

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

CONDENSED FINANCIAL STATEMENTS
INCOME STATEMENTS
FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2017

<u>Group</u>	Note	Unaudited		Audited	
		31 December 2017 RM'000	31 December 2016 RM'000	Cumulative 12 Months Ended 31 December 2017 RM'000	Cumulative 12 Months Ended 31 December 2016 RM'000
Interest income	A21	5,559,054	5,287,279	22,056,334	20,940,499
Interest expense	A22	(2,536,868)	(2,375,894)	(9,909,293)	(9,582,029)
Net interest income		3,022,186	2,911,385	12,147,041	11,358,470
Income from Islamic Banking Scheme operations	A40a	1,235,608	1,165,351	4,900,251	4,189,242
Net earned insurance premiums	A23	1,433,762	1,192,473	5,250,890	4,444,057
Other operating income	A25	1,598,109	1,367,389	6,027,304	6,289,283
Total operating income		7,289,665	6,636,598	28,325,486	26,281,052
Net insurance benefits and claims incurred, net fee and commission expenses, change in expense liabilities and taxation of life and takaful fund	A26	(1,233,232)	(595,309)	(5,057,130)	(4,107,909)
Net operating income		6,056,433	6,041,289	23,268,356	22,173,143
Overhead expenses	A27	(2,922,827)	(2,606,813)	(11,357,058)	(10,487,156)
Operating profit before impairment losses		3,133,606	3,434,476	11,911,298	11,685,987
Allowances for impairment losses on loans, advances, financing and other debts, net	A28	(199,807)	(615,743)	(1,959,060)	(2,832,748)
Allowances for impairment losses on financial investments, net	A29	(39,937)	(8,769)	(68,762)	(182,253)
Operating profit		2,893,862	2,809,964	9,883,476	8,670,986
Share of profits in associates and joint ventures		32,286	63,041	214,620	173,464
Profit before taxation and zakat		2,926,148	2,873,005	10,098,096	8,844,450
Taxation and zakat	B5	(675,064)	(422,932)	(2,301,222)	(1,880,558)
Profit for the period/year		2,251,084	2,450,073	7,796,874	6,963,892
Attributable to:					
Equity holders of the Bank		2,132,099	2,360,598	7,520,542	6,742,992
Non-controlling interests		118,985	89,475	276,332	220,900
		2,251,084	2,450,073	7,796,874	6,963,892
Earnings per share attributable to equity holders of the Bank	B12				
Basic		19.93 sen	23.19 sen	72.04 sen	67.84 sen
Fully diluted		19.93 sen	23.19 sen	72.02 sen	67.84 sen

(These audited 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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STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2017

<u>Group</u>	Unaudited		Audited	
	Fourth Quarter Ended		Cumulative 12 Months Ended	
	31 December 2017 RM'000	31 December 2016 RM'000	31 December 2017 RM'000	31 December 2016 RM'000
Profit for the period/year	2,251,084	2,450,073	7,796,874	6,963,892
Other comprehensive income/(loss):				
<i>Items that will not be reclassified subsequently to profit or loss:</i>				
Defined benefit plan actuarial gain/(loss)	13,194	12,217	15,806	(2,043)
Income tax effect	(2,804)	(3,232)	(2,846)	(472)
Share of change in associates' reserve	-	48	-	(10)
	10,390	9,033	12,960	(2,525)
<i>Items that may be reclassified subsequently to profit or loss:</i>				
Net (loss)/gain on financial investments available-for-sale	(176,580)	(1,554,269)	430,576	319,941
Income tax effect	42,453	380,056	(104,647)	(82,871)
Net (loss)/gain on foreign exchange translation	(1,179,859)	1,298,580	(2,285,427)	1,310,802
Net gain/(loss) on cash flow hedge	301	(123)	(447)	(1,157)
Net gain/(loss) on net investment hedge	39,189	(54,511)	69,135	21,197
Net loss on revaluation reserve	-	(3,732)	-	(3,689)
Share of change in associates' reserve	(242,209)	188,838	(469,079)	41,941
	(1,516,705)	254,839	(2,359,889)	1,606,164
Other comprehensive (loss)/income for the period/year, net of tax	(1,506,315)	263,872	(2,346,929)	1,603,639
Total comprehensive income for the period/year	744,769	2,713,945	5,449,945	8,567,531
Other comprehensive (loss)/income for the period/year attributable to:				
Equity holders of the Bank	(1,531,310)	282,037	(2,352,812)	1,595,032
Non-controlling interests	24,995	(18,165)	5,883	8,607
	(1,506,315)	263,872	(2,346,929)	1,603,639
Total comprehensive income for the period/year attributable to:				
Equity holders of the Bank	600,789	2,642,635	5,167,730	8,338,024
Non-controlling interests	143,980	71,310	282,215	229,507
	744,769	2,713,945	5,449,945	8,567,531

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CONDENSED FINANCIAL STATEMENTS
INCOME STATEMENTS
FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2017

<u>Bank</u>	Note	Unaudited		Audited	
		31 December 2017	31 December 2016	Cumulative 12 Months Ended 31 December 2017	Cumulative 12 Months Ended 31 December 2016
		RM'000	RM'000	RM'000	RM'000
Interest income	A21	4,104,738	3,752,964	16,099,945	15,076,353
Interest expense	A22	(1,904,132)	(1,745,885)	(7,306,999)	(7,134,624)
Net interest income		2,200,606	2,007,079	8,792,946	7,941,729
Dividends from subsidiaries and associates	A24	31,390	55,390	1,920,144	2,400,457
Other operating income	A25	929,438	1,195,363	3,681,248	4,272,439
		960,828	1,250,753	5,601,392	6,672,896
Net operating income		3,161,434	3,257,832	14,394,338	14,614,625
Overhead expenses	A27	(1,570,727)	(1,278,770)	(5,880,703)	(5,339,639)
Operating profit before impairment losses		1,590,707	1,979,062	8,513,635	9,274,986
Allowances for impairment losses on loans, advances, financing and other debts, net	A28	(12,056)	(559,749)	(1,163,238)	(1,787,868)
Writeback of/(allowances for) impairment losses on financial investments, net	A29	2	125	2,217	(139,851)
Profit before taxation and zakat		1,578,653	1,419,438	7,352,614	7,347,267
Taxation and zakat	B5	(368,104)	(73,144)	(1,229,739)	(924,623)
Profit for the period/year		1,210,549	1,346,294	6,122,875	6,422,644

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FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2017

<u>Bank</u>	Unaudited		Audited	
	Fourth Quarter Ended		Cumulative 12 Months Ended	
	31 December 2017 RM'000	31 December 2016 RM'000	31 December 2017 RM'000	31 December 2016 RM'000
Profit for the period/year	1,210,549	1,346,294	6,122,875	6,422,644
Other comprehensive (loss)/income:				
<i>Items that may be reclassified subsequently to profit or loss:</i>				
Net (loss)/gain on financial investments available-for-sale	(165,991)	(1,337,087)	444,901	203,432
Income tax effect	39,779	321,357	(105,905)	(55,913)
Net (loss)/gain on foreign exchange translation	(414,923)	394,004	(519,108)	333,369
Other comprehensive (loss)/income for the period/year, net of tax	(541,135)	(621,726)	(180,112)	480,888
Total comprehensive income for the period/year	669,414	724,568	5,942,763	6,903,532

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MALAYAN BANKING BERHAD
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CONDENSED FINANCIAL STATEMENTS
AUDITED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2017

	Note	Group		Bank	
		31 December 2017 RM'000	31 December 2016 RM'000	31 December 2017 RM'000	31 December 2016 RM'000
ASSETS					
Cash and short-term funds		50,334,290	58,140,545	30,714,527	38,350,931
Deposits and placements with financial institutions		16,988,391	13,444,630	21,382,493	19,339,287
Financial assets purchased under resale agreements		8,514,283	2,492,412	7,633,503	2,213,113
Financial assets at fair value through profit or loss	A10(i)	25,117,493	23,496,050	7,896,677	7,980,314
Financial investments available-for-sale	A10(ii)	109,070,244	92,384,834	89,286,739	74,904,201
Financial investments held-to-maturity	A10(iii)	20,184,773	15,021,597	17,763,565	12,582,311
Loans, advances and financing	A11	485,584,362	477,774,903	290,997,969	295,020,136
Derivative assets	A36	6,704,651	8,311,703	6,865,221	8,320,918
Reinsurance/retakaful assets and other insurance receivables	A12	3,933,772	4,139,596	-	-
Other assets	A13	9,698,140	10,525,560	4,801,397	5,603,512
Investment properties		753,555	758,488	-	-
Statutory deposits with central banks		15,397,213	15,384,134	7,746,700	7,530,325
Investment in subsidiaries		-	-	22,057,063	21,586,547
Interest in associates and joint ventures		2,772,324	3,210,436	472,016	451,518
Property, plant and equipment		2,635,018	2,595,497	1,165,908	1,290,761
Intangible assets		6,753,939	7,345,524	568,030	530,049
Deferred tax assets		859,318	930,344	315,013	358,687
TOTAL ASSETS		765,301,766	735,956,253	509,666,821	496,062,610
LIABILITIES					
Customers' funding:					
- Deposits from customers	A14	502,017,445	485,523,920	328,938,600	331,878,295
- Investment accounts of customers ¹	A40g	24,555,445	31,544,587	-	-
Deposits and placements from financial institutions	A15	42,598,131	30,854,693	37,645,134	29,856,710
Obligations on financial assets sold under repurchase agreements		5,367,086	2,957,951	5,189,316	2,957,951
Derivative liabilities	A36	7,221,015	8,828,060	7,179,998	8,802,221
Financial liabilities at fair value through profit or loss	A16	6,375,815	3,587,230	5,483,120	2,685,139
Bills and acceptances payable		1,894,046	1,808,066	1,384,983	1,000,777
Insurance/takaful contract liabilities and other insurance payables	A18	25,118,843	23,948,719	-	-
Other liabilities	A19	19,179,140	17,288,306	16,910,597	12,498,698
Recourse obligation on loans and financing sold to Cagamas		1,543,501	974,588	1,543,501	974,588
Provision for taxation and zakat		746,494	419,729	385,876	47,374
Deferred tax liabilities		732,079	777,826	-	-
Borrowings	A17(i)	34,505,618	34,867,056	27,106,442	28,927,427
Subordinated obligations	A17(ii)	11,979,323	15,900,706	9,362,526	13,202,872
Capital securities	A17(iii)	6,284,180	6,199,993	6,284,180	6,225,926
TOTAL LIABILITIES		690,118,161	665,481,430	447,414,273	439,057,978

¹ Investment accounts of customers are used to fund financing and advances as disclosed in Note A40e(ii).

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	Note	Group		Bank	
		31 December 2017 RM'000	31 December 2016 RM'000	31 December 2017 RM'000	31 December 2016 RM'000
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE BANK					
Share capital		44,250,380	10,193,200	44,250,380	10,193,200
Share premium		-	28,878,703	-	28,878,703
Shares held-in-trust		(183,438)	(125,309)	(183,438)	(125,309)
Retained profits		25,268,743	14,408,695	13,572,235	4,456,832
Reserves		3,652,929	15,160,442	4,613,371	13,601,206
		72,988,614	68,515,731	62,252,548	57,004,632
Non-controlling interests		2,194,991	1,959,092	-	-
		75,183,605	70,474,823	62,252,548	57,004,632
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY					
		765,301,766	735,956,253	509,666,821	496,062,610
COMMITMENTS AND CONTINGENCIES	A34	811,374,001	766,438,609	761,441,355	721,129,524
<u>CAPITAL ADEQUACY</u>					
	A35				
The capital adequacy ratios of the Group and of the Bank are as follows:					
CET1 Capital Ratio		14.773%	13.990%	15.853%	15.881%
Tier 1 Capital Ratio		16.459%	15.664%	17.950%	18.232%
Total Capital Ratio		19.383%	19.293%	19.313%	19.432%
Net assets per share attributable to equity holders of the Bank					
		RM6.77	RM6.72	RM5.77	RM5.59

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CONDENSED FINANCIAL STATEMENTS
AUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 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 financial year	-	-	-	-	-	-	-	-	-	7,520,542	7,520,542	276,332	7,796,874
Other comprehensive income/(loss)	-	-	-	-	-	298,747	(2,733,305)	-	81,746	-	(2,352,812)	5,883	(2,346,929)
Defined benefit plan actuarial gain/(loss)	-	-	-	-	-	-	-	-	13,058	-	13,058	(98)	12,960
Share of associates' reserve	-	-	-	-	-	(36,768)	(432,311)	-	-	-	(469,079)	-	(469,079)
Net (loss)/gain on foreign exchange translation	-	-	-	-	-	-	(2,300,994)	-	-	-	(2,300,994)	15,567	(2,285,427)
Net gain/(loss) on financial investments available-for-sale	-	-	-	-	-	335,515	-	-	-	-	335,515	(9,586)	325,929
Net gain on net investment hedge	-	-	-	-	-	-	-	-	69,135	-	69,135	-	69,135
Net loss on cash flow hedge	-	-	-	-	-	-	-	-	(447)	-	(447)	-	(447)
Total comprehensive income/(loss) for the financial year	-	-	-	-	-	298,747	(2,733,305)	-	81,746	7,520,542	5,167,730	282,215	5,449,945
Carried forward	10,193,200	28,878,703	(125,309)	10,934,947	1,057,997	29,616	858,752	320,912	(394,594)	21,929,237	73,683,461	2,241,307	75,924,768

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 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 Reserves RM'000	Retained Profits 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	29,616	858,752	320,912	(394,594)	21,929,237	73,683,461	2,241,307	75,924,768
Share-based payment under Employees' Share Scheme ("ESS")	-	-	-	-	-	-	-	18,190	-	-	18,190	-	18,190
Effect of changes in corporate structure within the Group	-	-	-	-	-	-	-	-	-	-	-	53,682	53,682
Transfer from share premium (Note A8(i)(a)(A))	28,878,703	(28,878,703)	-	-	-	-	-	-	-	-	-	-	-
Transfer from statutory reserves	-	-	-	(10,731,889)	-	-	-	-	-	10,731,889	-	-	-
Transfer to regulatory reserve	-	-	-	-	1,689,288	-	-	-	-	(1,689,288)	-	-	-
Transfer from revaluation reserve	-	-	-	-	-	-	-	-	(10,575)	10,575	-	-	-
Issue of shares pursuant to ESS (Note A8(i)(a)(B))	1,445,239	-	-	-	-	-	-	(85,792)	-	-	1,359,447	-	1,359,447
Issue of shares pursuant to Restricted Share Unit ("RSU") (Note A8(i)(a)(C))	38,118	-	(3)	-	-	-	-	(33,002)	-	(5,113)	-	-	-
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) & (G))	3,644,186	-	(8,127)	-	-	-	-	-	-	-	3,636,059	-	3,636,059
Dividends paid (Note A9(a), (b) & (c))	-	-	-	-	-	-	-	-	-	(5,708,543)	(5,708,543)	(99,998)	(5,808,541)
Total transactions with shareholders/ other equity movements	34,057,180	(28,878,703)	(58,129)	(10,731,889)	1,689,288	-	-	(101,525)	(10,575)	3,339,506	(694,847)	(46,316)	(741,163)
At 31 December 2017	44,250,380	-	(183,438)	203,058	2,747,285	29,616	858,752	219,387	(405,169)	25,268,743	72,988,614	2,194,991	75,183,605

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 RM1,221.9 million (net of tax). This non-distributable non-par surplus is only available for distribution to shareholder on the amount recommended by the Appointed Actuary in accordance with the Financial Services Act 2013.

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

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

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

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Group (cont'd.)	<===== Attributable to equity holders of the Bank =====>										Total Shareholders' Equity RM'000	Non- Controlling Interests RM'000	Total Equity RM'000
	<===== Non-Distributable =====>					Available- for-sale Reserve RM'000	Exchange Fluctuation Reserve RM'000	ESS Reserve RM'000	Other Reserves RM'000 ¹	Retained Profits RM'000 ²			
	Share Capital RM'000	Share Premium RM'000	Shares Held-in-trust RM'000	Statutory Reserve RM'000	Regulatory Reserve RM'000								
Brought forward	9,761,751	25,900,476	(119,745)	10,456,462	1,247,509	(269,131)	3,592,057	329,523	(441,884)	19,575,996	70,033,014	2,047,974	72,080,988
Share-based payment under Employees' Share Scheme ("ESS")	-	-	-	-	-	-	-	27,612	-	13,060	40,672	-	40,672
Effect of changes in corporate structure within the Group	-	-	-	-	-	-	-	-	-	-	-	6,195	6,195
Transfer to statutory reserves	-	-	-	478,485	-	-	-	-	-	(478,485)	-	-	-
Transfer from regulatory reserve	-	-	-	-	(189,512)	-	-	-	-	189,512	-	-	-
Transfer from profit equalisation reserve	-	-	-	-	-	-	-	-	(34,456)	34,456	-	-	-
Issue of shares pursuant to ESS	8,598	70,501	-	-	-	-	-	(4,707)	-	-	74,392	-	74,392
Issue of shares pursuant to Restricted Share Unit ("RSU")	3,156	25,687	-	-	-	-	-	(29,903)	-	1,060	-	-	-
Issue of shares pursuant to Supplemental Restricted Share Unit ("SRSU")	184	1,444	-	-	-	-	-	(1,613)	-	(15)	-	-	-
Issue of shares pursuant to Dividend Reinvestment Plan ("DRP")	419,511	2,880,595	(5,564)	-	-	-	-	-	-	-	3,294,542	-	3,294,542
Dividends paid	-	-	-	-	-	-	-	-	-	(4,926,889)	(4,926,889)	(95,077)	(5,021,966)
Total transactions with shareholders/ other equity movements	431,449	2,978,227	(5,564)	478,485	(189,512)	-	-	(8,611)	(34,456)	(5,167,301)	(1,517,283)	(88,882)	(1,606,165)
At 31 December 2016	10,193,200	28,878,703	(125,309)	10,934,947	1,057,997	(269,131)	3,592,057	320,912	(476,340)	14,408,695	68,515,731	1,959,092	70,474,823

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

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

(These audited 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
(3813-K)
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CONDENSED FINANCIAL STATEMENTS
AUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

Bank	<===== Attributable to equity holders of the Bank =====>									
	<===== Non-Distributable =====>									
	Share Capital RM'000	Share Premium RM'000	Shares Held-in-trust RM'000	Statutory Reserve RM'000	Regulatory Reserve RM'000	Available- for-sale Reserve RM'000	Exchange Fluctuation Reserve RM'000	ESS Reserve RM'000	Distributable Retained Profits RM'000	Total Equity RM'000
At 1 January 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 financial year	-	-	-	-	-	-	-	-	6,122,875	6,122,875
Other comprehensive income/(loss)	-	-	-	-	-	338,996	(519,108)	-	-	(180,112)
Net loss on foreign exchange translation	-	-	-	-	-	-	(519,108)	-	-	(519,108)
Net gain on financial investments available-for-sale	-	-	-	-	-	338,996	-	-	-	338,996
Total comprehensive income/(loss) for the financial year	-	-	-	-	-	338,996	(519,108)	-	6,122,875	5,942,763
Share-based payment under Employees' Share Scheme ("ESS")	-	-	-	-	-	-	-	18,190	-	18,190
Transfer from statutory reserve	-	-	-	(10,278,961)	-	-	-	-	10,278,961	-
Transfer to regulatory reserve	-	-	-	-	1,572,763	-	-	-	(1,572,763)	-
Transfer from share premium (Note A8(i)(a)(A))	28,878,703	(28,878,703)	-	-	-	-	-	-	-	-
Issue of shares pursuant to ESS (Note A8(i)(a)(B))	1,445,239	-	-	-	-	-	-	(85,792)	-	1,359,447
Issue of shares pursuant to Restricted Share Unit ("RSU") (Note A8(i)(a)(C))	38,118	-	(3)	-	-	-	-	(33,002)	(5,113)	-
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) & (G))	3,644,186	-	(8,127)	-	-	-	-	-	-	3,636,059
Dividends paid (Note A9(a) & (b))	-	-	-	-	-	-	-	-	(5,708,543)	(5,708,543)
Total transactions with shareholders/ other equity movements	34,057,180	(28,878,703)	(58,129)	(10,278,961)	1,572,763	-	-	(101,525)	2,992,528	(694,847)
At 31 December 2017	44,250,380	-	(183,438)	46,255	2,233,563	(114,149)	2,228,315	219,387	13,572,235	62,252,548

(These audited 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
AUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 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 financial year	-	-	-	-	-	-	-	-	6,422,644	6,422,644
Other comprehensive income	-	-	-	-	-	147,519	333,369	-	-	480,888
Net gain on foreign exchange translation	-	-	-	-	-	-	333,369	-	-	333,369
Net gain on financial investments available-for-sale	-	-	-	-	-	147,519	-	-	-	147,519
Total comprehensive income for the financial year	-	-	-	-	-	147,519	333,369	-	6,422,644	6,903,532
Share-based payment under Employees' Share Scheme ("ESS")	-	-	-	-	-	-	-	27,612	13,060	40,672
Transfer to statutory reserve	-	-	-	458,666	-	-	-	-	(458,666)	-
Transfer from regulatory reserve	-	-	-	-	(153,000)	-	-	-	153,000	-
Issue of shares pursuant to ESS	8,598	70,501	-	-	-	-	-	(4,707)	-	74,392
Issue of shares pursuant to Restricted Share Unit ("RSU")	3,156	25,687	-	-	-	-	-	(29,903)	1,060	-
Issue of shares pursuant to Supplemental Restricted Share Unit ("SRSU")	184	1,444	-	-	-	-	-	(1,613)	(15)	-
Issue of shares pursuant to Dividend Reinvestment Plan ("DRP")	419,511	2,880,595	(5,564)	-	-	-	-	-	-	3,294,542
Dividends paid	-	-	-	-	-	-	-	-	(4,926,889)	(4,926,889)
Total transactions with shareholders/ other equity movements	431,449	2,978,227	(5,564)	458,666	(153,000)	-	-	(8,611)	(5,218,450)	(1,517,283)
At 31 December 2016	10,193,200	28,878,703	(125,309)	10,325,216	660,800	(453,145)	2,747,423	320,912	4,456,832	57,004,632

(These audited condensed 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
AUDITED CASH FLOW STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

	Group		Bank	
	31 December 2017 RM'000	31 December 2016 RM'000	31 December 2017 RM'000	31 December 2016 RM'000
Cash flows from operating activities				
Profit before taxation and zakat	10,098,096	8,844,450	7,352,614	7,347,267
Adjustments for:				
Depreciation of property, plant and equipment	418,917	379,135	186,605	188,540
Share of profits in associates and joint ventures	(214,620)	(173,464)	-	-
Amortisation of intangible assets	273,673	290,491	99,177	128,718
Net loss/(gain) on liquidation/disposal of subsidiaries	1,988	378	(101)	-
Net loss on dilution of interest in associate	30,719	-	-	-
Net gain on disposal of financial assets at fair value through profit or loss	(313,504)	(206,927)	(129,630)	(101,170)
Net gain on disposal of financial investments available-for-sale	(666,800)	(1,064,898)	(212,536)	(923,826)
Net gain on disposal/redemption of financial investments held-to-maturity	(182)	(11,397)	(182)	(11,397)
Unrealised (gain)/loss on revaluation of financial assets at fair value through profit or loss and derivatives	(23,999)	44,640	72,611	119,325
Unrealised gain on revaluation of financial liabilities at fair value through profit or loss	(11,242)	(205,000)	(20,824)	(189,931)
Allowances for impairment losses on loans, advances and financing, net	2,441,832	3,451,984	1,420,122	2,097,425
Allowances for/(writeback of) impairment losses on other debts	2,701	(20,673)	2,285	(1,343)
Dividend income	(123,263)	(108,761)	(1,936,807)	(2,419,026)
ESS expenses	17,083	40,251	11,106	28,592
Allowances for impairment losses on financial investments, net	69,725	265,440	1,071	213,464
Other adjustments for non-operating and non-cash items	(269,945)	(213,345)	(169,963)	(62,369)
Operating profit before working capital changes	11,731,179	11,312,304	6,675,548	6,414,269
Change in deposits and placements with financial institutions with original maturity of more than three months	3,872,207	(3,503,541)	3,645,635	(1,551,211)
Change in cash and short-term funds with original maturity of more than three months	3,448,384	(1,000,336)	3,036,714	(514,563)
Change in financial investments portfolio	(21,901,675)	(7,197,564)	(18,554,411)	(903,193)
Change in loans, advances and financing	(24,511,954)	(20,935,336)	(4,931,934)	(5,766,495)
Change in statutory deposits with central banks	(13,079)	882,278	(216,374)	325,053
Change in deposits from customers	22,197,905	5,547,904	3,234,342	2,075,389
Change in investment accounts of customers	(6,989,142)	13,886,694	-	-
Change in deposits and placements from financial institutions	11,743,438	(8,159,223)	7,788,424	(8,047,979)
Change in financial liabilities at fair value through profit or loss	801,816	1,601,573	820,794	684,413
Change in reinsurance/retakaful assets and other insurance receivables	205,824	216,058	-	-
Change in insurance/takaful contract liabilities and other insurance payables	1,170,124	108,994	-	-
Change in other operating activities	3,330,382	6,400,666	2,183,435	5,630,195
Cash generated from operations	5,085,409	(839,529)	3,682,173	(1,654,122)
Taxes and zakat paid	(2,079,848)	(1,272,986)	(954,525)	(621,212)
Net cash generated from/(used in) operating activities	3,005,561	(2,112,515)	2,727,648	(2,275,334)

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CONDENSED FINANCIAL STATEMENTS
AUDITED CASH FLOW STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

	Group		Bank	
	31 December 2017 RM'000	31 December 2016 RM'000	31 December 2017 RM'000	31 December 2016 RM'000
Cash flows from investing activities				
Dividends received from:				
- financial investments portfolio	123,263	108,761	16,663	18,569
- associates	-	-	9,856	8,179
- subsidiaries	-	-	1,910,288	2,392,278
Purchase of property, plant and equipment	(562,870)	(297,188)	(96,026)	(155,497)
Purchase of investment properties	(85,505)	(32,984)	-	-
Proceeds from disposal of property, plant and equipment	228,994	85,951	85,377	17,526
Proceeds from disposal of investment properties	29,890	-	-	-
Purchase of intangible assets	(238,709)	(270,467)	(142,519)	(146,898)
Purchase of additional ordinary shares in existing subsidiaries	-	-	(156,420)	(559,592)
Purchase of property, plant and equipment from a subsidiary, net	-	-	-	(175)
Purchase of shares in deemed controlled structured entities from a subsidiary	-	-	(480,341)	-
Purchase of shares in associates from a subsidiary	-	-	(20,497)	-
Net effect arising from transaction with non-controlling interests	43,869	6,195	-	-
Net effect arising from repayment of capital of a subsidiary	-	-	242,837	-
Net effect arising from acquisition of subsidiary	(79,356)	-	-	-
Net effect arising from disposal of subsidiaries	-	10,861	250	-
Net cash (used in)/generated from investing activities	(540,424)	(388,871)	1,369,468	1,574,390
Cash flows from financing activities				
Proceeds from issuance of shares	4,995,506	3,368,934	4,995,506	3,368,934
Drawdown/(repayment) of borrowings, net	3,661,438	3,535,381	(76,897)	2,579,375
Redemption of subordinated obligations	(3,240,000)	(6,850,743)	(3,240,000)	(5,850,743)
Issuance of subordinated obligations	35,000	2,243,000	-	2,243,000
Drawdown of financial liabilities at fair value through profit or loss	2,097,150	2,156,642	2,097,150	2,156,642
Finance lease obligation	280,634	(1,057)	-	-
Recourse obligation on loans and financing sold to Cagamas, net	568,913	(199,758)	568,913	(199,758)
Dividends paid	(5,708,543)	(4,926,889)	(5,708,543)	(4,926,889)
Dividends paid to non-controlling interests	(99,998)	(95,077)	-	-
Net cash generated from/(used in) financing activities	2,590,100	(769,567)	(1,363,871)	(629,439)
Net increase/(decrease) in cash and cash equivalents	5,055,237	(3,270,953)	2,733,245	(1,330,383)
Cash and cash equivalents at beginning of year	50,875,746	53,049,192	38,217,233	38,619,149
Effects of foreign exchange rate changes	(1,997,139)	1,097,507	(1,644,094)	928,467
Cash and cash equivalents at end of year	53,933,844	50,875,746	39,306,384	38,217,233

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

	Group		Bank	
	31 December 2017 RM'000	31 December 2016 RM'000	31 December 2017 RM'000	31 December 2016 RM'000
Cash and short-term funds	50,334,290	58,140,545	30,714,527	38,350,931
Deposits and placements with financial institutions	16,988,391	13,444,630	21,382,493	19,339,287
	67,322,681	71,585,175	52,097,020	57,690,218
Less:				
Cash and short-term funds and deposits and placements with financial institutions, with original maturity of more than three months	(13,388,837)	(20,709,429)	(12,790,636)	(19,472,985)
Cash and cash equivalents at end of year	53,933,844	50,875,746	39,306,384	38,217,233

(These audited 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 audited 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 audited 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 audited 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 audited 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 audited 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 - Amendments to MFRS 12 *Disclosure of Interests in Other Entities*

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).

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

Companies Act 2016

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

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A1. Basis of Preparation (cont'd.)

Companies Act 2016 (cont'd.)

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

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

During the financial year ended 31 December 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 Revised Policy Documents on Capital Funds and Capital Funds for Islamic Banks ("Revised Policy Documents"). 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 during the financial year ended 31 December 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 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 31 December 2017, the Group and the Bank have presented the required disclosure in Note A19. 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.

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A1. Basis of Preparation (cont'd.)

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

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

Description	Effective for annual periods beginning on or after
MFRS 2 <i>Share-based Payment</i> - Classification and Measurement of Share-based Payment Transactions (Amendments to MFRS 2)	1 January 2018
MFRS 9 <i>Financial Instruments</i> (IFRS 9 issued by IASB in July 2014)	1 January 2018
MFRS 9 <i>Prepayment Features with Negative Compensation</i> (Amendments to MFRS 9)	1 January 2019
MFRS 10 <i>Consolidated Financial Statements</i> - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to MFRS 10)	<i>To be announced by MASB</i>
MFRS 15 <i>Revenue from Contracts with Customers</i>	1 January 2018
MFRS 16 <i>Leases</i>	1 January 2019
MFRS 17 <i>Insurance Contracts</i>	1 January 2021
MFRS 128 <i>Investments in Associates and Joint Ventures</i> - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to MFRS 128)	<i>To be announced by MASB</i>
MFRS 128 <i>Long-term Interests in Associates and Joint Ventures</i> (Amendments to MFRS 128)	1 January 2019
Applying MFRS 9 <i>Financial Instruments</i> with MFRS 4 <i>Insurance Contracts</i> (Amendments to MFRS 4)	1 January 2018
Annual Improvements to MFRSs 2014-2016 Cycle	
(i) Amendments to MFRS 1 <i>First-time Adoption of Malaysian Financial Reporting Standards</i>	1 January 2018
(ii) Amendments to MFRS 128 <i>Investments in Associates and Joint Ventures</i>	1 January 2018
MFRS 140 <i>Transfers of Investment Property</i> (Amendments to MFRS 140)	1 January 2018
IC Interpretation 22 <i>Foreign Currency Transactions and Advance Consideration</i>	1 January 2018
IC Interpretation 23 <i>Uncertainty over Income Tax Treatments</i>	1 January 2019
Annual Improvements to MFRSs 2015-2017 Cycle	
(i) Amendments to MFRS 3 <i>Business Combinations</i> and MFRS 11 <i>Joint Arrangements</i>	1 January 2019
(ii) Amendments to MFRS 112 <i>Income Tax</i>	1 January 2019
(iii) Amendments to MFRS 123 <i>Borrowing Costs</i>	1 January 2019

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A1. Basis of Preparation (cont'd.)

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

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

The amendments address three main areas:

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

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

MFRS 9 *Financial Instruments*

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

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

(i) Classification and measurement

MFRS 9 requires financial assets to be classified on the basis of two criteria:

- (1) The business model within financial assets are managed; and
- (2) The contractual cash flows characteristic.

At initial recognition, each financial assets will be classified as either amortised cost, fair value through other comprehensive income ("FVOCI"), or FVTPL as summarised in below table:

Amortised Cost	Fair Value	
	FVOCI	FVTPL
<ul style="list-style-type: none"> • Financial assets will be measured at amortised cost if the assets held within a business model whose objective is to hold financial assets in order to collect contractual cash flows which represent solely payments of principal and interest. 	<ul style="list-style-type: none"> • Financial assets will be measured at FVOCI if the assets held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and the contractual cash flows represent solely payments of principal and interest. • Equity instruments are normally measured at FVTPL. However, for non-traded equity instruments, with an irrevocable option at inception, to measure changes through FVOCI (i.e. without recycling profit or loss upon derecognition). 	<ul style="list-style-type: none"> • Financial assets will be measured at FVTPL if the assets that are held for trading or financial assets that qualify for neither held at amortised cost nor at FVOCI. • Equity instruments that were not elected for FVOCI will be measured at FVTPL.

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A1. Basis of Preparation (cont'd.)

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

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

(i) Classification and measurement (cont'd.)

Classification and measurement of financial liabilities will remain largely unchanged, other than the fair value gains and losses attributable to changes in 'own credit risk' for financial liabilities designated and measured at FVTPL to be presented in OCI. The remainder of the change in fair value is presented in profit or loss, unless presentation of the fair value change in respect of the liability's credit risk in OCI would create or enlarge an accounting mismatch in profit or loss.

(ii) Impairment

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

The measurement of expected loss will involve increased complexity and judgement that include:

- Determining a significant increase in credit risk since initial recognition

The assessment of significant deterioration since initial recognition is key in establishing the point of switching between the requirement to measure an allowance based on 12-month ECLs and one that is based on lifetime ECLs. The quantitative and qualitative assessments are required to estimate the significant increase in credit risk by comparing the risk of a default occurring on the financial assets as at reporting date with the risk of default occurring on the financial assets as at the date of initial recognition. The Group and the Bank will be generally required to apply a three-stage approach based on the change in credit quality since initial recognition:

3 Stage approach	Stage 1	Stage 2	Stage 3
	Performing	Under-performing	Non-performing
ECL Approach	12-month ECL	Lifetime ECL	Lifetime ECL
Criterion	No significant increase in credit risk	Credit risk increased significantly	Credit-impaired assets
Recognition of interest/profit income	Gross carrying amount	Gross carrying amount	Net carrying amount

- ECL Measurement

There are three main components to measure ECL which are a probability of default model ("PD"), a loss given default model ("LGD") and the exposure at default model ("EAD"). The model is to leverage as much as possible the Group's and the Bank's existing Basel II models and performed the required adjustments to produce MFRS 9 compliant model.

MFRS 9 does not distinguish between individual assessment and collective assessment. Therefore, the Group and the Bank decided to continue measure the impairment on an individual transaction basis for financial assets that are deemed to be individually significant.

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A1. Basis of Preparation (cont'd.)

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

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

(ii) Impairment (cont'd.)

- Expected life

Lifetime expected credit losses must be measured over the expected life. This is restricted to the maximum contractual life and takes into account expected prepayment, extension, call and similar options, except for certain revolver financial instruments such as credit cards and overdrafts. The expected life for these revolver facilities is expected to be behavioural life.

- Forward looking information

Expected credit losses are the unbiased probability-weighted credit losses determined by evaluating a range of possible outcomes and considering future economic conditions. The reasonable and supportable forward looking information will be based on the Group's and the Bank's research arm, Maybank Kim Eng ("MKE"). In addition, the MKE Research's assumptions and analysis would also be based on the collation of macroeconomic data obtained from various sources such as, but not limited to regulators, government and foreign ministries as well as independent research organisations.

(iii) Hedge accounting

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

The Group and the Bank have established a MFRS 9 project sponsored by Group Chief Financial Officer and co-sponsored by Group Chief Risk Officer and includes the subject matter experts with assistance from external consultants to plan and manage the implementation of MFRS 9. This implementation project consists of the following phases:

(a) Phase 1 - Impact assessment and solution development

This phase involves the following:

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

(b) Phase 2 - Build, test and deploy

This phase aims to:

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

(c) Phase 3 - Go live

This phase involves the following:

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

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A1. Basis of Preparation (cont'd.)

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

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

The Group and the Bank had completed Phase 1 during the financial year ended 31 December 2016 and Phase 2 on 30 June 2017. Specifically on 1 July 2017, the Group and the Bank have carried out Phase 3 - parallel run on the financial instruments that are impacted by the classification and measurement requirements and ECL computation based on the developed impairment methodology. During the financial year ended 31 December 2017, the Group and the Bank have also developed its approach for assessing significant increase in credit risk, incorporating forward looking information, including the probability weighted outcome of future economic conditions.

The overall governance of MFRS 9 project implementation is through the MFRS 9 Project Steering Committee which includes representation from Finance, Risk, IT and various Business sectors. In addition, the Audit Committee of the Board and the Board of Directors have provided effective oversight of the Group's and the Bank's progress in preparation of MFRS 9 adoption along with the regular updates on the MFRS 9 progress and readiness by the project team.

Overall, the Group and the Bank anticipate impact to the financial statements in the areas of classification and measurement for financial assets and impairment. The classification and measurement requirements will affect the presentation and disclosures within the Group's and the Bank's financial statements whilst the impairment requirements are expected to result in a higher allowance for impairment losses. Following the Group's and the Bank's parallel run using the latest available information, the Group's and the Bank's Capital Adequacy Ratios indicate potential reduction of around 40 basis points to the opening retained earnings on 1 January 2018 upon adoption of MFRS 9. The final impacts are still being assessed and may be adjusted as necessary.

MFRS 9 *Prepayment Features with Negative Compensation* (Amendments to MFRS 9)

Under MFRS 9, a debt instrument can be measured at amortised cost or at fair value through other comprehensive income, provided that the contractual cash flows are solely payments of principal and interest on the principal amount outstanding (the SPPI criterion) and the instrument is held within the appropriate business model for that classification. The amendments to MFRS 9 clarify that a financial asset passes the SPPI criterion regardless of the event or circumstance that causes the early termination of the contract and irrespective of which party pays or receives reasonable compensation for the early termination of the contract.

The amendments must be applied retrospectively. Earlier application is permitted. These amendments are not expected to have a significant impact on the Group's and the Bank's financial statements.

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

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

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

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

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A1. Basis of Preparation (cont'd.)

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

MFRS 15 Revenue from Contracts with Customers

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

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

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

The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under MFRS (including MFRS 111 *Construction Contracts*, MFRS 118 *Revenue*, IC Interpretation 13 *Customer Loyalty Programmes*, IC Interpretation 15 *Agreements for the Construction of Real Estate*, IC Interpretation 18 *Transfers of Assets from Customers* and IC Interpretation 131 *Revenue – Barter Transactions Involving Advertising Services*). Either a full retrospective application or a modified retrospective application is required for annual periods beginning on or after 1 January 2018. The Group and the Bank plan to adopt the standard on its effective date, using the modified retrospective method of adoption. The standard does not apply to income or revenue associated with financial instruments scoped in MFRS 9 such as loan, advances and financing and financial investment securities.

The Group and the Bank have established a project team, with assistance from the various lines of business and finance management to evaluate the potential impact of adopting this standard. The implementation efforts included the scoping of material revenue streams, analysis of underlying contracts, business unit discussion to further assess specific contracts and products and the development of updated disclosures. The project team has completed the scoping and determined that approximately RM4 billion of other operating income for the financial year ended 31 December 2017 would be within the scope of the new revenue recognition standard, when adopted. Based on the completed contracts reviews to date, the potential changes in revenue recognition for those contracts are not expected to result in a material impact to the Group and the Bank upon adoption. The project team is developing additional quantitative and qualitative disclosures that will be required upon the adoption of the new revenue recognition standard.

MFRS 16 Leases

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

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A1. Basis of Preparation (cont'd.)

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

MFRS 16 Leases (cont'd.)

(i) Lessee

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

(ii) Lessor

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

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

MFRS 17 Insurance Contracts

MFRS 17 will replace MFRS 4 Insurance Contracts that was issued in 2005. MFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The main features of the new accounting model for insurance contracts are, as follows:

- The measurement of the present value of future cash flows, incorporating an explicit risk adjustment, re-measured every reporting period (the fulfilment cash flows).
- A Contractual Service Margin ("CSM") that is equal and opposite to any day-one gain in the fulfilment cash flows of a group of contracts, representing the unearned profitability of the insurance contracts to be recognised in profit or loss over the service period (i.e., coverage period).
- Certain changes in the expected present value of future cash flows are adjusted against the CSM and thereby recognised in profit or loss over the remaining contractual service period.
- The effect of changes in discount rates will be reported in either profit or loss or other comprehensive income, determined by an accounting policy choice.
- The presentation of insurance revenue and insurance service expenses in the statement of comprehensive income based on the concept of services provided during the period.
- Amounts that the policyholder will always receive, regardless of whether an insured event happens (non-distinct investment components) are not presented in the income statement, but are recognised directly on the balance sheet.
- Insurance services results (earned revenue less incurred claims) are presented separately from the insurance finance income or expense.
- Extensive disclosures to provide information on the recognised amounts from insurance contracts and the nature and extent of risks arising from these contracts.

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A1. Basis of Preparation (cont'd.)

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

MFRS 17 Insurance Contracts (cont'd.)

The standard is effective for annual periods beginning on or after 1 January 2021. Early application is permitted, provided the entity also applies MFRS 9 and MFRS 15 on or before the date it first applies MFRS 17. An entity shall apply MFRS 17 retrospectively. However, if full retrospective application for estimating the CSM, as defined by MFRS 108 for a group of insurance contracts, is impracticable, an entity is required to choose one of the following two alternatives:

(i) Modified retrospective approach

Based on reasonable and supportable information available without undue cost and effort to the entity, certain modifications are applied to the extent full retrospective application is not possible, but still with the objective to achieve the closest possible outcome to retrospective application.

(ii) Fair value approach

The CSM is determined as the positive difference between the fair value determined in accordance with MFRS 13 *Fair Value Measurement* and the fulfilment cash flows (any negative difference would be recognised in retained earnings at the transition date).

Both the modified retrospective approach and the fair value approach provide transitional reliefs for determining the grouping of contracts. If an entity cannot obtain reasonable and supportable information necessary to apply the modified retrospective approach, it is required to apply the fair value approach.

The Group is in the process of assessing the financial implication for adopting the new standard and plan to adopt the new standard on the required effective date.

MFRS 128 Long-term Interests in Associates and Joint Ventures (Amendments to MFRS 128)

The amendments clarify that an entity applies MFRS 9 *Financial Instruments* to long-term interests in an associate or joint venture to which the equity method is not applied but that, in substance, form part of the net investment in the associate or joint venture (long-term interests). In applying MFRS 9, an entity does not account for any losses of the associate, or joint venture, or any impairment losses on the net investment, recognised as adjustments to the net investment in the associate or joint venture that arise from applying MFRS 128 *Investments in Associates and Joint Ventures*.

The amendments must be applied retrospectively, with certain exceptions. Early application of the amendments is permitted and must be disclosed. As the amendments eliminate ambiguity in the wording of the standard, the directors of the Bank do not expect the amendments to have any impact on the Group's and the Bank's financial statements.

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

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

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

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

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A1. Basis of Preparation (cont'd.)

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

Annual Improvements to MFRSs 2014-2016 Cycle

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

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

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

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

The amendments apply retrospectively for annual periods beginning on or after 1 January 2018, with earlier application permitted. The Group and the Bank do not anticipate significant impact to the financial statements upon adoption of the amendments.

MFRS 140 *Transfers of Investment Property* (Amendments to MFRS 140)

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

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

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

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

IC Interpretation 22 *Foreign Currency Transactions and Advance Consideration*

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

IC Interpretation 22 is effective for annual periods beginning on or after 1 January 2018, with earlier application permitted. Entities are given two options to apply these amendments:

- (i) retrospectively according to MFRS 108 *Accounting Policies, Changes in Accounting Estimates and Errors*; or
- (ii) prospectively to all assets, expenses and income in the scope of the interpretation initially recognised on or after:
 - the beginning of the reporting period in which the entity first applies the interpretation; or
 - the beginning of a prior reporting period presented as comparative information in the financial statements of the reporting period in which the entity first applies the interpretation.

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

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A1. Basis of Preparation (cont'd.)

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

IC Interpretation 23 *Uncertainty over Income Tax Treatments*

IC Interpretation 23 clarifies application of recognition and measurement requirements in IAS 12 *Income Taxes* when there is uncertainty over income tax treatments (e.g. when recognising a current tax asset if tax laws require entities to make payments on a disputed tax treatment).

The Interpretation specifically addresses the following:

- Whether an entity considers uncertain tax treatments separately;
- The assumptions an entity makes about the examination of tax treatments by taxation authorities;
- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates; and
- How an entity considers changes in facts and circumstances.

An entity has to determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The approach that better predicts the resolution of the uncertainty should be followed.

The interpretation is effective for annual reporting periods beginning on or after 1 January 2019, but certain transition reliefs are available. The Group and the Bank are in the process of assessing the financial implication for adopting the interpretation and plan to adopt the new interpretation on the required effective date.

Annual Improvements to MFRSs 2015-2017 Cycle

(i) Amendments to MFRS 3 *Business Combinations* and MFRS 11 *Joint Arrangements*

- *MFRS 3 Business Combinations*

The amendments clarify that if an entity in a joint operation that is a business subsequently obtains control of the joint operation, it must remeasure its previously held interest at the acquisition-date fair value. Any difference between the acquisition-date fair value and previous carrying value is recognised as a gain or loss. The amendments therefore means that when the entity in a joint operation that is a business subsequently obtains control of the joint operation, it applies the same requirements already in MFRS 3 that apply to business combinations achieved in stages.

The amendments are effective for annual periods beginning on or after 1 January 2019, with earlier application permitted. The Group and the Bank do not anticipate significant impact to the financial statements upon adoption of the amendments.

- *MFRS 11 Joint Arrangements*

The amendments clarify that if an entity that participates in (but does not have joint control over) a joint operation that is a business subsequently obtains joint control of the joint operation, it must not remeasure its previously held interest. The amendments therefore aligns with the accounting applied to transactions in which an associate becomes a joint venture and vice versa.

The amendments are effective for annual periods beginning on or after 1 January 2019, with earlier application permitted. The Group and the Bank do not anticipate significant impact to the financial statements upon adoption of the amendments.

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A1. Basis of Preparation (cont'd.)

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

Annual Improvements to MFRSs 2015-2017 Cycle (cont'd.)

(ii) Amendments to MFRS 112 *Income Tax*

The amendments clarify that an entity must recognise all income tax consequences of dividends in profit or loss, other comprehensive income or equity, depending on where the entity recognised the originating transaction or event that generated the distributable profits giving rise to the dividend.

The amendments apply for annual periods beginning on or after 1 January 2019, with earlier application permitted. The Group and the Bank do not anticipate significant impact to the financial statements upon adoption of the amendments.

(iii) Amendments to MFRS 123 *Borrowing Costs*

Paragraph 14 of MFRS 123 requires an entity to exclude borrowings made specifically for the purpose of obtaining/constructing a qualifying asset i.e. specific borrowings, when determining the funds that an entity borrows generally i.e. general borrowings and the funds that it uses for the purpose of obtaining/constructing a qualifying asset. The amendments clarify that if a specific borrowing remains outstanding after the related qualifying asset is ready for its intended use or sale, it becomes part of general borrowings. Therefore, from that date, the rate applied on those specific borrowings are included in the determination of the capitalisation rate of general borrowings accordingly.

The amendments are effective for annual periods beginning on or after 1 January 2019, with earlier application permitted. The Group and the Bank do not anticipate significant impact to the financial statements upon adoption of the amendments.

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 audited 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.

A3. Significant Accounting Estimates and Judgements

The preparation of audited 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 audited 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.

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A5. Seasonal or Cyclical Factors

The operations of the Group and of the Bank were not materially affected by any seasonal or cyclical factors during the fourth quarter and 12 months financial year ended 31 December 2017.

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

During the fourth quarter and 12 months financial year ended 31 December 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 fourth quarter and 12 months financial year ended 31 December 2017.

A8. Changes in Debt and Equity Securities

(i) The following are the changes in debt and equity securities for the Group and the Bank during the fourth quarter and 12 months financial year ended 31 December 2017:

(a) **Share capital**

The share capital of the Bank increased from RM10,193,199,917 as at 31 December 2016 to RM44,250,380,043 as at 31 December 2017 via:

- (A) Transfer of share premium amounting to RM28,878,703,017 to share capital pursuant to Companies Act 2016;
- (B) Issuance of 154,648,300 new ordinary shares amounting to RM1,445,238,920 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;
- (F) Issuance of 243,599,777 new ordinary shares (including 539,678 new ordinary shares issued to ESOS Trust Fund ("ETF") Pool) amounting to RM2,009,408,832 arising from the Dividend Reinvestment Plan ("DRP") relating to electable portion of the final dividend of 22 sen per ordinary share in respect of the financial year ended 31 December 2016; and
- (G) Issuance of 181,677,352 new ordinary shares (including 408,244 new ordinary shares issued to ESOS Trust Fund ("ETF") Pool) amounting to RM1,634,776,661 arising from the Dividend Reinvestment Plan ("DRP") relating to electable portion of the interim dividend of 18 sen per ordinary share in respect of the financial year ended 31 December 2017.

The issued ordinary shares of the Bank as at 31 December 2017 is 10,782,745,278 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 for the Group and the Bank during the fourth quarter and 12 months financial year ended 31 December 2017 (cont'd.):

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

Issuance/ Redemption	Issuance/ Redemption Date	Nominal Value	Description	Tenor
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	IDR266.0 billion	Shelf Sukuk Mudharabah II Bank Maybank Indonesia Tranche I Year	3 years
Issuance	22 August 2017	IDR400.0 billion	Shelf Bonds II WOM Finance Tranche II Year 2017 Series A	1 year
Issuance	22 August 2017	IDR320.5 billion	Shelf Bonds II WOM Finance Tranche II Year 2017 Series B	3 years
Issuance	15 November 2017	IDR1,150.0 billion	Shelf Bonds I Maybank Finance Tranche IV Year 2017 Series A	3 years
Issuance	15 November 2017	IDR50.0 billion	Shelf Bonds I Maybank Finance Tranche IV Year 2017 Series B	5 years
Issuance	6 December 2017	IDR601.5 billion	Shelf Bonds II WOM Finance Tranche III Year 2017 Series A	370 days
Issuance	6 December 2017	IDR266.0 billion	Shelf Bonds II WOM Finance Tranche III Year 2017 Series B	3 years
Redemption	25 June 2017	IDR203.0 billion	Shelf Bonds I WOM Finance Tranche I Year 2014 Series B	3 years
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
Redemption	31 October 2017	IDR1,020.0 billion	Shelf Bonds I Bank BII Tranche II Year 2012 Series B	5 years
Redemption	5 December 2017	IDR500.0 billion	Shelf Bonds I WOM Finance Tranche II Year 2014 Series B	3 years

(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	Description	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 years
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
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 August 2017	CHF100.0 million	Zero Coupon Notes	4 years

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

- (i) The following are the changes in debt and equity securities for the Group and the Bank during the fourth quarter and 12 months financial year ended 31 December 2017 (cont'd.):

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

Issuance/ Redemption	Issuance/ Redemption Date	Nominal Value	Description	Tenor
Issuance	7 August 2017	JPY20.0 billion	Fixed Rate Notes	3 years
Issuance	19 September 2017	USD20.0 million	Floating Rate Notes	1.5 years
Issuance	25 September 2017	USD20.0 million	Floating Rate Notes	5 years
Issuance	3 October 2017	HKD624.0 million	Fixed Rate Notes	5 years
Issuance	19 October 2017	USD300.0 million	Callable Zero Coupon Notes	30 years
Issuance	2 November 2017	CNY500.0 million	Fixed Rate Notes	3 years
Issuance	30 November 2017	AUD12.0 million	Collared Floating 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
Redemption	1 August 2017	USD20.0 million	Floating Rate Notes	1 year

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

Redemption	Redemption Date	Nominal Value	Description	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) **Establishment of an Islamic Commercial Paper/Medium Term Note Programme of up to RM10.0 billion in nominal value by Maybank Islamic Berhad and issuances from the programme**

On 21 February 2017, Maybank Islamic Berhad, a wholly-owned subsidiary of Maybank, successfully established an Islamic commercial paper/medium term note programme of up to RM10.0 billion in nominal value under the Shariah principle of Wakalah Bi Al-Istithmar.

Issuance	Issuance Date	Nominal Value	Description	Tenor
Issuance	16 November 2017	RM250.0 million	Zero Coupon Islamic Medium Term Notes	1 year
Issuance	18 December 2017	RM2.0 billion	Fixed Rate Islamic Medium Term Notes	5 years
Issuance	19 December 2017	RM250.0 million	Zero Coupon Islamic Medium Term Notes	1 year

As at 31 December 2017, the aggregate nominal value of the outstanding Ringgit Islamic Commercial Papers is RM2,500.0 million (31 December 2016: RM nil). The tenor for these Ringgit Islamic Commercial Papers range from 90 days to 365 days.

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

Issuance	Issuance Date	Nominal Value	Description	Tenor
Issuance	22 February 2017	RM60.0 million	Callable Fixed Rate Sukuk	15 years

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

- (i) The following are the changes in debt and equity securities for the Group and the Bank during the fourth quarter and 12 months financial year ended 31 December 2017 (cont'd.):

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

Issuance	Issuance Date	Nominal Value	Description	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
Issuance	25 July 2017	RM15.0 million	Zero Coupon Medium Term Notes	1 year
Issuance	1 August 2017	RM21.0 million	Zero Coupon Medium Term Notes	1 year
Issuance	8 August 2017	RM22.0 million	Zero Coupon Medium Term Notes	1 year
Issuance	17 August 2017	RM200.0 million	Zero Coupon Medium Term Notes	1 year
Issuance	3 October 2017	RM19.0 million	Zero Coupon Medium Term Notes	1 year
Issuance	4 October 2017	RM17.0 million	Zero Coupon Medium Term Notes	1 year

As at 31 December 2017, the aggregate nominal value of the outstanding Ringgit Commercial Papers is RM2,562.8 million (31 December 2016: RM517.0 million). The tenor for these Ringgit Commercial Papers range from 174 days to 365 days.

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

Redemption	Redemption Date	Nominal Value	Description	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

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

As at 31 December 2017, the aggregate nominal value of the outstanding Euro Commercial Papers is RM801.1 million (31 December 2016: RM845.0 million). The tenor for these Euro Commercial Papers range from 182 days to 186 days.

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

As at 31 December 2017, the aggregate nominal value of the outstanding U.S. Commercial Papers is RM2,023.8 million (31 December 2016: RM2,115.7 million). The tenor for these U.S. Commercial Papers range from 32 days to 278 days.

- (k) **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 and 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.

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

- (i) The following are the changes in debt and equity securities for the Group and the Bank during the fourth quarter and 12 months financial year ended 31 December 2017 (cont'd.):

- (l) **Redemption of Subordinated Notes of USD800.0 million in nominal value under the USD15.0 billion Multicurrency Medium Term Note Programme by Maybank**

On 20 September 2017, Maybank fully redeemed the USD800.0 million Subordinated Notes. The Subordinated Notes were issued on 20 September 2012.

- (m) **Establishment of an Islamic Additional Tier 1 Sukuk Wakalah ("AT1 Sukuk Wakalah") Programme of up to RM10.0 billion in nominal value by Maybank Islamic Berhad and issuance from the programme**

On 23 November 2017, Maybank Islamic Berhad, a wholly-owned subsidiary of Maybank, successfully established an Islamic AT1 Sukuk Wakalah programme of up to RM10.0 billion in nominal value under the Shariah principle of Wakalah Bi Al-Istithmar.

Issuance	Issuance Date	Nominal Value	Description	Tenor
Issuance	14 December 2017	RM1.0 billion	AT1 Sukuk Wakalah	Perpetual

- (ii) The following are the changes in debt securities for the Group and the Bank subsequent to the fourth quarter and 12 months financial year ended 31 December 2017 and have not been reflected in the financial statements for the fourth quarter ended 31 December 2017:

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

Issuance	Issuance Date	Nominal Value	Description	Tenor
Issuance	11 January 2018	HKD300.0 million	Floating Rate Notes	3 years
Issuance	12 January 2018	USD100.0 million	Floating Rate Notes	5 years
Issuance	18 January 2018	HKD701.0 million	Fixed Rate Notes	5 years
Issuance	15 February 2018	USD10.0 million	Floating Rate Notes	5 years

- (b) **Issuance of Structured Note pursuant to the USD3.0 billion Structured Note Programme by Maybank**

Issuance	Issuance Date	Nominal Value	Description	Tenor
Issuance	24 January 2018	AUD12.0 million	Collared Floating Rate Notes	5 years

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

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A9. Dividends Paid

Dividends paid during the 12 months financial year ended 31 December 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) A single-tier interim dividend, in respect of the financial year ended 31 December 2017 of 23 sen per ordinary share, was declared by the Bank on 30 August 2017.

The dividend consists of 5 sen to be paid in cash amounting to RM529,780,796 and an electable portion of 18 sen amounting to RM1,907,210,867 which can be elected to be reinvested in new ordinary shares in accordance with the DRP.

The payment date for cash dividends and crediting of ordinary shares under the DRP was completed on 1 November 2017.

- (c) Dividends paid by Maybank's subsidiaries to non-controlling interests amounted to RM99,998,000 during the 12 months financial year ended 31 December 2017.

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A10. Financial Investments Portfolio

	Note	Group		Bank	
		31 December 2017 RM'000	31 December 2016 RM'000	31 December 2017 RM'000	31 December 2016 RM'000
Financial assets at fair value through profit or loss	(i)	25,117,493	23,496,050	7,896,677	7,980,314
Financial investments available-for-sale	(ii)	109,070,244	92,384,834	89,286,739	74,904,201
Financial investments held-to-maturity	(iii)	20,184,773	15,021,597	17,763,565	12,582,311
		154,372,510	130,902,481	114,946,981	95,466,826

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

	Group		Bank	
	31 December 2017 RM'000	31 December 2016 RM'000	31 December 2017 RM'000	31 December 2016 RM'000
(a) Financial assets designated upon initial recognition	13,187,127	12,909,681	-	-
(b) Financial assets held-for-trading	11,930,366	10,586,369	7,896,677	7,980,314
	25,117,493	23,496,050	7,896,677	7,980,314

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

	Group		Bank	
	31 December 2017 RM'000	31 December 2016 RM'000	31 December 2017 RM'000	31 December 2016 RM'000
At fair value				
Money market instruments:				
Malaysian Government Securities	243,699	225,385	-	-
Malaysian Government Investment Issues	142,181	197,483	-	-
Negotiable Islamic Certificates of Deposits	254,048	249,261	-	-
Foreign Government Securities	254,952	103,421	-	-
Foreign Government Treasury Bills	111,432	24,804	-	-
	1,006,312	800,354	-	-
Quoted securities:				
In Malaysia:				
Shares, warrants, trust units and loan stocks	18,056	54,503	-	-
Outside Malaysia:				
Shares, warrants, trust units and loan stocks	188,865	233,627	-	-
	206,921	288,130	-	-
Unquoted securities:				
Foreign Corporate Bonds and Sukuk	747,270	428,318	-	-
Corporate Bonds and Sukuk in Malaysia	10,840,030	11,057,416	-	-
Structured deposits	386,594	335,463	-	-
	11,973,894	11,821,197	-	-
Total financial assets designated upon initial recognition	13,187,127	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	
	31 December 2017 RM'000	31 December 2016 RM'000	31 December 2017 RM'000	31 December 2016 RM'000
At fair value				
Money market instruments:				
Malaysian Government Securities	441,205	233,251	392,497	203,379
Malaysian Government Investment Issues	55,157	37,677	10,009	-
Cagamas Bonds	-	56,867	-	56,867
Negotiable instruments of deposits	505,238	-	505,238	-
Foreign Government Securities	3,925,083	2,931,845	2,706,833	2,313,978
Bank Negara Malaysia Bills and Notes	49,698	-	49,698	-
Foreign Government Treasury Bills	73,571	655	73,571	655
	5,049,952	3,260,295	3,737,846	2,574,879
Quoted securities:				
In Malaysia:				
Shares, warrants, trust units and loan stocks	1,077,730	805,806	128,081	128,780
Corporate Bonds and Sukuk	-	4,571	-	4,571
Outside Malaysia:				
Shares, warrants, trust units and loan stocks	1,743,565	1,245,355	14,332	11,896
Foreign Corporate Bonds and Sukuk	-	451	-	-
Foreign Government Bonds	97,667	74,930	-	-
	2,918,962	2,131,113	142,413	145,247
Unquoted securities:				
Foreign Corporate Bonds and Sukuk	2,031,971	3,760,622	1,648,442	3,410,260
Corporate Bonds and Sukuk in Malaysia	1,320,909	982,324	1,767,926	1,399,841
Foreign Government Bonds	608,572	452,015	600,050	450,087
	3,961,452	5,194,961	4,016,418	5,260,188
Total financial assets held- for-trading	11,930,366	10,586,369	7,896,677	7,980,314

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A10. Financial Investments Portfolio (cont'd.)

(ii) Financial investments available-for-sale

	Group		Bank	
	31 December 2017 RM'000	31 December 2016 RM'000	31 December 2017 RM'000	31 December 2016 RM'000
At fair value				
Money market instruments:				
Malaysian Government Securities	12,276,119	10,004,488	12,271,396	9,955,613
Malaysian Government Investment Issues	20,113,895	12,621,577	12,087,870	7,426,545
Negotiable instruments of deposits	1,453,388	4,573,550	1,035,128	4,492,819
Foreign Government Securities	9,744,294	10,611,242	7,151,001	8,092,808
Foreign Government Treasury Bills	7,967,482	5,807,734	7,961,429	5,807,734
Khazanah Bonds	2,404,554	1,917,128	2,404,554	1,917,128
Cagamas Bonds	793,877	728,048	793,877	728,048
Bankers' acceptances and Islamic accepted bills	166,173	-	-	-
Foreign Certificates of Deposits	-	44,909	-	44,909
	54,919,782	46,308,676	43,705,255	38,465,604
Quoted securities:				
In Malaysia:				
Shares, warrants, trust units and loan stocks	2,682,254	2,188,387	196,592	141,507
Outside Malaysia:				
Shares, warrants, trust units and loan stocks	222,422	142,135	-	733
Foreign Corporate Bonds and Sukuk	66,283	97,007	-	-
Foreign Government Bonds	22,495	23,224	-	-
Foreign Government Treasury Bills	-	33,874	-	-
	2,993,454	2,484,627	196,592	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 [#]	360,644	347,701	280,825	268,622
Shares, trust units and loan stocks outside Malaysia [#]	3,045	94,741	-	-
Foreign Corporate Bonds and Sukuk	22,213,641	18,714,932	21,010,325	17,794,222
Corporate Bonds and Sukuk in Malaysia	23,486,479	17,214,829	19,076,312	11,099,251
Foreign Government Bonds	4,772,932	6,641,416	4,741,288	6,606,641
Malaysian Government Bonds	320,267	576,547	276,142	527,621
Structured deposits	-	1,365	-	-
	51,157,008	43,591,531	45,384,892	36,296,357
Total financial investments available-for-sale	109,070,244	92,384,834	89,286,739	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	
	31 December 2017 RM'000	31 December 2016 RM'000	31 December 2017 RM'000	31 December 2016 RM'000
At 1 January	560,730	641,405	409,141	365,495
Allowance made	69,725	265,440	1,071	213,464
Amount written back in respect of recoveries	(856)	(83,187)	(3,288)	(73,613)
Amount written-off/realised	(106,962)	(275,898)	(11,258)	(99,951)
Exchange differences	(1,314)	12,970	4,235	3,746
At 31 December	521,323	560,730	399,901	409,141

(iii) Financial investments held-to-maturity

	Group		Bank	
	31 December 2017 RM'000	31 December 2016 RM'000	31 December 2017 RM'000	31 December 2016 RM'000
At amortised cost less accumulated impairment losses				
Money market instruments:				
Malaysian Government Securities	2,022,531	2,017,799	2,022,427	2,017,695
Cagamas Bonds	50,247	50,259	50,247	50,259
Malaysian Government Investment Issues	2,525,606	2,522,557	2,525,606	2,522,557
Foreign Government Securities	1,398,014	1,275,579	-	-
Foreign Government Treasury Bills	19,057	67,403	-	-
Khazanah Bonds	860,393	827,825	860,393	827,825
Foreign Certificates of Deposits	174,618	92,935	-	-
	7,050,466	6,854,357	5,458,673	5,418,336
Unquoted securities:				
Foreign Corporate Bonds and Sukuk	2,832,177	1,373,041	2,452,215	911,100
Corporate Bonds and Sukuk in Malaysia	9,945,774	5,530,942	9,806,381	6,223,862
Foreign Government Bonds	358,536	1,285,495	48,028	30,745
Others	2,044	2,044	2,044	2,044
	13,138,531	8,191,522	12,308,668	7,167,751
Accumulated impairment losses	(4,224)	(24,282)	(3,776)	(3,776)
Total financial investments held-to-maturity	20,184,773	15,021,597	17,763,565	12,582,311

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

	Group		Bank	
	31 December 2017 RM'000	31 December 2016 RM'000	31 December 2017 RM'000	31 December 2016 RM'000
At 1 January	24,282	24,248	3,776	3,776
Amount written back in respect of recoveries	(107)	-	-	-
Amount written-off	(20,053)	-	-	-
Exchange differences	102	34	-	-
At 31 December	4,224	24,282	3,776	3,776

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A11. Loans, Advances and Financing

	Group		Bank	
	31 December 2017 RM'000	31 December 2016 RM'000	31 December 2017 RM'000	31 December 2016 RM'000
Overdrafts/cashline	22,177,237	21,873,512	11,016,583	10,812,916
Term loans:				
- Housing loans/financing	149,069,563	144,805,122	59,881,852	56,290,758
- Syndicated loans/financing	39,920,409	38,015,281	35,704,531	35,060,528
- Hire purchase receivables	73,150,529	64,119,786	25,862,558	21,215,380
- Lease receivables	120,939	60,636	-	-
- Other loans/financing	216,033,764	223,604,109	96,176,360	107,314,937
Credit card receivables	8,991,286	8,359,305	7,257,690	6,713,601
Bills receivables	3,868,214	4,153,762	3,722,569	4,086,302
Trust receipts	4,528,344	4,420,182	3,821,888	3,722,796
Claims on customers under acceptance credits	11,493,076	11,575,723	5,773,350	5,953,148
Loans/financing to financial institutions (Note A11(x))	2,040,105	2,247,694	18,817,485	18,640,278
Revolving credits	54,764,740	55,041,314	29,825,692	31,285,172
Staff loans	3,447,298	3,525,502	815,718	888,331
Loans to:				
- Directors of the Bank	4,253	4,012	212	463
- Directors of subsidiaries	4,811	3,215	639	1,630
Others	4,190,061	3,372,116	-	-
	<u>593,804,629</u>	<u>585,181,271</u>	<u>298,677,127</u>	<u>301,986,240</u>
Unearned interest and income	<u>(99,959,543)</u>	<u>(99,445,560)</u>	<u>(1,841,868)</u>	<u>(1,628,063)</u>
Gross loans, advances and financing	<u>493,845,086</u>	<u>485,735,711</u>	<u>296,835,259</u>	<u>300,358,177</u>
Allowances for impaired loans, advances and financing:				
- Individual allowance	(4,120,531)	(3,764,929)	(3,002,620)	(2,493,534)
- Collective allowance	(4,140,193)	(4,195,879)	(2,834,670)	(2,844,507)
Net loans, advances and financing	<u>485,584,362</u>	<u>477,774,903</u>	<u>290,997,969</u>	<u>295,020,136</u>

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

	Group		Bank	
	31 December 2017 RM'000	31 December 2016 RM'000	31 December 2017 RM'000	31 December 2016 RM'000
Domestic banking institutions	16,084	76,819	18,059,723	17,776,082
Domestic non-banking financial institutions	25,554,508	24,995,761	20,265,706	20,110,549
Domestic business enterprises:				
- Small and medium enterprises	78,320,245	78,450,015	57,001,083	54,417,927
- Others	104,221,505	108,054,043	57,380,920	62,336,597
Government and statutory bodies	15,402,406	9,553,849	900,545	962,303
Individuals	228,084,123	219,007,962	110,824,453	107,355,810
Other domestic entities	8,657,197	6,632,911	1,361,032	536,924
Foreign entities	33,589,018	38,964,351	31,041,797	36,861,985
Gross loans, advances and financing	<u>493,845,086</u>	<u>485,735,711</u>	<u>296,835,259</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	
	31 December 2017 RM'000	31 December 2016 RM'000	31 December 2017 RM'000	31 December 2016 RM'000
Malaysia	289,103,366	275,060,627	142,852,051	143,030,884
Singapore	124,388,161	121,561,911	122,847,450	120,583,331
Indonesia	39,009,785	42,213,162	-	-
Labuan Offshore	14,478,182	18,612,494	14,478,182	18,612,494
Hong Kong SAR	8,571,662	10,855,710	8,266,943	10,385,398
United States of America	813,651	835,785	813,079	835,152
People's Republic of China	4,101,002	3,553,392	4,101,002	3,553,392
Vietnam	861,178	834,027	637,743	686,796
United Kingdom	1,692,984	1,413,903	1,692,934	1,413,879
Brunei	660,211	638,659	660,211	638,659
Cambodia	2,263,316	2,515,045	-	-
Bahrain	120,152	449,529	120,152	449,529
Philippines	5,860,871	5,579,772	-	-
Thailand	1,515,687	1,399,415	-	-
Laos	134,911	125,437	134,911	125,437
Myanmar	230,601	43,226	230,601	43,226
Others	39,366	43,617	-	-
Gross loans, advances and financing	493,845,086	485,735,711	296,835,259	300,358,177

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

	Group		Bank	
	31 December 2017 RM'000	31 December 2016 RM'000	31 December 2017 RM'000	31 December 2016 RM'000
Fixed rate:				
- Housing loans/financing	14,448,234	20,972,243	12,367,358	18,635,026
- Hire purchase receivables	62,031,596	58,229,799	23,507,256	21,011,268
- Other fixed rate loans/financing	65,233,033	65,839,818	49,151,305	49,935,496
Variable rate:				
- Base lending/financing rate/ base rate plus	186,900,601	176,999,015	86,193,316	88,766,345
- Cost plus	62,214,999	61,815,505	56,955,905	56,727,126
- Other variable rates	103,016,623	101,879,331	68,660,119	65,282,916
Gross loans, advances and financing	493,845,086	485,735,711	296,835,259	300,358,177

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

	Group		Bank	
	31 December 2017 RM'000	31 December 2016 RM'000	31 December 2017 RM'000	31 December 2016 RM'000
Purchase of securities	33,963,031	33,763,335	9,428,608	10,840,651
Purchase of transport vehicles	64,175,135	57,427,629	22,793,620	20,092,532
Purchase of landed properties:				
- Residential	106,334,633	97,122,826	66,085,358	61,316,702
- Non-residential	40,756,217	41,698,958	28,602,987	29,040,220
Purchase of fixed assets (excluding landed properties)	5,883,215	7,284,181	5,842,763	7,253,314
Personal use	10,376,625	10,720,712	6,351,673	6,751,692
Credit card	9,168,555	8,534,651	7,393,984	6,853,811
Purchase of consumer durables	4,565	4,482	4,235	4,189
Constructions	16,761,677	17,850,789	10,827,248	12,629,495
Mergers and acquisitions	876,464	411,826	850,019	365,022
Working capital	160,235,663	167,885,959	97,562,331	110,029,604
Others	45,309,306	43,030,363	41,092,433	35,180,945
Gross loans, advances and financing	493,845,086	485,735,711	296,835,259	300,358,177

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

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

	Group		Bank	
	31 December 2017	31 December 2016	31 December 2017	31 December 2016
	RM'000	RM'000	RM'000	RM'000
Within one year	130,156,691	134,071,165	84,077,790	94,290,760
One year to three years	56,735,002	56,347,584	41,663,942	43,872,159
Three years to five years	58,058,485	62,071,403	40,131,495	41,133,223
After five years	248,894,908	233,245,559	130,962,032	121,062,035
Gross loans, advances and financing	<u>493,845,086</u>	<u>485,735,711</u>	<u>296,835,259</u>	<u>300,358,177</u>

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

	Group		Bank	
	31 December 2017	31 December 2016	31 December 2017	31 December 2016
	RM'000	RM'000	RM'000	RM'000
Gross impaired loans at 1 January	11,055,380	8,555,007	7,180,389	5,398,626
Impaired during the financial year	7,105,386	9,291,509	3,875,729	5,597,011
Reclassified as non-impaired	(2,276,061)	(2,999,037)	(997,473)	(1,834,681)
Amount recovered	(2,262,161)	(2,292,629)	(1,151,312)	(1,362,096)
Amount written-off	(1,648,146)	(1,693,147)	(648,610)	(856,897)
Transferred from a subsidiary	-	-	-	179,286
Exchange differences	(424,495)	193,677	(187,882)	59,140
Gross impaired loans at 31 December	<u>11,549,903</u>	<u>11,055,380</u>	<u>8,070,841</u>	<u>7,180,389</u>

Calculation of ratio of net impaired loans:

Gross impaired loans at 31 December (excluding financing funded by Investment Account*)	11,483,939	10,973,689	8,070,841	7,180,389
Less: Individual allowance	(4,120,531)	(3,764,929)	(3,002,620)	(2,493,534)
Net impaired loans	<u>7,363,408</u>	<u>7,208,760</u>	<u>5,068,221</u>	<u>4,686,855</u>
Gross loans, advances and financing	493,845,086	485,735,711	296,835,259	300,358,177
Less: Individual allowance	(4,120,531)	(3,764,929)	(3,002,620)	(2,493,534)
Less: Funded by Investment Account*	(24,555,445)	(31,544,587)	-	-
Net loans, advances and financing	<u>465,169,110</u>	<u>450,426,195</u>	<u>293,832,639</u>	<u>297,864,643</u>
Ratio of net impaired loans	<u>1.58%</u>	<u>1.60%</u>	<u>1.72%</u>	<u>1.57%</u>

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

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

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

	Group		Bank	
	31 December 2017 RM'000	31 December 2016 RM'000	31 December 2017 RM'000	31 December 2016 RM'000
Purchase of securities	275,691	201,965	163,430	149,992
Purchase of transport vehicles	369,622	330,164	100,104	107,557
Purchase of landed properties:				
- Residential	717,419	617,185	376,994	324,843
- Non-residential	992,952	925,181	872,588	820,599
Purchase of fixed assets (excluding landed properties)	1,512,007	474,886	1,483,691	439,861
Personal use	160,019	150,544	128,583	111,840
Credit card	90,831	92,484	63,872	60,640
Purchase of consumer durables	106	32	98	18
Constructions	1,504,782	1,439,746	1,106,035	1,034,438
Working capital	5,381,439	6,094,034	3,425,896	3,896,560
Others	545,035	729,159	349,550	234,041
Gross impaired loans, advances and financing	11,549,903	11,055,380	8,070,841	7,180,389

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

	Group		Bank	
	31 December 2017 RM'000	31 December 2016 RM'000	31 December 2017 RM'000	31 December 2016 RM'000
Malaysia	5,619,324	5,754,507	3,896,008	4,246,493
Singapore	2,931,842	1,587,853	2,897,765	1,570,036
Indonesia	1,417,698	1,993,758	-	-
Labuan Offshore	244,722	209,957	244,722	209,957
Hong Kong SAR	886,737	1,031,921	878,849	1,031,921
United States of America	572	633	-	-
People's Republic of China	1,054	5,878	1,054	5,878
Vietnam	68,271	82,976	67,121	80,394
Brunei	38,529	21,888	38,529	21,888
Cambodia	97,667	95,619	-	-
Bahrain	5,063	5,608	5,063	5,608
Philippines	123,185	185,823	-	-
Thailand	38,438	31,887	-	-
Laos	41,730	8,214	41,730	8,214
Others	35,071	38,858	-	-
Gross impaired loans, advances and financing	11,549,903	11,055,380	8,070,841	7,180,389

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

	Group		Bank	
	31 December 2017 RM'000	31 December 2016 RM'000	31 December 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	1,830,104	2,390,222	1,237,538	1,592,007
Amount written back	(326,072)	(115,272)	(238,042)	(80,690)
Amount written-off	(858,546)	(858,279)	(317,726)	(510,376)
Transferred to collective allowance	(31,234)	(30,057)	(26,013)	(18,990)
Exchange differences	(258,650)	118,405	(146,671)	89,493
At 31 December	4,120,531	3,764,929	3,002,620	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	
	31 December 2017 RM'000	31 December 2016 RM'000	31 December 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	836,425	1,100,315	346,381	522,087
Amount written back	(390)	(30,762)	-	-
Amount written-off	(789,601)	(834,868)	(330,885)	(346,521)
Transferred from individual allowance	31,234	30,057	26,013	18,990
Exchange differences	(133,354)	31,996	(51,346)	22,610
At 31 December	<u>4,140,193</u>	<u>4,195,879</u>	<u>2,834,670</u>	<u>2,844,507</u>
As a percentage of total loans, less individual allowance (including regulatory reserve)	<u>1.53%*</u>	<u>1.19%*</u>	<u>1.76%*</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 RM18,068.2 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	
		31 December 2017 RM'000	31 December 2016 RM'000
Reinsurance/retakaful assets	(i)	3,222,455	3,692,581
Other insurance receivables	(ii)	711,317	447,015
		<u>3,933,772</u>	<u>4,139,596</u>

	Group	
	31 December 2017 RM'000	31 December 2016 RM'000
(i) Reinsurance/retakaful assets		
Reinsurers' share of:	2,884,125	3,400,731
Life insurance contract liabilities	32,963	25,767
General insurance contract liabilities	2,851,162	3,374,964
Retakaful operators' share of:	338,330	291,850
Family takaful certificate liabilities	76,166	49,677
General takaful certificate liabilities	262,164	242,173
	<u>3,222,455</u>	<u>3,692,581</u>

	Group	
	31 December 2017 RM'000	31 December 2016 RM'000
(ii) Other insurance receivables		
Due premium including agents/brokers and co-insurers balances	283,197	330,061
Due from reinsurers and cedants/retakaful operators	444,868	135,981
	<u>728,065</u>	<u>466,042</u>
Allowance for impairment losses	(16,748)	(19,027)
	<u>711,317</u>	<u>447,015</u>

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A13. Other Assets

	Group		Bank	
	31 December 2017 RM'000	31 December 2016 RM'000	31 December 2017 RM'000	31 December 2016 RM'000
Other debtors	5,554,056	6,304,018	4,328,113	5,077,156
Amount due from brokers and clients	2,346,536	2,452,894	-	-
Prepayments and deposits	1,420,247	1,407,933	443,875	491,926
Tax recoverable	88,297	113,850	-	-
Foreclosed properties	289,004	246,865	29,409	34,430
	9,698,140	10,525,560	4,801,397	5,603,512

A14. Deposits from Customers

(i) By type of deposit

	Group		Bank	
	31 December 2017 RM'000	31 December 2016 RM'000	31 December 2017 RM'000	31 December 2016 RM'000
Fixed deposits and negotiable instruments of deposits				
- One year or less	285,822,118	280,377,560	167,002,740	178,035,292
- More than one year	11,605,917	11,231,648	9,296,982	10,029,739
	297,428,035	291,609,208	176,299,722	188,065,031
Money market deposits	18,167,679	15,200,225	18,167,679	15,200,225
Savings deposits	71,591,820	68,143,180	47,602,272	44,203,976
Demand deposits	114,829,911	110,571,307	86,868,927	84,409,063
	502,017,445	485,523,920	328,938,600	331,878,295

(ii) By type of customer

	Group		Bank	
	31 December 2017 RM'000	31 December 2016 RM'000	31 December 2017 RM'000	31 December 2016 RM'000
Business enterprises	238,688,009	226,074,468	166,333,827	163,000,362
Individuals	205,434,319	204,025,300	141,356,982	145,714,679
Government and statutory bodies	28,731,383	26,481,227	9,327,767	9,046,804
Others	29,163,734	28,942,925	11,920,024	14,116,450
	502,017,445	485,523,920	328,938,600	331,878,295

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

	Group		Bank	
	31 December 2017 RM'000	31 December 2016 RM'000	31 December 2017 RM'000	31 December 2016 RM'000
Within six months	226,669,904	234,901,381	124,598,343	141,455,104
Six months to one year	59,152,214	45,476,179	42,404,397	36,580,188
One year to three years	10,813,684	10,183,159	9,221,071	9,963,861
Three years to five years	792,233	1,048,489	75,911	65,878
	297,428,035	291,609,208	176,299,722	188,065,031

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A15. Deposits and Placements from Financial Institutions

	Group		Bank	
	31 December 2017 RM'000	31 December 2016 RM'000	31 December 2017 RM'000	31 December 2016 RM'000
Licensed banks	37,657,509	27,340,841	35,529,964	28,044,586
Licensed finance companies	75,407	112,341	75,407	112,341
Licensed investment banks	31,021	42,146	31,021	42,146
Other financial institutions	4,834,194	3,359,365	2,008,742	1,657,637
	42,598,131	30,854,693	37,645,134	29,856,710

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

	Group		Bank	
	31 December 2017 RM'000	31 December 2016 RM'000	31 December 2017 RM'000	31 December 2016 RM'000
One year or less	39,516,290	28,086,419	36,024,326	28,385,549
More than one year	3,081,841	2,768,274	1,620,808	1,471,161
	42,598,131	30,854,693	37,645,134	29,856,710

A16. Financial Liabilities at Fair Value Through Profit or Loss ("FVTPL")

	Group		Bank	
	31 December 2017 RM'000	31 December 2016 RM'000	31 December 2017 RM'000	31 December 2016 RM'000
Structured deposits	2,366,966	1,560,054	1,474,271	657,963
Borrowings				
Unsecured				
Medium Term Notes				
- More than one year				
Denominated in:				
- USD	3,362,727	1,444,465	3,362,727	1,444,465
- RM	646,122	582,711	646,122	582,711
	4,008,849	2,027,176	4,008,849	2,027,176
Total financial liabilities at fair value through profit or loss	6,375,815	3,587,230	5,483,120	2,685,139

During the financial year ended 31 December 2017, the Group and the Bank have designated certain structured deposits and borrowings at FVTPL. This designation is permitted under MFRS 139 - *Financial Instruments: Recognition and Measurement* as it significantly reduces accounting mismatch. These instruments are managed by the Group and the Bank on the basis of its fair value and include terms that have substantive derivative characteristics.

The carrying amount of both structured deposits and borrowings designated at FVTPL of the Group and of the Bank as at 31 December 2017 were RM6,590,566,000 and RM5,692,384,000 (31 December 2016: RM3,792,621,000 and RM2,875,461,000) respectively. The fair value changes of the financial liabilities at FVTPL that are attributable to the changes in own credit risk are not significant.

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A17. Borrowings, Subordinated Obligations and Capital Securities

	Group		Bank	
	31 December 2017	31 December 2016	31 December 2017	31 December 2016
	RM'000	RM'000	RM'000	RM'000
(i) Borrowings				
Secured				
(a) Borrowings				
- Less than one year				
Denominated in:				
- SGD	668	-	-	-
- PHP	80	35	-	-
- IDR	1,159,884	741,714	-	-
- VND	5,138	-	-	-
	<u>1,165,770</u>	<u>741,749</u>	<u>-</u>	<u>-</u>
- More than one year				
Denominated in:				
- SGD	236,302	-	-	-
- PHP	-	171	-	-
- IDR	1,982,846	2,348,667	-	-
	<u>2,219,148</u>	<u>2,348,838</u>	<u>-</u>	<u>-</u>
(b) Medium Term Notes				
- More than one year				
Denominated in:				
- IDR	74,588	83,251	-	-
	<u>74,588</u>	<u>83,251</u>	<u>-</u>	<u>-</u>
Total secured borrowings	<u>3,459,506</u>	<u>3,173,838</u>	<u>-</u>	<u>-</u>
Unsecured				
(a) Borrowings				
- Less than one year				
Denominated in:				
- USD	4,272,752	5,380,539	3,861,646	5,148,693
- SGD	1,616,118	994,982	-	-
- THB	1,232,326	824,493	-	-
- HKD	121,905	285,567	-	216,923
- IDR	30,788	362,598	-	-
- VND	3	-	-	-
- PHP	-	33,536	-	-
- INR	6,358	13,240	-	-
- JPY	5	-	-	-
- EURO	193,671	466	193,671	-
- RM	2,533,470	517,000	2,533,470	517,000
	<u>10,007,396</u>	<u>8,412,421</u>	<u>6,588,787</u>	<u>5,882,616</u>
- More than one year				
Denominated in:				
- USD	3,746,250	5,607,500	3,746,250	5,607,500
- JPY	1,970	2,424	-	-
- IDR	519,091	233,562	-	-
	<u>4,267,311</u>	<u>5,843,486</u>	<u>3,746,250</u>	<u>5,607,500</u>

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

	Group		Bank	
	31 December	31 December	31 December	31 December
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
(i) Borrowings (cont'd.)				
Unsecured (cont'd.)				
(b) Medium Term Notes				
- Less than one year				
Denominated in:				
- USD	1,768,020	2,361,664	1,768,020	2,361,664
- HKD	357,950	433,498	357,950	433,498
- SGD	164,087	156,039	164,087	156,039
- JPY	668,664	2,539,458	668,664	2,539,458
- AUD	3,250	808	3,250	808
- CNH	449,015	16,207	449,015	16,207
- CHF	39	-	39	-
- CNY	5,801	-	5,801	-
- RM	476,918	834,625	476,918	834,625
	3,893,744	6,342,299	3,893,744	6,342,299
- More than one year				
Denominated in:				
- USD	3,705,750	4,957,030	3,705,750	4,957,030
- HKD	2,432,872	2,102,130	2,432,872	2,102,130
- JPY	4,197,152	2,352,871	4,197,152	2,352,871
- SGD	-	167,440	-	167,440
- AUD	328,346	181,466	328,346	181,466
- CNH	956,940	1,114,075	956,940	1,114,075
- CHF	414,301	-	414,301	-
- CNY	622,300	-	622,300	-
- RM	220,000	220,000	220,000	220,000
	12,877,661	11,095,012	12,877,661	11,095,012
Total unsecured borrowings	31,046,112	31,693,218	27,106,442	28,927,427
Total borrowings	34,505,618	34,867,056	27,106,442	28,927,427
	Group		Bank	
	31 December	31 December	31 December	31 December
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
(ii) Subordinated Obligations				
Unsecured				
- More than one year				
Denominated in:				
- RM	8,937,055	8,902,248	7,327,196	7,327,573
- USD	2,035,330	5,875,299	2,035,330	5,875,299
- IDR	1,006,938	1,123,159	-	-
	11,979,323	15,900,706	9,362,526	13,202,872

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

	Group		Bank	
	31 December 2017	31 December 2016	31 December 2017	31 December 2016
	RM'000	RM'000	RM'000	RM'000
(iii) Capital Securities				
Unsecured				
- More than one year				
Denominated in:				
- RM	4,672,482	4,551,493	4,672,482	4,577,426
- SGD	1,611,698	1,648,500	1,611,698	1,648,500
	6,284,180	6,199,993	6,284,180	6,225,926

A18. Insurance/Takaful Contract Liabilities and Other Insurance Payables

Group	Note	31 December 2017 RM'000	31 December 2016 RM'000
Insurance/takaful contract liabilities	(i)	24,577,568	23,513,212
Other insurance payables	(ii)	541,275	435,507
		25,118,843	23,948,719

(i) Insurance/takaful contract liabilities

	Gross contract liabilities RM'000	Reinsurance/ retakaful assets RM'000	Net contract liabilities RM'000
At 31 December 2017			
Life insurance/family takaful	19,275,837	(109,129)	19,166,708
General insurance/general takaful	5,301,731	(3,113,326)	2,188,405
	24,577,568	(3,222,455)	21,355,113
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
	23,513,212	(3,692,581)	19,820,631

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A18. Insurance/Takaful Contract Liabilities and Other Insurance Payables (cont'd.)

(ii) Other insurance payables

	31 December 2017 RM'000	31 December 2016 RM'000
Due to agents and intermediaries	81,154	61,822
Due to reinsurers and cedants	371,874	313,648
Due to retakaful operators	88,247	60,037
	541,275	435,507

A19. Other Liabilities

	Group		Bank	
	31 December 2017 RM'000	31 December 2016 RM'000	31 December 2017 RM'000	31 December 2016 RM'000
Amount due to brokers and clients	2,807,623	4,044,200	-	-
Deposits, other creditors and accruals	10,426,200	8,336,837	11,787,648	8,154,734
Defined benefit pension plans	531,809	552,462	-	-
Provisions for commitments and contingencies	41,953	35,507	41,953	35,507
Finance lease liabilities	290,559	9,925	-	-
Structured deposits	5,080,996	4,309,375	5,080,996	4,308,457
	19,179,140	17,288,306	16,910,597	12,498,698

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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	-	-	13,058	68,688	81,746
Defined benefit plan actuarial gain	-	-	13,058	-	13,058
Net gain on net investment hedge	-	-	-	69,135	69,135
Net loss on cash flow hedge	-	-	-	(447)	(447)
Total comprehensive income for the financial year	-	-	13,058	68,688	81,746
Transfer to retained profits	-	(10,575)	-	-	(10,575)
Total other equity movements	-	(10,575)	-	-	(10,575)
At 31 December 2017	13,557	(2,428)	(41,302)	(374,996)	(405,169)

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

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A21. Interest Income

Group	Unaudited		Audited	
	Fourth Quarter Ended		Cumulative 12 Months Ended	
	31 December 2017 RM'000	31 December 2016 RM'000	31 December 2017 RM'000	31 December 2016 RM'000
Loans, advances and financing	4,086,658	4,074,122	16,465,364	16,066,134
Money at call and deposits and placements with financial institutions	209,123	166,813	781,866	728,156
Financial assets purchased under resale agreements	34,924	12,684	119,247	73,216
Financial assets at FVTPL	226,672	213,214	956,075	798,919
Financial investments available-for-sale	798,490	680,348	3,061,837	2,715,479
Financial investments held-to-maturity	162,850	142,805	617,810	550,431
	5,518,717	5,289,986	22,002,199	20,932,335
Accretion of discounts/(amortisation of premiums), net	40,337	(2,707)	54,135	8,164
	5,559,054	5,287,279	22,056,334	20,940,499

Bank	Unaudited		Audited	
	Fourth Quarter Ended		Cumulative 12 Months Ended	
	31 December 2017 RM'000	31 December 2016 RM'000	31 December 2017 RM'000	31 December 2016 RM'000
Loans, advances and financing	2,930,786	2,812,653	11,675,791	11,231,324
Money at call and deposits and placements with financial institutions	215,640	185,894	855,031	736,324
Financial assets purchased under resale agreements	21,991	(236)	57,403	2,472
Financial assets at FVTPL	44,430	48,938	263,415	201,371
Financial investments available-for-sale	671,383	569,124	2,566,120	2,326,933
Financial investments held-to-maturity	163,586	132,417	574,497	529,590
	4,047,816	3,748,790	15,992,257	15,028,014
Accretion of discounts, net	56,922	4,174	107,688	48,339
	4,104,738	3,752,964	16,099,945	15,076,353

Included in interest income for the twelve-month financial year ended 31 December 2017 was interest on impaired assets amounting to approximately RM313,375,000 (31 December 2016: RM286,199,000) for the Group and RM250,421,000 (31 December 2016: RM210,895,000) for the Bank.

A22. Interest Expense

Group	Unaudited		Audited	
	Fourth Quarter Ended		Cumulative 12 Months Ended	
	31 December 2017 RM'000	31 December 2016 RM'000	31 December 2017 RM'000	31 December 2016 RM'000
Deposits and placements from financial institutions	204,662	106,179	671,140	457,307
Deposits from customers	1,664,022	1,665,731	6,628,172	6,794,223
Floating rate certificates of deposits	1,014	3,416	8,043	23,121
Loans sold to Cagamas	16,320	9,288	71,108	36,134
Obligations on financial assets sold under repurchase agreements	25,341	4,451	77,619	20,876
Borrowings	295,067	248,254	1,097,184	885,491
Subordinated notes	148,380	187,159	683,401	783,544
Subordinated bonds	8,620	8,669	34,209	34,240
Capital securities	99,527	98,432	394,863	388,308
Structured deposits	32,353	24,103	108,806	111,942
Financial liabilities at fair value through profit or loss	41,562	20,212	134,748	46,843
	2,536,868	2,375,894	9,909,293	9,582,029

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A22. Interest Expense (cont'd.)

	Unaudited		Audited	
	Fourth Quarter Ended		Cumulative 12 Months Ended	
	31 December 2017	31 December 2016	31 December 2017	31 December 2016
Bank	RM'000	RM'000	RM'000	RM'000
Deposits and placements from financial institutions	177,966	99,720	629,109	422,161
Deposits from customers	1,226,050	1,206,577	4,736,950	4,978,398
Floating rate certificates of deposits	1,014	3,416	8,043	23,121
Loans sold to Cagamas	16,320	9,288	71,108	36,134
Obligations on financial assets sold under repurchase agreements	25,341	4,451	77,619	20,876
Borrowings	178,106	137,065	639,336	481,941
Subordinated notes	105,893	142,191	506,105	621,920
Capital securities	99,527	98,862	395,175	391,288
Structured deposits	32,353	24,103	108,806	111,942
Financial liabilities at fair value through profit or loss	41,562	20,212	134,748	46,843
	1,904,132	1,745,885	7,306,999	7,134,624

A23. Net Earned Insurance Premiums

	Unaudited		Audited	
	Fourth Quarter Ended		Cumulative 12 Months Ended	
	31 December 2017	31 December 2016	31 December 2017	31 December 2016
Group	RM'000	RM'000	RM'000	RM'000
Gross earned premiums	1,695,043	1,466,953	6,219,425	5,655,538
Premiums ceded to reinsurers	(261,281)	(274,480)	(968,535)	(1,211,481)
	1,433,762	1,192,473	5,250,890	4,444,057

A24. Dividends from Subsidiaries and Associates

	Unaudited		Audited	
	Fourth Quarter Ended		Cumulative 12 Months Ended	
	31 December 2017	31 December 2016	31 December 2017	31 December 2016
Bank	RM'000	RM'000	RM'000	RM'000
Gross dividend income from:				
Subsidiaries	31,399	55,390	1,910,288	2,392,278
Associates	(9)	-	9,856	8,179
	31,390	55,390	1,920,144	2,400,457

A25. Other Operating Income

	Unaudited		Audited	
	Fourth Quarter Ended		Cumulative 12 Months Ended	
	31 December 2017	31 December 2016	31 December 2017	31 December 2016
Group	RM'000	RM'000	RM'000	RM'000
(a) Fee income:				
Commission	322,705	357,294	1,329,124	1,268,040
Service charges and fees	398,087	390,023	1,448,488	1,502,493
Underwriting fees	14,327	19,562	80,237	42,288
Brokerage income	104,021	131,746	452,874	506,515
Fees on loans, advances and financing	83,369	56,283	253,102	239,266
	922,509	954,908	3,563,825	3,558,602

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A25. Other Operating Income (cont'd.)

Group (cont'd.)	Unaudited		Audited	
	Fourth Quarter Ended		Cumulative 12 Months Ended	
	31 December 2017 RM'000	31 December 2016 RM'000	31 December 2017 RM'000	31 December 2016 RM'000
(b) Investment income:				
Net gain/(loss) on disposal of financial assets at FVTPL	13,463	(23,301)	308,466	204,106
Net gain on disposal of financial investments available-for-sale	159,424	607,517	657,483	1,039,601
Net gain on redemption of financial investments held-to-maturity	12	-	182	11,397
Net gain/(loss) on liquidation/disposal of subsidiaries	9	-	(1,988)	(378)
Net loss on disposal/liquidation of associates	(9,317)	-	(30,719)	-
	<u>163,591</u>	<u>584,216</u>	<u>933,424</u>	<u>1,254,726</u>
(c) Gross dividend income from:				
Financial investments portfolio	47,646	41,039	123,263	108,761
(d) Unrealised (loss)/gain on revaluation of:				
Financial assets at FVTPL				
- Designated upon initial recognition	(27,581)	(317,924)	(36,272)	116,258
- Held-for-trading	29,778	(54,913)	179,112	(45,836)
Financial liabilities at FVTPL	(8,683)	267,315	20,824	189,931
Derivatives	(183,087)	(570,480)	(125,342)	(90,318)
	<u>(189,573)</u>	<u>(676,002)</u>	<u>38,322</u>	<u>170,035</u>
(e) Other income:				
Foreign exchange gain, net	190,755	308,027	558,867	619,973
Realised gain on derivatives	203,681	61,531	398,606	262,953
Rental income	12,250	11,704	43,574	44,480
Gain on disposal of property, plant and equipment	185,513	23,287	201,003	68,736
Gain on disposal of foreclosed properties	1,339	4,293	1,493	3,546
Others	60,398	54,386	164,927	197,471
	<u>653,936</u>	<u>463,228</u>	<u>1,368,470</u>	<u>1,197,159</u>
Total other operating income	<u>1,598,109</u>	<u>1,367,389</u>	<u>6,027,304</u>	<u>6,289,283</u>
Bank	Unaudited		Audited	
	Fourth Quarter Ended		Cumulative 12 Months Ended	
	31 December 2017 RM'000	31 December 2016 RM'000	31 December 2017 RM'000	31 December 2016 RM'000
(a) Fee income:				
Commission	299,552	282,355	1,155,792	1,012,359
Service charges and fees	238,027	279,848	1,058,425	1,055,054
Underwriting fees	2,719	6,611	24,073	23,933
Fees on loans, advances and financing	52,719	31,236	139,580	136,381
	<u>593,017</u>	<u>600,050</u>	<u>2,377,870</u>	<u>2,227,727</u>
(b) Investment income:				
Net gain/(loss) on disposal of financial assets at FVTPL	29,281	(25,324)	129,630	101,170
Net gain on disposal of financial investments available-for-sale	40,681	594,611	212,536	923,826
Net gain on redemption of financial investments held-to-maturity	12	-	182	11,397
Net gain on liquidation of subsidiaries	-	-	101	-
	<u>69,974</u>	<u>569,287</u>	<u>342,449</u>	<u>1,036,393</u>
(c) Gross dividend income from:				
Financial investments portfolio	12,937	8,694	16,663	18,569

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A25. Other Operating Income (cont'd.)

	Unaudited		Audited	
	Fourth Quarter Ended		Cumulative 12 Months Ended	
Bank (cont'd.)	31 December 2017 RM'000	31 December 2016 RM'000	31 December 2017 RM'000	31 December 2016 RM'000
(d) Unrealised (loss)/gain on revaluation of:				
Financial assets at FVTPL				
- Held-for-trading	(12,931)	(13,736)	31,878	(12,265)
Financial liabilities at FVTPL	(8,683)	267,315	20,824	189,931
Derivatives	(185,490)	(595,531)	(104,489)	(107,060)
	<u>(207,104)</u>	<u>(341,952)</u>	<u>(51,787)</u>	<u>70,606</u>
(e) Other income:				
Foreign exchange gain, net	209,230	295,652	559,006	632,262
Realised gain on derivatives	186,667	47,614	374,827	210,882
Rental income	8,355	7,178	32,165	30,401
Gain on disposal of property, plant and equipment	48,014	135	62,415	15,242
Gain on disposal of foreclosed properties	300	-	300	-
Others	8,048	8,705	(32,660)	30,357
	<u>460,614</u>	<u>359,284</u>	<u>996,053</u>	<u>919,144</u>
Total other operating income	<u>929,438</u>	<u>1,195,363</u>	<u>3,681,248</u>	<u>4,272,439</u>

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

	Unaudited		Audited	
	Fourth Quarter Ended		Cumulative 12 Months Ended	
Group	31 December 2017 RM'000	31 December 2016 RM'000	31 December 2017 RM'000	31 December 2016 RM'000
Gross benefits and claims paid	1,148,046	1,057,849	3,862,105	4,109,574
Claims ceded to reinsurers	(429,019)	(98,792)	(732,284)	(726,826)
Gross change to contract liabilities	286,978	(335,728)	1,062,601	397,660
Change in contract liabilities ceded to reinsurers	207,163	(49,325)	632,337	40,619
Net insurance benefits and claims incurred	<u>1,213,168</u>	<u>574,004</u>	<u>4,824,759</u>	<u>3,821,027</u>
Net fee and commission expenses	40,415	45,040	196,760	208,256
Change in expense liabilities	(31,646)	(4,370)	(9,845)	56,240
Taxation of life and takaful fund	11,295	(19,365)	45,456	22,386
Net fee and commission expenses, change in expense liabilities and taxation of life and takaful fund	<u>20,064</u>	<u>21,305</u>	<u>232,371</u>	<u>286,882</u>
Total net insurance benefits and claims incurred, net fee and commission expenses, change in expense liabilities and taxation of life and takaful fund	<u>1,233,232</u>	<u>595,309</u>	<u>5,057,130</u>	<u>4,107,909</u>

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A27. Overhead Expenses

Group	Unaudited		Audited	
	31 December 2017 RM'000	31 December 2016 RM'000	31 December 2017 RM'000	31 December 2016 RM'000
(a) Personnel expenses				
Salaries, allowances and bonuses	1,195,352	1,030,852	4,685,520	4,281,737
Social security cost	10,411	11,572	43,640	40,749
Pension costs - defined contribution plan	134,849	115,322	531,482	478,480
ESS expenses	4,619	11,475	17,083	40,251
Other staff related expenses	211,298	181,950	850,287	797,657
	1,556,529	1,351,171	6,128,012	5,638,874
(b) Establishment costs				
Depreciation of property, plant and equipment	134,505	97,468	418,917	379,135
Amortisation of intangible assets	64,904	74,167	273,673	290,491
Rental of leasehold land and premises	90,826	93,618	374,128	359,714
Repairs and maintenance of property, plant and equipment	42,842	35,900	170,723	160,443
Information technology expenses	153,328	146,532	631,651	659,073
Fair value adjustments on investments properties	60,093	(8,892)	60,173	(8,858)
Others	12,919	12,226	51,644	47,735
	559,417	451,019	1,980,909	1,887,733
(c) Marketing expenses				
Advertisement and publicity	64,666	70,026	217,446	254,363
Others	88,621	60,688	297,638	267,717
	153,287	130,714	515,084	522,080
(d) Administration and general expenses				
Fees and brokerage	243,115	209,329	995,078	831,850
Administrative expenses	160,181	206,038	622,214	715,261
General expenses	247,837	263,715	970,959	865,485
Others	2,461	(5,173)	144,802	25,873
	653,594	673,909	2,733,053	2,438,469
Total overhead expenses	2,922,827	2,606,813	11,357,058	10,487,156
Cost to income ratio ("CIR") ¹	48.2%	43.0%	48.7%	47.1%

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.

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A27. Overhead Expenses (cont'd.)

Bank	Unaudited		Audited	
	Fourth Quarter Ended		Cumulative 12 Months Ended	
	31 December 2017 RM'000	31 December 2016 RM'000	31 December 2017 RM'000	31 December 2016 RM'000
(a) Personnel expenses				
Salaries, allowances and bonuses	727,639	574,620	2,867,817	2,555,688
Social security cost	4,682	4,570	19,749	17,495
Pension costs - defined contribution plan	100,887	82,259	410,587	358,877
ESS expenses	2,550	8,436	11,106	28,592
Other staff related expenses	138,801	109,475	485,970	467,384
	974,559	779,360	3,795,229	3,428,036
(b) Establishment costs				
Depreciation of property, plant and equipment	44,698	48,563	186,605	188,540
Amortisation of intangible assets	22,534	30,606	99,177	128,718
Rental of leasehold land and premises	36,365	39,039	151,534	149,779
Repairs and maintenance of property, plant and equipment	27,423	18,061	98,379	88,242
Information technology expenses	248,114	196,243	850,743	814,191
Others	1,637	2,032	7,493	8,812
	380,771	334,544	1,393,931	1,378,282
(c) Marketing expenses				
Advertisement and publicity	42,809	39,294	118,891	126,259
Others	59,636	51,017	215,719	235,140
	102,445	90,311	334,610	361,399
(d) Administration and general expenses				
Fees and brokerage	188,145	158,000	664,526	565,980
Administrative expenses	69,173	82,022	278,537	303,224
General expenses	108,972	90,928	365,431	316,785
Others	(181)	3,718	116,205	21,880
	366,109	334,668	1,424,699	1,207,869
(e) Overhead expenses allocated to subsidiaries	(253,157)	(260,113)	(1,067,766)	(1,035,947)
Total overhead expenses	1,570,727	1,278,770	5,880,703	5,339,639
Cost to income ratio ("CIR")²	49.7%	39.3%	40.9%	36.5%

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

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

Group	Unaudited		Audited	
	Fourth Quarter Ended		Cumulative 12 Months Ended	
	31 December 2017 RM'000	31 December 2016 RM'000	31 December 2017 RM'000	31 December 2016 RM'000
Allowances for/(writeback of) impairment losses on loans, advances and financing:				
- collective allowance made	(8,632)	7,851	836,425	1,100,315
- collective allowance written back	(238)	(421)	(390)	(30,762)
- individual allowance made	451,909	830,102	1,830,104	2,390,222
- individual allowance written back	(83,069)	20,516	(326,072)	(115,272)
Bad debts and financing written-off	25,183	31,784	101,765	107,481
Bad debts and financing recovered	(192,852)	(247,804)	(485,473)	(598,563)
Allowances for/(writeback of) impairment losses on other debts	7,506	(26,285)	2,701	(20,673)
	199,807	615,743	1,959,060	2,832,748

Bank	Unaudited		Audited	
	Fourth Quarter Ended		Cumulative 12 Months Ended	
	31 December 2017 RM'000	31 December 2016 RM'000	31 December 2017 RM'000	31 December 2016 RM'000
Allowances for/(writeback of) impairment losses on loans, advances and financing:				
- collective allowance made, net	(85,387)	52,639	346,381	522,087
- individual allowance made	254,288	574,906	1,237,538	1,592,007
- individual allowance written back	(96,797)	3,057	(238,042)	(80,690)
Bad debts and financing written-off	19,462	15,474	74,245	64,021
Bad debts and financing recovered	(80,936)	(84,296)	(259,169)	(308,214)
Allowances for/(writeback of) impairment losses on other debts	1,426	(2,031)	2,285	(1,343)
	12,056	559,749	1,163,238	1,787,868

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

Group	Unaudited		Audited	
	Fourth Quarter Ended		Cumulative 12 Months Ended	
	31 December 2017 RM'000	31 December 2016 RM'000	31 December 2017 RM'000	31 December 2016 RM'000
Financial investments AFS				
- Allowance made	36,349	14,287	69,725	265,440
- Amount written back in respect of recoveries	3,695	(5,518)	(856)	(83,187)
Net	40,044	8,769	68,869	182,253
Financial investments HTM				
- Amount written back in respect of recoveries	(107)	-	(107)	-
Net	39,937	8,769	68,762	182,253

Bank	Unaudited		Audited	
	Fourth Quarter Ended		Cumulative 12 Months Ended	
	31 December 2017 RM'000	31 December 2016 RM'000	31 December 2017 RM'000	31 December 2016 RM'000
Financial investments AFS				
- Allowance made	(4)	1,976	1,071	213,464
- Amount written back in respect of recoveries	2	(2,101)	(3,288)	(73,613)
Net	(2)	(125)	(2,217)	139,851

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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 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.)

Twelve Months Ended 31 December 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	10,291,972	5,057,720	309,191	8,765	1,043,745	335,899	17,047,292
- Inter-segment	-	-	(6,954)	(9,659)	49,830	(33,217)	-
	10,291,972	5,057,720	302,237	(894)	1,093,575	302,682	17,047,292
Net interest income and income from IBS operations	10,291,972	5,057,720	302,237	(894)	1,093,575	302,682	17,047,292
Net earned insurance premiums	-	-	-	-	5,250,890	-	5,250,890
Other operating income	3,205,078	2,599,928	1,035,027	248,273	821,149	(1,882,151)	6,027,304
Total operating income	13,497,050	7,657,648	1,337,264	247,379	7,165,614	(1,579,469)	28,325,486
Net insurance benefits and claims incurred, net fee and commission expenses, change in expense liabilities and taxation of life and takaful fund	-	-	-	-	(5,274,877)	217,747	(5,057,130)
Net operating income	13,497,050	7,657,648	1,337,264	247,379	1,890,737	(1,361,722)	23,268,356
Overhead expenses	(7,221,988)	(2,004,442)	(1,143,866)	(167,090)	(819,672)	-	(11,357,058)
Operating profit/(loss) before impairment losses	6,275,062	5,653,206	193,398	80,289	1,071,065	(1,361,722)	11,911,298
Allowances for impairment losses on loans, advances, financing and other debts, net	(963,760)	(977,631)	(11,347)	(502)	(5,820)	-	(1,959,060)
Allowances for impairment losses on financial investments, net	-	(1,307)	(3,721)	(7,202)	(56,532)	-	(68,762)
Operating profit/(loss)	5,311,302	4,674,268	178,330	72,585	1,008,713	(1,361,722)	9,883,476
Share of profits in associates and joint ventures	-	214,235	385	-	-	-	214,620
Profit/(loss) before taxation and zakat	5,311,302	4,888,503	178,715	72,585	1,008,713	(1,361,722)	10,098,096
Taxation and zakat							(2,301,222)
Profit after taxation and zakat							7,796,874
Non-controlling interests							(276,332)
Profit for the year - attributable to equity holders of the Bank							7,520,542
Included in overhead expenses are:							
Depreciation of property, plant and equipment	(263,429)	(74,419)	(61,648)	(830)	(18,591)	-	(418,917)
Amortisation of intangible assets	(168,681)	(46,152)	(43,007)	(478)	(15,355)	-	(273,673)

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A30. Segment Information (cont'd.)

By business segments (cont'd.)

Twelve Months Ended 31 December 2016	<===== Business Segments =====>							Total RM'000
	Group Community Financial Services RM'000	Group Corporate Banking & Global Markets RM'000	Group Investment Banking RM'000	Group Asset Management RM'000	Group Insurance and Takaful RM'000	Head Office and Others RM'000	<===== Group Global Banking =====>	
Net interest income and income from IBS operations								
- External	9,626,560	4,792,335	306,473	8,302	940,503	(126,461)		15,547,712
- Inter-segment	-	-	(13,831)	(15,746)	68,415	(38,838)		-
	9,626,560	4,792,335	292,642	(7,444)	1,008,918	(165,299)		15,547,712
Net interest income and income from IBS operations	9,626,560	4,792,335	292,642	(7,444)	1,008,918	(165,299)		15,547,712
Net earned insurance premiums	-	-	-	-	4,444,057	-		4,444,057
Other operating income	3,058,046	2,762,490	1,116,144	144,648	424,991	(1,217,036)		6,289,283
Total operating income	12,684,606	7,554,825	1,408,786	137,204	5,877,966	(1,382,335)		26,281,052
Net insurance benefits and claims incurred, net fee and commission expenses, change in expense liabilities and taxation of life and takaful fund	-	-	-	-	(4,285,388)	177,479		(4,107,909)
Net operating income	12,684,606	7,554,825	1,408,786	137,204	1,592,578	(1,204,856)		22,173,143
Overhead expenses	(6,755,258)	(1,837,628)	(1,062,587)	(145,178)	(686,505)	-		(10,487,156)
Operating profit/(loss) before impairment losses (Allowances for)/writeback of impairment losses on loans, advances, financing and other debts, net	5,929,348	5,717,197	346,199	(7,974)	906,073	(1,204,856)		11,685,987
(Allowances for)/writeback of impairment losses on financial investments, net	(1,626,116)	(1,226,461)	(2,322)	(62)	22,213	-		(2,832,748)
(Allowances for)/writeback of impairment losses on financial investments, net	-	(139,207)	(3,204)	8,199	(48,041)	-		(182,253)
Operating profit/(loss)	4,303,232	4,351,529	340,673	163	880,245	(1,204,856)		8,670,986
Share of profits in associates and joint ventures	-	172,941	523	-	-	-		173,464
Profit/(loss) before taxation and zakat	4,303,232	4,524,470	341,196	163	880,245	(1,204,856)		8,844,450
Taxation and zakat								(1,880,558)
Profit after taxation and zakat								6,963,892
Non-controlling interests								(220,900)
Profit for the year - attributable to equity holders of the Bank								6,742,992
Included in overhead expenses are:								
Depreciation of property, plant and equipment	(240,604)	(65,825)	(55,809)	(776)	(16,121)	-		(379,135)
Amortisation of intangible assets	(188,678)	(47,345)	(43,731)	(293)	(10,444)	-		(290,491)

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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) and B6.

A33. Changes in the Composition of the Group

On 28 September 2017, Etiqa International Holdings Sdn Bhd ("EIH"), a wholly-owned subsidiary of the Bank completed acquisition of 75% shareholding in PT Asuransi Asoka Mas, a general insurance company based in Indonesia, for a purchase consideration of IDR 207,200,000,000 (equivalent to approximately RM64,922,598). The acquisition of 750,000,000 shares was purchased from PT Transpacific Mutualcapita which will keep the remaining 25% shareholding in PT Asuransi Asoka Mas.

All relevant approvals including those from Bank Negara Malaysia and Otoritas Jasa Keuangan of Indonesia have been obtained. This acquisition is in line with the Group's Insurance and Takaful business vision to be a leading regional insurance player.

The transaction has no material impact on the earnings, net assets and gearing of Maybank Group for the financial year ended 31 December 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 31 December 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	12,970,421	12,064,534	6,552,472	12,656,766	11,637,132	6,773,719
Certain transaction-related contingent items	18,427,282	9,348,060	6,086,500	20,138,714	9,865,761	6,526,837
Short-term self-liquidating trade-related contingencies	6,029,951	1,107,435	694,977	6,332,853	1,206,287	806,417
Obligations under underwriting agreements	-	-	-	65,885	-	-
	37,427,654	22,520,029	13,333,949	39,194,218	22,709,180	14,106,973
<u>Commitments</u>						
Irrevocable commitments to extend credit:						
- Maturity within one year	102,342,408	20,083,466	10,313,630	104,587,826	16,793,150	9,513,436
- Maturity exceeding one year	37,907,505	26,263,062	12,565,526	40,215,328	29,185,348	14,299,675
	140,249,913	46,346,528	22,879,156	144,803,154	45,978,498	23,813,111
Miscellaneous commitments and contingencies	12,098,705	412,246	180,312	9,567,119	720,161	366,431
Total credit-related commitments and contingencies	189,776,272	69,278,803	36,393,417	193,564,491	69,407,839	38,286,515

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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 31 December 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
Derivative financial instruments						
Foreign exchange related contracts:						
- Less than one year	281,135,919	4,013,251	1,058,177	225,896,876	4,022,354	1,714,681
- One year to less than five years	30,150,396	1,450,112	1,176,205	25,804,447	2,706,778	1,715,007
- Five years and above	4,084,188	89,195	48,174	5,914,955	1,045,414	680,700
	315,370,503	5,552,558	2,282,556	257,616,278	7,774,546	4,110,388
Interest rate related contracts:						
- Less than one year	77,147,663	434,138	193,277	98,606,680	446,302	235,998
- One year to less than five years	163,085,655	4,039,064	1,659,736	144,934,350	2,615,144	1,163,462
- Five years and above	56,135,013	1,867,117	1,613,596	60,944,220	1,371,891	1,008,054
	296,368,331	6,340,319	3,466,609	304,485,250	4,433,337	2,407,514
Equity and commodity related contracts:						
- Less than one year	5,631,415	10,492	3,792	7,708,321	43,124	21,111
- One year to less than five years	4,193,817	10,944	1,976	3,030,606	-	-
- Five years and above	33,663	-	-	33,663	-	-
	9,858,895	21,436	5,768	10,772,590	43,124	21,111
Total treasury-related commitments and contingencies	621,597,729	11,914,313	5,754,933	572,874,118	12,251,007	6,539,013
Total commitments and contingencies	811,374,001	81,193,116	42,148,350	766,438,609	81,658,846	44,825,528
Bank						
Contingent liabilities						
Direct credit substitutes	10,665,916	10,373,876	5,071,621	10,494,313	10,133,153	5,276,902
Certain transaction-related contingent items	14,618,417	7,207,090	4,429,669	17,336,804	8,226,900	5,175,883
Short-term self-liquidating trade-related contingencies	5,600,847	937,807	548,026	5,767,014	1,029,670	644,283
	30,885,180	18,518,773	10,049,316	33,598,131	19,389,723	11,097,068
Commitments						
Irrevocable commitments to extend credit:						
- Maturity within one year	79,885,420	14,787,173	6,948,719	80,959,286	10,987,463	6,040,954
- Maturity exceeding one year	30,199,078	23,168,096	10,967,370	31,500,386	25,583,666	12,464,323
	110,084,498	37,955,269	17,916,089	112,459,672	36,571,129	18,505,277
Miscellaneous commitments and contingencies	9,798,574	411,803	180,312	8,007,674	346,853	161,538
Total credit-related commitments and contingencies	150,768,252	56,885,845	28,145,717	154,065,477	56,307,705	29,763,883

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A34. Commitments and Contingencies (cont'd.)

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

	As at 31 December 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>						
Foreign exchange related contracts:						
- Less than one year	273,366,420	3,815,458	991,438	221,711,497	3,860,533	1,657,761
- One year to less than five years	30,556,992	1,366,385	1,118,455	26,688,364	2,669,793	1,703,282
- Five years and above	4,084,188	243	125	5,914,955	944,436	639,275
	308,007,600	5,182,086	2,110,018	254,314,816	7,474,762	4,000,318
Interest rate related contracts:						
- Less than one year	75,797,820	296,628	148,788	97,180,404	296,982	169,061
- One year to less than five years	163,096,687	3,484,049	1,374,343	145,209,928	2,279,530	931,515
- Five years and above	55,929,064	1,879,885	1,610,746	60,944,220	1,376,823	945,673
	294,823,571	5,660,562	3,133,877	303,334,552	3,953,335	2,046,249
Equity and commodity related contracts:						
- Less than one year	3,649,780	10,492	3,792	6,387,247	43,124	21,111
- One year to less than five years	4,192,152	10,944	1,976	3,027,432	-	-
	7,841,932	21,436	5,768	9,414,679	43,124	21,111
Total treasury-related commitments and contingencies	610,673,103	10,864,084	5,249,663	567,064,047	11,471,221	6,067,678
Total commitments and contingencies	761,441,355	67,749,929	33,395,380	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 31 December 2017, the amount of credit risk in the Group, measured in terms of the cost to replace the profitable contracts, was RM6,704.7 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 4 August 2017 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. 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 4 August 2017 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 4 August 2017 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 ended 31 December 2017 (2016: 4.5%, 6.0% and 8.0% of total RWA).

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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 4 August 2017 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 ended 31 December 2017 (2016: 4.5%, 6.0% and 8.0% of total RWA).

(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% up to less than 11% (2016: 9% up to less than 10%) of total RWA.

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

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

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

In respect of the financial year ended 31 December 2017, the Board has proposed the payment of a final single-tier dividend of 32 sen per ordinary share, which consists of a cash portion of 18 sen and an electable portion of 14 sen per ordinary share. The electable portion can be elected to be reinvested by shareholders in new Maybank shares in accordance with the DRP. The proposed single-tier final dividend will be subject to shareholders' approval.

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

	Group		Bank	
	31 December 2017	31 December 2016	31 December 2017	31 December 2016
CET1 Capital Ratio	14.773%	13.990%	15.853%	15.881%
Tier 1 Capital Ratio	16.459%	15.664%	17.950%	18.232%
Total Capital Ratio	19.383%	19.293%	19.313%	19.432%

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A35. Capital Adequacy (cont'd.)

(d) Components of capital:

	Group		Bank	
	31 December 2017 RM'000	31 December 2016 RM'000	31 December 2017 RM'000	31 December 2016 RM'000
CET1 Capital				
Paid-up share capital	44,250,380	10,193,200	44,250,380	10,193,200
Share premium	-	28,878,703	-	28,878,703
Retained profits ¹	20,451,568	10,482,202	13,582,048	4,514,094
Other reserves ¹	3,619,581	15,048,174	4,612,799	13,605,920
Qualifying non-controlling interests	137,081	112,513	-	-
Less: Shares held-in-trust	(183,438)	(125,309)	(183,438)	(125,309)
CET1 Capital before regulatory adjustments	68,275,172	64,589,483	62,261,789	57,066,608
Less: Regulatory adjustments applied on CET1 Capital:				
Capital:	(12,864,771)	(11,482,463)	(21,091,369)	(14,648,641)
Deferred tax assets	(802,593)	(874,988)	(315,013)	(358,687)
Goodwill	(5,756,367)	(6,317,009)	(81,015)	(81,015)
Other intangibles	(855,056)	(955,441)	(487,015)	(449,034)
Gains on financial instruments classified as 'available-for-sale'	(17,922)	-	-	-
Regulatory reserve	(2,747,285)	(1,057,997)	(2,233,563)	(660,800)
Investment in ordinary shares of unconsolidated financial and insurance/takaful entities ³	(2,685,548)	(2,277,028)	(17,974,763)	(13,099,105)
Total CET1 Capital	55,410,401	53,107,020	41,170,420	42,417,967
Additional Tier 1 Capital				
Capital securities	6,244,010	6,279,948	6,244,010	6,279,948
Qualifying CET1 and Additional Tier 1 capital instruments held by third parties	80,195	73,556	-	-
Less: Investment in capital instruments of unconsolidated financial and insurance/takaful entities ³	-	-	(800,000)	-
Total Tier 1 Capital	61,734,606	59,460,524	46,614,430	48,697,915
Tier 2 Capital				
Subordinated obligations	9,271,613	13,077,127	9,271,613	13,077,127
Qualifying CET1, Additional Tier 1 and Tier 2 capital instruments held by third parties	488,385	473,100	-	-
Collective allowance ²	278,397	408,984	136,641	120,467
Surplus of total eligible provision over total expected loss	1,601,682	1,333,468	1,171,604	1,194,370
Less: Investment in capital instruments of unconsolidated financial and insurance/takaful entities ³	(671,387)	(1,518,018)	(7,038,871)	(11,186,221)
Total Tier 2 Capital	10,968,690	13,774,661	3,540,987	3,205,743
Total Capital	72,703,296	73,235,185	50,155,417	51,903,658

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 31 December 2017</u>			
CET1 Capital Ratio	14.500%	31.322%	-
Tier 1 Capital Ratio	16.150%	31.322%	-
Total Capital Ratio	20.782%	31.525%	17.535%
<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 31 December 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	53,705,463	29,785,935	8,796,181	1,023,110	32,949,975
Internal Ratings-Based Approach exposure after scaling factor	<u>266,947,028</u>	<u>195,267,276</u>	<u>60,246,868</u>	<u>-</u>	<u>-</u>
Total RWA for credit risk	320,652,491	225,053,211	69,043,049	1,023,110	32,949,975
Total RWA for credit risk absorbed by Malayan Banking Berhad and Investment Account*	-	-	(15,855,390)	-	-
Total RWA for market risk	14,351,443	11,445,563	939,674	124,903	578,180
Total RWA for operational risk	40,075,835	23,197,842	6,490,748	763,899	5,000,612
Total RWA	<u>375,079,769</u>	<u>259,696,616</u>	<u>60,618,081</u>	<u>1,911,912</u>	<u>38,528,768</u>

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	519,661	37,487,141
Internal Ratings-Based Approach exposure after scaling factor	<u>277,055,512</u>	<u>205,446,192</u>	<u>64,702,050</u>	<u>-</u>	<u>-</u>
Total RWA for credit risk	329,505,586	234,158,906	71,854,005	519,661	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	<u>379,599,898</u>	<u>267,105,026</u>	<u>62,001,885</u>	<u>1,505,787</u>	<u>43,335,929</u>

* In accordance with BNM's guideline on the recognition and measurement of Restricted Profit-Sharing Investment Account ("RPSIA") and Investment Accounts of Customers ("IA") as Risk Absorbent, the credit risk on the assets funded by the RPSIA and IA are excluded from the capital adequacy ratios calculation.

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A36. Derivative Financial Instruments

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

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

	Group			Bank		
	Principal Amount RM'000	<----- Fair Value ----->		Principal Amount RM'000	<----- Fair Value ----->	
<u>At 31 December 2017</u>	Assets RM'000	Liabilities RM'000	Assets RM'000	Liabilities RM'000	Assets RM'000	Liabilities RM'000
Trading derivatives						
<u>Foreign exchange related contracts</u>						
Currency forwards:						
- Less than one year	32,008,349	233,163	(634,310)	25,510,068	227,109	(402,267)
- One year to three years	1,629,193	47,603	(31,293)	1,304,273	39,069	(30,958)
- More than three years	422,172	11,944	(2,671)	670,373	11,944	(2,671)
	<u>34,059,714</u>	<u>292,710</u>	<u>(668,274)</u>	<u>27,484,714</u>	<u>278,122</u>	<u>(435,896)</u>
Currency swaps:						
- Less than one year	236,187,976	2,293,375	(2,202,490)	235,256,487	2,425,979	(2,413,916)
- One year to three years	61,347	6,897	(2,171)	61,347	6,897	(2,171)
- More than three years	6,926	-	(719)	6,926	-	(719)
	<u>236,256,249</u>	<u>2,300,272</u>	<u>(2,205,380)</u>	<u>235,324,760</u>	<u>2,432,876</u>	<u>(2,416,806)</u>
Currency spots:						
- Less than one year	1,851,202	1,568	(4,683)	2,217,295	2,440	(4,766)
Currency options:						
- Less than one year	3,486,393	7,298	(6,526)	3,486,393	7,298	(6,526)
Cross currency interest rate swaps:						
- Less than one year	6,937,210	249,013	(405,083)	6,231,388	254,172	(399,862)
- One year to three years	13,057,868	466,175	(447,398)	13,803,118	583,609	(549,254)
- More than three years	14,392,784	697,288	(647,777)	14,130,849	694,522	(647,776)
	<u>34,387,862</u>	<u>1,412,476</u>	<u>(1,500,258)</u>	<u>34,165,355</u>	<u>1,532,303</u>	<u>(1,596,892)</u>
<u>Interest rate related contracts</u>						
Interest rate swaps:						
- Less than one year	72,311,200	55,593	(86,753)	72,562,300	55,593	(87,548)
- One year to three years	68,156,174	315,620	(301,183)	68,334,401	315,821	(298,075)
- More than three years	136,896,093	1,706,997	(1,659,486)	137,510,497	1,701,148	(1,667,467)
	<u>277,363,467</u>	<u>2,078,210</u>	<u>(2,047,422)</u>	<u>278,407,198</u>	<u>2,072,562</u>	<u>(2,053,090)</u>
Interest rate futures:						
- Less than one year	4,233,443	994	(4,016)	2,632,500	737	(3,263)
- One year to three years	2,957,496	1,362	(230)	1,620,000	633	-
	<u>7,190,939</u>	<u>2,356</u>	<u>(4,246)</u>	<u>4,252,500</u>	<u>1,370</u>	<u>(3,263)</u>
Interest rate options:						
- Less than one year	603,020	5	(11)	603,020	5	(11)
- One year to three years	3,290,696	5,452	(2,308)	3,290,696	5,452	(2,308)
- More than three years	6,792,907	44,212	(241,238)	7,682,907	55,550	(241,250)
	<u>10,686,623</u>	<u>49,669</u>	<u>(243,557)</u>	<u>11,576,623</u>	<u>61,007</u>	<u>(243,569)</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 2017 (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:						
- More than three years	33,663	3,036	-	-	-	-
Equity options:						
- Less than one year	191,473	33,953	(86,815)	15,450	1,061	-
- One year to three years	1,665	143	-	-	-	-
	<u>193,138</u>	<u>34,096</u>	<u>(86,815)</u>	<u>15,450</u>	<u>1,061</u>	<u>-</u>
Equity swaps:						
- Less than one year	1,953,990	60,603	(35,301)	148,378	15,080	(1,176)
<u>Commodity related contracts</u>						
Commodity options:						
- Less than one year	2,565,283	207,536	(205,258)	2,565,283	207,536	(205,258)
- One year to three years	3,465,273	256,342	(258,620)	3,465,273	256,342	(258,620)
	<u>6,030,556</u>	<u>463,878</u>	<u>(463,878)</u>	<u>6,030,556</u>	<u>463,878</u>	<u>(463,878)</u>
Commodity swaps:						
- Less than one year	920,669	54,591	(54,069)	920,669	54,591	(54,069)
- One year to three years	382,166	10,982	(10,898)	382,166	10,982	(10,898)
- More than three years	344,713	12,475	(11,878)	344,713	12,475	(11,878)
	<u>1,647,548</u>	<u>78,048</u>	<u>(76,845)</u>	<u>1,647,548</u>	<u>78,048</u>	<u>(76,845)</u>
Hedging derivatives						
<u>Foreign exchange related contracts</u>						
Cross currency interest rate swaps:						
- Less than one year	664,789	37,343	-	664,789	37,343	-
- One year to three years	3,144,706	161,885	(130,381)	3,144,706	161,885	(130,381)
- More than three years	1,519,588	-	(36,123)	1,519,588	-	(36,123)
	<u>5,329,083</u>	<u>199,228</u>	<u>(166,504)</u>	<u>5,329,083</u>	<u>199,228</u>	<u>(166,504)</u>
<u>Interest rate related contracts</u>						
Interest rate swaps:						
- One year to three years	742,552	1,813	(1,311)	202,500	558	(772)
- More than three years	384,750	11,166	(1,791)	384,750	11,166	(1,791)
	<u>1,127,302</u>	<u>12,979</u>	<u>(3,102)</u>	<u>587,250</u>	<u>11,724</u>	<u>(2,563)</u>
Netting effects under MFRS 132 Amendments						
	-	(291,776)	291,776	-	(291,776)	291,776
Total	<u>621,597,729</u>	<u>6,704,651</u>	<u>(7,221,015)</u>	<u>610,673,103</u>	<u>6,865,221</u>	<u>(7,179,998)</u>

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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.)

	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
At 31 December 2016 (cont'd.)						
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	572,874,118	8,311,703	(8,828,060)	567,064,047	8,320,918	(8,802,221)

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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, illiquid equities and consumer loans and financing with homogeneous or similar features in the market.

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

Refers to instruments where fair value is measured using significant unobservable inputs. The valuation techniques used are consistent with 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, private equity investments and loans and financing priced primarily based on internal credit assessment.

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

Group	<u>Valuation technique using</u>			Total RM'000
	Quoted Market Price (Level 1) RM'000	Observable Inputs (Level 2) RM'000	Unobservable Inputs (Level 3) RM'000	
At 31 December 2017				
Non-financial assets measured at fair value:				
Investment properties	-	-	753,555	753,555
Financial assets measured at fair value:				
Financial assets held-for-trading	2,918,962	9,011,404	-	11,930,366
Money market instruments	-	5,049,952	-	5,049,952
Quoted securities	2,918,962	-	-	2,918,962
Unquoted securities	-	3,961,452	-	3,961,452
Financial assets designated at fair value through profit or loss	206,921	12,980,206	-	13,187,127
Money market instruments	-	1,006,312	-	1,006,312
Quoted securities	206,921	-	-	206,921
Unquoted securities	-	11,973,894	-	11,973,894
Financial investments available-for-sale	2,993,454	105,568,565	508,225	109,070,244
Money market instruments	-	54,919,782	-	54,919,782
Quoted securities	2,993,454	-	-	2,993,454
Unquoted securities	-	50,648,783	508,225	51,157,008
Derivative assets	-	6,225,117	479,534	6,704,651
Foreign exchange related contracts	-	4,213,552	-	4,213,552
Interest rate related contracts	-	2,143,214	-	2,143,214
Equity and commodity related contracts	-	160,127	479,534	639,661
Netting effects under MFRS 132 Amendments	-	(291,776)	-	(291,776)
	6,119,337	133,785,292	987,759	140,892,388

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

Group (cont'd.) At 31 December 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	-	6,375,815	-	6,375,815
Structured deposits	-	2,366,966	-	2,366,966
Borrowings	-	4,008,849	-	4,008,849
Derivative liabilities	26,899	6,715,643	478,473	7,221,015
Foreign exchange related contracts	-	4,551,625	-	4,551,625
Interest rate related contracts	-	2,298,327	-	2,298,327
Equity and commodity related contracts	26,899	157,467	478,473	662,839
Netting effects under MFRS 132 Amendments	-	(291,776)	-	(291,776)
	26,899	13,091,458	478,473	13,596,830
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	
Non-financial assets measured at fair value:				
Investment properties	-	-	758,488	758,488
Financial assets measured at fair value:				
Financial assets held-for-trading	2,131,113	8,455,256	-	10,586,369
Money market instruments	-	3,260,295	-	3,260,295
Quoted securities	2,131,113	-	-	2,131,113
Unquoted securities	-	5,194,961	-	5,194,961
Financial assets designated at fair value through profit or loss	288,130	12,540,737	80,814	12,909,681
Money market instruments	-	800,354	-	800,354
Quoted securities	288,130	-	-	288,130
Unquoted securities	-	11,740,383	80,814	11,821,197
Financial investments available-for-sale	2,484,627	89,132,601	767,606	92,384,834
Money market instruments	-	46,308,676	-	46,308,676
Quoted securities	2,484,627	-	-	2,484,627
Unquoted securities	-	42,823,925	767,606	43,591,531
Derivative assets	-	7,826,227	485,476	8,311,703
Foreign exchange related contracts	-	6,186,370	-	6,186,370
Interest rate related contracts	-	2,290,029	-	2,290,029
Equity and commodity related contracts	-	180,112	485,476	665,588
Netting effects under MFRS 132 Amendments	-	(830,284)	-	(830,284)
	4,903,870	117,954,821	1,333,896	124,192,587

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

Group (cont'd.)	<u>Valuation technique using</u>			Total
	Quoted Market Price (Level 1)	Observable Inputs (Level 2)	Unobservable Inputs (Level 3)	
At 31 December 2016	RM'000	RM'000	RM'000	RM'000
Financial liabilities measured at fair value:				
Financial liabilities designated at fair value through profit or loss				
Structured deposits	-	3,587,230	-	3,587,230
Borrowings	-	1,560,054	-	1,560,054
	-	2,027,176	-	2,027,176
Derivative liabilities				
Foreign exchange related contracts	5,041	8,326,018	497,001	8,828,060
Interest rate related contracts	-	6,573,183	-	6,573,183
Equity and commodity related contracts	-	2,451,565	-	2,451,565
Netting effects under MFRS 132 Amendments	5,041	131,554	497,001	633,596
	-	(830,284)	-	(830,284)
	5,041	11,913,248	497,001	12,415,290

Bank	<u>Valuation technique using</u>			Total
	Quoted Market Price (Level 1)	Observable Inputs (Level 2)	Unobservable Inputs (Level 3)	
At 31 December 2017	RM'000	RM'000	RM'000	RM'000
Financial assets measured at fair value:				
Financial assets held-for-trading				
Money market instruments	142,413	7,754,264	-	7,896,677
Quoted securities	-	3,737,846	-	3,737,846
Unquoted securities	142,413	-	-	142,413
	-	4,016,418	-	4,016,418
Financial investments available-for-sale				
Money market instruments	196,592	88,734,733	355,414	89,286,739
Quoted securities	-	43,705,255	-	43,705,255
Unquoted securities	196,592	-	-	196,592
	-	45,029,478	355,414	45,384,892
Derivative assets				
Foreign exchange related contracts	-	6,385,687	479,534	6,865,221
Interest rate related contracts	-	4,452,267	-	4,452,267
Equity and commodity related contracts	-	2,146,663	-	2,146,663
Netting effects under MFRS 132 Amendments	-	78,533	479,534	558,067
	-	(291,776)	-	(291,776)
	339,005	102,874,684	834,948	104,048,637

Financial liabilities measured at fair value:

Financial liabilities designated at fair value through profit or loss				
Structured deposits	-	5,483,120	-	5,483,120
Borrowings	-	1,474,271	-	1,474,271
	-	4,008,849	-	4,008,849
Derivative liabilities				
Foreign exchange related contracts	-	6,701,525	478,473	7,179,998
Interest rate related contracts	-	4,627,390	-	4,627,390
Equity and commodity related contracts	-	2,302,485	-	2,302,485
Netting effects under MFRS 132 Amendments	-	63,426	478,473	541,899
	-	(291,776)	-	(291,776)
	-	12,184,645	478,473	12,663,118

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

Bank (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 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 both the financial instruments and non-financial assets that are not determined by reference to quoted prices (Level 1) are described below:

Derivatives

The fair values of the Group's and the Bank's derivative instruments are derived using discounted cash flows analysis, option pricing and benchmarking models.

Financial assets designated at fair value through profit or loss, financial assets held-for-trading and financial investments available-for-sale

The fair values of financial assets and financial investments are determined by reference to prices quoted by independent data providers and independent brokers.

Financial liabilities designated at fair value through profit or loss

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

Investment properties

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

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

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

Group	At 1 January 2017 RM'000	Other gains/(losses) recognised in income statements*	Unrealised gains/(losses) recognised in income statements#	Unrealised 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 2017 RM'000
Financial assets held-for-trading											
Unquoted securities	-	(19)	-	-	551	(532)	-	-	-	-	-
	-	(19)	-	-	551	(532)	-	-	-	-	-
Financial assets designated at fair value through profit or loss											
Unquoted securities	80,814	3,540	(21,754)	-	-	(62,600)	-	-	-	-	-
	80,814	3,540	(21,754)	-	-	(62,600)	-	-	-	-	-
Financial investments available-for-sale											
Unquoted securities	767,606	(3,925)	-	(32,323)	2,925	(90,155)	(35,860)	(6,621)	59,211	(152,633)	508,225
	767,606	(3,925)	-	(32,323)	2,925	(90,155)	(35,860)	(6,621)	59,211	(152,633)	508,225
Derivative assets											
Equity and commodity related contracts	485,476	283,723	35,194	-	747,929	-	(1,072,788)	-	-	-	479,534
	485,476	283,723	35,194	-	747,929	-	(1,072,788)	-	-	-	479,534
Total Level 3 financial assets	1,333,896	283,319	13,440	(32,323)	751,405	(153,287)	(1,108,648)	(6,621)	59,211	(152,633)	987,759
Derivative liabilities											
Equity and commodity related contracts	(497,001)	311,262	(9)	-	(774,070)	-	481,345	-	-	-	(478,473)
	(497,001)	311,262	(9)	-	(774,070)	-	481,345	-	-	-	(478,473)
Total Level 3 financial liabilities	(497,001)	311,262	(9)	-	(774,070)	-	481,345	-	-	-	(478,473)
Total net Level 3 financial assets/ (liabilities)	836,895	594,581	13,431	(32,323)	(22,665)	(153,287)	(627,303)	(6,621)	59,211	(152,633)	509,286

* 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	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 31 December 2016
At 31 December 2016	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Financial assets designated at fair value through profit or loss											
Unquoted securities	81,454	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.):

Bank	At 1 January	Other gains	Unrealised	Unrealised				Exchange	Transfer into	Transfer	At
At 31 December 2017	2017	recognised in	gains/(losses)	losses	Purchases/	Sales	Settlements	differences	Level 3	out from	31 December
	RM'000	income	recognised in	recognised in	Issuances	RM'000	RM'000	RM'000	RM'000	Level 3	2017
		statements*	income	other						RM'000	RM'000
		RM'000	statements#	comprehensive							
Financial investments available-for-sale											
Unquoted securities	495,504	(8,676)	-	3,739	-	(5,904)	(35,861)	-	59,211	(152,599)	355,414
	495,504	(8,676)	-	3,739	-	(5,904)	(35,861)	-	59,211	(152,599)	355,414
Derivative assets											
Equity and commodity related contracts	485,476	283,723	35,194	-	747,929	-	(1,072,788)	-	-	-	479,534
	485,476	283,723	35,194	-	747,929	-	(1,072,788)	-	-	-	479,534
Total Level 3 financial assets	980,980	275,047	35,194	3,739	747,929	(5,904)	(1,108,649)	-	59,211	(152,599)	834,948
Derivative liabilities											
Equity and commodity related contracts	(497,001)	311,262	(9)	-	(774,070)	-	481,345	-	-	-	(478,473)
	(497,001)	311,262	(9)	-	(774,070)	-	481,345	-	-	-	(478,473)
Total Level 3 financial liabilities	(497,001)	311,262	(9)	-	(774,070)	-	481,345	-	-	-	(478,473)
Total net Level 3 financial assets/											
(liabilities)	483,979	586,309	35,185	3,739	(26,141)	(5,904)	(627,304)	-	59,211	(152,599)	356,475

* 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 gains/(losses) recognised in income statements*	Unrealised gains/(losses) recognised in income statements#	Unrealised gains recognised in other comprehensive income	Purchases/ Issuances	Sales	Settlements^	Exchange differences	Transfer into Level 3	Transfer out from Level 3	At 31 December 2016
At 31 December 2016	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Financial investments available-for-sale											
Unquoted securities	363,677	655,361	-	6,612	-	(9,190)	(668,491)	(59,975)	211,809	(4,299)	495,504
	363,677	655,361	-	6,612	-	(9,190)	(668,491)	(59,975)	211,809	(4,299)	495,504
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)	(668,491)	(59,975)	211,809	(4,299)	980,980
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)	(654,033)	(59,975)	211,809	(4,299)	483,979

* 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 12 months financial year ended 31 December 2017.

Movements in Level 3 financial instruments measured at fair value

During the 12 months financial year ended 31 December 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	
	31 December 2017	31 December 2016	31 December 2017	31 December 2016
Outstanding credit exposures with connected parties (RM'000)	20,923,529	21,695,021	32,673,755	37,789,161
Percentage of outstanding credit exposures to connected parties as proportion of total credit exposures	2.7%	3.0%	6.0%	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. Audited Income Statements and Statements of Financial Position of Insurance and Takaful Business

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

(a) Audited Income Statements for the Financial Year Ended 31 December 2017

Group Twelve-Month Ended	Life Fund		Family Takaful Fund		General Takaful Fund		Shareholders' and General Fund		Total	
	31 December 2017	31 December 2016	31 December 2017	31 December 2016	31 December 2017	31 December 2016	31 December 2017	31 December 2016	31 December 2017	31 December 2016
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Interest income	409,905	388,922	416,707	380,440	72,318	68,925	222,154	190,963	1,121,084	1,029,250
Interest expense	-	-	-	-	-	-	(34,222)	(34,268)	(34,222)	(34,268)
Net interest income	409,905	388,922	416,707	380,440	72,318	68,925	187,932	156,695	1,086,862	994,982
Net earned insurance premiums	1,884,285	1,250,328	1,172,398	1,035,041	1,008,741	976,352	1,185,466	1,182,336	5,250,890	4,444,057
Other operating income	468,248	164,388	145,385	114,074	6,628	17,450	186,365	112,147	806,626	408,059
Total operating income	2,762,438	1,803,638	1,734,490	1,529,555	1,087,687	1,062,727	1,559,763	1,451,178	7,144,378	5,847,098
Net insurance benefits and claims incurred, net fee and commission expenses, change in expense liabilities and taxation of life and takaful fund	(2,480,379)	(1,631,058)	(1,681,228)	(1,483,973)	(1,088,315)	(1,071,993)	(24,955)	(98,385)	(5,274,877)	(4,285,409)
Net operating income	282,059	172,580	53,262	45,582	(628)	(9,266)	1,534,808	1,352,793	1,869,501	1,561,689
Overhead expenses	(261,572)	(155,896)	(26,756)	(30,300)	(24)	(1,223)	(519,548)	(512,590)	(807,900)	(700,009)
Operating profit before impairment losses (Allowances for)/writeback of impairment losses on loans, advances, financing and other debts, net	20,487	16,684	26,506	15,282	(652)	(10,489)	1,015,260	840,203	1,061,601	861,680
Allowances for impairment losses on financial investments, net	(188)	648	(212)	1,132	905	10,726	(6,325)	9,708	(5,820)	22,214
Operating profit	(20,299)	(17,332)	(26,294)	(16,414)	(253)	(237)	(9,687)	(14,059)	(56,533)	(48,042)
Share of profits in associates	-	-	-	-	-	-	999,248	835,852	999,248	835,852
Profit before taxation and zakat	-	-	-	-	-	-	999,248	835,852	999,248	835,852
Taxation and zakat	-	-	-	-	-	-	(243,607)	(206,433)	(243,607)	(206,433)
Profit for the financial year	-	-	-	-	-	-	755,641	629,419	755,641	629,419

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

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

(b) Audited Statements of Financial Position as at 31 December 2017

Group	Life Fund		Family Takaful Fund		General Takaful Fund		Shareholders' and General Fund		Total	
	31 December 2017	31 December 2016	31 December 2017	31 December 2016	31 December 2017	31 December 2016	31 December 2017	31 December 2016	31 December 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	225,549	146,731	45,708	71,062	34,132	70,496	259,948	171,474	565,337	459,763
Deposits and placements with financial institutions	642,249	1,018,841	582,981	582,234	202,299	370,618	743,745	714,028	2,171,274	2,685,721
Financial assets at fair value through profit or loss	9,061,661	7,973,163	5,299,221	5,760,444	-	-	113,121	-	14,474,003	13,733,607
Financial investments available-for-sale	1,132,277	859,714	3,922,491	2,966,503	1,510,604	1,404,077	4,214,734	4,226,756	10,780,106	9,457,050
Loans, advances and financing	230,585	234,497	-	-	-	-	56,036	95,231	286,621	329,728
Derivative assets	3,319	1,636	-	-	-	-	1,848	-	5,167	1,636
Reinsurance/retakaful assets and other insurance receivables	81,501	63,130	188,038	158,155	345,028	283,102	3,319,205	3,635,209	3,933,772	4,139,596
Other assets	194,918	77,845	175,929	23,592	3,349	2,445	423,843	195,115	798,039	298,997
Investment properties	635,709	658,541	-	-	-	-	113,724	96,329	749,433	754,870
Interest in associates	-	-	-	-	-	-	152	152	152	152
Property, plant and equipment	86,160	87,736	-	-	-	-	63,001	67,950	149,161	155,686
Intangible assets	33,780	24,090	-	-	-	-	47,259	43,390	81,039	67,480
Deferred tax assets	6,109	8,130	5,459	3,302	5,867	7,948	20,598	15,659	38,033	35,039
TOTAL ASSETS	12,333,817	11,154,054	10,219,827	9,565,292	2,101,279	2,138,686	9,377,214	9,261,293	34,032,137	32,119,325
LIABILITIES										
Derivative liabilities	25,791	57,014	-	-	-	-	-	208	25,791	57,222
Insurance/takaful contract liabilities and other insurance payables	9,446,728	8,461,829	9,873,134	9,226,725	1,755,432	1,752,648	4,043,549	4,507,517	25,118,843	23,948,719
Other liabilities #	2,840,515	2,596,402	345,960	334,616	345,048	384,876	(1,802,610)	(1,763,681)	1,728,913	1,552,213
Provision for taxation and zakat	(5,953)	2,506	(852)	134	-	-	83,115	42,270	76,310	44,910
Deferred tax liabilities	26,736	36,303	1,585	3,817	799	1,162	566,070	564,633	595,190	605,915
Subordinated obligations	-	-	-	-	-	-	811,307	811,309	811,307	811,309
TOTAL LIABILITIES	12,333,817	11,154,054	10,219,827	9,565,292	2,101,279	2,138,686	3,701,431	4,162,256	28,356,354	27,020,288
EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE SUBSIDIARIES										
Share capital	-	-	-	-	-	-	660,865	252,005	660,865	252,005
Other reserves	-	-	-	-	-	-	5,014,918	4,847,032	5,014,918	4,847,032
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	12,333,817	11,154,054	10,219,827	9,565,292	2,101,279	2,138,686	9,377,214	9,261,293	34,032,137	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. Income Statements for the Fourth Quarter and Financial Year Ended 31 December 2017

Group	Unaudited		Audited	
	31 December 2017	31 December 2016	31 December 2017	31 December 2016
	RM'000	RM'000	RM'000	RM'000
Income derived from investment of depositors' funds	1,932,856	1,585,743	7,045,382	6,148,251
Income derived from investment of investment account funds	353,733	446,264	1,526,848	1,613,812
Income derived from investment of Islamic Banking Funds	87,872	89,836	402,161	356,576
Writeback of/(allowances for) impairment losses on financing and advances	15,408	34,061	(152,181)	(418,951)
Total distributable income	2,389,869	2,155,904	8,822,210	7,699,688
Profit distributed to depositors	(1,133,966)	(837,667)	(3,994,498)	(3,472,913)
Profit distributed to investment account holders	(202,787)	(304,683)	(913,276)	(1,079,875)
Total net income	1,053,116	1,013,554	3,914,436	3,146,900
Finance cost	(48,609)	(29,289)	(137,092)	(122,267)
Overhead expenses	(356,343)	(331,719)	(1,417,008)	(1,293,039)
Profit before taxation and zakat	648,164	652,546	2,360,336	1,731,594
Taxation	(140,424)	(157,793)	(494,426)	(427,444)
Zakat	(7,211)	(6,054)	(19,670)	(16,598)
Profit for the period/year	500,529	488,699	1,846,240	1,287,552

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

Group	Unaudited		Audited	
	31 December 2017	31 December 2016	31 December 2017	31 December 2016
	RM'000	RM'000	RM'000	RM'000
Income derived from investment of depositors' funds	1,932,856	1,585,743	7,045,382	6,148,251
Income derived from investment of investment account funds	353,733	446,264	1,526,848	1,613,812
Income derived from investment of Islamic Banking Funds	87,872	89,836	402,161	356,576
Total income before allowances for impairment losses on financing and advances and overhead expenses	2,374,461	2,121,843	8,974,391	8,118,639
Profit distributed to depositors	(1,133,966)	(837,667)	(3,994,498)	(3,472,913)
Profit distributed to investment account holders	(202,787)	(304,683)	(913,276)	(1,079,875)
	1,037,708	979,493	4,066,617	3,565,851
Finance cost	(48,609)	(29,289)	(137,092)	(122,267)
Net of intercompany income and expenses	246,509	215,147	970,726	745,658
Income from Islamic Banking Scheme	1,235,608	1,165,351	4,900,251	4,189,242

A40b. Statements of Comprehensive Income for the Fourth Quarter and Financial Year Ended 31 December 2017

Group	Unaudited		Audited	
	31 December 2017	31 December 2016	31 December 2017	31 December 2016
	RM'000	RM'000	RM'000	RM'000
Profit for the period/year	500,529	488,699	1,846,240	1,287,552
Other comprehensive (loss)/income:				
Items that will not be reclassified subsequently to profit or loss:				
Defined benefit plan actuarial (loss)/gain	(25)	17	496	380
Income tax effect	6	(4)	(124)	(95)
	(19)	13	372	285
Items that may be reclassified subsequently to profit or loss:				
Net (loss)/gain on foreign exchange translation	(7,825)	66,324	(65,600)	(136,703)
Net (loss)/gain on financial investments available-for-sale	(16,529)	(159,633)	30,185	66,616
Income tax effect	3,967	38,306	(7,239)	(17,387)
	(20,387)	(55,003)	(42,654)	(87,474)
Other comprehensive loss for the period/year, net of tax	(20,406)	(54,990)	(42,282)	(87,189)
Total comprehensive income for the period/year	480,123	433,709	1,803,958	1,200,363

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

A40c. Audited Statement of Financial Position as at 31 December 2017

<u>Group</u>	Note	31 December 2017 RM'000	31 December 2016 RM'000
ASSETS			
Cash and short-term funds		17,150,402	15,552,945
Deposits and placements with financial institutions		-	654,194
Financial investments portfolio		13,092,564	9,181,991
Financing and advances	A40e	162,214,033	148,710,892
Derivative assets		487,989	515,554
Other assets		7,233,195	4,959,989
Statutory deposit with central banks		3,242,000	3,070,000
Property, plant and equipment		1,053	2,566
Intangible assets		2,541	614
Deferred tax assets		37,378	21,012
Total Assets		203,461,155	182,669,757
LIABILITIES			
Customers' funding:			
- Deposits from customers	A40f	130,068,988	106,842,961
- Investment accounts of customers ¹	A40g	24,555,445	31,544,587
Deposits and placements from financial institutions		28,251,271	30,346,297
Financial liabilities at fair value through profit or loss	A40h	892,695	902,091
Bills and acceptances payable		8,854	53,220
Derivatives liabilities		650,320	535,161
Other liabilities		660,680	388,615
Provision for taxation and zakat		148,510	98,561
Term funding	A40i	4,945,437	-
Subordinated sukuk	A40j	2,534,105	2,534,496
Capital securities	A40k	1,002,441	-
Total Liabilities		193,718,746	173,245,989
ISLAMIC BANKING CAPITAL FUNDS			
Islamic Banking Funds		5,769,752	595,076
Share premium		-	5,200,228
Retained profits		3,499,853	2,881,471
Other reserves		472,804	746,993
		9,742,409	9,423,768
Total Liabilities and Islamic Banking Capital Funds		203,461,155	182,669,757
COMMITMENTS AND CONTINGENCIES		53,480,858	52,097,394

¹ Investment accounts of customers are used to fund financing and advances as disclosed in Note A40e(ii).

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

A40d. Audited Statements of Changes in Islamic Banking Capital Funds for the Financial Year Ended 31 December 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 financial year	-	-	-	-	-	-	-	-	1,846,240	1,846,240
Other comprehensive income/(loss)	-	-	-	-	22,946	(65,600)	-	372	-	(42,282)
Net loss on foreign exchange translation	-	-	-	-	-	(65,600)	-	-	-	(65,600)
Net gain on financial investments available-for-sale	-	-	-	-	22,946	-	-	-	-	22,946
Defined benefit plan actuarial gain	-	-	-	-	-	-	-	372	-	372
Total comprehensive income/ (loss) for the financial year	-	-	-	-	22,946	(65,600)	-	372	1,846,240	1,803,958
Transfer (to)/from conventional banking operations	(25,552)	-	-	-	-	62,774	-	(9)	14,766	51,979
Transfer to regulatory reserve	-	-	-	115,000	-	-	-	-	(115,000)	-
Transfer from statutory reserve	-	-	(409,672)	-	-	-	-	-	409,672	-
Dividends paid	-	-	-	-	-	-	-	-	(1,537,296)	(1,537,296)
Transfer from share premium [#]	5,200,228	(5,200,228)	-	-	-	-	-	-	-	-
At 31 December 2017	5,769,752	-	-	508,700	(32,318)	(5,723)	1,697	448	3,499,853	9,742,409

* 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. Audited Statements of Changes in Islamic Banking Capital Funds for the Financial Year Ended 31 December 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*	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 financial year	-	-	-	-	-	-	-	-	-	1,287,552	1,287,552
Other comprehensive income/(loss)	-	-	-	-	49,229	(136,703)	-	-	285	-	(87,189)
Net loss on foreign exchange translation	-	-	-	-	-	(136,703)	-	-	-	-	(136,703)
Net gain on financial investments available-for-sale	-	-	-	-	49,229	-	-	-	-	-	49,229
Defined benefit plan actuarial gain	-	-	-	-	-	-	-	-	285	-	285
Total comprehensive income/ (loss) for the financial year	-	-	-	-	49,229	(136,703)	-	-	285	1,287,552	1,200,363
Transfer (to)/from conventional banking operations	(617,342)	-	-	-	-	137,525	-	-	(10)	(80,794)	(560,621)
Transfer from regulatory reserve	-	-	-	(36,549)	-	-	-	-	-	36,549	-
Issue of ordinary shares	17,597	541,995	-	-	-	-	-	-	-	-	559,592
Dividends paid	-	-	-	-	-	-	-	-	-	(1,124,464)	(1,124,464)
Transfer from profit equalisation reserve	-	-	-	-	-	-	-	(34,456)	-	34,456	-
At 31 December 2016	595,076	5,200,228	409,672	393,700	(55,264)	(2,897)	1,697	-	85	2,881,471	9,423,768

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

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

A40e. Financing and Advances

Group	Bai'^	Murabahah	Musyarakah	Al-Ijarah	Ijarah	Istisna'	Others	Total
As at 31 December 2017	RM'000	RM'000	RM'000	Al-Bai (AITAB)	RM'000	RM'000	RM'000	Financing and Advances
				RM'000				RM'000
Cashline	-	5,600,032	-	-	-	78	-	5,600,110
Term financing								
- Housing financing	17,660,022	63,125,656	2,374,094	-	-	-	-	83,159,772
- Syndicated financing	-	790,499	-	-	-	-	-	790,499
- Hire purchase receivables	-	-	-	37,176,740	-	-	-	37,176,740
- Other term financing	21,729,080	85,917,965	1,200,320	-	124,918	132,001	60,396	109,164,680
Bills receivables	-	226	-	-	-	-	-	226
Trust receipts	-	179,243	-	-	-	-	-	179,243
Claims on customers under acceptance credits	-	4,882,661	-	-	-	-	-	4,882,661
Staff financing	618,934	1,518,560	9,784	152,340	-	-	49,928	2,349,546
Credit card receivables	-	-	-	-	-	-	982,881	982,881
Revolving credit	-	16,742,846	-	-	-	-	-	16,742,846
Financing to:								
- Executive directors of Maybank Islamic Bhd	2,258	865	-	918	-	-	-	4,041
- Executive directors of subsidiaries	-	2,761	-	303	-	-	29	3,093
	40,010,294	178,761,314	3,584,198	37,330,301	124,918	132,079	1,093,234	261,036,338
Unearned income								(97,335,170)
Gross financing and advances^^								163,701,168
Allowances for impaired financing and advances:								
- Individual allowance								(661,181)
- Collective allowance								(825,954)
Net financing and advances								162,214,033

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

^^ Included in financing and advances are the underlying assets under the Restricted Profit Sharing Investment Account ("RPSIA") and Investment 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 and Advances
				RM'000				RM'000
Cashline	-	4,844,236	-	-	-	157	-	4,844,393
Term financing								
- Housing financing	19,101,421	59,662,500	2,563,623	-	-	-	-	81,327,544
- Syndicated financing	-	824,763	-	-	-	-	-	824,763
- Hire purchase receivables	-	-	-	36,148,172	-	-	-	36,148,172
- Other term financing	27,852,633	69,777,874	1,339,766	-	118,178	148,079	54,879	99,291,409
Bills receivables	-	793	-	-	-	-	379	1,172
Trust receipts	-	153,310	-	-	-	-	-	153,310
Claims on customers under acceptance credits	-	4,838,297	-	-	-	-	-	4,838,297
Staff financing	737,605	1,369,618	10,546	150,097	-	-	47,785	2,315,651
Credit card receivables	-	-	-	-	-	-	825,661	825,661
Revolving credit	-	16,596,086	-	-	-	-	-	16,596,086
Financing to:								
- Executive directors of Maybank Islamic Bhd	391	2,932	-	226	-	-	-	3,549
- Executive directors of subsidiaries	-	-	-	-	-	-	3	3
	<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>	31 December 2017 RM'000	31 December 2016 RM'000
Gross impaired financing at 1 January	1,667,994	1,065,972
Newly impaired	1,289,639	1,470,216
Reclassified as non-impaired	(531,863)	(415,007)
Amount recovered	(405,108)	(237,721)
Amount written-off	(265,363)	(215,466)
Gross impaired financing at 31 December	<u>1,755,299</u>	<u>1,667,994</u>
<u>Calculation of ratio of net impaired financing:</u>		
Gross impaired financing at 31 December (excluding financing funded by RPSIA and IA)	1,689,335	1,586,303
Less: Individual allowance	(661,181)	(746,215)
Net impaired financing at 31 December	<u>1,028,154</u>	<u>840,088</u>
Gross financing and advances (excluding financing funded by RPSIA and IA)	122,450,621	100,940,476
Less: Individual allowance	(661,181)	(746,215)
Net financing and advances	<u>121,789,440</u>	<u>100,194,261</u>
Net impaired financing as a percentage of net financing and advances	<u>0.84%</u>	<u>0.84%</u>

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

<u>Group</u>	31 December 2017 RM'000	31 December 2016 RM'000
<u>Individual allowance</u>		
At 1 January	746,215	356,555
Allowance made*	159,929	522,127
Amount written back in respect of recoveries	(75,632)	(22,583)
Amount written-off	(156,307)	(121,604)
Transferred to collective allowance	(5,191)	(3,406)
Exchange differences	(7,833)	15,126
At 31 December	<u>661,181</u>	<u>746,215</u>
<u>Collective allowance</u>		
At 1 January	758,418	755,997
Allowance made*	178,389	104,376
Amount written-off	(115,476)	(105,591)
Transferred from individual allowance	5,191	3,406
Exchange differences	(568)	230
At 31 December	<u>825,954</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 31 December 2017, the gross exposure of the financing funded by RPSIA was RM16,695.1 million (31 December 2016: RM17,730.5 million). The individual allowance and collective allowance relating to these financing amounting to RM168.3 million and RM41.5 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 31 December 2017 was RM24,555.4 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>	31 December 2017 RM'000	31 December 2016 RM'000
Savings deposit		
Qard	14,629,051	13,498,387
Demand deposit		
Qard	18,734,884	17,403,516
Term deposit		
Murabahah	94,379,313	73,653,740
Qard	2,325,740	2,287,318
	<u>96,705,053</u>	<u>75,941,058</u>
Total deposits from customers	<u>130,068,988</u>	<u>106,842,961</u>

A40g. Investment Accounts of Customers

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

<u>Group</u>	31 December 2017 RM'000	31 December 2016 RM'000
Business enterprises	9,841,269	13,040,863
Individuals	13,255,075	16,197,049
Government and statutory bodies	218,371	460,216
Others	1,240,730	1,846,459
	<u>24,555,445</u>	<u>31,544,587</u>

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

<u>Group</u>	31 December 2017 RM'000	31 December 2016 RM'000
<u>Mudharabah</u>		
- without maturity	9,948,920	7,564,114
- with maturity		
Due within six months	12,053,209	15,045,407
Six months to one year	2,532,512	8,929,760
One year to three years	2,564	3,513
Three years to five years	18,240	1,793
	<u>14,606,525</u>	<u>23,980,473</u>
Total investment accounts of customers	<u>24,555,445</u>	<u>31,544,587</u>

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

<u>Group</u>	31 December 2017 RM'000	31 December 2016 RM'000
Retail financing	24,554,642	27,913,126
Non-retail financing	803	3,631,461
	<u>24,555,445</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.)

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

<u>Group</u>	Investment account holder ("IAH")	
	Average profit sharing ratio (%)	Average rate of return (%)
2017		
Investment accounts of customers	60	3.07
2016		
Investment accounts of customers	63	3.17

A40h. Financial Liabilities at Fair Value Through Profit or Loss

<u>Group</u>	31 December 2017 RM'000	31 December 2016 RM'000
	Structured deposits	892,695

During the financial year ended 31 December 2017, the Group has designated certain structured deposits at fair value through profit or loss. This designation is permitted under MFRS 139 - *Financial Instruments: Recognition and Measurement* as it significantly reduces accounting mismatch. These instruments are managed by the Group on the basis of its fair value and include terms that have substantive derivative characteristics.

The carrying amount of structured deposits designated at fair value through profit or loss of the Group as at 31 December 2017 was RM898,182,000 (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. Term Funding

<u>Group</u>	31 December 2017 RM'000	31 December 2016 RM'000
	Unsecured term funding:	
(i) Commercial Papers		
- Less than one year	2,459,845	-
(ii) Medium Term Notes		
- Less than one year	482,370	-
- More than one year	2,003,222	-
	2,485,592	-
Total term funding	4,945,437	-

A40j. Subordinated Sukuk

<u>Group</u>	31 December 2017 RM'000	31 December 2016 RM'000
	RM1.5 billion Islamic subordinated Sukuk Murabahah due in 2024	1,516,397
RM1.0 billion Islamic subordinated Sukuk Murabahah due in 2026	1,017,708	1,017,708
	2,534,105	2,534,496

A40k. Capital Securities

<u>Group</u>	31 December 2017 RM'000	31 December 2016 RM'000
	RM1.0 billion Additional Tier 1 Sukuk Wakalah	1,002,441

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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 and zakat attributable to equity holders of RM7,520.5 million for the financial year ended 31 December 2017, an increase of RM777.6 million or 11.5% compared to the previous corresponding financial year ended 31 December 2016.

The Group's net interest income and Islamic Banking income for the financial year ended 31 December 2017 increased by RM1,499.6 million or 9.6% to RM17,047.3 million compared to the previous corresponding financial year ended 31 December 2016.

The Group's net earned insurance premiums from the Insurance and Takaful subsidiaries increased by RM806.8 million or 18.2% to RM5,250.9 million for the financial year ended 31 December 2017 compared to the previous corresponding financial year ended 31 December 2016.

Other operating income of the Group for the financial year ended 31 December 2017 was RM6,027.3 million, a decrease of RM262.0 million or 4.2% from RM6,289.3 million in the previous corresponding financial year ended 31 December 2016. The decrease was due to lower investment income of RM321.3 million and lower unrealised mark-to-market gain on revaluation of financial assets/liabilities at FVTPL and derivatives of RM131.7 million compared to the previous corresponding financial year ended 31 December 2016. The decrease was, however, mitigated by higher gain on disposal of property, plant and equipment of RM132.3 million and higher realised gain on derivatives of RM135.7 million compared to the previous corresponding financial year ended 31 December 2016.

The Group's overhead expenses for the financial year ended 31 December 2017 recorded an increase of RM869.9 million or 8.3% to RM11,357.1 million compared to the previous corresponding financial year ended 31 December 2016. The increase in overhead expenses was mainly due to higher personnel expenses of RM489.1 million and higher administration and general expenses of RM294.6 million.

The Group's allowances for impairment losses on loans, advances, financing and other debts decreased by RM873.7 million or 30.8% to RM1,959.1 million for the financial year ended 31 December 2017. The decrease was mainly due to lower collective allowance ("CA") and individual allowance made during the financial year ended 31 December 2017. The Group's CA ratio (including Regulatory Reserve) was 1.53% as at 31 December 2017 compared to 1.19% as at 31 December 2016.

The Group posted an allowance for impairment losses on financial investments of RM68.8 million for the financial year ended 31 December 2017 compared to RM182.3 million in the previous corresponding financial year ended 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 and zakat for the financial year ended 31 December 2017 compared to the previous corresponding financial year ended 31 December 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 and zakat increased by RM1,008.1 million or 23.4% to RM5,311.3 million for the financial year ended 31 December 2017 from RM4,303.2 million for the previous corresponding financial year ended 31 December 2016. The increase was mainly due to higher net interest income and income from IBS operations of RM665.4 million, lower allowances for impairment losses on loans, advances, financing and other debts of RM662.4 million and higher other operating income of RM147.0 million. The increase was, however, offset by higher overhead expenses of RM466.7 million.

Group Global Banking

a) Group Corporate Banking & Global Markets

Group Corporate Banking & Global Markets' profit before taxation and zakat increased by RM364.0 million or 8.0% to RM4,888.5 million for the financial year ended 31 December 2017 from RM4,524.5 million for the previous corresponding financial year ended 31 December 2016. The increase was mainly due to higher net interest income and income from IBS operations of RM265.4 million, lower allowances for impairment losses on loans, advances, financing and other debts of RM248.8 million, lower allowances for impairment losses on financial investments of RM137.9 million and higher share of profits in associates and joint ventures of RM41.3 million. The increase was, however, offset by higher overhead expenses of RM166.8 million and lower other operating income of RM162.6 million.

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

Group Investment Banking's profit before taxation and zakat decreased by RM162.5 million or 47.6% to RM178.7 million for the financial year ended 31 December 2017 from RM341.2 million for the previous corresponding financial year ended 31 December 2016. The decrease was mainly driven by lower other operating income of RM81.1 million, higher overhead expenses of RM81.3 million and higher allowances for impairment losses on loans, advances, financing and other debts of RM9.0 million. The decrease was mitigated by higher net interest income and income from IBS operations of RM9.6 million.

c) Group Asset Management

Group Asset Management's profit before taxation and zakat increased by RM72.4 million to RM72.6 million for the financial year ended 31 December 2017 from RM0.2 million for the previous corresponding financial year ended 31 December 2016. The increase was mainly due to higher other operating income of RM103.6 million and higher net interest income and income from IBS operations of RM6.6 million. The increase was, however, offset by higher overhead expenses of RM21.9 million and higher allowances for impairment losses on financial investments of RM15.4 million.

Group Insurance and Takaful

Group Insurance and Takaful's profit before taxation and zakat increased by RM128.5 million or 14.6% to RM1,008.7 million for the financial year ended 31 December 2017 from RM880.2 million for the previous corresponding financial year ended 31 December 2016. The increase was contributed mainly by higher net earned insurance premiums of RM806.8 million, higher other operating income of RM396.2 million and higher net interest income of RM84.7 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 RM989.5 million, higher overhead expenses of RM133.2 million, higher allowances for impairment losses on loans, advances, financing and other debts of RM28.0 million and higher allowances for impairment losses on financial investments of RM8.5 million.

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B1. Performance Review (cont'd.)

(ii) Current Quarter vs Previous Period Corresponding Quarter

The Group posted profit after tax and zakat attributable to equity holders of RM2,132.1 million for the quarter ended 31 December 2017, a decrease of RM228.5 million or 9.7% compared to the previous period corresponding quarter ended 31 December 2016.

The Group's net interest income and Islamic Banking income for the quarter ended 31 December 2017 increased by RM181.1 million or 4.4% compared to the previous period corresponding quarter ended 31 December 2016.

The Group's net earned insurance premiums from the Insurance and Takaful subsidiaries increased by RM241.3 million to RM1,433.8 million compared to the previous period corresponding quarter ended 31 December 2016.

The Group's other operating income increased by RM230.7 million or 16.9% to RM1,598.1 million for the quarter ended 31 December 2017 compared to the previous period corresponding quarter ended 31 December 2016. The increase was mainly contributed by lower unrealised mark-to-market loss on revaluation of financial assets/liabilities at FVTPL and derivatives of RM486.4 million, higher gain on disposal of property, plant and equipment of RM162.2 million and higher realised gain on derivatives of RM142.2 million. The increase was, however, offset by lower investment income of RM420.6 million and lower foreign exchange gain of RM117.3 million.

The Group's net insurance benefits and claims incurred, net fee and commission expenses, change in expense liabilities and taxation of life and takaful fund increased by RM637.9 million to RM1,233.2 million compared to the previous period corresponding quarter ended 31 December 2016. The increase was mainly attributable to higher net insurance benefits and claims incurred by the Insurance and Takaful subsidiaries of RM639.2 million.

The Group's overhead expenses for the quarter ended 31 December 2017 increased by RM316.0 million or 12.1% compared to the previous period corresponding quarter ended 31 December 2016. The increase was mainly contributed by higher personnel expenses of RM205.4 million, higher establishment costs of RM108.4 million and higher marketing expenses of RM22.6 million. The increase was, however, mitigated by lower administration and general expenses of RM20.3 million.

The Group's allowances for impairment losses on loans, advances, financing and other debts decreased by RM415.9 million or 67.6% to RM199.8 million for the quarter ended 31 December 2017 compared to the previous period corresponding quarter ended 31 December 2016. The decrease was mainly due to lower net individual allowance made of RM481.8 million. The decrease was, however, offset by lower bad debts and financing recovered of RM55.0 million.

The Group reported an allowance for impairment losses on financial investments of RM39.9 million for the quarter ended 31 December 2017 compared to RM8.8 million in the previous period corresponding quarter ended 31 December 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 and zakat for the quarter ended 31 December 2017 compared to the previous period corresponding quarter ended 31 December 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 and zakat increased by RM138.4 million or 10.5% to RM1,453.7 million for the quarter ended 31 December 2017 from RM1,315.2 million for the previous period corresponding quarter ended 31 December 2016. The increase was mainly due to lower allowances for impairment losses on loans, advances, financing and other debts of RM251.4 million and higher net interest income and income from IBS operations of RM47.5 million. The increase was offset by higher overhead expenses of RM130.9 million and lower other operating income of RM29.5 million.

Group Global Banking

a) Group Corporate Banking & Global Markets

Group Corporate Banking & Global Markets' profit before taxation and zakat increased by RM172.8 million or 13.8% to RM1,423.6 million for the quarter ended 31 December 2017 from RM1,250.8 million for the previous period corresponding quarter ended 31 December 2016. The increase was mainly due to writeback on allowance for impairment losses on loans, advances, financing and other debts of RM23.3 million compared to allowance made for impairment losses on loans, advances, financing and other debts of RM189.7 million in the previous period corresponding quarter ended 31 December 2016 and higher net interest income and income from IBS operations of RM53.9 million. The increase was, however, offset by higher overhead expenses of RM33.2 million, lower share of profits in associates and joint ventures of RM30.7 million, lower other operating income of RM25.1 million and higher allowance for impairment losses on financial investments of RM5.0 million.

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

Group Investment Banking's profit before taxation and zakat decreased by RM76.4 million to RM69.9 million for the quarter ended 31 December 2017 from RM146.4 million for the previous period corresponding quarter ended 31 December 2016. The decrease was mainly due to higher overhead expenses of RM59.8 million, higher allowance for impairment losses on loans, advances, financing and other debts of RM28.9 million and higher impairment losses on financial investment of RM2.5 million. The decrease was, however, mitigated by higher other operating income of RM14.2 million.

c) Group Asset Management

Group Asset Management reported profit before taxation and zakat of RM0.4 million for the quarter ended 31 December 2017 from losses before taxation and zakat of RM31.3 million for the previous period corresponding quarter ended 31 December 2016. The increase was mainly due to higher other operating income of RM42.8 million and higher net interest income and income from IBS operations of RM7.0 million. The increase was, however, offset by higher overhead expenses of RM9.6 million and higher allowances for impairment losses on financial investment of RM8.7 million.

Group Insurance and Takaful

Group Insurance and Takaful's profit before taxation and zakat increased by RM149.3 million or 56.0% to RM416.1 million for the quarter ended 31 December 2017 from RM266.8 million for the previous period corresponding quarter ended 31 December 2016. The increase was mainly contributed by higher other operating income of RM673.2 million, higher net earned insurance premium of RM241.3 million and higher net interest income of RM10.9 million. The increase was, however, offset by higher net insurance benefits and claims incurred, net fee and commission expenses, changes in expenses liabilities and taxation of life and takaful fund of RM658.9 million, higher overhead expenses of RM82.5 million, higher allowances for impairment losses on loans, advances, financing and other debts of RM19.6 million and higher allowances for impairment losses on financial investments of RM15.0 million.

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B2. Variation of Current Quarter Results Against Preceding Quarter

The Group's profit after tax and zakat attributable to equity holders in this quarter ended 31 December 2017 increased by RM104.9 million or 5.2% to RM2,132.1 million against the preceding quarter ended 30 September 2017.

The Group's net interest income for the quarter ended 31 December 2017 decreased by RM32.4 million to RM3,022.2 million against the preceding quarter of RM3,054.6 million. Income from Islamic Banking Scheme operations decreased by RM18.8 million to RM1,235.6 million for the quarter ended 31 December 2017 compared to RM1,254.4 million in the preceding quarter ended 30 September 2017.

The Group's net earned insurance premiums for the quarter ended 31 December 2017 increased by RM126.4 million to RM1,433.8 million compared to RM1,307.4 million in the preceding quarter ended 30 September 2017.

Other operating income of the Group for the quarter ended 31 December 2017 increased by RM101.5 million to RM1,598.1 million compared to RM1,496.6 million in the preceding quarter ended 30 September 2017. The increase was mainly due to higher gain on disposal of property, plant and equipment of RM183.9 million, higher realised gain on derivatives of RM183.2 million and higher dividend income from financial investments portfolio of RM24.8 million. The increase was, however, offset by higher unrealised mark-to-market loss on revaluation of financial assets/liabilities at FVTPL and derivatives of RM180.3 million and lower foreign exchange gain of RM53.6 million.

The Group's net insurance benefits and claims incurred, net fee and commission expenses, change in expense liabilities and taxation of life and takaful fund increased by RM17.9 million to RM1,233.2 million for the quarter ended 31 December 2017 compared to RM1,215.3 million in the preceding quarter ended 30 September 2017. The increase was mainly attributable to higher net insurance benefits and claims incurred by the Insurance and Takaful subsidiaries of RM47.2 million.

The Group posted an increase of RM36.4 million in overhead expenses to RM2,922.8 million for the quarter ended 31 December 2017 compared to RM2,886.4 million in the preceding quarter ended 30 September 2017. The increase was mainly due to higher establishment costs of RM79.8 million, higher marketing expenses of RM36.6 million and higher personnel expenses of RM29.1 million. The increase was, however, mitigated by lower administration and general expenses of RM109.1 million.

The Group's allowance for impairment losses on loans, advances, financing and other debts decreased by RM186.7 million to RM199.8 million in the quarter ended 31 December 2017 compared to RM386.5 million in the preceding quarter ended 30 September 2017. The decrease was mainly due to lower collective allowance made of RM36.2 million, lower individual allowance made of RM84.6 million and higher bad debts and financing recovered of RM77.2 million.

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B3. Prospects

Global real GDP growth is forecasted to remain stable at +3.7% in 2018E (2017: +3.7%), on sustained growth in the US (2018E: +2.5%; 2017: +2.3%), and improved growth in selected BRIC markets such as Brazil (2018E: +2.0%; 2017: +0.9%) and India (2018E: +7.3%; 2017: +6.5%).

Meanwhile, the ASEAN-6 countries could chart a similar pace of growth in 2018E at 5.1% (2017: +5.1%) benefitting from the spillover effects to domestic demand arising from the expansions in external demand. Maybank Group's home markets are expected to chart sustained growth in 2018E, with Malaysia expected to expand by +5.3% (2017: +5.9%), Singapore forecasted to grow at +2.8% (2017: +3.6%) and Indonesia to remain resilient at +5.3% (2017: +5.1%).

Malaysia's real GDP growth in 2018 will be driven by continued growth in consumer spending, public consumption and gross fixed capital formation with expansion in both private and public investments. Exports and imports of goods and services will expand further in 2018 on the back of the sustained global and domestic growth momentum, but the pace of growth is expected to moderate after the high base in 2017. Maybank Malaysia's loan growth is expected to be in-line with industry growth, as the bank focuses on pockets of opportunities within the consumer, retail SME and corporate lending segments.

Singapore's GDP is expected to grow at 2.8% in 2018, arising from a cooling off of the manufacturing-driven surge in 2017. In 2018, the services sector is likely to maintain its growth momentum while construction is expected to recover on the back of a strengthening property market and rollout of public infrastructure projects. Maybank Singapore's loan growth will mainly be driven by SME, consumer financing and corporate lending. Maybank Singapore will also focus on building its wealth management services by expanding our investment and insurance products and deepening cross-selling across key customer segments.

Indonesia's economy is expected to remain resilient with GDP growth of 5.3% in 2018, driven by business and government spending from accelerated capital expenditure and infrastructure projects. Maybank Indonesia will remain focused on corporate lending growth among top-tier clients while protecting its net interest margin by maintaining pricing discipline across all products. Another area of growth for Maybank Indonesia will be the expansion of its fee income streams through structured products and e-channel transactions.

At Maybank Group, key priorities for 2018 include maintaining pricing discipline across our products, focus on attaining cheaper funding sources to support loan growth, growing our loan portfolio within our risk appetite, while proactively managing our asset quality. The Group is also prepared and ready for the implementation of MFRS 9 on 1st January 2018 and will continue to keep its capital and liquidity positions strong.

Barring any unforeseen circumstances, the Group expects its financial performance for 2018 to be satisfactory against the expected growth prospects of its key home markets. The Group has set its Headline Key Performance Indicator for Return on Equity of approximately 11%.

B4. Profit Forecast or Profit Guarantee

Neither the Group nor the Bank has made any profit forecast or issued any profit guarantee for the fourth quarter and 12 months financial year ended 31 December 2017.

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B5. Taxation and Zakat

The analysis of the tax expense for the fourth quarter and 12 months financial year ended 31 December 2017 are as follows:

Group	Unaudited		Audited	
	Fourth Quarter Ended		Cumulative 12 Months Ended	
	31 December	31 December	31 December	31 December
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Malaysian income tax	687,508	496,386	2,159,444	1,671,721
Foreign income tax	97,357	128,638	312,728	302,341
	784,865	625,024	2,472,172	1,974,062
Over provision in respect of prior period/year:				
Malaysian income tax	(194)	(70,842)	(15,409)	(103,528)
Foreign income tax	(10,873)	(48,193)	(48,272)	(51,971)
	773,798	505,989	2,408,491	1,818,563
Deferred tax				
- Relating to origination and reversal of temporary differences	(105,159)	(86,281)	(130,945)	42,014
	(105,159)	(86,281)	(130,945)	42,014
Tax expense for the financial period/year	668,639	419,708	2,277,546	1,860,577
Zakat	6,425	3,224	23,676	19,981
	675,064	422,932	2,301,222	1,880,558

The Group's effective tax rate for the financial year ended 31 December 2017 was lower than the statutory tax rate due to certain income not subject to tax.

Bank	Unaudited		Audited	
	Fourth Quarter Ended		Cumulative 12 Months Ended	
	31 December	31 December	31 December	31 December
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Malaysian income tax	419,648	232,366	1,329,138	1,020,447
Foreign income tax	11,186	6,235	12,751	7,853
	430,834	238,601	1,341,889	1,028,300
(Over)/under provision in respect of prior period/year:				
Malaysian income tax	-	(78,977)	1,272	(78,977)
Foreign income tax	(11,005)	(52,394)	(50,134)	(52,368)
	419,829	107,230	1,293,027	896,955
Deferred tax				
- Relating to origination and reversal of temporary differences	(51,725)	(34,086)	(63,288)	27,668
	(51,725)	(34,086)	(63,288)	27,668
Tax expense for the financial period/year	368,104	73,144	1,229,739	924,623

The Bank's effective tax rate for the financial year ended 31 December 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% (31 December 2016: 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.

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B6. Status of Corporate Proposals Announced but Not Completed

- (i) **Proposed acquisition of 100% equity interest in Amanah Mutual Berhad ("AMB") and 100% equity interest in Singapore Unit Trusts Limited ("SUTL") by Maybank Asset Management Group Berhad ("MAMG") for a total cash consideration of RM51.0 million; and**
- (ii) **Proposed subscription by Permodalan Nasional Berhad ("PNB") of 8,336,404 new ordinary shares in MAMG, representing 20% of the enlarged issued share capital of MAMG for a cash consideration of RM50.0 million.**

On 13 December 2017, Maybank Asset Management Group Berhad ("MAMG"), a wholly-owned subsidiary of the Bank, entered into the following agreements:

- (i) conditional share purchase agreement ("SPA") with Amanah Saham Nasional Berhad ("ASNB"), a wholly-owned subsidiary of PNB, for the proposed acquisition of 100% equity interest in AMB for a cash consideration of RM16.12 million ("Proposed Acquisition I") ("AMB SPA");
- (ii) conditional SPA with PNB International Limited ("PIL"), a wholly-owned subsidiary of PNB, for the proposed acquisition of 100% equity interest in SUTL for a cash consideration of RM34.88 million ("Proposed Acquisition II") ("SUTL SPA"); and

(Proposed Acquisition I and Proposed Acquisition II are collectively referred to as "Proposed Acquisitions")

- (iii) conditional share subscription agreement ("Subscription Agreement") with PNB for the proposed subscription by PNB of 8,336,404 new ordinary shares in MAMG ("MAMG Shares") ("Subscription Shares") for a cash consideration of RM50.0 million or approximately RM6.00 per Subscription Share ("Subscription Consideration") ("Proposed Subscription").

Maybank, MAMG and PNB will also enter into a shareholders' agreement upon completion of the Proposed Subscription to form the basis of governance for the operations of MAMG following the Proposed Subscription and to govern the conduct, exercise of rights and performance of obligations of MAMG and PNB ("Shareholders' Agreement").

(Proposed Acquisitions and Proposed Subscription are collectively referred to as "Proposals")

The Proposals are subject to the following approval being obtained:

- (i) BNM for the Proposed Acquisitions;
- (ii) the Securities Commission Malaysia ("SC") for the Proposal;
- (iii) Monetary Authority of Singapore ("MAS") for the Proposal;
- (iv) shareholders of Maybank at a general meeting to be convened for the Proposed Subscription; and
- (v) any other relevant authorities and/or parties for the Proposed Acquisitions I, Proposed Acquisition II and Proposed Subscription, as the case may be (if required).

The Proposed Acquisitions and Proposed Subscription are not inter-conditional upon each other.

For the avoidance of doubt, the Proposed Acquisitions are not subject to the approval of the shareholders of Maybank.

The completion of the Proposed Acquisitions and Proposed Subscription will not have any effect on the issued and paid-up share capital and shareholding of the substantial shareholders of Maybank, and no material effect on the earnings per share, net assets per share and gearing of the Group for the financial year ended 31 December 2017.

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.

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B9. Derivative Financial Instruments

Please refer to Note A36.

B10. Changes in Material Litigation

There is no material litigation during the financial year ended 31 December 2017.

B11. Dividend

(i) Proposed final dividend

At the forthcoming Annual General Meeting, a final single-tier dividend in respect of the current financial year ended 31 December 2017 of 32 sen single-tier dividend per ordinary share, amounting to a net dividend payable of RM3,450,478,489 (based on 10,782,745,278 ordinary shares in issue as at 31 December 2017) will be proposed for the shareholders' approval.

The proposed final single-tier dividend consists of cash portion of 18 sen per ordinary share to be paid in cash amounting to RM1,940,894,150 and an electable portion of 14 sen per ordinary share amounting to RM1,509,584,339.

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

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

(ii) Total dividend

Total dividend for the financial year ended 31 December 2017 are as follows:

- a) Single-tier interim dividend of 23 sen per ordinary share declared on 30 August 2017 and paid on 1 November 2017; and
- b) Proposed single-tier final dividend of up to 32 sen per ordinary share, subject to shareholders' approval.

B12. Earnings Per Share ("EPS")

Basic EPS

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

	Unaudited		Audited	
	Fourth Quarter Ended 31 December 2017	31 December 2016	Cumulative 12 Months Ended 31 December 2017	31 December 2016
Net profit for the period/year attributable to equity holders of the Bank (RM'000)	2,132,099	2,360,598	7,520,542	6,742,992
Weighted average number of ordinary shares in issue ('000)	10,698,850	10,178,757	10,439,428	9,939,881
Basic earnings per share	19.93 sen	23.19 sen	72.04 sen	67.84 sen

Diluted EPS

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

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B12. Earnings Per Share ("EPS") (cont'd.)

Diluted EPS (cont'd.)

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

	Unaudited		Audited	
	Fourth Quarter Ended 31 December 2017	31 December 2016	Cumulative 12 Months Ended 31 December 2017	31 December 2016
Net profit for the period/year attributable to equity holders of the Bank (RM'000)	2,132,099	2,360,598	7,520,542	6,742,992
Weighted average number of ordinary shares in issue ('000)	10,698,850	10,178,757	10,439,428	9,939,881
Effects of dilution ('000)	1,178	55	2,317	385
Adjusted weighted average number of ordinary shares in issue ('000)	10,700,028	10,178,812	10,441,745	9,940,266
Diluted earnings per share	19.93 sen	23.19 sen	72.02 sen	67.84 sen

By Order of the Board

Wan Marzimin Wan Muhammad

LS0009924

Company Secretary

28 February 2018