

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

CONDENSED FINANCIAL STATEMENTS
UNAUDITED INCOME STATEMENTS
FOR THE FINANCIAL HALF YEAR ENDED 30 JUNE 2017

<u>Group</u>	Note	Second Quarter Ended		Cumulative 6 Months Ended	
		30 June 2017 RM'000	30 June 2016 RM'000	30 June 2017 RM'000	30 June 2016 RM'000
Interest income	A21	5,507,466	5,158,557	10,935,562	10,459,976
Interest expense	A22	(2,471,781)	(2,402,378)	(4,865,274)	(4,825,365)
Net interest income		3,035,685	2,756,179	6,070,288	5,634,611
Income from Islamic Banking Scheme operations	A40a	1,195,791	1,036,983	2,410,284	2,014,923
Net earned insurance premiums	A23	1,255,811	1,064,581	2,509,691	2,233,183
Other operating income	A25	1,552,119	1,563,896	2,982,259	3,254,480
Total operating income		7,039,406	6,421,639	13,972,522	13,137,197
Net insurance benefits and claims incurred, net fee and commission expenses, change in expense liabilities and taxation of life and takaful fund	A26	(1,230,174)	(1,075,686)	(2,608,603)	(2,399,476)
Net operating income		5,809,232	5,345,953	11,363,919	10,737,721
Overhead expenses	A27	(2,793,440)	(2,623,713)	(5,597,484)	(5,243,912)
Operating profit before impairment losses		3,015,792	2,722,240	5,766,435	5,493,809
Allowances for impairment losses on loans, advances, financing and other debts, net	A28	(830,256)	(981,682)	(1,372,765)	(1,846,751)
Allowances for impairment losses on financial investments, net	A29	(5,480)	(199,556)	(5,730)	(212,901)
Operating profit		2,180,056	1,541,002	4,387,940	3,434,157
Share of profits in associates and joint ventures		64,435	42,987	105,621	81,177
Profit before taxation and zakat		2,244,491	1,583,989	4,493,561	3,515,334
Taxation and zakat	B5	(520,264)	(384,687)	(1,024,230)	(865,131)
Profit for the period		1,724,227	1,199,302	3,469,331	2,650,203
Attributable to:					
Equity holders of the Bank		1,658,440	1,159,941	3,361,237	2,586,692
Non-controlling interests		65,787	39,361	108,094	63,511
		1,724,227	1,199,302	3,469,331	2,650,203
Earnings per share attributable to equity holders of the Bank	B13				
Basic		16.06 sen	11.79 sen	32.78 sen	26.41 sen
Fully diluted		16.05 sen	11.79 sen	32.76 sen	26.41 sen

(These unaudited condensed interim financial statements should be read in conjunction with the audited annual financial statements for the financial year ended 31 December 2016 and the accompanying explanatory notes attached to these financial statements)

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CONDENSED FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL HALF YEAR ENDED 30 JUNE 2017

<u>Group</u>	Second Quarter Ended		Cumulative 6 Months Ended	
	30 June 2017 RM'000	30 June 2016 RM'000	30 June 2017 RM'000	30 June 2016 RM'000
Profit for the period	1,724,227	1,199,302	3,469,331	2,650,203
Other comprehensive (loss)/income:				
<i>Items that will not be reclassified subsequently to profit or loss:</i>				
Defined benefit plan actuarial (loss)/gain	(900)	(14,042)	467	(13,735)
Income tax effect	437	3,614	(35)	2,632
Share of change in associates' reserve	-	(12)	-	56
	(463)	(10,440)	432	(11,047)
<i>Items that may be reclassified subsequently to profit or loss:</i>				
Net gain on financial investments available-for-sale	310,430	254,212	628,335	1,300,925
Income tax effect	(75,974)	(76,872)	(150,957)	(323,414)
Net (loss)/gain on foreign exchange translation	(867,101)	925,307	(692,840)	(787,520)
Net loss on cash flow hedge	-	(132)	-	(1,119)
Net gain/(loss) on net investment hedge	28,581	(43,567)	7,819	103,880
Net gain on revaluation reserve	-	17	-	28
Share of change in associates' reserve	5,238	(5,418)	(47,816)	(287,015)
	(598,826)	1,053,547	(255,459)	5,765
Other comprehensive (loss)/income for the period, net of tax	(599,289)	1,043,107	(255,027)	(5,282)
Total comprehensive income for the period	1,124,938	2,242,409	3,214,304	2,644,921
Other comprehensive (loss)/income for the period attributable to:				
Equity holders of the Bank	(578,869)	1,034,217	(240,374)	(18,010)
Non-controlling interests	(20,420)	8,890	(14,653)	12,728
	(599,289)	1,043,107	(255,027)	(5,282)
Total comprehensive income for the period attributable to:				
Equity holders of the Bank	1,079,571	2,194,158	3,120,863	2,568,682
Non-controlling interests	45,367	48,251	93,441	76,239
	1,124,938	2,242,409	3,214,304	2,644,921

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<u>Bank</u>	Note	Second Quarter Ended		Cumulative 6 Months Ended	
		30 June 2017 RM'000	30 June 2016 RM'000	30 June 2017 RM'000	30 June 2016 RM'000
Interest income	A21	3,988,060	3,730,239	7,900,604	7,609,102
Interest expense	A22	(1,799,652)	(1,824,861)	(3,554,608)	(3,617,256)
Net interest income		2,188,408	1,905,378	4,345,996	3,991,846
Dividends from subsidiaries and associates	A24	1,114,688	1,656,625	1,115,598	1,733,831
Other operating income	A25	952,058	900,939	1,691,047	2,108,213
		2,066,746	2,557,564	2,806,645	3,842,044
Net operating income		4,255,154	4,462,942	7,152,641	7,833,890
Overhead expenses	A27	(1,378,490)	(1,312,265)	(2,763,944)	(2,666,698)
Operating profit before impairment losses		2,876,664	3,150,677	4,388,697	5,167,192
Allowances for impairment losses on loans, advances, financing and other debts, net	A28	(538,497)	(558,328)	(935,420)	(1,256,233)
(Allowances for)/writeback of impairment losses on financial investments, net	A29	(3)	(183,105)	687	(182,476)
Profit before taxation and zakat		2,338,164	2,409,244	3,453,964	3,728,483
Taxation and zakat	B5	(264,573)	(172,457)	(531,894)	(475,829)
Profit for the period		2,073,591	2,236,787	2,922,070	3,252,654

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UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL HALF YEAR ENDED 30 JUNE 2017

<u>Bank</u>	Second Quarter Ended		Cumulative 6 Months Ended	
	30 June 2017 RM'000	30 June 2016 RM'000	30 June 2017 RM'000	30 June 2016 RM'000
Profit for the period	2,073,591	2,236,787	2,922,070	3,252,654
Other comprehensive income/(loss):				
<i>Items that may be reclassified subsequently to profit or loss:</i>				
Net gain on financial investments available-for-sale	345,323	287,208	601,909	1,087,348
Income tax effect	(82,841)	(68,424)	(143,728)	(268,466)
Net (loss)/gain on foreign exchange translation	(243,482)	362,483	(32,010)	(284,497)
Other comprehensive income for the period, net of tax	19,000	581,267	426,171	534,385
Total comprehensive income for the period	2,092,591	2,818,054	3,348,241	3,787,039

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CONDENSED FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2017

	Note	Group		Bank	
		30 June 2017 RM'000	31 December 2016 RM'000	30 June 2017 RM'000	31 December 2016 RM'000
ASSETS					
Cash and short-term funds		59,199,770	58,140,545	42,477,204	38,350,931
Deposits and placements with financial institutions		15,458,984	13,444,630	19,058,816	19,339,287
Financial assets purchased under resale agreements		5,842,417	2,492,412	5,567,215	2,213,113
Financial assets at fair value through profit or loss	A10(i)	28,523,874	23,496,050	11,096,564	7,980,314
Financial investments available-for-sale	A10(ii)	103,527,516	92,384,834	83,362,203	74,904,201
Financial investments held-to-maturity	A10(iii)	16,604,921	15,021,597	12,705,581	12,582,311
Loans, advances and financing	A11	471,596,093	477,774,903	286,942,009	295,020,136
Derivative assets	A36	6,284,423	8,311,703	6,387,166	8,320,918
Reinsurance/retakaful assets and other insurance receivables	A12	4,253,042	4,139,596	-	-
Other assets	A13	12,429,770	10,525,560	6,142,653	5,603,512
Investment properties		787,872	758,488	-	-
Statutory deposits with central banks		14,159,705	15,384,134	6,826,222	7,530,325
Investment in subsidiaries		-	-	21,486,722	21,586,547
Interest in associates and joint ventures		3,123,363	3,210,436	451,518	451,518
Property, plant and equipment		2,463,531	2,595,497	1,242,751	1,290,761
Intangible assets		7,115,545	7,345,524	537,469	530,049
Deferred tax assets		706,499	930,344	182,564	358,687
TOTAL ASSETS		752,077,325	735,956,253	504,466,657	496,062,610
LIABILITIES					
Deposits from customers	A14	483,884,897	485,523,920	324,839,034	331,878,295
Investment accounts of customers	A40g	27,786,571	31,544,587	-	-
Deposits and placements from financial institutions	A15	46,315,780	30,854,693	42,997,587	29,856,710
Obligations on financial assets sold under repurchase agreements		4,094,372	2,957,951	3,614,484	2,957,951
Derivative liabilities	A36	6,996,276	8,828,060	6,903,406	8,802,221
Financial liabilities at fair value through profit or loss	A16	4,140,412	3,587,230	3,243,365	2,685,139
Bills and acceptances payable		1,365,437	1,808,066	923,890	1,000,777
Insurance/takaful contract liabilities and other insurance payables	A18	24,713,622	23,948,719	-	-
Other liabilities	A19	19,872,727	17,288,306	13,023,719	12,498,698
Recourse obligation on loans and financing sold to Cagamas		2,503,865	974,588	2,503,865	974,588
Provision for taxation and zakat		342,506	419,729	108,192	47,374
Deferred tax liabilities		772,782	777,826	-	-
Borrowings	A17(i)	34,053,095	34,867,056	27,105,621	28,927,427
Subordinated obligations	A17(ii)	15,645,959	15,900,706	12,950,830	13,202,872
Capital securities	A17(iii)	6,311,814	6,199,993	6,311,826	6,225,926
TOTAL LIABILITIES		678,800,115	665,481,430	444,525,819	439,057,978

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	Note	Group		Bank	
		30 June 2017 RM'000	31 December 2016 RM'000	30 June 2017 RM'000	31 December 2016 RM'000
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE BANK					
Share capital		42,073,631	10,193,200	42,073,631	10,193,200
Share premium		-	28,878,703	-	28,878,703
Shares held-in-trust		(180,579)	(125,309)	(180,579)	(125,309)
Retained profits		23,549,325	14,408,695	12,702,850	4,456,832
Reserves		5,782,182	15,160,442	5,344,936	13,601,206
		<u>71,224,559</u>	<u>68,515,731</u>	<u>59,940,838</u>	<u>57,004,632</u>
Non-controlling interests		2,052,651	1,959,092	-	-
		<u>73,277,210</u>	<u>70,474,823</u>	<u>59,940,838</u>	<u>57,004,632</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY					
		<u>752,077,325</u>	<u>735,956,253</u>	<u>504,466,657</u>	<u>496,062,610</u>
COMMITMENTS AND CONTINGENCIES	A34	<u>895,905,498</u>	<u>766,438,609</u>	<u>847,778,201</u>	<u>721,129,524</u>
<u>CAPITAL ADEQUACY</u>					
	A35				
The capital adequacy ratios of the Group and of the Bank are as follows:					
CET1 Capital Ratio		13.767%	13.990%	14.735%	15.881%
Tier 1 Capital Ratio		15.410%	15.664%	17.089%	18.232%
Total Capital Ratio		<u>19.192%</u>	<u>19.293%</u>	<u>19.853%</u>	<u>19.432%</u>
Net assets per share attributable to equity holders of the Bank		<u>RM6.76</u>	<u>RM6.72</u>	<u>RM5.69</u>	<u>RM5.59</u>

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CONDENSED FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL HALF YEAR ENDED 30 JUNE 2017

<u>Group</u>	Attributable to equity holders of the Bank												
	Non-Distributable												
	Share Capital RM'000	Share Premium RM'000	Shares Held-in-trust RM'000	Statutory Reserve RM'000	Regulatory Reserve RM'000	Available- for-sale Reserve RM'000	Exchange Fluctuation Reserve RM'000	ESS Reserve RM'000	Other Reserves 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 2017	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
Profit for the period	-	-	-	-	-	-	-	-	-	3,361,237	3,361,237	108,094	3,469,331
Other comprehensive income/(loss)	-	-	-	-	-	477,604	(726,371)	-	8,393	-	(240,374)	(14,653)	(255,027)
Defined benefit plan actuarial gain/(loss)	-	-	-	-	-	-	-	-	574	-	574	(142)	432
Share of associates' reserve	-	-	-	-	-	(7,326)	(40,490)	-	-	-	(47,816)	-	(47,816)
Net loss on foreign exchange translation	-	-	-	-	-	-	(685,881)	-	-	-	(685,881)	(6,959)	(692,840)
Net gain/(loss) on financial investments available-for-sale	-	-	-	-	-	484,930	-	-	-	-	484,930	(7,552)	477,378
Net gain on net investment hedge	-	-	-	-	-	-	-	-	7,819	-	7,819	-	7,819
Total comprehensive income/(loss) for the period	-	-	-	-	-	477,604	(726,371)	-	8,393	3,361,237	3,120,863	93,441	3,214,304
Carried forward	10,193,200	28,878,703	(125,309)	10,934,947	1,057,997	208,473	2,865,686	320,912	(467,947)	17,769,932	71,636,594	2,052,533	73,689,127

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UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL HALF YEAR ENDED 30 JUNE 2017

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

Group (cont'd.)	Share Capital RM'000	Share Premium RM'000	Shares Held-in-trust RM'000	Statutory Reserve RM'000	Regulatory Reserve RM'000	Available-for-sale Reserve RM'000	Exchange Fluctuation Reserve RM'000	ESS Reserve RM'000	Other Reserves¹ RM'000	Retained Profits² RM'000	Total Shareholders' Equity RM'000	Non-Controlling Interests RM'000	Total Equity RM'000
Brought forward	10,193,200	28,878,703	(125,309)	10,934,947	1,057,997	208,473	2,865,686	320,912	(467,947)	17,769,932	71,636,594	2,052,533	73,689,127
Share-based payment under Employees' Share Scheme ("ESS")	-	-	-	-	-	-	-	10,010	-	-	10,010	-	10,010
Effect of changes in corporate structure within the Group	-	-	-	-	-	-	-	-	-	-	-	(1,356)	(1,356)
Effect of net acquisition from/disposal to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	14,854	14,854
Transfer to share capital (Note A8(i)(a)(A))	28,878,703	(28,878,703)	-	-	-	-	-	-	-	-	-	-	-
Transfer from statutory reserves	-	-	-	(10,732,364)	-	-	-	-	-	10,732,364	-	-	-
Transfer to regulatory reserve	-	-	-	-	1,671,452	-	-	-	-	(1,671,452)	-	-	-
Issue of shares pursuant to ESS (Note A8(i)(a)(B))	903,192	-	-	-	-	-	-	(53,853)	-	-	849,339	-	849,339
Issue of shares pursuant to Restricted Share Unit ("RSU") (Note A8(i)(a)(C))	38,118	-	(1,188)	-	-	-	-	(31,976)	-	(4,954)	-	-	-
Issue of shares pursuant to Supplemental Restricted Share Unit ("SRSU") (Note A8(i)(a)(D))	935	-	-	-	-	-	-	(921)	-	(14)	-	-	-
Issue of shares pursuant to ESOS Trust Fund ("ETF") Pool (Note A8(i)(a)(E))	49,999	-	(49,999)	-	-	-	-	-	-	-	-	-	-
Issue of shares pursuant to Dividend Reinvestment Plan ("DRP") (Note A8(i)(a)(F))	2,009,484	-	(4,083)	-	-	-	-	-	-	-	2,005,401	-	2,005,401
Dividends (Note A9(a) & (b))	-	-	-	-	-	-	-	-	-	(3,276,785)	(3,276,785)	(13,380)	(3,290,165)
Disposal of investment properties	-	-	-	-	-	-	-	-	(234)	234	-	-	-
Total transactions with shareholders/ other equity movements	31,880,431	(28,878,703)	(55,270)	(10,732,364)	1,671,452	-	-	(76,740)	(234)	5,779,393	(412,035)	118	(411,917)
At 30 June 2017	42,073,631	-	(180,579)	202,583	2,729,449	208,473	2,865,686	244,172	(468,181)	23,549,325	71,224,559	2,052,651	73,277,210

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 RM1,264.1 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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<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	¹ Other Reserves RM'000	² Retained Profits 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 period	-	-	-	-	-	-	-	-	-	2,586,692	2,586,692	63,511	2,650,203
Other comprehensive income/(loss)	-	-	-	-	-	974,203	(1,084,684)	-	92,471	-	(18,010)	12,728	(5,282)
Defined benefit plan actuarial loss	-	-	-	-	-	-	-	-	(10,374)	-	(10,374)	(729)	(11,103)
Share of associates' reserve	-	-	-	-	-	7,383	(294,398)	-	56	-	(286,959)	-	(286,959)
Net loss on foreign exchange translation	-	-	-	-	-	-	(790,286)	-	-	-	(790,286)	2,766	(787,520)
Net gain on financial investments available-for-sale	-	-	-	-	-	966,820	-	-	-	-	966,820	10,691	977,511
Net gain on net investment hedge	-	-	-	-	-	-	-	-	103,880	-	103,880	-	103,880
Net loss on cash flow hedge	-	-	-	-	-	-	-	-	(1,119)	-	(1,119)	-	(1,119)
Net gain on revaluation reserve	-	-	-	-	-	-	-	-	28	-	28	-	28
Total comprehensive income/(loss) for the period	-	-	-	-	-	974,203	(1,084,684)	-	92,471	2,586,692	2,568,682	76,239	2,644,921
Carried forward	9,761,751	25,900,476	(119,745)	10,456,462	1,247,509	471,155	1,160,360	329,523	(363,515)	15,419,696	64,263,672	1,894,706	66,158,378

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

Group (cont'd.)	Share Capital RM'000	Share Premium RM'000	Shares Held-in-trust RM'000	Statutory Reserve RM'000	Regulatory Reserve RM'000	Available-for-sale Reserve RM'000	Exchange Fluctuation Reserve RM'000	ESS Reserve RM'000	Other Reserves¹ RM'000	Retained Profits² RM'000	Total Shareholders' Equity RM'000	Non-Controlling Interests RM'000	Total Equity RM'000
Brought forward	9,761,751	25,900,476	(119,745)	10,456,462	1,247,509	471,155	1,160,360	329,523	(363,515)	15,419,696	64,263,672	1,894,706	66,158,378
Share-based payment under Employees' Share Scheme ("ESS")	-	-	-	-	-	-	-	20,071	-	-	20,071	-	20,071
Effect of changes in corporate structure within the Group	-	-	-	-	-	-	-	-	-	-	-	6,983	6,983
Effect of rights issue of a subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer to statutory reserves	-	-	-	475,552	-	-	-	-	-	(475,552)	-	-	-
Transfer from regulatory reserve	-	-	-	-	(924,754)	-	-	-	-	924,754	-	-	-
Issue of shares pursuant to ESS	8,592	71,318	-	-	-	-	-	(4,704)	-	-	75,206	-	75,206
Issue of shares pursuant to Restricted Share Unit ("RSU")	3,156	25,687	(254)	-	-	-	-	(29,662)	-	1,073	-	-	-
Issue of shares pursuant to Supplemental Restricted Share Unit ("SRSU")	124	1,012	-	-	-	-	-	(1,077)	-	(59)	-	-	-
Issue of shares pursuant to Dividend Reinvestment Plan ("DRP")	235,139	1,728,273	(3,303)	-	-	-	-	-	-	-	1,960,109	-	1,960,109
Dividends	-	-	-	-	-	-	-	-	-	(2,927,948)	(2,927,948)	(86,014)	(3,013,962)
Total transactions with shareholders/ other equity movements	247,011	1,826,290	(3,557)	475,552	(924,754)	-	-	(15,372)	-	(2,477,732)	(872,562)	(79,031)	(951,593)
At 30 June 2016	10,008,762	27,726,766	(123,302)	10,932,014	322,755	471,155	1,160,360	314,151	(363,515)	12,941,964	63,391,110	1,815,675	65,206,785

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

² The retained profits of the Group include the non-distributable non-par surplus from an insurance subsidiary amounted to RM1,106.0 million (net of tax). This non-distributable non-par surplus is only available for distribution to shareholder on the amount recommended by the Appointed Actuary in accordance with the Financial Services Act 2013.

(These unaudited condensed interim financial statements should be read in conjunction with the audited annual financial statements for the financial year ended 31 December 2016 and the accompanying explanatory notes attached to these financial statements)

MALAYAN BANKING BERHAD
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CONDENSED FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL HALF YEAR ENDED 30 JUNE 2017

	<===== Attributable to equity holders of the Bank =====>									
	<===== Non-Distributable =====>									
<u>Bank</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	Distributable Retained Profits RM'000	Total Equity RM'000
At 1 January 2017	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
Profit for the period	-	-	-	-	-	-	-	-	2,922,070	2,922,070
Other comprehensive income/(loss)	-	-	-	-	-	458,181	(32,010)	-	-	426,171
Net loss on foreign exchange translation	-	-	-	-	-	-	(32,010)	-	-	(32,010)
Net gain on financial investments available-for-sale	-	-	-	-	-	458,181	-	-	-	458,181
Total comprehensive income/(loss) for the period	-	-	-	-	-	458,181	(32,010)	-	2,922,070	3,348,241
Share-based payment under Employees' Share Scheme ("ESS")	-	-	-	-	-	-	-	10,010	-	10,010
Transfer from statutory reserve	-	-	-	(10,279,063)	-	-	-	-	10,279,063	-
Transfer to regulatory reserve	-	-	-	-	1,673,362	-	-	-	(1,673,362)	-
Transfer to share capital (Note A8(i)(a)(A))	28,878,703	(28,878,703)	-	-	-	-	-	-	-	-
Issue of shares pursuant to ESS (Note A8(i)(a)(B))	903,192	-	-	-	-	-	-	(53,853)	-	849,339
Issue of shares pursuant to Restricted Share Unit ("RSU") (Note A8(i)(a)(C))	38,118	-	(1,188)	-	-	-	-	(31,976)	(4,954)	-
Issue of shares pursuant to Supplemental Restricted Share Unit ("SRSU") (Note A8(i)(a)(D))	935	-	-	-	-	-	-	(921)	(14)	-
Issue of shares pursuant to ESOS Trust Fund ("ETF") Pool (Note A8(i)(a)(E))	49,999	-	(49,999)	-	-	-	-	-	-	-
Issue of shares pursuant to Dividend Reinvestment Plan ("DRP") (Note A8(i)(a)(F))	2,009,484	-	(4,083)	-	-	-	-	-	-	2,005,401
Dividends (Note A9(a))	-	-	-	-	-	-	-	-	(3,276,785)	(3,276,785)
Total transactions with shareholders/ other equity movements	31,880,431	(28,878,703)	(55,270)	(10,279,063)	1,673,362	-	-	(76,740)	5,323,948	(412,035)
At 30 June 2017	42,073,631	-	(180,579)	46,153	2,334,162	5,036	2,715,413	244,172	12,702,850	59,940,838

(These unaudited condensed interim financial statements should be read in conjunction with the audited annual financial statements for the financial year ended 31 December 2016 and the accompanying explanatory notes attached to these financial statements)

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FOR THE FINANCIAL HALF YEAR ENDED 30 JUNE 2017

	<===== Attributable to equity holders of the Bank =====>									
	<===== Non-Distributable =====>									
<u>Bank</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	Distributable Retained Profits RM'000	Total Equity RM'000
At 1 January 2016	9,761,751	25,900,476	(119,745)	9,866,550	813,800	(600,664)	2,414,054	329,523	3,252,638	51,618,383
Profit for the period	-	-	-	-	-	-	-	-	3,252,654	3,252,654
Other comprehensive income/(loss)	-	-	-	-	-	818,882	(284,497)	-	-	534,385
Net loss on foreign exchange translation	-	-	-	-	-	-	(284,497)	-	-	(284,497)
Net gain on financial investments available-for-sale	-	-	-	-	-	818,882	-	-	-	818,882
Total comprehensive income/(loss) for the period	-	-	-	-	-	818,882	(284,497)	-	3,252,654	3,787,039
Share-based payment under Employees' Share Scheme ("ESS")	-	-	-	-	-	-	-	20,071	-	20,071
Transfer to statutory reserve	-	-	-	458,277	-	-	-	-	(458,277)	-
Transfer from regulatory reserve	-	-	-	-	(607,600)	-	-	-	607,600	-
Issue of shares pursuant to ESS	8,592	71,318	-	-	-	-	-	(4,704)	-	75,206
Issue of shares pursuant to Restricted Share Unit ("RSU")	3,156	25,687	(254)	-	-	-	-	(29,662)	1,073	-
Issue of shares pursuant to Supplemental Restricted Share Unit ("SRSU")	124	1,012	-	-	-	-	-	(1,077)	(59)	-
Issue of shares pursuant to Dividend Reinvestment Plan ("DRP")	235,139	1,728,273	(3,303)	-	-	-	-	-	-	1,960,109
Dividends	-	-	-	-	-	-	-	-	(2,927,948)	(2,927,948)
Total transactions with shareholders/ other equity movements	247,011	1,826,290	(3,557)	458,277	(607,600)	-	-	(15,372)	(2,777,611)	(872,562)
At 30 June 2016	10,008,762	27,726,766	(123,302)	10,324,827	206,200	218,218	2,129,557	314,151	3,727,681	54,532,860

(These unaudited condensed interim financial statements should be read in conjunction with the audited annual financial statements for the financial year ended 31 December 2016 and the accompanying explanatory notes attached to these financial statements)

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CONDENSED FINANCIAL STATEMENTS
UNAUDITED CASH FLOW STATEMENTS
FOR THE FINANCIAL HALF YEAR ENDED 30 JUNE 2017

	Group		Bank	
	30 June 2017 RM'000	30 June 2016 RM'000	30 June 2017 RM'000	30 June 2016 RM'000
Cash flows from operating activities				
Profit before taxation and zakat	4,493,561	3,515,334	3,453,964	3,728,483
Adjustments for:				
Depreciation of property, plant and equipment	191,221	186,477	95,694	92,539
Share of profits in associates and joint ventures	(105,621)	(81,177)	-	-
Amortisation of intangible assets	141,900	141,939	51,596	65,068
Net loss on liquidation of subsidiary	1,999	-	-	-
Net gain on disposal of financial assets at fair value through profit or loss	(107,414)	(120,093)	(63,789)	(68,628)
Net gain on disposal of financial investments available-for-sale	(377,850)	(327,710)	(85,418)	(232,260)
Net gain on redemption of financial investments held-to-maturity	(170)	(11,397)	(170)	(11,397)
Unrealised gain on revaluation of financial assets at fair value through profit or loss and derivatives	(321,625)	(600,674)	(109,590)	(413,156)
Unrealised loss on revaluation of financial liabilities at fair value through profit or loss	84,587	55,162	70,516	50,948
Allowances for impairment losses on loans, advances and financing, net	1,554,303	2,070,718	1,042,199	1,390,619
(Writeback of)/allowances for impairment losses on other debts	(4,619)	4,292	566	688
Dividend income	(52,820)	(44,114)	(1,118,979)	(1,742,254)
ESS expenses	8,196	19,657	6,300	13,889
Allowances for/(writeback of) impairment losses on financial investments, net	5,730	212,901	(687)	182,476
Other adjustments for non-operating and non-cash items	(14,021)	(94,404)	(37,241)	(30,557)
Operating profit before working capital changes	<u>5,497,357</u>	<u>4,926,911</u>	<u>3,304,961</u>	<u>3,026,458</u>
Change in deposits and placements with financial institutions with original maturity of more than three months	3,805,716	(2,224,842)	(28,181)	(442,875)
Change in cash and short-term funds with original maturity of more than three months	1,642,007	853,325	980,424	2,013,962
Change in financial investments portfolio	(16,341,320)	(14,918,246)	(10,877,700)	(9,672,730)
Change in loans, advances and financing	636,062	1,319,891	5,678,847	7,785,437
Change in statutory deposits with central banks	1,224,429	2,079,304	704,104	750,718
Change in deposits from customers	(4,206,665)	7,566,164	(10,528,783)	6,239,424
Change in investment accounts of customers	(3,758,017)	13,306,138	-	-
Change in deposits and placements from financial institutions	15,461,088	(4,767,857)	13,140,877	(4,988,817)
Change in financial liabilities at fair value through profit or loss	468,595	2,135,955	487,710	1,651,489
Change in reinsurance/retakaful assets and other insurance receivables	(113,446)	(623,081)	-	-
Change in insurance/takaful contract liabilities and other insurance payables	764,903	977,143	-	-
Change in other operating activities	2,664,719	3,766,140	1,587,641	2,131,360
Cash generated from operations	<u>7,745,428</u>	<u>14,396,945</u>	<u>4,449,900</u>	<u>8,494,426</u>
Taxes and zakat paid	(995,186)	(811,361)	(439,301)	(461,011)
Net cash generated from operating activities	<u>6,750,242</u>	<u>13,585,584</u>	<u>4,010,599</u>	<u>8,033,415</u>

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CONDENSED FINANCIAL STATEMENTS
UNAUDITED CASH FLOW STATEMENTS
FOR THE FINANCIAL HALF YEAR ENDED 30 JUNE 2017

	Group		Bank	
	30 June 2017 RM'000	30 June 2016 RM'000	30 June 2017 RM'000	30 June 2016 RM'000
Cash flows from investing activities				
Dividends received from:				
- financial investments portfolio	52,820	44,114	3,381	8,423
- associates	-	-	910	7,954
- subsidiaries	-	-	1,114,688	1,725,877
Purchase of property, plant and equipment	(77,247)	(127,851)	(48,822)	(69,529)
Purchase of investment properties	(29,696)	(15,880)	-	-
Proceeds from disposal of property, plant and equipment	17,868	31,987	14,908	133
Purchase of intangible assets	(91,682)	(82,457)	(59,773)	(53,148)
Purchase of additional shares in existing subsidiary	-	-	(66,420)	-
Net effect arising from transaction with non-controlling interests	11,497	6,983	-	-
Net effect arising from capital reduction of subsidiaries	-	-	242,837	-
Liquidation of subsidiaries	-	-	149	-
Net cash (used in)/generated from investing activities	(116,440)	(143,104)	1,201,858	1,619,710
Cash flows from financing activities				
Proceeds from issuance of shares	2,854,740	2,035,315	2,854,740	2,035,315
Drawdown/(repayment) of borrowings, net	1,531,273	(360,292)	(886,451)	(832,411)
Redemption of subordinated obligations	-	(3,986,474)	-	(2,986,474)
Issuance of subordinated obligations	35,000	2,014,750	-	2,014,750
Recourse obligation on loans and financing sold to Cagamas, net	1,529,276	(74,862)	1,529,276	(74,863)
Dividends paid	(3,276,785)	(2,927,948)	(3,276,785)	(2,927,948)
Dividends paid to non-controlling interests	(13,380)	(86,014)	-	-
Net cash generated from/(used in) financing activities	2,660,124	(3,385,525)	220,780	(2,771,631)
Net increase in cash and cash equivalents	9,293,926	10,056,955	5,433,237	6,881,494
Cash and cash equivalents at beginning of period	50,875,740	53,049,192	38,217,233	38,619,148
Effects of foreign exchange rate changes	(772,618)	(1,735,216)	(635,193)	(1,578,198)
Cash and cash equivalents at end of period	59,397,048	61,370,931	43,015,277	43,922,444

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

	Group		Bank	
	30 June 2017 RM'000	30 June 2016 RM'000	30 June 2017 RM'000	30 June 2016 RM'000
Cash and short-term funds	59,199,770	53,327,048	42,477,204	35,601,825
Deposits and placements with financial institutions	15,458,984	25,631,953	19,058,816	24,156,743
	74,658,754	78,959,001	61,536,020	59,758,568
Less:				
Cash and short-term funds and deposits and placements with financial institutions, with original maturity of more than three months	(15,261,706)	(17,588,070)	(18,520,743)	(15,836,124)
Cash and cash equivalents at end of period	59,397,048	61,370,931	43,015,277	43,922,444

(These unaudited condensed interim financial statements should be read in conjunction with the audited annual financial statements for the financial year ended 31 December 2016 and the accompanying explanatory notes attached to these financial statements)

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

A1. Basis of Preparation

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

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

The unaudited condensed interim financial statements do not include all the information and disclosures required in the audited annual financial statements, and should be read in conjunction with the audited annual financial statements for the financial year ended 31 December 2016. These explanatory notes attached to the unaudited condensed interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group and of the Bank since the financial year ended 31 December 2016.

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

The significant accounting policies and methods of computation applied by the Group and the Bank are consistent with those adopted in the most recent audited annual financial statements for the financial year ended 31 December 2016 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 2017:

- MFRS 107 *Statement of Cash Flows* - Disclosure Initiative (Amendments to MFRS 107)
- MFRS 112 *Income Taxes* - Recognition of Deferred Tax Assets for Unrealised Losses (Amendments to MFRS 112)
- Annual Improvements to MFRSs 2014 - 2016 Cycle - *Disclosure of Interests in Other Entities* (Amendments to MFRS 12)

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

MFRS 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).

On initial application of these amendments, entities are not required to provide comparative information for preceding periods. The Group and the Bank are not required to provide additional disclosures in the condensed interim financial statements, but will disclose the additional information in the annual financial statements for the year ending 31 December 2017.

Companies Act 2016

The unaudited condensed interim financial statements of the Group and of the Bank are prepared in accordance with the requirements of the Companies Act 2016 (“New Act”), which replaced the Companies Act 1965. Amongst the key changes introduced in the New Act which affected the financial statements of the Group and of the Bank upon the commencement of the New Act on 31 January 2017 are as follows:

- (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.

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A1. Basis of Preparation (cont'd.)

Companies Act 2016 (cont'd.)

During the financial half year ended 30 June 2017, the Bank has transferred RM28.9 billion share premium to its share capital. Pursuant to Section 618 of the New Act, the Bank has twenty four (24) months to utilise the amount of share premium that has been transferred to share capital.

Revised Policy Documents on Capital Funds and Capital Funds for Islamic Banks issued by Bank Negara Malaysia ("BNM")

On 3 May 2017, BNM issued a Revised Policy Documents on Capital Funds and Capital Funds for Islamic Banks ("Revised Policy Document"). These Revised Policy Documents apply to banking institutions in Malaysia that covers licensed bank, licensed investment bank and licensed Islamic bank. The issuance of these Revised Policy Documents have superseded two guidelines issued by BNM previously, namely Capital Funds and Capital Funds for Islamic Banks dated 1 July 2013.

The key changes in the Revised Policy Documents are as follows:

- (a) the removal of the requirement on maintenance of a reserve fund; and
- (b) the revised component of capital funds shall exclude share premium and reserve fund.

Upon adoption of the Revised Policy Documents, the Group and the Bank have transferred RM10.7 billion and RM10.3 billion of statutory reserve to retained earnings respectively as at 30 June 2017.

Policy Document on Classification and Regulatory Treatment for Structured Products under the Financial Services Act 2013 and Islamic Financial Services Act 2013 issued by Bank Negara Malaysia ("BNM")

On 21 June 2017, BNM issued a Policy Document on Classification and Regulatory Treatment for Structured Products under the Financial Services Act 2013 ("FSA") and Islamic Financial Services Act 2013 ("IFSA"). This Policy Document applies to banking institutions in Malaysia that covers licensed commercial bank and licensed Islamic bank.

The Policy Document clarifies that structured products that do not guarantee full repayment of principal amount on demand do not fulfill the definition of deposits under Section 2 of the FSA and IFSA and hence must not be classified as deposits or Islamic deposits.

In terms of financial reporting, insofar that the structured product is bifurcated, the principal amount shall not be reported under the "deposit", "Islamic deposit" or "investment account" line items in the banking institutions' financial statements. Effective from June 2017 reporting date onwards, banking institutions shall report structured products (in accordance with the accounting treatment adopted) under either of these items:

- "Financial Liabilities Designated at Fair Value through Profit or Loss" if applying fair value options; or
- "Other Liabilities" if accounted for separately from the embedded derivative.

As at 30 June 2017, the Group and the Bank have presented the required disclosures in Note A14 and Note A19 respectively. Also, upon adoption of the Policy Document, the Group and the Bank have restated the deposits from customers and other liabilities balances as at 31 December 2016 by RM4.31 billion.

A2. Significant Accounting Policies

The audited annual financial statements of the Group and of the Bank for the financial year ended 31 December 2016 were prepared in accordance with MFRS and International Financial Reporting Standards ("IFRS") and the requirements of the Companies Act, 1965 in Malaysia. The significant accounting policies adopted in preparing these unaudited condensed interim financial statements are consistent with those of the audited annual financial statements for the financial year ended 31 December 2016 except for the application of the requirements of the Companies Act 2016 and adoption of the requirements of the BNM's Policy Documents as disclosed in Note A1.

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A3. Significant Accounting Estimates and Judgements

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

In preparing these unaudited condensed interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the audited annual financial statements for the financial year ended 31 December 2016.

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 2016 was not qualified.

A5. Seasonal or Cyclical Factors

The operations of the Group and of the Bank were not materially affected by any seasonal or cyclical factors during the financial half year ended 30 June 2017.

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

During the financial half year ended 30 June 2017, save as disclosed in Note A8 below, there were no unusual items affecting the assets, liabilities, equity, net income or cash flows of the Group and of the Bank.

A7. Changes in Estimates

There were no material changes in estimates during the financial half year ended 30 June 2017.

A8. Changes in Debt and Equity Securities

(i) The following are the changes in debt and equity securities that were issued and redeemed by the Group and by the Bank during the financial half year ended 30 June 2017:

(a) **Share capital**

The share capital of the Bank increased from RM10,193,199,917 as at 31 December 2016 to RM42,073,630,927 as at 30 June 2017 via:

- (A) transfer of share premium amounting to RM28,878,703,017 to share capital pursuant to Companies Act 2016;
- (B) issuance of 97,075,100 new ordinary shares amounting to RM903,192,072 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;
- (C) issuance of 4,098,732 new ordinary shares amounting to RM38,118,208 to eligible employees under the Restricted Share Unit ("RSU") which is part of the current Maybank Group ESS;
- (D) issuance of 110,000 new ordinary shares amounting to RM935,000 to eligible employees under the Supplemental Restricted Share Unit ("SRSU") which is part of the current Maybank Group ESS;
- (E) issuance of 5,411,200 new ordinary shares amounting to RM49,999,488 to be held in the ESOS Trust Fund ("ETF") Pool; and
- (F) issuance of 243,599,777 new ordinary shares (including 494,763 new ordinary shares issued to ESOS Trust Fund ("ETF") Pool) amounting to RM2,009,483,225 arising from the Dividend Reinvestment Plan ("DRP") relating to electable portion of the final dividend of 22 sen in respect of the financial year ended 31 December 2016.

The issued ordinary shares of the Bank as at 30 June 2017 is 10,543,494,726 units (31 December 2016: 10,193,199,917 units).

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

- (i) The following are the changes in debt and equity securities that were issued and redeemed by the Group and by the Bank during the financial half year ended 30 June 2017 (cont'd.):

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

Issuance/ Redemption	Issuance/ Redemption Date	Nominal Value	Note Type	Tenor
Redemption	25 June 2017	IDR203.0 billion	Shelf Bonds I WOM Finance Tranche I Year 2014 Series B	3 year

(c) **Issuance/Redemption of Medium Term Notes pursuant to the USD15.0 billion Multicurrency Medium Term Note Programme by Maybank**

Issuance/ Redemption	Issuance/ Redemption Date	Nominal Value	Note Type	Tenor
Issuance	31 March 2017	AUD12.0 million	Collared Floating Rate Notes	5 years
Issuance	18 April 2017	AUD12.0 million	Collared Floating Rate Notes	5 years
Issuance	5 May 2017	USD70.0 million	Floating Rate Notes	1.5 year
Issuance	17 May 2017	USD50.0 million	Fixed Rate Notes	5 years
Issuance	2 June 2017	HKD200.0 million	Fixed Rate Notes	3 years
Issuance	2 June 2017	HKD909.0 million	Fixed Rate Notes	5 years
Issuance	8 June 2017	JPY22.0 billion	Fixed Rate Notes	5 years
Redemption	10 April 2017	SGD50.0 million	Fixed Rate Notes	2 years
Redemption	12 May 2017	USD50.0 million	Floating Rate Notes	3 years
Redemption	22 May 2017	JPY31.1 billion	Fixed Rate Notes	3 years
Redemption	30 May 2017	JPY5.0 billion	Fixed Rate Notes	5 years

(d) **Redemption of Medium Term Notes pursuant to the USD2.0 billion Multicurrency Medium Term Note Programme by Maybank**

Issuance/ Redemption	Issuance/ Redemption Date	Nominal Value	Note Type	Tenor
Redemption	10 February 2017	USD400.0 million	Fixed Rate Notes	5 years
Redemption	1 March 2017	HKD700.0 million	Fixed Rate Notes	5 years

(e) **Issuance of Senior Sukuk Murabahah pursuant to the RM10.0 billion Sukuk Murabahah Programme by Maybank**

Issuance/ Redemption	Issuance/ Redemption Date	Nominal Value	Note Type	Tenor
Issuance	22 February 2017	RM60.0 million	Callable Fixed Rate Sukuk	15 years

(f) **Issuance of Ringgit Commercial Papers/Medium Term Notes pursuant to the RM10.0 billion Commercial Paper/Medium Term Note Programme by Maybank**

Issuance/ Redemption	Issuance/ Redemption Date	Nominal Value	Note Type	Tenor
Issuance	7 March 2017	RM60.0 million	Zero Coupon Medium Term Notes	1 year
Issuance	22 March 2017	RM44.1 million	Zero Coupon Medium Term Notes	1 year
Issuance	7 June 2017	RM43.0 million	Zero Coupon Medium Term Notes	1 year
Issuance	14 June 2017	RM35.0 million	Zero Coupon Medium Term Notes	1 year

As at 30 June 2017, the aggregate nominal value of the outstanding Ringgit Commercial Papers is RM1,981.6 million (31 December 2016: RM517.0 million). The tenor for these Ringgit Commercial Papers range from 175 days to 364 days.

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

- (i) The following are the changes in debt and equity securities that were issued and redeemed by the Group and by the Bank during the financial half year ended 30 June 2017 (cont'd.):

(g) **Issuance of Euro-Commercial Papers pursuant to the USD5.0 billion Euro Commercial Paper Programme by Maybank**

As at 30 June 2017, the aggregate nominal value of the outstanding Euro Commercial Papers is RM458.3 million (31 December 2016: RM845.0 million). The tenor for these Euro Commercial Papers range from 153 days to 364 days.

(h) **Issuance of U.S. Commercial Papers pursuant to the USD500.0 million U.S. Commercial Paper Programme by Maybank**

As at 30 June 2017, the aggregate nominal value of the outstanding U.S. Commercial Papers is RM2,138.4 million (31 December 2016: RM2,115.7 million). The tenor for these U.S. Commercial Papers range from 60 days to 283 days.

- (ii) The following are the changes in debt securities that were issued and redeemed by the Group and by the Bank subsequent to the financial half year ended 30 June 2017 and have not been reflected in the financial statements for the financial half year ended 30 June 2017:

(a) **Inaugural Issuance of RMB Bonds in the People's Republic of China Interbank Bond Market Amounting to RMB1.0 billion in Nominal Value**

On 24 July 2017, Maybank has completed its inaugural issuance of RMB bonds in the People's Republic of China ("PRC") interbank bond market, through a bookbuilding process, amounting to RMB1.0 billion in nominal value with a tenure of 3 years which bears a fixed interest rate of 4.60% per annum.

Approval from the People's Bank of China was obtained on 24 June 2017 for Maybank to issue RMB bonds of up to RMB6.0 billion in the PRC interbank bond market in multiple tranches within a period of 2 years from the date of approval.

(b) **Issuance/Redemption of Medium Term Notes pursuant to the USD15.0 billion Multicurrency Medium Term Note Programme by Maybank**

Issuance/Redemption	Issuance/Redemption Date	Nominal Value	Note Type	Tenor
Issuance	5 July 2017	JPY2.0 billion	Fixed Rate Notes	5 years
Issuance	18 July 2017	AUD12.0 million	Collared Floating Rate Notes	5 years
Issuance	26 July 2017	USD203.0 million	Callable Zero Coupon Notes	30 years
Issuance	2 Aug 2017	CHF100.0 million	Zero Coupon Notes	4 years
Issuance	7 Aug 2017	JPY20.0 billion	Fixed Rate Notes	3 years
Redemption	1 Aug 2017	USD20.0 million	Floating Rate Notes	1 year

(c) **Issuance of Ringgit Medium Term Notes pursuant to the RM10.0 billion Commercial Paper/Medium Term Note Programme by Maybank**

Issuance/Redemption	Issuance/Redemption Date	Nominal Value	Note Type	Tenor
Issuance	25 July 2017	RM15.0 million	Zero Coupon Medium Term Notes	1 year
Issuance	1 Aug 2017	RM21.0 million	Zero Coupon Medium Term Notes	1 year
Issuance	8 Aug 2017	RM22.0 million	Zero Coupon Medium Term Notes	1 year
Issuance	17 Aug 2017	RM200.0 million	Zero Coupon Medium Term Notes	1 year

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

(ii) The following are the changes in debt securities that were issued and redeemed by the Group and by the Bank subsequent to the financial half year ended 30 June 2017 and have not been reflected in the financial statements for the financial half year ended 30 June 2017 (cont'd.):

(d) **Redemption of Ringgit Medium Term Notes pursuant to the RM10.0 billion Senior Medium Term Note Programme by Maybank**

Issuance/ Redemption	Issuance/ Redemption Date	Nominal Value	Note Type	Tenor
Redemption	20 July 2017	RM200.0 million	Zero Coupon Medium Term Notes	1 year
Redemption	31 July 2017	RM200.0 million	Zero Coupon Medium Term Notes	1 year
Redemption	4 August 2017	RM200.0 million	Zero Coupon Medium Term Notes	1 year
Redemption	11 August 2017	RM200.0 million	Zero Coupon Medium Term Notes	1 year

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

Issuance/ Redemption	Issuance/ Redemption Date	Nominal Value	Note Type	Tenor
Redemption	4 July 2017	IDR442.0 billion	Shelf Bonds II WOM Finance Tranche I Year 2016 Series A	1 year
Redemption	8 July 2017	IDR300.0 billion	Shelf Sukuk Mudharabah I Bank BII Tranche I Year 2014	3 years
Issuance	11 July 2017	IDR435.0 billion	Shelf Bonds II Bank Maybank Indonesia Tranche I Year 2017 Series A	5 years
Issuance	11 July 2017	IDR300.0 billion	Shelf Bonds II Bank Maybank Indonesia Tranche I Year 2017 Series B	7 years
Issuance	11 July 2017	IDR100.0 billion	Shelf Bonds II Bank Maybank Indonesia Tranche I Year 2017 Series C	10 years
Issuance	11 July 2017	IDR300.0 billion	Shelf Sukuk Mudharabah II Bank Maybank Indonesia Tranche I Year 2017	3 years
Issuance	22 Aug 2017	IDR400.0 billion	Shelf Bonds II WOM Finance Tranche II Year 2017 Series A	1 year
Issuance	22 Aug 2017	IDR320.5 billion	Shelf Bonds II WOM Finance Tranche II Year 2017 Series B	3 years

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

A9. Dividends Paid

Dividends paid during the financial half year ended 30 June 2017 are as follows:

(a) During the Annual General Meeting held on 6 April 2017, a final dividend in respect of the financial year ended 31 December 2016 of 32 sen single-tier dividend per ordinary share was approved by the shareholders.

The dividend consists of cash portion of 10 sen per ordinary share amounting to RM1,025,850,715 and an electable portion of 22 sen per ordinary share amounting to RM2,256,871,573 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 6 June 2017.

(b) Dividends paid by Maybank's subsidiaries to non-controlling interest amounted to RM13,380,000 during the financial half year ended 30 June 2017.

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A10. Financial Investments Portfolio

	Note	Group		Bank	
		30 June 2017 RM'000	31 December 2016 RM'000	30 June 2017 RM'000	31 December 2016 RM'000
Financial assets at fair value through profit or loss	(i)	28,523,874	23,496,050	11,096,564	7,980,314
Financial investments available-for-sale	(ii)	103,527,516	92,384,834	83,362,203	74,904,201
Financial investments held-to-maturity	(iii)	16,604,921	15,021,597	12,705,581	12,582,311
		148,656,311	130,902,481	107,164,348	95,466,826

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

	Group		Bank	
	30 June 2017 RM'000	31 December 2016 RM'000	30 June 2017 RM'000	31 December 2016 RM'000
(a) Financial assets designated upon initial recognition	13,156,181	12,909,681	-	-
(b) Financial assets held-for-trading	15,367,693	10,586,369	11,096,564	7,980,314
	28,523,874	23,496,050	11,096,564	7,980,314

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

	Group		Bank	
	30 June 2017 RM'000	31 December 2016 RM'000	30 June 2017 RM'000	31 December 2016 RM'000
At fair value				
Money market instruments:				
Malaysian Government Securities	251,052	225,385	-	-
Malaysian Government Investment Issues	137,462	197,483	-	-
Negotiable Islamic Certificates of Deposits	251,728	249,261	-	-
Foreign Government Securities	244,809	103,421	-	-
Foreign Government Treasury Bills	14,035	24,804	-	-
	899,086	800,354	-	-
Quoted securities:				
In Malaysia:				
Shares, warrants, trust units and loan stocks	97,151	54,503	-	-
Outside Malaysia:				
Shares, warrants, trust units and loan stocks	362,227	233,627	-	-
	459,378	288,130	-	-
Unquoted securities:				
Foreign Corporate Bonds and Sukuk	548,337	428,318	-	-
Corporate Bonds and Sukuk in Malaysia	10,808,901	11,057,416	-	-
Structured deposits	440,479	335,463	-	-
	11,797,717	11,821,197	-	-
Total financial assets designated upon initial recognition	13,156,181	12,909,681	-	-

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A10. Financial Investments Portfolio (cont'd.)

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

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

	Group		Bank	
	30 June 2017 RM'000	31 December 2016 RM'000	30 June 2017 RM'000	31 December 2016 RM'000
At fair value				
Money market instruments:				
Malaysian Government Securities	626,249	233,251	585,473	203,379
Malaysian Government Investment Issues	80,318	37,677	41,023	-
Cagamas Bonds	112,745	56,867	112,745	56,867
Negotiable instruments of deposits	81,494	-	81,494	-
Foreign Government Securities	4,014,149	2,931,845	2,463,520	2,313,978
Malaysian Government Treasury Bills	100,339	-	100,339	-
Foreign Government Treasury Bills	204,064	655	204,064	655
	5,219,358	3,260,295	3,588,658	2,574,879
Quoted securities:				
In Malaysia:				
Shares, warrants, trust units and loan stocks	960,435	805,806	148,096	128,780
Corporate Bonds and Sukuk	-	4,571	-	4,571
Outside Malaysia:				
Shares, warrants, trust units and loan stocks	1,881,702	1,245,355	12,595	11,896
Foreign Corporate Bonds and Sukuk	-	451	-	-
Foreign Government Bonds	76,885	74,930	-	-
	2,919,022	2,131,113	160,691	145,247
Unquoted securities:				
Foreign Corporate Bonds and Sukuk	4,205,375	3,760,622	3,895,685	3,410,260
Corporate Bonds and Sukuk in Malaysia	1,644,232	982,324	2,082,646	1,399,841
Foreign Government Bonds	1,377,337	452,015	1,366,515	450,087
Malaysian Government Bonds	2,369	-	2,369	-
	7,229,313	5,194,961	7,347,215	5,260,188
Total financial assets held- for-trading	15,367,693	10,586,369	11,096,564	7,980,314

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A10. Financial Investments Portfolio (cont'd.)

(ii) Financial investments available-for-sale

	Group		Bank	
	30 June 2017 RM'000	31 December 2016 RM'000	30 June 2017 RM'000	31 December 2016 RM'000
At fair value				
Money market instruments:				
Malaysian Government Securities	13,441,172	10,004,488	13,388,898	9,955,613
Malaysian Government Investment Issues	18,166,346	12,621,577	11,177,692	7,426,545
Negotiable instruments of deposits	2,727,920	4,573,550	2,900,365	4,492,819
Foreign Government Securities	10,094,673	10,611,242	7,389,343	8,092,808
Foreign Government Treasury Bills	5,648,399	5,807,734	5,648,399	5,807,734
Khazanah Bonds	2,393,543	1,917,128	2,393,543	1,917,128
Cagamas Bonds	718,860	728,048	718,860	728,048
Foreign Certificates of Deposits	42,941	44,909	42,941	44,909
	53,233,854	46,308,676	43,660,041	38,465,604
Quoted securities:				
In Malaysia:				
Shares, warrants, trust units and loan stocks	2,099,658	2,188,387	153,465	141,507
Outside Malaysia:				
Shares, warrants, trust units and loan stocks	198,718	142,135	156	733
Foreign Corporate Bonds and Sukuk	75,304	97,007	-	-
Foreign Government Bonds	24,070	23,224	-	-
Foreign Government Treasury Bills	-	33,874	-	-
	2,397,750	2,484,627	153,621	142,240
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 [#]	341,229	347,701	268,622	268,622
Shares, trust units and loan stocks outside Malaysia [#]	71,806	94,741	-	-
Foreign Corporate Bonds and Sukuk	20,954,526	18,714,932	19,980,781	17,794,222
Corporate Bonds and Sukuk in Malaysia	20,656,941	17,214,829	13,569,688	11,099,251
Foreign Government Bonds	5,187,886	6,641,416	5,158,183	6,606,641
Malaysian Government Bonds	618,654	576,547	571,267	527,621
Structured deposits	-	1,365	-	-
Others	64,870	-	-	-
	47,895,912	43,591,531	39,548,541	36,296,357
Total financial investments available-for-sale	103,527,516	92,384,834	83,362,203	74,904,201

[#] 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.

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A10. Financial Investments Portfolio (cont'd.)

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

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

	Group		Bank	
	30 June 2017 RM'000	31 December 2016 RM'000	30 June 2017 RM'000	31 December 2016 RM'000
At 1 January 2017/2016	560,730	641,405	409,141	365,495
Allowance made	7,690	265,440	-	213,464
Amount written back in respect of recoveries	(1,960)	(83,187)	(687)	(73,613)
Amount written-off/realised	(47,561)	(275,898)	(11,258)	(99,951)
Exchange differences	(19,673)	12,970	(5,194)	3,746
At 30 June 2017/31 December 2016	499,226	560,730	392,002	409,141

(iii) Financial investments held-to-maturity

	Group		Bank	
	30 June 2017 RM'000	31 December 2016 RM'000	30 June 2017 RM'000	31 December 2016 RM'000
At amortised cost less accumulated impairment losses				
Money market instruments:				
Malaysian Government Securities	2,019,893	2,017,799	2,019,789	2,017,695
Cagamas Bonds	50,259	50,259	50,259	50,259
Malaysian Government Investment Issues	2,523,672	2,522,557	2,523,672	2,522,557
Foreign Government Securities	1,266,249	1,275,579	-	-
Foreign Government Treasury Bills	20,639	67,403	-	-
Khazanah Bonds	843,947	827,825	843,947	827,825
Foreign Certificates of Deposits	122,380	92,935	-	-
	6,847,039	6,854,357	5,437,667	5,418,336
Unquoted securities:				
Foreign Corporate Bonds and Sukuk	1,290,596	1,373,041	872,207	911,100
Corporate Bonds and Sukuk in Malaysia	7,087,775	5,530,942	6,363,225	6,223,862
Foreign Government Bonds	1,381,759	1,285,495	34,214	30,745
Others	2,044	2,044	2,044	2,044
	9,762,174	8,191,522	7,271,690	7,167,751
Accumulated impairment losses	(4,292)	(24,282)	(3,776)	(3,776)
Total financial investments held-to-maturity	16,604,921	15,021,597	12,705,581	12,582,311

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

	Group		Bank	
	30 June 2017 RM'000	31 December 2016 RM'000	30 June 2017 RM'000	31 December 2016 RM'000
At 1 January 2017/2016	24,282	24,248	3,776	3,776
Amount written-off	(19,796)	-	-	-
Exchange differences	(194)	34	-	-
At 30 June 2017/31 December 2016	4,292	24,282	3,776	3,776

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A11. Loans, Advances and Financing

	Group		Bank	
	30 June 2017 RM'000	31 December 2016 RM'000	30 June 2017 RM'000	31 December 2016 RM'000
Overdrafts/cashline	22,163,421	21,873,721	11,055,185	10,813,125
Term loans:				
- Housing loans/financing	147,596,927	144,806,178	58,391,503	56,291,814
- Syndicated loans/financing	37,065,994	38,015,281	34,005,211	35,060,528
- Hire purchase receivables	66,502,032	64,119,729	23,071,894	21,215,324
- Lease receivables	75,229	60,636	-	-
- Other loans/financing	212,340,149	223,604,109	98,121,005	107,314,937
Credit card receivables	8,241,029	8,359,546	6,619,543	6,713,841
Bills receivables	4,157,452	4,153,762	4,026,672	4,086,302
Trust receipts	4,614,930	4,420,182	3,940,378	3,722,796
Claims on customers under acceptance credits	11,171,361	11,575,723	5,711,393	5,953,148
Loans/financing to financial institutions (Note A11(x))	1,834,109	2,247,694	19,397,365	18,640,278
Revolving credits	53,352,807	55,041,314	29,439,798	31,285,172
Staff loans	3,515,530	3,529,054	873,757	888,331
Loans to:				
- Directors of the Bank	141	197	141	197
- Directors of subsidiaries	1,143	2,029	208	447
Others	3,839,487	3,372,116	-	-
	<u>576,471,741</u>	<u>585,181,271</u>	<u>294,654,053</u>	<u>301,986,240</u>
Unearned interest and income	(96,349,063)	(99,445,560)	(1,759,772)	(1,628,063)
Gross loans, advances and financing	<u>480,122,678</u>	<u>485,735,711</u>	<u>292,894,281</u>	<u>300,358,177</u>
Allowances for impaired loans, advances and financing:				
- Individual allowance	(3,916,907)	(3,764,929)	(2,756,497)	(2,493,534)
- Collective allowance	(4,609,678)	(4,195,879)	(3,195,775)	(2,844,507)
Net loans, advances and financing	<u>471,596,093</u>	<u>477,774,903</u>	<u>286,942,009</u>	<u>295,020,136</u>

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

	Group		Bank	
	30 June 2017 RM'000	31 December 2016 RM'000	30 June 2017 RM'000	31 December 2016 RM'000
Domestic banking institutions	63,335	75,797	18,737,695	17,776,082
Domestic non-banking financial institutions	23,070,089	24,995,761	18,508,694	20,110,549
Domestic business enterprises:				
- Small and medium enterprises	78,440,231	78,450,015	54,174,201	54,417,927
- Others	103,447,833	108,054,043	58,552,945	62,336,597
Government and statutory bodies	10,425,745	9,553,849	990,557	962,303
Individuals	222,303,599	219,007,962	108,921,857	107,355,810
Other domestic entities	7,503,021	6,632,911	1,121,191	536,924
Foreign entities	34,868,825	38,965,373	31,887,141	36,861,985
Gross loans, advances and financing	<u>480,122,678</u>	<u>485,735,711</u>	<u>292,894,281</u>	<u>300,358,177</u>

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

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

	Group		Bank	
	30 June 2017 RM'000	31 December 2016 RM'000	30 June 2017 RM'000	31 December 2016 RM'000
Malaysia	277,136,373	275,060,627	141,459,376	143,030,884
Singapore	121,548,408	121,561,911	120,027,865	120,583,331
Indonesia	40,178,062	42,213,162	-	-
Labuan Offshore	15,087,893	18,612,494	15,087,893	18,612,494
Hong Kong SAR	8,535,756	10,855,710	8,168,981	10,385,398
United States of America	818,151	835,785	817,545	835,152
People's Republic of China	4,136,697	3,553,392	4,136,697	3,553,392
Vietnam	796,175	834,027	609,723	686,796
United Kingdom	1,456,973	1,413,903	1,456,960	1,413,879
Brunei	672,540	638,659	672,540	638,659
Cambodia	2,343,184	2,515,045	-	-
Bahrain	187,090	449,529	187,090	449,529
Philippines	5,518,137	5,579,772	-	-
Thailand	1,395,921	1,399,415	-	-
Laos	143,899	125,437	143,899	125,437
Myanmar	125,712	43,226	125,712	43,226
Others	41,707	43,617	-	-
Gross loans, advances and financing	480,122,678	485,735,711	292,894,281	300,358,177

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

	Group		Bank	
	30 June 2017 RM'000	31 December 2016 RM'000	30 June 2017 RM'000	31 December 2016 RM'000
Fixed rate:				
- Housing loans/financing	18,367,083	20,972,243	16,140,124	18,635,026
- Hire purchase receivables	60,049,173	58,229,799	22,327,253	21,011,268
- Other fixed rate loans/financing	65,108,651	65,839,818	49,482,257	49,935,496
Variable rate:				
- Base lending/financing rate/ base rate plus	177,715,084	176,999,015	86,091,393	88,766,345
- Cost plus	59,454,958	61,815,505	54,524,956	56,727,126
- Other variable rates	99,427,729	101,879,331	64,328,298	65,282,916
Gross loans, advances and financing	480,122,678	485,735,711	292,894,281	300,358,177

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

	Group		Bank	
	30 June 2017 RM'000	31 December 2016 RM'000	30 June 2017 RM'000	31 December 2016 RM'000
Purchase of securities	33,246,632	33,763,335	9,929,581	10,840,651
Purchase of transport vehicles	59,155,730	57,427,629	21,532,853	20,092,532
Purchase of landed properties:				
- Residential	101,970,818	97,122,826	63,720,362	61,316,702
- Non-residential	41,036,825	41,698,958	28,885,091	29,040,220
Purchase of fixed assets (excluding landed properties)	6,646,464	7,284,181	6,608,215	7,253,314
Personal use	10,446,017	10,720,712	6,505,071	6,751,692
Credit card	8,407,830	8,534,651	6,750,196	6,853,811
Purchase of consumer durables	4,495	4,482	4,194	4,189
Constructions	17,199,523	17,850,789	11,608,540	12,629,495
Mergers and acquisitions	734,061	411,826	689,113	365,022
Working capital	153,323,060	167,885,959	96,164,835	110,029,604
Others	47,951,223	43,030,363	40,496,230	35,180,945
Gross loans, advances and financing	480,122,678	485,735,711	292,894,281	300,358,177

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

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

	Group		Bank	
	30 June 2017 RM'000	31 December 2016 RM'000	30 June 2017 RM'000	31 December 2016 RM'000
	Within one year	128,273,151	134,071,165	85,229,391
One year to three years	57,907,400	56,347,584	43,648,987	43,872,159
Three years to five years	57,398,942	62,071,403	36,898,490	41,133,223
After five years	236,543,185	233,245,559	127,117,413	121,062,035
Gross loans, advances and financing	480,122,678	485,735,711	292,894,281	300,358,177

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

	Group		Bank	
	30 June 2017 RM'000	31 December 2016 RM'000	30 June 2017 RM'000	31 December 2016 RM'000
	Gross impaired loans at 1 January	11,055,380	8,555,007	7,180,389
Impaired during the financial period/year	4,093,965	9,291,509	2,366,126	5,597,011
Reclassified as non-impaired	(995,771)	(2,999,037)	(292,511)	(1,834,681)
Amount recovered	(1,046,131)	(2,292,629)	(579,953)	(1,362,096)
Amount written-off	(806,859)	(1,693,147)	(323,770)	(856,897)
Transferred from a subsidiary	-	-	-	179,286
Exchange differences	(142,273)	193,677	(63,846)	59,140
Gross impaired loans at 30 June 2017/ 31 December 2016	12,158,311	11,055,380	8,286,435	7,180,389
<u>Calculation of ratio of net impaired loans:</u>				
Gross impaired loans at 30 June 2017/ 31 December 2016 (excluding financing funded by Investment Account*)	12,080,695	10,973,689	8,286,435	7,180,389
Less: Individual allowance	(3,916,907)	(3,764,929)	(2,756,497)	(2,493,534)
Net impaired loans	8,163,788	7,208,760	5,529,938	4,686,855
Gross loans, advances and financing	480,122,678	485,735,711	292,894,281	300,358,177
Less: Individual allowance	(3,916,907)	(3,764,929)	(2,756,497)	(2,493,534)
Less: Funded by Investment Account*	(27,786,571)	(31,544,587)	-	-
Net loans, advances and financing	448,419,200	450,426,195	290,137,784	297,864,643
Ratio of net impaired loans	1.82%	1.60%	1.91%	1.57%

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

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

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

	Group		Bank	
	30 June 2017 RM'000	31 December 2016 RM'000	30 June 2017 RM'000	31 December 2016 RM'000
Purchase of securities	261,759	201,965	146,317	149,992
Purchase of transport vehicles	354,547	330,164	103,450	107,557
Purchase of landed properties:				
- Residential	741,224	617,185	380,038	324,843
- Non-residential	1,033,038	925,181	907,359	820,599
Purchase of fixed assets (excluding landed properties)	1,451,254	474,886	1,448,385	439,861
Personal use	146,560	150,544	112,516	111,840
Credit card	96,850	92,484	62,652	60,640
Purchase of consumer durables	28	32	19	18
Constructions	1,473,645	1,439,746	1,073,817	1,034,438
Working capital	6,108,829	6,094,034	3,796,714	3,896,560
Others	490,577	729,159	255,168	234,041
Gross impaired loans, advances and financing	12,158,311	11,055,380	8,286,435	7,180,389

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

	Group		Bank	
	30 June 2017 RM'000	31 December 2016 RM'000	30 June 2017 RM'000	31 December 2016 RM'000
Malaysia	5,956,417	5,754,507	4,257,854	4,246,493
Singapore	2,791,411	1,587,853	2,751,410	1,570,036
Indonesia	1,814,083	1,993,758	-	-
Labuan Offshore	221,378	209,957	221,378	209,957
Hong Kong SAR	938,153	1,031,921	938,153	1,031,921
United States of America	606	633	-	-
People's Republic of China	1,554	5,878	1,554	5,878
Vietnam	81,084	82,976	78,151	80,394
United Kingdom	1,306	-	1,306	-
Brunei	23,558	21,888	23,558	21,888
Cambodia	111,916	95,619	-	-
Bahrain	5,368	5,608	5,368	5,608
Philippines	127,534	185,823	-	-
Thailand	39,083	31,887	-	-
Others	44,860	47,072	7,703	8,214
Gross impaired loans, advances and financing	12,158,311	11,055,380	8,286,435	7,180,389

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

	Group		Bank	
	30 June 2017 RM'000	31 December 2016 RM'000	30 June 2017 RM'000	31 December 2016 RM'000
Individual Allowance				
At 1 January	3,764,929	2,259,910	2,493,534	1,422,090
Allowance made	844,106	2,390,222	583,393	1,592,007
Amount written back	(162,312)	(115,272)	(86,039)	(80,690)
Amount written-off	(426,582)	(858,279)	(171,920)	(510,376)
Transferred to collective allowance	(11,796)	(30,057)	(9,115)	(18,990)
Exchange differences	(91,438)	118,405	(53,356)	89,493
At 30 June 2017/31 December 2016	3,916,907	3,764,929	2,756,497	2,493,534

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

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

	Group		Bank	
	30 June 2017 RM'000	31 December 2016 RM'000	30 June 2017 RM'000	31 December 2016 RM'000
Collective Allowance				
At 1 January	4,195,879	3,899,141	2,844,507	2,627,341
Allowance made	818,033	1,100,315	504,816	522,087
Amount written back	(485)	(30,762)	-	-
Amount written-off	(380,277)	(834,868)	(151,850)	(346,521)
Transferred from individual allowance	11,796	30,057	9,115	18,990
Exchange differences	(35,268)	31,996	(10,813)	22,610
At 30 June 2017/31 December 2016	<u>4,609,678</u>	<u>4,195,879</u>	<u>3,195,775</u>	<u>2,844,507</u>
As a percentage of total loans, less individual allowance (including regulatory reserve)	<u>1.67%</u>	<u>1.19%*</u>	<u>1.94%</u>	<u>1.20%*</u>

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

(x) Included in the Bank's loans/financing to financial institutions is financing granted to Maybank Islamic Berhad ("MIB"), a subsidiary of the Bank, under Restricted Profit-Sharing Investment Account ("RPSIA") amounting to RM18,738.7 million (31 December 2016: RM17,767.7 million). The RPSIA is a contract based on the Mudharabah principle between two parties to finance a financing where the Bank acts as the investor who solely provides capital to MIB whereas the business venture is managed solely by MIB as an entrepreneur. The profit of the business venture is shared between both parties based on pre-agreed ratios. Losses, if any, are borne by the Bank.

A12. Reinsurance/Retakaful Assets and Other Insurance Receivables

	Note	Group	
		30 June 2017 RM'000	31 December 2016 RM'000
Reinsurance/retakaful assets	(i)	3,717,259	3,692,581
Other insurance receivables	(ii)	535,783	447,015
		<u>4,253,042</u>	<u>4,139,596</u>

	Group	
	30 June 2017 RM'000	31 December 2016 RM'000
(i) Reinsurance/retakaful assets		
Reinsurers' share of:	3,369,859	3,400,731
Life insurance contract liabilities	27,694	25,767
General insurance contract liabilities	3,342,165	3,374,964
Retakaful operators' share of:	347,400	291,850
Family takaful certificate liabilities	68,267	49,677
General takaful certificate liabilities	279,133	242,173
	<u>3,717,259</u>	<u>3,692,581</u>

	Group	
	30 June 2017 RM'000	31 December 2016 RM'000
(ii) Other insurance receivables		
Due premium including agents/brokers and co-insurers balances	399,711	330,061
Due from reinsurers and cedants/retakaful operators	153,204	135,981
	<u>552,915</u>	<u>466,042</u>
Allowance for impairment losses	(17,132)	(19,027)
	<u>535,783</u>	<u>447,015</u>

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A13. Other Assets

	Group		Bank	
	30 June 2017 RM'000	31 December 2016 RM'000	30 June 2017 RM'000	31 December 2016 RM'000
Other debtors	7,934,458	6,304,018	5,699,661	5,077,156
Amount due from brokers and clients	2,683,145	2,452,894	-	-
Prepayments and deposits	1,475,347	1,407,933	408,556	491,926
Tax recoverable	63,180	113,850	-	-
Foreclosed properties	273,640	246,865	34,436	34,430
	12,429,770	10,525,560	6,142,653	5,603,512

A14. Deposits from Customers

(i) By type of deposit

	Group		Bank	
	30 June 2017 RM'000	31 December 2016 RM'000	30 June 2017 RM'000	31 December 2016 RM'000
Fixed deposits and negotiable instruments of deposits				
- One year or less	278,031,477	280,377,560	169,995,562	178,035,292
- More than one year	9,088,823	11,231,648	8,009,606	10,029,739
	287,120,300	291,609,208	178,005,168	188,065,031
Money market deposits	17,140,210	15,200,225	17,140,210	15,200,225
Savings deposits	69,675,383	68,143,180	45,017,731	44,203,976
Demand deposits	109,949,004	110,571,307	84,675,925	84,409,063
	483,884,897	485,523,920	324,839,034	331,878,295

(ii) By type of customer

	Group		Bank	
	30 June 2017 RM'000	31 December 2016 RM'000	30 June 2017 RM'000	31 December 2016 RM'000
Business enterprises	226,460,127	226,074,468	164,700,278	163,000,362
Individuals	199,185,205	204,025,300	137,653,826	145,714,678
Government and statutory bodies	27,184,448	26,481,227	10,281,798	9,046,804
Others	31,055,117	28,942,925	12,203,132	14,116,451
	483,884,897	485,523,920	324,839,034	331,878,295

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

	Group		Bank	
	30 June 2017 RM'000	31 December 2016 RM'000	30 June 2017 RM'000	31 December 2016 RM'000
Within six months	224,759,182	234,901,381	135,568,333	141,455,104
Six months to one year	53,272,294	45,476,179	34,427,229	36,580,188
One year to three years	8,210,950	10,183,159	7,937,557	9,963,861
Three years to five years	877,874	1,048,489	72,049	65,878
	287,120,300	291,609,208	178,005,168	188,065,031

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A15. Deposits and Placements from Financial Institutions

	Group		Bank	
	30 June 2017 RM'000	31 December 2016 RM'000	30 June 2017 RM'000	31 December 2016 RM'000
Licensed banks	42,549,395	27,340,841	41,015,550	28,044,586
Licensed finance companies	178,355	112,341	178,356	112,341
Licensed investment banks	105,600	42,146	105,600	42,146
Other financial institutions	3,482,430	3,359,365	1,698,081	1,657,637
	46,315,780	30,854,693	42,997,587	29,856,710

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

	Group		Bank	
	30 June 2017 RM'000	31 December 2016 RM'000	30 June 2017 RM'000	31 December 2016 RM'000
One year or less	43,272,365	28,086,419	41,388,447	28,385,549
More than one year	3,043,415	2,768,274	1,609,140	1,471,161
	46,315,780	30,854,693	42,997,587	29,856,710

A16. Financial Liabilities at Fair Value Through Profit or Loss

	Group		Bank	
	30 June 2017 RM'000	31 December 2016 RM'000	30 June 2017 RM'000	31 December 2016 RM'000
Structured deposits	2,038,594	1,560,054	1,141,547	657,963
Borrowings				
Unsecured				
Medium Term Notes				
- More than one year				
Denominated in:				
- USD	1,453,544	1,444,465	1,453,544	1,444,465
- RM	648,274	582,711	648,274	582,711
	2,101,818	2,027,176	2,101,818	2,027,176
Total financial liabilities at fair value through profit or loss	4,140,412	3,587,230	3,243,365	2,685,139

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 30 June 2017 were RM4,259,333,000 and RM3,361,289,000 respectively (31 December 2016: RM3,792,621,000 and RM2,875,461,000). 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	
	30 June 2017	31 December 2016	30 June 2017	31 December 2016
	RM'000	RM'000	RM'000	RM'000
(i) Borrowings				
Secured				
(a) Borrowings				
- Less than one year				
Denominated in:				
- SGD	704	-	-	-
- PHP	-	35	-	-
- IDR	1,202,168	741,714	-	-
- VND	8,196	-	-	-
	<u>1,211,068</u>	<u>741,749</u>	<u>-</u>	<u>-</u>
- More than one year				
Denominated in:				
- SGD	243,288	-	-	-
- PHP	124	171	-	-
- IDR	1,943,402	2,348,667	-	-
	<u>2,186,814</u>	<u>2,348,838</u>	<u>-</u>	<u>-</u>
(b) Medium Term Notes				
- More than one year				
Denominated in:				
- IDR	80,427	83,251	-	-
	<u>80,427</u>	<u>83,251</u>	<u>-</u>	<u>-</u>
Total secured borrowings	<u>3,478,309</u>	<u>3,173,838</u>	<u>-</u>	<u>-</u>
Unsecured				
(a) Borrowings				
- Less than one year				
Denominated in:				
- USD	4,933,694	5,380,539	4,707,391	5,148,693
- SGD	1,543,048	994,982	-	-
- THB	1,080,952	824,493	-	-
- HKD	426,124	285,567	415,401	216,923
- IDR	363,658	362,598	-	-
- PHP	-	33,536	-	-
- INR	16,666	13,240	-	-
- EURO	-	466	-	-
- RM	1,981,600	517,000	1,981,600	517,000
	<u>10,345,742</u>	<u>8,412,421</u>	<u>7,104,392</u>	<u>5,882,616</u>
- More than one year				
Denominated in:				
- USD	4,573,643	5,607,500	4,573,643	5,607,500
- JPY	2,254	2,424	-	-
- IDR	225,561	233,562	-	-
	<u>4,801,458</u>	<u>5,843,486</u>	<u>4,573,643</u>	<u>5,607,500</u>
(b) Medium Term Notes				
- Less than one year				
Denominated in:				
- USD	729,252	2,361,664	729,252	2,361,664
- HKD	137,716	433,498	137,716	433,498
- SGD	168,851	156,039	168,851	156,039
- JPY	713,223	2,539,458	713,223	2,539,458
- AUD	1,430	808	1,430	808
- CNH	253,742	16,207	253,742	16,207
- RM	947,267	834,625	947,267	834,625
	<u>2,951,481</u>	<u>6,342,299</u>	<u>2,951,481</u>	<u>6,342,299</u>

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A18. Insurance/Takaful Contract Liabilities and Other Insurance Payables

Group	Note	30 June 2017 RM'000	31 December 2016 RM'000
Insurance/takaful contract liabilities	(i)	24,191,534	23,513,212
Other insurance payables	(ii)	522,088	435,507
		<u>24,713,622</u>	<u>23,948,719</u>

(i) Insurance/takaful contract liabilities

	Gross contract liabilities RM'000	Reinsurance/ retakaful assets RM'000	Net contract liabilities RM'000
At 30 June 2017			
Life insurance/family takaful	18,302,860	(95,961)	18,206,899
General insurance/general takaful	5,888,674	(3,621,298)	2,267,376
	<u>24,191,534</u>	<u>(3,717,259)</u>	<u>20,474,275</u>
At 31 December 2016			
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
	<u>23,513,212</u>	<u>(3,692,581)</u>	<u>19,820,631</u>

(ii) Other insurance payables

	30 June 2017 RM'000	31 December 2016 RM'000
Due to agents and intermediaries	76,413	61,822
Due to reinsurers and cedants	371,929	313,648
Due to retakaful operators	73,746	60,037
	<u>522,088</u>	<u>435,507</u>

A19. Other Liabilities

	Group		Bank	
	30 June 2017 RM'000	31 December 2016 RM'000	30 June 2017 RM'000	31 December 2016 RM'000
Due to brokers and clients	4,904,041	4,044,200	-	-
Deposits, other creditors and accruals	9,414,888	8,336,837	8,051,119	8,154,734
Defined benefit pension plans	571,530	552,462	-	-
Provisions for commitments and contingencies	35,507	35,507	35,507	35,507
Finance lease liabilities	9,668	9,925	-	-
Structured deposits	4,937,093	4,309,375	4,937,093	4,308,457
	<u>19,872,727</u>	<u>17,288,306</u>	<u>13,023,719</u>	<u>12,498,698</u>

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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	Defined Benefit Reserve RM'000	Net Investment Hedge and Cash Flow Hedge Reserve RM'000	Total Other Reserves RM'000
At 1 January 2017	13,557	8,147	(54,360)	(443,684)	(476,340)
Other comprehensive income	-	-	574	7,819	8,393
Defined benefit plan actuarial gain	-	-	574	-	574
Net gain on net investment hedge	-	-	-	7,819	7,819
Total comprehensive income for the period	-	-	574	7,819	8,393
Disposal of investment properties	-	(234)	-	-	(234)
Total other equity movements	-	(234)	-	-	(234)
At 30 June 2017	13,557	7,913	(53,786)	(435,865)	(468,181)

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

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A21. Interest Income

Group	Second Quarter Ended		Cumulative 6 Months Ended	
	30 June	30 June	30 June	30 June
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Loans, advances and financing	4,078,800	3,927,716	8,266,861	8,028,877
Money at call and deposits and placements with financial institutions	204,249	185,452	376,674	403,437
Financial assets purchased under resale agreements	22,663	15,719	46,967	32,353
Financial assets at FVTPL	262,204	198,096	476,983	377,089
Financial investments available-for-sale	776,373	686,541	1,468,910	1,341,511
Financial investments held-to-maturity	155,907	138,729	298,494	269,664
	5,500,196	5,152,253	10,934,889	10,452,931
Accretion of discounts, net	7,270	6,304	673	7,045
	5,507,466	5,158,557	10,935,562	10,459,976

Bank	Second Quarter Ended		Cumulative 6 Months Ended	
	30 June	30 June	30 June	30 June
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Loans, advances and financing	2,879,650	2,756,895	5,803,762	5,664,495
Money at call and deposits and placements with financial institutions	220,433	185,312	419,360	384,261
Financial assets purchased under resale agreements	11,601	379	18,193	1,943
Financial assets at FVTPL	77,437	46,780	137,689	98,462
Financial investments available-for-sale	639,880	596,075	1,224,570	1,163,057
Financial investments held-to-maturity	139,014	130,290	272,588	266,210
	3,968,015	3,715,731	7,876,162	7,578,428
Accretion of discounts, net	20,045	14,508	24,442	30,674
	3,988,060	3,730,239	7,900,604	7,609,102

Included in interest income for the six-month financial period ended 30 June 2017 was interest on impaired assets amounting to approximately RM147,498,000 (30 June 2016: RM173,858,000) for the Group and RM116,538,000 (30 June 2016: RM116,511,000) for the Bank.

A22. Interest Expense

Group	Second Quarter Ended		Cumulative 6 Months Ended	
	30 June	30 June	30 June	30 June
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Deposits and placements from financial institutions	154,561	116,910	289,167	250,397
Deposits from customers	1,676,166	1,716,570	3,308,601	3,443,314
Floating rate certificates of deposits	2,622	6,999	5,834	13,865
Loans sold to Cagamas	20,829	8,831	30,044	17,906
Obligations on financial assets sold under repurchase agreements	11,020	8,308	33,677	10,356
Borrowings	281,086	210,589	551,555	412,900
Subordinated notes	179,381	199,881	360,143	403,448
Subordinated bonds	8,527	8,498	16,969	16,966
Capital securities	98,641	95,970	195,531	191,774
Structured deposits	38,948	29,822	73,753	64,439
	2,471,781	2,402,378	4,865,274	4,825,365

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A22. Interest Expense (cont'd.)

	Second Quarter Ended		Cumulative 6 Months Ended	
	30 June 2017	30 June 2016	30 June 2017	30 June 2016
Bank	RM'000	RM'000	RM'000	RM'000
Deposits and placements from financial institutions	149,065	107,415	279,831	229,596
Deposits from customers	1,175,147	1,287,046	2,338,025	2,533,752
Floating rate certificates of deposits	2,622	6,999	5,834	13,865
Loans sold to Cagamas	20,829	8,831	30,044	17,906
Obligations on financial assets sold under repurchase agreements	11,020	8,308	33,677	10,356
Borrowings	168,982	116,900	328,512	224,150
Subordinated notes	134,385	162,711	269,077	329,404
Capital securities	98,654	96,829	195,855	193,788
Structured deposits	38,948	29,822	73,753	64,439
	1,799,652	1,824,861	3,554,608	3,617,256

A23. Net Earned Insurance Premiums

	Second Quarter Ended		Cumulative 6 Months Ended	
	30 June 2017	30 June 2016	30 June 2017	30 June 2016
Group	RM'000	RM'000	RM'000	RM'000
Gross earned premiums	1,498,666	1,428,600	2,979,099	2,900,481
Premiums ceded to reinsurers	(242,855)	(364,019)	(469,408)	(667,298)
	1,255,811	1,064,581	2,509,691	2,233,183

A24. Dividends from Subsidiaries and Associates

	Second Quarter Ended		Cumulative 6 Months Ended	
	30 June 2017	30 June 2016	30 June 2017	30 June 2016
Bank	RM'000	RM'000	RM'000	RM'000
Gross dividend income from:				
Subsidiaries	1,114,688	1,648,671	1,114,688	1,725,877
Associates	-	7,954	910	7,954
	1,114,688	1,656,625	1,115,598	1,733,831

A25. Other Operating Income

	Second Quarter Ended		Cumulative 6 Months Ended	
	30 June 2017	30 June 2016	30 June 2017	30 June 2016
Group	RM'000	RM'000	RM'000	RM'000
(a) Fee income:				
Commission	325,456	297,480	631,665	595,608
Service charges and fees	358,441	375,660	682,121	768,975
Underwriting fees	19,360	6,354	44,806	13,036
Brokerage income	144,967	131,729	295,390	279,324
Fees on loans, advances and financing	59,706	60,298	113,794	115,260
	907,930	871,521	1,767,776	1,772,203
(b) Investment income:				
Net gain on disposal of financial assets at FVTPL	75,438	50,203	106,708	117,940
Net gain on disposal of financial investments available-for-sale	192,506	168,780	375,433	310,555
Net gain on redemption of financial investments held-to-maturity	-	3,110	170	11,397
Net gain/(loss) on liquidation of subsidiary	9	-	(1,999)	-
	267,953	222,093	480,312	439,892

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A25. Other Operating Income (cont'd.)

Group (cont'd.)	Second Quarter Ended		Cumulative 6 Months Ended	
	30 June 2017 RM'000	30 June 2016 RM'000	30 June 2017 RM'000	30 June 2016 RM'000
(c) Gross dividend income from:				
Financial investments portfolio	32,730	27,078	52,820	44,114
(d) Unrealised gain/(loss) on revaluation of:				
Financial assets at FVTPL				
- Designated upon initial recognition	110,613	99,404	122,528	234,038
- Held-for-trading	2,526	(17,741)	196,835	(32,873)
Financial liabilities at FVTPL	(78,337)	(52,181)	(70,516)	(50,948)
Derivatives	64,736	54,808	(11,713)	397,278
	<u>99,538</u>	<u>84,290</u>	<u>237,134</u>	<u>547,495</u>
(e) Other income:				
Foreign exchange gain, net	47,570	158,051	123,774	126,551
Realised gain on derivatives	116,845	144,754	174,436	182,942
Rental income	11,359	11,109	21,429	22,301
Gain/(loss) on disposal of property, plant and equipment	10,293	(223)	13,909	28,286
Loss on disposal of foreclosed properties	(107)	(367)	(239)	(273)
Others	58,008	45,590	110,908	90,969
	<u>243,968</u>	<u>358,914</u>	<u>444,217</u>	<u>450,776</u>
Total other operating income	<u>1,552,119</u>	<u>1,563,896</u>	<u>2,982,259</u>	<u>3,254,480</u>
	30 June 2017 RM'000	30 June 2016 RM'000	30 June 2017 RM'000	30 June 2016 RM'000
Bank				
(a) Fee income:				
Commission	283,874	239,008	549,888	472,873
Service charges and fees	276,903	249,848	536,632	497,279
Underwriting fees	10,546	5,600	15,903	11,734
Fees on loans, advances and financing	30,343	33,659	59,820	61,874
	<u>601,666</u>	<u>528,115</u>	<u>1,162,243</u>	<u>1,043,760</u>
(b) Investment income:				
Net gain on disposal of financial assets at FVTPL	39,652	31,681	63,789	68,628
Net gain on disposal of financial investments available-for-sale	55,822	130,913	85,418	232,260
Net gain on redemption of financial investments held-to-maturity	-	3,110	170	11,397
	<u>95,474</u>	<u>165,704</u>	<u>149,377</u>	<u>312,285</u>
(c) Gross dividend income from:				
Financial investments portfolio	3,381	7,412	3,381	8,423
(d) Unrealised gain/(loss) on revaluation of:				
Financial assets at FVTPL				
- Held-for-trading	25,225	(10,329)	43,407	17,232
Financial liabilities at FVTPL	(78,337)	(52,181)	(70,516)	(50,948)
Derivatives	50,880	69,978	66,183	395,924
	<u>(2,232)</u>	<u>7,468</u>	<u>39,074</u>	<u>362,208</u>
(e) Other income:				
Foreign exchange gain, net	118,372	56,859	131,050	204,456
Realised gain on derivatives	111,527	122,842	163,156	147,467
Rental income	7,984	7,640	15,665	15,749
Gain/(loss) on disposal of property, plant and equipment	9,558	(1,050)	12,810	(1,085)
Others	6,328	5,949	14,291	14,950
	<u>253,769</u>	<u>192,240</u>	<u>336,972</u>	<u>381,537</u>
Total other operating income	<u>952,058</u>	<u>900,939</u>	<u>1,691,047</u>	<u>2,108,213</u>

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

Group	Second Quarter Ended		Cumulative 6 Months Ended	
	30 June 2017 RM'000	30 June 2016 RM'000	30 June 2017 RM'000	30 June 2016 RM'000
Gross benefits and claims paid	953,086	976,827	1,972,326	2,106,745
Claims ceded to reinsurers	(155,275)	(106,656)	(234,953)	(287,851)
Gross change to contract liabilities	372,289	592,270	622,446	813,622
Change in contract liabilities ceded to reinsurers	(17,907)	(470,119)	85,778	(429,328)
Net insurance benefits and claims incurred	1,152,193	992,322	2,445,597	2,203,188
Net fee and commission expenses	53,304	62,126	106,306	112,488
Change in expense liabilities	13,694	9,993	28,925	48,682
Taxation of life and takaful fund	10,983	11,245	27,775	35,118
Net fee and commission expenses, change in expense liabilities and taxation of life and takaful fund	77,981	83,364	163,006	196,288
Total net insurance benefits and claims incurred, net fee and commission expenses, change in expense liabilities and taxation of life and takaful fund	1,230,174	1,075,686	2,608,603	2,399,476

A27. Overhead Expenses

Group	Second Quarter Ended		Cumulative 6 Months Ended	
	30 June 2017 RM'000	30 June 2016 RM'000	30 June 2017 RM'000	30 June 2016 RM'000
(a) Personnel expenses				
Salaries, allowances and bonuses	1,174,020	1,077,775	2,325,097	2,134,569
Social security cost	10,843	9,692	22,016	19,275
Pension costs - defined contribution plan	132,690	119,453	261,420	237,403
ESS expenses	2,584	9,198	8,196	19,657
Other staff related expenses	223,803	202,236	434,206	421,595
	1,543,940	1,418,354	3,050,935	2,832,499
(b) Establishment costs				
Depreciation of property, plant and equipment	95,383	92,428	191,221	186,477
Amortisation of intangible assets	70,289	71,051	141,900	141,939
Rental of leasehold land and premises	97,908	88,460	193,357	177,987
Repairs and maintenance of property, plant and equipment	41,343	41,338	82,898	84,169
Information technology expenses	141,682	161,020	307,477	328,058
Fair value adjustments on investments properties	25	11	54	23
Others	12,948	11,047	24,976	22,581
	459,578	465,355	941,883	941,234
(c) Marketing expenses				
Advertisement and publicity	36,782	62,501	104,099	134,946
Others	73,029	72,653	141,020	140,206
	109,811	135,154	245,119	275,152

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A27. Overhead Expenses (cont'd.)

Group (cont'd.)	Second Quarter Ended		Cumulative 6 Months Ended	
	30 June 2017 RM'000	30 June 2016 RM'000	30 June 2017 RM'000	30 June 2016 RM'000
(d) Administration and general expenses				
Fees and brokerage	283,164	235,986	532,590	448,587
Administrative expenses	145,272	159,047	310,498	330,139
General expenses	244,380	200,907	508,013	396,256
Others	7,295	8,910	8,446	20,045
	680,111	604,850	1,359,547	1,195,027
Total overhead expenses	2,793,440	2,623,713	5,597,484	5,243,912
Cost to income ratio ("CIR")¹	47.9%	48.9%	49.1%	48.7%

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

Bank	Second Quarter Ended		Cumulative 6 Months Ended	
	30 June 2017 RM'000	30 June 2016 RM'000	30 June 2017 RM'000	30 June 2016 RM'000
(a) Personnel expenses				
Salaries, allowances and bonuses	718,110	659,541	1,427,318	1,280,294
Social security cost	4,690	4,128	9,836	8,282
Pension costs - defined contribution plan	103,246	90,522	204,720	179,539
ESS expenses	2,602	6,235	6,300	13,889
Other staff related expenses	113,935	115,369	231,336	250,589
	942,583	875,795	1,879,510	1,732,593
(b) Establishment costs				
Depreciation of property, plant and equipment	47,853	46,020	95,694	92,539
Amortisation of intangible assets	25,116	32,554	51,596	65,068
Rental of leasehold land and premises	39,840	37,798	78,497	74,893
Repairs and maintenance of property, plant and equipment	23,694	23,965	45,820	47,570
Information technology expenses	191,785	193,111	390,209	395,104
Others	1,660	2,117	3,755	4,176
	329,948	335,565	665,571	679,350
(c) Marketing expenses				
Advertisement and publicity	17,136	28,459	53,602	69,088
Others	45,606	64,171	105,120	125,325
	62,742	92,630	158,722	194,413
(d) Administration and general expenses				
Fees and brokerage	159,547	135,114	302,350	265,282
Administrative expenses	74,426	67,609	144,835	145,837
General expenses	79,329	77,259	163,050	150,921
Others	809	6,882	6,571	16,833
	314,111	286,864	616,806	578,873
(e) Overhead expenses allocated to subsidiaries	(270,894)	(278,589)	(556,665)	(518,531)
Total overhead expenses	1,378,490	1,312,265	2,763,944	2,666,698
Cost to income ratio ("CIR")²	32.4%	29.4%	38.6%	34.0%

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

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

Group	Second Quarter Ended		Cumulative 6 Months Ended	
	30 June 2017 RM'000	30 June 2016 RM'000	30 June 2017 RM'000	30 June 2016 RM'000
Allowances for/(writeback of) impairment losses on loans, advances and financing:				
- collective allowance made	431,166	361,189	818,033	1,136,373
- collective allowance written back	(343)	(25,877)	(485)	(30,029)
- individual allowance made	545,325	783,833	844,106	1,012,261
- individual allowance written back	(78,583)	(36,779)	(162,312)	(102,730)
Bad debts and financing written-off	33,120	30,568	54,961	54,843
Bad debts and financing recovered	(93,379)	(133,132)	(176,919)	(228,259)
(Writeback of)/allowances for impairment losses on other debts	(7,050)	1,880	(4,619)	4,292
	830,256	981,682	1,372,765	1,846,751

Bank	Second Quarter Ended		Cumulative 6 Months Ended	
	30 June 2017 RM'000	30 June 2016 RM'000	30 June 2017 RM'000	30 June 2016 RM'000
Allowances for/(writeback of) impairment losses on loans, advances and financing:				
- collective allowance made, net	261,235	38,206	504,816	643,857
- individual allowance made	363,226	596,704	583,393	777,003
- individual allowance written back	(47,788)	(22,219)	(86,039)	(65,271)
Bad debts and financing written-off	26,708	20,855	40,029	35,030
Bad debts and financing recovered	(65,576)	(76,079)	(107,345)	(135,074)
Allowances for impairment losses on other debts	692	861	566	688
	538,497	558,328	935,420	1,256,233

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

Group	Second Quarter Ended		Cumulative 6 Months Ended	
	30 June 2017 RM'000	30 June 2016 RM'000	30 June 2017 RM'000	30 June 2016 RM'000
Financial investments AFS				
- Allowance made	6,627	218,159	7,690	237,401
- Amount written back in respect of recoveries	(1,147)	(18,603)	(1,960)	(24,500)
Net	5,480	199,556	5,730	212,901

Bank	Second Quarter Ended		Cumulative 6 Months Ended	
	30 June 2017 RM'000	30 June 2016 RM'000	30 June 2017 RM'000	30 June 2016 RM'000
Financial investments AFS				
- Allowance made	-	201,623	-	201,649
- Amount written back in respect of recoveries	3	(18,518)	(687)	(19,173)
Net	3	183,105	(687)	182,476

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A30. Segment Information

By business segments

The Group's operating segments are 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.

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.)

Six Months Ended 30 June 2017	<===== Business Segments =====>						Total RM'000
	<===== Group Global Banking =====>						
	Group Community Financial Services RM'000	Group Corporate Banking & Global Markets RM'000	Group Investment Banking RM'000	Group Asset Management RM'000	Group Insurance and Takaful RM'000	Head Office and Others RM'000	
Net interest income and income from IBS operations							
- External	5,062,386	2,508,260	159,511	3,990	528,975	217,450	8,480,572
- Inter-segment	-	-	(11,257)	(7,678)	27,174	(8,239)	-
	5,062,386	2,508,260	148,254	(3,688)	556,149	209,211	8,480,572
Net interest income and income from IBS operations	5,062,386	2,508,260	148,254	(3,688)	556,149	209,211	8,480,572
Net earned insurance premiums	-	-	-	-	2,509,691	-	2,509,691
Other operating income	1,544,702	1,253,332	526,478	146,271	435,457	(923,981)	2,982,259
Total operating income	6,607,088	3,761,592	674,732	142,583	3,501,297	(714,770)	13,972,522
Net insurance benefits and claims incurred, net fee and commission expenses, change in expense liabilities and taxation of life and takaful fund	-	-	-	-	(2,689,290)	80,687	(2,608,603)
Net operating income	6,607,088	3,761,592	674,732	142,583	812,007	(634,083)	11,363,919
Overhead expenses	(3,590,155)	(987,903)	(589,075)	(78,807)	(351,544)	-	(5,597,484)
Operating profit/(loss) before impairment losses (Allowances for)/writeback of impairment losses on loans, advances, financing and other debts, net	3,016,933	2,773,689	85,657	63,776	460,463	(634,083)	5,766,435
	(669,724)	(700,280)	1,698	(540)	(3,919)	-	(1,372,765)
Writeback of/(allowances for) impairment losses on financial investments, net	-	1,960	-	-	(7,690)	-	(5,730)
Operating profit/(loss)	2,347,209	2,075,369	87,355	63,236	448,854	(634,083)	4,387,940
Share of profits in associates and joint ventures	-	96,832	8,712	77	-	-	105,621
Profit/(loss) before taxation and zakat	2,347,209	2,172,201	96,067	63,313	448,854	(634,083)	4,493,561
Taxation and zakat							(1,024,230)
Profit after taxation and zakat							3,469,331
Non-controlling interests							(108,094)
Profit for the period - attributable to equity holders of the Bank							3,361,237
Included in overhead expenses are:							
Depreciation of property, plant and equipment	(120,668)	(34,460)	(27,538)	(401)	(8,154)	-	(191,221)
Amortisation of intangible assets	(88,394)	(23,872)	(22,426)	(236)	(6,972)	-	(141,900)

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A30. Segment Information (cont'd.)

By business segments (cont'd.)

Six Months Ended 30 June 2016	<===== Business Segments =====>						Total RM'000
	<===== Group Global Banking =====>						
	Group Community Financial Services RM'000	Group Corporate Banking & Global Markets RM'000	Group Investment Banking RM'000	Group Asset Management RM'000	Group Insurance and Takaful RM'000	Head Office and Others RM'000	
Net interest income and income from IBS operations							
- External	4,661,772	2,342,702	147,461	3,810	455,940	37,849	7,649,534
- Inter-segment	-	-	(4,732)	(6,513)	35,419	(24,174)	-
	4,661,772	2,342,702	142,729	(2,703)	491,359	13,675	7,649,534
Net interest income and income from IBS operations	4,661,772	2,342,702	142,729	(2,703)	491,359	13,675	7,649,534
Net earned insurance premiums	-	-	-	-	2,233,183	-	2,233,183
Other operating income	1,454,690	1,505,418	583,274	53,342	396,300	(738,544)	3,254,480
Total operating income	6,116,462	3,848,120	726,003	50,639	3,120,842	(724,869)	13,137,197
Net insurance benefits and claims incurred, net fee and commission expenses, change in expense liabilities and taxation of life and takaful fund	-	-	-	-	(2,474,381)	74,905	(2,399,476)
Net operating income	6,116,462	3,848,120	726,003	50,639	646,461	(649,964)	10,737,721
Overhead expenses	(3,397,373)	(906,461)	(554,579)	(55,812)	(329,687)	-	(5,243,912)
Operating profit/(loss) before impairment losses (Allowances for)/writeback of impairment losses on loans, advances, financing and other debts, net	2,719,089	2,941,659	171,424	(5,173)	316,774	(649,964)	5,493,809
(Allowances for)/writeback of impairment losses on financial investments, net	(759,669)	(1,081,871)	(7,128)	-	1,917	-	(1,846,751)
(Allowances for)/writeback of impairment losses on financial investments, net	-	(182,064)	(1,780)	6,213	(35,270)	-	(212,901)
Operating profit/(loss)	1,959,420	1,677,724	162,516	1,040	283,421	(649,964)	3,434,157
Share of profits in associates and joint ventures	-	80,867	310	-	-	-	81,177
Profit/(loss) before taxation and zakat	1,959,420	1,758,591	162,826	1,040	283,421	(649,964)	3,515,334
Taxation and zakat							(865,131)
Profit after taxation and zakat							2,650,203
Non-controlling interests							(63,511)
Profit for the period - attributable to equity holders of the Bank							2,586,692
Included in overhead expenses are:							
Depreciation of property, plant and equipment	(119,449)	(31,638)	(27,245)	(432)	(7,713)	-	(186,477)
Amortisation of intangible assets	(92,315)	(22,261)	(22,533)	(116)	(4,714)	-	(141,939)

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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 2016.

A32. Subsequent Events

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

A33. Changes in the Composition of the Group

There were no significant changes to the composition of the Group during the financial half year ended 30 June 2017.

A34. Commitments and Contingencies

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

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

Group	As at 30 June 2017			As at 31 December 2016		
	Full commitment RM'000	Credit equivalent amount* RM'000	Risk- weighted amount* RM'000	Full commitment RM'000	Credit equivalent amount* RM'000	Risk- weighted amount* RM'000
<u>Contingent liabilities</u>						
Direct credit substitutes	11,396,256	10,572,909	6,149,719	12,656,766	11,637,132	6,773,719
Certain transaction-related contingent items	19,800,488	9,697,332	6,842,139	20,138,714	9,865,761	6,526,837
Short-term self-liquidating trade-related contingencies	5,982,622	1,064,045	723,165	6,332,853	1,206,287	806,417
Obligations under underwriting agreements	248,512	-	-	65,885	-	-
	37,427,878	21,334,286	13,715,023	39,194,218	22,709,180	14,106,973
<u>Commitments</u>						
Irrevocable commitments to extend credit:						
- Maturity within one year	107,844,318	16,220,362	9,110,802	104,587,826	17,427,734	9,875,783
- Maturity exceeding one year	40,320,000	33,101,516	17,985,458	40,215,328	29,185,348	14,299,675
	148,164,318	49,321,878	27,096,260	144,803,154	46,613,082	24,175,458
Miscellaneous commitments and contingencies	10,628,856	122,558	88,734	9,567,119	85,577	4,084
Total credit-related commitments and contingencies	196,221,052	70,778,722	40,900,017	193,564,491	69,407,839	38,286,515
<u>Derivative financial instruments</u>						
Foreign exchange related contracts:						
- Less than one year	341,682,156	5,867,360	2,352,714	225,896,876	4,022,354	1,714,681
- One year to less than five years	28,171,844	2,260,617	1,299,057	25,804,447	2,706,778	1,715,007
- Five years and above	4,702,284	671,032	651,300	5,914,955	1,045,414	680,700
	374,556,284	8,799,009	4,303,071	257,616,278	7,774,546	4,110,388
Interest rate related contracts:						
- Less than one year	93,292,157	371,334	90,076	98,606,680	446,302	235,998
- One year to less than five years	163,861,392	2,925,086	1,619,650	144,934,350	2,615,144	1,163,462
- Five years and above	59,318,542	1,613,183	1,107,585	60,944,220	1,371,891	1,008,054
	316,472,091	4,909,603	2,817,311	304,485,250	4,433,337	2,407,514

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A34. Commitments and Contingencies (cont'd.)

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

Group (cont'd.)	As at 30 June 2017			As at 31 December 2016		
	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>Derivative financial instruments</u> <u>(cont'd.)</u>						
Equity and commodity related contracts:						
- Less than one year	5,909,747	13,716	8,910	7,708,321	43,124	21,111
- One year to less than five years	2,712,661	-	-	3,030,606	-	-
- Five years and above	33,663	-	-	33,663	-	-
	8,656,071	13,716	8,910	10,772,590	43,124	21,111
Total treasury-related commitments and contingencies	699,684,446	13,722,328	7,129,292	572,874,118	12,251,007	6,539,013
Total commitments and contingencies	895,905,498	84,501,050	48,029,309	766,438,609	81,658,846	44,825,528
Bank						
	As at 30 June 2017			As at 31 December 2016		
	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	9,248,836	9,068,842	4,823,157	10,494,313	10,133,153	5,276,902
Certain transaction-related contingent items	16,160,649	8,364,107	5,534,314	17,336,804	8,226,900	5,175,883
Short-term self-liquidating trade-related contingencies	5,450,655	905,605	574,340	5,767,014	1,029,670	644,283
	30,860,140	18,338,554	10,931,811	33,598,131	19,389,723	11,097,068
<u>Commitments</u>						
Irrevocable commitments to extend credit:						
- Maturity within one year	84,577,880	11,079,045	5,805,724	80,959,286	11,248,739	6,198,408
- Maturity exceeding one year	31,667,742	28,402,156	15,536,623	31,500,386	25,583,666	12,464,323
	116,245,622	39,481,201	21,342,347	112,459,672	36,832,405	18,662,731
Miscellaneous commitments and contingencies	8,314,617	122,558	88,734	8,007,674	85,577	4,084
Total credit-related commitments and contingencies	155,420,379	57,942,313	32,362,892	154,065,477	56,307,705	29,763,883
<u>Derivative financial instruments</u>						
Foreign exchange related contracts:						
- Less than one year	334,905,391	5,872,679	2,336,257	221,711,497	3,860,533	1,657,761
- One year to less than five years	29,589,189	2,215,953	1,284,883	26,688,364	2,669,793	1,703,282
- Five years and above	4,702,284	563,007	609,005	5,914,955	944,436	639,275
	369,196,864	8,651,639	4,230,145	254,314,816	7,474,762	4,000,318

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A34. Commitments and Contingencies (cont'd.)

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

	As at 30 June 2017			As at 31 December 2016		
	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>Derivative financial instruments</u>						
<u>(cont'd.)</u>						
Interest rate related contracts:						
- Less than one year	92,742,570	248,499	47,870	97,180,404	296,982	169,061
- One year to less than five years	163,990,767	2,369,972	1,288,919	145,209,928	2,279,530	931,515
- Five years and above	59,378,542	1,617,681	1,077,562	60,944,220	1,376,823	945,673
	316,111,879	4,236,152	2,414,351	303,334,552	3,953,335	2,046,249
Equity and commodity related contracts:						
- Less than one year	4,338,184	13,716	8,910	6,387,247	43,124	21,111
- One year to less than five years	2,710,895	-	-	3,027,432	-	-
	7,049,079	13,716	8,910	9,414,679	43,124	21,111
Total treasury-related commitments and contingencies	692,357,822	12,901,507	6,653,406	567,064,047	11,471,221	6,067,678
Total commitments and contingencies	847,778,201	70,843,820	39,016,298	721,129,524	67,778,926	35,831,561

* 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.

Credit Risk

Credit risk arises from the possibility that a counterparty may be unable to meet the terms of a contract in which the Bank and certain subsidiaries have a gain position. As at 30 June 2017, the amount of credit risk in the Group, measured in terms of the cost to replace the profitable contracts, was RM6,284.4 million (31 December 2016: RM8,311.7 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.

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A34. Commitments and Contingencies (cont'd.)

- (ii) 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 ("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. 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) both issued by BNM on 2 March 2017 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 2 March 2017 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.

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 2 March 2017 respectively. The total RWA are computed based on the following approaches:

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

The minimum regulatory capital adequacy requirements for CET1, Tier 1 and Total Capital are 4.5%, 6.0% and 8.0% of total RWA for the current financial year ending 31 December 2017.

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A35. Capital Adequacy (cont'd.)

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

(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 2 March 2017 respectively. The total RWA are computed based on the following approaches:

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

The minimum regulatory capital adequacy requirements for CET1, Tier 1 and Total Capital are 4.5%, 6.0% and 8.0% of total RWA for the current financial year ending 31 December 2017.

(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 10% - 11% of total RWA.

(c) The capital adequacy ratios of the Group and of the Bank

With effect from 30 June 2013, the amount of declared dividend to be deducted in the calculation of CET1 Capital under a DRP shall be determined in accordance with BNM's Implementation Guidance on Capital Adequacy Framework (Capital Components) ("Implementation Guidance") issued on 8 May 2013. Under the said Implementation Guidance, where a portion of the dividend may be reinvested under a DRP (the electable portion), the amount of declared dividend to be deducted in the calculation of CET1 Capital may be reduced as follows:

- (i) where an irrevocable written undertaking from shareholder has been obtained to reinvest the electable portion of the dividend; or
- (ii) where there is no irrevocable written undertaking provided, the average of the preceding 3-year take-up rates subject to the amount being not more than 50% of the total electable portion of the dividend.

For the financial half year ended 30 June 2017, the Bank has proposed a single-tier interim dividend of 23 sen, which consists of a cash portion of 5 sen and an electable portion of 18 sen per ordinary share. The electable portion can be elected to be reinvested in new ordinary shares in accordance with the DRP.

In arriving the capital adequacy ratios for the financial half year ended 30 June 2017, the proposed single-tier interim dividend has not been deducted from the calculation of CET1 Capital.

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

	Group		Bank	
	30 June 2017	31 December 2016	30 June 2017	31 December 2016
CET1 Capital Ratio	13.767%	13.990%	14.735%	15.881%
Tier 1 Capital Ratio	15.410%	15.664%	17.089%	18.232%
Total Capital Ratio	19.192%	19.293%	19.853%	19.432%

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A35. Capital Adequacy (cont'd.)

(d) Components of capital:

	Group		Bank	
	30 June 2017 RM'000	31 December 2016 RM'000	30 June 2017 RM'000	31 December 2016 RM'000
CET1 Capital				
Share capital	42,073,631	10,193,200	42,073,631	10,193,200
Share premium	-	28,878,703	-	28,878,703
Retained profits ¹	19,203,557	10,482,202	12,702,775	4,514,094
Other reserves ¹	5,686,355	15,048,174	5,344,899	13,605,920
Qualifying non-controlling interests	123,019	112,513	-	-
Less: Shares held-in-trust	(180,579)	(125,309)	(180,579)	(125,309)
CET1 Capital before regulatory adjustments	<u>66,905,983</u>	<u>64,589,483</u>	<u>59,940,726</u>	<u>57,066,608</u>
Less: Regulatory adjustments applied on CET1 Capital:				
Capital:	(13,499,851)	(11,482,463)	(20,575,453)	(14,648,641)
Deferred tax assets	(652,095)	(874,988)	(182,564)	(358,687)
Goodwill	(6,142,751)	(6,317,009)	(81,015)	(81,015)
Other intangibles	(894,776)	(955,441)	(456,453)	(449,034)
Gains on financial instruments classified as 'available-for-sale'	(114,401)	-	(2,769)	-
Regulatory reserve	(2,729,449)	(1,057,997)	(2,334,162)	(660,800)
Investment in ordinary shares of unconsolidated financial and insurance/takaful entities ³	(2,966,379)	(2,277,028)	(17,518,490)	(13,099,105)
Total CET1 Capital	<u>53,406,132</u>	<u>53,107,020</u>	<u>39,365,273</u>	<u>42,417,967</u>
Additional Tier 1 Capital				
Capital securities	6,290,123	6,279,948	6,290,123	6,279,948
Qualifying CET1 and Additional Tier 1 capital instruments held by third parties	86,041	73,556	-	-
Total Tier 1 Capital	<u>59,782,296</u>	<u>59,460,524</u>	<u>45,655,396</u>	<u>48,697,915</u>
Tier 2 Capital				
Subordinated obligations	12,817,757	13,077,127	12,817,757	13,077,127
Qualifying CET1, Additional Tier 1 and Tier 2 capital instruments held by third parties	517,403	473,100	-	-
Collective allowance ²	397,082	408,984	119,399	120,467
Surplus of total eligible provision over total expected loss	1,677,783	1,333,468	1,218,754	1,194,370
Less: Investment in capital instruments of unconsolidated financial and insurance/takaful entities ³	(741,595)	(1,518,018)	(6,772,358)	(11,186,221)
Total Tier 2 Capital	<u>14,668,430</u>	<u>13,774,661</u>	<u>7,383,552</u>	<u>3,205,743</u>
Total Capital	<u>74,450,726</u>	<u>73,235,185</u>	<u>53,038,948</u>	<u>51,903,658</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 RM10,289,000 and (iii) Maybank Agro Fund Sdn. Bhd. of RM10,845,000, as its assets are included in the Bank's RWA. For the Group, the regulatory adjustment includes carrying amount of associates and investment in insurance and takaful entities.

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

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

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A35. Capital Adequacy (cont'd.)

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

	Maybank Islamic Berhad	Maybank Investment Bank Berhad	PT Bank Maybank Indonesia Tbk
<u>At 30 June 2017</u>			
CET1 Capital Ratio	13.404%	32.292%	-
Tier 1 Capital Ratio	13.404%	32.292%	-
Total Capital Ratio	17.767%	32.341%	16.891%
<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%

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A35. Capital Adequacy (cont'd.)

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

At 30 June 2017

	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	53,420,329	28,381,853	6,717,932	707,626	36,149,338
Internal Ratings-Based Approach exposure after scaling factor	279,630,469	203,125,664	67,405,985	-	-
Total RWA for credit risk	333,050,798	231,507,517	74,123,917	707,626	36,149,338
Total RWA for credit risk absorbed by Malayan Banking Berhad and Investment Account*	-	-	(16,045,465)	-	-
Total RWA for market risk	16,133,758	13,305,826	943,072	192,987	426,270
Total RWA for operational risk	38,747,897	22,346,634	6,122,133	801,772	5,394,035
Total RWA	387,932,453	267,159,977	65,143,657	1,702,386	41,969,643

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	277,055,512	205,446,192	64,702,050	-	-
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	37,218,327	21,797,628	5,691,742	823,413	5,286,446
Total RWA	379,599,898	267,105,026	62,001,885	1,505,786	43,335,929

* 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 -----> Assets RM'000		Liabilities RM'000	Principal Amount RM'000	<----- Fair Value -----> Assets RM'000		Liabilities RM'000
At 30 June 2017								
Trading derivatives								
<u>Foreign exchange related contracts</u>								
Currency forwards:								
- Less than one year	40,484,966	322,578	(346,820)	34,047,594	257,239	(274,909)		
- One year to three years	1,052,719	19,244	(51,395)	1,052,719	20,903	(51,395)		
- More than three years	79,674	1,649	(622)	79,674	1,649	(622)		
	41,617,359	343,471	(398,837)	35,179,987	279,791	(326,926)		
Currency swaps:								
- Less than one year	283,344,126	1,510,164	(1,644,148)	283,980,619	1,572,259	(1,672,043)		
- One year to three years	588,375	15,426	(448)	803,100	15,426	(489)		
- More than three years	7,344	-	(296)	7,344	-	(296)		
	283,939,845	1,525,590	(1,644,892)	284,791,063	1,587,685	(1,672,828)		
Currency spots:								
- Less than one year	4,159,897	4,318	(3,136)	4,102,772	4,393	(3,193)		
Currency options:								
- Less than one year	5,388,454	20,774	(14,700)	5,388,454	20,774	(14,700)		
- One year to three years	5,368	27	-	5,368	27	-		
	5,393,822	20,801	(14,700)	5,393,822	20,801	(14,700)		
Cross currency interest rate swaps:								
- Less than one year	7,595,733	284,396	(399,974)	6,676,972	285,011	(370,905)		
- One year to three years	13,576,582	645,807	(839,128)	14,996,435	804,511	(976,763)		
- More than three years	13,883,988	783,356	(741,445)	13,666,755	777,334	(725,375)		
	35,056,303	1,713,559	(1,980,547)	35,340,162	1,866,856	(2,073,043)		
<u>Interest rate related contracts</u>								
Interest rate swaps:								
- Less than one year	85,612,406	75,372	(52,918)	85,771,415	75,251	(53,421)		
- One year to three years	69,713,467	327,377	(305,697)	70,253,251	328,846	(303,617)		
- More than three years	139,822,252	2,099,052	(2,146,283)	140,077,595	2,091,258	(2,150,930)		
	295,148,125	2,501,801	(2,504,898)	296,102,261	2,495,355	(2,507,968)		
Interest rate futures:								
- Less than one year	7,279,184	3,648	(1,008)	6,570,588	3,646	(789)		
- One year to three years	2,039,892	16	(554)	1,159,515	-	(358)		
	9,319,076	3,664	(1,562)	7,730,103	3,646	(1,147)		
Interest rate options:								
- Less than one year	379,094	-	-	379,094	-	-		
- One year to three years	1,766,284	4,028	(1,654)	1,766,284	4,028	(1,654)		
- More than three years	8,370,819	72,038	(228,056)	9,210,819	79,926	(228,384)		
	10,516,197	76,066	(229,710)	11,356,197	83,954	(230,038)		

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A36. Derivative Financial Instruments (cont'd.)

	Group			Bank		
	Principal Amount RM'000	<---- Fair Value ---->		Principal Amount RM'000	<---- Fair Value ---->	
At 30 June 2017 (cont'd.)	Assets RM'000	Liabilities RM'000	Assets RM'000	Liabilities RM'000	Assets RM'000	Liabilities RM'000
Trading derivatives (cont'd.)						
<u>Equity related contracts</u>						
Index futures:						
- Less than one year	2,316	-	(112)	-	-	-
- More than three years	33,663	2,000	-	-	-	-
	<u>35,979</u>	<u>2,000</u>	<u>(112)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Equity options:						
- Less than one year	308,613	13,807	(33,131)	104,399	1,226	(165)
- One year to three years	1,766	1,971	-	-	-	-
	<u>310,379</u>	<u>15,778</u>	<u>(33,131)</u>	<u>104,399</u>	<u>1,226</u>	<u>(165)</u>
Equity swaps:						
- Less than one year	1,515,054	38,013	(119,152)	150,021	4,114	(9,466)
<u>Commodity related contracts</u>						
Commodity options:						
- Less than one year	3,824,261	227,264	(233,330)	3,824,261	227,264	(233,330)
- One year to three years	1,877,198	152,224	(157,003)	1,877,198	152,224	(157,003)
	<u>5,701,459</u>	<u>379,488</u>	<u>(390,333)</u>	<u>5,701,459</u>	<u>379,488</u>	<u>(390,333)</u>
Commodity swaps:						
- Less than one year	259,503	20,679	(20,516)	259,503	20,679	(20,516)
- One year to three years	597,912	33,558	(32,973)	597,912	33,558	(32,973)
- More than three years	235,785	9,764	(9,246)	235,785	9,764	(9,246)
	<u>1,093,200</u>	<u>64,001</u>	<u>(62,735)</u>	<u>1,093,200</u>	<u>64,001</u>	<u>(62,735)</u>
Hedging derivatives						
<u>Foreign exchange related contracts</u>						
Cross currency interest rate swaps:						
- Less than one year	708,980	43,967	-	708,980	43,967	-
- One year to three years	2,849,827	74,398	(136,895)	2,849,827	74,398	(136,895)
- More than three years	830,251	-	(9,020)	830,251	-	(9,020)
	<u>4,389,058</u>	<u>118,365</u>	<u>(145,915)</u>	<u>4,389,058</u>	<u>118,365</u>	<u>(145,915)</u>
<u>Interest rate related contracts</u>						
Interest rate swaps:						
- Less than one year	21,473	-	(101)	21,473	-	(101)
- One year to three years	908,935	540	(3,667)	343,560	523	(2,000)
- More than three years	558,285	14,168	(48)	558,285	14,168	(48)
	<u>1,488,693</u>	<u>14,708</u>	<u>(3,816)</u>	<u>923,318</u>	<u>14,691</u>	<u>(2,149)</u>
Netting effects under MFRS 132 Amendments						
	-	(537,200)	537,200	-	(537,200)	537,200
Total	699,684,446	6,284,423	(6,996,276)	692,357,822	6,387,166	(6,903,406)

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A36. Derivative Financial Instruments (cont'd.)

At 31 December 2016	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						
<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.)

	Group			Bank		
	Principal Amount RM'000	<---- Fair Value ---->		Principal Amount RM'000	<---- Fair Value ---->	
At 31 December 2016 (cont'd.)	Assets RM'000	Liabilities RM'000	RM'000	Assets RM'000	Liabilities RM'000	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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A37. Fair Value Measurements of Financial Instruments

Fair value hierarchy

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

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

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

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

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

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

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

The following tables show the Group's and the Bank's financial assets and financial liabilities that are measured at fair value analysed by level within the fair value hierarchy as at 30 June 2017 and 31 December 2016.

Group	<u>Valuation technique using</u>			Total
	Quoted Market Price (Level 1) RM'000	Observable Inputs (Level 2) RM'000	Unobservable Inputs (Level 3) RM'000	
At 30 June 2017				
Financial assets measured at fair value:				
Financial assets held-for-trading	2,919,022	12,448,671	-	15,367,693
Money market instruments	-	5,219,358	-	5,219,358
Quoted securities	2,919,022	-	-	2,919,022
Unquoted securities	-	7,229,313	-	7,229,313
Financial assets designated at fair value through profit or loss	459,378	12,696,803	-	13,156,181
Money market instruments	-	899,086	-	899,086
Quoted securities	459,378	-	-	459,378
Unquoted securities	-	11,797,717	-	11,797,717
Financial investments available-for-sale	2,397,750	100,556,322	573,444	103,527,516
Money market instruments	-	53,233,854	-	53,233,854
Quoted securities	2,397,750	-	-	2,397,750
Unquoted securities	-	47,322,468	573,444	47,895,912
Derivative assets	1,280	5,900,386	382,757	6,284,423
Foreign exchange related contracts	-	3,726,104	-	3,726,104
Interest rate related contracts	-	2,596,239	-	2,596,239
Equity and commodity related contracts	1,280	115,243	382,757	499,280
Netting effects under MFRS 132 Amendments	-	(537,200)	-	(537,200)
	5,777,430	131,602,182	956,201	138,335,813

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

Group (cont'd.) At 30 June 2017	<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:				
Financial liabilities designated at fair value through profit or loss	-	4,140,412	-	4,140,412
Structured deposits	-	2,038,594	-	2,038,594
Borrowings	-	2,101,818	-	2,101,818
Derivative liabilities	4,912	6,598,823	392,541	6,996,276
Foreign exchange related contracts	-	4,188,027	-	4,188,027
Interest rate related contracts	-	2,739,986	-	2,739,986
Equity and commodity related contracts	4,912	208,010	392,541	605,463
Netting effects under MFRS 132 Amendments	-	(537,200)	-	(537,200)
	<u>4,912</u>	<u>10,739,235</u>	<u>392,541</u>	<u>11,136,688</u>
Financial assets measured at fair value:				
Group 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 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)
	<u>4,903,870</u>	<u>117,954,821</u>	<u>1,333,896</u>	<u>124,192,587</u>

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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:				
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)
	<u>5,041</u>	<u>11,913,248</u>	<u>497,001</u>	<u>12,415,290</u>

Bank At 30 June 2017	<u>Valuation technique using</u>			Total RM'000
	Quoted Market Price (Level 1) RM'000	Observable Inputs (Level 2) RM'000	Unobservable Inputs (Level 3) RM'000	
Financial assets measured at fair value:				
Financial assets held-for-trading	160,691	10,935,873	-	11,096,564
Money market instruments	-	3,588,658	-	3,588,658
Quoted securities	160,691	-	-	160,691
Unquoted securities	-	7,347,215	-	7,347,215
Financial investments available-for-sale	153,621	82,798,064	410,518	83,362,203
Money market instruments	-	43,660,041	-	43,660,041
Quoted securities	153,621	-	-	153,621
Unquoted securities	-	39,138,023	410,518	39,548,541
Derivative assets	-	6,004,409	382,757	6,387,166
Foreign exchange related contracts	-	3,877,891	-	3,877,891
Interest rate related contracts	-	2,597,646	-	2,597,646
Equity and commodity related contracts	-	66,072	382,757	448,829
Netting effects under MFRS 132 Amendments	-	(537,200)	-	(537,200)
	<u>314,312</u>	<u>99,738,346</u>	<u>793,275</u>	<u>100,845,933</u>

Financial liabilities measured at fair value:

Financial liabilities designated at fair value through profit or loss	-	3,243,365	-	3,243,365
Structured deposits	-	1,141,547	-	1,141,547
Borrowings	-	2,101,818	-	2,101,818
Derivative liabilities	-	6,510,865	392,541	6,903,406
Foreign exchange related contracts	-	4,236,605	-	4,236,605
Interest rate related contracts	-	2,741,302	-	2,741,302
Equity and commodity related contracts	-	70,158	392,541	462,699
Netting effects under MFRS 132 Amendments	-	(537,200)	-	(537,200)
	<u>-</u>	<u>9,754,230</u>	<u>392,541</u>	<u>10,146,771</u>

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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 MFRS132 Amendments	-	(830,284)	-	(830,284)
	<u>287,487</u>	<u>89,936,966</u>	<u>980,980</u>	<u>91,205,433</u>
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 MFRS132 Amendments	-	(830,284)	-	(830,284)
	<u>-</u>	<u>10,990,359</u>	<u>497,001</u>	<u>11,487,360</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.

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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	Other gains/(losses) recognised in income statements*	Unrealised gains/(losses) recognised in income statements#	Unrealised gains/(losses) recognised in other comprehensive income	Purchases/ Issuances	Sales	Settlements	Exchange differences	Transfer into Level 3	Transfer out from Level 3	At 30 June 2017
At 30 June 2017	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Financial assets held-for-trading											
Unquoted securities	-	(20)	-	-	551	(531)	-	-	-	-	-
	-	(20)	-	-	551	(531)	-	-	-	-	-
Financial assets designated at fair value through profit or loss											
Unquoted securities	80,814	(1,551)	(16,663)	-	-	(62,600)	-	-	-	-	-
	80,814	(1,551)	(16,663)	-	-	(62,600)	-	-	-	-	-
Financial investments available-for-sale											
Unquoted securities	767,606	(4,969)	-	(104,281)	2,502	(84,250)	-	(3,134)	-	(30)	573,444
	767,606	(4,969)	-	(104,281)	2,502	(84,250)	-	(3,134)	-	(30)	573,444
Derivative assets											
Equity and commodity related contracts	485,476	144,195	(22,528)	-	137,094	-	(361,480)	-	-	-	382,757
	485,476	144,195	(22,528)	-	137,094	-	(361,480)	-	-	-	382,757
Total Level 3 financial assets	1,333,896	137,655	(39,191)	(104,281)	140,147	(147,381)	(361,480)	(3,134)	-	(30)	956,201
Derivative liabilities											
Equity and commodity related contracts	(497,001)	148,603	22,929	-	(141,840)	-	74,768	-	-	-	(392,541)
	(497,001)	148,603	22,929	-	(141,840)	-	74,768	-	-	-	(392,541)
Total Level 3 financial liabilities	(497,001)	148,603	22,929	-	(141,840)	-	74,768	-	-	-	(392,541)
Total net Level 3 financial assets/ (liabilities)	836,895	286,258	(16,262)	(104,281)	(1,693)	(147,381)	(286,712)	(3,134)	-	(30)	563,660

* 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 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
Financial assets designated at fair value through profit or loss											
Unquoted securities	81,454	373	425	-	-	(1,438)	-	-	-	-	80,814
	81,454	373	425	-	-	(1,438)	-	-	-	-	80,814
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
	576,527	655,862	-	7,189	15,869	(11,126)	(668,492)	(55,260)	251,336	(4,299)	767,606
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
	8,304	(8,437)	274,226	-	212,036	(653)	-	-	-	-	485,476
Total Level 3 financial assets	666,285	647,798	274,651	7,189	227,905	(13,217)	(668,492)	(55,260)	251,336	(4,299)	1,333,896
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)
	(69,959)	(54,282)	(268,125)	-	(223,969)	54,454	64,880	-	-	-	(497,001)
Total Level 3 financial liabilities	(69,959)	(54,282)	(268,125)	-	(223,969)	54,454	64,880	-	-	-	(497,001)
Total net Level 3 financial assets/ (liabilities)	596,326	593,516	6,526	7,189	3,936	41,237	(603,612)	(55,260)	251,336	(4,299)	836,895

* 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'.

[^] The settlement amount of financial investments available-for-sale for the financial year ended 31 December 2016 was mainly comprised of disposal of unquoted shares of RM625.2 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.):

	At 1 January 2017 RM'000	Other gains/(losses) recognised in income statements*	Unrealised gains/(losses) recognised in income statements#	Unrealised gains/(losses) recognised in other comprehensive income	Purchases/ Issuances	Sales	Settlements	Exchange differences	Transfer into Level 3	Transfer out from Level 3	At 30 June 2017 RM'000
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Bank											
At 30 June 2017											
Financial investments available-for-sale											
Unquoted securities	495,503	-	-	(84,720)	-	-	-	(265)	-	-	410,518
	495,503	-	-	(84,720)	-	-	-	(265)	-	-	410,518
Derivative assets											
Equity and commodity related contracts	485,476	144,195	(22,528)	-	137,094	-	(361,480)	-	-	-	382,757
	485,476	144,195	(22,528)	-	137,094	-	(361,480)	-	-	-	382,757
Total Level 3 financial assets	980,979	144,195	(22,528)	(84,720)	137,094	-	(361,480)	(265)	-	-	793,275
Derivative liabilities											
Equity and commodity related contracts	(497,001)	148,603	22,929	-	(141,840)	-	74,768	-	-	-	(392,541)
	(497,001)	148,603	22,929	-	(141,840)	-	74,768	-	-	-	(392,541)
Total Level 3 financial liabilities	(497,001)	148,603	22,929	-	(141,840)	-	74,768	-	-	-	(392,541)
Total net Level 3 financial assets/ (liabilities)	483,978	292,798	401	(84,720)	(4,746)	-	(286,712)	(265)	-	-	400,734

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

Included within 'Other operating income'.

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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	At
At 31 December 2016	2016	gains/(losses)	gains/(losses)	gains/(losses)	Issuances	RM'000	RM'000	differences	Level 3	out from	31 December
	RM'000	recognised in	recognised in	recognised in	RM'000	RM'000	RM'000	RM'000	RM'000	Level 3	2016
		income	income	other						RM'000	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'.

^ The settlement amount of financial investments available-for-sale for the financial year ended 31 December 2016 was mainly comprised of disposal of unquoted shares of RM625.2 million.

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

There were no transfers between Level 1 and Level 2 for the Group and the Bank during the financial half year ended 30 June 2017.

Movements in Level 3 financial instruments measured at fair value

During the financial half year ended 30 June 2017, 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	
	30 June 2017	31 December 2016	30 June 2017	31 December 2016
Outstanding credit exposures with connected parties (RM'000)	25,052,854	21,695,021	37,084,295	37,789,161
Percentage of outstanding credit exposures to connected parties as proportion of total credit exposures	3.4%	3.0%	6.9%	7.1%
Percentage of outstanding credit exposures to connected parties which is impaired* or in default	-	-	-	-

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

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

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

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

(a) Unaudited Income Statements for the Financial Half Year Ended 30 June 2017

Group	Life Fund		Family Takaful Fund		General Takaful Fund		Shareholders' and General Fund		Total	
	30 June 2017 RM'000	30 June 2016 RM'000	30 June 2017 RM'000	30 June 2016 RM'000	30 June 2017 RM'000	30 June 2016 RM'000	30 June 2017 RM'000	30 June 2016 RM'000	30 June 2017 RM'000	30 June 2016 RM'000
Interest income	204,037	189,376	210,076	183,663	36,718	34,814	116,319	93,777	567,150	501,630
Interest expense	-	-	-	-	-	-	(16,977)	(16,966)	(16,977)	(16,966)
Net interest income	204,037	189,376	210,076	183,663	36,718	34,814	99,342	76,811	550,173	484,664
Net earned insurance premiums	796,610	625,039	617,451	583,726	515,885	512,661	579,745	511,757	2,509,691	2,233,183
Other operating income	257,808	167,349	93,290	155,816	4,339	8,283	76,634	59,209	432,071	390,657
Total operating income	1,258,455	981,764	920,817	923,205	556,942	555,758	755,721	647,777	3,491,935	3,108,504
Net insurance benefits and claims incurred, net fee and commission expenses, change in expense liabilities and taxation of life and takaful fund	(1,170,989)	(888,686)	(903,300)	(902,565)	(557,905)	(554,170)	(57,096)	(128,960)	(2,689,290)	(2,474,381)
Net operating income	87,466	93,078	17,517	20,640	(963)	1,588	698,625	518,817	802,645	634,123
Overhead expenses	(85,625)	(79,100)	(13,005)	(12,020)	(9)	(493)	(254,480)	(236,805)	(353,119)	(328,418)
Operating profit before impairment losses (Allowances for)/writeback of impairment losses on loans, advances, financing and other debts, net	1,841	13,978	4,512	8,620	(972)	1,095	444,145	282,012	449,526	305,705
Allowances for impairment losses on financial investments, net	(384)	(233)	(478)	45	1,056	(1,055)	(4,112)	3,159	(3,918)	1,916
Operating profit	(1,457)	(13,745)	(4,034)	(8,665)	(84)	(40)	(2,114)	(12,820)	(7,689)	(35,270)
Share of profits in associates	-	-	-	-	-	-	437,919	272,351	437,919	272,351
Profit before taxation and zakat	-	-	-	-	-	-	437,919	272,351	437,919	272,351
Taxation and zakat	-	-	-	-	-	-	(137,511)	(81,316)	(137,511)	(81,316)
Profit for the period	-	-	-	-	-	-	300,408	191,035	300,408	191,035

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

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

(b) Unaudited Statements of Financial Position as at 30 June 2017

Group	Life Fund		Family Takaful Fund		General Takaful Fund		Shareholders' and General Fund		Total	
	30 June 2017	31 December 2016	30 June 2017	31 December 2016	30 June 2017	31 December 2016	30 June 2017	31 December 2016	30 June 2017	31 December 2016
	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	156,823	146,731	126,818	71,062	60,719	70,496	501,377	171,474	845,737	459,763
Deposits and placements with financial institutions	869,424	1,018,841	1,046,588	582,234	190,666	370,618	567,714	714,028	2,674,392	2,685,721
Financial assets at fair value through profit or loss	8,290,956	7,973,163	5,658,483	5,760,444	-	-	83,706	-	14,033,145	13,733,607
Financial investments available-for-sale	1,089,307	859,714	2,743,478	2,966,503	1,521,631	1,404,077	4,563,970	4,226,756	9,918,386	9,457,050
Loans, advances and financing	227,326	234,497	-	-	-	-	74,794	95,231	302,120	329,728
Derivative assets	7,230	1,636	-	-	-	-	556	-	7,786	1,636
Reinsurance/retakaful assets and other insurance receivables	64,263	63,130	192,799	158,155	342,832	283,102	3,653,148	3,635,209	4,253,042	4,139,596
Other assets	166,980	77,845	23,328	23,592	3,136	2,445	183,531	195,115	376,975	298,997
Investment properties	688,721	658,541	-	-	-	-	95,397	96,329	784,118	754,870
Interest in associates	-	-	-	-	-	-	152	152	152	152
Property, plant and equipment	89,572	87,736	-	-	-	-	61,697	67,950	151,269	155,686
Intangible assets	25,252	24,090	-	-	-	-	47,172	43,390	72,424	67,480
Deferred tax assets	6,321	8,130	3,407	3,302	5,104	7,948	20,066	15,659	34,898	35,039
TOTAL ASSETS	11,682,175	11,154,054	9,794,901	9,565,292	2,124,088	2,138,686	9,853,280	9,261,293	33,454,444	32,119,325
LIABILITIES										
Derivative liabilities	47,441	57,014	-	-	-	-	-	208	47,441	57,222
Insurance/takaful contract liabilities and other insurance payables	8,746,173	8,461,829	9,585,661	9,226,725	1,844,235	1,752,648	4,537,553	4,507,517	24,713,622	23,948,719
Other liabilities #	2,861,366	2,596,402	208,810	334,616	278,997	384,876	(1,412,867)	(1,763,681)	1,936,306	1,552,213
Provision for taxation and zakat	(8,494)	2,506	(804)	134	-	-	23,579	42,270	14,281	44,910
Deferred tax liabilities	35,689	36,303	1,234	3,817	856	1,162	595,398	564,633	633,177	605,915
Subordinated obligations	-	-	-	-	-	-	811,143	811,309	811,143	811,309
TOTAL LIABILITIES	11,682,175	11,154,054	9,794,901	9,565,292	2,124,088	2,138,686	4,554,806	4,162,256	28,155,970	27,020,288
EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE SUBSIDIARIES										
Share capital	-	-	-	-	-	-	660,865	252,005	660,865	252,005
Other reserves	-	-	-	-	-	-	4,637,609	4,847,032	4,637,609	4,847,032
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	11,682,175	11,154,054	9,794,901	9,565,292	2,124,088	2,138,686	9,853,280	9,261,293	33,454,444	32,119,325

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

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A40. The Operations of Islamic Banking Scheme

A40a. Unaudited Income Statements for the Financial Half Year Ended 30 June 2017

Group	Second Quarter Ended		Cumulative 6 Months Ended	
	30 June 2017	30 June 2016	30 June 2017	30 June 2016
	RM'000	RM'000	RM'000	RM'000
Income derived from investment of depositors' funds	1,709,960	1,575,049	3,313,447	3,060,338
Income derived from investment of investment account funds	394,851	393,866	807,213	711,769
Income derived from investment of Islamic Banking Funds	87,118	78,622	219,578	163,728
Allowances for impairment losses on financing and advances	(109,632)	(261,111)	(160,547)	(296,205)
Total distributable income	2,082,297	1,786,426	4,179,691	3,639,630
Profit distributed to depositors	(954,677)	(899,018)	(1,835,497)	(1,742,418)
Profit distributed to investment account holders	(246,609)	(260,547)	(509,342)	(467,932)
Total net income	881,011	626,861	1,834,852	1,429,280
Finance cost	(29,625)	(29,357)	(58,803)	(63,299)
Overhead expenses	(350,721)	(344,526)	(715,839)	(645,731)
Profit before taxation and zakat	500,665	252,978	1,060,210	720,250
Taxation	(110,889)	(72,079)	(211,524)	(174,883)
Zakat	(3,421)	(5,557)	(7,210)	(9,173)
Profit for the period	386,355	175,342	841,476	536,194

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

Group	Second Quarter Ended		Cumulative 6 Months Ended	
	30 June 2017	30 June 2016	30 June 2017	30 June 2016
	RM'000	RM'000	RM'000	RM'000
Income derived from investment of depositors' funds	1,709,960	1,575,049	3,313,447	3,060,338
Income derived from investment of investment account funds	394,851	393,866	807,213	711,769
Income derived from investment of Islamic Banking Funds	87,118	78,622	219,578	163,728
Total income before allowances for impairment losses on financing and advances and overhead expenses	2,191,929	2,047,537	4,340,238	3,935,835
Profit distributed to depositors	(954,677)	(899,018)	(1,835,497)	(1,742,418)
Profit distributed to investment account holders	(246,609)	(260,547)	(509,342)	(467,932)
	990,643	887,972	1,995,399	1,725,485
Finance cost	(29,625)	(29,357)	(58,803)	(63,299)
Net of intercompany income and expenses	234,773	178,368	473,688	352,737
Income from Islamic Banking Scheme	1,195,791	1,036,983	2,410,284	2,014,923

A40b. Unaudited Statements of Comprehensive Income for the Financial Half Year Ended 30 June 2017

Group	Second Quarter Ended		Cumulative 6 Months Ended	
	30 June 2017	30 June 2016	30 June 2017	30 June 2016
	RM'000	RM'000	RM'000	RM'000
Profit for the period	386,355	175,342	841,476	536,194
Other comprehensive (loss)/income:				
Items that will not be reclassified subsequently to profit or loss				
Defined benefit plan actuarial (loss)/gain	(394)	12	535	348
Income tax effect	98	(3)	(134)	(87)
	(296)	9	401	261
Items that may be reclassified subsequently to profit or loss				
Net (loss)/gain on foreign exchange translation	(4,968)	29,714	(53,565)	(230,108)
Net gain on financial investments available-for-sale	38,535	30,306	55,372	157,633
Income tax effect	(9,249)	(7,273)	(13,284)	(39,225)
	24,318	52,747	(11,477)	(111,700)
Other comprehensive income/(loss) for the period, net of tax	24,022	52,756	(11,076)	(111,439)
Total comprehensive income for the period	410,377	228,098	830,400	424,755

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

A40c. Unaudited Statement of Financial Position as at 30 June 2017

<u>Group</u>	Note	30 June 2017 RM'000	31 December 2016 RM'000
ASSETS			
Cash and short-term funds		12,586,776	15,552,945
Deposits and placements with financial institutions		754,201	654,194
Financial investments portfolio		11,723,126	9,181,991
Financing and advances	A40e	153,195,397	148,710,892
Derivative assets		343,933	515,554
Other assets		4,824,656	4,959,989
Statutory deposit with central banks		2,620,000	3,070,000
Property, plant and equipment		1,373	2,566
Intangible assets		1,987	614
Deferred tax assets		33,466	21,012
Total Assets		186,084,915	182,669,757
LIABILITIES			
Deposits from customers	A40f	113,372,448	106,842,961
Investment accounts of customers	A40g	27,786,571	31,544,587
Deposits and placements from financial institutions		30,796,562	30,346,297
Financial liabilities at fair value through profit or loss	A40h	897,047	902,091
Bills and acceptances payable		17,981	53,220
Derivatives liabilities		397,572	535,161
Other liabilities		580,471	388,615
Provision for taxation and zakat		168,684	98,561
Subordinated sukuk	A40i	2,533,918	2,534,496
Total Liabilities		176,551,254	173,245,989
ISLAMIC BANKING CAPITAL FUNDS			
Islamic Banking Funds		5,791,826	595,076
Share premium		-	5,200,228
Retained profits		3,362,111	2,881,471
Other reserves		379,724	746,993
		9,533,661	9,423,768
Total Liabilities and Islamic Banking Capital Funds		186,084,915	182,669,757
COMMITMENTS AND CONTINGENCIES			
		54,721,017	52,097,394

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

A40d. Unaudited Statements of Changes in Islamic Banking Capital Funds for the Financial Half Year Ended 30 June 2017

<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	Defined Benefit Reserve RM'000	Distributable Retained Profits RM'000	Total RM'000
At 1 January 2017	595,076	5,200,228	409,672	393,700	(55,264)	(2,897)	1,697	85	2,881,471	9,423,768
Profit for the period	-	-	-	-	-	-	-	-	841,476	841,476
Other comprehensive income/(loss)	-	-	-	-	42,088	(53,565)	-	401	-	(11,076)
Net loss on foreign exchange translation	-	-	-	-	-	(53,565)	-	-	-	(53,565)
Net gain on financial investments available-for-sale	-	-	-	-	42,088	-	-	-	-	42,088
Defined benefit plan actuarial gain	-	-	-	-	-	-	-	401	-	401
Total comprehensive income/(loss) for the period	-	-	-	-	42,088	(53,565)	-	401	841,476	830,400
Transfer (to)/from conventional banking operations	(3,478)	-	-	-	-	55,483	-	(4)	4,587	56,588
Transfer from regulatory reserve	-	-	-	(2,000)	-	-	-	-	2,000	-
Transfer from statutory reserve	-	-	(409,672)	-	-	-	-	-	409,672	-
Dividends paid	-	-	-	-	-	-	-	-	(777,095)	(777,095)
Transfer to share capital [#]	5,200,228	(5,200,228)	-	-	-	-	-	-	-	-
At 30 June 2017	5,791,826	-	-	391,700	(13,176)	(979)	1,697	482	3,362,111	9,533,661

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

[#] Transfer of share premium to share capital pursuant to Companies Act 2016.

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

A40d. Unaudited Statements of Changes in Islamic Banking Capital Funds for the Financial Half Year Ended 30 June 2017 (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 2016	1,194,821	4,658,233	409,672	430,249	(104,493)	(3,719)	1,697	34,456	(190)	2,728,172	9,348,898
Profit for the period	-	-	-	-	-	-	-	-	-	536,194	536,194
Other comprehensive income/(loss)	-	-	-	-	118,408	(230,108)	-	-	261	-	(111,439)
Net loss on foreign exchange translation	-	-	-	-	-	(230,108)	-	-	-	-	(230,108)
Net gain on financial investments available-for-sale	-	-	-	-	118,408	-	-	-	-	-	118,408
Defined benefit plan actuarial gain	-	-	-	-	-	-	-	-	261	-	261
Total comprehensive income/ (loss) for the period	-	-	-	-	118,408	(230,108)	-	-	261	536,194	424,755
Transfer (to)/from conventional banking operations	(642,081)	-	-	-	-	233,742	-	-	7	(72,971)	(481,303)
Transfer from regulatory reserve	-	-	-	(317,249)	-	-	-	-	-	317,249	-
Dividends paid	-	-	-	-	-	-	-	-	-	(564,872)	(564,872)
At 30 June 2016	552,740	4,658,233	409,672	113,000	13,915	(85)	1,697	34,456	78	2,943,772	8,727,478

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

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

A40e. Financing and Advances

Group	Bai[^]	Murabahah	Musyarakah	Al-Ijarah	Ijarah	Istisna'	Others	Total
As at 30 June 2017	RM'000	RM'000	RM'000	Al-Bai (AITAB)	RM'000	RM'000	RM'000	Financing
				Thumma				and
				RM'000				Advances
								RM'000
Cashline	-	5,130,146	-	-	-	-	-	5,130,146
Term financing								
- Housing financing	18,355,381	61,812,553	2,474,074	-	-	-	-	82,642,008
- Syndicated financing	-	773,779	-	-	-	-	-	773,779
- Hire purchase receivables	-	-	-	36,747,845	-	-	-	36,747,845
- Other term financing	23,658,010	72,782,208	1,257,921	-	121,620	147,213	55,237	98,022,209
Bills receivables	34,874	-	-	-	-	-	3,148	38,022
Trust receipts	-	152,395	-	-	-	-	-	152,395
Claims on customers under acceptance credits	-	4,690,134	-	-	-	-	-	4,690,134
Staff financing	683,374	1,446,960	10,225	154,548	-	-	47,218	2,342,325
Credit card receivables	-	-	-	-	-	-	867,913	867,913
Revolving credit	-	17,082,941	-	-	-	-	-	17,082,941
	42,731,639	163,871,116	3,742,220	36,902,393	121,620	147,213	973,516	248,489,717
Unearned income								(93,775,331)
Gross financing and advances ^{^^}								154,714,386
Allowances for impaired financing and advances:								
- Individual allowance								(663,321)
- Collective allowance								(855,668)
Net financing and advances								153,195,397

[^] 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 Accounts 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 2016	RM'000	RM'000	RM'000	Al-Bai (AITAB)	RM'000	RM'000	RM'000	Financing
				Thumma				and
				RM'000				Advances
								RM'000
Cashline	-	4,844,236	-	-	-	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
	<u>47,692,050</u>	<u>158,070,409</u>	<u>3,913,935</u>	<u>36,298,495</u>	<u>118,178</u>	<u>148,236</u>	<u>928,707</u>	<u>247,170,010</u>
Unearned income								(96,954,485)
Gross financing and advances ^{^^}								<u>150,215,525</u>
Allowances for impaired financing and advances:								
- Individual allowance								(746,215)
- Collective allowance								(758,418)
Net financing and advances								<u><u>148,710,892</u></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 Accounts of Customers ("IA").

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

A40e. Financing and Advances (cont'd.)

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

<u>Group</u>	30 June 2017 RM'000	31 December 2016 RM'000
Gross impaired financing at 1 January	1,667,994	1,065,972
Newly impaired	700,775	1,470,216
Reclassified as non-impaired	(257,469)	(415,007)
Amount recovered	(195,502)	(237,721)
Amount written-off	(168,657)	(215,466)
Gross impaired financing at 30 June 2017/31 December 2016	<u>1,747,141</u>	<u>1,667,994</u>
<u>Calculation of ratio of net impaired financing :</u>		
Gross impaired financing at 30 June 2017/31 December 2016 (excluding financing funded by RPSIA and IA)	1,669,525	1,586,303
Less: Individual allowance	(663,321)	(746,215)
Net impaired financing at 30 June 2017/31 December 2016	<u>1,006,204</u>	<u>840,088</u>
Gross financing and advances (excluding financing funded by RPSIA and IA)	108,257,301	100,940,476
Less: Individual allowance	(663,321)	(746,215)
Net financing and advances	<u>107,593,980</u>	<u>100,194,261</u>
Net impaired financing as a percentage of net financing and advances	<u>0.94%</u>	<u>0.84%</u>

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

<u>Group</u>	30 June 2017 RM'000	31 December 2016 RM'000
<u>Individual allowance</u>		
At 1 January	746,215	356,555
Allowance made*	111,823	522,127
Amount written back in respect of recoveries	(72,831)	(22,583)
Amount written-off	(115,095)	(121,604)
Transferred to collective allowance	(2,646)	(3,406)
Exchange differences	(4,145)	15,126
At 30 June 2017/31 December 2016	<u>663,321</u>	<u>746,215</u>
<u>Collective allowance</u>		
At 1 January	758,418	755,997
Allowance made*	148,389	104,376
Amount written-off	(53,562)	(105,591)
Transferred from individual allowance	2,646	3,406
Exchange differences	(223)	230
At 30 June 2017/31 December 2016	<u>855,668</u>	<u>758,418</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>1.20%</u>

* As at 30 June 2017, the gross exposure of the financing funded by RPSIA was RM18,670.5 million (31 December 2016: RM17,730.5 million). The individual allowance and collective allowance relating to these financing amounting to RM152.7 million and RM49.9 million respectively (31 December 2016: RM126.7 million and RM52.0 million respectively) are recognised in the Group's conventional banking operations.

The gross exposure of the financing funded by IA as at 30 June 2017 was RM27,786.6 million (31 December 2016: RM31,544.6 million). The individual allowance and collective allowance relating to financing funded by IA are not recognised in the financial statements of the Group, but is charged to and borne by the investors.

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

A40f. Deposits from Customers

<u>Group</u>	30 June 2017 RM'000	31 December 2016 RM'000
Savings deposit		
Wadiah	14,777,869	13,498,387
Demand deposit		
Wadiah	17,052,858	17,403,516
Term deposit		
Murabahah	80,355,946	73,653,740
Qard	1,185,775	2,287,318
	<u>81,541,721</u>	<u>75,941,058</u>
Total deposits from customers	<u>113,372,448</u>	<u>106,842,961</u>

A40g. Investment Accounts of Customers

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

<u>Group</u>	30 June 2017 RM'000	31 December 2016 RM'000
Business enterprises	9,990,083	13,040,863
Individuals	15,844,350	16,197,049
Government and statutory bodies	294,897	460,216
Others	1,657,241	1,846,459
	<u>27,786,571</u>	<u>31,544,587</u>

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

<u>Group</u>	30 June 2017 RM'000	31 December 2016 RM'000
Unrestricted investment account		
<u>Mudharabah</u>		
- without maturity	8,613,796	7,564,114
- with maturity		
Due within six months	14,902,152	15,045,407
Six months to one year	4,254,823	8,929,760
One year to three years	4,936	3,513
Three years to five years	10,864	1,793
	<u>19,172,775</u>	<u>23,980,473</u>
Total investment accounts of customers	<u>27,786,571</u>	<u>31,544,587</u>

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

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

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

<u>Group</u>	30 June 2017 RM'000	31 December 2016 RM'000
Unrestricted Investment		
Retail financing	27,786,571	27,913,126
Non-retail financing	-	3,631,461
Total Investment	<u>27,786,571</u>	<u>31,544,587</u>

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

	<u>Investment account holder</u>	
	Average profit sharing ratio (%)	Average rate of return (%)
As at 30 June 2017		
Investment accounts of customers	<u>61</u>	<u>3.04</u>
As at 31 December 2016		
Investment accounts of customers	<u>63</u>	<u>3.17</u>

A40h. Financial Liabilities at Fair Value Through Profit or Loss

<u>Group</u>	30 June 2017 RM'000	31 December 2016 RM'000
Structured deposits	<u>897,047</u>	<u>902,091</u>

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. This instrument is 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 30 June 2017 was RM898,044,000 (31 December 2016: 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>	30 June 2017 RM'000	31 December 2016 RM'000
RM1.5 billion Islamic subordinated Sukuk Murabahah due in 2024	1,516,592	1,516,788
RM1.0 billion Islamic subordinated Sukuk Murabahah due in 2026	1,017,326	1,017,708
	<u>2,533,918</u>	<u>2,534,496</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 RM3,361.2 million for the six-month financial period ended 30 June 2017, an increase of RM774.5 million or 29.9% compared to the previous corresponding six-month financial period ended 30 June 2016.

The Group's net interest income and Islamic Banking income for the six-month financial period ended 30 June 2017 increased by RM831.0 million or 10.9% to RM8,480.6 million compared to the previous corresponding six-month financial period ended 30 June 2016.

The Group's net earned insurance premiums from the Insurance and Takaful subsidiaries increased by RM276.5 million to RM2,509.7 million for the six-month financial period ended 30 June 2017 compared to the previous corresponding six-month financial period ended 30 June 2016.

Other operating income of the Group for the six-month financial period ended 30 June 2017 was RM2,982.3 million, a decrease of RM272.2 million or 8.4% from RM3,254.5 million in the previous corresponding six-month financial period ended 30 June 2016. The decrease was due to unrealised mark-to-market loss on revaluation of derivatives of RM11.7 million compared to unrealised mark-to-market gain on revaluation of derivatives of RM397.3 million in the previous corresponding six-month financial period ended 30 June 2016. The decrease was, however, mitigated by higher unrealised mark-to-market gain on revaluation of financial assets at FVTPL of RM319.4 million compared to RM201.2 million in the previous corresponding six-month financial period ended 30 June 2016.

The Group's overhead expenses for the six-month financial period ended 30 June 2017 recorded an increase of RM353.6 million or 6.7% to RM5,597.5 million compared to the previous corresponding six-month financial period ended 30 June 2016. The increase in overhead expenses was mainly due to higher personnel expenses of RM218.4 million and administration and general expenses of RM164.5 million. The increase was, however, mitigated by lower marketing expenses of RM30.0 million.

The Group's allowances for impairment losses on loans, advances, financing and other debts decreased by RM474.0 million to RM1,372.8 million for the six-month financial period ended 30 June 2017. The decrease was mainly due to lower collective allowance ("CA") made during the six-month financial period ended 30 June 2017. The Group's CA ratio (including Regulatory Reserve) was 1.67% as at 30 June 2017 compared to 1.19% as at 31 December 2016.

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B1. Performance Review (cont'd.)

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

The Group's profit before taxation for the six-month financial period ended 30 June 2017 compared to the previous corresponding six-month financial period ended 30 June 2016 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 RM387.8 million or 19.8% to RM2,347.2 million for the six-month financial period ended 30 June 2017 from RM1,959.4 million for the previous corresponding six-month financial period ended 30 June 2016. The increase was mainly due to higher net interest income and income from IBS of RM400.6 million, higher other operating income of RM90.0 million and lower allowance for impairment losses on loans, advances, financing and other debts of RM89.9 million. The increase was, however, offset by higher overhead expenses of RM192.8 million.

Group Global Banking

a) Group Corporate Banking & Global Markets

Group Corporate Banking & Global Markets' profit before taxation increased by RM413.6 million or 23.5% to RM2,172.2 million for the six-month financial period ended 30 June 2017 from RM1,758.6 million for the previous corresponding six-month financial period ended 30 June 2016. The increase was mainly due to lower allowance for impairment losses on loans, advances, financing and other debts of RM381.6 million, net writeback of impairment losses on financial investments of RM184.0 million and higher net interest income and income from IBS of RM165.6 million. The increase was, however, offset by lower other operating income of RM252.1 million and higher overhead expenses of RM81.4 million.

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

Group Investment Banking's profit before taxation decreased by RM66.7 million or 41.0% to RM96.1 million for the six-month financial period ended 30 June 2017 from RM162.8 million for the previous corresponding six-month financial period ended 30 June 2016. The decrease was mainly driven by lower other operating income of RM56.8 million and higher overhead expenses of RM34.5 million. It was mitigated by higher net interest income and income from IBS of RM5.5 million, net writeback of impairment losses on loans, advances, financing and other debts of RM8.8 million and net writeback of impairment losses on financial investments of RM1.8 million.

c) Group Asset Management

Group Asset Management's profit before taxation increased by RM62.3 million to RM63.3 million for the six-month financial period ended 30 June 2017 from RM1.0 million for the previous corresponding six-month financial period ended 30 June 2016. The increase was mainly due to higher other operating income of RM92.9 million. The increase was, however, offset by higher overhead expenses of RM23.0 million and lower writeback of impairment losses on financial investments of RM6.2 million.

Group Insurance and Takaful

Group Insurance and Takaful's profit before taxation increased by RM165.4 million or 58.4% to RM448.8 million for the six-month financial period ended 30 June 2017 from RM283.4 million for the previous corresponding six-month financial period ended 30 June 2016. The increase was contributed mainly by higher net interest income of RM64.8 million, higher net earned insurance premiums of RM276.5 million, higher other operating income of RM39.2 million and lower allowance for impairment losses on financial investments of RM27.6 million. The increase was, however, offset by higher net insurance benefits and claims incurred, net fee and commission expenses, change in expense liabilities and taxation of life and takaful fund of RM214.9 million and higher overhead expenses of RM21.9 million.

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B1. Performance Review (cont'd.)

(ii) Current Quarter vs Previous Period Corresponding Quarter

The Group posted profit after tax attributable to equity holders of RM1,658.4 million for the quarter ended 30 June 2017, an increase of RM498.5 million or 43.0% compared to the previous period corresponding quarter ended 30 June 2016.

The Group's net interest income and Islamic Banking income for the quarter ended 30 June 2017 increased by RM438.3 million or 11.6% compared to the previous period corresponding quarter ended 30 June 2016.

The Group's net earned insurance premiums from the Insurance and Takaful subsidiaries increased by RM191.2 million to RM1,255.8 million compared to the previous period corresponding quarter ended 30 June 2016.

The Group's other operating income decreased by RM11.8 million to RM1,552.1 million for the quarter ended 30 June 2017 compared to the previous period corresponding quarter ended 30 June 2016. The decrease was mainly contributed by lower net gain on foreign exchange of RM110.5 million and lower realised gain on derivatives of RM27.9 million. The decrease was, however, offset by higher unrealised gain on revaluation of financial assets at FVTPL of RM31.5 million, fee income of RM36.4 million, net gain on disposal of financial assets at FVTPL of RM25.2 million and net gain on disposal of financial investment available-for-sale of RM23.7 million.

The Group's net insurance benefits and claims incurred, net fee and commission expenses, change in expense liabilities and taxation of life and takaful fund increased by RM154.5 million to RM1,230.2 million compared to the previous period corresponding quarter ended 30 June 2016. The increase was mainly attributable to higher net insurance benefits and claims incurred by the Insurance and Takaful subsidiaries of RM159.9 million.

The Group's overhead expenses for the quarter ended 30 June 2017 increased by RM169.7 million or 6.5% compared to the previous period corresponding quarter ended 30 June 2016. The increase was mainly contributed by the increase in personnel expenses of RM125.6 million and administration and general expenses of RM75.3 million. The increase was, however, mitigated by lower marketing expenses of RM25.3 million.

The Group's allowances for impairment losses on loans, advances, financing and other debts decreased by RM151.4 million to RM830.3 million for the quarter ended 30 June 2017 compared to the previous period corresponding quarter ended 30 June 2016. The decrease was mainly due to lower net individual allowance made of RM280.3 million offset by higher net collective allowance made of RM95.5 million and lower bad debts and financing recovered of RM39.8 million.

The Group's allowance for impairment losses on financial investments for the quarter ended 30 June 2017 decreased by RM194.1 million compared to the previous period corresponding quarter ended 30 June 2016.

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B1. Performance Review (cont'd.)

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

The Group's profit before taxation for the quarter ended 30 June 2017 compared to the previous period corresponding quarter ended 30 June 2016 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 RM176.9 million or 18.3% to RM1,141.0 million for the quarter ended 30 June 2017 from RM964.1 million for the previous period corresponding quarter ended 30 June 2016. The increase was mainly due to higher net interest income and income from IBS of RM186.7 million, lower allowance for impairment losses on loans, advances, financing and other debts of RM43.7 million and higher other operating income of RM31.3 million. The increase was, however, mitigated by higher overhead expenses of RM84.8 million.

Group Global Banking

a) Group Corporate Banking & Global Markets

Group Corporate Banking & Global Markets' profit before taxation increased by RM269.3 million or 37.1% to RM994.8 million for the quarter ended 30 June 2017 from RM725.5 million for the previous period corresponding quarter ended 30 June 2016. The increase was mainly due to net writeback of impairment losses on financial investments of RM184.1 million, lower allowance for impairment losses on loans, advances, financing and other debts of RM106.1 million and higher net interest income and income from IBS of RM53.0 million. The increase was, however, offset by lower other operating income of RM47.8 million and higher overhead expenses of RM40.9 million.

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

Group Investment Banking's profit before taxation decreased by RM34.0 million to RM32.2 million for the quarter ended 30 June 2017 from RM66.2 million for the previous period corresponding quarter ended 30 June 2016. The decrease was mainly due to lower other operating income of RM29.2 million and higher overhead expenses of RM21.9 million. The decrease was, however, mitigated by net writeback of impairment losses on loans, advances, financing and other debts of RM8.6 million.

c) Group Asset Management

Group Asset Management's profit before taxation increased by RM16.3 million to RM37.2 million for the quarter ended 30 June 2017 from RM20.9 million for the previous period corresponding quarter ended 30 June 2016. The increase was mainly due to higher other operating income of RM27.2 million. The increase was, however, offset by higher overhead expenses of RM9.2 million.

Group Insurance and Takaful

Group Insurance and Takaful's profit before taxation increased by RM103.3 million or 61.2% to RM272.2 million for the quarter ended 30 June 2017 from RM168.9 million for the previous period corresponding quarter ended 30 June 2016. The increase was contributed mainly by higher net earned insurance premiums of RM191.2 million, higher net interest income of RM46.8 million and higher other operating income of RM30.9 million and lower allowance for impairment losses on financial investments of RM11.2 million. The increase was, however, offset by higher net insurance benefits and claims incurred, net fee and commission expenses, change in expense liabilities and taxation of life and takaful fund of RM156.7 million and higher overhead expenses of RM13.0 million.

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B2. Variation of Current Quarter Results Against Preceding Quarter

The Group's profit after tax attributable to equity holders in this quarter ended 30 June 2017 decreased by RM44.4 million or 2.6% to RM1,658.4 million against the preceding quarter ended 31 March 2017.

The Group's net interest income for the quarter ended 30 June 2017 increased by RM1.1 million to RM3,035.7 million against the preceding quarter of RM3,034.6 million. Income from Islamic Banking Scheme operations decreased by RM18.7 million to RM1,195.8 million for the quarter ended 30 June 2017 compared to RM1,214.5 million in the preceding quarter ended 31 March 2017.

The Group's net earned insurance premiums for the quarter ended 30 June 2017 increased by RM1.9 million to RM1,255.8 million compared to RM1,253.9 million in the preceding quarter ended 31 March 2017.

Other operating income of the Group for the quarter ended 30 June 2017 increased by RM122.0 million to RM1,552.1 million compared to RM1,430.1 million in the preceding quarter ended 31 March 2017. The increase was mainly due to unrealised mark-to-market gain on revaluation of derivatives of RM64.7 million, realised gain on derivatives of RM116.8 million, fee income of RM907.9 million and net gain on disposal of financial assets at FVTPL of RM75.4 million compared to unrealised mark-to-market loss on revaluation of derivatives of RM76.4 million, realised gain on derivatives of RM57.6 million, fee income of RM859.8 million and net gain on disposal of financial assets at FVTPL of RM31.3 million in the preceding quarter ended 31 March 2017. The increase was, however, offset by lower unrealised gain on revaluation of financial assets at FVTPL of RM93.1 million and higher unrealised loss on revaluation of financial liabilities at FVTPL of RM86.1 million in the preceding quarter ended 31 March 2017.

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 RM148.3 million to RM1,230.2 million for the quarter ended 30 June 2017 compared to RM1,378.4 million in the preceding quarter ended 31 March 2017. The decrease was mainly due to lower net insurance benefits and claims incurred of RM141.2 million.

The Group posted a decrease of RM10.6 million in overhead expenses to RM2,793.4 million for the quarter ended 30 June 2017 compared to RM2,804.0 million in the preceding quarter ended 31 March 2017. The decrease was mainly contributed by lower marketing expenses of RM25.5 million and establishment cost of RM22.7 million. The decrease was, however, mitigated by higher personnel expenses of RM36.9 million.

The Group's allowance for impairment losses on loans, advances, financing and other debts increased by RM287.8 million to RM830.3 million in the quarter ended 30 June 2017 compared to RM542.5 million in the preceding quarter ended 31 March 2017. The increase was mainly due to higher net individual allowance made of RM251.7 million and net collective allowance made of RM44.1 million.

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B3. Prospects

Global real GDP growth is forecasted to expand at +3.5% in 2017 (2016: +3.2%), on improved or sustained growth in the US (2017E: +2.1%; 2016: +1.6%), Eurozone (2017E: +1.9%, 2016: +1.8%), Japan (2017E: +1.3%, 2016: +1.0%), China (2017E: +6.9%, 2016: +6.7%) and India (2017E: +7.2%; 2016: +7.1%).

Meanwhile, the ASEAN-6 countries could chart relatively faster growth in 2017 at 4.8% (2016: +4.6%) supported by the recovery in external demand coupled with sustained momentum in domestic demand. Maybank Group's home markets are expected to perform better in 2017, with Singapore forecasted to grow at +3.0% (2016: +2.0%), Malaysia expected to expand by +5.5% (2016: +4.2%) and Indonesia to remain resilient at +5.1% (2016: +5.0%).

Malaysia's real GDP 2017 growth is supported by improvement in the manufacturing and services sectors amid exports recovery, higher consumer spending and investment growth. Investment growth for 2017 and 2018 are expected to be underpinned by the rollout of major infrastructure projects by the government. The OPR is expected to remain unchanged at 3.00% in 2017. Maybank Malaysia's loan growth is expected to be in-line with industry growth, as it focuses on pockets of opportunities within the consumer, retail SME and corporate lending segments.

Singapore's GDP growth is expected to improve to 3.0% in 2017 on the back of improved global economic and world trade growth, better performance in the services sector, and stronger cross-border project financing opportunities within ASEAN. In addition, the budget for fiscal year 2017 is slightly expansionary given the smaller budget surplus, with 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 tradeflows 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 resilient with GDP growth to be sustained at 5.1% for 2017, driven by business and government spending from accelerated infrastructure projects and other capital expenditures. Bank Indonesia's seven-day reverse repurchase rate was lowered to 4.50% in August given low inflation and 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 will leverage on our multi-channel digital capabilities, expand product segments, increase productivity, and drive 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 ongoing challenging global environment. The Group Key Performance Indicator for Return on Equity is 10%-11% and loans growth for the Group is expected to be in line with the industry.

B4. Profit Forecast or Profit Guarantee

Neither the Group nor the Bank has made any profit forecast or issued any profit guarantee for the financial half year ended 30 June 2017.

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B5. Taxation and Zakat

The analysis of the tax expense for the financial half year ended 30 June 2017 are as follows:

Group	Second Quarter Ended		Cumulative 6 Months Ended	
	30 June 2017	30 June 2016	30 June 2017	30 June 2016
	RM'000	RM'000	RM'000	RM'000
Malaysian income tax	485,865	316,228	863,012	588,892
Foreign income tax	37,286	58,979	126,038	89,081
	523,151	375,207	989,050	677,973
(Over)/under provision in respect of prior period:				
Malaysian income tax	-	(1,424)	-	(2,732)
Foreign income tax	117	1,126	(6,966)	(3,767)
	523,268	374,909	982,084	671,474
Deferred tax				
- Relating to origination and reversal of temporary differences	(9,301)	2,174	30,080	181,195
	(9,301)	2,174	30,080	181,195
Tax expense for the financial period	513,967	377,083	1,012,164	852,669
Zakat	6,297	7,604	12,066	12,462
	520,264	384,687	1,024,230	865,131

The Group's effective tax rate for the financial half year ended 30 June 2017 was lower than the statutory tax rate due to certain income not subject to tax.

Bank	Second Quarter Ended		Cumulative 6 Months Ended	
	30 June 2017	30 June 2016	30 June 2017	30 June 2016
	RM'000	RM'000	RM'000	RM'000
Malaysian income tax	308,488	189,945	505,316	370,066
Foreign income tax	519	388	1,053	1,216
	309,007	190,333	506,369	371,282
Under/(over) provision in respect of prior period:				
Foreign income tax	27	(1)	(6,250)	26
	309,034	190,332	500,119	371,308
Deferred tax				
- Relating to origination and reversal of temporary differences	(44,461)	(17,875)	31,775	104,521
	(44,461)	(17,875)	31,775	104,521
Tax expense for the financial period	264,573	172,457	531,894	475,829
	264,573	172,457	531,894	475,829

The Bank's effective tax rate for the financial half year ended 30 June 2017 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% 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.

B6. Status of Corporate Proposals Announced but Not Completed

There are no corporate proposals announced but not completed during the financial half year ended 30 June 2017.

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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

There is no material litigation during the financial half year ended 30 June 2017.

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.

	30 June 2017 RM'000	31 December 2016 RM'000
Retained profits of the Group:		
- Realised	22,268,210	14,411,665
- Unrealised	894,891	(430,569)
- in respect of deferred tax recognised in the income statement	(71,214)	(3,369)
- in respect of other items of income and expense	966,105	(427,200)
	23,163,101	13,981,096
Share of retained profits from associates and joint ventures:		
- Realised	594,293	553,180
Consolidation adjustments	(208,069)	(125,581)
Total Group's retained profits	23,549,325	14,408,695

B12. Dividend

The Board of Directors have declared a single-tier interim dividend in respect of the financial year ending 31 December 2017 of 23 sen (30 June 2016: 20.0 sen) per ordinary share.

The Board of Directors have also determined that the Dividend Reinvestment Plan will apply to the single-tier interim dividend in which an electable portion of 18 sen per ordinary share can be elected to be reinvested in new ordinary shares and the remaining portion of 5 sen per ordinary share will be paid in cash.

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

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

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B13. Earnings Per Share ("EPS")

Basic EPS

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

	Second Quarter Ended		Cumulative 6 Months Ended	
	30 June 2017	30 June 2016	30 June 2017	30 June 2016
Net profit for the quarter/period attributable to equity holders of the Bank (RM'000)	1,658,440	1,159,941	3,361,237	2,586,692
Weighted average number of ordinary shares in issue ('000)	10,328,035	9,838,037	10,253,538	9,793,036
Basic earnings per share	16.06 sen	11.79 sen	32.78 sen	26.41 sen

Diluted EPS

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

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

	Second Quarter Ended		Cumulative 6 Months Ended	
	30 June 2017	30 June 2016	30 June 2017	30 June 2016
Net profit for the quarter/period attributable to equity holders of the Bank (RM'000)	1,658,440	1,159,941	3,361,237	2,586,692
Weighted average number of ordinary shares in issue ('000)	10,328,035	9,838,037	10,253,538	9,793,036
Effects of dilution ('000)	4,911	84	5,788	628
Adjusted weighted average number of ordinary shares in issue ('000)	10,332,946	9,838,121	10,259,326	9,793,664
Diluted earnings per share	16.05 sen	11.79 sen	32.76 sen	26.41 sen

By Order of the Board

Wan Marzimin Wan Muhammad

LS0009924

Company Secretary

30 August 2017