

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

CONDENSED FINANCIAL STATEMENTS
UNAUDITED INCOME STATEMENTS
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2018

<u>Group</u>	Note	Third Quarter Ended		Cumulative 9 Months Ended	
		30 September 2018 RM'000	30 September 2017 RM'000	30 September 2018 RM'000	30 September 2017 RM'000
Interest income	A21	5,865,183	5,561,718	17,113,559	16,497,280
Interest expense	A22	(2,880,477)	(2,507,151)	(8,148,923)	(7,372,425)
Net interest income		2,984,706	3,054,567	8,964,636	9,124,855
Income from Islamic Banking Scheme operations	A40a	1,403,696	1,254,359	4,111,843	3,664,643
Net earned insurance premiums	A23	1,430,003	1,307,437	4,431,410	3,817,128
Other operating income	A25	1,448,460	1,496,596	3,758,036	4,429,195
Total operating income		7,266,865	7,112,959	21,265,925	21,035,821
Net insurance benefits and claims incurred, net fee and commission expenses, change in expense liabilities and taxation of life and takaful fund	A26	(1,573,042)	(1,224,336)	(3,937,195)	(3,844,546)
Net operating income		5,693,823	5,888,623	17,328,730	17,191,275
Overhead expenses	A27	(2,698,843)	(2,877,366)	(8,145,231)	(8,413,583)
Operating profit before impairment losses		2,994,980	3,011,257	9,183,499	8,777,692
Allowances for impairment losses on loans, advances, financing and other debts, net	A28	(418,450)	(386,488)	(1,509,909)	(1,759,253)
Writeback of/(allowances for) impairment losses on financial investments, net	A29	15,825	(23,095)	36,865	(28,825)
Writeback of impairment losses on other financial assets, net	A30	15,395	-	22,469	-
Operating profit		2,607,750	2,601,674	7,732,924	6,989,614
Share of profits in associates and joint ventures		31,760	76,713	72,827	182,334
Profit before taxation and zakat		2,639,510	2,678,387	7,805,751	7,171,948
Taxation and zakat	B5	(628,792)	(601,928)	(1,900,615)	(1,626,158)
Profit for the period		2,010,718	2,076,459	5,905,136	5,545,790
Attributable to:					
Equity holders of the Bank		1,956,856	2,027,206	5,786,905	5,388,443
Non-controlling interests		53,862	49,253	118,231	157,347
		2,010,718	2,076,459	5,905,136	5,545,790
Earnings per share attributable to equity holders of the Bank	B12				
Basic		17.91 sen	19.86 sen	53.12 sen	52.05 sen
Fully diluted		17.90 sen	19.83 sen	53.07 sen	51.97 sen

(These unaudited condensed interim financial statements should be read in conjunction with the audited annual financial statements for the financial year ended 31 December 2017 and the accompanying explanatory notes attached to these financial statements)

MALAYAN BANKING BERHAD
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CONDENSED FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2018

<u>Group</u>	Third Quarter Ended		Cumulative 9 Months Ended	
	30 September 2018 RM'000	30 September 2017 RM'000	30 September 2018 RM'000	30 September 2017 RM'000
Profit for the period	2,010,718	2,076,459	5,905,136	5,545,790
Other comprehensive income/(loss):				
<i>Items that will not be reclassified subsequently to profit or loss:</i>				
Defined benefit plan actuarial (loss)/gain	(239)	2,145	4,655	2,612
Income tax effect	29	(7)	(335)	(42)
Net gain on disposal of financial investments at fair value through other comprehensive income	18,487	-	18,487	-
	18,277	2,138	22,807	2,570
<i>Items that may be reclassified subsequently to profit or loss:</i>				
Net gain/(loss) on financial investments at fair value through other comprehensive income	376,985	-	(343,367)	-
- Net gain/(loss) from change in fair value	799,929	-	(322,422)	-
- Changes in expected credit losses	(224,403)	-	(80,615)	-
- Income tax effect	(198,541)	-	59,670	-
Net (loss)/gain on financial investments available-for-sale	-	(17,322)	-	460,056
- Net (loss)/gain from change in fair value	-	(21,179)	-	607,156
- Income tax effect	-	3,857	-	(147,100)
Net gain/(loss) on foreign exchange translation	390,010	(412,728)	(644,858)	(1,105,568)
Net (loss)/gain on cash flow hedge	(167)	(748)	1,593	(748)
Net (loss)/gain on net investment hedge	(19,529)	22,127	6,941	29,946
Net gain on capital reserve	112	-	112	-
Share of change in associates' reserve	(39,086)	(179,054)	(262,382)	(226,870)
	708,325	(587,725)	(1,241,961)	(843,184)
Other comprehensive income/(loss) for the period, net of tax	726,602	(585,587)	(1,219,154)	(840,614)
Total comprehensive income for the period	2,737,320	1,490,872	4,685,982	4,705,176
Other comprehensive income/(loss) for the period attributable to:				
Equity holders of the Bank	735,169	(581,128)	(1,203,325)	(821,502)
Non-controlling interests	(8,567)	(4,459)	(15,829)	(19,112)
	726,602	(585,587)	(1,219,154)	(840,614)
Total comprehensive income for the period attributable to:				
Equity holders of the Bank	2,692,025	1,446,078	4,583,580	4,566,941
Non-controlling interests	45,295	44,794	102,402	138,235
	2,737,320	1,490,872	4,685,982	4,705,176

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CONDENSED FINANCIAL STATEMENTS
UNAUDITED INCOME STATEMENTS
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2018

<u>Bank</u>	Note	Third Quarter Ended		Cumulative 9 Months Ended	
		30 September 2018 RM'000	30 September 2017 RM'000	30 September 2018 RM'000	30 September 2017 RM'000
Interest income	A21	4,537,596	4,094,603	13,109,099	11,995,207
Interest expense	A22	(2,330,815)	(1,848,259)	(6,439,073)	(5,402,867)
Net interest income		2,206,781	2,246,344	6,670,026	6,592,340
Dividends from subsidiaries and associates	A24	30,945	773,156	1,607,555	1,888,754
Other operating income	A25	857,379	1,060,763	3,055,231	2,751,810
		888,324	1,833,919	4,662,786	4,640,564
Net operating income		3,095,105	4,080,263	11,332,812	11,232,904
Overhead expenses	A27	(1,397,710)	(1,546,032)	(4,261,712)	(4,309,976)
Operating profit before impairment losses		1,697,395	2,534,231	7,071,100	6,922,928
Allowances for impairment losses on loans, advances, financing and other debts, net	A28	(301,526)	(215,762)	(744,090)	(1,151,182)
Writeback of impairment losses on financial investments, net	A29	5,387	1,528	45,403	2,215
Writeback of impairment losses on other financial assets, net	A30	4,652	-	7,042	-
Profit before taxation and zakat		1,405,908	2,319,997	6,379,455	5,773,961
Taxation and zakat	B5	(324,628)	(329,741)	(1,110,922)	(861,635)
Profit for the period		1,081,280	1,990,256	5,268,533	4,912,326

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CONDENSED FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2018

<u>Bank</u>	Third Quarter Ended		Cumulative 9 Months Ended	
	30 September 2018 RM'000	30 September 2017 RM'000	30 September 2018 RM'000	30 September 2017 RM'000
Profit for the period	1,081,280	1,990,256	5,268,533	4,912,326
Other comprehensive income/(loss):				
<i>Items that will not be reclassified subsequently to profit or loss:</i>				
Net gain on disposal of financial investments at fair value through other comprehensive income	2,688	-	2,688	-
<i>Items that may be reclassified subsequently to profit or loss:</i>				
Net gain/(loss) on financial investments at fair value through other comprehensive income	294,546	-	(305,618)	-
- Net gain/(loss) from change in fair value	698,010	-	(264,039)	-
- Changes in expected credit losses	(236,799)	-	(104,063)	-
- Income tax effect	(166,665)	-	62,484	-
Net gain on financial investments available-for-sale	-	7,027	-	465,208
- Net gain/(loss) from change in fair value	-	8,983	-	610,892
- Income tax effect	-	(1,956)	-	(145,684)
Net gain/(loss) on foreign exchange translation	318,195	(72,175)	67,304	(104,185)
	612,741	(65,148)	(238,314)	361,023
Other comprehensive income/(loss) for the period, net of tax	615,429	(65,148)	(235,626)	361,023
Total comprehensive income for the period	1,696,709	1,925,108	5,032,907	5,273,349

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MALAYAN BANKING BERHAD
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CONDENSED FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2018

	Note	Group		Bank	
		30 September 2018 RM'000	31 December 2017 RM'000	30 September 2018 RM'000	31 December 2017 RM'000
ASSETS					
Cash and short-term funds		40,933,485	50,334,290	23,943,234	30,714,527
Deposits and placements with financial institutions		11,843,882	16,988,391	17,811,233	21,382,493
Financial assets purchased under resale agreements		3,647,394	8,514,283	3,443,962	7,633,503
Financial assets designated upon initial recognition at fair value through profit or loss	A10(i)	16,631,549	13,187,127	-	-
Financial investments at fair value through profit or loss	A10(ii)	12,246,472	-	8,810,557	-
Financial investments held-for-trading	A10(iii)	-	11,930,366	-	7,896,677
Financial investments at fair value through other comprehensive income	A10(iv)	122,764,658	-	102,483,474	-
Financial investments available-for-sale	A10(v)	-	109,070,244	-	89,286,739
Financial investments at amortised cost	A10(vi)	27,368,544	-	21,156,125	-
Financial investments held-to-maturity	A10(vii)	-	20,184,773	-	17,763,565
Loans, advances and financing to financial institutions	A11(i)	1,146,883	2,026,276	17,014,215	18,614,231
Loans, advances and financing to customers	A11(ii)	495,997,870	483,558,086	278,256,497	272,383,738
Derivative assets	A37	7,551,775	6,704,651	7,428,773	6,865,221
Reinsurance/retakaful assets and other insurance receivables	A12	3,706,017	3,933,772	-	-
Other assets	A13	15,281,303	9,698,140	9,077,056	4,801,397
Investment properties		853,723	753,555	-	-
Statutory deposits with central banks		16,305,354	15,397,213	8,281,870	7,746,700
Investment in subsidiaries		-	-	23,420,276	22,057,063
Interest in associates and joint ventures		2,598,444	2,772,324	472,016	472,016
Property, plant and equipment		2,475,500	2,635,018	1,097,478	1,165,908
Intangible assets		6,488,581	6,753,939	601,454	568,030
Deferred tax assets		1,931,212	859,318	933,834	315,013
TOTAL ASSETS		789,772,646	765,301,766	524,232,054	509,666,821
LIABILITIES					
Customers' funding:					
- Deposits from customers	A14	517,867,499	502,017,445	332,927,319	328,938,600
- Investment accounts of customers ¹	A40g	18,768,988	24,555,445	-	-
Deposits and placements from financial institutions	A15	47,007,669	42,598,131	43,870,497	37,645,134
Obligations on financial assets sold under repurchase agreements		9,288,133	5,367,086	9,288,133	5,189,316
Derivative liabilities	A37	8,280,845	7,221,015	7,856,195	7,179,998
Financial liabilities at fair value through profit or loss	A16	9,634,657	6,375,815	8,710,211	5,483,120
Bills and acceptances payable		1,667,983	1,894,046	817,483	1,384,983
Insurance/takaful contract liabilities and other insurance payables	A18	26,744,792	25,118,843	-	-
Other liabilities	A19	26,396,773	19,179,140	19,352,810	16,910,597
Recourse obligation on loans and financing sold to Cagamas		1,547,495	1,543,501	1,547,495	1,543,501
Provision for taxation and zakat		1,102,163	746,494	723,078	385,876
Deferred tax liabilities		778,739	732,079	-	-
Borrowings	A17(i)	30,885,065	34,505,618	22,701,816	27,106,442
Subordinated obligations	A17(ii)	11,171,540	11,979,323	9,473,009	9,362,526
Capital securities	A17(iii)	3,474,372	6,284,180	3,474,372	6,284,180
TOTAL LIABILITIES		714,616,713	690,118,161	460,742,418	447,414,273

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

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CONDENSED FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2018

	Note	Group		Bank	
		30 September 2018 RM'000	31 December 2017 RM'000	30 September 2018 RM'000	31 December 2017 RM'000
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE BANK					
Share capital		45,828,431	44,250,380	45,828,431	44,250,380
Shares held-in-trust		(42)	(183,438)	(42)	(183,438)
Retained profits		24,324,058	25,268,743	12,959,883	13,572,235
Reserves		2,720,446	3,652,929	4,701,364	4,613,371
		72,872,893	72,988,614	63,489,636	62,252,548
Non-controlling interests		2,283,040	2,194,991	-	-
		75,155,933	75,183,605	63,489,636	62,252,548
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY					
		789,772,646	765,301,766	524,232,054	509,666,821
COMMITMENTS AND CONTINGENCIES	A35	941,725,228	811,374,001	889,078,183	761,441,355
<u>CAPITAL ADEQUACY</u>					
	A36				
The capital adequacy ratios of the Group and of the Bank are as follows:					
CET1 Capital Ratio		13.563%	14.773%	13.321%	15.853%
Tier 1 Capital Ratio		14.504%	16.459%	14.289%	17.950%
Total Capital Ratio		17.585%	19.383%	17.410%	19.313%
Net assets per share attributable to equity holders of the Bank					
		RM6.66	RM6.77	RM5.80	RM5.77

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CONDENSED FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2018

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

<u>Group</u>	Share Capital RM'000	Shares Held-in-trust RM'000	Statutory Reserve RM'000	Regulatory Reserve RM'000	Fair Value Through Other Comprehensive Income 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 2018												
- as previously stated	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
- effect of adopting MFRS 9 (Note A41)	-	-	-	(670,110)	454,968	-	-	-	(718,076)	(933,218)	11,202	(922,016)
At 1 January 2018, as restated	44,250,380	(183,438)	203,058	2,077,175	484,584	858,752	219,387	(405,169)	24,550,667	72,055,396	2,206,193	74,261,589
Profit for the period	-	-	-	-	-	-	-	-	5,786,905	5,786,905	118,231	5,905,136
Other comprehensive (loss)/income	-	-	-	-	(357,524)	(876,179)	-	11,891	18,487	(1,203,325)	(15,829)	(1,219,154)
Defined benefit plan actuarial gain	-	-	-	-	-	-	-	3,245	-	3,245	1,075	4,320
Share of associates reserve	-	-	-	-	(27,014)	(235,368)	-	-	-	(262,382)	-	(262,382)
Net loss on foreign exchange translation	-	-	-	-	-	(640,811)	-	-	-	(640,811)	(4,047)	(644,858)
Net loss on financial investments at fair value through other comprehensive income	-	-	-	-	(330,510)	-	-	-	-	(330,510)	(12,857)	(343,367)
Net gain on disposal of financial investments at fair value through other comprehensive income	-	-	-	-	-	-	-	-	18,487	18,487	-	18,487
Net gain on net investment hedge	-	-	-	-	-	-	-	6,941	-	6,941	-	6,941
Net gain on cash flow hedge	-	-	-	-	-	-	-	1,593	-	1,593	-	1,593
Net gain on capital reserve	-	-	-	-	-	-	-	112	-	112	-	112
Total comprehensive (loss)/income for the period	-	-	-	-	(357,524)	(876,179)	-	11,891	5,805,392	4,583,580	102,402	4,685,982
Carried forward	44,250,380	(183,438)	203,058	2,077,175	127,060	(17,427)	219,387	(393,278)	30,356,059	76,638,976	2,308,595	78,947,571

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UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2018

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

Group (cont'd.)	Share Capital RM'000	Shares Held-in-trust RM'000	Statutory Reserve RM'000	Regulatory Reserve RM'000	Fair Value Through Other Comprehensive Income 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
Brought forward	44,250,380	(183,438)	203,058	2,077,175	127,060	(17,427)	219,387	(393,278)	30,356,059	76,638,976	2,308,595	78,947,571
Share-based payment under Employees' Share Scheme ("ESS")	-	-	-	-	-	-	1,457	-	-	1,457	-	1,457
Effect of changes in corporate structure within the Group	-	-	-	-	-	-	-	-	17,370	17,370	64,807	82,177
Effect of rights issue of a subsidiary	-	-	-	-	-	-	-	-	-	-	3,681	3,681
Transfer to statutory reserve	-	-	33,714	-	-	-	-	-	(33,714)	-	-	-
Transfer to regulatory reserve	-	-	-	690,115	-	-	-	-	(690,115)	-	-	-
Utilisation of shares under ESOS Trust Fund Pool	-	106,763	-	-	-	-	-	-	3,012	109,775	-	109,775
Disposal of shares under ESOS Trust Fund Pool	-	75,967	-	-	-	-	-	-	8,742	84,709	-	84,709
ESS forfeited upon expiration of ESS	-	-	-	-	-	-	(100,280)	-	100,280	-	-	-
Issue of shares pursuant to ESS (Note A8(i)(a)(A))	1,532,111	-	-	-	-	-	(87,686)	-	-	1,444,425	-	1,444,425
Issue of shares pursuant to Restricted Share Unit ("RSU") (Note A8(i)(a)(B))	45,940	-	-	-	-	-	(32,274)	-	(13,666)	-	-	-
Shares vested under RSU and Supplemental Restricted Share Unit ("SRSU")	-	666	-	-	-	-	(575)	-	(91)	-	-	-
Dividends paid (Note A9(a) & (c))	-	-	-	-	-	-	-	-	(3,497,793)	(3,497,793)	(94,043)	(3,591,836)
Dividends payable (Note A9(b))	-	-	-	-	-	-	-	-	(1,926,026)	(1,926,026)	-	(1,926,026)
Total transactions with shareholders/ other equity movements	1,578,051	183,396	33,714	690,115	-	-	(219,358)	-	(6,032,001)	(3,766,083)	(25,555)	(3,791,638)
At 30 September 2018	45,828,431	(42)	236,772	2,767,290	127,060	(17,427)	29	(393,278)	24,324,058	72,872,893	2,283,040	75,155,933

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 RM1,323.5 million (net of tax). This non-distributable non-par surplus is only available for distribution to shareholder on the amount recommended by the Appointed Actuary in accordance with the Financial Services Act 2013.

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UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2018

Group	Attributable to equity holders of the Bank										Retained Profits RM'000	Total Shareholders' Equity RM'000	Non-Controlling Interests RM'000	Total Equity RM'000
	Share Capital RM'000	Share Premium RM'000	Shares Held-in-trust RM'000	Statutory Reserve RM'000	Regulatory Reserve RM'000	Available-for-sale Reserve RM'000	Exchange Fluctuation Reserve RM'000	ESS Reserve RM'000	Other Reserves RM'000	1				
At 1 January 2017	10,193,200	28,878,703	(125,309)	10,934,947	1,057,997	(269,131)	3,592,057	320,912	(476,340)		14,408,695	68,515,731	1,959,092	70,474,823
Profit for the period	-	-	-	-	-	-	-	-	-		5,388,443	5,388,443	157,347	5,545,790
Other comprehensive income/(loss)	-	-	-	-	-	458,634	(1,311,719)	-	31,583		-	(821,502)	(19,112)	(840,614)
Defined benefit plan actuarial gain	-	-	-	-	-	-	-	-	2,385		-	2,385	185	2,570
Share of associates' reserve	-	-	-	-	-	(11,506)	(215,364)	-	-		-	(226,870)	-	(226,870)
Net loss on foreign exchange translation	-	-	-	-	-	-	(1,096,355)	-	-		-	(1,096,355)	(9,213)	(1,105,568)
Net gain/(loss) on financial investments available-for-sale	-	-	-	-	-	470,140	-	-	-		-	470,140	(10,084)	460,056
Net gain on net investment hedge	-	-	-	-	-	-	-	-	29,946		-	29,946	-	29,946
Net loss on cash flow hedge	-	-	-	-	-	-	-	-	(748)		-	(748)	-	(748)
Total comprehensive income/(loss) for the period	-	-	-	-	-	458,634	(1,311,719)	-	31,583		5,388,443	4,566,941	138,235	4,705,176
Carried forward	10,193,200	28,878,703	(125,309)	10,934,947	1,057,997	189,503	2,280,338	320,912	(444,757)		19,797,138	73,082,672	2,097,327	75,179,999

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Group (cont'd.)	Attributable to equity holders of the Bank										Retained Profits RM'000	Total Shareholders' Equity RM'000	Non-Controlling Interests RM'000	Total Equity RM'000
	Share Capital RM'000	Share Premium RM'000	Shares Held-in-trust RM'000	Statutory Reserve RM'000	Regulatory Reserve RM'000	Available-for-sale Reserve RM'000	Exchange Fluctuation Reserve RM'000	ESS Reserve RM'000	Other Reserves RM'000	1				
Brought forward	10,193,200	28,878,703	(125,309)	10,934,947	1,057,997	189,503	2,280,338	320,912	(444,757)		19,797,138	73,082,672	2,097,327	75,179,999
Share-based payment under Employees' Share Scheme ("ESS")	-	-	-	-	-	-	-	14,053	-		-	14,053	-	14,053
Effect of changes in corporate structure within the Group	-	-	-	-	-	-	-	-	-		-	-	(1,353)	(1,353)
Effect of net acquisition from/disposal to non-controlling interests	-	-	-	-	-	-	-	-	-		-	-	67,692	67,692
Transfer to share capital	28,878,703	(28,878,703)	-	-	-	-	-	-	-		-	-	-	-
Transfer from statutory reserves	-	-	-	(10,732,291)	-	-	-	-	-		10,732,291	-	-	-
Transfer to regulatory reserve	-	-	-	-	1,595,587	-	-	-	-		(1,595,587)	-	-	-
Issue of shares pursuant to ESS	1,348,859	-	-	-	-	-	-	(80,074)	-		-	1,268,785	-	1,268,785
Issue of shares pursuant to Restricted Share Unit ("RSU")	38,118	-	(179)	-	-	-	-	(32,848)	-		(5,091)	-	-	-
Issue of shares pursuant to Supplemental Restricted Share Unit ("SRSU")	935	-	-	-	-	-	-	(920)	-		(15)	-	-	-
Issue of shares pursuant to ESOS Trust Fund ("ETF") Pool	49,999	-	(49,999)	-	-	-	-	-	-		-	-	-	-
Issue of shares pursuant to Dividend Reinvestment Plan ("DRP")	2,009,409	-	(4,083)	-	-	-	-	-	-		-	2,005,326	-	2,005,326
Dividends	-	-	-	-	-	-	-	-	-		(3,276,785)	(3,276,785)	(69,753)	(3,346,538)
Dividends payable	-	-	-	-	-	-	-	-	-		(1,026,234)	(1,026,234)	(30,888)	(1,057,122)
Disposal of investment properties	-	-	-	-	-	-	-	-	(234)		234	-	-	-
Total transactions with shareholders/other equity movements	32,326,023	(28,878,703)	(54,261)	(10,732,291)	1,595,587	-	-	(99,789)	(234)		4,828,813	(1,014,855)	(34,302)	(1,049,157)
At 30 September 2017	42,519,223	-	(179,570)	202,656	2,653,584	189,503	2,280,338	221,123	(444,991)		24,625,951	72,067,817	2,063,025	74,130,842

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 RM1,298.6 million (net of tax). This non-distributable non-par surplus is only available for distribution to shareholder on the amount recommended by the Appointed Actuary in accordance with the Financial Services Act 2013.

(These unaudited condensed interim financial statements should be read in conjunction with the audited annual financial statements for the financial year ended 31 December 2017 and the accompanying explanatory notes attached to these financial statements)

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

Bank	Share Capital RM'000	Shares Held-in-trust RM'000	Statutory Reserve RM'000	Regulatory Reserve RM'000	Fair Value Through Other Comprehensive Income Reserve RM'000	Exchange Fluctuation Reserve RM'000	ESS Reserve RM'000	Distributable Retained Profits RM'000	Total Equity RM'000
At 1 January 2018									
- as previously stated	44,250,380	(183,438)	46,255	2,233,563	(114,149)	2,228,315	219,387	13,572,235	62,252,548
- effect of adopting MFRS 9 (Note A41)	-	-	-	(295,155)	419,645	-	-	(136,856)	(12,366)
At 1 January 2018, as restated	44,250,380	(183,438)	46,255	1,938,408	305,496	2,228,315	219,387	13,435,379	62,240,182
Profit for the period	-	-	-	-	-	-	-	5,268,533	5,268,533
Other comprehensive (loss)/income	-	-	-	-	(305,618)	67,304	-	2,688	(235,626)
Net gain on foreign exchange translation	-	-	-	-	-	67,304	-	-	67,304
Net loss on financial investments at fair value through other comprehensive income	-	-	-	-	(305,618)	-	-	-	(305,618)
Net gain on disposal of financial investments at fair value through other comprehensive income	-	-	-	-	-	-	-	2,688	2,688
Total comprehensive (loss)/income for the period	-	-	-	-	(305,618)	67,304	-	5,271,221	5,032,907
Share-based payment under Employees' Share Scheme ("ESS")	-	-	-	-	-	-	1,457	-	1,457
Transfer to statutory reserve	-	-	5,867	-	-	-	-	(5,867)	-
Transfer to regulatory reserve	-	-	-	415,308	-	-	-	(415,308)	-
Utilisation of shares under ESOS Trust Fund Pool	-	106,763	-	-	-	-	-	3,012	109,775
Disposal of shares under ESOS Trust Fund Pool	-	75,967	-	-	-	-	-	8,742	84,709
ESS forfeited upon expiration of ESS	-	-	-	-	-	-	(100,280)	100,280	-
Issue of shares pursuant to ESS (Note A8(i)(a)(A))	1,532,111	-	-	-	-	-	(87,686)	-	1,444,425
Issue of shares pursuant to Restricted Share Unit ("RSU") (Note A8(i)(a)(B))	45,940	-	-	-	-	-	(32,274)	(13,666)	-
Shares vested under RSU and Supplemental Restricted Share Unit ("SRSU")	-	666	-	-	-	-	(575)	(91)	-
Dividends paid (Note A9(a))	-	-	-	-	-	-	-	(3,497,793)	(3,497,793)
Dividends payable (Note A9(b))	-	-	-	-	-	-	-	(1,926,026)	(1,926,026)
Total transactions with shareholders/ other equity movements	1,578,051	183,396	5,867	415,308	-	-	(219,358)	(5,746,717)	(3,783,453)
At 30 September 2018	45,828,431	(42)	52,122	2,353,716	(122)	2,295,619	29	12,959,883	63,489,636

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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 period	-	-	-	-	-	-	-	-	4,912,326	4,912,326
Other comprehensive income/(loss)	-	-	-	-	-	465,208	(104,185)	-	-	361,023
Net loss on foreign exchange translation	-	-	-	-	-	-	(104,185)	-	-	(104,185)
Net gain on financial investments available-for-sale	-	-	-	-	-	465,208	-	-	-	465,208
Total comprehensive income/(loss) for the period	-	-	-	-	-	465,208	(104,185)	-	4,912,326	5,273,349
Share-based payment under Employees' Share Scheme ("ESS")	-	-	-	-	-	-	-	14,053	-	14,053
Transfer from statutory reserve	-	-	-	(10,279,079)	-	-	-	-	10,279,079	-
Transfer to regulatory reserve	-	-	-	-	1,546,616	-	-	-	(1,546,616)	-
Transfer to share capital	28,878,703	(28,878,703)	-	-	-	-	-	-	-	-
Issue of shares pursuant to ESS	1,348,859	-	-	-	-	-	-	(80,074)	-	1,268,785
Issue of shares pursuant to Restricted Share Unit ("RSU")	38,118	-	(179)	-	-	-	-	(32,848)	(5,091)	-
Issue of shares pursuant to Supplemental Restricted Share Unit ("SRSU")	935	-	-	-	-	-	-	(920)	(15)	-
Issue of shares pursuant to ESOS Trust Fund ("ETF") Pool	49,999	-	(49,999)	-	-	-	-	-	-	-
Issue of shares pursuant to Dividend Reinvestment Plan ("DRP")	2,009,409	-	(4,083)	-	-	-	-	-	-	2,005,326
Dividends	-	-	-	-	-	-	-	-	(3,276,785)	(3,276,785)
Dividends payable	-	-	-	-	-	-	-	-	(1,026,234)	(1,026,234)
Total transactions with shareholders/ other equity movements	32,326,023	(28,878,703)	(54,261)	(10,279,079)	1,546,616	-	-	(99,789)	4,424,338	(1,014,855)
At 30 September 2017	42,519,223	-	(179,570)	46,137	2,207,416	12,063	2,643,238	221,123	13,793,496	61,263,126

(These unaudited condensed interim financial statements should be read in conjunction with the audited annual financial statements for the financial year ended 31 December 2017 and the accompanying explanatory notes attached to these financial statements)

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CONDENSED FINANCIAL STATEMENTS
UNAUDITED CASH FLOW STATEMENTS
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2018

	Group		Bank	
	30 September 2018 RM'000	30 September 2017 RM'000	30 September 2018 RM'000	30 September 2017 RM'000
Cash flows from operating activities				
Profit before taxation and zakat	7,805,751	7,171,948	6,379,455	5,773,961
Adjustments for:				
Depreciation of property, plant and equipment	301,101	284,412	124,349	141,907
Gain on disposal of property, plant and equipment	(70,217)	(15,490)	(60,416)	(14,401)
Share of profits in associates and joint ventures	(72,827)	(182,334)	-	-
Amortisation of intangible assets	178,986	208,769	61,755	76,643
Net loss/(gain) on liquidation of subsidiaries	-	1,997	-	(101)
Net (gain)/loss on dilution of interest in associates	(1,268)	21,402	-	-
Net loss on disposal of deemed control entity	15,409	-	27,902	-
Net loss/(gain) on disposal of financial assets at fair value through profit or loss	136,852	(297,051)	(65,903)	(100,349)
Net gain on disposal of financial investments at fair value through other comprehensive income	(72,645)	-	(72,094)	-
Net gain on disposal of financial investments available-for-sale	-	(507,101)	-	(171,855)
Net gain on redemption of financial investments at amortised cost	(1,773)	-	(1,773)	-
Net gain on redemption of financial investments held-to-maturity	-	(170)	-	(170)
Unrealised loss/(gain) on revaluation of financial investments at fair value through profit or loss and derivatives	549,226	(212,740)	388,198	(125,810)
Unrealised gain on revaluation of financial liabilities at fair value through profit or loss	(531,189)	(13,498)	(538,402)	(29,507)
Allowances for impairment losses on loans, advances and financing, net	1,732,825	2,056,679	897,766	1,328,556
Allowances for/(writeback of) impairment losses on other debts (Writeback of)/allowances for impairment losses on financial investments, net	(36,865)	28,825	(45,403)	(2,215)
Writeback of impairment losses on other financial assets, net	(22,469)	-	(7,042)	-
Dividend income	(96,174)	(75,617)	(1,611,117)	(1,892,480)
ESS expenses	3,734	12,464	2,426	8,556
Other adjustments for non-operating and non-cash items	(264,880)	(81,303)	(284,658)	(50,224)
Operating profit before working capital changes	9,559,585	8,396,387	5,196,303	4,943,370
Change in deposits and placements with financial institutions with original maturity of more than three months	(1,712,121)	4,999,156	(1,063,785)	3,624,526
Change in cash and short-term funds with original maturity of more than three months	(2,077,979)	1,642,007	(1,505,865)	2,605,980
Change in financial investments portfolio	(23,894,564)	(27,737,149)	(16,391,889)	(21,600,168)
Change in loans, advances and financing	(17,621,742)	(8,162,098)	(5,656,970)	1,027,299
Change in statutory deposits with central banks	(908,467)	794,126	(535,170)	444,603
Change in deposits from customers	17,660,083	3,990,129	3,959,908	(9,312,319)
Change in investment accounts of customers	(5,786,457)	(4,739,599)	-	-
Change in deposits and placements from financial institutions	4,409,538	17,905,571	6,225,363	15,222,975
Change in financial liabilities at fair value through profit or loss	(121,961)	2,910,015	(146,498)	2,926,228
Change in reinsurance/retakaful assets and other insurance receivables	222,191	308,642	-	-
Change in insurance/takaful contract liabilities and other insurance payables	1,628,115	822,641	-	-
Change in other operating activities	7,593,414	3,048,820	3,592,415	4,487,108
Cash (used in)/generated from operations	(11,050,365)	4,178,648	(6,326,188)	4,369,602
Taxes and zakat paid	(1,850,027)	(1,551,890)	(955,721)	(710,025)
Net cash (used in)/generated from operating activities	(12,900,392)	2,626,758	(7,281,909)	3,659,577

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UNAUDITED CASH FLOW STATEMENTS
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	Group		Bank	
	30 September 2018 RM'000	30 September 2017 RM'000	30 September 2018 RM'000	30 September 2017 RM'000
Cash flows from investing activities				
Dividends received from:				
- financial investments portfolio	96,174	75,617	3,562	3,726
- associates	-	-	398	9,865
- subsidiaries	-	-	1,607,157	1,114,688
Purchase of property, plant and equipment	(170,701)	(151,083)	(58,364)	(64,008)
Purchase of investment properties	(99,598)	(45,763)	-	-
Proceeds from disposal of property, plant and equipment	79,791	20,000	62,017	16,606
Purchase of intangible assets	(250,026)	(148,721)	(96,354)	(101,082)
Purchase of additional ordinary shares in existing subsidiaries	-	-	(1,530,435)	(156,420)
Purchase of shares in deemed controlled entities	-	-	(873)	(480,341)
Purchase of shares in associates from a subsidiary	-	-	-	(20,497)
Net effect arising from transaction with non-controlling interests	68,998	64,342	-	-
Net effect arising from disposal of deemed controlled entities	-	-	142,418	-
Net effect arising from capital reduction of subsidiaries	-	-	-	242,837
Liquidation of subsidiaries	-	-	-	149
Net cash (used in)/generated from investing activities	(275,362)	(185,608)	129,526	565,523
Cash flows from financing activities				
Proceeds from issuance of shares	1,444,425	3,274,111	1,444,425	3,274,111
(Repayment)/drawdown of borrowings, net	(501,371)	5,169,382	(1,750,970)	1,897,741
Redemption of subordinated obligations and capital securities	(3,200,904)	(3,343,799)	(2,700,904)	(3,378,800)
Rights issuance exercised by non-controlling interests	3,681	-	-	-
Drawdown of financial liabilities at fair value through profit or loss	620,550	-	620,550	-
Recourse obligation on loans and financing sold to Cagamas, net	3,995	559,338	3,995	559,338
Dividends paid	(3,497,793)	(3,276,785)	(3,497,793)	(3,276,785)
Dividends paid to non-controlling interests	(94,043)	(69,753)	-	-
Net cash (used in)/generated from financing activities	(5,221,460)	2,312,494	(5,880,697)	(924,395)
Net (decrease)/increase in cash and cash equivalents	(18,397,214)	4,753,644	(13,033,080)	3,300,705
Cash and cash equivalents at beginning of period	53,933,842	50,875,740	39,306,385	38,217,233
Effects of foreign exchange rate changes	61,802	(1,083,155)	120,877	(875,512)
Cash and cash equivalents at end of period	35,598,430	54,546,229	26,394,182	40,642,426

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

	Group		Bank	
	30 September 2018 RM'000	30 September 2017 RM'000	30 September 2018 RM'000	30 September 2017 RM'000
Cash and short-term funds	40,933,485	54,348,951	23,943,234	35,503,138
Deposits and placements with financial institutions	11,843,882	14,265,544	17,811,233	18,381,767
	52,777,367	68,614,495	41,754,467	53,884,905
Less:				
Cash and short-term funds and deposits and placements with financial institutions, with original maturity of more than three months	(17,178,937)	(14,068,266)	(15,360,285)	(13,242,479)
Cash and cash equivalents at end of period	35,598,430	54,546,229	26,394,182	40,642,426

(These unaudited condensed interim financial statements should be read in conjunction with the audited annual financial statements for the financial year ended 31 December 2017 and the accompanying explanatory notes attached to these financial statements)

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

A1. Basis of Preparation

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

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

The unaudited condensed interim financial statements do not include all the information and disclosures required in the audited annual financial statements, and should be read in conjunction with the audited annual financial statements for the financial year ended 31 December 2017. These explanatory notes attached to the unaudited condensed interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group and of the Bank since the financial year ended 31 December 2017.

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

The significant accounting policies and methods of computation applied by the Group and the Bank are consistent with those adopted in the most recent audited annual financial statements for the financial year ended 31 December 2017 except for adoption of the following new Malaysian Financial Reporting Standards (“MFRSs”), amendments to MFRSs, annual improvements to MFRSs and IC Interpretations which are effective for annual periods beginning on or after 1 January 2018:

- MFRS 2 *Share-based Payment* - Classification and Measurement of Share-based Payment Transactions (Amendments to MFRS 2)
- MFRS 9 *Financial Instruments*
- MFRS 15 *Revenue from Contracts with Customers*
- Applying MFRS 9 *Financial Instruments* with MFRS 4 *Insurance Contracts* (Amendments to MFRS 4)
- Annual Improvements to MFRSs 2014-2016 Cycle
 - (i) Amendments to MFRS 1 *First-time Adoption of Malaysian Financial Reporting Standards*
 - (ii) Amendments to MFRS 128 *Investments in Associates and Joint Ventures*
- MFRS 140 *Transfers of Investment Property* (Amendments to MFRS 140)
- IC Interpretation 22 *Foreign Currency Transactions and Advance Consideration*

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

MFRS 9 *Financial Instruments*

The adoption of this standard resulted in changes in accounting policies and adjustments to the financial statements. The accounting policies that relate to the classification, measurement and impairment of financial assets are amended to comply with this standard, while the hedge accounting policies are not impacted. In accordance with the transition provisions in the standard, comparatives are not restated and the financial impact of the adoption of the standard is recognised in retained profits, fair value through other comprehensive income reserve and regulatory reserve as at 1 January 2018.

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A1. Basis of Preparation (cont'd.)

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

The adoption of MFRS 9 resulted in the following changes to the Group's and Bank's accounting policies:

(i) Classification and measurement

The Group and the Bank classify financial assets on the basis of two criteria:

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

At initial recognition, each financial assets is classified as either amortised cost, fair value through other comprehensive income ("FVOCI"), or fair value through profit or loss ("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 (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.

Classification and measurement of financial liabilities 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 MFRS 139. The ECL model applies to financial assets measured at amortised cost or at FVOCI, irrevocable loan commitments and financial guarantee contracts, which 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*.

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A1. Basis of Preparation (cont'd.)

MFRS 9 Financial Instruments (cont'd.)

(ii) Impairment (cont'd.)

The measurement of expected credit loss involves 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 ECL and one that is based on lifetime ECL. 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 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	On gross carrying amount	On gross carrying amount	On 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 have decided to continue measure the impairment mainly on an individual transaction basis for financial assets that are deemed to be individually significant.

- 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 generally refers to their 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 is based on the Group's and the Bank's research arm, Maybank Kim Eng ("MKE"). In addition, the MKE Research's assumptions and analysis are also 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.

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A1. Basis of Preparation (cont'd.)

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

(iii) Hedge accounting

The requirements for general hedge accounting have been simplified for hedge effectiveness testing. Overall, there is no significant financial impact on the Group and the Bank arising from adoption of new hedge accounting requirements under MFRS 9.

The financial impact of the adoption of MFRS 9 on the financial statements of the Group and of the Bank are disclosed in Note A41.

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 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 have adopted 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 adoption of this standard has no material financial impact other than the disclosures made in Note A31 of 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 has commenced full adoption of MFRS 9 effective on 1 January 2018.

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A1. Basis of Preparation (cont'd.)

Revised Financial Reporting Guidelines issued by Bank Negara Malaysia ("BNM")

On 2 February 2018, BNM issued a revised Financial Reporting Guidelines. The revised guidelines apply to financial institutions in Malaysia that covers licensed banks, licensed investment banks, licensed Islamic banks and licensed insurers. The revised guidelines have superseded two guidelines issued by BNM previously, namely *Financial Reporting* dated 28 January 2015 and *Classification and Impairment Provision for Loans/Financing* dated 6 April 2015. The revised guidelines were updated to include as follows:

- (i) Require a banking institution to maintain, in aggregate, loss allowance for non-credit impaired exposures (commonly known as Stage 1 and Stage 2 provisions) and regulatory reserves of no less than 1% of total credit exposures, net of loss allowance for credit-impaired exposures;

The Group and the Bank have presented the regulatory reserves in the Unaudited Statement of Changes in Equity and in Note A41.

- (ii) Additional disclosure in annual financial statements i.e. intercompany charges with a breakdown by type of services received and geographical distribution;

The Group will present these information in the annual financial statements for the year ending 31 December 2018 accordingly.

- (iii) Additional disclosure on placement of funds in an investment account with an Islamic banking institution:

- (a) present the placement, as a separate line item in the statement of financial position, as either "investment account placement" or "investment account placement – (asset description)"; and

- (b) disclose in the explanatory notes the nature of the underlying assets for the investment.

The additional disclosures are presented in Note A11.

- (iv) Clarify on the classification of a credit facility as credit-impaired:

- (a) where the principal or interest/profit or both of the credit facility is past due for more than 90 days or 3 months. In the case of revolving credit facilities (e.g. overdraft facilities), the facility shall be classified as credit-impaired where the outstanding amount has remained in excess of the approved limit for a period of more than 90 days or 3 months;

- (b) where the amount is past due or the outstanding amount has been in excess of the approved limit for 90 days or 3 months or less, and the credit facility exhibits weaknesses in accordance with the banking institution's credit risk measurement framework; or

- (c) when the credit facility is classified as rescheduled or restructured in the Central Credit Reference Information System (CCRIS) in accordance with the CCRIS reporting requirements in Appendix 1 of the revised guidelines.

The Group and the Bank have adopted the above classification criteria in deriving the Group's credit-impaired exposures, which leads to the computation of regulatory reserves and loss allowance for credit-impaired exposures as required in (i) above.

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A2. Significant Accounting Policies

The audited annual financial statements of the Group and of the Bank for the financial year ended 31 December 2017 were prepared in accordance with MFRS and International Financial Reporting Standards ("IFRS") and the requirements of the Companies Act 2016 in Malaysia. The significant accounting policies adopted in preparing these unaudited condensed interim financial statements are consistent with those of the audited annual financial statements for the financial year ended 31 December 2017 except for the adoption of the new MFRSs, amendments to MFRSs, annual improvements to MFRSs and IC Interpretations which are effective for annual periods beginning on or after 1 January 2018 and new requirements of the BNM's Policy Documents as disclosed in Note A1.

A3. Significant Accounting Estimates and Judgements

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

In preparing these unaudited condensed interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the audited annual financial statements for the financial year ended 31 December 2017 except for the measurement of expected credit loss under MFRS 9 which involves increased complexity and judgement as disclosed in Note A1.

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 2017 was not qualified.

A5. Seasonal or Cyclical Factors

The operations of the Group and of the Bank were not materially affected by any seasonal or cyclical factors during the third quarter ended 30 September 2018.

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

During the third quarter ended 30 September 2018, save as disclosed in Note A8 below, there were no unusual items affecting the assets, liabilities, equity, net income or cash flows of the Group and of the Bank.

A7. Changes in Estimates

There were no material changes in estimates during the third quarter ended 30 September 2018.

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 third quarter ended 30 September 2018:

(a) **Share capital**

The share capital of the Bank increased from RM44,250,380,043 as at 31 December 2017 to RM45,828,431,142 as at 30 September 2018 via:

(A) Issuance of 158,063,100 new ordinary shares amounting to RM1,532,110,665 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; and

(B) Issuance of 4,387,816 new ordinary shares amounting to RM45,940,434 to eligible employees under the Restricted Share Unit ("RSU") which is part of the current Maybank Group ESS.

The issued ordinary shares of the Bank as at 30 September 2018 is 10,945,196,194 units (31 December 2017: 10,782,745,278 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 third quarter ended 30 September 2018 (cont'd.):

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

Issuance/ Redemption	Issue/Maturity 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
Issuance	19 March 2018	USD100.0 million	Floating Rate Notes*	5 years
Issuance	29 March 2018	USD150.0 million	Callable Zero Coupon Notes	30 years
Issuance	30 April 2018	HKD315.0 million	Fixed Rate Notes	2 years
Issuance	15 May 2018	HKD150.0 million	Floating Rate Notes	3 years
Issuance	15 May 2018	HKD150.0 million	Fixed Rate Notes	2 years
Issuance	19 June 2018	USD25.0 million	Floating Rate Notes (tap issuance)*	5 years
Issuance	18 July 2018	USD 60.0 million	Floating Rate Notes	1.5 years
Issuance	10 August 2018	USD 280.0 million	Floating Rate Notes	5 years
Issuance	7 September 2018	HKD100.0 million	Fixed Rate Notes	3 years
Issuance	19 September 2018	CNY200.0 million	Fixed Rate Notes	5 years
Issuance	24 September 2018	USD35.0 million	Floating Rate Notes	5 years
Redemption	22 January 2018	HKD200.0 million	Fixed Rate Notes	2 years
Redemption	27 April 2018	CNY190.0 million	Fixed Rate Notes	2 years
Redemption	27 April 2018	CNY180.0 million	Fixed Rate Notes	2 years
Redemption	15 May 2018	USD200.0 million	Fixed Rate Notes	5 years
Redemption	11 June 2018	USD80.0 million	Floating Rate Notes	1.5 years
Redemption	26 June 2018	SGD54.0 million	Fixed Rate Notes	3 years
Redemption	13 August 2018	CNY 323.0 million	Fixed Rate Notes	3 years

* form a single series

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

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

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

Redemption	Maturity Date	Nominal Value	Description	Tenor
Redemption	8 March 2018	RM60.0 million	Zero Coupon Notes	1 year
Redemption	22 March 2018	RM44.1 million	Zero Coupon Notes	1 year
Redemption	7 June 2018	RM43.0 million	Zero Coupon Notes	1 year
Redemption	14 June 2018	RM35.0 million	Zero Coupon Notes	1 year
Redemption	26 July 2018	RM15.0 million	Zero Coupon Notes	1 year
Redemption	8 August 2018	RM21.0 million	Zero Coupon Notes	1 year
Redemption	8 August 2018	RM22.0 million	Zero Coupon Notes	1 year
Redemption	17 August 2018	RM200.0 million	Zero Coupon Notes	1 year

(e) **Redemption of Samurai Bonds by Maybank**

Redemption	Maturity Date	Nominal Value	Description	Tenor
Redemption	27 April 2018	JPY18.5 billion	Fixed Rate Notes	3 years

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

- (i) The following are the changes in debt and equity securities for the Group and the Bank during the third quarter ended 30 September 2018 (cont'd.):

(f) **Redemption of Tier 1 Capital Securities by Maybank**

Redemption	First Call Date	Maturity Date	Nominal Value	Description	Tenor
Redemption	27 June 2018	Perpetual and 27 June 2038	RM63.0 million	Non-Innovative Tier 1 Capital Securities comprising of: (1) Non-cumulative perpetual capital securities issued by Maybank, which are stapled to, (2) Subordinated notes issued by Cekap Mentari Berhad, a wholly-owned subsidiary of Maybank. ¹	Perpetual 30 years
Redemption	13 August 2018	10 August 2068	SGD522.0 million	Innovative Tier 1 Capital Securities ²	60 years
Redemption	25 September 2018	25 September 2068	RM1.1 billion	Innovative Tier 1 Capital Securities ³	60 years

¹ These capital securities were fully redeemed on 27 June 2018.

² These capital securities were fully redeemed on 13 August 2018.

³ These capital securities were fully redeemed on 25 September 2018.

(g) **Issuance of Commercial Papers by Maybank**

The aggregate nominal value of the commercial papers issued by the Bank and outstanding as at 30 September 2018 are as follows:

Programme Name	Tenor	Nominal Value
USD500.0 million U.S. Commercial Paper Programme	90 - 360 days	RM2,064.5 million
USD5.0 billion Euro Commercial Paper Programme	87 days	RM82.7 million
RM10.0 billion Commercial Paper/ Medium Term Note Programme	181 - 364 days	RM244.3 million

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

Issuance/Redemption	Issue/Maturity Date	Nominal Value	Description	Tenor
Issuance	15 March 2018	IDR645.5 billion	Fixed Rate Notes	5 years
Issuance	6 April 2018	IDR626.0 billion	Fixed Rate Notes	370 days
Issuance	6 April 2018	IDR55.0 billion	Fixed Rate Notes	2 years
Issuance	6 April 2018	IDR112.0 billion	Fixed Rate Notes	3 years
Issuance	17 May 2018	IDR400.0 billion	Fixed Rate Notes	3 years
Issuance	17 May 2018	IDR100.0 billion	Fixed Rate Notes	5 years
Issuance	8 June 2018	IDR293.0 billion	Fixed Rate Notes	370 days
Issuance	8 June 2018	IDR67.5 billion	Fixed Rate Notes	3 years
Redemption	2 April 2018	IDR860.0 billion	Fixed Rate Notes	3 years
Redemption	19 May 2018	IDR1,500.0 billion	Fixed Rate Notes	7 years
Redemption	19 June 2018	IDR525.0 billion	Fixed Rate Notes	5 years
Redemption	1 September 2018	IDR400.0 billion	Fixed Rate Notes	370 days

(i) **Issuance of Islamic Commercial Papers by Maybank Islamic Berhad**

The aggregate nominal value of the Islamic commercial papers issued by Maybank Islamic Berhad and outstanding as at 30 September 2018 are as follows:

Programme Name	Tenor	Nominal Value
RM10.0 billion Islamic Commercial Paper/ Medium Term Note Programme	357 - 365 days	RM1,000.0 million

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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 third quarter ended 30 September 2018 (cont'd.):

(j) **Redemption of Tier-2 Capital Subordinated Bonds by Etiqa General Insurance Berhad**

Redemption	First Call Date	Maturity Date	Nominal Value	Description	Tenor
Redemption	5 July 2018	5 July 2023	RM500.0 million	Tier-2 Capital Subordinated Bonds ⁴	10 years

⁴ These subordinated bonds were fully redeemed on 5 July 2018.

- (ii) The following are the changes in debt securities for the Group and the Bank subsequent to the third quarter ended 30 September 2018 and have not been reflected in the financial statements for the third quarter ended 30 September 2018:

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

Issuance/Redemption	Issue/Maturity Date	Nominal Value	Description	Tenor
Issuance	5 October 2018	CNY385.0 million	Fixed Rate Notes	5 years
Issuance	10 October 2018	HKD120.0 million	Fixed Rate Notes	5 years
Issuance	10 October 2018	CNY250.0 million	Fixed Rate Notes	1 year
Issuance	16 October 2018	CNY100.0 million	Fixed Rate Notes	1 year
Issuance	18 October 2018	USD165.0 million	Floating Rate Notes	5 years
Issuance	29 October 2018	USD30.0 million	Floating Rate Notes	5 years
Issuance	7 November 2018	USD30.0 million	Floating Rate Notes	5 years
Issuance	13 November 2018	USD70.0 million	Floating Rate Notes	1.5 years
Redemption	5 November 2018	USD70.0 million	Floating Rate Notes	1.5 years
Redemption	20 November 2018	HKD435.0 million	Fixed Rate Notes	3 years

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

Issuance/Redemption	Issue/Maturity Date	Nominal Value	Description	Tenor
Issuance	3 October 2018	RM21.5 million	Zero Coupon Notes	1 year
Issuance	4 October 2018	RM15.5 million	Zero Coupon Notes	1 year
Issuance	9 October 2018	RM50.0 million	Zero Coupon Notes	1 year
Issuance	30 October 2018	RM13.8 million	Zero Coupon Notes	1 year
Redemption	4 October 2018	RM19.0 million	Zero Coupon Notes	1 year
Redemption	9 October 2018	RM17.0 million	Zero Coupon Notes	1 year

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

Issuance	Issue Date	Nominal Value	Description	Tenor
Issuance	11 October 2018	AUD27.0 million	Capped Floating Rate Notes	5 years

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

Redemption	First Call Date	Maturity Date	Nominal Value	Description	Tenor
Redemption	26 November 2018	24 November 2025	RM220.0 million	Fixed Rate Notes ⁵	10 years

⁵ These notes were fully redeemed on 26 November 2018.

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/Payable

Dividends paid/payable during the third quarter ended 30 September 2018 are as follows:

- (a) During the Annual General Meeting held on 12 April 2018, a final dividend in respect of the financial year ended 31 December 2017 of 32 sen single-tier dividend per ordinary share was approved by the shareholders.

The dividend consists of cash portion of 18 sen per ordinary share amounting to RM1,969,788,059 and an electable portion of 14 sen per ordinary share amounting to RM1,532,057,379 where the electable portion could be elected to be reinvested in new Maybank shares in accordance with the Dividend Reinvestment Plan ("DRP").

On 2 July 2018, Maybank announced that Board of Directors has resolved to exercise its rights not to proceed with the implementation of the 16th DRP in view of the softer equities market which has also affected its share price. The payment of the entire final cash dividend of 32 sen per ordinary share, amounting to a net dividend paid of RM3,501,845,438 was completed on 6 July 2018.

- (b) A single-tier interim dividend, in respect of the financial year ending 31 December 2018 of 25 sen per ordinary share, was declared by the Bank on 30 August 2018.

The dividend consists of 15 sen to be paid in cash amounting to RM1,641,779,429 and an electable portion of 10 sen amounting to RM1,094,519,619 which can be elected to be reinvested in new ordinary shares in accordance with the DRP.

The financial statements for the current financial quarter ended 30 September 2018 record 15 sen cash portion and a portion of an electable portion of the dividends assumed to be paid in cash.

The Book Closure date and the payment date for the single-tier interim dividend and DRP were fixed on 2 October 2018 and 30 October 2018 respectively.

- (c) Dividends paid by Maybank's subsidiaries to non-controlling interests amounted to RM94,043,000 during the third quarter ended 30 September 2018.

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A10. Financial Investments Portfolio

	Note	Group		Bank	
		30 September 2018 RM'000	31 December 2017 RM'000	30 September 2018 RM'000	31 December 2017 RM'000
Financial assets designated upon initial recognition at fair value through profit or loss	(i)	16,631,549	13,187,127	-	-
Financial investments at fair value through profit or loss	(ii)	12,246,472	-	8,810,557	-
Financial investments held-for-trading	(iii)	-	11,930,366	-	7,896,677
Financial investments at fair value through other comprehensive income	(iv)	122,764,658	-	102,483,474	-
Financial investments available-for-sale	(v)	-	109,070,244	-	89,286,739
Financial investments at amortised cost	(vi)	27,368,544	-	21,156,125	-
Financial investments held-to-maturity	(vii)	-	20,184,773	-	17,763,565
		179,011,223	154,372,510	132,450,156	114,946,981

(i) Financial assets designated upon initial recognition at fair value through profit or loss

	Group		Bank	
	30 September 2018 RM'000	31 December 2017 RM'000	30 September 2018 RM'000	31 December 2017 RM'000
At fair value				
Money market instruments:				
Malaysian Government Securities	115,024	243,699	-	-
Malaysian Government Investment Issues	647,937	142,181	-	-
Negotiable Islamic Certificates of Deposits	-	254,048	-	-
Foreign Government Securities	275,566	254,952	-	-
Foreign Government Treasury Bills	211,598	111,432	-	-
	1,250,125	1,006,312	-	-
Quoted securities:				
In Malaysia:				
Shares, warrants and loan stocks	27,411	18,056	-	-
Unit trusts	25,443	-	-	-
Outside Malaysia:				
Shares, warrants and loan stocks	35,934	188,865	-	-
	88,788	206,921	-	-
Unquoted securities:				
In Malaysia:				
Corporate Bonds and Sukuk	14,002,540	10,840,030	-	-
Structured deposits	269,066	386,594	-	-
Outside Malaysia:				
Corporate Bonds and Sukuk	1,021,030	747,270	-	-
	15,292,636	11,973,894	-	-
Total financial assets designated upon initial recognition at fair value through profit or loss	16,631,549	13,187,127	-	-

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A10. Financial Investments Portfolio (cont'd.)

(ii) Financial investments at fair value through profit or loss

	Group		Bank	
	30 September 2018 RM'000	31 December 2017 RM'000	30 September 2018 RM'000	31 December 2017 RM'000
At fair value				
Money market instruments:				
Malaysian Government Securities	428,765	-	428,765	-
Malaysian Government Investment Issues	215,266	-	50,725	-
Cagamas Bonds	509,942	-	509,942	-
Negotiable instruments of deposits	174,331	-	174,331	-
Foreign Government Securities	1,310,438	-	1,111,065	-
Bank Negara Malaysia Bills and Notes	270,700	-	270,700	-
Foreign Government Treasury Bills	114,146	-	114,146	-
	<u>3,023,588</u>	<u>-</u>	<u>2,659,674</u>	<u>-</u>
Quoted securities:				
In Malaysia:				
Shares, warrants and loan stocks	3,143,741	-	86,063	-
Unit trusts	77,181	-	77,181	-
Outside Malaysia:				
Shares, warrants, mutual funds and loan stocks	180,681	-	13,735	-
Unit trusts	175,031	-	48,147	-
Corporate Bonds and Sukuk	7,882	-	-	-
Government Bonds	9,624	-	-	-
	<u>3,594,140</u>	<u>-</u>	<u>225,126</u>	<u>-</u>
Unquoted securities:				
In Malaysia:				
Shares	1,062,132	-	921,975	-
Corporate Bonds and Sukuk	1,009,433	-	1,454,011	-
Government Bonds	1,079	-	1,079	-
Outside Malaysia:				
Shares	667	-	-	-
Unit trusts	6,004	-	-	-
Mutual Funds	99,141	-	-	-
Corporate Bonds and Sukuk	2,448,872	-	2,684,908	-
Government Bonds	866,040	-	863,784	-
Structured deposits	135,376	-	-	-
	<u>5,628,744</u>	<u>-</u>	<u>5,925,757</u>	<u>-</u>
Total financial investments at fair value through profit or loss	<u>12,246,472</u>	<u>-</u>	<u>8,810,557</u>	<u>-</u>

(iii) Financial investments held-for-trading

	Group		Bank	
	30 September 2018 RM'000	31 December 2017 RM'000	30 September 2018 RM'000	31 December 2017 RM'000
At fair value				
Money market instruments:				
Malaysian Government Securities	-	441,205	-	392,497
Malaysian Government Investment Issues	-	55,157	-	10,009
Negotiable instruments of deposits	-	505,238	-	505,238
Foreign Government Securities	-	3,925,083	-	2,706,833
Bank Negara Malaysia Bills and Notes	-	49,698	-	49,698
Foreign Government Treasury Bills	-	73,571	-	73,571
	<u>-</u>	<u>5,049,952</u>	<u>-</u>	<u>3,737,846</u>

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A10. Financial Investments Portfolio (cont'd.)

(iii) Financial investments held-for-trading (cont'd.)

	Group		Bank	
	30 September 2018 RM'000	31 December 2017 RM'000	30 September 2018 RM'000	31 December 2017 RM'000
At fair value				
Quoted securities:				
In Malaysia:				
Shares, warrants, trust units and loan stocks	-	1,077,730	-	128,081
Outside Malaysia:				
Shares, warrants, trust units and loan stocks	-	1,743,565	-	14,332
Government Bonds	-	97,667	-	-
	<u>-</u>	<u>2,918,962</u>	<u>-</u>	<u>142,413</u>
Unquoted securities:				
Foreign Corporate Bonds and Sukuk	-	2,031,971	-	1,648,442
Corporate Bonds and Sukuk in Malaysia	-	1,320,909	-	1,767,926
Foreign Government Bonds	-	608,572	-	600,050
	<u>-</u>	<u>3,961,452</u>	<u>-</u>	<u>4,016,418</u>
Total financial investments held-for-trading	<u>-</u>	<u>11,930,366</u>	<u>-</u>	<u>7,896,677</u>

(iv) Financial investments at fair value through other comprehensive income

	Group		Bank	
	30 September 2018 RM'000	31 December 2017 RM'000	30 September 2018 RM'000	31 December 2017 RM'000
At fair value				
Money market instruments:				
Malaysian Government Securities	12,825,989	-	12,794,351	-
Malaysian Government Investment Issues	24,926,827	-	15,601,367	-
Negotiable instruments of deposits	420,742	-	220,880	-
Foreign Government Securities	9,856,725	-	7,251,474	-
Foreign Government Treasury Bills	12,069,007	-	12,043,298	-
Khazanah Bonds	2,673,973	-	2,522,172	-
Cagamas Bonds	852,225	-	852,225	-
	<u>63,625,488</u>	<u>-</u>	<u>51,285,767</u>	<u>-</u>
Quoted securities:				
In Malaysia:				
Shares, warrants and loan stocks	345,649	-	25,573	-
Outside Malaysia:				
Shares, warrants and loan stocks	423,189	-	-	-
Corporate Bonds and Sukuk	179,218	-	-	-
Government Bonds	101,622	-	-	-
	<u>1,049,678</u>	<u>-</u>	<u>25,573</u>	<u>-</u>

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A10. Financial Investments Portfolio (cont'd.)

(iv) Financial investments at fair value through other comprehensive income (cont'd.)

	Group		Bank	
	30 September 2018 RM'000	31 December 2017 RM'000	30 September 2018 RM'000	31 December 2017 RM'000
Unquoted securities:				
In Malaysia:				
Shares and loan stocks	413,145	-	279,434	-
Government Bonds	556,538	-	513,370	-
Corporate Bonds and Sukuk	24,238,966	-	18,643,799	-
Outside Malaysia:				
Shares	3,476	-	-	-
Government Bonds	13,700,020	-	13,654,537	-
Corporate Bonds and Sukuk	19,177,347	-	18,080,994	-
	<u>58,089,492</u>	<u>-</u>	<u>51,172,134</u>	<u>-</u>
Total financial investments at fair value through other comprehensive income	122,764,658	-	102,483,474	-

(a) Movements in the allowances for impairment losses on financial investments at fair value through other comprehensive income are as follows:

Group	Stage 1	Stage 2	Stage 3	Total ECL RM'000
	12 Months ECL RM'000	Lifetime ECL not credit impaired RM'000	Lifetime ECL credit impaired RM'000	
At 1 January 2018				
- effect of adopting MFRS 9	38,379	20,938	314,057	373,374
At 1 January 2018, as restated	<u>38,379</u>	<u>20,938</u>	<u>314,057</u>	<u>373,374</u>
Transferred to Stage 1	1,464	(1,464)	-	-
Transferred to Stage 2	(53)	53	-	-
Transferred to Stage 3	(22)	-	22	-
Allowance written back	(4,914)	(37)	(271)	(5,222)
New financial assets originated or purchased	19,935	870	109	20,914
Financial assets derecognised	(16,496)	(13,361)	-	(29,857)
Changes due to change in credit risk	(1,151)	127	22,334	21,310
Changes in models	(573)	-	-	(573)
Changes in risk parameters	(15,557)	(801)	-	(16,358)
Other movements	(1,317)	(478)	116	(1,679)
Amount written-off/realised	-	-	(202,621)	(202,621)
Exchange differences	7,053	596	(1,689)	5,960
At 30 September 2018	<u>26,748</u>	<u>6,443</u>	<u>132,057</u>	<u>165,248</u>

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A10. Financial Investments Portfolio (cont'd.)

(iv) Financial investments at fair value through other comprehensive income (cont'd.)

(a) Movements in the allowances for impairment losses on financial investments at fair value through other comprehensive income are as follows (cont'd.):

Bank	Stage 1	Stage 2	Stage 3	Total ECL RM'000
	12 Months ECL RM'000	Lifetime ECL not credit impaired RM'000	Lifetime ECL credit impaired RM'000	
At 30 September 2018				
At 1 January 2018				
- effect of adopting MFRS 9	29,297	20,607	300,335	350,239
At 1 January 2018, as restated	29,297	20,607	300,335	350,239
Transferred to Stage 1	1,464	(1,464)	-	-
Transferred to Stage 2	(39)	39	-	-
Allowance made/(written back), net	24	-	(271)	(247)
New financial assets originated or purchased	16,890	830	109	17,829
Financial assets derecognised	(12,627)	(12,926)	-	(25,553)
Changes due to change in credit risk	(1,151)	91	-	(1,060)
Changes in models	(573)	-	-	(573)
Changes in risk parameters	(11,721)	(801)	-	(12,522)
Other movements	(5,238)	(471)	-	(5,709)
Amount written-off/realised	-	-	(202,621)	(202,621)
Exchange differences	4,231	267	(2,288)	2,210
At 30 September 2018	20,557	6,172	95,264	121,993

(v) Financial investments available-for-sale

	Group		Bank	
	30 September 2018 RM'000	31 December 2017 RM'000	30 September 2018 RM'000	31 December 2017 RM'000
At fair value				
Money market instruments:				
Malaysian Government Securities	-	12,276,119	-	12,271,396
Malaysian Government Investment Issues	-	20,113,895	-	12,087,870
Negotiable instruments of deposits	-	1,453,388	-	1,035,128
Foreign Government Securities	-	9,744,294	-	7,151,001
Foreign Government Treasury Bills	-	7,967,482	-	7,961,429
Khazanah Bonds	-	2,404,554	-	2,404,554
Cagamas Bonds	-	793,877	-	793,877
Bankers' acceptances and Islamic accepted bills	-	166,173	-	-
	-	54,919,782	-	43,705,255
Quoted securities:				
In Malaysia:				
Shares, warrants, trust units and loan stocks	-	2,682,254	-	196,592
Outside Malaysia:				
Shares, warrants, trust units and loan stocks	-	222,422	-	-
Foreign Corporate Bonds and Sukuk	-	66,283	-	-
Foreign Government Bonds	-	22,495	-	-
	-	2,993,454	-	196,592

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A10. Financial Investments Portfolio (cont'd.)

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

	Group		Bank	
	30 September 2018 RM'000	31 December 2017 RM'000	30 September 2018 RM'000	31 December 2017 RM'000
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	-	280,825
Shares, trust units and loan stocks outside Malaysia [#]	-	3,045	-	-
Foreign Corporate Bonds and Sukuk	-	22,213,641	-	21,010,325
Corporate Bonds and Sukuk in Malaysia	-	23,486,479	-	19,076,312
Foreign Government Bonds	-	4,772,932	-	4,741,288
Malaysian Government Bonds	-	320,267	-	276,142
	<u>-</u>	<u>51,157,008</u>	<u>-</u>	<u>45,384,892</u>
Total financial investments available-for-sale	<u>-</u>	<u>109,070,244</u>	<u>-</u>	<u>89,286,739</u>

[#] Securities that did not have quoted market price in an active market and whose fair value could not be reliably measured were carried at cost, net of impairment losses.

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

	Group		Bank	
	30 September 2018 RM'000	31 December 2017 RM'000	30 September 2018 RM'000	31 December 2017 RM'000
At 1 January 2018/2017				
- as previously stated	521,323	560,730	399,901	409,141
- effect of adopting MFRS 9	<u>(521,323)</u>	<u>-</u>	<u>(399,901)</u>	<u>-</u>
At 1 January 2018/2017, as restated	-	560,730	-	409,141
Allowance made	-	69,725	-	1,071
Amount written back in respect of recoveries	-	(856)	-	(3,288)
Amount written-off/realised	-	(106,962)	-	(11,258)
Exchange differences	-	(1,314)	-	4,235
At 30 September 2018/31 December 2017	<u>-</u>	<u>521,323</u>	<u>-</u>	<u>399,901</u>

(vi) Financial investments at amortised cost

	Group		Bank	
	30 September 2018 RM'000	31 December 2017 RM'000	30 September 2018 RM'000	31 December 2017 RM'000
Money market instruments:				
Malaysian Government Securities	3,350,573	-	3,350,468	-
Cagamas Bonds	50,801	-	50,801	-
Malaysian Government Investment Issues	6,079,136	-	4,522,959	-
Foreign Government Securities	1,850,557	-	-	-
Khazanah Bonds	482,148	-	482,148	-
Foreign Certificates of Deposits	146,373	-	-	-
	<u>11,959,588</u>	<u>-</u>	<u>8,406,376</u>	<u>-</u>

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A10. Financial Investments Portfolio (cont'd.)

(vi) Financial investments at amortised cost (cont'd.)

	Group		Bank	
	30 September 2018 RM'000	31 December 2017 RM'000	30 September 2018 RM'000	31 December 2017 RM'000
Unquoted securities:				
In Malaysia:				
Corporate Bonds and Sukuk	11,947,551	-	10,279,598	-
Others	2,044	-	2,044	-
Outside Malaysia:				
Corporate Bonds and Sukuk	2,830,868	-	2,485,061	-
Government Bonds	708,551	-	45,571	-
	<u>15,489,014</u>	<u>-</u>	<u>12,812,274</u>	<u>-</u>
Accumulated impairment losses	(80,058)	-	(62,525)	-
Total financial investments at amortised cost	<u>27,368,544</u>	<u>-</u>	<u>21,156,125</u>	<u>-</u>

(a) Movements in the allowances for impairment losses on financial investments at amortised cost are as follows:

	Stage 1	Stage 2	Stage 3	Total ECL
	12 Months ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	
Group	RM'000	RM'000	RM'000	RM'000
At 30 September 2018				
At 1 January 2018				
- effect of adopting MFRS 9	19,619	82,074	3,776	105,469
At 1 January 2018, as restated	19,619	82,074	3,776	105,469
Transferred to Stage 1	9,562	(9,562)	-	-
Transferred to Stage 2	(288)	288	-	-
Allowance (written back)/made, net	(1,092)	7	(57)	(1,142)
New financial assets originated or purchased	4,487	3,033	-	7,520
Financial assets derecognised	(2,726)	-	-	(2,726)
Changes due to change in credit risk	(7,509)	1,306	-	(6,203)
Changes in risk parameters	(7,676)	(14,684)	-	(22,360)
Other movements	(106)	(383)	-	(489)
Exchange differences	(125)	114	-	(11)
At 30 September 2018	<u>14,146</u>	<u>62,193</u>	<u>3,719</u>	<u>80,058</u>
Bank	RM'000	RM'000	RM'000	RM'000
At 30 September 2018				
At 1 January 2018				
- effect of adopting MFRS 9	7,780	68,410	3,776	79,966
At 1 January 2018, as restated	7,780	68,410	3,776	79,966
Transferred to Stage 1	9,562	(9,562)	-	-
Transferred to Stage 2	(288)	288	-	-
Allowance (written back)/made, net	(228)	7	(57)	(278)
New financial assets originated or purchased	1,915	3,033	-	4,948
Financial assets derecognised	(76)	-	-	(76)
Changes due to change in credit risk	(7,509)	1,306	-	(6,203)
Changes in risk parameters	(1,590)	(14,063)	-	(15,653)
Other movements	(59)	(247)	-	(306)
Exchange differences	14	113	-	127
At 30 September 2018	<u>9,521</u>	<u>49,285</u>	<u>3,719</u>	<u>62,525</u>

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A10. Financial Investments Portfolio (cont'd.)

(vii) Financial investments held-to-maturity

	Group		Bank	
	30 September 2018 RM'000	31 December 2017 RM'000	30 September 2018 RM'000	31 December 2017 RM'000
At amortised cost less accumulated impairment losses				
Money market instruments:				
Malaysian Government Securities	-	2,022,531	-	2,022,427
Cagamas Bonds	-	50,247	-	50,247
Malaysian Government Investment Issues	-	2,525,606	-	2,525,606
Foreign Government Securities	-	1,398,014	-	-
Foreign Government Treasury Bills	-	19,057	-	-
Khazanah Bonds	-	860,393	-	860,393
Foreign Certificates of Deposits	-	174,618	-	-
	<u>-</u>	<u>7,050,466</u>	<u>-</u>	<u>5,458,673</u>
Unquoted securities:				
Foreign Corporate Bonds and Sukuk	-	2,832,177	-	2,452,215
Corporate Bonds and Sukuk in Malaysia	-	9,945,774	-	9,806,381
Foreign Government Bonds	-	358,536	-	48,028
Others	-	2,044	-	2,044
	<u>-</u>	<u>13,138,531</u>	<u>-</u>	<u>12,308,668</u>
Accumulated impairment losses	-	(4,224)	-	(3,776)
Total financial investments held-to-maturity	<u>-</u>	<u>20,184,773</u>	<u>-</u>	<u>17,763,565</u>

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

	Group		Bank	
	30 September 2018 RM'000	31 December 2017 RM'000	30 September 2018 RM'000	31 December 2017 RM'000
At 1 January 2018/2017				
- as previously stated	4,224	24,282	3,776	3,776
- effect of adopting MFRS 9	(4,224)	-	(3,776)	-
At 1 January 2018/2017, as restated	-	24,282	-	3,776
Amount written back in respect of recoveries	-	(107)	-	-
Amount written-off	-	(20,053)	-	-
Exchange differences	-	102	-	-
At 30 September 2018/31 December 2017	<u>-</u>	<u>4,224</u>	<u>-</u>	<u>3,776</u>

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A11. Loans, Advances and Financing

	Note	Group		Bank	
		30 September 2018 RM'000	31 December 2017 RM'000	30 September 2018 RM'000	31 December 2017 RM'000
Loans, advances and financing to financial institutions	(i)	1,146,883	2,026,276	17,014,215	18,614,231
Loans, advances and financing to customers	(ii)	495,997,870	483,558,086	278,256,497	272,383,738
		497,144,753	485,584,362	295,270,712	290,997,969
(i) Loans, advances and financing to financial institutions[^]:					
Gross loans, advances and financing to financial institutions		1,153,979	2,040,105	17,261,157	18,817,485
Allowances for impaired loans, advances and financing:					
- Stage 1 - 12 Months ECL		(7,096)	-	(24,018)	-
- Stage 2 - Lifetime ECL not credit impaired		-	-	(44,168)	-
- Stage 3 - Lifetime ECL credit impaired		-	-	(178,756)	-
- Individual allowance		-	-	-	(151,092)
- Collective allowance		-	(13,829)	-	(52,162)
Net loans, advances and financing to financial institutions		1,146,883	2,026,276	17,014,215	18,614,231
(ii) Loans, advances and financing to customers:					
(A) Loans, advances and financing to customers at fair value through other comprehensive income		8,528,982	-	8,252,343	-
(B) Loans, advances and financing to customers at amortised cost		595,225,341	591,764,524	278,365,902	279,859,642
Unearned interest and income		(97,189,476)	(99,959,543)	(1,976,626)	(1,841,868)
Gross loans, advances and financing to customers		506,564,847	491,804,981	284,641,619	278,017,774
Allowances for impaired loans, advances and financing:					
- Stage 1 - 12 Months ECL		(1,688,144)	-	(837,272)	-
- Stage 2 - Lifetime ECL not credit impaired		(2,408,306)	-	(1,313,601)	-
- Stage 3 - Lifetime ECL credit impaired		(6,470,527)	-	(4,234,249)	-
- Individual allowance		-	(4,120,531)	-	(2,851,528)
- Collective allowance		-	(4,126,364)	-	(2,782,508)
Net loans, advances and financing to customers		495,997,870	483,558,086	278,256,497	272,383,738
Net loans, advances and financing	(i) & (ii)	497,144,753	485,584,362	295,270,712	290,997,969

[^] Included in the Bank's loans/financing to financial institutions is financing granted to Maybank Islamic Berhad ("MIB"), a subsidiary of the Bank, under Restricted Profit-Sharing Investment Account ("RPSIA") amounting to RM17,213.5 million (31 December 2017: RM18,068.2 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.

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

	Group		Bank	
	30 September 2018 RM'000	31 December 2017 RM'000	30 September 2018 RM'000	31 December 2017 RM'000
(iii) Loans, advances and financing to financial institutions and customers				
Loans/financing to financial institutions	1,153,979	2,040,105	17,261,157	18,817,485
Overdrafts/cashline	20,886,630	20,132,843	9,146,964	9,002,080
Term loans:				
- Housing loans/financing	157,327,926	149,069,563	68,161,192	59,881,852
- Syndicated loans/financing	45,362,941	39,920,409	40,502,630	35,704,531
- Hire purchase receivables	75,251,101	73,150,529	27,916,530	25,862,558
- Lease receivables	208,134	120,939	-	-
- Other loans/financing	213,420,906	216,033,764	88,279,347	96,176,360
Credit card receivables	9,063,329	8,991,286	7,280,349	7,257,690
Bills receivables	3,347,257	3,868,214	2,868,733	3,722,569
Trust receipts	4,476,180	4,528,344	3,818,086	3,821,888
Claims on customers under acceptance credits	11,019,573	11,493,076	5,742,159	5,773,350
Revolving credits	52,921,213	54,764,740	29,896,038	29,825,692
Share margin financing	6,370,113	6,009,287	1,970,633	2,014,503
Staff loans	3,717,049	3,447,298	806,494	815,718
Loans to:				
- Directors of the Bank	3,206	4,253	101	212
- Directors of subsidiaries	2,758	4,811	1,325	639
Others	376,007	225,168	227,664	-
	604,908,302	593,804,629	303,879,402	298,677,127
Unearned interest and income	(97,189,476)	(99,959,543)	(1,976,626)	(1,841,868)
Gross loans, advances and financing	507,718,826	493,845,086	301,902,776	296,835,259
Allowances for impaired loans, advances and financing:				
- Stage 1 - 12 Months ECL	(1,695,240)	-	(861,290)	-
- Stage 2 - Lifetime ECL not credit impaired	(2,408,306)	-	(1,357,769)	-
- Stage 3 - Lifetime ECL credit impaired	(6,470,527)	-	(4,413,005)	-
- Individual allowance	-	(4,120,531)	-	(3,002,620)
- Collective allowance	-	(4,140,193)	-	(2,834,670)
Net loans, advances and financing	497,144,753	485,584,362	295,270,712	290,997,969

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

	Group		Bank	
	30 September 2018 RM'000	31 December 2017 RM'000	30 September 2018 RM'000	31 December 2017 RM'000
Domestic banking institutions	21,526	16,084	17,221,402	18,059,723
Domestic non-banking financial institutions	25,355,168	25,554,508	20,210,202	20,265,706
Domestic business enterprises:				
- Small and medium enterprises	96,465,506	78,320,245	57,803,089	57,001,083
- Others	90,263,506	104,221,505	59,050,673	57,380,920
Government and statutory bodies	14,243,737	15,402,406	657,909	900,545
Individuals	235,649,375	228,084,123	111,602,931	110,824,453
Other domestic entities	9,583,127	8,657,197	1,879,588	1,361,032
Foreign entities	36,136,881	33,589,018	33,476,982	31,041,797
Gross loans, advances and financing	507,718,826	493,845,086	301,902,776	296,835,259

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

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

	Group		Bank	
	30 September 2018 RM'000	31 December 2017 RM'000	30 September 2018 RM'000	31 December 2017 RM'000
Malaysia	295,742,536	289,103,366	140,572,535	142,852,051
Singapore	128,685,970	124,388,161	126,732,748	122,847,450
Indonesia	38,006,192	39,009,785	-	-
Labuan Offshore	17,640,030	14,478,182	17,640,030	14,478,182
Hong Kong SAR	8,026,182	8,571,662	7,791,320	8,266,943
United States of America	926,914	813,651	926,331	813,079
People's Republic of China	4,408,223	4,101,002	4,408,223	4,101,002
Vietnam	1,197,480	861,178	944,965	637,743
United Kingdom	1,776,401	1,692,984	1,776,369	1,692,934
Brunei	637,902	660,211	637,902	660,211
Cambodia	2,515,743	2,263,316	-	-
Bahrain	-	120,152	-	120,152
Philippines	6,112,135	5,860,871	-	-
Thailand	1,566,795	1,515,687	-	-
Laos	145,098	134,911	145,098	134,911
Myanmar	327,255	230,601	327,255	230,601
Others	3,970	39,366	-	-
Gross loans, advances and financing	507,718,826	493,845,086	301,902,776	296,835,259

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

	Group		Bank	
	30 September 2018 RM'000	31 December 2017 RM'000	30 September 2018 RM'000	31 December 2017 RM'000
Fixed rate:				
- Housing loans/financing	16,310,234	14,448,234	13,942,803	12,367,358
- Hire purchase receivables	65,287,785	62,031,596	26,019,024	23,507,256
- Other fixed rate loans/financing	65,406,107	65,233,033	49,264,910	49,151,305
Variable rate:				
- Base lending/financing rate/ base rate plus	193,903,502	186,900,601	83,952,874	86,193,316
- Cost plus	64,632,981	62,214,999	59,769,208	56,955,905
- Other variable rates	102,178,217	103,016,623	68,953,957	68,660,119
Gross loans, advances and financing	507,718,826	493,845,086	301,902,776	296,835,259

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

	Group		Bank	
	30 September 2018 RM'000	31 December 2017 RM'000	30 September 2018 RM'000	31 December 2017 RM'000
Purchase of securities	35,464,618	33,963,031	8,588,780	9,428,608
Purchase of transport vehicles	66,422,546	64,175,135	24,525,937	22,793,620
Purchase of landed properties:				
- Residential	112,290,845	106,334,633	68,604,439	66,085,358
- Non-residential	39,217,067	40,756,217	26,767,254	28,602,987
Purchase of fixed assets (excluding landed properties)	5,463,000	5,883,215	5,411,606	5,842,763
Personal use	10,769,776	10,376,625	6,504,692	6,351,673
Credit card	9,240,920	9,168,555	7,411,727	7,393,984
Purchase of consumer durables	9,801	4,565	9,495	4,235
Constructions	15,834,066	16,761,677	11,232,649	10,827,248
Mergers and acquisitions	1,351,919	876,464	1,326,683	850,019
Working capital	163,753,761	160,235,663	98,235,435	97,562,331
Others	47,900,507	45,309,306	43,284,079	41,092,433
Gross loans, advances and financing	507,718,826	493,845,086	301,902,776	296,835,259

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

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

	Group		Bank	
	30 September 2018 RM'000	31 December 2017 RM'000	30 September 2018 RM'000	31 December 2017 RM'000
Within one year	120,606,807	130,156,691	74,884,412	84,077,790
One year to three years	56,049,378	56,735,002	41,157,511	41,663,942
Three years to five years	61,068,959	58,058,485	41,664,263	40,131,495
After five years	269,993,682	248,894,908	144,196,590	130,962,032
Gross loans, advances and financing	507,718,826	493,845,086	301,902,776	296,835,259

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

	Group		Bank	
	30 September 2018 RM'000	31 December 2017 RM'000	30 September 2018 RM'000	31 December 2017 RM'000
At 1 January 2018/2017				
- as previously stated	11,549,903	11,055,380	8,070,841	7,180,389
- effect of adopting MFRS 9	550,772	-	183,360	-
At 1 January 2018/2017, as restated	12,100,675	11,055,380	8,254,201	7,180,389
Impaired during the financial period/year	5,608,174	7,105,386	3,571,151	3,875,729
Reclassified as non-impaired	(374,024)	(2,276,061)	(199,948)	(997,473)
Amount recovered	(2,035,931)	(2,262,161)	(1,267,039)	(1,151,312)
Amount written-off	(1,792,420)	(1,648,146)	(1,283,816)	(648,610)
Transferred from a subsidiary	-	-	34,484	-
Exchange differences	(34,251)	(424,495)	265,170	(187,882)
Gross impaired loans at 30 September 2018/ 31 December 2017	13,472,223	11,549,903	9,374,203	8,070,841
Less: Stage 3 - Lifetime ECL credit impaired	(6,470,527)	-	(4,413,005)	-
Individual allowance	-	(4,120,531)	-	(3,002,620)
Net impaired loans at 30 September 2018/ 31 December 2017	7,001,696	7,429,372	4,961,198	5,068,221

Calculation of ratio of net impaired loans:

	Group		Bank	
	30 September 2018 RM'000	31 December 2017 RM'000	30 September 2018 RM'000	31 December 2017 RM'000
Gross impaired loans at 30 September 2018/ 31 December 2017 (excluding financing funded by Investment Account*)	13,423,030	11,483,939	9,374,203	8,070,841
Less: Stage 3 - Lifetime ECL credit impaired	(6,470,527)	-	(4,413,005)	-
Individual allowance	-	(4,120,531)	-	(3,002,620)
Net impaired loans	6,952,503	7,363,408	4,961,198	5,068,221
Gross loans, advances and financing	507,718,826	493,845,086	301,902,776	296,835,259
Less: Funded by Investment Account*	(18,768,988)	(24,555,445)	-	-
Less: Stage 3 - Lifetime ECL credit impaired	(6,470,527)	-	(4,413,005)	-
Individual allowance	-	(4,120,531)	-	(3,002,620)
Net loans, advances and financing	482,479,311	465,169,110	297,489,771	293,832,639
Ratio of net impaired loans	1.44%	1.58%	1.67%	1.72%

*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.)

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

	Group		Bank	
	30 September 2018 RM'000	31 December 2017 RM'000	30 September 2018 RM'000	31 December 2017 RM'000
Purchase of securities	195,555	275,691	130,181	163,430
Purchase of transport vehicles	466,471	369,622	143,467	100,104
Purchase of landed properties:				
- Residential	935,883	717,419	461,950	376,994
- Non-residential	1,125,447	992,952	961,046	872,588
Purchase of fixed assets (excluding landed properties)	1,519,005	1,512,007	1,506,695	1,483,691
Personal use	202,009	160,019	159,415	128,583
Credit card	95,835	90,831	72,092	63,872
Purchase of consumer durables	88	106	80	98
Constructions	3,214,387	1,504,782	2,912,641	1,106,035
Working capital	5,355,448	5,381,439	2,895,511	3,425,896
Others	362,095	545,035	131,125	349,550
Gross impaired loans, advances and financing	13,472,223	11,549,903	9,374,203	8,070,841

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

	Group		Bank	
	30 September 2018 RM'000	31 December 2017 RM'000	30 September 2018 RM'000	31 December 2017 RM'000
Malaysia	6,299,745	5,619,324	4,078,972	3,896,008
Singapore	4,704,432	2,931,842	4,687,056	2,897,765
Indonesia	1,562,074	1,417,698	-	-
Labuan Offshore	309,397	244,722	309,397	244,722
Hong Kong SAR	52,673	886,737	44,074	878,849
United States of America	583	572	-	-
People's Republic of China	55,803	1,054	55,803	1,054
Vietnam	68,500	68,271	67,730	67,121
Brunei	70,590	38,529	70,590	38,529
Cambodia	113,234	97,667	-	-
Bahrain	-	5,063	-	5,063
Philippines	135,070	123,185	-	-
Thailand	39,541	38,438	-	-
Laos	60,581	41,730	60,581	41,730
Others	-	35,071	-	-
Gross impaired loans, advances and financing	13,472,223	11,549,903	9,374,203	8,070,841

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

(xii) Movements in the allowances for impairment losses on loans, advances and financing are as follows:

At amortised cost

Group	Stage 1	Stage 2	Stage 3	Total ECL
	12 Months ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	
At 30 September 2018	RM'000	RM'000	RM'000	RM'000
At 1 January 2018				
- effect of adopting MFRS 9	1,468,761	2,893,889	6,588,514	10,951,164
At 1 January 2018, as restated	1,468,761	2,893,889	6,588,514	10,951,164
Transferred to Stage 1	854,489	(610,713)	(243,776)	-
Transferred to Stage 2	(86,554)	174,206	(87,652)	-
Transferred to Stage 3	(32,718)	(187,706)	220,424	-
Allowance (written back)/made, net	(224,440)	(47,600)	446,139	174,099
New financial assets originated or purchased	755,310	292,854	1,284,898	2,333,062
Financial assets derecognised	(425,037)	(379,363)	(918,985)	(1,723,385)
Changes due to change in credit risk	(532,255)	374,851	882,085	724,681
Modifications to contractual cash flows of financial assets	(8,462)	(39,364)	78,823	30,997
Changes in models	7,704	11,981	-	19,685
Changes in risk parameters	(84,773)	(87,929)	-	(172,702)
Other movements	23,021	20,123	14,597	57,741
Transfer (to)/from subsidiaries	(16)	16	-	-
Amount written-off	-	-	(1,791,607)	(1,791,607)
Exchange differences	(19,790)	(6,939)	(2,933)	(29,662)
At 30 September 2018	1,695,240	2,408,306	6,470,527	10,574,073

Bank	Stage 1	Stage 2	Stage 3	Total ECL
	12 Months ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	
At 30 September 2018	RM'000	RM'000	RM'000	RM'000
At 1 January 2018				
- effect of adopting MFRS 9	731,654	1,741,729	4,758,633	7,232,016
At 1 January 2018, as restated	731,654	1,741,729	4,758,633	7,232,016
Transferred to Stage 1	439,888	(357,730)	(82,158)	-
Transferred to Stage 2	(45,042)	116,506	(71,464)	-
Transferred to Stage 3	(27,075)	(90,416)	117,491	-
Allowance (written back)/made, net	(40,290)	(22,181)	198,121	135,650
New financial assets originated or purchased	433,752	168,296	1,108,731	1,710,779
Financial assets derecognised	(260,385)	(250,007)	(800,026)	(1,310,418)
Changes due to change in credit risk	(339,591)	168,531	433,225	262,165
Modifications to contractual cash flows of financial assets	(8,389)	(26,469)	(8,491)	(43,349)
Changes in models	1,891	185	-	2,076
Changes in risk parameters	(34,453)	(92,663)	-	(127,116)
Transfer (to)/from subsidiaries	(16)	16	13,176	13,176
Amount written-off	-	-	(1,283,003)	(1,283,003)
Exchange differences	9,346	1,972	28,770	40,088
At 30 September 2018	861,290	1,357,769	4,413,005	6,632,064

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

(xii) Movements in the allowances for impairment losses on loans, advances and financing are as follows (cont'd.):

At fair value through other comprehensive income

	Stage 1	Stage 2	Stage 3	Total ECL RM'000
	12 Months ECL RM'000	Lifetime ECL not credit impaired RM'000	Lifetime ECL credit impaired RM'000	
Group				
At 30 September 2018				
At 1 January 2018				
- effect of adopting MFRS 9	14,863	1,503	-	16,366
At 1 January 2018, as restated	14,863	1,503	-	16,366
Transferred to Stage 1	1,503	(1,503)	-	-
Transferred to Stage 3	(3,416)	-	3,416	-
Allowance (written back)/made, net	(4,415)	642	4,136	363
New financial assets originated or purchased	17,142	2,698	-	19,840
Financial assets derecognised	(1,051)	-	-	(1,051)
Changes due to change in credit risk	(1,124)	-	108,245	107,121
Modifications to contractual cash flows of financial assets	418	-	-	418
Changes in models	(1,845)	-	-	(1,845)
Changes in risk parameters	2,596	-	-	2,596
Exchange differences	4,847	(642)	(4,136)	69
At 30 September 2018	<u>29,518</u>	<u>2,698</u>	<u>111,661</u>	<u>143,877</u>
	Stage 1	Stage 2	Stage 3	
	12 Months ECL RM'000	Lifetime ECL not credit impaired RM'000	Lifetime ECL credit impaired RM'000	Total ECL RM'000
Bank				
At 30 September 2018				
At 1 January 2018				
- effect of adopting MFRS 9	14,341	1,503	-	15,844
At 1 January 2018, as restated	14,341	1,503	-	15,844
Transferred to Stage 1	1,503	(1,503)	-	-
Transferred to Stage 3	(3,416)	-	3,416	-
Allowance (written back)/made, net	(4,546)	642	4,136	232
New financial assets originated or purchased	16,121	-	-	16,121
Financial assets derecognised	(529)	-	-	(529)
Changes due to change in credit risk	(1,124)	-	108,245	107,121
Modifications to contractual cash flows of financial assets	418	-	-	418
Changes in models	(1,845)	-	-	(1,845)
Changes in risk parameters	2,596	-	-	2,596
Exchange differences	4,847	(642)	(4,136)	69
At 30 September 2018	<u>28,366</u>	<u>-</u>	<u>111,661</u>	<u>140,027</u>

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

(xii) Movements in the allowances for impairment losses on loans, advances and financing are as follows (cont'd.):

	Group		Bank	
	30 September 2018 RM'000	31 December 2017 RM'000	30 September 2018 RM'000	31 December 2017 RM'000
Individual Allowance				
At 1 January 2018/2017				
- as previously stated	4,120,531	3,764,929	3,002,620	2,493,534
- effect of adopting MFRS 9	(4,120,531)	-	(3,002,620)	-
At 1 January 2018/2017, as restated	-	3,764,929	-	2,493,534
Allowance made	-	1,830,104	-	1,237,538
Amount written back	-	(326,072)	-	(238,042)
Amount written-off	-	(858,546)	-	(317,726)
Transferred to collective allowance	-	(31,234)	-	(26,013)
Exchange differences	-	(258,650)	-	(146,671)
At 30 September 2018/31 December 2017	-	4,120,531	-	3,002,620
Collective Allowance				
At 1 January 2018/2017				
- as previously stated	4,140,193	4,195,879	2,834,670	2,844,507
- effect of adopting MFRS 9	(4,140,193)	-	(2,834,670)	-
At 1 January 2018/2017, as restated	-	4,195,879	-	2,844,507
Allowance made	-	836,425	-	346,381
Amount written back	-	(390)	-	-
Amount written-off	-	(789,601)	-	(330,885)
Transferred from individual allowance	-	31,234	-	26,013
Exchange differences	-	(133,354)	-	(51,346)
At 30 September 2018/31 December 2017	-	4,140,193	-	2,834,670
As a percentage of total loans, less individual allowance (including regulatory reserve)		1.53%*		1.76%*

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

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A12. Reinsurance/Retakaful Assets and Other Insurance Receivables

	Note	Group	
		30 September 2018	31 December 2017
		RM'000	RM'000
Reinsurance/retakaful assets	(i)	3,255,416	3,222,455
Other insurance receivables	(ii)	450,601	711,317
		<u>3,706,017</u>	<u>3,933,772</u>

(i) Reinsurance/retakaful assets		Group	
		30 September 2018	31 December 2017
		RM'000	RM'000
Reinsurers' share of:		2,952,316	2,884,125
Life insurance contract liabilities		43,671	32,963
General insurance contract liabilities		2,908,645	2,851,162
Retakaful operators' share of:		304,680	338,330
Family takaful certificate liabilities		71,275	76,166
General takaful certificate liabilities		233,405	262,164
Stage 1 - 12 Months ECL	(iii)	(1,580)	-
		<u>3,255,416</u>	<u>3,222,455</u>

(ii) Other insurance receivables		Group	
		30 September 2018	31 December 2017
		RM'000	RM'000
Due premium including agents/brokers and co-insurers balances		306,657	283,197
Due from reinsurers and cedants/retakaful operators		162,863	444,868
		469,520	728,065
Stage 1 - 12 Months ECL	(iii)	(18,919)	-
Allowance for impairment losses		-	(16,748)
		<u>450,601</u>	<u>711,317</u>

(iii) Movements in the allowances for impairment losses on reinsurance/retakaful assets and other insurance receivables:

Group	Stage 1	Stage 2	Stage 3	Total ECL RM'000
	12 Months ECL RM'000	Lifetime ECL not credit impaired RM'000	Lifetime ECL credit impaired RM'000	
At 1 January 2018				
- effect of adopting MFRS 9	29,841	-	-	29,841
At 1 January 2018, as restated	29,841	-	-	29,841
Allowance written back, net	(7,529)	-	-	(7,529)
Exchange differences	(1,813)	-	-	(1,813)
At 30 September 2018	<u>20,499</u>	<u>-</u>	<u>-</u>	<u>20,499</u>

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A13. Other Assets

	Group		Bank	
	30 September 2018 RM'000	31 December 2017 RM'000	30 September 2018 RM'000	31 December 2017 RM'000
Other debtors, net of expected credit losses	9,908,842	5,554,056	8,546,038	4,328,113
Amount due from brokers and clients	3,411,950	2,346,536	-	-
Prepayments and deposits	1,574,400	1,420,247	501,610	443,875
Tax recoverable	114,471	88,297	-	-
Foreclosed properties	271,640	289,004	29,408	29,409
	15,281,303	9,698,140	9,077,056	4,801,397

A14. Deposits from Customers

(i) By type of deposit

	Group		Bank	
	30 September 2018 RM'000	31 December 2017 RM'000	30 September 2018 RM'000	31 December 2017 RM'000
Fixed deposits and negotiable instruments of deposits				
- One year or less	308,667,778	285,822,118	176,022,368	167,002,740
- More than one year	7,062,698	11,605,917	6,001,815	9,296,982
	315,730,476	297,428,035	182,024,183	176,299,722
Money market deposits	23,657,439	18,167,679	23,657,439	18,167,679
Savings deposits	70,294,679	71,591,820	46,293,385	47,602,272
Demand deposits	108,184,905	114,829,911	80,952,312	86,868,927
	517,867,499	502,017,445	332,927,319	328,938,600

(ii) By type of customer

	Group		Bank	
	30 September 2018 RM'000	31 December 2017 RM'000	30 September 2018 RM'000	31 December 2017 RM'000
Business enterprises	230,338,146	238,688,009	164,552,051	166,333,827
Individuals	207,787,117	205,434,319	145,534,952	141,356,982
Government and statutory bodies	35,447,427	28,731,383	9,837,021	9,327,767
Others	44,294,809	29,163,734	13,003,295	11,920,024
	517,867,499	502,017,445	332,927,319	328,938,600

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

	Group		Bank	
	30 September 2018 RM'000	31 December 2017 RM'000	30 September 2018 RM'000	31 December 2017 RM'000
Within six months	247,828,410	226,669,904	133,524,934	124,598,343
Six months to one year	60,839,368	59,152,214	42,497,434	42,404,397
One year to three years	6,540,222	10,813,684	5,933,692	9,221,071
Three years to five years	522,476	792,233	68,123	75,911
	315,730,476	297,428,035	182,024,183	176,299,722

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A15. Deposits and Placements from Financial Institutions

	Group		Bank	
	30 September 2018 RM'000	31 December 2017 RM'000	30 September 2018 RM'000	31 December 2017 RM'000
Licensed banks	41,497,632	37,657,509	40,574,010	35,529,964
Licensed finance companies	235,152	75,407	235,152	75,407
Licensed investment banks	440,638	31,021	440,638	31,021
Other financial institutions	4,834,247	4,834,194	2,620,697	2,008,742
	47,007,669	42,598,131	43,870,497	37,645,134

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

	Group		Bank	
	30 September 2018 RM'000	31 December 2017 RM'000	30 September 2018 RM'000	31 December 2017 RM'000
One year or less	44,274,216	39,516,290	42,516,958	36,024,326
More than one year	2,733,453	3,081,841	1,353,539	1,620,808
	47,007,669	42,598,131	43,870,497	37,645,134

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

	Group		Bank	
	30 September 2018 RM'000	31 December 2017 RM'000	30 September 2018 RM'000	31 December 2017 RM'000
Structured deposits	2,267,156	2,366,966	1,342,710	1,474,271
Borrowings				
Unsecured				
Medium Term Notes				
- More than one year				
Denominated in:				
- USD	6,720,064	3,362,727	6,720,064	3,362,727
- RM	647,437	646,122	647,437	646,122
	7,367,501	4,008,849	7,367,501	4,008,849
Total financial liabilities at fair value through profit or loss	9,634,657	6,375,815	8,710,211	5,483,120

The carrying amount of both structured deposits and borrowings designated at FVTPL of the Group and of the Bank as at 30 September 2018 were RM10,186,399,000 and RM9,263,681,000 (31 December 2017: RM6,590,566,000 and RM5,692,384,000) 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	
	30 September 2018 RM'000	31 December 2017 RM'000	30 September 2018 RM'000	31 December 2017 RM'000
(i) Borrowings				
Secured				
(a) Borrowings				
- Less than one year				
Denominated in:				
- SGD	667	668	-	-
- PHP	20	80	-	-
- IDR	1,109,202	1,159,884	-	-
- VND	8,874	5,138	-	-
	<u>1,118,763</u>	<u>1,165,770</u>	<u>-</u>	<u>-</u>
- More than one year				
Denominated in:				
- SGD	236,054	236,302	-	-
- IDR	2,188,121	1,982,846	-	-
	<u>2,424,175</u>	<u>2,219,148</u>	<u>-</u>	<u>-</u>
(b) Medium Term Notes				
- More than one year				
Denominated in:				
- IDR	69,351	74,588	-	-
	<u>69,351</u>	<u>74,588</u>	<u>-</u>	<u>-</u>
Total secured borrowings	<u>3,612,289</u>	<u>3,459,506</u>	<u>-</u>	<u>-</u>
Unsecured				
(a) Borrowings				
- Less than one year				
Denominated in:				
- USD	3,724,758	4,272,752	3,256,148	3,861,646
- SGD	1,629,861	1,616,118	-	-
- THB	1,319,372	1,232,326	-	-
- HKD	80,351	121,905	-	-
- IDR	319,799	30,788	-	-
- VND	4	3	-	-
- INR	5,708	6,358	-	-
- JPY	1	5	-	-
- EURO	-	193,671	-	193,671
- RM	318,095	2,533,470	318,095	2,533,470
	<u>7,397,949</u>	<u>10,007,396</u>	<u>3,574,243</u>	<u>6,588,787</u>
- More than one year				
Denominated in:				
- USD	4,757,284	3,746,250	4,446,958	3,746,250
- JPY	1,688	1,970	-	-
- IDR	435,240	519,091	-	-
	<u>5,194,212</u>	<u>4,267,311</u>	<u>4,446,958</u>	<u>3,746,250</u>

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

	Group		Bank	
	30 September 2018	31 December 2017	30 September 2018	31 December 2017
	RM'000	RM'000	RM'000	RM'000
(iii) Capital Securities				
Unsecured				
- More than one year				
Denominated in:				
- RM	3,474,372	4,672,482	3,474,372	4,672,482
- SGD	-	1,611,698	-	1,611,698
	<u>3,474,372</u>	<u>6,284,180</u>	<u>3,474,372</u>	<u>6,284,180</u>

A18. Insurance/Takaful Contract Liabilities and Other Insurance Payables

Group	Note	30 September 2018	31 December 2017
		RM'000	RM'000
Insurance/takaful contract liabilities	(i)	26,114,221	24,577,568
Other insurance payables	(ii)	630,571	541,275
		<u>26,744,792</u>	<u>25,118,843</u>

(i) Insurance/takaful contract liabilities

	Gross contract liabilities RM'000	Reinsurance/ retakaful assets RM'000	Net contract liabilities RM'000
At 30 September 2018			
Life insurance/family takaful	20,749,090	(114,946)	20,634,144
General insurance/general takaful	5,365,131	(3,140,470)	2,224,661
	<u>26,114,221</u>	<u>(3,255,416)</u>	<u>22,858,805</u>
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
	<u>24,577,568</u>	<u>(3,222,455)</u>	<u>21,355,113</u>

(ii) Other insurance payables

	30 September 2018	31 December 2017
	RM'000	RM'000
Due to agents and intermediaries	142,233	81,154
Due to reinsurers and cedants	460,868	371,874
Due to retakaful operators	27,470	88,247
	<u>630,571</u>	<u>541,275</u>

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A19. Other Liabilities

	Note	Group		Bank	
		30 September 2018 RM'000	31 December 2017 RM'000	30 September 2018 RM'000	31 December 2017 RM'000
Amount due to brokers and clients		4,690,759	2,807,623	-	-
Deposits, other creditors and accruals		14,188,164	10,426,200	12,710,964	11,787,648
Defined benefit pension plans		531,993	531,809	-	-
Provisions for commitments and contingencies		41,521	41,953	41,521	41,953
Allowances for impairment losses on loan commitments and financial guarantee contracts	(i)	319,428	-	265,600	-
Finance lease liabilities		289,953	290,559	-	-
Structured deposits		6,334,955	5,080,996	6,334,725	5,080,996
		26,396,773	19,179,140	19,352,810	16,910,597

(i) Movements in the allowances for impairment losses on loan commitments and financial guarantee contracts are as follows:

	Stage 1	Stage 2	Stage 3	Total ECL RM'000
	12 Months ECL RM'000	Lifetime ECL not credit impaired RM'000	Lifetime ECL credit impaired RM'000	
Group				
At 30 September 2018				
At 1 January 2018				
- effect of adopting MFRS 9	90,574	75,163	74,027	239,764
At 1 January 2018, as restated	90,574	75,163	74,027	239,764
Transferred to Stage 1	4,418	(4,138)	(280)	-
Transferred to Stage 2	(725)	725	-	-
Transferred to Stage 3	(134)	(17)	151	-
Allowance made/(written back), net	2,134	(5,056)	(8,490)	(11,412)
New financial assets originated or purchased	44,004	11,392	35,312	90,708
Financial assets derecognised	(49,392)	(36,669)	(15,399)	(101,460)
Changes due to change in credit risk	11,637	(3,387)	92,456	100,706
Changes in models	195	2	-	197
Exchange differences	2,059	(770)	(364)	925
At 30 September 2018	104,770	37,245	177,413	319,428

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A19. Other Liabilities (cont'd.)

- (i) Movements in the allowances for impairment losses on loan commitments and financial guarantee contracts are as follows (cont'd.):

	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	
	12 Months ECL RM'000	Lifetime ECL not credit impaired RM'000	Lifetime ECL credit impaired RM'000	Total ECL RM'000
Bank				
At 30 September 2018				
At 1 January 2018				
- effect of adopting MFRS 9	53,498	66,506	67,083	187,087
At 1 January 2018, as restated	53,498	66,506	67,083	187,087
Transferred to Stage 1	3,521	(3,384)	(137)	-
Transferred to Stage 2	(651)	651	-	-
Transferred to Stage 3	(134)	(11)	145	-
Allowance written back, net	(665)	(4,985)	(8,729)	(14,379)
New financial assets originated or purchased	40,505	9,230	35,212	84,947
Financial assets derecognised	(39,024)	(33,929)	(14,935)	(87,888)
Changes due to change in credit risk	2,402	(2,822)	94,316	93,896
Changes in models	192	-	-	192
Exchange differences	2,157	(412)	-	1,745
At 30 September 2018	<u>61,801</u>	<u>30,844</u>	<u>172,955</u>	<u>265,600</u>

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A20. Other Reserves

The breakdown and movement of other reserves are as follows:

<u>Group</u>	<===== Non-Distributable =====>				
	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 2018	13,557	(2,428)	(41,302)	(374,996)	(405,169)
Other comprehensive income	112	-	3,245	8,534	11,891
Defined benefit plan actuarial gain	-	-	3,245	-	3,245
Net gain on net investment hedge	-	-	-	6,941	6,941
Net gain on cash flow hedge	-	-	-	1,593	1,593
Net gain on capital reserve	112	-	-	-	112
Total comprehensive income for the period	112	-	3,245	8,534	11,891
At 30 September 2018	13,669	(2,428)	(38,057)	(366,462)	(393,278)
	<===== 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	-	-	2,385	29,198	31,583
Defined benefit plan actuarial gain	-	-	2,385	-	2,385
Net gain on net investment hedge	-	-	-	29,946	29,946
Net loss on cash flow hedge	-	-	-	(748)	(748)
Total comprehensive income for the period	-	-	2,385	29,198	31,583
Disposal of investment properties	-	(234)	-	-	(234)
Total other equity movements	-	(234)	-	-	(234)
At 30 September 2017	13,557	7,913	(51,975)	(414,486)	(444,991)

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A21. Interest Income

Group	Third Quarter Ended		Cumulative 9 Months Ended	
	30 September	30 September	30 September	30 September
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Loans, advances and financing	4,256,695	4,111,845	12,488,433	12,378,706
Money at call and deposits and placements with financial institutions	194,080	196,069	581,925	572,743
Financial assets purchased under resale agreements	41,071	37,356	150,773	84,323
Financial investments at FVTPL	276,921	252,420	804,208	729,403
Financial investments at fair value through other comprehensive income	825,692	-	2,324,769	-
Financial investments at amortised cost	216,386	-	551,930	-
Financial investments available-for-sale	-	794,437	-	2,263,347
Financial investments held-to-maturity	-	156,466	-	454,960
	5,810,845	5,548,593	16,902,038	16,483,482
Accretion of discounts, net	54,338	13,125	211,521	13,798
	5,865,183	5,561,718	17,113,559	16,497,280

Bank	Third Quarter Ended		Cumulative 9 Months Ended	
	30 September	30 September	30 September	30 September
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Loans, advances and financing	3,170,097	2,941,243	9,278,239	8,745,005
Money at call and deposits and placements with financial institutions	228,265	220,031	628,712	639,391
Financial assets purchased under resale agreements	36,810	17,219	104,669	35,412
Financial investments at FVTPL	67,411	81,296	198,269	218,985
Financial investments at fair value through other comprehensive income	733,061	-	2,019,791	-
Financial investments at amortised cost	225,635	-	596,869	-
Financial investments available-for-sale	-	670,167	-	1,894,737
Financial investments held-to-maturity	-	138,323	-	410,911
	4,461,279	4,068,279	12,826,549	11,944,441
Accretion of discounts, net	76,317	26,324	282,550	50,766
	4,537,596	4,094,603	13,109,099	11,995,207

Included in interest income for the nine-month financial period ended 30 September 2018 was interest on impaired assets amounting to approximately RM271,999,000 (30 September 2017: RM214,071,000) for the Group and RM212,004,000 (30 September 2017: RM170,301,000) for the Bank.

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A22. Interest Expense

Group	Third Quarter Ended		Cumulative 9 Months Ended	
	30 September	30 September	30 September	30 September
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Deposits and placements from financial institutions	340,106	177,311	879,175	466,478
Deposits from customers	1,854,827	1,656,744	5,284,570	4,971,179
Loans sold to Cagamas	16,320	24,744	48,429	54,788
Obligations on financial assets sold under repurchase agreements	46,303	18,601	101,923	52,278
Borrowings	268,581	282,157	769,590	802,117
Subordinated notes	132,870	174,878	415,162	535,021
Subordinated bonds	3,706	8,620	20,674	25,589
Capital securities	90,644	99,805	285,834	295,336
Structured deposits	31,477	23,914	92,322	76,453
Financial liabilities at fair value through profit or loss	95,643	40,377	251,244	93,186
	2,880,477	2,507,151	8,148,923	7,372,425

Bank	Third Quarter Ended		Cumulative 9 Months Ended	
	30 September	30 September	30 September	30 September
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Deposits and placements from financial institutions	317,061	171,312	824,010	451,143
Deposits from customers	1,490,037	1,174,070	4,127,940	3,517,929
Loans sold to Cagamas	16,320	24,744	48,429	54,788
Obligations on financial assets sold under repurchase agreements	46,303	18,601	101,923	52,278
Borrowings	137,485	164,313	393,197	461,230
Subordinated notes	105,850	131,135	314,198	400,212
Capital securities	90,644	99,793	285,834	295,648
Structured deposits	31,472	23,914	92,298	76,453
Financial liabilities at fair value through profit or loss	95,643	40,377	251,244	93,186
	2,330,815	1,848,259	6,439,073	5,402,867

A23. Net Earned Insurance Premiums

Group	Third Quarter Ended		Cumulative 9 Months Ended	
	30 September	30 September	30 September	30 September
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Gross earned premiums	1,723,897	1,545,283	5,290,037	4,524,382
Premiums ceded to reinsurers	(293,894)	(237,846)	(858,627)	(707,254)
	1,430,003	1,307,437	4,431,410	3,817,128

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A24. Dividends from Subsidiaries and Associates

	Third Quarter Ended		Cumulative 9 Months Ended	
	30 September 2018	30 September 2017	30 September 2018	30 September 2017
Bank	RM'000	RM'000	RM'000	RM'000
Gross dividend income from:				
Subsidiaries	30,547	764,201	1,607,157	1,878,889
Associates	398	8,955	398	9,865
	30,945	773,156	1,607,555	1,888,754

A25. Other Operating Income

	Third Quarter Ended		Cumulative 9 Months Ended	
	30 September 2018	30 September 2017	30 September 2018	30 September 2017
Group	RM'000	RM'000	RM'000	RM'000
(a) Fee income:				
Commission	349,771	374,754	994,531	1,006,419
Service charges and fees	387,964	348,487	1,067,323	1,024,728
Underwriting fees	4,203	21,104	33,267	65,910
Brokerage income	92,211	103,123	314,216	348,853
Fees on loans, advances and financing	48,460	55,939	166,159	169,733
	882,609	903,407	2,575,496	2,615,643
(b) Investment income:				
Net (loss)/gain on disposal of financial assets at FVTPL	(111,350)	188,295	(136,468)	295,003
Net gain on disposal of financial investments at fair value through other comprehensive income	7,688	-	69,715	-
Net gain on redemption of financial investments at amortised cost	1,174	-	1,773	-
Net gain on disposal of financial investments available-for-sale	-	122,626	-	498,059
Net gain on redemption of financial investments held-to-maturity	-	-	-	170
Net loss on disposal of deemed control entity	-	-	(15,409)	-
Net gain/(loss) on liquidation of subsidiaries	-	2	-	(1,997)
Net gain/(loss) on dilution of interest in associates	4	(21,402)	1,268	(21,402)
	(102,484)	289,521	(79,121)	769,833
(c) Gross dividend income from:				
Financial investments portfolio	34,618	22,797	96,174	75,617
(d) Unrealised gain/(loss) on revaluation of:				
Financial assets designated upon initial recognition at FVTPL	255,044	(131,219)	(14,952)	(8,691)
Financial investments at FVTPL	54,955	-	(194,793)	-
Financial investments held-for-trading	-	(47,501)	-	149,334
Financial liabilities at FVTPL	151,214	100,023	538,402	29,507
Derivatives	(128,378)	69,458	(339,155)	57,745
	332,835	(9,239)	(10,498)	227,895
(e) Other income:				
Foreign exchange gain, net	198,956	244,338	597,629	368,112
Realised gain on derivatives	64,444	40,282	333,139	220,598
Rental income	7,951	9,895	30,833	31,324
Gain on disposal of property, plant and equipment	1,575	1,581	70,217	15,490
Gain/(loss) on disposal of foreclosed properties	33	393	(2,267)	154
Others	27,923	(6,379)	146,434	104,529
	300,882	290,110	1,175,985	740,207
Total other operating income	1,448,460	1,496,596	3,758,036	4,429,195

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A25. Other Operating Income (cont'd.)

	Third Quarter Ended		Cumulative 9 Months Ended	
	30 September 2018 RM'000	30 September 2017 RM'000	30 September 2018 RM'000	30 September 2017 RM'000
Bank				
(a) Fee income:				
Commission	313,956	306,352	898,989	856,240
Service charges and fees	286,750	283,766	822,020	820,398
Underwriting fees	2,416	5,451	13,362	21,354
Fees on loans, advances and financing	30,477	27,041	103,166	86,861
	633,599	622,610	1,837,537	1,784,853
(b) Investment income:				
Net (loss)/gain on disposal of financial assets at FVTPL	(1,094)	36,560	65,903	100,349
Net gain on disposal of financial investments at fair value through other comprehensive income	18,039	-	72,094	-
Net gain on redemption of financial investments at amortised cost	1,174	-	1,773	-
Net gain on disposal of financial investments available-for-sale	-	86,437	-	171,855
Net gain on redemption of financial investments held-to-maturity	-	-	-	170
Net loss on disposal of deemed control entity	-	-	(27,902)	-
Net gain on liquidation of subsidiaries	-	101	-	101
	18,119	123,098	111,868	272,475
(c) Gross dividend income from:				
Financial investments portfolio	345	345	3,562	3,726
(d) Unrealised (loss)/gain on revaluation of:				
Financial investments at FVTPL	(23,473)	-	(2,087)	-
Financial investments held-for-trading	-	1,402	-	44,809
Financial liabilities at FVTPL	151,214	100,023	538,402	29,507
Derivatives	(126,538)	14,818	(386,111)	81,001
	1,203	116,243	150,204	155,317
(e) Other income:				
Foreign exchange gain, net	172,938	218,726	646,168	349,776
Realised gain on derivatives	14,752	25,004	207,514	188,160
Rental income	7,664	8,145	23,793	23,810
Gain on disposal of property, plant and equipment	2,064	1,591	60,416	14,401
Others	6,695	(54,999)	14,169	(40,708)
	204,113	198,467	952,060	535,439
Total other operating income	857,379	1,060,763	3,055,231	2,751,810

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

Group	Third Quarter Ended		Cumulative 9 Months Ended	
	30 September	30 September	30 September	30 September
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Gross benefits and claims paid	886,675	741,733	2,650,213	2,714,059
Claims ceded to reinsurers	(119,784)	(68,312)	(347,131)	(303,265)
Gross change to contract liabilities	753,547	153,177	1,492,043	775,623
Change in contract liabilities ceded to reinsurers	(33,364)	339,396	(51,932)	425,174
Net insurance benefits and claims incurred	1,487,074	1,165,994	3,743,193	3,611,591
Net fee and commission expenses	54,206	59,080	186,314	176,993
Change in expense liabilities	2,521	(7,124)	(3,650)	21,801
Taxation of life and takaful fund	29,241	6,386	11,338	34,161
Net fee and commission expenses, change in expense liabilities and taxation of life and takaful fund	85,968	58,342	194,002	232,955
Total net insurance benefits and claims incurred, net fee and commission expenses, change in expense liabilities and taxation of life and takaful fund	1,573,042	1,224,336	3,937,195	3,844,546

A27. Overhead Expenses

Group	Third Quarter Ended		Cumulative 9 Months Ended	
	30 September	30 September	30 September	30 September
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
(a) Personnel expenses				
Salaries, allowances and bonuses	1,184,700	1,165,071	3,592,063	3,490,168
Social security cost	10,645	11,213	32,635	33,229
Pension costs - defined contribution plan	139,938	135,213	425,224	396,633
ESS expenses	255	4,268	3,734	12,464
Other staff related expenses	221,677	206,746	644,873	638,989
	1,557,215	1,522,511	4,698,529	4,571,483
(b) Establishment costs				
Depreciation of property, plant and equipment	102,488	93,191	301,101	284,412
Amortisation of intangible assets	59,566	66,869	178,986	208,769
Rental of leasehold land and premises	83,743	89,945	255,268	283,302
Repairs and maintenance of property, plant and equipment	43,379	44,983	120,182	127,881
Information technology expenses	145,574	170,846	431,391	478,323
Fair value adjustments on investments properties	29	26	(348)	80
Others	13,159	13,749	34,725	38,725
	447,938	479,609	1,321,305	1,421,492
(c) Marketing expenses				
Advertisement and publicity	43,954	48,681	147,216	152,780
Others	90,386	67,997	252,408	209,017
	134,340	116,678	399,624	361,797

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A27. Overhead Expenses (cont'd.)

Group (cont'd.)	Third Quarter Ended		Cumulative 9 Months Ended	
	30 September 2018 RM'000	30 September 2017 RM'000	30 September 2018 RM'000	30 September 2017 RM'000
(d) Administration and general expenses				
Fees and brokerage	241,340	254,287	738,292	750,593
Administrative expenses	135,717	155,277	421,220	442,755
General expenses	178,734	215,109	559,304	723,122
Others	3,559	133,895	6,957	142,341
	559,350	758,568	1,725,773	2,058,811
Total overhead expenses	2,698,843	2,877,366	8,145,231	8,413,583
Cost to income ratio ("CIR")¹	47.3%	48.8%	46.9%	48.8%

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

Bank	Third Quarter Ended		Cumulative 9 Months Ended	
	30 September 2018 RM'000	30 September 2017 RM'000	30 September 2018 RM'000	30 September 2017 RM'000
(a) Personnel expenses				
Salaries, allowances and bonuses	738,254	712,860	2,243,066	2,140,178
Social security cost	5,248	5,231	16,044	15,067
Pension costs - defined contribution plan	107,505	104,980	330,987	309,700
ESS expenses	25	2,256	2,426	8,556
Other staff related expenses	127,951	110,957	373,829	347,169
	978,983	936,284	2,966,352	2,820,670
(b) Establishment costs				
Depreciation of property, plant and equipment	40,398	46,213	124,349	141,907
Amortisation of intangible assets	21,501	25,047	61,755	76,643
Rental of leasehold land and premises	35,657	36,672	106,911	115,169
Repairs and maintenance of property, plant and equipment	25,384	25,136	70,915	70,956
Information technology expenses	181,271	212,420	600,920	602,629
Others	3,587	2,101	7,280	5,856
	307,798	347,589	972,130	1,013,160
(c) Marketing expenses				
Advertisement and publicity	20,170	22,480	78,777	76,082
Others	60,040	50,963	167,596	156,083
	80,210	73,443	246,373	232,165
(d) Administration and general expenses				
Fees and brokerage	166,594	174,031	500,232	476,381
Administrative expenses	60,291	69,405	187,716	209,364
General expenses	87,746	93,409	260,545	256,459
Others	2,687	109,815	5,915	116,386
	317,318	446,660	954,408	1,058,590
(e) Overhead expenses allocated to subsidiaries	(286,599)	(257,944)	(877,551)	(814,609)
Total overhead expenses	1,397,710	1,546,032	4,261,712	4,309,976
Cost to income ratio ("CIR")²	45.2%	37.9%	37.6%	38.4%

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	Third Quarter Ended		Cumulative 9 Months Ended	
	30 September 2018 RM'000	30 September 2017 RM'000	30 September 2018 RM'000	30 September 2017 RM'000
(Writeback of)/allowances for impairment losses on loans, advances and financing:				
- Stage 1 - 12 months ECL, net	(246,543)	-	(468,633)	-
- Stage 2 - Lifetime ECL not credit impaired, net	(78,058)	-	115,175	-
- Stage 3 - Lifetime ECL credit impaired, net	778,380	-	2,003,817	-
- collective allowance made	-	27,024	-	845,057
- collective allowance written back	-	333	-	(152)
- individual allowance made	-	534,089	-	1,378,195
- individual allowance written back	-	(80,691)	-	(243,003)
Bad debts and financing written-off	35,586	21,621	82,466	76,582
Bad debts and financing recovered	(67,818)	(115,702)	(228,924)	(292,621)
(Writeback of)/allowances for impairment losses on other debts	(3,097)	(186)	6,008	(4,805)
	418,450	386,488	1,509,909	1,759,253

Bank	Third Quarter Ended		Cumulative 9 Months Ended	
	30 September 2018 RM'000	30 September 2017 RM'000	30 September 2018 RM'000	30 September 2017 RM'000
(Writeback of)/allowances for impairment losses on loans, advances and financing:				
- Stage 1 - 12 months ECL, net	(45,711)	-	(232,964)	-
- Stage 2 - Lifetime ECL not credit impaired, net	(51,722)	-	(86,172)	-
- Stage 3 - Lifetime ECL credit impaired, net	413,878	-	1,149,805	-
- collective allowance made, net	-	(73,048)	-	431,768
- individual allowance made	-	399,857	-	983,250
- individual allowance written back	-	(55,206)	-	(141,245)
Bad debts and financing written-off	29,327	14,754	67,097	54,783
Bad debts and financing recovered	(43,642)	(70,888)	(154,936)	(178,233)
(Writeback of)/allowances for impairment losses on other debts	(604)	293	1,260	859
	301,526	215,762	744,090	1,151,182

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

Group	Third Quarter Ended		Cumulative 9 Months Ended	
	30 September	30 September	30 September	30 September
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Financial investments at fair value through other comprehensive income				
- Stage 1 - 12 months ECL, net	(31,800)	-	(20,073)	-
- Stage 2 - Lifetime ECL not credit impaired, net	5,125	-	(13,680)	-
- Stage 3 - Lifetime ECL credit impaired, net	5,348	-	22,288	-
Financial investments AFS				
- Allowance made	-	25,686	-	33,376
- Amount written back in respect of recoveries	-	(2,591)	-	(4,551)
Net	<u>(21,327)</u>	<u>23,095</u>	<u>(11,465)</u>	<u>28,825</u>
Financial investments at amortised cost				
- Stage 1 - 12 months ECL, net	5,881	-	(14,622)	-
- Stage 2 - Lifetime ECL not credit impaired, net	(360)	-	(10,721)	-
- Stage 3 - Lifetime ECL credit impaired, net	(19)	-	(57)	-
Net	<u>5,502</u>	<u>-</u>	<u>(25,400)</u>	<u>-</u>
	<u>(15,825)</u>	<u>23,095</u>	<u>(36,865)</u>	<u>28,825</u>
Bank	Third Quarter Ended		Cumulative 9 Months Ended	
	30 September	30 September	30 September	30 September
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Financial investments at fair value through other comprehensive income				
- Stage 1 - 12 months ECL, net	(23,423)	-	(14,396)	-
- Stage 2 - Lifetime ECL not credit impaired, net	5,179	-	(13,277)	-
- Stage 3 - Lifetime ECL credit impaired, net	4,957	-	(162)	-
Financial investments AFS				
- Allowance made	-	1,075	-	1,075
- Amount written back in respect of recoveries	-	(2,603)	-	(3,290)
Net	<u>(13,287)</u>	<u>(1,528)</u>	<u>(27,835)</u>	<u>(2,215)</u>
Financial investments at amortised cost				
- Stage 1 - 12 months ECL, net	8,143	-	(7,547)	-
- Stage 2 - Lifetime ECL not credit impaired, net	(224)	-	(9,964)	-
- Stage 3 - Lifetime ECL credit impaired, net	(19)	-	(57)	-
Net	<u>7,900</u>	<u>-</u>	<u>(17,568)</u>	<u>-</u>
	<u>(5,387)</u>	<u>(1,528)</u>	<u>(45,403)</u>	<u>(2,215)</u>

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A30. Writeback of Impairment Losses on Other Financial Assets, net

Group	Third Quarter Ended		Cumulative 9 Months Ended	
	30 September 2018 RM'000	30 September 2017 RM'000	30 September 2018 RM'000	30 September 2017 RM'000
Cash and short-term funds				
- Stage 1 - 12 months ECL, net	(23,572)	-	(17,523)	-
- Stage 2 - Lifetime ECL not credit impaired	(2)	-	(2)	-
Net	<u>(23,574)</u>	<u>-</u>	<u>(17,525)</u>	<u>-</u>
Deposits and placements with financial institutions				
- Stage 1 - 12 months ECL, net	16,745	-	8,281	-
- Stage 2 - Lifetime ECL not credit impaired, net	(313)	-	-	-
Net	<u>16,432</u>	<u>-</u>	<u>8,281</u>	<u>-</u>
Statutory deposit with central banks				
- Stage 1 - 12 months ECL, net	(6,330)	-	(6,293)	-
Net	<u>(6,330)</u>	<u>-</u>	<u>(6,293)</u>	<u>-</u>
Financial assets purchased under resale agreements				
- Stage 1 - 12 months ECL, net	(1,698)	-	(838)	-
Net	<u>(1,698)</u>	<u>-</u>	<u>(838)</u>	<u>-</u>
Reinsurance/retakaful assets and other insurance receivables				
- Stage 1 - 12 months ECL, net	(411)	-	(7,529)	-
Net	<u>(411)</u>	<u>-</u>	<u>(7,529)</u>	<u>-</u>
Other assets				
- Stage 1 - 12 months ECL, net	186	-	1,435	-
Net	<u>186</u>	<u>-</u>	<u>1,435</u>	<u>-</u>
	<u>(15,395)</u>	<u>-</u>	<u>(22,469)</u>	<u>-</u>
Bank				
Cash and short-term funds				
- Stage 1 - 12 months ECL, net	(20,102)	-	(14,802)	-
- Stage 2 - Lifetime ECL not credit impaired	(2)	-	(2)	-
Net	<u>(20,104)</u>	<u>-</u>	<u>(14,804)</u>	<u>-</u>
Deposits and placements with financial institutions				
- Stage 1 - 12 months ECL, net	15,765	-	7,762	-
- Stage 2 - Lifetime ECL not credit impaired, net	(313)	-	-	-
Net	<u>15,452</u>	<u>-</u>	<u>7,762</u>	<u>-</u>
	<u>(4,652)</u>	<u>-</u>	<u>(7,042)</u>	<u>-</u>

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A31. 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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A31. 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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A31. Segment Information (cont'd.)

By business segments (cont'd.)

	<===== Business Segments =====>						Total RM'000
	<===== Group Global Banking =====>						
Nine Months Ended 30 September 2018	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	7,884,194	4,031,213	288,325	6,606	830,883	35,258	13,076,479
- Inter-segment	-	-	(9,332)	1,619	22,933	(15,220)	-
	<u>7,884,194</u>	<u>4,031,213</u>	<u>278,993</u>	<u>8,225</u>	<u>853,816</u>	<u>20,038</u>	<u>13,076,479</u>
Net interest income and income from IBS operations	7,884,194	4,031,213	278,993	8,225	853,816	20,038	13,076,479
Net earned insurance premiums	-	-	-	-	4,431,410	-	4,431,410
Other operating income	2,166,908	1,685,689	701,048	47,423	(100,506)	(742,526)	3,758,036
Total operating income	<u>10,051,102</u>	<u>5,716,902</u>	<u>980,041</u>	<u>55,648</u>	<u>5,184,720</u>	<u>(722,488)</u>	<u>21,265,925</u>
Net insurance benefits and claims incurred, net fee and commission expenses, change in expense liabilities and taxation of life and takaful fund	-	-	-	-	(4,134,877)	197,682	(3,937,195)
Net operating income	<u>10,051,102</u>	<u>5,716,902</u>	<u>980,041</u>	<u>55,648</u>	<u>1,049,843</u>	<u>(524,806)</u>	<u>17,328,730</u>
Overhead expenses	(5,202,858)	(1,460,937)	(767,111)	(106,808)	(607,517)	-	(8,145,231)
Operating profit/(loss) before impairment losses	<u>4,848,244</u>	<u>4,255,965</u>	<u>212,930</u>	<u>(51,160)</u>	<u>442,326</u>	<u>(524,806)</u>	<u>9,183,499</u>
(Allowances for)/writeback of impairment losses on loans, advances, financing and other debts, net	(536,740)	(988,698)	13,758	-	1,771	-	(1,509,909)
(Allowances for)/writeback of impairment losses on financial investments, net	(161)	55,650	2,231	(20,646)	(209)	-	36,865
Writeback of/(allowances for) impairment losses on other financial assets, net	929	16,807	(2,380)	8	7,105	-	22,469
Operating profit/(loss)	<u>4,312,272</u>	<u>3,339,724</u>	<u>226,539</u>	<u>(71,798)</u>	<u>450,993</u>	<u>(524,806)</u>	<u>7,732,924</u>
Share of profits in associates and joint ventures	-	72,014	813	-	-	-	72,827
Profit/(loss) before taxation and zakat	<u>4,312,272</u>	<u>3,411,738</u>	<u>227,352</u>	<u>(71,798)</u>	<u>450,993</u>	<u>(524,806)</u>	<u>7,805,751</u>
Taxation and zakat							(1,900,615)
Profit after taxation and zakat							<u>5,905,136</u>
Non-controlling interests							(118,231)
Profit for the period - attributable to equity holders of the Bank							<u>5,786,905</u>

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A31. Segment Information (cont'd.)

By business segments (cont'd.)

	<===== Business Segments =====>						Head Office and Others RM'000	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			
Nine Months Ended 30 September 2018								
Included in other operating income are:								
Fee income:								
Commission	868,737	119,932	59,652	4,251	-	(58,041)	994,531	
Service charges and fees	650,792	356,238	144,210	69,258	436	(153,611)	1,067,323	
Underwriting fees	117	13,362	19,905	-	-	(117)	33,267	
Brokerage income	-	-	314,216	-	-	-	314,216	
Fees on loans, advances and financing	82,405	83,353	-	-	234	167	166,159	
Fee income from IBS operations	194,076	88,417	35,900	-	-	(37,219)	281,174	
Included in overhead expenses are:								
Depreciation of property, plant and equipment	(185,384)	(52,899)	(45,962)	(826)	(16,030)	-	(301,101)	
Amortisation of intangible assets	(100,522)	(35,593)	(27,593)	(785)	(14,493)	-	(178,986)	

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A31. Segment Information (cont'd.)

By business segments (cont'd.)

	<===== Business Segments =====>						Total RM'000
	<===== Group Global Banking =====>						
Nine Months Ended 30 September 2017	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	7,877,328	3,989,440	311,406	6,030	778,746	(173,452)	12,789,498
- Inter-segment	-	-	(17,952)	(10,185)	38,786	(10,649)	-
	<u>7,877,328</u>	<u>3,989,440</u>	<u>293,454</u>	<u>(4,155)</u>	<u>817,532</u>	<u>(184,101)</u>	<u>12,789,498</u>
Net interest income and income from IBS operations	7,877,328	3,989,440	293,454	(4,155)	817,532	(184,101)	12,789,498
Net earned insurance premiums	-	-	-	-	3,817,128	-	3,817,128
Other operating income	2,189,254	1,809,022	622,191	181,610	521,830	(894,712)	4,429,195
Total operating income	<u>10,066,582</u>	<u>5,798,462</u>	<u>915,645</u>	<u>177,455</u>	<u>5,156,490</u>	<u>(1,078,813)</u>	<u>21,035,821</u>
Net insurance benefits and claims incurred, net fee and commission expenses, change in expense liabilities and taxation of life and takaful fund	-	-	-	-	(3,999,158)	154,612	(3,844,546)
Net operating income	<u>10,066,582</u>	<u>5,798,462</u>	<u>915,645</u>	<u>177,455</u>	<u>1,157,332</u>	<u>(924,201)</u>	<u>17,191,275</u>
Overhead expenses	(5,447,254)	(1,518,307)	(814,143)	(104,698)	(529,181)	-	(8,413,583)
Operating profit/(loss) before impairment losses (Allowances for)/writeback of impairment losses on loans, advances, financing and other debts, net	<u>4,619,328</u>	<u>4,280,155</u>	<u>101,502</u>	<u>72,757</u>	<u>628,151</u>	<u>(924,201)</u>	<u>8,777,692</u>
Writeback of/(allowances for) impairment losses on financial investments, net	(761,703)	(1,000,917)	7,116	(540)	(3,209)	-	(1,759,253)
Operating profit/(loss)	<u>-</u>	<u>3,475</u>	<u>-</u>	<u>-</u>	<u>(32,300)</u>	<u>-</u>	<u>(28,825)</u>
Share of profits in associates and joint ventures	3,857,625	3,282,713	108,618	72,217	592,642	(924,201)	6,989,614
Profit/(loss) before taxation and zakat	<u>-</u>	<u>182,184</u>	<u>150</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>182,334</u>
Taxation and zakat	3,857,625	3,464,897	108,768	72,217	592,642	(924,201)	7,171,948
Profit after taxation and zakat							<u>(1,626,158)</u>
Non-controlling interests							5,545,790
Profit for the period - attributable to equity holders of the Bank							<u>(157,347)</u>
Included in overhead expenses are:							<u>5,388,443</u>
Depreciation of property, plant and equipment	(178,984)	(50,828)	(41,527)	(572)	(12,501)	-	(284,412)
Amortisation of intangible assets	(129,582)	(35,230)	(32,648)	(356)	(10,953)	-	(208,769)

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A32. 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 2017.

A33. Subsequent Events

There were no material events subsequent to the reporting date, other than as disclosed in Note A8(ii) and B6.

A34. Changes in the Composition of the Group

There were no significant changes to the composition of the Group during the third quarter ended 30 September 2018.

A35. Commitments and Contingencies

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

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

Group	As at 30 September 2018			As at 31 December 2017		
	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	12,523,639	11,823,553	6,409,946	12,970,421	12,064,534	6,552,472
Certain transaction-related contingent items	17,628,482	8,489,563	5,452,129	18,427,282	9,348,060	6,086,500
Short-term self-liquidating trade-related contingencies	5,840,158	1,061,289	734,720	6,029,951	1,107,435	694,977
	35,992,279	21,374,405	12,596,795	37,427,654	22,520,029	13,333,949
<u>Commitments</u>						
Irrevocable commitments to extend credit:						
- Maturity within one year	111,146,748	23,286,424	11,505,407	102,342,408	20,083,466	10,313,630
- Maturity exceeding one year	41,998,134	25,636,597	12,211,330	37,907,505	26,263,062	12,565,526
	153,144,882	48,923,021	23,716,737	140,249,913	46,346,528	22,879,156
Miscellaneous commitments and contingencies	11,040,128	629,156	86,510	12,098,705	412,246	180,312
Total credit-related commitments and contingencies	200,177,289	70,926,582	36,400,042	189,776,272	69,278,803	36,393,417

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A35. Commitments and Contingencies (cont'd.)

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

Group (cont'd.)	As at 30 September 2018			As at 31 December 2017		
	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	381,116,173	3,637,675	1,127,442	281,135,919	4,013,251	1,058,177
- One year to less than five years	33,233,384	1,358,983	663,663	30,150,396	1,450,112	1,176,205
- Five years and above	2,401,716	66	41	4,084,188	89,195	48,174
	416,751,273	4,996,724	1,791,146	315,370,503	5,552,558	2,282,556
Interest rate related contracts:						
- Less than one year	65,984,618	1,195,329	442,452	77,147,663	434,138	193,277
- One year to less than five years	179,905,056	5,095,496	3,242,375	163,085,655	4,039,064	1,659,736
- Five years and above	67,968,374	1,377,203	1,714,306	56,135,013	1,867,117	1,613,596
	313,858,048	7,668,028	5,399,133	296,368,331	6,340,319	3,466,609
Equity and commodity related contracts:						
- Less than one year	7,543,386	180,776	56,335	5,631,415	10,492	3,792
- One year to less than five years	3,312,169	30,568	4,902	4,193,817	10,944	1,976
- Five years and above	33,663	-	-	33,663	-	-
	10,889,218	211,344	61,237	9,858,895	21,436	5,768
Credit related contracts:						
- Less than one year	49,400	-	-	-	-	-
Total treasury-related commitments and contingencies						
	741,547,939	12,876,096	7,251,516	621,597,729	11,914,313	5,754,933
Total commitments and contingencies						
	941,725,228	83,802,678	43,651,558	811,374,001	81,193,116	42,148,350
Bank						
Contingent liabilities						
Direct credit substitutes	10,452,555	9,756,475	4,536,083	10,665,916	10,373,876	5,071,621
Certain transaction-related contingent items	13,989,660	6,714,850	4,048,635	14,618,417	7,207,090	4,429,669
Short-term self-liquidating trade-related contingencies	5,454,766	887,720	580,549	5,600,847	937,807	548,026
	29,896,981	17,359,045	9,165,267	30,885,180	18,518,773	10,049,316
Commitments						
Irrevocable commitments to extend credit:						
- Maturity within one year	84,994,799	17,629,053	7,976,360	79,885,420	14,787,173	6,948,719
- Maturity exceeding one year	34,437,247	21,764,611	10,172,110	30,199,078	23,168,096	10,967,370
	119,432,046	39,393,664	18,148,470	110,084,498	37,955,269	17,916,089
Miscellaneous commitments and contingencies						
	7,175,822	629,156	86,510	9,798,574	411,803	180,312
Total credit-related commitments and contingencies						
	156,504,849	57,381,865	27,400,247	150,768,252	56,885,845	28,145,717

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A35. Commitments and Contingencies (cont'd.)

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

	As at 30 September 2018			As at 31 December 2017		
	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	372,855,861	3,253,040	800,991	273,366,420	3,815,458	991,438
- One year to less than five years	32,370,122	1,314,035	637,659	30,556,992	1,366,385	1,118,455
- Five years and above	3,215,715	66	41	4,084,188	243	125
	408,441,698	4,567,141	1,438,691	308,007,600	5,182,086	2,110,018
Interest rate related contracts:						
- Less than one year	63,825,460	820,254	341,182	75,797,820	296,628	148,788
- One year to less than five years	181,490,048	4,668,956	2,987,426	163,096,687	3,484,049	1,374,343
- Five years and above	70,048,933	1,274,996	1,599,440	55,929,064	1,879,885	1,610,746
	315,364,441	6,764,206	4,928,048	294,823,571	5,660,562	3,133,877
Equity and commodity related contracts:						
- Less than one year	5,405,626	8,881	1,928	3,649,780	10,492	3,792
- One year to less than five years	3,312,169	30,568	4,902	4,192,152	10,944	1,976
	8,717,795	39,449	6,830	7,841,932	21,436	5,768
Credit related contracts:						
- Less than one year	49,400	-	-	-	-	-
Total treasury-related commitments and contingencies	732,573,334	11,370,796	6,373,569	610,673,103	10,864,084	5,249,663
Total commitments and contingencies	889,078,183	68,752,661	33,773,816	761,441,355	67,749,929	33,395,380

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

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

Market Risk

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

Credit Risk

Credit risk arises from the possibility that a counterparty may be unable to meet the terms of a contract in which the Bank and certain subsidiaries have a gain position. As at 30 September 2018, the amount of credit risk in the Group, measured in terms of the cost to replace the profitable contracts, was RM7,551.8 million (31 December 2017: RM6,704.7 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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A35. Commitments and Contingencies (cont'd.)

- (ii) During the third quarter ended 30 September 2018, the Group and the Bank have entered into a new credit derivative financial contract - credit default swap.
- (iii) Other than as disclosed in Note (ii) above, there have been no changes since the end of the previous financial year in respect of the following:
 - (a) 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.

A36. Capital Adequacy

(a) Capital Adequacy Framework

- (i) Bank Negara Malaysia ("BNM") had on 2 February 2018 issued the 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 February 2018 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) both issued on 2 February 2018. 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) both issued on 2 February 2018. The total RWA are computed based on the following approaches:

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

The minimum regulatory capital adequacy requirements for CET1, Tier 1 and Total Capital are 4.5%, 6.0% and 8.0% of total RWA for the current financial year ending 31 December 2018 (2017: 4.5%, 6.0% and 8.0% of total RWA).

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A36. 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) both issued on 2 February 2018. The total RWA are computed based on the following approaches:

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

The minimum regulatory capital adequacy requirements for CET1, Tier 1 and Total Capital are 4.5%, 6.0% and 8.0% of total RWA for the current financial year ending 31 December 2018 (2017: 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% (2017: 10% up to less than 11%) of total RWA.

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

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

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

Pursuant to Note A9(b), in arriving the capital adequacy ratios for the nine months financial period ended 30 September 2018, the cash portion and a portion of the electable portion of declared dividend which assumed to be paid in cash have been deducted from the calculation of CET1 Capital.

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

	Group		Bank	
	30 September 2018	31 December 2017	30 September 2018	31 December 2017
CET1 Capital Ratio	13.563%	14.773%	13.321%	15.853%
Tier 1 Capital Ratio	14.504%	16.459%	14.289%	17.950%
Total Capital Ratio	17.585%	19.383%	17.410%	19.313%

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A36. Capital Adequacy (cont'd.)

(d) Components of capital:

	Group		Bank	
	30 September 2018 RM'000	31 December 2017 RM'000	30 September 2018 RM'000	31 December 2017 RM'000
CET1 Capital				
Share capital	45,828,431	44,250,380	45,828,431	44,250,380
Retained profits ¹	17,409,125	20,451,568	11,888,032	13,582,048
Other reserves ¹	2,387,021	3,619,581	4,439,300	4,612,799
Qualifying non-controlling interests	132,963	137,081	-	-
Less: Shares held-in-trust	(42)	(183,438)	(42)	(183,438)
CET1 Capital before regulatory adjustments	65,757,498	68,275,172	62,155,721	62,261,789
Less: Regulatory adjustments applied on CET1 Capital:				
Deferred tax assets	(1,876,775)	(802,593)	(933,834)	(315,013)
Goodwill	(5,416,365)	(5,756,367)	(81,015)	(81,015)
Other intangibles	(917,608)	(855,056)	(520,439)	(487,015)
Gains on financial instruments classified as 'fair value through other comprehensive income'	(31,246)	-	(27,493)	-
Gains on financial instruments classified as 'available-for-sale'	-	(17,922)	-	-
Regulatory reserve	(2,767,290)	(2,747,285)	(2,353,716)	(2,233,563)
Investment in ordinary shares of unconsolidated financial and insurance/takaful entities ³	(3,183,054)	(2,685,548)	(23,831,667)	(17,974,763)
Total CET1 Capital	51,565,160	55,410,401	34,407,557	41,170,420
Additional Tier 1 Capital				
Capital securities	3,500,000	6,244,010	3,500,000	6,244,010
Qualifying CET1 and Additional Tier 1 capital instruments held by third parties	80,618	80,195	-	-
Less: Investment in capital instruments of unconsolidated financial and insurance/takaful entities ³	-	-	(1,000,000)	(800,000)
Total Tier 1 Capital	55,145,778	61,734,606	36,907,557	46,614,430
Tier 2 Capital				
Subordinated obligations	9,315,791	9,271,613	9,315,791	9,271,613
Qualifying CET1, Additional Tier 1 and Tier 2 capital instruments held by third parties	499,551	488,385	-	-
General provisions ⁴	336,189	-	89,041	-
Collective allowance ²	-	278,397	-	136,641
Surplus of total eligible provision over total expected loss	1,562,638	1,601,682	1,119,319	1,171,604
Less: Investment in capital instruments of unconsolidated financial and insurance/takaful entities ³	-	(671,387)	(2,462,992)	(7,038,871)
Total Tier 2 Capital	11,714,169	10,968,690	8,061,159	3,540,987
Total Capital	66,859,947	72,703,296	44,968,716	50,155,417

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.

⁴ Refers to loss allowance measured at an amount equal to 12-month and lifetime expected credit losses and regulatory reserve, to the extent they are ascribed to non-credit impaired exposures, determined under Standardised Approach for credit risk.

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.

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A36. Capital Adequacy (cont'd.)

(d) Components of capital (cont'd.):

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).

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

	Maybank Islamic Berhad	Maybank Investment Bank Berhad	PT Bank Maybank Indonesia Tbk
<u>At 30 September 2018</u>			
CET1 Capital Ratio	13.156%	25.233%	-
Tier 1 Capital Ratio	14.681%	25.233%	-
Total Capital Ratio	18.995%	26.580%	18.781%
<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%

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A36. Capital Adequacy (cont'd.)

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

At 30 September 2018

	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	60,964,207	34,096,495	9,755,054	1,319,955	31,694,877
Internal Ratings-Based Approach exposure after scaling factor	<u>260,439,632</u>	<u>186,553,123</u>	<u>60,139,753</u>	-	-
Total RWA for credit risk	321,403,839	220,649,618	69,894,807	1,319,955	31,694,877
Total RWA for credit risk absorbed by Malayan Banking Berhad and Investment Account*	-	-	(12,495,088)	-	-
Total RWA for market risk	17,558,996	14,064,555	1,085,693	103,798	630,780
Total RWA for operational risk	41,239,261	23,573,808	7,095,300	784,738	5,097,858
Total RWA	<u>380,202,096</u>	<u>258,287,981</u>	<u>65,580,712</u>	<u>2,208,491</u>	<u>37,423,515</u>

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>	-	-
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>38,528,767</u>

* In accordance to the BNM Investment Account policy, the credit risk weighted assets funded by investment accounts (Unrestricted Investment Account and Restricted Investment Account) are excluded from the calculation of capital adequacy ratio of the Bank.

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A37. Derivative Financial Instruments

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

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

	Group			Bank		
	Principal Amount RM'000	<----- Fair Value ----->		Principal Amount RM'000	<----- Fair Value ----->	
At 30 September 2018	Assets RM'000	Liabilities RM'000	RM'000	Assets RM'000	Liabilities RM'000	RM'000
Trading derivatives						
<u>Foreign exchange related contracts</u>						
Currency forwards:						
- Less than one year	40,188,718	473,694	(352,547)	33,344,012	367,284	(297,935)
- One year to three years	2,486,453	32,017	(31,514)	2,373,383	26,042	(31,514)
- More than three years	67,063	586	(4,812)	294,598	586	(22,367)
	<u>42,742,234</u>	<u>506,297</u>	<u>(388,873)</u>	<u>36,011,993</u>	<u>393,912</u>	<u>(351,816)</u>
Currency swaps:						
- Less than one year	312,204,061	2,245,137	(2,021,693)	310,270,472	2,277,701	(2,112,212)
- One year to three years	530,307	821	(22,139)	628,407	821	(22,117)
- More than three years	2,979	-	(373)	2,979	-	(373)
	<u>312,737,347</u>	<u>2,245,958</u>	<u>(2,044,205)</u>	<u>310,901,858</u>	<u>2,278,522</u>	<u>(2,134,702)</u>
Currency spots:						
- Less than one year	4,412,862	7,702	(8,395)	4,923,267	8,428	(8,459)
Currency options:						
- Less than one year	12,787,921	16,703	(45,104)	12,788,083	13,974	(36,277)
- One year to three years	632,961	21,315	-	632,961	21,315	-
- More than three years	993,009	141,259	(186,681)	992,880	72,271	(96,891)
	<u>14,413,891</u>	<u>179,277</u>	<u>(231,785)</u>	<u>14,413,924</u>	<u>107,560</u>	<u>(133,168)</u>
Cross currency interest rate swaps:						
- Less than one year	10,626,158	347,221	(484,085)	10,633,574	462,121	(540,639)
- One year to three years	12,624,267	373,153	(389,618)	11,868,108	358,549	(347,345)
- More than three years	11,669,806	535,288	(479,428)	12,164,266	528,885	(445,844)
	<u>34,920,231</u>	<u>1,255,662</u>	<u>(1,353,131)</u>	<u>34,665,948</u>	<u>1,349,555</u>	<u>(1,333,828)</u>
<u>Interest rate related contracts</u>						
Interest rate swaps:						
- Less than one year	59,562,316	67,048	(102,864)	59,823,649	66,072	(99,910)
- One year to three years	76,175,181	291,072	(563,239)	76,283,392	279,923	(554,268)
- More than three years	156,318,024	2,071,008	(2,221,612)	156,595,203	2,063,351	(2,227,514)
	<u>292,055,521</u>	<u>2,429,128</u>	<u>(2,887,715)</u>	<u>292,702,244</u>	<u>2,409,346</u>	<u>(2,881,692)</u>
Interest rate futures:						
- Less than one year	5,833,516	290,207	(281,910)	3,723,300	289,649	(281,823)
- One year to three years	579,275	222	(2)	-	-	-
	<u>6,412,791</u>	<u>290,429</u>	<u>(281,912)</u>	<u>3,723,300</u>	<u>289,649</u>	<u>(281,823)</u>
Interest rate options:						
- Less than one year	71,661	-	(7)	71,661	-	(7)
- One year to three years	3,781,746	1,791	(3,715)	3,991,746	2,907	(3,715)
- More than three years	10,390,135	329,360	(429,974)	14,275,625	332,135	(430,952)
	<u>14,243,542</u>	<u>331,151</u>	<u>(433,696)</u>	<u>18,339,032</u>	<u>335,042</u>	<u>(434,674)</u>

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A37. Derivative Financial Instruments (cont'd.)

	Group			Bank		
	Principal Amount RM'000	<---- Fair Value ---->		Principal Amount RM'000	<---- Fair Value ---->	
At 30 September 2018 (cont'd.)	Assets RM'000	Liabilities RM'000	Assets RM'000	Liabilities RM'000	Assets RM'000	Liabilities RM'000
Trading derivatives (cont'd.)						
<u>Equity related contracts</u>						
Index futures:						
- More than three years	33,663	2,939	-	-	-	-
Equity options:						
- Less than one year	249,456	9,289	(177,302)	-	-	-
Equity swaps:						
- Less than one year	2,010,682	60,496	(177,798)	122,378	26,178	-
<u>Commodity related contracts</u>						
Commodity options:						
- Less than one year	4,239,136	144,699	(144,699)	4,239,136	144,699	(144,699)
- One year to three years	1,491,684	65,227	(65,227)	1,491,684	65,227	(65,227)
	<u>5,730,820</u>	<u>209,926</u>	<u>(209,926)</u>	<u>5,730,820</u>	<u>209,926</u>	<u>(209,926)</u>
Commodity swaps:						
- Less than one year	1,044,112	92,318	(92,067)	1,044,112	92,318	(92,067)
- One year to three years	1,816,304	168,143	(166,954)	1,816,304	168,143	(166,954)
- More than three years	4,181	387	(375)	4,181	387	(375)
	<u>2,864,597</u>	<u>260,848</u>	<u>(259,396)</u>	<u>2,864,597</u>	<u>260,848</u>	<u>(259,396)</u>
<u>Credit related contracts</u>						
Credit default swaps						
- Less than one year	49,400	427	-	49,400	427	-
Hedging derivatives						
<u>Foreign exchange related contracts</u>						
Cross currency interest rate swaps:						
- Less than one year	896,453	-	(134,489)	896,453	-	(134,489)
- One year to three years	3,024,189	153,435	(19,698)	3,024,189	153,435	(19,698)
- More than three years	3,604,066	-	(61,958)	3,604,066	-	(61,958)
	<u>7,524,708</u>	<u>153,435</u>	<u>(216,145)</u>	<u>7,524,708</u>	<u>153,435</u>	<u>(216,145)</u>
<u>Interest rate related contracts</u>						
Interest rate swaps:						
- Less than one year	517,125	2,866	(120)	206,850	-	(120)
- One year to three years	236,054	-	-	-	-	-
- More than three years	393,015	1,921	(6,422)	393,015	1,921	(6,422)
	<u>1,146,194</u>	<u>4,787</u>	<u>(6,542)</u>	<u>599,865</u>	<u>1,921</u>	<u>(6,542)</u>
Netting effects under MFRS 132 Amendments						
	-	(395,976)	395,976	-	(395,976)	395,976
Total	<u>741,547,939</u>	<u>7,551,775</u>	<u>(8,280,845)</u>	<u>732,573,334</u>	<u>7,428,773</u>	<u>(7,856,195)</u>

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A37. Derivative Financial Instruments (cont'd.)

At 31 December 2017	Principal Amount RM'000	Group <---- Fair Value ---->		Principal Amount RM'000	Bank <---- Fair Value ---->	
		Assets RM'000	Liabilities RM'000		Assets RM'000	Liabilities RM'000
Trading derivatives						
Foreign exchange related contracts						
Currency forwards:						
- Less than one year	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>
Interest rate related contracts						
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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A37. Derivative Financial Instruments (cont'd.)

At 31 December 2017 (cont'd.)	Principal	Group		Principal	Bank	
	Amount	<---- Fair Value ---->		Amount	<---- Fair Value ---->	
	RM'000	Assets	Liabilities	RM'000	Assets	Liabilities
		RM'000	RM'000		RM'000	RM'000
Trading derivatives (cont'd.)						
<u>Equity related contracts</u>						
Index futures:						
- More than three years	33,663	3,036	-	-	-	-
	<u>33,663</u>	<u>3,036</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
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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A38. 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 30 September 2018 and 31 December 2017.

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 30 September 2018				
Financial assets measured at fair value:				
Financial assets designated upon initial recognition at fair value through profit or loss	88,788	16,542,761	-	16,631,549
Money market instruments	-	1,250,125	-	1,250,125
Quoted securities	88,788	-	-	88,788
Unquoted securities	-	15,292,636	-	15,292,636
Financial investments at fair value through profit or loss	3,594,140	7,590,200	1,062,132	12,246,472
Money market instruments	-	3,023,588	-	3,023,588
Quoted securities	3,594,140	-	-	3,594,140
Unquoted securities*	-	4,566,612	1,062,132	5,628,744
Financial investments at fair value through other comprehensive income	1,049,678	121,265,899	449,081	122,764,658
Money market instruments	-	63,625,488	-	63,625,488
Quoted securities	1,049,678	-	-	1,049,678
Unquoted securities*	-	57,640,411	449,081	58,089,492
Loans, advances and financing at fair value through other comprehensive income	-	-	8,528,982	8,528,982
Derivative assets	-	7,208,775	343,000	7,551,775
Foreign exchange related contracts	-	4,348,331	-	4,348,331
Interest rate related contracts	-	3,055,495	-	3,055,495
Equity and commodity related contracts	-	200,498	343,000	543,498
Credit related contracts	-	427	-	427
Netting effects under MFRS 132 Amendments	-	(395,976)	-	(395,976)
	4,732,606	152,607,635	10,383,195	167,723,436

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A38. Fair Value Measurements of Financial Instruments (cont'd.)

Group (cont'd.) At 30 September 2018	<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	-	9,634,657	-	9,634,657
Structured deposits	-	2,267,156	-	2,267,156
Borrowings	-	7,367,501	-	7,367,501
Derivative liabilities	-	7,937,845	343,000	8,280,845
Foreign exchange related contracts	-	4,242,534	-	4,242,534
Interest rate related contracts	-	3,609,865	-	3,609,865
Equity and commodity related contracts	-	481,422	343,000	824,422
Netting effects under MFRS 132 Amendments	-	(395,976)	-	(395,976)
	-	<u>17,572,502</u>	<u>343,000</u>	<u>17,915,502</u>
Financial assets measured at fair value:				
Financial investments 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 upon initial recognition 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)
	<u>6,119,337</u>	<u>133,785,292</u>	<u>987,759</u>	<u>140,892,388</u>
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)
	<u>26,899</u>	<u>13,091,458</u>	<u>478,473</u>	<u>13,596,830</u>

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A38. Fair Value Measurements of Financial Instruments (cont'd.)

Bank At 30 September 2018	<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 investments at fair value through profit or loss	225,126	7,663,456	921,975	8,810,557
Money market instruments	-	2,659,674	-	2,659,674
Quoted securities	225,126	-	-	225,126
Unquoted securities*	-	5,003,782	921,975	5,925,757
Financial investments at fair value through other comprehensive income	25,573	102,100,337	357,564	102,483,474
Money market instruments	-	51,285,767	-	51,285,767
Quoted securities	25,573	-	-	25,573
Unquoted securities*	-	50,814,570	357,564	51,172,134
Loans, advances and financing at fair value through other comprehensive income	-	-	8,252,343	8,252,343
Derivative assets	-	7,085,773	343,000	7,428,773
Foreign exchange related contracts	-	4,291,412	-	4,291,412
Interest rate related contracts	-	3,035,958	-	3,035,958
Equity and commodity related contracts	-	153,952	343,000	496,952
Credit related contracts	-	427	-	427
Netting effects under MFRS 132 Amendments	-	(395,976)	-	(395,976)
	250,699	116,849,566	9,874,882	126,975,147

Financial liabilities measured at fair value:

Financial liabilities designated at fair value through profit or loss	-	8,710,211	-	8,710,211
Structured deposits	-	1,342,710	-	1,342,710
Borrowings	-	7,367,501	-	7,367,501
Derivative liabilities	-	7,513,195	343,000	7,856,195
Foreign exchange related contracts	-	4,178,118	-	4,178,118
Interest rate related contracts	-	3,604,731	-	3,604,731
Equity and commodity related contracts	-	126,322	343,000	469,322
Netting effects under MFRS 132 Amendments	-	(395,976)	-	(395,976)
	-	16,223,406	343,000	16,566,406

Bank 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 assets measured at fair value:				
Financial investments held-for-trading	142,413	7,754,264	-	7,896,677
Money market instruments	-	3,737,846	-	3,737,846
Quoted securities	142,413	-	-	142,413
Unquoted securities	-	4,016,418	-	4,016,418
Financial investments available-for-sale	196,592	88,734,733	355,414	89,286,739
Money market instruments	-	43,705,255	-	43,705,255
Quoted securities	196,592	-	-	196,592
Unquoted securities	-	45,029,478	355,414	45,384,892

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A38. Fair Value Measurements of Financial Instruments (cont'd.)

Bank (cont'd.) At 31 December 2017	Valuation technique using			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 (cont'd.):				
Derivative assets	-	6,385,687	479,534	6,865,221
Foreign exchange related contracts	-	4,452,267	-	4,452,267
Interest rate related contracts	-	2,146,663	-	2,146,663
Equity and commodity related contracts	-	78,533	479,534	558,067
Netting effects under MFRS132 Amendments	-	(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	-	5,483,120	-	5,483,120
Structured deposits	-	1,474,271	-	1,474,271
Borrowings	-	4,008,849	-	4,008,849
Derivative liabilities	-	6,701,525	478,473	7,179,998
Foreign exchange related contracts	-	4,627,390	-	4,627,390
Interest rate related contracts	-	2,302,485	-	2,302,485
Equity and commodity related contracts	-	63,426	478,473	541,899
Netting effects under MFRS132 Amendments	-	(291,776)	-	(291,776)
	-	12,184,645	478,473	12,663,118

* Fair value measurement of unquoted equity securities classified as Level 3 are arising from the adoption of MFRS 9 with effect from 1 January 2018. Comparative figures are not restated in line with the transition requirements under MFRS 9.

Valuation techniques

The valuation techniques used for the financial instruments that are not determined by reference to quoted prices (Level 1) are described below:

Derivatives

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

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

The fair values of these financial assets/financial investments are determined by reference to prices quoted by independent data providers and independent brokers. Fair values for unquoted equity securities held for socio economic reasons (classified as Level 3) are determined based on the net tangible assets of the companies.

Loans, advances and financing at fair value through other comprehensive income

The fair values are estimated based on expected future cash flows of contractual instalment payments, discounted at applicable and prevailing rates at reporting date offered for similar facilities to new borrowers with similar credit profiles.

Financial liabilities designated at fair value through profit or loss

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

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A38. 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 2018 RM'000	Effect of adopting MFRS 9 RM'000	Restated as at 1 January 2018 RM'000	Other gains recognised in income statements* RM'000	Unrealised gains/(losses) recognised in income statements# RM'000	Unrealised gains recognised in other comprehensive income RM'000	Purchases/ Issuances/ Additions 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 30 September 2018 RM'000
Financial investments at fair value through profit or loss													
Unquoted securities	-	221,261	221,261	-	840,871	-	-	-	-	-	-	-	1,062,132
Financial investments at fair value through other comprehensive income													
Unquoted securities	508,225	(143,814)	364,411	-	-	96,276	-	-	(2,758)	(8,848)	-	-	449,081
Loans, advances and financing at fair value through other comprehensive income	-	3,816,059	3,816,059	-	-	41,114	5,056,695	-	(384,886)	-	-	-	8,528,982
Derivative assets													
Equity and commodity related contracts	479,534	-	479,534	170,529	(135,923)	-	116,825	-	(287,965)	-	-	-	343,000
Total Level 3 financial assets	987,759	3,893,506	4,881,265	170,529	704,948	137,390	5,173,520	-	(675,609)	(8,848)	-	-	10,383,195
Derivative liabilities													
Equity and commodity related contracts	(478,473)	-	(478,473)	175,581	(134,013)	-	(122,254)	-	216,159	-	-	-	(343,000)
Total Level 3 financial liabilities	(478,473)	-	(478,473)	175,581	(134,013)	-	(122,254)	-	216,159	-	-	-	(343,000)
Total net Level 3 financial assets	509,286	3,893,506	4,402,792	346,110	570,935	137,390	5,051,266	-	(459,450)	(8,848)	-	-	10,040,195

* 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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A38. Fair Value Measurements of Financial Instruments (cont'd.)

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

<u>Group</u>	At 1 January 2017 RM'000	Other (losses)/gains recognised in income statements*	Unrealised (losses)/gains 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)	-	-	-	-	-
Financial assets designated at fair value through profit or loss											
Unquoted securities	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
Derivative assets											
Equity and commodity related contracts	485,476	283,723	35,194	-	747,929	-	(1,072,788)	-	-	-	479,534
Total Level 3 financial assets	<u>1,333,896</u>	<u>283,319</u>	<u>13,440</u>	<u>(32,323)</u>	<u>751,405</u>	<u>(153,287)</u>	<u>(1,108,648)</u>	<u>(6,621)</u>	<u>59,211</u>	<u>(152,633)</u>	<u>987,759</u>
Derivative liabilities											
Equity and commodity related contracts	(497,001)	311,262	(9)	-	(774,070)	-	481,345	-	-	-	(478,473)
Total Level 3 financial liabilities	<u>(497,001)</u>	<u>311,262</u>	<u>(9)</u>	<u>-</u>	<u>(774,070)</u>	<u>-</u>	<u>481,345</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(478,473)</u>
Total net Level 3 financial assets/ (liabilities)	<u>836,895</u>	<u>594,581</u>	<u>13,431</u>	<u>(32,323)</u>	<u>(22,665)</u>	<u>(153,287)</u>	<u>(627,303)</u>	<u>(6,621)</u>	<u>59,211</u>	<u>(152,633)</u>	<u>509,286</u>

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

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

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A38. Fair Value Measurements of Financial Instruments (cont'd.)

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

	At 1 January 2018 RM'000	Effect of adopting MFRS 9 RM'000	Restated as at 1 January 2018 RM'000	Other gains recognised in income statements* RM'000	Unrealised gains/(losses) recognised in income statements# RM'000	Unrealised gains recognised in other comprehensive income RM'000	Purchases/ Issuances/ Additions 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 30 September 2018 RM'000
Bank													
At 30 September 2018													
Financial investments at fair value through profit or loss													
Unquoted securities	-	91,562	91,562	-	830,413	-	-	-	-	-	-	-	921,975
Financial investments at fair value through other comprehensive income													
Unquoted securities	355,414	(91,562)	263,852	-	-	96,470	-	-	(2,758)	-	-	-	357,564
Loans, advances and financing at fair value through other comprehensive income													
	-	3,600,803	3,600,803	-	-	36,175	4,784,995	-	(169,630)	-	-	-	8,252,343
Derivative assets													
Equity and commodity related contracts	479,534	-	479,534	170,529	(135,923)	-	116,825	-	(287,965)	-	-	-	343,000
Total Level 3 financial assets	834,948	3,600,803	4,435,751	170,529	694,490	132,645	4,901,820	-	(460,353)	-	-	-	9,874,882
Derivative liabilities													
Equity and commodity related contracts	(478,473)	-	(478,473)	175,581	(134,013)	-	(122,254)	-	216,159	-	-	-	(343,000)
Total Level 3 financial liabilities	(478,473)	-	(478,473)	175,581	(134,013)	-	(122,254)	-	216,159	-	-	-	(343,000)
Total net Level 3 financial assets	356,475	3,600,803	3,957,278	346,110	560,477	132,645	4,779,566	-	(244,194)	-	-	-	9,531,882

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

Included within 'Other operating income'.

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A38. Fair Value Measurements of Financial Instruments (cont'd.)

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

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

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

Included within 'Other operating income'.

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 third quarter ended 30 September 2018.

Movements in Level 3 financial instruments measured at fair value

There were no transfers into or out of Level 3 for the Group and the Bank during the third quarter ended 30 September 2018.

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

Pursuant to Paragraph 11.4(f) of Bank Negara Malaysia's Financial Reporting Policy issued on 2 February 2018, the breakdown of Unaudited Income Statements and Statements of Financial Position of Insurance and Takaful Business into Life Fund, Family Takaful Fund, General Takaful Fund, Shareholders' and General Fund are disclosed as follows:

(a) Unaudited Income Statements for the Third Quarter Ended 30 September 2018

Group Nine-Month Ended	Life Fund		Family Takaful Fund		General Takaful Fund		Shareholders' and General Fund		Total	
	30 September 2018	30 September 2017	30 September 2018	30 September 2017	30 September 2018	30 September 2017	30 September 2018	30 September 2017	30 September 2018	30 September 2017
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Interest income	327,459	302,923	332,322	309,807	50,345	54,366	164,368	169,323	874,494	836,419
Interest expense	-	-	-	-	-	-	(20,677)	(25,600)	(20,677)	(25,600)
Net interest income	327,459	302,923	332,322	309,807	50,345	54,366	143,691	143,723	853,817	810,819
Net earned insurance premiums	1,751,404	1,310,359	1,156,218	909,805	797,233	783,134	726,555	813,830	4,431,410	3,817,128
Other operating income	(128,421)	295,513	(25,939)	109,915	(2,142)	5,872	40,068	105,149	(116,434)	516,449
Total operating income	1,950,442	1,908,795	1,462,601	1,329,527	845,436	843,372	910,314	1,062,702	5,168,793	5,144,396
Net insurance benefits and claims incurred, net fee and commission expenses, change in expense liabilities and taxation of life and takaful fund	(1,793,996)	(1,758,533)	(1,442,409)	(1,298,613)	(846,319)	(844,065)	(52,153)	(97,947)	(4,134,877)	(3,999,158)
Net operating income	156,446	150,262	20,192	30,914	(883)	(693)	858,161	964,755	1,033,916	1,145,238
Overhead expenses	(156,485)	(134,481)	(19,179)	(20,335)	(14)	(17)	(430,284)	(366,981)	(605,962)	(521,814)
Operating (loss)/profit before impairment losses	(39)	15,781	1,013	10,579	(897)	(710)	427,877	597,774	427,954	623,424
Writeback of/(allowances for) impairment losses on loans, advances, financing and other debts, net	346	(769)	(881)	170	558	862	1,749	(3,471)	1,772	(3,208)
(Allowances for)/writeback of impairment losses on financial investments, net	(9)	(15,012)	(132)	(10,749)	339	(152)	(408)	(6,387)	(210)	(32,300)
(Allowances for)/writeback of impairment losses on other financial assets, net	(298)	-	-	-	-	-	7,403	-	7,105	-
Operating profit	-	-	-	-	-	-	436,621	587,916	436,621	587,916
Share of profits in associates	-	-	-	-	-	-	-	-	-	-
Profit before taxation and zakat	-	-	-	-	-	-	436,621	587,916	436,621	587,916
Taxation and zakat	-	-	-	-	-	-	(113,860)	(171,225)	(113,860)	(171,225)
Profit for the period	-	-	-	-	-	-	322,761	416,691	322,761	416,691

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

Pursuant to Paragraph 11.4(f) of Bank Negara Malaysia's Financial Reporting Policy issued on 2 February 2018, the breakdown of Unaudited Income Statements and Statements of Financial Position of Insurance and Takaful Business into Life Fund, Family Takaful Fund, General Takaful Fund, Shareholders' and General Fund are disclosed as follows (cont'd.):

(b) Unaudited Statements of Financial Position as at 30 September 2018

Group	Life Fund		Family Takaful Fund		General Takaful Fund		Shareholders' and General Fund		Total	
	30 September 2018	31 December 2017	30 September 2018	31 December 2017	30 September 2018	31 December 2017	30 September 2018	31 December 2017	30 September 2018	31 December 2017
	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	185,523	225,549	463	45,708	126,165	34,132	156,692	259,948	468,843	565,337
Deposits and placements with financial institutions	937,020	642,249	705,059	582,981	82,286	202,299	720,227	743,745	2,444,592	2,171,274
Financial investments at fair value through profit or loss	10,244,285	9,061,661	6,529,738	5,299,221	85,617	-	2,279,406	113,121	19,139,046	14,474,003
Financial investments at fair value through other comprehensive income	585,390	-	3,191,458	-	1,445,807	-	2,217,993	-	7,440,648	-
Financial investments available-for-sale	-	1,132,277	-	3,922,491	-	1,510,604	-	4,214,734	-	10,780,106
Loans, advances and financing	232,482	230,585	-	-	-	-	57,462	56,036	289,944	286,621
Derivative assets	3,122	3,319	-	-	-	-	57	1,848	3,179	5,167
Reinsurance/retakaful assets and other insurance receivables	95,360	81,501	71,275	188,038	295,350	345,028	3,244,032	3,319,205	3,706,017	3,933,772
Other assets	267,362	194,918	246,850	175,929	6,005	3,349	164,554	423,843	684,771	798,039
Investment properties	735,307	635,709	-	-	-	-	113,745	113,724	849,052	749,433
Interest in associates	-	-	-	-	-	-	152	152	152	152
Property, plant and equipment	87,025	86,160	-	-	-	-	55,151	63,001	142,176	149,161
Intangible assets	41,155	33,780	-	-	-	-	50,063	47,259	91,218	81,039
Deferred tax assets	6,830	6,109	4,993	5,459	5,594	5,867	19,547	20,598	36,964	38,033
TOTAL ASSETS	13,420,861	12,333,817	10,749,836	10,219,827	2,046,824	2,101,279	9,079,081	9,377,214	35,296,602	34,032,137
LIABILITIES										
Derivative liabilities	24,853	25,791	-	-	-	-	63	-	24,916	25,791
Insurance/takaful contract liabilities and other insurance payables	10,352,002	9,446,728	10,424,030	9,873,134	1,762,016	1,755,432	4,206,744	4,043,549	26,744,792	25,118,843
Other liabilities #	3,003,761	2,840,515	326,384	345,960	283,016	345,048	(1,836,054)	(1,802,610)	1,777,107	1,728,913
Provision for taxation and zakat	16,603	(5,953)	(1,050)	(852)	-	-	(10,932)	83,115	4,621	76,310
Deferred tax liabilities	23,642	26,736	472	1,585	1,792	799	619,686	566,070	645,592	595,190
Subordinated obligations	-	-	-	-	-	-	304,607	811,307	304,607	811,307
TOTAL LIABILITIES	13,420,861	12,333,817	10,749,836	10,219,827	2,046,824	2,101,279	3,284,114	3,701,431	29,501,635	28,356,354
EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE SUBSIDIARIES										
Share capital	-	-	-	-	-	-	660,865	660,865	660,865	660,865
Other reserves	-	-	-	-	-	-	5,134,102	5,014,918	5,134,102	5,014,918
	-	-	-	-	-	-	5,794,967	5,675,783	5,794,967	5,675,783
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	13,420,861	12,333,817	10,749,836	10,219,827	2,046,824	2,101,279	9,079,081	9,377,214	35,296,602	34,032,137

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

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A40. The Operations of Islamic Banking Scheme

A40a. Unaudited Income Statements for the Third Quarter Ended 30 September 2018

<u>Group</u>	Third Quarter Ended		Cumulative 9 Months Ended	
	30 September 2018 RM'000	30 September 2017 RM'000	30 September 2018 RM'000	30 September 2017 RM'000
Income derived from investment of depositors' funds	2,292,688	1,799,079	6,577,496	5,112,526
Income derived from investment of investment account funds	234,409	365,902	820,447	1,173,115
Income derived from investment of Islamic Banking Funds	106,501	94,711	345,142	314,289
Writeback of/(allowances for) impairment losses on financing and advances, net	18,303	(7,042)	(402,886)	(167,589)
Writeback of impairment losses on financial investments, net	472	-	6,823	-
Writeback of impairment losses on other financial assets, net	21	-	199	-
Total distributable income	2,652,394	2,252,650	7,347,221	6,432,341
Profit distributed to depositors	(1,303,453)	(1,025,035)	(3,753,337)	(2,860,532)
Profit distributed to investment account holders	(129,878)	(201,147)	(457,519)	(710,489)
Total net income	1,219,063	1,026,468	3,136,365	2,861,320
Finance cost	(81,856)	(29,680)	(260,108)	(88,483)
Overhead expenses	(345,141)	(344,826)	(1,079,165)	(1,060,665)
Profit before taxation and zakat	792,066	651,962	1,797,092	1,712,172
Taxation	(177,612)	(142,478)	(465,068)	(354,002)
Zakat	(8,194)	(5,249)	(13,126)	(12,459)
Profit for the period	606,260	504,235	1,318,898	1,345,711

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

<u>Group</u>	Third Quarter Ended		Cumulative 9 Months Ended	
	30 September 2018 RM'000	30 September 2017 RM'000	30 September 2018 RM'000	30 September 2017 RM'000
Income derived from investment of depositors' funds	2,292,688	1,799,079	6,577,496	5,112,526
Income derived from investment of investment account funds	234,409	365,902	820,447	1,173,115
Income derived from investment of Islamic Banking Funds	106,501	94,711	345,142	314,289
Total income before allowances for impairment losses on financial assets and overhead expenses	2,633,598	2,259,692	7,743,085	6,599,930
Profit distributed to depositors	(1,303,453)	(1,025,035)	(3,753,337)	(2,860,532)
Profit distributed to investment account holders	(129,878)	(201,147)	(457,519)	(710,489)
	1,200,267	1,033,510	3,532,229	3,028,909
Finance cost	(81,856)	(29,680)	(260,108)	(88,483)
Net of intercompany income and expenses	285,285	250,529	839,722	724,217
Income from Islamic Banking Scheme	1,403,696	1,254,359	4,111,843	3,664,643

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

A40b. Unaudited Statements of Comprehensive Income for the Third Quarter Ended 30 September 2018

<u>Group</u>	Third Quarter Ended		Cumulative 9 Months Ended	
	30 September 2018 RM'000	30 September 2017 RM'000	30 September 2018 RM'000	30 September 2017 RM'000
Profit for the period	606,260	504,235	1,318,898	1,345,711
Other comprehensive (loss)/income:				
<i>Items that will not be reclassified subsequently to profit or loss:</i>				
Defined benefit plan actuarial (loss)/gain	(7)	(14)	490	521
Income tax effect	1	4	(123)	(130)
	(6)	(10)	367	391
<i>Items that may be reclassified subsequently to profit or loss:</i>				
Net (loss)/gain on foreign exchange translation	(3,119)	(4,210)	13,466	(57,775)
Net gain on financial investments at fair value through other comprehensive income	83,091	-	26,610	-
- Net gain from change in fair value	106,259	-	31,362	-
- Changes in expected credit losses	2,334	-	2,775	-
- Income tax effect	(25,502)	-	(7,527)	-
Net (loss)/gain on financial investments available-for-sale	-	(6,580)	-	35,508
- Net (loss)/gain from change in fair value	-	(8,658)	-	46,714
- Income tax effect	-	2,078	-	(11,206)
	79,972	(10,790)	40,076	(22,267)
Other comprehensive income/(loss) for the period, net of tax	79,966	(10,800)	40,443	(21,876)
Total comprehensive income for the period	686,226	493,435	1,359,341	1,323,835

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

A40c. Unaudited Statement of Financial Position as at 30 September 2018

<u>Group</u>	Note	30 September 2018 RM'000	31 December 2017 RM'000
ASSETS			
Cash and short-term funds		14,687,312	17,150,402
Financial investments portfolio		18,405,499	13,092,564
Financing and advances	A40e	169,175,952	162,214,033
Derivative assets		423,296	487,989
Other assets		4,923,814	7,233,195
Statutory deposit with central banks		4,138,000	3,242,000
Property, plant and equipment		-	1,053
Intangible assets		-	2,541
Deferred tax assets		341,006	37,378
Total Assets		212,094,879	203,461,155
LIABILITIES			
Customers' funding:			
- Deposits from customers	A40f	146,863,109	130,068,988
- Investment accounts of customers ¹	A40g	18,768,988	24,555,445
Deposits and placements from financial institutions		26,774,342	28,251,271
Financial liabilities at fair value through profit or loss	A40h	924,445	892,695
Bills and acceptances payable		5,772	8,854
Derivatives liabilities		374,127	650,320
Other liabilities		696,887	660,680
Provision for taxation and zakat		293,941	148,510
Term funding	A40i	3,508,737	4,945,437
Subordinated sukuk	A40j	2,540,149	2,534,105
Capital securities	A40k	1,014,782	1,002,441
Total Liabilities		201,765,279	193,718,746
ISLAMIC BANKING CAPITAL FUNDS			
Islamic Banking Funds		6,724,028	5,769,752
Retained profits		3,222,483	3,499,853
Other reserves		383,089	472,804
		10,329,600	9,742,409
Total Liabilities and Islamic Banking Capital Funds		212,094,879	203,461,155
COMMITMENTS AND CONTINGENCIES		59,394,741	53,480,858

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. Unaudited Statements of Changes in Islamic Banking Capital Funds for the Third Quarter Ended 30 September 2018

<u>Group</u>	-----Non-distributable-----							Total RM'000
	Islamic Banking Funds RM'000	Regulatory Reserve RM'000	Fair Value Through Other Comprehensive Income Reserve RM'000	Exchange Fluctuation Reserve RM'000	Equity contribution from the holding company*	Defined Benefit Reserve RM'000	Distributable Retained Profits RM'000	
At 1 January 2018								
- as previously stated	5,769,752	508,700	(32,318)	(5,723)	1,697	448	3,499,853	9,742,409
- effect of adopting MFRS 9	-	(403,333)	1,350	-	-	-	(342,699)	(744,682)
At 1 January 2018, as restated	5,769,752	105,367	(30,968)	(5,723)	1,697	448	3,157,154	8,997,727
Profit for the period	-	-	-	-	-	-	1,318,898	1,318,898
Other comprehensive income	-	-	26,610	13,466	-	367	-	40,443
Net gain on foreign exchange translation	-	-	-	13,466	-	-	-	13,466
Net gain on financial investments at fair value through other comprehensive income	-	-	26,610	-	-	-	-	26,610
Defined benefit plan actuarial gain	-	-	-	-	-	367	-	367
Total comprehensive income for the period	-	-	26,610	13,466	-	367	1,318,898	1,359,341
Transfer to conventional banking operations	(19,908)	-	-	(6,876)	-	(31)	(653)	(27,468)
Transfer to regulatory reserve	-	278,732	-	-	-	-	(278,732)	-
Issue of ordinary shares	974,184	-	-	-	-	-	-	974,184
Dividends paid	-	-	-	-	-	-	(974,184)	(974,184)
At 30 September 2018	6,724,028	384,099	(4,358)	867	1,697	784	3,222,483	10,329,600

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

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

A40d. Unaudited Statements of Changes in Islamic Banking Capital Funds for the Third Quarter Ended 30 September 2018 (cont'd.)

<u>Group</u>	←----- Non-distributable -----→						Equity contribution from the holding company*	Defined Benefit Reserve	Distributable Retained Profits	Total
	Islamic Banking Funds	Share Premium	Statutory Reserve	Regulatory Reserve	Available-for-sale Reserve	Exchange Fluctuation Reserve				
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2017	595,076	5,200,228	409,672	393,700	(55,264)	(2,897)	1,697	85	2,881,471	9,423,768
Profit for the period	-	-	-	-	-	-	-	-	1,345,711	1,345,711
Other comprehensive income/(loss)	-	-	-	-	35,508	(57,775)	-	391	-	(21,876)
Net loss on foreign exchange translation	-	-	-	-	-	(57,775)	-	-	-	(57,775)
Net gain on financial investments available-for-sale	-	-	-	-	35,508	-	-	-	-	35,508
Defined benefit plan actuarial gain	-	-	-	-	-	-	-	391	-	391
Total comprehensive income/ (loss) for the period	-	-	-	-	35,508	(57,775)	-	391	1,345,711	1,323,835
Transfer (to)/from conventional banking operations	(12,033)	-	-	-	-	59,222	-	(6)	8,147	55,330
Transfer to regulatory reserve	-	-	-	48,000	-	-	-	-	(48,000)	-
Transfer from statutory reserve	-	-	(409,672)	-	-	-	-	-	409,672	-
Dividends paid	-	-	-	-	-	-	-	-	(777,095)	(777,095)
Dividends payable	-	-	-	-	-	-	-	-	(760,201)	(760,201)
Transfer from share premium [#]	5,200,228	(5,200,228)	-	-	-	-	-	-	-	-
At 30 September 2017	5,783,271	-	-	441,700	(19,756)	(1,450)	1,697	470	3,059,705	9,265,637

* 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.)

A40e. Financing and Advances

	30 September 2018 RM'000	31 December 2017 RM'000
<u>Group</u>		
Financing and advances to customers:		
(A) Financing and advances to customers at fair value through other comprehensive income	481,239	-
(B) Financing and advances to customers at amortised cost	266,159,693	261,036,338
	266,640,932	261,036,338
Unearned income	(94,916,848)	(97,335,170)
Gross financing and advances	171,724,084	163,701,168
Allowances for impaired financing and advances:		
- Stage 1 - 12 Months ECL	(448,719)	-
- Stage 2 - Lifetime ECL not credit impaired	(926,883)	-
- Stage 3 - Lifetime ECL credit impaired	(1,172,530)	-
- Individual allowance	-	(661,181)
- Collective allowance	-	(825,954)
Net financing and advances	169,175,952	162,214,033

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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 Thumma	Ijarah	Istisna'	Others	Total Financing and Advances
As at 30 September 2018	RM'000	RM'000	RM'000	Al-Bai (AITAB) RM'000	RM'000	RM'000	RM'000	RM'000
Cashline	-	6,012,163	-	-	-	47	-	6,012,210
Term financing								
- Housing financing	16,304,444	64,836,422	2,180,788	-	-	-	631	83,322,285
- Syndicated financing	-	1,434,913	-	-	-	-	-	1,434,913
- Hire purchase receivables	-	165,585	-	37,694,304	-	-	-	37,859,889
- Lease receivables	-	-	-	-	4,208	-	-	4,208
- Other term financing	18,115,539	96,184,003	587,520	-	102,334	130,419	15,043	115,134,858
Trust receipts	-	156,330	-	-	-	-	-	156,330
Claims on customers under acceptance credits	-	4,430,793	-	-	-	-	-	4,430,793
Staff financing	539,614	1,630,847	9,178	157,204	-	-	48,904	2,385,747
Credit card receivables	-	-	-	-	-	-	1,030,661	1,030,661
Revolving credit	-	14,831,289	-	-	-	-	-	14,831,289
Share margin financing	-	34,089	-	-	-	-	-	34,089
Financing to:								
- Executive directors of the Bank	-	555	-	-	-	-	-	555
- Executive directors of subsidiaries	-	2,623	-	474	-	-	8	3,105
	34,959,597	189,719,612	2,777,486	37,851,982	106,542	130,466	1,095,247	266,640,932
Unearned income								(94,916,848)
Gross financing and advances^^								171,724,084
Allowances for impaired financing and advances:								
- Stage 1 - 12 Months ECL								(448,719)
- Stage 2 - Lifetime ECL not credit impaired								(926,883)
- Stage 3 - Lifetime ECL credit impaired								(1,172,530)
Net financing and advances								169,175,952

^ 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	Musarakah	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
				Thumma				and
				RM'000				Advances
								RM'000
Cashline	-	5,570,142	-	-	-	78	-	5,570,220
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
Share margin financing	-	29,890	-	-	-	-	-	29,890
Financing to:								
- Executive directors of the Bank	2,258	865	-	918	-	-	-	4,041
- Executive directors of subsidiaries	-	2,761	-	303	-	-	29	3,093
	<u>40,010,294</u>	<u>178,761,314</u>	<u>3,584,198</u>	<u>37,330,301</u>	<u>124,918</u>	<u>132,079</u>	<u>1,093,234</u>	<u>261,036,338</u>
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								<u>162,214,033</u>

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

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

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

A40e. Financing and Advances (cont'd.)

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

<u>Group</u>	30 September 2018 RM'000	31 December 2017 RM'000
At 1 January 2018/2017		
- as previously stated	1,755,299	1,667,994
- effect of adopting MFRS 9	121,438	-
At 1 January 2018/2017, as restated	<u>1,876,737</u>	1,667,994
Newly impaired	1,114,088	1,289,639
Reclassified as non-impaired	(73,202)	(531,863)
Amount recovered	(402,371)	(405,108)
Amount written-off	(271,383)	(265,363)
Transferred to holding company	(34,484)	-
Exchange differences	(608)	-
Gross impaired financing at 30 September 2018/31 December 2017	<u>2,208,777</u>	1,755,299
Less: Stage 3 - Lifetime ECL credit impaired	(1,172,530)	-
Individual allowance	-	(661,181)
Net impaired financing at 30 September 2018/31 December 2017	<u>1,036,247</u>	<u>1,094,118</u>
<u>Calculation of ratio of net impaired financing:</u>		
Gross impaired financing at 30 September 2018/31 December 2017 (excluding financing funded by RPSIA and IA)	2,159,584	1,689,335
Less: Stage 3 - Lifetime ECL credit impaired	(1,172,530)	-
Individual allowance	-	(661,181)
Net impaired financing at 30 September 2018/31 December 2017	<u>987,054</u>	<u>1,028,154</u>
Gross financing and advances (excluding financing funded by RPSIA and IA)	137,179,301	122,450,621
Less: Stage 3 - Lifetime ECL credit impaired	(1,172,530)	-
Individual allowance	-	(661,181)
Net financing and advances	<u>136,006,771</u>	<u>121,789,440</u>
Net impaired financing as a percentage of net financing and advances	<u>0.73%</u>	<u>0.84%</u>

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

A40e. Financing and Advances (cont'd.)

(ii) Movements in the allowances for impairment losses on financing and advances are as follows:

At amortised cost

Group	Stage 1	Stage 2	Stage 3	Total ECL
	12 Months ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	
At 30 September 2018	RM'000	RM'000	RM'000	RM'000
At 1 January 2018				
- effect of adopting MFRS 9	336,760	1,016,011	1,067,740	2,420,511
At 1 January 2018, as restated	336,760	1,016,011	1,067,740	2,420,511
Transferred to Stage 1	394,313	(227,568)	(166,745)	-
Transferred to Stage 2	(29,105)	51,414	(22,309)	-
Transferred to Stage 3	(1,742)	(84,753)	86,495	-
Allowance (written back)/made, net*	(125,447)	(33,403)	100,019	(58,831)
New financial assets originated or purchased	161,818	89,998	155,228	407,044
Financial assets derecognised	(94,007)	(72,247)	(72,257)	(238,511)
Changes due to change in credit risk	(175,132)	164,067	225,675	214,610
Modifications to contractual cash flows of financial assets	(73)	(12,895)	68,760	55,792
Amount written-off	-	-	(271,383)	(271,383)
Changes in models	5,814	11,796	-	17,610
Changes in risk parameters	(49,040)	4,496	-	(44,544)
Transferred to holding company	-	-	(13,176)	(13,176)
Other movements	23,021	20,123	15,446	58,590
Exchange differences	1,539	(156)	(963)	420
At 30 September 2018	448,719	926,883	1,172,530	2,548,132

At fair value through other comprehensive income

Group	Stage 1	Stage 2	Stage 3	Total ECL
	12 Months ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	
At 30 September 2018	RM'000	RM'000	RM'000	RM'000
At 1 January 2018				
- effect of adopting MFRS 9	522	-	-	522
At 1 January 2018, as restated	522	-	-	522
Allowance made, net*	131	-	-	131
New financial assets originated or purchased	1,022	2,698	-	3,720
Financial assets derecognised	(522)	-	-	(522)
At 30 September 2018	1,153	2,698	-	3,851

	30 September 2018	31 December 2017
	RM'000	RM'000
<u>Individual allowance</u>		
At 1 January 2018/2017		
- as previously stated	661,181	746,215
- effect of adopting MFRS 9	(661,181)	-
At 1 January 2018/2017, as restated	-	746,215
Allowance made*	-	159,929
Amount written back in respect of recoveries	-	(75,632)
Amount written-off	-	(156,307)
Transferred to collective allowance	-	(5,191)
Exchange differences	-	(7,833)
At 30 September 2018/31 December 2017	-	661,181

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

A40e. Financing and Advances (cont'd.)

(ii) Movements in the allowances for impairment losses on financing and advances are as follows (cont'd.):

	30 September 2018 RM'000	31 December 2017 RM'000
<u>Collective allowance</u>		
At 1 January 2018/2017		
- as previously stated	825,954	758,418
- effect of adopting MFRS 9	(825,954)	-
At 1 January 2018/2017, as restated	-	758,418
Allowance made*	-	178,389
Amount written-off	-	(115,476)
Transferred from individual allowance	-	5,191
Exchange differences	-	(568)
At 30 September 2018/31 December 2017	-	825,954
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>

* As at 30 September 2018, the gross exposure of the financing funded by RPSIA was RM15,775.8 million (31 December 2017: RM16,695.1 million). The expected credit loss relating to these financing amounting to RM246.9 million (31 December 2017: The individual allowance and collective allowance amounting to RM168.3 million and RM41.5 million respectively) are recognised in the Group's conventional banking operations.

The gross exposure of the financing funded by IA as at 30 September 2018 was RM18,769.0 million (31 December 2017: RM24,555.4 million). The expected credit loss 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.

A40f. Deposits from Customers

<u>Group</u>	30 September 2018 RM'000	31 December 2017 RM'000
Savings deposit		
Qard	<u>15,741,167</u>	14,629,051
Demand deposit		
Qard	<u>18,262,203</u>	18,734,884
Term deposit		
Murabahah	110,155,135	94,379,313
Qard	<u>2,704,604</u>	2,325,740
	<u>112,859,739</u>	96,705,053
Total deposits from customers	<u>146,863,109</u>	130,068,988

A40g. Investment Accounts of Customers

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

<u>Group</u>	30 September 2018 RM'000	31 December 2017 RM'000
Business enterprises	8,639,944	9,841,269
Individuals	9,043,810	13,255,075
Government and statutory bodies	180,113	218,371
Others	905,121	1,240,730
	<u>18,768,988</u>	24,555,445

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

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

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

<u>Group</u>	30 September 2018 RM'000	31 December 2017 RM'000
<u>Mudharabah</u>		
- without maturity	9,995,253	9,948,920
- with maturity		
Due within six months	8,314,639	12,053,209
Six months to one year	442,346	2,532,512
One year to three years	2,813	2,564
Three years to five years	13,937	18,240
	<u>8,773,735</u>	<u>14,606,525</u>
Total investment accounts of customers	<u>18,768,988</u>	<u>24,555,445</u>

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

<u>Group</u>	30 September 2018 RM'000	31 December 2017 RM'000
Retail financing	16,968,186	24,554,642
Non-retail financing	1,800,802	803
	<u>18,768,988</u>	<u>24,555,445</u>

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

<u>Group</u>	<u>Investment account holder ("IAH")</u>	
	Average profit sharing ratio (%)	Average rate of return (%)
As at 30 September 2018		
Investment accounts of customers	<u>57</u>	<u>2.94</u>
As at 31 December 2017		
Investment accounts of customers	<u>60</u>	<u>3.07</u>

A40h. Financial Liabilities at Fair Value Through Profit or Loss

<u>Group</u>	30 September 2018 RM'000	31 December 2017 RM'000
Structured deposits	<u>924,445</u>	<u>892,695</u>

The carrying amount of structured deposits designated at fair value through profit or loss of the Group as at 30 September 2018 was RM922,718,000 (31 December 2017: RM898,182,000). 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>	30 September 2018 RM'000	31 December 2017 RM'000
Unsecured term funding:		
(i) Commercial Papers		
- Less than one year	<u>987,870</u>	<u>2,459,845</u>
(ii) Medium Term Notes		
- Less than one year	496,703	482,370
- More than one year	<u>2,024,164</u>	<u>2,003,222</u>
	<u>2,520,867</u>	<u>2,485,592</u>
Total term funding	<u>3,508,737</u>	<u>4,945,437</u>

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

A40j. Subordinated Sukuk

<u>Group</u>	30 September 2018 RM'000	31 December 2017 RM'000
RM1.5 billion Islamic subordinated Sukuk Murabahah due in 2024	1,534,161	1,516,397
RM1.0 billion Islamic subordinated Sukuk Murabahah due in 2026	1,005,988	1,017,708
	2,540,149	2,534,105

A40k. Capital Securities

<u>Group</u>	30 September 2018 RM'000	31 December 2017 RM'000
RM1.0 billion Additional Tier 1 Sukuk Wakalah	1,014,782	1,002,441

A41. Financial Effects arising from Adoption of MFRS 9 *Financial Instruments*

- (i) The adoption of MFRS 9 resulted in the following financial effects to the statement of financial position of the Group and of the Bank.

Group

Statement of Financial Position

	31 December 2017 RM'000	Classification and remeasurement RM'000	Expected credit losses RM'000	1 January 2018 RM'000
ASSETS				
Cash and short-term funds	50,334,290	-	(32,677)	50,301,613
Deposits and placements with financial institutions	16,988,391	-	(9,449)	16,978,942
Financial assets purchased under resale agreements	8,514,283	-	(1,135)	8,513,148
Financial investments at fair value through profit or loss	25,117,493	2,320,489	-	27,437,982
Financial investments at fair value through other comprehensive income	-	107,618,892	521,323	108,140,215
Financial investments at amortised cost	-	20,184,773	(101,245)	20,083,528
Financial investments available-for-sale	109,070,244	(109,070,244)	-	-
Financial investments held-to-maturity	20,184,773	(20,184,773)	-	-
Loans, advances and financing	485,584,362	28,688	(2,684,053)	482,928,997
Derivative assets	6,704,651	-	-	6,704,651
Reinsurance/retakaful assets and other insurance receivables	3,933,772	-	(13,093)	3,920,679
Other assets	9,698,140	-	(436)	9,697,704
Investment properties	753,555	-	-	753,555
Statutory deposits with central banks	15,397,213	-	(6,618)	15,390,595
Interest in associates and joint ventures	2,772,324	-	(294)	2,772,030
Property, plant and equipment	2,635,018	-	-	2,635,018
Intangible assets	6,753,939	-	-	6,753,939
Deferred tax assets	859,318	(20,107)	733,461	1,572,672
TOTAL ASSETS	765,301,766	877,718	(1,594,216)	764,585,268

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A41. Financial Effects arising from Adoption of MFRS 9 Financial Instruments (cont'd.)

- (i) The adoption of MFRS 9 resulted in the following financial effects to the statement of financial position of the Group and of the Bank (cont'd.).

Group (cont'd.)

Statement of Financial Position

	31 December 2017 RM'000	Classification and remeasurement RM'000	Expected credit losses RM'000	1 January 2018 RM'000
LIABILITIES				
Customers' funding:				
- Deposits from customers	502,017,445	-	-	502,017,445
- Investment accounts of customers	24,555,445	-	-	24,555,445
Deposits and placements from financial institutions	42,598,131	-	-	42,598,131
Obligations on financial assets sold under repurchase agreements	5,367,086	-	-	5,367,086
Derivative liabilities	7,221,015	-	-	7,221,015
Financial liabilities at fair value through profit or loss	6,375,815	327,594	-	6,703,409
Bills and acceptances payable	1,894,046	-	-	1,894,046
Insurance/takaful contract liabilities and other insurance payables	25,118,843	(397)	(1,769)	25,116,677
Other liabilities	19,179,140	-	239,764	19,418,904
Recourse obligation on loans and financing sold to Cagamas	1,543,501	-	-	1,543,501
Provision for taxation and zakat	746,494	-	-	746,494
Deferred tax liabilities	732,079	19,489	-	751,568
Borrowings	34,505,618	(379,163)	-	34,126,455
Subordinated obligations	11,979,323	-	-	11,979,323
Capital securities	6,284,180	-	-	6,284,180
TOTAL LIABILITIES	690,118,161	(32,477)	237,995	690,323,679
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE BANK				
Share capital	44,250,380	-	-	44,250,380
Shares held-in-trust	(183,438)	-	-	(183,438)
Regulatory reserve	2,747,285	(670,110)	-	2,077,175
Retained profits	25,268,743	1,495,645	(2,213,721)	24,550,667
Reserves	905,644	65,228	389,740	1,360,612
	72,988,614	890,763	(1,823,981)	72,055,396
Non-controlling interests	2,194,991	19,432	(8,230)	2,206,193
	75,183,605	910,195	(1,832,211)	74,261,589
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	765,301,766	877,718	(1,594,216)	764,585,268

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A41. Financial Effects arising from Adoption of MFRS 9 Financial Instruments (cont'd.)

- (i) The adoption of MFRS 9 resulted in the following financial effects to the statement of financial position of the Group and of the Bank (cont'd.).

Bank

Statement of Financial Position

	31 December 2017 RM'000	Classification and remeasurement RM'000	Expected credit losses RM'000	1 January 2018 RM'000
ASSETS				
Cash and short-term funds	30,714,527	-	(28,246)	30,686,281
Deposits and placements with financial institutions	21,382,493	-	(4,885)	21,377,608
Financial assets purchased under resale agreements	7,633,503	-	-	7,633,503
Financial investments at fair value through profit or loss	7,896,677	2,228,645	-	10,125,322
Financial investments at fair value through other comprehensive income	-	87,876,513	399,901	88,276,414
Financial investments at amortised cost	-	17,763,565	(76,190)	17,687,375
Financial investments available-for-sale	89,286,739	(89,286,739)	-	-
Financial investments held-to-maturity	17,763,565	(17,763,565)	-	-
Loans, advances and financing	290,997,969	29,291	(1,390,406)	289,636,854
Derivative assets	6,865,221	-	-	6,865,221
Other assets	4,801,397	-	-	4,801,397
Statutory deposits with central banks	7,746,700	-	-	7,746,700
Investment in subsidiaries	22,057,063	-	-	22,057,063
Interest in associates and joint ventures	472,016	-	-	472,016
Property, plant and equipment	1,165,908	-	-	1,165,908
Intangible assets	568,030	-	-	568,030
Deferred tax assets	315,013	(19,406)	394,674	690,281
TOTAL ASSETS	509,666,821	828,304	(705,152)	509,789,973
LIABILITIES				
Customers' funding:				
- Deposits from customers	328,938,600	-	-	328,938,600
Deposits and placements from financial institutions	37,645,134	-	-	37,645,134
Obligations on financial assets sold under repurchase agreements	5,189,316	-	-	5,189,316
Derivative liabilities	7,179,998	-	-	7,179,998
Financial liabilities at fair value through profit or loss	5,483,120	327,594	-	5,810,714
Bills and acceptances payable	1,384,983	-	-	1,384,983
Other liabilities	16,910,597	-	187,087	17,097,684
Recourse obligation on loans and financing sold to Cagamas	1,543,501	-	-	1,543,501
Provision for taxation and zakat	385,876	-	-	385,876
Borrowings	27,106,442	(379,163)	-	26,727,279
Subordinated obligations	9,362,526	-	-	9,362,526
Capital securities	6,284,180	-	-	6,284,180
TOTAL LIABILITIES	447,414,273	(51,569)	187,087	447,549,791

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A41. Financial Effects arising from Adoption of MFRS 9 *Financial Instruments* (cont'd.)

- (i) The adoption of MFRS 9 resulted in the following financial effects to the statement of financial position of the Group and of the Bank (cont'd.).

Bank (cont'd.)

Statement of Financial Position (cont'd.)

	31 December 2017 RM'000	Classification and remeasurement RM'000	Expected credit losses RM'000	1 January 2018 RM'000
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE BANK				
Share capital	44,250,380	-	-	44,250,380
Shares held-in-trust	(183,438)	-	-	(183,438)
Regulatory reserve	2,233,563	(295,155)	-	1,938,408
Retained profits	13,572,235	1,121,466	(1,258,322)	13,435,379
Reserves	2,379,808	53,562	366,083	2,799,453
	<u>62,252,548</u>	<u>879,873</u>	<u>(892,239)</u>	<u>62,240,182</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	<u>509,666,821</u>	<u>828,304</u>	<u>(705,152)</u>	<u>509,789,973</u>

- (ii) The following table analyses the impact, net of tax, of transition to MFRS 9 and Revised Financial Reporting Guidelines issued by BNM on the statements of financial position of the Group and of the Bank:

	Impact of adopting MFRS 9 and Revised Financial Reporting Guidelines as at 1 January 2018	
	Group RM'000	Bank RM'000
Regulatory reserve		
Closing balance at 31 December 2017	2,747,285	2,233,563
- Transfer to retained profits	(670,110)	(295,155)
Opening balance at 1 January 2018	<u>2,077,175</u>	<u>1,938,408</u>
Reserves		
Closing balance at 31 December 2017	905,644	2,379,808
- Recognition of expected credit loss	390,098	366,083
- Unrealised gain on financial assets at FVOCI	67,295	42,067
- Deferred tax in respect of unrealised gain on FVOCI	4,806	11,495
Non-controlling interests share of impact arising from:-		
- expected credit loss	(278)	-
- classification and measurement	(6,953)	-
Opening balance at 1 January 2018	<u>1,360,612</u>	<u>2,799,453</u>
Retained profits		
Closing balance at 31 December 2017	25,268,743	13,572,235
Transfer from regulatory reserve	670,110	295,155
Unrealised gain on financial assets at FVTPL	797,406	805,643
Unrealised gain on financial liabilities at FVTPL	51,569	51,569
Recognition of expected credit loss	(2,928,636)	(1,657,316)
Interest income on impaired loans	6,387	4,320
Deferred tax in respect of unrealised gain on FVTPL and expected credit loss	689,059	363,773
Non-controlling interests share of impact arising from:-		
- expected credit loss	8,508	-
- classification and measurement	(12,479)	-
Opening balance at 1 January 2018	<u>24,550,667</u>	<u>13,435,379</u>

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A41. Financial Effects arising from Adoption of MFRS 9 *Financial Instruments* (cont'd.)

(ii) The following table analyses the impact, net of tax, of transition to MFRS 9 and Revised Financial Reporting Guidelines issued by BNM on the statements of financial position of the Group and of the Bank (cont'd.):

	Impact of adopting MFRS 9 and Revised Financial Reporting Guidelines as at 1 January 2018	
	Group RM'000	Bank RM'000
Non-controlling interests		
Closing balance at 31 December 2017	2,194,991	-
Non-controlling interests share of impact arising from:-		
- expected credit loss	(8,230)	-
- classification and measurement	19,432	-
Opening balance at 1 January 2018	<u>2,206,193</u>	<u>-</u>

(iii) The following table analyses the impact of Capital Adequacy Ratios of the Group and of the Bank:

	31 December 2017	Impact of adopting MFRS 9 and Revised Financial Reporting Guidelines	
		Reporting Guidelines	1 January 2018
Group			
CET1 Capital (RM'000)	55,410,401	(1,284,990)	54,125,411
Tier 1 Capital (RM'000)	61,734,606	(1,284,990)	60,449,616
Total Capital (RM'000)	72,703,296	(1,284,990)	71,418,306
Risk Weighted Assets (RM'000)	375,079,769	1,276,546	376,356,315
CET1 Capital Ratio	14.773%	-0.392%	14.381%
Tier 1 Capital Ratio	16.459%	-0.397%	16.062%
Total Capital Ratio	<u>19.383%</u>	<u>-0.407%</u>	<u>18.976%</u>
Bank			
CET1 Capital (RM'000)	41,170,420	(451,148)	40,719,272
Tier 1 Capital (RM'000)	46,614,430	(451,148)	46,163,282
Total Capital (RM'000)	50,155,417	(451,148)	49,704,269
Risk Weighted Assets (RM'000)	259,696,616	1,000,990	260,697,606
CET1 Capital Ratio	15.853%	-0.234%	15.619%
Tier 1 Capital Ratio	17.950%	-0.242%	17.708%
Total Capital Ratio	<u>19.313%</u>	<u>-0.247%</u>	<u>19.066%</u>

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

B1. Performance Review

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

The Group posted profit after tax and zakat attributable to equity holders of RM5,786.9 million for the nine-month financial period ended 30 September 2018, an increase of RM398.5 million or 7.4% compared to the previous corresponding nine-month financial period ended 30 September 2017.

The Group's net interest income and Islamic Banking income for the nine-month financial period ended 30 September 2018 increased by RM287.0million or 2.2% to RM13,076.5 million compared to the previous corresponding nine-month financial period ended 30 September 2017.

The Group's net earned insurance premiums from the Insurance and Takaful subsidiaries increased by RM614.3 million or 16.1% to RM4,431.4 million for the nine-month financial period ended 30 September 2018 compared to the previous corresponding nine-month financial period ended 30 September 2017.

Other operating income of the Group for the nine-month financial period ended 30 September 2018 was RM3,758.0 million, a decrease of RM671.2 million or 15.2% from RM4,429.2 million in the previous corresponding nine-month financial period ended 30 September 2017. The decrease was mainly due to net loss in investment income of RM79.1 million for the nine-month financial period ended 30 September 2018 as compared to net gain in investment income of RM769.8 million in the previous corresponding nine-month financial period ended 30 September 2017, unrealised mark-to-market loss on revaluation of financial assets/liabilities at FVTPL and derivatives of RM10.5 million for the nine-month financial period ended 30 September 2018 as compared to unrealised mark-to-market gain on revaluation of financial assets/liabilities at FVTPL and derivatives of RM227.9 million in the previous corresponding nine-month financial period ended 30 September 2017 and lower fee income of RM40.1 million. The decrease was, however, mitigated by higher foreign exchange gain of RM229.5 million, higher realised gain on derivatives of RM112.5 million and higher gain on disposal of property, plant and equipment of RM54.7 million compared to the previous corresponding nine-month financial period ended 30 September 2017.

The Group's overhead expenses for the nine-month financial period ended 30 September 2018 recorded a decrease of RM268.4 million or 3.2% to RM8,145.2 million compared to the previous corresponding nine-month financial period ended 30 September 2017. The decrease in overhead expenses was mainly due to lower administration and general expenses of RM333.0 million and lower establishment costs of RM100.2 million. The decrease was, however, mitigated by higher personnel expenses of RM127.0 million and higher marketing expenses of RM37.8 million.

The Group's allowances for impairment losses on loans, advances, financing and other debts decreased by RM249.3 million or 14.2% to RM1,509.9 million for the nine-month financial period ended 30 September 2018.

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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 nine-month financial period ended 30 September 2018 compared to the previous corresponding nine-month financial period ended 30 September 2017 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 RM454.6 million or 11.8% to RM4,312.3 million for the nine-month financial period ended 30 September 2018 from RM3,857.6 million for the previous corresponding nine-month financial period ended 30 September 2017. The increase was mainly due to lower overhead expenses of RM244.4 million, lower allowances for impairment losses on loans, advances, financing and other debts of RM225.0 million and higher net interest income and income from IBS operations of RM6.9 million. This was, however, offset by lower other operating income of RM22.3 million.

Group Global Banking

a) Group Corporate Banking & Global Markets

Group Corporate Banking & Global Markets' profit before taxation and zakat decreased by RM53.2 million or 1.5% to RM3,411.7 million for the nine-month financial period ended 30 September 2018 from RM3,464.9 million for the previous corresponding nine-month financial period ended 30 September 2017. The decrease was mainly due to lower other operating income of RM123.3 million and lower share of profits in associates and joint ventures of RM110.2 million. The decrease was, however, mitigated by higher net writeback of impairment losses on financial investments and other financial assets of RM69.0 million, lower overhead expenses of RM57.4 million, higher net interest income and income from IBS operations of RM41.8 million and lower net allowances for impairment losses on loans, advances, financing and other debts of RM12.2 million.

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

Group Investment Banking's profit before taxation and zakat increased by RM118.6 million to RM227.4 million for the nine-month financial period ended 30 September 2018 from RM108.8 million for the previous corresponding nine-month financial period ended 30 September 2017. The increase was mainly driven by higher other operating income of RM78.9 million, lower overhead expenses of RM47.0 million, higher writeback of impairment losses on loans, advances, financing and other debts of RM6.6 million. The increase was, however, offset by lower net interest income and income from IBS operations of RM14.5 million.

c) Group Asset Management

Group Asset Management recorded a loss before taxation and zakat of RM71.8 million for the nine-month financial period ended 30 September 2018 compared to a profit before taxation and zakat of RM72.2 million for the previous corresponding nine-month financial period ended 30 September 2017. The loss was mainly due to lower other operating income of RM134.2 million, higher net allowances for impairment losses on financial investments and other financial assets of RM20.6 million and higher overhead expenses of RM2.1 million. This loss was, however, mitigated by higher net interest income and income from IBS operations of RM12.4 million.

Group Insurance and Takaful

Group Insurance and Takaful's profit before taxation and zakat decreased by RM141.6 million or 23.9% to RM451.0 million for the nine-month financial period ended 30 September 2018 from RM592.6 million for the previous corresponding nine-month financial period ended 30 September 2017. The decrease was contributed mainly by lower other operating income of RM622.3 million, higher net insurance benefits and claims incurred, net fee and commission expenses, change in expense liabilities and taxation of life and takaful fund of RM135.7 million and higher overhead expenses of RM78.3 million. This was mitigated by higher net earned insurance premiums of RM614.3 million, net writeback of impairment losses on financial investments and other financial assets of RM39.2 million, higher net interest income of RM36.3 million and net writeback of impairment losses on loans, advances, financing and other debts of RM5.0 million.

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B1. Performance Review (cont'd.)

(ii) Current Quarter vs Previous Period Corresponding Quarter

The Group posted profit after tax attributable to equity holders of RM1,956.9 million for the quarter ended 30 September 2018, a decrease of RM70.4 million or 3.5% compared to the previous period corresponding quarter ended 30 September 2017.

The Group's net interest income and Islamic Banking income for the quarter ended 30 September 2018 increased by RM79.5 million or 1.8% compared to the previous period corresponding quarter ended 30 September 2017.

The Group's net earned insurance premiums from the Insurance and Takaful subsidiaries for the quarter ended 30 September 2018 increased by RM122.6 million or 9.4% to RM1,430.0 million compared to the previous period corresponding quarter ended 30 September 2017.

The Group's other operating income decreased by RM48.1 million or 3.2% to RM1,448.5 million for the quarter ended 30 September 2018 compared to the previous period corresponding quarter ended 30 September 2017. The decrease was mainly contributed by net loss in investment income of RM102.5 million for the quarter ended 30 September 2018 as compared to net gain in investment income of RM289.5 million for the previous period corresponding quarter ended 30 September 2017, lower foreign exchange gain of RM45.4 million and lower fee income of RM20.8 million. The decrease was, however, offset by unrealised mark-to-market gain on revaluation of financial assets/liabilities at FVTPL and derivatives of RM332.8 million for the quarter ended 30 September 2018 as compared to unrealised mark-to-market loss on revaluation of financial assets/liabilities at FVTPL and derivatives of RM9.2 million for the previous period corresponding quarter ended 30 September 2017, higher other income of RM34.3 million and higher realised gain on derivatives of RM24.2 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 for the quarter ended 30 September 2018 increased by RM348.7 million or 28.5% to RM1,573.0 million compared to the previous period corresponding 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 RM321.1 million.

The Group's overhead expenses for the quarter ended 30 September 2018 decreased by RM178.5 million or 6.2% compared to the previous period corresponding quarter ended 30 September 2017. The decrease was mainly contributed by the decrease in administration and general expenses of RM199.2 million and establishment costs of RM31.7 million. The decrease was, however, mitigated by higher personnel expenses of RM34.7 million and marketing expenses of RM17.7 million.

The Group's allowances for impairment losses on loans, advances, financing and other debts increased by RM32.0 million to RM418.5 million for the quarter ended 30 September 2018 compared to the previous period corresponding quarter ended 30 September 2017.

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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 30 September 2018 compared to the previous period corresponding quarter ended 30 September 2017 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 decreased by RM203.8 million or 13.5% to RM1,306.6 million for the quarter ended 30 September 2018 from RM1,510.4 million for the previous period corresponding quarter ended 30 September 2017. The decrease was mainly due to higher allowance for impairment losses on loans, advances, financing and other debts of RM264.0 million, lower other operating income of RM50.7 million, lower net interest income and income from IBS operations of RM37.2 million. The decrease was, however, mitigated by lower overhead expenses of RM147.6 million.

Group Global Banking

a) Group Corporate Banking & Global Markets

Group Corporate Banking & Global Markets' profit before taxation and zakat increased by RM114.1 million or 8.8% to RM1,406.8 million for the quarter ended 30 September 2018 from RM1,292.7 million for the previous period corresponding quarter ended 30 September 2017. The increase was mainly due to lower allowance for impairment losses on loans, advances, financing and other debts of RM236.4 million, lower overhead expenses of RM54.7 million, higher net interest income and income from IBS operations of RM36.1 million and higher writeback of impairment losses on financial investments and other financial assets of RM27.8 million. The increase was, however, offset by lower other operating income of RM187.5 million and lower share of profits in associates and joint ventures of RM53.3 million.

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

Group Investment Banking's profit before taxation and zakat increased by RM6.1 million or 48.2% to RM18.8 million for the quarter ended 30 September 2018 from RM12.7 million for the previous period corresponding quarter ended 30 September 2017. The increase was mainly due to lower overhead expenses of RM22.4 million, lower share of losses in associates and joint ventures of RM8.3 million and higher net writeback of impairment losses on financial investments and other financial assets of RM1.5 million. The increase was, however, offset by lower net interest income and income from IBS operations of RM19.3 million, lower net writeback of impairment losses on loans, advances, financing and other debts of RM4.0 million and lower other operating income of RM2.8 million.

c) Group Asset Management

Group Asset Management recorded a loss before taxation and zakat of RM11.1 million for the quarter ended 30 September 2018 compared to a profit before taxation and zakat of RM8.9 million for the previous period corresponding quarter ended 30 September 2017. The loss was mainly attributable to higher overhead expenses of RM23.2 million. This was mitigated by higher net interest income and income from IBS operations of RM3.7 million.

Group Insurance and Takaful

Group Insurance and Takaful's profit before taxation and zakat increased by RM62.3 million or 43.3% to RM206.1 million for the quarter ended 30 September 2018 from RM143.8 million for the previous period corresponding quarter ended 30 September 2017. The increase was contributed mainly by higher other operating income of RM254.9 million, higher net earned insurance premiums of RM122.6 million, higher net interest income of RM33.4 million and lower allowance for impairment losses on financial investments and other financial assets of RM24.8 million. The increase was, however, offset by higher net insurance benefits and claims incurred, net fee and commission expenses, change in expense liabilities and taxation of life and takaful fund of RM350.2 million, higher overhead expenses of RM22.9 million and lower net writeback of impairment losses on loans, advances, financing and other debts of RM0.3 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 30 September 2018 decreased by RM2.2 million to RM1,956.9 million against the preceding quarter ended 30 June 2018.

The Group's net interest income for the quarter ended 30 September 2018 increased by RM24.7 million to RM2,984.7 million against the preceding quarter of RM2,960.0 million. Income from Islamic Banking Scheme operations increased by RM43.6 million to RM1,403.7 million for the quarter ended 30 September 2018 compared to RM1,360.1 million in the preceding quarter ended 30 June 2018.

The Group's net earned insurance premiums for the quarter ended 30 September 2018 decreased by RM60.0 million to RM1,430.0 million compared to RM1,490.0 million in the preceding quarter ended 30 June 2018.

Other operating income of the Group for the quarter ended 30 September 2018 increased by RM440.5 million to RM1,448.5 million compared to RM1,008.0 million in the preceding quarter ended 30 June 2018. The increase was mainly due to unrealised mark-to-market gain on revaluation of financial assets/liabilities at FVTPL and derivatives of RM332.8 million for the quarter ended 30 September 2018 as compared to unrealised mark-to-market loss on revaluation of financial assets/liabilities at FVTPL and derivatives of RM337.8 million for the preceding quarter ended 30 June 2018 and higher fee income of RM25.9 million. The increase was, however, offset by lower realised gain on derivatives of RM117.5 million, lower foreign exchange gain of RM68.6 million and lower investment income of RM36.6 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 RM573.3 million to RM1,573.0 million for the quarter ended 30 September 2018 compared to RM999.7 million in the preceding quarter ended 30 June 2018. The increase was mainly attributable to higher net insurance benefits and claims incurred by the Insurance and Takaful subsidiaries of RM504.3 million.

The Group posted an increase of RM20.0 million in overhead expenses to RM2,698.8 million for the quarter ended 30 September 2018 compared to RM2,678.8 million in the preceding quarter ended 30 June 2018. The increase was mainly due to higher establishment costs of RM31.8 million, higher marketing expenses of RM11.9 million and higher personnel expenses of RM6.5 million. The increase was, however, mitigated by lower administration and general expenses of RM30.2 million.

The Group's allowance for impairment losses on loans, advances, financing and other debts decreased by RM163.6 million to RM418.5 million in the quarter ended 30 September 2018 compared to RM582.1 million in the preceding quarter ended 30 June 2018.

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B3. Prospects

The world's real GDP growth momentum is expected to be sustained at +3.8% in 2018E (2017: +3.7%), underpinned by a pick up in the US (2018E: +2.9%; 2017: +2.2%) and improved growth in selected BRIC markets such as Brazil (2018E: +1.3%; 2017: +1.0%), Russia (2018E: +1.8%; 2017: +1.5%) and India (2018E: +7.4%; 2017: +6.7%). Global growth is expected to see some moderation in 2H 2018 amid the outlook for slower expansion in China (2018E: +6.6%; 2017: +6.9%), the Eurozone (2018E: +2.0%; 2017: +2.4%) and Japan (2018E: +1.1%; 2017: +1.7%).

The ASEAN-6 countries are expected to chart a stable pace of growth in 2018E at +5.1% (2017: +5.1%), in spite of headwinds such as global monetary policy normalisation and US-China trade war risk. Maybank Group's home markets Malaysia and Singapore are expected to see slower growth in 2018E, at +4.7% (2017: +5.9%) and +3.2% (2017: +3.6%) respectively while Indonesia maintains growth at +5.2% (2017: +5.1%).

Malaysia's real GDP growth in 2018 will be supported by an expected pick-up in consumer spending. External demand growth will also expand in 2018 but the pace of growth is expected to moderate after the high growth experienced in 2017. Reviews of major infrastructure projects may affect investment growth but Maybank Malaysia's consumer loan growth is expected to be in-line with industry growth.

Singapore's GDP is expected to grow at 3.2% in 2018 amid some cooling off in the manufacturing sector. In 2018, the services sector is likely to maintain its growth momentum, although recent property cooling measures are expected to moderate the outlook on property-related business services and construction. 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 is expected to maintain its GDP growth of 5.2% in 2018, driven by domestic demand and government infrastructure spending. 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 strategic partnerships in bancassurance and general insurance as well as 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 has implemented MFRS 9 on 1st January 2018, of which the impairment assessment is based on the expected credit loss model that uses forward looking assumptions as opposed to an incurred loss model under the previous accounting standard. The Group's capital and liquidity positions remain strong notwithstanding the implementation of MFRS 9.

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 third quarter ended 30 September 2018.

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B5. Taxation and Zakat

The analysis of the tax expense for the third quarter ended 30 September 2018 are as follows:

<u>Group</u>	Third Quarter Ended		Cumulative 9 Months Ended	
	30 September 2018 RM'000	30 September 2017 RM'000	30 September 2018 RM'000	30 September 2017 RM'000
Malaysian income tax	677,021	608,924	1,930,950	1,471,936
Foreign income tax	44,828	89,333	270,021	215,371
	721,849	698,257	2,200,971	1,687,307
Over provision in respect of prior period:				
Malaysian income tax	(33,989)	(15,215)	(34,022)	(15,215)
Foreign income tax	(4)	(30,433)	(8,572)	(37,399)
	687,856	652,609	2,158,377	1,634,693
Deferred tax				
- Relating to origination and reversal of temporary differences	(69,929)	(55,866)	(278,907)	(25,786)
	(69,929)	(55,866)	(278,907)	(25,786)
Tax expense for the financial period	617,927	596,743	1,879,470	1,608,907
Zakat	10,865	5,185	21,145	17,251
	628,792	601,928	1,900,615	1,626,158

The Group's effective tax rate for the third quarter ended 30 September 2018 was higher than the statutory tax rate due to effects of certain non-deductible expenses.

<u>Bank</u>	Third Quarter Ended		Cumulative 9 Months Ended	
	30 September 2018 RM'000	30 September 2017 RM'000	30 September 2018 RM'000	30 September 2017 RM'000
Malaysian income tax	453,125	404,174	1,295,771	909,490
Foreign income tax	3,498	512	5,191	1,565
	456,623	404,686	1,300,962	911,055
Under/(over) provision in respect of prior period:				
Malaysian income tax	-	1,272	-	1,272
Foreign income tax	74	(32,879)	(8,039)	(39,129)
	456,697	373,079	1,292,923	873,198
Deferred tax				
- Relating to origination and reversal of temporary differences	(132,069)	(43,338)	(182,001)	(11,563)
	(132,069)	(43,338)	(182,001)	(11,563)
Tax expense for the financial period	324,628	329,741	1,110,922	861,635

The Bank's effective tax rate for the third quarter ended 30 September 2018 was lower than the statutory tax rate due to certain income not subject to tax.

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

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B6. Status of Corporate Proposals Announced but Not Completed

On 4 October 2018, Maybank announced that the Monetary Authority of Singapore has on 3 October 2018 granted a full banking licence to Maybank Singapore Limited ("MSL") to operate as a subsidiary with Asian Currency Unit capabilities in Singapore with effect from 5 November 2018. MSL was incorporated in Singapore on 2 February 2018 and fully in operations on 5 November 2018. MSL is directly wholly-owned by an intermediate holding company, Cekap Mentari Berhad (MSL was previously held by Maybank International Holdings Sdn Bhd), which in turn is directly wholly-owned by Malayan Banking Berhad.

The incorporation is not expected to have any material impact on the earnings, net assets and gearing of Maybank Group for the financial year ending 31 December 2018.

B7. Status of Utilisation of Proceeds Raised from Corporate Proposal

The proceeds raised from the borrowings, issuance of subordinated obligations and capital securities have been used for working capital, general banking and other corporate purposes, as intended.

B8. Deposits from Customers, Investment Accounts of Customers, Deposits and Placements from Financial Institutions and Debt Securities

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

B9. Derivative Financial Instruments

Please refer to Note A37.

B10. Changes in Material Litigation

There is no material litigation during the third quarter ended 30 September 2018.

B11. Dividend

No interim dividend has been recommended during the third quarter ended 30 September 2018.

B12. Earnings Per Share ("EPS")

Basic EPS

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

	Third Quarter Ended		Cumulative 9 Months Ended	
	30 September	30 September	30 September	30 September
	2018	2017	2018	2017
Net profit for the quarter/period attributable to equity holders of the Bank (RM'000)	1,956,856	2,027,206	5,786,905	5,388,443
Weighted average number of ordinary shares in issue ('000)	10,924,394	10,208,481	10,894,925	10,352,989
Basic earnings per share	17.91 sen	19.86 sen	53.12 sen	52.05 sen

Diluted EPS

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

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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 quarter/period) based on the monetary value of the ESS entitlement attached to the outstanding RSU granted and the number of ordinary shares that could have been issued at an assumed price (determined as the 5-day average price of the Bank's ordinary shares as at 30 September 2018 and 30 September 2017) based on the electable portion of the dividends issued under the DRP. This calculation serves to determine the number of dilutive shares to be added to the weighted average ordinary shares in issue for the purpose of computing the dilution. No adjustment was made to the net profit for the quarter/period.

	Third Quarter Ended		Cumulative 9 Months Ended	
	30 September 2018	30 September 2017	30 September 2018	30 September 2017
Net profit for the quarter/period attributable to equity holders of the Bank (RM'000)	1,956,856	2,027,206	5,786,905	5,388,443
Weighted average number of ordinary shares in issue ('000)	10,924,394	10,208,481	10,894,925	10,352,989
Effects of dilution ('000)	10,270	14,401	10,270	14,947
Adjusted weighted average number of ordinary shares in issue ('000)	10,934,664	10,222,882	10,905,195	10,367,936
Diluted earnings per share	17.90 sen	19.83 sen	53.07 sen	51.97 sen

By Order of the Board

Wan Marzimin Wan Muhammad

LS0009924

Company Secretary

29 November 2018