<u>3,329,402</u>	<u>-</u>
Total Capital	<u>69,877,832</u>	<u>66,241,172</u>	<u>50,263,525</u>	<u>47,686,050</u>

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

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

³ For the Bank, the regulatory adjustment includes cost of investment in subsidiaries and associates, except for: (i) Myfin Berhad of RM18,994,000 as its business, assets and liabilities have been transferred to the Bank; (ii) Maybank International (L) Ltd. of RM176,385,000 and (iii) Maybank Agro Fund Sdn. Bhd. of RM10,845,000, as its assets are included in the Bank's RWA. For the Group, the regulatory adjustment includes carrying amount of associates and investment in insurance and takaful entities.

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

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

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A35. Capital Adequacy (cont'd.)

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

	Maybank Islamic Berhad	Maybank Investment Bank Berhad	PT Bank Maybank Indonesia Tbk
<u>At 30 June 2016</u>			
CET1 Capital Ratio	13.886%	35.814%	-
Tier 1 Capital Ratio	13.886%	35.814%	-
Total Capital Ratio	18.426%	35.814%	15.918%
<u>At 31 December 2015</u>			
CET1 Capital Ratio	12.435%	32.439%	-
Tier 1 Capital Ratio	12.435%	32.439%	-
Total Capital Ratio	16.489%	32.439%	15.049%

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A35. Capital Adequacy (cont'd.)

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

At 30 June 2016

	Group RM'000	Bank RM'000	Maybank Islamic Berhad RM'000	Maybank Investment Bank Berhad RM'000	PT Bank Maybank Indonesia Tbk RM'000
Standardised Approach exposure	48,062,100	24,813,441	6,335,495	554,638	33,399,236
Internal Ratings-Based Approach exposure after scaling factor	265,322,638	197,246,065	61,821,731	-	-
Total RWA for credit risk	313,384,738	222,059,506	68,157,226	554,638	33,399,236
Total RWA for credit risk absorbed by Malayan Banking Berhad and Investment Account*	-	-	(15,396,621)	-	-
Total RWA for market risk	15,033,537	12,605,586	1,183,901	161,434	338,158
Total RWA for operational risk	36,106,923	21,611,245	5,288,425	869,875	4,841,710
Total RWA	364,525,198	256,276,337	59,232,931	1,585,947	38,579,104

At 31 December 2015

	Group RM'000	Bank RM'000	Maybank Islamic Berhad RM'000	Maybank Investment Bank Berhad RM'000	PT Bank Maybank Indonesia Tbk RM'000
Standardised Approach exposure	47,320,484	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

* In accordance with BNM's guideline on the recognition and measurement of Restricted Profit-Sharing Investment Account ("RPSIA") and Investment Accounts of Customers ("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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A36. Derivative Financial Instruments

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

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

	Group			Bank		
	Principal Amount RM'000	<---- Fair Value ---->		Principal Amount RM'000	<---- Fair Value ---->	
<u>At 30 June 2016</u>	Assets RM'000	Liabilities RM'000	Assets RM'000	Liabilities RM'000	Assets RM'000	Liabilities RM'000
Trading derivatives						
<u>Foreign exchange related contracts</u>						
Currency forwards:						
- Less than one year	39,589,383	472,316	(595,484)	35,319,584	411,545	(504,710)
- One year to three years	828,347	26,118	(42,130)	828,347	26,118	(42,130)
- More than three years	150,749	3,284	(13,417)	150,749	3,284	(13,417)
	<u>40,568,479</u>	<u>501,718</u>	<u>(651,031)</u>	<u>36,298,680</u>	<u>440,947</u>	<u>(560,257)</u>
Currency swaps:						
- Less than one year	177,183,882	1,479,569	(1,720,700)	176,698,134	1,500,568	(1,771,810)
- One year to three years	351,772	33,881	(23)	351,772	33,881	(23)
- More than three years	51,907	12,315	-	51,907	12,315	-
	<u>177,587,561</u>	<u>1,525,765</u>	<u>(1,720,723)</u>	<u>177,101,813</u>	<u>1,546,764</u>	<u>(1,771,833)</u>
Currency spots:						
- Less than one year	5,270,353	10,058	(7,660)	5,306,053	10,068	(7,748)
Currency options:						
- Less than one year	7,486,063	42,090	(37,060)	7,483,443	42,090	(37,060)
- One year to three years	41,619	887	(2,648)	41,619	887	(2,648)
	<u>7,527,682</u>	<u>42,977</u>	<u>(39,708)</u>	<u>7,525,062</u>	<u>42,977</u>	<u>(39,708)</u>
Cross currency interest rate swaps:						
- Less than one year	8,736,218	538,557	(644,461)	8,679,610	536,749	(644,461)
- One year to three years	14,179,109	569,818	(720,248)	15,155,159	642,324	(789,808)
- More than three years	11,553,654	904,587	(564,056)	11,342,869	909,062	(553,130)
	<u>34,468,981</u>	<u>2,012,962</u>	<u>(1,928,765)</u>	<u>35,177,638</u>	<u>2,088,135</u>	<u>(1,987,399)</u>
<u>Interest rate related contracts</u>						
Interest rate swaps:						
- Less than one year	104,411,957	84,704	(99,361)	104,446,754	82,861	(98,987)
- One year to three years	55,560,907	240,211	(244,391)	55,900,320	238,868	(249,617)
- More than three years	109,890,699	2,986,808	(2,609,086)	109,751,477	2,975,060	(2,608,687)
	<u>269,863,563</u>	<u>3,311,723</u>	<u>(2,952,838)</u>	<u>270,098,551</u>	<u>3,296,789</u>	<u>(2,957,291)</u>
Interest rate futures:						
- Less than one year	4,500,952	2,584	(1,973)	4,500,952	2,584	(1,973)
- One year to three years	926,785	-	(583)	926,785	-	(583)
	<u>5,427,737</u>	<u>2,584</u>	<u>(2,556)</u>	<u>5,427,737</u>	<u>2,584</u>	<u>(2,556)</u>
Interest rate options:						
- Less than one year	469,259	1,195	-	469,259	1,195	-
- One year to three years	758,150	1,628	(490)	758,150	1,628	(490)
- More than three years	9,718,798	75,388	(370,246)	8,908,798	75,388	(370,246)
	<u>10,946,207</u>	<u>78,211</u>	<u>(370,736)</u>	<u>10,136,207</u>	<u>78,211</u>	<u>(370,736)</u>

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A36. Derivative Financial Instruments (cont'd.)

	Group			Bank		
	Principal Amount RM'000	<---- Fair Value ---->		Principal Amount RM'000	<---- Fair Value ---->	
At 30 June 2016 (cont'd.)	Assets RM'000	Liabilities RM'000	Assets RM'000	Liabilities RM'000	Assets RM'000	Liabilities RM'000
Trading derivatives (cont'd.)						
<u>Equity related contracts</u>						
Index futures:						
- Less than one year	13,550	-	(98)	-	-	-
- More than three years	33,663	1,909	-	-	-	-
	<u>47,213</u>	<u>1,909</u>	<u>(98)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Equity options:						
- Less than one year	228,742	21,589	(35,859)	8,400	79	(79)
- One year to three years	128,443	3,677	(1,470)	106,021	2,531	(1,470)
	<u>357,185</u>	<u>25,266</u>	<u>(37,329)</u>	<u>114,421</u>	<u>2,610</u>	<u>(1,549)</u>
Equity swaps:						
- Less than one year	933,851	44,607	(40,409)	205,901	12,965	(6,078)
<u>Commodity related contracts</u>						
Commodity options:						
- Less than one year	3,233,831	233,079	(304,819)	3,233,831	233,079	(304,819)
- One year to three years	2,138,673	81,401	(18,032)	2,138,673	81,401	(18,032)
	<u>5,372,504</u>	<u>314,480</u>	<u>(322,851)</u>	<u>5,372,504</u>	<u>314,480</u>	<u>(322,851)</u>
Commodity swaps:						
- Less than one year	271,327	31,544	(31,458)	271,327	31,544	(31,458)
- One year to three years	585,547	37,893	(37,193)	585,547	37,893	(37,193)
- More than three years	244,649	1,490	(943)	244,649	1,490	(943)
	<u>1,101,523</u>	<u>70,927</u>	<u>(69,594)</u>	<u>1,101,523</u>	<u>70,927</u>	<u>(69,594)</u>
Hedging derivatives						
<u>Foreign exchange related contracts</u>						
Cross currency interest rate swaps:						
- Less than one year	2,076,540	4,290	(65,845)	2,076,540	4,290	(65,845)
- One year to three years	893,260	109,369	(69,105)	893,260	109,369	(69,105)
- More than three years	1,347,079	58,636	-	1,347,079	58,636	-
	<u>4,316,879</u>	<u>172,295</u>	<u>(134,950)</u>	<u>4,316,879</u>	<u>172,295</u>	<u>(134,950)</u>
<u>Interest rate related contracts</u>						
Interest rate swaps:						
- Less than one year	983,361	599	(3,313)	60,443	380	(2,135)
- One year to three years	523,835	4,911	(5,641)	221,623	4,911	(544)
- More than three years	181,328	31,421	-	181,328	31,421	-
	<u>1,688,524</u>	<u>36,931</u>	<u>(8,954)</u>	<u>463,394</u>	<u>36,712</u>	<u>(2,679)</u>
Netting effects under MFRS 132 Amendments						
	-	(652,172)	652,172	-	(652,172)	652,172
Total	<u>565,478,242</u>	<u>7,500,241</u>	<u>(7,636,030)</u>	<u>558,646,363</u>	<u>7,464,292</u>	<u>(7,583,057)</u>

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A36. Derivative Financial Instruments (cont'd.)

At 31 December 2015	Group			Bank		
	Principal Amount RM'000	<---- Fair Value ---->		Principal Amount RM'000	<---- Fair Value ---->	
	Assets RM'000	Liabilities RM'000		Assets RM'000	Liabilities RM'000	
Trading derivatives						
<u>Foreign exchange related contracts</u>						
Currency forwards:						
- Less than one year	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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A36. Derivative Financial Instruments (cont'd.)

At 31 December 2015 (cont'd.)	Group			Bank		
	Principal Amount RM'000	<---- Fair Value ---->		Principal Amount RM'000	<---- Fair Value ---->	
	Assets RM'000	Liabilities RM'000		Assets RM'000	Liabilities RM'000	
<u>Trading derivatives (cont'd.)</u>						
<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)
<u>Hedging derivatives</u>						
<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
Total	525,003,322	8,283,647	(7,877,458)	519,720,211	8,334,598	(7,696,334)

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A37. Fair Value Measurements of Financial Instruments

Fair value hierarchy

For disclosure purposes, the level in the hierarchy within which the instruments are classified in its entirety is based on the lowest level input that is significant to the position's fair value measurements:

- (a) Level 1: Quoted prices (unadjusted) in active markets for identical assets and liabilities

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

- (b) Level 2: Valuation techniques for which all significant inputs are, or are based on, observable market data

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

- (c) Level 3: Valuation techniques for which significant inputs are not based on observable market data

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

The following tables show the Group's and the Bank's financial assets and financial liabilities that are measured at fair value analysed by level within the fair value hierarchy as at 30 June 2016 and 31 December 2015.

Group	Valuation technique using			Total
	Quoted Market Price (Level 1) RM'000	Observable Inputs (Level 2) RM'000	Unobservable Inputs (Level 3) RM'000	
At 30 June 2016				
Financial assets measured at fair value:				
Financial assets held-for-trading	1,917,934	8,518,866	-	10,436,800
Money market instruments	-	2,221,047	-	2,221,047
Quoted securities	1,917,934	-	-	1,917,934
Unquoted securities	-	6,297,819	-	6,297,819
Financial assets designated at fair value through profit or loss	216,515	12,471,166	79,466	12,767,147
Money market instruments	-	797,238	-	797,238
Quoted securities	216,515	-	-	216,515
Unquoted securities	-	11,673,928	79,466	11,753,394
Financial investments available-for-sale	1,978,073	99,953,324	607,137	102,538,534
Money market instruments	-	56,942,082	-	56,942,082
Quoted securities	1,978,073	-	-	1,978,073
Unquoted securities	-	43,011,242	607,137	43,618,379
Derivative assets	237	7,182,345	317,659	7,500,241
Foreign exchange related contracts	-	4,265,775	-	4,265,775
Interest rate related contracts	-	3,428,880	569	3,429,449
Equity and commodity related contracts	237	139,862	317,090	457,189
Netting effects under MFRS 132 Amendments	-	(652,172)	-	(652,172)
	4,112,759	128,125,701	1,004,262	133,242,722
Financial liabilities measured at fair value:				
Financial liabilities designated at fair value through profit or loss	-	-	2,191,117	2,191,117
Structured deposits	-	-	729,766	729,766
Borrowings	-	-	1,461,351	1,461,351
Derivative liabilities	12,214	7,292,187	331,629	7,636,030
Foreign exchange related contracts	-	4,482,837	-	4,482,837
Interest rate related contracts	-	3,327,855	7,229	3,335,084
Equity and commodity related contracts	12,214	133,667	324,400	470,281
Netting effects under MFRS 132 Amendments	-	(652,172)	-	(652,172)
	12,214	7,292,187	2,522,746	9,827,147

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A37. 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	
At 31 December 2015				
Financial assets measured at fair value:				
Financial assets held-for-trading	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
Financial assets designated at fair value through profit or loss	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
Financial investments available-for-sale	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
Derivative assets	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)
	<u>4,915,226</u>	<u>110,186,404</u>	<u>666,285</u>	<u>115,767,915</u>
Financial liabilities measured at fair value:				
Derivative liabilities	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)
	<u>26,353</u>	<u>7,781,146</u>	<u>69,959</u>	<u>7,877,458</u>

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A37. Fair Value Measurements of Financial Instruments (cont'd.)

Bank At 30 June 2016	<u>Valuation technique using</u>			Total RM'000
	Quoted Market Price (Level 1) RM'000	Observable Inputs (Level 2) RM'000	Unobservable Inputs (Level 3) RM'000	
Financial assets measured at fair value:				
Financial assets held-for-trading	244,753	7,562,106	-	7,806,859
Money market instruments	-	1,533,773	-	1,533,773
Quoted securities	244,753	-	-	244,753
Unquoted securities	-	6,028,333	-	6,028,333
Financial investments available-for-sale	137,022	83,808,898	347,144	84,293,064
Money market instruments	-	47,273,364	-	47,273,364
Quoted securities	137,022	-	-	137,022
Unquoted securities	-	36,535,534	347,144	36,882,678
Derivative assets	-	7,146,633	317,659	7,464,292
Foreign exchange related contracts	-	4,301,186	-	4,301,186
Interest rate related contracts	-	3,413,727	569	3,414,296
Equity and commodity related contracts	-	83,892	317,090	400,982
Netting effects under MFRS 132 Amendments	-	(652,172)	-	(652,172)
	381,775	98,517,637	664,803	99,564,215
Financial liabilities measured at fair value:				
Financial liabilities designated at fair value through profit or loss	-	-	1,702,437	1,702,437
Structured deposits	-	-	241,086	241,086
Borrowings	-	-	1,461,351	1,461,351
Derivative liabilities	-	7,251,428	331,629	7,583,057
Foreign exchange related contracts	-	4,501,895	-	4,501,895
Interest rate related contracts	-	3,326,033	7,229	3,333,262
Equity and commodity related contracts	-	75,672	324,400	400,072
Netting effects under MFRS 132 Amendments	-	(652,172)	-	(652,172)
	-	7,251,428	2,034,066	9,285,494

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A37. Fair Value Measurements of Financial Instruments (cont'd.)

Bank At 31 December 2015	<u>Valuation technique using</u>			Total RM'000
	Quoted Market Price (Level 1) RM'000	Observable Inputs (Level 2) RM'000	Unobservable Inputs (Level 3) RM'000	
Financial assets measured at fair value:				
Financial assets held-for-trading	13,213	4,208,682	-	4,221,895
Money market instruments	-	513,654	-	513,654
Quoted securities	13,213	-	-	13,213
Unquoted securities	-	3,695,028	-	3,695,028
Financial investments available-for-sale	142,107	74,444,286	363,677	74,950,070
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
Derivative assets	-	8,326,294	8,304	8,334,598
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 MFRS132 Amendments	-	(288,353)	-	(288,353)
	155,320	86,979,262	371,981	87,506,563
Financial liabilities measured at fair value:				
Derivative liabilities	-	7,669,770	26,564	7,696,334
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 MFRS132 Amendments	-	(288,353)	-	(288,353)
	-	7,669,770	26,564	7,696,334

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.

Financial liabilities designated at fair value through profit or loss

The fair values of financial liabilities designated at fair value through profit or loss are derived using discounted cash flows.

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A37. Fair Value Measurements of Financial Instruments (cont'd.)

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

Group	At 1 January 2016	Total gains/(losses) recognised in income statements#	Total unrealised gains/(losses) recognised in income statements*	Total unrealised gains/(losses) recognised in other comprehensive income	Purchases/ Issuances	Sales	Settlements	Exchange differences	Transfer into Level 3	Transfer out from Level 3	At 30 June 2016
At 30 June 2016	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Financial assets designated at fair value through profit or loss											
Unquoted securities	81,454	229	(779)	-	-	(1,438)	-	-	-	-	79,466
	81,454	229	(779)	-	-	(1,438)	-	-	-	-	79,466
Financial investments available-for-sale											
Unquoted securities	576,527	(197,548)	-	2,663	9,422	(18,618)	(2,264)	(4,871)	241,826	-	607,137
	576,527	(197,548)	-	2,663	9,422	(18,618)	(2,264)	(4,871)	241,826	-	607,137
Derivative assets											
Interest rate related contracts	-	(504)	1,073	-	653	(653)	-	-	-	-	569
Equity and commodity related contracts	8,304	1,083	197,398	-	110,305	-	-	-	-	-	317,090
	8,304	579	198,471	-	110,958	(653)	-	-	-	-	317,659
Total Level 3 financial assets	666,285	(196,740)	197,692	2,663	120,380	(20,709)	(2,264)	(4,871)	241,826	-	1,004,262
Financial liabilities designated at fair value through profit or loss											
Structured deposits	-	(6,264)	(5,602)	-	(717,900)	-	-	-	-	-	(729,766)
Borrowings	-	(12,256)	(50,858)	-	(1,398,237)	-	-	-	-	-	(1,461,351)
	-	(18,520)	(56,460)	-	(2,116,137)	-	-	-	-	-	(2,191,117)
Derivative liabilities											
Interest rate related contracts	(61,943)	49,533	1,787	-	-	-	3,394	-	-	-	(7,229)
Equity and commodity related contracts	(8,016)	1,083	(199,516)	-	(117,951)	-	-	-	-	-	(324,400)
	(69,959)	50,616	(197,729)	-	(117,951)	-	3,394	-	-	-	(331,629)
Total Level 3 financial liabilities	(69,959)	32,096	(254,189)	-	(2,234,088)	-	3,394	-	-	-	(2,522,746)
Total net Level 3 financial assets/ (liabilities)	596,326	(164,644)	(56,497)	2,663	(2,113,708)	(20,709)	1,130	(4,871)	241,826	-	(1,518,484)

* Included within 'Other operating income' and 'Income from Islamic Banking Scheme operations'.

Included within 'Other operating income', 'Interest expense', 'Allowances for/(writeback of) Impairment Losses on Financial Investments' and 'Income from Islamic Banking Scheme operations'.

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A37. Fair Value Measurements of Financial Instruments (cont'd.)

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

Group	At 1 January 2015 RM'000	Total gains/(losses) recognised in income statements*	Total unrealised gains/(losses) recognised in income statements*	Total unrealised gains/(losses) recognised in other comprehensive income RM'000	Purchases/ Issuances RM'000	Sales RM'000	Settlements[^] RM'000	Exchange differences RM'000	Transfer into Level 3 RM'000	Transfer out from Level 3 RM'000	At 31 December 2015 RM'000
Financial assets designated at fair value through profit or loss											
Unquoted securities	-	200	2,077	-	-	(1,221)	-	-	80,398	-	81,454
	-	200	2,077	-	-	(1,221)	-	-	80,398	-	81,454
Financial investments available-for-sale											
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
Derivative assets											
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
Total Level 3 financial assets	433,301	7,312	(8,106)	11,985	107,218	(64,936)	(13,313)	15,246	188,603	(11,025)	666,285
Derivative liabilities											
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)
	(237,598)	21,168	9,635	-	(3,849)	108,558	32,127	-	-	-	(69,959)
Total Level 3 financial liabilities	(237,598)	21,168	9,635	-	(3,849)	108,558	32,127	-	-	-	(69,959)
Total net Level 3 financial assets/ (liabilities)	195,703	28,480	1,529	11,985	103,369	43,622	18,814	15,246	188,603	(11,025)	596,326

* Included within 'Other operating income' and 'Income from Islamic Banking Scheme operations'.

[^] 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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A37. Fair Value Measurements of Financial Instruments (cont'd.)

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

Bank	At 1 January	Total	Total	Total							At	
At 30 June 2016	2016	gains/(losses)	unrealised	unrealised	gains/(losses)	Purchases/	Sales	Settlements	Exchange	Transfer into	Transfer out from	30 June
	RM'000	recognised in	gains/(losses)	gains/(losses)	recognised in	Issuances	RM'000	RM'000	differences	Level 3	Level 3	2016
		income	recognised in	recognised in	other	RM'000			RM'000	RM'000	RM'000	RM'000
		statements#	income	income	comprehensive							
		RM'000	statements*	statements*	income	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Financial investments available-for-sale												
Unquoted securities	363,677	(197,858)	-	3,713	-	(16,683)	(2,264)	(5,822)	202,381	-	347,144	
	363,677	(197,858)	-	3,713	-	(16,683)	(2,264)	(5,822)	202,381	-	347,144	
Derivative assets												
Interest rate related contracts	-	(504)	1,073	-	-	-	-	-	-	-	569	
Equity and commodity related contracts	8,304	1,083	197,398	-	110,305	-	-	-	-	-	317,090	
	8,304	579	198,471	-	110,305	-	-	-	-	-	317,659	
Total Level 3 financial assets	371,981	(197,279)	198,471	3,713	110,305	(16,683)	(2,264)	(5,822)	202,381	-	664,803	
Financial liabilities designated at fair value through profit or loss												
Structured deposits	-	(1,798)	(1,388)	-	(237,900)	-	-	-	-	-	(241,086)	
Borrowings	-	(12,256)	(50,858)	-	(1,398,237)	-	-	-	-	-	(1,461,351)	
	-	(14,054)	(52,246)	-	(1,636,137)	-	-	-	-	-	(1,702,437)	
Derivative liabilities												
Interest rate related contracts	(18,548)	9,532	1,787	-	-	-	-	-	-	-	(7,229)	
Equity and commodity related contracts	(8,016)	1,083	(199,516)	-	(117,951)	-	-	-	-	-	(324,400)	
	(26,564)	10,615	(197,729)	-	(117,951)	-	-	-	-	-	(331,629)	
Total Level 3 financial liabilities	(26,564)	(3,439)	(249,975)	-	(1,754,088)	-	-	-	-	-	(2,034,066)	
Total net Level 3 financial assets/ (liabilities)	345,417	(200,718)	(51,504)	3,713	(1,643,783)	(16,683)	(2,264)	(5,822)	202,381	-	(1,369,263)	

* Included within 'Other operating income'.

Included within 'Other operating income', 'Interest expense' and 'Allowances for/(writeback of) Impairment Losses on Financial Investments'.

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A37. Fair Value Measurements of Financial Instruments (cont'd.)

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

Bank	At 1 January	Total	Total	Total				Exchange	Transfer into	Transfer out from	At
At 31 December 2015	2015	gains/(losses)	unrealised	unrealised	Purchases	Sales	Settlements[^]	differences	Level 3	Level 3	31 December
	RM'000	recognised in	gains/(losses)	gains/(losses)	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	2015
		income	recognised in	recognised in	comprehensive						RM'000
		statements*	income	income	income						
		RM'000	statements*	statements*	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Financial investments available-for-sale											
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
Derivative assets											
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
Total Level 3 financial assets	284,146	6,284	(10,183)	9,487	88,332	(1,838)	(12,678)	8,581	-	(150)	371,981
Derivative liabilities											
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)
	(152,569)	22,889	(1,729)	-	(3,849)	108,558	136	-	-	-	(26,564)
Total Level 3 financial liabilities	(152,569)	22,889	(1,729)	-	(3,849)	108,558	136	-	-	-	(26,564)
Total net Level 3 financial assets/ (liabilities)	131,577	29,173	(11,912)	9,487	84,483	106,720	(12,542)	8,581	-	(150)	345,417

* 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.

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 financial half year ended 30 June 2016.

Movements in Level 3 financial instruments measured at fair value

During the financial half year ended 30 June 2016, the Group and the Bank transferred certain financial investments available-for-sale from Level 2 into Level 3 of the fair value hierarchy. The reason for the transfer is that inputs to the valuation models ceased to be observable. Prior to the transfer, the fair value of the instruments was determined using observable market transactions or binding broker quotes for the same or similar instruments. Since the transfer, these instruments have been valued using valuation models incorporating significant unobservable market inputs.

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A38. Credit Exposure Arising from Credit Transactions with Connected Parties

	Group		Bank	
	30 June 2016	31 December 2015	30 June 2016	31 December 2015
Outstanding credit exposures with connected parties (RM'000)	33,545,795	23,923,271	36,193,096	25,459,081
Percentage of outstanding credit exposures to connected parties as proportion of total credit exposures	4.7%	3.4%	7.0%	4.8%
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.

**Impaired refers to non-performing as stated in Paragraph 9.1 of Bank Negara Malaysia's revised Guidelines on Credit Transactions and Exposures with Connected Parties.*

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A39. Unaudited Income Statements and Statements of Financial Position of Insurance and Takaful Business

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

(a) Unaudited Income Statements for the Financial Half Year Ended 30 June 2016

Group	Life Fund		Family Takaful Fund		General Takaful Fund		Shareholders' and General Fund		Total	
	30 June 2016 RM'000	30 June 2015 RM'000	30 June 2016 RM'000	30 June 2015 RM'000	30 June 2016 RM'000	30 June 2015 RM'000	30 June 2016 RM'000	30 June 2015 RM'000	30 June 2016 RM'000	30 June 2015 RM'000
Six Months Ended										
Interest income	189,376	205,306	183,663	155,753	34,814	29,378	93,777	80,449	501,630	470,886
Interest expense	-	-	-	-	-	-	(16,966)	(16,964)	(16,966)	(16,964)
Net interest income	189,376	205,306	183,663	155,753	34,814	29,378	76,811	63,485	484,664	453,922
Net earned insurance premiums	625,039	537,633	583,726	620,391	512,661	438,416	511,757	440,983	2,233,183	2,037,423
Other operating income	167,349	143,639	155,816	123,224	8,283	7,736	59,209	44,496	390,657	319,095
Total operating income	981,764	886,578	923,205	899,368	555,758	475,530	647,777	548,964	3,108,504	2,810,440
Net insurance benefits and claims incurred, net fee and commission expenses, change in expense liabilities and taxation of life and takaful fund	(888,686)	(740,171)	(902,565)	(796,914)	(554,170)	(471,733)	(128,960)	(144,919)	(2,474,381)	(2,153,737)
Net operating income	93,078	146,407	20,640	102,454	1,588	3,797	518,817	404,045	634,123	656,703
Overhead expenses	(79,100)	(92,593)	(12,020)	(17,291)	(493)	(403)	(236,805)	(184,245)	(328,418)	(294,532)
Operating profit before impairment losses (Allowances for)/writeback of impairment losses on loans, advances, financing and other debts, net	13,978	53,814	8,620	85,163	1,095	3,394	282,012	219,800	305,705	362,171
Allowances for impairment losses on financial investments, net	(233)	(741)	45	(491)	(1,055)	(2,240)	3,159	(1,486)	1,916	(4,958)
Operating profit	(13,745)	(53,073)	(8,665)	(84,672)	(40)	(1,154)	(12,820)	(30,796)	(35,270)	(169,695)
Share of profits in associates	-	-	-	-	-	-	272,351	187,518	272,351	187,518
Profit before taxation and zakat	-	-	-	-	-	-	-	(1,122)	-	(1,122)
Taxation and zakat	-	-	-	-	-	-	272,351	186,396	272,351	186,396
Profit for the period	-	-	-	-	-	-	(81,316)	(68,622)	(81,316)	(68,622)
	-	-	-	-	-	-	191,035	117,774	191,035	117,774

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A39. Unaudited Income Statements and Statements of Financial Position of Insurance and Takaful Business (cont'd.)

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

(b) Unaudited Statements of Financial Position as at 30 June 2016

Group	Life Fund		Family Takaful Fund		General Takaful Fund		Shareholders' and General Fund		Total	
	30 June 2016	31 December 2015	30 June 2016	31 December 2015	30 June 2016	31 December 2015	30 June 2016	31 December 2015	30 June 2016	31 December 2015
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
ASSETS										
Cash and short-term funds	128,734	105,190	93,540	62,859	114,939	51,104	129,883	156,906	467,096	376,059
Deposits and placements with financial institutions	914,362	1,333,863	797,175	1,069,180	323,389	100,428	960,144	945,253	2,995,070	3,448,724
Financial assets at fair value through profit or loss	8,192,720	7,540,814	5,668,430	4,617,534	-	-	-	-	13,861,150	12,158,348
Financial investments available-for-sale	701,278	994,696	2,694,235	3,107,175	1,266,188	1,512,312	3,879,272	3,657,742	8,540,973	9,271,925
Loans, advances and financing	264,009	268,843	-	3,300	-	-	26,892	28,945	290,901	301,088
Derivative assets	5,383	5,217	-	-	-	-	-	-	5,383	5,217
Reinsurance/retakaful assets and other insurance receivables	67,973	64,804	174,241	125,862	279,222	292,692	4,457,299	3,872,296	4,978,735	4,355,654
Other assets	69,112	77,160	35,622	32,329	40,199	2,040	244,869	157,674	389,802	269,203
Investment properties	634,486	618,607	-	-	-	-	96,243	96,305	730,729	714,912
Interest in associates	-	-	-	-	-	-	152	152	152	152
Property, plant and equipment	80,733	80,781	-	-	-	-	73,401	71,691	154,134	152,472
Intangible assets	22,007	19,144	-	-	-	-	38,178	33,720	60,185	52,864
Deferred tax assets	7,556	14,517	875	9,115	4,132	11,310	16,142	32,909	28,705	67,851
TOTAL ASSETS	11,088,353	11,123,636	9,464,118	9,027,354	2,028,069	1,969,886	9,922,475	9,053,593	32,503,015	31,174,469
LIABILITIES										
Derivative liabilities	38,415	53,251	-	-	-	-	-	-	38,415	53,251
Insurance/takaful contract liabilities and other insurance payables	8,516,811	8,641,046	9,089,072	8,693,142	1,748,872	1,666,418	5,461,729	4,838,735	24,816,484	23,839,341
Other liabilities #	2,463,522	2,353,297	368,292	330,290	274,914	297,902	(1,532,191)	(1,815,558)	1,574,537	1,165,931
Provision for taxation and zakat	32,105	37,000	134	81	-	-	9,157	14,909	41,396	51,990
Deferred tax liabilities	37,500	39,042	6,620	3,841	4,283	5,566	528,154	512,092	576,557	560,541
Subordinated obligations	-	-	-	-	-	-	811,167	811,316	811,167	811,316
TOTAL LIABILITIES	11,088,353	11,123,636	9,464,118	9,027,354	2,028,069	1,969,886	5,278,016	4,361,494	27,858,556	26,482,370
EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE SUBSIDIARIES										
Share capital	-	-	-	-	-	-	252,005	252,005	252,005	252,005
Other reserves	-	-	-	-	-	-	4,392,454	4,440,094	4,392,454	4,440,094
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	11,088,353	11,123,636	9,464,118	9,027,354	2,028,069	1,969,886	9,922,475	9,053,593	32,503,015	31,174,469

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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A40. The Operations of Islamic Banking Scheme

A40a. Unaudited Income Statements for the Financial Half Year Ended 30 June 2016

Group	Second Quarter Ended		Cumulative 6 Months Ended	
	30 June	30 June	30 June	30 June
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Income derived from investment of depositors' funds	1,575,049	1,656,712	3,060,338	3,252,236
Income derived from investment of investment account funds	393,866	-	711,769	-
Income derived from investment of Islamic Banking Funds	78,622	96,064	163,728	179,904
Allowances for impairment losses on financing and advances	(261,111)	(85,384)	(296,205)	(170,081)
Total distributable income	1,786,426	1,667,392	3,639,630	3,262,059
Profit distributed to depositors	(899,018)	(962,041)	(1,742,418)	(1,892,792)
Profit distributed to investment account holders	(260,547)	-	(467,932)	-
Total net income	626,861	705,351	1,429,280	1,369,267
Finance cost	(29,357)	(23,261)	(63,299)	(46,559)
Overhead expenses	(344,526)	(286,836)	(645,731)	(574,102)
Profit before taxation and zakat	252,978	395,254	720,250	748,606
Taxation	(72,079)	(111,333)	(174,883)	(194,174)
Zakat	(5,557)	(1,824)	(9,173)	(6,523)
Profit for the period	175,342	282,097	536,194	547,909

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

Group	Second Quarter Ended		Cumulative 6 Months Ended	
	30 June	30 June	30 June	30 June
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Income derived from investment of depositors' funds	1,575,049	1,656,712	3,060,338	3,252,236
Income derived from investment of investment account funds	393,866	-	711,769	-
Income derived from investment of Islamic Banking Funds	78,622	96,064	163,728	179,904
Total income before allowances for impairment losses on financing and advances and overhead expenses	2,047,537	1,752,776	3,935,835	3,432,140
Profit distributed to depositors	(899,018)	(962,041)	(1,742,418)	(1,892,792)
Profit distributed to investment account holders	(260,547)	-	(467,932)	-
	887,972	790,735	1,725,485	1,539,348
Finance cost	(29,357)	(23,261)	(63,299)	(46,559)
Net of intercompany income and expenses	178,368	199,627	352,737	407,060
Income from Islamic Banking Scheme	1,036,983	967,101	2,014,923	1,899,849

A40b. Unaudited Statements of Comprehensive Income for the Financial Half Year Ended 30 June 2016

Group	Second Quarter Ended		Cumulative 6 Months Ended	
	30 June	30 June	30 June	30 June
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Profit for the period	175,342	282,097	536,194	547,909
Other comprehensive income/(loss):				
Items that will not be reclassified subsequently to profit or loss				
Defined benefit plan actuarial gain	12	-	348	-
Income tax effect	(3)	-	(87)	-
	9	-	261	-
Items that may be reclassified subsequently to profit or loss				
Net gain/(loss) on foreign exchange translation	29,714	13,619	(230,108)	(13,237)
Net gain/(loss) on financial investments available-for-sale	30,306	(1,568)	157,633	65,907
Income tax effect	(7,273)	392	(39,225)	(16,477)
	52,747	12,443	(111,700)	36,193
Other comprehensive income/(loss) for the period, net of tax	52,756	12,443	(111,439)	36,193
Total comprehensive income for the period	228,098	294,540	424,755	584,102

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A40. The Operations of Islamic Banking Scheme (cont'd.)

A40c. Unaudited Statement of Financial Position as at 30 June 2016

<u>Group</u>	Note	30 June 2016 RM'000	31 December 2015 RM'000
ASSETS			
Cash and short-term funds		14,907,625	8,844,863
Deposits and placements with financial institutions		3,168,741	12,448
Financial investments portfolio		11,065,408	9,468,692
Financing and advances	A40e	137,247,033	131,205,884
Derivative assets		406,312	497,905
Other assets		3,595,843	4,105,053
Statutory deposit with central banks		2,991,000	3,834,000
Property, plant and equipment		808	889
Intangible assets		132	108
Deferred tax assets		27,595	38,402
Total Assets		173,410,497	158,008,244
LIABILITIES			
Deposits from customers	A40f	106,574,525	106,078,321
Investment accounts of customers	A40g	30,964,031	17,657,893
Deposits and placements from financial institutions		22,420,606	21,350,738
Financial liabilities at fair value through profit or loss	A40h	488,680	-
Bills and acceptances payable		43,250	33,556
Derivatives liabilities		445,276	587,772
Other liabilities		1,199,621	398,687
Provision for taxation and zakat		12,594	24,419
Subordinated sukuk	A40i	2,534,436	2,527,960
Total Liabilities		164,683,019	148,659,346
ISLAMIC BANKING CAPITAL FUNDS			
Islamic Banking Funds		552,740	1,194,821
Share premium		4,658,233	4,658,233
Retained profits		2,943,772	2,728,172
Other reserves		572,733	767,672
		8,727,478	9,348,898
Total Liabilities and Islamic Banking Capital Funds		173,410,497	158,008,244
COMMITMENTS AND CONTINGENCIES		48,953,997	49,744,091

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A40. The Operations of Islamic Banking Scheme (cont'd.)

A40d. Unaudited Statements of Changes in Islamic Banking Capital Funds for the Financial Half Year Ended 30 June 2016

<u>Group</u>	←----- Non-distributable ----->										Total RM'000
	Islamic Banking Funds RM'000	Share Premium RM'000	Statutory Reserve RM'000	Regulatory Reserve RM'000	Available- for-sale Reserve RM'000	Exchange Fluctuation Reserve RM'000	*Equity contribution from the holding company RM'000	Profit Equalisation Reserve RM'000	Defined Benefit Reserve RM'000	Distributable Retained Profits RM'000	
At 1 January 2016	1,194,821	4,658,233	409,672	430,249	(104,493)	(3,719)	1,697	34,456	(190)	2,728,172	9,348,898
Profit for the period	-	-	-	-	-	-	-	-	-	536,194	536,194
Other comprehensive income/(loss)	-	-	-	-	118,408	(230,108)	-	-	261	-	(111,439)
Net loss on foreign exchange translation	-	-	-	-	-	(230,108)	-	-	-	-	(230,108)
Net gain on financial investments available-for-sale	-	-	-	-	118,408	-	-	-	-	-	118,408
Defined benefit plan actuarial gain	-	-	-	-	-	-	-	-	261	-	261
Total comprehensive income/ (loss) for the period	-	-	-	-	118,408	(230,108)	-	-	261	536,194	424,755
Transfer (to)/from conventional banking operations	(642,081)	-	-	-	-	233,742	-	-	7	(72,971)	(481,303)
Transfer from regulatory reserve	-	-	-	(317,249)	-	-	-	-	-	317,249	-
Dividends paid	-	-	-	-	-	-	-	-	-	(564,872)	(564,872)
At 30 June 2016	552,740	4,658,233	409,672	113,000	13,915	(85)	1,697	34,456	78	2,943,772	8,727,478

* 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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A40. The Operations of Islamic Banking Scheme (cont'd.)

A40d. Unaudited Statements of Changes in Islamic Banking Capital Funds for the Financial Half Year Ended 30 June 2016 (cont'd.)

<u>Group</u>	←----- Non-distributable -----→										
	Islamic Banking Funds RM'000	Share Premium RM'000	Statutory Reserve RM'000	Regulatory Reserve RM'000	Available- for-sale Reserve RM'000	Exchange Fluctuation Reserve RM'000	*Equity contribution from the holding company RM'000	Profit Equalisation Reserve RM'000	Defined Benefit Reserve RM'000	Distributable Retained Profits RM'000	Total RM'000
At 1 January 2015	1,175,774	4,099,344	409,672	274,500	(99,618)	1,830	1,697	34,456	(190)	2,470,137	8,367,602
Profit for the period	-	-	-	-	-	-	-	-	-	547,909	547,909
Other comprehensive income/(loss)	-	-	-	-	49,430	(13,237)	-	-	-	-	36,193
Net loss on foreign exchange translation	-	-	-	-	-	(13,237)	-	-	-	-	(13,237)
Net gain on financial investments available-for-sale	-	-	-	-	49,430	-	-	-	-	-	49,430
Total comprehensive income/ (loss) for the period	-	-	-	-	49,430	(13,237)	-	-	-	547,909	584,102
Transfer (to)/from conventional banking operations	(33,994)	-	-	-	-	11,609	-	-	-	3,959	(18,426)
Transfer to regulatory reserve	-	-	-	148,350	-	-	-	-	-	(148,350)	-
Dividends paid	-	-	-	-	-	-	-	-	-	(169,989)	(169,989)
At 30 June 2015	1,141,780	4,099,344	409,672	422,850	(50,188)	202	1,697	34,456	(190)	2,703,666	8,763,289

* 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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A40. The Operations of Islamic Banking Scheme (cont'd.)

A40e. Financing and Advances

Group	Bai[^]	Murabahah	Musyarakah	Al-Ijarah	Ijarah	Istisna[']	Others	Total
As at 30 June 2016	RM'000	RM'000	RM'000	Al-Bai (AITAB)	RM'000	RM'000	RM'000	Financing
				Thumma				and
				RM'000				Advances
								RM'000
Cashline	-	4,466,586	-	-	-	-	-	4,466,586
Term financing								
- Housing financing	19,859,770	58,306,522	2,649,041	-	-	-	-	80,815,333
- Syndicated financing	-	826,288	-	-	-	-	-	826,288
- Hire purchase receivables	-	-	-	35,154,049	-	-	-	35,154,049
- Other term financing	30,061,295	63,749,965	1,563,523	-	493,472	149,795	53,189	96,071,239
Bills receivables	-	13,514	-	-	-	-	16,918	30,432
Trust receipts	-	205,086	-	-	-	-	-	205,086
Claims on customers under acceptance credits	-	4,328,411	-	-	-	-	-	4,328,411
Staff financing	793,072	1,274,841	11,263	146,926	-	-	42,414	2,268,516
Credit card receivables	-	-	-	-	-	-	701,324	701,324
Revolving credit	-	12,480,508	-	-	-	-	-	12,480,508
	50,714,137	145,651,721	4,223,827	35,300,975	493,472	149,795	813,845	237,347,772
Unearned income								(98,796,597)
Gross financing and advances ^{^^}								138,551,175
Allowances for impaired financing and advances:								
- Individual allowance								(329,984)
- Collective allowance								(974,158)
Net financing and advances								137,247,033

[^] 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") and Investment Account of customers ("IA").

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A40. The Operations of Islamic Banking Scheme (cont'd.)

A40e. Financing and Advances (cont'd.)

Group	Bai[^]	Murabahah	Musyarakah	Al-Ijarah	Ijarah	Istisna'	Others	Total
As at 31 December 2015	RM'000	RM'000	RM'000	Al-Bai (AITAB)	RM'000	RM'000	RM'000	Financing
				Thumma				and
				RM'000				Advances
								RM'000
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
	<u>57,833,149</u>	<u>134,791,467</u>	<u>4,384,781</u>	<u>35,639,412</u>	<u>527,534</u>	<u>158,480</u>	<u>719,756</u>	<u>234,054,579</u>
Unearned income								(101,736,143)
Gross financing and advances ^{^^}								<u>132,318,436</u>
Allowances for impaired financing and advances:								
- Individual allowance								(356,555)
- Collective allowance								(755,997)
Net financing and advances								<u>131,205,884</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") and Investment Account of customers ("IA").

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A40. The Operations of Islamic Banking Scheme (cont'd.)

A40e. Financing and Advances (cont'd.)

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

<u>Group</u>	30 June 2016 RM'000	31 December 2015 RM'000
Gross impaired financing at 1 January 2016/2015	1,065,972	697,954
Newly impaired	1,145,572	1,026,496
Reclassified as non-impaired	(193,967)	(362,515)
Amount recovered	(133,604)	(122,687)
Amount written-off	(142,326)	(171,412)
Converted to financial investments available-for-sale	-	(1,864)
Gross impaired financing at 30 June 2016/31 December 2015	<u>1,741,647</u>	<u>1,065,972</u>
Less: Individual allowance	<u>(329,984)</u>	<u>(356,555)</u>
Net impaired financing at 30 June 2016/31 December 2015	<u>1,411,663</u>	<u>709,417</u>
 <u>Calculation of ratio of net impaired financing :</u>		
Gross financing and advances (excluding financing funded by RPSIA and IA)	<u>94,703,849</u>	103,795,391
Less: Individual allowance	<u>(329,984)</u>	(356,555)
Net financing and advances	<u>94,373,865</u>	<u>103,438,836</u>
 Net impaired financing as a percentage of net financing and advances	 <u>1.50%</u>	 <u>0.69%</u>

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

<u>Group</u>	30 June 2016 RM'000	31 December 2015 RM'000
<u>Individual allowance</u>		
At 1 January 2016/2015	356,555	212,945
Allowance made *	105,130	241,304
Amount written back in respect of recoveries	(35,140)	(21,544)
Amount written-off	(90,868)	(78,116)
Transferred to collective allowance	(3,072)	(7,422)
Exchange differences	(2,621)	9,388
At 30 June 2016/31 December 2015	<u>329,984</u>	<u>356,555</u>
 <u>Collective allowance</u>		
At 1 January 2015/2016	755,997	611,779
Allowance made *	266,807	228,408
Amount written-off	(51,458)	(93,296)
Transferred from individual allowance	3,072	7,422
Exchange differences	(260)	1,684
At 30 June 2016/31 December 2015	<u>974,158</u>	<u>755,997</u>
 As a percentage of gross financing and advances (excluding financing funded by RPSIA and IA) less individual allowance (including Regulatory Reserve)	 <u>1.20%</u>	 <u>1.19%</u>

* As at 30 June 2016, the gross exposure of the financing funded by RPSIA was RM12,883.3 million (31 December 2015: RM10,999.0 million). The individual allowance and collective allowance relating to these financing amounting to RM130.1 million and RM37.1 million respectively (31 December 2015: Nil and RM77.1 million) are recognised in the Group's conventional banking operations.

The gross exposure of the financing funded by IA as at 30 June 2016 was RM30,964.0 million (31 December 2015: RM17,657.9 million). The individual allowance and collective allowance relating to financing funded by IA are not included in the financial statements of the Group.

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A40. The Operations of Islamic Banking Scheme (cont'd.)

A40f. Deposits from Customers

<u>Group</u>	30 June 2016 RM'000	31 December 2015 RM'000
Savings deposit		
Wadiah	13,532,764	12,173,656
	<u>13,532,764</u>	<u>12,173,656</u>
Demand deposit		
Wadiah	16,578,980	17,351,539
Mudharabah	6,633	11,980
	<u>16,585,613</u>	<u>17,363,519</u>
Term deposit		
Murabahah	76,129,712	75,261,088
Negotiable Islamic Debt Certificated (NIDC)		
- Bai al-inah	-	144,083
Hybrid (Bai' Bithaman Ajil and Murabahah)*	182,355	926,030
General investment account		
- Mudharabah	144,081	209,945
	<u>76,456,148</u>	<u>76,541,146</u>
Total deposits from customers	<u>106,574,525</u>	<u>106,078,321</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.

A40g. Investment Accounts of Customers

(i) Unrestricted investment account are sourced from the following customers:

<u>Group</u>	30 June 2016 RM'000	31 December 2015 RM'000
Business enterprises	15,875,062	6,585,991
Individuals	12,007,335	9,931,294
Government and statutory bodies	1,477,507	682,878
Others	1,604,127	457,730
	<u>30,964,031</u>	<u>17,657,893</u>

(ii) Maturity structure of unrestricted investment account are as follows:

<u>Group</u>	30 June 2016 RM'000	31 December 2015 RM'000
Unrestricted investment account		
<u>Mudharabah</u>		
- without maturity	7,192,035	5,664,558
- with maturity		
Due within six months	21,318,567	1,436,463
Six months to one year	2,451,908	10,556,227
One year to three years	864	400
Three years to five years	657	245
	<u>23,771,996</u>	<u>11,993,335</u>
Total investment accounts of customers	<u>30,964,031</u>	<u>17,657,893</u>

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A40. The Operations of Islamic Banking Scheme (cont'd.)

A40g. Investment Accounts of Customers (cont'd.)

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

<u>Group</u>	30 June 2016 RM'000	31 December 2015 RM'000
Unrestricted Investment		
Retail financing	29,658,913	13,691,213
Non-retail financing	1,305,118	3,832,880
Marketable securities	-	133,800
Total Investment	<u>30,964,031</u>	<u>17,657,893</u>

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

	<u>Investment account holder</u>	
	Average profit sharing ratio (%)	Average rate of return (%)
As at 30 June 2016		
Investment accounts of customers	<u>72</u>	<u>3.83</u>
As at 31 December 2015		
Investment accounts of customers	<u>64</u>	<u>3.47</u>

A40h. Financial liabilities at fair value through profit or loss

<u>Group</u>	30 June 2016 RM'000	31 December 2015 RM'000
Structured deposits	<u>488,680</u>	<u>-</u>

The Group has designated the above structured deposits at fair value through profit or loss ("FVTPL"). This designation is permitted under MFRS 139 - *Financial Instruments: Recognition and Measurement* as it significantly reduces accounting mismatch. These instruments are managed by the Group on the basis of its fair value and include terms that have substantive derivative characteristics.

A40i. Subordinated Sukuk

<u>Group</u>	30 June 2016 RM'000	31 December 2015 RM'000
RM1.0 billion Islamic subordinated Sukuk due in 2021	-	1,010,782
RM1.5 billion Islamic subordinated Sukuk Murabahah due in 2024	1,516,983	1,517,178
RM1.0 billion Islamic subordinated Sukuk Murabahah due in 2026	1,017,453	-
	<u>2,534,436</u>	<u>2,527,960</u>

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

B1. Performance Review

(i) Current Period-to-Date vs Previous Corresponding Period-to-Date

The Group posted profit after tax attributable to equity holders of RM2,586.7 million for the six-month financial period ended 30 June 2016, a decrease of RM698.2 million or 21.3% compared to the previous corresponding six-month financial period ended 30 June 2015.

The Group's net interest income and Islamic Banking income for the six-month financial period ended 30 June 2016 increased by RM611.6 million or 8.5% to RM7,796.3 million compared to the previous corresponding six-month financial period ended 30 June 2015. This was largely due to the year-on-year growth in the Group's gross loans, advances and financing.

The Group's net earned insurance premiums from the Insurance and Takaful subsidiaries increased by RM195.8 million to RM2,233.2 million for the six-month financial period ended 30 June 2016 compared to the previous corresponding six-month financial period ended 30 June 2015.

Other operating income of the Group for the six-month financial period ended 30 June 2016 was RM3,107.7 million, an increase of RM351.7 million or 12.8% from RM2,756.0 million in the previous corresponding six-month financial period ended 30 June 2015. The increase was mainly attributable to unrealised mark-to-market gain on revaluation of financial assets at FVTPL, derivatives and financial liabilities at FVTPL of RM509.2 million, compared to unrealised mark-to-market loss on revaluation of financial assets at FVTPL and derivatives of RM261.1 million in the previous corresponding six-month financial period ended 30 June 2015 and higher gain on disposal of property, plant and equipment of RM25.7 million. The increase was, however, offset by lower foreign exchange gain of RM341.9 million and lower fee income of RM110.7 million.

The Group's overhead expenses for the six-month financial period ended 30 June 2016 recorded an increase of RM336.0 million or 6.8% to RM5,243.9 million compared to the previous corresponding six-month financial period ended 30 June 2015. The increase in overhead expenses was mainly due to higher administration and general expenses of RM172.3 million and higher information technology expenses of RM111.3 million.

The Group's allowances for impairment losses on loans, advances, financing and other debts increased by RM1,297.8 million to RM1,846.8 million for the six-month financial period ended 30 June 2016. The increase was mainly due to higher collective allowance ("CA") made and higher individual allowance made during the six-month financial period ended 30 June 2016. The Group's CA ratio (including Regulatory Reserve) was 1.19% as at 30 June 2016.

The Group posted an allowance for impairment losses on financial investments of RM212.9 million for the six-month financial period ended 30 June 2016 compared to RM144.7 million in the previous corresponding six-month financial period ended 30 June 2015.

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B1. Performance Review (cont'd.)

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

The Group's profit before taxation for the six-month financial period ended 30 June 2016 compared to the previous corresponding six-month financial period ended 30 June 2015 is further segmented based on the operating segments of the Group as follows:

Group Community Financial Services ("Group CFS")

Group CFS's profit before taxation decreased by RM41.7 million to RM2,157.8 million for the six-month financial period ended 30 June 2016 from RM2,199.5 million for the previous corresponding six-month financial period ended 30 June 2015. The decrease was mainly due to higher allowance for impairment losses on loans, advances, financing and other debts of RM396.3 million, higher overhead expenses of RM205.7 million and lower other operating income of RM72.8 million. The decrease was, however, mitigated by higher net interest income and income from IBS of RM633.1 million.

Group Global Banking

a) Group Corporate Banking & Global Markets

Group Corporate Banking & Global Markets' profit before taxation decreased by RM540.9 million or 20.2% to RM2,137.1 million for the six-month financial period ended 30 June 2016 from RM2,678.0 million for the previous corresponding six-month financial period ended 30 June 2015. The decrease was mainly due to higher allowance for impairment losses on loans, advances, financing and other debts of RM902.3 million, higher allowance for impairment losses on financial investments of RM208.2 million and higher overhead expenses of RM60.4 million. The decrease was, however, mitigated by higher other operating income of RM497.3 million and higher net interest income and income from IBS of RM170.4 million.

b) Group Investment Banking (Maybank IB and Maybank Kim Eng)

Group Investment Banking's profit before taxation increased by RM34.0 million or 26.4% to RM162.8 million for the six-month financial period ended 30 June 2016 from RM128.8 million for the previous corresponding six-month financial period ended 30 June 2015. The increase was mainly driven by higher net interest income and income from IBS of RM43.1 million and higher other operating income of RM46.5 million. The increase was, however, offset by higher overhead expenses of RM48.0 million, higher allowance for impairment losses on loans, advances, financing and other debts of RM6.2 million.

c) Group Asset Management

Group Asset Management's profit before taxation decreased by RM3.3 million to RM3.0 million for the six-month financial period ended 30 June 2016 from RM6.3 million for the previous corresponding six-month financial period ended 30 June 2015. The decrease was mainly due to lower other operating income of RM11.1 million and higher net interest expense of RM2.5 million. The decrease was, however, mitigated by writeback of impairment losses on financial investments of RM6.7 million and lower overhead expenses of RM3.6 million.

Group Insurance and Takaful

Group Insurance and Takaful's profit before taxation increased by RM125.5 million or 53.9% to RM358.3 million for the six-month financial period ended 30 June 2016 from RM232.8 million for the previous corresponding six-month financial period ended 30 June 2015. The increase was contributed mainly by higher net earned insurance premiums of RM195.8 million, lower allowance for impairment losses on financial investments of RM134.4 million and higher other operating income of RM77.2 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 RM297.2 million and higher overhead expenses of RM25.4 million.

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B1. Performance Review (cont'd.)

(ii) Current Quarter vs Previous Period Corresponding Quarter

The Group posted profit after tax attributable to equity holders of RM1,159.9 million for the quarter ended 30 June 2016, a decrease of RM424.6 million or 26.8% over the previous period corresponding quarter ended 30 June 2015.

The Group's net interest income and Islamic Banking income for the quarter ended 30 June 2016 increased by RM268.6 million or 7.4% compared to the previous period corresponding quarter ended 30 June 2015. This was largely due to the growth in the Group's gross loans, advances and financing.

The Group's other operating income increased by RM245.9 million or 20.6% to RM1,441.3 million for the quarter ended 30 June 2016 compared to the previous period corresponding quarter ended 30 June 2015. The increase was mainly contributed by unrealised mark-to-market gain on revaluation of financial assets at FVTPL, derivatives and financial liabilities at FVTPL of RM403.7 million compared to unrealised mark-to-market loss on revaluation of financial assets at FVTPL and derivatives of RM176.5 million in the previous period corresponding quarter ended 30 June 2015. The increase was, however, offset by net foreign exchange loss in current quarter of RM161.3 million compared to net foreign exchange gain of RM84.1 million in the previous corresponding quarter ended 30 June 2015 and lower fee income of RM74.5 million.

The Group's net insurance benefits and claims incurred, net fee and commission expenses, change in expense liabilities and taxation of life and takaful fund increased by RM71.2 million to RM1,075.7 million compared to the previous period corresponding quarter ended 30 June 2015. The increase was mainly attributable to higher net insurance benefits and claims incurred by the Insurance and Takaful subsidiaries of RM84.2 million. The increase was, however, mitigated by lower net fee and commission expenses of RM13.9 million.

The Group's overhead expenses for the quarter ended 30 June 2016 increased by RM205.1 million or 8.5% compared to the previous period corresponding quarter ended 30 June 2015. The increase was mainly contributed by the increase in establishment costs of RM105.9 million, administration and general expenses of RM102.4 million and personnel expenses of RM45.0 million. The increase was, however, mitigated by lower marketing expenses of RM48.2 million.

The Group's allowances for impairment losses on loans, advances, financing and other debts increased by RM680.7 million to RM981.7 million for the quarter ended 30 June 2016 compared to the previous period corresponding quarter ended 30 June 2015. The increase was mainly due to higher net individual allowance made of RM268.4 million and collective allowance made of RM387.2 million.

The Group's allowance for impairment losses on financial investments for the quarter ended 30 June 2016 increased by RM105.6 million compared to the previous period corresponding quarter ended 30 June 2015.

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B1. Performance Review (cont'd.)

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

The Group's profit before taxation for the quarter ended 30 June 2016 compared to the previous period corresponding quarter ended 30 June 2015 is further segmented based on the operating segments of the Group as follows:

Group Community Financial Services ("Group CFS")

Group CFS's profit before taxation decreased by RM187.8 million or 15.1% to RM1,058.1 million for the quarter ended 30 June 2016 from RM1,245.9 million for the previous period corresponding quarter ended 30 June 2015. The decrease was mainly due to higher allowance for impairment losses on loans, advances, financing and other debts of RM292.6 million, higher overhead expenses of RM110.2 million, lower other operating income of RM54.0 million. The decrease was, however, mitigated by higher net interest income and income from IBS of RM269.1 million.

Group Global Banking

a) Group Corporate Banking & Global Markets

Group Corporate Banking & Global Markets' profit before taxation decreased by RM409.2 million or 31.0% to RM909.7 million for the quarter ended 30 June 2016 from RM1,318.9 million for the previous period corresponding quarter ended 30 June 2015. The decrease was mainly due to higher allowance for impairment losses on loans, advances, financing and other debts of RM383.0 million, higher allowance for impairment losses on financial investments of RM208.0 million and higher overhead expenses of RM25.9 million. The decrease was, however, mitigated by higher other operating income of RM135.9 million and higher net interest income and income from IBS of RM105.8 million.

b) Group Investment Banking (Maybank IB and Maybank Kim Eng)

Group Investment Banking's profit before taxation decreased by RM2.5 million to RM66.2 million for the quarter ended 30 June 2016 from RM68.7 million for the previous period corresponding quarter ended 30 June 2015. The decrease was mainly due to higher overhead expenses of RM27.4 million and higher allowance for impairment losses on loans, advances, financing and other debts of RM7.4 million. The decrease was, however, mitigated by higher net interest income and income from IBS of RM20.1 million and higher other operating income of RM12.0 million.

c) Group Asset Management

Group Asset Management's profit before taxation increased by RM21.5 million for the quarter ended 30 June 2016 to RM22.9 million for the quarter ended 30 June 2016 from RM1.3 million for the previous period corresponding quarter ended 30 June 2015. The increase was mainly due to higher other operating income of RM23.9 million. The increase was, however, offset by higher overhead expenses of RM3.1 million.

Group Insurance and Takaful

Group Insurance and Takaful's profit before taxation increased by RM47.9 million or 31.1% to RM201.7 million for the quarter ended 30 June 2016 from RM153.8 million for the previous period corresponding quarter ended 30 June 2015. The increase was contributed mainly by lower allowance for impairment losses on financial investments of RM100.4 million, higher net earned insurance premiums of RM14.3 million, higher net interest income of RM26.6 million and higher other operating income of RM12.9 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 RM71.2 million and higher overhead expenses of RM38.5 million.

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B2. Variation of Current Quarter Results Against Preceding Quarter

The Group's profit after tax attributable to equity holders in this quarter ended 30 June 2016 decreased by RM266.8 million or 18.7% to RM1,159.9 million against the preceding quarter ended 31 March 2016.

The Group's net interest income for the quarter ended 30 June 2016 decreased by RM23.8 million to RM2,878.8 million against the preceding quarter of RM2,902.6 million. Income from Islamic Banking Scheme operations increased by RM59.1 million to RM1,037.0 million for the quarter ended 30 June 2016 compared to RM977.9 million in the preceding quarter ended 31 March 2016.

The Group's net earned insurance premiums for the quarter ended 30 June 2016 decreased by RM104.0 million to RM1,064.6 million compared to RM1,168.6 million in the preceding quarter ended 31 March 2016.

Other operating income of the Group for the quarter ended 30 June 2016 decreased by RM225.1 million to RM1,441.3 million compared to RM1,666.4 million in the preceding quarter ended 31 March 2016. The decrease was mainly due to net foreign exchange loss of RM161.3 million, compared to net foreign exchange gain of RM326.2 million in the preceding quarter ended 31 March 2016 and lower fee income of RM29.2 million. The decrease was, however, mitigated by higher unrealised mark-to-market gain on revaluation of financial assets at FVTPL, derivatives and financial liabilities at FVTPL of RM298.1 million.

The Group's net insurance benefits and claims incurred, net fee and commission expenses, change in expense liabilities and taxation of life and takaful fund decreased by RM248.1 million to RM1,075.7 million for the quarter ended 30 June 2016 compared to RM1,323.8 million in the preceding quarter ended 31 March 2016. The decrease was mainly due to lower net insurance benefits and claims incurred of RM218.5 million.

The Group's allowance for impairment losses on loans, advances, financing and other debts increased by RM116.6 million to RM981.7 million in the quarter ended 30 June 2016 compared to RM865.1 million in the preceding quarter ended 31 March 2016. The increase was mainly due to higher individual allowance of RM584.6 million, mitigated by lower collective allowance of RM435.7 million.

The Group's allowance for impairment losses on financial investments increased by RM186.3 million to RM199.6 million for the quarter ended 30 June 2016 compared to RM13.3 million in the preceding quarter ended 31 March 2016.

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B3. Prospects

The real world GDP growth is forecasted to ease slightly to 2.9% in 2016 (2015: 3.1%), due to slowing growth in major advanced economies. GDP growth for the UK is expected to taper to 1.0% (2015: 2.2%), arising from its recent vote to leave the European Union while US growth is forecasted at 1.9% (2015: 2.4%). Growth in Eurozone and Japan are expected to remain in line with 2015 GDP trends, at an estimated 1.5% and 0.3% respectively. Performances in the large emerging economies remain uneven, with India maintaining steady growth, China sees slowing growth and Brazil and Russia remain in recession.

Growth momentum in Asian NIEs remain flattish (2016E: 2.0%; 2015: 2.1%) while growth in ASEAN-5 economies (2016E: 5.1%; 2015: 4.8%) will be supported by monetary and fiscal policy stimulus to boost domestic demand. There is an expectation that growth performance in the region will be uneven, with a pick up in Taiwan, Indonesia, Thailand and Philippines, but slower growth in Malaysia, Singapore, Hong Kong and Vietnam.

In Maybank Group's three home markets of Malaysia, Singapore and Indonesia, the expectation is that real GDP growth will undergo a more mixed trend.

Malaysia's real GDP growth is expected to ease to 4.1% (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. This is following revisions to the Budget 2016 in response to the fall in crude oil price. The recent 25 bps cut in the Overnight Policy Rate ("OPR") to 3.00% is expected to provide some upside to domestic demand and sentiment to help offset the downside risk to global economic growth. Loans growth for Malaysia will likely continue to moderate to 6%-7% in 2016 from 7%-8% in 2015, on the back of easing household loans growth. Maybank Malaysia's loans growth is expected to track industry loans growth and the Group will continue to intensify its activities.

In Singapore, real GDP growth is expected to slow down to 1.8% in 2016 (2015: 2.0%). Growth is affected by the ongoing restructuring of the economy to reduce reliance on foreign labour and promote productivity, lower crude oil price effect on oil-related activities, and the slowdown in China that affects trade flow of manufacturing 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 easing in motor vehicle financing. Maybank Singapore will focus on expanding its wealth management business, accelerate fee income by leveraging on 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 5.1% (2015: 4.8%), driven by higher government expenditure, economic stimulus and reform packages. Potential rate cuts of up to a total 125bps are also anticipated to spur infrastructure investment and 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 entities in Indonesia.

Building on its franchise across ASEAN, the Group's strategic priorities for 2016 will be to 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 preserving margins while maintaining vigilance over asset quality. As the Group has proactively restructured and rescheduled borrowers' facilities in 1H FY2016, the Group continues to monitor the impaired status of these loans with the intention of recognising some recoveries in 2H FY2016. 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 during the financial half year ended 30 June 2016.

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B5. Taxation and Zakat

The analysis of the tax expense for the financial half year ended 30 June 2016 are as follows:

<u>Group</u>	Second Quarter Ended		Cumulative 6 Months Ended	
	30 June 2016 RM'000	30 June 2015 RM'000	30 June 2016 RM'000	30 June 2015 RM'000
Malaysian income tax	316,228	481,791	588,892	871,595
Foreign income tax	58,979	33,128	89,081	91,363
	375,207	514,919	677,973	962,958
(Over)/under provision in respect of prior period:				
Malaysian income tax	(1,424)	-	(2,732)	-
Foreign income tax	1,126	946	(3,767)	962
	374,909	515,865	671,474	963,920
Deferred tax				
- Relating to origination and reversal of temporary differences	2,174	6,871	181,195	82,374
	2,174	6,871	181,195	82,374
Tax expense for the financial period	377,083	522,736	852,669	1,046,294
Zakat	7,604	6,386	12,462	12,832
	384,687	529,122	865,131	1,059,126

The Group's effective tax rate for the financial half year ended 30 June 2016 was higher than the statutory tax rate due to effects of certain non-deductible expenses.

<u>Bank</u>	Second Quarter Ended		Cumulative 6 Months Ended	
	30 June 2016 RM'000	30 June 2015 RM'000	30 June 2016 RM'000	30 June 2015 RM'000
Malaysian income tax	189,945	339,265	370,066	619,047
Foreign income tax	388	4,061	1,216	5,394
	190,333	343,326	371,282	624,441
(Over)/under provision in respect of prior period:				
Foreign income tax	(1)	-	26	(66)
	190,332	343,326	371,308	624,375
Deferred tax				
- Relating to origination and reversal of temporary differences	(17,875)	(18,112)	104,521	61,061
	(17,875)	(18,112)	104,521	61,061
Tax expense for the financial period	172,457	325,214	475,829	685,436
Zakat	-	-	-	-
	172,457	325,214	475,829	685,436

The Bank's effective tax rate for the financial half year ended 30 June 2016 was lower than the statutory tax rate due to certain income not subject to tax.

Domestic income tax for the Bank is calculated at the Malaysian statutory tax rate of 24% (31 December 2015: 25%) of the estimated chargeable profit for the financial year. Taxation for foreign subsidiaries in other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

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B6. Status of Corporate Proposals Announced but Not Completed

There are no corporate proposals announced but not completed during the financial half year ended 30 June 2016.

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 from Customers, Investment Accounts of Customers, Deposit and Placements from Financial Institutions and Debt Securities

Please refer to Note A14, A15, A16, A17 and A40g.

B9. Derivative Financial Instruments

Please refer to Note A36.

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.

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. On 3 February 2016, the corporate borrower and its guarantor filed a motion to the Court of Appeal for the Court of Appeal to review the COA Decision ('Court of Appeal Review Application'). The Court of Appeal Review Application was heard by the Court of Appeal on 16 June 2016 and was unanimously dismissed with costs of RM10,000 to be paid by the corporate borrower.

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.

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B11. Disclosure of Realised and Unrealised Retained Earnings

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

	30 June 2016 RM'000	31 December 2015 RM'000
Retained profits of the Group:		
- Realised	11,469,916	12,458,038
- Unrealised	612,404	(473,742)
- in respect of deferred tax recognised in the income statement	(202,719)	(18,879)
- in respect of other items of income and expense	815,123	(454,863)
	12,082,320	11,984,296
Share of retained profits from associates and joint ventures:		
- Realised	524,397	509,815
- Unrealised	-	-
	524,397	509,815
Consolidation adjustments	335,247	338,893
Total Group's retained profits	12,941,964	12,833,004

B12. Dividend

The Board of Directors have declared a single-tier interim dividend in respect of the financial year ending 31 December 2016 of 20 sen (30 June 2015: 24.0 sen) per ordinary share.

The Board of Directors have also determined that the Dividend Reinvestment Plan will apply to the single-tier interim dividend in which an electable portion of 16 sen per ordinary share can be elected to be reinvested in new ordinary shares and the remaining portion of 4 sen per ordinary share will be paid in cash.

Pursuant to Section 8.26 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the interim dividend will be paid no later than three (3) months from the date of declaration.

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

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B13. Earnings Per Share ("EPS")

Basic EPS

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

	Second Quarter Ended		Cumulative 6 Months Ended	
	30 June 2016	30 June 2015	30 June 2016	30 June 2015
Net profit for the quarter/period attributable to equity holders of the Bank (RM'000)	1,159,941	1,584,534	2,586,692	3,284,919
Weighted average number of ordinary shares in issue ('000)	9,838,037	9,452,680	9,793,036	9,379,900
Basic earnings per share	11.79 sen	16.76 sen	26.41 sen	35.02 sen

Diluted EPS

The diluted EPS of the Group is calculated by dividing the net profit for the quarter/period attributable to equity holders of the Bank by the weighted average number of ordinary shares in issue, which has been adjusted for the number of 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 quarter/period) 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 quarter/period.

	Second Quarter Ended		Cumulative 6 Months Ended	
	30 June 2016	30 June 2015	30 June 2016	30 June 2015
Net profit for the quarter/period attributable to equity holders of the Bank (RM'000)	1,159,941	1,584,534	2,586,692	3,284,919
Weighted average number of ordinary shares in issue ('000)	9,838,037	9,452,680	9,793,036	9,379,900
Effects of dilution ('000)	84	177	628	845
Adjusted weighted average number of ordinary shares in issue ('000)	9,838,121	9,452,857	9,793,664	9,380,745
Diluted earnings per share	11.79 sen	16.76 sen	26.41 sen	35.02 sen

By Order of the Board

Wan Marzimin Wan Muhammad

LS0009924

Company Secretary

25 August 2016