

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

CONDENSED FINANCIAL STATEMENTS
INCOME STATEMENTS
FOR THE 4TH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2016

<u>Group</u>	Note	Unaudited		Audited	
		31 December 2016 RM'000	31 December 2015 RM'000	Cumulative 12 Months Ended 31 December 2016 RM'000	31 December 2015 RM'000
Interest income	A21	5,287,279	5,281,783	20,940,499	19,792,821
Interest expense	A22	(2,328,389)	(2,349,362)	(9,372,243)	(8,678,676)
Net interest income		2,958,890	2,932,421	11,568,256	11,114,145
Income from Islamic Banking Scheme operations	A40a	1,165,351	954,165	4,189,242	3,938,637
Net earned insurance premiums	A23	1,192,473	1,150,748	4,444,057	4,196,699
Other operating income	A25	1,346,492	1,651,313	6,169,537	5,772,867
Total operating income		6,663,206	6,688,647	26,371,092	25,022,348
Net insurance benefits and claims incurred, net fee and commission expenses, change in expense liabilities and taxation of life and takaful fund	A26	(595,309)	(1,073,876)	(4,107,909)	(3,784,427)
Net operating income		6,067,897	5,614,771	22,263,183	21,237,921
Overhead expenses	A27	(2,633,421)	(2,775,718)	(10,577,196)	(10,285,040)
Operating profit before impairment losses		3,434,476	2,839,053	11,685,987	10,952,881
Allowances for impairment losses on loans, advances, financing and other debts, net	A28	(615,743)	(466,716)	(2,832,748)	(1,683,557)
Allowances for impairment losses on financial investments, net	A29	(8,769)	(55,188)	(182,253)	(329,022)
Operating profit		2,809,964	2,317,149	8,670,986	8,940,302
Share of profits in associates and joint ventures		63,041	58,954	173,464	211,246
Profit before taxation and zakat		2,873,005	2,376,103	8,844,450	9,151,548
Taxation and zakat	B5	(422,932)	(648,772)	(1,880,558)	(2,165,160)
Profit for the period/year		2,450,073	1,727,331	6,963,892	6,986,388
Attributable to:					
Equity holders of the Bank		2,360,598	1,652,082	6,742,992	6,835,939
Non-controlling interests		89,475	75,249	220,900	150,449
		2,450,073	1,727,331	6,963,892	6,986,388
Earnings per share attributable to equity holders of the Bank	B13				
Basic		23.19 sen	17.08 sen	67.84 sen	72.03 sen
Fully diluted		23.19 sen	17.08 sen	67.84 sen	72.03 sen

(These audited condensed 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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STATEMENTS OF COMPREHENSIVE INCOME
FOR THE 4TH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2016

<u>Group</u>	Unaudited		Audited	
	31 December 2016 RM'000	31 December 2015 RM'000	31 December 2016 RM'000	31 December 2015 RM'000
Profit for the period/year	2,450,073	1,727,331	6,963,892	6,986,388
Other comprehensive income/(loss):				
<i>Items that will not be reclassified subsequently to profit or loss:</i>				
Defined benefit plan actuarial gain/(loss)	12,217	10,326	(2,043)	47,123
Income tax effect	(3,232)	(96)	(472)	(8,145)
Share of change in associates' reserve	48	-	(10)	-
	<u>9,033</u>	<u>10,230</u>	<u>(2,525)</u>	<u>38,978</u>
<i>Items that may be reclassified subsequently to profit or loss:</i>				
Net (loss)/gain on financial investments available-for-sale	(1,554,269)	107,695	319,941	(284,440)
Income tax effect	380,056	(43,072)	(82,871)	76,166
Net gain/(loss) on foreign exchange translation	1,298,580	(65,914)	1,310,802	3,692,259
Net (loss)/gain on cash flow hedge	(123)	(308)	(1,157)	2,781
Net (loss)/gain on net investment hedge	(54,511)	209,390	21,197	(399,314)
Net (loss)/gain on revaluation reserve	(3,732)	16	(3,689)	62
Share of change in associates' reserve	188,838	(98,639)	41,941	511,102
	<u>254,839</u>	<u>109,168</u>	<u>1,606,164</u>	<u>3,598,616</u>
Other comprehensive income for the period/year, net of tax	<u>263,872</u>	<u>119,398</u>	<u>1,603,639</u>	<u>3,637,594</u>
Total comprehensive income for the period/year	<u>2,713,945</u>	<u>1,846,729</u>	<u>8,567,531</u>	<u>10,623,982</u>
Other comprehensive income for the period/year attributable to:				
Equity holders of the Bank	282,037	96,964	1,595,032	3,621,773
Non-controlling interests	(18,165)	22,434	8,607	15,821
	<u>263,872</u>	<u>119,398</u>	<u>1,603,639</u>	<u>3,637,594</u>
Total comprehensive income for the period/year attributable to:				
Equity holders of the Bank	2,642,635	1,749,046	8,338,024	10,457,712
Non-controlling interests	71,310	97,683	229,507	166,270
	<u>2,713,945</u>	<u>1,846,729</u>	<u>8,567,531</u>	<u>10,623,982</u>

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CONDENSED FINANCIAL STATEMENTS
INCOME STATEMENTS
FOR THE 4TH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2016

<u>Bank</u>	Note	Unaudited		Audited	
		31 December 2016	31 December 2015	Cumulative 12 Months Ended 31 December 2016	Cumulative 12 Months Ended 31 December 2015
		RM'000	RM'000	RM'000	RM'000
Interest income	A21	3,752,964	3,875,428	15,076,353	14,751,535
Interest expense	A22	(1,698,271)	(1,726,246)	(6,923,742)	(6,423,163)
Net interest income		2,054,693	2,149,182	8,152,611	8,328,372
Dividends from subsidiaries and associates	A24	55,390	295,344	2,400,457	1,534,033
Other operating income	A25	1,147,749	779,083	4,061,557	3,389,635
		1,203,139	1,074,427	6,462,014	4,923,668
Net operating income		3,257,832	3,223,609	14,614,625	13,252,040
Overhead expenses	A27	(1,278,770)	(1,540,205)	(5,339,639)	(5,629,901)
Operating profit before impairment losses		1,979,062	1,683,404	9,274,986	7,622,139
Allowances for impairment losses on loans, advances, financing and other debts, net	A28	(559,749)	(193,169)	(1,787,868)	(676,715)
Writeback of/(allowances for) impairment losses on financial investments, net	A29	125	563	(139,851)	39,111
Profit before taxation and zakat		1,419,438	1,490,798	7,347,267	6,984,535
Taxation and zakat	B5	(73,144)	(243,766)	(924,623)	(1,150,248)
Profit for the period/year		1,346,294	1,247,032	6,422,644	5,834,287

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STATEMENTS OF COMPREHENSIVE INCOME
FOR THE 4TH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2016

<u>Bank</u>	Unaudited		Audited	
	4th Quarter Ended		Cumulative 12 Months Ended	
	31 December	31 December	31 December	31 December
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Profit for the period/year	1,346,294	1,247,032	6,422,644	5,834,287
Other comprehensive (loss)/income:				
<i>Items that may be reclassified subsequently to profit or loss:</i>				
Net (loss)/gain on financial investments available-for-sale	(1,337,087)	33,636	203,432	(317,481)
Income tax effect	321,357	(8,409)	(55,913)	79,370
Net gain/(loss) on foreign exchange translation	394,004	(251,391)	333,369	1,592,230
Other comprehensive (loss)/income for the period/year, net of tax	(621,726)	(226,164)	480,888	1,354,119
Total comprehensive income for the period/year	724,568	1,020,868	6,903,532	7,188,406

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MALAYAN BANKING BERHAD
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CONDENSED FINANCIAL STATEMENTS
AUDITED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2016

	Note	Group		Bank	
		31 December 2016 RM'000	31 December 2015 RM'000	31 December 2016 RM'000	31 December 2015 RM'000
ASSETS					
Cash and short-term funds		58,140,545	55,647,407	38,350,931	41,278,089
Deposits and placements with financial institutions		13,444,630	13,618,339	19,339,287	14,748,271
Financial assets purchased under resale agreements		2,492,412	7,692,165	2,213,113	7,490,808
Financial assets at fair value through profit or loss	A10(i)	23,496,050	17,222,595	7,980,314	4,221,895
Financial investments available-for-sale	A10(ii)	92,384,834	90,261,673	74,904,201	74,950,070
Financial investments held-to-maturity	A10(iii)	15,021,597	14,682,130	12,582,311	14,329,231
Loans, advances and financing	A11	477,774,903	453,492,587	295,020,136	287,056,974
Derivative assets	A36	8,311,703	8,283,647	8,320,918	8,334,598
Reinsurance/retakaful assets and other insurance receivables	A12	4,139,596	4,355,654	-	-
Other assets	A13	10,525,560	12,388,512	5,603,512	8,373,774
Investment properties		758,488	716,818	-	-
Statutory deposits with central banks		15,384,134	16,266,412	7,530,325	7,855,379
Investment in subsidiaries		-	-	21,586,547	21,026,955
Interest in associates and joint ventures		3,210,436	3,120,548	451,518	451,518
Property, plant and equipment		2,595,497	2,661,472	1,290,761	1,322,097
Intangible assets		7,345,524	6,958,462	530,049	509,480
Deferred tax assets		930,344	976,082	358,687	441,814
TOTAL ASSETS		735,956,253	708,344,503	496,062,610	492,390,953
LIABILITIES					
Deposits from customers	A14	489,833,295	478,150,533	336,186,752	330,626,519
Investment accounts of customers	A40g	31,544,587	17,657,893	-	-
Deposits and placements from financial institutions	A15	30,854,693	39,013,916	29,856,710	37,904,688
Obligations on financial assets sold under repurchase agreements		2,957,951	4,498,574	2,957,951	4,498,574
Derivative liabilities	A36	8,828,060	7,877,458	8,802,221	7,696,334
Financial liabilities at fair value through profit or loss	A16	3,587,230	-	2,685,139	-
Bills and acceptances payable		1,808,066	1,803,180	1,000,777	1,114,387
Insurance/takaful contract liabilities and other insurance payables	A18	23,948,719	23,839,341	-	-
Other liabilities	A19	12,978,931	13,029,588	8,190,241	9,921,177
Recourse obligation on loans and financing sold to Cagamas		974,588	1,174,345	974,588	1,174,345
Provision for taxation and zakat		419,729	85,224	47,374	-
Deferred tax liabilities		777,826	755,851	-	-
Borrowings	A17(i)	34,867,056	30,643,652	28,927,427	24,873,211
Subordinated obligations	A17(ii)	15,900,706	20,252,116	13,202,872	16,750,738
Capital securities	A17(iii)	6,199,993	6,049,375	6,225,926	6,212,597
TOTAL LIABILITIES		665,481,430	644,831,046	439,057,978	440,772,570

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	Note	Group		Bank	
		31 December 2016 RM'000	31 December 2015 RM'000	31 December 2016 RM'000	31 December 2015 RM'000
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE BANK					
Share capital		10,193,200	9,761,751	10,193,200	9,761,751
Share premium		28,878,703	25,900,476	28,878,703	25,900,476
Shares held-in-trust		(125,309)	(119,745)	(125,309)	(119,745)
Retained profits		14,408,695	12,833,004	4,456,832	3,252,638
Reserves		15,160,442	13,319,504	13,601,206	12,823,263
		68,515,731	61,694,990	57,004,632	51,618,383
Non-controlling interests		1,959,092	1,818,467	-	-
		70,474,823	63,513,457	57,004,632	51,618,383
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY					
		735,956,253	708,344,503	496,062,610	492,390,953
COMMITMENTS AND CONTINGENCIES	A34	766,438,609	719,952,310	721,129,524	679,608,899
<u>CAPITAL ADEQUACY</u>					
	A35				
The capital adequacy ratios of the Group and of the Bank are as follows:					
CET1 Capital Ratio		13.990%	12.780%	15.881%	15.781%
Tier 1 Capital Ratio		15.664%	14.471%	18.232%	17.969%
Total Capital Ratio		19.293%	17.743%	19.432%	17.969%
Net assets per share attributable to equity holders of the Bank		RM6.72	RM6.32	RM5.59	RM5.29

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CONDENSED FINANCIAL STATEMENTS
AUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 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 ¹ RM'000	Retained Profits ² RM'000			
	Share Capital RM'000	Share Premium RM'000	Shares Held-in-trust RM'000	Statutory Reserve RM'000	Regulatory Reserve RM'000								
At 1 January 2016	9,761,751	25,900,476	(119,745)	10,456,462	1,247,509	(503,048)	2,245,044	329,523	(455,986)	12,833,004	61,694,990	1,818,467	63,513,457
Profit for the financial year	-	-	-	-	-	-	-	-	-	6,742,992	6,742,992	220,900	6,963,892
Other comprehensive income	-	-	-	-	-	233,917	1,347,013	-	14,102	-	1,595,032	8,607	1,603,639
Defined benefit plan actuarial loss	-	-	-	-	-	-	-	-	(2,239)	-	(2,239)	(276)	(2,515)
Share of associates' reserve	-	-	-	-	-	(3,768)	45,709	-	(10)	-	41,931	-	41,931
Net gain on foreign exchange translation	-	-	-	-	-	-	1,301,304	-	-	-	1,301,304	9,498	1,310,802
Net gain/(loss) on financial investments available-for-sale	-	-	-	-	-	237,685	-	-	-	-	237,685	(615)	237,070
Net gain on net investment hedge	-	-	-	-	-	-	-	-	21,197	-	21,197	-	21,197
Net loss on cash flow hedge	-	-	-	-	-	-	-	-	(1,157)	-	(1,157)	-	(1,157)
Net loss on revaluation reserve	-	-	-	-	-	-	-	-	(3,689)	-	(3,689)	-	(3,689)
Total comprehensive income for the financial year	-	-	-	-	-	233,917	1,347,013	-	14,102	6,742,992	8,338,024	229,507	8,567,531
Carried forward	9,761,751	25,900,476	(119,745)	10,456,462	1,247,509	(269,131)	3,592,057	329,523	(441,884)	19,575,996	70,033,014	2,047,974	72,080,988

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

Group (cont'd.)	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	Retained Profits RM'000	Total Shareholders' Equity RM'000	Non- Controlling Interests RM'000	Total Equity RM'000
Brought forward	9,761,751	25,900,476	(119,745)	10,456,462	1,247,509	(269,131)	3,592,057	329,523	(441,884)	19,575,996	70,033,014	2,047,974	72,080,988
Share-based payment under Employees' Share Scheme ("ESS")	-	-	-	-	-	-	-	27,612	-	13,060	40,672	-	40,672
Effect of changes in corporate structure within the Group	-	-	-	-	-	-	-	-	-	-	-	6,195	6,195
Transfer to statutory reserves	-	-	-	478,485	-	-	-	-	-	(478,485)	-	-	-
Transfer from regulatory reserve	-	-	-	-	(189,512)	-	-	-	-	189,512	-	-	-
Transfer from profit equalisation reserve	-	-	-	-	-	-	-	-	(34,456)	34,456	-	-	-
Issue of shares pursuant to ESS (Note A8(i)(a)(A))	8,598	70,501	-	-	-	-	-	(4,707)	-	-	74,392	-	74,392
Issue of shares pursuant to Restricted Share Unit ("RSU") (Note A8(i)(a)(B))	3,156	25,687	-	-	-	-	-	(29,903)	-	1,060	-	-	-
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) & (E))	419,511	2,880,595	(5,564)	-	-	-	-	-	-	-	3,294,542	-	3,294,542
Dividends (Note A9(a), (b) & (c))	-	-	-	-	-	-	-	-	-	(4,926,889)	(4,926,889)	(95,077)	(5,021,966)
Total transactions with shareholders/ other equity movements	431,449	2,978,227	(5,564)	478,485	(189,512)	-	-	(8,611)	(34,456)	(5,167,301)	(1,517,283)	(88,882)	(1,606,165)
At 31 December 2016	10,193,200	28,878,703	(125,309)	10,934,947	1,057,997	(269,131)	3,592,057	320,912	(476,340)	14,408,695	68,515,731	1,959,092	70,474,823

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

² The retained profits of the Group include the non-distributable non-par surplus from an insurance subsidiary amounted to RM1,188.2 million (net of tax). This non-distributable non-par surplus is only available for distribution to shareholder on the amount recommended by the Appointed Actuary in accordance with the Financial Services Act 2013.

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 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 ¹ RM'000	Retained Profits ² RM'000	Total Shareholders' Equity RM'000	Non- Controlling Interests RM'000	Total Equity RM'000
At 1 January 2015	9,319,030	22,747,922	(113,463)	10,396,000	274,500	(321,842)	(1,917,500)	298,366	(96,421)	12,387,977	52,974,569	1,766,606	54,741,175
Profit for the financial year	-	-	-	-	-	-	-	-	-	6,835,939	6,835,939	150,449	6,986,388
Other comprehensive (loss)/income	-	-	-	-	-	(181,206)	4,162,544	-	(359,565)	-	3,621,773	15,821	3,637,594
Defined benefit plan actuarial gain	-	-	-	-	-	-	-	-	36,906	-	36,906	2,072	38,978
Share of associates' reserve	-	-	-	-	-	36,914	474,188	-	-	-	511,102	-	511,102
Net gain on foreign exchange translation	-	-	-	-	-	-	3,688,356	-	-	-	3,688,356	3,903	3,692,259
Net loss on financial investments available-for-sale	-	-	-	-	-	(218,120)	-	-	-	-	(218,120)	9,846	(208,274)
Net loss on net investment hedge	-	-	-	-	-	-	-	-	(399,314)	-	(399,314)	-	(399,314)
Net gain on cash flow hedge	-	-	-	-	-	-	-	-	2,781	-	2,781	-	2,781
Net gain on revaluation reserve	-	-	-	-	-	-	-	-	62	-	62	-	62
Total comprehensive (loss)/income for the financial year	-	-	-	-	-	(181,206)	4,162,544	-	(359,565)	6,835,939	10,457,712	166,270	10,623,982
Carried forward	9,319,030	22,747,922	(113,463)	10,396,000	274,500	(503,048)	2,245,044	298,366	(455,986)	19,223,916	63,432,281	1,932,876	65,365,157

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Group (cont'd.)	<===== Attributable to equity holders of the Bank =====>												
	<===== Non-Distributable =====>					Available-	Exchange					Total	Non-
	Share	Share	Shares	Statutory	Regulatory	for-sale	Fluctuation	ESS	Other	Retained	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
Brought forward	9,319,030	22,747,922	(113,463)	10,396,000	274,500	(503,048)	2,245,044	298,366	(455,986)	19,223,916	63,432,281	1,932,876	65,365,157
Share-based payment under Employees' Share Scheme ("ESS")	-	-	-	-	-	-	-	62,933	-	-	62,933	-	62,933
Effect of changes in corporate structure within the Group	-	-	-	-	-	-	-	-	-	5,537	5,537	(15,366)	(9,829)
Transfer to statutory reserves	-	-	-	60,462	-	-	-	-	-	(60,462)	-	-	-
Transfer to regulatory reserve	-	-	-	-	973,009	-	-	-	-	(973,009)	-	-	-
Issue of shares pursuant to ESS	13,842	115,626	-	-	-	-	-	(8,233)	-	-	121,235	-	121,235
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")	425,985	3,012,249	(6,291)	-	-	-	-	-	-	-	3,431,943	-	3,431,943
Dividends	-	-	-	-	-	-	-	-	-	(5,358,939)	(5,358,939)	(99,043)	(5,457,982)
Total transactions with shareholders/ other equity movements	442,721	3,152,554	(6,282)	60,462	973,009	-	-	31,157	-	(6,390,912)	(1,737,291)	(114,409)	(1,851,700)
At 31 December 2015	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

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

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

(These audited condensed 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
AUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

<u>Bank</u>	<===== Attributable to equity holders of the Bank =====>									
	<===== Non-Distributable =====>									
	Share Capital RM'000	Share Premium RM'000	Shares Held-in-trust RM'000	Statutory Reserve RM'000	Regulatory Reserve RM'000	Available- for-sale Reserve RM'000	Exchange Fluctuation Reserve RM'000	ESS Reserve RM'000	Distributable Retained Profits RM'000	Total Equity RM'000
At 1 January 2016	9,761,751	25,900,476	(119,745)	9,866,550	813,800	(600,664)	2,414,054	329,523	3,252,638	51,618,383
Profit for the financial year	-	-	-	-	-	-	-	-	6,422,644	6,422,644
Other comprehensive income	-	-	-	-	-	147,519	333,369	-	-	480,888
Net gain on foreign exchange translation	-	-	-	-	-	-	333,369	-	-	333,369
Net gain on financial investments available-for-sale	-	-	-	-	-	147,519	-	-	-	147,519
Total comprehensive income for the financial year	-	-	-	-	-	147,519	333,369	-	6,422,644	6,903,532
Share-based payment under Employees' Share Scheme ("ESS")	-	-	-	-	-	-	-	27,612	13,060	40,672
Transfer to statutory reserve	-	-	-	458,666	-	-	-	-	(458,666)	-
Transfer from regulatory reserve	-	-	-	-	(153,000)	-	-	-	153,000	-
Issue of shares pursuant to ESS (Note A8(i)(a)(A))	8,598	70,501	-	-	-	-	-	(4,707)	-	74,392
Issue of shares pursuant to Restricted Share Unit ("RSU") (Note A8(i)(a)(B))	3,156	25,687	-	-	-	-	-	(29,903)	1,060	-
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) & (E))	419,511	2,880,595	(5,564)	-	-	-	-	-	-	3,294,542
Dividends (Note A9(a) & (b))	-	-	-	-	-	-	-	-	(4,926,889)	(4,926,889)
Total transactions with shareholders/ other equity movements	431,449	2,978,227	(5,564)	458,666	(153,000)	-	-	(8,611)	(5,218,450)	(1,517,283)
At 31 December 2016	10,193,200	28,878,703	(125,309)	10,325,216	660,800	(453,145)	2,747,423	320,912	4,456,832	57,004,632

(These audited condensed 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
AUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

<u>Bank</u>	<===== Attributable to equity holders of the Bank =====>									
	<===== Non-Distributable =====>									
	Share Capital RM'000	Share Premium RM'000	Shares Held-in-trust RM'000	Statutory Reserve RM'000	Regulatory Reserve RM'000	Available- for-sale Reserve RM'000	Exchange Fluctuation Reserve RM'000	ESS Reserve RM'000	Distributable Retained Profits RM'000	Total Equity RM'000
At 1 January 2015	9,319,030	22,747,922	(113,463)	9,860,875	-	(362,553)	821,824	298,366	3,600,804	46,172,805
Profit for the financial year	-	-	-	-	-	-	-	-	5,834,287	5,834,287
Other comprehensive (loss)/income	-	-	-	-	-	(238,111)	1,592,230	-	-	1,354,119
Net gain on foreign exchange translation	-	-	-	-	-	-	1,592,230	-	-	1,592,230
Net loss on financial investments available-for-sale	-	-	-	-	-	(238,111)	-	-	-	(238,111)
Total comprehensive (loss)/income for the financial year	-	-	-	-	-	(238,111)	1,592,230	-	5,834,287	7,188,406
Share-based payment under Employees' Share Scheme ("ESS")	-	-	-	-	-	-	-	62,933	-	62,933
Transfer to statutory reserve	-	-	-	5,675	-	-	-	-	(5,675)	-
Transfer to regulatory reserve	-	-	-	-	813,800	-	-	-	(813,800)	-
Issue of shares pursuant to ESS	13,842	115,626	-	-	-	-	-	(8,233)	-	121,235
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")	425,985	3,012,249	(6,291)	-	-	-	-	-	-	3,431,943
Dividends	-	-	-	-	-	-	-	-	(5,358,939)	(5,358,939)
Total transactions with shareholders/ other equity movements	442,721	3,152,554	(6,282)	5,675	813,800	-	-	31,157	(6,182,453)	(1,742,828)
At 31 December 2015	9,761,751	25,900,476	(119,745)	9,866,550	813,800	(600,664)	2,414,054	329,523	3,252,638	51,618,383

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

MALAYAN BANKING BERHAD
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CONDENSED FINANCIAL STATEMENTS
AUDITED CASH FLOW STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

	Group		Bank	
	31 December 2016 RM'000	31 December 2015 RM'000	31 December 2016 RM'000	31 December 2015 RM'000
Cash flows from operating activities				
Profit before taxation and zakat	8,844,450	9,151,548	7,347,267	6,984,535
Adjustments for:				
Depreciation of property, plant and equipment	379,135	374,649	188,540	189,828
Share of profits in associates and joint ventures	(173,464)	(211,246)	-	-
Amortisation of intangible assets	290,491	265,597	128,718	112,277
Net loss/(gain) on disposal of subsidiaries	378	(189,037)	-	(513,748)
Net gain on disposal of financial assets at fair value through profit or loss	(204,106)	(157,700)	(101,170)	(20,976)
Net gain on disposal of financial investments available-for-sale	(1,039,601)	(353,906)	(923,826)	(221,110)
Net gain on disposal/redemption of financial investments held-to-maturity	(11,397)	(308)	(11,397)	(308)
Unrealised loss/(gain) on revaluation of financial assets at fair value through profit or loss and derivatives	19,896	(81,907)	119,325	(224,231)
Unrealised gain on revaluation of financial liabilities at fair value through profit or loss	(189,931)	-	(189,931)	-
Allowances for impairment losses on loans, advances and financing, net	3,451,984	2,216,538	2,097,425	1,076,421
(Writeback of)/allowances for impairment losses on other debts	(20,673)	8,350	(1,343)	1,472
Dividend income	(108,761)	(141,436)	(2,419,026)	(1,548,701)
ESS expenses	40,251	64,109	28,592	45,935
Allowances for/(writeback of) impairment losses on financial investments, net	182,253	329,022	139,851	(39,111)
Other adjustments for non-operating and non-cash items	(88,025)	(310,322)	(62,369)	(142,925)
Operating profit before working capital changes	11,372,880	10,963,951	6,340,656	5,699,358
Change in deposits and placements with financial institutions with original maturity of more than three months	(3,503,541)	2,174,960	(1,551,211)	616,617
Change in cash and short-term funds with original maturity of more than three months	(1,000,336)	1,492,364	(514,563)	1,780,395
Change in financial investments portfolio	(7,268,001)	(6,881,333)	(829,580)	(1,247,261)
Change in loans, advances and financing	(20,935,140)	(27,310,724)	(5,766,300)	(1,943,041)
Change in statutory deposits with central banks	882,278	(1,193,358)	325,053	(279,350)
Change in deposits from customers	5,548,102	16,190,976	2,075,584	3,019,334
Change in investment accounts of customers	13,886,694	17,657,893	-	-
Change in deposits and placements from financial institutions	(8,159,223)	(18,373,482)	(8,047,979)	(9,595,496)
Change in financial liabilities at fair value through profit or loss	3,777,161	-	2,875,070	-
Change in reinsurance/retakaful assets and other insurance receivables	216,058	616,409	-	-
Change in insurance/takaful contract liabilities and other insurance payables	108,994	(956,227)	-	-
Change in other operating activities	6,389,991	(4,281,153)	5,595,790	(4,076,745)
Cash generated from/(used in) operations	1,315,917	(9,899,724)	502,520	(6,026,189)
Taxes and zakat paid	(1,272,986)	(2,333,528)	(621,212)	(1,671,246)
Net cash generated from/(used in) operating activities	42,931	(12,233,252)	(118,692)	(7,697,435)

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CONDENSED FINANCIAL STATEMENTS
AUDITED CASH FLOW STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

	Group		Bank	
	31 December 2016 RM'000	31 December 2015 RM'000	31 December 2016 RM'000	31 December 2015 RM'000
Cash flows from investing activities				
Dividends received from:				
- financial investments portfolio	108,761	141,436	18,569	14,668
- associates	-	-	8,179	788
- subsidiaries	-	-	2,392,278	1,613,679
Purchase of property, plant and equipment	(297,188)	(341,727)	(155,497)	(158,502)
Purchase of investment properties	(32,845)	(27,039)	-	-
Proceeds from disposal of property, plant and equipment	85,951	325,920	17,526	18,530
Purchase of intangible assets	(270,467)	(187,012)	(146,898)	(100,972)
Purchase of additional ordinary shares in existing subsidiaries	-	-	(559,592)	(590,198)
Transfer of property, plant and equipment from a subsidiary, net	-	-	(175)	(1,142)
Net effect arising from disposal of subsidiaries	10,861	484,921	-	527,493
Net effect arising from transaction with non-controlling interests	6,195	(9,836)	-	-
Net cash (used in)/generated from investing activities	(388,732)	386,663	1,574,390	1,324,344
Cash flows from financing activities				
Proceeds from issuance of shares	3,368,934	3,553,178	3,368,934	3,553,178
Drawdown of borrowings, net	3,535,381	8,295,115	2,579,375	7,627,220
Redemption of subordinated obligations	(6,850,743)	-	(5,850,743)	-
Redemption of capital securities	-	(241,303)	-	(241,303)
Issuance of subordinated obligations	2,243,000	3,300,000	2,243,000	3,300,000
Recourse obligation on loans and financing sold to Cagamas, net	(199,758)	115,484	(199,758)	115,484
Dividends paid	(4,926,889)	(5,358,939)	(4,926,889)	(5,358,939)
Dividends paid to non-controlling interests	(95,077)	(99,043)	-	-
Net cash (used in)/generated from financing activities	(2,925,152)	9,564,492	(2,786,081)	8,995,640
Net (decrease)/increase in cash and cash equivalents	(3,270,953)	(2,282,097)	(1,330,383)	2,622,549
Cash and cash equivalents at beginning of year	53,049,192	49,075,119	38,619,149	30,785,116
Effects of foreign exchange rate changes	1,097,507	6,256,170	928,467	5,211,484
Cash and cash equivalents at end of year	50,875,746	53,049,192	38,217,233	38,619,149

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

	Group		Bank	
	31 December 2016 RM'000	31 December 2015 RM'000	31 December 2016 RM'000	31 December 2015 RM'000
Cash and short-term funds	58,140,545	55,647,407	38,350,931	41,278,089
Deposits and placements with financial institutions	13,444,630	13,618,339	19,339,287	14,748,271
	71,585,175	69,265,746	57,690,218	56,026,360
Less:				
Cash and short-term funds and deposits and placements with financial institutions, with original maturity of more than three months	(20,709,429)	(16,216,554)	(19,472,985)	(17,407,211)
Cash and cash equivalents at end of year	50,875,746	53,049,192	38,217,233	38,619,149

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

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

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

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

The significant accounting policies and methods of computation applied by the Group and the Bank are consistent with those adopted in the most recent audited annual financial statements for the financial year ended 31 December 2015 except for adoption of the following amendments to Malaysian Financial Reporting Standards (“MFRSs”) and annual improvements to MFRSs which are 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 nature and impact of these amendments to MFRSs are disclosed below:

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

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

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

The amendments do not have any impact on the Group’s financial statements as the Group does not apply the consolidation exception.

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A1. Basis of Preparation (cont'd.)

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.

These amendments do not have any impact on the Group's consolidated financial statements as there has been no acquisition of an interest in a joint operation during the financial year.

MFRS 14 *Regulatory Deferral Accounts*

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

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

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

(i) Materiality

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

(ii) Disaggregation and subtotals

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

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

(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.

(iv) Disclosure of accounting policies

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

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

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

The amendments do not have any impact on the Group's and the Bank's financial statements.

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A1. Basis of Preparation (cont'd.)

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

The amendments clarify the principle in MFRS 116 and MFRS 138 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part of) rather than the economic benefits that are consumed through use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets. The amendments are not applicable to the Group and the Bank as the Group and the Bank do not use a revenue-based method to depreciate non-current assets or amortise intangible assets.

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

The amendments change the accounting requirements for biological assets that meet the definition of bearer plants. Under the amendments, biological assets that meet the definition of bearer plants will no longer be within the scope of MFRS 141. Instead, MFRS 116 will apply. After initial recognition, bearer plants will be measured under MFRS 116 at accumulated cost (before maturity) and using either the cost model or revaluation model (after maturity). The amendments also require that produce that grows on bearer plants will remain in the scope of MFRS 141 measured at fair value less costs to sell. The amendments are not applicable to the Group and the Bank as the Group and the Bank do not have any bearer plants.

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

The amendments will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. Entities already applying MFRS and electing to change to the equity method in its separate financial statements will have to apply that change retrospectively. For first-time adopters of MFRS electing to use the equity method in its separate financial statements, they will be required to apply this method from the date of transition to MFRS.

These amendments do not have any impact on the Group's and the Bank's financial statements as the Bank and its subsidiaries' separate financial statements will continue to account for its investments in subsidiaries and associates at cost less accumulated impairment losses.

Annual Improvements to MFRSs 2012 - 2014 Cycle

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

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

The amendment is not applicable to the Group and the Bank. The Group and the Bank do not classify any of its non-current assets as held for sale and do not have any discontinued operations during the financial year ended 31 December 2016.

(ii) MFRS 7 *Financial Instruments: Disclosures*

Servicing Contracts

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

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

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

There is no continuing involvement in a transferred asset that is derecognised in its entirety during the financial year ended 31 December 2016. Thus, these amendments do not have any financial implications to the financial statements of the Group and of the Bank.

(iii) MFRS 119 *Employee Benefits*

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

The amendment is merely a clarification on requirement to assess market depth of high quality corporate bonds based on currency instead of country and it is not applicable to the Group and the Bank.

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A1. Basis of Preparation (cont'd.)

Annual Improvements to MFRSs 2012 - 2014 Cycle (cont'd.)

(iv) MFRS 134 Interim Financial Reporting

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

The amendment is merely a clarification on the meaning of 'elsewhere in the interim financial report' and thus does not have any impact to the Group's and the Bank's financial statements.

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

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

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

As at 31 December 2016, MIB, a subsidiary of the Bank has presented the types of investment account in Note A40(g).

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

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

MIB, a subsidiary of the Bank does not have investment account that is due to/from designated financial institution as at 31 December 2016.

Companies Act 2016

The Companies Act 2016 ("New Act") was enacted to replace the Companies Act, 1965 in Malaysia with the objectives of creating a legal and regulatory structure that will facilitate business and promote accountability as well as protection of corporate directors and shareholders, taking into consideration the interest of other stakeholders. The New Act was passed on 4 April 2016 by the Dewan Rakyat (House of Representative) and gazetted on 15 September 2016. On 26 January 2017, the Minister of Domestic Trade Co-operatives and Consumerism announced that the date on which the New Act comes into operation, except section 241 and Division 8 of Part III of the New Act, would be 31 January 2017.

Amongst the key changes introduced in the New Act which will affect the financial statements of the Group and of the Bank upon the commencement of the New Act on 31 January 2017 are:

- (a) the removal of the authorised share capital;
- (b) the ordinary shares of the Bank will cease to have par or nominal value; and
- (c) the Bank's share premium will become part of the share capital.

The adoption of the New Act is not expected to have any financial impact on the Group and the Bank for the current financial year ended 31 December 2016 as any accounting implications will only be applied prospectively, if applicable, and the effect of adoption mainly will be on the disclosures to the annual report and financial statements of the Group and of the Bank in the next financial year ending 31 December 2017.

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A1. Basis of Preparation (cont'd.)

Standards, annual improvements to standards and IC Interpretations issued but not yet effective

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

Description	Effective for annual periods beginning on or after
MFRS 2 <i>Share-based Payment</i> - Classification and Measurement of Share-based Payment Transactions (Amendments to MFRS 2)	1 January 2018
MFRS 9 <i>Financial Instruments</i> (IFRS 9 issued by IASB in July 2014)	1 January 2018
MFRS 10 <i>Consolidated Financial Statements</i> - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to MFRS 10)	To be announced by MASB
MFRS 15 <i>Revenue from Contracts with Customers</i>	1 January 2018
MFRS 16 <i>Leases</i>	1 January 2019
MFRS 107 <i>Statement of Cash Flows</i> - Disclosure Initiative (Amendments to MFRS 107)	1 January 2017
MFRS 112 <i>Income Taxes</i> - Recognition of Deferred Tax for Unrealised Losses (Amendments to MFRS 112)	1 January 2017
MFRS 128 <i>Investments in Associates and Joint Ventures</i> - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to MFRS 128)	To be announced by MASB
Applying MFRS 9 <i>Financial Instruments</i> with MFRS 4 <i>Insurance Contracts</i> (Amendments to MFRS 4)	1 January 2018
Annual Improvements to IFRSs 2014-2016 Cycle	
(i) Amendments to MFRS 12 <i>Disclosure of Interests in Other Entities</i>	1 January 2017
(ii) Amendments to MFRS 1 <i>First-time Adoption of Malaysian Financial Reporting Standards</i>	1 January 2018
(iii) Amendments to MFRS 128 <i>Investments in Associates and Joint Ventures</i>	1 January 2018
Transfers of Investment Property (Amendments to MFRS 140)	1 January 2018
IC Interpretation 22 <i>Foreign Currency Transactions and Advance Consideration</i>	1 January 2018

MFRS 2 Share-based Payment - Classification and Measurement of Share-based Payment Transactions (Amendments to MFRS 2)

The amendments address three main areas:

- (i) The effects of vesting conditions on the measurement of a cash-settled share-based payment transaction;
- (ii) The classification of a share-based payment transaction with net settlement features for withholding tax obligations; and
- (iii) Accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash settled to equity settled.

The amendments are effective for annual periods beginning on or after 1 January 2018, with early application permitted. The Group and the Bank are assessing the potential impact of the amendments on the financial statements.

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A1. Basis of Preparation (cont'd.)

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

MFRS 9 *Financial Instruments*

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

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

(i) Classification and measurement

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

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

(ii) Impairment

The MFRS 9 impairment requirements are based on an Expected Credit Loss ("ECL") model that replaces the Incurred Loss model under the current accounting standard. The ECL model applies to financial assets measured at amortised cost or at FVOCI, irrevocable loan commitments and financial guarantee contracts, which will include loans, advances and financing and debt instruments held by the Group and the Bank. The ECL model also applies to contract assets under MFRS 15 *Revenue from Contracts with Customers* and lease receivables under MFRS 117 *Leases*. The Group and the Bank will be generally required to apply a three-stage approach based on the change in credit quality since initial recognition:

(i) Stage 1: 12-month ECL

For exposures where there has not been a significant increase in credit risk since initial recognition and that are not credit impaired upon origination, the ECL associated with the probability of default events occurring within next 12 months will be recognised.

(ii) Stage 2: Lifetime ECL - non-credit impaired

For exposures where there has been a significant increase in credit risk since initial recognition but that are non-credit impaired, the lifetime ECL will be recognised.

(iii) Stage 3: Lifetime ECL - credit impaired

Financial assets are assessed as credit impaired when one or more events that have detrimental impact on the estimated future cash flows of that asset have occurred. For financial assets that are credit impaired, a lifetime ECL will be recognised.

(iii) Hedge accounting

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

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A1. Basis of Preparation (cont'd.)

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

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

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

(a) Phase 1 - Impact assessment and solution development

This phase involves the following:

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

(b) Phase 2 - Build, test and deploy

This phase aims to:

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

(c) Phase 3 - Go live

This phase will involve the following:

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

During the financial year ended 31 December 2016, the Group and the Bank had completed Phase 1 and had embarked on Phase 2 of the implementation project. The assessment made by the Group and the Bank is based on currently available information and may be subject to changes arising from further detailed analysis or additional reasonable and supportable information being made available to the Group and the Bank in the future.

Overall, the Group and the Bank anticipate significant impact to the financial statements for two of the three areas. The classification and measurement requirements will affect the presentation and disclosures within the Group's and the Bank's financial statements whilst the impairment requirements are expected to result in a higher allowance for impairment losses. The Group and the Bank will perform a detailed assessment in year 2017 to determine the extent.

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

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

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

On 31 December 2015, MASB announced to defer the effective date of the amendments, except for the amendments which clarify how an entity should determine any gain or loss it recognises when assets are sold or contributed between the entity and an associate or joint venture in which it invests, where early application still permitted. The deferment is in line with the IASB's recent decision which removed the requirement to apply Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to MFRS 10 and MFRS 128) by 2016. The IASB's reason for making the decision to defer the effective date is that the IASB is planning a broader review that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures. The Group and the Bank do not anticipate significant impact to the financial statements upon adoption of the amendments.

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A1. Basis of Preparation (cont'd.)

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

MFRS 15 Revenue from Contracts with Customers

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

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

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

The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under MFRS (including MFRS 111 *Construction Contracts*, MFRS 118 *Revenue*, IC Interpretation 13 *Customer Loyalty Programmes*, IC Interpretation 15 *Agreements for the Construction of Real Estate*, IC Interpretation 18 *Transfers of Assets from Customers* and IC Interpretation 131 *Revenue – Barter Transactions Involving Advertising Services*). Either a full retrospective application or a modified retrospective application is required for annual periods beginning on or after 1 January 2018. Early adoption is permitted. The Group and the Bank are in the process of assessing the financial implication for adopting the new standard and plan to adopt the new standard on the required effective date.

MFRS 16 Leases

MFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model, similar to the accounting for finance leases under MFRS 117. The standard will supersede MFRS 117 *Leases*, IC Interpretation 4 *Determining whether an Arrangement contains a Lease*, IC Interpretation 115 *Operating Lease-Incentives* and IC Interpretation 127 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

(i) Lessee

At the commencement date of a lease, a lessee will recognise a liability to make lease payments and an asset representing the right to use the underlying asset during the lease term. Subsequently, lessees will be required to recognise interest expense on the lease liability and the depreciation expense on the right-of-use asset.

(ii) Lessor

Lessor accounting under MFRS 16 is substantially the same as the accounting under MFRS 117. Lessors will continue to classify all leases using the same classification principle as in MFRS 117 and distinguish between two types of leases: operating and finance leases.

The standard is effective for annual periods beginning on or after 1 January 2019. Early application is permitted but not before an entity applies MFRS 15. A lessee can choose to apply the standard using either a full retrospective or a modified retrospective approach. The Group and the Bank are in the process of assessing the financial implication for adopting the new standard and plan to adopt the new standard on the required effective date.

MFRS 107 Statement of Cash Flows - Disclosure Initiative (Amendments to MFRS 107)

The amendments require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes (for example foreign exchange movements and fair value changes).

The amendments are effective for annual periods beginning on or after 1 January 2017, with early application permitted. On initial application of these amendments, entities are not required to provide comparative information for preceding periods. Application of the amendments will result in additional disclosures to be provided by the Group and the Bank.

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A1. Basis of Preparation (cont'd.)

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

MFRS 112 *Income Taxes - Recognition of Deferred Tax for Unrealised Losses (Amendments to MFRS 112)*

The amendments clarify that deductible tax difference will arise from unrealised losses of debt instruments classified at fair value regardless of whether the holder expects to recover the carrying amount by holding the debt instrument until maturity or by selling the debt instrument.

In circumstances where tax law restricts the utilisation of tax losses such that an entity can only deduct the tax losses against income of a specified type, an entity would assess a deferred tax asset in combination with other deferred tax assets of the same type.

The amendments also clarify that when estimating taxable profit of future periods, an entity can assume that an asset will be recovered for more than its carrying amount if that recovery is probable and the asset is not impaired. All relevant facts and circumstances should be assessed when making this assessment.

In evaluating whether sufficient future taxable profits are available, an entity should compare the deductible temporary differences with the future taxable profits excluding tax deductions resulting from the reversal of those deductible temporary differences.

The amendments are effective for annual periods beginning on or after 1 January 2017 with early application permitted. If an entity applies the amendments for an earlier period, it must disclose that fact. The amendments should be applied retrospectively. However, on initial application of the amendments, adjustment to the opening equity of the earliest comparative period may be recognised in opening retained earnings, without allocating the change between retained earnings and other components of equity. If this relief is applied, the entity must disclose this fact. The Group and the Bank have been recognising deferred tax assets based on the requirements in the amendments. Thus, the amendments do not have any impact to the financial statements of the Group and of the Bank.

Applying MFRS 9 *Financial Instruments* with MFRS 4 *Insurance Contracts (Amendments to MFRS 4)*

In December 2016, the MASB issued amendments to MFRS 4 to address issues arising from the different effective dates of MFRS 9 and the upcoming new insurance contracts standard (IFRS 17) to be issued by the International Accounting Standards Board.

The amendments introduce two alternative options for entities issuing contracts within the scope of MFRS 4, notably a temporary exemption and an overlay approach. The temporary exemption enables eligible entities to defer the implementation date of MFRS 9 for annual periods beginning before 1 January 2021 at the latest whilst the overlay approach allows an entity applying MFRS 9 to reclassify between profit or loss and other comprehensive income an amount that results in the profit or loss at the end of the reporting period for the designated financial assets being the same as if an entity had applied MFRS 139 to these designated financial assets.

The Group has opted not to apply the exemptions permitted under these amendments and will fully adopt MFRS 9 effective on 1 January 2018.

Annual Improvements to IFRSs 2014-2016 Cycle

(i) Amendments to MFRS 12 *Disclosure of Interests in Other Entities*

The amendments clarify the scope of MFRS 12 by specifying that its disclosure requirements (other than those in paragraphs B10-B16) apply to an entity's interests irrespective of whether they are classified (or included in a disposal group that is classified) as held for sale or as discontinued operations in accordance with MFRS 5.

The amendments are applied retrospectively. The Group and the Bank do not anticipate significant impact to the financial statements upon adoption of the amendments.

(ii) Amendments to MFRS 1 *First-time Adoption of Malaysian Financial Reporting Standards*

The amendments removed a number of short-term exemptions because the reliefs provided are no longer available or because they were relevant for reporting periods that have now passed. The Group and the Bank do not anticipate significant impact to the financial statements upon adoption of the amendments.

(iii) Amendments to MFRS 128 *Investments in Associates and Joint Ventures*

The amendments clarify that a venture capital organisation, or a mutual fund, unit trust and similar entities (including investment-linked insurance funds) may choose, on an investment by investment basis, to account for its investments in joint ventures and associates at fair value or using the equity method. The method chosen for each investment must be made on initial recognition.

The amendments are applied retrospectively with earlier application permitted. The Group and the Bank do not anticipate significant impact to the financial statements upon adoption of the amendments.

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A1. Basis of Preparation (cont'd.)

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

Transfers of Investment Property (Amendments to MFRS 140)

The amendments clarify when an entity should transfer property, including property under construction or development into, or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property is insufficient to support the change in use.

The amendments apply for annual periods beginning on or after 1 January 2018, with earlier application permitted. Entities are given two options to apply these amendments:

- (i) the *prospective* approach – apply the amendments to transfers that occur after the date of initial application and also reassess the classification of property assets held at that date; or
- (ii) the *retrospective* approach – apply the amendments retrospectively, but only if it does not involve the use of hindsight.

The Group and the Bank do not anticipate significant impact to the financial statements upon adoption of the amendments.

IC Interpretation 22 Foreign Currency Transactions and Advance Consideration

IC Interpretation 22 addresses the exchange rate that should be used to measure revenue (or expense) when the related consideration was received (or paid) in advance. It requires that the exchange rate to use is the one that applied when the non-monetary liability (or asset) arising from the receipt (or payment) of advance consideration was initially recognised.

IC Interpretation 22 is effective for annual periods beginning on or after 1 January 2018, with earlier application permitted. The Group and the Bank are in the process of assessing the financial implication for adopting the interpretation and plan to adopt the new interpretation on the required effective date.

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

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

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 fourth quarter and 12 months financial year ended 31 December 2016.

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

During the fourth quarter and 12 months financial year ended 31 December 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 fourth quarter and 12 months financial year ended 31 December 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 fourth quarter and 12 months financial year ended 31 December 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 RM10,193,199,917 as at 31 December 2016 via:

- (A) issuance of 8,598,300 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;
- (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; and
- (E) issuance of 184,371,435 new ordinary shares (including 311,854 new ordinary shares issued to ESOS Trust Fund ("ETF") Pool) of RM1.00 each arising from the DRP relating to electable portion of the interim dividend of 16 sen in respect of the financial year ended 31 December 2016.

(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.
- (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 Bonds 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, of which IDR470.0 billion is held by Maybank. The Bonds are under Shelf Subordinated Bonds II Bank Maybank Indonesia Tranche II Year 2016 With Fixed Interest Rate.

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

(i) The following are the changes in debt and equity securities that were issued and redeemed by the Group and by the Bank during the fourth quarter and 12 months financial year ended 31 December 2016 (cont'd.):

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

- (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.
- (L) On 3 November 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 Maybank Finance Tranche III Year 2016 Series A of IDR800.0 billion. The Bonds are under Shelf Bonds I Maybank Finance Tranche III Year 2016 with Fixed Interest Rates.
- (M) On 3 November 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 Maybank Finance Tranche III Year 2016 Series B of IDR300.0 billion. The Bonds are under Shelf Bonds I Maybank Finance Tranche III Year 2016 with Fixed Interest Rates.
- (N) On 6 December 2016, PT Bank Maybank Indonesia Tbk, an indirect subsidiary of Maybank, redeemed Shelf Bonds I Bank BII Tranche I Year 2011 Series B of IDR1,560.0 billion. The Bonds had been issued on 6 December 2011 under Shelf Bonds I Bank BII Tranche I Year 2011 With Fixed Interest Rate.
- (O) On 30 December 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 IV Year 2015 Series A of IDR203.0 billion. The Bonds had been issued on 22 December 2015 under Shelf Bonds I WOM Finance Tranche IV Year 2015 With Fixed Interest Rate.

(c) Establishment of a Structured Note Programme of USD3.0 billion in nominal value

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 Medium Term 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	CNH180.0 million	Fixed Rate Notes	2 years
Issuance	27 April 2016	CNH190.0 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	CNH200.0 million	Fixed Rate Notes	1.5 years
Redemption	11 July 2016	SGD50.0 million	Fixed Rate Notes	1 year
Issuance	18 July 2016	CNH500.0 million	Fixed Rate Notes	3 years
Issuance	19 July 2016	CNH130.0 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

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

- (i) The following are the changes in debt and equity securities that were issued and redeemed by the Group and by the Bank during the fourth quarter and 12 months financial year ended 31 December 2016 (cont'd.):

- (d) **Issuance/redemption of Medium Term Notes pursuant to the USD15.0 billion Multicurrency Medium Term Note Programme (previously USD5.0 billion Multicurrency Medium Term Note Programme) (cont'd.)**

Issuance/Redemption	Issuance/Redemption Date	Amount	Note Type	Tenor
Issuance	1 September 2016	USD20.0 million	Floating Rate Notes	3 years
Redemption	23 September 2016	HKD1.55 billion	Floating Rate Notes	3 years
Issuance	12 October 2016	HKD378.0 million	Fixed Rate Notes	5 years
Issuance	9 December 2016	USD80.0 million	Floating Rate Notes	1.5 years

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

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

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

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
Issuance	27 October 2016	USD20.0 million	Commercial Papers	2 Months
Redemption	27 December 2016	USD20.0 million	Commercial Papers	2 Months

- (g) **Update and 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.

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

(i) The following are the changes in debt and equity securities that were issued and redeemed by the Group and by the Bank during the fourth quarter and 12 months financial year ended 31 December 2016 (cont'd.):

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

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

(l) 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 Basel III-compliant Tier 2 Fixed Rate Subordinated Notes pursuant to the USD15.0 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
Issuance	14 November 2016	RM600.0 million	Callable Fixed Rate Notes	15 years

(o) Redemption of Subordinated Notes 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) Extension of Programme Tenor in respect of a US-Commercial Paper Programme of USD500.0 million in nominal value

On 12 October 2016, the Bank successfully extended the programme tenor of a USD500.0 million Commercial Paper Programme, under which Maybank New York Branch may issue and have outstanding at any time US-commercial paper notes (the "U.S. CPs") of up to USD500.0 million in nominal value.

(q) Redemption of Fixed Rate Senior Notes of HKD572.0 million in nominal value under the USD2.0 billion Multicurrency Medium Term Note Programme

On 7 December 2016, Maybank fully redeemed the HKD572.0 million fixed rate Senior Notes. The Senior Notes were issued on 7 December 2011.

(r) Establishment of Sukuk Programme of up to RM10.0 billion in nominal value for the issuance of subordinated sukuk and/or senior sukuk

On 14 December 2016, the Bank successfully established a RM10.0 billion Sukuk Programme, under which the Bank may issue and have outstanding at any time senior sukuk and/or subordinated sukuk of up to RM10.0 billion in nominal value under the Shariah principle of Murabahah (via Tawarruq arrangement).

(s) Establishment of Commercial Paper/Medium Term Note Programme of up to RM10.0 billion in nominal value

On 14 December 2016, the Bank successfully established a RM10.0 billion commercial paper/medium term note programme, under which Maybank may issue and have outstanding at any time commercial papers and/or medium term notes of up to RM10.0 billion in nominal value.

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

- (i) The following are the changes in debt and equity securities that were issued and redeemed by the Group and by the Bank during the fourth quarter and 12 months financial year ended 31 December 2016 (cont'd.):

- (t) **Issuance of Commercial Papers pursuant to the Commercial Paper/Medium Term Note Programme of up to RM10.0 billion in nominal value**

Issuance	Issuance Date	Amount (RM)	Note Type	Tenor (days)
Issuance	23 December 2016	200.0 million	Commercial Papers	182
Issuance	23 December 2016	57.0 million	Commercial Papers	174
Issuance	23 December 2016	200.0 million	Commercial Papers	182
Issuance	6 January 2017 *	60.0 million	Commercial Papers	187

* The RM60.0 million Commercial Papers' trade date was 28 December 2016.

- (u) **Redemption of Subordinated Notes of RM750.0 million in nominal value under the RM3.0 billion Subordinated Note Programme**

On 28 December 2016, Maybank fully redeemed the RM750.0 million Subordinated Notes. The Subordinated Notes were issued on 28 December 2011.

- (v) **Placement of USD400.0 million Term Loan Facility**

On 29 December 2016, Maybank entered into a facility agreement ("Facility Agreement") for a USD400.0 million unsecured term loan facility (the "Facility"). The Facility has one-year maturity. The entire amount of USD400.0 million under the Facility has been drawdown.

- (w) **Issuance of U.S. CPs pursuant to the U.S. Commercial Paper Programme of up to USD500.0 million in nominal value**

As at 31 December 2016, the aggregate nominal value of the outstanding U.S. CPs is USD471.6 million and the tenor of these U.S. CPs range from 88 days to 283 days.

- (ii) The following are the changes in debt securities that was issued and redeemed by the Bank subsequent to the fourth quarter and 12 months financial year ended 31 December 2016 and have not been reflected in the financial statements for the fourth quarter and 12 months financial year ended 31 December 2016:

- (a) **Issuance of Commercial Papers pursuant to the Commercial Paper /Medium Term Note Programme of up to RM10.0 billion in nominal value**

Issuance	Issuance Date	Amount (RM)	Note Type	Tenor (days)
Issuance	18 January 2017	58.5 million	Commercial Papers	175

- (b) **Redemption of Fixed Rate Senior Notes of USD400.0 million in nominal value under the USD2.0 billion Multicurrency Medium Term Note Programme**

On 10 February 2017, Maybank fully redeemed the USD400.0 million fixed rate Senior Notes. The Senior Notes were issued on 10 February 2012.

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 12 months financial year ended 31 December 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 ordinary shares under the DRP was completed on 3 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 payment date for cash dividends and crediting of ordinary shares under the DRP was completed on 25 October 2016.

- (c) Dividends paid by Maybank's subsidiaries to non-controlling interest amounting to RM95,077,000 during the 12 months financial year ended 31 December 2016.

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A10. Financial Investments Portfolio

	Note	Group		Bank	
		31 December 2016 RM'000	31 December 2015 RM'000	31 December 2016 RM'000	31 December 2015 RM'000
Financial assets at fair value through profit or loss	(i)	23,496,050	17,222,595	7,980,314	4,221,895
Financial investments available-for-sale	(ii)	92,384,834	90,261,673	74,904,201	74,950,070
Financial investments held-to-maturity	(iii)	15,021,597	14,682,130	12,582,311	14,329,231
		130,902,481	122,166,398	95,466,826	93,501,196

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

	Group		Bank	
	31 December 2016 RM'000	31 December 2015 RM'000	31 December 2016 RM'000	31 December 2015 RM'000
(a) Financial assets designated upon initial recognition	12,909,681	10,314,285	-	-
(b) Financial assets held-for-trading	10,586,369	6,908,310	7,980,314	4,221,895
	23,496,050	17,222,595	7,980,314	4,221,895

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

	Group		Bank	
	31 December 2016 RM'000	31 December 2015 RM'000	31 December 2016 RM'000	31 December 2015 RM'000
At fair value				
Money market instruments:				
Malaysian Government Securities	225,385	80,193	-	-
Malaysian Government Investment Issues	197,483	299,030	-	-
Negotiable Islamic Certificates of Deposits	249,261	244,970	-	-
Foreign Government Securities	103,421	24,561	-	-
Foreign Government Treasury Bills	24,804	-	-	-
	800,354	648,754	-	-
Quoted securities:				
In Malaysia:				
Shares, warrants, trust units and loan stocks	54,503	28,209	-	-
Outside Malaysia:				
Shares, warrants, trust units and loan stocks	233,627	32,374	-	-
	288,130	60,583	-	-
Unquoted securities:				
Foreign Corporate Bonds and Sukuk	428,318	276,036	-	-
Corporate Bonds and Sukuk in Malaysia	11,057,416	8,998,074	-	-
Structured deposits	335,463	330,838	-	-
	11,821,197	9,604,948	-	-
Total financial assets designated upon initial recognition	12,909,681	10,314,285	-	-

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A10. Financial Investments Portfolio (cont'd.)

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

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

	Group		Bank	
	31 December 2016 RM'000	31 December 2015 RM'000	31 December 2016 RM'000	31 December 2015 RM'000
At fair value				
Money market instruments:				
Malaysian Government Securities	233,251	168,244	203,379	126,340
Malaysian Government Investment Issues	37,677	48,866	-	-
Cagamas Bonds	56,867	155,470	56,867	155,470
Negotiable instruments of deposits	-	74,155	-	74,009
Foreign Government Securities	2,931,845	377,965	2,313,978	170,094
Bank Negara Malaysia Bills and Notes	-	7,123	-	7,123
Foreign Government Treasury Bills	655	136,088	655	136,088
	3,260,295	967,911	2,574,879	669,124
Quoted securities:				
In Malaysia:				
Shares, warrants, trust units and loan stocks	805,806	722,157	128,780	5,535
Corporate Bonds and Sukuk	4,571	7,303	4,571	7,303
Outside Malaysia:				
Shares, warrants, trust units and loan stocks	1,245,355	1,107,635	11,896	375
Foreign Corporate Bonds and Sukuk	451	-	-	-
Foreign Government Bonds	74,930	-	-	-
	2,131,113	1,837,095	145,247	13,213
Unquoted securities:				
Foreign Corporate Bonds and Sukuk	3,760,622	811,837	3,410,260	327,279
Corporate Bonds and Sukuk in Malaysia	982,324	2,204,339	1,399,841	2,713,334
Foreign Government Bonds	452,015	500,409	450,087	498,945
Credit linked note	-	400,720	-	-
Structured deposits	-	185,999	-	-
	5,194,961	4,103,304	5,260,188	3,539,558
Total financial assets held-for-trading	10,586,369	6,908,310	7,980,314	4,221,895

(ii) Financial investments available-for-sale

	Group		Bank	
	31 December 2016 RM'000	31 December 2015 RM'000	31 December 2016 RM'000	31 December 2015 RM'000
At fair value				
Money market instruments:				
Malaysian Government Securities	10,004,488	7,001,549	9,955,613	6,894,053
Malaysian Government Investment Issues	12,621,577	13,373,645	7,426,545	8,699,293
Negotiable instruments of deposits	4,573,550	4,974,362	4,492,819	6,353,044
Foreign Government Securities	10,611,242	9,881,501	8,092,808	7,851,418
Foreign Government Treasury Bills	5,807,734	11,305,798	5,807,734	11,305,798
Khazanah Bonds	1,917,128	2,274,565	1,917,128	2,206,761
Cagamas Bonds	728,048	778,598	728,048	778,598
Foreign Certificates of Deposits	44,909	402,380	44,909	402,380
	46,308,676	49,992,398	38,465,604	44,491,345

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A10. Financial Investments Portfolio (cont'd.)

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

	Group		Bank	
	31 December 2016 RM'000	31 December 2015 RM'000	31 December 2016 RM'000	31 December 2015 RM'000
At fair value				
Quoted securities:				
In Malaysia:				
Shares, warrants, trust units and loan stocks	2,188,387	2,785,914	141,507	141,061
Outside Malaysia:				
Shares, warrants, trust units and loan stocks	142,135	95,799	733	1,046
Foreign Corporate Bonds and Sukuk	97,007	77,376	-	-
Foreign Government Bonds	23,224	60,300	-	-
Foreign Government Treasury Bills	33,874	-	-	-
	<u>2,484,627</u>	<u>3,019,389</u>	<u>142,240</u>	<u>142,107</u>
At fair value, or at cost for certain unquoted equity instruments, less accumulated impairment losses				
Unquoted securities:				
Shares, trust units and loan stocks in Malaysia [#]	347,701	216,285	268,622	270,382
Shares, trust units and loan stocks outside Malaysia [#]	94,741	203,448	-	5,993
Foreign Corporate Bonds and Sukuk	18,714,932	17,051,365	17,794,222	16,889,443
Corporate Bonds and Sukuk in Malaysia	17,214,829	16,348,035	11,099,251	9,829,349
Foreign Government Bonds	6,641,416	2,890,243	6,606,641	2,873,428
Malaysian Government Bonds	576,547	539,145	527,621	448,023
Structured deposits	1,365	1,365	-	-
	<u>43,591,531</u>	<u>37,249,886</u>	<u>36,296,357</u>	<u>30,316,618</u>
Total financial investments available-for-sale	<u>92,384,834</u>	<u>90,261,673</u>	<u>74,904,201</u>	<u>74,950,070</u>

[#] Securities that do not have quoted market price in an active market and whose fair value cannot be reliably measured are carried 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	
	31 December 2016 RM'000	31 December 2015 RM'000	31 December 2016 RM'000	31 December 2015 RM'000
At 1 January	641,405	1,061,952	365,495	736,022
Allowance made	265,440	370,101	213,464	33
Amount written back in respect of recoveries	(83,187)	(39,978)	(73,613)	(38,043)
Amount written-off/realised	(275,898)	(793,446)	(99,951)	(356,926)
Exchange differences	12,970	42,776	3,746	24,409
At 31 December	<u>560,730</u>	<u>641,405</u>	<u>409,141</u>	<u>365,495</u>

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A10. Financial Investments Portfolio (cont'd.)

(iii) Financial investments held-to-maturity

	Group		Bank	
	31 December 2016 RM'000	31 December 2015 RM'000	31 December 2016 RM'000	31 December 2015 RM'000
At amortised cost less accumulated impairment losses				
Money market instruments:				
Malaysian Government Securities	2,017,799	2,013,210	2,017,695	2,013,104
Cagamas Bonds	50,259	50,259	50,259	50,259
Malaysian Government Investment Issues	2,522,557	4,416,726	2,522,557	4,416,726
Foreign Government Securities	1,275,579	710,147	-	-
Foreign Government Treasury Bills	67,403	47,098	-	-
Khazanah Bonds	827,825	989,959	827,825	989,959
Foreign Certificates of Deposits	92,935	45,893	-	-
	6,854,357	8,273,292	5,418,336	7,470,048
Unquoted securities:				
Foreign Corporate Bonds and Sukuk	1,373,041	1,096,913	911,100	871,902
Corporate Bonds and Sukuk in Malaysia	5,530,942	5,265,053	6,223,862	5,954,249
Foreign Government Bonds	1,285,495	69,076	30,745	34,764
Others	2,044	2,044	2,044	2,044
	8,191,522	6,433,086	7,167,751	6,862,959
Accumulated impairment losses	(24,282)	(24,248)	(3,776)	(3,776)
Total financial investments held-to-maturity	15,021,597	14,682,130	12,582,311	14,329,231

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

	Group		Bank	
	31 December 2016 RM'000	31 December 2015 RM'000	31 December 2016 RM'000	31 December 2015 RM'000
At 1 January	24,248	22,564	3,776	4,877
Amount written back in respect of recoveries	-	(1,101)	-	(1,101)
Exchange differences	34	2,785	-	-
At 31 December	24,282	24,248	3,776	3,776

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A11. Loans, Advances and Financing

	Group		Bank	
	31 December 2016 RM'000	31 December 2015 RM'000	31 December 2016 RM'000	31 December 2015 RM'000
Overdrafts/cashline	21,873,721	20,272,001	10,813,125	10,905,016
Term loans:				
- Housing loans/financing	144,806,178	140,813,286	56,291,814	54,692,411
- Syndicated loans/financing	38,015,281	38,470,858	35,060,528	36,162,480
- Hire purchase receivables	64,119,729	60,296,159	21,215,324	19,391,920
- Lease receivables	60,636	46,902	-	-
- Other loans/financing	223,604,109	226,385,481	107,314,937	114,060,123
Credit card receivables	8,359,546	7,904,433	6,713,841	6,459,487
Bills receivables	4,153,762	3,555,619	4,086,302	3,426,268
Trust receipts	4,420,182	3,634,378	3,722,796	2,960,779
Claims on customers under acceptance credits	11,575,723	11,098,024	5,953,148	6,071,599
Loans/financing to financial institutions (Note A11(x))	2,247,694	2,575,573	18,640,278	12,395,197
Revolving credits	55,041,314	41,854,214	31,285,172	25,557,296
Staff loans	3,529,054	3,446,957	888,331	942,261
Loans to:				
- Directors of the Bank	197	96	197	96
- Directors of subsidiaries	2,029	2,304	447	352
Others	3,372,116	3,839,485	-	-
	<u>585,181,271</u>	564,195,770	<u>301,986,240</u>	293,025,285
Unearned interest and income	<u>(99,445,560)</u>	(104,544,132)	<u>(1,628,063)</u>	(1,918,880)
Gross loans, advances and financing	<u>485,735,711</u>	459,651,638	<u>300,358,177</u>	291,106,405
Allowances for impaired loans, advances and financing				
- Individual allowance	(3,764,929)	(2,259,910)	(2,493,534)	(1,422,090)
- Collective allowance	(4,195,879)	(3,899,141)	(2,844,507)	(2,627,341)
Net loans, advances and financing	<u>477,774,903</u>	453,492,587	<u>295,020,136</u>	287,056,974

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

	Group		Bank	
	31 December 2016 RM'000	31 December 2015 RM'000	31 December 2016 RM'000	31 December 2015 RM'000
Domestic banking institutions	5,441,722	3,412,473	22,468,653	13,734,622
Domestic non-banking financial institutions	24,995,761	20,889,568	20,110,549	17,113,433
Domestic business enterprises:				
- Small and medium enterprises	78,450,015	74,362,113	54,417,927	51,899,654
- Others	108,054,043	102,034,485	62,336,597	65,139,177
Government and statutory bodies	10,227,205	8,524,287	1,635,658	1,426,743
Individuals	219,007,962	209,508,236	107,355,810	106,678,469
Other domestic entities	6,632,911	4,537,567	536,924	434,281
Foreign entities	32,926,092	36,382,909	31,496,059	34,680,026
Gross loans, advances and financing	<u>485,735,711</u>	459,651,638	<u>300,358,177</u>	291,106,405

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

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

	Group		Bank	
	31 December 2016 RM'000	31 December 2015 RM'000	31 December 2016 RM'000	31 December 2015 RM'000
Malaysia	275,060,627	258,835,028	143,030,884	138,678,788
Singapore	121,561,911	113,879,820	120,583,331	113,065,698
Indonesia	42,213,162	36,605,343	-	-
Labuan Offshore	18,612,494	18,592,368	18,612,494	17,545,482
Hong Kong SAR	10,855,710	14,498,474	10,385,398	13,945,901
United States of America	835,785	1,254,222	835,152	1,253,615
People's Republic of China	3,553,392	3,476,593	3,553,392	3,476,593
Vietnam	834,027	647,590	686,796	514,127
United Kingdom	1,413,903	1,489,267	1,413,879	1,489,225
Brunei	638,659	524,153	638,659	524,153
Cambodia	2,515,045	2,090,821	-	-
Bahrain	449,529	495,372	449,529	495,372
Philippines	5,579,772	5,380,459	-	-
Thailand	1,399,415	1,722,843	-	-
Laos	125,437	117,451	125,437	117,451
Myanmar	43,226	-	43,226	-
Others	43,617	41,834	-	-
Gross loans, advances and financing	485,735,711	459,651,638	300,358,177	291,106,405

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

	Group		Bank	
	31 December 2016 RM'000	31 December 2015 RM'000	31 December 2016 RM'000	31 December 2015 RM'000
Fixed rate:				
- Housing loans/financing	20,972,243	23,899,071	18,635,026	21,541,197
- Hire purchase receivables	58,229,799	53,478,839	21,011,268	18,257,901
- Other fixed rate loans/financing	65,839,818	62,221,454	49,935,496	44,438,627
Variable rate:				
- Base lending/financing rate/ Base rate plus	176,999,015	165,778,507	88,766,345	89,903,780
- Cost plus	61,815,505	58,456,828	56,727,126	53,719,016
- Other variable rates	101,879,331	95,816,939	65,282,916	63,245,884
Gross loans, advances and financing	485,735,711	459,651,638	300,358,177	291,106,405

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

	Group		Bank	
	31 December 2016 RM'000	31 December 2015 RM'000	31 December 2016 RM'000	31 December 2015 RM'000
Purchase of securities	33,763,335	36,511,402	10,840,651	14,169,013
Purchase of transport vehicles	57,427,629	54,805,959	20,092,532	17,840,248
Purchase of landed properties:				
- Residential	97,122,826	92,675,760	61,316,702	61,753,487
- Non-residential	41,698,958	40,122,292	29,040,220	29,525,937
Purchase of fixed assets (excluding landed properties)	7,284,181	6,958,403	7,253,314	6,912,560
Personal use	10,720,712	9,879,518	6,751,692	6,754,838
Credit card	8,534,651	8,099,601	6,853,811	6,623,893
Purchase of consumer durables	4,482	90,016	4,189	89,446
Constructions	17,850,789	18,051,879	12,629,495	13,180,349
Mergers and acquisitions	411,826	457,899	365,022	387,865
Working capital	167,885,959	153,301,419	110,029,604	102,417,252
Others	43,030,363	38,697,490	35,180,945	31,451,517
Gross loans, advances and financing	485,735,711	459,651,638	300,358,177	291,106,405

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

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

	Group		Bank	
	31 December 2016 RM'000	31 December 2015 RM'000	31 December 2016 RM'000	31 December 2015 RM'000
Within one year	134,071,165	111,421,771	94,290,760	74,409,215
One year to three years	56,347,584	64,964,161	43,872,159	52,199,770
Three years to five years	62,071,403	58,462,982	41,133,223	39,522,386
After five years	233,245,559	224,802,724	121,062,035	124,975,034
Gross loans, advances and financing	485,735,711	459,651,638	300,358,177	291,106,405

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

	Group		Bank	
	31 December 2016 RM'000	31 December 2015 RM'000	31 December 2016 RM'000	31 December 2015 RM'000
Gross impaired loans at 1 January	8,555,007	6,234,161	5,398,626	4,249,829
Impaired during the financial year	9,291,509	8,112,433	5,597,011	4,381,996
Reclassified as non-impaired	(2,999,037)	(1,413,133)	(1,834,681)	(593,678)
Amount recovered	(2,292,629)	(2,414,954)	(1,362,096)	(1,211,377)
Amount written-off	(1,693,147)	(2,223,253)	(856,897)	(1,534,265)
Converted to financial investments available-for-sale	-	(2,540)	-	(676)
Transferred from a subsidiary	-	-	179,286	-
Disposal of a subsidiary	-	(5,110)	-	-
Exchange differences	193,677	267,403	59,140	106,797
Gross impaired loans at 31 December	11,055,380	8,555,007	7,180,389	5,398,626
Less: Individual allowance	(3,764,929)	(2,259,910)	(2,493,534)	(1,422,090)
Net impaired loans	7,290,451	6,295,097	4,686,855	3,976,536

Calculation of ratio of net impaired loans:

Gross loans, advances and financing	485,735,711	459,651,638	300,358,177	291,106,405
Less: Individual allowance	(3,764,929)	(2,259,910)	(2,493,534)	(1,422,090)
Less: Funded by Investment Account*	(31,544,587)	(17,657,893)	-	-
Net loans, advances and financing	450,426,195	439,733,835	297,864,643	289,684,315
Ratio of net impaired loans	1.62%	1.43%	1.57%	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	
	31 December 2016 RM'000	31 December 2015 RM'000	31 December 2016 RM'000	31 December 2015 RM'000
Purchase of securities	201,965	244,560	149,992	177,242
Purchase of transport vehicles	330,164	461,943	107,557	254,751
Purchase of landed properties:				
- Residential	617,185	518,734	324,843	320,213
- Non-residential	925,181	236,364	820,599	178,073
Purchase of fixed assets (excluding landed properties)	474,886	164,948	439,861	141,946
Personal use	150,544	143,845	111,840	100,318
Credit card	92,484	98,080	60,640	66,722
Purchase of consumer durables	32	8	18	-
Constructions	1,439,746	1,250,283	1,034,438	1,057,000
Working capital	6,094,034	4,960,851	3,896,560	3,095,332
Others	729,159	475,391	234,041	7,029
Gross impaired loans, advances and financing	11,055,380	8,555,007	7,180,389	5,398,626

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

	Group		Bank	
	31 December 2016 RM'000	31 December 2015 RM'000	31 December 2016 RM'000	31 December 2015 RM'000
Malaysia	5,754,507	4,695,622	4,246,493	3,805,711
Singapore	1,587,853	531,250	1,570,036	509,504
Indonesia	1,993,758	1,676,366	-	-
Labuan Offshore	209,957	201,218	209,957	18,709
Hong Kong SAR	1,031,921	848,090	1,031,921	848,090
United States of America	633	608	-	-
People's Republic of China	5,878	124,591	5,878	124,591
Vietnam	82,976	51,691	80,394	49,738
Brunei	21,888	14,693	21,888	14,693
Cambodia	95,619	76,704	-	-
Bahrain	5,608	-	5,608	-
Philippines	185,823	238,863	-	-
Thailand	31,887	30,450	-	-
Others	47,072	64,861	8,214	27,590
Gross impaired loans, advances and financing	11,055,380	8,555,007	7,180,389	5,398,626

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

	Group		Bank	
	31 December 2016 RM'000	31 December 2015 RM'000	31 December 2016 RM'000	31 December 2015 RM'000
Individual Allowance				
At 1 January	2,259,910	1,989,856	1,422,090	1,437,215
Allowance made	2,390,222	1,863,135	1,592,007	1,261,093
Amount written back	(115,272)	(189,747)	(80,690)	(143,166)
Amount written-off	(858,279)	(1,501,415)	(510,376)	(1,193,343)
Transferred to collective allowance	(30,057)	(23,759)	(18,990)	(16,436)
Exchange differences	118,405	121,840	89,493	76,727
At 31 December	3,764,929	2,259,910	2,493,534	1,422,090

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

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

	Group		Bank	
	31 December 2016 RM'000	31 December 2015 RM'000	31 December 2016 RM'000	31 December 2015 RM'000
Collective Allowance				
At 1 January	3,899,141	3,968,699	2,627,341	2,940,357
Allowance made	1,100,315	572,638	522,087	-
Amount written back	(30,762)	(136,522)	-	(104,006)
Amount written-off	(834,868)	(721,838)	(346,521)	(340,922)
Transferred from individual allowance	30,057	23,759	18,990	16,436
Disposal of a subsidiary	-	(2,245)	-	-
Exchange differences	31,996	194,650	22,610	115,476
At 31 December	<u>4,195,879</u>	<u>3,899,141</u>	<u>2,844,507</u>	<u>2,627,341</u>
As a percentage of total loans, less individual allowance (including regulatory reserve)	<u>1.19%*</u>	1.19%*	<u>1.20%*</u>	1.20%*

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

(x) Included in the Bank's loans/financing to financial institutions is financing granted to Maybank Islamic Berhad ("MIB"), a subsidiary of the Bank, under Restricted Profit-Sharing Investment Account ("RPSIA") amounting to RM17,767.7 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	
		31 December 2016 RM'000	31 December 2015 RM'000
Reinsurance/retakaful assets	(i)	3,692,581	3,826,827
Other insurance receivables	(ii)	447,015	528,827
		<u>4,139,596</u>	<u>4,355,654</u>
(i) Reinsurance/retakaful assets			
Reinsurers' share of:			
Life insurance contract liabilities		3,400,731	3,588,295
General insurance contract liabilities		25,767	22,138
		<u>3,374,964</u>	<u>3,566,157</u>
Retakaful operators' share of:			
Family takaful certificate liabilities		291,850	238,532
General takaful certificate liabilities		49,677	36,130
		<u>242,173</u>	<u>202,402</u>
		<u>3,692,581</u>	<u>3,826,827</u>
(ii) Other insurance receivables			
Due premium including agents/brokers and co-insurers balances			
Due from reinsurers and cedants/retakaful operators		330,061	360,850
		135,981	210,098
		<u>466,042</u>	<u>570,948</u>
Allowance for impairment losses		(19,027)	(42,121)
		<u>447,015</u>	<u>528,827</u>

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A13. Other Assets

	Group		Bank	
	31 December 2016 RM'000	31 December 2015 RM'000	31 December 2016 RM'000	31 December 2015 RM'000
Other debtors	6,304,018	8,569,352	5,077,156	7,493,783
Amount due from brokers and clients	2,452,894	1,975,007	-	-
Prepayments and deposits	1,407,933	1,322,292	491,926	617,210
Tax recoverable	113,850	344,903	-	228,370
Foreclosed properties	246,865	176,958	34,430	34,411
	10,525,560	12,388,512	5,603,512	8,373,774

A14. Deposits from Customers

(i) By type of deposit

	Group		Bank	
	31 December 2016 RM'000	31 December 2015 RM'000	31 December 2016 RM'000	31 December 2015 RM'000
Fixed deposits and negotiable instruments of deposits				
- One year or less	280,377,560	288,602,726	178,035,292	188,629,371
- More than one year	11,231,648	11,334,267	10,029,739	10,446,084
	291,609,208	299,936,993	188,065,031	199,075,455
Money market deposits	15,200,225	12,617,076	15,200,225	12,617,076
Savings deposits	68,143,180	62,023,701	44,203,976	40,327,059
Demand deposits	110,571,307	99,214,935	84,409,063	75,155,434
Structured deposits*	4,309,375	4,357,828	4,308,457	3,451,495
	489,833,295	478,150,533	336,186,752	330,626,519

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

(ii) By type of customer

	Group		Bank	
	31 December 2016 RM'000	31 December 2015 RM'000	31 December 2016 RM'000	31 December 2015 RM'000
Business enterprises	226,255,380	222,126,995	163,181,273	160,747,558
Individuals	207,420,163	199,761,403	149,109,542	147,532,143
Government and statutory bodies	26,486,227	26,547,957	9,051,804	8,657,495
Others	29,671,525	29,714,178	14,844,133	13,689,323
	489,833,295	478,150,533	336,186,752	330,626,519

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

	Group		Bank	
	31 December 2016 RM'000	31 December 2015 RM'000	31 December 2016 RM'000	31 December 2015 RM'000
Within six months	234,901,381	235,062,494	141,455,104	144,342,976
Six months to one year	45,476,179	53,540,232	36,580,188	44,286,395
One year to three years	10,183,159	10,632,329	9,963,861	10,386,710
Three years to five years	1,048,489	701,938	65,878	59,374
	291,609,208	299,936,993	188,065,031	199,075,455

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A15. Deposits and Placements from Financial Institutions

	Group		Bank	
	31 December 2016 RM'000	31 December 2015 RM'000	31 December 2016 RM'000	31 December 2015 RM'000
Licensed banks	27,340,841	35,830,025	28,044,586	35,887,913
Licensed finance companies	112,341	38,458	112,341	38,458
Licensed investment banks	42,146	100,777	42,146	100,777
Other financial institutions	3,359,365	3,044,656	1,657,637	1,877,540
	30,854,693	39,013,916	29,856,710	37,904,688

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

	Group		Bank	
	31 December 2016 RM'000	31 December 2015 RM'000	31 December 2016 RM'000	31 December 2015 RM'000
One year or less	28,086,419	37,314,775	28,385,549	36,970,698
More than one year	2,768,274	1,699,141	1,471,161	933,990
	30,854,693	39,013,916	29,856,710	37,904,688

A16. Financial Liabilities at Fair Value Through Profit or Loss

	Group		Bank	
	31 December 2016 RM'000	31 December 2015 RM'000	31 December 2016 RM'000	31 December 2015 RM'000
Structured deposits	1,560,054	-	657,963	-
Borrowings				
Unsecured				
Medium Term Notes				
- More than one year				
Denominated in:				
- USD	1,444,465	-	1,444,465	-
- RM	582,711	-	582,711	-
	2,027,176	-	2,027,176	-
Total financial liabilities at fair value through profit or loss	3,587,230	-	2,685,139	-

During the year, the Group and the Bank have designated certain structured deposits and borrowings at fair value through profit or loss. 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.

The carrying amount of both structured deposits and borrowings designated at fair value through profit or loss of the Group and of the Bank as at 31 December 2016 were RM3,792,621,000 and RM2,875,461,000 respectively. The fair value changes of the financial liabilities that are attributable to the changes in own credit risk are not significant.

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A17. Borrowings, Subordinated Obligations and Capital Securities

	Group		Bank	
	31 December 2016 RM'000	31 December 2015 RM'000	31 December 2016 RM'000	31 December 2015 RM'000
(i) Borrowings				
Secured				
(a) Borrowings				
- Less than one year				
Denominated in:				
- SGD	-	243,864	-	-
- PHP	35	37,218	-	-
- IDR	741,714	831,515	-	-
	<u>741,749</u>	<u>1,112,597</u>	-	-
- More than one year				
Denominated in:				
- PHP	171	346	-	-
- IDR	2,348,667	1,489,264	-	-
	<u>2,348,838</u>	<u>1,489,610</u>	-	-
(b) Medium Term Notes				
- More than one year				
Denominated in:				
- IDR	83,251	-	-	-
	<u>83,251</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total secured borrowings	<u>3,173,838</u>	<u>2,602,207</u>	<u>-</u>	<u>-</u>
Unsecured				
(a) Borrowings				
- Less than one year				
Denominated in:				
- USD	5,380,539	6,275,251	5,148,693	6,196,145
- SGD	994,982	972,519	-	-
- THB	824,493	1,076,043	-	-
- HKD	285,567	110,323	216,923	-
- IDR	362,598	652,765	-	-
- VND	-	2,109	-	-
- PHP	33,536	57,169	-	-
- INR	13,240	-	-	-
- EURO	466	328,502	-	328,502
- RM	517,000	-	517,000	-
	<u>8,412,421</u>	<u>9,474,681</u>	<u>5,882,616</u>	<u>6,524,647</u>
- More than one year				
Denominated in:				
- USD	5,607,500	1,618,461	5,607,500	1,618,461
- JPY	2,424	2,549	-	-
- IDR	233,562	215,651	-	-
	<u>5,843,486</u>	<u>1,836,661</u>	<u>5,607,500</u>	<u>1,618,461</u>
(b) Medium Term Notes				
- Less than one year				
Denominated in:				
- USD	2,361,664	214,719	2,361,664	214,719
- HKD	433,498	878,874	433,498	878,874
- SGD	156,039	1,313,109	156,039	1,313,109
- JPY	2,539,458	428,365	2,539,458	428,365
- AUD	808	904	808	904
- CNH	16,207	2,187	16,207	2,187
- RM	834,625	217	834,625	217
	<u>6,342,299</u>	<u>2,838,375</u>	<u>6,342,299</u>	<u>2,838,375</u>

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A18. Insurance/Takaful Contract Liabilities and Other Insurance Payables

Group	Note	31 December 2016 RM'000	31 December 2015 RM'000
Insurance/takaful contract liabilities	(i)	23,513,212	23,393,933
Other insurance payables	(ii)	435,507	445,408
		23,948,719	23,839,341

(i) Insurance/takaful contract liabilities

At 31 December 2016	Gross contract liabilities RM'000	Reinsurance/ retakaful assets RM'000	Net contract liabilities RM'000
Life insurance/family takaful	17,642,499	(75,444)	17,567,055
General insurance/general takaful	5,870,713	(3,617,137)	2,253,576
	23,513,212	(3,692,581)	19,820,631

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
	23,393,933	(3,826,827)	19,567,106

(ii) Other insurance payables

	31 December 2016 RM'000	31 December 2015 RM'000
Due to agents and intermediaries	61,822	52,790
Due to reinsurers and cedants	313,648	341,387
Due to retakaful operators	60,037	51,231
	435,507	445,408

A19. Other Liabilities

	Group		Bank	
	31 December 2016 RM'000	31 December 2015 RM'000	31 December 2016 RM'000	31 December 2015 RM'000
Due to brokers and clients	4,044,200	2,206,642	-	-
Deposits, other creditors and accruals	8,336,837	10,308,580	8,154,734	9,884,561
Defined benefit pension plans	552,462	466,768	-	-
Provisions for commitments and contingencies	35,507	36,616	35,507	36,616
Finance lease liabilities	9,925	10,982	-	-
	12,978,931	13,029,588	8,190,241	9,921,177

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A20. Other Reserves

The breakdown and movement of other reserves are as follows:

<----- Non-Distributable ----->						
<u>Group</u>	Capital Reserve RM'000	Revaluation Reserve RM'000	Profit Equalisation Reserve RM'000	Defined Benefit Reserve RM'000	Net Investment Hedge and Cash Flow Hedge Reserve RM'000	Total Other Reserves RM'000
At 1 January 2016	13,557	11,836	34,456	(52,111)	(463,724)	(455,986)
Other comprehensive (loss)/income	-	(3,689)	-	(2,249)	20,040	14,102
Defined benefit plan actuarial loss	-	-	-	(2,239)	-	(2,239)
Net gain on net investment hedge	-	-	-	-	21,197	21,197
Net loss on cash flow hedge	-	-	-	-	(1,157)	(1,157)
Net loss on revaluation reserve	-	(3,689)	-	-	-	(3,689)
Share of associates' reserve	-	-	-	(10)	-	(10)
Total comprehensive (loss)/income for the financial year	-	(3,689)	-	(2,249)	20,040	14,102
Transfer to retained profits	-	-	(34,456)	-	-	(34,456)
Total other equity movements	-	-	(34,456)	-	-	(34,456)
At 31 December 2016	13,557	8,147	-	(54,360)	(443,684)	(476,340)

<----- Non-Distributable ----->						
<u>Group</u>	Capital Reserve RM'000	Revaluation Reserve RM'000	Profit Equalisation Reserve RM'000	Defined Benefit Reserve RM'000	Net Investment Hedge and Cash Flow Hedge Reserve RM'000	Total Other Reserves RM'000
At 1 January 2015	13,557	11,774	34,456	(89,017)	(67,191)	(96,421)
Other comprehensive income/(loss)	-	62	-	36,906	(396,533)	(359,565)
Defined benefit plan actuarial gain	-	-	-	36,906	-	36,906
Net loss on net investment hedge	-	-	-	-	(399,314)	(399,314)
Net gain on cash flow hedge	-	-	-	-	2,781	2,781
Net gain on revaluation reserve	-	62	-	-	-	62
Total comprehensive income/(loss) for the financial year	-	62	-	36,906	(396,533)	(359,565)
At 31 December 2015	13,557	11,836	34,456	(52,111)	(463,724)	(455,986)

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A21. Interest Income

Group	Unaudited 4th Quarter Ended		Audited Cumulative 12 Months Ended	
	31 December 2016 RM'000	31 December 2015 RM'000	31 December 2016 RM'000	31 December 2015 RM'000
Loans, advances and financing	4,074,122	4,143,801	16,066,134	15,394,724
Money at call and deposits and placements with financial institutions	166,813	196,385	728,156	718,096
Financial assets purchased under resale agreements	12,684	4,367	73,216	10,882
Financial assets at FVTPL	213,214	139,027	798,919	640,255
Financial investments available-for-sale	680,348	654,130	2,715,479	2,498,990
Financial investments held-to-maturity	142,805	141,188	550,431	509,150
	5,289,986	5,278,898	20,932,335	19,772,097
(Amortisation of premiums) /accretion of discounts, net	(2,707)	2,885	8,164	20,724
	5,287,279	5,281,783	20,940,499	19,792,821

Bank	Unaudited 4th Quarter Ended		Audited Cumulative 12 Months Ended	
	31 December 2016 RM'000	31 December 2015 RM'000	31 December 2016 RM'000	31 December 2015 RM'000
Loans, advances and financing	2,812,653	2,933,322	11,231,324	11,056,864
Money at call and deposits and placements with financial institutions	185,894	177,603	736,324	647,249
Financial assets purchased under resale agreements	(236)	1,434	2,472	7,477
Financial assets at FVTPL	48,938	25,953	201,371	143,217
Financial investments available-for-sale	569,124	581,514	2,326,933	2,223,566
Financial investments held-to-maturity	132,417	146,460	529,590	538,227
	3,748,790	3,866,286	15,028,014	14,616,600
Accretion of discounts, net	4,174	9,142	48,339	134,935
	3,752,964	3,875,428	15,076,353	14,751,535

Included in interest income for the 12 months financial year ended 31 December 2016 was interest on impaired assets amounting to approximately RM286,199,000 (31 December 2015: RM257,815,000) for the Group and RM210,895,000 (31 December 2015: RM192,740,000) for the Bank.

A22. Interest Expense

Group	Unaudited 4th Quarter Ended		Audited Cumulative 12 Months Ended	
	31 December 2016 RM'000	31 December 2015 RM'000	31 December 2016 RM'000	31 December 2015 RM'000
Deposits and placements from financial institutions	106,179	136,333	457,307	567,065
Deposits from customers	1,700,752	1,735,868	6,939,478	6,484,060
Floating rate certificates of deposits	3,416	7,282	23,121	28,691
Loans sold to Cagamas	9,288	9,788	36,134	36,025
Borrowings	261,999	198,871	919,897	692,800
Subordinated notes	187,159	198,782	783,544	670,044
Subordinated bonds	8,669	8,623	34,240	34,210
Capital securities	98,432	95,799	388,308	380,234
Net interest on derivatives	(47,505)	(41,984)	(209,786)	(214,453)
	2,328,389	2,349,362	9,372,243	8,678,676

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A22. Interest Expense (cont'd.)

	Unaudited		Audited	
	4th Quarter Ended		Cumulative 12 Months Ended	
	31 December 2016	31 December 2015	31 December 2016	31 December 2015
Bank	RM'000	RM'000	RM'000	RM'000
Deposits and placements from financial institutions	99,720	117,703	422,161	527,162
Deposits from customers	1,241,598	1,269,538	5,123,653	4,776,436
Floating rate certificates of deposits	3,416	7,282	23,121	28,691
Loans sold to Cagamas	9,288	9,788	36,134	36,025
Borrowings	150,810	104,002	516,347	340,022
Subordinated notes	142,191	161,777	621,920	531,874
Capital securities	98,862	98,260	391,288	394,273
Net interest on derivatives	(47,614)	(42,104)	(210,882)	(211,320)
	1,698,271	1,726,246	6,923,742	6,423,163

A23. Net Earned Insurance Premiums

	Unaudited		Audited	
	4th Quarter Ended		Cumulative 12 Months Ended	
	31 December 2016	31 December 2015	31 December 2016	31 December 2015
Group	RM'000	RM'000	RM'000	RM'000
Gross earned premiums	1,466,953	1,438,747	5,655,538	5,335,590
Premiums ceded to reinsurers	(274,480)	(287,999)	(1,211,481)	(1,138,891)
	1,192,473	1,150,748	4,444,057	4,196,699

A24. Dividends from Subsidiaries and Associates

	Unaudited		Audited	
	4th Quarter Ended		Cumulative 12 Months Ended	
	31 December 2016	31 December 2015	31 December 2016	31 December 2015
Bank	RM'000	RM'000	RM'000	RM'000
Gross dividend income from:				
Subsidiaries	55,390	295,344	2,392,278	1,533,245
Associates	-	-	8,179	788
	55,390	295,344	2,400,457	1,534,033

A25. Other Operating Income

	Unaudited		Audited	
	4th Quarter Ended		Cumulative 12 Months Ended	
	31 December 2016	31 December 2015	31 December 2016	31 December 2015
Group	RM'000	RM'000	RM'000	RM'000
(a) Fee income:				
Commission	357,294	420,686	1,268,040	1,249,003
Service charges and fees	390,023	392,368	1,502,493	1,512,368
Underwriting fees	19,562	21,949	42,288	87,989
Brokerage income	158,354	149,379	596,555	638,145
Fees on loans, advances and financing	56,283	84,778	239,266	333,023
	981,516	1,069,160	3,648,642	3,820,528
(b) Investment income:				
Net (loss)/gain on disposal of Financial assets at FVTPL				
- Designated upon initial recognition	5,985	7,068	54,176	74,443
- Held-for-trading	(29,286)	22,501	149,930	83,257
Net gain on disposal of financial investments available-for-sale	607,517	50,461	1,039,601	353,906
Net gain on disposal/redemption of financial investments held-to-maturity	-	175	11,397	308
Net (loss)/gain on disposal of subsidiaries	-	(8,271)	(378)	189,037
	584,216	71,934	1,254,726	700,951

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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	Unaudited		Audited	
	4th Quarter Ended 31 December 2016 RM'000	31 December 2015 RM'000	Cumulative 12 Months Ended 31 December 2016 RM'000	31 December 2015 RM'000
Gross benefits and claims paid	1,057,849	874,317	4,109,574	4,241,211
Claims ceded to reinsurers	(98,792)	(175,376)	(726,826)	(614,302)
Gross change to contract liabilities	(335,728)	123,841	397,660	(786,254)
Change in contract liabilities ceded to reinsurers	(49,325)	121,296	40,619	623,724
Net insurance benefits and claims incurred	574,004	944,078	3,821,027	3,464,379
Net fee and commission expenses	45,040	73,354	208,256	257,165
Change in expense liabilities	(4,370)	49,564	56,240	73,559
Taxation of life and takaful fund	(19,365)	6,880	22,386	(10,676)
Net fee and commission expenses, change in expense liabilities and taxation of life and takaful fund	21,305	129,798	286,882	320,048
Total net insurance benefits and claims incurred, net fee and commission expenses, change in expense liabilities and taxation of life and takaful fund	595,309	1,073,876	4,107,909	3,784,427

A27. Overhead Expenses

Group	Unaudited		Audited	
	4th Quarter Ended 31 December 2016 RM'000	31 December 2015 RM'000	Cumulative 12 Months Ended 31 December 2016 RM'000	31 December 2015 RM'000
(a) Personnel expenses				
Salaries, allowances and bonuses	1,030,852	1,189,996	4,281,737	4,345,932
Social security cost	11,572	9,545	40,749	35,718
Pension costs - defined contribution plan	115,322	143,259	478,480	502,201
ESS expenses	11,475	14,069	40,251	64,109
Other staff related expenses	184,849	229,814	806,228	817,187
	1,354,070	1,586,683	5,647,445	5,765,147
(b) Establishment costs				
Depreciation of property, plant and equipment	97,468	93,803	379,135	374,649
Amortisation of intangible assets	74,167	57,039	290,491	265,597
Rental of leasehold land and premises	93,618	85,767	359,714	316,056
Repairs and maintenance of property, plant and equipment	35,900	47,947	160,443	155,270
Information technology expenses	146,532	212,837	659,073	659,957
Fair value adjustments on investments properties	(8,892)	(228)	(8,858)	(101,850)
Others	12,226	12,641	47,735	51,414
	451,019	509,806	1,887,733	1,721,093
(c) Marketing expenses				
Advertisement and publicity	70,026	63,203	254,363	304,678
Others	60,688	48,059	267,717	302,635
	130,714	111,262	522,080	607,313

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A27. Overhead Expenses (cont'd.)

Group (cont'd.)	Unaudited		Audited	
	4th Quarter Ended		Cumulative 12 Months Ended	
	31 December 2016 RM'000	31 December 2015 RM'000	31 December 2016 RM'000	31 December 2015 RM'000
(d) Administration and general expenses				
Fees and brokerage	231,219	192,188	903,882	814,326
Administrative expenses	207,857	171,027	724,698	640,118
General expenses	263,715	209,979	865,485	682,021
Others	(5,173)	(5,227)	25,873	55,022
	<u>697,618</u>	<u>567,967</u>	<u>2,519,938</u>	<u>2,191,487</u>
Total overhead expenses	<u>2,633,421</u>	<u>2,775,718</u>	<u>10,577,196</u>	<u>10,285,040</u>
Cost to income ratio ("CIR")¹	43.3%	49.3%	47.3%	48.2%

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

Bank	Unaudited		Audited	
	4th Quarter Ended		Cumulative 12 Months Ended	
	31 December 2016 RM'000	31 December 2015 RM'000	31 December 2016 RM'000	31 December 2015 RM'000
(a) Personnel expenses				
Salaries, allowances and bonuses	574,620	797,095	2,555,688	2,760,836
Social security cost	4,570	3,742	17,495	15,437
Pension costs - defined contribution plan	82,259	112,009	358,877	392,765
ESS expenses	8,436	10,589	28,592	45,935
Other staff related expenses	109,475	129,420	467,384	458,573
	<u>779,360</u>	<u>1,052,855</u>	<u>3,428,036</u>	<u>3,673,546</u>
(b) Establishment costs				
Depreciation of property, plant and equipment	48,563	49,209	188,540	189,828
Amortisation of intangible assets	30,606	30,856	128,718	112,277
Rental of leasehold land and premises	39,039	36,968	149,779	141,868
Repairs and maintenance of property, plant and equipment	18,061	28,056	88,242	85,502
Information technology expenses	196,243	223,980	814,191	802,875
Others	2,032	2,113	8,812	7,956
	<u>334,544</u>	<u>371,182</u>	<u>1,378,282</u>	<u>1,340,306</u>
(c) Marketing expenses				
Advertisement and publicity	39,294	35,561	126,259	167,186
Others	51,017	39,636	235,140	267,208
	<u>90,311</u>	<u>75,197</u>	<u>361,399</u>	<u>434,394</u>
(d) Administration and general expenses				
Fees and brokerage	158,000	136,379	565,980	575,844
Administrative expenses	82,022	71,245	303,224	297,920
General expenses	90,928	67,823	316,785	236,388
Others	3,718	(3,743)	21,880	39,498
	<u>334,668</u>	<u>271,704</u>	<u>1,207,869</u>	<u>1,149,650</u>
(e) Overhead expenses allocated to subsidiaries	(260,113)	(230,733)	(1,035,947)	(967,995)
Total overhead expenses	<u>1,278,770</u>	<u>1,540,205</u>	<u>5,339,639</u>	<u>5,629,901</u>
Cost to income ratio ("CIR")²	39.3%	47.8%	36.5%	42.5%

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

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

Group	Unaudited		Audited	
	4th Quarter Ended		Cumulative 12 Months Ended	
	31 December 2016 RM'000	31 December 2015 RM'000	31 December 2016 RM'000	31 December 2015 RM'000
Allowances for/(writeback of) impairment losses on loans, advances and financing:				
- collective allowance made	7,851	(9,662)	1,100,315	572,638
- collective allowance written back	(421)	(121,767)	(30,762)	(136,522)
- individual allowance made	830,102	757,295	2,390,222	1,863,135
- individual allowance written back	20,516	(41,414)	(115,272)	(189,747)
Bad debts and financing written-off	31,784	27,848	107,481	107,034
Bad debts and financing recovered	(247,804)	(152,579)	(598,563)	(541,331)
(Writeback of)/allowances for impairment losses on other debts	(26,285)	6,995	(20,673)	8,350
	615,743	466,716	2,832,748	1,683,557

Bank	Unaudited		Audited	
	4th Quarter Ended		Cumulative 12 Months Ended	
	31 December 2016 RM'000	31 December 2015 RM'000	31 December 2016 RM'000	31 December 2015 RM'000
Allowances for/(writeback of) impairment losses on loans, advances and financing:				
- collective allowance made/(written back), net	52,639	(275,362)	522,087	(104,006)
- individual allowance made	574,906	569,011	1,592,007	1,261,093
- individual allowance written back	3,057	(27,231)	(80,690)	(143,166)
Bad debts and financing written-off	15,474	16,585	64,021	62,500
Bad debts and financing recovered	(84,296)	(93,246)	(308,214)	(401,178)
(Writeback of)/allowances for impairment losses on other debts	(2,031)	3,412	(1,343)	1,472
	559,749	193,169	1,787,868	676,715

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

Group	Unaudited		Audited	
	4th Quarter Ended		Cumulative 12 Months Ended	
	31 December 2016 RM'000	31 December 2015 RM'000	31 December 2016 RM'000	31 December 2015 RM'000
Financial investments AFS				
- Allowance made	14,287	56,646	265,440	370,101
- Amount written back in respect of recoveries	(5,518)	(1,385)	(83,187)	(39,978)
	8,769	55,261	182,253	330,123
Financial investments HTM				
- Amount written back in respect of recoveries	-	(73)	-	(1,101)
	8,769	55,188	182,253	329,022

Bank	Unaudited		Audited	
	4th Quarter Ended		Cumulative 12 Months Ended	
	31 December 2016 RM'000	31 December 2015 RM'000	31 December 2016 RM'000	31 December 2015 RM'000
Financial investments AFS				
- Allowance made	1,976	-	213,464	33
- Amount written back in respect of recoveries	(2,101)	(490)	(73,613)	(38,043)
	(125)	(490)	139,851	(38,010)
Financial investments HTM				
- Amount written back in respect of recoveries	-	(73)	-	(1,101)
	(125)	(563)	139,851	(39,111)

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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 year's presentation.

The Group is organised into 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, which includes 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 includes 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 includes 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 includes 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, which includes 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 =====>						Head Office and Others RM'000	Total RM'000
	<===== Group Global Banking =====>							
Twelve Months Ended 31 December 2016	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			
Net interest income and income from IBS								
- External	9,998,883	5,196,834	306,473	8,302	940,503	(693,497)		15,757,498
- Inter-segment	-	-	(13,831)	(15,746)	68,415	(38,838)		-
	9,998,883	5,196,834	292,642	(7,444)	1,008,918	(732,335)		15,757,498
Net interest income and income from IBS operations	9,998,883	5,196,834	292,642	(7,444)	1,008,918	(732,335)		15,757,498
Net earned insurance premiums	-	-	-	-	4,444,057	-		4,444,057
Other operating income	3,058,046	3,102,429	1,206,184	144,648	424,991	(1,766,761)		6,169,537
Total operating income	13,056,929	8,299,263	1,498,826	137,204	5,877,966	(2,499,096)		26,371,092
Net insurance benefits and claims incurred, net fee and commission expenses, change in expense liabilities and taxation of life and takaful fund	-	-	-	-	(4,285,388)	177,479		(4,107,909)
Net operating income	13,056,929	8,299,263	1,498,826	137,204	1,592,578	(2,321,617)		22,263,183
Overhead expenses	(6,755,258)	(1,837,628)	(1,152,627)	(145,178)	(686,505)	-		(10,577,196)
Operating profit/(loss) before impairment losses (Allowances for)/writeback of impairment losses on loans, advances, financing and other debts, net	6,301,671	6,461,635	346,199	(7,974)	906,073	(2,321,617)		11,685,987
(Allowances for)/writeback of impairment losses on financial investments, net	(1,626,116)	(1,226,461)	(2,322)	(62)	22,213	-		(2,832,748)
Operating profit/(loss)	-	(139,207)	(3,204)	8,199	(48,041)	-		(182,253)
Operating profit/(loss)	4,675,555	5,095,967	340,673	163	880,245	(2,321,617)		8,670,986
Share of profits in associates and joint ventures	-	172,941	523	-	-	-		173,464
Profit/(loss) before taxation and zakat	4,675,555	5,268,908	341,196	163	880,245	(2,321,617)		8,844,450
Taxation and zakat								(1,880,558)
Profit after taxation and zakat								6,963,892
Non-controlling interests								(220,900)
Profit for the year - attributable to equity holders of the Bank								6,742,992
Included in overhead expenses are:								
Depreciation of property, plant and equipment	(240,604)	(65,825)	(55,809)	(776)	(16,121)	-		(379,135)
Amortisation of intangible assets	(188,678)	(47,345)	(43,731)	(293)	(10,444)	-		(290,491)

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A30. Segment Information (cont'd.)

By business segments (cont'd.)

Twelve Months Ended 31 December 2015	<===== Business Segments =====>							
	<===== Group Global Banking =====>						Head Office and Others RM'000	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	Group Insurance and Takaful RM'000		
Net interest income and income from IBS								
- External	9,026,656	5,206,460	232,409	8,330	839,881	(260,954)	15,052,782	
- Inter-segment	-	-	(3,856)	(10,402)	66,212	(51,954)	-	
	<u>9,026,656</u>	<u>5,206,460</u>	<u>228,553</u>	<u>(2,072)</u>	<u>906,093</u>	<u>(312,908)</u>	<u>15,052,782</u>	
Net interest income and income from IBS operations	9,026,656	5,206,460	228,553	(2,072)	906,093	(312,908)	15,052,782	
Net earned insurance premiums	-	-	-	-	4,196,699	-	4,196,699	
Other operating income	3,019,004	2,461,087	1,250,968	109,491	327,876	(1,395,559)	5,772,867	
Total operating income	<u>12,045,660</u>	<u>7,667,547</u>	<u>1,479,521</u>	<u>107,419</u>	<u>5,430,668</u>	<u>(1,708,467)</u>	<u>25,022,348</u>	
Net insurance benefits and claims incurred, net fee and commission expenses, change in expense liabilities and taxation of life and takaful fund	-	-	-	-	(3,903,502)	119,075	(3,784,427)	
Net operating income	<u>12,045,660</u>	<u>7,667,547</u>	<u>1,479,521</u>	<u>107,419</u>	<u>1,527,166</u>	<u>(1,589,392)</u>	<u>21,237,921</u>	
Overhead expenses	(6,670,713)	(1,834,569)	(1,083,519)	(115,783)	(580,456)	-	(10,285,040)	
Operating profit/(loss) before impairment losses	<u>5,374,947</u>	<u>5,832,978</u>	<u>396,002</u>	<u>(8,364)</u>	<u>946,710</u>	<u>(1,589,392)</u>	<u>10,952,881</u>	
Allowances for impairment losses on loans, advances, financing and other debts, net	(830,677)	(837,203)	(7,958)	-	(7,719)	-	(1,683,557)	
Allowances for impairment losses on financial investments, net	-	(3,633)	(2,083)	(1,316)	(321,990)	-	(329,022)	
Operating profit/(loss)	<u>4,544,270</u>	<u>4,992,142</u>	<u>385,961</u>	<u>(9,680)</u>	<u>617,001</u>	<u>(1,589,392)</u>	<u>8,940,302</u>	
Share of profits in associates and joint ventures	-	211,886	1,279	-	(1,919)	-	211,246	
Profit/(loss) before taxation and zakat	<u>4,544,270</u>	<u>5,204,028</u>	<u>387,240</u>	<u>(9,680)</u>	<u>615,082</u>	<u>(1,589,392)</u>	<u>9,151,548</u>	
Taxation and zakat							(2,165,160)	
Profit after taxation and zakat							<u>6,986,388</u>	
Non-controlling interests							(150,449)	
Profit for the year - attributable to equity holders of the Bank							<u>6,835,939</u>	
Included in overhead expenses are:								
Depreciation of property, plant and equipment	(241,262)	(63,680)	(52,873)	(600)	(16,234)	-	(374,649)	
Amortisation of intangible assets	(170,797)	(39,663)	(47,105)	(302)	(7,730)	-	(265,597)	

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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) and B6.

A33. Changes in the Composition of the Group

On 9 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 ("Closing Date") ("the Disposal").

The Disposal 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 Disposal 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 ended 31 December 2016.

There were no other significant changes to the composition of the Group during the 12 months financial year ended 31 December 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 31 December 2016			As at 31 December 2015		
	Full commitment RM'000	Credit equivalent amount* RM'000	Risk- weighted amount* RM'000	Full commitment RM'000	Credit equivalent amount* RM'000	Risk- weighted amount* RM'000
<u>Contingent liabilities</u>						
Direct credit substitutes	12,656,766	11,637,132	6,773,719	12,385,389	10,934,760	6,533,559
Certain transaction-related contingent items	20,138,714	9,865,761	6,526,837	17,477,210	8,320,847	6,352,100
Short-term self-liquidating trade-related contingencies	6,332,853	1,206,287	806,417	5,052,863	1,017,790	698,293
Obligations under underwriting agreements	65,885	-	-	-	-	-
	39,194,218	22,709,180	14,106,973	34,915,462	20,273,397	13,583,952

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A34. Commitments and Contingencies (cont'd.)

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

	As at 31 December 2016			As at 31 December 2015		
	Full commitment RM'000	Credit equivalent amount* RM'000	Risk- weighted amount* RM'000	Full commitment RM'000	Credit equivalent amount* RM'000	Risk- weighted amount* RM'000
Bank (cont'd.)						
<u>Commitments</u>						
Irrevocable commitments to extend credit:						
- Maturity within one year	80,959,286	10,987,463	6,040,954	90,296,506	10,326,949	5,732,497
- Maturity exceeding one year	31,500,386	25,583,666	12,464,323	31,410,946	22,146,579	9,469,321
	112,459,672	36,571,129	18,505,277	121,707,452	32,473,528	15,201,818
Miscellaneous commitments and contingencies	8,007,674	346,853	161,538	7,641,170	705,840	235,590
Total credit-related commitments and contingencies	154,065,477	56,307,705	29,763,883	159,631,108	50,355,936	26,003,882
<u>Derivative financial instruments</u>						
Foreign exchange related contracts:						
- Less than one year	221,711,497	3,860,533	1,657,761	217,659,439	5,104,708	1,678,254
- One year to less than five years	26,688,364	2,669,793	1,703,282	27,210,183	1,627,876	852,987
- Five years and above	5,914,955	944,436	639,275	5,398,071	1,092,748	600,693
	254,314,816	7,474,762	4,000,318	250,267,693	7,825,332	3,131,934
Interest rate related contracts:						
- Less than one year	97,180,404	296,982	169,061	100,337,975	525,454	354,312
- One year to less than five years	145,209,928	2,279,530	931,515	116,190,252	2,409,519	1,146,722
- Five years and above	60,944,220	1,376,823	945,673	52,084,809	1,722,257	863,822
	303,334,552	3,953,335	2,046,249	268,613,036	4,657,230	2,364,856
Equity and commodity related contracts:						
- Less than one year	6,387,247	43,124	21,111	640,564	20,601	12,739
- One year to less than five years	3,027,432	-	-	456,498	4,944	3,136
	9,414,679	43,124	21,111	1,097,062	25,545	15,875
Total treasury-related commitments and contingencies	567,064,047	11,471,221	6,067,678	519,977,791	12,508,107	5,512,665
Total commitments and contingencies	721,129,524	67,778,926	35,831,561	679,608,899	62,864,043	31,516,547

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

(i) The Group's and the Bank's derivative financial instruments are subject to market, credit and liquidity risks, as follows:

Market Risk

Market risk on derivatives is the potential loss to the value of these contracts due to changes in price of the underlying items such as equities, interest rates, foreign exchange rates, credit spreads, commodities or other indices. The notional or contractual amounts provide only the volume of transactions outstanding at the reporting date and do not represent the amount at risk. Exposure to market risk may be reduced through offsetting items from on and off-balance sheet positions.

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A34. Commitments and Contingencies (cont'd.)

- (i) The Group's and the Bank's derivative financial instruments are subject to market, credit and liquidity risks, as follows (cont'd.):

Credit Risk

Credit risk arises from the possibility that a counterparty may be unable to meet the terms of a contract in which the Bank and certain subsidiaries have a gain position. As at 31 December 2016, the amount of credit risk in the Group, measured in terms of the cost to replace the profitable contracts, was RM8,311.7 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 31 December 2016, the Group and the Bank have posted cash collateral of RM3,134.2 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 ended 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 ended 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.

In respect of the financial year ended 31 December 2016, the Board has proposed the payment of a final single-tier dividend of 32 sen per ordinary share of RM1.00 each, which consists of a cash portion of 10 sen and an electable portion of 22 sen per ordinary share. The electable portion can be elected to be reinvested by shareholders in new Maybank shares in accordance with the DRP. The proposed single-tier final dividend will be subject to shareholders' approval.

In arriving the capital adequacy ratios for the financial year ended 31 December 2016, the proposed single-tier final dividend has not been deducted from the calculation of CET1 Capital.

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

	Group		Bank	
	31 December 2016	31 December 2015	31 December 2016	31 December 2015
CET1 Capital Ratio	13.990%	12.780%	15.881%	15.781%
Tier 1 Capital Ratio	15.664%	14.471%	18.232%	17.969%
Total Capital Ratio	19.293%	17.743%	19.432%	17.969%

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A35. Capital Adequacy (cont'd.)

(d) Components of capital:

	Group		Bank	
	31 December 2016 RM'000	31 December 2015 RM'000	31 December 2016 RM'000	31 December 2015 RM'000
CET1 Capital				
Paid-up share capital	10,193,200	9,761,751	10,193,200	9,761,751
Share premium	28,878,703	25,900,476	28,878,703	25,900,476
Retained profits ¹	10,482,202	9,356,279	4,514,094	3,779,541
Other reserves ¹	15,048,174	13,231,479	13,605,920	12,830,702
Qualifying non-controlling interests	112,513	119,376	-	-
Less: Shares held-in-trust	(125,309)	(119,745)	(125,309)	(119,745)
CET1 Capital before regulatory adjustments	<u>64,589,483</u>	<u>58,249,616</u>	<u>57,066,608</u>	<u>52,152,725</u>
Less: Regulatory adjustments applied on CET1 Capital:				
Deferred tax assets	(874,988)	(908,232)	(358,687)	(441,814)
Goodwill	(6,317,009)	(5,911,523)	(81,015)	(81,015)
Other intangibles	(955,441)	(994,076)	(449,034)	(428,464)
Profit equalisation reserve	-	(34,456)	-	-
Regulatory reserve	(1,057,997)	(1,247,509)	(660,800)	(813,800)
Investment in ordinary shares of unconsolidated financial and insurance/takaful entities ³	(2,277,028)	(1,442,343)	(13,099,105)	(8,508,900)
Total CET1 Capital	<u>53,107,020</u>	<u>47,711,477</u>	<u>42,417,967</u>	<u>41,878,732</u>
Additional Tier 1 Capital				
Capital securities	6,279,948	6,245,496	6,279,948	6,245,496
Qualifying CET1 and Additional Tier 1 capital instruments held by third parties	73,556	67,719	-	-
Less: Regulatory adjustments due to insufficient Tier 2 Capital	-	-	-	(438,178)
Total Tier 1 Capital	<u>59,460,524</u>	<u>54,024,692</u>	<u>48,697,915</u>	<u>47,686,050</u>
Tier 2 Capital				
Subordinated obligations	13,077,127	12,984,020	13,077,127	12,984,020
Qualifying CET1, Additional Tier 1 and Tier 2 capital instruments held by third parties	473,100	529,368	-	-
Collective allowance ²	408,984	452,504	120,467	160,737
Surplus of total eligible provision over total expected loss	1,333,468	414,103	1,194,370	470,242
Less: Investment in capital instruments of unconsolidated financial and insurance/takaful entities ³	(1,518,018)	(2,163,515)	(11,186,221)	(13,614,999)
Total Tier 2 Capital	<u>13,774,661</u>	<u>12,216,480</u>	<u>3,205,743</u>	<u>-</u>
Total Capital	<u>73,235,185</u>	<u>66,241,172</u>	<u>51,903,658</u>	<u>47,686,050</u>

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

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

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

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

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

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A35. Capital Adequacy (cont'd.)

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

	Maybank Islamic Berhad	Maybank Investment Bank Berhad	PT Bank Maybank Indonesia Tbk
<u>At 31 December 2016</u>			
CET1 Capital Ratio	13.992%	33.010%	-
Tier 1 Capital Ratio	13.992%	33.010%	-
Total Capital Ratio	18.553%	33.010%	16.772%
<u>At 31 December 2015</u>			
CET1 Capital Ratio	12.435%	32.439%	-
Tier 1 Capital Ratio	12.435%	32.439%	-
Total Capital Ratio	16.489%	32.439%	15.049%

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A35. Capital Adequacy (cont'd.)

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

At 31 December 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	52,450,074	28,712,714	7,151,955	519,660	37,487,141
Internal Ratings-Based Approach exposure after scaling factor	<u>277,055,512</u>	<u>205,446,192</u>	<u>64,702,050</u>	-	-
Total RWA for credit risk	329,505,586	234,158,906	71,854,005	519,660	37,487,141
Total RWA for credit risk absorbed by Malayan Banking Berhad and Investment Account*	-	-	(16,426,406)	-	-
Total RWA for market risk	12,875,985	11,148,492	882,544	162,713	562,342
Total RWA for operational risk	<u>37,218,327</u>	<u>21,797,628</u>	<u>5,691,742</u>	<u>823,413</u>	<u>5,286,446</u>
Total RWA	<u>379,599,898</u>	<u>267,105,026</u>	<u>62,001,885</u>	<u>1,505,786</u>	<u>43,335,929</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	<u>34,913,799</u>	<u>21,054,721</u>	<u>4,943,708</u>	<u>892,802</u>	<u>4,529,765</u>
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 ---->	
At 31 December 2016	Assets RM'000	Liabilities RM'000	Assets RM'000	Liabilities RM'000	Assets RM'000	Liabilities RM'000
Trading derivatives						
<u>Foreign exchange related contracts</u>						
Currency forwards:						
- Less than one year	36,297,307	1,041,107	(390,038)	30,177,674	740,114	(340,842)
- One year to three years	1,614,408	43,098	(61,139)	1,614,408	43,098	(61,139)
- More than three years	109,540	2,533	(2,388)	109,540	2,533	(2,388)
	<u>38,021,255</u>	<u>1,086,738</u>	<u>(453,565)</u>	<u>31,901,622</u>	<u>785,745</u>	<u>(404,369)</u>
Currency swaps:						
- Less than one year	170,207,992	2,498,234	(2,492,608)	172,616,102	2,743,381	(2,483,234)
- One year to three years	548,551	38,012	(342)	548,551	38,012	(342)
	<u>170,756,543</u>	<u>2,536,246</u>	<u>(2,492,950)</u>	<u>173,164,653</u>	<u>2,781,393</u>	<u>(2,483,576)</u>
Currency spots:						
- Less than one year	2,154,112	2,058	(1,017)	2,186,968	2,081	(1,022)
Currency options:						
- Less than one year	6,409,635	85,298	(63,946)	6,409,635	85,298	(63,946)
- One year to three years	13,808	73	(1,043)	13,808	73	(1,043)
	<u>6,423,443</u>	<u>85,371</u>	<u>(64,989)</u>	<u>6,423,443</u>	<u>85,371</u>	<u>(64,989)</u>
Cross currency interest rate swaps:						
- Less than one year	9,037,284	395,630	(778,333)	8,530,572	378,013	(746,253)
- One year to three years	13,831,249	970,326	(1,315,263)	14,958,939	1,122,190	(1,438,413)
- More than three years	13,349,911	1,073,245	(1,007,515)	13,106,138	1,068,280	(996,509)
	<u>36,218,444</u>	<u>2,439,201</u>	<u>(3,101,111)</u>	<u>36,595,649</u>	<u>2,568,483</u>	<u>(3,181,175)</u>
<u>Interest rate related contracts</u>						
Interest rate swaps:						
- Less than one year	93,180,752	87,030	(87,075)	93,310,856	86,231	(86,044)
- One year to three years	63,070,554	214,879	(206,497)	63,833,150	214,775	(205,977)
- More than three years	128,356,609	1,873,499	(1,912,682)	128,644,612	1,868,107	(1,912,702)
	<u>284,607,915</u>	<u>2,175,408</u>	<u>(2,206,254)</u>	<u>285,788,618</u>	<u>2,169,113</u>	<u>(2,204,723)</u>
Interest rate futures:						
- Less than one year	4,658,638	938	(876)	3,602,258	882	(811)
- One year to three years	3,905,590	1,925	(1,755)	2,557,020	1,786	(1,620)
	<u>8,564,228</u>	<u>2,863</u>	<u>(2,631)</u>	<u>6,159,278</u>	<u>2,668</u>	<u>(2,431)</u>
Interest rate options:						
- Less than one year	200,000	121	-	200,000	121	-
- One year to three years	1,450,906	1,063	(1,756)	1,450,906	1,063	(1,756)
- More than three years	8,332,291	93,015	(233,144)	9,242,290	115,325	(233,144)
	<u>9,983,197</u>	<u>94,199</u>	<u>(234,900)</u>	<u>10,893,196</u>	<u>116,509</u>	<u>(234,900)</u>

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A36. Derivative Financial Instruments (cont'd.)

At 31 December 2016 (cont'd.)	Group			Bank		
	Principal Amount RM'000	<---- Fair Value ---->		Principal Amount RM'000	<---- Fair Value ---->	
	Assets RM'000	Liabilities RM'000		Assets RM'000	Liabilities RM'000	
Trading derivatives (cont'd.)						
<u>Equity related contracts</u>						
Index futures:						
- Less than one year	119,070	-	(69)	-	-	-
- More than three years	33,663	1,636	-	-	-	-
	<u>152,733</u>	<u>1,636</u>	<u>(69)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Equity options:						
- Less than one year	622,453	33,908	(36,471)	92,332	1,234	(1,234)
- One year to three years	19,274	2,081	(112)	16,100	1,173	(112)
	<u>641,727</u>	<u>35,989</u>	<u>(36,583)</u>	<u>108,432</u>	<u>2,407</u>	<u>(1,346)</u>
Equity swaps:						
- Less than one year	817,228	55,596	(13,305)	145,345	11,456	(3,372)
<u>Commodity related contracts</u>						
Commodity options:						
- Less than one year	5,449,862	343,678	(356,263)	5,449,862	343,678	(356,263)
- One year to three years	2,417,900	139,392	(139,392)	2,417,900	139,392	(139,392)
	<u>7,867,762</u>	<u>483,070</u>	<u>(495,655)</u>	<u>7,867,762</u>	<u>483,070</u>	<u>(495,655)</u>
Commodity swaps:						
- Less than one year	699,708	67,338	(67,075)	699,708	67,338	(67,075)
- One year to three years	330,200	15,903	(15,430)	330,200	15,903	(15,430)
- More than three years	263,232	6,056	(5,479)	263,232	6,056	(5,479)
	<u>1,293,140</u>	<u>89,297</u>	<u>(87,984)</u>	<u>1,293,140</u>	<u>89,297</u>	<u>(87,984)</u>
Hedging derivatives						
<u>Foreign exchange related contracts</u>						
Cross currency interest rate swaps:						
- Less than one year	1,790,546	8,803	(267,187)	1,790,546	8,803	(267,187)
- One year to three years	1,659,207	19,513	(179,446)	1,659,207	19,513	(179,446)
- More than three years	592,728	8,440	(12,918)	592,728	8,440	(12,918)
	<u>4,042,481</u>	<u>36,756</u>	<u>(459,551)</u>	<u>4,042,481</u>	<u>36,756</u>	<u>(459,551)</u>
<u>Interest rate related contracts</u>						
Interest rate swaps:						
- Less than one year	567,290	453	(1,814)	67,290	453	(1,446)
- One year to three years	560,750	3,204	(962)	224,300	2,498	(962)
- More than three years	201,870	13,902	(5,004)	201,870	13,902	(5,004)
	<u>1,329,910</u>	<u>17,559</u>	<u>(7,780)</u>	<u>493,460</u>	<u>16,853</u>	<u>(7,412)</u>
Netting effects under MFRS 132 Amendments						
	-	(830,284)	830,284	-	(830,284)	830,284
Total	<u>572,874,118</u>	<u>8,311,703</u>	<u>(8,828,060)</u>	<u>567,064,047</u>	<u>8,320,918</u>	<u>(8,802,221)</u>

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A36. Derivative Financial Instruments (cont'd.)

At 31 December 2015	Principal Amount RM'000	Group <---- Fair Value ---->		Principal Amount RM'000	Bank <---- Fair Value ---->	
		Assets RM'000	Liabilities RM'000		Assets RM'000	Liabilities RM'000
Trading derivatives						
Foreign exchange related contracts						
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>
Interest rate related contracts						
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	493,695	138	(73)	493,695	138	(73)
	<u>8,058,761</u>	<u>5,906</u>	<u>(1,946)</u>	<u>8,058,761</u>	<u>5,906</u>	<u>(1,946)</u>
Interest rate options:						
- Less than one year	2,003,887	625	(5,050)	2,003,887	625	(5,050)
- One year to three years	1,106,446	965	(36,560)	706,446	965	(5,859)
- More than three years	7,528,692	36,591	(219,010)	7,453,692	36,591	(206,316)
	<u>10,639,025</u>	<u>38,181</u>	<u>(260,620)</u>	<u>10,164,025</u>	<u>38,181</u>	<u>(217,225)</u>

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A36. Derivative Financial Instruments (cont'd.)

At 31 December 2015 (cont'd.)	Principal Amount RM'000	Group <---- Fair Value ---->		Principal Amount RM'000	Bank <---- Fair Value ---->	
		Assets RM'000	Liabilities RM'000		Assets RM'000	Liabilities RM'000
Trading derivatives (cont'd.)						
<u>Equity related contracts</u>						
Index futures:						
- Less than one year	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)
<u>Commodity related contracts</u>						
Commodity options:						
- Less than one year	3,864	1,092	(1,864)	3,864	1,092	(1,864)
Commodity swaps:						
- Less than one year	584,606	107,220	(107,013)	584,606	107,220	(107,013)
- One year to three years	344,177	40,566	(40,096)	344,177	40,566	(40,096)
- More than three years	1,295	121	(118)	1,295	121	(118)
	<u>930,078</u>	<u>147,907</u>	<u>(147,227)</u>	<u>930,078</u>	<u>147,907</u>	<u>(147,227)</u>
Hedging derivatives						
<u>Foreign exchange related contracts</u>						
Cross currency interest rate swaps:						
- Less than one year	558,688	1,774	(100,282)	558,688	1,774	(100,282)
- One year to three years	2,334,285	8,865	(325,186)	2,334,285	8,865	(325,186)
- More than three years	1,449,151	420	(172,310)	1,449,151	420	(172,310)
	<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>
<u>Interest rate related contracts</u>						
Interest rate swaps:						
- Less than one year	723,173	1,511	(4,621)	296,219	336	(4,599)
- One year to three years	564,395	327	(5,147)	64,395	327	(1,464)
- More than three years	729,810	17,862	(4,999)	407,835	17,862	(3,644)
	<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
Total	<u>525,260,902</u>	<u>8,283,647</u>	<u>(7,877,458)</u>	<u>519,977,791</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 31 December 2016 and 31 December 2015.

Group	<u>Valuation technique using</u>			Total RM'000
	Quoted Market Price (Level 1) RM'000	Observable Inputs (Level 2) RM'000	Unobservable Inputs (Level 3) RM'000	
At 31 December 2016				
Non-financial assets measured at fair value:				
Investment properties	-	-	758,488	758,488
Financial assets measured at fair value:				
Financial assets held-for-trading	2,131,113	8,455,256	-	10,586,369
Money market instruments	-	3,260,295	-	3,260,295
Quoted securities	2,131,113	-	-	2,131,113
Unquoted securities	-	5,194,961	-	5,194,961
Financial assets designated at fair value through profit or loss	288,130	12,540,737	80,814	12,909,681
Money market instruments	-	800,354	-	800,354
Quoted securities	288,130	-	-	288,130
Unquoted securities	-	11,740,383	80,814	11,821,197
Financial investments available-for-sale	2,484,627	89,132,601	767,606	92,384,834
Money market instruments	-	46,308,676	-	46,308,676
Quoted securities	2,484,627	-	-	2,484,627
Unquoted securities	-	42,823,925	767,606	43,591,531
Derivative assets	-	7,826,227	485,476	8,311,703
Foreign exchange related contracts	-	6,186,370	-	6,186,370
Interest rate related contracts	-	2,290,029	-	2,290,029
Equity and commodity related contracts	-	180,112	485,476	665,588
Netting effects under MFRS 132 Amendments	-	(830,284)	-	(830,284)
	4,903,870	117,954,821	1,333,896	124,192,587

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

Group (cont'd.) At 31 December 2016	<u>Valuation technique using</u>			Total RM'000
	Quoted Market Price (Level 1) RM'000	Observable Inputs (Level 2) RM'000	Unobservable Inputs (Level 3) RM'000	
Financial liabilities measured at fair value (cont'd.):				
Financial liabilities designated at fair value through profit or loss	-	3,587,230	-	3,587,230
Structured deposits	-	1,560,054	-	1,560,054
Borrowings	-	2,027,176	-	2,027,176
Derivative liabilities	5,041	8,326,018	497,001	8,828,060
Foreign exchange related contracts	-	6,573,183	-	6,573,183
Interest rate related contracts	-	2,451,565	-	2,451,565
Equity and commodity related contracts	5,041	131,554	497,001	633,596
Netting effects under MFRS 132 Amendments	-	(830,284)	-	(830,284)
	5,041	11,913,248	497,001	12,415,290
Non-financial assets measured at fair value:				
Investment properties	-	-	716,818	716,818
Financial assets measured at fair value:				
Financial assets held-for-trading	1,837,095	5,071,215	-	6,908,310
Money market instruments	-	967,911	-	967,911
Quoted securities	1,837,095	-	-	1,837,095
Unquoted securities	-	4,103,304	-	4,103,304
Financial assets designated at fair value through profit or loss	29,226	10,203,605	81,454	10,314,285
Money market instruments	-	648,754	-	648,754
Quoted securities	29,226	31,357	-	60,583
Unquoted securities	-	9,523,494	81,454	9,604,948
Financial investments available-for-sale	3,019,389	86,665,757	576,527	90,261,673
Money market instruments	-	49,992,398	-	49,992,398
Quoted securities	3,019,389	-	-	3,019,389
Unquoted securities	-	36,673,359	576,527	37,249,886
Derivative assets	29,516	8,245,827	8,304	8,283,647
Foreign exchange related contracts	-	6,600,072	-	6,600,072
Interest rate related contracts	-	1,771,767	-	1,771,767
Equity and commodity related contracts	29,516	162,341	8,304	200,161
Netting effects under MFRS 132 Amendments	-	(288,353)	-	(288,353)
	4,915,226	110,186,404	666,285	115,767,915
Financial liabilities measured at fair value:				
Derivative liabilities	26,353	7,781,146	69,959	7,877,458
Foreign exchange related contracts	-	5,782,006	-	5,782,006
Interest rate related contracts	-	2,046,934	61,943	2,108,877
Equity and commodity related contracts	26,353	240,559	8,016	274,928
Netting effects under MFRS 132 Amendments	-	(288,353)	-	(288,353)
	26,353	7,781,146	69,959	7,877,458

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

Bank	<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 2016				
Financial assets measured at fair value:				
Financial assets held-for-trading	145,247	7,835,067	-	7,980,314
Money market instruments	-	2,574,879	-	2,574,879
Quoted securities	145,247	-	-	145,247
Unquoted securities	-	5,260,188	-	5,260,188
Financial investments available-for-sale	142,240	74,266,457	495,504	74,904,201
Money market instruments	-	38,465,604	-	38,465,604
Quoted securities	142,240	-	-	142,240
Unquoted securities	-	35,800,853	495,504	36,296,357
Derivative assets	-	7,835,442	485,476	8,320,918
Foreign exchange related contracts	-	6,259,829	-	6,259,829
Interest rate related contracts	-	2,305,143	-	2,305,143
Equity and commodity related contracts	-	100,754	485,476	586,230
Netting effects under MFRS 132 Amendments	-	(830,284)	-	(830,284)
	287,487	89,936,966	980,980	91,205,433

Financial liabilities measured at fair value:

Financial liabilities designated at fair value through profit or loss	-	2,685,139	-	2,685,139
Structured deposits	-	657,963	-	657,963
Borrowings	-	2,027,176	-	2,027,176
Derivative liabilities	-	8,305,220	497,001	8,802,221
Foreign exchange related contracts	-	6,594,682	-	6,594,682
Interest rate related contracts	-	2,449,466	-	2,449,466
Equity and commodity related contracts	-	91,356	497,001	588,357
Netting effects under MFRS 132 Amendments	-	(830,284)	-	(830,284)
	-	10,990,359	497,001	11,487,360

Bank	<u>Valuation technique using</u>			Total
	Quoted Market Price (Level 1) RM'000	Observable Inputs (Level 2) RM'000	Unobservable Inputs (Level 3) RM'000	
At 31 December 2015				

Financial assets measured at fair value:

Financial assets held-for-trading	13,213	4,208,682	-	4,221,895
Money market instruments	-	669,124	-	669,124
Quoted securities	13,213	-	-	13,213
Unquoted securities	-	3,539,558	-	3,539,558

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

Bank (cont'd.)	<u>Valuation technique using</u>			Total
	Quoted	Observable	Unobservable	
At 31 December 2015	Market Price	Inputs	Inputs	RM'000
	(Level 1)	(Level 2)	(Level 3)	
	RM'000	RM'000	RM'000	RM'000
Financial assets measured at fair value (cont'd.):				
Financial investments available-for-sale	142,107	74,444,286	363,677	74,950,070
Money market instruments	-	44,491,345	-	44,491,345
Quoted securities	142,107	-	-	142,107
Unquoted securities	-	29,952,941	363,677	30,316,618
Derivative assets	-	8,326,294	8,304	8,334,598
Foreign exchange related contracts	-	6,702,897	-	6,702,897
Interest rate related contracts	-	1,763,228	-	1,763,228
Equity and commodity related contracts	-	148,522	8,304	156,826
Netting effects under MFRS132 Amendments	-	(288,353)	-	(288,353)
	<u>155,320</u>	<u>86,979,262</u>	<u>371,981</u>	<u>87,506,563</u>

Financial liabilities measured at fair value:

Derivative liabilities	-	7,669,770	26,564	7,696,334
Foreign exchange related contracts	-	5,761,756	-	5,761,756
Interest rate related contracts	-	2,049,134	18,548	2,067,682
Equity and commodity related contracts	-	147,233	8,016	155,249
Netting effects under MFRS132 Amendments	-	(288,353)	-	(288,353)
	<u>-</u>	<u>7,669,770</u>	<u>26,564</u>	<u>7,696,334</u>

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.

Investment properties

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

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

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

Group	At 1 January 2016 RM'000	Other gains/(losses) recognised in income statements* RM'000	Unrealised gains/(losses) recognised in income statements# RM'000	Unrealised gains/(losses) recognised in other comprehensive income RM'000	Purchases/ Issuances RM'000	Sales RM'000	Settlements RM'000	Exchange differences RM'000	Transfer into Level 3 RM'000	Transfer out from Level 3 RM'000	At 31 December 2016 RM'000
At 31 December 2016											
Financial assets designated at fair value through profit or loss											
Unquoted securities	81,454	373	425	-	-	(1,438)	-	-	-	-	80,814
	<u>81,454</u>	<u>373</u>	<u>425</u>	<u>-</u>	<u>-</u>	<u>(1,438)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>80,814</u>
Financial investments available-for-sale											
Unquoted securities	576,527	655,862	-	7,189	15,869	(11,126)	(668,492)	(55,260)	251,336	(4,299)	767,606
	<u>576,527</u>	<u>655,862</u>	<u>-</u>	<u>7,189</u>	<u>15,869</u>	<u>(11,126)</u>	<u>(668,492)</u>	<u>(55,260)</u>	<u>251,336</u>	<u>(4,299)</u>	<u>767,606</u>
Derivative assets											
Interest rate related contracts	-	(1,073)	1,073	-	653	(653)	-	-	-	-	-
Equity and commodity related contracts	8,304	(7,364)	273,153	-	211,383	-	-	-	-	-	485,476
	<u>8,304</u>	<u>(8,437)</u>	<u>274,226</u>	<u>-</u>	<u>212,036</u>	<u>(653)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>485,476</u>
Total Level 3 financial assets	<u>666,285</u>	<u>647,798</u>	<u>274,651</u>	<u>7,189</u>	<u>227,905</u>	<u>(13,217)</u>	<u>(668,492)</u>	<u>(55,260)</u>	<u>251,336</u>	<u>(4,299)</u>	<u>1,333,896</u>
Derivative liabilities											
Interest rate related contracts	(61,943)	(59,178)	1,787	-	-	54,454	64,880	-	-	-	-
Equity and commodity related contracts	(8,016)	4,896	(269,912)	-	(223,969)	-	-	-	-	-	(497,001)
	<u>(69,959)</u>	<u>(54,282)</u>	<u>(268,125)</u>	<u>-</u>	<u>(223,969)</u>	<u>54,454</u>	<u>64,880</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(497,001)</u>
Total Level 3 financial liabilities	<u>(69,959)</u>	<u>(54,282)</u>	<u>(268,125)</u>	<u>-</u>	<u>(223,969)</u>	<u>54,454</u>	<u>64,880</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(497,001)</u>
Total net Level 3 financial assets/ (liabilities)	<u>596,326</u>	<u>593,516</u>	<u>6,526</u>	<u>7,189</u>	<u>3,936</u>	<u>41,237</u>	<u>(603,612)</u>	<u>(55,260)</u>	<u>251,336</u>	<u>(4,299)</u>	<u>836,895</u>

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

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

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

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

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

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

[^] The settlement amount of financial investments available-for-sale for the 12 months financial year ended 31 December 2015 was mainly comprised of redemption of loan stocks of RM12.1 million.

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

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

Bank	At 1 January	Other	Unrealised	Unrealised	Purchases/	Sales	Settlements	Exchange	Transfer into	Transfer out from	At
At 31 December 2016	2016	gains/(losses)	gains/(losses)	gains/(losses)	Issuances	RM'000	RM'000	differences	Level 3	Level 3	31 December
	RM'000	recognised in	recognised in	recognised in	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	2016
		income	income	other							RM'000
		statements*	statements#	comprehensive							
		RM'000	RM'000	income							
				RM'000							
Financial investments available-for-sale											
Unquoted securities	363,677	655,361	-	6,612	-	(9,190)	(668,492)	(59,975)	211,809	(4,299)	495,503
	363,677	655,361	-	6,612	-	(9,190)	(668,492)	(59,975)	211,809	(4,299)	495,503
Derivative assets											
Interest rate related contracts	-	(1,073)	1,073	-	-	-	-	-	-	-	-
Equity and commodity related contracts	8,304	(7,364)	273,153	-	211,383	-	-	-	-	-	485,476
	8,304	(8,437)	274,226	-	211,383	-	-	-	-	-	485,476
Total Level 3 financial assets	371,981	646,924	274,226	6,612	211,383	(9,190)	(668,492)	(59,975)	211,809	(4,299)	980,979
Derivative liabilities											
Interest rate related contracts	(18,548)	2,303	1,787	-	-	-	14,458	-	-	-	-
Equity and commodity related contracts	(8,016)	4,896	(269,912)	-	(223,969)	-	-	-	-	-	(497,001)
	(26,564)	7,199	(268,125)	-	(223,969)	-	14,458	-	-	-	(497,001)
Total Level 3 financial liabilities	(26,564)	7,199	(268,125)	-	(223,969)	-	14,458	-	-	-	(497,001)
Total net Level 3 financial assets/ (liabilities)	345,417	654,123	6,101	6,612	(12,586)	(9,190)	(654,034)	(59,975)	211,809	(4,299)	483,978

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

Included within 'Other operating income' 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.):

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

* Included within 'Other operating income'.

[^] The settlement amount of financial investments available-for-sale for the 12 months financial year ended 31 December 2015 was mainly comprised of redemption of loan stocks of RM12.1 million.

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

There were no transfers between Level 1 and Level 2 for the Group and the Bank during the 12 months financial year ended 31 December 2016.

Movements in Level 3 financial instruments measured at fair value

During the 12 months financial year ended 31 December 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 financial 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.

The Group has transferred certain financial investments available-for-sale out from Level 3 due to the market for some instruments became more liquid, which led to a change in the method used to determine its fair value. Prior to the transfer, the fair value of the financial instruments was determined using unobservable market transactions or binding broker quotes for the same or similar instruments. Since the transfer, these financial instruments have been valued using quoted price in the exchange.

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A38. Credit Exposure Arising from Credit Transactions with Connected Parties

	Group		Bank	
	31 December 2016	31 December 2015	31 December 2016	31 December 2015
Outstanding credit exposures with connected parties (RM'000)	21,695,021	20,564,141	37,789,161	33,203,583
Percentage of outstanding credit exposures to connected parties as proportion of total credit exposures	3.0%	2.9%	7.1%	6.3%
Percentage of outstanding credit exposures to connected parties which is impaired* or in default	-	-	-	-

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

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

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

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

(a) Audited Income Statements for the Financial Year Ended 31 December 2016

Group Twelve Months Ended	Life Fund		Family Takaful Fund		General Takaful Fund		Shareholders' and General Fund		Total	
	31 December 2016 RM'000	31 December 2015 RM'000	31 December 2016 RM'000	31 December 2015 RM'000	31 December 2016 RM'000	31 December 2015 RM'000	31 December 2016 RM'000	31 December 2015 RM'000	31 December 2016 RM'000	31 December 2015 RM'000
Interest income	388,922	382,814	380,440	320,709	68,925	62,058	190,963	163,892	1,029,250	929,473
Interest expense	-	-	-	-	-	-	(34,268)	(34,210)	(34,268)	(34,210)
Net interest income	388,922	382,814	380,440	320,709	68,925	62,058	156,695	129,682	994,982	895,263
Net earned insurance premiums	1,250,328	995,584	1,035,041	1,132,279	976,352	943,327	1,182,336	1,125,509	4,444,057	4,196,699
Other operating income	164,388	117,639	114,074	94,027	17,450	9,553	112,147	106,650	408,059	327,869
Total operating income	1,803,638	1,496,037	1,529,555	1,547,015	1,062,727	1,014,938	1,451,178	1,361,841	5,847,098	5,419,831
Net insurance benefits and claims incurred, net fee and commission expenses, change in expense liabilities and taxation of life and takaful fund	(1,631,058)	(1,266,054)	(1,483,973)	(1,378,625)	(1,071,993)	(1,010,504)	(98,385)	(248,318)	(4,285,409)	(3,903,501)
Net operating income	172,580	229,983	45,582	168,390	(9,266)	4,434	1,352,793	1,113,523	1,561,689	1,516,330
Overhead expenses	(155,896)	(107,546)	(30,300)	(33,315)	(1,223)	(1,147)	(512,590)	(405,655)	(700,009)	(547,663)
Operating profit before impairment losses	16,684	122,437	15,282	135,075	(10,489)	3,287	840,203	707,868	861,680	968,667
Writeback of/(allowances for) impairment losses on loans, advances, financing and other debts, net	648	398	1,132	2,420	10,726	(1,404)	9,708	(9,133)	22,214	(7,719)
Allowances for impairment losses on financial investments, net	(17,332)	(122,835)	(16,414)	(137,495)	(237)	(1,883)	(14,059)	(59,776)	(48,042)	(321,989)
Operating profit	-	-	-	-	-	-	835,852	638,959	835,852	638,959
Share of losses in associates	-	-	-	-	-	-	-	(1,919)	-	(1,919)
Profit before taxation and zakat	-	-	-	-	-	-	835,852	637,040	835,852	637,040
Taxation and zakat	-	-	-	-	-	-	(206,433)	(214,348)	(206,433)	(214,348)
Profit for the financial year	-	-	-	-	-	-	629,419	422,692	629,419	422,692

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

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

(b) Audited Statements of Financial Position as at 31 December 2016

Group	Life Fund		Family Takaful Fund		General Takaful Fund		Shareholders' and General Fund		Total	
	31 December 2016	31 December 2015	31 December 2016	31 December 2015	31 December 2016	31 December 2015	31 December 2016	31 December 2015	31 December 2016	31 December 2015
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
ASSETS										
Cash and short-term funds	146,731	105,190	71,062	62,859	70,496	51,104	171,474	156,906	459,763	376,059
Deposits and placements with financial institutions	1,018,841	1,333,863	582,234	1,069,180	370,618	100,428	714,028	945,253	2,685,721	3,448,724
Financial assets at fair value through profit or loss	7,973,163	7,540,814	5,760,444	4,617,534	-	-	-	-	13,733,607	12,158,348
Financial investments available-for-sale	859,714	994,696	2,966,503	3,107,175	1,404,077	1,512,312	4,226,756	3,657,742	9,457,050	9,271,925
Loans, advances and financing	234,497	268,843	-	3,300	-	-	95,231	28,945	329,728	301,088
Derivative assets	1,636	5,217	-	-	-	-	-	-	1,636	5,217
Reinsurance/retakaful assets and other insurance receivables	63,130	64,804	158,155	125,862	283,102	292,692	3,635,209	3,872,296	4,139,596	4,355,654
Other assets	77,845	77,160	23,592	32,329	2,445	2,040	195,115	157,674	298,997	269,203
Investment properties	658,541	618,607	-	-	-	-	96,329	96,305	754,870	714,912
Interest in associates	-	-	-	-	-	-	152	152	152	152
Property, plant and equipment	87,736	80,781	-	-	-	-	67,950	71,691	155,686	152,472
Intangible assets	24,090	19,144	-	-	-	-	43,390	33,720	67,480	52,864
Deferred tax assets	8,130	14,517	3,302	9,115	7,948	11,310	15,659	32,909	35,039	67,851
TOTAL ASSETS	11,154,054	11,123,636	9,565,292	9,027,354	2,138,686	1,969,886	9,261,293	9,053,593	32,119,325	31,174,469
LIABILITIES										
Derivative liabilities	57,014	53,251	-	-	-	-	208	-	57,222	53,251
Insurance/takaful contract liabilities and other insurance payables	8,461,829	8,641,046	9,226,725	8,693,142	1,752,648	1,666,418	4,507,517	4,838,735	23,948,719	23,839,341
Other liabilities #	2,596,402	2,353,297	334,616	330,290	384,876	297,902	(1,763,681)	(1,815,558)	1,552,213	1,165,931
Provision for taxation and zakat	2,506	37,000	134	81	-	-	42,270	14,909	44,910	51,990
Deferred tax liabilities	36,303	39,042	3,817	3,841	1,162	5,566	564,633	512,092	605,915	560,541
Subordinated obligations	-	-	-	-	-	-	811,309	811,316	811,309	811,316
TOTAL LIABILITIES	11,154,054	11,123,636	9,565,292	9,027,354	2,138,686	1,969,886	4,162,256	4,361,494	27,020,288	26,482,370
EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE SUBSIDIARIES										
Share capital	-	-	-	-	-	-	252,005	252,005	252,005	252,005
Other reserves	-	-	-	-	-	-	4,847,032	4,440,094	4,847,032	4,440,094
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	11,154,054	11,123,636	9,565,292	9,027,354	2,138,686	1,969,886	9,261,293	9,053,593	32,119,325	31,174,469

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

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A40. The Operations of Islamic Banking Scheme

A40a. Income Statements for the Fourth Quarter and Financial Year Ended 31 December 2016

Group	Unaudited		Audited	
	4th Quarter Ended		Cumulative 12 Months Ended	
	31 December	31 December	31 December	31 December
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Income derived from investment of depositors' funds	1,585,743	1,566,357	6,148,251	6,563,019
Income derived from investment of investment account funds	446,264	177,718	1,613,812	213,931
Income derived from investment of Islamic Banking Funds	89,836	147,027	356,576	414,178
Writeback of/(allowances for) impairment losses on financing and advances	34,061	(98,487)	(418,951)	(385,543)
Total distributable income	2,155,904	1,792,615	7,699,688	6,805,585
Profit distributed to depositors	(837,667)	(974,456)	(3,472,913)	(3,806,340)
Profit distributed to investment account holders	(304,683)	(100,324)	(1,079,875)	(115,983)
Total net income	1,013,554	717,835	3,146,900	2,883,262
Finance cost	(29,289)	(44,257)	(122,267)	(113,781)
Overhead expenses	(331,719)	(324,815)	(1,293,039)	(1,189,776)
Profit before taxation and zakat	652,546	348,763	1,731,594	1,579,705
Taxation	(157,793)	(101,314)	(427,444)	(420,316)
Zakat	(6,054)	(1,582)	(16,598)	(9,380)
Profit for the period/year	488,699	245,867	1,287,552	1,150,009

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

Group	Unaudited		Audited	
	4th Quarter Ended		Cumulative 12 Months Ended	
	31 December	31 December	31 December	31 December
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Income derived from investment of depositors' funds	1,585,743	1,566,357	6,148,251	6,563,019
Income derived from investment of investment account funds	446,264	177,718	1,613,812	213,931
Income derived from investment of Islamic Banking Funds	89,836	147,027	356,576	414,178
Total income before allowances for impairment losses on financing and advances and overhead expenses	2,121,843	1,891,102	8,118,639	7,191,128
Profit distributed to depositors	(837,667)	(974,456)	(3,472,913)	(3,806,340)
Profit distributed to investment account holders	(304,683)	(100,324)	(1,079,875)	(115,983)
	979,493	816,322	3,565,851	3,268,805
Finance cost	(29,289)	(44,257)	(122,267)	(113,781)
Net of intercompany income and expenses	215,147	182,100	745,658	783,613
Income from Islamic Banking Scheme	1,165,351	954,165	4,189,242	3,938,637

A40b. Statements of Comprehensive Income for the Fourth Quarter and Financial Year Ended 31 December 2016

Group	Unaudited		Audited	
	4th Quarter Ended		Cumulative 12 Months Ended	
	31 December	31 December	31 December	31 December
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Profit for the period/year	488,699	245,867	1,287,552	1,150,009
Other comprehensive income/(loss):				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Defined benefit plan actuarial gain	17	-	380	-
Income tax effect	(4)	-	(95)	-
	13	-	285	-
<i>Items that may be reclassified subsequently to profit or loss</i>				
Net gain/(loss) on foreign exchange translation	66,324	(10,045)	(136,703)	117,334
Net (loss)/gain on financial investments available-for-sale	(159,633)	(1,231)	66,616	(6,500)
Income tax effect	38,306	308	(17,387)	1,625
	(55,003)	(10,968)	(87,474)	112,459
Other comprehensive (loss)/income for the period/year, net of tax	(54,990)	(10,968)	(87,189)	112,459
Total comprehensive income for the period/year	433,709	234,899	1,200,363	1,262,468

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

A40c. Audited Statement of Financial Position as at 31 December 2016

<u>Group</u>	Note	31 December 2016 RM'000	31 December 2015 RM'000
ASSETS			
Cash and short-term funds		15,552,945	8,844,863
Deposits and placements with financial institutions		654,194	12,448
Financial investments portfolio		9,181,991	9,468,692
Financing and advances	A40e	148,710,892	131,205,884
Derivative assets		515,554	497,905
Other assets		4,959,989	4,105,053
Statutory deposit with central banks		3,070,000	3,834,000
Property, plant and equipment		2,566	889
Intangible assets		614	108
Deferred tax assets		21,012	38,402
Total Assets		182,669,757	158,008,244
LIABILITIES			
Deposits from customers	A40f	106,842,961	106,078,321
Investment accounts of customers	A40g	31,544,587	17,657,893
Deposits and placements from financial institutions		30,346,297	21,350,738
Financial liabilities at fair value through profit or loss	A40h	902,091	-
Bills and acceptances payable		53,220	33,556
Derivatives liabilities		535,161	587,772
Other liabilities		388,615	398,687
Provision for taxation and zakat		98,561	24,419
Subordinated sukuk	A40i	2,534,496	2,527,960
Total Liabilities		173,245,989	148,659,346
ISLAMIC BANKING CAPITAL FUNDS			
Islamic Banking Funds		595,076	1,194,821
Share premium		5,200,228	4,658,233
Retained profits		2,881,471	2,728,172
Other reserves		746,993	767,672
		9,423,768	9,348,898
Total Liabilities and Islamic Banking Capital Funds		182,669,757	158,008,244
COMMITMENTS AND CONTINGENCIES			
		52,097,394	49,744,091

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

A40d. Audited Statements of Changes in Islamic Banking Capital Funds for the Financial Year Ended 31 December 2016

<u>Group</u>	←----- Non-distributable ----->										
	Islamic Banking Funds RM'000	Share Premium RM'000	Statutory Reserve RM'000	Regulatory Reserve RM'000	Available-for-sale Reserve RM'000	Exchange Fluctuation Reserve RM'000	*Equity contribution from the holding company RM'000	Profit Equalisation Reserve RM'000	Defined Benefit Reserve RM'000	Distributable Retained Profits RM'000	Total RM'000
At 1 January 2016	1,194,821	4,658,233	409,672	430,249	(104,493)	(3,719)	1,697	34,456	(190)	2,728,172	9,348,898
Profit for the year	-	-	-	-	-	-	-	-	-	1,287,552	1,287,552
Other comprehensive income/(loss)	-	-	-	-	49,229	(136,703)	-	-	285	-	(87,189)
Net loss on foreign exchange translation	-	-	-	-	-	(136,703)	-	-	-	-	(136,703)
Net gain on financial investments available-for-sale	-	-	-	-	49,229	-	-	-	-	-	49,229
Defined benefit plan actuarial gain	-	-	-	-	-	-	-	-	285	-	285
Total comprehensive income/ (loss) for the year	-	-	-	-	49,229	(136,703)	-	-	285	1,287,552	1,200,363
Transfer (to)/from conventional banking operations	(617,342)	-	-	-	-	137,525	-	-	(10)	(80,794)	(560,621)
Transfer from regulatory reserve	-	-	-	(36,549)	-	-	-	-	-	36,549	-
Issue of ordinary shares	17,597	541,995	-	-	-	-	-	-	-	-	559,592
Dividends paid	-	-	-	-	-	-	-	-	-	(1,124,464)	(1,124,464)
Transfer from profit equalisation reserve	-	-	-	-	-	-	-	(34,456)	-	34,456	-
At 31 December 2016	595,076	5,200,228	409,672	393,700	(55,264)	(2,897)	1,697	-	85	2,881,471	9,423,768

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

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

A40d. Audited Statements of Changes in Islamic Banking Capital Funds for the Financial Year Ended 31 December 2016 (cont'd.)

<u>Group</u>	←----- Non-distributable ----->										
	Islamic Banking Funds RM'000	Share Premium RM'000	Statutory Reserve RM'000	Regulatory Reserve RM'000	Available- for-sale Reserve RM'000	Exchange Fluctuation Reserve RM'000	*Equity contribution from the holding company RM'000	Profit Equalisation Reserve RM'000	Defined Benefit Reserve RM'000	Distributable Retained Profits RM'000	Total RM'000
At 1 January 2015	1,175,774	4,099,344	409,672	274,500	(99,618)	1,830	1,697	34,456	(190)	2,470,137	8,367,602
Profit for the year	-	-	-	-	-	-	-	-	-	1,150,009	1,150,009
Other comprehensive (loss)/income	-	-	-	-	(4,875)	117,334	-	-	-	-	112,459
Net gain on foreign exchange translation	-	-	-	-	-	117,334	-	-	-	-	117,334
Net loss on financial investments available-for-sale	-	-	-	-	(4,875)	-	-	-	-	-	(4,875)
Total comprehensive (loss)/ income for the year	-	-	-	-	(4,875)	117,334	-	-	-	1,150,009	1,262,468
Transfer from/(to) conventional banking operations	1,450	-	-	-	-	(122,883)	-	-	-	10,250	(111,183)
Transfer to regulatory reserve	-	-	-	155,749	-	-	-	-	-	(155,749)	-
Issue of ordinary shares	17,597	558,889	-	-	-	-	-	-	-	-	576,486
Dividends paid	-	-	-	-	-	-	-	-	-	(746,475)	(746,475)
At 31 December 2015	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

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

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

A40e. Financing and Advances

Group	Bai[^]	Murabahah	Musyarakah	Al-Ijarah Thumma	Ijarah	Istisna'	Others	Total Financing and Advances
As at 31 December 2016	RM'000	RM'000	RM'000	Al-Bai (AITAB) RM'000	RM'000	RM'000	RM'000	RM'000
Cashline	-	4,844,236	-	-	-	157	-	4,844,393
Term financing								
- Housing financing	19,101,421	59,662,500	2,563,623	-	-	-	-	81,327,544
- Syndicated financing	-	824,763	-	-	-	-	-	824,763
- Hire purchase receivables	-	-	-	36,148,172	-	-	-	36,148,172
- Other term financing	27,852,633	69,777,874	1,339,766	-	118,178	148,079	54,879	99,291,409
Bills receivables	-	793	-	-	-	-	379	1,172
Trust receipts	-	153,310	-	-	-	-	-	153,310
Claims on customers under acceptance credits	-	4,838,297	-	-	-	-	-	4,838,297
Staff financing	737,996	1,372,550	10,546	150,323	-	-	47,788	2,319,203
Credit card receivables	-	-	-	-	-	-	825,661	825,661
Revolving credit	-	16,596,086	-	-	-	-	-	16,596,086
	47,692,050	158,070,409	3,913,935	36,298,495	118,178	148,236	928,707	247,170,010
Unearned income								(96,954,485)
Gross financing and advances ^{^^}								150,215,525
Allowances for impaired financing and advances:								
- Individual allowance								(746,215)
- Collective allowance								(758,418)
Net financing and advances								148,710,892

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

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

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

A40e. Financing and Advances (cont'd.)

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

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

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

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

A40e. Financing and Advances (cont'd.)

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

<u>Group</u>	31 December 2016 RM'000	31 December 2015 RM'000
Gross impaired financing at 1 January	1,065,972	697,954
Newly impaired	1,470,216	1,026,496
Reclassified as non-impaired	(415,007)	(362,515)
Amount recovered	(237,721)	(122,687)
Amount written-off	(215,466)	(171,412)
Converted to financial investments available-for-sale	-	(1,864)
Gross impaired financing at 31 December	<u>1,667,994</u>	<u>1,065,972</u>
Less: Individual allowance	<u>(746,215)</u>	<u>(356,555)</u>
Net impaired financing at 31 December	<u>921,779</u>	<u>709,417</u>
 <u>Calculation of ratio of net impaired financing :</u>		
Gross financing and advances (excluding financing funded by RPSIA and IA)	<u>100,940,476</u>	103,795,391
Less: Individual allowance	<u>(746,215)</u>	(356,555)
Net financing and advances	<u>100,194,261</u>	<u>103,438,836</u>
 Net impaired financing as a percentage of net financing and advances	 <u>0.92%</u>	 <u>0.69%</u>

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

<u>Group</u>	31 December 2016 RM'000	31 December 2015 RM'000
<u>Individual allowance</u>		
At 1 January	356,555	212,945
Allowance made *	522,127	241,304
Amount written back in respect of recoveries	(22,583)	(21,544)
Amount written-off	(121,604)	(78,116)
Transferred to collective allowance	(3,406)	(7,422)
Exchange differences	15,126	9,388
At 31 December	<u>746,215</u>	<u>356,555</u>
 <u>Collective allowance</u>		
At 1 January	755,997	611,779
Allowance made *	104,376	228,408
Amount written-off	(105,591)	(93,296)
Transferred from individual allowance	3,406	7,422
Exchange differences	230	1,684
At 31 December	<u>758,418</u>	<u>755,997</u>
 As a percentage of gross financing and advances (excluding financing funded by RPSIA and IA) less individual allowance (including Regulatory Reserve)	 <u>1.20%</u>	 <u>1.19%</u>

* As at 31 December 2016, the gross exposure of the financing funded by RPSIA was RM17,730.5 million (31 December 2015: RM10,999.0 million). The individual allowance and collective allowance relating to these financing amounting to RM126.7 million and RM52.0 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 31 December 2016 was RM31,544.6 million (31 December 2015: RM17,657.9 million). The individual allowance and collective allowance relating to financing funded by IA are not included in the financial statements of the Group.

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

A40f. Deposits from Customers

<u>Group</u>	31 December 2016 RM'000	31 December 2015 RM'000
Savings deposit		
Wadiah	13,498,387	12,173,656
	<u>13,498,387</u>	<u>12,173,656</u>
Demand deposit		
Wadiah	17,403,516	17,351,539
Mudharabah	-	11,980
	<u>17,403,516</u>	<u>17,363,519</u>
Term deposit		
Murabahah	75,941,058	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	-	209,945
	<u>75,941,058</u>	<u>76,541,146</u>
Total deposits from customers	<u>106,842,961</u>	<u>106,078,321</u>

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

A40g. Investment Accounts of Customers

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

<u>Group</u>	31 December 2016 RM'000	31 December 2015 RM'000
Business enterprises	13,040,863	6,585,991
Individuals	16,197,049	9,931,294
Government and statutory bodies	460,216	682,878
Others	1,846,459	457,730
	<u>31,544,587</u>	<u>17,657,893</u>

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

<u>Group</u>	31 December 2016 RM'000	31 December 2015 RM'000
Unrestricted investment account		
<u>Mudharabah</u>		
- without maturity	7,564,114	5,664,558
- with maturity		
Due within six months	15,045,407	1,436,463
Six months to one year	8,929,760	10,556,227
One year to three years	3,513	400
Three years to five years	1,793	245
	<u>23,980,473</u>	<u>11,993,335</u>
Total investment accounts of customers	<u>31,544,587</u>	<u>17,657,893</u>

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

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

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

<u>Group</u>	31 December 2016 RM'000	31 December 2015 RM'000
Unrestricted Investment		
Retail financing	27,913,126	13,691,213
Non-retail financing	3,631,461	3,832,880
Marketable securities	-	133,800
Total Investment	<u>31,544,587</u>	<u>17,657,893</u>

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

	<u>Investment account holder</u>	
	Average profit sharing ratio (%)	Average rate of return (%)
As at 31 December 2016		
Investment accounts of customers	<u>63</u>	<u>3.17</u>
As at 31 December 2015		
Investment accounts of customers	<u>64</u>	<u>3.47</u>

A40h. Financial Liabilities at Fair Value Through Profit or Loss

<u>Group</u>	31 December 2016 RM'000	31 December 2015 RM'000
Structured deposits	<u>902,091</u>	<u>-</u>

During the financial year ended 31 December 2016, the Group has designated certain structured deposits at fair value through profit or loss. 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.

The carrying amount of structured deposits designated at fair value through profit or loss of the Group as at 31 December 2016 was RM917,160,000. The fair value changes of the financial liabilities that are attributable to the changes in own credit risk are not significant.

A40i. Subordinated Sukuk

<u>Group</u>	31 December 2016 RM'000	31 December 2015 RM'000
RM1.0 billion Islamic subordinated Sukuk due in 2021	-	1,010,782
RM1.5 billion Islamic subordinated Sukuk Murabahah due in 2024	1,516,788	1,517,178
RM1.0 billion Islamic subordinated Sukuk Murabahah due in 2026	1,017,708	-
	<u>2,534,496</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 RM6,743.0 million for the financial year ended 31 December 2016, a decrease of RM92.9 million or 1.4% compared to the previous corresponding financial year ended 31 December 2015.

The Group's net interest income and Islamic Banking income for the financial year ended 31 December 2016 increased by RM704.7 million or 4.7% to RM15,757.5 million compared to the previous corresponding financial year ended 31 December 2015.

The Group's net earned insurance premiums from the Insurance and Takaful subsidiaries increased by RM247.4 million to RM4,444.1 million for the financial year ended 31 December 2016 compared to the previous corresponding financial year ended 31 December 2015.

Other operating income of the Group for the financial year ended 31 December 2016 was RM6,169.5 million, an increase of RM396.6 million or 6.9% from RM5,772.9 million in the previous corresponding financial year ended 31 December 2015. The increase was mainly attributable to higher investment income of RM553.8 million compared to the previous corresponding financial year ended 31 December 2015. The increase was, however, offset by lower fee income of RM171.9 million.

The Group's overhead expenses for the financial year ended 31 December 2016 recorded an increase of RM292.2 million or 2.8% to RM10,577.2 million compared to the previous corresponding financial year ended 31 December 2015. The increase in overhead expenses was mainly due to higher administration and general expenses of RM328.5 million and higher establishment costs of RM166.6 million. The increase was, however, mitigated by lower personnel expenses of RM117.7 million and lower marketing expenses of RM85.2 million.

The Group's allowances for impairment losses on loans, advances, financing and other debts increased by RM1,149.2 million to RM2,832.7 million for the financial year ended 31 December 2016. The increase was mainly due to higher collective allowance ("CA") made and higher individual allowance made during the financial year ended 31 December 2016. The Group's CA ratio (including Regulatory Reserve) was 1.19% as at 31 December 2016.

The Group posted an allowance for impairment losses on financial investments of RM182.3 million for the financial year ended 31 December 2016 compared to RM329.0 million in the previous corresponding financial year ended 31 December 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 financial year ended 31 December 2016 compared to the previous corresponding financial year ended 31 December 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 RM131.3 million or 2.9% to RM4,675.6 million for the financial year ended 31 December 2016 from RM4,544.3 million for the previous corresponding financial year ended 31 December 2015. The increase was mainly due to higher net interest income and income from IBS of RM972.2 million and higher other operating income of RM39.0 million. The increase was, however, offset by higher allowance for impairment losses on loans, advances, financing and other debts of RM795.4 million and higher overhead expenses of RM84.5 million.

Group Global Banking

a) Group Corporate Banking & Global Markets

Group Corporate Banking & Global Markets' profit before taxation increased by RM64.9 million or 1.2% to RM5,268.9 million for the financial year ended 31 December 2016 from RM5,204.0 million for the previous corresponding financial year ended 31 December 2015. The increase was mainly due to higher other operating income of RM641.3 million. The increase was, however, offset by higher allowance for impairment losses on loans, advances, financing and other debts of RM389.3 million and higher allowance for impairment losses on financial investments of RM135.6 million.

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

Group Investment Banking's profit before taxation decreased by RM46.0 million or 11.9% to RM341.2 million for the financial year ended 31 December 2016 from RM387.2 million for the previous corresponding financial year ended 31 December 2015. The decrease was mainly driven by higher overhead expenses of RM69.1 million, lower other operating income of RM44.8 million and higher allowance for impairment losses on financial investments of RM1.1 million. The decrease was, however, mitigated by higher net interest income and income from IBS of RM64.1 million and lower allowance for impairment losses on loans, advances, financing and other debts of RM5.6 million.

c) Group Asset Management

Group Asset Management's profit before taxation increased by RM9.8 million to RM0.1 million for the financial year ended 31 December 2016 from loss before taxation of RM9.7 million for the previous corresponding financial year ended 31 December 2015. The increase was mainly due to higher other operating income of RM35.2 million and higher writeback of impairment losses on financial investments of RM9.5 million. The increase was, however, offset by higher overhead expenses of RM29.4 million and higher net interest expense of RM5.4 million.

Group Insurance and Takaful

Group Insurance and Takaful's profit before taxation increased by RM265.2 million or 43.1% to RM880.2 million for the financial year ended 31 December 2016 from RM615.1 million for the previous corresponding financial year ended 31 December 2015. The increase was contributed mainly by lower allowance for impairment losses on financial investments of RM273.9 million, higher net earned insurance premiums of RM247.4 million, higher net interest income of RM102.8 million and higher other operating income of RM97.1 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 RM381.9 million and higher overhead expenses of RM106.0 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 RM2,360.6 million for the quarter ended 31 December 2016, an increase of RM708.5 million or 42.9% over the previous period corresponding quarter ended 31 December 2015.

The Group's net interest income and Islamic Banking income for the quarter ended 31 December 2016 increased by RM237.7 million or 6.1% compared to the previous period corresponding quarter ended 31 December 2015.

The Group's other operating income decreased by RM304.8 million or 18.5% to RM1,346.5 million for the quarter ended 31 December 2016 compared to the previous period corresponding quarter ended 31 December 2015. The decrease was mainly contributed by higher unrealised mark-to-market loss on revaluation of financial assets at FVTPL and derivatives of RM883.4 million compared to the previous period corresponding quarter ended 31 December 2015, lower net gain on disposal of property, plant and equipment of RM134.4 million and lower fee income of RM87.6 million. The decrease was, however, mitigated by higher investment income of RM512.3 million and unrealised mark-to-market gain on revaluation of financial liabilities at FVTPL of RM267.3 million.

The Group's net insurance benefits and claims incurred, net fee and commission expenses, change in expense liabilities and taxation of life and takaful fund decreased by RM478.6 million to RM595.3 million compared to the previous period corresponding quarter ended 31 December 2015. The decrease was mainly attributable to lower net insurance benefits and claims incurred by the Insurance and Takaful subsidiaries of RM370.1 million and lower net fee and commission expenses, change in expense liabilities and taxation of life and takaful fund of RM108.5 million.

The Group's overhead expenses for the quarter ended 31 December 2016 decreased by RM142.3 million or 5.1% compared to the previous period corresponding quarter ended 31 December 2015. The decrease was mainly contributed by lower personnel expenses of RM232.6 million, lower establishment costs of RM58.8 million, offset by higher administration and general expenses of RM129.7 million.

The Group's allowances for impairment losses on loans, advances, financing and other debts increased by RM149.0 million or 31.9% to RM615.7 million for the quarter ended 31 December 2016 compared to the previous period corresponding quarter ended 31 December 2015. The increase was mainly due to higher net individual allowance made of RM134.7 million and collective allowance made of RM138.9 million. The increase was, however, mitigated by higher bad debts and financing recovered of RM95.2 million.

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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 31 December 2016 compared to the previous period corresponding quarter ended 31 December 2015 is further segmented based on the operating segments of the Group as follows:

Group Community Financial Services ("Group CFS")

Group CFS's profit before taxation decreased by RM5.9 million to RM1,403.2 million for the quarter ended 31 December 2016 from RM1,409.1 million for the previous period corresponding quarter ended 31 December 2015. The decrease was mainly due to higher allowance for impairment losses on loans, advances, financing and other debts of RM333.9 million and lower other operating income of RM4.1 million. The decrease was, however, mitigated by higher net interest income and income from IBS of RM208.1 million and lower overhead expenses of RM123.9 million.

Group Global Banking

a) Group Corporate Banking & Global Markets

Group Corporate Banking & Global Markets' profit before taxation increased by RM144.6 million or 11.2% to RM1,440.3 million for the quarter ended 31 December 2016 from RM1,295.7 million for the previous period corresponding quarter ended 31 December 2015. The increase was mainly due to writeback of impairment losses on loans, advances, financing and other debts of RM168.6 million, lower overhead expenses of RM45.1 million, higher writeback of impairment losses on financial investments of RM33.8 million. The increase was, however, offset by lower other operating income of RM93.5 million and lower net interest income of RM13.3 million.

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

Group Investment Banking's profit before taxation decreased by RM67.5 million to RM146.4 million for the quarter ended 31 December 2016 from RM213.9 million for the previous period corresponding quarter ended 31 December 2015. The decrease was mainly due to lower other operating income of RM106.2 million and higher allowance for impairment losses on loans, advances, financing and other debts of RM0.9 million. The decrease was, however, mitigated by lower overhead expenses of RM36.3 million.

c) Group Asset Management

Group Asset Management reported loss before taxation of RM31.3 million for the quarter ended 31 December 2016 from profit before taxation of RM7.5 million for the previous period corresponding quarter ended 31 December 2015. The decrease was mainly due to higher overhead expenses of RM18.5 million, lower other operating income of RM18.3 million and lower net interest income and income from IBS of RM2.9 million. The decrease was, however, mitigated by higher writeback of impairment losses on financial investments of RM0.9 million.

Group Insurance and Takaful

Group Insurance and Takaful's profit before taxation increased by RM79.5 million to RM131.4 million for the quarter ended 31 December 2016 from RM210.9 million for the previous period corresponding quarter ended 31 December 2015. The increase was contributed mainly by lower net insurance benefits and claims incurred, net fee and commission expenses, change in expense liabilities and taxation of life and takaful fund of RM478.6 million, higher net earned insurance premiums of RM41.7 million, higher net interest income and income from IBS of RM33.3 million, higher writeback for impairment losses on loans, advances, financing and other debts of RM17.2 million, higher writeback of impairment losses on financial investments of RM12.2 million. The increase was, however, offset by lower other operating income of RM559.7 million and higher overhead expenses of RM44.5 million.

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B2. Variation of Current Quarter Results Against Preceding Quarter

The Group's profit after tax attributable to equity holders in this quarter ended 31 December 2016 increased by RM564.9 million or 31.5% to RM2,360.6 million against the preceding quarter ended 30 September 2016.

The Group's net interest income for the quarter ended 31 December 2016 increased by RM131.0 million to RM2,959.0 million against the preceding quarter of RM2,828.0 million. Income from Islamic Banking Scheme operations increased by RM156.4 million to RM1,165.4 million for the quarter ended 31 December 2016 compared to RM1,009.0 million in the preceding quarter ended 30 September 2016.

The Group's net earned insurance premiums for the quarter ended 31 December 2016 increased by RM174.1 million to RM1,192.5 million compared to RM1,018.4 million in the preceding quarter ended 30 September 2016.

Other operating income of the Group for the quarter ended 31 December 2016 decreased by RM368.8 million to RM1,346.5 million compared to RM1,715.3 million in the preceding quarter ended 30 September 2016. The decrease was mainly due to unrealised mark-to-market loss on revaluation of financial assets at FVTPL and derivatives of RM943.3 million, compared to unrealised mark-to-market gain on revaluation of financial assets at FVTPL and derivatives of RM325.0 million in the preceding quarter ended 30 September 2016. The decrease was, however, mitigated by higher gain on disposal of financial investments available-for-sale of RM486.0 million, unrealised mark-to-market gain on revaluation of financial liabilities at FVTPL of RM267.3 million, higher foreign exchange gain of RM122.6 million and higher fee income of RM86.6 million.

The Group's net insurance benefits and claims incurred, net fee and commission expenses, change in expense liabilities and taxation of life and takaful fund decreased by RM517.8 million to RM595.3 million for the quarter ended 31 December 2016 compared to RM1,113.1 million in the preceding quarter ended 30 September 2016. The decrease was mainly due to lower net insurance benefits and claims incurred of RM469.8 million.

The Group posted a decrease of RM66.5 million in overhead expenses to RM2,633.4 million for the quarter ended 31 December 2016 compared to RM2,699.9 million in the preceding quarter ended 30 September 2016. The decrease was mainly due to lower personnel expenses of RM106.8 million and lower establishment costs of RM44.5 million. The decrease was, however, offset by higher administration and general expenses of RM70.3 million and higher marketing expenses of RM14.5 million.

The Group's allowance for impairment losses on loans, advances, financing and other debts increased by RM245.4 million to RM615.7 million in the quarter ended 31 December 2016 compared to RM370.3 million in the preceding quarter ended 30 September 2016. The increase was mainly due to higher net individual allowance made of RM335.8 million and higher net collective allowance made of RM51.7 million. The increase was, however, mitigated by higher bad debts and financing recovered of RM125.3 million.

The Group posted allowances for impairment losses on financial investments of RM8.8 million for the quarter ended 31 December 2016, compared to a writeback of impairment losses on financial investments of RM39.4 million in the preceding quarter ended 30 September 2016.

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B3. Prospects

The world's real GDP growth is forecasted to expand at +3.2% in 2017E (2016E: +2.9%), on the back of a pick-up in the US (2017E: +2.0%; 2016: +1.6%) and recovery in large emerging economies like Brazil and Russia versus a contraction in 2016. However, Eurozone and Japan are expected to see continued low growth while UK and China are projected to slow in 2017.

Meanwhile, the ASEAN-5 countries could chart relatively faster growth in 2017 at 5.2% (2016: +4.9%) supported by domestic consumption which makes up more than 60% share of GDP. Maybank Group's home markets are expected to perform better in 2017, with Singapore forecasted to grow at 2.5% (2016: +2.0%), Malaysia expected to grow 4.4% (2016: +4.2%) and Indonesia to remain stable at 5.1%.

Malaysia's real GDP growth in 2017 will be underpinned by sustained consumer spending, stronger growth in public and private investments and a rebound in Government consumption expenditure. Growth in public and private investments will be driven by rollout of existing and new major infrastructure and investment projects. The OPR is also expected to remain unchanged at 3.00% in 2017 to support domestic demand. Maybank Malaysia's loans growth is expected to be slightly ahead of GDP growth in 2017, by focusing on pockets of opportunities within the consumer segment, retail SME and corporate lending.

Singapore's GDP growth is expected to improve to 2.5% in 2017 on the back of the improvement in global economic and world trade growth, better performance from domestic-oriented sectors such as healthcare and education, and stronger cross-border project financing opportunities within ASEAN. In addition, the recently announced budget for fiscal year 2017 is slightly expansionary given the smaller budget surplus, higher expenditure and targeted measures for SMEs and public infrastructure. As such, Maybank Singapore's loan growth will mainly be driven by retail SME and consumer financing with an upside to corporate lending, should trade flows recover. Maybank Singapore will also look to build on its wealth management services, expand on its Islamic offerings by providing alternative financing solutions to customers and deepen cross-sell across key customer segments. Another area of focus will be the expansion of internet and mobile banking solutions in an effort to enhance customers' digital experiences.

Indonesia's economy is expected to remain relatively insulated from global headwinds, as its GDP growth forecast of 5.1% for 2017 will be primarily driven by consumption (55% of GDP) and government spending (10% of GDP) on the back of accelerated infrastructure projects and other capital expenditures. Bank Indonesia's seven-day reverse repurchase rate is expected to remain at 4.75% to support the growth of the financial sector and domestic economy. A key growth driver for Maybank Indonesia in 2017 would be to expand its fee income streams through bancassurance, structured products and e-channel transactions. Maybank Indonesia will also focus on improving its cross sell of products and services, sharpen margins for higher yielding net interest margin products within its retail and business banking segments while targeting corporate lending growth among top-tier clients.

At Maybank Group, key strategic priorities for 2017 would be to strengthen our revenue drivers by focusing on pockets of opportunities across the various segments in consumer and corporate lending and capturing regional opportunities through our Maybank Kim Eng, Etiqa and Maybank Islamic franchises. We intend to focus on leveraging on our multi-channel digital capabilities, expanding product segments, increasing productivity, and driving regional cross-selling synergies, while keeping customer needs at the forefront.

Against the backdrop of selective growth in the market, Maybank Group will maintain its approach of proactively managing asset quality. The Group will continue to emphasise on its capital strength, ahead of accounting changes that will be adopted on 1st January 2018.

Barring any unforeseen circumstances, the Group expects its financial performance for 2017 to be satisfactory given the persisting challenging global environment. The Group has set two Headline Key Performance Indicators ("KPI") of Return on Equity ("ROE") of 10%-11% and Group Loans Growth of 6%-7%.

B4. Profit Forecast or Profit Guarantee

Neither the Group nor the Bank has made any profit forecast or issued any profit guarantee for the fourth quarter and 12 months financial year ended 31 December 2016.

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B5. Taxation and Zakat

The analysis of the tax expense for the fourth quarter and 12 months financial year ended 31 December 2016 are as follows:

<u>Group</u>	Unaudited		Audited	
	4th Quarter Ended		Cumulative 12 Months Ended	
	31 December 2016 RM'000	31 December 2015 RM'000	31 December 2016 RM'000	31 December 2015 RM'000
Malaysian income tax	496,386	635,073	1,671,721	1,976,847
Foreign income tax	128,638	16,248	302,341	145,776
	625,024	651,321	1,974,062	2,122,623
Over provision in respect of prior period/years:				
Malaysian income tax	(70,842)	(40,593)	(103,528)	(39,897)
Foreign income tax	(48,193)	(1,131)	(51,971)	(2,082)
	505,989	609,597	1,818,563	2,080,644
Deferred tax				
- Relating to origination and reversal of temporary differences	(86,281)	32,850	42,014	64,168
- Relating to reduction in tax rate	-	2,505	-	2,505
	(86,281)	35,355	42,014	66,673
Tax expense for the financial period/year	419,708	644,952	1,860,577	2,147,317
Zakat	3,224	3,820	19,981	17,843
	422,932	648,772	1,880,558	2,165,160

The Group's effective tax rate for the financial year ended 31 December 2016 was lower than the statutory tax rate due to certain income not subject to tax.

<u>Bank</u>	Unaudited		Audited	
	4th Quarter Ended		Cumulative 12 Months Ended	
	31 December 2016 RM'000	31 December 2015 RM'000	31 December 2016 RM'000	31 December 2015 RM'000
Malaysian income tax	232,366	314,806	1,020,447	1,240,887
Foreign income tax	6,235	(1,182)	7,853	2,935
	238,601	313,624	1,028,300	1,243,822
Over provision in respect of prior period/years:				
Malaysian income tax	(78,977)	(67,239)	(78,977)	(76,248)
Foreign income tax	(52,394)	(2)	(52,368)	(71)
	107,230	246,383	896,955	1,167,503
Deferred tax				
- Relating to origination and reversal of temporary differences	(34,086)	(5,122)	27,668	(19,760)
- Relating to reduction in tax rate	-	2,505	-	2,505
	(34,086)	(2,617)	27,668	(17,255)
Tax expense for the financial period/year	73,144	243,766	924,623	1,150,248
Zakat	-	-	-	-
	73,144	243,766	924,623	1,150,248

The Bank's effective tax rate for the financial year ended 31 December 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

Proposed disposal of PT Bank Maybank Indonesia TBK's ("Maybank Indonesia") entire equity interest in PT Wahana Ottomitra Multiartha ("WOM Finance")

On 11 January 2017, Malayan Banking Berhad ("Maybank") announced that Maybank Indonesia, a subsidiary of Maybank, entered into a conditional shares purchase agreement ("CSPA") with PT Reliance Capital Management ("RCM") for the proposed disposal of Maybank Indonesia's entire equity interest of 68.55% in WOM Finance to RCM ("Proposed Disposal").

RCM is a limited liability company incorporated under Indonesian Law and has subsidiaries that provide financial services, including financial services in investment (securities and asset management), protection (general, health, life, and sharia insurance) and financing (multi-finance, banking, and venture capital).

The Proposed Disposal involves the sale of Maybank Indonesia's entire equity interest in WOM Finance to RCM for a total cash consideration of approximately Rupiah 673.77 billion (equivalent to approximately RM229.08 million based on the exchange rate of Rupiah 1 = RM0.00034 as at 11 January 2017), plus the difference between the book value of WOM Finance as set out in the audited accounts of WOM Finance for the financial year ended 31 December 2016 and the financial year ended 31 December 2015 in proportion to Maybank Indonesia's 68.55% equity interest in WOM Finance. The completion of the Proposed Disposal is expected to occur by the first quarter of 2017, upon the conditions precedent of the seller and buyer being fulfilled as prescribed in the CSPA.

WOM Finance is incorporated in Indonesia and listed on the Indonesia Stock Exchange. WOM Finance provides financing for new and used motorcycles, with the majority of consumer financing granted for well-established motorcycle brands. The Proposed Disposal is undertaken as part of Maybank Indonesia's strategic initiative to maximise its capital use and streamline its customer segmentation which will optimise its resources in the most efficient manner. WOM Finance will cease to be a subsidiary of Maybank Indonesia with effect from the completion of the Proposed Disposal. However, WOM Finance will continue to be a significant business partner of Maybank Indonesia in the future.

The Proposed Disposal will not have any effect on the issued and paid-up share capital and shareholding of the substantial shareholders of Maybank, and it is not expected to have any material effect on the earnings per share, net assets per share and gearing of the Maybank group for the financial year ending 31 December 2017.

None of the directors and/or major shareholders of Maybank and/or persons connected with them have any interest, direct or indirect in the Proposed Disposal.

B7. Status of Utilisation of Proceeds Raised from Corporate Proposal

The proceeds raised from the borrowings, 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 A40g.

B9. Derivative Financial Instruments

Please refer to Note A36.

B10. Changes in Material Litigation

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

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

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

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

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

(a) (cont'd.)

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

On 27 September 2013, the Court of Appeal delivered its judgment in favour of Maybank IB and the three syndicated lenders, allowing the Appeal with costs of RM120,000. Judgment was entered against the corporate borrower and its guarantor for the sum of RM47,232,496.11 as at 30 September 2008 with interest of 2% per annum from 1 October 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.

On 1 July 2016, the corporate borrower's said appeal was dismissed. By reason of the aforesaid dismissal, the said stay order dated 5 March 2012 has lapsed and the Winding Up Order is still in force.

B11. Disclosure of Realised and Unrealised Retained Profits

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

	31 December 2016 RM'000	31 December 2015 RM'000
Retained profits of the Group:		
- Realised	14,411,665	12,458,038
- Unrealised	(430,569)	(473,742)
- in respect of deferred tax recognised in the income statement	(3,369)	(18,879)
- in respect of other items of income and expense	(427,200)	(454,863)
	13,981,096	11,984,296
Share of retained profits from associates and joint ventures:		
- Realised	553,180	509,815
- Unrealised	-	-
	553,180	509,815
Consolidation adjustments	(125,581)	338,893
Total Group's retained profits	14,408,695	12,833,004

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B12. Dividend

(i) Proposed final dividend

The Board of Directors have proposed a final single-tier dividend in respect of the current financial year ended 31 December 2016 of 32 sen single-tier dividend on 10,193,199,917 ordinary shares of RM1.00 each, amounting to a net dividend payable of RM3,261,823,973 (31 December 2015: 30 sen single-tier dividend) for the shareholders' approval.

The proposed final single-tier dividend consists of cash portion of 10 sen per ordinary share to be paid in cash amounting to RM1,019,319,991 and an electable portion of 22 sen per ordinary share amounting to RM2,242,503,982.

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

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

(ii) Total dividend

Total dividend for the financial year ended 31 December 2016 are as follows:

- a) Single-tier interim dividend of 20 sen per ordinary share declared on 25 August 2016 and paid on 11 November 2016; and
- b) Proposed single-tier final dividend of 32 sen per ordinary share, subject to shareholders' approval.

B13. Earnings Per Share ("EPS")

Basic EPS

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

	Unaudited		Audited	
	4th Quarter Ended		Cumulative 12 Months Ended	
	31 December	31 December	31 December	31 December
	2016	2015	2016	2015
Net profit for the period/year attributable to equity holders of the Bank (RM'000)	2,360,598	1,652,082	6,742,992	6,835,939
Weighted average number of ordinary shares in issue ('000)	10,178,757	9,673,983	9,939,881	9,489,893
Basic earnings per share	23.19 sen	17.08 sen	67.84 sen	72.03 sen

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B13. Earnings Per Share ("EPS") (cont'd.)

Diluted EPS

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

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

	Unaudited		Audited	
	4th Quarter Ended 31 December 2016	31 December 2015	Cumulative 12 Months Ended 31 December 2016	31 December 2015
Net profit for the period/year attributable to equity holders of the Bank (RM'000)	2,360,598	1,652,082	6,742,992	6,835,939
Weighted average number of ordinary shares in issue ('000)	10,178,757	9,673,983	9,939,881	9,489,893
Effects of dilution ('000)	55	134	385	675
Adjusted weighted average number of ordinary shares in issue ('000)	10,178,812	9,674,117	9,940,266	9,490,568
Diluted earnings per share	23.19 sen	17.08 sen	67.84 sen	72.03 sen

By Order of the Board

Wan Marzimin Wan Muhammad
LS0009924
Company Secretary
23 February 2017