

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

**CONDENSED FINANCIAL STATEMENTS**  
**UNAUDITED INCOME STATEMENT**  
**FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2016**

<u>Group</u>	Note	Third Quarter Ended		Cumulative 9 Months Ended	
		30 September 2016 RM'000	30 September 2015 RM'000	30 September 2016 RM'000	30 September 2015 RM'000
Interest income	A21	5,193,244	5,067,209	15,653,220	14,511,038
Interest expense	A22	(2,365,273)	(2,170,390)	(7,043,854)	(6,329,314)
Net interest income		<u>2,827,971</u>	<u>2,896,819</u>	<u>8,609,366</u>	<u>8,181,724</u>
Income from Islamic Banking Scheme operations	A39a	1,008,968	1,084,623	3,023,891	2,984,472
Net earned insurance premiums	A23	1,018,401	1,008,528	3,251,584	3,045,951
Other operating income	A25	1,715,349	1,365,550	4,823,045	4,121,554
Total operating income		<u>6,570,689</u>	<u>6,355,520</u>	<u>19,707,886</u>	<u>18,333,701</u>
Net insurance benefits and claims incurred, net fee and commission expenses, change in expense liabilities and taxation of life and takaful fund	A26	(1,113,124)	(608,284)	(3,512,600)	(2,710,551)
Net operating income		<u>5,457,565</u>	<u>5,747,236</u>	<u>16,195,286</u>	<u>15,623,150</u>
Overhead expenses	A27	(2,699,863)	(2,601,416)	(7,943,775)	(7,509,322)
Operating profit before impairment losses		<u>2,757,702</u>	<u>3,145,820</u>	<u>8,251,511</u>	<u>8,113,828</u>
Allowances for impairment losses on loans, advances, financing and other debts, net	A28	(370,254)	(667,936)	(2,217,005)	(1,216,841)
Writeback of/(allowances for) impairment losses on financial investments, net	A29	39,417	(129,149)	(173,484)	(273,834)
Operating profit		<u>2,426,865</u>	<u>2,348,735</u>	<u>5,861,022</u>	<u>6,623,153</u>
Share of profits in associates and joint ventures		<u>29,246</u>	<u>34,214</u>	<u>110,423</u>	<u>152,292</u>
<b>Profit before taxation and zakat</b>		<u>2,456,111</u>	<u>2,382,949</u>	<u>5,971,445</u>	<u>6,775,445</u>
Taxation and zakat	B5	(592,495)	(457,262)	(1,457,626)	(1,516,388)
<b>Profit for the period</b>		<u>1,863,616</u>	<u>1,925,687</u>	<u>4,513,819</u>	<u>5,259,057</u>
<b>Attributable to:</b>					
Equity holders of the Bank		1,795,702	1,898,938	4,382,394	5,183,857
Non-controlling interests		67,914	26,749	131,425	75,200
		<u>1,863,616</u>	<u>1,925,687</u>	<u>4,513,819</u>	<u>5,259,057</u>
<b>Earnings per share attributable to equity holders of the Bank</b>	B13				
Basic		17.97 sen	19.93 sen	44.45 sen	54.98 sen
Fully diluted		<u>17.95 sen</u>	<u>19.88 sen</u>	<u>44.39 sen</u>	<u>54.84 sen</u>

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

**MALAYAN BANKING BERHAD**  
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**CONDENSED FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2016**

<u>Group</u>	Third Quarter Ended		Cumulative 9 Months Ended	
	30 September 2016 RM'000	30 September 2015 RM'000	30 September 2016 RM'000	30 September 2015 RM'000
<b>Profit for the period</b>	<b>1,863,616</b>	<b>1,925,687</b>	<b>4,513,819</b>	<b>5,259,057</b>
<b>Other comprehensive income/(loss):</b>				
<i>Items that will not be reclassified subsequently to profit or loss:</i>				
Defined benefit plan actuarial (loss)/gain	(525)	1,710	(14,260)	36,797
Income tax effect	128	-	2,760	(8,049)
Share of change in associates' reserve	(114)	-	(58)	-
	<b>(511)</b>	<b>1,710</b>	<b>(11,558)</b>	<b>28,748</b>
<i>Items that may be reclassified subsequently to profit or loss:</i>				
Net gain/(loss) on financial investments available-for-sale	573,285	(695,143)	1,874,210	(392,135)
Income tax effect	(139,513)	191,482	(462,927)	119,238
Net gain on foreign exchange translation	799,742	2,632,519	12,222	3,758,173
Net gain/(loss) on cash flow hedge	85	1,991	(1,034)	3,089
Net (loss)/gain on net investment hedge	(28,172)	(395,422)	75,708	(608,704)
Net gain on revaluation reserve	15	18	43	46
Share of change in associates' reserve	140,118	350,613	(146,897)	609,741
	<b>1,345,560</b>	<b>2,086,058</b>	<b>1,351,325</b>	<b>3,489,448</b>
Other comprehensive income for the period, net of tax	<b>1,345,049</b>	<b>2,087,768</b>	<b>1,339,767</b>	<b>3,518,196</b>
<b>Total comprehensive income for the period</b>	<b>3,208,665</b>	<b>4,013,455</b>	<b>5,853,586</b>	<b>8,777,253</b>
<b>Other comprehensive income/(loss) for the period attributable to:</b>				
Equity holders of the Bank	1,331,005	2,100,162	1,312,995	3,524,809
Non-controlling interests	14,044	(12,394)	26,772	(6,613)
	<b>1,345,049</b>	<b>2,087,768</b>	<b>1,339,767</b>	<b>3,518,196</b>
<b>Total comprehensive income for the period attributable to:</b>				
Equity holders of the Bank	3,126,707	3,999,100	5,695,389	8,708,666
Non-controlling interests	81,958	14,355	158,197	68,587
	<b>3,208,665</b>	<b>4,013,455</b>	<b>5,853,586</b>	<b>8,777,253</b>

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**CONDENSED FINANCIAL STATEMENTS**  
**UNAUDITED INCOME STATEMENT**  
**FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2016**

<u>Bank</u>	Note	Third Quarter Ended		Cumulative 9 Months Ended	
		30 September 2016 RM'000	30 September 2015 RM'000	30 September 2016 RM'000	30 September 2015 RM'000
Interest income	A21	3,714,287	3,788,529	11,323,389	10,876,107
Interest expense	A22	(1,755,682)	(1,611,365)	(5,225,471)	(4,696,917)
Net interest income		1,958,605	2,177,164	6,097,918	6,179,190
Dividends from subsidiaries & associates	A24	611,236	635,921	2,345,067	1,238,689
Other operating income	A25	953,062	1,181,842	2,913,808	2,610,552
		1,564,298	1,817,763	5,258,875	3,849,241
Net operating income		3,522,903	3,994,927	11,356,793	10,028,431
Overhead expenses	A27	(1,394,171)	(1,463,295)	(4,060,869)	(4,089,696)
Operating profit before impairment losses		2,128,732	2,531,632	7,295,924	5,938,735
Writeback of/(allowances for) impairment losses on loans, advances, financing and other debts, net	A28	28,114	(384,477)	(1,228,119)	(483,546)
Writeback of/(allowances for) impairment losses on financial investments, net	A29	42,500	12,399	(139,976)	38,548
<b>Profit before taxation and zakat</b>		<b>2,199,346</b>	<b>2,159,554</b>	<b>5,927,829</b>	<b>5,493,737</b>
Taxation and zakat	B5	(375,650)	(221,046)	(851,479)	(906,482)
<b>Profit for the period</b>		<b>1,823,696</b>	<b>1,938,508</b>	<b>5,076,350</b>	<b>4,587,255</b>

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**FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2016**

<u>Bank</u>	Third Quarter Ended		Cumulative 9 Months Ended	
	30 September 2016 RM'000	30 September 2015 RM'000	30 September 2016 RM'000	30 September 2015 RM'000
<b>Profit for the period</b>	<b>1,823,696</b>	1,938,508	<b>5,076,350</b>	4,587,255
<b>Other comprehensive income/(loss):</b>				
<i>Items that may be reclassified subsequently to profit or loss:</i>				
Net gain/(loss) on financial investments available-for-sale	453,171	(573,690)	1,540,519	(351,117)
Income tax effect	(108,804)	141,964	(377,270)	87,779
Net gain/(loss) on foreign exchange translation	223,862	1,227,855	(60,635)	1,843,621
Other comprehensive income for the period, net of tax	<b>568,229</b>	796,129	<b>1,102,614</b>	1,580,283
<b>Total comprehensive income for the period</b>	<b>2,391,925</b>	2,734,637	<b>6,178,964</b>	6,167,538

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**CONDENSED FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2016**

	Note	Group		Bank	
		30 September 2016 RM'000	31 December 2015 RM'000	30 September 2016 RM'000	31 December 2015 RM'000
<b>ASSETS</b>					
Cash and short-term funds		46,711,304	55,647,407	29,743,298	41,278,089
Deposits and placements with financial institutions		17,424,055	13,618,339	20,064,462	14,748,271
Financial assets purchased under resale agreements		6,358,984	7,692,165	5,391,883	7,490,808
Financial assets at fair value through profit or loss	A10(i)	23,326,005	17,222,595	7,653,946	4,221,895
Financial investments available-for-sale	A10(ii)	101,039,027	90,261,673	82,460,097	74,950,070
Financial investments held-to-maturity	A10(iii)	13,629,730	14,682,130	12,146,775	14,329,231
Loans, advances and financing	A11	453,778,172	453,492,587	279,764,115	287,056,974
Derivative assets	A36	7,510,429	8,283,647	7,496,744	8,334,598
Reinsurance/retakaful assets and other insurance receivables	A12	4,268,806	4,355,654	-	-
Other assets	A13	11,916,536	12,388,512	5,651,362	8,373,774
Investment properties		742,989	716,818	-	-
Statutory deposits with central banks		14,984,435	16,266,412	7,670,729	7,855,379
Investment in subsidiaries		-	-	21,586,547	21,026,955
Interest in associates and joint ventures		3,021,298	3,120,548	451,518	451,518
Property, plant and equipment		2,563,018	2,661,472	1,290,393	1,322,097
Intangible assets		6,982,967	6,958,462	486,348	509,480
Deferred tax assets		427,137	976,082	2,805	441,814
<b>TOTAL ASSETS</b>		<b>714,684,892</b>	<b>708,344,503</b>	<b>481,861,022</b>	<b>492,390,953</b>
<b>LIABILITIES</b>					
Deposits from customers	A14	477,512,660	478,150,533	328,992,981	330,626,519
Investment accounts of customers	A39g	30,371,356	17,657,893	-	-
Deposits and placements from financial institutions	A15	30,060,843	39,013,916	29,263,237	37,904,688
Obligations on financial assets sold under repurchase agreements		2,717,249	4,498,574	2,559,788	4,498,574
Financial liabilities at fair value through profit or loss	A16	2,502,524	-	2,007,166	-
Bills and acceptances payable		1,894,852	1,803,180	1,152,727	1,114,387
Derivative liabilities	A36	6,932,923	7,877,458	6,881,506	7,696,334
Insurance/takaful contract liabilities and other insurance payables	A18	24,650,505	23,839,341	-	-
Other liabilities	A19	15,512,338	13,029,588	9,677,339	9,921,177
Recourse obligation on loans and financing sold to Cagamas		1,104,173	1,174,345	1,104,173	1,174,345
Provision for taxation and zakat		176,389	85,224	57,368	-
Deferred tax liabilities		823,937	755,851	-	-
Borrowings	A17(i)	30,492,465	30,643,652	24,344,857	24,873,211
Subordinated obligations	A17(ii)	16,206,327	20,252,116	13,550,459	16,750,738
Capital securities	A17(iii)	6,119,295	6,049,375	6,150,360	6,212,597
<b>TOTAL LIABILITIES</b>		<b>647,077,836</b>	<b>644,831,046</b>	<b>425,741,961</b>	<b>440,772,570</b>

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**UNAUDITED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2016**

	Note	Group		Bank	
		30 September 2016 RM'000	31 December 2015 RM'000	30 September 2016 RM'000	31 December 2015 RM'000
<b>EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE BANK</b>					
Share capital		10,008,828	9,761,751	10,008,828	9,761,751
Share premium		27,726,817	25,900,476	27,726,817	25,900,476
Shares held-in-trust		(123,302)	(119,745)	(123,302)	(119,745)
Retained profits		13,507,975	12,833,004	4,434,084	3,252,638
Reserves		14,591,775	13,319,504	14,072,634	12,823,263
		<b>65,712,093</b>	61,694,990	<b>56,119,061</b>	51,618,383
<b>Non-controlling interests</b>		<b>1,894,963</b>	1,818,467	-	-
		<b>67,607,056</b>	63,513,457	<b>56,119,061</b>	51,618,383
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>					
		<b>714,684,892</b>	708,344,503	<b>481,861,022</b>	492,390,953
<b>COMMITMENTS AND CONTINGENCIES</b>	A34	<b>772,616,050</b>	719,694,730	<b>727,553,049</b>	679,351,319
<b><u>CAPITAL ADEQUACY</u></b>					
	A35				
The capital adequacy ratios of the Group and of the Bank are as follows:					
CET1 Capital Ratio		13.685%	12.780%	15.553%	15.781%
Tier 1 Capital Ratio		15.421%	14.471%	17.999%	17.969%
Total Capital Ratio		19.023%	17.743%	19.064%	17.969%
Net assets per share attributable to equity holders of the Bank		<b>RM6.57</b>	RM6.32	<b>RM5.61</b>	RM5.29

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**CONDENSED FINANCIAL STATEMENTS**  
**UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2016**

<===== Attributable to equity holders of the Bank =====>  
<===== Non-Distributable =====>

<u>Group</u>	Share Capital RM'000	Share Premium RM'000	Shares Held-in-trust RM'000	Statutory Reserve RM'000	Regulatory Reserve RM'000	Available- for-sale Reserve RM'000	Exchange Fluctuation Reserve RM'000	ESS Reserve RM'000	Other Reserves <sup>1</sup> RM'000	Retained Profits <sup>2</sup> RM'000	Total Shareholders' Equity RM'000	Non- Controlling Interests RM'000	Total Equity RM'000
<b>At 1 January 2016</b>	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	-	-	-	-	-	-	-	-	-	4,382,394	4,382,394	131,425	4,513,819
Other comprehensive income/(loss)	-	-	-	-	-	1,401,773	(152,691)	-	63,913	-	1,312,995	26,772	1,339,767
Defined benefit plan actuarial loss	-	-	-	-	-	-	-	-	(10,746)	-	(10,746)	(754)	(11,500)
Share of associates' reserve	-	-	-	-	-	18,563	(165,460)	-	(58)	-	(146,955)	-	(146,955)
Net gain/(loss) on foreign exchange translation	-	-	-	-	-	-	12,769	-	-	-	12,769	(547)	12,222
Net gain on financial investments available-for-sale	-	-	-	-	-	1,383,210	-	-	-	-	1,383,210	28,073	1,411,283
Net gain on net investment hedge	-	-	-	-	-	-	-	-	75,708	-	75,708	-	75,708
Net loss on cash flow hedge	-	-	-	-	-	-	-	-	(1,034)	-	(1,034)	-	(1,034)
Net gain on revaluation reserve	-	-	-	-	-	-	-	-	43	-	43	-	43
<b>Total comprehensive income/(loss) for the period</b>	-	-	-	-	-	1,401,773	(152,691)	-	63,913	4,382,394	5,695,389	158,197	5,853,586
<b>Carried forward</b>	9,761,751	25,900,476	(119,745)	10,456,462	1,247,509	898,725	2,092,353	329,523	(392,073)	17,215,398	67,390,379	1,976,664	69,367,043

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**UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2016**

<b>Group (cont'd.)</b>	Attributable to equity holders of the Bank												
	Non-Distributable												
	Share Capital RM'000	Share Premium RM'000	Shares Held-in-trust RM'000	Statutory Reserve RM'000	Regulatory Reserve RM'000	Available- for-sale Reserve RM'000	Exchange Fluctuation Reserve RM'000	ESS Reserve RM'000	Other Reserves RM'000	<sup>1</sup> Retained Profits RM'000	<sup>2</sup> Total Shareholders' Equity RM'000	Non- Controlling Interests RM'000	Total Equity RM'000
<b>Brought forward</b>	9,761,751	25,900,476	(119,745)	10,456,462	1,247,509	898,725	2,092,353	329,523	(392,073)	17,215,398	67,390,379	1,976,664	69,367,043
Share-based payment under Employees' Share Scheme ("ESS")	-	-	-	-	-	-	-	16,149	-	13,060	29,209	-	29,209
Effect of changes in corporate structure within the Group	-	-	-	-	-	-	-	-	-	-	-	12,881	12,881
Transfer to statutory reserves	-	-	-	476,973	-	-	-	-	-	(476,973)	-	-	-
Transfer from regulatory reserve	-	-	-	-	(497,864)	-	-	-	-	497,864	-	-	-
Issue of shares pursuant to ESS (Note A8(i)(a)(A))	8,598	70,937	-	-	-	-	-	(4,707)	-	-	74,828	-	74,828
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))	184	1,444	-	-	-	-	-	(1,613)	-	(15)	-	-	-
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 paid (Note A9(a) & (c))	-	-	-	-	-	-	-	-	-	(2,927,948)	(2,927,948)	(94,582)	(3,022,530)
Dividends payable (Note A9(b))	-	-	-	-	-	-	-	-	-	(814,484)	(814,484)	-	(814,484)
<b>Total transactions with shareholders/ other equity movements</b>	<b>247,077</b>	<b>1,826,341</b>	<b>(3,557)</b>	<b>476,973</b>	<b>(497,864)</b>	<b>-</b>	<b>-</b>	<b>(19,833)</b>	<b>-</b>	<b>(3,707,423)</b>	<b>(1,678,286)</b>	<b>(81,701)</b>	<b>(1,759,987)</b>
<b>At 30 September 2016</b>	<b>10,008,828</b>	<b>27,726,817</b>	<b>(123,302)</b>	<b>10,933,435</b>	<b>749,645</b>	<b>898,725</b>	<b>2,092,353</b>	<b>309,690</b>	<b>(392,073)</b>	<b>13,507,975</b>	<b>65,712,093</b>	<b>1,894,963</b>	<b>67,607,056</b>

<sup>1</sup> The further breakdown and movement of other reserves are disclosed in Note A20.

<sup>2</sup> The retained profits of the Group include the non-distributable non-par surplus from an insurance subsidiary amounted to RM1,128.5 million (net of tax). This non-distributable non-par surplus is only available for distribution to shareholder on the amount recommended by the Appointed Actuary in accordance with the Financial Services Act 2013.

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**UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2016**

<u>Group</u>	<===== Attributable to equity holders of the Bank =====>										Total Shareholders' Equity RM'000	Non-Controlling Interests RM'000	Total Equity RM'000
	<===== Non-Distributable =====>					Available-for-sale Reserve RM'000	Exchange Fluctuation Reserve RM'000	ESS Reserve RM'000	Other Reserves RM'000 <sup>1</sup>	Retained Profits RM'000 <sup>2</sup>			
	Share Capital RM'000	Share Premium RM'000	Shares Held-in-trust RM'000	Statutory Reserve RM'000	Regulatory Reserve RM'000	Available-for-sale Reserve RM'000	Exchange Fluctuation Reserve RM'000	ESS Reserve RM'000	Other Reserves RM'000 <sup>1</sup>	Retained Profits RM'000 <sup>2</sup>	Total Shareholders' Equity RM'000	Non-Controlling Interests RM'000	Total Equity RM'000
<b>At 1 January 2015</b>	9,319,030	22,747,922	(113,463)	10,396,000	274,500	(321,842)	(1,917,500)	298,366	(96,421)	12,387,977	52,974,569	1,766,606	54,741,175
Profit for the period	-	-	-	-	-	-	-	-	-	5,183,857	5,183,857	75,200	5,259,057
Other comprehensive (loss)/income	-	-	-	-	-	(224,981)	4,232,213	-	(482,423)	-	3,524,809	(6,613)	3,518,196
Defined benefit plan actuarial gain	-	-	-	-	-	-	-	-	27,944	-	27,944	804	28,748
Share of associates' reserve	-	-	-	-	-	40,184	474,355	-	95,202	-	609,741	-	609,741
Net gain on foreign exchange translation	-	-	-	-	-	-	3,757,858	-	-	-	3,757,858	315	3,758,173
Net loss on financial investments available-for-sale	-	-	-	-	-	(265,165)	-	-	-	-	(265,165)	(7,732)	(272,897)
Net loss on net investment hedge	-	-	-	-	-	-	-	-	(608,704)	-	(608,704)	-	(608,704)
Net gain on cash flow hedge	-	-	-	-	-	-	-	-	3,089	-	3,089	-	3,089
Net gain on revaluation reserve	-	-	-	-	-	-	-	-	46	-	46	-	46
<b>Total comprehensive income/(loss) for the period</b>	-	-	-	-	-	(224,981)	4,232,213	-	(482,423)	5,183,857	8,708,666	68,587	8,777,253
<b>Carried forward</b>	9,319,030	22,747,922	(113,463)	10,396,000	274,500	(546,823)	2,314,713	298,366	(578,844)	17,571,834	61,683,235	1,835,193	63,518,428

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<u>Group (cont'd.)</u>	<===== Attributable to equity holders of the Bank =====>												
	<===== Non-Distributable =====>					Available-	Exchange	ESS	Other	Retained	Total	Non-	Total
	Share	Share	Shares	Statutory	Regulatory	for-sale	Fluctuation	Reserve	Reserves	Profits	Shareholders'	Controlling	Equity
	Capital	Premium	Held-in-trust	Reserve	Reserve	Reserve	Reserve	Reserve	Reserves	Profits	Equity	Interests	Equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Brought forward</b>	9,319,030	22,747,922	(113,463)	10,396,000	274,500	(546,823)	2,314,713	298,366	(578,844)	17,571,834	61,683,235	1,835,193	63,518,428
Share-based payment under Employees' Share Scheme ("ESS")	-	-	-	-	-	-	-	49,163	-	-	49,163	-	49,163
Effect of changes in corporate structure within the Group	-	-	-	-	-	-	-	-	-	5,364	5,364	(30,569)	(25,205)
Transfer to statutory reserves	-	-	-	11,366	-	-	-	-	-	(11,366)	-	-	-
Transfer to regulatory reserve	-	-	-	-	705,870	-	-	-	-	(705,870)	-	-	-
Issue of shares pursuant to ESS	13,835	115,576	-	-	-	-	-	(8,229)	-	-	121,182	-	121,182
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	-	-	-	-	-	(988)	-	(32)	-	-	-
Issue of shares pursuant to Dividend Reinvestment Plan ("DRP")	203,533	1,567,205	(3,615)	-	-	-	-	-	-	-	1,767,123	-	1,767,123
Dividends paid	-	-	-	-	-	-	-	-	-	(3,072,720)	(3,072,720)	(77,455)	(3,150,175)
Dividends payable	-	-	-	-	-	-	-	-	-	(879,677)	(879,677)	-	(879,677)
<b>Total transactions with shareholders/ other equity movements</b>	<b>220,262</b>	<b>1,707,460</b>	<b>(3,606)</b>	<b>11,366</b>	<b>705,870</b>	<b>-</b>	<b>-</b>	<b>17,391</b>	<b>-</b>	<b>(4,668,308)</b>	<b>(2,009,565)</b>	<b>(108,024)</b>	<b>(2,117,589)</b>
<b>At 30 September 2015</b>	<b>9,539,292</b>	<b>24,455,382</b>	<b>(117,069)</b>	<b>10,407,366</b>	<b>980,370</b>	<b>(546,823)</b>	<b>2,314,713</b>	<b>315,757</b>	<b>(578,844)</b>	<b>12,903,526</b>	<b>59,673,670</b>	<b>1,727,169</b>	<b>61,400,839</b>

<sup>1</sup> The further breakdown and movement of other reserves are disclosed in Note A20.

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

(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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<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
<b>At 1 January 2016</b>	9,761,751	25,900,476	(119,745)	9,866,550	813,800	(600,664)	2,414,054	329,523	3,252,638	51,618,383
Profit for the period	-	-	-	-	-	-	-	-	5,076,350	5,076,350
Other comprehensive income/(loss)	-	-	-	-	-	1,163,249	(60,635)	-	-	1,102,614
Net loss on foreign exchange translation	-	-	-	-	-	-	(60,635)	-	-	(60,635)
Net gain on financial investments available-for-sale	-	-	-	-	-	1,163,249	-	-	-	1,163,249
<b>Total comprehensive income/(loss) for the period</b>	-	-	-	-	-	1,163,249	(60,635)	-	5,076,350	6,178,964
Share-based payment under Employees' Share Scheme ("ESS")	-	-	-	-	-	-	-	16,149	13,060	29,209
Transfer to statutory reserve	-	-	-	458,590	-	-	-	-	(458,590)	-
Transfer from regulatory reserve	-	-	-	-	(292,000)	-	-	-	292,000	-
Issue of shares pursuant to ESS (Note A8(i)(a)(A))	8,598	70,937	-	-	-	-	-	(4,707)	-	74,828
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))	184	1,444	-	-	-	-	-	(1,613)	(15)	-
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 paid (Note A9(a))	-	-	-	-	-	-	-	-	(2,927,948)	(2,927,948)
Dividends payable (Note A9(b))	-	-	-	-	-	-	-	-	(814,484)	(814,484)
<b>Total transactions with shareholders/ other equity movements</b>	247,077	1,826,341	(3,557)	458,590	(292,000)	-	-	(19,833)	(3,894,904)	(1,678,286)
<b>At 30 September 2016</b>	10,008,828	27,726,817	(123,302)	10,325,140	521,800	562,585	2,353,419	309,690	4,434,084	56,119,061

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

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

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**CONDENSED FINANCIAL STATEMENTS**  
**UNAUDITED CASH FLOW STATEMENTS**  
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	Group		Bank	
	30 September 2016 RM'000	30 September 2015 RM'000	30 September 2016 RM'000	30 September 2015 RM'000
<b>Cash flows from operating activities</b>				
Profit before taxation and zakat	5,971,445	6,775,445	5,927,829	5,493,737
Adjustments for non-operating and non-cash items:				
Depreciation of property, plant and equipment	281,667	280,846	139,977	140,619
Share of profits in associates and joint ventures	(110,423)	(152,292)	-	-
Amortisation of intangible assets	216,324	208,558	98,112	81,421
Net gain on disposal/liquidation of subsidiaries	378	(197,308)	-	(522,019)
Net gain on disposal of financial assets at fair value through profit or loss	(227,407)	(128,131)	(126,494)	(10,813)
Net gain on disposal of financial investments available-for-sale	(432,084)	(303,445)	(329,215)	(191,076)
Net gain on disposal/redemption of financial investments held-to-maturity	(11,397)	(133)	(11,397)	(133)
Unrealised (gain)/loss on revaluation of financial assets at fair value through profit or loss and derivatives	(934,496)	708,649	(501,017)	444,222
Unrealised loss on revaluation of financial liabilities at fair value through profit or loss	84,544	-	84,544	-
Allowances for impairment losses on loans, advances and financing, net	2,562,152	1,604,238	1,451,349	793,418
Allowances for/(writeback of) impairment losses on other debts	5,612	1,355	688	(1,940)
Dividend income	(67,722)	(107,084)	(2,354,942)	(1,246,646)
ESS expenses	28,776	50,040	20,156	35,346
Allowances for/(writeback of) impairment losses on financial investments, net	173,484	273,834	139,976	(38,548)
Other adjustments for non-operating and non-cash items	(53,980)	(106,776)	(59,026)	(109,774)
Operating profit before working capital changes	<b>7,486,873</b>	8,907,796	<b>4,480,540</b>	4,867,814
Change in deposits and placements with financial institutions with original maturity of more than three months	6,829,128	9,815,969	11,159,640	10,386,338
Change in cash and short-term funds with original maturity of more than three months	(1,003,952)	566,211	(1,180,631)	537,406
Change in financial investments portfolio	(12,953,842)	(6,864,283)	(6,846,337)	(2,983,243)
Change in loans, advances and financing	(4,319,741)	(26,668,894)	4,442,225	(9,409,837)
Change in statutory deposits with central banks	1,281,977	(837,989)	184,649	288,910
Change in deposits from customers	1,822,936	10,180,688	551,955	(950,822)
Change in investment accounts of customers	12,713,463	3,486,144	-	-
Change in deposits and placements from financial institutions	(8,953,072)	(9,384,166)	(8,641,451)	(1,943,272)
Change in reinsurance/retakaful assets and other insurance receivables	86,848	458,278	-	-
Change in insurance/takaful contract liabilities and other insurance payables	811,164	(981,980)	-	-
Change in financial liabilities at fair value through profit or loss	2,417,980	-	1,922,622	-
Change in other operating activities	2,148,160	314,532	2,192,915	277,711
Cash generated from/(used in) operations	8,367,922	(11,007,694)	8,266,127	1,071,005
Taxes and zakat paid	(1,058,745)	(1,449,245)	(503,988)	(922,236)
Net cash generated from/(used in) operating activities	<b>7,309,177</b>	(12,456,939)	<b>7,762,139</b>	148,769

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	Group		Bank	
	30 September 2016 RM'000	30 September 2015 RM'000	30 September 2016 RM'000	30 September 2015 RM'000
<b>Cash flows from investing activities</b>				
Dividends received from:				
- financial investments portfolio	67,722	107,084	9,875	7,957
- associates	-	-	8,179	788
- subsidiaries	-	-	2,336,888	1,384,929
Purchase of property, plant and equipment	(197,747)	(222,145)	(116,521)	(107,373)
Purchase of investment properties	(26,373)	(17,226)	-	-
Proceeds from disposal of property, plant and equipment	51,649	29,148	17,188	13,931
Purchase of intangible assets	(140,025)	(135,702)	(80,493)	(78,074)
Purchase of additional ordinary shares in existing subsidiaries	-	-	(559,593)	(576,486)
Transfer of intangible assets to a subsidiary, net	-	-	-	2,578
Net effect arising from disposal of subsidiaries	10,861	493,192	-	535,764
Net effect arising from transaction with non-controlling interests	12,881	(25,206)	-	-
Net cash (used in)/generated from investing activities	<b>(221,032)</b>	229,145	<b>1,615,523</b>	1,184,014
<b>Cash flows from financing activities</b>				
Proceeds from issuance of shares	2,034,937	1,888,305	2,034,937	1,888,305
(Repayment of)/drawdown of borrowings, net	(498,255)	6,654,322	(844,282)	5,381,357
Redemption of subordinated obligations	(6,033,975)	-	(5,033,975)	-
Redemption of capital securities	-	(241,303)	-	(241,303)
Issuance of subordinated obligations	2,071,750	-	2,071,750	-
Recourse obligation on loans and financing sold to Cagamas, net	(70,173)	169,603	(70,173)	169,603
Dividends paid	(2,927,948)	(3,072,720)	(2,927,948)	(3,072,720)
Dividends paid to non-controlling interests	(94,582)	(77,455)	-	-
Net cash (used in)/generated from financing activities	<b>(5,518,246)</b>	5,320,752	<b>(4,769,691)</b>	4,125,242
Net change in cash and cash equivalents	1,569,899	(6,907,042)	4,607,971	5,458,025
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	(864,108)	7,063,088	(847,561)	6,053,739
Cash and cash equivalents at end of period	<b>53,754,983</b>	49,231,165	<b>42,379,558</b>	42,296,880

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

	Group		Bank	
	30 September 2016 RM'000	30 September 2015 RM'000	30 September 2016 RM'000	30 September 2015 RM'000
Cash and short-term funds	46,711,304	40,311,417	29,743,298	32,091,297
Deposits and placements with financial institutions	17,424,055	18,004,601	20,064,462	19,086,063
	<b>64,135,359</b>	58,316,018	<b>49,807,760</b>	51,177,360
Less:				
Cash and short-term funds and deposits and placements with financial institutions, with original maturity of more than three months	(10,380,376)	(9,084,853)	(7,428,202)	(8,880,480)
Cash and cash equivalents at end of period	<b>53,754,983</b>	49,231,165	<b>42,379,558</b>	42,296,880

(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 September 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 September 2016, Maybank Islamic Berhad ("MIB"), a subsidiary of the Bank has presented the required disclosures in Note A39(a) and Note A39(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 September 2016, MIB, a subsidiary of the Bank has presented the types of investment account in Note A39(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 September 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 third quarter ended 30 September 2016.

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

During the third quarter ended 30 September 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 third quarter ended 30 September 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 third quarter ended 30 September 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 RM10,008,827,982 as at 30 September 2016 via:

- (A) issuance of 8,597,800 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 184,000 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 third quarter ended 30 September 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, an indirect subsidiary of Maybank, had issued Shelf Mudharabah Sukuk I Bank Maybank Indonesia Tranche II Year 2016 of IDR700.0 billion. The Bond are under Shelf Mudharabah Sukuk I Bank Maybank Indonesia Tranche II Year 2016.
- (G) On 10 June 2016, PT Bank Maybank Indonesia Tbk, an indirect subsidiary of Maybank, had issued Shelf Subordinated Bonds II Bank Maybank Indonesia Tranche II Year 2016 of IDR800.0 billion. The Bond are under Shelf Subordinated Bonds II Bank Maybank Indonesia Tranche II Year 2016 With Fixed Interest Rate.
- (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.
- (K) On 4 August 2016, PT Maybank Indonesia Finance, a subsidiary of PT Bank Maybank Indonesia Tbk, which in turn an indirect subsidiary of Maybank, had issued Medium-Term Notes VI (MTN VI) Maybank Finance of IDR250.0 billion 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/redemption of Fixed Rate, Zero Coupon 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	22 January 2016	HKD200.0 million	Fixed Rate Notes	2 years
Issuance	3 February 2016	USD347.0 million	Callable Zero Coupon Notes	30 years
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 years
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 years
Issuance	1 August 2016	USD20.0 million	Floating Rate Notes	1 year
Issuance	2 August 2016	HKD200.0 million	Fixed Rate Notes	3 years
Issuance	1 September 2016	USD20.0 million	Floating Rate Notes	3 years
Redemption	23 September 2016	HKD1.55 billion	Floating Rate Notes	3 years

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

- (i) The following are the changes in debt and equity securities that were issued and redeemed by the Group and by the Bank during the third quarter ended 30 September 2016 (cont'd.):

- (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**

Redemption/Issuance	Redemption/Issuance Date	Amount	Note Type	Tenor
Redemption	16 February 2016	EUR50.0 million	Commercial Papers	3 months
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
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
Issuance	19 September 2016	HKD150.0 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.

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

Maybank had repaid its USD700.0 million 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.

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

- (i) The following are the changes in debt and equity securities that were issued and redeemed by the Group and by the Bank during the third quarter ended 30 September 2016 (cont'd.):

- (l) **Redemption of Subordinated Notes of SGD1.0 billion in nominal value under the USD2.0 billion 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.

- (m) **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.

- (n) **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

- (o) **Redemption of Subordinated Notes of RM2.0 billion in nominal value 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.

- (p) **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 September 2016 of the US-Commercial Paper is USD366.7 million, with maturity tenor of 56 days to 270 days.

- (ii) The following are the changes in debt securities that were issued and redeemed by the Bank subsequent to the third quarter ended 30 September 2016 and have not been reflected in the financial statements for the third quarter ended 30 September 2016:

- (a) **Extension of Programme Tenure in respect of a US-Commercial Paper Programme of USD500.0 million in nominal amount**

On 12 October 2016, the Bank successfully extended the programme tenure of a USD500.0 million Commercial Paper Programme, under which Maybank may issue and have outstanding at any time US-commercial paper notes ("USCP Notes") of up to USD500.0 million or its equivalent in nominal value.

- (b) **Issuance of 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	12 October 2016	HKD378.0 million	Fixed Rate Notes	5 years

- (c) **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	Issuance Date	Amount	Note Type	Tenor
Issuance	27 October 2016	USD20.0 million	Commercial Papers	2 Months

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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 third quarter ended 30 September 2016 and have not been reflected in the financial statements for the third quarter ended 30 September 2016 (cont'd.):

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

<b>Issuance</b>	<b>Issuance Date</b>	<b>Amount</b>	<b>Note Type</b>	<b>Tenor</b>
Issuance	14 November 2016	RM600.0 million	Callable Fixed Rate Notes	15 years

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

**A9. Dividends Paid/Payable**

Dividends paid and payable during the third quarter ended 30 September 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) A single-tier interim dividend, in respect of the financial year ending 31 December 2016 of 20 sen per ordinary share, was declared by the Bank on 25 August 2016.

The dividend consists of 4 sen to be paid in cash amounting to RM400,353,119 and an electable portion of 16 sen amounting to RM1,601,412,477 which can be elected to be reinvested in new ordinary shares in accordance with the DRP.

The financial statements for the current financial quarter ended 30 September 2016 record 4 sen cash portion and a portion of an electable portion of the dividends assumed to be paid in cash.

The Book Closure date and the payment date for the single-tier interim dividend and DRP were fixed on 27 September 2016 and 25 October 2016 respectively.

(c) Dividends paid by Maybank's subsidiaries to non-controlling interest amounting to RM94,582,000 during the third quarter ended 30 September 2016.

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**A10. Financial Investments Portfolio**

	Note	Group		Bank	
		30 September 2016 RM'000	31 December 2015 RM'000	30 September 2016 RM'000	31 December 2015 RM'000
Financial assets at fair value through profit or loss	(i)	23,326,005	17,222,595	7,653,946	4,221,895
Financial investments available-for-sale	(ii)	101,039,027	90,261,673	82,460,097	74,950,070
Financial investments held-to-maturity	(iii)	13,629,730	14,682,130	12,146,775	14,329,231
		<b>137,994,762</b>	<b>122,166,398</b>	<b>102,260,818</b>	<b>93,501,196</b>

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

	Group		Bank	
	30 September 2016 RM'000	31 December 2015 RM'000	30 September 2016 RM'000	31 December 2015 RM'000
(a) Financial assets designated upon initial recognition	13,079,415	10,314,285	-	-
(b) Financial assets held-for-trading	10,246,590	6,908,310	7,653,946	4,221,895
	<b>23,326,005</b>	<b>17,222,595</b>	<b>7,653,946</b>	<b>4,221,895</b>

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

	Group		Bank	
	30 September 2016 RM'000	31 December 2015 RM'000	30 September 2016 RM'000	31 December 2015 RM'000
<b>At fair value</b>				
<b>Money market instruments:</b>				
Malaysian Government Securities	-	80,193	-	-
Malaysian Government Investment Issues	161,904	299,030	-	-
Negotiable Islamic Certificates of Deposits	251,183	244,970	-	-
Foreign Government Securities	91,397	24,561	-	-
	<b>504,484</b>	<b>648,754</b>	<b>-</b>	<b>-</b>
<b>Quoted securities:</b>				
<b>In Malaysia:</b>				
Shares, warrants, trust units and loan stocks	95,092	28,209	-	-
<b>Outside Malaysia:</b>				
Shares, warrants, trust units and loan stocks	245,710	32,374	-	-
	<b>340,802</b>	<b>60,583</b>	<b>-</b>	<b>-</b>
<b>Unquoted securities:</b>				
Foreign Corporate Bonds and Sukuk	365,298	276,036	-	-
Corporate Bonds and Sukuk in Malaysia	11,528,100	8,998,074	-	-
Structured deposits	340,731	330,838	-	-
	<b>12,234,129</b>	<b>9,604,948</b>	<b>-</b>	<b>-</b>
<b>Total financial assets designated upon initial recognition</b>	<b>13,079,415</b>	<b>10,314,285</b>	<b>-</b>	<b>-</b>

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

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

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

	Group		Bank	
	30 September 2016 RM'000	31 December 2015 RM'000	30 September 2016 RM'000	31 December 2015 RM'000
<b>At fair value</b>				
<b>Money market instruments:</b>				
Malaysian Government Securities	342,478	168,244	342,478	126,340
Malaysian Government Investment Issues	145,568	48,866	92,343	-
Negotiable instruments of deposits	146	74,155	-	74,009
Foreign Government Securities	1,343,811	377,965	898,481	170,094
Bank Negara Malaysia Bills and Notes	-	7,123	-	7,123
Foreign Government Treasury Bills	58,785	136,088	58,785	136,088
	<u>1,890,788</u>	<u>812,441</u>	<u>1,392,087</u>	<u>513,654</u>
<b>Quoted securities:</b>				
<b>In Malaysia:</b>				
Shares, warrants, trust units and loan stocks	775,613	722,157	121,370	5,535
Corporate Bonds and Sukuk	4,579	7,303	4,579	7,303
<b>Outside Malaysia:</b>				
Shares, warrants, trust units and loan stocks	968,045	1,107,635	12,878	375
Foreign Government Bonds	43,830	-	-	-
	<u>1,792,067</u>	<u>1,837,095</u>	<u>138,827</u>	<u>13,213</u>
<b>Unquoted securities:</b>				
Foreign Corporate Bonds and Sukuk	3,756,509	811,837	3,796,203	1,036,632
Corporate Bonds and Sukuk in Malaysia	1,462,075	2,359,809	1,187,186	2,159,451
Foreign Government Bonds	1,142,993	500,409	1,139,643	498,945
Credit linked note	-	400,720	-	-
Structured deposits	202,158	185,999	-	-
	<u>6,563,735</u>	<u>4,258,774</u>	<u>6,123,032</u>	<u>3,695,028</u>
<b>Total financial assets held-for-trading</b>	<u>10,246,590</u>	<u>6,908,310</u>	<u>7,653,946</u>	<u>4,221,895</u>

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

	Group		Bank	
	30 September 2016 RM'000	31 December 2015 RM'000	30 September 2016 RM'000	31 December 2015 RM'000
<b>At fair value</b>				
<b>Money market instruments:</b>				
Malaysian Government Securities	9,513,296	7,001,549	9,513,296	6,894,053
Malaysian Government Investment Issues	11,489,121	13,373,645	7,115,377	8,699,293
Negotiable instruments of deposits	6,932,275	4,974,362	5,245,248	6,353,044
Foreign Government Securities	10,911,949	9,881,501	7,270,707	7,851,418
Foreign Government Treasury Bills	10,417,012	11,305,798	10,417,012	11,305,798
Khazanah Bonds	2,280,118	2,274,565	2,210,527	2,206,761
Cagamas Bonds	171,639	185,986	171,639	185,986
Bankers' acceptances and Islamic accepted bills	594,429	-	508,731	-
Foreign Certificates of Deposits	41,621	402,380	41,621	402,380
	<u>52,351,460</u>	<u>49,399,786</u>	<u>42,494,158</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 September 2016 RM'000	31 December 2015 RM'000	30 September 2016 RM'000	31 December 2015 RM'000
<b>At fair value</b>				
<b>Quoted securities:</b>				
<b>In Malaysia:</b>				
Shares, warrants, trust units and loan stocks	1,902,644	2,785,914	148,884	141,061
<b>Outside Malaysia:</b>				
Shares, warrants, trust units and loan stocks	106,452	95,799	1,042	1,046
Corporate Bonds and Sukuk	91,367	77,376	-	-
Foreign Government Bonds	22,609	60,300	-	-
Foreign Government Treasury Bills	71,252	-	-	-
	<u>2,194,324</u>	<u>3,019,389</u>	<u>149,926</u>	<u>142,107</u>
<b>At fair value, or at cost for certain unquoted equity instruments, less accumulated impairment losses</b>				
<b>Unquoted securities:</b>				
Shares, trust units and loan stocks in Malaysia <sup>#</sup>	326,808	216,285	268,622	270,382
Shares, trust units and loan stocks outside Malaysia <sup>#</sup>	79,396	203,448	5,784	5,993
Foreign Corporate Bonds and Sukuk	18,909,643	17,051,365	18,309,786	16,889,443
Corporate Bonds and Sukuk in Malaysia	18,032,576	16,940,647	12,230,948	10,421,961
Foreign Government Bonds	8,674,845	2,890,243	8,637,781	2,873,428
Malaysian Government Bonds	409,900	539,145	363,092	448,023
Structured deposits	1,365	1,365	-	-
Others	58,710	-	-	-
	<u>46,493,243</u>	<u>37,842,498</u>	<u>39,816,013</u>	<u>30,909,230</u>
<b>Total financial investments available-for-sale</b>	<u>101,039,027</u>	<u>90,261,673</u>	<u>82,460,097</u>	<u>74,950,070</u>

<sup>#</sup> 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 September 2016 RM'000	31 December 2015 RM'000	30 September 2016 RM'000	31 December 2015 RM'000
At 1 January 2016/2015	641,405	1,061,952	365,495	736,022
Allowance made	251,153	370,101	211,488	33
Amount written back in respect of recoveries	(77,669)	(39,978)	(71,512)	(38,043)
Amount written-off/realised	(259,745)	(793,446)	(99,951)	(356,926)
Exchange differences	4,077	42,776	(612)	24,409
At 30 September 2016 /31 December 2015	<u>559,221</u>	<u>641,405</u>	<u>404,908</u>	<u>365,495</u>

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

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

	Group		Bank	
	30 September 2016 RM'000	31 December 2015 RM'000	30 September 2016 RM'000	31 December 2015 RM'000
<b>At amortised cost less accumulated impairment losses</b>				
<b>Money market instruments:</b>				
Malaysian Government Securities	2,014,860	2,013,210	2,014,756	2,013,104
Malaysian Government Investment Issues	2,509,433	4,416,726	2,509,433	4,416,726
Foreign Government Securities	1,086,686	710,147	-	-
Foreign Government Treasury Bills	64,328	47,098	-	-
Khazanah Bonds	1,018,611	989,959	1,018,611	989,959
Foreign Certificates of Deposits	45,368	45,893	-	-
	<b>6,739,286</b>	<b>8,223,033</b>	<b>5,542,800</b>	<b>7,419,789</b>
<b>Unquoted securities:</b>				
Foreign Corporate Bonds and Sukuk	1,045,529	1,096,913	831,268	871,902
Corporate Bonds and Sukuk in Malaysia	5,026,970	5,315,312	5,725,913	6,004,508
Foreign Government Bonds	839,122	69,076	48,526	34,764
Others	2,044	2,044	2,044	2,044
	<b>6,913,665</b>	<b>6,483,345</b>	<b>6,607,751</b>	<b>6,913,218</b>
Accumulated impairment losses	<b>(23,221)</b>	<b>(24,248)</b>	<b>(3,776)</b>	<b>(3,776)</b>
<b>Total financial investments held-to-maturity</b>	<b>13,629,730</b>	<b>14,682,130</b>	<b>12,146,775</b>	<b>14,329,231</b>

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

	Group		Bank	
	30 September 2016 RM'000	31 December 2015 RM'000	30 September 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	<b>(1,027)</b>	2,785	-	-
At 30 September 2016 /31 December 2015	<b>23,221</b>	<b>24,248</b>	<b>3,776</b>	<b>3,776</b>

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**A11. Loans, Advances and Financing**

	Group		Bank	
	30 September 2016 RM'000	31 December 2015 RM'000	30 September 2016 RM'000	31 December 2015 RM'000
Overdrafts/cashline	21,471,255	20,272,001	10,868,295	10,905,016
Term loans:				
- Housing loans/financing	142,588,248	140,813,286	54,636,467	54,692,411
- Syndicated loans/financing	35,445,647	38,470,858	32,919,702	36,162,480
- Hire purchase receivables	61,858,841	60,296,159	20,086,798	19,391,920
- Lease receivables	53,334	46,902	-	-
- Other loans/financing	217,047,298	226,385,481	105,315,727	114,060,123
Credit card receivables	7,918,624	7,904,433	6,356,787	6,459,487
Bills receivables	3,616,921	3,555,619	3,529,561	3,426,268
Trust receipts	3,911,772	3,634,378	3,296,762	2,960,779
Claims on customers under acceptance credits	10,652,233	11,098,024	5,639,655	6,071,599
Loans/financing to financial institutions (Note A11(x))	2,041,950	2,575,573	13,784,352	12,395,197
Revolving credits	48,048,255	41,854,214	28,888,376	25,557,296
Staff loans	3,482,842	3,446,957	887,752	942,261
Loans to:				
- Executive directors of the Bank	196	96	196	96
- Executive directors of subsidiaries	1,894	2,304	340	352
Others	3,417,767	3,839,485	-	-
	<u>561,557,077</u>	<u>564,195,770</u>	<u>286,210,770</u>	<u>293,025,285</u>
Unearned interest and income	<u>(100,114,405)</u>	<u>(104,544,132)</u>	<u>(1,492,456)</u>	<u>(1,918,880)</u>
Gross loans, advances and financing	<u>461,442,672</u>	<u>459,651,638</u>	<u>284,718,314</u>	<u>291,106,405</u>
Allowances for impaired loans, advances and financing				
- Individual allowance	(3,293,036)	(2,259,910)	(2,119,561)	(1,422,090)
- Collective allowance	(4,371,464)	(3,899,141)	(2,834,638)	(2,627,341)
Net loans, advances and financing	<u>453,778,172</u>	<u>453,492,587</u>	<u>279,764,115</u>	<u>287,056,974</u>

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

	Group		Bank	
	30 September 2016 RM'000	31 December 2015 RM'000	30 September 2016 RM'000	31 December 2015 RM'000
Domestic banking institutions	5,129,433	3,412,473	17,350,609	13,734,622
Domestic non-banking financial institutions	23,242,197	20,889,568	17,988,378	17,113,433
Domestic business enterprises:				
- Small and medium enterprises	75,668,962	74,362,113	52,419,743	51,899,654
- Others	99,142,049	102,034,485	60,578,306	65,139,177
Government and statutory bodies	9,238,652	8,524,287	1,626,561	1,426,743
Individuals	212,406,580	209,508,236	104,585,692	106,678,469
Other domestic entities	5,424,920	4,537,567	488,585	434,281
Foreign entities	31,189,879	36,382,909	29,680,440	34,680,026
Gross loans, advances and financing	<u>461,442,672</u>	<u>459,651,638</u>	<u>284,718,314</u>	<u>291,106,405</u>

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

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

	Group		Bank	
	30 September 2016 RM'000	31 December 2015 RM'000	30 September 2016 RM'000	31 December 2015 RM'000
Malaysia	264,665,231	258,835,028	136,969,773	138,678,788
Singapore	114,272,903	113,879,820	113,366,963	113,065,698
Indonesia	38,604,475	36,605,343	-	-
Labuan Offshore	17,399,698	18,592,368	17,399,698	17,545,482
Hong Kong SAR	10,669,599	14,498,474	10,131,815	13,945,901
United States of America	825,714	1,254,222	825,131	1,253,615
People's Republic of China	3,133,644	3,476,593	3,133,644	3,476,593
Vietnam	688,237	647,590	506,237	514,127
United Kingdom	1,193,505	1,489,267	1,193,471	1,489,225
Brunei	595,719	524,153	595,719	524,153
Cambodia	2,245,774	2,090,821	-	-
Bahrain	440,794	495,372	440,794	495,372
Philippines	5,123,007	5,380,459	-	-
Thailand	1,389,133	1,722,843	-	-
Laos	103,771	117,451	103,771	117,451
Myanmar	51,298	-	51,298	-
Others	40,170	41,834	-	-
Gross loans, advances and financing	<b>461,442,672</b>	<b>459,651,638</b>	<b>284,718,314</b>	<b>291,106,405</b>

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

	Group		Bank	
	30 September 2016 RM'000	31 December 2015 RM'000	30 September 2016 RM'000	31 December 2015 RM'000
Fixed rate:				
- Housing loans/financing	20,832,094	23,899,071	18,536,094	21,541,197
- Hire purchase receivables	56,044,413	53,478,839	19,864,560	18,257,901
- Other fixed rate loans/financing	60,868,377	62,221,454	44,741,519	44,438,627
Variable rate:				
- Base lending rate/Base financing rate/ Base rate plus	172,606,628	165,778,507	88,336,588	89,903,780
- Cost plus	56,110,040	58,456,828	51,564,617	53,719,016
- Other variable rates	94,981,120	95,816,939	61,674,936	63,245,884
Gross loans, advances and financing	<b>461,442,672</b>	<b>459,651,638</b>	<b>284,718,314</b>	<b>291,106,405</b>

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

	Group		Bank	
	30 September 2016 RM'000	31 December 2015 RM'000	30 September 2016 RM'000	31 December 2015 RM'000
Purchase of securities	33,695,682	36,511,402	11,002,599	14,169,013
Purchase of transport vehicles	55,744,961	54,805,959	18,976,095	17,840,248
Purchase of landed properties:				
- Residential	94,197,180	92,675,760	59,721,152	61,753,487
- Non-residential	40,526,481	40,122,292	28,307,120	29,525,937
Purchase of fixed assets (excluding landed properties)	6,759,244	6,958,403	6,726,428	6,912,560
Personal use	10,138,322	9,879,518	6,645,941	6,754,838
Credit card	8,081,928	8,099,601	6,487,560	6,623,893
Purchase of consumer durables	4,199	90,016	3,884	89,446
Constructions	16,911,969	18,051,879	12,216,018	13,180,349
Mergers and acquisitions	425,701	457,899	366,933	387,865
Working capital	155,497,021	153,301,419	101,801,962	102,417,252
Others	39,459,984	38,697,490	32,462,622	31,451,517
Gross loans, advances and financing	<b>461,442,672</b>	<b>459,651,638</b>	<b>284,718,314</b>	<b>291,106,405</b>

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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 September 2016 RM'000	31 December 2015 RM'000	30 September 2016 RM'000	31 December 2015 RM'000
Within one year	127,934,352	111,421,771	88,811,315	74,409,215
One year to three years	51,710,336	64,964,161	40,769,314	52,199,770
Three years to five years	54,272,156	58,462,982	35,410,259	39,522,386
After five years	227,525,828	224,802,724	119,727,426	124,975,034
Gross loans, advances and financing	<b>461,442,672</b>	459,651,638	<b>284,718,314</b>	291,106,405

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

	Group		Bank	
	30 September 2016 RM'000	31 December 2015 RM'000	30 September 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	6,307,183	8,112,433	3,619,529	4,381,996
Reclassified as non-impaired	(1,963,634)	(1,413,133)	(1,191,807)	(593,678)
Amount recovered	(1,661,075)	(2,414,954)	(818,773)	(1,211,377)
Amount written-off	(958,803)	(2,223,253)	(480,797)	(1,534,265)
Converted to financial investments available-for-sale	-	(2,540)	-	(676)
Transferred from a subsidiary	-	-	165,598	-
Disposal of a subsidiary	-	(5,110)	-	-
Exchange differences	(38,574)	267,403	(51,322)	106,797
Gross impaired loans, advances and financing at 30 September 2016/31 December 2015	<b>10,240,104</b>	8,555,007	<b>6,641,054</b>	5,398,626
Less: Individual allowance	(3,293,036)	(2,259,910)	(2,119,561)	(1,422,090)
Net impaired loans, advances and financing	<b>6,947,068</b>	6,295,097	<b>4,521,493</b>	3,976,536
<u>Calculation of ratio of net impaired loans:</u>				
Gross loans, advances and financing	461,442,672	459,651,638	284,718,314	291,106,405
Less: Individual allowance	(3,293,036)	(2,259,910)	(2,119,561)	(1,422,090)
Less: Funded by Investment Account*	(30,371,356)	(17,657,893)	-	-
Net loans, advances and financing	<b>427,778,280</b>	439,733,835	<b>282,598,753</b>	289,684,315
Ratio of net impaired loans, advances and financing	<b>1.62%</b>	1.43%	<b>1.60%</b>	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 September 2016 RM'000	31 December 2015 RM'000	30 September 2016 RM'000	31 December 2015 RM'000
Purchase of securities	197,960	244,560	144,813	177,242
Purchase of transport vehicles	479,481	461,943	240,937	254,751
Purchase of landed properties:				
- Residential	616,084	518,734	327,768	320,213
- Non-residential	313,593	236,364	208,006	178,073
Purchase of fixed assets (excluding landed properties)	592,389	164,948	591,397	141,946
Personal use	148,598	143,845	106,408	100,318
Credit card	91,909	98,080	60,596	66,722
Purchase of consumer durables	20	8	13	-
Constructions	1,484,066	1,250,283	1,026,117	1,057,000
Working capital	5,882,908	4,960,851	3,713,373	3,095,332
Others	433,096	475,391	221,626	7,029
Impaired loans, advances and financing	<b>10,240,104</b>	<b>8,555,007</b>	<b>6,641,054</b>	<b>5,398,626</b>

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

	Group		Bank	
	30 September 2016 RM'000	31 December 2015 RM'000	30 September 2016 RM'000	31 December 2015 RM'000
Malaysia	5,767,354	4,695,622	4,187,465	3,805,711
Singapore	1,131,762	531,250	1,110,344	509,504
Indonesia	1,633,544	1,676,366	-	-
Labuan Offshore	197,433	201,218	197,433	18,709
Hong Kong SAR	931,396	848,090	931,396	848,090
United States of America	583	608	-	-
People's Republic of China	118,061	124,591	118,061	124,591
Vietnam	69,048	51,691	65,289	49,738
Brunei	23,236	14,693	23,235	14,693
Cambodia	82,364	76,704	-	-
Philippines	211,271	238,863	-	-
Thailand	30,435	30,450	-	-
Others	43,617	64,861	7,831	27,590
Impaired loans, advances and financing	<b>10,240,104</b>	<b>8,555,007</b>	<b>6,641,054</b>	<b>5,398,626</b>

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

	Group		Bank	
	30 September 2016 RM'000	31 December 2015 RM'000	30 September 2016 RM'000	31 December 2015 RM'000
<b>Individual Allowance</b>				
At 1 January 2016/2015	2,259,910	1,989,856	1,422,090	1,437,215
Allowance made	1,560,120	1,863,135	1,017,101	1,261,093
Amount written back	(135,788)	(189,747)	(83,747)	(143,166)
Amount written-off	(349,031)	(1,501,415)	(223,572)	(1,193,343)
Transferred to collective allowance	(13,407)	(23,759)	(6,619)	(16,436)
Exchange differences	(28,768)	121,840	(5,692)	76,727
At 30 September 2016/31 December 2015	<b>3,293,036</b>	<b>2,259,910</b>	<b>2,119,561</b>	<b>1,422,090</b>

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

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

	Group		Bank	
	30 September 2016 RM'000	31 December 2015 RM'000	30 September 2016 RM'000	31 December 2015 RM'000
<b>Collective Allowance</b>				
At 1 January 2016/2015	3,899,141	3,968,699	2,627,341	2,940,357
Allowance made	1,092,464	572,638	469,448	-
Amount written back	(30,341)	(136,522)	-	(104,006)
Amount written-off	(609,772)	(721,838)	(257,225)	(340,922)
Transferred from individual allowance	13,407	23,759	6,619	16,436
Disposal of a subsidiary	-	(2,245)	-	-
Exchange differences	6,565	194,650	(11,545)	115,476
At 30 September 2016/31 December 2015	<u>4,371,464</u>	<u>3,899,141</u>	<u>2,834,638</u>	<u>2,627,341</u>
As a percentage of total loans, less individual allowance (including regulatory reserve)	<u>1.22%*</u>	<u>1.19%*</u>	<u>1.20%*</u>	<u>1.20%*</u>

\* 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 RM12,935.3 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 September 2016 RM'000	31 December 2015 RM'000
Reinsurance/retakaful assets	(i)	3,694,600	3,826,827
Other insurance receivables	(ii)	574,206	528,827
		<u>4,268,806</u>	<u>4,355,654</u>
<b>(i) Reinsurance/retakaful assets</b>			
Reinsurers' share of:			
Life insurance contract liabilities		3,468,084	3,588,295
General insurance contract liabilities		24,406	22,138
		<u>3,443,678</u>	<u>3,566,157</u>
Retakaful operators' share of:			
Family takaful certificate liabilities		226,516	238,532
General takaful certificate liabilities		49,020	36,130
		<u>177,496</u>	<u>202,402</u>
		<u>3,694,600</u>	<u>3,826,827</u>
<b>(ii) Other insurance receivables</b>			
Due premium including agents/brokers and co-insurers balances			
Due from reinsurers and cedants/retakaful operators		356,840	360,850
		257,174	210,098
		<u>614,014</u>	<u>570,948</u>
Allowance for impairment losses		(39,808)	(42,121)
		<u>574,206</u>	<u>528,827</u>

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**A13. Other Assets**

	Group		Bank	
	30 September 2016 RM'000	31 December 2015 RM'000	30 September 2016 RM'000	31 December 2015 RM'000
Other debtors	6,595,387	8,569,352	4,964,274	7,493,783
Amount due from brokers and clients	3,369,764	1,975,007	-	-
Prepayments and deposits	1,593,715	1,322,292	652,678	617,210
Tax recoverable	165,482	344,903	-	228,370
Foreclosed properties	192,188	176,958	34,410	34,411
	<b>11,916,536</b>	<b>12,388,512</b>	<b>5,651,362</b>	<b>8,373,774</b>

**A14. Deposits from Customers**

**(i) By type of deposit**

	Group		Bank	
	30 September 2016 RM'000	31 December 2015 RM'000	30 September 2016 RM'000	31 December 2015 RM'000
Fixed deposits and negotiable instruments of deposits				
- One year or less	283,298,498	288,602,726	184,075,762	188,629,371
- More than one year	11,872,233	11,334,267	10,782,523	10,446,084
	<b>295,170,731</b>	<b>299,936,993</b>	<b>194,858,285</b>	<b>199,075,455</b>
Money market deposits	10,594,245	12,617,076	10,594,245	12,617,076
Savings deposits	64,308,355	62,023,701	41,092,804	40,327,059
Demand deposits	103,063,572	99,214,935	78,072,737	75,155,434
Structured deposits*	4,375,757	4,357,828	4,374,910	3,451,495
	<b>477,512,660</b>	<b>478,150,533</b>	<b>328,992,981</b>	<b>330,626,519</b>

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

**(ii) By type of customer**

	Group		Bank	
	30 September 2016 RM'000	31 December 2015 RM'000	30 September 2016 RM'000	31 December 2015 RM'000
Business enterprises	213,804,894	222,126,995	156,295,565	160,747,558
Individuals	209,798,066	199,761,403	152,180,134	147,532,143
Government and statutory bodies	27,127,164	26,547,957	8,528,378	8,657,495
Others	26,782,536	29,714,178	11,988,904	13,689,323
	<b>477,512,660</b>	<b>478,150,533</b>	<b>328,992,981</b>	<b>330,626,519</b>

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

	Group		Bank	
	30 September 2016 RM'000	31 December 2015 RM'000	30 September 2016 RM'000	31 December 2015 RM'000
Within six months	231,211,394	235,062,494	138,562,648	144,342,976
Six months to one year	52,087,104	53,540,232	45,513,114	44,286,395
One year to three years	10,949,446	10,632,329	10,720,492	10,386,710
Three years to five years	922,787	701,938	62,031	59,374
	<b>295,170,731</b>	<b>299,936,993</b>	<b>194,858,285</b>	<b>199,075,455</b>



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

	Group		Bank	
	30 September 2016 RM'000	31 December 2015 RM'000	30 September 2016 RM'000	31 December 2015 RM'000
Licensed banks	26,636,140	35,830,025	27,370,761	35,887,913
Licensed finance companies	295,945	38,458	295,945	38,458
Licensed investment banks	66,313	100,777	66,313	100,777
Other financial institutions	3,062,445	3,044,656	1,530,218	1,877,540
	<b>30,060,843</b>	<b>39,013,916</b>	<b>29,263,237</b>	<b>37,904,688</b>

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

	Group		Bank	
	30 September 2016 RM'000	31 December 2015 RM'000	30 September 2016 RM'000	31 December 2015 RM'000
One year or less	27,617,123	37,314,775	27,966,851	36,970,698
More than one year	2,443,720	1,699,141	1,296,386	933,990
	<b>30,060,843</b>	<b>39,013,916</b>	<b>29,263,237</b>	<b>37,904,688</b>

**A16. Financial liabilities at fair value through profit or loss**

	Group		Bank	
	30 September 2016 RM'000	31 December 2015 RM'000	30 September 2016 RM'000	31 December 2015 RM'000
<b>Structured deposits</b>	<b>963,487</b>	<b>-</b>	<b>468,129</b>	<b>-</b>
<b>Borrowings</b>				
Unsecured				
Medium Term Notes				
- More than one year				
Denominated in:				
- USD	1,539,037	-	1,539,037	-
<b>Total financial liabilities at fair value through profit or loss</b>	<b>2,502,524</b>	<b>-</b>	<b>2,007,166</b>	<b>-</b>

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 September 2016 RM'000	31 December 2015 RM'000	30 September 2016 RM'000	31 December 2015 RM'000
<b>(i) Borrowings</b>				
Secured				
(a) Borrowings				
- Less than one year				
Denominated in:				
- SGD	243,627	243,864	-	-
- PHP	65	37,218	-	-
- IDR	742,501	831,515	-	-
	<b>986,193</b>	<b>1,112,597</b>	<b>-</b>	<b>-</b>
- More than one year				
Denominated in:				
- PHP	180	346	-	-
- IDR	1,933,884	1,489,264	-	-
	<b>1,934,064</b>	<b>1,489,610</b>	<b>-</b>	<b>-</b>
(b) Medium Term Notes				
- More than one year				
Denominated in:				
- IDR	79,345	-	-	-
	<b>79,345</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total secured borrowings</b>	<b>2,999,602</b>	<b>2,602,207</b>	<b>-</b>	<b>-</b>
Unsecured				
(a) Borrowings				
- Less than one year				
Denominated in:				
- USD	2,581,011	6,275,251	2,306,788	6,196,145
- SGD	729,680	972,519	-	-
- THB	872,829	1,076,043	-	-
- HKD	377,450	110,323	200,385	-
- IDR	550,784	652,765	-	-
- VND	-	2,109	-	-
- PHP	58,896	57,169	-	-
- EURO	-	328,502	-	328,502
	<b>5,170,650</b>	<b>9,474,681</b>	<b>2,507,173</b>	<b>6,524,647</b>
- More than one year				
Denominated in:				
- USD	5,187,662	1,618,461	5,187,662	1,618,461
- JPY	2,596	2,549	-	-
- IDR	481,933	215,651	-	-
	<b>5,672,191</b>	<b>1,836,661</b>	<b>5,187,662</b>	<b>1,618,461</b>
(b) Medium Term Notes				
- Less than one year				
Denominated in:				
- USD	196,916	214,719	196,916	214,719
- HKD	26,416	878,874	26,416	878,874
- SGD	2,487	1,313,109	2,487	1,313,109
- JPY	4,830	428,365	4,830	428,365
- AUD	826	904	826	904
- CNH	9,290	2,187	9,290	2,187
- RM	779,612	217	779,612	217
	<b>1,020,377</b>	<b>2,838,375</b>	<b>1,020,377</b>	<b>2,838,375</b>

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

	<b>Group</b>		<b>Bank</b>	
	<b>30 September 2016 RM'000</b>	<b>31 December 2015 RM'000</b>	<b>30 September 2016 RM'000</b>	<b>31 December 2015 RM'000</b>
<b>(i) Borrowings (cont'd.)</b>				
Unsecured (cont'd.)				
(b) Medium Term Notes (cont'd.)				
- More than one year				
Denominated in:				
- USD	6,194,533	6,031,665	6,194,533	6,031,665
- HKD	2,419,578	1,998,328	2,419,578	1,998,328
- JPY	5,228,883	4,542,027	5,228,883	4,542,027
- SGD	315,533	315,840	315,533	315,840
- AUD	176,382	175,630	176,382	175,630
- CNH	1,074,736	608,238	1,074,736	608,238
- RM	220,000	220,000	220,000	220,000
	<b>15,629,645</b>	<b>13,891,728</b>	<b>15,629,645</b>	<b>13,891,728</b>
Total unsecured borrowings	<b>27,492,863</b>	<b>28,041,445</b>	<b>24,344,857</b>	<b>24,873,211</b>
Total borrowings	<b>30,492,465</b>	<b>30,643,652</b>	<b>24,344,857</b>	<b>24,873,211</b>
<b>(ii) Subordinated Obligations</b>				
Unsecured				
- More than one year				
Denominated in:				
- RM	9,715,724	12,693,898	8,130,921	10,108,185
- USD	5,419,538	3,588,360	5,419,538	3,588,360
- SGD	-	3,054,193	-	3,054,193
- IDR	1,071,065	915,665	-	-
	<b>16,206,327</b>	<b>20,252,116</b>	<b>13,550,459</b>	<b>16,750,738</b>
<b>(iii) Capital Securities</b>				
Unsecured				
- More than one year				
Denominated in:				
- RM	4,530,345	4,435,867	4,561,410	4,599,089
- SGD	1,588,950	1,613,508	1,588,950	1,613,508
	<b>6,119,295</b>	<b>6,049,375</b>	<b>6,150,360</b>	<b>6,212,597</b>

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**A18. Insurance/Takaful Contract Liabilities and Other Insurance Payables**

Group	Note	30 September 2016 RM'000	31 December 2015 RM'000
Insurance/takaful contract liabilities	(i)	24,065,493	23,393,933
Other insurance payables	(ii)	585,012	445,408
		<b>24,650,505</b>	<b>23,839,341</b>

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

At 30 September 2016	Gross contract liabilities RM'000	Reinsurance/ retakaful assets RM'000	Net contract liabilities RM'000
Life insurance/family takaful	18,136,331	(73,426)	18,062,905
General insurance/general takaful	5,929,162	(3,621,174)	2,307,988
	<b>24,065,493</b>	<b>(3,694,600)</b>	<b>20,370,893</b>
At 31 December 2015	Gross contract liabilities RM'000	Reinsurance/ retakaful assets RM'000	Net contract liabilities RM'000
Life insurance/family takaful	17,296,941	(58,268)	17,238,673
General insurance/general takaful	6,096,992	(3,768,559)	2,328,433
	<b>23,393,933</b>	<b>(3,826,827)</b>	<b>19,567,106</b>

**(ii) Other insurance payables**

	30 September 2016 RM'000	31 December 2015 RM'000
Due to agents and intermediaries	70,844	52,790
Due to reinsurers and cedants	460,668	341,387
Due to retakaful operators	53,500	51,231
	<b>585,012</b>	<b>445,408</b>

**A19. Other Liabilities**

	Group		Bank	
	30 September 2016 RM'000	31 December 2015 RM'000	30 September 2016 RM'000	31 December 2015 RM'000
Due to brokers and clients	4,251,961	2,206,642	-	-
Deposits, other creditors and accruals	10,682,454	10,303,423	9,638,051	9,884,561
Defined benefit pension plans	528,451	466,768	-	-
Provisions for commitments and contingencies	34,115	36,616	34,115	36,616
Profit equalisation reserves (IBS operations)	5,173	5,157	5,173	-
Finance lease liabilities	10,184	10,982	-	-
	<b>15,512,338</b>	<b>13,029,588</b>	<b>9,677,339</b>	<b>9,921,177</b>

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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
<b>At 1 January 2016</b>	13,557	11,836	34,456	(52,111)	(463,724)	(455,986)
Other comprehensive income/(loss)	-	43	-	(10,804)	74,674	63,913
Defined benefit plan actuarial loss	-	-	-	(10,746)	-	(10,746)
Net gain on net investment hedge	-	-	-	-	75,708	75,708
Net loss on cash flow hedge	-	-	-	-	(1,034)	(1,034)
Net gain on revaluation reserve	-	43	-	-	-	43
Share of associates' reserve	-	-	-	(58)	-	(58)
<b>Total comprehensive income/(loss) for the period</b>	-	43	-	(10,804)	74,674	63,913
<b>At 30 September 2016</b>	13,557	11,879	34,456	(62,915)	(389,050)	(392,073)

<===== Non-Distributable =====>						
<u>Group</u>	Capital Reserve RM'000	Revaluation Reserve RM'000	Profit Equalisation Reserve RM'000	Defined Benefit Reserve RM'000	Net Investment Hedge and Cash Flow Hedge Reserve RM'000	Total Other Reserves RM'000
<b>At 1 January 2015</b>	13,557	11,774	34,456	(89,017)	(67,191)	(96,421)
Other comprehensive income/(loss)	-	95,248	-	27,944	(605,615)	(482,423)
Defined benefit plan actuarial gain	-	-	-	27,944	-	27,944
Net loss on net investment hedge	-	-	-	-	(608,704)	(608,704)
Net gain on cash flow hedge	-	-	-	-	3,089	3,089
Net gain on revaluation reserve	-	46	-	-	-	46
Share of associates' reserve	-	95,202	-	-	-	95,202
<b>Total comprehensive income/(loss) for the period</b>	-	95,248	-	27,944	(605,615)	(482,423)
<b>At 30 September 2015</b>	13,557	107,022	34,456	(61,073)	(672,806)	(578,844)

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**A21. Interest Income**

Group	Third Quarter Ended		Cumulative 9 Months Ended	
	30 September	30 September	30 September	30 September
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Loans, advances and financing	3,963,135	3,938,061	11,992,012	11,250,923
Money at call and deposits and placements with financial institutions	157,906	174,417	561,343	521,711
Financial assets purchased under resale agreements	28,179	3,150	60,532	6,515
Financial assets at FVTPL	208,616	155,954	585,705	501,228
Financial investments available-for-sale	693,620	647,739	2,035,131	1,844,860
Financial investments held-to-maturity	137,962	131,489	407,626	367,962
	<b>5,189,418</b>	<b>5,050,810</b>	<b>15,642,349</b>	<b>14,493,199</b>
Accretion of discounts, net	3,826	16,399	10,871	17,839
	<b>5,193,244</b>	<b>5,067,209</b>	<b>15,653,220</b>	<b>14,511,038</b>

Bank	Third Quarter Ended		Cumulative 9 Months Ended	
	30 September	30 September	30 September	30 September
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Loans, advances and financing	2,754,176	2,834,568	8,418,671	8,123,542
Money at call and deposits and placements with financial institutions	166,169	159,817	550,430	469,646
Financial assets purchased under resale agreements	765	2,915	2,708	6,043
Financial assets at FVTPL	53,971	36,409	152,433	117,264
Financial investments available-for-sale	594,752	576,309	1,757,809	1,642,052
Financial investments held-to-maturity	130,963	139,023	397,173	391,767
	<b>3,700,796</b>	<b>3,749,041</b>	<b>11,279,224</b>	<b>10,750,314</b>
Accretion of discounts, net	13,491	39,488	44,165	125,793
	<b>3,714,287</b>	<b>3,788,529</b>	<b>11,323,389</b>	<b>10,876,107</b>

Included in interest income for the nine-month financial period ended 30 September 2016 was interest on impaired assets amounting to approximately RM228,814,000 (30 September 2015: RM187,417,000) for the Group and RM158,549,000 (30 September 2015: RM132,383,000) for the Bank.

**A22. Interest Expense**

Group	Third Quarter Ended		Cumulative 9 Months Ended	
	30 September	30 September	30 September	30 September
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Deposits and placements from financial institutions	100,731	135,703	351,128	430,732
Deposits from customers	1,720,617	1,602,000	5,238,726	4,748,192
Floating rate certificates of deposits	5,840	6,762	19,705	21,409
Loans sold to Cagamas	8,940	9,335	26,846	26,237
Borrowings	244,998	184,113	657,898	493,929
Subordinated notes	192,937	162,259	596,385	471,262
Subordinated bonds	8,605	8,623	25,571	25,587
Capital securities	98,102	93,909	289,876	284,435
Net interest on derivatives	(15,497)	(32,314)	(162,281)	(172,469)
	<b>2,365,273</b>	<b>2,170,390</b>	<b>7,043,854</b>	<b>6,329,314</b>

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**A22. Interest Expense (cont'd.)**

	Third Quarter Ended		Cumulative 9 Months Ended	
	30 September 2016	30 September 2015	30 September 2016	30 September 2015
<b>Bank</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Deposits and placements from financial institutions	92,845	126,573	322,441	409,459
Deposits from customers	1,273,508	1,183,845	3,882,055	3,506,898
Floating rate certificates of deposits	5,840	6,762	19,705	21,409
Loans sold to Cagamas	8,940	9,335	26,846	26,237
Borrowings	141,387	92,648	365,537	236,020
Subordinated notes	150,325	127,490	479,729	370,097
Capital securities	98,638	97,211	292,426	296,013
Net interest on derivatives	(15,801)	(32,499)	(163,268)	(169,216)
	<b>1,755,682</b>	<b>1,611,365</b>	<b>5,225,471</b>	<b>4,696,917</b>

**A23. Net Earned Insurance Premiums**

	Third Quarter Ended		Cumulative 9 Months Ended	
	30 September 2016	30 September 2015	30 September 2016	30 September 2015
<b>Group</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Gross earned premiums	1,288,104	1,272,485	4,188,585	3,896,843
Premiums ceded to reinsurers	(269,703)	(263,957)	(937,001)	(850,892)
Total net earned insurance premiums	<b>1,018,401</b>	<b>1,008,528</b>	<b>3,251,584</b>	<b>3,045,951</b>

**A24. Dividends from Subsidiaries and Associates**

	Third Quarter Ended		Cumulative 9 Months Ended	
	30 September 2016	30 September 2015	30 September 2016	30 September 2015
<b>Bank</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Gross dividend income from:				
Subsidiaries	611,011	635,921	2,336,888	1,237,901
Associates	225	-	8,179	788
	<b>611,236</b>	<b>635,921</b>	<b>2,345,067</b>	<b>1,238,689</b>

**A25. Other Operating Income**

	Third Quarter Ended		Cumulative 9 Months Ended	
	30 September 2016	30 September 2015	30 September 2016	30 September 2015
<b>Group</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
(a) Fee income:				
Commission	315,138	242,454	910,746	828,317
Service charges and fees	343,495	382,170	1,112,470	1,120,000
Underwriting fees	9,690	13,011	22,726	66,040
Brokerage income	158,877	140,542	438,201	488,766
Fees on loans, advances and financing	67,723	90,245	182,983	248,245
	<b>894,923</b>	<b>868,422</b>	<b>2,667,126</b>	<b>2,751,368</b>
(b) Investment income:				
Net gain on disposal of financial assets at FVTPL	109,467	12,398	227,407	128,131
Net gain on disposal of financial investments available-for-sale	121,529	10,457	432,084	303,445
Net gain on disposal/redemption of financial investments held-to-maturity	-	2,325	11,397	133
Net (loss)/gain on disposal/liquidation of subsidiaries	(378)	197,308	(378)	197,308
	<b>230,618</b>	<b>222,488</b>	<b>670,510</b>	<b>629,017</b>

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**A25. Other Operating Income (cont'd.)**

Group (cont'd.)	Third Quarter Ended		Cumulative 9 Months Ended	
	30 September 2016 RM'000	30 September 2015 RM'000	30 September 2016 RM'000	30 September 2015 RM'000
(c) Gross dividend income from:				
Financial investments portfolio	23,608	42,553	67,722	107,084
(d) Unrealised gain/(loss) on revaluation of:				
Financial assets at FVTPL				
- Designated upon initial recognition	200,144	(239,042)	434,182	(170,677)
- Held-for-trading	41,950	(85,681)	9,077	(79,012)
Derivatives	130,923	(122,842)	491,237	(458,960)
Financial liabilities at FVTPL	(32,298)	-	(84,544)	-
	340,719	(447,565)	849,952	(708,649)
(e) Other income:				
Foreign exchange gain, net	143,218	608,268	308,031	1,115,025
Rental income	10,475	12,134	32,776	31,380
Gain on disposal of property, plant and equipment	17,163	5,541	45,449	8,132
(Loss)/gain on disposal of foreclosed properties	(474)	69	(747)	1,399
Others	55,099	53,640	182,226	186,798
	225,481	679,652	567,735	1,342,734
Total other operating income	1,715,349	1,365,550	4,823,045	4,121,554
Bank	Third Quarter Ended		Cumulative 9 Months Ended	
	30 September 2016 RM'000	30 September 2015 RM'000	30 September 2016 RM'000	30 September 2015 RM'000
(a) Fee income:				
Commission	257,131	226,747	730,004	734,020
Service charges and fees	277,927	265,888	775,206	876,847
Underwriting fees	5,588	6,951	17,322	27,050
Brokerage income	-	-	-	10
Fees on loans, advances and financing	43,271	65,955	105,145	176,017
	583,917	565,541	1,627,677	1,813,944
(b) Investment income:				
Net gain/(loss) on disposal of financial assets at FVTPL	57,866	(15,444)	126,494	10,813
Net gain on disposal of financial investments available-for-sale	96,955	28,932	329,215	191,076
Net gain on disposal/redemption of financial investments held-to-maturity	-	2,325	11,397	133
Net gain on disposal/liquidation of subsidiaries	-	522,019	-	522,019
	154,821	537,832	467,106	724,041
(c) Gross dividend income from:				
Financial investments portfolio	1,452	1,266	9,875	7,957
(d) Unrealised (loss)/gain on revaluation of:				
Financial assets at FVTPL				
- Held-for-trading	(15,761)	2,497	1,471	(6,032)
Derivatives	140,587	(137,429)	499,546	(438,190)
Financial liabilities at FVTPL	(32,298)	-	(84,544)	-
	92,528	(134,932)	416,473	(444,222)
(e) Other income:				
Foreign exchange gain, net	89,976	173,056	332,695	433,639
Rental income	7,474	7,658	23,223	23,774
Gain on disposal of property, plant and equipment	16,192	5,497	15,107	5,506
Others	6,702	25,924	21,652	45,913
	120,344	212,135	392,677	508,832
Total other operating income	953,062	1,181,842	2,913,808	2,610,552



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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	Third Quarter Ended		Cumulative 9 Months Ended	
	30 September 2016 RM'000	30 September 2015 RM'000	30 September 2016 RM'000	30 September 2015 RM'000
Gross benefits and claims paid	944,980	898,398	3,051,725	3,366,894
Claims ceded to reinsurers	(340,183)	(112,584)	(628,034)	(438,926)
Gross change to contract liabilities	(80,234)	(204,328)	733,388	(910,095)
Change in contract liabilities ceded to reinsurers	519,272	46,914	89,944	502,428
<b>Net insurance benefits and claims incurred</b>	<b>1,043,835</b>	<b>628,400</b>	<b>3,247,023</b>	<b>2,520,301</b>
Net fee and commission expenses	50,728	45,837	163,216	183,811
Change in expense liabilities	11,928	(4,313)	60,610	23,995
Taxation of life and takaful fund	6,633	(61,640)	41,751	(17,556)
<b>Net fee and commission expenses, change in expense liabilities and taxation of life and takaful fund</b>	<b>69,289</b>	<b>(20,116)</b>	<b>265,577</b>	<b>190,250</b>
Total net insurance benefits and claims incurred, net fee and commission expenses, change in expense liabilities and taxation of life and takaful fund	<b>1,113,124</b>	<b>608,284</b>	<b>3,512,600</b>	<b>2,710,551</b>

**A27. Overhead Expenses**

Group	Third Quarter Ended		Cumulative 9 Months Ended	
	30 September 2016 RM'000	30 September 2015 RM'000	30 September 2016 RM'000	30 September 2015 RM'000
(a) Personnel expenses				
Salaries, allowances and bonuses	1,116,316	1,050,986	3,250,885	3,155,936
Social security cost	9,902	9,118	29,177	26,173
Pension costs - defined contribution plan	125,755	117,991	363,158	358,942
ESS expenses	9,119	20,315	28,776	50,040
Other staff related expenses	199,784	187,343	621,379	587,373
	<b>1,460,876</b>	<b>1,385,753</b>	<b>4,293,375</b>	<b>4,178,464</b>
(b) Establishment costs				
Depreciation of property, plant and equipment	95,190	96,502	281,667	280,846
Amortisation of intangible assets	74,385	72,352	216,324	208,558
Rental of leasehold land and premises	88,109	82,105	266,096	230,289
Repairs and maintenance of property, plant and equipment	40,374	36,032	124,543	107,323
Information technology expenses	184,483	230,397	512,541	447,120
Fair value adjustments on investments properties	11	(56,803)	34	(101,622)
Others	12,928	12,925	35,509	38,773
	<b>495,480</b>	<b>473,510</b>	<b>1,436,714</b>	<b>1,211,287</b>
(c) Marketing expenses				
Advertisement and publicity	49,391	87,578	184,337	241,475
Others	66,823	53,769	207,029	254,576
	<b>116,214</b>	<b>141,347</b>	<b>391,366</b>	<b>496,051</b>

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**A27. Overhead Expenses (cont'd.)**

Group (cont'd.)	Third Quarter Ended		Cumulative 9 Months Ended	
	30 September 2016 RM'000	30 September 2015 RM'000	30 September 2016 RM'000	30 September 2015 RM'000
(d) Administration and general expenses				
Fees and brokerage	224,076	230,966	672,663	622,138
Administrative expenses	186,702	133,276	516,841	469,091
General expenses	205,514	217,186	601,770	472,042
Others	11,001	19,378	31,046	60,249
	<b>627,293</b>	<b>600,806</b>	<b>1,822,320</b>	<b>1,623,520</b>
Total overhead expenses	<b>2,699,863</b>	<b>2,601,416</b>	<b>7,943,775</b>	<b>7,509,322</b>
<b>Cost to income ratio ("CIR")<sup>1</sup></b>	<b>49.3%</b>	<b>45.1%</b>	<b>48.9%</b>	<b>47.9%</b>

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

Bank	Third Quarter Ended		Cumulative 9 Months Ended	
	30 September 2016 RM'000	30 September 2015 RM'000	30 September 2016 RM'000	30 September 2015 RM'000
(a) Personnel expenses				
Salaries, allowances and bonuses	700,774	669,111	1,981,068	1,963,741
Social security cost	4,643	3,735	12,925	11,695
Pension costs - defined contribution plan	97,079	93,676	276,618	280,756
ESS expenses	6,267	14,568	20,156	35,346
Other staff related expenses	107,320	109,084	357,909	329,153
	<b>916,083</b>	<b>890,174</b>	<b>2,648,676</b>	<b>2,620,691</b>
(b) Establishment costs				
Depreciation of property, plant and equipment	47,438	48,100	139,977	140,619
Amortisation of intangible assets	33,044	30,225	98,112	81,421
Rental of leasehold land and premises	35,847	37,225	110,740	104,900
Repairs and maintenance of property, plant and equipment	22,611	19,848	70,181	57,446
Information technology expenses	222,844	248,400	617,948	578,895
Others	2,604	1,658	6,780	5,843
	<b>364,388</b>	<b>385,456</b>	<b>1,043,738</b>	<b>969,124</b>
(c) Marketing expenses				
Advertisement and publicity	17,877	49,011	86,965	131,625
Others	58,798	44,518	184,123	227,572
	<b>76,675</b>	<b>93,529</b>	<b>271,088</b>	<b>359,197</b>
(d) Administration and general expenses				
Fees and brokerage	142,698	159,431	407,980	439,465
Administrative expenses	75,365	72,449	221,202	226,675
General expenses	74,936	97,962	225,857	168,565
Others	1,329	4,545	18,162	43,241
	<b>294,328</b>	<b>334,387</b>	<b>873,201</b>	<b>877,946</b>
(e) Overhead expenses allocated to subsidiaries	<b>(257,303)</b>	<b>(240,251)</b>	<b>(775,834)</b>	<b>(737,262)</b>
Total overhead expenses	<b>1,394,171</b>	<b>1,463,295</b>	<b>4,060,869</b>	<b>4,089,696</b>
<b>Cost to income ratio ("CIR")<sup>2</sup></b>	<b>39.6%</b>	<b>36.6%</b>	<b>35.8%</b>	<b>40.8%</b>

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

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**A28. Allowances for/(writeback of) Impairment Losses on Loans, Advances, Financing and Other Debts, net**

<b>Group</b>	<b>Third Quarter Ended</b>		<b>Cumulative 9 Months Ended</b>	
	<b>30 September 2016 RM'000</b>	<b>30 September 2015 RM'000</b>	<b>30 September 2016 RM'000</b>	<b>30 September 2015 RM'000</b>
Allowances for/(writeback of) impairment losses on loans, advances and financing:				
- collective allowance (written back)/made, net	<b>(44,221)</b>	477,999	<b>1,062,123</b>	567,545
- individual allowance made	<b>547,859</b>	371,928	<b>1,560,120</b>	1,105,840
- individual allowance written back	<b>(33,058)</b>	(81,561)	<b>(135,788)</b>	(148,333)
Bad debts and financing written-off	<b>20,854</b>	25,330	<b>75,697</b>	79,186
Bad debts and financing recovered	<b>(122,500)</b>	(125,182)	<b>(350,759)</b>	(388,752)
Allowances for/(writeback of) impairment losses on other debts	<b>1,320</b>	(578)	<b>5,612</b>	1,355
	<b>370,254</b>	667,936	<b>2,217,005</b>	1,216,841

<b>Bank</b>	<b>Third Quarter Ended</b>		<b>Cumulative 9 Months Ended</b>	
	<b>30 September 2016 RM'000</b>	<b>30 September 2015 RM'000</b>	<b>30 September 2016 RM'000</b>	<b>30 September 2015 RM'000</b>
(Writeback of)/allowances for impairment losses on loans, advances and financing:				
- collective allowance (written back)/made, net	<b>(174,409)</b>	328,016	<b>469,448</b>	171,356
- individual allowance made	<b>240,098</b>	218,977	<b>1,017,101</b>	692,082
- individual allowance written back	<b>(18,476)</b>	(73,431)	<b>(83,747)</b>	(115,935)
Bad debts and financing written-off	<b>13,517</b>	15,022	<b>48,547</b>	45,915
Bad debts and financing recovered	<b>(88,844)</b>	(100,347)	<b>(223,918)</b>	(307,932)
(Writeback of)/allowances for impairment losses on other debts	-	(3,760)	<b>688</b>	(1,940)
	<b>(28,114)</b>	384,477	<b>1,228,119</b>	483,546

**A29. (Writeback of)/allowances for Impairment Losses on Financial Investments, net**

<b>Group</b>	<b>Third Quarter Ended</b>		<b>Cumulative 9 Months Ended</b>	
	<b>30 September 2016 RM'000</b>	<b>30 September 2015 RM'000</b>	<b>30 September 2016 RM'000</b>	<b>30 September 2015 RM'000</b>
Financial investments AFS	<b>(39,417)</b>	129,149	<b>173,484</b>	274,862
Financial investments HTM	-	-	-	(1,028)
	<b>(39,417)</b>	129,149	<b>173,484</b>	273,834

<b>Bank</b>	<b>Third Quarter Ended</b>		<b>Cumulative 9 Months Ended</b>	
	<b>30 September 2016 RM'000</b>	<b>30 September 2015 RM'000</b>	<b>30 September 2016 RM'000</b>	<b>30 September 2015 RM'000</b>
Financial investments AFS	<b>(42,500)</b>	(12,399)	<b>139,976</b>	(37,520)
Financial investments HTM	-	-	-	(1,028)
	<b>(42,500)</b>	(12,399)	<b>139,976</b>	(38,548)

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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 third quarter'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.)**

	<===== 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	
<b>Nine Months Ended 30 September 2016</b>							
Net interest income and income from IBS							
- External	7,334,380	3,850,610	229,710	6,182	692,615	(480,240)	11,633,257
- Inter-segment	-	-	(9,321)	(9,850)	51,128	(31,957)	-
	<b>7,334,380</b>	<b>3,850,610</b>	<b>220,389</b>	<b>(3,668)</b>	<b>743,743</b>	<b>(512,197)</b>	<b>11,633,257</b>
Net interest income and income from IBS	7,334,380	3,850,610	220,389	(3,668)	743,743	(512,197)	11,633,257
Net earned insurance premiums	-	-	-	-	3,251,584	-	3,251,584
Other operating income	2,222,191	2,428,755	844,911	120,800	798,878	(1,592,490)	4,823,045
Total operating income	<b>9,556,571</b>	<b>6,279,365</b>	<b>1,065,300</b>	<b>117,132</b>	<b>4,794,205</b>	<b>(2,104,687)</b>	<b>19,707,886</b>
Net insurance benefits and claims incurred, net fee and commission expenses, change in expense liabilities and taxation of life and takaful fund	-	-	-	-	(3,512,600)	-	(3,512,600)
Net operating income	<b>9,556,571</b>	<b>6,279,365</b>	<b>1,065,300</b>	<b>117,132</b>	<b>1,281,605</b>	<b>(2,104,687)</b>	<b>16,195,286</b>
Overhead expenses	(5,111,473)	(1,384,721)	(856,066)	(92,342)	(499,173)	-	(7,943,775)
Operating profit before impairment losses	<b>4,445,098</b>	<b>4,894,644</b>	<b>209,234</b>	<b>24,790</b>	<b>782,432</b>	<b>(2,104,687)</b>	<b>8,251,511</b>
(Allowances for)/writeback of impairment losses on loans, advances, financing and other debts, net	(1,172,698)	(1,036,754)	(12,738)	(62)	5,247	-	(2,217,005)
(Allowances for)/writeback of impairment losses on financial investments, net	-	(139,453)	(1,945)	6,751	(38,837)	-	(173,484)
Operating profit	<b>3,272,400</b>	<b>3,718,437</b>	<b>194,551</b>	<b>31,479</b>	<b>748,842</b>	<b>(2,104,687)</b>	<b>5,861,022</b>
Share of profits in associates and joint ventures	-	110,158	265	-	-	-	110,423
<b>Profit before taxation and zakat</b>	<b>3,272,400</b>	<b>3,828,595</b>	<b>194,816</b>	<b>31,479</b>	<b>748,842</b>	<b>(2,104,687)</b>	<b>5,971,445</b>
Taxation and zakat							(1,457,626)
<b>Profit after taxation and zakat</b>							<b>4,513,819</b>
Non-controlling interests							(131,425)
<b>Profit for the period - attributable to equity holders of the Bank</b>							<b>4,382,394</b>
<b>Included in overhead expenses are:</b>							
Depreciation of property, plant and equipment	(179,096)	(48,482)	(41,891)	(638)	(11,560)	-	(281,667)
Amortisation of intangible assets	(140,810)	(34,954)	(32,963)	(160)	(7,437)	-	(216,324)

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**A30. Segment Information (cont'd.)**

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

Nine Months Ended 30 September 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	6,570,299	3,846,978	163,027	5,825	627,003	(46,936)	11,166,196
- Inter-segment	-	-	(2,923)	(7,001)	47,168	(37,244)	-
	<u>6,570,299</u>	<u>3,846,978</u>	<u>160,104</u>	<u>(1,176)</u>	<u>674,171</u>	<u>(84,180)</u>	<u>11,166,196</u>
Net interest income and income from IBS	6,570,299	3,846,978	160,104	(1,176)	674,171	(84,180)	11,166,196
Net earned insurance premiums	-	-	-	-	3,045,951	-	3,045,951
Other operating income	2,179,070	1,693,908	783,459	67,351	142,046	(744,280)	4,121,554
Total operating income	<u>8,749,369</u>	<u>5,540,886</u>	<u>943,563</u>	<u>66,175</u>	<u>3,862,168</u>	<u>(828,460)</u>	<u>18,333,701</u>
Net insurance benefits and claims incurred, net fee and commission expenses, change in expense liabilities and taxation of life and takaful fund	-	-	-	-	(2,710,551)	-	(2,710,551)
Net operating income	<u>8,749,369</u>	<u>5,540,886</u>	<u>943,563</u>	<u>66,175</u>	<u>1,151,617</u>	<u>(828,460)</u>	<u>15,623,150</u>
Overhead expenses	(4,903,070)	(1,336,606)	(750,661)	(81,411)	(437,574)	-	(7,509,322)
Operating profit before impairment losses	<u>3,846,299</u>	<u>4,204,280</u>	<u>192,902</u>	<u>(15,236)</u>	<u>714,043</u>	<u>(828,460)</u>	<u>8,113,828</u>
Allowances for impairment losses on loans, advances, financing and other debts, net	(711,118)	(478,920)	(19,303)	-	(7,500)	-	(1,216,841)
Writeback of/(allowances for) impairment losses on financial investments, net	-	29,929	(1,278)	(1,910)	(300,575)	-	(273,834)
Operating profit	<u>3,135,181</u>	<u>3,755,289</u>	<u>172,321</u>	<u>(17,146)</u>	<u>405,968</u>	<u>(828,460)</u>	<u>6,623,153</u>
Share of profits in associates and joint ventures	-	153,073	1,051	-	(1,832)	-	152,292
<b>Profit before taxation and zakat</b>	<u>3,135,181</u>	<u>3,908,362</u>	<u>173,372</u>	<u>(17,146)</u>	<u>404,136</u>	<u>(828,460)</u>	<u>6,775,445</u>
Taxation and zakat							(1,516,388)
<b>Profit after taxation and zakat</b>							<u>5,259,057</u>
Non-controlling interests							(75,200)
<b>Profit for the period - attributable to equity holders of the Bank</b>							<u>5,183,857</u>
<b>Included in overhead expenses are:</b>							
Depreciation of property, plant and equipment	(180,488)	(46,567)	(39,360)	(428)	(14,003)	-	(280,846)
Amortisation of intangible assets	(123,686)	(28,016)	(35,222)	(202)	(21,432)	-	(208,558)

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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**

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**

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 other significant changes to the composition of the Group during the third quarter ended 30 September 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 September 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
<b><u>Contingent liabilities</u></b>						
Direct credit substitutes	12,514,715	11,552,401	6,578,013	12,385,389	10,934,760	6,533,559
Certain transaction-related contingent items	20,600,764	9,363,611	6,087,387	17,477,210	8,320,847	6,352,100
Short-term self-liquidating trade-related contingencies	5,072,681	947,447	648,772	5,052,863	1,017,790	698,293
	<b>38,188,160</b>	<b>21,863,459</b>	<b>13,314,172</b>	<b>34,915,462</b>	<b>20,273,397</b>	<b>13,583,952</b>



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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 September 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
<b>Commitments</b>						
Irrevocable commitments to extend credit:						
- Maturity within one year	102,417,860	14,688,743	8,817,970	110,008,009	15,334,840	9,106,253
- Maturity exceeding one year	39,919,576	30,818,675	14,629,683	41,962,165	31,219,364	15,149,538
	<b>142,337,436</b>	<b>45,507,418</b>	<b>23,447,653</b>	<b>151,970,174</b>	<b>46,554,204</b>	<b>24,255,791</b>
Miscellaneous commitments and contingencies	9,972,892	776,425	457,792	7,805,772	1,496,962	594,147
Total credit-related commitments and contingencies	<b>190,498,488</b>	<b>68,147,302</b>	<b>37,219,617</b>	<b>194,691,408</b>	<b>68,324,563</b>	<b>38,433,890</b>
<b>Derivative financial instruments</b>						
Foreign exchange related contracts:						
- Less than one year	259,639,522	3,465,121	1,290,528	220,960,854	5,202,974	1,732,068
- One year to less than five years	23,897,856	2,169,617	1,276,734	26,886,781	1,890,425	1,021,804
- Five years and above	5,534,677	1,115,638	646,434	5,398,071	1,324,095	752,040
	<b>289,072,055</b>	<b>6,750,376</b>	<b>3,213,696</b>	<b>253,245,706</b>	<b>8,417,494</b>	<b>3,505,912</b>
Interest rate related contracts:						
- Less than one year	93,752,322	366,272	215,222	100,472,139	555,190	364,604
- One year to less than five years	132,935,009	2,496,425	1,112,799	116,686,681	2,595,167	1,256,635
- Five years and above	57,672,718	1,874,848	1,366,241	52,084,809	1,596,160	828,209
	<b>284,360,049</b>	<b>4,737,545</b>	<b>2,694,262</b>	<b>269,243,629</b>	<b>4,746,517</b>	<b>2,449,448</b>
Equity and commodity related contracts:						
- Less than one year	6,068,156	4,711	1,939	1,999,738	20,601	12,739
- One year to less than five years	2,583,639	-	-	480,586	4,944	3,136
- Five years and above	33,663	-	-	33,663	-	-
	<b>8,685,458</b>	<b>4,711</b>	<b>1,939</b>	<b>2,513,987</b>	<b>25,545</b>	<b>15,875</b>
Total treasury-related commitments and contingencies	<b>582,117,562</b>	<b>11,492,632</b>	<b>5,909,897</b>	<b>525,003,322</b>	<b>13,189,556</b>	<b>5,971,235</b>
Total commitments and contingencies	<b>772,616,050</b>	<b>79,639,934</b>	<b>43,129,514</b>	<b>719,694,730</b>	<b>81,514,119</b>	<b>44,405,125</b>
<b>Bank</b>						
<b>Contingent liabilities</b>						
Direct credit substitutes	10,501,426	10,157,069	5,374,313	10,454,671	9,434,347	5,150,497
Certain transaction-related contingent items	18,098,966	7,784,774	4,808,133	15,229,018	6,879,503	4,867,603
Short-term self-liquidating trade-related contingencies	4,611,183	802,776	524,015	4,598,797	862,718	548,374
	<b>33,211,575</b>	<b>18,744,619</b>	<b>10,706,461</b>	<b>30,282,486</b>	<b>17,176,568</b>	<b>10,566,474</b>

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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 September 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
<b>Bank (cont'd.)</b>						
<b><u>Commitments</u></b>						
Irrevocable commitments to extend credit:						
- Maturity within one year	81,058,775	9,713,061	5,894,322	90,296,506	10,326,949	5,732,497
- Maturity exceeding one year	31,356,036	26,317,055	12,442,170	31,410,946	22,146,579	9,469,321
	<b>112,414,811</b>	<b>36,030,116</b>	<b>18,336,492</b>	<b>121,707,452</b>	<b>32,473,528</b>	<b>15,201,818</b>
Miscellaneous commitments and contingencies	8,435,874	419,323	266,584	7,641,170	705,840	235,590
Total credit-related commitments and contingencies	<b>154,062,260</b>	<b>55,194,058</b>	<b>29,309,537</b>	<b>159,631,108</b>	<b>50,355,936</b>	<b>26,003,882</b>
<b><u>Derivative financial instruments</u></b>						
Foreign exchange related contracts:						
- Less than one year	254,577,235	3,274,307	1,216,142	217,659,439	5,104,708	1,678,254
- One year to less than five years	24,760,855	2,124,185	1,262,778	27,210,183	1,627,876	852,987
- Five years and above	5,534,677	1,014,145	597,677	5,398,071	1,092,748	600,693
	<b>284,872,767</b>	<b>6,412,637</b>	<b>3,076,597</b>	<b>250,267,693</b>	<b>7,825,332</b>	<b>3,131,934</b>
Interest rate related contracts:						
- Less than one year	92,610,736	274,756	162,419	100,337,975	525,454	354,312
- One year to less than five years	130,858,444	2,172,244	909,824	115,932,672	2,409,519	1,146,722
- Five years and above	57,672,718	1,802,277	1,256,887	52,084,809	1,722,257	863,822
	<b>281,141,898</b>	<b>4,249,277</b>	<b>2,329,130</b>	<b>268,355,456</b>	<b>4,657,230</b>	<b>2,364,856</b>
Equity and commodity related contracts:						
- Less than one year	4,914,910	4,711	1,939	640,564	20,601	12,739
- One year to less than five years	2,561,214	-	-	456,498	4,944	3,136
	<b>7,476,124</b>	<b>4,711</b>	<b>1,939</b>	<b>1,097,062</b>	<b>25,545</b>	<b>15,875</b>
Total treasury-related commitments and contingencies	<b>573,490,789</b>	<b>10,666,625</b>	<b>5,407,666</b>	<b>519,720,211</b>	<b>12,508,107</b>	<b>5,512,665</b>
Total commitments and contingencies	<b>727,553,049</b>	<b>65,860,683</b>	<b>34,717,203</b>	<b>679,351,319</b>	<b>62,864,043</b>	<b>31,516,547</b>

\* 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 September 2016, the amount of credit risk in the Group, measured in terms of the cost to replace the profitable contracts, was RM7,510.4 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 September 2016, the Group and the Bank have posted cash collateral of RM1,801.6 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 1 August 2016 and 22 August 2016 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 and 1 August 2016 respectively. 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 and 22 August 2016 respectively. 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 and 1 August 2016 respectively. 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.

Pursuant to Note A9(b), in arriving the capital adequacy ratios for the nine months financial period ended 30 September 2016, the cash portion and a portion of the electable portion of declared dividend which assumed to be paid in cash have been deducted from the calculation of CET1 Capital.

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

	Group		Bank	
	30 September 2016	31 December 2015	30 September 2016	31 December 2015
CET1 Capital Ratio	13.685%	12.780%	15.553%	15.781%
Tier 1 Capital Ratio	15.421%	14.471%	17.999%	17.969%
Total Capital Ratio	19.023%	17.743%	19.064%	17.969%

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**A35. Capital Adequacy (cont'd.)**

**(d) Components of capital:**

	Group		Bank	
	30 September 2016 RM'000	31 December 2015 RM'000	30 September 2016 RM'000	31 December 2015 RM'000
<b>CET1 Capital</b>				
Paid-up share capital	10,008,828	9,761,751	10,008,828	9,761,751
Share premium	27,726,817	25,900,476	27,726,817	25,900,476
Retained profits <sup>1</sup>	8,301,546	9,356,279	2,444,814	3,779,541
Other reserves <sup>1</sup>	14,401,303	13,231,479	14,073,448	12,830,702
Qualifying non-controlling interests	123,930	119,376	-	-
Less: Shares held-in-trust	(123,302)	(119,745)	(123,302)	(119,745)
CET1 Capital before regulatory adjustments	60,439,122	58,249,616	54,130,605	52,152,725
Less: Regulatory adjustments applied on CET1 Capital:				
Capital:	(10,642,378)	(10,538,139)	(14,419,480)	(10,273,993)
Deferred tax assets	(407,638)	(908,232)	(2,805)	(441,814)
Goodwill	(6,016,437)	(5,911,523)	(81,015)	(81,015)
Other intangibles	(903,772)	(994,076)	(405,333)	(428,464)
Gains on financial instruments classified as 'available-for-sale'	(461,012)	-	(309,422)	-
Profit equalisation reserve	-	(34,456)	-	-
Regulatory reserve	(749,645)	(1,247,509)	(521,800)	(813,800)
Investment in ordinary shares of unconsolidated financial and insurance/takaful entities <sup>3</sup>	(2,103,874)	(1,442,343)	(13,099,105)	(8,508,900)
<b>Total CET1 Capital</b>	<b>49,796,744</b>	<b>47,711,477</b>	<b>39,711,125</b>	<b>41,878,732</b>
<b>Additional Tier 1 Capital</b>				
Capital securities	6,244,794	6,245,496	6,244,794	6,245,496
Qualifying CET1 and Additional Tier 1 capital instruments held by third parties	73,314	67,719	-	-
Less: Regulatory adjustments due to insufficient Tier 2 Capital	-	-	-	(438,178)
<b>Total Tier 1 Capital</b>	<b>56,114,852</b>	<b>54,024,692</b>	<b>45,955,919</b>	<b>47,686,050</b>
<b>Tier 2 Capital</b>				
Subordinated obligations	13,381,704	12,984,020	13,381,704	12,984,020
Qualifying CET1, Additional Tier 1 and Tier 2 capital instruments held by third parties	465,953	529,368	-	-
Collective allowance <sup>2</sup>	411,232	452,504	109,206	160,737
Surplus of total eligible provision over total expected loss	250,951	414,103	376,858	470,242
Less: Regulatory adjustments not deducted from CET1 Capital or Additional Tier 1 Capital provided under the transitional arrangements <sup>3</sup>	(1,402,583)	(2,163,515)	(11,148,890)	(13,614,999)
<b>Total Tier 2 Capital</b>	<b>13,107,257</b>	<b>12,216,480</b>	<b>2,718,878</b>	<b>-</b>
<b>Total Capital</b>	<b>69,222,109</b>	<b>66,241,172</b>	<b>48,674,797</b>	<b>47,686,050</b>

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

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

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

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

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

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**A35. Capital Adequacy (cont'd.)**

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

	<b>Maybank Islamic Berhad</b>	<b>Maybank Investment Bank Berhad</b>	<b>PT Bank Maybank Indonesia Tbk</b>
<b><u>At 30 September 2016</u></b>			
CET1 Capital Ratio	<b>13.827%</b>	<b>32.206%</b>	-
Tier 1 Capital Ratio	<b>13.827%</b>	<b>32.206%</b>	-
Total Capital Ratio	<b>18.597%</b>	<b>32.206%</b>	<b>17.653%</b>
<b><u>At 31 December 2015</u></b>			
CET1 Capital Ratio	12.435%	32.439%	-
Tier 1 Capital Ratio	12.435%	32.439%	-
Total Capital Ratio	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 September 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	49,880,578	26,447,841	6,556,853	516,249	33,973,425
Internal Ratings-Based Approach exposure after scaling factor	<u>264,630,999</u>	<u>197,277,422</u>	<u>61,516,852</u>	-	-
Total RWA for credit risk	314,511,577	223,725,263	68,073,705	516,249	33,973,425
Total RWA for credit risk absorbed by Malayan Banking Berhad and Investment Account*	-	-	(15,810,430)	-	-
Total RWA for market risk	12,963,776	10,092,378	1,122,167	175,592	474,253
Total RWA for operational risk	36,411,932	21,505,839	5,467,136	872,633	5,042,134
Total RWA	<u>363,887,285</u>	<u>255,323,480</u>	<u>58,852,578</u>	<u>1,564,474</u>	<u>39,489,812</u>

**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	<u>279,836,231</u>	<u>212,545,150</u>	<u>59,046,097</u>	-	-
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	<u>373,327,028</u>	<u>265,375,120</u>	<u>62,445,248</u>	<u>1,629,830</u>	<u>36,993,096</u>

\* 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 September 2016</u>	Assets RM'000	Liabilities RM'000	Assets RM'000	Liabilities RM'000	Assets RM'000	Liabilities RM'000
<b>Trading derivatives</b>						
<u>Foreign exchange related contracts</u>						
Currency forwards:						
- Less than one year	41,481,084	399,619	(492,222)	36,322,275	337,363	(447,242)
- One year to three years	945,699	17,621	(44,710)	945,699	17,621	(44,710)
- More than three years	123,621	3,358	(6,954)	123,621	3,358	(6,954)
	<u>42,550,404</u>	<u>420,598</u>	<u>(543,886)</u>	<u>37,391,595</u>	<u>358,342</u>	<u>(498,906)</u>
Currency swaps:						
- Less than one year	197,813,533	1,257,513	(958,978)	198,172,627	1,260,514	(952,039)
- One year to three years	863,337	31,966	(544)	863,337	31,966	(544)
- More than three years	25,225	(1,533)	-	25,225	(1,533)	-
	<u>198,702,095</u>	<u>1,287,946</u>	<u>(959,522)</u>	<u>199,061,189</u>	<u>1,290,947</u>	<u>(952,583)</u>
Currency spots:						
- Less than one year	<u>3,527,444</u>	<u>8,429</u>	<u>(7,242)</u>	<u>3,485,428</u>	<u>8,497</u>	<u>(7,315)</u>
Currency options:						
- Less than one year	6,789,293	17,305	(21,702)	6,787,827	17,305	(21,702)
- One year to three years	17,934	289	(1,303)	17,934	289	(1,303)
	<u>6,807,227</u>	<u>17,594</u>	<u>(23,005)</u>	<u>6,805,761</u>	<u>17,594</u>	<u>(23,005)</u>
Cross currency interest rate swaps:						
- Less than one year	7,866,809	218,984	(435,670)	7,647,719	318,508	(412,302)
- One year to three years	13,883,543	814,626	(831,918)	14,968,774	802,856	(938,276)
- More than three years	11,233,344	872,863	(621,797)	11,011,112	870,946	(602,763)
	<u>32,983,696</u>	<u>1,906,473</u>	<u>(1,889,385)</u>	<u>33,627,605</u>	<u>1,992,310</u>	<u>(1,953,341)</u>
<u>Interest rate related contracts</u>						
Interest rate swaps:						
- Less than one year	88,748,770	75,838	(88,240)	88,783,102	74,625	(87,182)
- One year to three years	58,955,929	275,845	(300,856)	59,596,494	274,227	(303,006)
- More than three years	113,110,523	3,379,140	(2,821,687)	113,038,691	3,367,509	(2,821,697)
	<u>260,815,222</u>	<u>3,730,823</u>	<u>(3,210,783)</u>	<u>261,418,287</u>	<u>3,716,361</u>	<u>(3,211,885)</u>
Interest rate futures:						
- Less than one year	3,607,507	273	(2,724)	3,358,307	254	(2,724)
- One year to three years	5,698,902	521	(495)	5,034,366	521	(435)
	<u>9,306,409</u>	<u>794</u>	<u>(3,219)</u>	<u>8,392,673</u>	<u>775</u>	<u>(3,159)</u>
Interest rate options:						
- Less than one year	407,175	303	-	407,175	303	-
- One year to three years	960,654	2,220	(248)	960,654	2,220	(248)
- More than three years	11,156,606	164,767	(432,077)	9,486,606	164,717	(432,077)
	<u>12,524,435</u>	<u>167,290</u>	<u>(432,325)</u>	<u>10,854,435</u>	<u>167,240</u>	<u>(432,325)</u>



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**A36. Derivative Financial Instruments (cont'd.)**

<b>At 30 September 2016 (cont'd.)</b>	<b>Group</b>			<b>Bank</b>		
	Principal Amount RM'000	<---- Fair Value ---->		Principal Amount RM'000	<---- Fair Value ---->	
	Assets RM'000	Liabilities RM'000		Assets RM'000	Liabilities RM'000	
<b>Trading derivatives (cont'd.)</b>						
<u>Equity related contracts</u>						
Index futures:						
- Less than one year	14,293	1	(118)	-	-	-
- More than three years	33,663	1,912	-	-	-	-
	47,956	1,913	(118)	-	-	-
Equity options:						
- Less than one year	321,333	1,500	(24,532)	64,546	1,490	(1,490)
- One year to three years	64,075	2,924	(3,004)	41,650	1,209	(148)
	385,408	4,424	(27,536)	106,196	2,699	(1,638)
Equity swaps:						
- Less than one year	1,019,165	36,006	(38,284)	136,999	14,045	(2,268)
<u>Commodity related contracts</u>						
Commodity options:						
- Less than one year	4,408,763	248,544	(258,942)	4,408,763	248,544	(258,942)
- One year to three years	1,746,237	74,533	(74,533)	1,746,237	74,533	(74,533)
	6,155,000	323,077	(333,475)	6,155,000	323,077	(333,475)
Commodity swaps:						
- Less than one year	304,602	14,040	(13,951)	304,602	14,040	(13,951)
- One year to three years	524,218	38,563	(37,931)	524,218	38,563	(37,931)
- More than three years	249,109	3,346	(2,790)	249,109	3,346	(2,790)
	1,077,929	55,949	(54,672)	1,077,929	55,949	(54,672)
<b>Hedging derivatives</b>						
<u>Foreign exchange related contracts</u>						
Cross currency interest rate swaps:						
- Less than one year	2,161,359	21,358	(56,763)	2,161,359	21,358	(56,763)
- One year to three years	1,756,539	144,942	(59,276)	1,756,539	144,942	(59,276)
- More than three years	583,291	53,335	-	583,291	53,335	-
	4,501,189	219,635	(116,039)	4,501,189	219,635	(116,039)
<u>Interest rate related contracts</u>						
Interest rate swaps:						
- Less than one year	988,870	383	(3,852)	62,152	178	(3,496)
- One year to three years	538,655	5,020	(17,090)	227,893	5,020	(14,909)
- More than three years	186,458	35,676	15,909	186,458	35,676	15,909
	1,713,983	41,079	(5,033)	476,503	40,874	(2,496)
Netting effects under MFRS 132 Amendments						
	-	(711,601)	711,601	-	(711,601)	711,601
<b>Total</b>	<b>582,117,562</b>	<b>7,510,429</b>	<b>(6,932,923)</b>	<b>573,490,789</b>	<b>7,496,744</b>	<b>(6,881,506)</b>

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**A36. Derivative Financial Instruments (cont'd.)**

<b>At 31 December 2015</b>	<b>Group</b>			<b>Bank</b>		
	<b>Principal Amount RM'000</b>	<b>&lt;---- Fair Value ----&gt;</b>		<b>Principal Amount RM'000</b>	<b>&lt;---- Fair Value ----&gt;</b>	
	<b>Assets RM'000</b>	<b>Liabilities RM'000</b>		<b>Assets RM'000</b>	<b>Liabilities RM'000</b>	
<b>Trading derivatives</b>						
<u>Foreign exchange related contracts</u>						
Currency forwards:						
- Less than one year	29,958,910	746,356	(261,273)	24,970,275	562,194	(244,662)
- One year to three years	1,517,018	33,500	(108,261)	1,517,018	33,500	(108,261)
- More than three years	88,539	1,080	(19,531)	88,539	1,080	(19,531)
	<u>31,564,467</u>	<u>780,936</u>	<u>(389,065)</u>	<u>26,575,832</u>	<u>596,774</u>	<u>(372,454)</u>
Currency swaps:						
- Less than one year	173,743,239	2,208,206	(1,989,835)	175,643,530	2,387,678	(1,963,151)
- One year to three years	775,413	53,313	(2,282)	775,413	53,313	(2,282)
- More than three years	70,816	19,718	-	70,816	19,718	-
	<u>174,589,468</u>	<u>2,281,237</u>	<u>(1,992,117)</u>	<u>176,489,759</u>	<u>2,460,709</u>	<u>(1,965,433)</u>
Currency spots:						
- Less than one year	901,864	867	(1,819)	937,901	892	(1,819)
Currency options:						
- Less than one year	7,645,551	64,130	(61,020)	7,645,551	64,130	(61,020)
- One year to three years	111,618	5,144	(2,987)	111,618	5,144	(2,987)
	<u>7,757,169</u>	<u>69,274</u>	<u>(64,007)</u>	<u>7,757,169</u>	<u>69,274</u>	<u>(64,007)</u>
Cross currency interest rate swaps:						
- Less than one year	8,152,602	1,562,963	(547,328)	7,903,494	1,557,485	(516,296)
- One year to three years	12,949,782	670,048	(1,169,785)	12,805,597	667,372	(1,122,286)
- More than three years	12,988,230	1,223,688	(1,020,107)	13,455,817	1,339,332	(1,121,683)
	<u>34,090,614</u>	<u>3,456,699</u>	<u>(2,737,220)</u>	<u>34,164,908</u>	<u>3,564,189</u>	<u>(2,760,265)</u>
<u>Interest rate related contracts</u>						
Interest rate swaps:						
- Less than one year	90,180,013	99,540	(149,213)	90,472,803	98,285	(149,605)
- One year to three years	53,808,589	219,724	(242,407)	54,050,329	217,255	(243,507)
- More than three years	104,797,443	1,388,716	(1,439,924)	105,098,669	1,385,076	(1,445,692)
	<u>248,786,045</u>	<u>1,707,980</u>	<u>(1,831,544)</u>	<u>249,621,801</u>	<u>1,700,616</u>	<u>(1,838,804)</u>
Interest rate futures:						
- Less than one year	7,565,066	5,768	(1,873)	7,565,066	5,768	(1,873)
- One year to three years	236,115	138	(73)	236,115	138	(73)
	<u>7,801,181</u>	<u>5,906</u>	<u>(1,946)</u>	<u>7,801,181</u>	<u>5,906</u>	<u>(1,946)</u>
Interest rate options:						
- Less than one year	2,003,887	625	(5,050)	2,003,887	625	(5,050)
- One year to three years	1,106,446	965	(36,560)	706,446	965	(5,859)
- More than three years	7,528,692	36,591	(219,010)	7,453,692	36,591	(206,316)
	<u>10,639,025</u>	<u>38,181</u>	<u>(260,620)</u>	<u>10,164,025</u>	<u>38,181</u>	<u>(217,225)</u>

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**A36. Derivative Financial Instruments (cont'd.)**

<b>At 31 December 2015 (cont'd.)</b>	<b>Group</b>			<b>Bank</b>		
	<b>Principal Amount RM'000</b>	<b>&lt;---- Fair Value ----&gt;</b>		<b>Principal Amount RM'000</b>	<b>&lt;---- Fair Value ----&gt;</b>	
	<b>Assets RM'000</b>	<b>Liabilities RM'000</b>		<b>Assets RM'000</b>	<b>Liabilities RM'000</b>	
<b><u>Trading derivatives (cont'd.)</u></b>						
<b><u>Equity related contracts</u></b>						
Index futures:						
- Less than one year	20,623	-	(64)	-	-	-
- More than three years	33,663	2,414	-	-	-	-
	<u>54,286</u>	<u>2,414</u>	<u>(64)</u>	<u>-</u>	<u>-</u>	<u>-</u>
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)
	<u>734,739</u>	<u>14,026</u>	<u>(37,376)</u>	<u>156,626</u>	<u>7,212</u>	<u>(6,151)</u>
Equity swaps:						
- Less than one year	791,020	34,722	(88,397)	6,494	615	(7)
<b><u>Commodity related contracts</u></b>						
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)
	<u>930,078</u>	<u>147,907</u>	<u>(147,227)</u>	<u>930,078</u>	<u>147,907</u>	<u>(147,227)</u>
<b><u>Hedging derivatives</u></b>						
<b><u>Foreign exchange related contracts</u></b>						
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)
	<u>4,342,124</u>	<u>11,059</u>	<u>(597,778)</u>	<u>4,342,124</u>	<u>11,059</u>	<u>(597,778)</u>
<b><u>Interest rate related contracts</u></b>						
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)
	<u>2,017,378</u>	<u>19,700</u>	<u>(14,767)</u>	<u>768,449</u>	<u>18,525</u>	<u>(9,707)</u>
Netting effects under MFRS 132 Amendments						
	-	(288,353)	288,353	-	(288,353)	288,353
<b>Total</b>	<u>525,003,322</u>	<u>8,283,647</u>	<u>(7,877,458)</u>	<u>519,720,211</u>	<u>8,334,598</u>	<u>(7,696,334)</u>

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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 September 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	
<b>At 30 September 2016</b>				
Financial assets measured at fair value:				
<b>Financial assets held-for-trading</b>	1,792,067	8,454,523	-	10,246,590
Money market instruments	-	1,890,788	-	1,890,788
Quoted securities	1,792,067	-	-	1,792,067
Unquoted securities	-	6,563,735	-	6,563,735
<b>Financial assets designated at fair value through profit or loss</b>	340,802	12,659,019	79,594	13,079,415
Money market instruments	-	504,484	-	504,484
Quoted securities	340,802	-	-	340,802
Unquoted securities	-	12,154,535	79,594	12,234,129
<b>Financial investments available-for-sale</b>	2,194,324	98,235,422	609,281	101,039,027
Money market instruments	-	52,351,460	-	52,351,460
Quoted securities	2,194,324	-	-	2,194,324
Unquoted securities	-	45,883,962	609,281	46,493,243
<b>Derivative assets</b>	10	7,184,643	325,776	7,510,429
Foreign exchange related contracts	-	3,860,675	-	3,860,675
Interest rate related contracts	-	3,939,986	-	3,939,986
Equity and commodity related contracts	10	95,583	325,776	421,369
Netting effects under MFRS 132 Amendments	-	(711,601)	-	(711,601)
	<b>4,327,203</b>	<b>126,533,607</b>	<b>1,014,651</b>	<b>131,875,461</b>
Financial liabilities measured at fair value:				
<b>Financial liabilities designated at fair value through profit or loss</b>	-	-	2,502,524	2,502,524
Structured deposits	-	-	963,487	963,487
Borrowings	-	-	1,539,037	1,539,037
<b>Derivative liabilities</b>	6,687	6,591,123	335,113	6,932,923
Foreign exchange related contracts	-	3,539,079	-	3,539,079
Interest rate related contracts	-	3,651,360	-	3,651,360
Equity and commodity related contracts	6,687	112,285	335,113	454,085
Netting effects under MFRS 132 Amendments	-	(711,601)	-	(711,601)
	<b>6,687</b>	<b>6,591,123</b>	<b>2,837,637</b>	<b>9,435,447</b>

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

<b>Bank</b> <b>At 30 September 2016</b>	<u>Valuation technique using</u>			<b>Total</b> <b>RM'000</b>
	<b>Quoted</b> <b>Market Price</b> <b>(Level 1)</b> <b>RM'000</b>	<b>Observable</b> <b>Inputs</b> <b>(Level 2)</b> <b>RM'000</b>	<b>Unobservable</b> <b>Inputs</b> <b>(Level 3)</b> <b>RM'000</b>	
Financial assets measured at fair value:				
<b>Financial assets held-for-trading</b>	<b>138,827</b>	<b>7,515,119</b>	<b>-</b>	<b>7,653,946</b>
Money market instruments	-	1,392,087	-	1,392,087
Quoted securities	138,827	-	-	138,827
Unquoted securities	-	6,123,032	-	6,123,032
<b>Financial investments available-for-sale</b>	<b>149,926</b>	<b>81,965,031</b>	<b>345,140</b>	<b>82,460,097</b>
Money market instruments	-	42,494,158	-	42,494,158
Quoted securities	149,926	-	-	149,926
Unquoted securities	-	39,470,873	345,140	39,816,013
<b>Derivative assets</b>	<b>-</b>	<b>7,170,968</b>	<b>325,776</b>	<b>7,496,744</b>
Foreign exchange related contracts	-	3,887,325	-	3,887,325
Interest rate related contracts	-	3,925,250	-	3,925,250
Equity and commodity related contracts	-	69,994	325,776	395,770
Netting effects under MFRS 132 Amendments	-	(711,601)	-	(711,601)
	<b>288,753</b>	<b>96,651,118</b>	<b>670,916</b>	<b>97,610,787</b>
Financial liabilities measured at fair value:				
<b>Financial liabilities designated at fair value through profit or loss</b>	<b>-</b>	<b>-</b>	<b>2,007,166</b>	<b>2,007,166</b>
Structured deposits	-	-	468,129	468,129
Borrowings	-	-	1,539,037	1,539,037
<b>Derivative liabilities</b>	<b>-</b>	<b>6,546,393</b>	<b>335,113</b>	<b>6,881,506</b>
Foreign exchange related contracts	-	3,551,189	-	3,551,189
Interest rate related contracts	-	3,649,865	-	3,649,865
Equity and commodity related contracts	-	56,940	335,113	392,053
Netting effects under MFRS 132 Amendments	-	(711,601)	-	(711,601)
	<b>-</b>	<b>6,546,393</b>	<b>2,342,279</b>	<b>8,888,672</b>

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

<b>Bank</b> <b>At 31 December 2015</b>	<u>Valuation technique using</u>			<b>Total</b> <b>RM'000</b>
	<b>Quoted</b> <b>Market Price</b> <b>(Level 1)</b> <b>RM'000</b>	<b>Observable</b> <b>Inputs</b> <b>(Level 2)</b> <b>RM'000</b>	<b>Unobservable</b> <b>Inputs</b> <b>(Level 3)</b> <b>RM'000</b>	
Financial assets measured at fair value:				
<b>Financial assets held-for-trading</b>	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
<b>Financial investments available-for-sale</b>	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
<b>Derivative assets</b>	-	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:				
<b>Derivative liabilities</b>	-	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:

<b>Group</b>	<b>At 1 January 2016 RM'000</b>	<b>Total gains/(losses) recognised in income statements# RM'000</b>	<b>Total unrealised gains/(losses) recognised in income statements* RM'000</b>	<b>Total unrealised gains/(losses) recognised in other comprehensive income RM'000</b>	<b>Purchases/ Issuances RM'000</b>	<b>Sales RM'000</b>	<b>Settlements RM'000</b>	<b>Exchange differences RM'000</b>	<b>Transfer into Level 3 RM'000</b>	<b>Transfer out from Level 3 RM'000</b>	<b>At 30 September 2016 RM'000</b>
<b>Financial assets designated at fair value through profit or loss</b>											
Unquoted securities	81,454	301	(723)	-	-	(1,438)	-	-	-	-	79,594
	<u>81,454</u>	<u>301</u>	<u>(723)</u>	<u>-</u>	<u>-</u>	<u>(1,438)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>79,594</u>
<b>Financial investments available-for-sale</b>											
Unquoted securities	576,527	29,202	-	2,691	14,582	(62,712)	(43,269)	(6,396)	98,656	-	609,281
	<u>576,527</u>	<u>29,202</u>	<u>-</u>	<u>2,691</u>	<u>14,582</u>	<u>(62,712)</u>	<u>(43,269)</u>	<u>(6,396)</u>	<u>98,656</u>	<u>-</u>	<u>609,281</u>
<b>Derivative assets</b>											
Interest rate related contracts	-	(1,073)	1,073	-	-	-	-	-	-	-	-
Equity and commodity related contracts	8,304	1,255	178,547	-	137,670	-	-	-	-	-	325,776
	<u>8,304</u>	<u>182</u>	<u>179,620</u>	<u>-</u>	<u>137,670</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>325,776</u>
<b>Total Level 3 financial assets</b>	<u>666,285</u>	<u>29,685</u>	<u>178,897</u>	<u>2,691</u>	<u>152,252</u>	<u>(64,150)</u>	<u>(43,269)</u>	<u>(6,396)</u>	<u>98,656</u>	<u>-</u>	<u>1,014,651</u>
<b>Financial liabilities designated at fair value through profit or loss</b>											
Structured deposits	-	(6,850)	(9,037)	-	(947,600)	-	-	-	-	-	(963,487)
Borrowings	-	(20,661)	(80,581)	-	(1,437,795)	-	-	-	-	-	(1,539,037)
	<u>-</u>	<u>(27,511)</u>	<u>(89,618)</u>	<u>-</u>	<u>(2,385,395)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,502,524)</u>
<b>Derivative liabilities</b>											
Interest rate related contracts	(61,943)	(59,178)	1,787	-	-	54,454	64,880	-	-	-	-
Equity and commodity related contracts	(8,016)	1,255	(181,030)	-	(147,322)	-	-	-	-	-	(335,113)
	<u>(69,959)</u>	<u>(57,923)</u>	<u>(179,243)</u>	<u>-</u>	<u>(147,322)</u>	<u>54,454</u>	<u>64,880</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(335,113)</u>
<b>Total Level 3 financial liabilities</b>	<u>(69,959)</u>	<u>(85,434)</u>	<u>(268,861)</u>	<u>-</u>	<u>(2,532,717)</u>	<u>54,454</u>	<u>64,880</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,837,637)</u>
<b>Total net Level 3 financial assets/ (liabilities)</b>	<u>596,326</u>	<u>(55,749)</u>	<u>(89,964)</u>	<u>2,691</u>	<u>(2,380,465)</u>	<u>(9,696)</u>	<u>21,611</u>	<u>(6,396)</u>	<u>98,656</u>	<u>-</u>	<u>(1,822,986)</u>

\* 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.):

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

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

<sup>^</sup> 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.):

<b>Bank</b>	<b>At 1 January</b>	<b>Total</b>	<b>Total</b>	<b>Total</b>							<b>At</b>	
<b>At 30 September 2016</b>	<b>2016</b>	<b>gains/(losses)</b>	<b>unrealised</b>	<b>unrealised</b>	<b>gains/(losses)</b>	<b>Purchases/</b>	<b>Sales</b>	<b>Settlements</b>	<b>Exchange</b>	<b>Transfer into</b>	<b>Transfer out from</b>	<b>30 September</b>
	<b>RM'000</b>	<b>recognised in</b>	<b>gains/(losses)</b>	<b>gains/(losses)</b>	<b>recognised in</b>	<b>Issuances</b>	<b>RM'000</b>	<b>RM'000</b>	<b>differences</b>	<b>Level 3</b>	<b>Level 3</b>	<b>2016</b>
		<b>income</b>	<b>recognised in</b>	<b>recognised in</b>	<b>other</b>	<b>income</b>			<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
		<b>statements#</b>	<b>income</b>	<b>income</b>	<b>comprehensive</b>							
		<b>RM'000</b>	<b>statements*</b>	<b>statements*</b>	<b>income</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Financial investments available-for-sale</b>												
Unquoted securities	363,677	28,797	-	3,662	-	(60,777)	(43,269)	(6,161)	59,211	-	-	345,140
	363,677	28,797	-	3,662	-	(60,777)	(43,269)	(6,161)	59,211	-	-	345,140
<b>Derivative assets</b>												
Interest rate related contracts	-	(1,073)	1,073	-	-	-	-	-	-	-	-	-
Equity and commodity related contracts	8,304	1,255	178,547	-	137,670	-	-	-	-	-	-	325,776
	8,304	182	179,620	-	137,670	-	-	-	-	-	-	325,776
<b>Total Level 3 financial assets</b>	<b>371,981</b>	<b>28,979</b>	<b>179,620</b>	<b>3,662</b>	<b>137,670</b>	<b>(60,777)</b>	<b>(43,269)</b>	<b>(6,161)</b>	<b>59,211</b>	<b>-</b>	<b>-</b>	<b>670,916</b>
<b>Financial liabilities designated at fair value through profit or loss</b>												
Structured deposits	-	(1,567)	(3,962)	-	(462,600)	-	-	-	-	-	-	(468,129)
Borrowings	-	(20,661)	(80,581)	-	(1,437,795)	-	-	-	-	-	-	(1,539,037)
	-	(22,228)	(84,543)	-	(1,900,395)	-	-	-	-	-	-	(2,007,166)
<b>Derivative liabilities</b>												
Interest rate related contracts	(18,548)	2,303	1,787	-	-	-	14,458	-	-	-	-	-
Equity and commodity related contracts	(8,016)	1,255	(181,030)	-	(147,322)	-	-	-	-	-	-	(335,113)
	(26,564)	3,558	(179,243)	-	(147,322)	-	14,458	-	-	-	-	(335,113)
<b>Total Level 3 financial liabilities</b>	<b>(26,564)</b>	<b>(18,670)</b>	<b>(263,786)</b>	<b>-</b>	<b>(2,047,717)</b>	<b>-</b>	<b>14,458</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(2,342,279)</b>
<b>Total net Level 3 financial assets/ (liabilities)</b>	<b>345,417</b>	<b>10,309</b>	<b>(84,166)</b>	<b>3,662</b>	<b>(1,910,047)</b>	<b>(60,777)</b>	<b>(28,811)</b>	<b>(6,161)</b>	<b>59,211</b>	<b>-</b>	<b>-</b>	<b>(1,671,363)</b>

\* 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.):

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

\* Included within 'Other operating income'.

<sup>^</sup> 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 9 months financial period ended 30 September 2016.

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

During the 9 months financial period ended 30 September 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. Unaudited Income Statements and Statements of Financial Position of Insurance and Takaful Business**

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

**(a) Unaudited Income Statements for the Third Quarter Ended 30 September 2016**

Group	Life Fund		Family Takaful Fund		General Takaful Fund		Shareholders' and General Fund		Total	
	30 September 2016	30 September 2015	30 September 2016	30 September 2015	30 September 2016	30 September 2015	30 September 2016	30 September 2015	30 September 2016	30 September 2015
Nine Months Ended	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Interest income	285,412	290,550	280,739	236,040	51,633	45,112	140,940	120,354	758,724	692,056
Interest expense	-	-	-	-	-	-	(25,571)	(25,587)	(25,571)	(25,587)
Net interest income	285,412	290,550	280,739	236,040	51,633	45,112	115,369	94,767	733,153	666,469
Net earned insurance premiums	935,532	775,766	829,354	901,362	729,733	677,419	756,965	691,404	3,251,584	3,045,951
Other operating income	328,860	10,258	249,475	48,211	14,042	7,145	96,388	76,423	688,765	142,037
Total operating income	1,549,804	1,076,574	1,359,568	1,185,613	795,408	729,676	968,722	862,594	4,673,502	3,854,457
Net insurance benefits and claims incurred, net fee and commission expenses, change in expense liabilities and taxation of life and takaful fund	(1,413,856)	(863,525)	(1,328,163)	(1,030,888)	(793,997)	(723,359)	(111,935)	(170,197)	(3,647,951)	(2,787,969)
Net operating income	135,948	213,049	31,405	154,725	1,411	6,317	856,787	692,397	1,025,551	1,066,488
Overhead expenses	(120,373)	(101,158)	(22,248)	(25,911)	(757)	(861)	(347,191)	(298,500)	(490,569)	(426,430)
Operating profit before impairment losses (Allowances for)/writeback of impairment losses on loans, advances, financing and other debts, net	15,575	111,891	9,157	128,814	654	5,456	509,596	393,897	534,982	640,058
Allowances for impairment losses on financial investments, net	(425)	(527)	933	1,843	(612)	(3,655)	5,351	(5,160)	5,247	(7,499)
Operating profit	(15,150)	(111,364)	(10,090)	(130,657)	(42)	(1,801)	(13,555)	(56,754)	(38,837)	(300,576)
Share of profits/(losses) in associates	-	-	-	-	-	-	501,392	331,983	501,392	331,983
Profit before taxation and zakat	-	-	-	-	-	-	-	(1,832)	-	(1,832)
Taxation and zakat	-	-	-	-	-	-	(119,437)	(125,277)	(119,437)	(125,277)
<b>Profit for the period</b>	-	-	-	-	-	-	<b>381,955</b>	<b>204,874</b>	<b>381,955</b>	<b>204,874</b>

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**A38. Unaudited Income Statements and Statements of Financial Position of Insurance and Takaful Business (cont'd.)**

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

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

Group	Life Fund		Family Takaful Fund		General Takaful Fund		Shareholders' and General Fund		Total	
	30 September 2016	31 December 2015	30 September 2016	31 December 2015	30 September 2016	31 December 2015	30 September 2016	31 December 2015	30 September 2016	31 December 2015
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>ASSETS</b>										
Cash and short-term funds	94,092	105,190	90,820	62,859	85,883	51,104	229,008	156,906	499,803	376,059
Deposits and placements with financial institutions	970,659	1,333,863	713,387	1,069,180	550,910	100,428	1,199,484	945,253	3,434,440	3,448,724
Financial assets at fair value through profit or loss	8,229,465	7,540,814	5,751,245	4,617,534	-	-	-	-	13,980,710	12,158,348
Financial investments available-for-sale	784,398	994,696	2,849,090	3,107,175	1,190,223	1,512,312	3,598,036	3,657,742	8,421,747	9,271,925
Loans, advances and financing	262,743	268,843	-	3,300	-	-	25,448	28,945	288,191	301,088
Derivative assets	4,218	5,217	-	-	-	-	-	-	4,218	5,217
Reinsurance/retakaful assets and other insurance receivables	61,643	64,804	153,111	125,862	227,561	292,692	3,826,491	3,872,296	4,268,806	4,355,654
Other assets	266,058	77,160	99,337	32,329	3,381	2,040	309,694	157,674	678,470	269,203
Investment properties	644,978	618,607	-	-	-	-	96,270	96,305	741,248	714,912
Interest in associates	-	-	-	-	-	-	152	152	152	152
Property, plant and equipment	79,527	80,781	-	-	-	-	73,664	71,691	153,191	152,472
Intangible assets	22,012	19,144	-	-	-	-	40,747	33,720	62,759	52,864
Deferred tax assets	6,856	14,517	766	9,115	1,511	11,310	10,366	32,909	19,499	67,851
<b>TOTAL ASSETS</b>	<b>11,426,649</b>	<b>11,123,636</b>	<b>9,657,756</b>	<b>9,027,354</b>	<b>2,059,469</b>	<b>1,969,886</b>	<b>9,409,360</b>	<b>9,053,593</b>	<b>32,553,234</b>	<b>31,174,469</b>
<b>LIABILITIES</b>										
Derivative liabilities	41,704	53,251	-	-	-	-	-	-	41,704	53,251
Insurance/takaful contract liabilities and other insurance payables	8,787,058	8,641,046	9,385,803	8,693,142	1,694,786	1,666,418	4,782,858	4,838,735	24,650,505	23,839,341
Other liabilities #	2,543,190	2,353,297	254,824	330,290	359,874	297,902	(1,648,676)	(1,815,558)	1,509,212	1,165,931
Provision for taxation and zakat	5,451	37,000	98	81	-	-	26,238	14,909	31,787	51,990
Deferred tax liabilities	49,246	39,042	17,031	3,841	4,809	5,566	551,649	512,092	622,735	560,541
Subordinated obligations	-	-	-	-	-	-	809,476	811,316	809,476	811,316
<b>TOTAL LIABILITIES</b>	<b>11,426,649</b>	<b>11,123,636</b>	<b>9,657,756</b>	<b>9,027,354</b>	<b>2,059,469</b>	<b>1,969,886</b>	<b>4,521,545</b>	<b>4,361,494</b>	<b>27,665,419</b>	<b>26,482,370</b>
<b>EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE SUBSIDIARIES</b>										
Share capital	-	-	-	-	-	-	252,005	252,005	252,005	252,005
Other reserves	-	-	-	-	-	-	4,635,810	4,440,094	4,635,810	4,440,094
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>11,426,649</b>	<b>11,123,636</b>	<b>9,657,756</b>	<b>9,027,354</b>	<b>2,059,469</b>	<b>1,969,886</b>	<b>9,409,360</b>	<b>9,053,593</b>	<b>32,553,234</b>	<b>31,174,469</b>

# Included in other liabilities are the amounts due to/(from) life, general and investment-linked funds which are unsecured, not subject to any interest elements and are repayable on demand.

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

**A39a. Unaudited Income Statements for the Third Quarter Ended 30 September 2016**

<b>Group</b>	<b>Third Quarter Ended</b>		<b>Cumulative 9 Months Ended</b>	
	<b>30 September 2016</b>	<b>30 September 2015</b>	<b>30 September 2016</b>	<b>30 September 2015</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Income derived from investment of depositors' funds	1,502,170	1,744,426	4,562,508	4,996,662
Income derived from investment of investment account funds	455,779	36,213	1,167,548	36,213
Income derived from investment of Islamic Banking Funds	103,012	87,247	266,740	267,151
Allowances for impairment losses on financing and advances	(156,807)	(116,975)	(453,012)	(287,056)
<b>Total distributable income</b>	<b>1,904,154</b>	<b>1,750,911</b>	<b>5,543,784</b>	<b>5,012,970</b>
Profit distributed to depositors	(892,828)	(939,092)	(2,635,246)	(2,831,884)
Profit distributed to investment account holders	(307,260)	(15,659)	(775,192)	(15,659)
<b>Total net income</b>	<b>704,066</b>	<b>796,160</b>	<b>2,133,346</b>	<b>2,165,427</b>
Finance cost	(29,679)	(22,965)	(92,978)	(69,524)
Overhead expenses	(315,589)	(290,859)	(961,320)	(864,961)
<b>Profit before taxation and zakat</b>	<b>358,798</b>	<b>482,336</b>	<b>1,079,048</b>	<b>1,230,942</b>
Taxation	(94,768)	(124,828)	(269,651)	(319,002)
Zakat	(1,371)	(1,275)	(10,544)	(7,798)
<b>Profit for the period</b>	<b>262,659</b>	<b>356,233</b>	<b>798,853</b>	<b>904,142</b>

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

<b>Group</b>	<b>Third Quarter Ended</b>		<b>Cumulative 9 Months Ended</b>	
	<b>30 September 2016</b>	<b>30 September 2015</b>	<b>30 September 2016</b>	<b>30 September 2015</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Income derived from investment of depositors' funds	1,502,170	1,744,426	4,562,508	4,996,662
Income derived from investment of investment account funds	455,779	36,213	1,167,548	36,213
Income derived from investment of Islamic Banking Funds	103,012	87,247	266,740	267,151
Total income before allowances for impairment losses on financing and advances and overhead expenses	2,060,961	1,867,886	5,996,796	5,300,026
Profit distributed to depositors	(892,828)	(939,092)	(2,635,246)	(2,831,884)
Profit distributed to investment account holders	(307,260)	(15,659)	(775,192)	(15,659)
	860,873	913,135	2,586,358	2,452,483
Finance cost	(29,679)	(22,965)	(92,978)	(69,524)
Net of intercompany income and expenses	177,774	194,453	530,511	601,513
Income from Islamic Banking Scheme	1,008,968	1,084,623	3,023,891	2,984,472

**A39b. Unaudited Statements of Comprehensive Income for the Third Quarter Ended 30 September 2016**

<b>Group</b>	<b>Third Quarter Ended</b>		<b>Cumulative 9 Months Ended</b>	
	<b>30 September 2016</b>	<b>30 September 2015</b>	<b>30 September 2016</b>	<b>30 September 2015</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Profit for the period</b>	<b>262,659</b>	<b>356,233</b>	<b>798,853</b>	<b>904,142</b>
<b>Other comprehensive income/(loss):</b>				
<b>Items that will not be reclassified subsequently to profit or loss</b>				
Defined benefit plan actuarial gain	15	-	363	-
Income tax effect	(4)	-	(91)	-
	11	-	272	-
<b>Items that may be reclassified subsequently to profit or loss</b>				
Net gain/(loss) on foreign exchange translation	27,081	140,616	(203,027)	127,379
Net gain/(loss) on financial investments available-for-sale	68,616	(71,176)	226,249	(5,269)
Income tax effect	(16,468)	17,794	(55,693)	1,317
	79,229	87,234	(32,471)	123,427
Other comprehensive income/(loss) for the period, net of tax	79,240	87,234	(32,199)	123,427
<b>Total comprehensive income for the period</b>	<b>341,899</b>	<b>443,467</b>	<b>766,654</b>	<b>1,027,569</b>

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

**A39c. Unaudited Statement of Financial Position as at 30 September 2016**

<u>Group</u>	Note	30 September 2016 RM'000	31 December 2015 RM'000
<b>ASSETS</b>			
Cash and short-term funds		11,573,934	8,844,863
Deposits and placements with financial institutions		1,971,006	12,448
Financial investments portfolio		9,827,315	9,468,692
Financing and advances	A39e	139,619,749	131,205,884
Derivative assets		345,839	497,905
Other assets		4,406,663	4,105,053
Statutory deposit with central banks		2,828,000	3,834,000
Property, plant and equipment		784	889
Intangible assets		105	108
Deferred tax assets		12,804	38,402
<b>Total Assets</b>		<b>170,586,199</b>	<b>158,008,244</b>
<b>LIABILITIES</b>			
Deposits from customers	A39f	105,524,340	106,078,321
Investment accounts of customers	A39g	30,371,356	17,657,893
Deposits and placements from financial institutions		21,624,688	21,350,738
Financial liabilities at fair value through profit or loss	A39h	495,358	-
Bills and acceptances payable		94,309	33,556
Derivatives liabilities		345,015	587,772
Other liabilities		527,883	398,687
Provision for taxation and zakat		12,220	24,419
Subordinated sukuk	A39i	2,540,930	2,527,960
<b>Total Liabilities</b>		<b>161,536,099</b>	<b>148,659,346</b>
<b>ISLAMIC BANKING CAPITAL FUNDS</b>			
Islamic Banking Funds		582,939	1,194,821
Share premium		5,200,228	4,658,233
Retained profits		2,532,114	2,728,172
Other reserves		734,819	767,672
		<b>9,050,100</b>	<b>9,348,898</b>
<b>Total Liabilities and Islamic Banking Capital Funds</b>		<b>170,586,199</b>	<b>158,008,244</b>
<b>COMMITMENTS AND CONTINGENCIES</b>		<b>49,199,719</b>	<b>49,744,091</b>

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

**A39d. Unaudited Statements of Changes in Islamic Banking Capital Funds for the Third Quarter Ended 30 September 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	
<b>At 1 January 2016</b>	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	-	-	-	-	-	-	-	-	-	798,853	798,853
Other comprehensive income/(loss)	-	-	-	-	170,556	(203,027)	-	-	272	-	(32,199)
Net loss on foreign exchange translation	-	-	-	-	-	(203,027)	-	-	-	-	(203,027)
Net gain on financial investments available-for-sale	-	-	-	-	170,556	-	-	-	-	-	170,556
Defined benefit plan actuarial gain	-	-	-	-	-	-	-	-	272	-	272
<b>Total comprehensive income/ (loss) for the period</b>	-	-	-	-	170,556	(203,027)	-	-	272	798,853	766,654
Transfer (to)/from conventional banking operations	(629,479)	-	-	-	-	205,396	-	-	(1)	(76,496)	(500,580)
Transfer from regulatory reserve	-	-	-	(206,049)	-	-	-	-	-	206,049	-
Issue of ordinary shares	17,597	541,995	-	-	-	-	-	-	-	-	559,592
Dividends paid	-	-	-	-	-	-	-	-	-	(1,124,464)	(1,124,464)
<b>At 30 September 2016</b>	<b>582,939</b>	<b>5,200,228</b>	<b>409,672</b>	<b>224,200</b>	<b>66,063</b>	<b>(1,350)</b>	<b>1,697</b>	<b>34,456</b>	<b>81</b>	<b>2,532,114</b>	<b>9,050,100</b>

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



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

**A39d. Unaudited Statements of Changes in Islamic Banking Capital Funds for the Third Quarter Ended 30 September 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
<b>At 1 January 2015</b>	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	-	-	-	-	-	-	-	-	-	904,142	904,142
Other comprehensive (loss)/income	-	-	-	-	(3,952)	127,379	-	-	-	-	123,427
Net gain on foreign exchange translation	-	-	-	-	-	127,379	-	-	-	-	127,379
Net loss on financial investments available-for-sale	-	-	-	-	(3,952)	-	-	-	-	-	(3,952)
<b>Total comprehensive (loss)/ income for the period</b>	-	-	-	-	(3,952)	127,379	-	-	-	904,142	1,027,569
Transfer from/(to) conventional banking operations	42,401	-	-	-	-	(127,494)	-	-	-	9,941	(75,152)
Transfer to regulatory reserve	-	-	-	259,950	-	-	-	-	-	(259,950)	-
Issue of ordinary shares	17,597	558,888	-	-	-	-	-	-	-	-	576,485
Dividends paid	-	-	-	-	-	-	-	-	-	(746,475)	(746,475)
<b>At 30 September 2015</b>	<b>1,235,772</b>	<b>4,658,232</b>	<b>409,672</b>	<b>534,450</b>	<b>(103,570)</b>	<b>1,715</b>	<b>1,697</b>	<b>34,456</b>	<b>(190)</b>	<b>2,377,795</b>	<b>9,150,029</b>

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

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

**A39e. Financing and Advances**

<b>Group</b>	<b>Bai<sup>^</sup></b>	<b>Murabahah</b>	<b>Musyarakah</b>	<b>Al-Ijarah Thumma</b>	<b>Ijarah</b>	<b>Istisna'</b>	<b>Others</b>	<b>Total Financing and Advances</b>
<b>As at 30 September 2016</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>Al-Bai (AITAB) RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Cashline	-	4,574,094	-	-	-	155	-	4,574,249
Term financing								
- Housing financing	19,476,452	58,905,165	2,604,901	-	-	-	-	80,986,518
- Syndicated financing	-	827,116	-	-	-	-	-	827,116
- Hire purchase receivables	-	-	-	35,691,500	-	-	-	35,691,500
- Other term financing	28,804,317	66,312,181	1,512,251	-	493,683	148,729	52,273	97,323,434
Bills receivables	-	1,366	-	-	-	-	610	1,976
Trust receipts	-	160,996	-	-	-	-	-	160,996
Claims on customers under acceptance credits	-	4,347,843	-	-	-	-	-	4,347,843
Staff financing	763,091	1,315,021	10,502	149,186	-	-	44,700	2,282,500
Credit card receivables	-	-	-	-	-	-	747,350	747,350
Revolving credit	-	11,920,215	-	-	-	-	-	11,920,215
	<b>49,043,860</b>	<b>148,363,997</b>	<b>4,127,654</b>	<b>35,840,686</b>	<b>493,683</b>	<b>148,884</b>	<b>844,933</b>	<b>238,863,697</b>
Unearned income								<b>(97,791,318)</b>
Gross financing and advances <sup>^^</sup>								<b>141,072,379</b>
Allowances for impaired financing and advances:								
- Individual allowance								<b>(544,198)</b>
- Collective allowance								<b>(908,432)</b>
Net financing and advances								<b>139,619,749</b>

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

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

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

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

<b>Group</b>	<b>Bai<sup>^</sup></b>	<b>Murabahah</b>	<b>Musyarakah</b>	<b>Al-Ijarah</b>	<b>Ijarah</b>	<b>Istisna'</b>	<b>Others</b>	<b>Total</b>
<b>As at 31 December 2015</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>Al-Bai (AITAB)</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>Financing</b>
				<b>Thumma</b>				<b>and</b>
				<b>RM'000</b>				<b>Advances</b>
								<b>RM'000</b>
Cashline	-	3,780,361	-	-	-	-	-	3,780,361
Term financing								
- Housing financing	20,673,308	55,978,143	2,729,517	-	-	-	-	79,380,968
- Syndicated financing	-	851,727	-	-	-	-	-	851,727
- Hire purchase receivables	-	-	-	35,493,985	-	-	-	35,493,985
- Other term financing	36,303,372	58,582,281	1,643,176	-	527,534	158,480	51,430	97,266,273
Bills receivables	-	905	-	-	-	-	290	1,195
Trust receipts	-	164,745	-	-	-	-	-	164,745
Claims on customers under acceptance credits	-	4,368,353	-	-	-	-	-	4,368,353
Staff financing	856,469	1,133,622	12,088	145,427	-	-	43,171	2,190,777
Credit card receivables	-	-	-	-	-	-	624,865	624,865
Revolving credit	-	9,931,330	-	-	-	-	-	9,931,330
	<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 <sup>^^</sup>								<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>

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

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

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

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

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

<u>Group</u>	<b>30 September 2016 RM'000</b>	<b>31 December 2015 RM'000</b>
Gross impaired financing at 1 January 2016/2015	1,065,972	697,954
Newly impaired	1,250,641	1,026,496
Reclassified as non-impaired	(291,084)	(362,515)
Amount recovered	(201,148)	(122,687)
Amount written-off	(161,591)	(171,412)
Converted to financial investments available-for-sale	-	(1,864)
Gross impaired financing at 30 September 2016/31 December 2015	<u>1,662,790</u>	<u>1,065,972</u>
Less: Individual allowance	<u>(544,198)</u>	<u>(356,555)</u>
Net impaired financing at 30 September 2016/31 December 2015	<u>1,118,592</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)	97,819,503	103,795,391
Less: Individual allowance	<u>(544,198)</u>	<u>(356,555)</u>
Net financing and advances	<u>97,275,305</u>	<u>103,438,836</u>
 Net impaired financing as a percentage of net financing and advances	 <u>1.15%</u>	 <u>0.69%</u>

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

<u>Group</u>	<b>30 September 2016 RM'000</b>	<b>31 December 2015 RM'000</b>
<u>Individual allowance</u>		
At 1 January 2016/2015	356,555	212,945
Allowance made *	329,001	241,304
Amount written back in respect of recoveries	(48,734)	(21,544)
Amount written-off	(94,513)	(78,116)
Transferred to collective allowance	(3,072)	(7,422)
Exchange differences	4,961	9,388
At 30 September 2016/31 December 2015	<u>544,198</u>	<u>356,555</u>
 <u>Collective allowance</u>		
At 1 January 2016/2015	755,997	611,779
Allowance made *	223,645	228,408
Amount written-off	(74,364)	(93,296)
Transferred from individual allowance	3,072	7,422
Exchange differences	82	1,684
At 30 September 2016/31 December 2015	<u>908,432</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>1.21%</u>	 <u>1.19%</u>

\* As at 30 September 2016, the gross exposure of the financing funded by RPSIA was RM12,881.5 million (31 December 2015: RM10,999.0 million). The individual allowance and collective allowance relating to these financing amounting to RM131.7 million and RM41.1 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 September 2016 was RM30,371.4 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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**A39. The Operations of Islamic Banking Scheme (cont'd.)**

**A39f. Deposits from Customers**

<u>Group</u>	30 September 2016 RM'000	31 December 2015 RM'000
<b>Savings deposit</b>		
Wadiah	13,472,399	12,173,656
	<u>13,472,399</u>	<u>12,173,656</u>
<b>Demand deposit</b>		
Wadiah	17,147,871	17,351,539
Mudharabah	4,016	11,980
	<u>17,151,887</u>	<u>17,363,519</u>
<b>Term deposit</b>		
Murabahah	74,768,989	75,261,088
Negotiable Islamic Debt Certificated (NIDC)		
- Bai al-inah	-	144,083
Hybrid (Bai' Bithaman Ajil and Murabahah)*	-	926,030
General investment account		
- Mudharabah	131,065	209,945
	<u>74,900,054</u>	<u>76,541,146</u>
<b>Total deposits from customers</b>	<u>105,524,340</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.

**A39g. Investment Accounts of Customers**

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

<u>Group</u>	30 September 2016 RM'000	31 December 2015 RM'000
Business enterprises	14,710,022	6,585,991
Individuals	13,125,350	9,931,294
Government and statutory bodies	829,460	682,878
Others	1,706,524	457,730
	<u>30,371,356</u>	<u>17,657,893</u>

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

<u>Group</u>	30 September 2016 RM'000	31 December 2015 RM'000
<b>Unrestricted investment account</b>		
<u>Mudharabah</u>		
- without maturity	7,804,027	5,664,558
- with maturity		
Due within six months	21,484,443	1,436,463
Six months to one year	1,079,096	10,556,227
One year to three years	2,018	400
Three years to five years	1,772	245
	<u>22,567,329</u>	<u>11,993,335</u>
<b>Total investment accounts of customers</b>	<u>30,371,356</u>	<u>17,657,893</u>

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

**A39g. Investment Accounts of Customers (cont'd.)**

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

<u>Group</u>	30 September 2016 RM'000	31 December 2015 RM'000
<b>Unrestricted Investment</b>		
Retail financing	28,069,711	13,691,213
Non-retail financing	2,301,645	3,832,880
Marketable securities	-	133,800
Total Investment	<u>30,371,356</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 (%)
<b>As at 30 September 2016</b>		
Investment accounts of customers	<u>71</u>	<u>3.78</u>
<b>As at 31 December 2015</b>		
Investment accounts of customers	<u>64</u>	<u>3.47</u>

**A39h. Financial liabilities at fair value through profit or loss**

<u>Group</u>	30 September 2016 RM'000	31 December 2015 RM'000
Structured deposits	<u>495,358</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.

**A39i. Subordinated Sukuk**

<u>Group</u>	30 September 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	1,534,942	1,517,178
RM1.0 billion Islamic subordinated Sukuk Murabahah due in 2026	1,005,988	-
	<u>2,540,930</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 RM4,382.4 million for the nine-month financial period ended 30 September 2016, a decrease of RM801.5 million or 15.5% compared to the previous corresponding nine-month financial period ended 30 September 2015.

The Group's net interest income and Islamic Banking income for the nine-month financial period ended 30 September 2016 increased by RM467.1 million or 4.2% to RM11,633.3 million compared to the previous corresponding nine-month financial period ended 30 September 2015.

The Group's net earned insurance premiums from the Insurance and Takaful subsidiaries increased by RM205.6 million to RM3,251.6 million for the nine-month financial period ended 30 September 2016 compared to the previous corresponding nine-month financial period ended 30 September 2015.

Other operating income of the Group for the nine-month financial period ended 30 September 2016 was RM4,823.0 million, an increase of RM701.4 million or 17.0% from RM4,121.6 million in the previous corresponding nine-month financial period ended 30 September 2015. The increase was mainly attributable to unrealised mark-to-market gain on revaluation of financial assets at FVTPL and derivatives of RM934.5 million, compared to unrealised mark-to-market loss on revaluation of financial assets at FVTPL and derivatives of RM708.6 million in the previous corresponding nine-month financial period ended 30 September 2015. The increase was, however, offset by lower foreign exchange gain of RM807.0 million and lower fee income of RM84.2 million.

The Group's overhead expenses for the nine-month financial period ended 30 September 2016 recorded an increase of RM434.5 million or 5.8% to RM7,943.8 million compared to the previous corresponding nine-month financial period ended 30 September 2015. The increase in overhead expenses was mainly due to higher establishment costs of RM225.4 million, higher administration and general expenses of RM198.8 million and higher personnel expenses of RM114.9 million.

The Group's allowances for impairment losses on loans, advances, financing and other debts increased by RM1,000.2 million to RM2,217.0 million for the nine-month financial period ended 30 September 2016. The increase was mainly due to higher collective allowance ("CA") made and higher individual allowance made during the nine-month financial period ended 30 September 2016. The Group's CA ratio (including Regulatory Reserve) was 1.22% as at 30 September 2016.

The Group posted an allowance for impairment losses on financial investments of RM173.5 million for the nine-month financial period ended 30 September 2016 compared to RM273.8 million in the previous corresponding nine-month financial period ended 30 September 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 nine-month financial period ended 30 September 2016 compared to the previous corresponding nine-month financial period ended 30 September 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 increased by RM137.2 million or 4.4% to RM3,272.4 million for the nine-month financial period ended 30 September 2016 from RM3,135.2 million for the previous corresponding nine-month financial period ended 30 September 2015. The increase was mainly due to higher net interest income and income from IBS of RM764.1 million and higher other operating income of RM43.1 million. The increase was, however, offset by higher allowance for impairment losses on loans, advances, financing and other debts of RM461.6 million and higher overhead expenses of RM208.4 million.

**Group Global Banking**

**a) Group Corporate Banking & Global Markets**

Group Corporate Banking & Global Markets' profit before taxation decreased by RM79.8 million or 2.0% to RM3,828.6 million for the nine-month financial period ended 30 September 2016 from RM3,908.4 million for the previous corresponding nine-month financial period ended 30 September 2015. The decrease was mainly due to higher allowance for impairment losses on loans, advances, financing and other debts of RM557.8 million, higher allowance for impairment losses on financial investments of RM169.4 million, higher overhead expenses of RM48.1 million and lower share of profits in associates and joint ventures of RM42.9 million. The decrease was, however, mitigated by higher other operating income of RM734.8 million.

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

Group Investment Banking's profit before taxation increased by RM21.4 million or 12.4% to RM194.8 million for the nine-month financial period ended 30 September 2016 from RM173.4 million for the previous corresponding nine-month financial period ended 30 September 2015. The increase was mainly driven by higher other operating income of RM61.5 million, higher net interest income and income from IBS of RM60.3 million and lower allowance for impairment losses on loans, advances, financing and other debts of RM6.6 million. The increase was, however, offset by higher overhead expenses of RM105.4 million.

**c) Group Asset Management**

Group Asset Management's profit before taxation increased by RM48.6 million to RM31.5 million for the nine-month financial period ended 30 September 2016 from loss before taxation of RM17.1 million for the previous corresponding nine-month financial period ended 30 September 2015. The increase was mainly due to higher other operating income of RM53.4 million and higher writeback of impairment losses on financial investment of RM8.7 million. The increase was, however, offset by higher overhead expenses of RM10.9 million and higher net interest expense of RM2.5 million.

**Group Insurance and Takaful**

Group Insurance and Takaful's profit before taxation increased by RM344.7 million or 85.3% to RM748.8 million for the nine-month financial period ended 30 September 2016 from RM404.1 million for the previous corresponding nine-month financial period ended 30 September 2015. The increase was contributed mainly by lower allowance for impairment losses on financial investments of RM261.7 million, higher other operating income of RM656.8 million, higher net earned insurance premiums of RM205.6 million and higher net interest income of RM69.6 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 RM802.0 million and higher overhead expenses of RM61.6 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 RM1,795.7 million for the quarter ended 30 September 2016, a decrease of RM103.2 million or 5.4% over the previous period corresponding quarter ended 30 September 2015.

The Group's net interest income and Islamic Banking income for the quarter ended 30 September 2016 decreased by RM144.5 million or 3.6% compared to the previous period corresponding quarter ended 30 September 2015.

The Group's other operating income increased by RM349.8 million or 25.6% to RM1,715.3 million for the quarter ended 30 September 2016 compared to the previous period corresponding quarter ended 30 September 2015. The increase was mainly contributed by unrealised mark-to-market gain on revaluation of financial assets at FVTPL and derivatives of RM373.0 million compared to unrealised mark-to-market loss on revaluation of financial assets at FVTPL and derivatives of RM447.6 million in the previous period corresponding quarter ended 30 September 2015. The increase was, however, offset by lower foreign exchange gain of RM465.1 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 increased by RM504.8 million to RM1,113.1 million compared to the previous period corresponding quarter ended 30 September 2015. The increase was mainly attributable to higher net insurance benefits and claims incurred by the Insurance and Takaful subsidiaries of RM415.4 million.

The Group's overhead expenses for the quarter ended 30 September 2016 increased by RM98.4 million or 3.8% compared to the previous period corresponding quarter ended 30 September 2015. The increase was mainly contributed by higher personnel expenses of RM75.1 million, higher establishment costs of RM22.0 million, higher administration and general expenses of RM26.5 million, mitigated by lower marketing expenses of RM25.1 million.

The Group's allowances for impairment losses on loans, advances, financing and other debts decreased by RM297.7 million or 44.6% to RM370.3 million for the quarter ended 30 September 2016 compared to the previous period corresponding quarter ended 30 September 2015. The decrease was mainly due to writeback of collective allowance of RM44.2 million compared to collective allowance made of RM478.0 million in the previous period corresponding quarter ended 30 September 2015. The decrease was, however, offset by higher net individual allowance made of RM224.4 million.

The Group reported a writeback of impairment losses on financial investments of RM39.4 million for the quarter ended 30 September 2016, compared to allowances for impairment losses on financial investments of RM129.1 million in the previous period corresponding quarter ended 30 September 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 September 2016 compared to the previous period corresponding quarter ended 30 September 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 increased by RM178.9 million or 19.1% to RM1,114.6 million for the quarter ended 30 September 2016 from RM935.7 million for the previous period corresponding quarter ended 30 September 2015. The increase was mainly due to higher net interest income and income from IBS of RM130.9 million and higher other operating income of RM115.9 million. The increase was, however, offset by higher allowance for impairment losses on loans, advances, financing and other debts of RM65.3 million and higher overhead expenses of RM2.7 million.

**Group Global Banking**

**a) Group Corporate Banking & Global Markets**

Group Corporate Banking & Global Markets' profit before taxation increased by RM461.1 million or 37.5% to RM1,691.5 million for the quarter ended 30 September 2016 from RM1,230.4 million for the previous period corresponding quarter ended 30 September 2015. The increase was mainly due to writeback of impairment losses on loans, advances, financing and other debts of RM344.4 million, higher other operating income of RM237.5 million and higher writeback of impairment losses on financial investments of RM38.8 million. The increase was, however, offset by lower net interest income and income from IBS of RM166.8 million.

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

Group Investment Banking's profit before taxation decreased by RM12.5 million to RM32.0 million for the quarter ended 30 September 2016 from RM44.5 million for the previous period corresponding quarter ended 30 September 2015. The decrease was mainly due to higher overhead expenses of RM57.4 million. The decrease was, however, mitigated by higher net interest income and income from IBS of RM17.1 million, higher other operating income of RM15.0 million and lower allowance for impairment losses on loans, advances, financing and other debts of RM12.7 million.

**c) Group Asset Management**

Group Asset Management's profit before taxation increased by RM51.9 million to RM28.5 million for the quarter ended 30 September 2016 from loss before taxation of RM23.4 million for the previous period corresponding quarter ended 30 September 2015. The increase was mainly due to higher other operating income of RM64.5 million and higher writeback of impairment losses on financial investments of RM1.9 million. The increase was, however, offset by higher overhead expenses of RM14.5 million.

**Group Insurance and Takaful**

Group Insurance and Takaful's profit before taxation increased by RM219.2 million to RM390.5 million for the quarter ended 30 September 2016 from RM171.3 million for the previous period corresponding quarter ended 30 September 2015. The increase was contributed mainly by higher other operating income of RM579.6 million, lower allowance for impairment losses on financial investments of RM127.3 million and higher net interest income and income from IBS of RM36.8 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 RM504.8 million and higher overhead expenses of RM36.2 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 September 2016 increased by RM635.8 million or 54.8% to RM1,795.7 million against the preceding quarter ended 30 June 2016.

The Group's net interest income for the quarter ended 30 September 2016 decreased by RM50.8 million to RM2,828.0 million against the preceding quarter of RM2,878.8 million. Income from Islamic Banking Scheme operations decreased by RM28.0 million to RM1,009.0 million for the quarter ended 30 September 2016 compared to RM1,037.0 million in the preceding quarter ended 30 June 2016.

The Group's net earned insurance premiums for the quarter ended 30 September 2016 decreased by RM46.2 million to RM1,018.4 million compared to RM1,064.6 million in the preceding quarter ended 30 June 2016.

Other operating income of the Group for the quarter ended 30 September 2016 increased by RM274.0 million to RM1,715.3 million compared to RM1,441.3 million in the preceding quarter ended 30 June 2016. The increase was mainly due to net foreign exchange gain of RM143.2 million, compared to net foreign exchange loss of RM161.3 million in the preceding quarter ended 30 June 2016 and higher fee income of RM23.4 million. The increase was, however, offset by lower unrealised mark-to-market gain on revaluation of financial assets at FVTPL, derivatives and financial liabilities at FVTPL of RM63.0 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 RM37.4 million to RM1,113.1 million for the quarter ended 30 September 2016 compared to RM1,075.7 million in the preceding quarter ended 30 June 2016. The increase was mainly due to higher net insurance benefits and claims incurred of RM51.5 million.

The Group's posted an increase of RM76.2 million in overhead expenses to RM2,699.9 million for the quarter ended 30 September 2016 compared to RM2,623.7 million in the preceding quarter ended 30 June 2016. The increase was mainly due to higher personnel expenses of RM42.5 million, higher establishment cost of RM30.1 million and higher administration and general expenses of RM22.4 million. The increase was, however, mitigated by lower marketing expenses of RM18.9 million.

The Group's allowance for impairment losses on loans, advances, financing and other debts decreased by RM611.4 million to RM370.3 million in the quarter ended 30 September 2016 compared to RM981.7 million in the preceding quarter ended 30 June 2016. The decrease was mainly due to lower net individual allowance made of RM232.3 million and writeback of collective allowance of RM44.2 million for the quarter ended 30 September 2016 compared to collective allowance made of RM335.3 million in the preceding quarter ended 30 June 2016.

The Group reported a writeback of impairment losses on financial investments of RM39.4 million for the quarter ended 30 September 2016, compared to allowances for impairment losses on financial investments of RM200.0 million in the preceding quarter ended 30 June 2016.

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**B3. Prospects**

The real world GDP growth is forecasted to ease slightly to 2.8% in 2016 (2015: 3.1%), due to slowing growth in major advanced economies. GDP growth for the UK is expected to taper to 1.8% (2015: 2.2%), arising from its vote to leave the European Union while US growth is forecasted at 1.6% (2015: 2.6%). Growth in Eurozone and Japan are expected to remain lacklustre at an estimated 1.5% and 0.6% respectively. Performances in the large emerging economies remain uneven, with India maintaining steady growth, China's growth slowdown stabilising, while Brazil and Russia remain in recessions.

Growth momentum in Asian NIEs remain flattish (2016E: 2.0%; 2015: 2.1%) while growth in ASEAN-5 economies (2016E: 5.0%; 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, South Korea, Singapore 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%) mainly on moderating investment and weaker external demand. While the 25 bps cut in the Overnight Policy Rate to 3.00% in July 2016 was aimed at supporting domestic demand growth, loans growth is expected to ease further this year from 7%-8% in 2015, due to slower household and non-household loans growth. Maybank Malaysia's loans growth is expected to track Malaysia's GDP growth for 2016.

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 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. Interest rate cuts totalling 150 bps 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 preserve the strength of its balance sheet by managing liquidity and 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 is lowering its two Headline Key Performance Indicators of Return on Equity to 10.5%-11.0% and Group Loans Growth of 2%-3%, premised on our selective asset growth this year and as we are mindful of potential asset quality weakness in a slowing economic growth environment in some of our key operating markets.

**B4. Profit Forecast or Profit Guarantee**

Neither the Group nor the Bank has made any profit forecast or issued any profit guarantee for the third quarter ended 30 September 2016.

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**B5. Taxation and Zakat**

The analysis of the tax expense for the third quarter ended 30 September 2016 are as follows:

<b>Group</b>	<b>Third Quarter Ended</b>		<b>Cumulative 9 Months Ended</b>	
	<b>30 September 2016</b>	<b>30 September 2015</b>	<b>30 September 2016</b>	<b>30 September 2015</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Malaysian income tax	<b>586,443</b>	470,179	<b>1,175,335</b>	1,341,774
Foreign income tax	<b>84,622</b>	38,165	<b>173,703</b>	129,528
	<b>671,065</b>	508,344	<b>1,349,038</b>	1,471,302
(Over)/under provision in respect of prior period:				
Malaysian income tax	<b>(29,954)</b>	696	<b>(32,686)</b>	696
Foreign income tax	<b>(11)</b>	(1,913)	<b>(3,778)</b>	(951)
	<b>641,100</b>	507,127	<b>1,312,574</b>	1,471,047
Deferred tax				
- Relating to origination and reversal of temporary differences	<b>(52,900)</b>	(51,056)	<b>128,295</b>	31,318
	<b>(52,900)</b>	(51,056)	<b>128,295</b>	31,318
Tax expense for the financial period	<b>588,200</b>	456,071	<b>1,440,869</b>	1,502,365
Zakat	<b>4,295</b>	1,191	<b>16,757</b>	14,023
	<b>592,495</b>	457,262	<b>1,457,626</b>	1,516,388

The Group's effective tax rate for the third quarter ended 30 September 2016 was higher than the statutory tax rate due to effects of certain non-deductible expenses.

<b>Bank</b>	<b>Third Quarter Ended</b>		<b>Cumulative 9 Months Ended</b>	
	<b>30 September 2016</b>	<b>30 September 2015</b>	<b>30 September 2016</b>	<b>30 September 2015</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Malaysian income tax	<b>418,015</b>	307,034	<b>788,081</b>	926,081
Foreign income tax	<b>402</b>	(1,277)	<b>1,618</b>	4,117
	<b>418,417</b>	305,757	<b>789,699</b>	930,198
Under/(over) provision in respect of prior period:				
Malaysian income tax	-	(9,009)	-	(9,009)
Foreign income tax	-	(3)	<b>26</b>	(69)
	<b>418,417</b>	296,745	<b>789,725</b>	921,120
Deferred tax				
- Relating to origination and reversal of temporary differences	<b>(42,767)</b>	(75,699)	<b>61,754</b>	(14,638)
	<b>(42,767)</b>	(75,699)	<b>61,754</b>	(14,638)
Tax expense for the financial period	<b>375,650</b>	221,046	<b>851,479</b>	906,482
Zakat	-	-	-	-
	<b>375,650</b>	221,046	<b>851,479</b>	906,482

The Bank's effective tax rate for the third quarter ended 30 September 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 third quarter ended 30 September 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, Deposits and Placements from Financial Institutions and Debt Securities**

Please refer to Note A14, A15, A16, A17 and A39g.

**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.

	<b>30 September 2016 RM'000</b>	<b>31 December 2015 RM'000</b>
Retained profits of the Group:		
- Realised	<b>11,008,680</b>	12,458,038
- Unrealised	<b>1,787,739</b>	(473,742)
- in respect of deferred tax recognised in the income statement	<b>(170,761)</b>	(18,879)
- in respect of other items of income and expense	<b>1,958,500</b>	(454,863)
	<b>12,796,419</b>	11,984,296
Share of retained profits from associates and joint ventures:		
- Realised	<b>553,418</b>	509,815
- Unrealised	<b>-</b>	-
	<b>553,418</b>	509,815
Consolidation adjustments	<b>158,138</b>	338,893
Total Group's retained profits	<b>13,507,975</b>	12,833,004

**B12. Proposed Interim Dividend**

No interim dividend has been recommended during the third quarter ended 30 September 2016.

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

**Basic EPS**

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

	Third Quarter Ended		Cumulative 9 Months Ended	
	30 September 2016	30 September 2015	30 September 2016	30 September 2015
Net profit for the quarter/period attributable to equity holders of the Bank (RM'000)	<b>1,795,702</b>	1,898,938	<b>4,382,394</b>	5,183,857
Weighted average number of ordinary shares in issue ('000)	<b>9,994,697</b>	9,525,788	<b>9,860,256</b>	9,428,529
Basic earnings per share	<b>17.97 sen</b>	19.93 sen	<b>44.45 sen</b>	54.98 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") and the Dividend Reinvestment Plan ("DRP").

In the diluted EPS calculation, it was assumed that certain number of ordinary shares under the ESS relating to the RSU were vested and awarded to employees through issuance of additional ordinary shares and the electable portion of the dividends issued under the DRP were exercised into ordinary shares. A calculation is done to determine the number of ordinary shares that could have been issued at fair value (determined as the average price of the Bank's ordinary shares during the quarter/period) based on the monetary value of the ESS entitlement attached to the outstanding RSU granted and the number of shares that could have been issued at an assumed price (determined as the 5-day average price of the Bank's ordinary shares as at 30 September 2016 and 30 September 2015) based on the electable portion of the dividends issued under the DRP. These calculations serve to determine the number of dilutive shares to be added to the weighted average ordinary shares in issue for the purpose of computing the dilution. No adjustment was made to the net profit for the quarter/period.

	Third Quarter Ended		Cumulative 9 Months Ended	
	30 September 2016	30 September 2015	30 September 2016	30 September 2015
Net profit for the quarter/period attributable to equity holders of the Bank (RM'000)	<b>1,795,702</b>	1,898,938	<b>4,382,394</b>	5,183,857
Weighted average number of ordinary shares in issue ('000)	<b>9,994,697</b>	9,525,788	<b>9,860,256</b>	9,428,529
Effects of dilution ('000)	<b>11,853</b>	24,297	<b>11,992</b>	24,545
Adjusted weighted average number of ordinary shares in issue ('000)	<b>10,006,550</b>	9,550,085	<b>9,872,248</b>	9,453,074
Diluted earnings per share	<b>17.95 sen</b>	19.88 sen	<b>44.39 sen</b>	54.84 sen

By Order of the Board

**Wan Marzimin Wan Muhammad**  
LS0009924  
Company Secretary  
24 November 2016